

Q1/23: Deutsche Börse Group starts the 2023 financial year with further significant growth

Overview of quarterly results

- Net revenue rose in the first quarter of 2023 by 16 per cent to €1,231 million and EBITDA by 12 per cent to €772 million.
- Strong net revenue growth is due partly to secular growth of 7 per cent and also to cyclical effects of 9 per cent.
- Net profit for the period attributable to Deutsche Börse AG shareholders totalled €473 million, up 12 per cent on the same quarter of the previous year. Earnings per share before purchase price allocations came to €2.70, which represents an increase of 13 per cent.
- In view of the performance in the first quarter of 2023 and the outlook for the remainder of the year, we currently expect that we will be at the upper end of our forecast for 2023, or even slightly exceed it if the strong cyclical tailwinds continue.

Overview of material events

[Deutsche Börse Group announced](#) that Clearstream, the global post-trading services provider, has created a new bank in Luxembourg dedicated to serving institutional fund investors: Clearstream Fund Centre S.A. The new entity operates under a commercial banking licence obtained in the first quarter, in Luxembourg. It will be an important cornerstone of Deutsche Börse's and Clearstream's Fund Services, the business segment which provides fund execution, distribution and data management.

Results of operations

In the first quarter of 2023, the financial markets focused on the monetary policy measures taken by central banks in both Europe and the US in response to persistently high inflation rates. The US central bank increased its target range for the federal funds rate in two stages to 4.75–5.00 per cent, and in the same period the European Central Bank raised its deposit rate to 3.00 per cent, also in two steps. Net interest income from banking business rose significantly in the Securities Services segment as a result. Trading activity in interest rate derivatives also continued to pick up, leading to higher trading volumes. Market volatility, as measured by the VSTOXX, fell by a third on average compared with the same quarter of last year. However, the insolvency of some US banks in mid-March and the development on the Swiss banking market did cause a tangible increase in uncertainty among market participants. Fears that these events could lead to a banking crisis drove demand for hedging, particularly by means of equity index derivatives, which caused a significant short-term increase in trading volumes in the Trading & Clearing segment.

Against this backdrop, net revenue in the first quarter of 2023 rose by 16 per cent to €1,231.2 million (Q1/22: €1,061.6 million). Net revenue in the first quarter of last year in the Securities Services segment included a gain of €49 million from the sale of the stake in REGIS-TR. New customers and market share gains, as well as ongoing demand for innovative products and ESG solutions, remained key factors behind the secular growth in the first quarter. This amounted to 7 per cent. Net revenue growth resulting from cyclical effects was 9 per cent. The main drivers were net interest income from banking business, on the one hand, as well as greater market uncertainty towards the end of the quarter, which resulted in higher trading volumes and margin fees.

In the Securities Services segment, €29 million of the net interest income from banking business associated with assets under sanctions held by Clearstream was segregated, of which €14 million was attributable to prior periods. In the course of separating the Clearstream fund business, the relevant portion of the net interest income from banking business of €11 million was reclassified from Securities Services to Fund Services (Other). At the same time, the separation resulted in a transfer of net revenue of €4 million from Fund Services to Securities Services (Custody, Settlement and Other).

Operating costs rose in the first quarter to €452.7 million (Q1/22: €406.7 million). The increase of 11 per cent is due primarily to inflationary effects, higher staff costs as result of a larger workforce, and IT investments, amongst others in cloud computing projects.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 12 per cent to €772.1 million (Q1/22: €687.4 million). This includes net income from financial investments of €–6.4 million (Q1/22: €32.5 million). The decline is due largely to the higher market valuation of the Illuminate fintech fund in the previous year, since market valuations fell slightly in the first quarter of 2023.

Depreciation, amortisation and impairment losses came to €88.3 million (Q1/22: €84.4 million). The effects of purchase price allocations for acquisitions saw a slight increase in Q1/2023 whilst the same period of the previous year included a one-off impairment loss of some €7 million. The financial result of €–9.1 million (Q1/22: €–8.8 million) mainly consists of interest expenses for outstanding corporate bonds.

Net profit of the period attributable to Deutsche Börse AG shareholders for the first quarter of 2023 was therefore €473.3 million (Q1/22: €420.8 million), which represents an increase of 12 per cent over the same quarter of the previous year. Earnings per share came to €2.58 (Q1/22: €2.29) for an average of 183.7 million shares. Earnings per share before the effect of purchase price allocations (cash EPS) were €2.70 (Q1/22: €2.40).

Gregor Pottmeyer, Chief Financial Officer of Deutsche Börse AG, commented on the results as follows: "Trading volumes performed very strong in the first quarter of 2023 and were above our expectations. The factors affecting net interest income were also very positive. Even more important, however, is our continuous and dependable secular growth in this quarter. We therefore now expect that we will be at the upper end of our forecast for the current financial year, or even slightly above it, if the strong cyclical tailwinds continue."

Risk report

[On pages 60 to 87 of its Annual Report 2022](#), Deutsche Börse Group comprehensively outlines the framework, strategy, principles, organisation, processes, methods and concepts behind its risk management, as well as measures it implements to manage or reduce risks. A detailed description of the status of current litigation can be found in the [Annual Report 2022 on pages 236 to 239](#).

In view of the ongoing Russian war of aggression against Ukraine, the measures taken as well as sanctions implemented remain in place. The Group continues to actively manage this risk through constant monitoring and awareness training.

With regard to litigation, the following changes occurred in the first quarter of 2023:

As informed by the competent court on 28 March 2023, the lawsuit served on Clearstream Banking AG on 24 January 2022, naming Clearstream Banking AG and two other parties as jointly and severally liable defendants for damages in the amount of around €216 million (plus interest) and for a declaration of the defendants' liability for future damages, was withdrawn by the plaintiff.

A US court on 22 March 2023 in the so-called Peterson II case ([see Annual Report of 2022, page 236 et seq.](#)) awarded judgment to creditors of Iran for turnover of approximately USD 1.7 billion that are attributed to the Iranian central bank ("Bank Markazi") and held in custody at Clearstream Banking S.A. in Luxembourg in a client account. After careful analysis of the legal situation and consideration of all relevant factors, Clearstream Banking S.A. appealed against the decision on 21 April 2023.

Clearstream Banking S.A., after comprehensive legal consultation and within the scope of its potential courses of action, will weigh all relevant interests and responsibilities as to how to deal with the assets at issue while complying with Clearstream Banking S.A.'s legal and regulatory obligations. The decision of 22 March 2023 does not cause any material change to the overall risk that would require Clearstream Banking S.A. or Deutsche Börse AG to make provisions in this context.

Furthermore, the Executive Board has not identified any material change in the Group's risk position at the present time.

Report on expected developments

In view of the performance in the first quarter of 2023 and the outlook for the remainder of the year, we currently expect that we will be at the upper end of our forecast for 2023, or might even slightly exceed it, if the strong cyclical tailwinds continue. [The forecast in the Annual Report 2022](#) was for net revenue in the forecast period in a range from €4.5–4.7 billion and earnings before interest, taxes, depreciation and amortisation (EBITDA) of €2.6–2.8 billion.

Report on post-balance sheet date events

There have been no material events after the balance sheet date.

Consolidated income statement

	First Quarter		
	01 Jan - 31 Mar		
	2023	2022	Change
	€m	€m	%
Sales revenue	1,250.0	1,187.6	5
Treasury result from banking and similar business	226.9	60.3	276
Other operating income	4.5	56.2	-92
Total revenue	1,481.4	1,304.1	14
Volume-related costs	-250.2	-242.5	3
Net revenue (total revenue less volume-related costs)	1,231.2	1,061.6	16
Staff costs	-317.1	-285.3	11
Other operating expense	-135.6	-121.4	12
Operating costs	-452.7	-406.7	11
Result from financial investments	-6.4	32.5	-120
Earnings before interest, tax, depreciation and amortisation (EBITDA)	772.1	687.4	12
Depreciation, amortisation and impairment losses	-88.3	-84.4	5
Earnings before interest and tax (EBIT)	683.8	603.0	13
Financial result	-9.1	-8.8	3
Earnings before tax (EBT)	674.7	594.2	14
Income tax expense	-181.4	-154.6	17
Net profit for the period	493.3	439.6	12
thereof attributable to Deutsche Börse AG shareholders	473.3	420.8	12
thereof attributable to non-controlling interests	20.0	18.8	6
Earning per share (basic) (€)	2.58	2.29	13
Earning per share before purchase price allocations (Cash EPS) (€)	2.70	2.40	13

Key indicators Data & Analytics segment

	First quarter 01 Jan - 31 Mar		
	2023 €m	2022 €m	Change %
Net revenue	156.7	145.0	8
Index	50.5	49.3	2
Analytics	19.9	16.8	18
ESG	56.9	51.1	11
Other	29.4	27.8	6
Operating costs	-103.8	-88.9	17
EBITDA	52.7	54.5	-3

Key indicators Trading & Clearing segment

	First quarter 01 Jan - 31 Mar		
	2023 €m	2022 €m	Change %
Net revenue	607.8	556.2	9
Financial derivatives	357.6	315.0	14
Equities	148.8	148.4	0
Interest rates	114.2	90.8	26
Margin fees	28.2	21.2	33
Other	66.4	54.6	22
Commodities	138.0	112.5	23
Power	57.5	53.6	7
Gas	27.1	19.6	38
Other	53.4	39.3	36
Cash equities	77.8	97.5	-20
Trading	36.5	54.8	-33
Other	41.3	42.7	-3
Foreign exchange	34.4	31.2	10
Operating costs	-208.8	-197.8	6
EBITDA	394.1	393.1	0

Key indicators Fund Services segment

	First quarter 01 Jan - 31 Mar		
	2023 €m	2022 €m	Change %
Net revenue	106.1	92.5	15
Fund processing	51.6	54.0	-4
Fund distribution	21.4	21.0	2
Other	33.1 ¹⁾	17.5	89
Operating costs	-46.3	-31.7	46
EBITDA	59.3	60.7	-2

1) €11 million net interest income from banking business was reclassified from Securities Services in the course of separating the Clearstream fund business.

Key indicators Securities Services segment

	First quarter 01 Jan - 31 Mar		
	2023 €m	2022 €m	Change %
Net revenue	360.6	267.9	35
Custody	154.5	139.8	11
Settlement	29.4	30.8	-5
Net interest income from banking business	140.8 ¹⁾	18.6	657
Other	35.9	78.7	-54
Operating costs	-93.8	-88.3	6
EBITDA	266.0	179.1	49

1) In the Securities Services segment, €29 million of the net interest income from banking business was booked as assets under sanctions held by Clearstream.

Consolidated balance sheet (extract)

	31 Mar 2023 €m	31 Dec 2022 €m
ASSETS		
Non-current assets		
Intangible assets	8,520.9	8,610.0
Property, plant and equipment	608.8	631.2
Financial instruments held by central counterparties	10,871.7	9,078.4
Other non-current assets	2,650.2	2,438.8
Total non-current assets	22,651.5	20,758.4
CURRENT ASSETS		
Restricted bank balances	59,190.9	93,538.3
Financial instruments held by central counterparties	166,461.1	129,932.8
Other current assets	27,482.0	24,879.4
Total current assets	253,133.9	248,350.5
Total assets	275,785.5	269,108.8
EQUITY AND LIABILITIES		
EQUITY		
Shareholders' equity	8,782.8	8,471.8
Non-controlling interests	649.4	589.1
Total equity	9,432.2	9,060.9
NON-CURRENT LIABILITIES		
Financial instruments held by central counterparties	10,871.7	9,078.4
Other non-current liabilities	5,075.1	5,105.5
Total non-current liabilities	15,946.9	14,183.9
CURRENT LIABILITIES		
Cash deposits by market participants	58,922.5	93,283.1
Financial instruments held by central counterparties	166,011.1	129,568.8
Other current liabilities	25,472.8	23,012.1
Total current liabilities	250,406.4	245,864.0
Total equity and liabilities	275,785.5	269,108.8

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