

# WELCOME: Analyst & Media Briefing Financial Year 2011 Results

Magnus Böcker, CEO  
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2 August 2011

**SGX** The Asian Gateway

# Agenda

1 Financial Year 2011 Highlights

2 Financial Performance

3 Business Update

4 Questions & Answers

# Financial Year 2011 Highlights

## Solid Performance

Revenue



3%

EBITDA



2%

Reported Profit



8%

Underlying Profit



2%

Operating Margin



2% pts

Payout



8%pts

ROE



3% pts

### Securities

- SDAV up 6% to \$1.6B
- Continued increase in capped trades from 37% to 45%, turnover velocity down 7%-pts to 59%

### Derivatives

- DAV up 15% to 266,782, full year record volume of 66M contracts
- Strong growth in CNX Nifty futures, FTSE China A50 futures, Nikkei225 options

### Listings

- Record funds raised in IPO (\$14B) and Debt capital raising programme (\$170B)
- 6<sup>th</sup> largest IPO market in 1H2011, up from 16<sup>th</sup> in 2010

### OTC Financial Derivatives

- Asia's first clearing platform for OTC Interest Rate Swaps (notional value \$110B cleared)

### Membership

- Record new memberships of 24, bringing the total to 132

### Reach Technology

- New state-of-the-art data centre with co-location facilities

Note: The above Payout and ROE ratios are based on Reported Profit.

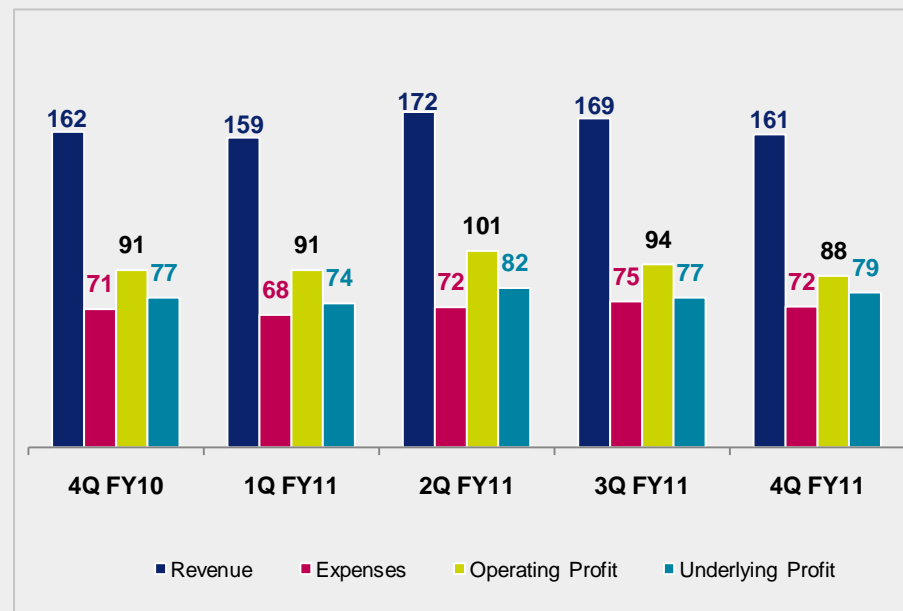
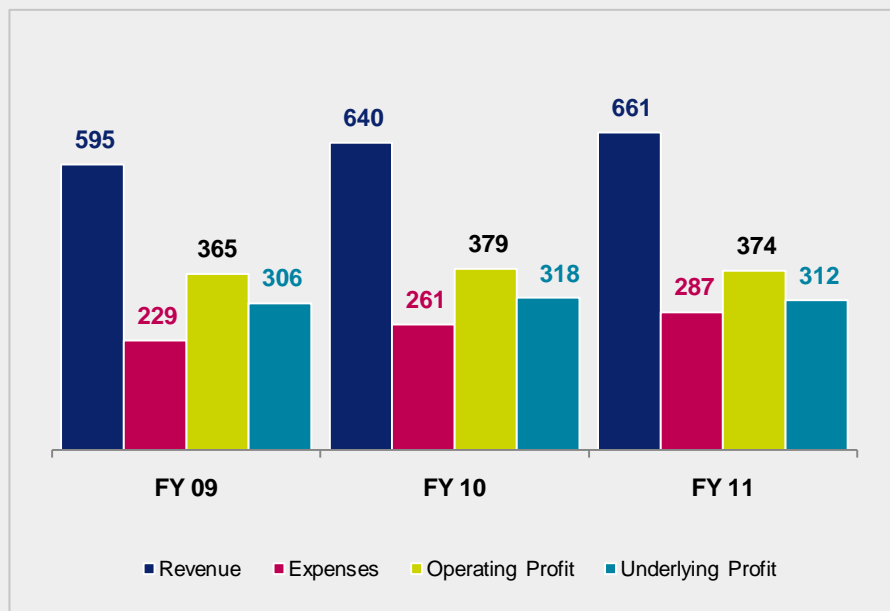
# Financial Performance

Muthukrishnan Ramaswami, President and Acting CFO

# Financial Performance

## Underlying Profit

- Operating margin 57% in difficult operating environment
- Revenue from new initiatives: \$8M (4Q: \$3M)
- Continued revenue growth

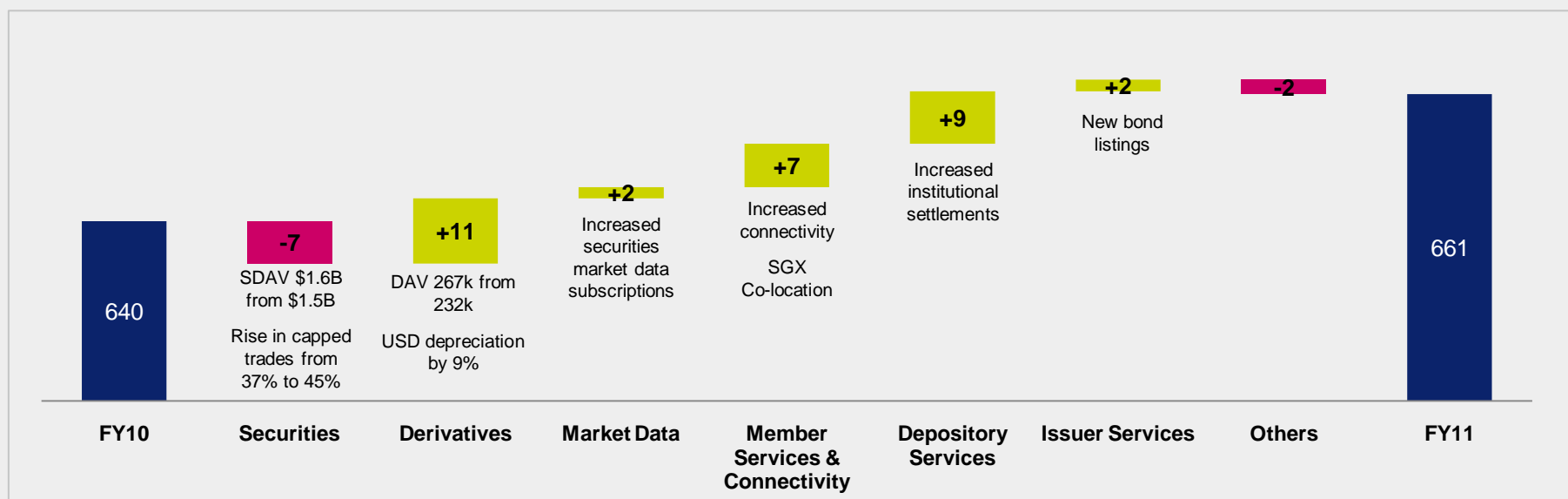


Note: Excludes (a) write back of impairment on 18 NIR and impairment of goodwill on SICOM in FY10; (b) ASX-SGX transaction related costs and gain from disposal of premises in FY11.

# Financial Performance

Revenue: \$661M (\$640M)

- All time records: Derivatives volumes; funds raised; new memberships
- Increased institutional volume in securities market



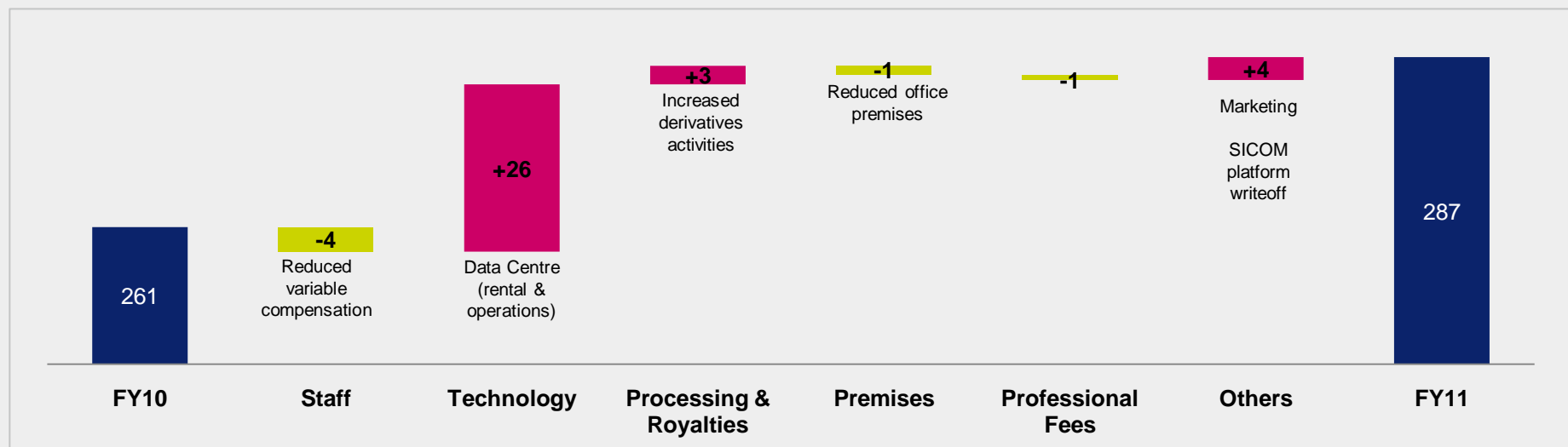
	(44%)	(21%)	(5%)	(6%)	(14%)	(10%)	(-)	(100%)
(% Revenue)								
(\$M)								
FY11	289	142	32	39	91	66	2	661
FY10	296	131	31	32	82	64	4	640
4Q FY11	63	35	9	11	23	19	1	161
3Q FY11	74	39	8	9	24	15	0	169

Note: Some numbers may be subject to rounding.

# Financial Performance

Expenses: \$287M (\$261M)

- Technology
  - Increased depreciation of new platforms
  - Reach initiative: started rolling out in April with SGX Data Centre and SGX Co-Location



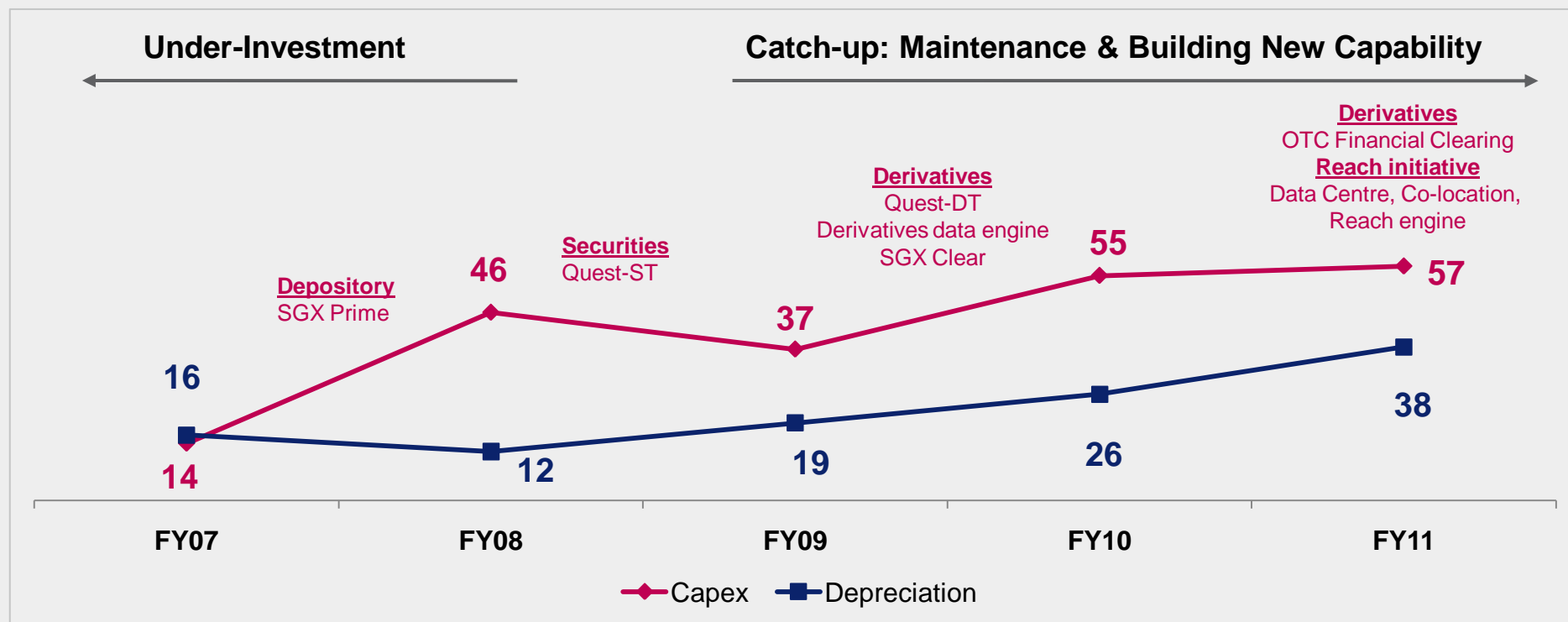
(% Expenses)	(37%)	(38%)	(9%)	(7%)	(3%)	(6%)	(100%)
(\$M)							
FY11	107	108	27	19	10	16	287
FY10	111	83	24	20	11	13	261
4Q FY11	22	29	6	5	4	6	72
3Q FY11	28	28	8	5	3	3	75

Note: Some numbers may be subject to rounding.

# Financial Performance

## Capex and Depreciation

- Investment in technology for the future
- Platform upgrades and replacements mostly complete in FY11
- Future investments in line with depreciation run-off
- Capex guidance for FY12: \$40M - \$45M





# Financial Performance

## Key Indicators

(Underlying)	FY 2009	FY 2010	FY 2011	3Q FY11	4Q FY11
Revenue (\$M)	595	640	661	169	161
EBITDA (\$M)	384	405	411	103	98
Operating Profit (\$M)	365	379	374	94	88
Net Profit (\$M)	306	318	312	77	79
Return on Equity	39%	39%	38%	42%	38%
Per Share (cents)					
Operating Cash Flow	26.2	35.2	32.7	9.0	7.7
Earnings	28.7	30.1	27.6	6.3	7.5
Dividend	26.0	27.0	27.0	4.0	15.0

Note 1: Except for "Earnings Per Share" data, the above excludes (a) impairment adjustments in FY 2010; (b) ASX-SGX transaction related costs and gain from disposal of premises in FY 2011.

Note 2: Return on Equity on 12-month rolling basis.

Note 3: Dividend per share includes proposed final dividend .

Note 4: Some numbers may be subject to rounding.

# Business Update

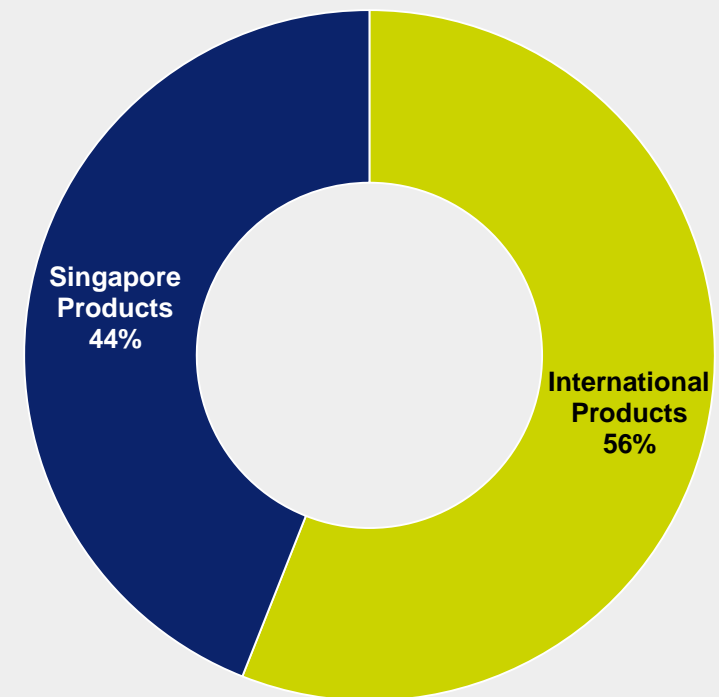
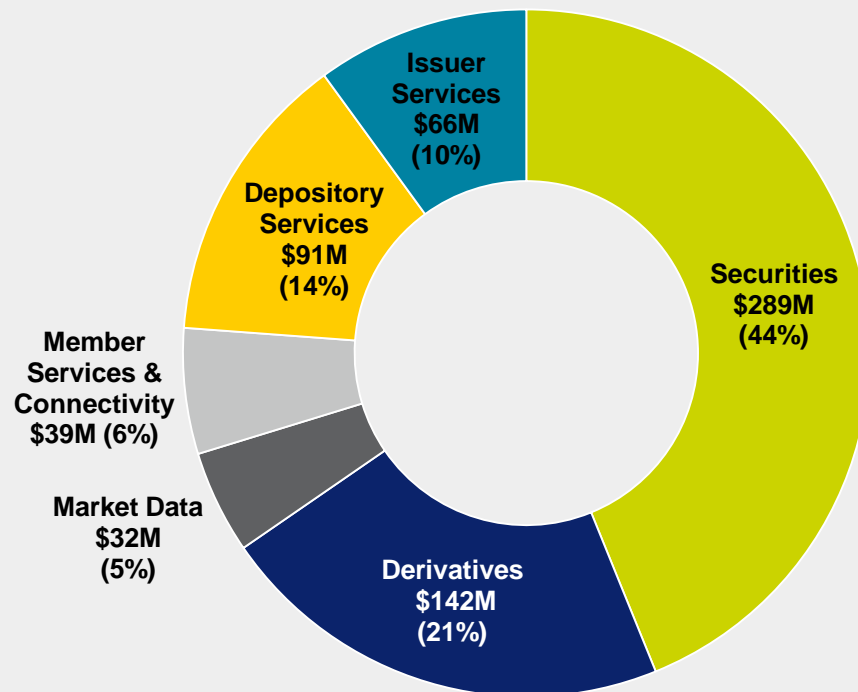
Magnus Böcker, CEO

# SGX Asian Gateway

## Revenue Profile

Well diversified revenue

56% from international products

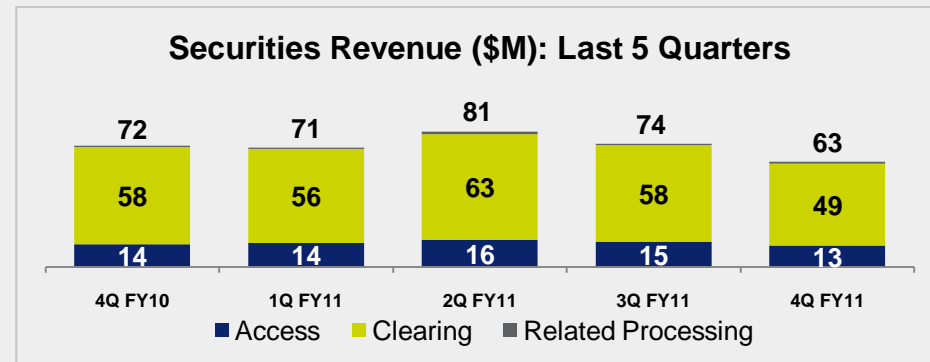
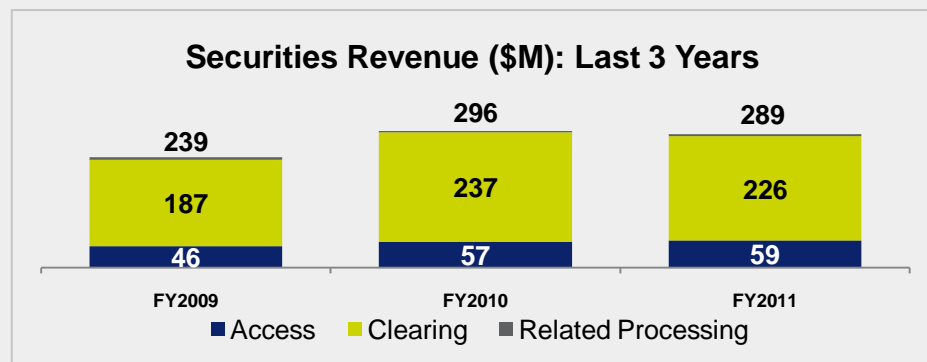


# Securities: Trading and Clearing

Revenue: \$289M, 44% (\$296M, 46%)

- Increased SDAV from FY10 in an uncertain global environment
- Structural improvements steadily improve ‘floor’ on SDAV
- Continued market improvements in the pipeline for FY12

FY11: Business Drivers	FY12: Key Initiatives	
<p><b>Global trend</b></p> <ul style="list-style-type: none"> <li>▪ Drop in trading value and velocity globally</li> <li>▪ Drop in market volatility</li> </ul> <p><b>SGX</b></p> <ul style="list-style-type: none"> <li>▪ SDAV up 6%: FY11 \$1.6B vs FY10 \$1.5B</li> <li>▪ Driven by new products and new members</li> <li>▪ Facilitated by revised micro-market structural improvements               <ul style="list-style-type: none"> <li>– Dec 07: Minimum Bid Size Amendments</li> </ul> </li> </ul>	<b>Market Structure and Access</b>	<b>Products &amp; Services and Customers</b>
	Minimum bid-ask spread (4 Jul) All-day trading (1 Aug) Circuit breakers Clearing house capital Reach trading engine: new functionalities; new order types & speed SGX Co-Location & Liquidity Hubs	Exchange traded funds; GlobalQuote ADRs; SGS bonds Increase push for retail participation Improvements to facilitate programmed traders participation

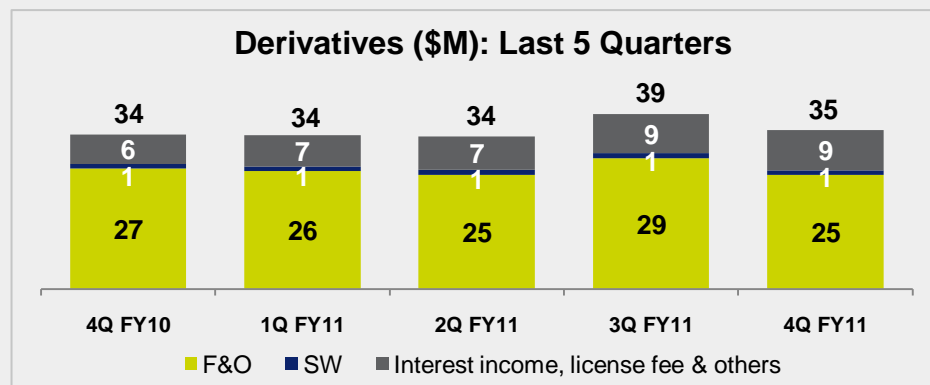
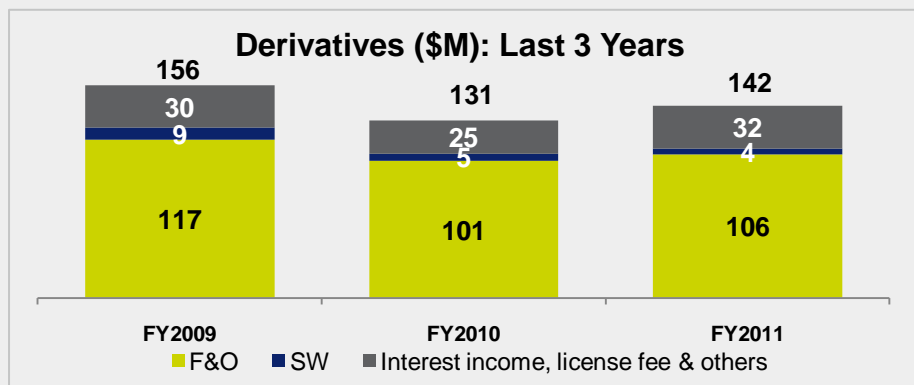


# Derivatives: Trading and Clearing

Revenue: \$142M, 21% (\$131M, 21%)

- Record volumes: Nikkei225, CNX Nifty, FTSE China A50
- Launched Asia's first clearing platform for OTC Financial Derivatives
- Commodities integrated to SGX-DT platform

FY11: Business Drivers	FY12: Key Initiatives	
<p><b>Global trend</b></p> <ul style="list-style-type: none"> <li>▪ Increase in interest rate volatility</li> <li>▪ Drop in equity market volatility</li> <li>▪ Continued regulatory development on OTC markets</li> </ul> <p><b>SGX</b></p> <ul style="list-style-type: none"> <li>▪ Record volumes: FY11: 267k vs FY10: 232k in DAV</li> <li>▪ Increased market share: Nikkei225 &amp; CNX Nifty</li> <li>▪ CNX Nifty; FTSE China A50; Nikkei225 options</li> <li>▪ Integration of Commodities into SGX</li> </ul>	<p><b>Market Structure and Access</b></p> <p>Pre-trade credit check Clearing house capital SGX Co-Location &amp; Liquidity Hubs</p>	<p><b>Product &amp; Services and Customers</b></p> <p>Equity (FTSE China A50; CNX Nifty) Commodities (rubber &amp; metals) OTC Financials: IRS; FX forwards OTC Commodities: FFA/Iron Ore Swaps Customers: Increase push for cross selling &amp; new players</p>

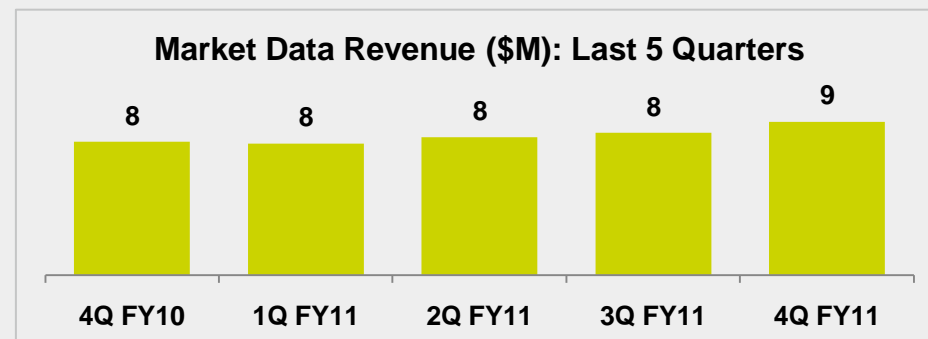
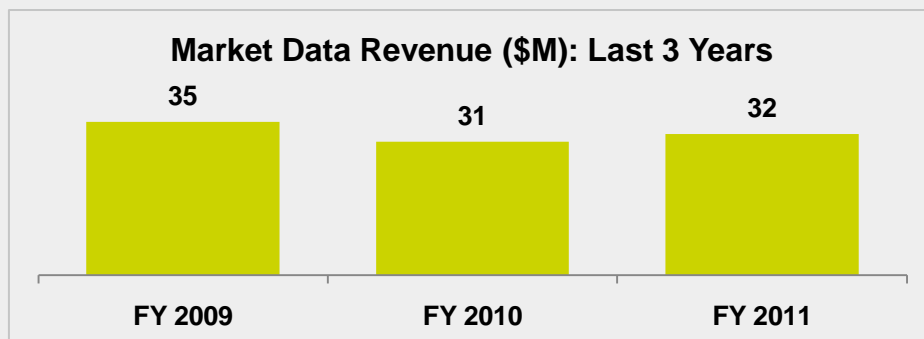


# Market Data: Information Sales and Distribution

Revenue: \$32M, 5% (\$31M, 5%)

- Differentiated offerings for various users
- Low latency Derivatives datafeed introduced
- Steady increase in subscriber base

FY11: Business Drivers	FY12: Key Initiatives	
<p><b>Global trend</b></p> <ul style="list-style-type: none"> <li>▪ Increased demand for low latency feed</li> <li>▪ Drop in terminal screen subscribers</li> </ul> <p><b>SGX</b></p> <ul style="list-style-type: none"> <li>▪ Introduced low latency Derivatives data</li> <li>▪ Introduced Commodities quote</li> <li>▪ Repriced derivatives quote</li> <li>▪ Introduced non-pricefeed offering; SGXNew Lite; index business</li> </ul>	<p><b>Infrastructure &amp; Access</b></p> <ul style="list-style-type: none"> <li>Reach initiative</li> <li>SGX Co-Location</li> </ul>	<p><b>Distribution and Product &amp; Services</b></p> <ul style="list-style-type: none"> <li>Distribution: New media; online sales</li> <li>Low latency Securities data</li> <li>Non-pricefeed offerings: Corporate action feed; Advertising on sgx.com</li> </ul>



# Member Services and Connectivity

Revenue: \$39M, 6% (\$32M, 5%)

- Record memberships added; Banks as Clearing Member introduced for OTC Financial Derivatives
- Successful launch of SGX-location service

## FY11: Business Divers

### Global trends

- Building new data centre with co-location facility
- International firms setting up presence in Asia

### SGX

- Launched SGX Co-Location service
- Record memberships: FY11 (24) vs FY10 (9)
- FY10 new members
  - 3% ST value traded
  - 2% DT value traded

## FY12: Key Initiatives

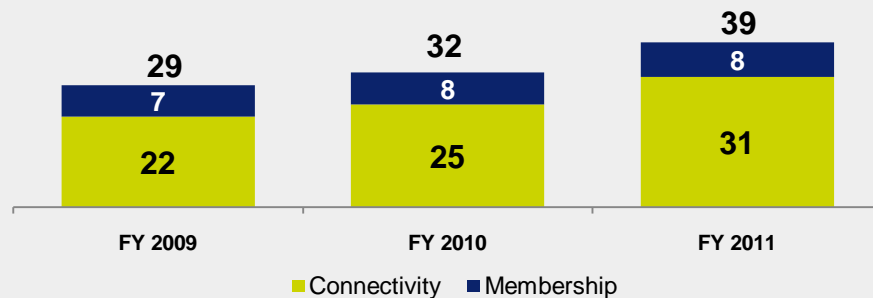
### Market Infrastructure & Access

Third party Clearers for DMAs  
 High speed access  
 Liquidity Hubs: Chicago & London  
 (3Q FY2012)

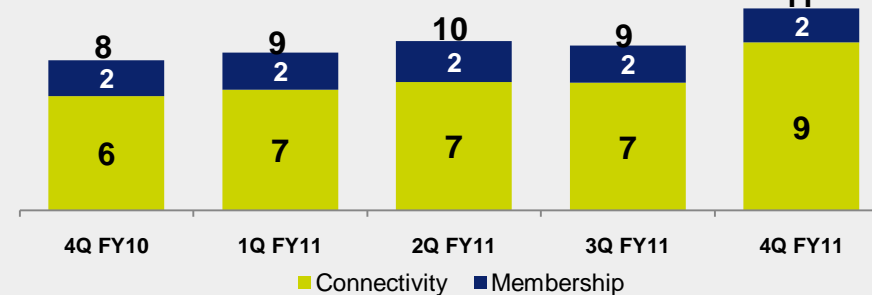
### Product & Services

Data & Order Routing  
 SGX Co-Location

Member Services & Connectivity Revenue (\$M):  
Last 3 Years



Member Services & Connectivity Revenue (\$M):  
Last 5 Quarters



# Depository Services: Settlement and Depository

Revenue: \$91M, 14% (\$82M, 13%)

- Record institutional volume in Securities Market
- Pre-matching infrastructure usage fully established

## FY11: Business Drivers

### Global Trend

- Growth in institutional interest in Asia

### SGX

- Return from pre-settlement matching system
- Increased institutional settlement

## FY12: Key Initiatives

### Infrastructure & Process Efficiency

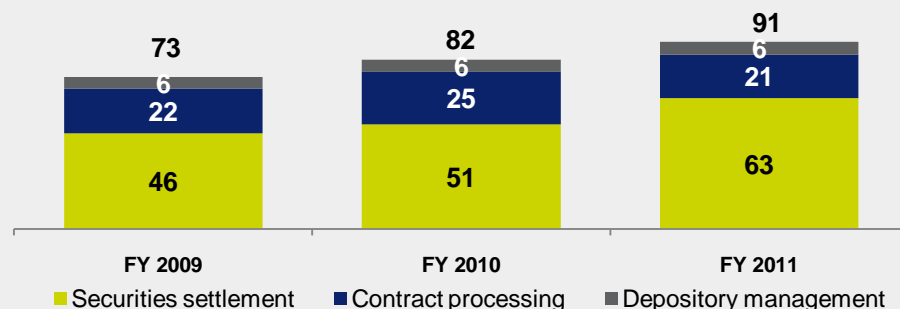
Continuous infrastructure and process efficiency for SGX members and depository agents

### Products & Services

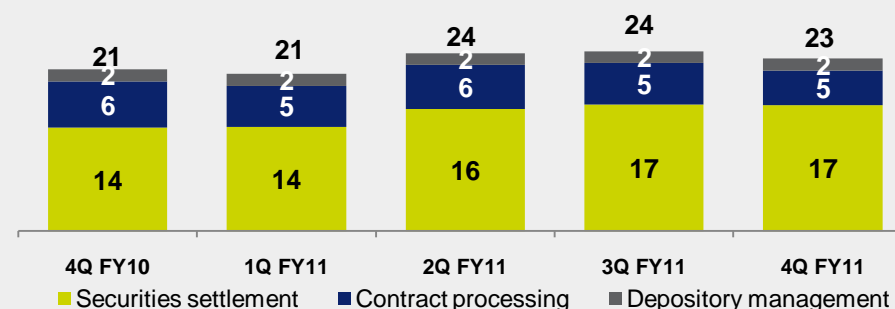
Custody : Expand beyond stocks to SGS & other asset classes

Asset optimisation: Improve yield on custodised assets for investors

Depository Services Revenue (\$M): Last 3 Years



Depository Services Revenue (\$M): Last 5 Quarters





# Issuer Services: Listing and Related Services

Revenue: \$66M, 10% (\$64M, 10%)

- SGX ranked 6<sup>th</sup> globally in IPO funds raised in 1H2011, up from 16<sup>th</sup> in 2010
- Significant size of new issues in business trusts, Commodities, REITs
- Asia's leading international bond listing venue: record debt capital raised

## FY11 Business Drivers

## FY12: Key Initiatives

### Global trend

- Slow down in IPO activities

### SGX

- 6<sup>th</sup> globally in IPO fund vs 16<sup>th</sup> in 2010
- Record debt capital \$170B by 287 issues
- 81% of 142 Asia ex-Japan G3 listed bonds
- 62% of 26 offshore RMB listed bonds

### Equity Capital

Strong pipeline: China, SEA, India, US and Europe

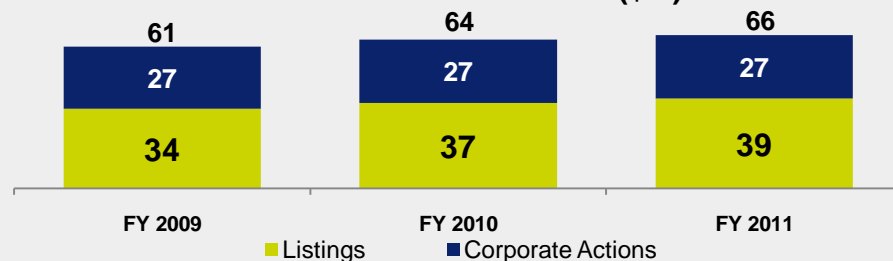
Sector/Structure: Trust structure, Marine & Offshore, Commodities & Resources, Mining, Oil & Gas

SGX-NOMX Investor Relations Solutions

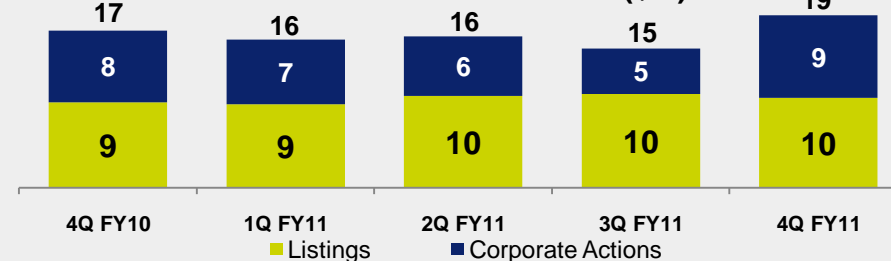
### Debt Capital

Expand market share of Asian bond issues  
Early development of bond trading market

Issuer Services Revenue (\$M)



Issuer Services Revenue (\$M)



## Building SGX Asian Gateway



- Solid foundation and well positioned to seize Asian growth
- Continued discipline in new investments
- Encouraging results from new initiatives
- Strong cash generation and continued dividend commitment

Questions & Answers



# Appendices

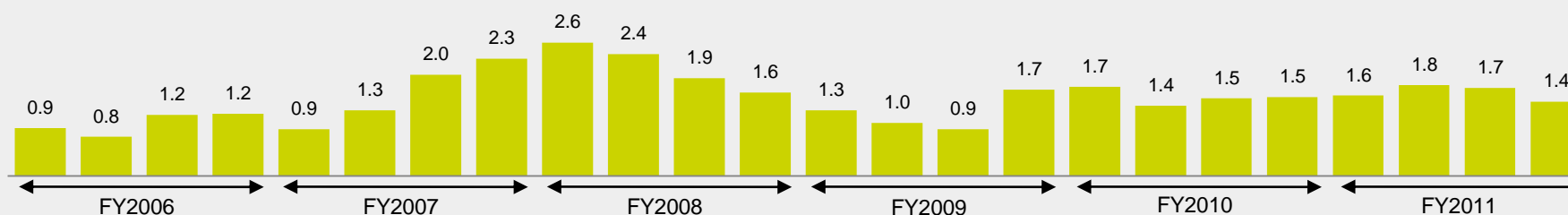
## Key Metrics by Business Line

# Securities: Trading and Clearing

Revenue: \$289M, 44% (\$296M, 46%)

Key drivers	Annual Data			Quarterly Data				
	FY09	FY10	FY11	4Q FY10	1Q FY11	2Q FY11	3Q FY11	4Q FY11
MSCI Singapore Index	280	337	361	337	365	377	368	361
No. of trading days	252	252	252	63	64	64	62	62
Equity Turnover Velocity (%)	76	66	59	63	60	63	62	51
<i>Singapore issuers</i>	73	57	47	54	48	48	48	42
<i>Overseas issuers, excluding Chinese issuers</i>	72	79	86	70	89	95	88	73
<i>Chinese issuers</i>	125	146	105	148	115	118	109	78
Daily Average Trading Volume (billion shares)	1.23	1.69	1.46	1.48	1.67	1.60	1.47	1.11
Daily Average Trading Value (\$ billion)	1.23	1.54	1.62	1.53	1.56	1.77	1.71	1.45
ETFs/ETN (\$ million)	14	20	38	30	25	45	40	42
Company warrants (\$ million)	0.2	2	1	2	2	2	1	1
Contracts value								
<i>More than \$1.5 million (%)</i>	39	37	45	39	42	46	44	47
<i>Less than \$1.5 million (%)</i>	61	63	55	61	58	54	56	53

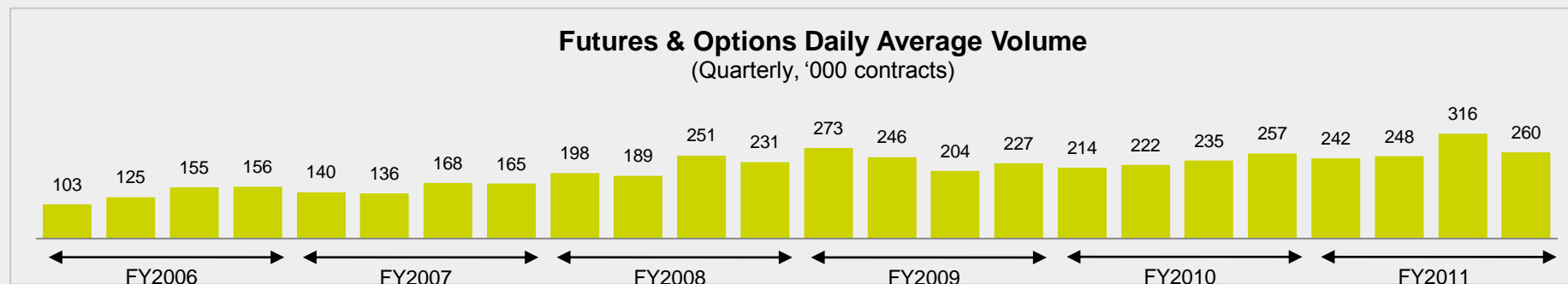
**Securities Daily Average Value**  
(Quarterly, \$ billion)



# Derivatives: Futures & Options Trading and Clearing

Revenue: \$142M, 21% (\$131M, 21%)

Key drivers	Annual Data			Quarterly Data				
	FY09	FY10	FY11	4Q FY10	1Q FY11	2Q FY11	3Q FY11	4Q FY11
Daily Average Volume ('000 contracts)	238	232	267	257	242	248	316	260
<i>Nikkei225 futures (days)</i>	110 (244)	113 (244)	119 (245)	131 (61)	122 (63)	111 (61)	147 (60)	98 (61)
<i>MSCI Taiwan futures (days)</i>	66 (246)	64 (250)	64 (249)	64 (63)	60 (65)	56 (66)	72 (57)	69 (61)
<i>Nifty futures (days)</i>	40 (240)	36 (246)	50 (252)	42 (63)	39 (65)	48 (63)	57 (62)	57 (62)
<i>MSCI SG futures (days)</i>	17 (252)	15 (252)	15 (252)	15 (63)	15 (64)	14 (64)	16 (62)	16 (62)
<i>FTSE China A50 futures (in contracts, days)</i>	NM	0 (244)	7,297 (243)	0 (60)	841 (63)	7,851 (61)	11,034 (58)	9,859 (61)
<i>Nikkei options (in contracts, days)</i>	NM	584 (244)	4,981 (245)	598 (61)	1,155 (63)	7,318 (61)	6,265 (60)	5,332 (61)
<i>Interest futures</i>	4	3	3	3	3	3	3	3
<i>Structured warrants (\$M)</i>	58	29	22	22	19	24	25	21
Market Share (%)								
<i>Nikkei225 futures</i>	22	26	28	27	27	28	28	29
<i>MSCI Taiwan futures</i>	28	24	24	22	24	24	24	23
<i>Nifty futures</i>	9	10	15	12	13	14	14	19
HFT (%)	15	26	29	25	30	29	31	28
<b>Commodities (Daily average trading volume, contracts)</b>								
<i>Rubber futures</i>	1,373	1,000	816	882	827	898	709	853
<i>Gold futures</i>	NA	5,256	1,323	5,158	2,590	1,935	26	0
<i>Fuel Oil futures</i>	NA	24	24	24	30	37	28	0
<i>LME-SGX metal futures (from 15 Feb 11)</i>	NA	0	869	NA	NA	NA	1,659	434



# Derivatives: OTC Commodities & Financial Derivatives

Revenue: \$142M, 21% (\$131M, 21%)

Key drivers	Annual Data			Quarterly Data				
	FY09	FY10	FY11	4Q FY10	1Q FY11	2Q FY11	3Q FY11	4Q FY11
<b>AsiaClear®</b>								
Volume cleared (lots)	66,934	124,829	164,837	31,764	48,190	41,268	42,942	32,437
<i>Forward Freight Agreements</i>	40,084	72,072	86,491	13,420	27,019	21,259	24,813	13,400
<i>Energy swaps</i>	1,934	28,624	30,690	10,615	11,610	11,676	6,118	1,286
<i>Iron Ore swaps</i>	24,907	24,133	44,781	7,729	9,561	7,893	11,121	16,206
<i>Rubber futures</i>	NA	NA	1,745	NA	NA	395	735	615
Interest rate swaps (in US\$M)								
<i>Notional value cleared</i>	NA	NA	88,067	NA	NA	3,691	33,252	51,124

## Market Data: Information Sales and Distribution

Revenue: \$32M, 5% (\$31M, 5%)

Key drivers	Annual Data			Quarterly Data				
	FY09	FY10	FY11	4Q FY10	1Q FY11	2Q FY11	3Q FY11	4Q FY11
<b>Securities Data</b>								
No. of vendors	117	122	134	122	122	126	131	134
No. of terminals (average)	36,084	38,129	42,595	38,703	38,658	40,169	45,727	45,827
<b>Derivatives Data</b>								
No. of vendors	51	57	66	57	58	62	65	66
No. of terminals (average)	31,079	25,088	23,790	24,168	23,810	23,576	24,000	23,774

# Member Services and Connectivity

Revenue: \$39M, 6% (\$32M, 5%)

Key drivers	Annual Data			Quarterly Data				
	FY09	FY10	FY11	4Q FY10	1Q FY11	2Q FY11	3Q FY11	4Q FY11
<b>Membership</b>								
Securities members								
Trading Representative	3,729	4,095	4,314	4,095	4,147	4,243	4,277	4,314
Trading Member	24	26	30	26	27	30	30	30
Clearing Member	24	26	29	26	27	29	29	29
Derivatives members								
Trading Member (Individual)	195	228	213	228	234	216	216	213
Trading Member (Proprietary)	224	242	264	242	248	246	250	264
Trading Member	30	30	34	30	30	30	32	34
Clearing Member – F&O	25	26	28	26	26	26	27	28
Clearing Member – OTC Clearing	NA	NA	11	NA	NA	9	11	11
<b>AsiaClear®</b>								
No. of counterparty	336	512	735	512	561	617	654	735
<b>Connectivity</b>								
Securities Market								
Connectivity (no.)	86	88	102	88	92	89	93	102
Order Management System (no.)	28	28	34	28	32	32	31	34
Independent software vendor (no.)	NA	11	12	11	11	10	10	12
Derivatives Market								
Connectivity (no.)	467	578	654	578	579	604	614	654
Order Management System (no.)	35	55	68	55	57	60	67	68
Independent software vendor (no.)	10	11	13	11	11	12	13	13
Co-Location racks, (average no.)	NA	NA	61	NA	NA	NA	NA	61

## New members in FY2011





# Depository Services: Settlement and Depository

Revenue: \$91M, 14% (\$82M, 12%)

Key drivers	Annual Data			Quarterly Data				
	FY09	FY10	FY11	4Q FY10	1Q FY11	2Q FY11	3Q FY11	4Q FY11
<b>Securities settlement</b>								
No. of settlement instructions ('000)	3,785	4,317	5,080	1,124	1,169	1,365	1,335	1,211
<b>Contract processing</b>								
Contracts processed ('000)	10,788	13,255	10,790	2,966	2,848	3,055	2,735	2,151
<b>Depository management</b>								
Depository accounts	1.44M	1.49M	1.55M	1.49M	1.50M	1.53M	1.54M	1.55M

# Issuer Services: Listing and Related Services

Revenue: \$66M, 10% (\$64M, 10%)

Key drivers	Annual Data			Quarterly Data				
	FY09	FY10	FY11	4Q FY10	1Q FY11	2Q FY11	3Q FY11	4Q FY11
<b>Listings: No. of listed issues</b>								
Equity securities	774	783	776	783	779	782	785	776
Debt securities	1,099	1,229	1,401	1,229	1,258	1,313	1,359	1,401
ETFs/ETN	35	73	85	73	75	76	81	85
Company warrants	75	80	72	80	82	74	79	72
Structured warrants	312	233	318	233	234	312	322	318
Equity Market Capitalisation, \$B (No of issuers)	613 (774)	781 (783)	893 (776)	781 (783)	856 (779)	902 (782)	889 (785)	893 (776)
Singapore issuers	340 (453)	428 (460)	464 (461)	428 (460)	461 (457)	474 (461)	463 (463)	464 (461)
Overseas issuers, excluding Chinese issuers	242 (170)	316 (169)	381 (163)	316 (169)	353 (167)	372 (165)	375 (166)	381 (163)
Chinese issuers	31 (151)	37 (154)	48 (152)	37 (154)	41 (155)	56 (156)	50 (156)	48 (152)
New Equity Listings	19	42	34	12	8	12	11	3
Primary listings: IPOs & RTOs (IPO Market cap, \$M)	19 (3,324)	40 (14,986)	32 (30,422)	11 (3,746)	8 (387)	12 (15,718)	9 (11,914)	3 (2,423)
Secondary listings (Market cap, \$M)	0 (-)	2 (28,885)	2 (1,711)	1 (27,647)	0 (-)	0 (-)	2 (1,711)	0 (-)
New Funds Raised (\$M)	12,802	15,775	20,833	1,132	1,467	7,258	9,483	2,625
Primary funds raised: IPO	442	4,559	14,018	844	82	4,937	7,595	1,404
Secondary funds raised	12,360	11,216	6,815	288	1,386	2,321	1,888	1,221
New Debts/Fixed Income listings	96	164	287	45	80	69	64	74
Total funds raised (\$M)	41,806	72,883	169,869	17,036	49,602	41,623	31,085	47,560
<b>Corporate Action</b>								
No. of transactions	2,183	2,023	2,011	689	553	479	417	562

## Equity New Listings



## Fixed Income New Listings



# Thank You

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