NYSE EURONEXT ANNOUNCES THIRD QUARTER 2013 FINANCIAL RESULTS

Released : 05 November 2013

November 5, 2013
-- Third Quarter GAAP Diluted EPS of $0.73 vs. $0.44 in Prior Year --
-- Non-GAAP Diluted EPS of $0.53, Up 21% Excluding Merger Expenses, Exit Costs and Discrete Items --
-- Renegotiated Continental Derivatives Clearing Agreement with LCH.Clearnet SA --
-- Global Leader in IPOs Year-to-Date --

Financial and Operating Highlights[1, 2]

- *Diluted non-GAAP EPS of $0.53, up 21% compared to 3Q12*
- *Net revenue of $574 million up 3% compared to 3Q12*
- *Fixed operating expenses of $372 million, down 5% on constant dollar / portfolio basis vs. 3Q12*
- *Operating income of $202 million, up 18% compared to 3Q12*
- *Debt-to-EBITDA ratio 2.1 times, down from 2.5 times at end of 2012*

1 All comparisons versus 3Q12 unless otherwise stated. Excludes merger expenses, exit costs, charge for fair value adjustment to RSU awards, disposal activities and discrete tax items.
2 A full reconciliation of our non-GAAP results to our GAAP results is included in the attached tables. See also our statement on non-GAAP financial measures at the end of this earnings release.

NEW YORK – November 5, 2013 – NYSE Euronext (NYX) today reported net income of $178 million, or $0.73 per diluted share on a GAAP basis, for the third quarter of 2013, compared to net income of $108 million, or $0.44 per diluted share, for the third quarter of 2012. Results for the third quarter of 2013 and 2012 included $24 million and $18 million, respectively, of pre-tax merger expenses and exit costs. Third quarter 2013 results included a $5 million pre-tax gain on the sale of our 12% stake in the Qatar Exchange. Our third quarter 2013 and 2012 GAAP effective tax rate both included a discrete net deferred tax benefit, principally related to the enacted reduction in the corporate tax rate in the United Kingdom. Excluding merger expenses, exit costs, disposal activity and discrete tax items, net income in the third quarter of 2013 was $131 million, or $0.53 per diluted share on a non-GAAP basis, compared to $108 million, or $0.44 per diluted share on a non-GAAP basis, in the third quarter of 2012.

"I would like to thank all of our clients, shareholders and employees for their support while we worked through our transformative deal with IntercontinentalExchange," said Duncan L. Niederauer, CEO, NYSE Euronext. "Throughout the process, we continued to execute against our business plan by transitioning our clearing operation, building substantial momentum in our Listings business, achieving our cost saving commitments for 2013 early and managing our capital in a disciplined way for our shareholders. We are especially pleased that Twitter recently announced they will list on the NYSE. What we accomplished has set an excellent foundation for the combination of our two great companies."

The table below summarizes the financial results[1] for the third quarter of 2013:

				% ?3Q13		Year-to-Date	% ?YTD '13
($ in millions, except EPS)	3Q13	2Q13	3Q12	vs. 3Q12	2013	2012	vs. YTD '12
Total Revenues[2]	$890	$995	$902	(1%)	$2,848	$2,840	0%
Total Revenues, Less Transaction-Based Expenses[3]	574	611	559	3%	1,785	1,762	1%
Other Operating Expenses 4	372	382	388	(4%)	1,134	1,189	(5%)
Operating Income 4	$202	$229	$171	18%	$651	$573	14%
Net Income5	$131	$153	$108	21%	$423	$357	18%
Diluted Earnings Per Share5	$0.53	$0.63	$0.44	22%	$1.73	$1.41	23%
Operating Margin	*35%*	*37%*	*31%*	*4 ppts*	*36%*	*33%*	*3 ppts*
Adjusted EBITDA Margin	*46%*	*48%*	*42%*	*4 ppts*	*47%*	*44%*	*3 ppts*

1A full reconciliation of our non-GAAP results to our GAAP results is included in the attached tables. See also our statement on non-GAAP financial measures at the end of this earnings release.
2 Includes activity assessment fees.
3 Transaction-based expenses include Section 31 fees, liquidity payments and routing & clearing fees.
4 Excludes merger expenses, exit costs and charge for fair value adjustment to RSU awards.
5 Excludes merger expenses, exit costs, charge for fair value adjustment to RSU awards, disposal activities and discrete tax items.

THIRD QUARTER 2013 CONSOLIDATED RESULTS

Total revenues, less transaction-based expenses, which include Section 31 fees, liquidity payments and routing and clearing fees (net revenue), were $574 million in the third quarter of 2013, up 3% from the third quarter of 2012 and included a $5 million positive impact from foreign currency fluctuations.

Other operating expenses, excluding merger expenses and exit costs, were $372 million in the third quarter of 2013, down $16 million, or 4% compared to the third quarter of 2012. Excluding the impact of new business initiatives and a $1 million negative impact attributable to foreign currency fluctuations, other operating expenses were down $19 million, or 5%, compared to the third quarter of 2012.

Realized Project 14 savings through the third quarter of 2013 were $175 million, which represented 70% of the total $250 million expected to be saved by the end of 2014.

Operating income, excluding merger expenses and exit costs, was $202 million, up $31 million, or 18% compared to the third quarter of 2012 and included a $4 million positive impact from foreign currency fluctuations.

Adjusted EBITDA, excluding merger expenses and exit costs, was $266 million, up $31 million, or 13% compared to the third quarter of 2012. Adjusted EBITDA margin was 46% in the third quarter of 2013, compared to 42% in the third quarter of 2012.

The decline in net interest and investment loss compared to the second quarter of 2013 was driven by the retirement of the remaining $414 million of the $750 million 4.80% notes in the second quarter of 2013.

Loss from associates is primarily related to New York Portfolio Clearing. Net (income) loss attributable to non-controlling interest consists primarily of net income attributable to NYSE Amex Options, which was partially offset by the net loss attributable to NYSE Liffe U.S.

The effective tax rate for the third quarter of 2013, excluding merger expenses, exit costs and discrete tax items, was 24% compared to approximately 21% for the third quarter of 2012.

The weighted average diluted shares outstanding in the third quarter of 2013 was 245 million, down from 247 million in third quarter of 2012.

At September 30, 2013, total debt was $2.3 billion. Cash, cash equivalents and short term financial investments (including $21 million related to Section 31 fees collected from market participants and due to the SEC) were $0.4 billion and net debt was $1.9 billion. The cash balance as of September 30, 2013 included $120 million received from our sale of the 12% stake in the Qatar Exchange.

The ratio of debt-to-EBITDA at the end of the third quarter of 2013 was 2.1x, down from 2.5x at the end of 2012.

Total capital expenditures were $38 million in the third quarter of 2013, down from $41 million in the third quarter of 2012. Year-to-date capital expenditures of $97 million were well below the $125 million recorded for the same period in 2012, and trending below full-year 2013 guidance of $150 million.

SUBSEQUENT EVENT

On October 14, 2013 NYSE Euronext and LCH.Clearnet SA signed a new five-year agreement to clear NYSE Euronext's continental listed derivatives, which included governance changes that will take effect immediately and new commercial terms beginning in April 2014. Starting April 1, 2014, NYSE Euronext will begin recognizing revenues as a result of this new agreement and will compensate LCH.Clearnet SA for certain clearing and risk management services.

THIRD QUARTER 2013 SEGMENT RESULTS

Below is a summary of business segment results:

	Derivatives			*Cash Trading & Listings*			*Info. Svcs. & Tech. Solutions*		
($ in millions)	Net Revenue1	Operating Income2	Adjusted EBITDA2	Net Revenue1	Operating Income2	Adjusted EBITDA2	Revenue	Operating Income2	Adjusted EBITDA2
3Q13	$166	$85	$94	$295	$118	$160	$113	$25	$38
2Q13	$195	$103	$111	$302	$128	$169	$114	$25	$38
3Q12	$164	$68	$78	$282	$104	$145	$113	$23	$36
YTD 2013	$562	$292	$318	$884	$360	$483	$339	$75	$114
YTD 2012	$522	$232	$262	$886	$350	$476	$353	$78	$118

1 Net revenue defined as total revenues less transaction-based expenses including Section 31 fees, liquidity payments and routing & clearing fees.
2 Excludes merger expenses and exit costs.

DERIVATIVES

Derivatives net revenue of $166 million in the third quarter of 2013 increased $2 million, or 1% compared to the third quarter of 2012 and included a $1 million negative impact from foreign currency fluctuations. The $3 million increase in derivatives net revenue, on a constant currency basis, compared to the third quarter of 2012, was driven by slightly higher average daily trading volumes ("ADV") in European interest rate derivatives products, which increased 14%. The successful clearing transition for the London-based derivatives market of NYSE Liffe to ICE Clear Europe in the third quarter of 2013 resulted in a reduction in costs of approximately $8 million in the quarter. Highlights for the third quarter of 2013 included:

- Global derivatives ADV, excluding Bclear, in the third quarter of 2013 of 6.7 million contracts decreased 4% compared to the third quarter of 2012 and decreased 21% compared to second quarter of 2013 levels.
- NYSE Euronext European derivatives products ADV of 3.1 million contracts in the third quarter of 2013 decreased 8% compared to the third quarter of 2012 and decreased 23% from second quarter of 2013 levels. Excluding Bclear, European derivatives products ADV in the third quarter of 2013 increased 5% compared to the third quarter of 2012, but decreased 19% from the second quarter of 2013.