

2Q FY2020 Analyst and Media Briefing

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23 January 2020

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Second Quarter FY2020

Financial Highlights and Performance

Chng Lay Chew, Chief Financial Officer

Second Quarter FY2020 Highlights

- Revenue of \$231M, up 3%; Net profit of \$99M, up 3%
- FICC revenue up 20%, Equities revenue comparable, DCI revenue up 4%.
- Dividend per share – 7.5 cents, unchanged; Earnings per share – 9.2 cents, up 3%

Revenue

- \$231M
- ↑ 3%

Total Expenses

- \$112M
- ↑ 1%

EBITDA

- \$141M
- ↑ 10%

Net Profit

- \$99M
- ↑ 3%

Currencies and Commodities

- 10.7M contracts
- ↑ 8%

Equities- Derivatives

- 41M contracts
- ↓ 18%

Equities- Cash

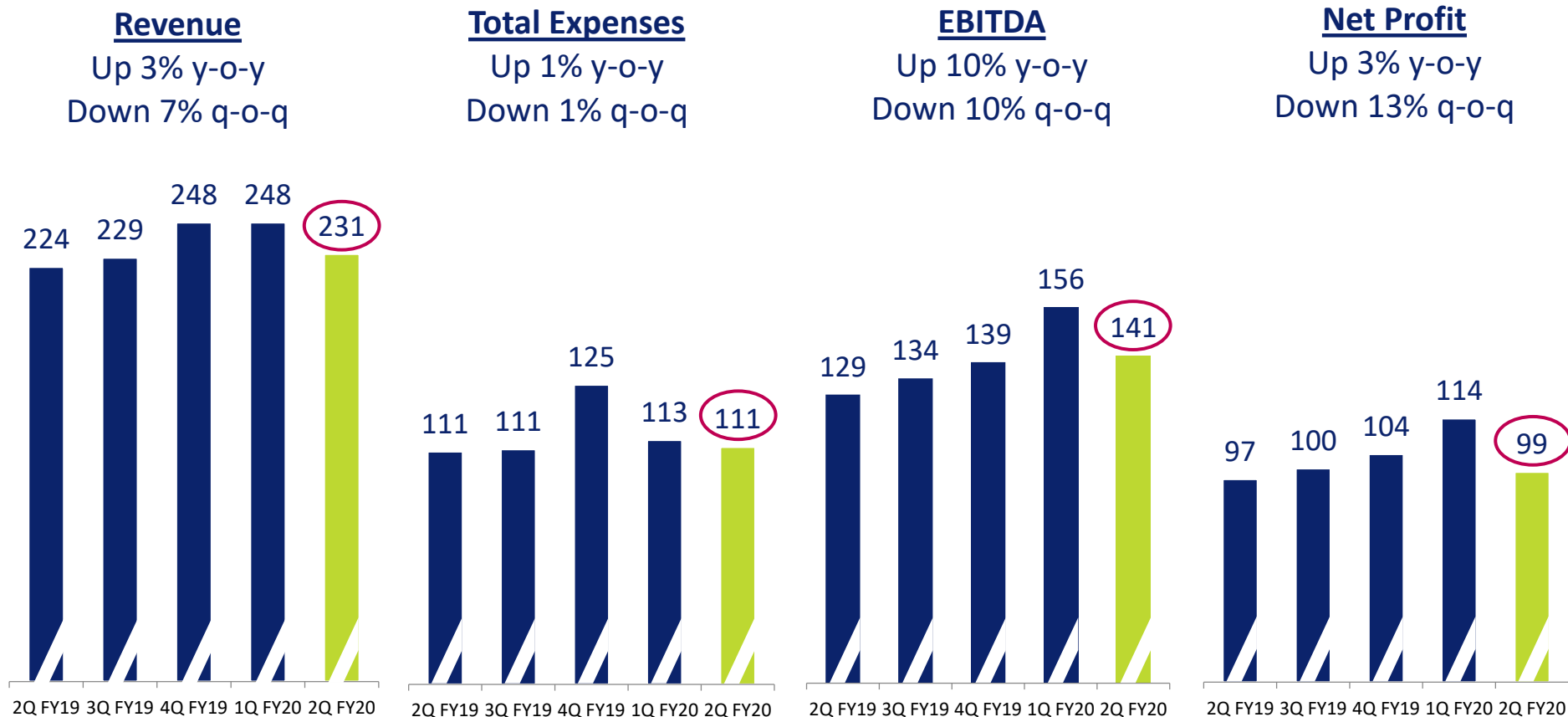
- \$68B traded value
- ↑ 9%

Earnings Per Share

- 9.2 cents
- ↑ 3%

Financial Performance: Quarterly Trend

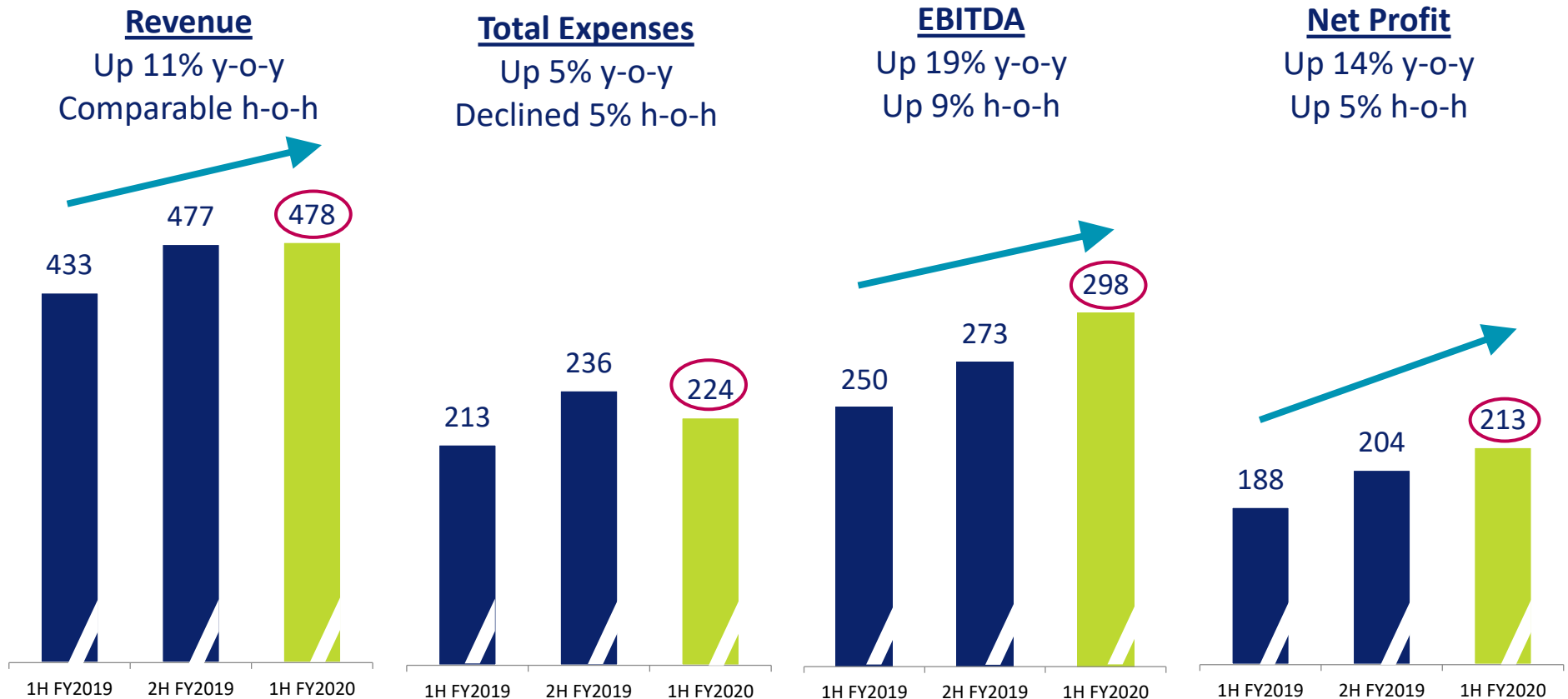
- 2Q FY2020 revenue and profit lower compared to a strong 1Q FY2020.



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

Financial Performance: Half Yearly Trend

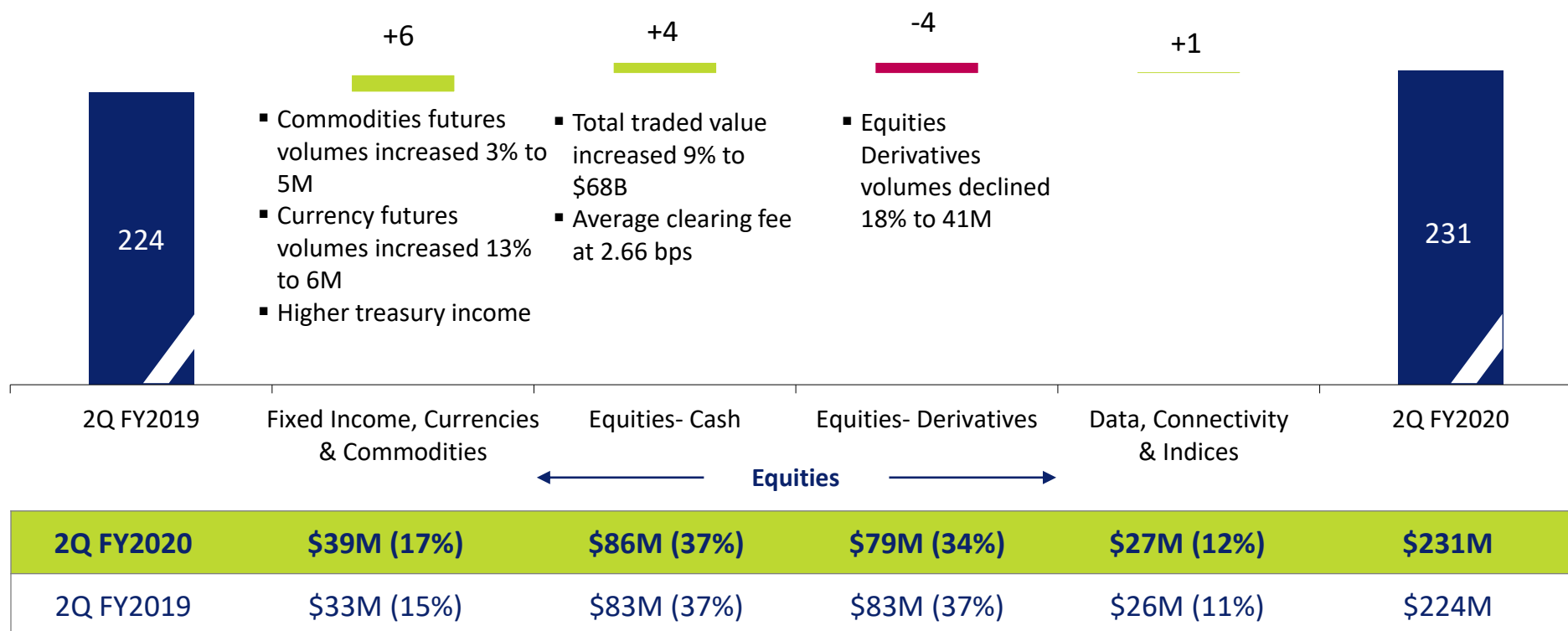
- Increasing trend in Revenue, EBITDA and Net Profit
- Revenue up 11% y-o-y, Total Expenses up 5% y-o-y, positive jaw of 5%
- Net profit up 14% y-o-y and up 5% h-o-h



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

2Q Revenue up 3% y-o-y to \$231M

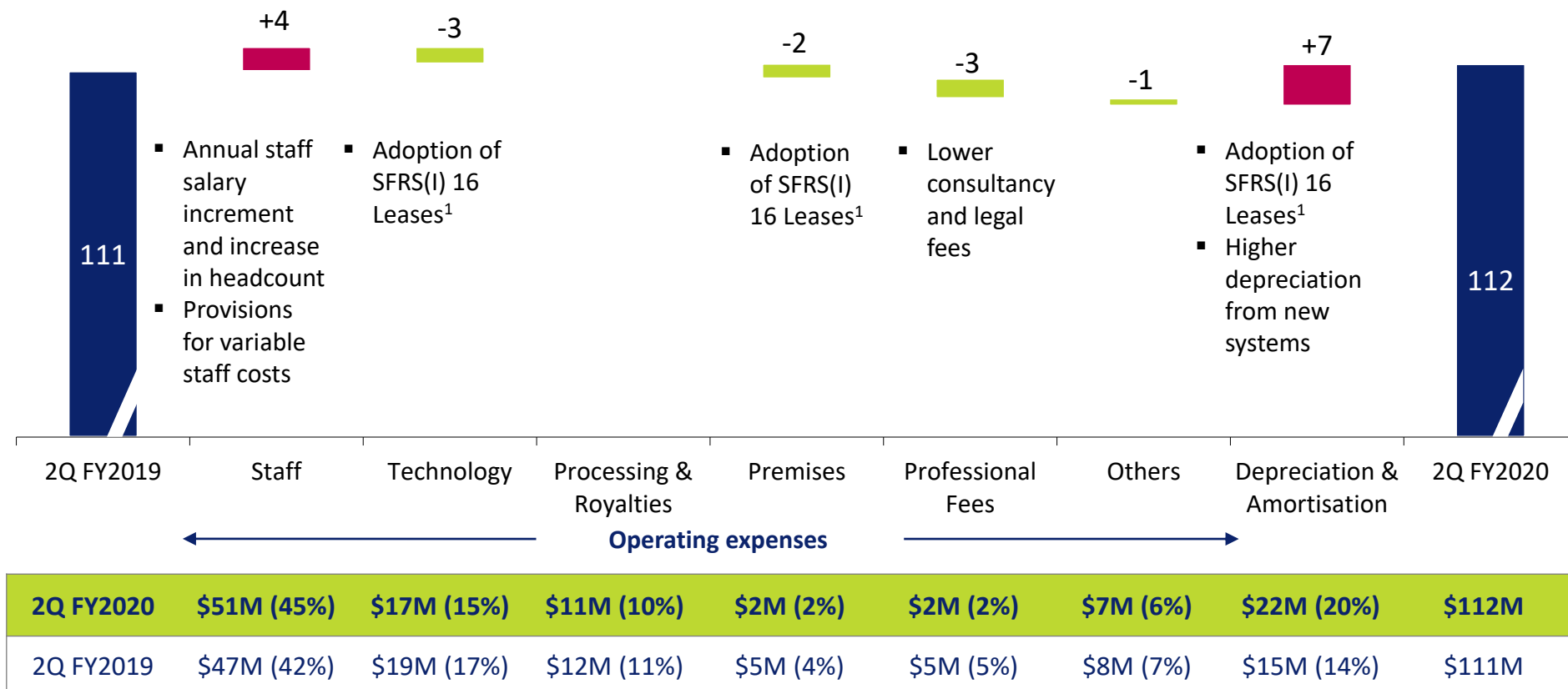
- FICC revenue of \$39M, up 20%; Equities revenue was comparable at \$165M; Data, Connectivity & Indices revenue of \$27M, up 4%
- Average fee per contract for Equity, Currency and Commodity derivatives up 16% to \$1.23



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

2Q Total Expenses comparable at \$112M

- Higher staff costs and depreciation, partially offset by lower discretionary expenses

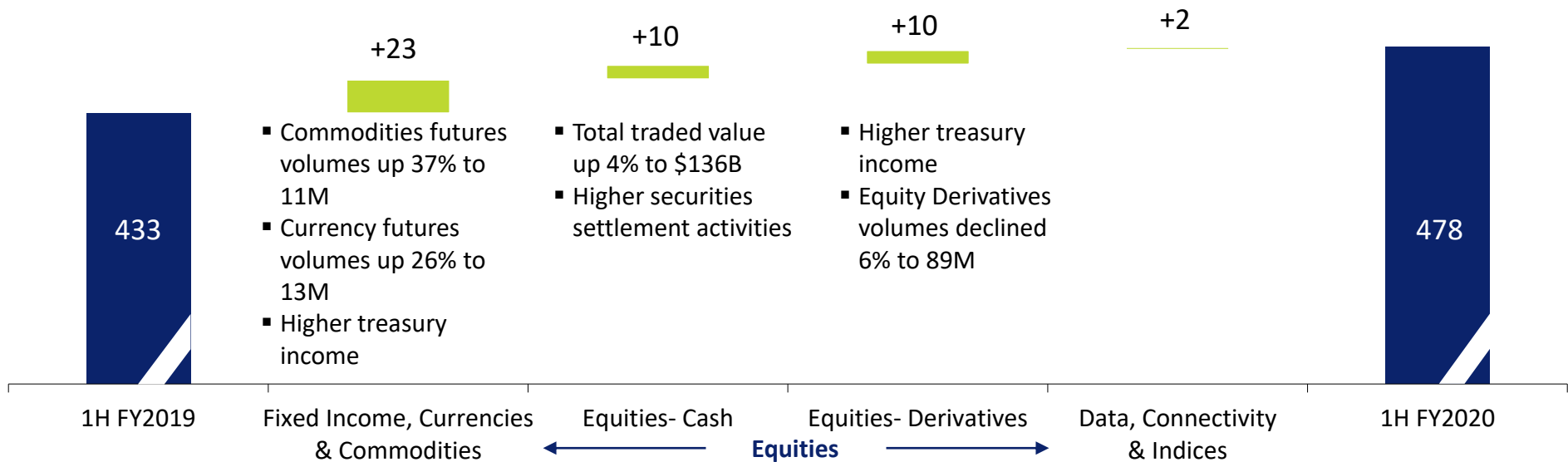


¹ Rental expenses relating operating leases for data centers and office premises that were recorded as technology and premises expenses respectively, are now recorded as depreciation expense and finance charges.

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

1H FY2020 Revenue up 11% y-o-y to \$478M

- Revenue of \$478M, up 11%
- FICC revenue of \$85M, up 38%; Equities revenue of \$341M, up 6%; Data, Connectivity & Indices revenue of \$52M, up 4%

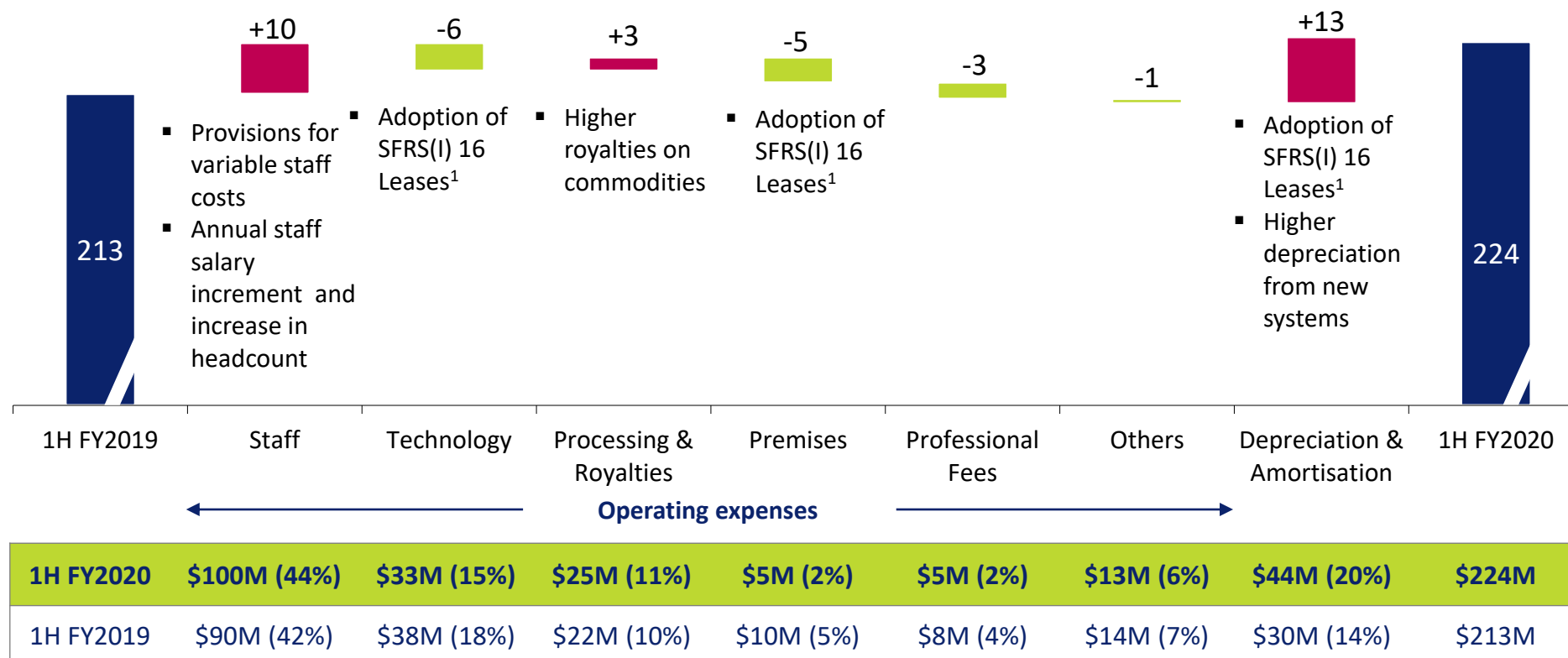


1H FY2020	\$85M (18%)	\$176M (37%)	\$165M (34%)	\$52M (11%)	\$478M
1H FY2019	\$62M (14%)	\$166M (38%)	\$155M (36%)	\$50M (12%)	\$433M

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

1H FY2020 Expenses up 5% y-o-y to \$224M

- Higher expenses mainly due to higher staff costs and depreciation



¹ Rental expenses relating operating leases for data centers and office premises that were recorded as technology and premises expenses respectively, are now recorded as depreciation expense and finance charges.

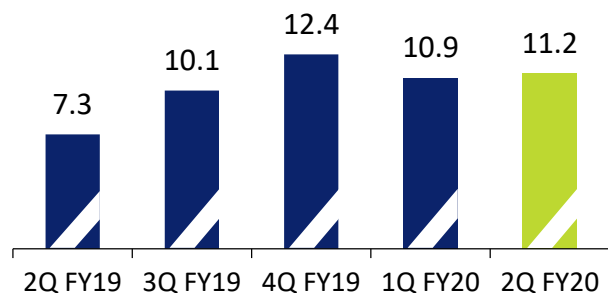
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Key Financial Indicators

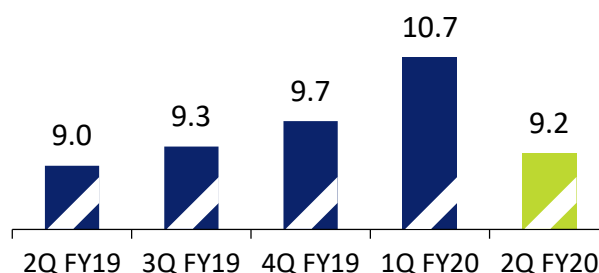
- High operating profit, EBITDA margin, and ROE of 52%, 61%, and 41% respectively
- Quarterly dividend per share of 7.5 cents per share

	2Q FY2019	3Q FY2019	4Q FY2019	1Q FY2020	2Q FY2020
Revenue (\$ million)	224	229	248	248	231
EBITDA (\$ million)	129	134	139	156	141
EBITDA margin	57%	59%	56%	63% ¹	61% ¹
Operating profit (\$ million)	114	118	123	135	119
Operating profit margin	51%	52%	50%	54%	52%
Net profit (\$ million)	97	100	104	114	99
Return on equity	39%	37%	36%	40%	41%

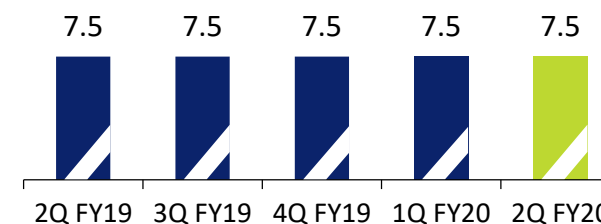
Operating cash flow per share (cents)



Earnings per share (cents)



Dividend per share (cents)



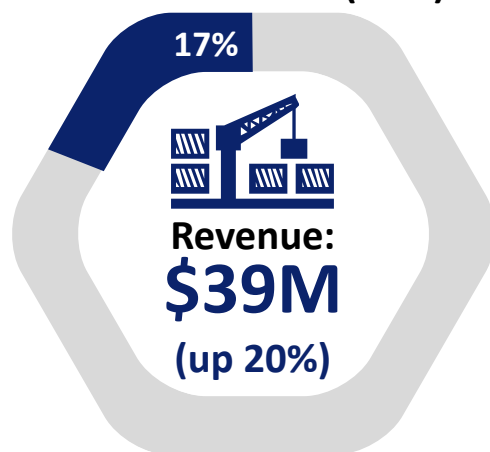
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Business Update

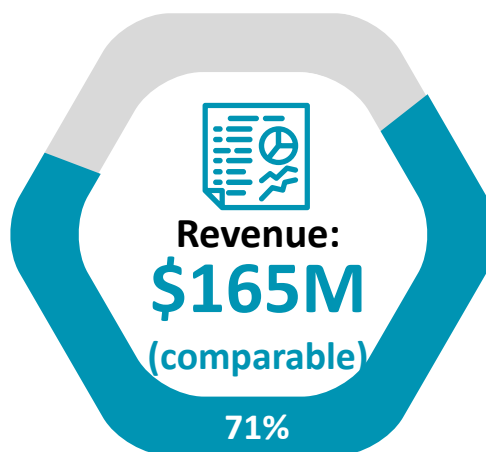
Loh Boon Chye, Chief Executive Officer

2Q FY2020 Performance

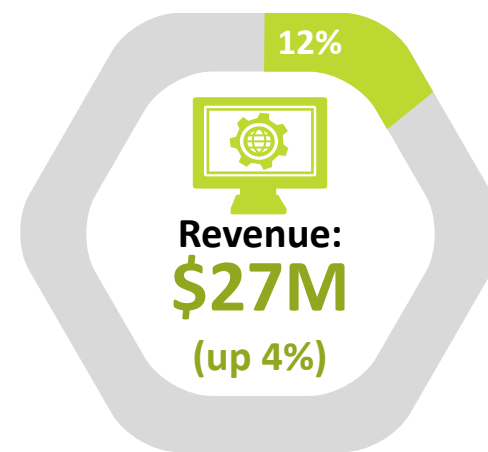
Fixed Income, Currencies & Commodities (FICC)



Equities



Data, Connectivity & Indices (DCI)



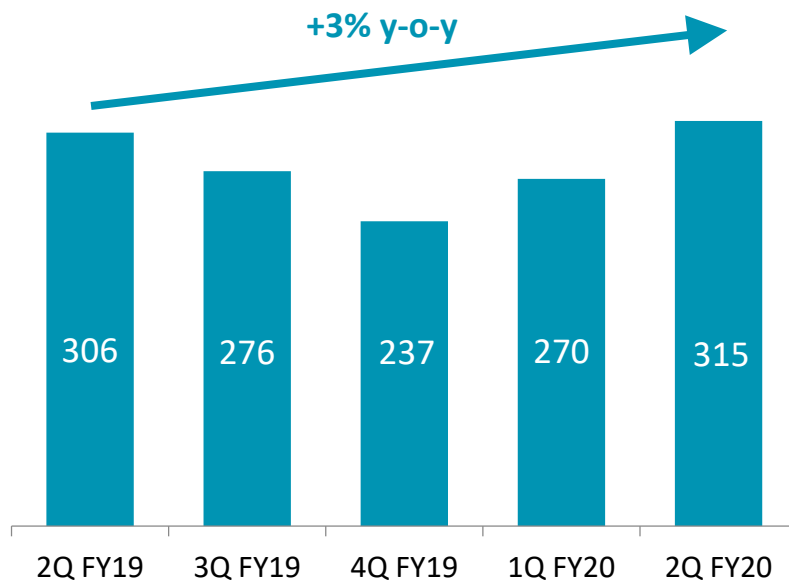
- Highest second-quarter revenue and NPAT in the last 5 years
- Strong growth in FICC with traction in client acquisition and single-day records in currencies contracts
- Equities market this quarter was characterised by lower volatility, with cash equities market benefiting from returning investor confidence
- Scaling up and accelerating the growth of DCI business with the acquisition of a 93% stake in Scientific Beta

FICC – Fixed Income

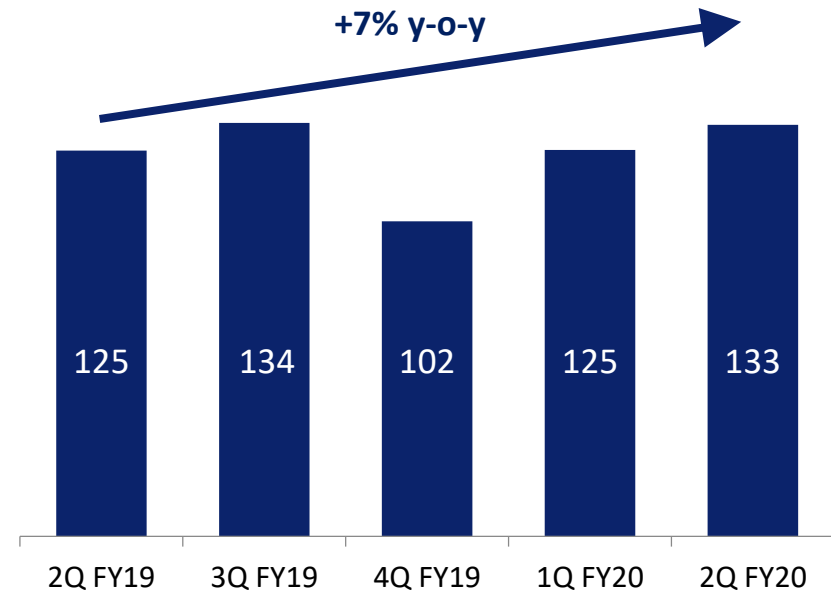
FICC
\$39M ↑ 20% y-o-y

- Number of new bond listings at 315, up 3%
- Total bond amounts issued at \$133B, up 7%
- Continued strong bond issuance expected

No. of New Bond listings



Total Bonds Amount Issued (\$B)



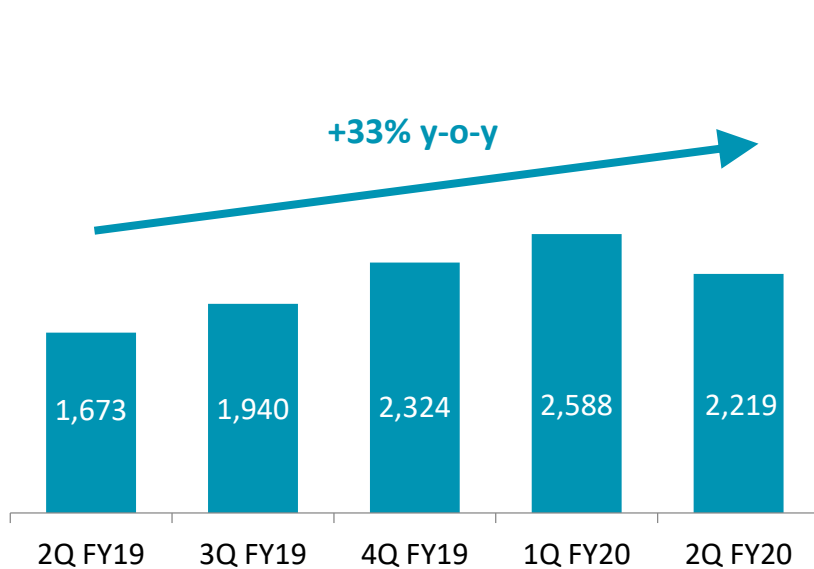
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FICC – Currencies

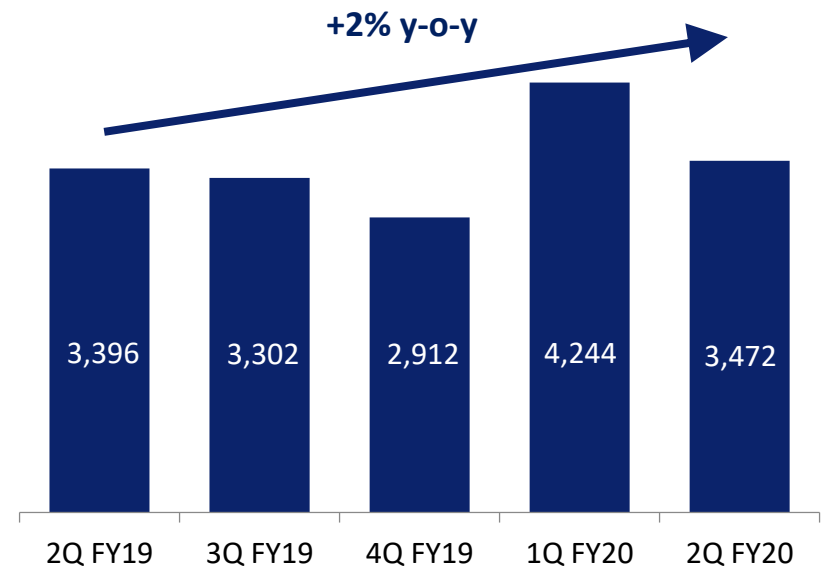
FICC
\$39M ↑ 20% y-o-y

- Currencies volume up 13% to 5.8M contracts
- Overnight T+1 volume increased 9%, contributing to ~30% of total currency volumes
- Year-end aggregate open interest at US\$7.9 billion, up 90% y-o-y

USD/ CNH Volume ('000 contracts)



INR/ USD Volume ('000 contracts)



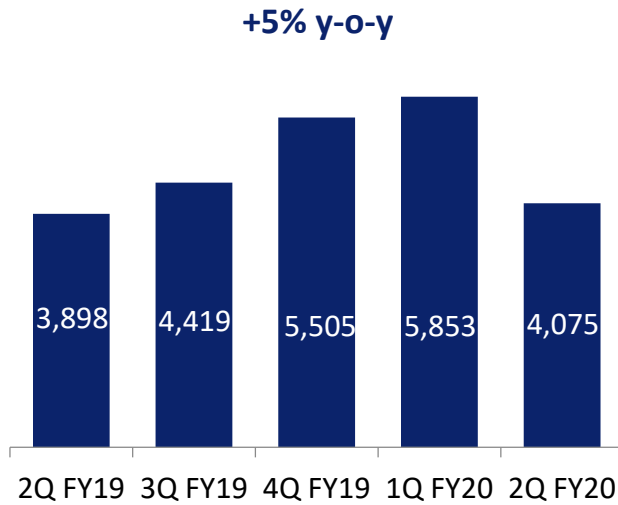
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FICC – Commodities

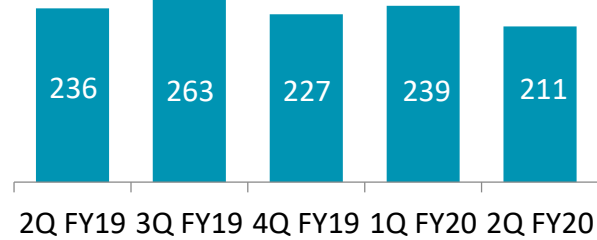
FICC
\$39M ↑ 20% y-o-y

- Iron ore volumes up 5% y-o-y to 4.1M contracts
- Global benchmark with over 95% market share
- Growing liquidity through greater financialisation

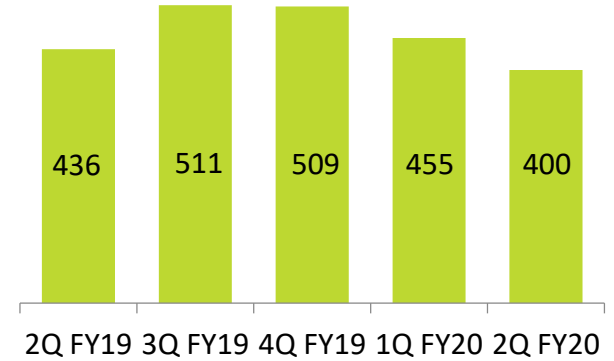
Iron Ore Derivatives Volume
 ('000 contracts)



Freight Derivatives Volume
 ('000 contracts)



Rubber Futures Volume
 ('000 contracts)



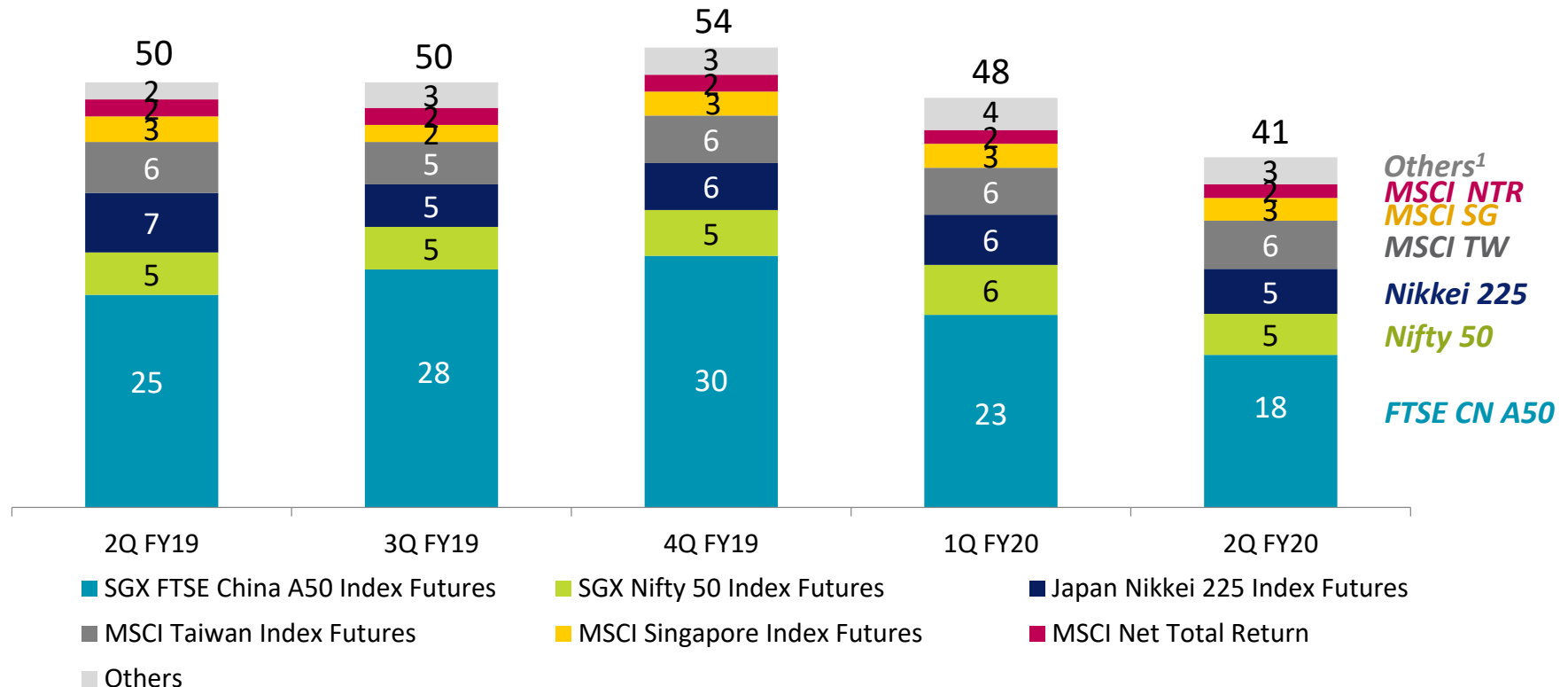
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Equities – Equity Derivatives

Equities
\$165M, comparable
y-o-y

- Lower trading volumes in equity derivatives, down 18% y-o-y
- Overnight T+1 volumes contribute 14% of total equity derivatives volumes

Equity Derivatives Volume (M contracts)

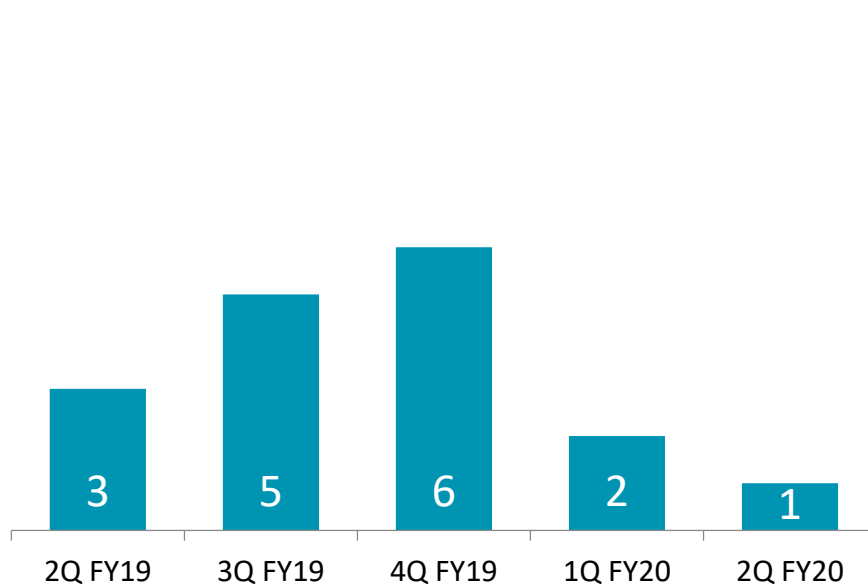


Equities – Cash Equities Listings

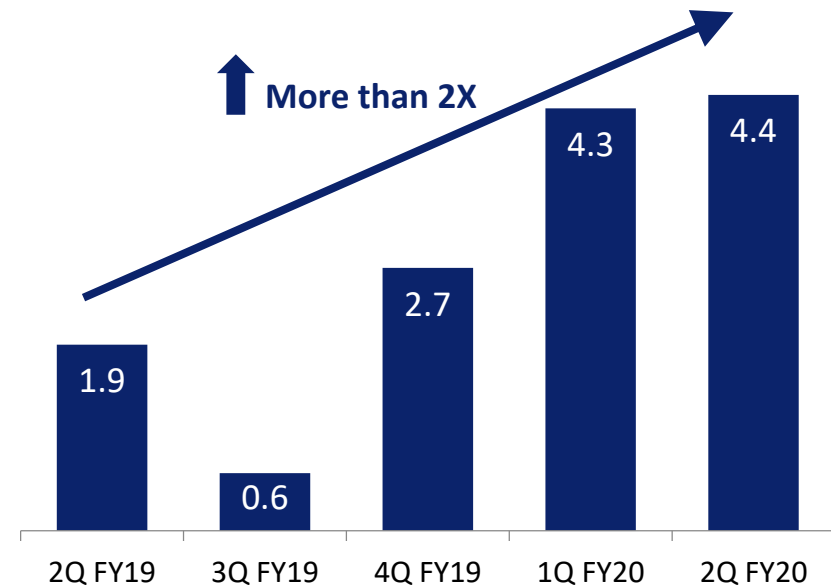
Equities
\$165M, comparable
y-o-y

- Listing revenue at \$9M, comparable
- IPO funds raised YTD \$1.6B
- Total funds raised increased 2X to \$4.4B

No. of New Equity Listings



Total Equity Funds Raised (\$B)



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

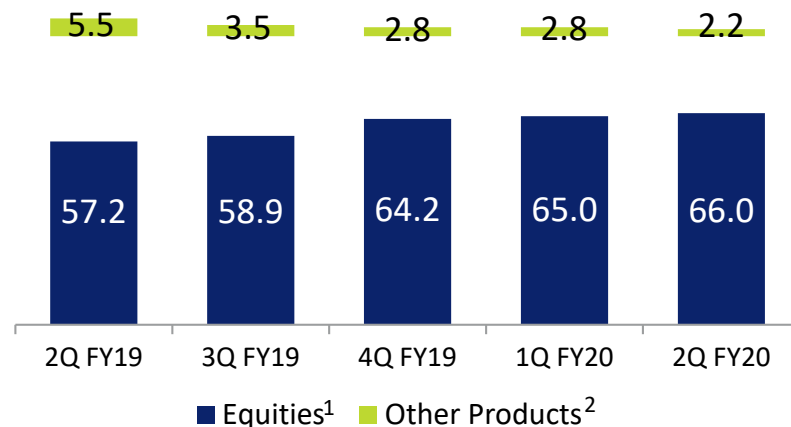
Equities – Cash Equities Trading & Clearing

Equities
\$165M, comparable
y-o-y

- Total traded value increased by 9% to \$68.2B
- Average Clearing Fee for Securities at 2.66 bps, comparable

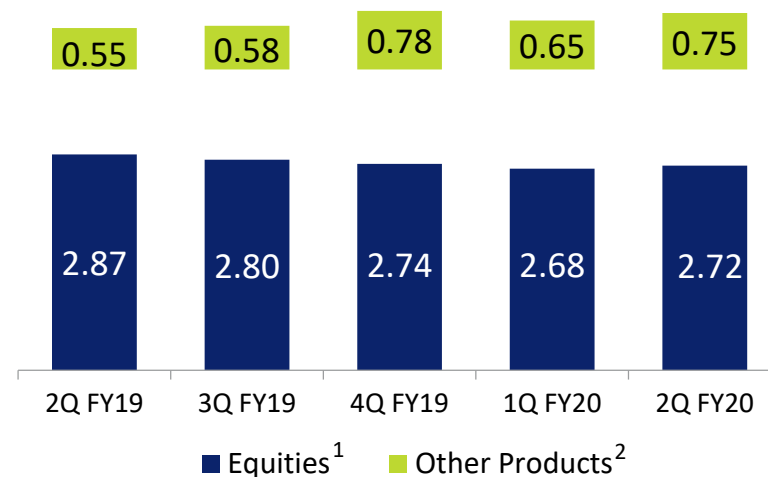
Securities Total Value Traded (\$B)

Total Traded Value	62.7	62.3	67.0	67.8	68.2
	5.5	3.5	2.8	2.8	2.2
	57.2	58.9	64.2	65.0	66.0



Average Clearing Fee by Products (bps)

Average yield	2.67	2.67	2.66	2.60	2.66
	0.55	0.58	0.78	0.65	0.75
	2.87	2.80	2.74	2.68	2.72



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¹ Equities include ordinary shares, real-estate investment trusts and business trusts

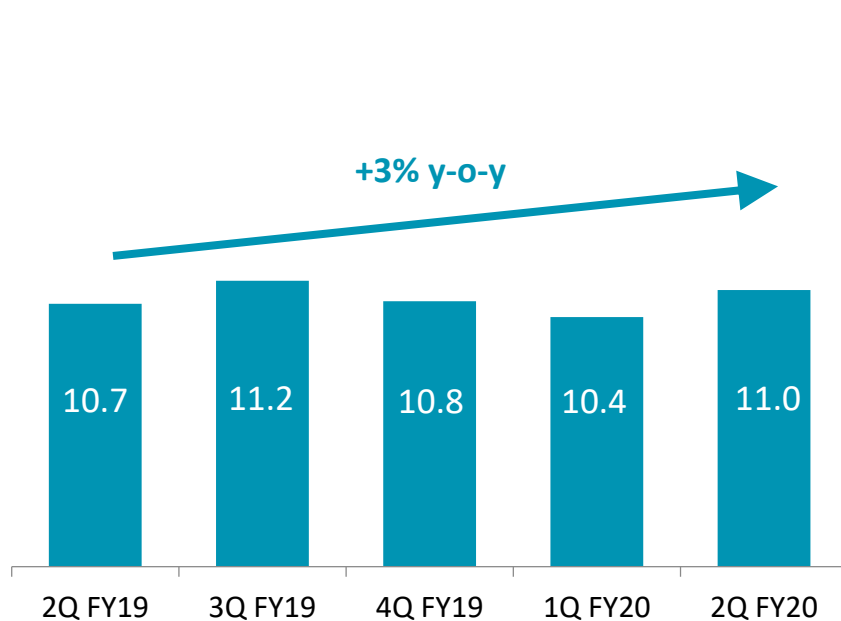
² Other products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities, and American depository receipts

Data, Connectivity & Indices

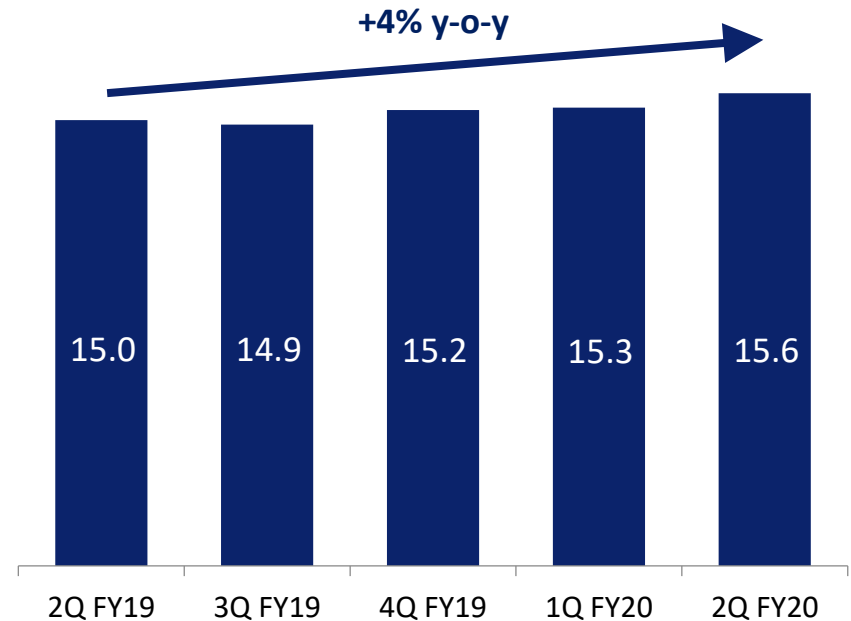
Data, Connectivity & Indices
\$27M ↑ 4% y-o-y

- Market data and Indices revenue up 3% to \$11M
- Connectivity revenue up 4% to \$16M from higher derivatives connectivity and continued growth of our colocation services business

Market Data and Indices Revenue (\$M)



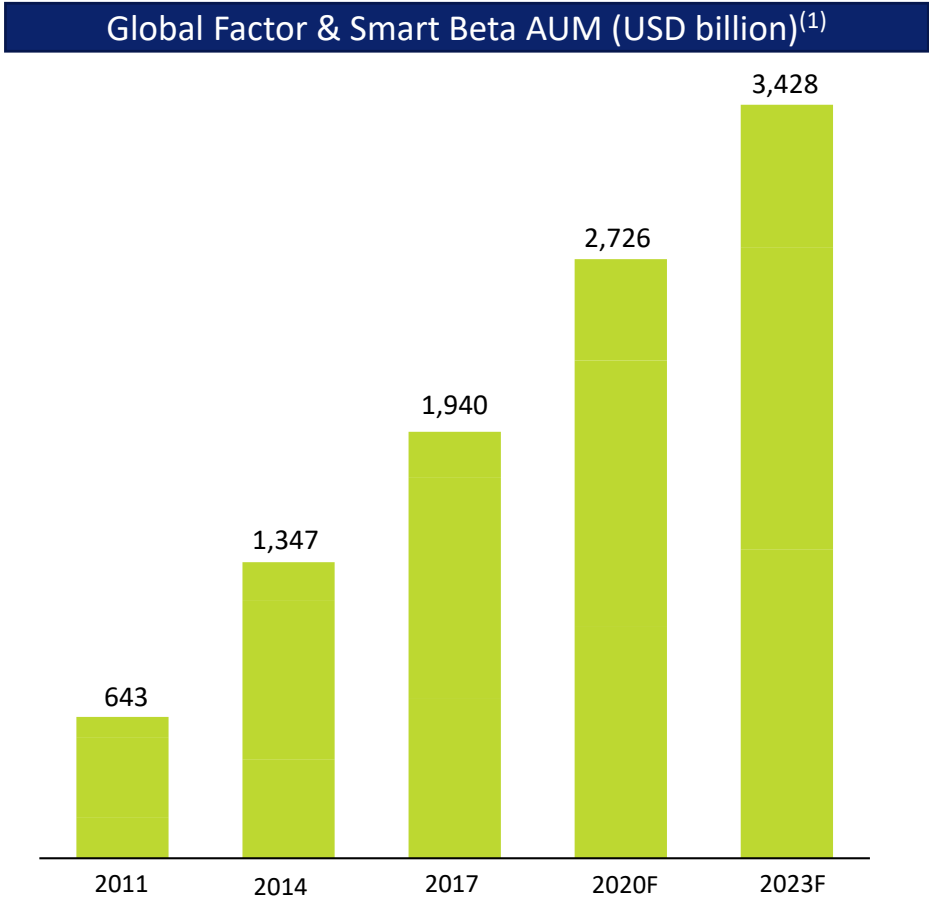
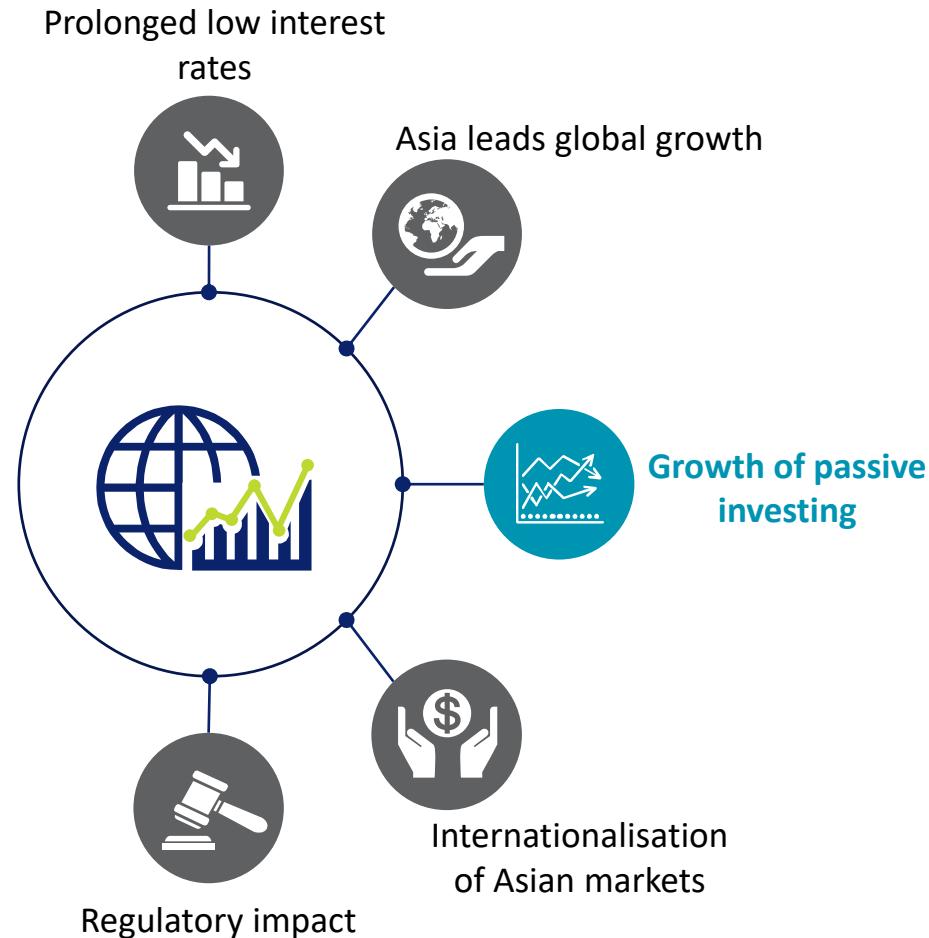
Connectivity Revenue (\$M)



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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⁽¹⁾, and there is further room for growth.



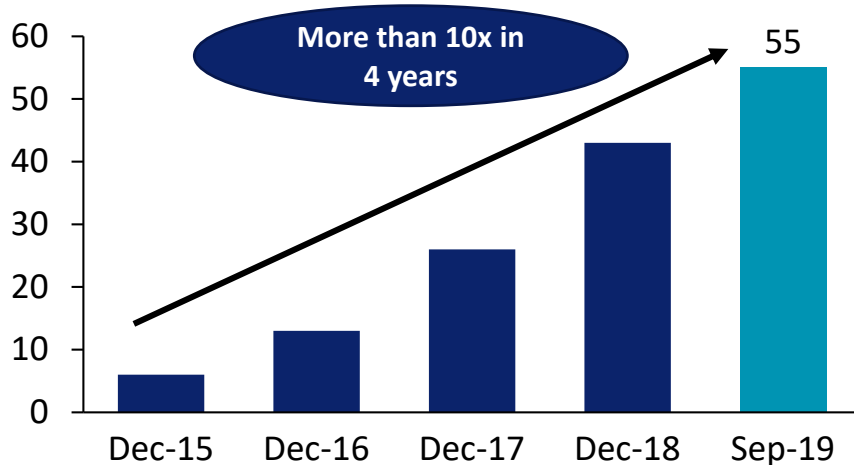
An attractive opportunity to broaden SGX's index offering through the fast-growing 'Smart Beta' index space



- 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

- ✓ 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

Scientific Beta Assets Under Replication (US\$ bn)



Acquisition 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)

Questions and Answers

