

News Release

9 February 2023

SGX Group reports 1H FY2023 net profit of S\$237 million

1H FY2023 Financial Summary

	1H FY2023	1H FY2023 Adjusted*
Revenue	S\$571 million, up 10%	
EBITDA	S\$334 million, up 9% ¹	S\$334 million, up 8% ¹
Net profit attributable to equity holders of the company (NPAT)	S\$285 million, up 30%	S\$237 million, up 7%
Earnings per share (EPS)	26.6 cents	22.2 cents
Interim quarterly dividend per share	8.0 cents, comparable	

* Adjusted EBITDA, NPAT and EPS exclude certain non-cash and non-recurring items that have less bearing on SGX's operating performance. Hence, they better reflect the group's underlying performance. Adjusted figures are non-SFRS(I) measures. Please refer to Section 7 of our financial results for reconciliations between the adjusted and their equivalent measures.

All figures are for the year except for figures in brackets, which are for the year earlier unless otherwise stated. Figures may be subject to rounding.

Singapore Exchange (SGX Group) today reported 1H FY2023 adjusted net profit of S\$236.8 million (S\$221.8 million). Total revenue increased 10% to S\$571.4 million (S\$521.6 million).

Adjusted EBITDA rose to S\$334.1 million (S\$309.6 million), while adjusted earnings per share climbed to 22.2 cents (20.7 cents).

The Board of Directors has declared an interim quarterly dividend of 8.0 cents (8.0 cents) per share, payable on 24 February 2023. This brings total dividends in 1H FY2023 to 16.0 cents (16.0 cents) per share.

Loh Boon Chye, Chief Executive Officer of SGX Group, said, "We are pleased to deliver a set of financial results that underscores SGX Group's relevance to global investors. Our derivatives business² has continued to outperform with a 28% year-on-year increase in revenue, driven by broad-based gains across asset classes and record volumes in key contracts. Notably for Commodities, we accelerated the financialisation of iron ore and expanded our service offering."

Mr. Loh said, "No matter the macroeconomic conditions, investors need to invest and hedge – our multi-asset offering is well-placed to support them with liquid and efficient access to Asian opportunities. We will continue to ramp up our client coverage in the U.S. and Europe to capture the

¹ EBITDA and Adjusted EBITDA for 1H FY2022 was S\$306.0 million and S\$309.6 million respectively. 1H FY2023 EBITDA and Adjusted EBITDA increased 9% and 8% against a year ago respectively.

² SGX's derivatives business comprise listed equities, currencies and commodities futures and options, including associated treasury income. Derivatives contributed 44% to Group revenues in 1H FY2023.

uptake in activity, especially on the back of China's reopening. On the securities and fundraising front, we are optimistic that activity will rebound as economic sentiments improve."

Results Summary

Fixed Income, Currencies and Commodities (FICC)

FICC revenue – comprising **Fixed Income** as well as **Currencies and Commodities – Derivatives** revenues – increased 35% to S\$154.3 million (S\$114.0 million) and accounted for 27% (22%) of total revenue.

Fixed Income revenue decreased 35% to S\$4.3 million (S\$6.6 million).

- Listing revenue: S\$2.6 million, down 48% from S\$4.9 million
- Corporate actions and other revenue: S\$1.7 million, comparable

There were 449 (492) bond listings with amounts issued of S\$104.3 billion (S\$209.4 billion).

Currencies and Commodities revenue increased 40% to S\$150.0 million (S\$107.4 million), accounting for 26% (21%) of total revenue. OTC FX³ revenue was S\$36.2 million (S\$22.2 million), of which MaxxTrader contributed S\$11.8 million.

- Trading and clearing revenue: S\$108.7 million, up 29% from S\$84.2 million
- Treasury and other revenue: S\$41.3 million, up 78% from S\$23.2 million

Trading and clearing revenue grew mainly due to increased volumes in commodity and currency derivatives and higher contribution from OTC FX.

Commodity derivatives volumes increased 38% to 19.4 million contracts (14.1 million contracts), while currency derivatives volumes increased 48% to 18.6 million contracts (12.6 million contracts). OTC FX average daily volume (ADV) increased 34% to US\$68.4 billion (US\$50.9 billion).

Treasury and other revenue increased mainly due to higher yield on margin balances and the consolidation of license, hosting and market data revenue from MaxxTrader.

During the period under review, we also expanded our CurrencyNode offering with the launch of non-deliverable forwards. Our OTC FX business, which contributed 6% of Group revenue in 1H FY2023, remains on track to achieving an ADV of US\$100 billion in the medium term.

Equities

Equities revenue – comprising **Equities – Cash** as well as **Equities – Derivatives** revenues – increased 3% to S\$344.7 million (S\$334.5 million), accounting for 60% (64%) of total revenue.

Equities – Cash revenue declined by 10% to S\$171.2 million (S\$190.7 million), accounting for 30% (37%) of total revenue.

- Listing revenue: S\$15.1 million, down 13% from S\$17.2 million
- Corporate actions and other revenue: S\$14.1 million, up 7% from S\$13.2 million

³ OTC FX comprised BidFX and CurrencyNode in 1H FY2022; BidFX, MaxxTrader and CurrencyNode in 1H FY2023

- Trading and clearing revenue: S\$89.6 million, down 11% from S\$100.8 million
- Securities settlement and depository management revenue: S\$48.9 million, down 12% from S\$55.8 million
- Treasury and other revenue: S\$3.5 million, down 5% from S\$3.7 million

There were 4 (6) new equity listings which raised S\$9.7 million (S\$1.3 billion). Secondary equity funds raised were S\$2.4 billion (S\$4.4 billion).

Daily average traded value (DAV) and total traded value declined 7% and 8% to S\$1.1 billion (S\$1.2 billion) and S\$138.1 billion (S\$150.4 billion), respectively. This was made up of Cash Equities⁴, where total traded value decreased by 9% to S\$131.6 billion (S\$144.7 billion), and Other Products⁵, where traded value increased 14% to S\$6.5 billion (S\$5.7 billion). There were 127 (129) trading days in the first half of FY2023.

Overall average clearing fees decreased 3% to 2.53 basis points (2.60 basis points). Average clearing fees for Cash Equities decreased 2% to 2.61 basis points (2.66 basis points) due to higher proportion of market maker participation. Average clearing fee for Other Products decreased 25% to 0.82 basis points (1.09 basis points) due to a higher proportion of lower yielding daily leverage certificates in 1H FY2023. Overall turnover velocity for the first half of FY2023 was 37% (39%).

Securities settlement and depository management revenue decreased mainly due to lower Delivery-Versus-Payment guarantee fees and settlement instructions volume.

Equities – Derivatives revenue increased 21% to S\$173.5 million (S\$143.8 million), accounting for 30% (28%) of total revenue.

- Trading and clearing revenue: S\$145.4 million, up 11% from S\$131.3 million
- Treasury and other revenue: S\$28.1 million, up 126% from S\$12.5 million

Trading and clearing revenue increased mainly due to higher average fees from SGX Nifty 50 Index futures and SGX FTSE China A50 Index futures contracts.

Treasury and other revenue increased mainly from higher treasury income, which rose primarily due to higher net yield.

Average fee per contract for Equity, Currency and Commodity derivatives was higher at S\$1.58 (S\$1.50) mainly due to an increase in proportion of higher fee-paying customers for SGX FTSE China A50 Index futures and higher fees realised from SGX Nifty 50 Index futures.

Data, Connectivity and Indices

Data, Connectivity and Indices revenue dipped 1% to S\$72.5 million (S\$73.1 million), accounting for 13% (14%) of total revenue.

- Market data and Indices revenue: S\$38.0 million, down 8% from S\$41.4 million
- Connectivity revenue: S\$34.5 million, up 9% from S\$31.8 million

⁴ Cash Equities include ordinary shares, real-estate investment trusts and business trusts

⁵ Other Products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities and American depository receipts

Market data and indices revenue decreased 8% mainly due to lower revenue from our index business. Connectivity revenue increased 9% mainly due to an increase in subscription of our co-location services.

Total expenses increased 10% to S\$287.4 million (S\$262.1 million). Excluding MaxxTrader, total expenses increased 6%.

Operating expenses increased 10% to S\$237.4 million (S\$215.6 million) mainly from higher staff costs, technology expenses and royalties. Average headcount for the half-year was 1,102 (980), including 96 staff from MaxxTrader.

Depreciation and amortisation increased 8% to S\$50.0 million (S\$46.5 million) mainly from the acquisition of MaxxTrader and enhancements to systems.

Adjusted total expenses increased 11% to S\$279.9 million (S\$252.1 million), which excludes amortisation of purchased intangibles, acquisition-related expenses, and other one-off items.

Adjusted net profit increased 7% to S\$236.8 million (S\$221.8 million), which excludes non-cash items such as a S\$27.0 million fair value gain from our investment in 7RIDGE fund⁶, a S\$14.9 million writeback of earn-out contingent consideration for MaxxTrader and a S\$10.0 million recognition of our investment in Climate Impact X (CIX).

Total capital expenditure was S\$17.8 million (S\$16.5 million). These investments include the setup of OTC FX infrastructure, and upgrades to our Titan OTC trade reporting system.

While our guidance for FY2023 expenses and capital expenditure remain unchanged, barring unforeseen risks, we expect full year expense growth and capital expenditure to be at the lower end of our earlier guidance of 7-9% increase and S\$70-75 million, respectively.

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⁶ Closed-end fund managed by 7RIDGE, that acquired global trading software provider Trading Technologies

Financial Highlights

<i>\$ million, except where indicated</i>	1H FY2023	1H FY2022	Change 1H FY2023 vs 1H FY2022
Key income statement figures			
Fixed Income, Currencies and Commodities	154.3	114.0	35%
Equities	344.7	334.5	3%
Data, Connectivity and Indices	72.5	73.1	-1%
Operating revenue	571.4	521.6	10%
Operating expenses	237.4	215.6	10%
Earnings before interest, tax, depreciation and amortisation	334.1	306.0	9%
Depreciation and amortisation	50.0	46.5	8%
Operating profit	284.1	259.5	9%
Non-operating gains	61.2	9.6	NM
Profit before tax and share of results of associated companies and joint ventures	345.3	269.1	28%
Share of results of associated companies and joint ventures, net of tax	(10.3)	(6.0)	71%
Profit before tax	335.0	263.2	27%
Tax	(50.4)	(44.2)	14%
Profit after tax	284.6	219.0	30%
Profit attributable to equity holders - reported	284.6	218.7	30%
Earnings per share (in cents)	26.6	20.4	30%
Dividends per share (in cents)	16.0	16.0	-
Key financial indicators			
EBITDA margin	58.5%	58.7%	
Operating profit margin	49.7%	49.8%	
Net profit margin	49.8%	41.9%	

Note: SGX's financial year is from 1 July to 30 June. Some numbers may be subject to rounding.

NM: Not meaningful

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About Singapore Exchange (SGX Group)

SGX Group seeks to serve as the world's most trusted and efficient international marketplace, operating equity, fixed income, currency and commodity markets to the highest regulatory standards. As one ecosystem with global relevance and influence, we offer multiple growth avenues to our stakeholders through listing, trading, clearing, settlement, depository, data and index services. We are committed to lead on climate action by developing a world-class transition financing and trading hub through SGX FIRST (Future in Reshaping Sustainability Together), our multi-asset sustainability platform. Headquartered in AAA-rated Singapore, we are globally recognised for our risk-management and clearing capabilities. Find out more at www.sgxgroup.com.

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