

27 February 2019



**2018 FINAL RESULTS
ANNOUNCEMENT**

HKEX
香港交易所

Charles Li Chief Executive, HKEX Group
John Killian Chief Financial Officer, HKEX Group

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2018 – Key Highlights



Record full year revenue and PAT

Revenue of \$15.9bn (+20% YoY) and PAT of \$9.3bn (+26% YoY)



Record volumes in Cash and Derivatives Markets

Cash Market headline ADT +22% YoY, Futures and Options ADV +38% YoY, LME chargeable ADV +5% YoY



World leader in IPO funds raised

the 6th time in the last 10 years, with total funds raised of \$288 billion



Stock Connect 4 year anniversary

2018 enhancements include expanding the daily quota, launching Northbound Investor ID and reaching consensus with mainland exchanges to include WVR companies in Southbound Connect



Growth in Bond Connect

ADT reached RMB3.6 billion, foreign holdings in China's interbank bond market more than doubled to RMB1.7 trillion as of December, Bloomberg became Bond Connect's second trading platform

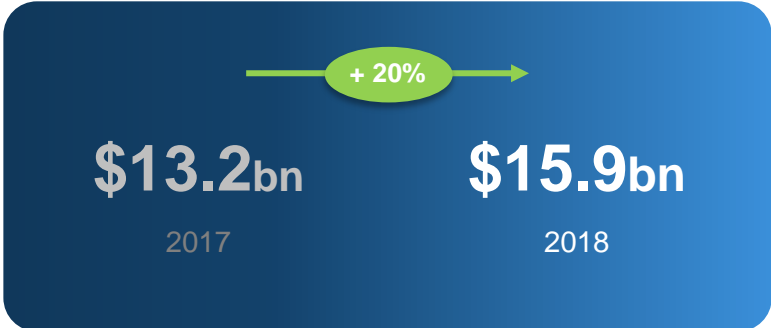


Solid Contribution from Commodities

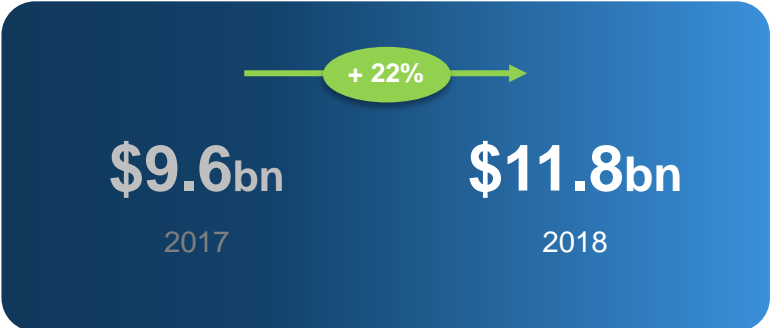
LME volumes returned to growth, Qianhai Mercantile Exchange spot trading platform launched in October, a foundation for HKEX's commodities business in China

Key Financial Highlights – Strong Growth in Revenue and Profits

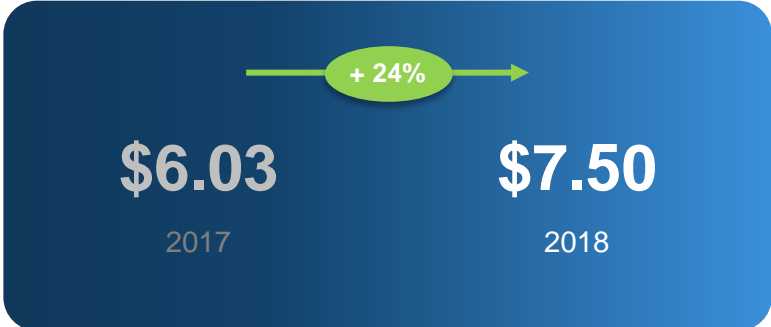
Revenue and other Income



EBITDA



Basic Earnings per Share



Full Year Dividend per Share



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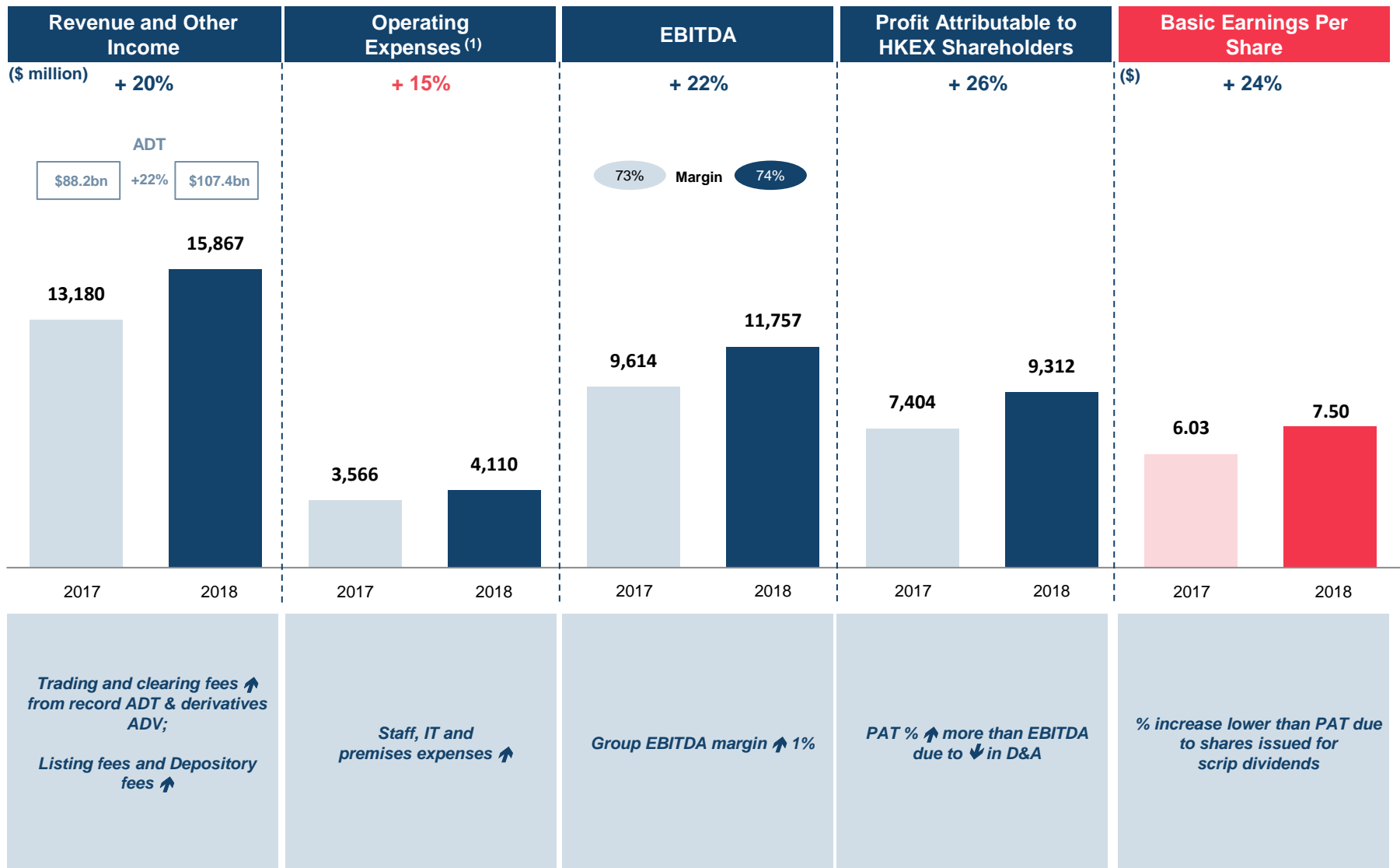
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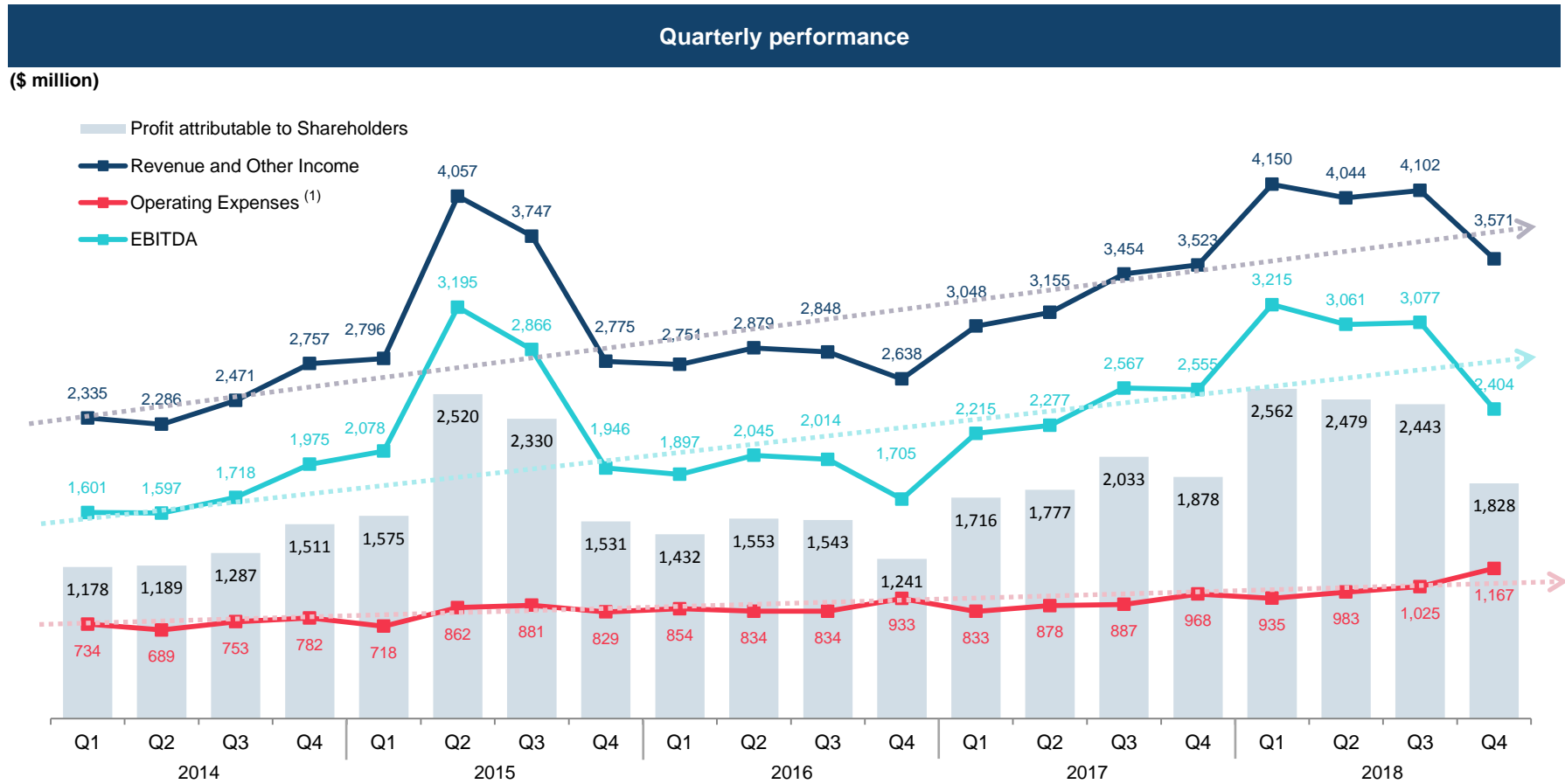
Record Financial Performance



(1) Excludes depreciation and amortisation, finance costs, and share of profits less losses of joint ventures



Q1-Q3 2018 Performance Significantly above Historical Trend Line



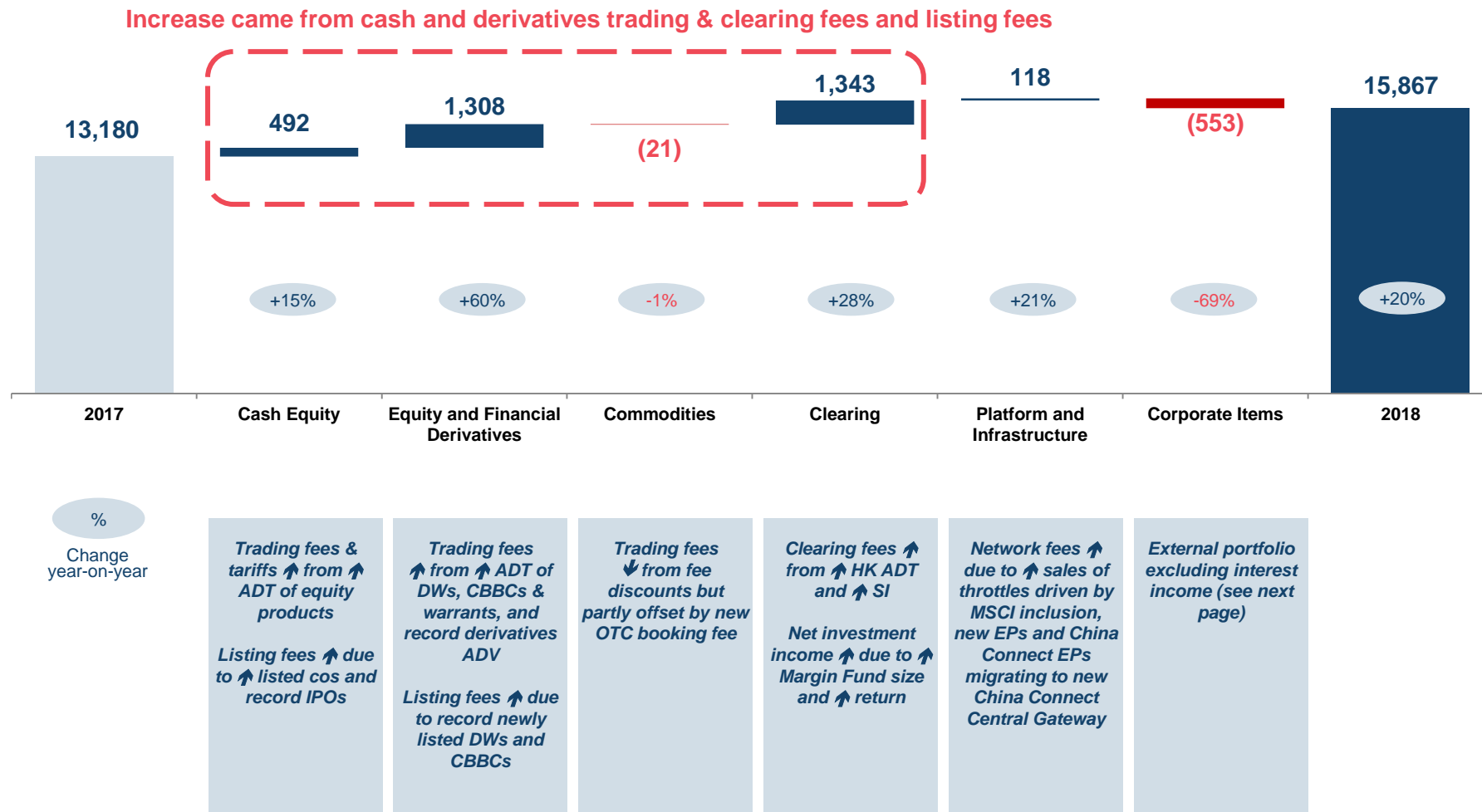
Strong ADT and ADV in the first 3 quarters of 2018, moderating in Q4, resulting in overall record financial performance for the year



(1) Excludes depreciation and amortisation, finance costs, and share of profits less losses of joint ventures
 (2) Dotted trend lines are illustrative and do not constitute a forward forecast

Excellent Performance from Equity, Derivatives and Clearing Segments⁽¹⁾

Segmental revenue
(\$ million)

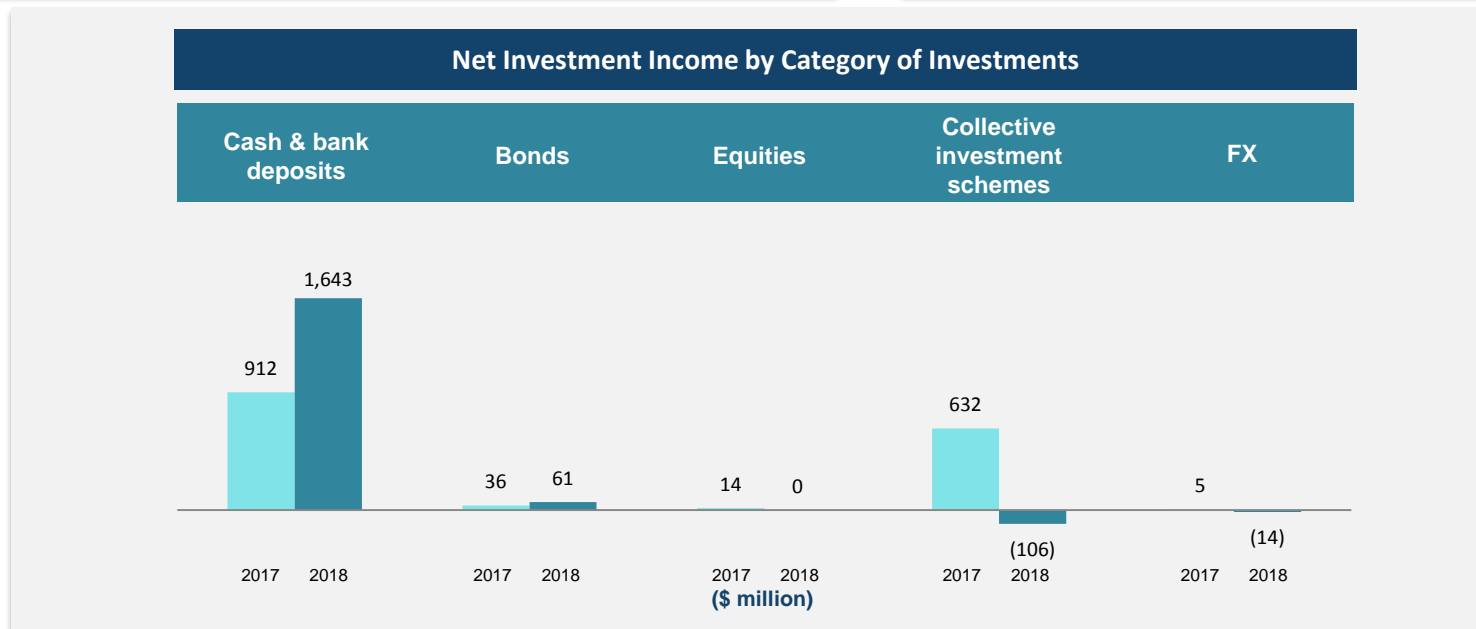
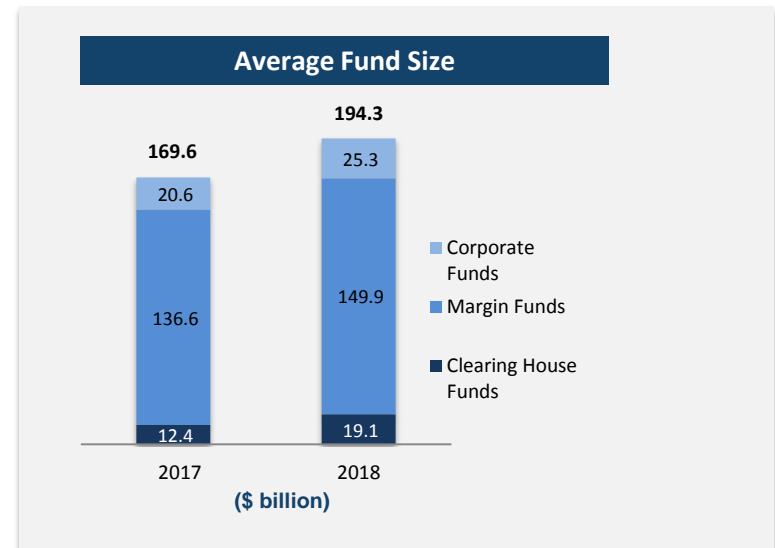
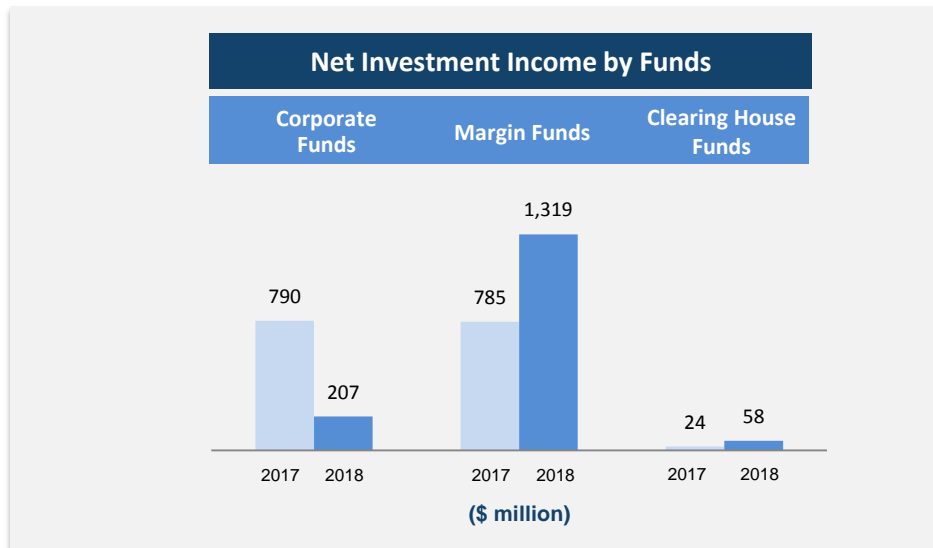


(1) Headline ADT up 22% (2018: \$107.4bn; 2017: \$88.2bn); ADT of cash equity up 18% (2018: \$84.2bn; 2017: \$71.2bn); ADT of DWs, CBBCs and warrants included under equity and financial derivatives up 36% (2018: \$23.2bn; 2017: \$17.0bn)

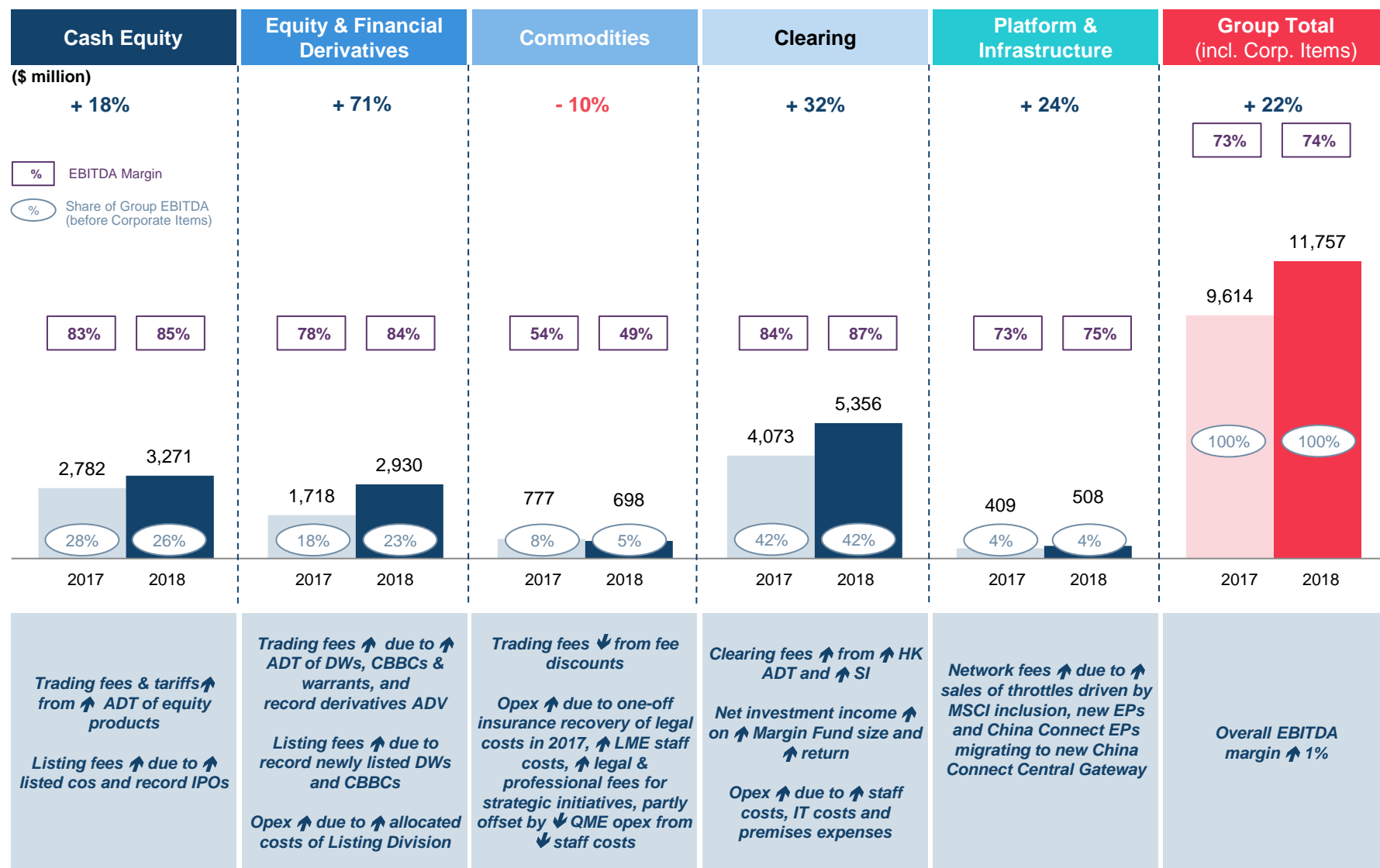


Net Investment Income In Line with 2017, Despite Weakening Economic Backdrop

2018: \$1,584m (2017: \$1,599m)

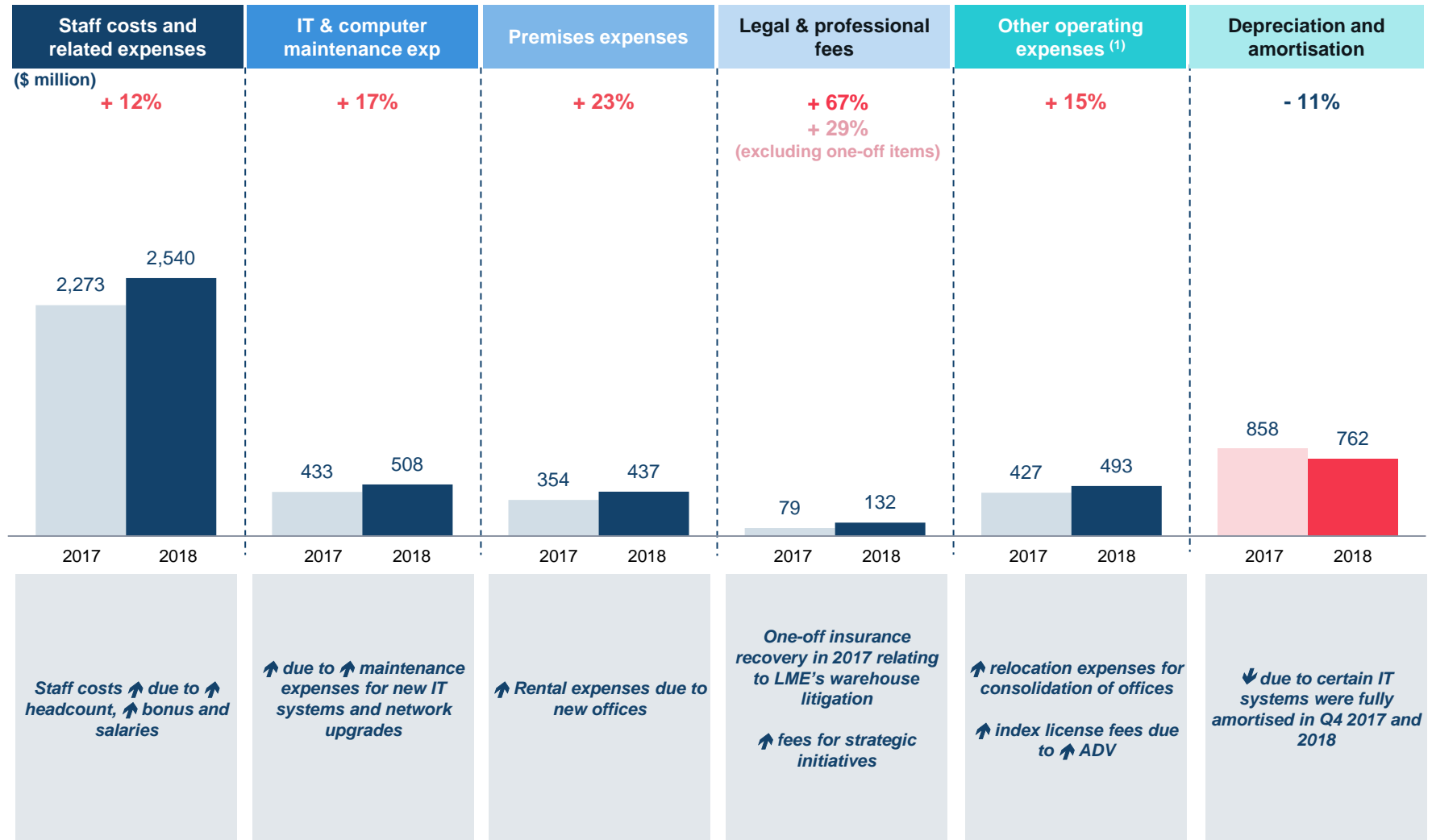


Segmental EBITDA: Higher Total EBITDA with Particularly Good Performance from Equities, Derivatives and Clearing



Operating Expenses – Investments in Talent, IT and Premises

Total opex excluding depreciation & amortisation - 2018: \$4,110m (2017: \$3,566m)



(1) Includes product marketing and promotion expenses



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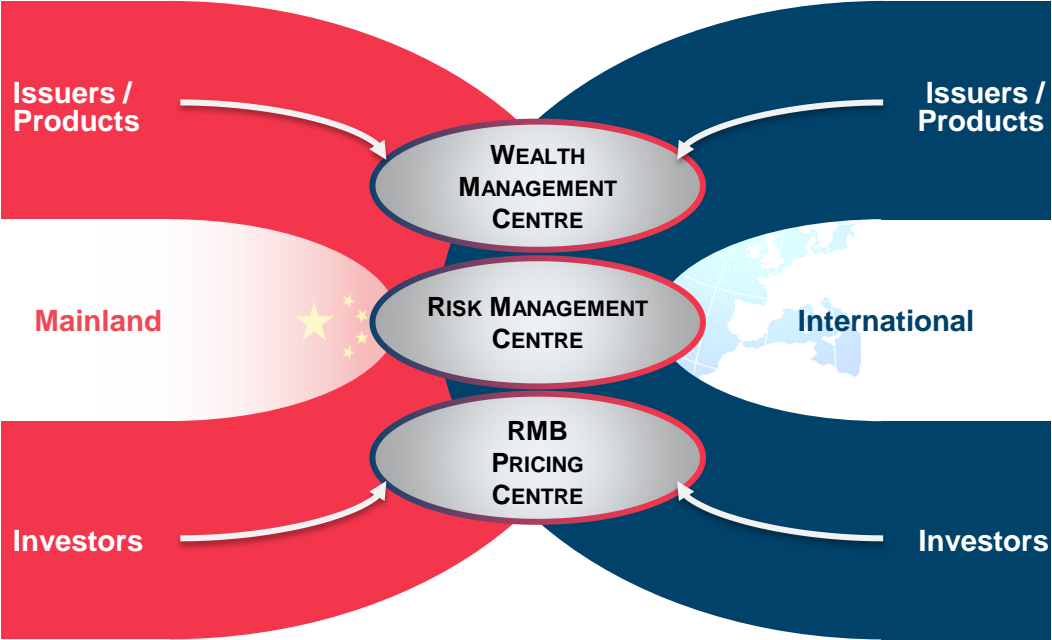
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Recap of HKEX's Strategic Vision

What is our long-term aspiration?

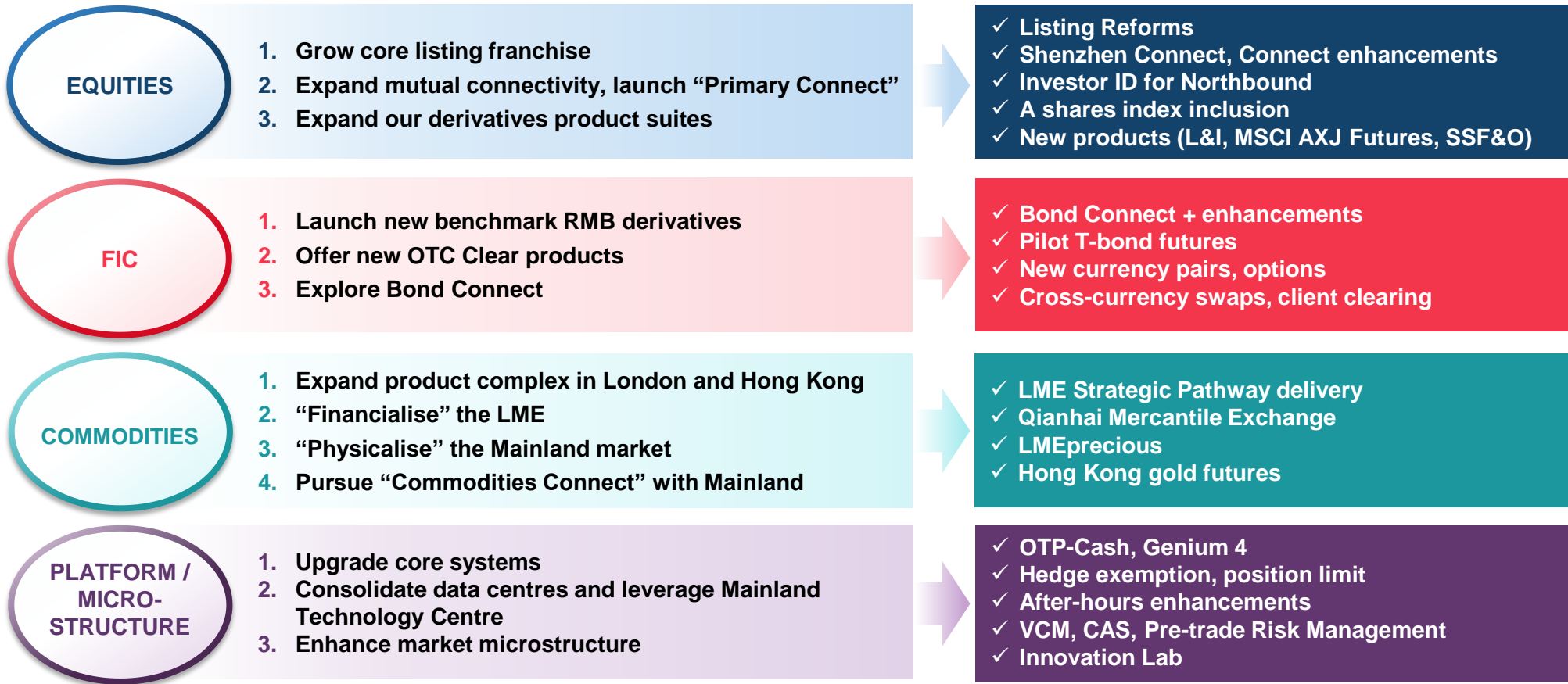


What have we achieved so far?

- 1 *Expanded our asset class reach*
- 2 *Created mutual market access channels*
- 3 *Reformed our listing regime*



Key Strategic Milestones Achieved in 2016-18



We have achieved a lot but more needs to be done



Q & A



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Financial Highlights – Income Statement

(\$ million, unless stated otherwise)	2018	% of Revenue & Other Income	2017	% of Revenue & Other Income	Y-o-Y Change
Results					
Revenue and other income	15,867	100%	13,180	100%	20%
Operating expenses	(4,110)	(26%)	(3,566)	(27%)	15%
EBITDA	11,757	74%	9,614	73%	22%
Depreciation and amortisation	(762)	(5%)	(858)	(7%)	-11%
Operating profit	10,995	69%	8,756	66%	26%
Finance costs and share of profits less losses of joint ventures	(112)	(1%)	(146)	(1%)	-23%
Profit before taxation	10,883	68%	8,610	65%	26%
Taxation	(1,592)	(10%)	(1,255)	(9%)	27%
Loss attributable to non-controlling interests	21	0%	49	0%	-57%
Profit attributable to HKEX shareholders	9,312	58%	7,404	56%	26%
Basic earnings per share (HK\$)	\$7.50		\$6.03		24%
Headline ADT on the Stock Exchange	\$107.4 bn		\$88.2 bn		22%
Capex	\$988 m		\$788 m		25%



Performance by Operating Segment

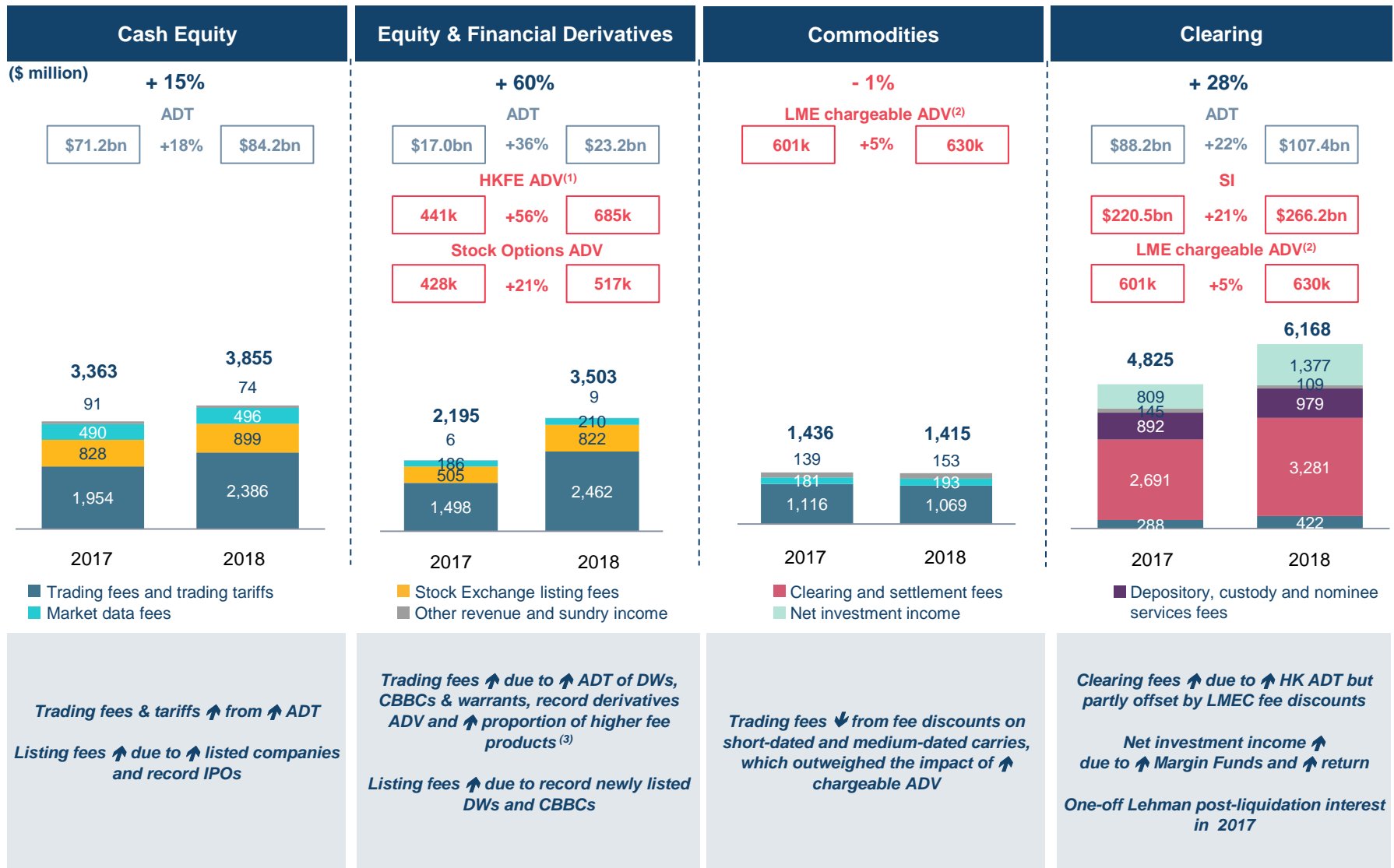
\$ million	Cash Equity	Equity & Financial Derivatives	Commodities	Clearing	Platform and Infrastructure	Corporate Items	Group 2018	Group 2017
Revenue and other income	3,855	3,503	1,415	6,168	678	248	15,867	13,180
<i>% of Group Total</i>	<i>24%</i>	<i>22%</i>	<i>9%</i>	<i>39%</i>	<i>4%</i>	<i>2%</i>	100%	100%
Operating expenses	(584)	(573)	(717)	(812)	(170)	(1,254)	(4,110)	(3,566)
EBITDA	3,271	2,930	698	5,356	508	(1,006)	11,757	9,614
<i>% of Group Total ⁽¹⁾</i>	<i>28%</i>	<i>25%</i>	<i>6%</i>	<i>46%</i>	<i>4%</i>	<i>(9%)</i>	100%	100%
<i>EBITDA margin</i>	<i>85%</i>	<i>84%</i>	<i>49%</i>	<i>87%</i>	<i>75%</i>	<i>N/A</i>	74%	73%
Depreciation and amortisation	(82)	(71)	(298)	(193)	(37)	(81)	(762)	(858)
Finance costs	-	-	-	(38)	-	(76)	(114)	(134)
Share of profits less losses of joint ventures	10	(8)	-	-	-	-	2	(12)
Profit before taxation	3,199	2,851	400	5,125	471	(1,163)	10,883	8,610

(1) % Share of Group EBITDA (including Corporate Items)



Drivers of Trading and Clearing Revenue

Relationship between headline ADT and overall trading and clearing income is not linear



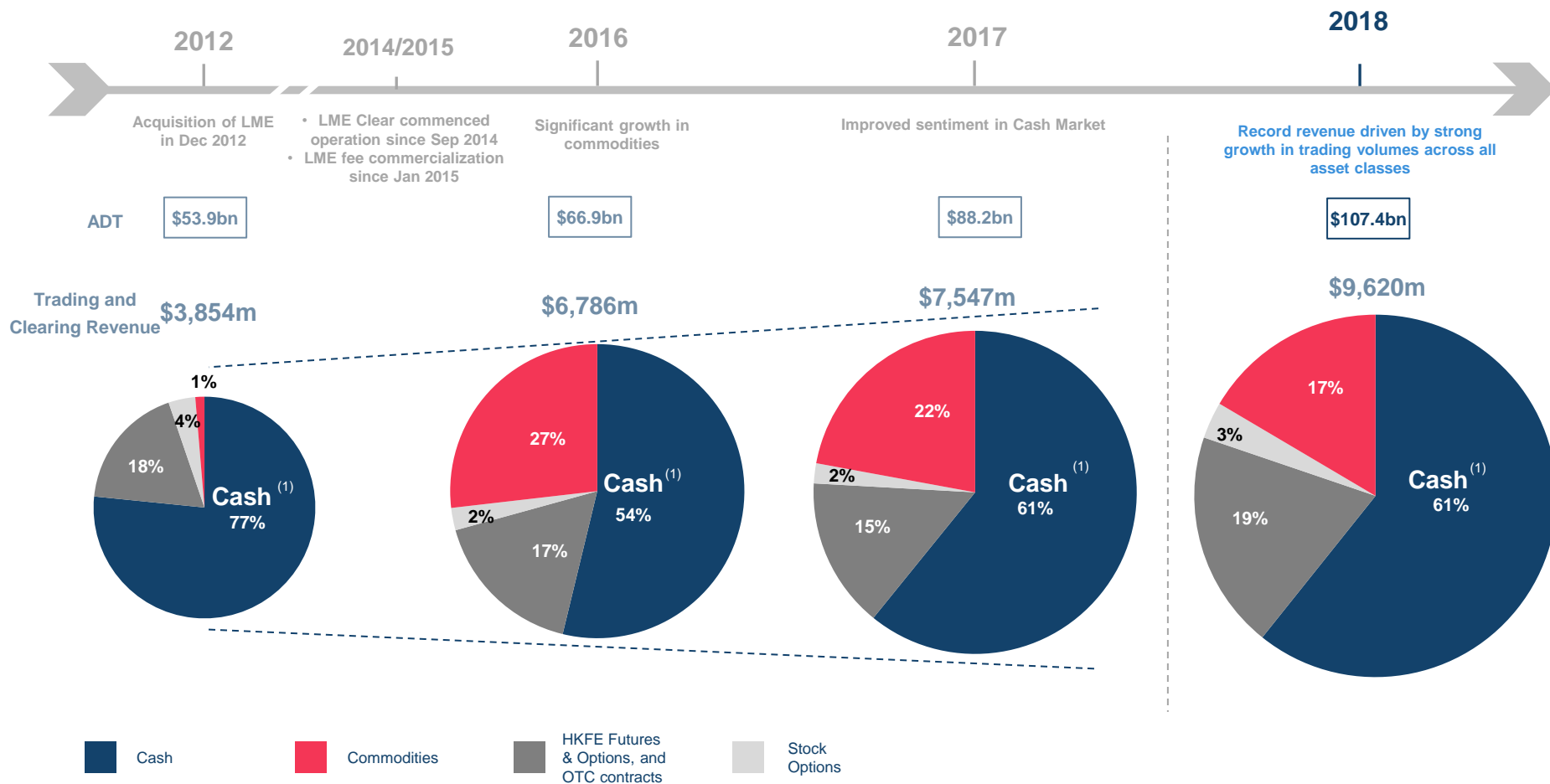
(1) Excludes London Metal Mini Futures, Gold Futures and Iron Ore Futures

(2) Total LME ADV: 730k (2017: 624k)

(3) A higher proportion of HSI products were traded and various stock options moved to a higher fee tier in 2018



Trading and Clearing Revenue by Segment



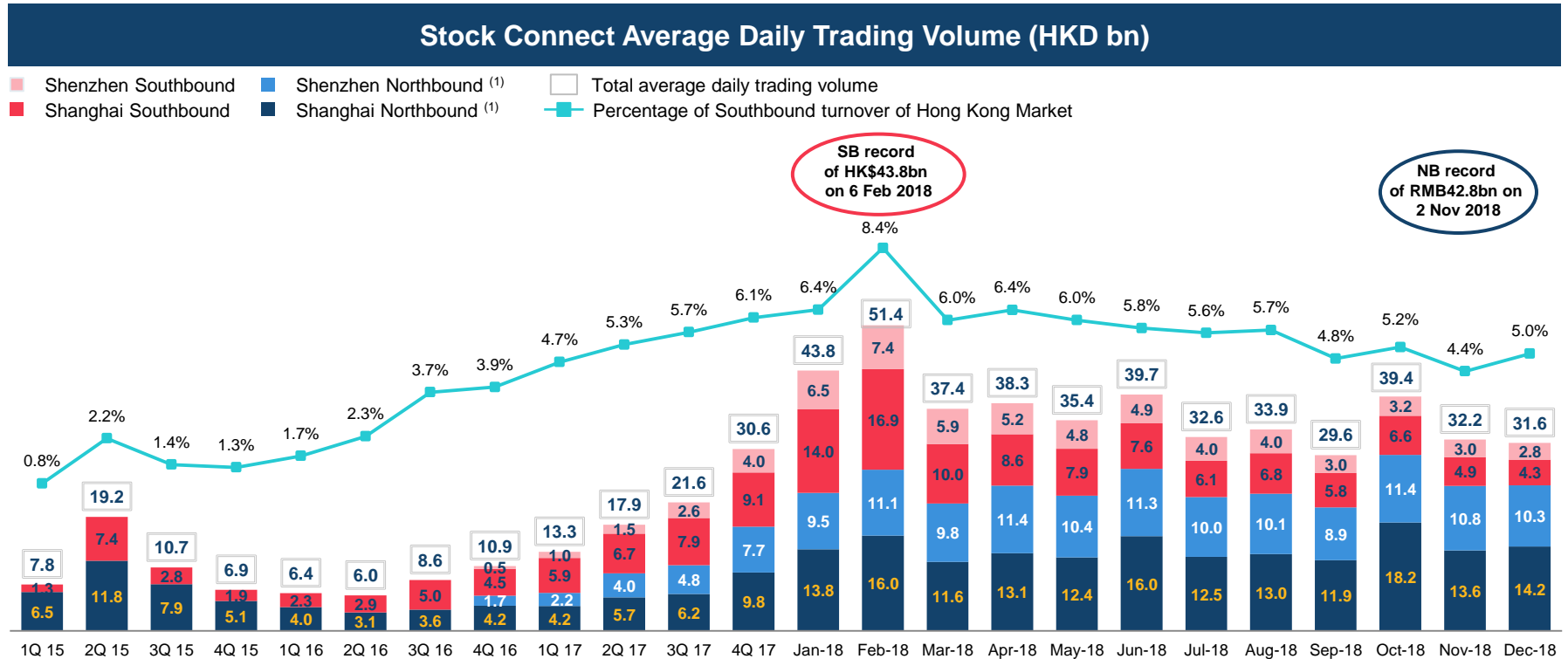
Revenue diversification following acquisition of LME and growing Derivatives Market



(1) Includes all products traded on Cash Market platform (ie, equity products, DWs, CBBCs and warrants)

Stock Connect – Trading Trends

Stock Connect contributed \$678m in income in 2018, 65% higher than 2017



- Southbound turnover picked up after the announcement of Shenzhen-Hong Kong Stock Connect⁽²⁾ and the approval of onshore insurance funds to trade through Shanghai-Hong Kong Stock Connect⁽³⁾
- Northbound turnover exceeded Southbound in 2018 in particular after the MSCI A-shares inclusion

Further index inclusions in 2019 are expected to stimulate Northbound turnover

Source: HKEX data as of 31 Dec 2018
 (1) Northbound (NB) trading is conducted in RMB; The NB figures in the chart are converted to HKD based on the month-end exchange rate
 (2) CSRC and SFC jointly announced the approval of Shenzhen-Hong Kong Stock Connect on 16 Aug 2016
 (3) China Insurance Regulatory Commission (CIRC) published the notice on 8 Sep 2016



Thank you

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