

CORE HOLDING*

Recommended since 04.07.18

14.03.2024

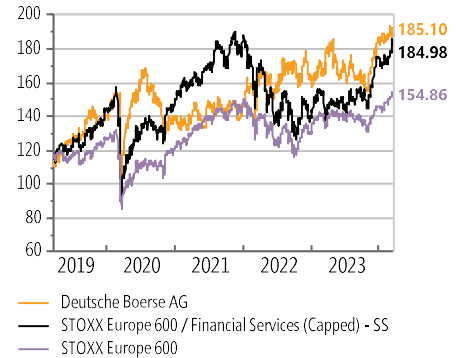


Country DE	Market capitalization (bn) EUR 34.0	Perf. since reco. (%)
Sector Financial Services	Free float 96.7%	Deutsche Boerse AG 59.0
Factset DB1-DE	Closing price EUR 185.10	Sector 54.8
ISIN DE0005810055	ESG Risk score* 10.2 Low risk	

*From 2015, B&Cie separates its investment recommendations into Core Holdings (higher organic growth potential, high free cash flow, ROCE in excess of the cost of capital and balance sheet efficiency throughout the cycle) and Satellite Recommendations, which do not meet the above criteria but are likely to outperform in the short-to-medium term.

Profile

Deutsche Boerse is the operator of the German equities market (Xetra). The group is also active in derivatives (Eurex), commodities (EEX) and forex (360T) trading. DB1 also provides financial market services and data (STOXX and Clearstream). The company, based in Germany, was established in 1990 and has over 13,000 employees.



Source: Factset

Market - competition - positions - barriers to entry

DB1 has leading positions in the markets where it operates (Eurex, STOXX and Clearstream). With a market share of around 40% in this type of business, the group's position is already dominant, which means large-scale acquisitions are de facto limited by European competition authorities. The group's technological leadership means it is relatively sheltered from the rapid rise of FinTechs.

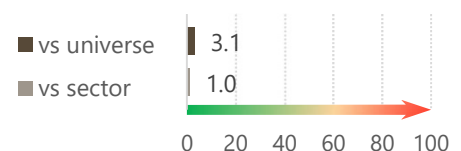
Investment case

- Deutsche Boerse has the benefit of long-established growth drivers, together with more volatile business related to the cyclical nature of transaction volumes. Regulation (notably MiFID II) increasingly means financial transactions must be controlled, transparent and fairly priced for investors.
- This underlying trend is positive for operators of the multilateral, organised and efficient markets that are securities exchanges. They continue to gain market share in over-the-counter (OTC) transactions and private multilateral trading facilities (MTFs).
- The new business plan, Horizon 2026, unveiled at the beginning of November, forecasts average annual growth (sales, EBITDA and EPS) of ~10%, of which 7% is linked to secular trends and 3% to M&A. DB1 has effectively integrated nine companies since 2018 and intends to maintain its role as a market consolidator in targeted business areas where the Group has not yet attained critical size: commodities, foreign exchange, fixed-income, and investment fund services.
- Although already largely electronic, the platform offers significant further potential for automation/robotization thanks to the implementation of technologies like artificial intelligence and blockchain.
- The Group has demonstrated the robustness of its business model during the health crisis, with rising revenues and profits, thanks to robust transaction volumes, boosted by high volatility. Moreover, interest income benefits from the rise in interest rates.
- All in all, Deutsche Boerse is one of the few financial companies to offer a high and sustainable level of profitability, based on structural growth drivers with medium-to-long-term visibility. This is what we expect of a share in our Core Holdings universe.

ESG - risks and key points

- Deutsche Boerse is exposed to a risk of financial impact from ESG factors that is rated as low. The governance and management of these issues by the Board of Directors meet high standards, above the competition.
- The Group is constantly developing new ESG-labelled products such as STOXX indices or green bonds. Climate and ESG issues are dealt with at Board level and are an integral part of DB1's strategy (cf. acquisition of ISS).
- The management of the risk of data manipulation or data leakage meets high standards and is the subject of ongoing training for staff.

ESG risk vs. universe & sector (percentile)*



Source: Sustainalytics

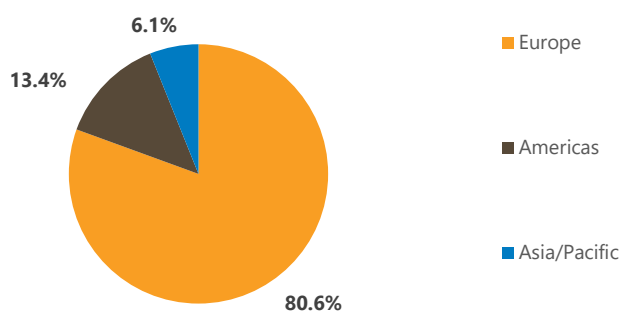
Valuation** in EUR

Curren t price	Value Bordier Scenario	DCF valuation based on a risk-free rate of 2%, WACC of 7.7% and average annualised growth of 6%. The total value of the company comes out at EUR 40bn, which equates to EUR 217 per share.
185	217	

** The theoretical value reflects the company's business model, our baseline growth and profit scenario and market data, exogenous to the company (risk-free rate and equity risk premium). It does not in itself constitute a target price.

"Bordier Core Holding" indicators

In millions of EUR	2022	2023	2024e	2025e	2026e
Sales revenue	4'338	5'077	5'483	5'867	6'248
Sales growth %	23.6%	17.0%	8.0%	7.0%	6.5%
<i>o/w organic</i>	19.6%	12.0%	7.0%	6.0%	5.5%
EBIT adjusted	1'968	2'286	2'529	2'737	2'947
% of sales	45.4%	45.0%	46.1%	46.7%	47.2%
Net income	1'490	1'722	1'853	1'988	2'125
Adjusted EPS	8.12	9.38	10.12	10.89	11.68
Adjusted EPS growth	22.2%	15.0%	9.2%	8.7%	8.1%
Capex/Sales	6.0%	6.0%	6.0%	6.0%	6.0%
Free cash-flow	1'403	1'620	1'750	1'883	2'014
FCF/Sales	32.3%	31.9%	31.9%	32.1%	32.2%
Dividend per share	3.60	3.80	3.90	4.00	4.10
Dividend yield	1.9%	2.1%	2.1%	2.2%	2.2%
ROCE - WACC	8.9%	9.4%	9.5%	9.0%	8.4%
ROE (%)	14.9%	15.2%	14.8%	14.4%	13.9%
Net debt/Ebitda	-65.7%	-72.0%	-81.8%	-93.0%	-104.6%

Sales breakdown - 12/2022**Governance and ownership structure**

Since January 2018, CEO – Theodor Weimer.

Key shareholders (if any):

Diversified shareholders, with 2/3 funds.

Any special characteristics of ownership (multiple voting rights, controlling holding company, shareholders' agreements)

None

Source: Factset, Bordier estimates

Ratios

	Deutsche Boerse AG	Stoxx Europe 600 Sector	Market
PE (x)***		Financial Serv.	Stoxx 600
2023	19.7	14.4	14.5
2024e	18.3	15.1	14.1
2025e	17.0	12.8	12.8
P/B (x)***			
2023	3.5	1.5	2.0
2024e	3.1	1.5	1.9
2025e	2.8	1.5	1.8
Beta (2Y, daily) vs market:			0.79

***) The valuation ratios set out are provided for information only. They do not constitute the criteria based upon which Core Holdings are selected, and may present significant premi-ums representing the quality of the company's business model.

Agenda

Results: Q1 on 23/04/24, Q2 on 25/07/24, Q3 on 23/10/24

Glossary**ESG Risk Score**

At B&Cie, we take particular care to ensure that the companies in which we recommend investing are sustainable. Accordingly, our selection process takes account of risks relating to environmental, social and governance (ESG) issues. This approach is underpinned by research from Sustainalytics, the global leader in ESG and corporate governance analysis, whose methodology aims to identify major controversies and risks and assess a company's ESG risks relative to both its sector and the investment universe as a whole. The corresponding score is expressed as a percentile: the lower the overall risk score, the lower the risk within the investment universe.

b-Digital, b-Transition & b-Well

Over and above the conventional geographical and sectoral approaches to asset management, at B&Cie we believe the world of tomorrow is being shaped by structural trends. We have identified three main megatrends: ongoing digital globalisation of the economy; economic transition, particularly in the energy sector; and the quest for wellness. We believe selecting and investing in companies that play an active role in these transformations should lead to more resilient portfolios that generate higher long-term returns. Our investment recommendations in the digital globalisation space are labelled "b-Digital", those in the economic transition space "b-Transition" and those in the wellness space "b-Well". A given recommendation may fall under more than one theme, in which case it will carry the relevant matching labels.

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