



4Q17 / FY17 results Flow Traders N.V.

Analyst Presentation

09 February 2018

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NTI up 24% in 4Q17 driven by strong performance in EMEA and APAC

Next to strong performance in 4Q17, Flow Traders reports strong start of 2018

ETP market dynamics

- Underlying ETP market continued to grow with assets under management up 19% Y-o-Y in EURO terms to € 3,962bn (+7% Q-o-Q),**
- Strongest absolute growth rate in AuM witnessed in the Americas, strongest relative growth rate in APAC in 2017
- Volatility in 4Q17 declined further quarter-on-quarter, making 2017 one of the slowest years on record*
- Market ETP Value Traded 4Q17 grew 11% Q-o-Q
- MiFID II effective as of 3 January 2018. First signs point to a positive impact on the ETP market as value traded grows and addressable market increases

Market ETP Value Traded 4Q17:
€ 4,625bn (+11% Q-o-Q)

Global ETP AuM end 2017:
€ 3,962bn (+7% Q-o-Q)

Flow Traders

- Flow Traders' 4Q17 ETP Value Traded rose to € 164bn (+1% Q-o-Q), which led to an increase of our ETP Value Traded by 7% Y-o-Y in 2017 where the market ETP Value Traded declined 13% Y-o-Y
- 4Q17 NTI rose to € 39.3m (+24% Q-o-Q)
- 4Q17 EBITDA margin was 34%, leading to an EPS of € 0.17 (+43% Q-o-Q)
- 2017 fixed cost growth came in at the lower end of the targeted 15-20% range (+16%)
- Final FY17 dividend proposed is € 0.35, pending AGM approval. Total dividend over 2017 is € 0.65, representing a 76% pay out ratio
- Flow Traders incurred a small loss day in 4Q17
- Flow Traders expects to comply with the CRR capital requirements under the standardized method by 31 March 2018
- MiFID II implementation according to plan at Flow Traders with some positives to the ETP sector
- Key growth initiatives (Hong Kong office, diversification in to currencies trading, US OTC) are on schedule and confirm our longer term growth strategy
- Flow Traders employee incentive plan has become effective end 2017 as announced in 3Q17
- Year-to-date NTI is already more than considerably above our previous record quarter in 3Q15 of € 92.8m, driven by a strong start of the year in combination with exceptional market circumstances during the last couple of weeks

Flow Traders' ETP Value Traded 4Q17:
€ 164.0bn (+1% Q-o-Q)

Flow Traders' NTI 4Q17:
€ 39.3m (+24% Q-o-Q)

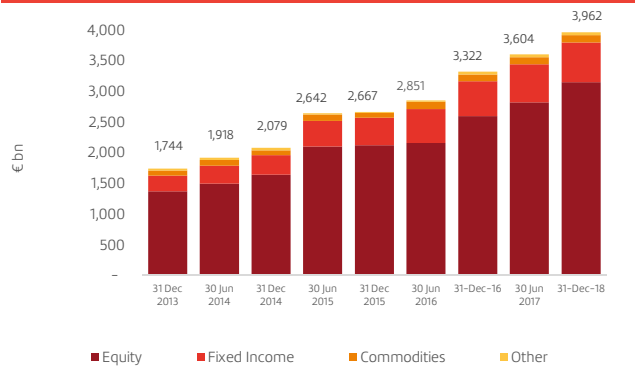
Total dividend 2017 proposed:
€ 0.65

EPS 4Q17:
€ 0.17

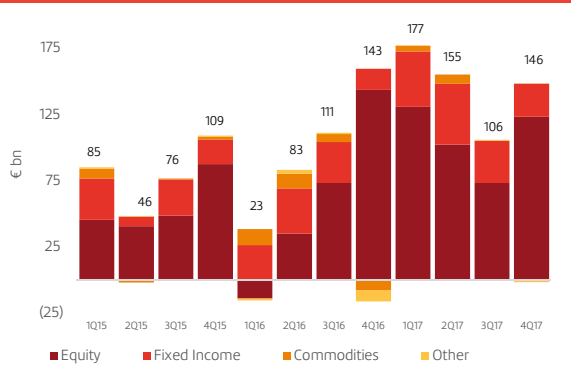
* Source: Bloomberg
** Source: Blackrock ETP Landscape

Secular ETP market trends intact and volumes slightly up in 4Q17

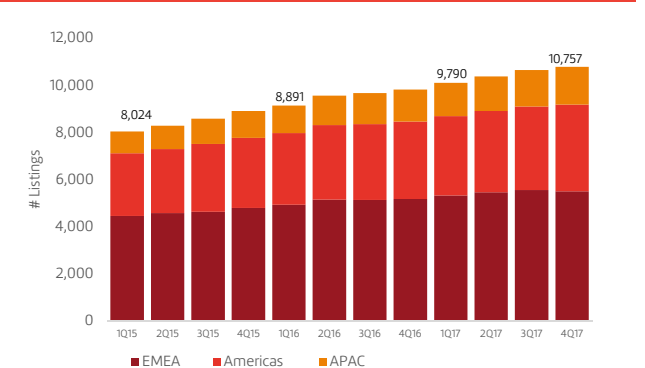
Global ETP Assets under Management (AuM) grew 19% in 2017 in EURO terms to almost € 4tn



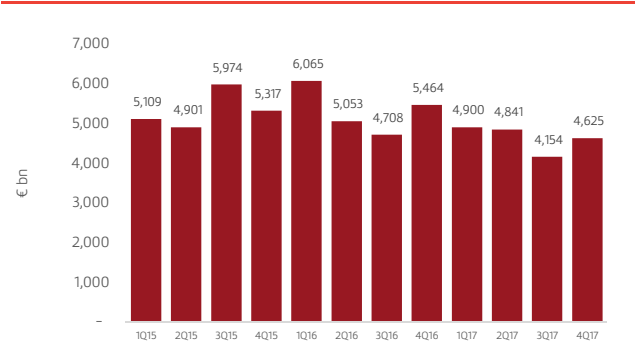
Net flow* trends show year end pickup in Equity ETPs in 4Q17



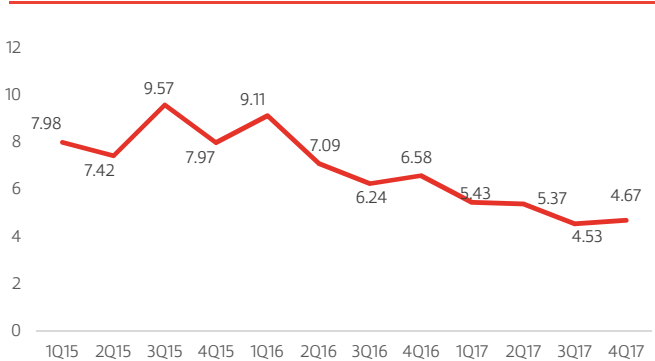
Number of ETP listings in 4Q17 consistent with upward secular trends



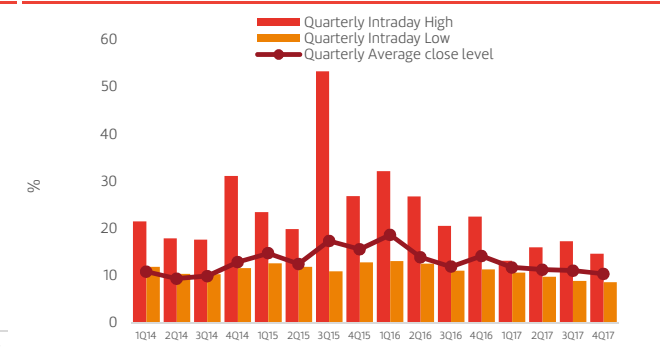
Market ETP Volumes Traded recovered in 4Q17 by 11.4% Q-o-Q, triggered by year end trading, but remained below 1H17 levels



Marginal recovery in market velocity** in 4Q17

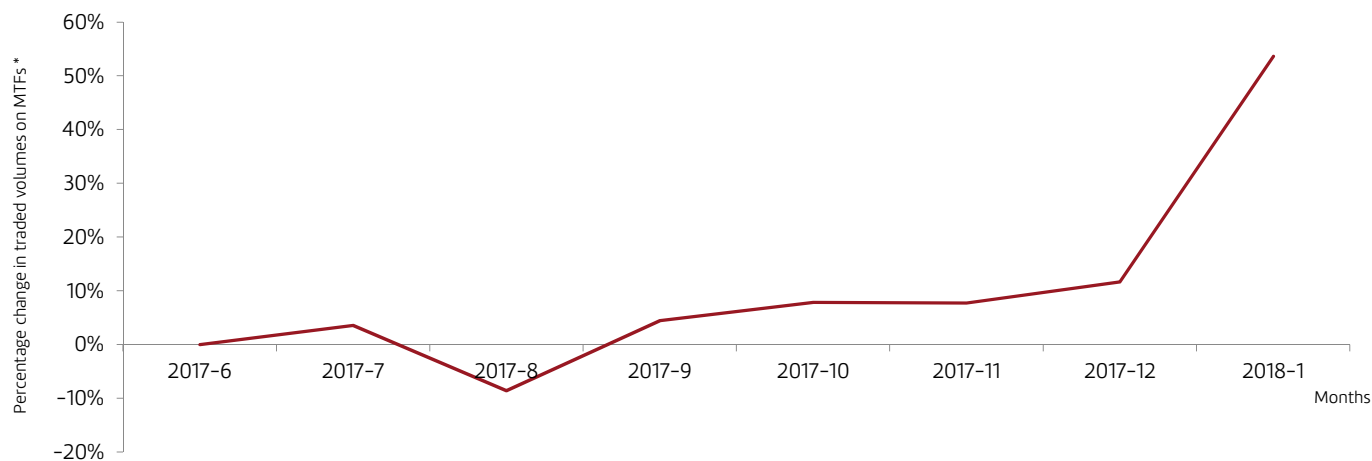


Volatility remained at historic lows in 4Q17*



* Source: Blackrock, Flow Traders, Bloomberg
 ** Market Velocity is the Market ETP Value Traded divided by the Market ETP Assets under Management

Preliminary impact MiFID II: Increase in volumes noticed on MTFs, comprehensive data remains pending



*: Sources: Tradeweb, Bloomberg RFQ, Fidessa, RFQ Hub

Highlights

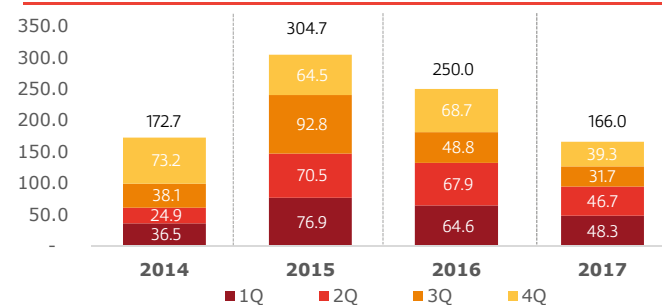
- MiFID II implementation went well and as planned at Flow Traders
- Since MiFID II more ETFs are traded on MTFs, including RfQ platforms, according to data available so far
- ETF volumes traded on-exchange in Europe seem unchanged so far, but given that traction already started in 2017 it may be hard to compare
- SIs regime impact undetermined at this stage due to lack of data, although ETP flows to other venues suggest a limited role so far
- ESMA consultation regarding the SIs regime, including tick sizes, closed late January 2018 – subject to amendments
- A new SI regime should further contribute to transparent markets and a level playing field for market participants

Sound rebound in NTI in 4Q17 driven by EMEA and APAC

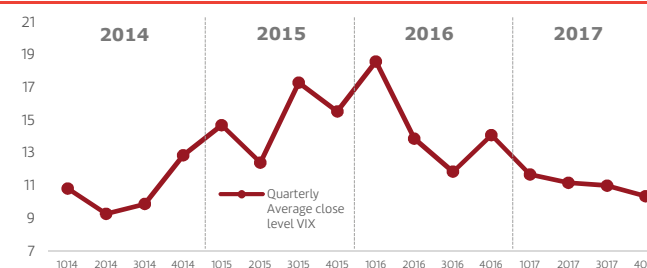
KPIs Flow Traders

In €bn unless otherwise stated	4Q17	3Q17	Δ	FY17	FY16	Δ
Flow Traders ETP Value Traded	164.0	162.3	1%	685.8	640.1	7%
Europe	103.5	96.1	8%	418.3	417.6	0.2%
Americas	54.6	60.3	(10%)	244.6	190.2	29%
APAC	5.9	5.8	2%	23.0	32.3	(29%)
Flow Traders NTI (€m)	39.3	31.7	24%	166.0	250.0	(34%)
Europe	27.6	21.4	29%	114.7	157.5	(27%)
Americas	5.8	6.9	(16%)	34.1	67.5	(50%)
APAC	5.9	3.4	74%	17.2	25.0	(31%)
Flow Traders RevCap (bps)	2.4	2.0	0.4	2.4	3.9	(1.5)
Europe	2.7	2.2	0.4	2.7	3.8	(1.0)
Americas	1.1	1.1	-	1.4	3.5	(2.2)
APAC	9.9	5.8	4.1	7.5	7.7	(0.2)
Market ETP Value Traded	4,625	4,154	11%	18,519	21,287	(13%)
Europe	198	194	2%	851	973	(12%)
Americas	3,807	3,527	8%	15,727	18,298	(14%)
APAC	620	433	43%	1,941	2,016	(4%)
APAC excl. China	226	170	33%	766	915	(16%)

Flow Traders NTI (in €m)



Market VIX



Highlights

- Strong rebound in NTI in 4Q17, driven by good trading results in EMEA and APAC. Annual NTI development shows a clear link with market trading activity through time.
- Flow Traders' ETP Value Traded grew slightly slower than the market in 4Q17 due to temporary slowdowns in the US and Asian offices
- In Europe, market outperformance and increase in NTI was driven by active diversification of product mix traded in the quarter
- In the Americas, Flow Traders improved its trading quality, leading to temporarily lower volumes. OTC trading continued to grow, representing a greater share of our volumes traded in the US
- In APAC, infrastructural- and efficiency improvements resulted in a robust increase of revenue capture as a result of the changes and investments made in the region in 2017

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



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Wider margins and growing market share in EMEA in 4Q17

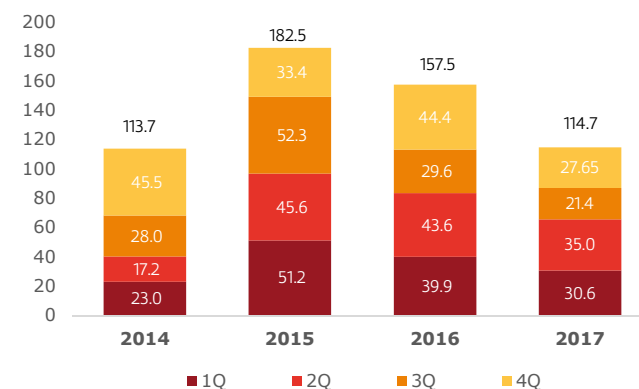
KPIs EMEA (Europe)

<i>In €bn unless otherwise stated</i>	4Q17	3Q17	Δ	FY17	FY16	Δ
ETP AuM (end of period) (*)	660	627	5%	660	541	22%
EMEA ETP Value Traded (**)	198	194	2%	851	973	(12%)
Flow Traders ETP Value Traded	103.5	96.1	8%	418.3	417.6	0.2%
Flow Traders NTI (€m)	27.6	21.4	29%	114.7	157.5	(27%)
Flow Traders Revenue Capture (bps)	2.7	2.2	0.4	2.7	3.8	(1.0)
FTEs	279	273	2%	279	240	16%

*: Source for AuM is 'Blackrock Global ETP Landscape' December 2017

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

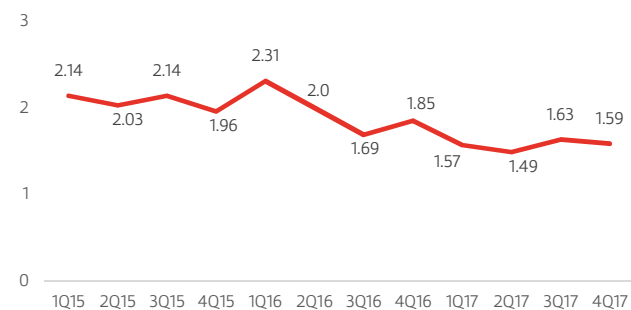
Europe NTI (in €m)

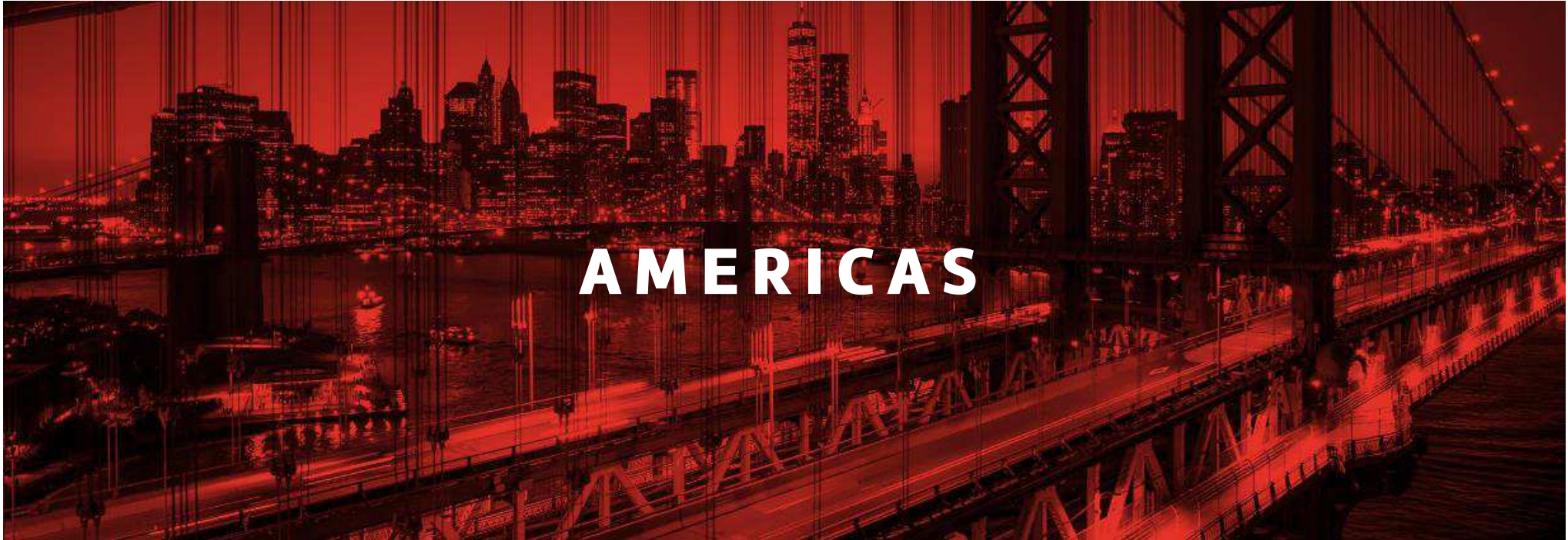


Highlights

- Strong NTI performance in Europe in 4Q17, driven by further market share gains, a rebound in trading margins and diversification in trading into currencies
- Velocity in EMEA remained slow in 4Q17
- Improved efficiencies and active product-mix diversification
- FX roll out progressing as planned. We expect to be able to provide FX liquidity to external counterparties in the course of 1Q18
- Market share in EMEA grew further above 20% on- and off-exchange in 4Q17
- FTEs in Europe grew by 2% Q-o-Q, meaning that FY17 FTEs grew 16% in our European office

Velocity EMEA





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Substantial market outperformance in the US in FY17; OTC trading growing as planned

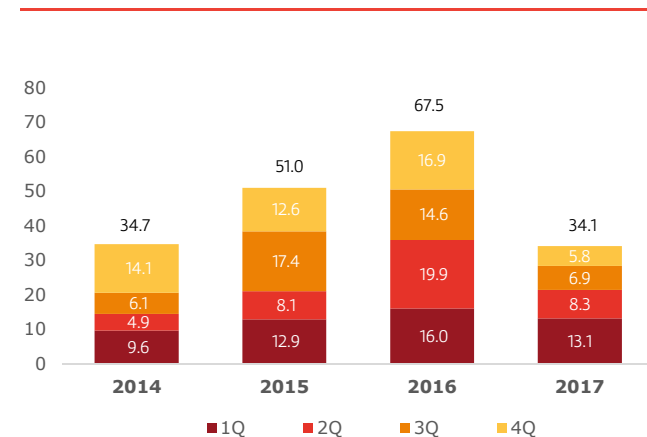
KPIs Americas

In €bn unless otherwise stated	4Q17	3Q17	Δ	FY17	FY16	Δ
ETP AuM (end of period)(*)	2,949	2,764	7%	2,949	2,498	18%
Americas ETP Value Traded(**)	3,807	3,527	8%	15,727	18,298	(14%)
Flow Traders ETP Value Traded	54.6	60.3	(10%)	244.6	190.2	29%
Flow Traders NTI (€m)	5.8	6.9	(16%)	34.1	67.5	(50%)
Flow Traders Revenue Capture (bps)	1.1	1.1	-	1.4	3.5	(2.2)
FTEs	60	60	-	60	52	15%

*: Source for AuM is 'Blackrock Global ETP Landscape' December 2017

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

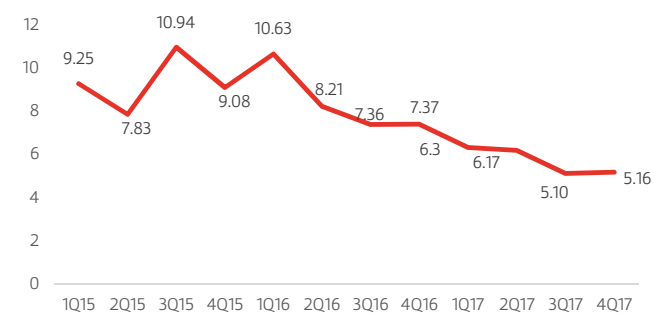
Americas NTI (in €m)

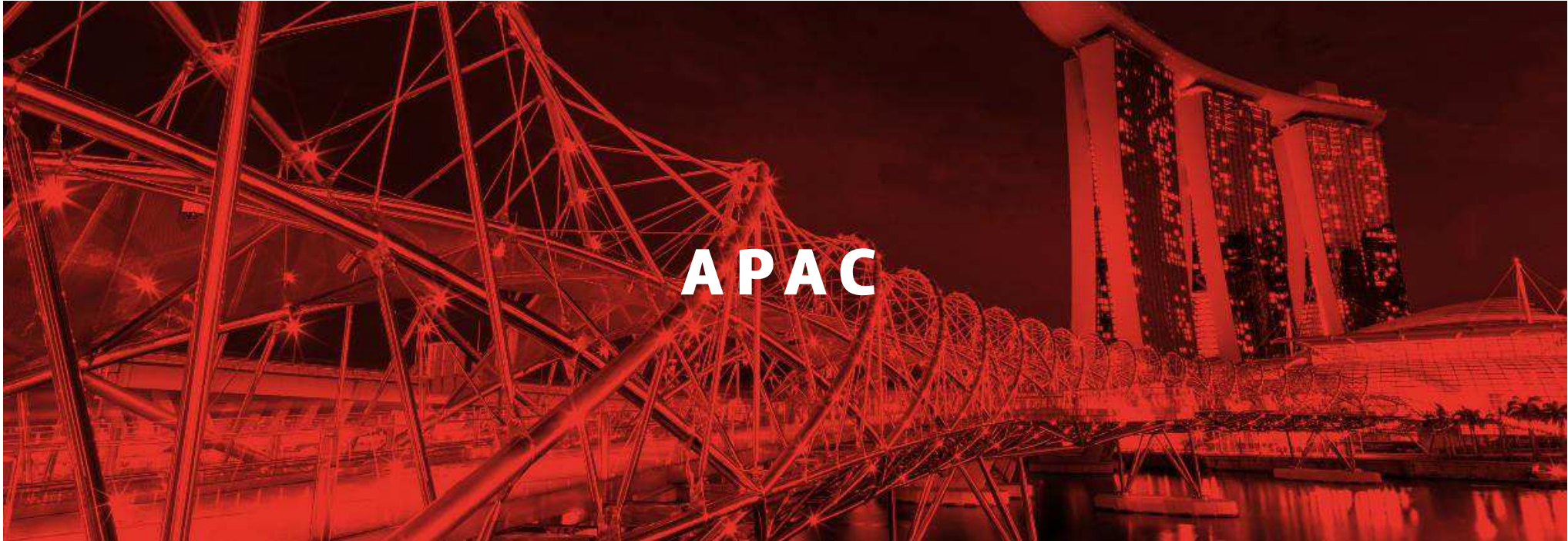


Highlights

- Velocity stagnated around lowest levels in over 10 quarters, signalling continuing slow markets
- Temporary slow down in Flow Traders ETP value traded in the Americas, triggered by an increased focus on trading quality
- OTC trading continued to grow, representing almost 20% of our total volumes traded in 4Q17
- Market share in the Americas dipped to 1.8% on exchange, reflecting market conditions and our focus
- FTEs in the US remained flat Q-o-Q, meaning that in FY17 FTEs grew 15% in the US office

Velocity Americas





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Strong performance and growth in NTI in 4Q17 in APAC

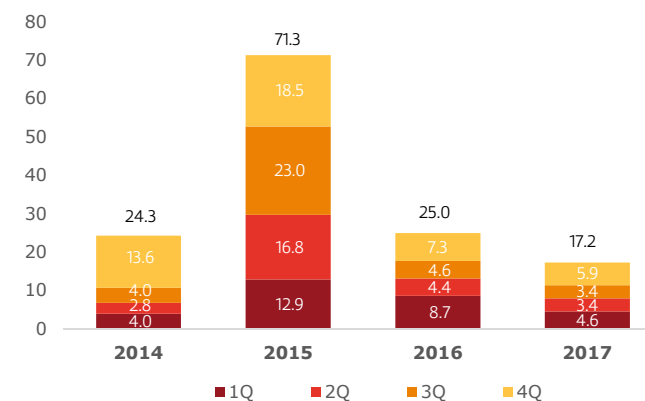
KPIs APAC (Asia)

In €bn unless otherwise stated	4Q17	3Q17	Δ	FY17	FY16	Δ
ETP AuM (end of period)(*)	354	327	8%	354	283	25%
APAC ETP Value Traded(**)	620	433	43%	1,941	2,016	(4%)
APAC ETP Value Traded ex China(**)	226	170	33%	766	915	(28%)
Flow Traders ETP Value Traded	6	6	2%	23	32	(29%)
Flow Traders NTI (€m)	5.9	3.4	74%	17.2	25.0	(31%)
Flow Traders Revenue Capture (bps)	9.9	5.8	4.1	7.5	7.7	(0.2)
FTEs	55	55	-	55	49	14%

*: Source for AuM is 'Blackrock Global ETP Landscape' December 2017

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

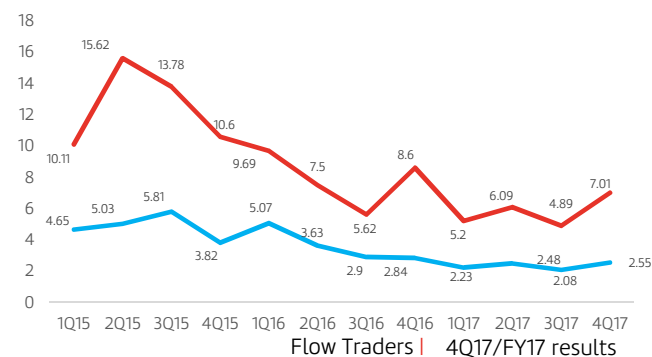
APAC NTI (in €m)



Highlights

- Significant rebound in 4Q17 NTI, driven by strong growth in revenue capture
- Flow Traders' ETP Value traded in APAC slightly underperformed the market ex. China in 4Q17, but was in line with market trends in FY17
- Velocity in the region remained subdued, due to a lingering impact from the Chinese market
- Revenue Capture 4Q17 came in at 9.9 bps (+ 4.1bps versus 3Q17) following efficiency improvements
- Flow Traders' market share on exchange in APAC slipped below 3% in 4Q17
- Hong Kong office now open, as the license needed to become a member was granted in 1Q18, enabling Flow Traders to act soon as an official market maker in ETFs and futures on the Hong Kong Stock Exchange
- FTEs in Asian offices remained flat Q-o-Q, and grew 14% in FY17

Velocity APAC / Velocity APAC ex China



Financial Review



FY17 fixed cost guidance at lower end of 15–20% range, reiterating FY18 guidance

Consolidated (in €m)	4Q17	4Q17 vs.		FY17	FY16	FY17 vs. FY16
		3Q17	3Q17			
Net Trading Income	39.3	31.7	24%	166.0	250.0	(34%)
Employee expenses (fixed)	8.8	8.1	9%	32.2	25.9	24%
Technology expenses	9.3	9.2	1%	37.3	34.8	7%
Other expenses	3.9	3.6	11%	15.2	12.2	25%
Fixed operational Expenses	22.0	20.8	6%	84.7	72.8	16%
Employee expenses (variable)	4.0	3.3	22%	25.2	58.4	(57%)
Total operational expenses	26.1	24.1	8%	109.9	131.3	(16%)
EBITDA	13.2	7.6	74%	56.0	118.7	(53%)
Depreciation / Amortisation	2.0	1.8		7.2	6.3	
Write offs tangible assets	0.5	0.0		0.5	2.8	
Result subsidiaries	(0.1)	0.0		(0.1)	0.2	
Profit Before Tax	10.8	5.8	85%	48.4	109.4	(56%)
Tax	(2.9)	(0.3)		(8.8)	(17.5)	
Net Profit	7.9	5.6	43%	39.6	91.9	(57%)
EPS (in €)	0.17	0.12		0.85	1.98	
EBITDA margin (in %)	34%	24%		34%	47%	

Highlights

- FY17 fixed cost growth at the lower end of the range (+16%), reflecting Flow Traders' strong cost discipline. FY18 fixed cost growth guidance reiterated (maximum 15% annually)
- Variable employee expenses built up to a pool of 34.3% of the operational profit in 2017, as Flow Traders started the share purchase incentive plan for its employees, announced in 3Q17
- With a 5 year vesting period, Flow Traders will partially reimburse employees for Flow Traders shares they personally buy during this open period, if they remain employed and retain the shares
- The individual incentives are capped and paid out of the 2017 bonus pool. Based on IFRS cost for the incentives need to vest over the coming years.
- US tax reform led to a one-off € 1m additional tax charge or Flow Traders in 4Q17, leading to an effective tax rate (ETR) of 37.8% in 4Q, but overall still an ETR of 18.5% in FY17
- EPS expected to benefit from the lower tax rate in the US, as Flow Traders forecasts its ETR at approximately 18% going forward, from 20% previously

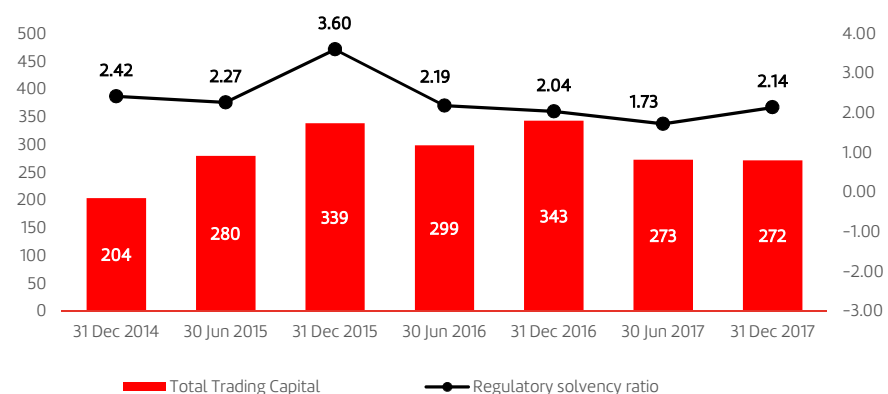
Capital position remains robust; final dividend proposed at € 0.35

Condensed consolidated Financial Position

Condensed Balance Sheet (In €m)

Assets	31 Dec 2017	31 Dec 2016	Δ Y-o-Y
Trading Capital	272	343	(71)
Property, Equipment and Intangible Assets	29	23	6
Other Assets	19	25	(6)
Total Assets	320	391	(71)
Equity & Liabilities			
Other Liabilities	65	113	(48)
Tax Liabilities	1	8	(7)
Total Liabilities	66	121	(55)
Total Equity	254	270	(16)

Development of regulatory solvency ratio*



Note *: Total Trading Capital divided by Regulatory Capital Required

Highlights

- Trading Capital as at 31/12/2017 remained broadly flat versus 30/06/17, but regulatory capital required came down due to greater focus on capital efficiency
- Consequently, the regulatory solvency ratio improved Y-o-Y
- Proposed final dividend of €0.35, bringing FY17 total dividend to €0.65 and resulting in a pay-out ratio of 76%, as announced in 3Q17
- Proposed dividend for 2017 reflects Flow Traders' commitment to optimizing shareholder returns, with no limitation to Flow Traders ability to continue executing its growth strategy

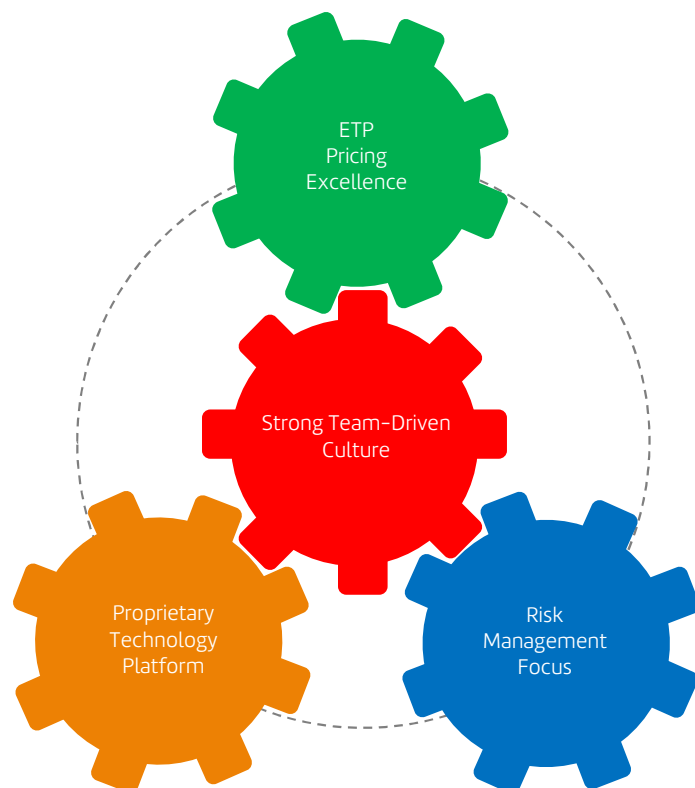
Flow Traders expects to comply with CRR capital requirements by 31 March 2018

- In November 2017 the Dutch Central Bank (DNB) revoked the local firm exemption granted to our Dutch trading entity, imposing full CRR capital requirements going forward
- External validation has taken place on our assumptions and implementation of our calculations and capital
- Flow Traders expects to comply with CRR capital requirements by 31 March 2018
- Flow Traders will provide further detail on its buffers after the first reporting date
- Flow Traders dividend policy remains unchanged as Flow Traders aims to pay out at least 50% of its net profit in dividend going forward
- Late December 2017, the European Commission released new draft capital requirements regulation. The draft Investment Firm Regulation and Investment Firm Directive aim to provide more appropriate requirements for investment firms than under current CRR

Looking Back and Ahead



Accomplishments made on our 4 core competencies in 2017



- In ETP Pricing, Flow Traders:
 - grew the number of counterparties and products traded in every region
 - further diversified trading in different products and asset classes (Currencies, Fixed Income) and expand OTC trading in the US
 - grew the number of trading venues we are active on to 104
- In Technology, Flow Traders:
 - adapted further to the changing regulatory environment (MiFID II)
 - grew the number of trading platforms globally we connect to, to accommodate diversification in products and asset classes
 - rolled out and upgraded the trading infrastructure in different regions
 - moved US office and opened the new Hong Kong office - both went smoothly
- From a Risk perspective, Flow Traders:
 - upgraded Risk and monitoring systems in light of changing regulation (CRR, EMIR, MiFID II)
 - safeguarded growth initiatives, while maintaining a strict cost discipline
 - further improved procedures and policies to reduce likelihood of errors
- In Culture, Flow Traders:
 - grew our headcount in 2017 to support our growth initiatives
 - started Flow Academy to increase knowledge sharing within the firm
 - launched the employee equity incentive plan to increase engagement in line with the philosophy of Flow Traders

Our strategic focus remains on long term organic growth and maximizing NTI growth

- Flow Traders will continue to focus on growing organically and remain a leading technology-enabled ETP liquidity provider
- Flow Traders will continue to grow its global presence with a strong focus on the Americas and APAC region
- Flow Traders will accelerate the diversification of its trading into new asset classes and related products
- Flow Traders will remain cost disciplined, growing fixed expenses by a maximum of 15% annually from 2018 onwards
- Flow Traders will continue to focus on the growth initiatives as initiated during 2017 (US OTC, Hong Kong office and FX)

Questions?

Thank you!

Appendix



Monthly markets update as published over 2017

ETP Market Update December 2017

	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan
On & Off Exchange Value Traded - Global (€bn)	1,656	1,570	1,400	1,344	1,522	1,287	1,769	1,557	1,515	1,918	1,408	1,573
On & Off Exchange Value Traded - EMEA (€bn)	65	72	61	65	62	67	71	87	68	84	73	76
On & Off Exchange Value Traded - Americas (€bn)	1,360	1,262	1,186	1,137	1,310	1,080	1,525	1,315	1,297	1,650	1,215	1,391
On & Off Exchange Value Traded - APAC (€bn)	231	236	154	143	150	140	172	155	150	185	120	105
On & Off Exchange Value Traded - APAC China (bn)	166	141	87	86	92	86	103	92	88	119	68	48
Off Exchange reported Market Value Traded - EMEA (€bn)	22	27	23	25	25	28	28	35	26	35	33	29
Off Exchange reported Market Value Traded - Americas (€bn)	529	452	448	430	461	393	528	475	465	606	453	538
Assets under Management - Global (€bn)	3,962	3,909	3,883	3,718	3,613	3,590	3,604	3,596	3,622	3,610	3,556	3,363
Assets under Management - EMEA (€bn)	660	652	648	627	609	605	607	604	599	595	574	548
Assets under Management - Americas (€bn)	2,949	2,905	2,891	2,764	2,686	2,674	2,684	2,679	2,710	2,700	2,670	2,521
Assets under Management - APAC (€bn)	354	351	344	327	319	311	313	314	313	315	312	294
# of ETP listings - Global	10,757	10,733	10,691	10,619	10,466	10,460	10,394	10,280	10,156	10,079	9,897	9,834
# of ETP listings - EMEA	5,486	5,527	5,573	5,532	5,439	5,455	5,443	5,400	5,351	5,306	5,196	5,169
# of ETP listings - Americas	3,679	3,634	3,572	3,545	3,513	3,523	3,493	3,449	3,390	3,370	3,344	3,317
# of ETP listings - APAC	1,592	1,572	1,546	1,542	1,514	1,482	1,458	1,431	1,415	1,403	1,357	1,348
# of new ETP products - Global	115	145	96	122	76	65	76	112	78	98	62	56
# of new ETP products - EMEA	50	55	33	32	20	23	18	63	30	16	16	16
# of new ETP products - Americas	35	60	47	64	17	22	37	31	31	26	37	33
# of new ETP products - APAC	30	30	16	26	39	20	21	18	17	56	9	7

* 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