

# **SGX - MKE**

## **Singapore Corporate Day 2017**

**Investor Relations**

25 August 2017

**Singapore Exchange**



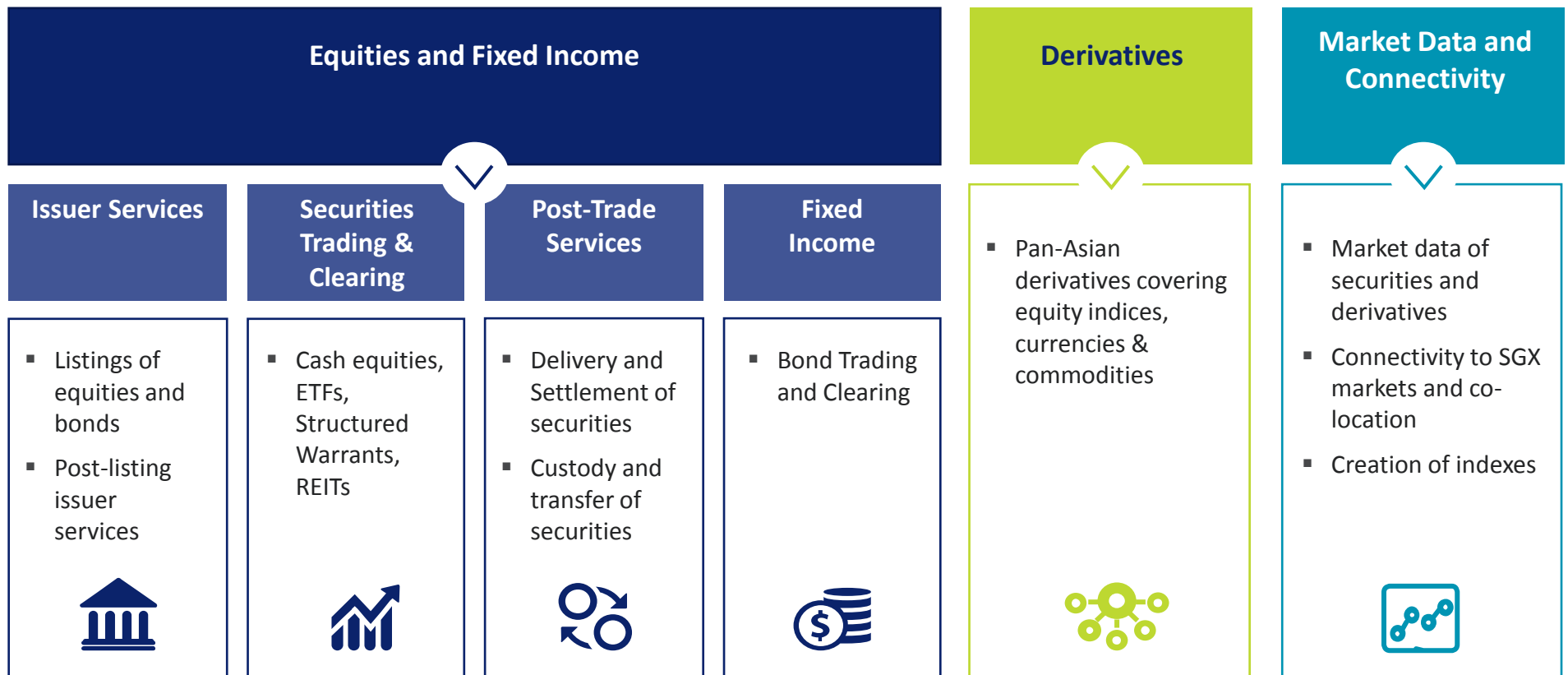
# Who We Are

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



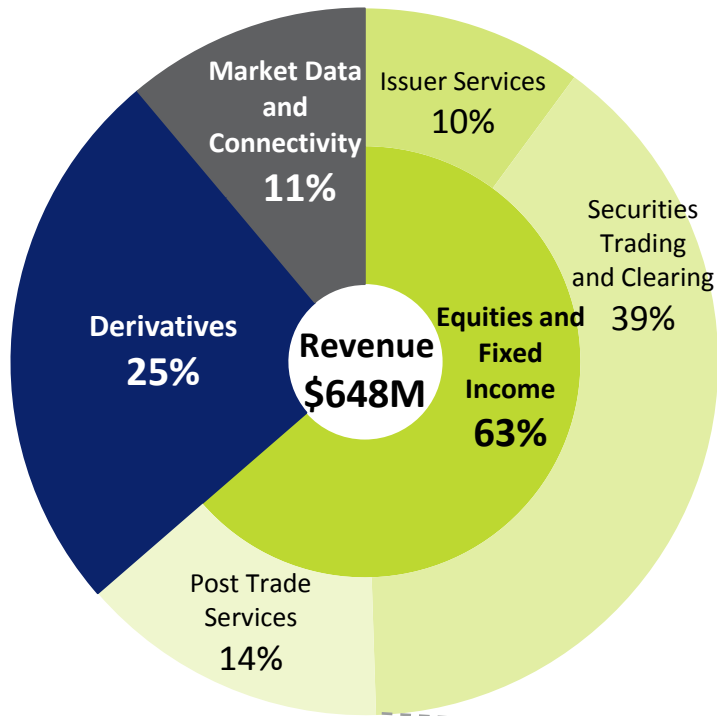
# Our Business Lines

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



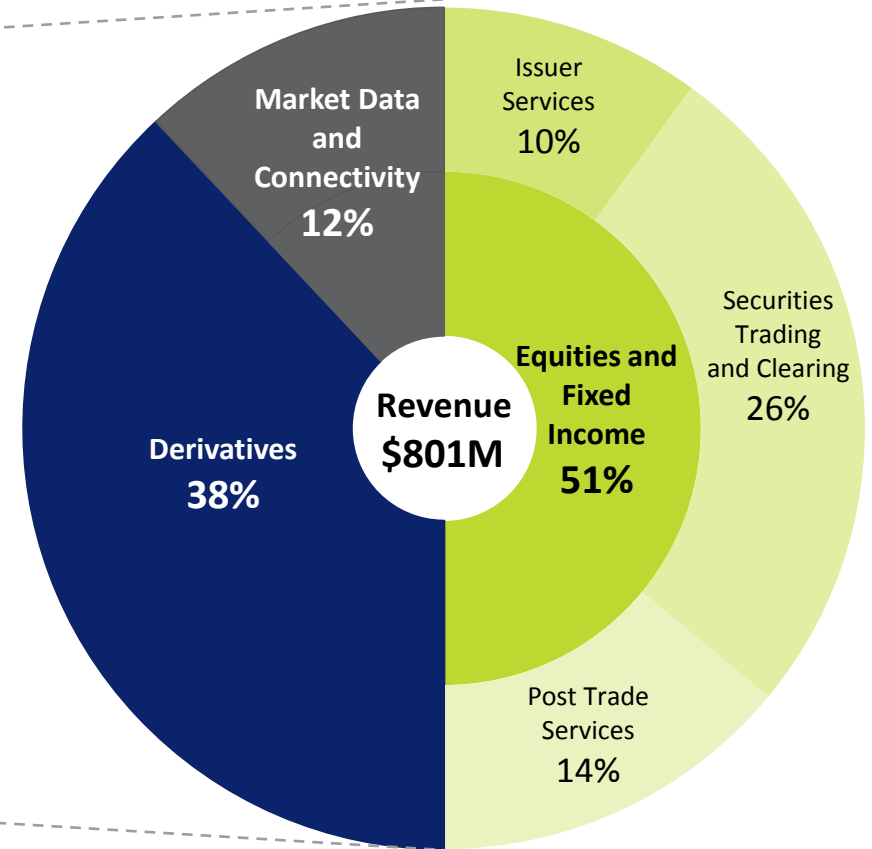
# Revenue Breakdown by Business Lines

**FY2012 Revenue Breakdown**



**Net Profit: \$292 million**

**FY2017 Revenue Breakdown**



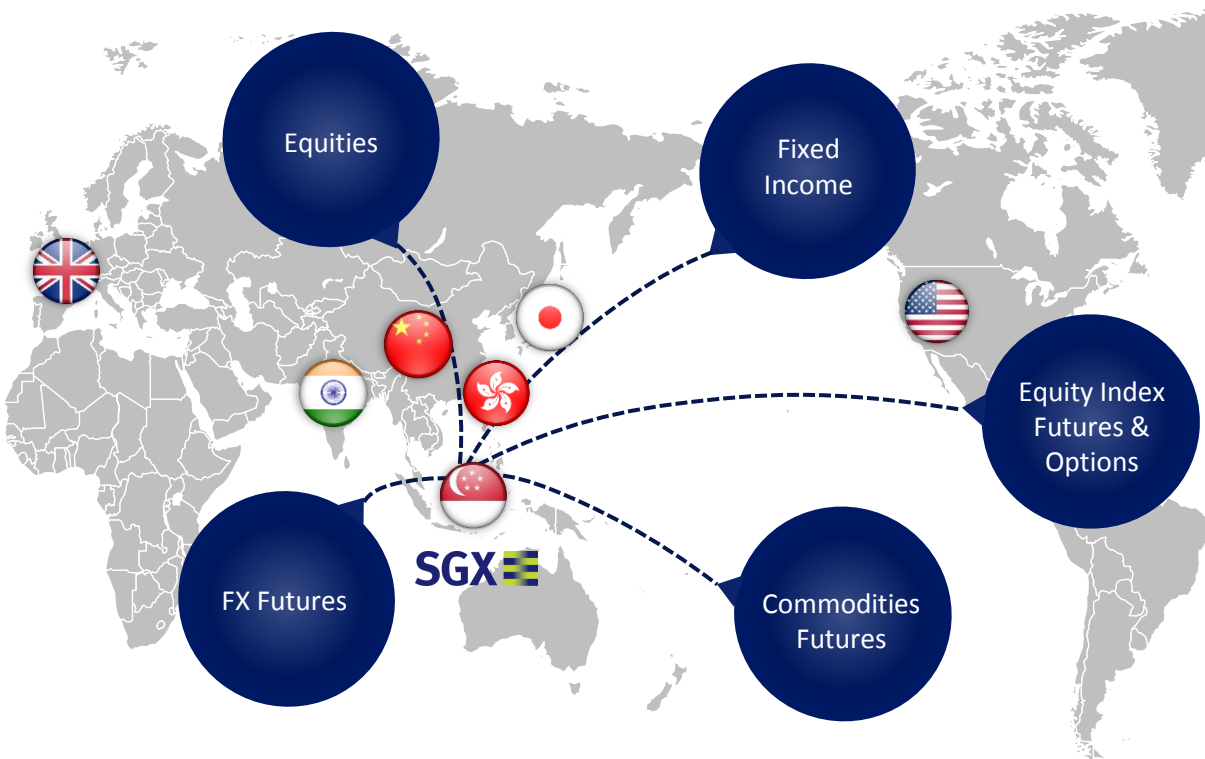
**Net Profit: \$340 million**

Note: Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Source: SGX. Data as of FY2017

# International Footprint

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

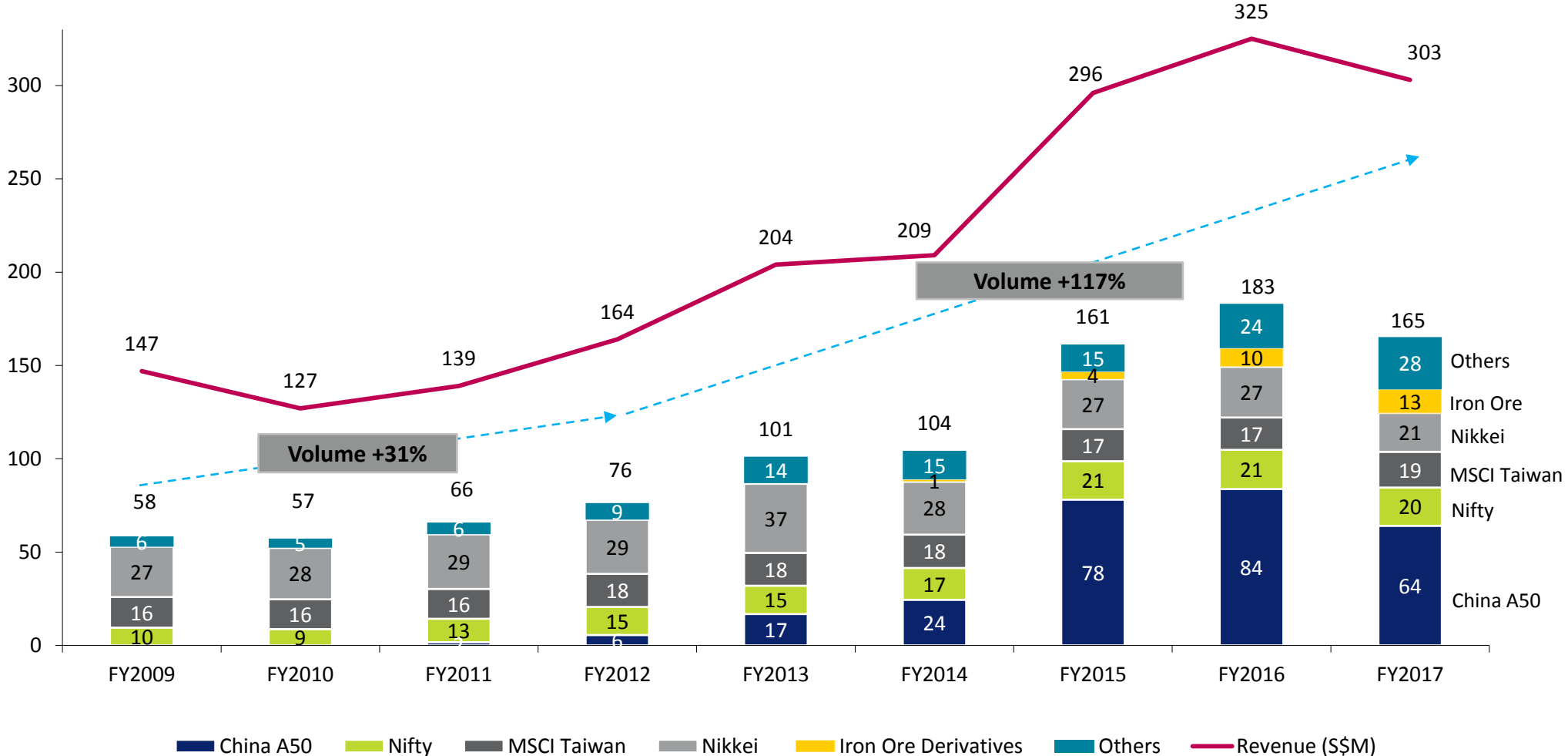


## Key Clients

- **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 ...
- **Corporate Finance partners** - Facilitate issuers that seek to raise capital on our exchange platforms
- **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.

# 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

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

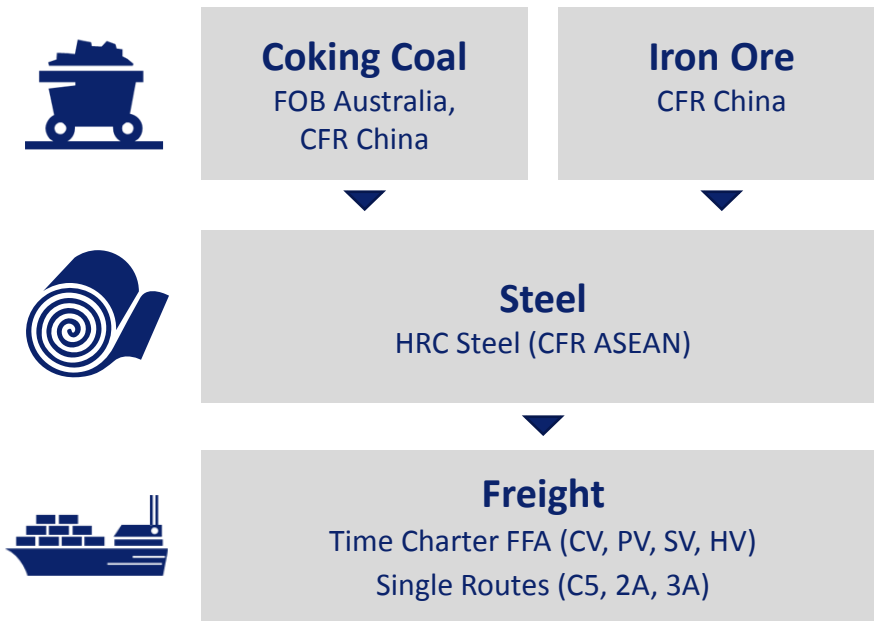
India	
Equity Index Futures & Options	SGX Nifty 50 SGX Nifty IT SGX Nifty CPSE SGX Nifty Bank SGX Nifty Midcap 50
Equity Index Futures	SGX MSCI India
FX futures, options, forwards	INR/USD

## Our Platform

- New Integrated Trading and Clearing System offering low-latency high-throughput and enhanced risk controls and system safeguards
- 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

# Extensive Suite Of Commodities Products

## Price-Discovery Centre For The Steel Value Chain



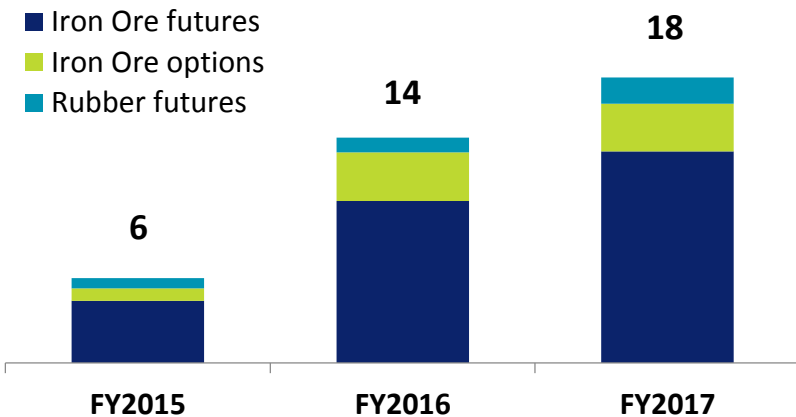
**The Baltic Exchange**  
Maritime Indices

## Other Products In Commodity Franchise



Electricity    Energy    Gold    Rubber

## Total Volume of Contracts Traded (M)

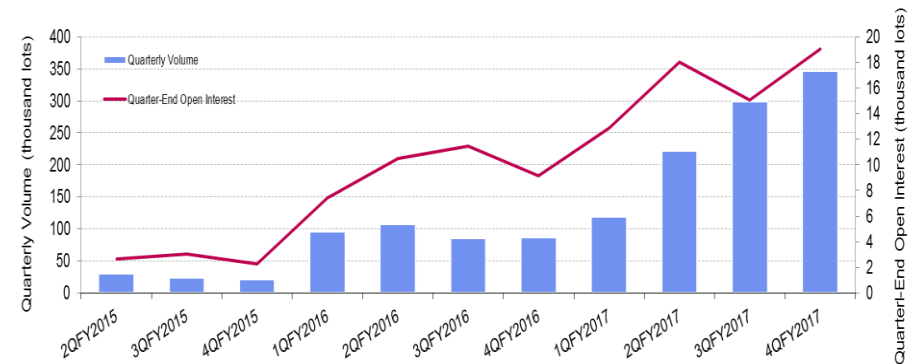




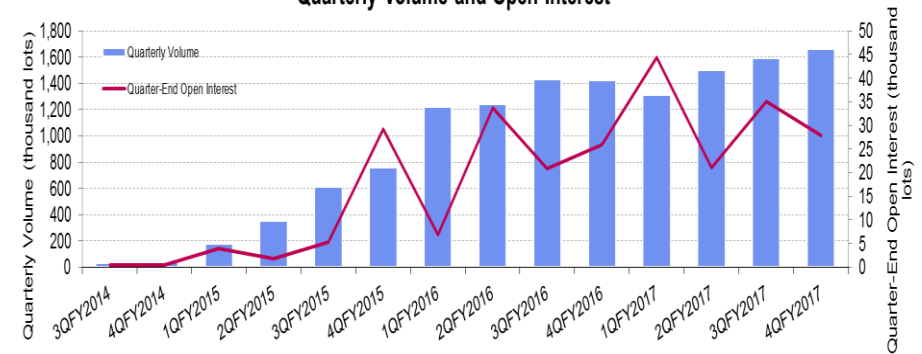
# Liquid Currency Futures



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

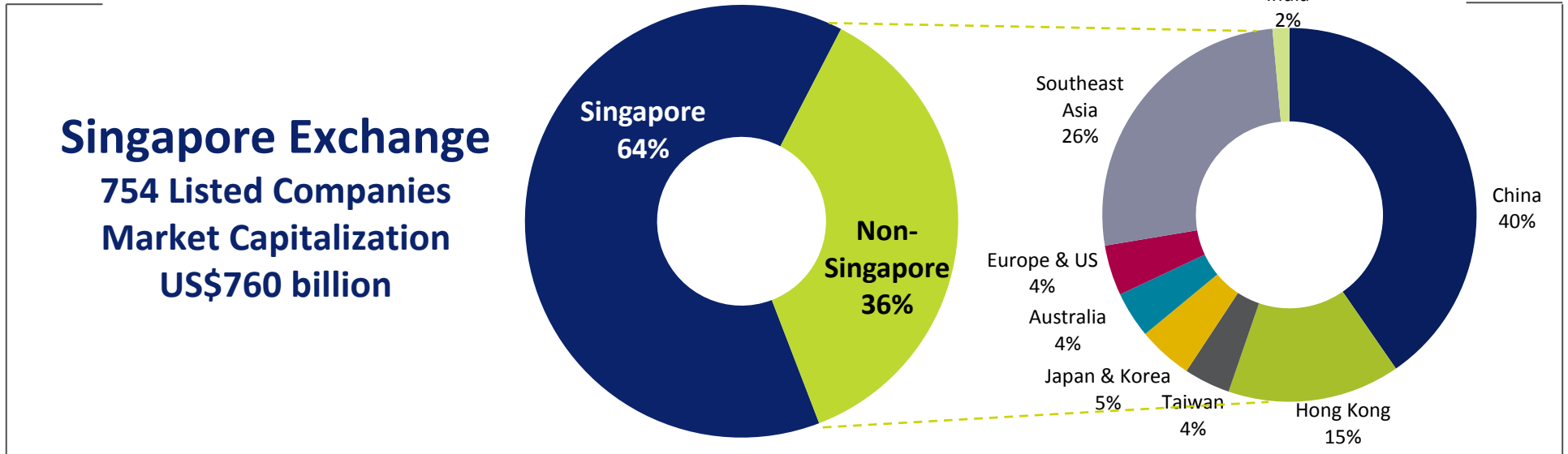


**SGX INR/USD Futures**  
Quarterly Volume and Open Interest

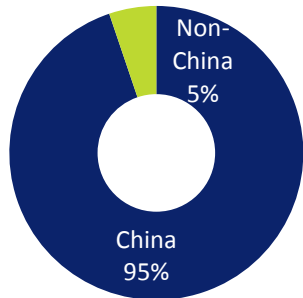


# SGX is the Most International Exchange

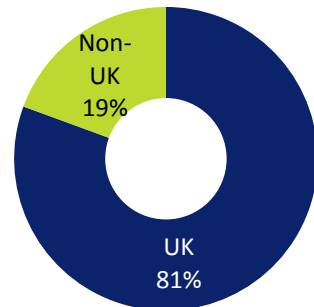
Nearly 40% of all companies listed on SGX are overseas companies



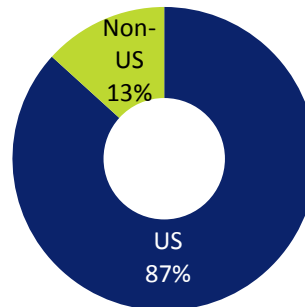
Hong Kong Stock Exchange



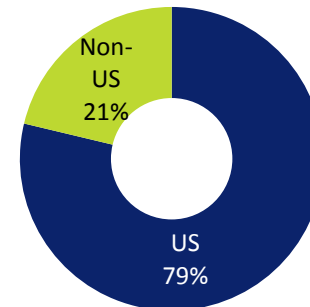
London Stock Exchange



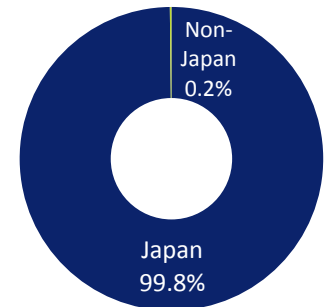
NASDAQ



New York Stock Exchange



Tokyo Stock Exchange



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

# Key Sectors

## Consumer



PE: 20x

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

## Technology



PE: 15x

- Includes information & communications technology, medical technology and financial technology
- 78 companies with market cap of US\$57 billion

## Healthcare



PE: 47x

- Full range of companies from pharmaceuticals, healthcare services to medical devices technology
- 31 companies, 2 REITs and 1 Trust with market cap of US\$36 billion

## Maritime & Offshore Services



PE: 20x

- Asia's largest cluster of listed companies
- 55 companies and 3 business trusts with market cap of US\$24 billion

## Mineral, Oil and Gas



PB: 2.6x

- Companies in exploration, development and production of mineral or oil & gas
- 28 companies with market cap of US\$2.5 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\$135 billion

Note: PE/PB using weighted market capitalisation average

Source: Bloomberg & Singapore Exchange (July 2017)

# Higher Funds Raised And Resilient SDAV Despite Challenging Macro Environment

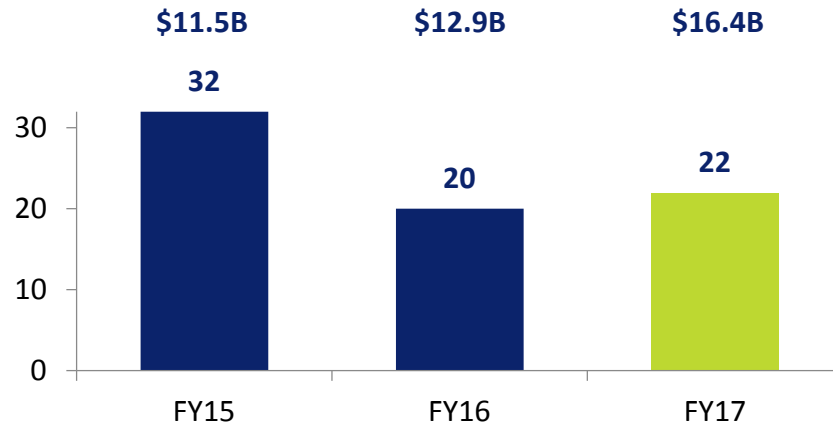
## Listings

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

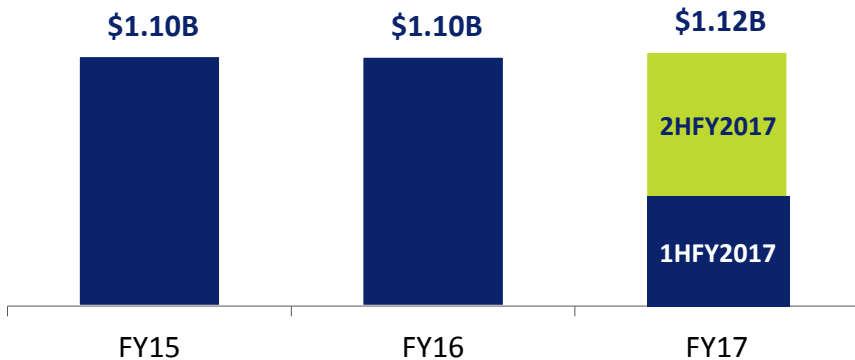
## Trading Activities

- FY2017 SDAV 2% higher YoY
- 2H FY2017 SDAV 15% higher HoH, exiting the FY with increased momentum

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



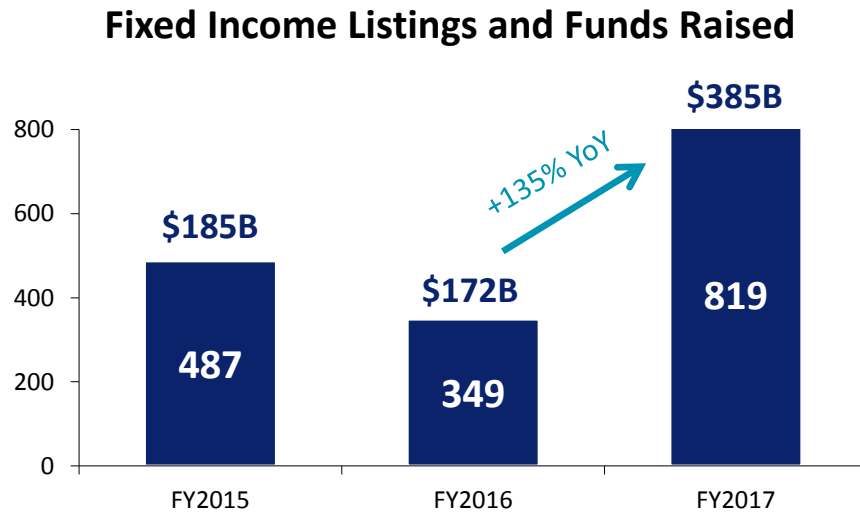
### Securities Daily Avg. Traded Value (SDAV)



Source: SGX

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

# Increase In Fixed Income Listings And Market Share



G3 Asia Pac bonds share of issuance

**43%** in FY2017

Broadened base of new issuers

**15** bond listings from  
Central & South America

SGX Bond Pro platform

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

Source: SGX. Data as of FY2017

# Build Liquidity & Profile Companies



## Market Makers & Liquidity Providers

- Enhance market quality and lower transaction costs



## New Investment Choices

- New Daily Leverage Certificates
- Expand suite of ETFs and Warrants






## Engage Investment Community

- Corporate Day Roadshows
- SGX Research
- SGX MyGateway
- SGX StockFacts
- Retail Investor Events

# FY18 Strategic Priorities

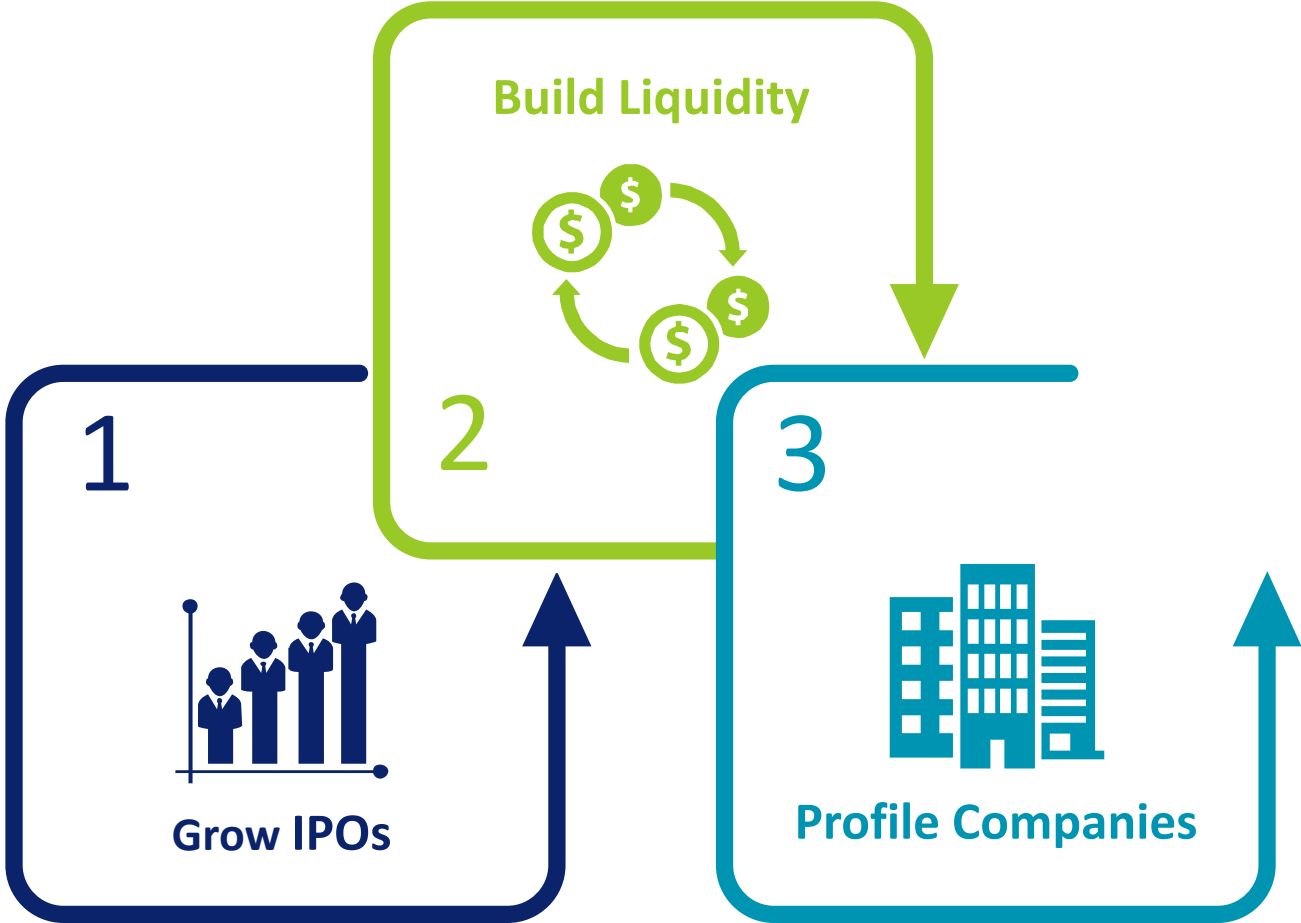


# Grow Asset Classes – Diversification

	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 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 listing venue with a 40% share of new G3 issuance</li><li>▪ Launch of SGX Bond Pro</li></ul>



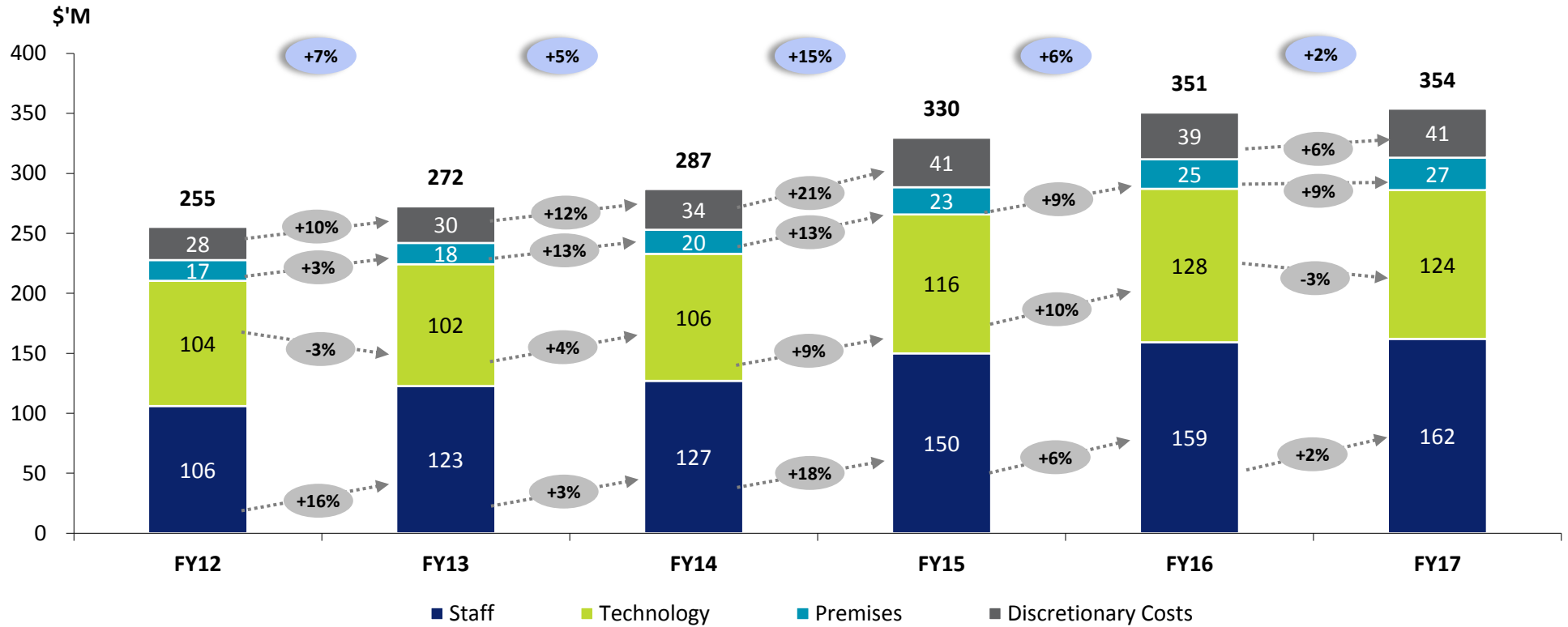
# Advance our Securities Market



# Optimize Resources and Control Costs

- Our focus has been on improving our platform, expanding distribution, and ensuring operational resiliency.
- Our operating jaw has been improving – We saw a flat jaw for FY2017, an improvement from -4% in FY2016.

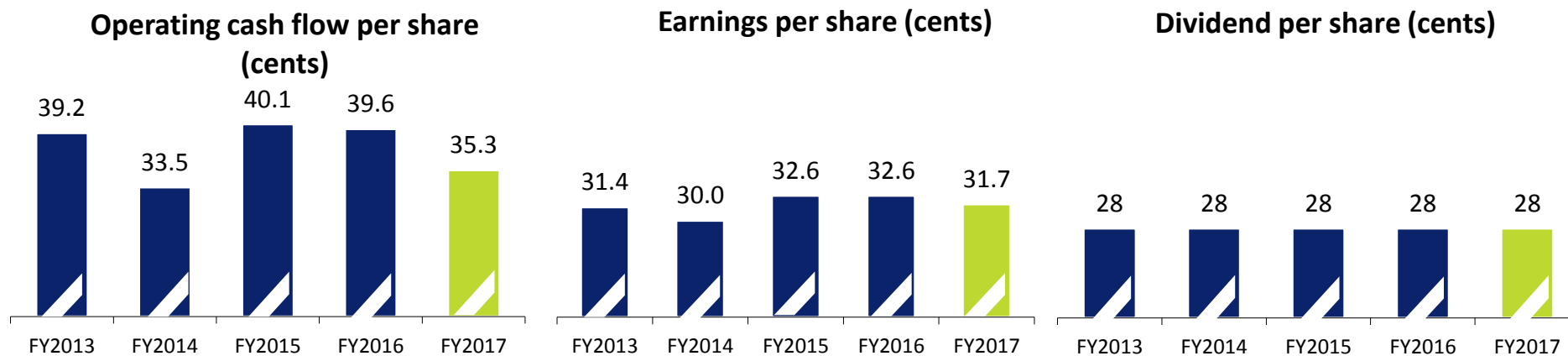
## Operating Expenses, excluding volume-related Processing & Royalties



# Financials

# Financial Performance: Key Indicators (Recent years)

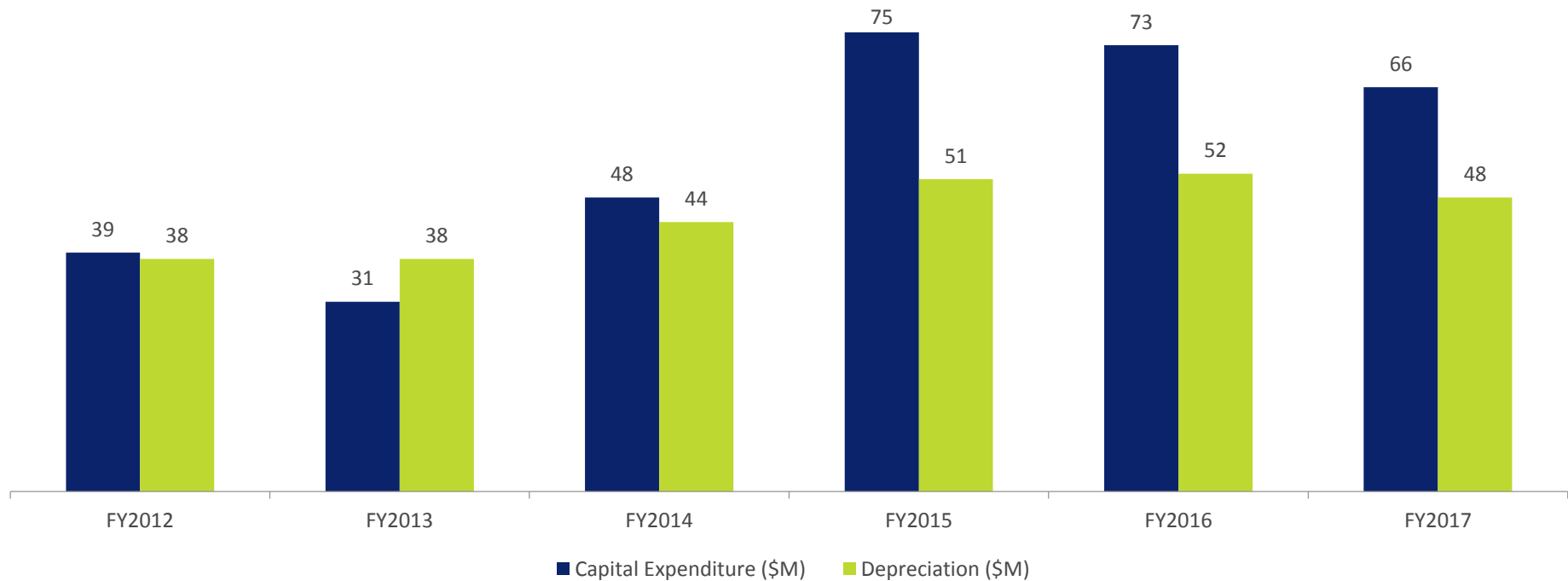
	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue (\$ million)	714	686	779	818	801
Operating profit (\$ million)	413	371	402	409	402
Operating profit margin	58%	54%	52%	50%	50%
Net profit (\$ million)	336	320	349	349	340
Return on equity	39%	35%	37%	36%	34%
Earnings per share (cents)	31.4	30.0	32.6	32.6	31.7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



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

# 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.



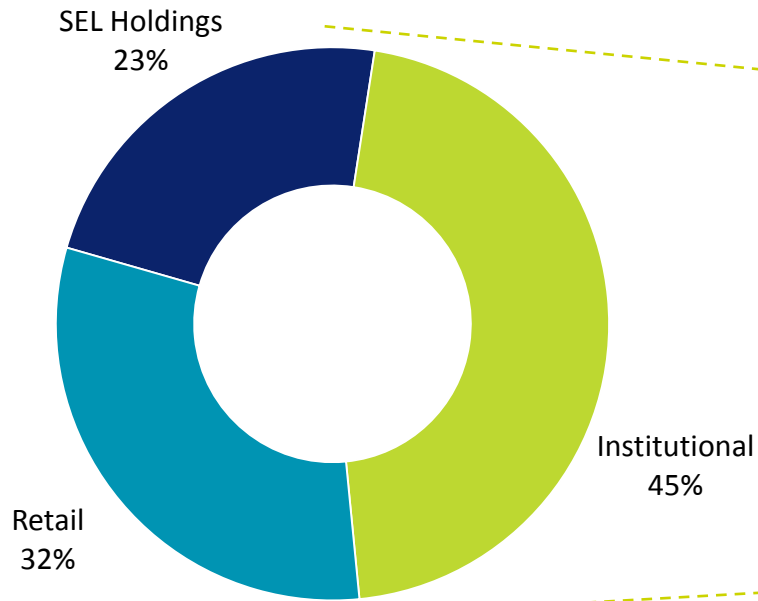
Note: All figures in \$ millions unless otherwise stated and may be subject to rounding

# Appendix

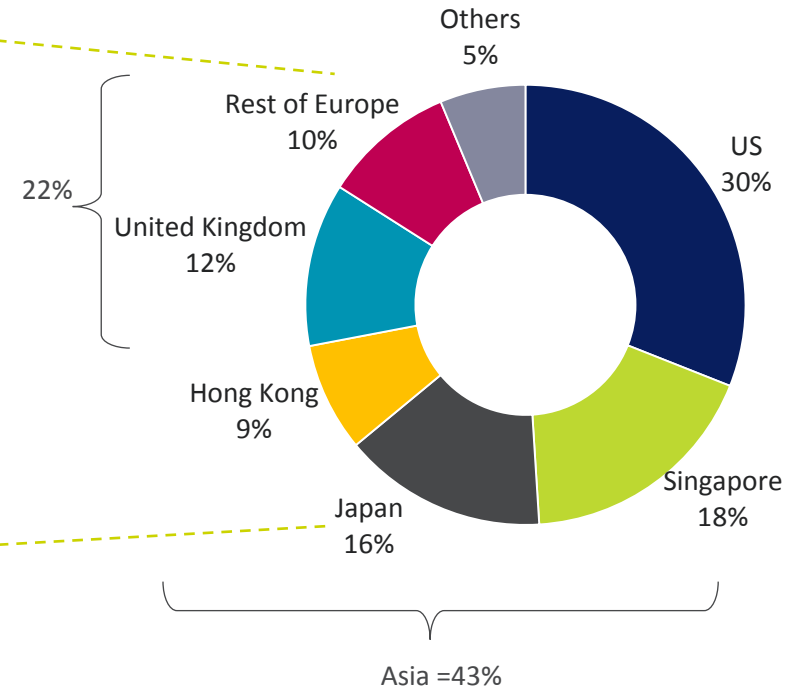
# SGX Shareholders' Profile

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

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



**Institutional Shareholding by Geography**

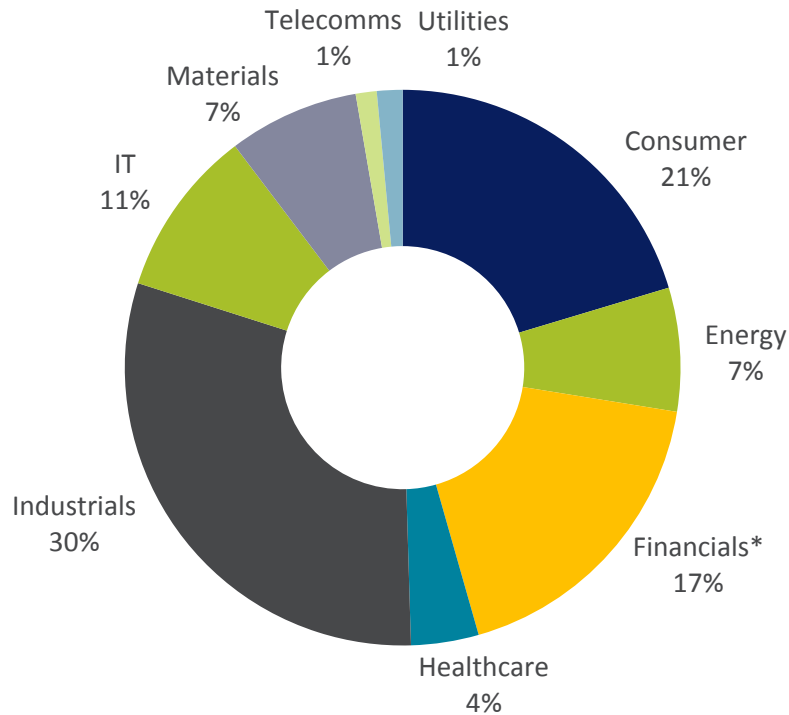


<sup>1</sup> As of June 2017

# Diversity of Listed Companies on SGX

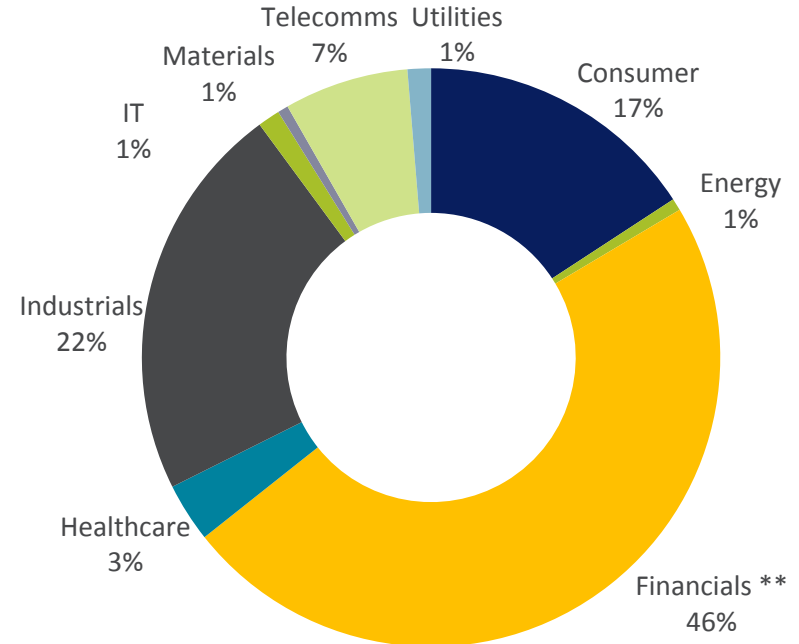
## Breakdown by Number of Companies

754 companies in total



## Breakdown by Market Capitalisation

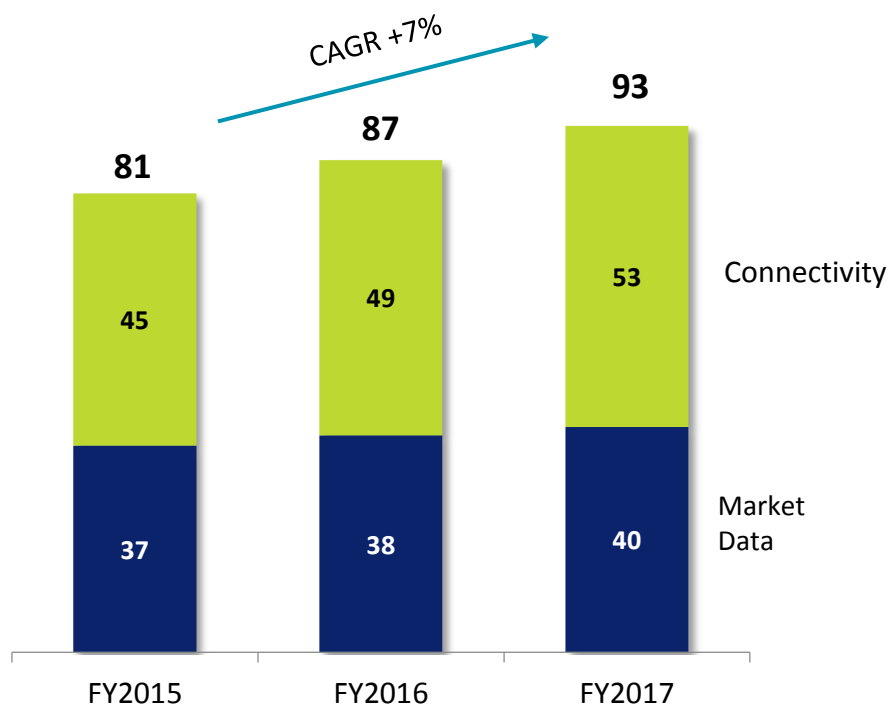
US\$759 billion in total



Note: \* Real Estate accounts for 14% of the 754 companies  
 \*\* Real Estate accounts for 19% of the total market capitalisation of US\$759B  
 Source: Singapore Exchange & Bloomberg (July 2017)



# Market Data and Connectivity



- Revenue up 7% from \$87M to \$93M due to strong demand for co-location services
- High single-digit business growth
- Continued focus to improve infrastructure
- Simplify non-display data licensing
- Expand data center space to meet demand
- Grow index offering

Note: Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Source: SGX. Data as of FY2017

# 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

# Thank You

## Singapore Exchange

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

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

### Forward Looking Statements

This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Statements in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. These forward-looking statements are based on SGX's current intentions, plans, expectations, assumptions and views about future events and are subject to risks, uncertainties and other factors, many of which are outside SGX's control. Because actual results, performance or events could differ materially from SGX's current intentions, plans, expectations, views and assumptions about the future, such forward-looking statements are not, and should not be construed as a representation as to future performance of SGX. It should be noted that the actual performance of SGX may vary significantly from such statements.

This presentation is being made available to certain authorised recipients for their general information only.

While SGX and its affiliates have taken reasonable care to ensure the accuracy and completeness of the information provided in this presentation, they will not be liable for any loss or damage of any kind (whether direct, indirect or consequential losses or other economic loss of any kind) suffered due to any omission, error, inaccuracy, incompleteness, or otherwise, any reliance on such information. Neither SGX nor any of its affiliates shall be liable for the content of information provided by or quoted from third parties. Examples provided are for illustrative purposes only. The information in this presentation is subject to change without notice.

Any recirculation, transmission or distribution of this presentation or any part thereof by any third party requires the prior written permission of SGX. SGX and its affiliates disclaim all responsibility and liability arising in connection with any unauthorised recirculation, transmission or distribution of this presentation or any part thereof.

© Singapore Exchange Limited