



## News Release

22 April 2015

### SGX sees another quarter of growth with net profit of \$88 million

#### 3QFY2015 Financial Summary

- Revenue \$199 million, up 20% from year earlier
- Operating profit: \$103 million, up 17%
- Net profit: \$88 million, up 16%
- Earnings per shares: 8.2 cents, up 16%
- Interim dividend per share: 4.0 cents, unchanged

*All figures are for the current year except for figures in brackets which are for the year earlier, unless otherwise stated*

Singapore Exchange (SGX) today reported net profit of \$88.2 million (\$75.8 million) in the third quarter of financial year 2015 (FY2015), higher by 16% year on year and 2% quarter on quarter. Revenues grew 20% year on year to \$199.3 million (\$165.6 million). Excluding Energy Market Company's<sup>1</sup> (EMC) revenue of \$5.8 million, all businesses recorded higher revenues compared to a year earlier. Expenses in Q3 increased 18% to \$91.0 million excluding EMC's expenses of \$5.4 million. Earnings per share were 8.2 cents (7.1 cents). The declared interim dividend is 4.0 cents, unchanged from the last quarter.

#### Results Summary

Securities revenue increased \$0.5 million or 1% to \$52.8 million (\$52.3 million). The securities daily average traded value (SDAV) improved 8% to \$1.2 billion for the quarter and turnover velocity was 39% (39%). The 6% increase in total traded value this quarter was partly offset by a 5% drop in average clearing fees to 2.9 basis points (from 3.1 basis points).

SGX's continual efforts to improve and upgrade the quality of the securities market saw the implementation of the board-lot size reduction from 1000 to 100 shares on 19 January and the commencement of the transition to the minimum trading price of \$0.20 for mainboard-listed companies on 2 March.

*Commented Magnus Bocker, CEO of SGX, "The on-going transformation of our Securities market is tracking well, and this quarter builds on the success of the initiatives introduced thus far. A good example is the reduction of the board-lot size, which has contributed to retail participation in high-priced stocks outpacing retail participation in the overall market this quarter."*

During the period from 19 January to 31 March, daily trading frequency by retail clients grew 56% for the STI stocks, as compared to the 22% increase for all stocks. Median retail trade size fell by 40% for STI stocks, as compared to a 26% decline for all stocks.

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<sup>1</sup> SGX completed the acquisition of EMC on 1 October 2014, making EMC a wholly-owned subsidiary

*He added, "The board lot size reduction also achieved improved trade execution and efficiency of portfolio management for institutional investors and professional traders. During the same period, 54% of all orders placed were in sizes of 1000 units and below."*

Derivatives revenue this quarter increased \$27.4 million or 52% to \$79.7 million (\$52.3 million), reflecting a 49% increase with a total volume of 39 million contracts. Equities and Commodities revenue, excluding EMC revenue of \$5.8 million, grew \$16.6 million or 44%.

*"We are pleased with our derivatives results this quarter, which reflects the sustainable growth of our derivatives business," said Mr Bocker. "Our portfolio of derivatives products across Asian equity index futures and key commodities futures, as well as our clearing capabilities demonstrate the success of SGX and Singapore as a risk management centre."*

The overall growth of our total volumes was driven by strong performances of the SGX FTSE China A50 Index futures and CNX India Nifty Index futures. In particular, volumes of the China A50 Index futures increased 165% to 17.9 million contracts for the quarter.

Our global commodities benchmarks also performed well, with Iron Ore volumes increasing 280% to 1.4 million contracts and Rubber volumes increasing 50% to 146,000 contracts. Average month-end open interest for equities and commodities derivatives was up 2% from a year earlier to 3.3 million contracts.

## **Outlook**

*"As with last quarter, we continue to expect demand for Asian trading and clearing services, as well as competition to grow. The roll-out of the improvements to transform our Securities market includes plans for a new-generation post trade system and will position us well for the future. In addition, our accelerated platform investments in our Derivatives and Fixed Income businesses remain key pillars to our overall growth strategy." said Mr Bocker.*

## **About Singapore Exchange (SGX)**

Singapore Exchange (SGX) is the Asian Gateway, connecting investors in search of Asian growth to corporate issuers in search of global capital. SGX represents the premier access point for managing Asian capital and investment exposure, and is Asia's most international exchange with more than 40% of companies listed on SGX originating outside of Singapore. SGX offers its clients the world's biggest offshore market for Asian equity futures, centred on Asia's three largest economies – China, India and Japan.

In addition to offering a fully integrated value chain from trading and clearing, to settlement and depository services, SGX is also Asia's pioneering central clearing house. Headquartered in Asia's most globalised city, and centred within the AAA strength and stability of Singapore's island nation, SGX is a leading Asian counterparty for the clearing of financial and commodity products.

For more information, please visit [www.sgx.com](http://www.sgx.com)

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## Financial Highlights

<i>\$ million, except where indicated</i>	3Q FY2015	3Q FY2014	Change 3Q FY2015 vs 3Q FY2014	YTD FY2015	YTD FY2014	Change YTD FY2015 vs YTD FY2014
<b>Key income statement figures</b>						
Securities	52.8	52.3	1%	153.6	173.6	(11%)
Derivatives	79.7	52.3	52%	209.8	156.5	34%
Market Data and Connectivity	21.1	19.0	11%	60.3	57.3	5%
Depository Services	25.8	22.7	14%	75.5	71.2	6%
Issuer Services	19.7	19.1	3%	63.4	54.9	15%
Other	0.3	0.2	24%	0.7	0.8	(17%)
<b>Operating revenue</b>	<b>199.3</b>	<b>165.6</b>	<b>20%</b>	<b>563.3</b>	<b>514.3</b>	<b>10%</b>
Operating expenses	96.3	77.3	25%	271.8	231.0	18%
<b>Operating profit</b>	<b>103.0</b>	<b>88.3</b>	<b>17%</b>	<b>291.5</b>	<b>283.3</b>	<b>3%</b>
Other gains/(losses)	1.6	1.0	58%	5.7	3.3	71%
Profit before tax and share of results of associated companies	104.7	89.4	17%	297.2	286.6	4%
Tax	16.9	14.1	20%	46.4	45.0	3%
<b>Profit attributable to equity holders - reported</b>	<b>88.2</b>	<b>75.8</b>	<b>16%</b>	<b>252.4</b>	<b>243.0</b>	<b>4%</b>
Earnings per share (in cents)	8.2	7.1	16%	23.6	22.7	4%
Dividend per share (in cents)	4.00	4.00	-	12.00	12.00	-
<b>Key financial indicators</b>						
Revenue growth	20.4%	(13.1%)		9.5%	0.3%	
Cost to income ratio	48.3%	46.7%		48.2%	44.9%	
Operating profit margin	51.7%	53.3%		51.8%	55.1%	
Net profit margin	43.9%	45.5%		44.4%	47.0%	
Return on shareholders' equity	38.3%	40.3%		38.3%	40.3%	

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