



News Release

24 April 2020

SGX reports 3Q FY2020 net profit of S\$138 million

3Q FY2020 Financial Summary

- Revenue: S\$296 million, up 29% from a year earlier
- EBITDA: S\$186 million, up 39%
- Net profit: S\$138 million, up 38%
- Earnings per share: 12.8 cents, up 38%
- Interim dividend per share: 7.5 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 FY2020 net profit of S\$137.5 million (S\$99.7 million), with revenues of S\$295.8 million (S\$228.8 million). EBITDA stood at S\$186.2 million (S\$134.2 million), while earnings per share was 12.8 cents (9.3 cents). The Board of Directors has declared a dividend of 7.5 cents (7.5 cents) per share, payable on 13 May 2020.

Loh Boon Chye, Chief Executive Officer of SGX, said, “Amid the COVID-19 pandemic, our priority is to keep SGX’s markets relevant, resilient and fully accessible round-the-clock, to serve the heightened demand from market participants for risk management solutions and investment opportunities across our asset classes. Our expanded geographical footprint has helped to support our US and European clients trading outside of Asian trading hours, whose activity has grown to 20% of total derivatives volumes.”

“With uncertainty around the eventual economic and financial impact of COVID-19 and path to recovery, these elevated levels of volatility are likely to be prolonged. We value the support of our industry partners and stakeholders; together, we will continue to enable efficient risk and portfolio management for investors and clients, and help businesses raise capital,” added Mr Loh.

From FY2021 (1 July 2020) onwards, SGX will adopt half-yearly financial reporting, with dividends continued to be paid on a quarterly basis. Mr Loh elaborated, “SGX is committed to paying dividends on a quarterly basis, even with semi-annual financial reporting. We will also continue to publish our monthly market statistics reports which provide timely updates on our markets and products.”

Results Summary

Fixed Income, Currencies and Commodities (FICC)

FICC revenue – comprising **Fixed Income** as well as **Currencies and Commodities – Derivatives** revenues – increased 23% to S\$45.5 million (S\$37.0 million), and accounted for 15% (16%) of total revenue.

Fixed Income revenue rose by 24% to S\$4.0 million (S\$3.2 million).

- Listing revenue: S\$3.1 million, up 29% from S\$2.4 million
- Corporate actions and other revenue: S\$0.9 million, up 11% from S\$0.8 million

There were 325 (276) bond listings raising S\$135.8 billion (S\$133.6 billion).

Currencies and Commodities – Derivatives revenue increased 23% to S\$41.5 million (S\$33.7 million), accounting for 14% (15%) of total revenue.

- Trading and clearing revenue: S\$28.8 million, up 29% from S\$22.3 million
- Treasury and other revenue: S\$12.7 million, up 11% from S\$11.4 million

Trading and clearing revenue grew as commodities futures volumes increased 34% to 7.0 million contracts (5.2 million contracts), driven primarily by increased volumes in our iron ore derivatives contracts. Currency futures volume also increased 45% to 7.8 million contracts (5.5 million contracts).

Treasury and other revenue increased mainly due to higher treasury income from the management of margin balances. Margin balances grew from higher open interest as customers used our currency and commodity derivatives contracts for portfolio risk management.

Equities

Equities revenue – comprising **Equities – Cash** as well as **Equities – Derivatives** revenues – rose 31% to S\$217.3 million (S\$165.7 million), accounting for 73% (72%) of total revenue.

Equities – Cash revenue increased 38% to S\$111.3 million (S\$80.4 million), accounting for 38% (35%) of total revenue.

- Listing revenue: S\$8.9 million, down 4% from S\$9.3 million
- Corporate actions and other revenue: S\$6.2 million, down 4% from S\$6.5 million
- Trading and clearing revenue: S\$67.9 million, up 65% from S\$41.1 million
- Securities settlement and depository management revenue: S\$25.8 million, up 21% from S\$21.4 million
- Treasury and other revenue: S\$2.6 million, up 17% from S\$2.2 million

There were 5 (5) new equity listing which raised S\$701.5 million (S\$38.6 million). Secondary equity funds raised were S\$478.9million (S\$543.5 million).

Daily average traded value (DAV) increased 58% to S\$1.61 billion (S\$1.02 billion). Total traded value increased by 63% to S\$101.4 billion (S\$62.3 billion). This was made up of Cash Equities¹, where total traded value increased by 64% to S\$96.6 billion (S\$58.9 billion), and Other Products², where traded value increased 39% to S\$4.8 billion (S\$3.5 billion). There were 63 (61) trading days in the quarter.

Average clearing fees for Cash Equities was comparable at 2.79 basis points (2.80 basis points). Average clearing fees for Other Products increased 1.21 basis points (0.58 basis points) due to increased activity from higher yielding exchange-traded funds. Overall turnover velocity was 57% (36%).

Securities settlement and depository management revenue increased mainly due to higher subsequent settlement activities.

Equities – Derivatives revenue increased 24% to S\$106.0 million (S\$85.3 million), accounting for 36% (37%) of total revenue.

- Trading and clearing revenue: S\$65.0 million, up 26% from S\$51.6 million
- Treasury, licence and other revenue: S\$41.0 million, up 22% from S\$33.6 million

1. Cash 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.

Clearing revenue increased as equity derivatives volume increased 24% to 61.5 million contracts (49.5 million contracts). This was mainly due to higher volumes in our Nikkei 225, MSCI Taiwan, and Nifty 50 index futures contracts.

Treasury and other revenue increased mainly due to higher treasury income. Treasury income increased mainly due to higher margin balances, which grew from higher open interest as customers used our equity derivatives contracts for portfolio risk management.

Data, Connectivity and Indices

Data, Connectivity and Indices revenue increased 26% to S\$33.0 million (S\$26.1 million), accounting for 11% (11%) of total revenue.

- Market data and indices revenue: S\$17.2 million, up 53% from S\$11.2 million
- Connectivity revenue: S\$15.8 million, up 7% from S\$14.9 million

Market data and indices revenue increased mainly due to the consolidation of revenues from Scientific Beta Pte. Ltd. (Scientific Beta), which was acquired in January 2020. Scientific Beta contributed revenues of S\$5.9 million during the quarter.

Connectivity revenue increased 7% from higher derivatives connectivity and continued growth of our colocation services business.

Total expenses – comprising operating expenses, and depreciation and amortisation – increased by 20% to S\$132.9 million (S\$110.6 million).

Operating expenses increased 16% to S\$109.6 million (S\$94.6 million) mainly due to higher staff costs, which include staff costs of Scientific Beta; cost associated with the SGX Care Package for COVID-19 related support; and an increase in processing and royalties expenses. The average headcount for the quarter was 877 (823), which includes 33 staff of Scientific Beta.

Technology-related capital expenditure was S\$7.8 million (S\$10.3 million). These investments were mainly for the development of our fixed income trading platform, the digitalisation of retail investor services and overall enhancements to our key infrastructure.

In view of the higher market activity, introduction of the SGX Care Package, and our recent acquisition of Scientific Beta, our FY2020 operating expense guidance of between S\$465 million and S\$475 million will be revised to between S\$485 million and S\$495 million.

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Financial Highlights

<i>\$ million, except where indicated</i>	3Q FY2020	3Q FY2019	Change 3Q FY2020 vs 3Q FY2019	YTD FY2020	YTD FY2019	Change YTD FY2020 vs YTD FY2019
Key income statement figures						
Fixed Income, Currencies and Commodities	45.5	37.0	23%	130.2	98.6	32%
Equities	217.3	165.7	31%	558.7	486.6	15%
Data, Connectivity and Indices	33.0	26.1	26%	85.4	76.6	12%
Operating revenue	295.8	228.8	29%	774.3	661.8	17%
Operating expenses	109.6	94.6	16%	290.2	277.2	5%
Earnings before interest, tax, depreciation and amortisation	186.2	134.2	39%	484.1	384.6	26%
Depreciation and amortisation	23.4	16.0	46%	67.2	46.4	45%
Operating profit	162.9	118.2	38%	417.0	338.2	23%
Other gains	5.3	3.0	73%	11.8	10.2	16%
Profit before tax and share of results of associated companies and joint venture	168.1	121.2	39%	428.7	348.4	23%
Share of results of associated companies and joint venture	(2.4)	(0.6)	NM	(3.6)	(1.2)	NM
Profit before tax	165.7	120.6	37%	425.1	347.2	23%
Tax	28.2	21.0	34%	74.3	59.9	24%
Profit after tax	137.5	99.7	38%	350.8	287.2	22%
Profit attributable to:						
- Equity holders of the Company	137.5	99.7	38%	350.7	287.2	22%
- Non-controlling interests	<0.1	-	NM	<0.1	-	NM
Earnings per share (in cents)	12.8	9.3	38%	32.8	26.8	22%
Dividend per share (in cents)	7.50	7.50	-	15.00	15.00	-
Key financial indicators						
Revenue growth	29%	3%		17%	5%	
Cost to income ratio	45%	48%		46%	49%	
EBITA margin	63%	59%		63%	58%	
Operating profit margin	55%	52%		54%	51%	
Net profit margin	46%	44%		45%	43%	
Return on shareholders' equity	44%	37%		44%	37%	

Note: SGX's financial year is from 1 July to 30 June. Some numbers may be subject to rounding.

NM: Not meaningful

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.

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