



Post-trade made easy

Euroclear Shareholder Newsletter

Edition 17

6 March 2018

From the **Chairman**

Marc Antoine Autheman

Welcome to the 17th edition of
your shareholder newsletter. ”



Dear shareholders,

Welcome to edition 17 of your shareholder newsletter. In this newsletter, we outline some of the key highlights to be covered in today's Investor Day presentation.

At the event, your Company's senior management team will present their perspectives on the group's financial performance in 2017 and business strategy, including corporate evolutions in preparation for Brexit and to engage more closely with our shareholder community.

For the first time, we invite those shareholders who are unable to attend in person to join the presentation via webcast and the replay will be available immediately afterwards. Please click [here](#) to register to attend the webcast.

As always, I hope that you find this newsletter informative. I look forward to seeing many of you later this morning at the presentation.

Marc Antoine Autheman,
Chairman

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Financial highlights 2017

The Euroclear group delivered a good business performance in 2017, reflecting its continued relevance as a leading financial market infrastructure and ongoing investment in our business.

Business drivers, helped by market conditions and increasing interest rates, reached record levels, resulting in a strong revenue performance. Operating income reached €1,223 million, an increase of 5% compared to 2016.

As anticipated, 2017 was a year of increased investment. Operating costs increased 9% to €809 million as we continued investments in regulatory-driven, cyber security and growth initiatives. Operating profit before taxation was €403 million, down just 2% year-on-year, and ahead of our expectations.

Net Profit declined by 21% to €236 million as a consequence of one-off items related to deferred tax asset impairments resulting from changes to the Belgian tax

regime, as well as the impact of a one-off tax gain in the prior year. Excluding these one-off items, Net Profit was flat compared to the prior year.

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Net earnings per share reduced by 20% to €74.1. Excluding the exceptional items outline above, adjusted earnings per share increased 1% to €84.6 per share.

The Board is recommending a dividend of €123 million or €39 per share, representing a pay-out ratio of 52%.

Corporate Evolution

Brexit is an issue that Euroclear has been monitoring very closely. Since our business holding company, Euroclear SA/ NV, is based in Belgium, we are well positioned and expect minimal business impact on Euroclear's day-to-day operations.

In ensuring that the impact is kept to a minimum, the Board has proposed a number of changes to the company structure in order to manage certain risks that may arise as a consequence of Brexit.

The Board believes it is important to have the group's parent company based in the European Union after Brexit. We are therefore planning to propose to shareholders several changes to the structure of the group, resulting in a new parent holding company in Belgium, the group's principal place of business.

The first step is to adapt and modernise the company's Articles of Association, which will facilitate this change of domicile. The Board intends to propose to eliminate the current 5% limit on voting rights, and to move to a single class of ordinary shares. We anticipate presenting the proposed amendments to the Articles to a General Meeting of shareholders by the end of June.

Our commitment to serving the requirements of the UK financial market remains unchanged and there will be no change to day-to-day operations in the UK.

Having worked closely with authorities in Ireland, we have also announced plans to establish a new domestic CSD in Dublin. This provides a sustainable solution that ensures we can continue to support the Irish financial market.

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These are prudent steps in order to ensure uninterrupted service for our clients and will have no implications for our colleagues.

Your board recognises that your company and its stakeholders operate in a continuously changing environment, with recent developments in our industry bringing new challenges and opportunities. In light of this, we believe that active, open dialogue with shareholders is more important than ever before.

To this end, we have engaged Moelis & Company, as independent advisors to conduct a wide ranging consultation with all of the company's shareholders.

Your views will provide insights that will help inform the board's future decisions.

In the coming days, Moelis & Company will contact you to arrange a short confidential discussion. The feedback that you provide will be anonymised and aggregated to protect confidentiality.

We wholeheartedly encourage you to participate in the consultation. Please do let us know if you have any questions, if there is a particular contact from your organisation who you would like to be contacted or if you would rather not participate.

Your **contacts**

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