

# Annual General Meeting

Simon Nathanson  
President and CEO  
Stockholm 2008.04.21

# Neonet®

# Neonet in Brief

- ▶ **Technological leadership in transaction services**

  - ▶ **Execution Services**

  - ▶ **XG Technology**

- ▶ **Client base** including many of the world's leading banks and asset managers in more than 20 countries

- ▶ **Listed** on the NASDAQ OMX Nordic Exchange in Stockholm

- ▶ **135** employees

- ▶ Offices in **Sweden, UK, US, Germany and Italy**



# Neonet – business concept

**Neonet<sup>®</sup>**

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- ▶ **Advanced Execution Services**
- ▶ **High-performance trading platform**
- ▶ **Extensive reach**
- ▶ **Integrated settlement services**
- ▶ **Market Expertise**
- ▶ **Revenues generated from brokerage**



**Neonet<sup>®</sup>**  
State-of-the-art  
technology  
platform

**Neonet<sup>®</sup>XG**

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- › **Technology solutions for buy- and sell-side firms**
- › **Advanced product suite**
- › **Strong technology and infrastructure**
- › **Extensive experience**
- › **Strategic clients**
- › **Revenues generated from license fees**

**Neonet<sup>®</sup>**

# Execution Services

- ▶ Launched trading on the exchanges in Tokyo, Osaka, Hong Kong, Singapore, Australia and Warsaw
- ▶ Extending derivatives offering, with the launch of Eurex, already generating much larger trading than OMX derivatives
- ▶ Neonet offers trading in several European markets via the new alternative marketplace Chi-X
- ▶ Comprehensive offering with smart functionality such as trading algorithms

Amsterdam, Brussels, Chi-X, Copenhagen, Dublin, Eurex, Frankfurt, Helsinki, Lisbon, London, Madrid, Milan, Oslo, Paris, Stockholm, SWX, Swiss Exchange, Vienna, Virt-x, Warsaw, American Stock Exchange, NASDAQ, New York Stock Exchange, Toronto, Australia, Japan, Hong Kong & Singapore.

BUY SIDE

SELL SIDE

# Neonet XG

- › Extensive product line:
  - › XG Trader
  - › XG Market Connectivity
  - › XG Market Data
  - › XG Broker Connect
- › Licence based revenue model proven succesful
- › Current clients include 17 companies in the financial industry across Europe
- › Recent agreements with Turquoise, the alternative marketplace



XG MARKET GATEWAY  
Market access  
infrastructure



XG BROKER CONNECT  
Network of executing  
brokers



XG TRADER  
Execution Management  
System



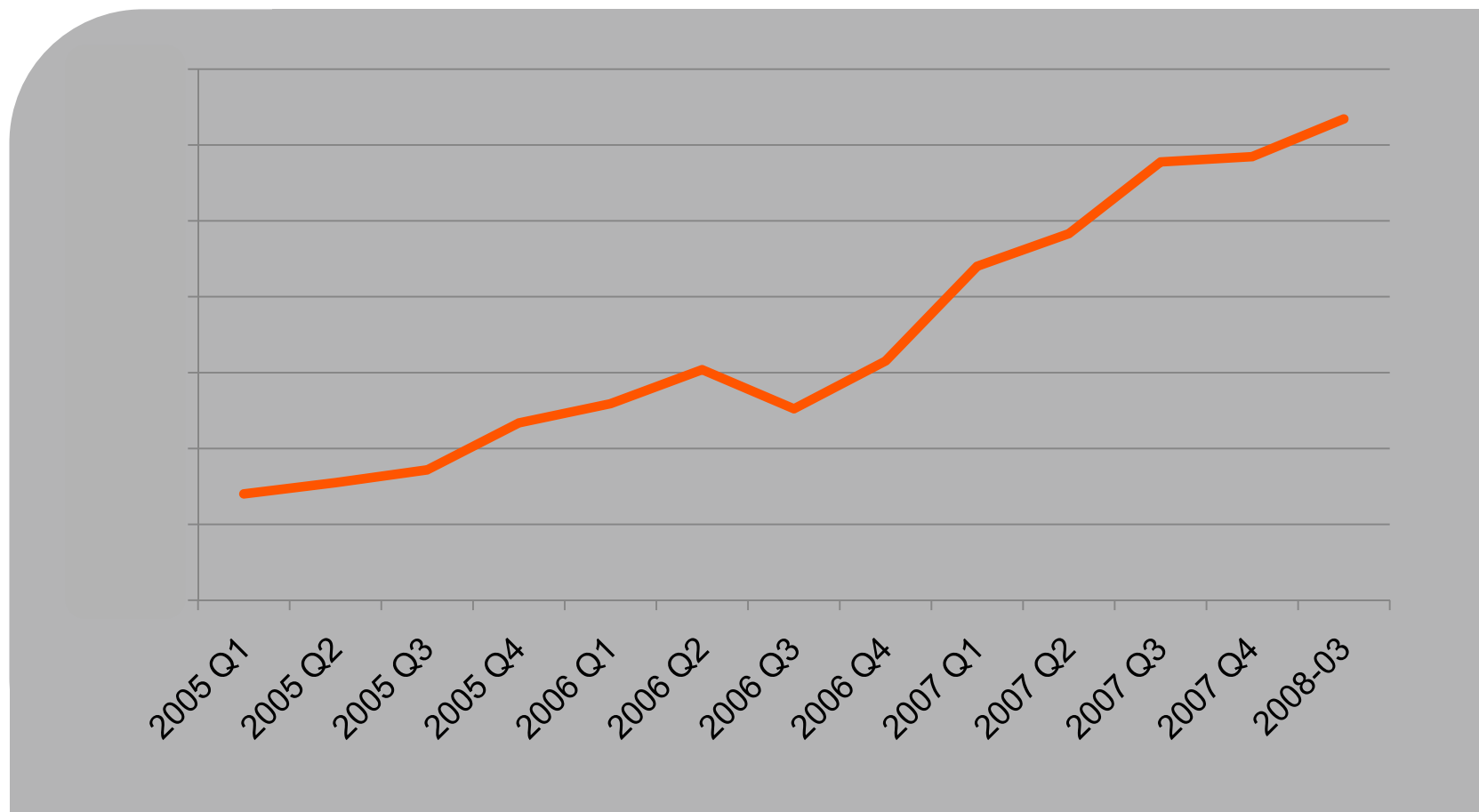
XG MARKET DATA  
Ultra-low latency  
market data

**Neonet<sup>®</sup>XG**

**Results**



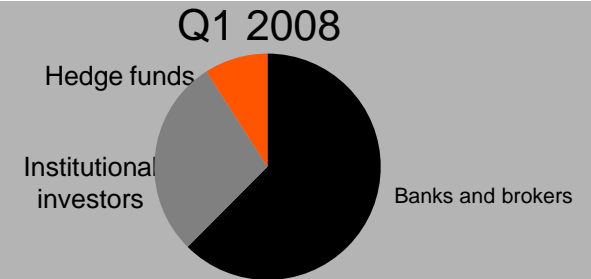
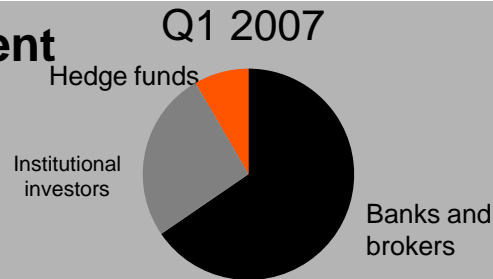
# Increasing daily turnover for Neonet



# Transaction revenues +23%

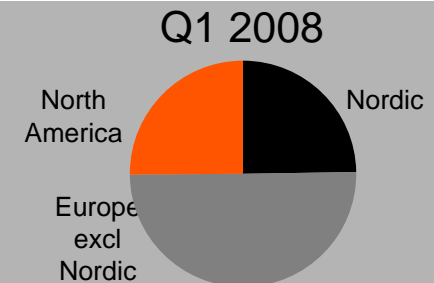
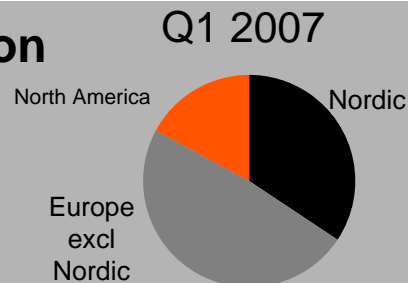
## Revenue by client segment

More advanced



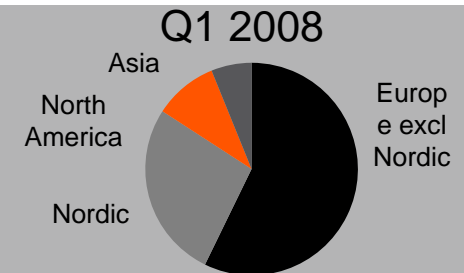
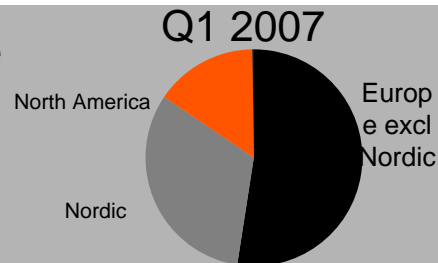
## Revenue by client location

Less Nordic



## Revenue by marketplace

Asia added



# Financials

## Full year 2007

- ▶ Operating revenues amounted to SEK 689.0 m (397.0)
- ▶ EBITDA, amounted to SEK 170.2 m (90.0), corresponding to an operating margin of 25 percent
- ▶ Earnings before tax amounted to SEK 133.8 m (50.5)

## First quarter 2008

- ▶ Operating revenues amounted to SEK 187.2 m (150.3)
- ▶ EBITDA, amounted to SEK 37.0 m (40.9), corresponding to an operating margin of 20 percent
- ▶ Earnings before tax amounted to SEK 26.7 m (33.3)



# The changing financial landscape

# Evolving equity trading market trends...

## From

- ▶ Local exchange monopolies
- ▶ Growing trading volumes providing further economies of scale
- ▶ Regulatory framework and settlement supporting local trading
- ▶ Extraordinary profits

## Facilitators

- Regulatory initiatives
- Technology development
- Post-trade centralization
- New market entrants

## To

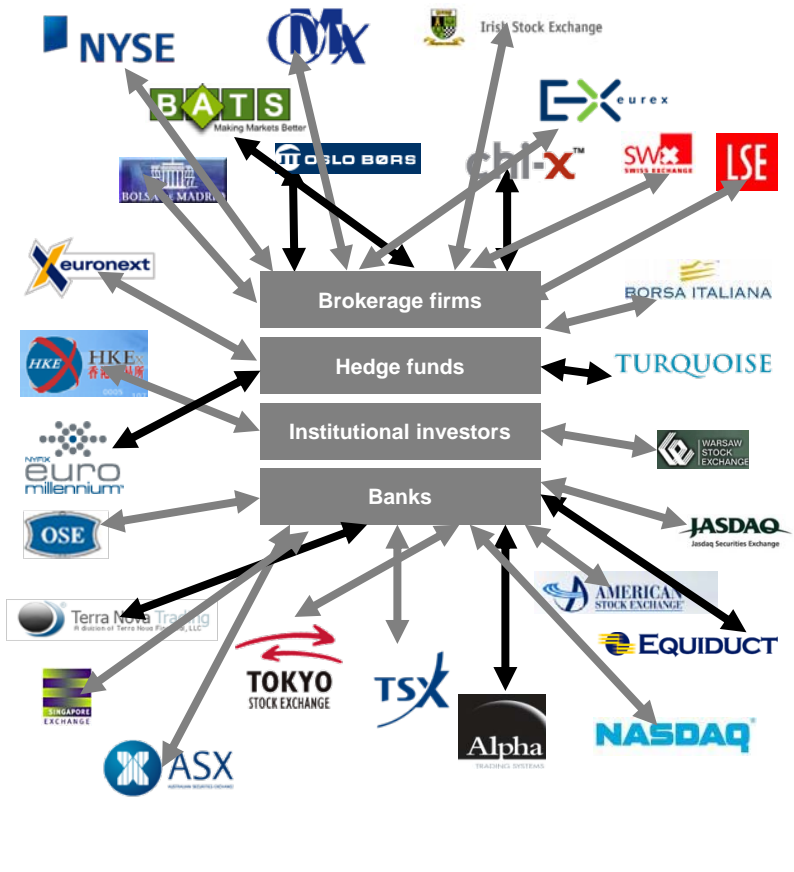
- ▶ More transparency and competition
- ▶ New marketplaces yielding more fragmentation
- ▶ Continued growth in trade volumes
- ▶ More global and electronic trading
- ▶ More sophisticated trading tools
- ▶ Unbundling of trading and research

## Implications for Neonet

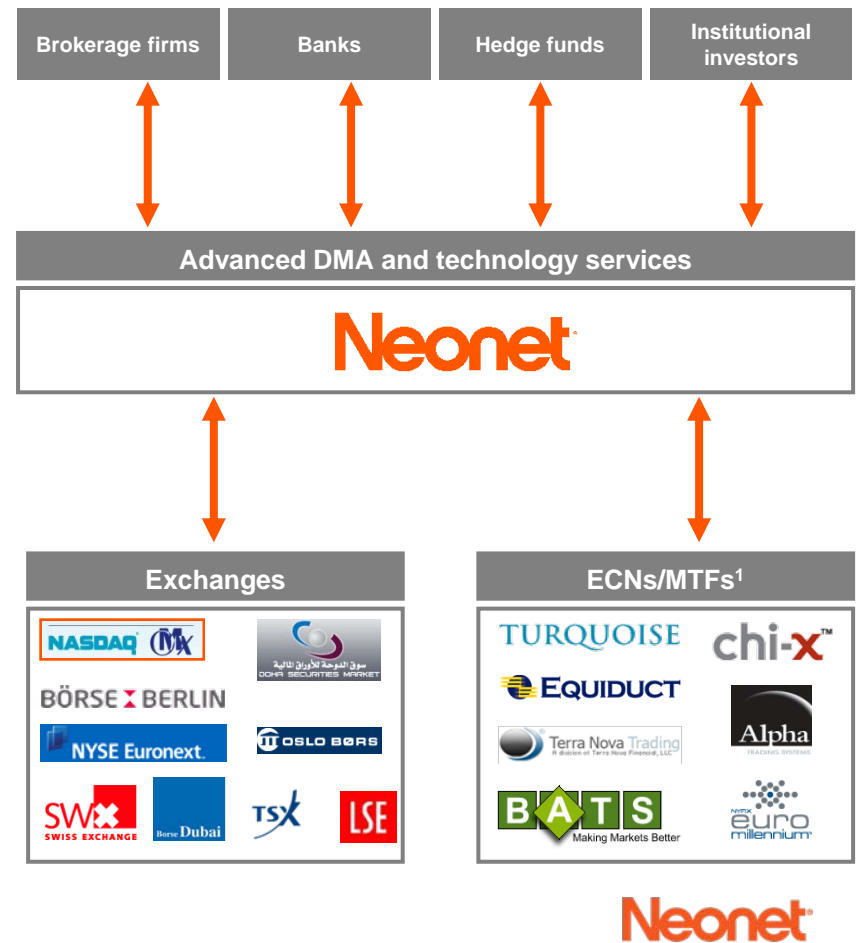
- ▶ Neonet is well positioned for the changing financial landscape
- ▶ Increased interest for Neonet's technology and software solutions
- ▶ Increased interest for Neonet's global market offering
- ▶ Expanded client base

# ...is changing the securities trading landscape

## Fragmented market environment



## ...creates need for structure and technology



Neonet

# New financial targets & increased dividend

## **New long-term financial targets for 2008-2010**

Operating revenues at least doubled

EBT of approx. SEK 400 m

## **Increased dividend via redemption of shares**

Dividend of SEK 2.1 per share

Automatic redemption procedure



# Summary

- ▶ We have a leading position in transaction technology
- ▶ We see good client intake in both Execution Services and Neonet XG
- ▶ We are well positioned in the changing financial landscape



