

31 July 2014

SGX posts FY2014 net profit of \$320 million

- SGX: All businesses grew in FY2014 excluding securities business
- SGX FY2014 net profit down 5% at \$320 million on 4% fall in revenue to \$687 million
- SGX proposes unchanged final dividend of 16 cents, total dividend of 28 cents

Magnus Bocker, CEO of Singapore Exchange, said, “We recorded net profit of \$320 million on revenue of \$687 million last year. Notwithstanding the difficult year for our securities business, we delivered a solid performance with growth in all our other businesses. For the fourth quarter, revenue was \$173 million with net profit unchanged at \$77 million from the third quarter.

“It was a year during which we accelerated the transformation of our securities market to improve governance and liquidity. In February, we implemented dynamic circuit breakers as an additional market safeguard, and issued a joint consultation paper with the Monetary Authority of Singapore setting out a number of proposals to further enhance our market. We introduced new order types in March to improve trade execution. In June, we opened up to market makers and liquidity providers, and launched a new pricing scheme.

“In our derivatives business, we saw overall volumes grow 3% to a record 104 million contracts. Apart from the Nikkei 225 futures which normalised from a record year, volume growth was 19%. Our suite of iron ore products had a stellar year, growing 234% to 1.2 million contracts. During the year, we introduced more Asian equity index futures, and launched foreign exchange futures and the clearing of non-deliverable interest rate swaps. In the next few quarters, we will launch electricity and gold futures, and expand our suite of FX futures.

“We are confident that our securities market will recover despite a tough year. We remain committed to our strategy to grow all our businesses.”

Results Summary

Total revenue was \$686.9 million, down 4% from a year earlier. Expenses rose 5% to \$315.2 million while net profit was 5% lower at \$320.4 million.

Revenue from the securities business declined 18% to \$226.9 million, contributing to 33% of total revenue from 38% previously. Securities total traded value was 22% lower at \$286.3 billion and daily average traded value (SDAV) decreased 23% to \$1.14 billion. The first quarter SDAV was strong at \$1.33 billion. However, SDAV for the last three quarters averaged \$1.07 billion, following muted securities market activity primarily due to record low market volatility. The impact of the fall in trading value was partially offset by a 6% increase in average clearing fee to 3.1 basis points due to an increase in uncapped trades.

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Derivatives revenue was 3% up at \$208.7 million, accounting for 30% of total revenue from 28% previously. Total volumes rose 3% to 104.3 million contracts while average month-end open interest for equities and commodities derivatives grew 27% to 3.4 million contracts.

A total of 34 new listings in the year raised \$4.8 billion versus 30 listings raising \$8.1 billion a year earlier. Secondary equity funds of \$4.3 billion were raised versus \$5.4 billion a year earlier. Total market capitalisation grew 6% to close at \$1.0 trillion on 30 June 2014.

There were 501 new bond listings raising \$184.8 billion, compared to 424 listings raising \$195.9 billion a year earlier.

For FY2015, operating expenses are expected between \$330 million and \$340 million. Technology-related capital expenditure is expected between \$50 million and \$55 million.

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About Singapore Exchange (SGX)

Singapore Exchange (SGX) is the Asian Gateway, connecting investors in search of Asian growth to corporate issuers in search of global capital. SGX represents the premier access point for managing Asian capital and investment exposure, and is Asia's most international exchange with more than 40% of companies listed on SGX originating outside of Singapore. SGX offers its clients the world's biggest offshore market for Asian equity index futures, centred on Asia's three largest economies – China, India and Japan.

In addition to offering a fully integrated value chain from trading and clearing, to settlement and depository services, SGX is also Asia's pioneering central clearing house. Headquartered in Asia's most globalised city, and centred within the AAA strength and stability of Singapore's island nation, SGX is a leading Asian counterparty for the clearing of financial and commodity products.

For more information, please visit www.sgx.com

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Financial Highlights

<i>\$ million, except where indicated</i>	FY2014	FY2013	Change
Securities	226.9	275.0	(18%)
Derivatives	208.7	201.9	3%
Market Data and Connectivity	76.6	73.3	4%
Depository Services	95.0	94.3	1%
Issuer Services	78.3	67.9	15%
Other	1.4	2.7	(48%)
Operating revenue	686.9	715.1	(4%)
Operating expenses	315.2	300.9	5%
Operating profit	371.7	414.2	(10%)
Other gains/(losses)	5.0	(9.8)	NM
Profit before tax and share of results of associated companies	376.6	404.4	(7%)
Tax	58.6	72.1	(19%)
Profit attributable to equity holders - reported	320.4	335.9	(5%)
Basic earnings per share (in cents)	30.0	31.4	(4%)
Net asset value per share as at 30 June 2014 and 30 June 2013	86.2	83.1	4%
Dividend per share (in cents)			
- Interim dividend paid	12.00	12.00	-
- Proposed final dividend	16.00	16.00	-
- Total dividend	28.00	28.00	-
Key financial indicators			
Revenue growth	(4.0%)	10.4%	
Cost to income ratio	45.9%	42.1%	
Operating profit margin	54.1%	57.9%	
Net profit margin	46.3%	46.6%	
Return on shareholders' equity	35.4%	39.0%	

Note: SGX's financial year is from 1 July to 30 June. Some numbers may be subject to rounding.