

News Release

4 February 2022

SGX reports 1H FY2022 net profit of S\$222 million

1H FY2022 Financial Summary

	1H FY2022	1H FY2022 Adjusted*
Revenue	S\$522 million, comparable	
EBITDA	S\$306 million, down 5%	S\$310 million, down 4%
Net profit attributable to equity holders of the company (NPAT)	S\$219 million, down 9%	S\$222 million, down 3%
Earnings per share (EPS)	20.4 cents	20.7 cents
Interim quarterly dividend per share	8.0 cents	

* Adjusted EBITDA, NPAT and EPS exclude certain non-cash and non-recurring items that have less bearing on SGX's operating performance. Hence, they better reflect the group's underlying performance. Adjusted figures are non-SFRS(I) measures. Please refer to Section 7 of our financial results for reconciliations between the adjusted and their equivalent measures.

All figures in the press release 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 1H FY2022 adjusted net profit of S\$221.8 million (S\$228.0 million). Total revenue of S\$521.6 million (S\$520.8 million) was comparable to the same period last year.

Revenue from SGX's underlying core businesses¹ rose 6% to S\$501.0 million (S\$472.6 million), with higher trading and clearing revenues from equity, currency and commodity derivatives. SGX's fast-growing subsidiaries, BidFX and Scientific Beta, achieved collectively a 20% increase in revenues to S\$40.4 million (S\$33.8 million), accounting for 8% (7%) of SGX's total revenue.

Adjusted EBITDA was S\$309.6 million (S\$321.2 million), while adjusted earnings per share stood at 20.7 cents (21.3 cents).

The Board of Directors has declared an interim quarterly dividend of 8.0 cents (8.0 cents) per share, payable on 21 February 2022. This brings the total dividends in 1H FY2022 to 16.0 cents (16.0 cents) per share.

Loh Boon Chye, Chief Executive Officer of SGX, said, "We are making good progress in executing our multi-asset strategy. Our underlying core revenue has grown, with strong performance in our currencies and commodities, healthy market share and yields for our key equity derivative products, as well as steady growth in our market data and index business. In the last two years, we have made S\$1 billion worth of acquisitions and investments to leapfrog our multi-asset strategy and capture

¹ Excluding treasury income

the growth opportunities across asset classes and platforms. One clear example is in currencies where we now have a sizeable FX OTC and futures business that can scale further as we integrate our newly-acquired subsidiary MaxxTrader and ramp up our FX Electronic Communication Network (ECN) in the coming months.”

During the period under review, total FX average daily volume (ADV) – comprising both on-exchange futures and OTC – increased 46% from US\$39 billion to US\$57 billion². SGX’s FX ECN went live in November 2021 with successful trades completed across different currency pairs. The acquisition of FX platform MaxxTrader was completed in January 2022.

Looking ahead, Mr Loh added, “As Asian economies recover, demand for Asia-centric portfolio investment and risk management solutions will rise. China remains high on investors’ radar, which is expected to spur more activity for our range of China-access products. We will continue to broaden our securities and derivatives product shelf, enhance our global connectivity to facilitate new capital flows, and boost our digitalisation and sustainability efforts. On the capital raising front, we are seeing clear interest from potential issuers on the back of our new Special Purpose Acquisition Companies (SPACs) framework and joint interagency funding initiatives³ for high-growth companies. Overall, we are optimistic of the opportunities ahead as an expanded SGX Group.”

Results Summary

Fixed Income, Currencies and Commodities (FICC)

FICC revenue – comprising **Fixed Income** as well as **Currencies and Commodities – Derivatives** revenues – increased 15% to S\$114.0 million (S\$99.2 million), accounting for 22% (19%) of total revenue.

Fixed Income revenue was comparable at S\$6.6 million (S\$6.7 million).

- Listing revenue: S\$4.9 million, down 4% from S\$5.1 million
- Corporate actions and other revenue: S\$1.7 million, comparable

There were 492 (358) bond listings with amounts issued of S\$209.4 billion (S\$169.9 billion).

Currencies and Commodities – Derivatives revenue increased 16% to S\$107.4 million (S\$92.5 million), accounting for 21% (18%) of total revenue.

- Trading and clearing revenue: S\$84.2 million, up 18% from S\$71.4 million
- Treasury and other revenue: S\$23.2 million, up 10% from S\$21.1 million

Trading and clearing revenue grew mainly due to higher clearing revenue from BidFX and increased volumes in commodity and currency derivatives. Commodity derivatives volumes increased 17% to 14.1 million contracts (12.0 million contracts), while currency derivatives volume increased 6% to 12.6 million contracts (11.8 million contracts). Treasury and other revenue increased mainly due to higher revenue from platform services.

Equities

Equities revenue – comprising **Equities – Cash** as well as **Equities – Derivatives** revenues – declined 5% to S\$334.5 million (S\$350.8 million), accounting for 64% (67%) of total revenue.

² Excluding ADV of MaxxTrader and FX Electronic Communication Network

³ In September 2021, Singapore announced a package of initiatives to support high-growth enterprises to raise capital in Singapore’s public equity market (<https://www.sgx.com/media-centre/20210917-boosting-equity-financing-high-growth-enterprises>)

Equities – Cash revenue decreased 5% to S\$190.7 million (S\$201.1 million), accounting for 37% (39%) of total revenue.

- Listing revenue: S\$17.2 million, comparable
- Corporate actions and other revenue: S\$13.2 million, down 10% from S\$14.7 million
- Trading and clearing revenue: S\$100.8 million, down 10% from S\$111.5 million
- Securities settlement and depository management revenue: S\$55.8 million, up 5% from S\$53.1 million
- Treasury and other revenue: S\$3.7 million, down 24% from S\$4.8 million

There were 6 (5) new equity listings which raised S\$1.3 billion (S\$0.7 billion). Secondary equity funds raised were S\$4.4 billion (S\$6.5 billion).

Daily average traded value (DAV) and total traded value declined 8% and 7% to S\$1.2 billion (S\$1.3 billion) and S\$150.4 billion (S\$161.8 billion), respectively. This was made up of Cash Equities⁴, where total traded value decreased by 7% to S\$144.7 billion (S\$156.3 billion), and Other Products⁵, where traded value increased 4% to S\$5.7 billion (S\$5.5 billion). There were 129 (128) trading days in 1H FY2022.

Overall average clearing fees declined 4% to 2.60 basis points (2.71 basis points). Average clearing fees for Cash Equities decreased 4% to 2.66 basis points (2.77 basis points) due to higher participation from market makers. Average clearing fee for Other Products increased 10% to 1.09 basis points (0.99 basis points) due to increased activity from higher-yielding exchange-traded funds. Overall turnover velocity for 1H FY2022 was 39% (49%).

Securities settlement and depository management revenue increased mainly due to higher Delivery-versus-Payment guarantee fees.

Equities – Derivatives revenue dipped 4% to S\$143.8 million (S\$149.7 million), accounting for 28% (29%) of total revenue.

- Trading and clearing revenue: S\$131.3 million, up 19% from S\$110.6 million
- Treasury and other revenue: S\$12.5 million, down 68% from S\$39.1 million

Trading and clearing revenue increased mainly due to higher average fees from SGX FTSE China A50, Nifty 50 and FTSE Taiwan Index futures.

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

Average fee per contract for Equity, Currency and Commodity derivatives was higher at S\$1.50 (S\$1.27) mainly due to higher fees for the SGX FTSE China A50 Index futures and the absence of introductory fees for the FTSE Asia expansion suite implemented a year ago.

Data, Connectivity and Indices

Data, Connectivity and Indices revenue increased 3% to S\$73.1 million (S\$70.7 million), accounting for 14% (14%) of total revenue.

- Market data and Indices revenue: S\$41.4 million, up 5% from S\$39.6 million
- Connectivity revenue: S\$31.8 million, up 2% from S\$31.2 million

Market data and indices revenue increased 5% mainly due to higher revenue from Scientific Beta and an increase in data subscription.

⁴ Cash Equities include ordinary shares, real-estate investment trusts and business trusts

⁵ Other Products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities and American depository receipts

Adjusted total expenses increased 4% to S\$252.1 million (S\$242.1 million), which exclude amortisation of purchased intangibles, acquisition-related expenses and other one-off items.

Operating expenses increased 8% to S\$215.6 million (S\$199.3 million) mainly from higher staff costs and technology expenses. Average headcount for the half-year was 980 (968), including 139 (120) staff from Scientific Beta and BidFX.

Depreciation and amortisation decreased 5% to S\$46.5 million (S\$49.0 million) mainly due to fully depreciated system-related assets. This was partially offset by an increase in depreciation relating to BidFX.

Total capital expenditure was S\$16.5 million (S\$19.8 million). These investments were mainly for upgrades to SGX's Titan OTC trade reporting system, and the setup of infrastructure for BidFX and the NSE-SGX Gujarat International Finance Tec-City (GIFT) Connect.

With effective management of expenses amidst inflationary pressures, total expenses for FY2022 will be kept between S\$565 million and S\$575 million, even with the inclusion of expenses relating to MaxxTrader.

SGX's capital expenditure guidance for FY2022 remains unchanged at between S\$60 million and S\$65 million.

-End-

Financial Highlights

<i>\$ million, except where indicated</i>	1H FY2022	1H FY2021	Change 1H FY2022 vs 1H FY2021
Key income statement figures			
Fixed Income, Currencies and Commodities	114.0	99.2	15%
Equities	334.5	350.8	(5%)
Data, Connectivity and Indices	73.1	70.7	3%
Operating revenue	521.6	520.8	-
Operating expenses	215.6	199.3	8%
Earnings before interest, tax, depreciation and amortisation	306.0	321.5	(5%)
Depreciation and amortisation	46.5	49.0	(5%)
Operating profit	259.5	272.6	(5%)
Non-operating gains	9.6	15.6	(38%)
Profit before tax and share of results of associated companies and joint ventures	269.1	288.2	(7%)
Share of results of associated companies and joint ventures, net of tax	(6.0)	(0.6)	NM
Profit before tax	263.2	287.6	(9%)
Tax	44.2	47.7	(7%)
Profit after tax	219.0	240.0	(9%)
Profit attributable to equity holders - reported	218.7	239.8	(9%)
Earnings per share (in cents)	20.4	22.4	(9%)
Dividend per share (in cents)	16.0	16.0	-
Key financial indicators			
Revenue growth	-	9%	
EBITDA margin	59%	62%	
Operating profit margin	50%	52%	
Net profit margin	41%	45%	
Return on shareholders' equity	32%	43%	

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.

Media Contact

Chin May Nah
Marketing & Communications
+65 8223 7358
maynah.chin@sgx.com