



## News Release

24 October 2019

# SGX reports 1Q FY2020 net profit of S\$114 million

### 1Q FY2020 Financial Summary

- Revenue: S\$248 million, up 19% from a year earlier
- EBITDA: S\$156 million, up 29%
- Net profit: S\$114 million, up 25%
- Earnings per share: 10.7 cents, up 26%
- Interim dividend per share: 7.5 cents

*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 1Q FY2020 net profit of S\$114.2 million (S\$91.1 million), with revenues of S\$247.6 million (S\$208.9 million). EBITDA came in at S\$156.4 million (S\$121.6 million), and earnings per share was 10.7 cents (8.5 cents). The Board of Directors has declared an interim dividend of 7.5 cents (7.5 cents) per share, payable on 11 November 2019.

Loh Boon Chye, Chief Executive Officer of SGX, said, “We had a strong start to FY2020, with robust performance across all key financial metrics and the highest quarterly net profit in more than 10 years. This is our first set of results following our re-organisation to capitalise on our strengths as an international multi-asset exchange. The growth across our three business segments is largely due to our broad-based efforts in expanding our global client base and ensuring we meet our clients’ risk management and capital efficiency needs. Since we embarked on our strategic priorities in FY2018, a quarter of our clients have increased the number of asset classes that they trade with SGX. Over the same period, we saw overnight trading grow from 10% of our total derivatives volumes, to 18% this quarter.”

“Looking ahead, we expect to operate against a backdrop of prolonged low interest rates and continued investor focus on Asia. Emerging Asian markets will continue to internationalise, and OTC and listed markets will increasingly converge. Our multi-asset strategy allows us to ride on the tailwinds created by these mid to long-term trends. We recently announced the establishment of a S\$1.5 billion multicurrency debt issuance programme, which will provide us with the flexibility to capitalise on investment opportunities when they arise and to allow us to actively manage our balance sheet,” added Mr Loh.

### Results Summary

#### Fixed Income, Currencies and Commodities (FICC)

FICC revenue – comprising **Fixed Income** as well as **Currencies and Commodities – Derivatives** revenues – increased 57% to S\$45.8 million (S\$29.1 million), accounting for 19% (14%) of total revenue.

**Fixed Income** revenue rose by 16% to S\$3.2 million (S\$2.8 million).

- Listing revenue: S\$2.3 million, up 12% from S\$2.1 million
- Corporate actions and other revenue: S\$0.9 million, up 29% from S\$0.7 million

There were 270 (247) bond listings raising S\$124.8 billion (S\$91.8 billion).

**Currencies and Commodities – Derivatives** revenue increased 62% to S\$42.6 million (S\$26.4 million), accounting for 17% (13%) of total revenue.

- Trading and clearing revenue: S\$28.1 million, up 57% from S\$17.9 million
- Treasury and other revenue: S\$14.5 million, up 71% from S\$8.5 million

Trading and clearing revenue grew as commodities futures volumes increased 78% to 6.6 million contracts (3.7 million contracts), driven primarily by increased volumes in our iron ore derivatives contracts. Currency futures volume also increased 40% to 7.0 million contracts (5.0 million contracts), mainly from higher volumes in CNH/USD and USD/INR contracts.

Treasury and other revenue increased mainly due to higher treasury income from the management of margin balances. Margin balances grew as margin requirements and open interest increased with higher customer usage of our currency and commodity derivatives contracts for portfolio risk management.

## Equities

**Equities** revenue – comprising **Equities – Cash** as well as **Equities – Derivatives** revenues – increased 14% to S\$176.1 million (S\$155.0 million), accounting for 71% (74%) of total revenue.

**Equities – Cash** revenue increased 8% to S\$90.0 million (S\$83.7 million), accounting for 36% (40%) of total revenue.

- Listing revenue: S\$9.0 million, comparable
- Corporate actions and other revenue: S\$8.8 million, up 14% from S\$7.7 million
- Trading and clearing revenue: S\$45.0 million, up 1% from S\$44.6 million
- Securities settlement and depository management revenue: S\$25.0 million, up 25% from S\$20.0 million
- Treasury and other revenue: S\$2.2 million, comparable

There were 2 (6) new equity listings which raised S\$0.8 billion (S\$0.2 billion). Secondary equity funds raised were S\$3.4 billion (S\$1.1 billion).

Daily average traded value (DAV) declined 1% to S\$1.06 billion (S\$1.07 billion). Total traded value was comparable at S\$67.8 billion (S\$67.5 billion). This was made up of Cash Equities<sup>1</sup>, where traded value increased by 6% to S\$65.0 billion (S\$61.1 billion), and Other Products<sup>2</sup>, where traded value decreased 57% to S\$2.8 billion (S\$6.4 billion). There were 64 (63) trading days in the quarter.

Average clearing fees for Cash Equities declined to 2.68 basis points (2.88 basis points) due to higher participation from market makers and liquidity providers. Average clearing fees for Other Products increased to 0.65 basis points (0.56 basis points). Overall turnover velocity was 34% (36%).

Securities settlement and depository management revenue increased mainly due to a change in the mix of settlement activities.

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1. Cash Equities include ordinary shares, real-estate investment trusts and business trusts.

2. Other Products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities, and American depository receipts.

**Equities – Derivatives** revenue increased 21% to S\$86.1 million (S\$71.4 million), accounting for 35% (34%) of total revenue.

- Trading and clearing revenue: S\$51.1 million, up 9% from S\$47.0 million
- Treasury, licence and other revenue: S\$35.0 million, up 44% from S\$24.4 million

Clearing revenue grew as equity derivatives volume increased 6% to 48.1 million contracts (45.4 million contracts). This was mainly due to increased volumes in our Nifty 50, Nikkei 225, and MSCI Singapore index futures contracts.

Treasury, licence and other revenue increased mainly due to higher treasury income from the management of margin balances. Margin balances grew in tandem with increases in margin requirements and open interest, as customers increased usage of our equity derivatives contracts for portfolio risk management.

### **Data, Connectivity and Indices**

**Data, Connectivity and Indices** revenue increased 4% to S\$25.7 million (S\$24.7 million), accounting for 10% (12%) of total revenue.

- Market data and indices revenue: S\$10.4 million, comparable
- Connectivity revenue: S\$15.3 million, up 6% from S\$14.4 million

Connectivity revenue increased 6% from higher derivatives connectivity subscriptions and continued growth of our colocation services business.

**Total expenses** – comprising operating expenses, and depreciation and amortisation – increased by 10% to S\$112.9 million (S\$102.5 million).

Operating expenses increased by 4% to S\$91.1 million (S\$87.2 million) mainly due to higher staff costs and an increase in royalties. Our average headcount for the quarter was 833 (815).

Technology-related capital expenditure was S\$5.1 million (S\$10.2 million). These investments were mainly for the enhancements of our fixed income trading platform and Titan OTC commodities trade reporting system.

As previously guided, our FY2020 total expenses are projected to be between S\$465 million and S\$475 million, and technology-related capital expenditure to be between S\$45 million and S\$50 million.

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## Financial Highlights

<i>\$ million, except where indicated</i>	1Q FY2020	1Q FY2019	Change 1Q FY2020 vs 1Q FY2019
<b>Key income statement figures</b>			
Fixed Income, Currencies and Commodities	45.8	29.1	57%
Equities	176.1	155.0	14%
Data, Connectivity and Indices	25.7	24.7	4%
<b>Operating revenue</b>	<b>247.6</b>	<b>208.8</b>	<b>19%</b>
Operating expenses	91.1	87.2	4%
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>156.4</b>	<b>121.6</b>	<b>29%</b>
Depreciation and amortisation	21.7	15.3	42%
<b>Operating profit</b>	<b>134.7</b>	<b>106.4</b>	<b>27%</b>
Other gains	4.6	3.5	30%
<b>Profit before tax and share of results of associated companies and joint venture</b>	<b>139.3</b>	<b>109.9</b>	<b>27%</b>
Share of results of associated companies and joint venture	(0.5)	-	NM
<b>Profit before tax</b>	<b>138.8</b>	<b>109.9</b>	<b>26%</b>
Tax	24.6	18.8	31%
<b>Net profit after tax</b>	<b>114.2</b>	<b>91.1</b>	<b>25%</b>
<b>Profit attributable to equity holders - reported</b>	<b>114.2</b>	<b>91.1</b>	<b>25%</b>
Earnings per share (in cents)	10.7	8.5	26%
Dividend per share (in cents)	7.50	7.50	-
<b>Key financial indicators</b>			
Revenue growth	19%	2%	
Cost to income ratio	37%	42%	
EBITDA margin	63%	58%	
Operating profit margin	54%	51%	
Net profit margin	45%	43%	
Return on shareholders' equity	40%	39%	

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

NM: Not meaningful

## **About Singapore Exchange**

Singapore Exchange is Asia's leading and trusted market infrastructure, operating equity, fixed income and derivatives markets to the highest regulatory standards. As Asia's most international, multi-asset exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and over 80% of listed bonds originating outside of Singapore.

SGX is the world's most liquid international market for the benchmark equity indices of China, India, Japan and ASEAN and offers commodities and currency derivatives products. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities. For more information, please visit [www.sgx.com](http://www.sgx.com).

## **Media Contact**

Chin May Nah  
Marketing & Communications  
+65 6713 6327  
[maynah.chin@sgx.com](mailto:maynah.chin@sgx.com)