

# Q3/2023: Deutsche Börse Group reports further growth and completes takeover of SimCorp

## Overview of quarterly results

- Our Group's net revenue rose by 9 per cent in the third quarter to €1,188.3 million (Q3/2022: €1,090.2 million).
- Earnings before interest, tax, depreciation and amortisation (EBITDA) went up to €684.8 million (Q3/2022: €642.3 million), an increase of 7 per cent (excl. one-offs: 13 per cent).
- Net income for the period attributable to Deutsche Börse AG shareholders came to €400.3 million (Q3/2022: €373.3 million). Earnings per share rose by 6 per cent (excl. one-offs: 20 per cent) and came to €2.16 (Q3/2022: €2.03).
- The SimCorp shareholders accepted our takeover offer by a large majority (94 per cent).
- We will acquire the remaining SimCorp shares in the course of a squeeze-out. The SimCorp shares are planned to be delisted from Nasdaq Copenhagen on 30 October 2023.
- In view of the performance to date and the additional contribution from SimCorp in the fourth quarter, we are again increasing our guidance for net revenue of around €5.0 billion and EBITDA of around €2.9 billion for the full year.

## Overview of material events

On 22 September 2023 Deutsche Börse announced the final tender result of the public takeover for SimCorp A/S (SimCorp). Including open market purchases, Deutsche Börse now holds 94 per cent of all SimCorp shares (excluding SimCorp's treasury shares).

Following the successful closing of the SimCorp public takeover on 29 September 2023 Deutsche Börse exercised its right to initiate a compulsory acquisition of all SimCorp shares held by the remaining minority shareholders.

On 28 September 2023 Deutsche Börse AG successfully placed three corporate bonds for €3.0 billion in total to finance the acquisition of SimCorp. The bonds have maturities of three to ten years and pay interest of 3.75 per cent and 3.875 per cent p.a.

## Comparability of figures

### Changes in the basis of consolidation

SimCorp and its subsidiaries have been fully consolidated in Deutsche Börse Group since 29 September 2023. The SimCorp business will form part of the new Investment Management Solutions segment from

the fourth quarter of 2023 onwards, where the activities of the former Data & Analytics segment are also reported. For reasons of materiality, its income and expenses were not included in the consolidated income statement for the third quarter of 2023.

## Results of operations

Market participants focused on developments in the key economic indicators in the third quarter. A decline in inflation in the US markets raised hopes that the cycle of interest rate increases would come to an end soon, which reinforced the risk appetite. Meanwhile gloomier economic prospects in Europe, combined with further interest rate hikes, meant that financing conditions were generally difficult. The ECB increased its deposit rate by 25 basis points in July and again in September, to 4.0 per cent. At its July meeting, the US central bank, the Federal Reserve, increased its target range for the federal funds rate to 5.25–5.50 per cent. Although cash deposits were slightly lower, this caused a significant increase in net interest income in our Securities Services segment. Market uncertainty decreased tangibly overall. The VSTOXX volatility index was down by an average of 35 per cent compared with the same quarter last year. Trading volumes declined accordingly, as did the corresponding net revenue from financial derivatives and cash equities. Volatility on power and gas markets also fell compared with the same quarter last year, which gave market participants more room for manoeuvre. In the prior-year quarter, the US dollar reached parity with the euro and so provided a slight uplift, particularly in the Data & Analytics segment, where a large portion of revenue is denominated in US dollars. This year the US dollar weakened somewhat.

Against this backdrop, our net revenue in the third quarter rose by 9 per cent to €1,188.3 million (Q3/2022: €1,090.2 million). The key drivers were secular growth and significantly higher net interest income than in the same quarter last year. Secular growth stemmed, in particular, from the repo business in the Trading & Clearing segment as well as contract renewals with existing clients in the Data & Analytics segment.

The cyclical growth was due to a significant increase in net interest income as a result of higher interest rates. It more than compensated for the cyclical headwinds in the cash equities and financial derivatives businesses, where lower volatility reduced trading revenues and margin income.

Operating costs came to €504.9 million in the reporting period (Q3/2022: €445.6 million), an increase of 13 per cent. The organic cost increase accounted for 5 per cent. In addition to the increase in the headcount, costs were driven mainly by inflation. Transaction costs of €18 million were incurred in connection with the acquisition of SimCorp and cost to achieve of €19 million to tap the synergy potential in the newly created Investment Management Solutions segment. Along with those of the former Data & Analytics segment, the SimCorp activities will be reported here from the fourth quarter onwards.

Our earnings before interest, tax, depreciation and amortisation (EBITDA) went up as a result by 7 per cent (excl. one-offs: 13 per cent) to €684.8 million (Q3/2022: €642.3 million). The result from financial investments, which is included in EBITDA, came to €1.4 million (Q3/2022: €–2.3 million).

Amortisation, depreciation and impairment losses came to €114.8 million (Q3/2022: €92.6 million). The increase stems from an impairment charge of around €25 million on intangible assets at Crypto Finance AG within the Trading & Clearing segment.

Net income for the period attributable to Deutsche Börse AG shareholders therefore came to €400.3 million in the third quarter of 2023 (Q3/2022: €373.3 million). Earnings per share rose by 6 per cent (excl. one-offs: 20 per cent) and came to €2.16 (Q3/2022: €2.03) for an average of 185.1 million shares. Earnings per share before purchase price allocations (cash EPS) were €2.28 (Q3/2022: €2.15).

Gregor Pottmeyer, CFO of Deutsche Börse AG, commented on the results as follows: “Against a good prior-year quarter, we were again able to significantly increase our net revenue. Our secular growth areas and the interest rate environment made a significant contribution. Now that the acquisition of SimCorp has been closed, we will be pooling our data, analytics and software business in the new Investment Management Solutions segment in the fourth quarter and thus create new growth opportunities. By consolidating SimCorp, we now anticipate that we will significantly exceed our original guidance for the full year 2023 and generate net revenue of around €5.0 billion and EBITDA of around €2.9 billion.”

## 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](#) respectively in the [half-yearly financial report 2023 on page 37](#). There were no material changes in the third quarter of 2023.

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.

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 positive performance in the first nine months of 2023 and the expected revenue contribution from SimCorp in the fourth quarter of 2023, we expect to exceed our original guidance significantly for the 2023 financial year as published in the Annual Report 2022. We now expect net revenue to increase to around €5.0 billion. In addition to the revenue contribution from SimCorp, this will be driven by strong secular growth and cyclical tailwinds in the form of higher interest income. We are now expecting earnings before interest, tax, depreciation and amortisation (EBITDA) to rise to around €2.9 billion, which includes SimCorp transaction costs and costs to achieve.

## Report on post-balance sheet date events

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

## Consolidated income statement

	Third quarter 01 Jul - 30 Sep			First nine months 01 Jan - 30 Sep		
	2023 €m	2022 €m	Change %	2023 €m	2022 €m	Change %
Sales revenue	1,200.9	1,166.7	3	3,641.9	3,506.0	4
Treasury result from banking and similar business	246.0	159.9	54	732.7	298.4	146
Other operating income	3.5	8.8	-60	26.8	88.6	-70
<b>Total revenue</b>	<b>1,450.4</b>	<b>1,335.4</b>	<b>9</b>	<b>4,401.4</b>	<b>3,893.0</b>	<b>13</b>
Volume-related costs	-262.1	-245.2	7	-761.3	-723.4	5
<b>Net revenue (total revenue less volume-related costs)</b>	<b>1,188.3</b>	<b>1,090.2</b>	<b>9</b>	<b>3,640.1</b>	<b>3,169.6</b>	<b>15</b>
Staff costs	-338.0	-307.2	10	-970.4	-891.6	9
Other operating expense	-166.9	-138.4	21	-459.2	-392.8	17
<b>Operating costs</b>	<b>-504.9</b>	<b>-445.6</b>	<b>13</b>	<b>-1,429.6</b>	<b>-1,284.4</b>	<b>11</b>
Result from financial investments	1.4	-2.3	-161	-20.6	29.4	-170
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>684.8</b>	<b>642.3</b>	<b>7</b>	<b>2,189.9</b>	<b>1,914.6</b>	<b>14</b>
Depreciation, amortisation and impairment losses	-114.8	-92.6	24	-293.1	-258.6	13
<b>Earnings before interest and tax (EBIT)</b>	<b>570.0</b>	<b>549.7</b>	<b>4</b>	<b>1,896.8</b>	<b>1,656.0</b>	<b>15</b>
Financial result	-11.0	-21.1	-48	-30.4	-55.6	-45
<b>Earnings before tax (EBT)</b>	<b>559.0</b>	<b>528.6</b>	<b>6</b>	<b>1,866.4</b>	<b>1,600.4</b>	<b>17</b>
Income tax expense	-144.1	-137.4	5	-497.0	-416.1	19
<b>Net profit for the period</b>	<b>414.9</b>	<b>391.2</b>	<b>6</b>	<b>1,369.4</b>	<b>1,184.3</b>	<b>16</b>
thereof attributable to Deutsche Börse AG shareholders	400.3	373.3	7	1,316.8	1,135.2	16
thereof attributable to non-controlling interests	14.6	17.9	-18	52.6	49.1	7
<b>Earning per share (basic) (€)</b>	<b>2.16</b>	<b>2.03</b>	<b>6</b>	<b>7.15</b>	<b>6.18</b>	<b>16</b>
<b>Earning per share before purchase price allocations (Cash EPS) (€)</b>	<b>2.28</b>	<b>2.15</b>	<b>6</b>	<b>7.50</b>	<b>6.53</b>	<b>15</b>

## Key indicators Data &amp; Analytics segment

	Third quarter 01 Jul - 30 Sep			First nine months 01 Jan - 30 Sep		
	2023 €m	2022 €m	Change %	2023 €m	2022 €m	Change %
<b>Net revenue</b>	<b>174.7</b>	<b>166.4</b>	<b>5</b>	<b>496.5</b>	<b>466.6</b>	<b>6</b>
Index	49.0	46.6	5	151.0	146.3	3
Analytics	28.2	19.5	45	74.4	55.2	35
ESG	66.9	68.5	-2	181.4	174.5	4
Other	30.6	31.8	-4	89.7	90.6	-1
<b>Operating costs</b>	<b>-135.3</b>	<b>-93.8</b>	<b>44</b>	<b>-338.7</b>	<b>-281.3</b>	<b>20</b>
<b>EBITDA</b>	<b>38.3</b>	<b>74.8</b>	<b>-49</b>	<b>147.7</b>	<b>188.3</b>	<b>-22</b>

## Key indicators Trading &amp; Clearing segment

	Third quarter 01 Jul - 30 Sep			First nine months 01 Jan - 30 Sep		
	2023 €m	2022 €m	Change %	2023 €m	2022 €m	Change %
<b>Net revenue</b>	<b>527.0</b>	<b>553.6</b>	<b>-5</b>	<b>1,680.4</b>	<b>1,646.9</b>	<b>2</b>
Financial derivatives	285.7	315.8	-10	952.3	938.6	1
Equities	105.3	126.8	-17	362.7	404.7	-10
Interest rates	89.2	95.4	-6	297.0	279.4	6
Margin fees	18.5	34.2	-46	68.0	82.6	-18
Other	72.7	59.4	22	224.6	171.9	31
Commodities	133.6	123.2	8	401.7	337.9	19
Power	56.4	40.1	41	170.9	137.2	25
Gas	22.6	23.0	-2	72.5	63.5	14
Other	54.6	60.1	-9	158.3	137.2	15
Cash equities	71.0	79.4	-11	222.0	271.6	-18
Trading	29.7	34.0	-13	96.7	143.8	-33
Other	41.3	45.4	-9	125.3	127.8	-2
Foreign exchange	36.7	35.2	4	104.4	98.8	6
<b>Operating costs</b>	<b>-220.1</b>	<b>-209.6</b>	<b>5</b>	<b>-645.7</b>	<b>-609.5</b>	<b>6</b>
<b>EBITDA</b>	<b>307.2</b>	<b>340.1</b>	<b>-10</b>	<b>1,028.0</b>	<b>1,065.7</b>	<b>-4</b>

## Key indicators Fund Services segment

	Third quarter 01 Jul - 30 Sep			First nine months 01 Jan - 30 Sep		
	2023 €m	2022 €m	Change %	2023 €m	2022 €m	Change %
<b>Net revenue</b>	<b>107.3</b>	<b>93.3</b>	<b>15</b>	<b>324.0</b>	<b>280.0</b>	<b>16</b>
Fund processing	53.5	53.5	0	157.8	159.7	-1
Fund distribution	19.4	21.9	-11	64.0	65.3	-2
Other	34.4	17.9	92	102.2	55.0	86
<b>Operating costs</b>	<b>-50.1</b>	<b>-43.8</b>	<b>14</b>	<b>-150.8</b>	<b>-116.4</b>	<b>30</b>
<b>EBITDA</b>	<b>58.6</b>	<b>49.6</b>	<b>18</b>	<b>169.8</b>	<b>163.2</b>	<b>4</b>

## Key indicators Securities Services segment

	Third quarter 01 Jul - 30 Sep			First nine months 01 Jan - 30 Sep		
	2023 €m	2022 €m	Change %	2023 €m	2022 €m	Change %
<b>Net revenue</b>	<b>379.3</b>	<b>276.9</b>	<b>37</b>	<b>1139.2</b>	<b>776.1</b>	<b>47</b>
Custody	150.6	147.6	2	462.5	437.4	6
Settlement	27.7	22.4	24	85.5	79.0	8
Net interest income from banking business	169.3	73.6	130	488.5	121.1	303
Other	31.7	33.3	-5	102.7	138.6	-26
<b>Operating costs</b>	<b>-99.4</b>	<b>-98.4</b>	<b>1</b>	<b>-294.4</b>	<b>-277.2</b>	<b>6</b>
<b>EBITDA</b>	<b>280.7</b>	<b>177.8</b>	<b>58</b>	<b>844.4</b>	<b>497.4</b>	<b>70</b>

## Consolidated balance sheet (extract)

	30 Sep 2023 €m	31 Dec 2022 <sup>1</sup> €m
<b>ASSETS</b>		
Non-current assets		
Intangible assets	12,587.9	8,610.0
Property, plant and equipment	598.8	631.2
Financial instruments held by central counterparties	9,556.8	9,078.4
Other non-current assets	2,628.8	2,438.8
<b>Total non-current assets</b>	<b>25,372.3</b>	<b>20,758.4</b>
<b>CURRENT ASSETS</b>		
Restricted bank balances	47,115.5	93,538.3
Financial instruments held by central counterparties	170,287.6	129,932.8
Other current assets	27,622.8	24,675.6
<b>Total current assets</b>	<b>245,025.9</b>	<b>248,146.7</b>
<b>Total assets</b>	<b>270,398.2</b>	<b>268,905.0</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Shareholders' equity	8,889.8	8,471.8
Non-controlling interests	522.0	589.1
<b>Total equity</b>	<b>9,411.8</b>	<b>9,060.9</b>
<b>NON-CURRENT LIABILITIES</b>		
Financial instruments held by central counterparties	9,556.8	9,078.4
Other non-current liabilities	8,475.3	5,105.5
<b>Total non-current liabilities</b>	<b>18,032.1</b>	<b>14,183.9</b>
<b>CURRENT LIABILITIES</b>		
Cash deposits by market participants	46,846.6	93,283.1
Financial instruments held by central counterparties	169,724.6	129,568.8
Other current liabilities	26,383.0	22,808.3
<b>Total current liabilities</b>	<b>242,954.3</b>	<b>245,660.2</b>
<b>Total equity and liabilities</b>	<b>270,398.2</b>	<b>268,905.0</b>

1) Previous year adjusted, see [Half-yearly financial report 2023](#).

### Contact

Investor Relations

Phone +49 (0)69 2111 1670

Fax +49 (0)69 2111 4608

Email [ir@deutsche-boerse.com](mailto:ir@deutsche-boerse.com)

[www.deutsche-boerse.com/ir](http://www.deutsche-boerse.com/ir)

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