



News Release

20 January 2016

SGX reports 2Q performance with net profit of \$84 million

2Q FY2016 Financial Summary

- Revenue: \$195 million, unchanged from a year earlier
- Operating profit: \$98 million, down 4%
- Net profit: \$84 million, down 3%
- Earnings per share: 7.8 cents, down 3%
- Interim dividend per share: 5 cents¹, 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 \$83.7 million (\$86.6 million) for 2Q FY2016. Revenue was largely unchanged at \$194.6 million (\$195.1 million). Expenses increased \$3.5 million or 4% to \$97.1 million (\$93.5 million). Earnings per share was 7.8 cents (8.1 cents), and the Board of Directors has declared an interim dividend of 5 cents (4 cents) per share, payable on 4 February 2016, in line with the stated dividend policy.

Net profit for 1H FY2016 was \$183.0 million, up 11% from a year earlier (\$164.2 million), on the back of a strong first quarter.

Commenting on the results, Loh Boon Chye, CEO of SGX said, "It was a challenging quarter with persistent weak market sentiment. While net profit this quarter was \$84 million, down 3% from a year earlier, our net profit for first half of FY2016 improved by 11% to \$183 million, on the back of a strong first quarter."

Results Summary

Securities revenue decreased \$5.1 million or 10% to \$46.6 million (\$51.7 million) and accounted for 24% (26%) of total revenue, due to a decline in market activities. Average clearing fee was 2.93 basis points, down 2% from 3.00 basis points a year earlier. The securities daily average traded value (SDAV) decreased 11% to \$0.93 billion (\$1.04 billion) while total traded value decreased 9% to \$59.5 billion (\$65.7 billion). Turnover velocity was largely unchanged at 35% (36%).

Derivatives revenue increased \$1.1 million or 1% to \$77.6 million (\$76.4 million) and accounted for 40% (39%) of total revenue. Equity and Commodities derivatives revenue was \$56.3 million, down 3% from \$58.0 million. This reflected a 2% fall in total volumes to 39.3 million contracts (40.0 million contracts) as a result of decline in the Japan Nikkei 225 futures and options volumes. Our global commodities benchmarks performed well, led by an increase in Iron Ore volumes by 121% to 2.6 million contracts. Collateral management, licence, membership and

¹ 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.

other revenue increased 15%. Average month-end open interest for equity and commodities derivatives was 3.5 million contracts, up 6% from 3.3 million contracts a year earlier.

In December 2015, SGX was named Global Exchange of the Year at the Futures & Options World International Awards ceremony, in recognition of the strong derivatives volume growth through 2015 and continued innovation across our product portfolio.

Reflecting efforts to diversify our businesses, Market Data and Connectivity, Depository Services and Issuer Services collectively contributed 36% of total revenues this quarter, compared to 34% a year earlier.

- Market Data and Connectivity revenue increased \$1.6 million or 8% to \$21.6 million (\$20.0 million), accounting for 11% (10%) of total revenue. Market data revenue grew 8%, on the back of increased derivatives market data sales, while Connectivity revenue increased 9% from continued growth of our colocation services business.
- Depository Services revenue increased \$3.5 million or 14% to \$29.3 million (\$25.8 million), accounting for 15% (13%) of total revenue. The majority of the increase came from Securities settlement revenue, which was up 16% following higher volumes of institutional securities settlement.
- Issuer Services revenue decreased \$1.7 million or 8% to \$19.3 million (\$21.0 million), accounting for 10% (11%) of total revenue.

Outlook

Our results this quarter reflect persistent weak market sentiment. The outlook for global markets remains uncertain as market participants adjust to the recent change in US interest rate policy, slower growth in China and volatile commodity prices. While we have successfully launched a number of new initiatives this past quarter, including SGX Bond Pro, their initial contribution to business performance will be marginal. We remain committed to our long term growth strategy.

We are focused on managing our costs, and operating expenses for FY2016 are now expected to be between \$415 million and \$425 million. This is lower than the previously announced range of between \$425 million and \$435 million. Technology-related capital expenditure is now expected to be between \$70 million and \$75 million, lower than the previously announced range of between \$75 million and \$80 million, as we re-prioritise our projects.

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Financial Highlights

<i>\$ million, except where indicated</i>	2Q FY2016	2Q FY2015	Change 2Q FY2016 vs 2Q FY2015	1H FY2016	1H FY2015	Change 1H FY2016 vs 1H FY2015
Key income statement figures						
Securities	46.6	51.7	(10%)	102.6	100.8	2%
Derivatives	77.6	76.4	1%	168.4	130.2	29%
Market Data and Connectivity	21.6	20.0	8%	43.2	39.2	10%
Depository Services	29.3	25.8	14%	59.0	49.7	19%
Issuer Services	19.3	21.0	(8%)	40.6	43.7	(7%)
Other	0.2	0.3	(7%)	0.4	0.4	(1%)
Operating revenue	194.6	195.1	(0%)	414.2	364.0	14%
Operating expenses	97.1	93.5	4%	199.4	175.4	14%
Operating profit	97.5	101.6	(4%)	214.9	188.5	14%
Other gains	2.7	2.1	27%	4.7	4.1	15%
Profit before tax and share of results of associated companies	100.2	103.6	(3%)	219.6	192.6	14%
Tax	16.7	17.4	(4%)	37.1	29.5	26%
Profit attributable to equity holders - reported	83.7	86.6	(3%)	183.0	164.2	11%
Earnings per share (in cents)	7.8	8.1	(3%)	17.1	15.3	11%
Dividend per share (in cents)	5.00	4.00	25%	10.00	8.00	25%
Key financial indicators						
Revenue growth	(0%)	19%		14%	4%	
Cost to income ratio	50%	48%		48%	48%	
Operating profit margin	50%	52%		52%	52%	
Net profit margin	42%	44%		44%	45%	
Return on shareholders' equity	43%	39%		43%	39%	

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.

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