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News Release

31 July 2019

SGX reports FY2019 net profit of S\$391 million

FY2019 Financial Summary

- Revenue: S\$910 million, up 8% from a year earlier
- Operating profit: S\$461 million, up 9%
- Net profit: S\$391 million, up 8%
- Earnings per share: 36.5 cents, up 8%
- Proposed final dividend: 7.5 cents per share, and total dividend of 30 cents per share for the year

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 FY2019 net profit of S\$391.1 million (S\$363.2 million), its highest net profit in 11 years. Revenues were also the highest since listing at S\$909.8 million (S\$844.7 million).

Operating profit increased to S\$461.0 million (S\$424.9 million), with earnings per share at 36.5 cents (33.9 cents). The Board of Directors has proposed a final dividend of 7.5 cents (15 cents) per share, payable on 18 October 2019. This brings the total dividend for the year to 30 cents (30 cents) per share.

Loh Boon Chye, Chief Executive Officer of SGX, said, “We continued the strong momentum from previous quarters and closed FY2019 with another record performance, reflecting the combined strengths of our multi-asset businesses. We set all-time records in our derivatives volumes and open interest, driven by strong global institutional demand for Asian risk management and investment solutions. The second half of the year also saw an improvement in our securities business as trading activity picked up.”

Looking ahead, Mr Loh added, “The macro trends we anticipated, such as Asia being at the forefront of economic growth, the internationalisation of Asian markets as well as the increasing convergence of OTC and listed markets, continue to support our business growth. From FY2020, we have reorganised into four business and client units – Fixed Income, Currencies and Commodities; Equities; Data, Connectivity and Indices; and Global Sales and Origination. This will sharpen our focus on building scale, enabling us to not only capture the opportunities across multiple asset classes but also serve our clients’ needs more holistically.”

Results Summary

Equities and Fixed Income revenue – comprising Issuer Services, Securities Trading & Clearing and Post Trade Services – declined 15% to S\$347.5 million (S\$406.6 million), accounting for 38% (48%) of total revenue.

Issuer Services revenue decreased 7% to S\$79.7 million (S\$86.2 million), contributing to 9% (10%) of total revenue.

- Listing revenue: S\$45.8 million, down 11% from S\$51.6 million
- Corporate actions and other revenue: S\$34.0 million, down 2% from S\$34.6 million

There were a total of 1,066 (1,154) bond listings raising S\$451.7 billion (S\$481.9 billion). We registered 20 (22) new equity listings which raised S\$1.7 billion (S\$6.2 billion), while secondary equity funds raised were S\$4.7 billion (S\$6.4 billion).

Securities Trading and Clearing revenue decreased 18% to S\$182.1 million (S\$221.1 million) and accounted for 20% (26%) of total revenue.

- Securities Clearing revenue: S\$138.9 million, down 19% from S\$170.9 million
- Access revenue: S\$34.3 million, down 16% from S\$40.7 million
- Collateral management, membership and other revenue: S\$9.0 million, down 6% from S\$9.6 million

Securities daily average traded value (SDAV) declined 17% to S\$1.04 billion (S\$1.26 billion). Total traded value decreased 17% to S\$259.5 billion (S\$314.0 billion). This was made up of Equities¹ where traded value decreased by 17% to S\$241.4 billion (S\$291.4 billion), and Other products² where traded value decreased 20% to S\$18.1 billion (S\$22.6 billion).

Average clearing fees for Equities declined to 2.82 basis points (2.88 basis points) due to higher participation from market makers. Average clearing fee for Other products was comparable at 0.59 basis points (0.58 basis points).

There were 249 (250) trading days in FY2019. Overall turnover velocity for the year was 36% (40%).

Post Trade Services revenue declined 14% to S\$85.7 million (S\$99.3 million), accounting for 9% (12%) of total revenue.

- Securities settlement revenue: S\$76.6 million, down 13% from S\$87.6 million
- Contract processing revenue: Nil, down from S\$3.4 million
- Depository management revenue: S\$9.1 million, up 10% from S\$8.3 million

Securities settlement revenue declined due to a downward re-pricing of our delivery-versus-payment guarantee fee from April 2018, and a decline in subsequent settlement activities. Contract processing revenue has ceased as all brokers have migrated to their own back office systems since February 2018.

Derivatives revenue rose 35% to S\$459.7 million (S\$339.8 million), contributing to 51% (40%) of total revenue.

- Equity and Commodities revenue: S\$292.1 million, up 23% from S\$237.1 million
- Collateral management, licence, membership and other revenue: S\$167.7 million, up 63% from S\$102.8 million

Equity and Commodities revenue grew as total volumes increased by 21% to 240.3 million contracts (198.0 million contracts). This was mainly due to increased volumes in SGX FTSE China A50, MSCI Taiwan, and iron ore derivatives contracts. In addition, volumes in FX and MSCI Net Total Return derivatives also saw significant increases. Average fee per contract was higher at S\$1.09 (S\$1.06) mainly due to an increase in the number of full fee-paying customers.

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

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

Collateral management, licence, membership and other revenue increased mainly due to higher collateral management income. This is the result of higher margin balances on the back of record open interest, demonstrating increased usage of our derivatives contracts for portfolio risk management.

Market Data and Connectivity revenue increased 4% to S\$102.5 million (S\$98.3 million), accounting for 11% (12%) of total revenue.

- Market data revenue: S\$43.0 million, up 2% from S\$42.4 million
- Connectivity revenue: S\$59.5 million, up 6% from S\$55.9 million

Market data revenue increased mainly due to higher reported data usage. The increase in connectivity revenue was due to the continued growth of our colocation services business, as well as higher derivatives connectivity subscriptions.

Expenses increased by 7% to S\$448.8 million (S\$419.8 million) mainly due to higher staff costs as we expanded our technology capabilities and grew our international presence. Our average headcount for the year was 820 (792).

Technology-related capital expenditure was S\$54.6 million (S\$65.1 million). These investments were mainly for the enhancement of our fixed income trading platform, upgrade of our securities trading engine, and development of our new securities post-trade system.

For FY2020, our full-year operating expenses are projected to be between S\$465 million and S\$475 million, and technology-related capital expenditure to be between S\$45 million and S\$50 million.

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Financial Highlights

<i>\$ million, except where indicated</i>	FY2019	FY2018	Change
Key income statement figures			
Equities and Fixed Income	347.5	406.6	(15%)
Derivatives	459.8	339.8	35%
Market Data and Connectivity	102.5	98.3	4%
Operating revenue	909.8	844.7	8%
Operating expenses	448.8	419.8	7%
Operating profit	461.0	424.9	9%
Other gains	13.5	11.3	19%
Profit before tax and share of results of associated companies and joint venture	474.5	436.2	9%
Tax	81.9	74.3	10%
Profit attributable to equity holders - reported	391.1	363.2	8%
Earnings per share (in cents)	36.5	33.9	8%
Dividend per share (in cents)	30.00	30.00	-
Key financial indicators			
Revenue growth	8%	5%	
Cost to income ratio	49%	50%	
Operating profit margin	51%	50%	
Net profit margin	42%	42%	
Return on shareholders' equity	36%	34%	

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, operating equity, fixed income and derivatives markets to the highest regulatory standards. 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.

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