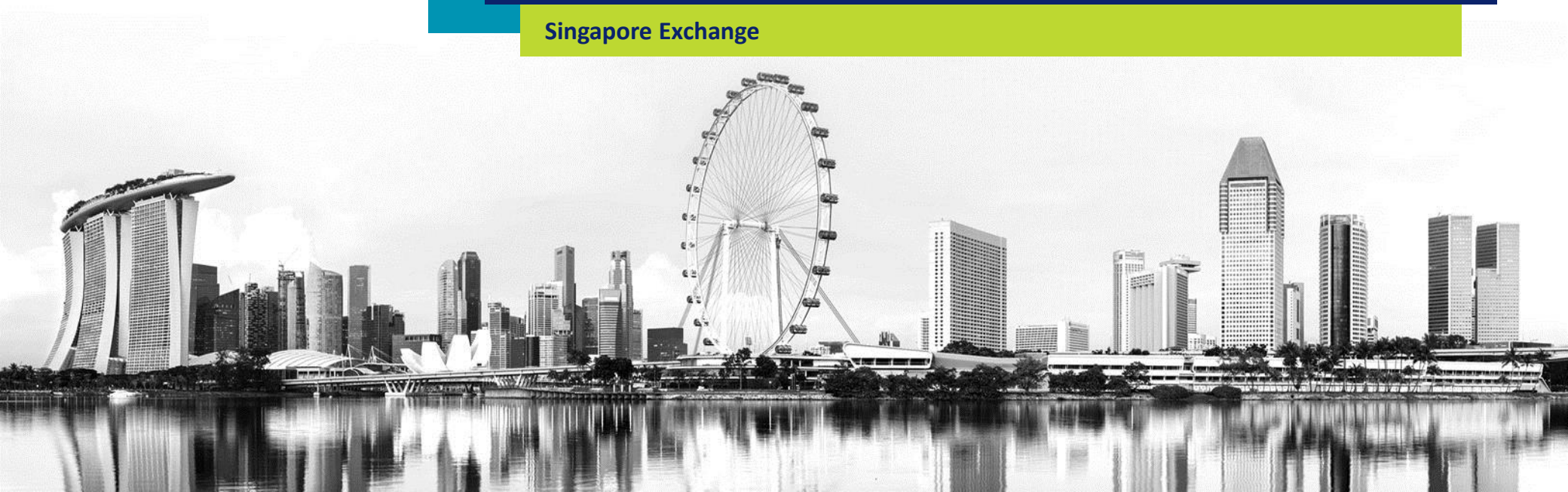


# SGX-Maybank KL Non Deal Roadshow

**Chng Lay Chew, Chief Financial Officer**

6 March 2018

Singapore Exchange



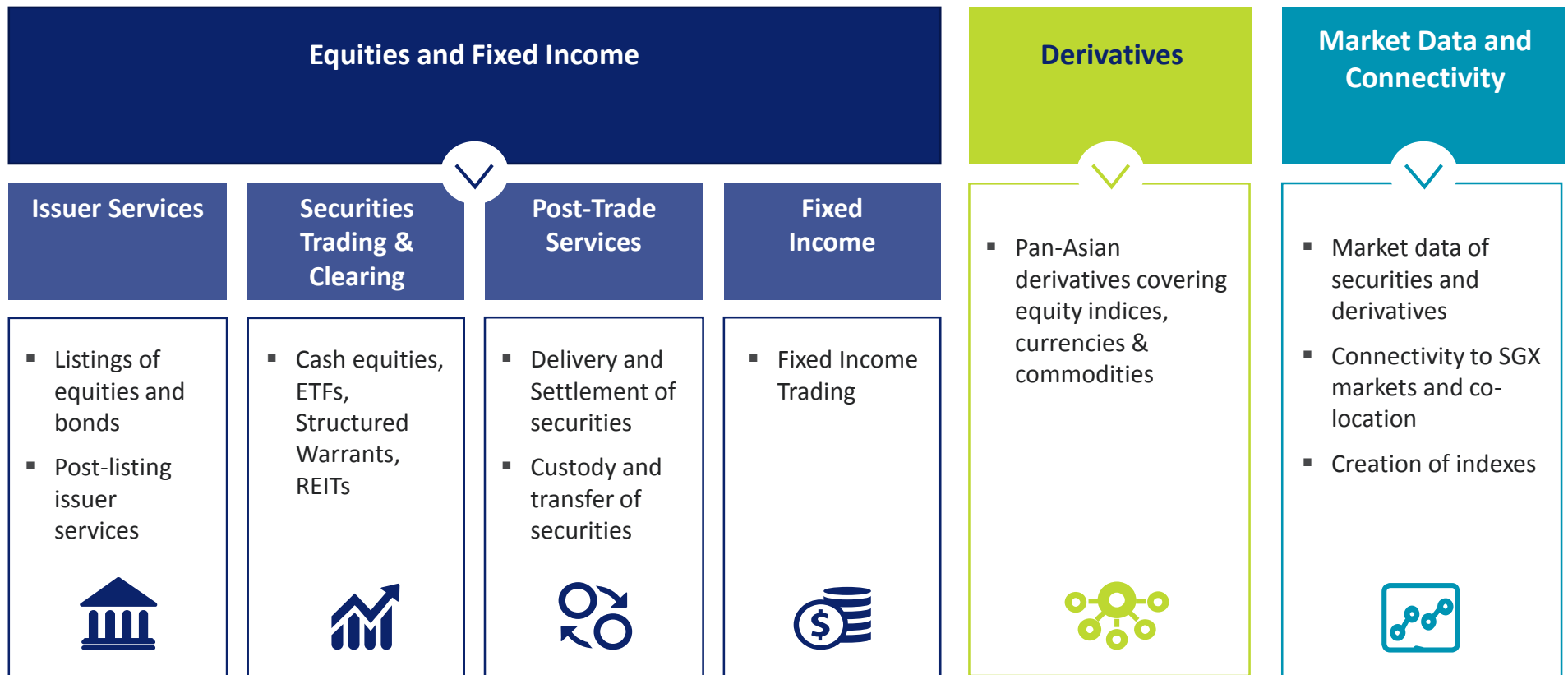
# Who We Are

A diversified exchange group that runs key market infrastructure including the Singapore stock market and a pan-Asian derivatives exchange covering all major asset classes.



# Our Business Lines

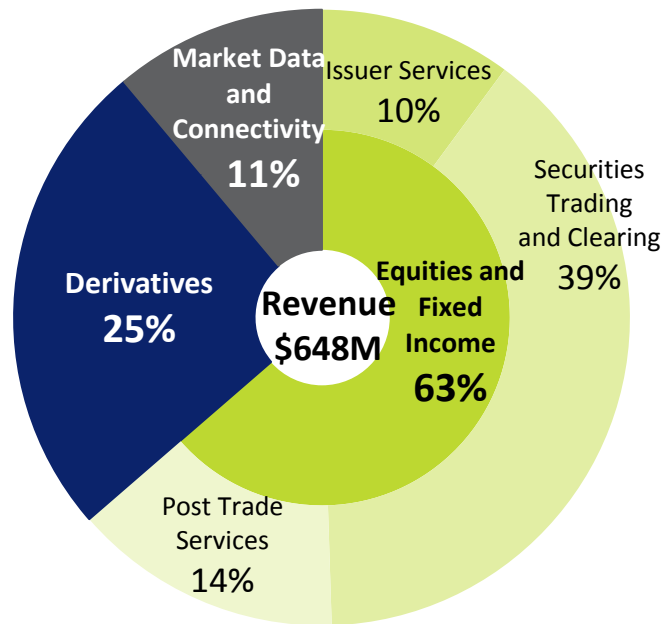
Three business units covering the entire exchange value chain, resulting in diversified and resilient revenue streams.



# Revenue Breakdown by Business Lines

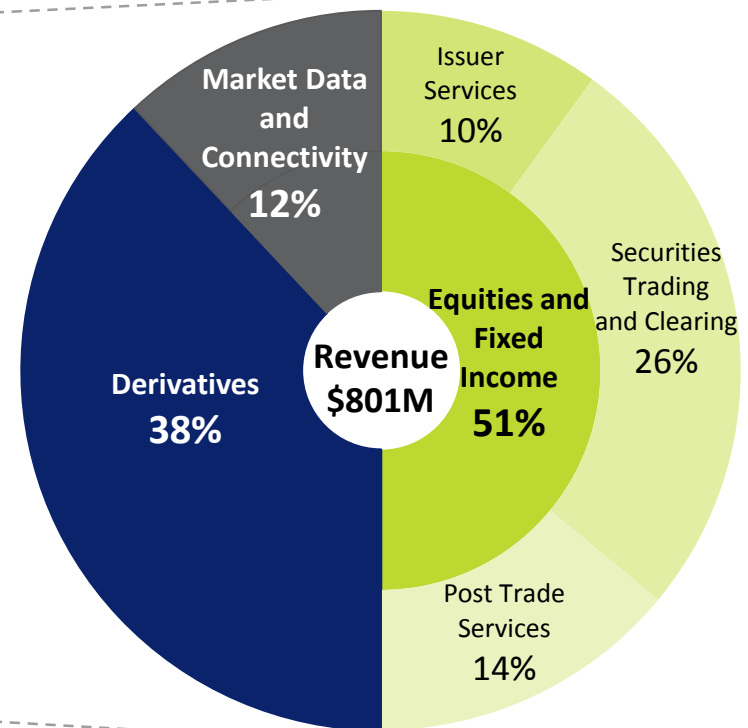
Successfully achieved diversification of revenues. Revenue contribution from Derivatives grew from 25% in FY2012 to 38% in FY2017.

**FY2012 Revenue Breakdown**



**Net Profit: \$292 million**

**FY2017 Revenue Breakdown**



**Net Profit: \$340 million**

Note: Numbers may be subject to rounding  
Source: SGX

# International Footprint

Anchored in Singapore with global reach, serving a diverse set of international clients seeking Asian opportunities.



## Key Clients

- **Sell-side participants** - Clearing & Trading Members and partner brokers who act as agents to clients.
- **Interdealer brokers** - Facilitate execution of business between clients of our Members
- **Corporate trade clients** - Use our derivative products for hedging their risks e.g. Steel Mills; Insurance firms; Oil companies ...
- **Institutional investors** – Including funds that invest in our market for various investment needs e.g. hedging, income, growth ...
- **Proprietary Trading Groups** – Companies that trade on markets using their own capital. Examples include market-makers and liquidity-providers.

---

# International Regulatory and Risk Management Standards

Aligned with the required regulatory standards to service US and European customers

- Attained Derivatives Clearing Organization (DCO) and Foreign Board of Trade (FBOT) status from the US Commodity Futures Trading Commission (CFTC).
- Recognized by the European Securities and Markets Authority (ESMA) as a third-country central counterparty.

## Adopted global Principles for Financial Market Infrastructure (PFMI) Standards

- One of the first exchanges globally to adopt the PFMI standards, and is certified as a Qualifying Central Counterparty under the Basel III framework.
- Committed to the safety of the Singapore marketplace, contributing to at least 25% of own capital to the default fund, one of the highest “skin in the game” among global clearing houses.

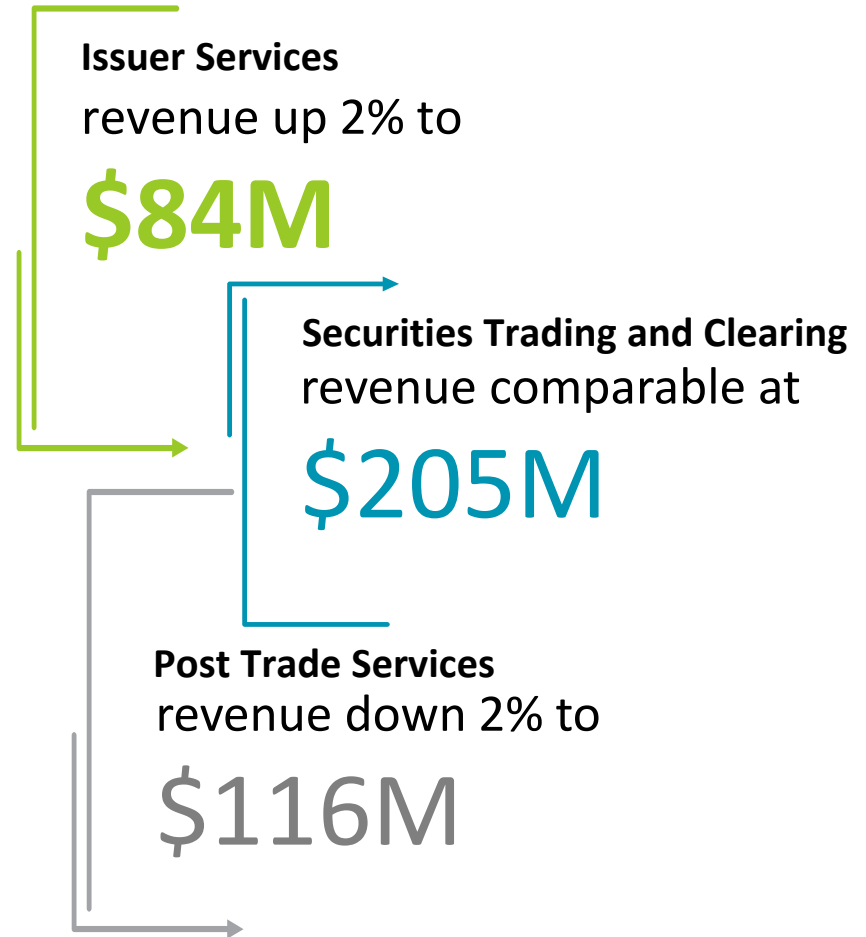
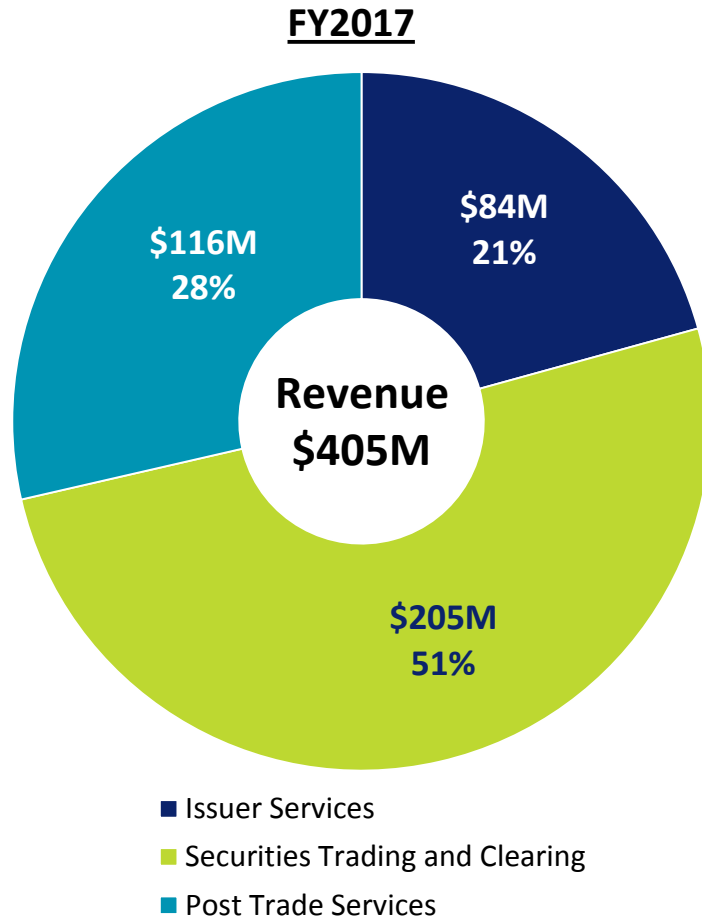


- Derivatives Exchange of the Year: Asia Risk Awards 2017
- Asia-Pacific Derivatives Exchange of the Year: GlobalCapital 2017

# Equities & Fixed Income

# Overview

## Equities and Fixed Income

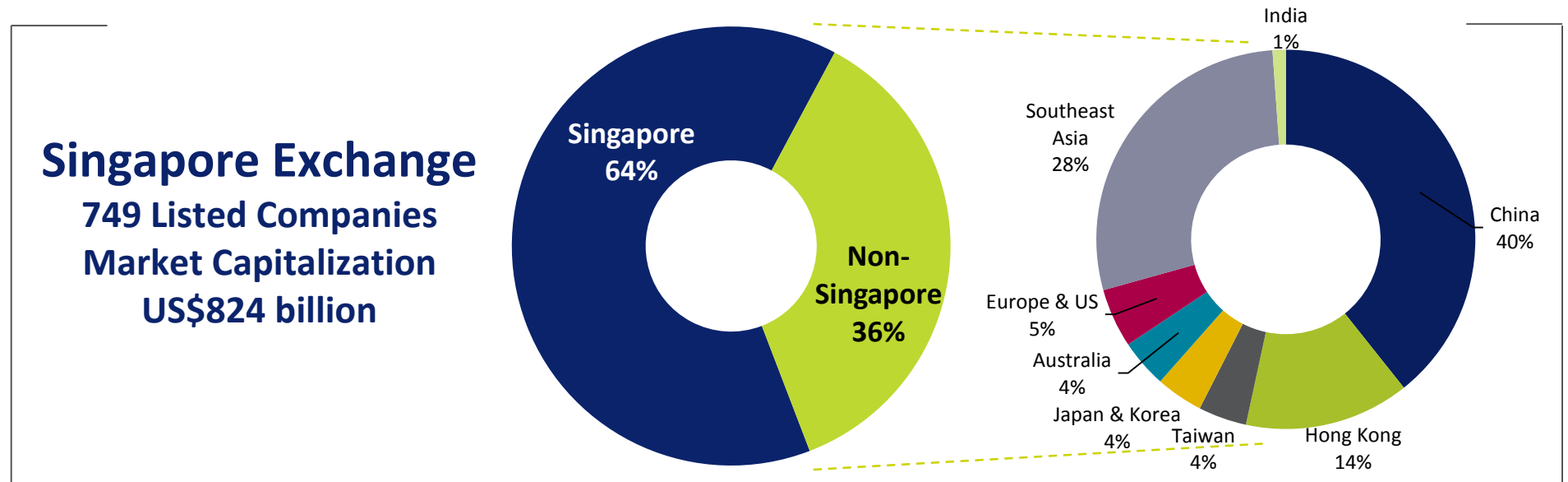


Note: Numbers may be subject to rounding. Comparatives are based on figures for a year earlier in FY2016

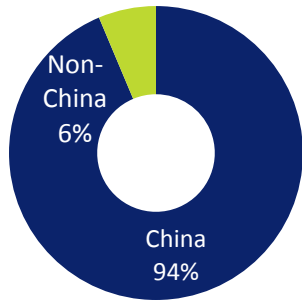


# SGX is the Most International Exchange

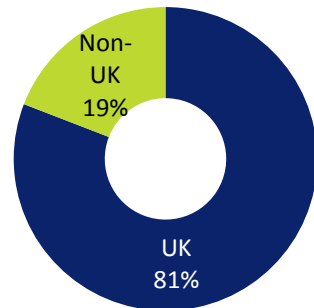
Nearly 40% of all companies listed on SGX are overseas companies.



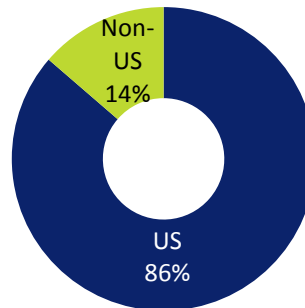
Hong Kong Stock Exchange



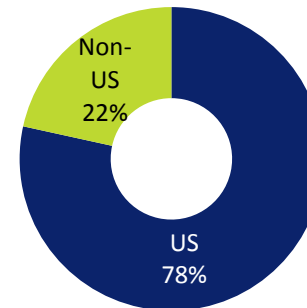
London Stock Exchange



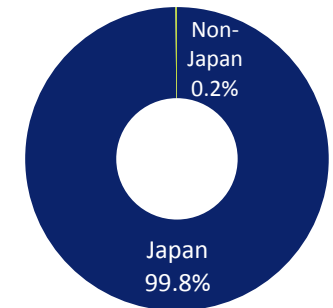
NASDAQ



New York Stock Exchange



Tokyo Stock Exchange



Source: World Federation of Exchanges (Jan 2018), Companies' Website and Singapore Exchange (Jan 2018)

# Top Sectors on SGX

## Consumer

PE: 20x



- Includes agri-commodities, food & beverage and retail
- 152 companies with market cap of US\$116 billion

## Technology

PE: 12x



- Includes information & communications technology, medical technology and financial technology
- 74 companies with market cap of US\$64 billion

## Healthcare

PE: 34x



- Full range of companies from pharmaceuticals, healthcare services to medical devices technology
- 32 companies and 1 Trust with market cap of ~US\$48 billion

## Maritime & Offshore Services

PE: 52x\*



- Asia's largest cluster of listed companies
- 61 companies and 2 business trusts with market cap of US\$32 billion

## Mineral, Oil and Gas

PB: 2.8x



- Companies in exploration, development and production of mineral or oil & gas
- 29 companies with market cap of US\$2.4 billion

## Real Estate

PB: 1.0x



- Asia's broadest range of real estate companies and property trusts covering global real estate assets
- 108 real estate companies and property trusts with market cap of US\$148 billion

Note: \* Based on limited pool of companies  
Source: Bloomberg & Singapore Exchange (Jan 2018)

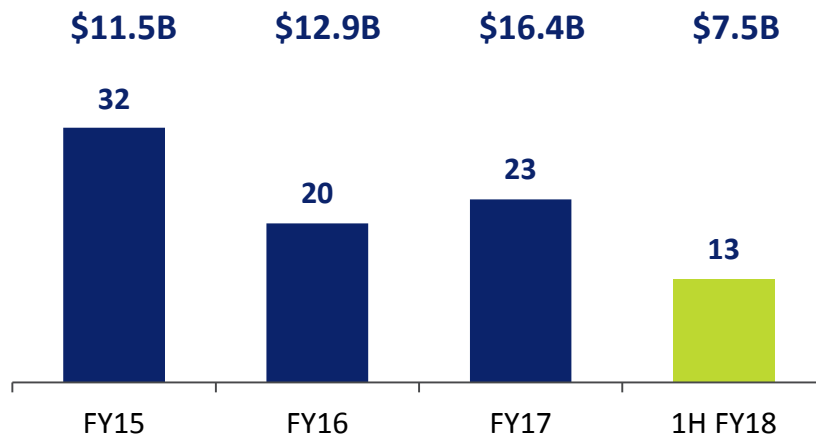
# Growing Listings And Trading Activities

Higher funds raised, healthy IPO Pipeline, and Increasing Daily Trading Activity

## Equity Listings

- 23 listings in FY2017, 10% higher YoY
- S\$16.4B funds raised, 27% higher YoY

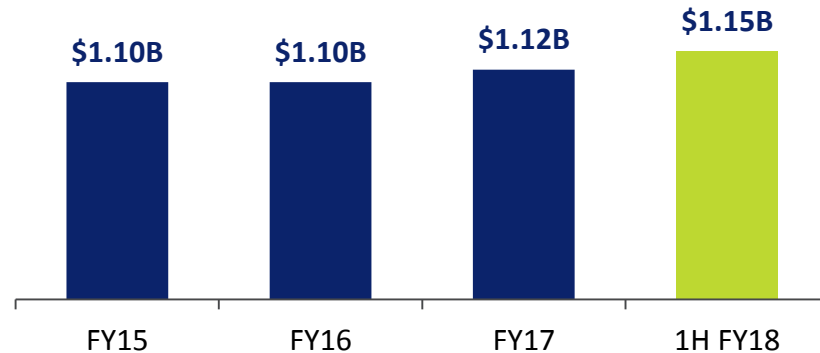
### Equity Listings<sup>1</sup> and funds raised<sup>2</sup>



## Trading Activities

- FY2017 SDAV 2% higher YoY
- STI Index up 14% YoY
- Total Market Capitalization up 13% YoY to exceed \$1 Trillion

### Securities Daily Average Traded Value (SDAV)



Source: SGX

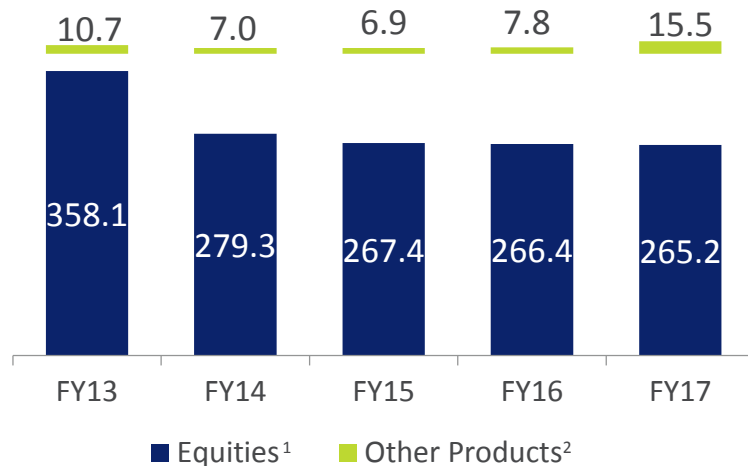
<sup>1</sup>Equity listings include Initial Public Offerings (IPOs) and Reverse Takeovers (RTOs) | <sup>2</sup>Includes Placement, Rights and Warrants

# Resilient Trading in Equities

Growth in trading of securitized products

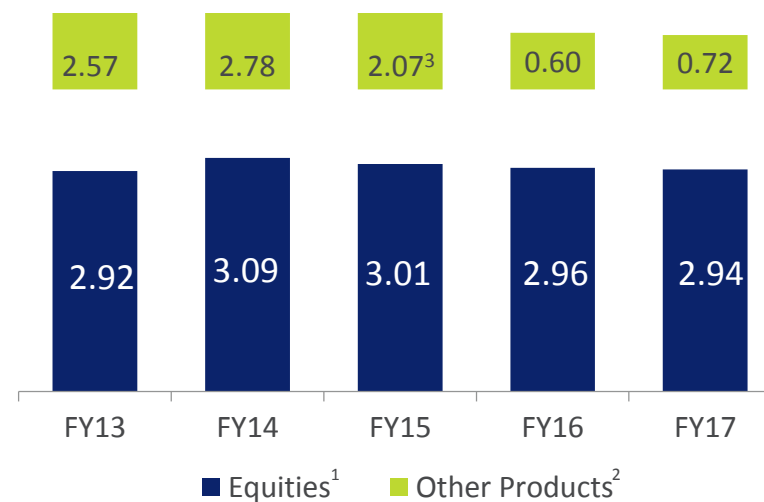
Securities Total Value Traded (\$B)

Total Traded Value	FY13	FY14	FY15	FY16	FY17
	368.8	286.3	274.3	274.1	280.7



Average Clearing Fee (bps)

Average fee	FY13	FY14	FY15	FY16	FY17
	2.91	3.09	2.98	2.90	2.82



Note: Figures may be subject to rounding

<sup>1</sup> Equities include ordinary shares, real-estate investment trusts, business trusts and company warrants

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

<sup>3</sup> In January 2015, the clearing fees for Structured Warrants was revised from 3.25bp to 0.4bp

# Build Liquidity & Profile Companies

Continuing our efforts in increasing trading activity



Enhance market quality and lower transaction cost



Reaching out to 140,000 retail investors each quarter



Over 260,000 subscribers today



2 million online views per quarter



Connecting ~40 listed companies with ~200 investors every quarter

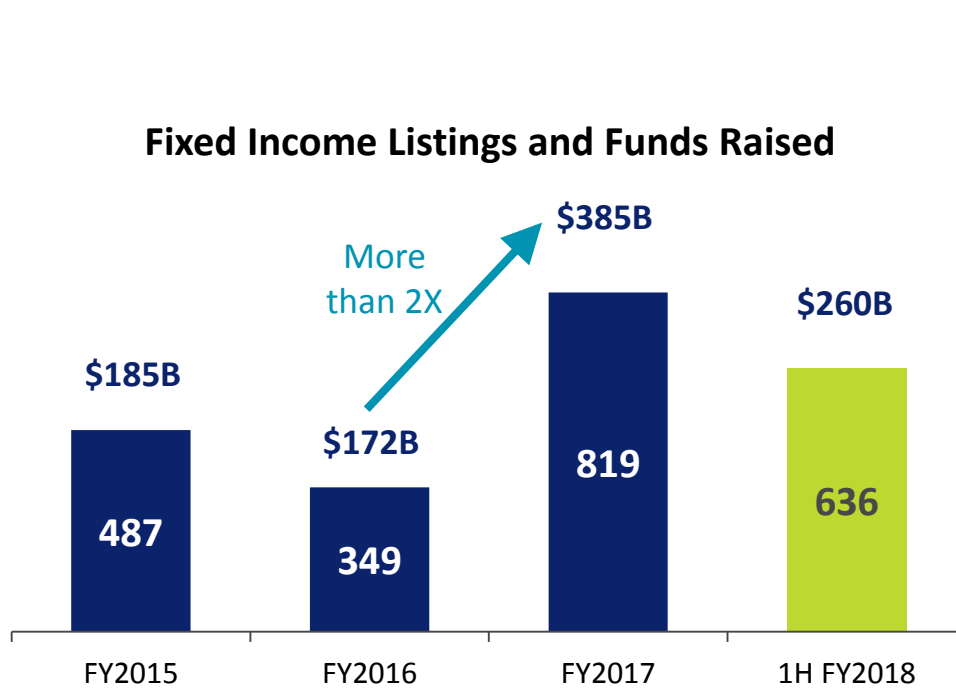


More than 30 articles published per quarter



# Increase In Fixed Income Listings And Market Share

Fixed Income Listings and Funds Raised



G3 Asia Pac bonds share of issuance

**43%** in FY2017

Broadened base of new issuers

**15** bond listings<sup>1</sup> from Central & South America

SGX Bond Pro platform

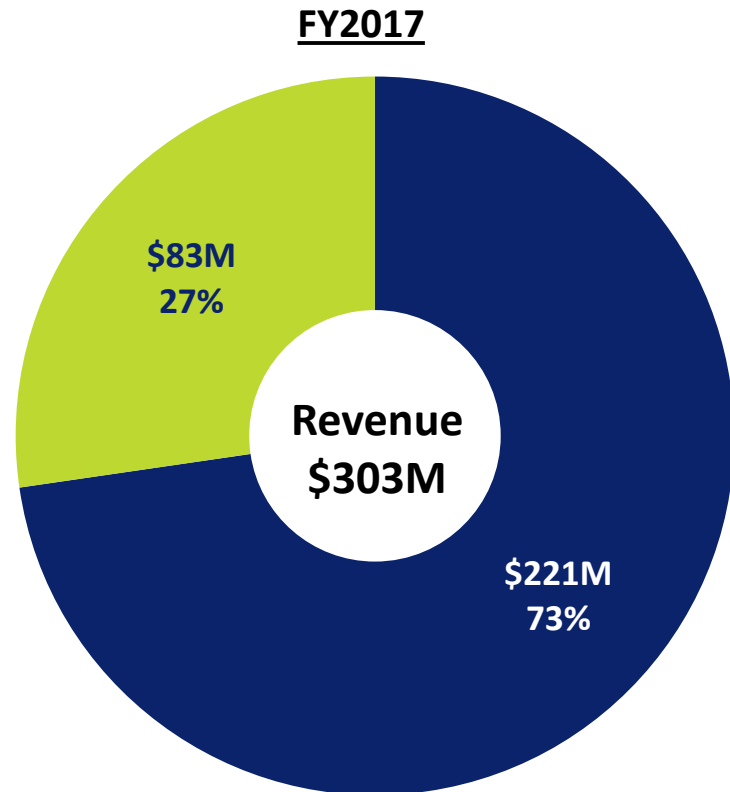
**1st** Over-The-Counter trading venue dedicated to Asian bonds

Source: SGX  
<sup>1</sup> Data as of FY2017

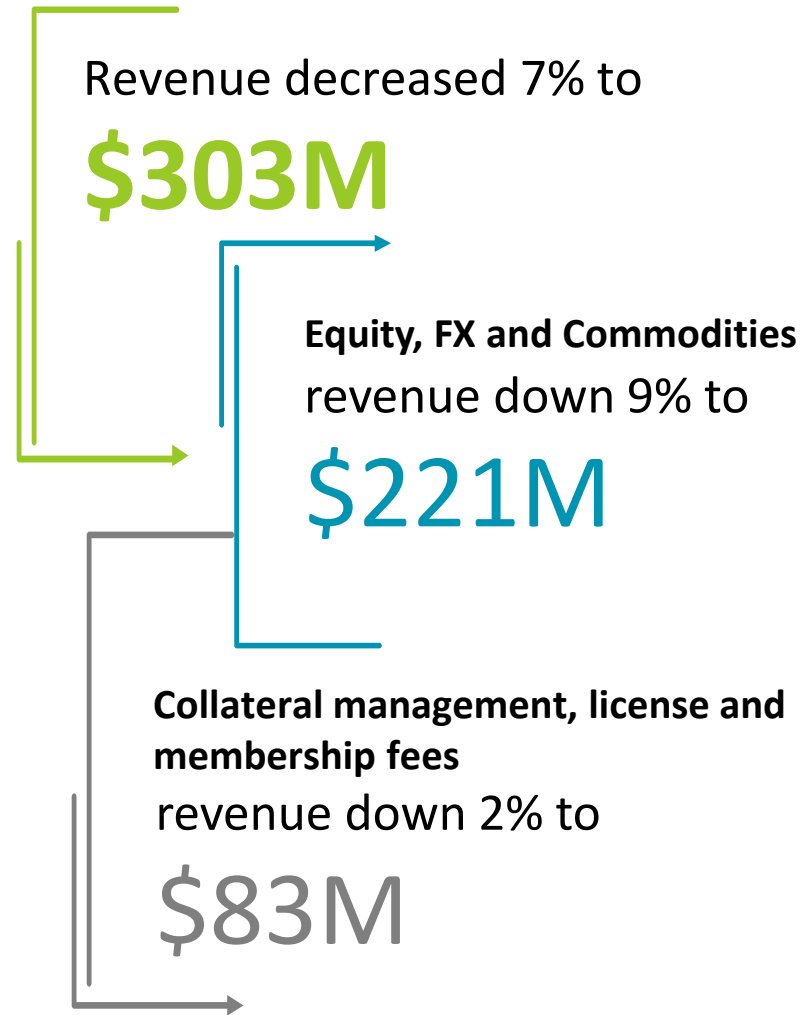
# Derivatives

# Overview

## Derivatives



- Equity, FX and Commodities
- Collateral management, license, membership and others

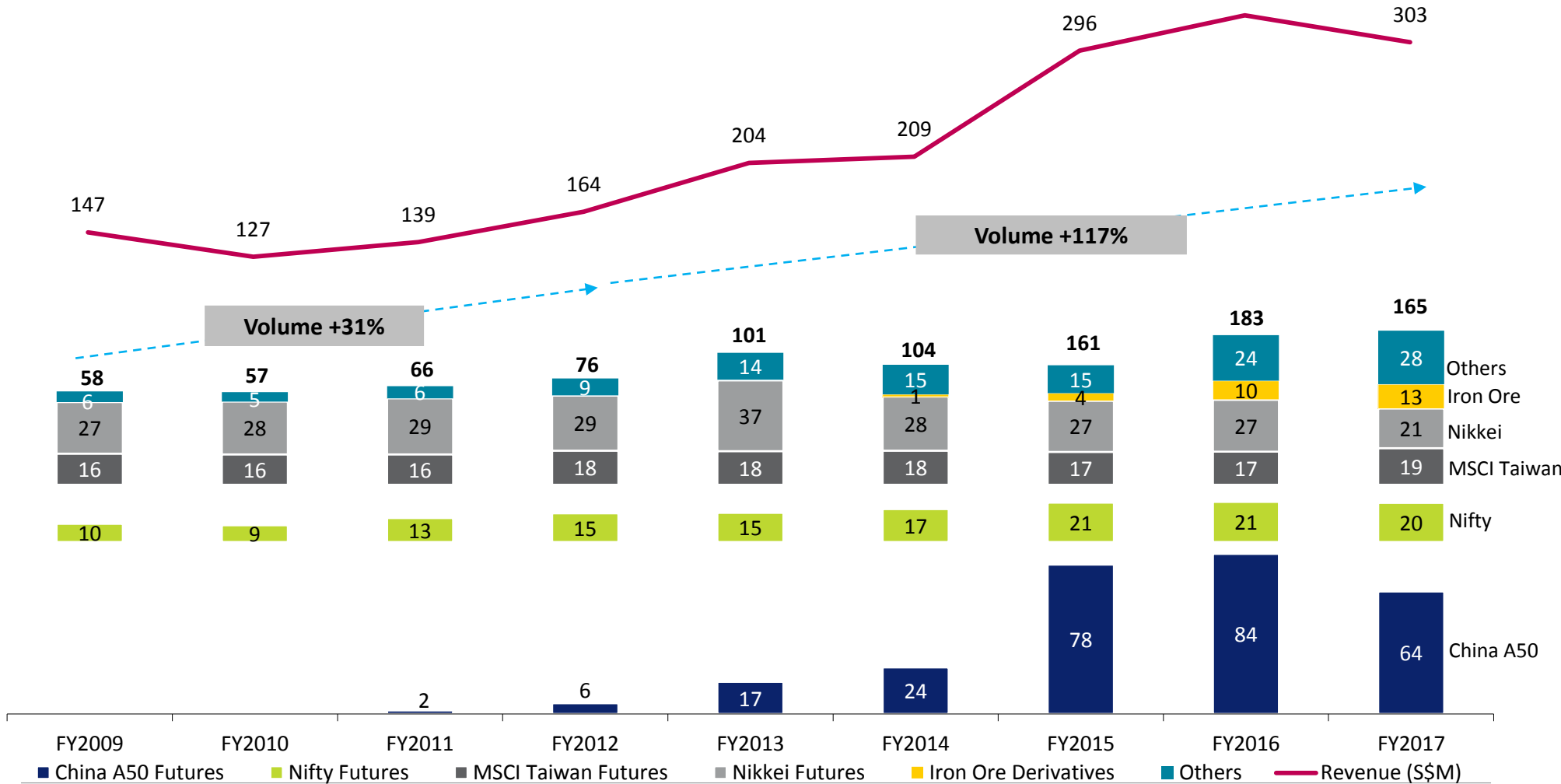


Note: Numbers may be subject to rounding. Comparatives are based on figures for a year earlier in FY2016



# World's most liquid offshore market for Asian Derivatives

Growth of Derivatives (volumes and revenue in millions)



# The only liquid offshore access to China and India

Complementary products, margin netting efficiencies

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 <sup>1</sup>	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
Single Stock Futures	SSFs on 50 Indian stocks

## Our Platform

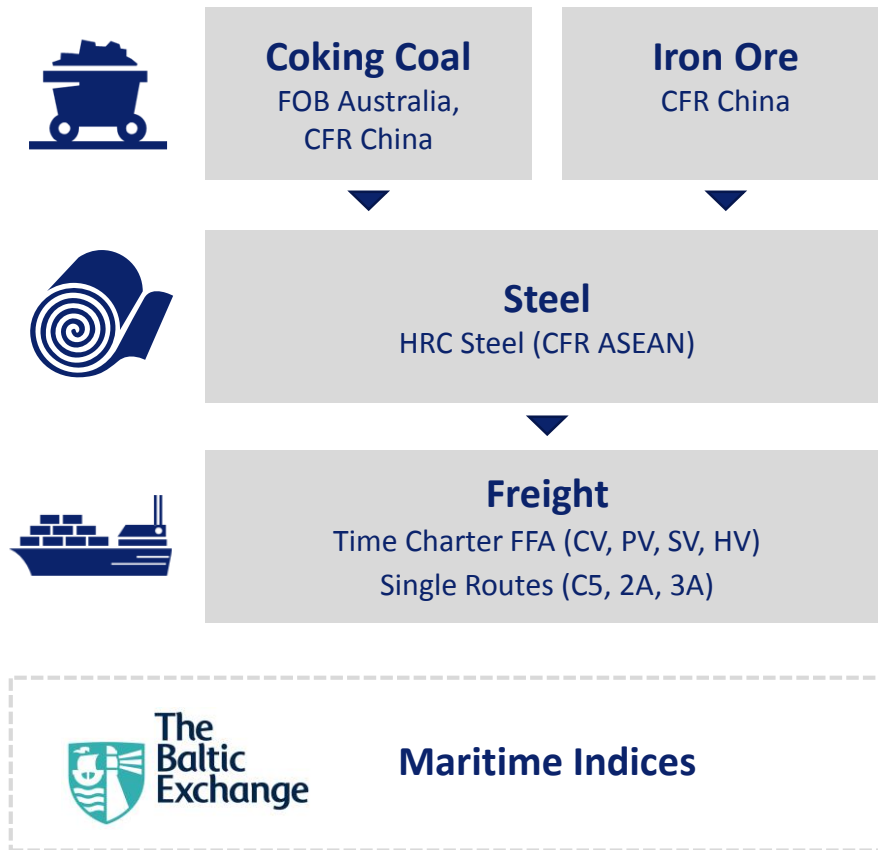
- An integrated Trading and Clearing System offering low-latency high-throughput and enhanced risk controls and system safeguards
- Round-the-clock trading
- Delivering Asia's broadest range of listed derivatives across China, Japan, India, Taiwan and ASEAN
- Efficient client connectivity by putting together an ecosystem of users trading and clearing on-exchange or OTC
- Capital efficiency through the netting of margins

<sup>1</sup>SGX will replace the Nifty suite with a new series of successor products before August 2018. This will provide market participants the same ability to invest and maintain their risk exposure to the Indian capital markets.

# Extensive Suite Of Commodities Products

Complements Singapore's commodities hub status

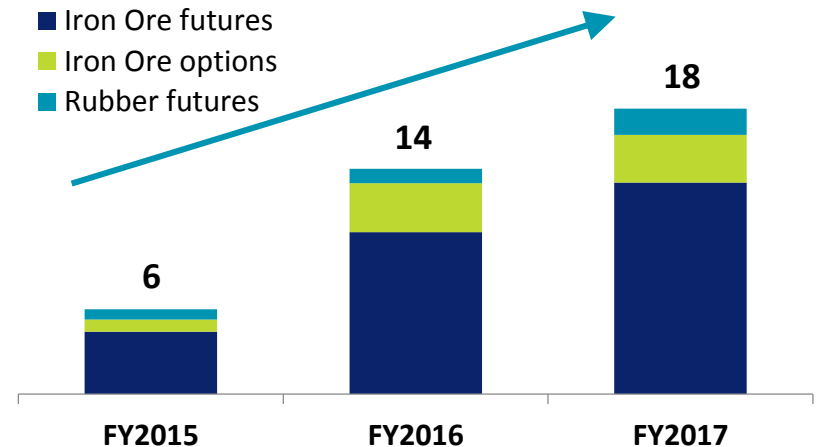
## Price-Discovery Centre For The Steel Value Chain



## Other Products In Commodity Franchise



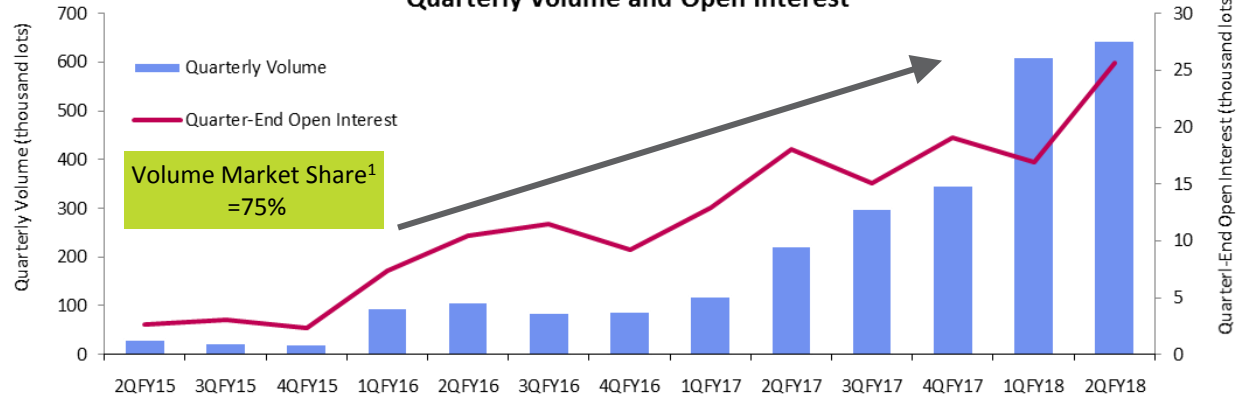
## Total Volume of Contracts Traded (M)



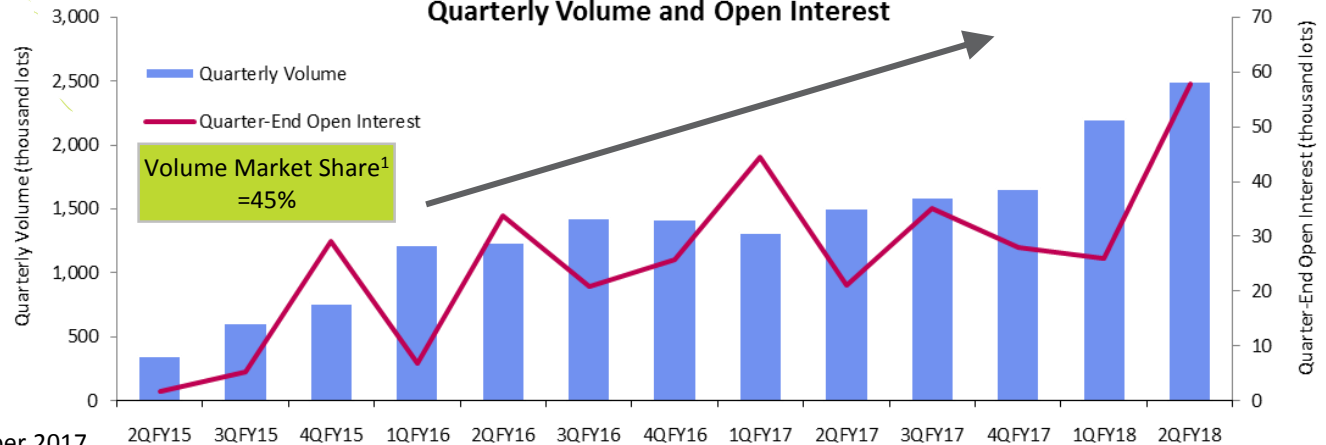
# Liquid Currency Futures



**SGX USD/CNH Futures**  
Quarterly Volume and Open Interest



**SGX INR/USD Futures**  
Quarterly Volume and Open Interest



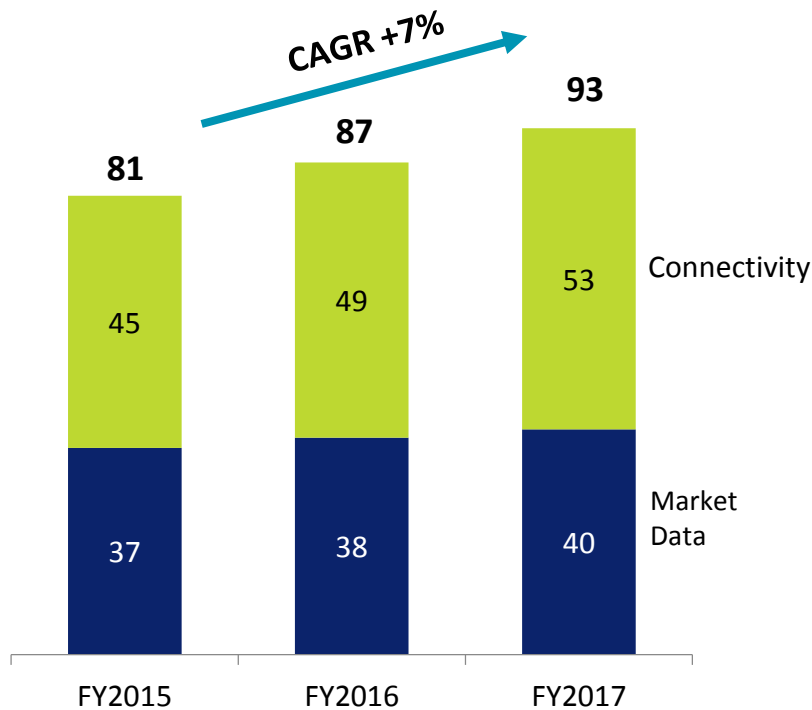
Note: Data as at 31 December 2017

<sup>1</sup>Market share by volume for the quarter ended 31 December 2017

# Market Data & Connectivity

# Overview

## Market Data And Connectivity



- Market infrastructure business driven by increased use of technology in trading
- Supports Securities and Derivatives Trading:

**Data:** Price data, Company Announcements, Financial Indices

**Connectivity:** Trading system connections, Network linkages and Data center co-location

Note: Numbers may be subject to rounding.

# SGX Index Edge

## Serving The Growing Needs Of Index Investing

- Index business established to take advantage of global shift to index-based investing
- Global Exchange Traded Products (index-based) have AUM of > US\$4tn
- Index funds (unlisted) has grown >230% to > US\$ 6tn since 2007



### Index Calculation Service

- Calculating for leading investment banks and asset managers
- Flexible index engine for calculating and disseminating wide variety of indices
- Strong governance framework to meet regulatory requirements



### SGX Proprietary Indices




- **Domestic Indices**
  - SGX Thematic indices e.g. S-REIT 20
  - SGX Sustainability index
- **Regional Indices**
  - SGX Developed Asia Quality Dividend Index
  - SGX APAC Dividend REIT

# FY18 Strategic Priorities

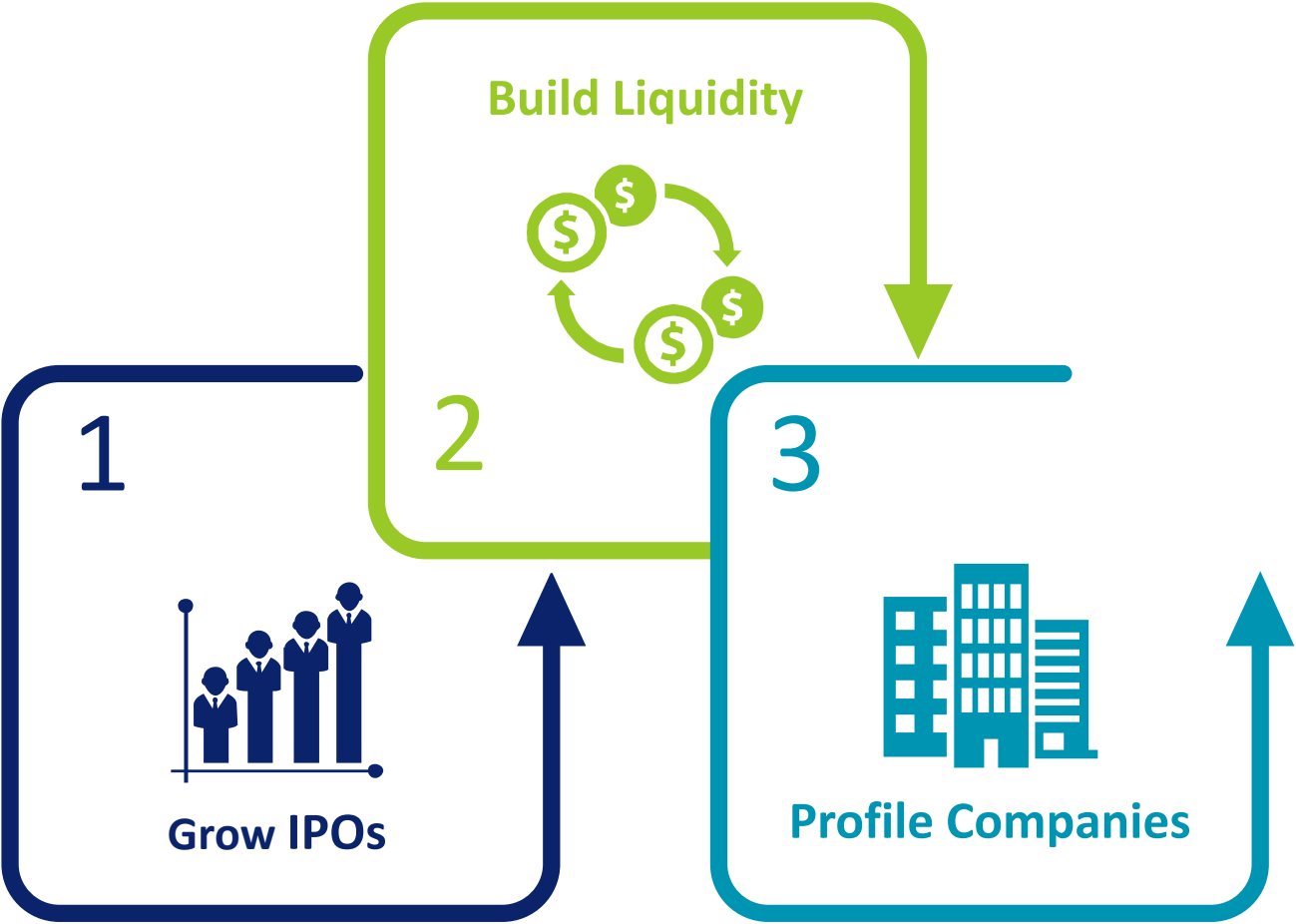




# Grow Asset Classes – Diversification

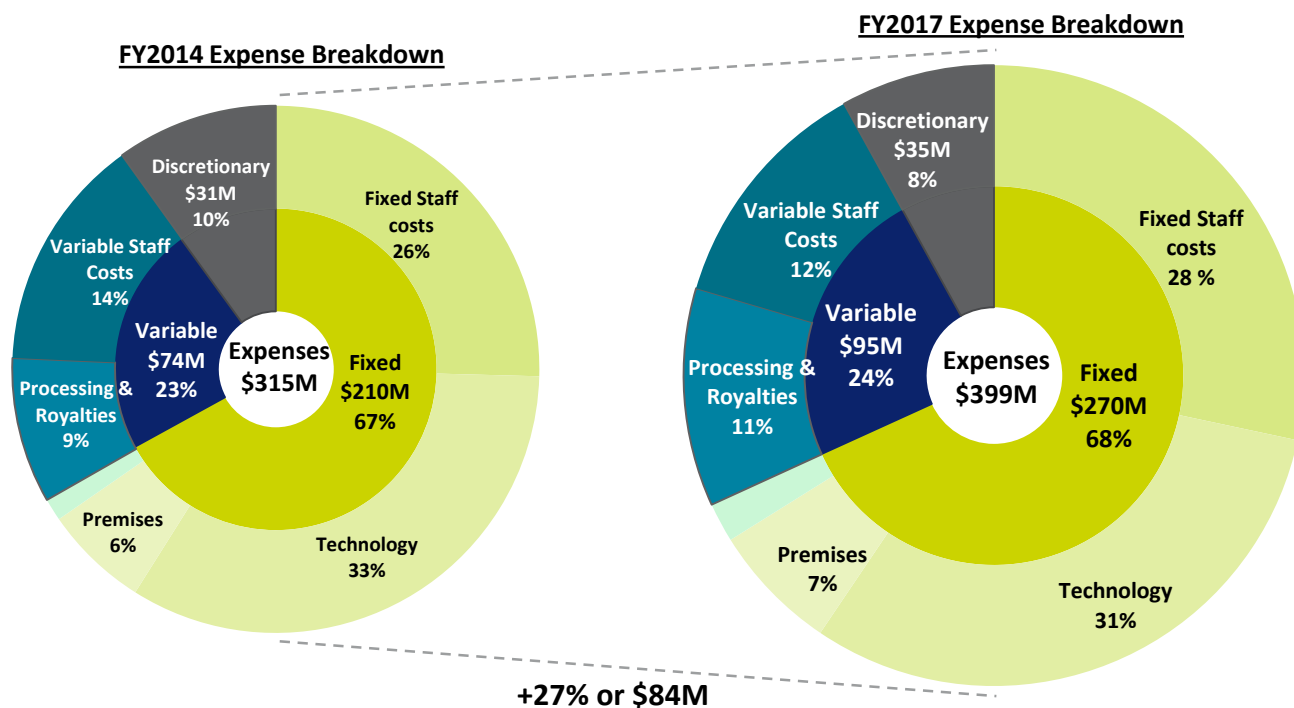
	Size of Market 	Singapore 	SGX 
<b>FX</b>	<ul style="list-style-type: none"><li>▪ US\$5.1 trillion traded daily</li><li>▪ Largest off-exchange (OTC) market globally</li><li>▪ Regulatory trends favour shift to on-exchange trading</li></ul>	<ul style="list-style-type: none"><li>▪ US\$500 billion traded daily</li><li>▪ Largest FX center in Asia Pacific, third largest globally</li><li>▪ Leading global trading venue for key Asian currencies</li></ul>	<ul style="list-style-type: none"><li>▪ 21 currency futures and options contracts</li><li>▪ &gt;70% market share in CNH and &gt; 40% market share in INR</li></ul>
<b>Fixed Income</b>	<ul style="list-style-type: none"><li>▪ Asia (ex-Japan) bond market of US\$14 trillion</li><li>▪ Shift towards electronic trading</li></ul>	<ul style="list-style-type: none"><li>▪ Strong distribution network to institutional investors</li></ul>	<ul style="list-style-type: none"><li>▪ Leading exchange in Asia Pacific (APAC) with &gt;40% market share for listed G3 APAC bonds</li><li>▪ Launched SGX Bond Pro</li></ul>

# Advance our Securities Market



# Expense breakdown by nature

- Investments in building capabilities, acquisitions and business growth
- Cost discipline exercised – Achieved flat JAW in FY2017 compared to negative JAW of -4% in FY2016. Flat JAW for 1H FY2018.
- 1H FY2018 expense of \$201M



- Fixed costs – 68%  
Variable costs – 24%  
Discretionary costs – 8%
- Variable costs – Processing & Royalties expenses are volume-related
- Discretionary costs – Focused on distribution capabilities and client-related activities.

Note: Numbers may be subject to rounding

# Update on our initiatives

## Expanding our equity index products

- New Indian SSFs
- Reinforcing our position as a multi-asset exchange

## Cementing our position in Commodities

- Global position in Iron Ore & FFAs
- Full steel suite in CY 2018

## Building on our FX suite

- Dominant global position
- Record volumes in key contracts

## SGX BondPro

- >100 customers
- >\$1B matched volumes expected

## Dual Class Shares “DCS”

- DCS will be implemented
- Rules to be out in 1H CY18
- First listing soon after

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# Looking Ahead...

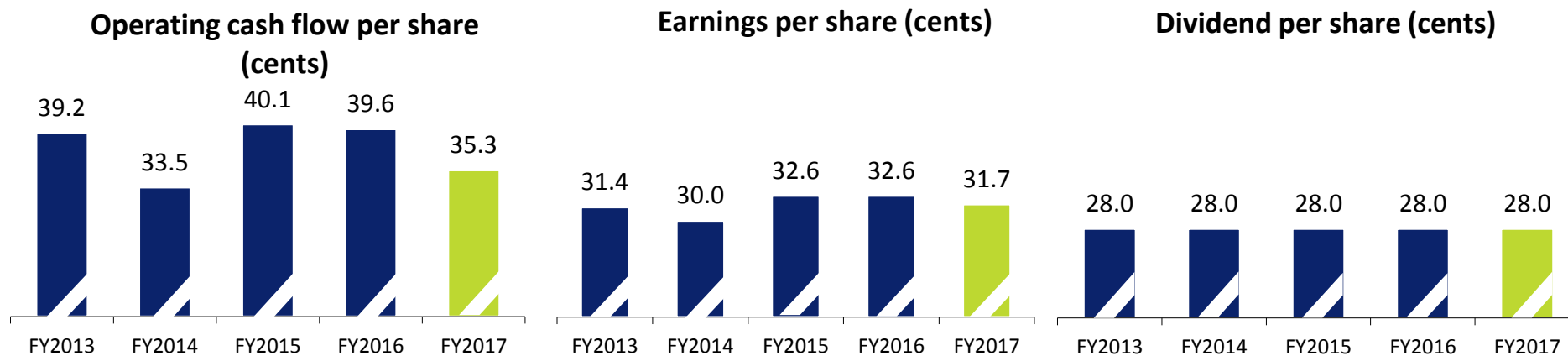
- Market activity and listings are expected to improve
- We will offer new products to strengthen our position in Asian derivatives:
  - Build on our FX suite
  - Reinforce our steel complex
- Fixed income trading expected to surpass USD1 billion
- Implement a dual-class share structure
- Grow our business and global connectivity through strategic investments and collaborations
- Guidance for FY2018
  - Operating expenses will be lower by \$15M to between \$410M & \$420M
  - Technology-related capital expenditure will remain between \$60M & \$65M



# Financials

# Financial Performance: Key Indicators (Recent years)

	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue (\$ million)	714	686	779	818	801
Operating profit (\$ million)	413	371	402	409	402
Operating profit margin	58%	54%	52%	50%	50%
Net profit (\$ million)	336	320	349	349	340
Return on equity	39%	35%	37%	36%	34%
Earnings per share (cents)	31.4	30.0	32.6	32.6	31.7
Dividend per share (cents)	28	28	28	28	28



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

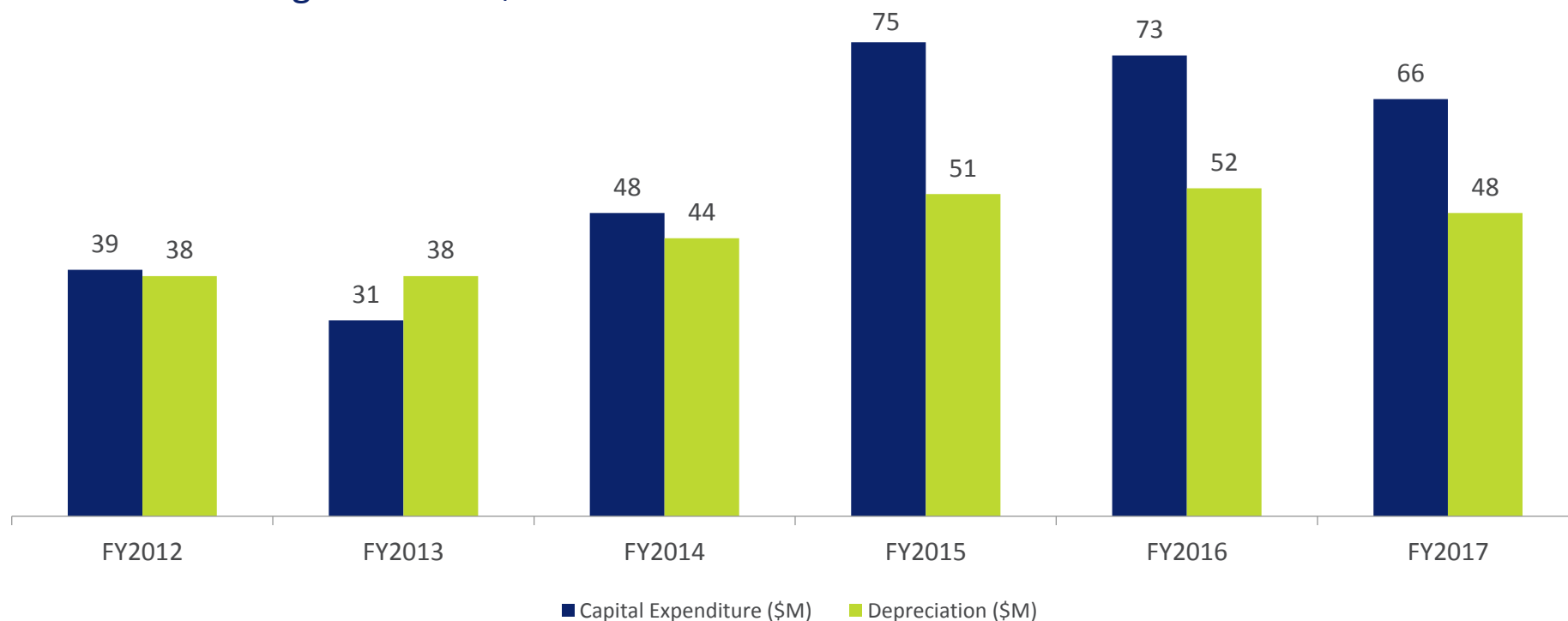
## High operating margin business

Operating Income Margin Trends			
Segment	FY2015	FY2016	FY2017
Equities and Fixed Income	57.9%	55.6%	56.0%
Derivatives	44.5%	42.5%	39.7%
Market Data and Connectivity	46.3%	52.0%	58.9%



# Technology CAPEX and Depreciation: Annual Trend

- FY2017 investments were mainly for the migration to a new secondary data centre, enhancements to our securities post-trade system, and improvements in operational resiliency.
- FY2018 CAPEX guidance of \$60-65M.



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

# Second Quarter FY2018 Highlights

## Revenue

- \$205M
- Up 3%

## Expenses

- \$102M
- Up 5%

## Operating Profit

- \$103M
- Up 1%

## Net Profit

- \$88M
- Unchanged

## Securities Trading

- \$71.6B total traded value
- Up 3%

## Derivatives Trading

- 49M contracts
- Up 18%

## Earnings Per Share

- 8.2 cents
- Unchanged

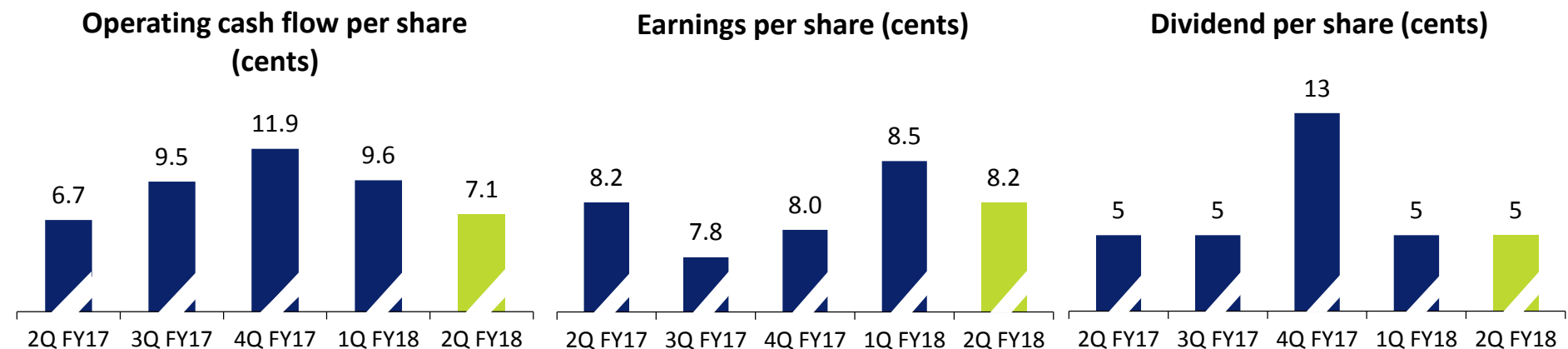
## Dividend Per Share

- Interim dividend 5 cents per share
- Unchanged

- Net profit of \$88M, unchanged from a year ago
- Securities traded value up 3% to \$71.6B. Derivatives traded volume up 18% to 49M contracts
- 1H FY2018 Net profit of \$179M, up 4% from a year ago. Flat JAW for 1H FY2018
- Earnings per Share – 8.2 cents, Dividend per share – 5 cents

# Financial Performance: Key Indicators (Recent quarters)

	2Q FY2017	3Q FY2017	4Q FY2017	1Q FY2018	2Q FY2018
Revenue (\$ million)	200	203	208	204	205
Operating profit (\$ million)	102	103	99	106	103
Operating profit margin	51%	51%	48%	52%	50%
Net profit (\$ million)	88	83	85	91	88
Return on equity	38%	36%	34%	38%	37%
Earnings per share (cents)	8.2	7.8	8.0	8.5	8.2
Dividend per share (cents)	5	5	13	5	5



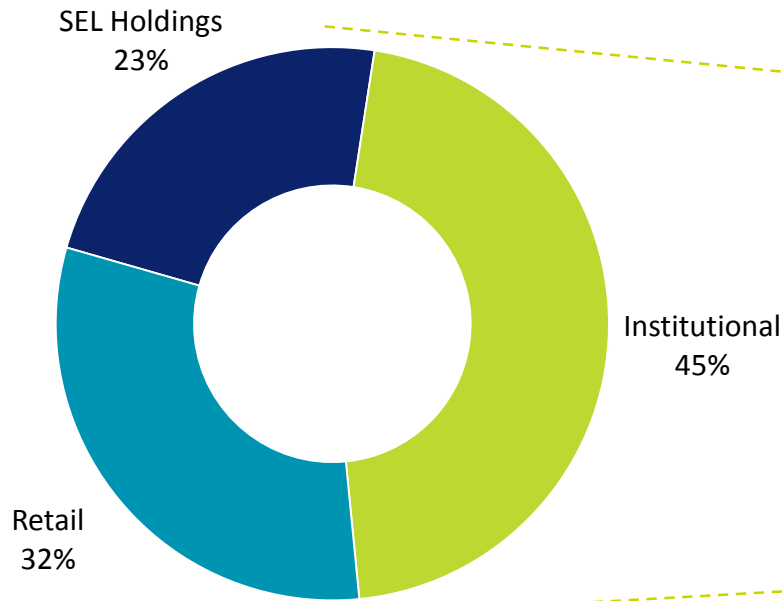
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# Appendix

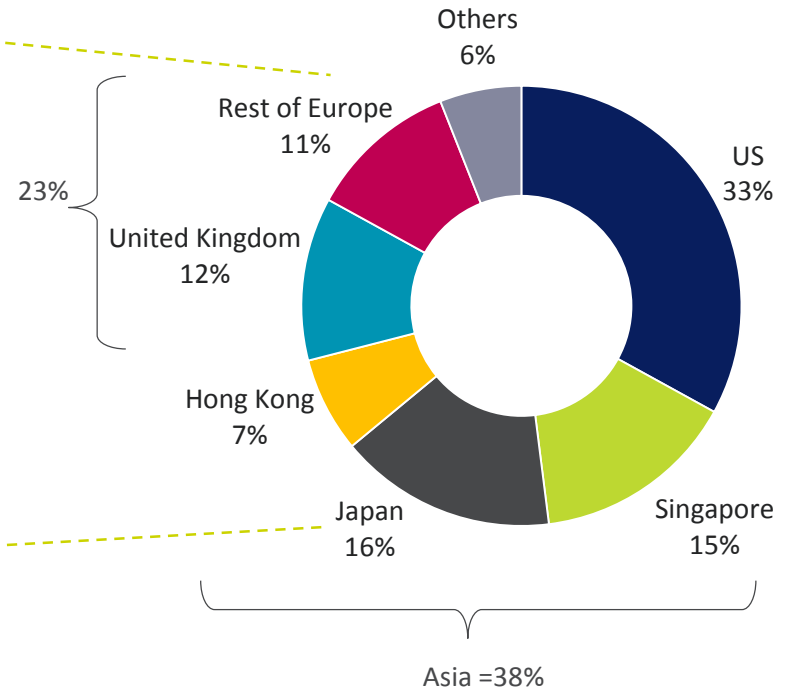
# SGX Shareholders' Profile

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

**SGX Shareholder Composition<sup>1</sup>**



**Institutional Shareholding by Geography**

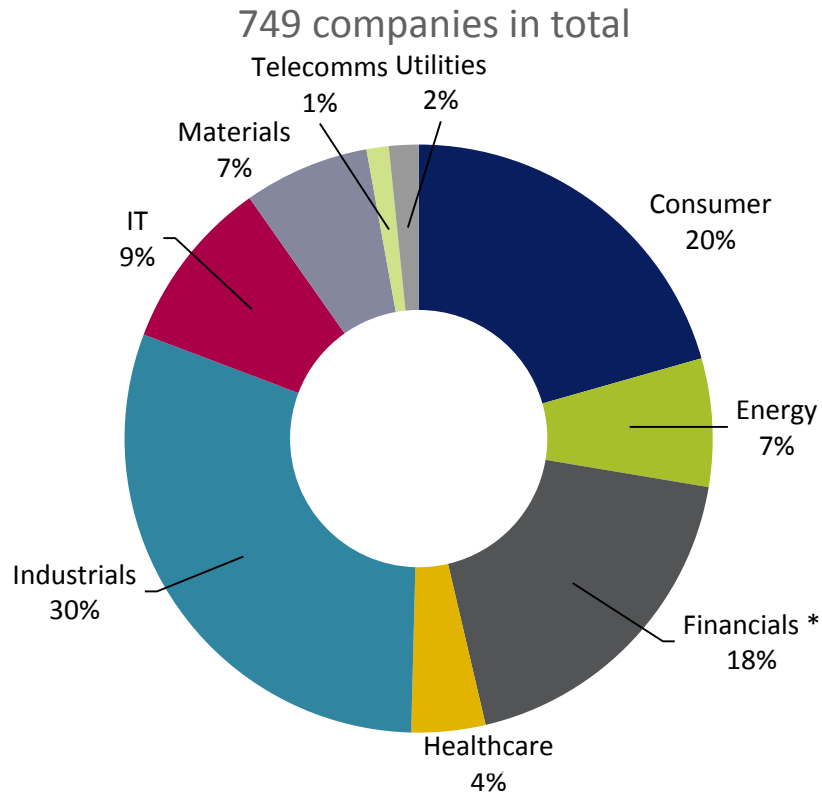


<sup>1</sup>As at 31 December 2017

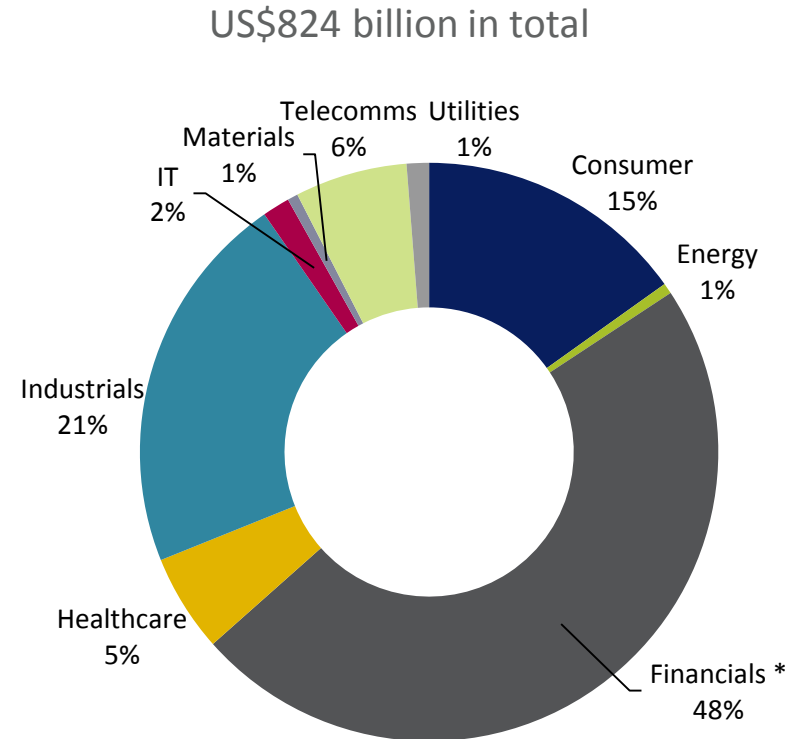
# Diversity of Industries on SGX

SGX is the listing venue of choice for companies from varying sectors

## Breakdown by Number of Companies



## Breakdown by Market Capitalisation

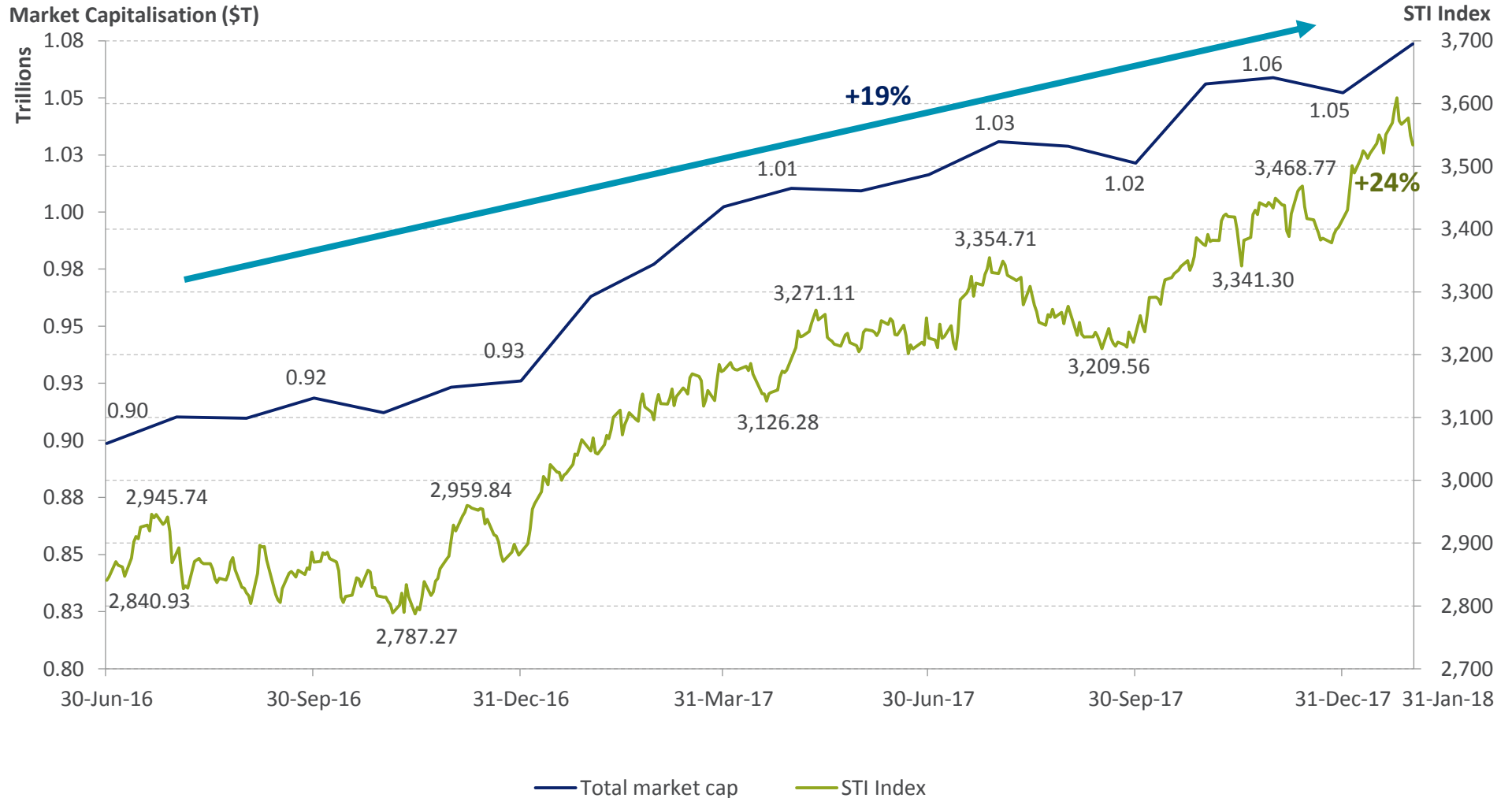


Note: \* includes Real Estate  
Companies without GICs Sector Classification not included

Source: Singapore Exchange & Bloomberg (Jan 2018)

# Growth of Market Capitalization & STI Index

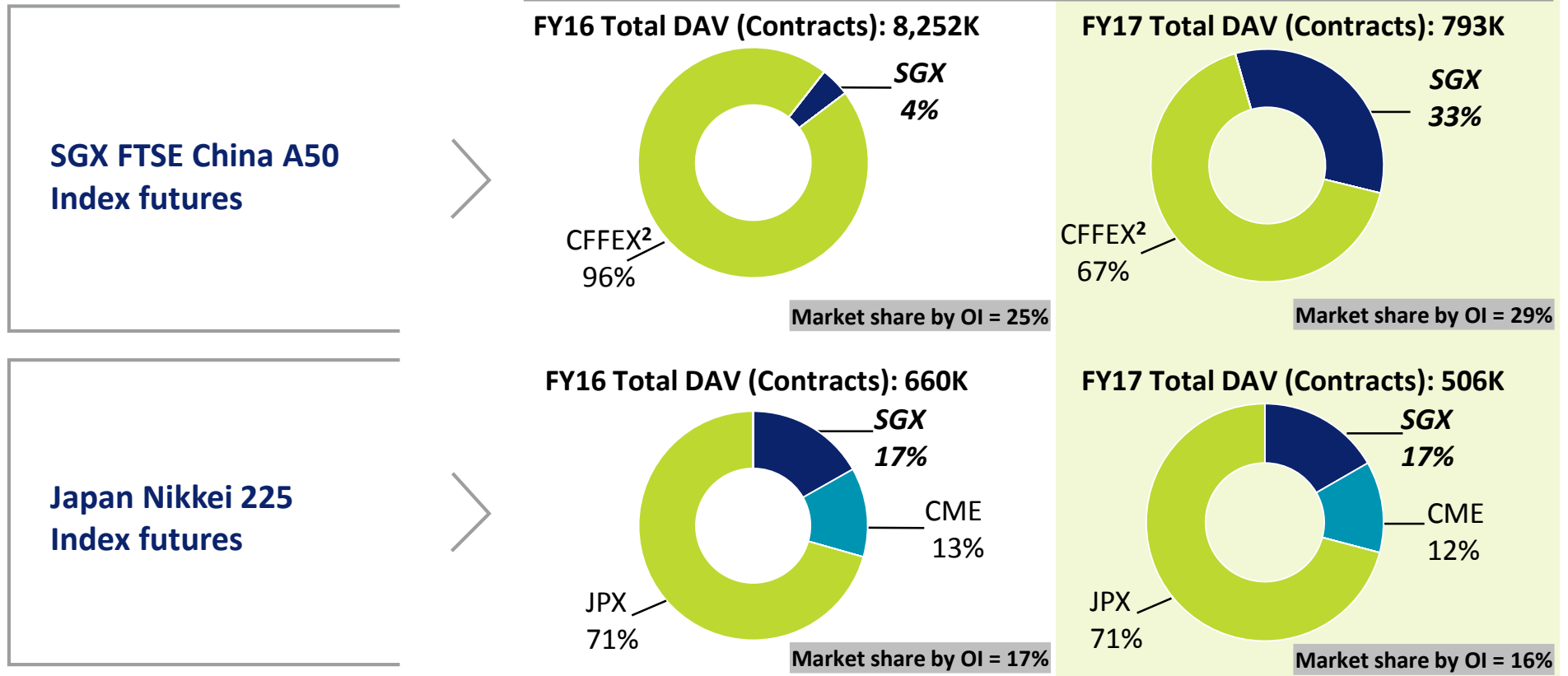
Overall market capitalization grew 19% since 30 June 2016. STI Index rose 24% over the same period.



# Derivatives – Equities Volume Market Share

- Volume market share in key contracts growing or maintained
- Market share by Open Interest(OI) comparable or higher year-on-year

## Volume Market Share of Key Contracts<sup>1</sup>





# Derivatives – Equities Volume Market Share

- Volume market share in key contracts growing or maintained
- Market share by Open Interest(OI) comparable or higher year-on-year

## Volume Market Share of Key Contracts<sup>1</sup>

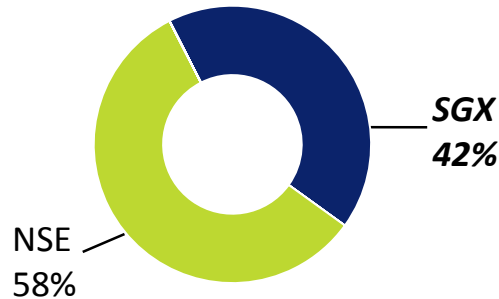
FY2016

FY2017

SGX Nifty 50 Index  
futures

FY16 Total DAV (Contracts): 201K

FY17 Total DAV (Contracts): 173K



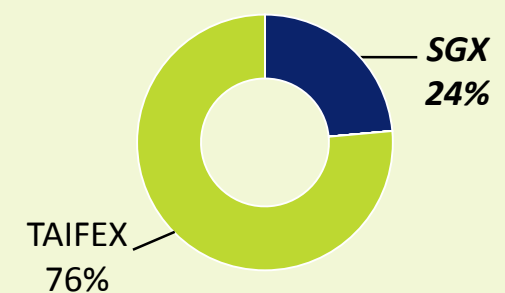
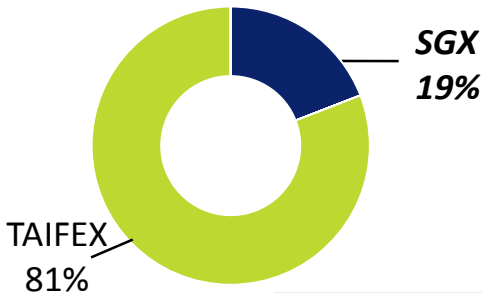
Market share by OI = 66%

Market share by OI = 67%

MSCI Taiwan Index  
futures

FY16 Total DAV (Contracts): 370K

FY17 Total DAV (Contracts): 336K



Market share by OI = 53%

Market share by OI = 52%

# Thank You

## Singapore Exchange

Beijing ▪ Hong Kong ▪ London ▪ Mumbai ▪ Shanghai ▪ Singapore ▪ Tokyo

[sgx.com](http://sgx.com)

### Forward Looking Statements

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