



2Q/1H 17 results Flow Traders N.V.

Analyst Presentation

28 July 2017

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Amsterdam ■ Cluj ■ Hong Kong ■ New York ■ Singapore

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Flow Traders gained market share in challenging market conditions

1H17 characterized by low market activity with the lowest volatility in over 30 years

ETP market

- Underlying ETP market continued to grow to US\$ 4,110bn (+6% Q-o-Q), but stayed flat Q-o-Q in euro terms**
- Volatility in 2Q 17 declined further quarter-on-quarter, touching lowest levels in over 30 years*
- 1H17 Market ETP Value Traded declined 12% Y-o-Y
- Market sentiment remained slow and cautious in 2Q17, resulting in a practically flat Market ETP value traded Q-o-Q
- Market velocity slowed down further following the ongoing growth in ETP AuM (in US\$) and the practically flat ETP Value Traded development

Flow Traders

- ETP Value Traded in 1H17 showed strong growth Y-o-Y (+21%) despite continued challenging market conditions with market ETP Value Traded down 12% Y-o-Y
- ETP Value Traded rose 6% Q-o-Q to € 185bn in 2Q17, outperforming the market in EMEA and the Americas Q-o-Q
- NTI of € 46.7m in 2Q17 and € 95.0m in 1H17, reflected the ongoing slow market conditions and impact of the consequent product mix traded
- Fixed operational expenses rose 1% Q-o-Q, total operating expenses declined 1% Q-o-Q in 2Q17
- 2Q17 EPS reached € 0.27. This led to an EPS for 1H17 of € 0.56 and an interim dividend of € 0.30
- Continued to strengthen presence in the ETP markets globally, amongst others by increasing our official liquidity provider registrations by 6% Q-o-Q
- Key initiatives such as the roll out of the US OTC trading, the diversification into FX, the opening of the HK office and the re-location of the New York office are on schedule and underpin our longer term growth trajectory
- Reiterate our growth plans and increase in costs by 15-20% in 2017 and max 15% annually from 2018 onwards

Market ETP Value Traded 2Q17:
€ 4,841bn (-1% Q-o-Q)

Global ETP AuM end 2Q17:
€ 3,604bn (flat Q-o-Q)

Flow Traders' ETP Value Traded 2Q17:
€ 185bn (+6% Q-o-Q)

Flow Traders' NTI 2Q17:
€ 46.7m (-3% Q-o-Q)

Interim dividend:
€ 0.30

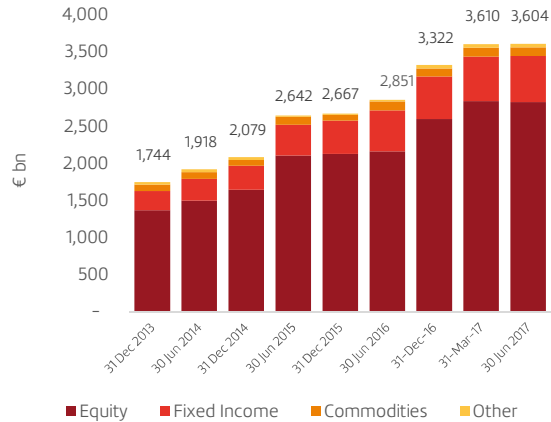
EPS 1H17:
€ 0.56

* Source: Bloomberg

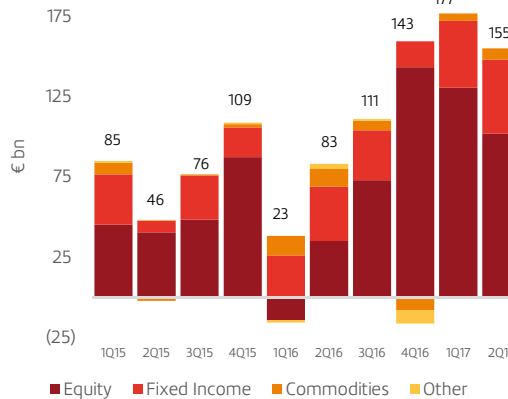
** Source: Blackrock ETP Landscape

ETP market growth drivers intact, but continued low market activity in 1H17

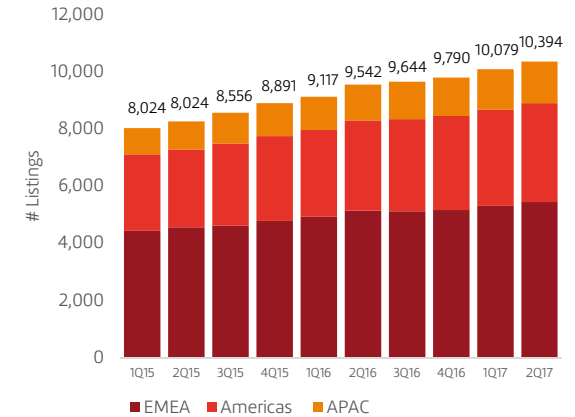
Global ETP Assets under Management grew 6% in 2Q17 in US\$ terms, remained flat in Euro's



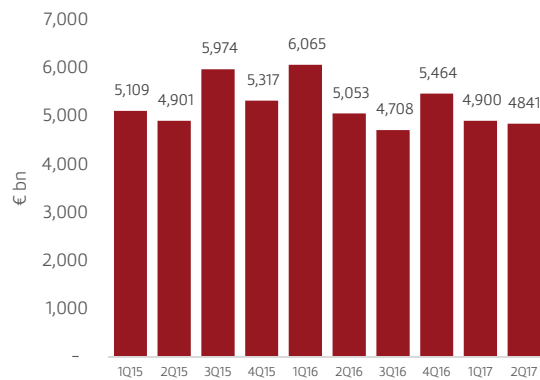
Net inflow* trends show ongoing flows in Equity – and Fixed income ETPs in 2Q17



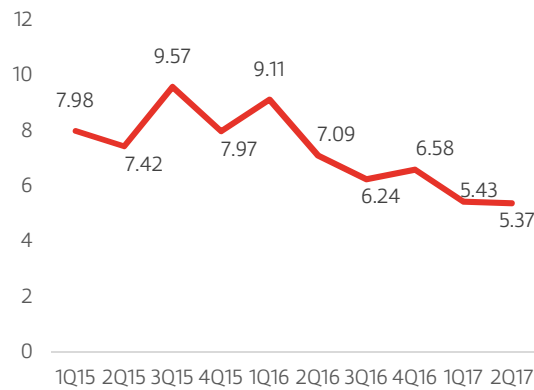
Number of ETP listings continued to grow to new highs across all regions



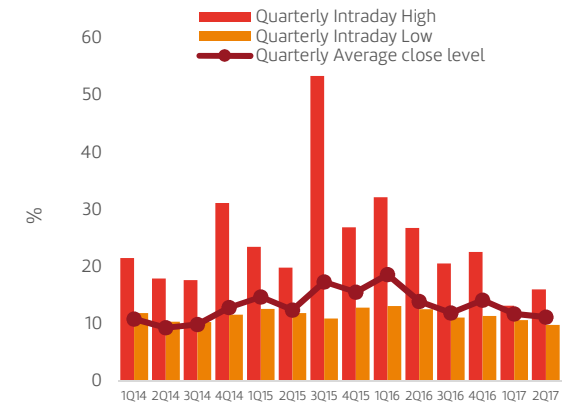
On-Exchange Market ETP Value Traded came in almost flat Q-o-Q in 2Q17 as market activity remained slow



Market Velocity ** decreased to lowest point in 10 quarters as Market ETP AuM continued to grow and ETP Value Traded remained flat



VIX showed lowest average levels in the quarter in over 30 years*



* Source: Blackrock, Flow Traders, Bloomberg

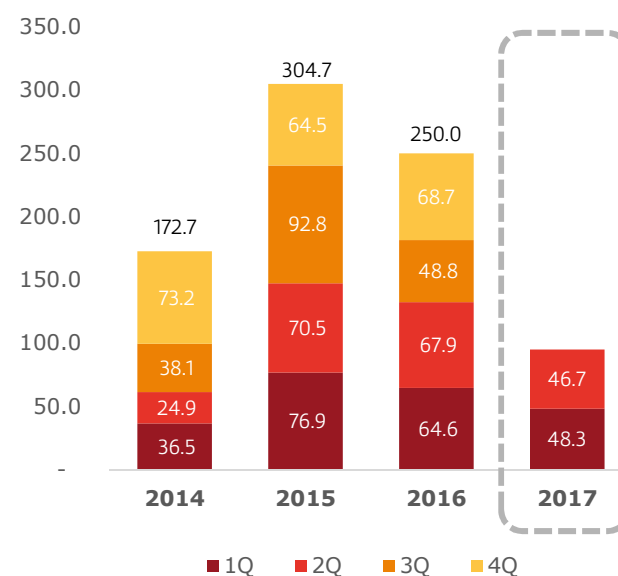
** Market Velocity is the Market ETP Value Traded divided by the Market ETP Assets under Management

Continued outperformance relative to the market in 2Q17

KPIs Flow Traders

	2Q	1Q		YTD	YTD	
<i>In €bn unless otherwise stated</i>	2017	2017	Δ	Jun 17	Jun 16	Δ
Flow Traders ETP Value Traded	184.7	174.8	6%	359.5	298.1	21%
Europe	112.4	106.2	6%	218.6	191.0	14%
Americas	66.5	63.2	5%	129.7	88.4	47%
APAC	5.8	5.4	7%	11.3	18.7	(40%)
Flow Traders NTI (€m)	46.7	48.3	(3%)	95.0	132.5	(28%)
Europe	35.0	30.6	14%	65.7	83.5	(21%)
Americas	8.3	13.1	(37%)	21.3	35.9	(41%)
APAC	3.4	4.6	(27%)	8.0	13.1	(39%)
Flow Traders RevCap (bps)	2.5	2.8	(0.2)	2.6	4.4	(1.8)
Europe	3.1	2.9	0.2	3.0	4.4	(1.4)
Americas	1.2	2.1	(0.8)	1.6	4.1	(2.4)
APAC	5.8	8.5	(2.7)	7.1	7.0	0.1
Market ETP Value Traded (1)	4,841	4,899	(1%)	9,740	11,114	(12%)
Europe	226	233	(3%)	460	507	(9%)
Americas	4,137	4,255	(3%)	8,392	9,590	(12%)
APAC	477	410	16%	887	1,017	(13%)

Flow Traders NTI (in €m)



Highlights

- Overall Flow Traders' ETP Value Traded continued to grow in 2Q17, whilst market volumes remained almost flat overall
- Sensitivity towards product mix traded remains visible, as is shown by our NTI development overall and in the different regions
- In Europe Flow Traders' ETP Value Traded rose 6% after the decline in 1Q17, resulting in an NTI growth of 14% Q-o-Q
- In the Americas Flow Traders' ETP Value Traded outpaced the Market ETP Value Traded, whilst NTI declined due to ongoing tightening of spreads in product mix traded
- In Asia, excluding strong variations in China, trading developed in line with the market

Note (1): Market Value Traded is restated based on Flow Traders Market reference data.



EMEA

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EMEA back to growth, with market share gains

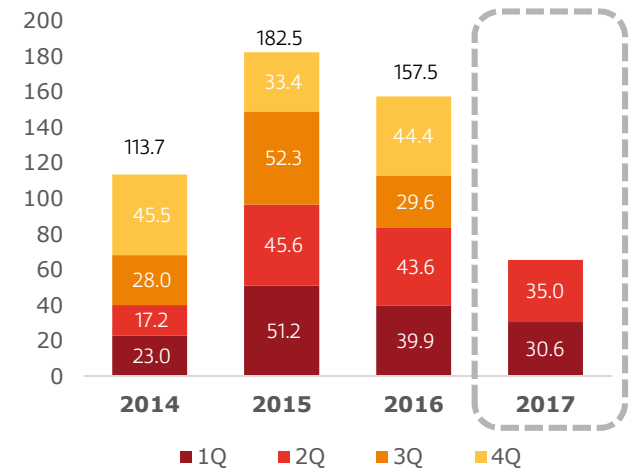
KPIs EMEA (Europe)

In €bn unless otherwise stated	2Q17	1Q17	Δ	YTD Jun 17	YTD Jun 16	Δ
ETP AuM (end of period) (*)	607	595	2%	607	482	26%
EMEA ETP Value Traded (**)	226	233	(3%)	460	507	(9%)
Flow Traders ETP Value Traded	112.4	106.2	6%	218.6	191.0	14%
Flow Traders NTI (€m)	35.0	30.6	14%	65.7	83.5	(21%)
Flow Traders Revenue Capture (bps)	3.1	2.9	0.2	3.0	4.4	(1.4)
FTEs	261	250	4%	261	217	20%

*: Source for AuM is 'Blackrock Global ETP Landscape' December 2016.

** : Market Value Traded is restated based on Flow Traders Market reference data.

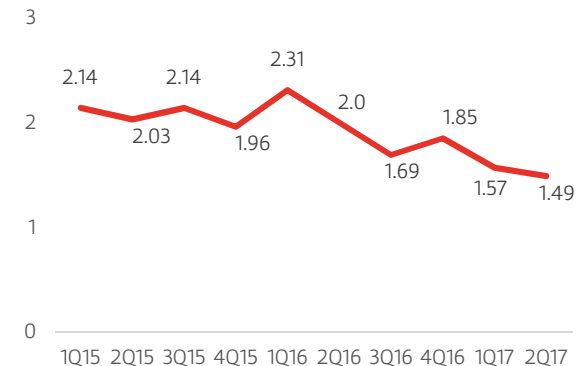
Europe NTI (in €m)



Highlights

- 2Q17 NTI of EUR 35m was up 14% increase versus 1Q17
- ETP Value Traded for Flow Traders reached EUR 112bn in 2Q17 (+6% q-o-q), outperforming the market by 9%
- Velocity in EMEA slowed down to lowest level in 10 quarters
- Market share in EMEA grew in 2Q17 after a dip in 1Q17 and is comfortably above 20% on- and off- exchange
- Revenue Capture in 2Q17 improved 0.2bps versus 1Q17 to 3.1 bps as a reflection of the product mix traded
- FTEs in EMEA grew by 4% Q-o-Q to 261

Velocity EMEA





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Continued market share gains despite slow markets; Progress made in OTC

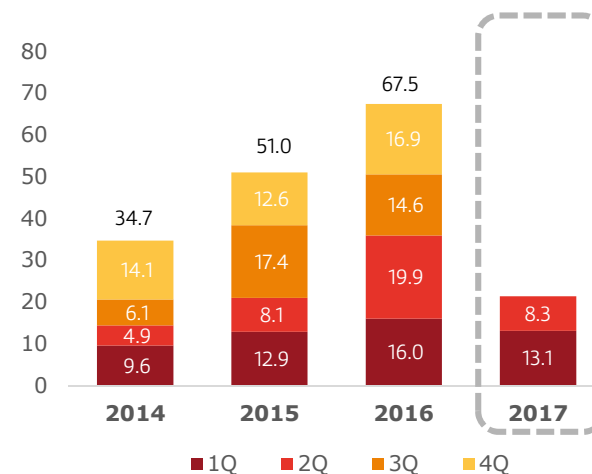
KPIs Americas

In €bn unless otherwise stated	2Q17	1Q17	Δ	YTD Jun 17	YTD Jun 16	Δ
ETP AuM (end of period)(*)	2,684	2,700	(1%)	2,684	2,112	27%
Americas ETP Value Traded(**)	4,137	4,255	(3%)	8,392	9,590	(12%)
Flow Traders ETP Value Traded	66.5	63.2	5%	129.7	88.4	47%
Flow Traders NTI (€m)	8.3	13.1	(37%)	21.3	35.9	(41%)
Flow Traders Revenue Capture (bps)	1.2	2.1	(0.8)	1.6	4.1	(2.4)
FTEs	59	55	7%	59	45	31%

*: Source for AuM is 'Blackrock Global ETP Landscape' December 2016.

** : Market Value Traded is restated based on Flow Traders Market reference data.

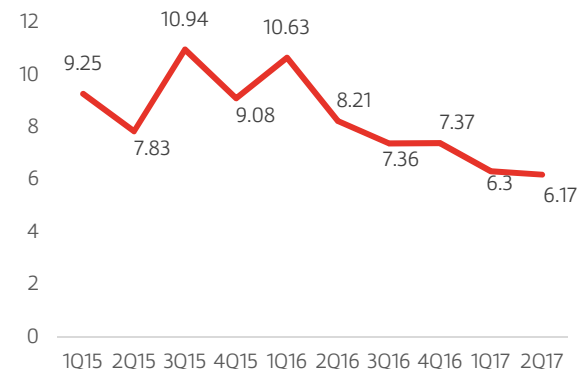
Americas NTI (in €m)



Highlights

- 2Q17 NTI declined to EUR 8.3m and Revenue Capture to 1.2, as a result of slow market circumstances and the impact of the product mix traded
- Velocity slowed down to the lowest level in 10 quarters
- Flow Traders ETP Value Traded reached EUR 66bn, a 5% increase Q-o-Q, which confirms our growing presence in that region
- Market share is above 2% on-exchange
- FTE's in the Americas grew by 7% Q-o-Q to 59
- OTC trading with US counterparties look promising, on boarding new US counterparties is progressing well

Velocity Americas





APAC (Asia)

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Development plans on track and maintained market share

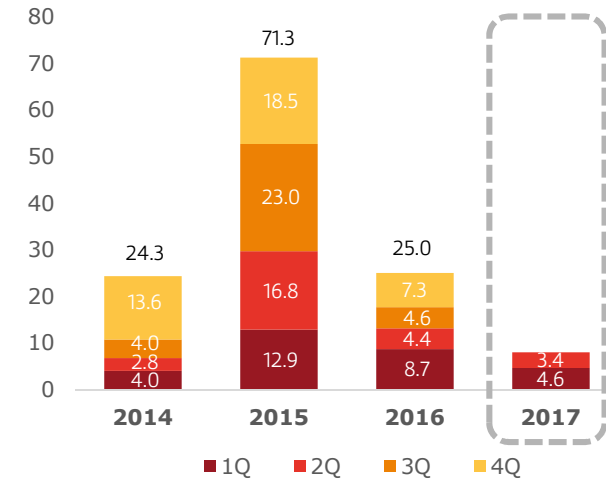
KPIs APAC (Asia)

In €bn unless otherwise stated	2Q17	1Q17	Δ	YTD Jun 17	YTD Jun 16	Δ
ETP AuM (end of period)(*)	313	315	(1%)	313	256	22%
APAC ETP Value Traded(**)	477	410	16%	887	1,017	(13%)
APAC ETP Value Traded ex China(**)	194	177	9%	371	513	(28%)
Flow Traders ETP Value Traded	5.8	5.4	7%	11.3	18.7	(40%)
Flow Traders NTI (€m)	3.4	4.6	(27%)	8.0	13.1	(39%)
Flow Traders Revenue Capture (bps)	5.8	8.5	(2.7)	7.1	7.0	0.1
FTEs	49	49	0%	49	44	12%

*: Source for AuM is 'Blackrock Global ETP Landscape' December 2016.

** : Market Value Traded is restated based on Flow Traders Market reference data.

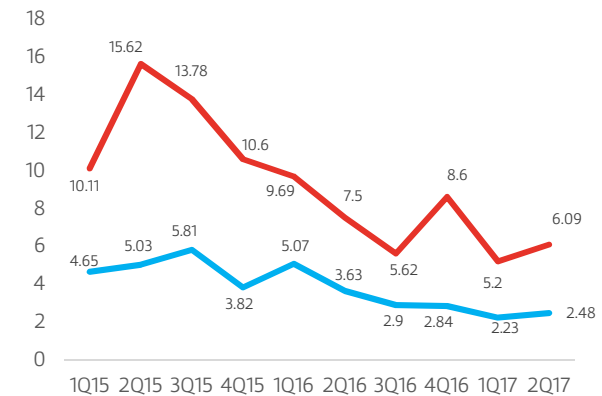
APAC NTI (in €m)



Highlights

- 2Q17 NTI of EUR 3.4m is a reflection of the slow market conditions in Asia in 2Q17
- Flow Traders Asia ETP Value Traded of EUR 6bn was a 7% increase Q-o-Q, where the Market ETP Value Traded EX China grew 9%
- Velocity in the region remained subdued, impact China clearly shows
- Revenue Capture 2Q17 came in at 5.8 bps (-2.7bps versus 1Q17), as a reflection of the product mix traded. 1H17 Revenue Capture is about flat versus 1H16
- Flow Traders' market share on exchange in Asia remained stable at 3% on-exchange
- FTE's in Asia remained flat Q-o-Q
- Hong Kong office opening is on schedule for end 2017

Velocity APAC / Velocity APAC ex China



Financial Review



Fixed costs development and initiatives on track

Consolidated (in €m)	2Q 2017	1Q 1Q17 vs 2017 2Q17	YTD Jun 17	YTD Jun 16	YTD17 vs YTD16
Net Trading Income	46.7	48.3 (3%)	95.0	132.5	(28%)
Employee expenses (fixed)	7.6	7.7 (2%)	15.4	12.4	23%
Employee expenses (variable)	8.6	9.3 (8%)	17.9	32.9	(46%)
Technology expenses	9.5	9.2 3%	18.8	17.0	10%
Other expenses	3.9	3.8 4%	7.7	5.0	54%
Operational Expenses	29.7	30.1 (1%)	59.7	67.4	(11%)
EBITDA	17.0	18.2 (6%)	35.2	65.1	(46%)
Depreciation / Amortisation	1.7	1.7	3.4	3.2	
Write offs tangible assets	0.0	-	0.0	2.6	
Result subsidiaries	0.0	0.0	0.0	(0.0)	
Profit Before Tax	15.3	16.5 (7%)	31.8	59.3	(46%)
Tax	(2.8)	(2.9)	(5.7)	(7.4)	
Net Profit	12.5	13.6 (8%)	26.1	51.9	(50%)
EPS (in €)	0.27	0.29	0.56	1.12	
EBITDA margin (in %)	36%	38%	37%	49%	

Highlights

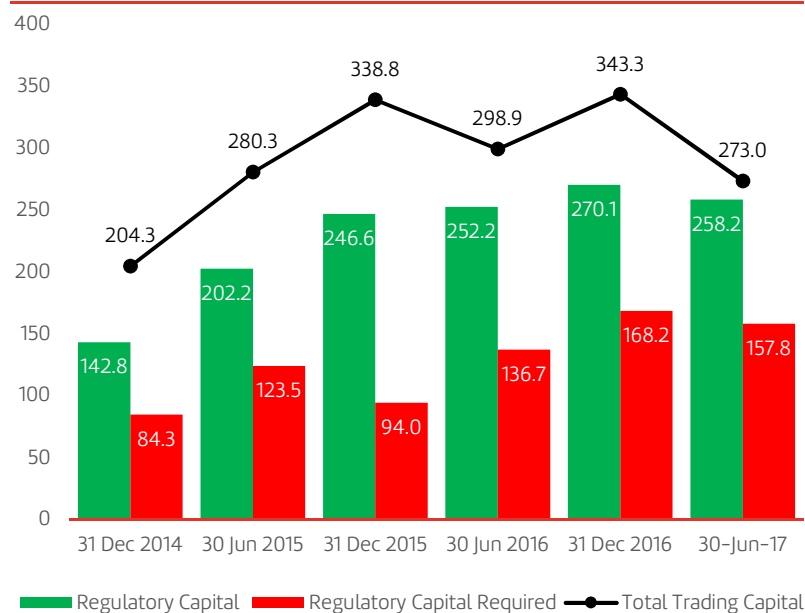
- Fixed operating expenses rose 1% Q-o-Q, total operating expenses declined 1% Q-o-Q in 2Q17
- Technology expenses grew marginally Q-o-Q following growing market connection costs and declining data line costs
- FY17 guidance of growth of fixed expenses 15-20% remains unchanged
- EBITDA reached € 17.0m, a 6% decline versus 1Q17. EBITDA margin reached 36%, reflecting a good balance between the slow market conditions and ongoing growth investments
- Effective tax rate in 2Q17 was 18.5%. 1Q17 effective tax rate was 17.4%, bringing the YTD effective tax rate at 17.9%

Capital position remains robust; Interim dividend set at €0.30

Condensed consolidated Financial Position

Condensed Balance Sheet (In €m)	Δ 30 Jun 17		
Assets	30 Jun 2017	31 Dec 2016	vs. 31 Dec 16
Trading Capital	273	343	(70)
Property, Equipment and Intangible Assets	25	23	2
Other Assets	24	25	(1)
Total Assets	322	391	(69)
Equity & Liabilities			
Other Liabilities	61	113	(52)
Tax Liabilities	3	8	(5)
Total Liabilities	64	121	(57)
Total Equity	258	270	(12)

Development of regulatory capital



Highlights

- Trading Capital as at the end of June decreased following the FY16 final dividend payment and the deferred bonus payments in 1H17
- Regulatory Capital grew marginally Y-o-Y
- Regulatory Capital Required moved along historic ranges. Levels end 1H17 reflect normal trading behaviour
- Interim dividend will be € 0.30, which is in line with our dividend policy

Concluding remarks



Focus is on organic long term growth, while remaining cost conscious

- Consistently outperformed the market and will continue to benefit from positive secular trends over the longer term
- Strong operating model based on pricing excellence, technological superiority, risk focus and strong corporate culture leading to talent retention
- Focussed on organic long term growth and further developing our clear competitive edge to become and maintain the #1 liquidity provider
- Remain cost conscious, growing fixed expenses by 15-20% in 2017, and by a maximum of 15% annually from 2018 onwards
- Flow Traders will launch a share incentive plan in 2017 to further cement long term growth potential without any dilutive impact for shareholders
- Growth initiatives are underway as planned, we will update the market during the course of 2H17 on progress made

Questions?

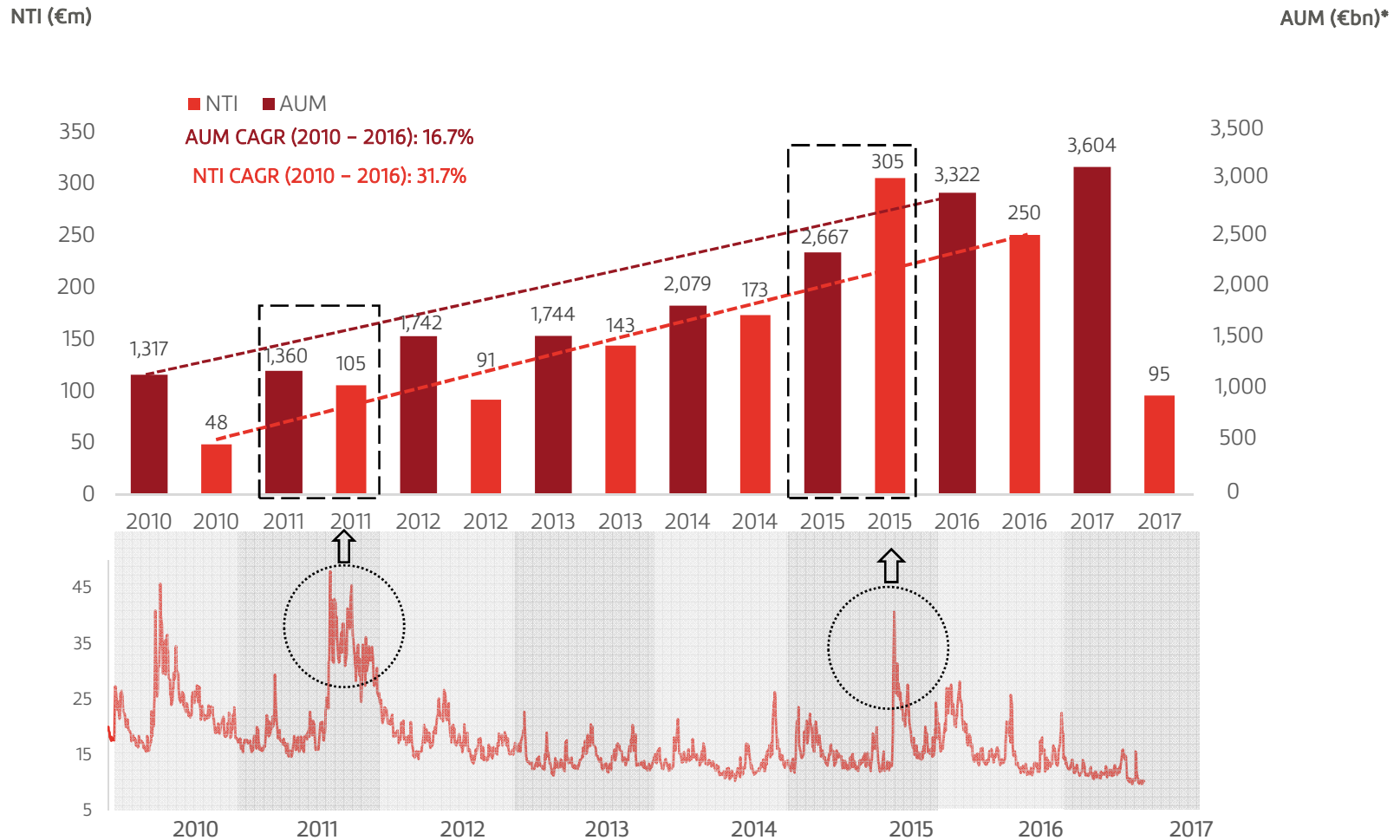
Thank you!

Appendix



Consistently outperformed the market through varying market cycles

Flow Traders' NTI (in €m), Market's AUM (€Bn) and VIX index (%) since 2010



Despite varying levels of volatility through the years, Flow Traders NTI growth trend has consistently outperformed the market AuM growth trend

Monthly markets update as published

ETP Market Update June 2017

	2017						2016						2015												
	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	July	June	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun
On & Off Exchange Value Traded - Global (€bn)	1,769	1,557	1,515	1,918	1,408	1,573	1,872	2,136	1,456	1,759	1,455	1,495	1,973	1,509	1,572	1,820	1,959	2,282	2,009	1,555	1,753	1,940	2,211	1,823	1,838
On & Off Exchange Value Traded - EMEA (€bn)	71	87	68	84	73	76	86	99	65	68	64	84	102	65	73	83	92	91	84	71	71	74	88	81	84
On & Off Exchange Value Traded - Americas (€bn)	1,525	1,315	1,297	1,650	1,215	1,391	1,542	1,786	1,277	1,572	1,260	1,271	1,706	1,302	1,325	1,533	1,702	2,022	1,728	1,263	1,519	1,670	1,913	1,463	1,379
On & Off Exchange Value Traded - APAC (€bn)	172	155	150	185	120	105	244	251	113	119	131	140	164	141	174	205	165	168	197	221	164	196	210	280	375
Off Exchange reported Market Value Traded - EMEA (€bn)	28	35	26	35	33	29	35	40	28	27	29	37	42	27	30	35	34	36	33	30	28	27	33	30	25
Off Exchange reported Market Value Traded - Americas (€bn)	528	475	465	606	453	538	603	633	439	527	447	466	593	455	464	535	553	656	603	434	504	565	613	489	475
Assets under Management - Global (€bn)	3,604	3,596	3,622	3,610	3,556	3,363	3,323	3,215	3,047	3,017	3,012	2,963	2,849	2,818	2,716	n/a	2,609	2,600	2,667	2,821	2,698	2,497	2,542	2,716	2,642
Assets under Management - EMEA (€bn)	607	604	599	595	574	548	541	524	514	511	509	502	482	480	471	n/a	452	446	460	491	475	453	466	485	467
Assets under Management - Americas (€bn)	2,684	2,679	2,710	2,700	2,670	2,521	2,498	2,402	2,251	2,228	2,234	2,198	2,112	2,081	2,017	n/a	1,938	1,943	1,987	2,105	2,004	1,845	1,876	2,018	1,968
Assets under Management - APAC (€bn)	313	314	313	315	312	294	283	288	282	278	269	263	256	257	227	n/a	219	211	219	225	219	199	200	213	208
# of ETP listings - Global	10,394	10,280	10,156	10,079	9,897	9,834	9,792	9,723	9,717	9,625	9,515	9,489	9,460	9,341	9,237	9,051	9,008	8,836	8,825	8,735	8,651	8,516	8,462	8,368	8,230
# of ETP listings - EMEA	5,443	5,400	5,351	5,306	5,196	5,169	5,155	5,144	5,151	5,110	5,109	5,097	5,107	5,073	5,041	4,899	4,876	4,742	4,751	4,723	4,690	4,596	4,584	4,565	4,548
# of ETP listings - Americas	3,493	3,449	3,390	3,370	3,344	3,317	3,291	3,250	3,228	3,206	3,142	3,144	3,119	3,068	3,028	2,996	2,981	2,951	2,938	2,904	2,884	2,858	2,825	2,784	2,700
# of ETP listings - APAC	1,458	1,431	1,415	1,403	1,357	1,348	1,346	1,329	1,338	1,309	1,264	1,248	1,234	1,200	1,168	1,156	1,151	1,143	1,136	1,108	1,077	1,062	1,053	1,019	982
# of new ETP products - Global	76	112	78	98	62	56	95	88	94	111	39	69	131	114	96	103	75	56	96	145	122	99	96	98	107
# of new ETP products - EMEA	18	63	30	16	16	16	39	60	23	25	5	23	46	47	35	56	39	23	27	94	68	44	26	37	35
# of new ETP products - Americas	37	31	31	26	37	33	34	16	29	54	11	23	40	29	40	35	26	23	29	21	30	44	36	41	34
# of new ETP products - APAC	21	18	17	56	9	7	22	12	42	32	23	23	45	38	21	12	10	10	40	30	24	11	34	20	38

* Source: Flow Traders analysis and Blackrock Global ETP Landscape

Note: AuM is source by Blackrock Global ETP Landscape and we do not have control over this data