

# WELCOME: Analyst & Media Briefing Second Quarter Financial Year 2012 Results

Magnus Böcker, CEO  
Muthukrishnan Ramaswami, President  
Chng Lay Chew, CFO

16 January 2012

**SGX** The Asian Gateway

# Agenda

1 Second Quarter Financial Year 2012 Highlights

2 Financial Performance

3 Business Update

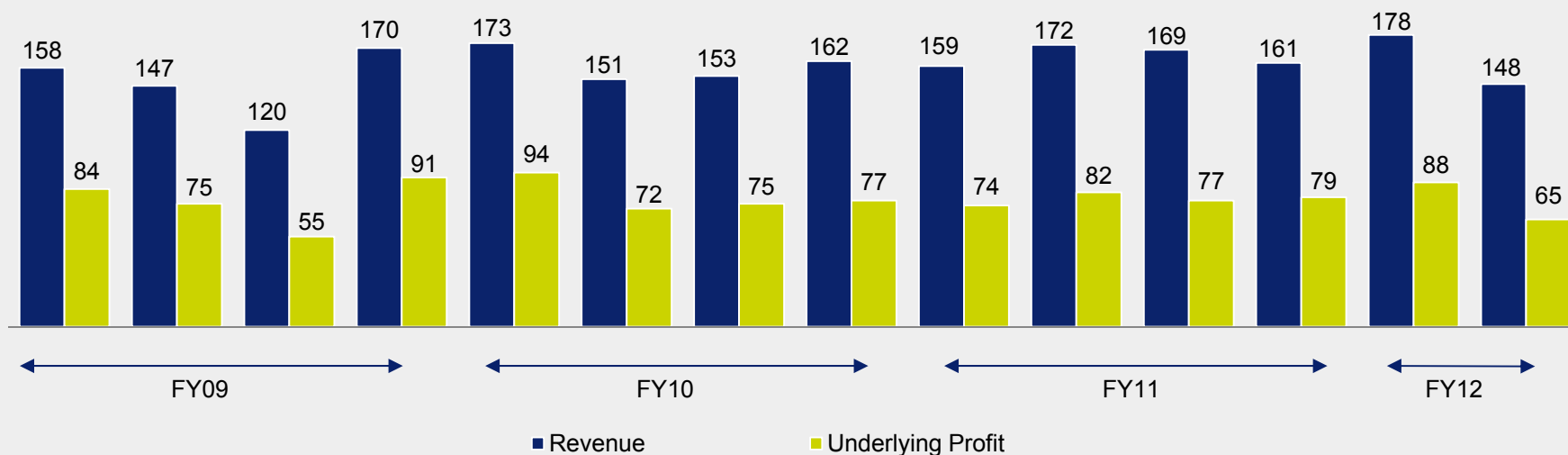
4 Questions & Answers

# Second Quarter Financial Year 2012 Highlights

Delivering results in difficult market

- Revenue of \$148M and Profit of \$65M
- Global slowdown in securities turnover
- Continued expansion: OTC FX Forwards; ETFs; ADRs
- Cost discipline

Revenue and Underlying Profit (\$M)



Note: Some numbers in this presentation may be subject to rounding.

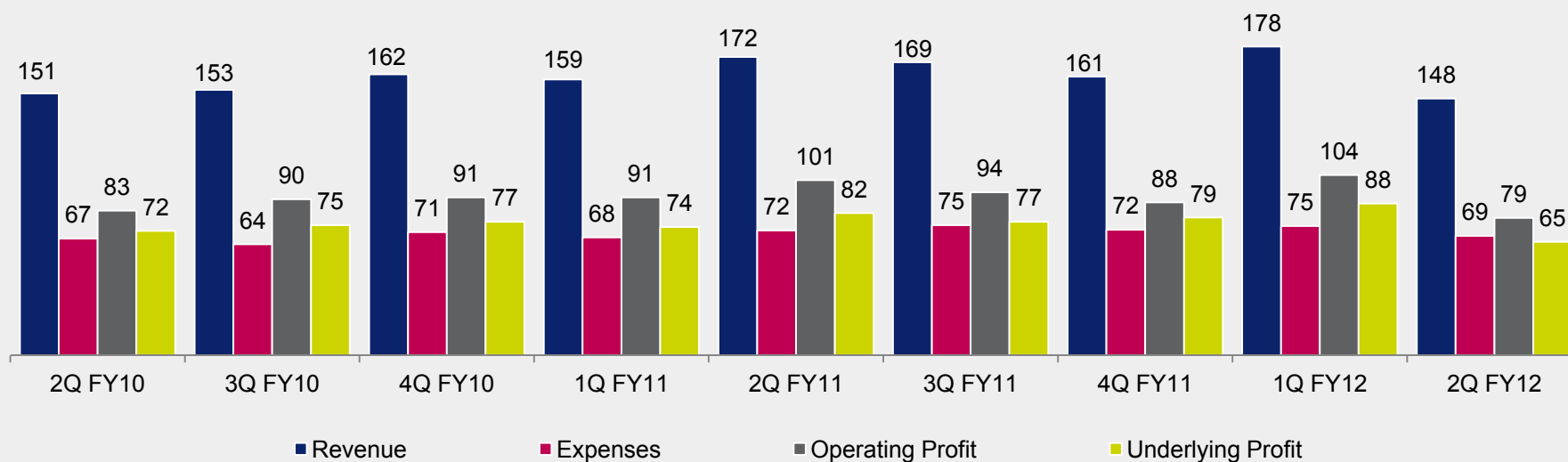
# Financial Performance

Muthukrishnan Ramaswami, President  
Chng Lay Chew, CFO

# Financial Performance

## Key Financial Highlights

- Revenue of \$148M and Profit of \$65M in difficult market conditions
- Disciplined cost management

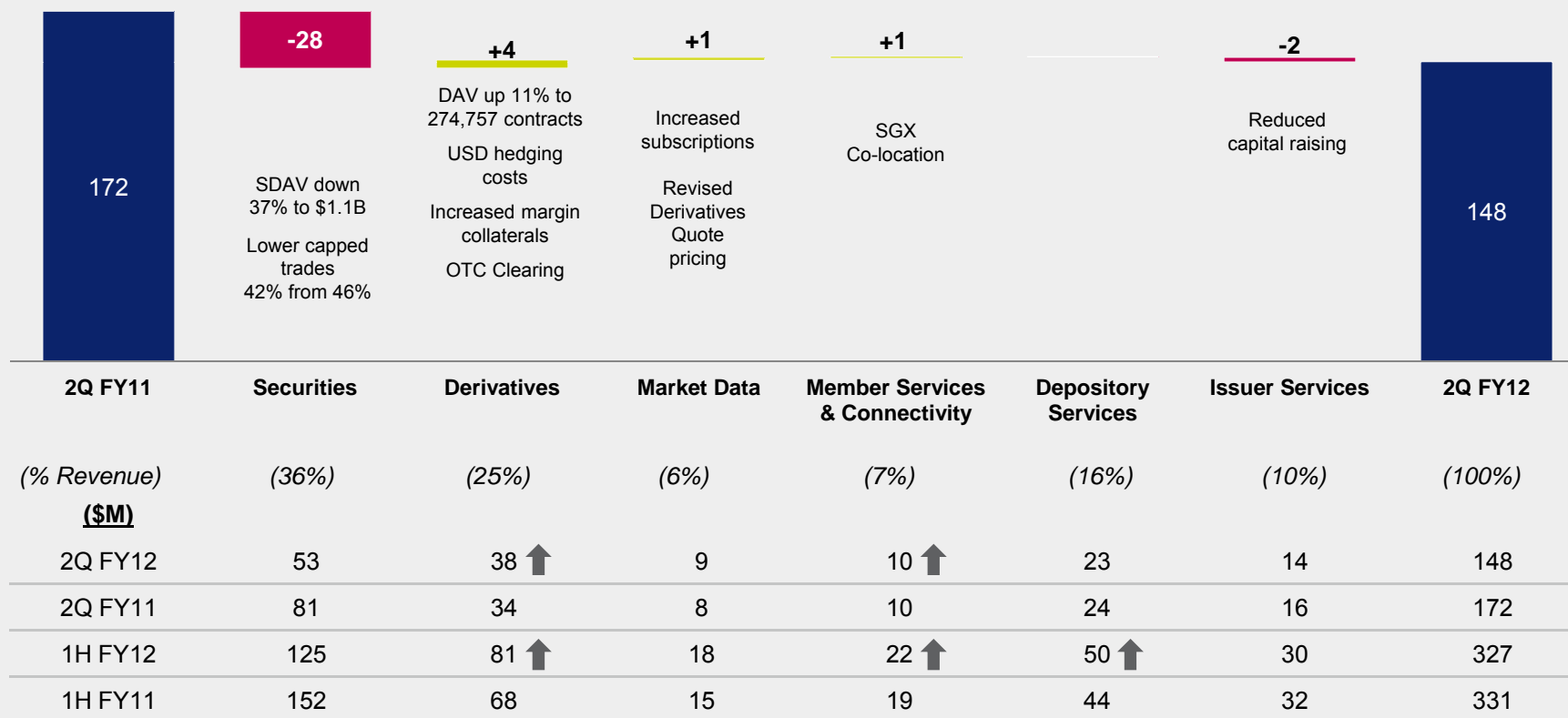


Note: Excludes impairment adjustments in FY10; ASX-SGX transaction related costs and gain from disposal of premises in FY11.

# Financial Performance

Revenue: \$148M (\$172M)

- Lower securities daily average value and capital raising
- Price volatility led to elevated derivatives volumes



# Financial Performance

Expenses: \$69M (\$72M)

- Disciplined cost management

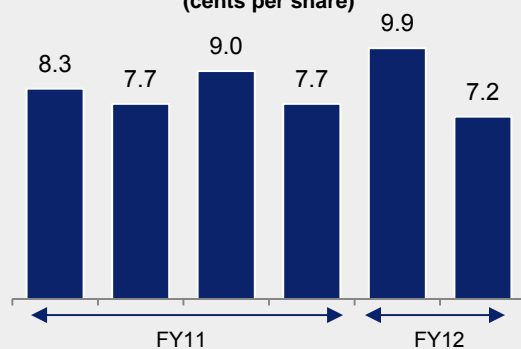


# Financial Performance

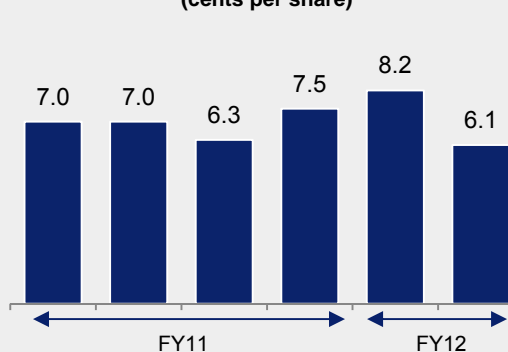
## Key Indicators

(Underlying)	1Q FY11	2Q FY11	3Q FY11	4Q FY11	1Q FY12	2Q FY12
Revenue (\$M)	159	172	169	161	178	148
EBITDA (\$M)	100	110	103	98	115	89
Operating Profit (\$M)	91	101	94	88	104	79
Net Profit (\$M)	74	82	77	79	88	65
Return on Equity	36%	44%	42%	38%	38%	43%

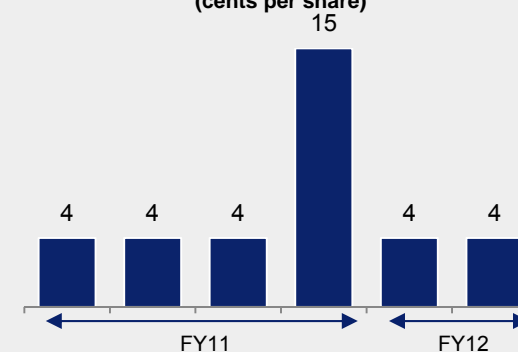
**Operating Cash Flow**  
(cents per share)



**Earnings**  
(cents per share)



**Dividend**  
(cents per share)



Note 1: Except for "Earnings Per Share" data, the above excludes ASX-SGX transaction related costs and gain from disposal of premises in FY 2011.

Note 2: Return on Equity on 12-month rolling basis.

Note 3: Dividend per share in 4Q FY11 includes proposed final dividend.



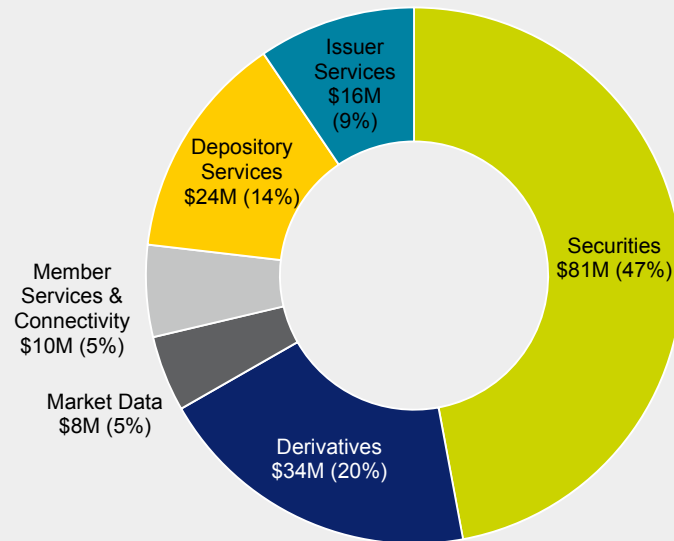
# Business Update

Magnus Böcker, CEO

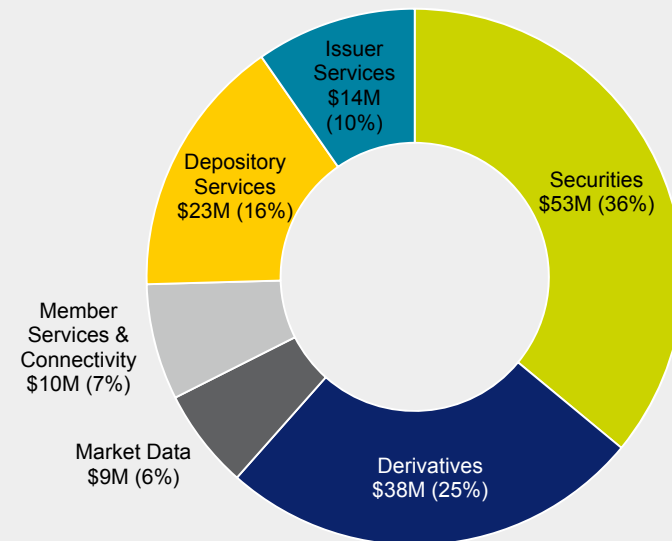
## SGX Asian Gateway

- Resilience and diversified business model
  - Derivatives, Depository, Market Data and Member Services & Connectivity
- International revenue: 57%

**2Q FY11: \$172M**



**2Q FY12: \$148M**

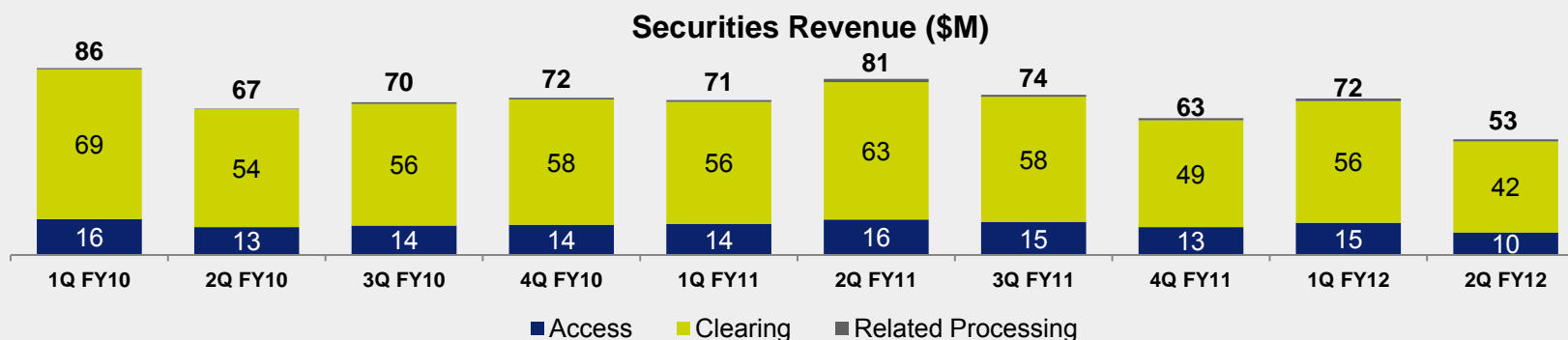


# Securities: Trading and Clearing

Revenue: \$53M, 36% (\$81M, 47%)

- Driven by global economic conditions
- Continued market structure improvements

2Q FY12	FY12: Key Initiatives	
<p><b>Global trend</b></p> <ul style="list-style-type: none"> <li>▪ Decline in trading activities</li> </ul> <p><b>SGX</b></p> <ul style="list-style-type: none"> <li>▪ SDAV down 37% y-o-y at \$1.1B</li> <li>▪ Ongoing market structure improvements</li> <li>▪ Expanding ETFs suite and GlobalQuote platform</li> </ul>	<p><b>Market Structure and Access</b></p>	<p><b>Products &amp; Services and Customers</b></p>
	<p>Minimum bid-ask spread (4 Jul) All-day trading (1 Aug) Reach trading engine (15 Aug) New functionalities, order types &amp; speed (26 Sep) SGX Co-Location &amp; Liquidity Hubs Circuit breakers</p>	<p>Exchange traded funds; GlobalQuote ADRs; SGS bonds Increase push for retail participation Improvements to facilitate programmed traders participation</p>

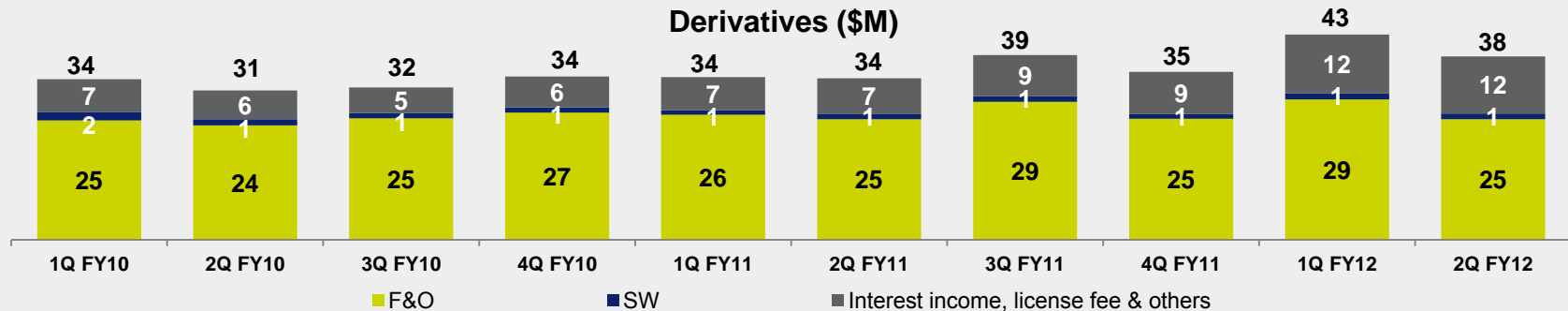


# Derivatives: Trading and Clearing

Revenue: \$38M, 25% (\$34M, 20%)

- Importance of strong and capable clearing house
- Growing volumes on increased volatility: MSCI Taiwan; Indian Nifty; MSCI Singapore; Chinese A50
- Pipeline: Nifty options; MSCI Indonesia futures

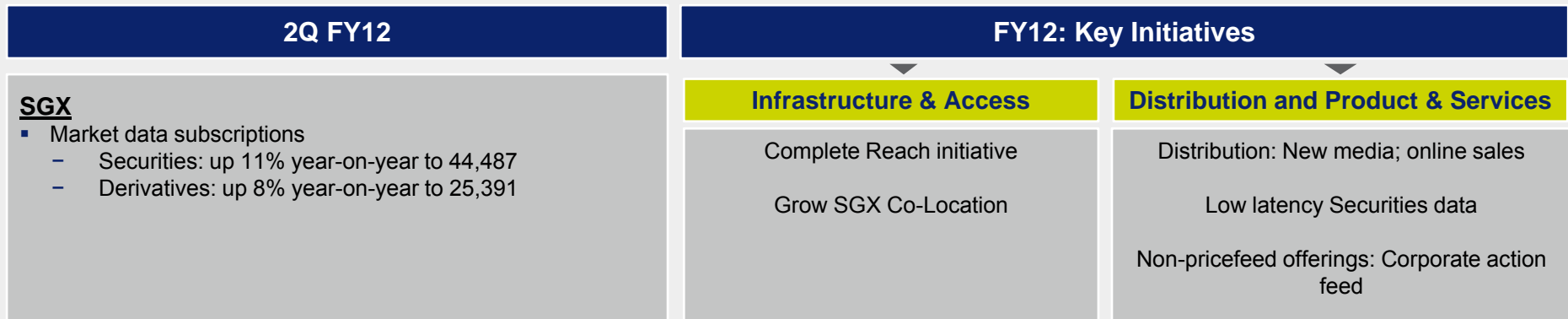
2Q FY12	FY12: Key Initiatives	
<p><b>Global trend</b></p> <ul style="list-style-type: none"> <li>▪ Increased market volatility</li> <li>▪ Continued regulatory scrutiny on OTC markets</li> </ul> <p><b>SGX</b></p> <ul style="list-style-type: none"> <li>▪ DAV up 11% year-on-year: 275k</li> <li>▪ Maintained market share:               <ul style="list-style-type: none"> <li>– Volume: Nikkei 225 futures (28%); Indian Nifty (18%); Taiwan (23%); Nikkei225 options (3%)</li> <li>– Open interest: MSCI Taiwan (54%); Indian Nifty (47%), Chinese A50 (9%), Nikkei options (11%)</li> </ul> </li> <li>▪ Launched OTC clearing service: FX forwards; OTC coal (CFR China) and naphtha swaps (CFR Japan)</li> </ul>	<p><b>Market Structure and Access</b></p> <p>Pre-trade credit check Clearing house: Default management framework SGX Co-Location &amp; Liquidity Hubs</p>	<p><b>Product &amp; Services and Customers</b></p> <p>Equity (Chinese A50; Indian Nifty) Commodities (rubber &amp; metals) OTC Financials: IRS; FX forwards OTC Commodities: FFA/Iron Ore Swaps Customers: Increase push for cross selling &amp; new players</p>



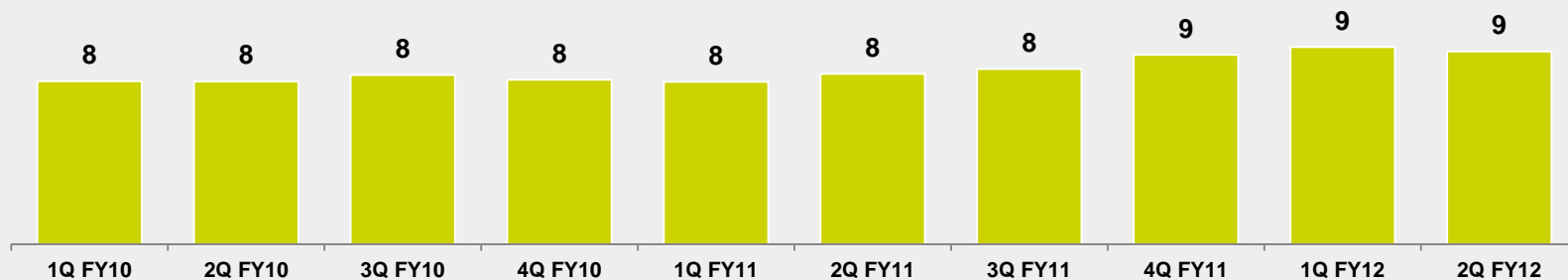
# Market Data: Information Sales and Distribution

Revenue: \$9M, 6% (\$8M, 5%)

- Continued demand for low latency Securities market datafeed
- Growth in subscriber base



Market Data Revenue



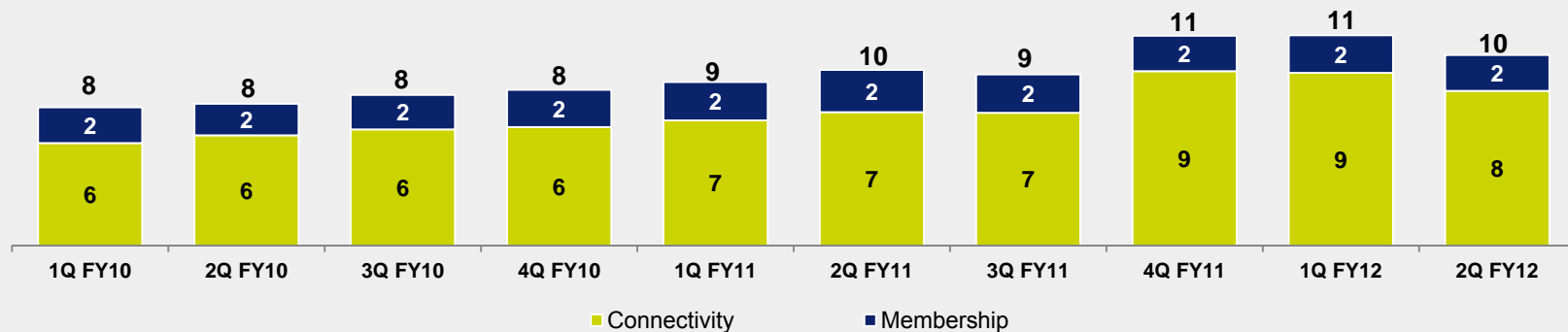
# Member Services and Connectivity

Revenue: \$10M, 7% (\$10M, 5%)

- Continued expansion of memberships

2Q FY12	FY12: Key Initiatives	
<p><b>SGX</b></p> <ul style="list-style-type: none"> <li>SGX membership: Up 10% year-on-year to 136               <ul style="list-style-type: none"> <li>Derivatives Trading: added 8, from 30 to 38</li> <li>Derivatives Clearing – F&amp;O: added 2, from 26 to 28</li> <li>Derivatives Clearing – OTCF: added 2, from 9 to 11</li> </ul> </li> <li>Continued interest in SGX Co-Location service</li> </ul>	<p><b>Market Infrastructure &amp; Access</b></p>	<p><b>Product &amp; Services</b></p>
	<p>Third party Clearers for DMAs</p> <p>Pre-trade risk controls</p> <p>High speed access</p> <p>Liquidity Hubs: Chicago &amp; London (4Q FY12)</p>	<p>Data and Order Routing</p> <p>SGX Co-Location</p>

Member Services and Connectivity Revenue (\$M)

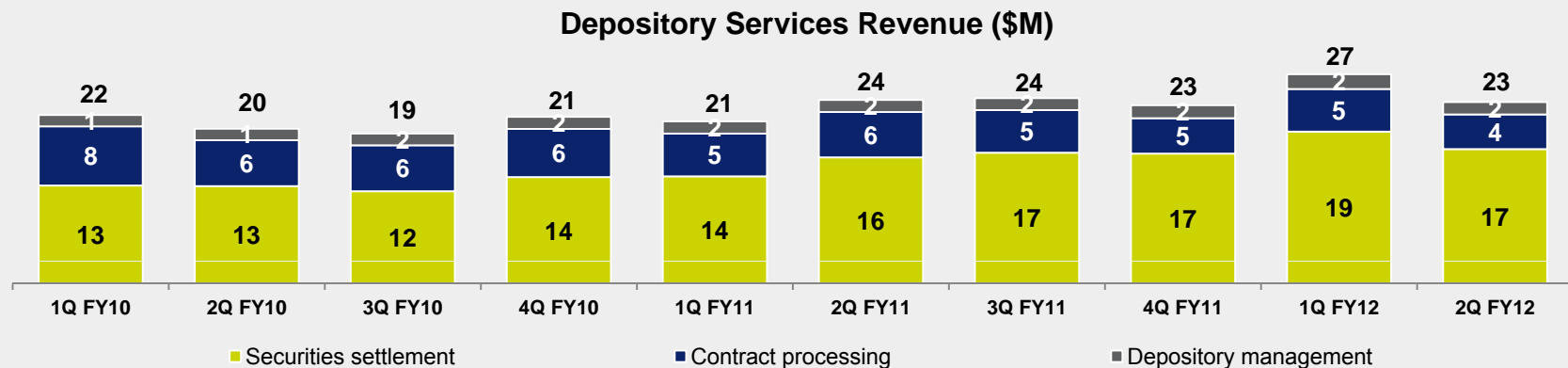


# Depository Services: Settlement and Depository

Revenue: \$23M, 16% (\$24M, 14%)

- Continued focus on settlement efficiency for institutional investors
- Redevelopment of CDP system underway

2Q FY12	FY12: Key Initiatives	
<p><b>SGX</b></p> <ul style="list-style-type: none"> <li>Settlement instructions               <ul style="list-style-type: none"> <li>1.23M vs 1.37M in 2Q FY11</li> </ul> </li> <li>Increased utilisation of SGX Prime, pre-settlement matching system, by institutional investors for post-trade settlement</li> <li>Back office infrastructure replacements in progress</li> </ul>	<p><b>Infrastructure &amp; Process Efficiency</b></p> <p>Continuous infrastructure and process efficiency for SGX members and depository agents</p>	<p><b>Products &amp; Services</b></p> <p>Custody : Expand beyond stocks to SGS and other asset classes</p> <p>Asset optimisation: Improve yield on custodised assets for investors</p>



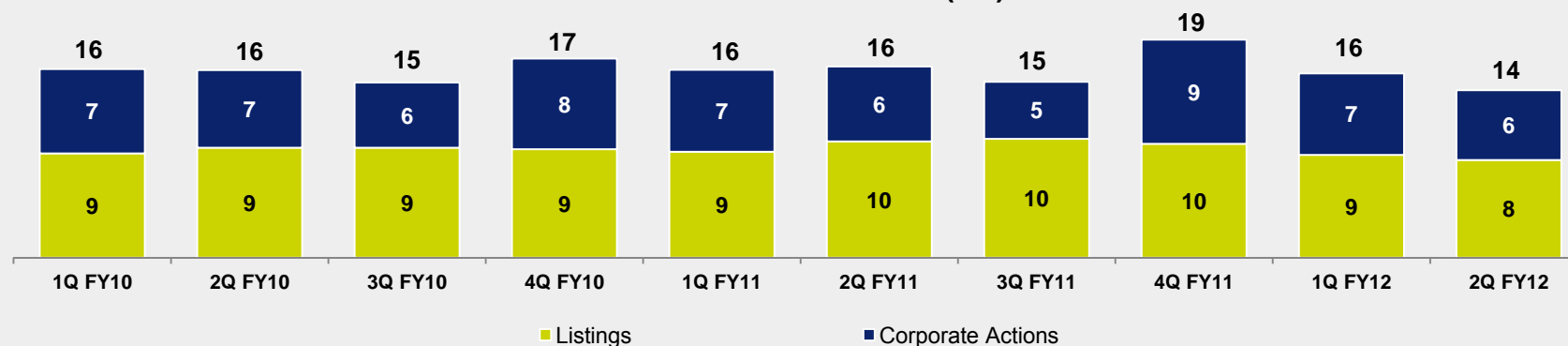
# Issuer Services: Listing and Related Services

Revenue: \$14M, 10% (\$16M, 9%)

- Continued interest for equity and debt capital listing on SGX

2Q FY12	FY12: Key Initiatives	
<p><b>Global trend</b></p> <ul style="list-style-type: none"> <li>Slowed in equity and debt capital market activities due to uncertain market conditions</li> </ul> <p><b>SGX</b></p> <ul style="list-style-type: none"> <li>Nine new listings raised \$215M</li> <li>Secondary funds raised \$2.2B</li> <li>35 new bond listings raising \$19B</li> </ul>	<p><b>Equity Capital</b></p> <p>Strong pipeline: China, SEA, India, US and Europe</p> <p>Sector/Structure: Trust structure, Marine &amp; Offshore, Commodities &amp; Resources, Mining, Oil &amp; Gas</p> <p>SGX-NOMX Investor Relations Solutions</p>	<p><b>Debt Capital</b></p> <p>Expand market share of Asian bond issues</p> <p>Early development of bond trading market</p>

Issuer Services Revenue (\$M)





## SGX Asian Gateway



- Resilient and diversified business model
- Continued market development initiatives to strengthen SGX Asian Gateway
- Importance of strong & capable clearing house in volatile and uncertain markets
- Continued cost discipline

Questions & Answers

# Appendices

## Key Metrics by Business Line

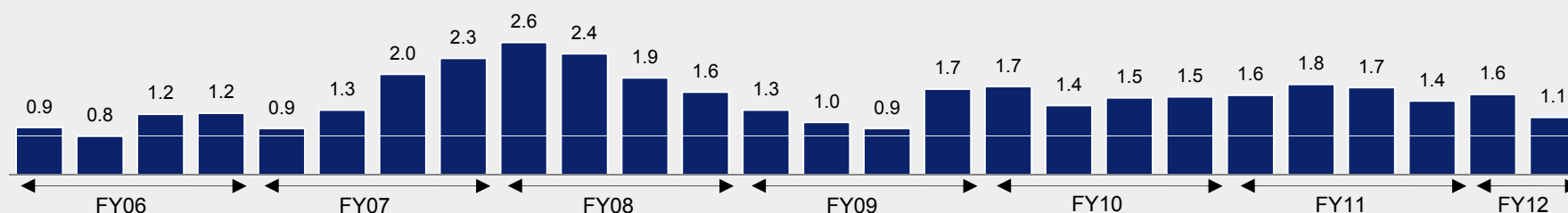


# Securities: Trading and Clearing

Revenue: \$53M, 36% (\$81M, 47%)

Key drivers	FY10				FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
MSCI Singapore Index	321	349	342	337	365	377	368	361	308	302
No. of trading days	64	64	61	63	64	64	62	62	64	62
Equity Turnover Velocity (%)	80	59	64	63	60	63	62	51	61	47
<i>Singapore issuers</i>	69	52	52	54	48	48	48	42	53	39
<i>Overseas issuers, excluding Chinese issuers</i>	94	62	86	70	89	95	88	73	80	69
<i>Chinese issuers</i>	164	132	139	148	115	118	109	78	92	68
Daily Average Trading Volume (billion shares)	2.22	1.43	1.61	1.48	1.67	1.60	1.47	1.11	1.29	1.01
Daily Average Trading Value (\$ billion)	1.73	1.36	1.51	1.53	1.56	1.77	1.71	1.45	1.57	1.12
ETFs/ETN (\$ million)	17	20	15	30	25	45	40	42	49	28
Company warrants (\$ million)	2	1	2	2	2	2	1	1	0.5	0.3
Contracts value										
<i>More than \$1.5 million (%)</i>	34	37	37	39	42	46	44	47	46	42
<i>Less than \$1.5 million (%)</i>	66	63	63	61	58	54	56	53	54	58

**Securities Daily Average Value**  
(Quarterly, \$ billion)

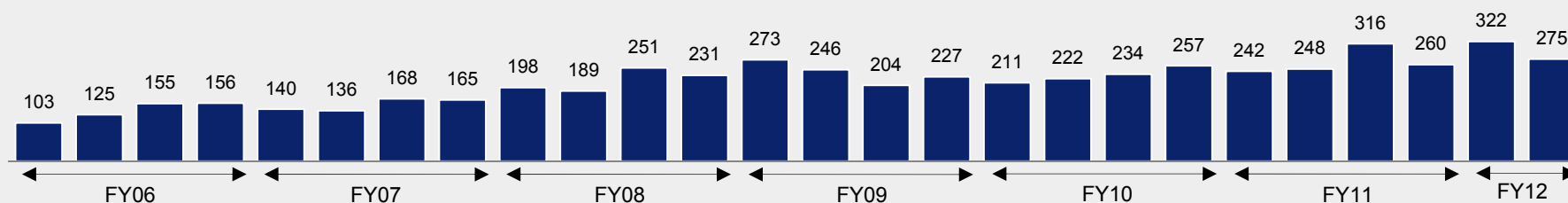


# Derivatives: Futures & Options Trading and Clearing

Revenue: \$38M, 25% (\$34M, 20%)

Key drivers	FY10				FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Daily Average Volume ('000 contracts)	211	222	234	257	242	248	316	260	322	275
<i>Nikkei225 futures (days)</i>	107 (62)	108 (61)	106 (60)	131 (61)	122 (63)	111 (61)	147 (60)	98 (61)	129 (63)	100 (61)
<i>MSCI Taiwan futures (days)</i>	60 (65)	61 (66)	70 (56)	64 (63)	60 (65)	56 (66)	72 (57)	69 (61)	78 (65)	66 (64)
<i>Nifty futures (days)</i>	27 (64)	34 (60)	39 (59)	42 (63)	39 (65)	48 (63)	57 (62)	57 (62)	66 (63)	58 (59)
<i>MSCI SG futures (days)</i>	16 (64)	14 (64)	15 (61)	15 (63)	15 (64)	14 (64)	16 (62)	16 (62)	20 (64)	18 (62)
<i>FTSE China A50 futures (in contracts, days)</i>	0 (66)	0 (60)	0 (58)	0 (60)	841 (63)	7,851 (61)	11,034 (58)	9,859 (61)	12,500 (65)	16,959 (60)
<i>Nikkei options (in contracts, days)</i>	317(62)	516 (61)	916 (60)	598 (61)	1,155 (63)	7,318 (61)	6,265 (60)	5,332 (61)	11,865 (63)	10,202 (61)
<i>Interest futures</i>	4	3	3	3	3	3	3	3	3	3
<i>Structured warrants (\$M)</i>	43	27	25	22	19	24	25	21	34	35
Market Share (%)										
<i>Nikkei225 futures</i>	25	26	26	27	27	28	28	29	29	28
<i>MSCI Taiwan futures</i>	24	27	25	22	24	24	24	23	22	23
<i>Nifty futures</i>	7	9	11	12	13	14	14	19	19	18
Algorithmic trading (%)	26	26	26	25	30	29	31	28	33	35
<b>Commodities (Daily average trading volume, contracts)</b>										
<i>Rubber futures</i>	1,004	1,106	1,009	882	827	898	709	853	1,003	1,117
<i>Fuel Oil futures</i>	NA	NA	24	24	30	37	28	0	0	0
<i>LME-SGX metal futures (from 15 Feb 11)</i>	NA	NA	NA	NA	NA	NA	1,659	434	56	12

**Futures & Options Daily Average Volume**  
(Quarterly, '000 contracts)



## Derivatives: OTC Commodities & Financial Derivatives

Revenue: \$38M, 25% (\$34M, 20%)

Key drivers	FY10				FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>AsiaClear®</b>										
Volume cleared (lots)	19,936	37,347	35,782	31,764	48,190	41,268	42,942	32,437	59,962	56,885
<i>Forward Freight Agreements</i>	11,284	26,448	20,920	13,420	27,019	21,259	24,813	13,400	33,029	19,336
<i>Energy swaps</i>	4,290	6,431	7,288	10,615	11,610	11,676	6,118	1,286	1,452	1,181
<i>Iron Ore swaps</i>	4,362	4,468	7,574	7,729	9,561	7,893	11,121	16,206	24,146	35,138
<i>Bulk Commodities</i>	NA	NA	NA	NA	NA	45	155	930	930	630
<i>Rubber futures</i>	NA	NA	NA	NA	NA	395	735	615	405	600
<b>Financial Derivatives</b>										
Interest rate swaps (in S\$M)										
<i>Notional value cleared</i>	NA	NA	NA	NA	NA	4,760	42,225	62,708	58,936	17,155

## Market Data: Information Sales and Distribution

Revenue: \$9M, 6% (\$8M, 5%)

Key drivers	FY10				FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Securities Data</b>										
No. of vendors	120	121	122	122	122	126	131	134	142	141
No. of terminals (average)	36,487	36,717	40,607	38,703	38,658	40,169	45,727	45,827	46,206	44,487
<b>Derivatives Data</b>										
No. of vendors	52	55	57	57	58	62	65	66	69	71
No. of terminals (average)	26,183	25,158	24,842	24,168	23,810	23,576	24,000	23,774	24,864	25,391

# Member Services and Connectivity

Revenue: \$10M, 7% (\$10M, 5%)

Key drivers	FY10				FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Membership</b>										
Securities members										
<i>Trading Representative</i>	3,784	3,908	4,008	4,095	4,147	4,243	4,277	4,314	4,326	4,336
<i>Trading Member</i>	24	24	26	26	27	30	30	30	30	30
<i>Clearing Member</i>	25	25	26	26	27	29	29	29	29	29
Derivatives members										
<i>Trading Member (Individual)</i>	203	201	214	228	234	216	216	213	256	257
<i>Trading Member (Proprietary)</i>	227	235	240	242	248	246	250	264	264	256
<i>Trading Member</i>	30	30	30	30	30	30	32	34	37	38
<i>Clearing Member – F&amp;O</i>	26	25	25	26	26	26	27	28	28	28
<i>Clearing Member – OTCF Clearing</i>	NA	NA	NA	NA	NA	9	11	11	11	11
<b>AsiaClear®</b>										
No. of counterparty	377	412	467	512	561	617	654	735	779	876
<b>Connectivity</b>										
Securities Market										
<i>Connectivity (no.)</i>	86	89	92	88	114	122	139	158	172	182
<i>Order Management System (no.)</i>	26	26	28	28	32	32	31	34	33	33
<i>Independent software vendor (no.)</i>	9	9	11	11	11	10	10	12	12	14
Derivatives Market										
<i>Connectivity (no.)</i>	503	530	559	578	579	604	614	654	645	605
<i>Order Management System (no.)</i>	43	46	53	55	57	60	67	68	67	63
<i>Independent software vendor (no.)</i>	9	9	11	11	11	12	13	13	14	16
Co-Location racks, (average no.)	NA	NA	NA	NA	NA	NA	NA	NA	53	55

## New member



## Depository Services: Settlement and Depository

Revenue: \$23M, 16% (\$24M, 14%)

Key drivers	FY10				FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Securities settlement</b>										
No. of settlement instructions ('000)	1,096	1,048	1,049	1,124	1,169	1,365	1,335	1,211	1,458	1,230
<b>Contract processing</b>										
Contracts processed ('000)	4,207	3,032	3,050	2,966	2,848	3,055	2,735	2,151	2,694	2,047
<b>Depository management</b>										
Depository accounts	1.46M	1.47M	1.48M	1.49M	1.50M	1.53M	1.54M	1.55M	1.56M	1.58M



# Issuer Services: Listing and Related Services

Revenue: \$14M, 10% (\$16M, 9%)

Key drivers	FY10				FY11				FY12	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Listings: No. of listed issues</b>										
Equity securities	777	781	782	783	779	782	785	776	772	773
Debt securities	958	978	1,007	1,028	1,035	1,067	1,098	1,114	1,148	1,134
ETFs/ETN	40	44	58	73	75	76	81	85	85	91
Company warrants	73	74	82	80	82	74	79	72	66	62
Structured warrants	296	315	301	233	234	312	322	318	286	246
Equity Market Capitalisation, \$B (No of issuers)	704 (777)	746 (781)	758 (782)	781 (783)	856 (779)	902 (782)	888 (785)	893 (776)	775 (772)	776 (773)
Singapore issuers	394 (455)	429 (459)	435 (461)	428 (460)	461 (457)	474 (461)	471 (463)	472 (461)	403 (459)	400 (462)
Overseas issuers, excluding Chinese issuers	271 (168)	277 (166)	285 (166)	316 (169)	353 (167)	372 (165)	377 (167)	383 (164)	343 (165)	350 (165)
Chinese issuers	39 (154)	39 (156)	37 (155)	36 (154)	41 (155)	55 (156)	42 (155)	38 (151)	29 (148)	26 (146)
New Equity Listings	11	12	7	12	8	12	11	3	6	9
Primary listings: IPOs & RTOs (IPO Market cap, \$M)	11 (941)	12 (8,791)	6 (1,616)	11 (3,746)	8 (387)	12 (15,718)	9 (11,914)	3 (2,423)	6 (608)	8 (1,132)
Secondary listings (Market cap, \$M)	0 (-)	0 (-)	1 (1,238)	1 (27,647)	0 (-)	0 (-)	2 (1,711)	0 (-)	0 (-)	1 (3,900)
New Funds Raised (\$M)	5,588	8,075	1,054	1,132	1,467	7,258	9,483	2,664	1,285	2,439
Primary funds raised: IPO	213	2,980	522	844	82	4,937	7,595	1,404	150	215
Secondary funds raised	5,325	5,071	532	288	1,386	2,321	1,888	1,221	1,135	2,224
New Debts/Fixed Income listings	30	49	30	34	80	69	64	74	66	35
Total funds raised (\$M)	12,367	29,079	14,401	17,036	49,602	41,623	31,085	47,599	25,195	18,982
<b>Corporate Action</b>										
No. of transactions	478	442	414	689	553	479	417	562	491	454

## Equity New Listings



**LONZA**



**PARKSON 百盛**

**LIBRA GROUP LIMITED**

## Fixed Income New Listings



# Thank You

**Singapore Exchange** • London • Tokyo • Beijing  
2 Shenton Way, #19-00 SGX Centre 1, Singapore 068804  
Main: (65) 6236 8888 Fax: (65) 6535 6994

This presentation is being made available to certain authorized recipients for their general information only.

While SGX and its affiliates have taken reasonable care to ensure the accuracy and completeness of the information provided in this presentation, they will not be liable for any loss or damage of any kind (whether direct, indirect or consequential losses or other economic loss of any kind) suffered due to any omission, error, inaccuracy, incompleteness, or otherwise, any reliance on such information. Neither SGX nor any of its affiliates shall be liable for the content of information provided by or quoted from third parties. Examples provided are for illustrative purposes only. The information in this presentation is subject to change without notice.

Any recirculation, transmission or distribution of this presentation or any part thereof by any third party requires the prior written permission of SGX. SGX and its affiliates disclaim all responsibility and liability arising in connection with any unauthorised recirculation, transmission or distribution of this presentation or any part thereof.

© SGX Ltd, November 2010  
[www.sgx.com](http://www.sgx.com)