

2Q FY2019 Analyst and Media Briefing

Loh Boon Chye, Chief Executive Officer
Chng Lay Chew, Chief Financial Officer

24 January 2019

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Agenda

1

Second Quarter FY2019 - Financial Highlights and Performance

2

Business Update

3

Questions and Answers

Second Quarter FY2019

Financial Highlights and Performance

Chng Lay Chew, Chief Financial Officer

Second Quarter FY2019 Highlights

- Revenue of \$224M, up 9%; Net profit of \$97M, up 9%
- 2nd consecutive quarter of record Derivatives revenue – Traded volume up 23% to a record of 60M contracts
- Securities traded value declined 13% to \$63B in line with regional markets
- Dividend per share – 7.5 cents, up 2.5 cents; Earnings per share – 9.0 cents

Revenue

- \$224M
- Up 9%

Expenses

- \$111M
- Up 8%

Operating Profit

- \$114M
- Up 10%

Net Profit

- \$97M
- Up 9%

Derivatives Trading

- 60M contracts
- Up 23%

Securities Trading

- \$63B total traded value
- Declined 13%

Earnings Per Share

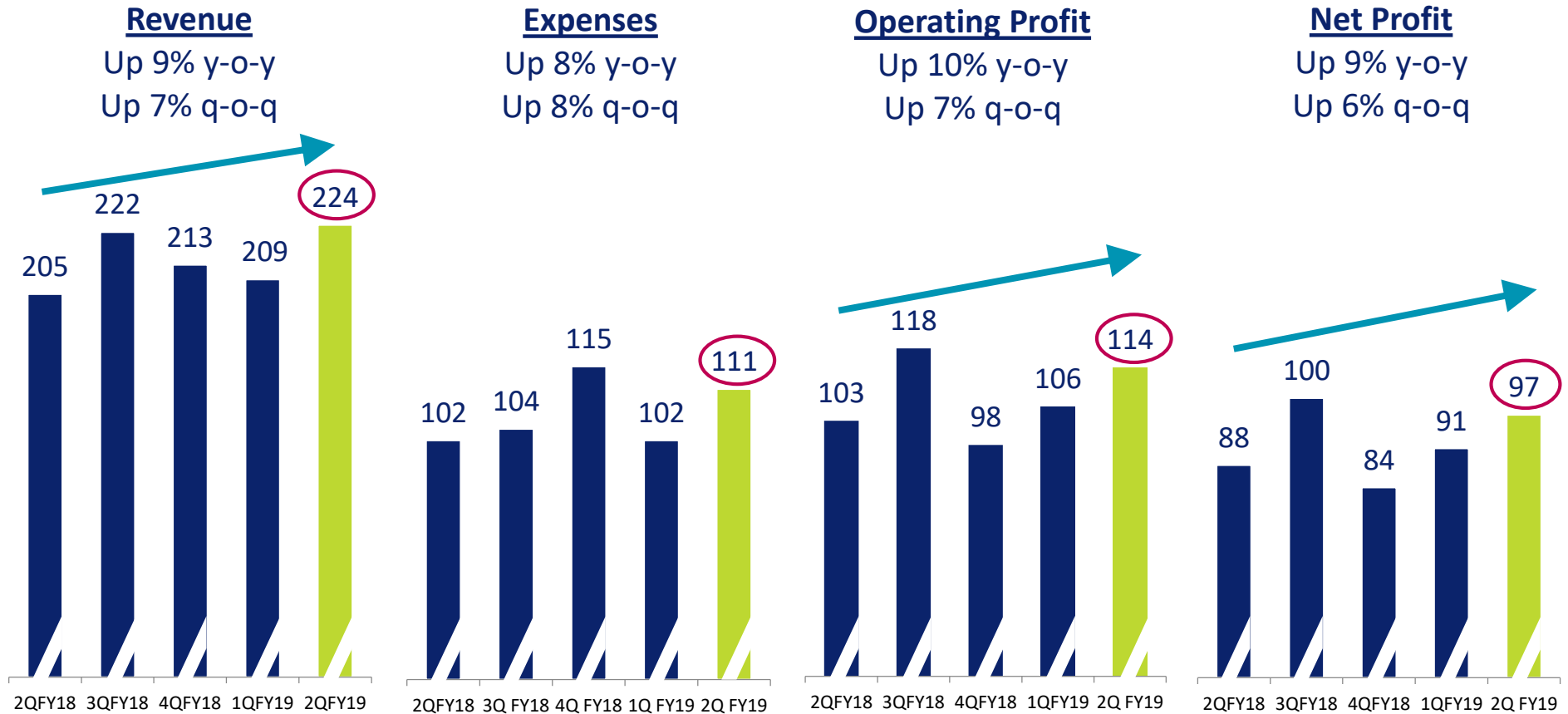
- 9.0 cents
- Up 9%

Dividend Per Share

- 7.5 cents
- Up 2.5 cents

Financial Performance: Quarterly Trend

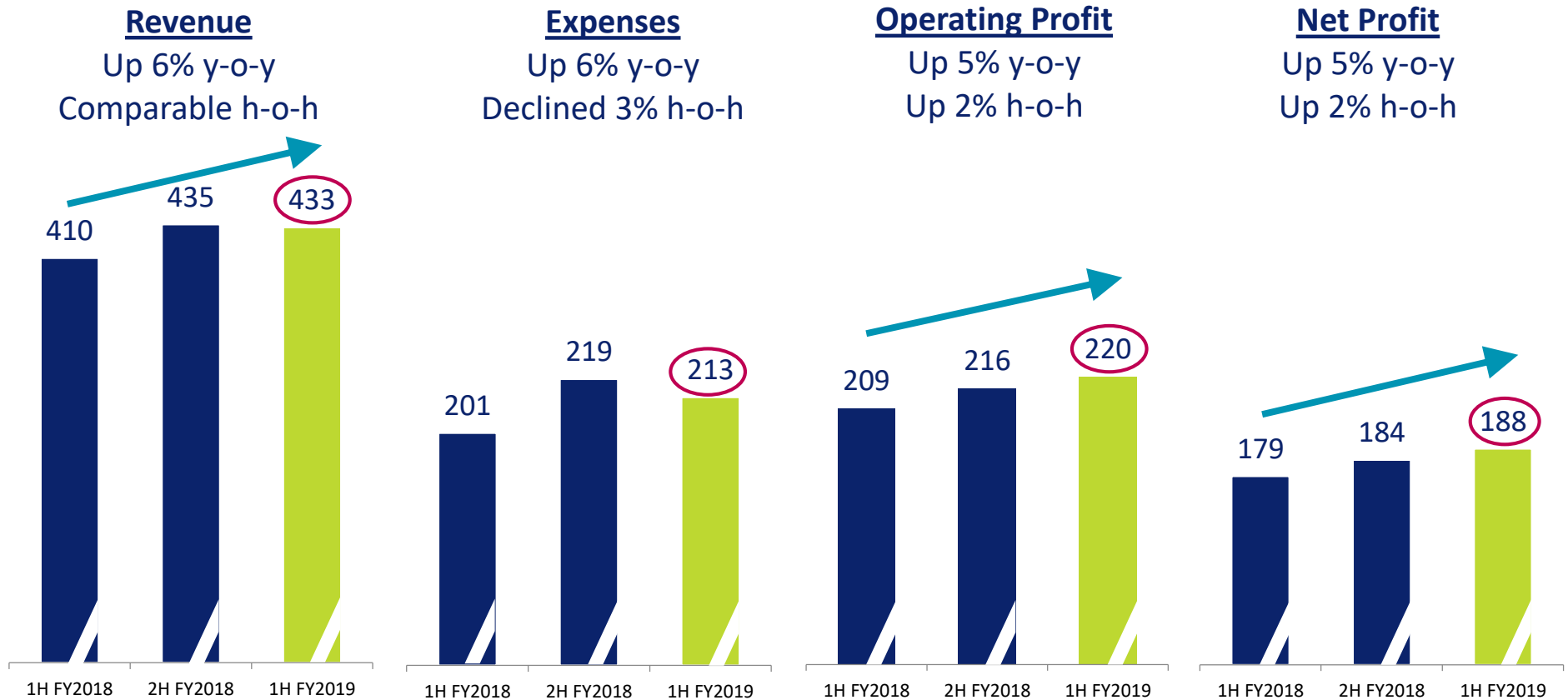
- Revenue of \$224 million, up 9% y-o-y and up 7% q-o-q
- Net profit of \$97 million, up 9% y-o-y and up 6% q-o-q



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

Financial Performance: Half yearly trend

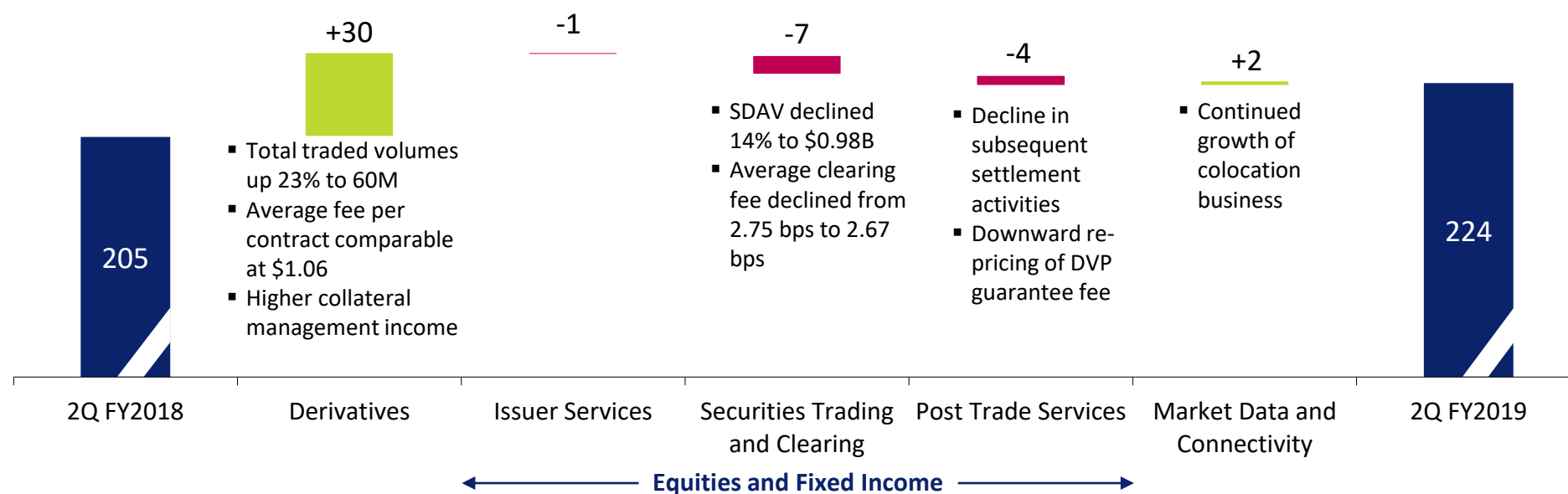
- Revenue up 6% y-o-y, Expenses up 6% y-o-y
- Net profit up 6% y-o-y and up 2% h-o-h



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

2Q Revenue up 9% y-o-y

- Record Derivatives revenue of \$113M, up 35%
- Equities & Fixed Income revenue of \$86M, declined 12%
- Market Data and Connectivity revenue of \$26M, up 6%

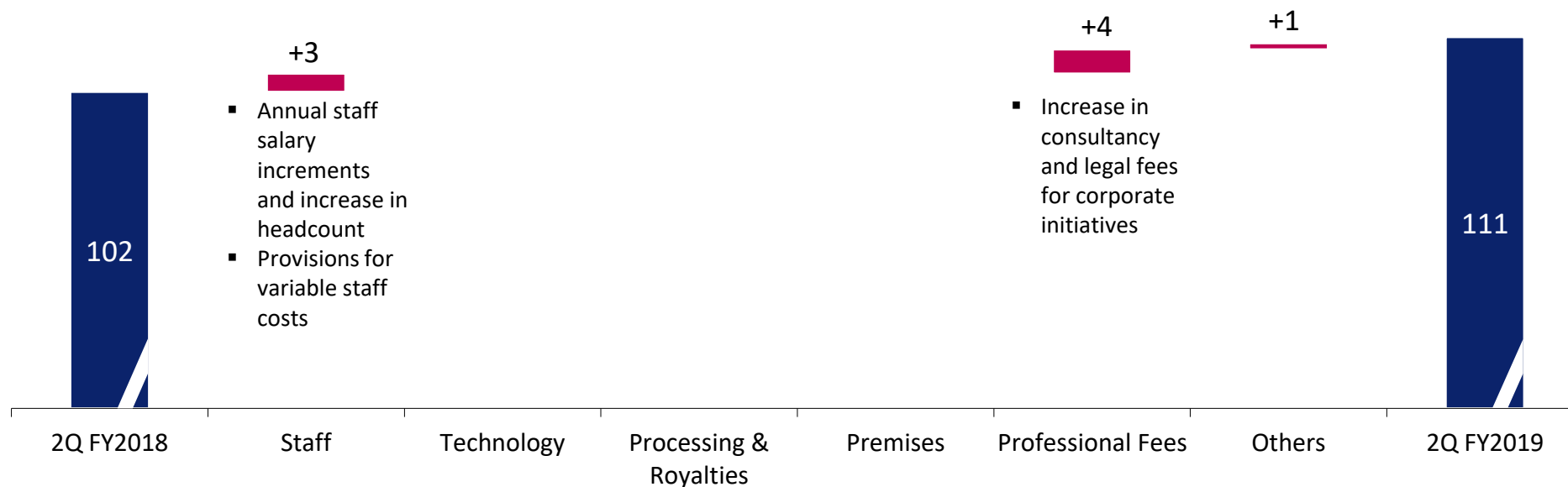


2Q FY2019	\$113M (50%)	\$19M (8%)	\$45M (20%)	\$21M (10%)	\$26M (12%)	\$224M
2Q FY2018	\$83M (41%)	\$20M (10%)	\$52M (25%)	\$25M (12%)	\$24M (12%)	\$205M

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2Q Expenses up 8% y-o-y

- Higher staff costs and professional fees
- Continued to maintain cost discipline

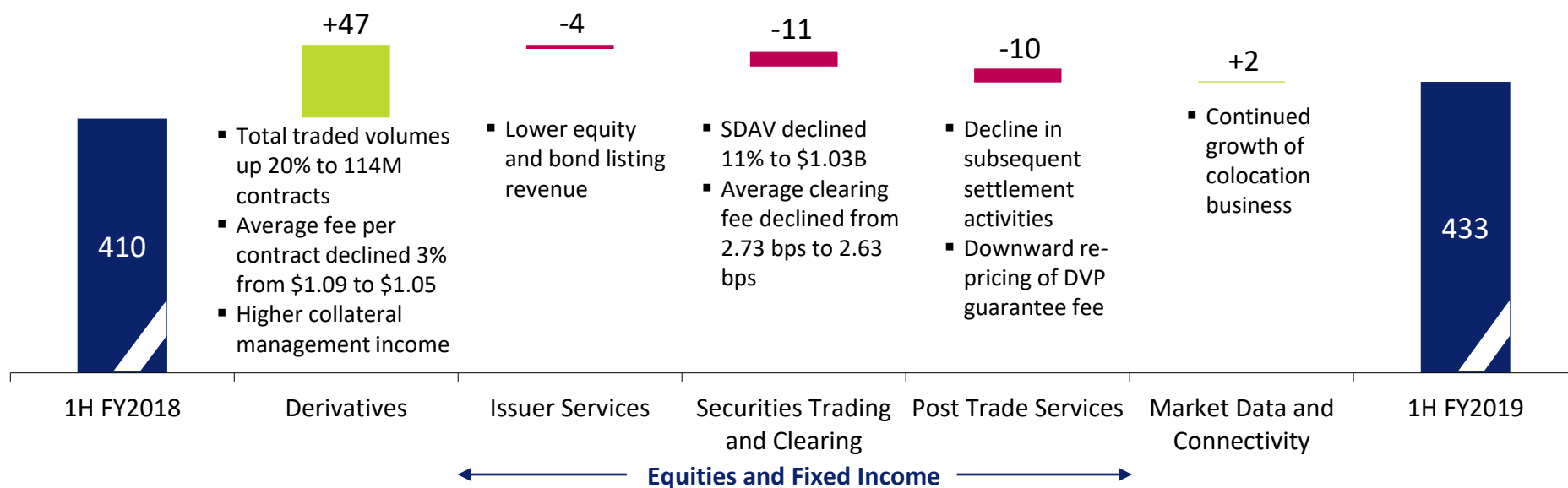


2Q FY2019	\$47M (42%)	\$32M (29%)	\$12M (11%)	\$7M (6%)	\$5M (5%)	\$8M (8%)	\$111M
2Q FY2018	\$43M (43%)	\$32M (31%)	\$11M (11%)	\$7M (7%)	\$1M (1%)	\$7M (7%)	\$102M

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

1H FY2019 Revenue up 6%

- Revenue of \$433M, up 6%
- Derivatives revenue of \$211M, up 29%
- Equities & Fixed Income revenue of \$172M, declined 13%
- Market Data and Connectivity revenue of \$50M, up 4%

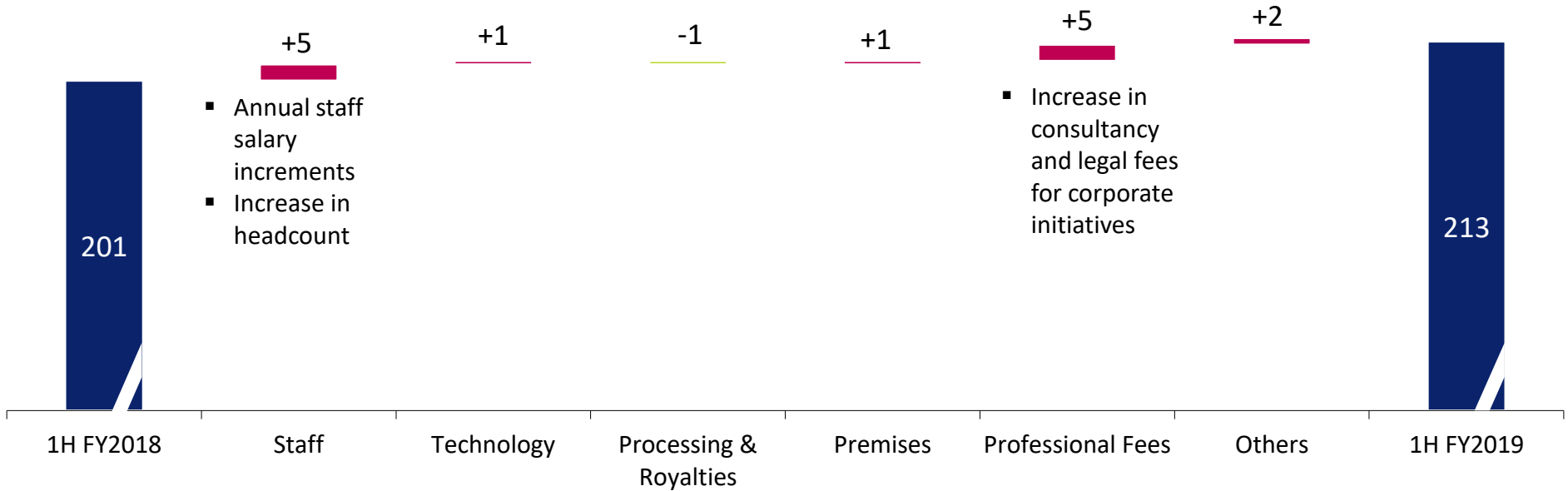


1H FY2019	\$211M (49%)	\$38M (9%)	\$92M (21%)	\$41M (10%)	\$50M (12%)	\$433M
1H FY2018	\$164M (40%)	\$42M (10%)	\$103M (25%)	\$52M (13%)	\$48M (12%)	\$410M

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1H FY2019 Expenses up 6%

- Expenses of \$213M, up 6% y-o-y



1H FY2019	\$90M (42%)	\$63M (30%)	\$22M (10%)	\$14M (7%)	\$8M (4%)	\$15M (7%)	\$213M
1H FY2018	\$85M (42%)	\$62M (31%)	\$23M (11%)	\$14M (7%)	\$3M (2%)	\$13M (7%)	\$201M

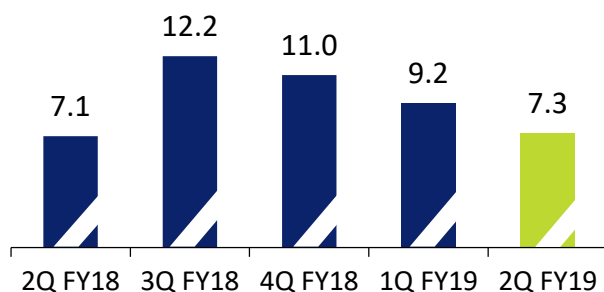
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Key Financial Indicators

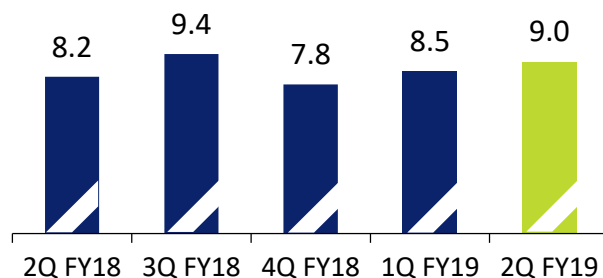
- High operating profit margin of 51%
- High ROE of 39%
- Quarterly dividend per share of 7.5 cents per share

	2Q FY2018	3Q FY2018	4Q FY2018	1Q FY2019	2Q FY2019
Revenue (\$ million)	205	222	213	209	224
Operating profit (\$ million)	103	118	98	106	114
Operating profit margin	50%	53%	46%	51%	51%
Net profit (\$ million)	88	100	84	91	97
Return on equity	37%	37%	34%	39%	39%

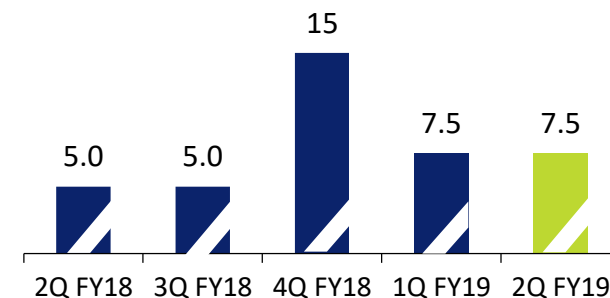
Operating cash flow per share (cents)



Earnings per share (cents)



Dividend per share (cents)



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

Business Update

Loh Boon Chye, Chief Executive Officer

2Q FY2019 Performance

- Strong derivatives performance from higher global demand for Asian risk management solutions
- Equities market performance comparable with regional markets amid concerns of escalating trade tensions and slower economic growth

(\$ million)	2Q FY2019 Revenue	Change (y-o-y)	Revenue Contribution
Derivatives	113	↑ 35%	50%
Equities & Fixed Income	86	↓ 12%	38%
Market Data & Connectivity	26	↑ 6%	12%
Total Revenue	224	↑ 9%	100%



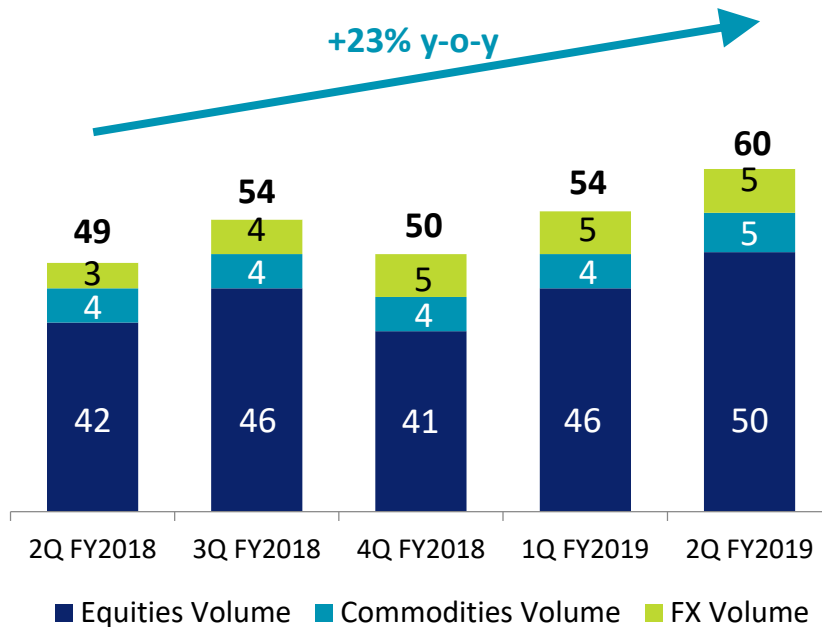
• Exchange of the Year: Energy Risk Asia Awards (Nov 2018)

Derivatives

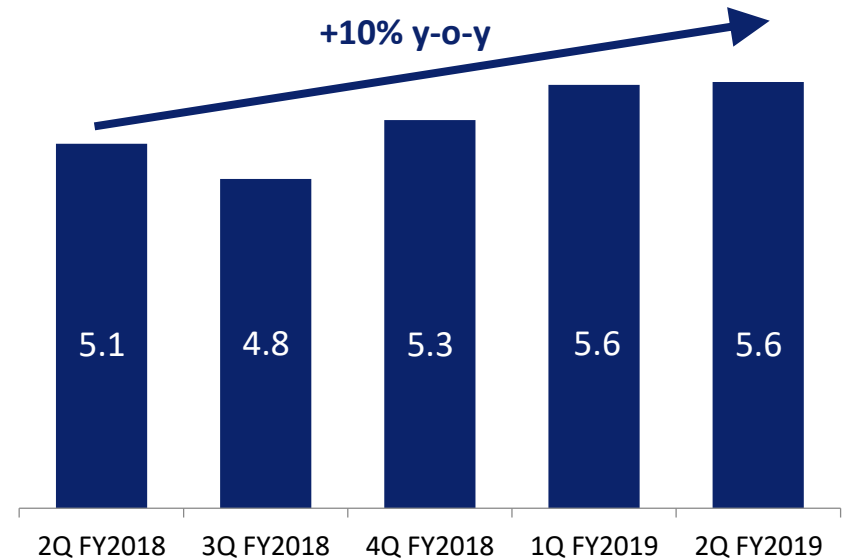
Equity & Commodities
\$71M ↑ 23% y-o-y

- Record Derivatives volumes in 2Q FY19, up 23% y-o-y
- Average open interest up 10% y-o-y

Total Derivatives Volume (M contracts)



Average Quarter-End Open Interest (M contracts)



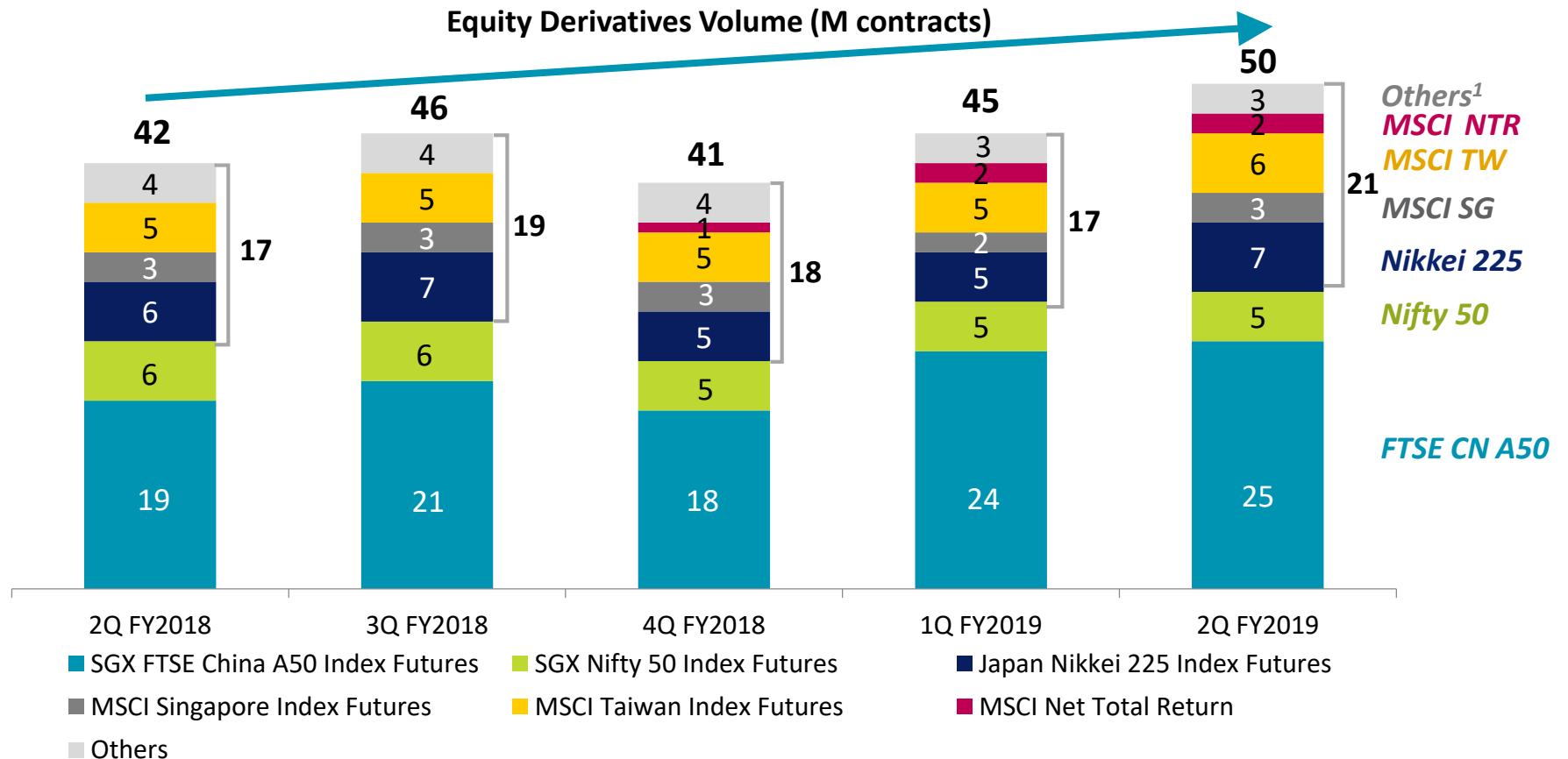
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Derivatives – Equities

Equity & Commodities
\$71M ↑ 23% y-o-y

- Increased trading volumes in key Equity Index contracts, up 21%
- Growth in MSCI Net Total Return index futures with increasing volumes

Equity Derivatives Volume (M contracts)

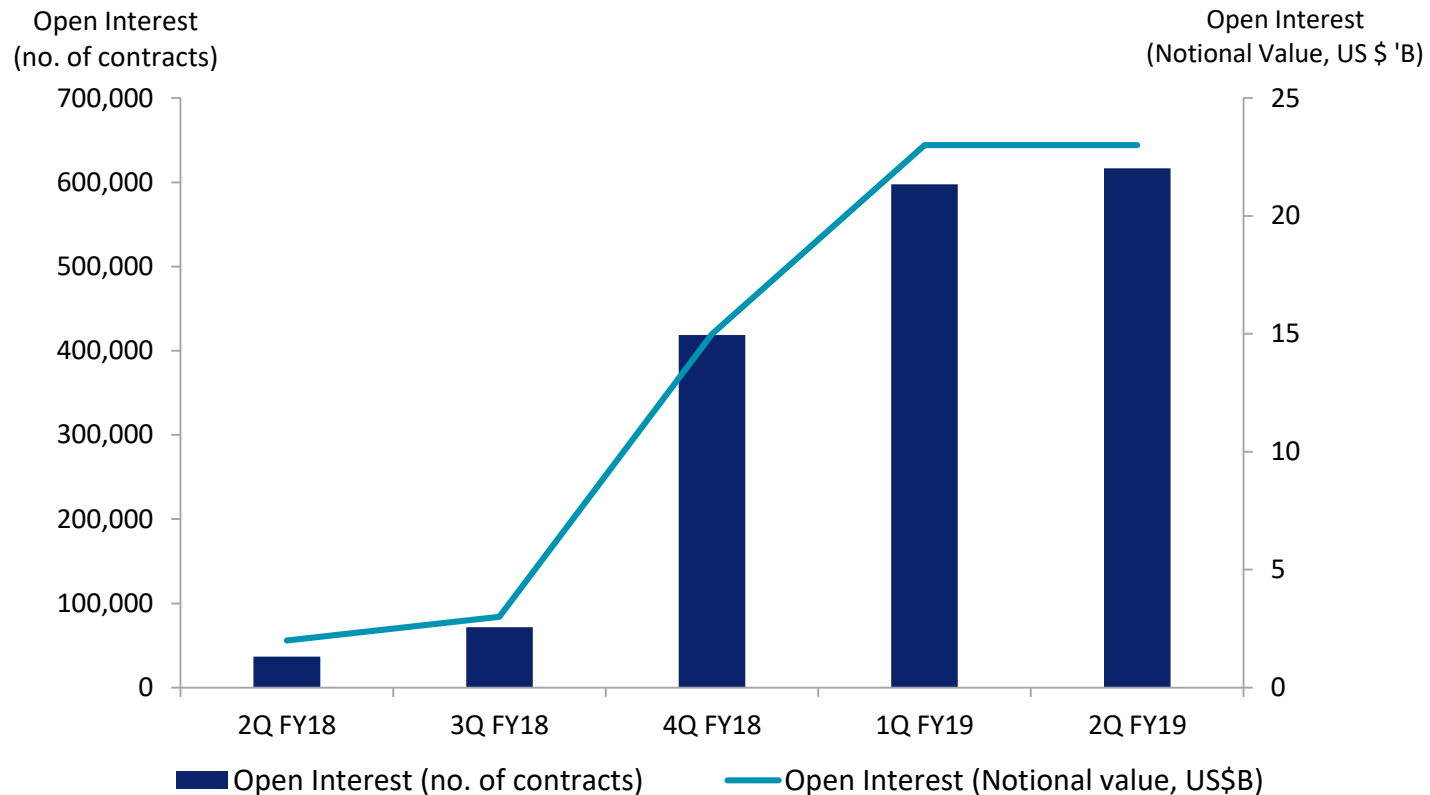


Derivatives – Equities

Equity & Commodities
\$71M ↑ 23% y-o-y

- 19 SGX MSCI NTR Futures listed as of 2Q FY2019
- Open interest at 617k contracts, notional open interest at US\$23B

Open Interest of SGX MSCI Net Total Return Futures

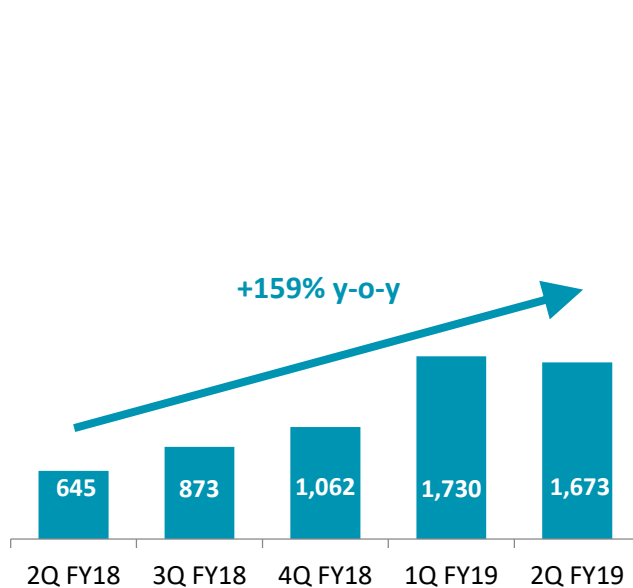


Derivatives – FX and Commodities

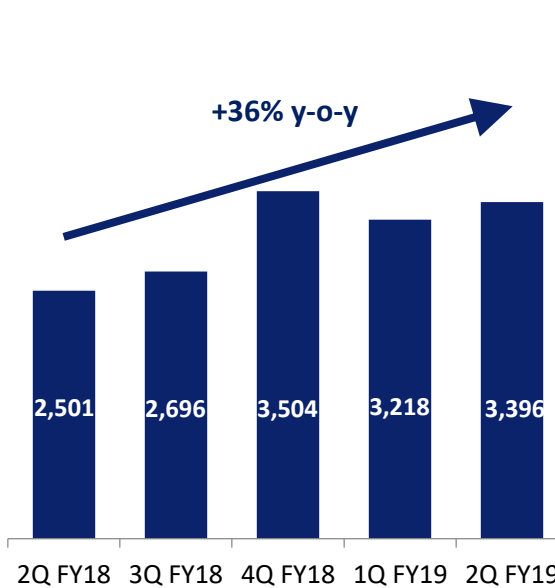
Equity & Commodities
\$71M ↑ 23% y-o-y

- Record FX futures volume, up 61% from 3.2M to 5.1M contracts
- Iron Ore Derivatives volume up 17% from 3.3M to 3.9M contracts
- Launched world's first high-grade 65% Fe Iron Ore contract to complement our benchmark 62% Fe Iron Ore

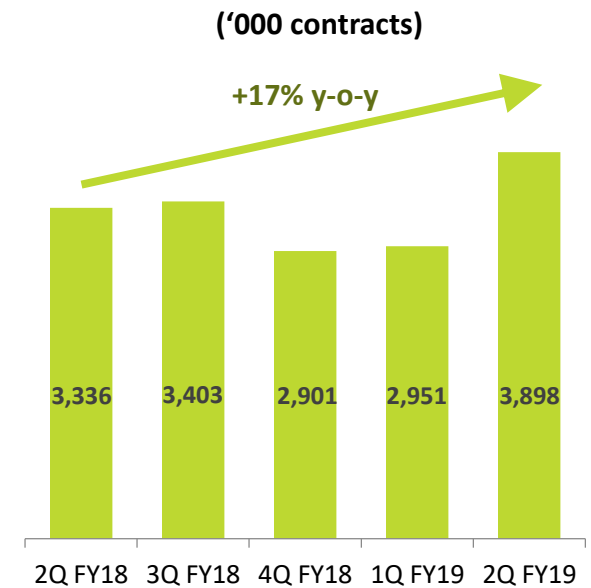
USD/ CNH Volume ('000 contracts)



INR/ USD Volume ('000 contracts)



Iron Ore Derivatives Volume ('000 contracts)



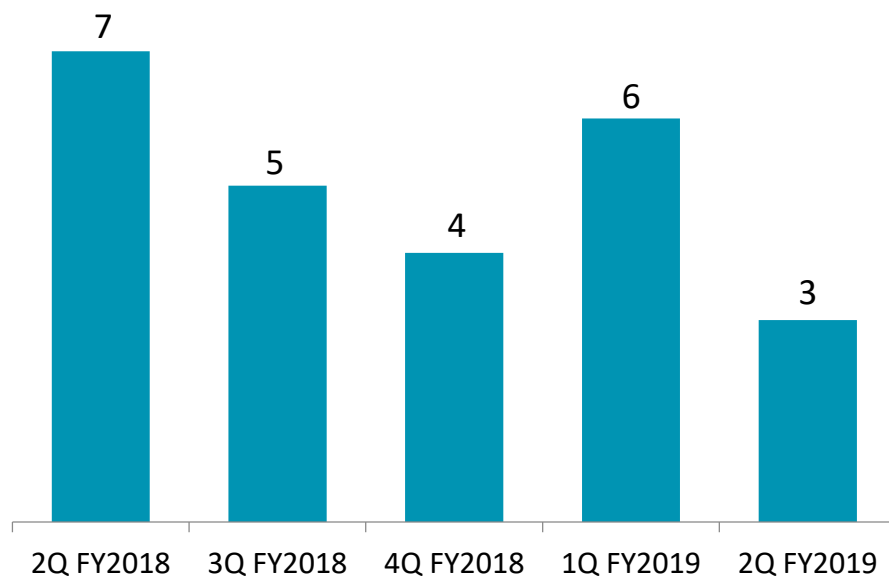
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Equities & Fixed Income – Equity Listings

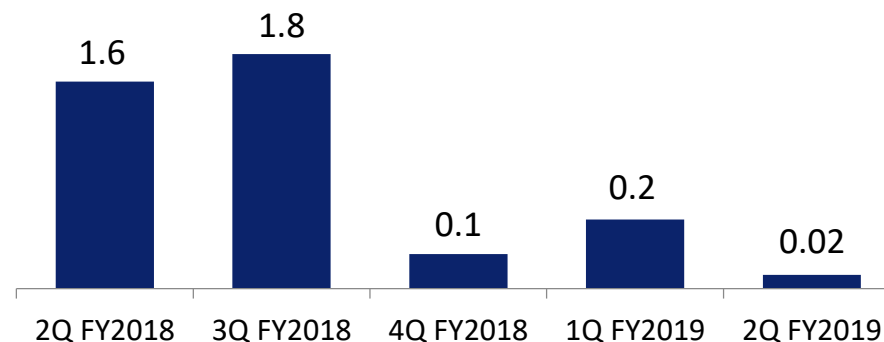
Issuer Services
\$19M ↓ 7% y-o-y

- Revenue declined 7% from \$20M to \$19M
- 3 new equity listings, declined from 7 a year ago

No. of New Equity Listings



Funds Raised from New Equity Listings (\$B)



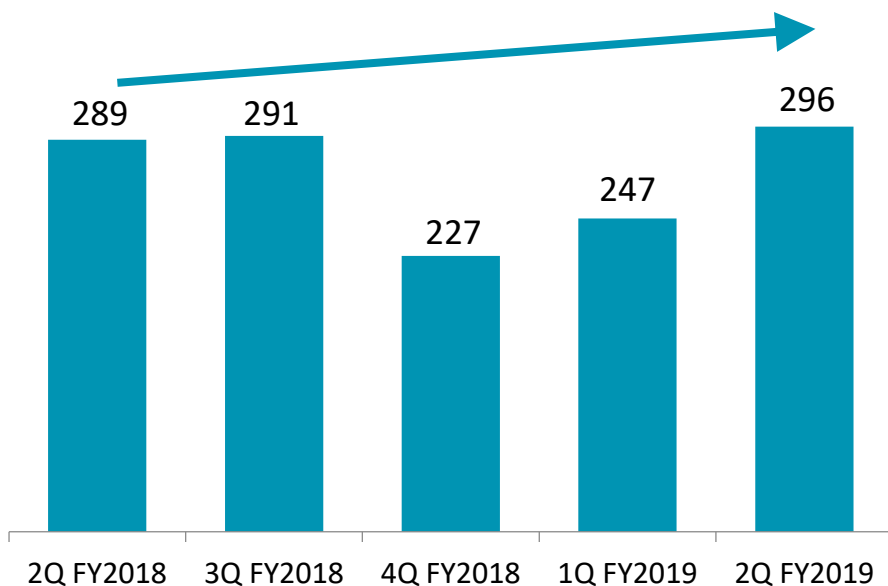
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Equities & Fixed Income – Fixed Income Listings

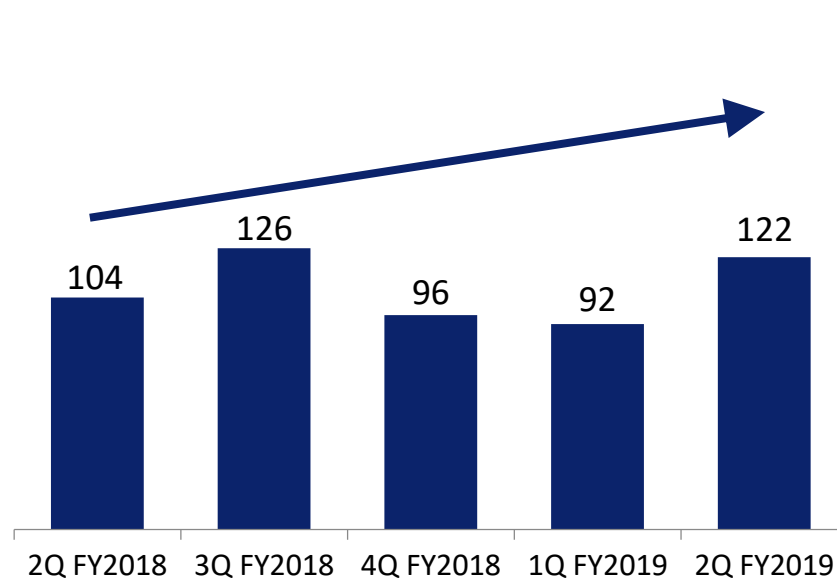
Issuer Services
\$19M ↓ 7% y-o-y

- Number of new bond listings at 296
- Largest exchange in Asia for the listing of international bonds with 80% of listed bonds from offshore issuers

No. of New Bond listings



Funds Raised from New Bond listings (\$B)



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

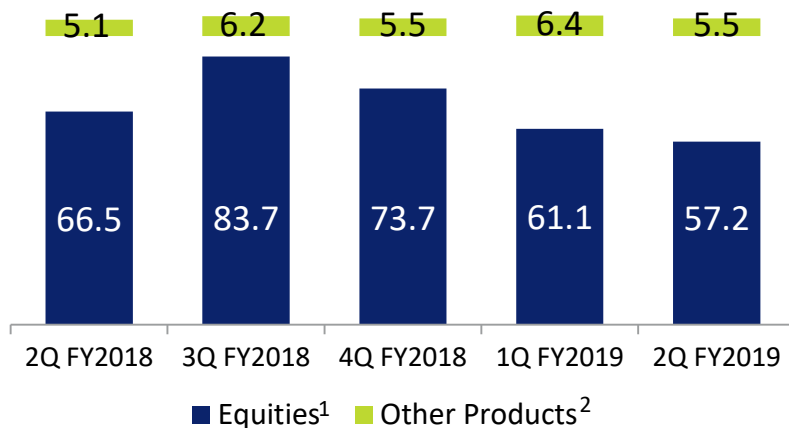
Equities & Fixed Income

Securities Trading & Clearing
\$45M ↓ 13% y-o-y

- SDAV declined 14% y-o-y from \$1.14B to \$0.98B
- Launched single stock DLCs in SG and HK companies, with plans to further expand single stock DLCs
- Work with brokers to increase equity research coverage, with support from the MAS Grant for Equity Market (GEMS) fund

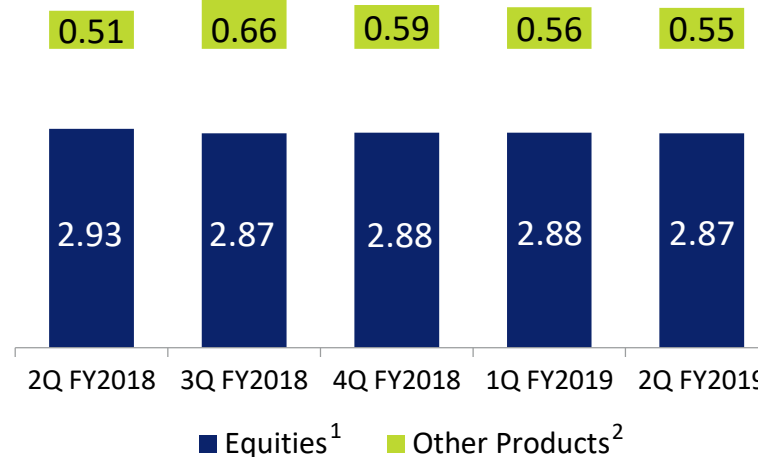
Securities Total Value Traded (\$B)

Total Traded Value	71.6	89.9	79.2	67.5	62.7



Average Clearing Fee by Products (bps)

Average yield	2.75	2.71	2.72	2.66	2.67



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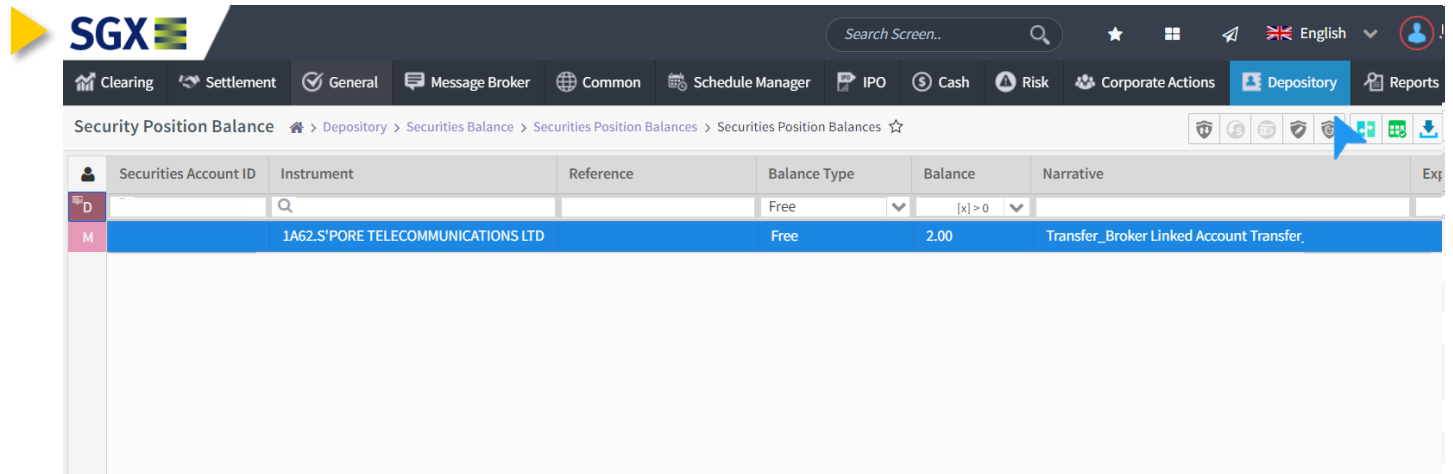
¹ Equities include ordinary shares, real-estate investment trusts and business trusts

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

Equities & Fixed Income

Post Trade Services
\$21M ↓ 16% y-o-y

- Securities settlement revenue declined 14% from \$22M to \$19M due to:
 - Decline in subsequent settlement activities
 - Downward re-pricing of DVP guarantee fee from April 2018.
- Post-Trade System launched in December, sets foundation for new era of service innovation and delivery.



For illustration only

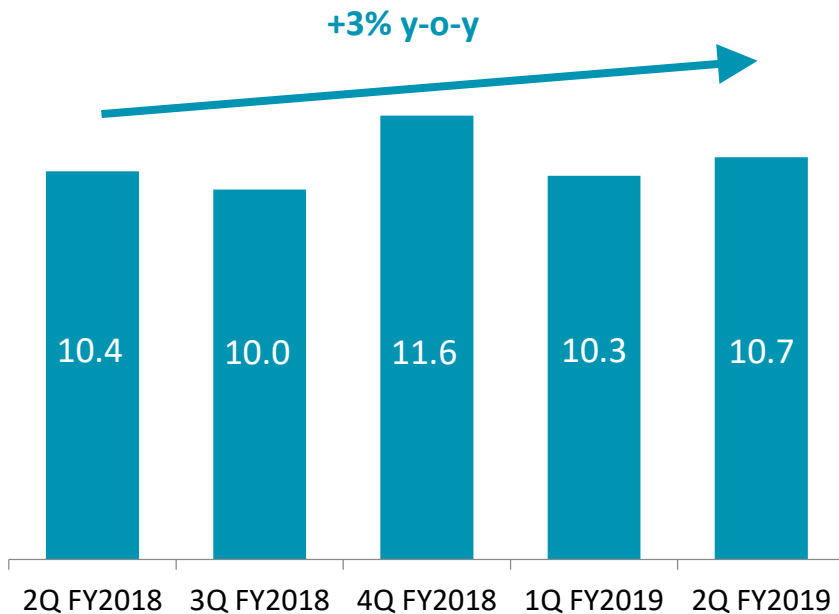
- Web-based, real-time access to post-trade information for members
- Migration of manual to online services for members and end clients
- Enhanced delivery of existing services for market participants – e.g. Securities borrowing & lending
- Creation of new services for all – e.g. broker-linked balances, FX conversion, market data & intelligence

Market Data & Connectivity

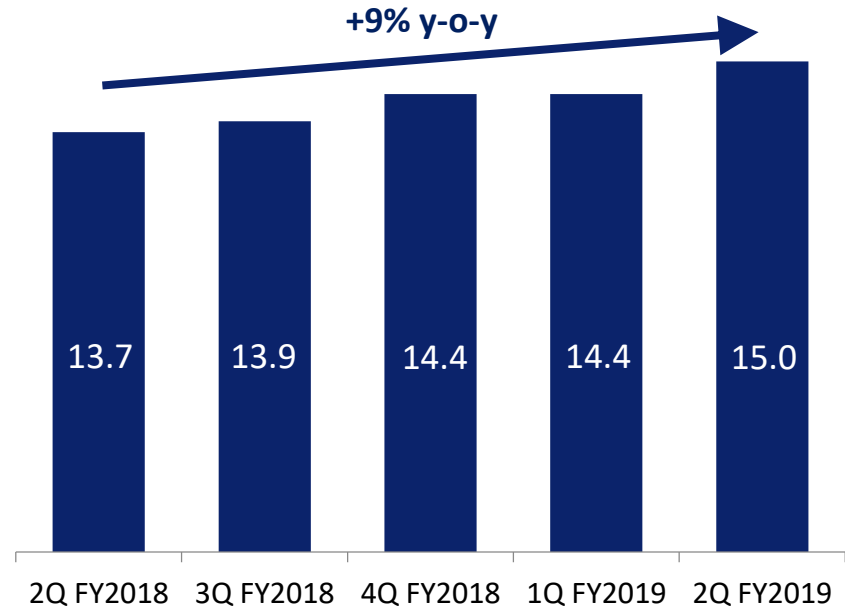
Market Data & Connectivity
\$26M ↑ 6% y-o-y

- Revenue up 6% to \$26M
- Market Data revenue up 3%
- Connectivity revenue up 9% from continued growth in our colocation business

Market Data Revenue (\$M)



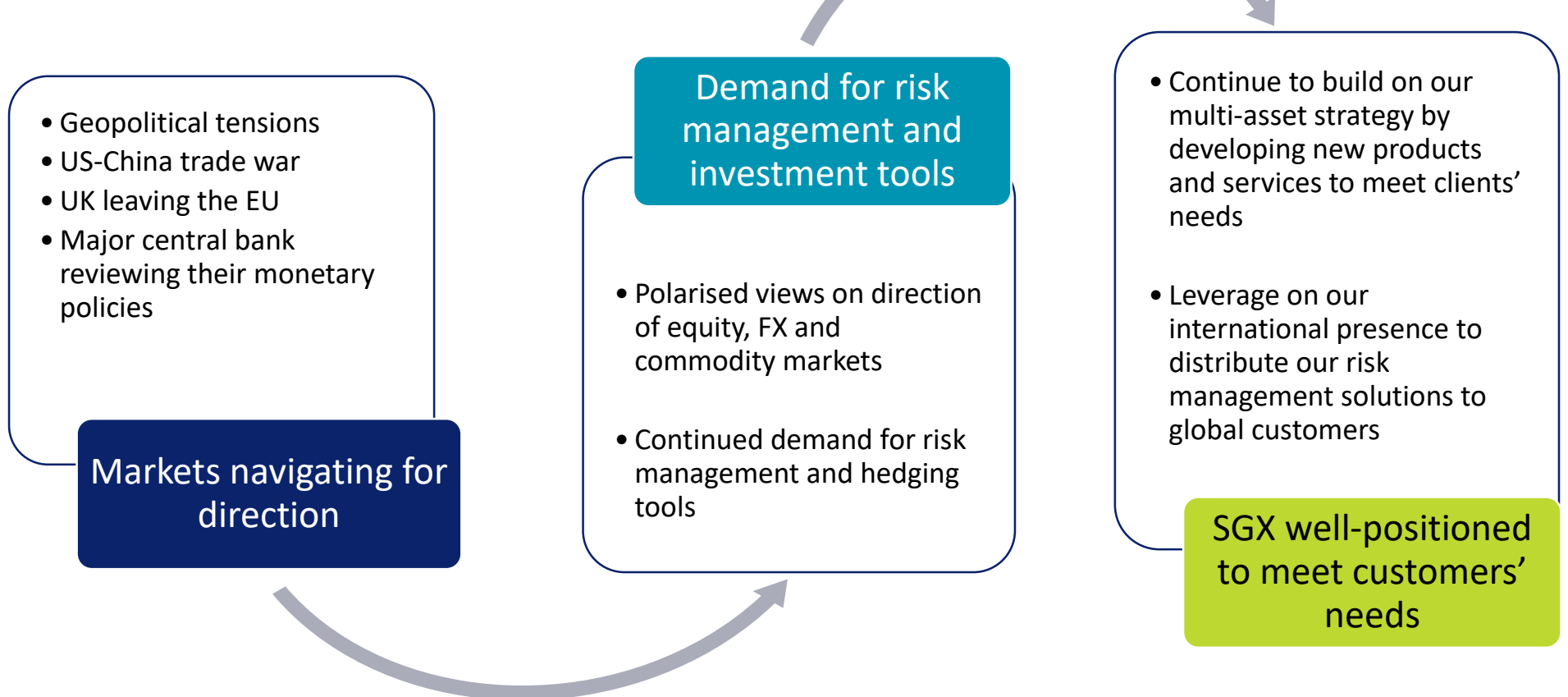
Connectivity Revenue (\$M)



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Looking Ahead...

- On track to deliver our strategic priorities



Guidance for FY2019:

- Operating expenses is expected to be between \$445M & \$455M
- Technology-related capital expenditure is expected to be between \$60M & \$65M

Executing our Strategic Priorities - 1H FY2019



1

Build a multi-asset exchange

EXPAND MSCI Net Total Return Suite

NEW FlexC FX Futures

NEW 65% Iron Ore Contract

NEW Titan OTC Pro

NEW Single-Stock Daily Leverage Certificates

NEW Post-Trade Capabilities



2

Grow international presence

EXPAND Distribution in across 10 cities – Asia, UK and USA (New York, San Francisco)

EXPAND China relationships and footprint (BRO, CFETS-BOC)

NEW Europe HQ for Index Sales

NEW Digitization of marketing channels (sgx.com)



3

Widen partnerships and networks

NEW Strategic investments in Fixed Income and Commodities companies (Freightos, Trumid)

NEW Industry lead with MAS to create interoperable DvP blockchain solutions for tokenized assets (NASDAQ, Deloitte, Anquan)

Questions and Answers

