

23 April 2014

## SGX posts third-quarter net profit of \$76 million

- Revenue: \$166 million, down 13% from a year earlier
- Operating profit: \$88 million, down 23%
- Net profit: \$76 million, down 22%
- Earnings per share: 7.1 cents, down 22%
- Interim dividend per share: 4.0 cents

Magnus Bocker, CEO of Singapore Exchange, said, "We recorded third-quarter net profit of \$76 million on revenue of \$166 million following a challenging quarter for our securities business. For the nine-month period, revenue was unchanged at \$514 million while net profit was 2% lower at \$243 million.

This past quarter, we announced a series of initiatives to improve the quality and liquidity in our securities market. In February, we implemented dynamic circuit breakers as an additional market safeguard, and announced a new fee structure covering both clearing and settlement fees, effective 1 June 2014. We also introduced a programme for liquidity providers and market makers that will commence as the new fee structure takes effect. We introduced new order types in March to improve trade execution.

In addition, we issued a joint consultation paper with the Monetary Authority of Singapore (MAS) which included proposals for a minimum share price, share collateral requirements, and the introduction of a Listings Advisory Committee and a Listings Disciplinary Committee. Altogether, these initiatives will strengthen the quality of our market while ensuring safe and orderly trading.

Apart from the Nikkei 225 which had a very strong quarter a year earlier, our derivatives volumes performed credibly, demonstrating strength in the diversity of our portfolio. We also announced several new derivatives contracts including more foreign exchange futures such as contracts for the renminbi and the China A50 equity index options in support of our China focus."

### Results Summary

Total revenue was \$166 million, down 13% from a year earlier. Expenses rose 3% to \$77 million while net profit was 22% lower at \$76 million.

Revenue from the securities business declined 32% to \$52.3 million, contributing to 32% of total revenue from 40% previously. Securities total traded value was 35% lower at \$67.4 billion. The impact of the fall in trading was partially offset by a 5% increase in average clearing fee to 3.1 basis points due to an increase in uncapped trades.

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Derivatives revenue was \$52.3 million, also accounting for 32% of total revenue. Total volumes fell 5% to 26.3 million contracts while average month-end open interest grew 7% to 3.2 million contracts. Volumes of the China A50 and iron ore futures, and cleared iron ore swaps increased, partly offsetting the decline in volume of the Nikkei 225 futures.

A total of five listings in the quarter raised \$0.4 billion versus six listings raising \$1.8 billion a year earlier. Secondary equity funds of \$0.7 billion were raised, down from \$1.5 billion a year earlier.

There were 117 new bond listings, raising \$49.7 billion, compared to 107 bond listings raising \$48.6 billion a year earlier.

## Financial Highlights

<i>\$ million, except where indicated</i>	3Q FY2014	3Q FY2013	Change 3Q FY2014 vs 3Q FY2013	YTD FY2014	YTD FY2013	Change YTD FY2014 vs YTD FY2013
<b>Key income statement figures</b>						
Securities	52.3	77.0	(32%)	173.6	197.1	(12%)
Derivatives	52.3	53.1	(2%)	156.5	142.9	9%
Market Data and Connectivity	19.0	18.1	5%	57.3	54.9	4%
Depository Services	22.7	24.7	(8%)	71.2	67.2	6%
Issuer Services	19.1	16.5	16%	54.9	48.8	12%
Other	0.2	1.3	(83%)	0.8	2.0	(57%)
<b>Operating revenue</b>	<b>165.6</b>	<b>190.6</b>	<b>(13%)</b>	<b>514.3</b>	<b>512.8</b>	<b>-</b>
Operating expenses	77.3	75.2	3%	231.0	219.5	5%
Earnings before interest, tax, depreciation and amortisation	100.2	126.4	(21%)	316.7	323.8	(2%)
<b>Profit from operating segments</b>	<b>88.3</b>	<b>115.4</b>	<b>(23%)</b>	<b>283.3</b>	<b>293.3</b>	<b>(3%)</b>
Other gains/(losses)	1.0	1.1	(7%)	3.3	3.9	(15%)
Profit before tax	89.4	116.5	(23%)	286.6	297.2	(4%)
Tax	14.1	19.9	(29%)	45.0	51.5	(13%)
<b>Profit attributable to equity holders - reported</b>	<b>75.8</b>	<b>97.7</b>	<b>(22%)</b>	<b>243.0</b>	<b>248.3</b>	<b>(2%)</b>
Basic earnings per share (in cents)	7.1	9.1	(2.0)	22.7	23.2	(0.5)
Net asset value per share as at 31 March 2014 and 31 March 2013	78.7	74.7	5%	78.7	74.7	5%
Dividend per share (in cents) - base	4.00	4.00	-	12.00	12.00	-
<b>Key financial indicators</b>						
Revenue growth	(13.1%)	16.5%		0.3%	4.6%	
Cost to income ratio	46.7%	39.5%		44.9%	42.8%	
Operating profit margin	53.3%	60.5%		55.1%	57.2%	
Net profit margin	45.5%	50.9%		47.0%	48.0%	
Return on shareholders' equity	40.3%	39.5%		40.3%	39.5%	

Note: SGX's financial year is from 1 July to 30 June. Some numbers may be subject to rounding.

For the full SGX Financial Statements announcement, please visit [www.sgx.com](http://www.sgx.com)

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## **About Singapore Exchange (SGX)**

Singapore Exchange (SGX) is the Asian Gateway, connecting investors in search of Asian growth to corporate issuers in search of global capital. SGX represents the premier access point for managing Asian capital and investment exposure, and is Asia's most international exchange with more than 40% of companies listed on SGX originating outside of Singapore. SGX offers its clients the world's biggest offshore market for Asian equity index futures, centred on Asia's three largest economies – China, India and Japan.

In addition to offering a fully integrated value chain from trading and clearing, to settlement and depository services, SGX is also Asia's pioneering central clearing house. Headquartered in Asia's most globalised city, and centred within the AAA strength and stability of Singapore's island nation, SGX is a peerless Asian counterparty for the clearing of financial and commodity products.

For more information, please visit [www.sgx.com](http://www.sgx.com)

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