



News Release

5 August 2021

SGX reports FY2021 net profit of S\$447 million

FY2021 Financial Summary

	FY2021	FY2021 Adjusted ¹
Revenue	S\$1,056 million, comparable	
EBITDA	S\$625 million, down 5%	S\$624 million, down 5%
Net profit attributable to equity holders of the company	S\$445 million, down 6%	S\$447 million, down 7%
Earnings per share	41.6 cents	41.8 cents
Proposed final quarterly dividend per share	8.0 cents, comparable	

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 FY2021 adjusted net profit of S\$446.9 million (S\$482.1 million). Revenues of S\$1,056.0 million (S\$1,052.7 million) were comparable to record revenues set in FY2020, with underlying business revenue up 7% excluding the decline in treasury income, amidst a low interest rate environment.

In FY2021, SGX continued to invest in growing its business, while exercising cost discipline. Total expenses increased 8% to S\$525.2 million (S\$486.9 million), largely due to the consolidation of expenses relating to Scientific Beta and BidFX, excluding which total expenses would have decreased 4% to S\$457.8 million (S\$474.6 million). Adjusted EBITDA stood at S\$623.9 million (S\$659.7 million), while adjusted earnings per share was 41.8 cents (45.0 cents).

The Board of Directors has proposed a final quarterly dividend of 8.0 cents (8.0 cents) per share, payable on 22 October 2021. If approved, this brings the total dividends in FY2021 to 32.0 cents (30.5 cents) per share.

Loh Boon Chye, Chief Executive Officer of SGX, said, “In FY2021, we continued to build, partner and acquire strategically – strengthening our capabilities, products and platforms across asset classes. We achieved a strong performance as we invested in growing our business, delivering similar record revenues compared to last year amidst a challenging environment. Notwithstanding the lower treasury income, our core business segments remained robust, with our fast-growing subsidiaries, Scientific Beta and BidFX, providing an added boost. While the low interest rate environment will continue to impact our treasury income, we believe it will also spur demand for our multi-asset offerings as investors seek enhanced returns.”

¹ Adjusted figures are non-SFRS(I) measures. Please refer to Section 8 of our financial results for reconciliations between the adjusted and their equivalent measures.

In FY2021, Scientific Beta's assets under replication (AUR) exceeded US\$60 billion². It also innovated beyond Smart Factor strategies by launching a flagship climate index solution, Climate Impact Consistent Index (CICI), which unlike traditional indices, weights stocks purely on their climate performance.

BidFX saw strong growth as its average daily volumes (ADV)³ increased more than 60% year-on-year to US\$43 billion. The [recent acquisition of MaxxTrader](#), which is expected to close in 2Q FY2022, will lift the combined ADV of SGX's FX franchise to more than US\$75 billion⁴. Excluding transaction costs, the acquisition of MaxxTrader is expected to be accretive to SGX's adjusted earnings from FY2022.

Scientific Beta and BidFX contributed 7% to total group revenues in FY2021. Together with MaxxTrader, total revenue contribution from SGX's recently acquired subsidiaries would exceed 9%.

"We are in a strong position to advance our leadership as a multi-asset exchange, expand our network as a best-in-class partner, and enlarge our support for customers globally with our refreshed pan-Asia product shelf and stronger international presence. We are also focused on executing our recent FICC investments and partnerships, such as TrumidXT, Marketnode, Climate Impact X and our upcoming FX Electronic Communication Network (ECN). As a group, we are now well poised to help our customers capture the growth opportunities in Asia and capitalise on trends such as passive investing, digitalisation and sustainability," added Mr Loh.

Results Summary

Fixed Income, Currencies and Commodities (FICC)

FICC revenue – comprising **Fixed Income** as well as **Currencies and Commodities – Derivatives** revenues – increased 24% to S\$211.8 million (S\$171.4 million), accounting for 20% (16%) of total revenue. Excluding BidFX which was acquired in July 2020, FICC revenue would be comparable at S\$172.1 million (S\$171.4 million).

Fixed Income revenue rose by 17% to S\$14.9 million (S\$12.8 million).

- Listing revenue: S\$11.5 million, up 22% from S\$9.4 million
- Corporate actions and other revenue: S\$3.4 million, comparable

There were 795 (1,032) bond listings, with amounts issued of S\$389.1 billion (S\$452.1 billion).

Currencies and Commodities – Derivatives revenue increased 24% to S\$196.9 million (S\$158.7 million), accounting for 19% (15%) of total revenue.

- Trading and clearing revenue: S\$152.6 million, up 41% from S\$107.9 million
- Treasury and other revenue: S\$44.3 million, down 13% from S\$50.7 million

Trading and clearing revenue grew mainly from the consolidation of BidFX. Excluding BidFX, trading and clearing revenue would have increased by 6% or S\$6.8 million. Commodity volumes increased 3% to 25.1 million contracts (24.3 million contracts), while currency volumes were lower by 2% to 26.2 million contracts (26.9 million contracts). Treasury and other revenue decreased mainly from lower treasury income, which declined primarily due to lower yield.

Equities

Equities revenue – comprising **Equities – Cash** as well as **Equities – Derivatives** revenues – declined 8% to S\$701.1 million (S\$759.7 million), accounting for 66% (72%) of total revenue.

² As of June 2021

³ ADV for the 12-month period FY2021 against FY2020

⁴ Based on ADV for FX futures and OTC FX for the period January to June 2021

Equities – Cash revenue increased 3% to S\$412.7 million (S\$399.3 million), accounting for 39% (38%) of total revenue.

- Listing revenue: S\$34.5 million, down 2% from S\$35.3 million
- Corporate actions and other revenue: S\$32.5 million, up 12% from S\$29.1 million
- Trading and clearing revenue: S\$230.2 million, up 3% from S\$224.4 million
- Securities settlement and depository management revenue: S\$106.6 million, up 6% from S\$100.8 million
- Treasury and other revenue: S\$8.8 million, down 10% from S\$9.8 million

There were 11 (10) new equity listings in FY2021. Total primary and secondary funds raised dipped 5% to S\$17.9 billion (S\$18.8 billion).

Daily average traded value (DAV) increased 2% to S\$1.4 billion (S\$1.3 billion). Total traded value increased by 2% to S\$340.1 billion (S\$332.1 billion). This was made up of Cash Equities⁵, where total traded value increased by 3% to S\$329.1 billion (S\$319.6 billion), and Other Products⁶, where traded value decreased 13% to S\$11.0 billion (S\$12.6 billion). There were 252 (252) trading days in the year.

Average clearing fees for Cash Equities was comparable at 2.73 basis points (2.75 basis points). Average clearing fee for Other Products increased to 1.06 basis points (0.98 basis points) due to increased activity from higher yielding exchange-traded funds. Overall turnover velocity in FY2021 increased 3 percentage points to 48% (45%).

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

Equities – Derivatives revenue declined 20% to S\$288.4 million (S\$360.4 million), accounting for 27% (34%) of total revenue.

- Trading and clearing revenue: S\$230.9 million, down 8% from S\$250.3 million
- Treasury and other revenue⁷: S\$57.5 million, down 48% from S\$110.1 million

Equity Derivatives volume declined 6% to 181.2 million contracts (192.5 million contracts). Trading and clearing revenue declined mainly due to introductory fees for the new FTSE Asia expansion suite.

Treasury and other revenue decreased mainly from lower treasury income which declined due to lower yield.

Average fee per contract for Equity, Currency and Commodity derivatives was comparable at S\$1.34 (S\$1.33)⁸. The average fee per contract for the second half of FY2021 was S\$1.40⁸, 11% higher half-on-half. In the first-half, fees for FTSE China A50 contracts were lower and introductory fees for the new FTSE Asia expansion suite were implemented.

Data, Connectivity and Indices

Data, Connectivity and Indices revenue increased 18% to S\$143.1 million (S\$121.6 million), accounting for 14% (12%) of total revenue. Excluding Scientific Beta⁹, DCI revenue would be comparable at S\$108.2 million (S\$107.2 million).

- Market data and Indices revenue: S\$80.6 million, up 36% from S\$59.4 million

⁵ Cash Equities include ordinary shares, real-estate investment trusts and business trusts

⁶ Other Products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities and American depository receipts

⁷ Licence revenue, previously under Treasury, licence and other revenue, has been reclassified into Trading and clearing revenue. The reclassification was due to the bundling of clearing and licence fees into a single clearing fee.

⁸ The average fee per contract includes licence fees, which have been bundled with clearing fees.

⁹ Consolidation of 12 months in FY2021 as compared to 5 months in FY2020 for Scientific Beta

- Connectivity revenue: S\$62.5 million, comparable

Market data and indices revenue increased by 36% mainly due to the consolidation of revenues from Scientific Beta⁹, excluding which, Market data and indices revenue would have increased by S\$0.7 million.

Adjusted total expenses, which exclude amortisation of purchased intangibles, acquisition-related expenses and other expenses, increased 8% to S\$513.6 million (S\$477.2 million).

Operating expenses increased 8% to S\$430.7 million (S\$397.0 million) mainly from the consolidation of expenses relating to Scientific Beta and BidFX. The average headcount for FY2021 was 970 (872), including 124 staff from Scientific Beta and BidFX.

Depreciation and amortisation increased 5% to S\$94.5 million (S\$89.9 million) mainly due to the consolidation of depreciation and amortisation relating to Scientific Beta and BidFX. This was partially offset by lower depreciation following the end of depreciation of SGX's premises and fully depreciated technology assets.

Total capital expenditure in FY2021 was S\$51.1 million (S\$41.4 million). These investments were mainly for upgrades to SGX's Titan OTC trade reporting system, digitalisation of retail investor services, modernisation of SGX's infrastructure, and the setup of infrastructure for BidFX.

In FY2022, total expenses are expected to be between S\$565 million and S\$575 million. The higher expenses will come from near-term investments in Scientific Beta, BidFX and other growth initiatives such as the setting up of an ECN and climate-related initiatives. Growth in expenses is expected to moderate in the medium-term. With the acquisition of MaxxTrader, FY2022 total expenses could further increase by an annualised amount of approximately S\$25 million.

SGX's capital expenditure for FY2022 is expected to increase to between S\$60 million and S\$65 million as the company embarks on resilience, partnership, and digitalisation initiatives.

SGX will be putting in place a scrip dividend scheme which will enable it to offer its shareholders the option to re-invest their cash dividends in SGX shares. This will allow shareholders to participate in the company's medium term growth journey.

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Financial Highlights

<i>\$ million, except where indicated</i>	FY2021	FY2020	Change FY2021 vs FY2020
Key income statement figures			
Fixed Income, Currencies and Commodities	211.8	171.4	24%
Equities	701.1	759.7	(8%)
Data, Connectivity and Indices	143.1	121.6	18%
Operating revenue	1,056.0	1,052.7	-
Operating expenses	430.7	397.0	9%
Earnings before interest, tax, depreciation and amortisation	625.2	655.7	(5%)
Depreciation and amortisation	94.5	89.9	5%
Operating profit	530.7	565.8	(6%)
Non-operating gains	10.0	7.5	35%
Profit before tax and share of results of associated companies and joint ventures	540.8	573.2	(6%)
Share of results of associated companies and joint ventures, net of tax	(4.3)	(2.3)	86%
Profit before tax	536.5	570.9	(6%)
Tax	90.7	99.0	(8%)
Profit after tax	445.8	472.0	(6%)
Profit attributable to:			
- Equity holders	445.4	471.8	(6%)
- Non-controlling interests	0.4	0.2	NM
Adjusted earnings before interest, tax, depreciation and amortisation	623.9	659.7	(5%)
Adjusted profit attributable to equity holders	446.9	482.1	(7%)
Earnings per share (in cents)	41.6	44.1	(6%)
Dividend per share (in cents)	32.00	30.50	5%
Key financial indicators			
Revenue growth	-	16%	
Cost to income ratio	50%	46%	
EBITDA margin	59%	62%	
Operating profit margin	50%	54%	
Net profit margin	42%	45%	
Return on shareholders' equity	34%	40%	

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 securities and derivatives market infrastructure, operating equity, fixed income, currency and commodity markets to the highest regulatory standards. It also operates a multi-asset sustainability platform, SGX FIRST or Future in Reshaping Sustainability Together (sgx.com/first).

SGX is committed to facilitating economic growth in a sustainable manner leveraging its roles as a key player in the ecosystem, a business, regulator and listed company. With climate action as a key priority, SGX aims to be a leading sustainable and transition financing and trading hub offering trusted, quality, end-to-end products and solutions.

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. 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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