

News Release

22 January 2021

SGX reports 1H FY2021 net profit of S\$228 million

1H FY2021 Financial Summary

	1H FY2021	1H FY2021 Adjusted ¹
Revenue	S\$521 million, up 9% year-on-year	
EBITDA	S\$322 million, up 8%	S\$321 million, up 7%
Net profit attributable to equity holders of the Company	S\$240 million, up 12%	S\$228 million, up 7%
Earnings per share	22.4 cents	21.3 cents
Interim quarterly dividend per share	8.0 cents, up 0.5 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 1H FY2021 adjusted net profit of S\$228.0 million (S\$213.9 million), with revenues of S\$520.8 million (S\$478.5 million). Adjusted EBITDA stood at S\$321.2 million (S\$298.8 million), while adjusted earnings per share was 21.3 cents (20.0 cents). Moving forward, to better reflect its underlying operating performance, SGX will disclose additional financial measures, which exclude items that have less bearing on its operating performance.¹

The Board of Directors has declared an interim quarterly dividend of 8.0 cents (7.5 cents) per share, payable on 8 February 2021. This brings total dividends in 1H FY2021 to 16.0 cents (15.0 cents) per share.

Loh Boon Chye, Chief Executive Officer of SGX, said, “We had a solid first-half performance with growth across all three business segments, amid an uncertain global environment. The heightened demand for China access and risk-management solutions, coupled with the early success of our expanded pan-Asia derivative product suite and higher trading activity in our stock market, led to stronger performance in our Equities business. We have also grown our FICC and DCI pillars which now contribute a third of our revenues, bolstered by newly acquired BidFX and Scientific Beta.”

“Having established ourselves as a multi-asset exchange, we will continue to drive growth through strategic partnerships, client acquisitions and new product offerings such as ETFs covering equities and fixed income. Strengthening our sustainability capabilities and solutions is a key priority, together with the building up of our digital assets expertise. Today, we announced our partnership with Temasek Holdings to build a digital asset infrastructure focused on capital markets workflows. In the coming months, we will expand our fixed income trading capabilities and make further investments to enhance our FX platform,” added Mr Loh.

¹ To better reflect SGX’s underlying operating performance, from 1H FY2021 onwards, we will disclose additional financial measures, namely adjusted earnings before interest, taxes, depreciation and amortisation (“Adjusted EBITDA”) and adjusted net profit after tax (“Adjusted NPAT”). These financial measures are not in accordance with, or an alternative to SFRS(I) financial measures. Please refer to Section 7 of our financial results for reconciliations between the adjusted and their equivalent measures.

Results Summary

Fixed Income, Currencies and Commodities (FICC)

FICC revenue – comprising **Fixed Income** as well as **Currencies and Commodities – Derivatives** revenues – increased 17% to S\$99.2 million (S\$84.8 million), and accounted for 19% (18%) of total revenue. Excluding BidFX which was acquired in July 2020, FICC revenue would have declined 3% to S\$82.5 million (S\$84.8 million).

Fixed Income revenue rose by 3% to S\$6.7 million (S\$6.5 million).

- Listing revenue: S\$5.1 million, up 4% from S\$4.9 million
- Corporate actions and other revenue: S\$1.6 million, comparable

There were 358 (585) bond listings raising S\$169.9 billion (S\$257.8 billion).

Currencies and Commodities – Derivatives revenue increased 18% to S\$92.5 million (S\$78.3 million), accounting for 18% (16%) of total revenue.

- Trading and clearing revenue: S\$71.4 million, up 36% from S\$52.4 million
- Treasury and other revenue: S\$21.1 million, down 18% from S\$25.8 million

Trading and clearing revenue grew mainly due to the consolidation of BidFX revenue. Commodities futures volumes increased 5% to 12.0 million contracts (11.4 million contracts), while currency futures volume decreased 8% to 11.8 million contracts (12.8 million contracts). Treasury and other revenue decreased mainly from lower treasury income, which declined primarily due to lower yield.

Equities

Equities revenue – comprising **Equities – Cash** as well as **Equities – Derivatives** revenues – rose 3% to S\$350.8 million (S\$341.4 million), accounting for 67% (71%) of total revenue.

Equities – Cash revenue increased 14% to S\$201.1 million (S\$176.4 million), accounting for 39% (37%) of total revenue.

- Listing revenue: S\$17.0 million, down 5% from S\$17.8 million
- Corporate actions and other revenue: S\$14.7 million, down 8% from S\$15.9 million
- Trading and clearing revenue: S\$111.5 million, up 23% from S\$90.7 million
- Securities settlement and depository management revenue: S\$53.1 million, up 12% from S\$47.5 million
- Treasury and other revenue: S\$4.8 million, up 8% from S\$4.4 million

There were 5 (3) new equity listings which raised S\$0.7 billion (S\$1.6 billion). Secondary equity funds raised were S\$6.5 billion (S\$7.1 billion).

Daily average traded value (DAV) increased 19% to S\$1.3 billion (S\$1.1 billion). Total traded value increased by 19% to S\$161.8 billion (S\$136.0 billion). This was made up of Cash Equities², where total traded value increased by 19% to S\$156.3 billion (S\$131.0 billion), and Other Products³, where traded value increased 10% to S\$5.5 billion (S\$5.0 billion). There were 128 (128) trading days in the first half of FY2021.

Average clearing fees for Cash Equities increased to 2.77 basis points (2.70 basis points) due to a greater spread of participation by different market segments. Average clearing fee for Other

² Cash Equities include ordinary shares, real-estate investment trusts and business trusts

³ Other Products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities and American depository receipts

Products increased to 0.99 basis points (0.69 basis points) due to increased activity from higher yielding exchange-traded funds. Overall turnover velocity for the 1H FY2021 was 49% (34%).

Securities settlement and depository management revenue increased mainly due to higher subsequent settlement activities.

Equities – Derivatives revenue declined 9% to S\$149.7 million (S\$165.0 million), accounting for 29% (34%) of total revenue.

- Trading and clearing revenue: S\$110.6 million, down 5% from S\$116.5 million
- Treasury and other revenue⁴: S\$39.1 million, down 19% from S\$48.5 million

Equity derivatives volume increased 4% to 93.3 million contracts (89.4 million contracts). Trading and clearing revenue declined mainly due to a change in mix of products and introductory fees for the new FTSE products suite.

Treasury and other revenue decreased mainly from lower treasury income which declined due to lower yield.

Average fee per contract for Equity, Currency and Commodity derivatives was lower at S\$1.27 (S\$1.34) mainly from lower introductory fees for the new FTSE products suite. The average fee per contract includes licence fees which have been bundled with clearing fees.

Data, Connectivity and Indices

Data, Connectivity and Indices revenue increased 35% to S\$70.7 million (S\$52.4 million), accounting for 14% (11%) of total revenue. Excluding Scientific Beta, DCI revenue would have increased 3% to S\$53.7 million (S\$52.4 million).

- Market data and Indices revenue: S\$39.6 million, up 85% from S\$21.4 million
- Connectivity revenue: S\$31.2 million, comparable

Market data and indices revenue increased by 85% mainly due to the consolidation of revenues from Scientific Beta, excluding which, Market data and indices revenue would have increased by S\$1.0 million.

Total expenses increased 11% to S\$248.3 million (S\$224.4 million). Excluding BidFX and Scientific Beta, total expenses would have decreased 3% to S\$217.9 million (S\$224.4 million). Adjusted expenses, which exclude amortisation of purchased intangibles, acquisition-related expenses and other expenses, increased 9% to S\$242.1 million (S\$222.4 million).

Operating expenses increased 10% to S\$199.3 million (S\$180.6 million) mainly from higher staff costs, and an increase in processing and royalties expenses. The average headcount for 1H FY2021 was 968 (832), including 120 staff from Scientific Beta and BidFX.

Depreciation and amortisation increased 12% to S\$49.0 million (S\$43.8 million) mainly due to the consolidation of depreciation and amortisation relating to Scientific Beta and BidFX. This was partially offset by lower depreciation following the end of lease of SGX's premises.

Technology-related capital expenditure was S\$18.8 million (S\$12.7 million). These investments were mainly for upgrades to SGX's Titan OTC commodities trade reporting system, technology refresh of the National Electricity Market of Singapore (NEMS) infrastructure and the digitalisation of retail investor services.

⁴ Licence revenue, previously under Treasury, licence and other revenue, has been reclassified into Trading and clearing revenue. The reclassification was due to the bundling of clearing and licence fees into a single clearing fee.

As guided previously, SGX's total expenses and capital expenditure for FY2021 are expected to remain between S\$535-\$545 million and between S\$55-\$60 million respectively.

-End-

Financial Highlights

<i>\$ million, except where indicated</i>	1H FY2021	1H FY2020	Change 1H FY2021 vs 1H FY2020
Key income statement figures			
Fixed Income, Currencies and Commodities	99.2	84.8	17%
Equities	350.8	341.4	3%
Data, Connectivity and Indices	70.7	52.4	35%
Operating revenue	520.8	478.5	9%
Operating expenses	199.3	180.6	10%
Earnings before interest, tax, depreciation and amortisation	321.5	297.9	8%
Depreciation and amortisation	49.0	43.8	12%
Operating profit	272.6	254.1	7%
Non-operating gains	15.6	6.5	NM
Profit before tax and share of results of associated companies and joint venture	288.2	260.6	11%
Share of results of associated companies and joint venture	(0.6)	(1.2)	(53%)
Profit before tax	287.6	259.4	11%
Tax	47.7	46.1	3%
Profit after tax	240.0	213.3	13%
Profit attributable to equity holders - reported	239.8	213.3	12%
Earnings per share (in cents)	22.4	19.9	13%
Dividend per share (in cents)	16.00	15.00	7%

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. It also operates Asia's only multi-partner, multi-asset exchange-led sustainability platform (sgx.com/first).

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.

Media Contact

Chin May Nah
Marketing & Communications
+65 8223 7358
maynah.chin@sgx.com