

CMC Markets releases interim results for the half year ended 30 September 2023



CMC MARKETS PLC (“CMC” or the “Company”)

Interim results for the half year ended 30 September 2023

Operational highlights

- Continue to execute diversification strategy with the successful launch of CMC Invest Singapore in September 2023.
- Significant development and upgrades delivered across our platforms with US cash equities launched for our B2B clients, mutual funds on CMC Invest UK and cryptocurrencies now live on CMC Invest Australia as at the end of October 2023. Further product upgrades on track for delivery in H2 2024.
- Regional expansion in the Middle East benefiting from a greater presence on the ground in Dubai,

where we are enhancing our service for institutional clients.

- Operating cost guidance for FY 2024 remains unchanged at £240 million, excluding variable remuneration. Operating expenses are expected to decline as projects are delivered and we pass the peak of the investment cycle, with a cost review planned for H2 to enhance profitability and margins. A further update will be provided at FY 2024.

Summary financials and core KPIs

For the half year ended	30 September 2023	30 September 2022	Change
Net operating income (£ million)	122.6	153.5	(20%)
Trading net revenue (£ million)	87.4	128.4	(32%)
Investing net revenue (£ million)	16.8	20.8	(20%)
Other income (£ million)	18.4	4.3	338%
(Loss)/Profit before tax (£ million)	(2.0)	36.6	-
Basic earnings per share (pence)	(0.8)	10.2	-
Dividend per share (pence)	1.00	3.50	(71%)

Trading gross client income (£ million)	132.6	154.9	(14%)
Trading client income retention	66%	83%	-
Trading active clients (number)	46,832	50,199	(7%)
Trading revenue per client (£)	1,867	2,558	(27%)
Investing active clients (number)	152,192	164,632	(8%)

Notes:

- *Net operating income represents total revenue net of introducing partner commissions and levies*
- *Trading net revenue represents contracts for difference ("CFD") and spread bet gross client income net of rebates, levies and risk management gains or losses*
- *Investing net revenue represents stockbroking revenue net of rebates*
- *Trading gross client income represents spreads, financing and commissions charged to clients (client transaction costs)*
- *Active clients represent those individual clients who have traded with or held a CFD or spread bet position or who traded on the stockbroking platform on at least one occasion during the six-month period*
- *Trading revenue per active client represents total trading revenue from trading active clients after deducting rebates and levies*

Financial highlights

- Net operating income of £122.6 million, down 20% year-on-year (H1 2023: £153.5 million).
- H1 2024 trading net revenue was £87.4 million, down 32% year-on-year (H1 2023: £128.4 million) and investing net revenue was £16.8 million, down 20% year-on-year (H1 2023: £20.8 million), impacted by lower client activity and the uncertain market conditions stemming from the inflationary and higher interest rate environment.
- Other income increased substantially in the period by 338% to £18.4 million (H1 2023: £4.3 million) and is predominately driven by increases in global interest rates and resulting income from client and own cash balances.
- Operating costs for H1 2024, excluding variable remuneration, were £121.9 million (H1 2023: £106.3 million), including a £5.3 million impairment relating to internally developed trading platforms for the UK Invest and cash equities offerings due to unfavourable equity market conditions and operational delays.
- Client trading assets under management ended the period at c. £501 million, marginally below the HY 2023 number of c. £506 million. H1 2024 active trading clients were lower compared to H1 2023 (down 7% to 46,832).
- Regulatory total Own Funds Requirements (OFR) ratio of 360% (FY 2023: 369%) and net available liquidity of £237.2 million (FY 2023: £239.2 million).
- Loss before tax of £2.0 million (H1 2023: profit before tax £36.6 million).
- Interim dividend of 1.00 pence per share (H1 2023: 3.50 pence).

An analyst and investor presentation will be held on 16 November 2023 at 9:00am (UK time).

Participants need to register using the links below to access the webcast.

Webcast: <https://www.lsegissuerservices.com/spark/CMCMarkets/events/24162867-b376-44fb-b34c-985177ae8578>

Forthcoming announcement dates

6 February 2024: Q3 2024 trading update

9 April 2024: FY 2024 pre-close update

Forward looking statements

This trading update may include statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Group undertakes no obligation to update, revise or change any forward-looking statements to reflect events or developments occurring after the date such statements are published.

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Notes to editors

CMC Markets Plc (“CMC”), whose shares are listed on the London Stock Exchange under the ticker CMCX (LEI: 213800VB75KAZBFH5U07), was established in 1989 and is now one of the world’s leading online financial trading businesses. The Company serves retail and institutional clients through regulated offices and branches in 12 countries with a significant presence in the UK, Australia, Germany and Singapore. CMC Markets offers an award-winning, online and mobile trading platform, enabling clients to trade over 12,000 financial instruments across shares, indices, foreign currencies, commodities and treasuries through contracts for difference (“CFDs”), financial spread bets (in the UK and Ireland only) and, in Australia, Singapore and the UK, access stockbroking services. More information is available at www.cmcmarkets.com/group.

Lord Cruddas, Chief Executive Officer, commented:



I am pleased with the resilience the business has demonstrated in the first six months of the year in what has been a tough market environment, with low volatility offering fewer opportunities for clients of our trading business. Despite the subdued market conditions, we have seen continued commitment from our existing clients and positive engagement in our institutional business.

Our diversification strategy continues to progress and is on track with major releases in the period and several others planned for the coming months. This was punctuated by the successful launch of CMC Invest Singapore in September 2023, which is attracting new clients to the business and expanding our footprint in the southeast Asia region. In the UK, our Invest platform continues to demonstrate good progress with the recent release of mutual funds and SIPP accounts soon to follow, helping our clients achieve their long-term financial goals.

We continue to widen our trading offering which will be bolstered by the upcoming rollout of our options products, whilst the addition of cash equities to our institutional offering will allow us to expand the services available to this valuable segment and help us attract new business. Our geographical diversification has also continued with the recent expansion of our Dubai subsidiary in the DIFC providing us a strong foothold in one of the most exciting financial centres in the world.

The power of our technology platform has been central to our ability to expand our offering and provide new products and capabilities for our clients. As these new products come online, we are well positioned to increase synergies across our suite of businesses and drive operational efficiencies. Our technology remains our competitive advantage and we are committed to a disciplined level of continuous investment, however with all that has been achieved over recent years the level of capital investment has now peaked.

I am very excited about the future of the company and the opportunities that our diversification strategy has opened up for us in many parts of the world.

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