



## News Release

24 January 2019

# SGX reports 2Q FY2019 net profit of S\$97 million

### 2Q FY2019 Financial Summary

- Revenue: S\$224 million, up 9% from a year earlier
- Operating profit: S\$114 million, up 10%
- Net profit: S\$97 million, up 9%
- Earnings per share: 9.0 cents, up 9%
- Interim dividend per share: 7.5 cents, up by 2.5 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 2Q FY2019 net profit of S\$96.5 million (S\$88.4 million), against revenues of S\$224.1 million (S\$205.0 million). Operating profit was S\$113.7 million (S\$103.0 million), with earnings per share at 9.0 cents (8.2 cents). The Board of Directors has declared an interim dividend of 7.5 cents (5 cents) per share, payable on 12 February 2019.

Loh Boon Chye, Chief Executive Officer of SGX, said, “Over the past six months, we have delivered on what we set out to do in FY2019, including widening our product offering across asset classes, increasing our client engagement overseas and strengthening our partnerships across markets. We are on a strong growth momentum and our financial performance underscores our resilience as a multi-asset exchange.”

“We achieved a second consecutive quarter of record performance in our derivatives business, with robust institutional demand for our risk management and hedging tools, including our MSCI Net Total Return index futures and FX futures contracts. Meanwhile, investor sentiment was dampened by concerns on slower global economic growth and escalating trade tensions, which led to lower activity in our securities business along with other regional markets. Notably, we are seeing increased interest in our securities products such as our new single stock daily leverage certificates, as investors seek out more investment opportunities,” he elaborated.

On the company’s outlook, Mr Loh added, “For the second half of FY2019, we expect investors to actively seek risk management solutions and investment opportunities, amid persistent global geopolitical and market uncertainties. We will remain focused on developing Asian-centric solutions, including enhancing our securities and derivatives platforms to enable deeper client engagement.”

### Results Summary

**Equities and Fixed Income** revenue – comprising Issuer Services, Securities Trading & Clearing and Post Trade Services – declined 12% to S\$85.6 million (S\$97.5 million), accounting for 38% (48%) of total revenue.

**Issuer Services** revenue decreased 7% to S\$19.0 million (S\$20.3 million), contributing to 8% (10%) of total revenue.

- Listing revenue: S\$11.2 million, down 10% from S\$12.4 million
- Corporate actions and other revenue: S\$7.8 million, down 2% from S\$8.0 million

There were a total of 296 (289) bond listings raising S\$122.3 billion (S\$103.5 billion). We registered a total of 3 (7) new equity listings which raised S\$19.0 million (S\$1.6 billion), while secondary equity funds raised amounted to S\$1.9 billion (S\$2.1 billion).

**Securities Trading and Clearing** revenue decreased 13% to S\$45.2 million (S\$51.8 million) and accounted for 20% (25%) of total revenue.

- Securities Clearing revenue: S\$34.7 million, down 14% from S\$40.2 million
- Access revenue: S\$8.2 million, down 11% from S\$9.2 million
- Collateral management, membership and other revenue: S\$2.2 million, down 4% from S\$2.4 million

Securities daily average traded value (SDAV) declined 14% to S\$0.98 billion (S\$1.14 billion), with total traded value dipping 12% to S\$62.7 billion (S\$71.6 billion). This was made up of Equities<sup>1</sup> where traded value decreased by 14% to S\$57.2 billion (S\$66.5 billion), and Other products<sup>2</sup> where traded value increased 7% to S\$5.5 billion (S\$5.1 billion).

Average clearing fees for Equities and Other products declined 2% at 2.87 basis points (2.93 basis points) and 0.55 basis points (0.51 basis points), respectively.

There were 64 (63) trading days in the quarter. Overall turnover velocity for the quarter was 35% (36%).

**Post Trade Services** revenue declined 16% to S\$21.4 million (S\$25.4 million), accounting for 10% (12%) of total revenue.

- Securities settlement revenue: S\$19.2 million, down 14% from S\$22.3 million
- Contract processing revenue: Nil, down from S\$1.1 million
- Depository management revenue: S\$2.1 million, up 5% from S\$2.0 million

The decrease in securities settlement revenue was mainly due to a decline in subsequent settlement activities and downward re-pricing of our delivery-versus-payment guarantee fee from April 2018. Contract processing revenue has ceased as all brokers have migrated to their own back office systems since February 2018.

**Derivatives** revenue rose 35% to S\$112.9 million (S\$83.3 million), contributing to 50% (41%) of total revenue.

- Equity and Commodities revenue: S\$71.0 million, up 23% from S\$57.8 million
- Collateral management, licence, membership and other revenue: S\$41.9 million, up 64% from S\$25.5 million

Equity and Commodities revenue grew 23% as total volumes increased in tandem to 60.0 million contracts (48.6 million contracts). This was mainly due to higher volumes in SGX FTSE China A50 futures and FX futures contracts. Average fee per contract was comparable at S\$1.06.

Collateral management, licence, membership and other revenue increased 64% mainly due to higher collateral management income. This is a result of higher open interest and margin balances from increased demand for our risk management solutions.

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1. Equities include ordinary shares, real-estate investment trusts and business trusts.

2. Other products include structured warrants, company warrants, exchange-traded funds, daily leverage certificates, debt securities, and American depository receipts.

**Market Data and Connectivity** revenue increased 6% to S\$25.7 million (S\$24.2 million), accounting for 11% (12%) of total revenue.

- Market data revenue: S\$10.7 million, up 3% from S\$10.4 million
- Connectivity revenue: S\$15.0 million, up 9% from S\$13.7 million

The increase in connectivity revenue was due to the continued growth of our colocation services business.

**Expenses** increased by 8% to S\$110.5 million (S\$102.1 million), mainly due to higher staff costs and professional fees. Our average headcount for the quarter was 817 (787).

Technology expenses was unchanged at S\$31.6 million (\$31.6 million).

Technology-related capital expenditure was S\$13.8 million (S\$9.6 million). These investments were mainly for the development of our new securities post-trade system and enhancements to our securities trading engine.

As previously guided, operating expenses for FY2019 are expected to be between S\$445 million and S\$455 million. Technology-related capital expenditure is expected to be between S\$60 million and S\$65 million.

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## Financial Highlights

<i>\$ million, except where indicated</i>	2Q FY2019	2Q FY2018	Change 2Q FY2019 vs 2Q FY2018	1H FY2019	1H FY2018	Change 1H FY2019 vs 1H FY2018
<b>Key income statement figures</b>						
Equities and Fixed Income	85.6	97.5	(12%)	172.0	197.2	(13%)
Derivatives	112.9	83.3	35%	210.6	163.9	29%
Market Data and Connectivity	25.7	24.2	6%	50.5	48.4	4%
<b>Operating revenue</b>	<b>224.1</b>	<b>205.0</b>	<b>9%</b>	<b>433.0</b>	<b>409.5</b>	<b>6%</b>
Operating expenses	110.5	102.1	8%	213.0	200.5	6%
<b>Operating profit</b>	<b>113.7</b>	<b>103.0</b>	<b>10%</b>	<b>220.0</b>	<b>209.0</b>	<b>5%</b>
Other gains	3.6	2.7	35%	7.1	5.4	31%
Profit before tax and share of results of associated companies	117.2	105.6	11%	227.1	214.4	6%
Tax	20.1	17.6	14%	38.9	36.0	8%
<b>Profit attributable to equity holders - reported</b>	<b>96.5</b>	<b>88.4</b>	<b>9%</b>	<b>187.6</b>	<b>179.1</b>	<b>5%</b>
Earnings per share (in cents)	9.0	8.2	9%	17.5	16.7	5%
Dividend per share (in cents)	7.5	5.0	50%	15.0	10.0	50%
<b>Key financial indicators</b>						
Revenue growth	9%	3%		6%	5%	
Cost to income ratio	49%	50%		49%	49%	
Operating profit margin	51%	50%		51%	51%	
Net profit margin	42%	43%		43%	43%	
Return on shareholders' equity	39%	37%		39%	37%	

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

**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](http://www.sgx.com).

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