



## Singapore Exchange Limited FY 2009 Half Year Financial Results

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### FY2009 Half Year Highlights

- **NPAT \$159.2 million in adverse market conditions**
- **Derivatives contributing 29% of total revenue**
- **Operating leverage rose to 147%**
- **Continued investment in technology, people and product development**
- **Quarterly base dividend – 3.5 cents**

## Financial Review

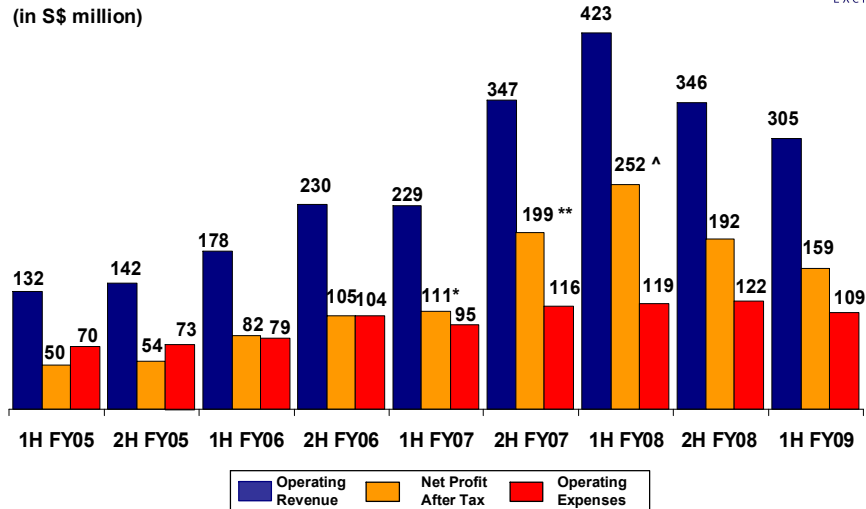
## Financial Performance: 1H FY09 vs 1H FY08

	1H FY09 (S\$ million)	1H FY08 (S\$ million)	Variance (S\$ million)	Variance (%)
Securities Market Revenue	144.0	263.1	(119.1)	(45.3%)
Net Derivatives Clearing Revenue	88.9	75.9	13.0	17.2%
Stable Revenue	72.0	84.2	(12.2)	(14.5%)
Operating Revenue	304.9	423.2	(118.3)	(27.9%)
Operating Expenses	109.2	118.9	9.7	8.2%
Operating Profit	195.7	304.3	(108.6)	(35.7%)
Other gains/ (losses)	(1.0)	5.3*	(6.3)	NM
Net Profit after tax	159.2	252.4*	(93.2)	(36.9%)

\* Excludes the \$34 million distribution from SGX-DT Compensation Fund upon its expiry

## Financial Highlights

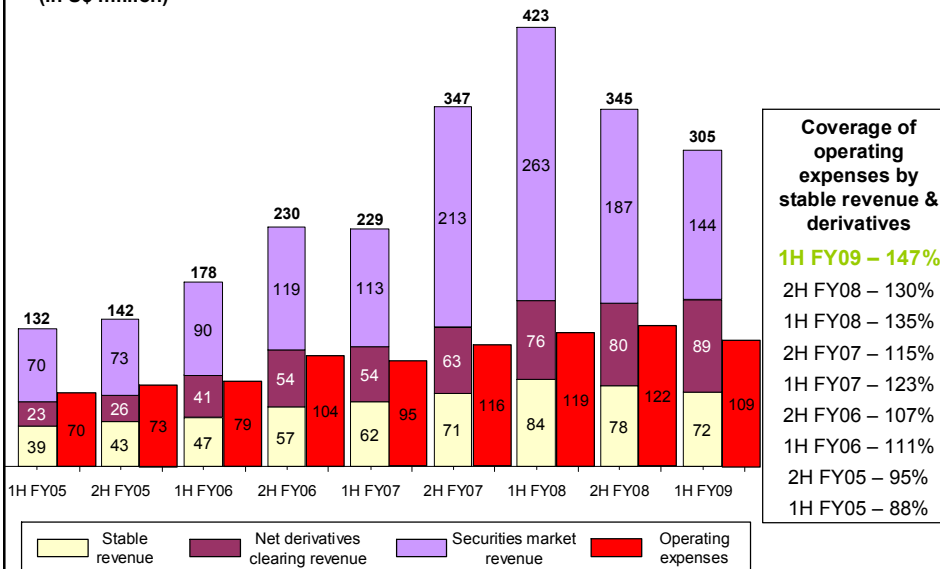
(in S\$ million)



\* Excludes write-back of allowance for impairment on SGX Centre  
 \*\* Excludes net gain on disposal of SGX Centre  
 ^ Excludes the \$34 million distribution from SGX-DT Compensation Fund upon its expiry

## Operating Leverage

(in S\$ million)



**Coverage of operating expenses by stable revenue & derivatives**

**1H FY09 – 147%**

2H FY08 – 130%

1H FY08 – 135%

2H FY07 – 115%

1H FY07 – 123%

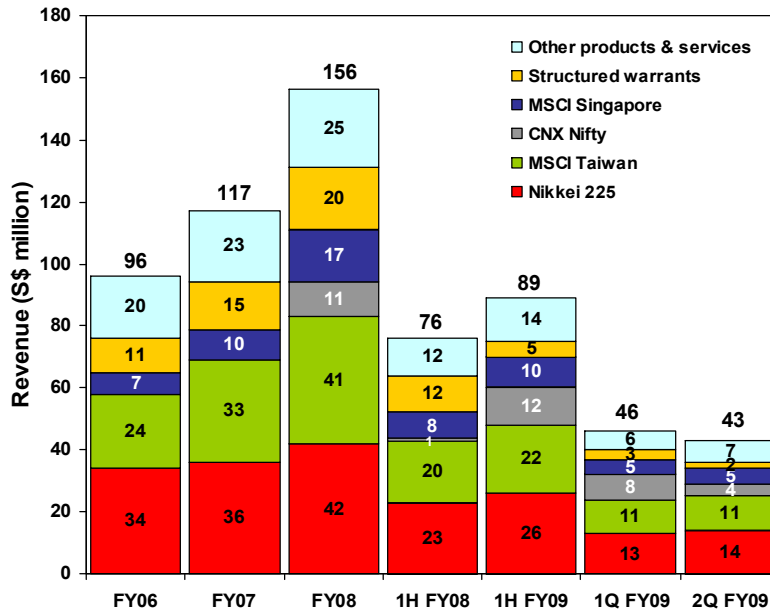
2H FY06 – 107%

1H FY06 – 111%

2H FY05 – 95%

1H FY05 – 88%

## Derivatives Revenue



**2Q FY09-on-1Q FY09**

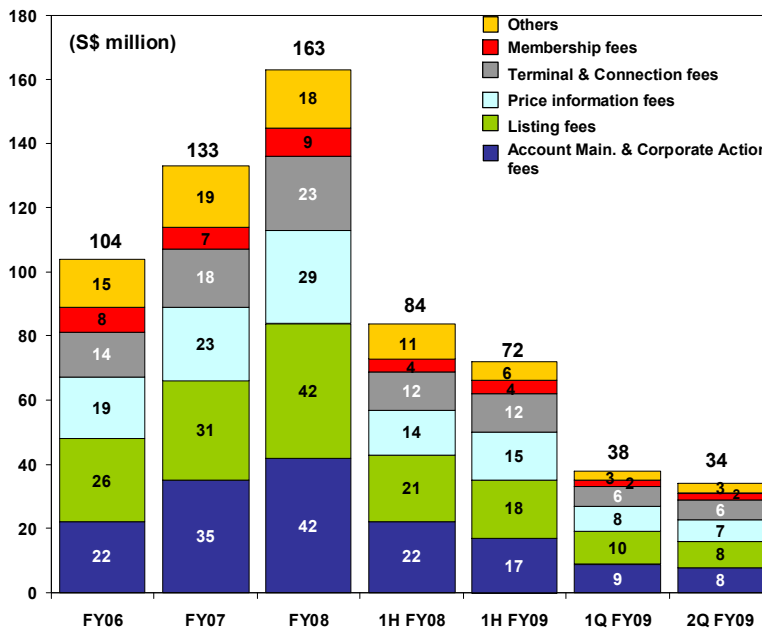
↓ 7.2 %

Due to:  
Fall in futures trading volume

1Q FY09: 17.4 million contracts

2Q FY09: 15.2 million contracts

## Stable Revenue

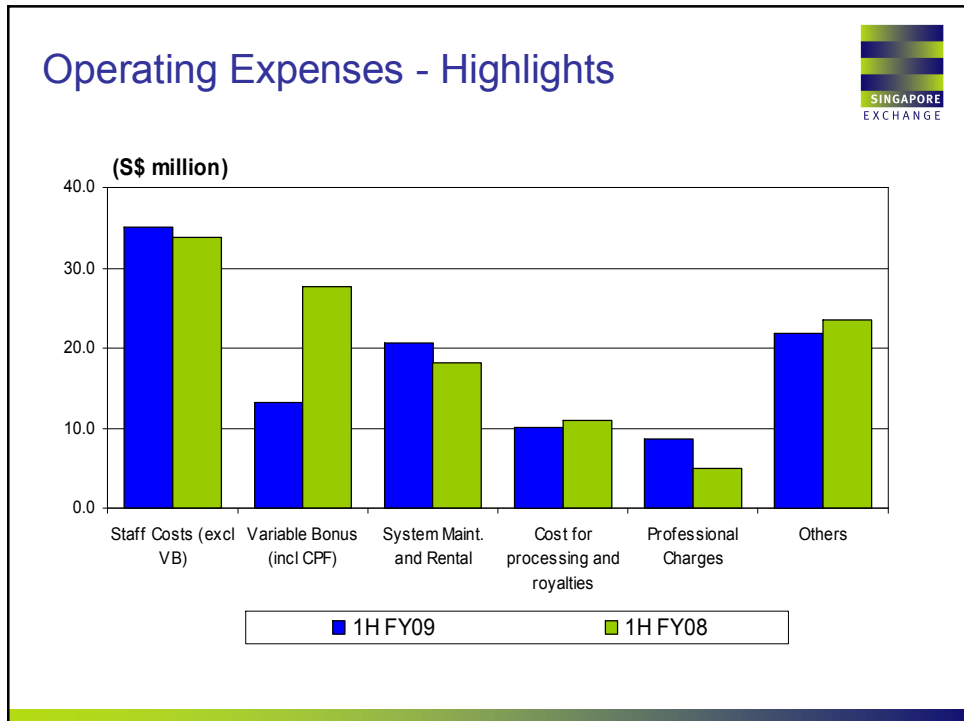
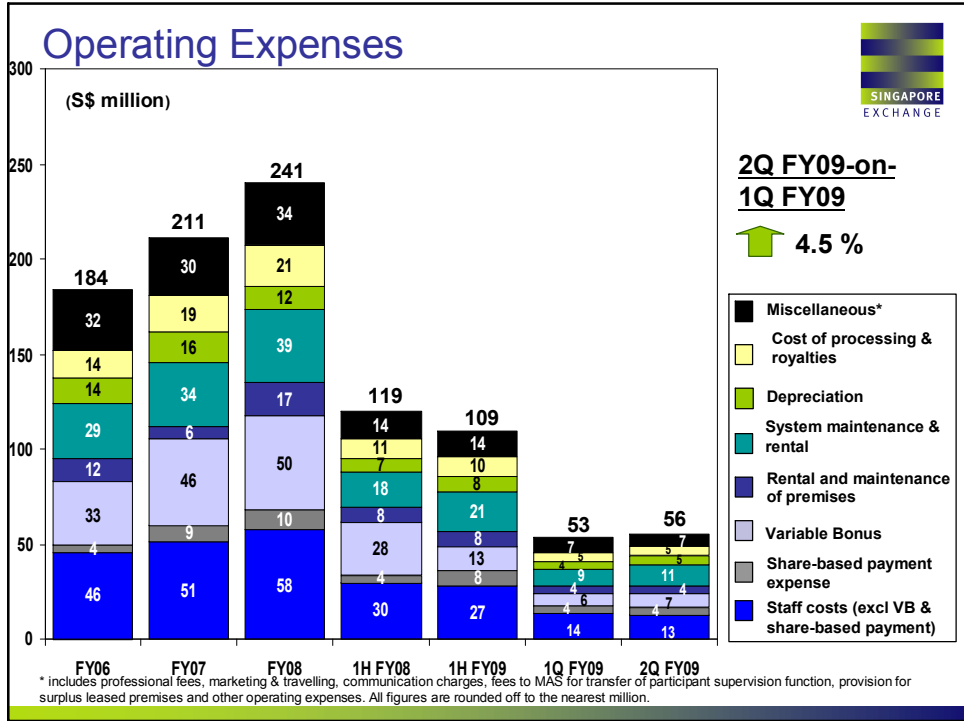


**2Q FY09-on-1Q FY09**

↓ 9.0%

Listing Fees  
↓ 21.5%

Account Maintenance and Corporate Action Fees  
↓ 10.5%



## Performance at a Glance



	FY2005	FY2006	FY2007*	FY2008**	1H FY2009
Return on Equity ^	22.0%	32.0%	37.5%	49.6%	24.1%#
Cost-to-Income	52.1%	45.1%	36.6%	31.2%	35.8%
Net Profit Margin ^	37.6%	44.6%	52.5%	56.7%	52.4%
<b>Regular dividend (Net)</b>	<b>8.5</b>	<b>16.2</b>	<b>36.0</b>	<b>38.0</b>	<b>7.0#</b>
- Base (cents per share)	6.0	6.0	8.0	12.0	7.0#
- Variable (cents per share)	2.5	10.2	28.0	26.0	

\* FY2007 figures exclude the writeback of allowance for impairment on SGX Centre and gain on disposal of SGX Centre

\*\* FY2008 figures exclude distribution from SGX-DT Compensation Fund

# Half-yearly figure



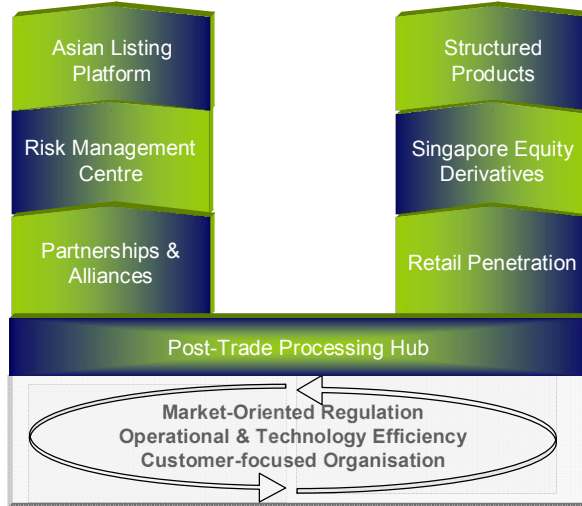
## Business Update

# Building An Enduring Marketplace



## Asian Gateway

## Domestic Growth



**Delivery Excellence**

# Connections of the Asian Gateway



As at 31 Dec 08

**Greater China      India      Rest of Asia**

# Asian Gateway



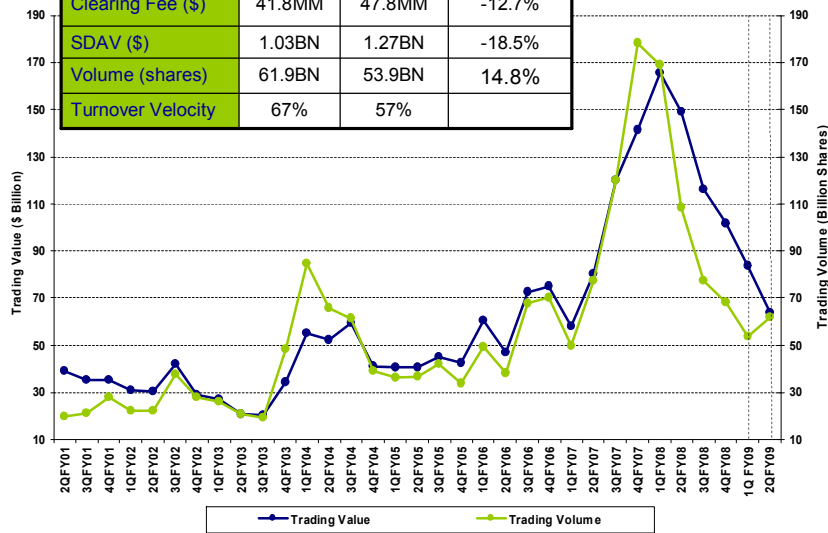
	Domestic	Asian Gateway
	1H FY09: 52%	1H FY09: 48%
	1H FY08: 57%	1H FY08: 43%
<b>Derivatives</b>	1H FY09: \$19M 6%	1H FY09: \$89M 29%
	1H FY08: \$24M 5%	1H FY08: \$74M 18%
<b>Securities</b>	1H FY09: \$138M 46%	1H FY09: \$58M 19%
	1H FY08: \$219 M 52%	1H FY08: \$106M 25%

Based on internal estimates

# Securities Trading Activity



	2Q FY09	1Q FY09	Change
Clearing Fee (\$)	41.8MM	47.8MM	-12.7%
SDAV (\$)	1.03BN	1.27BN	-18.5%
Volume (shares)	61.9BN	53.9BN	14.8%
Turnover Velocity	67%	57%	

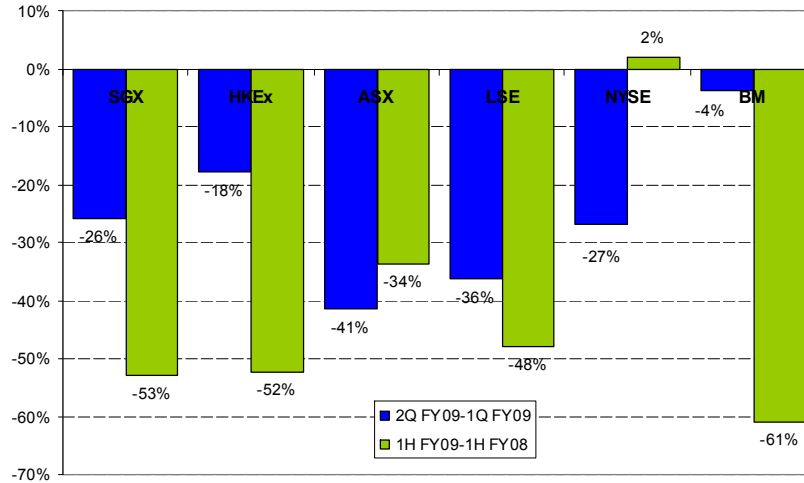




# Global Cash Market Trading Activity



## Securities Daily Average Value Traded (US\$ based)

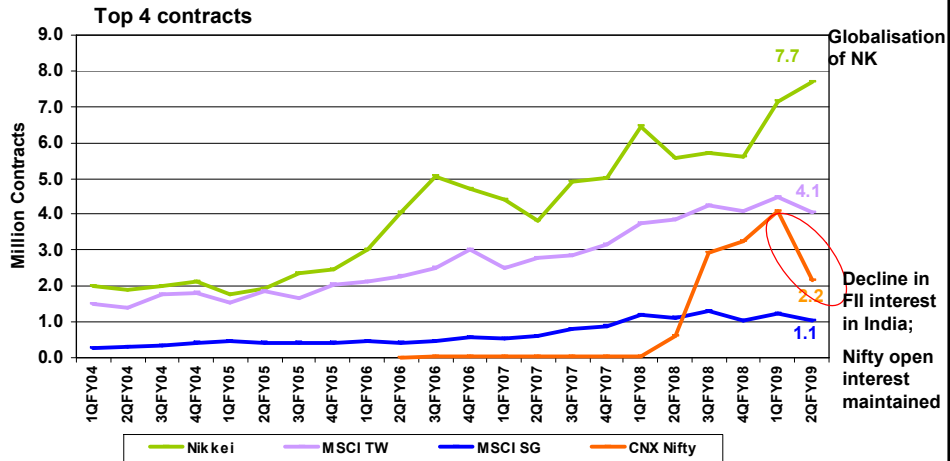


Source: WFE

# Y-o-Y Growth in Futures Volume



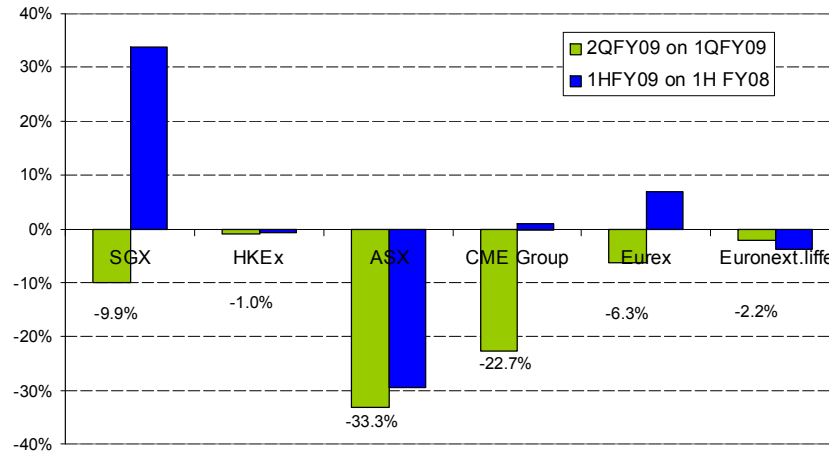
	1H FY09	1H FY08	Y-o-Y change
Futures contracts (in millions)	32.6	24.5	32.6% ↑



## Fall in worldwide derivatives volume



### Average Daily Volume (number of contracts)



Source: Exchanges' websites

## Nifty as an Offshore Contract



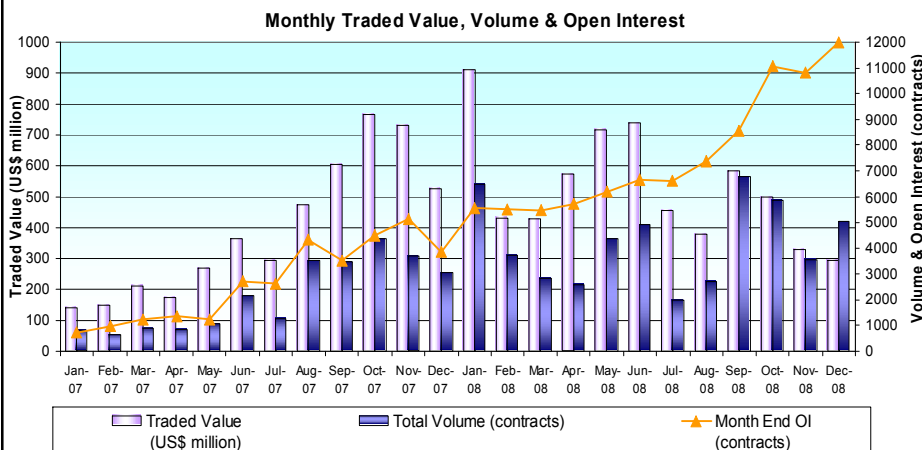
- Recent drop in volumes due to waning FII interest in India
- Market share of open interest maintained at a healthy 25% level
- 88% on-screen trades versus 12% Negotiated Large Trade (NLT) trades

## Algo-trading on the Derivatives Market



- Sep to Dec 2008: Accounted for approx. 14-18% of trading volume
- Cross-marketing securities products (e.g. ETFs) to derivative market algo-traders
- Upgraded derivatives engine, Quest-DT, to cater to algo-traders – new order types and functionalities

## AsiaClear: Growing the OTC Clearing Business

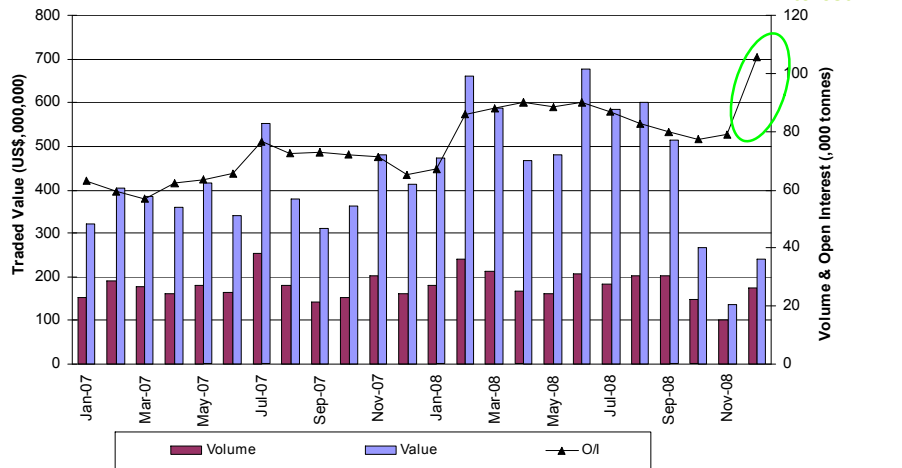


Number of counterparty accounts: 260

# SICOM: Our Commodities Business



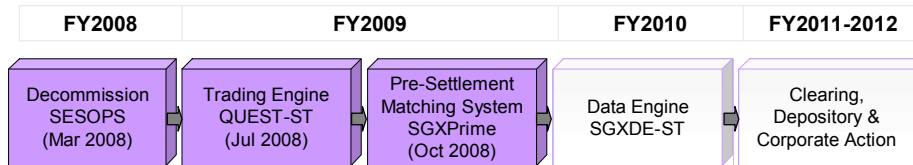
SICOM Rubber Trading Volume, Value & Open Interest



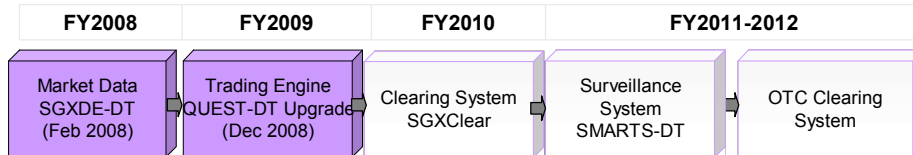
# Technology Renewal



## Securities Market



## Derivatives Market



Completed Projects    Projects in the pipeline

## Risk Management & Regulation



- **Maintained vigilance in volatile markets**
- **Market consultation**
  - Short-selling
  - New listing rules
  - Secondary fund raising
- **Enhanced market transparency**
- **Revised error trade policy**
- **China Provincial Government MOUs**

## Summary



- **Derivatives**
  - Diversified Revenues
  - Continues to be an important driver for growth
  - Singapore Derivatives: Extended Settlement contracts & MSCI Singapore options
  - Commodities: SICOM & AsiaClear
- **Securities**
  - SDAV above S\$1 billion/ day
  - Capital Raising Opportunities
- **Technology Renewal**
  - Progress on Clearing System
  - Algo-trading
- **Crisis Response**
  - Cost Discipline
  - Risk Management
  - Opportunities

Thank you!