

FLOW TRADERS 3Q19 TRADING UPDATE

Amsterdam, the Netherlands - Flow Traders N.V. (Euronext: FLOW) releases its unaudited 3Q19 trading update. Highlights are:

- Market ETP Value Traded grew 6% quarter-on-quarter and 7% YTD9m19 vs YTD9m18
- Flow Traders ETP Value Traded grew 12% quarter-on-quarter and 21% YTD9m19 vs YTD9m18, significantly outpacing the overall market growth
- Flow Traders recorded NTI of €53.3m in 3Q19 as robust trading performance in EMEA and APAC offset weaker than expected trading in the US
- Fixed operating expenses increased by 4% quarter-on-quarter and by 9% in YTD 9m19 vs YTD 9m18, which also reflects the impact of IFRS 16
- Net Profit for the quarter was €12.9m with EPS of €0.28
- Regulatory Own Funds Requirement (OFR) as at 30 September 2019 was €158m, resulting in an excess capital of €135m
- Focus remains on improving efficiency, enlarging the ETP footprint and trading diversification into other asset classes

Financial Overview

€million	3Q19	2Q19	Change	YTD 9m19	YTD 9m18	Change
Net Trading Income	53.3	53.9	(1%)	170.3	309.4	(45%)
<i>EMEA (Europe)</i>	35.2	32.1	10%	104.8	109.4	(4%)
<i>Americas</i>	9.4	15.3	(39%)	41.9	175.5	(76%)
<i>APAC</i>	8.7	6.5	34%	23.6	24.5	(4%)
Net Trading Income	53.3	53.9	(1%)	170.3	309.4	(45%)
<i>Employee expenses (fixed)</i>	11.1	10.6	5%	32.0	26.5	21%
<i>Technology expenses</i>	10.0	9.3	7%	28.8	26.6	8%
<i>Other expenses*</i>	3.9	4.0	(4%)	11.4	13.4	(14%)
Fixed Operating Expenses	25.0	23.9	4%	72.2	66.5	9%
<i>Employee expenses (var)</i>	8.8	9.1	(3%)	30.9	76.8	(60%)
Total Operating Expenses	33.8	33.0	2%	103.1	143.3	(28%)
EBITDA	19.5	20.9	(7%)	67.2	166.1	(60%)
<i>Depreciation/Amortisation*</i>	3.7	3.7		10.9	6.5	
<i>Write offs, tangible assets</i>	-	-		0.1	0.1	
<i>Results subsidiaries</i>	-	(0.1)		(0.1)	(3.1)	
Profit Before Tax	15.8	17.3	(8%)	56.3	162.6	(65%)
<i>Tax</i>	2.9	3.5		10.4	27.5	
Net Profit	12.9	13.8	(6%)	45.9	135.1	(66%)
<i>EPS (in €)</i>	0.28	0.30		0.99	2.91	
<i>EBITDA margin (%)</i>	37%	39%		39%	54%	

* Reflects the impact of IFRS 16

Value Traded Overview

€billion	3Q19	2Q19	Change	YTD 9m19	YTD 9m18	Change
Flow Traders ETP Value Traded	264.1	235.4	12%	758.0	626.6	21%
<i>EMEA (Europe)</i>	132.8	121.0	10%	382.5	350.2	9%
<i>Americas</i>	118.5	105.1	13%	344.7	251.6	37%
<i>APAC ex China</i>	12.8	9.3	37%	30.8	24.8	24%
Flow Traders' non-ETP Value Traded	817	694	18%	2,249	1,874	20%
Market ETP Value Traded ¹	6,174	5,842	6%	18,108	16,959	7%
<i>EMEA (Europe)</i>	394	355	11%	1,104	1,001	10%
<i>Americas</i>	5,284	5,002	6%	15,567	14,329	9%
<i>APAC</i>	496	485	2%	1,437	1,629	(12%)
<i>APAC ex China</i>	217	209	4%	643	707	(9%)

3Q19 Regional Highlights:
EMEA:

- Continued to be the leading liquidity provider in ETPs; on-exchange market share reached new highs
- Well prepared for all Brexit scenarios
- Became a remote member of the Tel Aviv Stock Exchange (TASE) to act as liquidity provider in Israel to support BlackRock's iShares ETP listings

AMERICAS:

- Overall market trading conditions improved, particularly in domestic US equities in August which has not been a focus of Flow Traders historically
- Continued to grow its position in the region with lower than expected NTI mainly driven by Fixed Income as the business is being repositioned for future growth
- Sustained strong OTC momentum as more ETP flow was traded with additional, newly connected counterparties

APAC:

- Favourable market conditions and focused trading strategies resulted in a strong quarter
- Completed the consolidation of the dealing rooms in APAC and trading has been optimized by moving all trading desks for on-screen liquidity provision to Hong Kong
- Activated a business continuity plan with respect to the political situation in the region, business operations remain unaffected

¹ Source: Flow Traders analysis

Management Board Comments

CEO Dennis Dijkstra stated:

“During the third quarter, Flow Traders continued to grow its leading ETP position globally as, once again, we traded more ETPs with more counterparties. New markets were opened as we sought to broaden the ETP ecosystem; our partnership with iShares was a catalyst for providing liquidity in Israel. Diversification initiatives, including FX, OTC trading and Crypto, performed in line with expectations. We also maintained a strong discipline on costs while implementing our strategy and the increase was well within guidance. It is pleasing that Flow Traders continues to attract the brightest talent as we welcomed a large intake of new colleagues on 1 September, mostly comprised of graduates.”

Chief Trading Officer Folkert Joling added:

“3Q19 was a good quarter from a market trading activity perspective. Flow Traders was able to benefit from this increased pace of activity, particularly in APAC, although the increase in market activity in the US was notably visible in domestic equities. Fixed Income trading performance in the US was not as expected, which resulted in a lower NTI contribution from this region. We anticipate improved performance going forward. On the OTC front, momentum remained strong and we expect this to continue with the growing use of RFQ tools. In EMEA, we consolidated our leading position as liquidity provider in ETPs.”

Preliminary Financial Calendar

10 January 2020	Start Silent Period ahead of FY19 results
07 February 2020	Release FY19 results (incl. analyst conference call)
28 February 2020	Release Annual Report 2019
31 March 2020	Start Silent Period ahead of 1Q20 trading update
21 April 2020	Release 1Q20 trading update (no analyst conference call)
24 April 2020	AGM

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