



**MOSCOW
EXCHANGE**

6 March 2019

4Q 2018 and FY 2018 Earnings Presentation

Delivery on strategic initiatives in 4Q 2018 and beyond

- New Products -

- Trading in 5 new FX pairs (JPY/RUB, USD/CHF, USD/CNY, USD/KZT, USD/TRY) started on the FX Market.
- Options on US500 index futures were launched on the Derivatives Market. Futures on the US500 were introduced in 2Q'18.
- An inaugural placement of green bonds took place on the Fixed Income Market.
- The first ever securitized bonds backed by SME loans with a partial guarantee by the SME Corporation were listed.
- The range of traded soft commodities expanded to 6 with the addition of sunflower seeds.
- 4 new Russian-law ETFs – tracking RUB government and corporate bonds, Eurobonds and tech stocks – are now available.
- The Exchange introduced new data products tailored to the needs of algorithmic funds and high frequency traders.

- New Services -

- The Marketplace platform for online management of deposits across banks is complete. Legal changes will enable its use.
- NSD successfully recorded a test Marketplace transaction as a financial transactions registrar (FTR).
- FX Market participants obtained access to global OTC liquidity in EUR/USD and GBP/USD via links provided by MOEX.
- NSD proved applicability of blockchain to CMS repo. NSD was also a digital assets custodian for a trial ICO (Reg. Sandbox).
- NSD began transmitting theoretical fair prices for Russia's Finance Ministry Eurobonds.

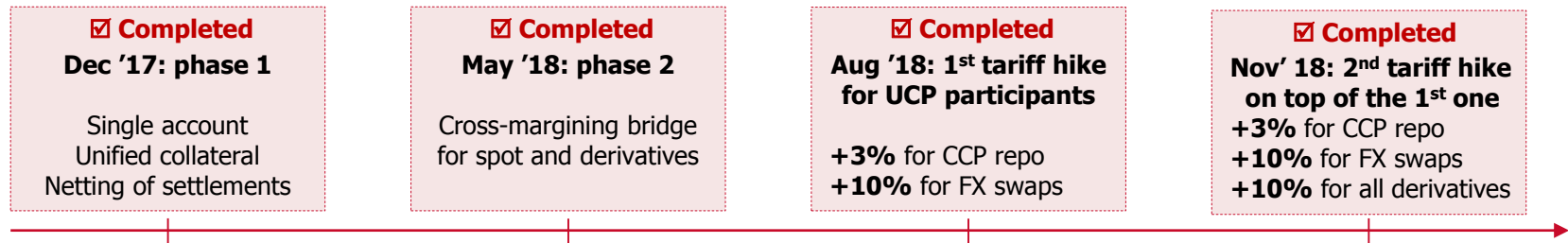
- New Clients & Partners -

- 111 Russian corporates, including 38 market newcomers, placed 324 bond issues in 2018.
- The number of IIAs almost doubled in 2018, reaching 598,000 by year-end from 302,000 a year earlier.
- The number of corporate participants on the FX and Money Market reached 36 and 113, respectively.
- MOEX signed MoUs with Shenzhen Stock Exchange (SZSE), Shanghai Clearing House (SCH) and China International Capital Corporation (CICC). These MoUs call for establishing trading links and cross listing of instruments.



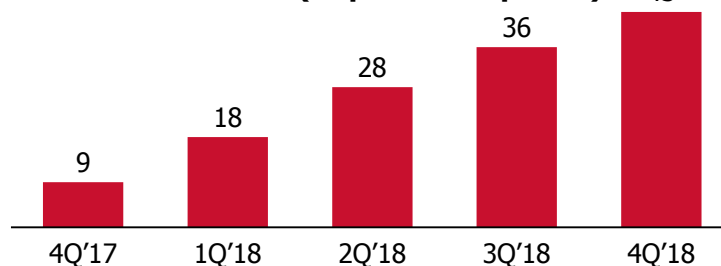
Unified Collateral Pool: a strategic project completed

Timeline and latest developments

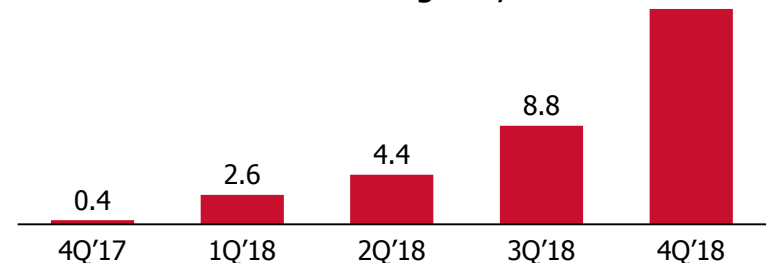


- The UCP take-up continued to grow, accounting for 19% of total trading F&C in 4Q'18 compared to 9% in 3Q'18.
- Analysis of Nov-Dec'18 data confirms that P&L effects from higher turnover and lower client balances largely cancel each other out.
- Annualized UCP projection of Nov-Dec'18 data onto the FY2018 produces half the turnover and NII effects compared to original plan.
- Annualized P&L effect from higher turnover would have equaled 2.4% of FY2018 trading fees based on the Nov-Dec'18 pattern.
- UCP-related tariff changes came into force as planned; would have accounted for 5.1% of FY2018 trading fees on an annualized basis.
- UCP accounts represent ~40% of fees and volumes in the Derivatives Market, the cornerstone market of the UCP.
- UCP participants are likely to increase their derivatives trading by 16% after joining, based on Nov-Dec'18 data.
- The Nov-Dec'18 data doesn't reveal statistically significant increases in the FX and Money Market volumes.
- So far, the UCP's main effect was on EUR-denominated client balances. USD and RUB client balances were affected by ~5%.

Number of market participants with UCP accounts (as per end of period)

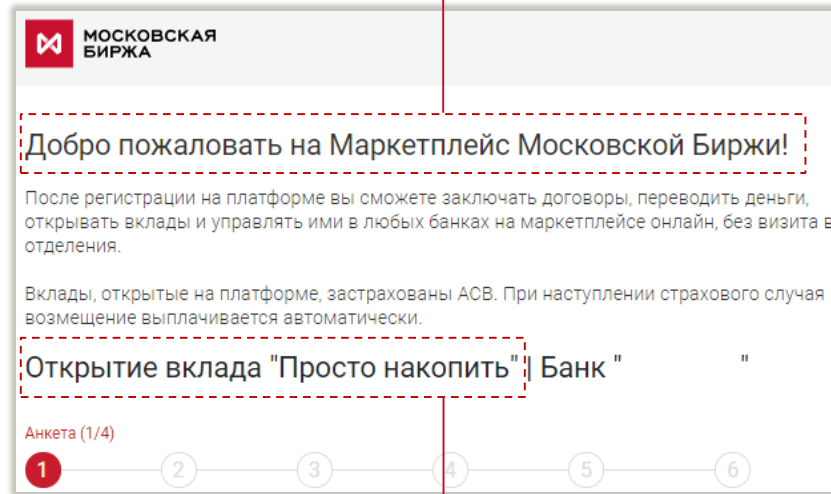


Share of F&C from UCP accounts in total trading F&C, %



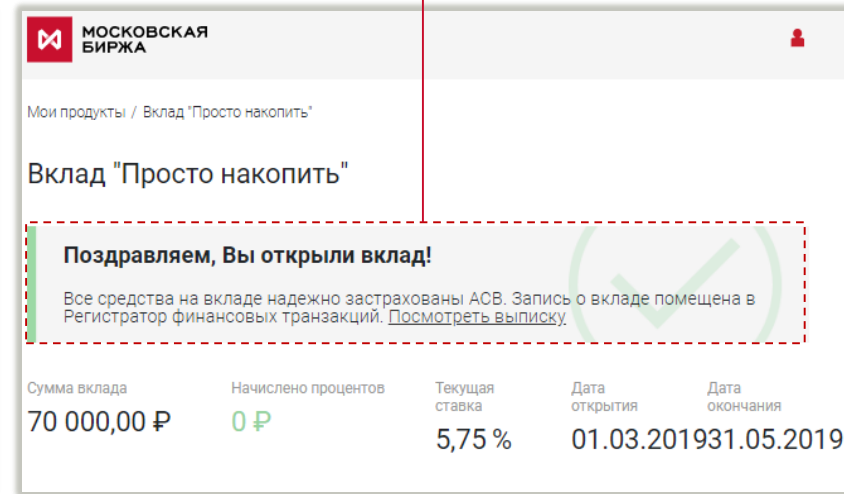
MOEX Marketplace: the deposit platform has been created

START: the Marketplace welcome page;
Redirected from a deposit aggregator's website



The Deposit has been selected;
Onboarding process is underway

FINISH: the Marketplace success page;
Deposit opening confirmation with a notice of FTR record



Abbreviations:

FTR – Financial Transactions Registrar at NSD

FPS – CBR's Faster Payments System

DIA – State Deposit Insurance Agency

Customer journey stages & corresponding solutions provided by MOEX

- ✓ (1) Websites of financial services aggregators work as gateways, provide leads. **Marketplace integration with aggregators' websites.**
- ✓ (2) Client registration with logging via gosuslugi.ru (online state services portal with 65+mIn users). **Marketplace login interface.**
- ✓ (3) One-time biometric identification with state-sponsored system operated by Rostelecom or offline with a courier, then KYC stage.
- ✓ (4) Deposit contract request and confirmation with e-signatures. **Marketplace personal account interface.**
- ✓ (5) Money transfer to the deposit account using NSD's and CBR's frameworks (FPS to connect in Q2 2019). **NSD's payment system.**
- ✓ (6) Deposit opening confirmation with a notice of FTR record stored at NSD and covered by the DIA. **NSD's FTR functionality.**
- ✓ (7) A client uses the marketplace as an internet bank to manage deposits (additions, withdrawals, etc.) in real-time.

Commercial launch is planned upon adoption of the law enabling the use of the Marketplace platform.



MOEX OTC platforms and solutions

OTC bond platform

- ~1500 bonds (locals and Eurobonds)
- 18 participants
- **Plans:** access for corporates, integration with NSD, addition of stocks, DRs and REPO capabilities

FX links to global liquidity pools

- Non-RUB FX pairs: EUR/USD, GBP/USD
- 36 participants, 2 liquidity providers (JPM & GS)
- >700 transactions with a total value of USD 330 mln
- **Plans:** new non-RUB FX pairs, new liquidity providers

Indicative Quotation System (IQS) for options and futures

- **Most actively traded underlyings:** USD/RUB, EUR/USD, SBRF, GAZR, VTBR, LKOH, RTS Index
- 14 participants
- **Plans:** backbone for development of RFS/RFQ services

Standardized OTC derivatives market

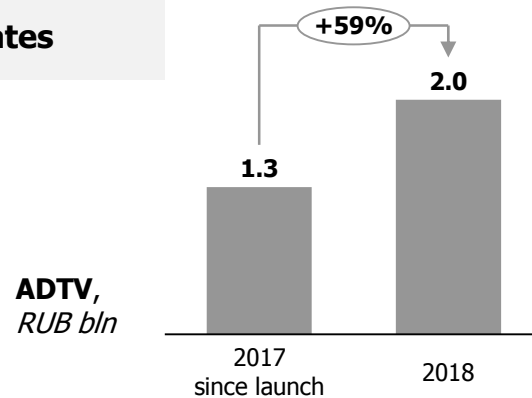
- FX swaps, FX forwards, interest rate swaps, cross currency swaps, overnight indexed swaps
- 44 participants
- Participants started to trade longer maturities
- **Trading volumes increased 8x YoY in 2018 to RUB 884 bln**

Corporates on the FX and Money Markets: progress in 2018

Direct access to the FX Market

Launched on
5 April 2017

36 corporates



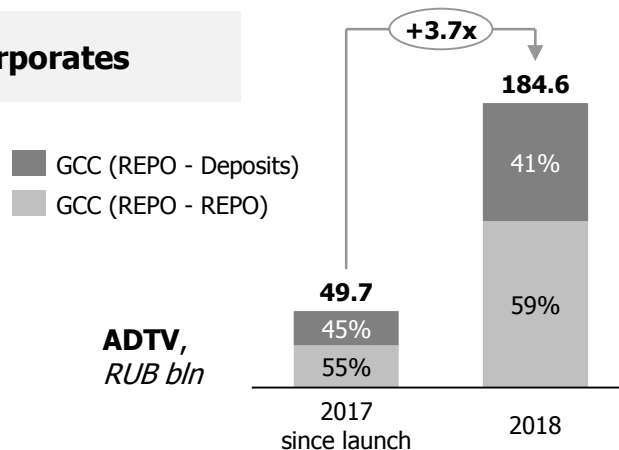
Achievements 2018

- ✓ ~ 80 new corporates joined the FX and Money Markets
- ✓ Corporates' ADTV on the FX Market increased 59% YoY
- ✓ ADTV of deposits with the CCP (GCC REPO – Deposits) grew 3.5x in 2018 YoY

Deposits with the CCP for corporates

Launched on
24 July 2017

113 corporates



Plans 2019+

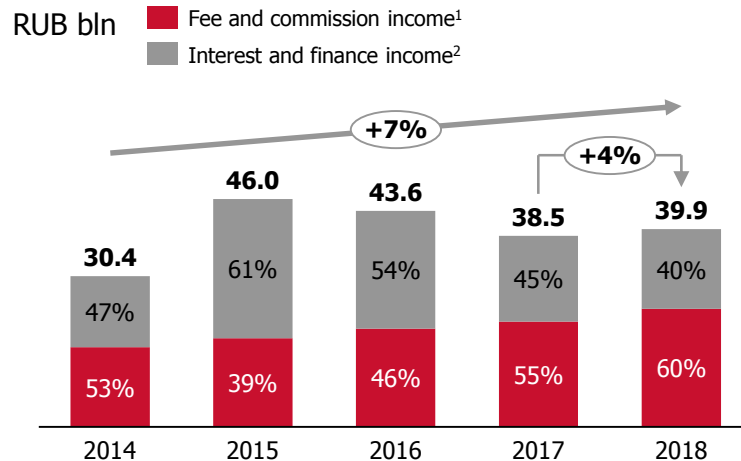
- 50-60 new corporates on the FX and Money Markets
- Large lots on the FX market (RFS)
- New categories of participants in deposits with the CCP (from the Eurasian Economic Union)
- Initiatives to extend the average term of deposits with the CCP
- Access to CCP Deposits for domestic asset management companies



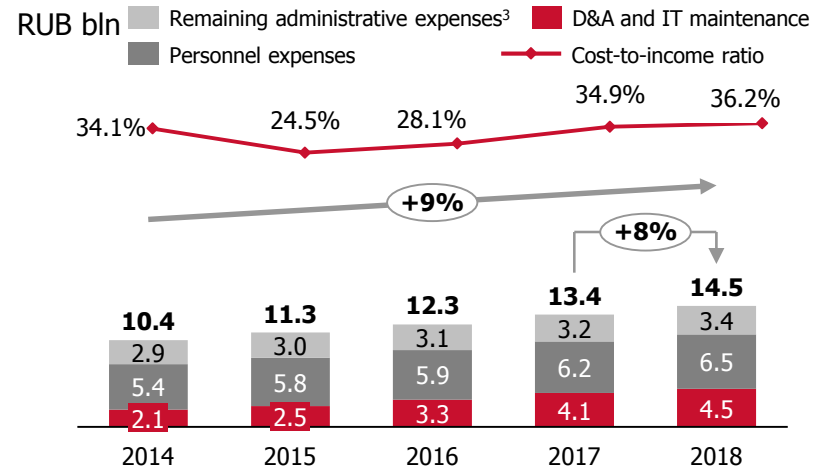
2018 summary of financials

X% → CAGR '14-18

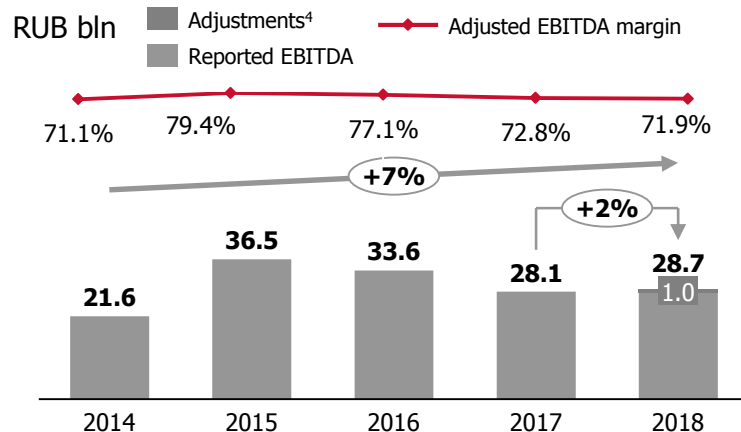
Operating income



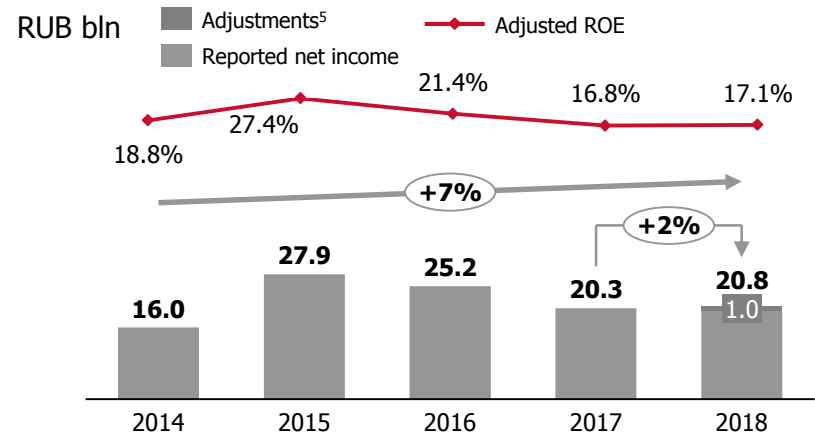
Operating expenses (excluding provisions)



EBITDA and EBITDA margin



Net income



Source: Moscow Exchange

1 Includes Other operating income

2 Includes Interest and other finance income, Interest expense, Net gain on financial assets AFS/FVTOCI and Foreign exchange gains less losses

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

4 Adjustments are related to 1) IFRS 9 movement in allowance for ECLs and 2) one-off provisions in 1Q and 2Q 2018

5 Adjustments are related to 1) IFRS 9 movement in allowance for ECLs, 2) change in amortization schedules and 3) one-off provisions in 1Q and 2Q 2018



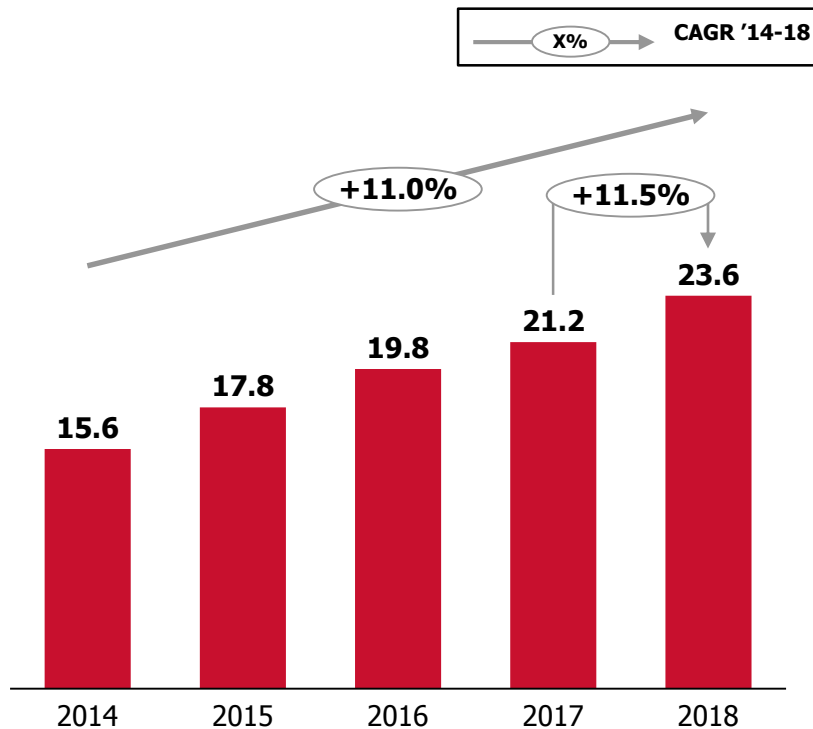
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Fee & commission income: strong and sustainable growth

Fee and commission income (F&C)

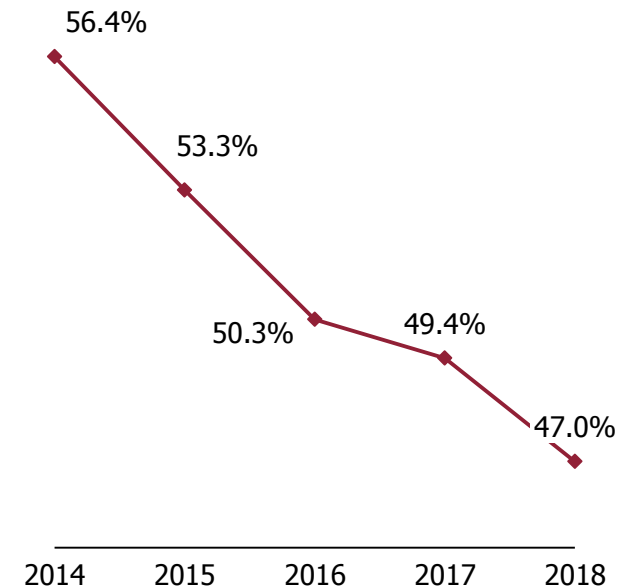
RUB bln

**F&C income for 2018 increased 11.5% YoY;
F&C income for 4Q'18 increased 8.7% YoY**



Cost (excl. D&A & provisions) to F&C ratio

F&C growth was delivered in a cost efficient way



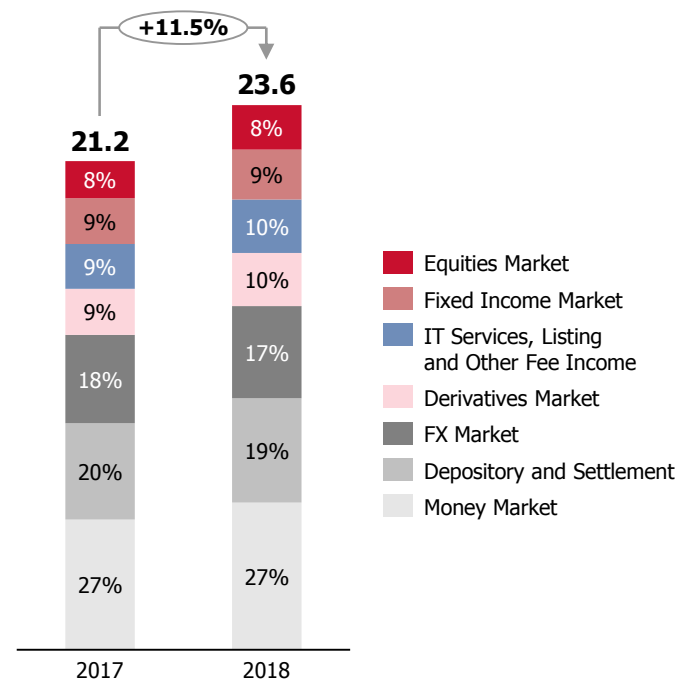
Diversified fee and commission income

Fee and commission income performance

RUB mln	2017	2018	Change YoY, mln	Change YoY, %	CAGR 2014-18
Money Market	5,650	6,390	740	13.1%	18.6%
Depository and Settlement	4,184	4,531	347	8.3%	9.2%
FX Market	3,827	3,990	163	4.3%	4.0%
Derivatives Market	2,012	2,319	307	15.3%	9.1%
IT Services, Listing and Other Fee Income ¹	1,942	2,312	370	19.1%	15.1%
Fixed Income Market	1,983	2,174	191	9.6%	20.4%
Equities Market	1,610	1,932	322	20.0%	2.3%

Fee and commission income breakdown

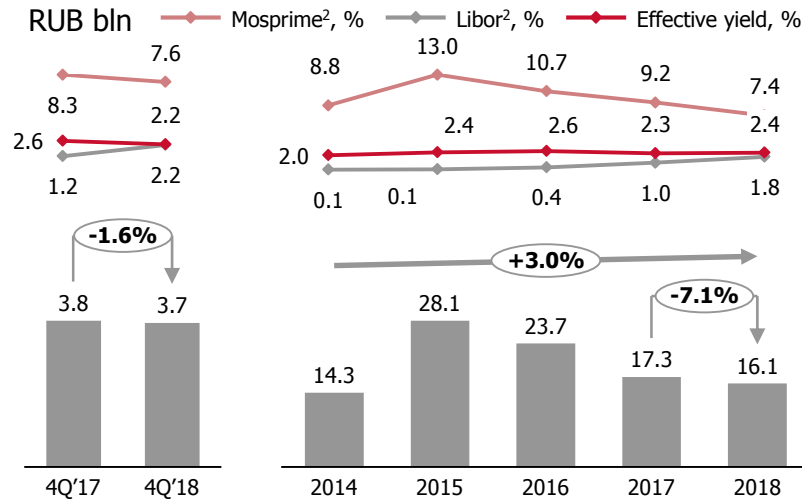
RUB bln



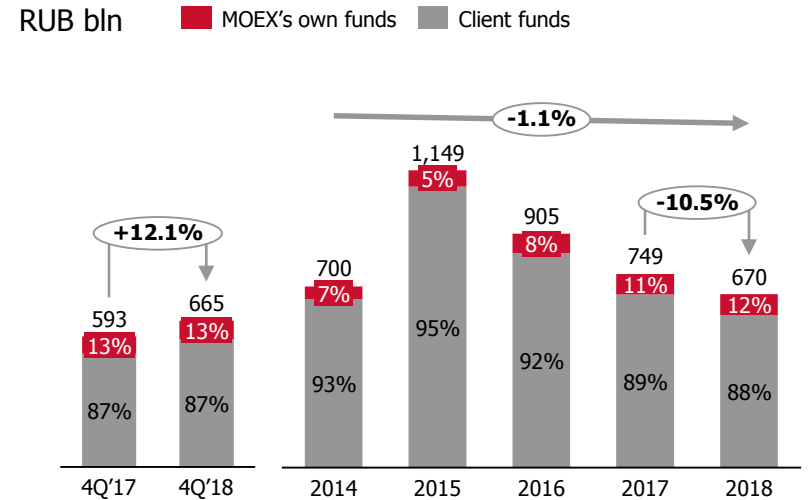
Interest and finance income

X% → CAGR '14-18

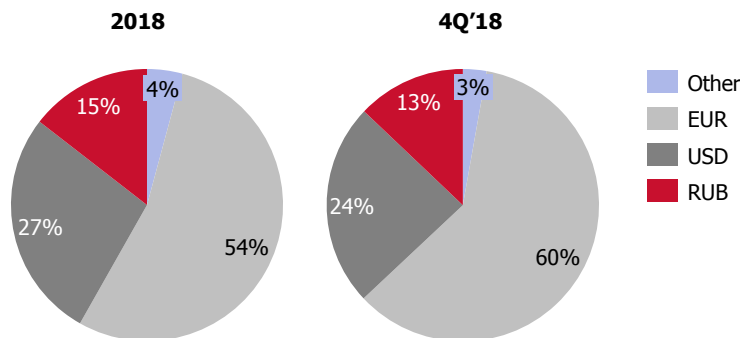
Interest and finance income¹



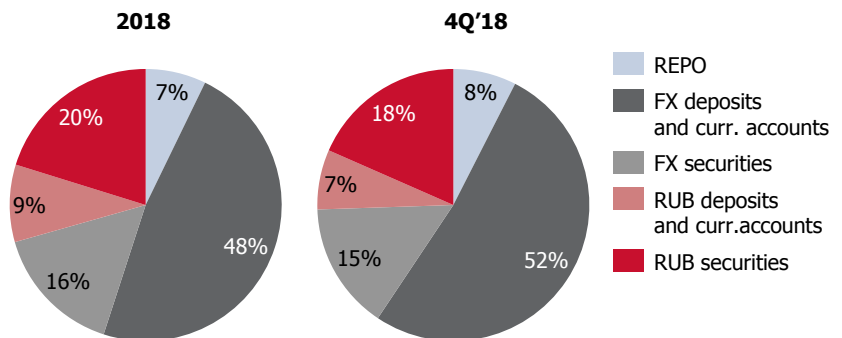
Investment portfolio sources³



Client funds by currency



Investment portfolio by type of asset

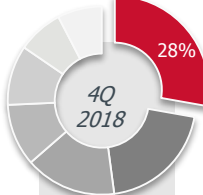


Source: NFEA, Bloomberg, Moscow Exchange operational information and Consolidated Financial Statements

1 Includes Interest and other finance income, Interest expense, Net gain on financial assets AFS/FVTOCI and Foreign exchange gains less losses

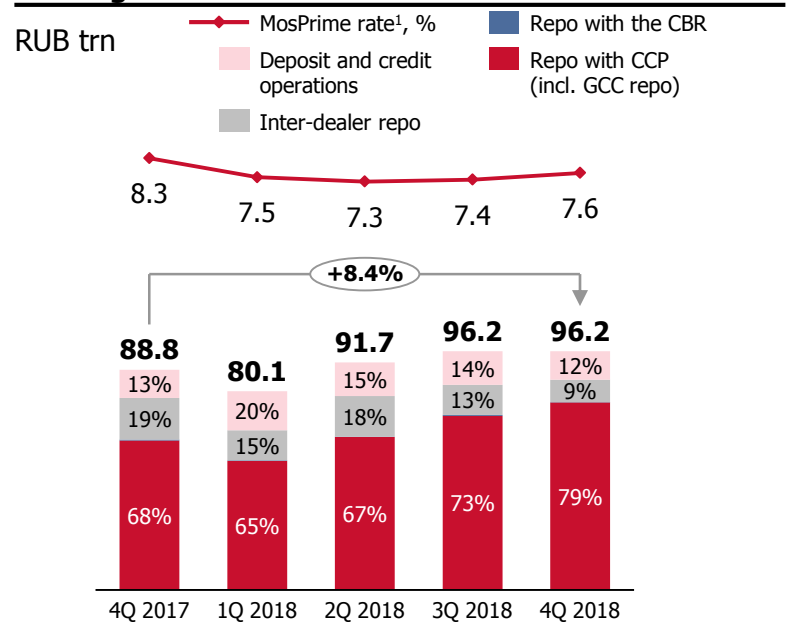
2 Average daily rate for the period

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

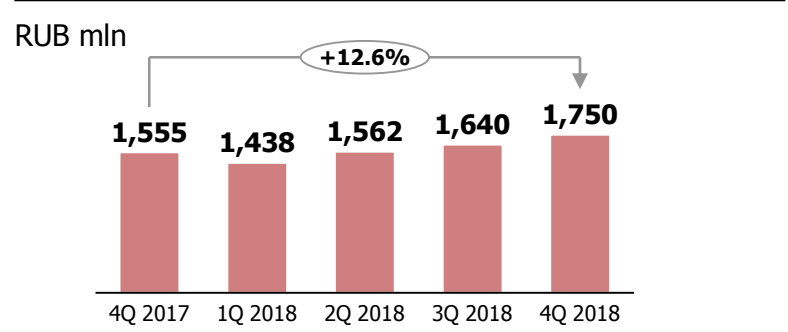


Money Market

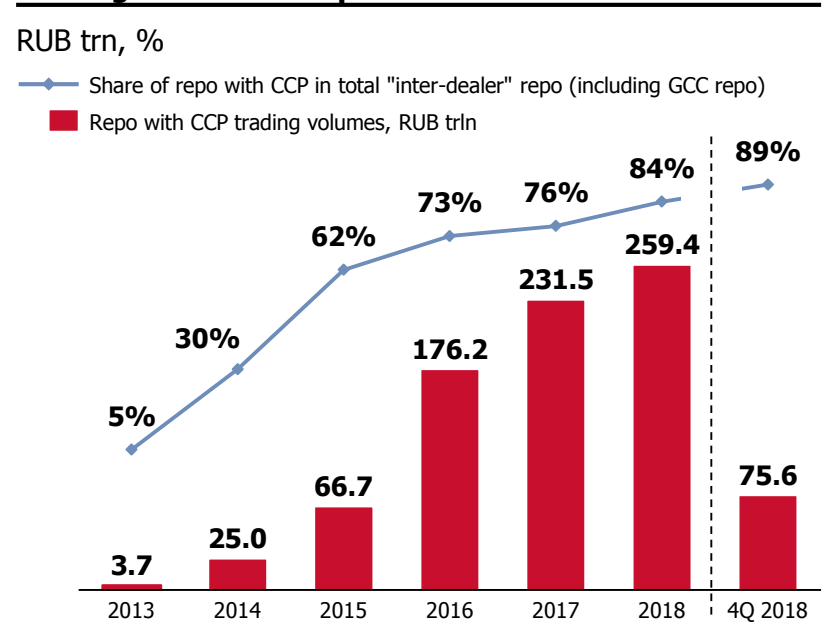
Trading volumes



Fee & commission income

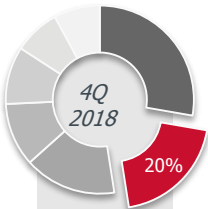


Trading volumes of repo with CCP



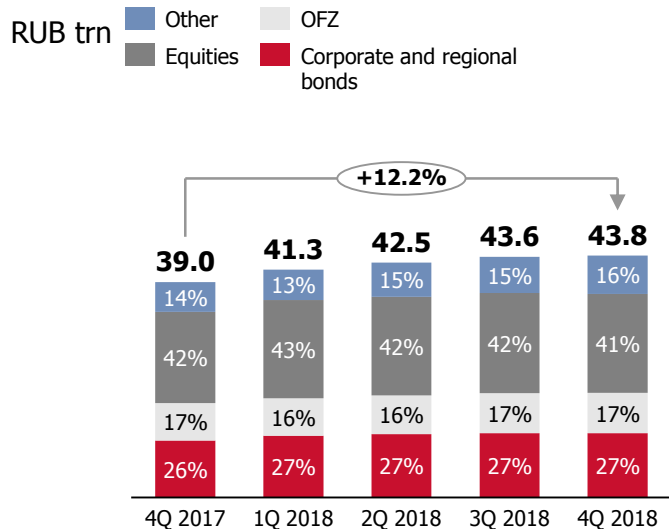
Comments

- In 2018, F&C increased 13.1%, while volumes were down 3.4% due to lower volumes of repo with the CBR and interdealer repo.
- In 4Q'18 F&C increased 12.6% YoY, trading volumes grew 8.4% YoY. F&C was supported by (1) higher share of repo with CCP (both GCC and single-security), (2) UCP-linked fee rate increase and (3) increasing average term of GCC repo.
- The overall average term of on-exchange repo in 4Q'18 was 3.8 days, up from 3.0 days in 4Q'17 and up QoQ (3Q'18: 3.2 days).

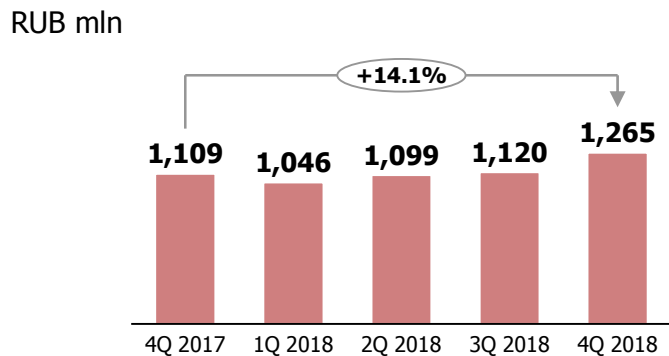


Depository and Settlement

Assets on deposit (average for the period)

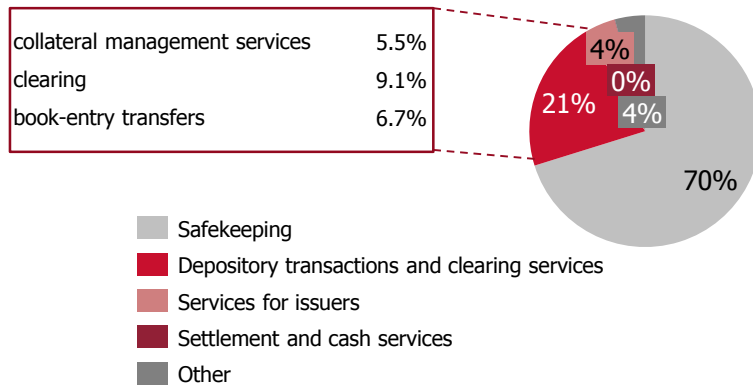


Fee & commission income



Fee & commission income breakdown

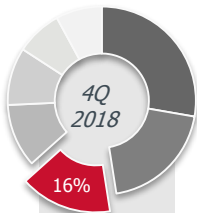
4Q 2018



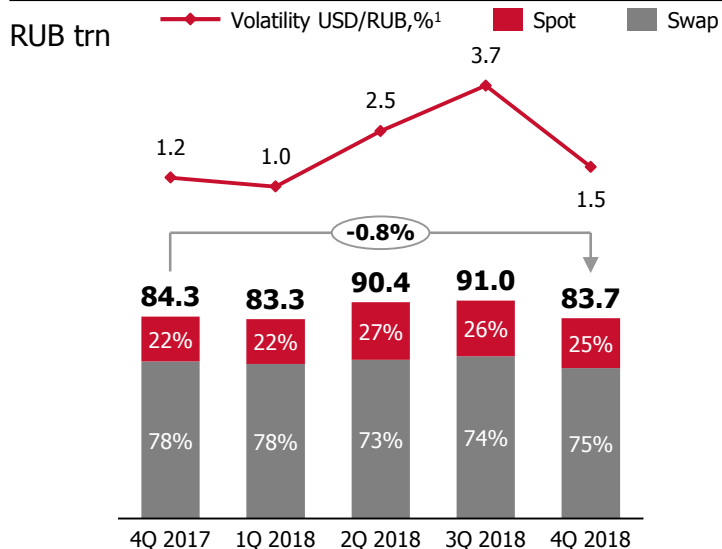
Comments

- In 2018, F&C increased 8.3% YoY, while assets on deposit grew 16.4%. The discrepancy between F&C and assets on deposit was due to softer income from settlement and cash services, collateral management and clearing services.
- In 4Q'18 F&C added 14.1% YoY, and average assets on deposit advanced by 12.2% YoY.
- Growth in assets on deposit was universal across all asset classes in 4Q'18. Corporate, regional and CBR bonds grew 13.0% YoY, OFZs (government bonds) grew 8.1% YoY and equities grew 8.5% YoY.
- In 4Q'18 the effective fee rate was supported by strong income from collateral management and clearing.

FX Market

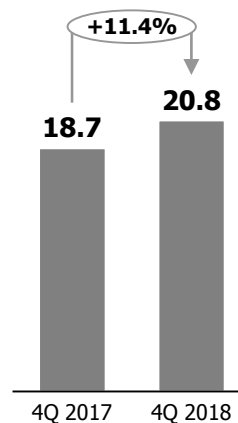


Trading volumes



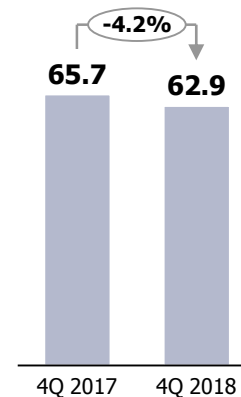
Spot trading volumes

RUB trn



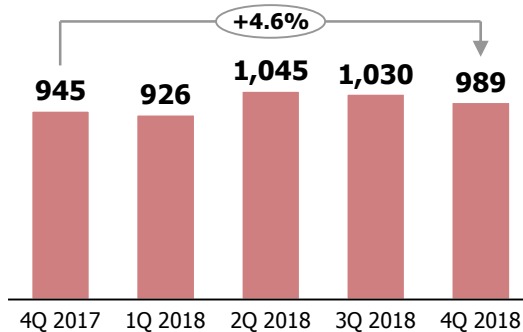
Swap trading volumes

RUB trn



Fee & commission income

RUB mln



Comments

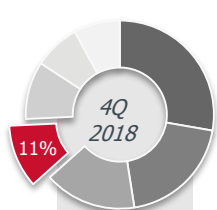
- In 2018 F&C grew 4.3% YoY, while trading volumes were flat (+0.2% YoY).
- In 4Q'18 F&C increased 4.6% YoY, whereas trading volumes declined 0.8% YoY. F&C was supported by UCP-related fee rate increases in the swap segment.
- Quarterly swap trading volumes declined 4.2% YoY, spot trading volumes grew 11.4% YoY.
- 4Q'18 saw continuation of high activity in non-USD currency pairs. Trading volumes of EUR/RUB in both spot and swap segments grew 21.4% YoY.



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

¹ Calculated as daily standard deviation for the period divided by the average value for the period

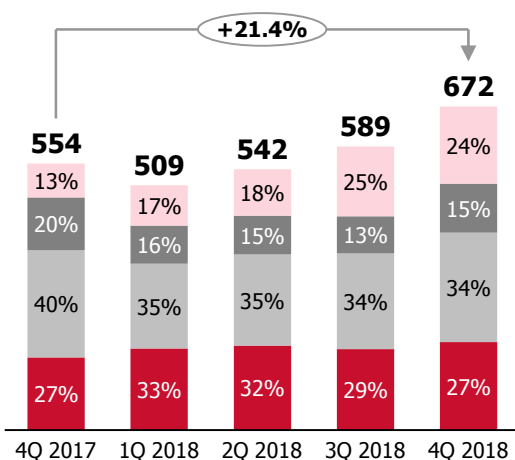


IT Services, Listing and Other Fee Income

IT Services, Listing and Other Fee Income¹

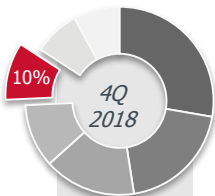
RUB mln

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



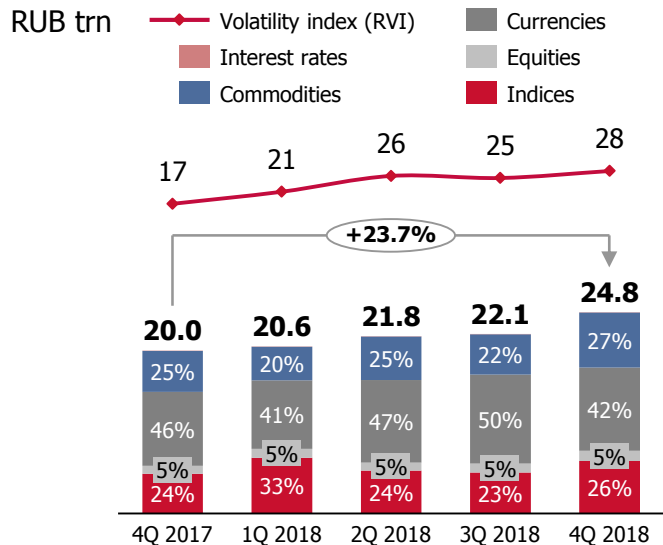
Comments

- In 2018, income from the category increased 19.1% YoY. In 4Q'18 IT Services, Listing and Other Fee Income grew 21.4% YoY.
- In 4Q'18 Listing and other service fees declined 7.4% YoY to RUB 101.9 mln on the back of an increase in the average issue size.
- Information services contributed RUB 227.4 mln, up 2.2% YoY in 4Q'18.
- Quarterly sales of software and technical services were RUB 183.0 mln, up 21.3% YoY.
- Other fee and commission income was RUB 159.8 mln, up 2.3 times YoY in 4Q'18. This line includes contribution from the Commodities Market of RUB 121.8 mln.

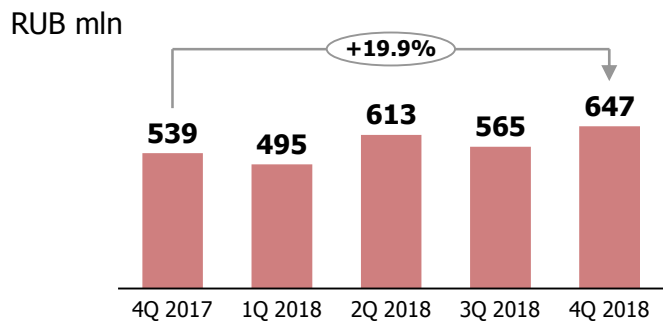


Derivatives Market

Trading volumes



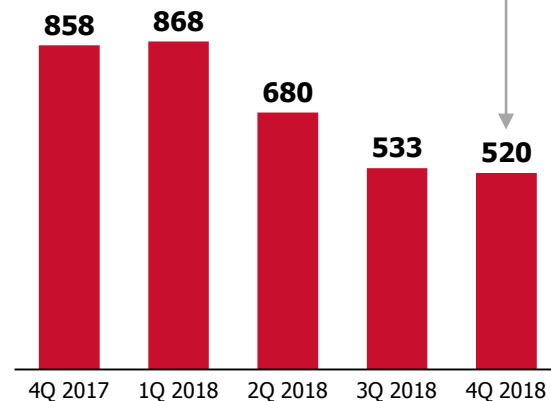
Fee & commission income



Open interest

RUB bln, daily average

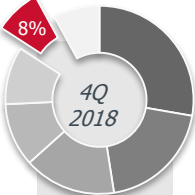
Participants' strategies have become shorter-term, hence open interest has declined despite robust trading volumes



Comments

- In 2018 F&C income grew 15.3% YoY, trading volumes grew 5.6%.
- In 4Q'18 F&C increased 19.9% YoY, while trading volumes rose 23.7% YoY.
- Commodity, single-stock and index derivatives were the fastest growing contract types in 4Q'18.
- The effective fee in 4Q'18 was negatively affected by IFRS accruals, which offset the UCP-linked tariff increase effect.

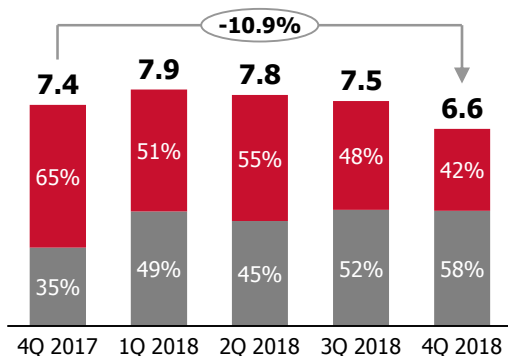




Fixed Income Market

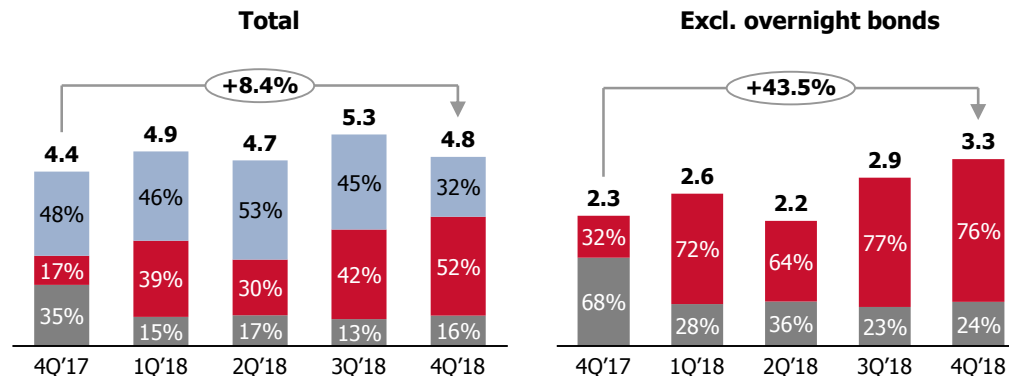
Trading volumes¹

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



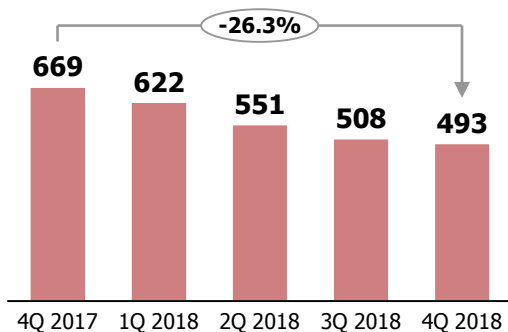
Primary market

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



Fee & commission income

RUB mln

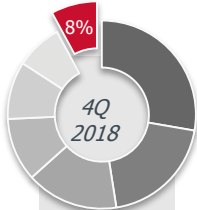


Comments

- In 2018 F&C rose 9.6% YoY, while trading volumes (excl. overnight bonds) grew 28.1% YoY.
- In 4Q'18 F&C declined 26.3% YoY, trading volumes (excl. overnight bonds) were down 3.6% YoY.
- Quarterly primary placements (excl. overnight bonds) were up 43.5% YoY due to increased volumes of OBR (CBR bonds) placements.
- Shorter term instruments, such as corporate commercial paper and OBR (CBR bonds) emerged in the primary market.
- As a result, the effective fee in the primary market declined YoY. However, effective fee in the secondary market remained buoyant.
- The total effective fee in the Bond Market contracted driven by the primary market.



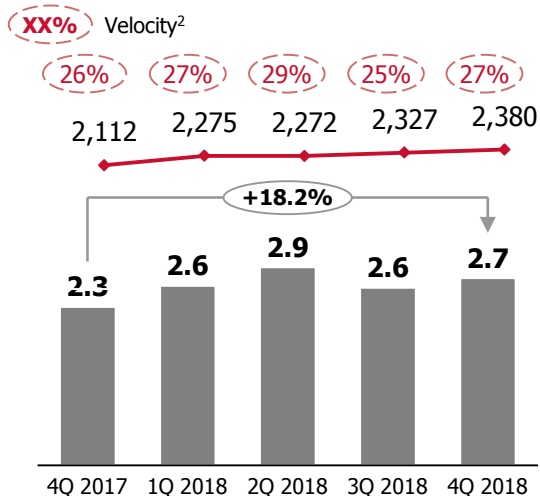
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Equities Market

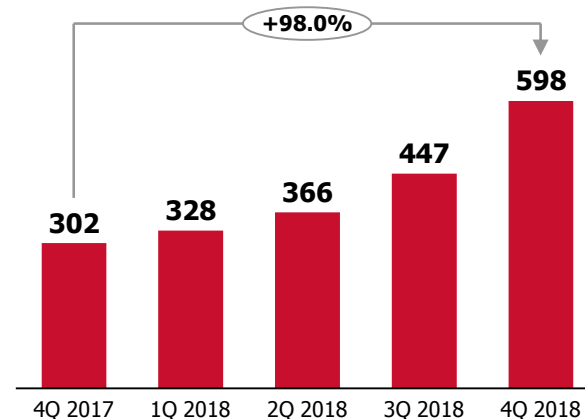
Trading volumes¹

RUB trn ■ Equities — MOEX Index (average for the period)



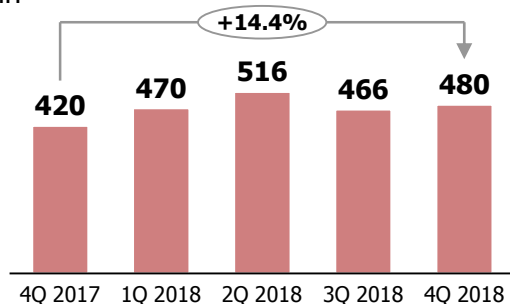
Increasing popularity of Individual Investment Accounts

Individual Investment Accounts, thousands, end-of-period



Fee & commission income

RUB mln



Comments

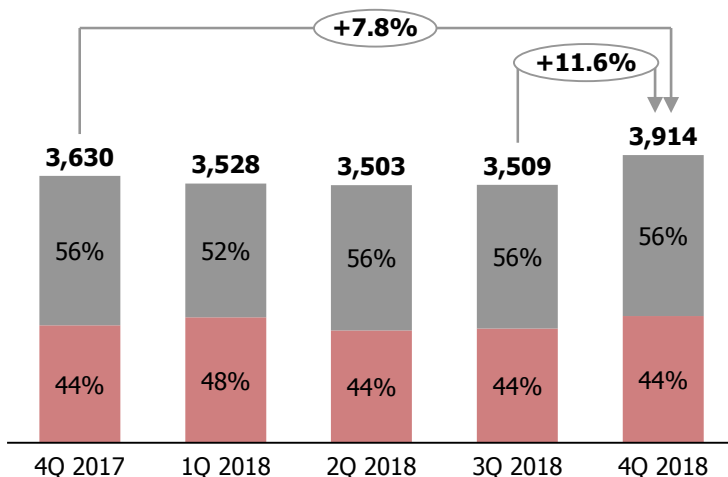
- In 2018, F&C grew 20.0% YoY, trading volumes increased 17.9%.
- In 4Q'18, F&C increased 14.4% YoY, while trading volumes were up 18.2% YoY.
- Higher trading volumes were largely due to higher price levels: the average value of MOEX Russia Index increased 12.7% YoY.
- MOEX's market share vs LSE in trading of dual-listed stocks in 2018 was 63% (2017: 58%).

Operating expenses (excl. provisions) in 4Q'18

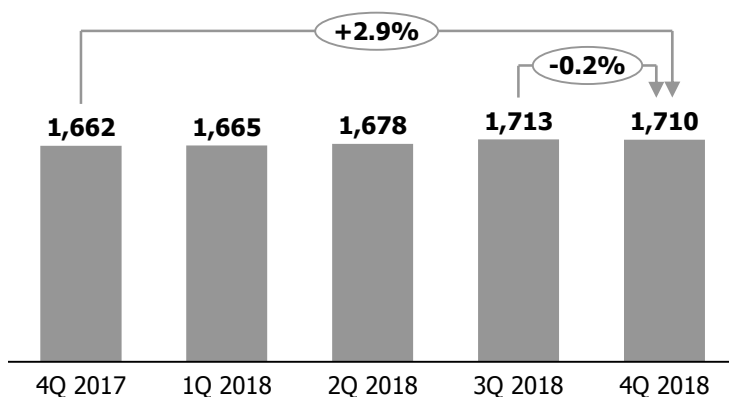
Operating expenses

RUB mln

- General and administrative expenses
- Personnel expenses



Headcount



Major expense items

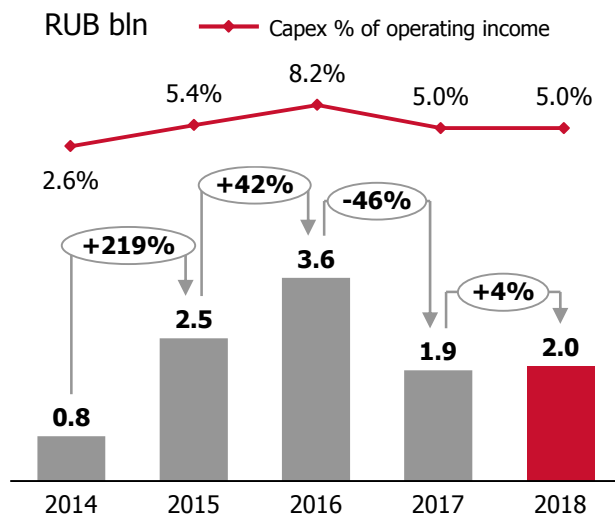
RUB mln	4Q 2017	4Q 2018	Change YoY
Personnel expenses	1,597.3	1,723.6	7.9%
D&A and IT maintenance	1,075.8	1,185.7	10.2%
D&A & IT maintenance adjusted for the change in amortization schedule	1,075.8	1,103.5	2.6%
Remaining administrative expenses¹	957.0	1,005.1	5.0%
Total OPEX	3,630.1	3,914.4	7.8%
Adjusted total OPEX ²	3,630.1	3,832.2	5.6%
Cost (adj.)/ Income Ratio	37.8%	38.2%	0.4 p.p.

Comments

- OPEX added 7.8% YoY in 4Q'18.
- The growth was in large part driven by D&A (+RUB 73.3 mln or 9.5% YoY). This was due to the change in amortization schedules for intangibles at the beginning of 2018 that resulted in additional amortization of RUB 82.2 for 4Q'18.
- Professional services costs grew 61.7% YoY (+RUB 62.9 mln) due to pass-through costs from the Soft Commodities Market.
- Personnel expenses grew 7.9% YoY.

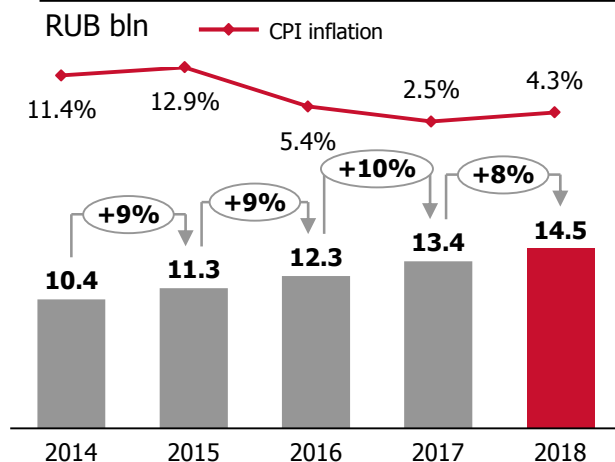
CAPEX and OPEX: 2018-2019

Capital expenditures



- In 2018, CAPEX was RUB 2.0 bln, at the lower end of the guidance range of RUB 2.0 bln – 2.2 bln.
- **In 2019, the CAPEX guidance range is RUB 2.4-2.7 bln.**
- The split between maintenance and development CAPEX is expected to be roughly equal (55% maintenance / 45% development).
- Marketplace-related CAPEX in 2019 is estimated at RUB 0.35 bln.

Operating expenses (excluding provisions)



- The actual growth of OPEX in 2018 was 7.6%, within the guidance range of 7-9%.
- **In 2019, the growth of operating expenses is expected to be in the range of 9-12%,** with composition as follows (in p.p.):
 - +6-7% organic growth (incl. increases of VAT and social charges)
 - +2-3% ongoing projects (corporates, soft commodities, bondization)
 - +1-2% new projects (the Marketplace, individual pension capital)



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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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