

# WELCOME

## 3Q FY2014: Analyst and Media Briefing

Magnus Böcker, CEO  
Chng Lay Chew, CFO

23 April 2014

**SGX** The Asian Gateway

# Agenda for Third Quarter FY2014 Results Briefing

1 Third Quarter Highlights

2 Financial Performance

3 Business Update

4 Questions & Answers

## Third Quarter FY2014 Highlights

Net profit of \$76 million, down 22% from a year earlier



**Revenue**



**Expenses**



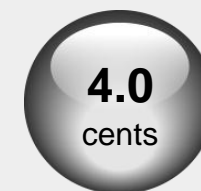
**Operating  
Profit**



**Net Profit**



**Earnings  
per share**



**Dividend  
per share**

- Securities market transformation to enhance quality and liquidity
  - Total traded value of \$67.4B and SDAV of \$1.1B, down 35% and 37% respectively
  - Dynamic circuit breakers and new order types introduced
  - Revised fee structure, and market making and liquidity provision program in the coming quarter
  - Joint market consultation with MAS
- Derivatives continuing strong performance for the year
  - Apart from Nikkei 225, volumes increased 10% to 16.8 million contracts
  - Month-end open interest increased 7% to 3.2 million contracts

# Financial Performance

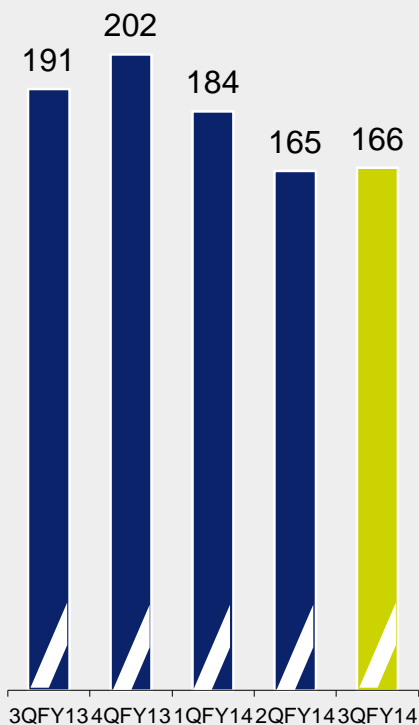
Chng Lay Chew  
CFO

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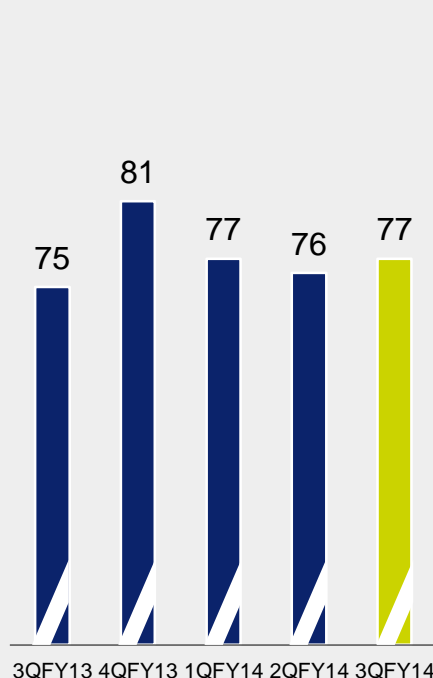
# Financial Performance: Quarterly Trend

Net profit of \$76 million, down 22% from a year earlier

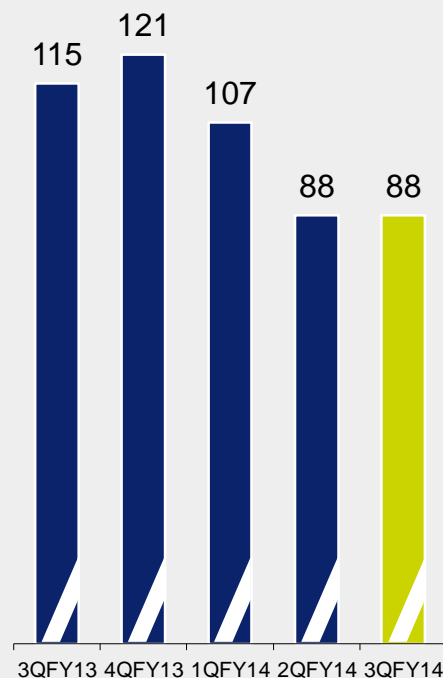
**Revenue**  
-13% year-on-year  
+1% quarter-on-quarter



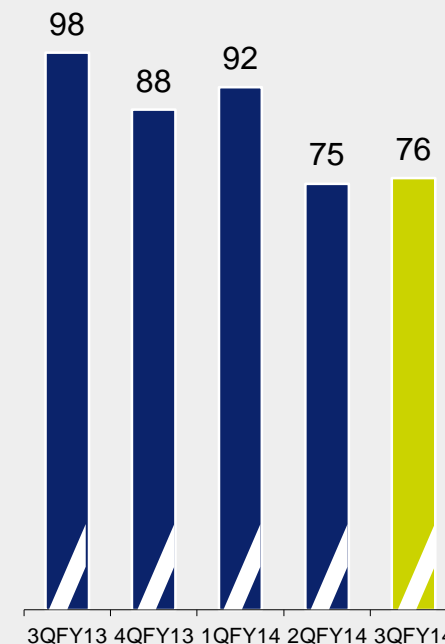
**Expenses**  
+3% year-on-year  
+1% quarter-on-quarter



**Operating Profit**  
-23% year-on-year  
flat quarter-on-quarter



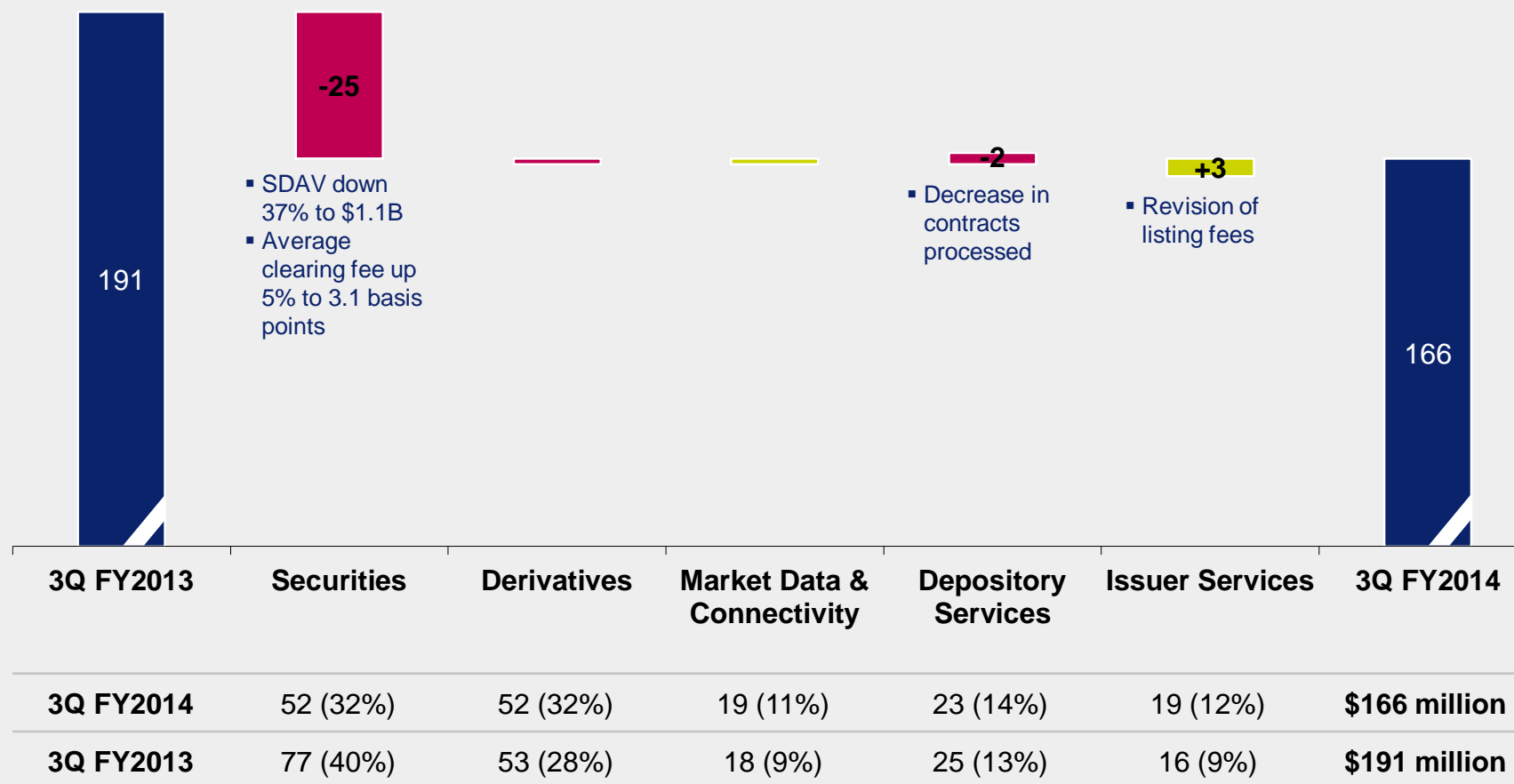
**Net Profit**  
-22% year-on-year  
+1% quarter-on-quarter



Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# Financial Performance: Revenue, Year-on-Year

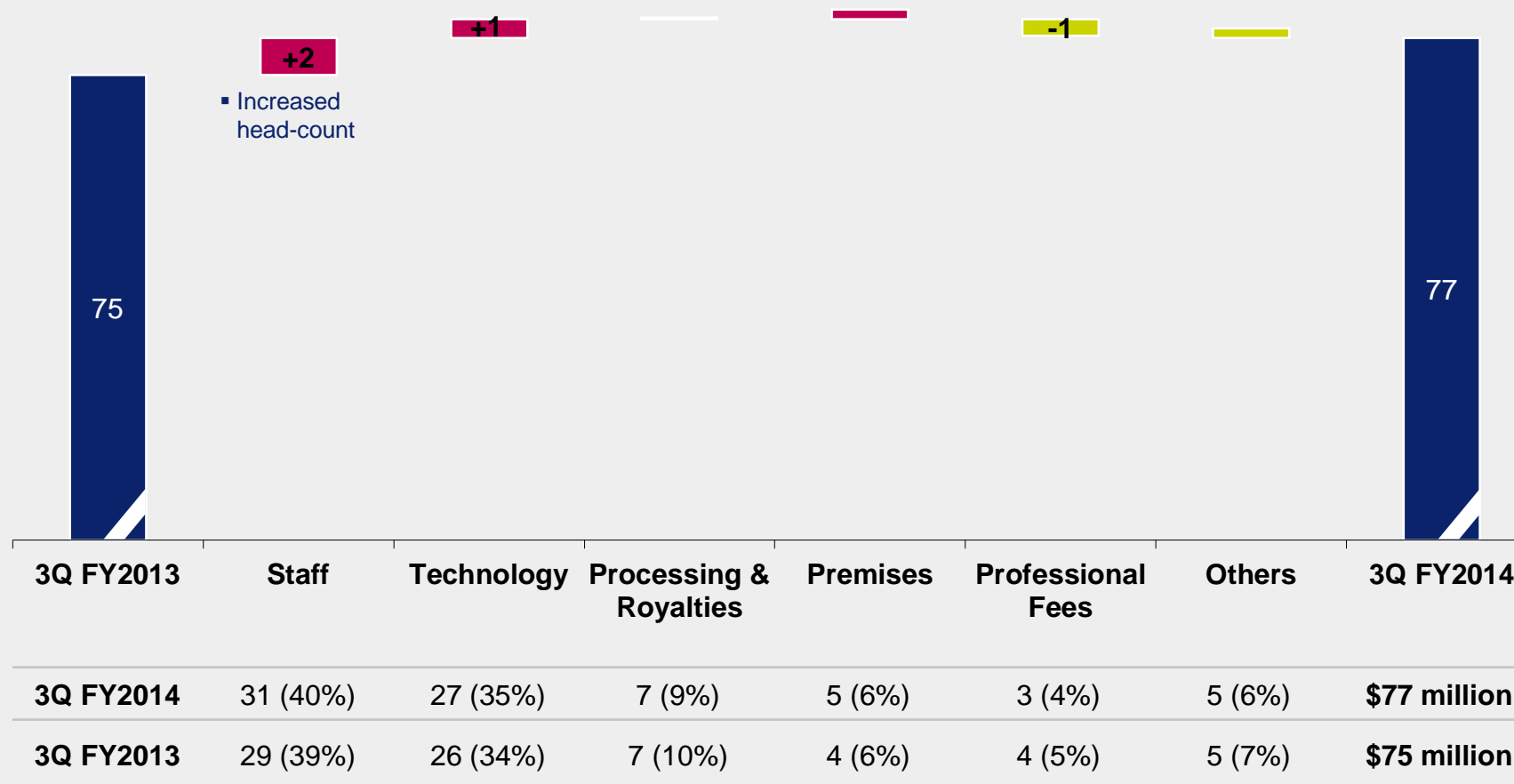
Revenue of \$166 million, down 13% from \$191 million in 3Q FY2013



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# Financial Performance: Expenses, Year-on-Year

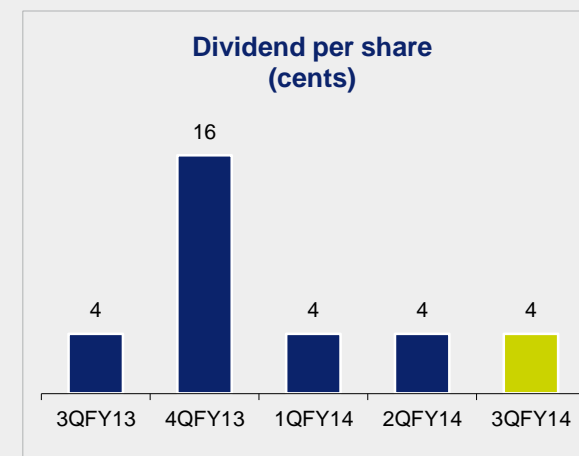
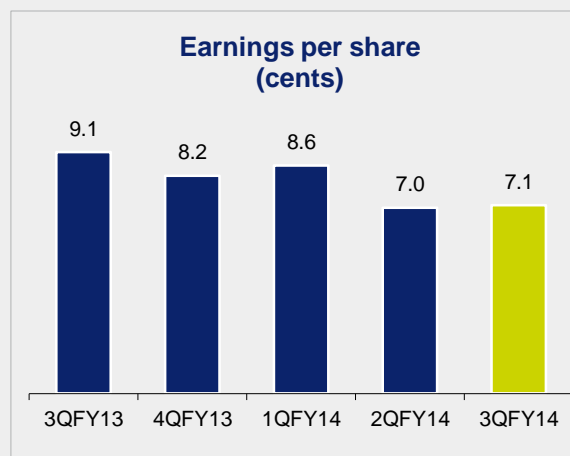
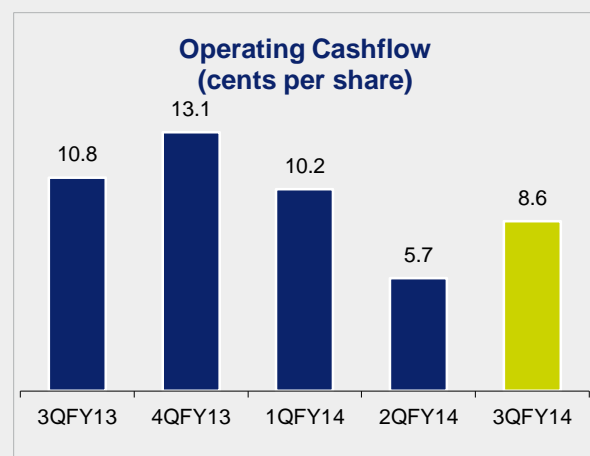
Expenses of \$77 million, up 3% from \$75 million in 3Q FY2013



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# Financial Performance: Key Indicators

	3Q FY2013	4Q FY2013	1Q FY2014	2Q FY2014	3Q FY2014
Revenue (\$ million)	191	202	184	165	166
Operating Profit (\$ million)	115	121	107	88	88
Operating Profit Margin	61%	60%	58%	54%	53%
Return on Equity	40%	39%	48%	46%	40%
Earnings per share (cents)	9.1	8.2	8.6	7.0	7.1
Dividend per share (cents)	4	16	4	4	4



Note: All figures in \$ millions unless otherwise stated and may be subject to rounding



# Business Update

Magnus Böcker  
CEO

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# Highlights for the Quarter

## Improving the quality of the Singapore securities market

- Securities market transformation
- Lower turnover in securities market
- Growth in China-focused derivatives products

<b>Securities</b>	<ul style="list-style-type: none"> <li>▪ Revenue down 32% to \$52 million</li> <li>▪ 35% decline in total traded value mitigated by 5% increase in average clearing fee</li> </ul>
<b>Derivatives</b>	<ul style="list-style-type: none"> <li>▪ Revenue unchanged at \$52 million on continuing growth of non-Nikkei contracts</li> <li>▪ Average month-end open interest up 7% from same quarter a year earlier</li> </ul>
<b>Market Data and Connectivity</b>	<ul style="list-style-type: none"> <li>▪ Revenue up 5% to \$19 million driven by increase in market data usage and growth of co-location business</li> </ul>
<b>Depository Services</b>	<ul style="list-style-type: none"> <li>▪ Revenue down 8% to \$23 million following lower number of contracts processed, in line with decreased securities market activities</li> </ul>
<b>Issuer Services</b>	<ul style="list-style-type: none"> <li>▪ Revenue up 16% to \$19 million primarily due to revised listing fees</li> <li>▪ 5 new listings raising \$0.4 billion and 117 new bond listings raising \$50 billion</li> <li>▪ Expanded services on SGXNet</li> </ul>
<b>Regulatory and Risk Management</b>	<ul style="list-style-type: none"> <li>▪ Extensive review of Singapore Securities market</li> <li>▪ Joint market consultation with MAS</li> <li>▪ Refinements to regulatory tools</li> </ul>

# Highlights for the Quarter

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## Securities

## Derivatives

## Market Data and Connectivity

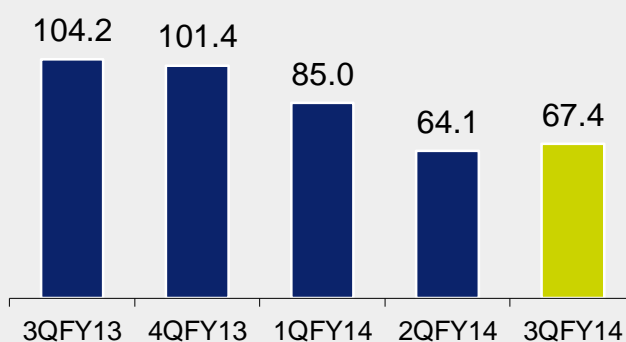
## Depository Services

## Issuer Services

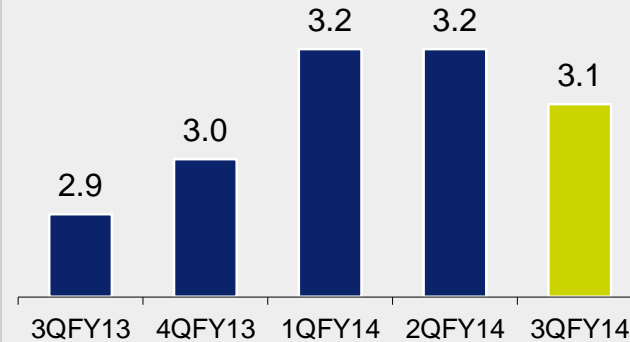
## Regulatory and Risk Management

- Revenue down 32% to \$52 million
- Total traded value and average daily traded value down 35% and 37% to \$67 billion and \$1.1 billion respectively
- Average clearing fee increased 5% to 3.1 basis points
- Securities market transformation
  - Dynamic circuit breakers and new order types
  - New fee structure and programme for market makers and liquidity providers
  - Joint market consultation with MAS

**Total Securities Traded Value (\$ billion)**



**Securities Average Clearing Fee (basis points)**



# Highlights for the Quarter

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Securities

Derivatives

Market Data and  
Connectivity

Depository Services

Issuer Services

**Regulatory and Risk  
Management**

- Completed extensive review of Singapore Securities market together with MAS
  - Market structure and practices fundamentally sound
  - High level of adherence with international standards
  - Identified areas for improvement:
- Released joint consultation paper setting out proposals including:
  - Minimum trading price for Mainboard companies
  - Collateral requirements for securities trading
  - Short position reporting requirements
  - Independent Listing Advisory, Disciplinary and Appeals Committee
- Refinements to regulatory tools
  - “Trade with Caution” announcement as extension to public query process
  - Requirements for listed companies to notify SGX of negotiations likely to lead to specific transactions

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Derivatives

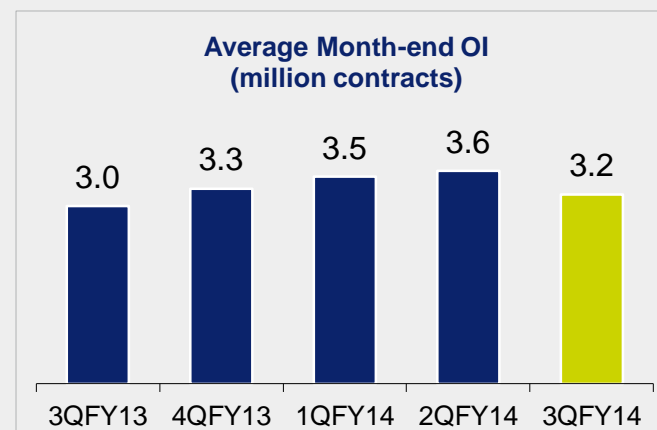
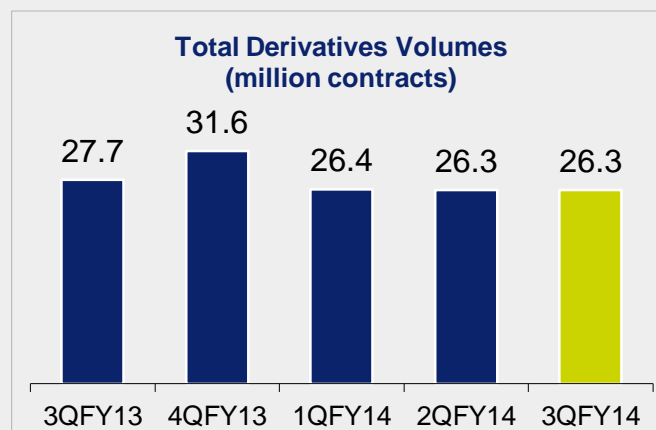
Market Data and Connectivity

Depository Services

Issuer Services

Regulatory and Risk Management

- Revenue largely unchanged at \$52 million
- Total volumes down 1.4 million contracts (5%) to 26.3 million contracts as Nikkei 225 contracts declined 2.9 million contracts compared to a strong quarter a year earlier
- China-focused contracts drove growth of 1.5 million contracts across all other derivative products
  - China A50 futures up 1 million (18%) to 6.8 million contracts
  - Iron ore swaps and futures up 225% accounting for more than 90% of global on-exchange market



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## Outlook

Continuing to invest in growth while pacing expenses

- Focus on Securities market transformation in the coming quarters
- Expansion of distribution network and product offerings
- FY2014 operating expenses now expected to be between \$310 million and \$315 million, down from previously announced range of between \$320 million and \$330 million
- Technology-related capital expenditure now expected to be between \$40 million and \$45 million, up from previously announced range of between \$35 million and \$40 million



# The journey continues ...

*Questions & Answers*