

dbAccess Asia Conference 2017

Singapore Exchange Limited
Loh Boon Chye, Chief Executive Officer

17 May 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

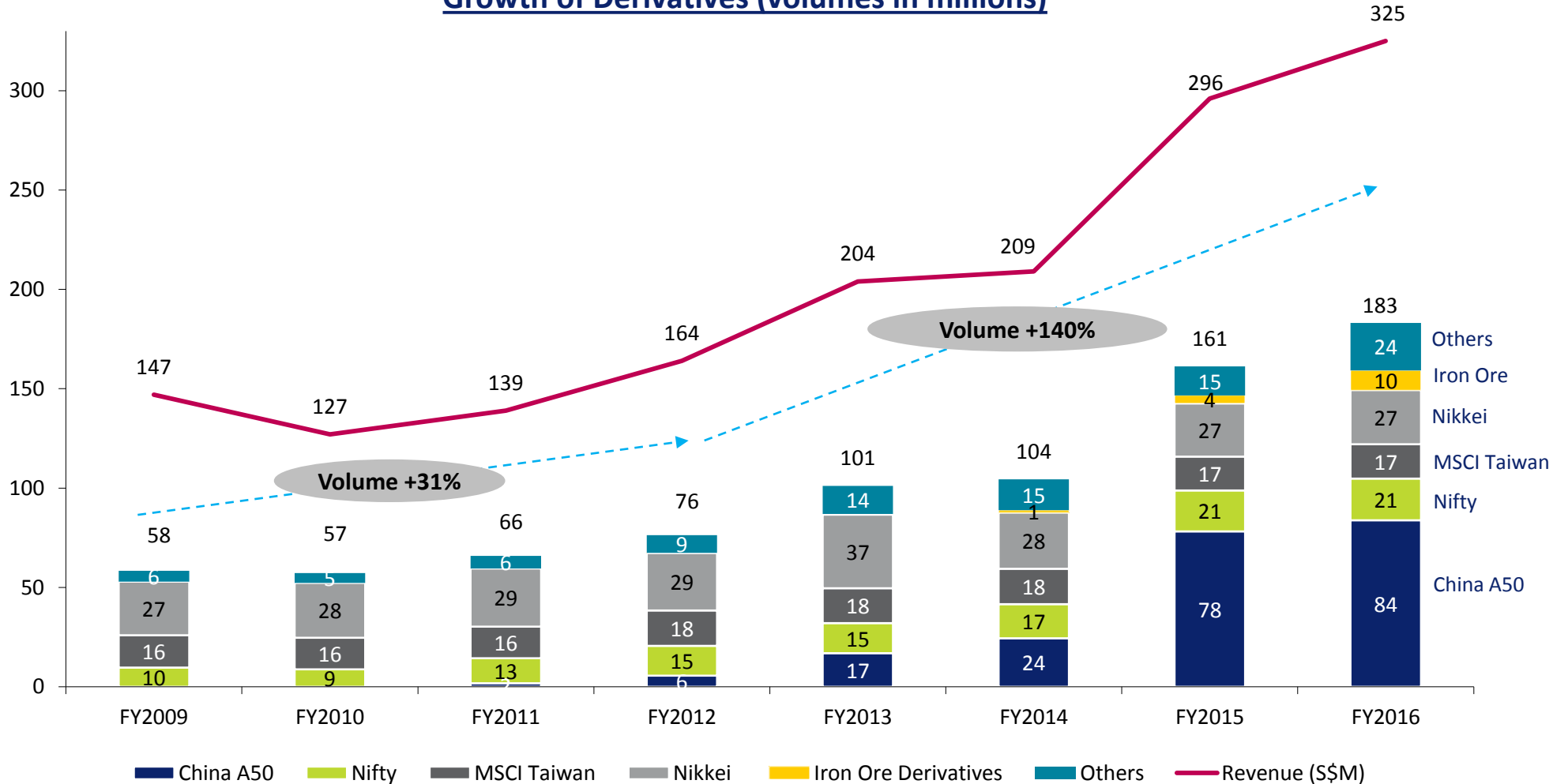
The only price discovery centre for the steel manufacturing supply chain - Iron Ore, Coking Coal, Freight, and maritime route indices

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

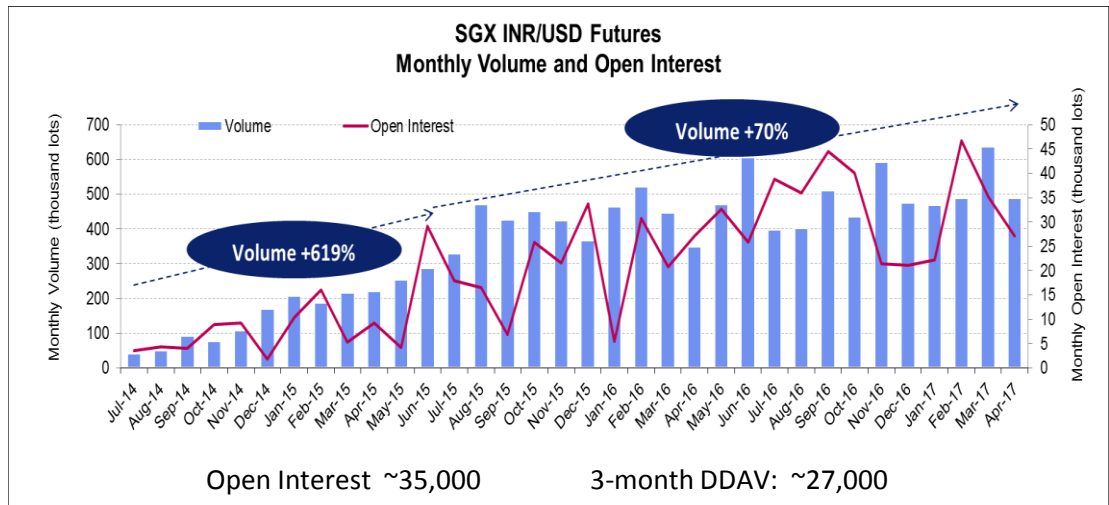
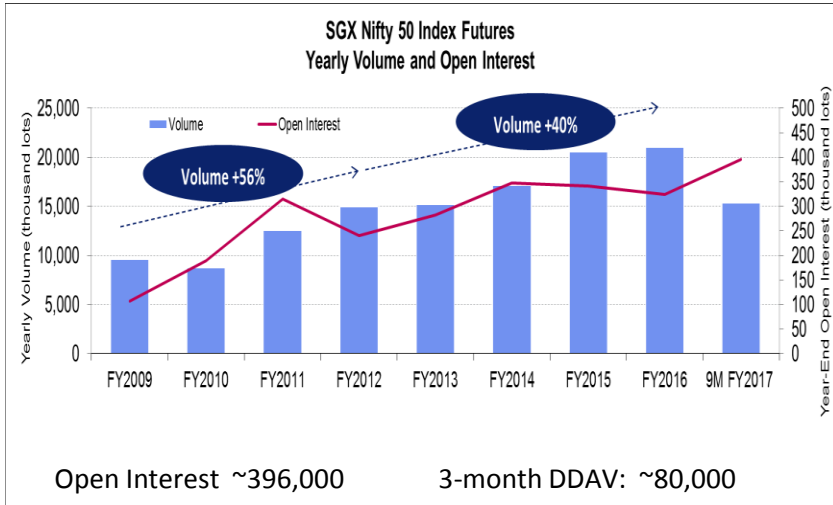
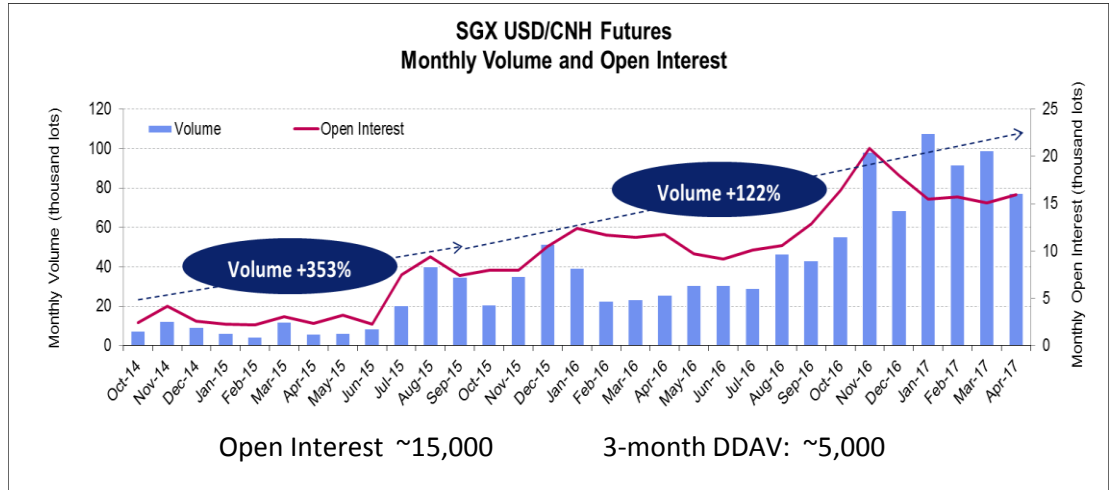
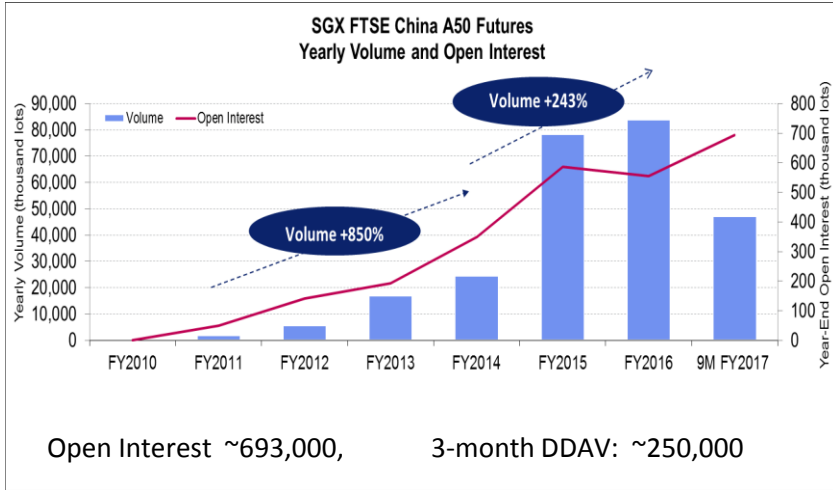
China	
Equity Index Futures	SGX FTSE China A50
Equity Index Futures and Options	MSCI China
FX futures	USD/CNH, CNY/USD, CNY/SGD, EUR/CNH, SGD/CNH
Commodities, Futures, Swaps, Options	Iron Ore

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

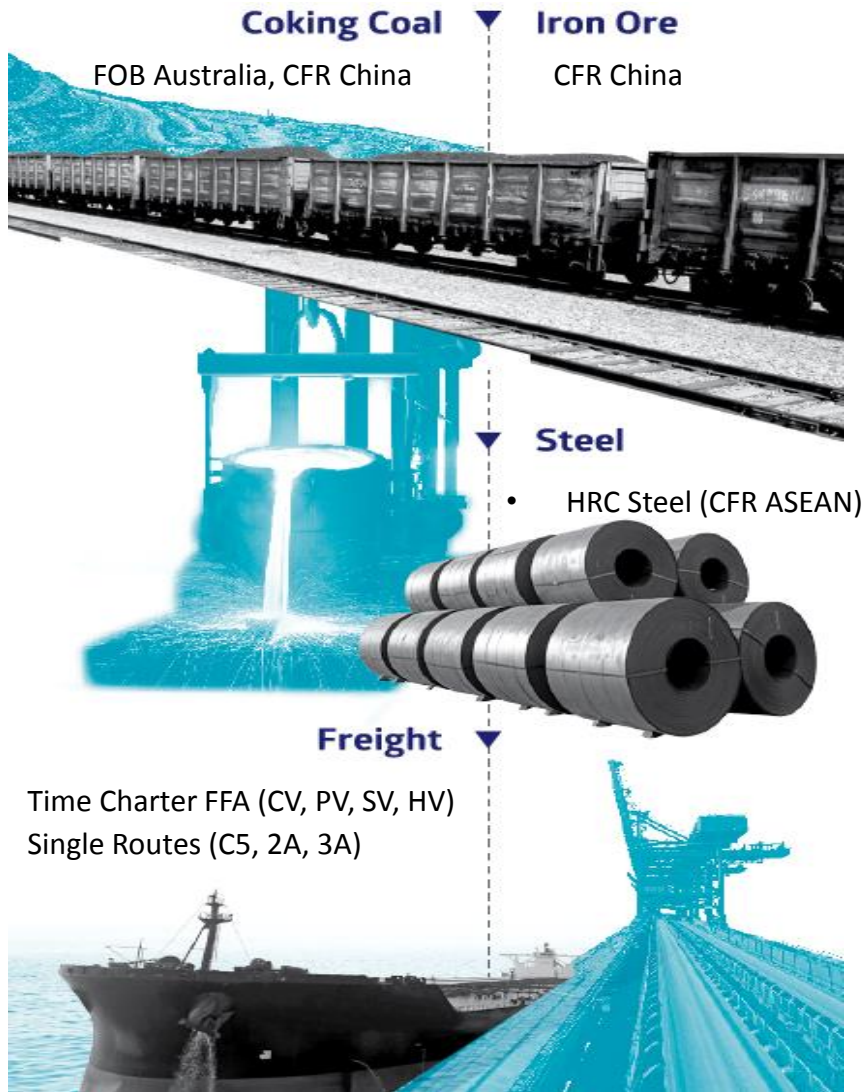
Our Platform

- 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

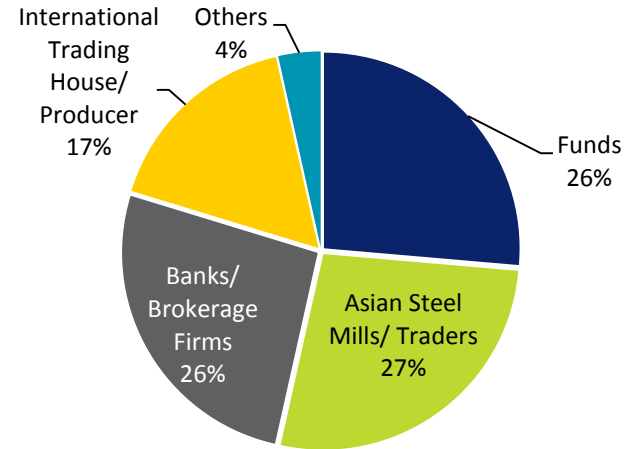
Access to Liquid Chinese and Indian Markets



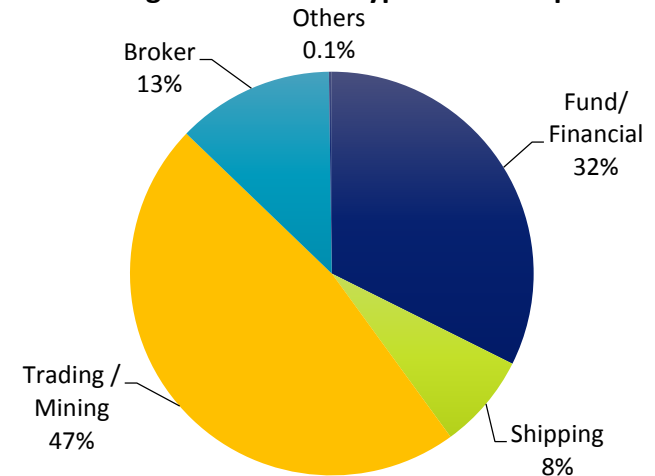
Price-Discovery Centre for the Steel Manufacturing Value Chain



SGX Iron Ore Derivatives Customer Segments

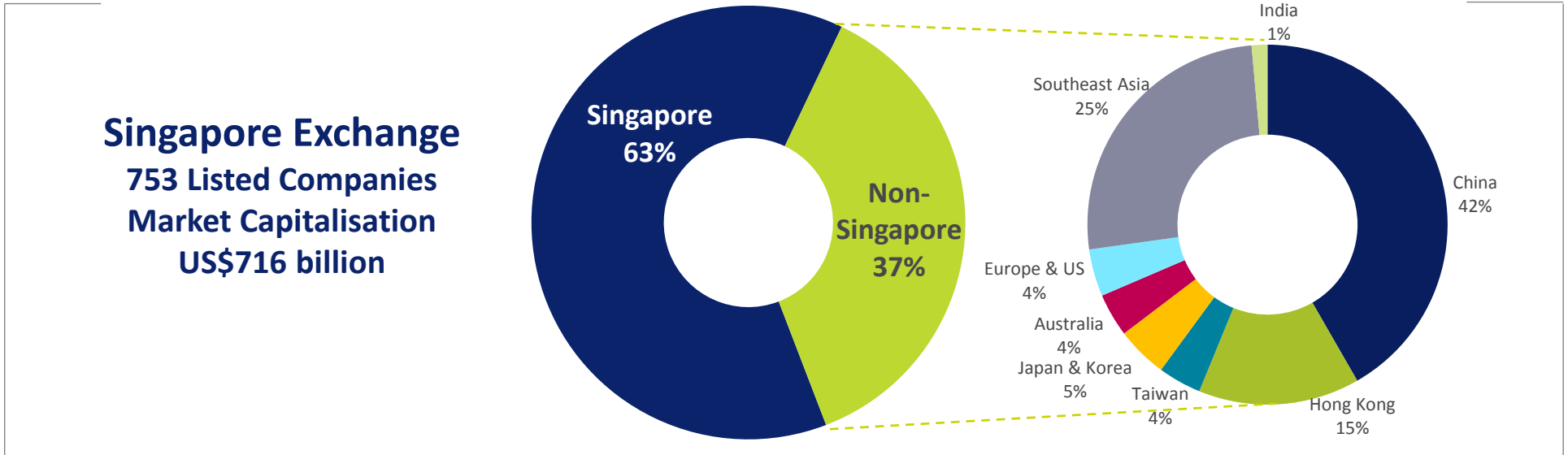


SGX Freight Derivatives Types of Participants

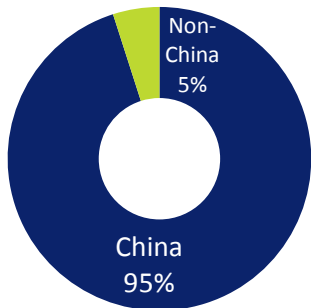


SGX is the Most International Exchange

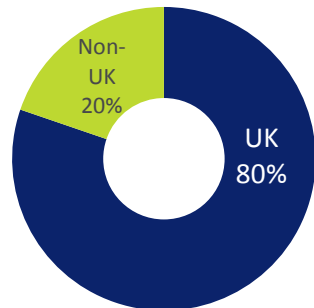
Nearly 40% of all companies listed on SGX are overseas companies



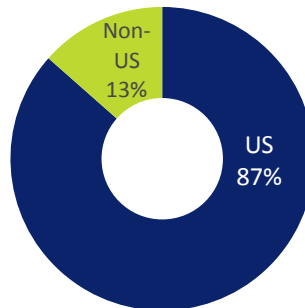
Hong Kong Stock Exchange



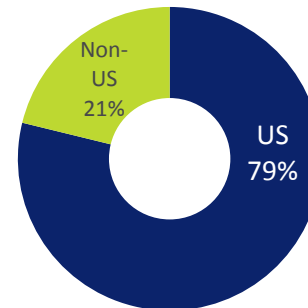
London Stock Exchange



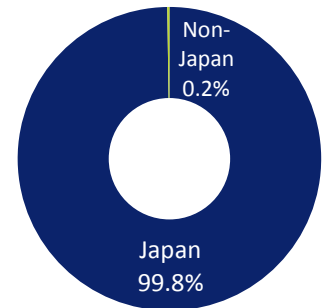
NASDAQ



New York Stock Exchange



Tokyo Stock Exchange

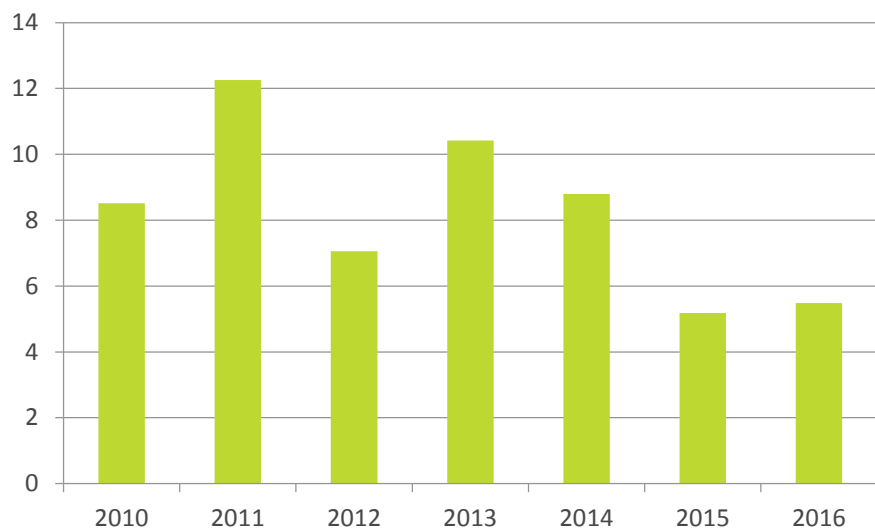


Source: World Federation of Exchanges and Companies' website (Feb 2017), Singapore Exchange (Mar 2017)

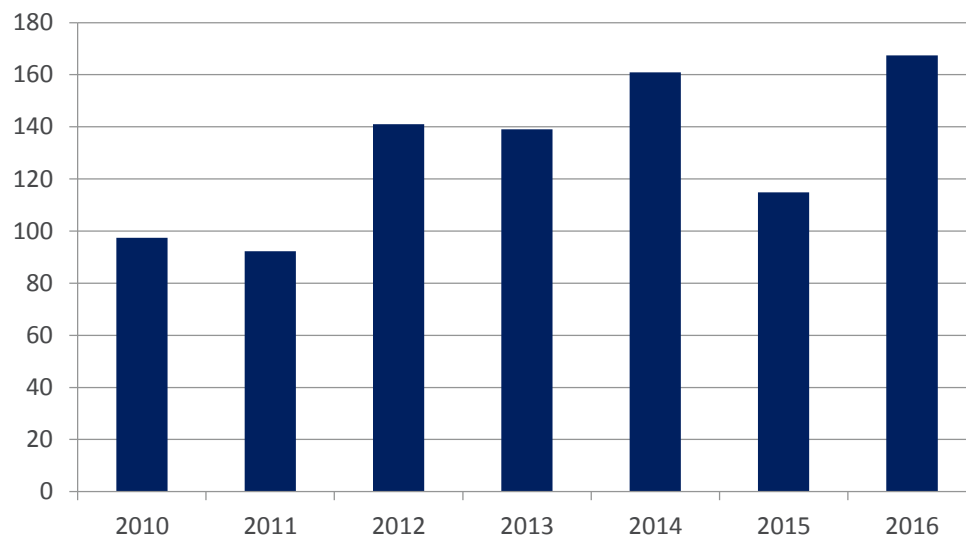
SGX is a Deep Market for Capital Raising

Equity and debt markets raised a total of US\$173 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

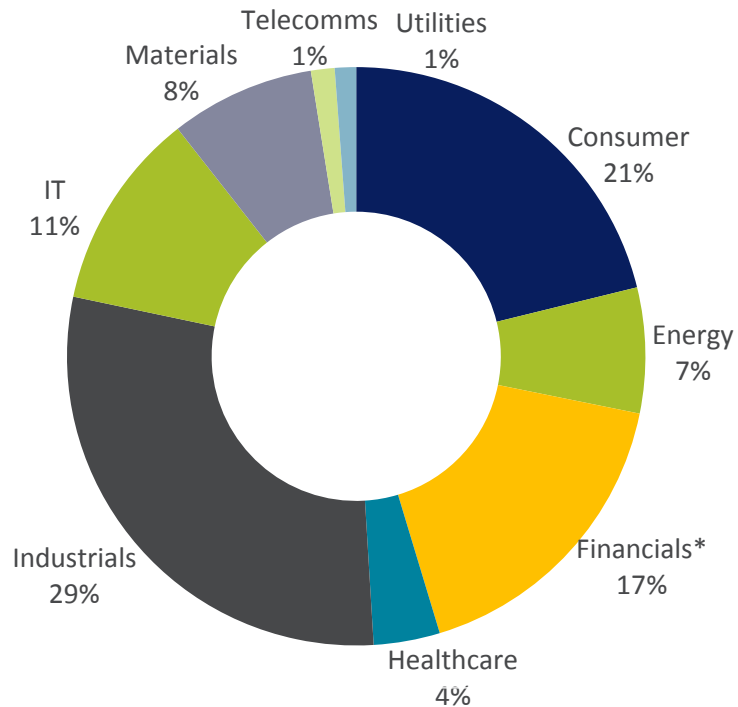
Source: Singapore Exchange (Dec 2016)

Diversity of Industries on SGX

Listed companies from diverse sectors

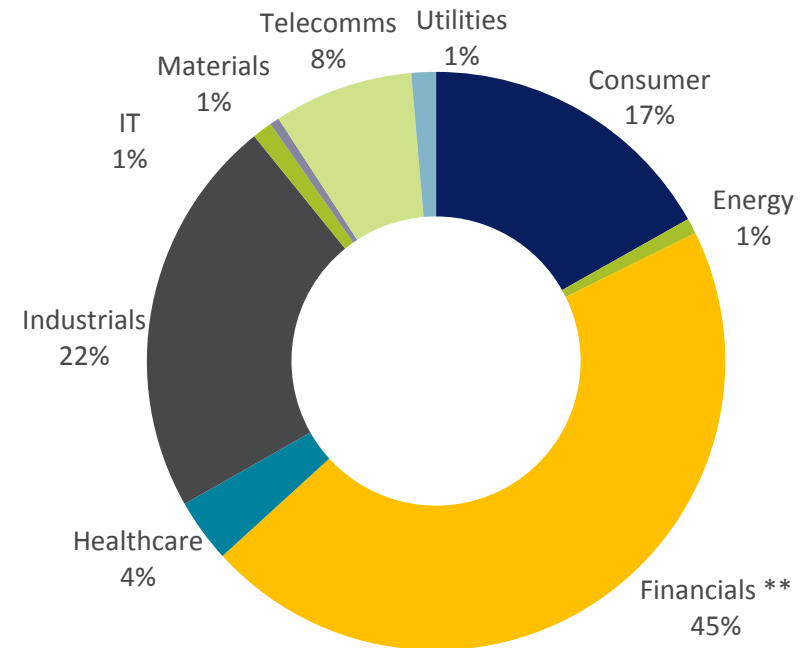
Breakdown by Number of Companies

753 companies in total



Breakdown by Market Capitalisation

US\$716 billion in total



Note: * Real Estate accounts for 13% of the 753 companies

** Real Estate accounts for 18% of the total market capitalisation of US\$716B

Source: Singapore Exchange & Bloomberg (Mar 2017)

Key Sectors on SGX in our Securities Market

Consumer

PE: 20x



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

Technology

PE: 16x



- Includes information & communications technology, medical technology and financial technology
- 78 companies with market cap of US\$59 billion

Healthcare

PE: 46x



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

Maritime & Offshore Services

PE: 21x*



- Asia's largest cluster of listed companies
- 55 companies and 3 business trusts with market cap of US\$26 billion

Mineral, Oil and Gas

PB: 2.9x



- Companies in exploration, development and production of mineral or oil & gas
- 26 companies with market cap of US\$2.6 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\$132 billion

Note: * Based on limited pool of companies
Source: Bloomberg & Singapore Exchange (Mar 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

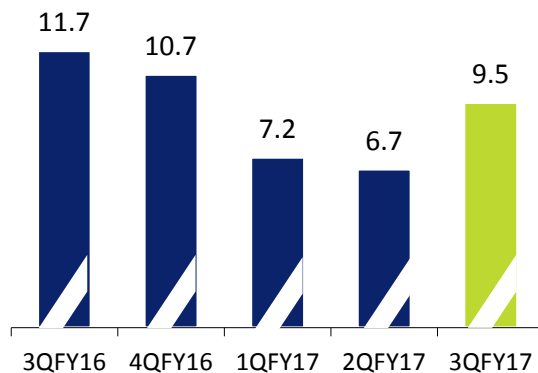
Global Distribution – Singapore, Beijing, Hong Kong, Mumbai, Shanghai, Tokyo, London

Financials

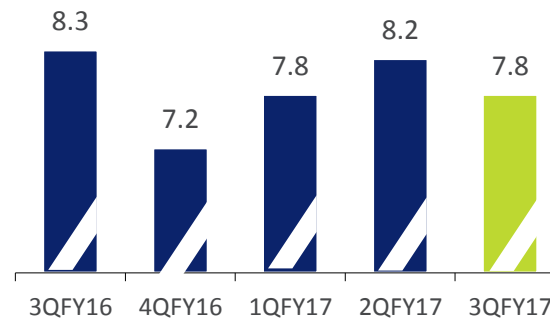
Financial Performance: Key Indicators (Recent quarters)

	3Q FY2016	4Q FY2016	1Q FY2017	2Q FY2017	3Q FY2017
Revenue (\$ million)	206	198	191	200	203
Operating profit (\$ million)	103	92	97	102	103
Operating profit margin	50%	46%	51%	51%	51%
Net profit (\$ million)	89	77	83	88	83
Return on equity	41%	36%	38%	38%	36%
Earnings per share (cents)	8.3	7.2	7.8	8.2	7.8
Dividend per share (cents)	5	13	5	5	5

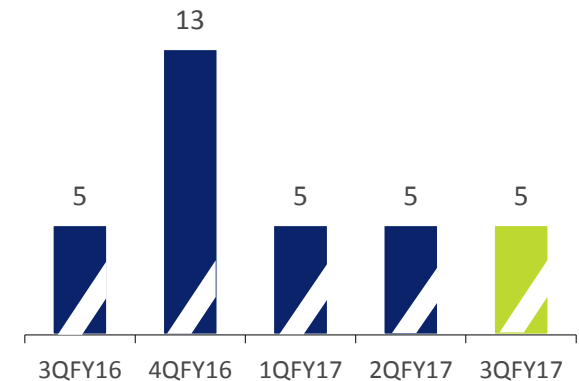
Operating cashflow per share (cents)



Earnings per share (cents)



Dividend per share (cents)



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

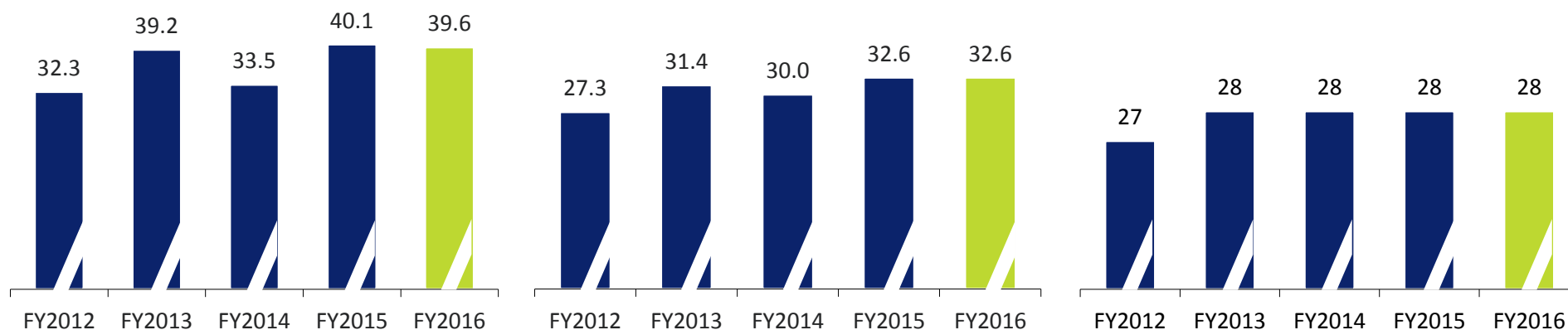
Financial Performance: Key Indicators (Recent years)

	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%
Net profit (\$ million)	292	336	320	349	349
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

Third Quarter FY2017 Highlights

Revenue

- \$203M
- Down 2%

Expenses

- \$100M
- Down 3%

Operating Profit

- \$103M
- Unchanged

Net Profit

- \$83M
- Down 7%

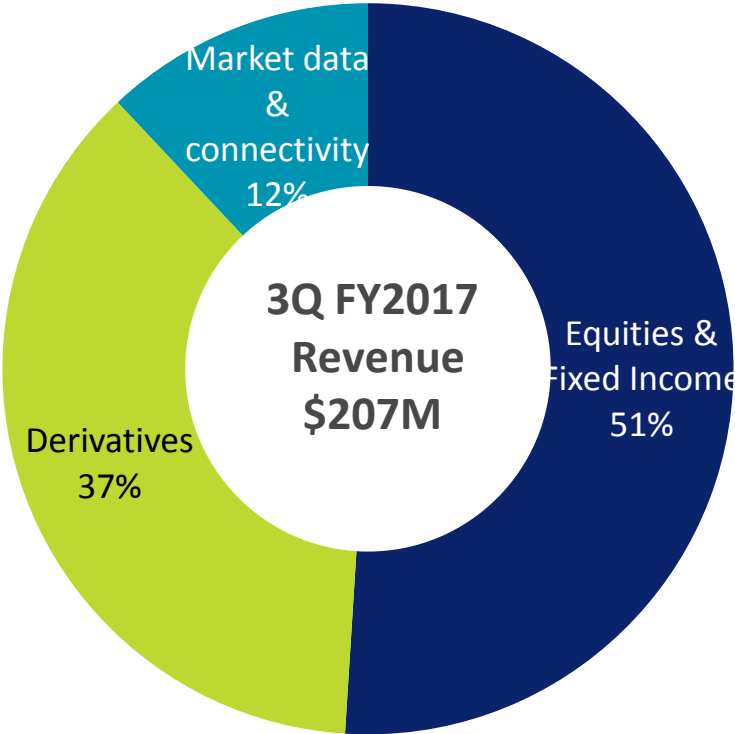
Earnings Per Share

- 7.8 cents
- Down 7%

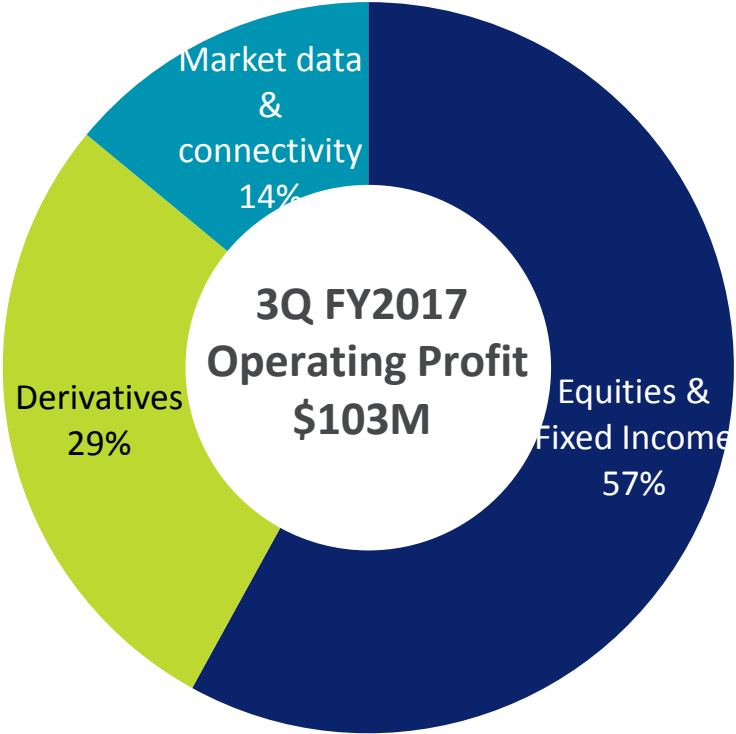
- Net profit, excluding disposal loss of \$4M from Bombay Stock Exchange (BSE), was \$87M, down 2%
 - Revenue down 2% to \$203M; expenses down 3% to \$100M
 - Operating profit remained unchanged
- Equities and Fixed Income revenue up 1%
 - SDAV increased 1% to \$1.24B and total traded value increased 5% to \$78B
 - Increased participation seen from both retail and institutional customers
 - 5 new equity listings compared with 4 listings a year earlier
- Derivatives revenues down 9%
 - Total volumes decreased 18% to 40M contracts
 - Average fee per contract increased from \$1.15 to \$1.20

Contribution by Business Units

Revenue Contribution (%)



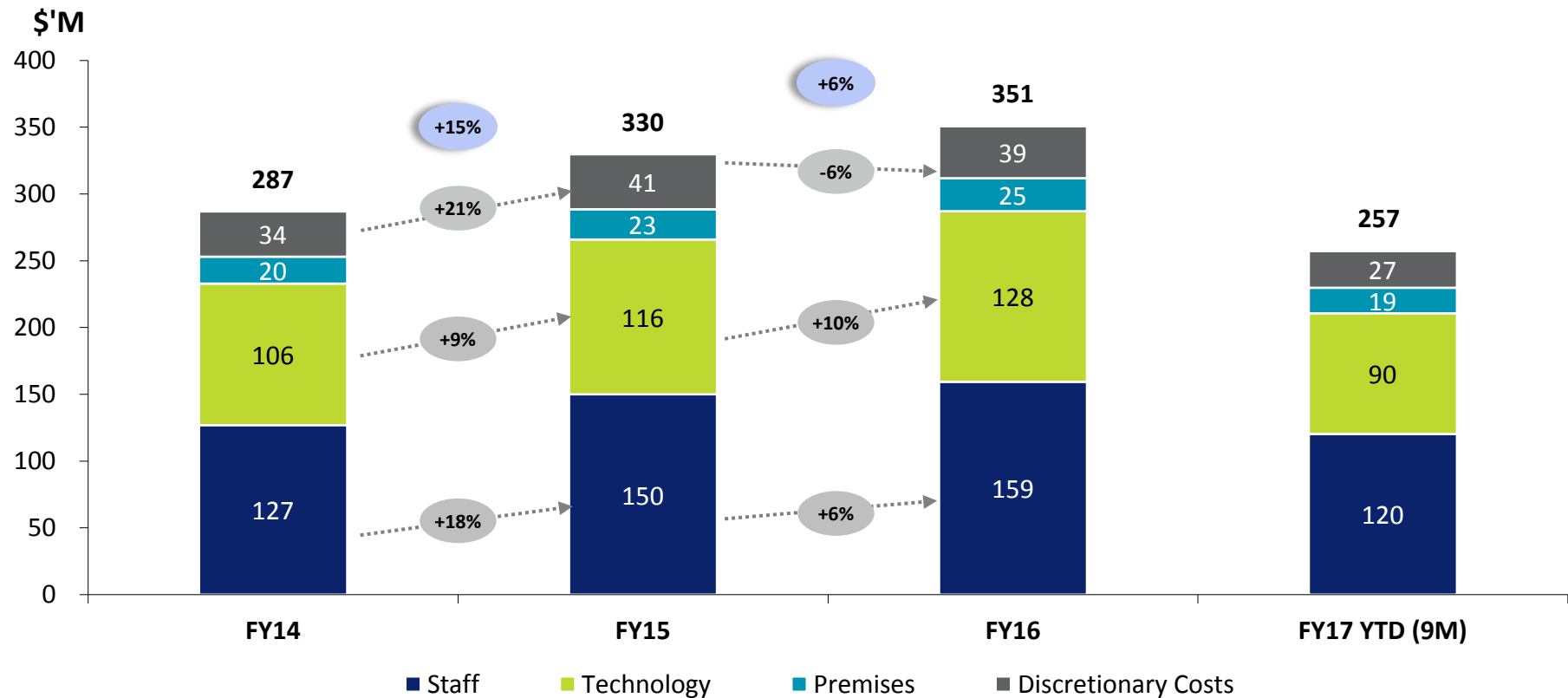
Operating Profit Contribution (%)



Effective cost management and investing in growth

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

Operating Expenses, excluding volume-related Processing & Royalties



Appendix: Background

The Singapore Exchange (SGX)

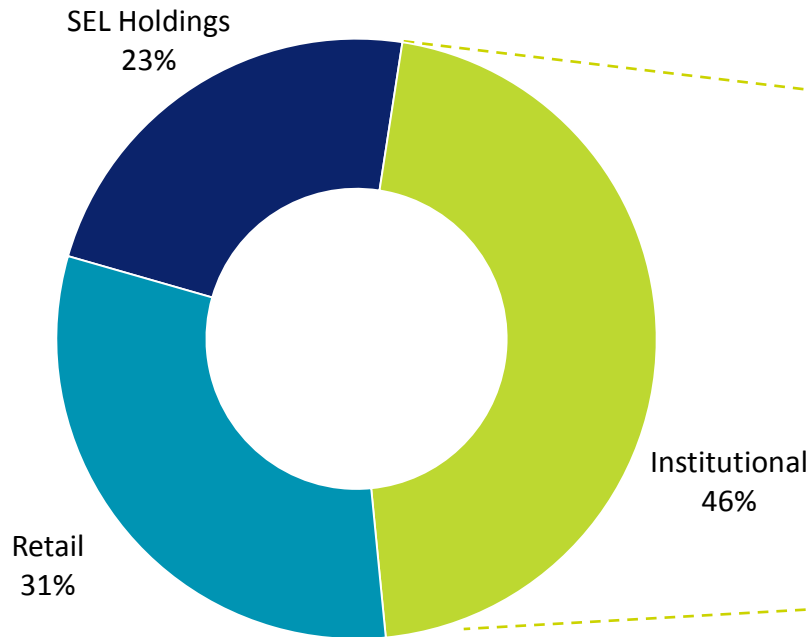
A diversified exchange group that runs key market infrastructure including the Singapore stock market and a pan-Asian derivatives exchange

- 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, 10th largest listed exchange group globally

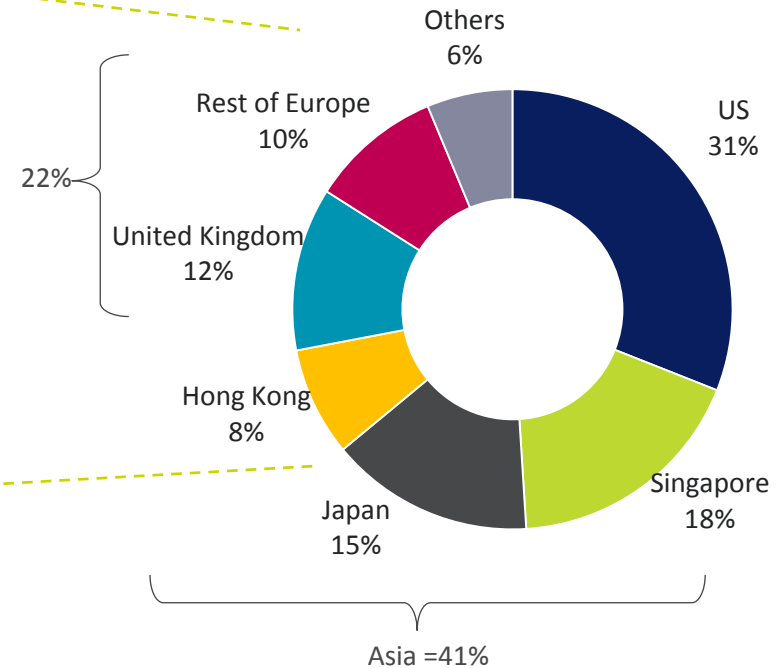
SGX Shareholders Profile

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

SGX Shareholder Composition¹



Institutional Shareholding by Geography



¹ As of March 2017

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

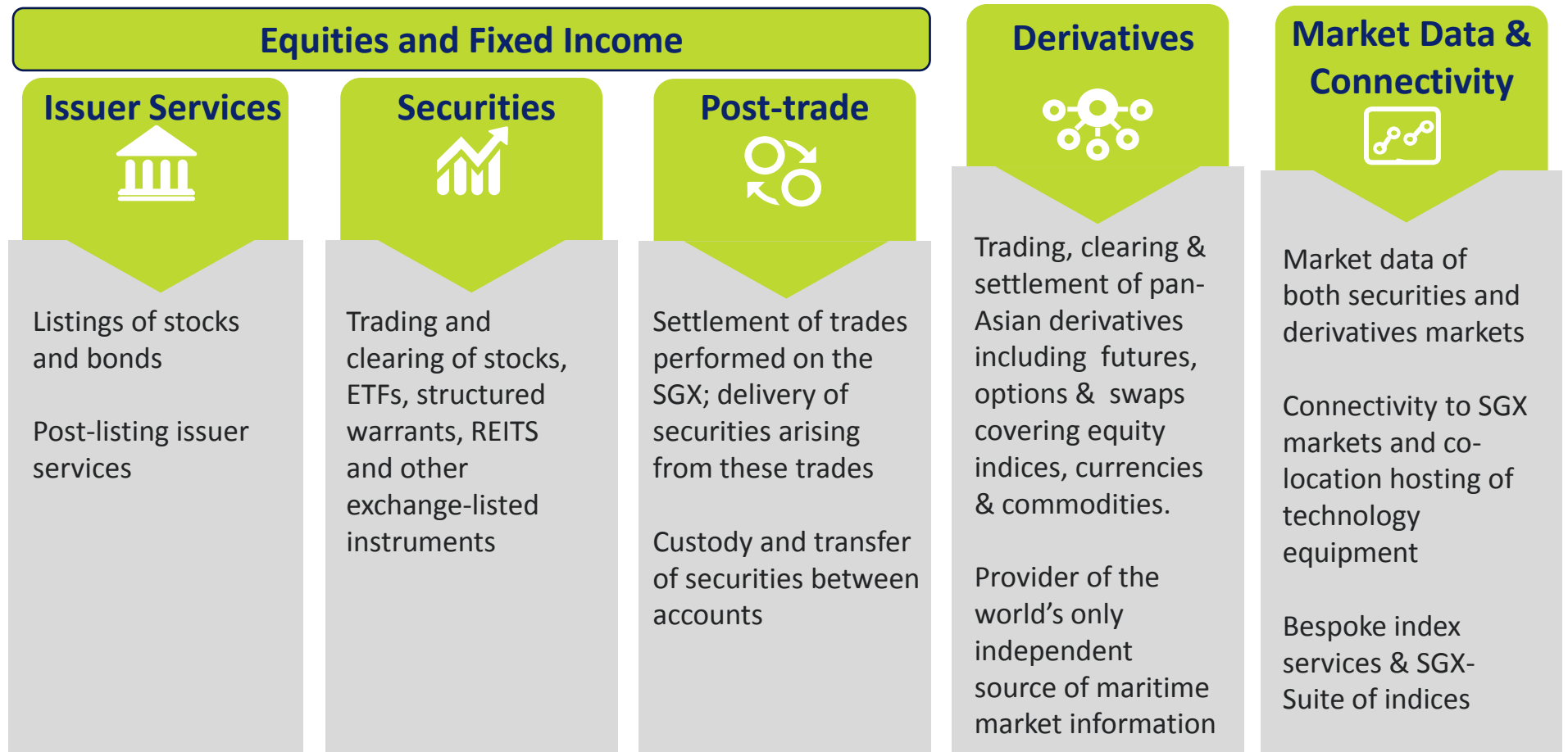


A Premier Risk Management Venue

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

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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