

News Release

1 February 2024

SGX Group reports 1H FY2024 net profit of S\$251 million

1H FY2024 Financial Summary

	1H FY2024	1H FY2024 Adjusted*
Revenue	S\$592.2 million, up 3.6%	
EBITDA	S\$344.6 million, up 3.2%	S\$344.6 million, up 3.2%
Net profit attributable to equity holders of the company (NPAT)	S\$281.6 million, down 1.0%	S\$251.4 million, up 6.2%
Earnings per share (EPS)	26.3 cents	23.5 cents
Interim 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'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.

The presentation of revenue in our 1H FY2024 income statement has been revised to the following four operating segments – Fixed Income, Currencies and Commodities; Equities – Cash; Equities – Derivatives; and Platform and Others¹. 1H FY2023 revenue has been reclassified to the four operating segments for a like-for-like comparison against 1H FY2024.

Singapore Exchange (SGX Group) today reported 1H FY2024 adjusted net profit of S\$251.4 million (S\$236.8 million). Adjusted EBITDA rose to S\$344.6 million (S\$334.1 million), while adjusted earnings per share increased to 23.5 cents (22.2 cents).

Revenue increased 3.6% to S\$592.2 million (S\$571.4 million), mainly driven by higher revenues from Currencies and Commodities² and Platform and Others, partially offset by lower Equities – Cash² and Equities – Derivatives² revenue.

The Board of Directors has declared an interim quarterly dividend of 8.5 cents (8.0 cents) per share, payable on 20 February 2024. This brings total dividends in 1H FY2024 to 17.0 cents (16.0 cents) per share.

Loh Boon Chye, Chief Executive Officer of SGX Group, said, "Our multi-asset offering continued to serve our customers well in a persistently challenging macro environment. Our currency and commodity derivatives business has been a growing contributor to revenue, and our OTC FX

¹ Please refer to Section 20(b) of our financial results for full disclosure on the restatement to presentation of income statement and segment information.

² Includes associated treasury income. Total treasury income grew by S\$20.2 million.

franchise is making good progress with average daily volume consistently reaching US\$100 billion in recent months.”

“The year ahead could see muted global economic growth and geopolitical concerns that may affect market sentiment and risk appetite. Nonetheless, the resilience of our multi-asset strategy as well as healthy financial position and discipline will enable us to capitalise on conditions across cycles. To drive growth, we will focus on expanding our solutions to capture opportunities in Asia, grow our emerging products and further strengthen our global distribution and network,” added Mr. Loh.

Results Summary

Fixed Income, Currencies and Commodities (FICC)

FICC revenue increased 28.1% to S\$151.9 million (S\$118.5 million) and accounted for 25.6% (20.7%) of total revenue³.

FICC – Fixed Income

Fixed Income revenue decreased 8.4% to S\$3.9 million (S\$4.3 million).

- Listing revenue: S\$2.5 million, down 1.4% from S\$2.6 million
- Corporate actions and other revenue: S\$1.4 million, down 19.1% from S\$1.7 million

There were 489 bond listings raising S\$131.7 billion, compared with 449 bond listings raising S\$104.3 billion a year earlier.

FICC – Currencies and Commodities

Currencies and Commodities revenue increased 29.5% to S\$148.0 million (S\$114.3 million). OTC FX revenue was S\$40.9 million (S\$36.2 million) and accounted for 27.7% (31.7%) of Currencies and Commodities revenue.

- Trading and clearing revenue: S\$111.3 million, up 25.3% from S\$88.8 million
- Treasury and other revenue: S\$36.7 million, up 44.3% from S\$25.4 million

Trading and clearing revenue grew by S\$22.4 million, mainly from increased volumes in commodity derivatives and OTC FX transactions.

Commodity derivatives volumes increased 48.3% to 28.7 million contracts (19.4 million contracts), primarily due to higher volumes in iron ore derivatives.

Currency derivatives volumes increased 23.8% to 23.0 million contracts (18.6 million contracts) mainly from higher volumes in our USD/CNH FX futures.

OTC FX average daily volume (ADV) increased 46.4% to US\$100.1 billion (US\$68.4 billion).

Treasury and other revenue increased mainly due to higher average yields on margin deposits, partially offset by a decrease in margin balances.

³ As a result of the new presentation format, the main change in the FICC segment is the reclassification of revenue streams from EMC and Baltic Exchange to Platform and Others.

Equities – Cash

Equities – Cash revenue declined by 5.6% to S\$159.6 million (S\$169.1 million) and accounted for 26.9% (29.6%) of total revenue.

- Listing revenue: S\$14.6 million, down 3.3% from S\$15.1 million
- Trading and clearing revenue: S\$77.2 million, down 13.9% from S\$89.6 million
- Securities settlement, depository management, corporate actions and other revenue: S\$67.9 million, up 5.3% from S\$64.5 million

We recorded 4 (4) new equity listings, which raised S\$19.0 million (S\$9.7 million). Secondary equity funds raised were S\$0.6 billion (S\$2.4 billion).

Daily average traded value (DAV) and total traded value declined 11.5% and 12.2% to S\$1.0 billion (S\$1.1 billion) and S\$121.2 billion (S\$138.1 billion) respectively. This was made up of Cash Equities⁴, where total traded value decreased by 11.9% to S\$116.0 billion (S\$131.6 billion), and Other Products⁵, where traded value decreased 19.5% to S\$5.2 billion (S\$6.5 billion). There were 126 (127) trading days in the first half of FY2024.

Overall average clearing fees decreased 2.1% to 2.47 basis points (2.53 basis points). Average clearing fees for Cash Equities decreased 2.3% to 2.55 basis points (2.61 basis points) due to a higher proportion of market maker participation. Average clearing fee for Other Products decreased 3.6% to 0.79 basis points (0.82 basis points) due to a higher proportion of lower yielding daily leverage certificates in 1H FY24. Overall turnover velocity for the first half of FY2024 was 34% (37%).

The increase in securities settlement, depository management, corporate action and other revenue was mainly due to higher interest income from handling of corporate actions, partially offset by lower number of settlement instructions.

Equities – Derivatives

Equities – Derivatives revenue declined 6.9% to S\$160.7 million (S\$172.6 million) and accounted for 27.1% (30.2%) of total revenue.

- Trading and clearing revenue: S\$123.2 million, down 15.3% from S\$145.4 million
- Treasury and other revenue: S\$37.5 million, up 37.7% from S\$27.2 million

The decline in trading and clearing revenue was due to a 14.0% decline in total equity derivatives volumes, mainly from declines in volumes of GIFT Nifty and FTSE China A50 index futures contracts. Excluding Nifty, trading and clearing revenue decreased 5.1%.

Treasury and other revenue increased mainly due to higher average yields on margin deposits, partially offset by a decrease in margin balances.

Average fee per contract for Equity, Currency and Commodity derivatives was lower at S\$1.54 (S\$1.58) mainly driven by a decline in the average fee of Nifty 50 index futures, due to reclass of NSE

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.

fee arrangement from expense to revenue as part of GIFT Connect. On a pro forma basis⁶, 1H FY2024 average fee per contract remained comparable at S\$1.54 (S\$1.53) from a year ago.

Platform and Others

Platform and Others revenue increased 8.0% to S\$120.1 million (S\$111.2 million) and accounted for 20.3% (19.5%) of total revenue.

- Market data revenue: S\$24.2 million, up 9.9% from S\$22.0 million
- Connectivity revenue: S\$38.5 million, up 8.7% from S\$35.4 million
- Indices and other revenue⁷: S\$57.4 million, up 6.8% from S\$53.8 million

The increase in Market data revenue was driven by higher revenue realised from Securities and Derivatives Market Direct Feed subscribers, as well as growth in distribution of Commodities data.

The increase in Connectivity revenue was mainly due to higher revenue from co-location subscribers.

Indices and other revenue increased mainly from higher revenue contribution from EMC and Indices.

Expenses Overview

Total expenses increased 3.0% to S\$296.1 million (S\$287.4 million), mainly from higher staff costs and technology costs, offset by lower royalties and professional fees.

Adjusted total expenses increased 3.5% to S\$289.7 million (S\$279.9 million), which excludes amortisation of purchased intangible assets.

Total capital expenditure was S\$18.5 million (S\$17.8 million). These investments include upgrades to our Titan OTC trade reporting system, modernisation of our technology infrastructure and consolidation of our office spaces.

We are cautious on the near-term outlook as prospects for global growth appear muted. Rising geopolitical tensions and divergence in economic performance are likely to add to the headwinds and uncertainties that we are facing. As such, we will remain prudent in managing our expenses and capital expenditure.

Expense growth in FY2024 is likely to be similar to the 3% year-on-year expense growth rate observed in the first half of FY2024, lower than the previously guided mid-single digit percentage range. Our projected capital expenditure for FY2024 is anticipated to be within S\$70-75 million, lower than our previously guided S\$75-80 million range.

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⁶ Under the fee arrangement with the National Stock Exchange of India (NSE) that commenced on 1 July 2023 (GIFT Connect), royalties expense for GIFT Nifty no longer applies; and the fee payable to NSE is netted-off against Equities – Derivatives Trading & Clearing revenue. 1H FY2023 average fee per contract has been adjusted on this basis for a like-for-like comparison.

⁷ Includes revenues from Scientific Beta, Index Edge, EMC and Baltic Exchange, as well as membership-related fees.

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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