



## Singapore Exchange Limited FY2005 Full Year Results Presentation

Hsieh Fu Hua, CEO  
Seck Wai Kwong, CFO

28 July 2005

### Agenda



1. Highlights
2. Financial Review
3. Strategy Update
4. Q & A



## Highlights

Hsieh Fu Hua  
Chief Executive Officer

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## Highlights

- Superior ROE of 23.1% on profit of \$109.5M
- Another record for IPO & funds raised
- Continued success in REITs
- Exponential growth in structured warrants
- Successful migration to electronic platform
- Continued cost and capital management

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## Financial Highlights: FY2005



Meeting expectations ...

	Market Expectations <sup>(1)</sup>	Performance
Net Profit After Tax	S\$108.2M	S\$109.5M
Operating Revenue	S\$272.3M	S\$274.7M
Operating Expenses	S\$138.0M	S\$138.0M
Return on Equity <sup>(2)</sup>	20.2%	23.1%

(1) Based on the average estimates of 14 analysts  
 (2) Based on shareholder funds as at 30 June 2005

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## Financial Review FY05 Full Year Results ended 30 June 2005

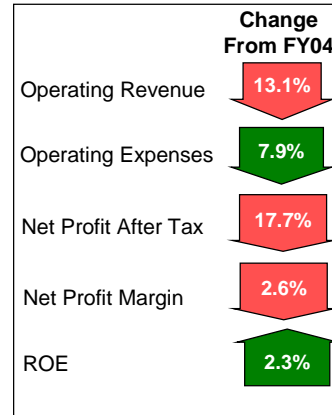
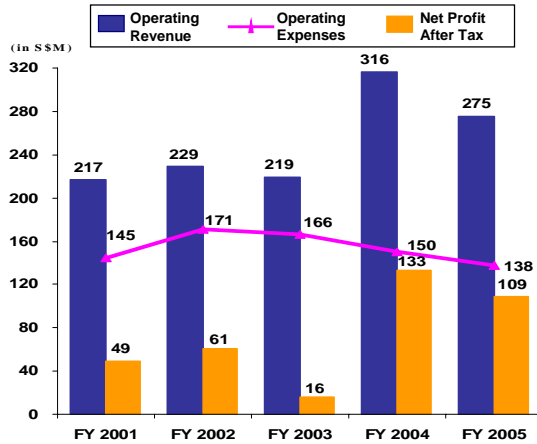
Seck Wai Kwong  
 Chief Financial Officer

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## Financial Highlights: Overview



A creditable FY 2005 ...



ROE	5.9%	7.3%	2.0%	20.8%	<b>23.1%</b>
TSR* (annualised)	14.0%	6.3%	24.3%	52.0%	<b>43.9%</b>

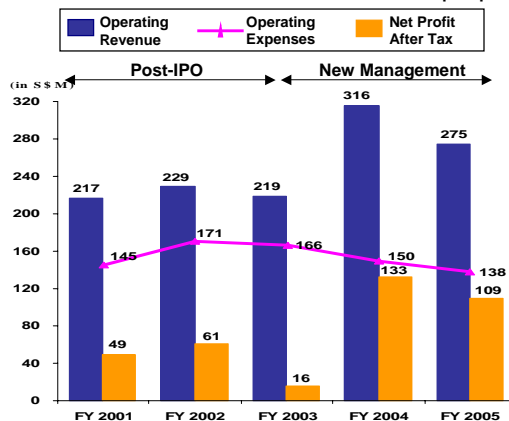
(\* Source: Bloomberg)

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## Financial Highlights: Overview



Step up in our revenues and profitability ...



(Average)	FY01-FY02	FY04-FY05	Change
NPAT	\$55M	\$121M	120%
Revenue	\$223M	\$296M	33%
Operating Cost	\$158M	\$144M	9%

ROE	5.9%	7.3%	2.0%	20.8%	<b>23.1%</b>
TSR* (annualised)	14.0%	6.3%	24.3%	52.0%	<b>43.9%</b>

(\* Source: Bloomberg)

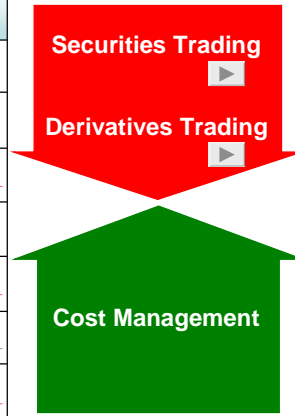
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# Income Statement



Creditable profits despite lower revenue ...

(in S\$M)	FY05	FY04	% Change
Operating Revenue	274.7	316.3	↓ 13.1
Operating Expenses	138.0	149.9	↓ 7.9
Operating Profit	136.7	166.4	↓ 17.9
Net Non-Operating Revenue	3.0	(0.3)	NM
Net Profit Before Tax & MI	139.7	166.1	↓ 15.9
Tax & MI	30.3	33.1	↓ 8.6
Net Profit After Tax & MI	109.5	133.0	↓ 17.7



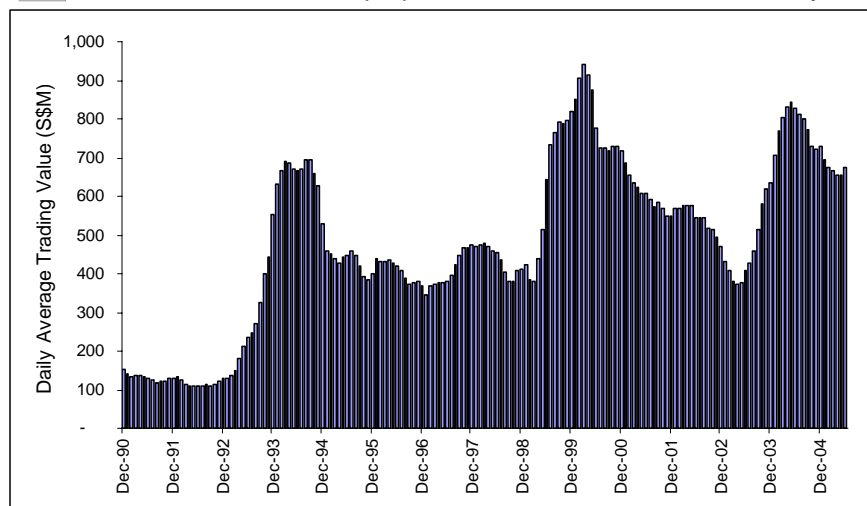
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# Historical Securities Trading Value

(From January 1990 to June 2005)



Step up in our securities market over the years



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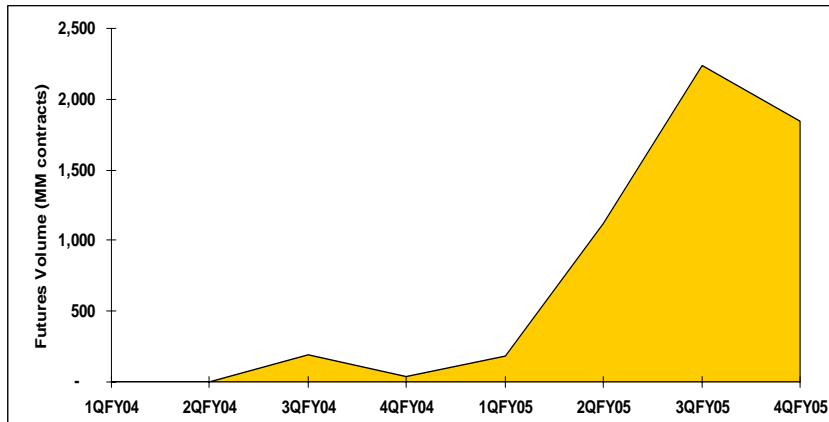
Based on 12-mth moving average trading value & excludes structured warrants, currently classified under derivatives market

## Derivatives Trading

(Review period: 1Q FY04 to 4Q FY05)



Structured warrants ...



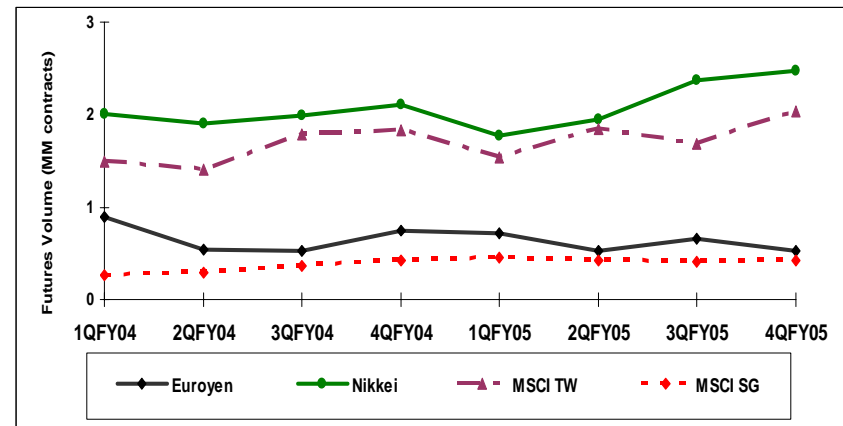
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## Derivatives Trading

(Review period: 1Q FY04 to 4Q FY05)



Our Asian derivatives contracts ...



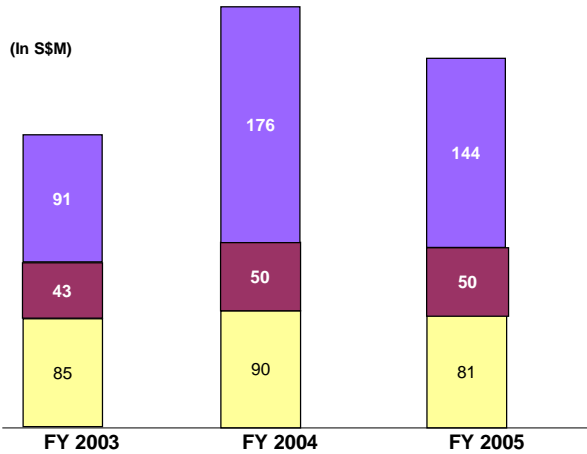
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# Operating Revenue



Well diversified & resilient revenues ...

(In S\$M)



SESOPs terminal fees  
Eurodollar futures  
Securities Trading

Access Fees  
Asian Derivatives  
Structured Warrants  
Listing Fees  
Data Services Fees  
Processing income and corporate action

Stable Revenue\* Net Derivatives Clearing Revenue Securities Market Revenue

Securities market revenue includes clearing fees, securities related processing income & access fees  
\* Stable revenue includes account maintenance & corporate action fees, terminal and connection fees, price information fees, listing and membership fees, sale of software and other computer services & other operating revenue

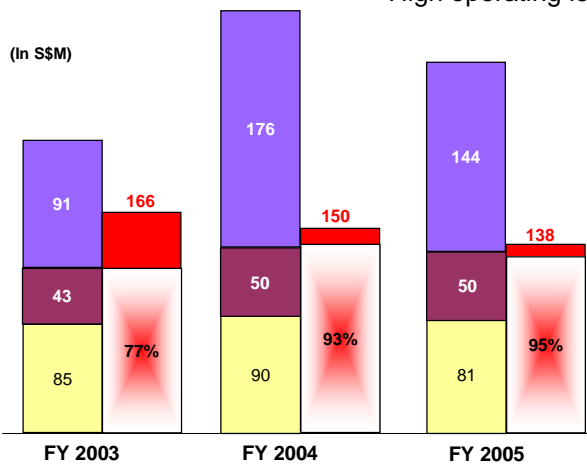
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# Operating Revenue



High operating leverage remains intact ...

(In S\$M)



Coverage of operating expenses

95% - FY05

93% - FY04

77% - FY03

Stable Revenue\* Net Derivatives Clearing Revenue Securities Market Revenue

Securities market revenue includes clearing fees, securities related processing income & access fees  
\* Stable revenue includes account maintenance & corporate action fees, terminal and connection fees, price information fees, listing and membership fees, sale of software and other computer services & other operating revenue

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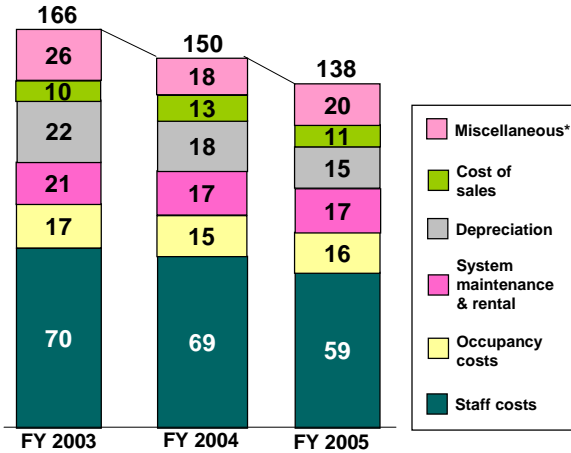
# Operating Expenses



Decreased steadily ...

## Continued Cost Management

(In S\$M)



- ✓ Variable bonus & headcount
  - ✓ Computer maintenance
  - ✓ Renegotiated service costs
  - ✓ Fully depreciated assets
  - ✓ Professional fees
- ✓ Reinstatement costs
  - ✓ Retrenchment costs

\* includes professional fees, marketing & travelling, communication charges, fees to MAS for transfer of participant supervision function, provision for surplus leased premises and other operating expenses

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# Performance at a Glance



Our commitment to enhance shareholder value

	FY2003 <sup>(1)</sup>	FY 2004 <sup>(1)</sup>	FY 2005
Return on Equity <sup>(2)</sup>	2.0%	20.8%	23.1%
Total Shareholder Return <sup>(3)</sup>	24.3%	52.0%	43.9%
Cost-to-Income	76.2%	47.4%	50.2%
Net Profit Margin	5.3%	42.0%	39.4%
<b>Dividend per Share (Net)</b>	<b>31.59 cents</b>	<b>10.8 cents</b>	<b>23.5 cents</b>
- Base	5.07 cents	5.6 cents	6.0 cents
- Variable		5.2 cents	2.5 cents
- Special	26.52 cents		15.0 cents

(1) Per 2004 Annual Report

(2) Net profit after tax divided by shareholders' equity as at period end

(3) Based on SGX year end closing share price (Source: Bloomberg)

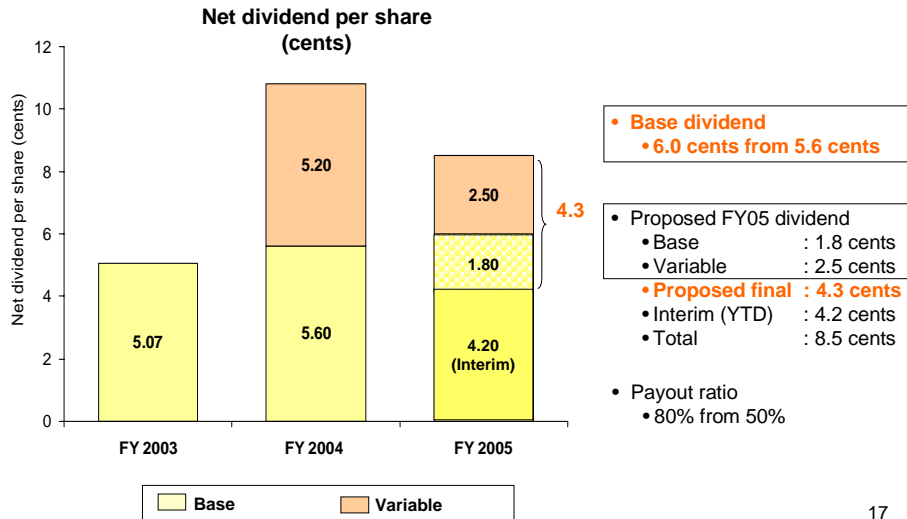
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# Our Dividend Policy



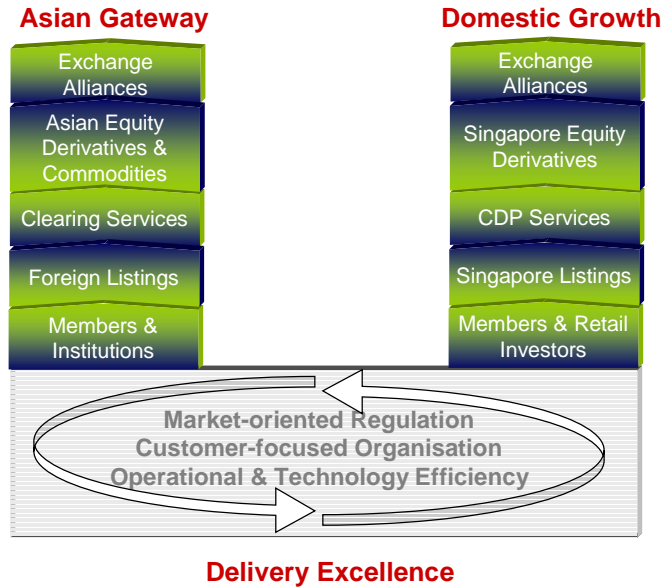
Robust capital management ...



## Strategy Update

**Hsieh Fu Hua**  
**Chief Executive Officer**

## Building An Enduring Marketplace



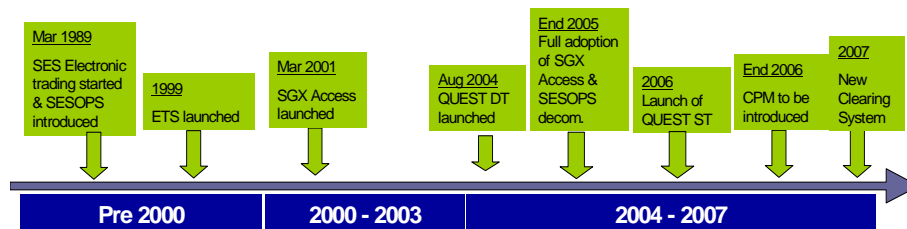
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## Delivery Excellence



Our regulatory and infrastructural platforms ...

- **Market-Oriented Regulation**
  - Enhance corporate governance
  - Extend the role of intermediaries
  - Enforcement: concerted efforts with relevant authorities
- **Infrastructure Renewal**



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## Delivery Excellence



Developing electronic derivatives trading ...

- **Imperative to migrate from floor trading to electronic**
  - Closed NK pit in Mar 05 and TW pit in Jun 05
- **More Diverse Market Users**
  - Electronic Locals
  - Corporate Proprietary Trading Members
  - Clearing Member
- **Products:**
  - e-NK -> Market Share has risen from 21% to 24%
  - e-TW -> Market Share has risen from 41% to 45%
- **Electronic volume contribution has increased from less than 10% to 90%**

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## Developing an Asian Gateway



Asian listing platform for growth companies ...

- **Another Record for IPO & funds Raised**
  - > 80 IPOs raised S\$4.0 billion in proceeds
  - > End-Jun 05 market cap was S\$11 billion
- **Increase in average market cap of IPOs by 44%**
- **Geographical diversification & vertical development**
  - Korea, Taiwan, Israel, India
  - Manufacturing, shipping & maritime, securitised funds
  - Boilerplate listings for hedge funds

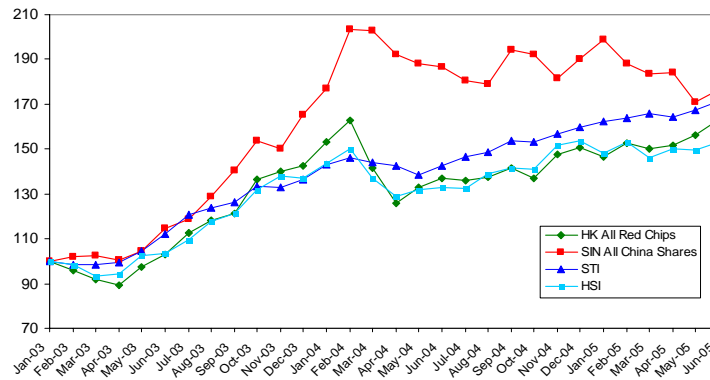
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## Developing an Asian Gateway



Asian listing platform for growth companies ...

- **Greater China IPOs**
  - Continuing focus on larger companies



Source: Bloomberg & SGX

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## Developing an Asian Gateway



Premier offshore risk management centre ...

- **Current Active Asian Product Suite:**

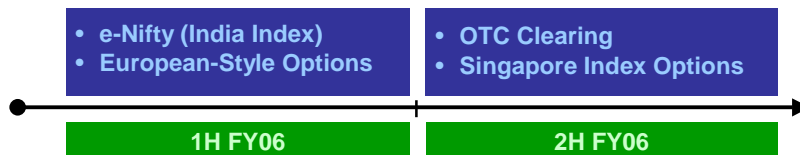
### Equity Index

Nikkei 225  
MSCI Taiwan  
MSCI Singapore

### Interest Rate

Euroyen  
JGB

- **Upcoming Products:**



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## Growing Our Domestic Market



New product successes to grow retail investors ...

- Structured Warrants**

	FY 2003	FY 2004	FY 2005
No. of issues @ 30 June	2	27	252
No. of units traded	62.4M	0.8B	19.3B
Value traded	S\$9.4M	S\$0.2B	S\$5.4B

- REITs**

	FY 2003	FY 2004	FY 2005
Market capitalisation @ 30 June	S\$1.5B	S\$4.1B	S\$9.5B
Value traded	S\$612.5M	S\$1.65B	S\$1.76B

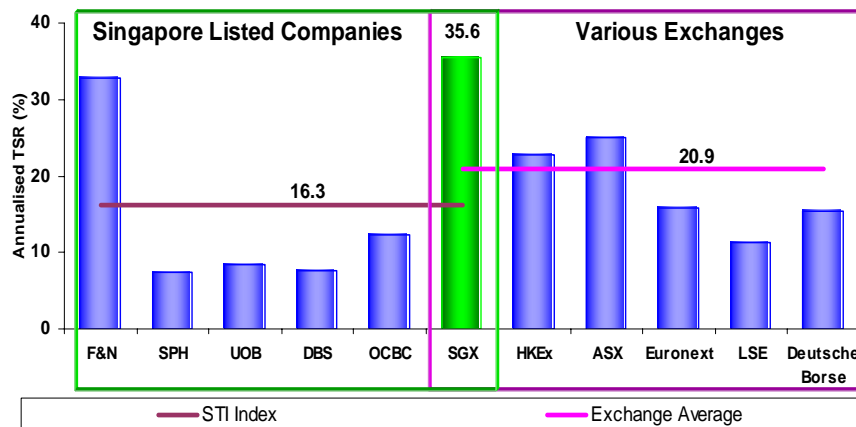
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## Total Shareholder Return

(From 1 July 2002 to 30 June 05)



Our commitment to grow shareholder value ...



Starting dates vary for exchanges whose IPOs were after SGX's; Euronext: 6 July 01 / LSE: 20 July 01 / Deutsche Borse: 2 Feb 01  
Source: Bloomberg

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In summary ...



- **Revenue Growth**
  - Strong Listings Pipeline
    - Larger issuers
  - Re-Pricing Opportunities
  - Structured Warrants
  - New Products
- **Capital Management**
- **More Buoyant Market.....**

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# Q & A

Panel:

1. Hsieh Fu Hua, CEO
2. Seck Wai Kwong, CFO

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