



## News Release

20 April 2016

# SGX reports 3Q performance with net profit of \$89 million

### 3Q FY2016 Financial Summary

- Revenue: \$206 million, up 3% from a year earlier
- Operating profit: \$103 million, unchanged
- Net profit: \$89 million, up 1%
- Earnings per share: 8.3 cents, up 1%
- Interim dividend per share: 5 cents<sup>1</sup>, up from 4 cents

*All figures are for the year except for figures in brackets which are for the year earlier, unless otherwise stated*

Singapore Exchange (SGX) today reported net profit of \$89.2 million (\$88.2 million) for 3Q FY2016. Revenue was up 3% to \$205.8 million (\$199.3 million). Earnings per share was 8.3 cents (8.2 cents) and the Board of Directors has declared an interim dividend of 5 cents (4 cents) per share, payable on 6 May 2016, in line with the stated dividend policy.

Commenting on the results, Loh Boon Chye, CEO of SGX said, “Our results this quarter showed growth across our three business lines of Equities and Fixed Income, Derivatives and Market Data and Connectivity. This reflected higher levels of market activities as market participants react and adjust to the changes in benchmark interest rates and volatile commodity prices.”

Following previously announced changes to its organisational structure, SGX is presenting results this quarter according to its three business lines.

### Results Summary

Results for **Equities and Fixed Income** comprise Issuer Services, Securities Trading & Clearing and Post Trade Services.

- Issuer Services revenue decreased \$1.0 million or 5% to \$18.7 million (\$19.7 million), accounting for 9% (10%) of total revenue.
  - Listing revenue was \$11.4 million, down 6% from \$12.1 million due to a decline in the number of new bond listings, while revenues from corporate actions and others was \$7.3 million, down 4% from

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<sup>1</sup> From FY2016 onwards, SGX’s dividend policy is to declare a base dividend of 5 cents per share per quarter, an increase of 1 cent per share. For each financial year, SGX will pay as dividend an amount which is no less than 80% of the annual net profit after tax or 20 cents per share, whichever is higher.

\$7.6 million. There were a total of four new equity listings, compared to two a year earlier. Secondary equity funds raised were \$0.3 billion (\$1.0 billion).

- Securities Trading and Clearing<sup>2</sup> revenue increased \$2.0 million or 4% to \$54.8 million (\$52.8 million) and accounted for 27% (27%) of total revenue.
  - The increase was attributed to revenue growth in Securities Clearing with \$42.2 million, up 3% from \$41.0 million and Access with \$10.3 million, up 5% from \$9.9 million, as well as a 17% increase of revenue from \$2.0 million to \$2.3 million from collateral management, membership and others.
  - The higher level of market activities this quarter led to an increase in the securities daily average traded value (SDAV) by 5% to \$1.22 billion (\$1.17 billion) and total traded value also by 5% to \$74.7 billion (\$71.4 billion). Turnover velocity for the quarter increased 20% to 46% (39%). The average clearing fee was 2.90 basis points (2.94 basis points).
- Post Trade Services<sup>3</sup> revenue increased \$2.5 million or 10% to \$28.5 million (\$26.0 million), accounting for 14% (13%) of total revenue.
  - Securities settlement revenue: \$22.1 million, up 10% from \$20.0 million, following higher volumes of institutional securities settlement
  - Contract processing revenue: \$4.0 million, up 2% from \$4.0 million
  - Depository management revenue: \$2.3 million, up 18% from \$2.0 million

**Derivatives** revenue increased \$2.5 million or 3% to \$82.2 million (\$79.7 million), and accounted for 40% (40%) of total revenue. Revenues from Equity and Commodities were \$61.9 million, up 3% from \$60.1 million. This reflected increased volumes by 9.5 million or 24% to 48.7 million contracts (39.2 million contracts), primarily from higher volumes in the SGX FTSE China A50 Index futures, Japan Nikkei 225 and iron ore contracts. Average fee per contract was lower at \$1.15 (\$1.39), mostly due to greater increase in futures and options volumes, and revision in pricing and incentives for iron ore contracts as a result of increased competition.

Revenues from collateral management, licence, membership and others contributed \$20.4 million, up 4% from \$19.6 million. Average month-end open interest for equity and commodities derivatives was 3.7 million contracts, up 14% from 3.3 million contracts a year earlier.

**Market Data and Connectivity** revenue increased \$0.5 million or 3% to \$21.6 million (\$21.1 million), accounting for 11% (11%) of total revenue. Specifically, revenue for market data was \$9.4 million, down 5% from \$9.8 million due to the impact of one-off items, while revenue for connectivity was \$12.3 million, up 9% from \$11.3 million due to the continued growth of our colocation services business.

## Outlook

Mr Loh added, "As we continue to execute on our growth strategy, we will focus on managing costs, against the backdrop of increasing competition and volatile global market conditions. We expect FY2016 operating expenses to come in at the lower end of our previously announced guidance of between \$415 million and \$425 million."

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<sup>2</sup> The revenue line previously known as Securities has been renamed to Securities Trading and Clearing.

<sup>3</sup> The revenue line previously known as Depository Services has been renamed to Post Trade Services.

## Financial Highlights

<i>\$ million, except where indicated</i>	3Q FY2016	3Q FY2015	Change 3Q FY2016 vs 3Q FY2015	YTD FY2016	YTD FY2015	Change YTD FY2016 vs YTD FY2015
<b>Key income statement figures</b>						
Equities and Fixed Income	102.0	98.5	4%	304.4	292.9	4%
Derivatives	82.2	79.7	3%	250.8	210.0	19%
Market Data and Connectivity	21.6	21.1	3%	64.8	60.3	8%
<b>Operating revenue</b>	<b>205.8</b>	<b>199.3</b>	<b>3%</b>	<b>620.1</b>	<b>563.2</b>	<b>10%</b>
Operating expenses	103.2	96.3	7%	302.6	271.8	11%
<b>Operating profit</b>	<b>102.6</b>	<b>103.0</b>	<b>0%</b>	<b>317.5</b>	<b>291.5</b>	<b>9%</b>
Other gains	3.1	1.7	86%	7.8	5.7	35%
Profit before tax and share of results of associated companies	105.7	104.7	1%	325.3	297.2	9%
Tax	16.8	16.9	(1%)	53.9	46.4	16%
<b>Profit attributable to equity holders - reported</b>	<b>89.2</b>	<b>88.2</b>	<b>1%</b>	<b>272.2</b>	<b>252.4</b>	<b>8%</b>
Earnings per share (in cents)	8.3	8.2	1%	25.4	23.6	8%
Dividend per share (in cents)	5.00	4.00	25%	15.00	12.00	25%
<b>Key financial indicators</b>						
Revenue growth	3%	20%		10%	10%	
Cost to income ratio	50%	48%		49%	48%	
Operating profit margin	50%	52%		51%	52%	
Net profit margin	43%	44%		43%	44%	
Return on shareholders' equity	41%	38%		41%	38%	

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

## About Singapore Exchange (SGX)

Singapore Exchange is Asia's leading and trusted market infrastructure, facilitating the exchange of capital and ideas to create value for people, businesses and economies. As a multi-asset exchange operating equity, fixed income and derivatives markets to the highest regulatory standards, SGX is a vertically integrated business that provides listing, trading, clearing, settlement, depository and data services.

With about 40% of listed companies and 90% of listed bonds originating outside of Singapore as well as established linkages across the region and in Europe, SGX is Asia's most international and connected exchange. Offering a full suite of derivatives products across Asian equity indices, commodities and currencies, SGX is the world's most liquid offshore market for the benchmark equity indices of China, India, Japan and ASEAN.

The exchange was one of the first globally to adopt the Principles for Financial Market Infrastructure, the first and only central counterparty in the region to be fully approved by U.S. regulators as a Derivatives Clearing Organisation and a Foreign Board of Trade, and is recognised by European Union regulators for both securities and derivatives.

As Asia's pioneering central counterparty, SGX is globally recognised for its risk management and clearing capabilities. In 2015, SGX was awarded Derivatives Exchange of the Year by Asia Risk, Futures and Options World and Global Capital as well as Central Counterparty (CCP) of the Year by Asia Risk.

Headquartered in AAA-rated Singapore, SGX has over 700 employees including offices in Beijing, Hong Kong, London, Mumbai, Shanghai and Tokyo. For more information, please visit [www.sgx.com](http://www.sgx.com).

## Media Contact

Patricia Choo  
Marketing & Communications  
+65 67136102  
[patricia.choo@sgx.com](mailto:patricia.choo@sgx.com)

**Singapore Exchange**  
2 Shenton Way  
#02-02 SGX Centre 1  
Singapore 068804  
main: +65 6236 8888  
[sgx.com](http://sgx.com)