

2Q FY2018 Analyst and Media Briefing

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

19 January 2018

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Second Quarter FY2018

Financial Highlights and Performance

Chng Lay Chew, Chief Financial Officer

Second Quarter FY2018 Highlights

Revenue

- \$205M
- Up 3%

Expenses

- \$102M
- Up 5%

Operating Profit

- \$103M
- Up 1%

Net Profit

- \$88M
- Unchanged

Securities Trading

- \$71.6B total traded value
- Up 3%

Derivatives Trading

- 49M contracts
- Up 18%

Earnings Per Share

- 8.2 cents
- Unchanged

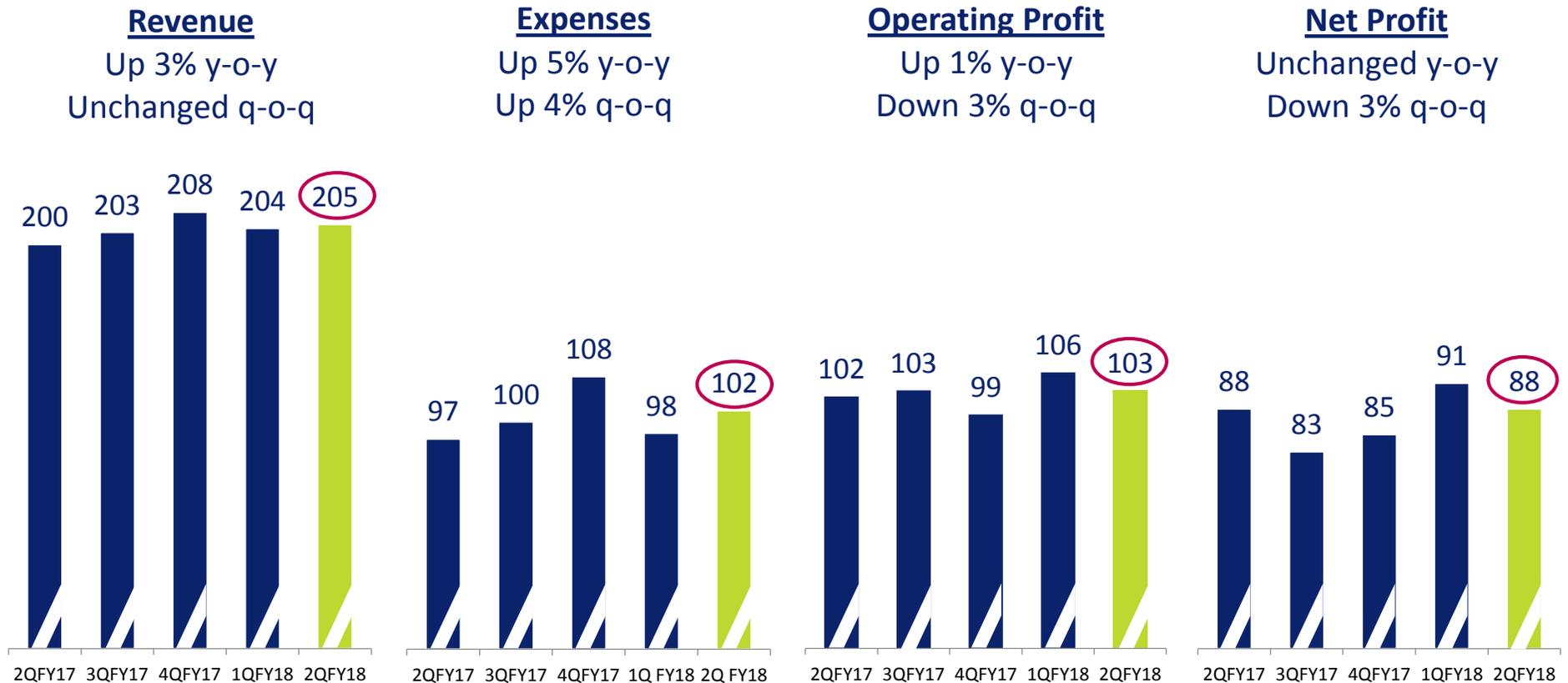
Dividend Per Share

- Interim dividend 5 cents per share
- Unchanged

- Net profit of \$88M, unchanged from a year ago
- Securities traded value up 3% to \$71.6B. Derivatives traded volume up 18% to 49M contracts
- 1H FY2018 Net profit of \$179M, up 4% from a year ago. Flat JAW for 1H FY2018
- Earnings per Share – 8.2 cents, Dividend per share – 5 cents

Financial Performance: Quarterly Trend

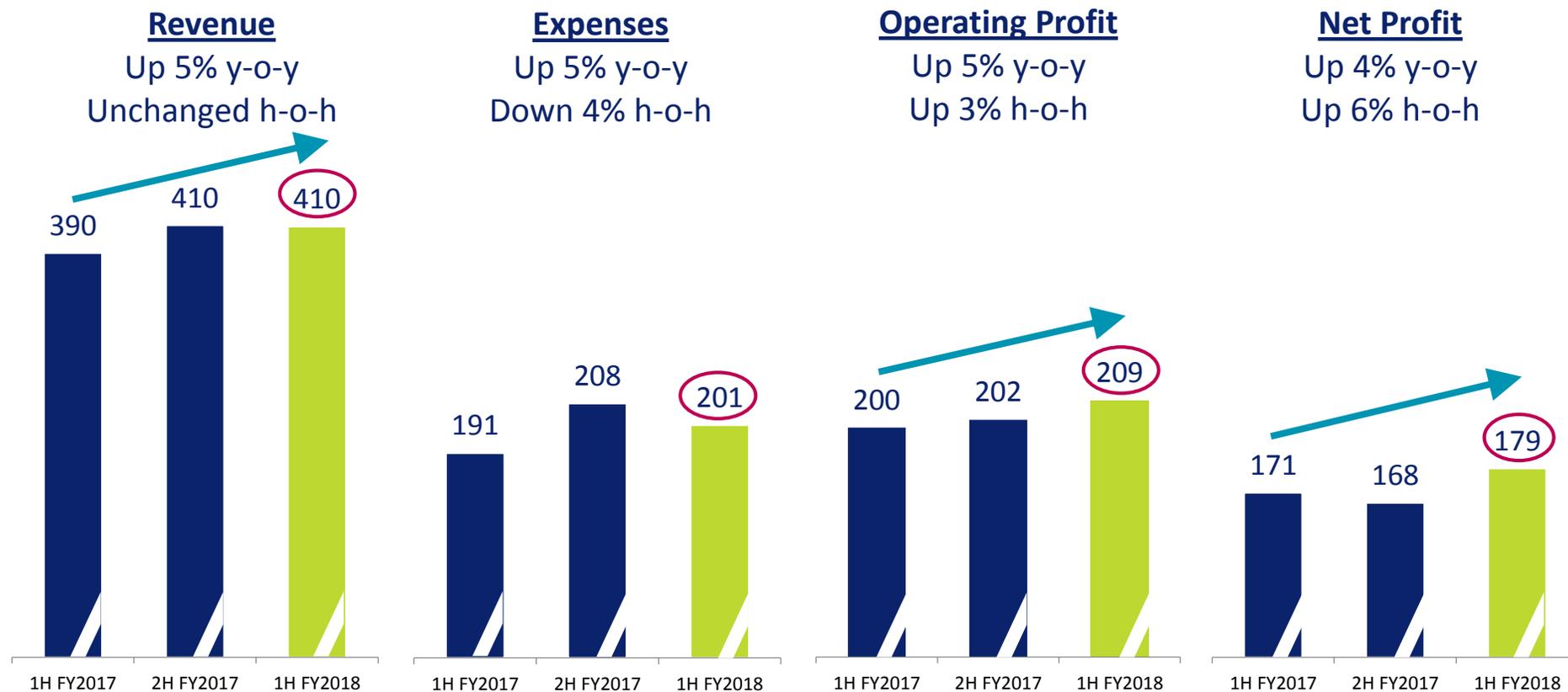
- Net profit of \$88 million, unchanged from a year earlier



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

Financial Performance: Half Yearly Trend

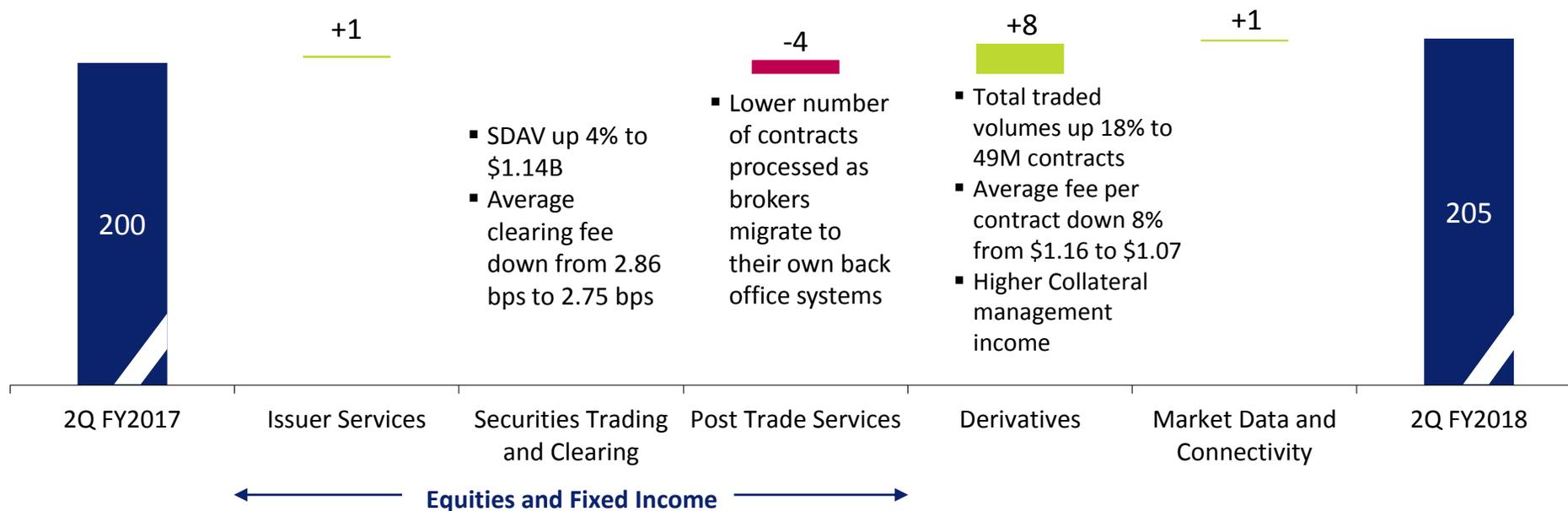
- Net profit up 4% year-on-year and up 6% from 2H FY2017



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

Financial Performance: Revenue, Year-on-Year

- Revenue of \$205M, up 3%
- Equities & Fixed Income revenue of \$98M, down 4%
- Derivatives revenue of \$83M, up 11%
- Market Data and Connectivity revenue of \$24M, up 4%

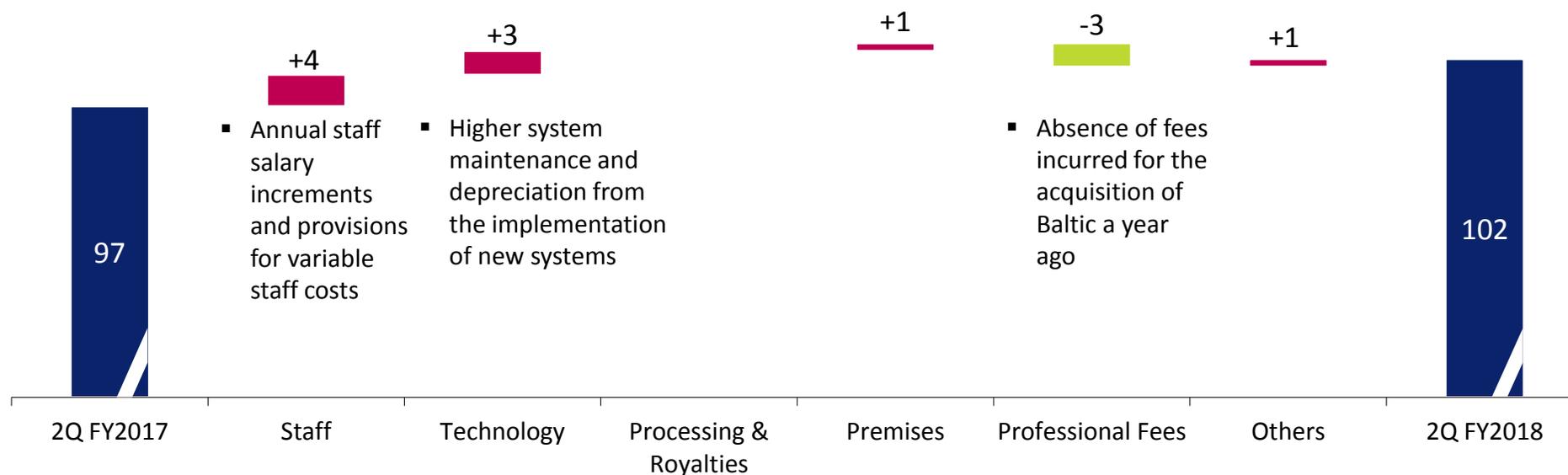


2Q FY2018	\$20M (10%)	\$52M (25%)	\$25M (12%)	\$83M (41%)	\$24M (12%)	\$205M
2Q FY2017	\$20M (10%)	\$52M (26%)	\$30M (15%)	\$75M (38%)	\$23M (12%)	\$200M

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

Financial Performance: Expenses, Year-on-Year

- Expenses of \$102M, up 5% from a year earlier

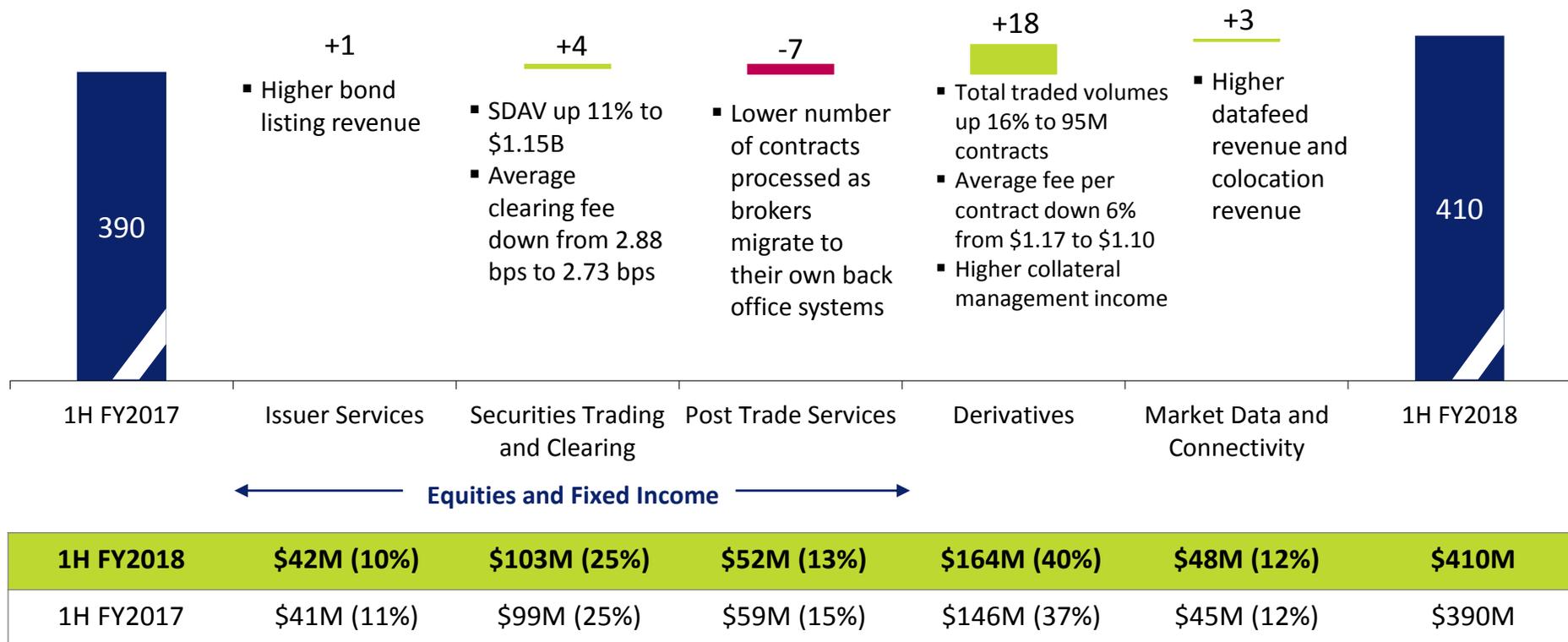


2Q FY2018	\$43M (43%)	\$32M (31%)	\$11M (11%)	\$7M (7%)	\$1M (1%)	\$7M (7%)	\$102M
2Q FY2017	\$40M (41%)	\$29M (30%)	\$11M (12%)	\$6M (7%)	\$4M (4%)	\$7M (7%)	\$97M

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Financial Performance: Revenue, 1H FY2018

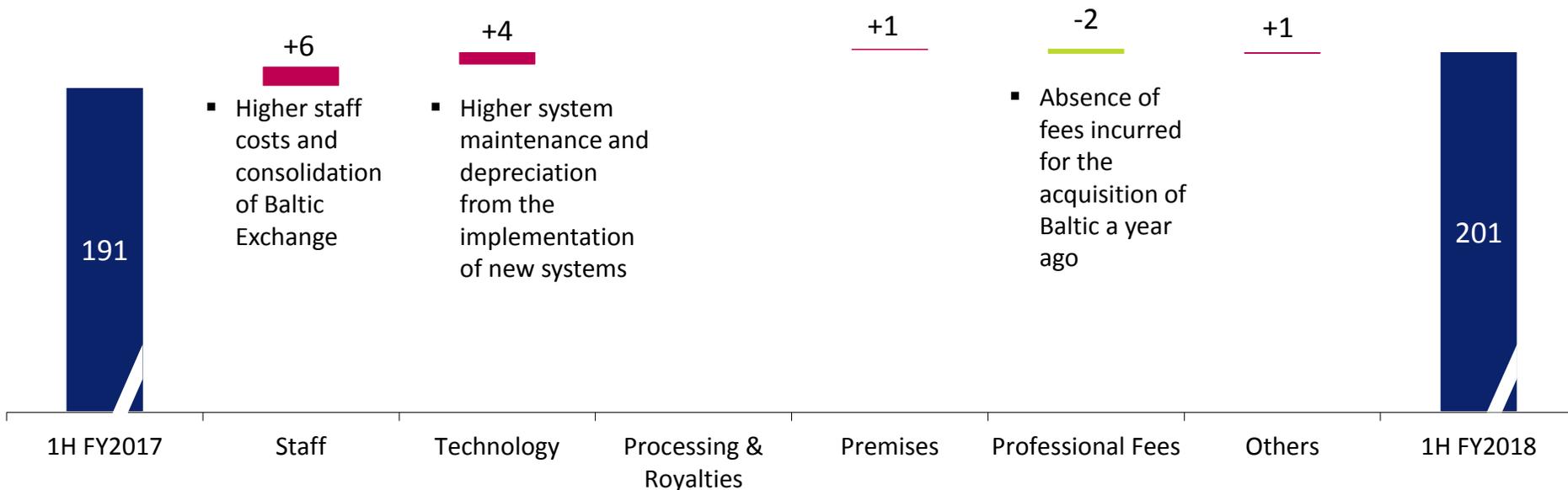
- Revenue of \$410M, up 5%
- Equities & Fixed Income revenue of \$197M, comparable
- Derivatives revenue of \$164M, up 12%
- Market Data and Connectivity revenue of \$48M, up 7%



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Financial Performance: Expenses, 1H FY2018

- Expenses of \$201M, up 5% year-on-year



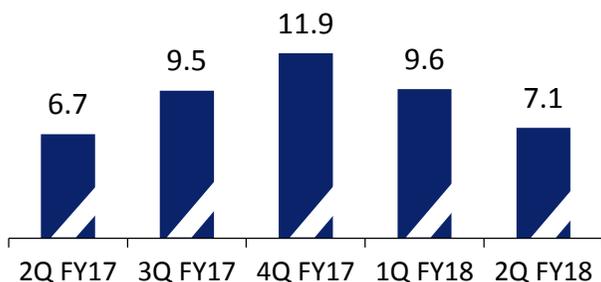
1H FY2018	\$85M (42%)	\$62M (31%)	\$23M (11%)	\$14M (7%)	\$3M (2%)	\$13M (7%)	\$201M
1H FY2017	\$79M (42%)	\$58M (31%)	\$23M (12%)	\$12M (6%)	\$6M (3%)	\$12M (6%)	\$191M

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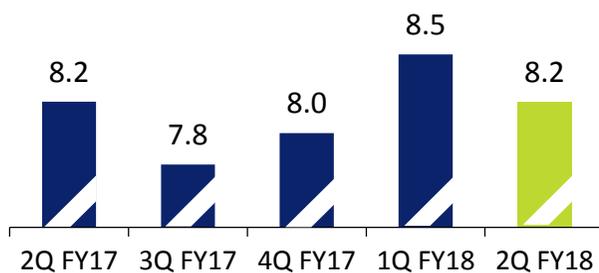
Financial Performance: Key Indicators

	2Q FY2017	3Q FY2017	4Q FY2017	1Q FY2018	2Q FY2018
Revenue (\$ million)	200	203	208	204	205
Operating profit (\$ million)	102	103	99	106	103
Operating profit margin	51%	51%	48%	52%	50%
Net profit (\$ million)	88	83	85	91	88
Return on equity	38%	36%	34%	38%	37%
Earnings per share (cents)	8.2	7.8	8.0	8.5	8.2
Dividend per share (cents)	5	5	13	5	5

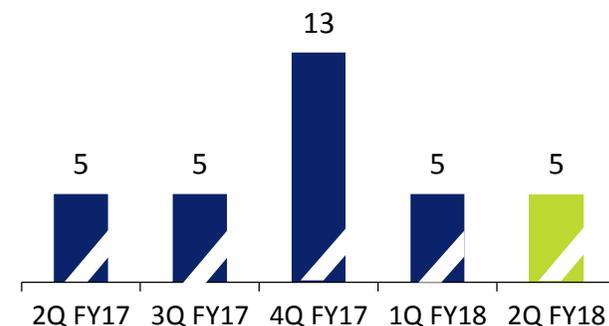
Operating cash flow per share (cents)



Earnings per share (cents)



Dividend per share (cents)



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

Business Update

Loh Boon Chye, Chief Executive Officer

2017 was a busy year



Vibrant securities market

- More issuers raising record funds at attractive valuations
- Active secondary trading, with new products in demand
- STI up 18% in 2017, closing at a 5-year high with strong institutional fund flows



New highs for derivatives business

- Record volumes for key FX franchise and established MSCI products
- Growth in iron ore and coking coal volumes and open interest
- Stronger market share across virtual steel mill value chain



Index business gaining momentum

- Calculating over 150 custom indices
- Continued development of new IP and strong pipeline for SGX-developed indices
- Licensing of SGX-developed indices for ETFs and ETNs

2017 was a busy year



Growing fixed income business

- More than 100 customers signed-up
- Wide geographical spread of customers from Asia and Europe
- Over half a billion USD traded out of US\$2 billion of orders



Record trading in FX futures

- Record aggregate open Interest for FX Futures
- Record volumes for key contracts USD/CNH and INR/USD
- Increasing volume market share



Wider geographical network

- Strategic partnerships to strengthen funding pathways for companies
- Opening of Chicago office
- Greater international participation in our markets

Business Performance

- Total revenue from businesses improved year-on-year.
- Strong Derivatives growth, with highest Derivatives revenue since 1Q FY16.

(\$ million)	2Q FY2018 Revenue	Change (y-o-y)	Revenue Contribution
Equities & Fixed Income	98	↓ 4%	48%
Derivatives	83	↑ 11%	41%
Market Data & Connectivity	24	↑ 4%	12%
Total Revenue	205	↑ 3%	100%



- **Exchange of the Year Asia: Energy Risk**

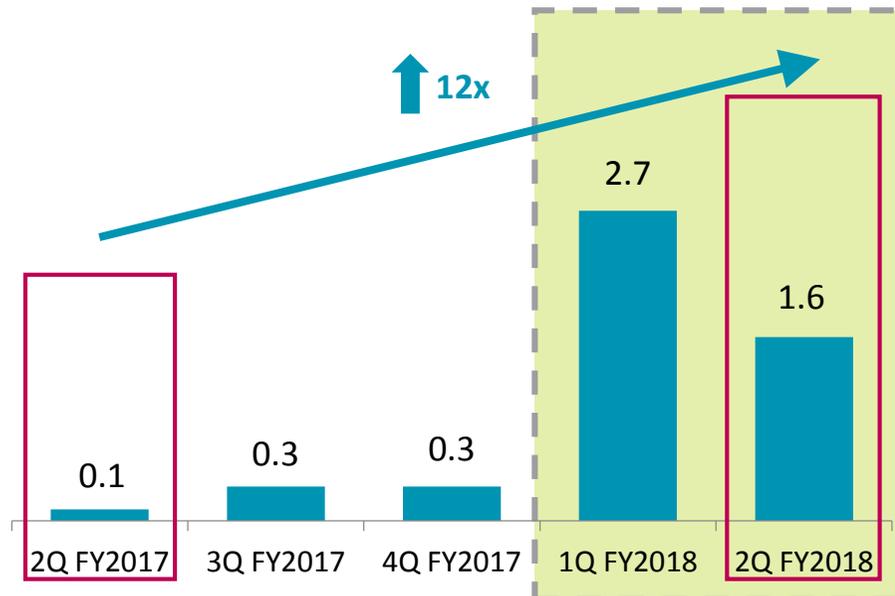
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

Equities & Fixed Income – Equity Listings

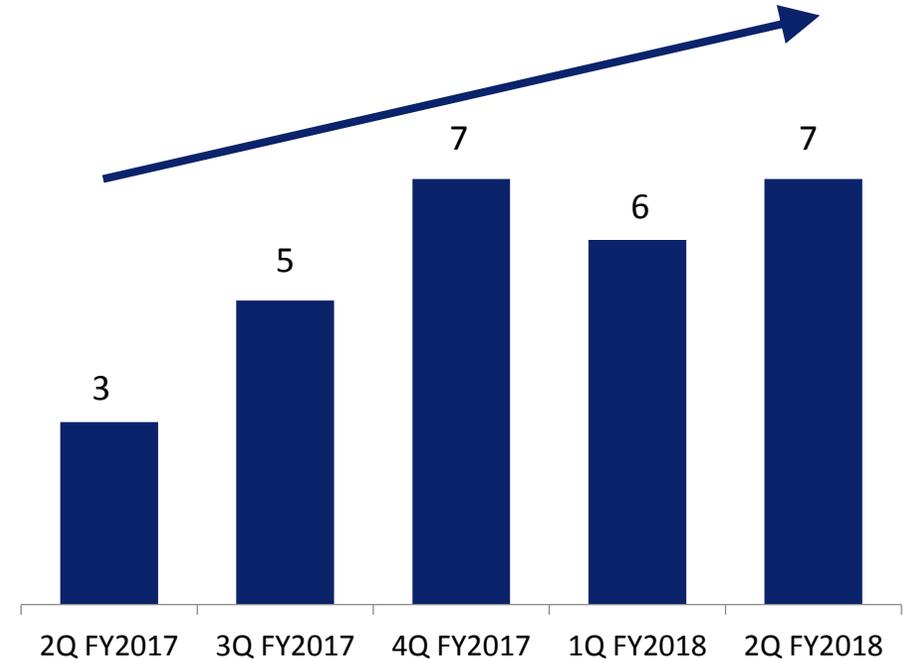
Issuer Services
\$20M ↑ 4% y-o-y

- 7 new equity listings compared to 3 a year ago
- Equity funds raised increased from \$0.1B to \$1.6B

Funds Raised from New Equity Listings (\$B)



No. of New Equity Listings



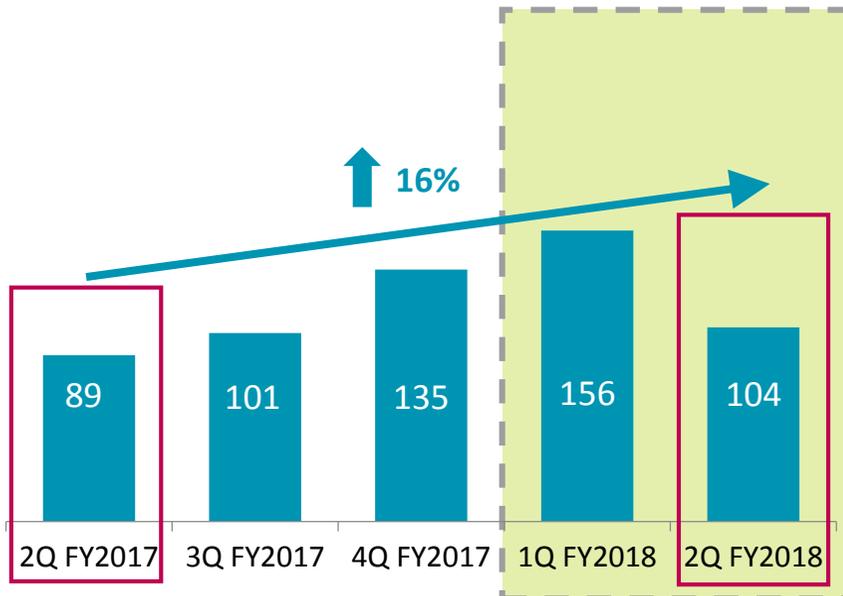
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Equities & Fixed Income – Fixed Income Listings

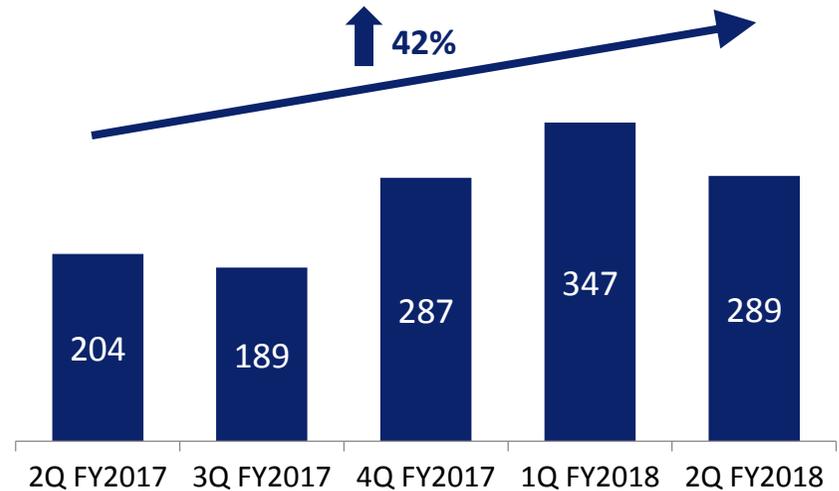
Issuer Services
\$20M ↑ 4% y-o-y

- Number of bonds listed up from 204 to 289
- Funds raised up from \$89B to \$104B

Funds Raised from New Bond listings(\$B)



No. of New Bond listings



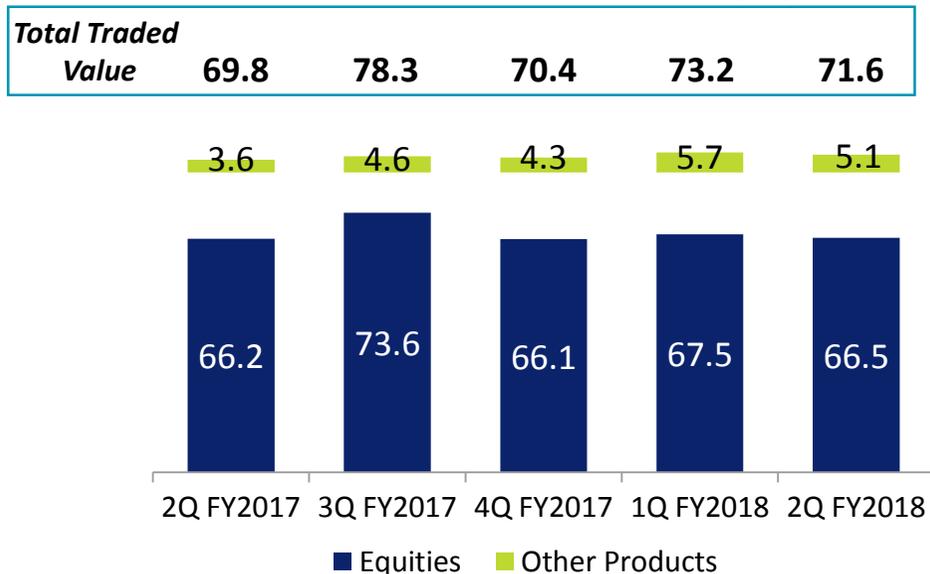
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Equities & Fixed Income

Securities Trading & Clearing
\$52M, comparable y-o-y

- SDAV up 4% y-o-y from \$1.09B to \$1.14B
- Traded value of Equities¹ comparable, Other products² up 41%
- Average clearing fee lower at 2.75 bps from 2.86 bps
- STI Index up 18% y-o-y; Total market capitalization up 14% y-o-y

Securities Total Value Traded (\$B)



Average Clearing Fee by Products (bps)



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¹ Equities include ordinary shares, real-estate investment trusts and business trusts

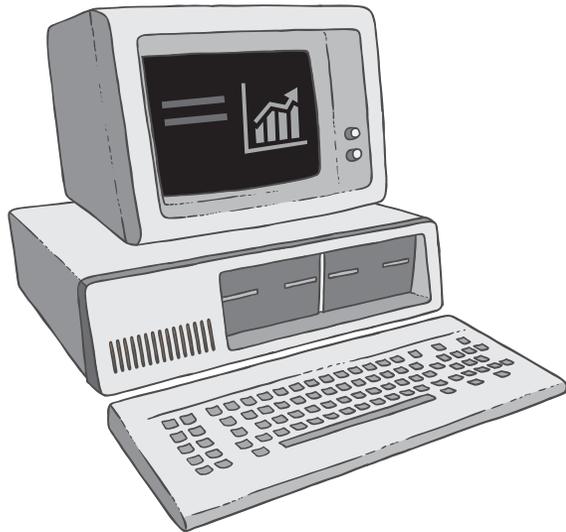
² Other products include structured warrants, company warrants, exchange-traded funds, daily leverage certificates, debt securities, and American depository receipts

Equities & Fixed Income

Post Trade Services
\$25M ↓ 15% y-o-y

- Securities settlement revenue down 9% from \$25M to \$22M due to change in mix of securities settlement instructions
- Contract processing revenue down 63% from \$3M to \$1M
- Growth in trading revenues offset declines in contract processing revenue

SGX CAS System



20 brokers migrated



New Post Trade System



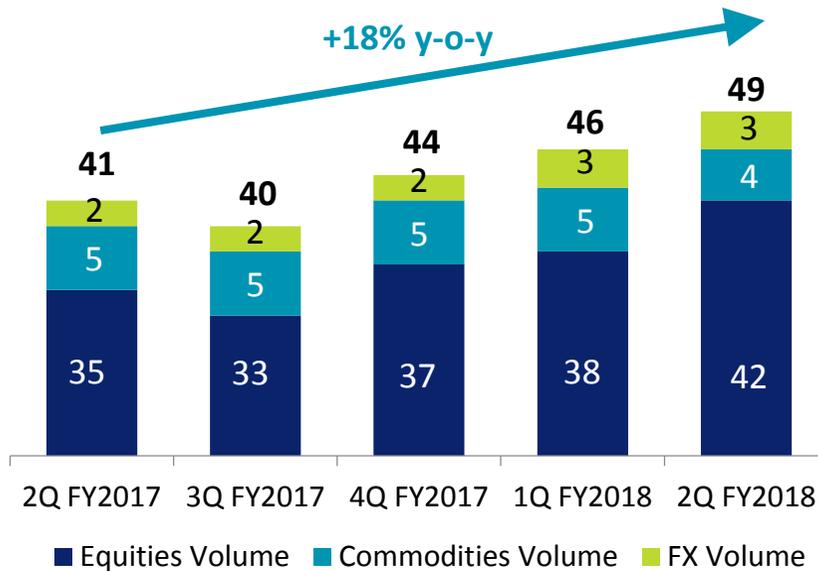
Brokers that migrate to their own systems will be able to enhance their service offerings to their clients

Derivatives

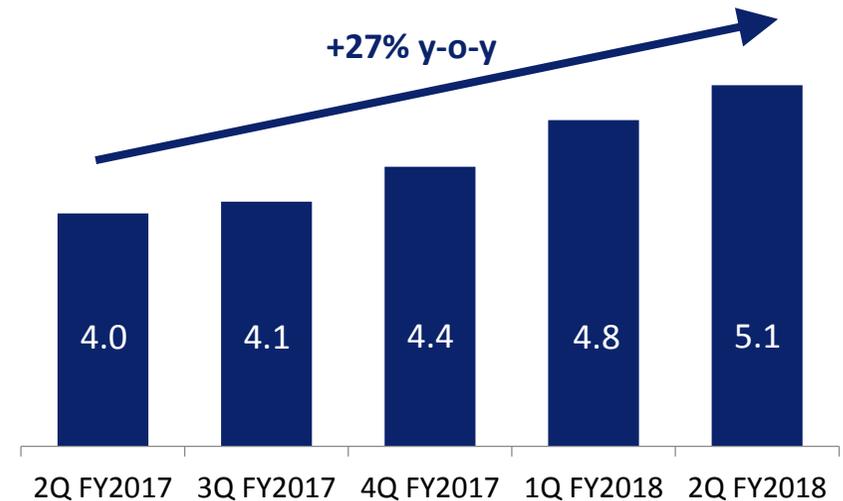
Equity & Commodities
\$58M ↑ 6%

- Revenue up by 6% from \$55M to \$58M
- Derivatives volumes increased by 18% from 41M to 49M contracts
- Average month-end open interest increased 27% to 5.1M contracts
- Average fee per contract 8% lower from \$1.16 to \$1.07

Total Derivatives Volume (M contracts)



Average Quarter-End Open Interest (M contracts)



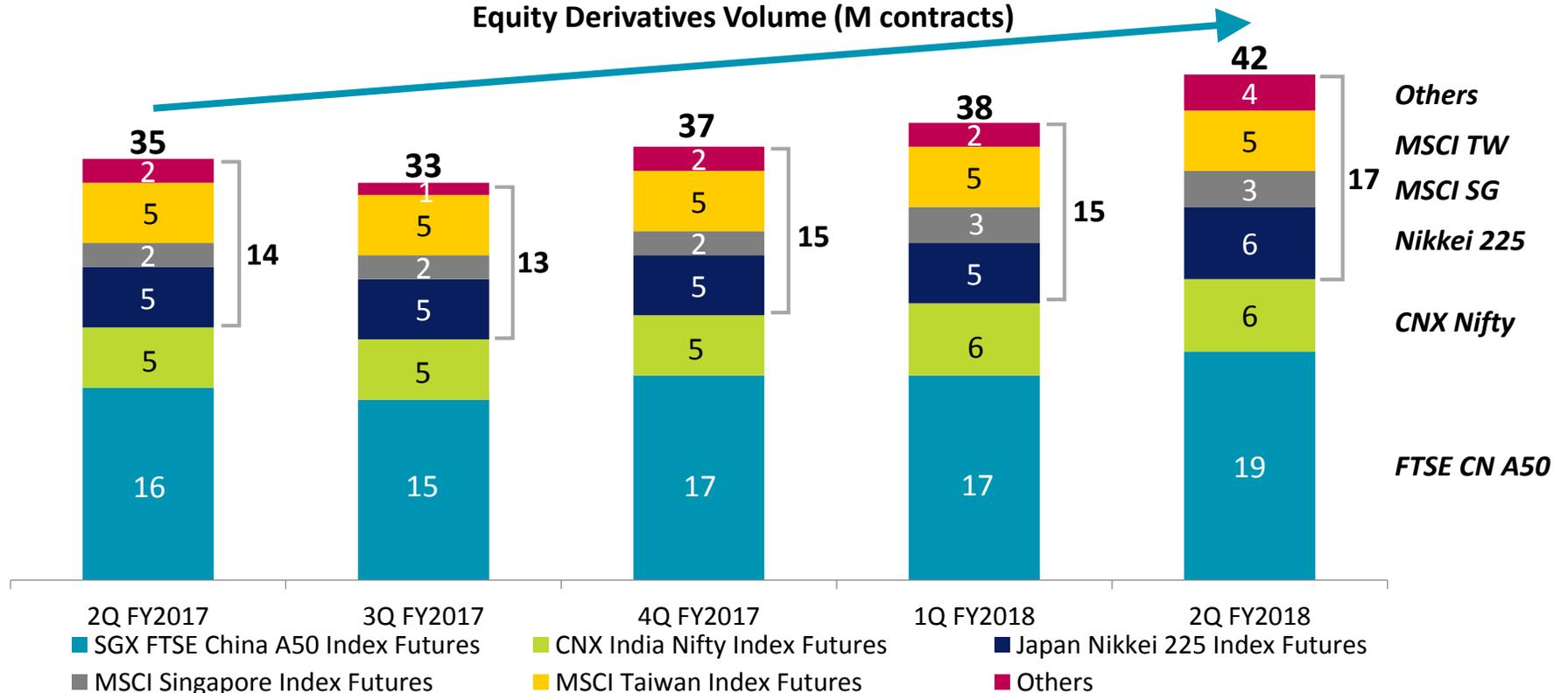
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Derivatives – Equities

Equity & Commodities
\$58M ↑ 6%

- Higher y-o-y trading volumes across all key Equity Index contracts

Equity Derivatives Volume (M contracts)



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

Derivatives – Equities

Volume Market Share of Key Contracts¹

2Q FY2017

2Q FY2018

SGX FTSE China A50
Index futures

2Q FY2017 Total DAV (Contracts): 710K

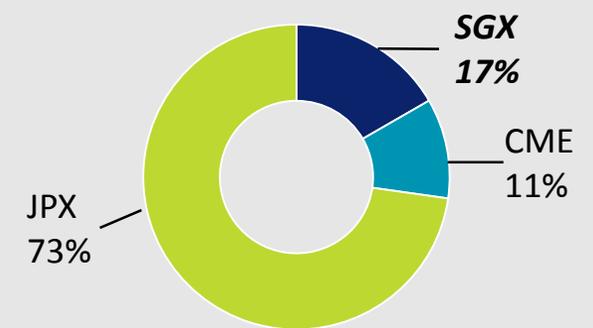
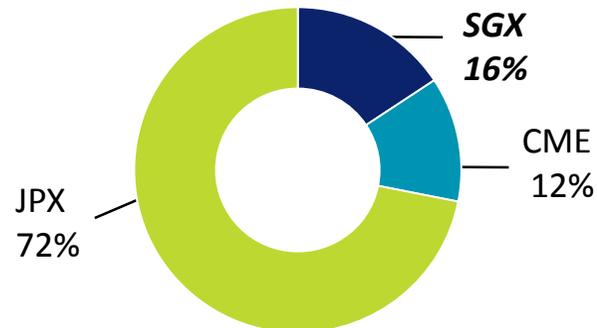
2Q FY2018 Total DAV (Contracts): 866K



Japan Nikkei 225
Index futures

2Q FY2017 Total DAV (Contracts): 532K

2Q FY2018 Total DAV (Contracts): 578K



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¹ Contracts of other exchanges have been adjusted to reflect the contract size of SGX contracts.

² CFFEX contracts include CSI300, CSI500 and SSE50.

Derivatives – Equities

Volume Market Share of Key Contracts¹

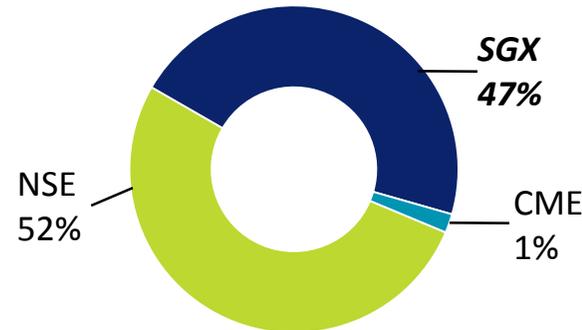
2Q FY2017

2Q FY2018

SGX Nifty 50 Index futures

2Q FY2017 Total DAV (Contracts): 185K

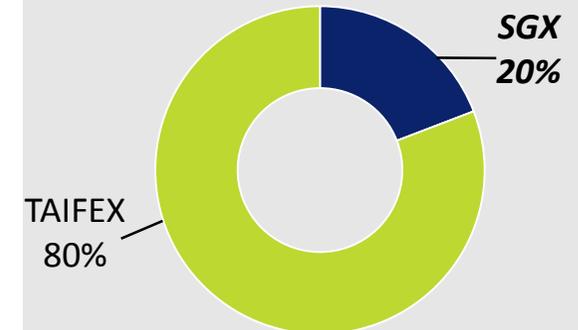
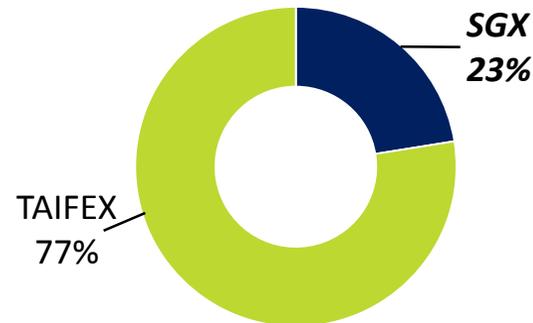
2Q FY2018 Total DAV (Contracts): 178K



MSCI Taiwan Index futures

2Q FY2017 Total DAV (Contracts): 316K

2Q FY2018 Total DAV (Contracts): 391K



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Derivatives – Commodities

Equity & Commodities
\$58M ↑ 6%

- Total market volume down 24% on lower volatility
- Iron Ore volume market share increased from 94% to 98%

Volume Market Share of Iron Ore ¹

2Q FY2017 Total DAV (Contracts): 70K



2Q FY2018 Total DAV (Contracts): 53K



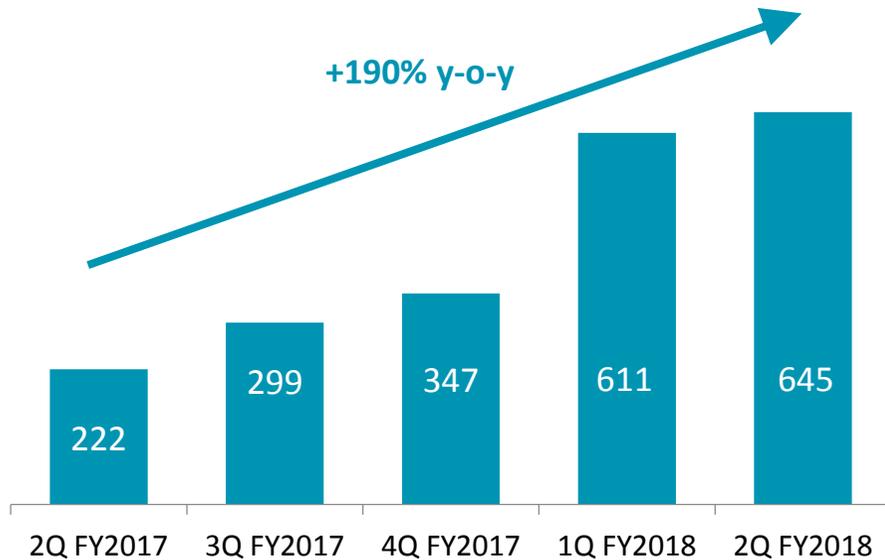
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Derivatives – FX

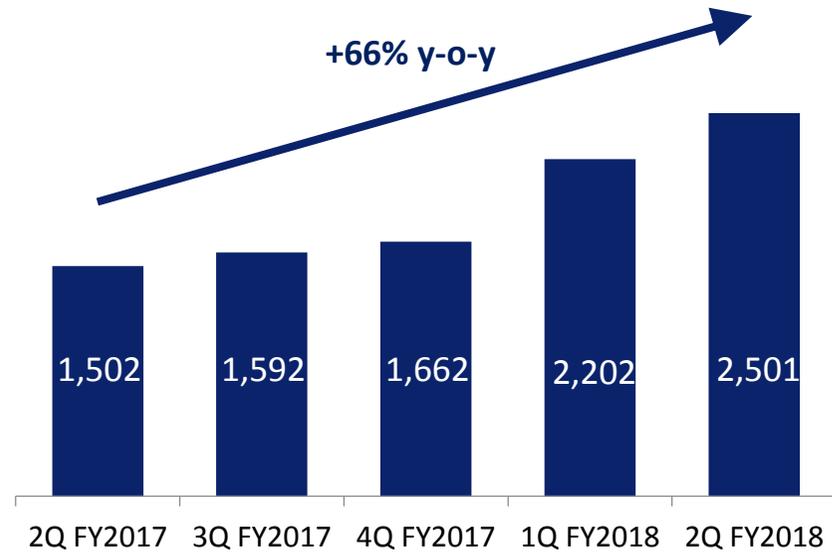
Equity & Commodities
\$58M ↑ 6%

- Highest aggregate Open Interest for FX Futures
- Volume market share increased for key FX Futures pairs. Market share for 2Q FY2018 – USD/CNH increased from 49% to 75%, INR/USD increased from 32% to 45%

USD/ CNH Volume ('000 contracts)



INR/ USD Volume ('000 contracts)



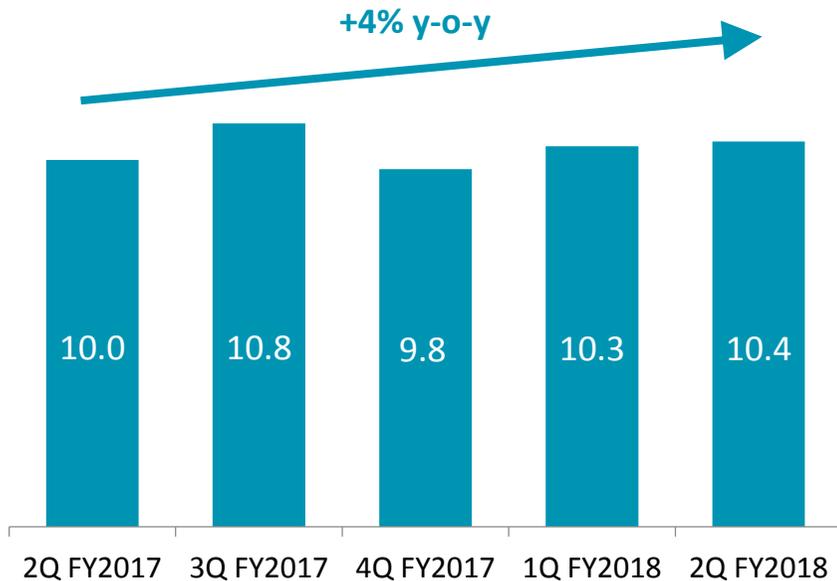
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Market Data & Connectivity

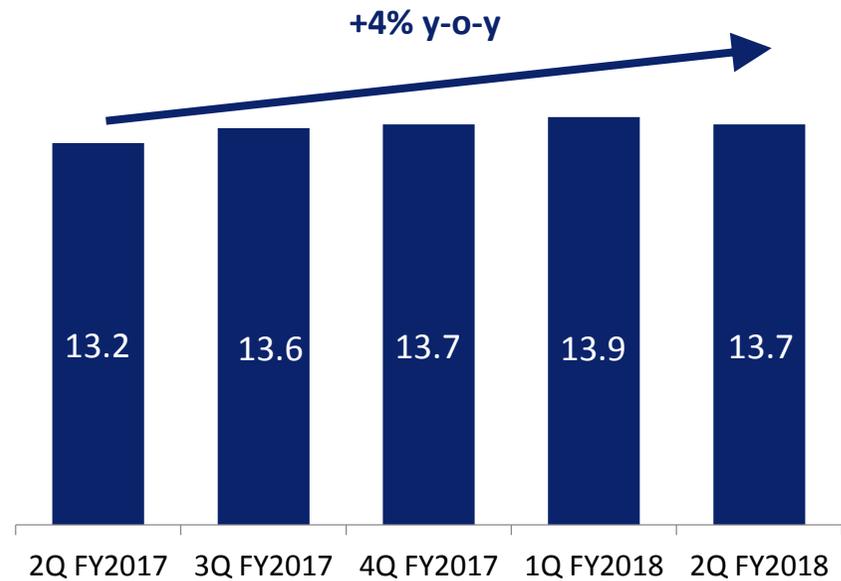
Market Data &
Connectivity
\$24M ↑ 4%

- Steady growth in revenues
- Continued growth in co-location business

Market Data Revenue (\$M)



Connectivity Revenue (\$M)



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

Update on our initiatives...

Expanding our equity index products

- New Indian SSFs
- Reinforcing our position as a multi-asset exchange

Cementing our position in Commodities

- Global position in Iron Ore & FFAs
- Full steel suite in CY 2018

Building on our FX suite

- Dominant global position
- Record volumes in key contracts

SGX BondPro

- >100 customers
- >\$1B matched volumes expected

Dual Class Shares "DCS"

- DCS will be implemented
- Rules to be out in 1H CY18
- First listing soon after

Euro Medium Term Note Programme

- Gearing up for growth

Looking Ahead...

- Market activity and listings are expected to improve
- We will offer new products to strengthen our position in Asian derivatives:
 - Commence trading of Indian Single Stock Futures in February
 - Build on our FX suite
 - Reinforce our steel complex
- Fixed income trading expected to surpass USD1 billion
- Implement a dual-class share structure
- Grow our business and global connectivity through strategic investments and collaborations
- Guidance for FY2018
 - Operating expenses will be lower by \$15M to between \$410M & \$420M
 - Technology-related capital expenditure will remain between \$60M & \$65M



Questions and Answers



Thank you

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