

Credit Suisse Asian Investment Conference 2019

Chng Lay Chew, Chief Financial Officer
Dominic Lim, Head of Investor Relations

25-26 March 2019

Singapore Exchange



Who we are

Diversified, multi-asset exchange group

We are a diversified, multi-asset exchange group that runs key market infrastructures including the Singapore securities market and a pan-Asian derivatives exchange covering all major asset classes.

Derivatives Exchange of the Year

Asia Risk Awards 2018

Exchange of the Year

Energy Risk Asia Awards 2018

Best Index Provider, Asia Pacific

SRP's Asia-Pacific Awards 2018

Financial Metals Service Provider of the Year

Platts Global Metals Awards 2017

Asia Exchange of the Year

Structured Products Awards 2017

- Strong cash flow and high operating margin of 51%
- High dividends of 30 cents per share in FY2018 with payout ratio of 88%
- Return on equity of 39%
- Most liquid international market for pan-Asian listed derivatives
- Most international exchange in Asia with 45% cross-border listings

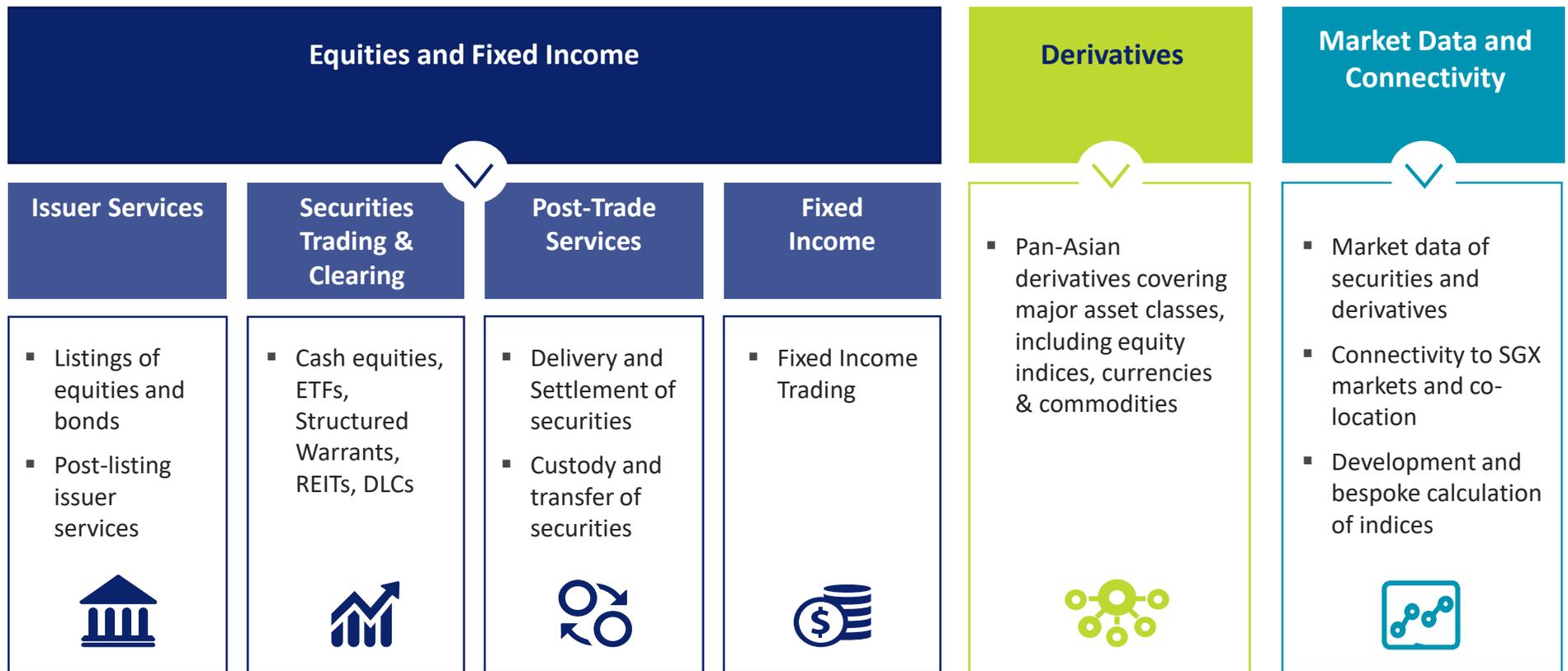


Anchored in Singapore, Asia's only AAA-rated economy

Reputation for good corporate governance, infrastructure, regulation and strength of the broader advisory ecosystem

3 Main Business Lines

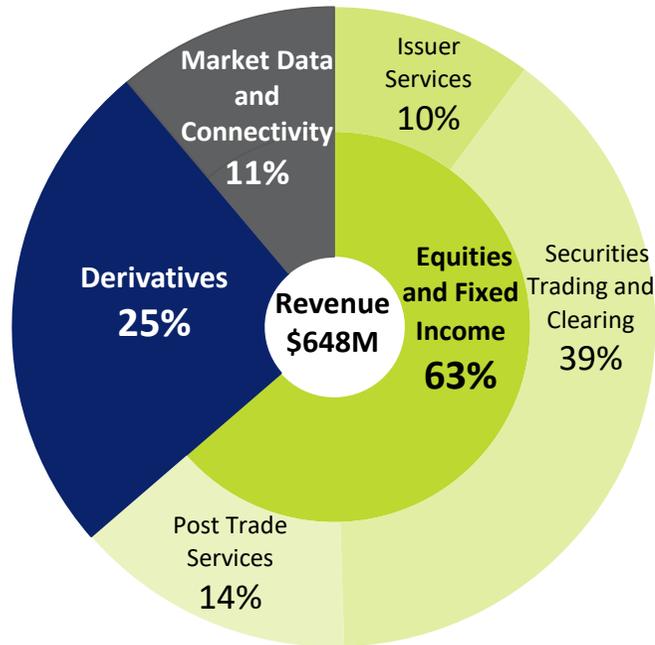
Three business units covering the entire exchange value chain, resulting in diversified and resilient revenue streams.



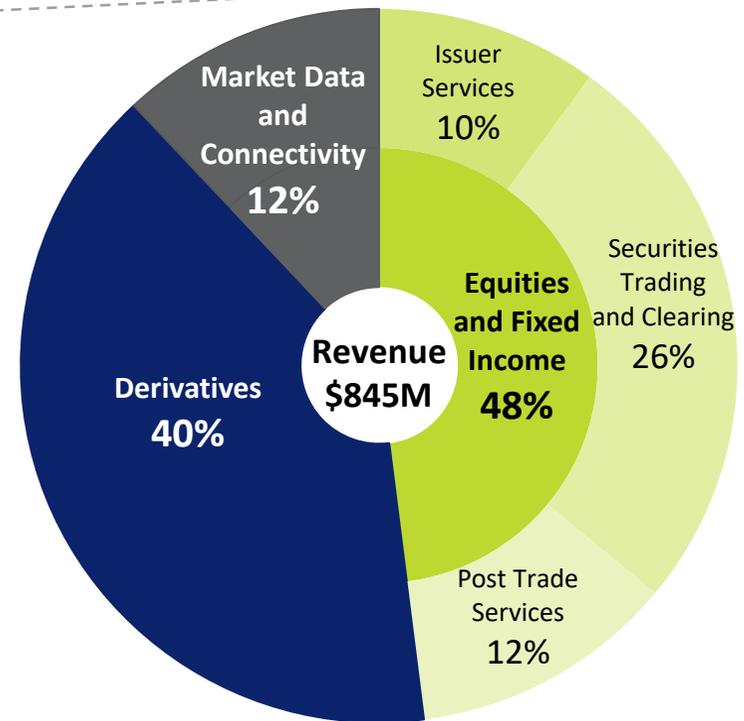
Successfully achieved diversification of revenues

Revenue contribution from Derivatives grew from 25% in FY2012 to 40% in FY2018. Total revenue grew 30% during the same period.

FY2012 Revenue Breakdown



FY2018 Revenue Breakdown



Net Profit: \$292 million

Net Profit: \$363 million

Note: Numbers may be subject to rounding
Source: SGX

Our international footprint

Anchored in Singapore with global reach, serving a diverse set of international clients seeking Asian opportunities.



Our offices:

Beijing	Chicago	Hong Kong	London	Mumbai
New York	San Francisco	Shanghai	Singapore	Tokyo

Key roles of our International offices

- Engage existing clients and acquire new clients to improve liquidity (Equities, Fixed Income, and Derivatives)
- Increase memberships and listing of equity and debt instruments
- Grow existing clients and acquire new clients for connectivity, data, and index licensing services
- Our key clients include: Sell-side participants, Interdealer brokers, Corporate trade clients, Institutional investors and Proprietary Trading Groups.

Robust Risk Management Standards



Adopted global Principles for Financial Market Infrastructure (PFMI) Standards

- One of the first exchanges globally to adopt the PFMI standards, and is certified as a Qualifying Central Counterparty under the Basel III framework.
- Committed to the safety of the Singapore marketplace by contributing an amount equivalent to 25% of the default fund size, one of the highest “skin in the game” among global clearing houses.



Aligned with the required regulatory standards to service US and European customers

- Attained Derivatives Clearing Organization (DCO) and Foreign Board of Trade (FBOT) status from the US Commodity Futures Trading Commission (CFTC).
- Recognized by the European Securities and Markets Authority (ESMA) as a third-country central counterparty.

Our Focus

FY2019 Strategic Priorities and beyond



- Expand FX product suite
- Enhance Fixed-Income Trading Platform
- Develop SGX Cargo and Freight franchise

- Strengthen overseas presence in U.S. and London
- Grow our base of buy-side clients (AM, HFT & PTG)

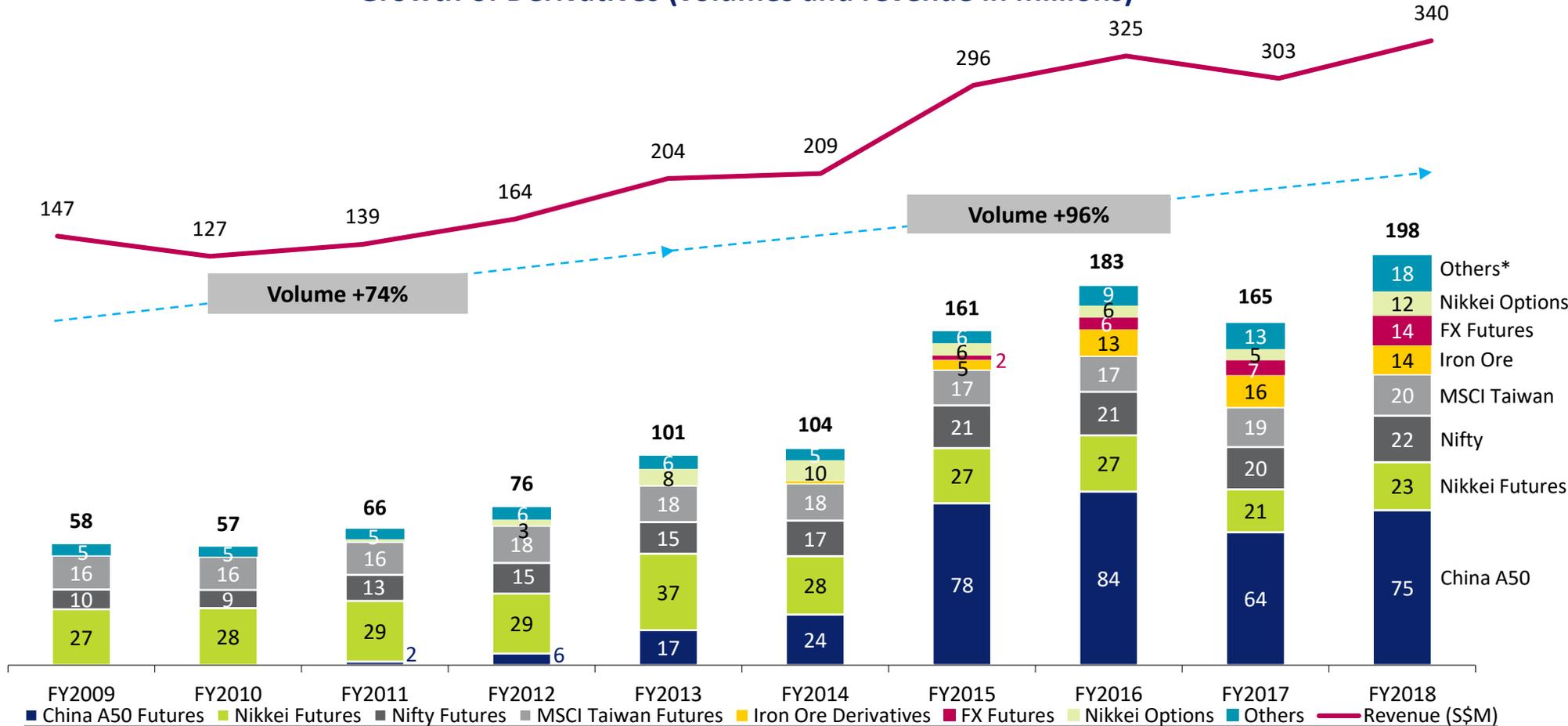
- Enter into collaborative agreements to grow cross-border flows and enhance service capabilities



World's most liquid offshore market for Asian Derivatives

- Multi-asset Derivatives exchange, covering a broad range of liquid Asian asset classes.

Growth of Derivatives (volumes and revenue in millions)



*Others comprise mainly MSCI Singapore Futures, FFA futures & swaps, and Rubber Futures.

SGX's strength as a Derivatives marketplace



A multi-asset exchange – Commodities

	Size of Market 	Singapore 	SGX 
Iron Ore	<ul style="list-style-type: none"> ▪ Largest in the metal market by tonnage ▪ Notional value of >US\$115B traded annually in the physical market ▪ Asia's first truly global commodity, with China a major consumer 	<ul style="list-style-type: none"> ▪ Leading merchant hub for commodities houses with ~140 metals and mineral companies ▪ Include top iron producers e.g. Vale, Rio Tinto, BHP Billiton 	<ul style="list-style-type: none"> ▪ Global pricing and risk management centre ▪ Cleared 1.3 billion MT of iron ore in 2018 ▪ Offers a complete iron ore suite: 58% Fe, 62% Fe, 65% Fe and Lump Premium ▪ Steel value chain incorporating coking coal and freight

Key SGX Highlights

1.3 billion MT

cleared in CY2018

> 95%

market share of international iron ore volumes cleared

Fe 65%

futures contract launched in Dec 2018

1.2x

of paper to physical ratio

Potential to grow

A multi-asset exchange – FX Futures

Size of Market



FX

- US\$5 trillion traded daily
- Asian NDF, excluding CNH, is a \$73 billion DAV market with the potential to be futurised
- Largest off-exchange (OTC) market globally
- Regulatory trends favour shift to on-exchange clearing

Singapore



- US\$500 billion traded daily
- Largest FX center in Asia Pacific, third largest globally
- Leading global trading venue for key Asian currencies

SGX



- 21 currency futures and options contracts
- >70% market share in USD/CNH and > 40% market share in INR/USD
- FlexC FX futures launched in August 2018
- Trusted venue in times of volatility

Key SGX Highlights

19

Futures

2

Options

Diverse Asian
FX suite

> 200%

Total Volume –
CAGR

Nov 13 – Dec 18

>US\$5Bn

Open Interest value
(Dec 2018)

~US\$1T

Notional value traded in
2018
up 108% y-o-y

A multi-asset exchange – Fixed Income

Fixed Income	Size of Market 	Singapore 	SGX 
	<ul style="list-style-type: none"> Asia (ex-Japan) bond market of US\$14 trillion Shift towards electronic trading Regulatory trends favour shift to on-exchange clearing 	<ul style="list-style-type: none"> Strong distribution network to global investor base with US\$2.4 trillion of AUM in Singapore 	<ul style="list-style-type: none"> US\$2T amount issued, with more than 5,000 listed bonds from over 50 countries in 20 currencies Launched SGX Bond Pro, an electronic platform for Bond Trading

Key SGX Highlights

>5,000 bonds

listed by 1,500 issuers from over 50 countries in 20 currencies

~40%

market share for listed G3 APAC bonds
Leading Bond listing exchange in Asia Pacific

~200

Number of customer sign-ups Nov 13 – Dec 18
SGX Bond Pro gaining traction

TRUMID

Expanding network

SGX is well positioned to be the Digital Freight Marketplace

Mission: Fortify The Baltic Exchange, leverage SGX cargo & freight franchise, and invest strategically (e.g. Freightos) 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

Financials

Financial Year 2018 Highlights

- Record Revenue of \$845M; Net profit of \$363M, at 10-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%

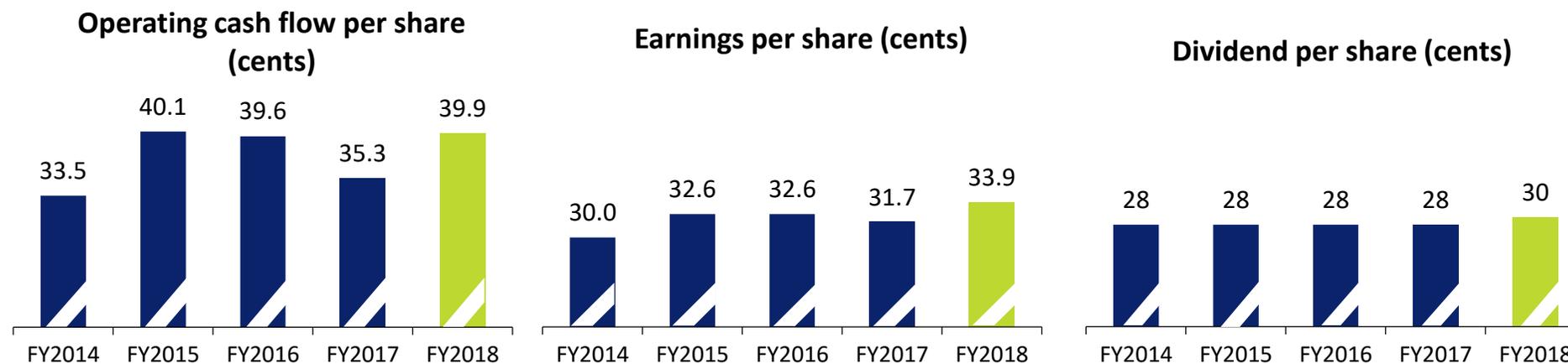
Dividend Per Share

- 30 cents
- Up 2 cents

Key Financial Indicators (Recent years)

- 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

Second Quarter FY2019 Highlights

- Revenue of \$224M, up 9%; Net profit of \$97M, up 9%
- 2nd consecutive quarter of record Derivatives revenue — Traded volume up 23% to a record of 60M contracts
- Securities traded value declined 13% to \$63B in line with regional markets
- Dividend per share – 7.5 cents, up 2.5 cents; Earnings per share – 9.0 cents

Revenue

- \$224M
- Up 9%

Expenses

- \$111M
- Up 8%

Operating Profit

- \$114M
- Up 10%

Net Profit

- \$97M
- Up 9%

Derivatives Trading

- 60M contracts
- Up 23%

Securities Trading

- \$63B total traded value
- Declined 13%

Earnings Per Share

- 9.0 cents
- Up 9%

Dividend Per Share

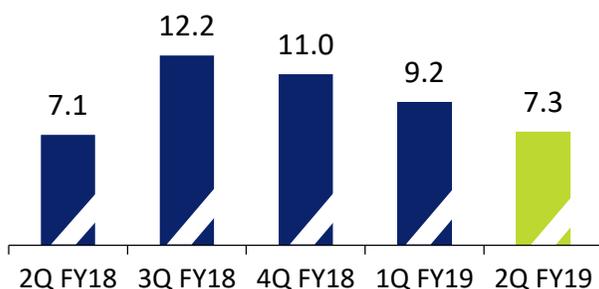
- 7.5 cents
- Up 2.5 cents

Key Financial Indicators (Recent quarters)

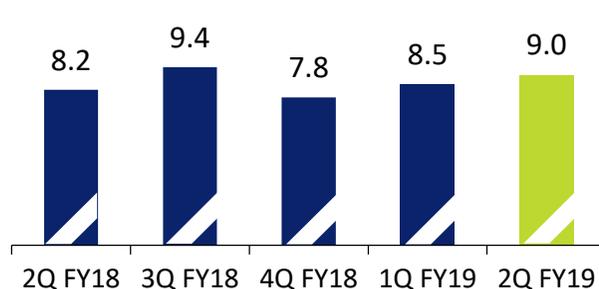
- High operating profit margin of 51%
- High ROE of 39%
- Quarterly dividend per share of 7.5 cents per share

	2Q FY2018	3Q FY2018	4Q FY2018	1Q FY2019	2Q FY2019
Revenue (\$ million)	205	222	213	209	224
Operating profit (\$ million)	103	118	98	106	114
Operating profit margin	50%	53%	46%	51%	51%
Net profit (\$ million)	88	100	84	91	97
Return on equity	37%	37%	34%	39%	39%

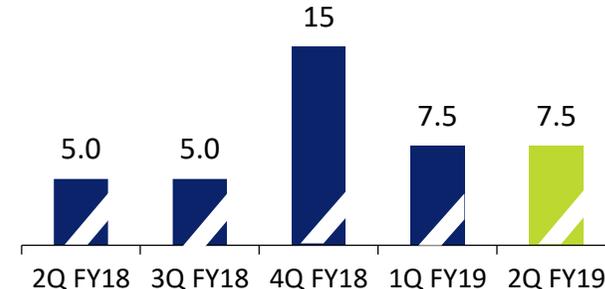
Operating cash flow per share (cents)



Earnings per share (cents)



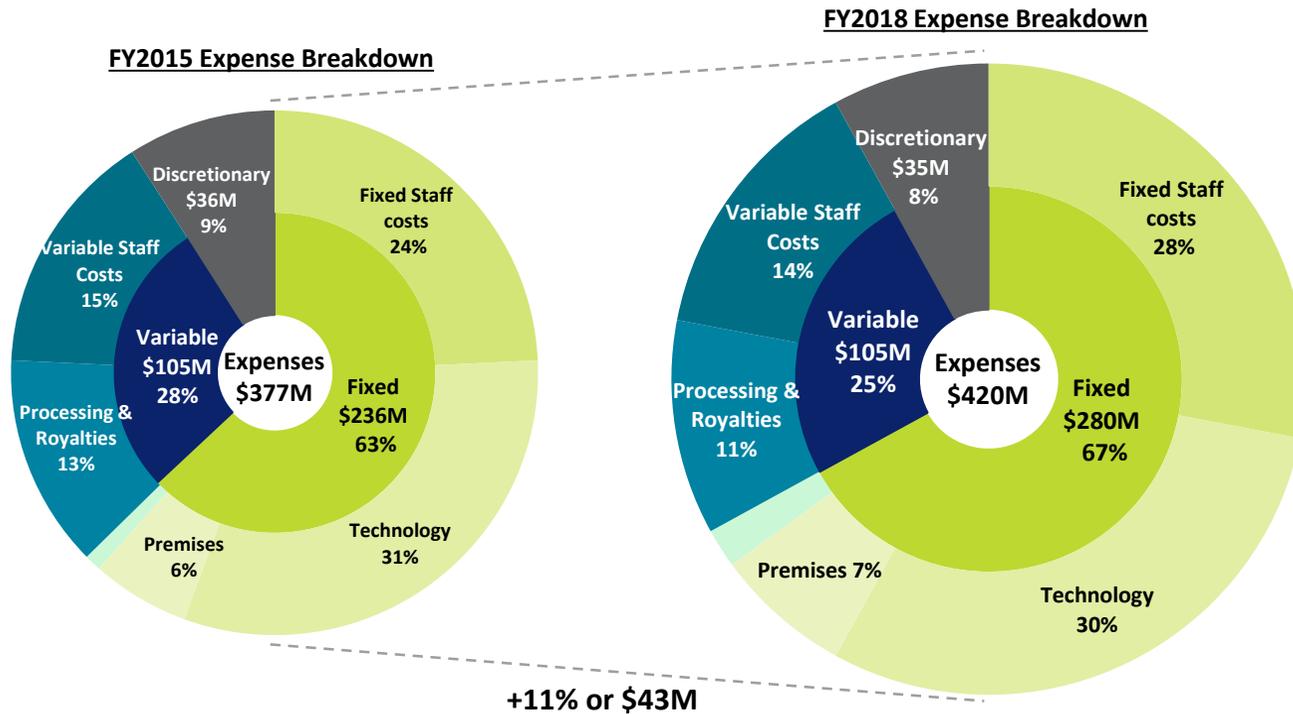
Dividend per share (cents)



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

Disciplined in our expenditure

- Investments in building capabilities to support growth
- FY2018 expense of \$420M , up 5% from a year ago
- FY2019 Operating Expense Guidance: \$445M to \$455M

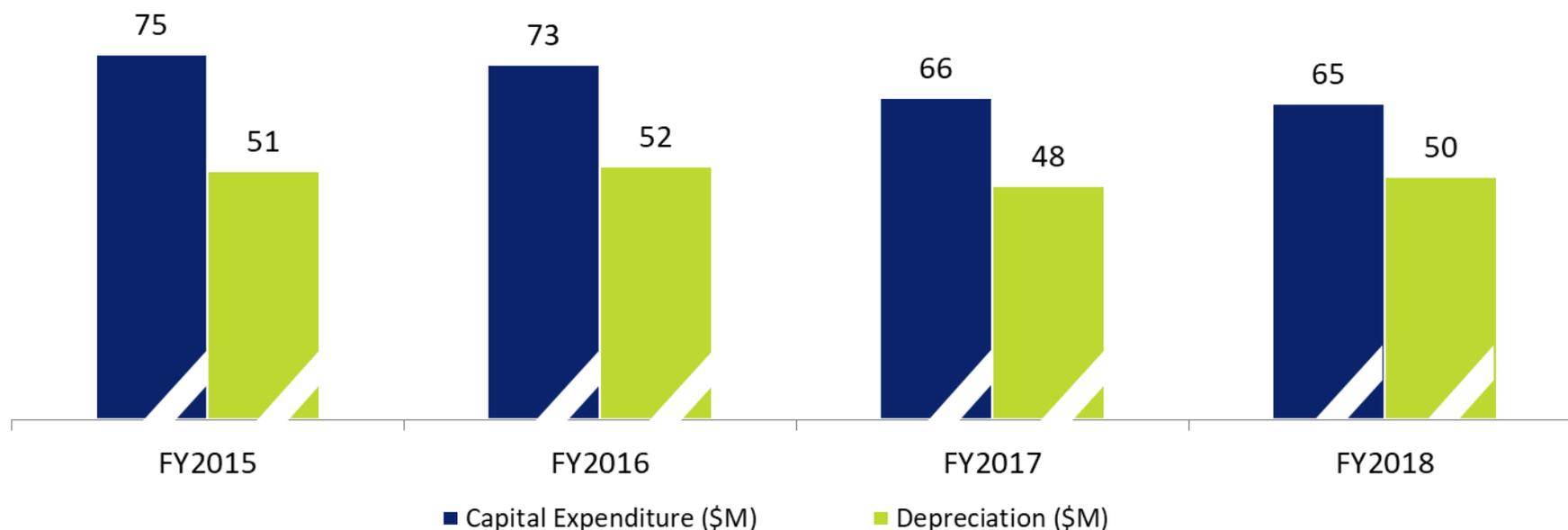


- Fixed costs – 67%
Variable costs – 25%
Discretionary costs – 8%
- Variable costs – Processing & Royalties expenses are volume-related
- Discretionary costs – Focused on distribution capabilities and client-related activities.

Note: Numbers may be subject to rounding.

Delivered new systems and platforms to support growth

- Invested in enhancing capabilities in Derivatives, Fixed Income and Post Trade
- FY2018 Technology CAPEX of \$65M, in line with guidance
- FY2019 CAPEX Guidance: \$60M to \$65M



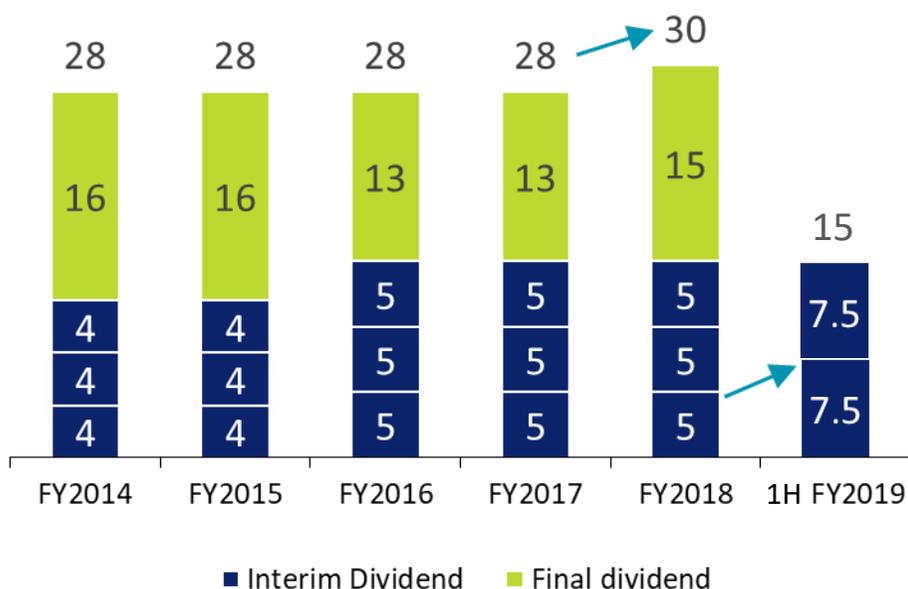
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

Revised Dividend policy to support growth

- Aims to provide sustainable and growing returns for shareholders

5 Year Dividend History

Dividend per share (cents)



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 at the discretion of the Board¹



Provides flexibility to balance dividend payments with the need to retain earnings to support growth



In 1H FY2019, we paid a higher dividend of 7.5 cents per share each quarter, up 2.5 cents (50%) from 5 cents per share



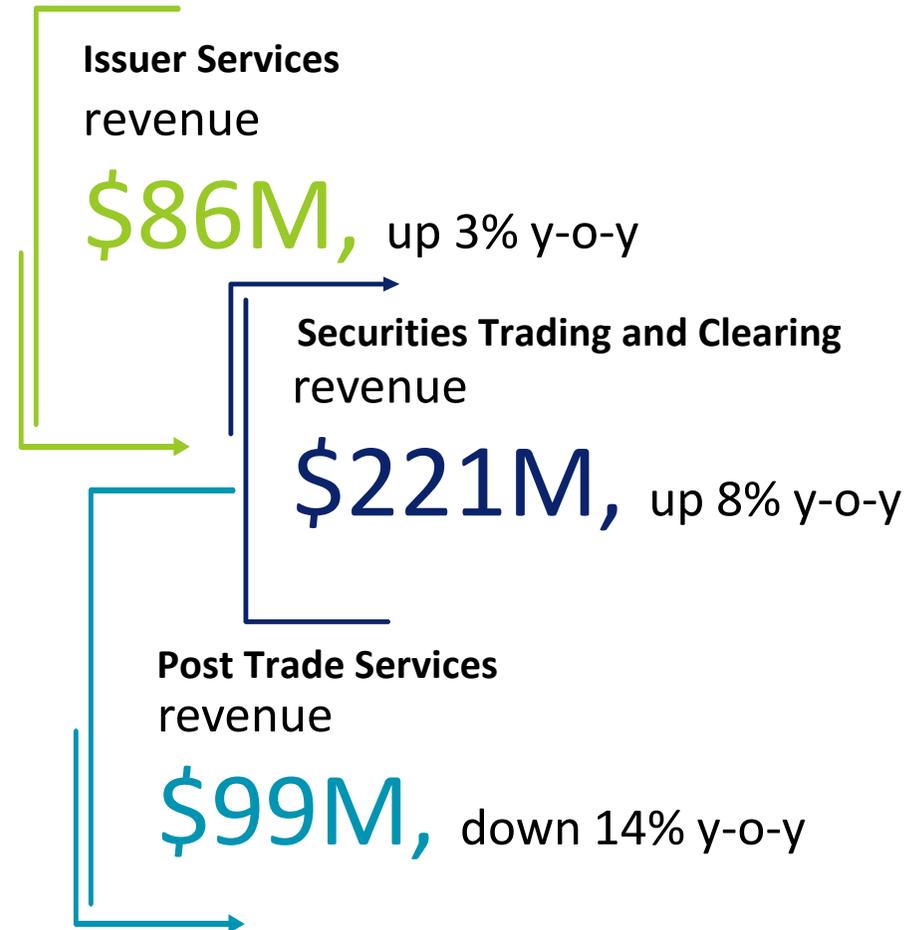
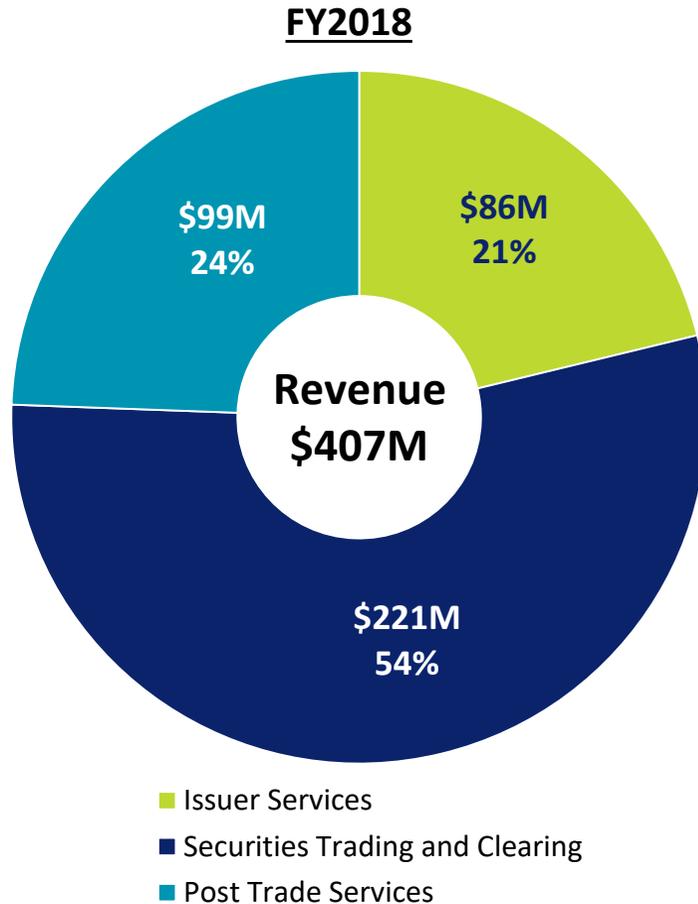
Shareholders will receive returns earlier. Potential growth in dividends when SGX performs well

¹ Previous dividend policy: For each financial year, the Board aims to pay, as dividend, an amount which is no less than (a) 80% of the annual net profit after tax; or (b) 20 cents per share, whichever is higher.

Equities & Fixed Income Business

Overview

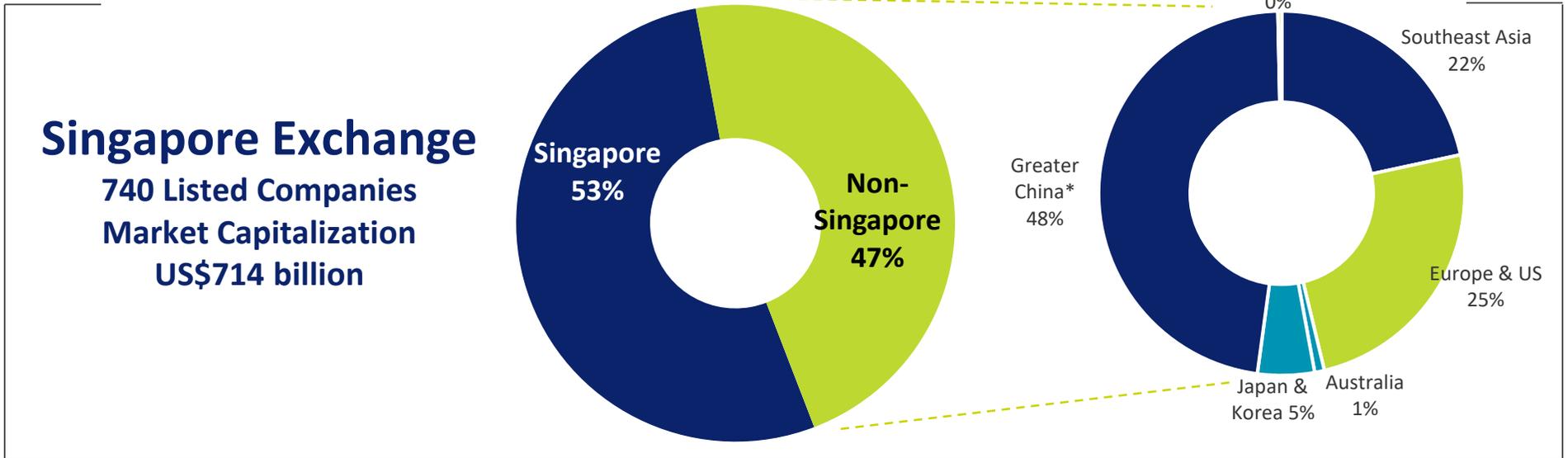
Equities and Fixed Income



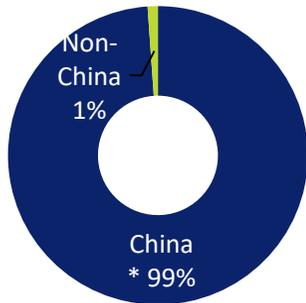
Note: Numbers may be subject to rounding.

SGX is the Most International Exchange

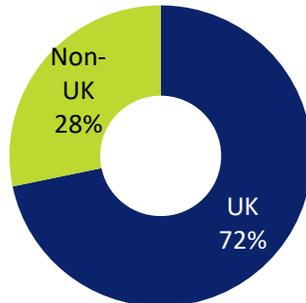
More than 45% of total market cap of companies listed on SGX are overseas companies



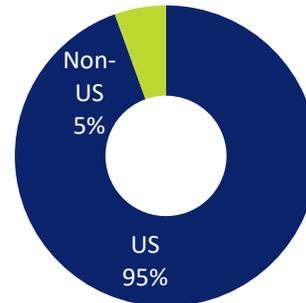
Hong Kong Stock Exchange



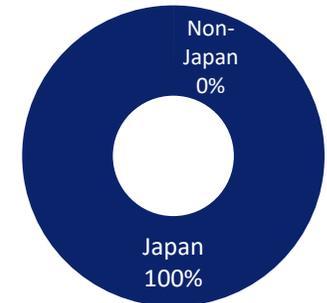
London Stock Exchange



NASDAQ



Tokyo Stock Exchange



*Note: China includes Hong Kong and Mainland China companies

Focus Sectors on SGX*

Consumer

PE: 21x



- Includes agri-commodities, food & beverage and retail
- 153 companies with market cap of US\$98 billion

Technology

PE: 22x^



- Includes information & communications technology, medical technology and financial technology
- 75 companies with market cap of US\$52 billion

Healthcare

PE: 21x



- Full range of companies from pharmaceuticals, healthcare services to medical devices technology
- 35 companies, 2 REITs and 1 Trust with market cap of US\$27 billion

Maritime & Offshore Services

PE: 14x



- Asia's largest cluster of listed companies
- 59 companies and 2 business trusts with market cap of US\$22 billion

Mineral, Oil and Gas

PB: 3.2x



- Companies in exploration, development and production of mineral or oil & gas
- 27 listings with market cap of US\$1.5 billion

Real Estate

PB: 0.9x



- Asia's broadest range of real estate companies and property trusts covering global real estate assets
- 107 real estate companies and property trusts with market cap of US\$132 billion

Growing Listings And Trading Activities

Higher funds raised, healthy IPO Pipeline, and Increasing Daily Trading Activity

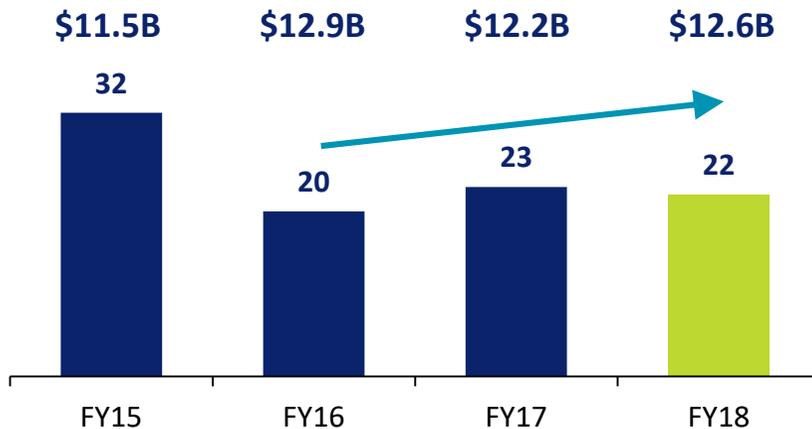
Equity Listings

- 22 listings in FY2018, 4% lower YoY
- S\$12.6B funds raised, 3% higher YoY

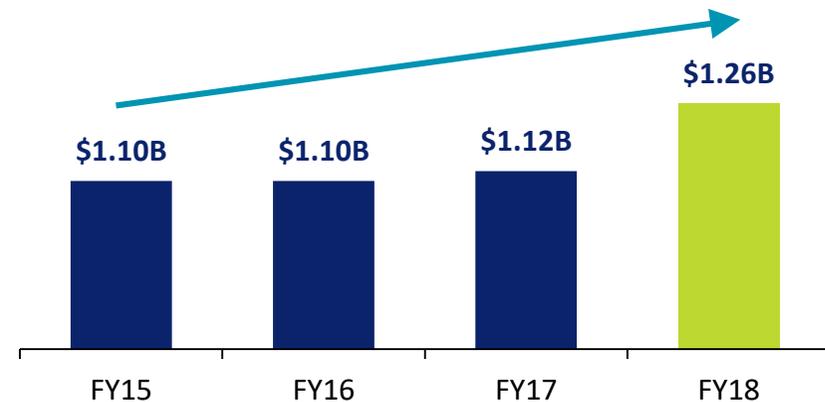
Trading Activities

- FY2018 SDAV 12% higher YoY
- Total Market Capitalization of \$991 Billion
- New Single-Stock DLCs introduced on 7 Nov

Equity Listings¹ and funds raised²



Securities Daily Average Traded Value (SDAV)



Source: SGX

¹Equity listings include Initial Public Offerings (IPOs) and Reverse Takeovers (RTOs) | ²Includes Placement, Rights and Warrants

Build Liquidity & Profile Companies

Continuing our efforts in increasing trading activity



Enhance market quality and lower transaction cost



Reaching out to 140,000 retail investors each quarter



Over 260,000 subscribers today



2 million online views per quarter



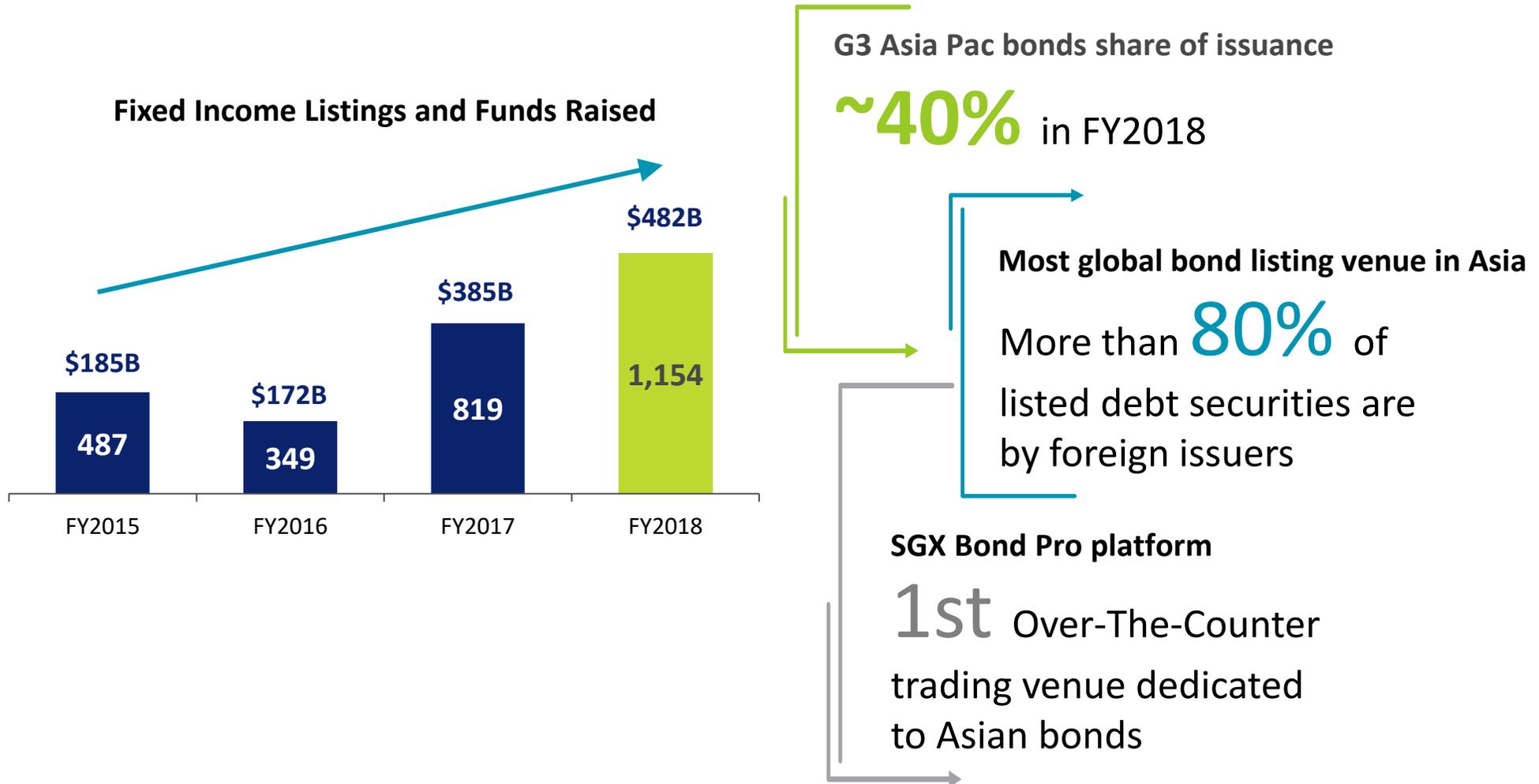
Connecting ~40 listed companies with ~200 investors every quarter



More than 30 articles published per quarter



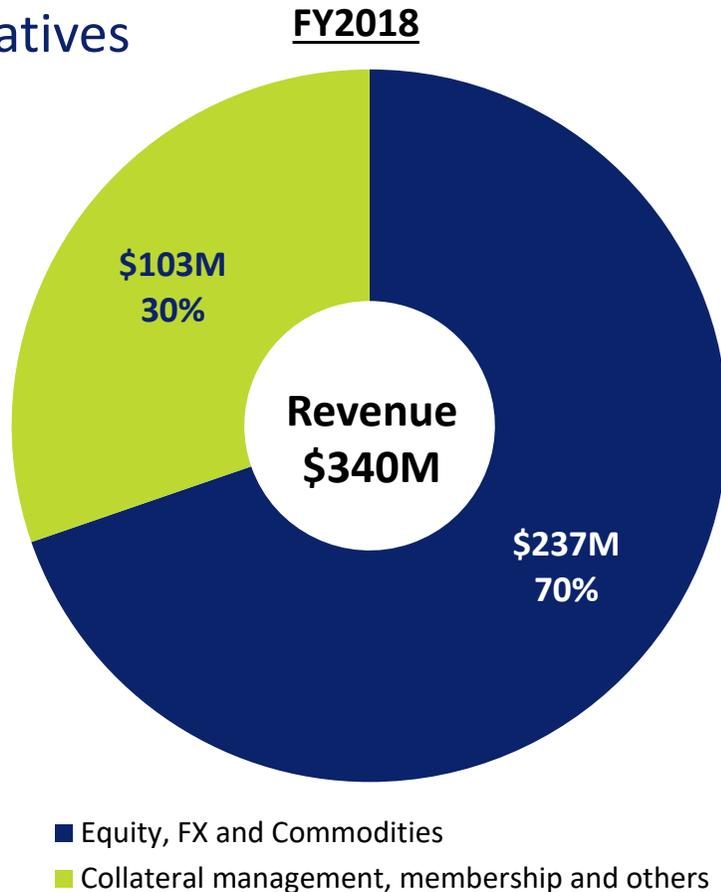
Increase In Fixed Income Listings And Market Share



Derivatives Business

Overview

Derivatives



Equity, FX and Commodities revenue

\$237M, up 8% y-o-y

Collateral management, license and membership fees revenue

\$103M, up 24% y-o-y



- Exchange of the Year – Derivatives: FOW Asia Capital Markets Awards 2018
- Asia-Pacific Derivatives Exchange of the Year: GlobalCapital 2018

Note: Numbers may be subject to rounding.

The only liquid offshore access to China and India

Complementary products, margin netting efficiencies

China	
Equity Index Futures	SGX FTSE China A50
Equity Index Futures and Options	MSCI China
FX futures	USD/CNH, CNY/USD, CNY/SGD, EUR/CNH, SGD/CNH
Commodities, Futures, Swaps, Options	Iron Ore

India	
Equity Index Futures & Options	SGX Nifty 50 SGX Nifty IT SGX Nifty CPSE SGX Nifty Bank SGX Nifty Midcap 50
Equity Index Futures	SGX MSCI India
FX futures, options, forwards	INR/USD
Single Stock Futures	SSFs on 50 Indian stocks

Our Platform

- An integrated Trading and Clearing System offering low-latency high-throughput and enhanced risk controls and system safeguards
- Round-the-clock trading
- Delivering Asia's broadest range of listed derivatives across China, Japan, India, Taiwan and ASEAN
- Efficient client connectivity by putting together an ecosystem of users trading and clearing on-exchange or OTC
- Capital efficiency through the netting of margins

Suite of MSCI Net Total Return Index Futures

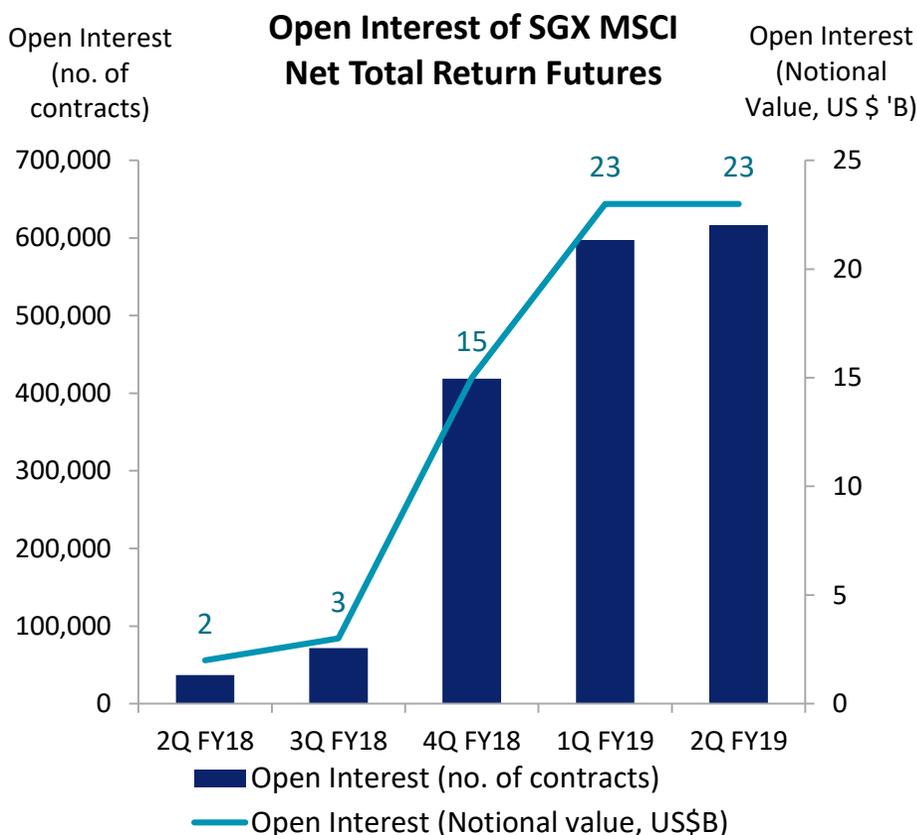
- Designed to meet increased demand for greater capital efficiency, in light of new margin requirements imposed on uncleared derivatives trades globally
- 19 SGX MSCI NTR Index Futures listed as of 2Q FY2019
- Notional open interest grew over 10X y-o-y to US\$23B, leading to higher collateral balances



SGX is the first and only exchange in Asia to offer investors with the first multi-country, multi-currency Emerging Markets (EM) net total return index futures in Asia



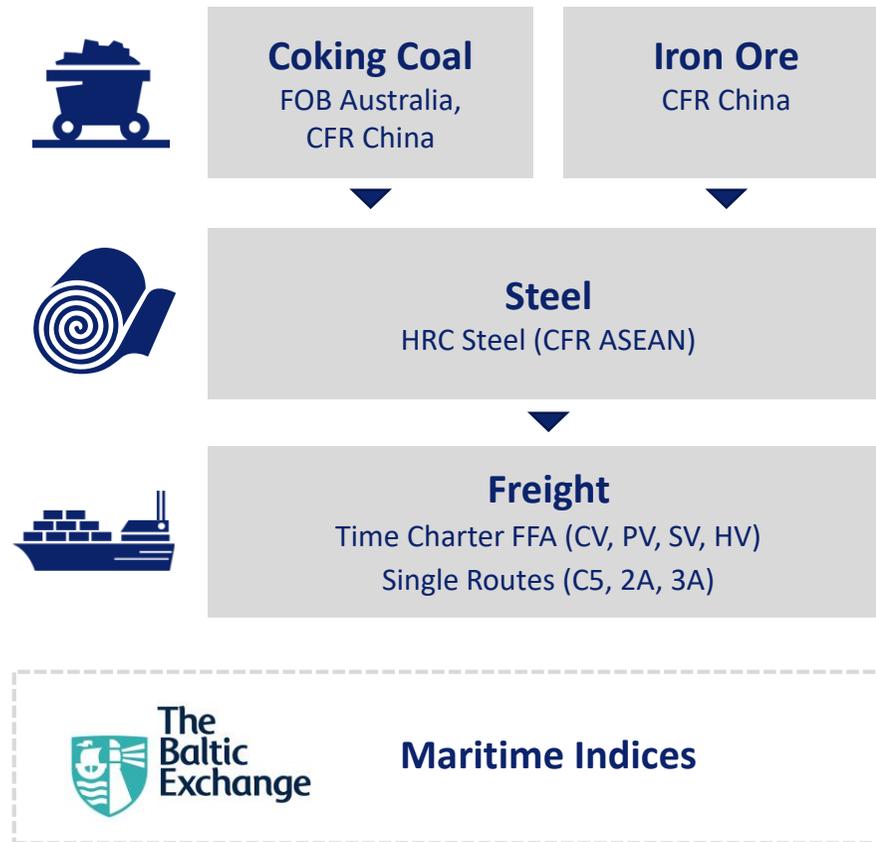
The growth of SGX's MSCI NTR product suite demonstrates the growing popularity of composite index investing in Asia.



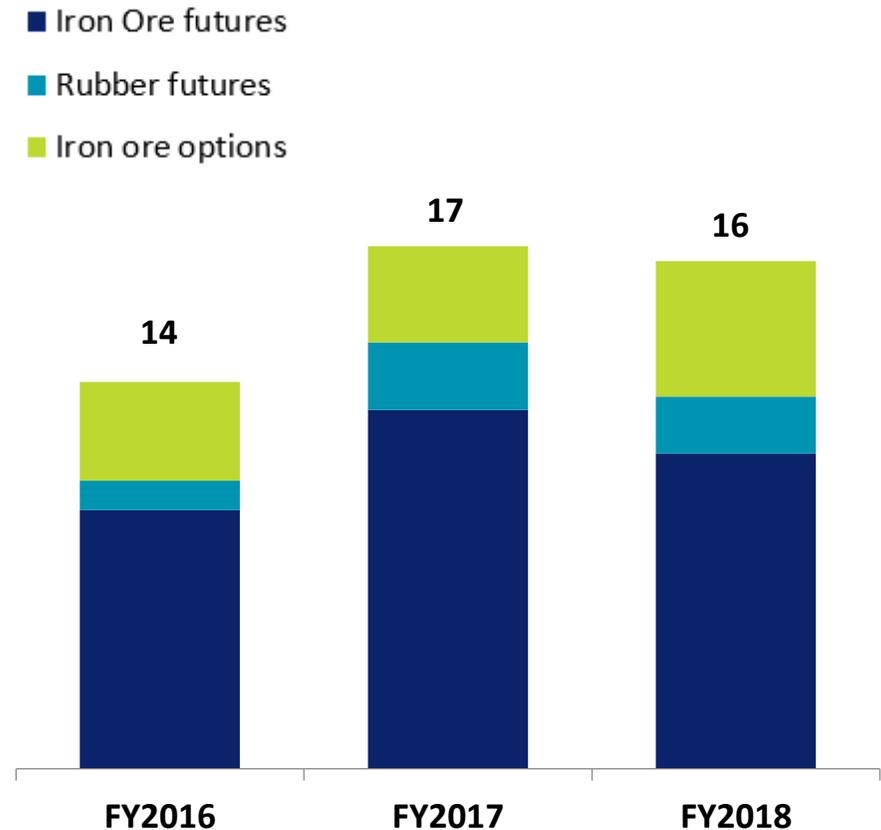
Extensive Suite Of Commodities Products

- Complements Singapore's commodities hub status

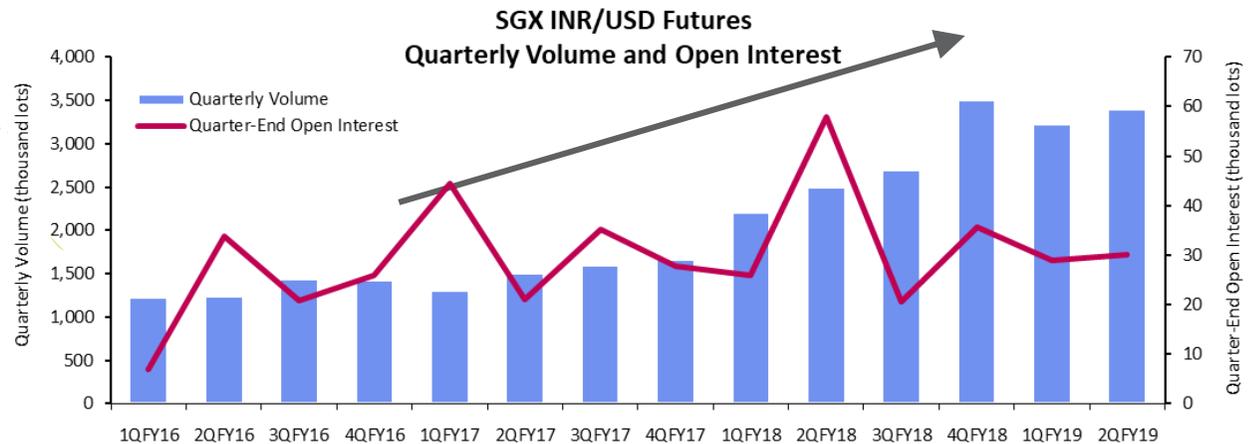
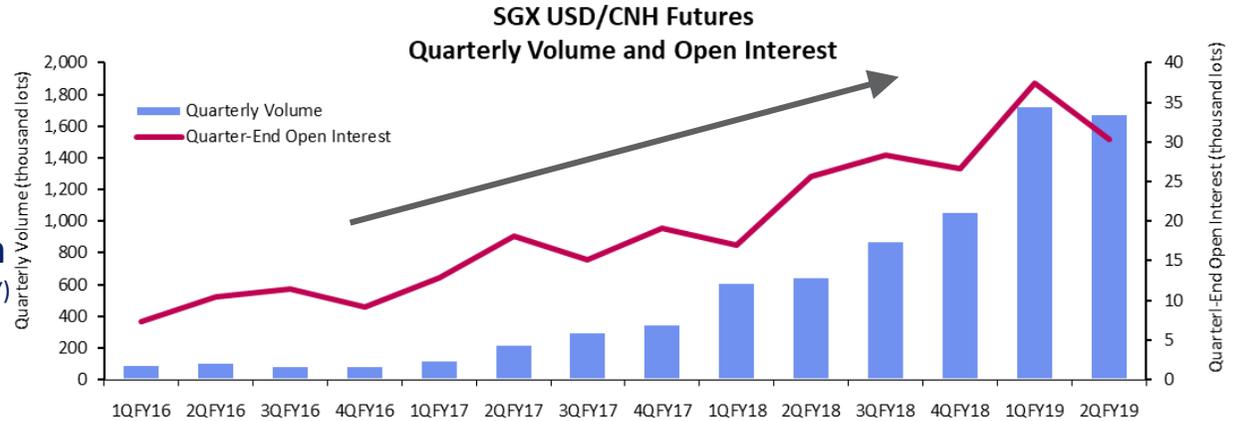
Price-Discovery Centre For The Steel Value Chain



Total Volume of Contracts Traded (M)



Liquid Currency Futures



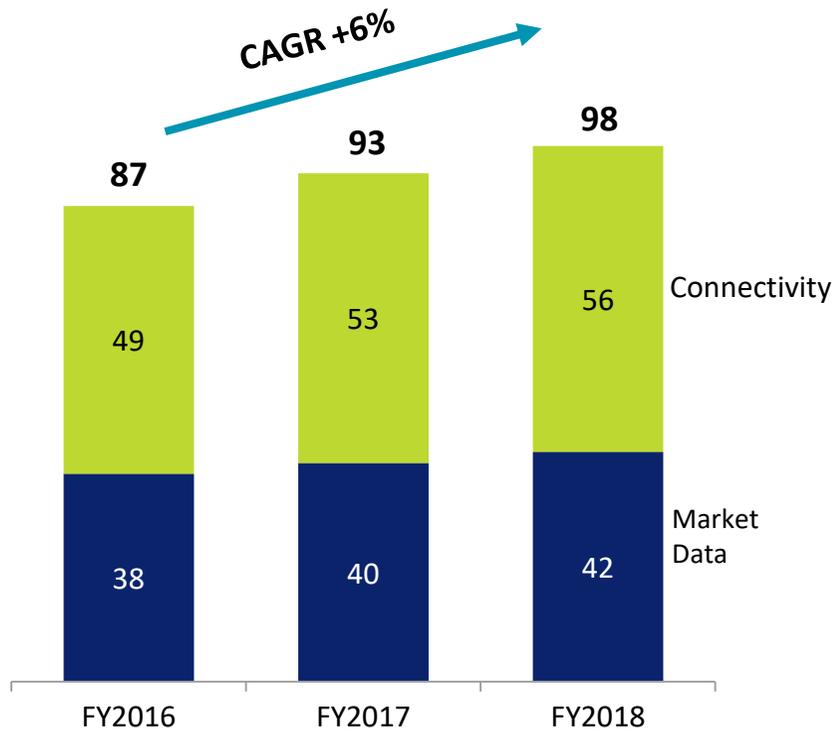
Asia's Best FX Exchange & Clearing House – by FX Week (2018)

Note: Data as at 31 Dec 2018

Market Data & Connectivity Business

Overview

Market Data And Connectivity



- Market infrastructure business driven by increased use of technology in trading
- Supports Securities and Derivatives Trading:

Data: Price data, Company Announcements, Financial Indices

Connectivity: Trading system connections, Network linkages and Data center co-location

Note: Numbers may be subject to rounding.

SGX Index Edge

- Index business established to take advantage of global shift to index-based investing
- Global Exchange Traded Products (index-based) have AUM of > US\$4tn
- Index funds (unlisted) has grown >230% to > US\$ 6tn since 2007



Index Calculation Service

- Calculating for leading investment banks and asset managers
- Flexible index engine for calculating and disseminating wide variety of indices
- Strong governance framework to meet regulatory requirements
- Established capabilities in Europe



SGX Proprietary Indices

- **Domestic Indices**
 - SGX Thematic indices e.g. S-REIT 20
 - SGX Sustainability index
- **Regional Indices**
 - SGX Developed Asia Quality Dividend Index
 - SGX APAC Dividend REIT



SGX Index Edge – Best Index Provider at Structured Retail Products Asia-Pacific Awards (2018)

Appendix

Cross Margining Efficiencies

- Correlated products, margin netting efficiencies

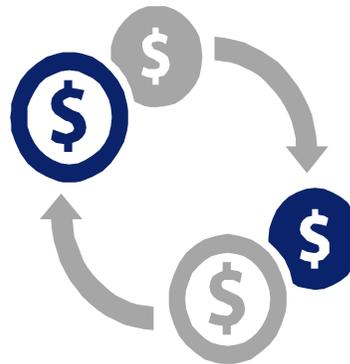
Note:

+ correlation Long – Short spread
 - correlation Long – Long spread

USD/CNH
FX futures

45%
Margin
offset

FTSE China A50
Index Futures



MSCI
Taiwan
Index Futures

65%
Margin
offset

Nikkei 225
Index Futures

USD/CNH
FX futures

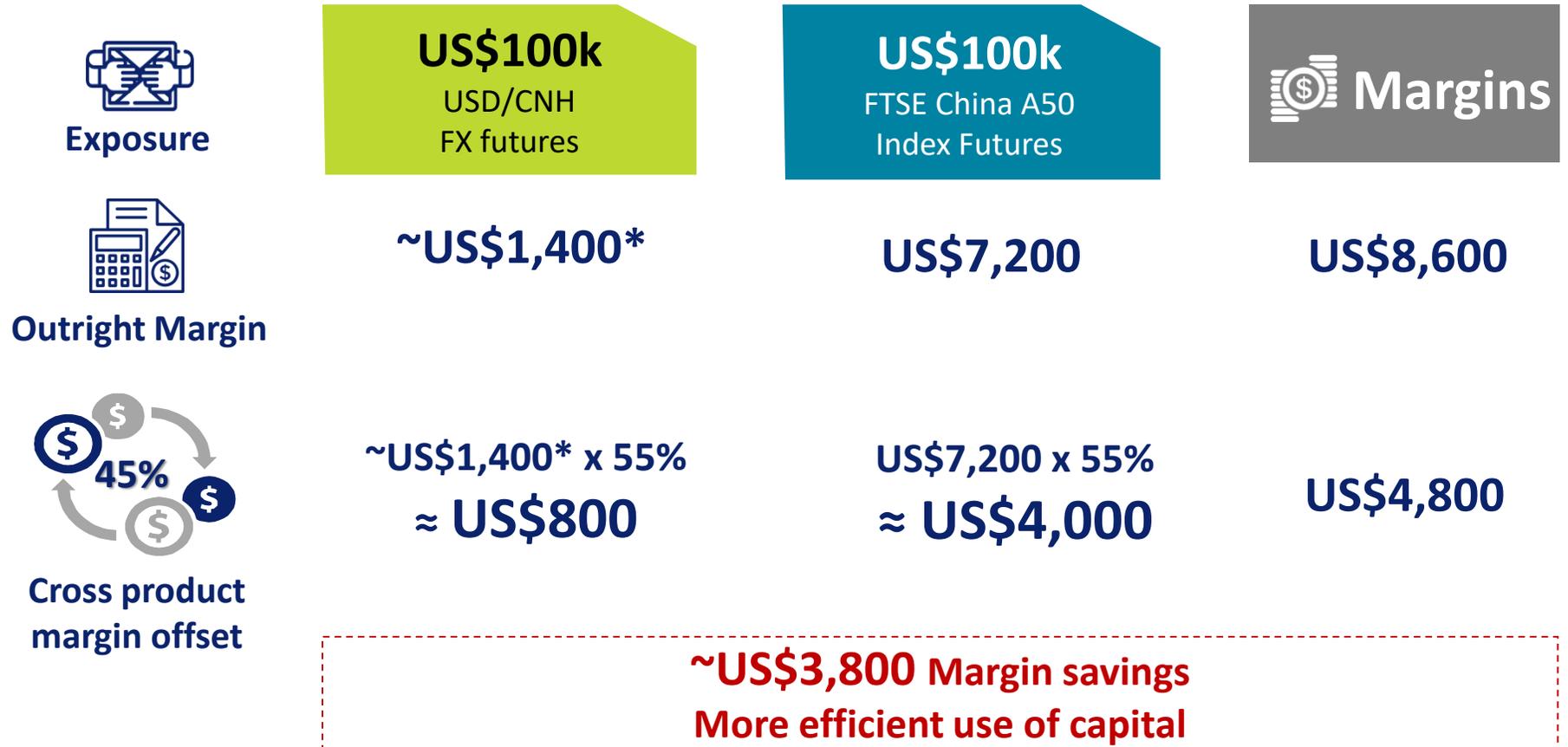
30%
Margin
offset

Iron Ore
Swaps

Note: Based on Margin Schedule as of 7 September, full schedule available on SGX website

Cross Margining Example

- More exposure with the same amount of margins



Note: Based on FX rate as of 21 September

Based on Margin Schedule as of 7 September, full schedule available on SGX website

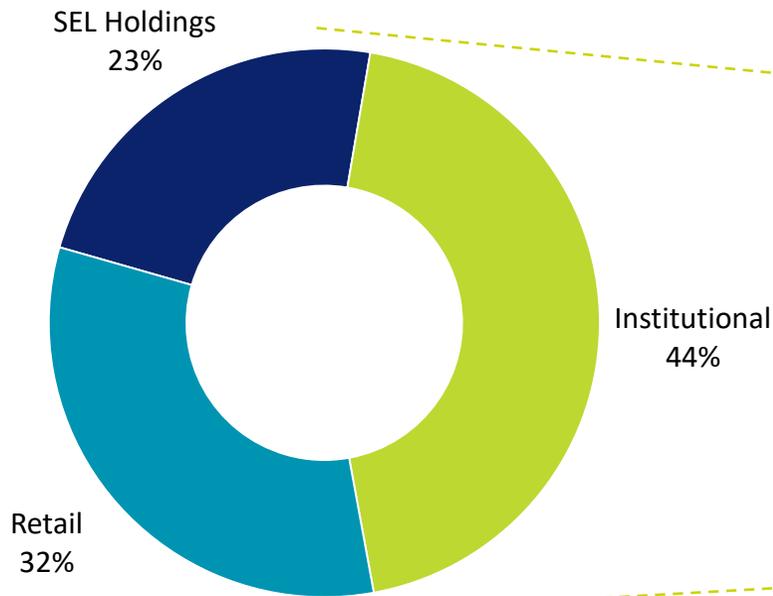
High operating margin business

Operating Income Margin Trends			
Segment	FY2016	FY2017	FY2018
Equities and Fixed Income	55.6%	56.0%	55.1%
Derivatives	42.5%	39.7%	43.7%
Market Data and Connectivity	52.0%	58.9%	53.3%

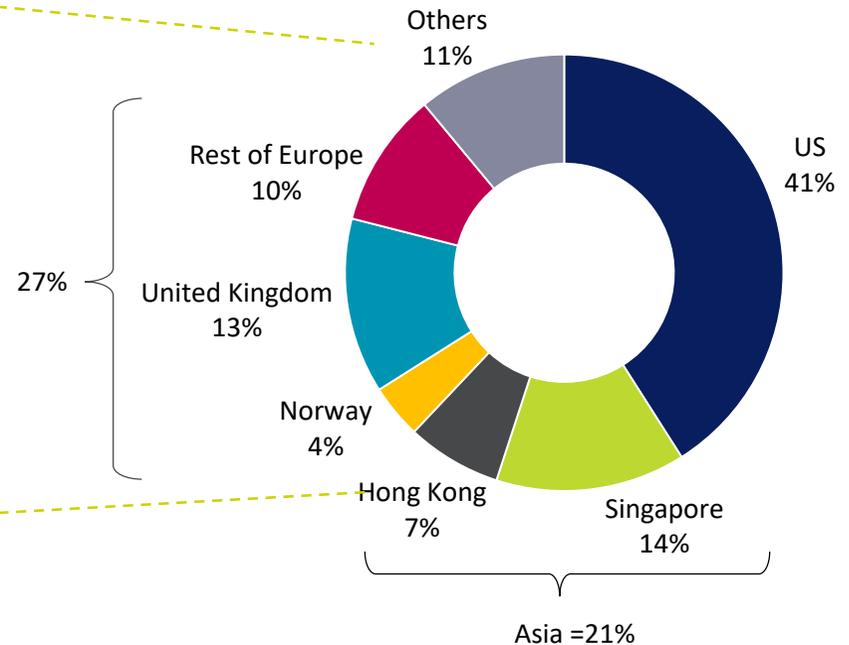
SGX Shareholders' Profile

Broad shareholding base with domestic retail shareholders, as well as domestic and international institutions

SGX Shareholder Composition¹



Institutional Shareholding by Geography

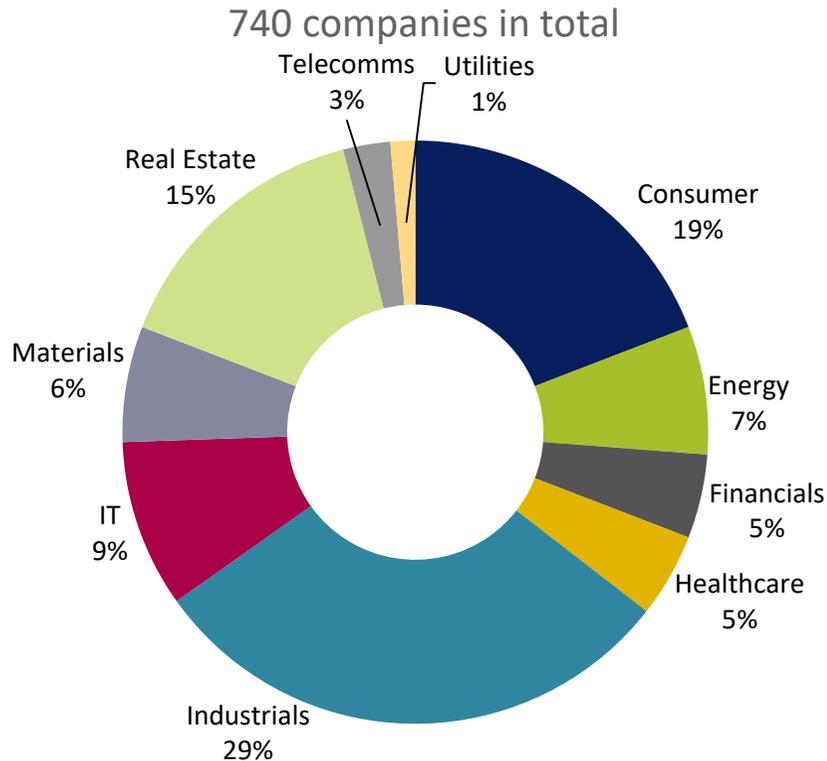


Note: Numbers may be subject to rounding.
¹As at 31 December 2018

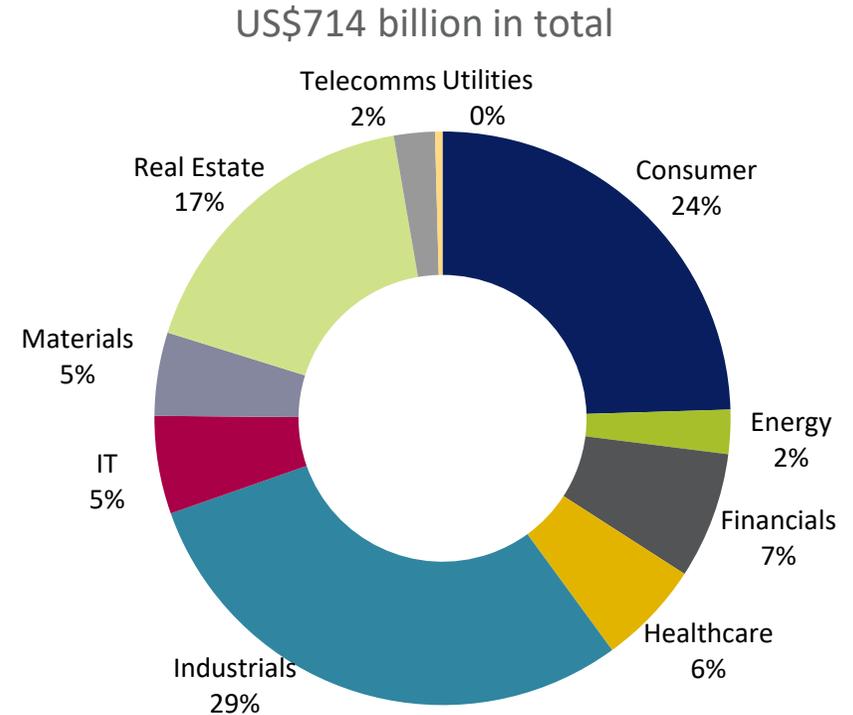
Diversity of Industries on SGX

SGX is the listing venue of choice for companies from varying sectors

Breakdown by Number of Companies



Breakdown by Market Capitalisation



Note: Companies without GICs Sector Classification not included
Source: Singapore Exchange & Bloomberg (Feb 2019)

Thank You

SGX Investor Relations Contact:

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Singapore Exchange

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Forward Looking Statements

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