

SGX-DBSV Singapore Corporate Day

Loh Boon Chye, Chief Executive Officer

22 - 23 May 2018

Singapore Exchange



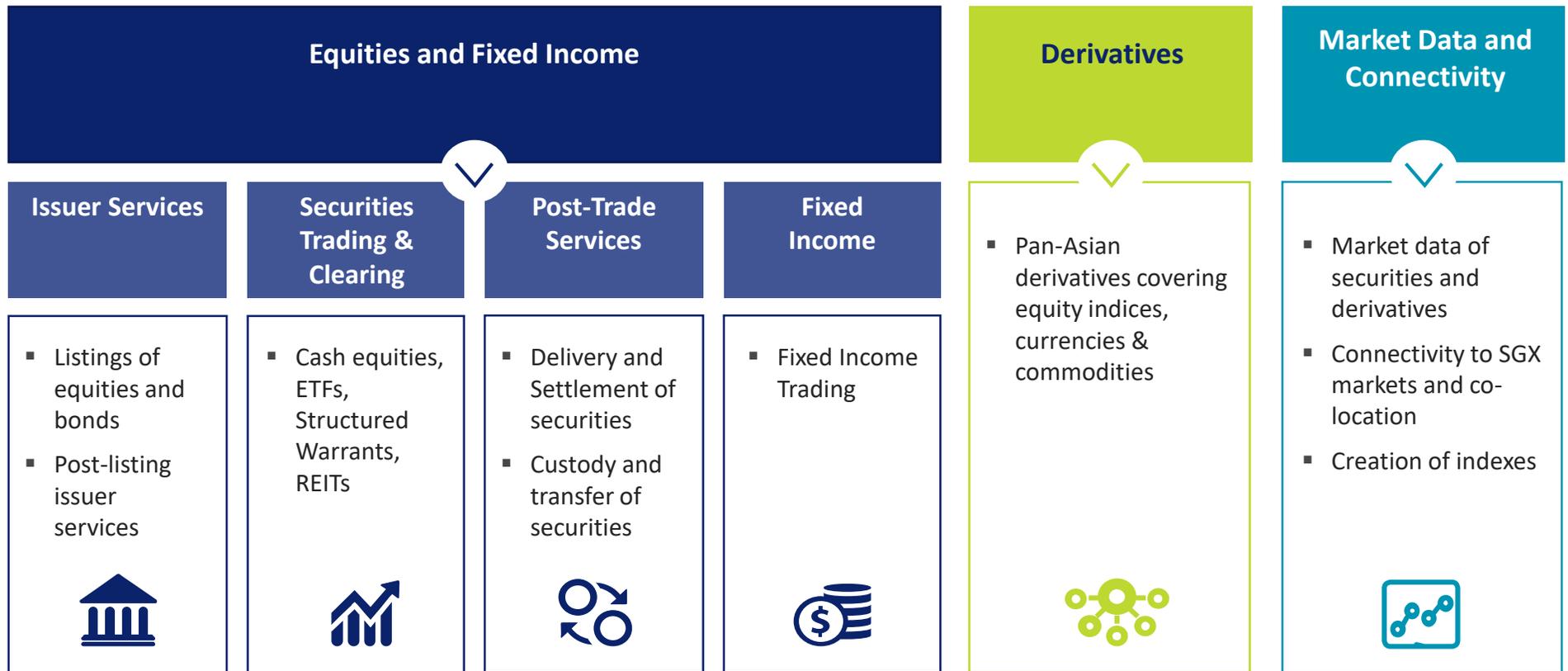
Who We Are

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.



Our Business Lines

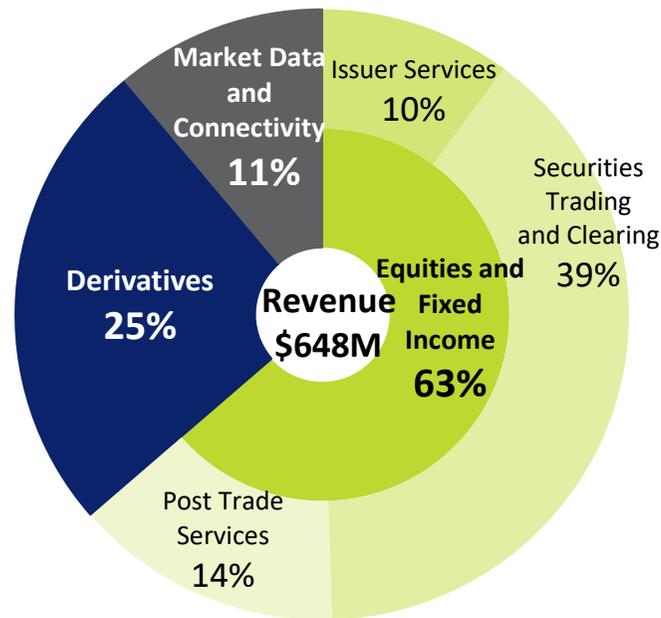
Three business units covering the entire exchange value chain, resulting in diversified and resilient revenue streams.



Revenue Breakdown by Business Lines

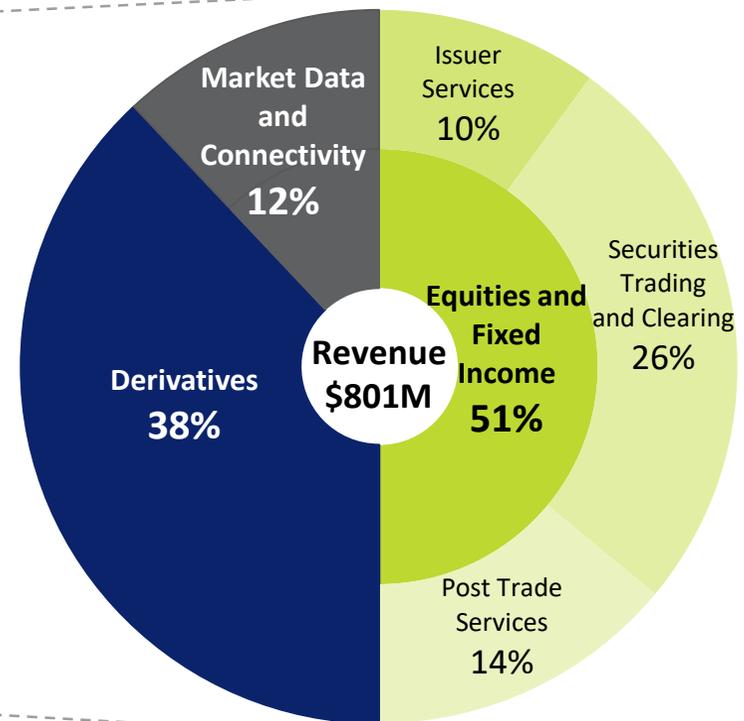
Successfully achieved diversification of revenues. Revenue contribution from Derivatives grew from 25% in FY2012 to 38% in FY2017. NPAT grew 16% during the same period.

FY2012 Revenue Breakdown



Net Profit: \$292 million

FY2017 Revenue Breakdown



Net Profit: \$340 million

Note: Numbers may be subject to rounding
Source: SGX

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	Shanghai	Singapore	Tokyo

Key Clients

- **Sell-side participants** - Clearing & Trading Members and partner brokers who act as agents to clients.
- **Interdealer brokers** - Facilitate execution of business between clients of our Members
- **Corporate trade clients** - Use our derivative products for hedging their risks e.g. Steel Mills; Insurance firms; Oil companies ...
- **Institutional investors** – Including funds that invest in our market for various investment needs e.g. hedging, income, growth ...
- **Proprietary Trading Groups** – Companies that trade on markets using their own capital. Examples include market-makers and liquidity-providers.

International Regulatory and Risk Management Standards

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.

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.

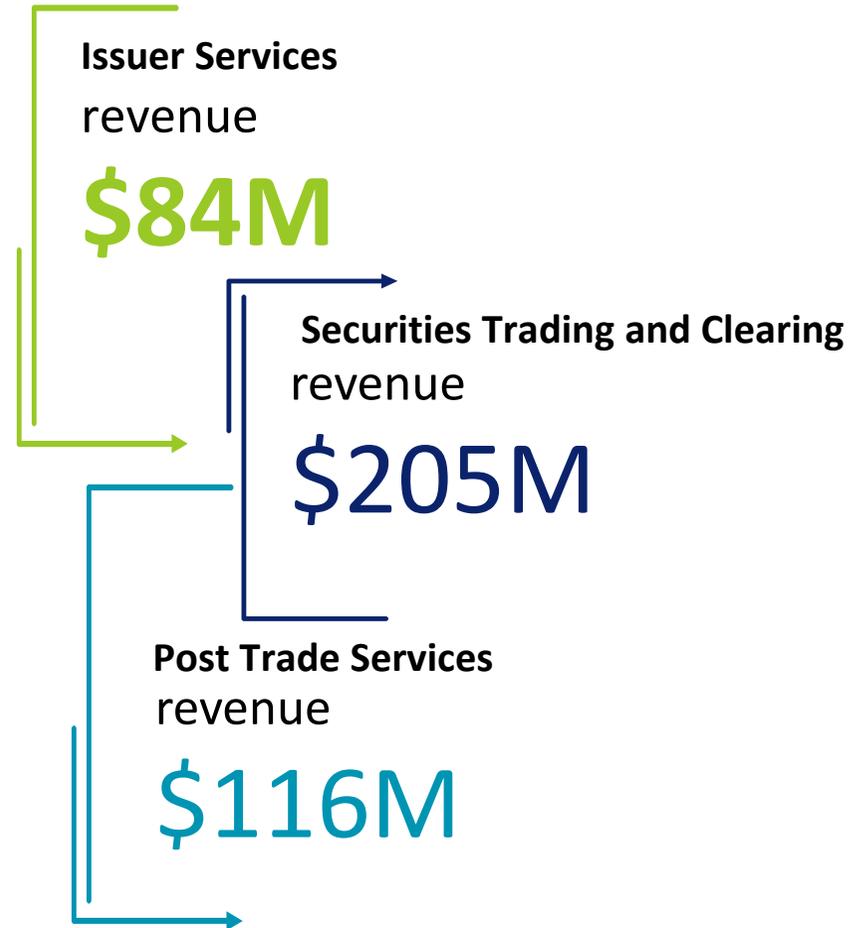
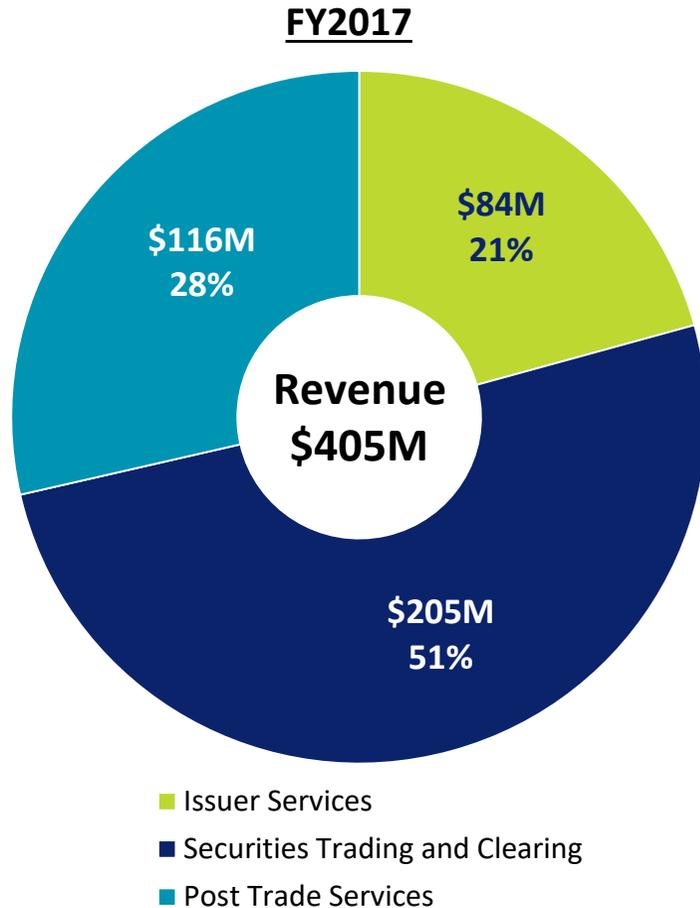


- Derivatives Exchange of the Year: Asia Risk Awards 2017
- Asia-Pacific Derivatives Exchange of the Year: GlobalCapital 2017

Equities & Fixed Income

Overview

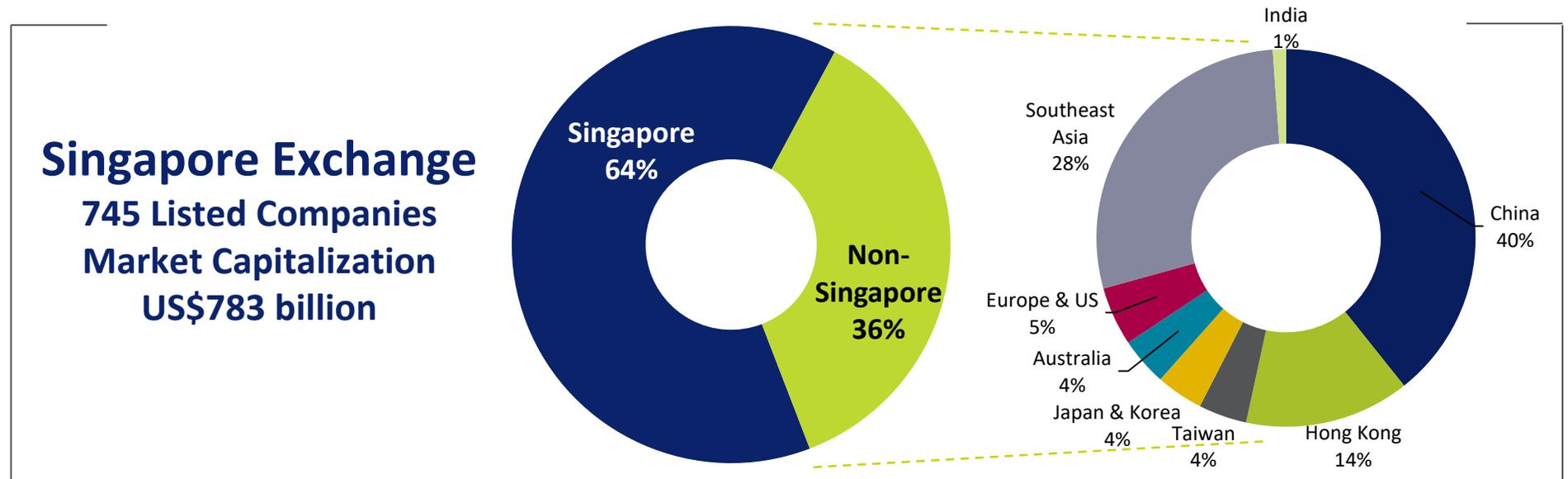
Equities and Fixed Income



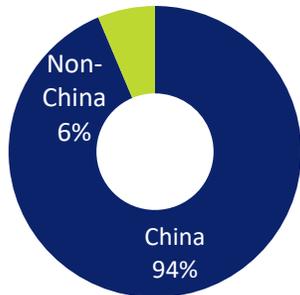
Note: Numbers may be subject to rounding.

SGX is the Most International Exchange

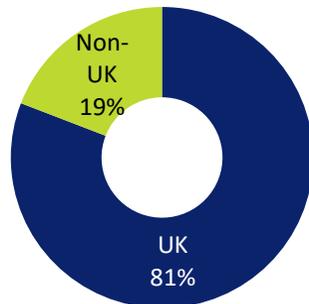
Nearly 40% of all companies listed on SGX are overseas companies.



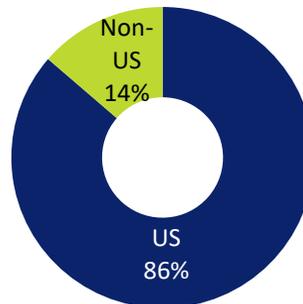
Hong Kong Stock Exchange



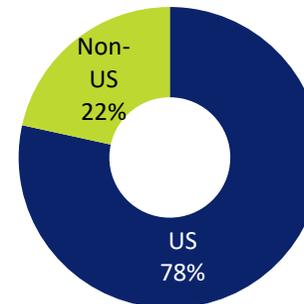
London Stock Exchange



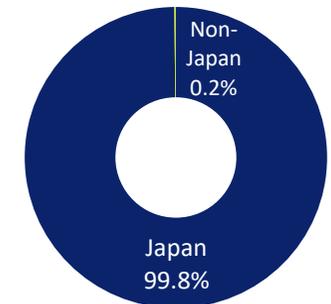
NASDAQ



New York Stock Exchange



Tokyo Stock Exchange



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

Top Sectors on SGX

Consumer

PE: 22x



- Includes agri-commodities, food & beverage and retail
- 152 companies with market cap of US\$106 billion

Technology

PE: 12x



- Includes information & communications technology, medical technology and financial technology
- 74 companies with market cap of US\$63 billion

Healthcare

PE: 32x



- Full range of companies from pharmaceuticals, healthcare services to medical devices technology
- 32 companies, 2 REITs and 1 Trust with market cap of US\$45 billion

Maritime & Offshore Services

PE: 16x*



- Asia's largest cluster of listed companies
- 60 companies and 2 business trusts with market cap of US\$27.4 billion

Mineral, Oil and Gas

PB: 2.6x



- Companies in exploration, development and production of mineral or oil & gas
- 29 companies with market cap of US\$2.0 billion

Real Estate

PB: 1.0x



- 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\$142 billion

Note: * Based on limited pool of companies excluding Jasper investment Ltd, Keppel Corp Ltd and Sembcorp Marine Ltd
Source: Bloomberg & Singapore Exchange (Mar 2018)

Growing Listings And Trading Activities

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

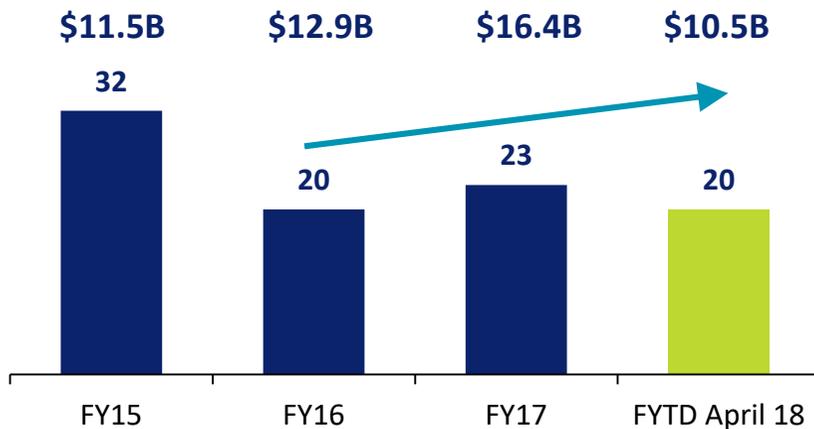
Equity Listings

- 23 listings in FY2017, 10% higher YoY
- S\$16.4B funds raised, 27% higher YoY

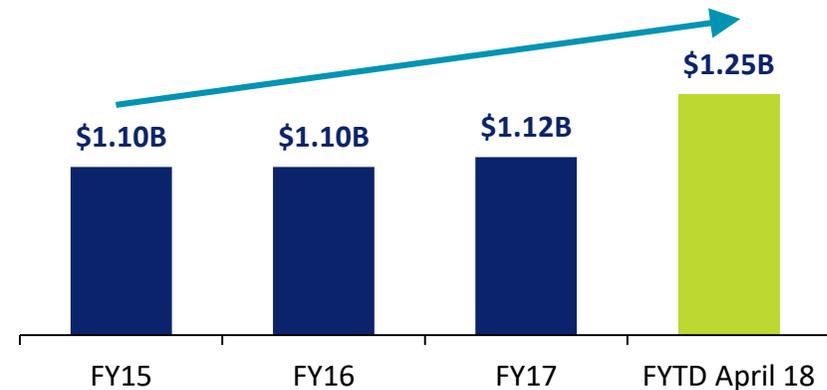
Trading Activities

- FY2017 SDAV 2% higher YoY
- STI Index up 14% YoY
- Total Market Capitalization up 13% YoY to exceed \$1 Trillion

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



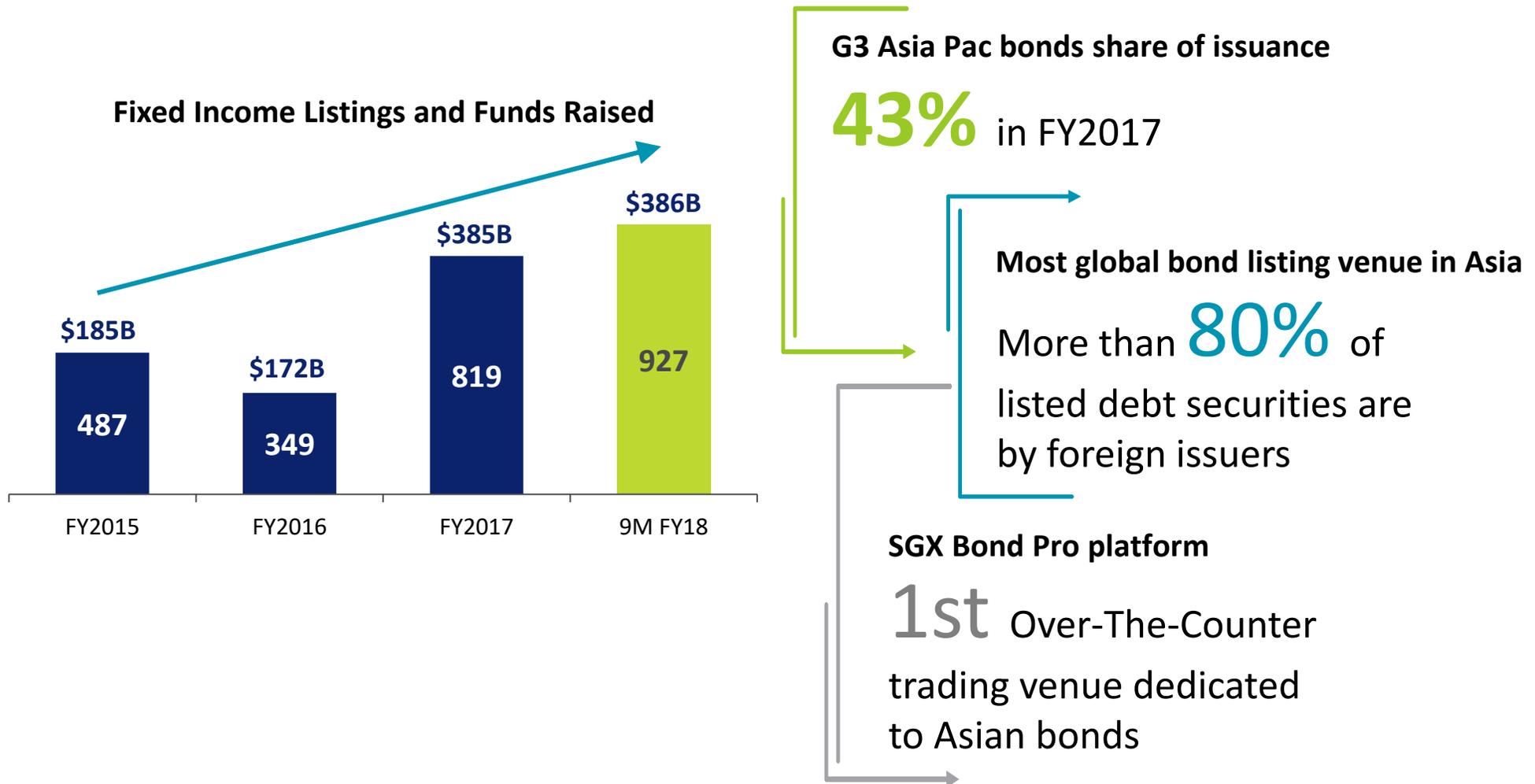
Connecting ~40 listed companies with ~200 investors every quarter



More than 30 articles published per quarter



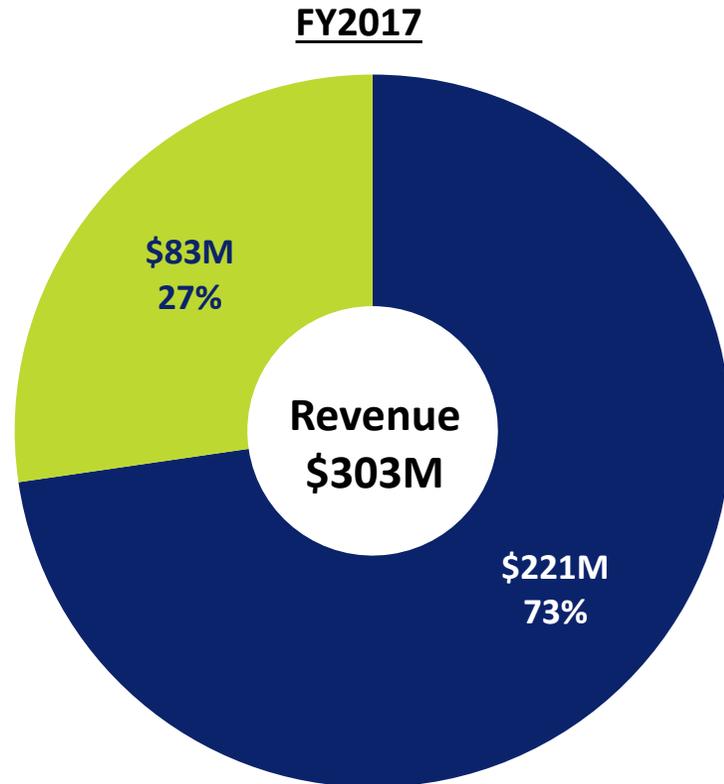
Increase In Fixed Income Listings And Market Share



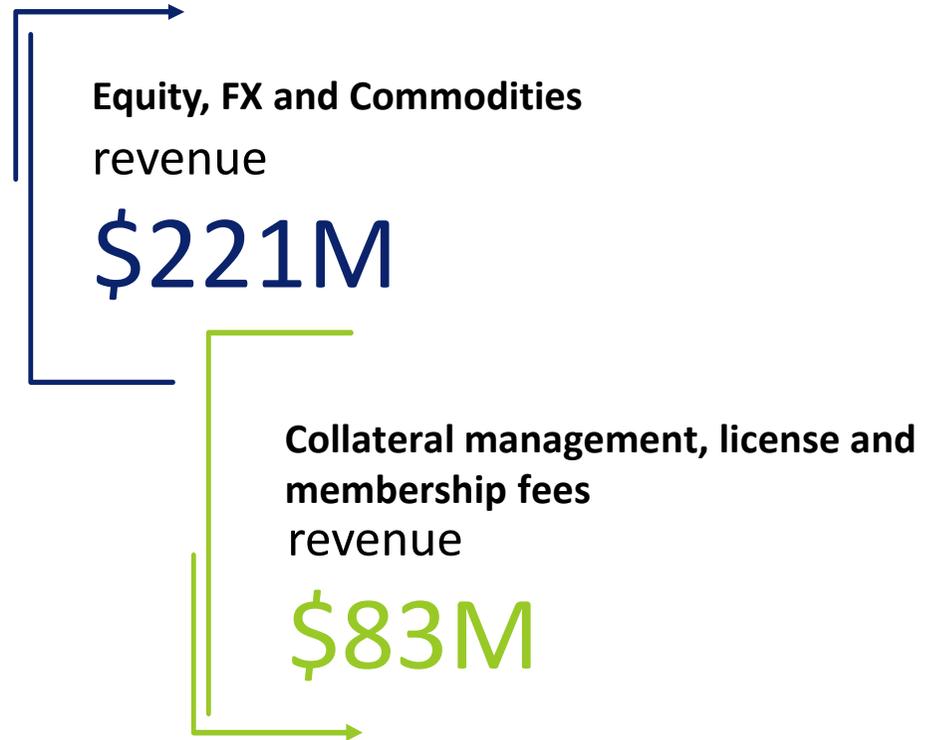
Derivatives

Overview

Derivatives



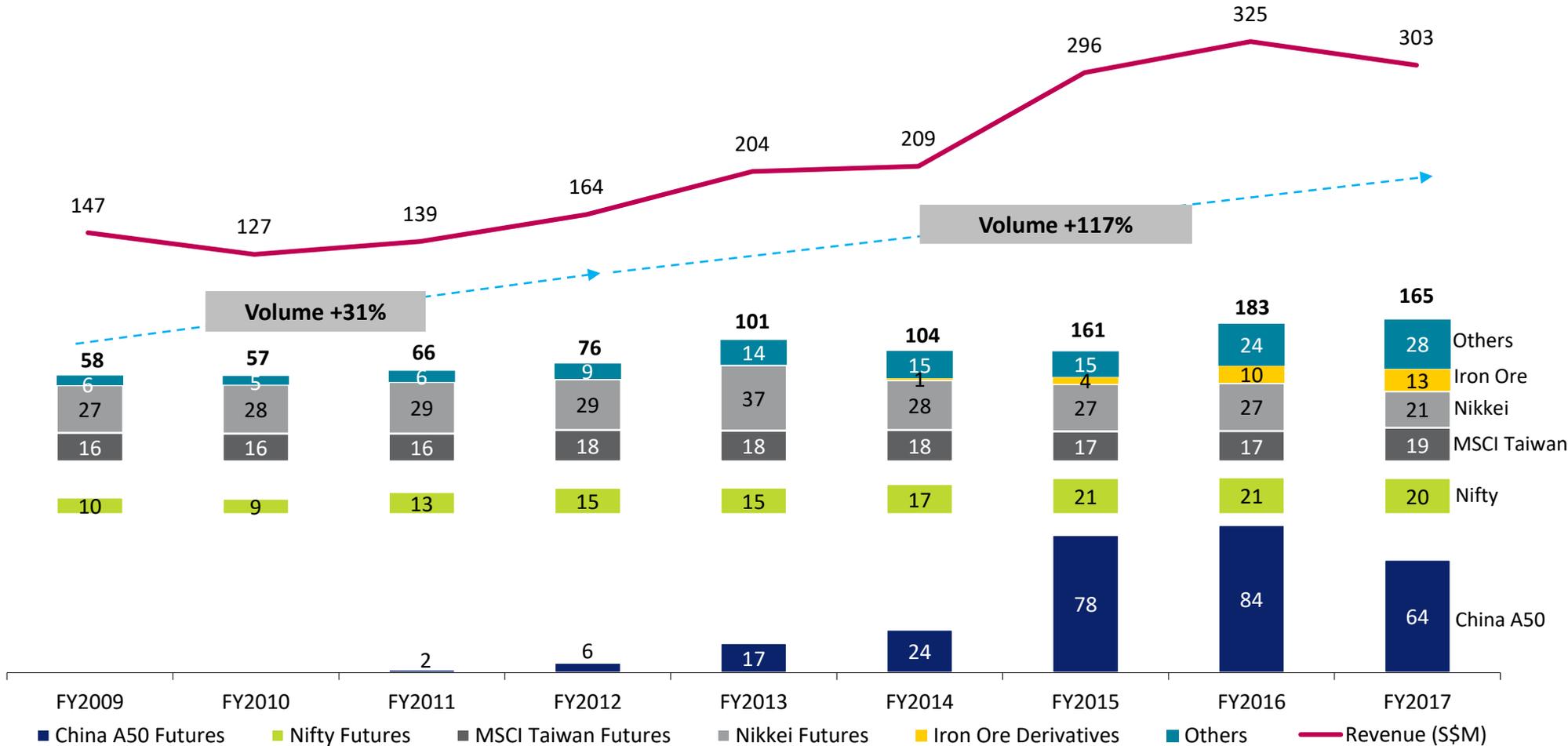
- Equity, FX and Commodities
- Collateral management, license, membership and others



Note: Numbers may be subject to rounding.

World's most liquid offshore market for Asian Derivatives

Growth of Derivatives (volumes and revenue in millions)



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 ¹	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

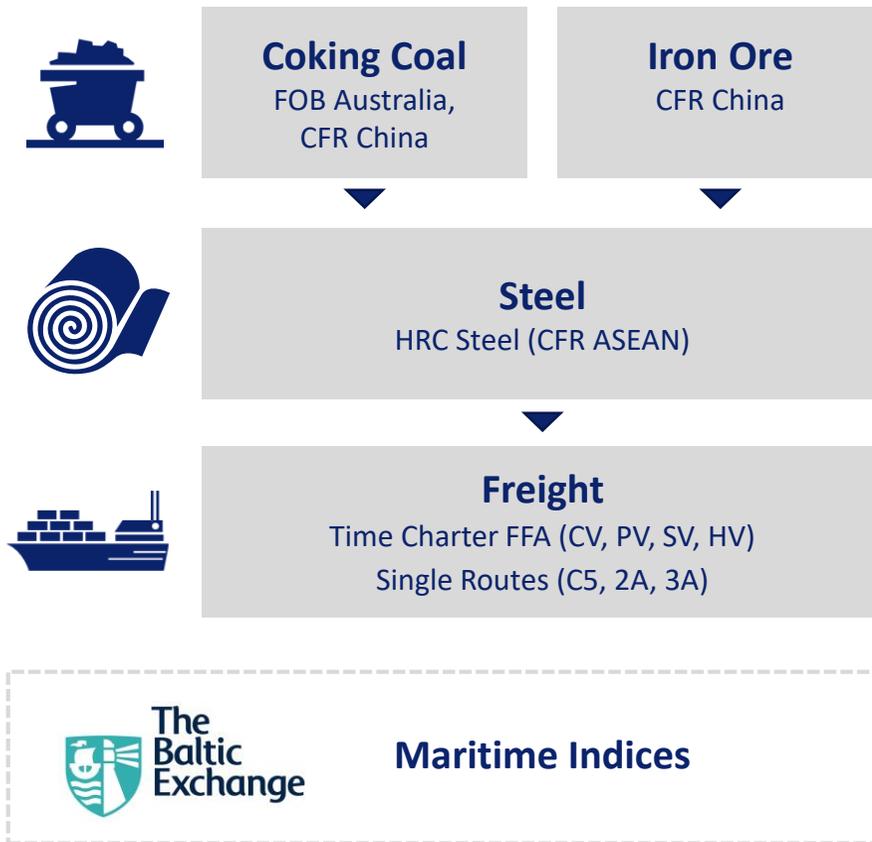
- An integrated Trading and Clearing System offering low-latency high-throughput and enhanced risk controls and system safeguards
- Round-the-clock trading
- Delivering Asia's broadest range of listed derivatives across China, Japan, India, Taiwan and ASEAN
- Efficient client connectivity by putting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

¹SGX will delist all Nifty products and replace the Nifty 50 and Nifty Bank products with a new series of India access products in June 2018. This will provide market participants the same ability to invest and maintain their risk exposure to the Indian capital markets.

Extensive Suite Of Commodities Products

Complements Singapore's commodities hub status

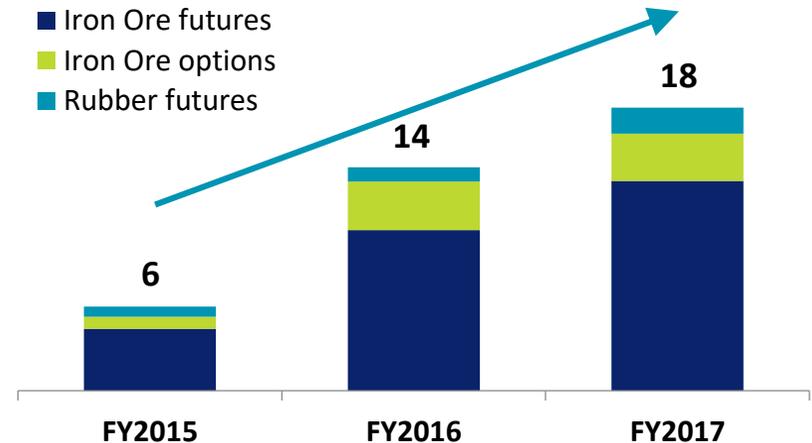
Price-Discovery Centre For The Steel Value Chain



Other Products In Commodity Franchise



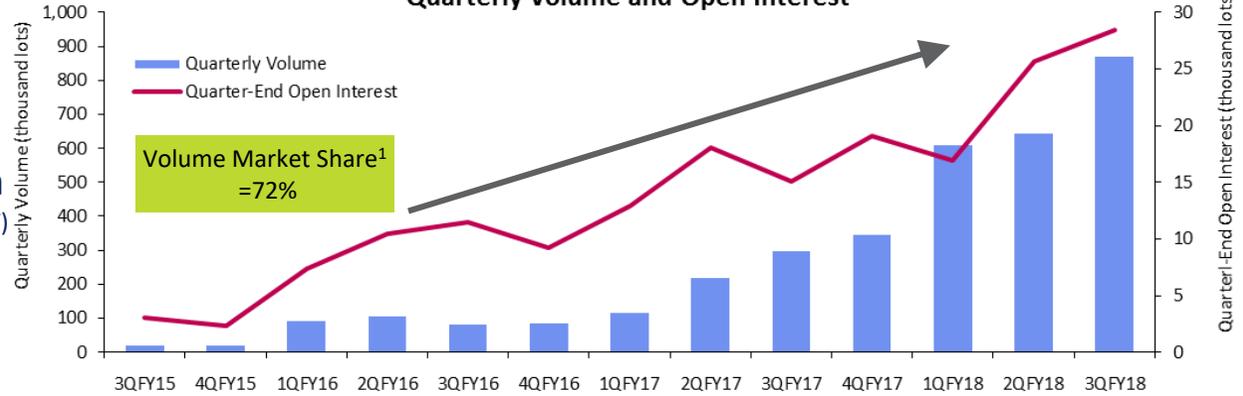
Total Volume of Contracts Traded (M)



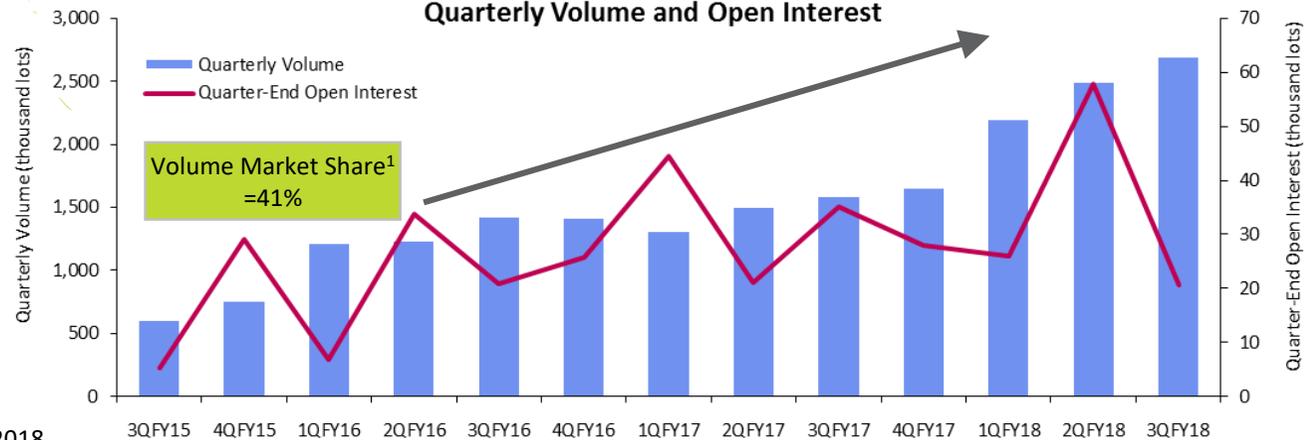
Liquid Currency Futures



SGX USD/CNH Futures
Quarterly Volume and Open Interest



SGX INR/USD Futures
Quarterly Volume and Open Interest



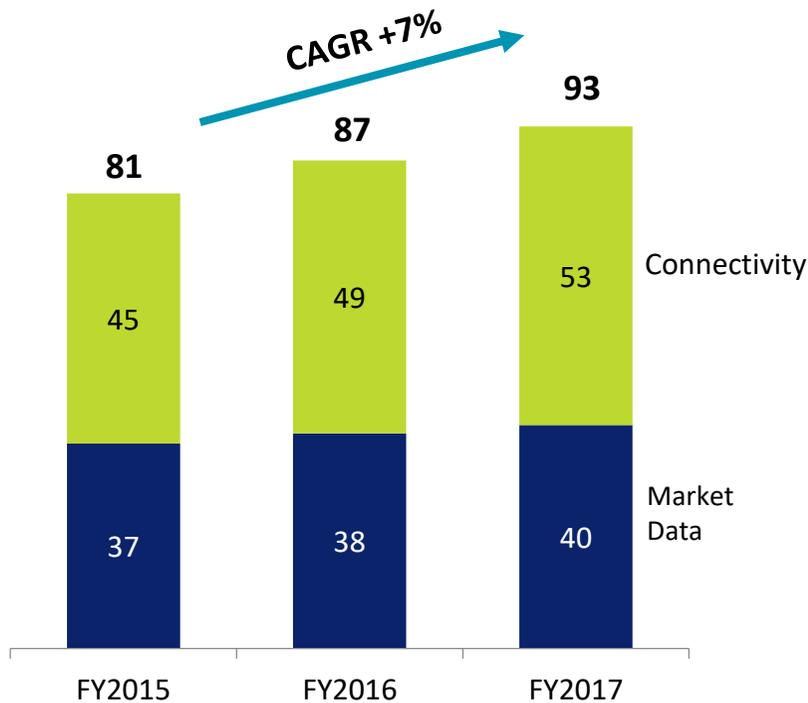
Note: Data as at 31 March 2018

¹Market share by volume for the quarter ended 31 March 2018

Market Data & Connectivity

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

Serving The Growing Needs Of Index Investing

- 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

Our Key Focus for FY2019



Building a multi-asset exchange



Size of Market

FX

- US\$5.1 trillion traded daily
- 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 CNH and > 40% market share in INR

Fixed Income

- Asia (ex-Japan) bond market of US\$14 trillion
- Shift towards electronic trading

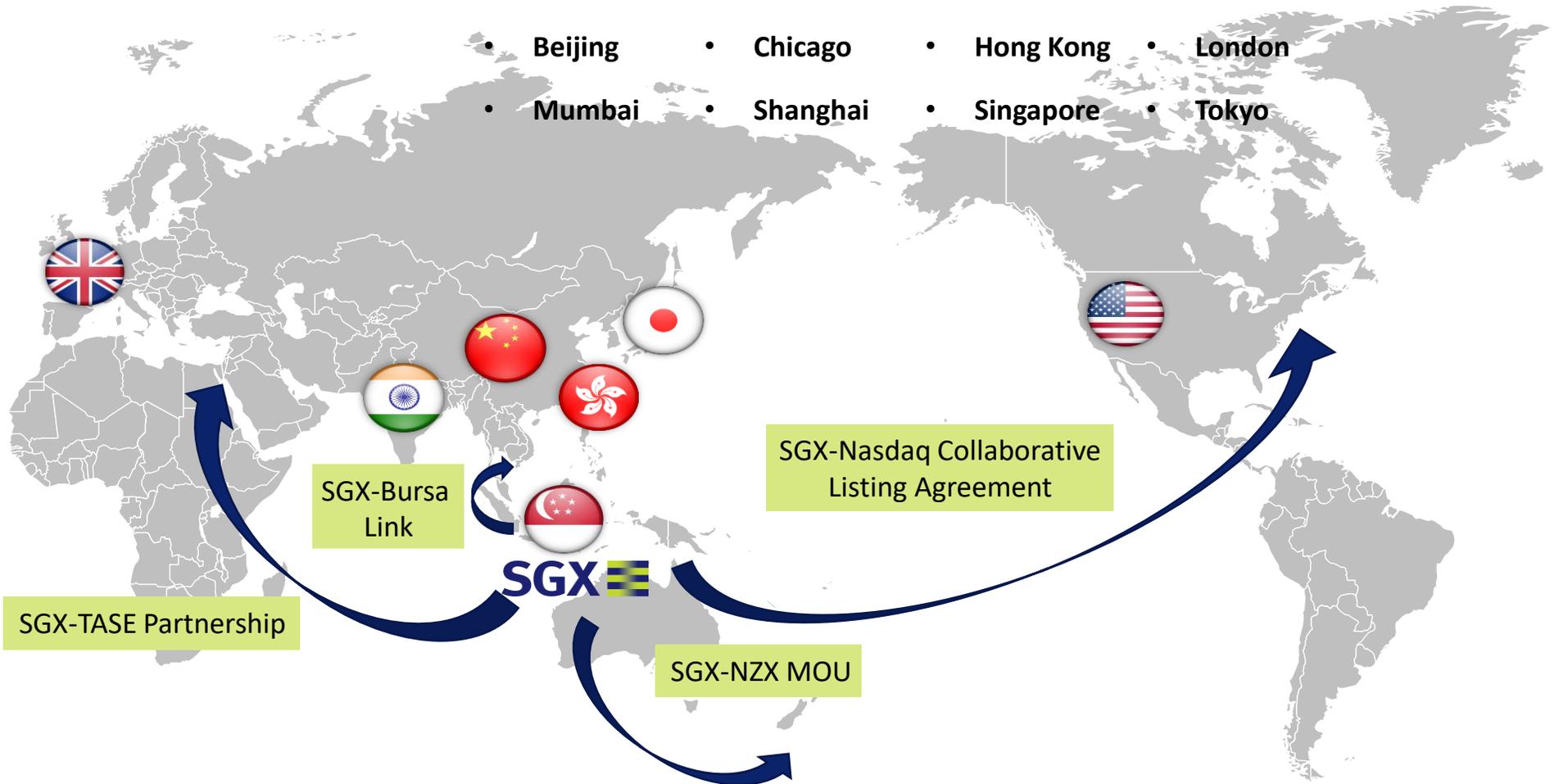
- Strong distribution network to institutional investors

- Leading exchange in Asia Pacific (APAC) with > 40% market share for listed G3 APAC bonds
- Launched SGX Bond Pro
- Assumed the General Counterparty role to enable the execution of client trades while maintaining full pre and post trade anonymity between trading counterparties

Leaving international footprint through our offices and partnerships

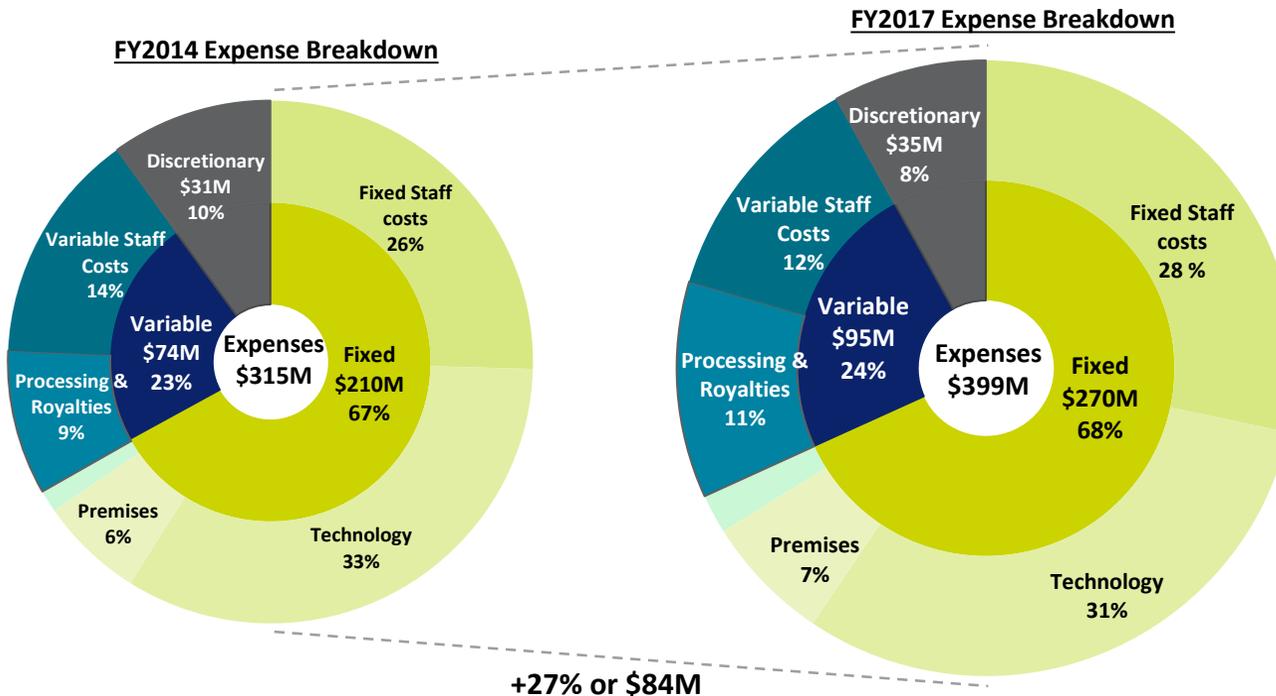
Our offices:

- Beijing
- Chicago
- Hong Kong
- London
- Mumbai
- Shanghai
- Singapore
- Tokyo



Expense breakdown by nature

- Investments in building capabilities, acquisitions and business growth
- 9M FY2018 expense of \$305M , up 5% from a year ago



- Fixed costs – 68%
Variable costs – 24%
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

Looking Ahead...

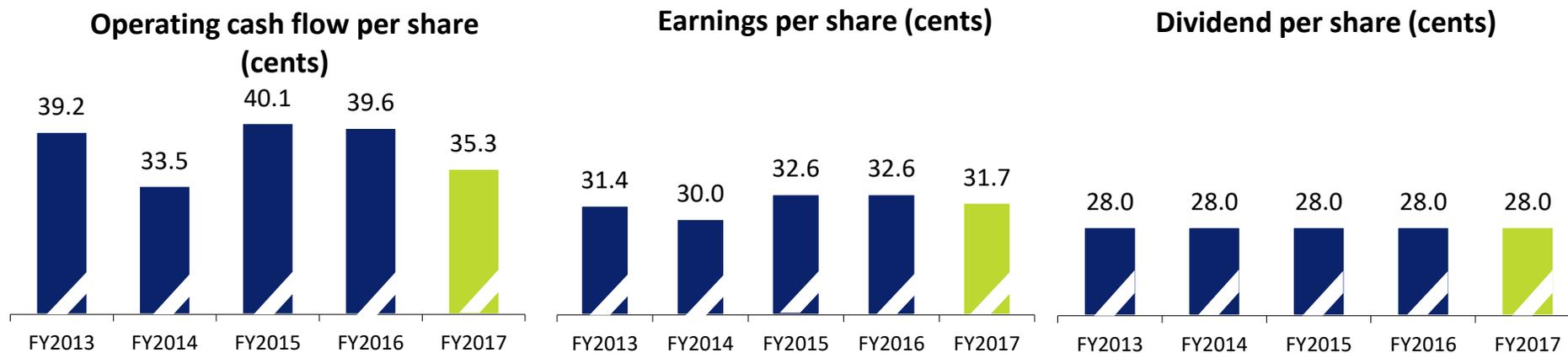
- We expect market activity to improve
- We will continue to build on our multi-asset offering and increase our servicing and marketing efforts across our domestic and international client base.
- Strengthen our global network through strategic partnerships and alliances
- Guidance for FY2018
 - Operating expenses will be between \$410M & \$420M
 - Technology-related capital expenditure will be between \$60M & \$65M



Financials

Financial Performance: Key Indicators (Recent years)

	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue (\$ million)	714	686	779	818	801
Operating profit (\$ million)	413	371	402	409	402
Operating profit margin	58%	54%	52%	50%	50%
Net profit (\$ million)	336	320	349	349	340
Return on equity	39%	35%	37%	36%	34%
Earnings per share (cents)	31.4	30.0	32.6	32.6	31.7
Dividend per share (cents)	28	28	28	28	28



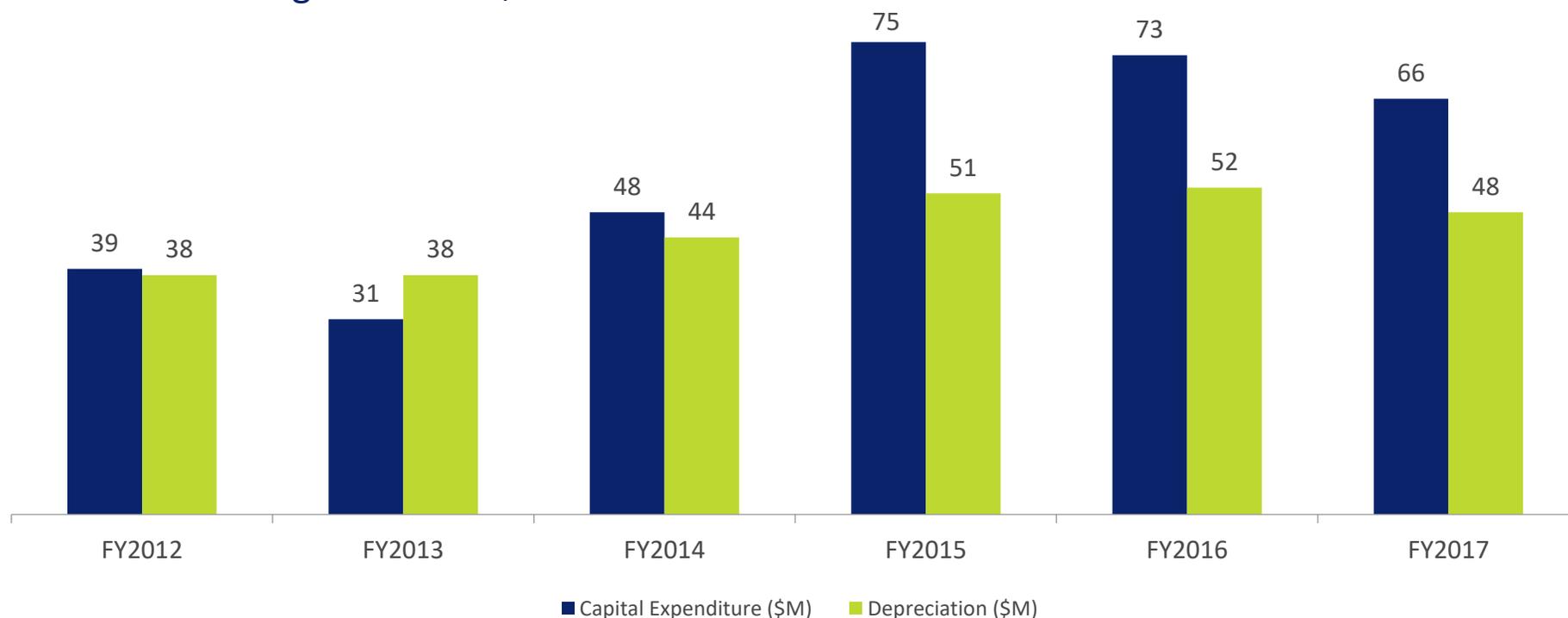
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

High operating margin business

Operating Income Margin Trends			
Segment	FY2015	FY2016	FY2017
Equities and Fixed Income	57.9%	55.6%	56.0%
Derivatives	44.5%	42.5%	39.7%
Market Data and Connectivity	46.3%	52.0%	58.9%

Technology CAPEX and Depreciation: Annual Trend

- FY2017 investments were mainly for the migration to a new secondary data centre, enhancements to our securities post-trade system, and improvements in operational resiliency.
- FY2018 CAPEX guidance of \$60-65M.



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

Third Quarter FY2018 Highlights

Revenue

- \$222M
- Up 10%

Expenses

- \$104M
- Up 5%

Operating Profit

- \$118M
- Up 15%

Net Profit

- \$100M
- Up 21%

Securities Trading

- \$90B total traded value
- Up 15%

Derivatives Trading

- 54M contracts
- Up 34%

Earnings Per Share

- 9.4 cents
- Up 21%

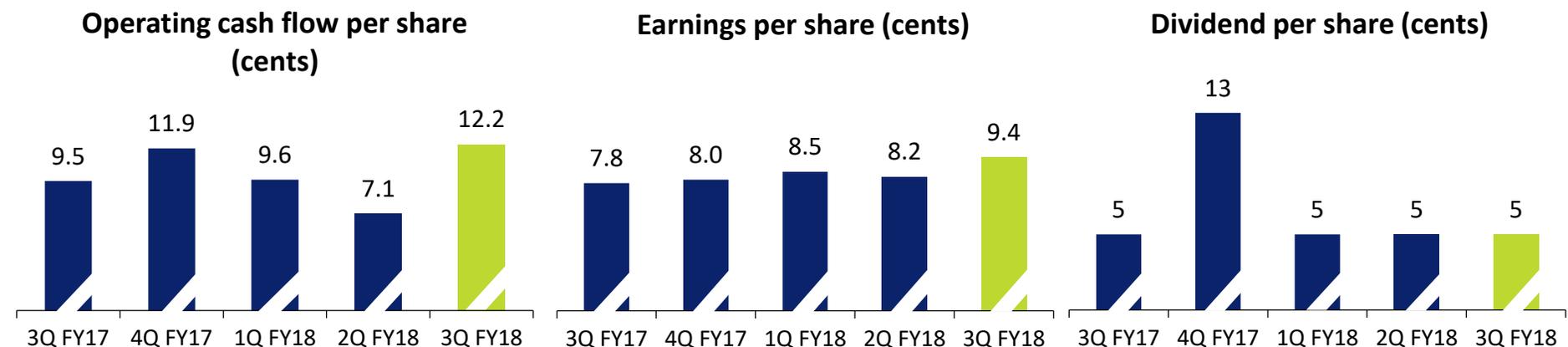
Dividend Per Share

- Interim dividend 5 cents per share
- Unchanged

- Strong quarter with Net profit of \$100M, up 21% from a year ago, up 14% quarter-on-quarter
- Securities traded value up 15% to \$90B. Derivatives traded volume up 34% to 54M contracts
- Earnings per Share – 9.4 cents, Dividend per share – 5 cents
- 9M YTD Net profit of \$280M, up 10%. Revenue of \$632M, up 7%; Expenses \$305M, up 5%

Financial Performance: Key Indicators (Recent quarters)

	3Q FY2017	4Q FY2017	1Q FY2018	2Q FY2018	3Q FY2018
Revenue (\$ million)	203	208	204	205	222
Operating profit (\$ million)	103	99	106	103	118
Operating profit margin	51%	48%	52%	50%	53%
Net profit (\$ million)	83	85	91	88	100
Return on equity	36%	34%	38%	37%	37%
Earnings per share (cents)	7.8	8.0	8.5	8.2	9.4
Dividend per share (cents)	5	13	5	5	5



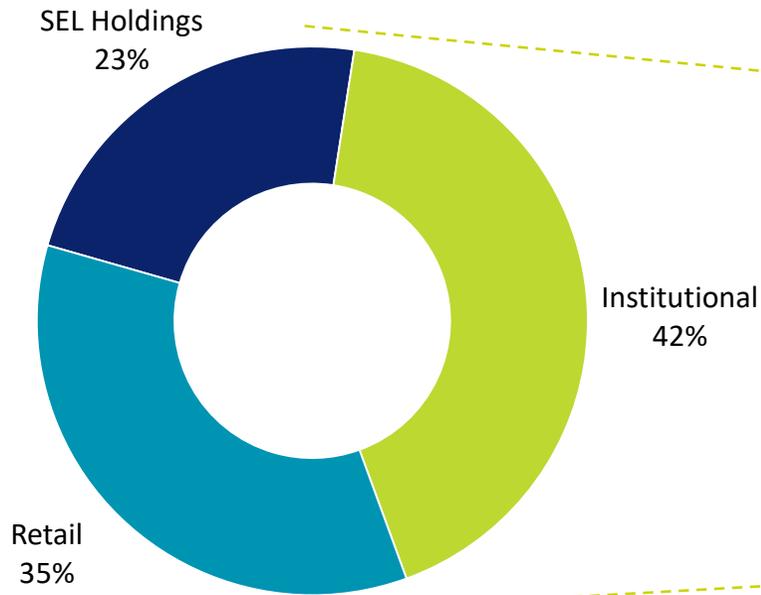
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Appendix

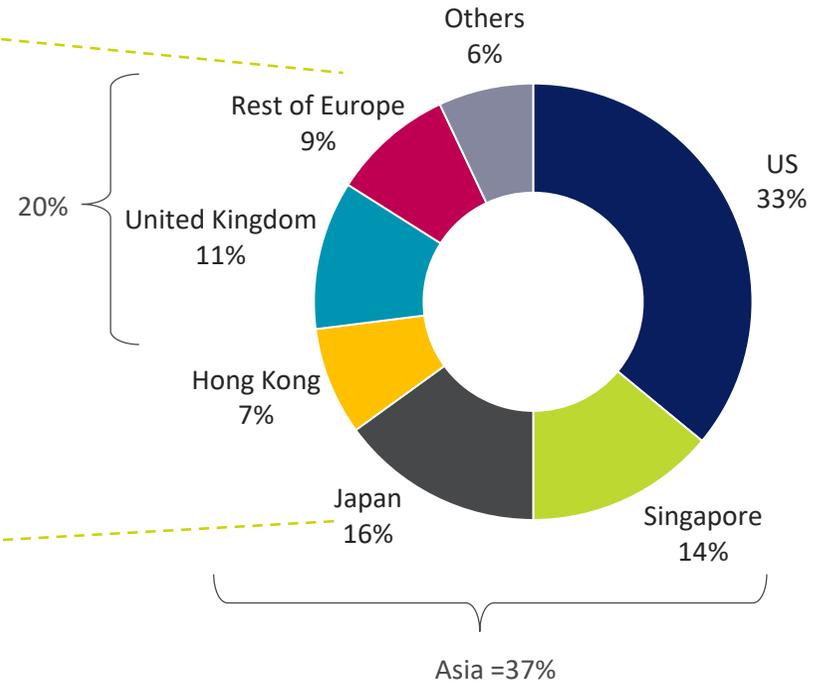
SGX Shareholders' Profile

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

SGX Shareholder Composition¹



Institutional Shareholding by Geography



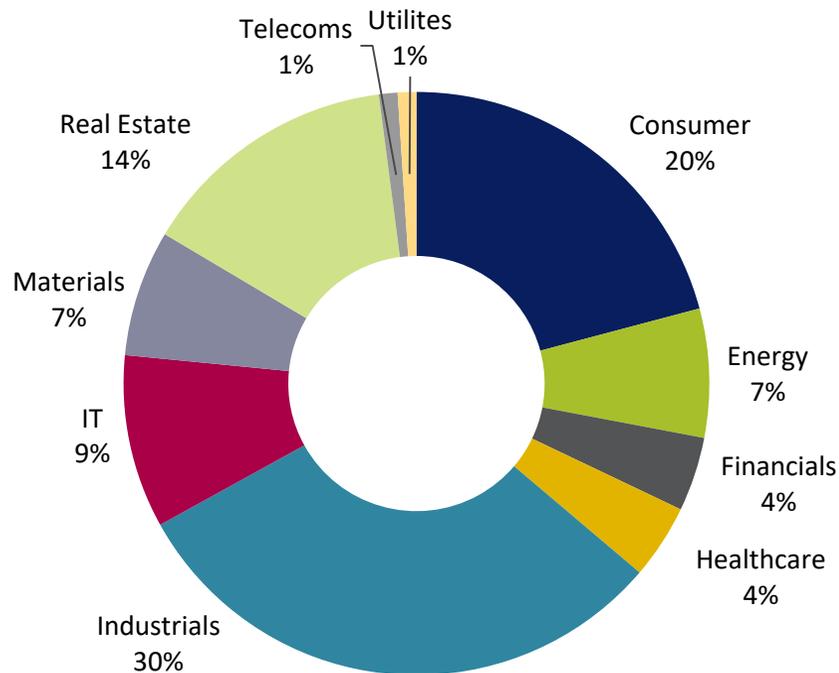
¹As at 31 March 2018

Diversity of Industries on SGX

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

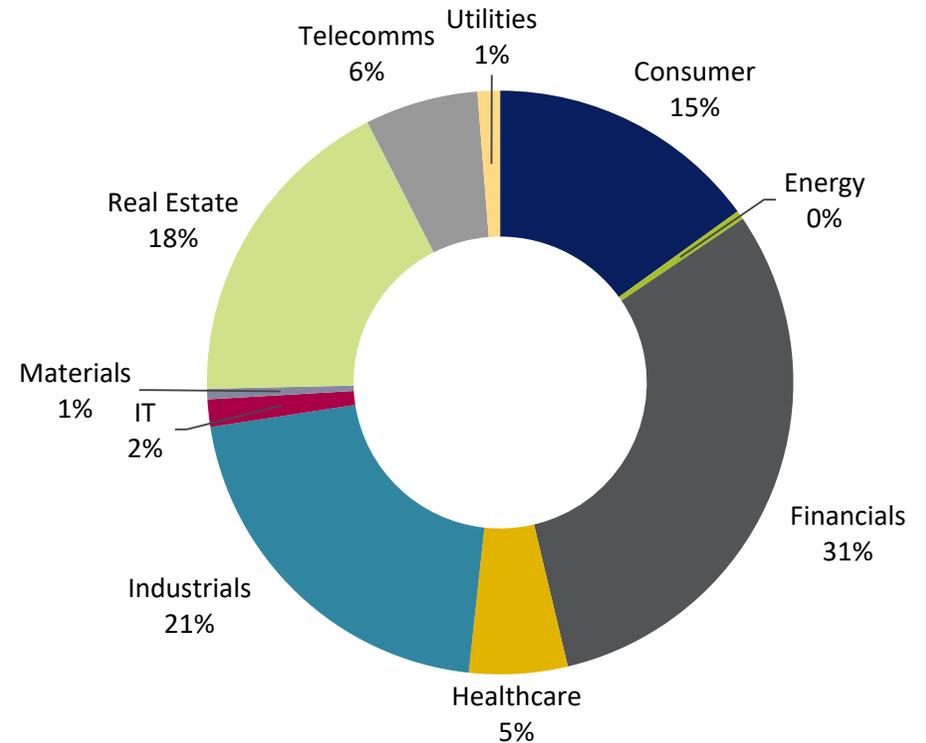
Breakdown by Number of Companies

745 companies in total



Breakdown by Market Capitalisation

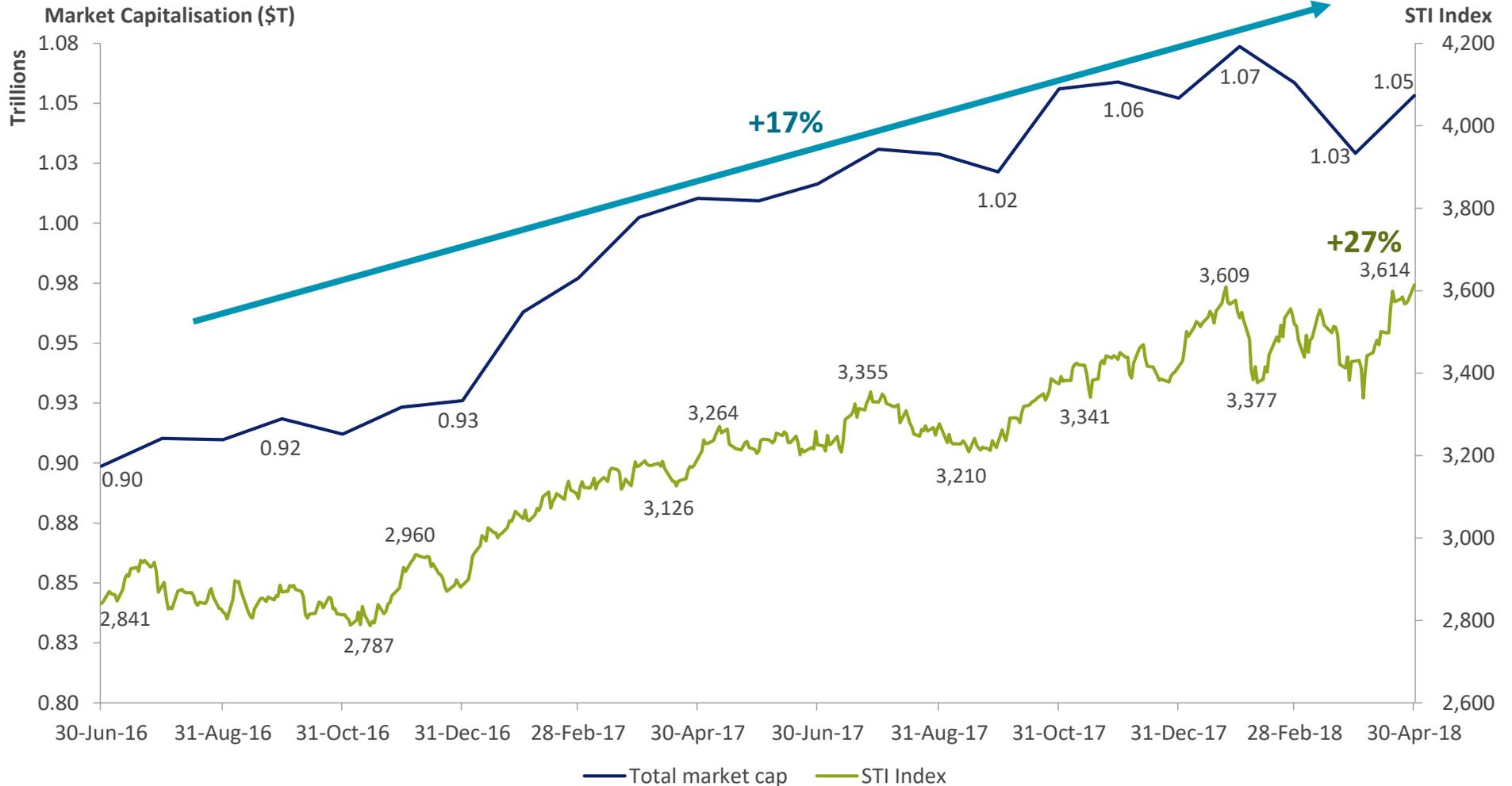
US\$783 billion in total



Note: Companies without GICs Sector Classification not included
Source: Singapore Exchange & Bloomberg (Mar 2018)

Growth of Market Capitalization & STI Index

Overall market capitalization grew 17% since 30 June 2016. STI Index rose 27% over the same period.



Thank You

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