

FY2017 Analyst and Media Briefing

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

27 July 2017

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Financial Year 2017

Financial Highlights and Performance

Chng Lay Chew, Chief Financial Officer

Financial Year 2017 Highlights

Revenue

- \$801M
- Down 2%

Expenses

- \$399M
- Down 2%

Operating Profit

- \$402M
- Down 2%

Net Profit

- \$340M
- Down 3%

Earnings Per Share

- 31.7 cents
- Down 3%

Operating Profit Margin

- 50%
- Maintained

Return On Equity

- 34%
- Down 2% pts

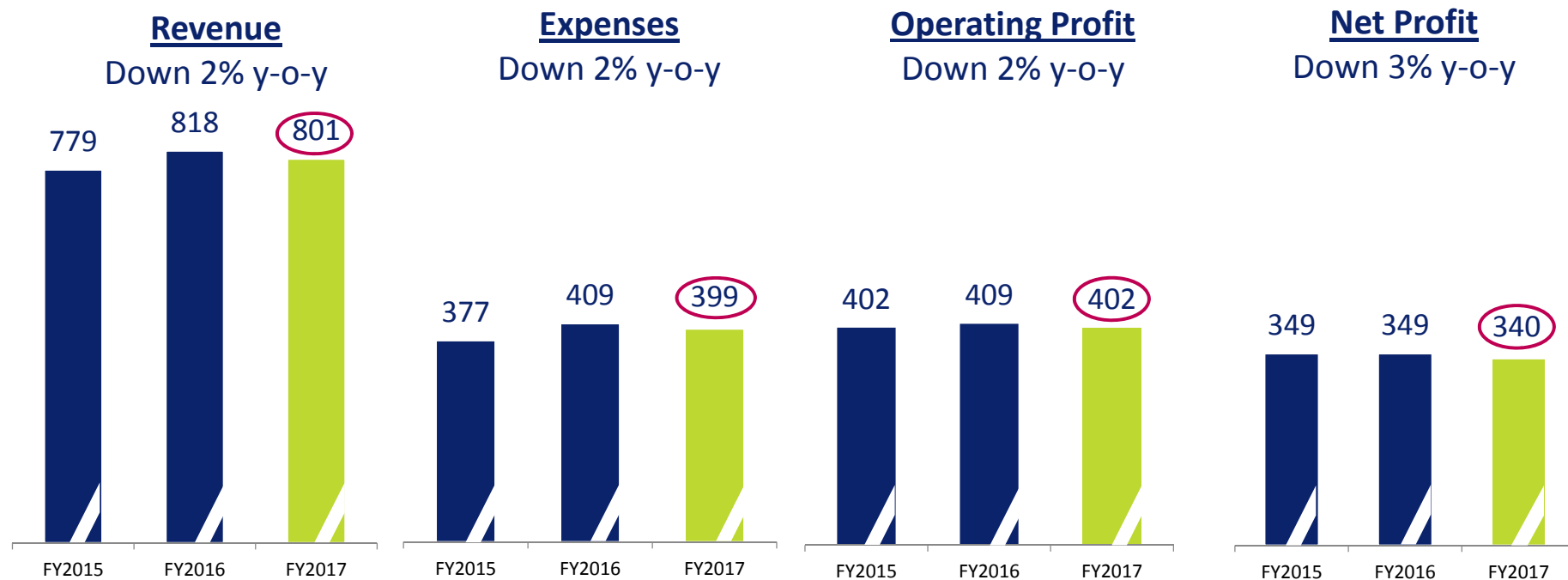
Dividend Per Share

- 28 cents
- Maintained
- Payout ratio 88%

- Net profit of \$340M include loss of \$4M from disposal of investment in Bombay Stock Exchange and \$4M acquisition costs for Baltic Exchange. Underlying Net profit of \$347M.
- Flat JAW - Revenue and Expenses down 2% each. Improved from -4% in FY2016.
- Operating profit margin - 50%, Earnings per Share - 31.7, Dividend per share - 28 cents

Financial Performance: Annual Trend

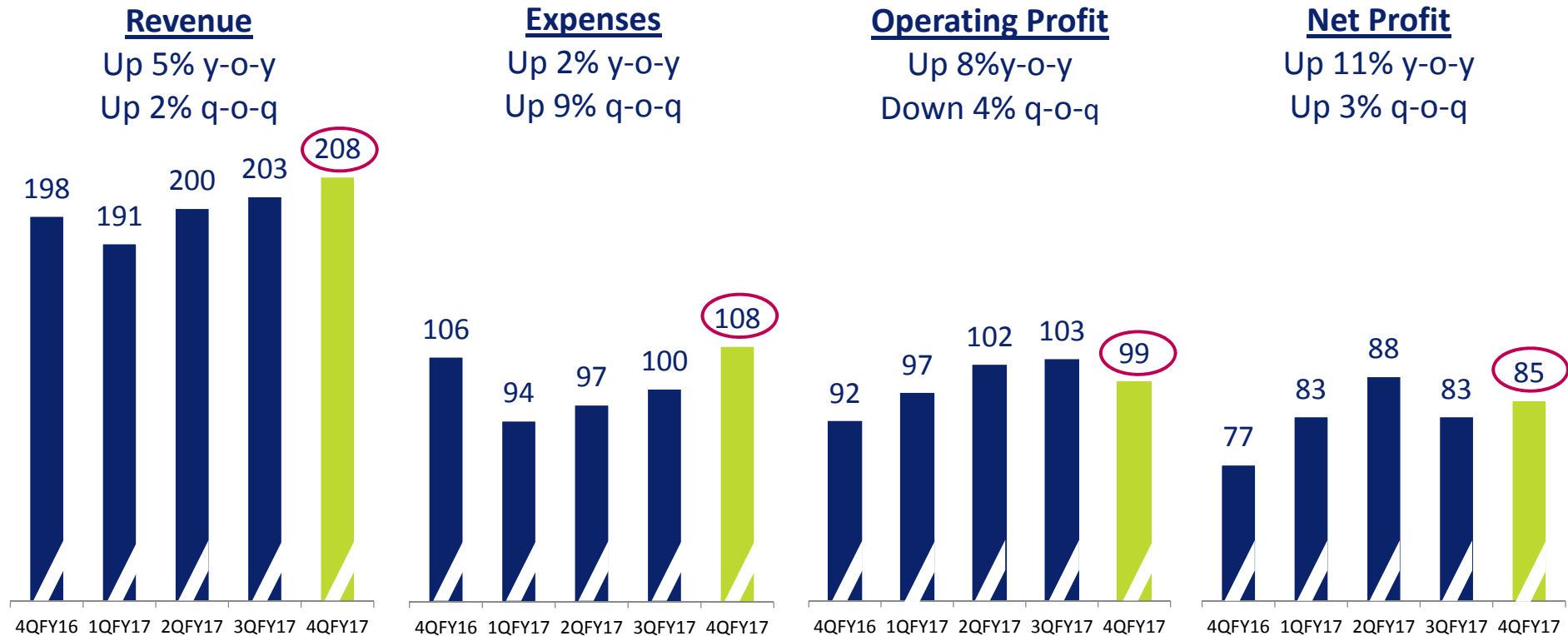
- Reported Net profit of \$340M, down 3% from FY2016
- Underlying Net Profit of \$347M excluding \$4M from disposal of investment in BSE and \$4M acquisition costs for Baltic Exchange
- Expenses 2% lower y-o-y



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

Financial Performance: Quarterly Trend

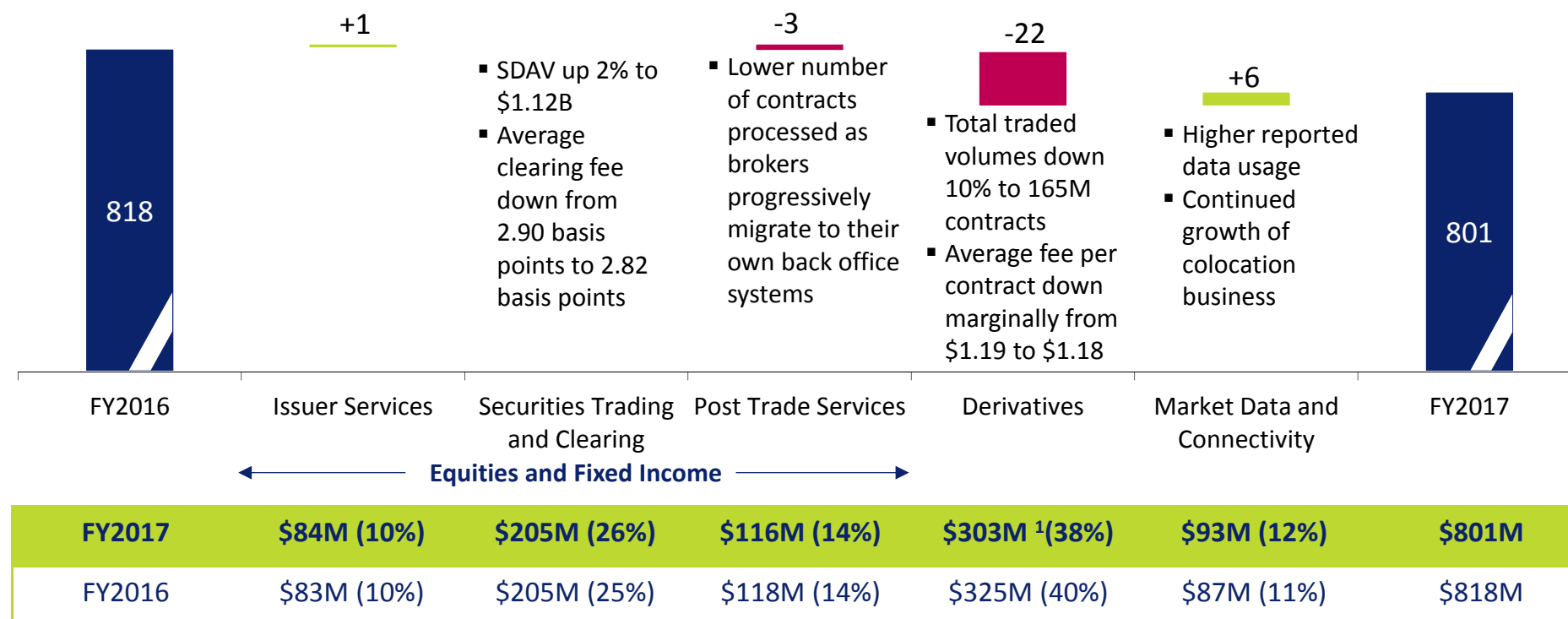
- 4Q FY2017 reported Net profit of \$85M, up 11% y-o-y and 3% q-o-q
- 4Q FY2017 Revenues of \$208M highest over past 5 quarters
- Seasonally high quarter for Expenses



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

Financial Performance: Full Year Revenue, Year-on-Year

- Equities & Fixed Income revenue of \$405M comparable
- Derivatives revenue of \$303M down 7% in an environment of low market volatility
- Market Data & Connectivity revenue of \$93M up 7%

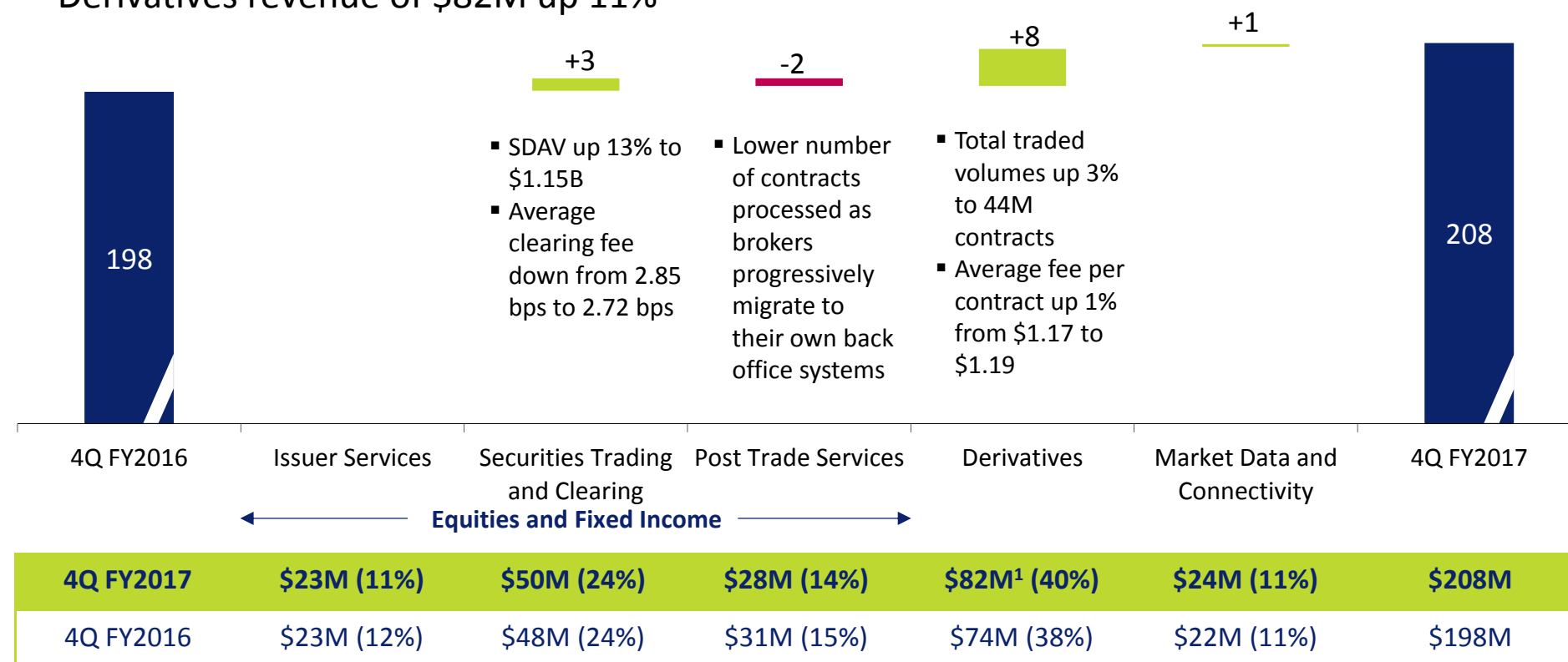


Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

¹ Derivatives included \$8M in revenues from Baltic Exchange

Financial Performance: Quarterly Revenue, Year-on-Year

- Revenue of \$208M up 5%
- Equities & Fixed Income revenue of \$101M comparable
- Derivatives revenue of \$82M up 11%

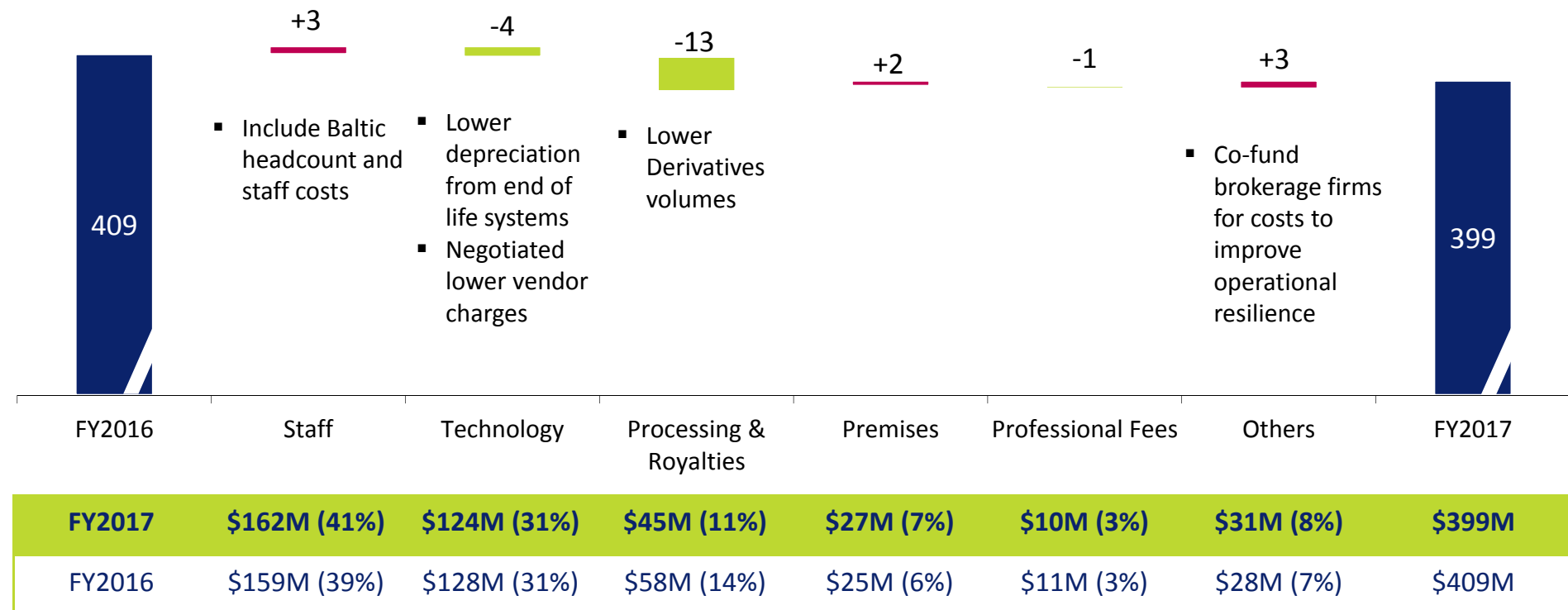


Note: All figures in \$ millions unless otherwise stated and may be subject to rounding.

¹ Derivatives included \$3M in revenues from Baltic Exchange

Financial Performance: Full Year Expenses, Year-on-Year

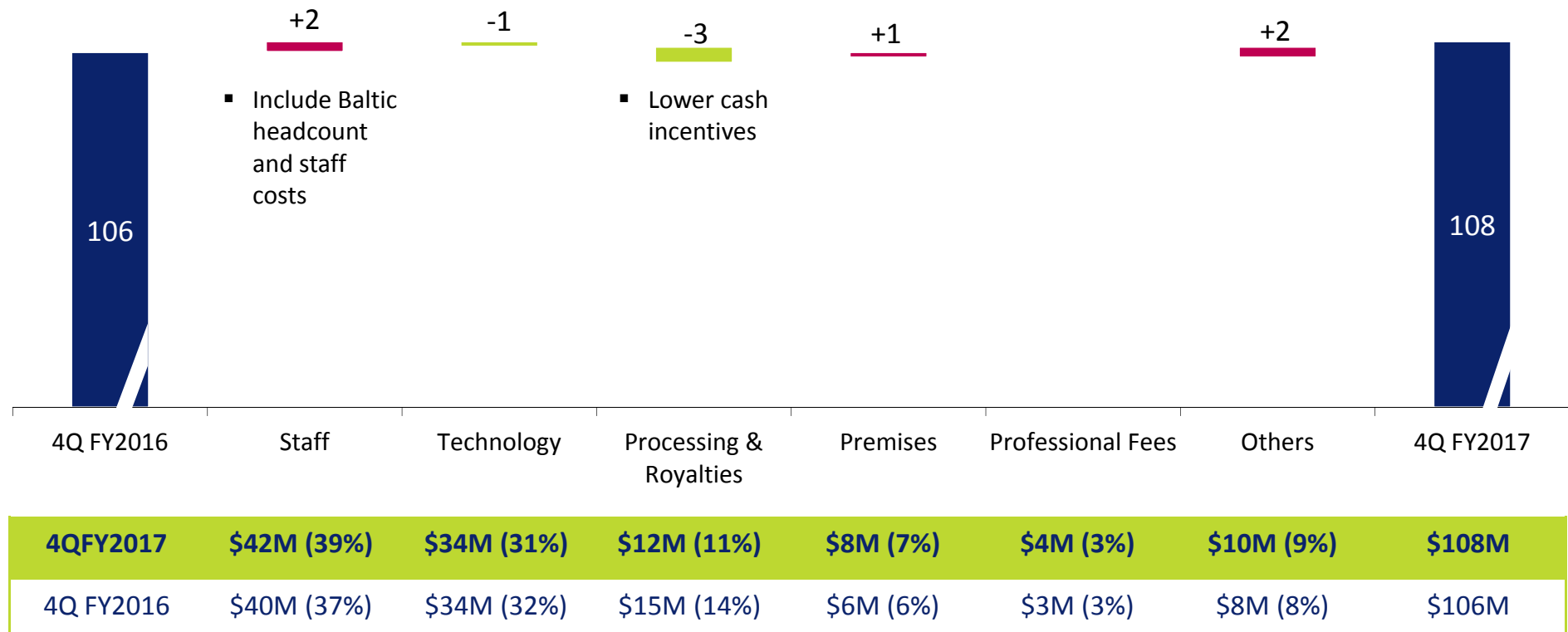
- Demonstrated cost discipline
- Reported Expenses of \$399M, down 2% from FY2016
- Expenses down 5%, excluding Baltic costs



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

Financial Performance: Quarterly Expenses, Year-on-Year

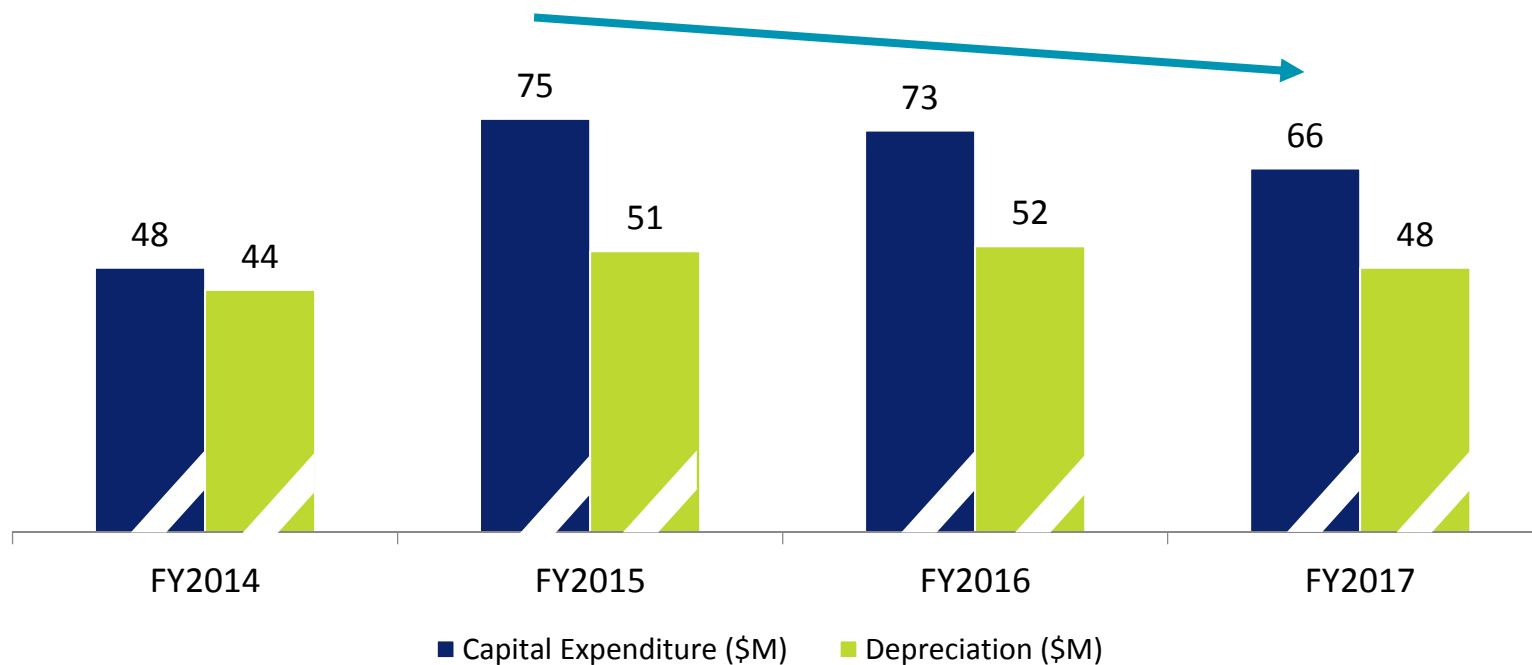
- Expenses of \$108M, up 2% from a year earlier
- 4Q FY2017 includes Baltic costs



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

Technology CAPEX and Depreciation: Annual Trend

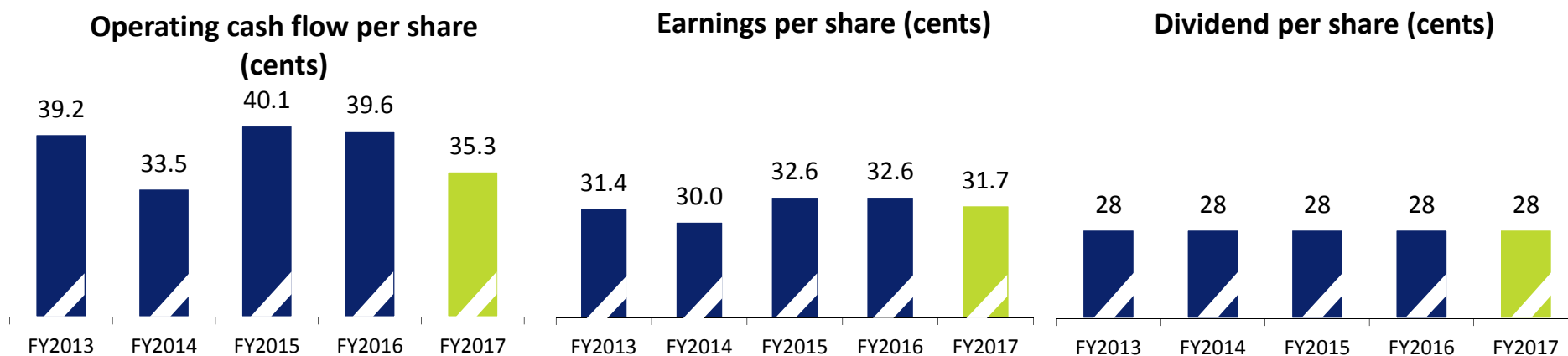
- Declining trend in CAPEX following investments made in the past 2 years
- FY2017 CAPEX of \$66M, down \$7M from a year earlier
- Mainly to enhance securities post-trade system, migrate to a new secondary data centre, and improve operational resiliency



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

Financial Performance: Key Indicators

	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

Business Update

Loh Boon Chye, Chief Executive Officer

Business Performance

- Diversified business model enabled a creditable performance in a year of muted global market activity

(\$ million)	4Q FY2017 Revenue	Change (y-o-y)
Equities & Fixed Income	102	↑ 1%
Derivatives	82	↑ 10%
Market Data & Connectivity	24	↑ 6%
Total Revenue	208	↑ 5%

FY2017 Revenue	Change (y-o-y)	Revenue Contribution
405	-	51%
303	↓ 7%	38%
93	↑ 7%	12%
801	↓ 2%	100%

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

Equities & Fixed Income

Issuer Services
\$84M

- Revenue up 2% y-o-y from \$83M to \$84M
- 23 new equity listings compared to 21 a year ago
- Total equity funds raised up 28% y-o-y from \$13B to \$16B

- Healthy IPO pipeline going into FY2018
- IPO strategy focused on key sectors, improved variety of IPO

Sector Diversification Strategy



Consumer Sector

Successful in growing Retail and F&B, and expanding into

professional services

First recruitment agency listed on Mainboard

HRnetGroup

Largest Asia-based recruitment agency in Asia Pacific ex-Japan



Healthcare Sector



Strong Healthcare providers cluster



Increasing interest of Pharma companies tapping the markets

Recent Successful Listings



HC SURGICAL SPECIALISTS LIMITED



AOXIN Q&M



Technology Sector

Rising sector on SGX in line with government focus.

Collaboration with government agencies



Equities & Fixed Income

Issuer Services
\$84M

- Two-fold increase in the number of bonds listed from 349 to 819
- Funds raised increased from \$172B to \$385B
- Market share of G3 AsiaPac Bonds listings increased from 40% to 43%

- Broadened our base of new issuers with 15 bond listings from Central and South America
- Increased our range of listed debt securities with our first mortgage-backed securities and first loan participation note
- Continue to work with onshore and offshore intermediaries to grow bond listings

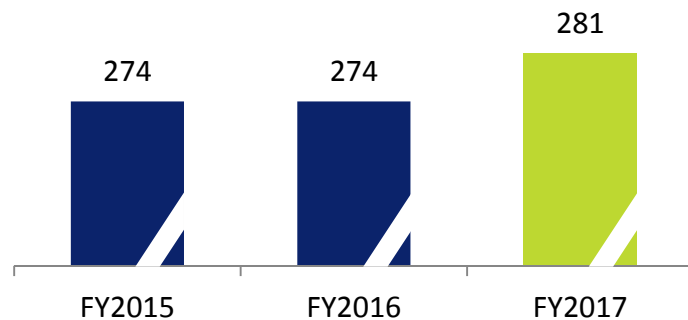
Equities & Fixed Income

**Securities Trading
and Clearing
\$205M**

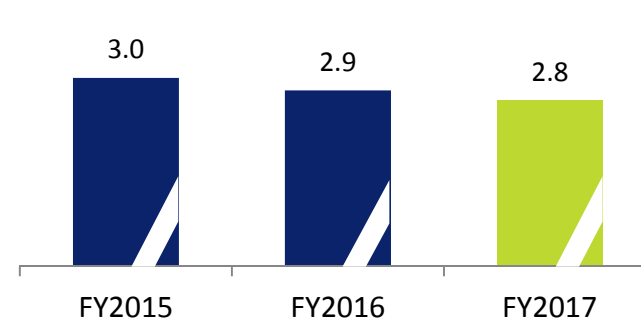
- Revenue comparable y-o-y at \$205M
- SDAV up 2% y-o-y from \$1.10 B to \$1.12 B
- Average clearing fee lower at 2.82 bps from 2.90 bps

- STI Index up 14% y-o-y in FY2017
- Total market capitalization up 13% y-o-y to 1 trillion
- Initiatives to increase retail participation
 - Mandatory retail IPO allocation
 - Minimum bid size for stocks priced \$1.00 to \$1.99
 - Research coverage of sectors and stocks

Securities Total Value Traded (\$b)



Average Clearing Fee (bps)



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

Equities & Fixed Income

Post Trade Services
\$116M

- Revenue 2% lower y-o-y from \$118M to \$116M
- Securities settlement revenue up 2% from \$94M to \$96M due to change in mix of Settlement Instructions
- Contract processing revenue down 27% from \$16M to \$12M as brokers progressively migrate to their own back office systems

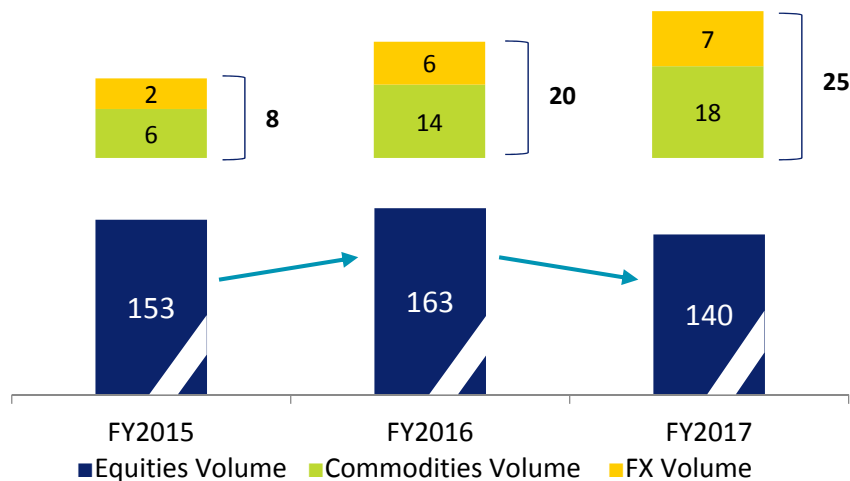
- New PTS gives brokers the flexibility to adopt their own post-trade systems
- Brokers that perform contract processing on their own systems will be able to enhance their service offerings to their clients
 - Possible differentiation through customized statements, reporting, and other services (e.g. bank-related brokers can integrate contract notes with bank statements)
- More than half of our members have migrated to their own systems

Derivatives

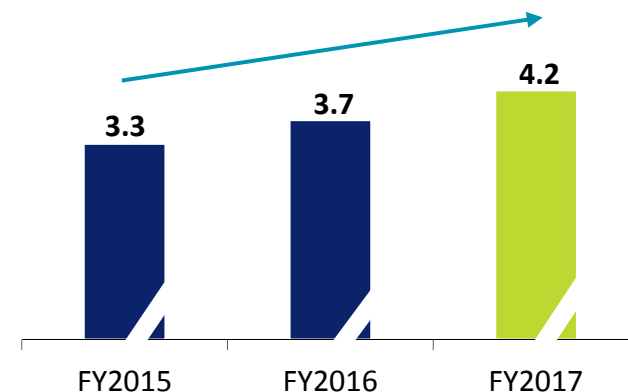
Equities & Commodities
\$221M

- Revenue lower by 7% from \$325M to \$303M
 - Derivatives volumes declined by 10% from 183M to 165M contracts in a year of low volatility
 - Average month-end open interest increased 13% to 4.2M contracts
 - Average fee per contract marginally lower from \$1.19 to \$1.18
 - Focus on building our platform and enhancing distribution

Total Derivatives Volume
(m contracts)



Average month-end Open Interest
(m contracts)



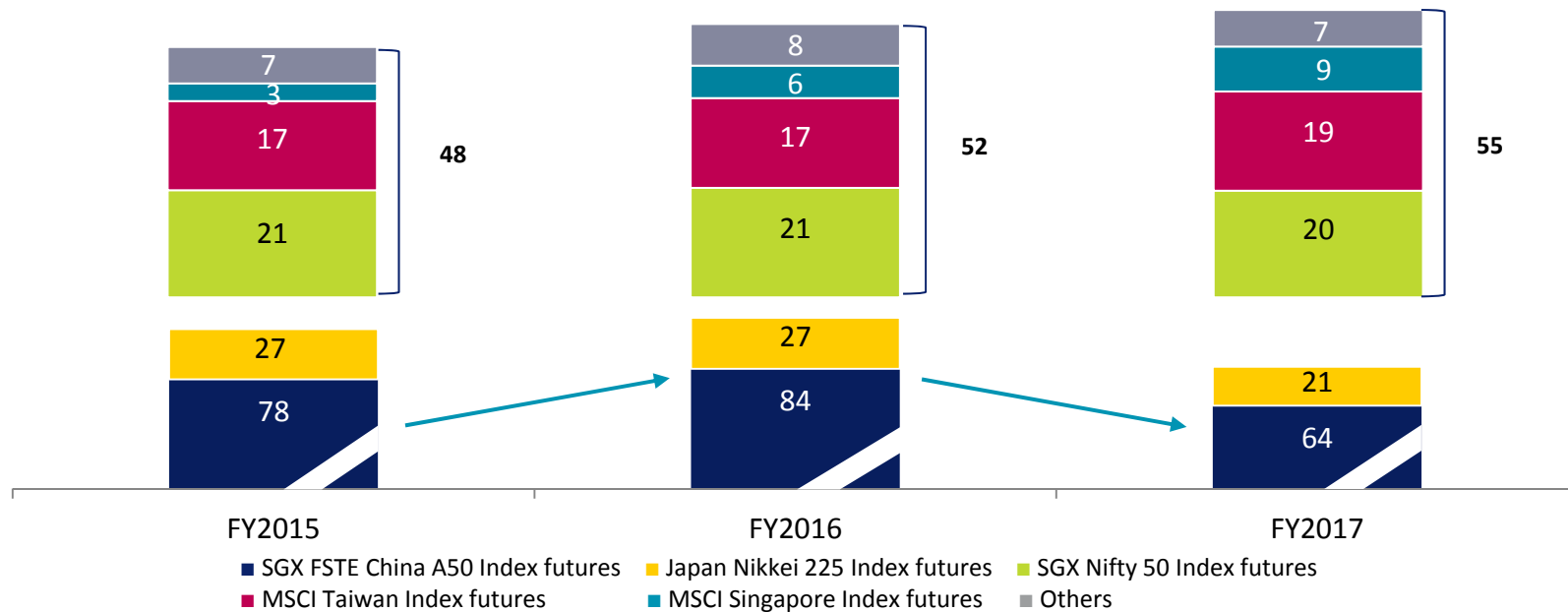
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Derivatives - Equities

Equities & Commodities
\$221M

- Derivatives resilient despite low volatility
 - Total pie of CN and NK Futures down
 - Volume market share of almost all of our key contracts are higher

Equities Derivatives Volume
(m contracts)



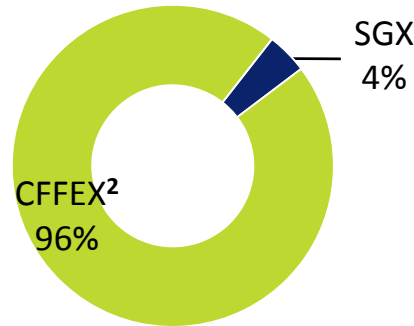
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Derivatives - Equities

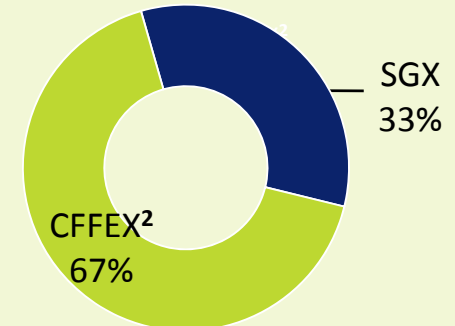
Volume Market Share of Key Contracts¹

**SGX FTSE China A50
Index futures**

FY2016
FY16 Total DAV (Contracts): 8,252K

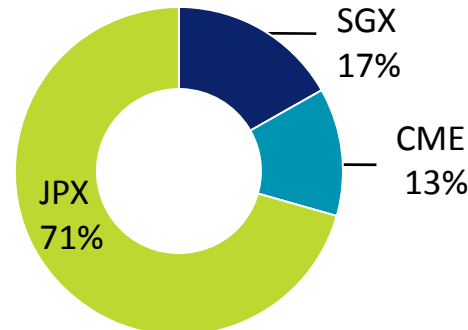


FY2017
FY17 Total DAV (Contracts): 793K

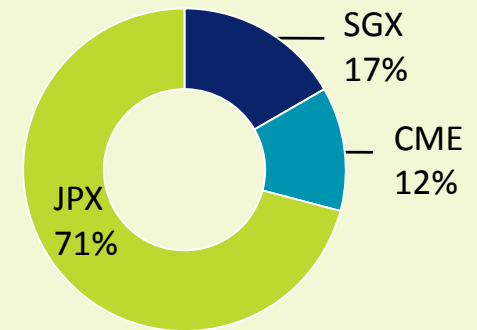


**Japan Nikkei 225
Index futures**

FY2016
FY16 Total DAV (Contracts): 660K



FY2017
FY17 Total DAV (Contracts): 506K



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¹ Contracts of other exchanges have been adjusted to reflect the contract size of SGX contracts.

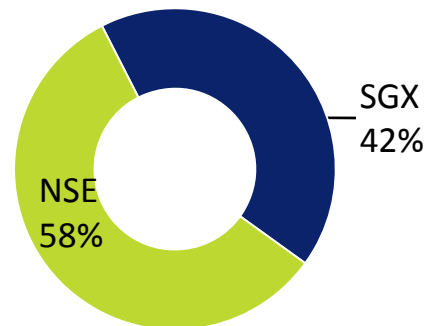
² CFFEX contracts include CSI300, CSI500 and SSE50.

Derivatives - Equities

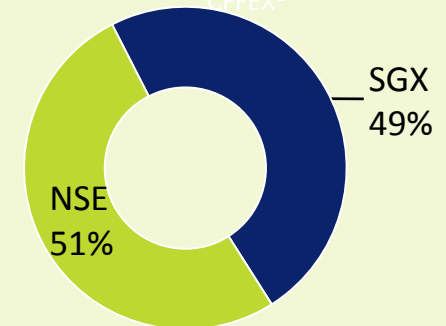
Volume Market Share of Key Contracts¹

SGX Nifty 50 Index futures

FY2016
FY16 Total DAV (Contracts): 201K

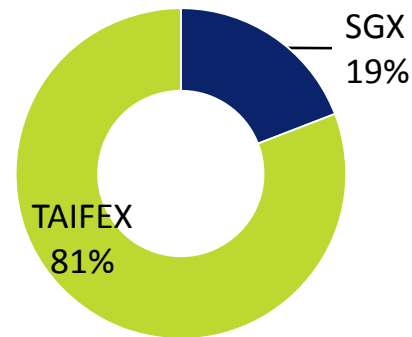


FY2017
FY17 Total DAV (Contracts): 173K

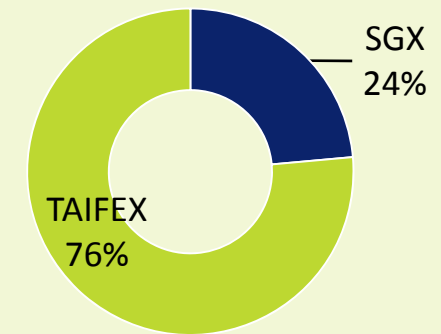


MSCI Taiwan Index futures

FY2016
FY16 Total DAV (Contracts): 370K



FY2017
FY17 Total DAV (Contracts): 336K



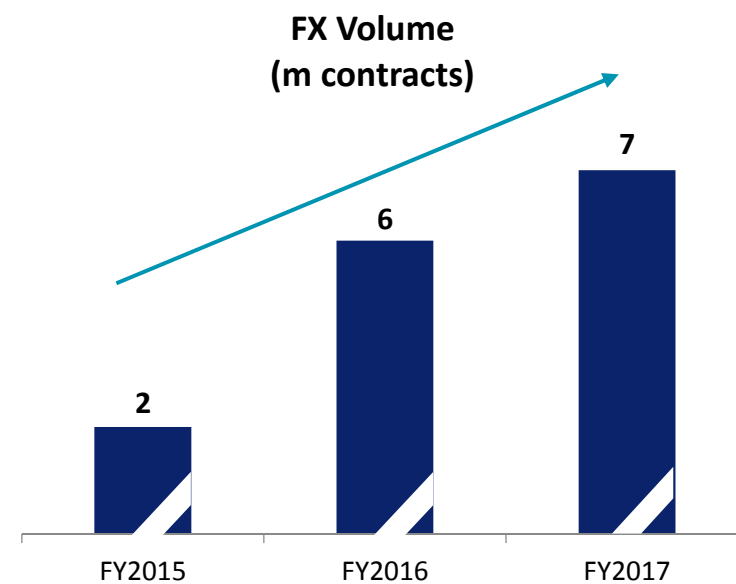
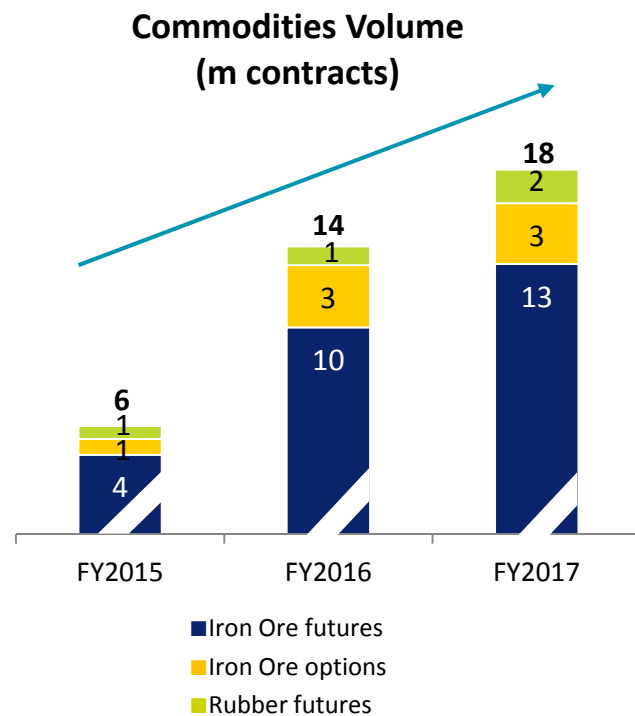
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¹ Contracts of other exchanges have been adjusted to reflect the contract size of SGX contracts.

Derivatives – Commodities and FX

Equities & Commodities
\$221M

- Momentum continues in Commodities and FX volumes
- Iron Ore market share increased y-o-y from 92% to 94%
- Building our Steel Complex (Iron Ore / Coking Coal / Steel / FFA)



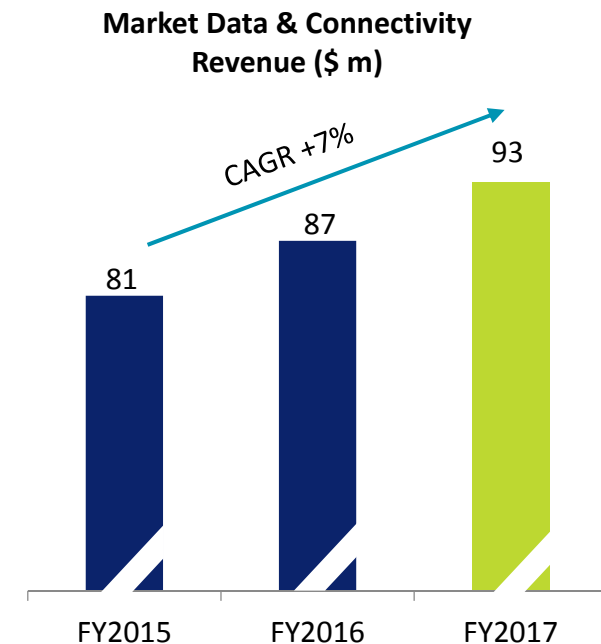
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Market Data & Connectivity

Market Data & Connectivity
\$93M

- Revenue up 7% from \$87M to \$93M due to strong demand for co-location services in conjunction with the launch of Titan
- High single-digit business growth

- Continue focus on improving market infrastructure
 - Simplify data usage reporting
 - Expand data centre space to meet demand
 - Improve co-location services with faster onboarding tests and BCP support
- Grow SGX index business for domestic and regional markets
 - Develop new regional smart beta and thematic indices
 - Calculate custom indices for more clients and gain repeat business



Looking ahead...

- Market sentiments improving
- Growing interest from companies seeking to raise capital
- Well-placed to meet market needs arising from periods of volatility
- Continue to calibrate expenses with business growth
- Guidance for FY2018
 - Operating expenses expected to be between \$425 and \$435M
 - Technology-related capital expenditure between \$60 and \$65M



Questions and Answers



Thank you

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