

# Maybank Kim Eng's Invest ASEAN 2021 Singapore Week

21 June 2021

Singapore Exchange



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# Who we are

# Diversified exchange group

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.

- High operating margin of 54% and EBITDA margin of 62% in FY2020
- High ROE of 40% and Operating cash flow of 58 cents per share
- Dividend of 30.5 cents per share in FY2020, going forward, annualised quarterly dividend will be 32 cents per share
- Most liquid international market for pan-Asian listed derivatives
- Most international exchange in Asia with over 40% 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

# Evolution of SGX

Early days of developing Asia



International investors seeking Asian opportunities



Electronification of global markets, growth of passive investing



Asia leads in global growth, climate challenges brought to fore in a COVID-19 world

**MERGE** securities and derivatives business for scale



**FACILITATE** safe and efficient flow of global capital investing in Asia and vice versa

Welcome to Asia, with Global Reach

SGX is the best place for Asian companies and investors to connect to global capital and for global investors and companies to connect to Asian growth.

SGX The Asian Gateway

SGX Commodities  
SGX Derivatives  
SGX Fixed Income

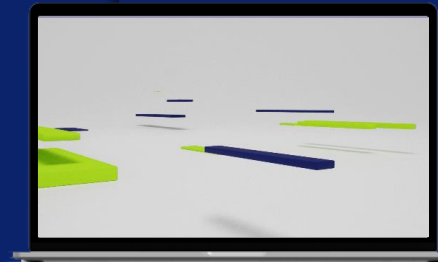


**DIVERSIFY** into new asset classes, serving clients end-to-end

SGX FX  
SGX Indices  
SGX Securities



**EXPAND** partnerships, clients, geographies and companies



**SGX Group**

A sustainable ecosystem facilitating multiple points of access to growth



# SGX's strategy captures opportunities from macro trends



Low interest rate environment



Inflation concerns



Sustainability and climate change



Electronification of OTC markets



Growth of passive investing

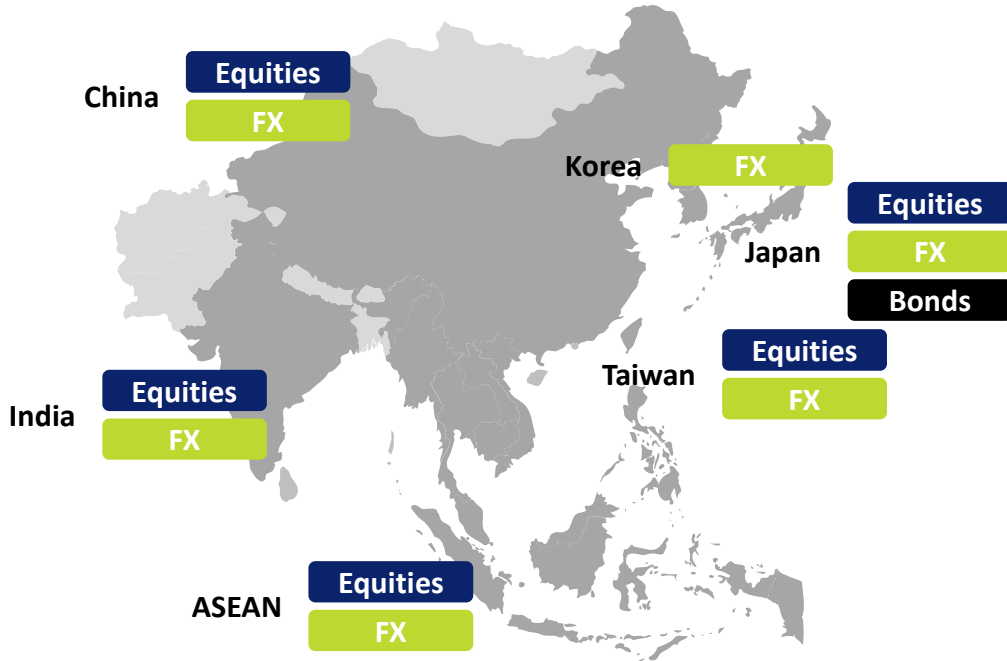


Asia leads in global growth

# Asia is the new epicentre of international expansion

Our presence across 16 cities globally

Broad waterfront covering close to 100% of Asia's GDP

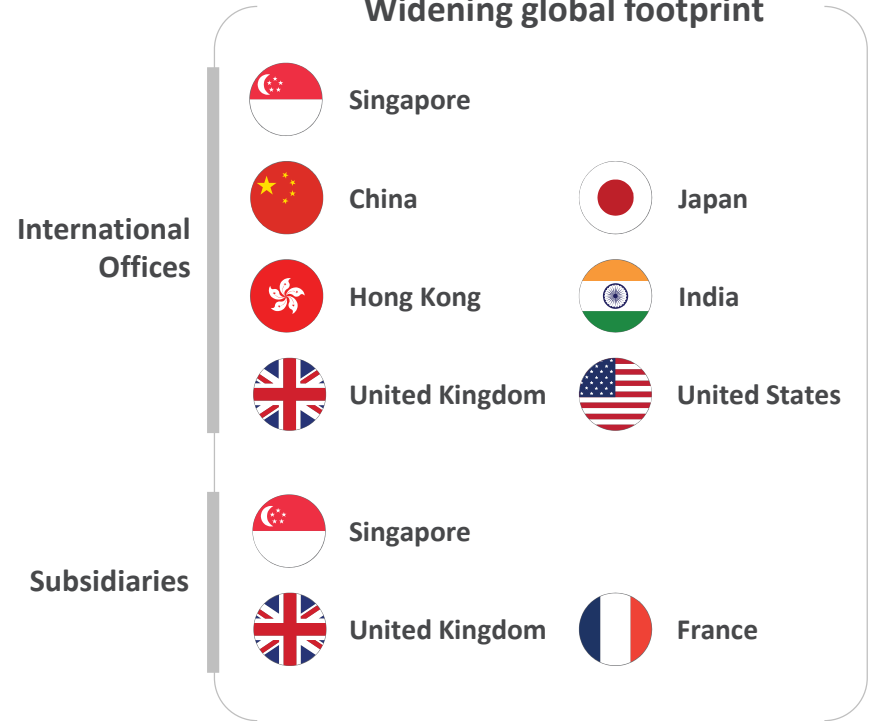


Asia's most global and diversified listing venue

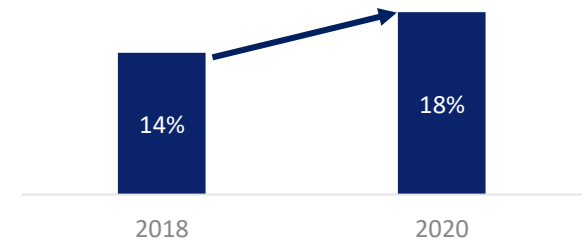
> 40% foreign listed companies

> 80% foreign listed bonds

Widening global footprint



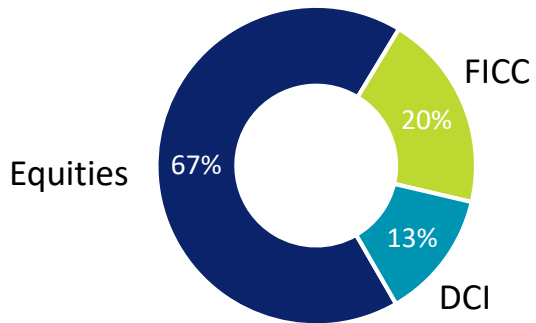
T+1 volume (% of total volume)



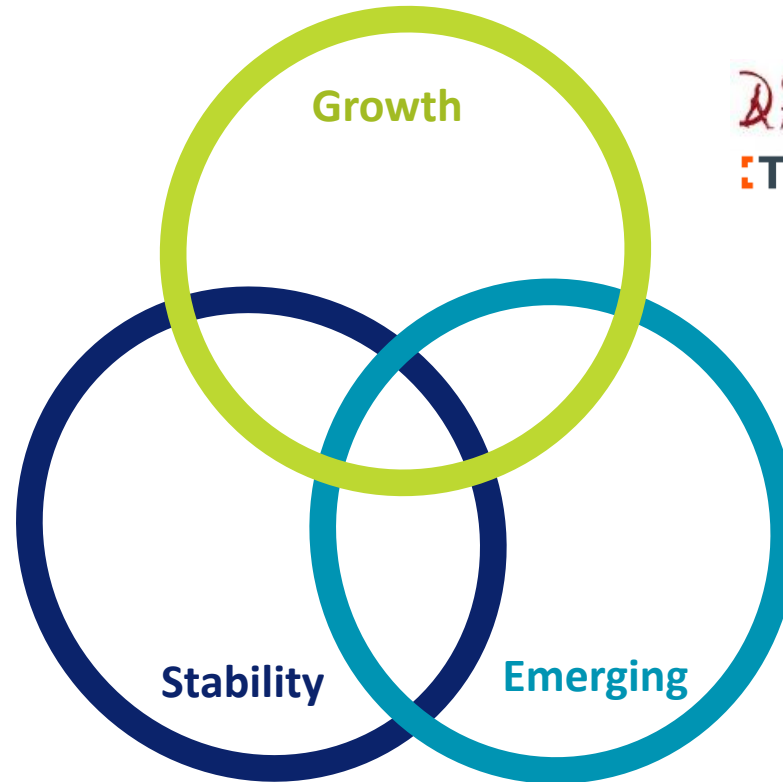
# SGX occupies an investment 'sweet spot'

Exposure to Asian opportunities combining solid core businesses, exciting growth engines and emerging opportunities.

1H FY2021 Revenue



FICC and DCI contributed to 33% of revenue in 1HFY2021, up from 20% in FY2015





# Four business and client units (from 1 July 2019)

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

## Fixed Income, Currencies and Commodities (FICC)

- Fixed Income Listing & Trading
- Trading & Clearing of Pan-Asian currency and commodity derivatives



## Equities

- Equity Listings
- Trading & Clearing of Pan-Asian equity index derivatives, cash equities, ETFs, Structured Warrants, REITs, DLCs, etc.
- Delivery, Settlement and Custody of securities



## Data, Connectivity and Indices (DCI)

- FICC and Equities market data
- API and Co-location connectivity
- Development and bespoke calculation of indices



## Global Sales and Origination (GSO)

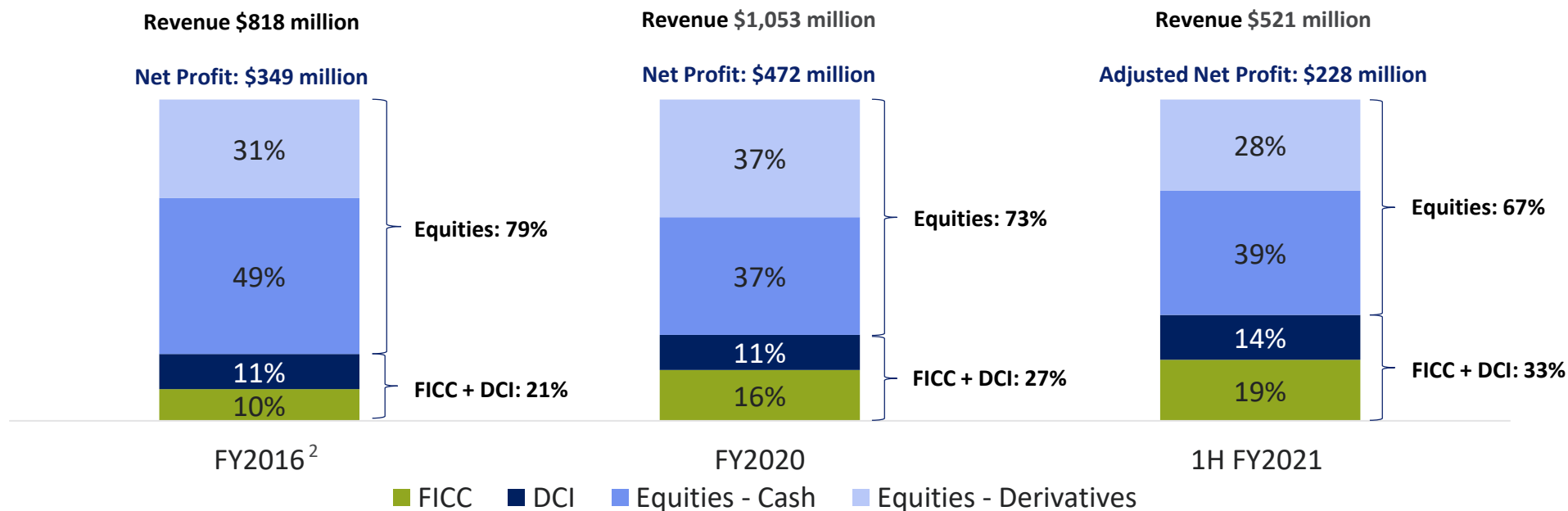
- Nine international offices and specialist sales teams



# Diversified and growing business

- Diversified revenue streams from cash equities, pan-Asian derivatives and market data / connectivity
- Growth largely driven by derivatives<sup>1</sup> with revenue contribution increasing from 40% to 49% between FY2016 and FY2020
- Net profit grew 8% per annum over same period
- FICC and DCI contribution increased from 21% in FY2016 to 33% in 1H FY2021

## Revenue Breakdown



Note: Figures may be subject to rounding <sup>1</sup> Derivatives include equity, currency and commodity futures and options <sup>2</sup> Internal determination

# Our strengths as a multi-asset marketplace

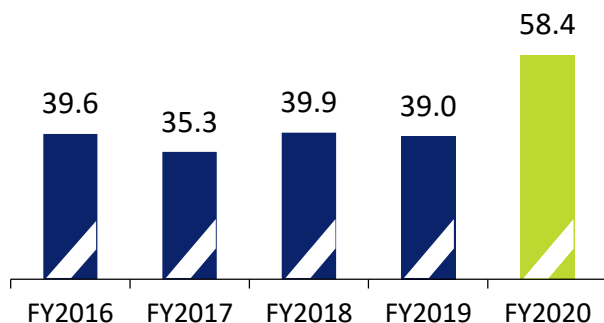


# Robust financials

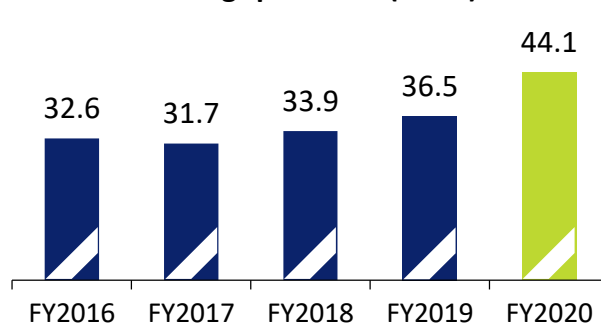
- High EBITDA margin, operating profit margin and ROE of 62%, 54% and 40% respectively
- Dividend of 30.5 cents per share

	FY2016	FY2017	FY2018	FY2019	FY2020
Revenue (\$ million)	818	801	845	910	1,053
EBITDA (\$ million)	469	460	486	524	656 <sup>1</sup>
EBITDA margin	57%	57%	58%	58%	62%
Operating profit (\$ million)	409	402	425	461	566
Operating profit margin	50%	50%	50%	51%	54%
Net profit (\$ million) attributable to SGX	349	340	363	391	472
Return on equity	36%	34%	34%	36%	40%

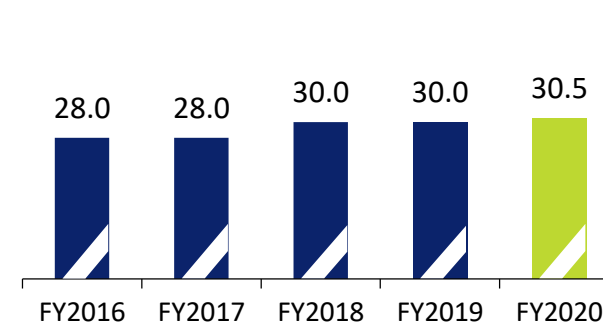
Operating cash flow per share (cents)



Earnings per share (cents)



Dividend per share (cents)



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

# Advancing to the next phase of our growth strategy with our customers

- Well-placed to meet investment and risk management needs of our customers through our multi asset strategy

## Fixed Income, Currencies & Commodities (FICC)

- Platform for OTC and on-exchange FX through BidFX
- Build Asian NDF volume and G10 Spot and Swaps
- Financialisation of our commodities suite

## Equities

- Expand suite of Equity Derivatives
- Develop ESG-related investment opportunities
- More single stock futures and structured products

## Data, Connectivity & Indices (DCI)

- New indices in sustainable capital and finance
- Expand range of iEdge and Scientific Beta thematic indices

## Global Sales & Origination (GSO)

- New customer acquisition and cross-selling
- Grow distribution through partnerships
- Targeted sales strategy

## Sustainability

We launched SGX FIRST, Asia's only multi-partner, multi-asset exchange-led sustainability platform, facilitating collaboration within our ecosystem to catalyse change and deliver growth in a sustainable manner

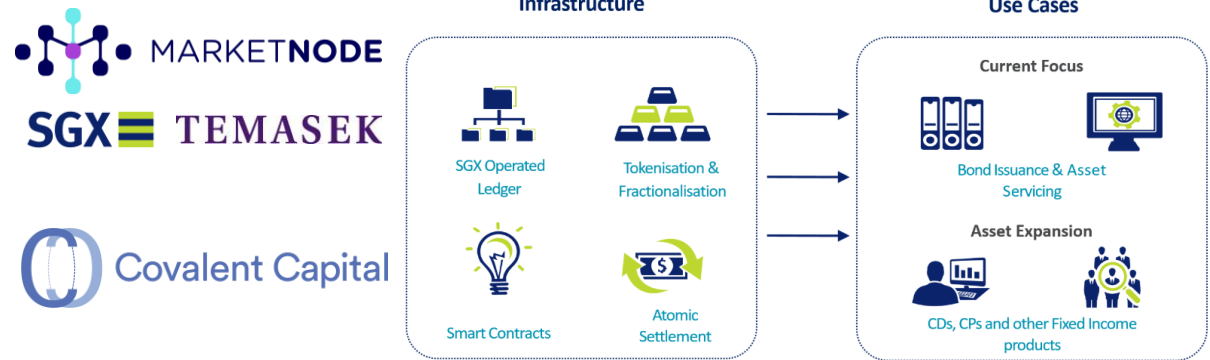
# Fixed Income, Currencies and Commodities (FICC)

# We are driving the digitalisation of fixed income capital markets across issuance, custody, depository and trading

Asia's most global and diversified listing venue



Advancing digital asset infrastructure in capital markets



Enhancing liquidity and execution in the Asian bond market for global clients

TRUMID XT | SGX TEMASEK | TRUMID | Hillhouse Capital

- Diverse participant base across Asia Pacific, UK, Switzerland and the Middle East
- Advanced technology and rich analytics
- General Counterparty solution for competitive trade execution and increased operational efficiency

# Largest and fastest growing currency futures exchange in Asia

Currencies

## Size of Market

- Largest financial market globally with US\$6.6 trillion traded OTC daily
- Asian NDFs is a US\$153 billion market that has potential to be futurised
- Regulatory trends favour shift to on-exchange clearing

## Singapore

- Largest FX center in Asia Pacific, third largest globally
- US\$633 billion traded OTC daily
- Leading global trading venue for key Asian currencies

## SGX

- Diverse Asian currency suite of 24 currency futures and 2 options contracts
- >80% market share in USD/CNH and > 60% market share in INR/USD
- Notional on-exchange FX ADV of US\$5.9B in FY20
- Innovative FlexC FX futures feature

### Key SGX Highlights

**24**

Futures

**2**

Options

Diverse Asian FX suite

**124%**

Total Volume – CAGR  
Nov 13 – Apr 21

**US\$10.5Bn**

Open Interest value  
(Apr 2021)

**~US\$1.4T**

Notional value up 8.9% y-o-y traded in 2020



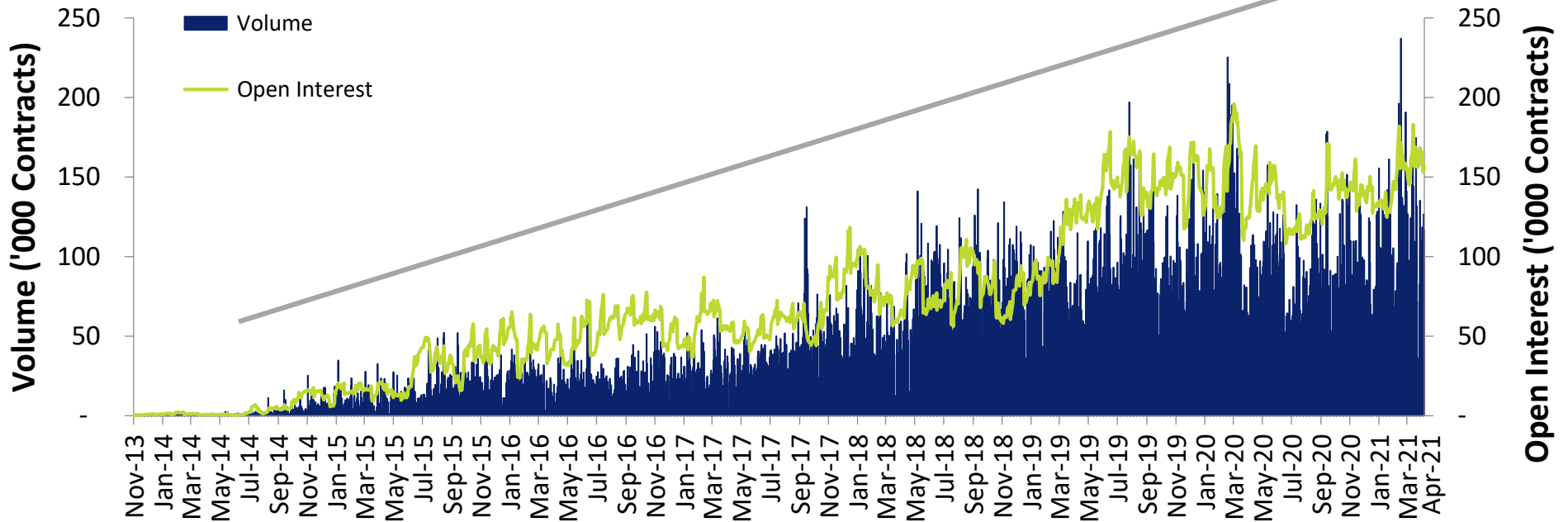
Expanding Network



# Currency Futures as a growth driver

124% volume CAGR since November 2013

## SGX Currency Futures – Total Daily Volume & Open Interest



Asia's Best FX Exchange & Clearing House – by FX Week (2018 and 2019)



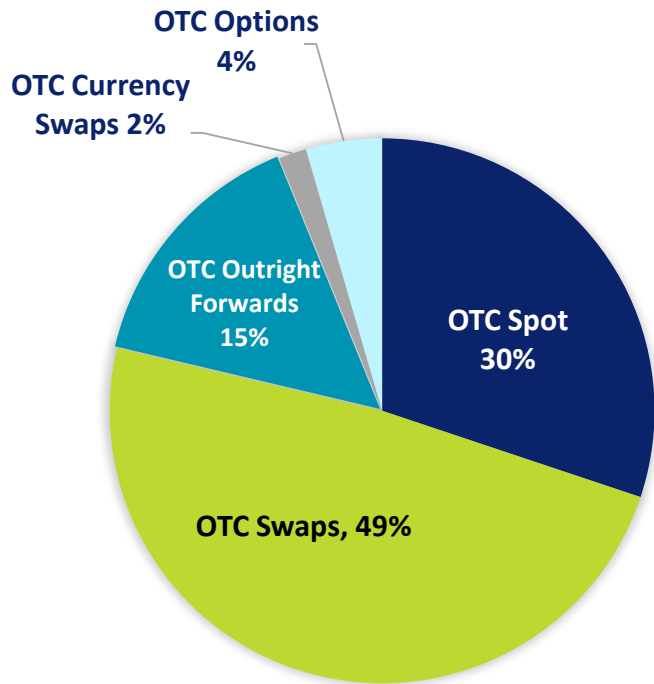
Best exchange for FX – by FX Markets (2020)

Note: Data as at 25 May 2021

# BidFX provides SGX opportunity to target a larger OTC FX market

OTC FX Trading in 2019: US\$6.6 trillion traded daily  
 Exchange-traded FX derivatives 2019: US\$0.16 trillion traded

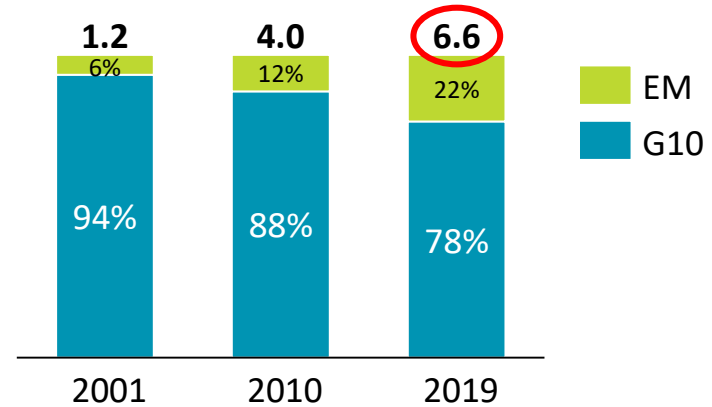
## Global OTC FX Trading in 2019 – by instrument type



## Synergistic opportunities from BidFX’s strengths:

- Asian NDF
- G10 Spot & Swaps
- International footprint

## OTC FX: Increasing growth of EM currencies<sup>1</sup> US\$ Trillion ADV, 2001-2019



Source: BIS Triennial Central Bank Survey 2019 and SGX estimates

1. EM currencies are defined by BIS as EME currencies, which include non-EM currencies such as SGD and HKD even though these are not classified as “emerging” economies. Adjusted for local and cross-border inter-dealer double counting (i.e. net-net basis). Excludes exchange-traded derivatives.

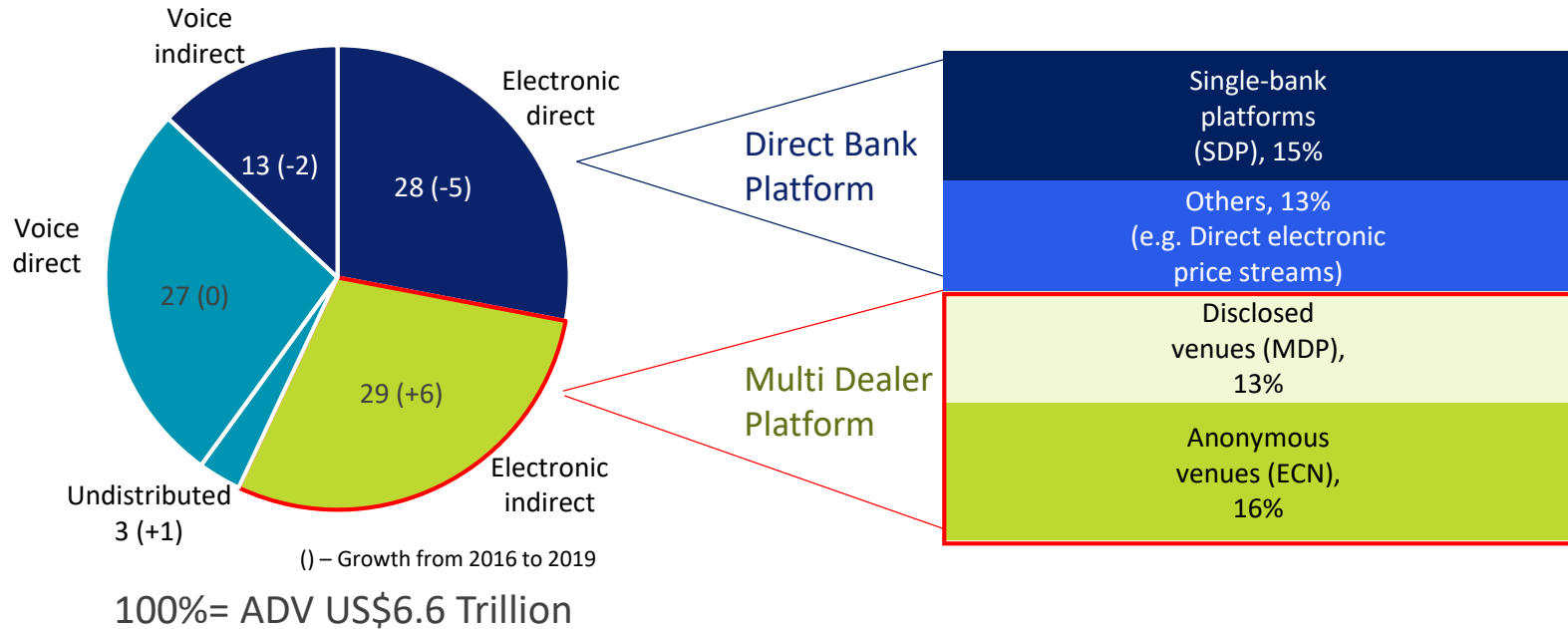
# Potential to capture greater electrification of FX market

BidFX is positioned as a buy-side Multi-Dealer Platform (MDP), which has gained 6% share since 2016

Breakdown of FX volumes by Execution Methods  
Percentage shares in total turnover

Broad voice and electronic execution methods (%)

Breakdown of electronic execution methods (%)

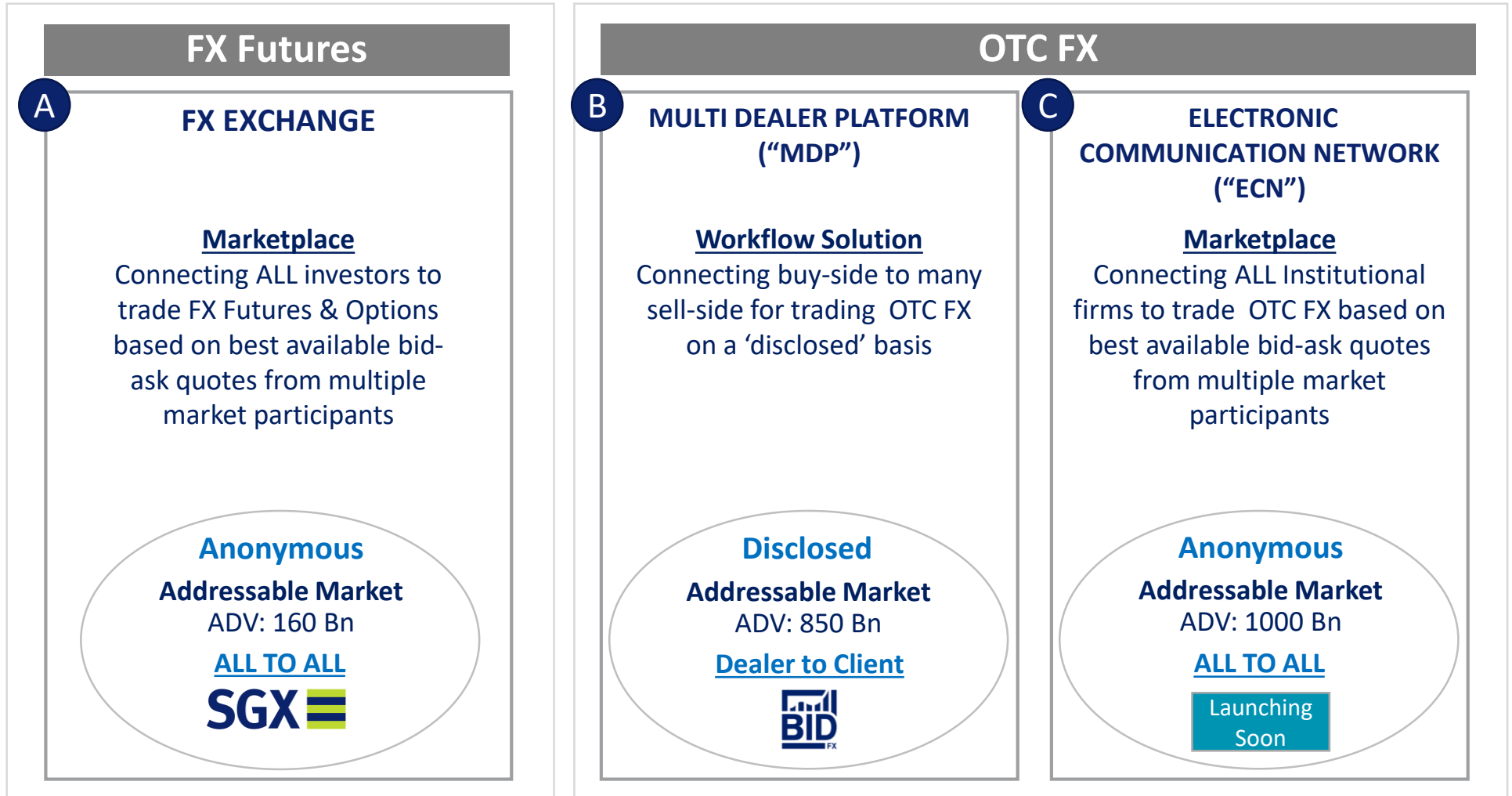


**SDP:** Single Dealer Platform, individual bank proprietary trading which only allows clients to trade with the bank

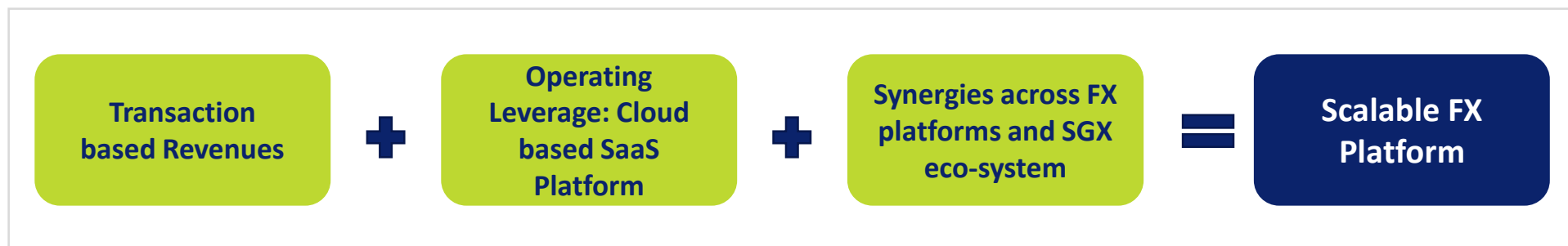
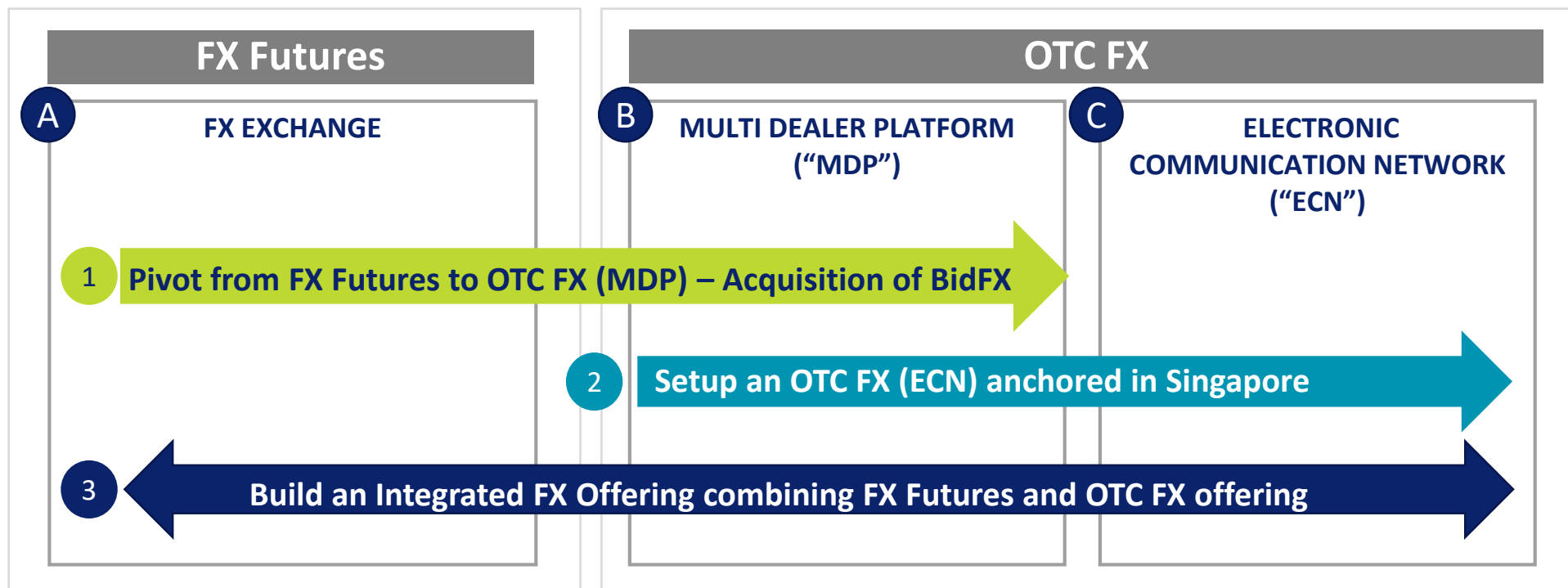
**MDP:** Multi-Dealer Platform, electronic venue (usually 3<sup>rd</sup> party) for clients to access liquidity from many banks

**ECN:** “Electronic Communication Network” that automatically matches buy and sell orders on an anonymous basis and provides direct access to market participants. It resembles the ‘exchange’ trading model

# SGX is pursuing three distinct FX opportunities

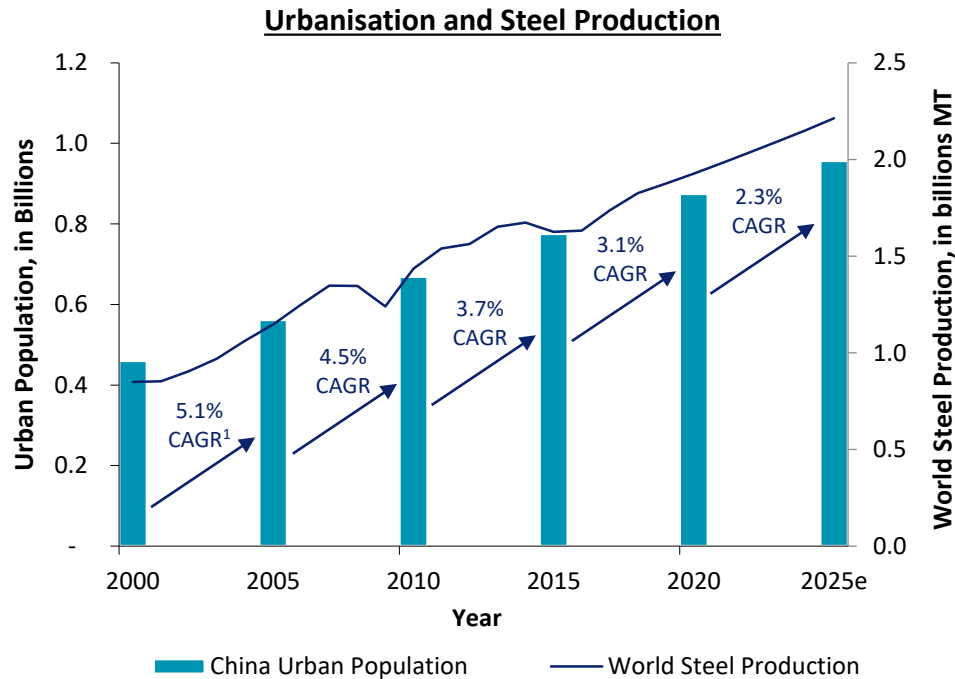


# Three-pronged strategy to build an integrated and scalable FX platform



# Extensive Suite Of Commodities Products

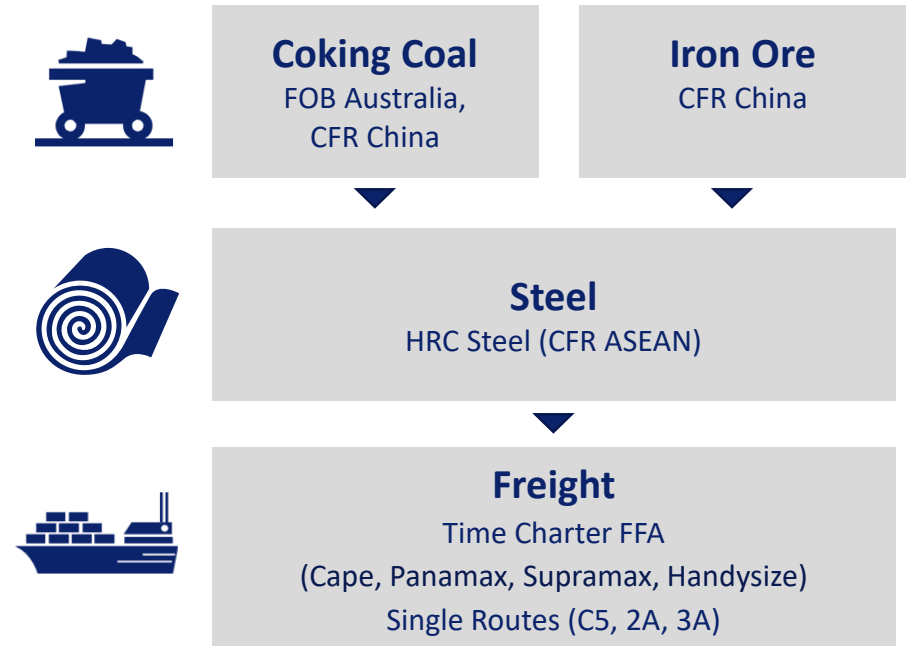
- Complements Singapore's commodities hub status
- Demand for industrial commodities set to continue amid sustained urbanisation



Source :  
 UN Population Division, <https://population.un.org/wup/DataQuery/>  
 Steel production statistics: World Steel Association

<sup>1</sup> CAGR in chart relates to growth of China's Urban Population

## Price-Discovery Centre For The Steel Value Chain



# The leading offshore Iron Ore risk management hub

	Size of Market 	Singapore 	SGX 
<b>Iron Ore</b>	<ul style="list-style-type: none"> <li>▪ Largest in the metal market by tonnage</li> <li>▪ Notional value of &gt;US\$115B traded annually in the physical market</li> <li>▪ Asia's first truly global commodity, with China a major consumer</li> <li>▪ Increasing financialisation of Iron Ore</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leading merchant hub for commodities houses with ~140 metals and mineral companies</li> <li>▪ Include top iron producers e.g. Vale, Rio Tinto, BHP Billiton</li> </ul>	<ul style="list-style-type: none"> <li>▪ Global pricing and risk management centre</li> <li>▪ Cleared 2.1 billion MT of iron ore in 2020</li> <li>▪ Offers a complete iron ore suite: 58% Fe, 62% Fe, 65% Fe, lump Fe</li> <li>▪ Steel value chain incorporating coking coal and freight</li> </ul>

## Key SGX Highlights

**2.1 billion MT**

cleared in CY2020

**> 99%**

market share of international iron ore volumes cleared

**Fe 65%**

New high-grade Fe futures contract

**1.5x**

of paper to physical ratio

**Potential to grow**

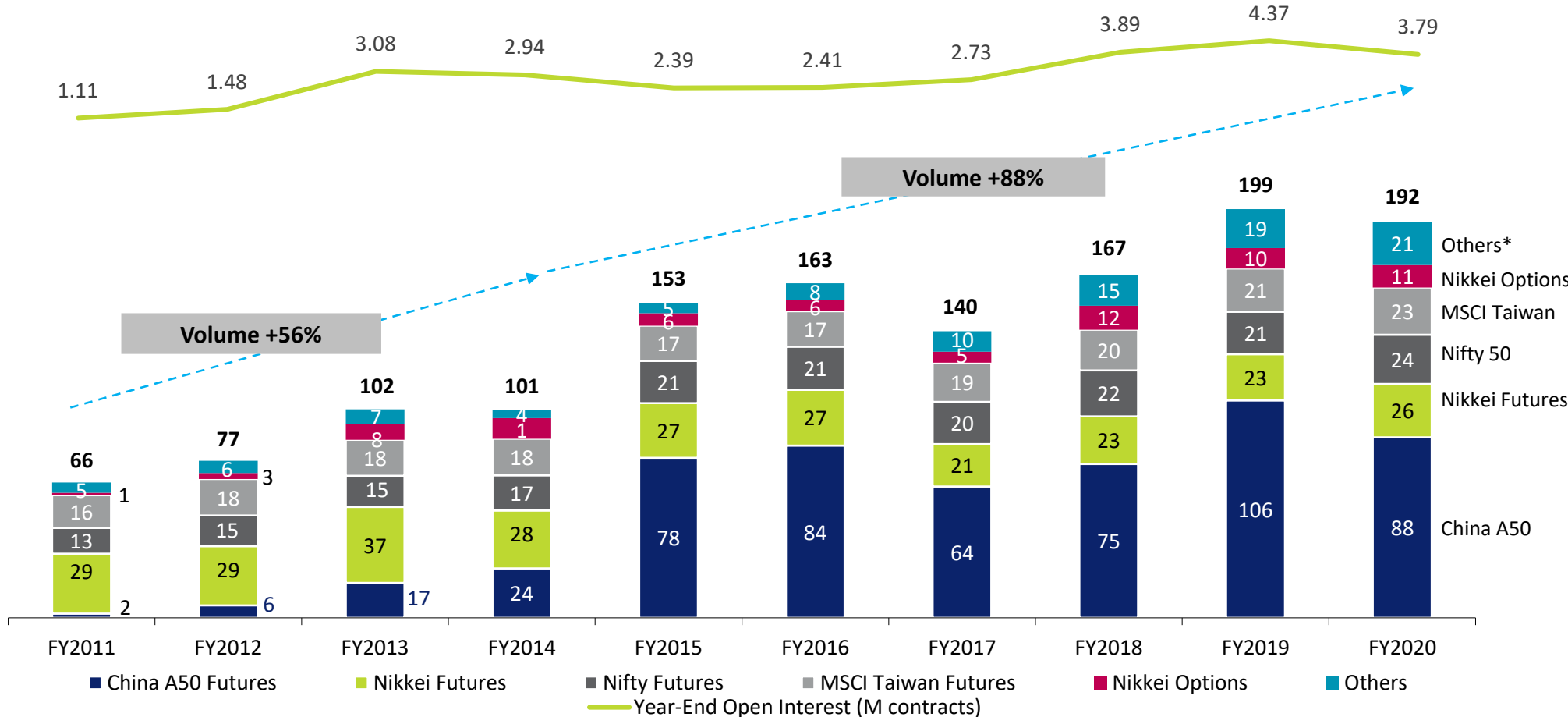
# Equities (Derivatives and Cash)



# Rapidly growing offshore market for Asian Equity Derivatives

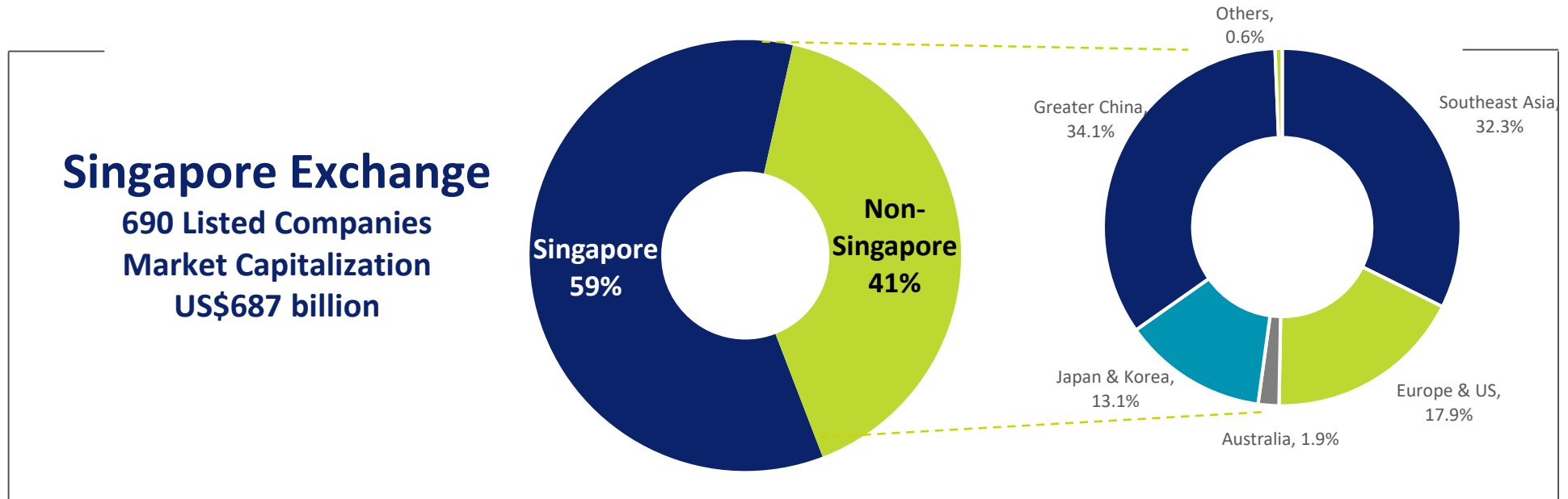
Multi-asset exchange, offering a broad range of Asian access and risk management solutions

### Volumes and open interest, in millions

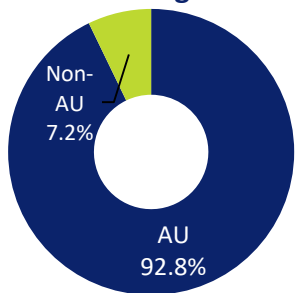


# SGX is the Most International Exchange

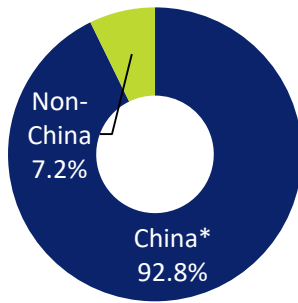
More than 40% of total market cap of companies listed on SGX are overseas companies



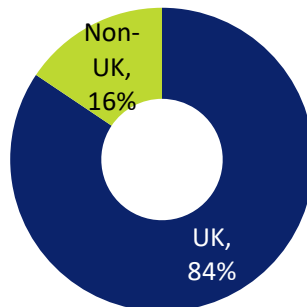
**Australia Securities Exchange**



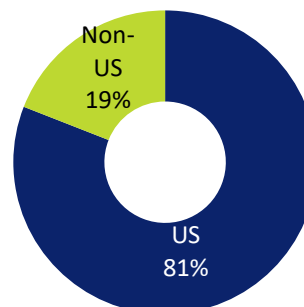
**Hong Kong Stock Exchange**



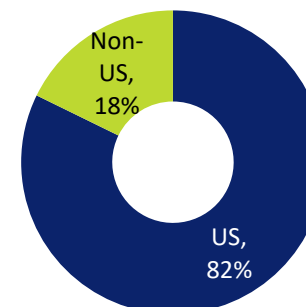
**London Stock Exchange**



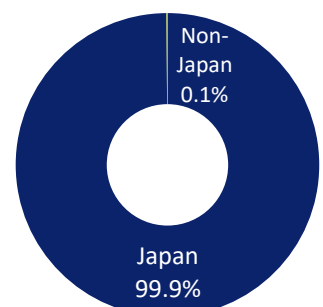
**NASDAQ**



**New York Stock Exchange**



**Tokyo Stock Exchange**



\*Note: Greater China includes Hong Kong, Taiwan and Mainland China companies

# Top Sectors on SGX

## Consumer



PE: 17x

- Includes food & beverage, retail and others
- 136 companies with market cap of US\$59 billion

## Technology



PE: 32x<sup>^</sup>

- Includes technology hardware & equipment, digital, semiconductor and telecommunications services companies. Other businesses include media, clean tech and engineering.
- 81 companies with market cap of US\$62 billion

## Healthcare



PE: 45x

- Full range of companies from pharmaceuticals, healthcare services to medical devices technology
- 37 companies with market cap of US\$83 billion

## Maritime, Offshore Services & Energy



PE: 25x

- Asia's largest cluster of listed companies
- 61 companies and 2 business trusts with market cap of US\$21 billion

## Commodities



PE: 24x

- Includes Agri-commodities, Mineral & Oil & Gas Companies
- 34 companies with market cap of US\$39 billion

## Real Estate



PB: 0.9x

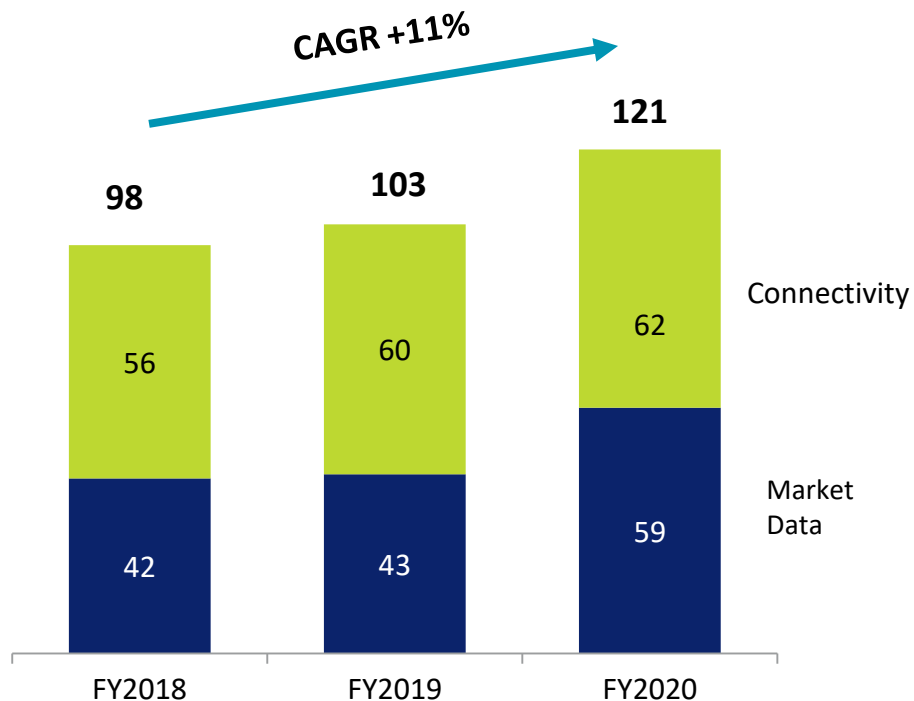
- Asia's broadest range of real estate companies and property trusts covering global real estate assets
- 104 real estate companies and property trusts with market cap of US\$143 billion

Source: Bloomberg & Singapore Exchange (April 2021)

# Data, Connectivity and Indices (DCI)

# Overview

## Data, Connectivity and Indices



- 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.

# Index Business

- Global Exchange Traded Products (index-based) have AUM of > US\$4tn
- Index funds (unlisted) has grown >230% to > US\$ 6tn since 2007
- Acquisition of Scientific Beta (SB) in February 2020



## 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

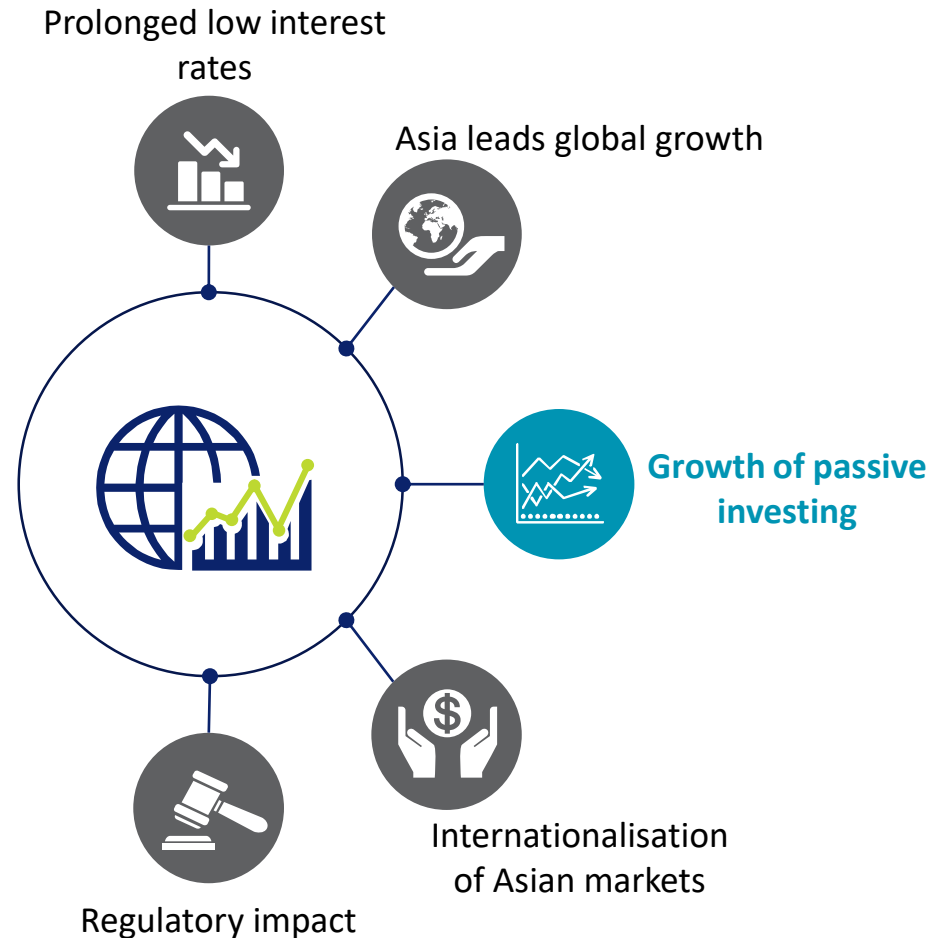


## Proprietary Indices

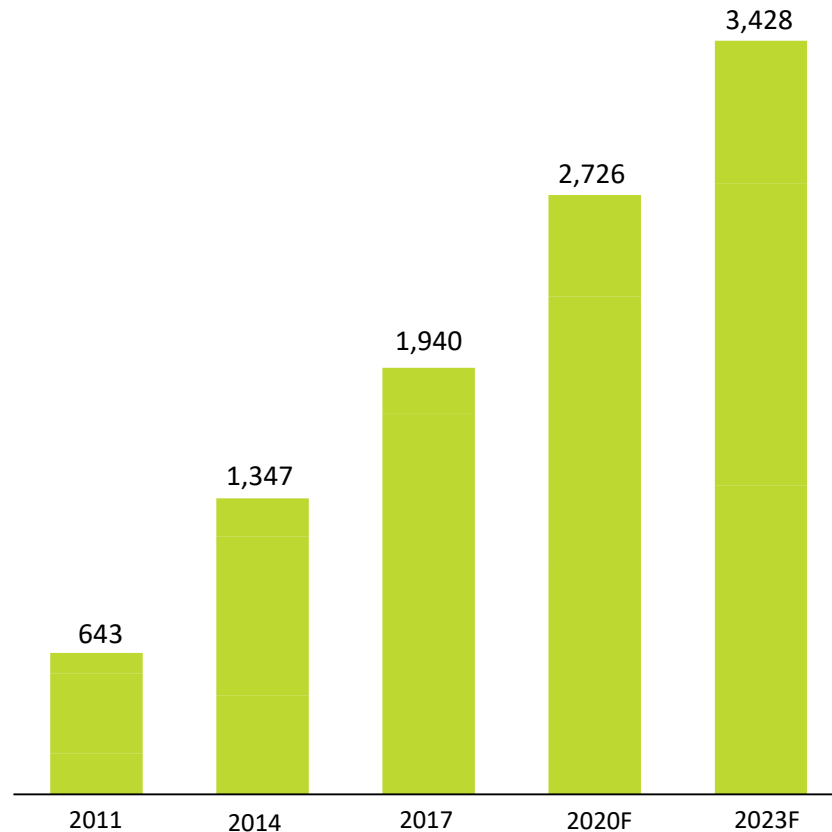
- **SGX iEdge Domestic Indices**
  - SGX Thematic indices e.g. S-REIT 20
  - SGX Sustainability index
- **SGX iEdge Regional Indices**
  - SGX Developed Asia Quality Dividend Index
  - SGX APAC Dividend REIT
- **Smart Beta Indices**
  - Developed by Scientific Beta

# Index investing and the 'Smart Beta' market

Factor investing has seen significant growth in recent years, with assets using smart beta and factor-based strategies forecast to reach US\$2.7 trillion by 2020<sup>1</sup>, and there is further room for growth.



Global Factor & Smart Beta AUM (USD billion)<sup>1</sup>

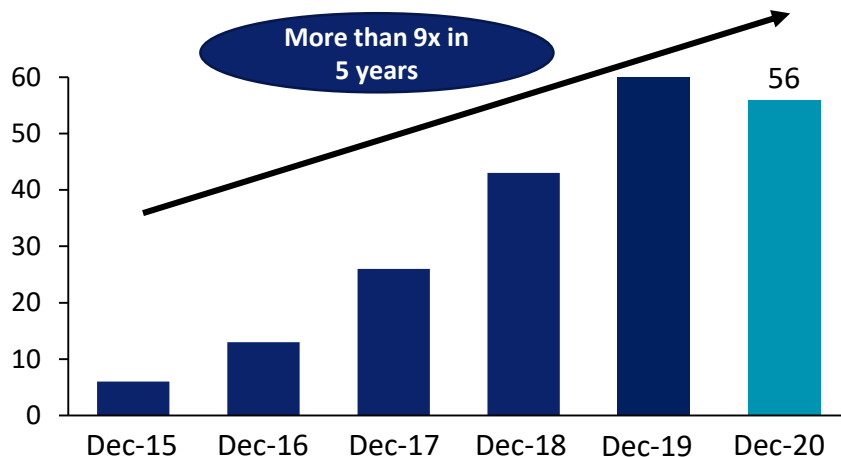


# Scientific Beta broadens SGX's index offering through the fast-growing 'Smart Beta' index space



- Established in 2012 by EDHEC-Risk Institute Asia
- Award winning 'Smart Beta' index firm which develops, produces and promotes multi- and single-factor indices
- HQ in Singapore; offices in France, UK and US
- Asset owner-focused client base

Scientific Beta Assets Under Replication (US\$ bn)



- ✓ High priority growth area for SGX
- ✓ Well-positioned in a high-growth market
- ✓ Financially attractive
- ✓ Brings unique capabilities to our Index business
- ✓ Exciting product innovation opportunities
- ✓ Strong potential linkages with SGX's product platform



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# Strategically elevates SGX's Index business

- 1 Broad index offering, with (a) strong research-based index construction capabilities, (b) index calculation services, and (c) expansion into smart ESG and green investing



- 2 Develop wider suite of products, leveraging SGX's product capabilities and Scientific Beta's academic rigor

- 3 Service wider range of clients, across geographies and client type (asset owners, asset managers and investment banks)

# Scientific Beta's New Pillar of Growth

## Adding ESG/Climate solutions to Smart Beta Pillar

- Set up in 2012 to transfer the results of its research in the area of equity portfolio construction and risk control to the industry in the form of transparent and low-cost strategies.
- Developed two types of expertise that correspond to two major concerns for investors:
  - Smart beta, and more particularly factor investing.
  - ESG, and particularly climate investing.
- Since acquisition, accelerated investments in the area of climate investing as part of the SGX Sustainable Exchange strategy.
- Devoting more than 40% of its R&D investment to climate investing and more than 45% of its assets under replication refer to indices with an ESG or climate flavour.
- EDHEC and Scientific Beta have set up a EUR 1 million/year ESG Research Chair at EDHEC Business School.

### Smart Factor Indices

















Scientific Beta's smart factor indices provide robust exposure to long-term rewarded factors, good diversification of unrewarded risks, and ESG/Low Carbon options to enable a consistent and effective investor engagement policy.

### ESG/Climate Indices

Scientific Beta's indices with pure climate objectives allow climate exclusions and weightings to be combined in order to translate corporate climate alignment engagement into portfolio decisions.

# Other Information

# SGX's investment portfolio in financial technology, data and platforms augments our multi-asset class exchange

Equities		Fixed Income	FX	Commodities	Freight
 <p>Private Markets – Pre-IPO funding raising help create a pipeline for public market capital raising on SGX</p>	 <p>Investment network offering equity and credit research and investor relations services, linking institutional investors with research analysts and corporates</p>	 <p>Fast-growing electronic fixed income trading platform in the US, specialised in corporate bonds.</p>	 <p>Provides an FX post trade platform as a middle and back office utility based on Distributed Ledger Technology (DLT)</p>	 <p>Physical commodity electronic marketplace to produce Asia-centric commodity indices and derivatives in partnership with the Zall Group and GeTS</p>	 <p>Operates as a price discovery platform for container, sea and airfreight with potential to be a global spot trade execution venue and index provider (FBX)</p>
  <p>Regulated tokenised fundraising and trading venue for digital assets, including asset-backed security tokens</p>	  <p>Marketnode JV - APAC first exchange-led digital asset venture focused on capital markets workflows through smart contracts and DLT</p>	   <p>XinTru JV - Trumid XT, an electronic bond trading platform to enhance liquidity and execution in the Asian bond market</p>	 <p>FX electronic trading solution which serves institutional investors with single point of access to global OTC FX network. SGX building Futures distribution.</p>	 <p>JV to develop indices for onshore China steel pricing with a leading domestic online pricing and intelligence service. Support SGX's expansion of iron ore complex</p>	<h3>Index</h3>  <p>Independent index provider specialising in smart beta strategies, with expertise in factor-based and risk-managed solutions</p>

Sustainability	  			Global carbon exchange and marketplace that aims to scale the voluntary carbon market
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Joint-venture	Acquisition
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# Acquisition considerations and principles

## Considerations



### Strategic Fit

## General Guiding Principles

- Gain capabilities to augment current offering
- Expand and deepen client relationships
- Position SGX for fast growing business segments



### Financial Metrics

- 3-year pro forma revenue CAGR > 10%
- Cash EPS accretive within 3 years of acquisition
- IRR > SGX's WACC
- Key synergies to be fully realized within 3 years of acquisition



### Capital Structure

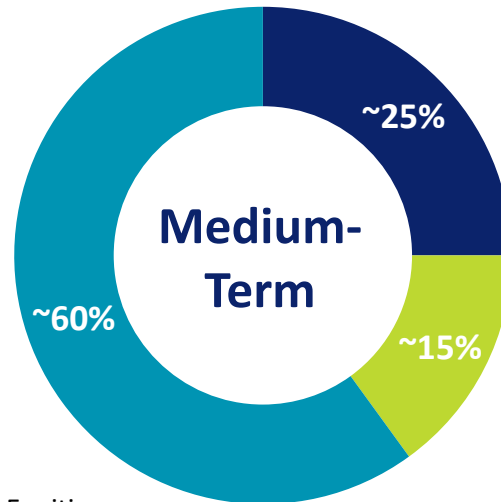
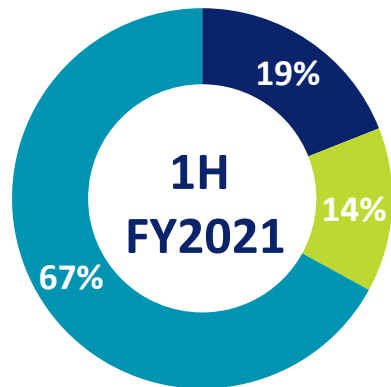
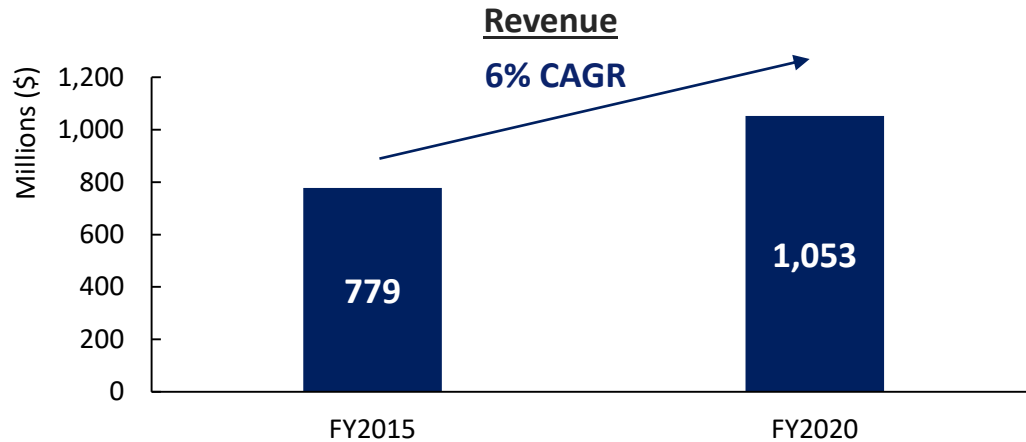
- Maintain SGX's strong implied investment grade rating



### Partnerships

- Majority stake preferred

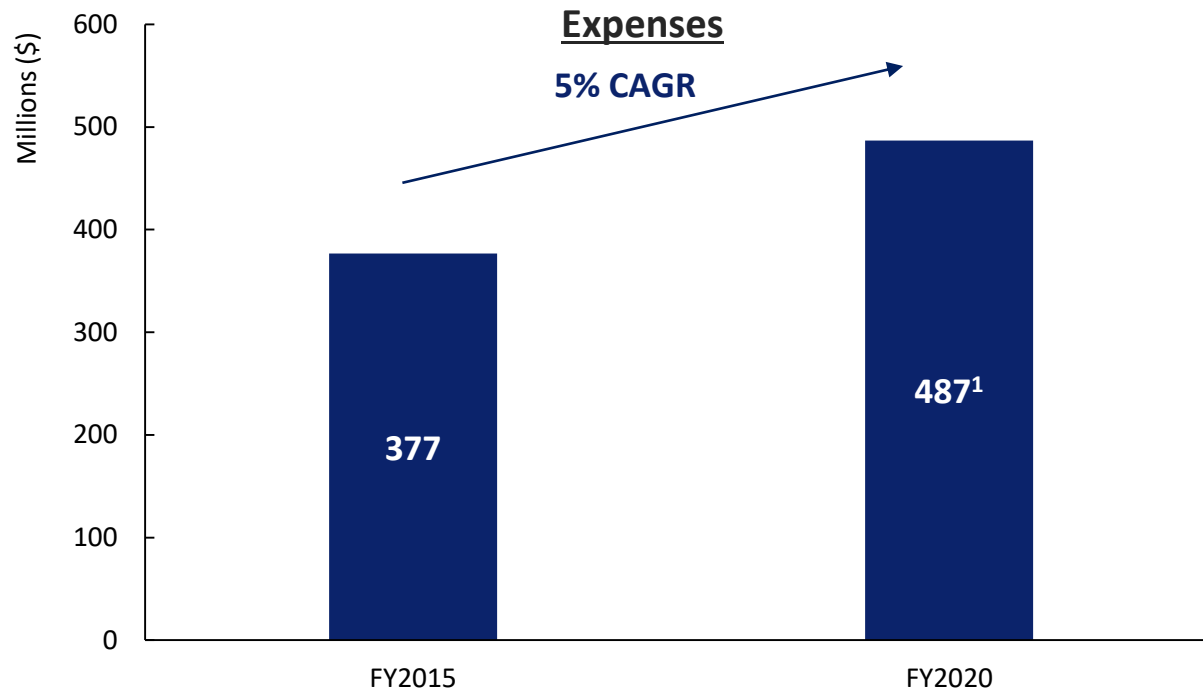
# Delivering Revenue Growth



■ FICC ■ DCI ■ Equities

- Revenue growth of 6% CAGR historically.
- Medium term Revenue CAGR<sup>1</sup> of high single-digit.
- In the medium term, our revenue mix is anticipated to be FICC 25%, Equities 60%, DCI 15%.
- Contribution from Scientific Beta and BidFX revenues will grow beyond their current 6%.

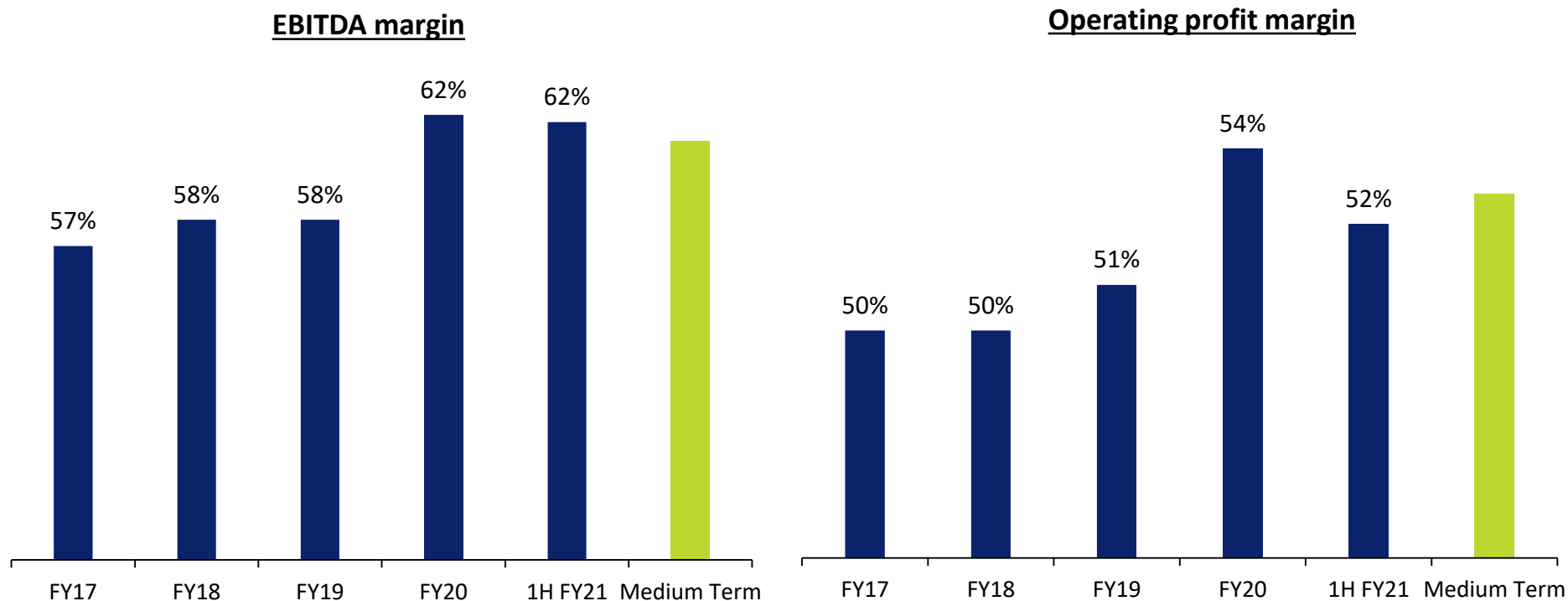
# Maintaining Cost Discipline



- Total expenses for current FY likely to be below our expense guidance of \$535M-545M.
- Expense growth of 5% CAGR historically.
- Investment in growth of our business may lead to higher expense growth in the short term.
- Medium term expense CAGR to be ~mid single-digit.

# Revenue Growth and Cost Discipline contributing to Operating Leverage

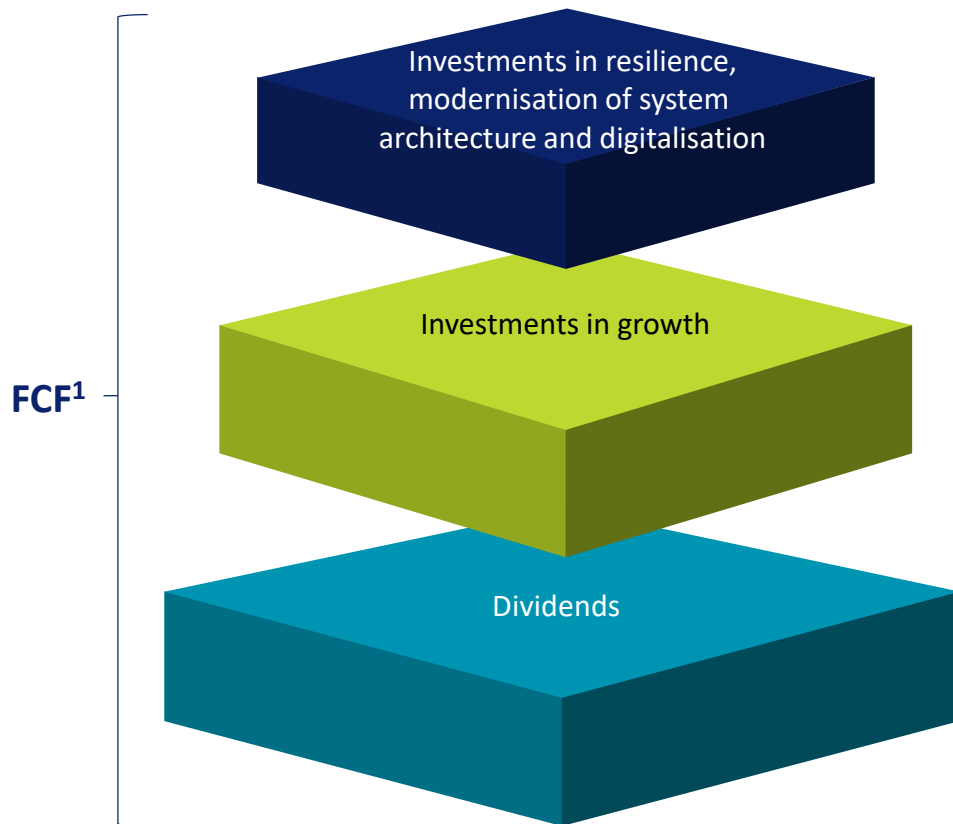
- Investment in faster-growing businesses may have an impact on our margins in the short term.
- In the medium term, EBITDA and Operating margins expected to be comparable to FY2020 levels, which were heightened by pandemic-related volatility and trading activity.





# Allocating our Capital

- We remain committed to rewarding our shareholders and investing in growth and resilience.
- Capital expenditure for FY2021 is expected to be just below our guidance of \$55M to \$60M.



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## Investments in resilience, modernisation of system architecture and digitalisation

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- Technology CAPEX for SGX core platforms

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## Investments in growth

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- Investments in our FX and FI businesses
- Partnerships and acquisitions

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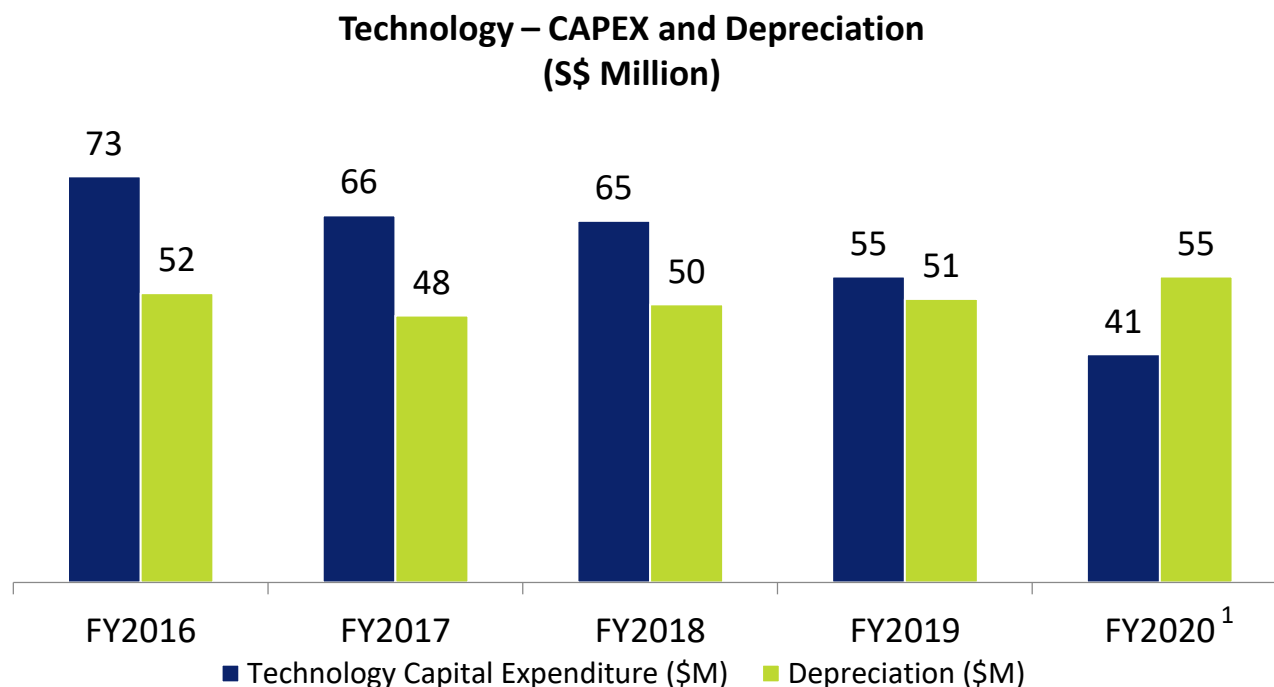
## Dividends

---

- Continue to pay sustainable and growing dividends

# Technology investments have enabled higher capacity for growth

- Past investments advanced SGX's technology capabilities and enables higher capacity for growth
- FY2020 CAPEX of \$41M below guidance of \$45M to \$50M. Enhanced key technology infrastructure, digitalised retail investor services, and upgraded Titan OTC commodities trade reporting system.
- FY2021 CAPEX Guidance: \$55M to \$60M



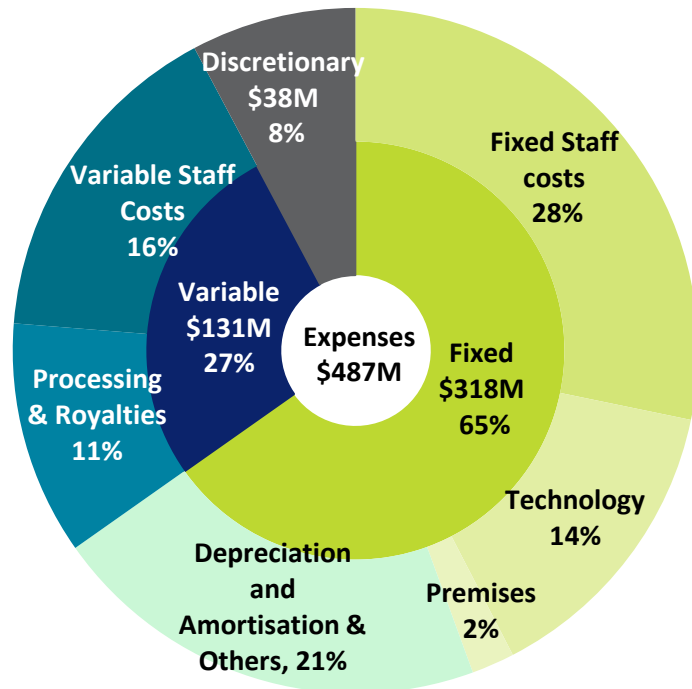
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

<sup>1</sup>FY2020 Technology Depreciation excludes the impact of adoption of SFRS (I)16 Leases of \$7.7M.

# Disciplined in our expenditure

- Investments in building capabilities to support multi-asset strategy
- FY2020 expense of \$487M, up 8% from a year ago, CAGR of 4% from FY2016-FY2020
- FY2021 Operating Expense Guidance: \$535M to \$545M

**FY2020 Expense Breakdown**



- **Fixed costs – 65%**
- **Variable costs – 27%**
  - Variable staff cost increase in line with profitability
  - Processing & Royalties expenses are volume-related
  - Royalties are recovered as revenues under licence fees
- **Discretionary costs – 8%**

Note: Numbers may be subject to rounding.

# Appendix

- Sustainability
- Cross margining example
- Shareholder profile
- Dividend history
- 1H FY2021 Performance

# Our vision: A leading capital and trading hub enabling sustainable finance and credible transitions with end-to-end products, solutions and ecosystem



## In the Ecosystem

Be a positive influence and foster collaboration and partnerships to provide data, tools, resources and connecting stakeholders to drive industry discussions.



## As a Company

Demonstrate leadership in sustainability e.g. SGX as a company will adopt TCFD from FY2021 reporting, currently setting science based targets for GHG emissions.



## As a Business

Offer ESG solutions and support capitalizing on our assets, expertise and capabilities:

- Equity
- GSSS Bonds
- Indices (incl. Scientific Beta)
- Commodities (incl. Baltic Exchange, HeveaConnect)
- New horizon projects (Climate Impact X, new products)








## As a Regulator

Guide market on sustainability-related disclosures and ensure that all investors are able to access decision-relevant data.

# Growing sustainable and credible transition products and solutions

## SGX FIRST: Future In Reshaping Sustainability Together

Fixed Income	Equities	Indices	Commodities	Equity derivatives
<ul style="list-style-type: none"> <li>▪ <b>#1 Green Bond Listing Venue in Asia</b> with <b>50% market share</b> of Asian Issuances in the last 12 months</li> <li>▪ <b>Top 5 Green Bonds marketplace globally</b> with <b>8% share market share</b></li> <li>▪ <b>WIP:</b> Database and digitalization, support for sustainability linked &amp; transition bonds</li> </ul> 	<ul style="list-style-type: none"> <li>▪ Provision of <b>ESG Ratings</b> of Listcos</li> <li>▪ Vice-Chair of <b>TCFD</b> &amp; future guidance</li> <li>▪ <b>WIP:</b> Key reporting indicators tool, further productisation on climate, green and ESG</li> </ul> 	<ul style="list-style-type: none"> <li>▪ Strong <b>thematic and proprietary capabilities</b></li> <li>▪ ESG screening and low carbon/ESG/climate risk filters               <ul style="list-style-type: none"> <li>- <b>Scientific Beta ESG &amp; Climate Impact Consistent Index (CICI)</b></li> <li>- <b>iEdge SG ESG Leaders Index</b></li> <li>- <b>iEdge SG ESG Transparency Index</b></li> </ul> </li> </ul> 	<ul style="list-style-type: none"> <li>▪ <b>Climate Impact X:</b> carbon exchange and market place</li> <li>▪ Greener commodities contracts – <b>65% Iron Ore futures</b>, IMO-compliant Low Sulphur Fuel Oil (LSFO) futures and Methanol derivatives</li> <li>▪ <b>RECs market offerings</b> as part of the PowerSelect platform</li> <li>▪ Baltic Exchange: <b>Low Sulphur</b> route pricing supporting IMO 2020 agenda</li> <li>▪ HeveaConnect</li> </ul> 	<ul style="list-style-type: none"> <li>▪ Complete <b>ESG Futures shelf</b> in regional derivatives               <ul style="list-style-type: none"> <li>- <b>SGX FTSE Emerging ESG Index Futures</b></li> <li>- <b>SGX FTSE Emerging Asia ESG Index Futures</b></li> <li>- <b>SGX FTSE Asia ex Japan ESG Index Futures</b></li> <li>- <b>SGX FTSE Blossom Japan Index Futures</b></li> </ul> </li> </ul> 

# Cross margining efficiencies

Correlated products, margin netting efficiencies

Note:

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

INR/USD  
FX futures

33%  
Margin  
offset

Nifty 50  
Index Futures

Nikkei 225  
Index Futures

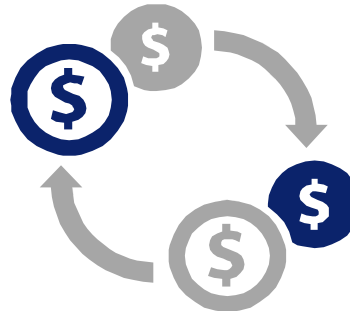
46%  
Margin  
offset

China A50  
Index Futures

USD/CNH  
FX futures

31%  
Margin  
offset

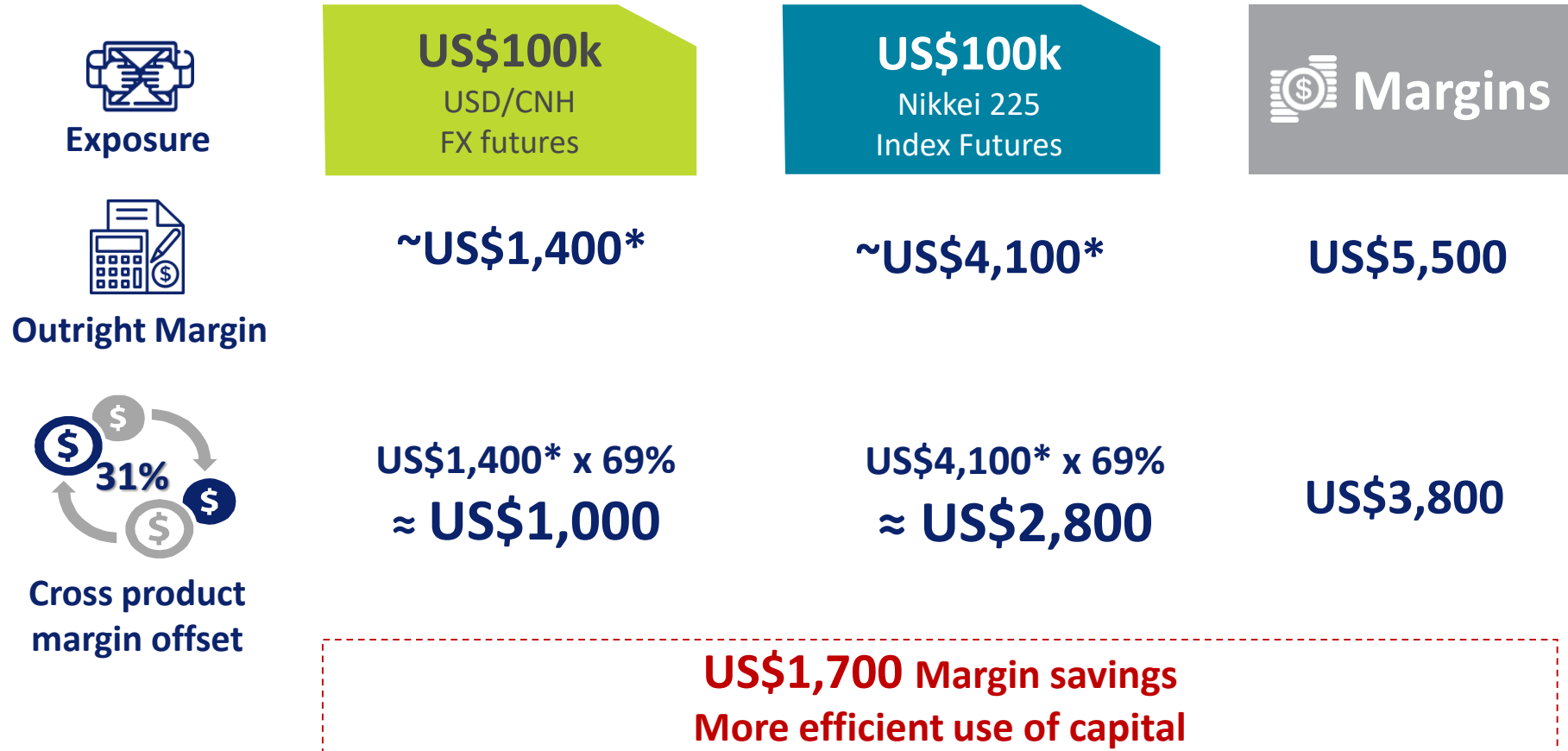
Nikkei 225  
Index Futures



Note: Based on Margin Schedule as of 3 February 2020, full schedule available on SGX website

# Cross margining example

More exposure with the same amount of margins



Note: Based on exchange rate as of 3 February 2020

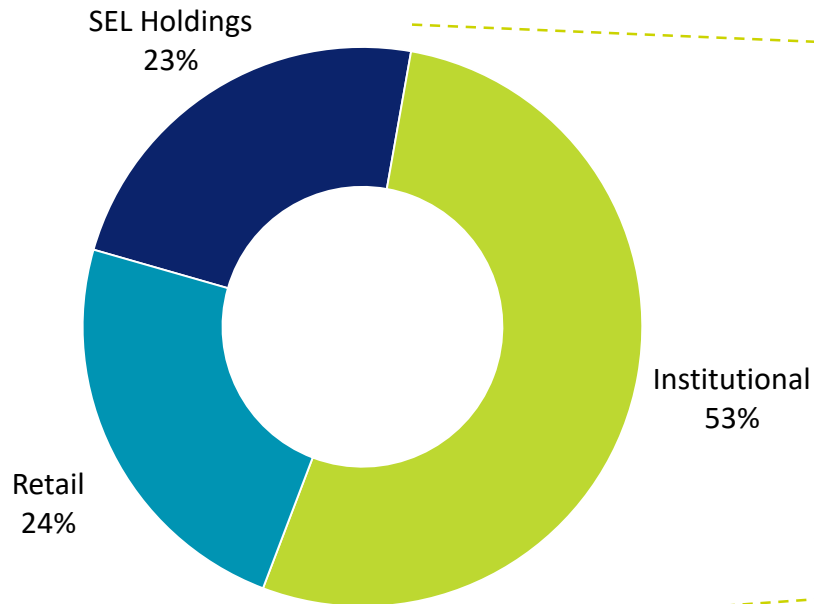
Based on Margin Schedule as of 3 February 2020, full schedule available on SGX website



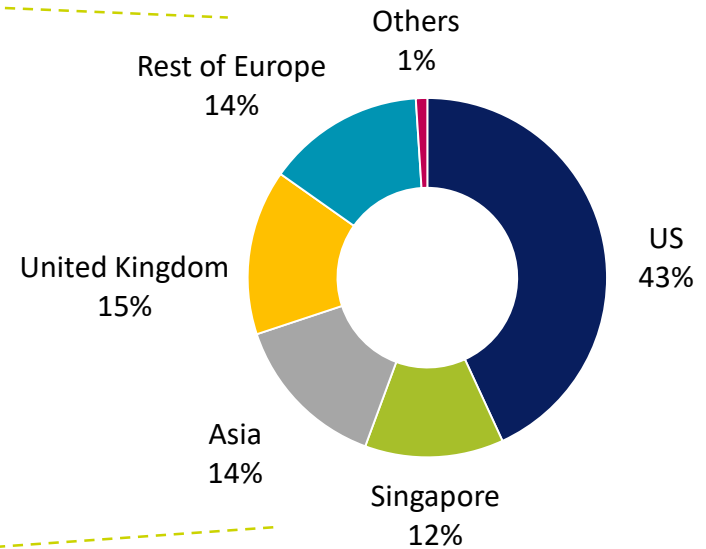
# SGX shareholders' profile

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

**SGX Shareholder Composition<sup>1</sup>**



**Institutional Shareholding by Geography**



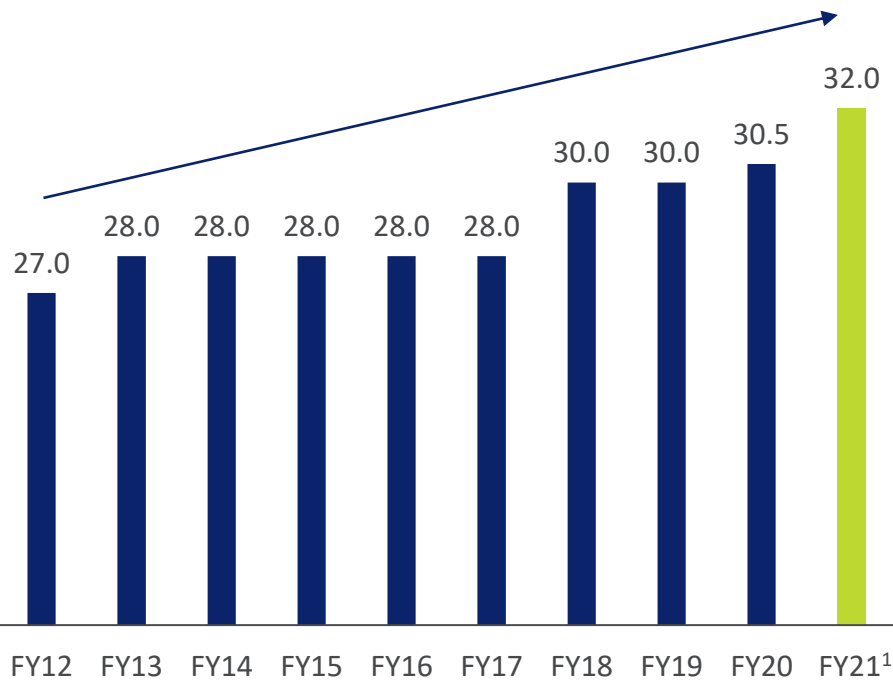
Note: Numbers may be subject to rounding.

<sup>1</sup>As at 31 March 2021

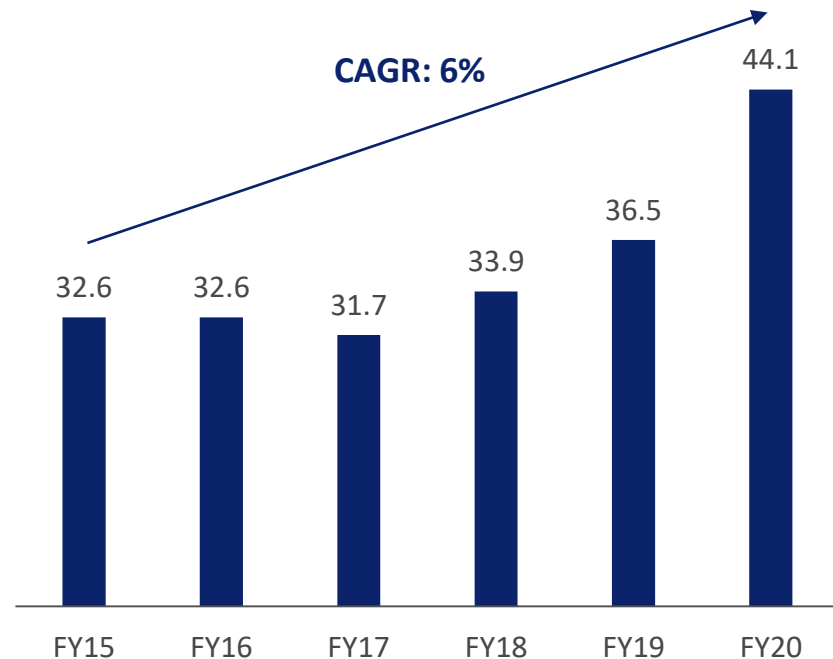
# Delivering Total Shareholder Returns

- SGX has returned over \$3B in dividends and raised dividends thrice over the past 10 years.
- EPS growth of 6% CAGR historically.

Dividend per share (cents)

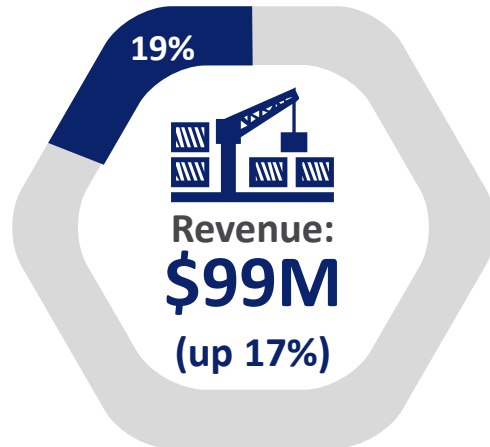


Earnings per share (cents)

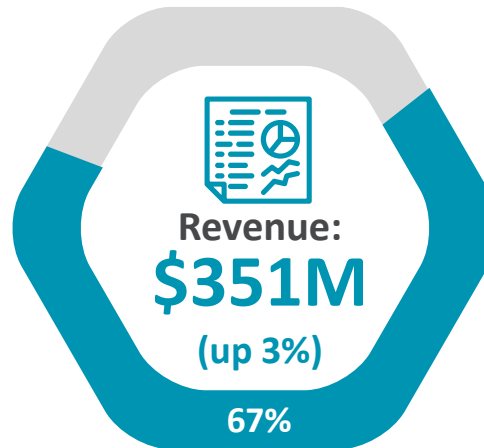


# Recent 1H FY2021 Performance

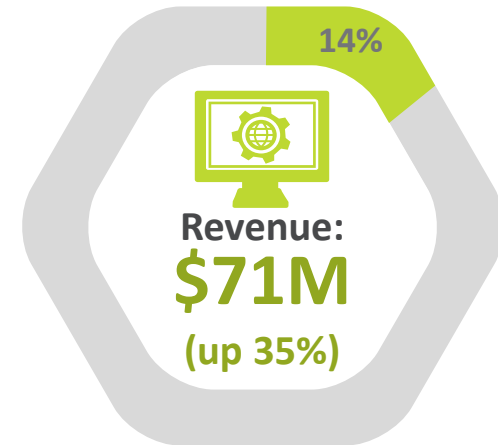
## Fixed Income, Currencies & Commodities (FICC)



## Equities



## Data, Connectivity & Indices (DCI)



- Solid performance in an uncertain environment – all business segments recorded growth
- We deepened our partnership with FTSE Russell to refresh and grow our equity derivative suite; achieved success in retaining liquidity in our offshore Taiwan futures suite, demonstrating the strength of our ecosystem

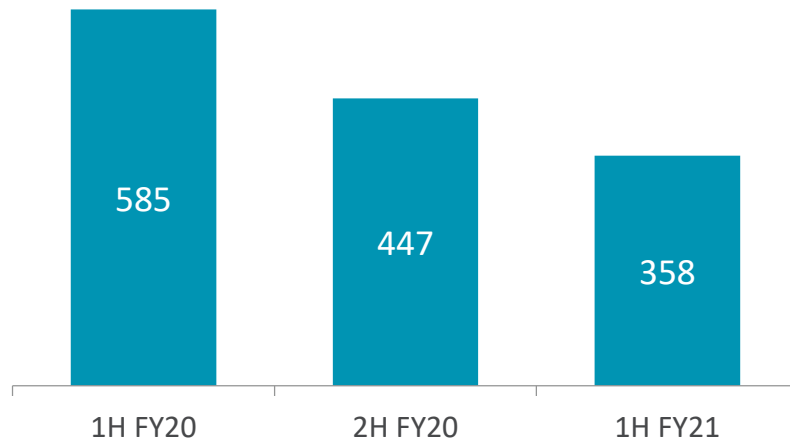
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# FICC – Fixed Income

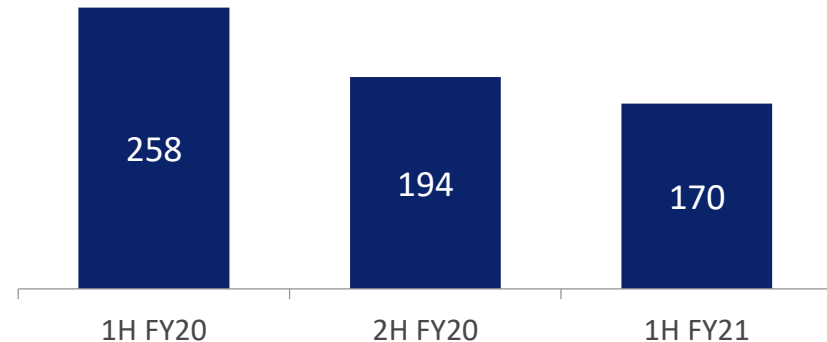
**FICC**  
**\$99M, up 17% y-o-y**

- Number of new bond listings at 358; Amount issued \$170B
- Listing revenue up 4% to \$5.1M
- We will continue to establish partnerships to expedite the development and growth of our Fixed Income business

No. of New Bond listings



Total Bonds Amount Issued (\$B)



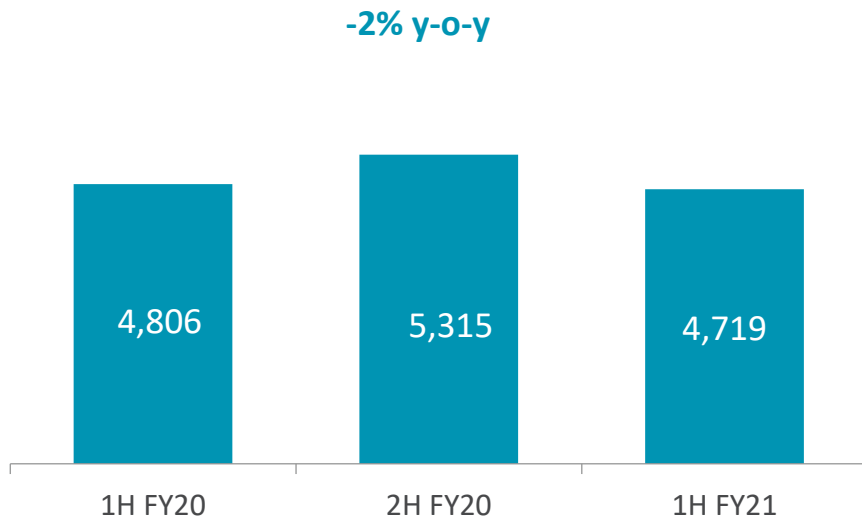
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# FICC – Currencies

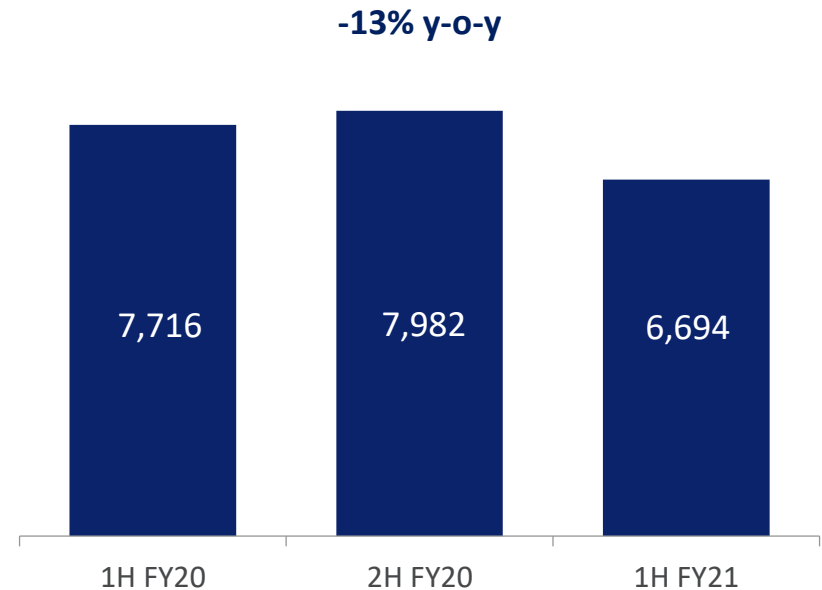
**FICC**  
**\$99M, up 17% y-o-y**

- Currencies futures volume down 8% to 11.8M contracts
- INR/USD volumes declined 13% due to impact from COVID-19
- Market share: INR/USD +10%-pts to 65%; USD/CNH comparable

USD/ CNH Volume ('000 contracts)



INR/ USD Volume ('000 contracts)



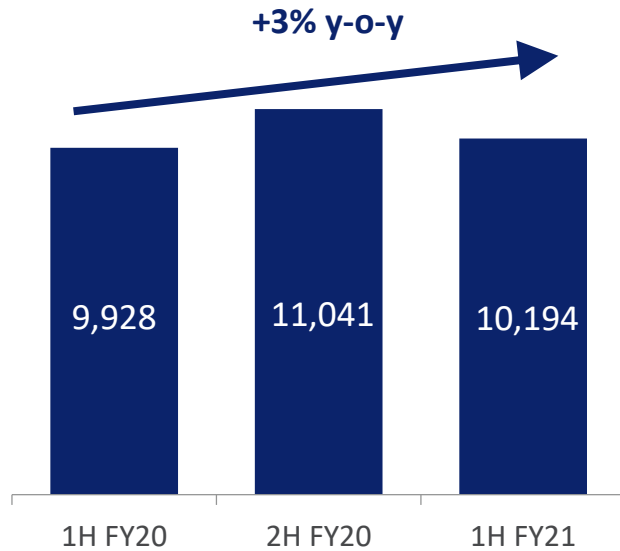
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# FICC – Commodities

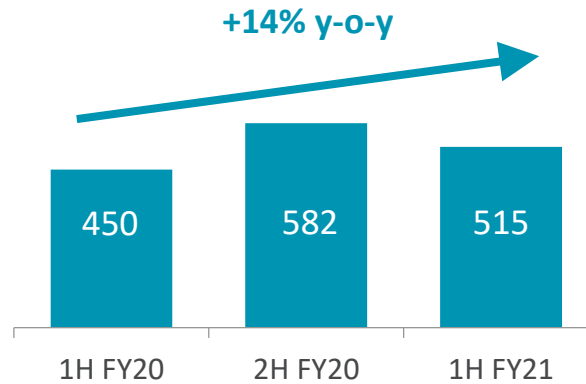
**FICC**  
**\$99M, up 17% y-o-y**

- Iron ore volumes up 3% y-o-y to 10.2M contracts
- Iron Ore retains > 95% offshore market share; FFA > 60% market share
- Adding to our suite of ferrous products

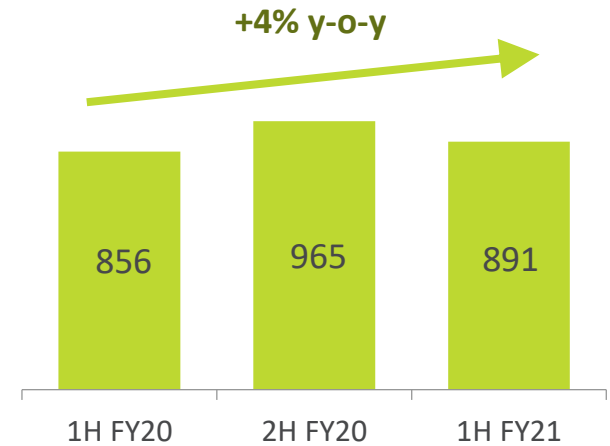
**Iron Ore Derivatives Volume**  
 ('000 contracts)



**Freight Derivatives Volume**  
 ('000 contracts)



**Rubber Futures Volume**  
 ('000 contracts)



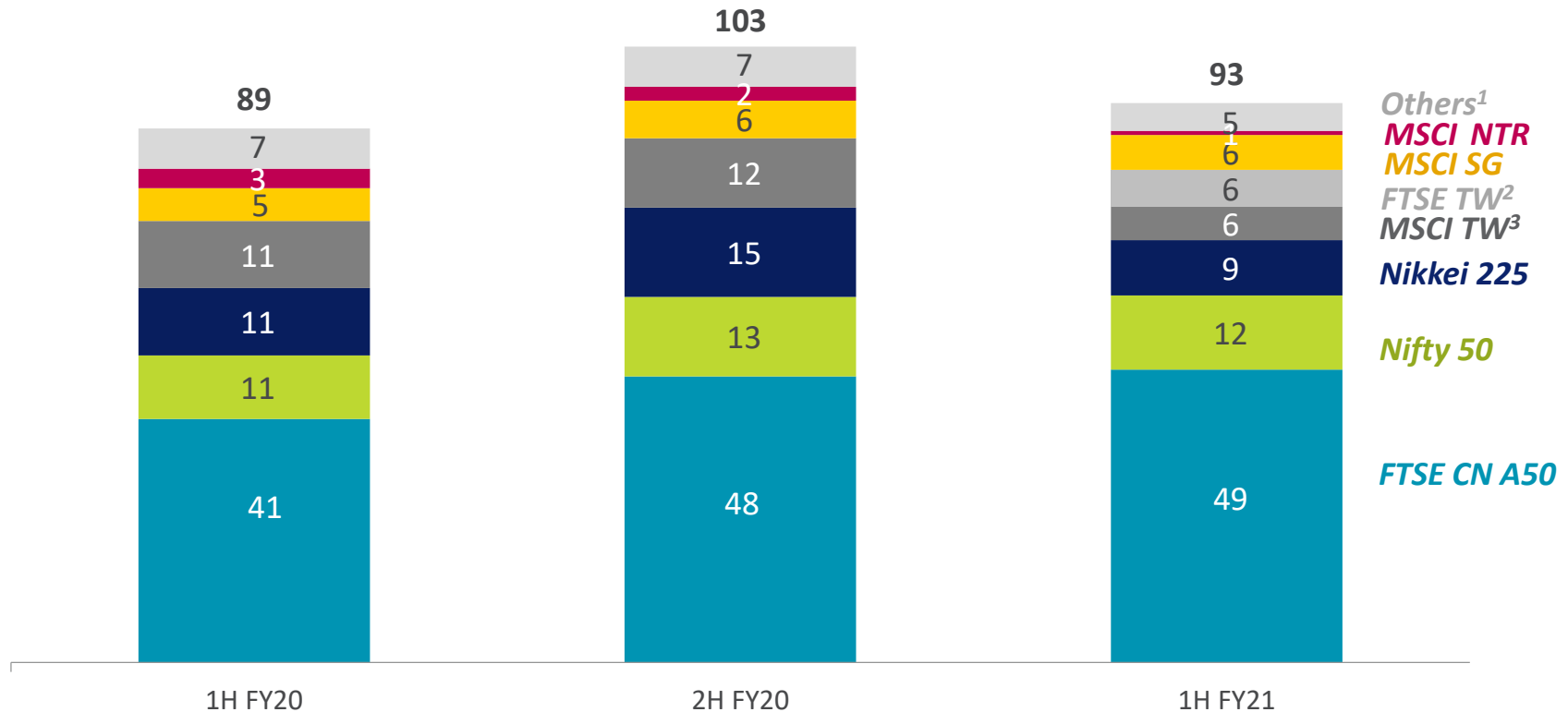
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# Equities – Equity Derivatives

**Equities**  
\$351M, up 3% y-o-y

- Higher trading volumes in equity derivatives, up 4% y-o-y
- FTSE CN A50 futures volumes up 20%; Nifty 50 futures volumes up 17%
- Launch of ESG index futures contracts

**Equity Derivatives Volume (M contracts)**



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

<sup>1</sup>Others comprise mainly Nikkei 225 Index Options and Single Stock Futures

<sup>2</sup>Commenced trading on 20 July 2020

<sup>3</sup>Ceased trading on SGX on 1 November 2020

# Equities – Equity Derivatives (FTSE Taiwan update)

**Equities**  
**\$351M, up 3% y-o-y**

- Volume of Aggregate SGX MSCI/FTSE Taiwan contracts increased 5% y-o-y
- Open interest and volume market share of the SGX FTSE Taiwan futures contract remain >80% and >90% respectively
- Exchange venue plays a significant role in determining liquidity flows

- We attribute our success in retaining liquidity in the SGX FTSE Taiwan futures contract to:
  - The trust we have built with our customers;
  - The value that our multi-asset offering brings to them; and
  - The significant benefits the SGX ecosystem offers to the investment community
- Impact to average fee per contract:
  - Our derivatives average fee per contract was lower by 15% q-o-q to \$1.16, mainly due to the offering of an introductory fee for the new SGX FTSE Asia expansion suite
  - We expect our average fee per contract to improve as our FTSE Taiwan and new contracts run-in over the next two quarters

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

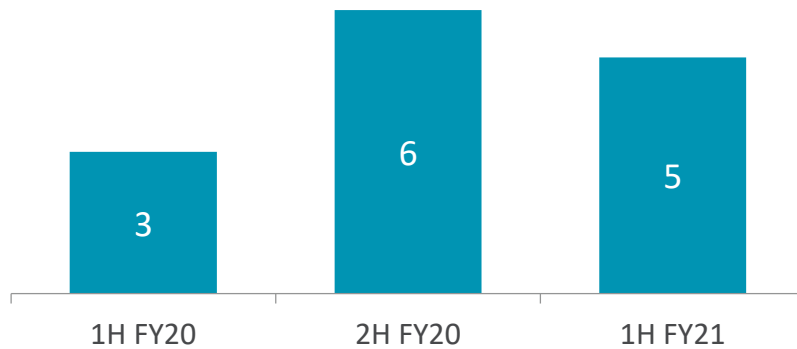


# Equities – Cash Equities Listings

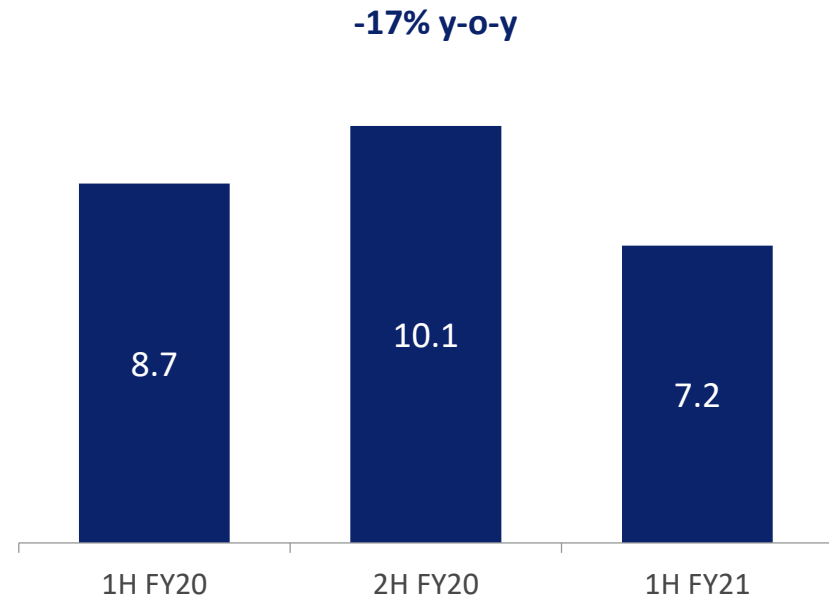
**Equities**  
**\$351M, up 3% y-o-y**

- Listing revenue at \$17M, down 5%
- Total funds raised \$7.2B
- Listing of companies from a wide range of sectors

No. of New Equity Listings



Total Equity Funds Raised (\$B)



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

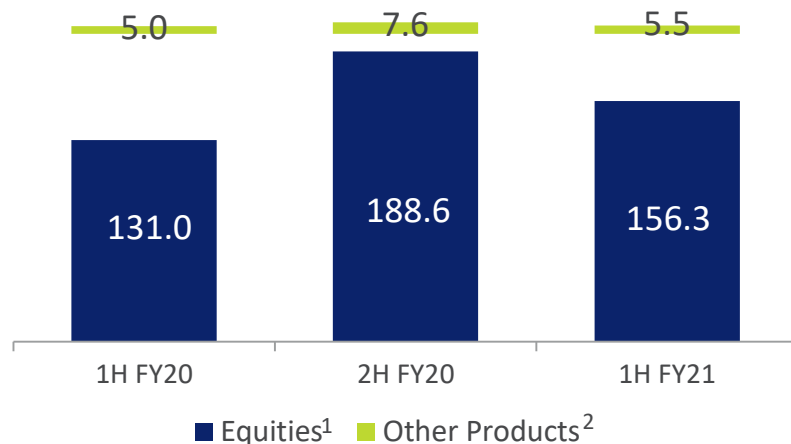
# Equities – Cash Equities Trading & Clearing

**Equities**  
**\$351M, up 3% y-o-y**

- Total traded value increased by 19% to \$161.8B
- Average Clearing Fee for Securities increased from 2.63 bps to 2.71 bps, y-o-y
- Wider spread of participation by different market segments

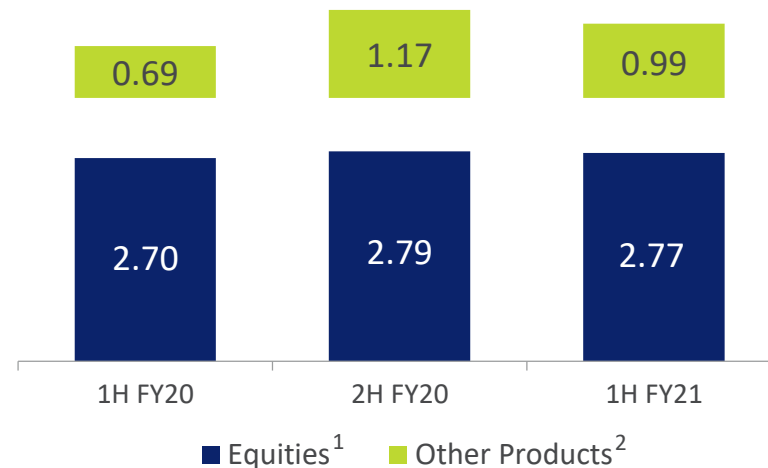
**Securities Total Value Traded (\$B)**

Total Traded Value	1H FY20	2H FY20	1H FY21
	136.0	196.2	161.8



**Average Clearing Fee by Products (bps)**

Average Yield	1H FY20	2H FY20	1H FY21
	2.63	2.73	2.71



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

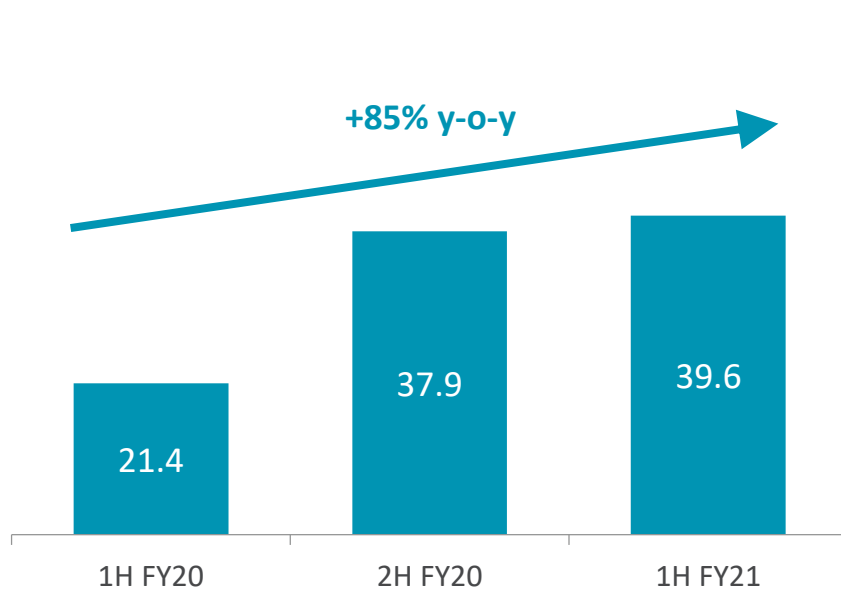
<sup>2</sup> Other products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities, and American depository receipts

# Data, Connectivity & Indices

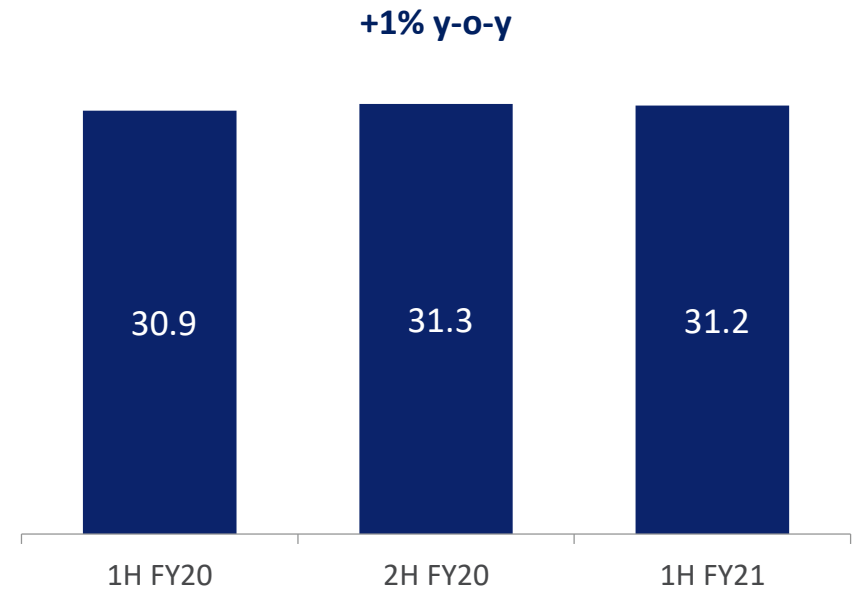
**Data, Connectivity & Indices**  
**\$71M, up 35% y-o-y**

- Market data and Indices revenue up 85% to \$40M
- Connectivity revenue comparable at \$31M
- Scientific Beta to launch Smart Green offering in 3Q FY21

Market Data and Indices Revenue (\$M)



Connectivity Revenue (\$M)



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

# Looking ahead ...



We expect global economies to recover as COVID-19 vaccines become more widely available.



Investments into cash equities is anticipated to grow, while portfolio risk management activities may rise due to shifts in US policies under its new administration.



We expect the medium-term revenue contribution of our recently acquired subsidiaries Scientific Beta and BidFX to grow beyond their current 6%, as they tap on an enlarged network of resources within the SGX group to execute their growth plans.



We launched SGX FIRST (Future In Reshaping Sustainability Together) to expand our sustainability capabilities and drive sustainable practices in our financial ecosystem.

# Thank You

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