

Third Quarter Financial Year 2013 Singapore Exchange Reports \$98 Million Profit

- Revenue: \$191 million (\$164 million in 3Q FY2012)
- EBITDA: \$126 million (\$103 million) and Net Profit: \$98 million (\$78 million)
- Earnings per share: 9.1 cents (7.3 cents)
- Interim Dividend per share: 4.0 cents (4.0 cents)

All figures are for the quarter except for figures in brackets which are for the quarter a year earlier unless otherwise stated

SGX recorded revenue of \$191 million (\$164 million), net profit of \$98 million (\$78 million) and earnings per share (EPS) of 9.1 cents (7.3 cents). The Board of Directors has declared an interim dividend of 4.0 cents (4.0 cents) per share, payable on 2 May 2013.

Mr Magnus Bocker, SGX CEO, said, "We are reporting a net profit of \$98 million, an increase of 26% from a year ago. A stronger market during the third quarter saw Securities daily average traded value of \$1.7 billion, up 17% year-on-year. Our Derivatives market delivered a second consecutive record quarter with daily average traded volume of 479,235 contracts, up 52% year-on-year."

Business Highlights

- **Securities:** Securities daily average traded value (SDAV) for the quarter was \$1.7 billion, up 17% year-on-year (\$1.5 billion) and up 41% quarter-on-quarter (\$1.2 billion).
- **Derivatives:** Derivatives daily average traded volume (DDAV) for the quarter was a record 479,235 contracts, up 52% year-on-year (315,919 contracts), and up 34% quarter-on-quarter (358,532 contracts). Several other records were also set this quarter, including monthly DDAV of 512,551 contracts in February and single-day Open Interest of 3.2 million contracts on 7 March 2013.
- **Issuer Services:** Total equity funds raised were \$2.4 billion, up from \$484 million a year ago. Primary equity funds of \$955 million (\$36 million) were raised from five (two) Initial Public Offers (IPOs) and one Global Depository Receipts (GDR). Secondary equity funds of \$1.5 billion were raised, up from \$448 million a year earlier. There were 107 (105) new bond listings, raising \$48.6 billion (\$54.7 billion).

Market Development, Risk Management & Regulations

On 21 January 2013, we introduced margining for all securities cleared by the Central Depository. This initiative is in line with the new CPSS¹-IOSCO² Principles for Financial Market Infrastructure and reinforces SGX's standing as a central counterparty meeting the highest regulatory standards.

On 11 March 2013, we implemented new rules requiring investors to mark their short sell orders. This requirement enhances the transparency of SGX's Securities market.

We have established a Working Committee to review the SGX listing manual to enhance the robustness, efficacy and relevance of the listing framework. The review dovetails with our initiatives

¹ Committee on Payment and Settlement Systems

² International Organisation of Securities Commissions

to improve our Securities market and is part of continuing efforts to ensure that regulatory standards remain high. In its review, the Working Committee is also seeking proposals and suggestions from both professional and public market participants.

Outlook

Improved sentiments across global capital markets this past quarter led to increased trading and clearing volumes for both our Securities and Derivatives markets. However global economic conditions remain volatile. It is uncertain if current market conditions will persist. Our IPO and bond listings pipelines are healthy. We are keeping up efforts to develop new products and services, and strengthen our regulatory and risk management capabilities. Expenses for FY2013 are expected to be between \$295 million and \$305 million. Capital expenditure is expected to be between \$30 million and \$35 million.

Financial Performance

Net profit was \$97.7 million (\$77.8 million) and EBITDA \$126.4 million (\$102.8 million). Earnings per share (EPS) was 9.1 cents (7.3 cents).

Revenue was 17% higher at \$190.6 million (\$163.6 million), primarily due to a 26% increase in Derivatives revenue to \$53.6 million (\$42.5 million) and a 15% increase in Securities revenue to \$74.9 million (\$65.0 million).

Expenses were 7% higher at \$75.2 million (\$70.6 million) primarily due to increases in professional fees and other expenses. Professional fees were \$4.2 million (\$2.5 million) due to higher legal and consulting fees. Other expenses were higher at \$4.7 million (\$2.5 million) in the absence of one-off refunds received in the previous year.

Staff and Technology expenses were flat at \$29.1 million (\$29.0 million) and \$25.7 million (\$25.3 million) respectively.

Headcount as at 31 March 2013 was 585 (603).

Cashflow generated from operations was \$115.9 million (\$61.6 million). Capital expenditure was lower at \$3.8 million (\$7.7 million).

Total equity was higher at \$798.6 million (\$769.2 million) on 31 March 2013. The unrestricted³ cash reserves were \$522.9 million (\$505.8 million), from which the 3Q FY2013 interim dividend of \$42.8 million (\$42.7 million) will be paid on 2 May 2013.

Performance Review

Securities, 39% (40%) of SGX's revenue

Securities revenue increased 15% to \$74.9 million (\$65.0 million), due to higher securities market activities. SDAV for the quarter was \$1.71 billion, up 17% from the previous year (\$1.46 billion), and 41% from the previous quarter (\$1.21 billion).

³ Excludes cash set aside for SGX-DC clearing fund contributions

The average clearing fee was up 4% to 2.9 basis points (2.8 basis points), due to an increase in the proportion of uncapped trades.

In March 2013, we signed a Memorandum of Understanding (MOU) with Philippine Dealing System Holdings Corp. (PDS) to develop fixed income access between Singapore and the Philippines.

Table below summarises the key metrics of our Securities market:

	3Q FY13	3Q FY12	Change
SDAV	\$1.71B	\$1.46B	+17%
% of trades below \$1.5M	60%	59%	+1% pt
% of trades above \$1.5M	40%	41%	-1% pt
Primary and secondary listed market capitalisation (quarter end)	\$992.9B	\$870.9B	+14%
% of total value traded			
Singapore companies	61%	54%	+7% pts
International companies	39%	46%	-7% pts
Turnover velocity (primary listed only)			
Singapore companies	50%	43%	+7% pts
International companies	86%	92%	-6% pts

Derivatives, 28% (26%) of SGX's revenue

Derivatives revenue grew 26% to \$53.6 million (\$42.5 million).

Futures and Options (F&O) total traded volumes grew 46% to 27.6 million contracts (18.9 million contracts) while revenue increased 30% to \$34.5 million (\$26.6 million). Yield per contract was \$1.25 (\$1.41) mainly due to the strong growth of our lower-priced contracts.

DDAV increased 52% to a quarterly record of 479,235 contracts (315,919 contracts), supported by continuing strong growth in the China A50 futures as well as the Japan Nikkei 225 futures and options. DDAV for these three products were 102,325, 178,345 and 36,515 respectively, all of which were also quarterly records.

Table below summarises the key metrics of our Derivatives market:

	DAV (contracts)			Market Share ⁴ (%)		
	3Q FY13	3Q FY12	Change	3Q FY13	3Q FY12	Change
Japan Nikkei 225 futures	178,345	117,397	+52%	26	29	-3% pts
MSCI Taiwan futures	75,498	73,350	+3%	29	26	+3% pts
China A50 futures	102,325	30,247	+238%	0.9	0.6	+0.3% pt
India Nifty futures	60,593	59,230	+2%	35	21	+14% pts
MSCI Singapore futures	16,190	16,262	-0.4%	100	100	No change
Rubber futures	1,257	957	+31%	11	10	+1% pt
MSCI Indonesia futures	772	-	-	100	-	-
Japan Nikkei 225 options	36,515	13,080	+179%	6	3	+3% pts
India Nifty options	2,302	-	-	N.A.	N.A.	N.A.
Others	5,438	5,396	+1%	N.A.	N.A.	N.A.
Total	479,235	315,919	+52%			

⁴ Market share information from Bloomberg

	3Q FY13	3Q FY12	Change
Average month-end Open Interest (contracts)	2,936,564	1,459,473	+101%
Algorithmic trading	38%	32%	+6% pts

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Average month-end Open Interest for the quarter was up 101% to 2.9 million contracts. The robust growth in Open Interest reflects SGX's position as a risk management venue of choice for institutional market participants investing into Asian markets.

Collateral management, license and other revenue increased 22% to \$18.3 million (\$15.0 million). The increase is mainly driven by increased revenue from licensing and AsiaClear, SGX's OTC clearing service. Increased licensing revenue was due to higher volumes for Japan Nikkei 225 and India Nifty futures contracts. AsiaClear volumes increased 73% to 125,279 contracts (72,394 contracts) supported by a 222% increase in Iron Ore swaps to 102,988 contracts (32,015 contracts).

Collateral management revenue was flat as higher collateral balances were off-set by lower yields.

In March, we announced several new collaborations and initiatives, all of which will expand our existing portfolio and provide our clients with enhanced reach into Asian emerging markets.

- Licensing agreement with global index provider MSCI for 14 new regional and country indices, giving us a total of 19 MSCI indices encompassing almost all of Asia's key growth markets
- MOU with Philippine Stock Exchange to develop Philippines-linked derivatives products
- MOU with Korea Exchange to jointly explore collaborations in the clearing of OTC financial derivatives
- Introduction of Asian foreign exchange futures to our Derivatives market, starting with US dollar/Singapore dollar, Indian rupee/US dollar, Australian dollar/US dollar and Australian dollar/Japanese yen contracts in the second half of calendar 2013 subject to regulatory approval.

Market Data, 4% (5%) of SGX's revenue

Market Data revenue was flat at \$8.2 million (\$8.3 million). Customers continued to migrate to the low latency SGX market data feed (SMDF). The number of terminals decreased year-on-year due to consolidation of institutional clients. This decrease is offset by higher yields from SMDF. The average number of Securities and Derivatives terminals was 39,112 (42,679) and 21,510 (24,660) respectively.

Member Services and Connectivity, 6% (7%) of SGX's revenue

Member Services and Connectivity revenue was unchanged at \$12.0 million (\$12.0 million), with Membership and Connectivity revenues at \$1.8 million (\$2.0 million) and \$10.2 million (\$10.0 million) respectively.

In March 2013, we welcomed KGI Capital as our first Taiwanese clearing member in Singapore. In addition to KGI who is both a trading and clearing member, we have six other Taiwanese brokerage firms participating in our Derivatives market as remote trading members. SGX's distribution in Taiwan will continue to expand as we work with our Taiwanese members to reach out to more Taiwanese investors.

Use of exchange-hosted Pre-Trade Risk Controls (PTRC) was made mandatory for our Derivatives market from 15 March 2013. All orders to the Derivatives market now pass through SGX-hosted PTRC, as recommended by the Futures Industry Association. SGX is the first exchange in Asia to implement exchange-hosted PTRC.

SGX will offer general hosting and caging services from 4Q FY2013. This initiative supports our objective to build an ecosystem of different market participants around our data centres.

Depository Services, 13% (13%) of SGX's revenue

Depository revenue increased 17% to \$24.7 million (\$21.2 million). This comprised a 16% increase in Securities settlement revenue to \$17.5 million (\$15.0 million) due to increased institutional settlements and a 21% increase in contract processing revenue to \$5.6 million (\$4.7 million) in line with the growth of the Securities market.

Issuer Services, 9% (9%) of SGX's revenue

Issuer Services revenue was up 10% at \$15.8 million (\$14.4 million), with both Listing and Corporate Actions revenue higher from a year ago. Listing revenue increased 14% to \$10.1 million (\$8.9 million). Corporate Actions revenue increased 4% to \$5.7 million (\$5.5 million).

Total equity funds raised were \$2.4 billion, up from \$484.1 million a year ago. We had six (two) listings, including five IPOs and one GDR, raising primary equity funds of \$954.6 million (\$35.7 million). Secondary funds raised were \$1.5 billion, up from \$448.4 million a year earlier. As at 31 March 2013, there were 772 (768) companies listed on SGX, with an all-time high total market capitalisation of \$992.9 billion, up 14% from a year ago (\$870.9 billion).

There were 107 (105) new bond listings, raising \$48.6 billion (\$54.7 billion).

-End-

Appendix: Financial Highlights

\$ Million	3Q FY2013	3Q FY2012	Change	YTD FY2013	YTD FY2012	Change
Income Statement						
Revenue	190.6	163.6	16.5%	512.8	490.1	4.6%
Expenses	75.2	70.6	6.6%	219.5	214.0	2.6%
Earnings before interest, tax, depreciation and amortisation	126.4	102.8	23.0%	323.8	307.1	5.4%
Net Profit attributable to equity holders	97.7	77.8	25.6%	248.3	230.7	7.6%
Statement of Financial Position						
Cash and cash equivalent (excluding restricted reserves)	522.9	505.8	3.4%	522.9	505.8	3.4%
Capital expenditure	3.8	7.7	(50.2%)	13.6	29.6	(54.1%)
Total equity	798.6	769.2	3.8%	798.6	769.2	3.8%
Financial Indicators						
Based on Net Profit attributable to equity holders						
Net profit margin (%)	50.9	47.2	3.7 pts	48.0	46.6	1.4 pts
Return on equity (%)	39.5	40.9	(1.4 pts)	39.5	40.9	(1.4 pts)
Basic earnings per share (cents)	9.1	7.3	1.8	23.2	21.6	1.6
Operating cash flow per share (cents)	10.8	5.8	5.0	26.0	22.9	3.1
Dividend per share (cents)						
Base	4.00	4.00	-	12.00	12.00	-

Note: SGX's financial year is from 1 July to 30 June

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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 internationalised 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 futures market, 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