

3Q FY2017 Analyst and Media Briefing

Loh Boon Chye, Chief Executive Officer
Chng Lay Chew, Chief Financial Officer
Tan Boon Gin, Chief Regulatory Officer

20 April 2017

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Third Quarter FY2017 Highlights

Revenue

- \$203M
- Down 2%

Expenses

- \$100M
- Down 3%

Operating Profit

- \$103M
- Unchanged

Net Profit

- \$83M
- Down 7%

Earnings Per Share

- 7.8 cents
- Down 7%

- Net profit, excluding disposal loss of \$4M from Bombay Stock Exchange (BSE), was \$87M, down 2%
 - Revenue down 2% to \$203M; expenses down 3% to \$100M
 - Operating profit remained unchanged
- Equities and Fixed Income revenue up 1%
 - SDAV increased 1% to \$1.24B and total traded value increased 5% to \$78B
 - Increased participation seen from both retail and institutional customers
 - 5 new equity listings compared with 4 listings a year earlier
- Derivatives revenues down 9%
 - Total volumes decreased 18% to 40M contracts
 - Average fee per contract increased from \$1.15 to \$1.20

Financial Performance

Chng Lay Chew, Chief Financial Officer

Financial Performance: Quarterly Trend

Net profit of \$83 million. Excluding loss on disposal of BSE, net profit was \$87 million, down 2% year-on-year and 1% quarter-on-quarter.

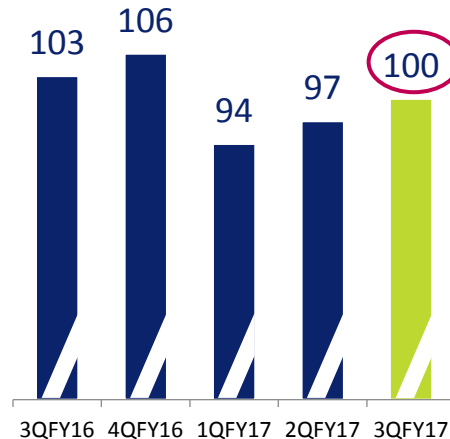
Revenue

Down 2% y-o-y
Up 2% q-o-q



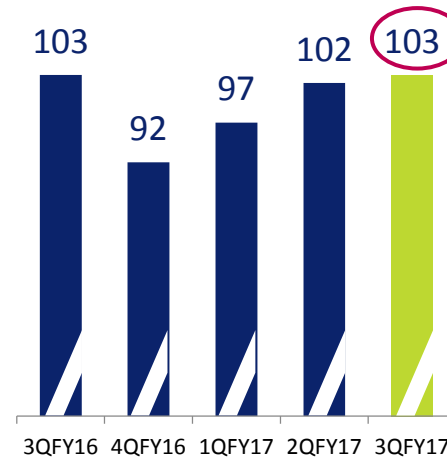
Expenses

Down 3% y-o-y
Up 3% q-o-q



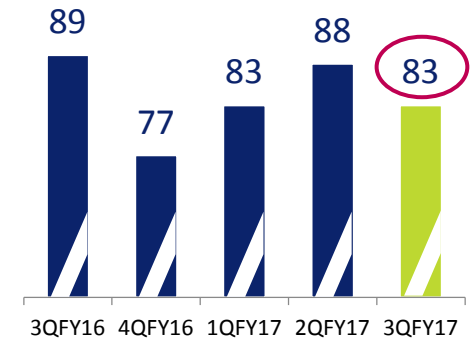
Operating Profit

Unchanged y-o-y
Up 1% q-o-q



Net Profit

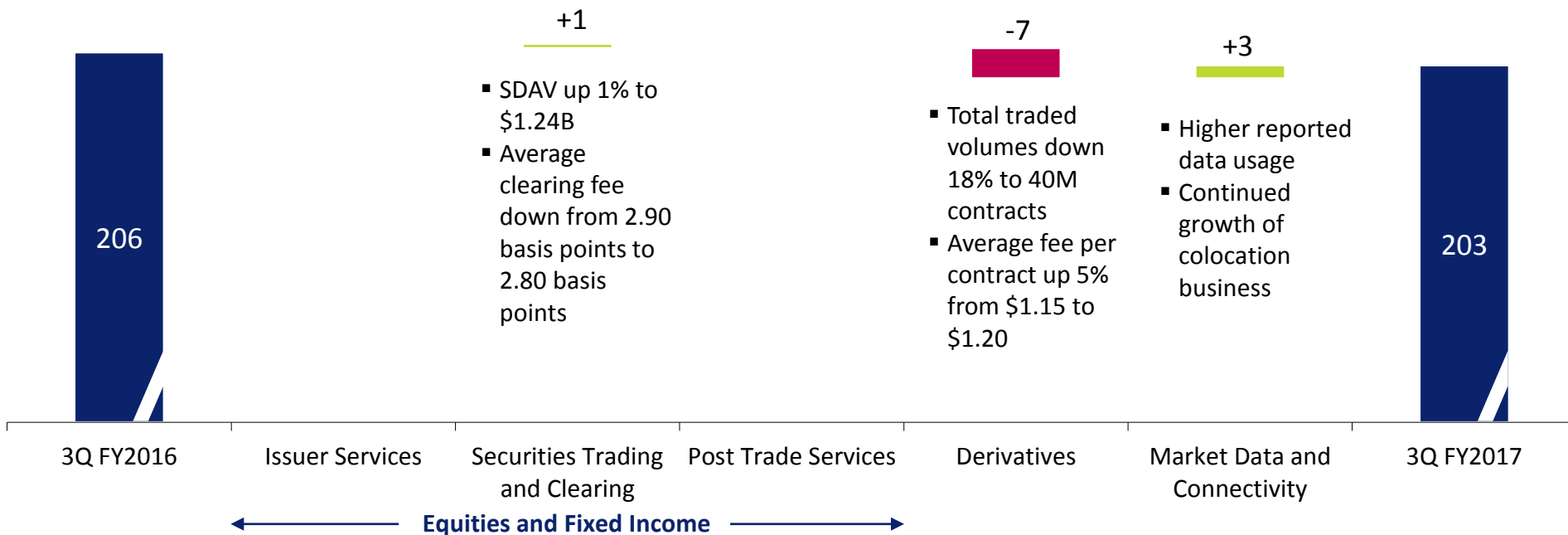
Down 7% y-o-y
Down 6% q-o-q



Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

Financial Performance: Revenue, Year-on-Year

Revenue of \$203 million, down 2% from a year earlier and up 2% quarter-on-quarter.

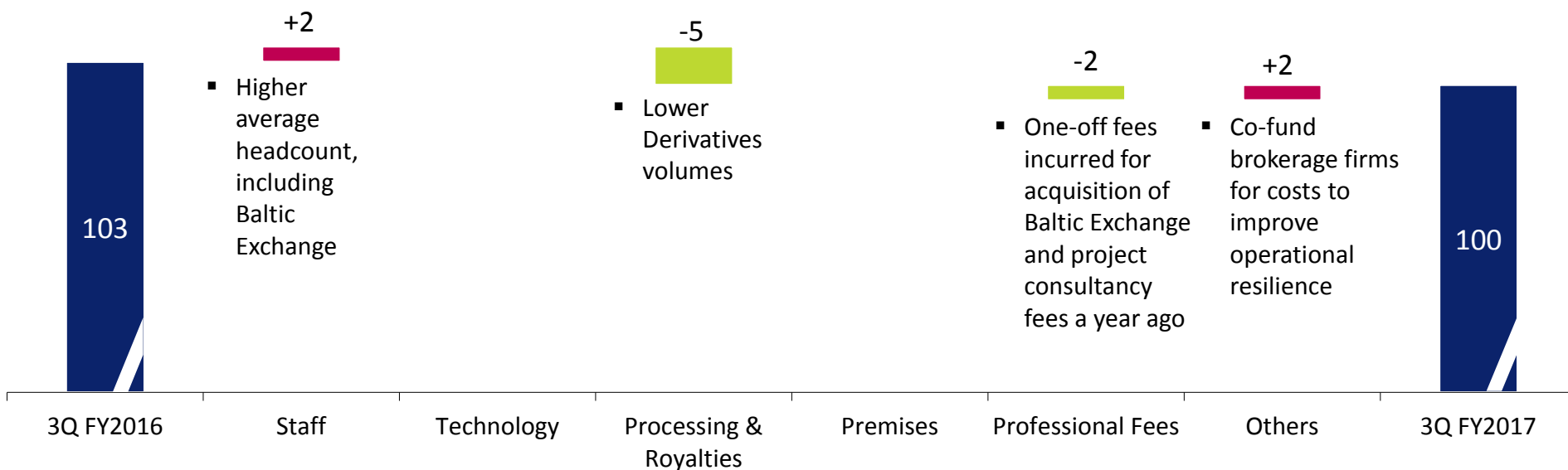


	Issuer Services	Securities Trading and Clearing	Post Trade Services	Derivatives	Market Data and Connectivity	
3Q FY2017	\$19M (9%)	\$55M (27%)	\$29M (14%)	\$75M (37%)	\$24M (12%)	\$203M
3Q FY2016	\$19M (9%)	\$55M (27%)	\$28M (14%)	\$82M (40%)	\$22M (11%)	\$206M

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Financial Performance: Expenses, Year-on-Year

Expenses of \$100 million, down 3% from a year earlier and up 3% quarter-on-quarter.



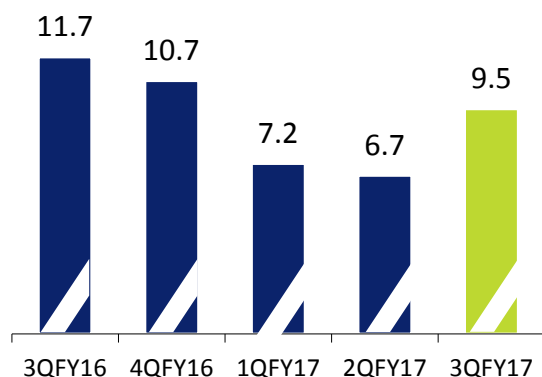
	Staff	Technology	Processing & Royalties	Premises	Professional Fees	Others	Total
3Q FY2017	\$41M (41%)	\$32M (32%)	\$11M (11%)	\$7M (7%)	\$1M (1%)	\$9M (9%)	\$100M
3Q FY2016	\$39M (38%)	\$32M (31%)	\$15M (15%)	\$6M (6%)	\$3M (3%)	\$7M (6%)	\$103M

Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

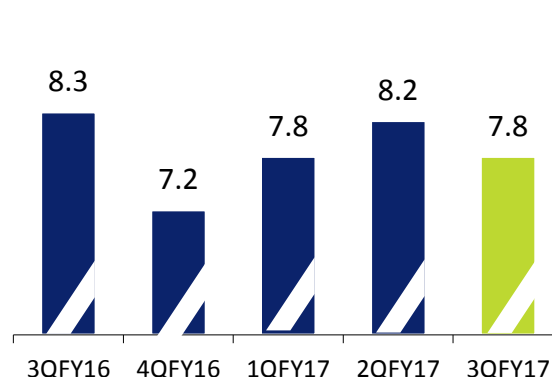
Financial Performance: Key Indicators

	3Q FY2016	4Q FY2016	1Q FY2017	2Q FY2017	3Q FY2017
Revenue (\$ million)	206	198	191	200	203
Operating profit (\$ million)	103	92	97	102	103
Operating profit margin	50%	46%	51%	51%	51%
Net profit (\$ million)	89	77	83	88	83
Return on equity	41%	36%	38%	38%	36%
Earnings per share (cents)	8.3	7.2	7.8	8.2	7.8
Dividend per share (cents)	5	13	5	5	5

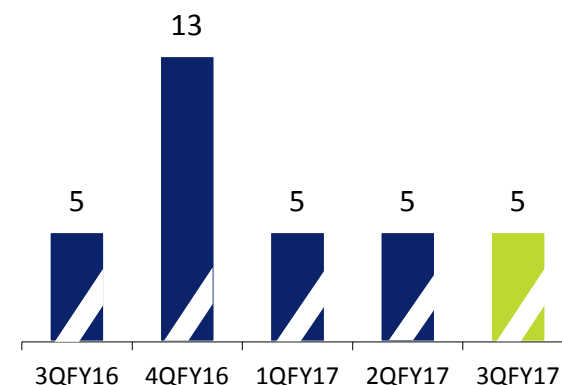
Operating cashflow per share (cents)



Earnings per share (cents)



Dividend per share (cents)



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Business and Regulatory Update

Loh Boon Chye, Chief Executive Officer
Tan Boon Gin, Chief Regulatory Officer

Business Update— At a glance

	3Q FY2017 Revenue (\$ million)	Change (QTD, y-o-y)	YTD FY2017 Revenue (\$ million)	Change (YTD, y-o-y)	Revenue Contribution (YTD)
Equities & Fixed Income	103	↑ 1%	302	↓ 1%	51%
Derivatives	75	↓ 9%	221	↓ 12%	37%
Market Data & Connectivity	24	↑ 13%	70	↑ 8%	12%
Total Revenue	203	↓ 2%	593	↓ 4%	100%

Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

Business Update– Equities & Fixed Income

Continued momentum in equities market following US Presidential Election

EQUITIES & FIXED INCOME

Issuer Services



Securities Trading and Clearing



Post Trade Services



- Revenue up 2% to \$19 million with 5 new listings and 189 bond listings
- Total funds raised more than doubled to \$103.4 billion
- Mandatory retail IPO allocation of 5% or \$50 million, whichever is lower
- Revenue up 1% to \$55 million with average clearing fees lower at 2.80 bps
- SDAV up 1% year-on-year and up 14% quarter-on-quarter to \$1.24 billion
- Increased participation seen from both retail and institutional customers
- Revenue up 1% to \$29 million from an increase in number and change in mix of securities settlement instructions

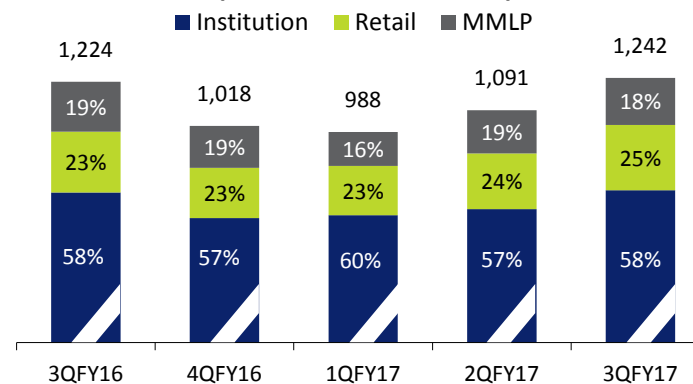
Derivatives



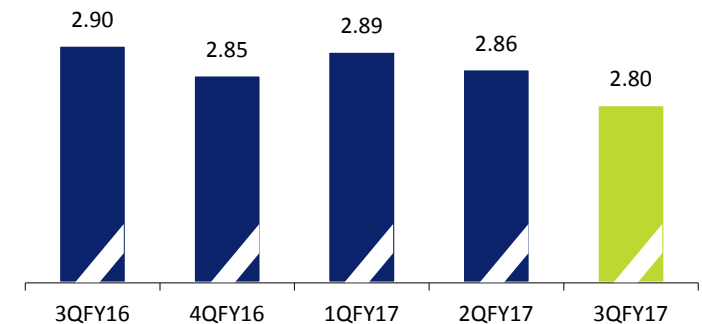
Market Data & Connectivity



SDAV Breakdown by Investor Profile
(S\$m, market share%)



Average Clearing Fee (bps)



Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

Business Update– Derivatives

Lower volatility led to reduction in volumes. Market share by traded volume higher year-on-year.

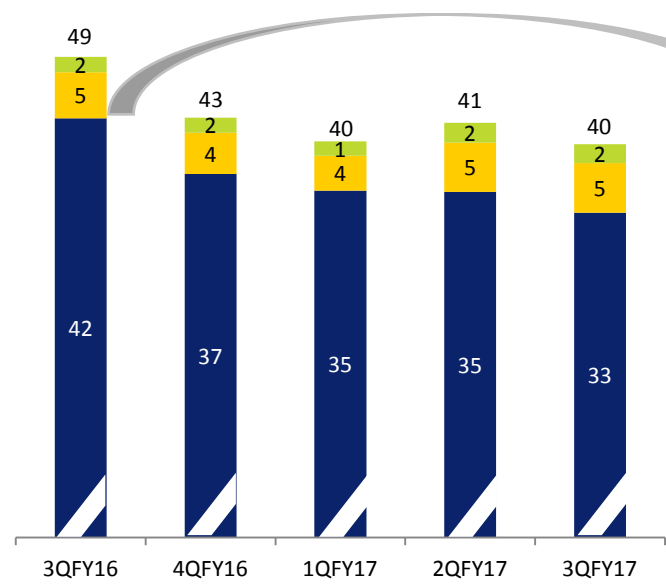
EQUITIES & FIXED INCOME

- Issuer Services >
- Securities Trading and Clearing >
- Post Trade Services >
- Derivatives >**
- Market Data & Connectivity >

- Revenue fell 9% to \$75 million mainly due to a 18% drop in volumes

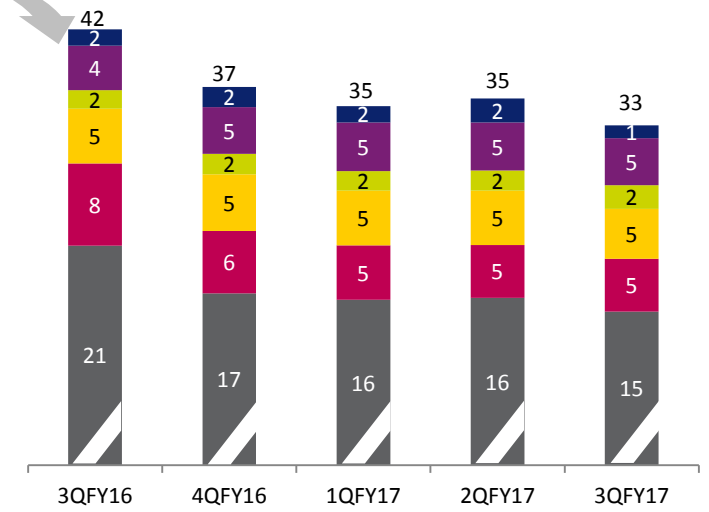
Total Derivatives Volume (m contracts)

- Equities Volume
- Commodities Volume
- FX Volume



Equity Derivatives– Breakdown (m contracts)

- SGX FTSE China A50 Index Futures
- Japan Nikkei 225 Index Futures
- CNX India Nifty Index Futures
- MSCI Singapore Index Futures
- MSCI Taiwan Index Futures
- Others



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Business Update– Market Data & Connectivity

Business continues to generate steady growth

EQUITIES & FIXED INCOME

Issuer Services

- Revenue up 2% to \$19 million with 5 new listings and 189 bond listings
- Total funds raised more than doubled to \$103.4 billion
- Mandatory retail IPO allocation of 5% or \$50 million, whichever is lower

Securities Trading and Clearing

- Revenue up 1% to \$55 million with average clearing fees lower at 2.80 bps
- SDAV up 1% year-on-year and up 14% quarter-on-quarter to \$1.24 billion
- Increased participation seen from both retail and institutional customers

Post Trade Services

- Revenue up 1% to \$29 million from an increase in number and change in mix of securities settlement instructions

Derivatives

- Revenue fell 9% to \$75 million mainly due to a 18% drop in volumes

Market Data & Connectivity

- Revenue up 13% to \$24 million
- Increase primarily from higher number of co-location subscribers

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Regulatory Update

Key regulatory initiatives during the quarter included:

- On 22 February 2017, the Disciplinary Committee announced fines and suspensions for 5 Trading Representatives for trading misconduct in relation to the creation of a false market. SGX also published a Regulator's Column on the same day about factors the exchange considers when deciding whether to initiate enforcement action against false trading. The column spelled out these factors for the first time, making more transparent to market participants our regulatory approach to this form of market misconduct.
- Two regulatory initiatives announced in the quarter were:
 - A mandatory retail investor allocation for all Mainboard IPOs of at least 5%, or S\$50 million whichever is lower, of their offer size. Effective 2 May 2017, this is aimed at facilitating greater retail participation in Singapore's equities market.
 - A doubling of the general mandate companies can seek for the issuance of pro-rata renounceable rights shares to 100% of the share capital from 50% previously. This initiative announced on 13 March 2017 will help companies raise funds expediently for expansion activities or working capital.

Regulatory Update

- Two public consultations were launched during the quarter as follows:
 - The market was consulted on whether a listing framework for dual class share (“DCS”) structures should be introduced. The consultation closed on 17 April 2017.
 - Also proposed for consultation were changes to the securities market microstructure comprising the introduction of a 1-hour midday break, a wider tick size in the \$1.00 to \$1.99 price range and wider forced order ranges. The consultation closed on 29 March 2017.

- Other regulatory announcements included:
 - The resumption of trading of ISR Capital shares on 6 March 2017 and the issuance of a “Trade with caution” warning. This followed disclosure in the State Courts that the authorities are investigating the manipulation of the share price of ISR.
 - The filing of complaints on 30 March 2017 with authorities in China and Singapore against Wu Xinhua, Executive Chairman and CEO of SGX-listed China Fibretech Ltd for several alleged offences under the Chinese Penal Code.
 - The launch of subsidised sustainability reporting workshops for listed companies from 20 February 2017 to help companies prepare their reports.

Outlook

Our results this past quarter saw continued momentum in the equities market following the US Presidential Election, with increased participation seen from both retail and institutional customers. While sentiments have improved, positive outcomes on US economic policies will be important to sustain trading activities. We remain committed to executing our strategic objectives and diversify our business mix.

As previously guided, operating expenses for FY2017 are expected to be between \$405 million and \$415 million. Technology-related capital expenditure is expected to be between \$65 million and \$70 million. We will continue to exercise cost discipline while investing in growing our business.

Questions and Answers

Thank you

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