



News Release

27 July 2017

SGX reports FY2017 net profit of S\$340 million

FY2017 Financial Summary

- Revenue: S\$801 million, down 2% from a year earlier
- Operating profit: S\$402 million, down 2%
- Net profit: S\$340 million, down 3%
- Earnings per share: 31.7 cents, down 3%
- Proposed final dividend of 13 cents and total dividend of 28 cents, unchanged

All figures are for the year except for figures in brackets, which are for the year earlier, unless otherwise stated. Some figures may be subject to rounding.

Singapore Exchange (SGX) today reported FY2017 net profit of S\$339.7 million (S\$349.0 million), against revenues of S\$800.8 million (S\$818.1 million). Excluding a one-off loss of S\$4.0 million from the disposal of its investment in the Bombay Stock Exchange and one-off acquisition costs of S\$3.7 million for the Baltic Exchange, underlying net profit in FY2017 would have been S\$347.4 million.

The Board of Directors has proposed a final dividend of 13 cents (13 cents) per share, payable on 6 October 2017. With this, the total dividend for the year amounts to 28 cents (28 cents) per share, which represents an 88% (86%) payout of the FY2017 net profit.

Loh Boon Chye, Chief Executive Officer of SGX, said, “We achieved creditable results in a year of relatively low volatility in global markets. Our diversified multi-asset revenue base enables us to sustain consistent financial performance through different market environments. Looking ahead, there are signs of improving market sentiment. As we grow our business, we will focus on building a stronger multi-asset exchange across geographies, and invest strategically for our long-term competitiveness.”

Results Summary

Equities and Fixed Income – comprising Issuer Services, Securities Trading & Clearing and Post Trade Services – delivered a steady performance in FY2017, contributing revenues of S\$404.5 million (S\$405.8 million) or 51% (50%) of total revenue.

Issuer Services revenue rose 2% to S\$83.8 million (S\$82.6 million), accounting for 10% (10%) of total revenue.

- Listing revenue: S\$49.4 million, up 6% from S\$46.7 million
- Corporate actions and other revenue: S\$34.4 million, down 4% from S\$35.9 million

Listing revenue was boosted by a record number of bond listings, with 819 (349) bond listings raising S\$384.7 billion (S\$172.0 billion). The pace of secondary equity fund raising continued to grow, raising S\$15.1 billion (S\$10.7 billion). In terms of primary equity fund raising, there was a total of 23 (21) new equity listings raising S\$1.3 billion (S\$2.1 billion).

Securities Trading and Clearing revenue was comparable to last year at S\$205.0 million (S\$205.0 million) and accounted for 26% (25%) of total revenue.

- Securities Clearing revenue: S\$158.6 million, unchanged from last year
- Access revenue: S\$37.2 million, down 1% from S\$37.6 million
- Collateral management, membership and other revenue: S\$9.2 million, up 4% from S\$8.9 million

Securities daily average traded value (SDAV) increased 2% to S\$1.12 billion (S\$1.10 billion), with total traded value increasing 2% to S\$280.7 billion (S\$274.1 billion). Average clearing fee declined to 2.82 basis points (2.90 basis points) due to an increase in the trading of other products such as warrants and ETFs. Turnover velocity for the year was 39% (41%).

Post Trade Services revenue fell 2% to S\$115.7 million (S\$118.2 million), accounting for 14% (14%) of total revenue.

- Securities settlement revenue: S\$95.7 million, up 2% from S\$93.8 million
- Contract processing revenue: S\$11.6 million, down 27% from S\$15.9 million
- Depository management revenue: S\$8.4 million, unchanged from last year

Securities settlement revenue increased following a change in mix of securities settlement instructions. In line with international best practices, the enhanced securities post trade system supports the performance of contract processing by brokers. The decrease in contract processing revenue was due to a lower number of contracts processed as brokers progressively migrate to their own back office systems.

Derivatives revenue declined 7% to S\$303.1 million (S\$325.3 million), contributing to 38% (40%) of total revenue.

- Equity and Commodities revenue: S\$220.5 million, down 9% from S\$241.4 million
- Collateral management, licence, membership and other revenue: S\$82.5 million, down 2% from S\$83.9 million

The derivatives business demonstrated resilience in a global environment of lower volatility. Market volumes of our key Asian equity derivative contracts were lower this year leading to a 10% decline in derivatives volumes to 165.2 million contracts (183.1 million contracts). However, we gained market share in most of these key contracts. Average fee per contract was stable at S\$1.18 (S\$1.19) due to a change in mix of derivatives contracts and a recalibration of rebates to members.

Market Data and Connectivity revenue increased 7% to S\$93.2 million (S\$87.0 million), accounting for 12% (11%) of total revenue.

- Market data revenue: S\$39.9 million, up 4% from S\$38.4 million
- Connectivity revenue: S\$53.3 million, up 10% from S\$48.7 million

Market data revenue increased due to higher reported data usage for trading, risk and other back office applications. Meanwhile, the continued growth of colocation services business led to an increase in connectivity revenue.

Expenses declined by 2% to S\$399.0 million (S\$409.0 million), primarily due to lower processing and royalties fees and technology expenses. Excluding costs relating to the Baltic Exchange of S\$12.6 million, expenses would have declined by 5%. Expenses this year also included the recognition of SGX's S\$1.5 million contribution to co-fund brokerage firms' implementation of measures recommended by the Securities Industry Working Group. Our commitment to cost discipline has reduced the rate of increase in expenses, and enabled us to deliver a flat jaw for FY2017 compared to a negative jaw last year.

During the year, SGX recorded S\$66.5 million (S\$72.9 million) in capital expenditure, largely due to investments made to migrate to a new secondary data centre, enhance its securities post-trade system and improve operational resiliency.

We will continue to optimise our resources and align our expenses with business growth. Our FY2018 operating expenses are expected to be between S\$425 and S\$435 million, and technology-related capital expenditure to be between S\$60 and S\$65 million.

Financial Highlights

<i>\$ million, except where indicated</i>	FY2017	FY2016	Change
Key income statement figures			
Equities and Fixed Income	404.5	405.8	(0%)
Derivatives	303.1	325.3	(7%)
Market Data and Connectivity	93.2	87.0	7%
Operating revenue	800.8	818.1	(2%)
Operating expenses	399.0	409.0	(2%)
Operating profit	401.8	409.1	(2%)
Other gains	5.7	5.7	(1%)
Profit before tax and share of results of associated company	407.5	414.8	(2%)
Tax	69.2	66.9	3%
Profit attributable to equity holders - reported	339.7	349.0	(3%)
Earnings per share (in cents)	31.7	32.6	(3%)
Dividend per share (in cents)	28.00	28.00	-
Key financial indicators			
Revenue growth	(2%)	5%	
Cost to income ratio	50%	50%	
Operating profit margin	50%	50%	
Net profit margin	42%	42%	
Return on shareholders' equity	34%	36%	

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

About Singapore Exchange

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 75% 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 2016, SGX retained its Derivatives Exchange of the Year award by Asia Risk and Asia-Pacific Derivatives Exchange of the Year accolade by GlobalCapital – both for a third year. It was named Asian Exchange of the Year by Futures & Options World for a second year, as well as Exchange of the Year by Energy 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.

Media Contact

Chin May Nah
Marketing & Communications
+65 6713 6327
maynah.chin@sgx.com