



News Release

19 October 2016

SGX reports 1Q FY2017 net profit of \$83 million

1Q FY2017 Financial Summary

- Revenue: \$191 million, down 13% from a year earlier
- Operating profit: \$97 million, down 17%
- Net profit: \$83 million, down 16%
- Earnings per share: 7.8 cents, down 16%
- 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

Singapore Exchange (SGX) today reported net profit of \$83.1 million (\$99.3 million) for 1Q FY2017. Revenue was down 13% to \$190.8 million (\$219.6 million). Earnings per share was 7.8 cents (9.3 cents) and the Board of Directors has declared an interim dividend of 5 cents (5 cents) per share, payable on 3 November 2016, in line with the stated dividend policy.

Commenting on the results, Loh Boon Chye, CEO of SGX said, “Our first quarter performance this year reflects lower levels of market activities, compared with a more volatile market a year earlier. Nevertheless, we remain committed to our long-term investment and diversification strategy while maintaining cost discipline. Our acquisition of the Baltic Exchange is progressing and we expect to complete the transaction by end November 2016.”

Results Summary

Results for **Equities and Fixed Income** comprise Issuer Services, Securities Trading & Clearing and Post Trade Services.

Issuer Services revenue increased \$0.5 million or 2% to \$21.8 million (\$21.4 million), accounting for 11% (10%) of total revenue.

- Listing revenue: \$12.2 million, up 3% from \$11.8 million
- Corporate actions and other revenue: \$9.6 million, up 1% from \$9.5 million

Listing revenue increased 3% following higher number of new listings. There were a total of 8 new equity listings which raised \$647.0 million, compared to 7 new listings raising \$103.9 million a year earlier. Secondary equity funds raised were \$2.3 billion (\$3.5 billion). There were 139 bond listings raising \$59.4 billion, compared to 97 listings raising \$41.6 billion a year earlier.

Securities Trading and Clearing revenue decreased \$8.9 million or 16% to \$47.1 million (\$56.0 million) and accounted for 25% (25%) of total revenue.

- Clearing revenue: \$36.9 million, down 15% from \$43.4 million
- Access revenue: \$8.2 million, down 20% from \$10.2 million
- Collateral management, membership and other revenue: \$2.0 million, down 17% from \$2.4 million

Securities daily average traded value (SDAV) was 19% lower at \$0.99 billion (\$1.23 billion). Total traded value fell 17% to \$62.2 billion (\$74.8 billion). There were 61 trading days this quarter.

Average clearing fee was 2.89 basis points, largely unchanged from 2.90 basis points a year earlier. Turnover velocity for the quarter was 36% (46%).

Post Trade Services revenue decreased \$0.7 million or 2% to \$29.1 million (\$29.8 million), accounting for 15% (14%) of total revenue.

- Securities settlement revenue: \$23.5 million, up 1% from \$23.4 million
- Contract processing revenue: \$3.4 million, down 23% from \$4.4 million
- Depository management revenue: \$2.1 million, up 9% from \$2.0 million

Contract processing revenue decreased 23% in line with lower securities market activities.

Derivatives revenue declined \$20.1 million or 22% to \$70.8 million (\$90.9 million), and accounted for 37% (41%) of total revenue.

- Equity and Commodities revenue: \$53.5 million, down 20% from \$67.1 million
- Collateral management, licence, membership and other revenue: \$17.3 million, down 27% from \$23.9 million

Equity and Commodities revenue declined 20% as lower SGX FTSE China A50 and Nikkei 225 futures volumes contributed the most to the 24% decline in total volumes to 40.1 million contracts (52.5 million contracts). Average fee per contract was \$1.18 (\$1.16).

Collateral management, licence, membership and other revenue fell 27% as interest income declined with lower collateral balances and yields.

Market Data and Connectivity revenue increased \$0.4 million or 2% to \$22.0 million (\$21.6 million), accounting for 12% (10%) of total revenue.

- Market data revenue: \$9.3 million, down 4% from \$9.6 million
- Connectivity revenue: \$12.8 million, up 7% from \$11.9 million

Market data revenue declined 4%, due to higher one-off items in the same quarter a year earlier. Connectivity revenue increased 7%, following continued growth of our colocation services business.

Expenses decreased 8% to \$93.7 million (\$102.3 million), as all expense items declined year-on-year. Volume related variable expenses were lower and we reduced variable staff costs to be in line with profitability. At the same time, we were disciplined in managing and pacing staff recruitment and discretionary expenditure.

Outlook

Mr Loh added, "Participants reacting and adjusting to slowing global economic growth, political uncertainties and implications of Brexit on the European economy could result in a period of relatively subdued trading volumes. We will continue to be disciplined about costs while investing to grow our business and be more competitive. We expect full year FY2017 operating expenses to be between \$420 million and \$430 million, and technology-related capital expenditure to be between \$65 million and \$70 million."

Financial Highlights

<i>\$ million, except where indicated</i>	1Q FY2017	1Q FY2016	Change 1Q FY2017 vs 1Q FY2016	4Q FY2016	Change 1Q FY2017 vs 4Q FY2016
Key income statement figures					
Equities and Fixed Income	98.0	107.1	(9%)	101.3	(3%)
Derivatives	70.8	90.9	(22%)	74.5	(5%)
Market Data and Connectivity	22.0	21.6	2%	22.2	(1%)
Operating revenue	190.8	219.6	(13%)	198.1	(4%)
Operating expenses	93.7	102.3	(8%)	106.4	(12%)
Operating profit	97.2	117.3	(17%)	91.6	6%
Other gains/(losses)	3.1	2.0	54%	(2.1)	NM
Profit before tax and share of results of associated company	100.3	119.4	(16%)	89.6	12%
Tax	17.5	20.4	(14%)	13.1	34%
Profit attributable to equity holders - reported	83.1	99.3	(16%)	76.8	8%
Earnings per share (in cents)	7.8	9.3	(16%)	7.2	8%
Dividend per share (in cents)	5.00	5.00	-	13.00	(8.00)
Key financial indicators					
Revenue growth	(13%)	30%		(8%)	
Cost to income ratio	49%	47%		54%	
Operating profit margin	51%	53%		46%	
Net profit margin	43%	45%		39%	
Return on shareholders' equity	38%	45%		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 2016, SGX retained its Derivatives Exchange of the Year award by Asia Risk and Asia-Pacific Derivatives Exchange of the Year accolade by GlobalCapital – both for a third year. It was named Asian Exchange of the Year by Futures & Options World for a second year, as well as Exchange of the Year by Energy Risk.

Headquartered in AAA-rated Singapore, SGX has over 700 employees including offices in Beijing, Hong Kong, London, Mumbai, Shanghai and Tokyo. For more information, please visit www.sgx.com.

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