

# FY2020 Analyst and Media Briefing (Webcast)

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

30 July 2020

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# Agenda

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Financial Year 2020 - Financial Highlights and Performance

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Business Update

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Questions and Answers

# Financial Year 2020

## Financial Highlights and Performance

Chng Lay Chew, Chief Financial Officer

# Financial Year 2020 Highlights

- Revenue exceeds \$1B at \$1.05B, up 16% and highest since listing
- Net profit of \$472M, up 21%; EBITDA of \$656M, up 25%
- Earnings per share – 44.1 cents, up 21%
- Proposed 4Q Dividend per share – 8.0 cents, up 0.5 cent; Total FY2020 dividend – 30.5 cents per share

## Revenue

- \$1,053M
- ↑ 16%

## Total Expenses

- \$487M
- ↑ 8%

## EBITDA

- \$656M
- ↑ 25%

## Net Profit

- \$472M
- ↑ 21%

## Currencies and Commodities

- 51.2M contracts
- ↑ 24%

## Equities- Derivatives

- 192.5M contracts
- ↓ 3%

## Equities- Cash

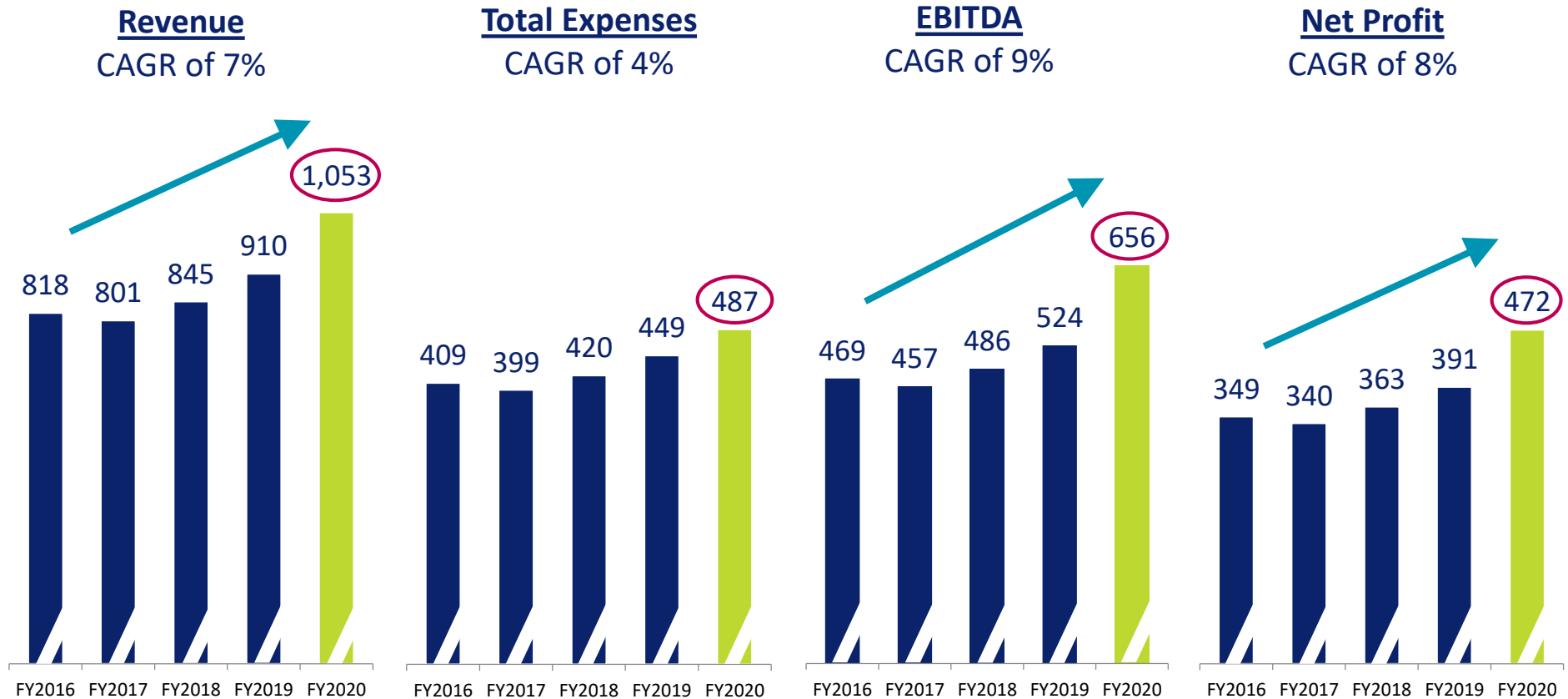
- \$332B traded value
- ↑ 28%

## Earnings Per Share

- 44.1 cents
- ↑ 21%

# Positive financial performance trend

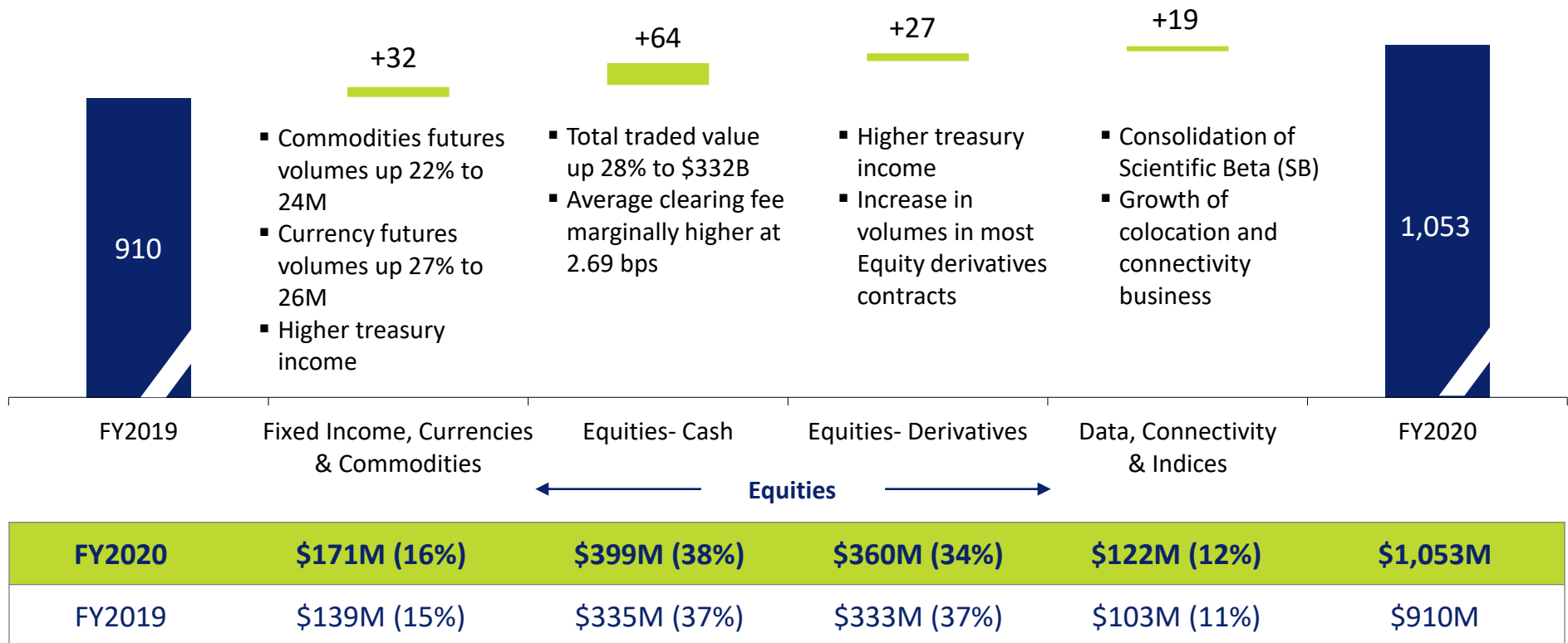
- Revenue CAGR of 7%; Net Profit CAGR of 8%
- Improving jaw ratio; Positive 7% in FY2020



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

# FY2020 Revenue up 16% to \$1,053M

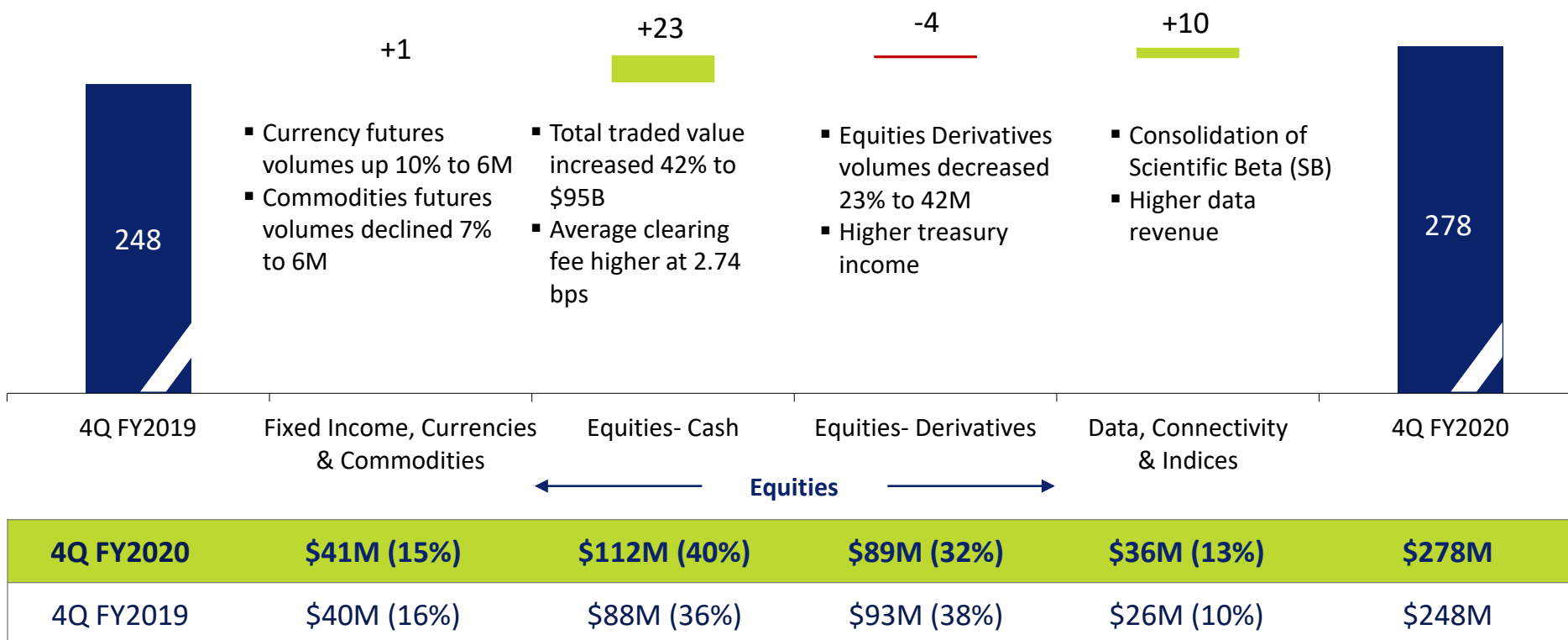
- Double digit growth across all business units - FICC up 23%; Equities up 14%; DCI up 19%
- Average fee per contract for Equity, Currency and Commodity derivatives up 8% to \$1.18



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

# 4Q FY2020 Revenue up 12% y-o-y to \$278M

- FICC revenue of \$41M, up 2%; Equities revenue of \$201M, up 11%; DCI revenue of \$36M, up 40%
- Average fee per contract for Equity, Currency and Commodity derivatives up 9% to \$1.24

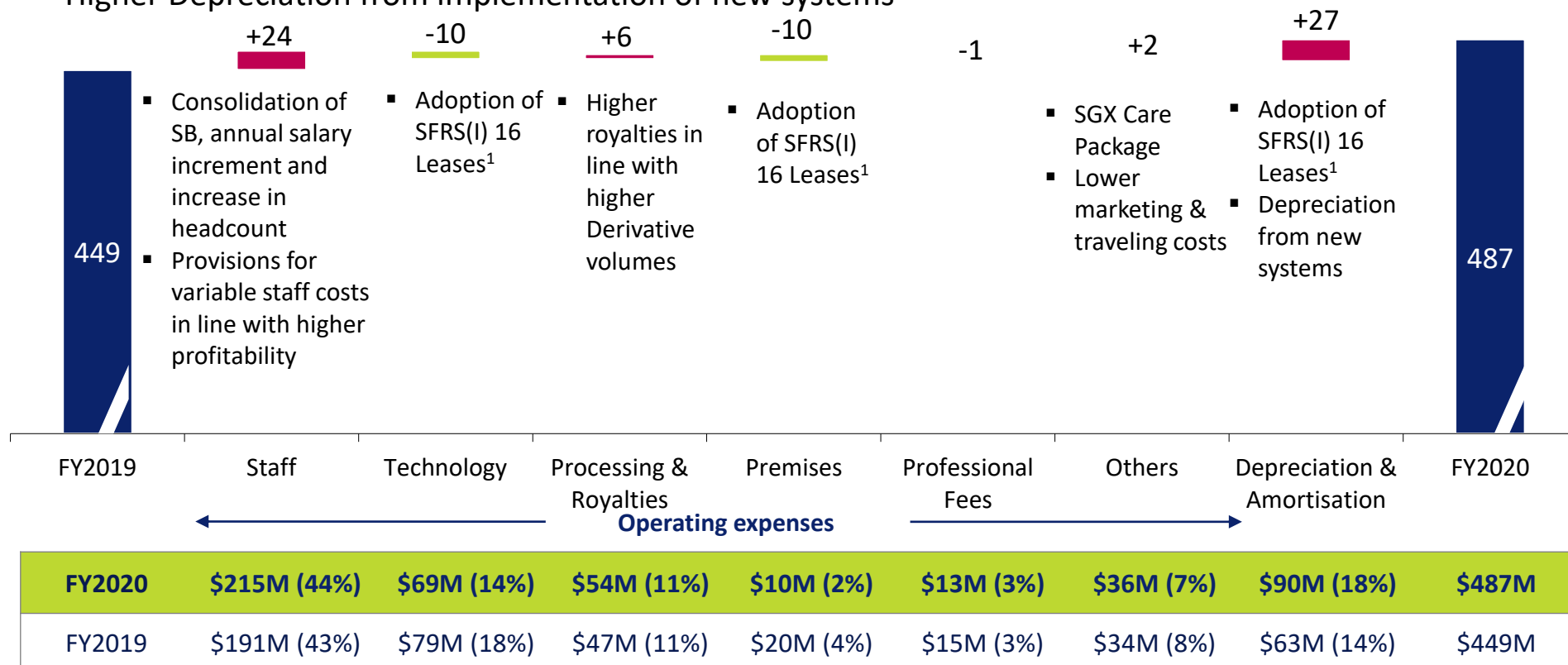


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# FY2020 Expenses up 8% y-o-y to \$487M

- Excluding Scientific Beta (SB), expenses up 6% to \$475M
- Increase in variable costs – variable staff and royalties expenses
- Higher Depreciation from implementation of new systems

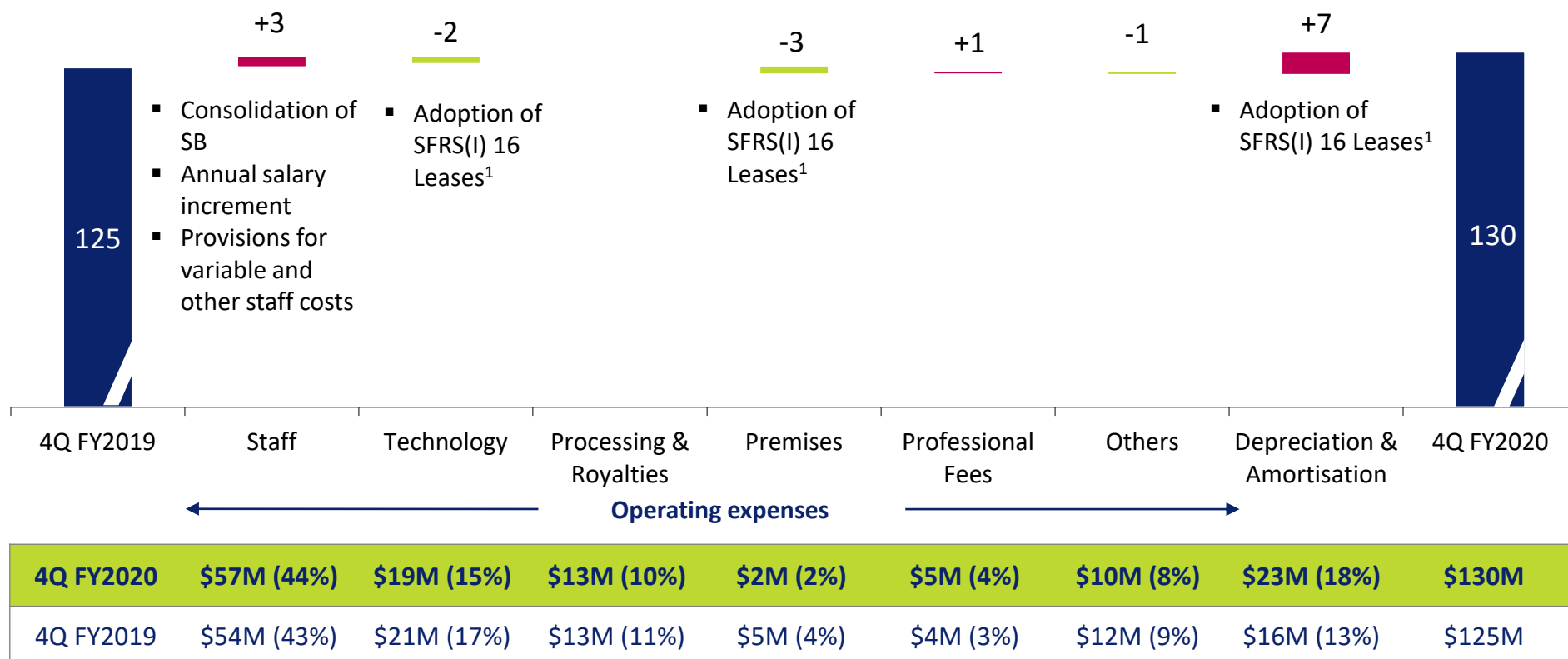


<sup>1</sup> Rental expenses relating operating leases for data centers and office premises that were recorded as technology and premises expenses respectively, are now recorded as depreciation expense and finance charges.

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# 4Q Expenses up 3% y-o-y to \$130M

- Higher staff costs which includes Scientific Beta (SB)

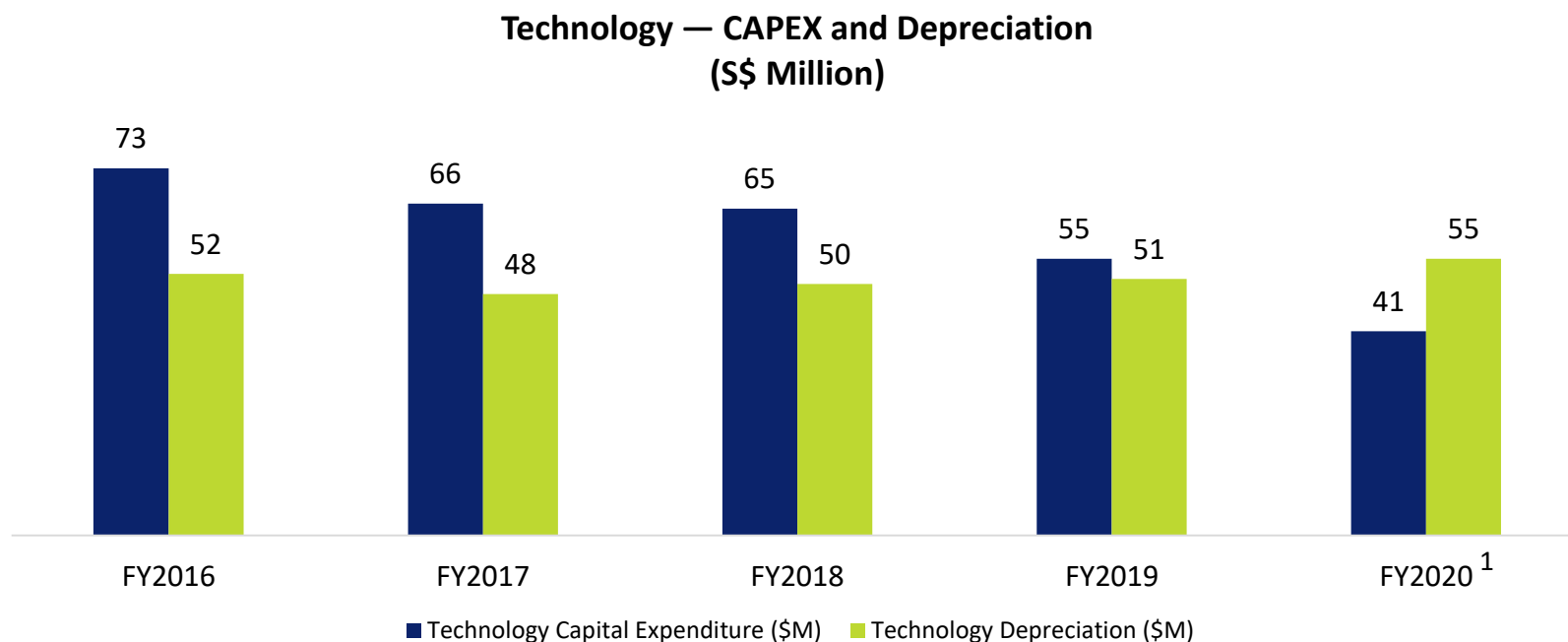


<sup>1</sup> Rental expenses relating operating leases for data centers and office premises that were recorded as technology and premises expenses respectively, are now recorded as depreciation expense and finance charges.

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## Technology investments have enabled higher capacity for growth

- Past investments advanced SGX's technology capabilities and enables higher capacity for growth
- FY2020 CAPEX of \$41M below guidance of \$45M to \$50M. Enhanced key technology infrastructure, digitalised retail investor services, and upgraded Titan OTC commodities trade reporting system.



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

<sup>1</sup> FY2020 Technology Depreciation excludes the impact of adoption of SFRS (I)16 Leases of \$7.7M.

# Capital Management

Strong balance sheet and Leverage ratios

Proposed 4Q Dividend per share – 8.0 cents, up 0.5 cent; Total FY2020 dividend – 30.5 cents per share

- SGX's capital structure now comprises both debt and equity

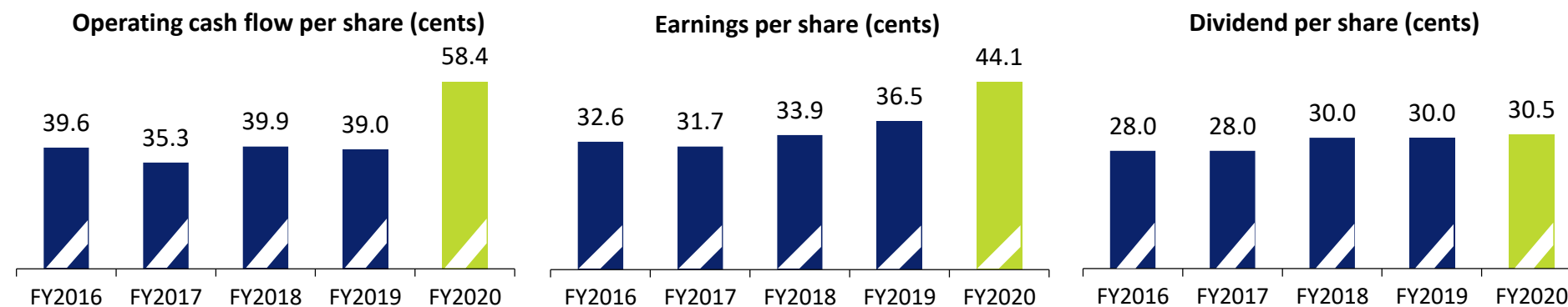
Recent Acquisitions	
Scientific Beta	BidFX
Acquisition of Scientific Beta for EUR 193M (~S\$ 300M) in January 2020 fully-funded with Euro bank loans	Acquisition of remaining stake in BidFX for US\$ 128M (~S\$ 180M) in July 2020 fully-funded with USD bank loans

- Ability to service interest expenses with EBITDA/Interest ratio of 226x
- Proposed final dividend of 8.0 cents per share for 4Q FY20, up 0.5 cent or 7%. Subject to approval at the annual general meeting to be held on 24 September 2020
- Total FY2020 dividend of 30.5 cents per share. Annualised dividend going forward will be 32 cents per share, an increase of 7% from 30 cents per share. The increase is in line with our policy to pay a sustainable and growing dividend over time, consistent with our long term growth prospects

# Robust Financial Indicators

- High EBITDA margin, operating profit margin and ROE of 62%, 54% and 40% respectively
- Dividend of 30.5 cents per share in FY2020

	FY2016	FY2017	FY2018	FY2019	FY2020
Revenue (\$ million)	818	801	845	910	1,053
EBITDA (\$ million)	469	460	486	524	656 <sup>1</sup>
EBITDA margin	57%	57%	58%	58%	62%
Operating profit (\$ million)	409	402	425	461	566
Operating profit margin	50%	50%	50%	51%	54%
Net profit (\$ million) attributable to SGX	349	340	363	391	472
Return on equity	36%	34%	34%	36%	40%



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# Business Update

Loh Boon Chye, Chief Executive Officer

# FY2020 : Accelerating Growth, Keeping our Markets Accessible

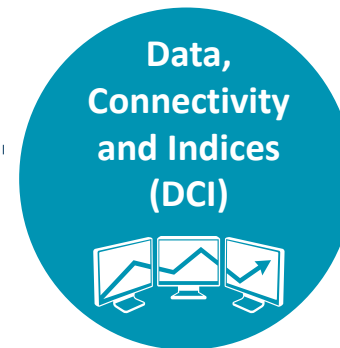
- Multi-asset** ▶ Expanded FICC and DCI pillars
- International** ▶ Increased customer adoption across our products
- Network** ▶ Maintained accessibility of our markets amid COVID-19



- Record year for FX and commodities
- Leapfrog into OTC FX with full acquisition of BidFX



- Higher trading and risk management activity
- Drove synergies between cash equities and equity derivatives through launch of new products like SSFs



- Scaled up with acquisition of Scientific Beta
- Expanded range of iEdge thematic indices



- Higher primary and secondary fund-raising activities
- Inked new partnerships with Chinese financial institutions

## FY2020 Client acquisition : Cross-selling through our global network

- Cross-selling allows us to diversify our product customer base, and deepen customer engagement
- In FY2020, ~18% of our total known customer base are New Customers<sup>1</sup>

### Accelerating growth through cross-selling

FX	7% of total FX volumes are from New Customers acquired in FY2020
Equities	9% of Indian SSF volumes are from New Customers
Commodities	Activity by financial market participants increased >35% y-o-y, as they used our iron ore contract as a macroeconomic proxy to Asia's industrial activity

### Distribution through our global network

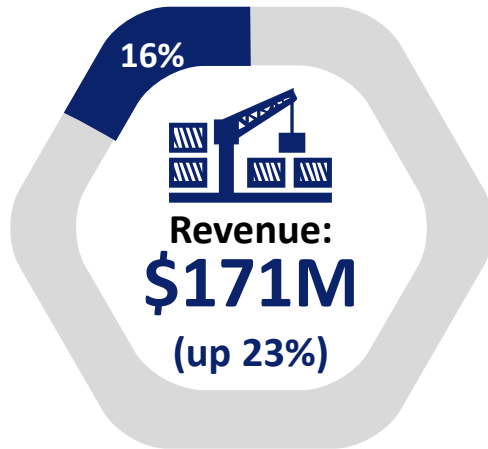
High volume per customer	33% of total derivatives volumes are from US & Europe customers; they make up 20% of total number of derivatives customers
Increase T+1 volume	Equity Derivatives total overnight (T+1) volume grew by more than 25% y-o-y 44% of Equity Derivatives overnight (T+1) volume are from US & Europe customers
Round-the-clock FX participation	FX total overnight (T+1) volume was up 53% y-o-y 38% of FX overnight (T+1) volume are from US & Europe customers

<sup>1</sup> New Customers include newly acquired customers and existing disclosed customers trading other products for the first time in FY2020

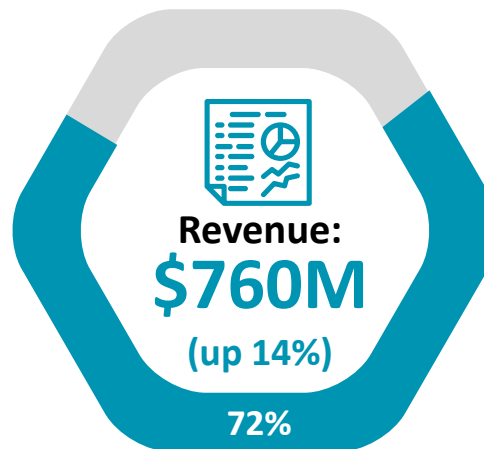


# FY2020 Performance

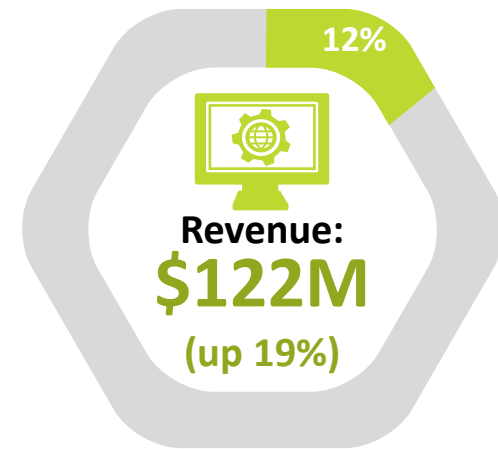
## Fixed Income, Currencies & Commodities (FICC)



## Equities



## Data, Connectivity & Indices (DCI)



- Total revenue of >\$1.0 billion, highest since listing
- Achieved double-digit growth in all business segments under a new organisational structure
- Leveraged on our global network and partnerships to engage and acquire new customers

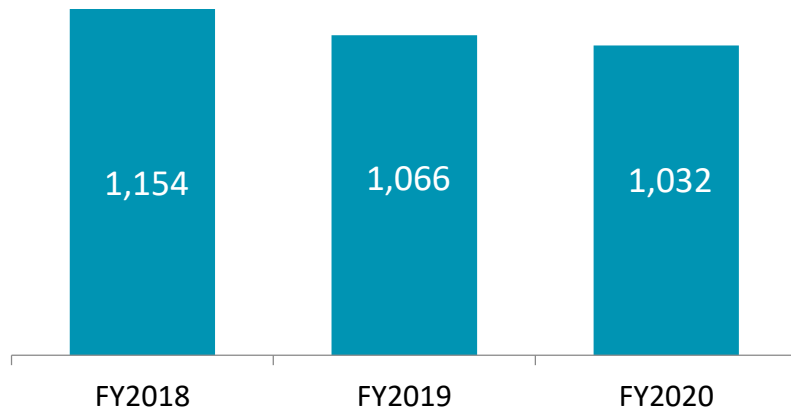
Note: All figures may be subject to rounding

# FICC – Fixed Income

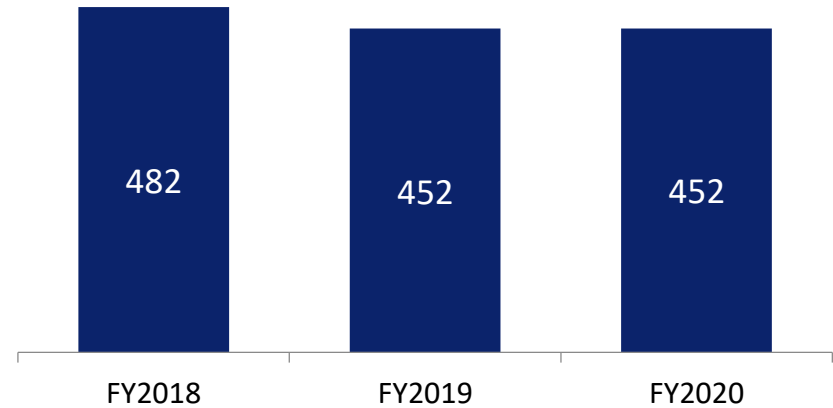
**FICC**  
**\$171M ↑ 23% y-o-y**

- Number of new bond listings at 1,032, down 3%
- Total bond amounts issued at \$452B, comparable
- Attracted more bond issuers from North America, Latam, and India

**No. of New Bond listings**



**Total Bonds Amount Issued (\$B)**



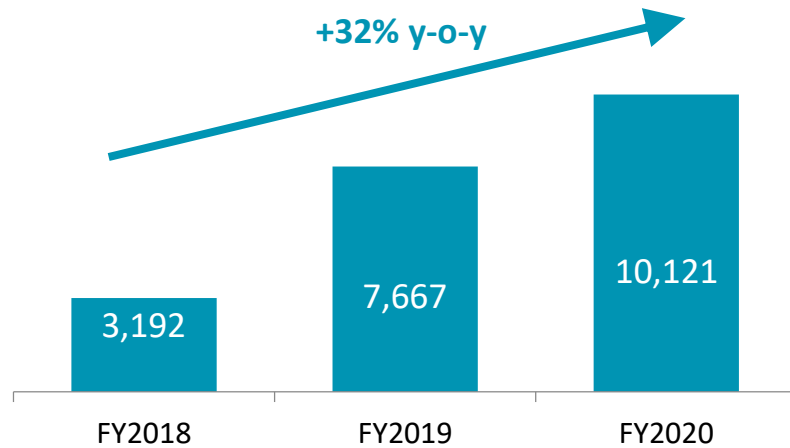
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# FICC – Currencies

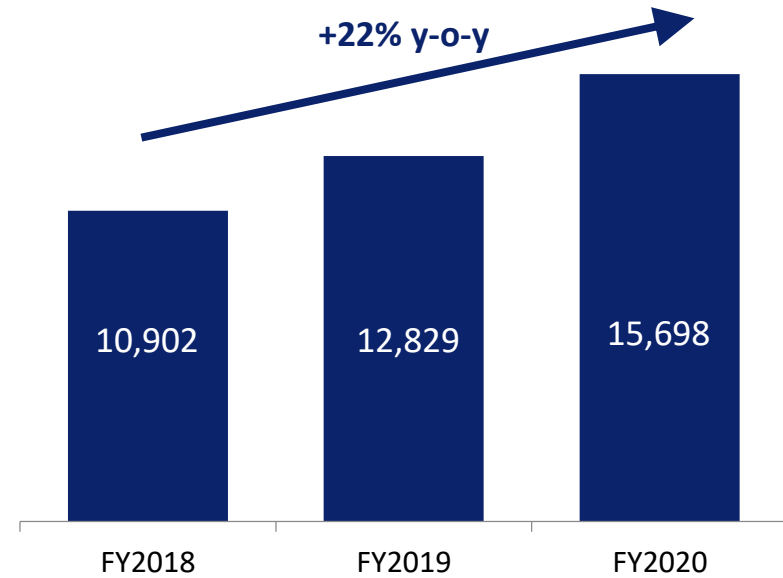
**FICC**  
**\$171M ↑ 23% y-o-y**

- Currencies volume up 27% to 26.4M contracts
- Notional value traded increased 28% to US\$1.46T
- Overnight T+1 volume increased 53%, contributing to ~28% of total currency volumes

USD/ CNH Volume ('000 contracts)



INR/ USD Volume ('000 contracts)



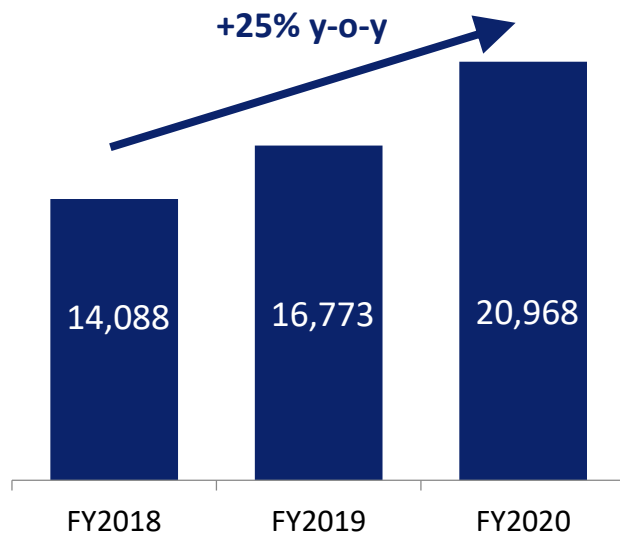
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# FICC – Commodities

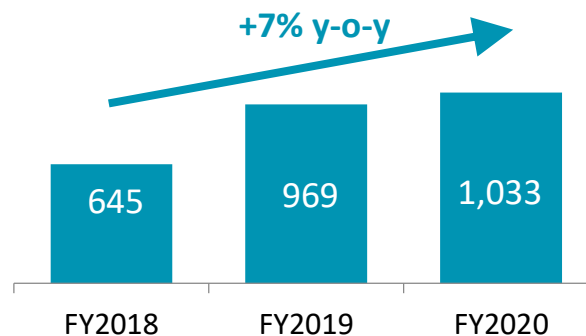
**FICC**  
**\$171M ↑ 23% y-o-y**

- Iron ore volumes up 25% y-o-y to 21.0M contracts
- Established global benchmark with over 98% market share
- Financialisation: >35% of commodities volumes from financial market participants
- Screen trading grew 12% to contribute 19% of total Iron Ore volumes

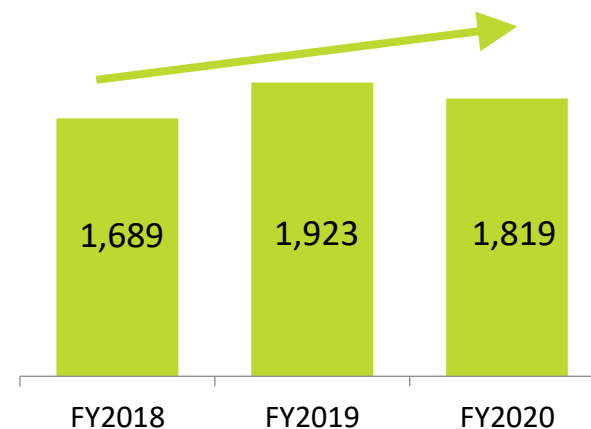
**Iron Ore Derivatives Volume**  
 ('000 contracts)



**Freight Derivatives Volume**  
 ('000 contracts)



**Rubber Futures Volume**  
 ('000 contracts)



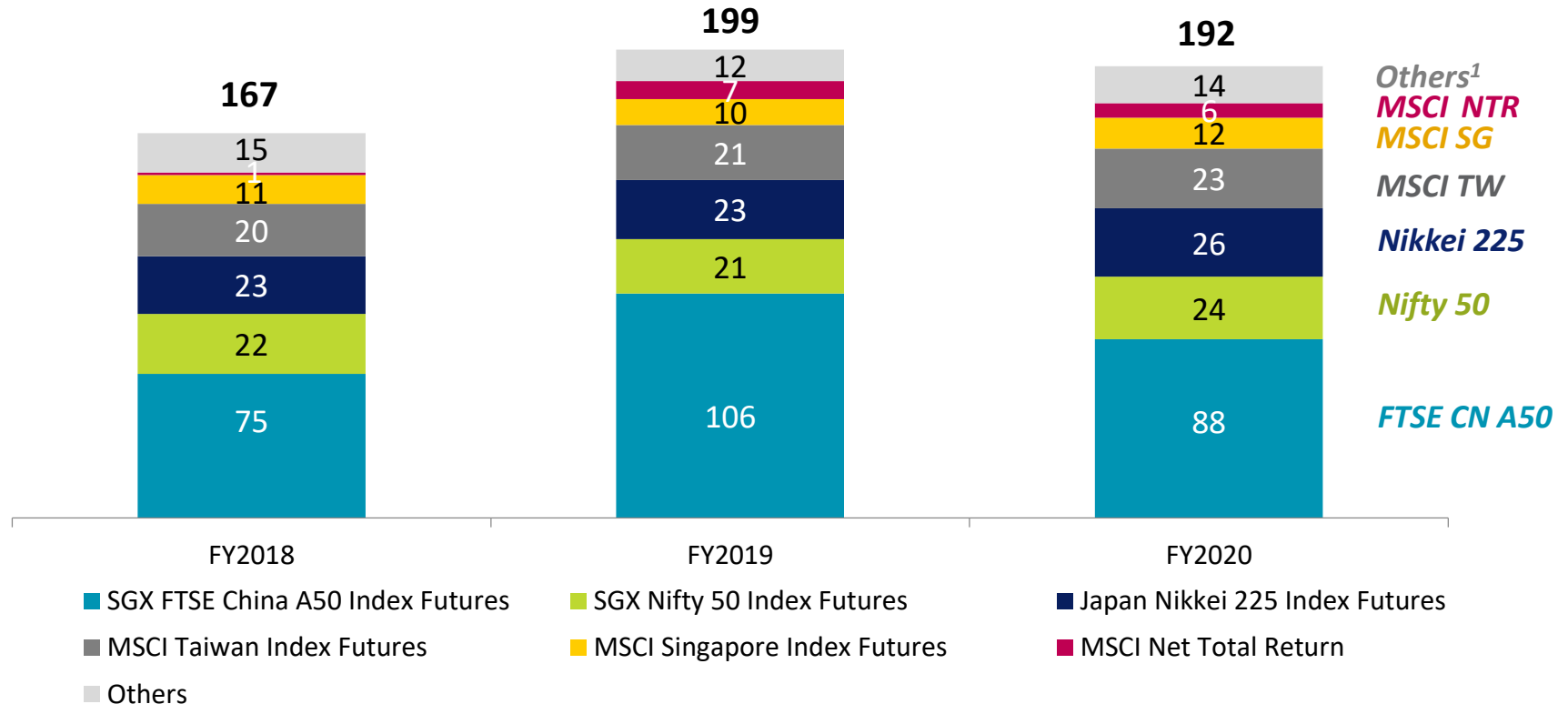
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# Equities – Equity Derivatives

**Equities**  
**\$760M up 14% y-o-y**

- Equity derivatives down 3% y-o-y. Higher volumes in MSCI SG, NK 225, Nifty 50, and MSCI Taiwan futures, offset by lower volumes in our FTSE China A50 futures.
- Overnight T+1 volumes increased >25%, contributing to ~17% of total equity derivatives volumes

**Equity Derivatives Volume (M contracts)**

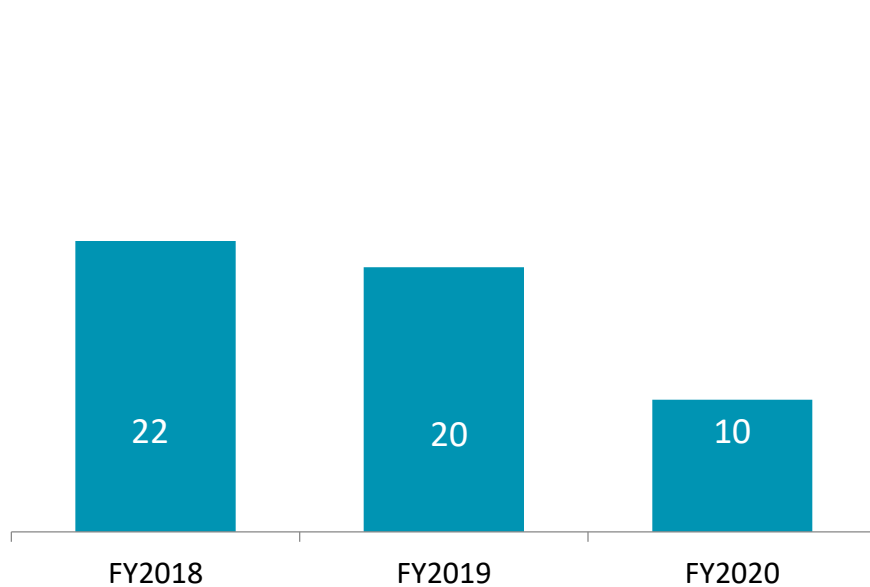


# Equities – Cash Equities Listings

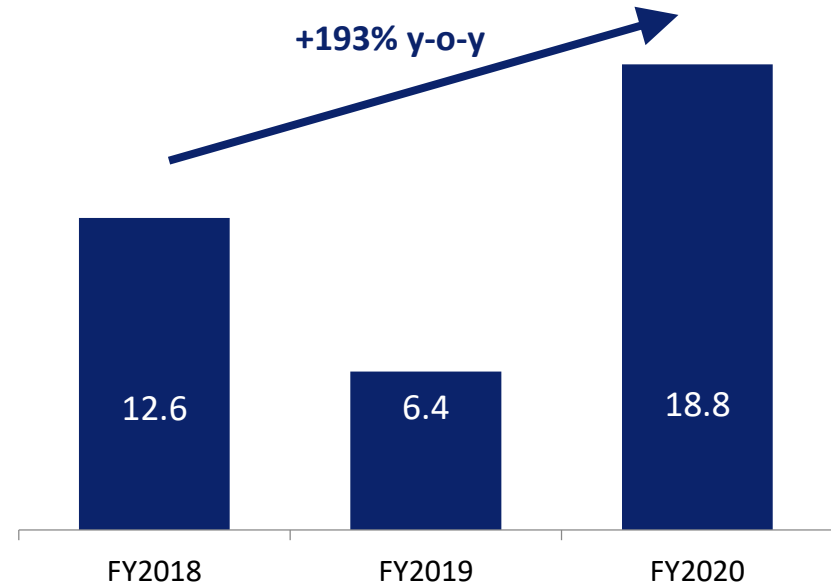
**Equities**  
**\$760M up 14% y-o-y**

- Listing revenue at \$35M, down 4%
- IPO funds raised \$2.3B in FY2020, up from \$1.7B a year ago
- Secondary equity funds raised \$16.5B, up from \$4.7B a year ago

No. of New Equity Listings



Total Equity Funds Raised (\$B)



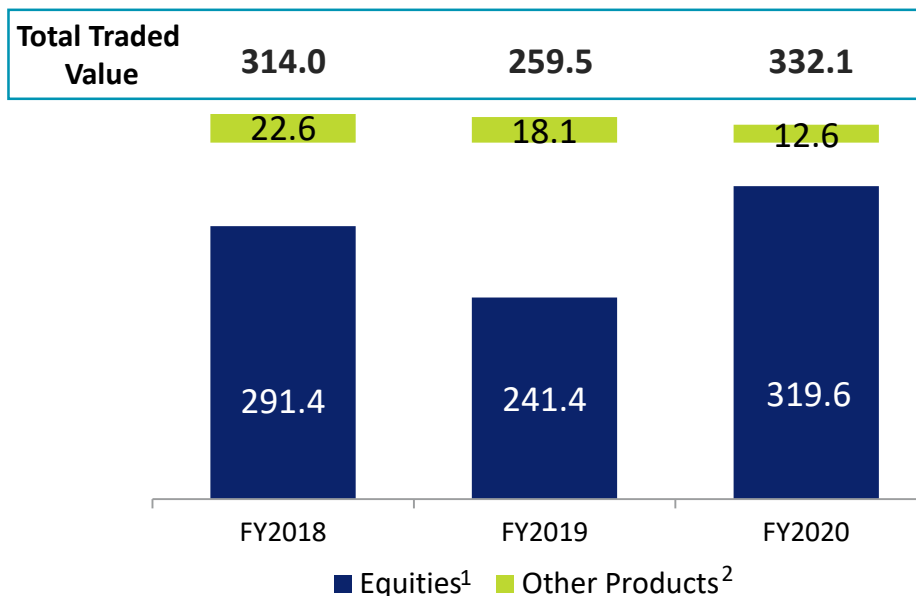
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# Equities – Cash Equities Trading & Clearing

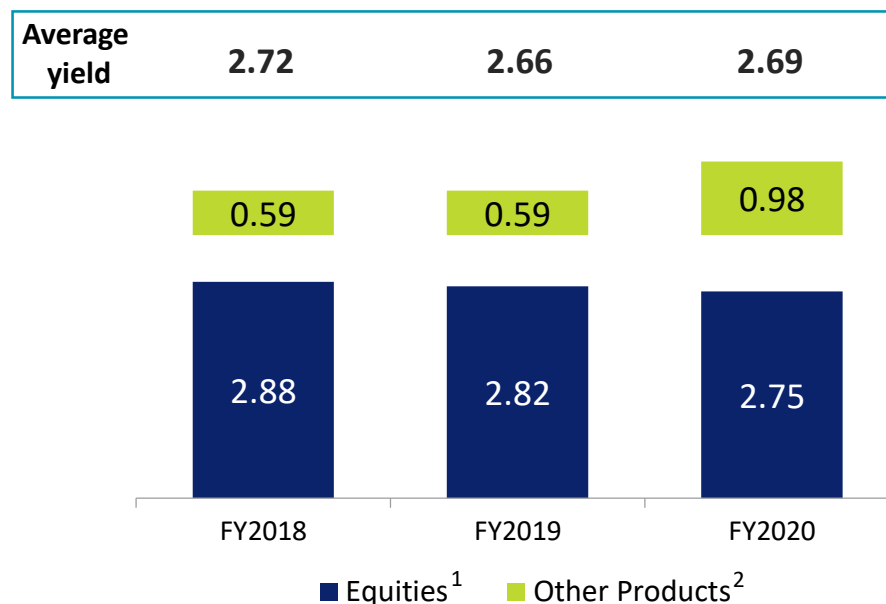
**Equities**  
**\$760M up 14% y-o-y**

- Higher activity from all customer segments
- Total traded value increased by 28% to \$332.1B
- Average Clearing Fee for Securities up from 2.66bps to 2.69bps

**Securities Total Value Traded (\$B)**



**Average Clearing Fee by Products (bps)**



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

<sup>1</sup> Equities include ordinary shares, real-estate investment trusts and business trusts

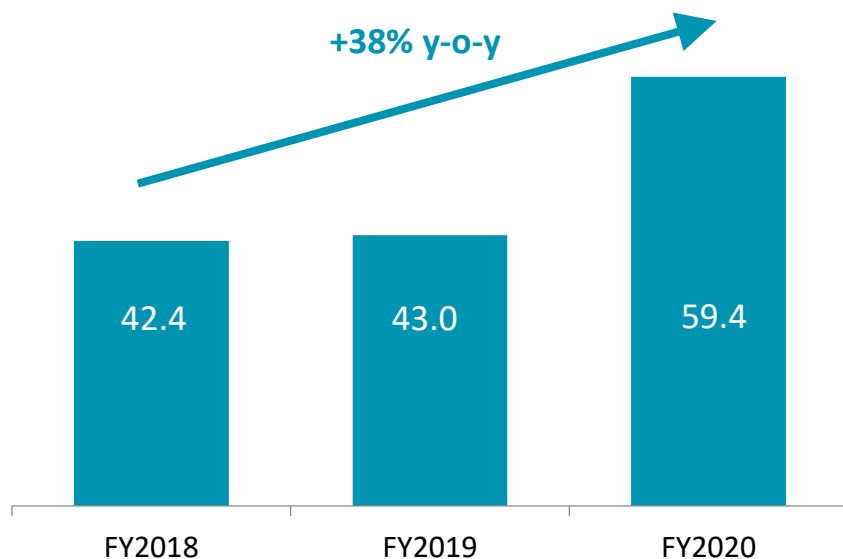
<sup>2</sup> Other products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities, and American depository receipts

# Data, Connectivity & Indices

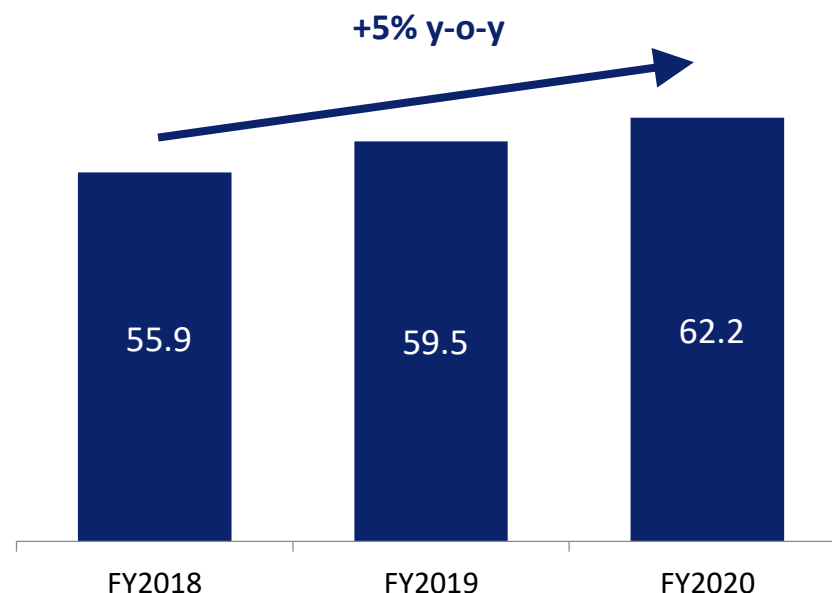
**Data, Connectivity & Indices**  
**\$122M ↑ 19% y-o-y**

- Market data and Indices revenue up 38% to \$59M
- Revenues from Scientific Beta (SB) since February of \$14M
- Connectivity revenue up 5% to \$62M from continued growth in colocation services business and increase in derivatives connectivity subscriptions
- Scientific Beta to develop smart green solutions for climate risk management

Market Data and Indices Revenue (\$M)



Connectivity Revenue (\$M)



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



# Expense guidance for FY2021

## Total Expense

Projected to be between **\$535 million** and **\$545 million**. Excluding costs associated with Scientific Beta and BidFX, total expenses would be lower by \$15 million

## Capital Expenditure

Projected to be between **\$55 million** and **\$60 million**. The increase is due to capital expenditure of BidFX, excluding which capital expenditure would be lower by \$11 million

# FY2021 : Advancing to the next phase of our multi-asset strategy with our customers

- Continued underlying growth from developing investment and risk management solutions for our customers
- **FICC** – Integrated FX platform; **Equities** – New and expanded suite; **DCI** – New SB and iEdge index development; **GSO** – Cross-selling and growth through partnerships
- Investment and risk management activities likely to continue. Driven by prolonged low interest rates, escalating geopolitical tensions between US and China, and economies' differing pace of recovery from COVID-19, whilst market activity could ease from the high of 2H FY2020.

## FICC

- Platform for OTC and on-exchange FX through BidFX
- Build Asian NDF volume and G10 Spot and Swaps
- Financialisation of our commodities suite

## Equities

- Expand suite of Equity Derivatives
- Develop ESG-related investment opportunities
- More single stock futures and structured products

## DCI

- New indices in sustainable capital and finance
- Expand range of iEdge and Scientific Beta thematic indices

## GSO

- New customer acquisition and cross-selling
- Grow distribution through partnerships
- Targeted sales strategy

# Questions and Answers Panel

*Loh Boon Chye, Chief Executive Officer*

*Chng Lay Chew, Chief Financial Officer*

*Ng Yao Loong, Deputy Chief Financial Officer*

*Lee Beng Hong, Head of Fixed Income, Currencies & Commodities*

*Michael Syn, Head of Equities*

*Ng Kin Yee, Head of Data, Connectivity & Indices*

*Chew Sutat, Head of Global Sales & Origination*

*Agnes Koh, Chief Risk Officer*

*Tan Boon Gin, CEO of SGX RegCo*

