

FLOW ■ TRADERS

For immediate release

## FLOW TRADERS ANNOUNCES INDICATIVE PRICE RANGE, OFFER SIZE OF PLANNED IPO, START OF OFFER PERIOD AND PUBLICATION OF PROSPECTUS

Amsterdam, the Netherlands – 30 June 2015. Flow Traders Coöperatief U.A.<sup>1</sup> ("Flow Traders" or the "Company"), a leading global technology-enabled liquidity provider operating on a global scale that specialises in exchange traded products ("ETPs")<sup>2</sup>, announces today the indicative price range and offer size for its planned initial public offering (the "IPO" or the "Offering"), the start of the Offering and the publication of the related prospectus. The IPO consists of a secondary offering of up to 16,287,075 Shares of Flow Traders' ordinary shares (the "Shares") by Summit Investors VI, L.P., Summit Partners Private Equity Fund VII-A, L.P. and Summit Partners Private Equity Fund VII-B, L.P. (collectively, "Summit Partners"), Stichting Administratiekantoor Flow Traders (the "Foundation"), Avalon Holding B.V. ("Avalon") and Javak Investments B.V. ("Javak" and together with Summit Partners, the Foundation and Avalon, the "Selling Shareholders"). Listing of and first trading in the Shares on Euronext Amsterdam are expected on 10 July 2015.

### Highlights of the Offering

- The Offering consists of a secondary sale only of up to 16,287,075 Shares. In addition, the Offering will include an over-allotment option of up to an additional 15% of the total number of offered Shares, consisting of existing Shares only. These together represent up to 18,730,136 Shares or up to approximately 40% of the Shares. The total capital of the Company consists of 46,534,500 Shares;
- The indicative price range set at €29.00 - €37.00 per Share, valuing Flow Traders at a post-IPO equity value of approximately €1,350 million - €1,722 million. The Offering is valued at approximately €472 - €603 million on the basis of the indicative price range and excluding the over-allotment option, or at approximately €543 million - €693 million assuming full exercise of the over-allotment option;
- The IPO will consist of a public offering to institutional and retail investors in the Netherlands and a private placement to certain eligible institutional investors in various other jurisdictions;

The offer and subscription period commences at 09:00am CEST today (30 June 2015) and is expected to end at 14:00pm CEST on 9 July 2015. The timetable of the Offering may be accelerated or extended;

- The final offer price and the exact number of offered Shares are expected to be announced on 9 July 2015. Allocation is expected to take place on 9 July 2015. Prior to allocation, the offer price range and the number of offered Shares may be changed;
- Listing and first trading in the Shares (on an "as-if-and-when-delivered" basis) on Euronext Amsterdam under the symbol "FLOW" are expected to commence on 10 July 2015;
- The prospectus relating to the Offering as approved by the Dutch Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, the "AFM") on 29 June 2015 is available on the Flow Traders website ([www.flowtraders.com](http://www.flowtraders.com));
- The Company and the Selling Shareholders will be subject to a lock-up of 180 days, subject to certain customary carve-outs. A number of current and former employees, including the managing directors of the Company, are subject to staggered lock-ups of 365 days up to six years.

<sup>1</sup> Flow Traders Coöperatief U.A. will be converted into Flow Traders N.V. immediately after determination of the final offer price.

<sup>2</sup> Exchange Traded Products or "ETPs" are highly transparent, exchange listed passive investment vehicles that derive their value from an underlying portfolio of assets such as shares, bonds or commodities; key types of ETPs include Exchange Traded Funds ("ETFs"), Exchange Traded Commodities ("ETCs") and Exchange Traded Notes ("ETNs").

**Dennis Dijkstra**, co-CEO of Flow Traders, said:

"We are pleased to announce the launch of our IPO today. We have seen continued robust trading since the end of Q1 2015 and have completed all preparations for becoming a listed company. The level of interest we have seen in the investment community so far is very encouraging. We are excited to meet prospective investors and share with them our plans to capitalize on the expected strong growth of ETP Assets under Management and value traded in the years to come."

**Sjoerd Rietberg**, co-CEO of Flow Traders, said:

"Entrepreneurial financial technology companies are transforming and reshaping the financial sector. Modern financial markets are demanding more efficiency, greater transparency and lower costs. We started to combine innovative technology with core liquidity provision skills over a decade ago and continue to successfully improve and refine our business model. We are very proud to have become a leading global liquidity provider in ETPs and a prime example of innovation and smart technology meeting transparency and efficiency. Our model provides us with a set of strong competitive advantages in ETP liquidity provision and we are very well positioned for continued strong growth and an exciting future."

### Flow Traders highlights

- A leading, technology-enabled liquidity provider operating on a global scale that specialises in providing liquidity in ETPs, enabling market participants to buy and sell ETPs and benefit from increased liquidity and lower overall trading costs;
- Providing liquidity by quoting bid and ask prices for over 4,000 ETP listings, comprising Exchange Traded Funds ("ETFs"), Exchange Traded Notes ("ETNs") or Exchange Traded Commodities ("ETCs"), trading in over 11,000 financial instruments and with access to 94 trading venues in 32 countries. Also providing liquidity in ETPs off-exchange in over 20 countries to over 350 institutional counterparties such as banks, asset managers, pension funds, insurance companies, family offices and hedge funds;
- Market-neutral and non-directional trading, with instantaneous automated hedging, seeking to have no net exposure and no market risk;
- A regulated firm subject to regulations covering all aspects of its business and the markets in which it operates. Regulatory bodies which exercise, or may exercise, authority over Flow Traders include the AFM, the Dutch Central Bank, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission and the Monetary Authority of Singapore amongst others;
- Playing a critical role in the growth of global ETP Assets under Management ("AuM"), as both liquidity provider and authorised participant;
- Anticipated to have significant opportunities for growth from expected continued expansion in global ETP AuM from US\$2.8 trillion in 2014 to US\$6.0 trillion by 2019<sup>3</sup> (17% compound annual growth rate; "CAGR") driven by a continued secular shift to passive asset management and more transparent products as investors focus on minimising costs and maximising efficiency;
- Experiencing strong competitive advantages derived from deeply-established, central role in the ETP ecosystem built on more than a decade of liquidity provision expertise, strong ETP issuer relationships, a cutting-edge technology platform, a highly robust risk management framework and global scale enabling efficient expansion and competitive pricing in varying market circumstances;

<sup>3</sup> Source: BlackRock Global ETP Landscape, Industry Highlights, January 2015.

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- From its offices in New York, Amsterdam and Singapore, Flow Traders traded €527 billion of ETPs in 2014, generating €172.7 million in net trading income, €84.1 million in EBITDA at a 49% margin, €67.9 million in profit for the period and a free cash flow conversion of 115%;
- Strong growth with 3-year CAGRs to 2014 of 38% in net trading income, 55% in EBITDA and 57% in profit for the period while growing the value of ETPs traded at a CAGR of 55%, five times faster than the global ETP market<sup>4</sup>;
- Q1 2015 financial results demonstrate continued momentum with quarterly net trading income, EBITDA and profit for the period up 110%, 127% and 134%, respectively, year-on-year;
- Highly experienced management and team-driven culture led by co-CEOs Dennis Dijkstra and Sjoerd Rietberg, both with a proven track record of developing and executing Flow Traders' growth strategy. Strong and broad employee shareholder base with long-term commitment to the Company beyond the Offering.

### **Current trading**

Our net trading income for Q2 2015 is expected to be significantly higher than in Q2 2014 and slightly lower than in Q1 2015, consistent with market conditions and ETP trading activity. Operational costs for Q2 2015 are expected to be in line with Q1 2015 levels.

### **Dividend policy**

We intend to pay dividends annually in two instalments, with a target aggregate dividend payout ratio of at least 50% of net profits realised during the financial year. It is anticipated that the first dividend subsequent to the Offering will be payable following publication of our results for the first half of 2015. There can be no assurance that in any given year a dividend will be proposed or declared. Our free cash flow was €26.0 million, €61.7 million and €96.4 million in 2012, 2013 and 2014, respectively.

### **Governance and leadership**

Flow Traders recognizes the importance of good governance. Upon listing, the governing body will consist of a two-tier board structure with a Management Board and a Supervisory Board. The Management Board has two members, consisting of the current co-CEOs Dennis Dijkstra (Dutch) and Sjoerd Rietberg (Dutch).

The Supervisory Board has six supervisory directors: Eric Drok (Chairman, independent director, Dutch), Jan van Kuijk (vice-chairman, Dutch), Roger Hodenius (director, Dutch), Han Sikkens (director, Dutch), Olivier Bisserier (independent director, French) and Rudolf Ferscha (independent director, Austrian).

### **Rationale for the Offering**

We believe that the Offering is a logical next step in the development of Flow Traders and that the Offering and the listing of the Shares on Euronext Amsterdam will provide us with increased visibility of our business, our industry and ETPs in general. We expect this will raise our profile with institutional counterparties, regulators and talent. In addition, the Offering and the listing of the Shares on Euronext Amsterdam will enable us to accelerate our organic growth and further market penetration. We also believe that the Offering will enhance the Company's ability to access the capital markets and create liquidity for existing shareholders.

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<sup>4</sup> Source: Comparative market information.

**Further details on the Offering and timetable**

The Offering comprises of a secondary sale of up to approximately 40%<sup>5</sup> of Flow Traders' Shares held by Summit Partners, the Foundation, Avalon and Javak through a public offering to institutional and retail investors in the Netherlands and through a private placement to certain eligible institutional investors in various jurisdictions, including:

- within the United States, to persons reasonably believed to be qualified institutional buyers as defined in, and in reliance on, Rule 144A under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"); and
- outside the United States, in "offshore transactions" as defined in, and in compliance with, Regulation S under the Securities Act.

There will be no preferential allocation of offered Shares to retail investors. Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below lists certain expected key dates for the Offering.

<b>Event</b>	<b>Expected date</b>	<b>Time<sup>6</sup></b>
Start of Offer period	<b>30 June 2015</b>	09:00
End of Offer period	<b>9 July 2015</b>	14:00
Pricing	<b>9 July 2015</b>	
Allocation	<b>9 July 2015</b>	
First day of trading on Euronext Amsterdam	<b>10 July 2015</b>	09:00
Settlement (payment and delivery)	<b>14 July 2015</b>	

Summit Partners expects to grant the Joint Global Coordinators an over-allotment option, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require Summit Partners to sell to the Underwriters at the offer price up to 15% of the total number of offered Shares sold in the Offering, to cover short positions or over allotments, if any, in connection with the Offering.

The Company and Selling Shareholders have agreed to a lock-up of 180 days after the date of the closing of the Offering, subject to certain customary carve-outs. A number of current and former employees, including the managing directors of the Company, are subject to staggered lock-ups of 365 days up to six years.

Morgan Stanley and UBS are acting as Joint Global Coordinators and Joint Bookrunners for the Offering. ABN AMRO and Credit Suisse are acting as Joint Bookrunners for the Offering. N M Rothschild & Sons Limited is acting as the sole financial adviser to the Company on the Offering.

<sup>5</sup> Assuming exercise of over-allotment option.

<sup>6</sup> Amsterdam time, unless indicated otherwise.

### **Availability of the prospectus**

The Offering is being made only by means of a prospectus. Copies of the prospectus may, subject to applicable securities law restrictions, be obtained from the website of Flow Traders ([www.flowtraders.com](http://www.flowtraders.com)).

### **Earlier announcements related to the Offering**

On 18 June 2015, Flow Traders announced its intention to launch an Initial Public Offering and listing on Euronext Amsterdam. The press release, which includes further information about Flow Traders, is available on the website of Flow Traders ([www.flowtraders.com](http://www.flowtraders.com)).

### **Risk factors**

Investing in the Shares involves certain risks. A description of these risks, which include risks relating to the business of the Company and its subsidiaries (together, the "Group"), the Group's capital structure, the structure of the Group, the Shares and the Offering is included in the prospectus relating to the Offering. Any decision to purchase Shares in the Offering should be made solely on the basis of the prospectus.

**ENDS**

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**For press images:** Please visit the press section on our website [www.flowtraders.com](http://www.flowtraders.com).

### **NOTES TO EDITORS**

#### **About Flow Traders**

Flow Traders is a leading technology-enabled liquidity provider operating on a global scale that specialises in ETPs. We provide liquidity in ETP markets 24 hours a day while seeking to stay market neutral at all times and without having directional opinions. While we do not have any clients, we enable investors to buy and sell ETPs efficiently by quoting bid and ask prices. We seek to earn small amounts of money on large numbers of individual transactions based on the differences between our ETP prices and the prices of the underlying or related instruments. Investors benefit from our activities due to increased liquidity, higher execution quality and lower overall trading costs. As such, we contribute to more efficient and transparent securities markets. We provide liquidity in over 4,000 ETP listings across the globe, tracking all underlying asset classes including equities, fixed income, commodities and currencies with access to 94 exchanges in 32 countries. Flow Traders is headquartered in Amsterdam, the Netherlands, with trading offices in Asia and the US covering all time zones. For more information, please visit [www.flowtraders.com](http://www.flowtraders.com).

**Important legal information**

These materials are for information purposes only and are not intended to constitute, and should not be construed as, an offer to sell or subscribe for, or the announcement of a forthcoming offer to sell or subscribe for, or a solicitation of any offer to buy or subscribe for, or the announcement of a forthcoming solicitation of any offer to buy or subscribe for, ordinary shares in the share capital of Flow Traders N.V. (following conversion of Flow Traders Coöperatief U.A. into Flow Traders N.V., the "**Company**", and such shares, the "**Shares**") in the United States of America or in any other jurisdiction. No offer to sell or subscribe for Shares, or announcement of a forthcoming offer to sell or subscribe for Shares, or solicitation of any offer to buy or subscribe for Shares, or announcement of a forthcoming solicitation of any offer to buy or subscribe for, Shares will be made in the United States or in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction, and the distribution of this communication in jurisdictions may be similarly restricted. Persons into whose possession this communication comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the security laws of any such jurisdiction.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and may only be offered or sold in the United States of America (as defined in Regulation S under the U.S. Securities Act) if registered under the U.S. Securities Act or an exemption from such registration is available. The Company does not intend to register any portion of the contemplated offering of Shares in the United States or to conduct a public offering of Shares in the United States.

The Company has not authorised any offer to the public of Shares in any Member State of the European Economic Area, except in the Netherlands. With respect to any Member State of the European Economic Area which has implemented the Prospectus Directive other than the Netherlands (each a "**Relevant Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of Shares requiring publication of a prospectus in any Relevant Member State. As a result, the Shares may only be offered in Relevant Member States: (i) to any legal entity which is a "qualified investor" as defined in the Prospectus Directive; or (ii) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purpose of this paragraph, the expression "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the Shares to be offered so as to enable the investor to decide to exercise, purchase or subscribe for the Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU. Any such investor will also be deemed to have represented and agreed that any Shares acquired by it in the contemplated offering of Shares have not been acquired on behalf of persons other than such investor. This announcement is not an advertisement within the meaning of the Prospectus Directive and does not constitute a prospectus. The offer to acquire Shares pursuant to the proposed offering will be made, and any investor should make his investment decision, solely on the basis of information that will be contained in the prospectus to be made available in connection with such offering. When made available, copies of the prospectus may be obtained through the website of the Company.

In the United Kingdom, this document and any other materials in relation to the Shares is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "**qualified investors**" (as defined in section 86(7) of the Financial Services and Markets Act 2000) and who are (i) persons having professional experience in matters relating to investments who fall within the definition of "**investment professionals**" in Article 19(5) of the Financial Services and Markets Act 2000 ("**Financial Promotion**") Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). Persons who are not relevant persons should not take any action on the basis of this document and should not act or rely on it. No action has been taken by the Company that would permit an offer of Shares or the possession or distribution of these materials or any other offering or publicity material relating to such Shares in any jurisdiction where action for that purpose is required.

Some of the information in these materials may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company. You can identify forward-looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could," "may" or "might", the negative of such terms or other similar expressions. The Company wishes to caution you that these statements are only predictions and that actual events or results may differ materially. The Company does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Company, including, among others, general economic conditions, the competitive environment, rapid technological and market change in the industries the Company operates in, as well as many other risks specifically related to the Company and its operations.

Neither these materials nor any copy of it may be taken or transmitted, directly or indirectly, into the United States, Australia, Canada or Japan.

This communication is distributed in the Netherlands. In addition, it is distributed in any member state of the European Economic Area which applies the Prospectus Directive, but only to those persons who are qualified investors, and such other persons as this document may be addressed on legal grounds, and no person that is not a qualified investor and a relevant person may act or rely on this document or any of its contents.

The Joint Global Coordinators, the Joint Bookrunners and Rothschild are acting exclusively for the Company and no one else in connection with the Offering and will not regard any other person as their respective client in relation to the Offering and will not be

**NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES,  
AUSTRALIA, CANADA, JAPAN, OR ANY OTHER JURISDICTION IN VIOLATION OF THE RELEVANT  
APPLICABLE RULES OF SUCH JURISDICTION**

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responsible to anyone other than the Company for providing the protections afforded to their respective client or for giving advice in relation to the Offering or the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offering, each of the Joint Global Coordinators and the Joint Bookrunners or any of their respective affiliates, acting as investors for their own accounts, may subscribe for or purchase Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offering or otherwise. The Joint Global Coordinators and the Joint Bookrunners or any of their respective affiliates do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

None of the Joint Global Coordinators, the Joint Bookrunners, Rothschild or any of their respective subsidiary undertakings, affiliates or any of their respective directors, officers, employees, advisers, agents, alliance partners or any other entity or person accepts any responsibility or liability whatsoever for, or makes any representation, warranty or undertaking, express or implied, as to the truth, accuracy, completeness or fairness of the information or opinions in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

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