

## News Release

17 August 2023

# SGX Group reports FY2023 net profit of S\$503 million

## FY2023 Financial Summary

|   | FY2023                      | FY2023 Adjusted*           |
|---|-----------------------------|----------------------------|
| Revenue   | S\$1,194.4 million, up 8.7% |                            |
| EBITDA  | S\$687.9 million, up 8.5%   | S\$688.6 million, up 8.0%  |
| Net profit attributable to equity holders of the company (NPAT) | S\$570.9 million, up 26.5%  | S\$503.2 million, up 10.3% |
| Earnings per share (EPS)  | 53.4 cents                  | 47.1 cents                 |
| Proposed final quarterly dividend per share                     | 8.5 cents, up 0.5 cents     |                            |

\* Adjusted EBITDA, NPAT and EPS exclude certain non-cash and non-recurring items that have less bearing on SGX Group's operating performance. Hence, they better reflect the group's underlying performance. Adjusted figures are non-SFRS(I) measures. Please refer to Section 8 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 FY2023 adjusted net profit of S\$503.2 million, up 10.3% from the previous year (S\$456.4 million). Total revenue increased 8.7% to S\$1,194.4 million (S\$1,099.0 million), mainly driven by derivatives<sup>1</sup> revenue which increased 27.2%.

Adjusted EBITDA was S\$688.6 million (S\$637.8 million), while adjusted earnings per share was 47.1 cents (42.7 cents).

The Board of Directors has proposed a final quarterly dividend of 8.5 cents (8.0 cents) per share, payable on 20 October 2023, for approval at the forthcoming annual general meeting. If approved, this will bring total dividends in FY2023 to 32.5 cents (32.0 cents) per share. Barring unforeseen circumstances, the annualised dividend will be 34.0 cents per share, an increase of 6.3%.

Loh Boon Chye, Chief Executive Officer of SGX Group, said, "Our financial performance continues to demonstrate the strength and resilience of our multi-asset business in a challenging macro environment. Global investors are increasingly turning to our trusted international marketplaces to invest and manage portfolio risk, with our revenue growth primarily driven by our derivatives business."

<sup>1</sup> Derivatives revenue includes Equities Derivatives, Currencies and Commodities futures and options trading and clearing revenue and associated treasury income. Total treasury income grew by S\$88.9 million.

“Our currencies and commodities franchises have grown substantially, achieving record volumes while we cemented our foothold as the preferred venue for Asian equity derivatives. With the positive momentum in our OTC FX business, we expect to achieve our goal of US\$100 billion average daily volume by FY2025 or earlier. While the unprecedented rapid tightening of monetary policies around the world has impacted capital-raising activities globally and in Singapore, we are optimistic that our pipeline of listings will come to market when conditions improve,” Mr. Loh said.

Commenting on the outlook for FY2024, Mr. Loh said, “We are advancing from a position of strength as Asia’s leading global exchange. To pursue further growth, we will scale our multi-asset offerings globally through our network, partnerships and geographical expansion of client coverage. Asia is at the centre of global economic growth, and SGX Group is at the heart of international capital flows to this part of the world. We remain on track to achieve high-single-digit revenue growth, and are aiming to reward our shareholders with a mid-single-digit percentage increase in our dividend per share over the medium term.”

## Results Summary

### Fixed Income, Currencies and Commodities (FICC)

**FICC** revenue – comprising **Fixed Income** as well as **Currencies and Commodities** revenues – increased 33.8% to S\$338.2 million (S\$252.7 million), accounting for 28.3% (23.0%) of total revenue.

**Fixed Income** revenue declined 31.8% to S\$8.3 million (S\$12.2 million).

- Listing revenue: S\$5.1 million, down 41.2% from S\$8.7 million
- Corporate actions and other revenue: S\$3.2 million, down 8.0% from S\$3.5 million

There were 918 (1,179) bond listings with amounts issued of S\$243.4 billion (S\$429.6 billion) a year earlier.

**Currencies and Commodities** revenue increased 37.1% to S\$329.9 million (S\$240.6 million), accounting for 27.6% (21.9%) of total revenue. OTC FX<sup>2</sup> revenue increased 29.2% to S\$75.4 million (S\$58.4 million).

- Trading and clearing revenue: S\$227.1 million, up 23.5% from S\$183.9 million
- Treasury and other revenue: S\$102.8 million, up 81.3% from S\$56.7 million

Trading and clearing revenue grew S\$43.2 million, mainly due to increased volumes in commodity and currency derivatives, primarily from iron ore futures and USD/CNH FX futures, as well as higher contribution from OTC FX.

Commodity derivatives volume increased 35.4% to 41.0 million contracts (30.3 million contracts), while currency derivatives volume increased 28.7% to 36.7 million contracts (28.5 million contracts). OTC FX average daily volume (ADV) increased 7.3% to US\$75.8 billion (US\$70.6 billion).

The increase in Treasury and other revenue was driven mainly by higher treasury income and the full-year consolidation of MaxxTrader.

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<sup>2</sup> OTC FX comprised BidFX, MaxxTrader and SGX CurrencyNode in 2H FY2022 and FY2023, but only BidFX and SGX CurrencyNode for 1H FY2022, as MaxxTrader was acquired in January 2022.

## **Equities**

**Equities** revenue – comprising **Equities – Cash** as well as **Equities – Derivatives** revenues – increased 1.5% to S\$709.2 million (S\$698.9 million), accounting for 59.4% (63.6%) of total revenue.

**Equities – Cash** revenue decreased 10.9% to S\$346.1 million (S\$388.4 million), accounting for 29.0% (35.3%) of total revenue.

- Listing revenue: S\$30.9 million, down 11.0% from S\$34.8 million
- Trading and clearing revenue: S\$175.4 million, down 16.4% from S\$209.7 million
- Securities settlement, depository management, corporate action, treasury and others<sup>3</sup>: S\$139.8 million, down 2.9% from S\$144.0 million

There were 8 (17) new equity listings in FY2023, raising S\$37.6 million (S\$1.9 billion). Secondary equity funds raised were S\$4.8 billion (S\$5.7 billion).

Daily average traded value (DAV) declined 13.4% to S\$1.1 billion (S\$1.3 billion), while total traded value declined 14.1% to S\$275.5 billion (S\$320.8 billion). This was made up of Cash Equities<sup>4</sup>, where traded value decreased 14.5% to S\$263.2 billion (S\$308.0 billion), and Other Products<sup>5</sup>, where traded value declined 4.1% to S\$12.2 billion (S\$12.7 billion). There were 250 (252) trading days in the year.

Overall average clearing fees for equities decreased 0.07 basis point to 2.49 basis points (2.56 basis points). Average clearing fees for Cash Equities declined 0.05 basis point to 2.57 basis points (2.62 basis points) due to higher participation from active traders and market makers. Average clearing fee for Other Products decreased 0.21 basis point to 0.78 basis point (0.99 basis point) due to a change in product mix. Overall turnover velocity for FY2023 was 37.0% (42.0%).

The decline in securities settlement, depository management, treasury and other revenue was mainly due to lower settlement instructions volume.

**Equities – Derivatives** revenue increased 17.0% to S\$363.1 million (S\$310.4 million), accounting for 30.4% (28.2%) of total revenue.

- Trading and clearing revenue: comparable at S\$281.6 million
- Treasury and other revenue: S\$81.5 million, up from S\$28.6 million

Trading and clearing revenue was impacted by a decline in trading volumes, partially offset by higher average fees in key equity derivatives contracts.

The increase in Treasury and other revenue was driven mainly by higher treasury income.

Average fee per contract for Equity, Currency and Commodity derivatives was higher at S\$1.61 (S\$1.51) mainly due to an increase in the proportion of higher fee-paying customers for SGX FTSE China A50 Index futures and Nifty 50 Index futures, coupled with strong volume growth in Iron Ore.

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<sup>3</sup> Includes DVP guarantee fees and membership fees.

<sup>4</sup> Cash Equities include ordinary shares, real-estate investment trusts and business trusts.

<sup>5</sup> Other Products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities and depository receipts.

## **Data, Connectivity and Indices**

**Data, Connectivity and Indices** revenue was comparable at S\$147.1 million (S\$147.4 million), accounting for 12.3% (13.4%) of total revenue.

- Market data and Indices revenue: S\$78.0 million, down 5.9% from S\$82.9 million
- Connectivity revenue: S\$69.0 million, up 7.0% from S\$64.5 million

Market data and indices revenue declined mainly due to lower revenue from our index business.

Connectivity revenue increased mainly due to upselling of connectivity services to existing clients and the introduction of new GIFT Connect-related co-location and network services.

## **Expenses Overview**

Total expenses increased 7.7% to S\$604.9 million (S\$561.6 million) mainly due to higher staff costs, technology expenses, royalties and other expenses. The additional six months of expenses from MaxxTrader as a result of the full-year consolidation contributed 2.2 percentage points to the increase.

Adjusted total expenses increased 8.4% to S\$589.2 million (S\$543.8 million), which excludes amortisation of purchased intangibles, acquisition-related expenses and other one-off items.

Total capital expenditure was S\$59.4 million (S\$54.6 million). These investments include enhancements to our OTC FX business infrastructure, EMC system refresh, upgrades to our Titan OTC trade reporting system and consolidation of our office spaces.

Capital expenditure in FY2024 will be higher at a range of S\$75-80 million. This is in part due to the deferral of about S\$8 million in capital expenditure planned for FY2023 to FY2024. The planned capital expenditure is to support the growth of our OTC FX business, enhancements to our system architecture and consolidation of our office spaces.

Total expenses for FY2024 are expected to increase at a slower pace compared with previous years. Even as we continue to drive the growth of our OTC FX business, we expect to maintain cost discipline to ensure expense growth is in the mid-single-digit percentage range in FY2024. Our medium-term guidance of mid-single-digit percentage range growth for expenses remains unchanged.

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## Financial Highlights

| <i>\$ million, except where indicated</i>  | FY2023         | FY2022         | Change<br>FY2023 vs FY2022 |
|--|----------------|----------------|----------------------------|
| <b>Key income statement figures</b>  |                |                |                            |
| Fixed Income, Currencies and Commodities   | 338.2          | 252.7          | 33.8%                      |
| Equities   | 709.2          | 698.9          | 1.5%                       |
| Data, Connectivity and Indices   | 147.1          | 147.4          | (0.3%)                     |
| <b>Operating revenue</b>   | <b>1,194.4</b> | <b>1,099.0</b> | <b>8.7%</b>                |
| Operating expenses   | 506.5          | 464.9          | 8.9%                       |
| <b>Earnings before interest, tax, depreciation and amortisation</b>                      | <b>687.9</b>   | <b>634.1</b>   | <b>8.5%</b>                |
| Depreciation and amortisation  | 98.3           | 96.7           | 1.7%                       |
| <b>Operating profit</b>  | <b>589.5</b>   | <b>537.4</b>   | <b>9.7%</b>                |
| Non-operating items  | 99.8           | 17.7           | NM                         |
| <b>Profit before tax and share of results of associated companies and joint ventures</b> | <b>689.4</b>   | <b>555.1</b>   | <b>24.2%</b>               |
| Share of results of associated companies and joint ventures, net of tax                  | (15.6)         | (10.5)         | 47.7%                      |
| <b>Profit before tax</b>   | <b>673.8</b>   | <b>544.6</b>   | <b>23.7%</b>               |
| Tax  | (103.3)        | (92.7)         | 11.4%                      |
| <b>Net profit after tax</b>  | <b>570.6</b>   | <b>451.9</b>   | <b>26.3%</b>               |
| <b>Net profit attributable to equity holders - reported</b>                              | <b>570.9</b>   | <b>451.4</b>   | <b>26.5%</b>               |
| Earnings per share (in cents)  | 53.4           | 42.2           | 26.5%                      |
| Dividend per share (in cents)  | 32.5           | 32.0           | 1.6%                       |
| <b>Key financial indicators</b>  |                |                |                            |
| Revenue growth   | 8.7%           | 4.1%           |                            |
| EBITDA margin  | 57.6%          | 57.7%          |                            |
| Operating profit margin  | 49.4%          | 48.9%          |                            |
| Net profit margin  | 47.8%          | 41.1%          |                            |

Note: SGX Group'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](http://www.sgxgroup.com).

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