

# 1Q FY2017 Analyst and Media Briefing

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

19 October 2016

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# Agenda

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## First Quarter FY2017 Highlights

### Revenue

- \$191M
- Down 13%

### Expenses

- \$94M
- Down 8%

### Operating Profit

- \$97M
- Down 17%

### Net Profit

- \$83M
- Down 16%

### Earnings Per Share

- 7.8 cents
- Down 16%

- Equities and Fixed Income revenue down 9%
  - SDAV decreased 19% to \$0.99B and total traded value decreased 17% to \$62B
  - 8 new equity and trust listings compared with 7 listings a year earlier
- Derivatives revenues down 22% on lower volumes
  - Total volumes decreased 24% to 40M contracts primarily due to lower SGX FTSE China A50 Index futures and Nikkei 225 futures
  - Average fee per contract largely unchanged at \$1.18
- Expenses down 8% following year-on-year decline in all expense items

# Financial Performance

Chng Lay Chew, Chief Financial Officer

# Financial Performance: Quarterly Trend

Net profit of \$83 million, down 16% from a year earlier

**Revenue**

Down 13% y-o-y  
Down 4% q-o-q

**Expenses**

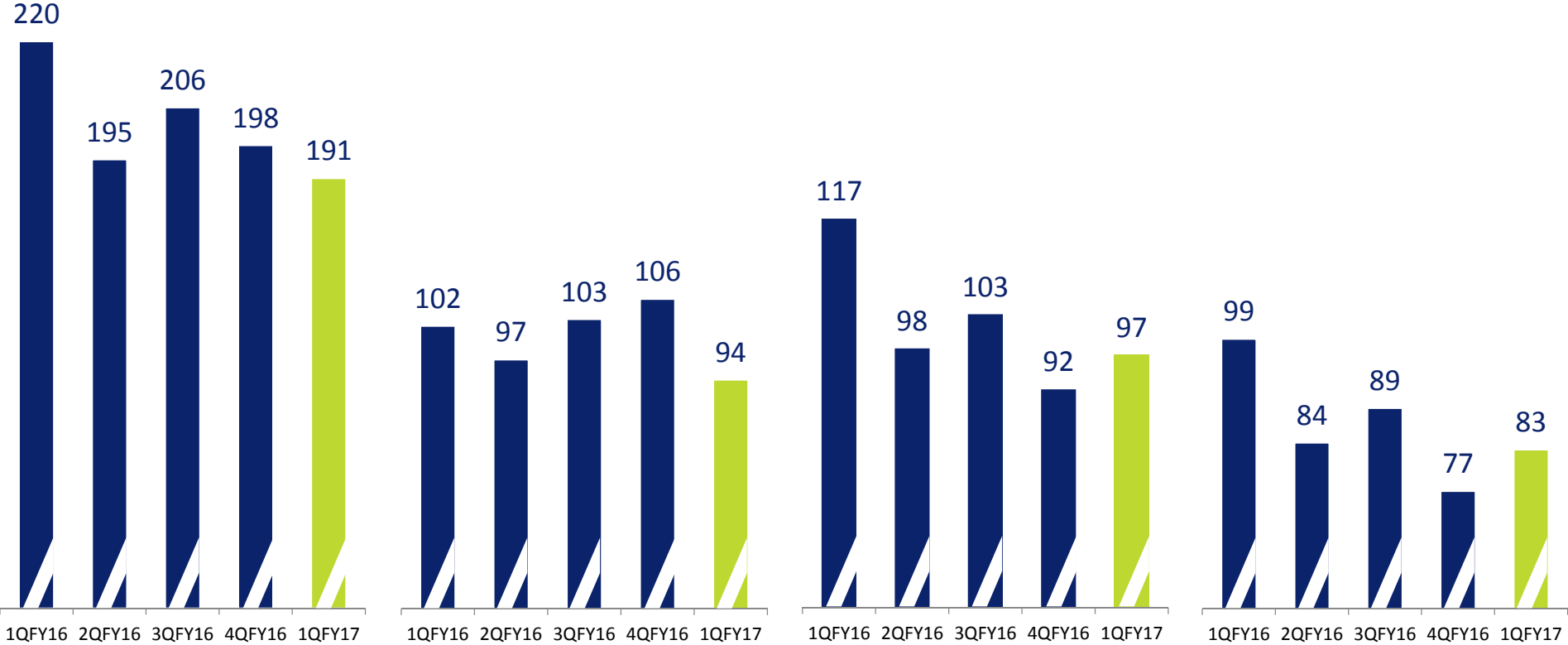
Down 8% y-o-y  
Down 12% q-o-q

**Operating Profit**

Down 17% y-o-y  
Up 6% q-o-q

**Net Profit**

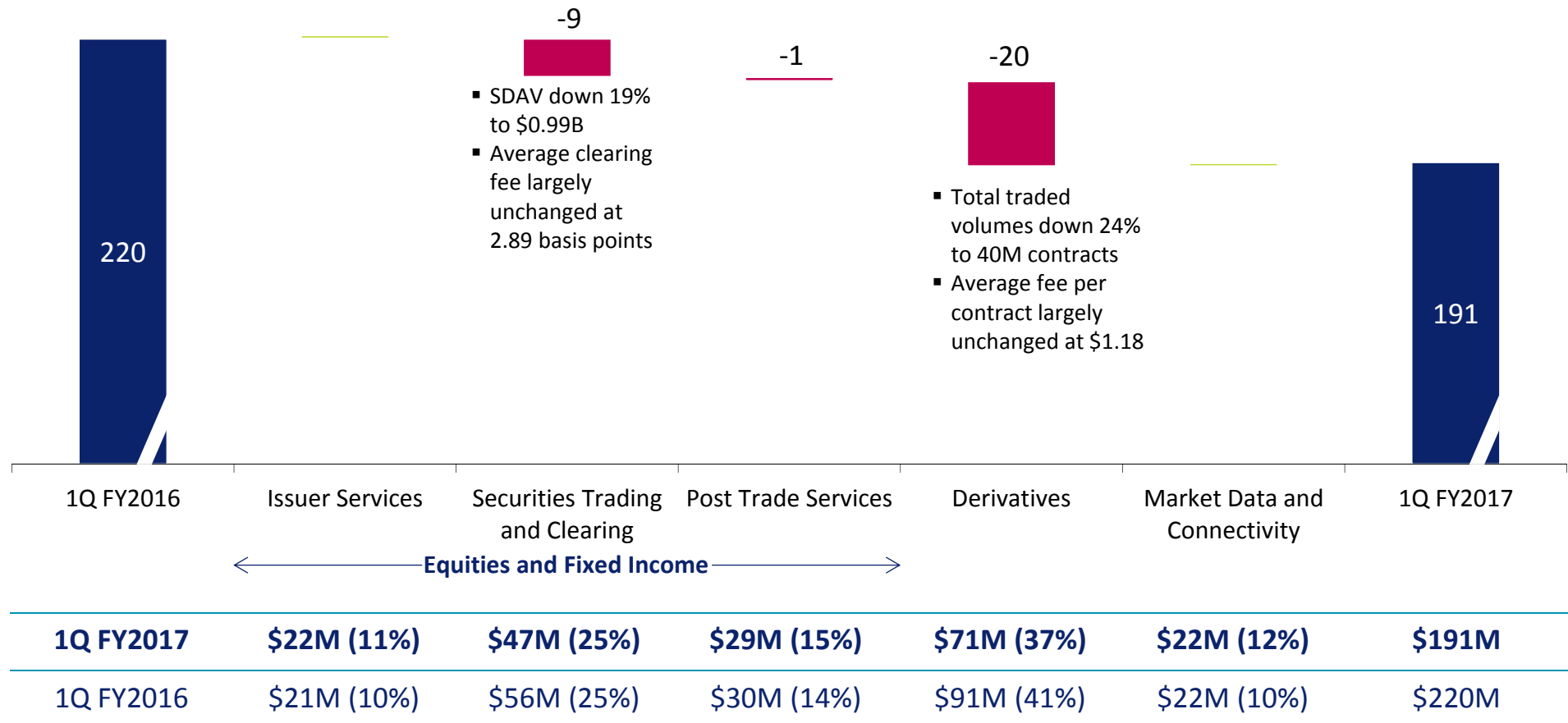
Down 16% y-o-y  
Up 8% q-o-q



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

# Financial Performance: Revenue, Year-on-Year

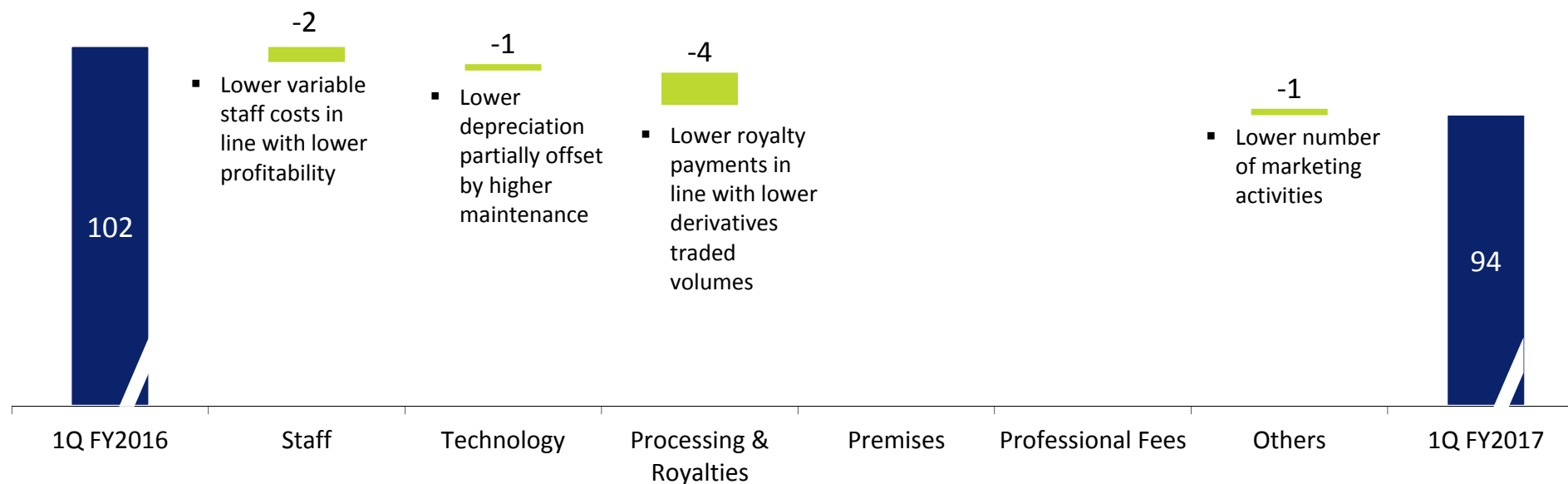
Revenue of \$191 million, down 13% from a year earlier.



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# Financial Performance: Expenses, Year-on-Year

Expenses of \$94 million, down 8% from \$102 million a year earlier.



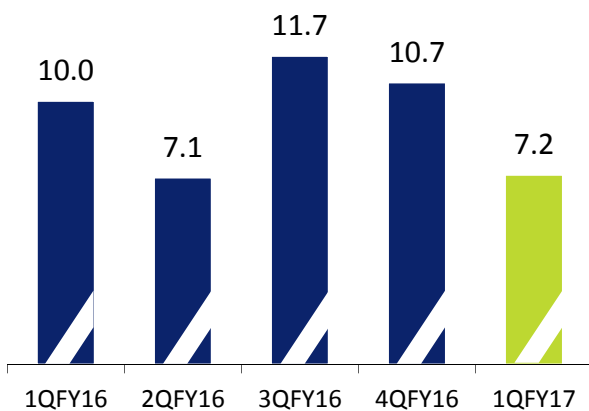
<b>1Q FY2017</b>	<b>\$40M (42%)</b>	<b>\$29M (31%)</b>	<b>\$11M (12%)</b>	<b>\$6M (6%)</b>	<b>\$2M (2%)</b>	<b>\$5M (6%)</b>	<b>\$94M</b>
<b>1Q FY2016</b>	<b>\$42M (41%)</b>	<b>\$31M (30%)</b>	<b>\$16M (15%)</b>	<b>\$6M (6%)</b>	<b>\$2M (2%)</b>	<b>\$6M (6%)</b>	<b>\$102M</b>

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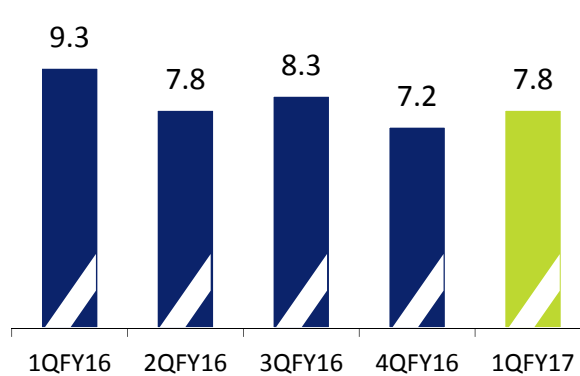
# Financial Performance: Key Indicators

	1Q FY2016	2Q FY2016	3Q FY2016	4Q FY2016	1Q FY2017
Revenue (\$ million)	220	195	206	198	191
Operating profit (\$ million)	117	98	103	92	97
Operating profit margin	53%	50%	50%	46%	51%
Return on equity	45%	43%	41%	36%	38%
Earnings per share (cents)	9.3	7.8	8.3	7.2	7.8
Dividend per share (cents)	5	5	5	13	5

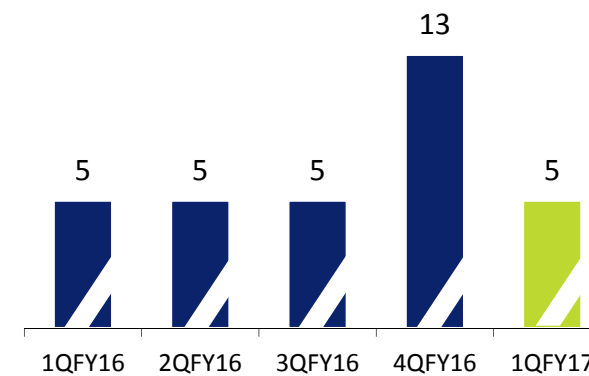
**Operating cash flow per share (cents)**



**Earnings per share (cents)**



**Dividend per share (cents)**



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# Business and Regulatory Update

Loh Boon Chye, Chief Executive Officer  
Tan Boon Gin, Chief Regulatory Officer

# Business Update

Lower levels of market activities following recent economic and political uncertainties

## EQUITIES & FIXED INCOME

<b>Issuer Services</b>	>	<ul style="list-style-type: none"><li>▪ Revenue up 2% to \$22 million with 8 new listings and 139 new bond issues</li><li>▪ Total funds raised up 38% to \$62 billion</li></ul>
<b>Securities Trading and Clearing</b>	>	<ul style="list-style-type: none"><li>▪ Revenue down 16% to \$47 million with average clearing fees largely unchanged</li><li>▪ SDAV decreased 19% to \$0.99 billion</li></ul>
<b>Post Trade Services</b>	>	<ul style="list-style-type: none"><li>▪ Revenue down 2% to \$29 million following lower contract processing volumes</li></ul>
<b>Derivatives</b>	>	<ul style="list-style-type: none"><li>▪ Revenue down 22% to \$71 million with total volumes down 24%, led by declines in SGX FTSE China A50 Index futures and Nikkei 225 futures</li></ul>
<b>Market Data &amp; Connectivity</b>	>	<ul style="list-style-type: none"><li>▪ Revenue up 2% to \$22 million</li><li>▪ Increase primarily from continued growth of colocation services</li></ul>

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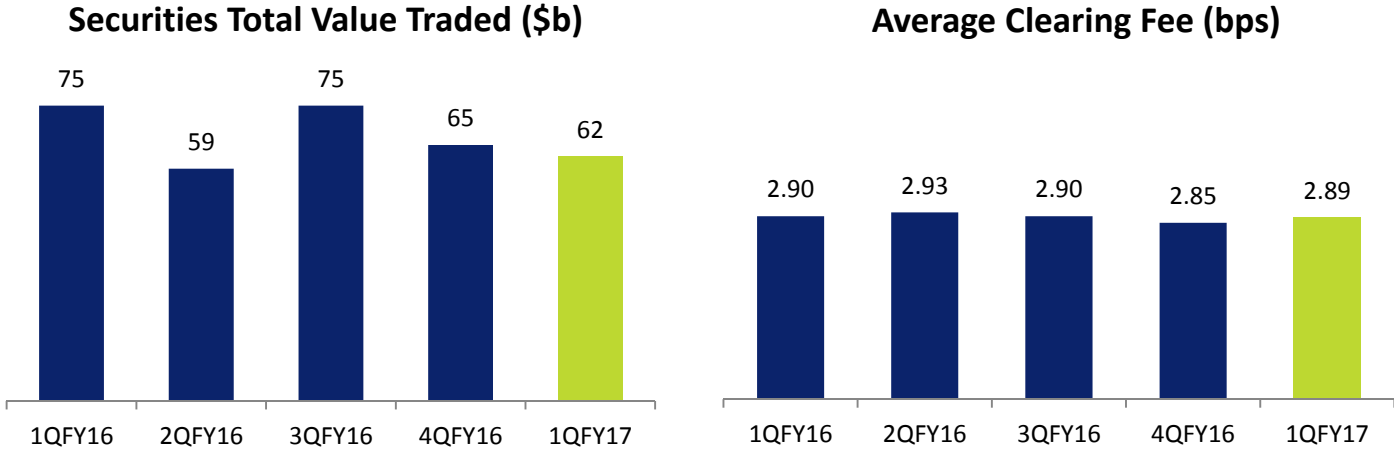
# Business Update

Lower levels of market activities following recent economic and political uncertainties

EQUITIES & FIXED INCOME	
Issuer Services	>
Securities Trading and Clearing	>
Post Trade Services	>

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- Total funds raised up 38% to \$62 billion
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Derivatives	>
Market Data & Connectivity	>



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# Business Update

Lower levels of market activities following recent economic and political uncertainties

EQUITIES & FIXED INCOME

Issuer Services >

- Revenue down 22% to \$71 million with total volumes down 24%, led by declines in SGX FTSE China A50 Index futures and Nikkei 225 futures

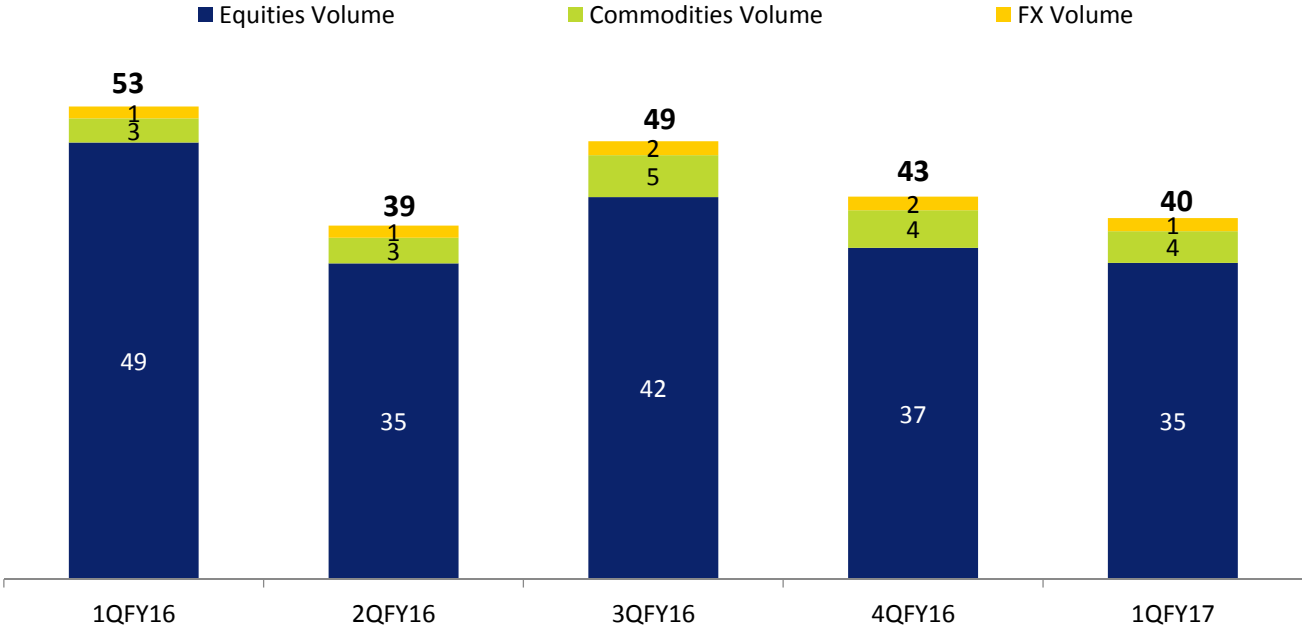
Securities Trading and Clearing >

Post Trade Services >

**Derivatives** >

Market Data & Connectivity >

**Total Derivatives Volume (m contracts)**



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# Business Update

Lower levels of market activities following recent economic and political uncertainties

## EQUITIES & FIXED INCOME

- |                                       |   |                                                                                                                                                                                            |
|---------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
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| Post Trade Services                   | > | <ul style="list-style-type: none"><li>▪ Revenue down 2% to \$29 million following lower contract processing volumes</li></ul>                                                              |
| Derivatives                           | > | <ul style="list-style-type: none"><li>▪ Revenue down 22% to \$71 million with total volumes down 24%, led by declines in SGX FTSE China A50 Index futures and Nikkei 225 futures</li></ul> |
| <b>Market Data &amp; Connectivity</b> | > | <ul style="list-style-type: none"><li>▪ Revenue up 2% to \$22 million</li><li>▪ Increase primarily from continued growth of colocation services</li></ul>                                  |

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# Regulatory Update

Key regulatory initiatives during the quarter included:

- Public Consultation on a proposal to make the minimum trading price requirement more targeted
- Launched the Trade Surveillance Handbook and Members' Surveillance Dashboard in collaboration with Member firms
- Decision by the independent Listings Advisory Committee to recommend that SGX consider listing companies with a dual-class shares structure subject to certain investor safeguards
- Public reprimand by SGX of one company for breaching the Listing Rules while the independent Disciplinary Committee fined and suspended a Trading Representative for market misconduct

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## Outlook

Our results this past quarter reflect lower levels of market activities, as compared with a much more volatile market a year earlier.

Participants reacting and adjusting to slowing global economic growth, political uncertainties and implications of Brexit on the European economy could result in a period of relatively subdued trading volumes.

Nevertheless, we remain focused on executing our strategy and diversifying our revenues.

Whilst being disciplined in expenditure, we will continue to invest to grow our business and be more competitive. As previously guided, operating expenses for FY2017 are expected to be between \$420 million and \$430 million. Technology-related capital expenditure is expected to be between \$65 million and \$70 million.

We will pace operating expenses and keep them aligned with business growth.

# Questions and Answers



# Thank You

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