

News Release

18 August 2022

SGX Group reports FY2022 net profit of S\$456 million

FY2022 Financial Summary

	FY2022	FY2022 Adjusted*
Revenue	S\$1,099 million, up 4%	
EBITDA	S\$634 million, up 1%	S\$638 million, up 2%
Net profit attributable to equity holders of the company (NPAT)	S\$451 million, up 1%	S\$456 million, up 2%
Earnings per share (EPS)	42.2 cents	42.7 cents
Proposed final 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 Group's operating performance. Hence, they better reflect SGX 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. Some figures may be subject to rounding.

Singapore Exchange (SGX Group) today reported FY2022 adjusted net profit of S\$456.4 million (S\$446.9 million). Total revenue increased 4% to S\$1,099.0 million (S\$1,056.0 million) – the highest ever since listing. Excluding treasury income¹, total revenue grew 7% to S\$1,049.5 million (S\$981.4 million).

Adjusted EBITDA was S\$637.8 million (S\$623.9 million) while adjusted earnings per share stood at 42.7 cents (41.8 cents).

The Board of Directors has proposed a final quarterly dividend of 8.0 cents (8.0 cents) per share, payable on 21 October 2022, for approval at the forthcoming annual general meeting. If approved, this brings total dividends in FY2022 to 32.0 cents (32.0 cents) per share.

Loh Boon Chye, Chief Executive Officer of SGX Group, said, "Our record-high revenue was driven by higher derivatives volumes across equities, currencies and commodities, as our global customers increasingly used our multi-asset platform to navigate market uncertainties. Our fixed income, currencies and commodities (FICC) business remains a key growth engine and is expected to deliver mid-teens percentage revenue growth in the medium term."

¹ Treasury income on cash and non-cash collateral balances including associated currency hedging impact

With the acquisition of MaxxTrader in January 2022, coupled with contributions from BidFX, OTC FX average daily volume (ADV) grew 64% year-on-year in FY2022 to US\$70.6 billion and is on track to achieve an ADV of US\$100 billion in the medium term. The OTC FX pillar² now contributes 5% of SGX Group's total revenue.

Commenting on the outlook for FY2023, Mr Loh said, "We will build on this momentum to scale our already significant standing in commodity and FX futures. As portfolio management needs evolve, we are sharpening our equities product suite to stay at the forefront of global investing trends. With our expanded global network and connectivity, we are well-positioned to capitalise on capital market opportunities when conditions are more conducive."

With increasing risks in the global economy, portfolio risk management activity is expected to rise in tandem. Notwithstanding these risks, SGX Group maintains its medium-term revenue growth expectation of a high single-digit percentage range. Treasury income has bottomed out following interest rate hikes by major central banks and is poised to recover in FY2023.

Results Summary

Fixed Income, Currencies and Commodities (FICC)

FICC revenue – comprising **Fixed Income** as well as **Currencies and Commodities** revenues – increased 19% to S\$252.7 million (S\$211.8 million), accounting for 23% (20%) of total revenue.

Fixed Income revenue declined by 18% to S\$12.2 million (S\$14.9 million).

- Listing revenue: S\$8.7 million, down 24% from S\$11.5 million
- Corporate actions and other revenue: S\$3.5 million, up 2% from S\$3.4 million

There were 1,179 (795) bond listings with amounts issued of S\$429.6 billion (S\$389.1 billion) a year earlier.

Currencies and Commodities revenue increased 22% to S\$240.6 million (S\$196.9 million), accounting for 22% (19%) of total revenue. Excluding MaxxTrader, Currencies and Commodities revenue would have increased by 16%. OTC FX revenue was S\$58.4 million, an increase of 47% from S\$39.7 million a year ago.

- Trading and clearing revenue: S\$183.9 million, up 21% from S\$152.6 million
- Treasury and other revenue: S\$56.7 million, up 28% from S\$44.3 million

Trading and clearing revenue grew mainly due to increased volumes in commodity and currency derivatives and higher contribution from OTC FX, which includes the acquisition of MaxxTrader in January 2022.

Commodity derivatives volumes increased 21% to 30.3 million contracts (25.1 million contracts), while currency derivatives volume increased 10% to 28.5 million contracts (25.8 million contracts). OTC FX average daily volume (ADV) increased 64% to US\$70.6 billion (US\$43.1 billion).

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

² OTC FX comprised only BidFX in FY2021; BidFX, MaxxTrader and Electronic Communication Network (ECN) in FY2022

Equities

Equities revenue – comprising **Equities – Cash** as well as **Equities – Derivatives** revenues – was comparable at S\$698.9 million (S\$701.1 million), accounting for 64% (66%) of total revenue.

Equities – Cash revenue dipped 6% to S\$388.4 million (S\$412.7 million), accounting for 35% (39%) of total revenue.

- Listing revenue: comparable at S\$34.8 million (S\$34.5 million)
- Corporate actions and other revenue: S\$28.1 million, down 14% from S\$32.5 million
- Trading and clearing revenue: S\$209.7 million, down 9% from S\$230.2 million
- Securities settlement and depository management revenue: S\$108.3 million, up 2% from S\$106.6 million
- Treasury and other revenue: S\$7.6 million, down 14% from S\$8.8 million

There were 17 (11) new equity listings in FY2022, raising S\$1.9 billion (S\$1.0 billion). Secondary equity funds raised were S\$5.7 billion (S\$16.9 billion).

Daily average traded value (DAV) and total traded value declined 6% to S\$1.27 billion (S\$1.35 billion) and S\$320.8 billion (S\$340.1 billion) respectively. This was made up of Cash Equities³, where total traded value decreased by 6% to S\$308.1 billion (S\$329.1 billion), and Other Products⁴, where traded value increased 16% to S\$12.7 billion (S\$11.0 billion). There were 252 (252) trading days in the year.

Overall average clearing fees declined 5% to 2.56 basis points (2.68 basis points). Average clearing fees for Cash Equities decreased 4% to 2.62 basis points (2.73 basis points) due to higher participation from market makers. Average clearing fee for Other Products decreased 6% to 0.99 basis points (1.06 basis points) due to a change in product mix. Overall turnover velocity for FY2022 was 42% (48%).

Securities settlement and depository management revenue increased mainly from higher accounts maintenance fees due to the growth in the number of sub accounts.

Equities – Derivatives revenue increased 8% to S\$310.4 million (S\$288.4 million), accounting for 28% (27%) of total revenue.

- Trading and clearing revenue: S\$281.9 million, up 22% from S\$230.9 million
- Treasury and other revenue: S\$28.6 million, down 50% from S\$57.5 million

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

Treasury and other revenue decreased mainly from lower treasury income, which declined primarily due to lower net yield.

Average fee per contract for Equity, Currency and Commodity derivatives was higher at S\$1.51 (S\$1.34) mainly due to higher fees realised from SGX FTSE China A50 Index futures and SGX Nifty 50 Index futures.

³ Cash Equities include ordinary shares, real-estate investment trusts and business trusts

⁴ Other Products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities and American depository receipts

Data, Connectivity and Indices

Data, Connectivity and Indices revenue increased 3% to S\$147.4 million (S\$143.1 million), accounting for 13% (14%) of total revenue.

- Market data and Indices revenue: S\$82.9 million, up 3% from S\$80.6 million
- Connectivity revenue: S\$64.5 million, up 3% from S\$62.5 million

Market data and indices revenue increased 3% mainly due to an increase in data subscription. Connectivity revenue increased 3% mainly due to an increase in subscription to our co-location services.

Total expenses increased 7% to S\$561.6 million (S\$525.2 million). Excluding MaxxTrader and one-off government job support scheme, total expenses increased by 3%.

Operating expenses increased 8% to S\$464.9 million (S\$430.7 million) mainly from higher staff costs, technology expenses and royalties. Excluding OTC FX and Scientific Beta, operating expenses would have increased 6% to S\$403.0 million (S\$381.9 million). The average headcount for the year was 1,064 (970), including 90 staff from MaxxTrader.

Depreciation and amortisation increased 2% to S\$96.7 million (S\$94.5 million) mainly from OTC FX.

Adjusted total expenses, which exclude amortisation of purchased intangibles, acquisition-related expenses and other one-off items, increased 6% to S\$543.8 million (S\$513.6 million).

Total capital expenditure in FY2022 was S\$54.6 million (S\$51.1 million). These investments were mainly for the setup of infrastructures for Gujarat International Finance Tec-City (GIFT) Connect and BidFX, and upgrades to the Titan OTC trade reporting system.

As we execute our growth plans, we will continue to invest in maintaining the resilience of our platforms. Total expenses in FY2023 are anticipated to grow in the 7-9% range, of which two percentage points is due to the full-year impact of MaxxTrader consolidation. The increase will mainly be from building our OTC FX business, wage adjustments due to cost inflation, and hiring activities that were deferred in FY2022.

Capital expenditure in FY2023 is expected to increase to S\$70-75 million and will likely remain at similar levels in the medium term as we embark on major system upgrades.

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Financial Highlights

<i>\$ million, except where indicated</i>	FY2022	FY2021	Change FY2022 vs FY2021
Key income statement figures			
Fixed Income, Currencies and Commodities	252.7	211.8	19%
Equities	698.9	701.1	-
Data, Connectivity and Indices	147.4	143.1	3%
Operating revenue	1,099.0	1,056.0	4%
Operating expenses	464.9	430.7	8%
Earnings before interest, tax, depreciation and amortisation	634.1	625.2	1%
Depreciation and amortisation	96.7	94.5	2%
Operating profit	537.4	530.7	1%
Non-operating gains	17.7	10.0	76%
Profit before tax and share of results of associated companies and joint ventures	555.1	540.8	3%
Share of results of associated companies and joint ventures, net of tax	(10.5)	(4.3)	NM
Profit before tax	544.6	536.5	2%
Tax	(92.7)	(90.7)	2%
Profit after tax	451.9	445.8	1%
Profit attributable to equity holders - reported	451.4	445.4	1%
Earnings per share (in cents)	42.2	41.6	1%
Dividend per share (in cents)	32.0	32.0	-
Key financial indicators			
Revenue growth	4%	-	
EBITDA margin	58%	59%	
Operating profit margin	49%	50%	
Net profit margin	40%	42%	

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)

We are Asia's leading and trusted securities and derivatives market infrastructure, operating equity, fixed income, currency and commodity markets to the highest regulatory standards. We also operate a multi-asset sustainability platform, SGX FIRST or Future in Reshaping Sustainability Together (sgx.com/first).

We are committed to facilitating economic growth in a sustainable manner leveraging our roles as a key player in the ecosystem, a business, regulator and listed company. With climate action as a key priority, we aim to be a leading sustainable and transition financing and trading hub offering trusted, quality, end-to-end products and solutions.

As Asia's most international, multi-asset exchange, we provide listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and over 80% of listed bonds originating outside of Singapore. We are the world's most liquid international market for the benchmark equity indices of China, India, Japan and ASEAN. In foreign exchange, we are Asia's leading marketplace and most comprehensive service provider for global FX over-the-counter and futures participants. Headquartered in AAA-rated Singapore, we are globally recognised for our risk management and clearing capabilities. For more information, please visit www.sgx.com.

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