

# SGX-UOB Kay Hian Virtual Singapore Corporate Day 2021

September 2021

Singapore Exchange



---

# Contents

<b>1</b>	<b>Who we are</b> <ul style="list-style-type: none"><li>- Our background</li><li>- Organizational structure</li><li>- Strategic priorities, trends and strengths</li><li>- Revenue streams and investments for growth</li><li>- Key financials</li></ul>	<b>2</b>
<b>2</b>	<b>Fixed Income, Currencies &amp; Commodities</b>	<b>11</b>
<b>3</b>	<b>Equities (Derivatives and Cash)</b>	<b>20</b>
<b>4</b>	<b>Data, Connectivity and Indices</b>	<b>25</b>
<b>5</b>	<b>Other Information</b>	<b>30</b>
<b>6</b>	<b>Appendix</b>	<b>40</b>

# Who we are

# International multi-asset exchange group

Headquartered in AAA-rated Singapore, we are an international multi-asset exchange focused on expanding the strengths of our platform and services for our clients

- Asia's most international, multi-asset exchange – Operating equity, fixed income, currency and commodity markets
- Diversified exchange group with a global distribution network – present in 15 major cities<sup>1</sup> globally
- High Operating and EBITDA margins of 50% and 59% respectively in FY2021
- EPS of 41.6 cents and Operating cash flow of 51.7 cents per share
- Total dividend of 32.0 cents per share<sup>2</sup>
- Systemically Important Financial Infrastructure (SIFI)

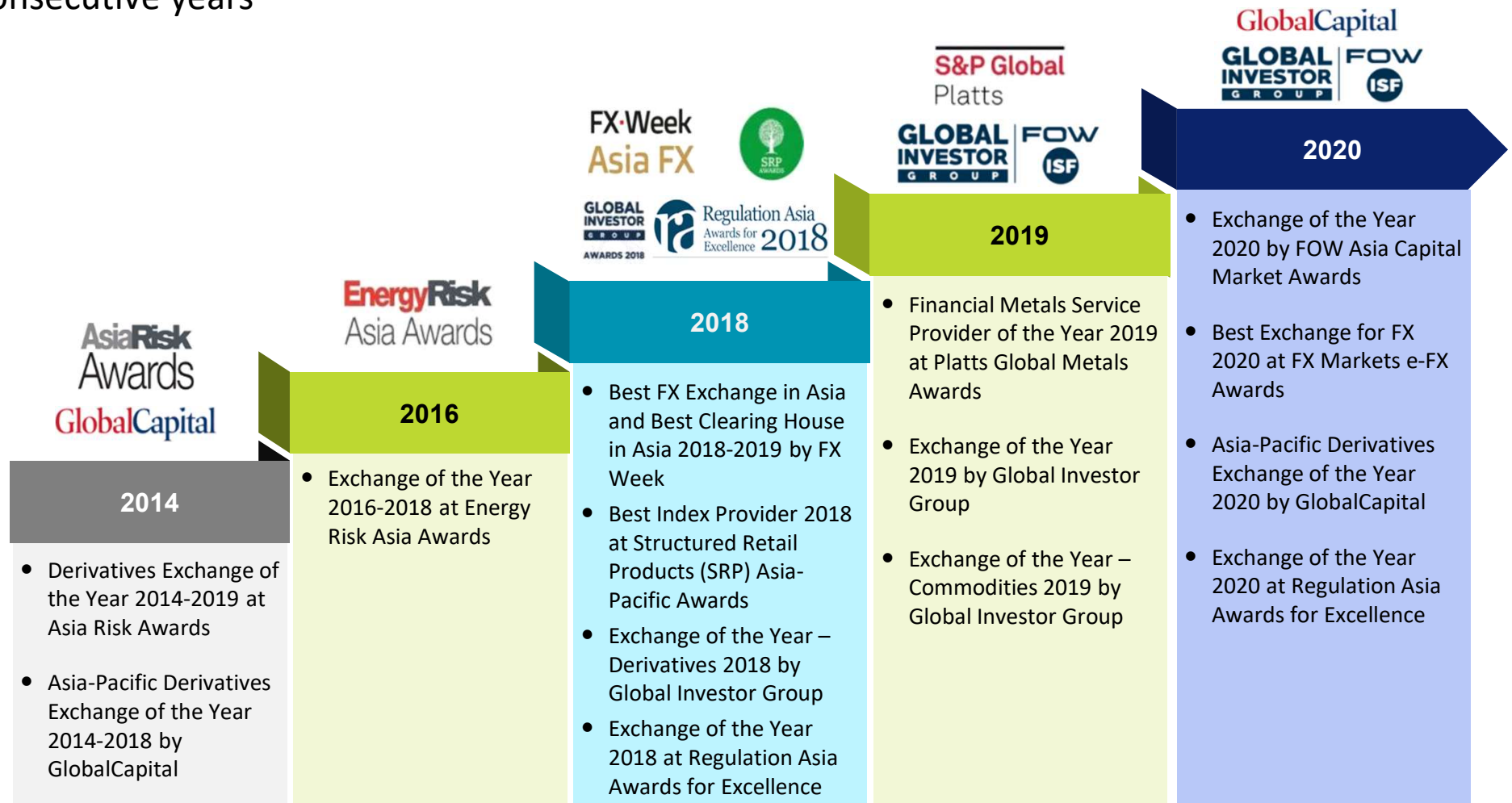


**Rated Aa2, highest credit rating assigned to any exchange group in the world by Moody's<sup>3</sup>**

Re-affirms the strong credit fundamentals of SGX and clearing houses, and reinforces our risk management value-proposition to customers

# Our Customers and Partners Recognise the Value that We Bring

SGX has established a strong brand recognition through winning multiple awards for consecutive years



# Four business and client units

Four business and client units covering the entire exchange value chain from listing, trading, clearing, post-trade, depository and data services

## Fixed Income, Currencies and Commodities (FICC)

- Fixed Income Listing & Trading
- Trading & Clearing of Pan-Asian currency and commodity derivatives



## Equities

- Equity Listings
- Trading & Clearing of Pan-Asian equity index derivatives, cash equities, ETFs, Structured Warrants, REITs, DLCs, etc.
- Delivery, Settlement and Custody of securities



## Data, Connectivity and Indices (DCI)

- FICC and Equities market data
- API and Co-location connectivity
- Development and bespoke calculation of indices



## Global Sales and Origination (GSO)

- Nine international offices and specialist sales teams



# SGX's strategy captures opportunities from macro trends

1

Advance our  
multi-asset  
exchange

2

Widen our  
partnerships  
and  
networks

3

Grow our  
international  
presence



Low interest rate  
environment



Inflation  
concerns



Sustainability and  
climate change



Electronification  
of OTC markets



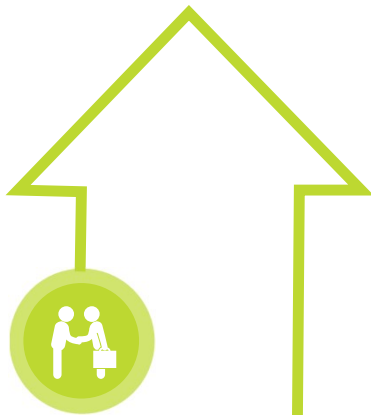
Growth of  
passive investing



Asia leads in  
global growth

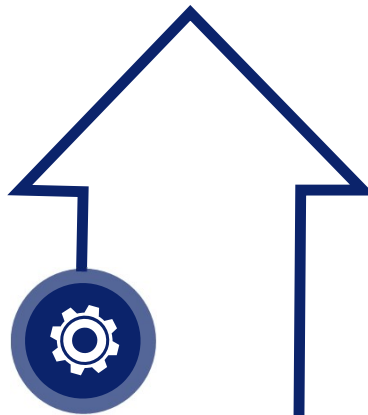
# Our strengths as a multi-asset marketplace

- Drive network and portfolio effects
- Strong support from our ecosystem of participants



## Wide range of risk management and access solutions

Liquid futures & options products in major asset classes such as equities, FX and commodities



## Capital Efficiency through Margin-Offsets

Cross-asset margin offsets resulting in cost savings for customers



## Round-the-clock trading covering Asian & Western time zones

Ability for global participants to manage their portfolio risk 22.5 hours a day



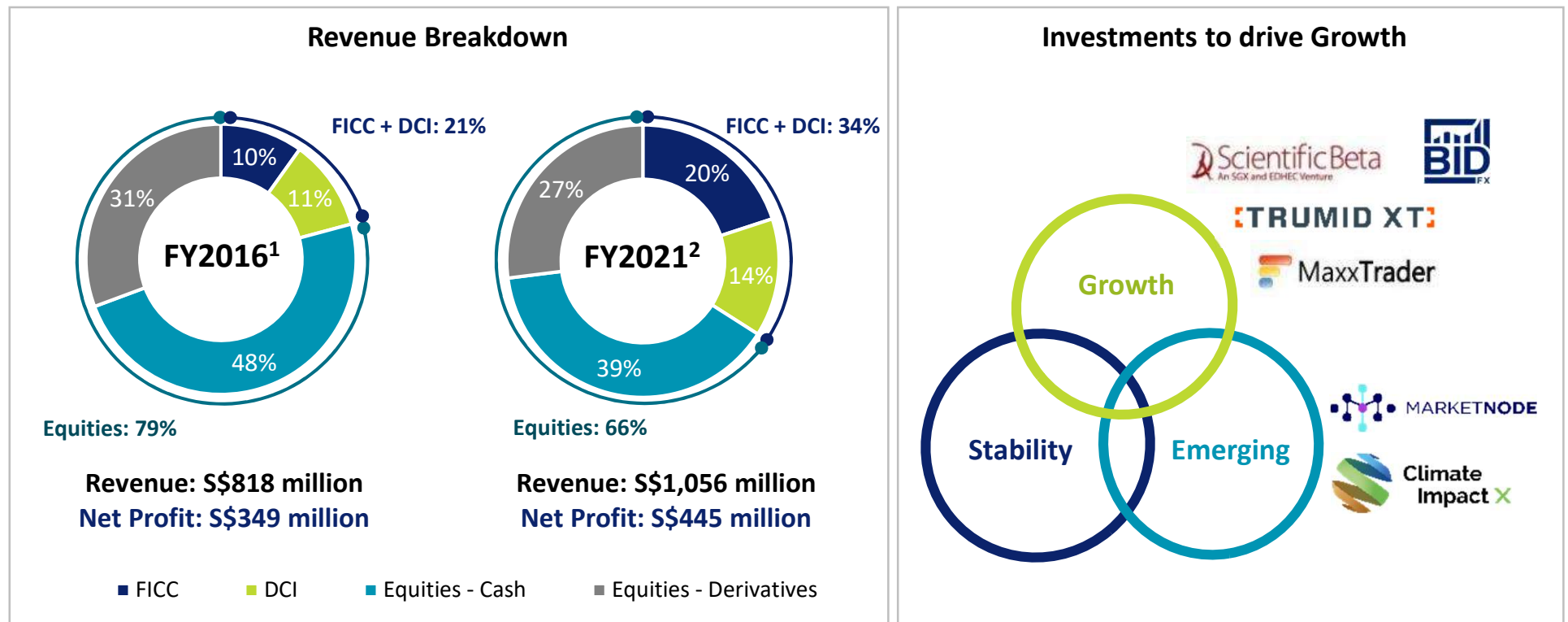
## Trusted clearing house and high skin in the game

Committed to the safety of the market by contributing 25% to the clearing fund



# SGX occupies an investment 'sweet spot'

- Diversified Revenue Streams
- FICC and DCI accounted for 34% of total revenue for FY2021, up from 21% for FY2016
- Combination of strong core businesses, exciting growth engines and emerging opportunities



# Focused on advancing our multi-asset position, expanding our partnerships, and developing our international brand

Advance our Leadership as a

## Multi-Asset Exchange

- Further grow and diversify products and services
  - FX: BidFX and MaxxTrader <sup>(1)</sup>, OTC FX Electronic Communication Network (ECN)
  - Fixed Income: Trumid XT <sup>(1)</sup>, Marketnode
  - Index: Scientific Beta



Expand our Network as the

## Best-in-class Partner

- Grow our business partnerships and alliances with regional and global exchanges as a strategy to achieve growth
- Collaborate with market infrastructures and market operators to grow cross-border flows



Enlarge our Impact as an

## International Brand

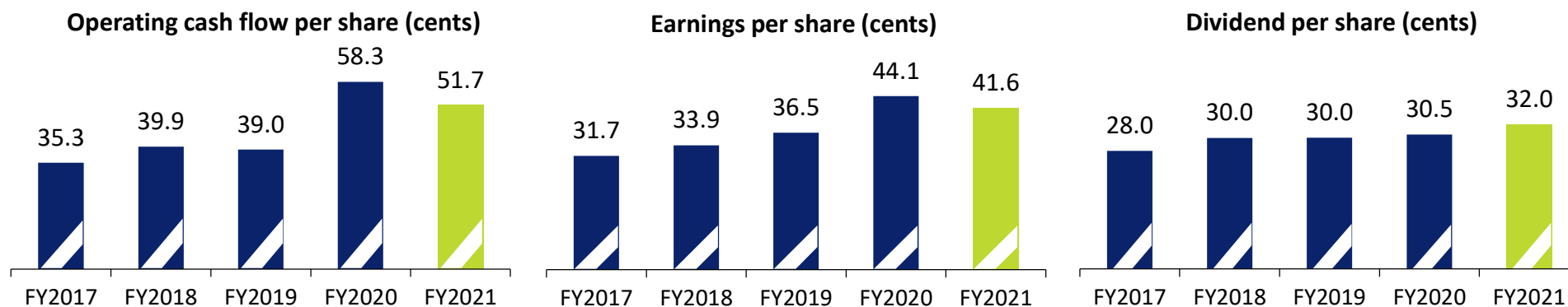
- Increase our international presence by growing the number of equity and debt listings
- Increase international trading and clearing activity



# Robust financials

- Track record of delivering growth and shareholder returns
- Capacity to further invest and grow given our strong balance sheet, healthy leverage ratios, and strong cash flows

	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue (\$ million)	801	845	910	1,053	1,056
EBITDA (\$ million)	460	486	524	656 <sup>1</sup>	625 <sup>1</sup>
EBITDA margin	57%	58%	58%	62%	59%
Operating profit (\$ million)	402	425	461	566	531
Operating profit margin	50%	50%	51%	54%	50%
Net profit (\$ million) attributable to SGX	340	363	391	472	445
Gross Debt to EBITDA (x) <sup>2</sup>	-	-	-	0.6	0.9



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



<sup>1</sup> Adoption of SFRS(I) 16 Leases: Rental expenses relating operating leases for data centers and office premises are now recorded as depreciation expense and finance charges

<sup>2</sup> Gross debt include both borrowings and lease liabilities. Including MaxxTrader, which is expected to close in FY2022, gross debt to EBITDA will be ~1.1x

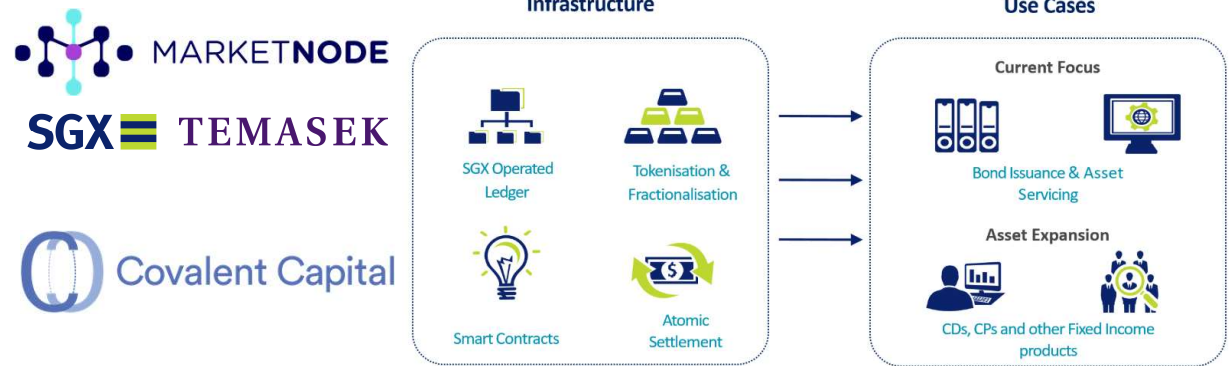
# Fixed Income, Currencies and Commodities (FICC)

# Driving the digitalisation of fixed income capital markets across issuance, custody, depository and trading

Asia's most global and diversified listing venue



Advancing digital asset infrastructure in capital markets



Enhancing liquidity and execution in the Asian bond market for global clients

TRUMID XT SGX TRUMID Hillhouse Capital

- Diverse participant base across Asia Pacific, UK, Switzerland and the Middle East
- Advanced technology and rich analytics
- General Counterparty solution for competitive trade execution and increased operational efficiency

# Largest and fastest growing currency futures exchange in Asia

Currencies

## Size of Market

- Largest financial market globally with US\$6.6 trillion traded OTC daily
- Asian NDFs is a US\$153 billion market that has potential to be futurised
- Regulatory trends favour shift to on-exchange clearing

## Singapore

- Largest FX center in Asia Pacific, third largest globally
- US\$633 billion traded OTC daily
- Leading global trading venue for key Asian currencies

## SGX

- Diverse Asian currency suite of 24 currency futures and 3 options contracts
- >80% market share in USD/CNH and > 60% market share in INR/USD
- Notional on-exchange FX ADV of US\$6.0B in FY21
- Innovative FlexC FX futures feature

### Key SGX Highlights

**24**

Futures

**3**

Options

Diverse Asian  
FX suite

**119%**

Total Volume –  
CAGR  
Nov 13 – Jul 21

**US\$11.4Bn**

Open Interest value  
(Jul 2021)

**~US\$1.4T**

Notional value  
up 8.9% y-o-y  
traded in 2020

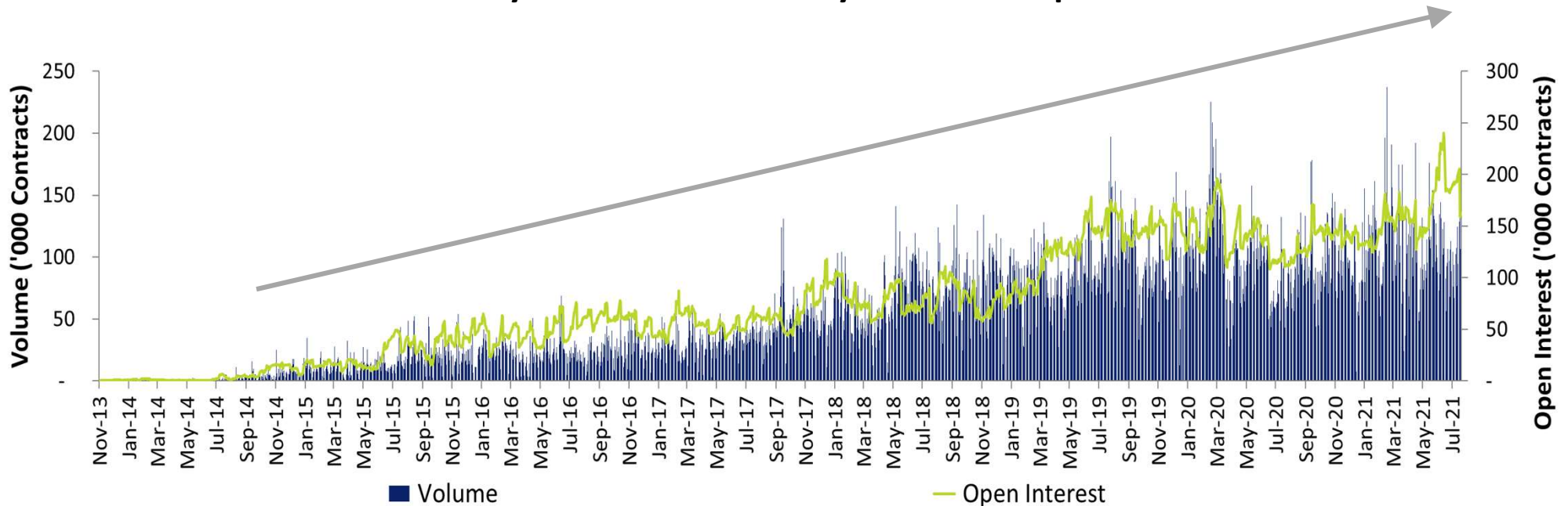


Expanding Network

# Rapidly growing FX futures business

119% volume CAGR since November 2013

## SGX Currency Futures – Total Daily Volume & Open Interest



Asia's Best FX Exchange & Clearing House – by FX Week (2018 to 2021)

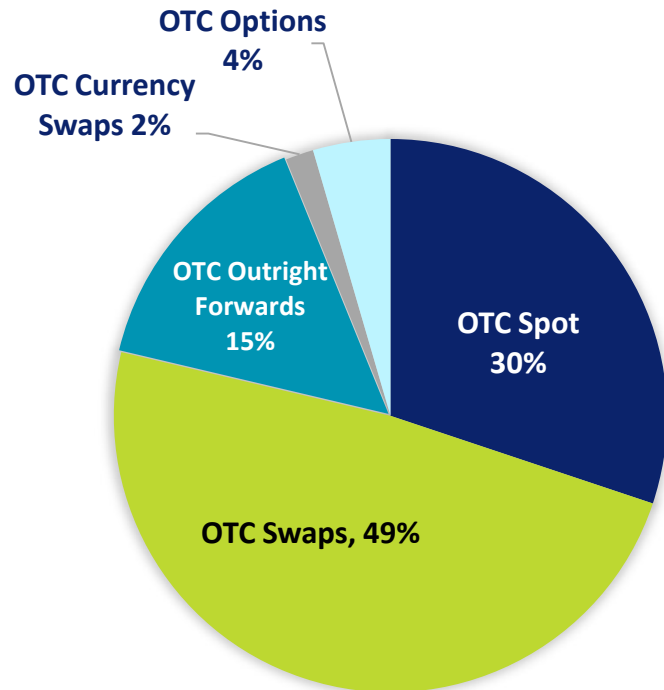


Best FX Exchange & Clearing House – by FX Markets (2018 to 2021)

# BidFX provides SGX opportunity to target a larger OTC FX market

OTC FX Trading in 2019: US\$6.6 trillion traded daily  
 Exchange-traded FX derivatives 2019: US\$0.16 trillion traded

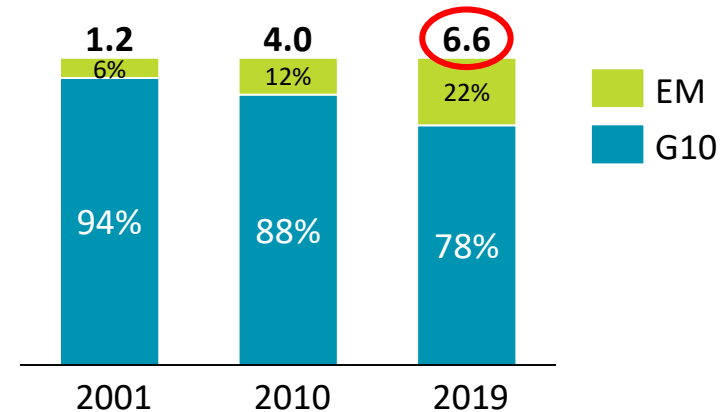
## Global OTC FX Trading in 2019 – by instrument type



## Synergistic opportunities from BidFx's strengths:

- Asian NDF
- G10 Spot & Swaps
- International footprint

## OTC FX: Increasing growth of EM currencies<sup>1</sup> US\$ Trillion ADV, 2001-2019



Source: BIS Triennial Central Bank Survey 2019 and SGX estimates



<sup>1</sup> EM currencies are defined by BIS as EME currencies, which include non-EM currencies such as SGD and HKD even though these are not classified as “emerging” economies Adjusted for local and cross-border inter-dealer double counting (i.e. net-net basis). Excludes exchange-traded derivatives.



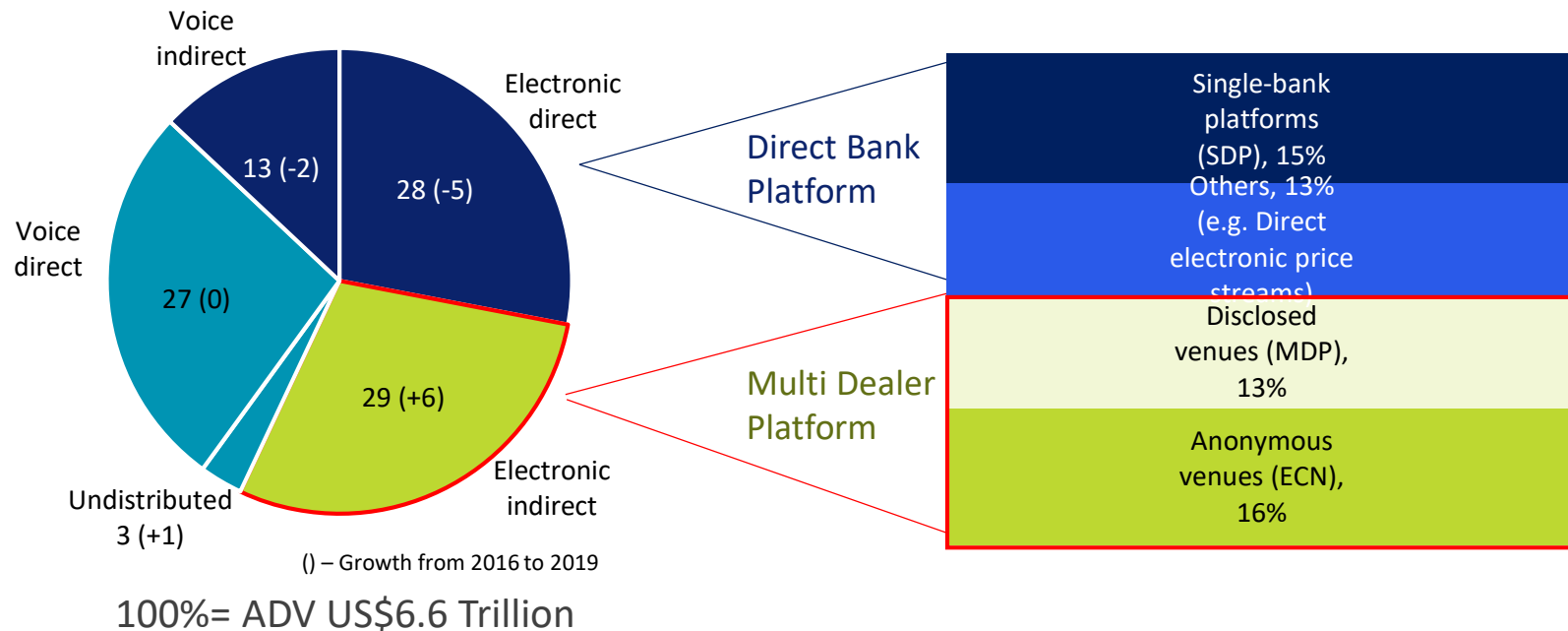
# Potential to capture greater electronification of FX market

BidFX is positioned as a buy-side Multi-Dealer Platform (MDP), which has gained 6% share since 2016

Breakdown of FX volumes by Execution Methods  
Percentage shares in total turnover

Broad voice and electronic execution methods (%)

Breakdown of electronic execution methods (%)

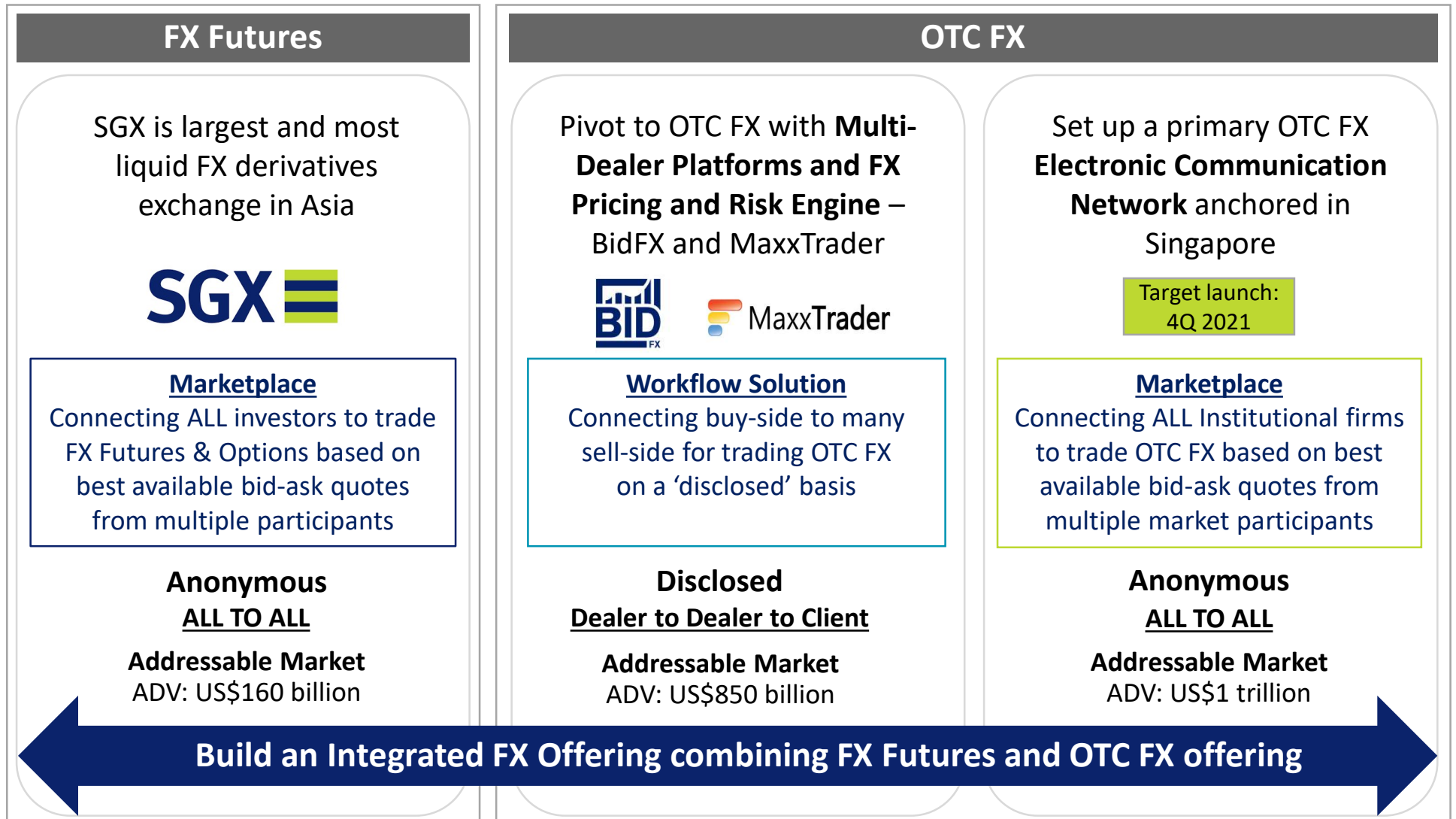


**SDP:** Single Dealer Platform, individual bank proprietary trading which only allows clients to trade with the bank

**MDP:** Multi-Dealer Platform, electronic venue (usually 3<sup>rd</sup> party) for clients to access liquidity from many banks

**ECN:** “Electronic Communication Network” that automatically matches buy and sell orders on an anonymous basis and provides direct access to market participants. It resembles the ‘exchange’ trading model

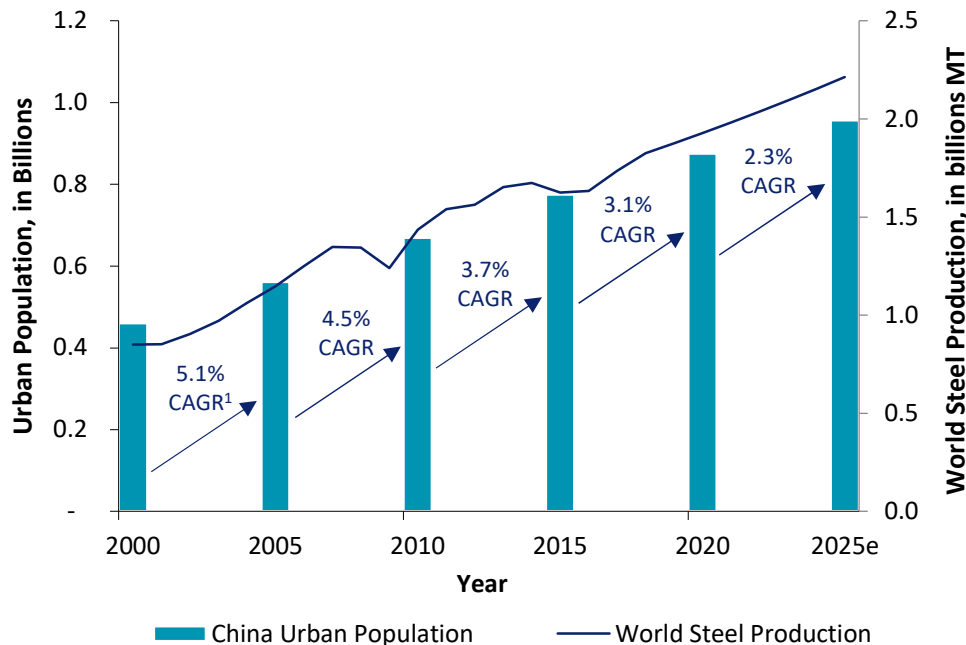
# SGX's vision is to bring together three distinct FX opportunities



# Extensive Suite Of Commodities Products

- Complements Singapore’s commodities hub status
- Demand for industrial commodities set to continue amid sustained urbanisation

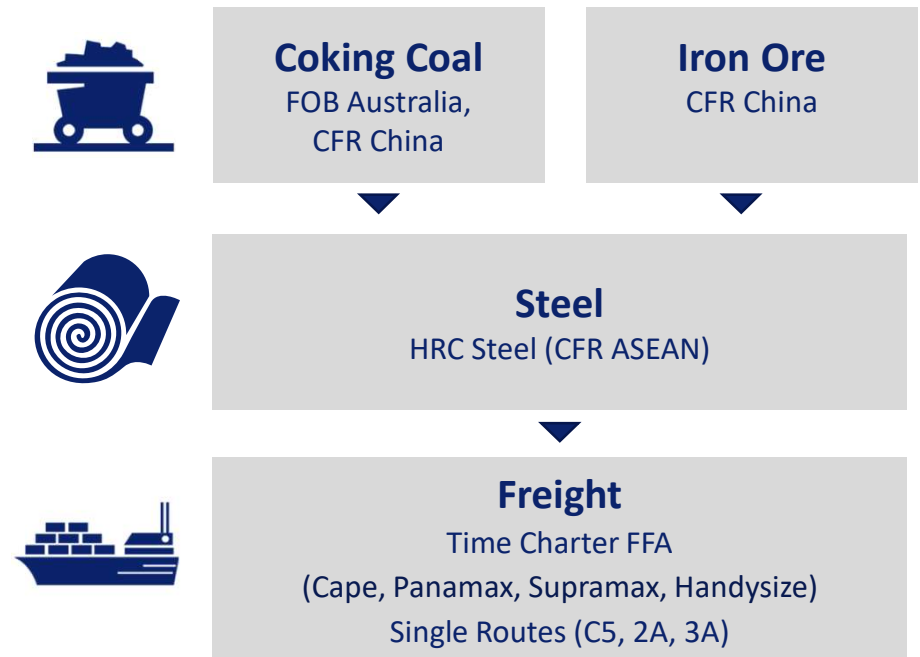
**Urbanisation and Steel Production**



Source :  
 UN Population Division, <https://population.un.org/wup/DataQuery/>  
 Steel production statistics: World Steel Association




<sup>1</sup> CAGR in chart relates to growth of China’s Urban Population

## Price-Discovery Centre For The Steel Value Chain



 **Baltic Exchange** Maritime Indices

# The leading offshore Iron Ore risk management hub

Iron Ore	Size of Market 	Singapore 	SGX 
	<ul style="list-style-type: none"> <li>▪ Largest in the metal market by tonnage</li> <li>▪ Notional value of &gt;US\$115B traded annually in the physical market</li> <li>▪ Asia's first truly global commodity, with China a major consumer</li> <li>▪ Increasing financialisation of Iron Ore</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leading merchant hub for commodities houses with ~140 metals and mineral companies</li> <li>▪ Include top iron producers e.g. Vale, Rio Tinto, BHP Billiton</li> </ul>	<ul style="list-style-type: none"> <li>▪ Global pricing and risk management centre</li> <li>▪ Cleared 1.1 billion MT of iron ore in FY2021</li> <li>▪ Offers a complete iron ore suite: 58% Fe, 62% Fe, 65% Fe, lump Fe</li> <li>▪ Steel value chain incorporating coking coal and freight</li> </ul>
<b>Key SGX Highlights</b>			

**1.1 billion MT**

cleared in FY2021

**> 99%**

market share of international iron ore volumes cleared

**Fe 65%**

New high-grade Fe futures contract

**1.5x**

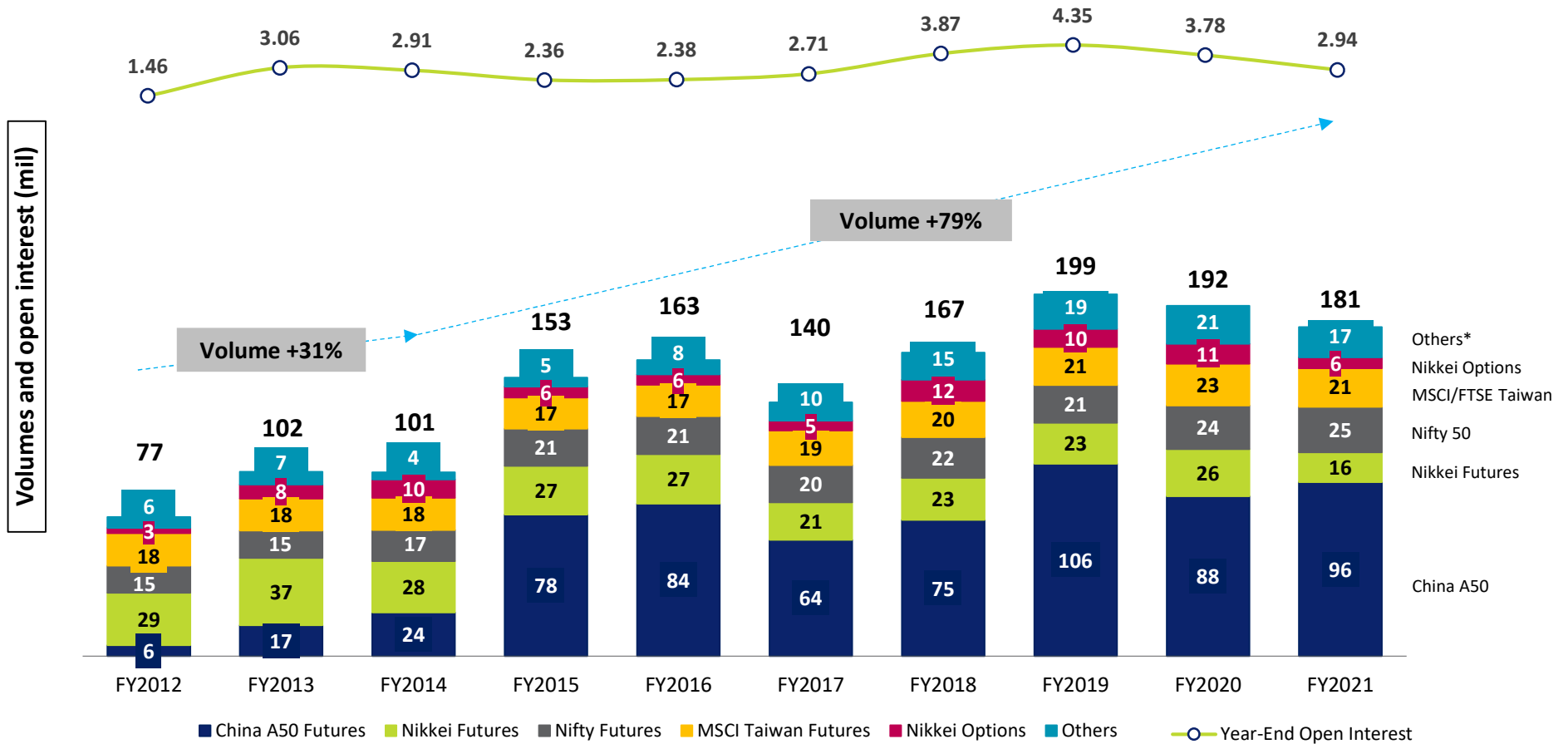
of paper to physical ratio

**Potential to grow**

# Equities (Derivatives and Cash)

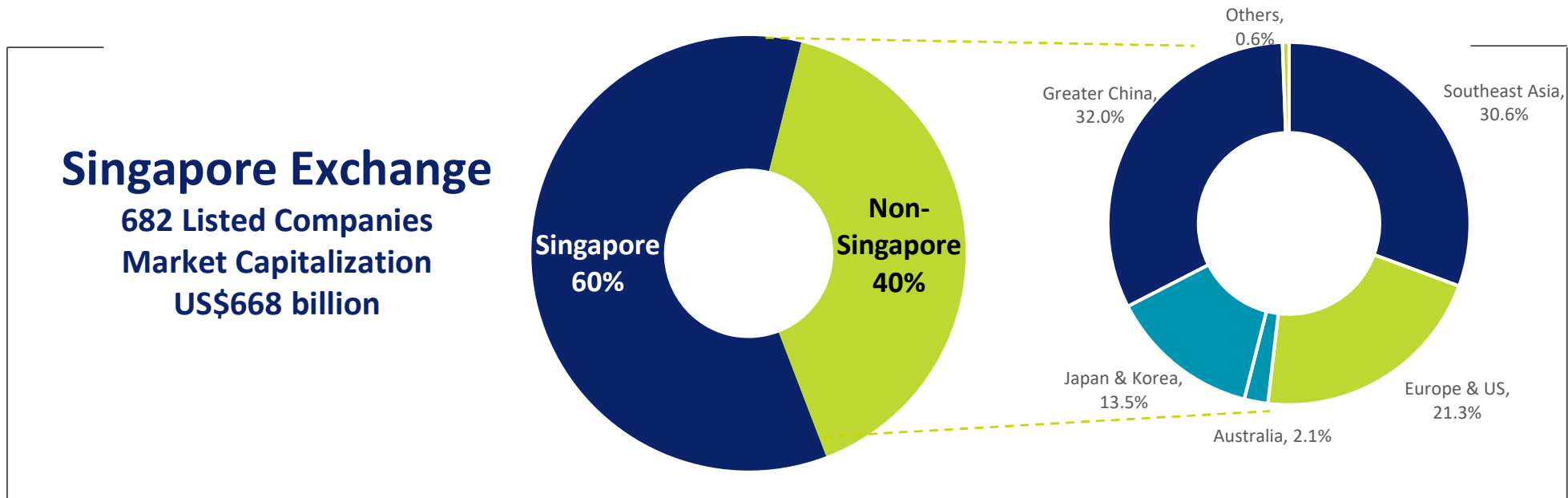
# Rapidly growing offshore market for Asian Equity Derivatives

Multi-asset exchange, offering a broad range of Asian access and risk management solutions

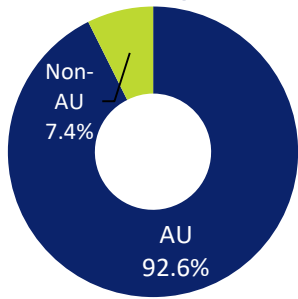


# SGX is the Most International Exchange

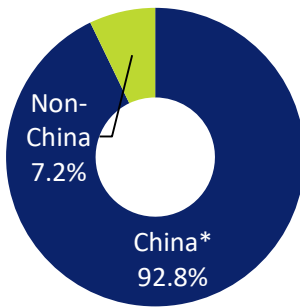
Around 40% of total market cap of companies listed on SGX are overseas companies



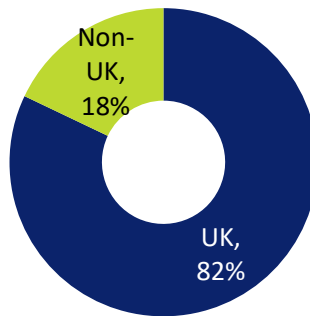
**Australia Securities Exchange**



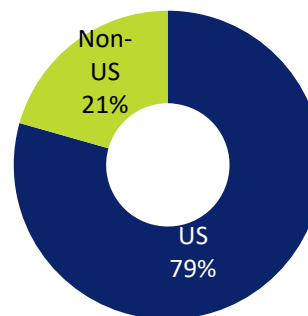
**Hong Kong Stock Exchange**



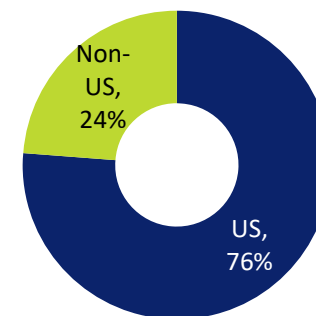
**London Stock Exchange**



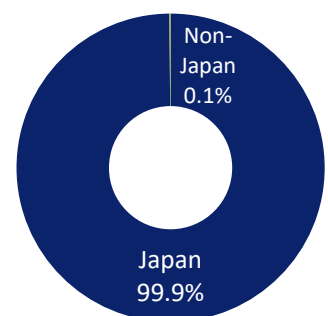
**NASDAQ**



**New York Stock Exchange**



**Tokyo Stock Exchange**



\*Note: Greater China includes Hong Kong, Taiwan and Mainland China companies

# Top Sectors on SGX

## Consumer



PE: 18x

- Includes food & beverage, retail and others
- 133 companies with market cap of US\$54 billion

## Technology



PE: 26x<sup>^</sup>

- Includes technology hardware & equipment, digital, semiconductor and telecommunications services companies. Other businesses include media, clean tech and engineering.
- 80 companies with market cap of US\$59 billion

## Healthcare



PE: 72x

- Full range of companies from pharmaceuticals, healthcare services to medical devices technology
- 38 companies with market cap of US\$90 billion

## Maritime, Offshore Services & Energy



PE: 25x

- Asia's largest cluster of listed companies
- 61 companies and 2 business trusts with market cap of US\$20 billion

## Commodities



PE: 20x

- Includes Agri-commodities, Mineral & Oil & Gas Companies
- 34 companies with market cap of US\$33 billion

## Real Estate



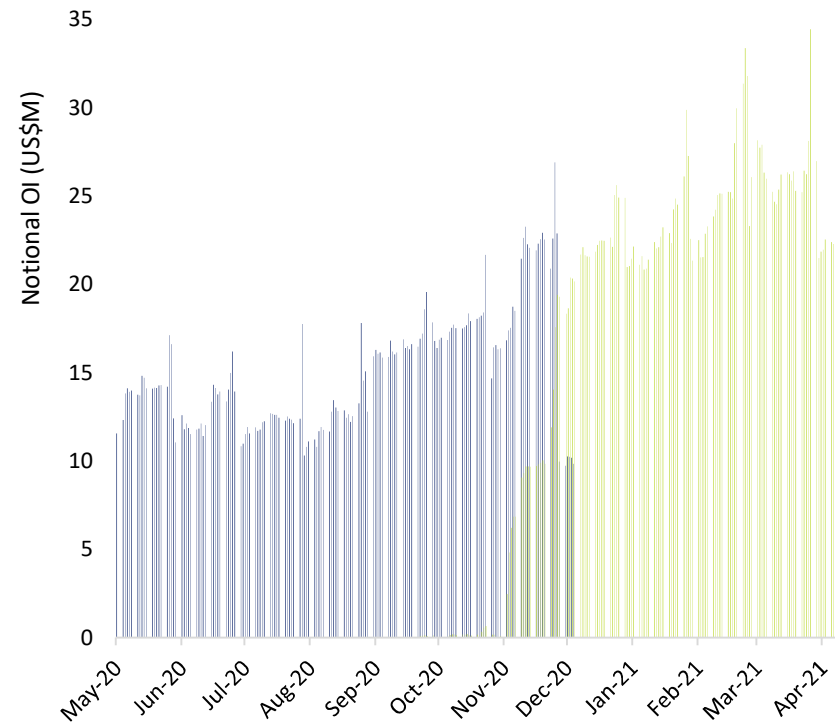
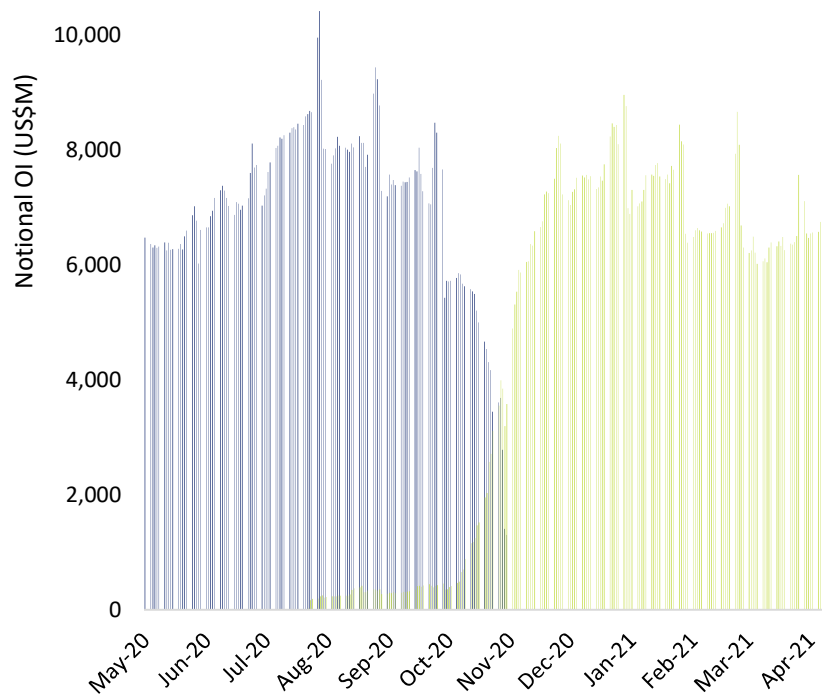
PB: 1.0x

- Asia's broadest range of real estate companies and property trusts covering global real estate assets
- 103 real estate companies and property trusts with market cap of US\$142 billion



# Successful execution of the world's first liquidity switch

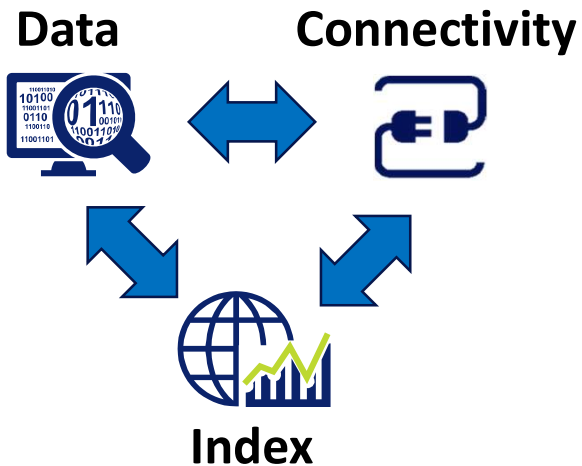
Powerful network effects and portfolio effects : SGX platform, clients and intermediaries



# Data, Connectivity and Indices (DCI)

# Delivering Market Solutions to Investors

Growth strategies reinforces across businesses



## Enabling Market Participants

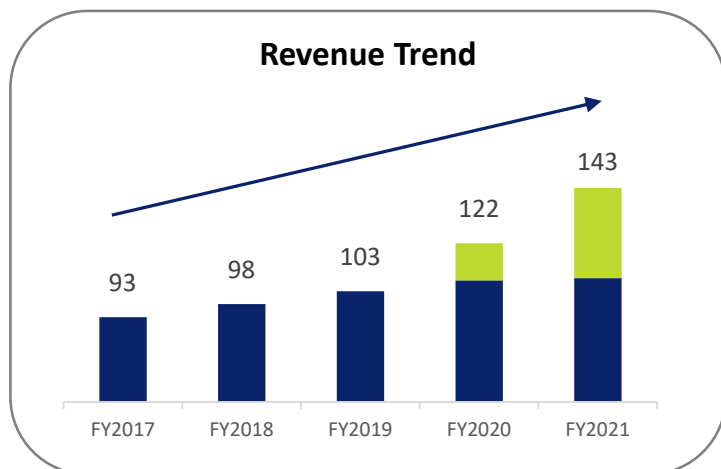
- Highly dynamic technology driven services
- Serving participants ranging from investors, traders, data redistributors, order management system providers, network service providers, etc

## Subscription business

- Non-transactional, recurring revenue
- Able to achieve over 95% renewal revenue
- Stable CAGR organic growth of 4%<sup>1</sup>, or 11% with acquisition

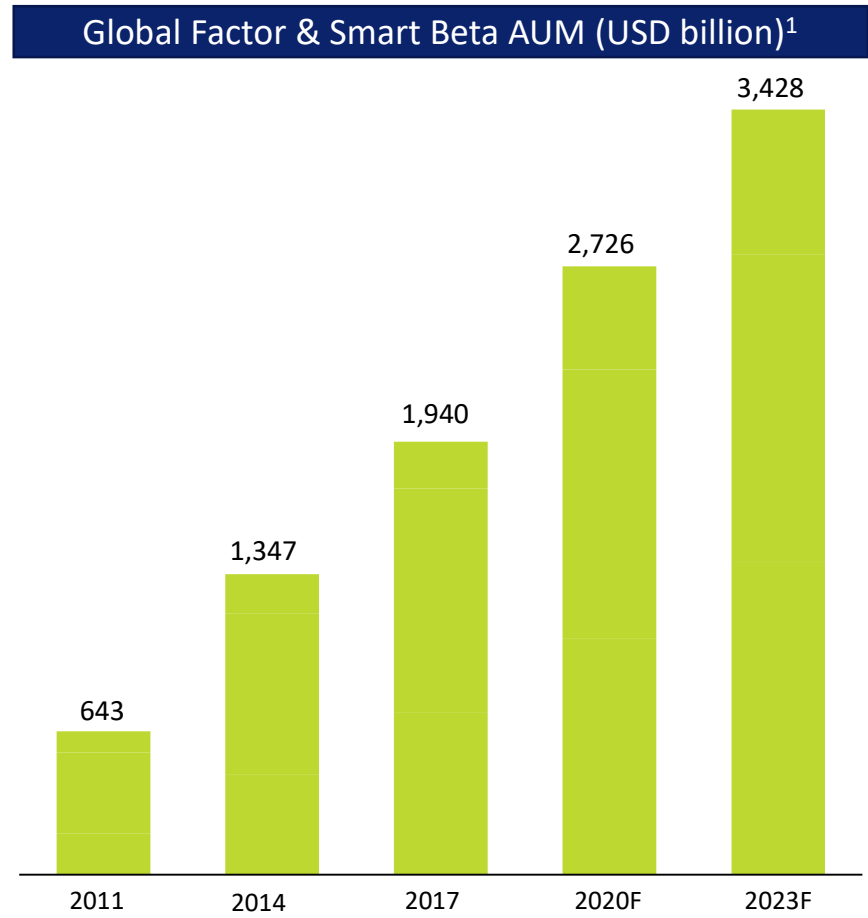
## Content, Channel and Compute Growth Strategy

- Equities and FICC pan-Asia relevant content
- Delivering optimal 3Cs for different investment strategies
- Continuous innovation drives new demands



# Index investing and the 'Smart Beta' market

Factor investing has seen significant growth in recent years, with assets using smart beta and factor-based strategies forecast to reach US\$2.7 trillion by 2020<sup>1</sup>, and there is further room for growth

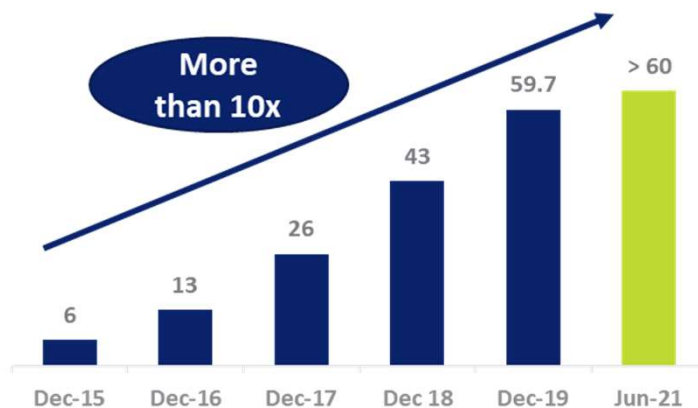


# An Attractive Opportunity To Broaden SGX's Index Offering Through The Fast-growing Smart Beta Index Space



- Established in 2012 by EDHEC-Risk Institute Asia
- Award winning 'Smart Beta' index firm which develops, produces and promotes multi- and single-factor indices
- Robust quantitative research in equity portfolio construction and risk control
- HQ in Singapore; offices in France, UK and US
- Asset owner-focused client base in Europe and North America

## Scientific Beta Assets Under Replication (US\$ bn)



- ✓ High priority growth area for SGX
- ✓ Well-positioned in a high-growth market
- ✓ Financially attractive
- ✓ Brings unique capabilities to our Index business
- ✓ Exciting product innovation opportunities
- ✓ Strong potential linkages with SGX's product platform

# Scientific Beta's New Pillar of Growth

## Adding ESG/Climate solutions to Smart Beta Pillar

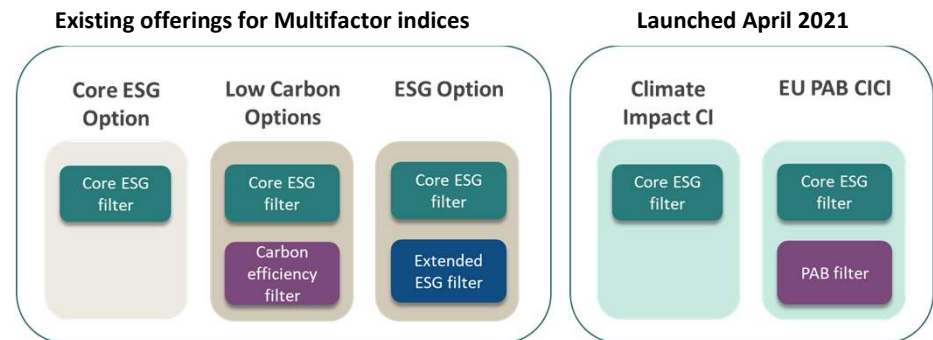
- Extending expertise that correspond to two major concerns for investors:
  - Smart beta, and more particularly factor investing
  - ESG, and particularly climate investing
- Since acquisition, accelerated investments in the area of climate investing as part of the SGX Sustainable Exchange strategy
- Devoting more than 40% of its R&D investment to climate investing and more than 45% of its assets under replication refer to indices with an ESG or climate flavour
- Launched Climate Impact Consistent index series in April 2021 for Asset Owners to fulfill Net-Zero impact investing commitments

**Smart Factor Indices**

Scientific Beta's smart factor indices provide robust exposure to long-term rewarded factors, good diversification of unrewarded risks, and ESG/Low Carbon options to enable a consistent and effective investor engagement policy.

**ESG/Climate Indices**

Scientific Beta's indices with pure climate objectives allow climate exclusions and weightings to be combined in order to translate corporate climate alignment engagement into portfolio decisions.



# Other Information





# SGX's investment portfolio in financial technology, data and platforms augments our multi-asset class exchange

Equities	Fixed Income	FX	Commodities	Freight
<p><b>CAPBRIDGE</b>  <b>smartkarma</b> </p> <p>Private Markets – Pre-IPO funding raising help create a pipeline for public market capital raising on SGX</p> <p>Investment network offering equity and credit research and investor relations services, linking institutional investors with research analysts and corporates</p>	<p><b>TRUMID</b> </p> <p>Fast-growing electronic fixed income trading platform in the US, specialised in corporate bonds.</p>	<p><b>Cobalt</b> </p> <p>Provides an FX post trade platform as a middle and back office utility based on Distributed Ledger Technology (DLT)</p>	<p><b>CC</b> </p> <p>Physical commodity electronic marketplace to produce Asia-centric commodity indices and derivatives in partnership with the Zall Group and GeTS</p>	<p><b>FREIGHTOS</b> </p> <p>Operates as a price discovery platform for container, sea and airfreight with potential to be a global spot trade execution venue and index provider (FBX)</p>
<p><b>DBS ADDX</b> </p> <p>Regulated tokenised fundraising and trading venue for digital assets, including asset-backed security tokens</p>	<p><b>TRUMID XT</b> </p> <p><b>HILLHOUSE</b>  <b>TRUMID</b> </p> <p>XinTru JV - Trumid XT, an electronic bond trading platform to enhance liquidity and execution in the Asian bond market</p>	<p><b>BID</b> </p> <p><b>MaxxTrader</b> </p> <p>FX electronic trading solution which serves buy-side and sell-side OTC FX customers, with plans to build an OTC FX Electronic Communication Network (ECN)</p>	<p><b>我的钢铁 GLOBAL</b> </p> <p>JV to develop indices for onshore China steel pricing with a leading domestic online pricing and intelligence service. Support SGX's expansion of iron ore complex</p>	<p><b>Index</b></p> <p><b>ScientificBeta</b>  An SGX and EDHEC Venture</p> <p>Independent index provider specialising in smart beta strategies, with expertise in factor-based and risk-managed solutions</p>
<p><b>Sustainability</b></p>		<p> <b>Climate Impact</b> x  <b>DBS</b>  <b>standard chartered</b> <b>TEMASEK</b></p>		<p>Global carbon exchange and marketplace that aims to scale the voluntary carbon market</p>

Joint-venture    Acquisition    Minority Investments

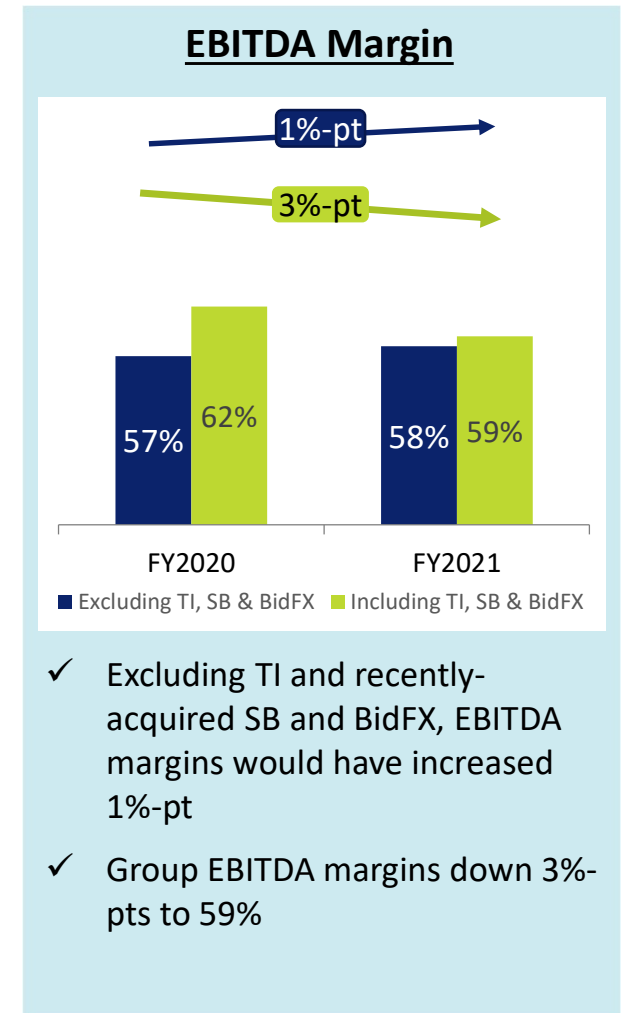
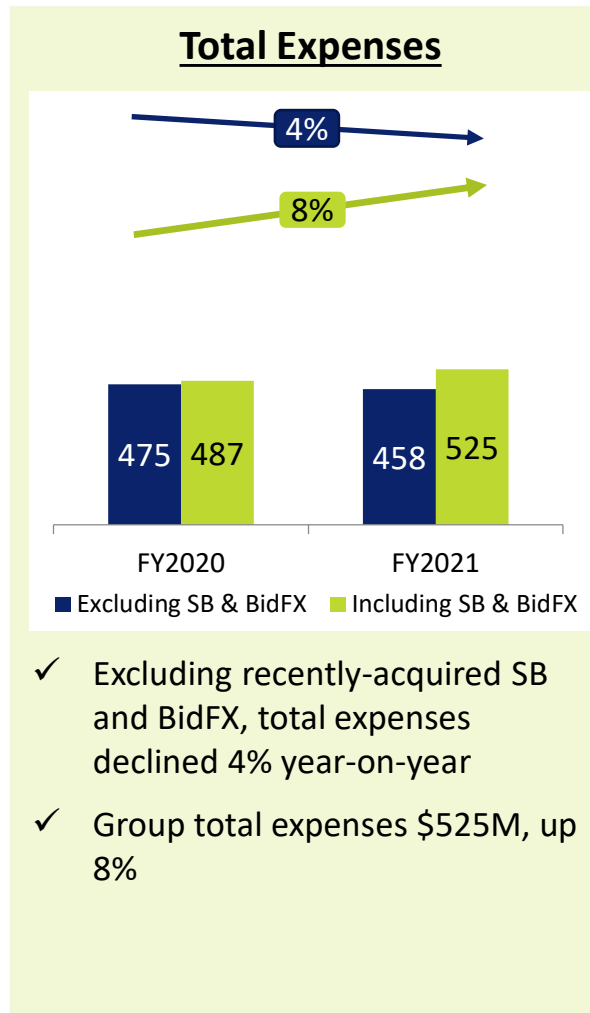
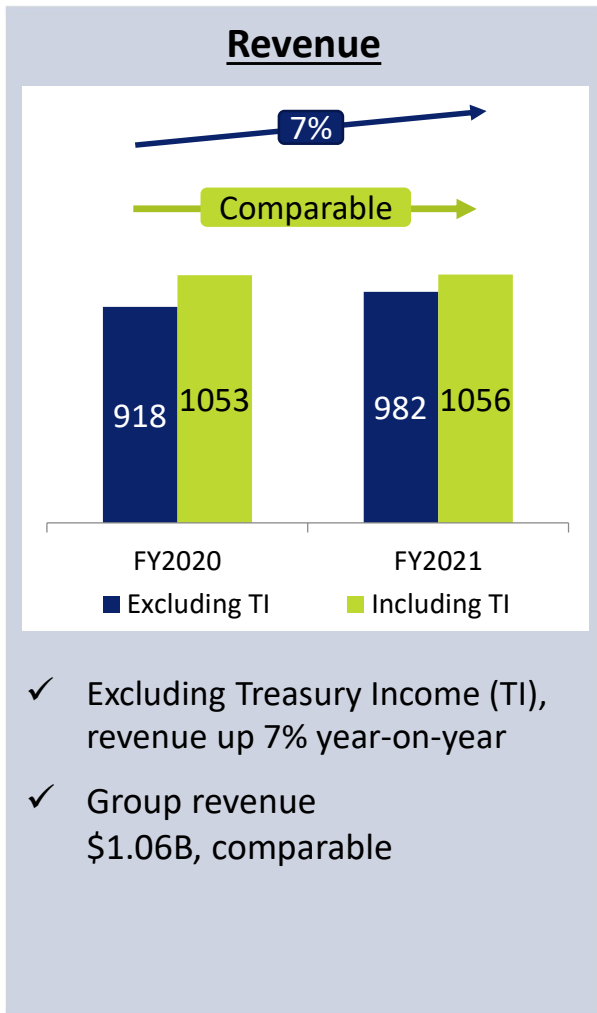


# Acquisition considerations and principles

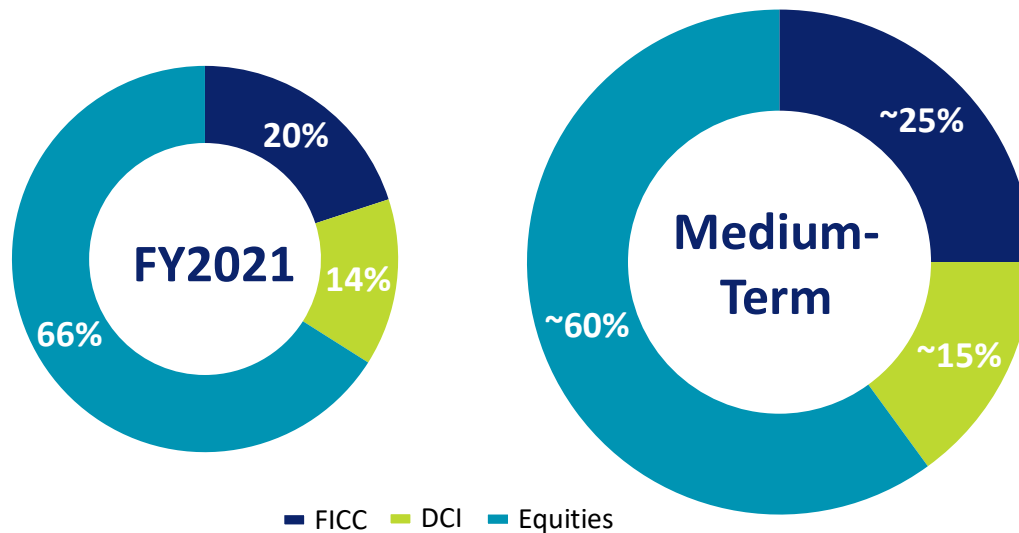
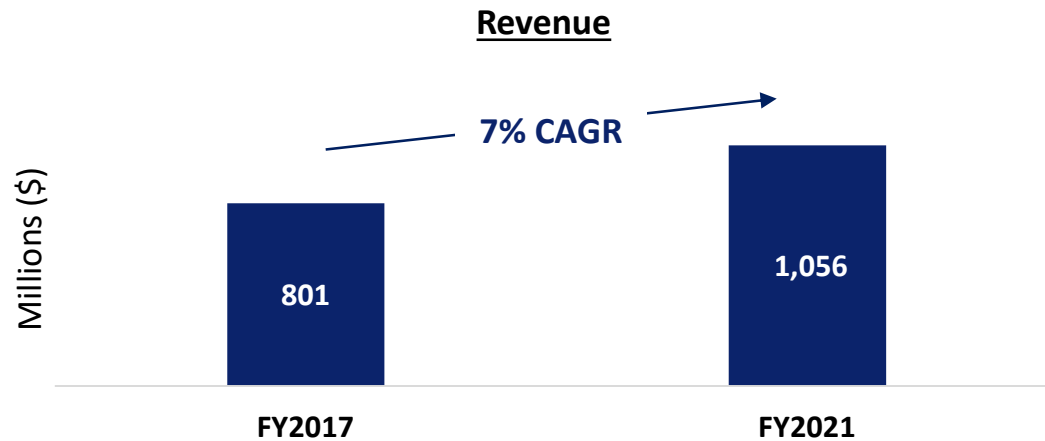
Considerations	General Guiding Principles
 <b>Strategic Fit</b>	<ul style="list-style-type: none"><li>• Gain capabilities to augment current offering</li><li>• Expand and deepen client relationships</li><li>• Position SGX for fast growing business segments</li></ul>
 <b>Financial Metrics</b>	<ul style="list-style-type: none"><li>• 3-year pro forma revenue CAGR &gt; 10%</li><li>• Cash EPS accretive within 3 years of acquisition</li><li>• IRR &gt; SGX's WACC</li><li>• Key synergies to be fully realized within 3 years of acquisition</li></ul>
 <b>Capital Structure</b>	<ul style="list-style-type: none"><li>• Maintain SGX's strong implied investment grade rating</li></ul>
 <b>Partnerships</b>	<ul style="list-style-type: none"><li>• Majority stake preferred</li></ul>

# FY2021 Highlights

Strong underlying performance, continued investments in growth, disciplined in cost management



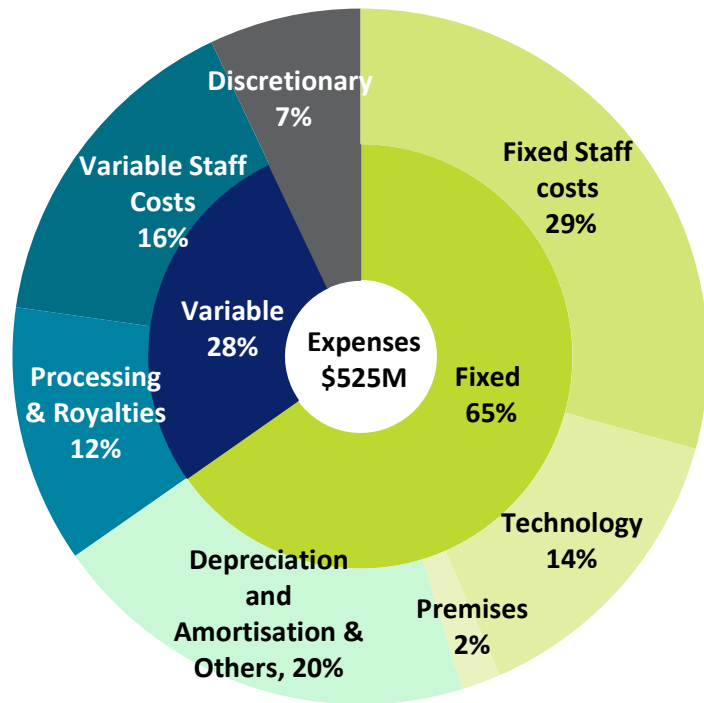
# Delivering Revenue Growth



- Revenue growth of 7% CAGR historically
- Medium term Revenue CAGR<sup>1</sup> of high single-digit

- In the medium term, our revenue mix is anticipated to be FICC 25%, Equities 60%, DCI 15%
- Contribution from Scientific Beta and BidFX revenues will grow beyond their current 6%

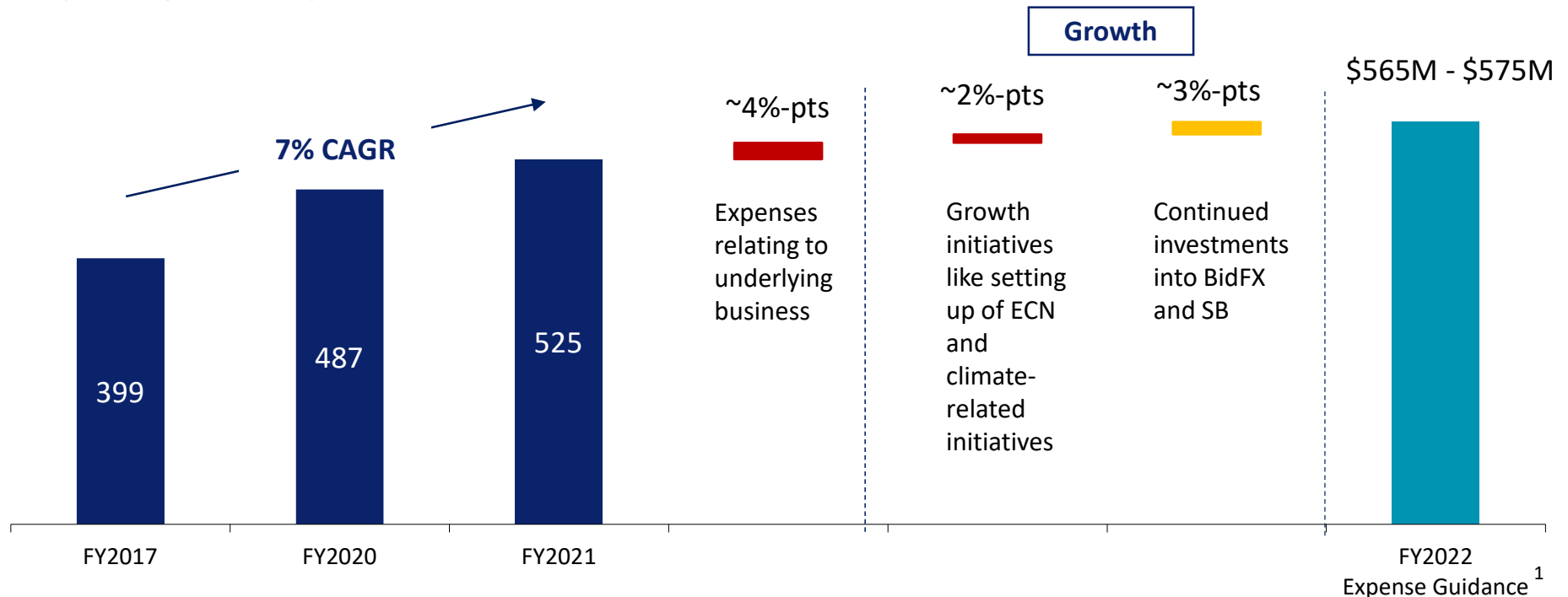
# FY2021 Expense Breakdown



- **Fixed costs – 65%**
- **Variable costs – 28%**
  - Variable staff cost increase in line with profitability
  - Processing & Royalties expenses are volume-related
  - Royalties are recovered as revenues under licence fees
- **Discretionary costs – 7%**

# Expense for FY2022 expected to be \$565M-\$575M

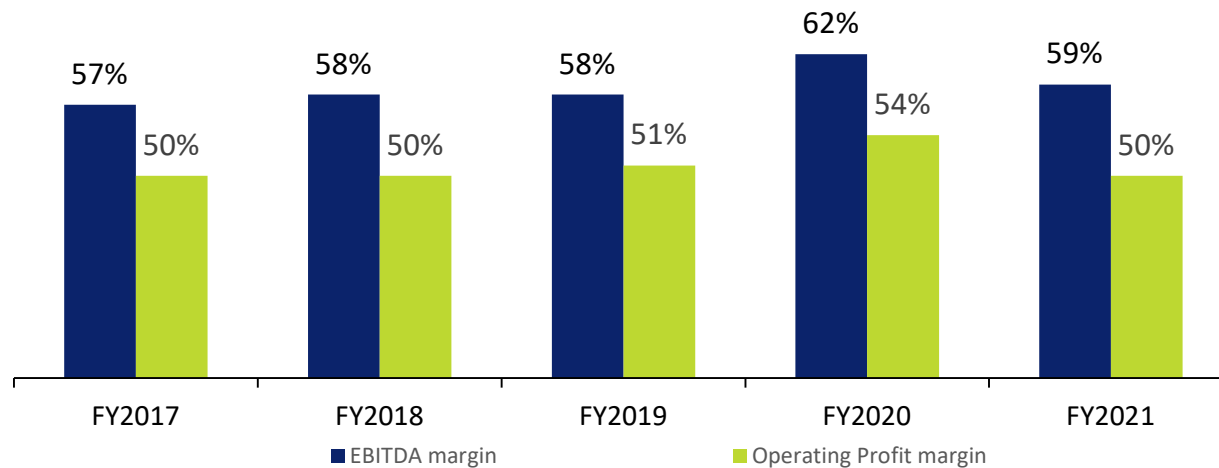
- Excluding SB and BidFX, underlying expense CAGR (FY2020-22) expected to be ~1.5%
- More than 50% of FY2022 increase in expenses will be for near-term investments in growing our business
  - Include setting up of FX ECN, climate-related initiatives, and continued investments in SB and BidFX
- FY2022 expense guidance excludes MaxxTrader acquisition, which is expected to close in 2Q FY2022
  - Expect to add a further ~\$25M to FY2022 expenses on an annualised basis
- Expense growth expected to moderate in the medium-term



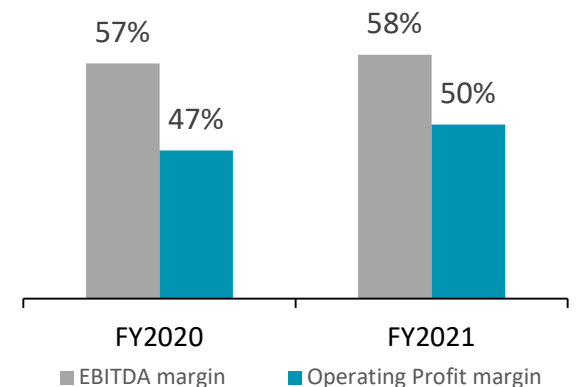
# Underlying business continues to deliver operating leverage

- Excluding Treasury Income, SB and BidFX, EBITDA and operating profit margins would have increased by 1%-pts and 2%-pts, respectively
  - FY2021 EBITDA margin of SB and BidFX combined was 37%<sup>1</sup>
- Overall EBITDA and operating profit margins expected to be higher in the medium term as we build scale

**EBITDA and Operating Profit margins**



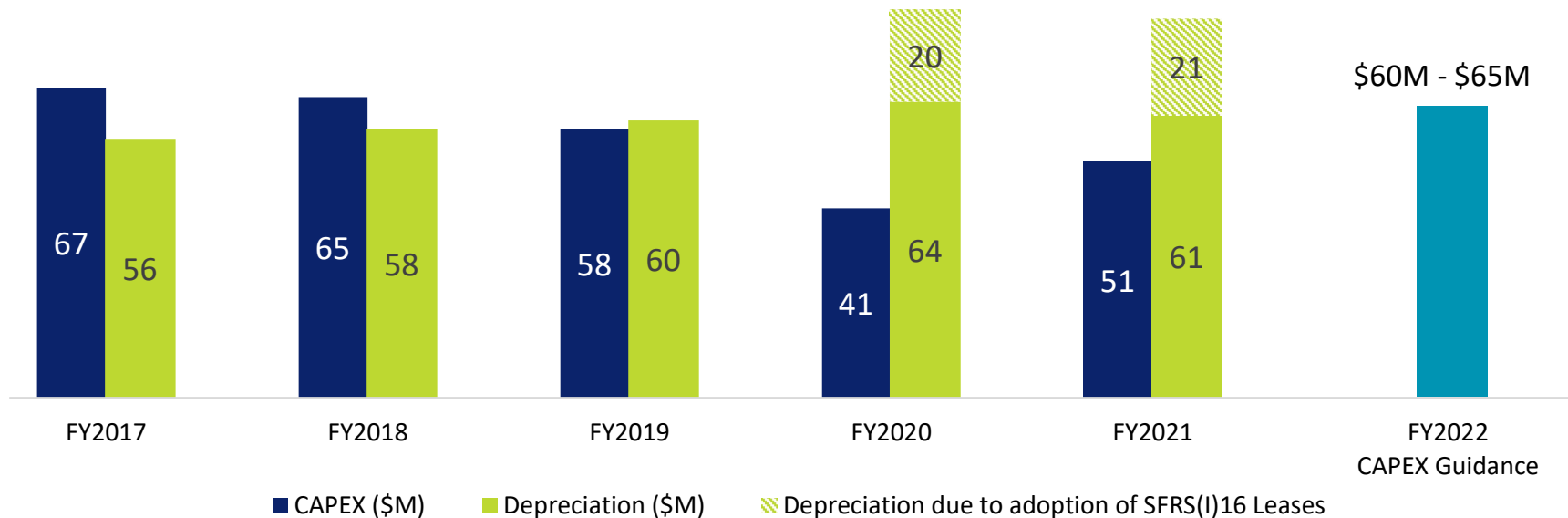
**EBITDA and Operating Profit margins  
(Excluding TI, SB & BidFX)**



# CAPEX to support our growth ambitions

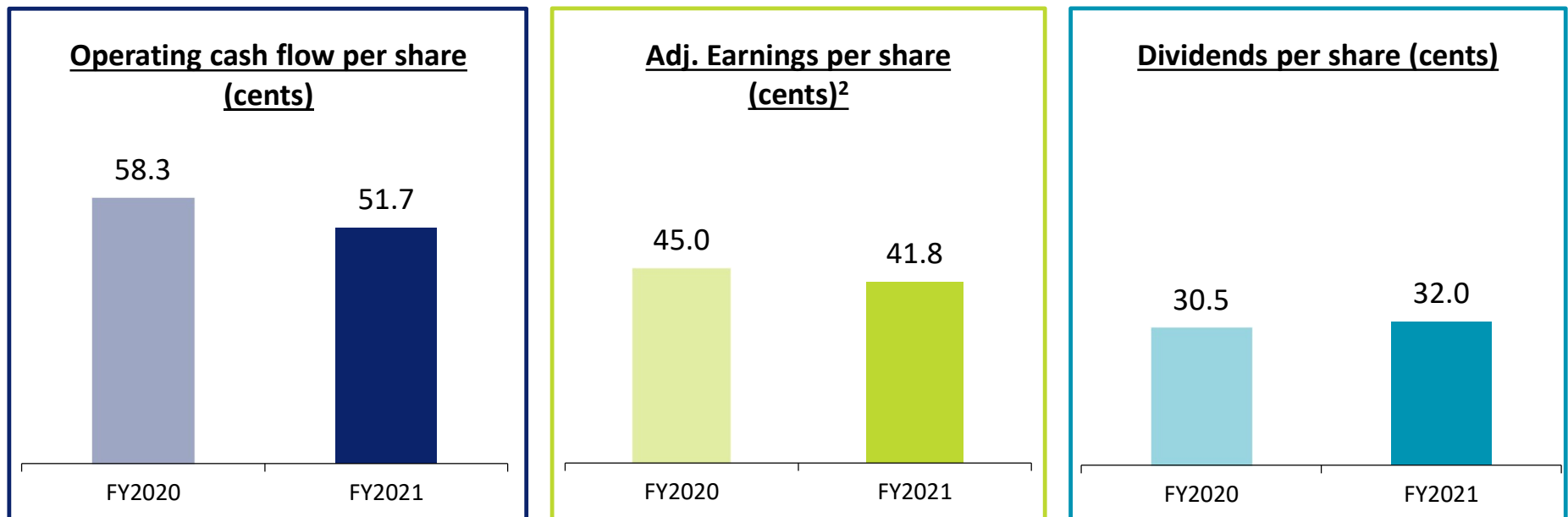
- FY2021 CAPEX of \$51M was mainly to upgrade our Titan OTC platform, digitalise retail investor services, modernise our infrastructure, and infrastructure setup for BidFX
- FY2022 CAPEX is expected to be between \$60M-\$65M as we invest in resilience, digitalisation of our Fixed Income and FX markets, and partnership initiatives

CAPEX and Depreciation<sup>1</sup>



# Delivering shareholder returns

- Proposed final quarterly dividend of 8.0 cents<sup>1</sup> per share, bringing total dividend for FY2021 to 32.0 cents<sup>1</sup>, an increase of 5% from FY2020





# Appendix

- Sustainability
- Cross margining example
- Shareholder profile
- FY2021 Business Update

# Our vision: A leading capital and trading hub enabling sustainable finance and credible transitions with end-to-end products, solutions and ecosystem



## In the Ecosystem

Be a positive influence and foster collaboration and partnerships to provide data, tools, resources and connecting stakeholders to drive industry discussions.



## As a Company

Demonstrate leadership in sustainability e.g. SGX as a company will adopt TCFD from FY2021 reporting, currently setting science based targets for GHG emissions.



## As a Business

Offer ESG solutions and support capitalizing on our assets, expertise and capabilities:

- Equity
- GSSS Bonds
- Indices (incl. Scientific Beta)
- Commodities (incl. Baltic Exchange, HeveaConnect)
- New horizon projects (Climate Impact X, new products)








## As a Regulator

Guide market on sustainability-related disclosures and ensure that all investors are able to access decision-relevant data.

# Growing sustainable and credible transition products and solutions

## SGX FIRST: Future In Reshaping Sustainability Together

Fixed Income	Equities	Indices	Commodities	Equity derivatives
<ul style="list-style-type: none"> <li>▪ <b>#1 Green Bond Listing Venue in Asia</b> with <b>50% market share</b> of Asian Issuances in the last 12 months</li> <li>▪ <b>Top 5 Green Bonds marketplace globally</b> with <b>8% share market share</b></li> <li>▪ <b>WIP:</b> Database and digitalization, support for sustainability linked &amp; transition bonds</li> </ul> 	<ul style="list-style-type: none"> <li>▪ Provision of <b>ESG Ratings</b> of Listcos</li> <li>▪ Vice-Chair of <b>TCFD</b> &amp; future guidance</li> <li>▪ <b>WIP:</b> Key <b>reporting indicators tool</b>, further productisation on climate, green and ESG</li> </ul> 	<ul style="list-style-type: none"> <li>▪ Strong <b>thematic and proprietary capabilities</b></li> <li>▪ ESG screening and low carbon/ESG/climate risk filters               <ul style="list-style-type: none"> <li>- <b>Scientific Beta ESG &amp; Climate Impact Consistent Index (CICI)</b></li> <li>- <b>iEdge SG ESG Leaders Index</b></li> <li>- <b>iEdge SG ESG Transparency Index</b></li> </ul> </li> </ul> 	<ul style="list-style-type: none"> <li>▪ <b>Climate Impact X:</b> carbon exchange and market place</li> <li>▪ Greener commodities contracts – <b>65% Iron Ore futures</b>, IMO-compliant Low Sulphur Fuel Oil (LSFO) futures and Methanol derivatives</li> <li>▪ <b>RECs market offerings</b> as part of the PowerSelect platform</li> <li>▪ Baltic Exchange: <b>Low Sulphur</b> route pricing supporting IMO 2020 agenda</li> <li>▪ HeveaConnect</li> </ul> 	<ul style="list-style-type: none"> <li>▪ Complete <b>ESG Futures shelf</b> in regional derivatives               <ul style="list-style-type: none"> <li>- <b>SGX FTSE Emerging ESG Index Futures</b></li> <li>- <b>SGX FTSE Emerging Asia ESG Index Futures</b></li> <li>- <b>SGX FTSE Asia ex Japan ESG Index Futures</b></li> <li>- <b>SGX FTSE Blossom Japan Index Futures</b></li> </ul> </li> </ul> 

# Leading the way in sustainability to build a resilient future

- Our sustainability vision is to be a **leading capital and trading hub enabling sustainable finance and credible transitions** with end-to-end products and solutions
- **First Asian exchange to commit to 1.5°C-aligned science-based emission reduction targets**

## Corporates and investors are embarking on a decarbonisation path<sup>1</sup>

- 1 Measure** carbon footprint, and understand key risks and opportunities
- 2 Set** emission reduction targets
- 3 Reduce** absolute emissions footprint
- 4 Neutralise** unavoidable residual emissions
- 5 Compensate** Year-on-Year (“YoY”)
- 6 Disclose** progress

## ... leading to new opportunities



**Debt financing**  
**Equity financing**

- GSS bonds<sup>2</sup>
- Infrastructure/decarbonisation funds



**Renewable energy certificates / Carbon credits**

- EMC PowerSelect platform
- Climate Impact X



**Investment**

- Climate Impact Consistent Indices
- Derivatives
- Exchange traded funds and other products

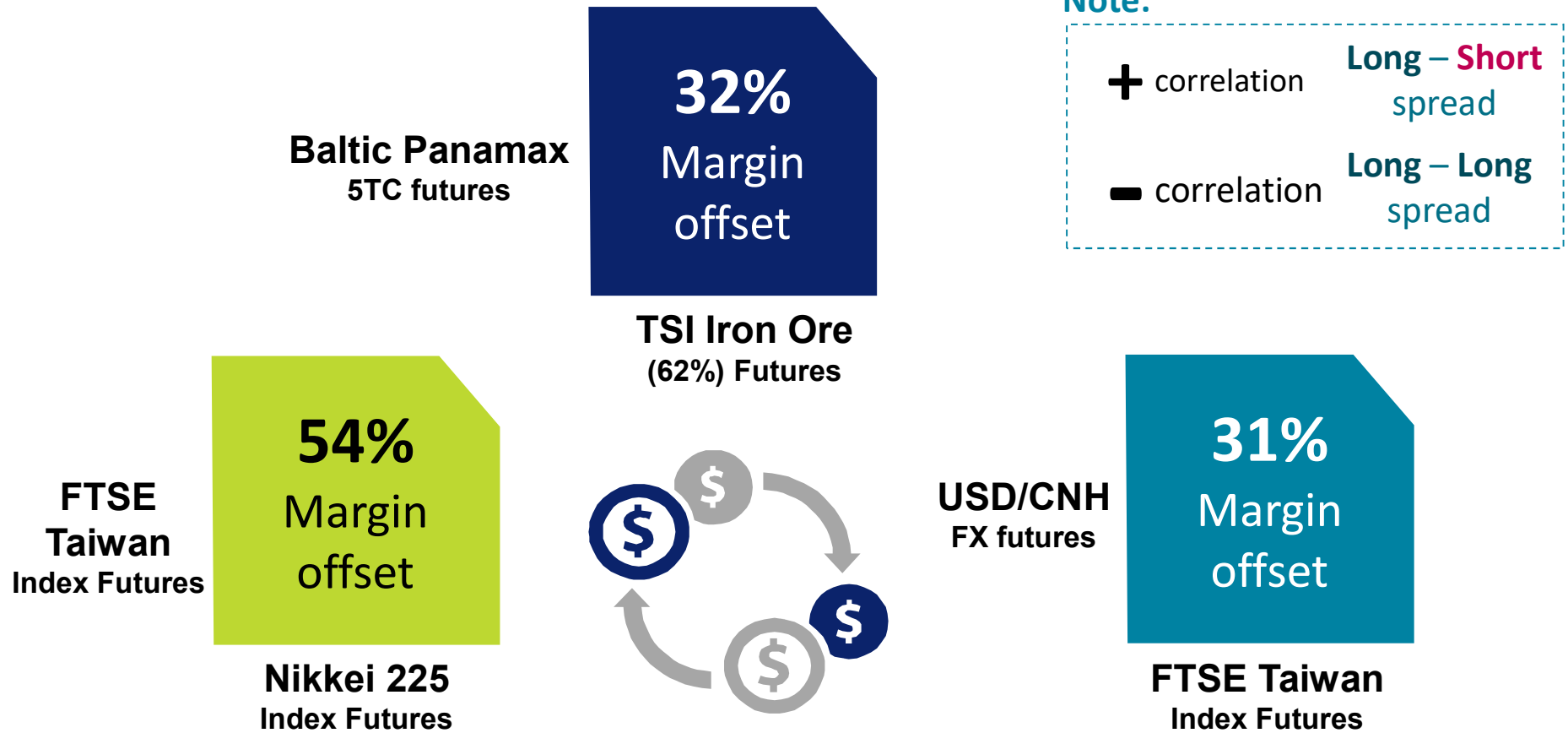


**ESG Data solutions**

- Nasdaq Sustainable Bond Network partnership
- ESG data portal

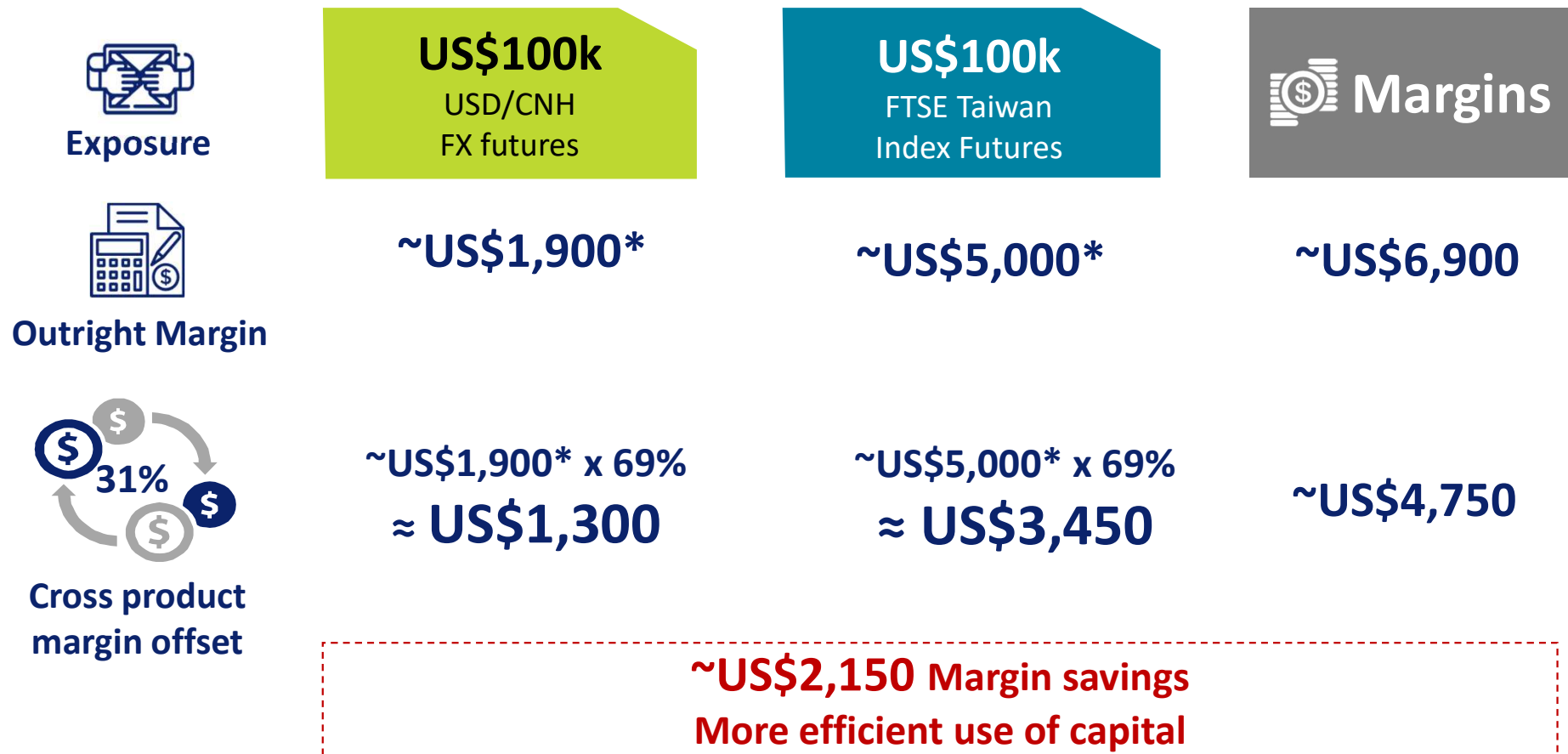
# Cross margining efficiencies

Correlated products, margin netting efficiencies



# Cross margining example

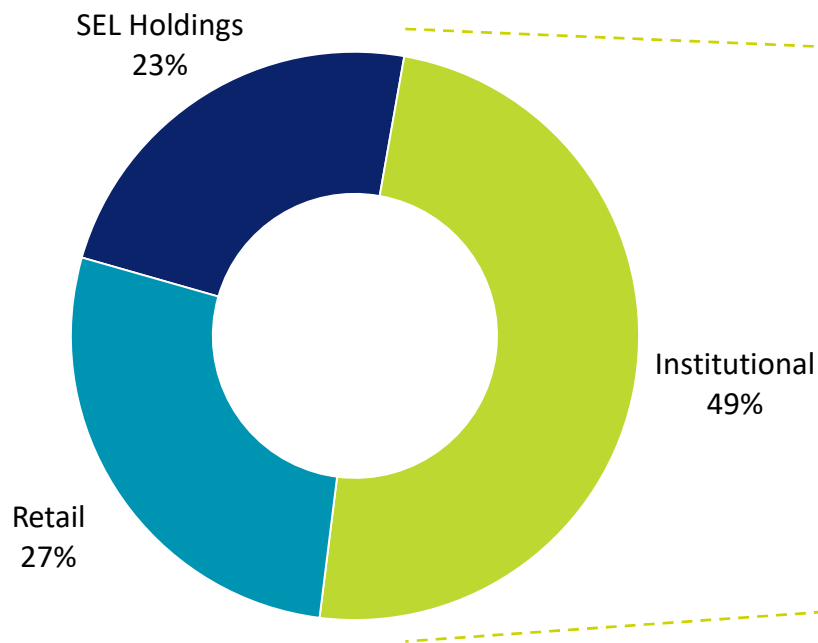
More exposure with the same amount of margins



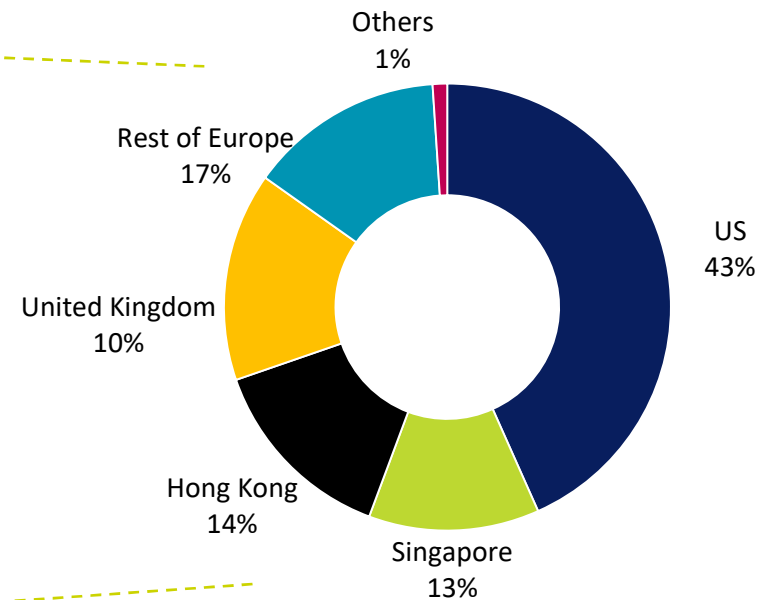
# SGX shareholders' profile

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

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



**Institutional Shareholding by Geography**

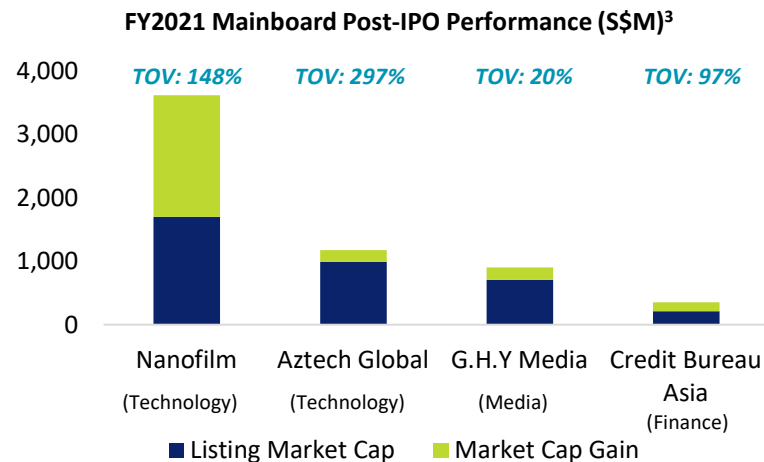


# Enhancing the quality of cash equities market

- Non-REITs listings in FY2021 displayed sustained post-IPO performance
- Record year for ETFs, with AUM<sup>1</sup> nearing S\$10B; new China-themed and fixed income ETFs<sup>2</sup>

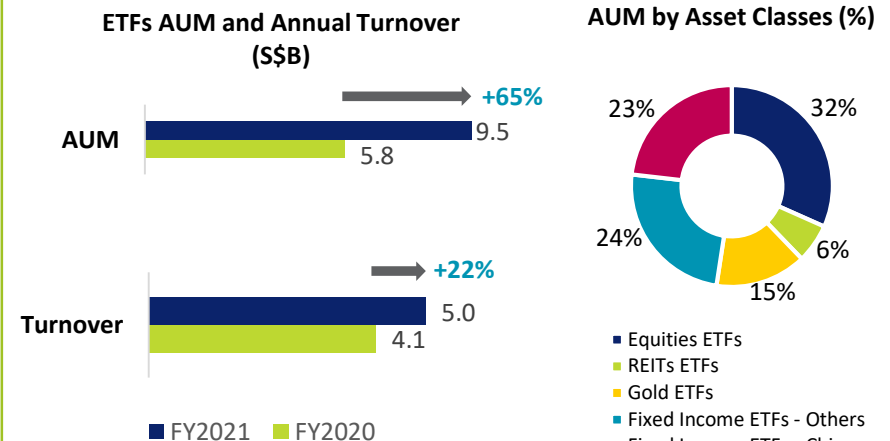
## Meet diverse capital raising needs

- Spectrum of industries
- Different pathways to listing



## Broaden investment offering

- Multi-asset
- Multi-geography



## Expand participant groups

- Market makers and active traders
- Singapore and regional investors

## Provide new and enhanced post-trade services

- Electronic Corporate Actions
- Securities Lending & Borrowing enhancement

<sup>1</sup> Assets under management

<sup>2</sup> New ETFs launched in FY21: ICBC CSOP FTSE Chinese Govt Bond Index ETF, Phillip SGD Money Market ETF, NikkoAM-ICBCSG China Bond ETF, Lion-OCBC Securities Hang Seng TECH ETF

<sup>3</sup> Up to 30 June 2021



# Becoming Asia's largest integrated FX platform

- Significant FX volume at US\$75B average daily volume (ADV)<sup>1</sup>
- Further invest in setting up a FX Electronic Communication Network (ECN) to scale our FX franchise; targeted launch by end CY2021

## SGX is largest and most liquid FX derivatives exchange in Asia

### 1 Exchange of choice

- Best FX exchange in Asia at FX Market Awards 2020
- Best Exchange for FX at FX Markets eFX Awards 2020
- Open interest and volume records

### 2 Broadening product shelf

- USD/SGD and KRW/USD full-sized futures
- USD/INR quanto futures and options
- USD/CNH mini futures

## Expanding to OTC FX



- Enhanced system workflow and new functionalities for key client segments; new innovative products
- Growth in client acquisition in APAC and EMEA



- Leading provider of FX pricing and risk solutions for sell-side institutions, and a multi-dealer platform for buy-side clients
- Global client and dealer franchisee
- Positive momentum with ADV > US\$17B (January - June 2021)

# Expanding solutions from Asia's only global index provider

- Bespoke index solutions and ESG products gathering momentum
- Accelerate new product development through Scientific Beta's research pedigree

## Enabling scalable growth with IP-based offerings

### Smart Factor Indices

Scientific Beta's smart factor indices provide robust exposure to long-term rewarded factors, good diversification of unrewarded risks, and ESG/Low Carbon options to enable a consistent and effective investor engagement policy.

SB assets under replication (AUR) > US\$60 billion<sup>1</sup> and growing

### ESG/Climate Indices

Scientific Beta's indices with pure climate objectives allow climate exclusions and weightings to be combined in order to translate corporate climate alignment engagement into portfolio decisions.

New *Climate Impact Consistent Indices* add to existing ESG offerings for multifactor indices

### Thematic indices



*iEdge-CNBC China Growth Economy Index*



*SB Equity inflation indices*

and more...

### Regional distribution

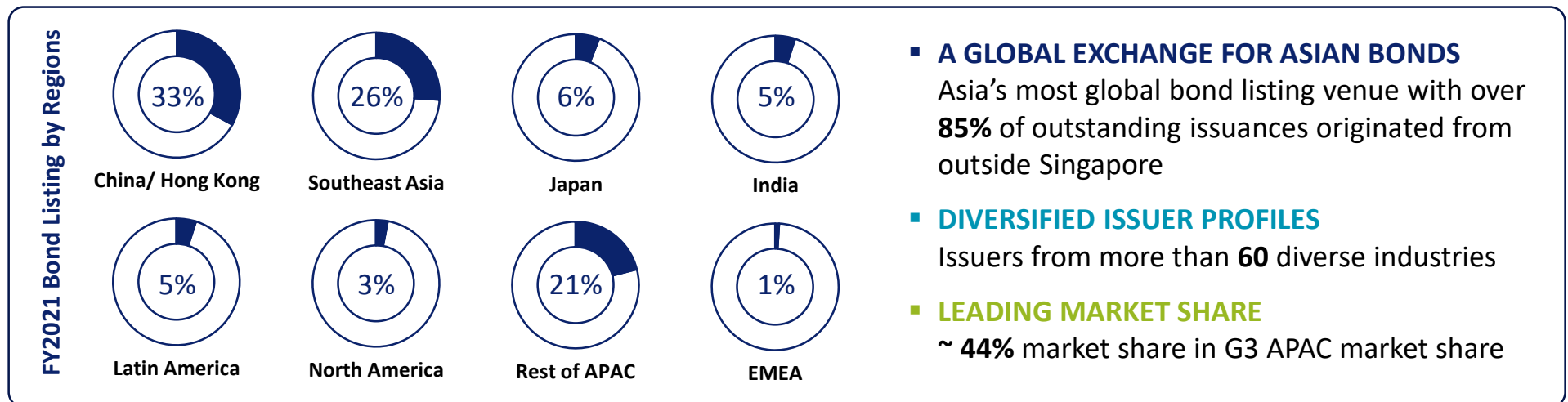
- Unlock customer segments beyond asset owners to include ETF issuers, private banks and investment banks with SGX's client footprint
- Launch ETFs and structured products based on index solutions

### Custom indices and calculations

- Continued strong demand for 3rd party custom index calculation; supported by in-house calculation platform

# Developing digital fixed income marketplace covering full lifecycle

- Wide geographical diversity of bond listings
- Develop end-to-end digital fixed income marketplace for enhanced workflow and customer experience



## Digital primary workflows



JV for digital asset primary issuance, post trade and asset servicing

## Global access to Asian ESG bond data



East-West data partnership with Nasdaq Sustainable Bond Network covering Green, Social, Sustainability fixed income securities

## Global access to Asian bonds



JV to enhance liquidity / execution in the Asian bond trading market via Trumid XT

## Digital post-trade



Partnerships to strengthen post-trade connectivity with global CSDs / ICSDs for Singapore-based settlement

# Thank You

## SGX Investor Relations Contact:

Dominic Lim, Head of Investor Relations  
Tel: (65) 6236 5395, Email: dominic.lim@sgx.com

Joyce Koh, Associate Director, Investor Relations  
Tel: (65) 6236 8356, Email: joyce.koh@sgx.com

## Singapore Exchange

Beijing ▪ Hong Kong ▪ London ▪ Mumbai ▪ New York ▪ San Francisco ▪ Shanghai ▪ Tokyo ▪ Chicago

[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