

## CAN SMALL AND MID-SIZE ENTERPRISES STILL COUNT ON FINANCIAL MARKETS TO FINANCE THEIR GROWTH?





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### MARKET PROFILE - EURONEXT

- Regulated market with **926 companies** listed of which **131** international companies
- Total Market Cap of **€2,260 billion**
- €14.7 billion** of capital raised in 2011 compared to €11.2 billion in 2010
- Average daily value traded of **€4.7 billion**

**Number of Domestic Companies per Market Cap Range**

Market Cap Range	Number of Companies
0-€10m	107
€10-€50m	128
€50-€100m	165
€100-€200m	139
€200-€500m	138
€500m-€1bn	78
>€1bn	38

Source: NYSE Euronext Cash Market Statistics, May 2012

**Breakdown of Companies by Listing Venue**

Venue	Count
Paris	325
Brussels	118
Amsterdam	106
Lisbon	46

**Breakdown of Companies by ICB Industry**

Industry	Count	% of Issuers
Consumer Goods	122	28%
Financials	173	19%
Healthcare	119	14%
Energy / Utilities	124	13%
Industrials	158	14%
Technology	124	7%
Basic Materials	124	5%
Consumer Services	107	10%

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### WHY LIST?

- It helps you grow!

**Better Management**

- Improved communication systems
- Efficient management process
- Internal reporting and controls

**Attract and Retain Employees**

- Employee motivation
- Increased visibility to key personnel
- Enhanced productivity

**Enhance your Public Profile**

- Comforted partners and contractors
- Better leverage in negotiations
- Increased business opportunities

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THE ACTUAL SITUATION

Example : Belgium



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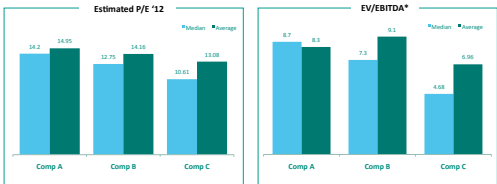
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LISTED COMPANIES- KEY METRICS

Euronext Brussels attracts high profile companies as reflected on the following valuation metrics:



	Compartment A	Compartment B	Compartment C
Median/Average Market Capitalization	€2.5bn / €8.4bn	€396m / €451m	€52m / €57m
Median/Average Revenues	€3.3bn / €7.1bn	€198m / €872m	€48m / €143m
Median/Average Analyst Coverage	18 / 20	5 / 5	1 / 1

Source: Bloomberg, FactSet Estimates as of June 30th, 2012  
\*2010/2011 based on 2011 full year data

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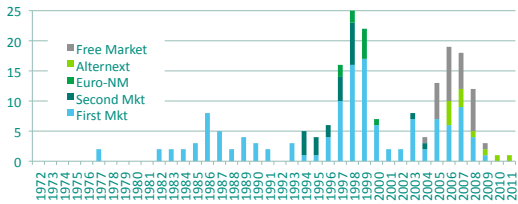
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IPO'S ARE CYCLICAL

Aantal beursintroducties van Belgische bedrijven in Brussel



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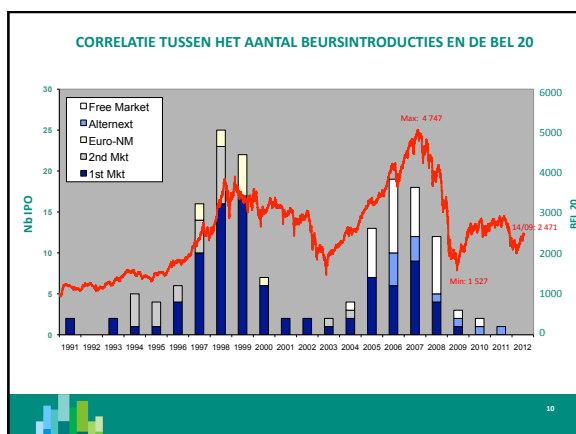
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## REGULATION BECOMES HEAVY

### 1. Increase of (sometimes sterile) costs for issuer

1. IFRS
2. Corporate governance code becoming an encyclopedia
3. Company Law for listed companies only (Belgian ex: women quota in boards)

### 2. Abuse of higher transparency

1. Publication of wages
2. Insider transactions

### 3. MiFID and the risk profile of the investor

1. Umbrella rules having as consequence that no intermediary dares to praise or even inform about equity investments
2. Margins disappear for banks
3. Investors pushed in funds and insurance products managed on paneuropean basis

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## REGULATION: CONSEQUENCES

### 4. MiFID and the market fragmentation

1. Small players disappear due to (unnecessary) complexity and the raise of trading costs
2. International banks have no eye for small companies

### 5. Solvency II

1. Insurers discouraged to invest in equity
2. Impact on the longer term ? Will they be able to fulfill their obligations ?

### 6. Unbundling (separation of research, trading and corporate finance)

1. Separately, these activities are not viable
2. Local players disappear

May 14, 2012 Confidential 12

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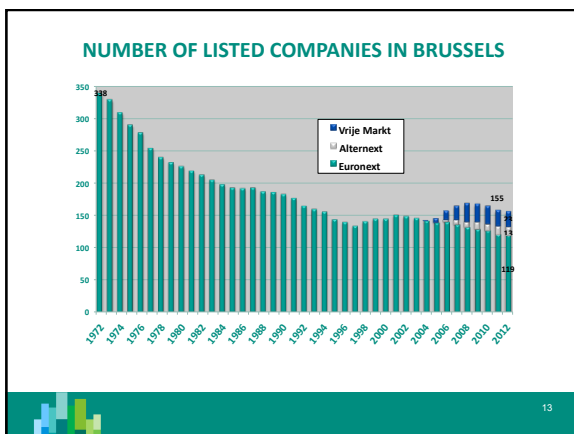
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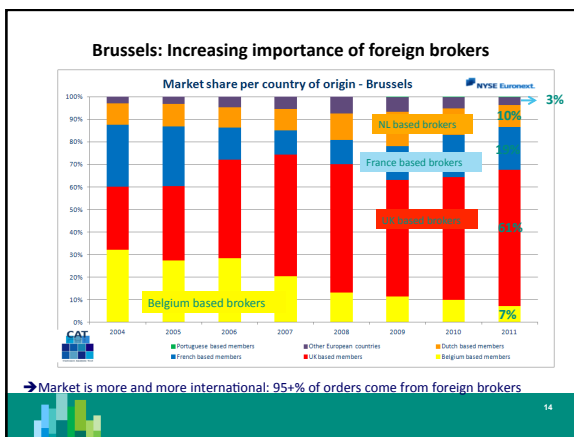
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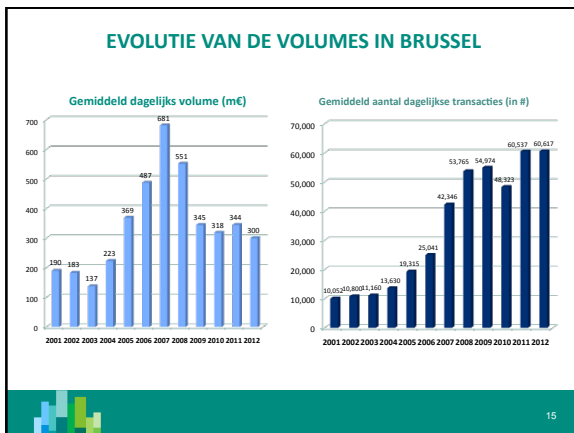
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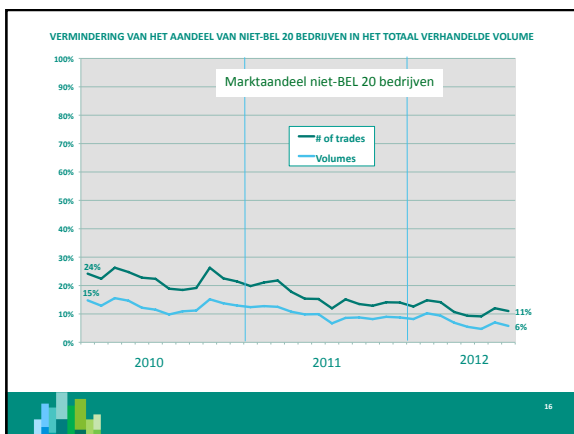
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**PUBLIC MARKETS - ABLE TO BRIDGE THE LOAN GAP**

Traditional lending banks are required to strengthen their capital base

- Capital conservation is a priority for European banks as they move to Basel III compliance

Availability of traditional loans likely to become increasingly constraint

- Corporates need to consider **funding flexibility** and **diversification of funding sources**
- Loan capital likely to be constraint except for the highest quality corporate credits

The public markets provide for a proven mechanism to help bridge the funding gap

- Proven method of financing with access to **complementary liquidity pools** i.e. institutional and retail
- Regulated markets are able to provide access to **deep capital pools** for the corporate sector

Regulated markets are transparent, secure, efficient and credible

- Underpinned by a regulated market on a **secure platform** that is **credible** and **trusted**
- Enables the establishment of a secondary market with **transparent price formation** and **continued oversight**

➡ Bonds are a real additional, flexible and efficient financing source for companies of all sizes

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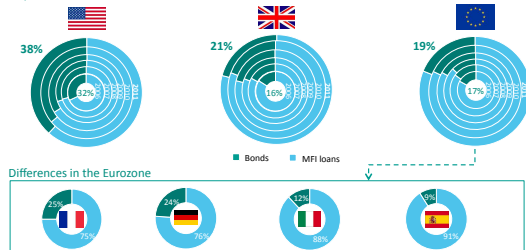
### ISSUING FIXED INCOME THROUGH NYSE EURONEXT

- Ability to **tap institutions** locally and internationally as well as **retail investors**
- Opportunity to **increase your corporate visibility**, enhance your **brand** and **reinforce investor outreach**
- Ability to issue debt instruments in **all major world currencies**
- **Rapid time-to-market** for your issuance program
- Efficient and **transparent secondary market** offering the opportunity to **reduce costs of funding**
- One-stop shop emphasis, offering **listing, trading and post-trade solutions**
- **Full Straight Through Processing** from execution to clearing and settlement

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### EUROPEAN USAGE OF THE FIXED INCOME MARKET LAGS BEHIND

Corporate bonds vs. loans: US, UK and Eurozone between 2006 and 2011

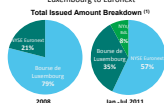


- The importance of bond securities in corporate financing in the Eurozone is low compared to that in the US (19% vs. 38% at the end of 2011)
- The overall trend is that of an increasing relevance of bonds issuance vs. bank loan financing (in the US more than in the Eurozone) and it accelerated dramatically after 2008
- In the Eurozone, remarkable differences exist among the various countries

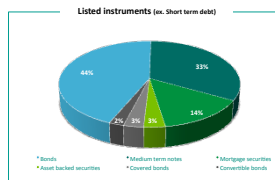
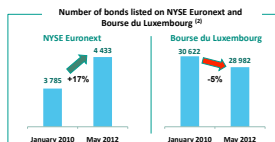
Source: BNP Paribas Fortis / Dealogic, figures as of Dec. 2011 20

### BONDS ON NYSE EURONEXT: A SUCCESSFUL MARKETPLACE INITIATIVE SINCE JAN. 2010

**Market Place Initiatives**  
Initiative from 24 large cap issuers supported by the French Finance Minister to transfer bond issues and SMFA programs from Bourse du Luxembourg to Euronext



- **Faster time to market**
  - Timeline by AMF is the same as the one from the Luxembourg Regulator: deadline provided in the Prospectus Directive, which has been transposed into the AMF General Regulation, is **ten working days max.**
  - Timeline from NYSE Euronext reduced to **1 day**
- **Simplified procedure**
  - European harmonization: **no added requirements** compared to Prospectus Directive
  - Companies producing Registration Document in France and Belgium benefits from a **lighter procedure** from the AMF and FSMA
- **Efficient process**
  - Prospectus can be in English
  - No rating requirements
- **Competitive fees**
  - Review of NYSE Euronext listing fees with **degressive scheme**



(1) Source: Paris Corporate  
(2) Source: Fitch IBCA - May 2012 21

NYSE Euronext Regulated Markets

- Bond Trading Turnover May**  
2012 YTD \*  
By number of trades, excluding public sector
- 
- | Category          | Number of Trades |
|-------------------|------------------|
| Luxembourg        | 1,320            |
| HKEX              | 8,808            |
| Nasdaq OMX Nordic | 40,436           |
| Euronext Exchange | 108,710          |
| CBOE              | 218,652          |
| Eurex, CME, B3    | 954              |
| <b>Total</b>      | <b>272,463</b>   |

