



**MOSCOW
EXCHANGE**

2 March 2018

4Q and FY 2017 Earnings Presentation

Key events and highlights of 2017

✓ Corporate events

- The company switched to semi-annual dividend payments. The first ever interim dividend in the amount of RUB 2.49 per share was paid for 1H 2017.
- National Clearing Centre relinquished its banking license and was licensed as a non-bank credit organization – central counterparty. The change brings the regulation to which NCC is subject in line with its operating activities.
- MOEX established MOEX Innovations, a wholly owned subsidiary that will invest in innovative technologies and collaborate with fintech start-ups.

✓ New products & services, external developments

- MOEX remained the main platform for Russian issuers to raise capital via public markets, with 16 equity offerings and 260 bond issues.
- In December the first stage of implementing the unified collateral pool was completed: introduction of a single account for several markets, unified collateral requirements and netting of settlements.
- Russian corporates were granted direct access to the FX and Money Markets. Today a total of 22 non-financial companies can operate directly on the FX Market and 47 on the Money Market.
- NSD finalized E-Voting, a platform that enables shareholders to participate in AGMs by means of electronic voting.
- Sponsored Market Access (SMA) to the Equities and Fixed Income Markets was introduced.
- The Growth Sector was launched allowing SMEs to raise capital through equity and bond placements on MOEX.
- MSCI started using MOEX's closing auction prices and chose to include two additional locally listed stocks over corresponding depository receipts in its Russia indexes.
- Retail investors opened approximately 250,000 brokerage accounts, bringing the total to 1.9 mln at year-end 2017. The number of Individual Investment Accounts held by private investors reached 302,000 at year-end 2017 (year-end 2016: 191,000).
- MOEX launched Marketplace, an online tool for comparing offerings of brokers that targets a potential audience of 4 mln Russian retail clients.
- The Exchange expanded its product offering with the launch of trading in new instruments across all markets: new contracts on sugar and grain, options on GBP/USD and USD/JPY, new maturities of RTS Index and USD/RUB options.
- Innovative technologies remained a priority. NSD developed a blockchain-based platform for issuing commercial bonds.



Corporates on the FX and Money Markets

Direct access of Russian corporates to the FX and Money Markets

Direct access to the FX Market

Launched on 5 April 2017

22 corporates

299 RUB bln trading volume since launch

1.3 RUB bln ADTV

Deposits with the CCP for corporates

Launched on 24 July 2017

47 corporates

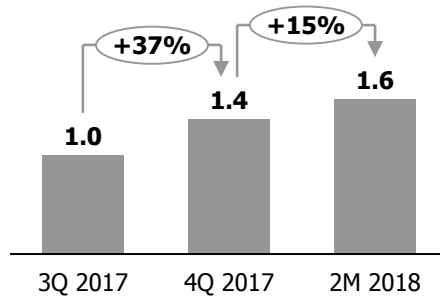
4.2 RUB trln trading volume since launch

2.12 RUB mln average trade size

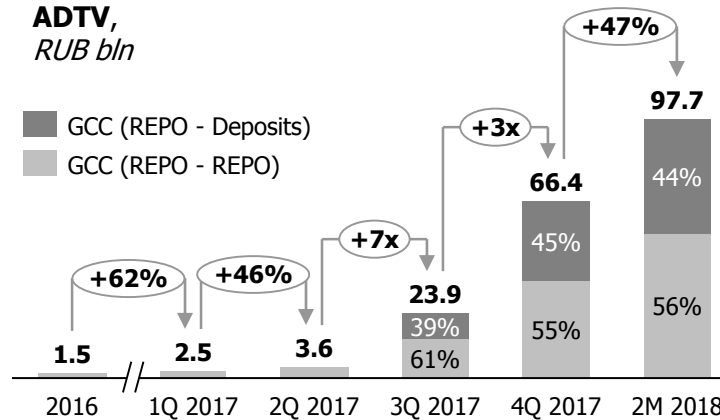
Plans 2018+

- Relax criteria for corporates to join
- Attract 30-50 new corporates to the FX and Money Markets

ADTV, RUB bln



ADTV, RUB bln



Update on the Unified Collateral Pool

Unified Collateral Pool (UCP) phase-in schedule

☑ **Completed**
15 participants to date

On track

December 2017
Start of phase 1:
Single account, unification of collateral management

2Q 2018
Start of phase 2:
Cross-margining bridge between spot and derivatives

End-2018
Fully-functioning UCP



July 2018
1st tariff revision:
- Repo with CCP
- FX swaps

October 2018
2nd tariff revision:
- Repo with CCP
- FX swaps
- Derivatives

- The basic functionality of the unified collateral pool has been implemented, first participants opened unified accounts.
- Staggered implementation of the unified collateral pool is expected to be completed by mid-2018.
- 10-month grace period is set to allow market participants to tune in their IT systems in order to take full advantage of UCP capabilities.

Fee structure changes following completion of key project stages

	Money Market	Derivatives Market	FX Market
	<i>Repo with CCP</i>	<i>All products</i>	<i>FX swaps</i>
July 2018	+3%	+0%	+10%
October 2018	+3%	+10%	+10%
Total increase vs current	+6%	+10%	+20%

- Completion of key project stages will be followed by corresponding changes to the fee structure of the Money, Derivatives and FX Markets.
- July 2018 increase applies to UCP accounts only.
- October 2018 increase applies to all accounts.



Global products and international investors

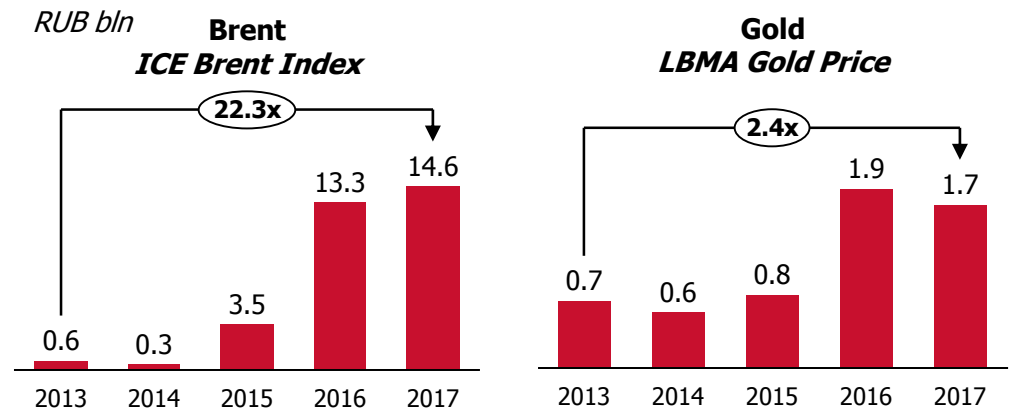
MOEX offers **global products to Russian investors** ...

Global Products

Plans 2018

- FX Market**
✓ Trading links with key FX platforms
- Derivatives Market**
✓ Major global benchmarks
- Equities Market**
✓ Top global stocks

Trading volumes of derivative contracts on international benchmarks on MOEX



... and **Russian products to international investors**

Plans 2018

- FX Market**
- Derivatives Market**
- Equities and Fixed Income Markets**

- Development of SMA: introduction of pre-trade controls
- Development of ICM
- Tradable FX Fixing instruments for international participants
- Declaration of adherence to FX Global Code
- Launch of ICM: remote clearing membership for international banks
- Launch of SMA: introduction of pre-trade controls and cancellation of orders on disconnection
- Onboarding of international HFT clients
- Development of SMA
- Launch of ICM
- Onboarding of international HFT clients



"Bondization": Growing a deeper Bond Market

Completed in 2017

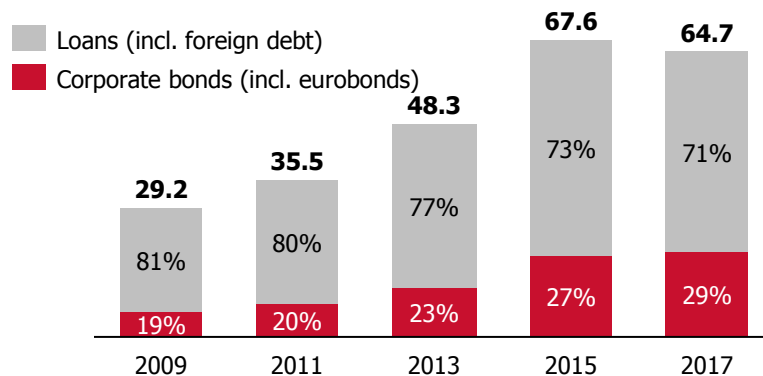
- **Issuance documents constructor** for exchange-traded bonds was implemented in the user account, it reduces the time for preparation of each document to 15-20 minutes
- Bonds can now be admitted to trading without a prospectus
- 60 new exchange-traded bond programs were registered in 2017 (+56% vs 2016)
- **On-exchange bookbuilding**
- **Increase of OFZ liquidity** due to market-maker programs and change in tick size (+32% trading volumes in 2017 vs 2016)
- **Cross-product OFZ spreads**

Plans for 2018 and beyond

- OTC fixed income trading platform
 - Additional features not offered through electronic order book
 - MiFID II favors electronic OTC platforms due to transparency
 - The initiative takes advantage of data on ownership of more than 15,700 security issues kept by NSD
- Increase of market liquidity:
 - Transactions with bonds ex-date (coupon)
 - Further development of exchange bookbuilding

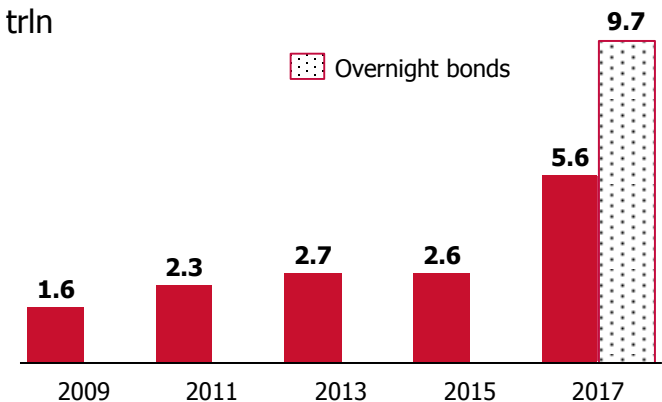
Corporate loans vs corporate bonds in Russia

RUB trln



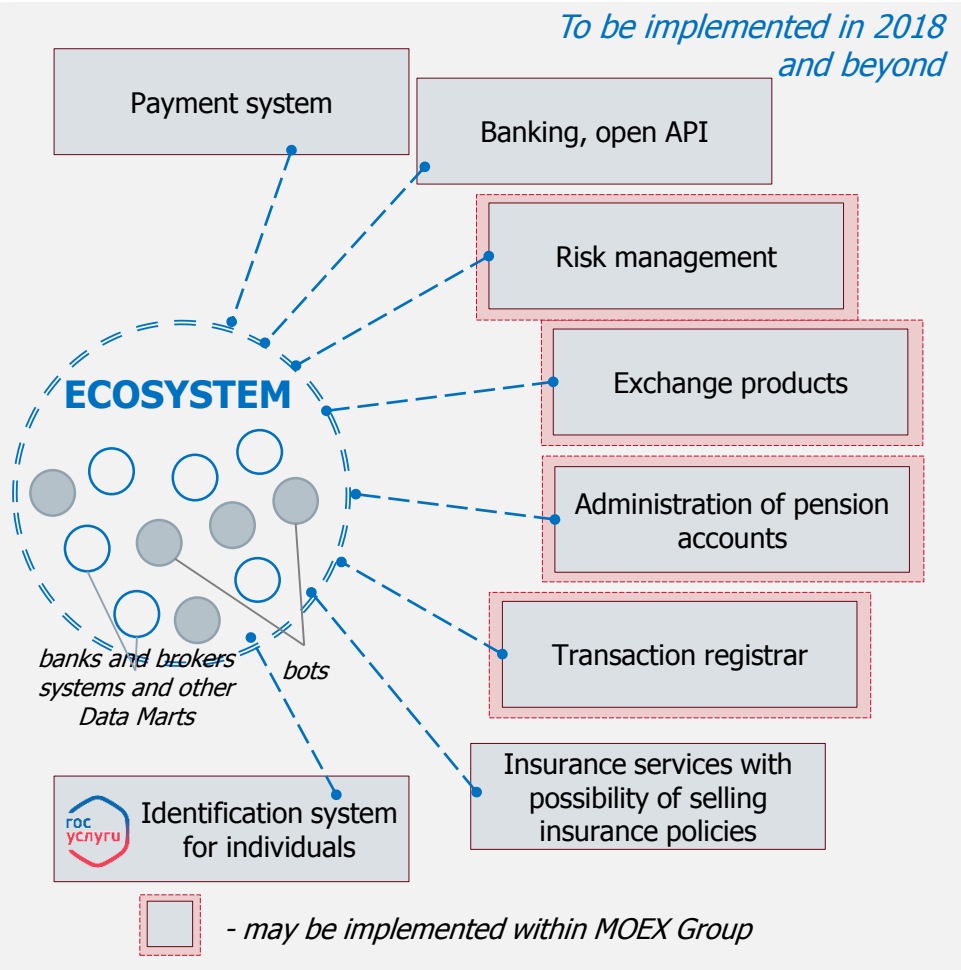
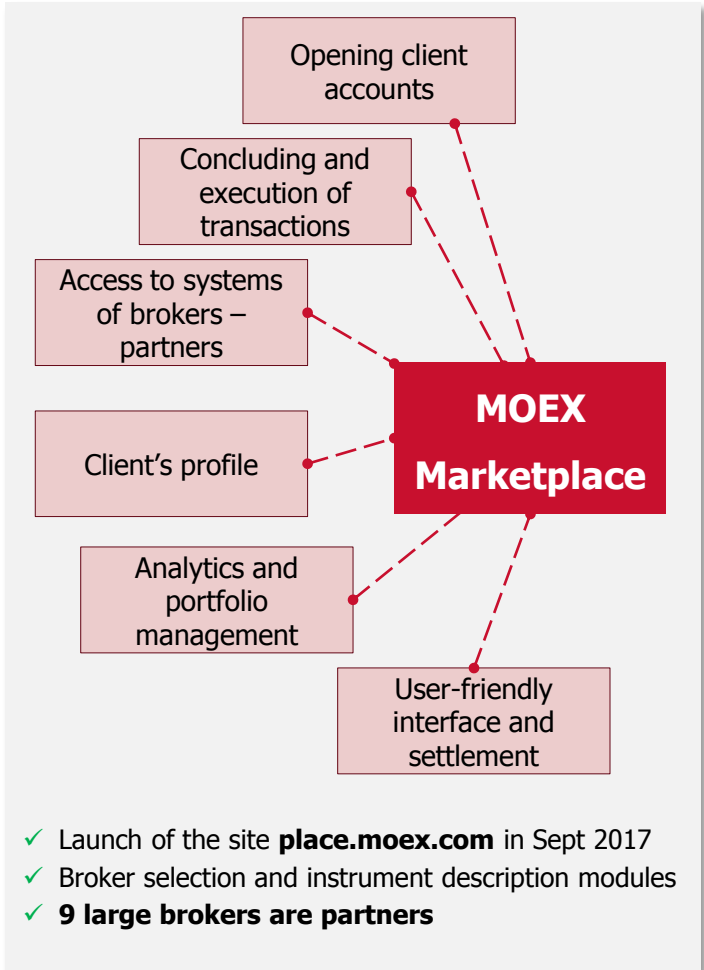
Bond primary market trading volume

RUB trln



Marketplace and Ecosystem: digital solutions for retail investors

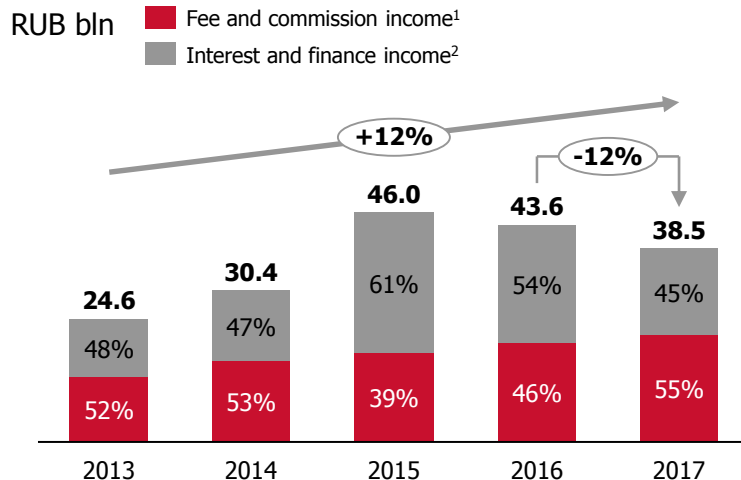
Potential market size **Marketplace – place.moex.com:** 4 mln new clients
Ecosystem: 25 mln new clients
Obtainable market: RUB 4 bln in revenues



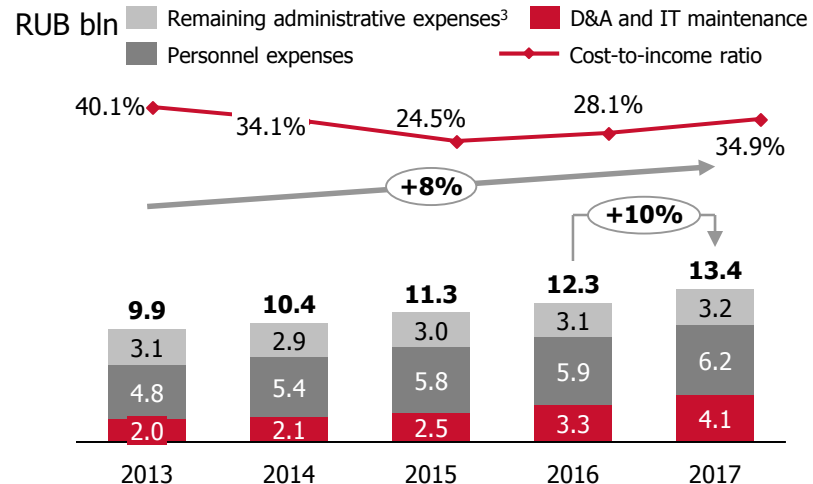
Summary of financials

X% → CAGR '13-17

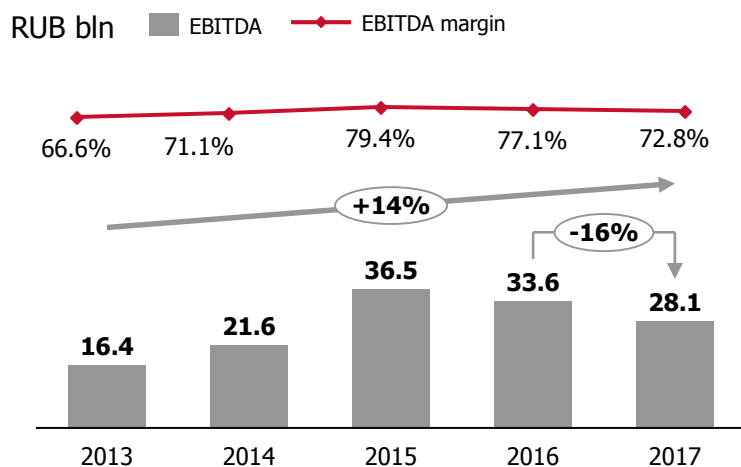
Operating income



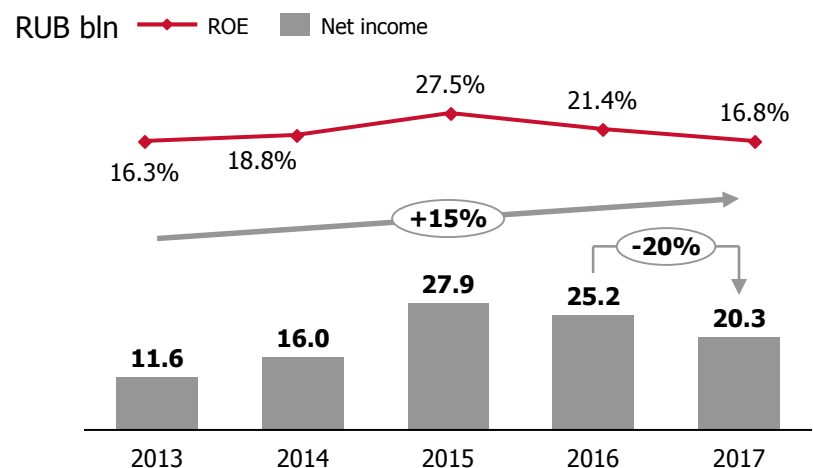
Operating expenses



EBITDA and EBITDA margin



Net income



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Source: Moscow Exchange

1 Includes Other operating income

2 Includes Interest and other finance income, Interest expense, Net loss on financial assets available-for-sale and Foreign exchange gains less losses

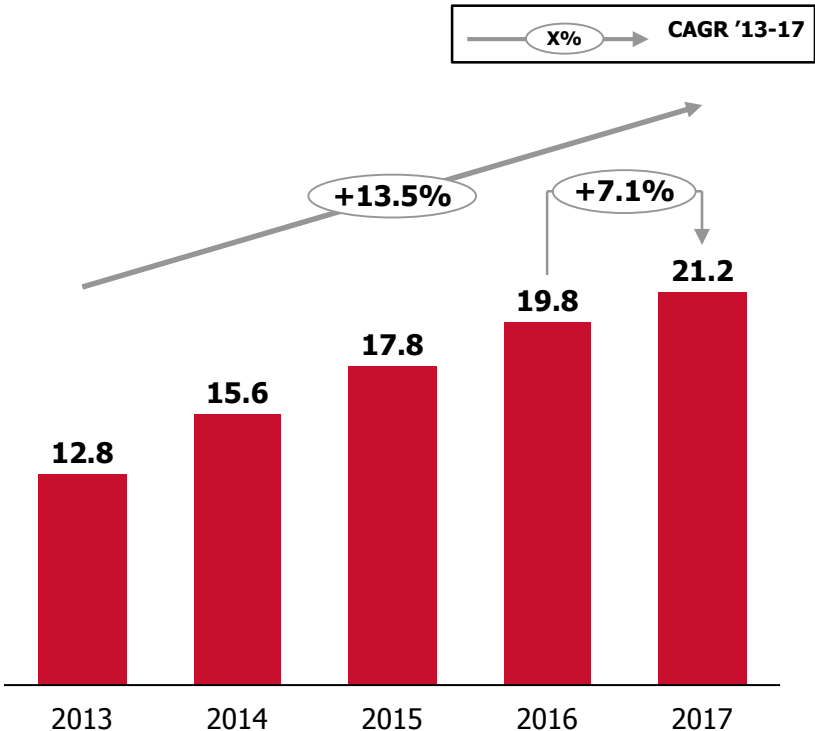
3 Remaining administrative expenses are calculated as Administrative expenses less Depreciation of property and equipment, Amortisation of intangible assets and Equipment and intangible assets maintenance

Fee & commission income: strong and sustainable growth

Fee and commission income (F&C)

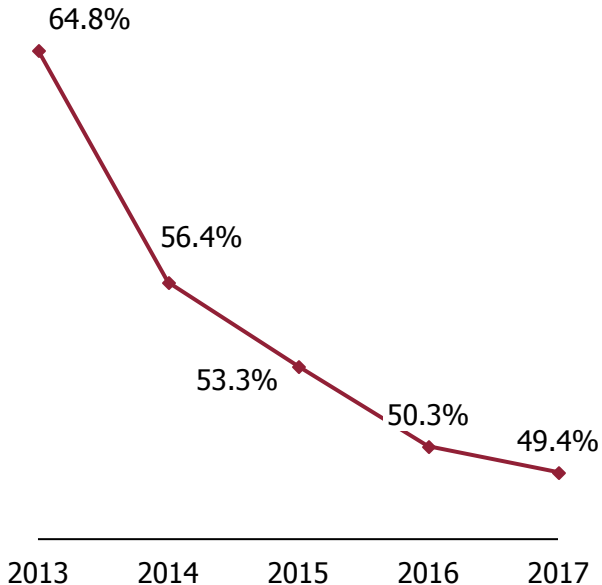
RUB bln

F&C income for 2017 increased 7.1% YoY;
 F&C income for 4Q 2017 increased 12.1% YoY



Cost (ex D&A) to fee income ratio

F&C growth was delivered in a cost efficient way



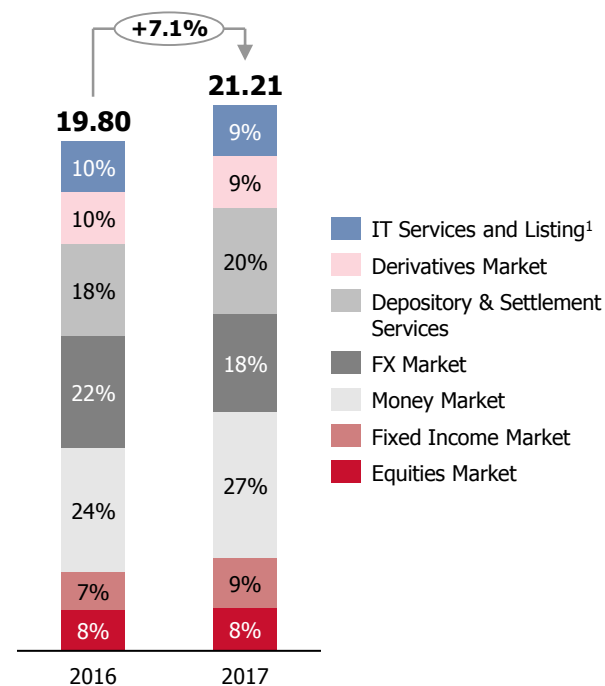
Diversified fee and commission income

Fee and commission income performance

RUB mln	2016	2017	Change YoY, mln	Change YoY, %	CAGR 2013-17
Money Market	4,836.2	5,650.0	813.8	16.8%	22.2%
Depository and Settlement Services	3,564.0	4,183.9	619.9	17.4%	15.8%
Fixed Income Market	1,483.0	1,982.5	499.5	33.7%	9.5%
Equities Market	1,588.8	1,610.2	21.4	1.3%	3.5%
IT Services and Listing ¹	1,928.4	1,942.0	13.6	0.7%	13.3%
Derivatives Market	2,052.3	2,012.0	-40.3	-2.0%	6.5%
FX Market	4,344.9	3,827.0	-517.9	-11.9%	12.2%

Fee and commission income breakdown

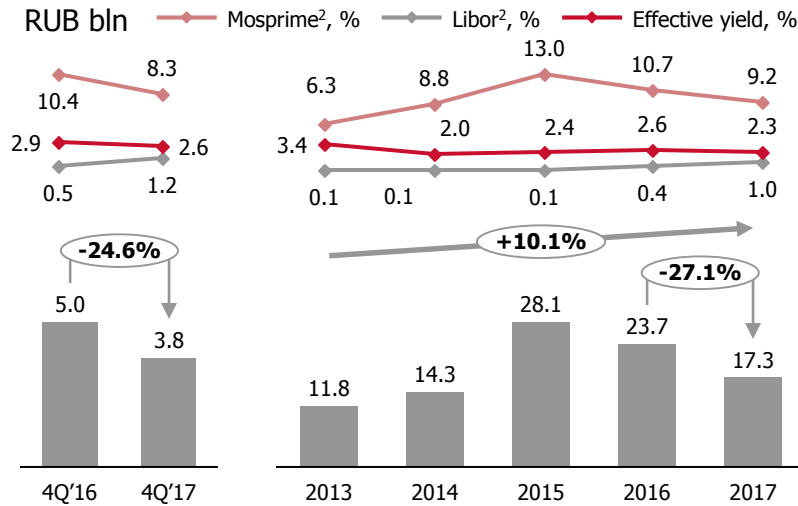
RUB bln



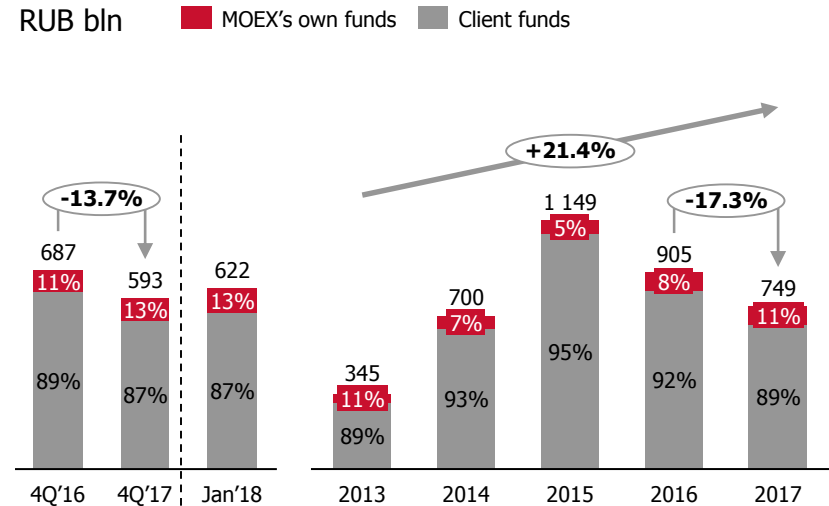
Interest and finance income

X% → CAGR '13-17

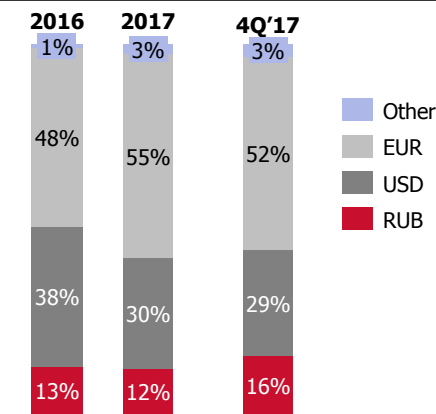
Interest and finance income¹



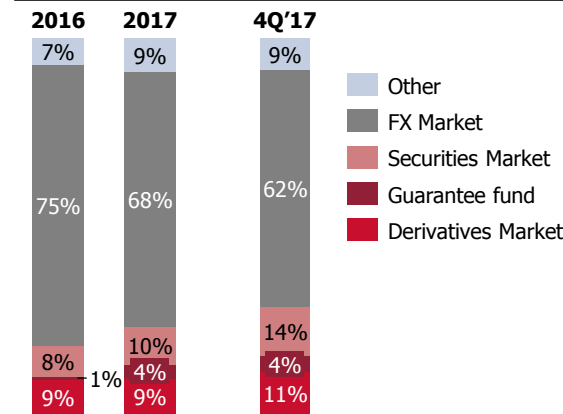
Investment portfolio sources³



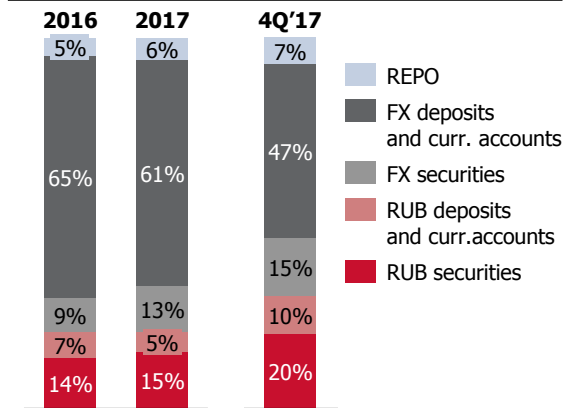
Client funds by currency



Client funds by source



Investment portfolio by type of asset

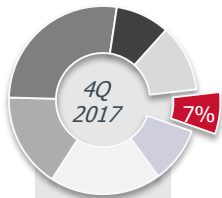


Source: NFEA, Bloomberg, Moscow Exchange operational information and Consolidated Financial Statements

1 Interest and finance income includes Interest and other finance income, Interest expense, Net loss on financial assets available-for-sale, Foreign exchange gains less losses

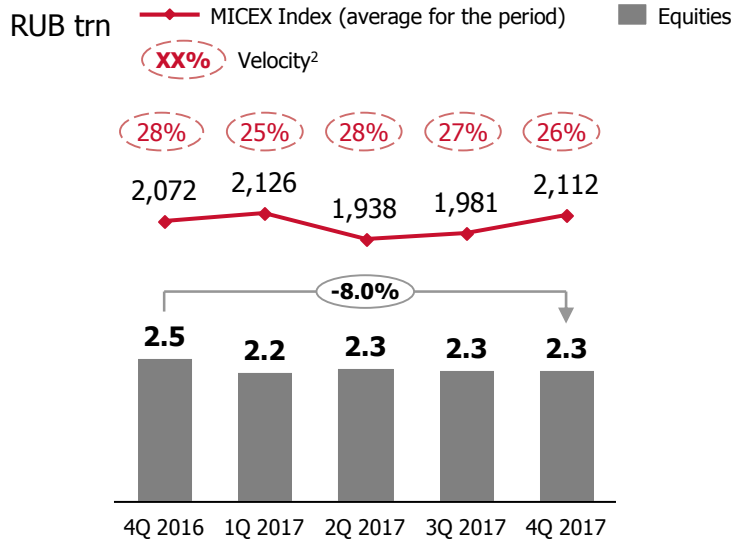
2 Average daily rate for the period

3 Based on average daily investment portfolio sources for the period according to management accounts

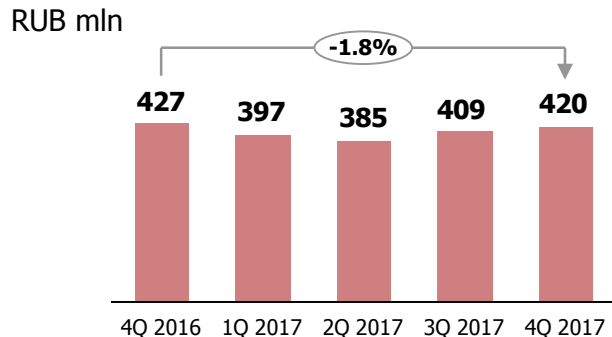


Equities Market

Trading volumes¹



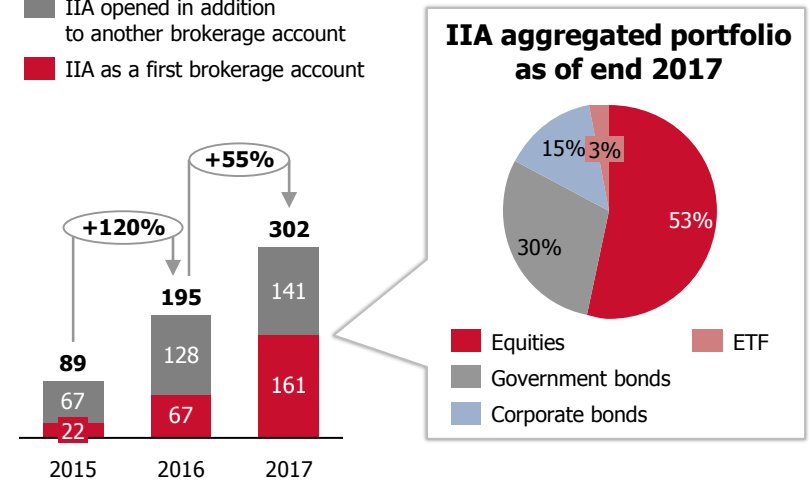
Fee & commission income



Individual Investment Accounts

Individual Investment Accounts, thousands, end-of-period

- IIA opened in addition to another brokerage account
- IIA as a first brokerage account



Comments

- F&C income in 4Q 2017 was down 1.8% YoY; trading volumes declined 8.0% YoY. In 2017, F&C income increased 1.3% YoY and amounted to RUB 1.6 bln; trading volumes were down 1.0% YoY.
- In 2017 the market share was stable. The market share vs LSE for dual-listed stocks was 58%. The market share vs the onshore OTC market was 78%.
- Projects completed: launch of SMA; updated methodology for calculating RTS and MOEX indices; launch of Marketplace in collaboration with largest brokers; educational initiatives for retail investors.
- Future plans: further upgrade of Marketplace, marketing of SMA.

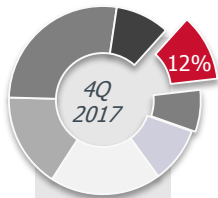


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Source: Moscow Exchange operational information and Consolidated Financial Statements, WFE

1 Volumes of both primary and secondary markets

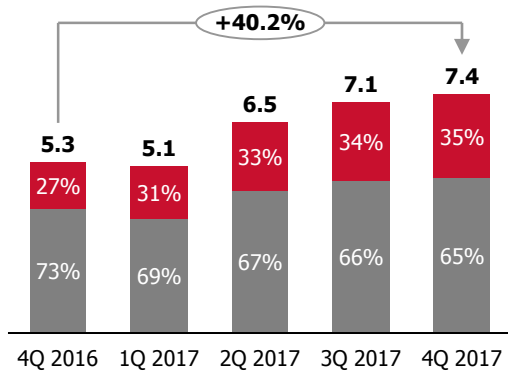
2 Velocity is calculated as annualized trading volumes for the period divided by the average market capitalization



Fixed Income Market

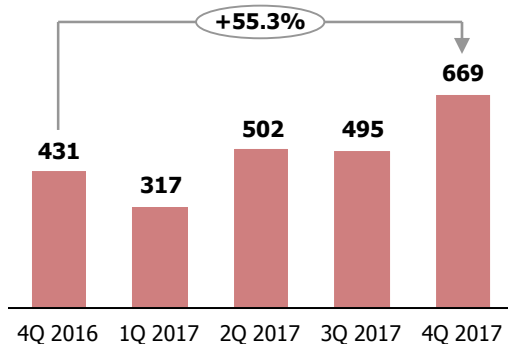
Trading volumes¹

RUB trn
■ Government and CBR bonds (OFZ, OBR)
■ Corporate, municipal and other bonds



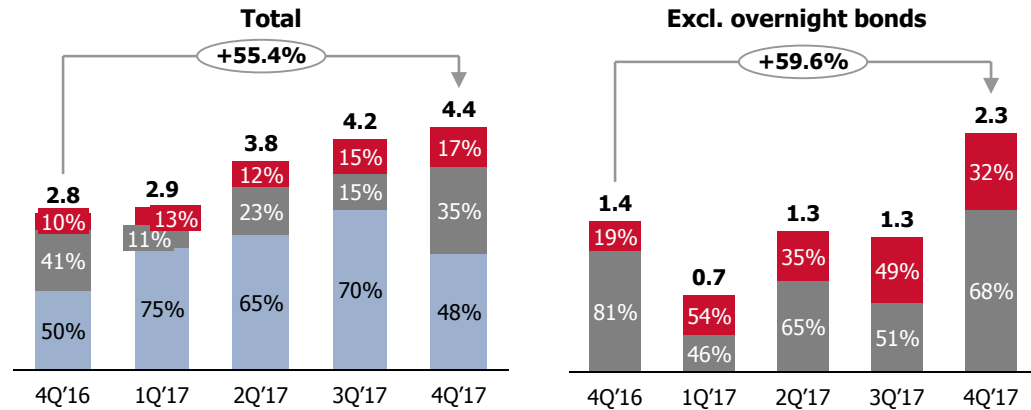
Fee & commission income

RUB mln



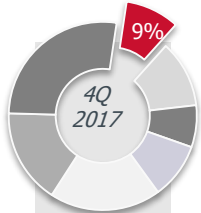
Primary market

RUB trn
■ Government and CBR bonds (OFZ, OBR)
■ Corporate, municipal and other bonds (excl. overnight)
■ Overnight bonds



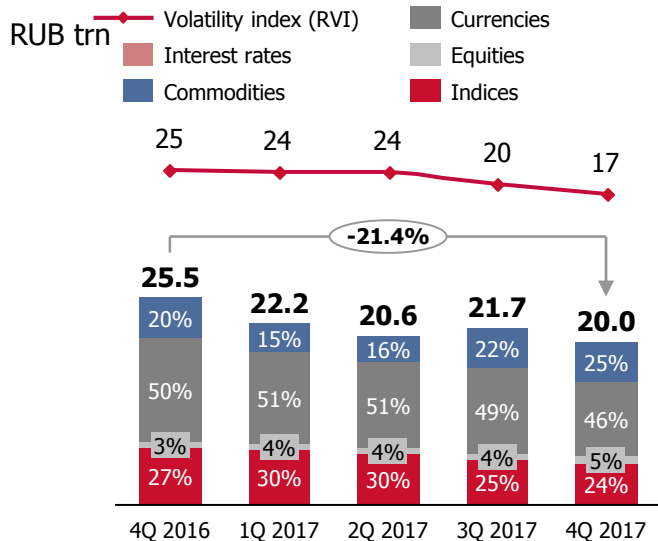
Comments

- F&C income in 4Q'17 was up 55.3% YoY, while trading volumes² increased 36.3% YoY. FY 2017 F&C income increased 33.7% YoY to RUB 2.0 bln, trading volumes² rose 25.3%.
- Trading volumes of government and CBR bonds increased 85.5% YoY in 4Q 2017 thanks to 2.7x YoY growth in placements. Trading of corporate and other bonds increased 8.1% YoY² in 4Q 2017 due to primary placements (+43.1% YoY).
- Thanks to the increase of a tick size in the OFZ order book, the share of EOB vs Negotiated Deals grew from 34% in 2016 to 43%.
- Projects completed: document constructor for issuing exchange bonds; admission of exchange bonds to trading without a prospectus under specific conditions.
- Future plans: OTC platform for bonds trading; simplification of bond issuance.

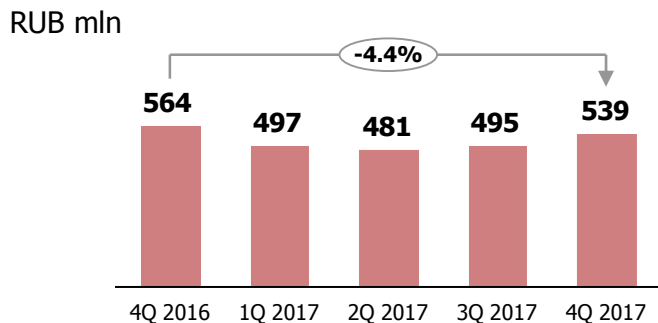


Derivatives Market

Trading volumes

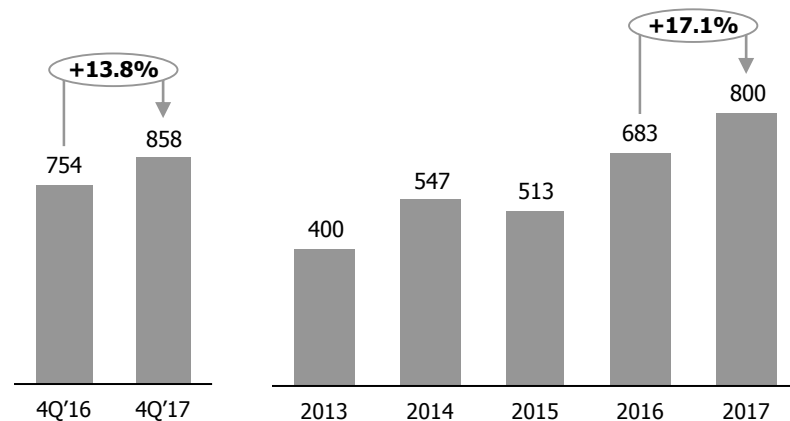


Fee & commission income



Open interest

RUB bln, daily average

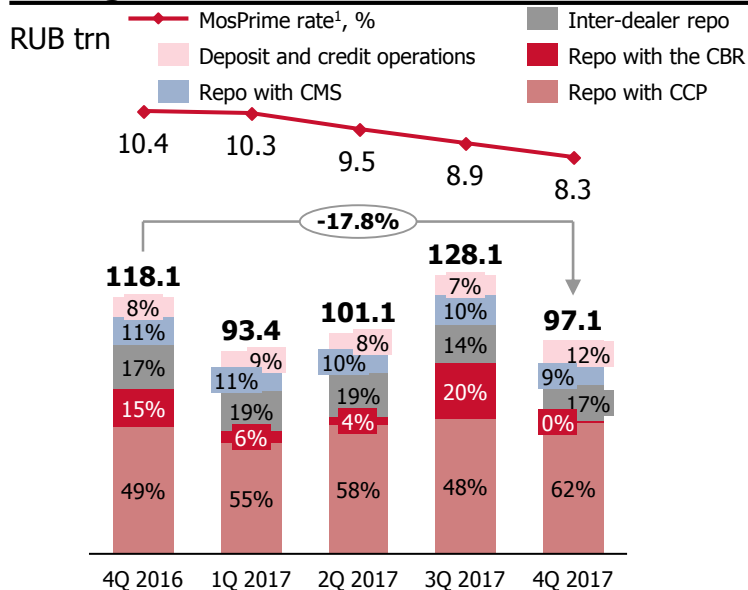


Comments

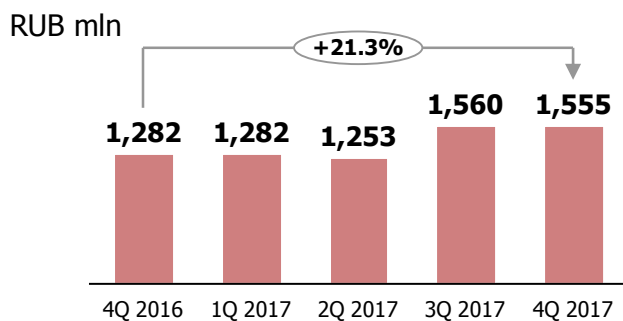
- F&C income in 4Q 2017 declined 4.4% YoY, while trading volumes were down 21.4% YoY. In 2017, F&C income declined 2.0% YoY at RUB 2.0 bln, and trading volumes were down 26.7% YoY. Decreased volatility was behind the slowdown of trading.
- F&C income in 4Q 2017 was supported by adjustment in fees and an improvement in the mix of trading volumes in favor of contracts on commodities and single stocks as well as options.
- Projects completed: launch of new maturities of RTS and USD/RUB options; new FX contracts.
- Future plans: launch of new contracts; development of SMA; launch of Indicative Quotation System.

Money Market

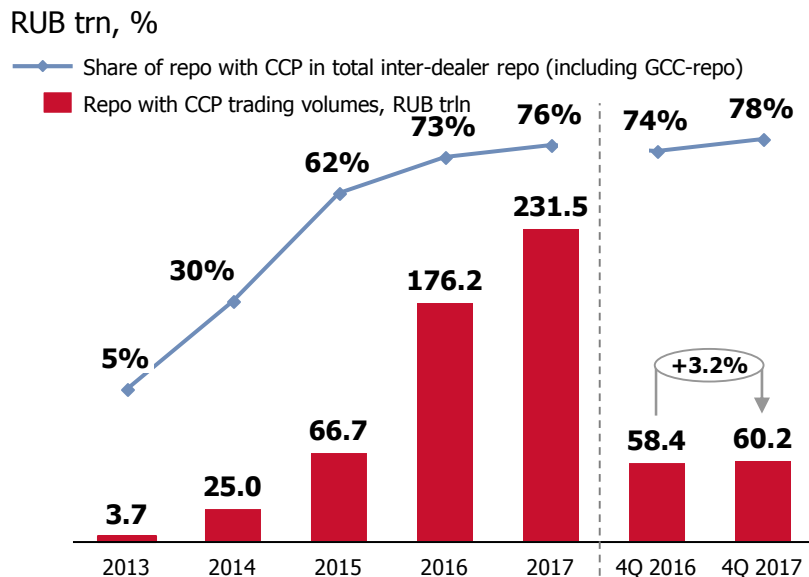
Trading volumes



Fee & commission income



Trading volumes for repo with CCP



Comments

- F&C income grew 21.3% YoY in 4Q 2017, while trading volumes were down 15.7%² YoY. In 2017, F&C income increased 16.8% YoY to RUB 5.7 bln, trading volumes grew 13.0% YoY².
- Trading continued to shift towards higher share of repo with CCP, its share in total repo reached 77.9% in 4Q 2017. GCC repo through CCP grew at the fastest pace (2.7x QoQ in 4Q 2017).
- Average term of on-exchange repo in 4Q 2017 was 3.0 days (2017: 3.1 days), compared to 3.1 days in 4Q 2016 (2016: 3.4 days).
- Projects completed: GCC for corporates, regulation changes regarding GCC, marketing program and new maturities on GCC repo.
- Future plans: GCC FX, second-tier securities.



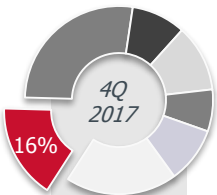
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Source: Moscow Exchange operational information and Consolidated Financial Statements

1 Overnight rate, average for the period

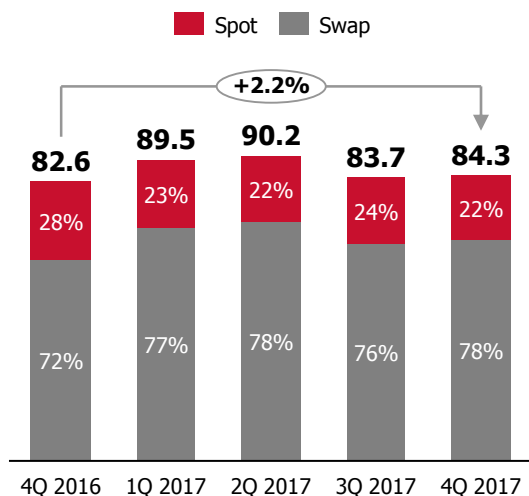
2 Not including repo with CMS

FX Market



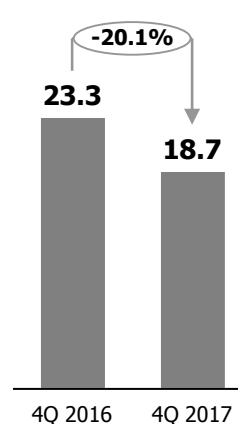
Trading volumes

RUB trn



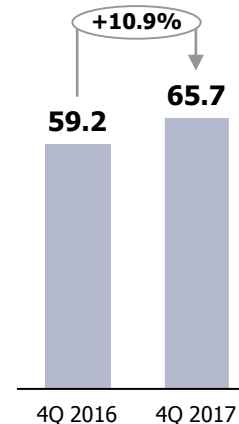
Spot trading volumes

RUB trn



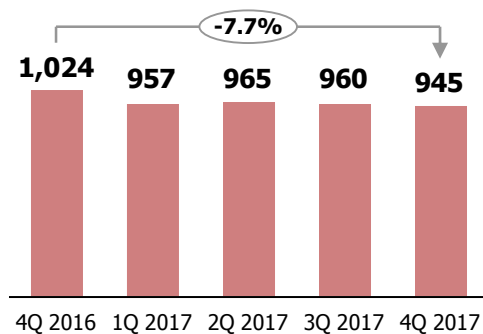
Swap trading volumes

RUB trn



Fee & commission income

RUB mln



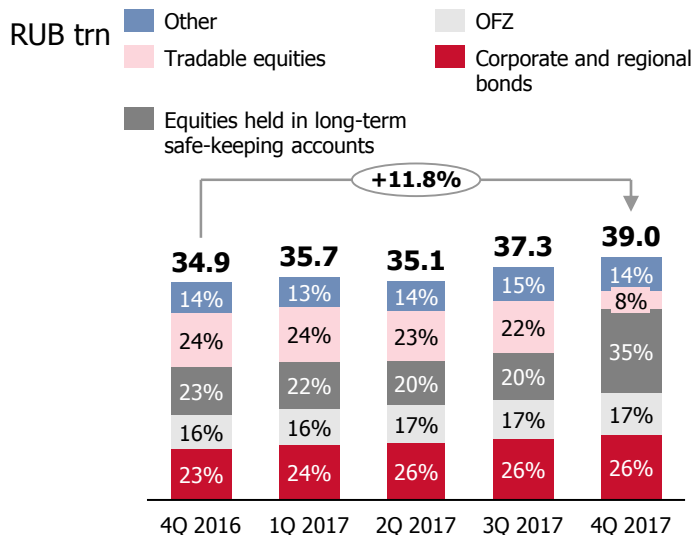
Comments

- F&C income declined 7.7% YoY in 4Q 2017. Trading volumes were up 2.2% YoY. In 2017, F&C income was down 11.9% YoY at RUB 3.8 bln, while trading volumes increased 5.4% YoY.
- Lower F&C income in 4Q 2017 and in 2017 was due to a change in the trading volume mix in favor of swaps. In 4Q 2017 spot trading volumes decreased 20.1% YoY due to lower volatility, while swaps volumes rose 10.9% YoY.
- Projects completed: direct access for corporates, launch of matching on FX Fixing.
- Future plans: development of SMA, new currency pairs, trading links with other platforms/exchanges.



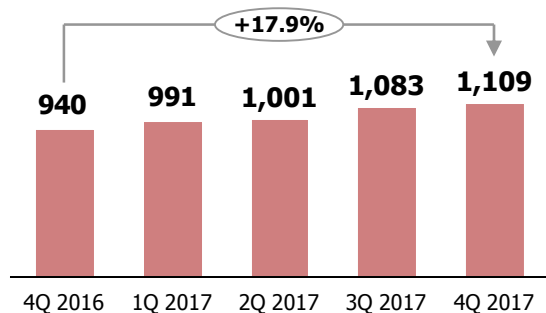
Depository and Settlement Services

Assets on deposit (average for the period)



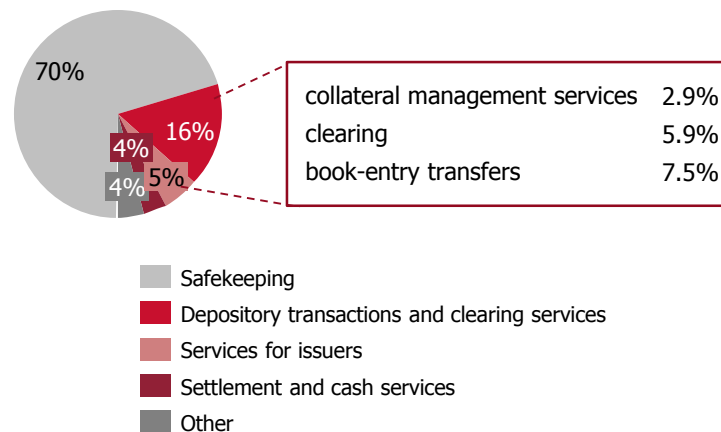
Fee & commission income

RUB mln



Fee & commission income breakdown

4Q 2017



Comments

- F&C income in 4Q 2017 increased 17.9% YoY, FY 2017 F&C income increased 17.4% and amounted to RUB 4.2 bln. Average assets on deposit were up 11.8% YoY in 4Q 2017 and 11.1% YoY in 2017.
- The growth in assets under custody was universal across all asset classes, with corporate and regional bonds and OFZs growing the fastest (+22.2% and +18.7% YoY in 2017, respectively).
- Fee income in 4Q 2017 and in 2017 was supported by income on settlement and cash services and book-entry transactions.
- Projects completed: E-Voting, blockchain bond platform, platform for distributing shares of mutual funds.
- Future plans: development of electronic document flow to facilitate communication between NSD and its clients.



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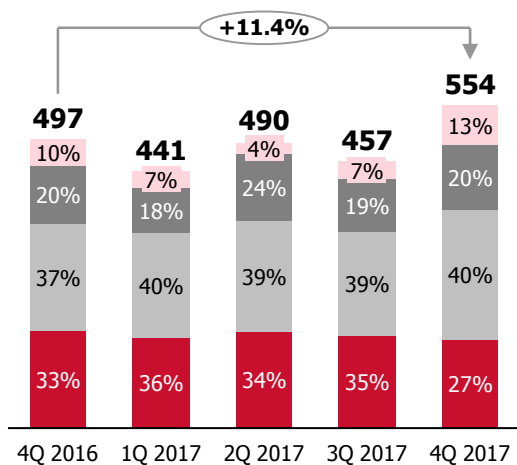


IT Services and Listings

IT Services and Listings¹

RUB mln

- Other fee and commission income
- Listing and other fees related to Securities Market
- Information services
- Sale of software and technical services



Comments

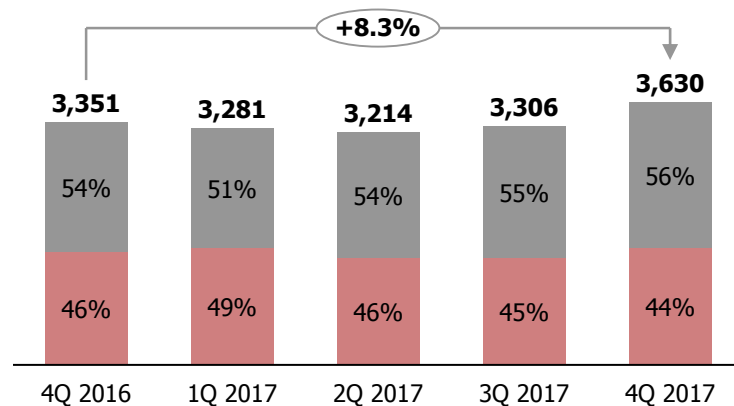
- Listing and other fees related to the Securities Market grew 11.8% YoY in 4Q 2017 but declined 5.5% YoY for the full year to RUB 392 mln. The decline was due to a lower number of non-overnight bonds accompanied by an increase in the average size of bond issues.
- Sales of software and technical services were down 9.3% YoY in 4Q 2017 and down 0.9% YoY in 2017 and amounted to 631 mln for full year.
- Sales of information services grew 20.9% YoY in 4Q 2017 and 2.4% YoY in 2017, reaching RUB 770 mln for full year.

Operating expenses

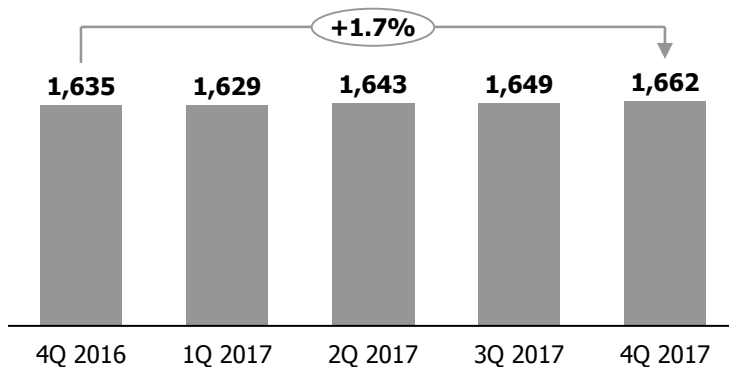
Operating expenses

RUB mln

■ Administrative and other operating expenses
■ Personnel expenses



Headcount



Major expense items

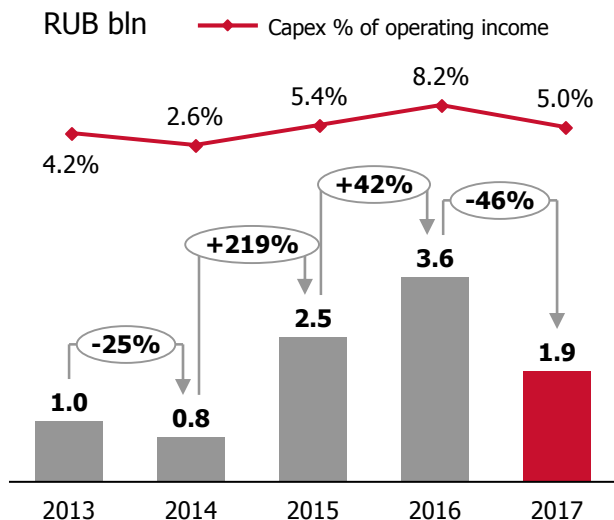
RUB mln	4Q 2016	4Q 2017	Change YoY
Personnel expenses	1549.4	1597.3	3.1%
D&A and IT maintenance	948.9	1075.8	13.4%
Remaining administrative expenses ¹	852.3	957.0	12.3%
Total	3350.6	3630.1	8.3%
Cost income ratio	32.7%	37.8%	3.6 p.p.

Comments

- Operating expenses grew 8.3% YoY in 4Q 2017 and 9.6% YoY in 2017.
- Administrative expenses grew 12.9% YoY in 4Q 2017 and 15.3% in 2017, largely due to increases in D&A expenses (+12.8% YoY in 4Q 2017 and +28.7% YoY in 2017) and IT maintenance (+14.7% YoY in 4Q'17 and +16.0% YoY in 2017) after large capital expenditures in 2016.
- Personnel expenses grew 3.1% YoY in 4Q 2017 and 3.5% in 2017.

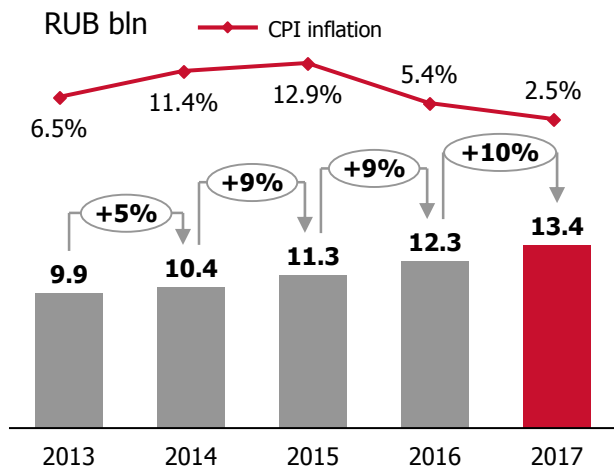
CAPEX and OPEX: 2017-2018

Capital expenditures



- In 2017, CAPEX was RUB 1.94 bln, including intangible asset additions of RUB 1.45 bln and fixed asset additions of RUB 0.49 bln.
- **In 2018, capital expenditures are expected to be RUB 2.0-2.2 bln**, in line with CAPEX for FY 2017. The split between maintenance CAPEX and CAPEX allocated to new projects is expected to be roughly equal (55% new projects/ 45% maintenance capex).
- 2018 CAPEX estimate does not include Ecosystem investments.

Operating expenses



- The actual growth of OPEX in 2017 was 10%, below the latest guidance of 11-13% as a result of:
 - More conservative hiring
 - Stronger RUB
- **In 2018, growth of operating expenses is expected to be in the range of 7-9%.**



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– perception of market services offered by the Company and its subsidiaries;

– volatility (a) of the Russian economy and the securities market and (b) sectors with a high level of competition that the Company and its subsidiaries operate;

– changes in (a) domestic and international legislation and tax regulation and (b) state policies related to financial markets and securities markets;

– competition increase from new players on the Russian market;

– the ability to keep pace with rapid changes in science and technology environment, including the ability to use advanced features that are popular with the Company's and its subsidiaries' customers;

– the ability to maintain continuity of the process of introduction of new competitive products and services, while keeping the competitiveness;

– the ability to attract new customers on the domestic market and in foreign jurisdictions;

– the ability to increase the offer of products in foreign jurisdictions.

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