

# Meeting with Investors

Credit Suisse 20th Annual Asian Investment Conference

27-28 March 2017

Singapore Exchange



# SGX – Our Value Proposition

## Liquidity

1

The world's most liquid offshore market for Asian Derivatives

## Access

2

The only single-point access to a full suite of Asian markets such as China, India, Taiwan, Japan and Singapore in asset classes such as Equities, Commodities and FX

3

The only venue for exposure to China and India outside their respective home markets

## Price discovery

4

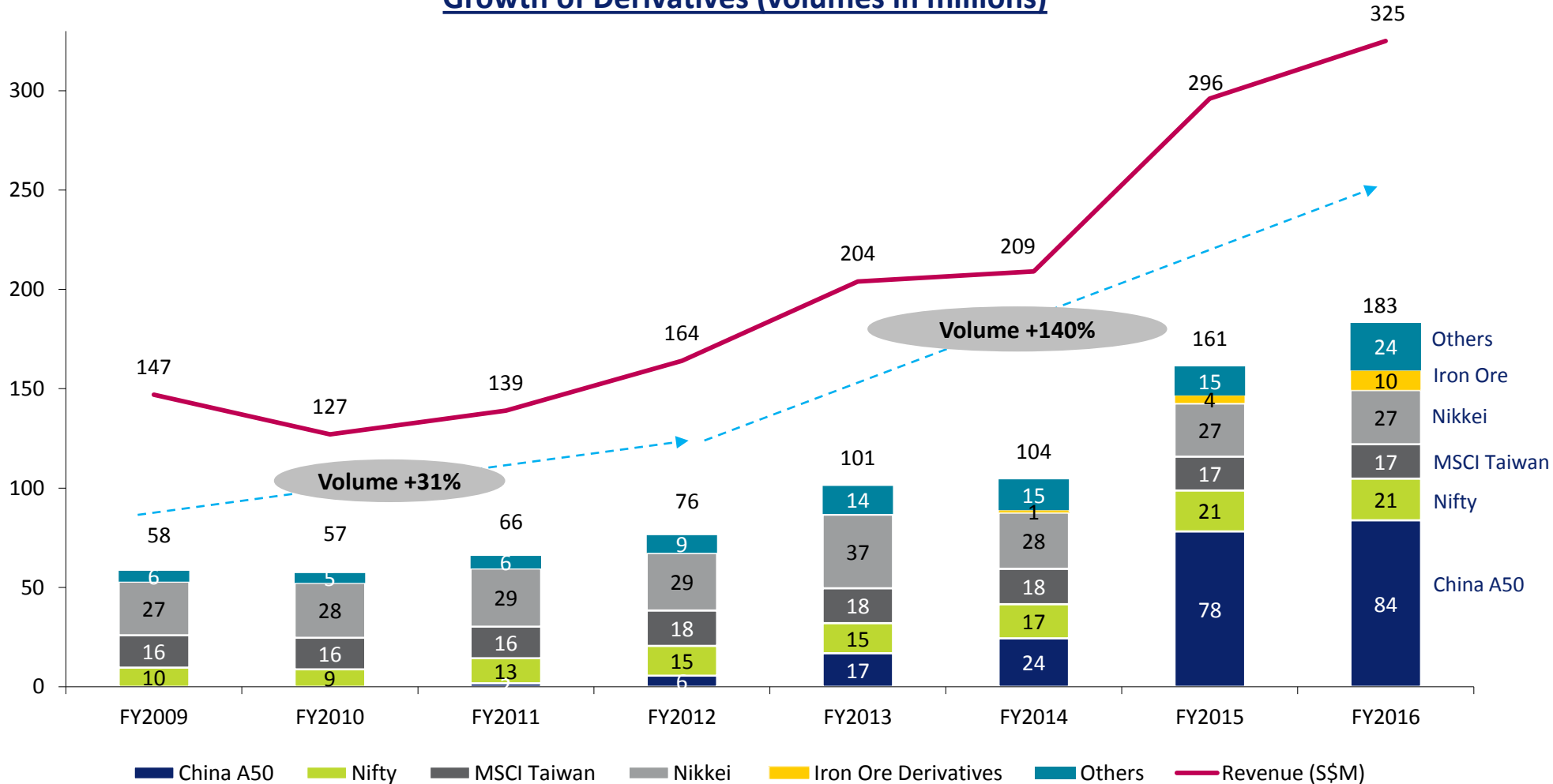
The only price discovery centre for the steel manufacturing supply chain - Iron Ore, Coking Coal, Freight, and maritime route indices

5

An established and international Securities market built on a strong foundation for capital raising and price discovery

# World's most liquid offshore market for Asian Derivatives

Growth of Derivatives (volumes in millions)



# The only offshore access to China and India

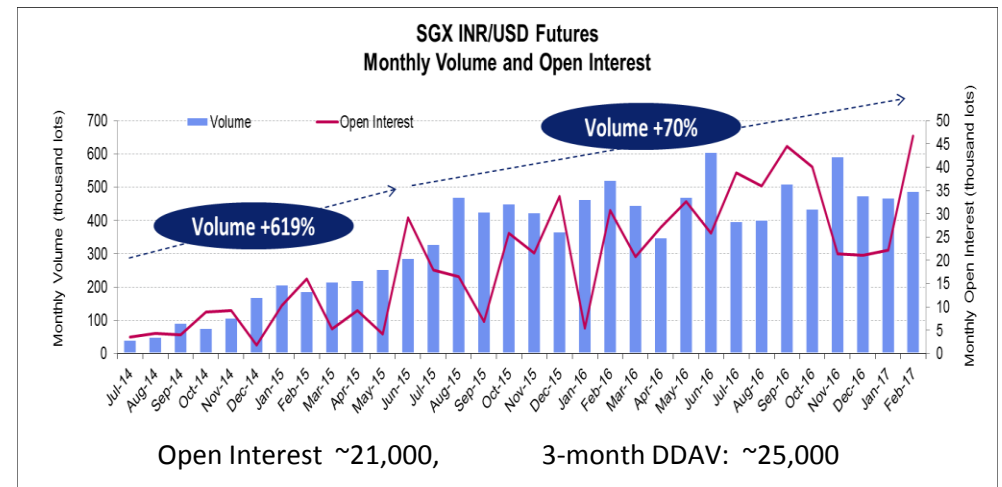
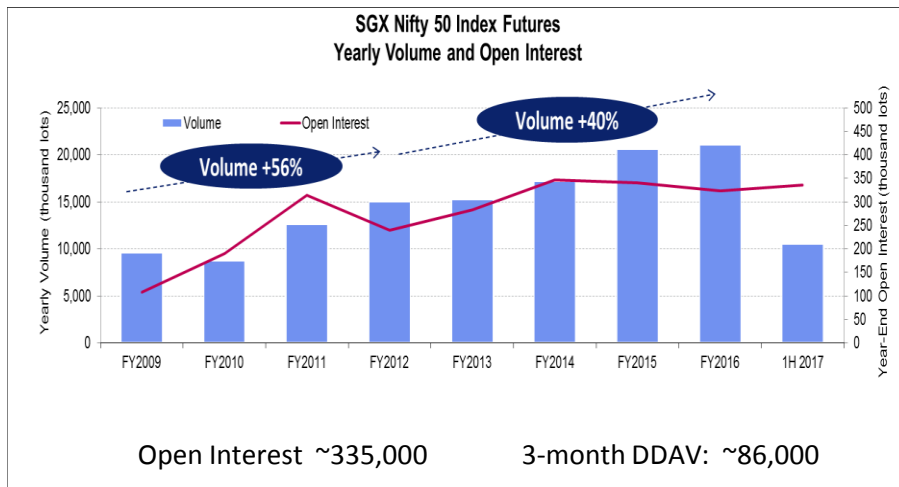
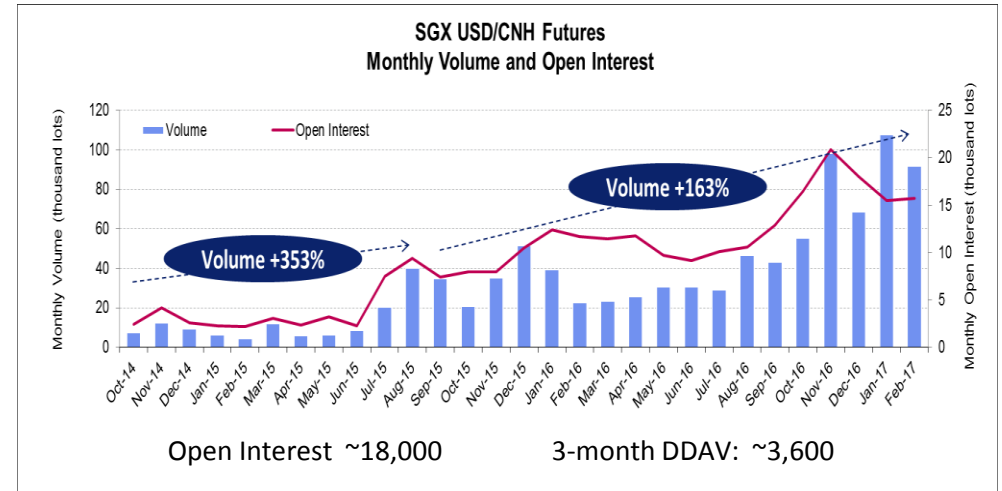
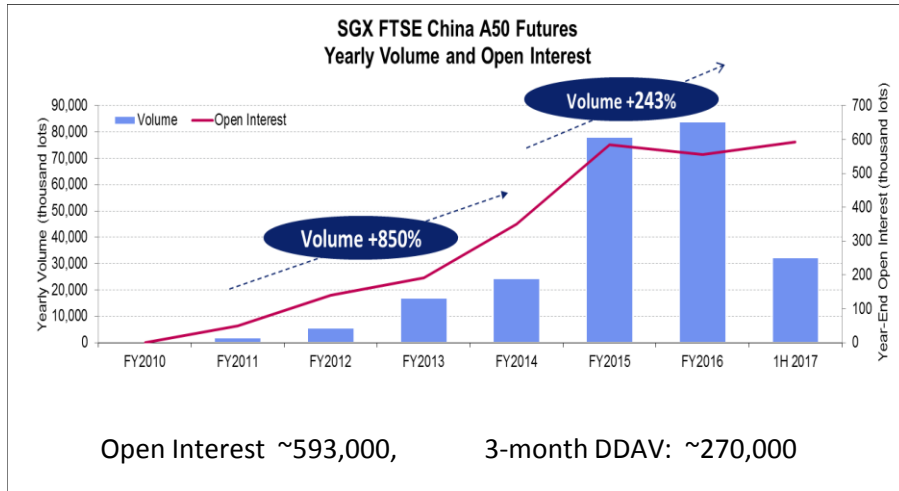
China	
Equity Index Futures	SGX FTSE China A50
Equity Index Futures and Options	MSCI China
FX futures	USD/CNH, CNY/USD, CNY/SGD, EUR/CNH, SGD/CNH
Commodities, Futures, Swaps, Options	Iron Ore

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

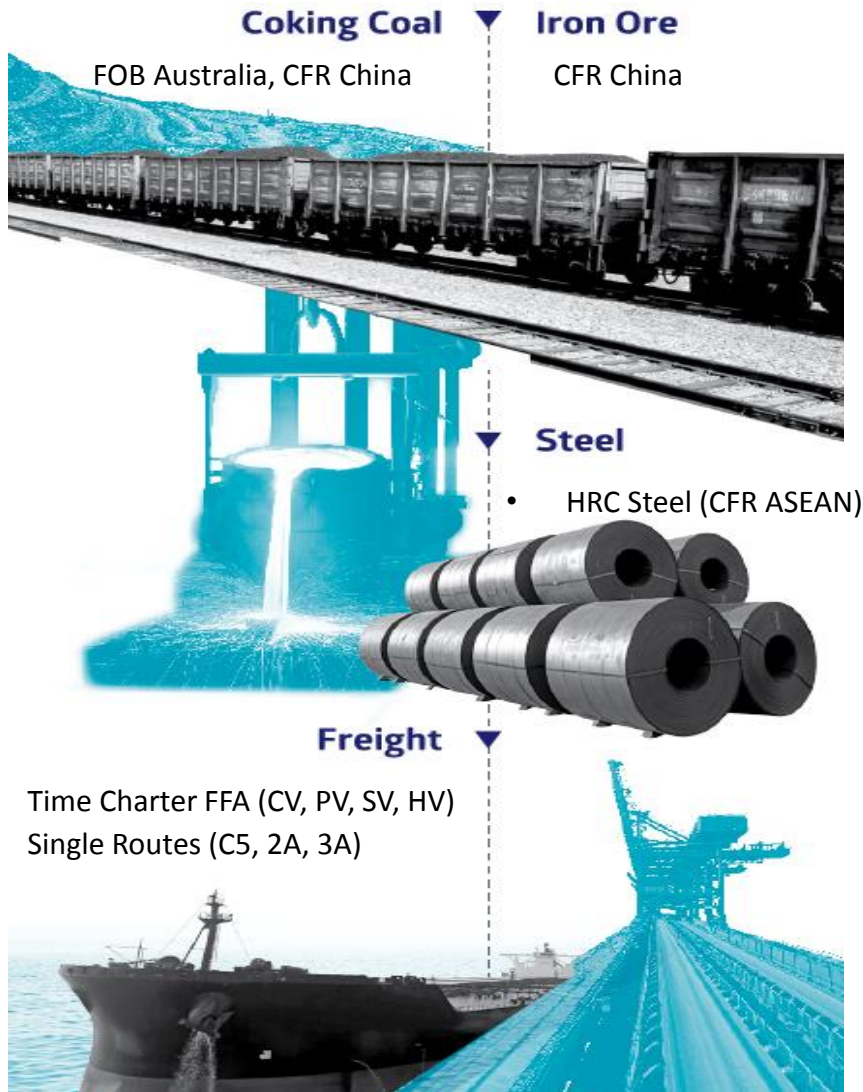
## Our Platform

- New Integrated Trading and Clearing System offering low-latency high-throughput and enhanced risk controls and system safeguards
- Longest trading hours in Asia (22 hours)
- Delivering Asia's broadest range of listed derivatives across China, Japan, India, Taiwan and ASEAN
- Putting together an ecosystem of users trading and clearing on-exchange or OTC
- Capital efficiency through the netting of margins

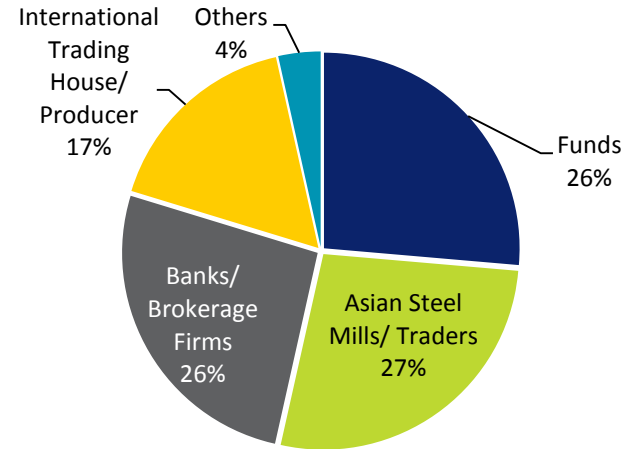
# Access to Liquid Chinese and Indian Markets



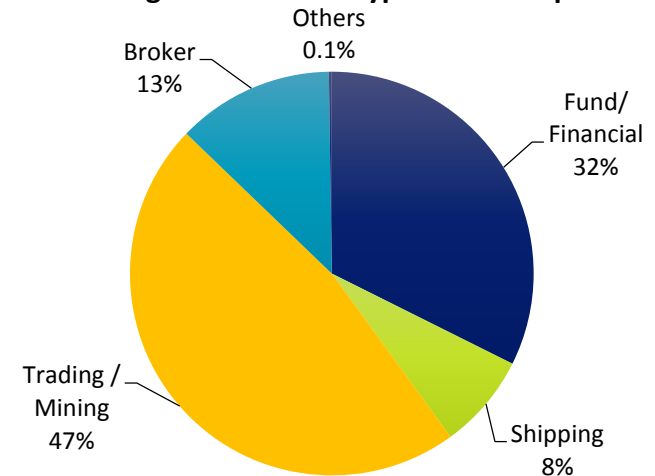
# Price-Discovery Centre for the Steel Manufacturing Value Chain



**SGX Iron Ore Derivatives Customer Segments**

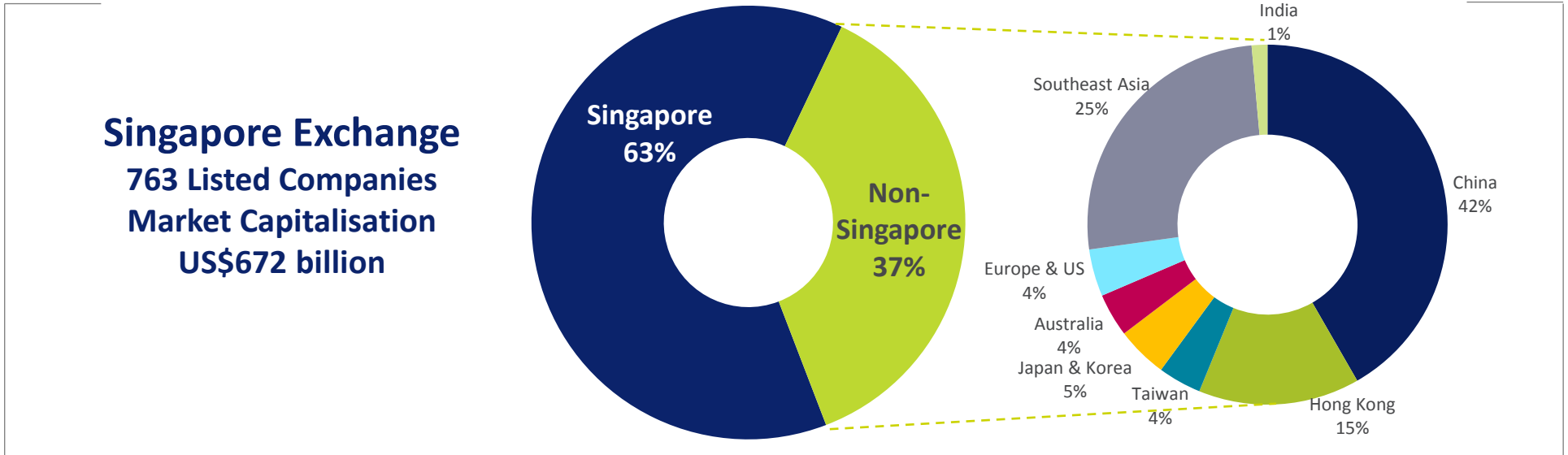


**SGX Freight Derivatives Types of Participants**

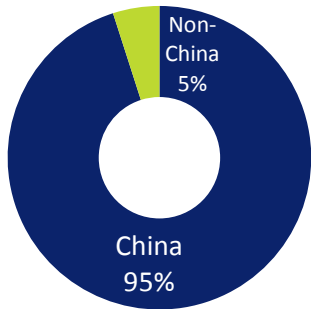


# Established Securities Market

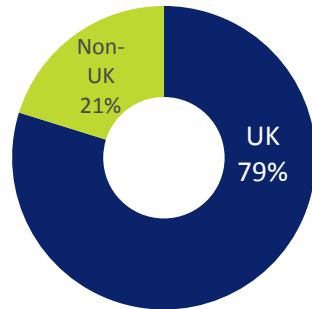
~40% of number of listed companies are from overseas



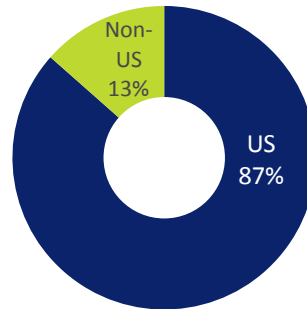
Hong Kong Stock Exchange



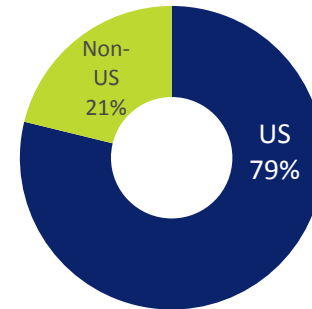
London Stock Exchange



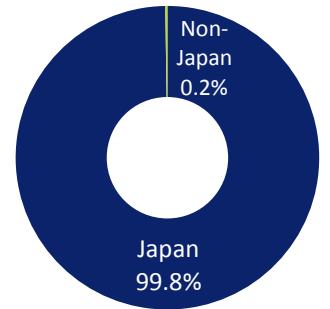
NASDAQ



New York Stock Exchange



Tokyo Stock Exchange

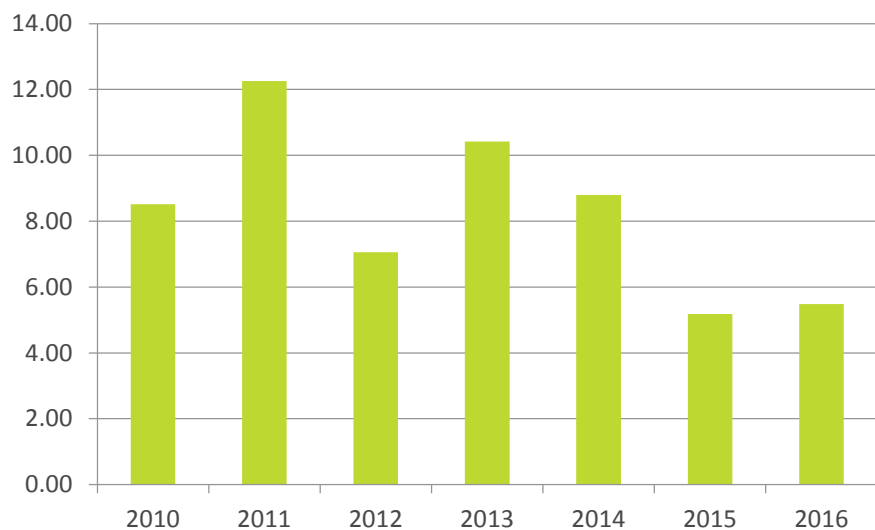


Source: World Federation of Exchanges and Companies' website (2016), Singapore Exchange (2016)

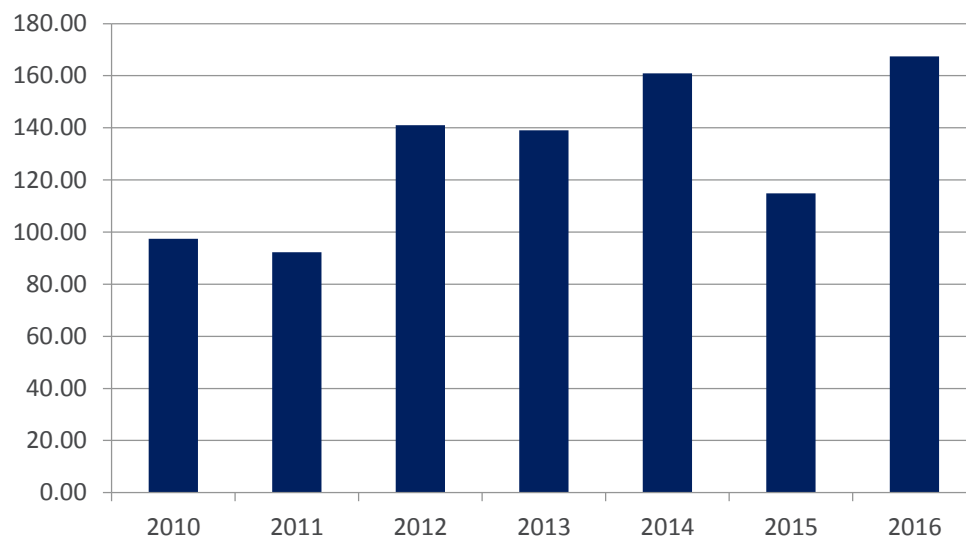
# SGX is a Deep Market for Capital Raising

Equity and debt markets raised a total of US\$170 billion in 2016

Equities Funds Raised (US\$ billion)



Bonds Funds Raised (US\$ billion)



	2010	2011	2012	2013	2014	2015	2016
No. of Equity Listings	40	31	26	32	41	19	19
No. of Bond Issues	245	257	345	465	521	395	522

Source: Singapore Exchange (Dec 2016)

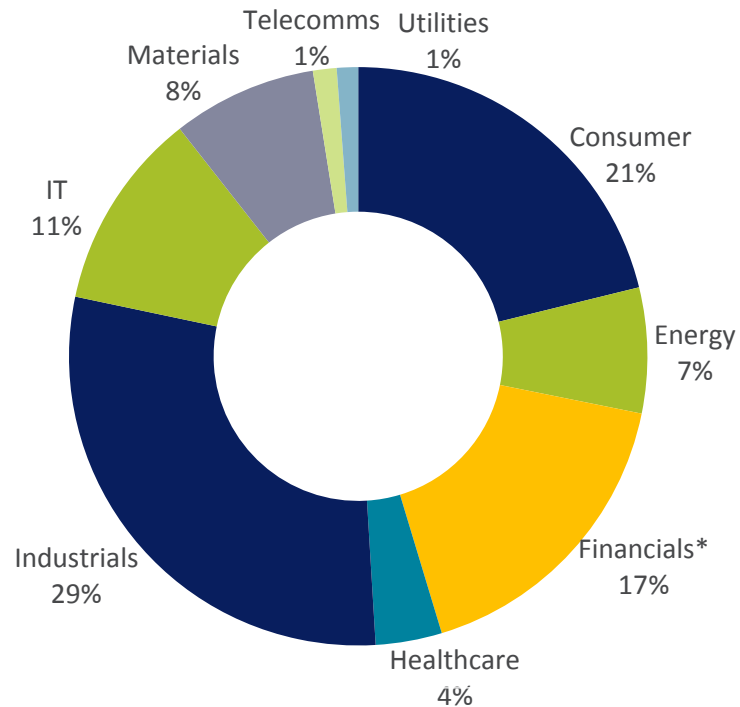


# Established Securities Market

## Listed companies from diverse sectors

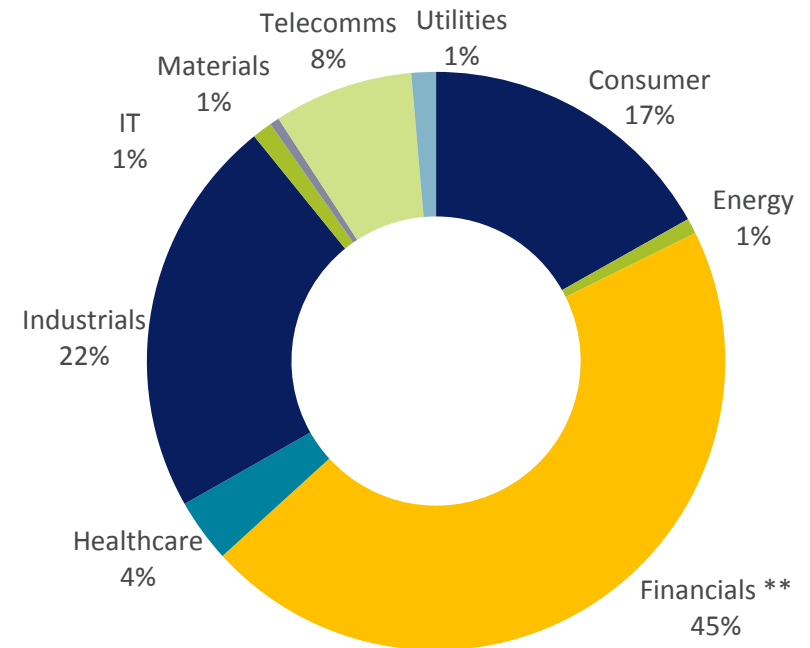
### Breakdown by Number of Companies

763 companies in total



### Breakdown by Market Capitalisation

US\$672 billion in total



Note:

\* Real Estate accounts for 13% of the 763 companies

\*\* Real Estate accounts for 19% of the total market capitalisation of US\$672B

# Key Sectors in our Securities Market

## Consumer

PE: 20x



- Includes agri-commodities, food & beverage and retail
- 154 companies with market cap of US\$112 billion

## Technology

PE: 16x



- Includes information & communications technology, medical technology and financial technology
- 78 companies with market cap of US\$58 billion

## Healthcare

PE: 45x



- Full range of companies from pharmaceuticals, healthcare services to medical devices technology
- 29 companies, 2 REITs and 1 Trust with market cap of US\$34 billion

## Maritime & Offshore Services

PE: 19x



- 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: 3x



- Companies in exploration, development and production of mineral or oil & gas
- 26 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
- 97 real estate companies and property trusts with market cap of US\$128 billion

Source: Bloomberg & Singapore Exchange (Feb 2017)

# Strategic Priorities

## Our Vision

- Asia's leading and trusted market infrastructure
- Global multi-asset class exchange both horizontally and vertically integrated, with products and services covering all the major asset classes in the Asian time zone

**1. Improve the liquidity of our Securities market**

**2. Diversify our business mix across geography and asset classes**

**3. Effective cost management**

# Our Growth Drivers

## Strategic Priorities

### Equities & Fixed Income

- Build a vibrant ecosystem for capital raising and innovation
- Enhance the visibility of issuers
- Further our role as Asia's Fixed Income hub

### Derivatives

- Enhance our position as a hub to invest, trade and hedge all major Asian markets
- Build on our development of pan-Asian products and services

### Market Data & Connectivity

- Drive continued growth to become regional data hub, while growing our colocation services
- Grow our Index business to meet the increasing demand for bespoke index calculation services

## Growth Drivers

- Listings - China and ASEAN markets; Offshore Bonds
- Structured products, US ETFs
- Regional Fixed Income

- ASEAN FX futures
- Seaborne Commodities
- Steel & Energy Complex
- Freight – Asian Baltic Indices
- Next Generation Platform

- New Index classes (e.g. Smart-beta)
- Broaden market data coverage
- Innovative data distribution model

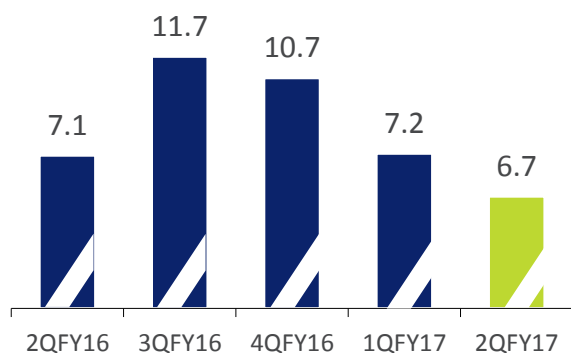
Global Distribution – Singapore, Beijing, Hong Kong, Mumbai, Shanghai, Tokyo, London

# Financials

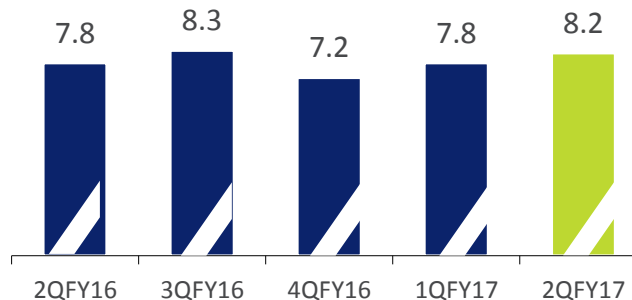
# Financial Performance: Key Indicators (Recent quarters)

	2Q FY2016	3Q FY2016	4Q FY2016	1Q FY2017	2Q FY2017
Revenue (\$ million)	195	206	198	191	200
Operating profit (\$ million)	98	103	92	97	102
Operating profit margin	50%	50%	46%	51%	51%
Net profit (\$ million)	84	89	77	83	88
Return on equity	43%	41%	36%	38%	38%
Earnings per share (cents)	7.8	8.3	7.2	7.8	8.2
Dividend per share (cents)	5	5	13	5	5

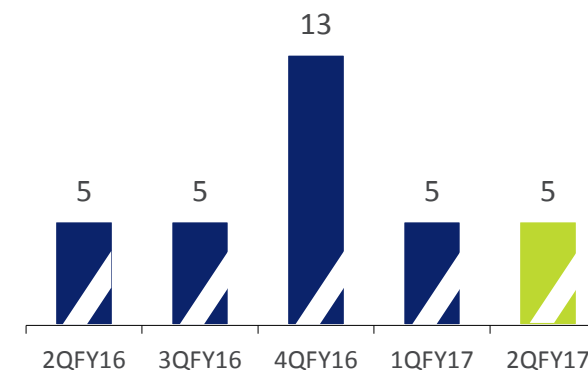
Operating cashflow per share (cents)



Earnings per share (cents)



Dividend per share (cents)



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

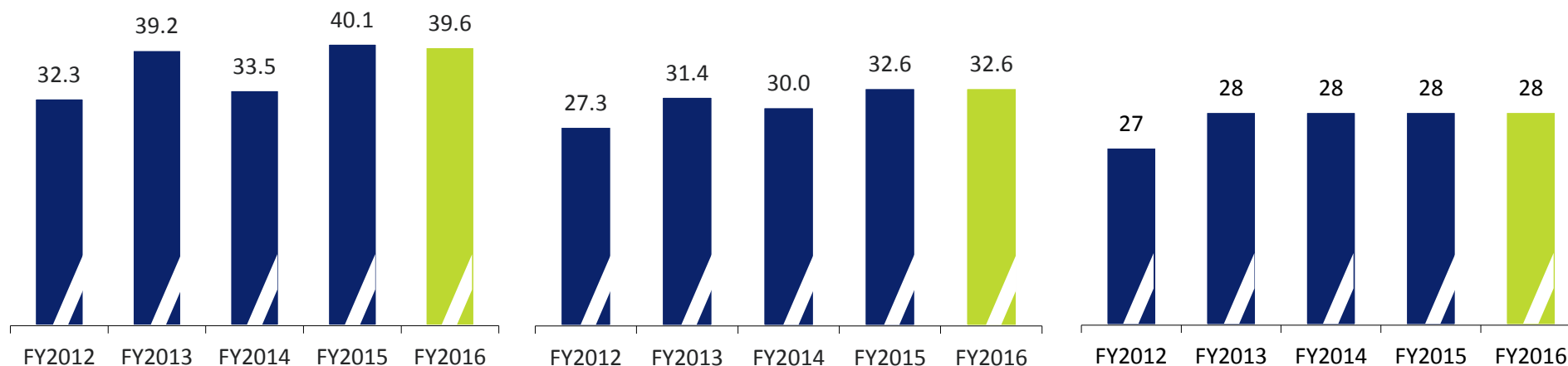
# Financial Performance: Key Indicators (Recent years)

	FY2012	FY2013	FY2014	FY2015	FY2016
Revenue (\$ million)	647	714	686	779	818
Operating profit (\$ million)	363	413	371	402	409
Operating profit margin	56%	58%	54%	52%	50%
Return on equity	35%	39%	35%	37%	36%
Earnings per share (cents)	27.3	31.4	30.0	32.6	32.6
Dividend per share (cents)	27	28	28	28	28

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

# Second Quarter FY2017 Highlights

<b>Revenue</b> <ul style="list-style-type: none"><li>▪ \$200M</li><li>▪ Up 3%</li></ul>	<b>Expenses</b> <ul style="list-style-type: none"><li>▪ \$97M</li><li>▪ Unchanged</li></ul>	<b>Operating Profit</b> <ul style="list-style-type: none"><li>▪ \$102M</li><li>▪ Up 5%</li></ul>	<b>Net Profit</b> <ul style="list-style-type: none"><li>▪ \$88M</li><li>▪ Up 5%</li></ul>	<b>Earnings Per Share</b> <ul style="list-style-type: none"><li>▪ 8.2 cents</li><li>▪ Up 6%</li></ul>
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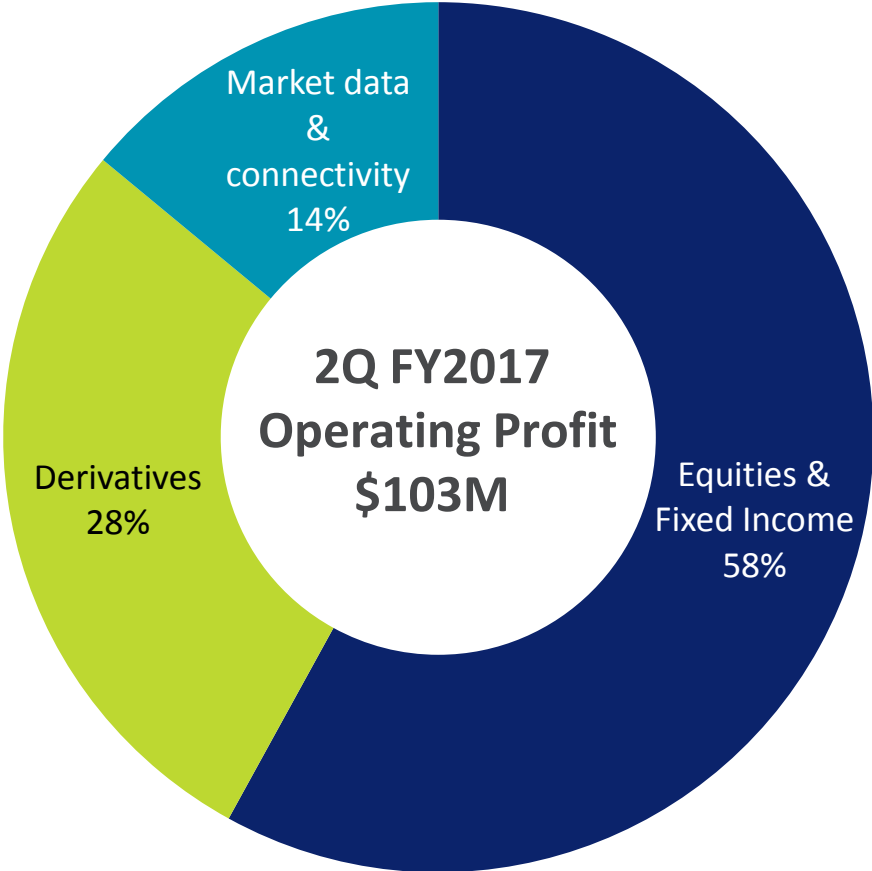
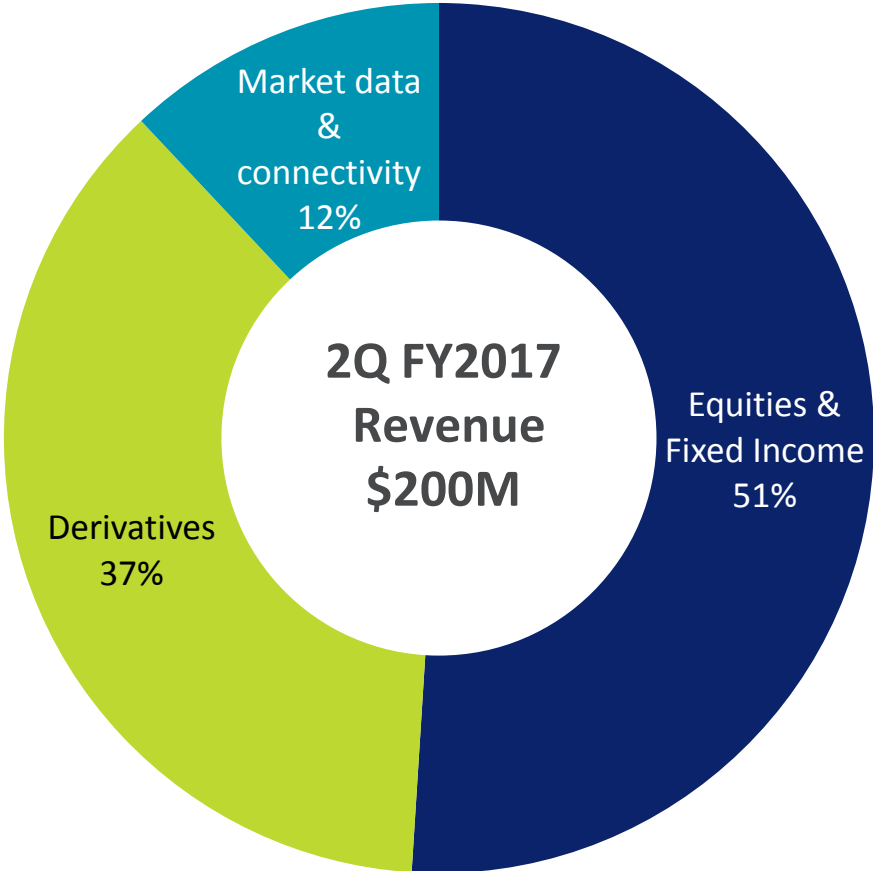
- Equities and Fixed Income revenue up 6%
  - SDAV increased 17% to \$1.09B and total traded value increased 17% to \$70B
  - 2 new equity listings compared with 5 listings a year earlier
- Derivatives revenues down 3%
  - Total volumes increased 5% to 41M contracts
  - Average fee per contract decreased from \$1.28 to \$1.16
- Expenses unchanged at \$97M. Excluding one-off costs related to the acquisition of the Baltic Exchange, expenses would be lower by 4% at \$94M.



# Contribution by Business Units

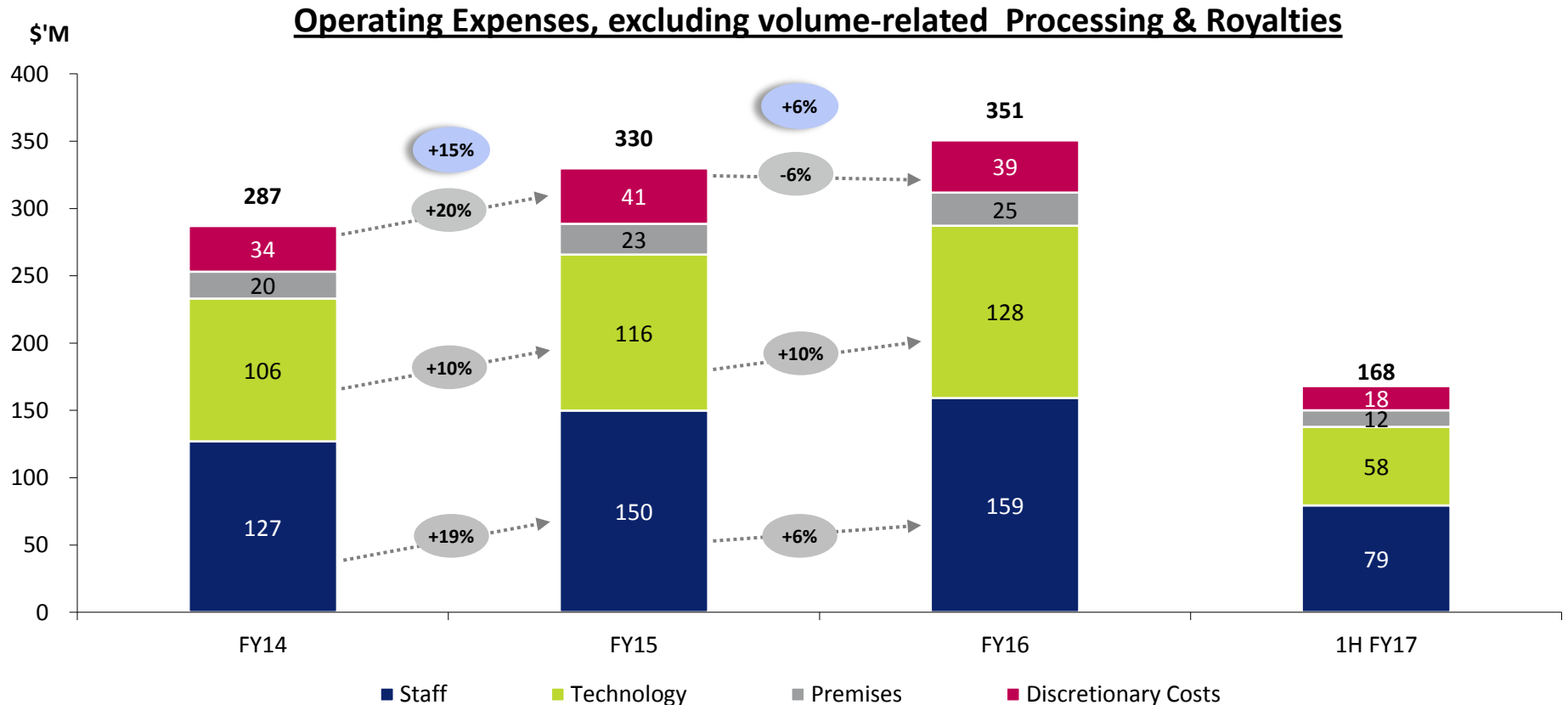
Revenue Contribution (%)

Operating Profit Contribution (%)



# Effective cost management and investing in growth

Our focus has been on improving our platform, expanding distribution, and ensuring operational resiliency



# Appendix: Background

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# The Singapore Exchange (SGX)

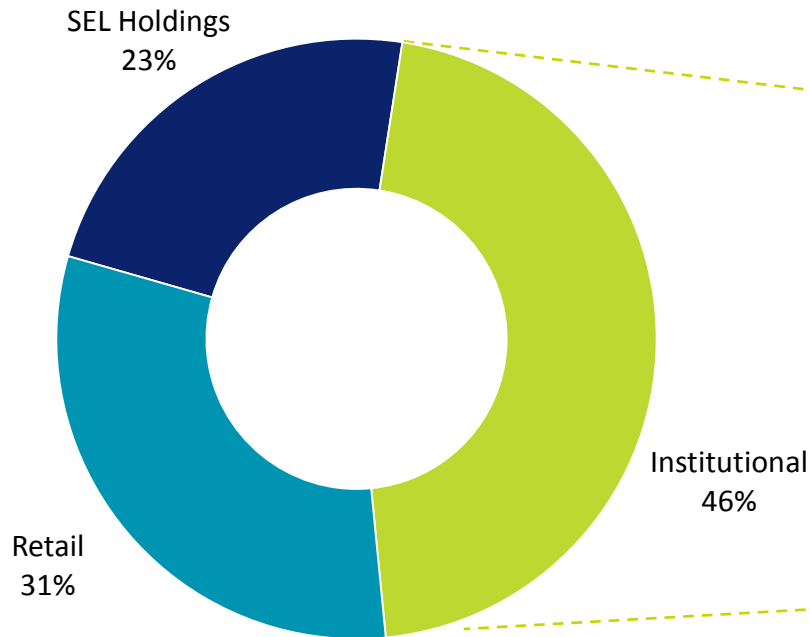
**A diversified exchange group that runs key market infrastructure including the Singapore stock market and a pan-Asian derivatives exchange**

- Established in 1999 as a result of the demutualization and merger of the Stock Exchange of Singapore, Singapore International Monetary Exchange and Securities Clearing and Computer Services; listed on the SGX mainboard in 2000
- Vertically and horizontally integrated, with products and services covering the entire exchange value chain, and across all major asset classes
- Strong cash-flow with debt-free balance sheet poised for future growth
- Anchored in Singapore, Asia's only triple AAA-rated economy
- Consistently high dividend payout ratio and dividend yield
- Market capitalization of US\$6 billion, 10<sup>th</sup> largest listed exchange group globally

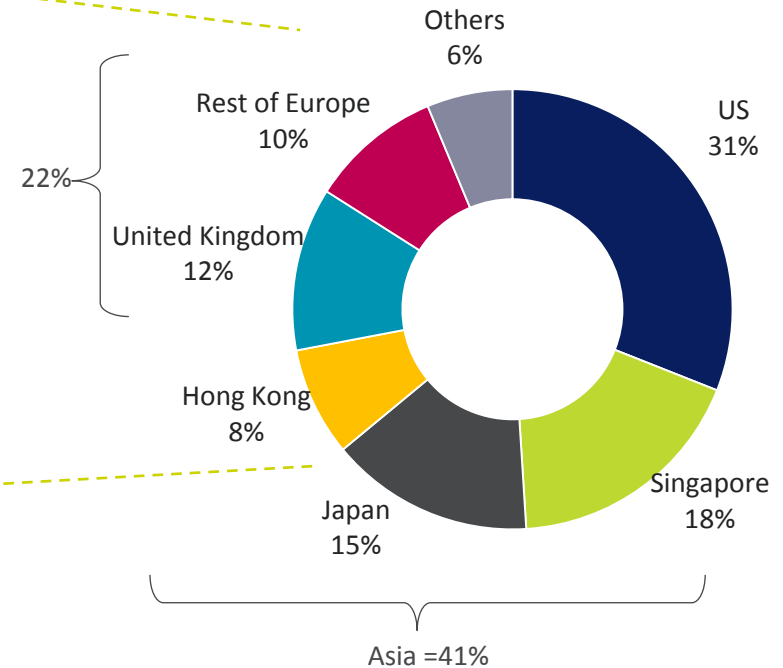
# SGX Shareholders Profile

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

**SGX Shareholder Composition**



**Institutional Shareholding by Geography**



# Global Footprint

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



## Key Clients

- **Domestic and regional issuers** looking to raise capital in Singapore, the leading Asian financial centre
- **Investors and asset managers** seeking growth opportunities in Asia
- **Global long-only and hedge funds** with Asia mandates, making use of SGX-listed derivatives to manage portfolio risks and/or take directional views across all key Asian markets
- **Professional market makers, liquidity providers and other proprietary trading firms**

# Strategic Positioning

1



## International Listing Platform

The largest stock market in Southeast Asia, with a market capitalisation exceeding S\$900 billion. More than 40% of our listed companies are based outside Singapore; more than 70% of revenue booked by top 30 index stocks originates from businesses outside of Singapore

2



## Pan-Asia Derivatives Exchange

The world's most liquid offshore market for the benchmark equity index derivatives of China, India, Japan, Taiwan and ASEAN; we are also the leading price discovery venue for iron-ore and rubber derivatives; offers a full suite of Asian FX futures

3

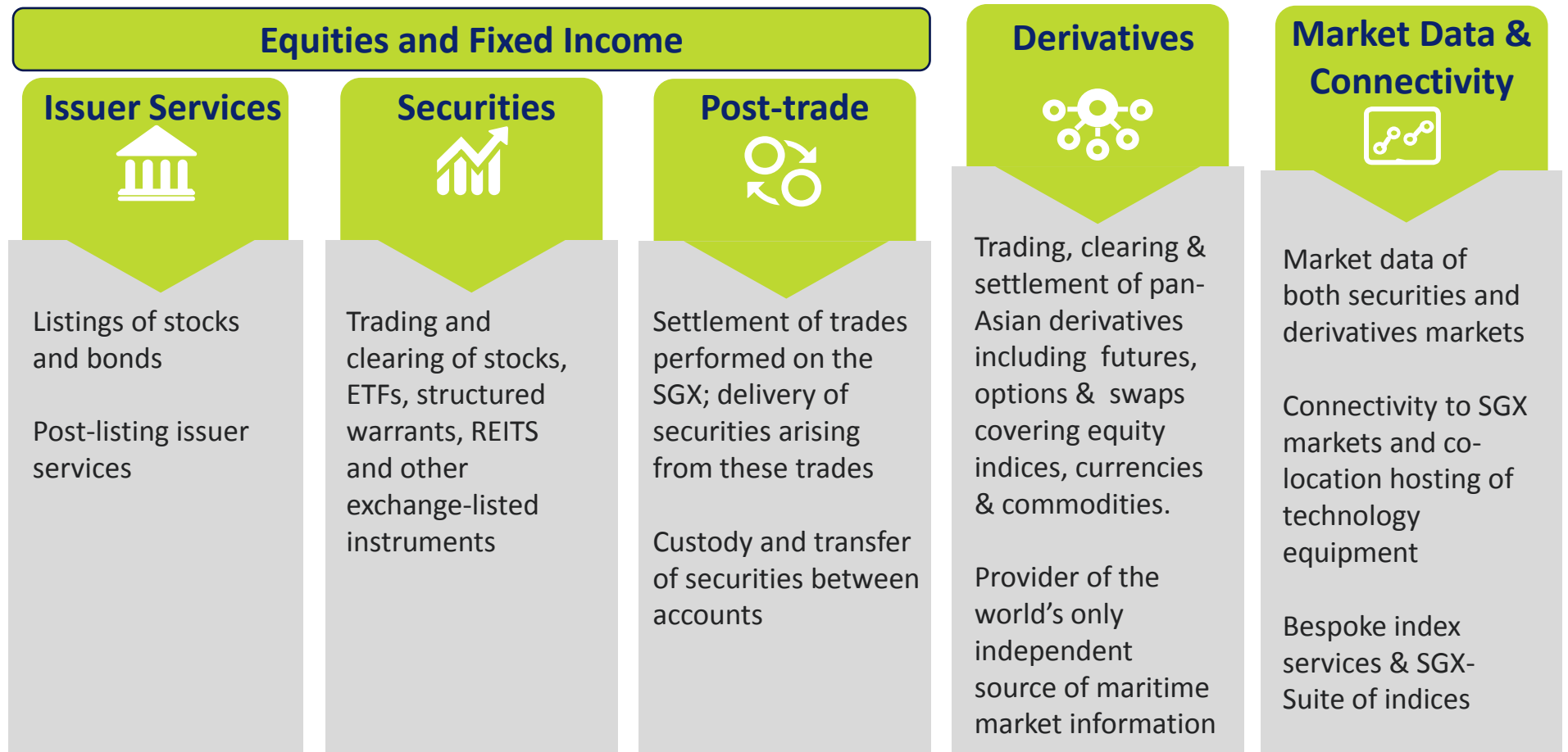


## A Premier Risk Management Venue

One of the first exchanges globally to adopt the Principles for Financial Market Infrastructure (PFMI) and is certified as a Qualifying Counterparty under the Basel III framework

# Business Model: Overview

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





# Recent Key Successes and Milestones

## FY2014

- Expanded into new asset class with launch of FX futures
- Launched SGX Stock Facts
- Acquired EMC

## FY2015

- Record volumes for China A50 future and iron ore derivatives
- Launched bespoke index services
- Added FX futures including SGD/CNH and CNY/SGD

## FY2016

- Launched Singapore Liquefied Natural Gas (SLNG) index
- Launched SGX Bond Pro\*
- Launched MSCI China and Nifty sector futures

## FY2017

- Acquired the Baltic Exchange
- Record single-day volume for USD/CNH on 5 Jan 2017 of 11,049 contracts

\*Asia's first on-exchange bond trading platform

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## Recent Awards

October 2016 - Newsmaker of the Year



October 2016 - Derivatives Exchange of the Year



November 2016 - Asia Exchange of the Year



# Thank You

**Singapore Exchange**

Beijing • Hong Kong • London • Mumbai • Shanghai • Tokyo

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