



## News Release

25 April 2019

# SGX reports 3Q FY2019 net profit of S\$100 million

### 3Q FY2019 Financial Summary

- Revenue: S\$229 million, up 3% from a year earlier
- Operating profit: S\$118 million, comparable
- Net profit: S\$100 million, comparable
- Earnings per share: 9.3 cents, comparable
- Interim dividend per share: 7.5 cents, up by 2.5 cents

*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 3Q FY2019 net profit of S\$99.7 million (S\$100.5 million), against revenues of S\$228.8 million (S\$222.2 million). Operating profit was S\$118.2 million (S\$117.9 million), with earnings per share at 9.3 cents (9.4 cents). The Board of Directors has declared an interim dividend of 7.5 cents (5.0 cents) per share, payable on 13 May 2019.

Loh Boon Chye, Chief Executive Officer, SGX, said, “We achieved another record derivatives performance, registering daily average volume of more than one million contracts for the first time during the quarter. We saw increased activity and higher open interest amid strong institutional demand, as our clients continued to use our multi-asset platform to manage their portfolios across equities, currencies and commodities.”

“Our securities business performed in line with global markets as investors adopted a cautious stance. Our REITs sector remained an outperformer with higher turnover, contributing 20% of the overall securities daily average value in 3Q FY2019. To meet investors’ demand, we expanded our range of daily leveraged certificates (DLCs) to include more single-stock DLCs,” he added.

Looking ahead, Mr Loh said, “Our performance is on track, with FX starting to emerge as a promising growth pillar. Our derivatives business remains strong, as we are the only exchange that provides comprehensive access to Asian markets across asset classes. Our innovative derivatives products will open up opportunities to capture new revenue streams in the coming years. We also anticipate an improvement in our securities business. The recent halt in interest rate hikes will benefit equities markets, particularly our REIT sector.”

### Results Summary

**Equities and Fixed Income** revenue – comprising Issuer Services, Securities Trading & Clearing and Post Trade Services – declined 22% to S\$83.6 million (S\$107.9 million), accounting for 37% (49%) of total revenue.

**Issuer Services** revenue decreased 8% to S\$18.9 million (S\$20.5 million), contributing to 8% (9%) of total revenue.

- Listing revenue: S\$11.7 million, down 15% from S\$13.8 million
- Corporate actions and other revenue: S\$7.3 million, up 8% from S\$6.8 million

There were a total of 276 (291) bond listings raising S\$133.6 billion (S\$126.2 billion). We registered a total of 5 (5) new equity listings which raised S\$38.6 million (S\$1.8 billion), while secondary equity funds raised were S\$543.5 million (S\$1.0 billion).

**Securities Trading and Clearing** revenue decreased 30% to S\$43.3 million (S\$61.7 million) and accounted for 19% (28%) of total revenue.

- Securities Clearing revenue: S\$32.8 million, down 31% from S\$47.7 million
- Access revenue: S\$8.4 million, down 29% from S\$11.8 million
- Collateral management, membership and other revenue: S\$2.2 million, down 4% from S\$2.3 million

Securities daily average traded value (SDAV) declined 30% to S\$1.02 billion (S\$1.45 billion). SDAV of S\$1.45 billion in 3Q FY2018 was the highest since 4Q FY2013. Total traded value decreased 31% to S\$62.3 billion (S\$89.9 billion). This was made up of Equities<sup>1</sup> where traded value decreased by 30% to S\$58.9 billion (S\$83.7 billion), and Other products<sup>2</sup> where traded value decreased 44% to S\$3.5 billion (S\$6.2 billion).

Average clearing fees for Equities and Other products were 2.80 basis points (2.87 basis points) and 0.58 basis points (0.66 basis points), respectively.

There were 61 (62) trading days in the quarter. Overall turnover velocity for the quarter was 36% (46%).

**Post Trade Services** revenue declined 17% to S\$21.4 million (S\$25.6 million), accounting for 9% (12%) of total revenue.

- Securities settlement revenue: S\$19.0 million, down 17% from S\$22.8 million
- Contract processing revenue: Nil, down from S\$0.7 million
- Depository management revenue: S\$2.3 million, up 10% from S\$2.1 million

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

**Derivatives** revenue rose 32% to S\$119.0 million (S\$90.5 million), contributing to 52% (41%) of total revenue.

- Equity and Commodities revenue: S\$74.0 million, up 18% from S\$62.6 million
- Collateral management, licence, membership and other revenue: S\$45.1 million, up 62% from S\$27.8 million

Equity and Commodities revenue grew as total volumes increased by 12% to 60.2 million contracts (53.5 million contracts). This was mainly due to higher volumes in SGX FTSE China A50 futures and iron ore derivative contracts. Volumes in other equity derivatives contracts declined, while volumes in FX futures and MSCI Net Total Return derivatives saw significant increases. Average fee per contract was higher at S\$1.11 (S\$1.06) mainly due to a change in mix of products traded.

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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 a result of higher open interest and margin balances from increased demand for our risk management solutions.

**Market Data and Connectivity** revenue increased 9% to S\$26.1 million (S\$23.9 million), accounting for 11% (11%) of total revenue.

- Market data revenue: S\$11.2 million, up 13% from S\$10.0 million
- Connectivity revenue: S\$14.9 million, up 7% from S\$13.9 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 and trading connections.

**Expenses** increased by 6% to S\$110.6 million (S\$104.4 million), mainly due to higher staff costs and technology expenses. Our average headcount for the quarter was 822 (789).

Technology-related capital expenditure was S\$10.3 million (S\$21.9 million). These investments were mainly for the enhancement of our fixed-income trading platform and upgrade of our securities trading engine.

As previously guided, operating expenses for FY2019 are expected to be between S\$445 million and S\$455 million. Technology-related capital expenditure is expected to be between S\$60 million and S\$65 million.

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## Financial Highlights

<i>\$ million, except where indicated</i>	3Q FY2019	3Q FY2018	Change 3Q FY2019 vs 3Q FY2018	YTD FY2019	YTD FY2018	Change YTD FY2019 vs YTD FY2018
<b>Key income statement figures</b>						
Equities and Fixed Income	83.6	107.9	(23%)	255.6	305.1	(16%)
Derivatives	119.0	90.5	32%	329.6	254.3	30%
Market Data and Connectivity	26.1	23.9	9%	76.6	72.3	6%
<b>Operating revenue</b>	<b>228.8</b>	<b>222.2</b>	<b>3%</b>	<b>661.8</b>	<b>631.7</b>	<b>5%</b>
Operating expenses	110.6	104.4	6%	323.6	304.9	6%
<b>Operating profit</b>	<b>118.2</b>	<b>117.9</b>	<b>-</b>	<b>338.2</b>	<b>326.8</b>	<b>4%</b>
Other gains	3.0	2.4	28%	10.2	7.8	30%
Profit before tax and share of results of associated companies and joint venture	121.2	120.3	1%	348.4	334.6	4%
Tax	21.0	20.1	4%	59.9	56.1	7%
<b>Profit attributable to equity holders - reported</b>	<b>99.7</b>	<b>100.5</b>	<b>(1%)</b>	<b>287.2</b>	<b>279.5</b>	<b>3%</b>
Earnings per share (in cents)	9.3	9.4	(1%)	26.8	26.1	3%
Dividend per share (in cents)	7.50	5.00	50%	22.50	15.00	50%
<b>Key financial indicators</b>						
Revenue growth	3%	10%		5%	7%	
Cost to income ratio	48%	47%		49%	48%	
Operating profit margin	52%	53%		51%	52%	
Net profit margin	43%	45%		43%	44%	
Return on shareholders' equity	37%	37%		37%	37%	

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](http://www.sgx.com).

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