

WELCOME

FY2014: Analyst and Media Briefing

Magnus Böcker, CEO
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31 July 2014

SGX The Asian Gateway

Agenda for FY2014 Results Briefing

1 Financial Year Highlights

2 Financial Performance

3 Business Update

4 Questions & Answers

Financial Year 2014 Highlights

Solid performance in a record low volatility environment



Revenue



Expenses



Operating Profit



Net Profit



Earnings per share



Dividend per share

- Well diversified business model delivering \$320M net profits notwithstanding weak securities market
 - New record year for Derivatives with 104 million contracts traded
 - Iron-ore contracts grew over 200% to 1.2 million contracts
 - Issuer Services revenue grew 15% with 34 new listings raising \$5B
- Acceleration of Securities market transformation
 - SDAV of \$1.1B down 23%, partially offset by 6% increase in average clearing fees
 - Introduced incentives for market makers and liquidity providers, and new pricing scheme
 - Implemented dynamic circuit breakers and new order types; joint market consultation with MAS

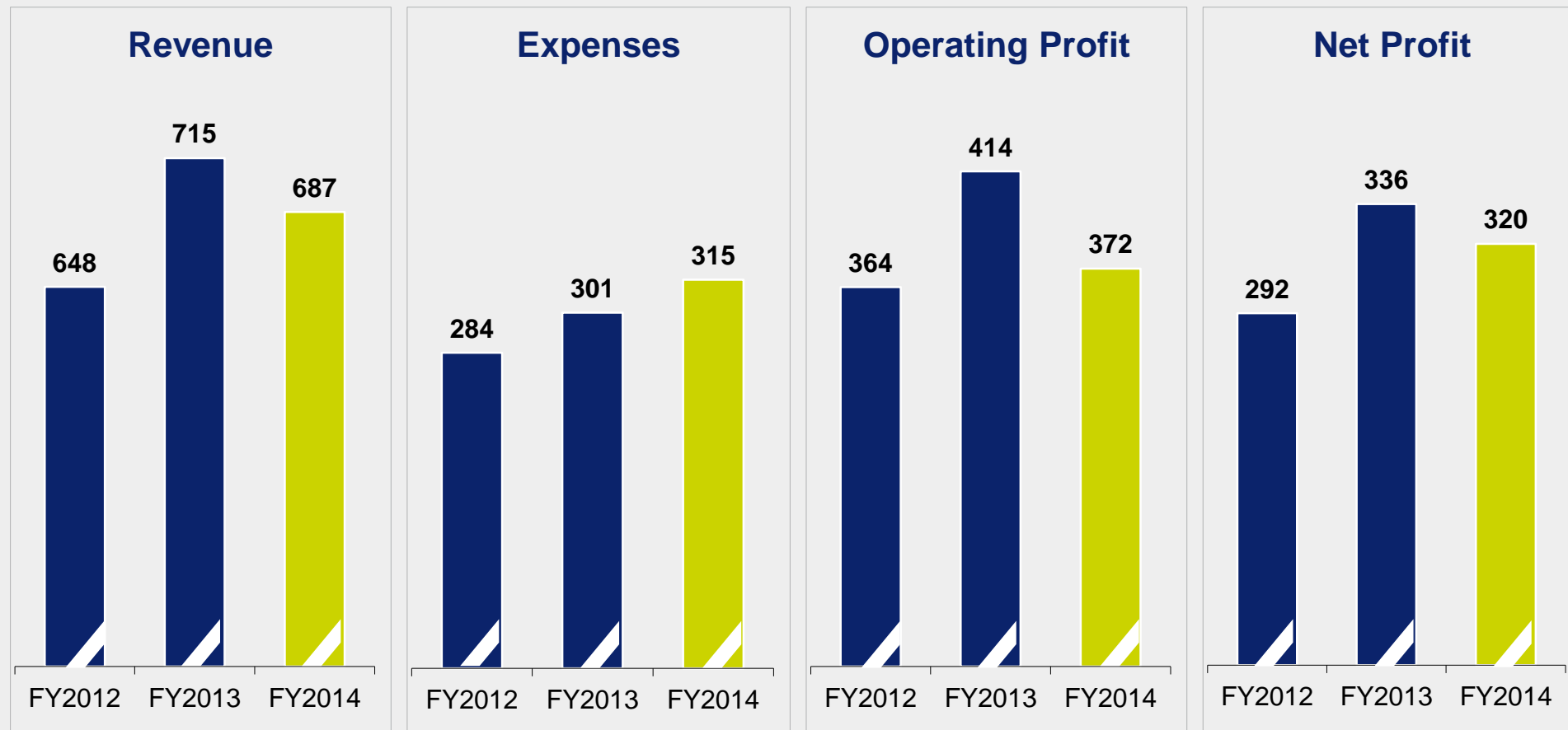
Financial Performance

Chng Lay Chew
CFO

SGX The Asian Gateway

Financial Performance: Annual Trend

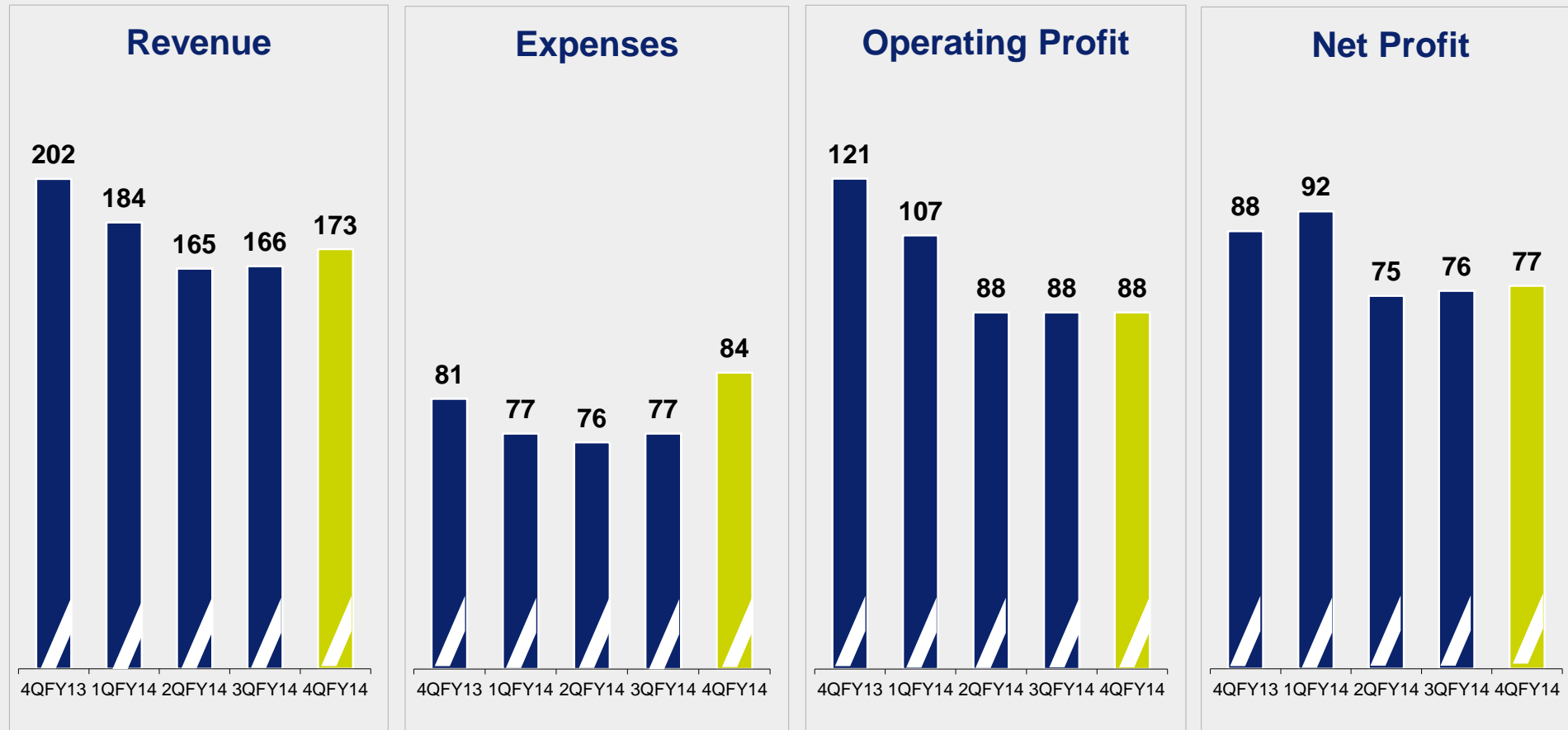
Net profit of \$320 million following growth of all businesses apart from Securities



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

Financial Performance: Quarterly Trend

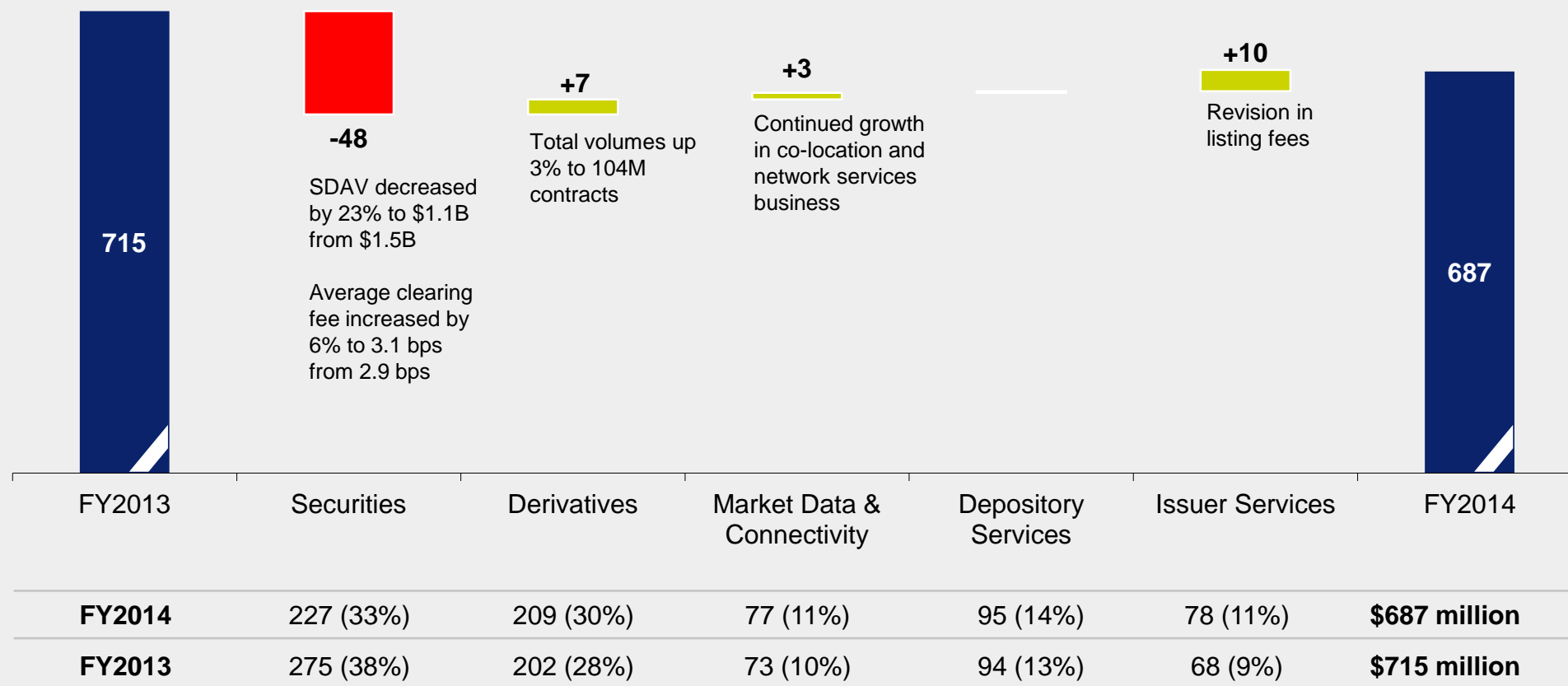
Lower net profit over past three quarters reflected weak securities market



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Financial Performance: Revenue, Year-on-Year

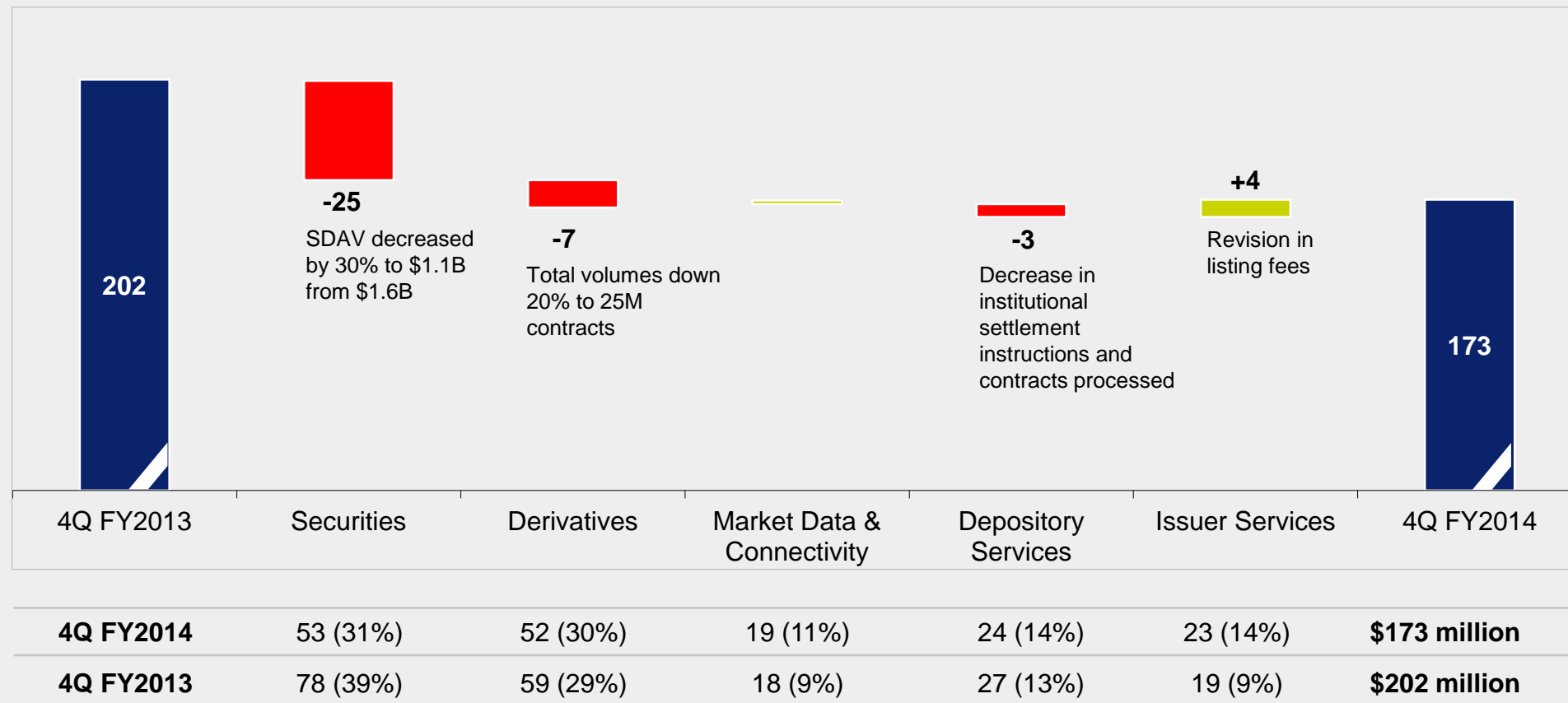
Revenue of \$687 million, down 4% from \$715 million in FY2013



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Financial Performance: Quarterly Revenue, Year-on-Year

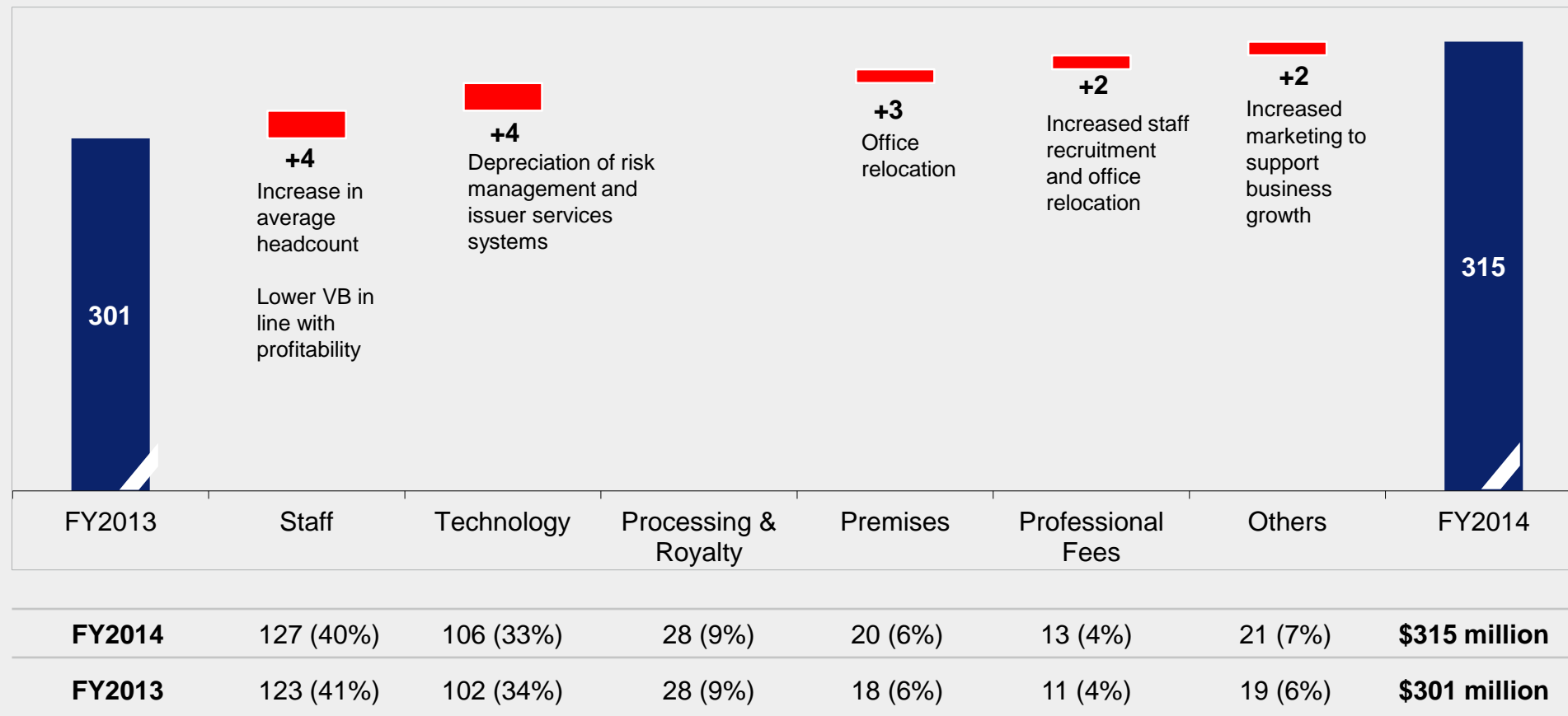
Revenue of \$173 million, down 15% from \$202 million in 4Q FY2013



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

Financial Performance: Expenses, Year-on-Year

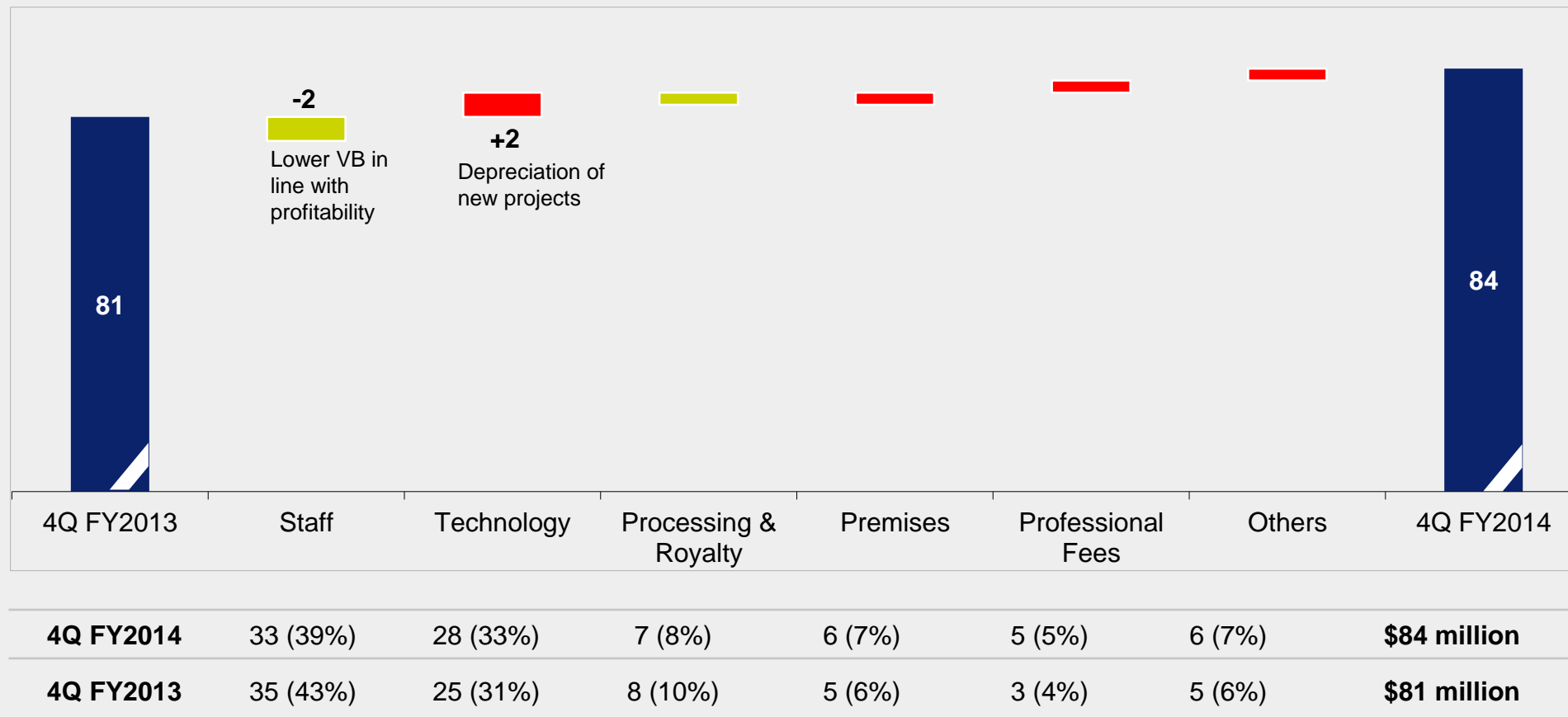
Expenses of \$315 million, up 5% from \$301 million in FY2013



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Financial Performance: Quarterly Expenses, Year-on-Year

Expenses of \$84 million, up 4% from \$81 million in FY2013

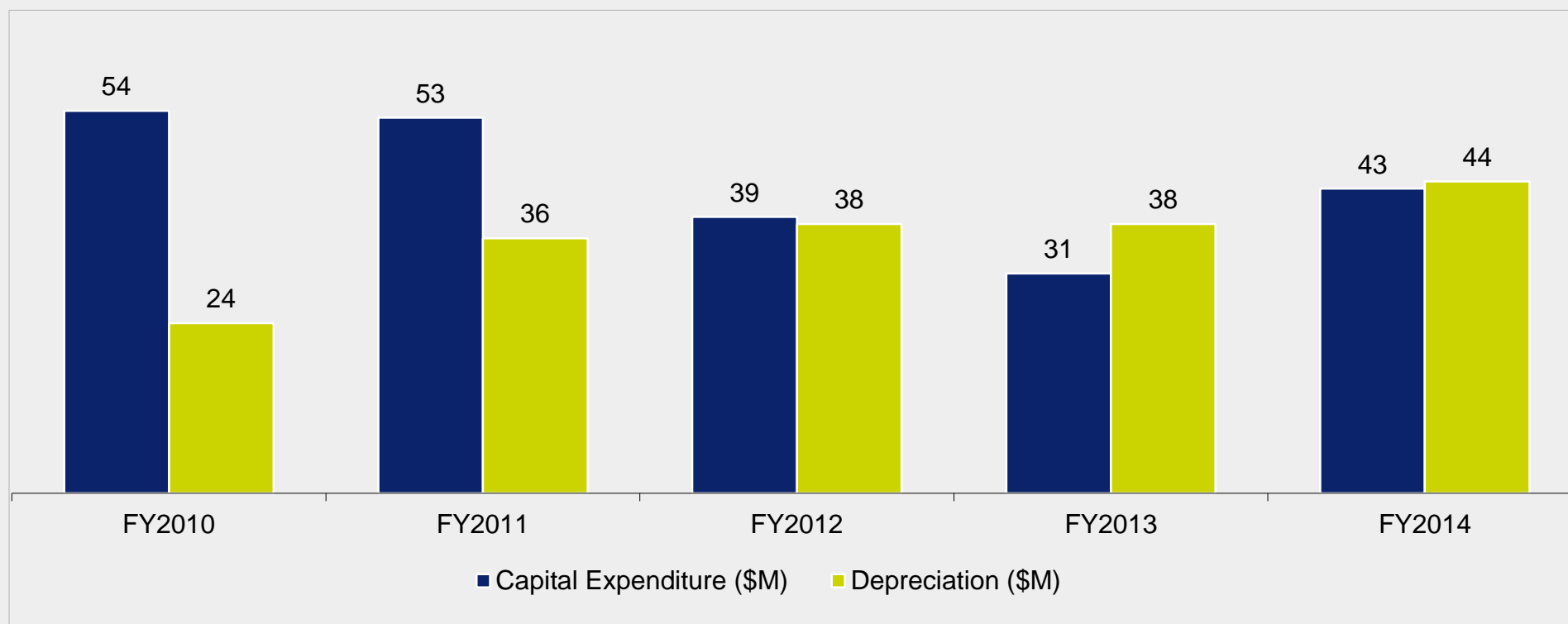


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CAPEX and Depreciation: Annual Trend

Technology-related capital expenditure of \$43 million within guidance

- FY2014 key investments were in post-trade, issuer services and risk management systems
- Technology-related capital expenditure for FY2015 expected to be between \$50 million to \$55 million



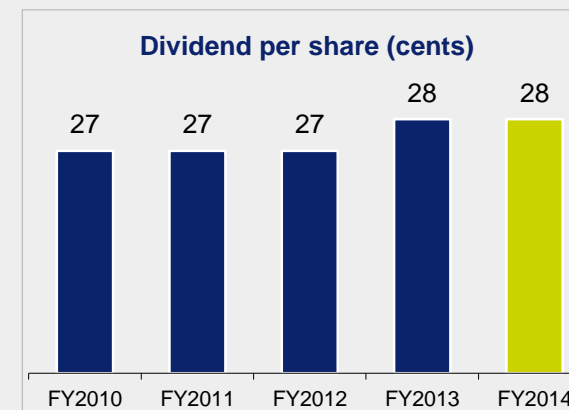
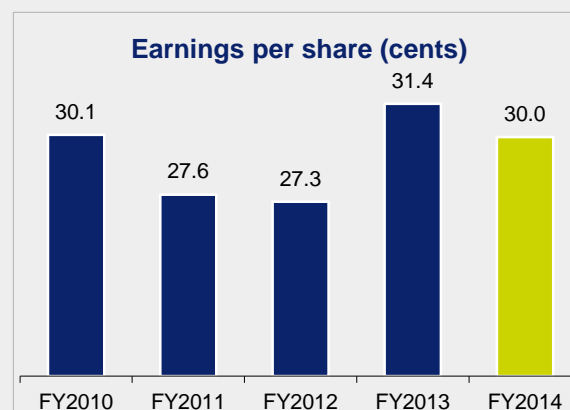
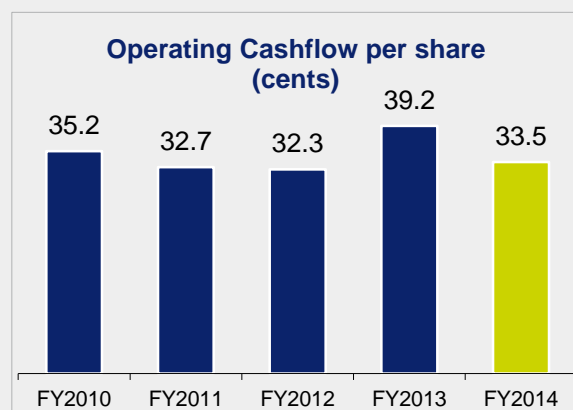
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Financial Performance: Key Indicators

Strong financial position with debt-free balance sheet

- Consistently high operating profit margin and return on equity
- Total dividend maintained at 28 cents per share for the year

| | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2014 vs FY2013 |
|----------------------------|--------|--------|--------|--------|-------------|------------------|
| Revenue (\$M) | 640 | 661 | 648 | 715 | 687 | -4% |
| Operating Profit (\$M) | 379 | 374 | 364 | 414 | 372 | -10% |
| Operating Profit Margin | 59% | 57% | 56% | 58% | 54% | -4%pts |
| Return on Equity | 40% | 36% | 35% | 39% | 35% | -4%pts |
| Earnings per share (cents) | 30.1 | 27.6 | 27.3 | 31.4 | 30.0 | -4% |
| Dividend per share (cents) | 27 | 27 | 27 | 28 | 28 | Maintain |



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Business Update

Magnus Böcker
CEO

SGX The Asian Gateway

Highlights for the Year

Solid performance with \$320M net profit amid record low market volatility

- Diversified business model continuing to grow and deliver good performance
- Acceleration of Securities market transformation

| | |
|--------------------------------|--|
| Securities | <ul style="list-style-type: none"> ▪ Revenue down 18% to \$227M following 22% decline in total traded value ▪ Introduced market makers, liquidity providers and new pricing scheme |
| Derivatives | <ul style="list-style-type: none"> ▪ Revenue up 3% to \$209 million on record traded volumes of 104 million contracts ▪ Continuing growth for China A50 futures, India Nifty futures and Iron Ore products |
| Market Data and Connectivity | <ul style="list-style-type: none"> ▪ Revenue up 4% to \$77 million due to increased market data usage and growth of co-location and network services business |
| Depository Services | <ul style="list-style-type: none"> ▪ Revenue largely unchanged at \$95 million following higher securities settlement revenue offset by lower contract processing revenue |
| Issuer Services | <ul style="list-style-type: none"> ▪ Revenue up 15% to \$78 million with 34 new listings raising \$4.8 billion and 501 new bond listings raising \$185 billion |
| Regulatory and Risk Management | <ul style="list-style-type: none"> ▪ Clearinghouses assessed to be compliant with the new PFMI standards ▪ Recognised as DCO by US CFTC |

Highlights for the Year

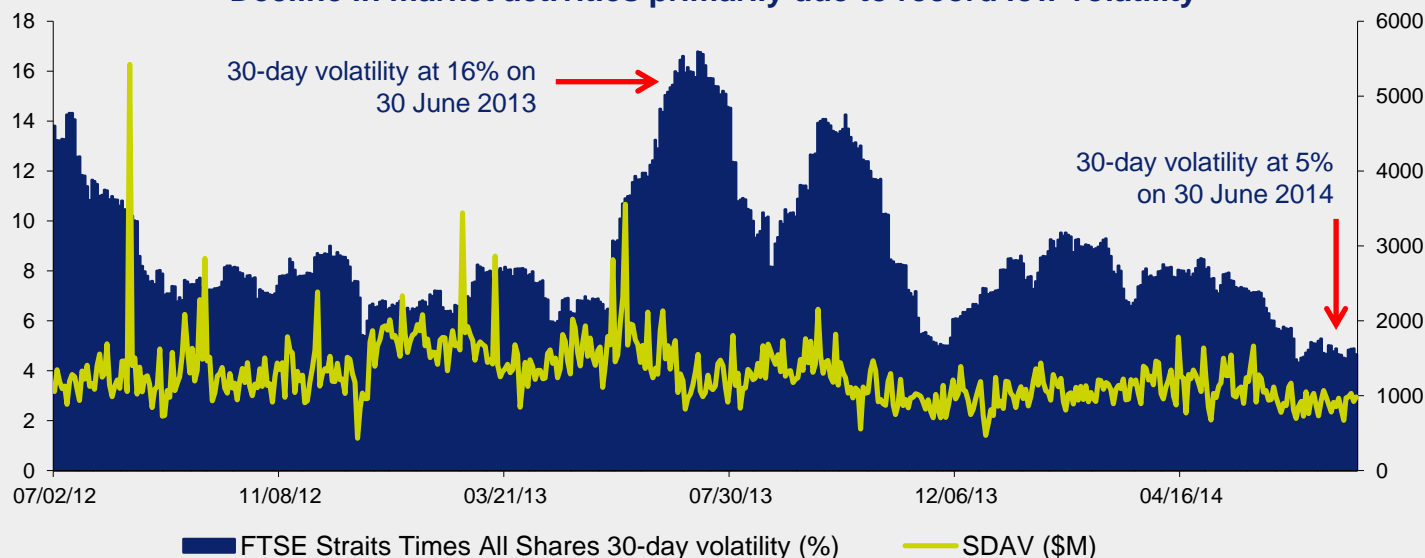
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Securities

- Revenue down 18% to \$227M following 22% decline in total traded value offset by 6% rise in average clearing fees
- Introduced market makers, liquidity providers and new pricing scheme
- Implemented dynamic circuit breakers and new order types

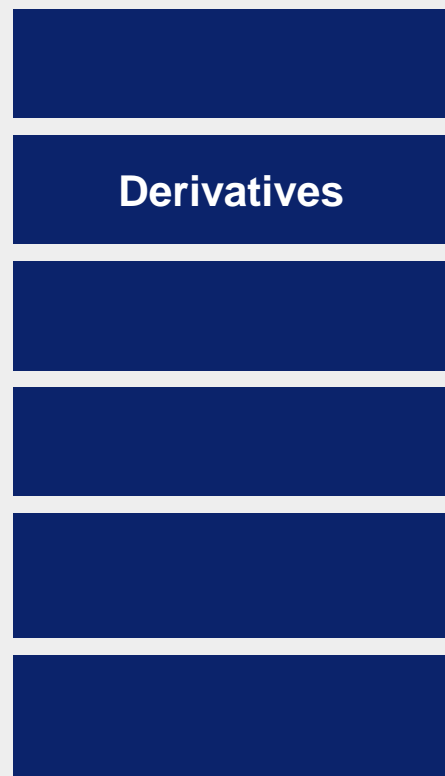
Decline in market activities primarily due to record low volatility



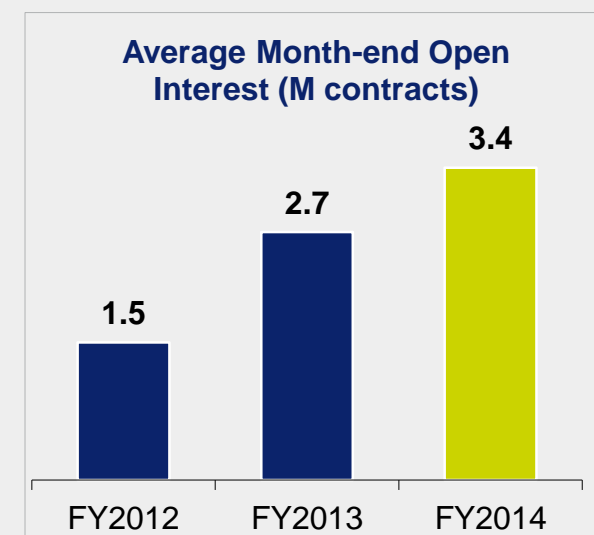
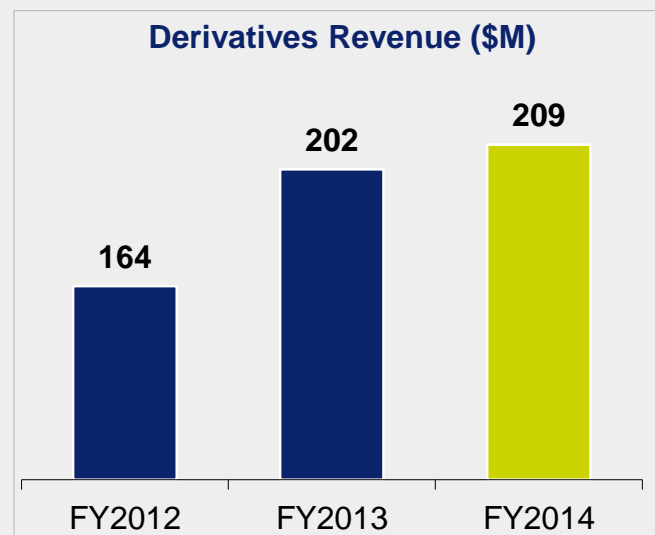
Highlights for the Year

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- Acceleration of Securities market transformation



- Revenue up 3% to \$209 million on record traded volumes of 104 million contracts
- Continuing growth for China A50 futures, India Nifty futures and Iron Ore products
- Average month-end open interest increased 27% to 3.4 million contracts reflecting SGX's position as the clearing-house of choice in Asia



Highlights for the Year

Solid performance with \$320M net profit amid record low market volatility

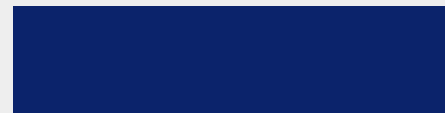
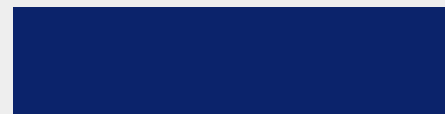
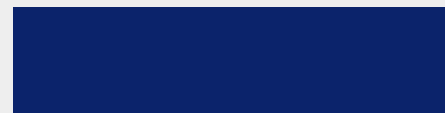
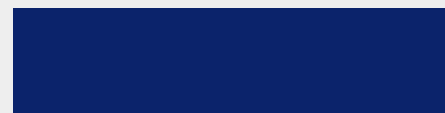
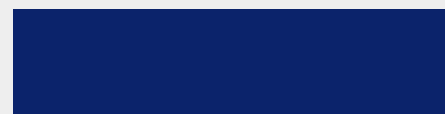
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- Acceleration of Securities market transformation

| | |
|-------------------------------------|--|
| | SDAV of \$1.1B down 23% and total traded value of \$687B down 22% Introduced market makers, liquidity providers and new pricing scheme |
| | Revenue up 3% to \$209 million on continuing growth of non-Nikkei contracts Record year for China A50 futures, India Nifty futures and Iron Ore products |
| Market Data and Connectivity | <ul style="list-style-type: none"> ▪ Revenue up 4% to \$77 million due to increased market data usage and growth of co-location and network services business |
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| | Both clearinghouses assessed to be compliant with the new PFMI standards Recognised as DCO by US CFTC |

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Regulatory and Risk Management

- Clearing and settlement infrastructure assessed to have high levels of compliance with the new Principles for Financial Market Infrastructures standards
- The first clearing house in Asia authorised as a Derivatives Clearing Organisation by the US derivatives regulator, the Commodities Futures Trading Commission
- Released joint consultation paper setting out proposals including:
 - Minimum trading price for Mainboard companies
 - Collateral requirements for securities trading
 - Short position reporting requirements
 - Independent Listing Advisory, Disciplinary and Appeals Committee

Outlook for FY2015

Committed to growth

- We expect the Securities market to recover from a tough FY14
- Launching new products and services
 - Gold and electricity futures
 - Expansion of FX suite
 - Single-stock options
- Enhancing infrastructure
 - Further investments into post-trade and issuer services
 - New infrastructure to support growing Derivatives business
- Continuing expansion of sales and distribution
- FY2015 operating expenses expected to be between \$330 and \$340 million; technology-related capital expenditure to be between \$50 million and \$55 million



The journey continues ...

Questions & Answers