



News Release

20 April 2017

SGX reports 3Q FY2017 net profit of \$83 million

3Q FY2017 Financial Summary

- Revenue: \$203 million, down 2% from a year earlier
- Operating profit: \$103 million, unchanged
- Net profit: \$83 million, down 7%
- Earnings per share: 7.8 cents, down 7%
- Interim dividend per share: 5 cents, unchanged

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 FY2017 net profit of \$83.1 million (\$89.2 million) on the back of revenues of \$202.7 million (\$205.8 million). Excluding a one-off loss of \$4.0 million from the disposal of its investment in the Bombay Stock Exchange, net profit would have been \$87.0 million, 2% lower than a year ago.

Operating profit remained stable at \$102.9 million (\$102.6 million), with earnings per share at 7.8 cents (8.3 cents). In line with SGX's dividend policy, the Board of Directors has declared an interim dividend of 5 cents (5 cents) per share, payable on 8 May 2017.

Commenting on the financial results, Loh Boon Chye, Chief Executive Officer of SGX, said, "In the past quarter, we saw continued momentum in the equities market following the US Presidential Election, with increased participation seen from both retail and institutional customers. While sentiments have improved, positive outcomes on US economic policies will be important to sustain trading activities."

Results Summary

Equities and Fixed Income, which comprises Issuer Services, Securities Trading & Clearing and Post Trade Services, contributed a revenue of \$103.1 million (\$102.0 million) or 51% (50%) of total revenue.

Issuer Services revenue rose 2% to \$19.0 million (\$18.7 million), accounting for 9% (9%) of total revenue.

- Listing revenue: \$12.6 million, up 10% from \$11.4 million
- Corporate actions and other revenue: \$6.5 million, down 11% from \$7.3 million

The growth in listing revenue was mainly due to a higher number of new bond listings. There were 189 bond listings raising \$101.2 billion, compared to 78 listings raising \$38.0 billion a year earlier. There were also five new equity listings which raised \$250.5 million, compared to four new listings raising \$48.7 million a year earlier. Secondary equity funds raised amounted to \$1.9 billion (\$0.3 billion).

Securities Trading and Clearing revenue increased 1% to \$55.3 million (\$54.8 million) and accounted for 27% (27%) of total revenue.

- Securities Clearing revenue: \$42.6 million, up 1% from \$42.2 million
- Access revenue: \$10.4 million, up 1% from \$10.3 million
- Collateral management, membership and other revenue: \$2.3 million, unchanged from last year

Securities daily average traded value (SDAV) increased 1% to \$1.24 billion (\$1.22 billion). Total traded value grew 5% to \$78.3 billion (\$74.7 billion), while total traded volume grew 59% to 156 billion shares (98 billion shares). The higher level of trading activity was due to continued positive momentum following the US Presidential Election. There were 63 (61) trading days this reporting quarter.

Average clearing fee was 2.80 basis points, down from 2.90 basis points a year earlier. Turnover velocity for the quarter was 41% (46%).

Post Trade Services revenue rose 1% to \$28.7 million (\$28.5 million), accounting for 14% (14%) of total revenue.

- Securities settlement revenue: \$23.7 million, up 7% from \$22.1 million
- Contract processing revenue: \$2.9 million, down 29% from \$4.0 million
- Depository management revenue: \$2.1 million, down 9% from \$2.3 million

Securities settlement revenue increased 7%, following an increase in the number and change in the mix of securities settlement instructions.

Contract processing revenue declined 29% to \$2.9 million (\$4.0 million) due to a lower number of contracts processed and the move from paper to electronic contract statements. As highlighted previously, contract processing will be performed by brokers as they progressively migrate to their own back office systems.

Derivatives revenue declined 9% to \$75.2 million (\$82.2 million), contributing to 37% (40%) of total revenue.

- Equity and Commodities revenue: \$54.0 million, down 13% from \$61.9 million
- Collateral management, licence, membership and other revenue: \$21.2 million, up 4% from \$20.4 million

Equity and Commodities revenue declined 13% as total volumes decreased 18% to 39.9 million contracts (48.7 million contracts). Average fee per contract increased to \$1.20 (\$1.15) mainly due to a change in the mix of derivatives contracts.

Collateral management, licence, membership and other revenue increased 4% mainly due to consolidation of revenues from the Baltic Exchange. Collateral management income was comparable due to an increase in yield despite lower margin balances.

Market Data and Connectivity revenue increased 13% to \$24.4 million (\$21.6 million), accounting for 12% (11%) of total revenue.

- Market data revenue: \$10.8 million, up 16% from \$9.4 million
- Connectivity revenue: \$13.6 million, up 11% from \$12.3 million

Market data revenue rose 16%, due to higher reported data usage.

Connectivity revenue rose 11%, following continued growth of its colocation services business.

Expenses declined by 3% to \$99.7 million (\$103.2 million), primarily due to lower volume related processing and royalties and professional fees. Expenses this quarter included expenses of the Baltic Exchange following its acquisition in November 2016, and the recognition of SGX's \$1.5 million contribution to co-fund brokerage firms' implementation of measures recommended by the Securities Industry Working Group.

During the quarter, SGX invested \$19.2 million (\$13.4 million) in capital expenditure to migrate to a new secondary data centre, enhance its securities post-trade system and improve operational resiliency.

Outlook

Mr Loh added, "We remain focused on executing our strategy to diversify our business mix across geography and asset classes. Besides looking at ways to improve Singapore's equities market structure and ecosystem, we will continue to widen and deepen our suite of products and services, to enhance our position as an offshore investment, trading and risk management centre."

SGX will continue to exercise cost discipline while investing in growing its business. As previously guided, operating expenses for FY2017 are expected to be between \$405 million and \$415 million, while technology-related capital expenditure is expected to be between \$65 million and \$70 million.

Financial Highlights

<i>\$ million, except where indicated</i>	3Q FY2017	3Q FY2016	Change 3Q FY2017 vs 3Q FY2016	YTD FY2017	YTD FY2016	Change YTD FY2017 vs YTD FY2016
Key income statement figures						
Equities and Fixed Income	103.1	102.0	1%	302.5	304.4	(1%)
Derivatives	75.2	82.2	(9%)	220.9	250.8	(12%)
Market Data and Connectivity	24.4	21.6	13%	69.7	64.8	8%
Operating revenue	202.7	205.8	(2%)	593.1	620.1	(4%)
Operating expenses	99.7	103.2	(3%)	290.6	302.6	(4%)
Operating profit	102.9	102.6	0%	302.5	317.5	(5%)
Other gains / (losses)	(1.9)	3.1	NM	3.0	7.8	(61%)
Profit before tax and share of results of associated company	101.0	105.7	(4%)	305.5	325.3	(6%)
Tax	18.4	16.8	10%	52.1	53.9	(3%)
Profit attributable to equity holders - reported	83.1	89.2	(7%)	254.5	272.2	(7%)
Earnings per share (in cents)	7.8	8.3	(7%)	23.8	25.4	(6%)
Dividend per share (in cents)	5.00	5.00	-	15.00	15.00	-
Key financial indicators						
Revenue growth	(2%)	3%		(4%)	10%	
Cost to income ratio	49%	50%		49%	49%	
Operating profit margin	51%	50%		51%	51%	
Net profit margin	41%	43%		43%	43%	
Return on shareholders' equity	36%	41%		36%	41%	

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, facilitating the exchange of capital and ideas to create value for people, businesses and economies. As a multi-asset exchange operating equity, fixed income and derivatives markets to the highest regulatory standards, SGX is a vertically integrated business that provides listing, trading, clearing, settlement, depository and data services.

With about 40% of listed companies and 75% of listed bonds originating outside of Singapore as well as established linkages across the region and in Europe, SGX is Asia's most international and connected exchange. Offering a full suite of derivatives products across Asian equity indices, commodities and currencies, SGX is the world's most liquid offshore market for the benchmark equity indices of China, India, Japan and ASEAN.

The exchange was one of the first globally to adopt the Principles for Financial Market Infrastructure, the first and only central counterparty in the region to be fully approved by U.S. regulators as a Derivatives Clearing Organisation and a Foreign Board of Trade, and is recognised by European Union regulators for both securities and derivatives.

As Asia's pioneering central counterparty, SGX is globally recognised for its risk management and clearing capabilities. In 2016, SGX retained its Derivatives Exchange of the Year award by Asia Risk and Asia-Pacific Derivatives Exchange of the Year accolade by GlobalCapital – both for a third year. It was named Asian Exchange of the Year by Futures & Options World for a second year, as well as Exchange of the Year by Energy Risk.

Headquartered in AAA-rated Singapore, SGX has over 700 employees including offices in Beijing, Hong Kong, London, Mumbai, Shanghai and Tokyo. For more information, please visit www.sgx.com.

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