

# 1Q FY2020 Analyst and Media Briefing

**Loh Boon Chye**, Chief Executive Officer  
**Chng Lay Chew**, Chief Financial Officer

24 October 2019

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# Agenda

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First Quarter FY2020 - Financial Highlights and Performance

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Business Update

3

Questions and Answers

# First Quarter FY2020

## Financial Highlights and Performance

Chng Lay Chew, Chief Financial Officer

# First Quarter FY2020 Highlights

- Revenue of \$248M, up 19%; Net profit of \$114M, up 25%, highest in more than 10 years
- Higher revenue across all businesses – FICC revenue \$46M, up 57%, Equities revenue \$176M, up 14%, DCI revenue \$26M, up 4%.
- Dividend per share – 7.5 cents, unchanged; Earnings per share – 10.7 cents, up 26%

## Revenue

- \$248M
- ↑ 19%

## Total Expenses

- \$113M
- ↑ 10%

## EBITDA

- \$156M
- ↑ 29%

## Net Profit

- \$114M
- ↑ 25%

## Currencies and Commodities

- 13.7M contracts
- ↑ 55%

## Equities- Cash

- \$68B total traded value
- Comparable

## Equities- Derivatives

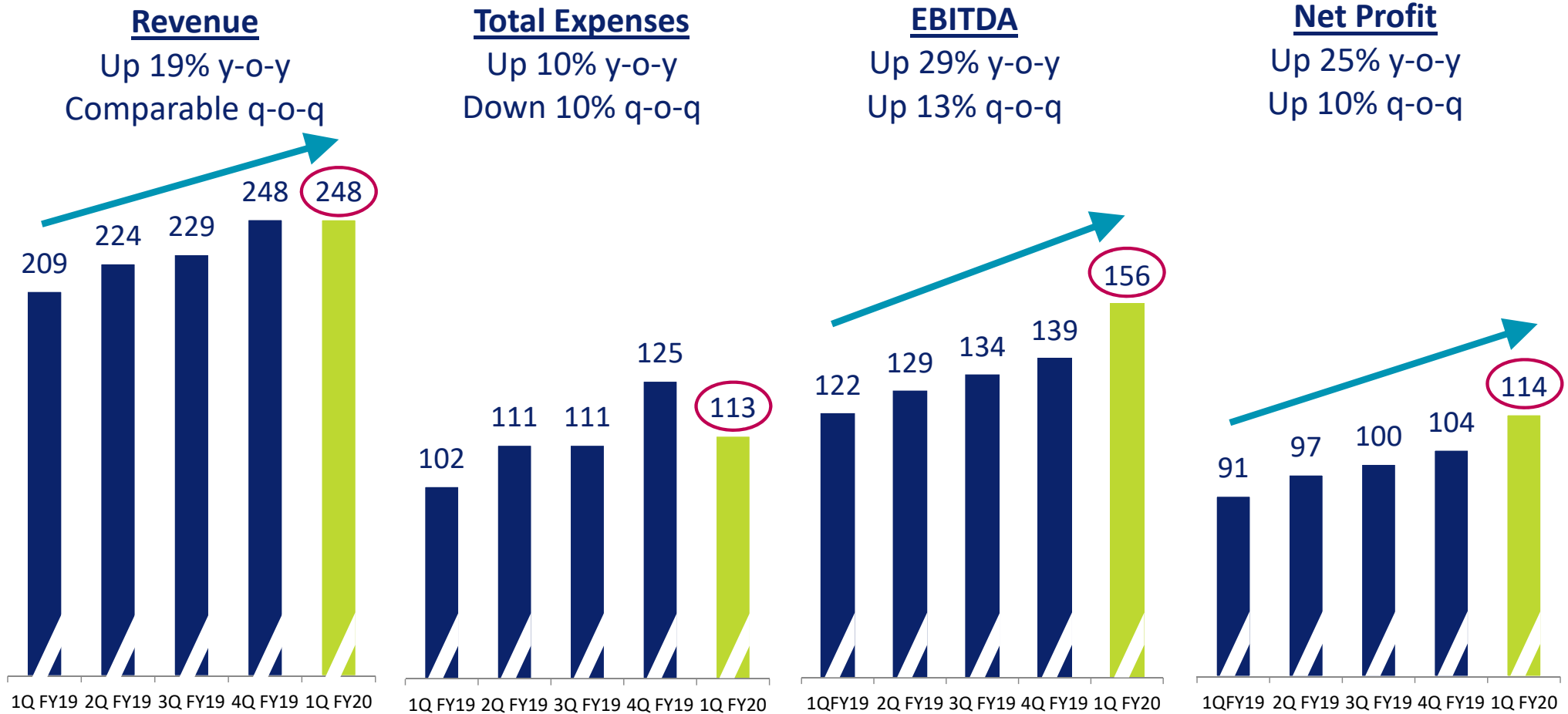
- 48M contracts
- ↑ 6%

## Earnings Per Share

- 10.7 cents
- ↑ 26%

# Financial Performance: Quarterly Trend

- Increasing quarterly Net Profit of \$114 million, up 25% y-o-y and up 10% q-o-q



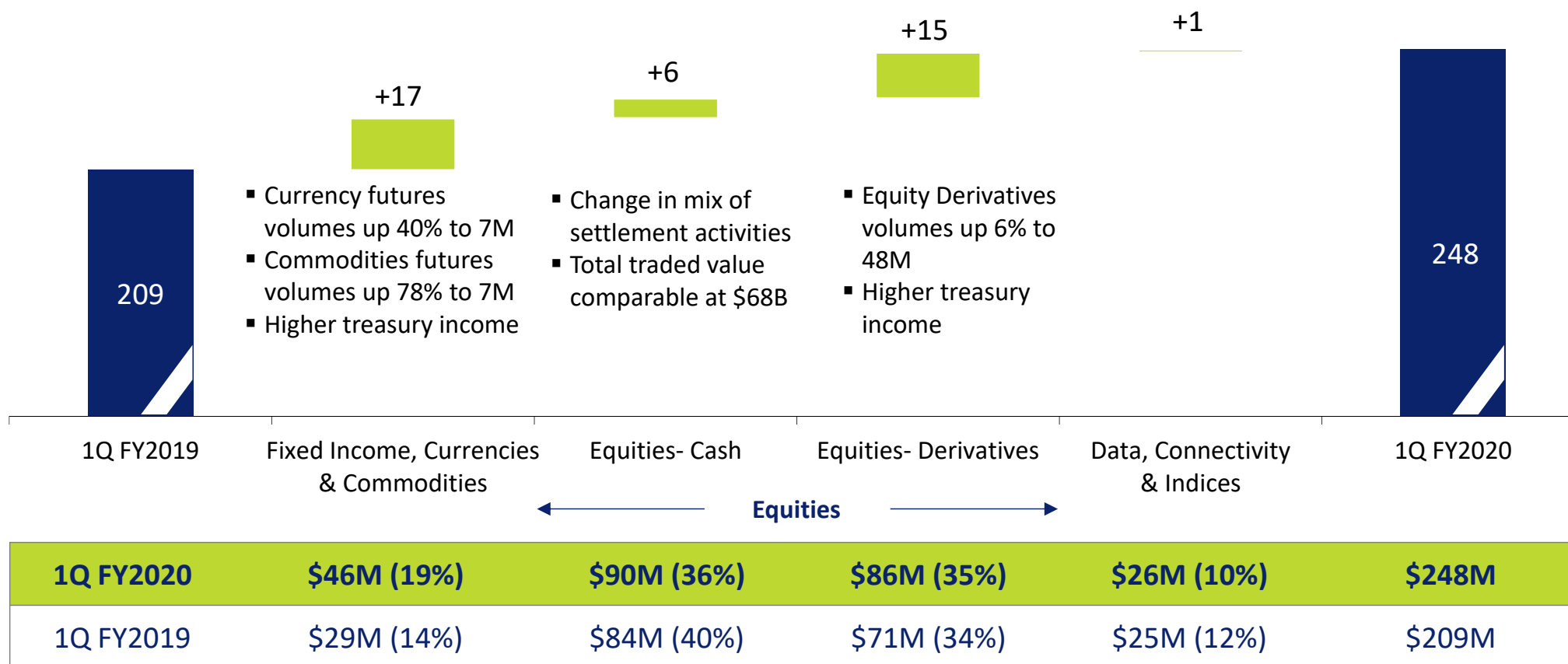
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# Revenue Reclassification – to reflect new organisation structure

<i>Previous</i>	1Q FY2020 S\$'M	<i>New</i>	1Q FY2020 S\$'M	
<b>Equities and Fixed Income</b>		<b>Fixed Income, Currencies and Commodities</b>		
<b>Issuer Services</b>		<b>Fixed Income</b>		
- Listing	11	- Listing	2	Revenue lines under Issuer Services are split into Fixed Income and Cash Equities business
- Corporate actions and other	10	- Corporate actions and other	1	
	21		3	
<b>Securities Trading and Clearing</b>		<b>Currencies and Commodities – Derivatives</b>		
- Securities clearing	36	- Trading and clearing	28	Securities Clearing and Access included under Equities- Cash as Trading and Clearing; CM, membership & other renamed as Treasury and other
- Access	9	- Treasury and other	14	
- Collateral management (CM), membership & other	2		43	
	47	<b>Total Fixed Income, Currencies and Commodities</b>	46	
<b>Post Trade Services</b>		<b>Equities</b>		
- Securities settlement	24	<b>Equities – Cash</b>		Under Derivatives, Equity and Commodities revenue is now split into FICC and Equities-Derivatives units, Trading and Clearing revenue. CM, licence, membership & other split into Currencies and Commodities and Equities-Derivatives, under Treasury, licence and other
- Depository management	1	- Listing	9	
	25	- Corporate actions and other	9	
<b>Total Equities and Fixed Income</b>	93	- Trading and clearing	45	
		- Securities settlement and depository management	25	
<b>Derivatives</b>		- Treasury and other	2	90
- Equity and Commodities	79	<b>Equities – Derivatives</b>		
- CM, licence, membership & other	49	- Trading and clearing	51	For Market Data and Connectivity, Revenue line Market data is renamed as Market data and Indices
<b>Total Derivatives</b>	129	- Treasury, licence and other	35	
			86	
<b>Market data and Connectivity</b>		<b>Total Equities</b>	176	
- Market data	10	<b>Data, Connectivity and Indices</b>		
- Connectivity	15	- Market data and Indices	10	
<b>Total Market data and Connectivity</b>	26	- Connectivity	15	
<b>Operating revenue</b>	<b>248</b>	<b>Total Data, Connectivity and Indices</b>	26	
		<b>Operating revenue</b>	<b>248</b>	

# 1Q Revenue up 19% y-o-y to \$248M

- FICC revenue of \$46M, up 57%; Equities revenue of \$176M, up 14%; Data, Connectivity & Indices revenue of \$26M, up 4%
- Average fee per contract for Equity, Currency and Commodity derivatives up 10% to \$1.15

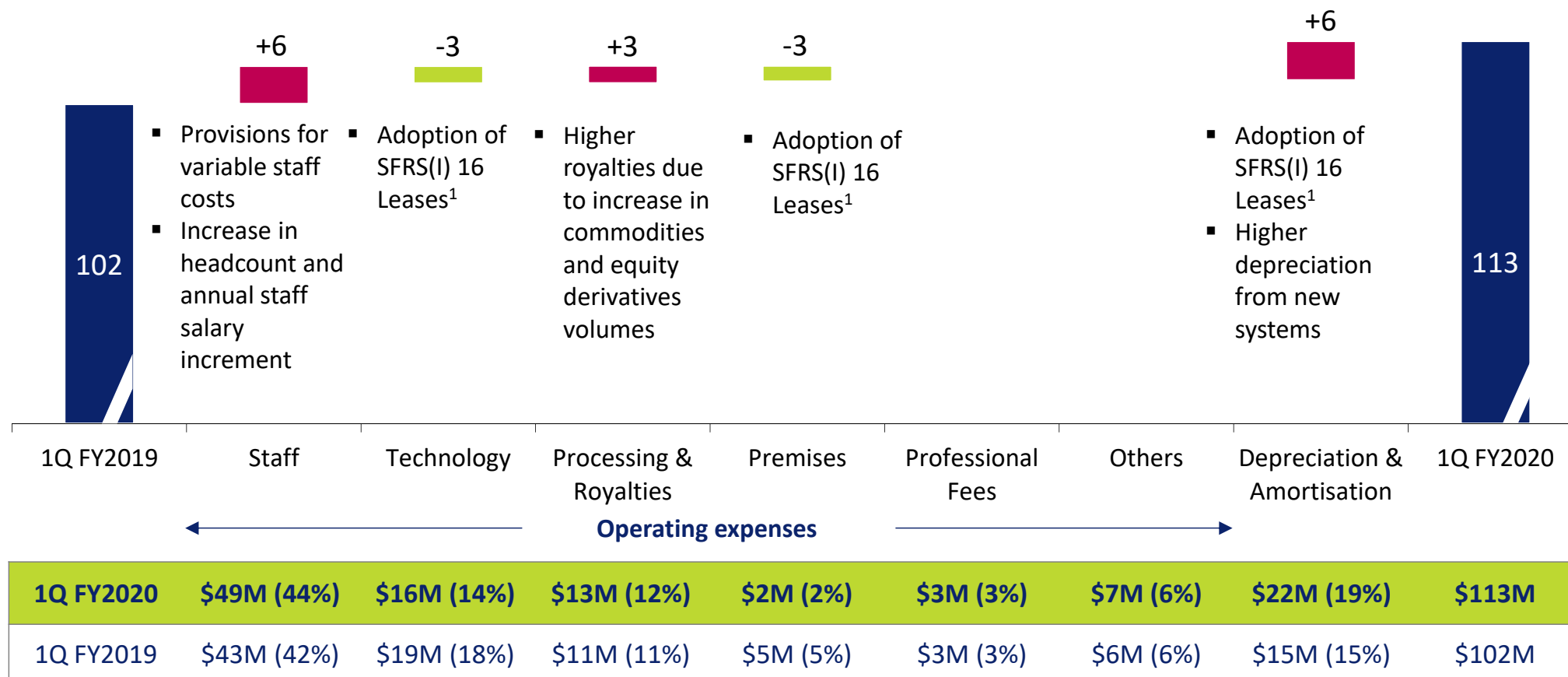


Note: All figures in \$ millions unless otherwise stated and may be subject to rounding



# 1Q Total Expenses up 10% y-o-y to \$113M

- Higher expenses mainly due to higher staff costs and royalties

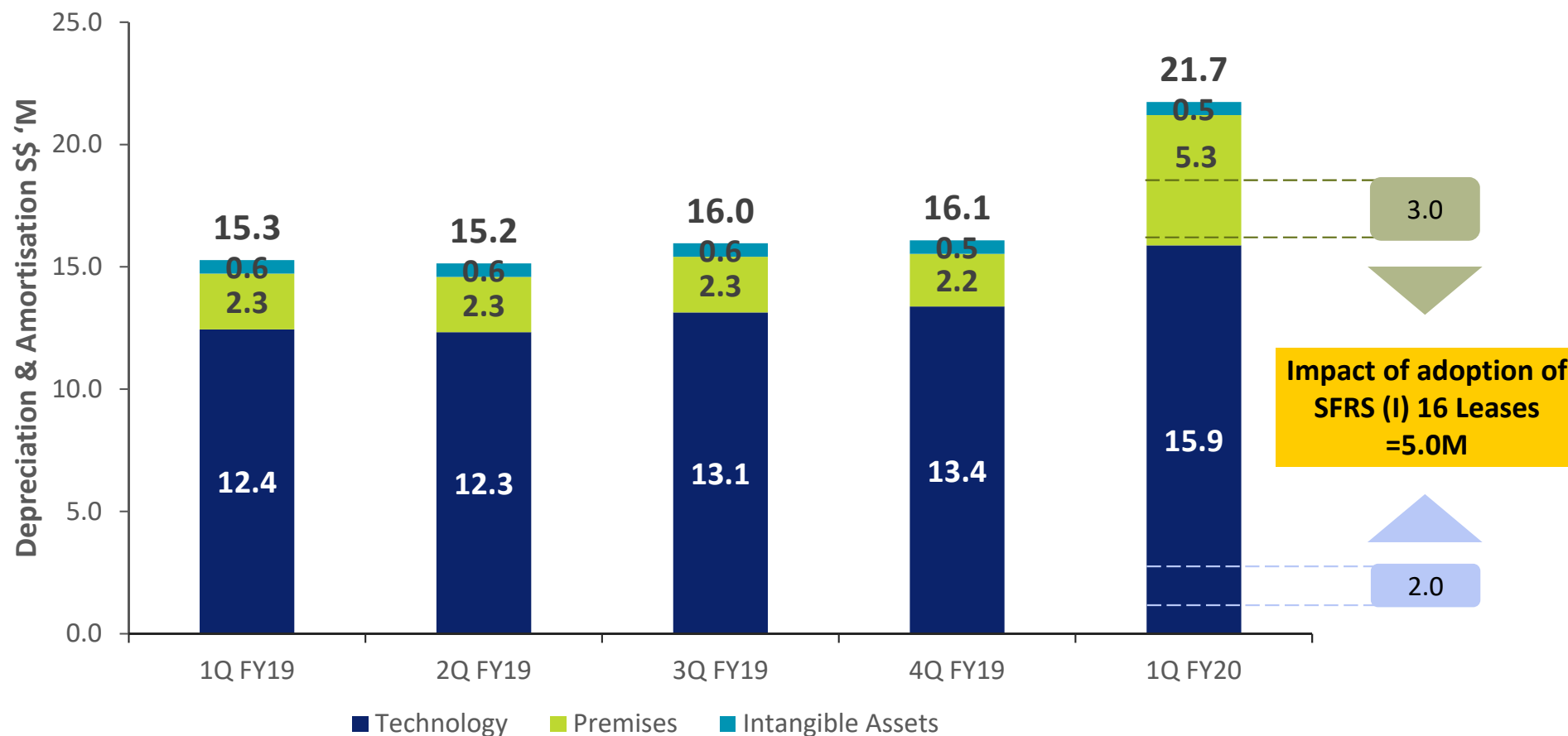


<sup>1</sup> Rental expenses relating operating leases for data centers and office premises that were recorded as technology and premises expenses respectively, are now recorded as depreciation expense and finance charges.

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# Depreciation & amortisation (D&A) expense

- D&A expense of \$22M, up \$6M
- Increase mainly due to \$5M impact from adoption of SFRS(I) 16 Leases<sup>1</sup>. Excluding which, D&A up \$1M or 9% y-o-y



<sup>1</sup> Rental expenses relating operating leases for data centers and office premises that were recorded as technology and premises expenses respectively, are now recorded as depreciation expense and finance charges.

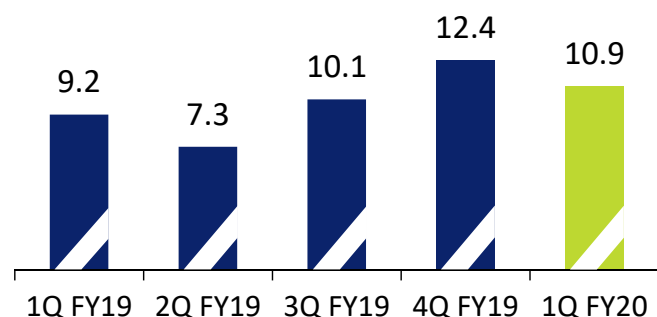
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# Key Financial Indicators

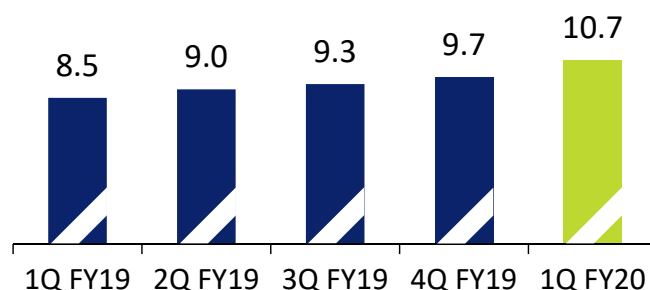
- High operating profit and EBITDA margin of 54% and 63% respectively
- Quarterly dividend per share of 7.5 cents per share

	1Q FY2019	2Q FY2019	3Q FY2019	4Q FY2019	1Q FY2020
Revenue (\$ million)	209	224	229	248	248
EBITDA (\$ million)	122	129	134	139	156
EBITDA margin	58%	57%	59%	56%	63% <sup>1</sup>
Operating profit (\$ million)	106	114	118	123	135
Operating profit margin	51%	51%	52%	50%	54%
Net profit (\$ million)	91	97	100	104	114
Return on equity	39%	39%	37%	36%	40%

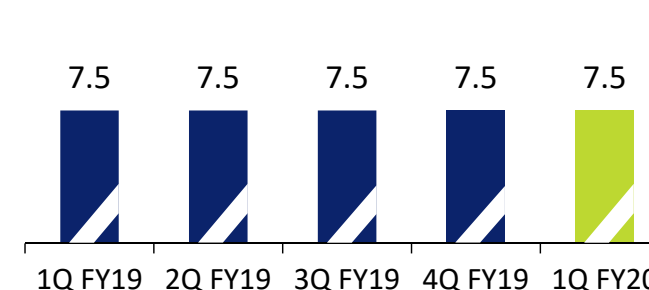
**Operating cash flow per share (cents)**



**Earnings per share (cents)**



**Dividend per share (cents)**



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# Business Update

Loh Boon Chye, Chief Executive Officer

# Pursuing growth and building scale in multiple asset classes

Since we embarked on our strategic priorities in FY2018...



**Build a multi-asset  
exchange**

**One quarter** of our clients increased the number of asset classes that they trade with SGX



**Grow international  
presence**

**18%** of total derivatives volumes traded overnight in T+1 session



**Widen partnerships  
and networks**

Strategic investments and collaborations across asset classes

# 1Q FY2020 Performance

- Highest quarterly net profit in more than 10 years
- Growth in all business segments

## Fixed Income, Currencies & Commodities (FICC)



Revenue Contribution

**19%**

Change (y-o-y)

**57%**

## Equities



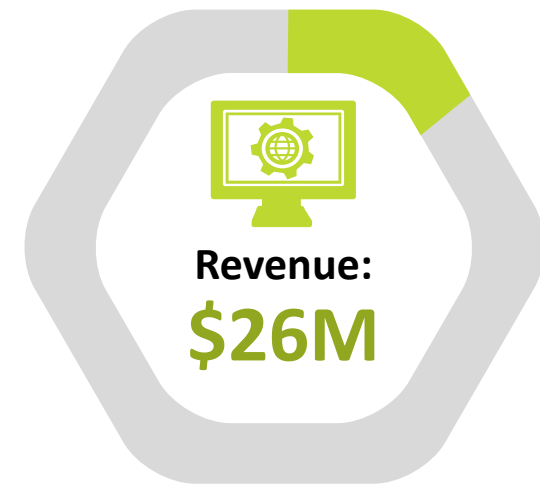
Revenue Contribution

**71%**

Change (y-o-y)

**14%**

## Data, Connectivity & Indices



Revenue Contribution

**10%**

Change (y-o-y)

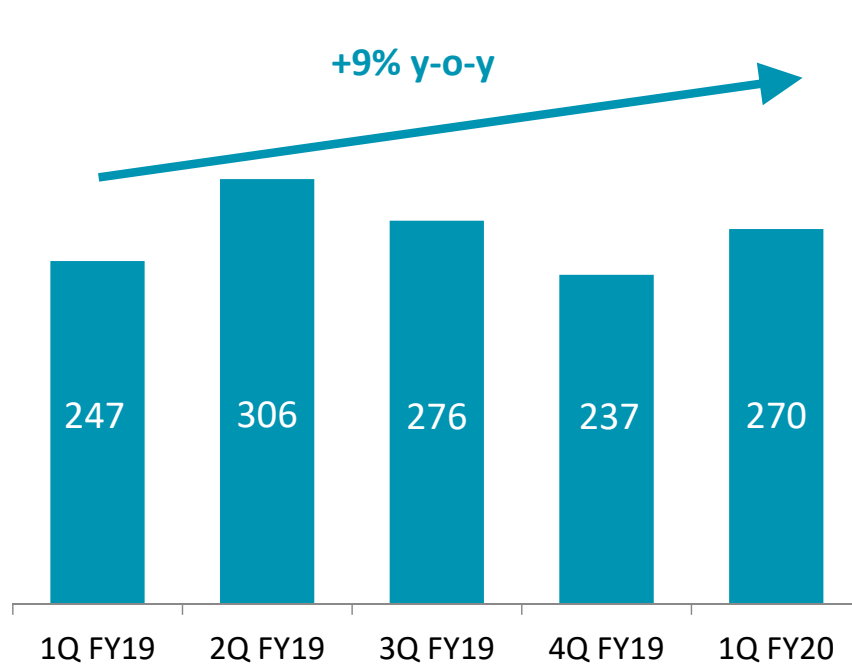
**4%**

# FICC – Fixed Income

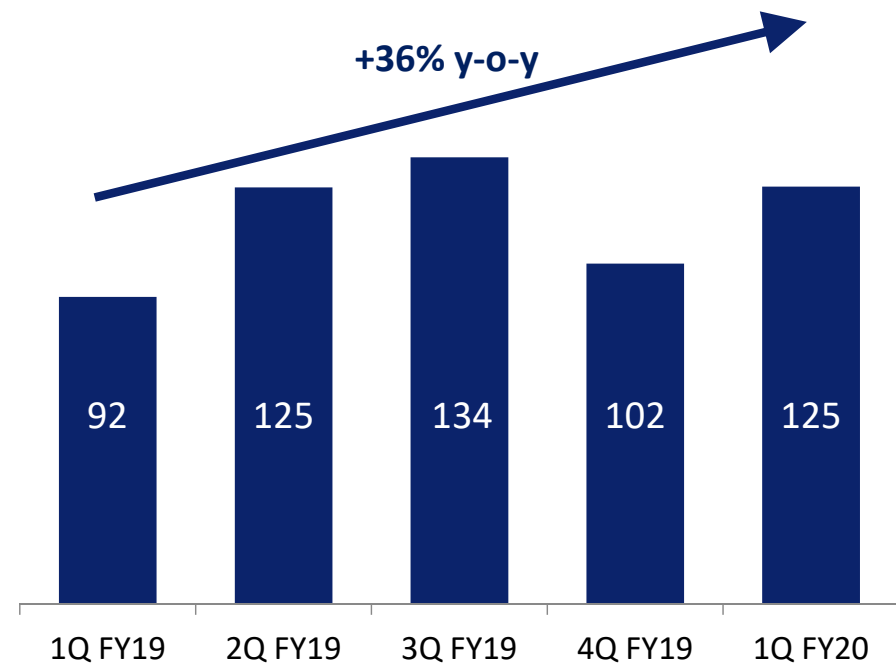
FICC  
\$46M ↑ 57% y-o-y

- Number of new bond listings at 270, up 9%
- Total bond amounts issued at \$125B, up 36%
- Wide geographical spread of Fixed Income Issuers

No. of New Bond listings



Total Bonds Amount Issued (\$B)



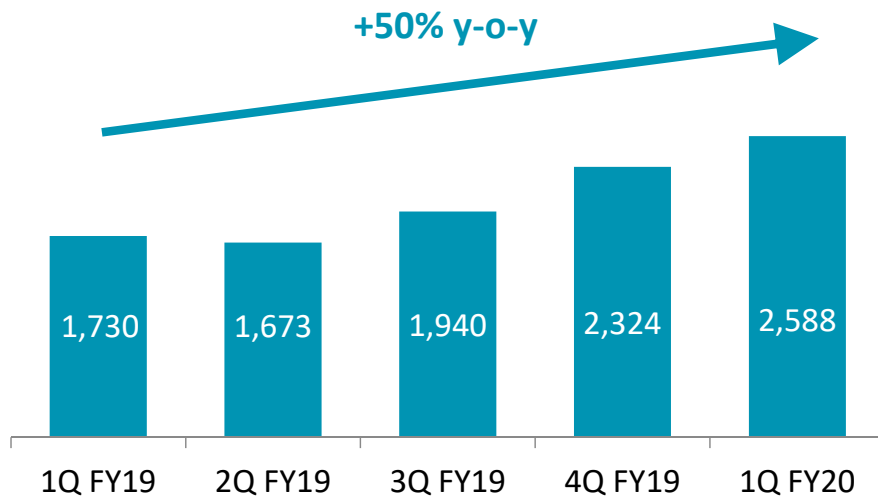
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# FICC – Currencies

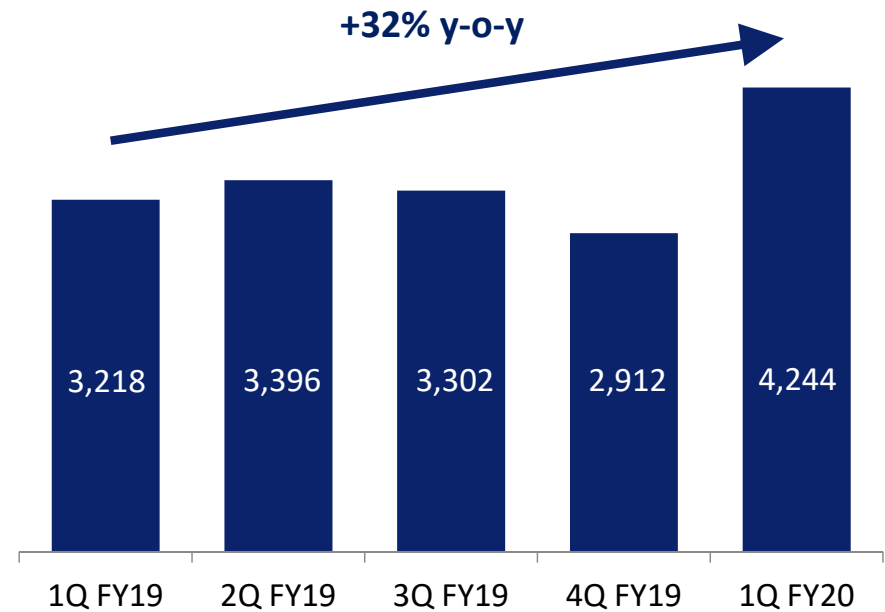
**FICC**  
**\$46M ↑ 57% y-o-y**

- Record currency futures volume, up 40% to 7.0M contracts or US\$383B
- Largest and fastest growing Asian FX futures exchange
- Overnight T+1 volume increased 80%, contributing to 29% of total currency volumes

USD/ CNH Volume ('000 contracts)



INR/ USD Volume ('000 contracts)



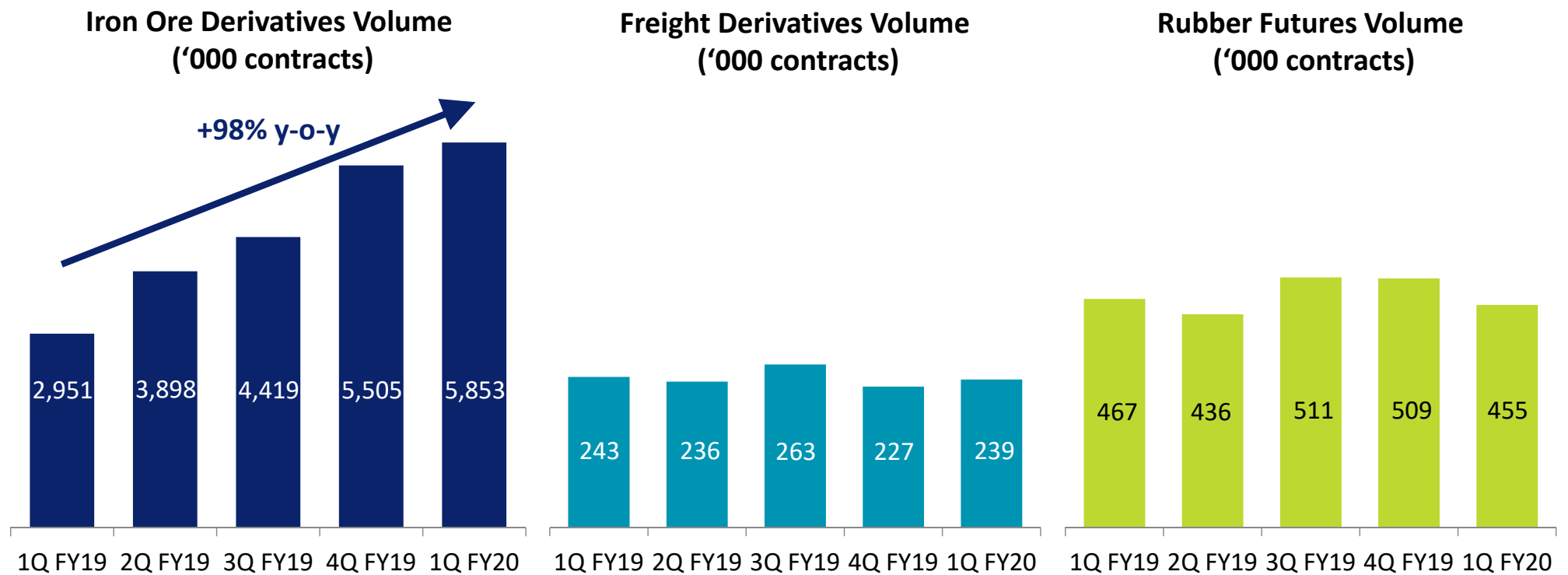
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# FICC – Commodities

**FICC**  
**\$46M ↑ 57% y-o-y**

- Iron ore volumes doubled to 5.9M contracts
- Overnight T+1 volume increased 75%, contributing to 15% of total commodities volumes



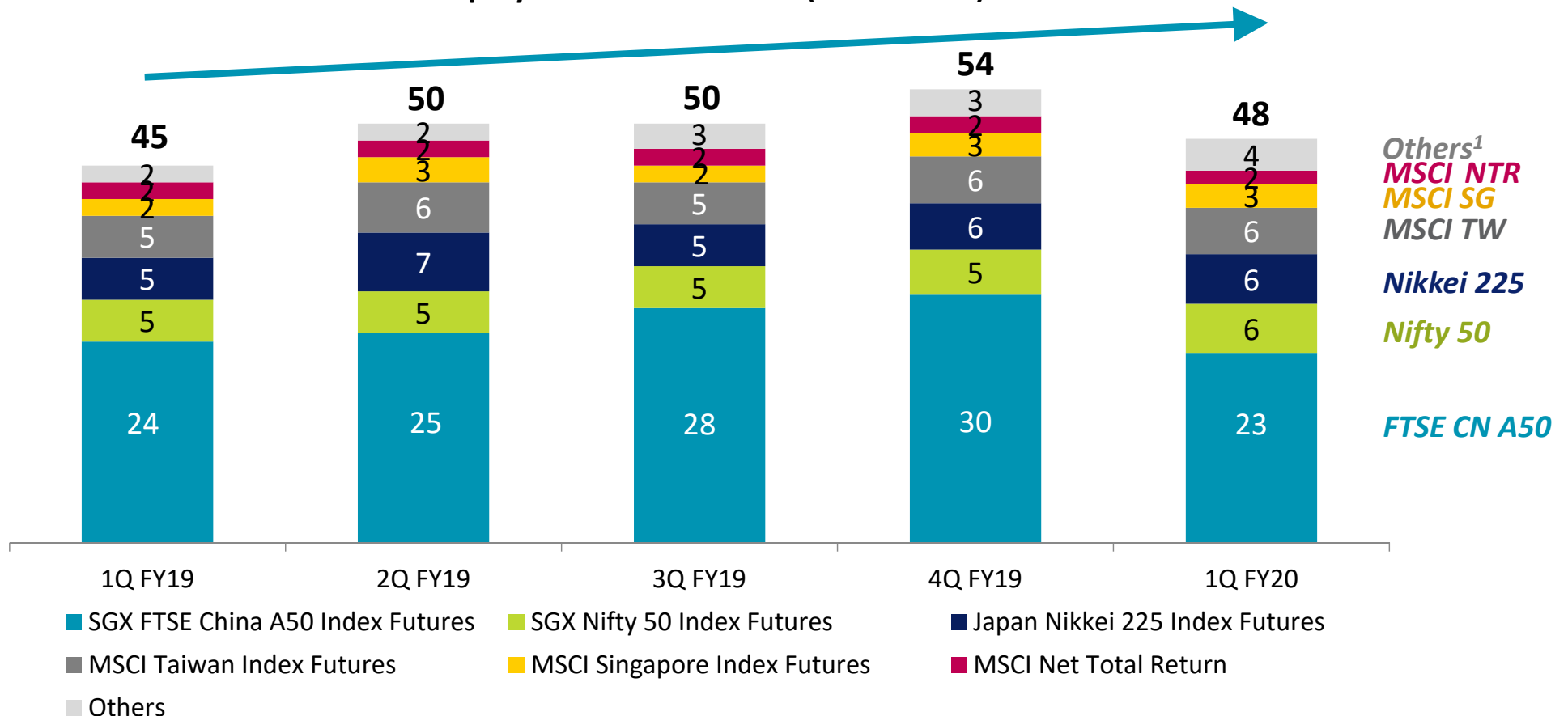
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# Equities – Equity Derivatives

**Equities**  
**\$176M ↑ 14% y-o-y**

- Higher trading volumes in key equity index contracts, up 6% y-o-y
- Growth in Nifty 50, Nikkei 225, and MSCI Singapore index futures contracts
- Overnight T+1 volume up 56%, contributing 16% of total equity derivatives volumes

Equity Derivatives Volume (M contracts)

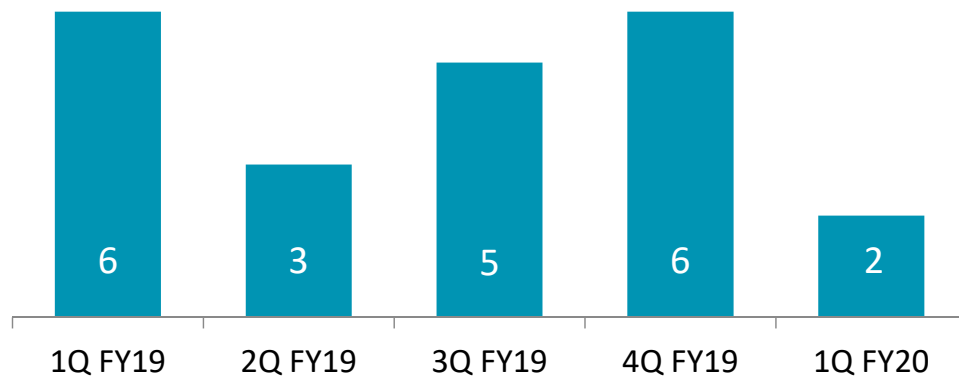


# Equities – Cash Equities Listings

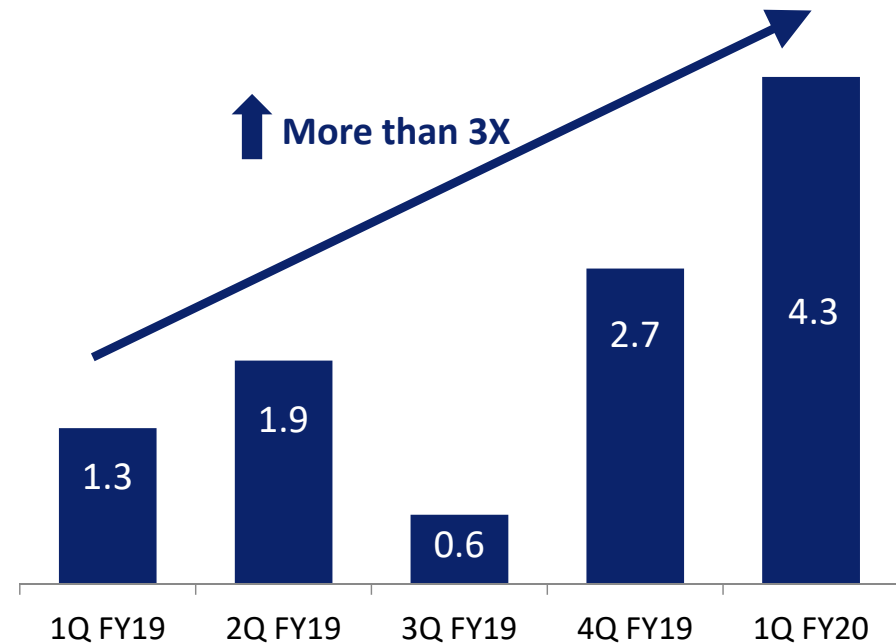
**Equities**  
**\$176M ↑ 14% y-o-y**

- Listing revenue at \$9M, comparable
- 2 new international equity listings
- Total funds raised increased 3X to \$4.3B

No. of New Equity Listings



Total Equity Funds Raised (\$B)



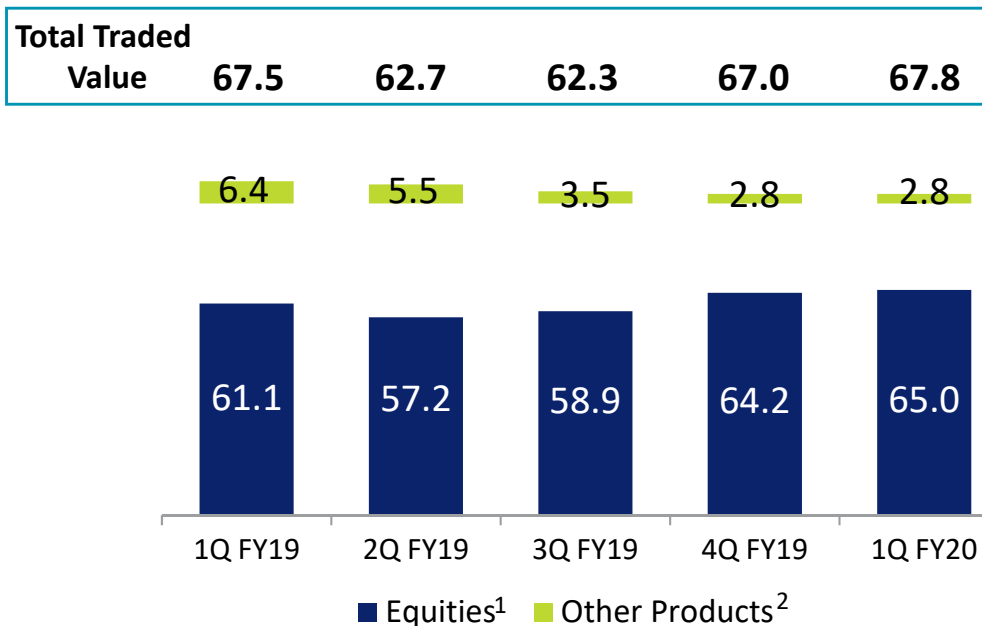
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# Equities – Cash Equities Trading & Clearing

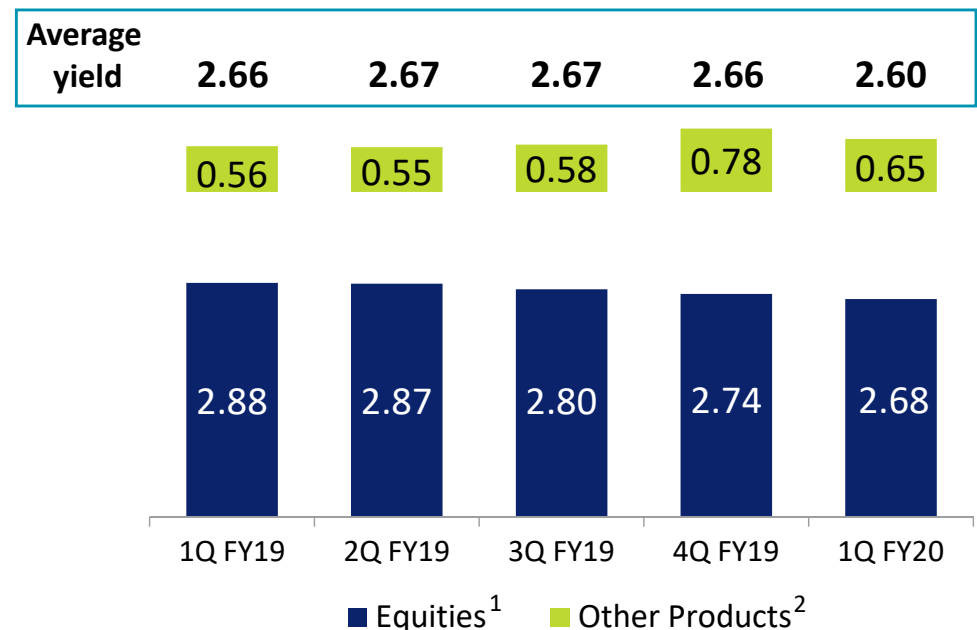
**Equities**  
**\$176M ↑ 14% y-o-y**

- Total traded value comparable at \$67.8B
- Lower average clearing fee due to higher participation from market makers and liquidity providers

**Securities Total Value Traded (\$B)**



**Average Clearing Fee by Products (bps)**



Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

<sup>1</sup> Equities include ordinary shares, real-estate investment trusts and business trusts

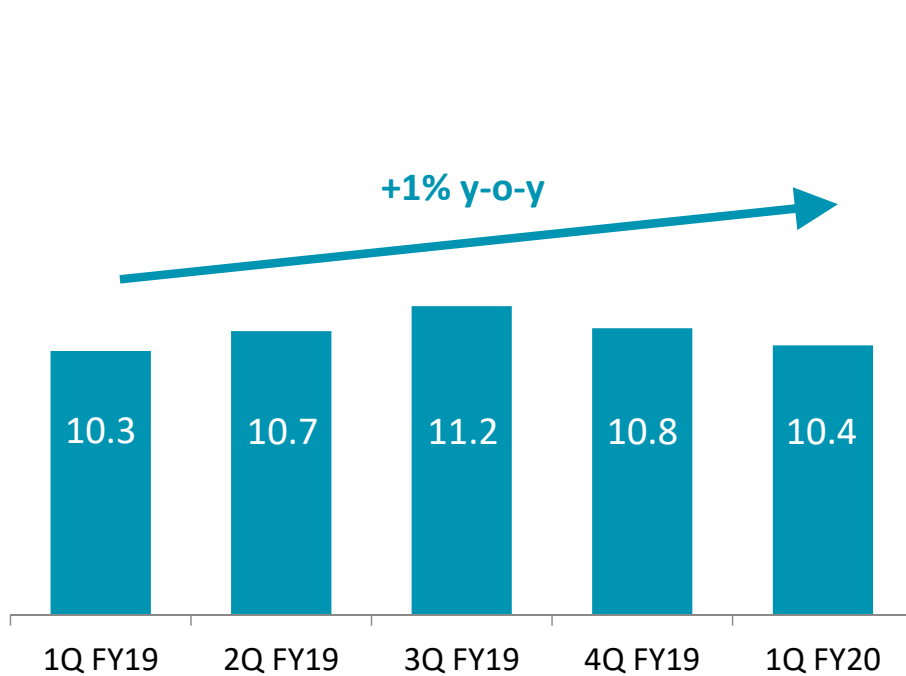
<sup>2</sup> Other products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities, and American depository receipts

# Data, Connectivity & Indices

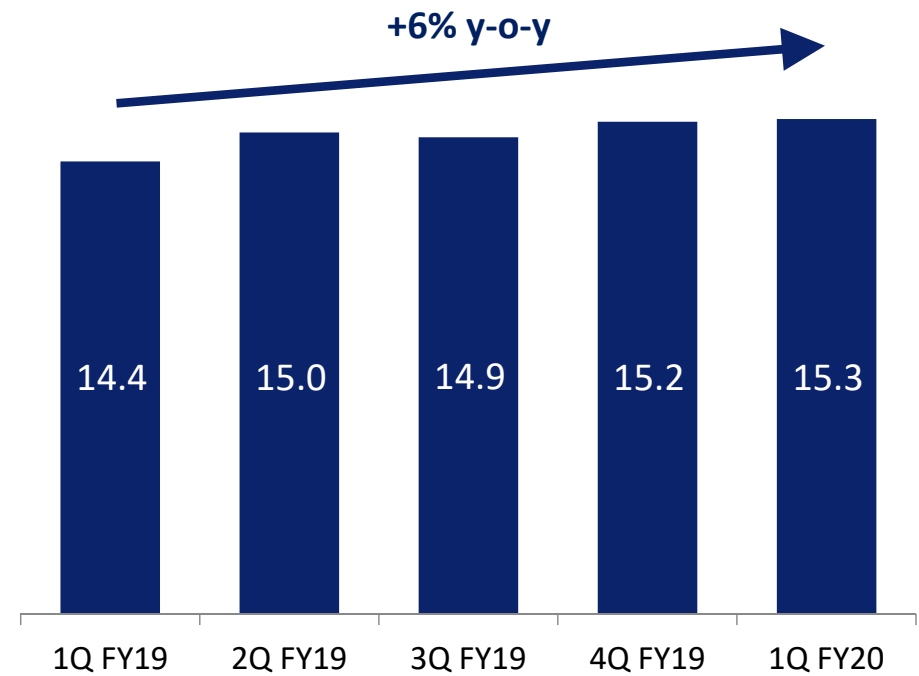
**Data, Connectivity & Indices**  
**\$26M ↑ 4% y-o-y**

- Market data and Indices revenue comparable
- Connectivity revenue up 6% from higher derivatives connectivity subscriptions and continued growth of our colocation services business

Market Data and Indices Revenue (\$M)



Connectivity Revenue (\$M)



Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

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# Looking Ahead ...



- SGX is well-positioned as a multi-asset business that is resilient against market volatility and economic cycles



- We expect prolonged periods of low interest rates, as central banks ease rates in response to a slowing global economy



- We will grow our business by widening our geographical reach, and seek new investment opportunities to enhance our current capabilities

## Expense guidance for FY2020

- Total expenses is expected to be between \$465M & \$475M
- Technology-related capital expenditure is expected to be between \$45M & \$50M

# Questions and Answers

