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PRESENTATION

Operator

Hello, and welcome to the Euronext Q3 2018 Results Call. (Operator Instructions) Just to remind you, this conference call is being recorded. Today, I am pleased to present Mr. Stéphane Boujnah, CEO and Chairman of the Managing Board of Euronext. Please go ahead with your meeting.

Stéphane Boujnah - *Euronext N.V. - CEO & Chairman of the Managing Board*

Good morning, everybody, and thank you for joining us this morning for the Euronext Q3 2018 Results Conference Call and Webcast. I'm Stéphane Boujnah, CEO and Chairman of the Managing Board of Euronext, and I will start with the highlights of Q3 2018. Giorgio Modica, Euronext's CFO, will then develop the main financials for the third quarter. We will both welcome your questions at the end of the presentation, together with Anthony Attia, member of the Managing Board of Euronext.

Let me start with Slide 5. As you may have noticed when you received the various materials this morning, we have applied this quarter, IFRS 15, like some of our peers.

In brief, part of our listing revenues have been deferred according to the principles of IFRS 15 for a period ranging between 3 and 5 years.

In this respect, I would like to highlight that all the Q3 2018 figures in this presentation are displayed, including the impact of IFRS 15.

In addition, for the sake of clarity, we have highlighted the changes excluding the impact of IFRS 15 and we have added in the appendix, a reconciliation table detailing all changes through the P&L and opening balance sheet. We will be happy to take any questions during the Q&A.

Moving back to the performance of the quarter. Clearly, Euronext reported a strong Q3 2018. First, revenue increased by plus 17.2% or plus EUR 22 million to EUR 150.9 million in Q3 2018, thanks to the growth across all business lines.

In our core equity franchise, market share and cash trading remained strong at 65.7% and the yield remained robust at 0.52 bps.

Second, core business costs are down minus 8.2% year-on-year. This decrease incorporates this cost that offset part of the cost increase linked to the consolidation of the new acquired businesses and the deployment of ongoing projects.

Third, as a result, group EBITDA increased this quarter by plus 26.4% compared to Q3 2017 to EUR 87.8 million. EBITDA margin was at 58.2%, up 4.2 points compared to last year.

Finally, the good revenue performance of the quarter, coupled with continuous cost control translated into a plus 31.6% increase in reported net income to EUR 50.5 million.

Adjusted for exceptional items and the PPA related to recent acquisitions, Q3 2018 adjusted EPS increased by plus 31% compared to last year, to EUR 0.85.

If we look at the performance since the beginning of the year, EBITDA margin is above 58% at 58.4% and adjusted EPS is at EUR 2.63 per share, up plus 25%.

Moving to Slide 6. I would like to share with you 4 key takeaways in relation to the status of the various 2019 targets announced in May '16 as part of our Agility for Growth strategic plan. You will remember that in May '16, we set 4 main objectives for 2019.

First, deliver value to shareholders through a targeted 61% to 63% EBITDA margin for the core business, excluding clearing and selected growth initiatives. Second, strengthen the resilience of the core business with a targeted average market share of 60% on cash trading. Third, enhance agility, which was translating into a targeted growth cost-savings of EUR 22 million by the end of '19.

And grow in selected segments with 7 growth initiatives with targeted objectives to generate $55 million of revenues at 50% EBITDA margin.

Out of these 4 targets, we wanted to let you know where we stand today. First, we are delivering value to shareholders. We are very proud to announce that over the last 12 months, EBITDA margin on the core business, excluding clearing and selected growth initiatives, reached for the first time and one year in advance, the 61% level, which is within our 2019 target.

Second, we have strengthened our resilience in the core business with a strengthened position in our core cash trading business. Since 2017, our market share in cash trading improved to above 65% on average and our yield grew to above 0.50 bps. These metrics are both higher than the initial targets set in May '16.

Third, we have enhanced our agility with more than EUR 24 million of accumulated savings since May '16, above the initial EUR 22 million target for the end of '19. This objective was reached 1 year in advance while spending significantly less for restructuring costs than originally anticipated.

Fourth, with regards to our selected growth initiatives, 2 growth initiatives, first the Synapse MTF and the European family of indices with Morningstar are ripe but they have not generated nor are making progress in line with our expectations. For that reason, we do not expect them to contribute the EUR 20 million incremental revenue in 2019 as originally planned.

Let me emphasize 3 important caveats in this respect. First, some growth initiatives are performing in line with our expectations. In particular, Corporate Services is performing according to plan. The European tech hub for SMEs has been deployed and has a strong pipeline. The MTF for ETF access is planned to be live in 2019.

Second, Euronext will mandate a strong focus on the development of these initiatives. Other initiatives in the peak, world and market data and industry spaces are also being explored. In particular, we have launched new family -- new indices that are working very well.

Third, I would like to emphasize that the company has significantly increased its size, thanks to the acquisition performed compared to what we were when we planned the Agility for Growth initial strategy in May '16.

As usual, we will provide you with a full annual update on our strategic plan during the full year '18 announcement next February.

I now leave the floor to Giorgio Modica for the detailed presentation of our Q3 financial results.

Giorgio Modica - *Euronext N.V. - CFO*

Thank you, Stéphane and good morning, everyone. Slide 8. As mentioned by Stéphane, I would like to highlight that in the third quarter of 2018, Euronext implemented an accounting change retrospectively as from the 1st of January 2018, leading to the reassessment of the time recognition of part of our listing revenues, namely IPOs and follow-ons. As a result of the application of IFRS 15, the recognition of such revenues will be deferred for a period ranging between 5 and 3 years.

Going forward, this change will smoothen the P&L cyclicality of our listing business today, characterized by stronger Q2s and Q4s and softer Q1s and Q3s. In the third quarter of 2018, the impact of this accounting change is EUR 4.3 million positive on the P&L and minus nearly EUR 57 million on the opening equity. You will find a full reconciliation table in the appendix of this presentation.

Including the impact of IFRS 15, Euronext consolidated revenues increased EUR 22 million or 17.2% to EUR 150.9 million, mainly thanks to the growing contribution of our revenue diversification initiative, with Euronext Dublin contributing EUR 8.1 million; FastMatch, $5.4 million; and the new selected growth initiative, EUR 4.4 million.

Excluding the impact of IFRS 15, revenues would have grown 13.9% to EUR 146.7 million this quarter.

Looking now at the different businesses. Listing revenues increased significantly to EUR 27.8 million, up 37.6% versus last year as the result of the consolidation of Euronext Dublin and the performance of Corporate Services.

Trading performance was good across all of our asset classes, with more than EUR 7.7 million increased revenues year-on-year. Post trade revenues were up EUR 1.9 million, thanks to the good performance of clearing, custody and settlements. Market data and indices performance was strong with revenue up 16.7% to EUR 29.4 million as a result of the new market data agreement in Euronext Dublin.

Finally, volume-related revenue accounted for 54% of total group revenues while the operating cost coverage ratio reached 110%.

Now move to Slide 9 and listing. Listing profited from the contribution of Euronext Dublin for EUR 5.4 million and of Corporate Services for EUR 4 million. This translated into a 37.6% revenue increase to EUR 27.8 million. Excluding the impact of IFRS 15, listing revenues would have grown by nearly 17% to EUR 23.5 million.

Let's focus now on equities. Primary market activity and follow-ons were soft this quarter as the market environment remains mixed and investors adopted a more cautious and selective approach towards IPOs. Euronext had 7 new SME listings this quarter.

On the debt front, our franchise benefited from the consolidation of Euronext Dublin that as I highlighted, contributed significantly to the growth of revenues.

Moving now to the cash trading in Slide 10. As usual, Q3 suffered from the drop of trading activity linked to the summer break. However, cash trading revenues increased 9.2% to EUR 48.5 million, thanks to higher volumes yield and market share.

More specifically, in the third quarter of 2018, ADV increased 4.7% to EUR 7.2 billion. Market share was strong as well at 65.7%, up 0.5%. Yield was up 4.2% to 0.52 basis points. Conversely, ETF trading suffered from the poor volatility of the market while the number of ETFs listed on our markets increased 1,125 at the end of September.

Slide 11. Double-digit growth for derivatives with revenues increasing 11.6% to EUR 11 million, thanks to the improvement registered in both volumes and revenue capture. The yield is up this quarter to 31 -- EUR 0.31 compared to EUR 0.30 in the third quarter of 2017, and ADV are up 8.5%, mainly driven by the growth in individual equity options and the strong performance of commodity with ADV up 27.1% compared to last year.

In this respect, the New Market Participant program designed to develop the nonphysical commodity market was instrumental to that performance.

Finally, FastMatch generated EUR 5.4 million this quarter in revenues with spot FX ADV, up nearly 6% in the third quarter of 2018 to USD 19.4 billion, supported by the summer volatility in emerging markets.

Moving to Slide 12. Market data and indices performed well this quarter, up nearly 17% to EUR 29.4 million, supported by the new market data agreements and the consolidation of Euronext Dublin.

Revenue from Market Solutions and Other increased 10.4% to EUR 9.1 million. The business benefited from the first commercial releases of Optiq for international clients and from increased activity in SFTI and Colo services.

Clearing revenue increased 11.6% to EUR 14.2 million, reflecting the good performance of commodities during the quarter and higher treasury income. Revenue from custody and settlements increased 7.4% to EUR 5.4 million, driven by an increase of public debt and equity under custody at Interbolsa.

Let's move now to Slide 13, and start with the EBITDA bridge. EBITDA grew by 26.4% to EUR 87.8 million with a margin of 58.2%, up 4% versus the third quarter of 2017. The key drivers of this performance are revenue up EUR 22 million and cost savings on the core business, which partially compensated the additional cost of the new perimeter.

Operational expenses, excluding D&A, grew 6.5%, mainly due to the impact of new acquisitions, namely Euronext Dublin and FastMatch while the core business cost decreased above 8%. In this respect, it is important to highlight that the targeted EUR 8 million savings expected for Euronext Dublin are not yet reflected in the reported figures.

Cumulated core growth cost savings amounted to EUR 24.2 million this quarter, with an increase of more than EUR 5 million versus the second quarter of 2018. As Stéphane reminded, with this performance, our cost savings target for the core business is achieved 1 year ahead of schedule.

If we look at the margin of the core business and of the selected growth initiative perimeters excluding clearing and new perimeters, of course, the EBITDA margin reached 62% this quarter, up 7 percentage points.

Furthermore, for the last 12 months, EBITDA margin for this perimeter reached, for the first time, 61% within our 61% to 63% 2019 target.

Moving now to the net income bridge. D&A are negatively impacted by EUR 2.1 million of PPA for FastMatch, iBabs and Euronext Dublin as well by the D&A of the acquired businesses. Exceptional items show a small reduction despite they remain elevated at EUR 8.8 million this quarter versus EUR 9.7 million in the third quarter of 2017.

This quarter, exceptional items derived mainly from the agreement for the early termination of the trading service contracts provided by Deutsche Börse, the Irish Stock Exchange, advisory costs and some impairments linked to sign-ups.

Results from the equity investments reduced EUR 0.9 million as the income of our 11.1% stake in LCH SA accounted as an associate since 2018 only partially offset the deferred capital gain on LCH Group recorded last year for EUR 1.7 million.

The increase of taxes is due to the increase of the taxable income despite the decrease of the marginal tax rate down to 30.7%, mainly due to the consolidation of Euronext Dublin.

For the third quarter of 2018, this translates into a reported net income increase of 31.6% to EUR 50.5 million. Adjusted for these exceptional items and PPA, adjusted EPS is up 31% at EUR 0.85 compared to EUR 0.65 in the third quarter of 2017.

Moving to Slide 14. In the third quarter of 2018, the net operating cash flow increased from EUR 69.5 million to EUR 87.8 million while the EBITDA conversion ratio decreased to 80.6%. This slight reduction of EBITDA cash conversion is mainly linked to the increase of the tax paid as a result of the increase of taxable income between 2017 and 2016.

As far as leverage is concerned, our net debt remains limited, providing for significant strategic and financial flexibility.

Looking at the bottom of the slide. As of the end of the third quarter of 2018, our liquidity position remained strong, with more than EUR 650 million of cash, including our undrawn RCF for EUR 250 million.

I now leave the floor to Stéphane Boujnah for his final remarks.

Stéphane Boujnah - *Euronext N.V. - CEO & Chairman of the Managing Board*

Thank you, Giorgio. Before moving to the Q&A, I'd like to share with you a few points of confusion.

First, Q4 has started very well. October volumes are up 20.2% to EUR 8.9 billion cash ADV with clearly the return for the moment of volatility on all markets.

Second, as I said earlier, we will provide you, as usual, with the full annual update on our Agility for Growth strategic plan during the full year 2018 announcement on the 15th of February 2019.

Finally, the perimeter of the company has significantly changed since May 2016 with new asset classes and new businesses. So it is important for us to grow Euronext on the basis of this new perimeter. Accordingly, we will present a new strategic plan for the years to come next spring. We will soon communicate the exact date.

So now, Anthony Attia, Giorgio Modica and I are available for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) So we have the first question from Ron Heijdenrijk from ABN AMRO.

Ron Heijdenrijk - *ABN AMRO Bank N.V., Research Division - Analyst*

It's Ron Heijdenrijk, ABN AMRO. Two quick questions. One is the IFRS 15 impact, the EUR 4.3 million. Which exact P&L line and listing does that fall into? And secondly, could you maybe give us a breakdown of the EUR 8.8 million in exceptionals between the impact of the Deutsche Börse unwind with the ISE impairments and, what was it again, the additional advisory costs?

Giorgio Modica - *Euronext N.V. - CFO*

Yes, absolutely. So let me start with IFRS 15. This impacts only one line, which is listing and more specifically, equity, IPOs and follow-on and bond listing. For the second question, out of the EUR 8.8 million in line with the press release that we issued early -- this year in September, the portion related to DB is slightly less than 50% of that, is slightly more than EUR 4 million. Then you have 3 impacts, which were nearly the same size and these are -- those are the impairments, the advisory costs and some small restructuring for the ongoing activity of Euronext.

Operator

So we have another question from Anil Akbar from Kempen & Co.

Syed Anil Akbar - *Kempen & Co. N.V., Research Division - Analyst*

I have 2 questions. One is regarding your yield, that the yield, if you look at it in the past few years has ticked upwards. How exactly is that happening? And is that like an impact of this too? What exactly is going on over there and how is the yield so strong for you guys, especially in an environment where like most of the trading exchanges are facing pressures on their yield impairments? The other thing -- the other question is on your market data revenue. Over there, you guys have pointed out that the -- or as we discussed earlier in earlier calls, that basically, this revenue has increased right now because of the new pricing plan but in the future, you expect sort of a normalization. So what do you see over here as where do you see this going? Should we consider the current, like, 16% as sort of maintainable or what do we expect going forward?

Giorgio Modica - *Euronext N.V. - CFO*

Yes. Thank you for your question. Let me get the 2 questions. When it comes to the yield, the improvement is mainly linked to a better segmentation of the volumes and to the programs that we launched now more than 1 year ago and more specifically, the OMEGA pack and the Best of Book that pretty much are priced on average, a premium with respect to the cheapest liquidity scheme that we have in our fee grid which is the S&P program. So we have, to a certain extent, improved the segmentation, adding more quality into our fee schemes. When it comes to the market data, you're exactly right. So we expect, going forward, an optimization of data consumption. But clearly, we as a management action, always try to minimize that and to further improve revenues. So when it comes to the 16%, this comes mainly from a base impact year-on-year as the change starts January 2018. So you should not expect a further 15%, 20% increase next year. However, clearly, one of the objective -- our objective is to maximize those revenues and therefore, we hope to have an increase also next year. So but you should not look at 16% as a run rate for growth over market data revenues.

Operator

So we have another question from Anil Sharma from Morgan Stanley.

Anil Kumar Sharma - *Morgan Stanley, Research Division - Equity Analyst*

So two questions, obviously. So I hear we are seeing about a strategy update in spring or summer next year, but just could you help me understand, so you're saying the Synapse MTF in European family of indices, you don't expect EUR 20 million of contribution. So what do you expect? Is the number zero or is there some positive number at all? And then secondly, obviously, on the EBITDA margin, you're at the lower end of the range. Is it reasonable for us to expect that you should still be getting towards the upper end of the range by 2019? Because I mentioned also Giorgio, you said some of the Irish exchange synergies weren't in the numbers yet.

Stéphane Boujnah - *Euronext N.V. - CEO & Chairman of the Managing Board*

Okay, I'll reply to the strategic question and the selected growth initiative performance for 2019, and Giorgio will give you a precise answer to your question about the target for the EBITDA margin for the core business, excluding clearing between (inaudible). As far as your first question is concerned, what we said is that by May or June '19, we will release a new strategic plan for the years to come, and that will take into account the new perimeter of the company at that time. As any company which release a new plan before the end of the previous one, including during the transition year, we will provide you an update of Agility for Growth strategic plan during the annual rendezvous for the review of this plan in May -- in February '19. And clearly, we will observe the performance of the full plan in February '20 on the basis of full year results of 2019. So one strategic plan for the years to come beyond '19 to be released in May-June. Annual point of assessment on the performance of the plan in February '18 and in February -- sorry, February '19 and in February '20. As far your particular concern about -- your first question about the selected growth initiative. We said that as part of our Agility for Growth ambition, which had the 3 other pillars I've described, one of them was to do some organic growth through 6 or 7 selected growth initiatives. What we are saying is that 2 out those initiatives will not contribute as expected and will not contribute roughly EUR 10 million each in 2019. And therefore, the top line for those -- the expected top line for those 2 initiatives will not be there in 2019. We don't say more than that. We are going to -- we were deploying a lot of efforts to minimize the gap between the targets, which we released in February '18, which was EUR 55 million of selected growth initiatives or organic growth revenues and the reality, but we will provide you with a full update in February '19. On the EBITDA?

Giorgio Modica - *Euronext N.V. - CFO*

Yes. Let me get that, Stéphane. So clearly, the 61% being LTM last 12 months includes the fourth quarter of 2017. There, the profitability of 56%, which is on average, lower than the profitability we are -- we have at the moment and the profitability will be registered in the first 3 quarters. So I mean, the 61% with the -- I mean, with the new quarters, it should go up. And clearly, our cost discipline will remain there, but this is all what I can say. We will not release a new target at the moment.

Operator

So we have another question from Arnaud Giblat from Exane.

Arnaud Maurice Andre Giblat - *Exane BNP Paribas, Research Division - MD & Research Analyst*

Three questions, please. First, on the Agility for Growth. So you're saying because you didn't give us that previously, that 6 or 7 initiatives made up EUR 55 million. You're not going to get a contribution from 2 of them, which will lack EUR 20 million of contribution. Did you -- in your EUR 55 million assumption, was that -- were you assuming 100% contribution from each initiative? Or was there is some leeway for some mix successes? My question is basically, should we be chopping EUR 20 million off the EUR 55 million target? Second question is on M&A. So you were in the final rounds of bidding for MarkitSERV, the price rumored seemed pretty high and well, there was no deal -- I suppose it looks like buyers and certain expectations were not met. How far away were you from closing on that deal? What sort of ROICs were the prices -- the seller looking for on your side? What did the ROIC look like for you to stop that deal? And is there anything else out there that -- are you working productively on other deals?

Stéphane Boujnah - *Euronext N.V. - CEO & Chairman of the Managing Board*

Okay, I'll take the M&A question and then Giorgio will give you a precise answer to your questions about the selected growth initiatives that were part of our Agility for Growth plan. We don't comment on market rumors. What I can tell you is that Euronext is a company which is very disciplined on operating performance and very disciplined on acquisitions. And we're not going to pay for an asset value that will not reflect our ambitions for growing this -- any company. So the decision taken by IHS Market to not to proceed with the sale is the decision that they have taken on their own. So we don't -- I'm not in a position to make any further comments. That's for the...

Giorgio Modica - *Euronext N.V. - CFO*

Yes, on the M&A, the general principle, which is not specific to any transaction remains the same. So our return on invested capital is always, in terms of targets, is always between 8% and 9%. So you should not expect pricing of any assets that significantly moves away from that interval. And when it comes to Agility for Growth, I understand where you're coming from, but the reason why we released the statement that we no longer expect the EUR 20 million is exactly because in the regular assessment of those 2 initiatives, it seemed to us that we were not able to reach the target and we felt the need to communicate that to the market. But that doesn't mean that at the moment, we have done a complete reassessment

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of all the initiatives and all the opportunities we have to mitigate the gap with respect to the EUR 55 million. So for this quarter, the update is EUR 20 million, which does not mathematically translate in the new target. As far as the new target is concerned, we will proceed, as we always did, i.e. with an annual update as of February 2019.

Arnaud Maurice Andre Giblat - *Exane BNP Paribas, Research Division - MD & Research Analyst*

Okay. And could you also -- I've got a question with regard to the synergies on the Irish Stock Exchange. You mentioned that these haven't fully realized yet. How much is left to be realized next year?

Giorgio Modica - *Euronext N.V. - CFO*

Yes. At the moment, the vast majority. So the integration is proceeding according to plan. So the new target operating model is defined and is being executed starting the third, fourth quarter this year and getting to the first quarter next year. The migration to Optiq is planned for the first quarter next year. And those elements, will generate or will deliver the bulk of the synergies that you're referring to. So at the moment, pretty much nothing is factored into our numbers.

Operator

So we have another question from Mr. Albert Ploegh from ING.

Albert Ploegh - *ING Groep N.V., Research Division - Research Analyst*

It's Albert Ploegh from ING. Three questions from my end. First of all, I've heard what you mentioned on the M&A and on the strict criteria. If I'm not mistaken, you've also said in the past, if nothing materializes, you could contemplate off on some kind of special capital return. Because I heard what you said on an update in May/June, more strategic update. So should we, therefore, more think of anything, let's say, on special capital return after that event or could it still be an event planned for February '19 where you comment the full year results? The second question. I've also heard what you said on the cost savings, you're not giving a new target currently but simply, you're now EUR 24 million realized. You stay still the majority of the EUR 8 million for Dublin should be still being realized. So mathematically, you could have always said something like EUR 30 million, EUR 32 million could be a new target. So why did you refrain from this? Because I'm struggling how you plan to communicate further on the cost efficiency. And then third question is on the restructuring expenses. I think for something for EUR 40 million also for Dublin and you still have on your budget, where you're still quite a big gap of EUR 19 million for it to reach the EUR 33 million. So can you help us a little bit on what to expect for Q4 and then how that will face into '19 in terms of the restructuring costs?

Stéphane Boujnah - *Euronext N.V. - CEO & Chairman of the Managing Board*

Okay I'll take the first question on capital return and Giorgio will comment on costs and cost target expectation and on the restructuring expenses in the context of Dublin. On capital return, we have always been very, very clear. The ambition of Euronext is to deploy capital to grow the company significantly albeit in a disciplined manner, and to do it within this plan. This plan ends at the end of '19, so we still have a full year to deploy, to make significant acquisitions, to deploy our capital. We will decide with the Supervisory Board where we are after the current plan is completed at the end of '19, whether it is appropriate considering the situation of -- our capital situation at that time at the end of the '19 plan, to proceed with the special distribution. As I said on many occasions, if by the end of '19, we still are in a situation where we have not found financially attractive opportunities to deploy our capital, we will produce -- we will proceed after the end of the plan, after the end of '19, towards a distribution of special dividends. Now in terms of the cost targets and restructuring of expenses in Dublin.

Giorgio Modica - *Euronext N.V. - CFO*

Yes, absolutely. Let me clarify that. So we have 2 different forecasts and apology for the complexity, but as Stéphane reminded, they were very different from where we were so -- and then now, we have a different set of objectives. So the objective released in May '16 was related to the core business and the target was to achieve EUR 22 million of saving spending restructuring costs for EUR 33 million. Now with respect to that very specific objective, today we have EUR 24 million saving achieved and having spent around EUR 13 million, EUR 14 million out of the initial pocket of EUR 33 million, so with a significant saving of around EUR 20 million. And on that part of the business, we don't provide an update at the moment. Then when it comes to the Irish Stock Exchange, this comes with a different set of objectives in terms of cost-saving and as you rightly pointed out, the EUR 8 million. The EUR 8 million are to be achieved with a spend of EUR 14 million in terms of restructuring costs. Now where do we are -- where are we on those targets? As I said, out of the EUR 8 million, a very small fraction of that has been achieved so far, so you should expect the bulk of it coming in the next 2, 3 quarters. Conversely, when it comes to restructuring costs, around 2/3 of the restructuring costs have been already provisioned in the P&L through exceptional items in the last quarters. So restructuring cost, pretty much everything was -- 2/3 were already booked, but the savings are not yet reflected in our P&L.

Operator

So we have another question from Michael Werner from UBS.

Michael Joseph Werner - *UBS Investment Bank, Research Division - Executive Director and Equity Research Analyst*

Two questions from me, please. First, we saw quite a drop in the non-comp expense base in Q3 for Euronext versus Q2 by about -- my number is about 18%. I was just wondering what drove that decline, and whether that's going to be sustainable if there's any one-offs in there. And then second, given the changing perimeter of Euronext, can you update us on your 2018 tax rate guidance for the full year?

Giorgio Modica - *Euronext N.V. - CFO*

Sorry. Can you repeat your second question?

Michael Joseph Werner - *UBS Investment Bank, Research Division - Executive Director and Equity Research Analyst*

Yes, I was just wondering if you can update us on your guided tax rate for full year 2018.

Giorgio Modica - *Euronext N.V. - CFO*

Yes. So let me take your question. So the decrease in cost is mainly coming from the conclusion of part of the Optiq works and through the release of a good portion of the consultants that have helped Euronext in deploying the IT platform that is running the core market since mid-2018. So yes, it is sustainable when it comes to the non-comp part of our cost. So when it comes to your second question, the tax rate for the end of the year should be around 30.5%, 30.7% around that. So this is what we are targeting for the full 2018.

Operator

So we have another question from Mr. Martin Price from Crédit Suisse.

Martin Price - *Crédit Suisse AG, Research Division - Research Analyst*

I just wanted to come back quickly to the revenue growth initiatives within the scope of Agility for Growth. Could you just confirm that the other initiatives, other than the 2 you've highlighted, are still on track?

Stéphane Boujnah - *Euronext N.V. - CEO & Chairman of the Managing Board*

Yes. No, as I said, those 2 initiatives will not contribute in 2019 to what was expected, but we have a much more positive outlook on our other initiatives. Clearly, we are extremely confident with the deployment of the ETF access, which is the MTF for ETF, which will be live in '19. And we are extremely happy and enthusiastic about the growth of our 2 initiatives, which are in the listing world. The first one is the Corporate Services, which are producing the revenues that were anticipated. And the other one is the European Tech. But I'll give the floor to Anthony Attia, who is our Global Head of Listing and who oversees both those initiatives --

Anthony Attia - *Euronext N.V. - Global Head of Listing, Member of Managing Board & CEO of Euronext Paris*

Good morning, everyone. A few words on the Corporate Services initiative. As Stéphane said, we delivered according to plan and the commercial intensity is there. As you remember, it's a combination of 3 acquisitions, the Company Webcast, IBabs and InsiderLog, with some organic growth in order to service our issuers with spot listing post IPO services. And so the growth is coming from -- there's been a little growth from the acquisitions, cross-selling and also the commercial reach of the Euronext brand on these new services. On the other initiative that Stéphane has mentioned on the European Tech hub, we also deploying Euronext branding in 4 selected countries: Spain, Italy, Switzerland and Germany. And we have a very strong pipeline and we already delivered on 6 new operations this year and we are expecting more in the coming months to come.

Operator

So we have another question from Johannes Thormann from HSBC.

Johannes Thormann - *HSBC, Research Division - Global Head of Exchanges and Analyst*

Johannes Thormann, HSBC. Just if -- a little question. First of all, on Euronext Dublin, Irish Times reported that you are thinking about moving the settlement, and could you elaborate on this a bit, what your thoughts are behind this? Secondly, looking at your FastMatch margin as a simple calculation of revenues divided by volumes, it seems we have seen a nice uptick in the third quarter versus the previous quarter without, like, FX explaining it fully. Have you changed pricing or what has driven this? And the last thing is on your net financing income, which was positive this quarter. Will it be positive also in the next quarters or do you expect it to come back to be negative again due to the regular interest expense?

Stéphane Boujnah - *Euronext N.V. - CEO & Chairman of the Managing Board*

I'll take the first question on Ireland, and Giorgio will take the following 2 questions. So on Ireland, we have comprehensive dialogue with all the market participants in Ireland and with the various players in the clearing industry in Europe and with the European Commission and with the Irish authorities, the Central Bank of Ireland and the Department of Finance of the Republic of Ireland, to build together the most appropriate solution going forward, post-Brexit for the settlement and custody of Irish securities. This dialogue is very productive, is developing in a constructive spirit, and the objective of this dialogue is to maximize continuity and to minimize operational difficulties for the various users of settlement in specialty services and we are confident that within a very short timeframe, we will be able to go public with a solution that is -- that makes everyone comfortable.

Giorgio Modica - *Euronext N.V. - CFO*

Yes. Now coming to your question on net interest income. What you should be aware is that we swapped our bond into a variable, which means that we have derivative instruments that converts the fixed rate into a viable interest rate. Clearly, this is a -- it's a hedging derivative, but there is a very tiny portion that every quarter is uneffective and that portion goes through the P&L. And this explains the slightly positive or negative result that you've seen in the last quarter. So you should expect a very small number, either positive or negative, next quarter. When it comes to the condition of the swap, what we are actually paying on the EUR 500 million bond is EURIBOR 6 months plus 38 basis points.

Johannes Thormann - *HSBC, Research Division - Global Head of Exchanges and Analyst*

Okay. And the FastMatch margin, please?

Giorgio Modica - *Euronext N.V. - CFO*

Yes. Let me answer to that question. So what I can tell you is that we did not change the pricing. And if I look at the average fee per million in U.S. dollar has not changed significantly in the last 3 quarters. So in the third quarter of '18, we are pretty much where we were in the first quarter of 2018, slightly up with respect to the second quarter. But this comes more from a slightly different mix of clients quarter by quarter than by a change in fee by itself. So no, we did not implement any fee change in FastMatch.

Operator

So we have no more questions for the moment, sir. (Operator Instructions) So we have another question. Please introduce yourself and ask your question.

Unidentified Participant

It's Philip Stafford from the Financial Times here.

Stéphane Boujnah - *Euronext N.V. - CEO & Chairman of the Managing Board*

Good morning.

Unidentified Participant

Just a question, again, about Agility for Growth here. We started off a few years ago with additional revenues of EUR 70 million, then it came down to EUR 55 million. Now it's down again somewhere. It kind of almost looks like it's produced obviously, much cost as it has revenues. How can we be sure that the next set of forecast will be any more credible than the last log?

Stéphane Boujnah - *Euronext N.V. - CEO & Chairman of the Managing Board*

Thank you for your question. I'm not sure the word credible is the most appropriate verb because we know we want it to be very transparent and be clear with you and with the market and to indicate clearly that EUR 20 million out of the selected growth initiatives which were part of the Agility for Growth ambitions were at risk and that it was safe to guide the market towards the fact that those EUR 20 million will not be generated by the end of 2019. These selected growth initiatives were part of the Agility for Growth plan and ambition, which was much bigger and which had various ambitions in terms of strengthening the core business, hence, the effort done on the market share in terms of delivering values to shareholders, hence, the EBITDA margin that we have reached 1 year ahead of schedule, which was all about all sorts of objectives in terms of cost reduction to enhance agility where we have delivered a performance which was stronger than expected, 1 year ahead of schedule. So the company as a whole, not to mention the additional acquisitions that were made 2016 is stronger and bigger and deliver more values than it has -- than when it was in 2016. One part of this ambition was to develop organic growth, where you're absolutely right, is that we do not deliver organic growth with the level anticipated in May '16. Some initiatives were not -- were more innovation than growth and we have explored them in an innovation format and they have not delivered. Others are alive in terms of platform but the migration of liquidity is getting much slower than expected. And others are very successful as indicated in the numbers that you have already in the books today for mainly Corporate Services and are promising as indicated by Anthony Attia earlier. So as much as we update real-time about the development of the top line of those initiatives, we want to post only once a year at the annual review of the overall Agility for Growth strategy in February '18, to give the full perspective above and beyond those organic growth initiatives. But you're right, we are not going to make '17, we said that in February. We are not going to make EUR 55 million. I don't know for the moment because there are several projects ongoing, what will be the gap between EUR 55 million and the guidance that we will deliver in February '19, considering on the one hand, those 2 initiatives that don't yield EUR 20 million and the developments that are ongoing for the moment.

Operator

So we have another question from Ellie Donnelly, Irish Independent.

Unidentified Participant

Under the cost-saving plans for Dublin, will there be any further redundancies?

Stéphane Boujnah - *Euronext N.V. - CEO & Chairman of the Managing Board*

Giorgio?

Giorgio Modica - *Euronext N.V. - CFO*

Yes. Let me take this question, Stéphane. No, the target operating model for Euronext Dublin has been defined earlier this year and it's going to be implemented as planned. So there is no change with respect to what was originally planned.

Unidentified Participant

So there will be no further redundancies other than what was confirmed earlier this year?

Giorgio Modica - *Euronext N.V. - CFO*

Absolutely.

Operator

So we have no further questions.

Stéphane Boujnah - *Euronext N.V. - CEO & Chairman of the Managing Board*

Thank you very much. Have a good day.

Operator

This now concludes our conference call. Thank you all for your participation. You may now disconnect your lines.
