

# Macquarie ASEAN Conference 2017

**Investor Relations**

23 August 2017

Singapore Exchange



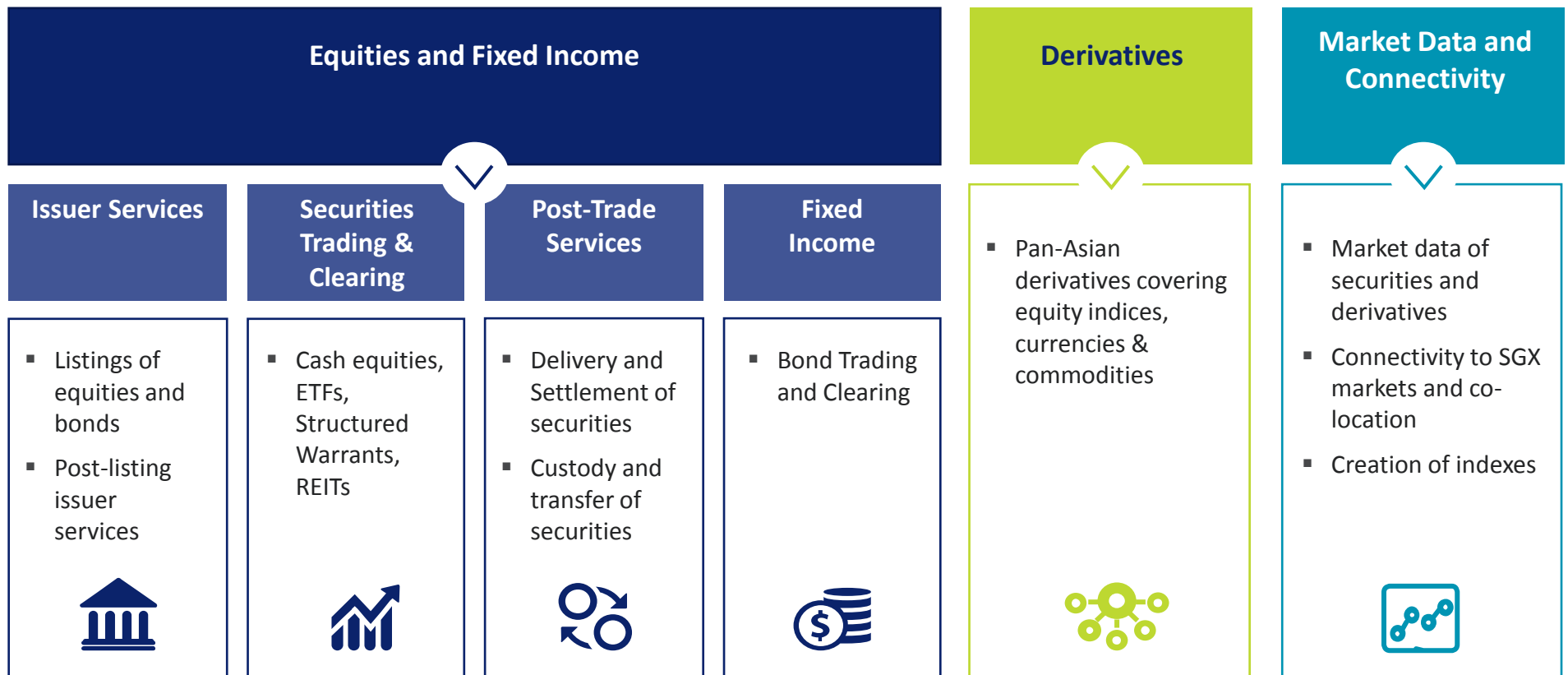
# Who We Are

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



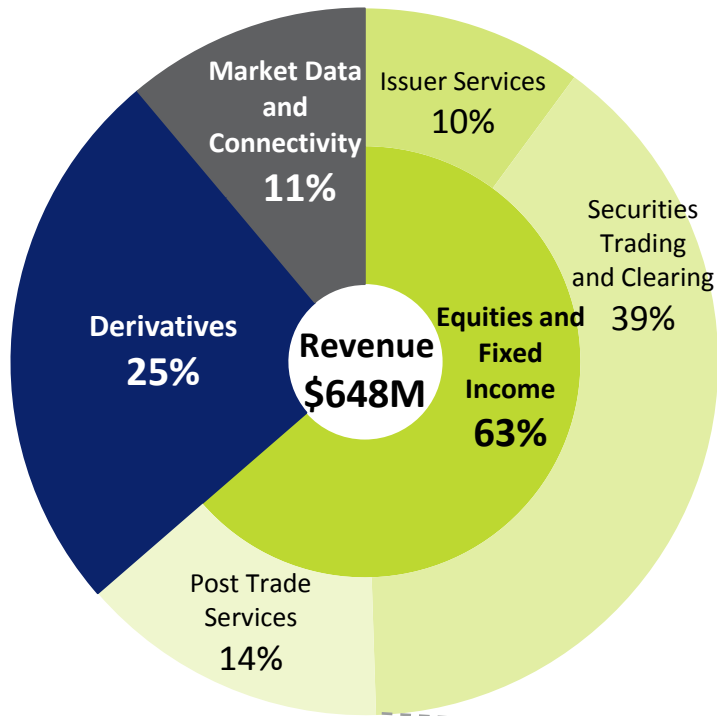
# Our Business Lines

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



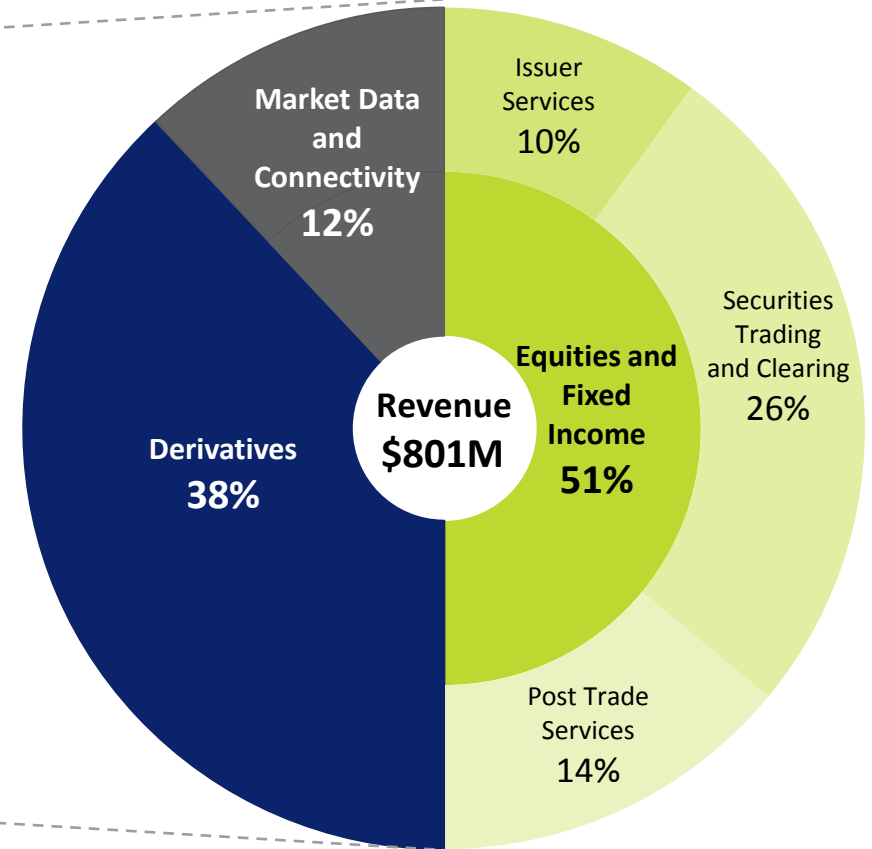
# Revenue Breakdown by Business Lines

**FY2012 Revenue Breakdown**



**Net Profit: \$292 million**

**FY2017 Revenue Breakdown**



**Net Profit: \$340 million**

Note: Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Source: SGX. Data as of FY2017

# International Footprint

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

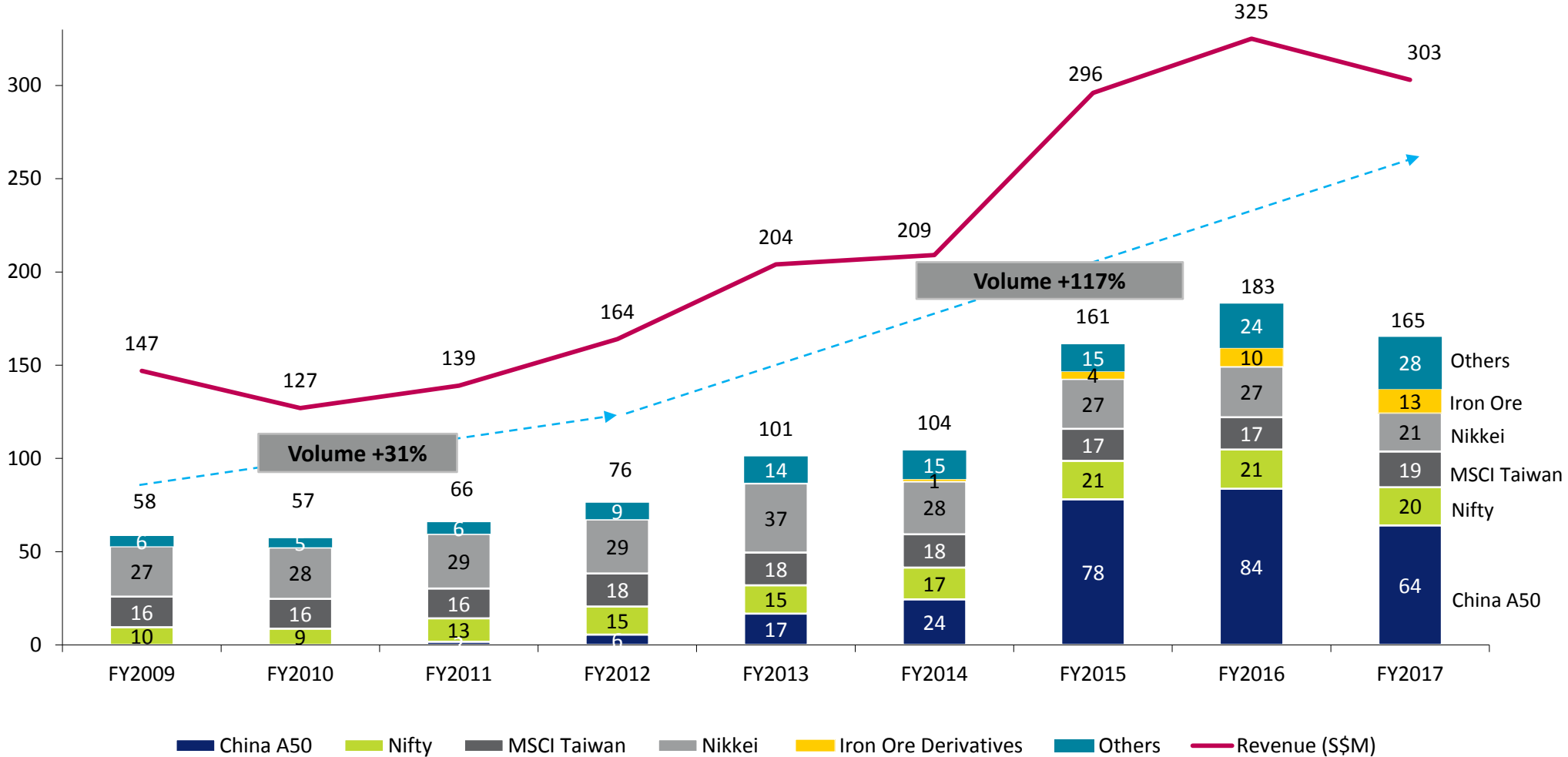


## Key Clients

- **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 ...
- **Corporate Finance partners** - Facilitate issuers that seek to raise capital on our exchange platforms
- **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.

# 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

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

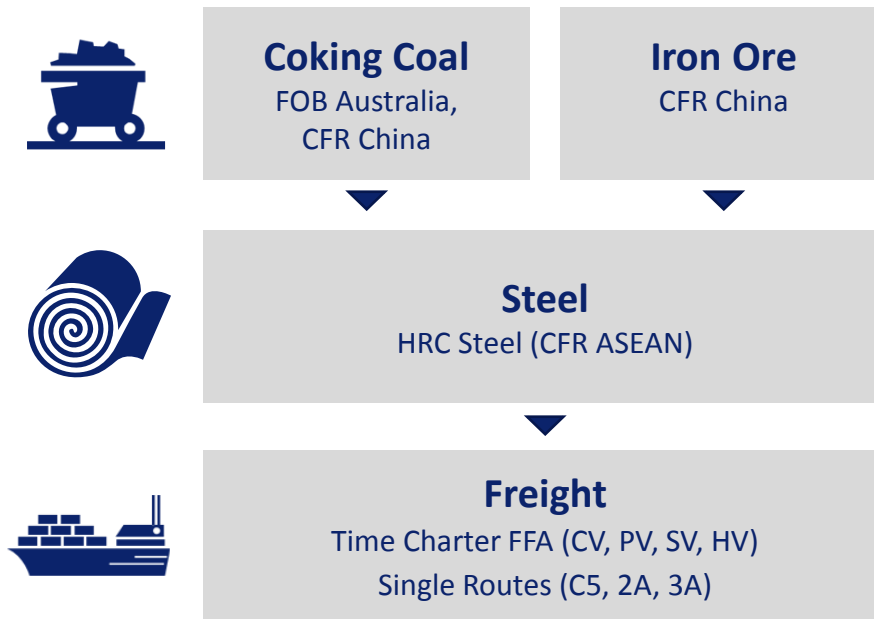
India	
Equity Index Futures & Options	SGX Nifty 50 SGX Nifty IT SGX Nifty CPSE SGX Nifty Bank SGX Nifty Midcap 50
Equity Index Futures	SGX MSCI India
FX futures, options, forwards	INR/USD

## Our Platform

- New 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

# Extensive Suite Of Commodities Products

## Price-Discovery Centre For The Steel Value Chain



**The Baltic Exchange**  
**Maritime Indices**

## Other Products In Commodity Franchise



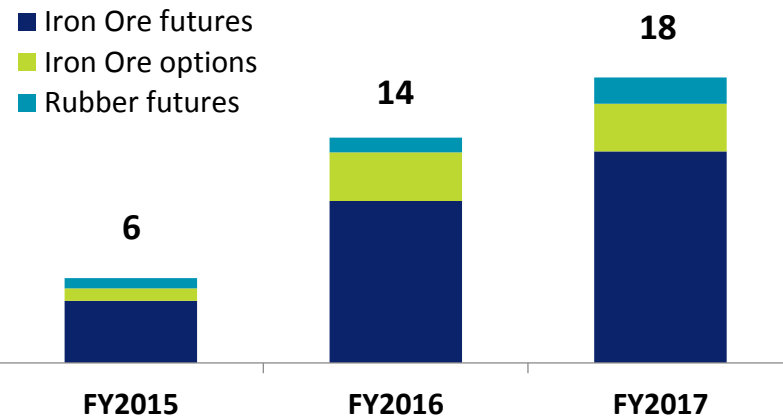
Electricity

Energy

Gold

Rubber

## Total Volume of Contracts Traded (M)

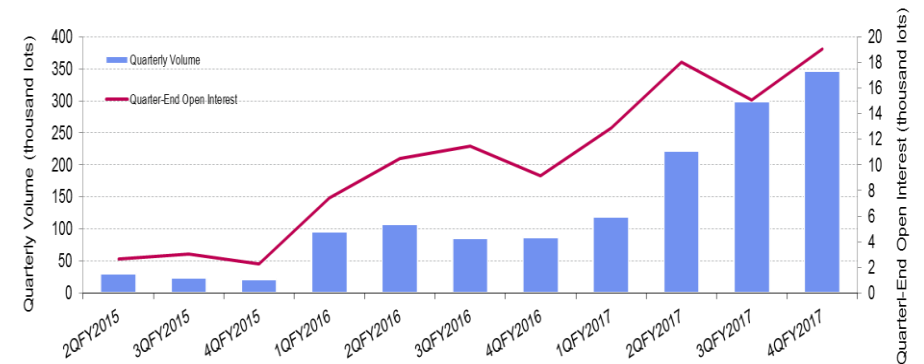




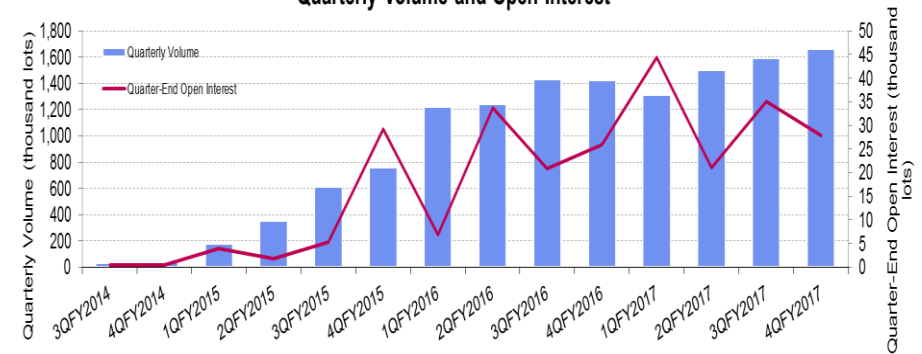
# Liquid Currency Futures



**SGX USD/CNH Futures**  
Quarterly Volume and Open Interest

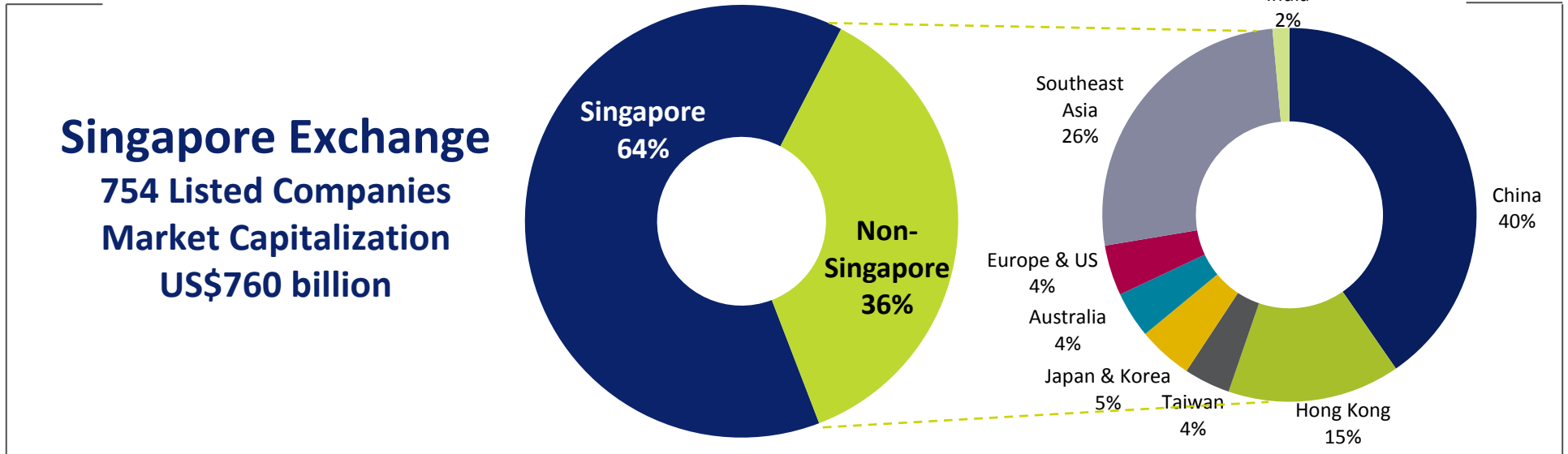


**SGX INR/USD Futures**  
Quarterly Volume and Open Interest

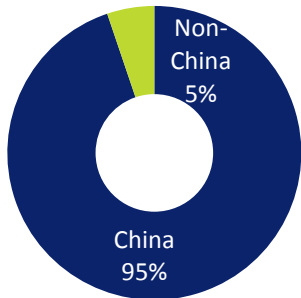


# SGX is the Most International Exchange

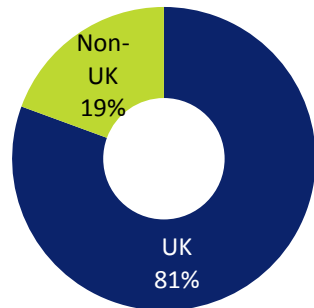
Nearly 40% of all companies listed on SGX are overseas companies



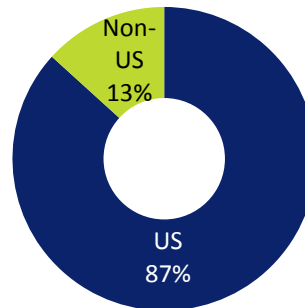
Hong Kong Stock Exchange



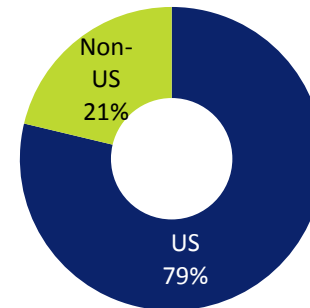
London Stock Exchange



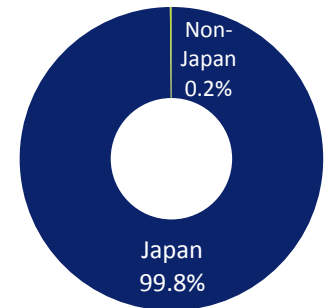
NASDAQ



New York Stock Exchange



Tokyo Stock Exchange



Source: World Federation of Exchanges and Companies' website (May 2017), Singapore Exchange (July 2017)

# Key Sectors

## Consumer



PE: 20x

- Includes agri-commodities, food & beverage and retail
- 153 companies with market cap of US\$113 billion

## Technology



PE: 15x

- Includes information & communications technology, medical technology and financial technology
- 78 companies with market cap of US\$57 billion

## Healthcare



PE: 47x

- Full range of companies from pharmaceuticals, healthcare services to medical devices technology
- 31 companies, 2 REITs and 1 Trust with market cap of US\$36 billion

## Maritime & Offshore Services



PE: 20x

- Asia's largest cluster of listed companies
- 55 companies and 3 business trusts with market cap of US\$24 billion

## Mineral, Oil and Gas



PB: 2.6x

- Companies in exploration, development and production of mineral or oil & gas
- 28 companies with market cap of US\$2.5 billion

## Real Estate



PB: 0.9x

- Asia's broadest range of real estate companies and property trusts covering global real estate assets
- 96 real estate companies and property trusts with market cap of US\$135 billion

Note: PE/PB using weighted market capitalisation average

Source: Bloomberg & Singapore Exchange (July 2017)

# Higher Funds Raised And Resilient SDAV Despite Challenging Macro Environment

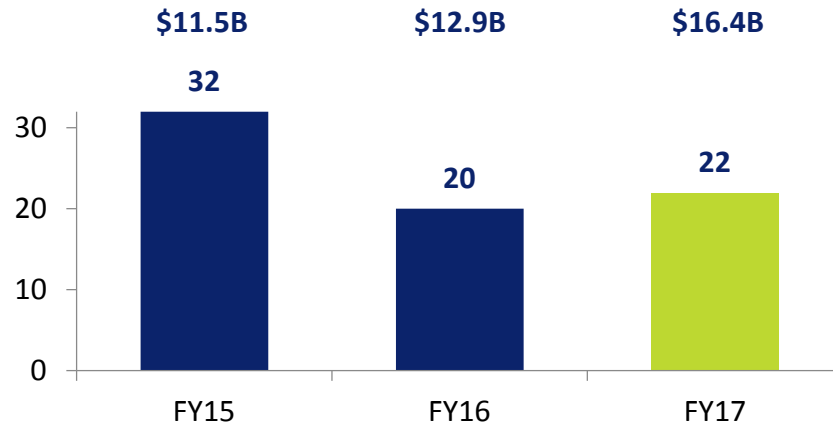
## Listings

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

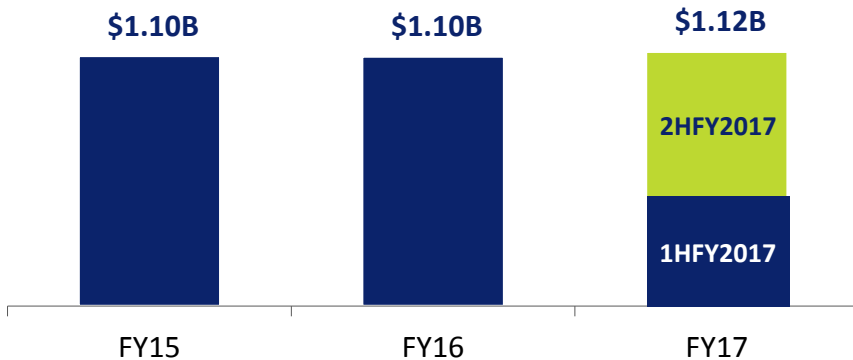
## Trading Activities

- FY2017 SDAV 2% higher YoY
- 2H FY2017 SDAV 15% higher HoH, exiting the FY with increased momentum

### Listings<sup>1</sup> and funds raised<sup>2</sup>



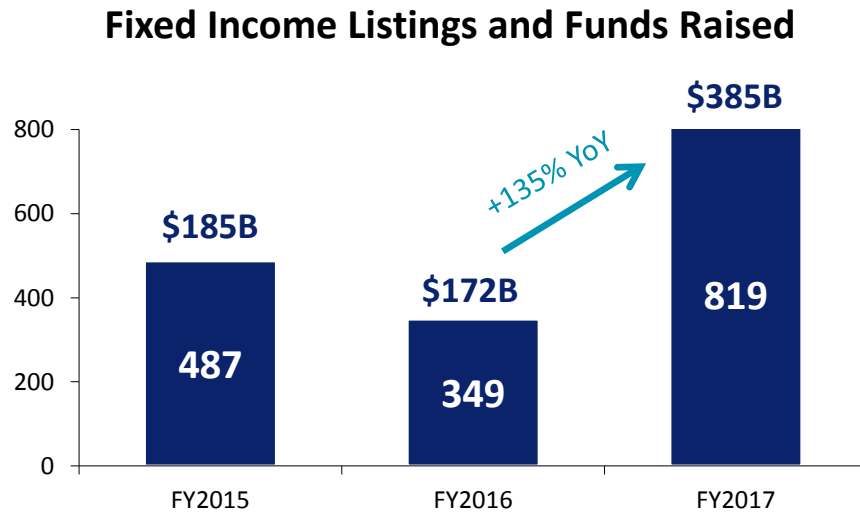
### Securities Daily Avg. Traded Value (SDAV)



Source: SGX

<sup>1</sup>Listings include Initial Public Offerings (IPOs) and Reverse Takeovers (RTOs) | <sup>2</sup>Includes Placement, Rights and Warrants

# Increase In Fixed Income Listings And Market Share



G3 Asia Pac bonds share of issuance

**43%** in FY2017

Broadened base of new issuers

**15** bond listings from  
Central & South America

SGX Bond Pro platform

**1st** Over-The-Counter  
trading venue dedicated  
to Asian bonds

Source: SGX. Data as of FY2017

# Build Liquidity & Profile Companies



## Market Makers & Liquidity Providers

- Enhance market quality and lower transaction costs



## New Investment Choices

- New Daily Leverage Certificates
- Expand suite of ETFs and Warrants






## Engage Investment Community

- Corporate Day Roadshows
- SGX Research
- SGX MyGateway
- SGX StockFacts
- Retail Investor Events

# FY18 Strategic Priorities

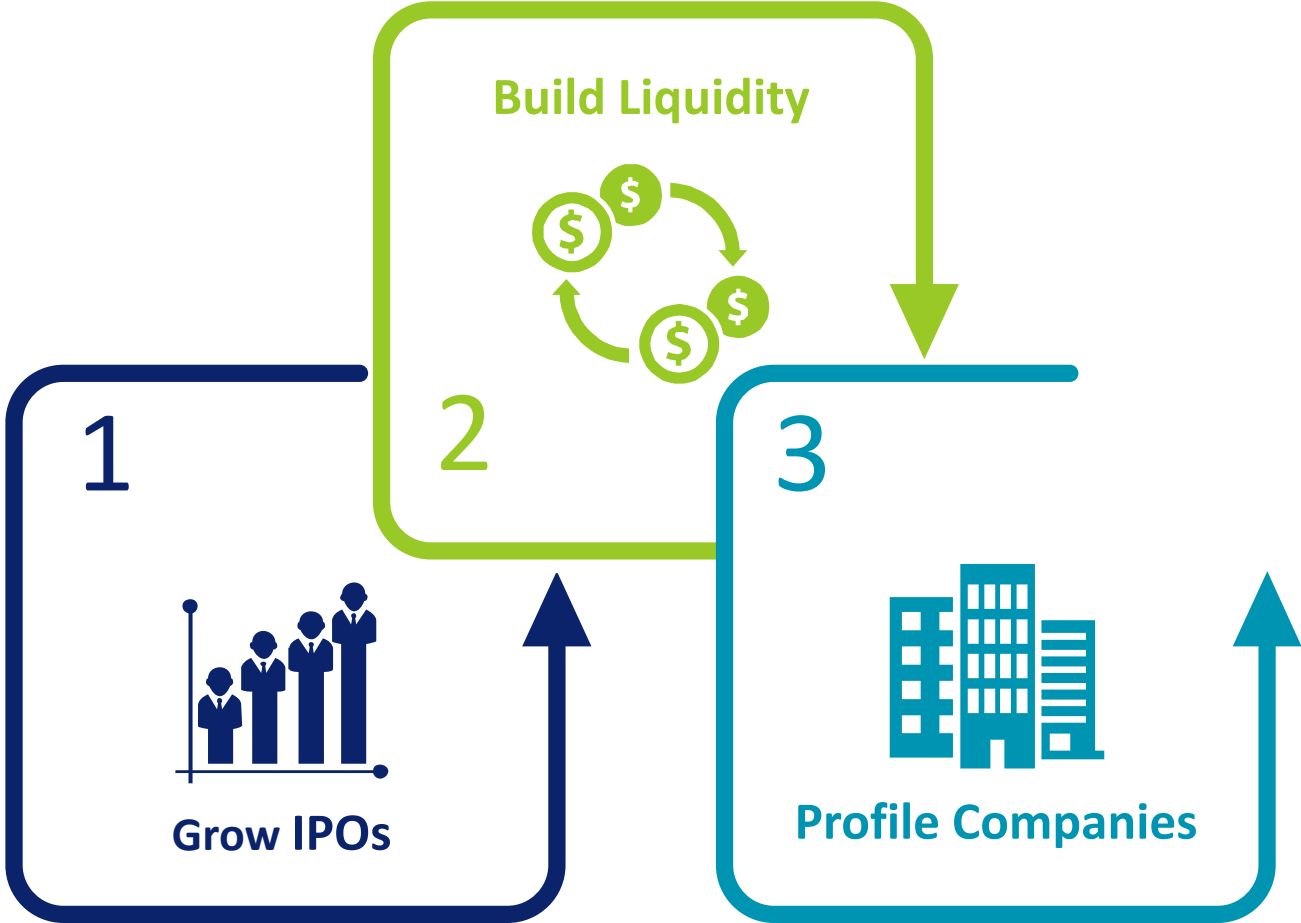


# Grow Asset Classes – Diversification

	Size of Market 	Singapore 	SGX 
FX	<ul style="list-style-type: none"><li>▪ US\$5.1 trillion traded daily</li><li>▪ Largest off-exchange (OTC) market globally</li><li>▪ Regulatory trends favour shift to on-exchange trading</li></ul>	<ul style="list-style-type: none"><li>▪ US\$500 billion traded daily</li><li>▪ Largest FX center in Asia Pacific, third largest globally</li><li>▪ Leading global trading venue for key Asian currencies</li></ul>	<ul style="list-style-type: none"><li>▪ 21 currency futures contracts</li><li>▪ &gt;70% market share in CNH and &gt; 40% market share in INR</li></ul>
Fixed Income	<ul style="list-style-type: none"><li>▪ Asia (ex-Japan) bond market of US\$14 trillion</li><li>▪ Shift towards electronic trading</li></ul>	<ul style="list-style-type: none"><li>▪ Strong distribution network to institutional investors</li></ul>	<ul style="list-style-type: none"><li>▪ Leading listing venue with a 40% share of new G3 issuance</li><li>▪ Launch of SGX Bond Pro</li></ul>



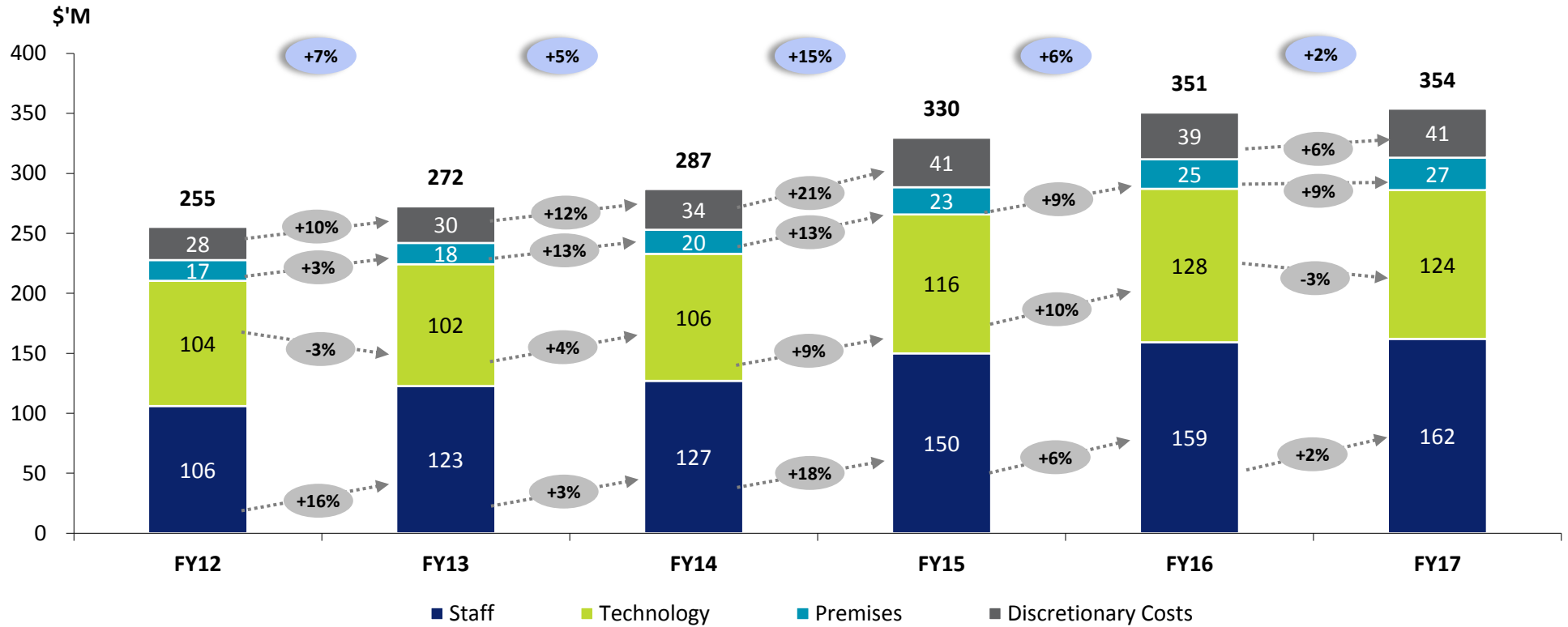
# Advance our Securities Market



# Optimize Resources and Control Costs

- Our focus has been on improving our platform, expanding distribution, and ensuring operational resiliency.
- Our operating jaw has been improving – We saw a flat jaw for FY2017, an improvement from -4% in FY2016.

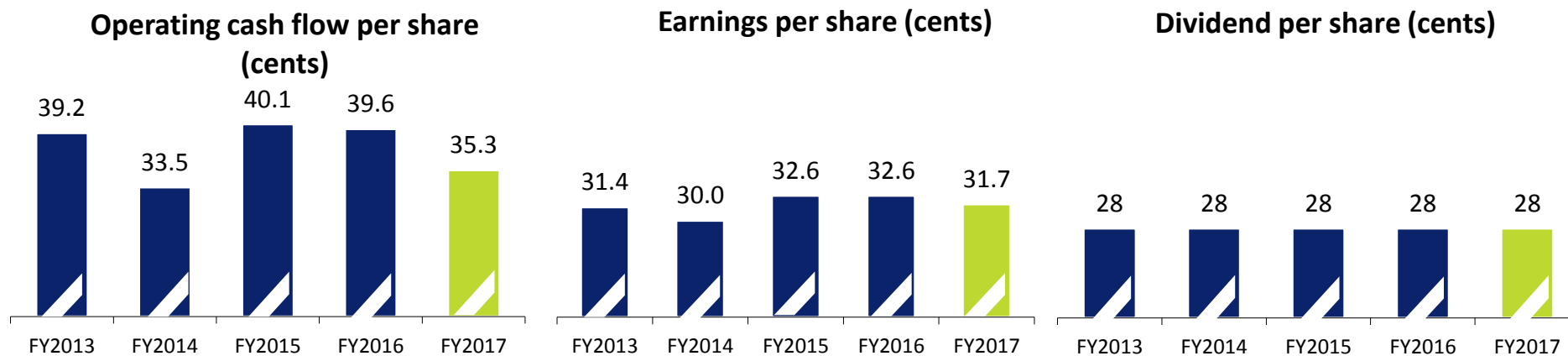
## Operating Expenses, excluding volume-related Processing & Royalties



# Financials

# Financial Performance: Key Indicators (Recent years)

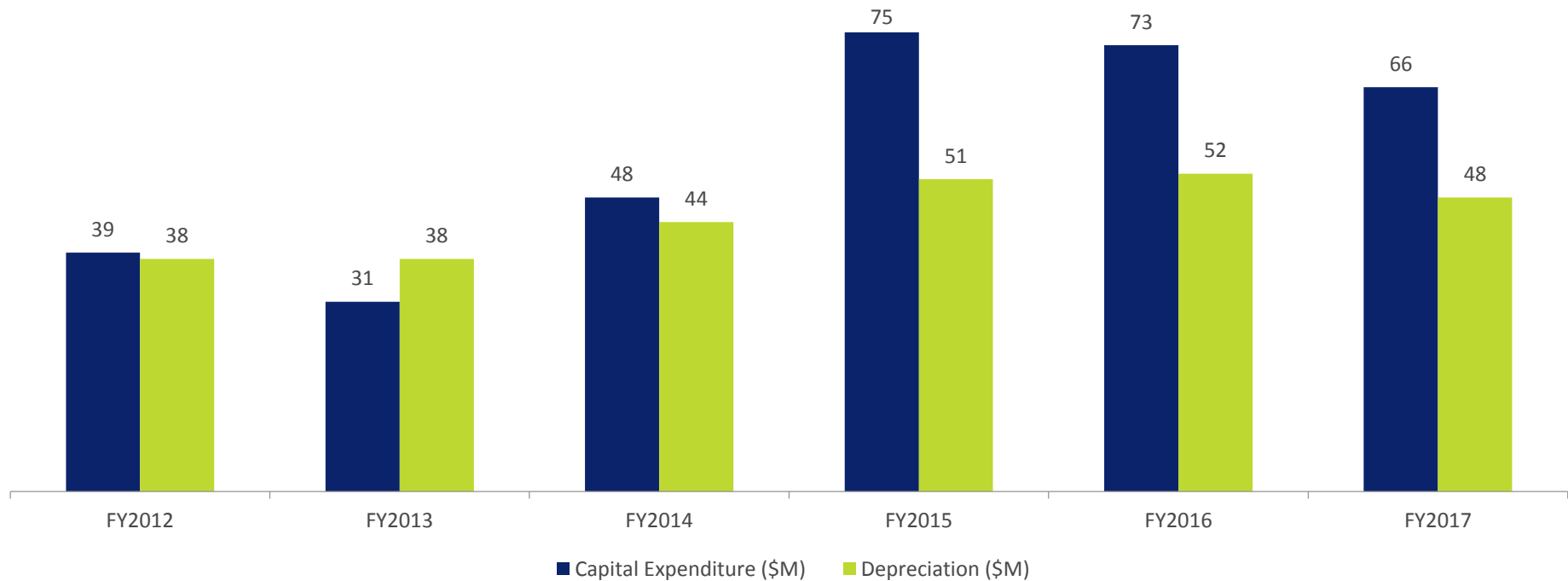
	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue (\$ million)	714	686	779	818	801
Operating profit (\$ million)	413	371	402	409	402
Operating profit margin	58%	54%	52%	50%	50%
Net profit (\$ million)	336	320	349	349	340
Return on equity	39%	35%	37%	36%	34%
Earnings per share (cents)	31.4	30.0	32.6	32.6	31.7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



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

# 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.



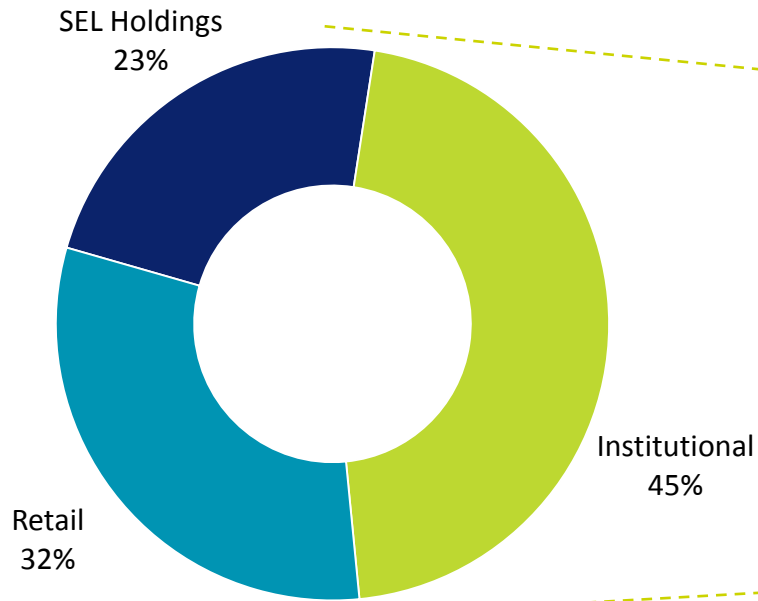
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# Appendix

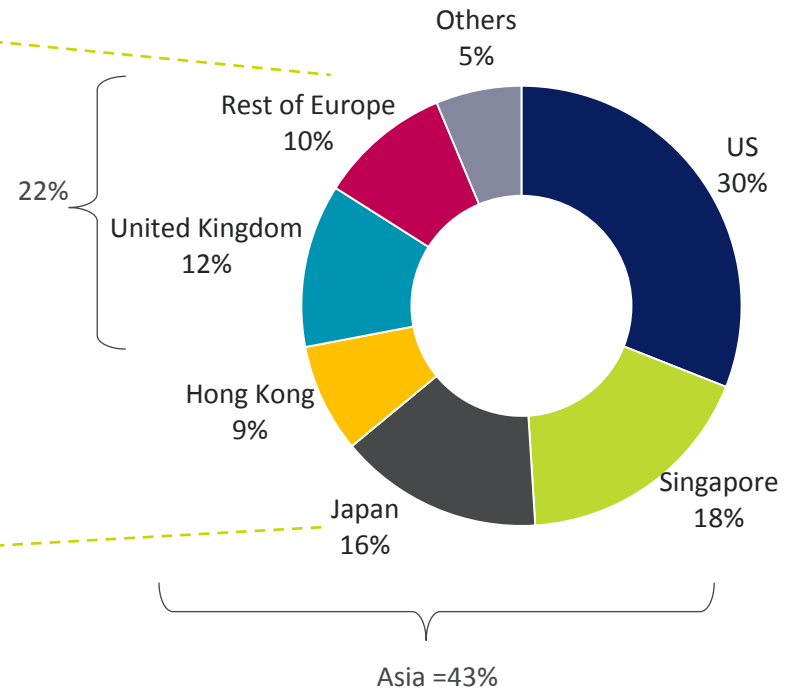
# SGX Shareholders' Profile

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

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



**Institutional Shareholding by Geography**

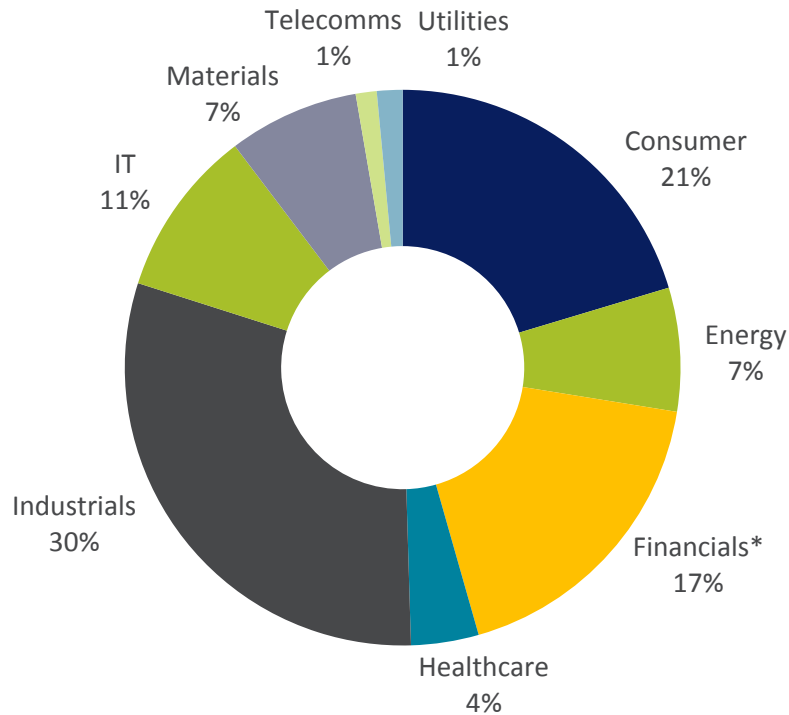


<sup>1</sup> As of June 2017

# Diversity of Listed Companies on SGX

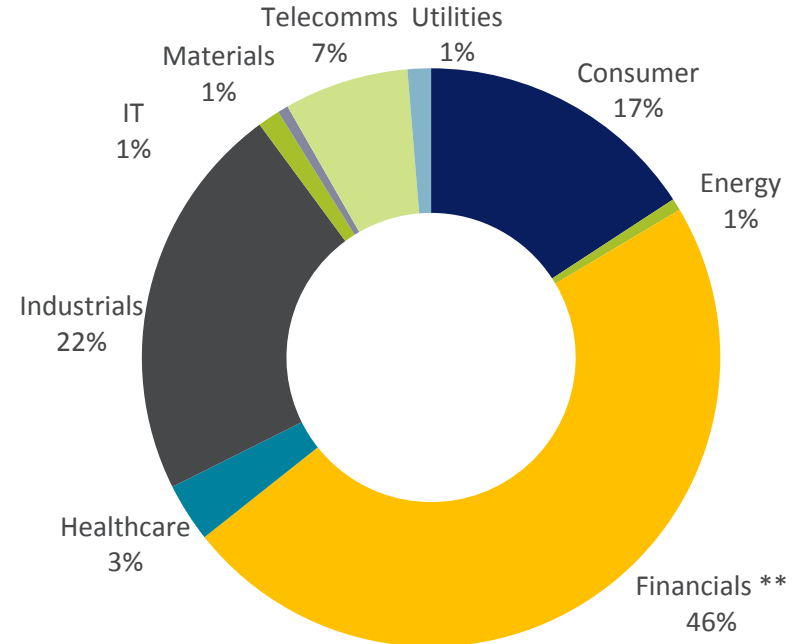
## Breakdown by Number of Companies

754 companies in total



## Breakdown by Market Capitalisation

US\$759 billion in total



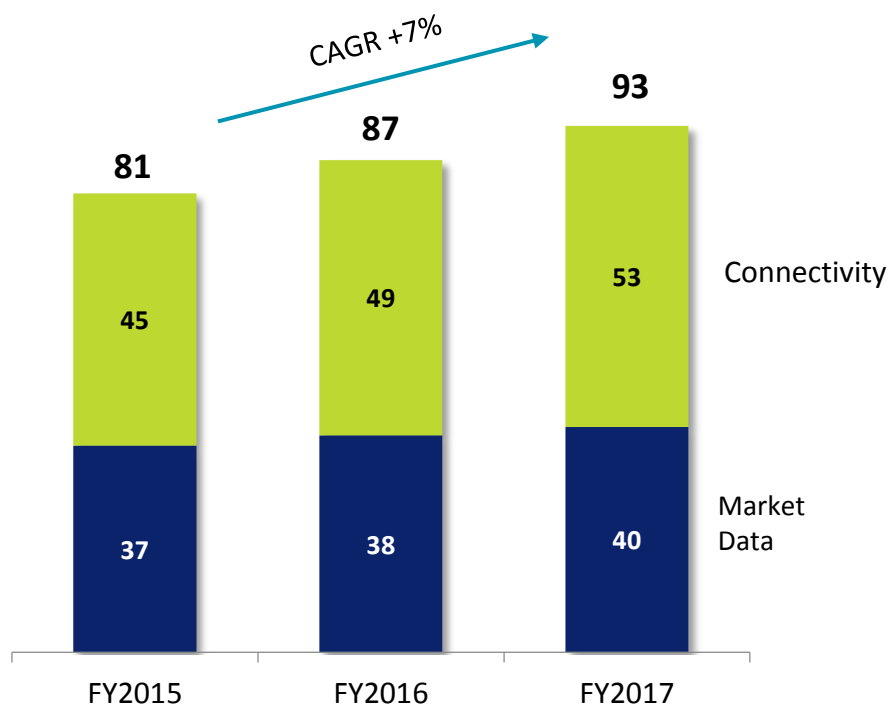
Note: \* Real Estate accounts for 14% of the 754 companies

\*\* Real Estate accounts for 19% of the total market capitalisation of US\$759B

Source: Singapore Exchange & Bloomberg (July 2017)



# Market Data and Connectivity



- Revenue up 7% from \$87M to \$93M due to strong demand for co-location services
- High single-digit business growth
- Continued focus to improve infrastructure
- Simplify non-display data licensing
- Expand data center space to meet demand
- Grow index offering

Note: Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Source: SGX. Data as of FY2017

# 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

# Thank You

## Singapore Exchange

Beijing ▪ Hong Kong ▪ London ▪ Mumbai ▪ Shanghai ▪ Singapore ▪ Tokyo

[sgx.com](http://sgx.com)

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