

2Q FY2020 Analyst and Media Briefing

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Chng Lay Chew, Chief Financial Officer

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

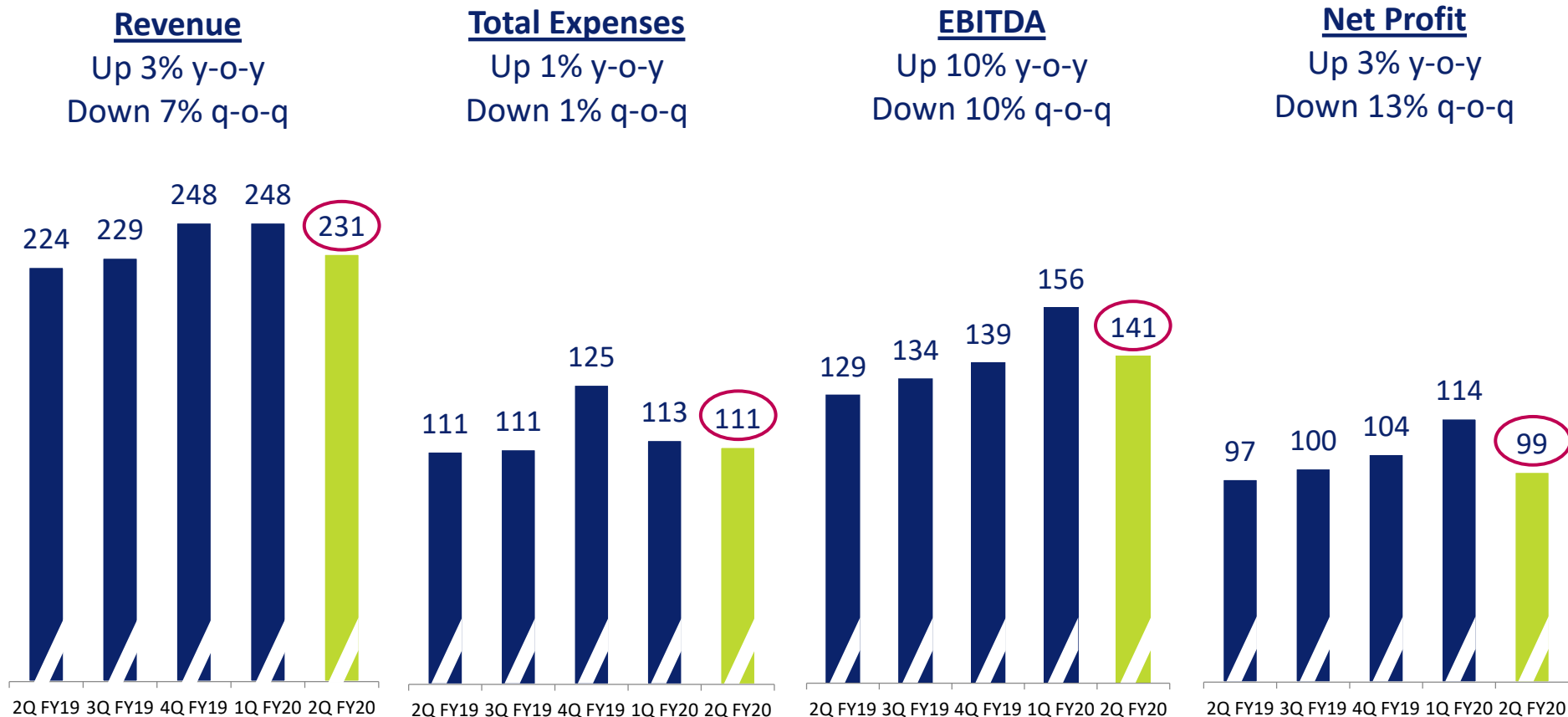
- \$68B traded value
- ↑ 9%

Earnings Per Share

- 9.2 cents
- ↑ 3%

Financial Performance: Quarterly Trend

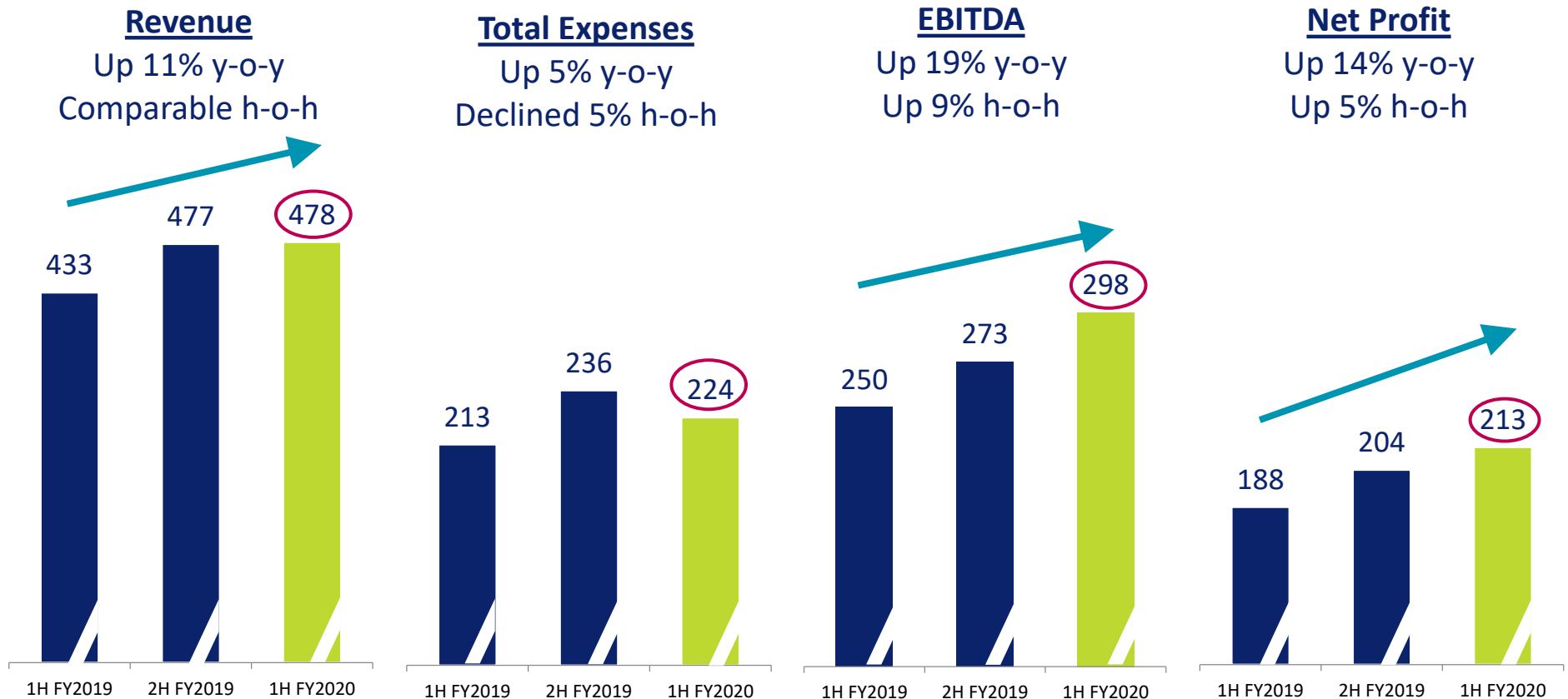
- 2Q FY2020 revenue and profit lower compared to a strong 1Q FY2020.



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

Financial Performance: Half Yearly Trend

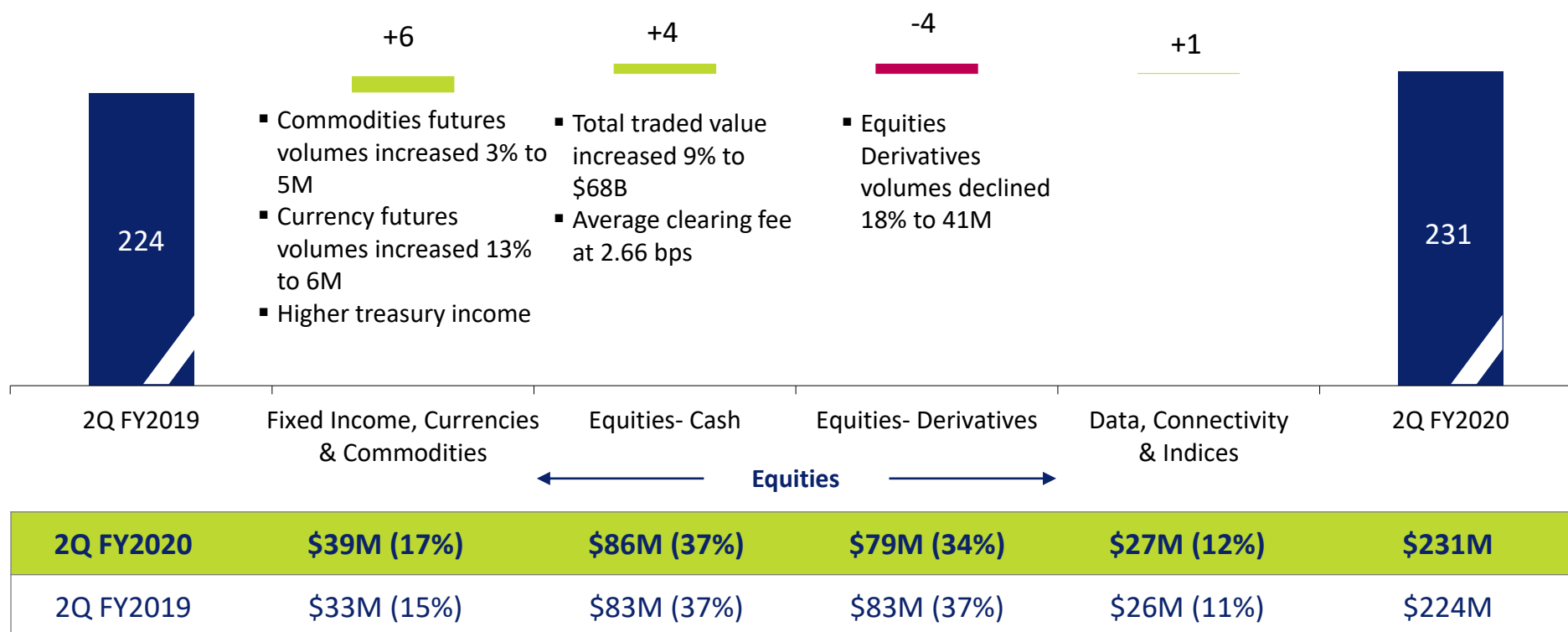
- Increasing trend in Revenue, EBITDA and Net Profit
- Revenue up 11% y-o-y, Total Expenses up 5% y-o-y, positive jaw of 5%
- Net profit up 14% y-o-y and up 5% h-o-h



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

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

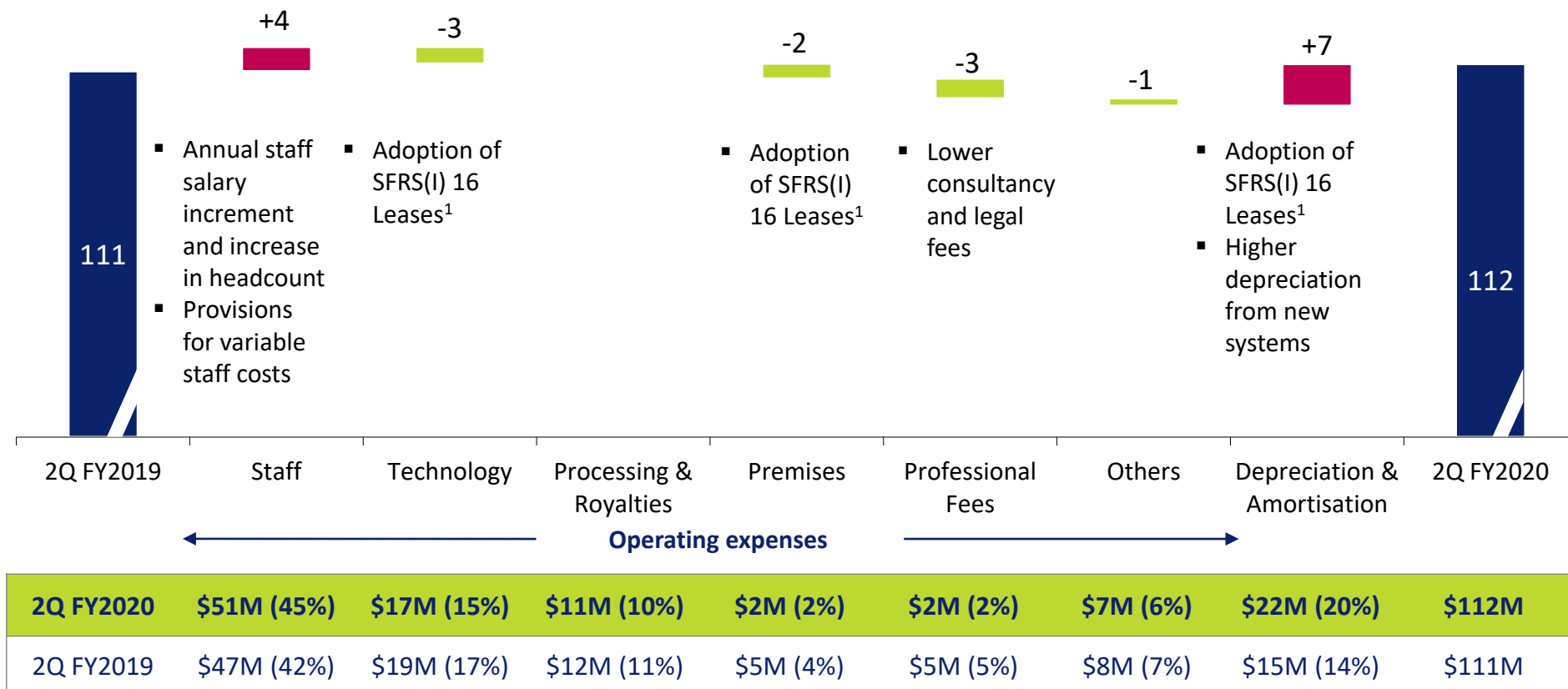
- FICC revenue of \$39M, up 20%; Equities revenue was comparable at \$165M; Data, Connectivity & Indices revenue of \$27M, up 4%
- Average fee per contract for Equity, Currency and Commodity derivatives up 16% to \$1.23



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

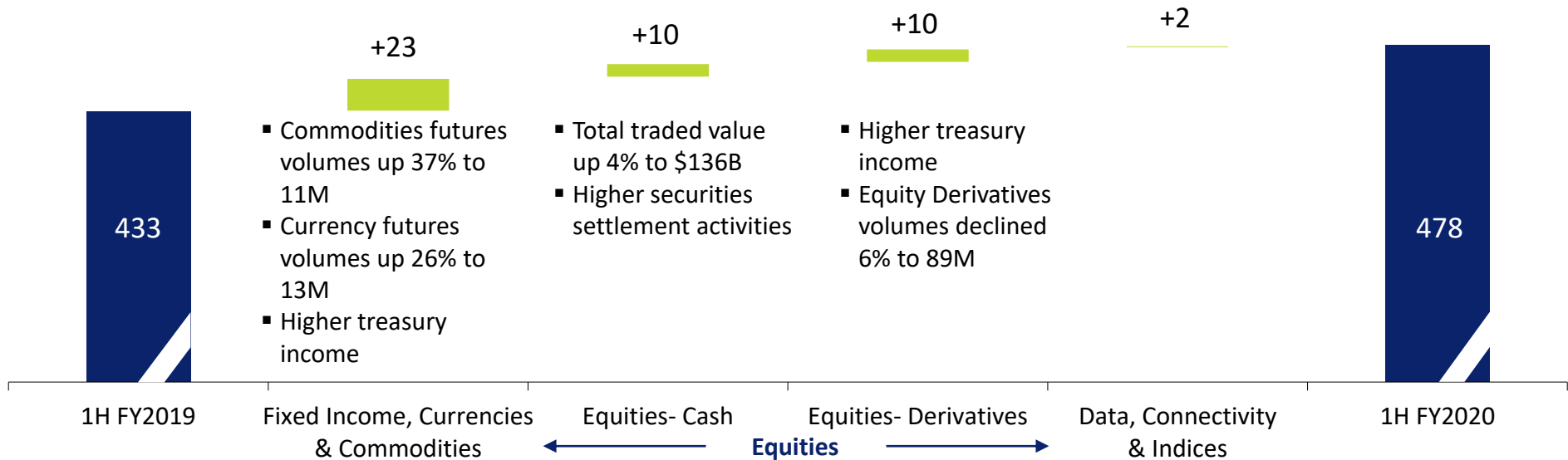


¹ Rental expenses relating operating leases for data centers and office premises that were recorded as technology and premises expenses respectively, are now recorded as depreciation expense and finance charges.

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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%

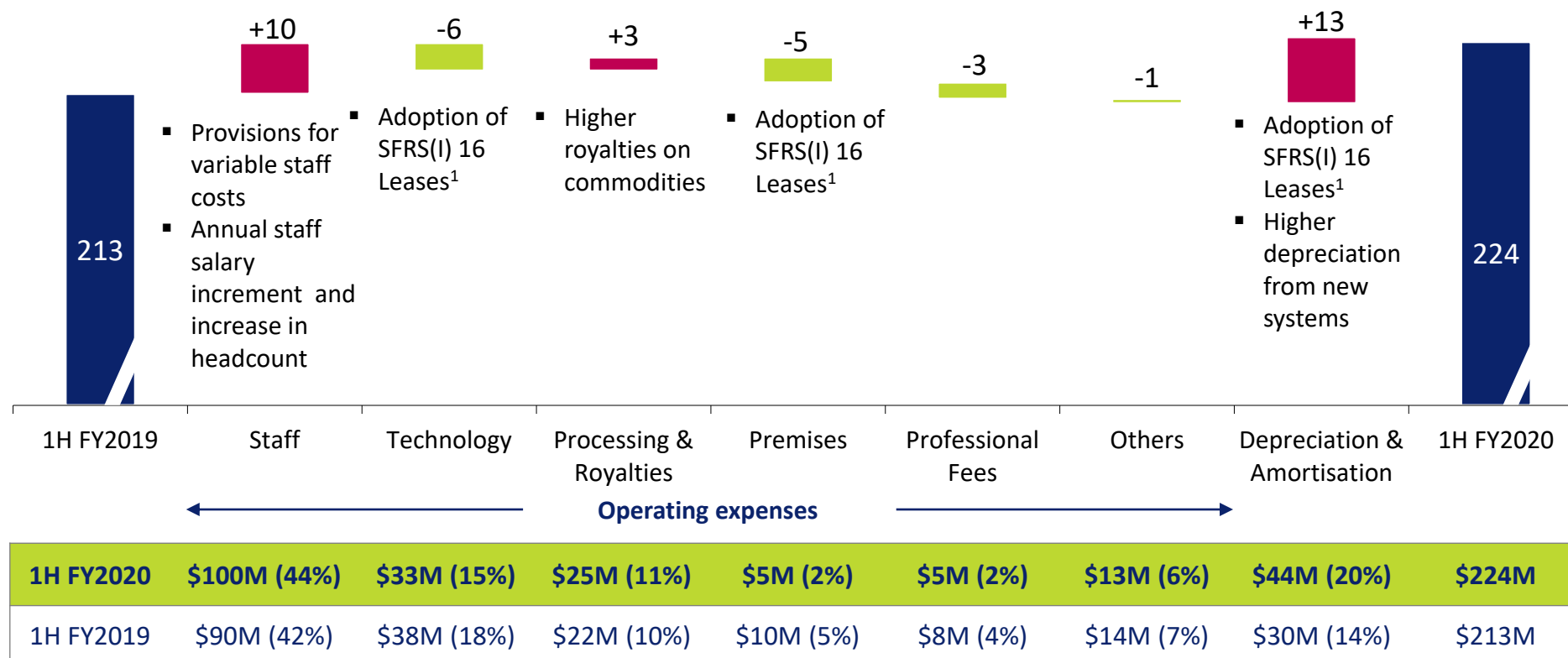


1H FY2020	\$85M (18%)	\$176M (37%)	\$165M (34%)	\$52M (11%)	\$478M
1H FY2019	\$62M (14%)	\$166M (38%)	\$155M (36%)	\$50M (12%)	\$433M

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.

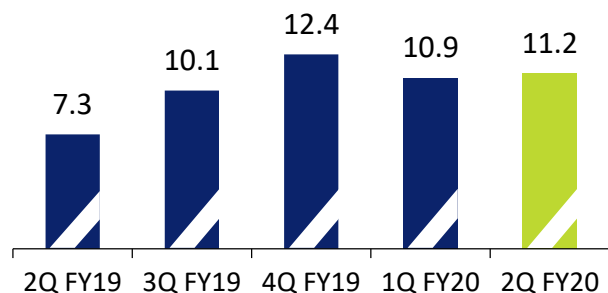
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Key Financial Indicators

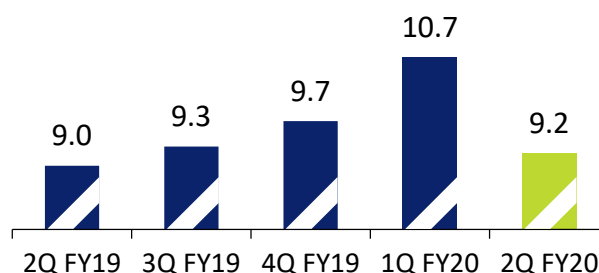
- High operating profit, EBITDA margin, and ROE of 52%, 61%, and 41% respectively
- Quarterly dividend per share of 7.5 cents per share

	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%

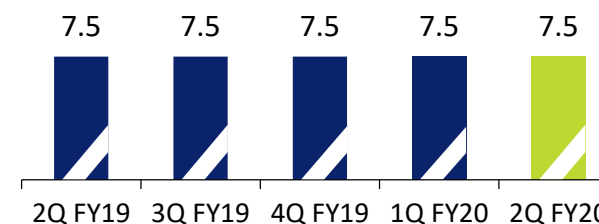
Operating cash flow per share (cents)



Earnings per share (cents)



Dividend per share (cents)



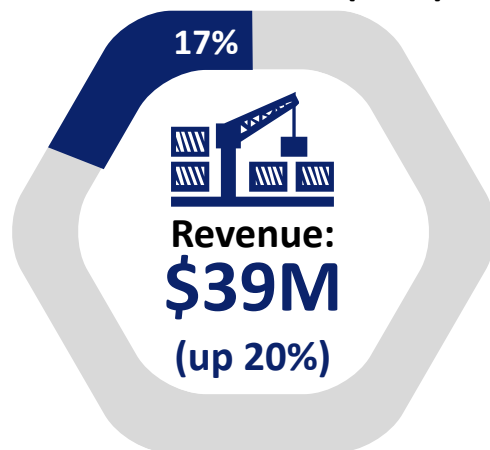
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Business Update

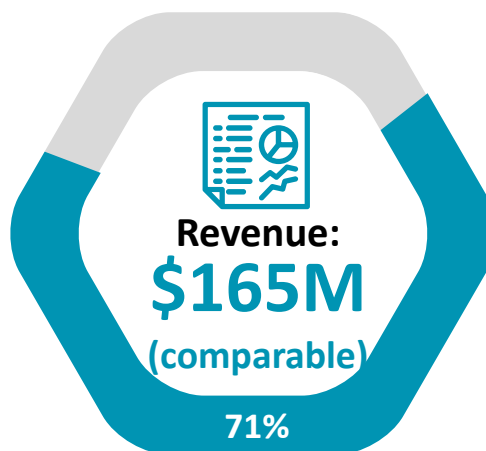
Loh Boon Chye, Chief Executive Officer

2Q FY2020 Performance

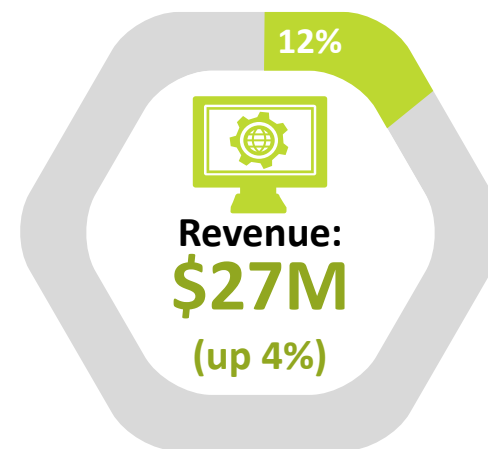
Fixed Income, Currencies & Commodities (FICC)



Equities



Data, Connectivity & Indices (DCI)



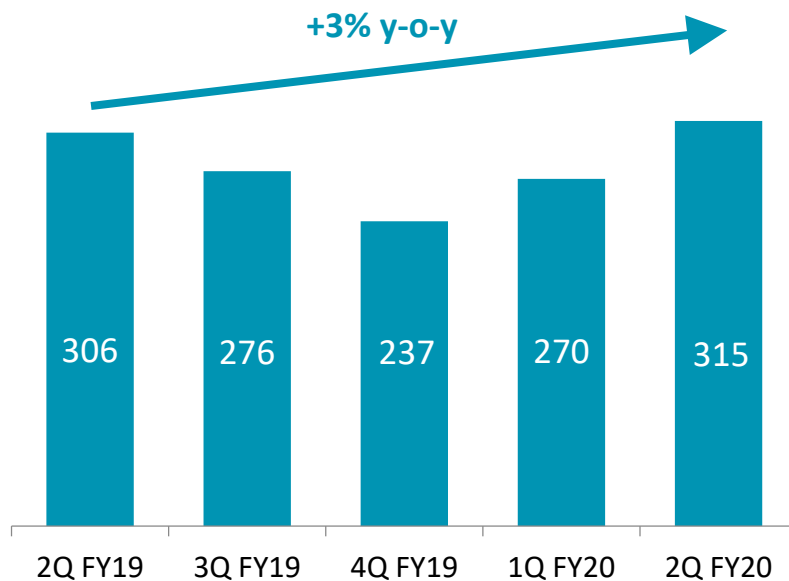
- Highest second-quarter revenue and NPAT in the last 5 years
- Strong growth in FICC with traction in client acquisition and single-day records in currencies contracts
- Equities market this quarter was characterised by lower volatility, with cash equities market benefiting from returning investor confidence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

FICC – Fixed Income

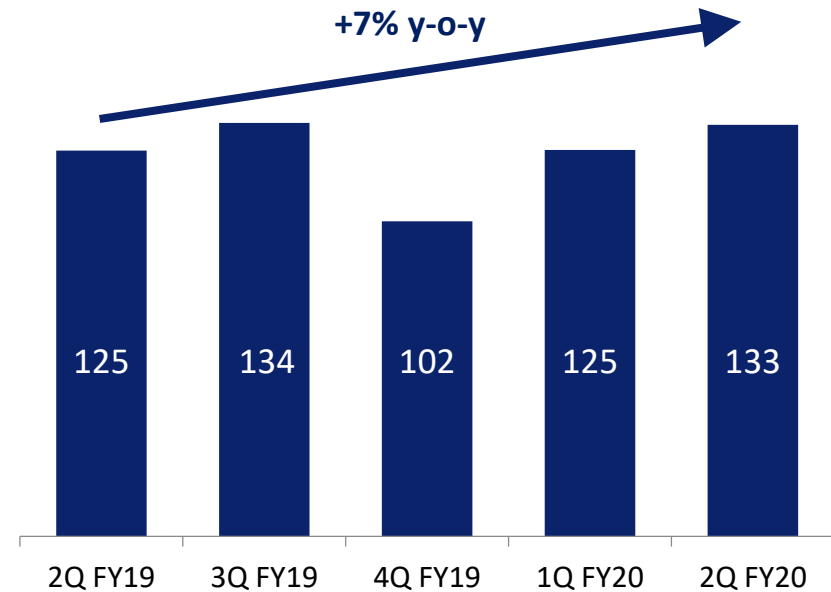
FICC
\$39M ↑ 20% y-o-y

- 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)



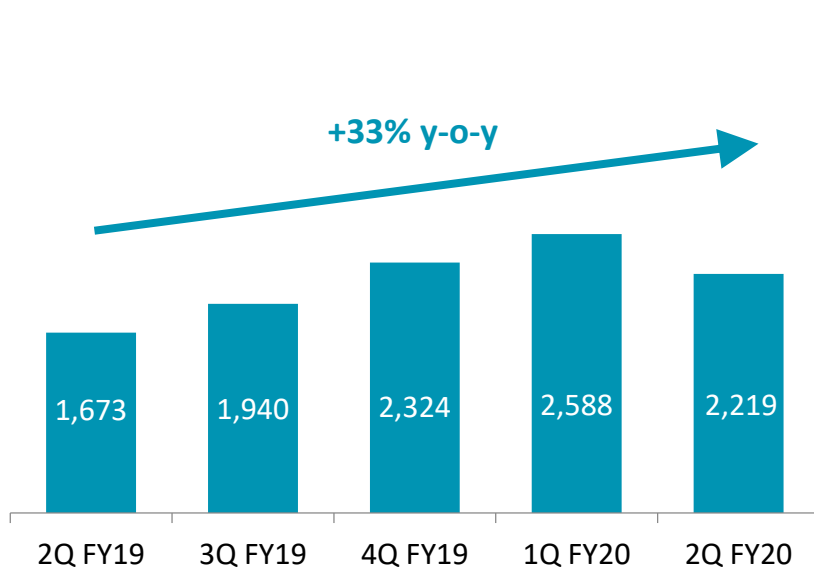
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FICC – Currencies

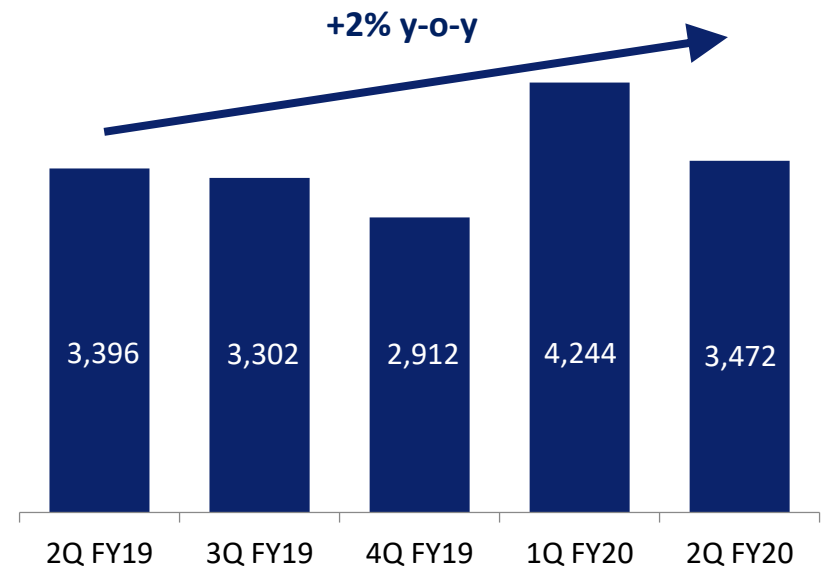
FICC
\$39M ↑ 20% y-o-y

- 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)



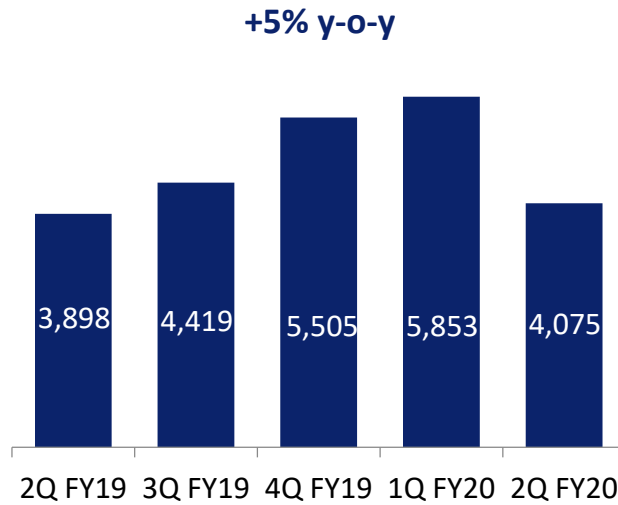
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FICC – Commodities

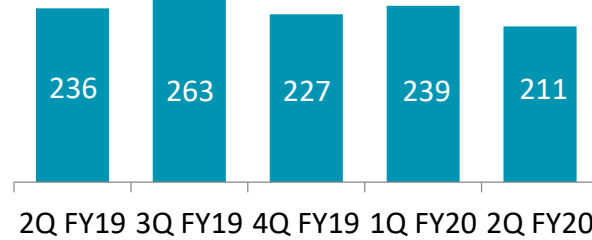
FICC
\$39M ↑ 20% y-o-y

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

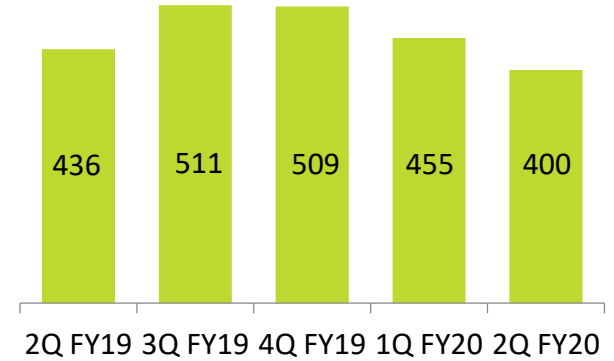
Iron Ore Derivatives Volume
 ('000 contracts)



Freight Derivatives Volume
 ('000 contracts)



Rubber Futures Volume
 ('000 contracts)



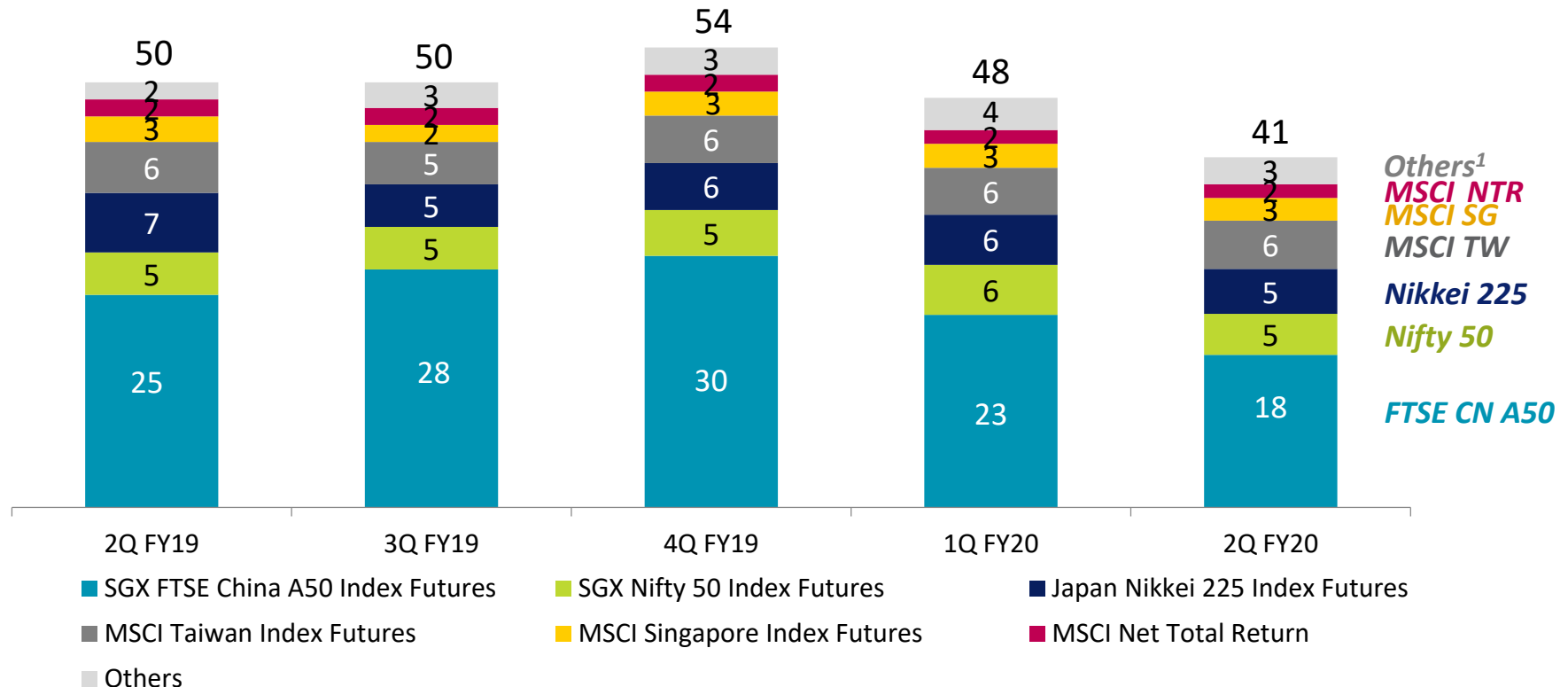
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Equities – Equity Derivatives

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)

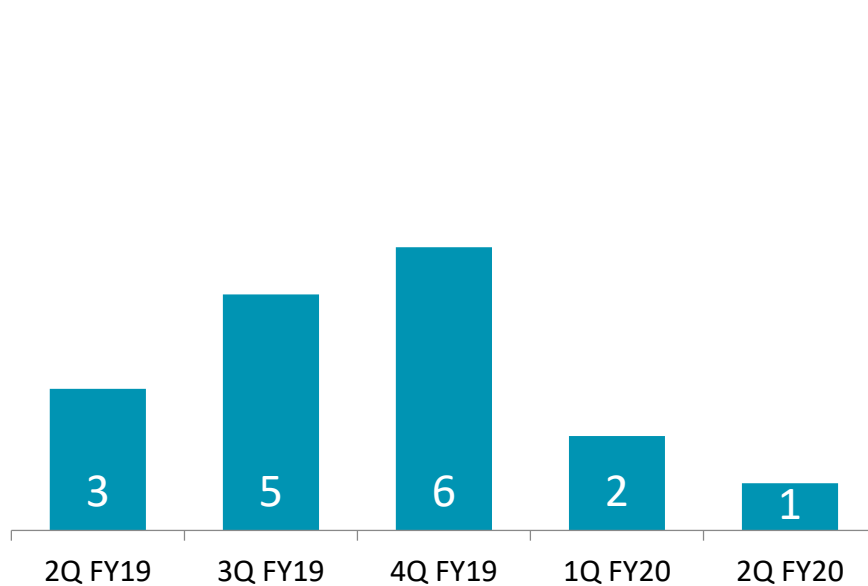


Equities – Cash Equities Listings

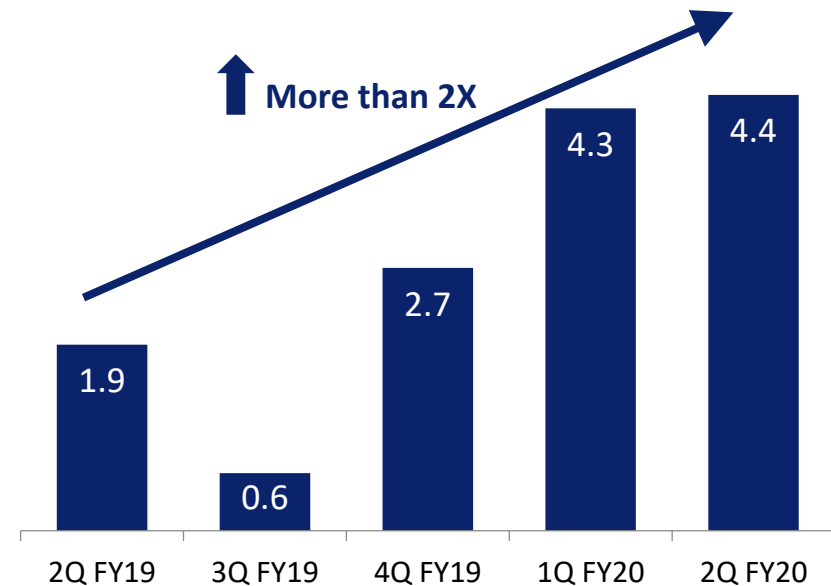
Equities
\$165M, comparable
y-o-y

- 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

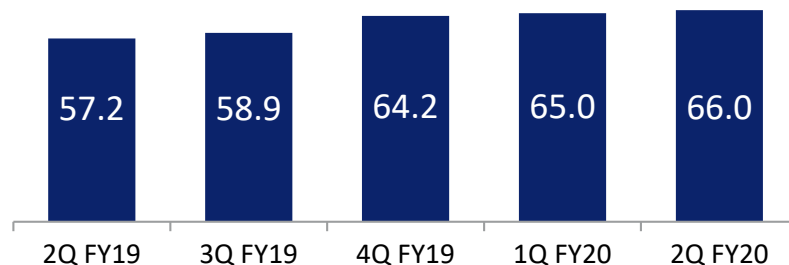
Equities
\$165M, comparable
y-o-y

- 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	2Q FY19	3Q FY19	4Q FY19	1Q FY20	2Q FY20
	62.7	62.3	67.0	67.8	68.2

5.5 3.5 2.8 2.8 2.2

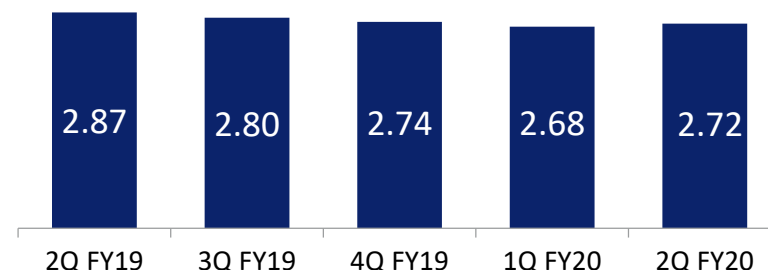


■ Equities¹ ■ Other Products²

Average Clearing Fee by Products (bps)

Average yield	2Q FY19	3Q FY19	4Q FY19	1Q FY20	2Q FY20
	2.67	2.67	2.66	2.60	2.66

0.55 0.58 0.78 0.65 0.75



■ Equities¹ ■ Other Products²

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

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

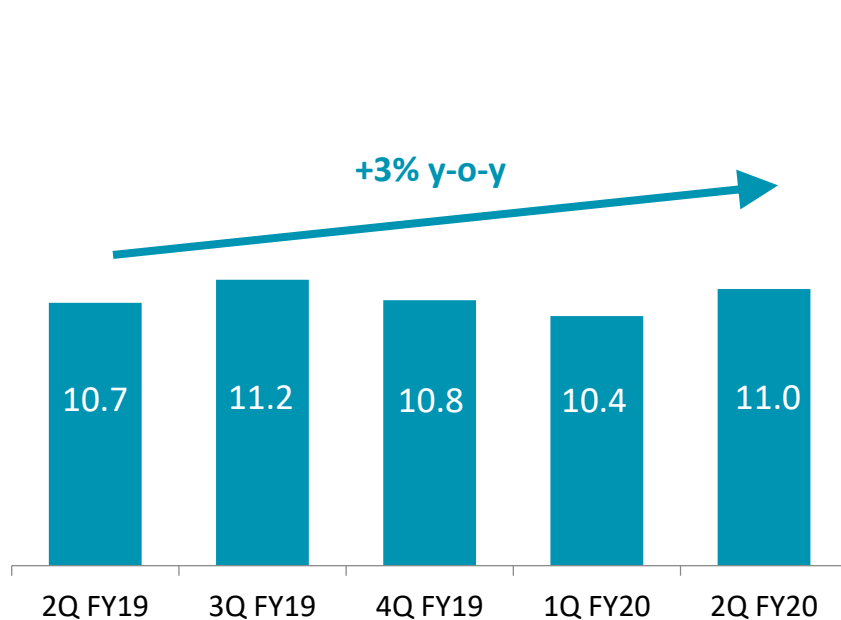
² Other products include structured warrants, exchange-traded funds, daily leverage certificates, debt securities, and American depository receipts

Data, Connectivity & Indices

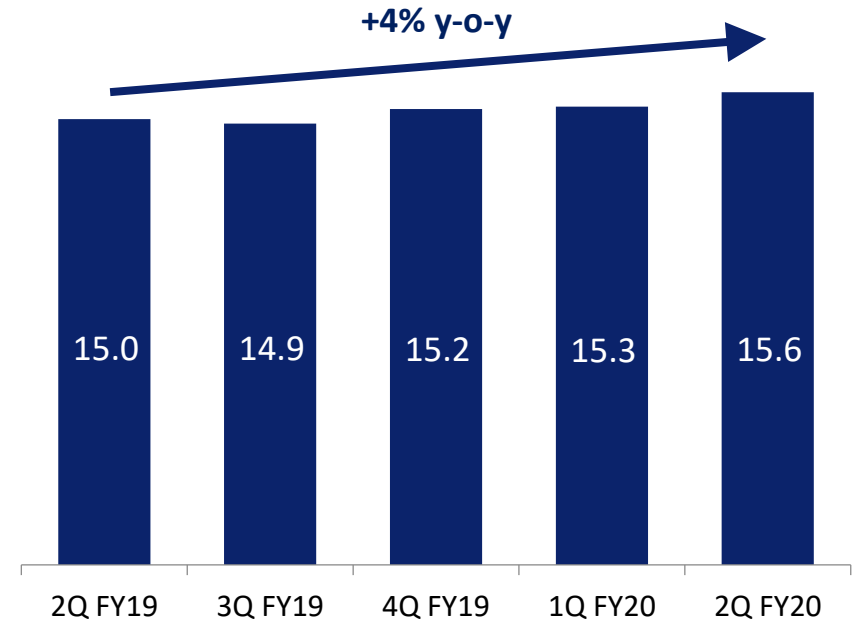
Data, Connectivity & Indices
\$27M ↑ 4% y-o-y

- 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)



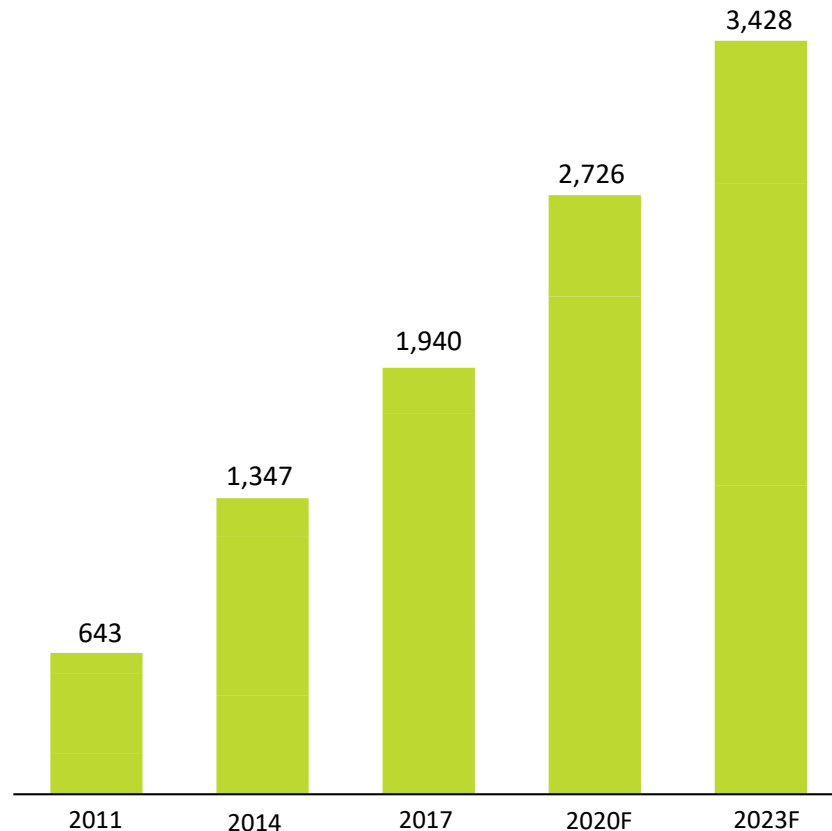
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Index investing and the 'Smart Beta' market

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.



Global Factor & Smart Beta AUM (USD billion)⁽¹⁾



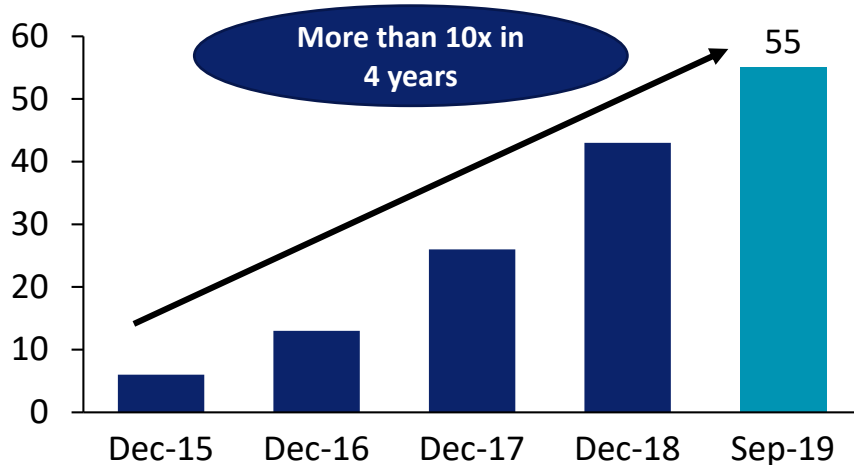
An attractive opportunity to broaden SGX's index offering through the fast-growing 'Smart Beta' index space



- 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

