

# WELCOME

## 2Q FY2014: Analyst and Media Briefing

Magnus Böcker, CEO  
Chng Lay Chew, CFO

22 January 2014

**SGX** The Asian Gateway

# Agenda for Second Quarter FY2014 Results Briefing

1 Second Quarter Highlights

2 Financial Performance

3 Business Update

4 Questions & Answers

## Second Quarter FY2014 Highlights

Net profit of \$75 million, down 2% from a year earlier



**Revenue**



**Expenses**



**Operating Profit**



**Net Profit**



**Earnings per share**



**Dividend per share**

- Continued growth of Derivatives
  - Total equity and commodities derivatives volume up 18% to 26.3 million contracts
  - Month-end open interest increased 45% to 3.6 million contracts
  - Extension of product suite into new asset class with launch of FX futures
- Decline in Securities turnover mitigated by higher average clearing fees
  - Total traded value of \$64.1B and SDAV of \$1.0B, down 18% and 19% respectively
  - Average clearing fees increased 6% to 3.2 basis points
- Meeting the highest regulatory standards
  - Both clearinghouses assessed by IMF as compliant with the new PFMI standards
  - First Asian clearinghouse to be authorised by US CFTC as Derivatives Clearing Organisation

# Financial Performance

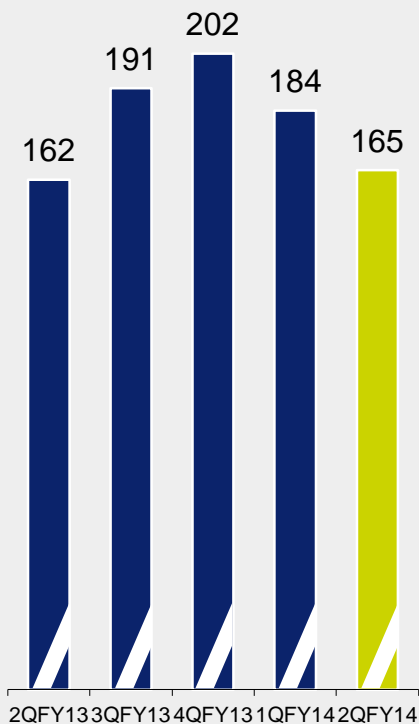
Chng Lay Chew  
CFO

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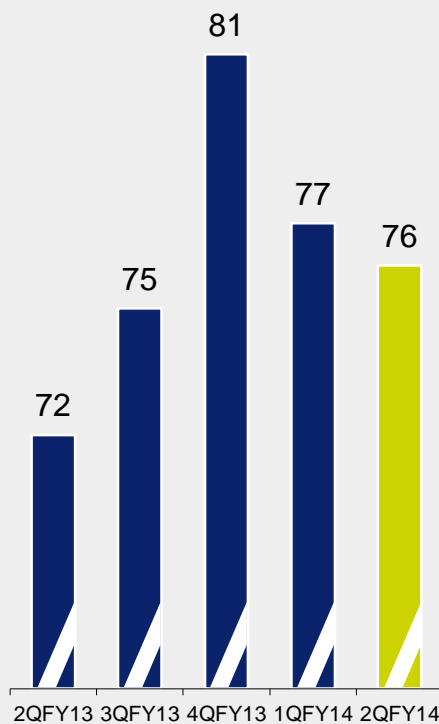
# Financial Performance: Quarterly Trend

Net profit of \$75 million, down 2% from a year earlier

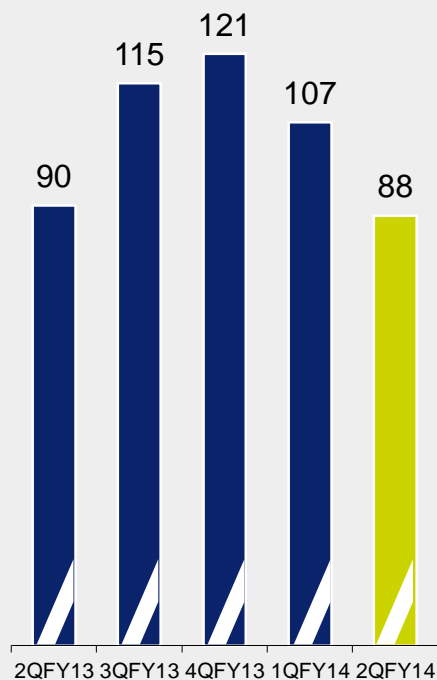
**Revenue**  
+2% year-on-year  
-11% quarter-on-quarter



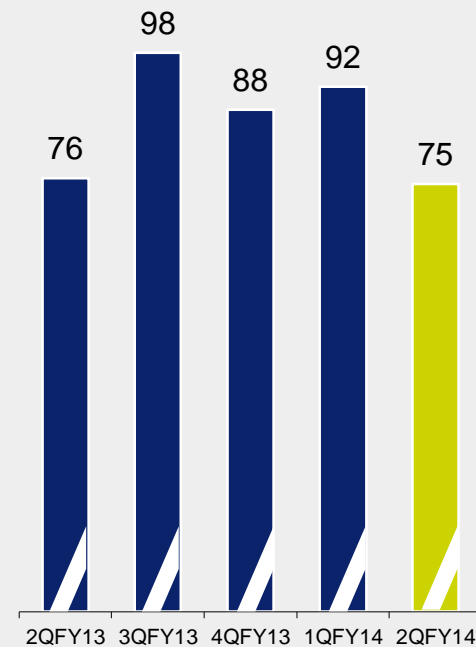
**Expenses**  
+6% year-on-year  
-1% quarter-on-quarter



**Operating Profit**  
-2% year-on-year  
-17% quarter-on-quarter



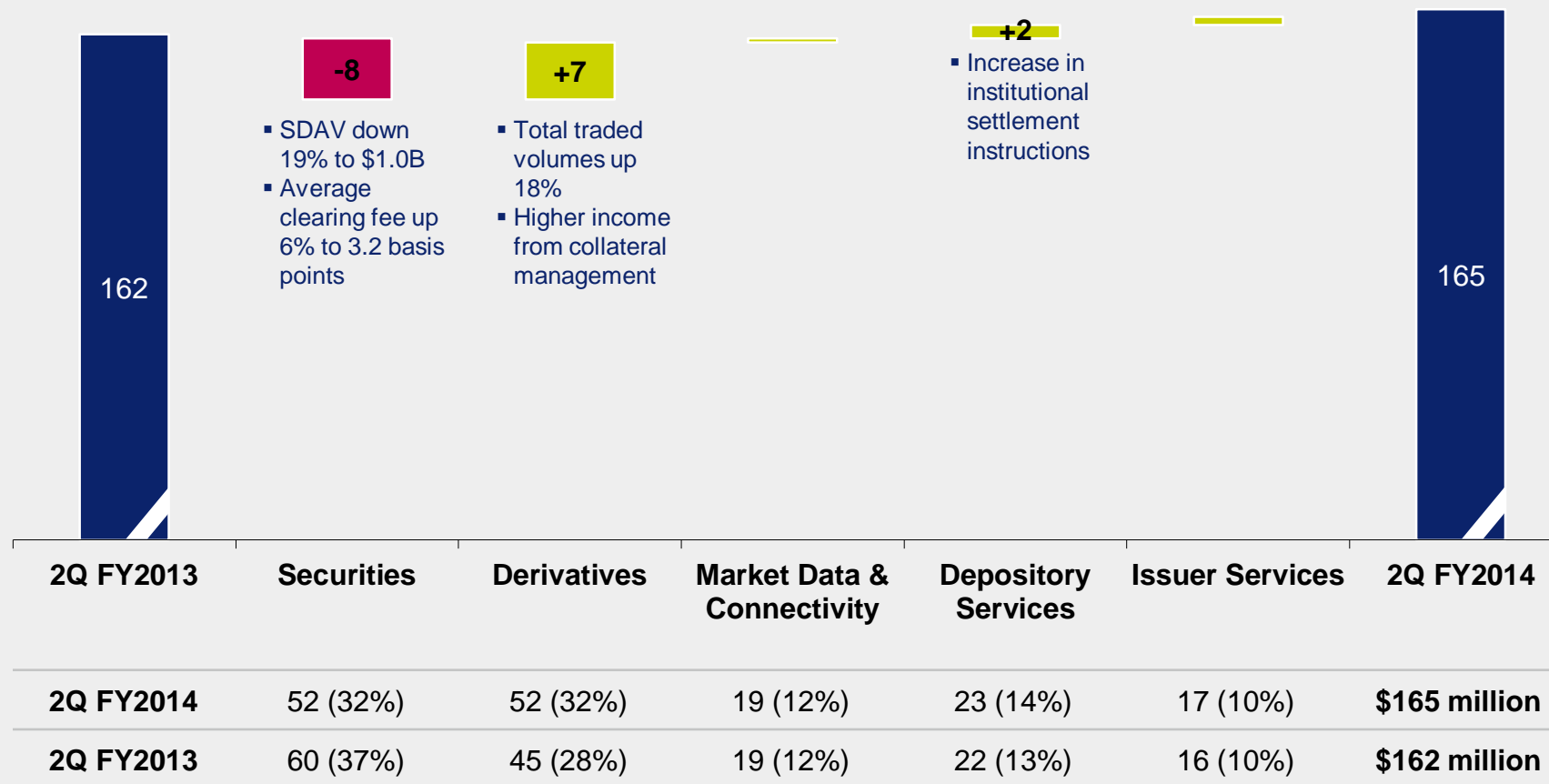
**Net Profit**  
-2% year-on-year  
-19% quarter-on-quarter



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

# Financial Performance: Revenue, Year-on-Year

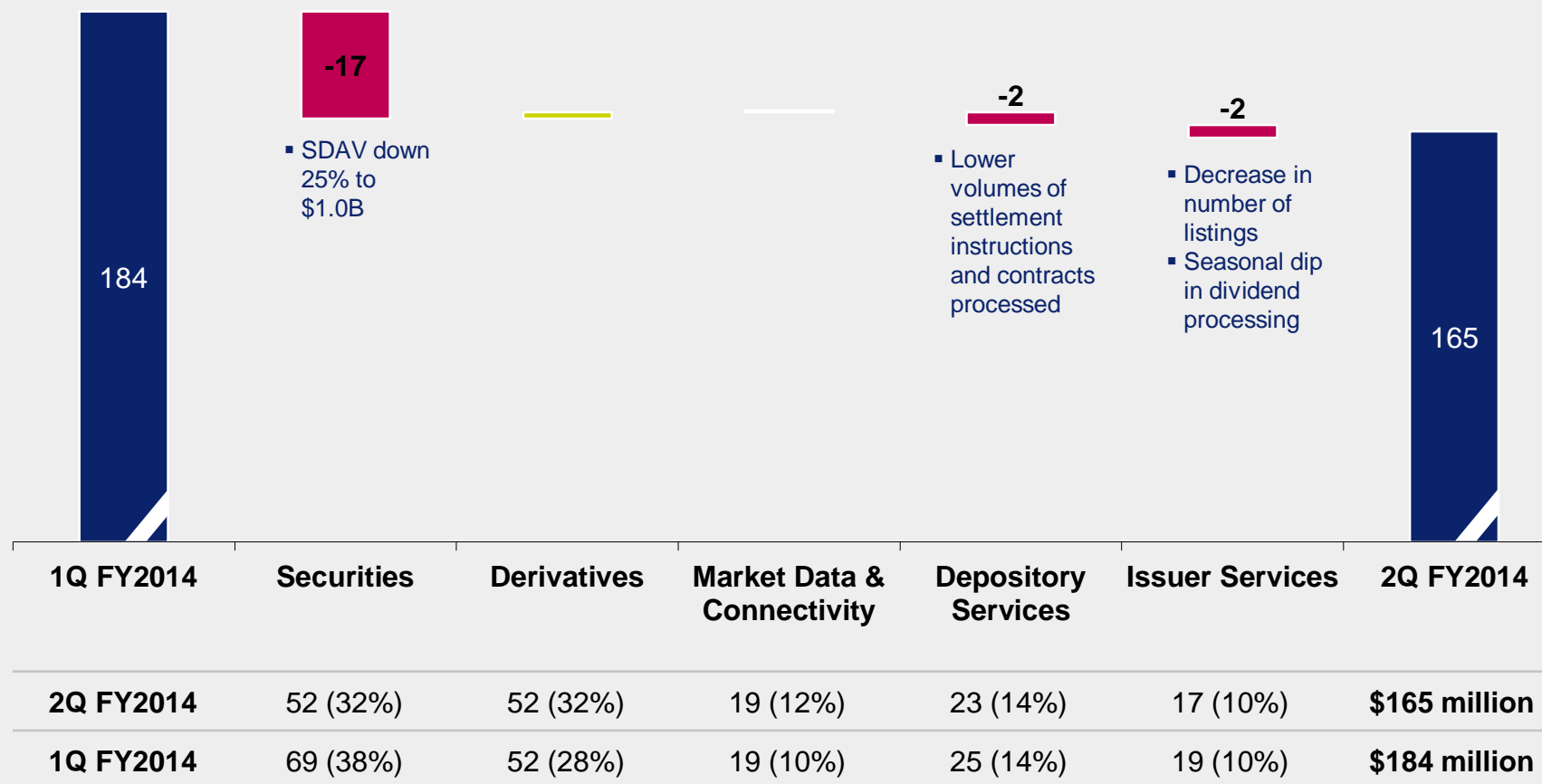
Revenue of \$165 million, up 2% from \$162 million in 2Q FY2013



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# Financial Performance: Revenue, Quarter-on-Quarter

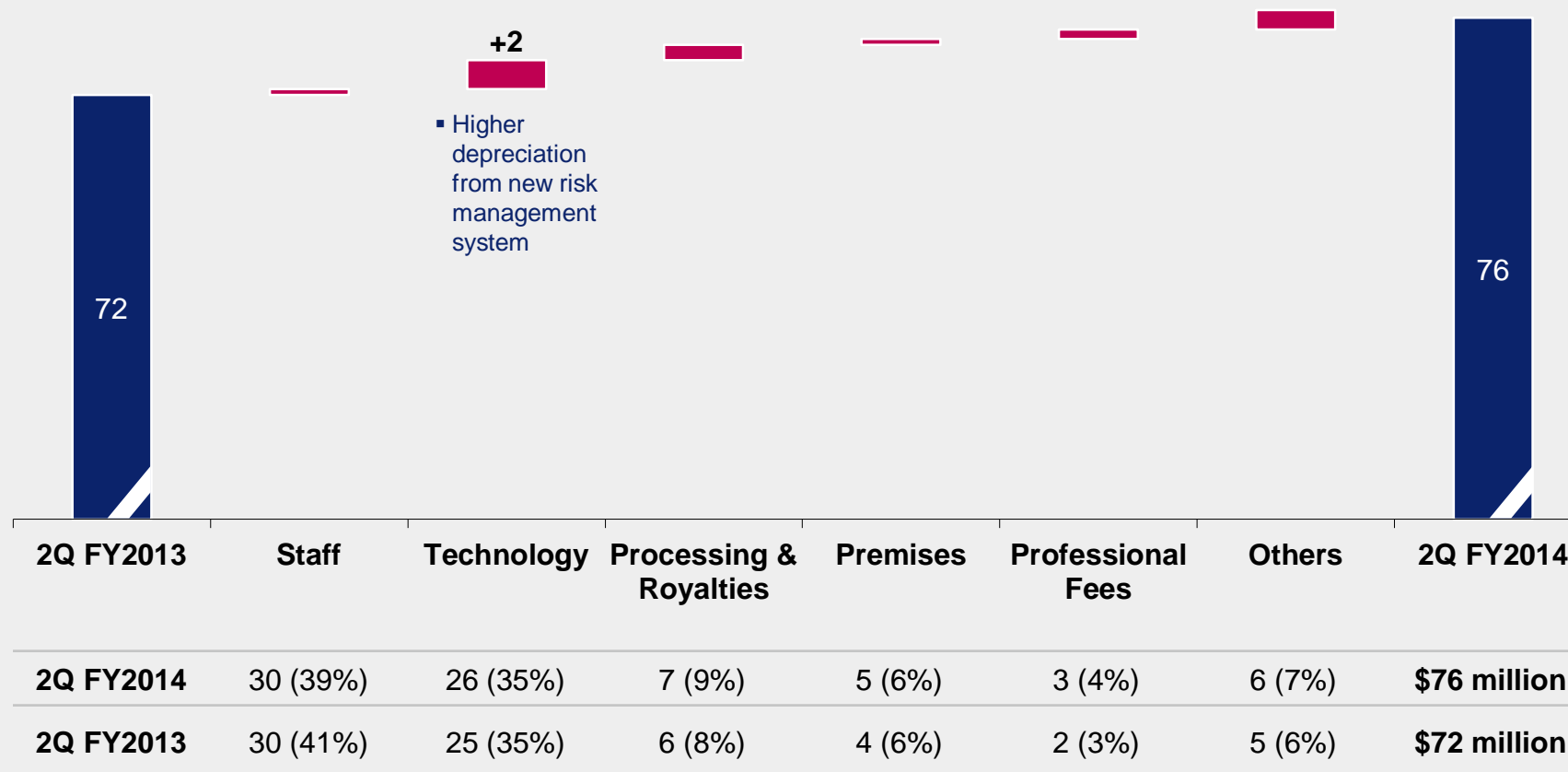
Revenue of \$165 million, down 11% from \$184 million in 1Q FY2014



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# Financial Performance: Expenses, Year-on-Year

Expenses of \$76 million, up 6% from \$72 million in 2Q FY2013

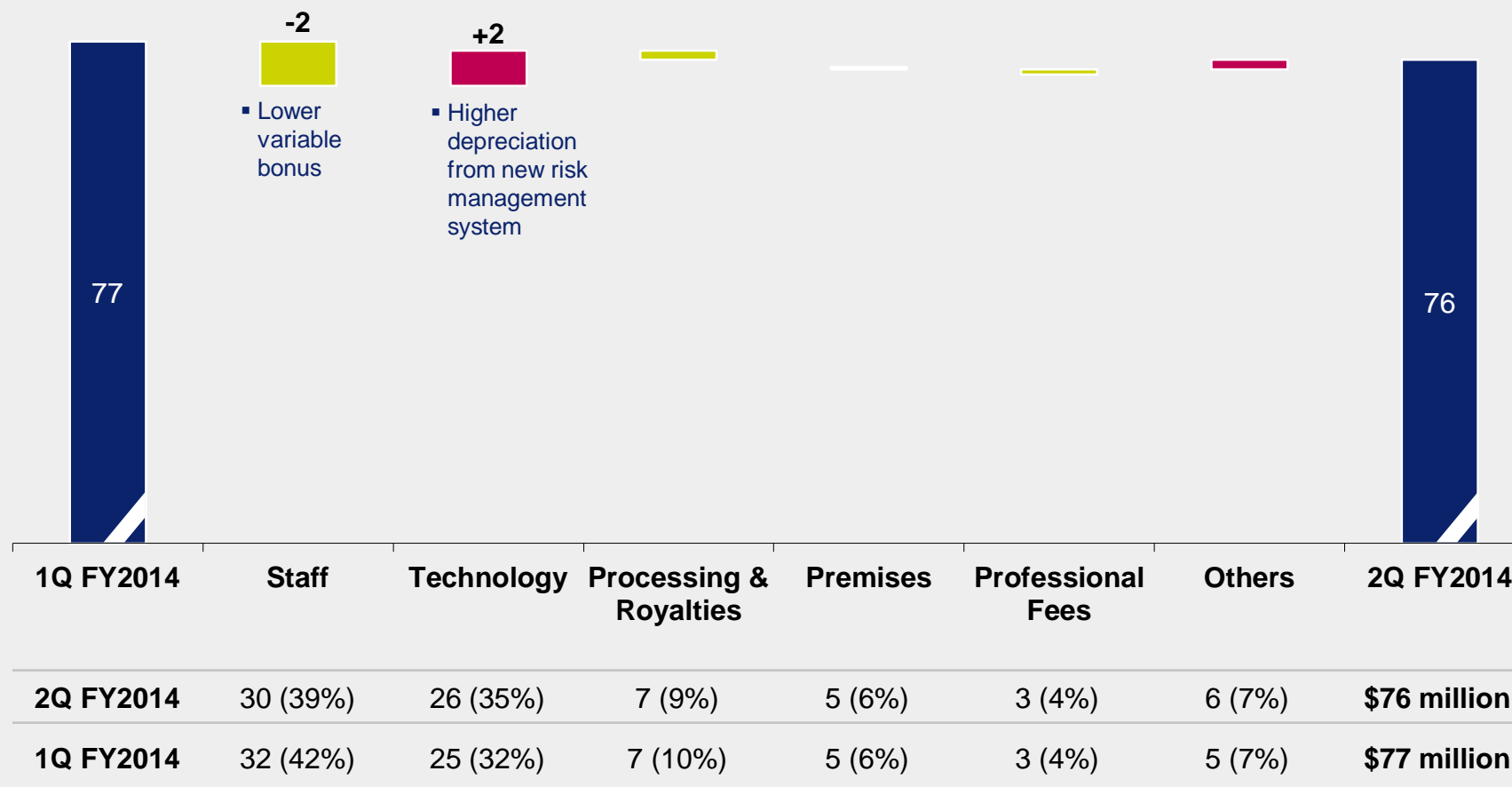


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# Financial Performance: Expenses, Quarter-on-Quarter

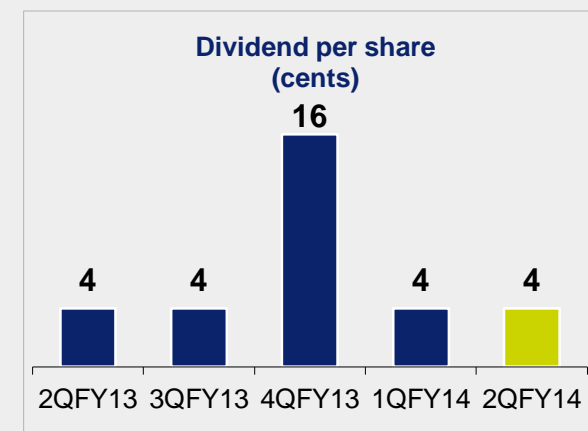
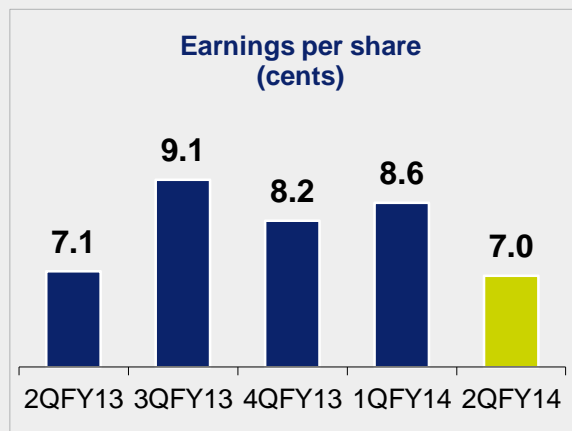
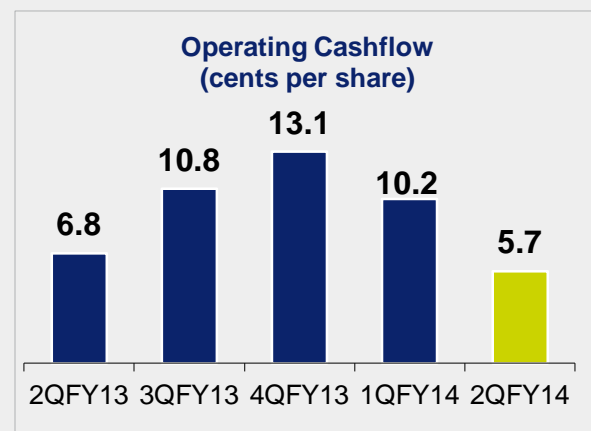
Expenses of \$76 million, down 1% from \$77 million in 1Q FY2014



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# Financial Performance: Key Indicators

	2Q FY2013	3Q FY2013	4Q FY2013	1Q FY2014	2Q FY2014
Revenue (\$ million)	162	191	202	184	165
Operating Profit (\$ million)	90	115	121	107	88
Operating Profit Margin	56%	61%	60%	58%	54%
Return on Equity	39%	40%	39%	48%	46%
Earnings per share (cents)	7.1	9.1	8.2	8.6	7.0
Dividend per share (cents)	4	4	16	4	4



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# Business Update

Magnus Böcker  
CEO

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# Highlights for the Quarter

## Derivatives growth offsets dip in Securities market

- Continuing growth of Derivatives; expansion of product suite into FX
- Lower Securities traded value mitigated by higher average clearing fees
- Meeting the new international regulatory standards

Securities	<ul style="list-style-type: none"> <li>▪ Revenue down 13% to \$52 million</li> <li>▪ 18% decline in total traded value mitigated by 6% increase in average clearing fees</li> </ul>
Derivatives	<ul style="list-style-type: none"> <li>▪ Revenue up 16% to \$52 million on continuing growth</li> <li>▪ Month-end open interest up 45% from same quarter a year earlier</li> </ul>
Market Data and Connectivity	<ul style="list-style-type: none"> <li>▪ Revenue up 3% to \$19 million driven by growth of co-location business</li> <li>▪ Launched new suite of Singapore dollar bond indices</li> </ul>
Depository Services	<ul style="list-style-type: none"> <li>▪ Revenue up 7% to \$23 million on increased institutional settlement instructions</li> </ul>
Issuer Services	<ul style="list-style-type: none"> <li>▪ Revenue up 6% to \$17 million following revised listing fees</li> <li>▪ 9 new listings raising \$1.4 billion and 144 new bond listings raising \$34 billion</li> </ul>
Regulatory and Risk Management	<ul style="list-style-type: none"> <li>▪ Both clearinghouses assessed to be compliant with the new PFMI standards</li> <li>▪ Recognised as DCO by US CFTC</li> <li>▪ Announced establishment of Direct Listings Framework with China CSRC</li> </ul>

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### Securities

### Derivatives

### Market Data and Connectivity

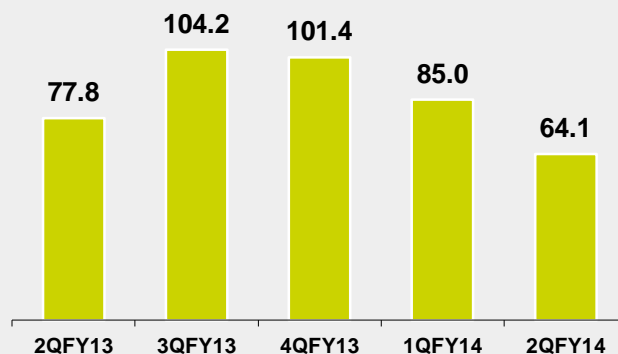
### Depository Services

### Issuer Services

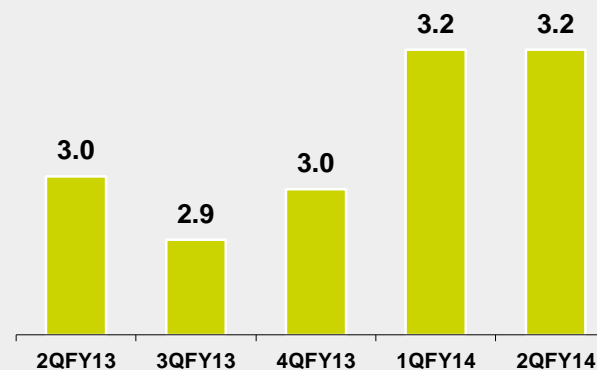
### Regulatory and Risk Management

- Revenue down 13% to \$52.2 million
- Total traded value and averaged daily traded value down 18% and 19% to \$64.1 billion and \$1.0 billion respectively
- Decrease in total turnover partially offset by 6% increase in average clearing fees to 3.2 basis points
- Upcoming improvements to securities market microstructure

Total Securities Value Traded (\$ billion)



Securities Average Clearing Fee (basis points)



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Derivatives

Market Data and  
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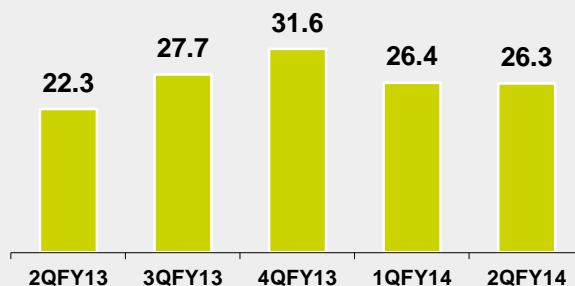
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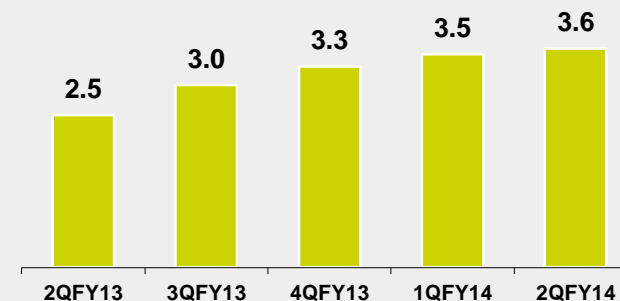
Regulatory and Risk  
Management

- Revenue up 16% to \$52.5 million on growth across key contracts
- Total traded contracts grew 18% to 26.3 million contracts
- Month-end open interest up 45% from same quarter a year earlier
- Continuing growth in commodities
- Extended product suite into new asset class with launch of 6 FX futures contracts
- Launched 3 new Asian equity index futures contracts

Total Equities and Commodities  
Derivatives Volumes (million  
contracts)



Average Month-end Open Interest  
(million contracts)



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Issuer Services

Regulatory and Risk  
Management

- Assessed to be compliant with the new PFMI standards
  - Clearing and settlement infrastructure assessed under the International Monetary Fund's Financial Sector Assessment Program
  - Assessed to have high levels of compliance with the new Principles for Financial Market Infrastructure (PFMI) standards
  - Confirmed SGX's adherence to the more demanding requirements of the PFMI
- Recognised as DCO by US CFTC
  - The first clearing house in Asia authorised as a Derivatives Clearing Organisation by the US derivatives regulator, the Commodities Futures Trading Commission
  - New and existing US customers are now able to clear their derivatives contracts through SGX in compliance with the latest US laws and regulations
- Announced establishment of Direct Listings Framework with CSRC



## Outlook

Staying the course amid moderate global economic recovery

- Continuing investments in support of growth strategy
- FY2014 operating expenses expected to be between \$320 million and \$330 million; technology-related capital expenditure expected to be between \$35 million and \$40 million, as previously announced
- Moving to new premises to cater for operational resilience, better efficiency and enhanced customer service



The journey continues ...

*Questions & Answers*