



## **TMX Group Limited Reports Results for the First Quarter 2013**

- Revenue of \$172.2 million in Q1/13
- Diluted earnings per share of 70 cents in Q1/13
- Adjusted diluted earnings per share of 78 cents, excluding 3 cents per share of Maple transaction and integration costs, 16 cents per share of amortization of intangible assets related to acquisitions, and 11 cents per share related to reduction in income tax expense due to recognition of deferred income tax asset
- Cash flows from operating activities of \$57.7 million in Q1/13

May 10, 2013 (TORONTO) – TMX Group Limited [TSX:X] announced results for the first quarter ended March 31, 2013.

Commenting on Q1/13, Thomas Kloet, Chief Executive Officer of TMX Group said, “Significant progress was made in the first quarter of 2013 to advance our strategic business priorities, expand our product portfolio and broaden our customer base. This activity took place against a backdrop of sustained market uncertainty, which resulted in lower new listings, financings and equity trading volumes.”

“The integration of CDS and Alpha continues to be an important focus and we are on track to achieve our stated cost synergy targets. In addition, we recently concluded the acquisition of Equity Financial’s transfer agency and corporate trust services business to both further diversify our revenue base and broaden our portfolio of listed company services. On the Information Services side of the business, along with FTSE, we recently launched FTSE TMX Global Debt Capital Markets. This provides us with the opportunity to expand our bond index business globally with one of the world’s leading index brands.”

Michael Ptasznik, Chief Financial Officer of TMX Group said, “Our revenue in Q1/13 declined by 5% from the previous quarter primarily due to a decrease in both initial and additional listing fees. The revenue reduction was somewhat offset by an increase in cash markets trading and clearing revenue. Operating expenses increased sequentially primarily due to certain items which reduced compensation and benefits expenses in Q4/12 and higher organizational transition costs in Q1/13. Our earnings per share for Q1/13 improved over Q4/12 largely due to lower Maple transaction and integration costs and a tax adjustment relating to the sale of PC-Bond.”

### **Important Information**

TMX Group completed the acquisition of TMX Group Inc. on September 14, 2012 and the acquisitions of The Canadian Depository for Securities Limited (CDS) and Alpha Trading Systems Inc. and Alpha Trading Systems Limited Partnership (collectively, Alpha) on August 1, 2012 (collectively, the Maple Transaction). The TMX Group condensed consolidated interim financial statements (the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board and include the operating results of TMX Group Inc., CDS and Alpha.

Comparative financial statements for, and as at, the quarter ended March 31, 2012 include TMX Group Limited only.

Maple Group Acquisition Corporation (Maple), as TMX Group was then named was an acquisition corporation formed solely for the purpose of pursuing the Maple Transaction. The most significant aspect of the Maple Transaction was the purchase of TMX Group Inc., which was a publicly traded company. Prior to the completion of the acquisitions of CDS and Alpha on August 1, 2012 and the initial take up of 80% of the common shares of TMX Group Inc. on July 31, 2012 under the Maple offer, Maple had no material assets and no history of earnings and had not commenced commercial operations. The approach taken in this press release is intended to provide readers with a more complete view of the operating performance of TMX Group. Therefore, TMX Group's revenue, operating expenses and net income attributable to non-controlling interests for the quarter ended March 31, 2013 are compared with TMX Group Inc. for the quarter ended March 31, 2012. Management believes that this is the most meaningful presentation for the purpose of discussion of revenue, operating expenses and net income attributable to non-controlling interests.

### **Three Months Ended March 31, 2013 Compared With Three Months Ended March 31, 2012**

The information in the chart below reflects financial information for TMX Group Limited for the three months ended March 31, 2013, including the operating results of TMX Group Inc., CDS and Alpha and their respective subsidiaries. The comparative financial information for the three months ended March 31, 2012 includes only the accounts of TMX Group Limited.

For the reasons outlined in the section above, management believes that the historical information for TMX Group Limited in this table will be of limited use to investors and other users of our financial information in evaluating the operating performance of our company for the comparative periods.

#### **Summary of Financial Information**

(in millions of dollars, except per share amounts)  
(unaudited)

|   | <b>Q1/13</b> | <b>Q1/12</b> | <b>\$ Increase</b> |
|---|--------------|--------------|--------------------|
| <i>Revenue</i>  | \$172.2      | -            | \$172.2            |
| <i>Operating expenses</i>                                       | \$112.0      | -            | \$112.0            |
| <i>Net income (loss) attributable to TMX Group shareholders</i> | \$37.8       | \$(4.4)      | \$42.2             |
| <i>Earnings/(loss) per share<sup>∇</sup>:</i>                   |              |              |                    |
| <i>Basic</i>  | \$0.70       | \$(10.85)    | \$11.55            |
| <i>Diluted</i>  | \$0.70       | \$(10.85)    | \$11.55            |
| <i>Cash flows from (used in) operating activities</i>           | \$57.7       | \$(29.7)     | \$87.4             |

<sup>∇</sup> Earnings (loss) per share information is based on net income attributable to TMX Group shareholders.

## Non-IFRS Financial Measure

Adjusted earnings per share and adjusted diluted earnings per share provided below are Non-IFRS measures and do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. We present adjusted earnings per share and adjusted diluted earnings per share to indicate operating performance exclusive of Maple Transaction costs, integration costs related to the Maple Transaction, an adjustment related to the recognition of a deferred income tax asset related to the sale of PC-Bond and the amortization of intangible assets related to acquisitions, which are adjusted because they are not indicative of underlying business performance. Management uses these measures to assess our financial performance, including our ability to generate cash, exclusive of these costs, and to enable comparability across periods.

### Adjusted Earnings per Share Reconciliation for Q1/13 and Q1/12<sup>o</sup>

The following is a reconciliation of earnings/(loss) per share to adjusted earnings per share<sup>o</sup>:

|   | Q1/13           |                 | Q1/12     |           |
|---|-----------------|-----------------|-----------|-----------|
|   | Basic           | Diluted         | Basic     | Diluted   |
| <i>Earnings/(loss) per share<sup>∇</sup></i>  | \$0.70          | \$0.70          | \$(10.85) | \$(10.85) |
| <i>Adjustment:</i>  |                 |                 |           |           |
| <i>Adjustment related to amortization of intangibles related to acquisitions</i>                        | \$0.16          | \$0.16          | -         | -         |
| <i>Adjustment related to Maple Transaction and integration related costs</i>                            | \$0.03          | \$0.03          | \$10.85   | \$10.85   |
| <i>Adjustment related to recognition of a deferred income tax asset related to the sale of PC- Bond</i> | <u>\$(0.11)</u> | <u>\$(0.11)</u> | =         | =         |
| <i>Adjusted earnings per share<sup>o</sup></i>  | <u>\$0.78</u>   | <u>\$0.78</u>   | =         | =         |

*Weighted average number of basic common shares outstanding in Q1/13 was 53,898,130*

*Weighted average number of diluted common shares outstanding in Q1/13 was 54,058,684*

*Weighted average number of basic and diluted common shares outstanding in Q1/12 was 407,141*

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<sup>o</sup> See discussion under the heading **Non-IFRS Financial Measure**.

<sup>∇</sup> Earnings (loss) per share information is based on net income attributable to TMX Group shareholders.

## Supplementary Information For Three Months Ended March 31, 2013 Compared With Three Months Ended March 31, 2012

The table below contains TMX Group Limited revenue and operating expenses, income from operations and net income attributable to non-controlling interests which include the accounts of TMX Group Limited and the operating results of TMX Group Inc. and its subsidiaries and the operating results of CDS and Alpha and their subsidiaries for the period from January 1, 2013 to March 31, 2013. In order to provide a meaningful presentation of the results of operations in this press release, we have compared TMX Group Limited consolidated revenue and operating expenses, income from operations and net income attributable to non-controlling interests for Q1/13 with TMX Group Inc. information for Q1/12. This approach is similar to how the results would be reported if TMX Group Inc. was the acquirer of CDS and Alpha.

This Q1/12 information differs from the TMX Group Limited financial statements. The TMX Group Limited financial statements reflect only the accounts of TMX Group Limited during Q1/12.

In millions of dollars) (Unaudited)

|   | TMX Group Limited<br>Q1/13 | TMX Group Inc.<br>Q1/12 <sup>◇</sup> |
|---|----------------------------|--------------------------------------|
| Revenue:  |                            |                                      |
| Issuer services   | \$ 42.7                    | \$ 50.2                              |
| Trading, clearing, depository and related<br>Information services | 75.7                       | 65.4                                 |
| Technology services and other                                     | 47.9                       | 42.8                                 |
| REPO interest:  | 5.9                        | 3.9                                  |
| Interest income   | 20.7                       | 0.8                                  |
| Interest expense  | (20.7)                     | (0.8)                                |
| Net REPO interest   | -                          | -                                    |
| Total revenue   | 172.2                      | 162.3                                |
| Operating Expenses:   |                            |                                      |
| Compensation and benefits   | 53.3                       | 40.3                                 |
| Information and trading systems                                   | 19.0                       | 14.8                                 |
| General and administration  | 21.4                       | 20.1                                 |
| Depreciation and amortization                                     | 18.3                       | 7.9                                  |
| Total operating expenses  | 112.0                      | 83.1                                 |
| Income from operations  | 60.2                       | 79.2                                 |
| Net income (loss) attributable to non-controlling interests       | (0.4)                      | 1.8                                  |

<sup>◇</sup> TMX Group Inc. results for January 1, 2012 to March 31, 2012.

## Revenue

Revenue was \$172.2 million\* in Q1/13, up \$9.9 million, or 6% compared with \$162.3 million<sup>◇</sup> in Q1/12 due to the inclusion of \$22.2 million of revenue from CDS and \$4.8 million of revenue from Alpha. The increase was partially offset by lower revenue from issuer services, cash markets trading and BOX.

## Operating Expenses

Operating expenses in Q1/13 were \$112.0 million\*, up \$28.9 million, or 35%, from \$83.1 million<sup>◇</sup> due to the additional operating expenses included from acquisitions. These included \$21.5 million of combined expenses from CDS and from Alpha. There was also an increase related to the incremental amortization of intangible assets related to TMX Group's acquisitions of TMX Group Inc., CDS and Alpha of \$9.6 million. In addition, the increase was attributable to the inclusion of incremental expenses related to Razor Risk Technologies Limited, consolidated from February 14, 2012. These increases were partially offset by lower information and trading systems costs due to operational savings and reduced projects costs, as well as lower general and administrative costs reflecting lower net BOX Market, LLC (BOX) expenses due to the establishment of the BOX Self Regulatory Organization (SRO) entity in May, 2012.

## Net Income (loss) attributable to non-controlling interests

Net income (loss) attributable to non-controlling interests represents the other BOX members' share of BOX's income or loss in the period. In Q1/13, BOX had lower revenue reflecting a reduction in volumes and market share, as well as increased amortization of intangible assets, which resulted in a loss compared with income in Q1/12. In addition, BOX revenue was higher in Q1/12 due to the inclusion of Options Regulatory Fees. Upon the establishment of the BOX SRO in May 2012, these fees charged are no longer consolidated into TMX Group results.

## Financial Statements Governance Practice

The Finance & Audit Committee of the Board of Directors of TMX Group reviewed this press release as well as the Q1/13 financial statements and related Management's Discussion and Analysis (MD&A,) and recommended they be approved by the Board of Directors. Following review by the full Board, the Q1/13 financial statements, MD&A and the contents of this press release were approved.

## Condensed Consolidated Financial Statements

Our Q1/13 financial statements are prepared in accordance with IFRS, are in compliance with IAS 34, Interim Financial Reporting, and are reported in Canadian dollars unless otherwise

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\* Includes TMX Group Limited results for January 1, 2013 to March 31, 2013.

<sup>◇</sup> TMX Group Inc. results for January 1, 2012 to March 31, 2012.

indicated. Financial measures contained in the MD&A and this press release are based on financial statements prepared in accordance with IFRS, unless otherwise specified and are in Canadian dollars unless otherwise indicated.

### **Access to Quarterly Materials**

TMX Group has filed its Q1/13 financial statements and MD&A with Canadian securities regulators. These documents may be accessed through [www.sedar.com](http://www.sedar.com), or on the TMX Group website at [www.tmx.com](http://www.tmx.com). We are not incorporating information contained on the website in this press release. In addition, copies of these documents will be available upon request, at no cost, by contacting TMX Group Investor Relations by phone at (416) 947-4277 or by e-mail at [shareholder@tmx.com](mailto:shareholder@tmx.com).

### **Caution Regarding Forward-Looking Information**

Certain information contained in this press release may constitute “forward-looking information” (as defined in applicable Canadian securities legislation) that is based on expectations, assumptions, estimates, projections and other factors that management believes to be relevant as of the date of this press release. Often, but not always, such forward-looking information can be identified by the use of forward-looking words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “targeted”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, or variations or the negatives of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved or not be taken, occur or be achieved. Forward-looking information, by its nature, requires us to make assumptions and is subject to significant risks and uncertainties which may give rise to the possibility that our expectations or conclusions will not prove to be accurate and that our assumptions may not be correct.

Examples of forward-looking information include, but are not limited to, factors relating to stock, derivatives and energy exchanges and clearing houses and the business, strategic goals and priorities, market condition, pricing, proposed technology and other initiatives, financial condition, operations and prospects of TMX Group, the intention to integrate the business of TMX Group Inc. with CDS and Alpha and the anticipated benefits and synergies from the acquisitions of CDS and Alpha which are subject to significant risks and uncertainties. These risks include: competition from other exchanges or marketplaces, including alternative trading systems and new technologies, on a national and international basis; dependence on the economy of Canada; adverse effects on our results caused by global economic uncertainties including changes in business cycles that impact our sector; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business interruption; dependence on information technology; vulnerability of our networks and third party service providers to security risks; failure to implement our strategies; regulatory constraints; risks of litigation or regulatory proceedings; dependence on adequate numbers of customers; failure to develop, market or gain acceptance of new products; currency risk; adverse effect of new business activities; not being able to meet cash requirements because of our holding company structure and restrictions on paying dividends; dependence on third party suppliers and service providers; dependence of trading operations on a small number of clients; risks associated with our clearing operations; challenges related to international expansion; restrictions on ownership of TMX Group common shares; inability to protect our intellectual property; adverse effect of a systemic market event on certain of our businesses; risks associated with the credit of customers; cost structures being largely fixed; dependence on market activity that cannot be controlled; the inability to successfully integrate TMX Group Inc.’s operations with those of Alpha and CDS including, without limitation incurring and/or experiencing unanticipated costs

and/or delays or difficulties; inability to reduce headcount, eliminate or consolidate contracts, technology, physical accommodations or other operating expenses, and the failure to realize the anticipated benefits from the acquisitions of TMX Group Inc., Alpha and CDS, including the fact that synergies are not realized in the amount or the time frame anticipated or at all; the regulatory constraints that apply to the business of TMX Group and its regulated subsidiaries, costs of on exchange clearing and depository services, trading volumes (which could be higher or lower than estimated) and revenues; future levels of revenues being lower than expected or costs being higher than expected.

The forward-looking information contained in this press release is presented for the purpose of assisting readers of this document in understanding our financial condition and results of operations and our strategies, priorities and objectives and may not be appropriate for other purposes. The forward-looking information relating to targeted cost synergies is being provided to help demonstrate the benefits of the acquisitions of CDS and Alpha, but readers are cautioned that such information may not be appropriate for other purposes. Actual results, events, performances, achievements and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this press release.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions in connection with the ability of TMX Group to successfully compete against global and regional marketplaces; business and economic conditions generally; exchange rates (including estimates of the U.S. dollar - Canadian dollar exchange rate), the level of trading and activity on markets, and particularly the level of trading in TMX Group's key products; business development and marketing and sales activity; the continued availability of financing on appropriate terms for future projects; productivity at TMX Group, as well as that of TMX Group's competitors; market competition; research & development activities; the successful introduction and client acceptance of new products; successful introduction of various technology assets and capabilities; the impact on TMX Group and its customers of various regulations; TMX Group's ongoing relations with its employees; and the extent of any labour, equipment or other disruptions at any of its operations of any significance other than any planned maintenance or similar shutdowns.

While we anticipate that subsequent events and developments may cause our views to change, we have no intention to update this forward-looking information, except as required by applicable securities law. This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this press release. We have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. A description of the above-mentioned items is contained under the heading **Risks and Uncertainties in the 2012 Annual MD&A**.

## **About TMX Group (TSX-X)**

TMX Group's key subsidiaries operate cash and derivative markets and clearinghouses for multiple asset classes including equities, fixed income and energy. Toronto Stock Exchange, TSX Venture Exchange, TMX Select, Alpha Group, The Canadian Depository for Securities, Montreal Exchange, Canadian Derivatives Clearing Corporation, Natural Gas Exchange, BOX Options Exchange, Shorcan, Shorcan Energy Brokers, Equicom and other TMX Group companies provide listing markets, trading markets, clearing facilities, depository services, data products and other services to the global financial community. TMX Group is headquartered in Toronto and operates offices across Canada (Montreal, Calgary and Vancouver), in key U.S. markets (New York, Houston, Boston and Chicago) as well as in London, Beijing and Sydney. For more information about TMX Group, visit our website at [www.tmx.com](http://www.tmx.com). Follow TMX Group on Twitter at <http://twitter.com/tmxgroup>.

## **Teleconference / Audio Webcast**

TMX Group will host a teleconference / audio webcast to discuss the financial results for Q1/13.

Time: 8:00 a.m. - 9:00 a.m. EDT on Friday, May 10, 2013.

To teleconference participants: Please call the following number at least 15 minutes prior to the start of the event.

The audio webcast of the conference call will also be available on TMX Group's website at [www.tmx.com](http://www.tmx.com), under Investor Relations.

Teleconference Number: 647-427-7450 or 1-888-231-8191

Audio Replay: 416-849-0833 or 1-855-859-2056

The passcode for the replay is 34369784.

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