



Singapore Exchange Limited

FY2003 Annual Results

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11 September 2003

Agenda

- CEO's Message & Results Overview
- Financial Results for 12 months ended 30 June 2003
- Market Outlook
- Defend & Grow Strategy

CEO's Message



- Run the business as a business
- The basics: team, customers & market integrity
- Defend and grow from the core
- Emphasis on efficiency, cost and capital management
- Going forward – tough year but market is looking up

Results Overview

- Net profit after tax & MI up 8.1% to \$66.0MM before writedown of properties
- Net profit after tax & MI down 73.7% to \$16.0MM after writedown of properties
- Operating revenues \$218MM (down 5%)
- Operating costs \$154MM (down 7%)
- Final dividend plus special dividend

* Operating costs exclude non-recurring items and exceptional item

Financial Results for 12 months ended 30 June 2003

Income Statement



(in S\$MM)	FY 2003	FY 2002	Variance
Operating Revenue	218	229	↓ 5%
Operating Expenses	(154)	(165)	↓ 7%
Operating Profit	64	64	↑ 0.2%
Non-Operating Revenue	25	20	↑ 25%
Non-recurring Items	(12)	(7)	↑ 75%
Exceptional Item	(50)	-	NA
Net Profit Before Tax	28	77	↓ 64%
Tax	(15)	(19)	↓ 22%
Net Profit After Tax	13	58	↓ 78%
NPAT & MI	16	61	↓ 74%
NPAT & MI (Before Exceptional Item)	66	61	↑ 8.1%

- 1. Securities clearing fees
- 2. Account maintenance & processing fees
- 3. Derivatives clearing fees & related income

- 1. Staff costs
- 2. Occupancy costs
- 3. Depreciation

Gains in fixed income portfolio due to lower interest rates

- 1. Redundancy costs
- 2. Provision for surplus leased premises
- 3. One-time contribution to MAS Fund
- 4. Provision for closures

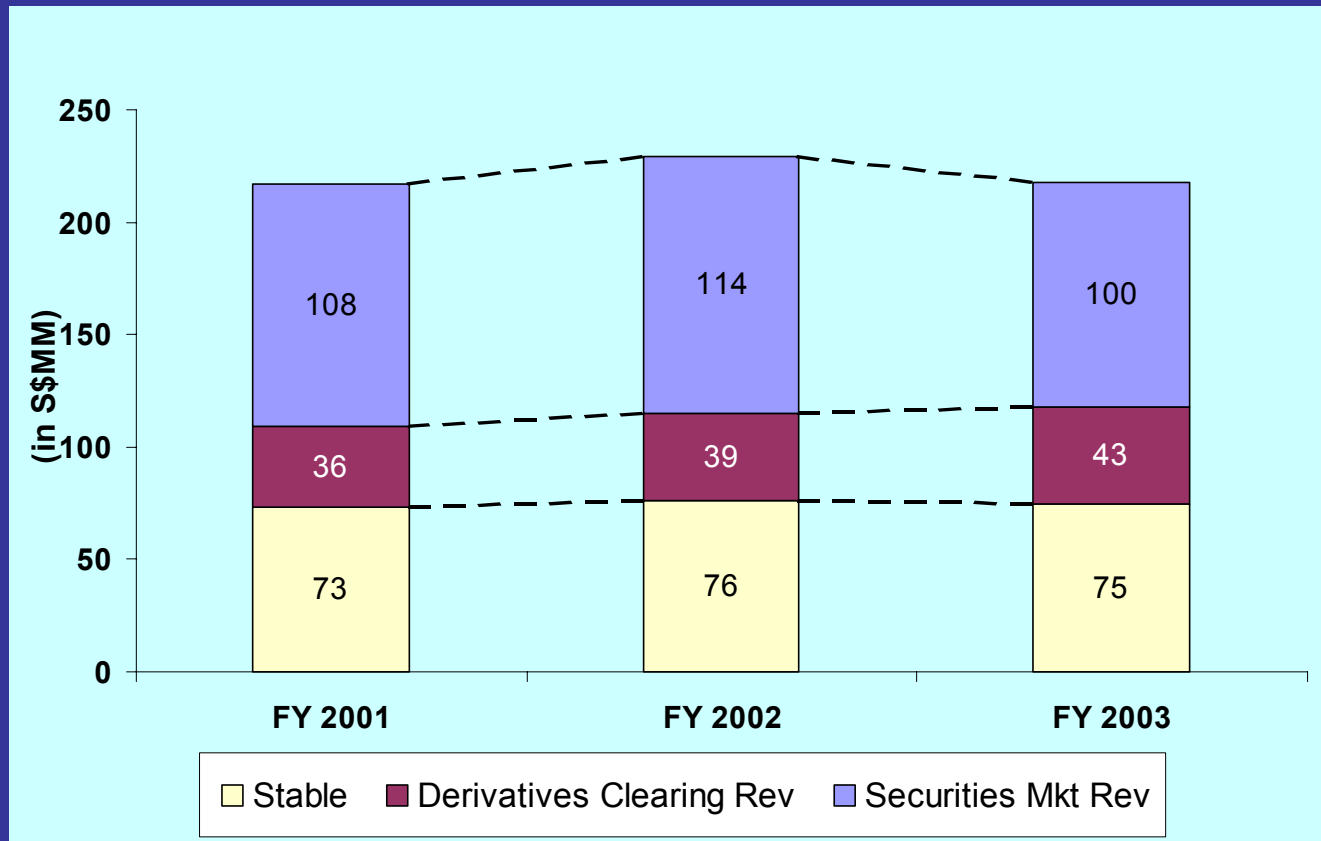
Impairment loss on properties

Deferred tax benefits

Breakdown of Operating Revenue



Increasing importance of derivatives and stable income



* Securities market revenue includes clearing fees and account maintenance & processing fees
Stable revenue includes all other securities and derivatives revenues

Operating Expenses



(in S\$MM)	FY 2003	FY 2002	Variance
Staff Costs	65	75	↓ 12%
Occupancy Costs	17	18	↓ 5%
System Maintenance & Rental	21	19	↑ 11%
Depreciation	22	24	↓ 6%
Other Operating Expenses	28	29	↓ 3%
Total	154	165	↓ 7%

1. Headcount down from 761 to 741; now 651
2. Bonuses

- Property tax
- Lower in FY2003
 - Overprovision of prior years

Rental of computer equipment and system maintenance services

Fully depreciated assets

Excludes exceptional item i.e. impairment loss on properties

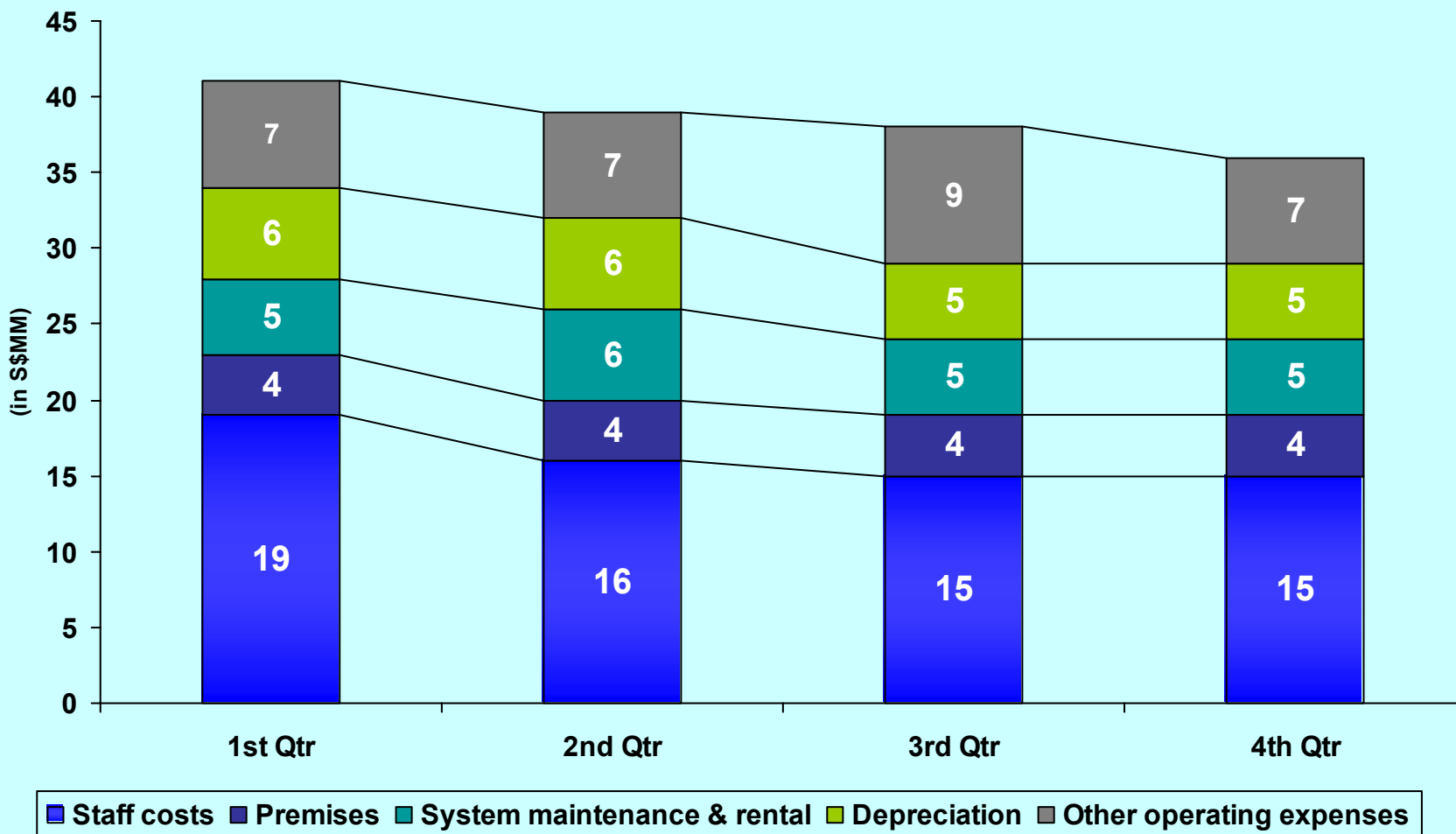
Excludes non-recurring items including:

1. Redundancy costs
2. Provision for surplus leased premises
3. One-time contribution to MAS Market Development Fund
4. Provision for closure

Operating Expenses



Moderating cost base over the year



Excludes non-recurring items & exceptional item including: Redundancy costs, provision for surplus leased premises, one-time contribution to MAS Market Development Fund and Provision for closure, impairment loss on property

Biting the Bullet



• Closure of SGX America	\$0.7MM
• Closure of Asia Converge	\$0.7MM
• Redundancy Costs	\$4.1MM
• Provision for leased premises	\$3.0MM
• Properties writedown	\$50.0MM
• Liquidation of \$340.5MM Managed Portfolio in July 03	\$3.0MM
• Reduction of capital base (proposed total dividend)	\$300MM

FY 2003 Total Dividend



A good year for shareholders

(Cents Per Share)	Interim	Proposed		Total
		Final	Special	
Gross Dividend	3.00	3.50	34.00	40.50
Tax @ 22%	0.66	0.77	7.48	8.91
Net Dividend	2.34	2.73	26.52	31.59
Book Closure Date		30 Oct 03	30 Oct 03	
Payment Date		12 Nov 03	12 Nov 03	

* Subject to shareholders approval at the AGM and EGM on 22 October 2003

Proposed Special Dividend



Aggregate of S\$270.6MM to be returned, after considering ...

- Prudential Risk Capital
- Capital Investments
- FY 2003 Proposed Final Dividend
- Ability to pass S44 tax credit to shareholders

Financial ratios



	FY 2003	FY 2002
Operating Profit Margin ⁽¹⁾	↑ 31.7%	28.9%
Cost-to-Income ⁽²⁾	↓ 68.3%	71.1%
Return on Equity ⁽³⁾	↑ 9.2%	8.0%
Net Dividend Payout ⁽⁴⁾	77%	93%
Dividend Per Share		
• Gross	6.5 cents	7.3 cents
• Net	5.07 cents	5.69 cents

(1) Excludes non-recurring items

(2) Operating costs / Operating revenue; excludes non-recurring items and exceptional item

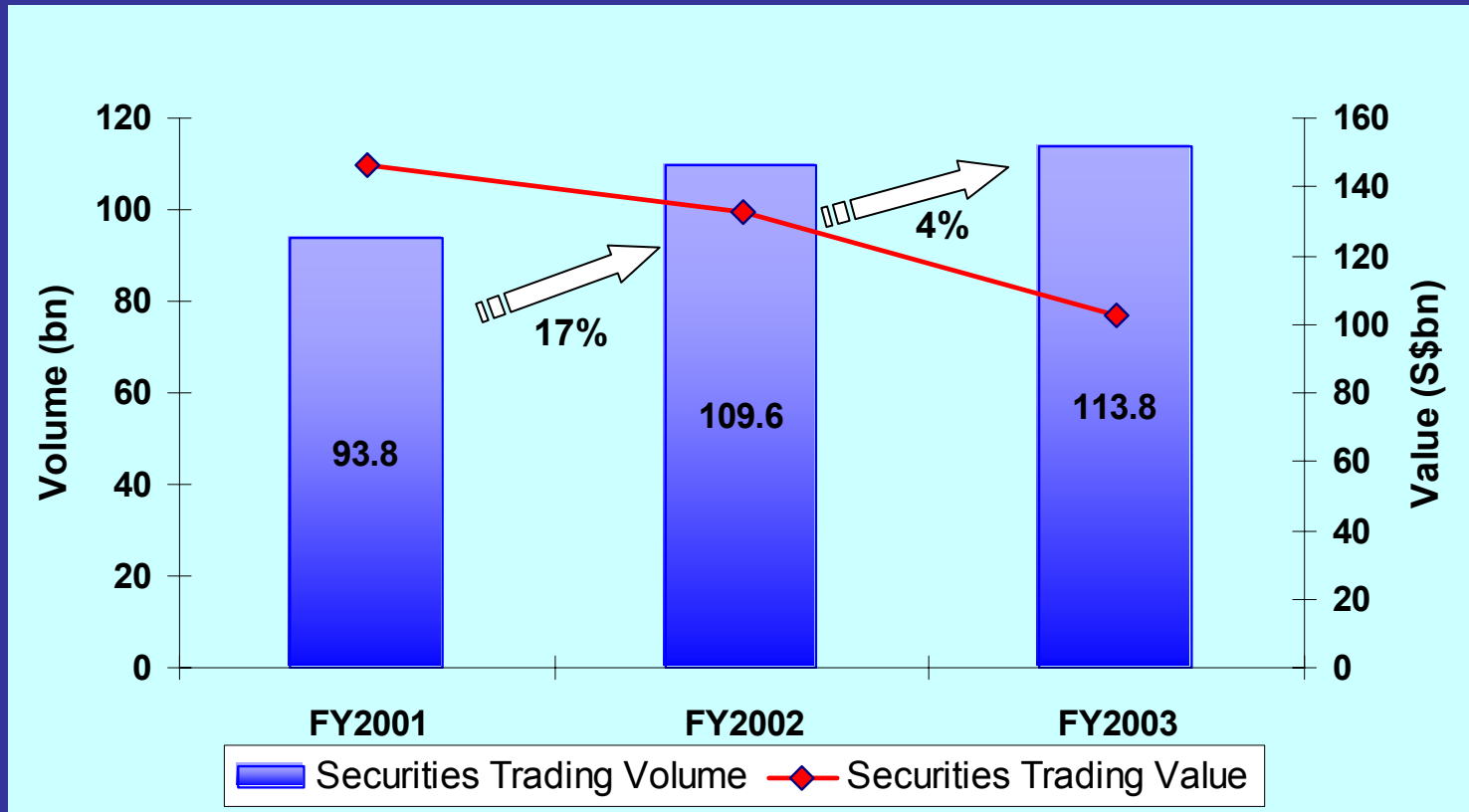
(3) Excludes non-recurring items & exceptional item

(4) Excludes proposed special dividend and exceptional item

Market Outlook

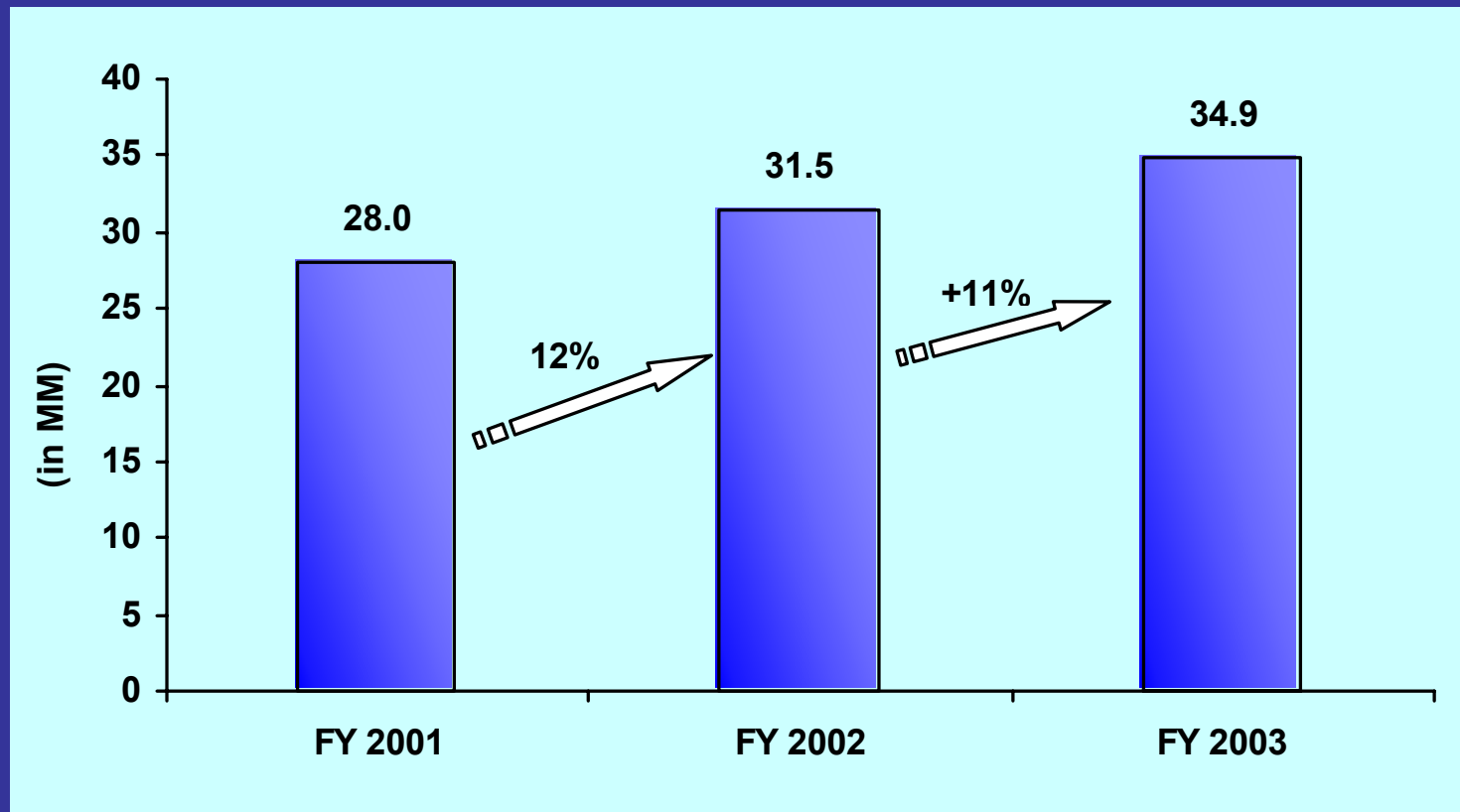
Securities trading is recovering

Despite challenging market conditions, revenues remain intact

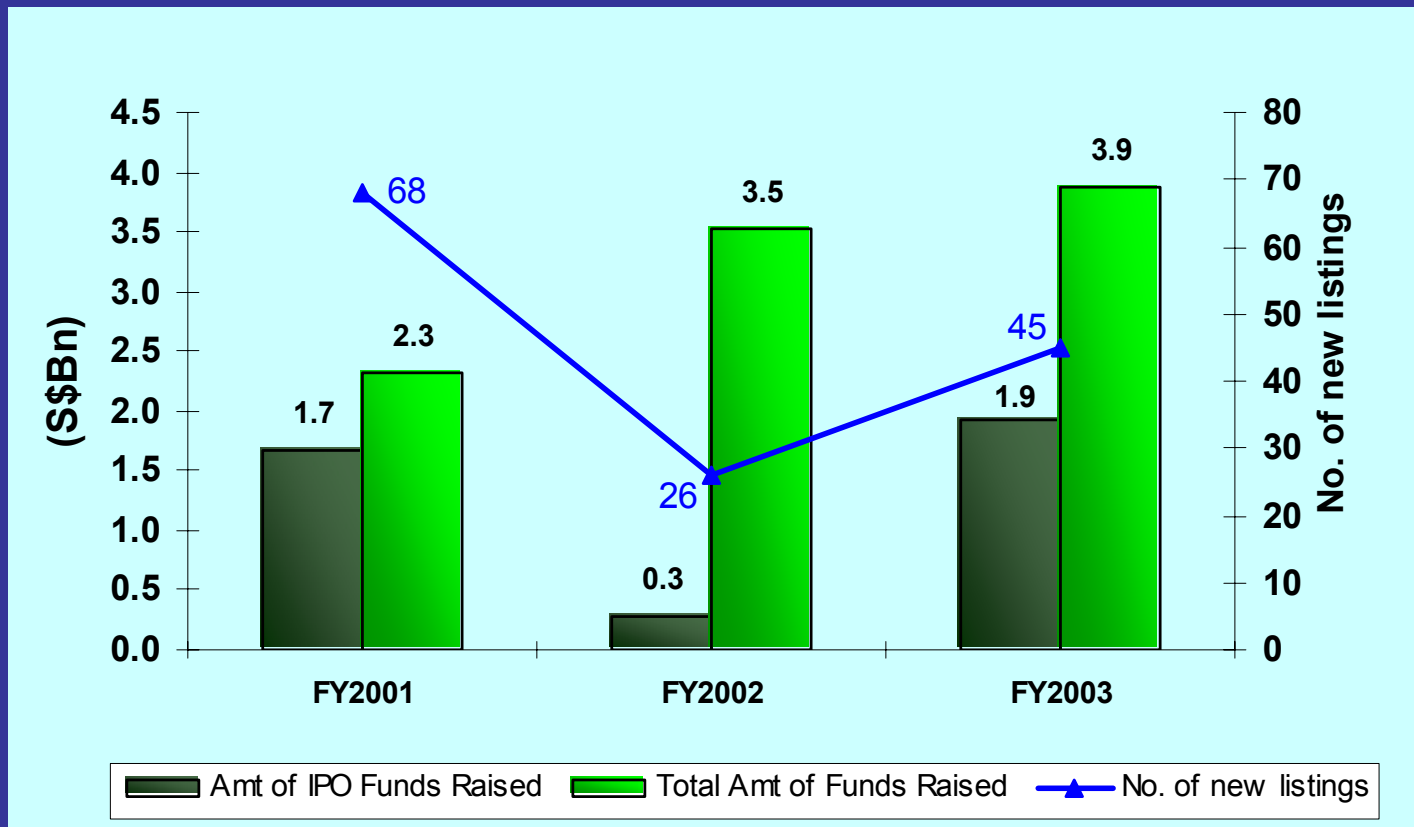


And derivatives trading volume

Continues to trend upwards ...



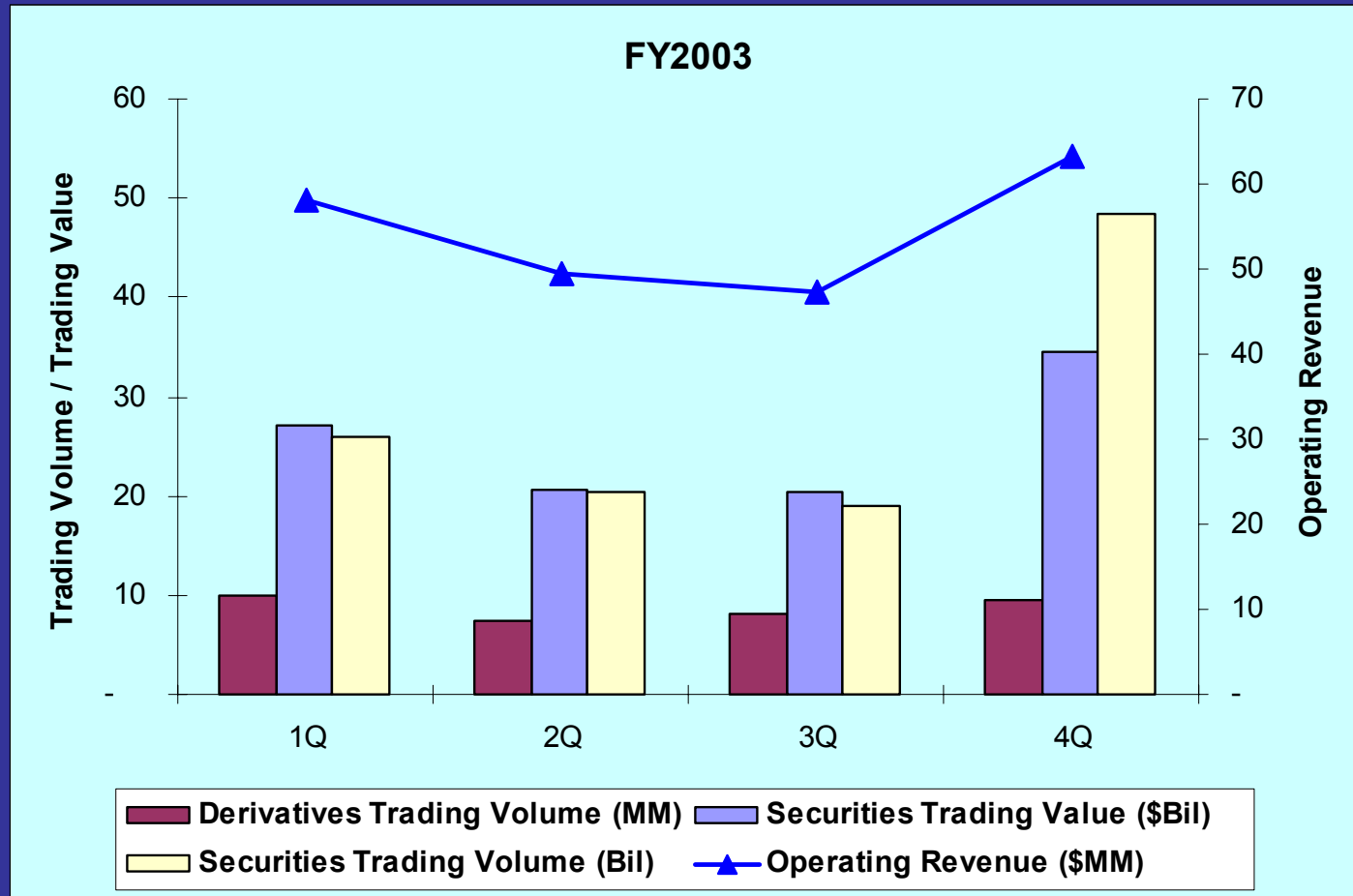
A pick up in primary market activity



Quarterly Revenue

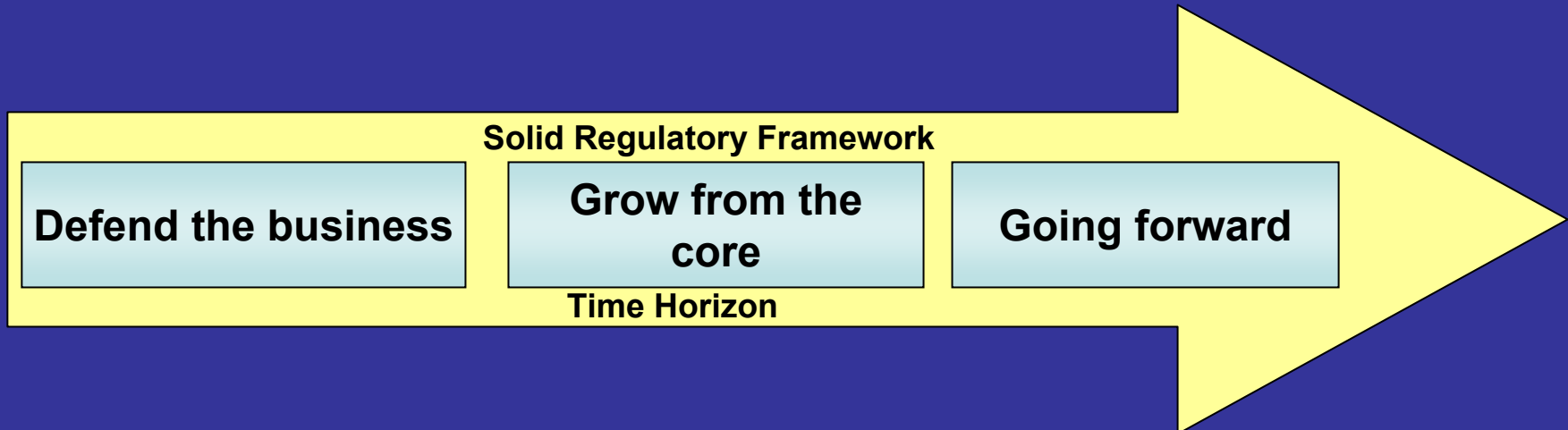


and things are looking up



Defend & Grow Strategy

Our strategic direction



Align economics

- Cost focus
- Capital management - ROE

Infrastructural Development

- Trading engine
- Market Access

Customer focus

- Re-organisation
- Integration of clearinghouses

Product Prioritisation

- Asia Converge
- DRAM

Product Innovation

- Market data services
- New Product Development

New Markets

- Equity options
- REITs

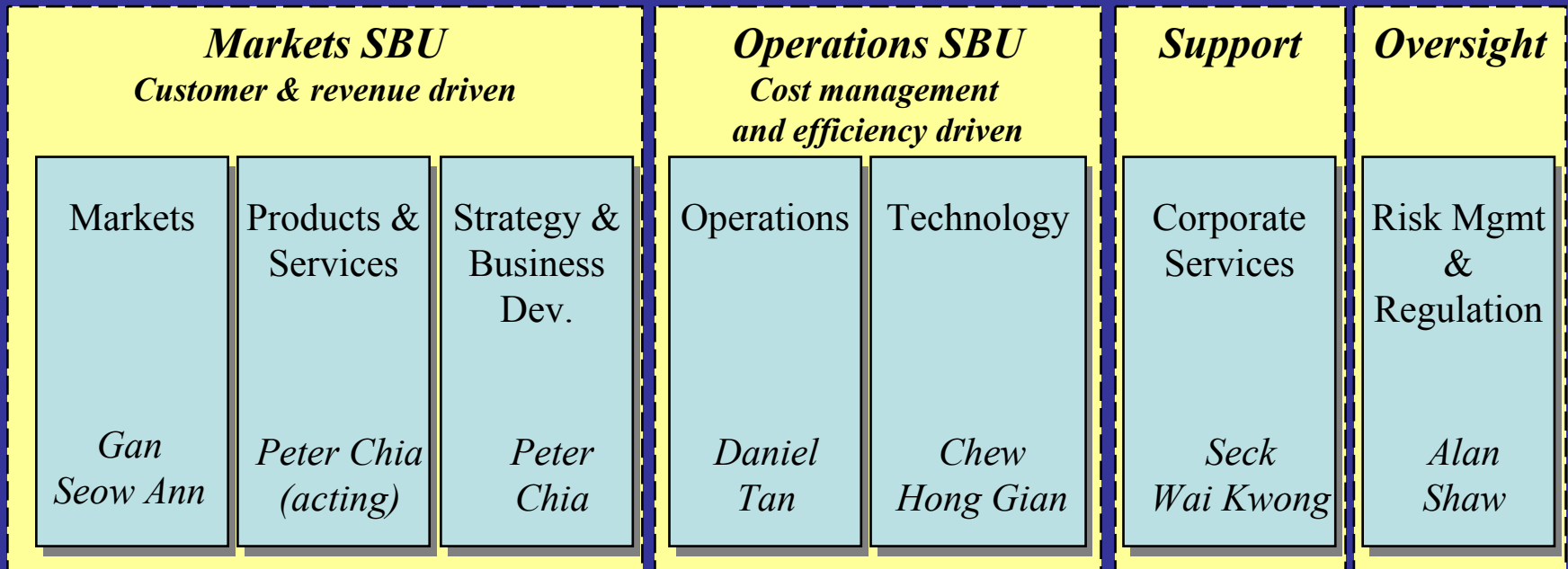
Foreign Listings
Growth companies

Strategic alliances

- CME
- ASX

Leverage off exchange infrastructure

Building the SGX team



Creating a Customer-focused organisation



Customers

- Institutions/Traders
- Issuers
- Intermediaries
- Retail



SGX



Our market integrity role



- Disclosure-based regime
- Close collaboration with MAS
- Continue to preserve market integrity

Our Investment Story

- Emerging business with potential
- Defend and grow from the core
- Boost efficiency & manage costs
- Grow stable revenues and benefit from core revenues geared to market recovery
- Capital management with ROE as key measure
- Maintain attractive dividend policy

SGX share price performance

