



## News Release

30 July 2020

# SGX reports FY2020 net profit of S\$472 million

### FY2020 Financial Summary

- Revenue: S\$1.05 billion, up 16% from a year earlier
- EBITDA: S\$656 million, up 25%
- Net profit: S\$472 million, up 21%
- Earnings per share: 44.1 cents, up 21%
- Proposed final quarterly dividend: 8.0 cents per share in 4Q FY2020, up 0.5 cent per share; total dividend of 30.5 cents per share for the year

*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 FY2020 net profit of S\$472.0 million (S\$391.1 million), with revenues of S\$1,052.7 million (S\$909.8 million). EBITDA stood at S\$655.7 million (S\$523.5 million), while earnings per share was 44.1 cents (36.5 cents).

The Board of Directors has proposed a final quarterly dividend of 8.0 cents per share, payable on 9 October 2020, for approval at the forthcoming annual general meeting. Barring unforeseen circumstances, the annualised quarterly dividend going forward will be 32 cents per share, an increase of 7%. The higher quarterly dividend is in line with our policy to pay a sustainable and growing dividend over time, consistent with our long-term growth prospects.

Loh Boon Chye, Chief Executive Officer of SGX, said, “We achieved a strong performance in FY2020 with double-digit top line growth across all business units, leading to our revenue crossing the S\$1 billion mark – our highest since listing. During the year, we expanded our product range and broadened our platform capabilities, while increasing the number of global customers adopting our multi-asset products and services. We also welcomed Scientific Beta to the SGX Group and announced the acquisition of BidFX, a cloud-based front-end trading platform for currencies, to expand our FX offering.”

“In the second half of FY2020, heightened volatility in global markets saw our customers intensify their risk management and investment activities on SGX. We focused on maintaining the robustness of our ecosystem and accessibility of markets amid the COVID-19 pandemic, while accelerating our growth plans. We are now in an even stronger position to meet the needs of our clients in this current low interest rate and uncertain environment. We will also have a new and expanded suite of derivatives products, well ahead of the expiry of our non-Singapore MSCI product licences in February 2021,” he added.

Commenting on the outlook for FY2021, Mr Loh said, “Market activity could ease following heightened volumes in the second half of FY2020. However, asset prices have recovered from recent lows, and a prolonged low interest rate environment may prompt investors to turn to capital markets for alternative returns. Risk management activities could grow from continued uncertainty as geopolitical tensions between US and China escalate, and global economies recover from the COVID-19 pandemic at differing pace. More than ever, we see clients turning to SGX to manage

idiosyncratic Asian risks. Over the next few months, we will help our clients extract more benefits from our cross-asset approach, as they seek diverse solutions with higher returns, yield, cost efficiencies as well as with an ESG focus.”

## 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\$171.4 million (S\$139.0 million) and accounted for 16% (15%) of total revenue.

**Fixed Income** revenue rose by 2% to S\$12.8 million (S\$12.6 million).

- Listing revenue: S\$9.4 million, up 2% from S\$9.2 million
- Corporate actions and other revenue: S\$3.4 million, comparable

There were 1,032 bond (1,066) listings raising S\$452.1 billion (S\$451.8 billion).

**Currencies and Commodities – Derivatives** revenue increased 25% to S\$158.7 million (S\$126.4 million), accounting for 15% (14%) of total revenue.

- Trading and clearing revenue: S\$107.9 million, up 27% from S\$84.8 million
- Treasury and other revenue: S\$50.7 million, up 22% from S\$41.6 million

Trading and clearing revenue grew as commodities futures volumes increased 22% to 24.3 million contracts (19.9 million contracts), driven primarily by increased volumes in our iron ore derivatives contracts. Currency futures volume also increased 27% to 26.4 million contracts (20.8 million contracts). Treasury and other revenue increased mainly from higher treasury income that rose due to higher margin balances.

### Equities

**Equities** revenue – comprising **Equities – Cash** as well as **Equities – Derivatives** revenues – rose 14% to S\$759.7 million (S\$668.3 million), accounting for 72% (73%) of total revenue.

**Equities – Cash** revenue increased 19% to S\$399.3 million (S\$335.0 million), accounting for 38% (37%) of total revenue.

- Listing revenue: S\$35.3 million, down 4% from S\$36.6 million
- Corporate actions and other revenue: S\$29.1 million, down 6% from S\$30.8 million
- Trading and clearing revenue: S\$224.4 million, up 30% from S\$173.0 million
- Securities settlement and depository management revenue: S\$100.8 million, up 18% from S\$85.7 million
- Treasury and other revenue: S\$9.8 million, up 9% from S\$9.0 million

There were 10 (20) new equity listings which raised S\$2.3 billion (S\$1.7 billion). Secondary equity funds raised were S\$16.5 billion (S\$4.7 billion).

Daily average traded value (DAV) increased 26% to S\$1.32 billion (S\$1.04 billion). Total traded value increased by 28% to S\$332.1 billion (S\$259.5 billion). This was made up of Cash Equities<sup>1</sup>, where total traded value increased by 32% to S\$319.6 billion (S\$241.4 billion), and Other Products<sup>2</sup>, where traded value decreased 30% to S\$12.6 billion (S\$18.1 billion). There were 252 (250) trading days in the year.

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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.

Average clearing fees for Cash Equities declined to 2.75 basis points (2.82 basis points) due to higher participation from market makers. Average clearing fee for Other Products increased to 0.98 basis points (0.59 basis points) due to increased activity from higher yielding exchange-traded funds. Overall turnover velocity for the year was 45% (36%).

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

**Equities – Derivatives** revenue increased 8% to S\$360.4 million (S\$333.3 million), accounting for 34% (37%) of total revenue.

- Trading and clearing revenue: S\$212.0 million, up 2% from S\$207.3 million
- Treasury, licence and other revenue: S\$148.4 million, up 18% from S\$126.0 million

Clearing revenue increased mainly due to higher volumes in SGX's MSCI Singapore, Nikkei 225, Nifty 50, and MSCI Taiwan index futures contracts. This was partially offset by lower volumes in the FTSE China A50 futures contract.

Treasury and other revenue increased mainly from higher treasury income that rose due to higher margin balances.

Average fee per contract for Equity, Currency and Commodity derivatives was higher at S\$1.18 (S\$1.09) mainly due to an increase in proportion of volume from higher-fee paying customers.

### **Data, Connectivity and Indices**

**Data, Connectivity and Indices** revenue increased 19% to S\$121.6 million (S\$102.5 million), accounting for 12% (11%) of total revenue.

- Market data and Indices revenue: S\$59.4 million, up 38% from S\$43.0 million
- Connectivity revenue: S\$62.2 million, up 5% from S\$59.5 million

Market data and indices revenue increased mainly due to the consolidation of revenues from Scientific Beta Pte. Ltd., which was acquired in January 2020, excluding which, market data and indices revenue would increase by S\$2.0 million.

Connectivity revenue increased 5% mainly due to the continued growth of SGX's colocation services business, and an increase in derivatives connectivity subscriptions.

**Total expenses** – comprising operating expenses, and depreciation and amortisation – increased by 8% to S\$486.9 million (S\$448.8 million).

Operating expenses increased 3% to S\$397.0 million (S\$386.3 million) mainly from higher staff costs, processing and royalties expenses, and cost relating to the SGX Care Package. The average headcount for the year was 872 (820), including 34 staff from Scientific Beta.

Depreciation and amortisation increased 44% to S\$89.9 million (\$62.5 million) primarily from the adoption of new accounting standard SFRS(I) 16 Leases. Excluding the impact of SFRS (I) 16, depreciation and amortisation would have increased 12% to S\$69.7 million, mainly due to the amortisation of intangible assets relating to Scientific Beta, and higher depreciation from the implementation of new systems.

Technology-related capital expenditure was S\$40.6 million (S\$54.6 million). These investments were mainly for the enhancements of SGX's key technology infrastructure, digitalisation of retail investor services, and upgrades to SGX's Titan OTC commodities trade reporting system.

SGX's total expense for FY2021 is projected to be between S\$535 million and S\$545 million. The increase is due to costs associated with Scientific Beta and BidFX, excluding which, total expense would be lower by S\$15 million year-on-year. FY2021 capital expenditure is projected to be between S\$55 million and S\$60 million, as SGX continues to invest in growth. The increase is due to capital expenditure of BidFX, excluding which capital expenditure would be lower by S\$11 million.

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## Financial Highlights

<i>\$ million, except where indicated</i>	<b>FY2020</b>	<b>FY2019</b>	<b>Change</b>
<b>Key income statement figures</b>			
Fixed Income, Currencies and Commodities	171.4	139.0	23%
Equities	759.7	668.3	14%
Data, Connectivity and Indices	121.6	102.5	19%
<b>Operating revenue</b>	<b>1,052.7</b>	<b>909.8</b>	<b>16%</b>
Operating expenses	397.0	386.3	3%
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>655.7</b>	<b>523.5</b>	<b>25%</b>
Depreciation and amortisation	89.9	62.5	44%
<b>Operating profit</b>	<b>565.8</b>	<b>461.0</b>	<b>23%</b>
Other gains	7.5	13.5	(45%)
<b>Profit before tax and share of results of associated companies and joint venture</b>	<b>573.2</b>	<b>474.5</b>	<b>21%</b>
Share of results of associated companies and joint venture	(2.3)	(1.5)	53%
<b>Profit before tax</b>	<b>570.9</b>	<b>473.0</b>	<b>21%</b>
Tax	99.0	81.9	21%
<b>Profit after tax</b>	<b>472.0</b>	<b>391.1</b>	<b>21%</b>
<b>Profit attributable to:</b>			
- Equity holders of the Company	<b>471.8</b>	<b>391.1</b>	<b>21%</b>
- Non-controlling interests	<b>0.2</b>	<b>-</b>	<b>NM</b>
Earnings per share (in cents)	44.1	36.5	21%
Dividend per share (in cents)	30.50	30.00	2%
<b>Key financial indicators</b>			
Revenue growth	16%	8%	
Cost to income ratio	46%	49%	
EBITDA margin	62%	58%	
Operating profit margin	54%	51%	
Net profit margin	45%	42%	
Return on shareholders' equity	40%	36%	

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, currencies and commodities 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](http://www.sgx.com).

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