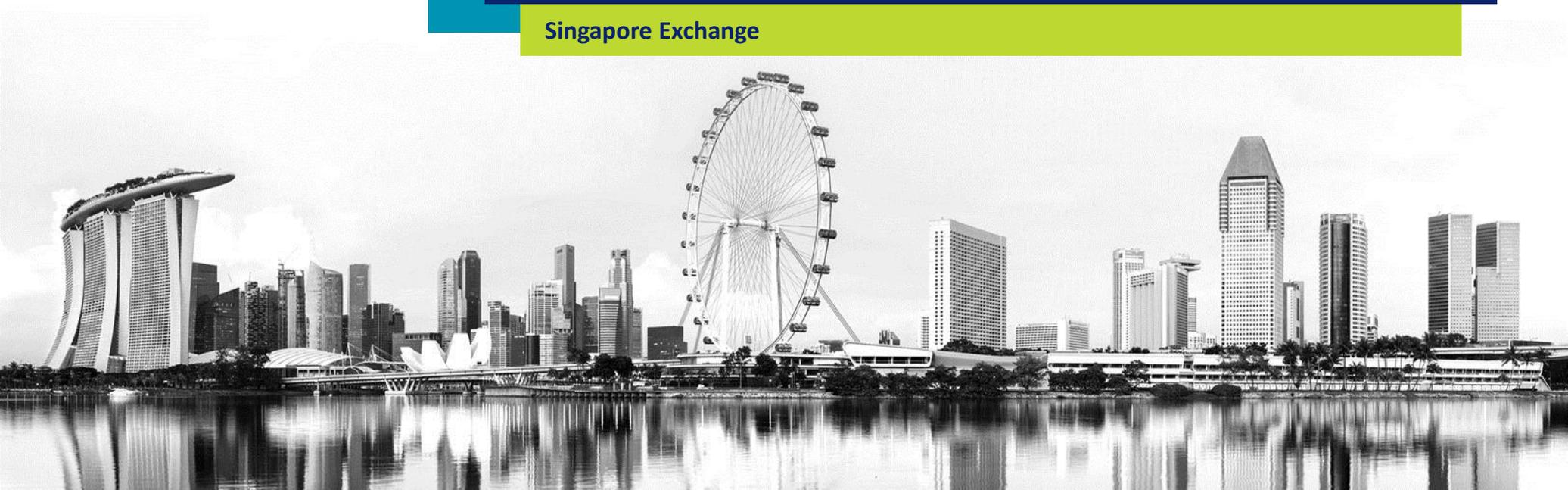


Morgan Stanley 17th Annual Asia Pacific Summit

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

28-29 November 2018

Singapore Exchange



Who we are

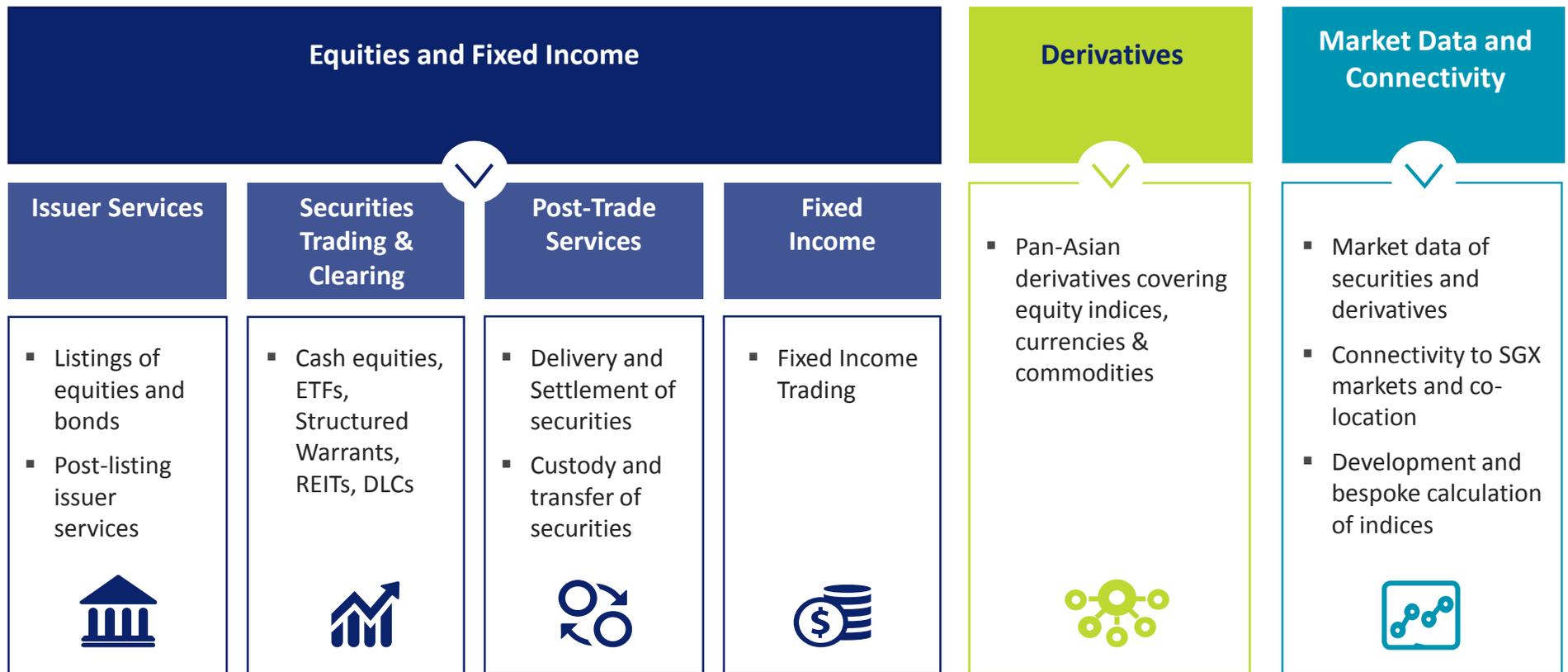
About SGX

A diversified exchange group that runs key market infrastructure including the Singapore securities market and a pan-Asian derivatives exchange covering all major asset classes.



3 Main Business Lines

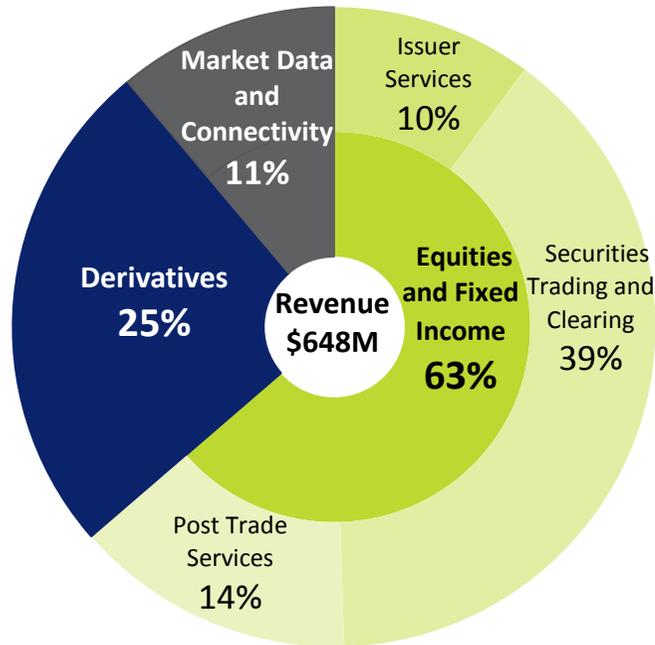
Three business units covering the entire exchange value chain, resulting in diversified and resilient revenue streams.



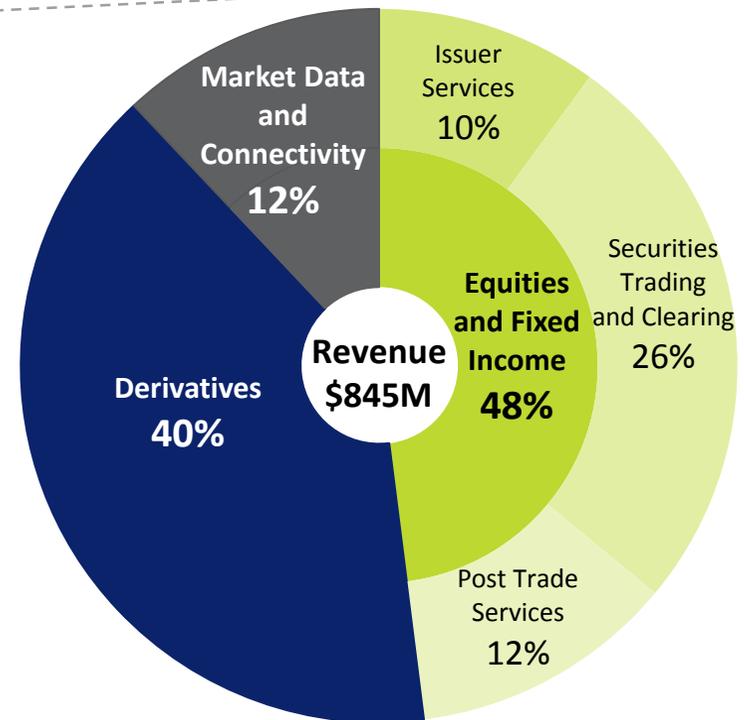
Successfully achieved diversification of revenues

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.



- Derivatives Exchange of the Year: Asia Risk Awards 2018
- Exchange of the Year: Energy Risk Asia Awards 2018

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)

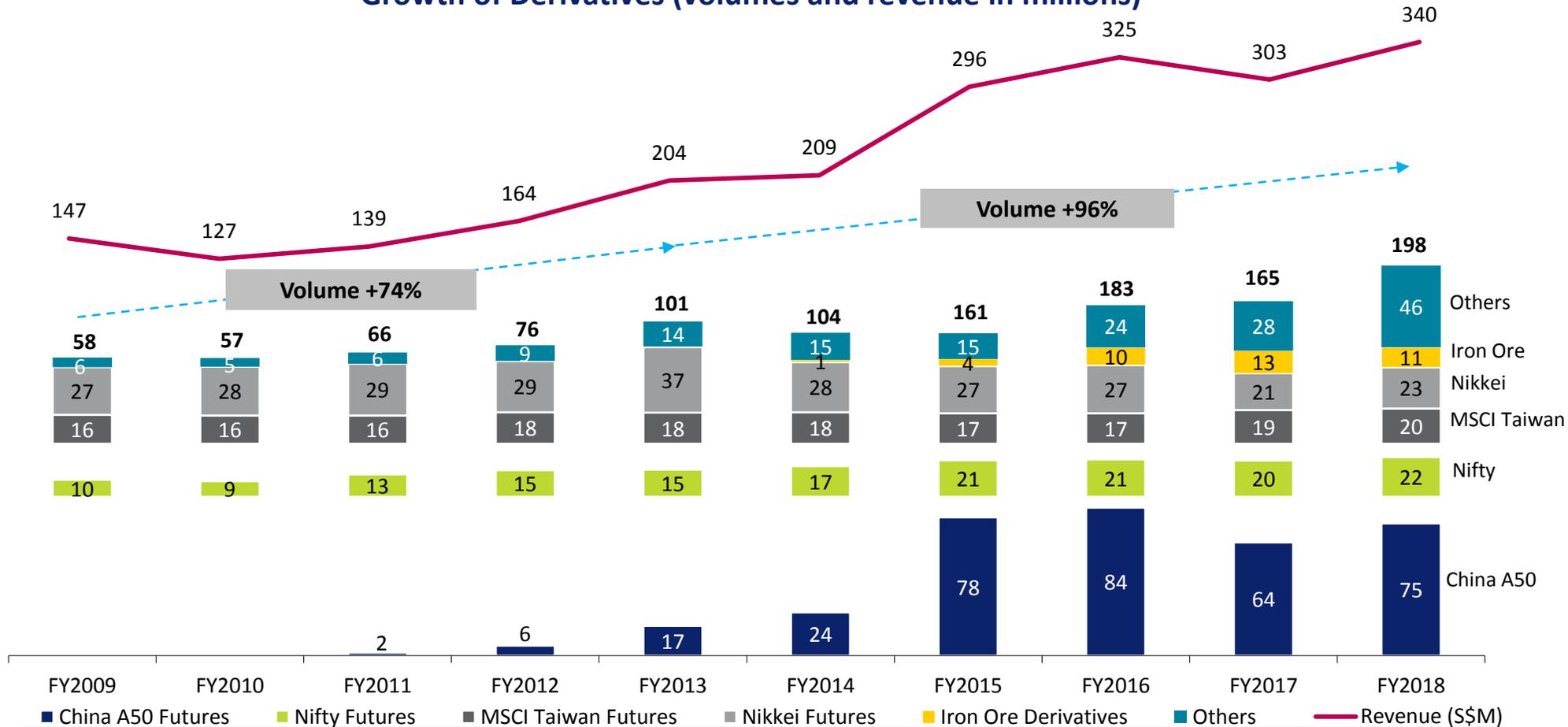
- Enter into collaborative agreements to grow cross-border flows and enhance service capabilities



World's most liquid offshore market for Asian Derivatives

- Broad range of liquid Asian equity index futures
- Capital efficiencies through margin offsets

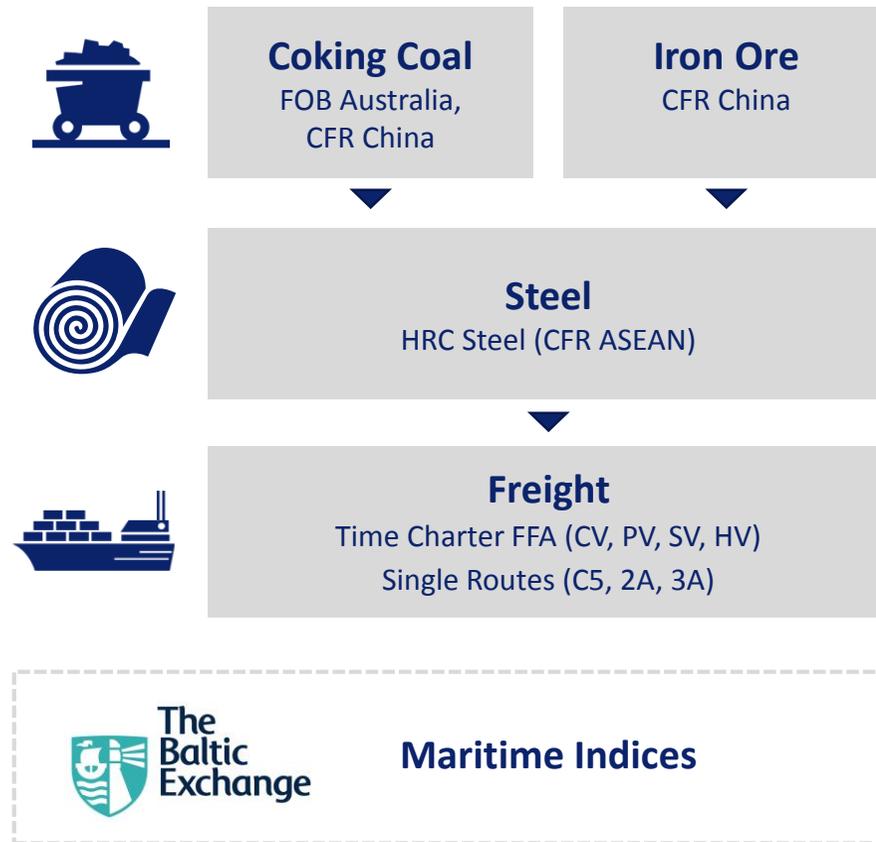
Growth of Derivatives (volumes and revenue in millions)



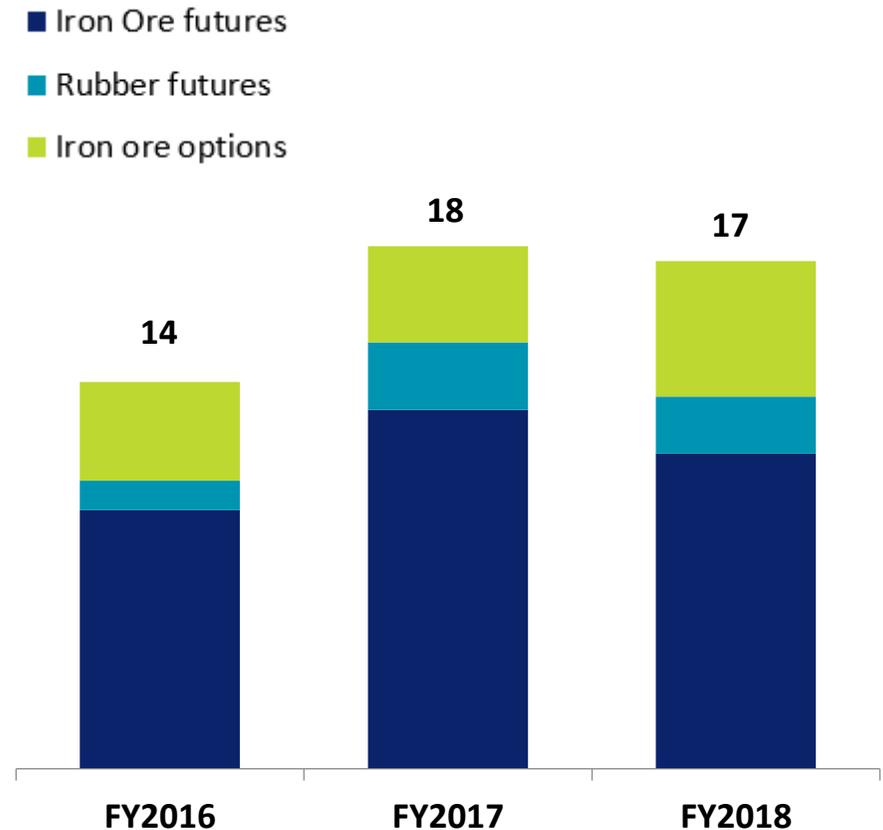
Extensive Suite Of Commodities Products

- Complements Singapore's commodities hub status

Price-Discovery Centre For The Steel Value Chain



Total Volume of Contracts Traded (M)



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 	<ul style="list-style-type: none"> Strong distribution network to global investor base with US\$2.4 trillion of assets under management in Singapore 	<ul style="list-style-type: none"> US\$1.4T notional traded, with more than 3,000 listed bonds from 47 countries in 19 currencies Leading exchange in Asia Pacific (APAC) with ~40% market share for listed G3 APAC bonds Launched SGX Bond Pro, an electronic platform for Bond Trading

Key Highlights

>3,000 bonds

listed by 950 issuers from 47 countries in 19 currencies

Leading Bond listing exchange in Asia

~40%

market share

SGX Bond Pro gaining traction

>150

Number of customer sign-ups

Nov 13 – Oct 18

Expanding coverage

TRUMID

A multi-asset exchange – FX Futures

Size of Market



FX

- US\$5.1 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 trading

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
- Calendar year-to-date¹ Notional value traded of US\$728 B, up 112% over the same period in 2017
- New FlexC futures

Key Highlights

Diverse Asian FX suite

19

Futures

2

Options

Growing Volumes

219%

Total Volume - CAGR

Nov 13 – Oct 18

US\$4.11Bn

Open Interest value (Oct 2018)

FlexC FX

Futures launched in August 2018

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

International footprint and partnerships

Our offices:

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



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%

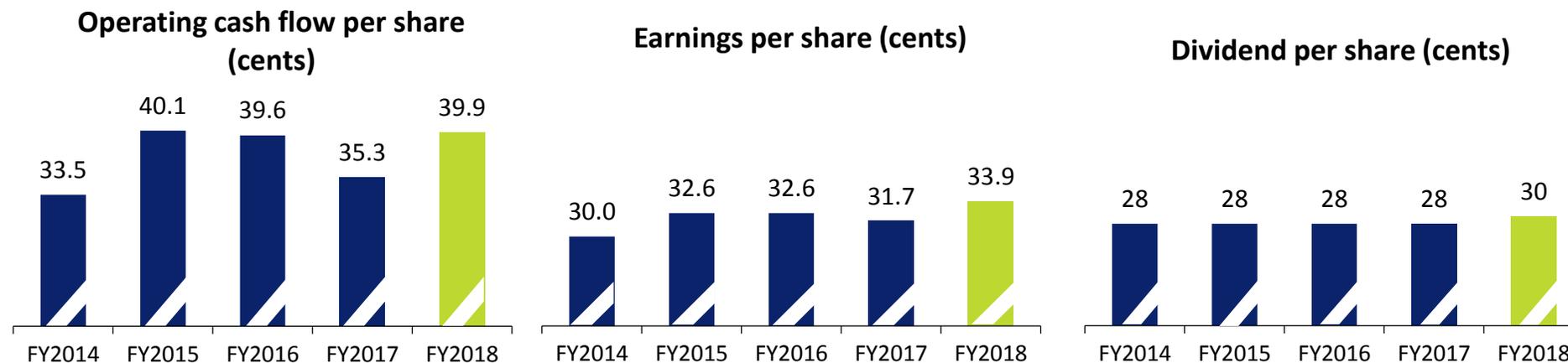
Dividend Per Share

- 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

First Quarter FY2019 Highlights

- Creditable results – Revenue of \$209M, up 2%; Net profit of \$91M, comparable y-o-y
- Strong Derivatives performance— Traded volume up 17% to a record of 54M contracts
- Securities traded value down 8% to \$68B amidst current weakness in emerging markets
- Dividend per share – 7.5 cents, up 2.5 cents; Earnings per share – 8.5 cents

Revenue

- \$209M
- Up 2%

Expenses

- \$102M
- Up 4%

Operating Profit

- \$106M
- Comparable

Net Profit

- \$91M
- Comparable

Derivatives Trading

- 54M contracts
- Up 17%

Securities Trading

- \$68B total traded value
- Down 8%

Earnings Per Share

- 8.5 cents
- Comparable

Dividend Per Share

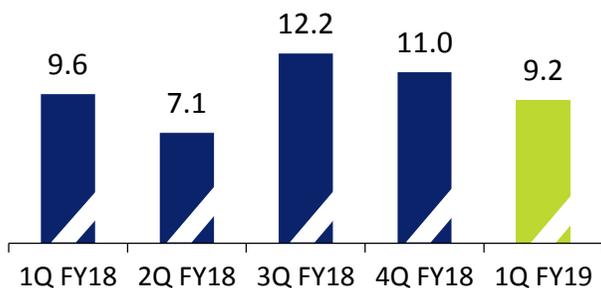
- 7.5 cents
- Up 2.5 cents

Key Financial Indicators (Recent quarters)

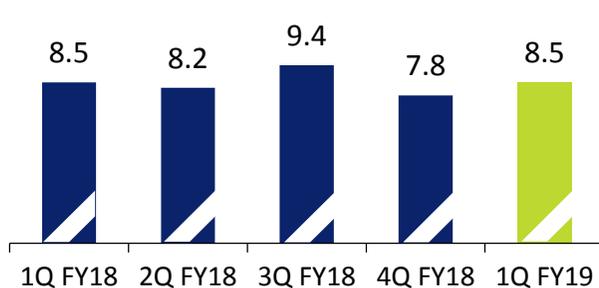
- High operating profit margin of 51%
- High ROE of 39%
- Quarterly dividend per share of 7.5 cents per share

	1Q FY2018	2Q FY2018	3Q FY2018	4Q FY2018	1Q FY2019
Revenue (\$ million)	204	205	222	213	209
Operating profit (\$ million)	106	103	118	98	106
Operating profit margin	52%	50%	53%	46%	51%
Net profit (\$ million)	91	88	100	84	91
Return on equity	38%	37%	37%	34%	39%

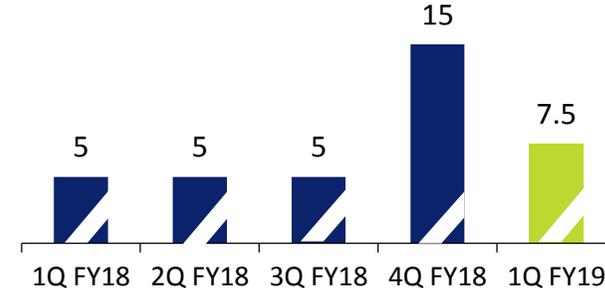
Operating cash flow per share (cents)



Earnings per share (cents)



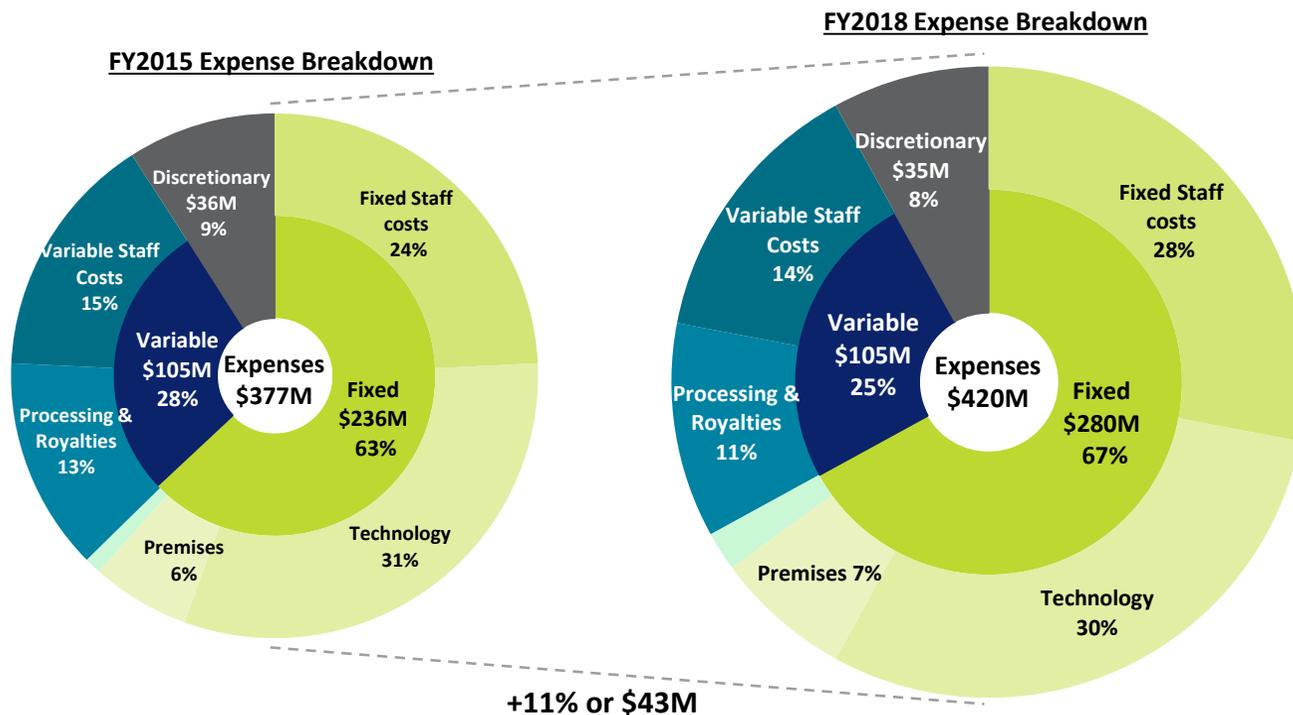
Dividend per share (cents)



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

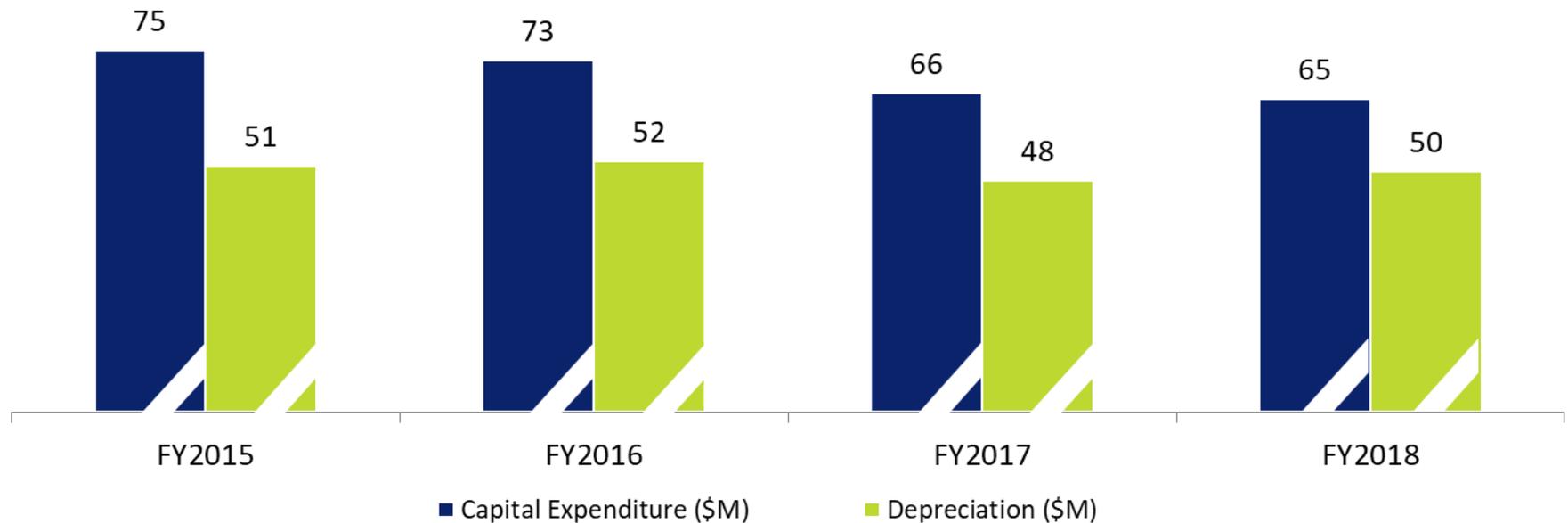


- Fixed costs – 67%
Variable costs – 25%
Discretionary costs – 8%
- Variable costs – Processing & Royalties expenses are volume-related
- Discretionary costs – Focused on distribution capabilities and client-related activities.

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



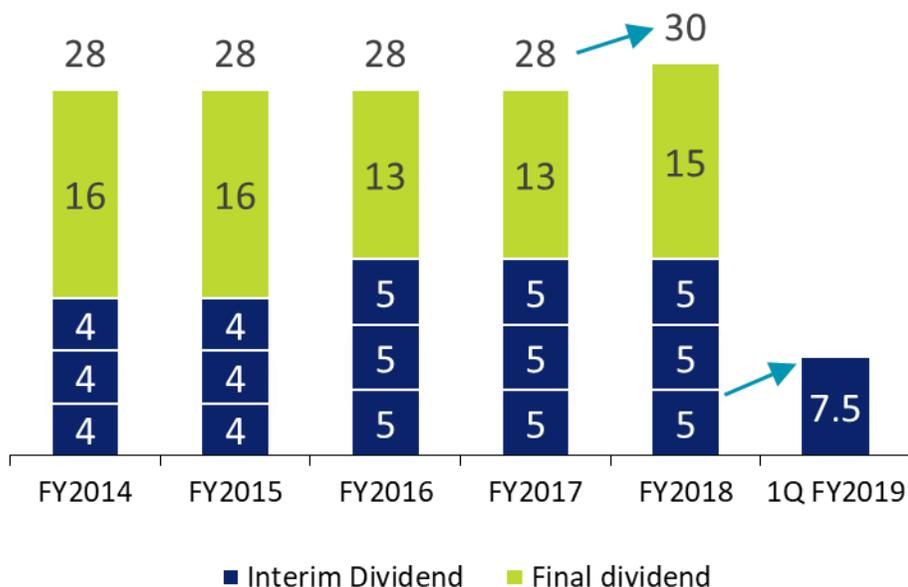
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

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



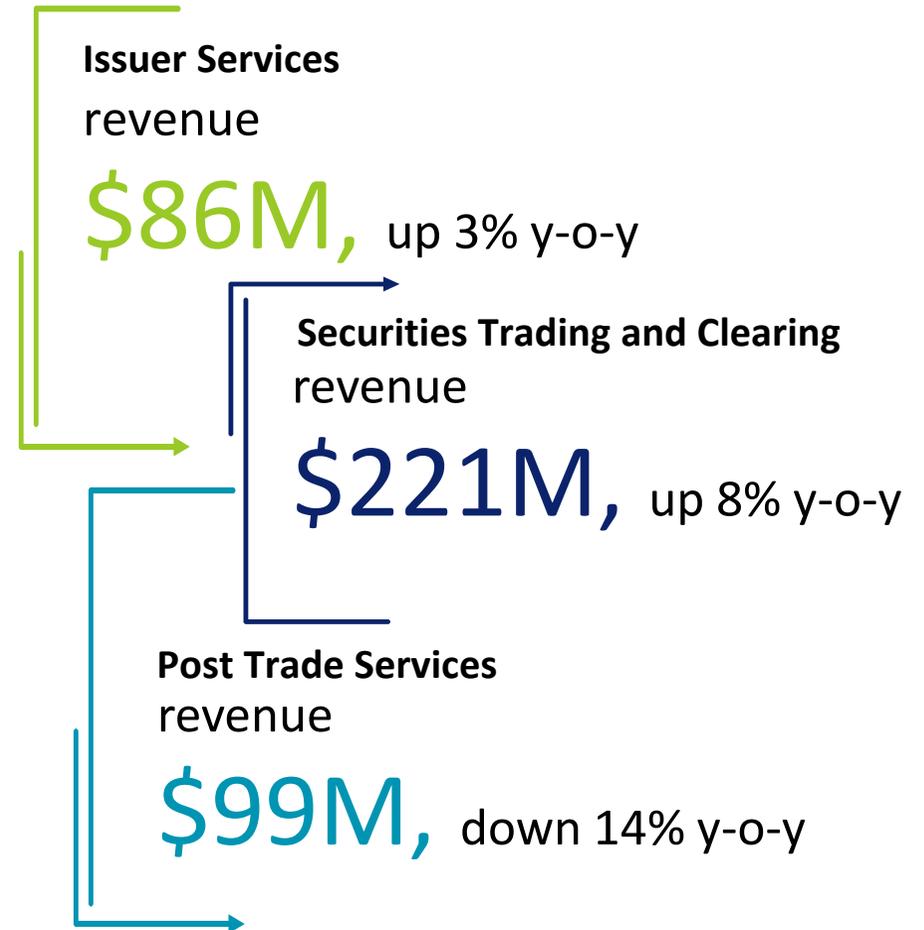
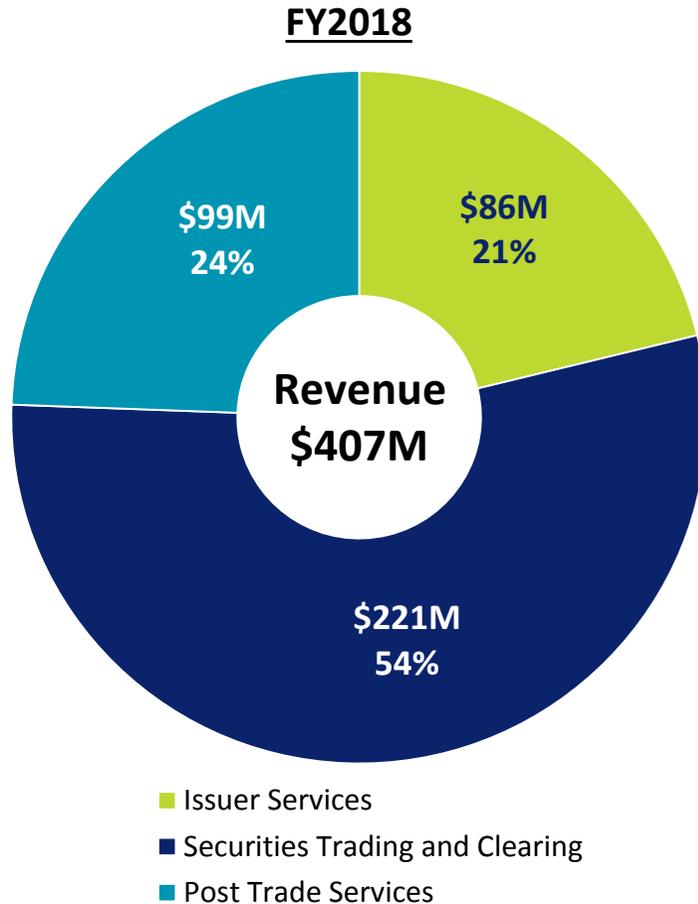
Shareholders will receive returns earlier. Potential growth in dividends when SGX performs well

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

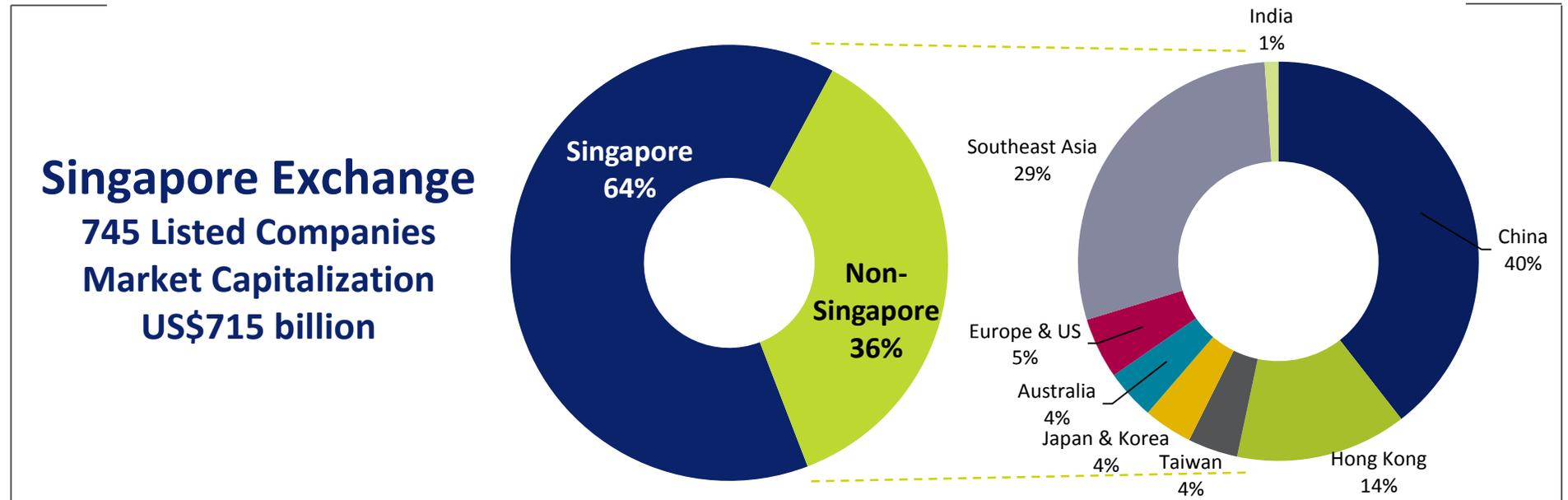
Equities and Fixed Income



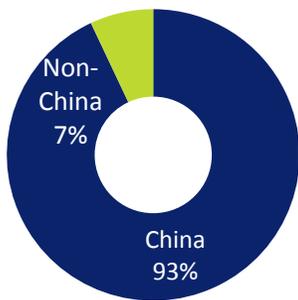
Note: Numbers may be subject to rounding.

SGX is the Most International Exchange

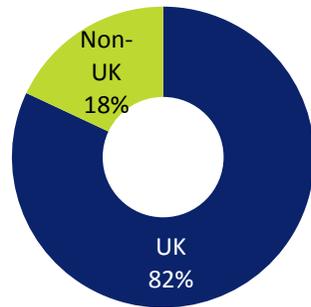
Nearly 40% of all companies listed on SGX are overseas companies.



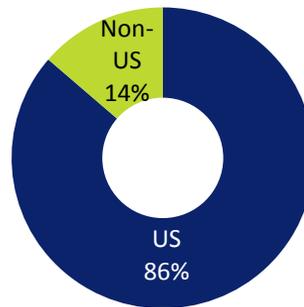
Hong Kong Stock Exchange



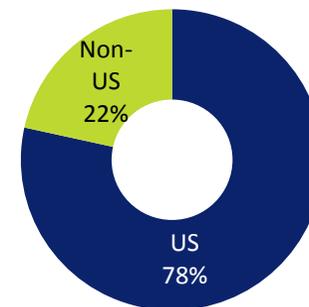
London Stock Exchange



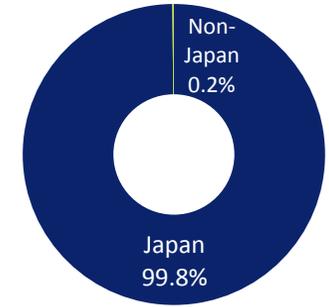
NASDAQ



New York Stock Exchange



Tokyo Stock Exchange



Source: World Federation of Exchanges (May 2018), Companies' Website and Singapore Exchange (Sep 2018)

Top Sectors on SGX

Consumer

PE: 19x



- Includes agri-commodities, food & beverage and retail
- 152 companies with market cap of US\$96 billion

Technology

PE: 22x[^]



- Includes information & communications technology, medical technology and financial technology
- 74 companies with market cap of US\$53 billion

Healthcare

PE: 50x



- Full range of companies from pharmaceuticals, healthcare services to medical devices technology
- 35 companies, 2 REITs and 1 Trust with market cap of US\$52 billion

Maritime & Offshore Services

PE: 13x



- Asia's largest cluster of listed companies
- 60 companies and 2 business trusts with market cap of US\$24 billion

Mineral, Oil and Gas

PB: 1.9x



- Companies in exploration, development and production of mineral or oil & gas
- 29 companies with market cap of US\$1.7 billion

Real Estate

PB: 0.93x



- Asia's broadest range of real estate companies and property trusts covering global real estate assets
- 109 real estate companies and property trusts with market cap of US\$129 billion

Note: [^] Excludes the PE of telecommunication services companies by GICS sub-industry classification

Source: Bloomberg & Singapore Exchange (Sep 2018)

Growing Listings And Trading Activities

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

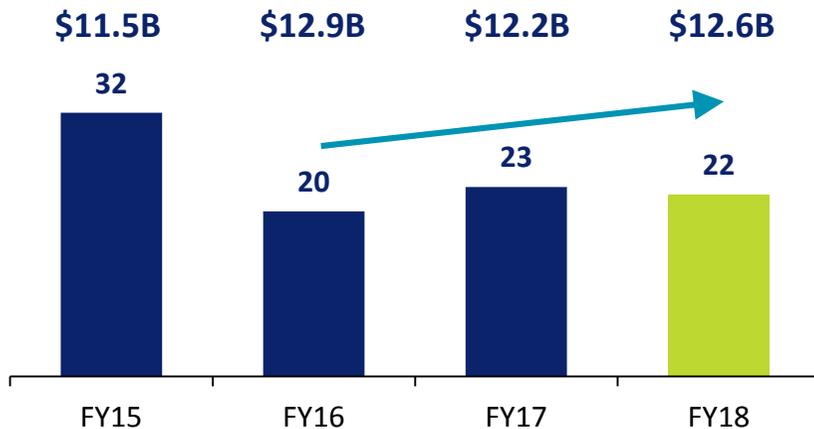
Equity Listings

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

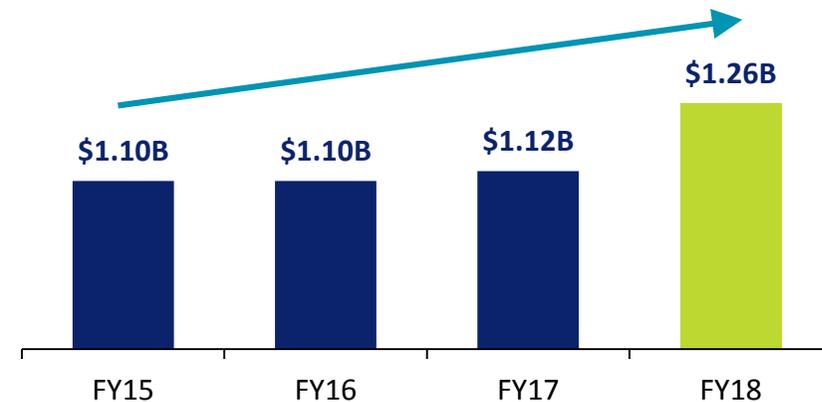
Trading Activities

- 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



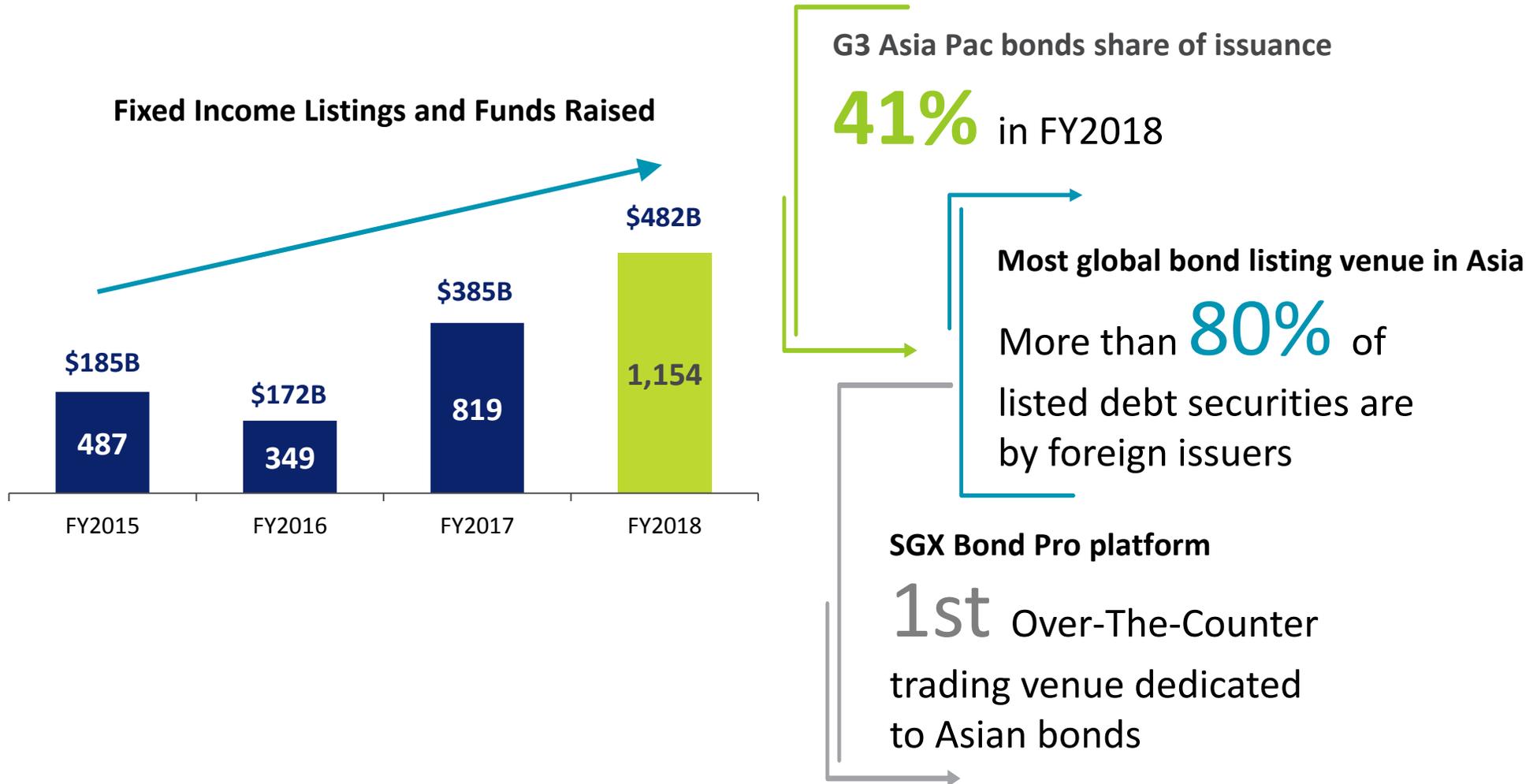
Connecting ~40 listed companies with ~200 investors every quarter



More than 30 articles published per quarter



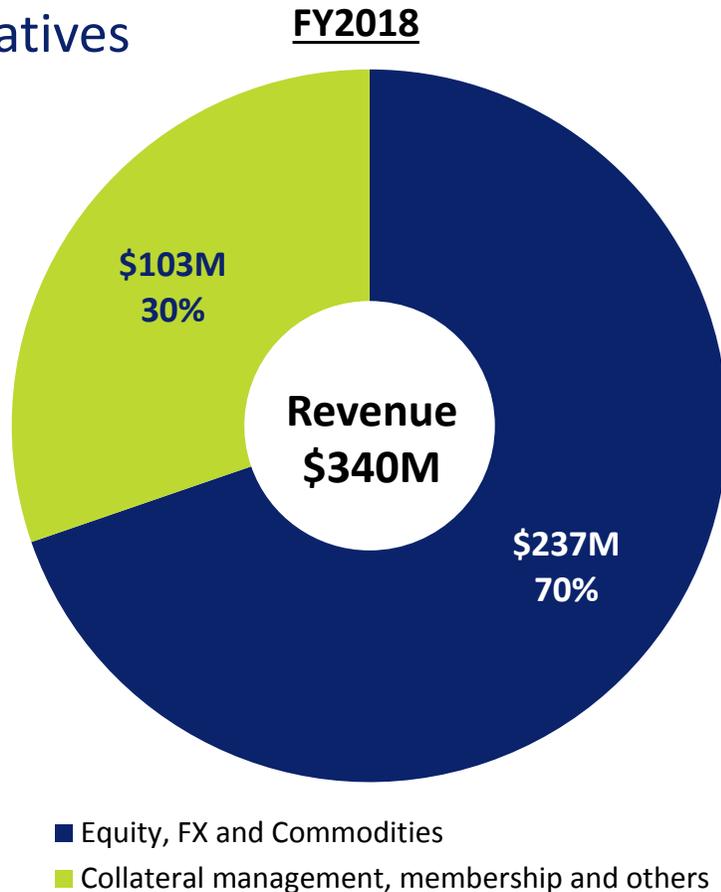
Increase In Fixed Income Listings And Market Share



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

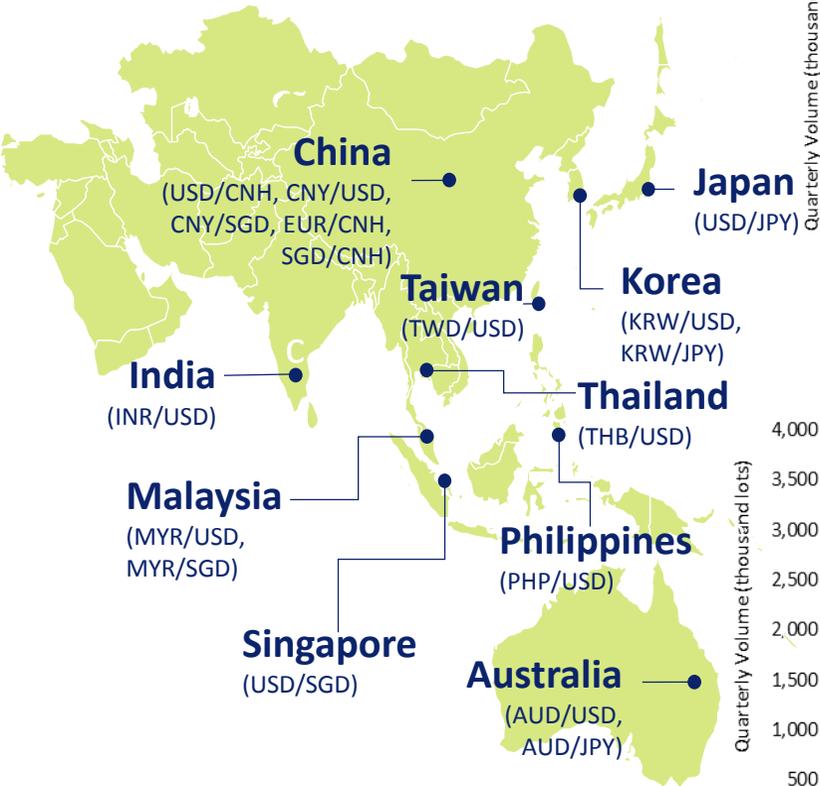
China	
Equity Index Futures	SGX FTSE China A50
Equity Index Futures and Options	MSCI China
FX futures	USD/CNH, CNY/USD, CNY/SGD, EUR/CNH, SGD/CNH
Commodities, Futures, Swaps, Options	Iron Ore

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

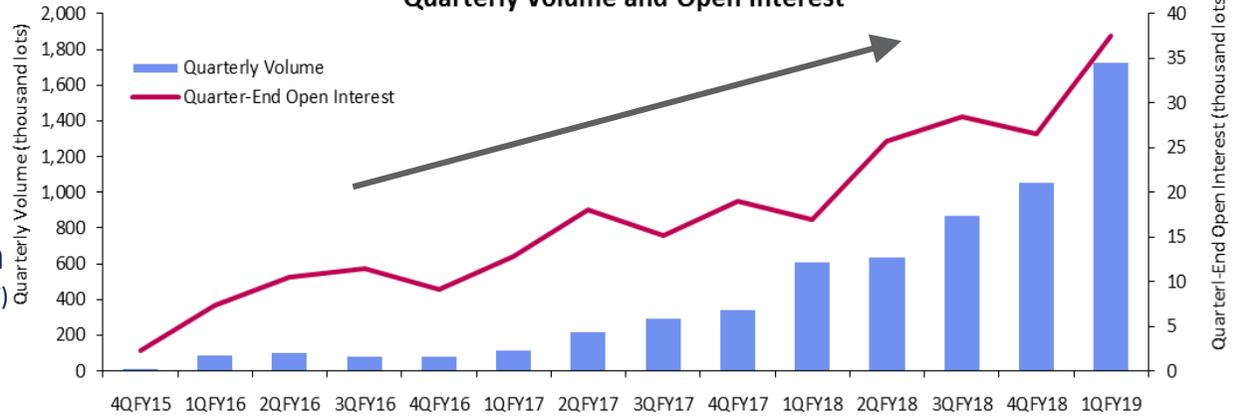
Our Platform

- 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

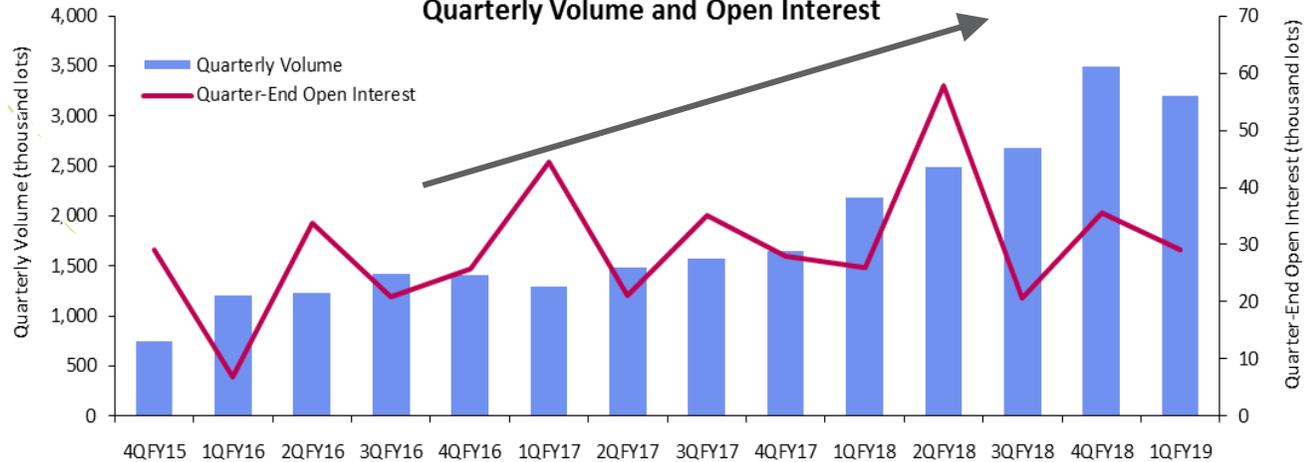
Liquid Currency Futures



SGX USD/CNH Futures
Quarterly Volume and Open Interest



SGX INR/USD Futures
Quarterly Volume and Open Interest



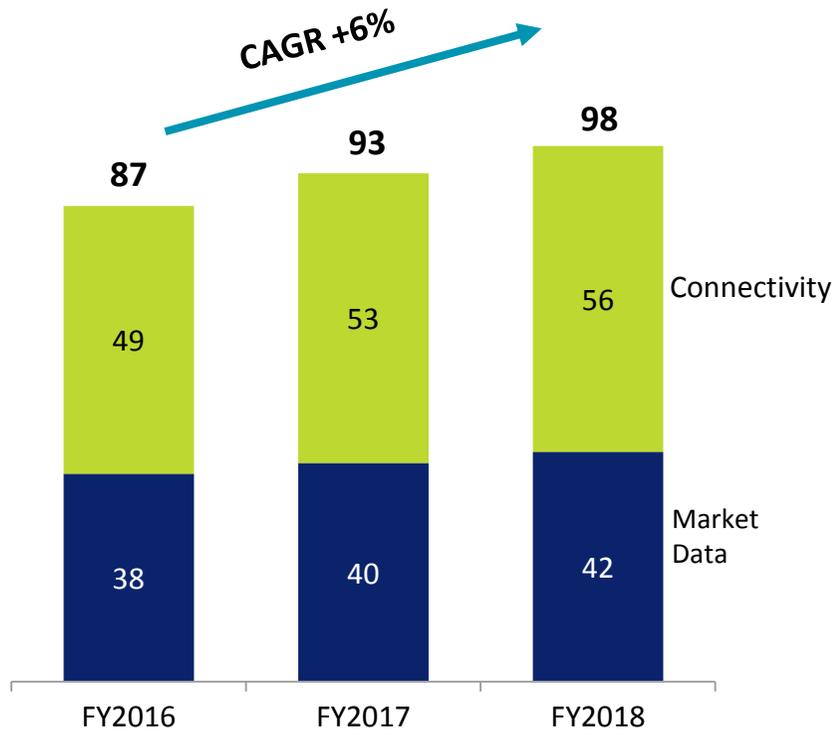
Asia's Best FX Exchange & Clearing House – by FX Week (2018)

Note: Data as at 30 Sep 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



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

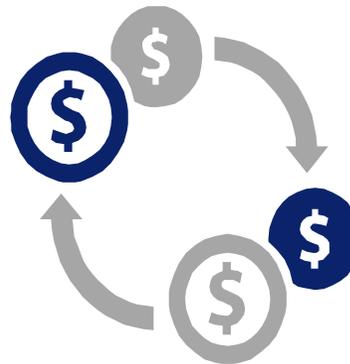
Note:

+ 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

Mini Nikkei 225
Index Futures

USD/CNH
FX futures

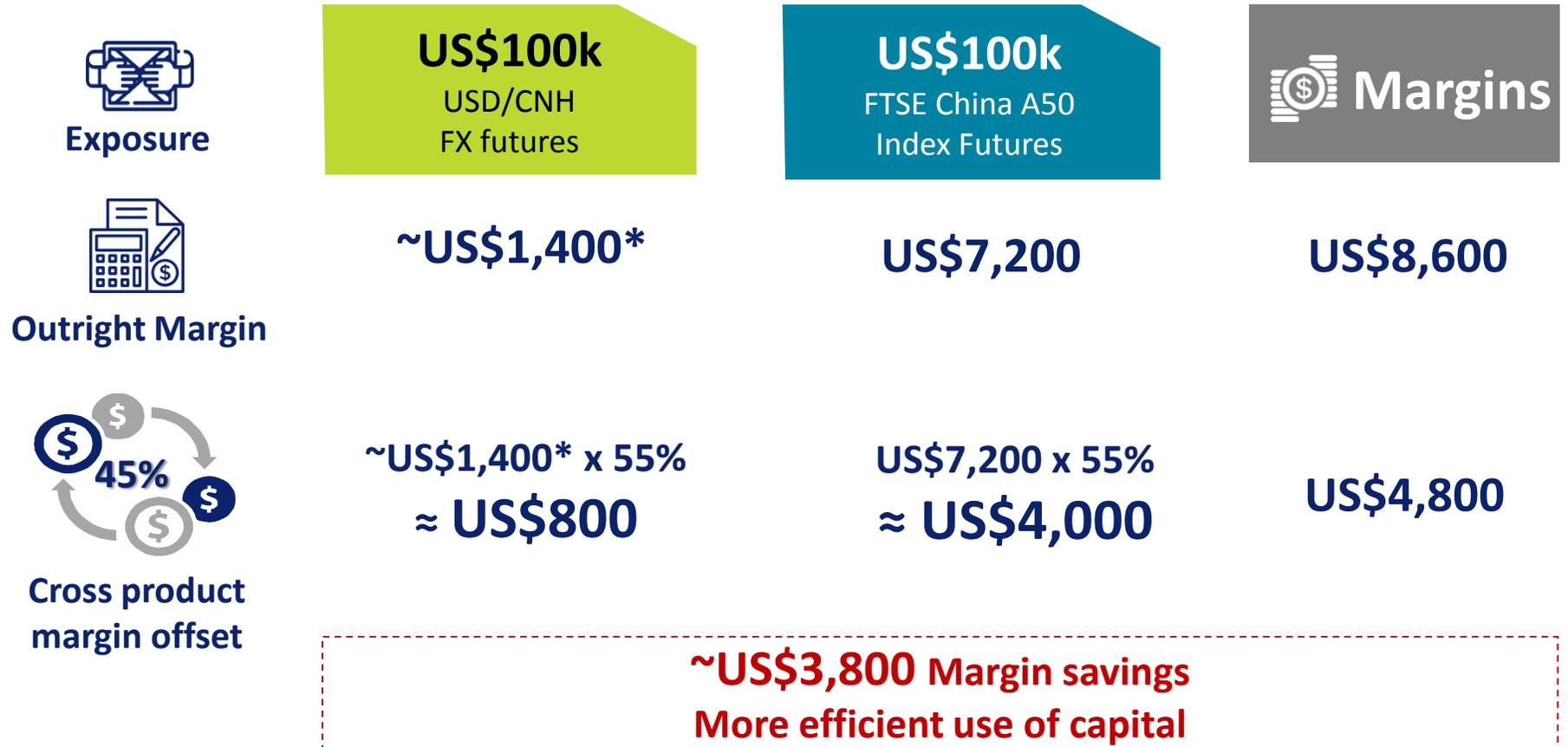
30%
Margin
offset

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

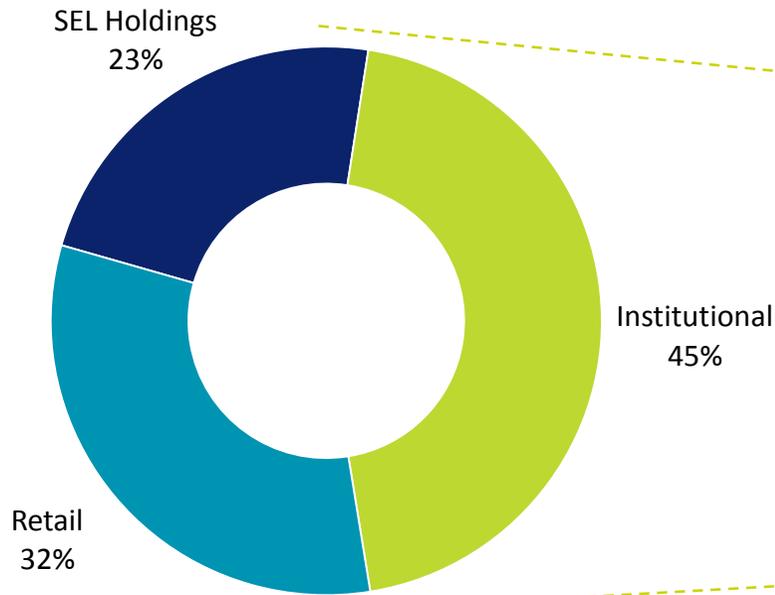
High operating margin business

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%

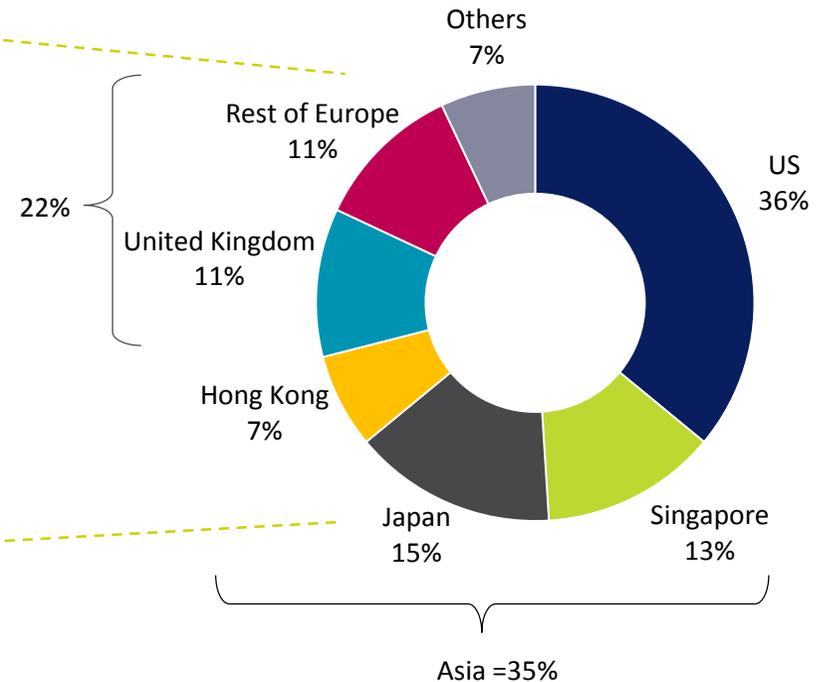
SGX Shareholders' Profile

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

SGX Shareholder Composition¹



Institutional Shareholding by Geography

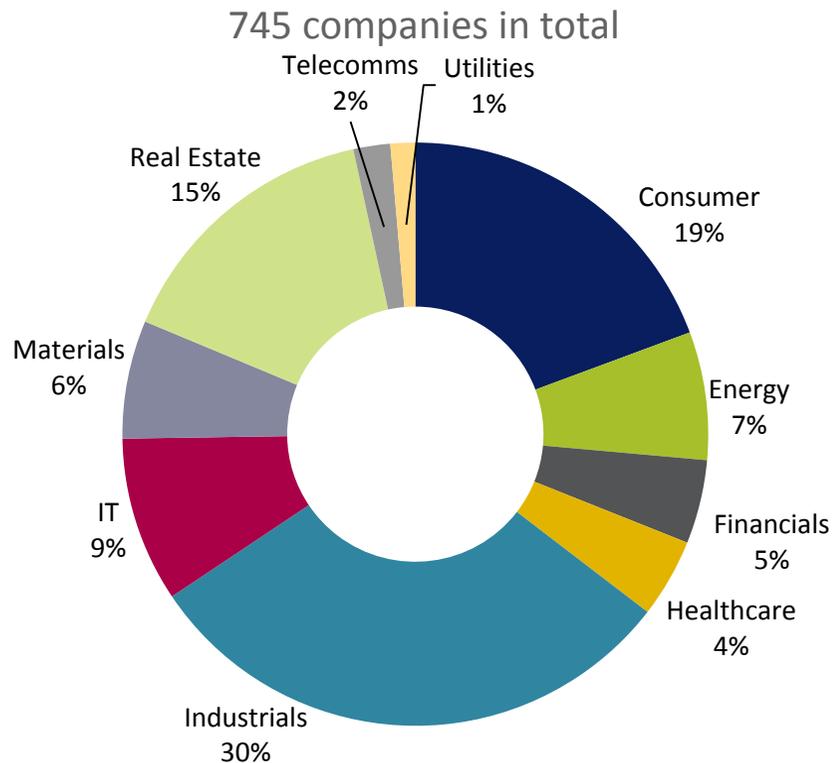


Note: Numbers may be subject to rounding.
¹As at 30 June 2018

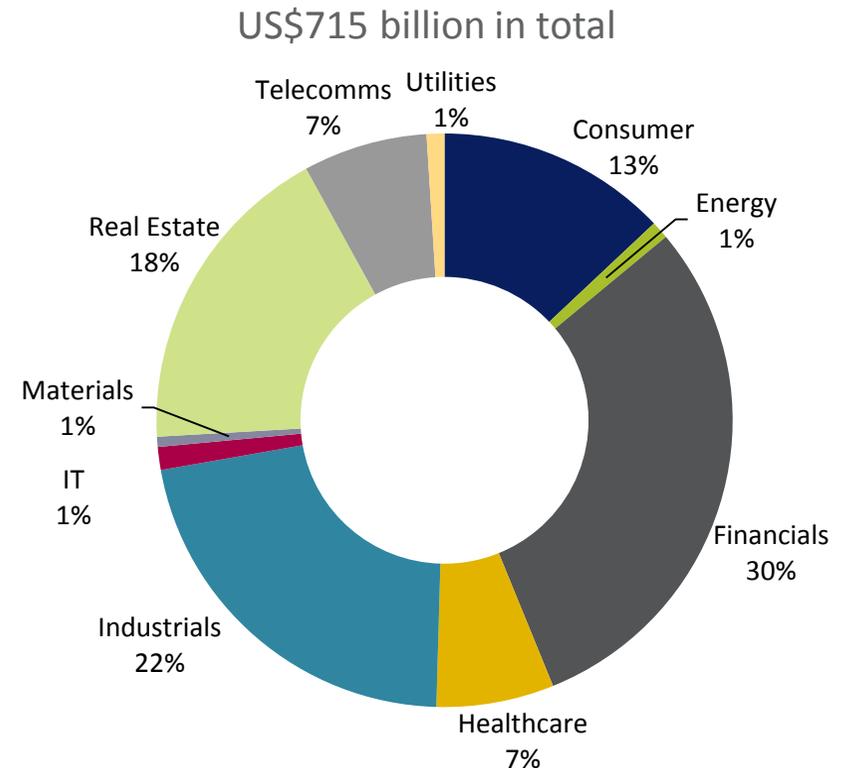
Diversity of Industries on SGX

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 (Sep 2018)

Thank You

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Joyce Koh, Associate Director, Investor Relations
Tel: (65) 6236 8356, Email: joyce.koh@sgx.com

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