

Q1/2022: Deutsche Börse Group records a strong start to the year

Overview of quarterly results

- Net revenue rose by 24 per cent to €1,061.6 million in the first quarter of 2022, mainly due to increased trading activity.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) increased to €687.4 million, a 32 per cent rise.
- Net profit for the period attributable to Deutsche Börse AG shareholders was €420.8 million, a 33 per cent increase year on year. Earnings per share before the effects of purchase price allocation came to €2.40, up 33 per cent.
- In the first quarter, cyclical net revenue growth was stronger than expected. Therefore, we currently expect that net revenue will increase to more than €3.8 billion and EBITDA to more than €2.2 billion during the current financial year.

Overview of material events

Deutsche Börse AG successfully placed a corporate hybrid bond in the amount of €500.0 million on [16 February 2022](#). The bond has a term of 26.25 years with a first call date after 6 years and a coupon of 2.0 per cent annually until June 2028. The hybrid bond will be used to refinance last year's M&A activities.

At the [end of March 2022](#) Deutsche Börse AG expanded its offering in the data services space by acquiring Kneip Communication S.A. The companies have reached an agreement through which Deutsche Börse will acquire 100 per cent of the Luxembourg-based fund data manager.

Deutsche Börse AG successfully placed a corporate bond in an amount of €600.0 million on [29 March 2022](#). The bond has a term of 10 years and a coupon of 1.5 per cent annually. The proceeds from the issue of the bond will be used to refinance the corporate bond maturing in October 2022 and were received by Deutsche Börse AG by 4 April 2022.

On [31 March 2022](#) Clearstream Banking S.A. and Clearstream Holding AG successfully closed the sale of their respective 50 per cent stake in the European trade repositories REGIS-TR S.A. and REGIS-TR UK Ltd. to its joint venture partner Iberclear, part of SIX.

Comparability of figures

To reduce the complexity of its financial reporting and emphasise the Group's growth areas more clearly, the segment reporting was adjusted in accordance with the internal corporate management as of the first quarter of 2022 (including the respective amounts for the first quarter of the prior year). The eight existing segments will from now on be condensed to four: Data & Analytics (including the Qontigo and ISS segments), Trading & Clearing (Eurex, EEX, 360T and Xetra segments), Fund Services (IFS segment) and Securities Services (Clearstream segment).

Results of operations

The first quarter of 2022 was overshadowed by Russia's war against Ukraine. The humanitarian consequences are shocking. The global fallout and resulting effects have been difficult to grasp so far. The first economic consequences have expressed themselves in the form of higher commodity prices, more difficult trading conditions and a redistribution of investments. In addition, the rapid spread of the Omicron coronavirus variant has subdued the economy's recovery and resulted in further restrictions and shortages, including in supply chains. Against this background, there was increased uncertainty among market participants, visible in the greater market volatility. The demand for trading and hedging in almost all asset classes therefore rose, which partly led to significantly higher trading volumes, especially in derivatives and commodities.

On this basis, net revenue in the first quarter of 2022 increased significantly to €1,061.6 million, which represents a year-on-year increase of 24 per cent (Q1/21: €855.1 million). The key driver of the cyclical net revenue growth of 11 per cent was the higher market activity across all asset classes in Trading & Clearing resulting from increased market volatility. In particular, index derivatives as well as power and gas products benefitted from the growing hedging demand among market participants. The secular net revenue growth of 8 per cent was particularly driven by product innovation in financial derivatives, an increase of market share in commodities, the growing demand for ESG-related products and the continued trend towards outsourcing in the fund industry. The M&A growth of 5 per cent is primarily attributable to the acquisition of Institutional Shareholder Services (ISS), which was closed in February 2021. The Securities Services segment also benefitted from the roughly €50 million gain from the sale of the remaining stakes in REGIS-TR.

Operating costs in the first quarter of 2022 came to €406.7 million (Q1/21: €346.5 million). On the one hand, this increase is a result of the M&A-related growth, particularly the acquisition of ISS. On the other hand, we have slightly increased our investments in growth and infrastructure due to the positive revenue development we are seeing. Based on constant currency, organic operating costs grew by 5 per cent.

Earnings before interest, tax, depreciation and amortisation (EBITDA) rose accordingly by 32 per cent to €687.4 million (Q1/21: €521.2 million). This comprises the result from financial investments at an amount of €32.5 million (Q1/21: €12.6 million). The increase results from disposals of smaller investments as well as the higher market valuation of the Illuminate fintech funds.

Depreciation, amortisation and impairment losses totalled €84.4 million (Q1/21: €61.7 million), with the change mainly stemming from the effects of purchase price allocation for acquired companies. The [winding down of the buy-in agent service](#) also produced a one-time write-down of self-developed software of €6.5 million. The financial result of –€8.8 million (Q1/21: –€13.9 million) includes a one-off gain in the context of interest rate hedging.

Net profit for the period attributable to Deutsche Börse AG shareholders came to €420.8 million (Q1/21: €317.3 million), which is 33 per cent up on the same period of the previous year. Earnings per share were €2.29 (Q1/21: €1.73) for an average of 183.6 million shares. Earnings per share before the effects of purchase price allocation (cash EPS) were €2.40 (Q1/21: €1.81).

Gregor Pottmeyer, Chief Financial Officer at Deutsche Börse AG, commented on the results, saying, “The first quarter of 2022 was considerably above our expectations. All three growth components of our business – secular, cyclical and M&A net revenue growth – contributed equally to the extraordinarily good result. We are therefore currently expecting to exceed our guidance for the current financial year.”

Risk report

Deutsche Börse Group provides a full description of its risk management framework, strategy, principles, organisational structure, processes, methods and concepts, along with measures to manage and mitigate risks, on [pages 73 to 109](#) of its Annual Report 2021. A full description of the current status of litigation is also presented on [pages 84 to 87](#) of the Annual Report 2021.

In view of Russia’s war against Ukraine and the measures taken in relation to it, the Group’s overall risk position has not changed materially, except for increased holdings of collateral at the clearing houses. In terms of operational risk, the focus is on interpreting and implementing the specifications of various sanctions. There are financial risks resulting from the Ukrainian central bank’s capital controls, e.g. with respect to cross-border payments, as well as from comparable countermeasures taken by the Russian government in response to the sanctions imposed by European and other governments. Relevant in this context are credit risks in combination with foreign-exchange risks from institutions in the affected countries. The Group actively manages all impacts that it is aware of and analyses potential new risks on an ongoing basis.

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

Report on expected developments

Given the developments in the financial markets during the first quarter of 2022, we are now expecting significantly stronger cyclical net revenue growth for the current financial year compared to our original expectation. Thus, in comparison with [the report on expected developments in the 2021 Annual Report](#) we are currently expecting an increase in net revenue to more than €3.8 billion and an increase in earnings before interest, tax, depreciation and amortisation (EBITDA) to more than €2.2 billion.

Consolidated income statement

	First Quarter (01.01.-31.03.)		
	2022 €m	2021 €m	Change %
Sales revenue	1,187.6	1,023.8	16
Treasury result from banking business and similar business	60.3	34.6	74
Other operating income	56.2	19.3	191
Total revenue	1,304.1	1,077.7	21
Volume-related costs	-242.5	-222.6	9
Net revenue (total revenue less volume-related costs)	1,061.6	855.1	24
Staff costs	-285.3	-228.5	25
Other operating expenses	-121.4	-118.0	3
Operating costs	-406.7	-346.5	17
Result from financial investments	32.5	12.6	158
Earnings before interest, tax, depreciation and amortisation (EBITDA)	687.4	521.2	32
Depreciation, amortisation and impairment losses	-84.4	-61.7	37
Earnings before interest and tax (EBIT)	603,0	459.5	31
Financial result	-8.8	-13.9	-37
Earnings before tax (EBT)	594.2	445.6	33
Tax expense	-154.6	-115.8	34
Net profit for the period	439.6	329.8	33
thereof attributable to Deutsche Börse AG shareholders	420.8	317.3	33
thereof attributable to non-controlling interests	18.8	12.5	50
Earnings per share (basic) (€)	2.29	1.73	32
Earnings per share before purchase price allocations (Cash EPS) (€)	2.40	1.81	33

Key indicators Data & Analytics segment

	First Quarter (01.01.-31.03.)		
	2022 €m	2021 ¹ €m	Change %
Net revenue	145.0	84.5	72
Index	49.3	46.0	7
Analytics	16.8	17.2	-2
ESG	51.1	14.7	248
Other	27.8	6.6	321
Operating costs	-88.9	-46.0	93
EBITDA	54.5	38.2	43

1) Institutional Shareholder Services, Inc. was fully consolidated as at 25 February 2021.

Key indicators Trading & Clearing segment

	First Quarter (01.01.-31.03.)		
	2022 €m	2021 €m	Change %
Net revenue	556.2	461.1	21
Financial derivatives	315.0	262.0	20
Equities	148.5	118.7	25
Interest rates	90.7	74.9	21
Margin fees	21.2	18.4	15
Other	54.6	50.0	9
Commodities	112.5	79.5	42
Power	53.6	45.3	18
Gas	19.6	15.0	31
Other	39.3	19.2	105
Cash equities	97.5	93.2	5
Trading	54.8	54.0	1
Other	42.7	39.2	9
Foreign exchange	31.2	26.4	18
Operating costs	-197.8	-180.8	9
EBITDA	393.1	293.7	34

Key indicators Fund Services segment

	First Quarter (01.01.-31.03.)		
	2022 €m	2021 €m	Change %
Net revenue	92.5	82.7	12
Fund processing	54.0	49.3	10
Fund distribution	21.0	16.5	27
Other	17.5	16.9	4
Operating costs	-31.7	-30.0	6
EBITDA	60.7	52.6	15

Key indicators Securities Services segment

	First Quarter (01.01.-31.03.)		
	2022 €m	2021 €m	Change %
Net revenue	267.9	226.8	18
Custody	139.8	126.0	11
Settlement	30.8	38.2	-19
Net interest income from banking business	18.6	12.9	44
Other	78.7	49.7	58
Operating costs	-88.3	-89.7	-2
EBITDA	179.1	136.7	31

Condensed consolidated balance sheet - Assets

	31 Mar 2022	31 Dec 2021
	€m	€m
NON-CURRENT ASSETS		
Intangible assets	8,412.5	8,162.9
Property, plant and equipment	591.5	593.7
Financial instruments held by central counterparties	9,325.6	9,442.4
Other non-current assets	2,559.7	2,263.4
Total non-current assets	20,889.3	20,462.4
CURRENT ASSETS		
Restricted bank balances	83,339.6	78,542.0
Financial instruments held by central counterparties	117,107.8	103,195.7
Other current assets	27,987.4	20,719.3
Total current assets	228,434.9	202,457.0
Total assets	249,324.1	222,919.3

Condensed consolidated balance sheet - Equity and liabilities

	31 Mar 2022	31 Dec 2021
	€m	€m
EQUITY		
Shareholders' equity	7,855.9	7,193.6
Non-controlling interests	559.8	548.8
Total equity	8,415.7	7,742.4
NON-CURRENT LIABILITIES		
Financial instruments held by central counterparties	9,325.6	9,442.4
Other non-current liabilities	4,631.0	4,180.5
Total non-current liabilities	13,956.6	13,623.0
CURRENT LIABILITIES		
Cash deposits by market participants	83,089.8	78,292.5
Financial instruments held by central counterparties	116,565.8	103,267.7
Other current liabilities	27,296.3	19,993.8
Total current liabilities	226,951.8	201,554.0
Total equity and liabilities	249,342.1	222,919.3

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