

# 3Q FY2020 Analyst and Media Briefing (Virtual)

**Loh Boon Chye**, Chief Executive Officer  
**Chng Lay Chew**, Chief Financial Officer

24 April 2020

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# Agenda

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Third Quarter FY2020 - Financial Highlights and Performance

2

Business Update

3

Questions and Answers

# Third Quarter FY2020

## Financial Highlights and Performance

Chng Lay Chew, Chief Financial Officer

# Third Quarter FY2020 Highlights

- Revenue of \$296M, up 29%; Net profit of \$138M, up 38%
- Higher revenue across all businesses - FICC up 23%, Equities up 31%, DCI up 26%
- Dividend per share – 7.5 cents, unchanged; Earnings per share – 12.8 cents, up 38%

## Revenue

- \$296M
- ↑ 29%

## Total Expenses

- \$133M
- ↑ 20%

## EBITDA

- \$186M
- ↑ 39%

## Net Profit

- \$138M
- ↑ 38%

## Currencies and Commodities

- 14.9M contracts
- ↑ 39%

## Equities- Derivatives

- 61.5M contracts
- ↑ 24%

## Equities- Cash

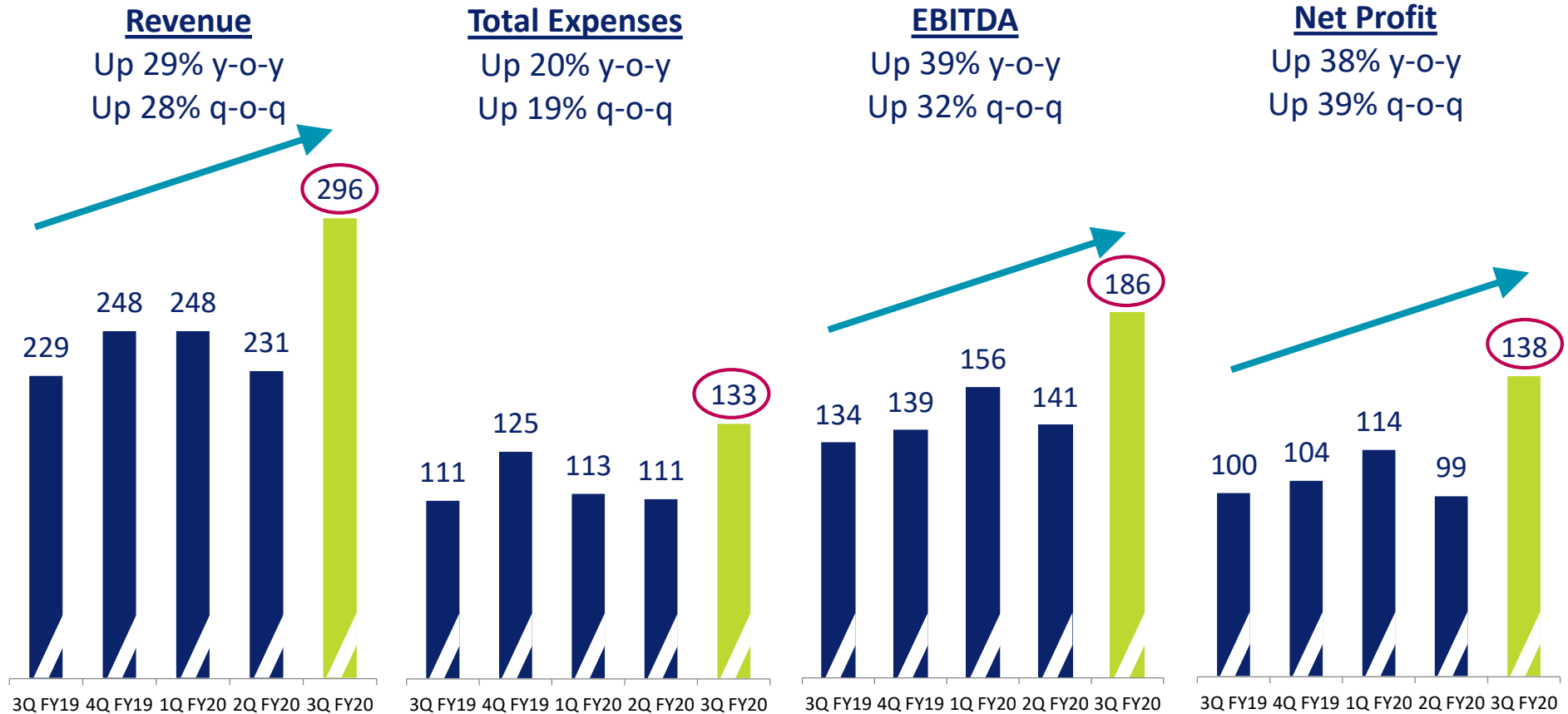
- \$101B traded value
- ↑ 63%

## Earnings Per Share

- 12.8 cents
- ↑ 38%

# Financial Performance: Quarterly Trend

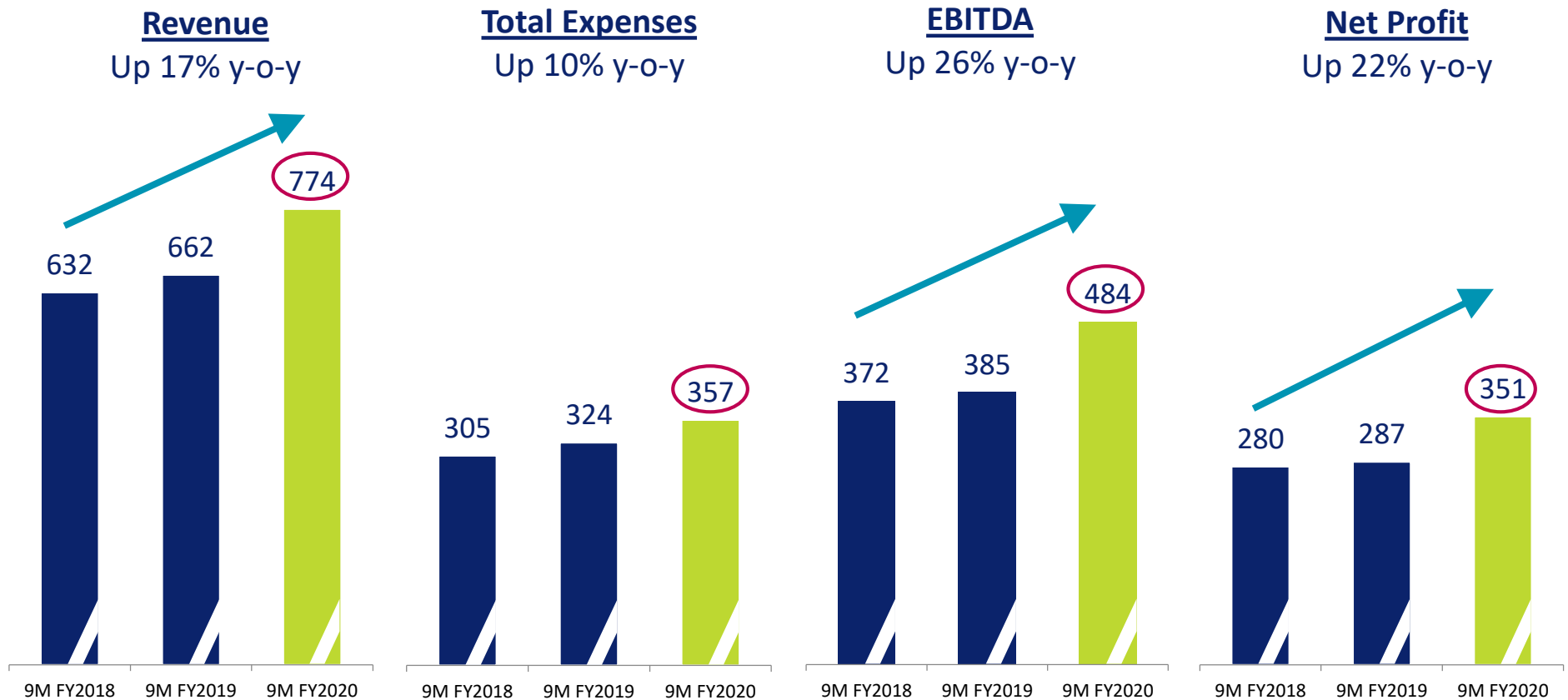
- Upward trend in revenue, EBITDA and net profit.



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

# Financial Performance: Year-to-date (YTD) trend

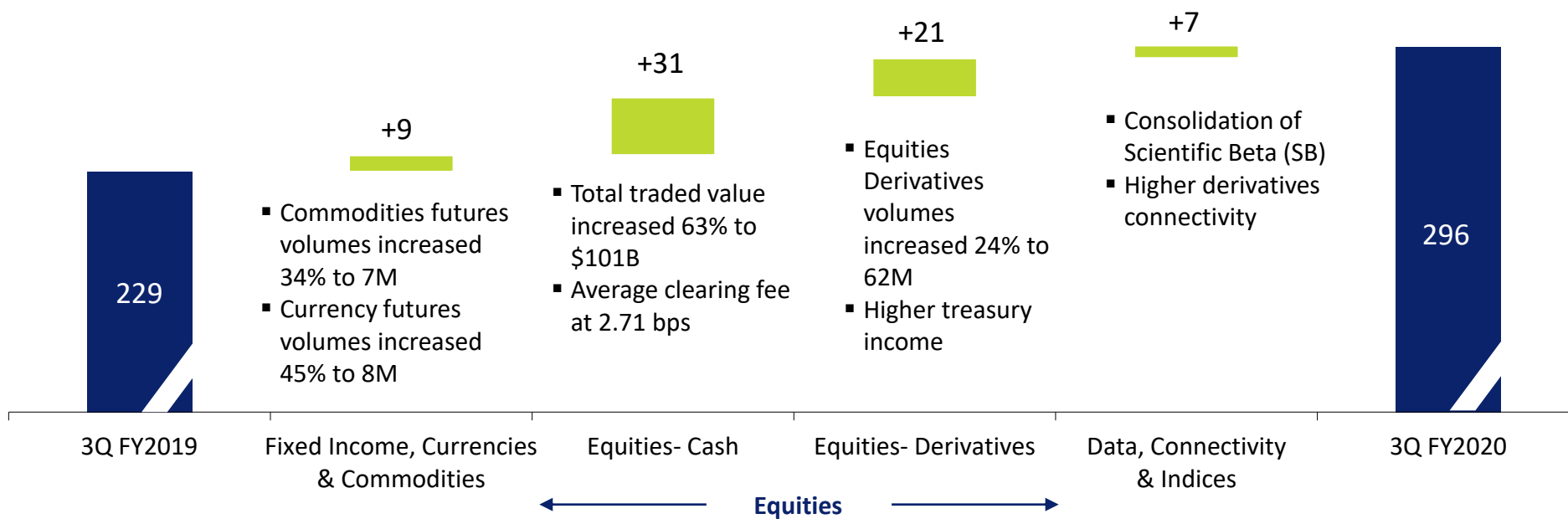
- Revenue up 17% y-o-y, Expenses up 10% y-o-y. Positive jaw ratio of 7%
- Net profit up 22% y-o-y to \$351M



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

# 3Q Revenue up 29% y-o-y to \$296M

- FICC revenue of \$45M, up 23%; Equities revenue of \$217M, up 31%; Data, Connectivity & Indices revenue of \$33M, up 26%
- Average fee per contract for Equity, Currency and Commodity derivatives comparable at \$1.12



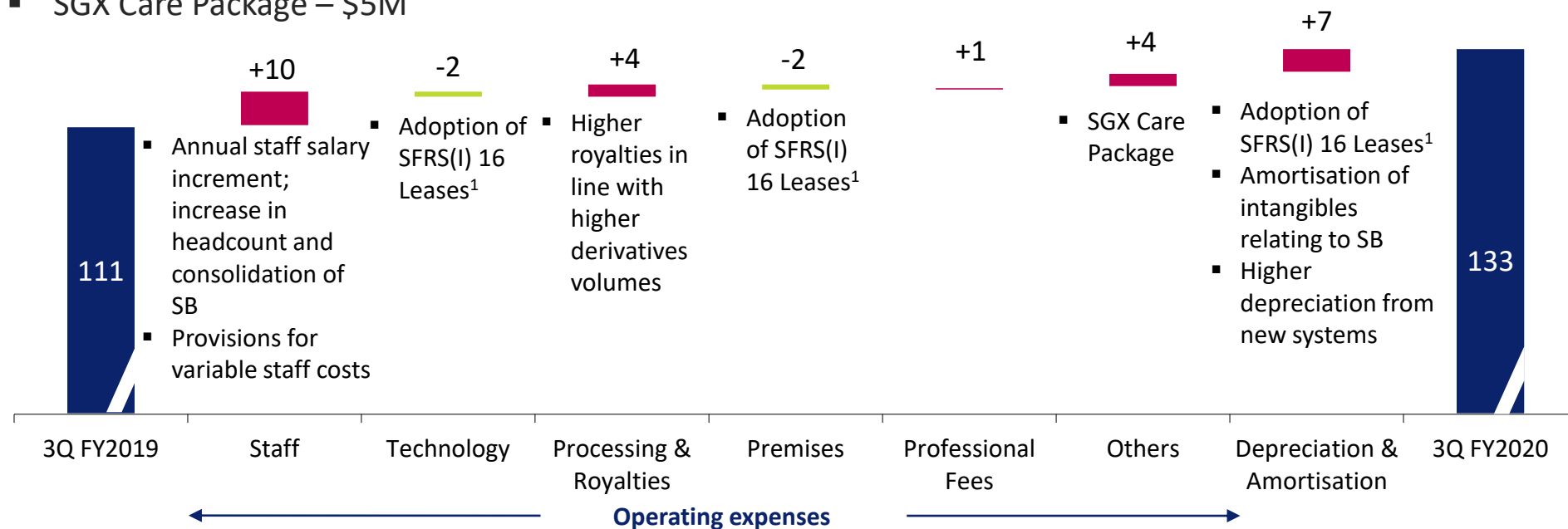
<b>3Q FY2020</b>	<b>\$45M (15%)</b>	<b>\$111M (38%)</b>	<b>\$106M (36%)</b>	<b>\$33M (11%)</b>	<b>\$296M</b>
3Q FY2019	\$37M (16%)	\$80M (35%)	\$85M (37%)	\$26M (11%)	\$229M

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



# 3Q Total Expenses up 20% y-o-y to \$133M

- Higher staff costs which includes Scientific Beta (SB)
- Higher royalties due to higher derivatives volumes
- SGX Care Package – \$5M



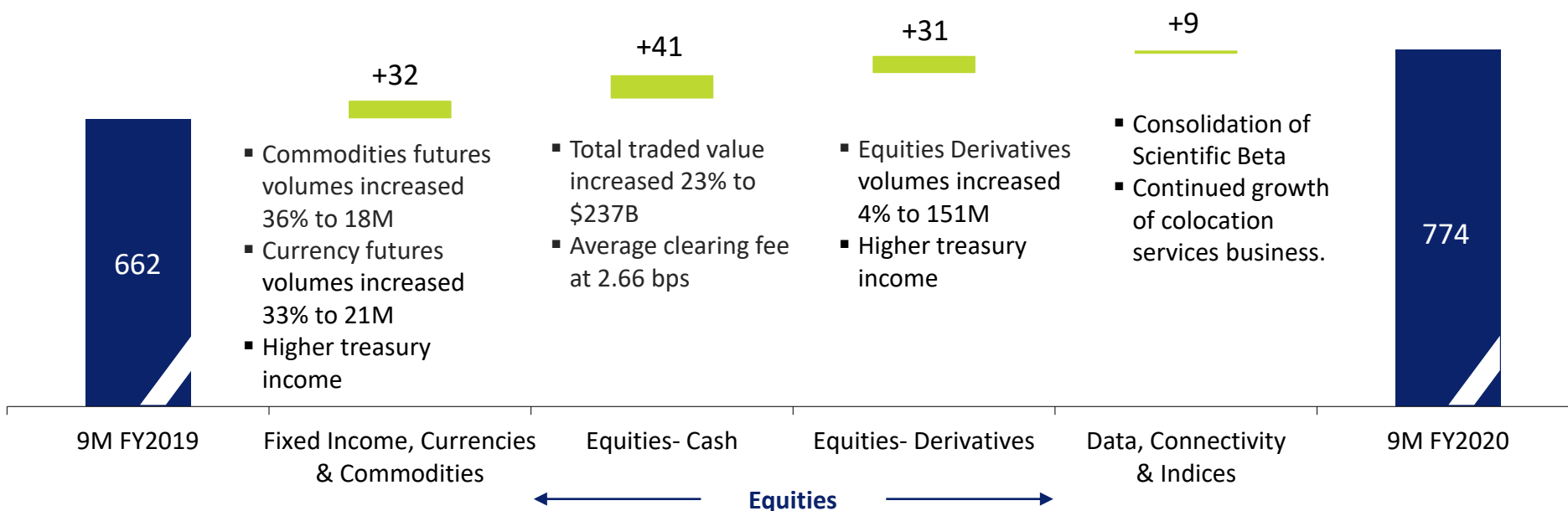
	Staff	Technology	Processing & Royalties	Premises	Professional Fees	Others	Depreciation & Amortisation	Total
3Q FY2020	\$58M (44%)	\$17M (13%)	\$16M (12%)	\$3M (2%)	\$4M (3%)	\$12M (9%)	\$23M (18%)	\$133M
3Q FY2019	\$48M (43%)	\$20M (18%)	\$12M (11%)	\$5M (5%)	\$3M (2%)	\$8M (7%)	\$16M (14%)	\$111M

<sup>1</sup> Rental expenses relating operating leases for data centers and office premises that were recorded as technology and premises expenses respectively, are now recorded as depreciation expense and finance charges.

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

# YTD Revenue up 17% y-o-y to \$774M

- FICC revenue of \$130M, up 32%
- Equities revenue of \$559M, up 15%
- Data, Connectivity & Indices revenue of \$85M, up 12%

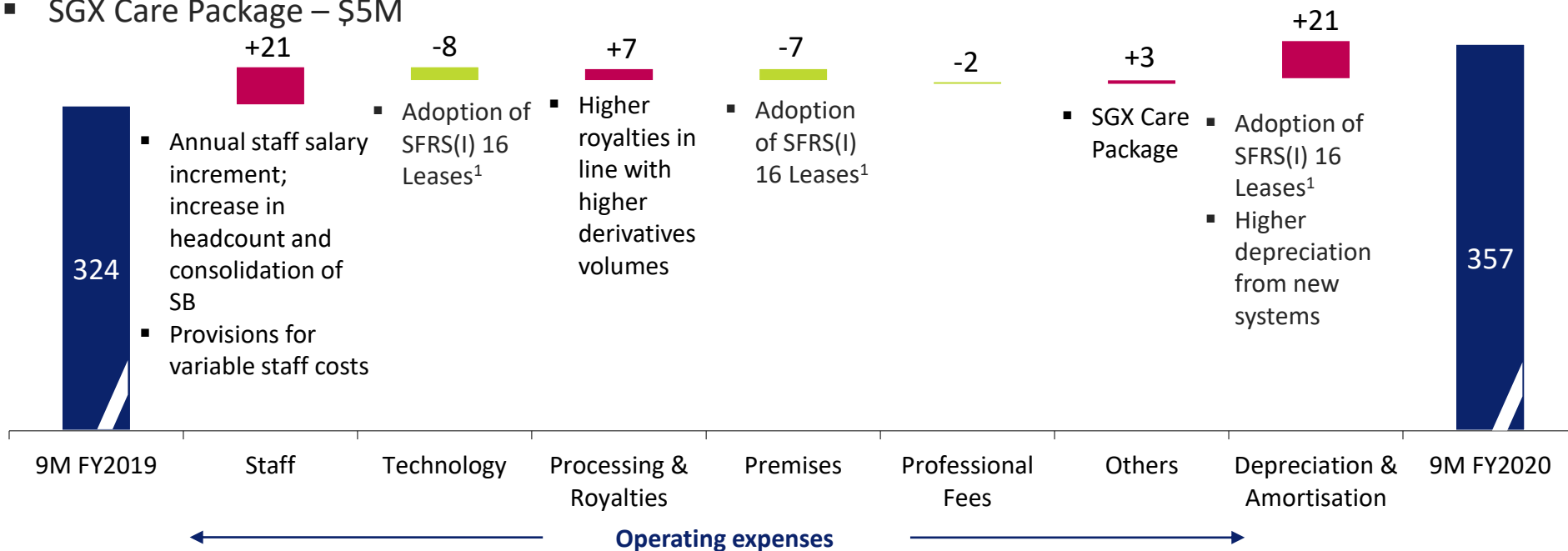


9M FY2020	\$130M (17%)	\$288M (37%)	\$271M (35%)	\$85M (11%)	\$774M
9M FY2019	\$99M (15%)	\$247M (37%)	\$240M (36%)	\$77M (12%)	\$662M

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

# YTD Total Expenses up 10% y-o-y to \$357M

- Higher staff costs which include Scientific Beta (SB)
- Higher royalties due to higher derivatives volumes
- SGX Care Package – \$5M



	Staff	Technology	Processing & Royalties	Premises	Professional Fees	Others	Depreciation & Amortisation	
9M FY2020	\$158M (44%)	\$50M (14%)	\$41M (11%)	\$8M (2%)	\$9M (2%)	\$26M (7%)	\$67M (19%)	\$357M
9M FY2019	\$137M (42%)	\$58M (18%)	\$34M (10%)	\$15M (5%)	\$11M (3%)	\$22M (7%)	\$46M (14%)	\$324M

<sup>1</sup> Rental expenses relating operating leases for data centers and office premises that were recorded as technology and premises expenses respectively, are now recorded as depreciation expense and finance charges.

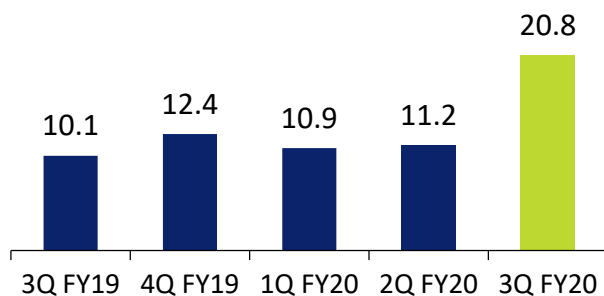
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# Key Financial Indicators

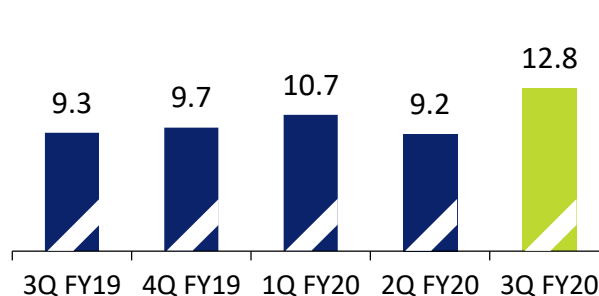
- High operating profit margin, EBITDA margin, and ROE of 55%, 63%, and 44% respectively
- Quarterly dividend per share of 7.5 cents per share
- From FY2021, SGX will report half-yearly financial results; Dividends will continue to be paid quarterly

	3Q FY2019	4Q FY2019	1Q FY2020	2Q FY2020	3Q FY2020
Revenue (\$ million)	229	248	248	231	296
EBITDA (\$ million)	134	139	156	141	186
EBITDA margin	59%	56%	63% <sup>1</sup>	61% <sup>1</sup>	63% <sup>1</sup>
Operating profit (\$ million)	118	123	135	119	163
Operating profit margin	52%	50%	54%	52%	55%
Net profit (\$ million)	100	104	114	99	138
Return on equity	37%	36%	40%	41%	44%

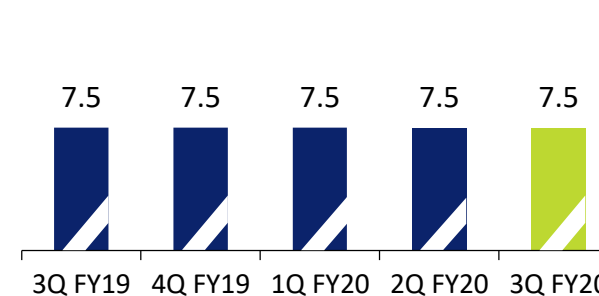
Operating cash flow per share (cents)



Earnings per share (cents)



Dividend per share (cents)



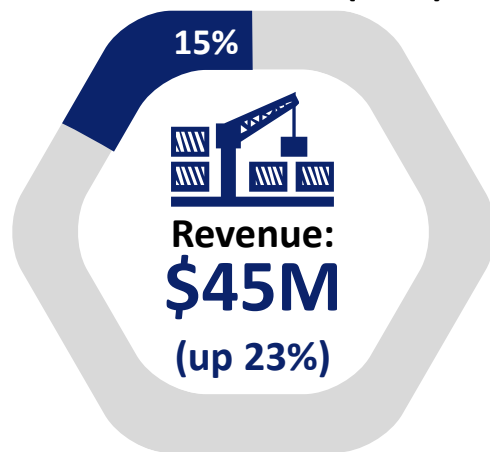
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# Business Update

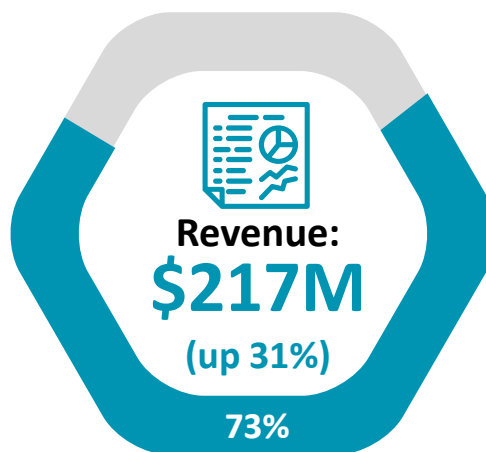
Loh Boon Chye, Chief Executive Officer

# 3Q FY2020 Performance

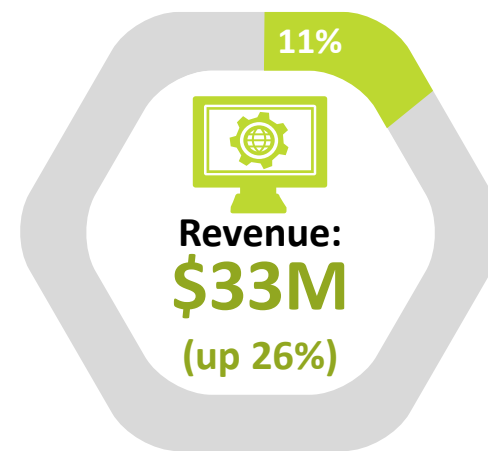
## Fixed Income, Currencies & Commodities (FICC)



## Equities



## Data, Connectivity & Indices (DCI)



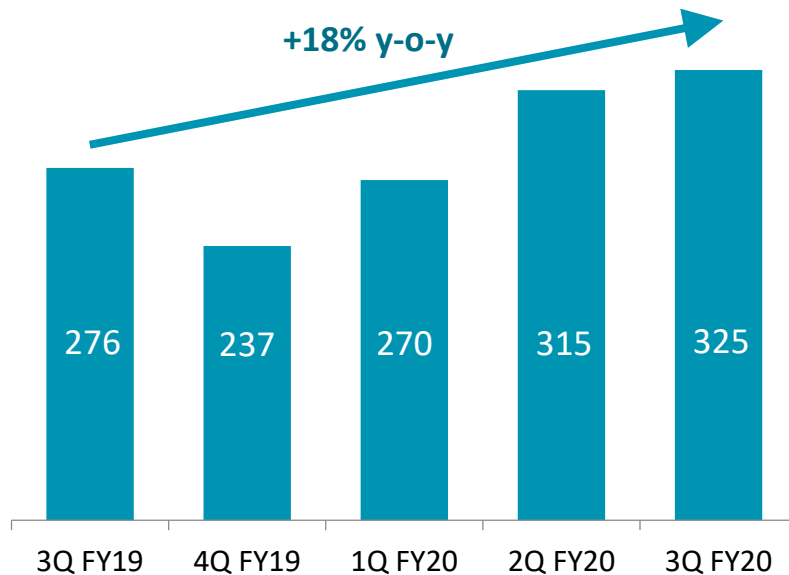
- Uncertainty surrounding the impact from COVID-19 led to higher trading activity on our markets
- SGX's multi-asset solution allowed investors to manage the risks of their Asian equities, currencies, and commodities portfolios
- Our international expansion led to higher T+1 session activity, contributing 20% to total derivatives volumes

# FICC – Fixed Income

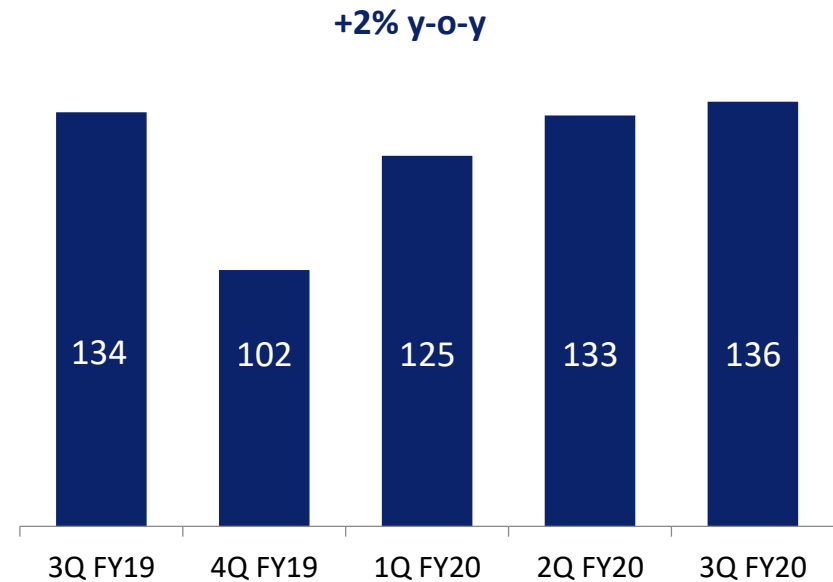
FICC  
\$45M ↑ 23% y-o-y

- Number of new bond listings at 325, up 18%
- Total bond amounts issued at \$136B, up 2%
- Attracted bond issuers from Greater China, India and Japan

No. of New Bond listings



Total Bonds Amount Issued (\$B)



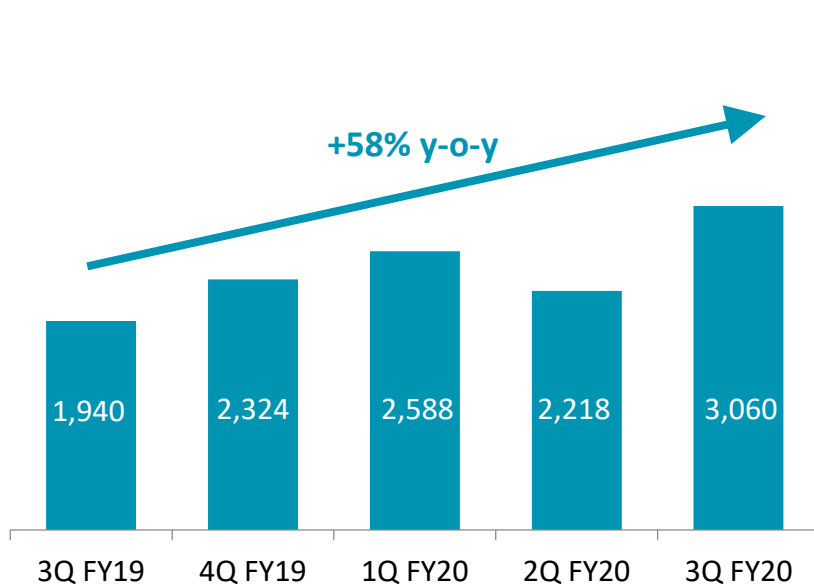
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# FICC – Currencies

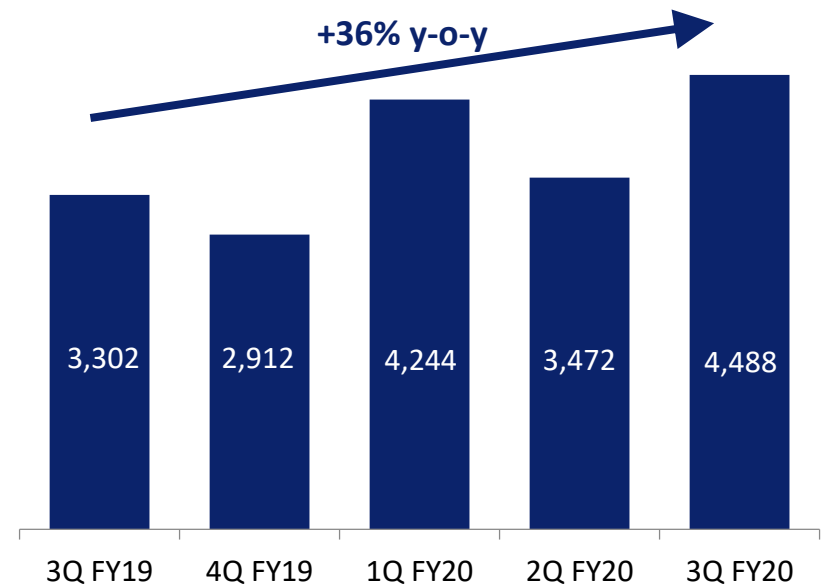
**FICC**  
**\$45M ↑ 23% y-o-y**

- Currencies volume up 45% to 7.8M contracts
- Overnight T+1 volume increased 6%, contributing to ~28% of total currency volumes
- Quarter-end aggregate open interest at US\$7 billion, up 16% y-o-y

USD/ CNH Volume ('000 contracts)



INR/ USD Volume ('000 contracts)



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

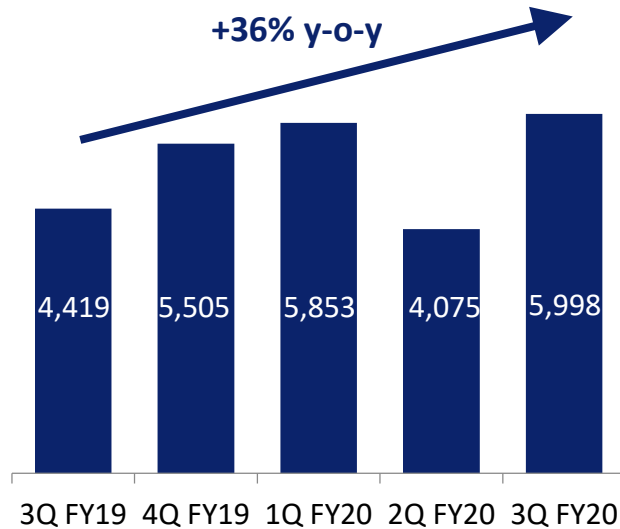


# FICC – Commodities

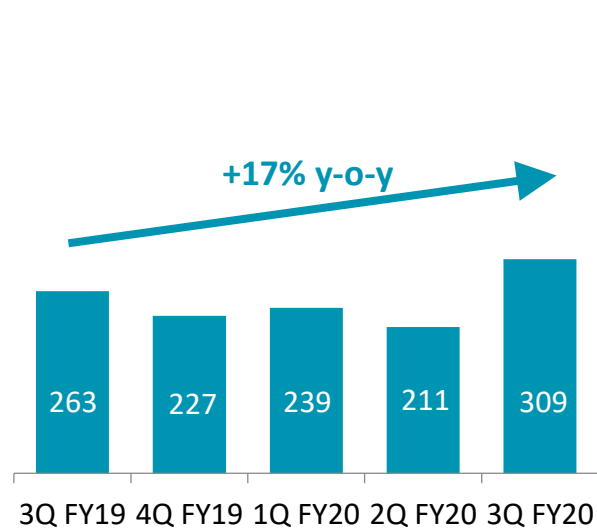
**FICC**  
**\$45M ↑ 23% y-o-y**

- Iron ore volumes up 36% y-o-y to 6.0M contracts
- Established global benchmark with over 98% market share
- Growing liquidity through greater financialisation

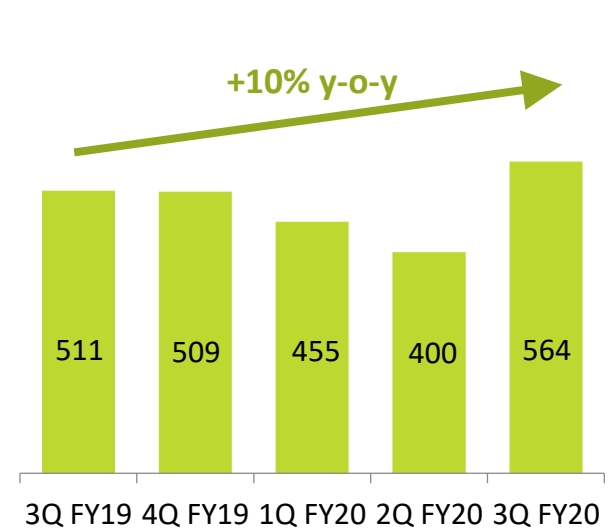
**Iron Ore Derivatives Volume**  
 ('000 contracts)



**Freight Derivatives Volume**  
 ('000 contracts)



**Rubber Futures Volume**  
 ('000 contracts)



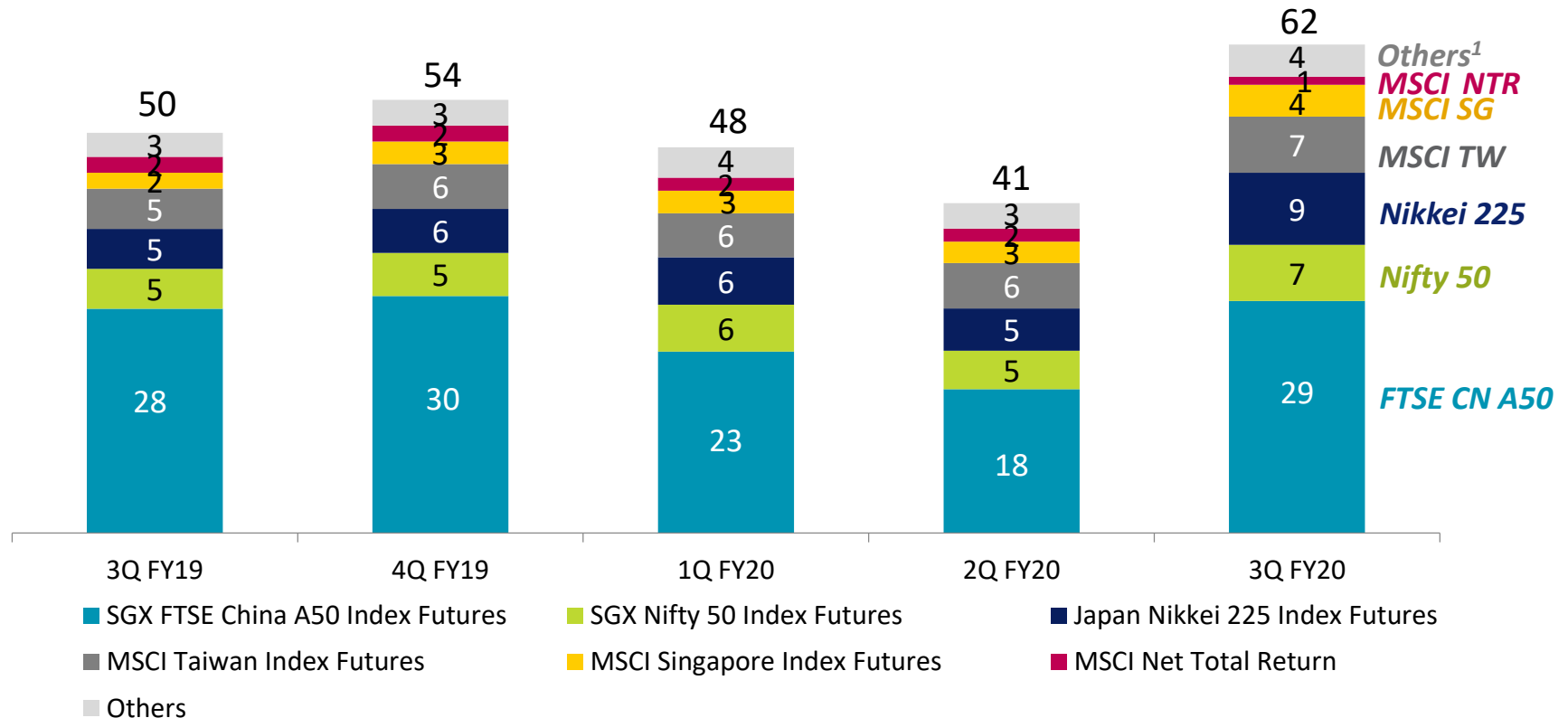
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# Equities – Equity Derivatives

**Equities**  
**\$217M, up 31% y-o-y**

- Higher trading volumes in equity derivatives, up 24% y-o-y
- Overnight T+1 volumes contribute ~20% of total equity derivatives volumes

**Equity Derivatives Volume (M contracts)**

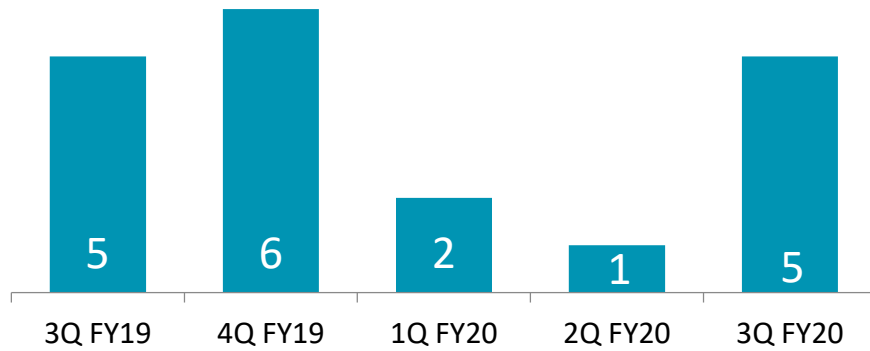


# Equities – Cash Equities Listings

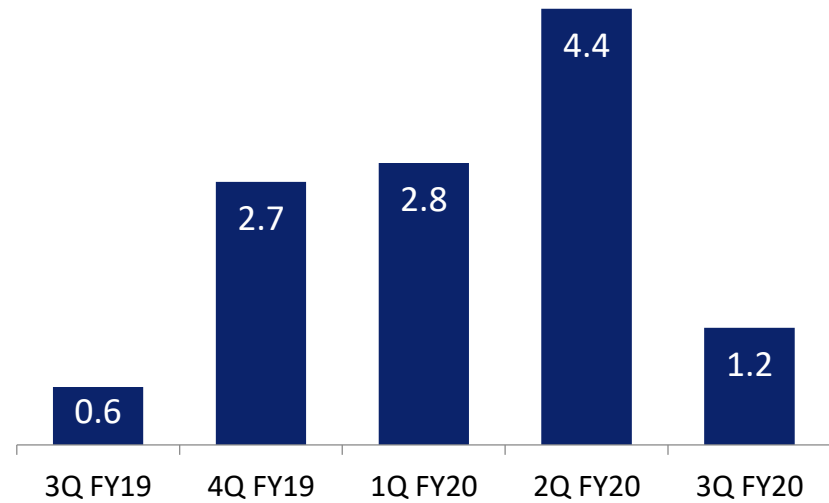
**Equities**  
**\$217M, up 31% y-o-y**

- Listing revenue at \$9M, down 4%
- IPO funds raised ~\$700M in 3Q
- Total funds raised doubled to \$1.2B

No. of New Equity Listings



Total Equity Funds Raised (\$B)



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

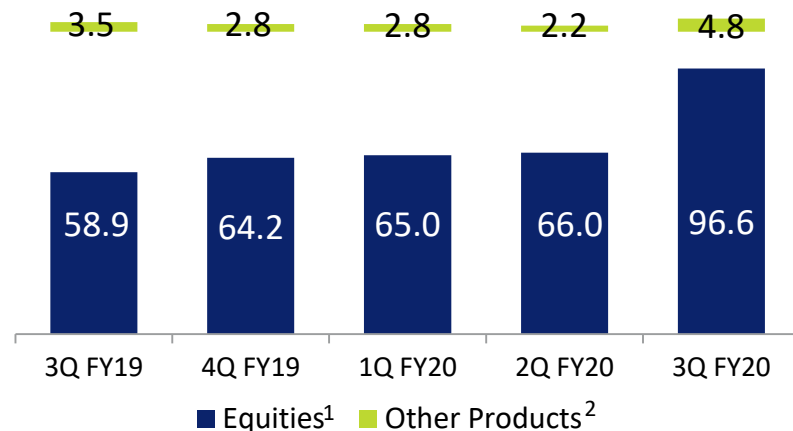
# Equities – Cash Equities Trading & Clearing

**Equities**  
**\$217M, up 31% y-o-y**

- Total traded value increased by 63% to \$101.4B
- Average Clearing Fee for Securities increased from 2.67bps to 2.71bps

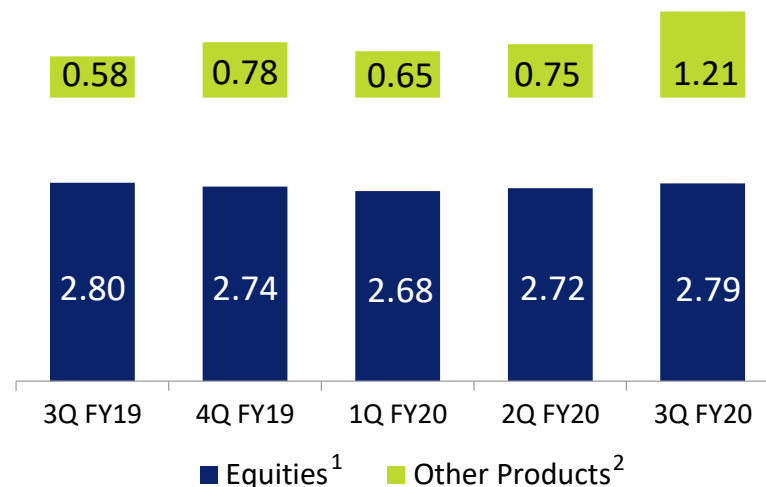
**Securities Total Value Traded (\$B)**

Total Traded Value	62.3	67.0	67.8	68.2	101.4



**Average Clearing Fee by Products (bps)**

Average yield	2.67	2.66	2.60	2.66	2.71



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

<sup>1</sup> Equities include ordinary shares, real-estate investment trusts and business trusts

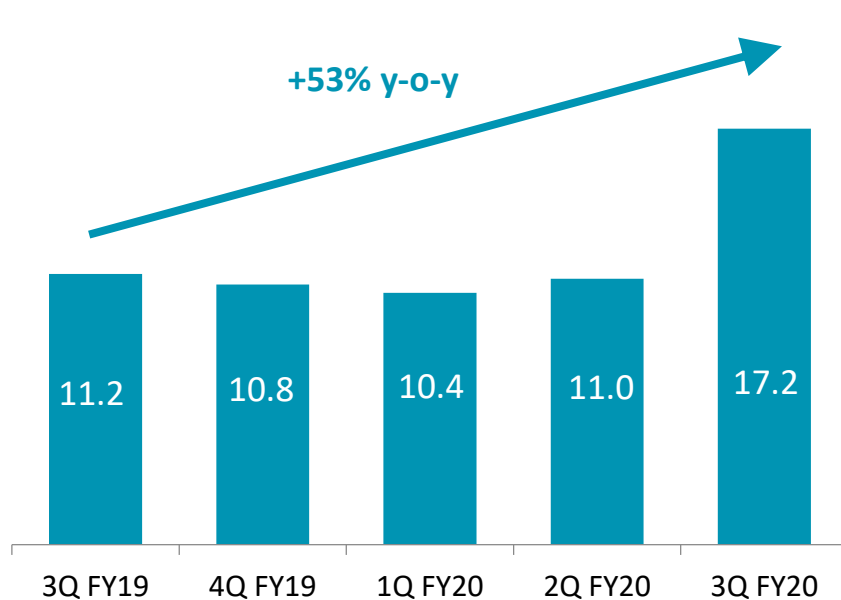
<sup>2</sup> Other products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities, and American depository receipts

# Data, Connectivity & Indices

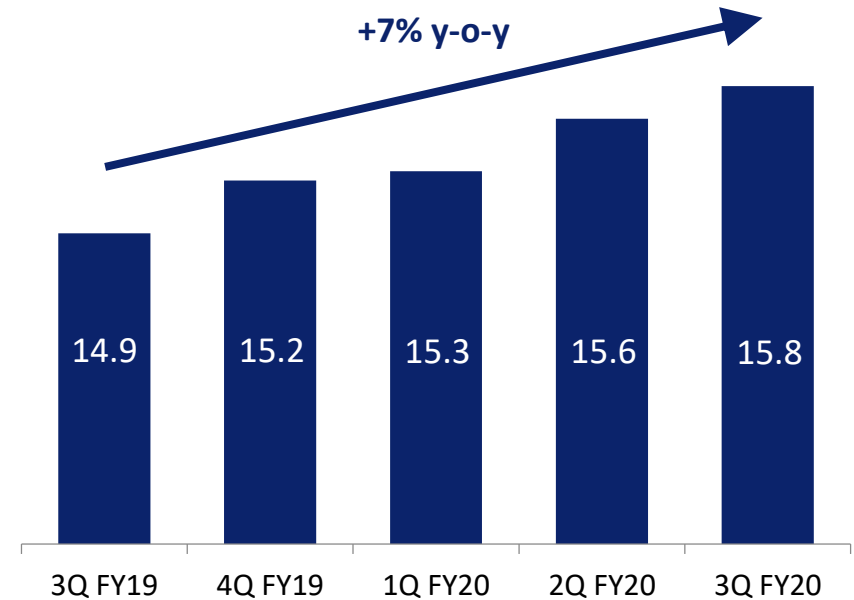
**Data, Connectivity & Indices**  
**\$33M ↑ 26% y-o-y**

- Market data and Indices revenue up 53% to \$17M
- Revenue from Scientific Beta since February, of \$6M
- Connectivity revenue up 7% to \$16M from higher derivatives connectivity and continued growth of our colocation services business

Market Data and Indices Revenue (\$M)



Connectivity Revenue (\$M)



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

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## Looking ahead ...

- Notwithstanding fiscal and monetary policies support by governments globally, it is uncertain how the economic and financial impact of COVID-19 will unfold. The recovery path is equally unpredictable and as such, elevated levels of volatility are likely to be prolonged.
- As Asia's leading and trusted market infrastructure, our focus is to ensure that our platforms remain resilient and accessible to our customers.
- Amid COVID-19, the safety of our staff and customers remains a priority. We launched a \$5 million SGX Care Package aimed at funding national healthcare-support programs and introducing measures to assist staff and listed companies affected by the pandemic over a 12-month period.
- In view of higher market activity, launch of SGX Care Package, and acquisition of Scientific Beta, we will revise our FY2020 operating expense guidance to between \$485 million and \$495 million (previously \$465 million to \$475 million).

# Questions and Answers Panel

*Loh Boon Chye, Chief Executive Officer*

*Chng Lay Chew, Chief Financial Officer*

*Michael Syn, Head of Equities*

*Lee Beng Hong, Head of Fixed Income, Currencies & Commodities*

*Ng Kin Yee, Head of Data, Connectivity & Indices*

*Chew Sutat, Head of Global Sales & Origination*

*Tan Boon Gin, CEO of SGX RegCo*

*Agnes Koh, Chief Risk Officer*

