



Singapore Exchange Limited

1H FY2005 Interim Results Presentation

Hsieh Fu Hua, CEO
Seck Wai Kwong, CFO

20 January 2005



Agenda

1. CEO's Message & Highlights
2. Financial Review
3. Strategy Update
4. Q & A



CEO's Message

Hsieh Fu Hua

Chief Executive Officer

CEO's Message

- Building an enduring marketplace
 - A hub for regional listings and Asian Derivatives
- Open connectivity
 - Revamping our trading infrastructure to enhance access to our market and product development
 - New, electronic trading corporate membership boosts market making and E-Nikkei trading
- Discipline in cost and capital management

Highlights of 1H FY2005 Interim Results

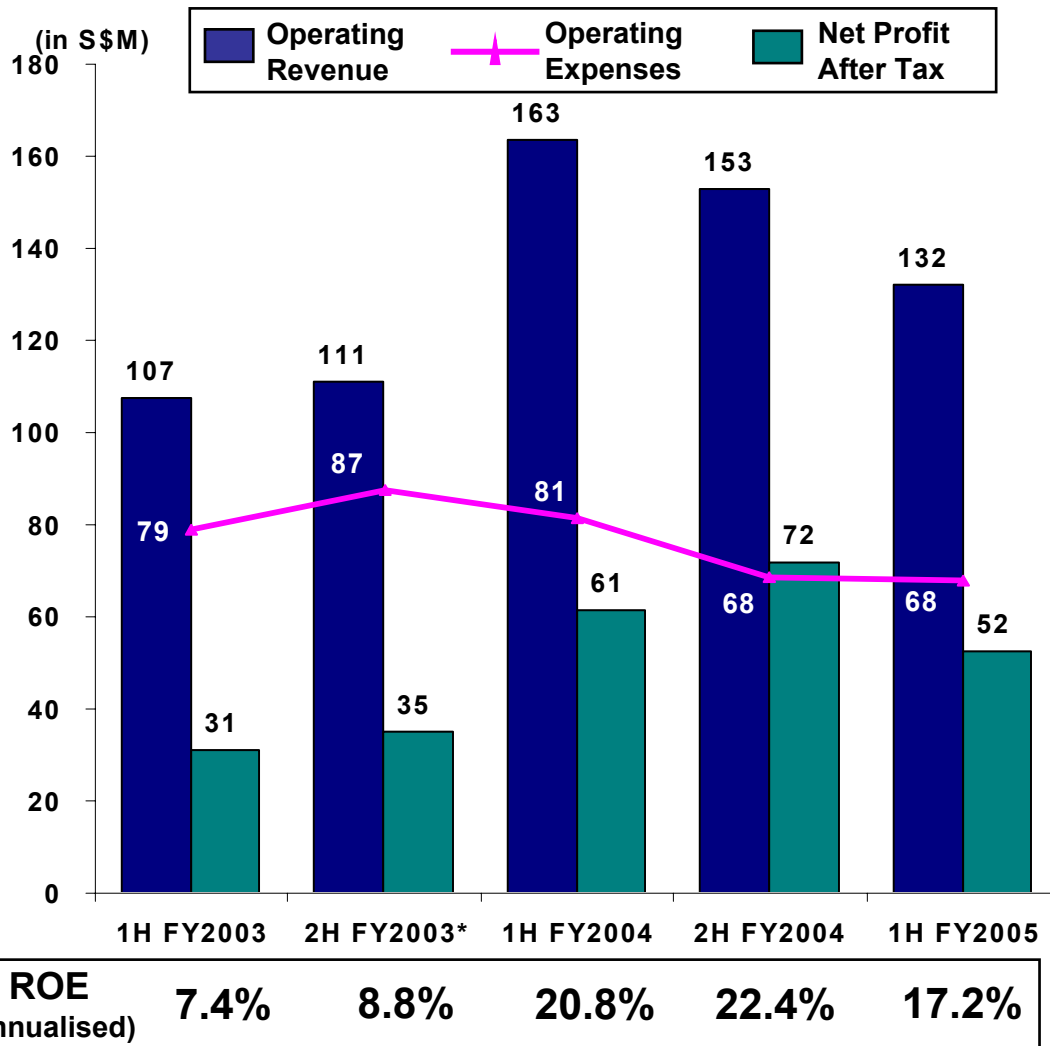
Highlights

- Profit of S\$52.4M
- Record no. of IPOs and funds raised
- Cost discipline
- Higher dividend payout ratio and higher interim dividend

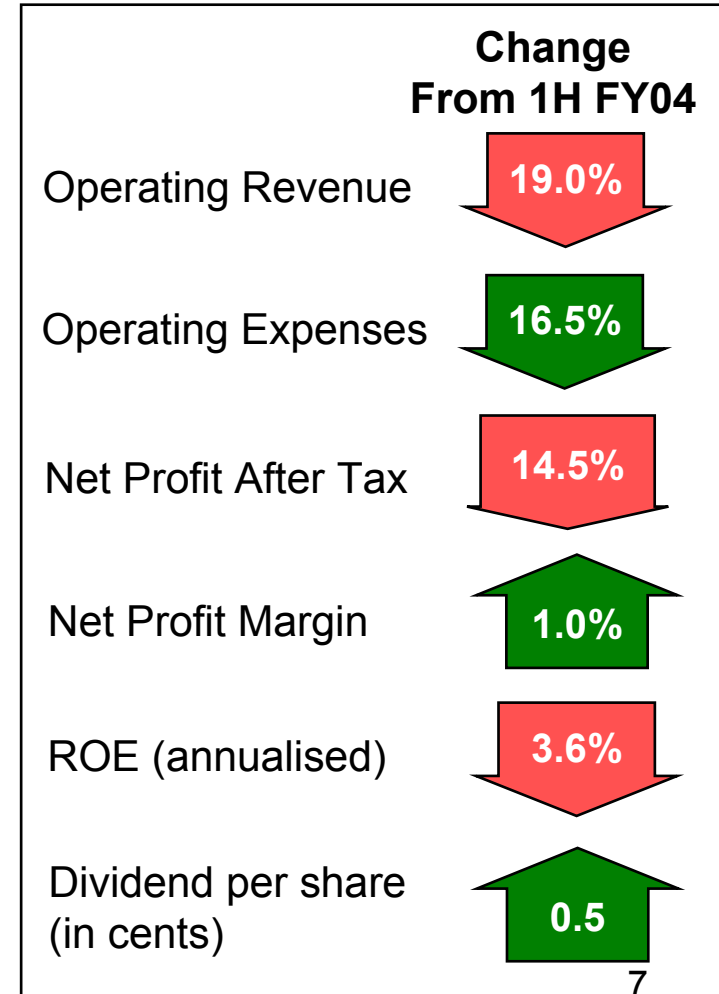
Financial Highlights: 1H FY2005



Net profit margin maintained through good cost control, despite lower trading activity



* excludes impairment loss on properties \$50M



Financial Review

1H FY05 Interim Results ended 31 Dec 2004

Seck Wai Kwong

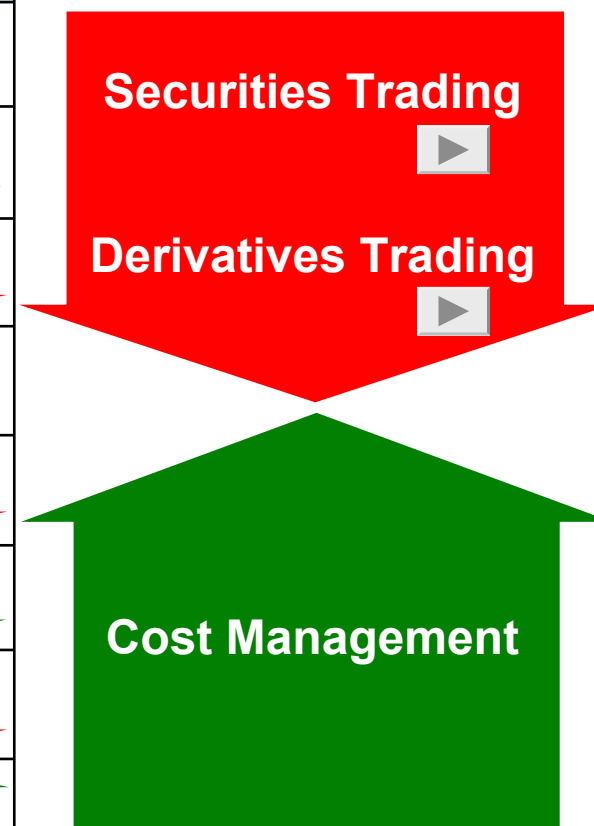
Chief Financial Officer

Income Statement



Creditable profits despite lower revenue ...

(in S\$M)	1H FY05	1H FY04	% Change
Operating Revenue	132.4	163.5	19.0
Operating Expenses	68.0	81.5	16.5
Operating Profit	64.4	82.0	21.4
Net Non-Operating Revenue	2.2	(1.7)	NM
Net Profit Before Tax & MI	66.6	80.3	17.1
Tax & MI	14.2	19.0	25.3
Net Profit After Tax & MI	52.4	61.3	14.5
Net Profit Margin	38.9%	37.9%	1.0

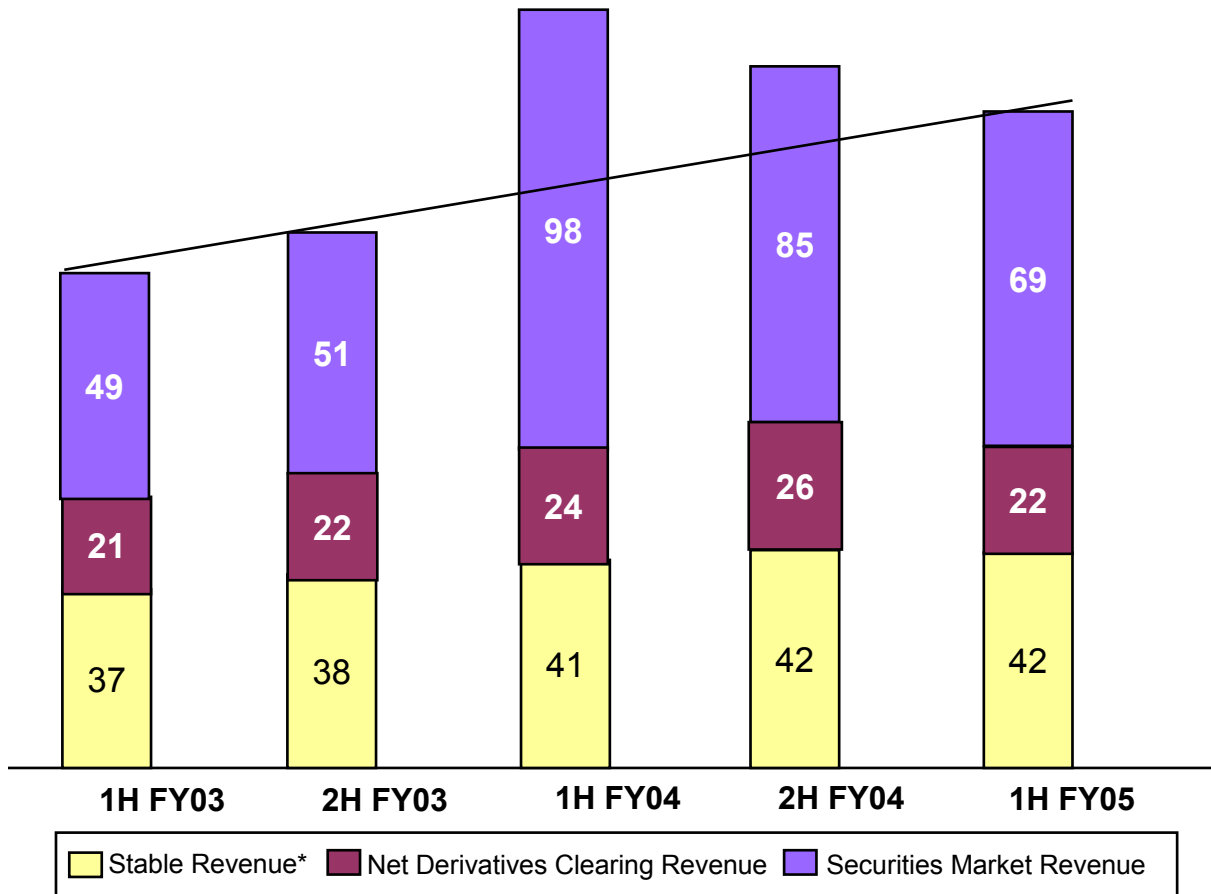


Operating Revenue



Growth trend remains intact ...

(In S\$M)



SESOPS Fees
Derivatives Trading
Securities Trading
Processing Charges

Access Fee
Listing Fees
Data Services Fees

Securities market revenue includes clearing fees, account maintenance & processing fees

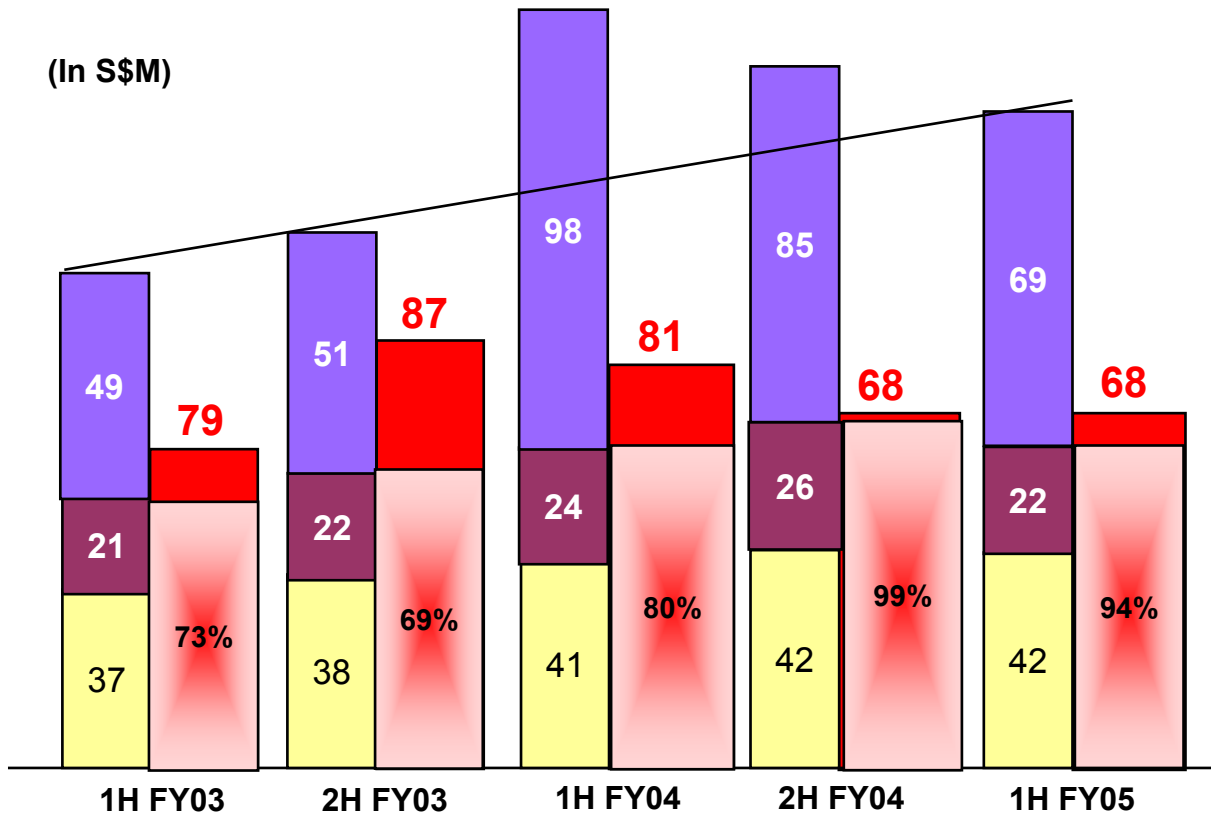
* Stable revenue includes access and terminal fees, price information fees, listing and membership fees, sale of software and other computer services & other operating revenue

Operating Revenue



High operating leverage from strong showing in stable and net derivatives clearing revenues

(In S\$M)



Coverage of operating expenses

94% - 1H FY05

99% - 2H FY04

80% - 1H FY04

■ Stable Revenue*
 ■ Net Derivatives Clearing Revenue
 ■ Securities Market Revenue
 ■ Operating Expenses

Securities market revenue includes clearing fees, account maintenance & processing fees

* Stable revenue includes access and terminal fees, price information fees, listing and membership fees, sale of software and other computer services & other operating revenue

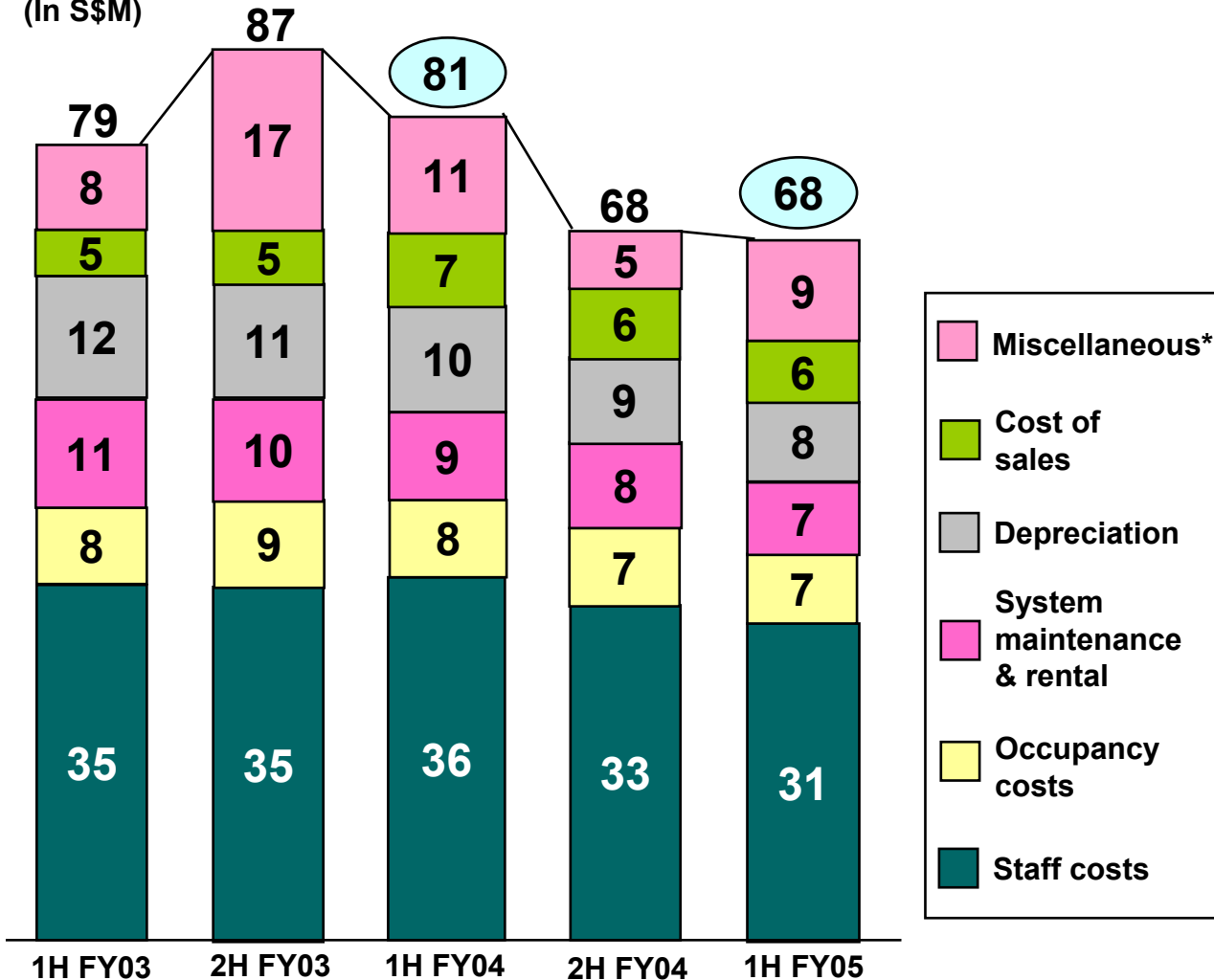
Operating Expenses



Effective Cost Management

Continued financial discipline

(In S\$M)



- ✓ Variable bonus
- ✓ Provision for office reorganisation in 1H FY04
- ✓ System maintenance services
- ✓ Cessation of Asia Converge
- ✓ Fully depreciated assets
- ✓ Professional fees

* includes professional fees, marketing & travelling, communication charges, SGX Market Development Fund [2H FY03], provision for surplus leased premises [from 2H FY03], fees to MAS [from 1H FY04], and other operating expenses

Performance at a Glance



Enhancing shareholder value

	1H FY2005 (Annualised)	FY 2004⁽¹⁾	FY 2003⁽¹⁾
Return on Equity ⁽²⁾	17.2%	20.8%	2.0%
Cost-to-Income	51.3%	47.4%	76.2%
Net Profit Margin	38.9%	42.0%	5.3%
Dividend per Share (gross)	3.5 cents	13.5 cents	40.5 cents
- Base	3.5 cents	7.0 cents	6.5 cents
- Variable		6.5 cents	
- Special			34.0 cents

(1) Per 2004 Annual Report

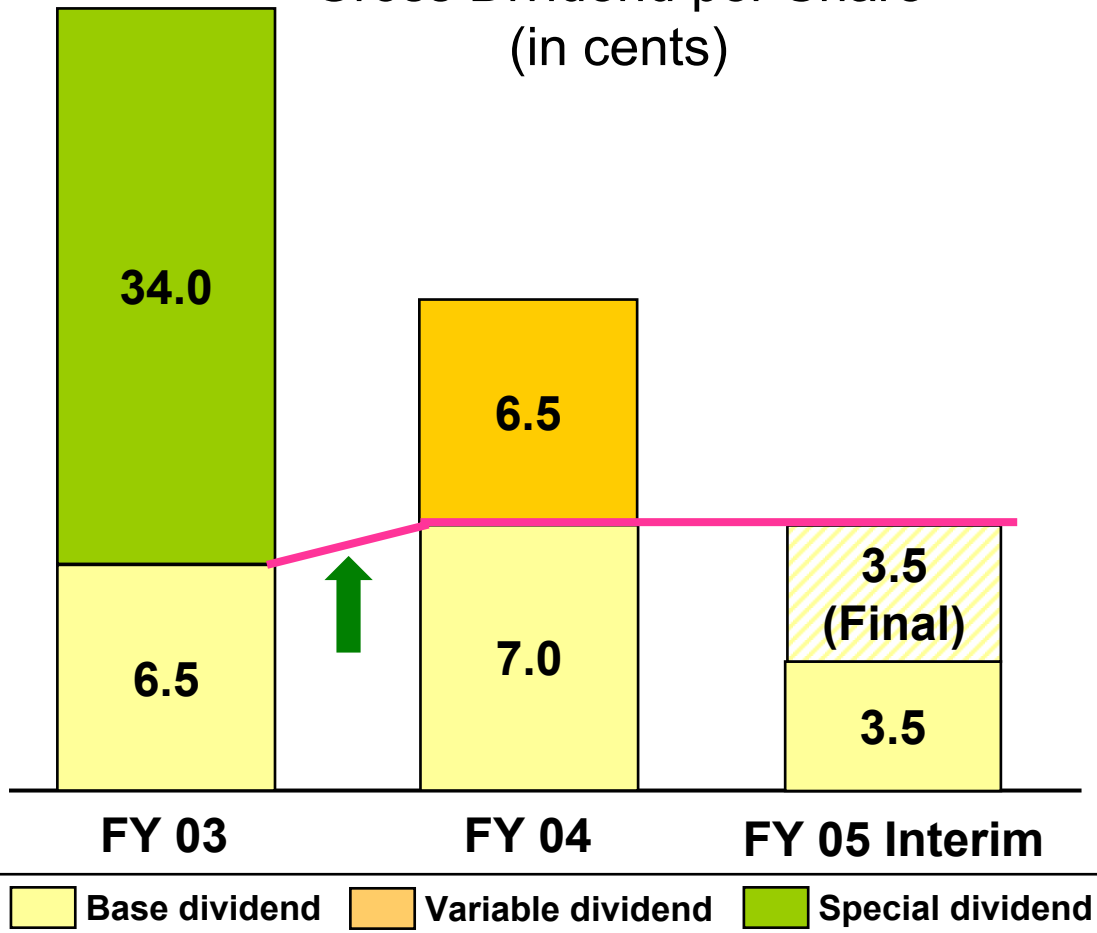
(2) Net profit after tax divided by shareholders' equity as at period end

Our Dividend Policy



Re-stating our commitment to shareholders

Gross Dividend per Share
(in cents)



Payout ratio

• 80% ↑ from 50%

Base dividend

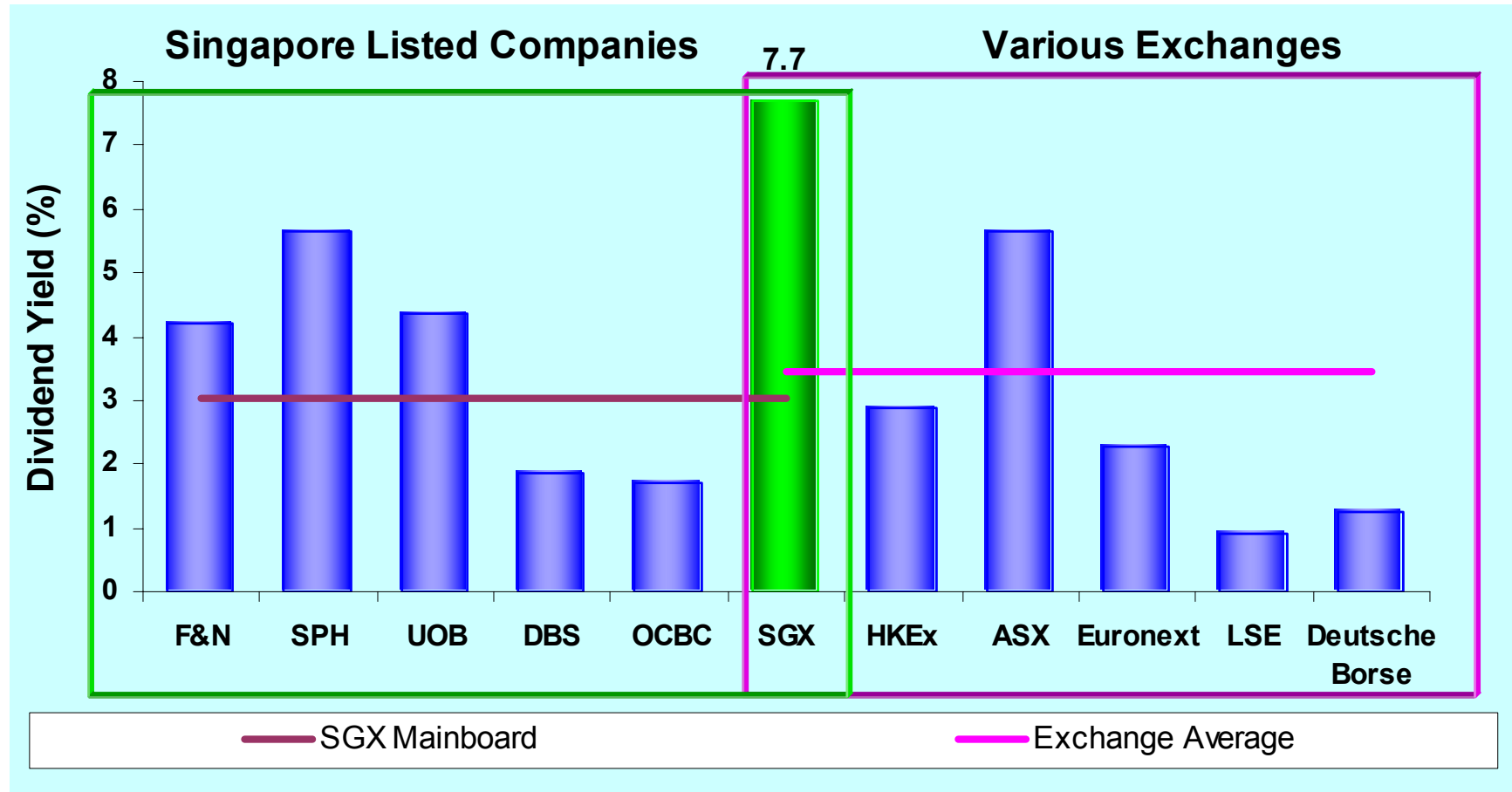
• Maintain at 7 cents (gross) or 5.6 cents (net) per share

Comparison of Dividend Yield

(Based on closing share price as at 31 Dec 04)



SGX – Remains a good dividend play



Source: Bloomberg, SGX

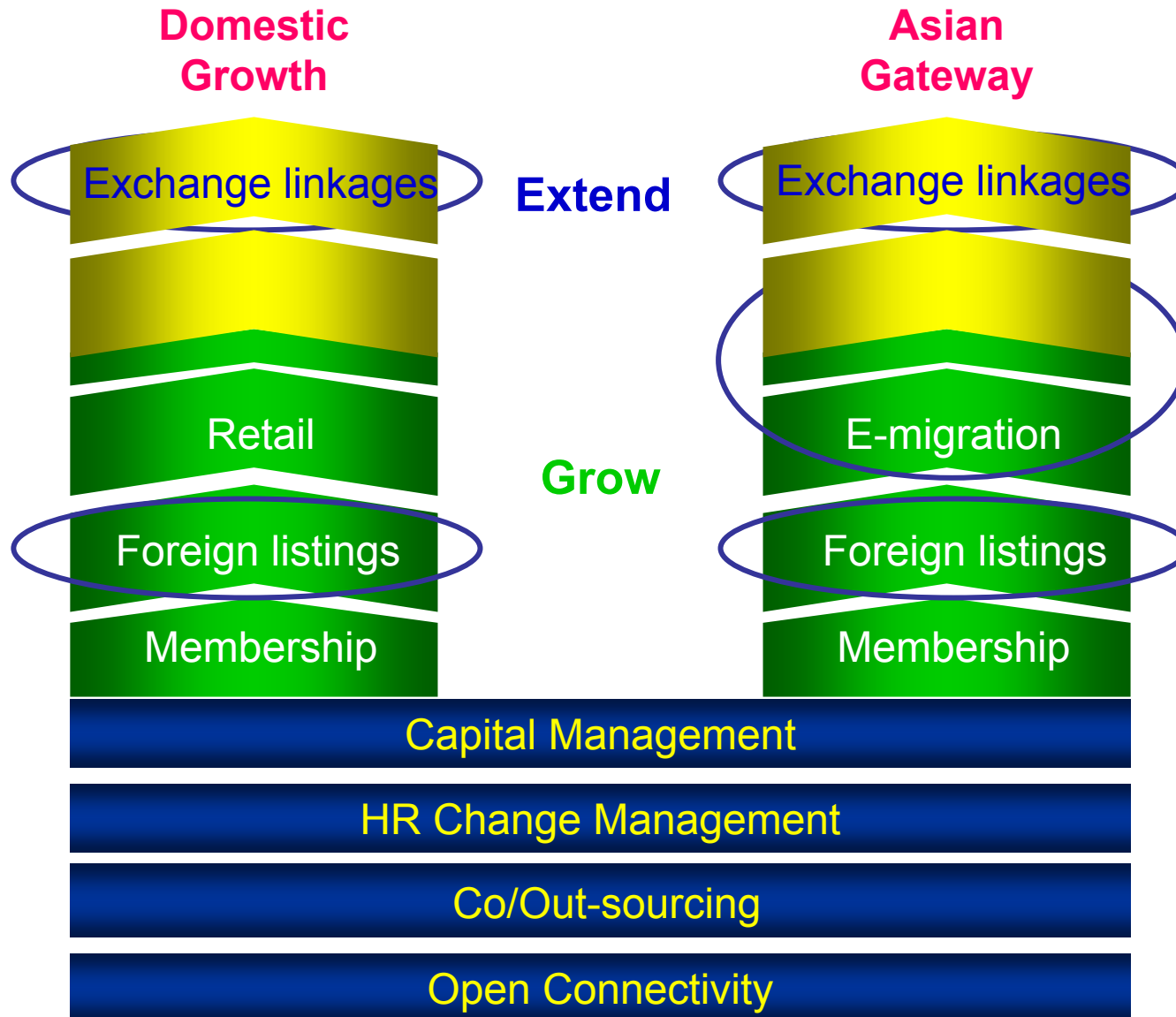
Dividend yield = Gross dividend of last FY / last traded price @ 31 Dec 04; excludes capital-related special dividend & capital return

Strategy Update

Hsieh Fu Hua

Chief Executive Officer

Strategic Direction

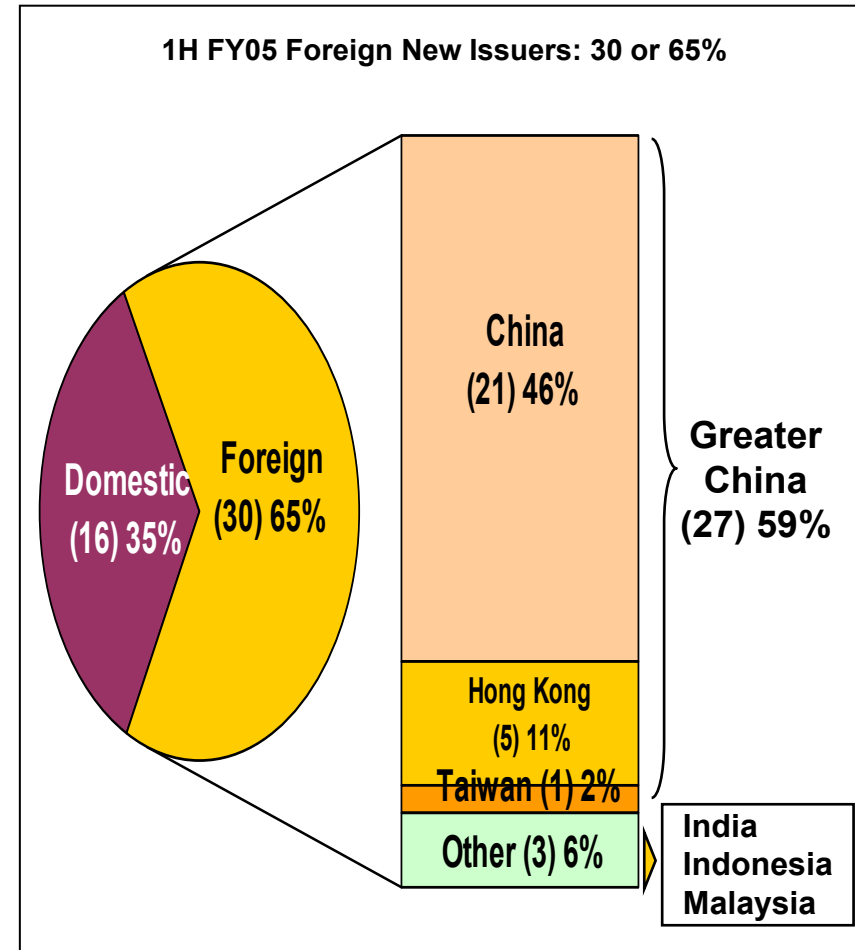
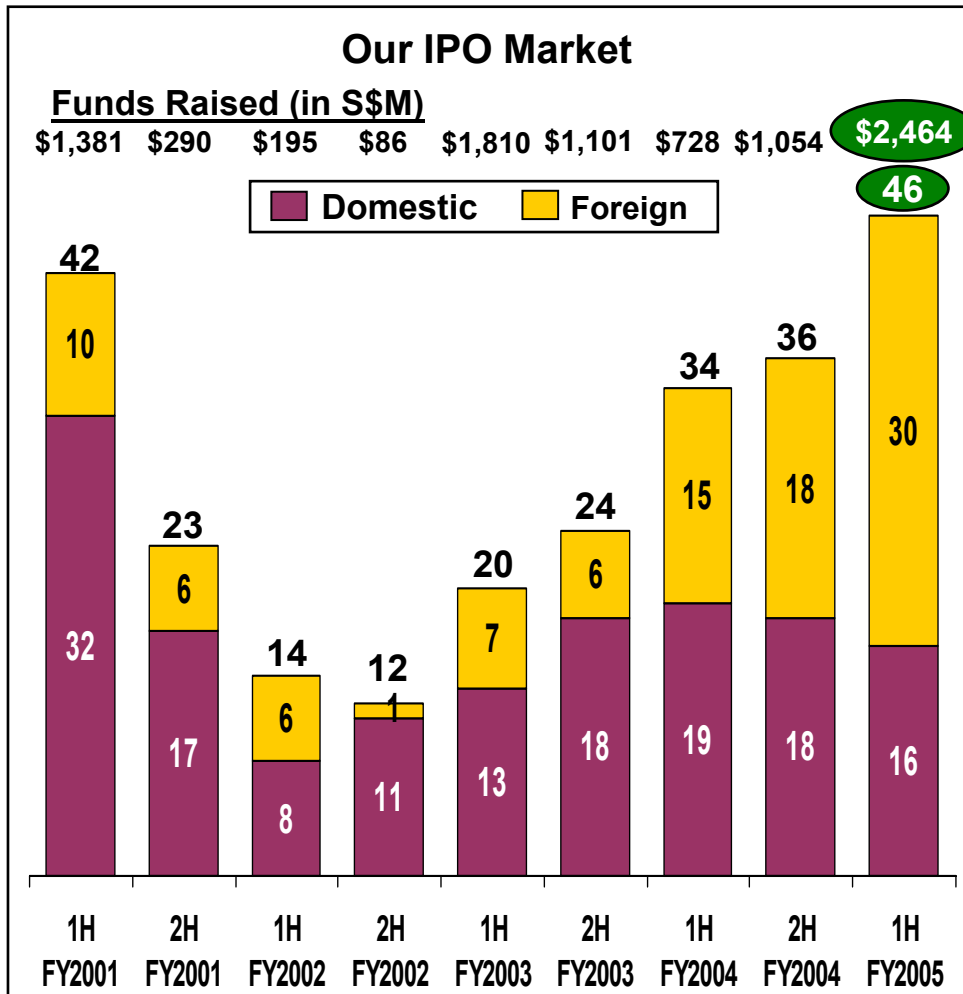


Defend

Grow from the core: Securities Market

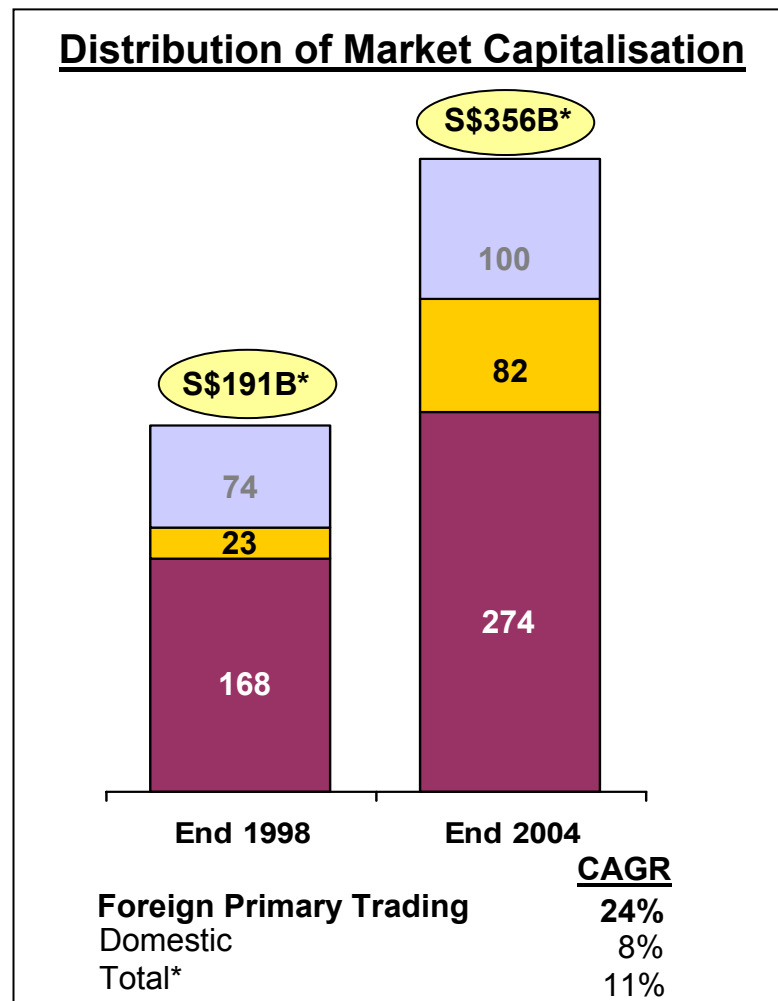
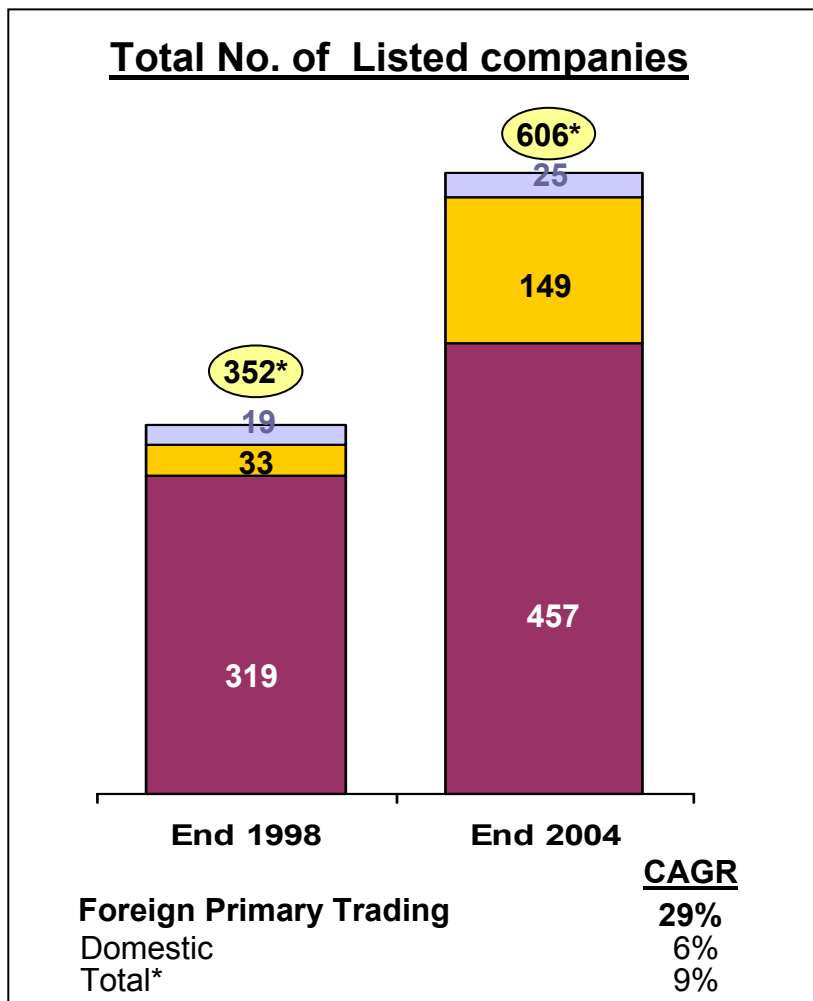


Record No. of IPOs and Funds Raised



Grow from the core: Securities Market

Exponential growth in foreign listings ...



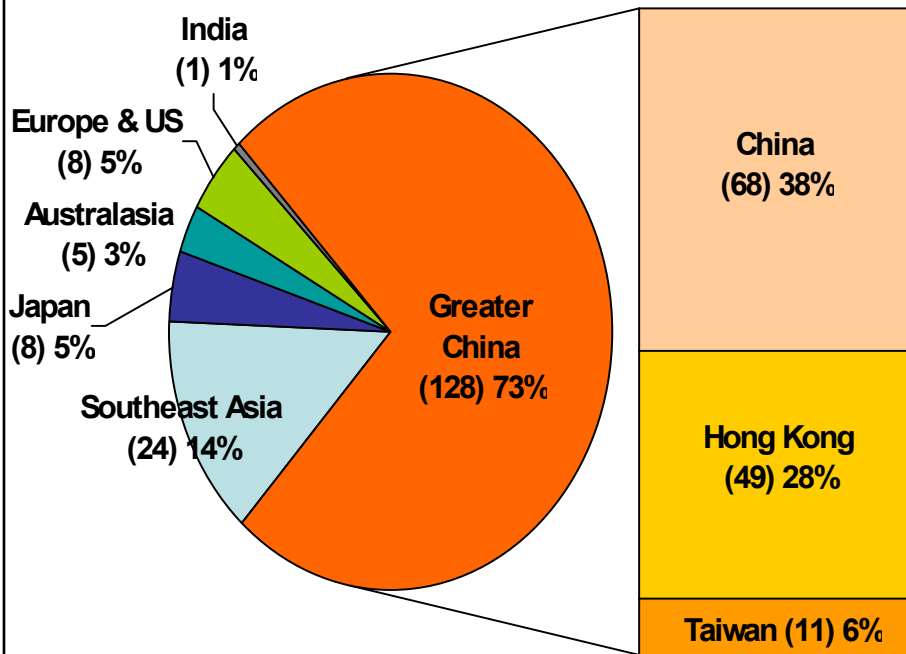
* Excluding Foreign Secondary trading

Grow from the core: Securities Market

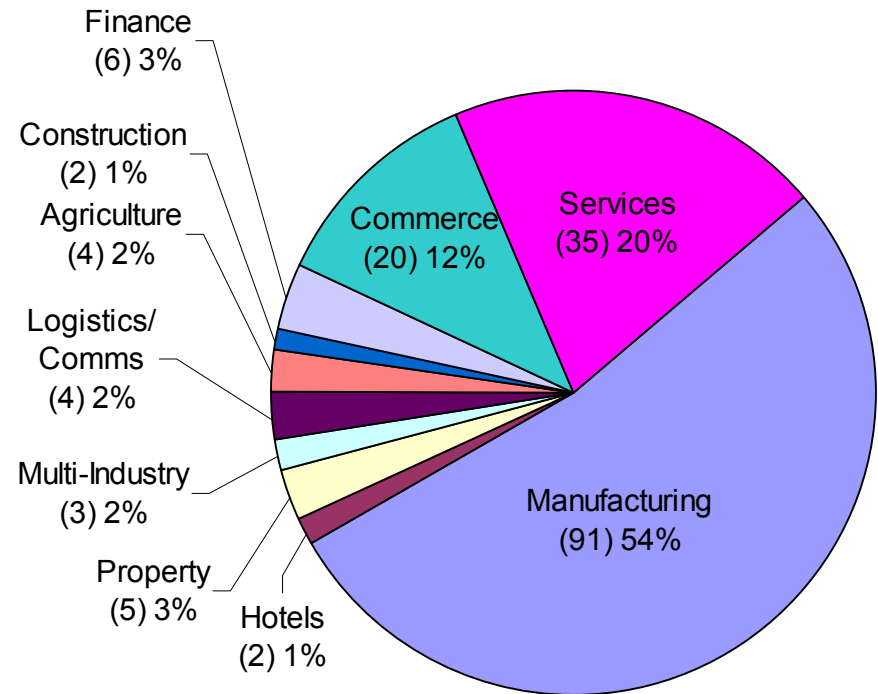


Greater China is central to our listing strategy

Country of Origin



Sectoral Classification



174 foreign listings as at 31 Dec 04

Grow from the core: Securities Market



Upholding high standards

- Continue to work with listed companies, issue managers and other intermediaries
 - Quality of issue managers
 - Due diligence guidelines
 - Corporate investigation
- Importance of continuing obligations of issuer and issue managers
 - Quarterly reporting
 - At least 2 independent directors (including Singapore based)
 - Sponsorship disclosure (12 months post listing)

Grow from the core: Securities Market



Targeting the retail investor ...

- Structured warrants market

	2003	2004
No. of issues	3	147
No. of units traded	45.3K	5,078 M
Value traded	S\$4.8 M	S\$1,529 M

– Ongoing education programme

- REITs market

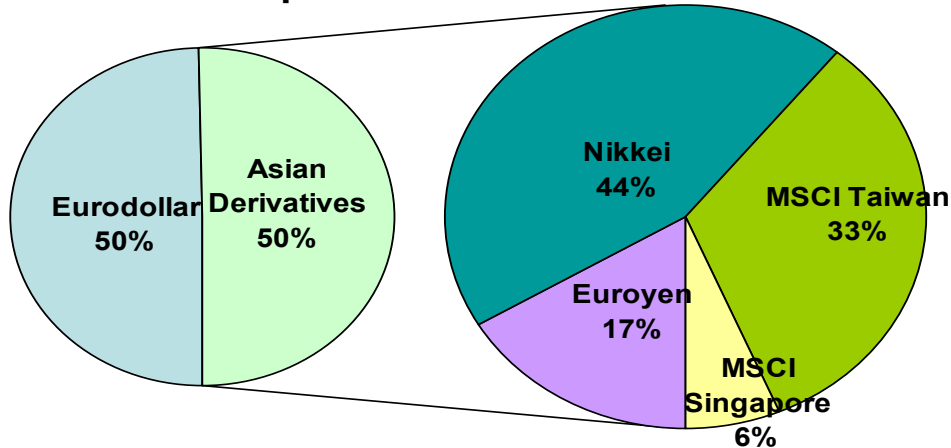
	2002	2003	2004
No. of issues (cumulative)	2	3	5
No. of units traded	177.2 M	579.0M	1,245.4M
Value traded	S\$170.4M	S\$612.5M	S\$1,651.6M

Grow from the core: Derivatives Market

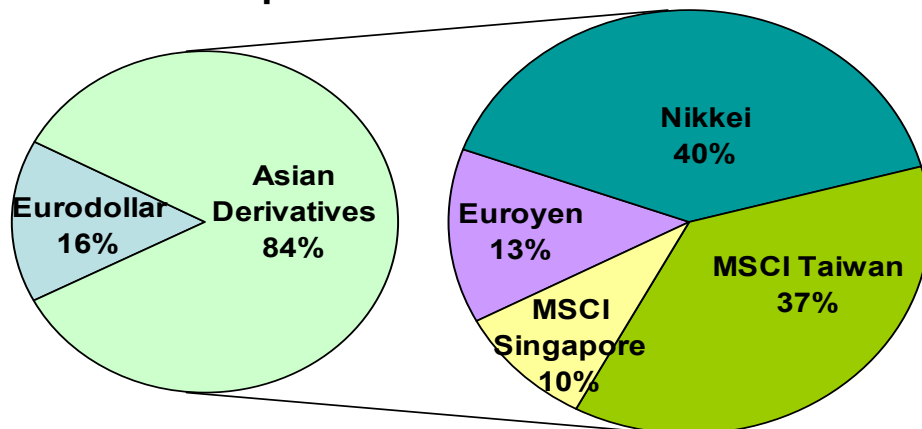


Diversification towards higher margin products

Top 5 Contracts: 1H FY04



Top 5 Contracts: 1H FY05



- SGXQuest trading engine was launched in Aug 04
- Decline in Eurodollar contracts
- Launch of e-Nikkei futures contract in Nov 04
 - E-Nikkei 60% of total daily turnover
- E-migration of non-Eurodollar contracts by FY2006
 - E.g. e-Taiwan, e-Euroyen, etc

Our Investment Story

- Strong revenue base leveraged to market growth – record no. of IPOs and funds raised
- Continued discipline in cost & capital management
- Higher dividend payout ratio and higher interim dividend
- A superior ROE

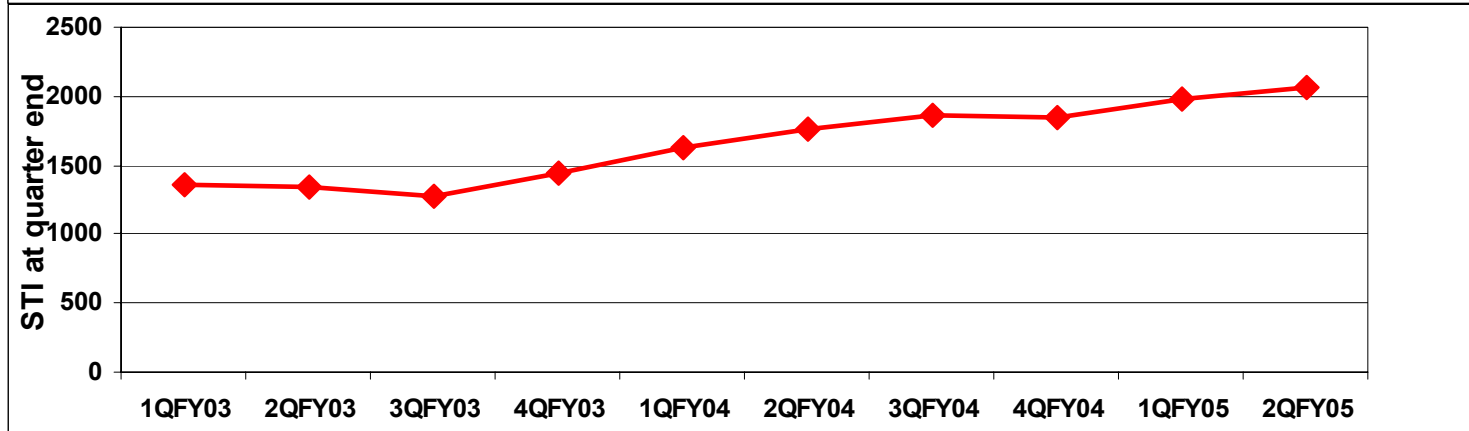
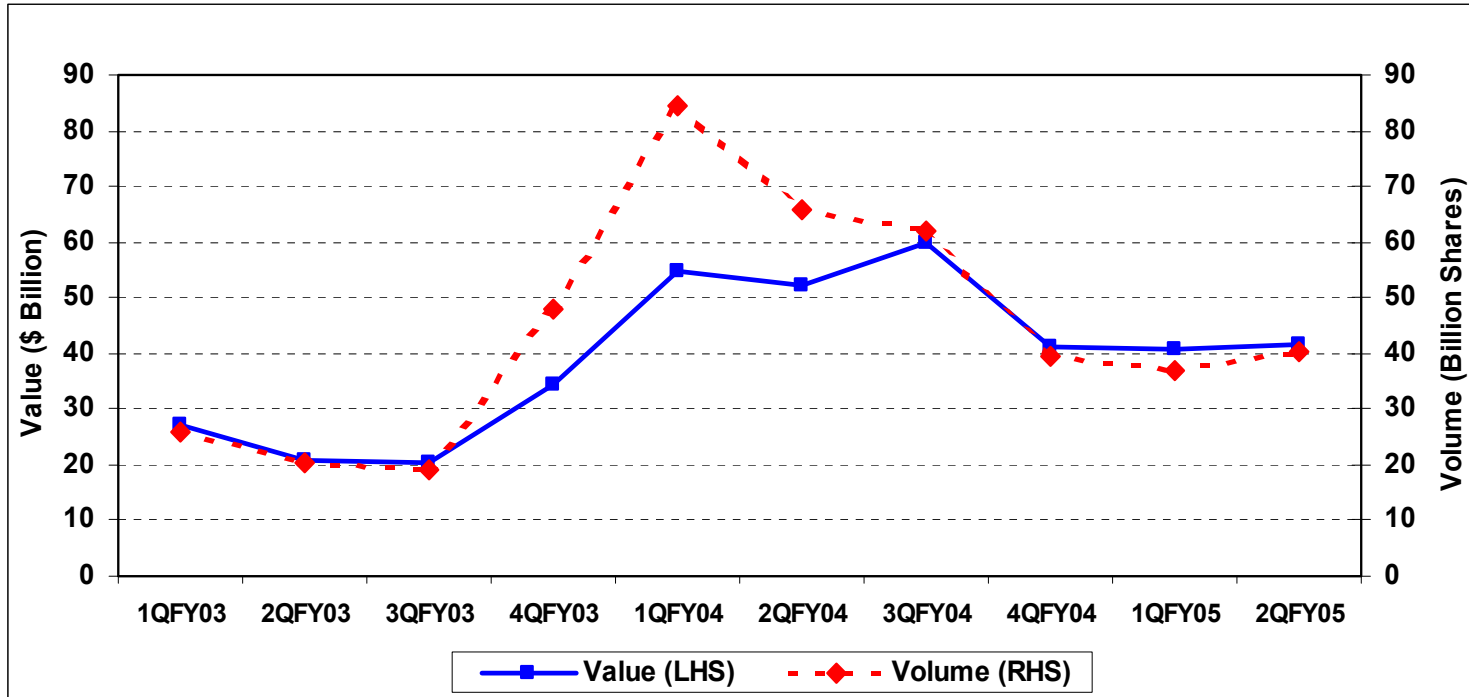
Q & A

Panel:

1. Hsieh Fu Hua, CEO
2. Seck Wai Kwong, CFO

Quarterly Securities Trading Value / Volume

(10 Quarters)



Quarterly Derivatives Trading Volume

(10 Quarters)

