Driving the Transformation of Financial Markets

Annual Results 2019 – Media Presentation

Zurich, 17 March 2020
Agenda

1. Business Highlights 2019
   «Solid operative performance with many highlights despite considerably smaller size»
   Jos Dijsselhof, CEO

2. Financial Figures 2019
   «SIX continues to invest and lays the foundations for further growth»
   Daniel Schmucki, CFO

3. Outlook
   «SIX is excellently positioned to further create long term values through innovation for the Swiss financial center.»
   Jos Dijsselhof, CEO
Business Highlights 2019

«Solid operative performance with many highlights despite considerably smaller size»
Growth

- SIX on **fourth position** among Europe’s exchanges with **7 company listings in 2019**, aggregating transaction volume of CHF 3.1 billion

- Extended **global data coverage** through new **data partnerships** with solution providers (for instance with Eagle Investment Systems and SimCorp)

- Further development of **SIX Sanctioned Securities Monitoring Service**, actively monitoring 6.7 million active instruments

- **All-Cash tender offer for Bolsas y Mercados Españoles (BME)** – creating **Europe’s 3rd largest financial market infrastructure provider**

- Partnership with **Worldline** proves successful and a **strategic solid investment**

- **Closing** of transactions of **Swiss Interbeank Clearing (SIC)** and **Swiss Euro Clearing Bank (SECB)** with full ownership of SIX going forward

- Smooth **transition of EU trading volumes** onto SIX after **EU equivalence** was no longer granted
Transformation

- eBill ecosystem introduced a **new network partner business model** open to 3rd parties which will foster competition and innovation – **10 network partners** signed a contract already.

- **Swiss ATM migration** progressing well (>4,000 cash machines run on ATMfutura - new standardized software).

- SIX Digital Exchange **launched** trading and settlement **prototype based on distributed ledger technology**.

- **Collaboration with SNB** to explore technological approaches for the use of **digital central bank money** in the settlement of tokenized assets.

- **National Cash Scheme** kicked-off (with market study, product concept, and implementation roadmap for 2020 defined).

- **SIX FinTech Venture Fund** screened > 1,000 investment cases, made 4 investments.

- Publication of various white papers, amongst others on **“Future of the Securities Value Chain”** and **“Future of Money”**.
Financial Figures 2019

«SIX continues to invest and lays the foundations for further growth»
SIX continues to invest and lays the foundations for further growth

### Financial Figures 2019 (1/3)

**Total Operating Income**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (mCHF)</th>
<th>Year-on-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>1,129.7</td>
<td>1,115.8</td>
</tr>
</tbody>
</table>

**Total Operating Expenses**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (mCHF)</th>
<th>Year-on-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>-916.2</td>
<td>-911.3</td>
</tr>
</tbody>
</table>

**EBITDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (mCHF)</th>
<th>Year-on-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>213.5</td>
<td>204.5</td>
</tr>
</tbody>
</table>

Year-on-year **increase in total operating income** was mainly due to strong trading result and higher income in the Business Unit Banking Services, offsetting effects of mid-2018 price reductions in all Business Units.

**Total operating expenses** slightly increased after substantial investments in new products as well as expenses for regulatory projects. This was almost entirely compensated by efforts in enhancing efficiency in all business areas.

Accordingly, **EBITDA** grew by 4.4% to 213.5 mCHF compared to 2018.

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*(1) 2018 figures representing continuing operations excluding Business Unit Cards which was transferred to Worldline on 30 November 2018*
The steep year-on-year increase in share of profit of associates stems from the participation in Worldline. As an effect of the equity collar transaction, a contingent cash consideration with Worldline was waived, resulting in a one-time negative impact on net financial result.

EBIT and profit for the period from continuing operations increased mainly due to the positive contribution of the Worldline participation.
Financial Figures 2019 (3/3)
Total Operating Income and Profit Contribution by Business Unit

**Total Operating Income**
- Securities & Exchanges: 34% (368.2mCHF)
- Banking Services: 18% (187.5mCHF)
- Financial Information: 48% (506.3mCHF)

**Profit Contribution**
- Securities & Exchanges: 32% (94.2mCHF)
- Banking Services: 14% (38.3mCHF)
- Financial Information: 54% (160.3mCHF)
Securities & Exchanges – Financials and Business Highlights

- **7 Listings** with aggregated transaction volume of CHF 3.1 billion ranking **SIX as number 4 in Europe**, with Medacta Group SA (1,922), Stadler Rail AG (4,310), Alcon Inc. (28,369)\(^1\) being the largest
- In June **SMI** breaks through the **10,000 point mark** for the first time
- With **1,500 ETFs listed**, SIX ranks among top 3 ETF venues in Europe
- #1 in **Global Custodian Survey** with the **highest score of all times**
- **SIX Digital Exchange** launched **DLT-based** trading and settlement **prototype**

### Financial Figures (in mCHF)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>Δ 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating income</td>
<td>506.3</td>
<td>-1%</td>
</tr>
<tr>
<td>Total operational expenses</td>
<td>-346.0</td>
<td>8%</td>
</tr>
<tr>
<td>Profit Contribution</td>
<td>160.3</td>
<td>-17%</td>
</tr>
</tbody>
</table>

### Business Figures

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>Δ 2018</th>
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</thead>
<tbody>
<tr>
<td>Trading turnover (bnCHF)</td>
<td>1,477.0</td>
<td>8%</td>
</tr>
<tr>
<td>SLI Market Share (%), avg.)</td>
<td>85.6</td>
<td>15pp</td>
</tr>
<tr>
<td>Deposit Volume (bnCHF, avg.)</td>
<td>3,414.0</td>
<td>5%</td>
</tr>
</tbody>
</table>

1. Year-on-year decrease in operating income mainly due to **mid-2018 price reductions** which were partly offset by a **strong trading year** and effects of the EU Equivalence decision
2. Higher expenses due to **larger investments** such as SIX Digital Exchange
3. **SLI Market Share increased** from already high levels above 71% in H1 to close to 100% after EU Equivalence decision in H2
4. **Strong SMI and MSCI** (SMI +996 index points above previous year on average) affected national and international deposit volume positively

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(1) Market capitalization in mCHF based on first closing price
Banking Services – Financials and Business Highlights

- eBill ecosystem introduced a new network partner business model open to 3rd parties which will foster competition and innovation.
- Visa Debit / Debit Mastercard on track to be launched in 2020.
- National Cash scheme launched with the aim to create a general standard for cash transactions.
- ATM migration progressing well (> 4,000 ATMs run on ATMfutura).
- Obtained broad support from senior stakeholders across the Swiss Financial Center to pursue a Swiss Payments Vision.

### Financial Figures (in mCHF)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>Δ 2018</th>
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<tbody>
<tr>
<td>Total operating income</td>
<td>187.5</td>
<td>20%</td>
</tr>
<tr>
<td>Total operational expenses</td>
<td>-149.2</td>
<td>26%</td>
</tr>
<tr>
<td>Profit Contribution</td>
<td>38.3</td>
<td>1%</td>
</tr>
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</table>

### Business Figures

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<thead>
<tr>
<th></th>
<th>2019</th>
<th>Δ 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Cards (m)</td>
<td>10.4</td>
<td>2%</td>
</tr>
<tr>
<td>ATM and cards transactions (m)</td>
<td>1,254</td>
<td>7%</td>
</tr>
<tr>
<td>eBill transactions (m)</td>
<td>25.1</td>
<td>14%</td>
</tr>
</tbody>
</table>

- Year-on-year increase, despite price discounts, mainly due to SECB acquisition and higher income from eBill & Direct Debit.
- Higher expenses resulted from business ramp-up.
- Driven mainly by increasing adoption of digitalized billing by customers and eBill product improvements.
Financial Information – Financials and Business Highlights

- Best quality financial data: 7 prestigious industry awards were received – Best Corporate Actions Data provider award was granted for the 10th year in a row
- Extended global data coverage through new data partnerships with solution providers
- Sanctioned Securities Monitoring Service business grew by 65% year-on-year
- 7 more distributors signed to the RegHub platform providing regulatory data and 30m documents from 950 manufacturers covering 6.5m active financial instruments
- SIX, the leading index provider for the Swiss market, licensed SARON as underlying for futures contract to more than 100 national and international customers

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<tr>
<th>Financial Figures (in mCHF)</th>
<th>2019</th>
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<tr>
<td>Total operating income</td>
<td>368.2</td>
<td>-7%</td>
</tr>
<tr>
<td>Total operational expenses</td>
<td>-274.0</td>
<td>-5%</td>
</tr>
<tr>
<td>Profit Contribution</td>
<td>94.2</td>
<td>-13%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Figures</th>
<th>2019</th>
<th>Δ 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of financial instruments (m)</td>
<td>29.7</td>
<td>-8%</td>
</tr>
<tr>
<td>Price updates per second (avg.)</td>
<td>138,292</td>
<td>2%</td>
</tr>
</tbody>
</table>

1. Year-on-year decrease in operating income mainly due to granted mid-2018 price discounts as well as negative FX effects

2. The number of financial instruments on the database has decreased due to quality improvement efforts and cleanup on long outdated and un-used items
Selected Innovation Highlights in 2019

With SIX Digital Exchange or the Swiss Payments Vision, SIX is investing in major initiatives today that will substantially strengthen the competitiveness of the Swiss Financial Center tomorrow.

Moreover, the Innovation & Digital business unit coordinates innovation processes within SIX and focuses on projects and initiatives the entire ecosystem benefits from, such as:

- **SIX Rating** onboarded 14 clients on the rating testing platform in Q4 2019
- Publication of 3 white papers: “Future of the Securities Value Chain”, “Future of Money” & “Future of Financial Information”. The studies show potential scenarios of the future
- **SIX FinTech Venture Fund** screened more than 1,000 investment cases and invested into the most promising start-ups in 2019 like PXL Vision or Tradeplus24
- Second **SIX Innovation Day** took place with more than 400 clients, customers and visitors, facilitating ideation, showcased new services and products and connected stakeholders
- F10 opens up presence in Singapore and attracted the highest number of participants at the F10/SIX Hackathon in Zurich and Singapore so far
3

Outlook

«SIX is excellently positioned to further create long term values through innovation for the Swiss financial center.»
SIX 2020 and Beyond

SIX is a different company than two years ago: smaller, more agile and more innovative

**MANDATE**

SIX core task remains unchanged: to continuously provide its owners and customers with highly reliable and efficient infrastructure services, guarantee optimal access to capital markets and support the banks with digital transformation.

**MARKET CHALLENGES**

Current and future challenges for financial institutions on the horizon:
- new technologies
- new customer needs
- new competitors
- growth to remain competitive

**EXPECTATIONS** towards SIX: recognize challenges early on and support banks with services at the forefront of technology.

**SIX STRATEGY**

**Growth**
- Organically:
  - SDX
  - Banking Services (eBill, new debit, etc.)
  - Data business
- Non-organically:
  - Participations (eg Worldline)
  - Investments
  - Acquisitions (eg BME)

Efficiency gains
- New products, services
- Content and competent employees and clients

**CORNERSTONE**

SIX aims to achieve a healthy balance between future investments in the stability, efficiency and security of its infrastructure in order to generate sustainable profit, and investments in the development of innovative financial technology.

Investment in Worldline remains strategically relevant and enables SIX to participate in the growing importance of payment traffic services.
Appendix
SIX Strategy
Driving the Transformation of Financial Markets as a Fully Integrated Company

SIX aims not only at fulfilling its task as a financial market infrastructure provider for the Swiss Financial Center, but also at generating sustainable profit.

THE SWISS STOCK EXCHANGE
SIX is running one of Europe’s leading listing and trading venues with a post-trade powerhouse serving Swiss and international clients. SIX is becoming the worldwide leading marketplace for digital assets.

FINANCIAL INFORMATION
SIX is a global data provider with a leading position in regulatory and compliance services, pursuing a growth strategy in selected major markets.

BANKING SERVICES
SIX offers leading payment and other banking services. SIX provides thought leadership and innovation initiatives to the Swiss payments sector in order to foster banks’ and other business models.
All-Cash Tender Offer for BME

Combining local vertically-integrated champions to create a top-3 European market infrastructure group

1. Top-3 European & Top-10 Global exchange group
2. Diversified group with global reach
3. Complementary vertically-integrated groups enhancing respective domestic market strengths
4. Significant benefits for each partner's ecosystem
5. Increased combined future strategic optionality and flexibility

Offer Highlights

- Tender offer for 100% of the share capital
- €34 price per share
- Implied total equity value of €2.8bn
- Expected Closing in H1 2020
- Request for authorization of offer has been filed
**On the All-Cash Tender Offer for BME**

SIX plays an active role in the consolidation of Europe’s infrastructure landscape

<table>
<thead>
<tr>
<th>Key Transaction Terms</th>
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<tbody>
<tr>
<td>- On 18 November 2019 SIX announced that it intends to make an all-cash voluntary tender offer for Bolsas y Mercados Españoles (“BME”), operator of the Spanish stock exchanges and cornerstone of the Spanish markets</td>
</tr>
<tr>
<td>- All-cash voluntary tender offer for 100% of the share capital of BME for EUR 34.00 per share, implying a total equity value of EUR 2,843 million (CHF 3,108 million) (the “Offer”)</td>
</tr>
<tr>
<td>- The Offer represents a premium of 47.6% over BME’s 6-month volume weighted average share price and 33.9% over its closing price of EUR 25.40 on 15 November 2019</td>
</tr>
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<table>
<thead>
<tr>
<th>Strategic Partnership</th>
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<tbody>
<tr>
<td>- Overall goal is to create the 3rd-largest European financial market infrastructure group</td>
</tr>
<tr>
<td>- SIX expects to keep BME’s stand-alone listing in the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges</td>
</tr>
<tr>
<td>- The combined business will continue to focus on meeting the needs of both BME’s and SIX’s customers and regulators</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Rationale</th>
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<tbody>
<tr>
<td>- BME and SIX have comparable, vertically-integrated and diversified, profitable, business models, operating along the entire value chain (pre-trade, trade, post-trade).</td>
</tr>
<tr>
<td>- Through the proposed combination, BME and SIX together would become the 3rd-largest financial market infrastructure group in Europe, creating an entity with the scale to pursue more ambitious growth opportunities and strategic initiatives.</td>
</tr>
</tbody>
</table>
Thank you for your attention

We are looking forward to answering your questions