

News Release

8 August 2024

SGX Group reports FY2024 net profit of S\$525.9 million

FY2024 Financial Summary

	FY2024	FY2024 Adjusted*
Revenue	S\$1,231.7 million, up 3.1%	
EBITDA	S\$702.2 million, up 2.1%	S\$711.6 million, up 3.3%
Net profit attributable to equity holders of the company (NPAT)	S\$597.9 million, up 4.7%	S\$525.9 million, up 4.5%
Earnings per share (EPS)	55.9 cents	49.2 cents
Proposed final quarterly dividend per share	9.0 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.

The presentation of revenue has been revised in FY2024 to the following four operating segments – Fixed Income, Currencies and Commodities; Equities – Cash; Equities – Derivatives; and Platform and Others. FY2023 revenue has been reclassified to the four operating segments for a like-for-like comparison against FY2024¹.

Singapore Exchange (SGX Group) today reported FY2024 adjusted net profit of S\$525.9 million, 4.5% higher from the previous year (S\$503.2 million). Adjusted EBITDA was up at S\$711.6 million (S\$688.6 million), while adjusted earnings per share was 49.2 cents (47.1 cents).

Revenue increased 3.1% to S\$1,231.7 million (S\$1,194.4 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 proposed a final quarterly dividend of 9.0 cents (8.5 cents) per share, payable on 25 October 2024, for approval at the forthcoming annual general meeting. If approved, this represents an annualised increase of 5.9%.

¹ Please refer to Section 21(b) of our financial results for further disclosure on the restatement to the presentation of income statement and segment information.

² Includes associated treasury income.

Loh Boon Chye, Chief Executive Officer of SGX Group, said, “Our multi-asset strategy has yielded positive results over the years and will remain our core differentiator. Revenue growth in FY2024 was led by strong volumes in our currencies and commodities businesses as we expanded our customer base and drove higher activity. Our currencies and commodities franchises are on a healthy growth momentum with volumes doubling over the last three years.”

“Our equities businesses showed stronger activity in the second half of the financial year, with equity derivatives daily average volume and securities daily average value increasing 11% and 21% half-on-half respectively. We are pushing ahead with our efforts to increase market participation, product development and adoption, as well as cross-border connectivity. At the same time, we will work closely with the Review Group set up by the Monetary Authority of Singapore to recommend measures to strengthen equities market development in Singapore,” added Mr. Loh.

Our Fixed Income, Currencies and Commodities (FICC) segment has delivered more than 20% CAGR in the last three years³. Commodities daily average volume (DAV) grew 50% to about 240,000 contracts in FY2024, driven mainly by broadening participation in our iron ore futures contracts during the overnight T+1 session. Looking ahead, the next phase of growth for commodities will be anchored on synergies between our ferrous and freight offering.

Our OTC FX average daily volume well surpassed our target with a 47% increase to reach US\$111 billion in FY2024, while our currency futures DAV grew 36% to about 204,000 contracts. Our OTC FX business is projected to contribute mid-to-high single digit percent of Group EBITDA in the medium term, compared to around 3% of Group EBITDA in FY2024.

In the medium term, we aim to grow Group revenue (excluding treasury income) between 6-8% CAGR. This will be driven mainly by low to mid-teens percentage growth in our OTC FX and exchange traded derivatives businesses. We expect to achieve positive operating leverage as group expense growth⁴ is expected to be in the low to mid-single digit percentage CAGR in the medium term.

Results Summary

Fixed Income, Currencies and Commodities (FICC)

FICC revenue increased 22.3% to S\$322.5 million (S\$263.6 million) and accounted for 26.2% (22.1%) of total revenue⁵.

FICC – Fixed Income

Fixed Income revenue remained comparable at S\$8.5 million (S\$8.3 million).

- Listing revenue: S\$5.7 million, up 12.0% from S\$5.1 million
- Corporate actions and other revenue: S\$2.8 million, down 12.0% from S\$3.2 million

There were 1,015 bond listings raising S\$296.3 billion, compared to 918 bond listings raising S\$243.4 billion a year earlier.

³ CAGR computed based on FY2024 FICC revenue including EMC and Baltic Exchange for a like-for-like comparison to FY2021.

⁴ Excluding transaction-based expenses i.e. processing and royalties.

⁵ The main change in the FICC segment in the new presentation format is the reclassification of revenue streams from EMC and Baltic Exchange to Platform and Others.

FICC – Currencies and Commodities

Currencies and Commodities revenue increased 23.0% to S\$314.0 million (S\$255.3million).

- Trading and clearing revenue: S\$238.3 million, up 28.5% from S\$185.4 million
- Treasury and other revenue: S\$75.7 million, up 8.3% from S\$69.9 million

Trading and clearing revenue grew by S\$52.9 million, mainly from increased volumes in commodity derivatives and OTC FX transactions.

Commodity derivatives volumes increased 50.2% to 61.5 million contracts (41.0 million contracts), mainly due to higher volumes in iron ore derivatives.

Currency derivatives volumes increased 34.2% to 49.2 million contracts (36.7 million contracts), mainly due to higher volumes in USD/CNH FX futures contracts.

OTC FX headline average daily volume (ADV) increased 46.6% to US\$111.1 billion (US\$75.8 billion) due to an increase in swaps activities.

Equities – Cash

Equities – Cash revenue declined by 2.1% to S\$334.9 million (S\$342.1 million) and accounted for 27.2% (28.6%) of total revenue.

- Listing revenue: S\$29.7 million, down 3.9% from S\$30.9 million
- Trading and clearing revenue: S\$168.1 million, down 4.1% from S\$175.4 million
- Securities settlement, depository management, corporate actions and other revenue: S\$137.1 million, up 1.0% from S\$135.7 million

We recorded 7 (8) new equity listings which raised S\$117.0 million (S\$37.6 million). Secondary equity funds raised were S\$1.2 billion (S\$4.8 billion).

Securities daily average traded value (SDAV) declined 3.9% to S\$1.06 billion (S\$1.10 billion) and total securities traded value declined 4.2% to S\$263.7 billion (S\$275.5 billion). This was made up of Cash Equities⁶, where traded value decreased by 3.8% to S\$253.2 billion (S\$263.2 billion), and Other Products⁷, where traded value decreased 13.9% to S\$10.5 billion (S\$12.2 billion). There were 249 (250) trading days in FY2024.

Overall average clearing fees remained comparable at 2.49 basis points (bps) (2.49 bps). Turnover velocity (primary-listed) was 37.5% (37.4%).

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

⁶ Cash Equities include ordinary shares, real-estate investment trusts and business trusts.

⁷ Other Products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities and American depository receipts.

Equities – Derivatives

Equities – Derivatives revenue declined 7.5% to S\$334.0 million (S\$361.3 million) and accounted for 27.1% (30.2%) of total revenue.

- Trading and clearing revenue: S\$256.1 million, down 9.0% from S\$281.6 million
- Treasury and other revenue: S\$77.9 million, down 2.2% from S\$79.7 million

The decline in trading and clearing revenue was driven by a 7.7% decline in total equity derivatives volumes, mainly from declines in volumes of our GIFT Nifty, FTSE China A50 and Nikkei 225 index futures contracts, partially offset by higher volumes of our FTSE Taiwan index futures contracts. Excluding Nifty, trading and clearing revenue increased 0.5%.

Average Fees

Average fee per contract for Equity, Currency and Commodity derivatives was 4.3% lower at S\$1.54 (S\$1.61) mainly driven by decline in average fee of our GIFT Nifty index futures contracts, due to the reclassification of NSE fee arrangement from expense to revenue as part of GIFT Connect. On a pro forma basis, FY2024 average fee per contract declined at a lower rate of 1.1% to S\$1.54 (S\$1.56).

Platform and Others

Platform and Others revenue increased 5.6% to S\$240.2 million (S\$227.4 million) and accounted for 19.5% (19.0%) of total revenue.

- Market data revenue: S\$47.9 million, up 9.0% from S\$44.0 million
- Connectivity revenue: S\$77.2 million, up 9.0% from S\$70.8 million
- Indices and other revenue⁸: S\$115.1 million, up 2.2% from S\$112.6 million

The increase in Market data revenue was mainly driven by repricing and increase in number of data licence subscribers.

The increase in Connectivity revenue was mainly due to repricing and higher number of subscription of our co-location services.

Indices and other revenue increased mainly due to higher revenue contribution from Index Edge, Baltic Exchange and EMC, partially offset by decline in revenue from Scientific Beta.

Expenses Overview

Total expenses increased 3.4% to S\$625.3 million (S\$604.9 million), mainly from higher staff costs and one-time provision to fund initiatives targeted at improving the vibrancy of the Securities Market, offset by lower processing and royalties and professional fees.

Adjusted total expenses increased 2.5% to S\$604.0 million (S\$589.3 million), excluding the one-time provision, amortisation of purchased intangible assets, and others.

⁸ Includes revenues from Scientific Beta, Index Edge, EMC and Baltic Exchange, as well as membership-related fees.

We have been prudent in managing our cost base even as we invested for growth, particularly in the OTC FX business. Our Group expenses have grown in line with our medium-term guidance of mid-single digit percentage CAGR over the past three years.

We expect FY2025 expenses (excluding transaction-based expenses, i.e. processing and royalties) to grow 2-4% year-on-year. This will be achieved by measured pace of headcount growth, improving operational efficiency and realising savings from the completion of the migration of our OTC FX data centre.

Non-operating Items

Non-operating items were higher at S\$117.1 million (S\$99.8 million), driven largely by fair value gain from our investment in 7Ridge and higher net interest income, partially offset by higher impairment losses.

Capital Expenditure Overview

Total capital expenditure was S\$66.0 million (S\$59.4 million). These investments include modernisation of our technology infrastructure and consolidation of our office spaces.

FY2025 capital expenditure is expected to be S\$70-75 million as we invest in the modernisation of our securities system and infrastructure upgrade. Beyond FY2025, capital expenditure is expected to further increase due to continued investments into the modernisation of our exchange trading and clearing platforms, and data centre. Over the next cycle, capital expenditure is anticipated to remain below the historical average of 7% of Group revenue.

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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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