



# Singapore Exchange Limited

## FY 2006 Full Year Results

Hsieh Fu Hua, CEO  
Robert van Zwieten, CFO

27 July 2006

# Agenda

- Overview and Highlights
- Financial Review
- Business Update
- Q & A

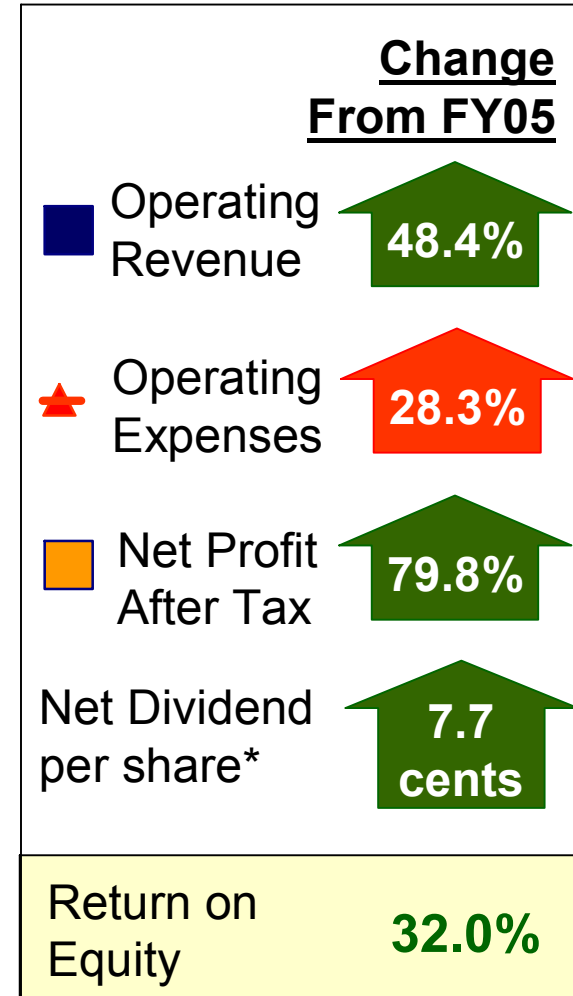
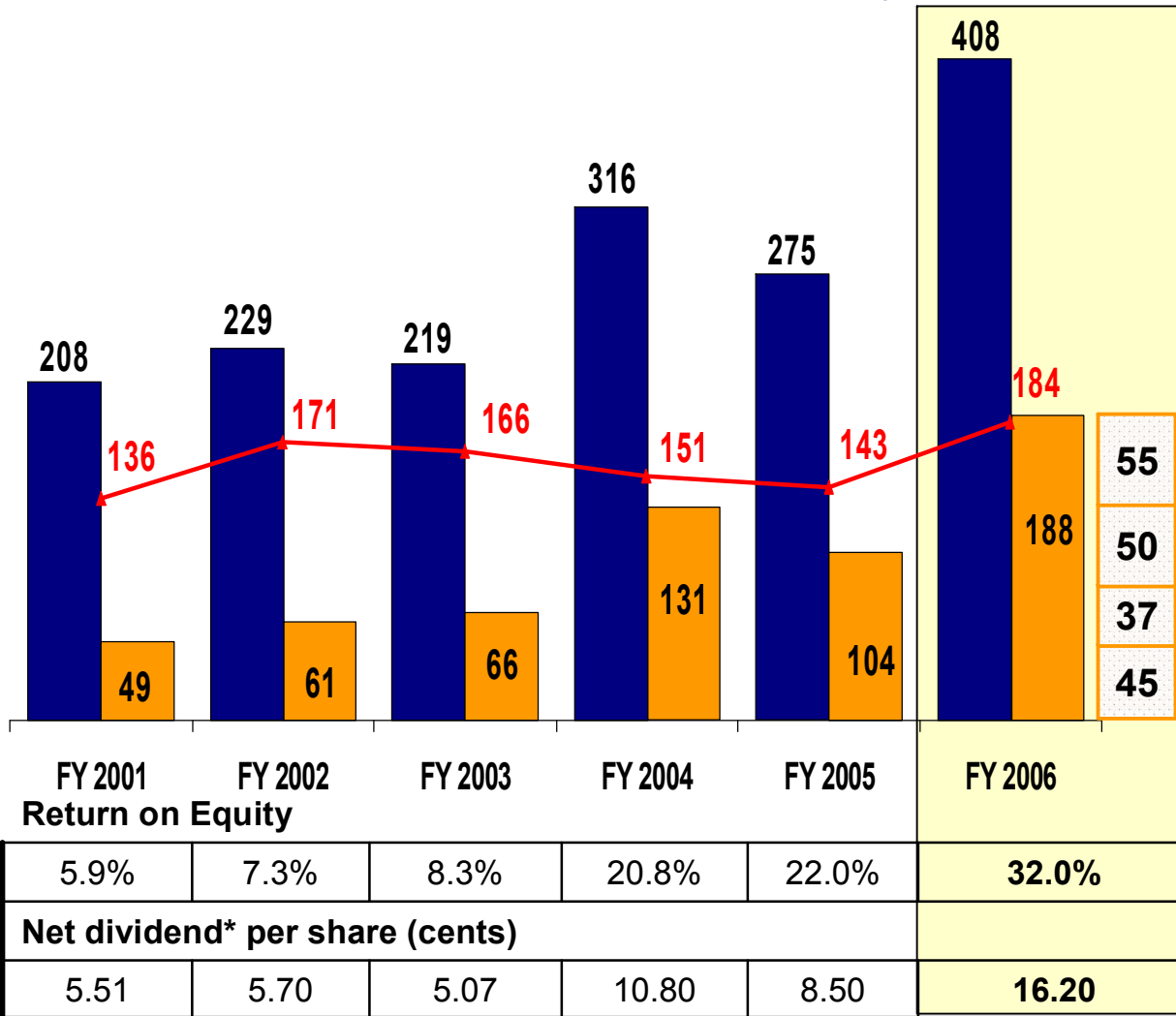
# Overview and Highlights

Hsieh Fu Hua

Chief Executive Officer

# Financial Overview

A record year of four best quarters since IPO ...



\* excludes special dividend 4

(Excludes \$50M impairment loss in FY03. FY04 and FY05 figures have been restated to reflect ESOS expenses following the adoption of FRS102.)

# Highlights of the Year

Setting the pace ...

## Securities Market

- ✓ SDAV: ↑ 52% to \$1.02B from \$670.4M
- ✓ IPO upsizing: 6 IPOs\* above \$1 billion

## Derivatives Market

- ✓ Asian Futures volume: ↑ 61%
- ✓ Structured warrants trading value: ↑ 132%

## New Growth Areas

- ✓ Structured products
  - REITs, ETFs, Business Trusts, GDRs
- ✓ Post-trade processing hub
  - AsiaClear & SGX Prime
- ✓ Commodities
  - JADE

## Financial Management

- ✓ Dividend policy: ↑ Base dividend
- ✓ Non-core asset: SGX Centre

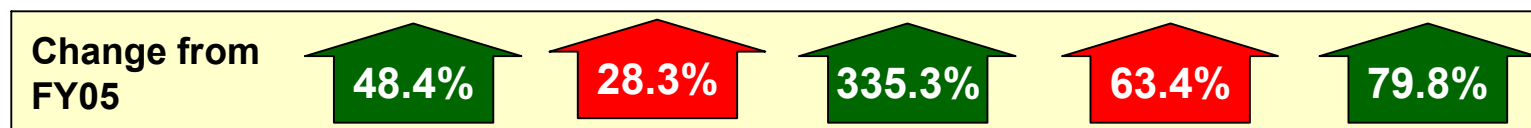
\* Includes secondary listing SP AusNet

# Financial Review

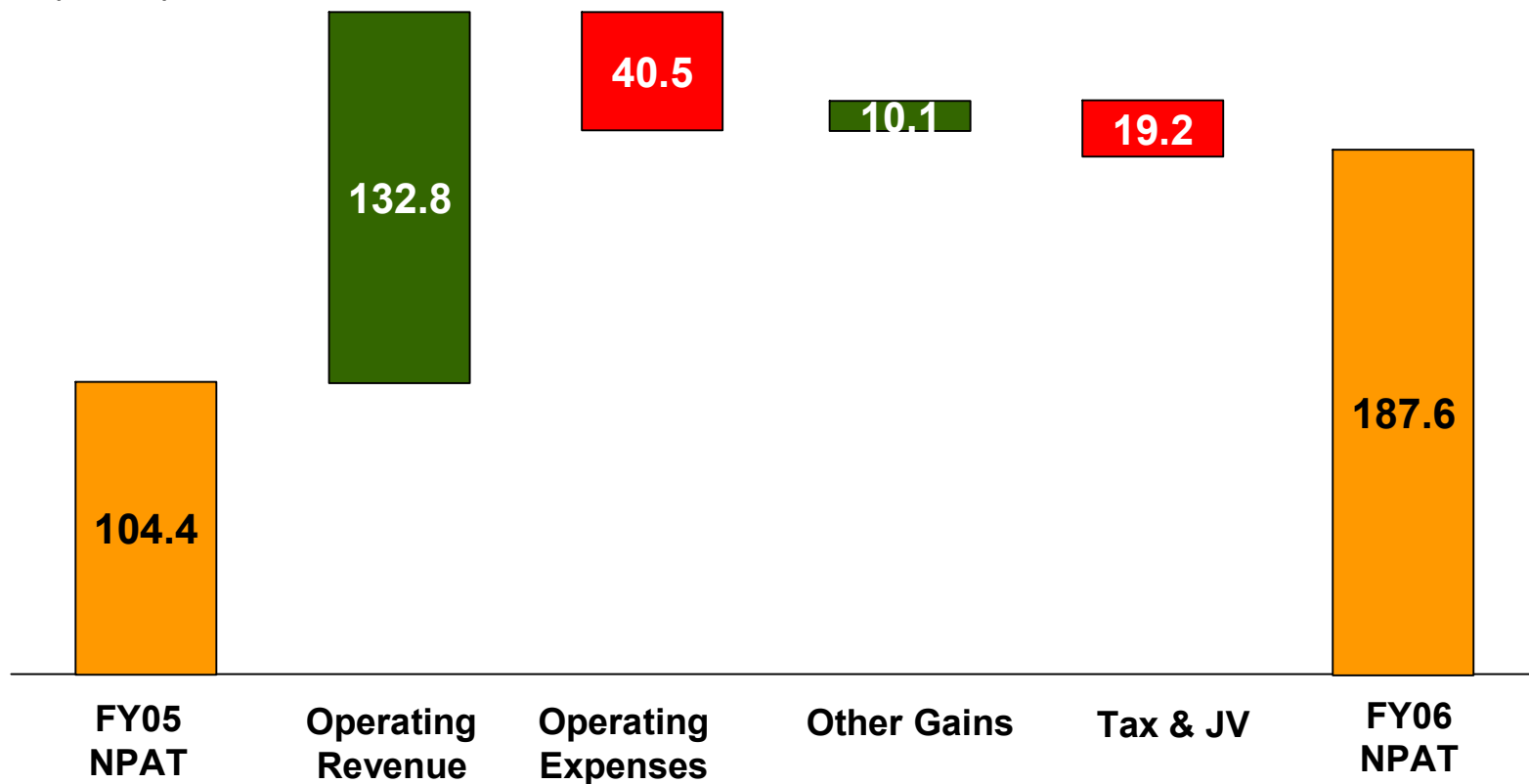
Robert van Zwieten

Chief Financial Officer

# Financial Highlights



(In S\$M)

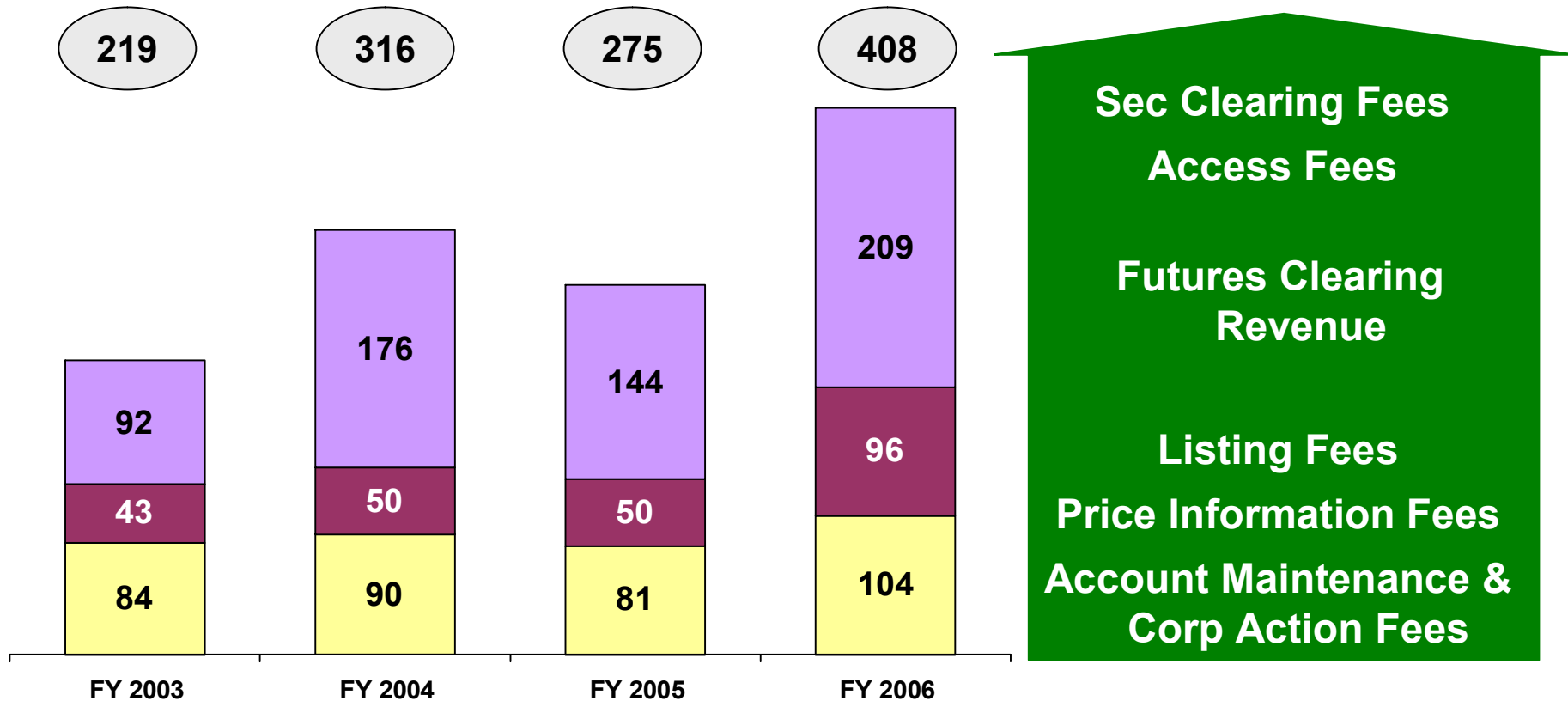


(FY05 figures have been restated to reflect ESOS expenses following the adoption of FRS102)

# Operating Revenue

Buoyant market activities and structural improvement ...

(In S\$M)



Stable Revenue\*
  Net Derivatives Clearing Revenue
  Securities Market Revenue

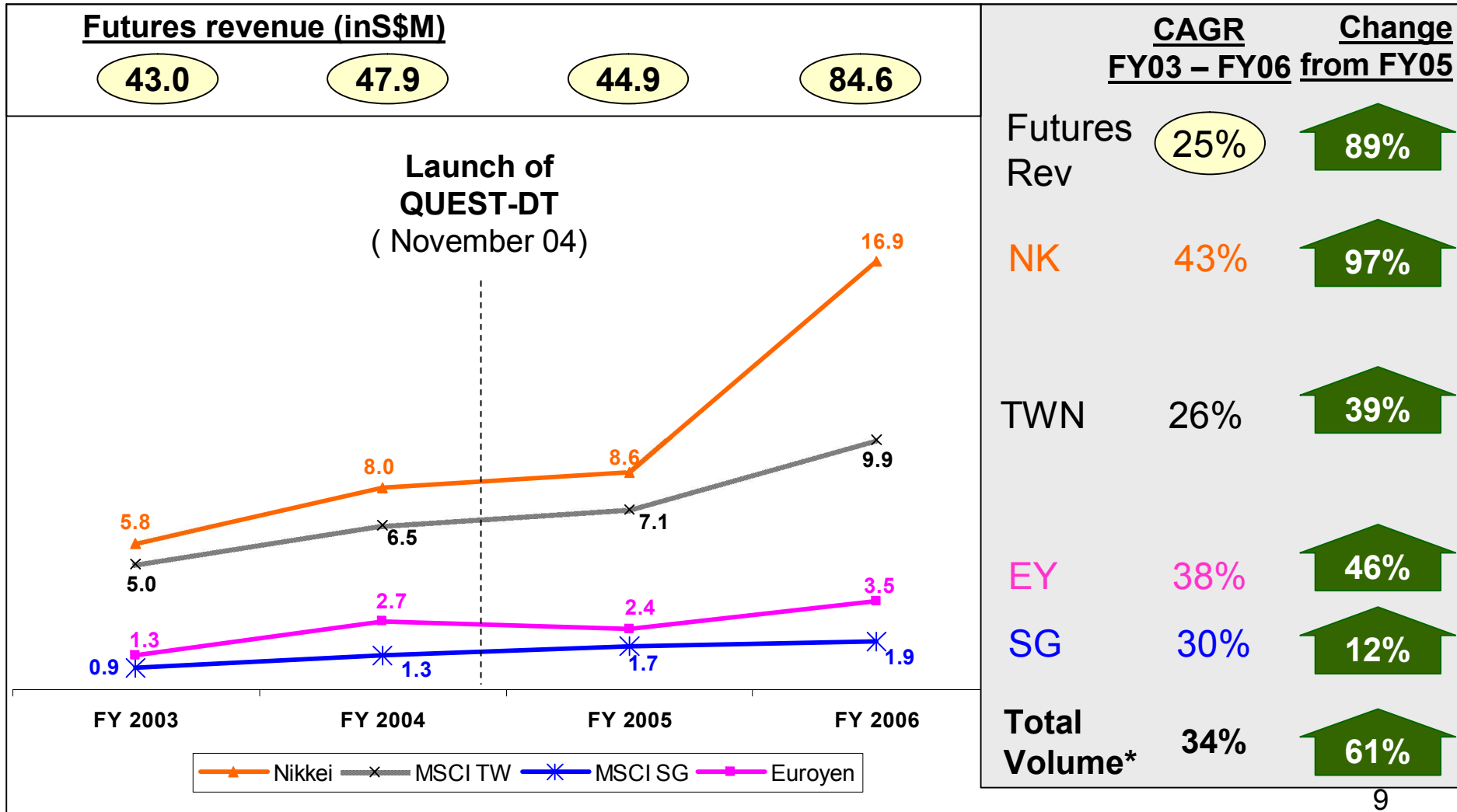
Securities market revenue includes clearing fees, securities related processing income & access fees

\* Stable revenue includes account maintenance & corporate action fees, terminal and connection fees, price information fees, listing and membership fees, sale of software and other computer services & other operating revenue



# Asian Futures Trading Volume

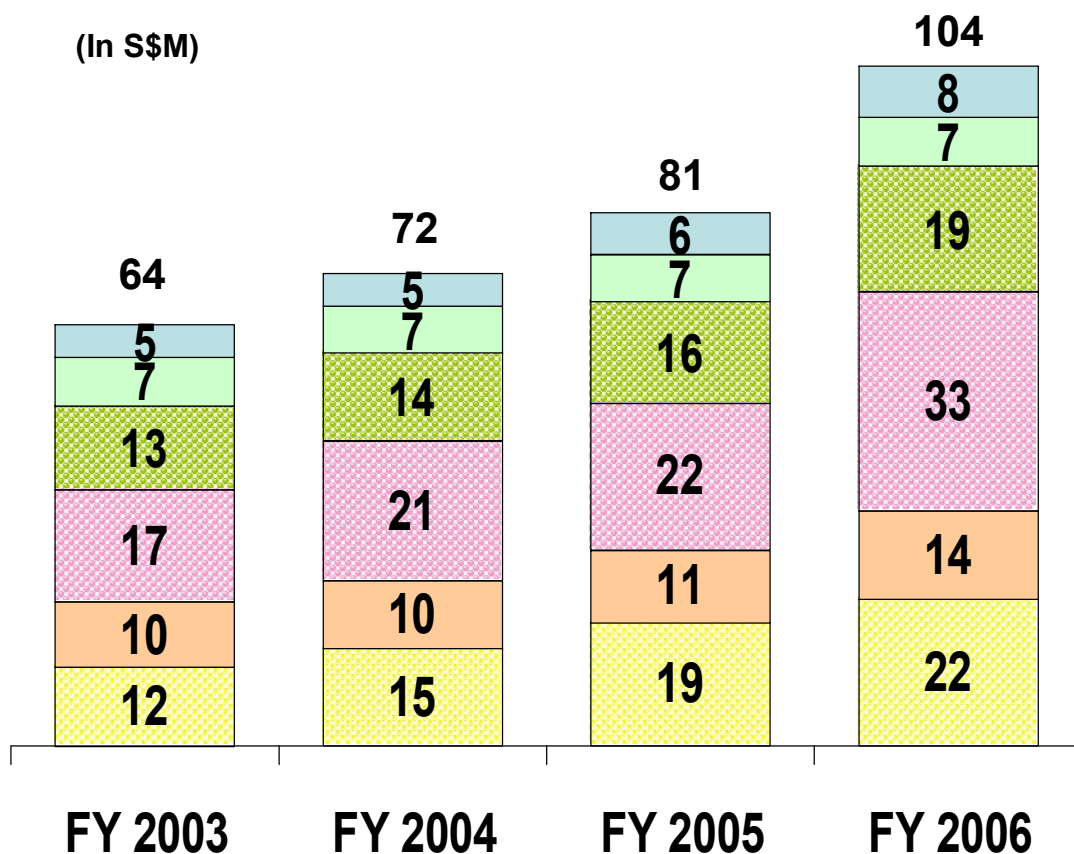
E-trading drives growth ...









\* Excludes ED Volume

# Stable Revenue

Growth in our stable revenue streams ...



<b><u>CAGR (FY03-FY06)</u></b>	
	Other operating revenue <b>14.0%</b>
	Sale of software & other computer services <b>2.4%</b>
	Price information fees <b>24.7%</b>
	Listing & membership fees <b>14.5%</b>
	Terminal* & connection fees <b>10.9%</b>
	Account maintenance & corporate action fees <b>22.9%</b>

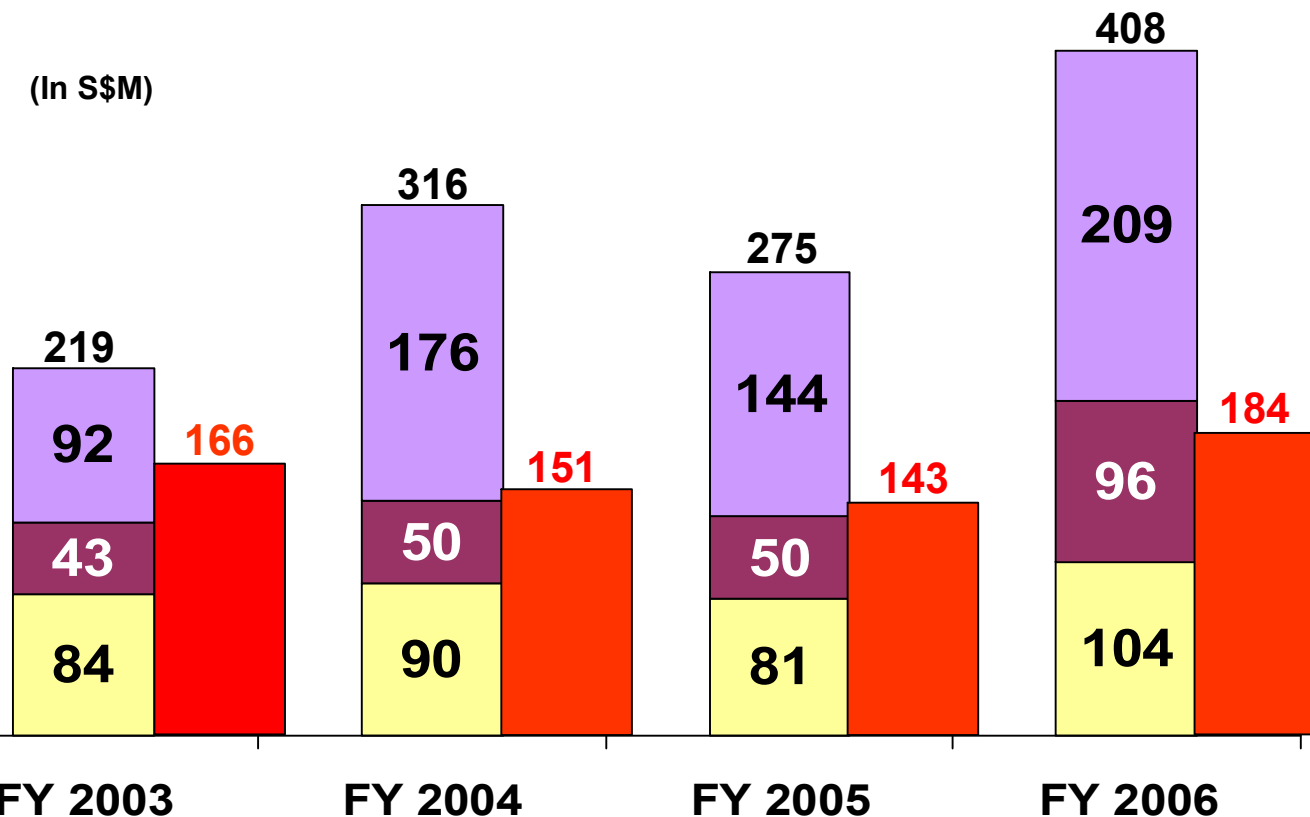
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(\* excludes SESOP rental income in FY03 & FY04)

# Operating Leverage

Augmented by growth in derivatives & stable revenues

(In S\$M)



Coverage of operating expenses

FY 2006 – 108%

FY 2005 – 92%

FY 2004 – 93%

FY 2003 – 76%

■ Stable Revenue\* 
 ■ Net Derivatives Clearing Revenue 
 ■ Securities Market Revenue 
 ■ Operating Expenses

Securities market revenue includes clearing fees, securities related processing income & access fees

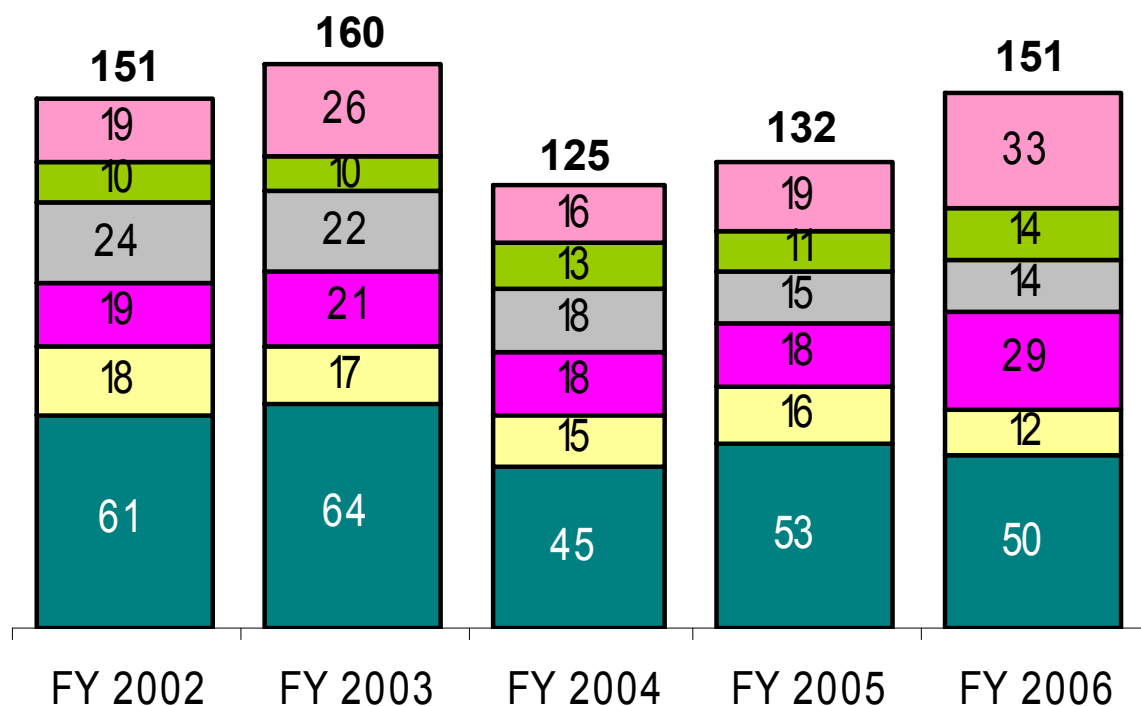
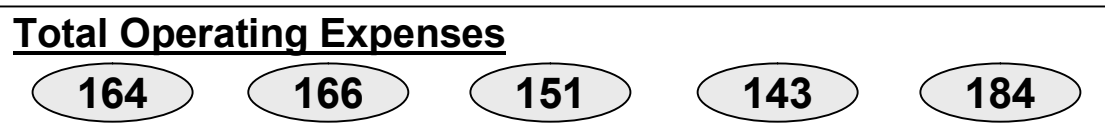
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(FY 2004 and FY 2005 figures have been restated to reflect ESOS expenses following the adoption of FRS102)

# Operating Expenses

Reinvestment for continued growth ...

(In S\$M)



- Miscellaneous\***
  - Annual regulatory fees to MAS
  - Consultancy fees for various projects
  - Write-off of SGXTrade
- Cost of sales**
  - Royalties on futures contracts traded
- Depreciation**
  - Fully depreciated assets
- System maintenance & rental**
  - Data Centre outsourcing: Recurring & milestone payments
- Occupancy costs**
  - Reinstatement provision in FY05
  - Lease expiration
- Staff costs (excl variable bonus)**
  - Floor closure: redundancy costs in FY05

\* includes professional fees, marketing & travelling, communication charges, fees to MAS for transfer of participant supervision function, provision for surplus leased premises and other operating expenses

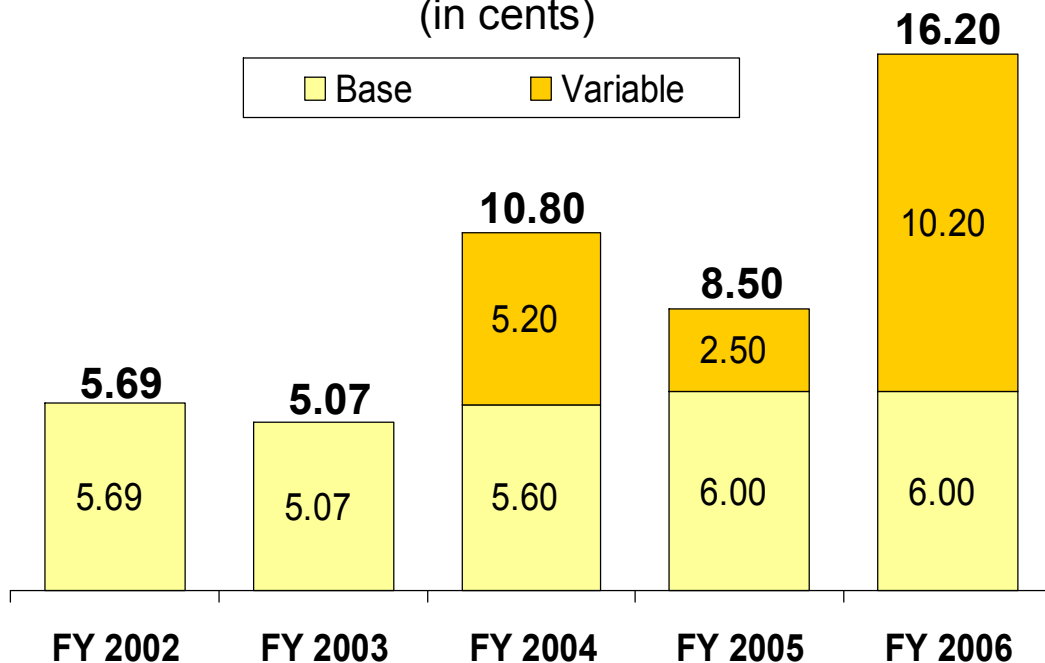
(FY 2004 and FY 2005 figures have been restated to reflect ESOS expenses following the adoption of FRS102)

# Our Dividend Policy

Business Growth + Capital Efficiency =  Base dividend

**Net Dividend per share**  
(in cents)

□ Base    □ Variable



- **Base dividend: 8 cents**

- **Proposed FY06 Dividend**

- **Payout: 90%**

- Dividend per share (cents)

Base	:	1.5
Variable	:	10.2
<b>Proposed Final:</b>		<b>11.7</b>

Interim (YTD) : 4.5

**Total 16.2**

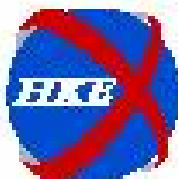
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Regular	5.694	5.07	10.80	8.50	16.20*
Special	-	26.52	-	15.00	-
<b>Total</b>	<b>5.694</b>	<b>31.59</b>	<b>10.80</b>	<b>23.50</b>	<b>16.20*</b>

\* Includes proposed final dividend

# Dividend Policy: Peer Comparison



Higher of 8.0 cents per share or  
80% NPAT



75% to 90% NPAT



30% prior year's cash earnings /  
min 40%-50% normal NPAT /  
50% - 60% NPAT



London  
STOCK EXCHANGE



# Performance at a Glance

## Our commitment to enhance shareholder value

	FY 2002	FY2003	FY 2004	FY 2005	FY 2006
Return on Equity <sup>(1)</sup>	7.3%	8.3%	20.8%	22.0%	32.0%
Total Shareholder Return <sup>(2)</sup>	4.8%	23.1%	45.7%	42.1%	71.0%
Cost-to-Income	75.0%	76.2%	47.4%	52.1%	45.1%
Net Profit Margin	23.4%	27.1%	42.0%	37.6%	44.6%
Dividend per Share (Net)	<b>5.69</b>	<b>31.59</b>	<b>10.8</b>	<b>23.5</b>	<b>16.2*</b>
- Base (cents)	5.69	5.07	5.6	6.0	6.0
- Variable (cents)			5.2	2.5	10.2
- Special (cents)		26.52		15.0	

\* Includes proposed final dividend

(1) (Annualised) Net profit after tax divided by shareholders' equity as at period end

(2) Based on SGX period end closing share price (Source: Bloomberg)

(3) FY 2003 excludes \$50M impairment loss

(4) FY 2004 and FY 2005 figures have been restated to reflect ESOS expenses following the adoption of FRS102

# Business Update

Hsieh Fu Hua

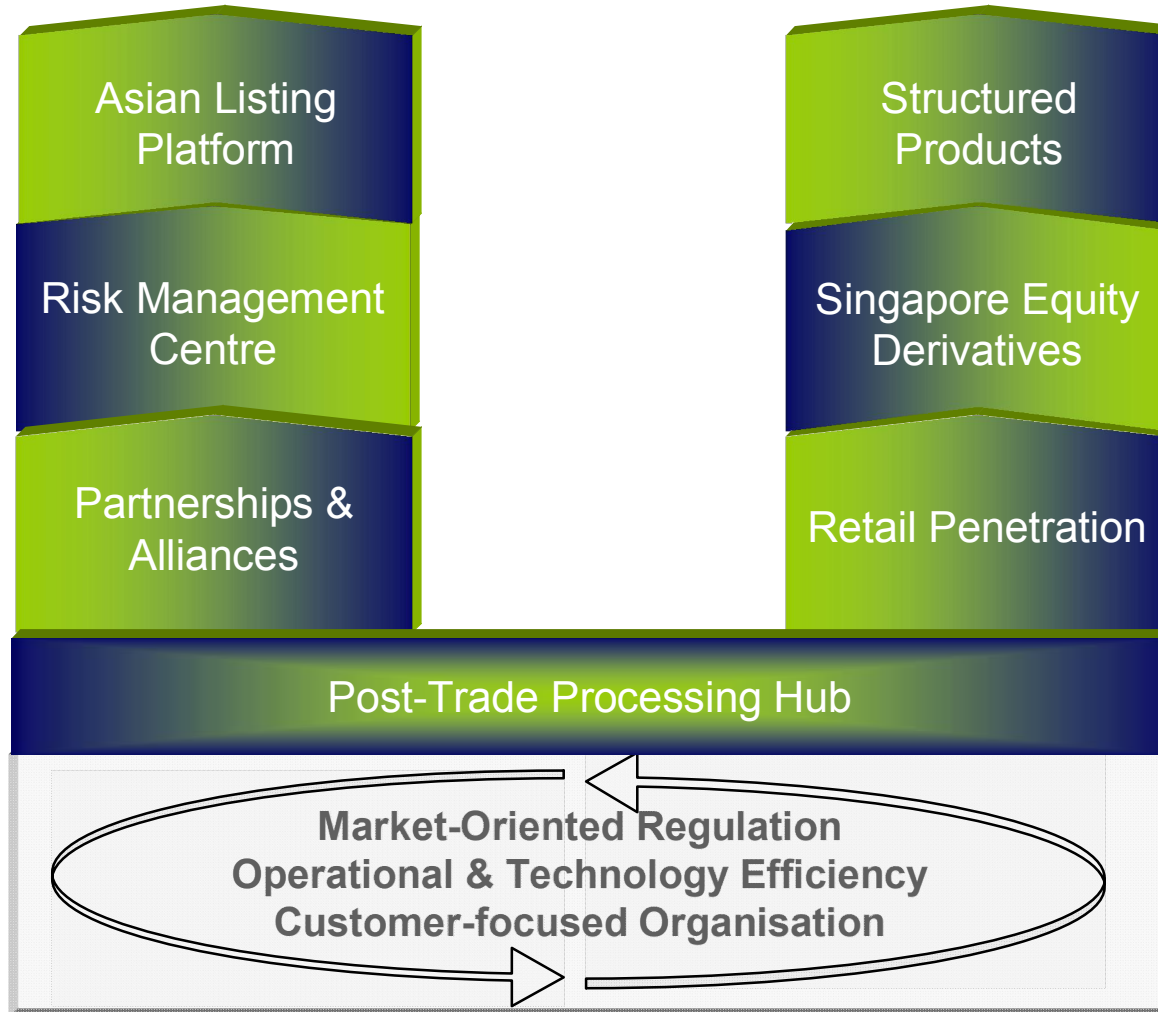
Chief Executive Officer



# Building An Enduring Marketplace

## Asian Gateway

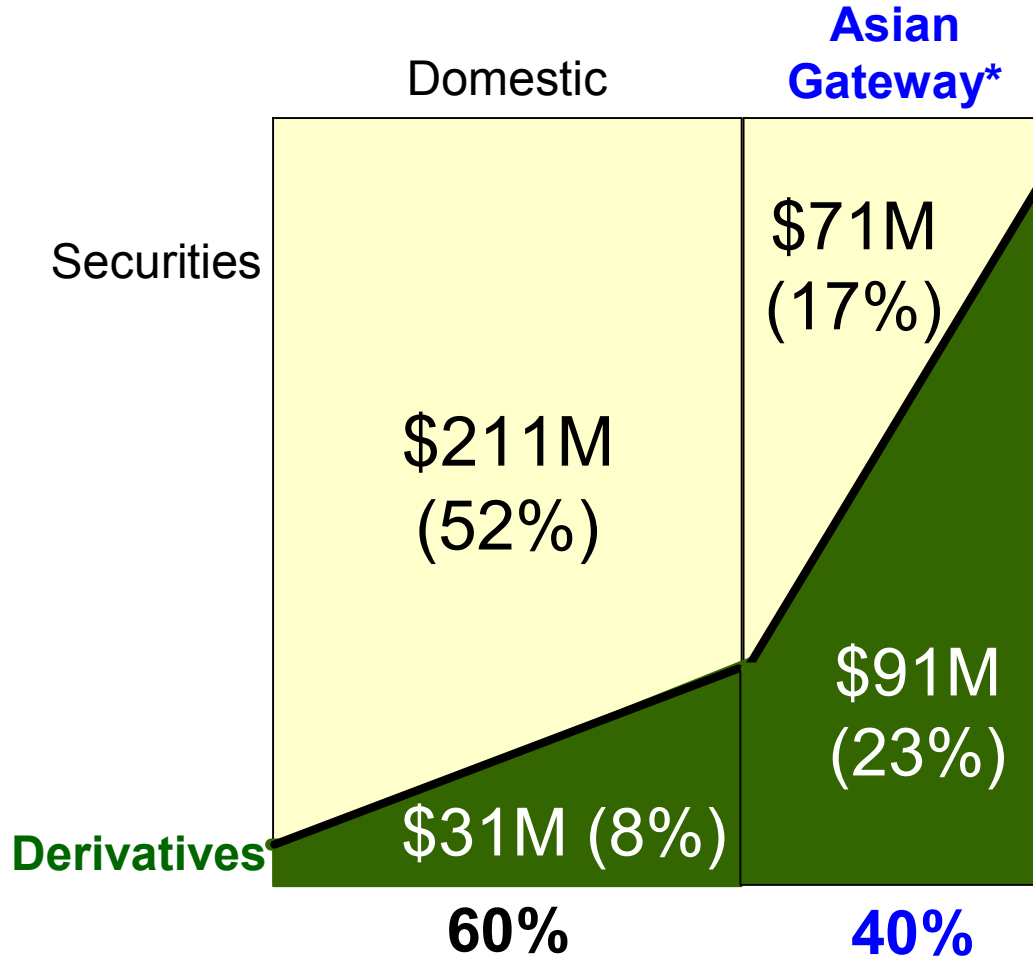
## Domestic Growth



## Delivery Excellence

# Asian Gateway

Our strategy is yielding results ...

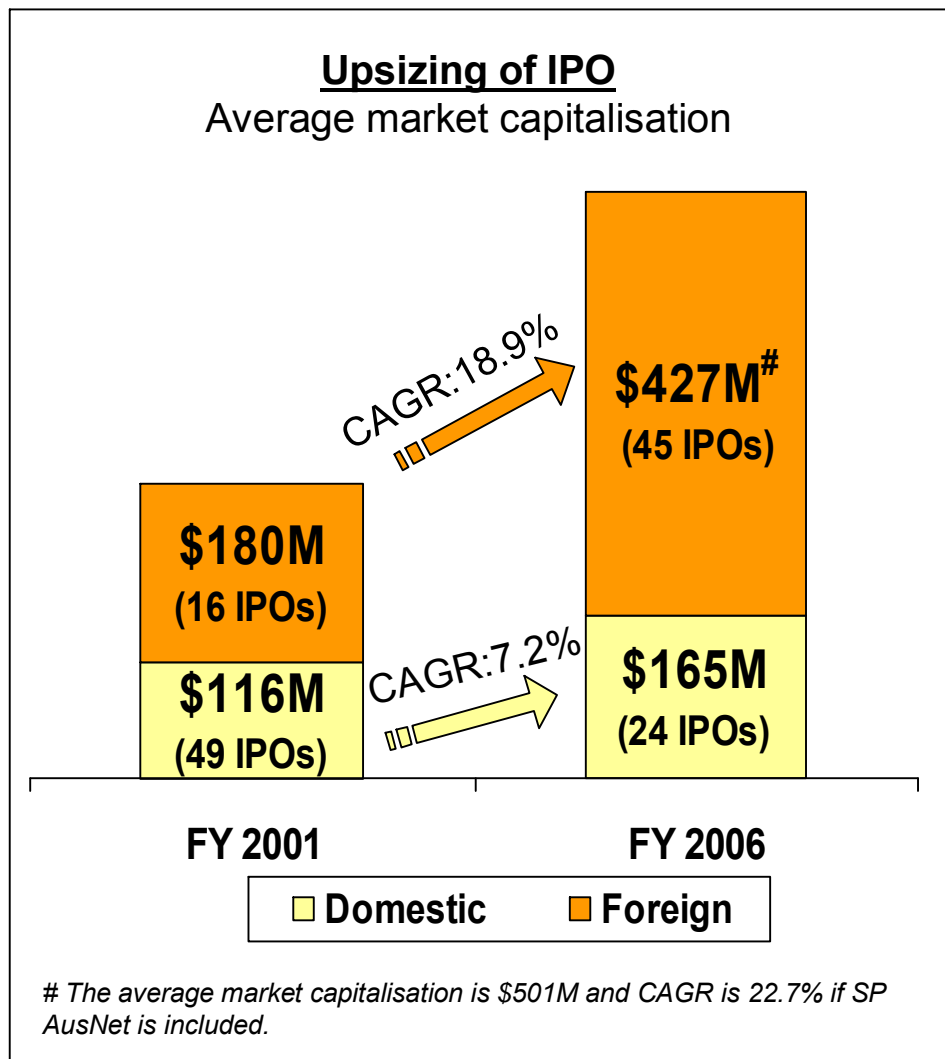


- ✓ **Asian Gateway** revenue
  - 40% of FY06 revenue from
    - Asian listing platform
    - Offshore derivatives

- ✓ **Domestic & Offshore Derivatives**
  - 31% of FY06 revenue

Note: The above excludes other operating revenue amounting to approx \$3.25M; amount does not add up to 100% due to rounding error

# Larger IPOs boost Asian Gateway

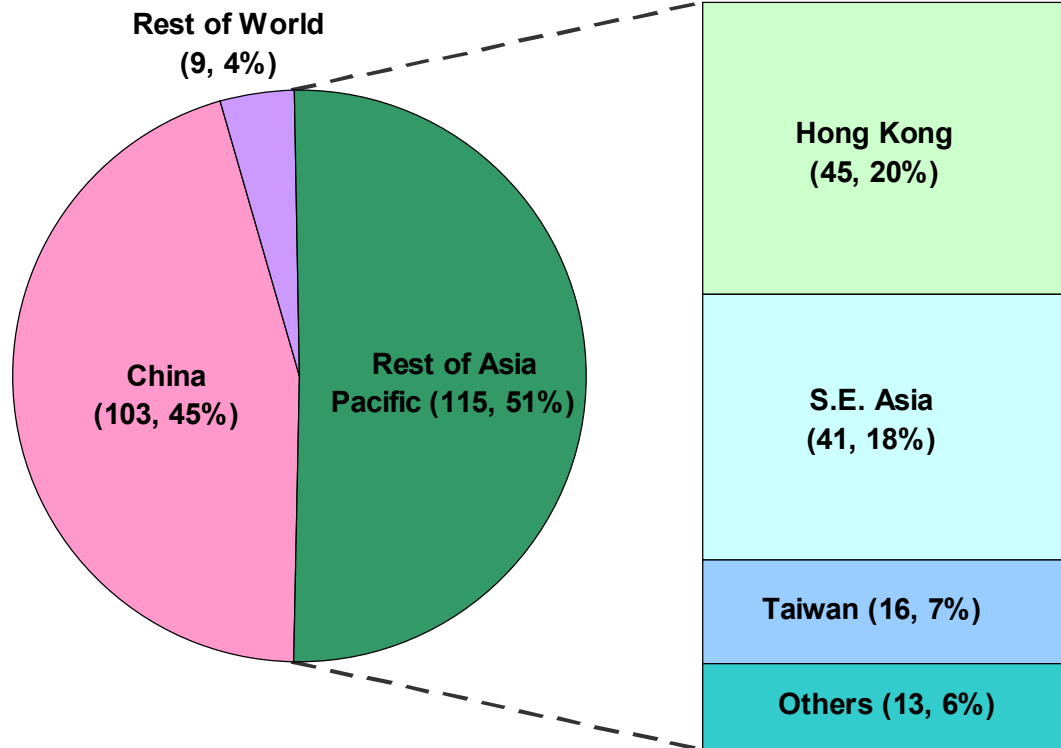


- ✓ No. of IPO with market cap > \$500M
  - FY06: 8\* (12%) vs FY05: 6 (8%)
- ✓ Billion-Dollar IPOs: 6\*
  - Korea, China, Malaysia, Thailand, Indonesia, Australia\*
- ✓ Average funds raised: ↑93%
  - FY06: \$106M vs FY05: \$55M

\* Includes secondary listing SP AusNet

# Our Asian Listing Platform

227 foreign listcos as at 30 June 2006



*Excludes 21 inactive secondary listings*

✓ 33% of total listcos

✓ Listing strategy

- Growing our China market
- Diversifying within the region and beyond
- Building up specific industry sectors

## Risk Management Centre ...

- ✓ Global participation
  - Fully electronic on SGX QUEST in October 2006
- ✓ North Asian exposure
  - Equity: Futures & Options on Nikkei 225, MSCI Taiwan
  - Interest rate: Euroyen
  - Next: FTSE Xinhua China A50
- ✓ Structured products
  - Warrants
    - Foreign IPOs, single stocks, equity indices, ETFs
  - ETFs
    - iShare MSCI India, FTSE-ASEAN 40, FTSE-SGX Asia Shariah

# Developing an Asian Gateway

Growing through new Partnerships & Alliances ...



J • A • D • E  
JOINT ASIAN DERIVATIVES EXCHANGE



Global system provider for  
exchanges



i n v e n t



Specialist partner for IT  
infrastructure services

# Post-Trade Processing Hub

Transforming from a utility to revenue driver ...



*AsiaClear*

 **SGX Prime**

# Setting the pace ...

- **Revenue: Transcending our domestic market**
  - Asian Gateway: 40%
  - Derivatives: 31%
  - More diversified revenue streams
- **Listings**
  - Larger IPOs
  - Healthy pipeline
- **Post-trade processing hub**
- **Capital management**
  - Target ROE: 25%
  - Dividend policy
  - SGX Centre
- **Investment in people and systems**



# SGX Share Performance

(Review period: 1 July 2003 to 30 June 06)

