

# FY2018 Analyst and Media Briefing

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

27 July 2018

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# Agenda

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# Financial Year 2018

## Financial Highlights and Performance

Chng Lay Chew, Chief Financial Officer

# Financial Year 2018 Highlights

- Record Revenue of \$845M; Net profit of \$363M, at 5-year high
- Securities traded value up 12% to \$314B. Record Derivatives traded volume, up 20% to 198M contracts
- Dividend per share – 30 cents, up 2 cents per share; Earnings per Share – 33.9 cents

## Revenue

- \$845M
- Up 5%

## Expenses

- \$420M
- Up 5%

## Operating Profit

- \$425M
- Up 6%

## Net Profit

- \$363M
- Up 7%

## Securities Trading

- \$314B total traded value
- Up 12%

## Derivatives Trading

- 198M contracts
- Up 20%

## Earnings Per Share

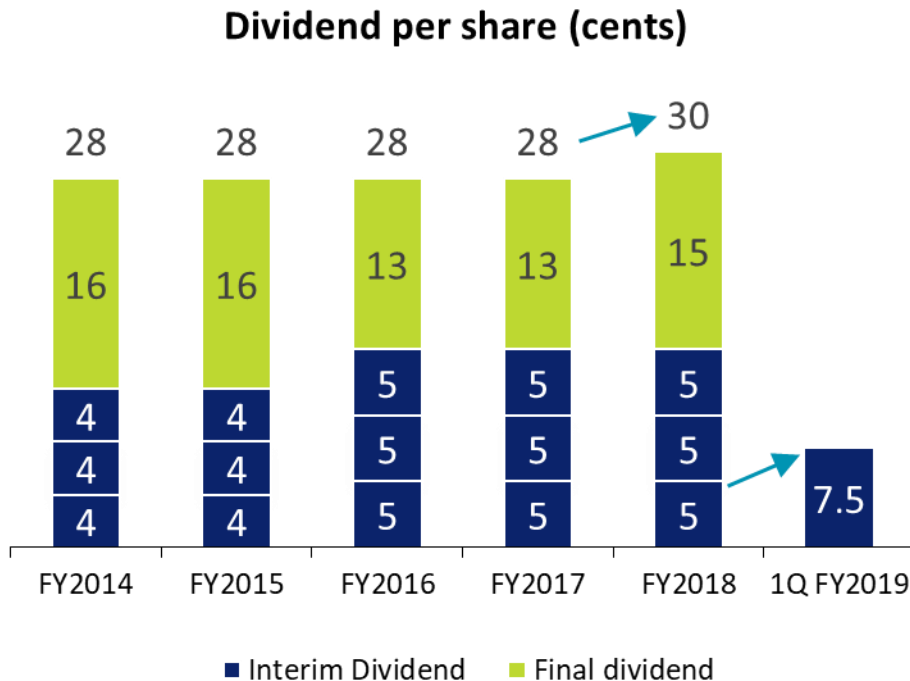
- 33.9 cents
- Up 7%

## Dividend Per Share

- 30 cents
- Up 2 cents

# Dividend policy to support growth. Aims to provide sustainable and growing returns for shareholders

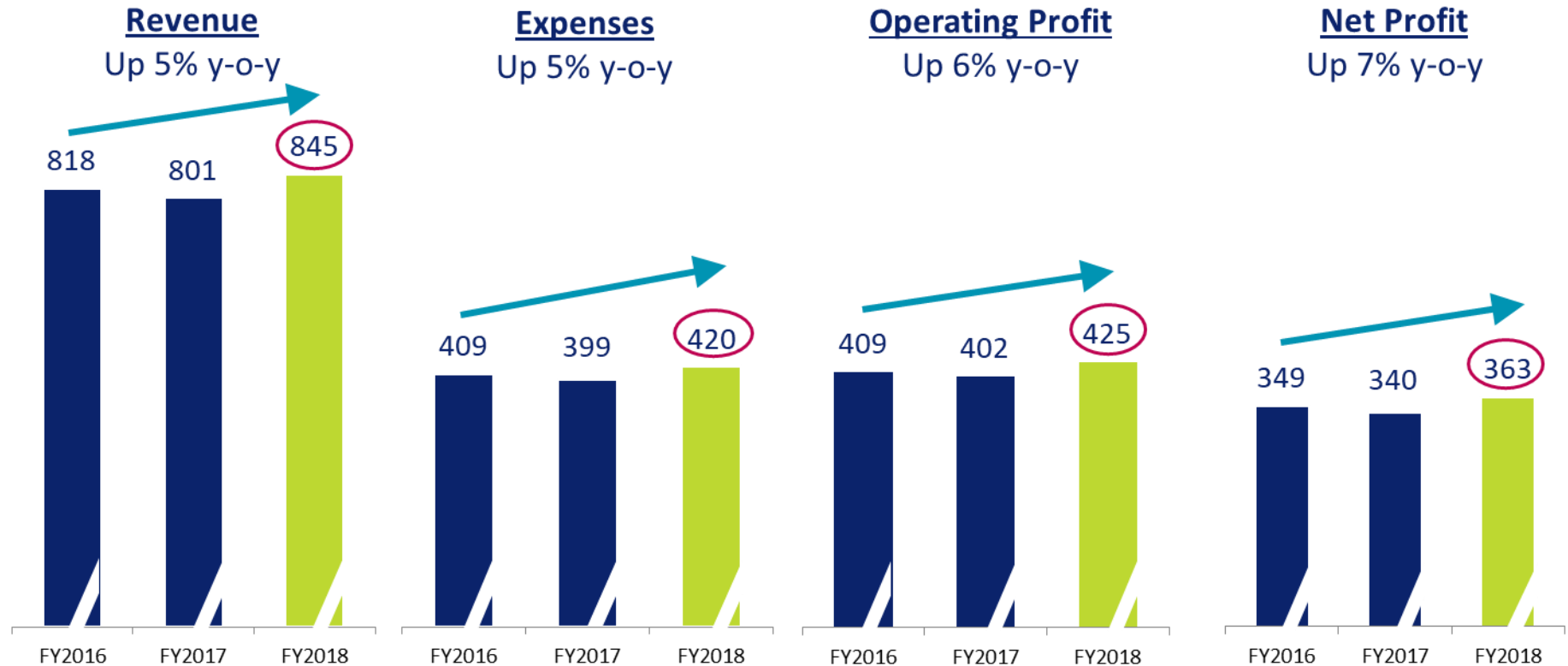
## 5 Year Dividend History



- Aims to pay a sustainable and growing dividend over time, consistent with the company's long-term growth prospects. Dividends will be paid on a quarterly basis and will be decided by the Board<sup>1</sup>
- Provides flexibility to balance dividend payments with the need to retain earnings to support growth
- SGX will pay a higher dividend of 7.5 cents per share starting from 1Q FY2019. This is an increase of 2.5 cents per share. Quarterly dividends will be decided by the Board
- Shareholders will receive returns earlier. Potential growth in dividends when SGX performs well

# Record Revenue since listing in 2000

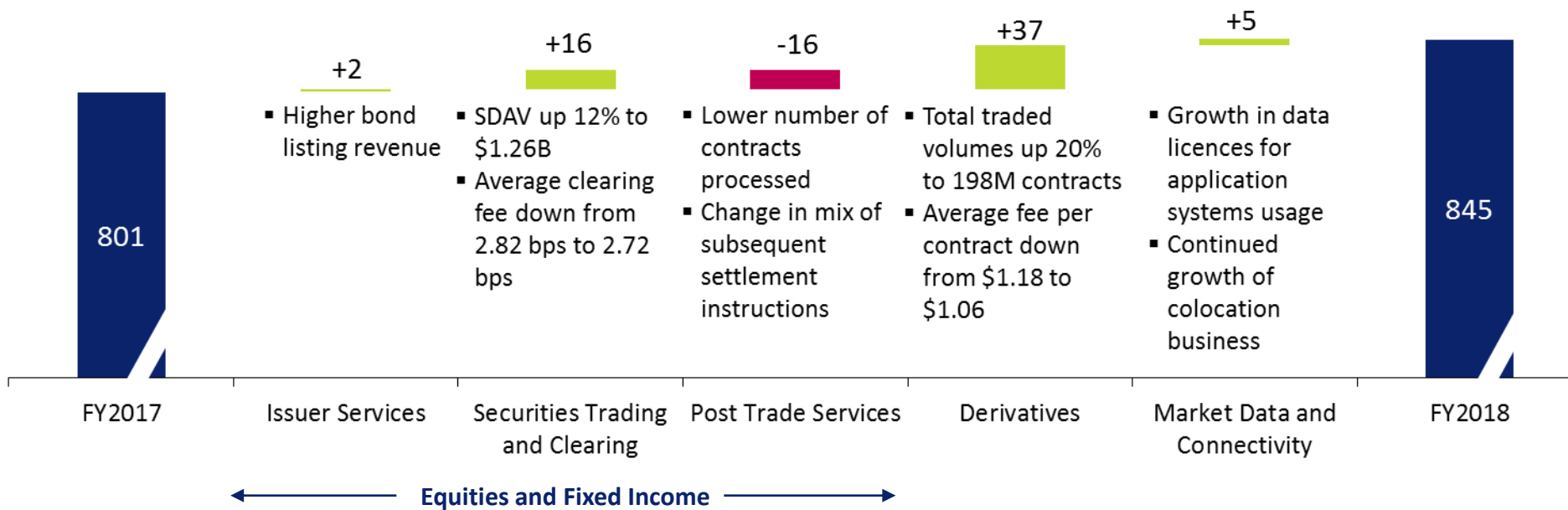
- Revenue of \$845M , up 5% from FY2017
- Expenses up 5%
- Net profit of \$363M, up 7%



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

# Higher full-year revenues across all three businesses

- Equities & Fixed Income revenue of \$407M, up 1% from FY2017
- Record Derivatives volumes and revenue of \$340M, up 12%
- Record Market Data & Connectivity revenue of \$98M, up 5%



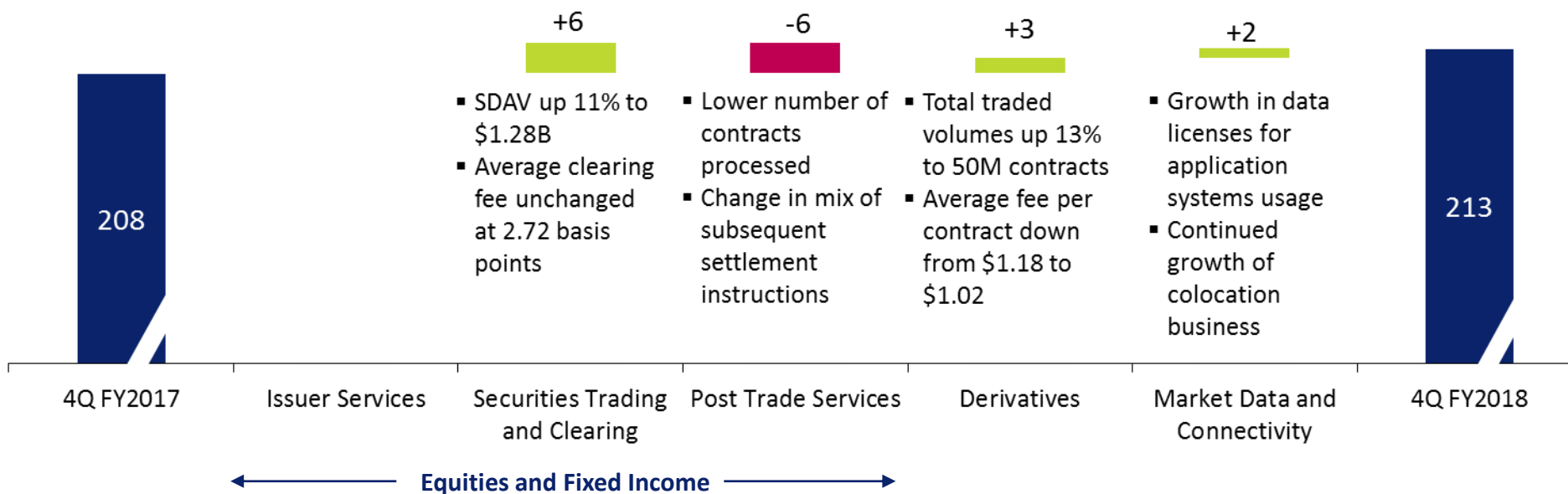
<b>FY2018</b>	<b>\$86M (10%)</b>	<b>\$221M (26%)</b>	<b>\$99M (12%)</b>	<b>\$340M (40%)</b>	<b>\$98M (12%)</b>	<b>\$845M</b>
FY2017	\$84M (10%)	\$205M (26%)	\$116M (14%)	\$303M (38%)	\$93M (12%)	\$801M

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



# Strong 4Q revenues across all three businesses

- Equities & Fixed Income revenue comparable y-o-y at \$101M
- Derivatives revenue of \$85M, up 4%
- Market Data and Connectivity revenue of \$26M, up 10%

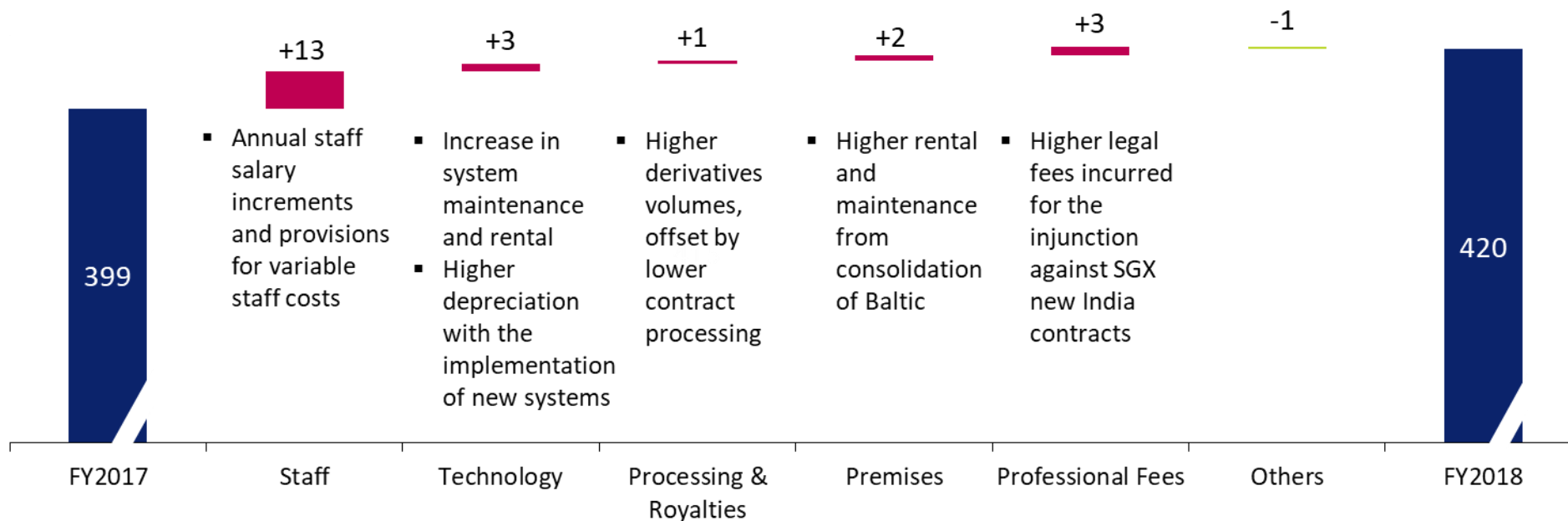


<b>4Q FY2018</b>	<b>\$23M (11%)</b>	<b>\$56M (26%)</b>	<b>\$22M (10%)</b>	<b>\$85M (40%)</b>	<b>\$26M (12%)</b>	<b>\$213M</b>
4Q FY2017	\$23M (11%)	\$50M (24%)	\$28M (14%)	\$82M (40%)	\$24M (11%)	\$208M

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

# Full Year Expenses up 5%

- Maintained cost discipline with focused expenditure
- Higher staff costs, technology expenses and professional fees

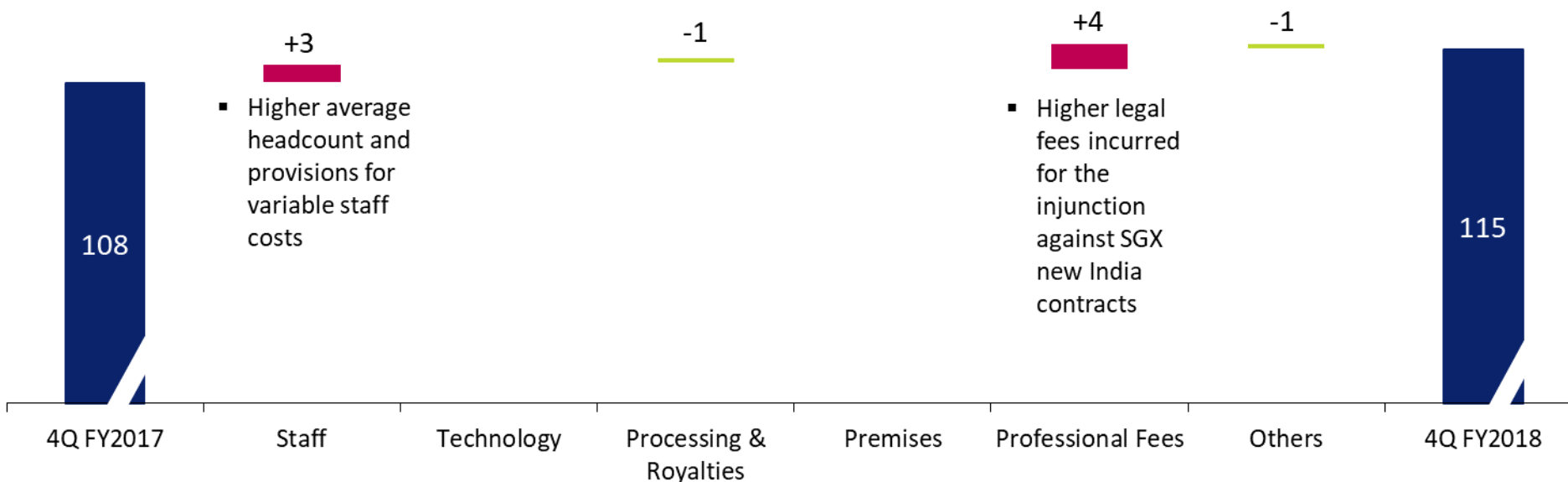


<b>FY2018</b>	<b>\$176M (42%)</b>	<b>\$127M (30%)</b>	<b>\$46M (11%)</b>	<b>\$28M (7%)</b>	<b>\$13M (3%)</b>	<b>\$30M (7%)</b>	<b>\$420M</b>
FY2017	\$162M (41%)	\$124M (31%)	\$45M (11%)	\$27M (7%)	\$10M (3%)	\$31M (8%)	\$399M

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

# 4Q Expenses increased 6%

- Higher staff costs and professional fees

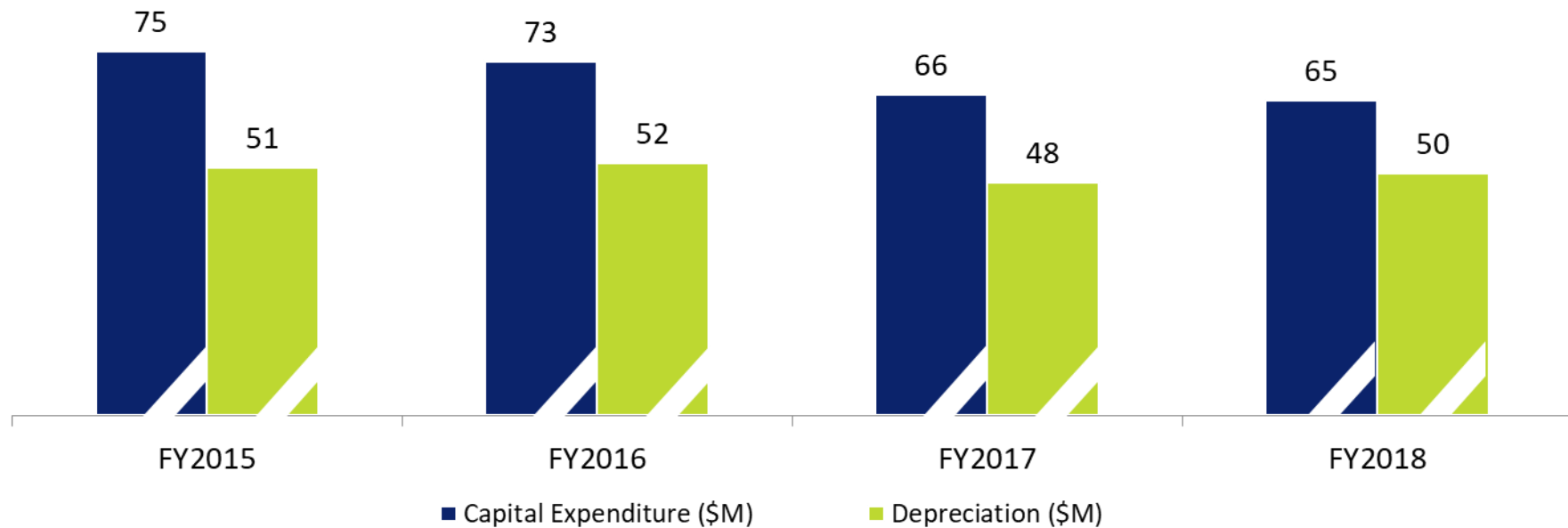


4Q FY2018	\$45M (39%)	\$34M (29%)	\$11M (10%)	\$8M (7%)	\$8M (7%)	\$10M (8%)	\$115M
4Q FY2017	\$42M (39%)	\$34M (31%)	\$12M (11%)	\$8M (7%)	\$4M (3%)	\$10M (9%)	\$108M

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

# Delivered new systems and platforms to support growth

- New securities post-trade system, enhancement of our fixed income trading platform, and implementation of enterprise systems
- Technology CAPEX of \$65M, in line with guidance of \$60M to \$65M

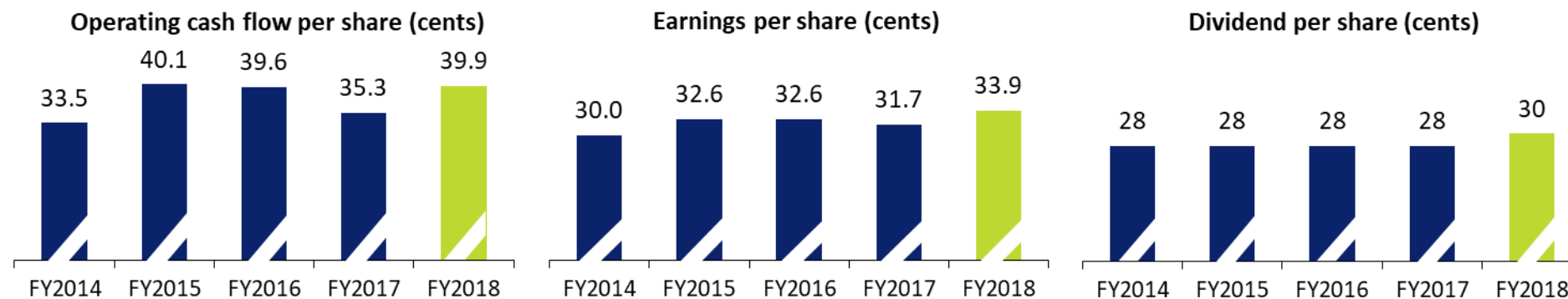


Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# Key Financial Indicators

- High operating profit margin of 50%
- ROE of 34%

	FY2014	FY2015	FY2016	FY2017	FY2018
Revenue (\$ million)	686	779	818	801	845
Operating profit (\$ million)	371	402	409	402	425
Operating profit margin	54%	52%	50%	50%	50%
Net profit (\$ million)	320	349	349	340	363
Return on equity	35%	37%	36%	34%	34%



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

# Business Update

Loh Boon Chye, Chief Executive Officer

# FY2018 was a year of records

- Record total revenues since listing in 2000
- Record revenues for Derivatives and Market Data & Connectivity businesses
- Net profit at 5-year high

(\$ million)	FY2018 Revenue	Change (y-o-y)	Revenue Contribution
Equities & Fixed Income	407	↑ 1%	48%
Derivatives	340	↑ 12%	40%
Market Data & Connectivity	98	↑ 5%	12%
<b>Total Revenue</b>	<b>845</b>	<b>↑ 5%</b>	<b>100%</b>



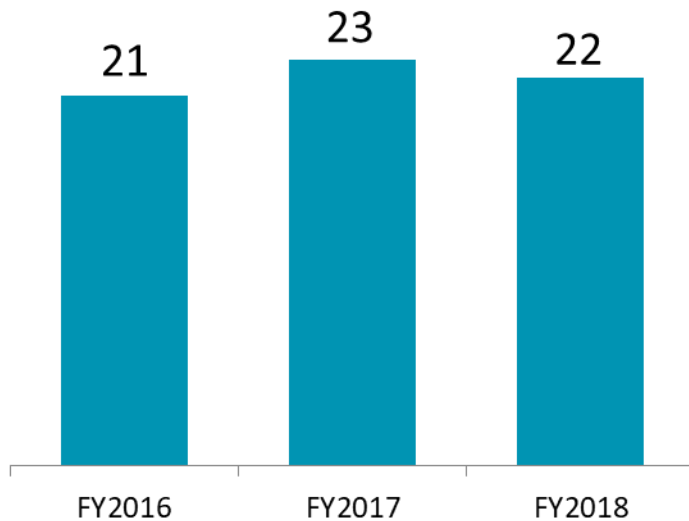
- Derivatives Exchange of the Year by Asia Risk Awards (Sep 2017)
- Asia Exchange of the Year by Structured Products Awards (Sep 2017)
- Exchange of the Year by Energy Risk (Nov 2017)
- SGX Index Edge – Best Index Provider at Structured Retail Products Asia-Pacific Awards (Apr 2018)

# Equities & Fixed Income – Equity Listings

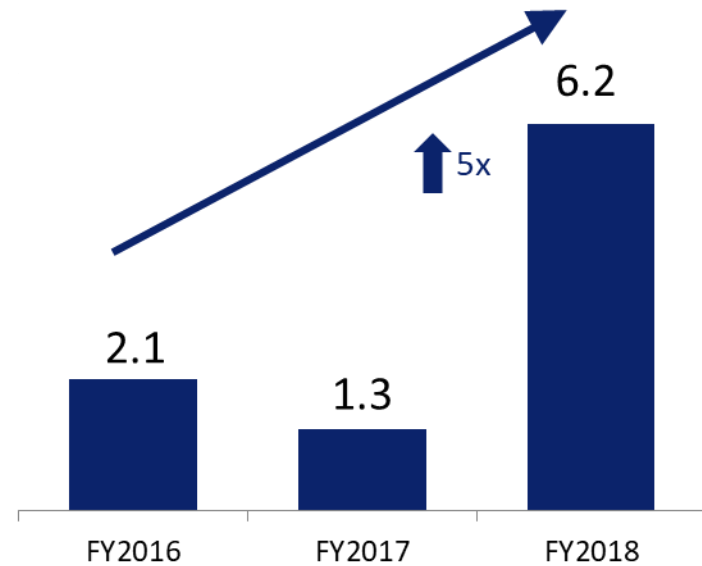
**Issuer Services**  
**\$86M ↑ 3% y-o-y**

- Revenue up 3% from \$84M to \$86M
- 22 new equity listings, compared to 23 a year ago
- Funds raised grew 5x from \$1.3B to \$6.2B

No. of New Equity Listings



Funds Raised from New Equity Listings (\$B)



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

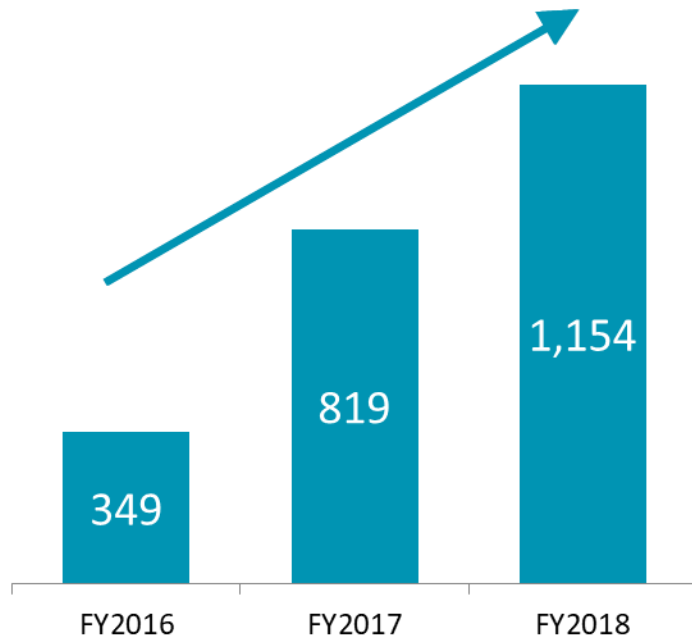


# Equities & Fixed Income – Fixed Income Listings

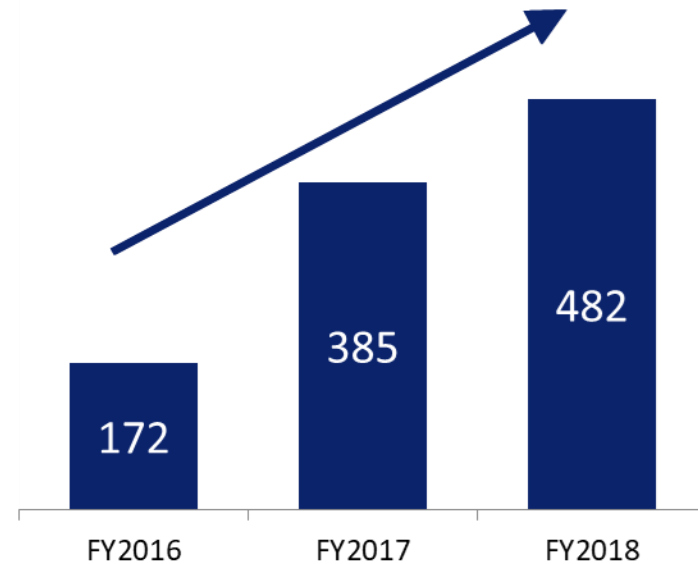
**Issuer Services**  
**\$86M ↑ 3% y-o-y**

- Record growth in Bond listings, up 41% from 819 to 1,154
- Largest exchange in Asia for the listing of international bonds with 80% of listed bonds from offshore issuers
- First listing of retail asset-backed securities

No. of New Bond Listings



Funds Raised from New Bond Listings (\$B)



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

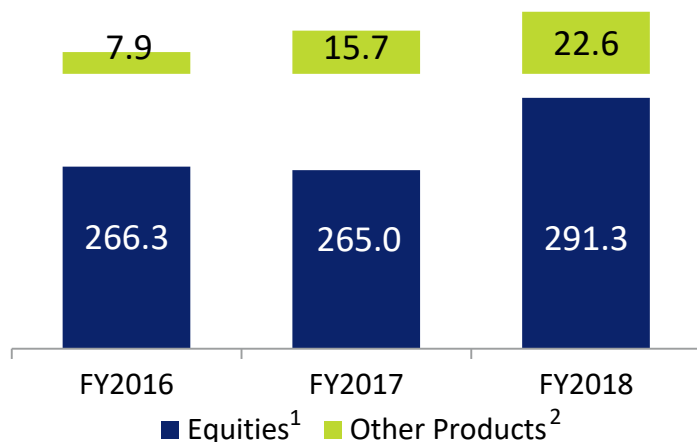
# Equities & Fixed Income

**Securities Trading & Clearing**  
**\$221M ↑ 8% y-o-y**

- SDAV at 5-year high; up 12% from \$1.12B to \$1.26B
- New DLCs boosted trading in Other Products<sup>2</sup>
- Continued efforts to grow retail market participation

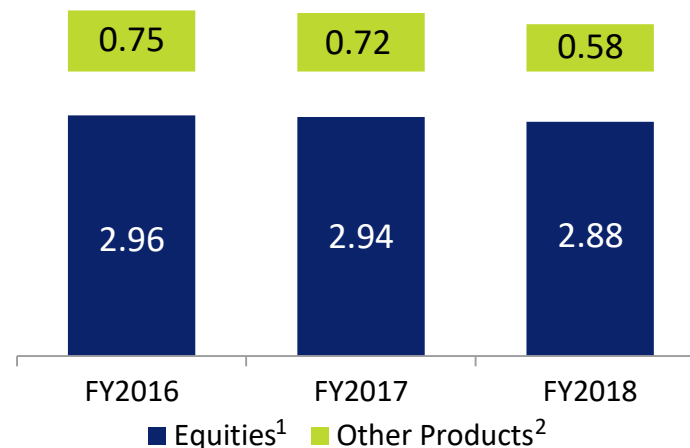
**Securities Total Value Traded (\$B)**

Total Traded Value	274.1	280.7	314.0
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**Average Clearing Fee by Products (bps)**

Average yield	2.90	2.82	2.72
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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, company warrants, exchange-traded funds, daily leverage certificates, debt securities, and American depository receipts

# Equities & Fixed Income

**Post Trade Services**  
**\$99M ↓ 14% y-o-y**

- Securities settlement revenue down 8% from \$96M to \$88M due to a change in the mix of subsequent settlement activities
- All brokers had successfully migrated to their own back office systems by February 2018

## New Post Trade System (Phase 2)



## Update:

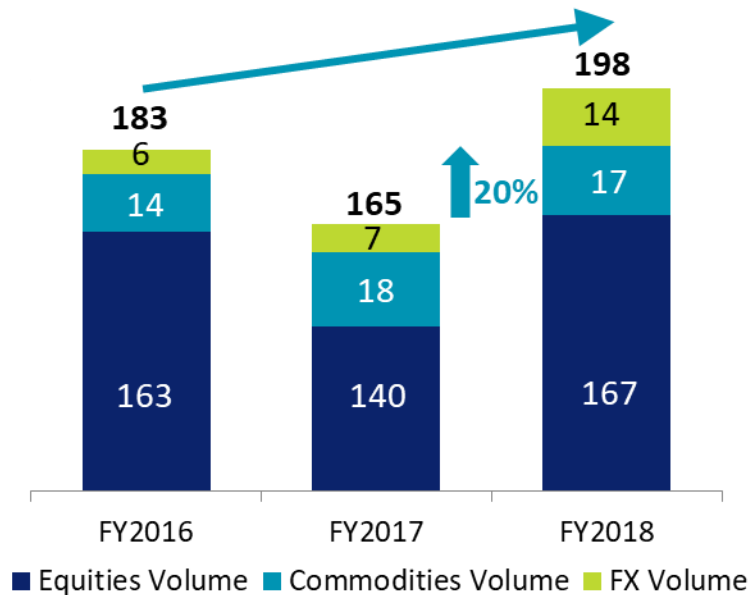
- Conformance testing of members up till November 2018
- Expected 'live' in December 2018

# Derivatives

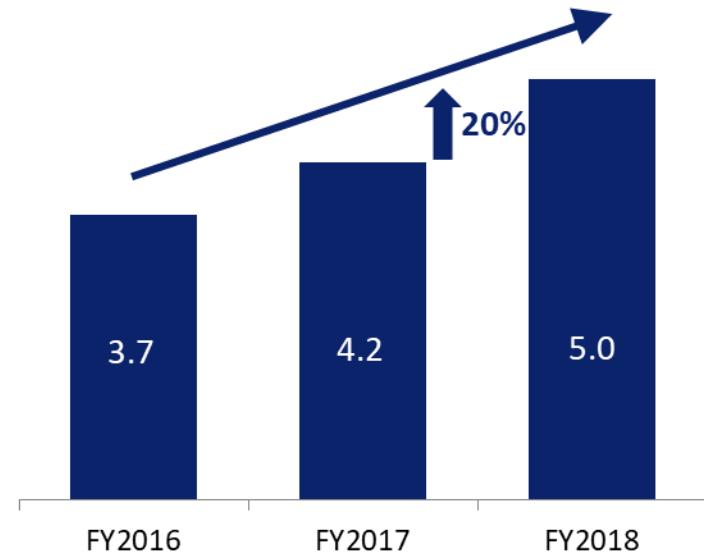
**Equity & Commodities**  
**\$237M ↑ 8% y-o-y**

- Record derivatives volumes, up 20% from 165M to 198M contracts
- Increased Open Interest; up 20% from 4.2M to 5.0M contracts
- Average fee per contract lower from \$1.18 to \$1.06

**Total Derivatives Volume (M contracts)**



**Average month-end Open Interest (M contracts)**



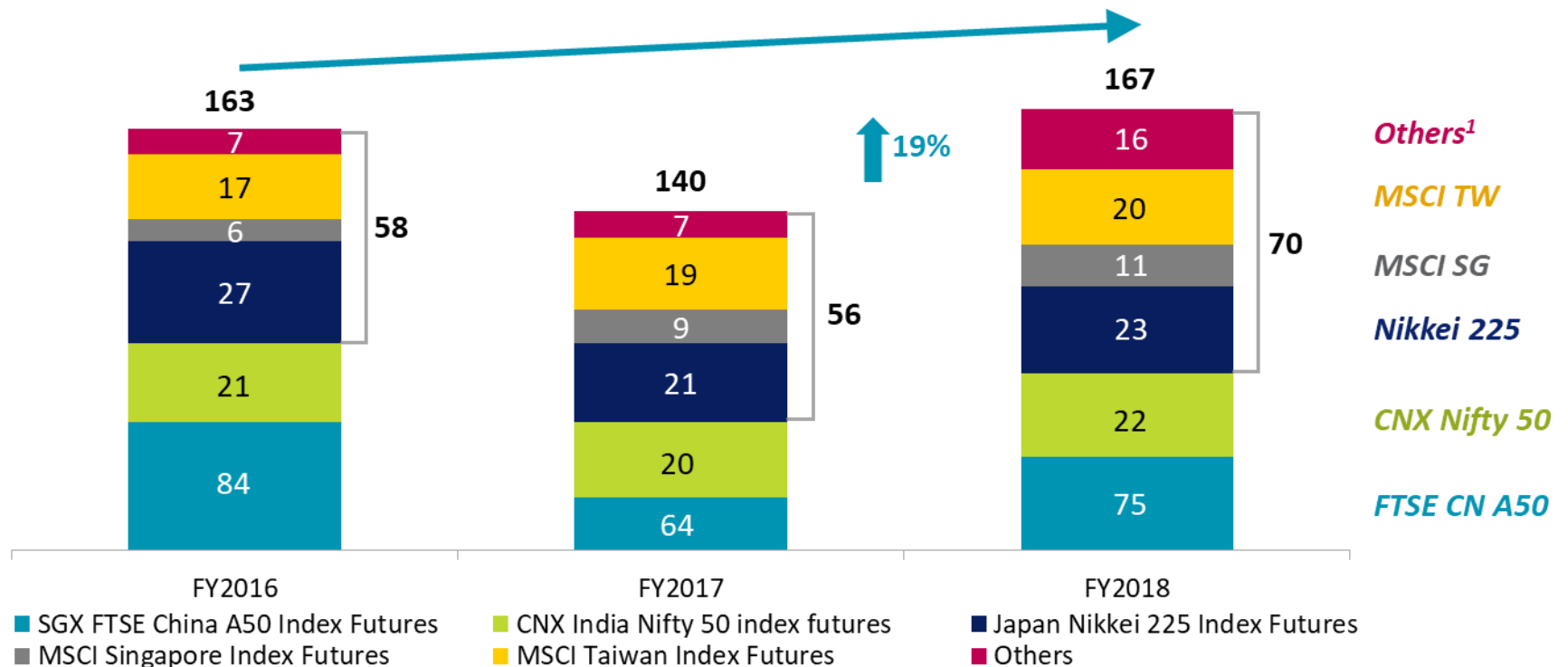
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# Derivatives – Equities

**Equity & Commodities**  
**\$237M ↑ 8% y-o-y**

- Increased trading volumes across all key Equity Index contracts, up 19% from 140M to 167M contracts

Equity Derivatives Volume (M contracts)



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

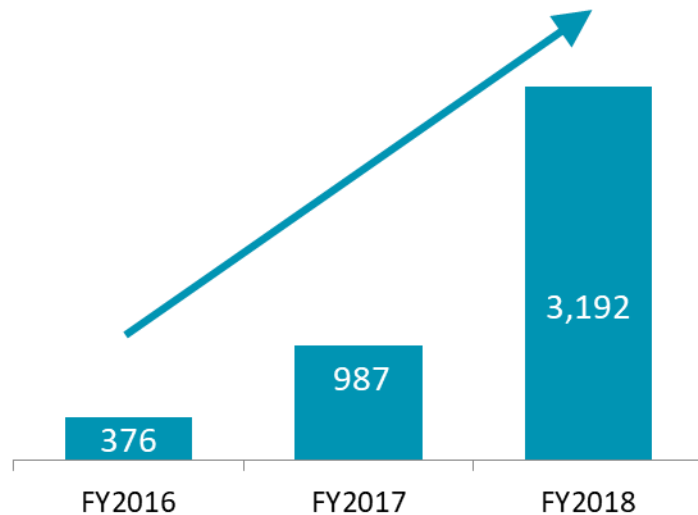
<sup>1</sup>Others comprises mainly Nikkei 225 Index Options, MSCI Japan Index Futures and Nifty Bank Index Futures.

# Derivatives – FX and Commodities

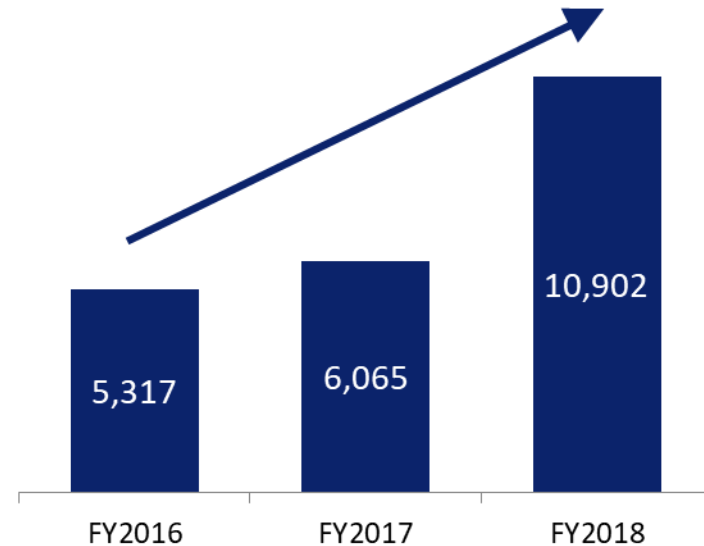
Equity & Commodities  
\$237M ↑ 8% y-o-y

- Record FX futures volume, up two-fold from 7.2M to 14.3M contracts
- Iron Ore seeing increased overnight electronic participation
  - 16% of futures volumes now on screen (vs 8% the last FY)
- Titan OTC Pro – Evolving our trade registration platform Titan to provide a Broker-assisted platform to digitise the OTC trading of commodities.

USD/ CNH Volume ('000 contracts)



INR/ USD Volume ('000 contracts)



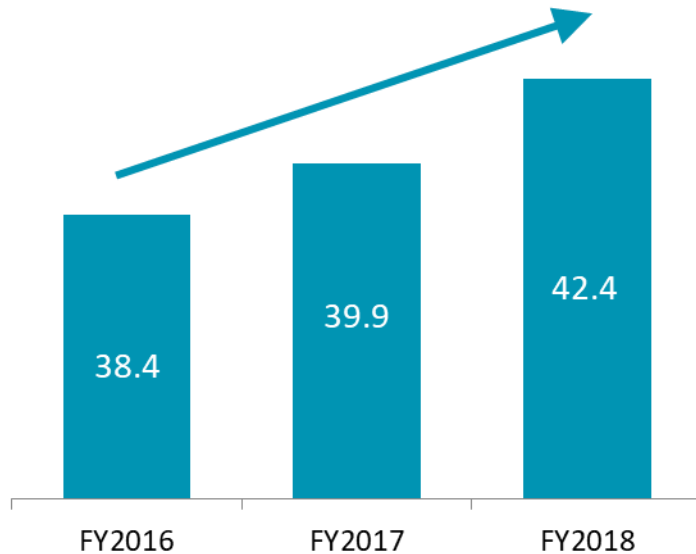
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# Market Data & Connectivity

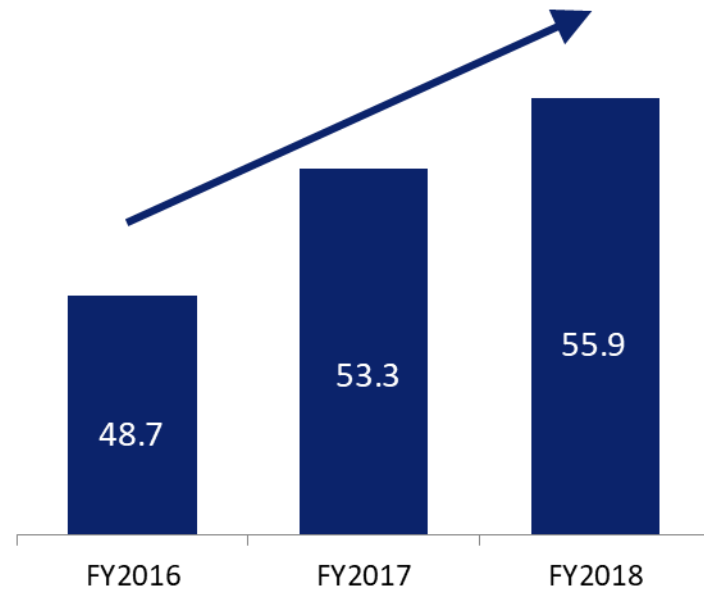
Market Data &  
Connectivity  
\$98M ↑ 5% y-o-y

- Record revenue, up 5% from \$93M to \$98M
- Increased data licences for application system usage
- Continued growth in our colocation business

Market Data 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 ...

- Market volatility to increase from escalating trade tensions and moderating global growth
- We will continue to support our customers in managing their risks across different asset classes and introduce new derivative solutions
- Guidance for FY2019:
  - Operating expenses is expected to be between \$445M & \$455M
  - Technology-related capital expenditure is expected to be between \$60M & \$65M

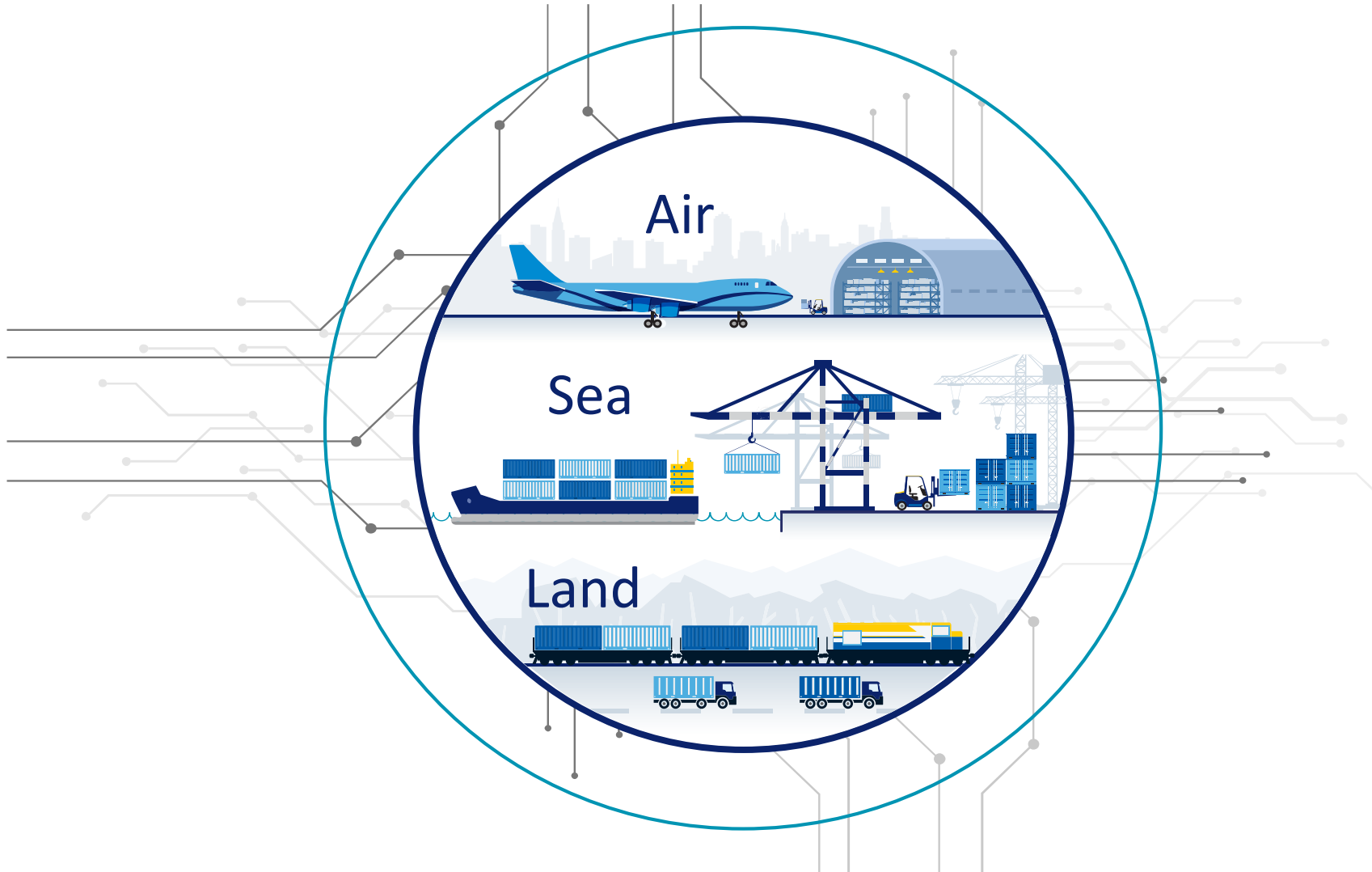




# Our strategy for FY2019



# Global freight is the new multi-modal asset class



# SGX is well positioned to be the Digital Freight Marketplace

**Mission:** Fortify The Baltic Exchange, leverage SGX cargo & freight franchise, and **invest strategically** in market infrastructure & data.



Offer **full-stack digital services** in spot price discovery, matching & trading, and post-trade risk management.

Dominate a new **multi-modal asset class of freight** - wet & dry bulk, container & air

# Questions and Answers



**Thank you**

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