

3Q FY2019 Analyst and Media Briefing

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

25 April 2019

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Third Quarter FY2019

Financial Highlights and Performance

Chng Lay Chew, Chief Financial Officer

Third Quarter FY2019 Highlights

- Revenue of \$229M, up 3%; Net profit of \$100M, comparable
- Strong Derivatives performance – 3rd quarter of record Derivatives revenue; Traded volume up 12% to a record 60M contracts
- Securities performed in line with global equities markets – Traded value declined 31% to \$62B from a 5-year high a year ago
- Dividend per share – 7.5 cents, up 2.5 cents; Earnings per share – 9.3 cents, comparable

Revenue

- \$229M
- Up 3%

Expenses

- \$111M
- Up 6%

Operating Profit

- \$118M
- Comparable

Net Profit

- \$100M
- Comparable

Derivatives Trading

- 60M contracts
- Up 12%

Securities Trading

- \$62B total traded value
- Declined 31%

Earnings Per Share

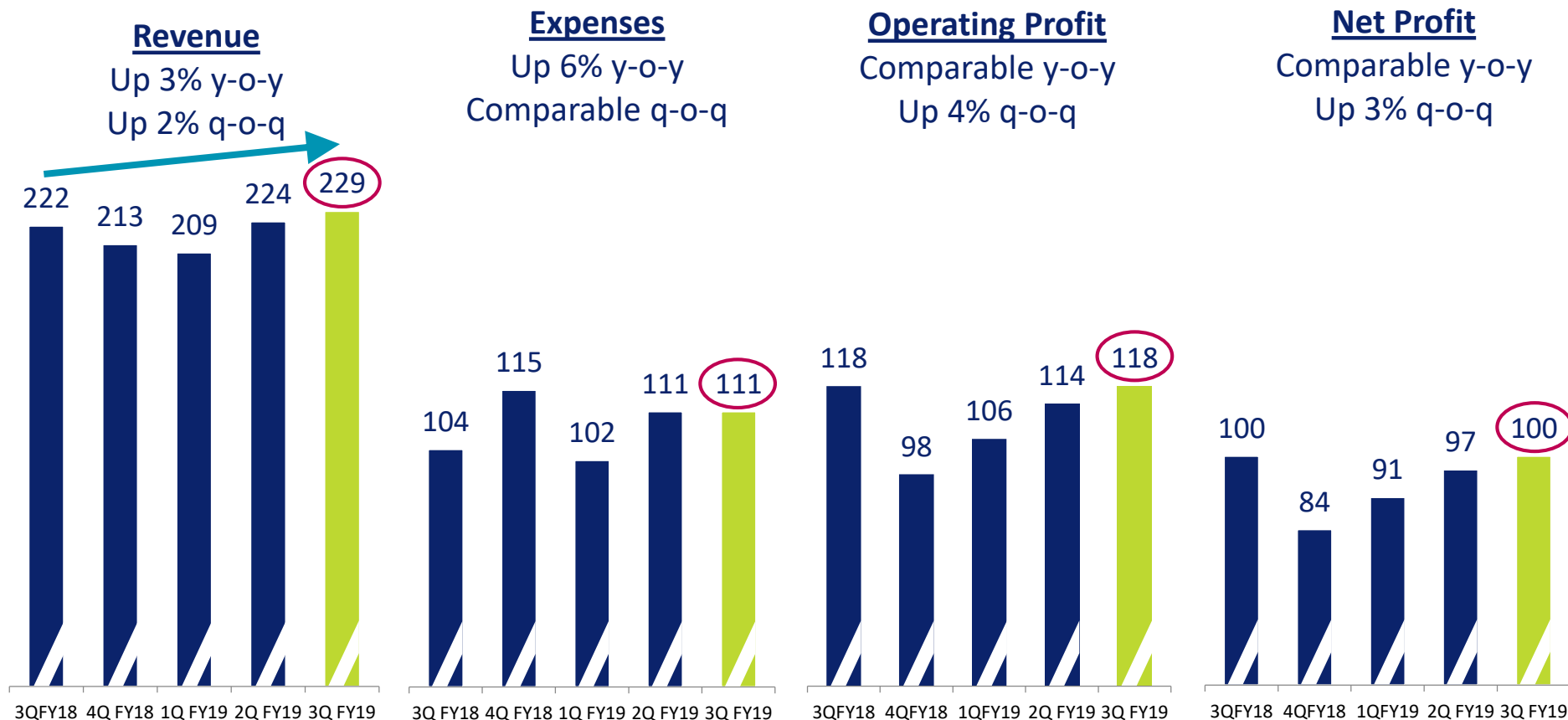
- 9.3 cents
- Comparable

Dividend Per Share

- 7.5 cents
- Up 2.5 cents

Financial Performance: Quarterly Trend

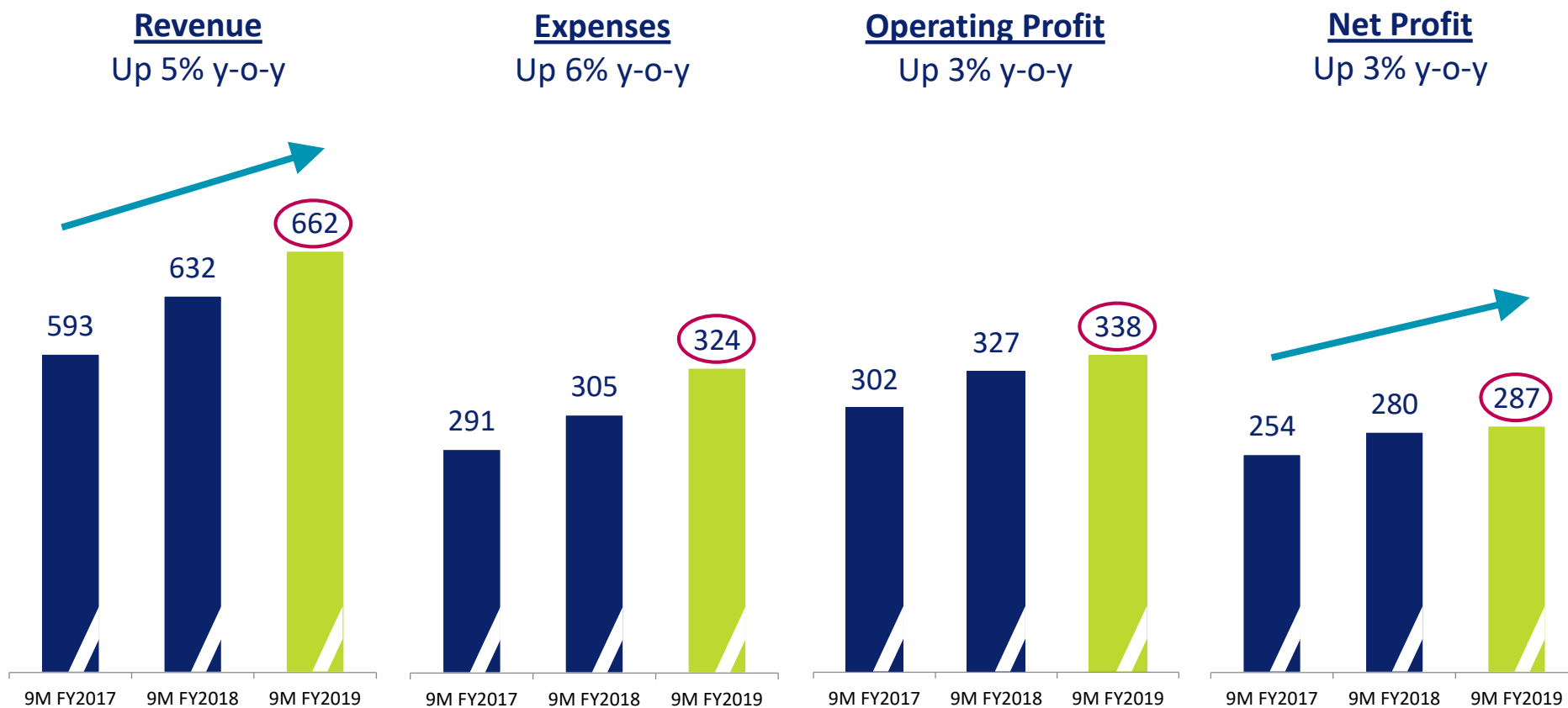
- Revenue of \$229 million, up 3% y-o-y and up 2% q-o-q
- Net profit of \$100 million, comparable y-o-y and up 3% q-o-q



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

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

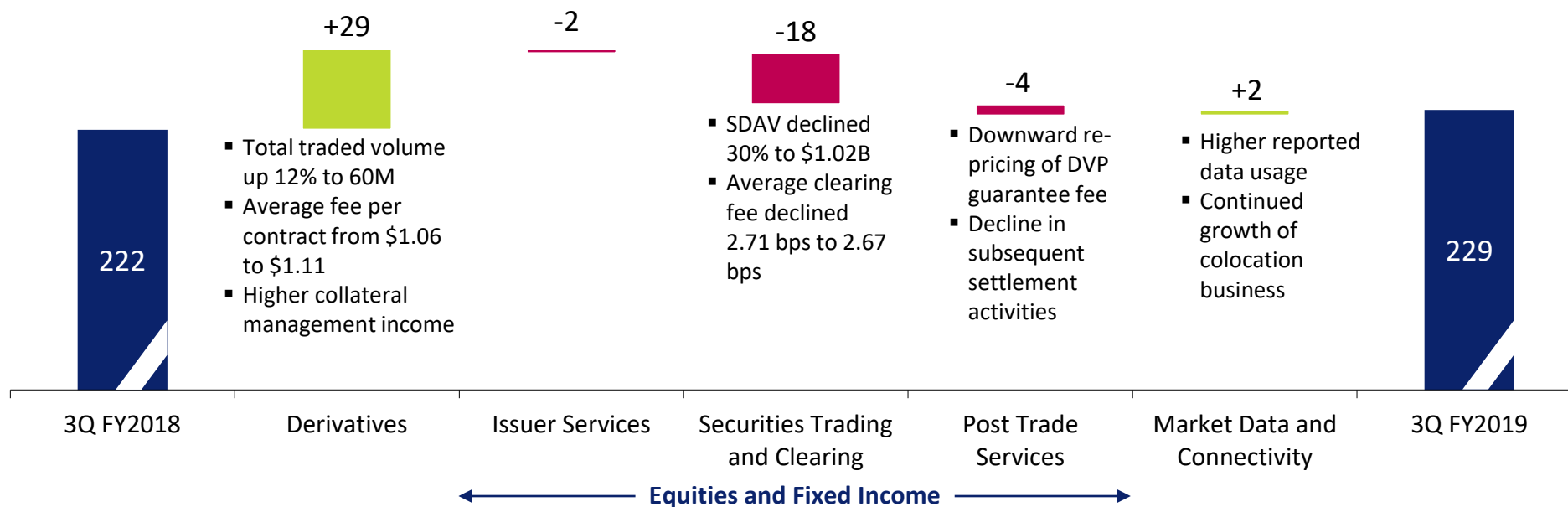
- Revenue up 5% y-o-y, Expenses up 6% y-o-y
- Net profit up 3% y-o-y



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

3Q Revenue up 3% y-o-y to \$229M

- Record Derivatives revenue of \$119M, up 32%
- Equities & Fixed Income revenue of \$84M, declined 22%
- Market Data and Connectivity revenue of \$26M, up 9%

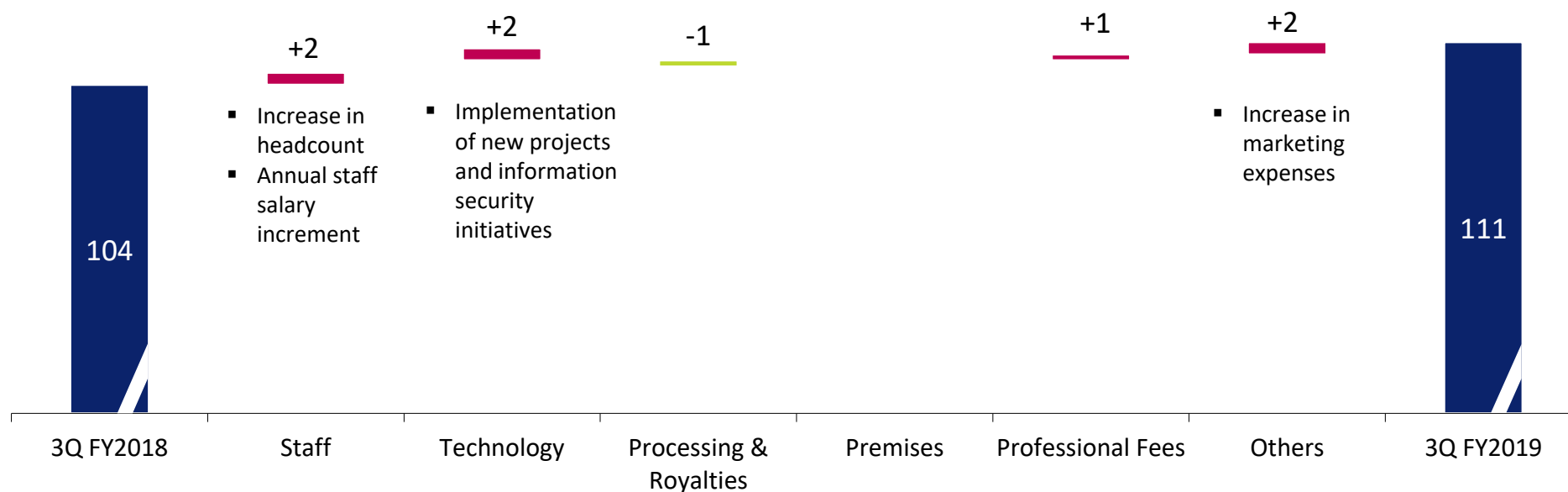


3Q FY2019	\$119M (52%)	\$19M (8%)	\$43M (19%)	\$21M (9%)	\$26M (11%)	\$229M
3Q FY2018	\$90M (41%)	\$21M (9%)	\$62M (28%)	\$26M (12%)	\$24M (11%)	\$222M

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

3Q Expenses up 6% y-o-y to \$111M

- Higher staff costs and technology expenses
- Executing our strategic priorities

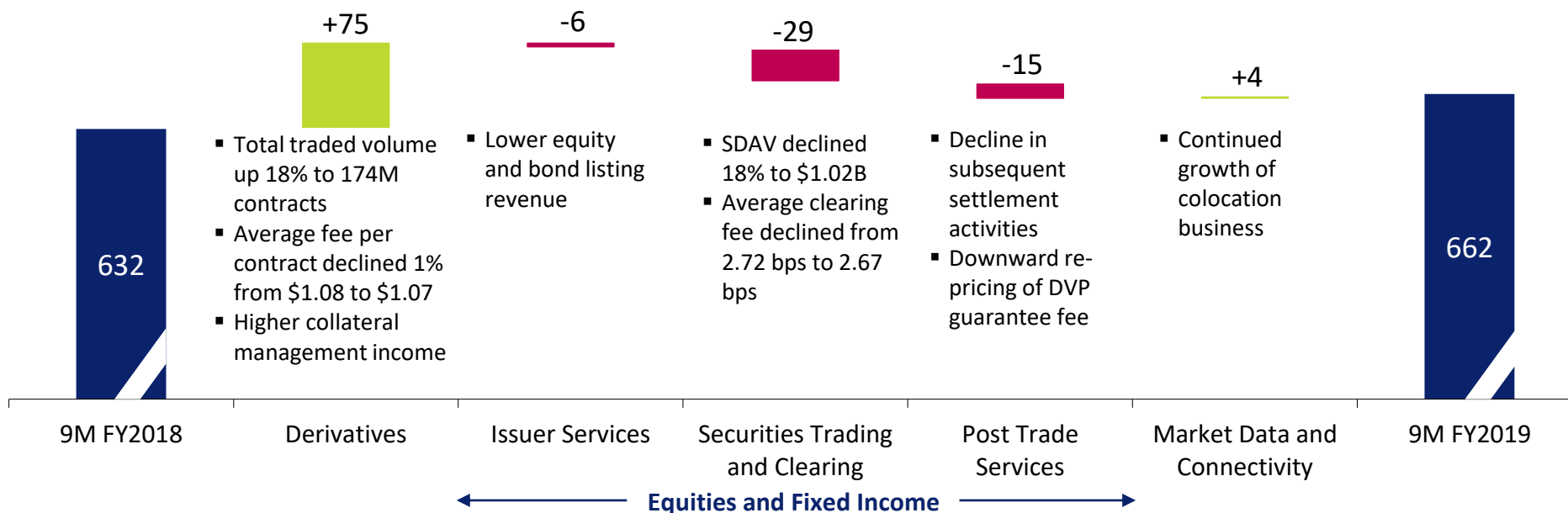


3Q FY2019	\$48M (43%)	\$33M (30%)	\$12M (11%)	\$7M (7%)	\$3M (2%)	\$8M (8%)	\$111M
3Q FY2018	\$46M (44%)	\$31M (30%)	\$12M (12%)	\$7M (7%)	\$2M (2%)	\$7M (6%)	\$104M

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YTD Revenue up 5% to \$662M

- Derivatives revenue of \$330M, up 30%
- Equities & Fixed Income revenue of \$256M, declined 16%
- Market Data and Connectivity revenue of \$77M, up 6%

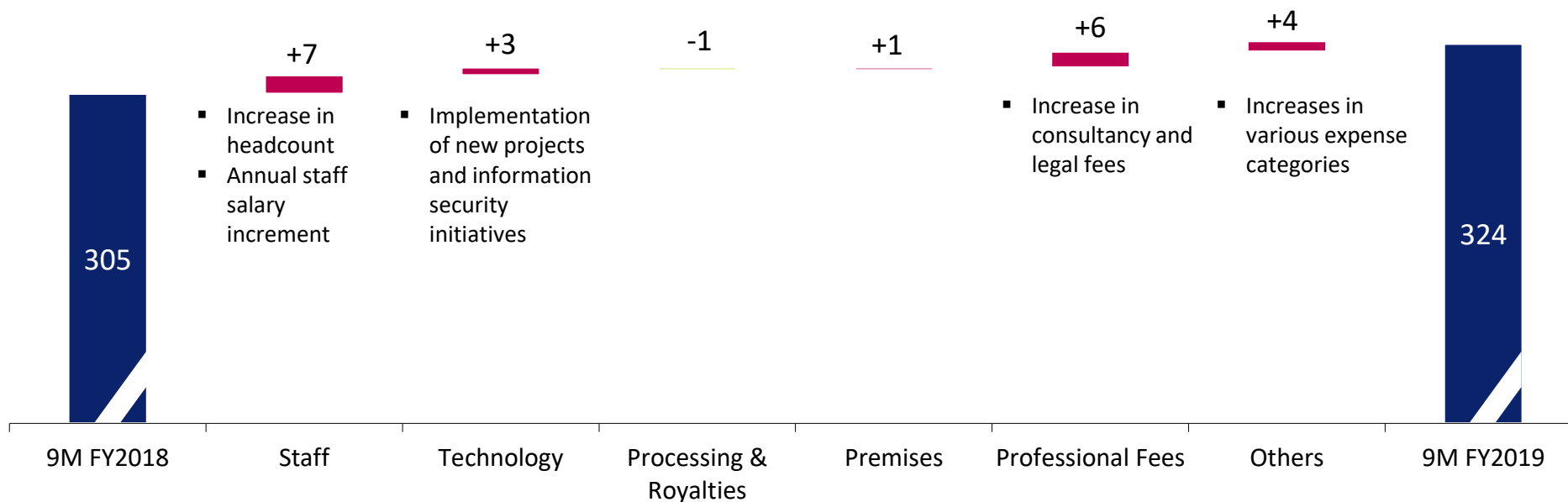


9M FY2019	\$330M (50%)	\$57M (9%)	\$135M (20%)	\$63M (9%)	\$77M (12%)	\$662M
9M FY2018	\$254M (40%)	\$63M (10%)	\$165M (26%)	\$77M (12%)	\$72M (11%)	\$632M

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

YTD Expenses up 6% to \$324M

- Expenses of \$324M, up 6% y-o-y



	Staff	Technology	Processing & Royalties	Premises	Professional Fees	Others	Total
9M FY2019	\$137M (42%)	\$96M (30%)	\$34M (10%)	\$22M (7%)	\$11M (3%)	\$24M (7%)	\$324M
9M FY2018	\$131M (43%)	\$93M (31%)	\$35M (12%)	\$21M (7%)	\$5M (2%)	\$20M (7%)	\$305M

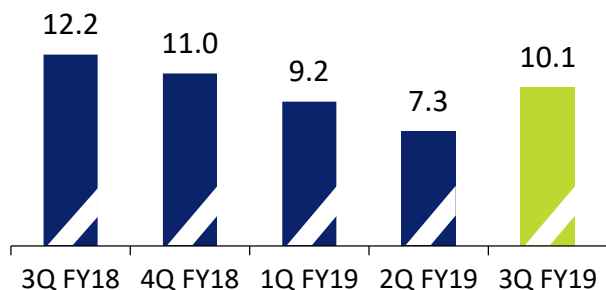
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Key Financial Indicators

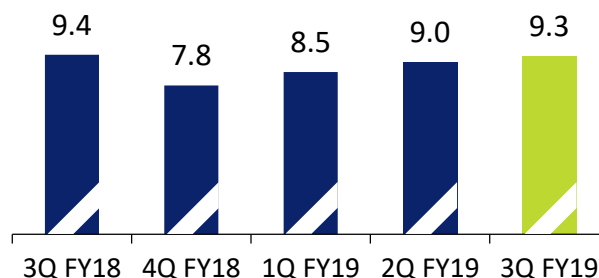
- High operating profit margin of 52%
- Quarterly dividend per share of 7.5 cents per share

	3Q FY2018	4Q FY2018	1Q FY2019	2Q FY2019	3Q FY2019
Revenue (\$ million)	222	213	209	224	229
Operating profit (\$ million)	118	98	106	114	118
Operating profit margin	53%	46%	51%	51%	52%
Net profit (\$ million)	100	84	91	97	100
Return on equity	37%	34%	39%	39%	37%

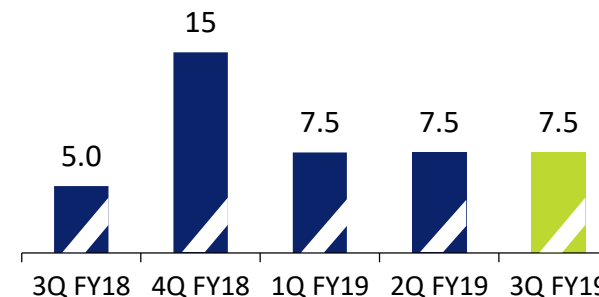
Operating cash flow per share (cents)



Earnings per share (cents)



Dividend per share (cents)

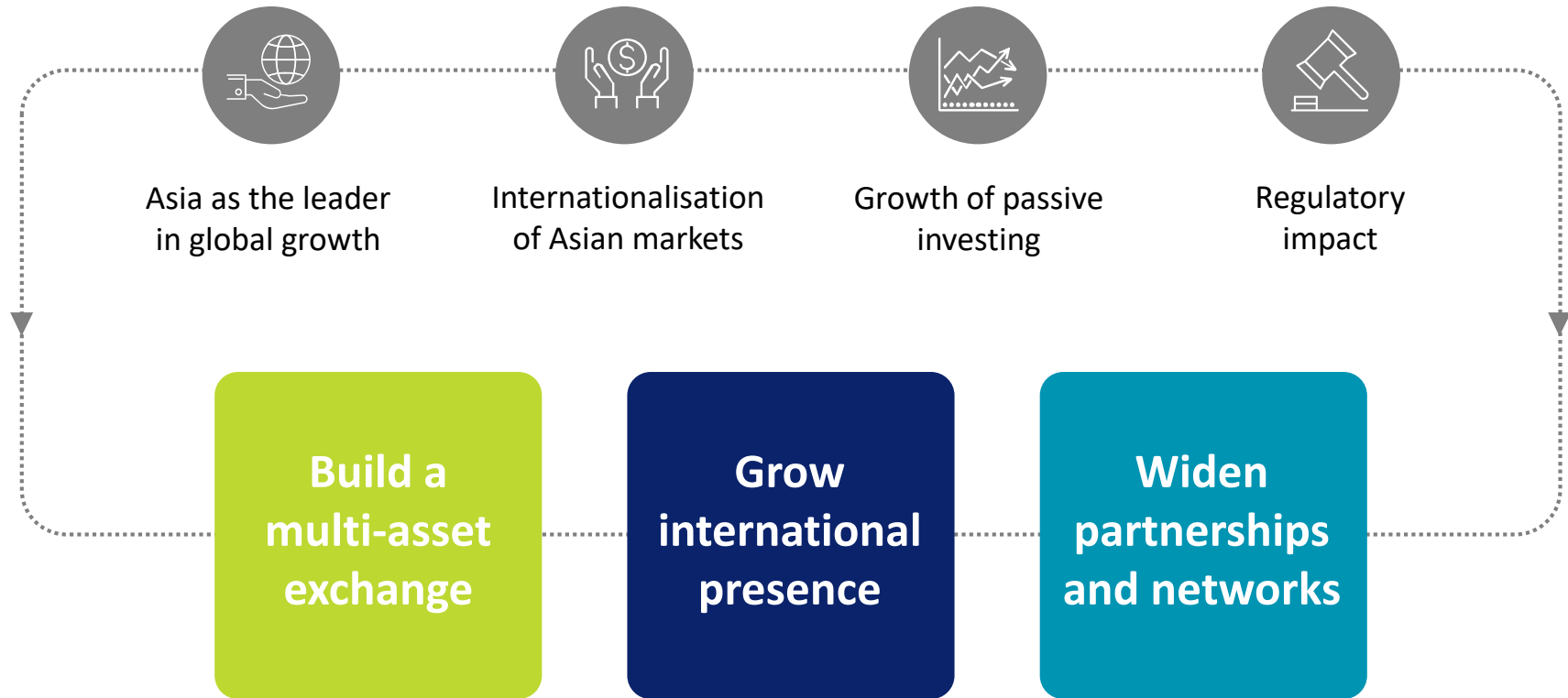


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Business Update





Loh Boon Chye, Chief Executive Officer

Executing our Strategic Priorities



3Q FY2019 Performance

- Reflects our global position in Asian derivatives
- Equities performed in line with global and regional markets

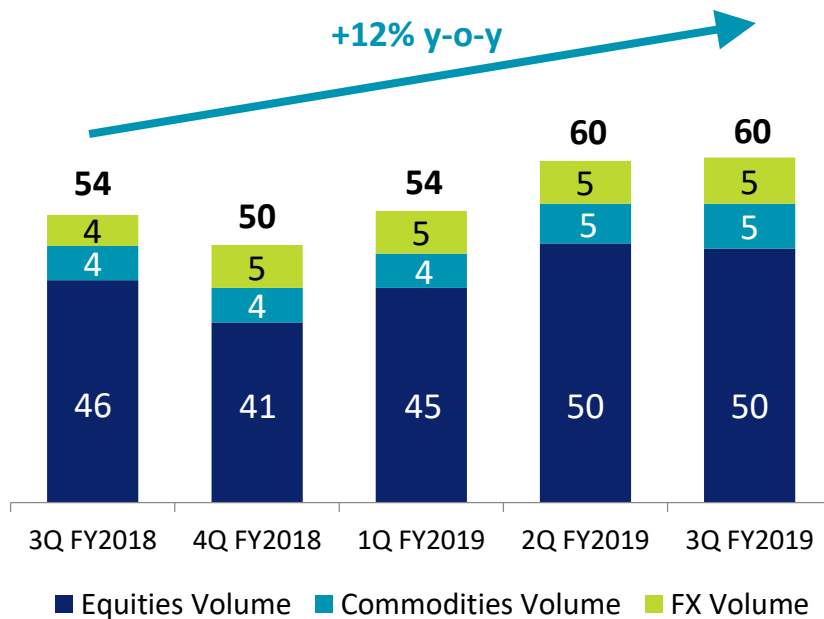
(\$ million)	3Q FY2019 Revenue	Change (y-o-y)	Revenue Contribution
Derivatives	119	 32%	52%
Equities & Fixed Income	84	 22%	37%
Market Data & Connectivity	26	 9%	11%
Total Revenue	229	 3%	100%

Derivatives

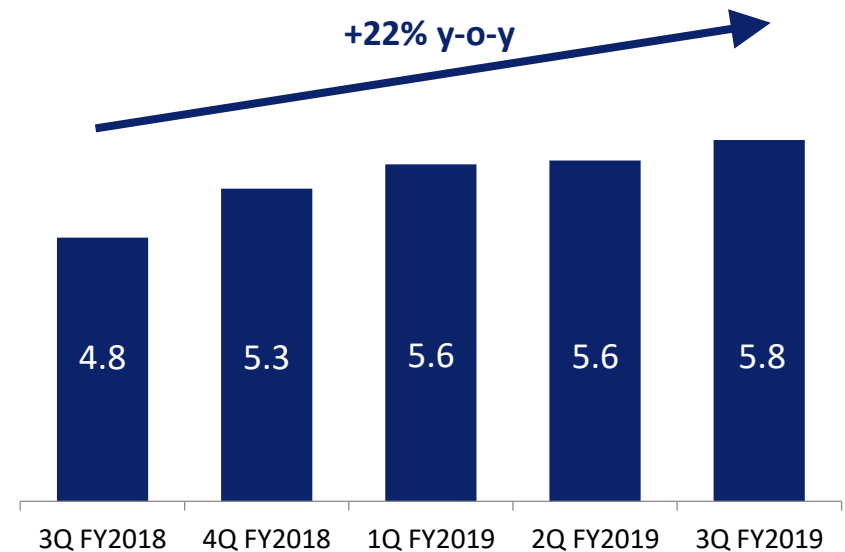
Derivatives
\$119M ↑ 32% y-o-y

- Record Derivatives volume in 3Q FY19, up 12% y-o-y
- YTD T+1 volume up 38% y-o-y; contributing 14% of total derivatives volumes
- Average open interest up 22% y-o-y

Total Derivatives Volume (M contracts)



Average Quarter-End Open Interest (M contracts)



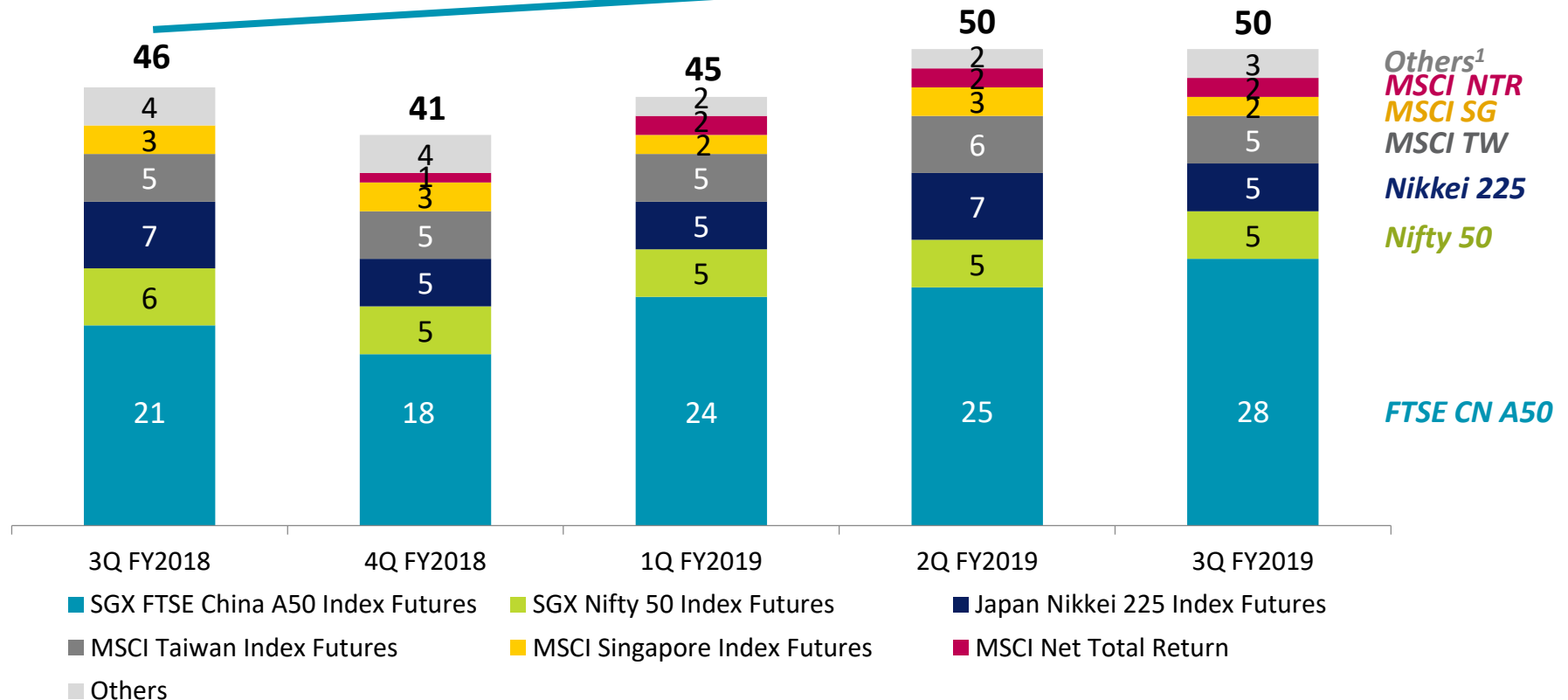
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Derivatives – Equities

Derivatives
\$119M ↑ 32% y-o-y

- Higher trading volumes in key Equity Index contracts, up 8%
- Growth in SGX FTSE China A50 and MSCI Net Total Return index futures
- MSCI NTR Open Interest of 700k contracts; \$27 billion notional

Equity Derivatives Volume (M contracts)

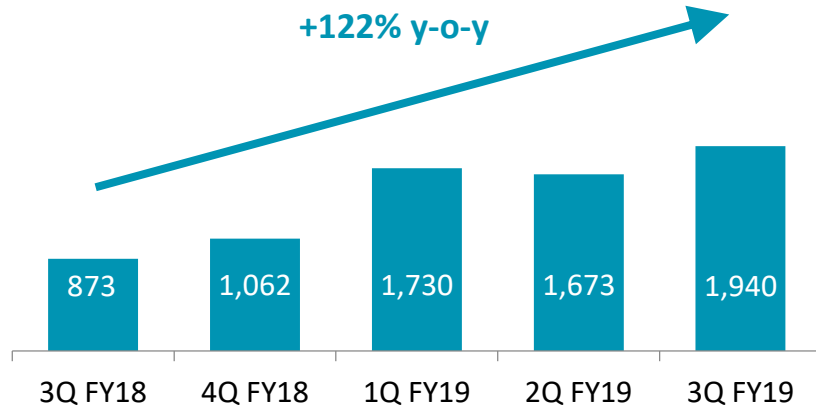


Derivatives – FX

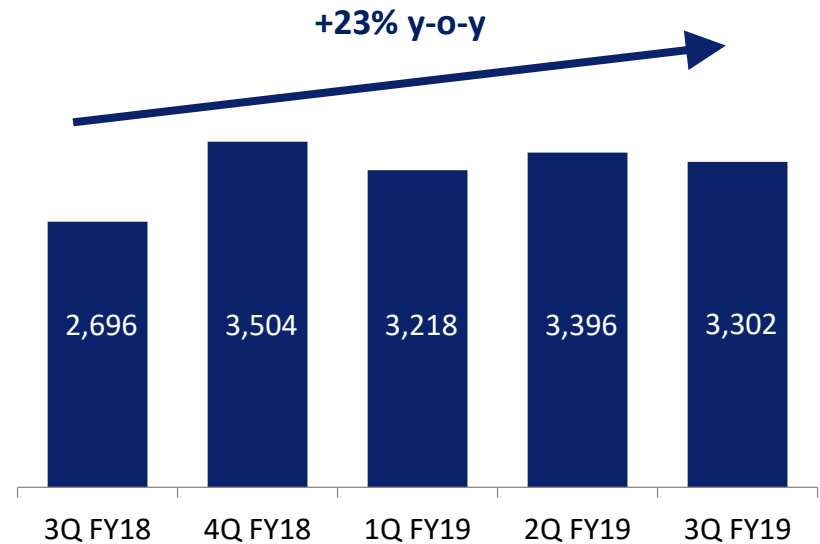
Derivatives
\$119M ↑ 32% y-o-y

- Record FX futures volume, up 48% from 3.6M to 5.4M contracts
- Largest INR and CNH futures exchange
- Strong international participation in non-Asian trading hours
- Strategic investment in BidFX

USD/ CNH Volume ('000 contracts)



INR/ USD Volume ('000 contracts)

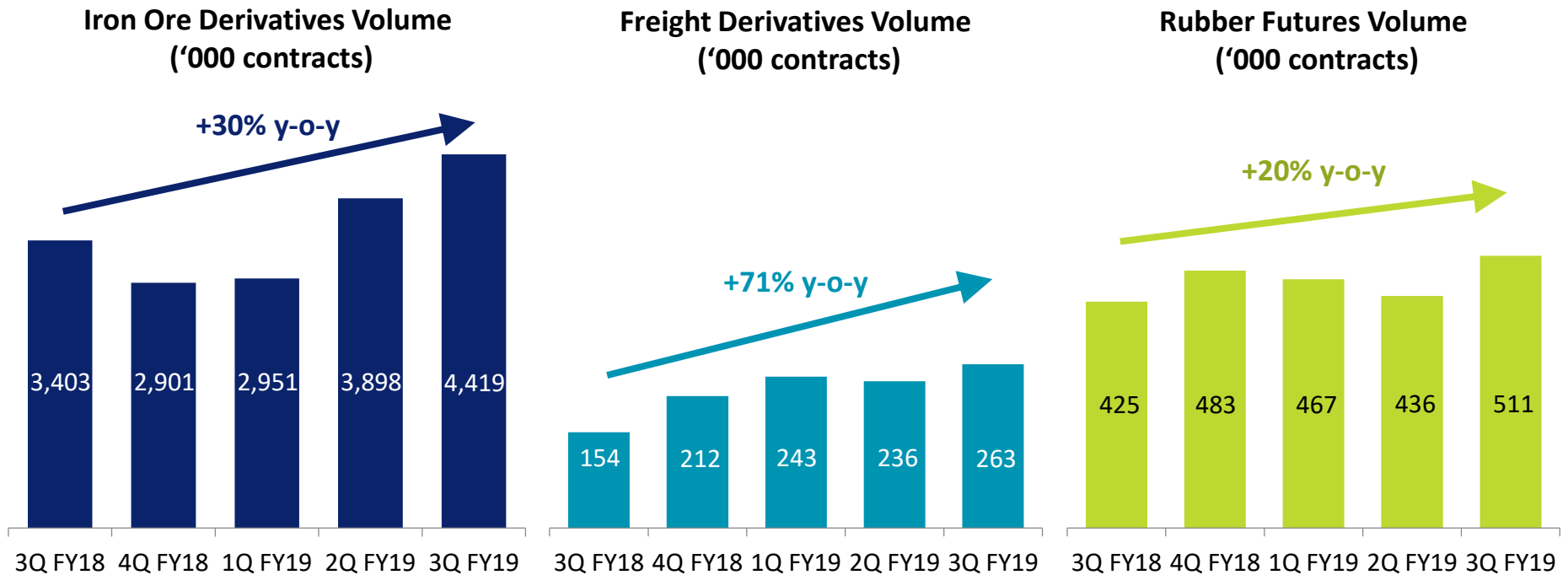


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Derivatives – Commodities

Derivatives
\$119M ↑ 32% y-o-y

- Iron Ore Derivatives volume up 30% from 3.4M to 4.4M contracts
- Supply constraints in iron ore markets, impacting iron ore prices and freight rates
- Freight derivatives volume up 71%; Rubber futures volume up 20%



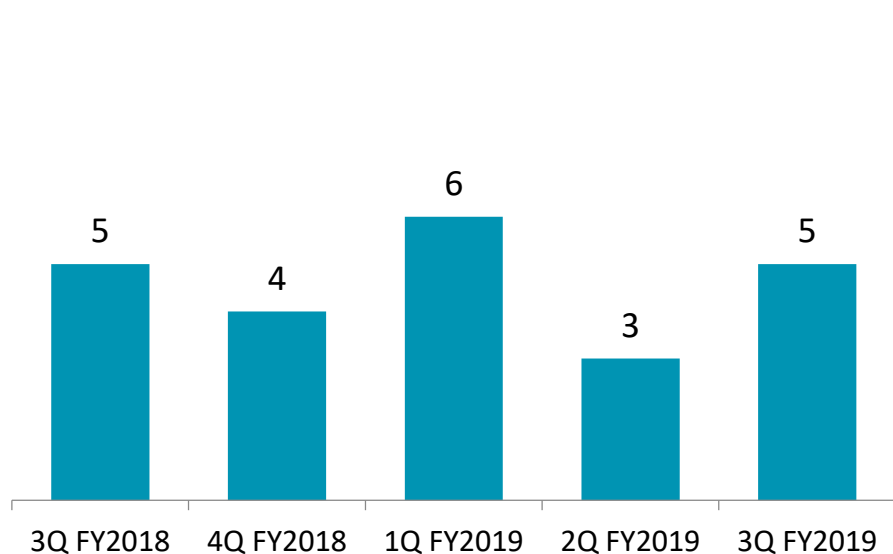
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Equities & Fixed Income – Issuer Services

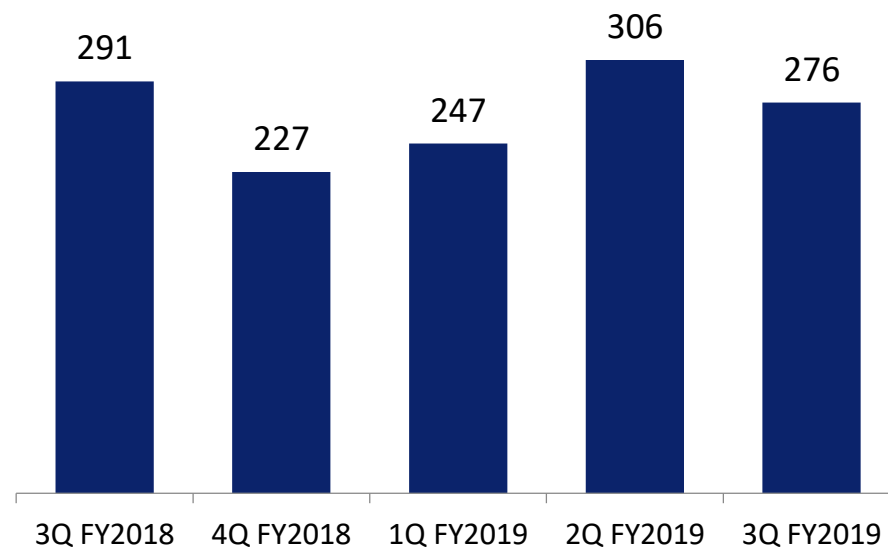
Equities & Fixed Income
\$84M ↓ 22% y-o-y

- 5 new equity listings, comparable to a year ago
- Number of new bond listings at 276

No. of New Equity Listings



No. of New Bond listings



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

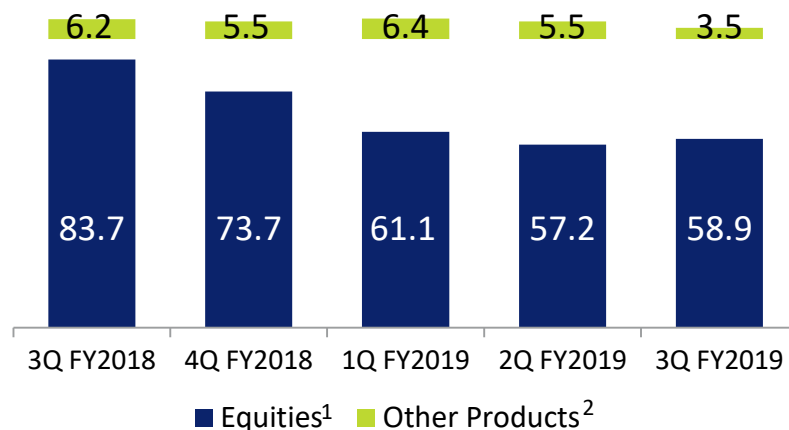
Equities & Fixed Income – Trading & Clearing

Equities & Fixed Income
\$84M ↓ 22% y-o-y

- SDAV declined 30% y-o-y from \$1.45B to \$1.02B
- Expanded our range of single-stock daily leveraged certificates (DLC) to include more Singapore and Hong Kong companies

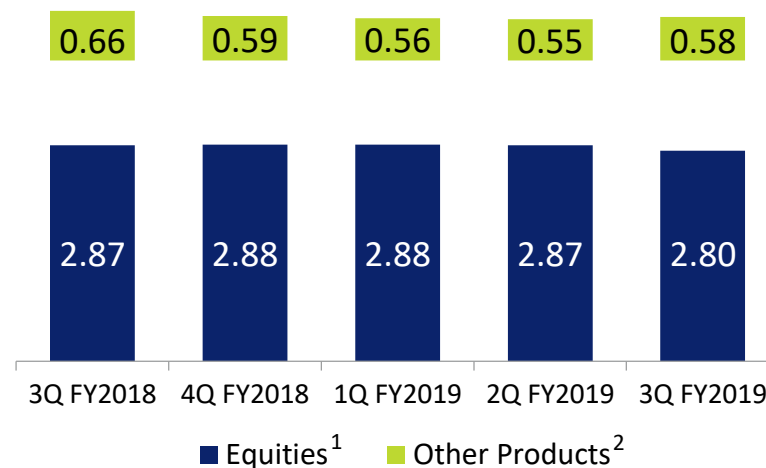
Securities Total Value Traded (\$B)

Total Traded Value	89.9	79.2	67.5	62.7	62.3
3Q FY2018	89.9	79.2	67.5	62.7	62.3



Average Clearing Fee by Products (bps)

Average yield	2.71	2.72	2.66	2.67	2.67
3Q FY2018	2.71	2.72	2.66	2.67	2.67



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¹ Equities include ordinary shares, real-estate investment trusts and business trusts

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

Equities & Fixed Income – Post Trade

Equities & Fixed Income
\$84M ↓ 22% y-o-y

- Securities settlement revenue declined 17% from \$23M to \$19M due to:
 - Downward re-pricing of DVP guarantee fee from April 2018
 - Decline in subsequent settlement activities



- 1. Adoption of International Market Practices**
Reduced T+2 settlement cycle
- 2. Platform to build more SDAV Independent Revenue Streams**
Expand range of depository services for brokers and investors
- 3. Platform to drive digitalization initiatives**
Embark on a digitalization journey and enhancement of current CDP portal
- 4. Increased Operational Efficiency**
Open API increases post-trade operational efficiencies

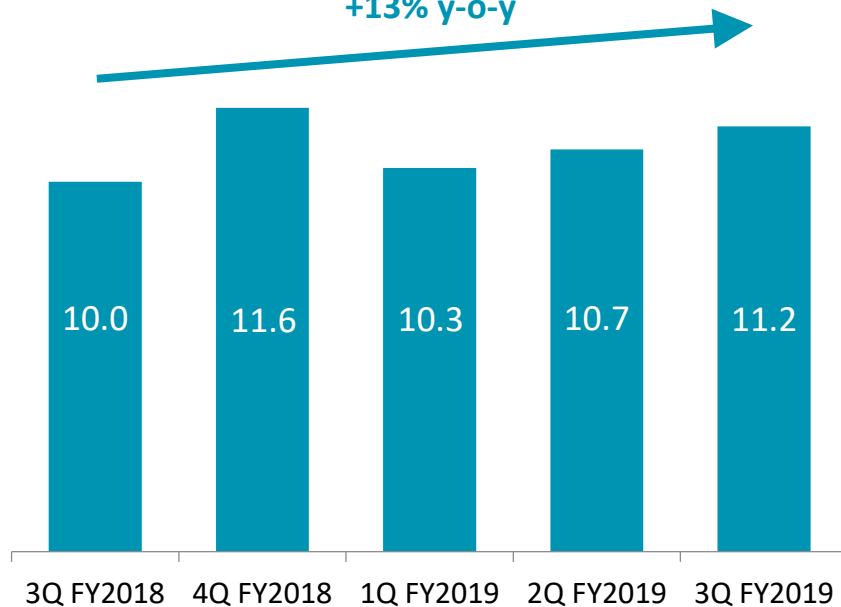
Market Data & Connectivity

Market Data & Connectivity
\$26M ↑ 9% y-o-y

- Market Data revenue up 13% from higher reported data usage
- Connectivity revenue up 7% from continued growth in our colocation business and trading connections

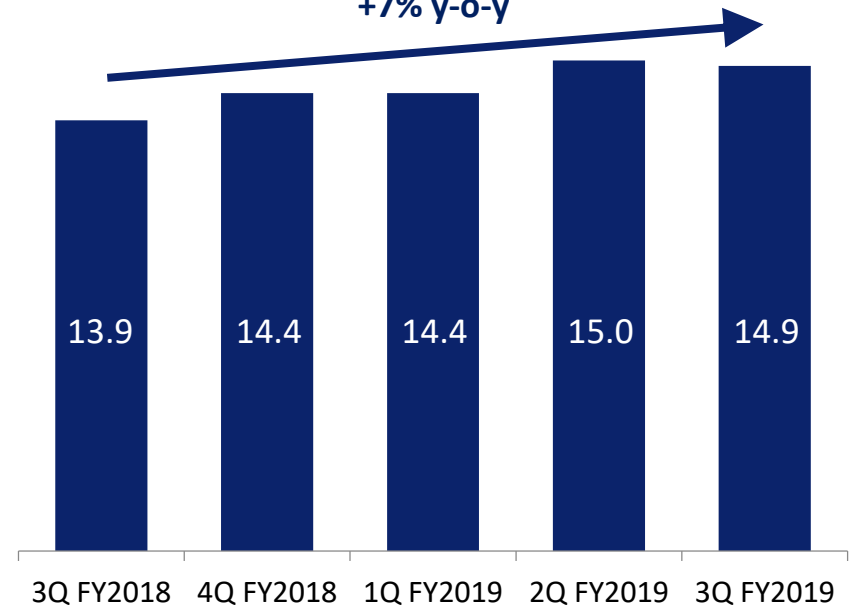
Market Data Revenue (\$M)

+13% y-o-y



Connectivity Revenue (\$M)

+7% y-o-y



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Looking Ahead...



We see growing interest in Asia led by China's internationalisation

- SGX is well-positioned to address increasing demand for Asian and Asian EM risk management solutions
- Global participants will turn to our wide coverage of China access solutions to manage their portfolios
- Our FX derivatives will cater to the growing demand for currency hedging and need for capital efficiencies



Further broadening our product suite

- SGX will introduce Asia's first derivatives based on NK 225 implied equity repo, an innovative new asset class, to address the largest securities financing market in Asia
- Expand our Net Total Return (NTR) suite and composite index derivatives to cater to growing demand for passive investing
- Extend our leading commodities status by launching new options on rubber contracts



We expect our securities business to improve because ...

- Continued low interest rate environment will benefit equities markets, particularly our REITs, where we have established ourselves as a leading listing venue in Asia
- Deepen our securities offerings by introducing DLCs in other geographies
- We see returning interest in capital raising

Guidance for FY2019:

- Operating expenses is expected to be between \$445M & \$455M
- Technology-related capital expenditure is expected to be between \$60M & \$65M

Questions and Answers

