

# FY2019 Analyst and Media Briefing

**Loh Boon Chye**, Chief Executive Officer  
**Chng Lay Chew**, Chief Financial Officer

31 July 2019

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# Financial Year 2019

## Financial Highlights and Performance

Chng Lay Chew, Chief Financial Officer

# Financial Year 2019 Highlights

- Revenue of \$910M, up 8%; Net profit of \$391M, at a 11-year high
- Strong Derivatives performance – Record Derivatives revenue; Traded volume up 21% to a record 240M
- Lower activity in equity market in line with regional markets; Traded value declined 17% to \$259B
- Earnings per share – 36.5 cents, up 8%; Dividend per share – 30 cents, unchanged

## Revenue

- \$910M
- Up 8%

## Expenses

- \$449M
- Up 7%

## Operating Profit

- \$461M
- Up 9%

## Net Profit

- \$391M
- Up 8%

## Derivatives Trading

- 240M contracts
- Up 21%

## Securities Trading

- \$259B traded value
- Declined 17%

## Earnings Per Share

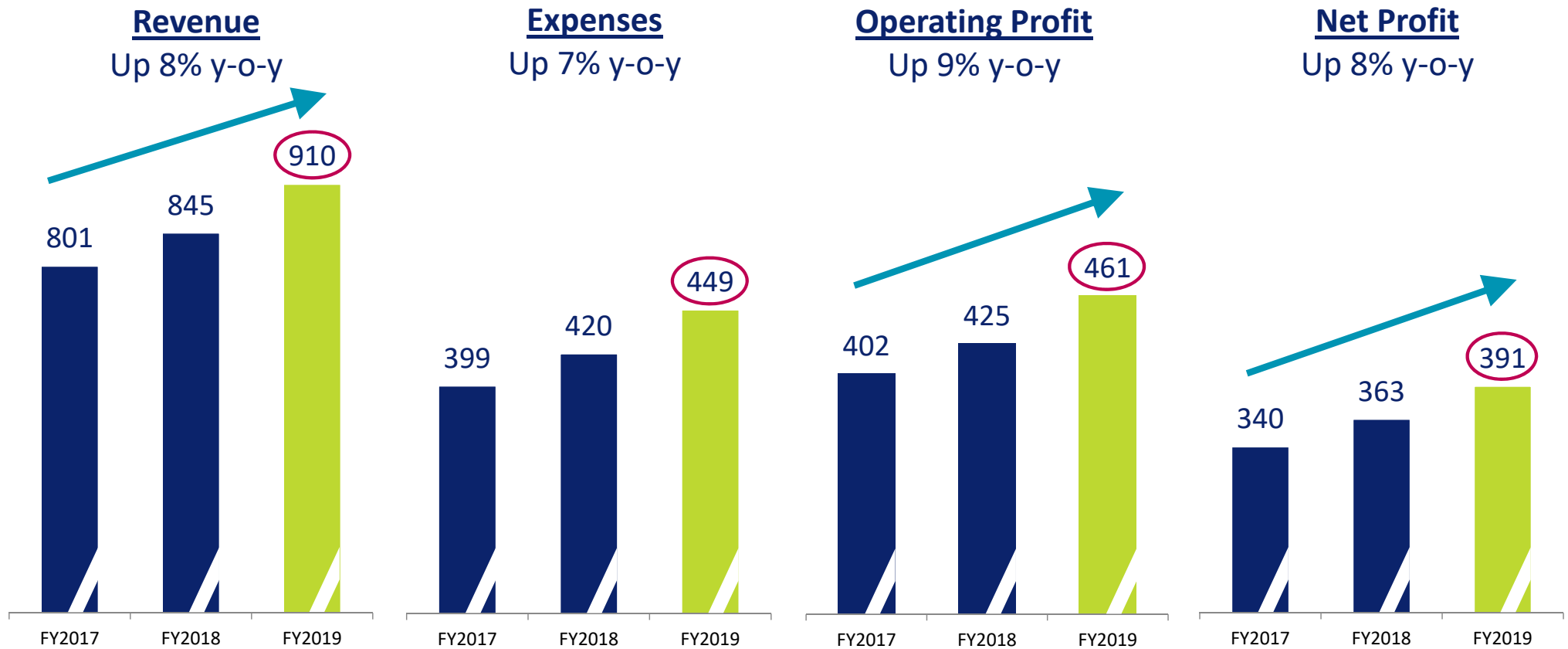
- 36.5 cents
- Up 8%

## Dividend Per Share

- 30 cents
- Unchanged

# Improving annual financial performance

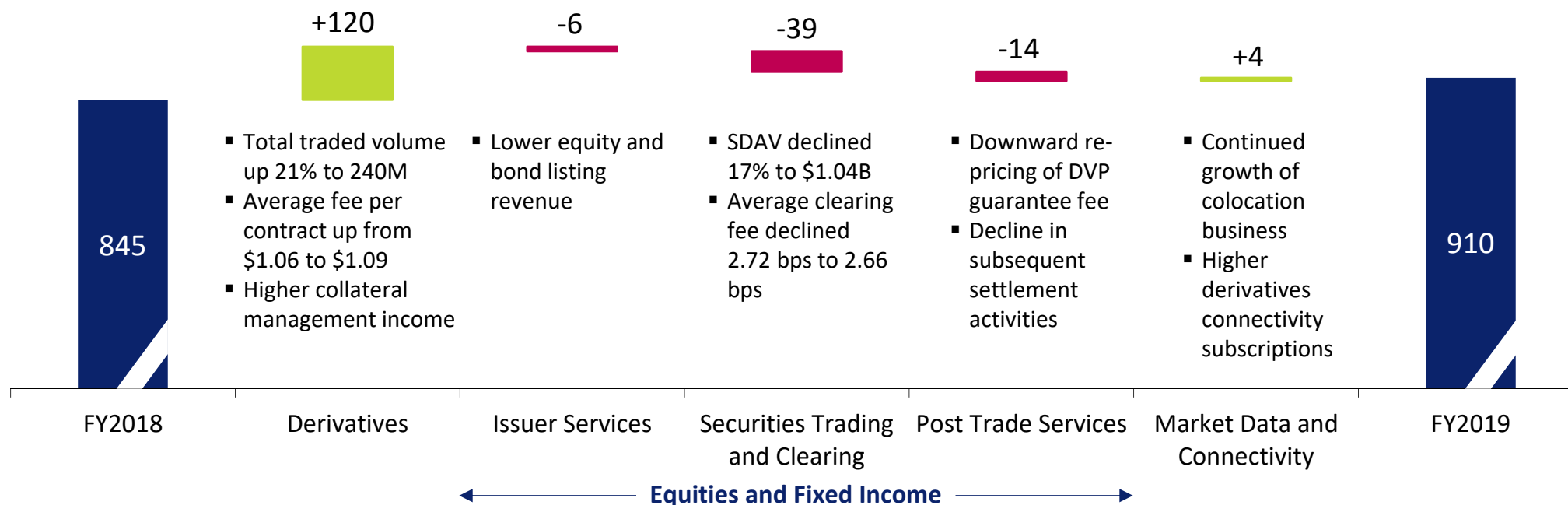
- Upward trend in revenue, operating profit and net profit



Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# Full-year Revenue up 8% to \$910M

- Record Derivatives revenue of \$460M, up 35%
- Equities & Fixed Income revenue of \$348M, declined 15%
- Market Data and Connectivity revenue of \$103M, up 4%

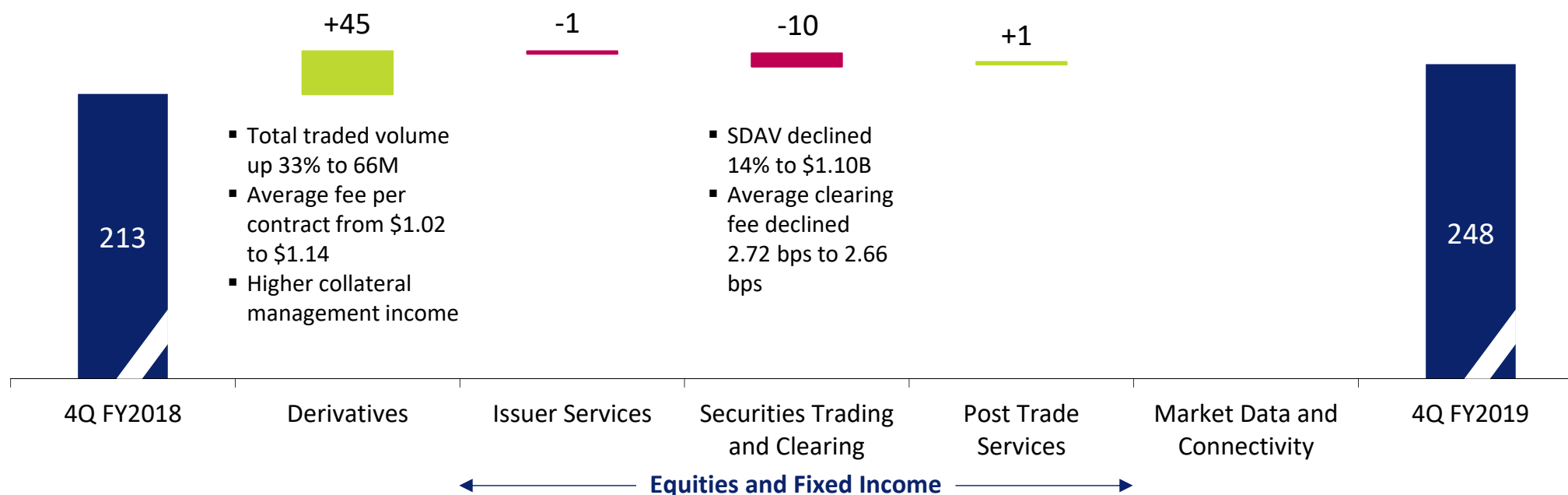


<b>FY2019</b>	<b>\$460M (51%)</b>	<b>\$80M (9%)</b>	<b>\$182M (20%)</b>	<b>\$86M (9%)</b>	<b>\$103M (11%)</b>	<b>\$910M</b>
FY2018	\$340M (40%)	\$86M (10%)	\$221M (26%)	\$99M (12%)	\$98M (12%)	\$845M

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# Strong 4Q Revenue, up 16% y-o-y to \$248M

- Record quarterly Derivatives revenue of \$130M, up 52%
- Equities & Fixed Income revenue of \$92M, declined 9%
- Market Data and Connectivity revenue of \$26M, comparable



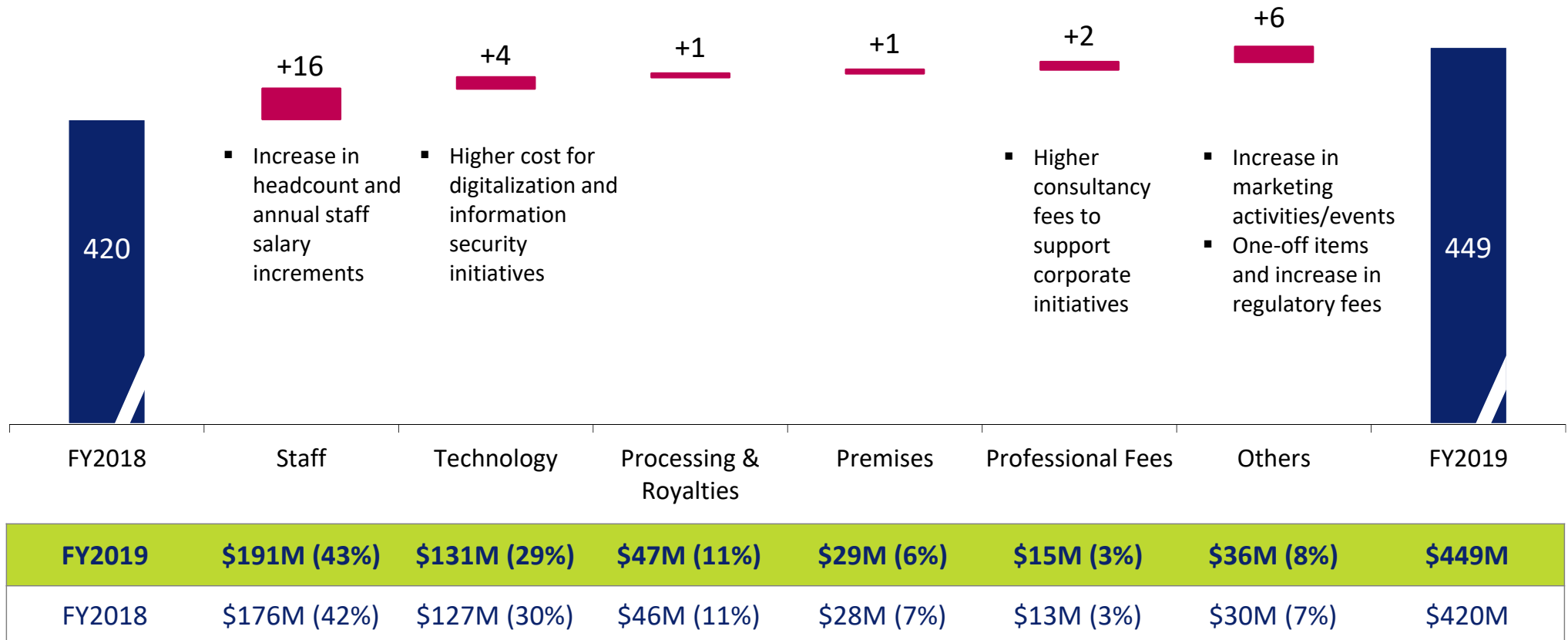
4Q FY2019	\$130M (52%)	\$22M (9%)	\$47M (19%)	\$23M (9%)	\$26M (10%)	\$248M
4Q FY2018	\$85M (40%)	\$23M (11%)	\$56M (26%)	\$22M (10%)	\$26M (12%)	\$213M

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# Full-year Expenses up 7% y-o-y to \$449M

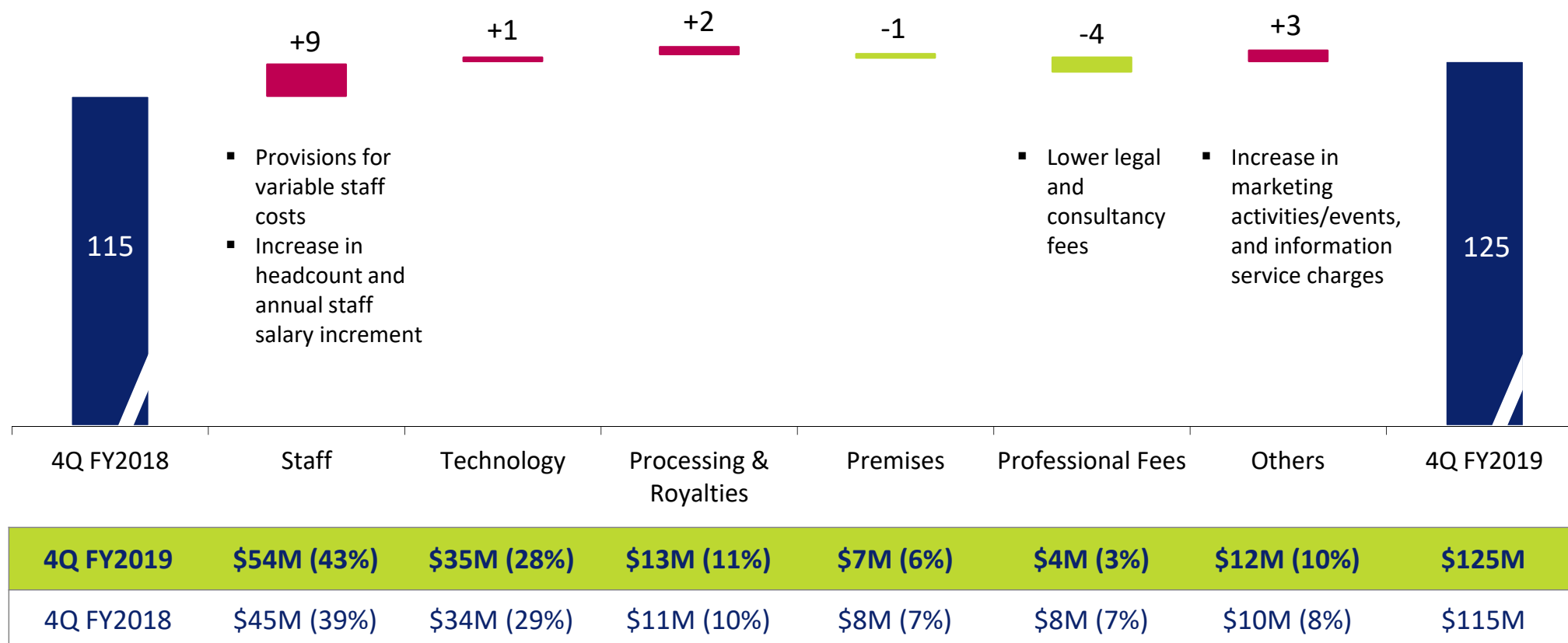
- Higher staff costs as we expanded our technology capabilities and grew our international presence
- Higher technology costs as we implemented initiatives to digitalise processes and improve information security
- Increase in marketing activities and events as we widened our outreach to customers



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# 4Q Expenses up 9% y-o-y to \$125M

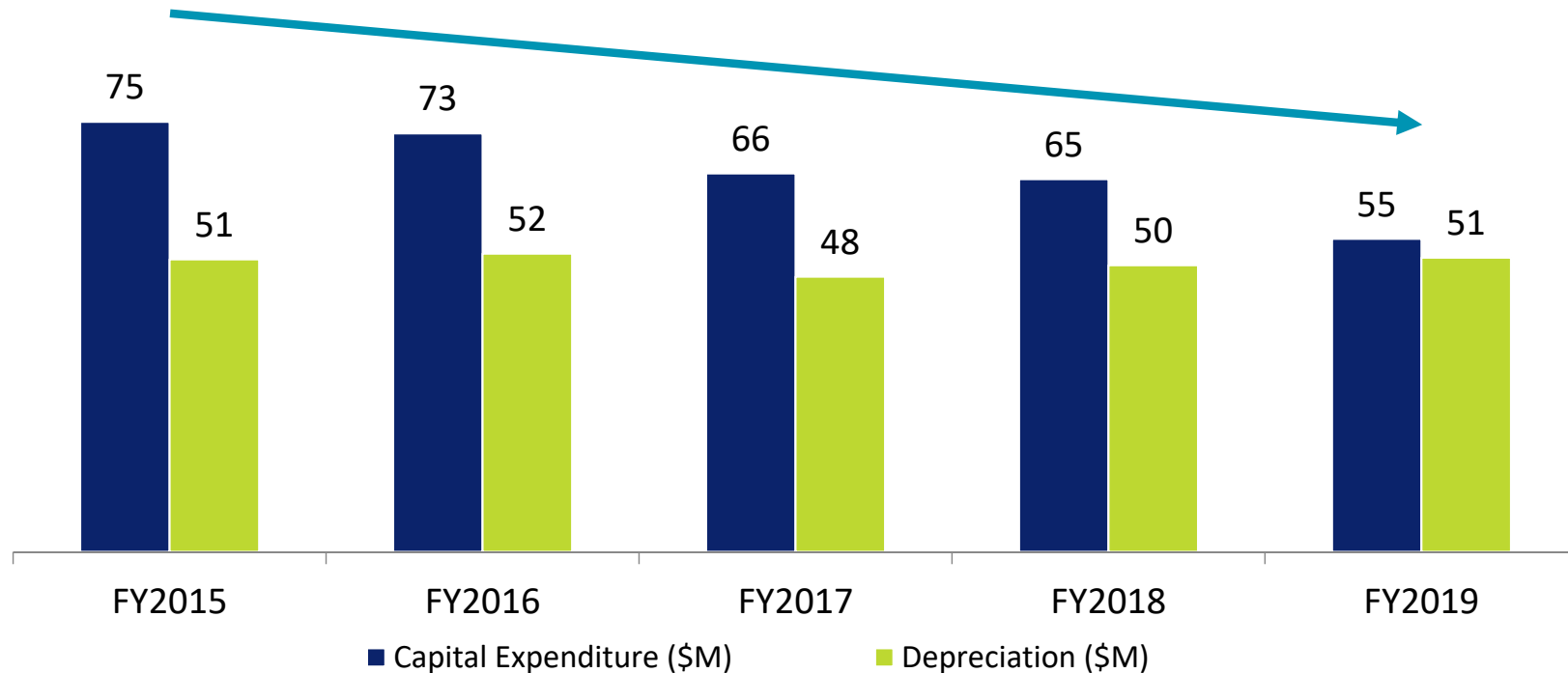
- Higher staff costs as we expanded our technology capabilities and grew our international presence
- Increase in marketing activities and events as we widened our outreach to customers



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# Delivered new systems and platforms to support growth

- Declining CAPEX as we have completed most of our major technology platform build
- In FY2019, we enhanced fixed income trading platform, upgraded our securities trading engine, and launched our new securities post-trade system
- Technology CAPEX of \$55M, below guidance of \$60M to \$65M

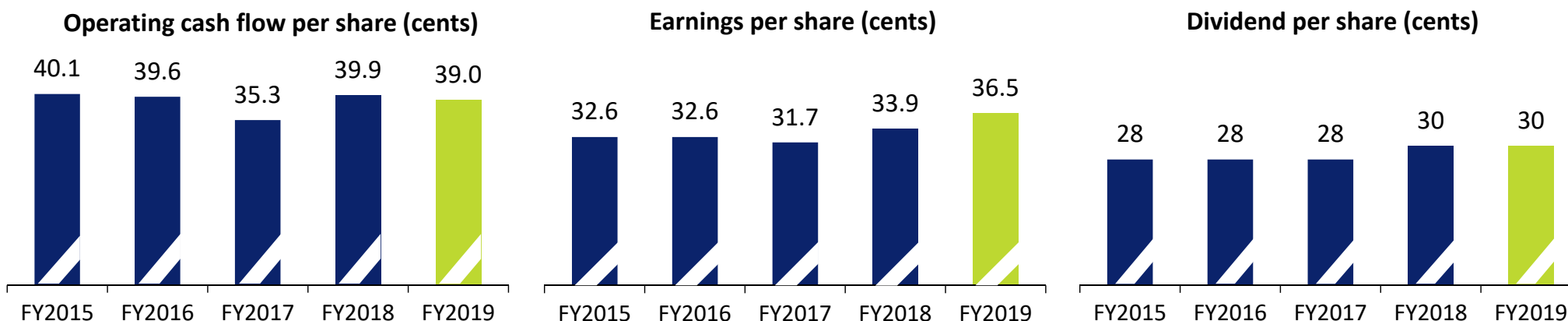


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# Key Financial Indicators

- High operating profit margin of 51%
- High ROE of 36%
- Dividend of 30 cents per share

	FY2015	FY2016	FY2017	FY2018	FY2019
Revenue (\$ million)	779	818	801	845	910
Operating profit (\$ million)	402	409	402	425	461
Operating profit margin	52%	50%	50%	50%	51%
Net profit (\$ million)	349	349	340	363	391
Return on equity	37%	36%	34%	34%	36%

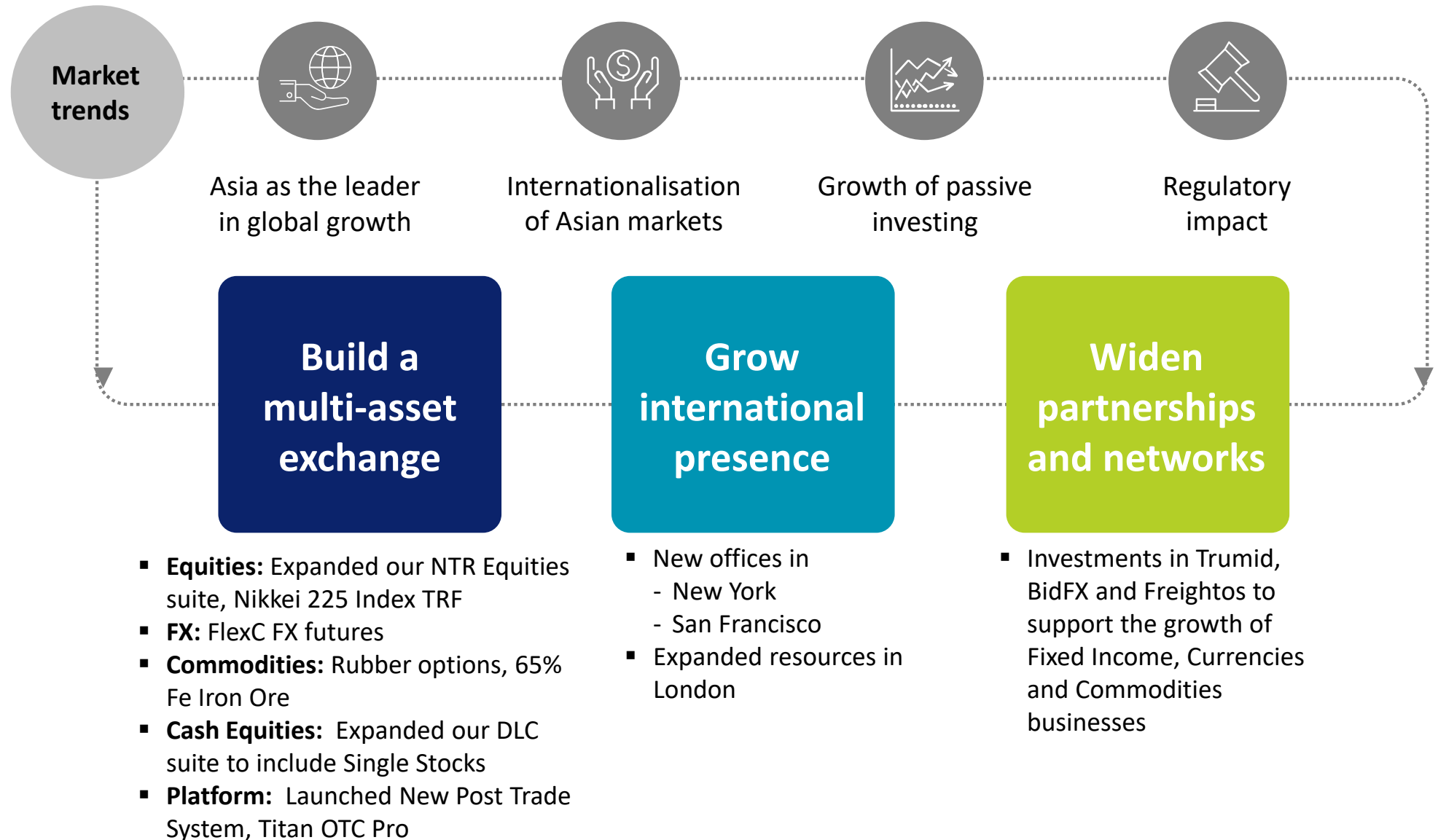


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# Business Update

Loh Boon Chye, Chief Executive Officer

# Executing Our Strategic Priorities: FY2019 at a glance



# FY2019: Another year of records

- Record total revenues since listing in 2000
- Record revenues in Derivatives on the back of record volumes and open interest
- Net profit at 11-year high

## Derivatives



## Revenue Contribution

**51%**

Change (y-o-y)

**35%**

## Equities & Fixed Income



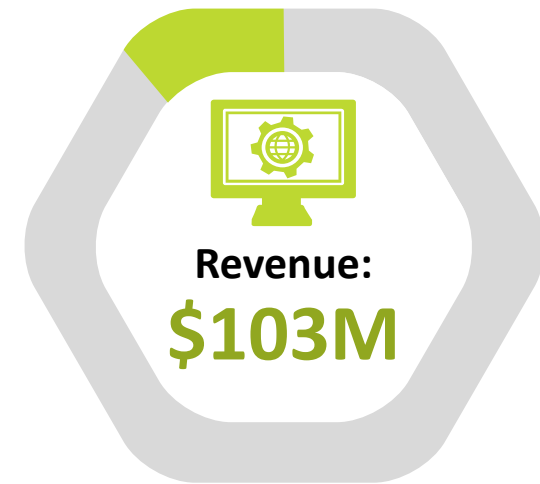
## Revenue Contribution

**38%**

Change (y-o-y)

**-15%**

## Market Data & Connectivity



## Revenue Contribution

**11%**

Change (y-o-y)

**4%**

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# Awards and Recognition



**Best FX Exchange in Asia and Best FX Clearing House in Asia**

by FX Week



**Derivatives Exchange of the Year**

by Asia Risk  
Fifth consecutive year



**Exchange of the Year – Derivatives**

by FOW Asia Capital Markets Awards



**Asia-Pacific Derivatives Exchange of the Year**

by Global Capital  
Fifth consecutive year



**Exchange of the Year**

by Energy Risk Asia  
Third consecutive year



**Financial Metals Service Provider of the Year**

by Standard & Poor's Global Platts Awards

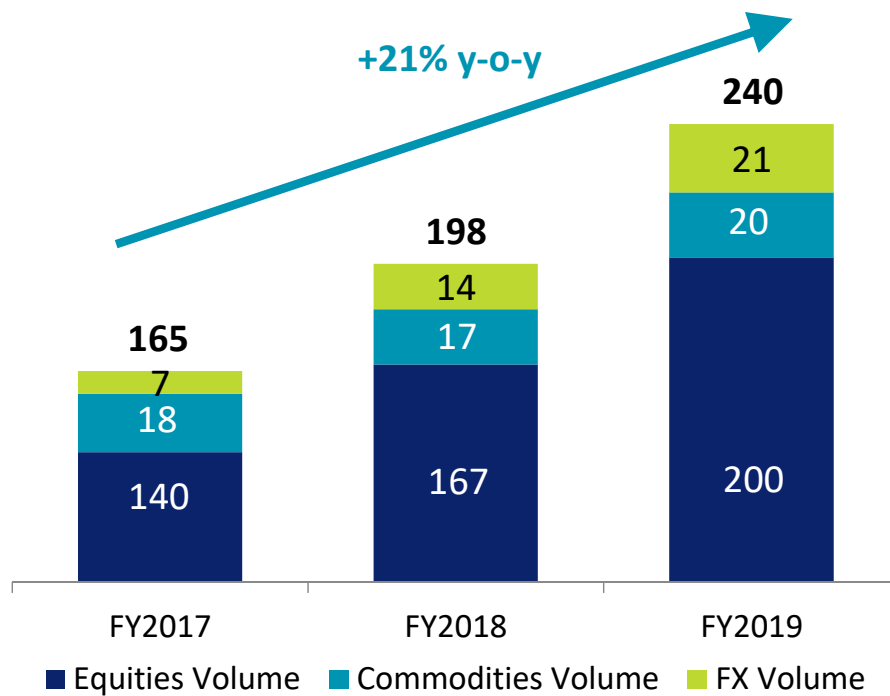


# Derivatives

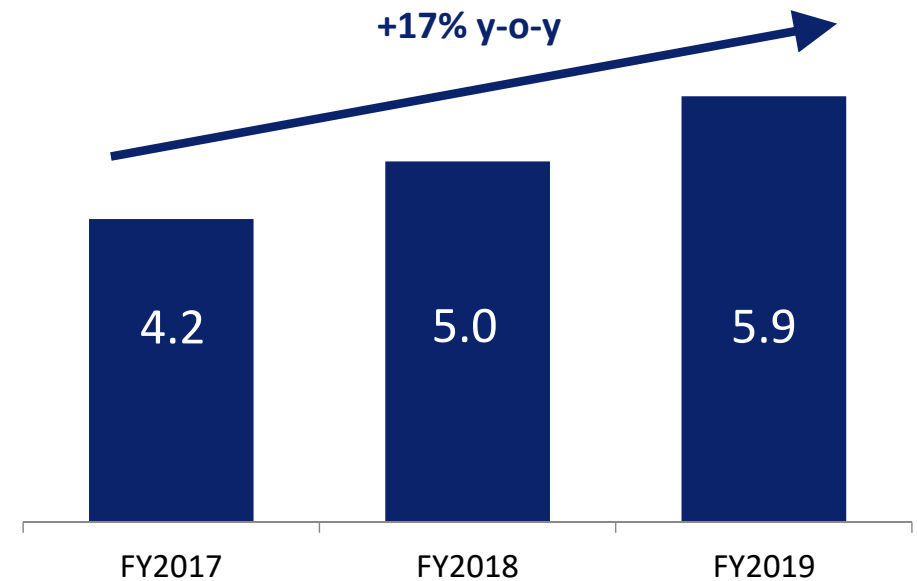
**Derivatives**  
**\$460M ↑ 35% y-o-y**

- Record Derivatives volume in FY2019, up 21% y-o-y
- Full year T+1 volume up 38% y-o-y; contributing 14% of total derivatives volumes
- Record average month-end open interest, up 17% y-o-y

**Total Derivatives Volume (M contracts)**



**Average Year-End Open Interest (M contracts)**



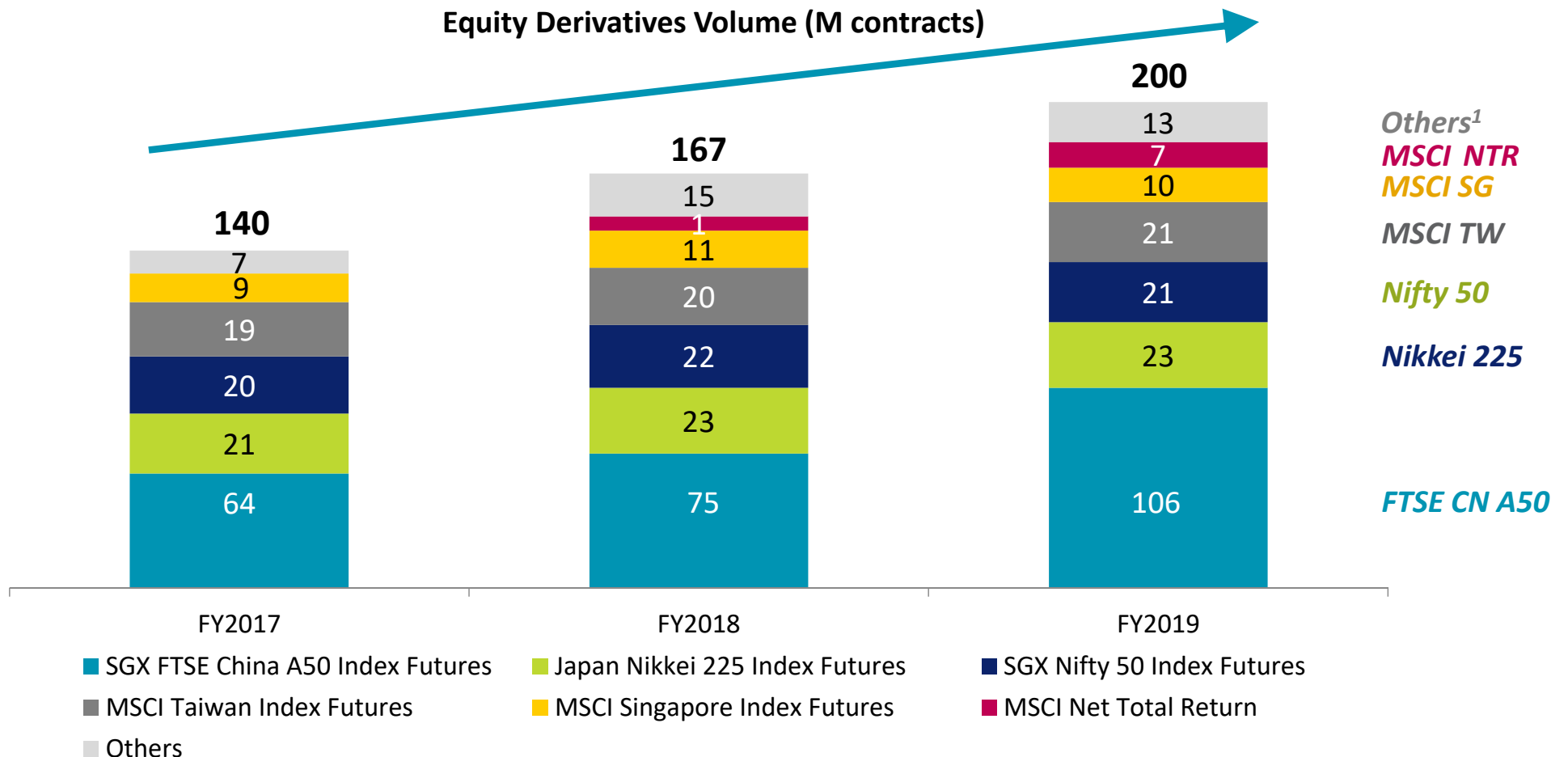
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# Derivatives – Equities

**Derivatives**  
\$460M ↑ 35% y-o-y

- Higher trading volumes in key Equity Index contracts, up 19%
- Growth in SGX FTSE China A50 and MSCI Net Total Return index futures
- MSCI NTR Open Interest of 814K contracts; \$32B notional at year end

Equity Derivatives Volume (M contracts)

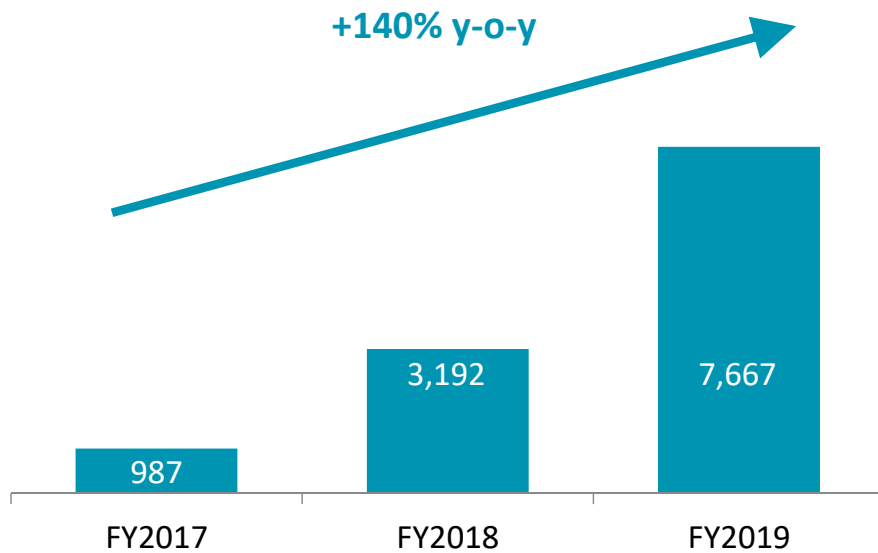


# Derivatives – FX

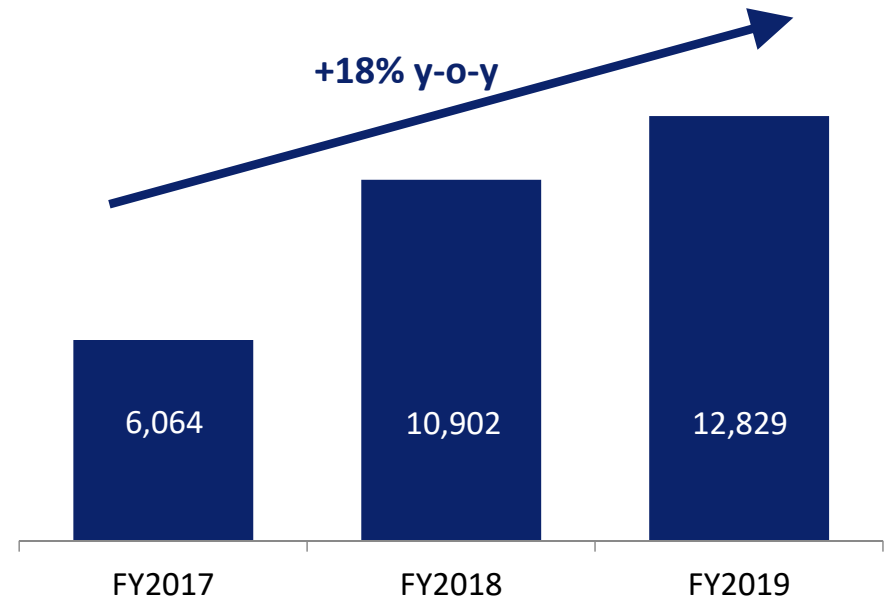
Derivatives  
\$460M ↑ 35% y-o-y

- Record FX futures volume, up 46% from 14.3M to 20.8M contracts
- Fastest growing, Asia's largest FX futures exchange
- Strategic investment in BidFX

USD/ CNH Volume ('000 contracts)



INR/ USD Volume ('000 contracts)

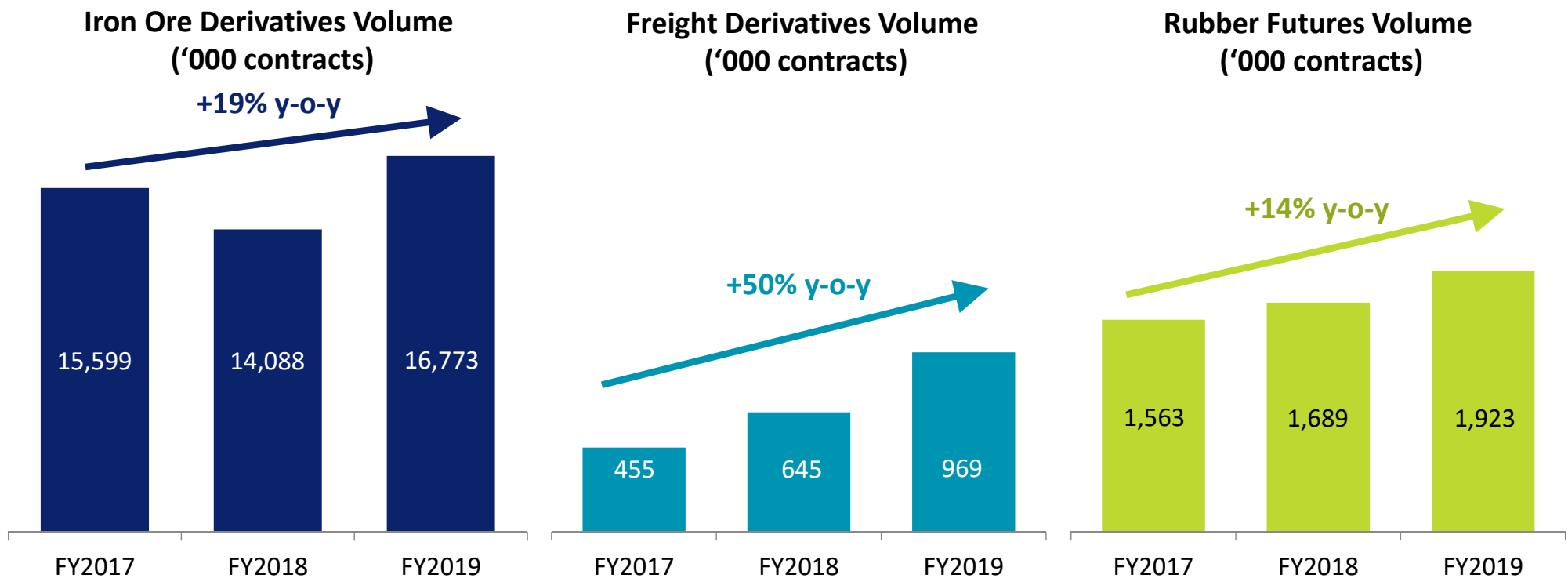


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# Derivatives – Commodities

**Derivatives**  
**\$460M ↑ 35% y-o-y**

- Iron Ore Derivatives volume up 19% from 14.1M to 16.8M contracts
- Freight derivatives volume up 50% from 0.6M to 1.0M contracts
- Rubber derivatives volume up 14% from 1.7M to 1.9M contracts



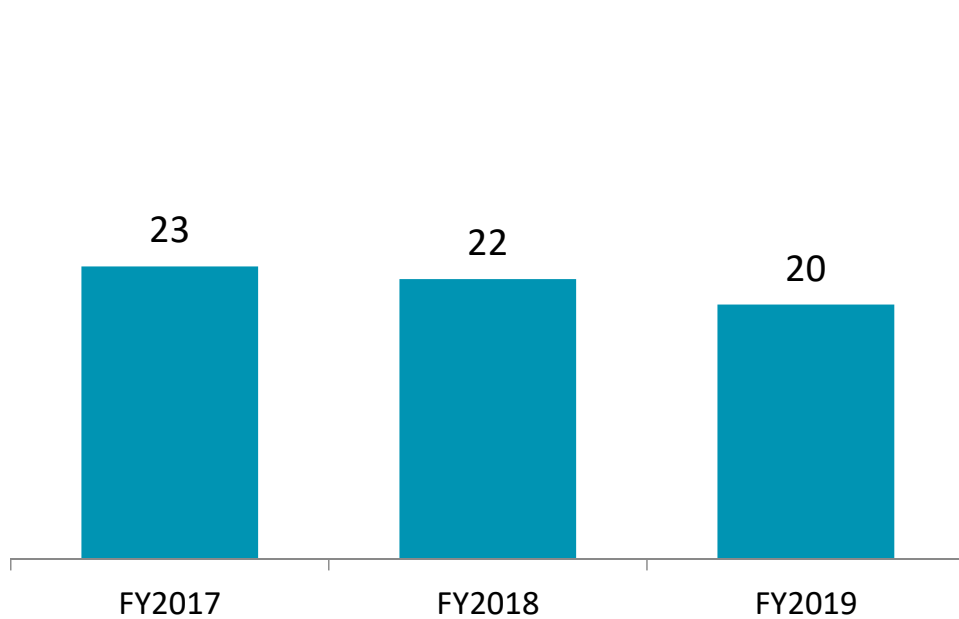
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# Equities & Fixed Income – Issuer Services

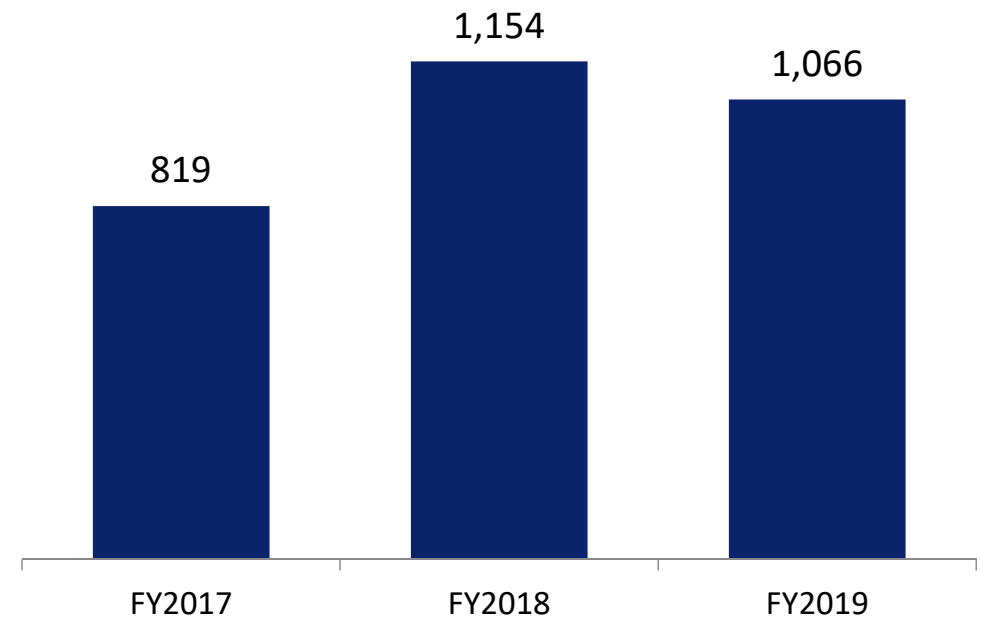
Equities & Fixed Income  
\$348M ↓ 15% y-o-y

- Expanded international coverage of equity and bond listings
- Remain the most international exchange with 45% of new equity listings and 90% of bond listings originated from offshore
- Maintained market share of Asia Pacific G3 bond issuance of ~40%

No. of New Equity Listings



No. of New Bond listings



Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

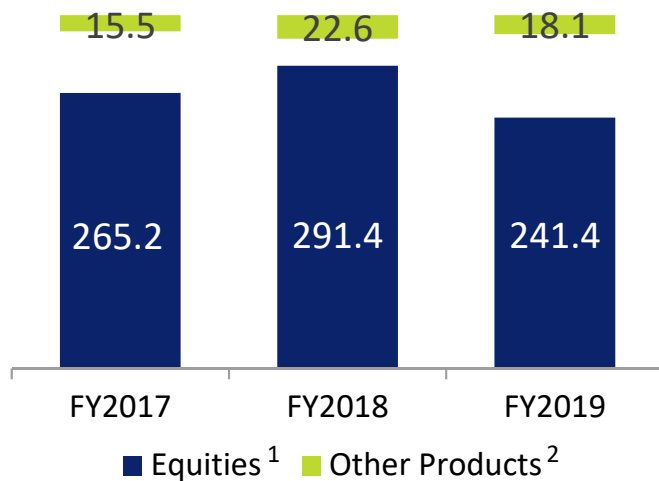
# Equities & Fixed Income – Trading & Clearing

Equities & Fixed Income  
\$348M ↓ 15% y-o-y

- Lower activity in line with regional exchanges amidst concerns of slower economic growth, with trading activity improving in 2H FY2019
- SDAV declined 17% y-o-y from \$1.26B to \$1.04B
- Introduced Single Stock Daily Leveraged Certificates (DLC) of Singapore and Hong Kong companies

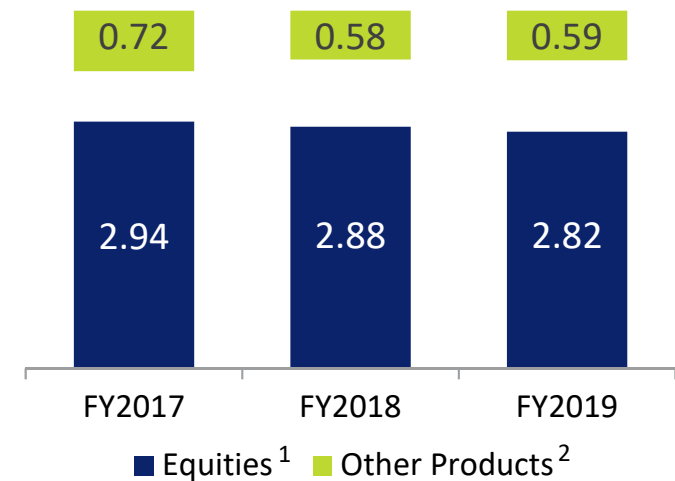
Securities Total Value Traded (\$B)

Total Traded Value	280.7	314.0	259.5
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Average Clearing Fee by Products (bps)

Average yield	2.82	2.72	2.66
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Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

<sup>1</sup> Equities include ordinary shares, real-estate investment trusts and business trusts

<sup>2</sup> Other products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities, and American depository receipts

# Equities & Fixed Income – Post Trade

Equities & Fixed Income  
\$348M ↓ 15% y-o-y

- Successfully launched new post trade system (NPTS) to modernize CDP services and meet business and regulatory requirements
- NPTS enabled the implementation of Delivery vs. Payment (DVP) to reduce settlement risk. This allowed efficiency to be passed to clients through fee reductions
- Securities settlement revenue declined 13% from \$88M to \$77M



## 1. Adoption of International Market Practices

Reduced T+2 settlement cycle

## 2. Platform to drive digitalization initiatives

Launched new online CDP Account Opening service to enhance investors' experience

## 3. Increased Operational Efficiency

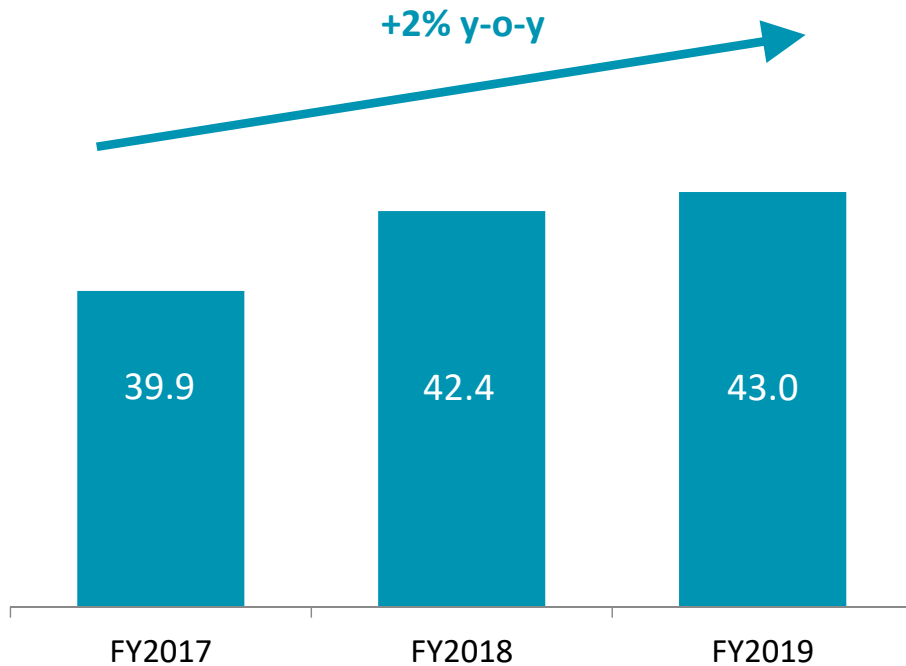
Open API increases post trade operational efficiencies

# Market Data & Connectivity

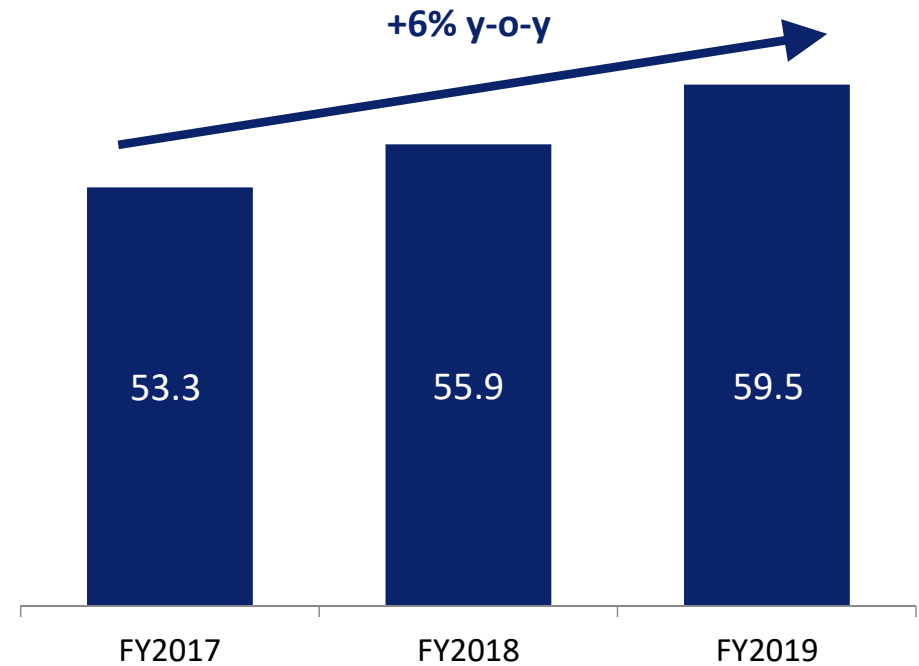
**Market Data & Connectivity**  
**\$103M ↑ 4% y-o-y**

- Market Data revenue up 2% from higher non-display data subscriptions
- Connectivity revenue up 6% from continued growth in our colocation business and higher derivatives connectivity subscriptions

Market Data Revenue (\$M)



Connectivity Revenue (\$M)



Note: All figures in \$ millions unless otherwise stated and may be subject to rounding



# Looking Ahead... positioning for growth and scale



- Capture the digitalisation of the Fixed Income markets and rising convergence of OTC and listed FX and Commodity markets



- Coordinate varied demands of retail and institutional customer segments accessing our continuum of international equities products



- Focus on building capabilities in our Index Business to position ourselves for growth, amid a global shift towards passive investing



- Holistically serve all customer segments with the full spectrum of SGX products and services across asset classes



- Continue to expand globally and use our international presence to facilitate capital raising from key markets

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## Expense guidance for FY2020

- Operating expenses is expected to be between \$465M & \$475M
- Technology-related capital expenditure is expected to be between \$45M & \$50M

# Questions and Answers

