



News Release

20 April 2018

SGX reports 3Q FY2018 net profit of S\$100 million

3Q FY2018 Financial Summary

- Revenue: S\$222 million, up 10% from a year earlier
- Operating profit: S\$118 million, up 15%
- Net profit: S\$100 million, up 21%
- Earnings per share: 9.4 cents, up 21%
- Interim dividend per share: 5 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 3Q FY2018 net profit of S\$100.5 million (S\$83.1 million), on the back of revenues of S\$222.2 million (S\$202.7 million). Operating profit was S\$117.9 million (S\$102.9 million), with earnings per share at 9.4 cents (7.8 cents). The Board of Directors has declared an interim dividend of 5 cents (5 cents) per share, payable on 8 May 2018.

Loh Boon Chye, Chief Executive Officer of SGX, said, “We achieved a strong set of results this quarter, with our net profit reaching a new 10-year record high and our revenues hitting their highest levels since we listed in 2000. We actively engaged liquidity providers and focused on outreach to investors, which contributed to increased activity in the securities market. Our marketing efforts, together with longer trading hours enabled by our new derivatives trading and clearing platform, added to an increase in global participation across products and trading sessions.”

On the company’s outlook, he added, “Market activity is expected to improve as investors seek avenues to manage their portfolio risk. We will continue to build on our multi-asset offering and increase our servicing and marketing efforts across our domestic and international client base. We will also strengthen our global network through strategic partnerships and alliances.”

Results Summary

Equities and Fixed Income – comprising Issuer Services, Securities Trading & Clearing and Post Trade Services – increased 5% to S\$107.9 million (S\$103.1 million), accounting for 49% (51%) of total revenue.

Issuer Services revenue increased 8% to S\$20.5 million (S\$19.0 million), contributing to 9% (9%) of total revenue.

- Listing revenue: S\$13.8 million, up 10% from S\$12.6 million
- Corporate actions and other revenue: S\$6.8 million, up 5% from S\$6.5 million

Listing revenue increased 10% following a higher number of new bond listings. There were a total of 291 (189) bond listings raising S\$126.2 billion (S\$101.2 billion). We registered a total of 5 (5) new equity listings which raised S\$1.8 billion (S\$250.5 million), while secondary equity funds raised amounted to S\$1.0 billion (S\$1.9 billion).

Securities Trading and Clearing revenue increased 12% to S\$61.7 million (S\$55.3 million) and accounted for 28% (27%) of total revenue.

- Securities Clearing revenue: S\$47.7 million, up 12% from S\$42.6 million
- Access revenue: S\$11.8 million, up 13% from S\$10.4 million
- Collateral management, membership and other revenue: S\$2.3 million, up 1% from S\$2.3 million

Securities daily average traded value (SDAV) increased 17% to S\$1.45 billion (S\$1.24 billion), with total traded value rising 15% to S\$89.9 billion (S\$78.3 billion). This was made up of Equities¹ where traded value grew by 13% to S\$83.7 billion (S\$73.7 billion), and Other products² where traded value increased 37% to S\$6.2 billion (S\$4.5 billion).

Average clearing fee for Equities was 2.87 basis points, a decrease from 2.93 basis points a year ago, due to a higher proportion of trading by market makers and liquidity providers. The average clearing fee for Other products was 0.66 basis points, an increase from 0.64 basis points a year ago, due to a change in mix of Other products traded.

There were 62 (63) trading days this quarter. Overall turnover velocity for the quarter was 46% (41%).

Post Trade Services revenue declined 11% to S\$25.6 million (S\$28.7 million), accounting for 12% (14%) of total revenue.

- Securities settlement revenue: S\$22.8 million, down 4% from S\$23.7 million
- Contract processing revenue: S\$0.7 million, down 77% from S\$2.9 million
- Depository management revenue: S\$2.1 million, unchanged

The dip in securities settlement revenue was mainly due to a change in the mix of subsequent settlement activities. Contract processing revenue decreased 77% to S\$0.7 million (S\$2.9 million) as all brokers had migrated to their own back office systems by February 2018.

Derivatives revenue rose 20% to S\$90.5 million (S\$75.2 million), contributing to 41% (37%) of total revenue.

- Equity and Commodities revenue: S\$62.6 million, up 16% from S\$54.0 million
- Collateral management, licence, membership and other revenue: S\$27.8 million, up 31% from S\$21.2 million

Equity and Commodities revenue grew 16% as total volumes increased 34% to 53.5 million contracts (39.9 million contracts). This was mainly due to higher volumes in SGX FTSE China A50 futures, Nikkei 225 futures, and SGX Nifty 50 index futures, reflecting higher volatility and increasing activity in the underlying markets. This was offset by lower volumes in Iron Ore due to lower volatility. Average fee per contract decreased to S\$1.07 (S\$1.20) due to a change in the mix of contracts traded.

Collateral management, licence, membership and other revenue increased 31% mainly due to increases in licence fee from higher derivatives trading volume and an increase in collateral management income.

Market Data and Connectivity revenue dipped 2% to S\$23.9 million (S\$24.4 million), accounting for 11% (12%) of total revenue.

- Market data revenue: S\$10.0 million, down 8% from S\$10.8 million
- Connectivity revenue: S\$13.9 million, up 2% from S\$13.6 million

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

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

The lower market data revenue was mainly due to a decline in one-off fees recovered from data audits in the same period last year. Meanwhile, the continued growth of our colocation services business led to an increase in connectivity revenue.

Expenses increased by 5% to S\$104.4 million (S\$99.7 million), mainly due to higher staff costs and processing and royalties costs. Our average headcount for the quarter was comparable at 789 (794).

Technology expenses decreased 3% to S\$31.0 million (S\$31.9 million), mainly due to lower communication charges.

Technology-related capital expenditure was S\$21.9 million (S\$19.2 million), mainly for the enhancement of our fixed income platform and the on-going development of our new securities post-trade system.

As previously guided, operating expenses for FY2018 are expected to be between S\$410 million and S\$420 million. Technology-related capital expenditure is expected to be between S\$60 million and S\$65 million.

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Financial Highlights

<i>\$ million, except where indicated</i>	3Q FY2018	3Q FY2017	Change 3Q FY2018 vs 3Q FY2017	YTD FY2018	YTD FY2017	Change YTD FY2018 vs YTD FY2017
Key income statement figures						
Equities and Fixed Income	107.9	103.1	5%	305.1	302.5	1%
Derivatives	90.5	75.2	20%	254.3	220.9	15%
Market Data and Connectivity	23.9	24.4	(2%)	72.3	69.7	4%
Operating revenue	222.2	202.7	10%	631.7	593.1	7%
Operating expenses	104.4	99.7	5%	304.9	290.6	5%
Operating profit	117.9	102.9	15%	326.8	302.4	8%
Other gains / (losses)	2.4	(1.9)	NM	7.8	3.0	NM
Profit before tax and share of results of associated companies	120.3	101.0	19%	334.6	305.5	10%
Tax	20.1	18.4	9%	56.1	52.1	8%
Profit attributable to equity holders - reported	100.5	83.1	21%	279.5	254.5	10%
Earnings per share (in cents)	9.4	7.8	21%	26.1	23.8	10%
Dividend per share (in cents)	5.00	5.00	-	15.00	15.00	-
Key financial indicators						
Revenue growth	10%	(2%)		7%	(4%)	
Cost to income ratio	47%	49%		48%	49%	
Operating profit margin	53%	51%		52%	51%	
Net profit margin	45%	41%		44%	43%	
Return on shareholders' equity	37%	36%		37%	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 2017, SGX was awarded Derivatives Exchange of the Year award by Asia Risk and Asia-Pacific Derivatives Exchange of the Year accolade by GlobalCapital for the fourth year running.

Headquartered in AAA-rated Singapore, SGX has over 700 employees including offices in Beijing, Chicago, 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

Yee Kai Pin
Marketing & Communications
+65 6713 6455
kaipin.yee@sgx.com