



## News Release

23 January 2020

# SGX reports 2Q FY2020 net profit of S\$99 million

### 2Q FY2020 Financial Summary

- Revenue: S\$231 million, up 3% from a year earlier
- EBITDA: S\$141 million, up 10%
- Net profit: S\$99 million, up 3%
- Earnings per share: 9.2 cents, up 3%
- Interim dividend per share: 7.5 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 FY2020 net profit of S\$99.0 million (S\$96.5 million), with revenues of S\$230.9 million (S\$224.2 million). EBITDA came in at S\$141.5 million (S\$128.8 million), and earnings per share was 9.2 cents (9.0 cents). The Board of Directors has declared a dividend of 7.5 cents (7.5 cents) per share, payable on 10 February 2020.

Loh Boon Chye, Chief Executive Officer of SGX, said, “We crossed the midpoint of FY2020 with better half-yearly performance across the board, as we continued to serve our global clients with multi-asset opportunities amid developments in the US-China trade war and US Federal Reserve interest rate changes. We are on track to further build up our asset classes since our new organisation set-up last July, with focus on delivering greater value to clients through new products, services and cross-margining efficiencies across time zones. As a result, we are seeing higher overnight trading from our US and European customers as well as stronger interest across multiple products.”

“To capture the rapidly growing opportunities in factor-investing strategies, we are acquiring an independent index provider Scientific Beta<sup>1</sup>, whose research-driven business would complement our existing technology-driven index business, SGX Index Edge. These two businesses will help to drive the future growth of our Data, Connectivity and Indices business segment,” elaborated Mr Loh.

### Results Summary

#### Fixed Income, Currencies and Commodities (FICC)

**FICC** revenue – comprising **Fixed Income** as well as **Currencies and Commodities – Derivatives** revenues – increased 20% to S\$39.0 million (S\$32.5 million), accounting for 17% (15%) of total revenue.

**Fixed Income** revenue rose by 13% to S\$3.3 million (S\$2.9 million).

- Listing revenue: S\$2.6 million, up 28% from S\$2.0 million
- Corporate actions and other revenue: S\$0.7 million, down 19% from S\$0.9 million

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<sup>1</sup> Please refer to our separate press release, “SGX scales up its index business with EUR186 million acquisition of smart beta index firm, Scientific Beta”

There were 315 (306) bond listings raising S\$132.9 billion (S\$124.6 billion).

**Currencies and Commodities – Derivatives** revenue increased 21% to S\$35.7 million (S\$29.6 million), accounting for 15% (13%) of total revenue.

- Trading and clearing revenue: S\$24.3 million, up 23% from S\$19.8 million
- Treasury and other revenue: S\$11.4 million, up 16% from S\$9.8 million

Trading and clearing revenue grew as commodities futures volumes increased 3% to 4.8 million contracts (4.6 million contracts), driven primarily by increased volumes in our iron ore derivatives contracts. Currency futures volume also increased 13% to 5.8 million contracts (5.1 million contracts). Treasury and other revenue increased mainly due to higher treasury income from the management of margin balances.

### Equities

**Equities** revenue – comprising **Equities – Cash** as well as **Equities – Derivatives** revenues – was comparable at S\$165.3 million (S\$165.9 million), accounting for 72% (74%) of total revenue.

- Listing revenue: S\$8.8 million, down 5% from S\$9.2 million
- Corporate actions and other revenue: S\$7.1 million, up 2% from S\$6.9 million
- Trading and clearing revenue: S\$45.7 million, up 7% from S\$42.9 million
- Securities settlement and depository management revenue: S\$22.6 million, up 6% from S\$21.4 million
- Treasury and other revenue: S\$2.2 million, comparable

There was 1 (3) new equity listing which raised S\$0.7 billion (S\$19.0 million). Secondary equity funds raised were S\$3.7 billion (S\$1.9 billion).

Daily average traded value (DAV) increased 9% to S\$1.06 billion (S\$0.98 billion). Total traded value increased by 9% to S\$68.2 billion (S\$62.7 billion). This was made up of Cash Equities<sup>2</sup>, where total traded value increased by 15% to S\$66.0 billion (S\$57.2 billion), and Other Products<sup>3</sup>, where traded value decreased 60% to S\$2.2 billion (S\$5.5 billion). There were 64 (64) trading days in the quarter.

Average clearing fees for Cash Equities declined to 2.72 basis points (2.87 basis points) due to higher participation from market makers. Average clearing fees for Other Products increased to 0.75 basis points (0.55 basis points). Overall turnover velocity was 34% (35%).

Securities settlement and depository management revenue increased mainly due to higher off-exchange securities settlement activities.

**Equities – Derivatives** revenue declined 5% to S\$78.9 million (S\$83.3 million), accounting for 34% (37%) of total revenue.

- Trading and clearing revenue: S\$48.0 million, down 6% from S\$51.1 million
- Treasury, licence and other revenue: S\$30.9 million, down 4% from S\$32.1 million

Clearing revenue declined as equity derivatives volume decreased 18% to 41.3 million contracts (50.1 million contracts). This was mainly due to lower volumes in our SGX FTSE China A50, Nikkei 225 and Nifty 50 index futures contracts. Treasury, licence and other revenue decreased mainly due to lower volumes.

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

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

## **Data, Connectivity and Indices**

**Data, Connectivity and Indices** revenue increased 4% to S\$26.7 million (S\$25.7 million), accounting for 12% (11%) of total revenue.

- Market data and indices revenue: S\$11.0 million, up 3% from S\$10.7 million
- Connectivity revenue: S\$15.6 million, up 4% from S\$15.0 million

Connectivity revenue increased 4% from higher derivatives connectivity and continued growth of our colocation services business.

**Total expenses** – comprising operating expenses, and depreciation and amortisation – increased by 1% to S\$111.5 million (S\$110.5 million).

Operating expenses decreased 6% to S\$89.4 million (S\$95.3 million) mainly due to lower professional fees and technology expenses, while staff costs increased. Our average headcount for the quarter was 831 (817).

Technology-related capital expenditure was S\$6.2 million (S\$13.8 million). These investments were mainly for the enhancement of our Titan OTC commodities trade reporting system, development of our fixed income trading platform, and the digitalisation of retail investor services.

As previously guided, our FY2020 total expenses are projected to be between S\$465 million and S\$475 million, and technology-related capital expenditure to be between S\$45 million and S\$50 million.

-End-

## Financial Highlights

<i>\$ million, except where indicated</i>	2Q FY2020	2Q FY2019	Change 2Q FY2020 vs 2Q FY2019	1H FY2020	1H FY2019	Change 1H FY2020 vs 1H FY2019
<b>Key income statement figures</b>						
Fixed Income, Currencies and Commodities	39.0	32.5	20%	84.8	61.6	38%
Equities	165.3	165.9	0%	341.4	320.9	6%
Data, Connectivity and Indices	26.7	25.7	4%	52.4	50.5	4%
<b>Operating revenue</b>	<b>230.9</b>	<b>224.2</b>	<b>3%</b>	<b>478.5</b>	<b>433.0</b>	<b>11%</b>
Operating expenses	89.4	95.3	(6%)	180.6	182.6	(1%)
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>141.5</b>	<b>128.8</b>	<b>10%</b>	<b>297.9</b>	<b>250.4</b>	<b>19%</b>
Depreciation and amortisation	22.1	15.2	46%	43.8	30.4	44%
<b>Operating profit</b>	<b>119.4</b>	<b>113.7</b>	<b>5%</b>	<b>254.1</b>	<b>220.0</b>	<b>16%</b>
Other gains	1.9	3.6	(47%)	6.5	7.1	(9%)
<b>Profit before tax and share of results of associated companies and joint venture</b>	<b>121.3</b>	<b>117.2</b>	<b>4%</b>	<b>260.6</b>	<b>227.1</b>	<b>15%</b>
Share of results of associated companies and joint venture	(0.8)	(0.6)	18%	(1.2)	(0.6)	NM
<b>Profit before tax</b>	<b>120.6</b>	<b>116.6</b>	<b>3%</b>	<b>259.4</b>	<b>226.5</b>	<b>15%</b>
Tax	21.5	20.1	7%	46.1	38.9	19%
<b>Profit after tax</b>	<b>99.0</b>	<b>96.5</b>	<b>3%</b>	<b>213.3</b>	<b>187.6</b>	<b>14%</b>
<b>Profit attributable to equity holders - reported</b>	<b>99.0</b>	<b>96.5</b>	<b>3%</b>	<b>213.3</b>	<b>187.6</b>	<b>14%</b>
Earnings per share (in cents)	9.2	9.0	2%	19.9	17.5	14%
Dividend per share (in cents)	7.50	7.50	-	15.00	15.00	-
<b>Key financial indicators</b>						
Revenue growth	3%	9%		11%	6%	
Cost to income ratio	48%	49%		47%	49%	
EBITA margin	61%	57%		62%	58%	
Operating profit margin	52%	51%		53%	51%	
Net profit margin	43%	42%		44%	43%	
Return on shareholders' equity	41%	39%		41%	39%	

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 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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