



**MOSCOW
EXCHANGE**

8 November 2019

3Q 2019 Earnings Presentation

Delivery on strategic initiatives in 3Q 2019 and beyond

Moscow Exchange presented Strategy 2024 and updated its dividend policy, setting a target to pay out the Company's entire free cash flow as dividends and raising the minimum payout ratio to 60% of net profit.

- New Products -

- Five new Russian-law ETFs tracking corporate bonds, tech stocks and a European stock index started trading on MOEX.
- Deliverable futures on silver were launched, joining deliverable futures on gold.
- MOEX introduced on-exchange repo with the Federal Treasury, adding an intra-Group interface to the product.
- TCS Group listed its depositary receipts on MOEX. This brought the total number of DRs traded on MOEX to 7.

- New Services -

- 48 corporate bonds and 12 Finance Ministry's Eurobonds began trading in T+1 mode. Previously, only T0 was available.
- Retail investors are now able to top up their brokerage accounts via the CBR's Faster Payments System.
- NSD's Repository launched automated services that facilitate reporting of and control over corresponding OTC transactions.

- New Clients & Partners -

- MOEX held the annual Moscow Exchange Forums in New York and London.
- The number of registered IIAs has surpassed 1.3 mln. The total number of unique retail clients now stands above 3.3 mln.
- In 3Q'19 70 corporates, including 33 newcomers, placed 164 bond issues, raising a total of RUB 680 bln.
- MOEX signed MoUs with Uzbekistan Republican Currency Exchange and Zhengzhou Commodity Exchange.
- NCC became a clearing member on Shanghai Gold Exchange, which in due course will allow MOEX to establish a trading link.



Strategy 2024: mission, areas of responsibility and areas of development



Key drivers of F&C Income growth through 2024



Macro

- GDP growth
- Inflation
- Foreign trade turnover

Effect on CAGR¹

+3-4%



Core Markets Penetration

- Primary market development (capital raising by companies, incl. SMEs)
- Development of Derivatives Market and Standardized OTC Derivatives
- Expansion of trading hours and the product line
- Market data

+3-4%



Financial Platform

- Registrar of financial transactions
- Transit 2.0



Balance Sheet Management

- Corporate Marketplace
- OTC services

+3-4% in aggregate



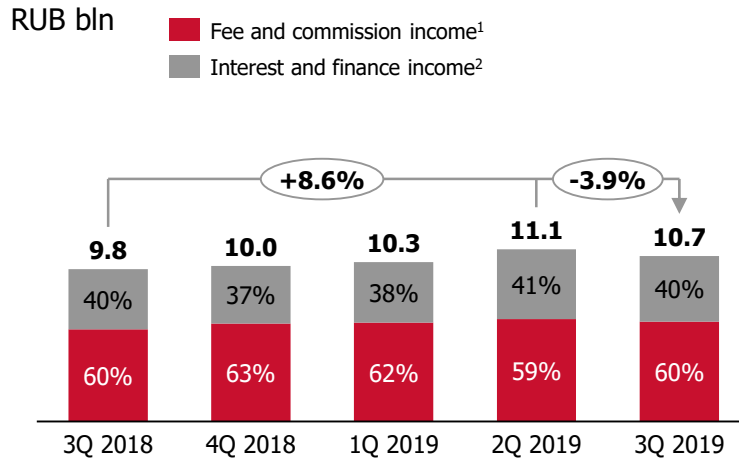
Market Gateway

- Financial products Marketplace
- Investment Marketplace

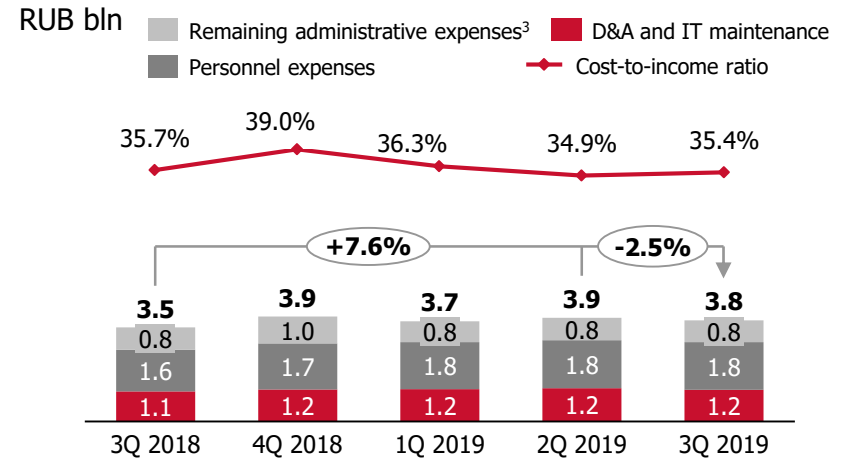
~10% per annum in total

3Q 2019 summary of financials

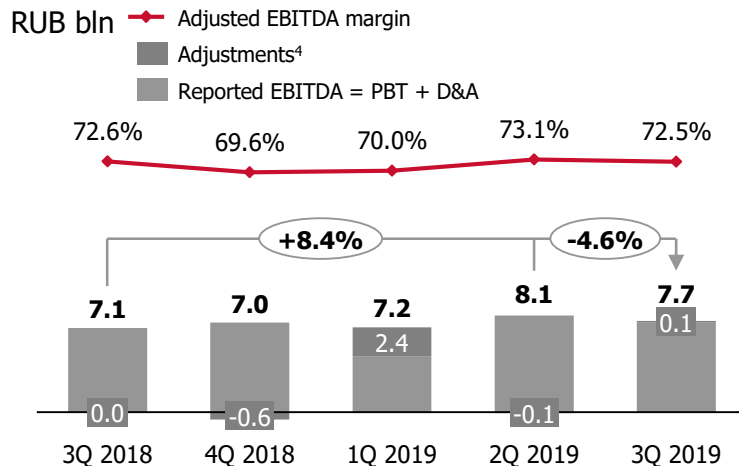
Operating income



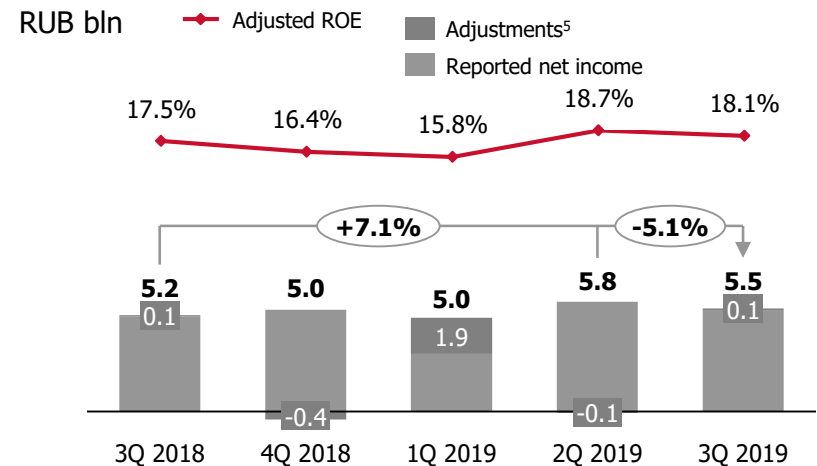
Operating expenses (excl. other operating expenses)



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 FVTOCI and Foreign exchange gains less losses

3 Remaining administrative expenses are calculated as General and administrative expenses less D&A and Equipment and intangible assets maintenance

4 Adjustments are related to 1) IFRS 9 movement in allowance for ECLs and 2) one-off provisions' accrual/release in 1Q'18, 2Q'18, 4Q'18, 1Q'19, 2Q'19, 3Q'19

5 Adjustments are related to 1) IFRS 9 movement in allowance for ECLs, 2) one-off provisions' accrual/release in 1Q'18, 2Q'18, 4Q'18, 1Q'19, 2Q'19, 3Q'19, 3) for 2018 only – additional D&A related to change in amortization schedules



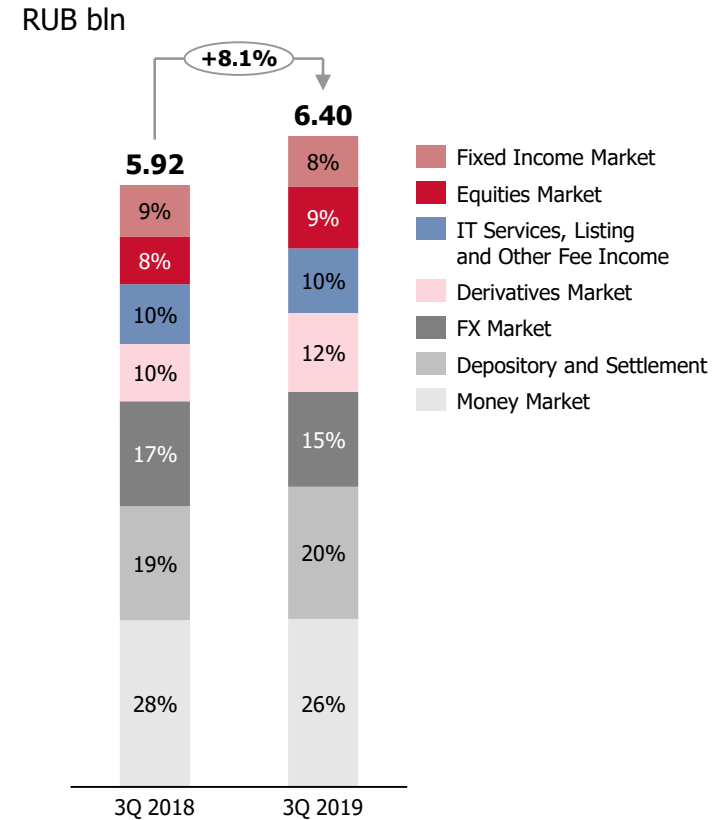
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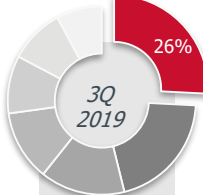
Diversified fee and commission income

Fee & commission income performance

RUB mln	3Q 2018	3Q 2019	Change YoY, mln	Change YoY, %
Money Market	1,639.7	1,651.9	12.2	0.7%
Depository and Settlement	1,120.3	1,301.1	180.8	16.1%
FX Market	1,030.0	932.6	-97.4	-9.5%
Derivatives Market	564.8	774.0	209.2	37.0%
IT Services, Listing and Other Fee Income ¹	589.3	634.8	45.5	7.7%
Equities Market	466.0	604.8	138.8	29.8%
Fixed Income Market	507.5	500.4	-7.1	-1.4%

Fee & commission income breakdown



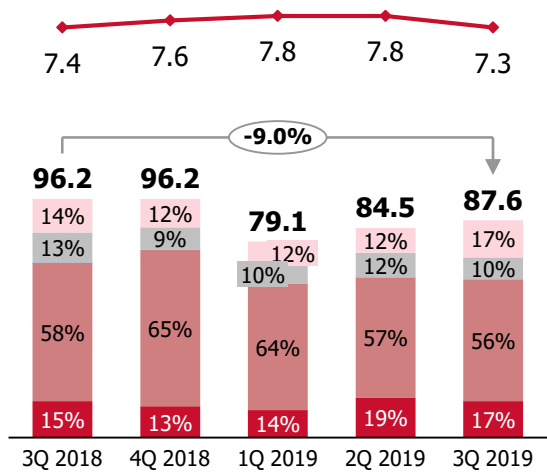


Money Market

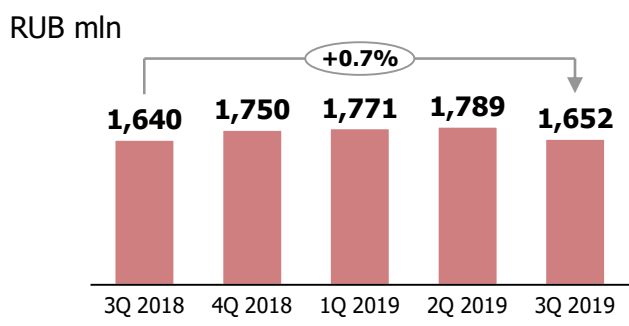
Trading volumes

RUB trn

- MosPrime rate¹, %
- Repo with the CBR
- Deposit and credit operations
- Single-security repo with CCP
- Inter-dealer repo
- GCC repo



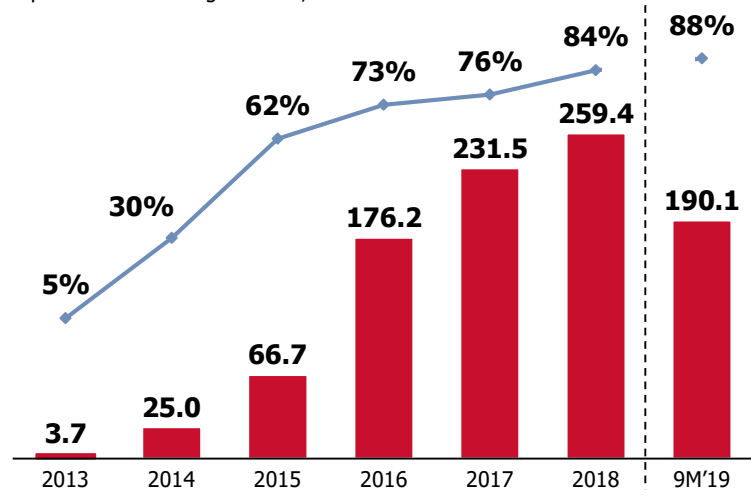
Fee & commission income



Trading volumes of repo with CCP

RUB trn, %

- Share of repo with CCP in total "interdealer" repo (including GCC repo)
- Repo with CCP trading volumes, RUB trn

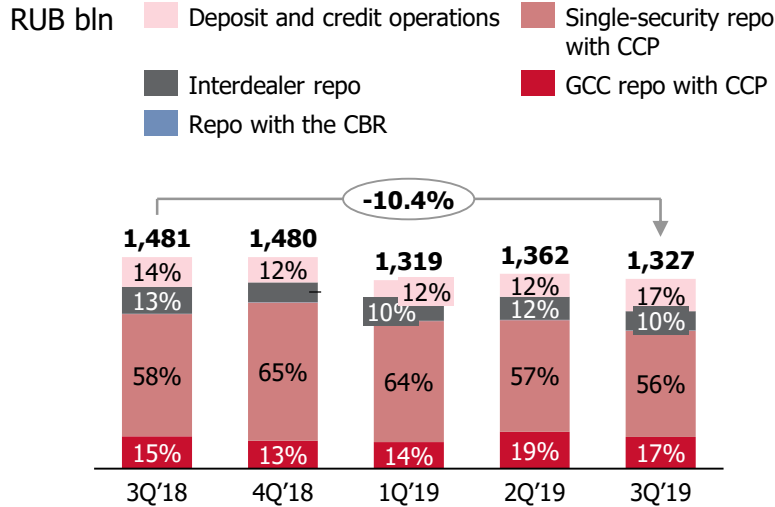


Comments

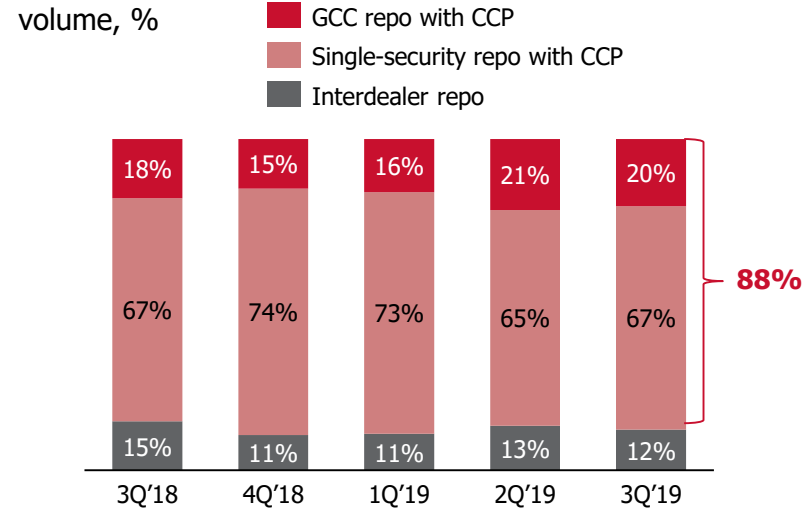
- F&C was flat YoY (+0.7%) despite a 9.0% YoY decline in trading volumes.
- The quarterly share of higher value-added CCP repo volumes (including GCC repo) in on-exchange repo grew by 3 p.p. YoY.
- Lower value-added segments continued to underperform as interdealer repo volumes' contracted 26.9% YoY.
- The discrepancy between the annual dynamics of F&C and volumes was due to: (1) higher average repo terms (3Q'18: 3.2 days; 3Q'19: 3.8 days), (2) the UCP-linked fee revision.

Money Market: recent trends

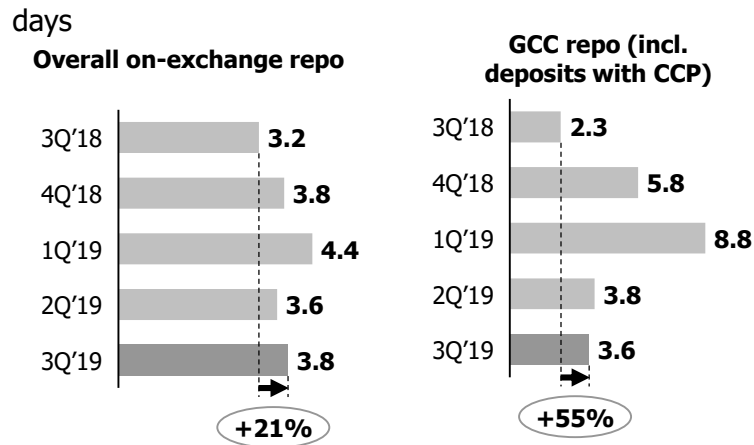
Money Market ADTV



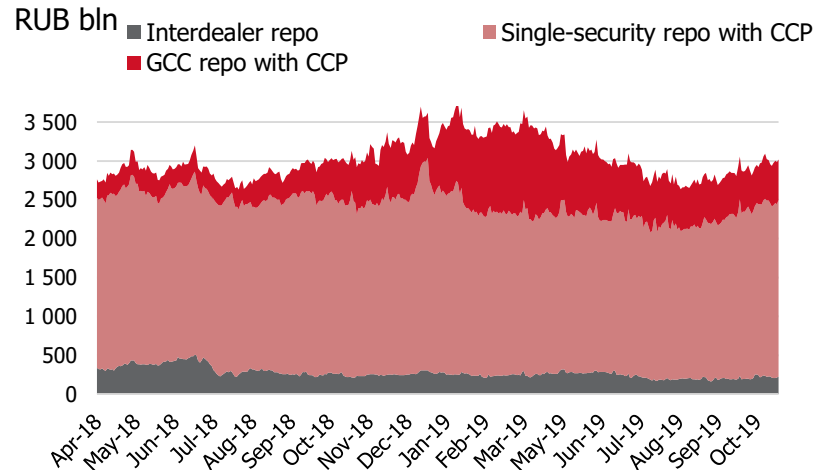
High share of CCP repo

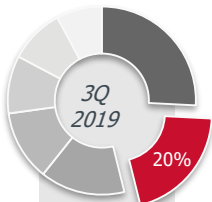


Average repo terms have expanded YoY



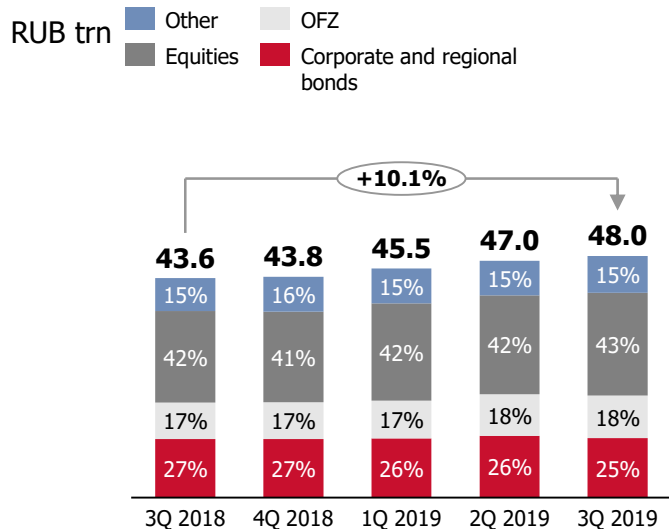
Stable to growing open interest supports F&C income





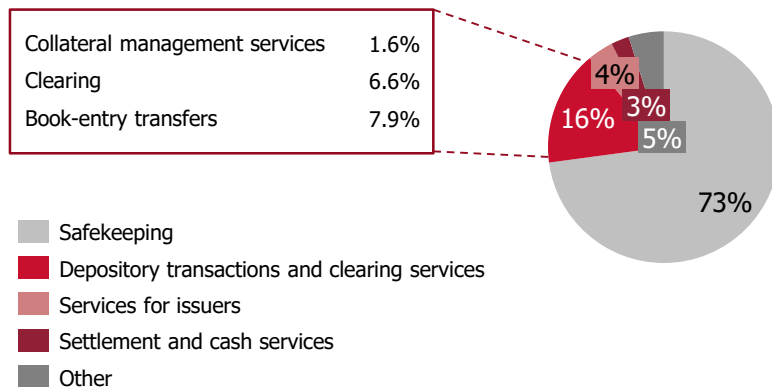
Depository and Settlement

Assets on deposit (average for the period)

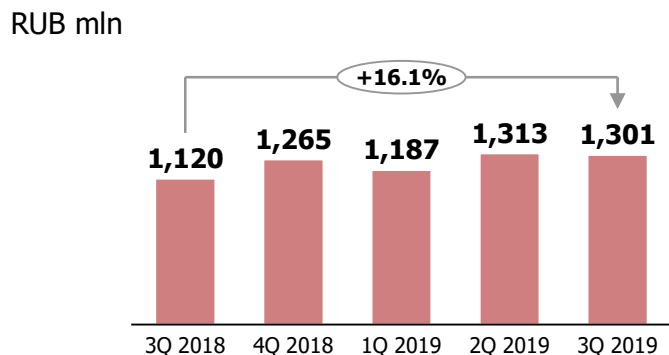


Fee & commission income breakdown

3Q 2019



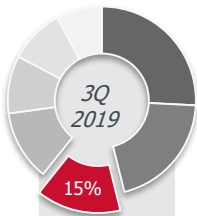
Fee & commission income



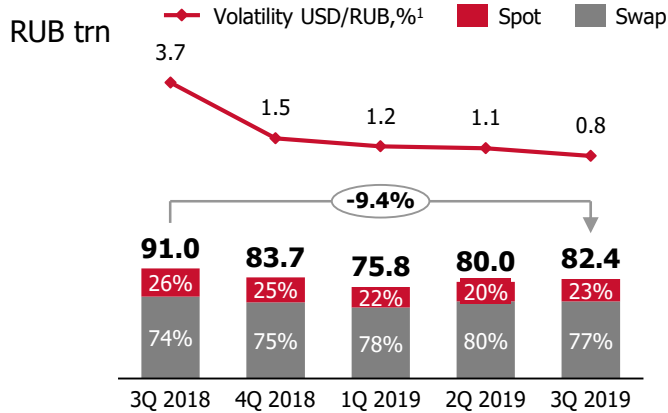
Comments

- F&C income grew 16.1% YoY; average assets on deposit increased 10.1% YoY.
- The growth in assets on deposit was registered across all asset classes: federal government bonds were up 16.9% YoY, equities were up 12.4% YoY, corporate and regional bonds were up 1.6% YoY.
- F&C income growth compared to 3Q'18 was driven mainly by safekeeping fees.
- The discrepancy between growth rates of F&C income and assets is the result of business lines beyond safekeeping, such as book-entry transfers, settlement and cash services, clearing.

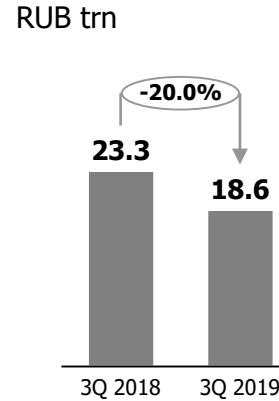
FX Market



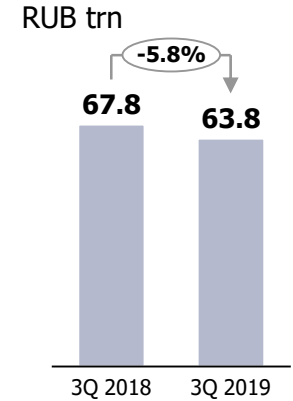
Trading volumes



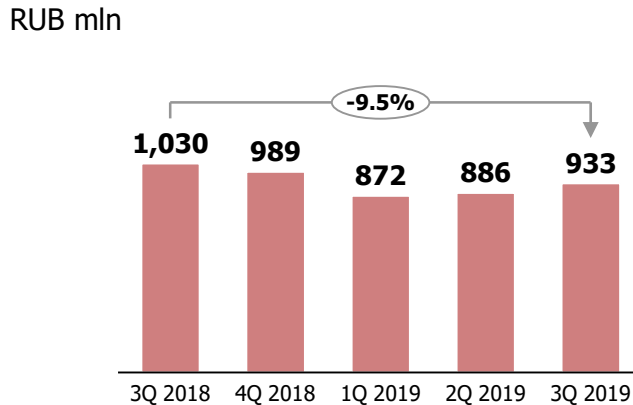
Spot trading volumes



Swap trading volumes



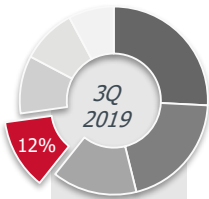
Fee & commission income



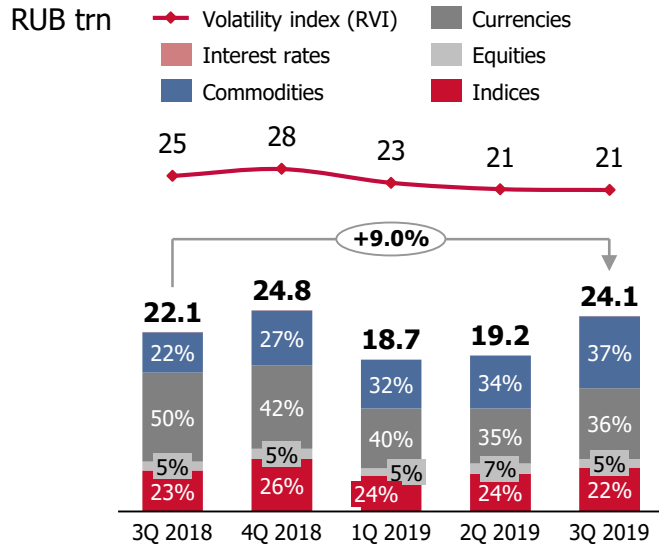
Comments

- Fee income declined by 9.5% YoY on the back of the corresponding decline in trading volumes.
- Spot trading volumes were down by 20.0% YoY on the back of very low volatility.
- Swap and forward volumes declined by 5.8% YoY amid low demand for FX liquidity.
- The effective fee was supported by the UCP-linked fee revision, but negatively affected by the evolution of the product mix in favor of swaps.
- MOEX's 9M'19 market share vs onshore OTC declined by 10 pp YoY to 44% (9M'18: 54%).
- The number of active clients in 9M'19 increased substantially to reach 92,522 in September – up 87.6% YoY. The average daily trading volume of corporates was USD 60 mln in 9M'19, up 107.8% YoY.

Derivatives Market

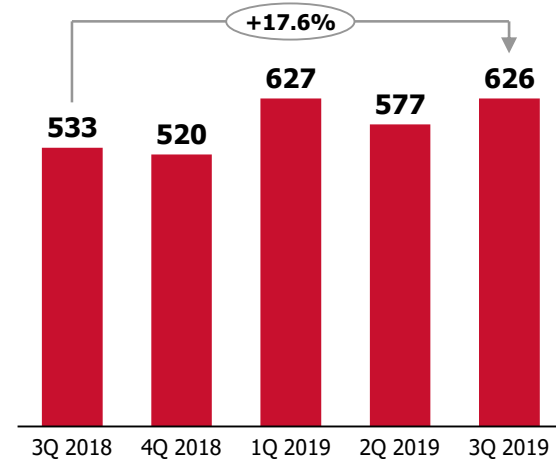


Trading volumes



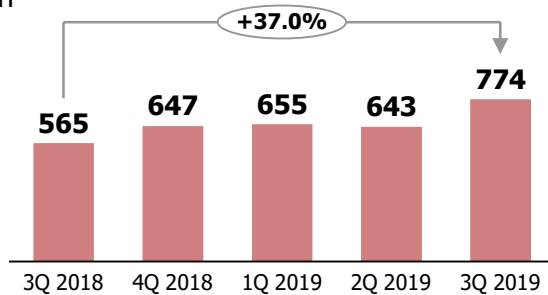
Open interest

RUB bln



Fee & commission income

RUB mln



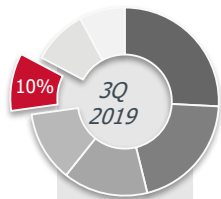
Comments

- F&C grew 37.0% YoY, trading volumes added 9.0% YoY.
- Trading volumes of FX derivatives declined 21.0% YoY but grew 27.8% QoQ. Index derivatives trading volumes added 6.9% YoY, while volumes of equity derivatives were flat YoY. Trading volumes of commodity contracts surged 36.9% QoQ and 80.2% YoY.
- Volumes in the OTC Derivatives Market declined 19.1% QoQ. However, fees from this business line performed better due to the growing average contract term.
- The average fee in the market was supported by a favorable product mix as the share of commodity derivatives reached an all-time high.



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Source: Moscow Exchange operational information and Consolidated Financial Statements

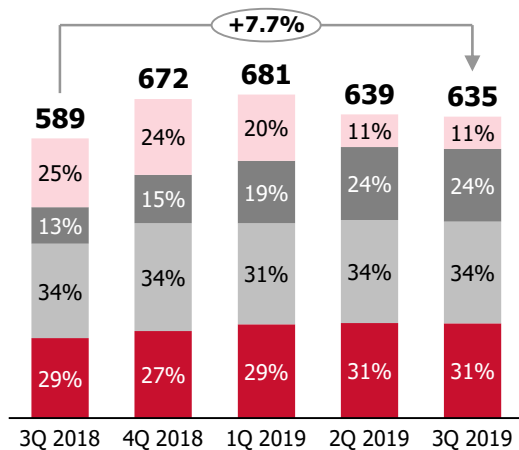


IT Services, Listing and Other Fee Income

IT Services, Listing and Other Fee Income¹

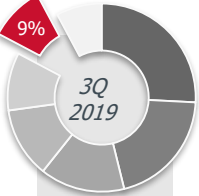
RUB mln

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



Comments

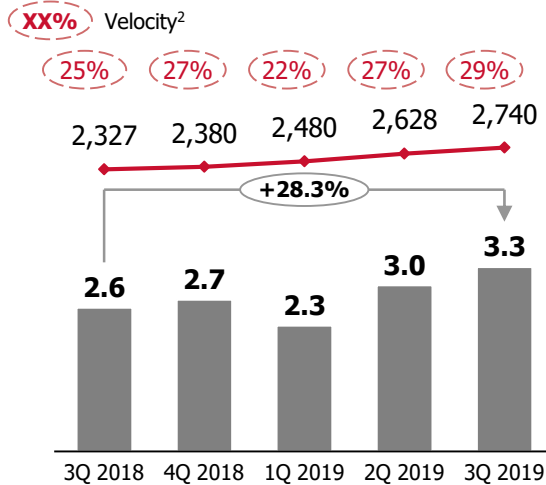
- Listing and other fees related to the Securities Market increased 98.7% YoY due to the tariff model update and a higher number of issues.
- Sales of information services added 7.7% YoY.
- Sales of software and technical services grew 18.6% YoY thanks to tariff unification.
- Other fee and commission income declined by 53.1% YoY due to a diminished contribution from the Grain Market.



Equities Market

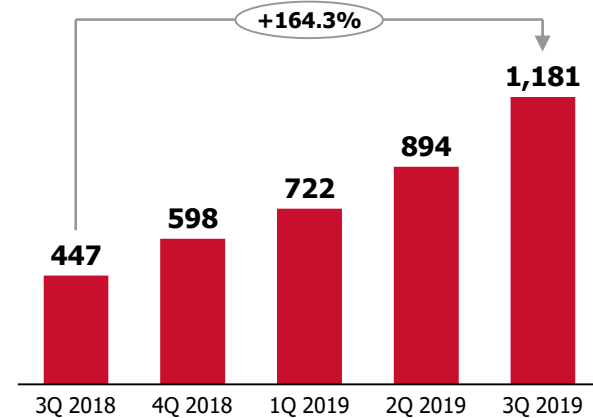
Trading volumes¹

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



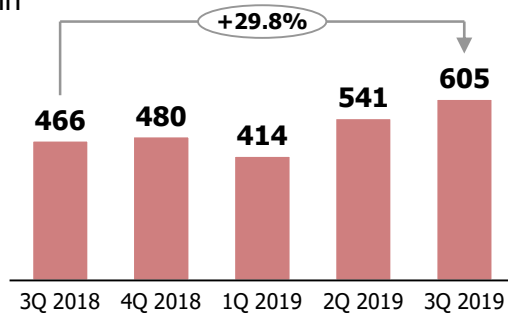
Increasing popularity of Individual Investment Accounts

Individual Investment Accounts, thousands, end-of-period



Fee & commission income

RUB mln



Comments

- Equity trading volumes were up by 28.3% YoY, F&C Income added 29.8% YoY.
- The average value of MOEX Russia Index grew by 17.7% YoY, contributing to higher trading volumes.
- The volatility of MOEX Russia Index was comparable to the same period a year earlier.
- The velocity of trading volumes increased in 3Q'19 compared to preceding quarters.
- MOEX's market share vs the LSE in trading of dual-listed stocks was 70% (3Q'18: 65%).

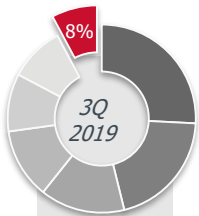


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Source: Moscow Exchange operational information and Consolidated Financial Statements, WFE

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

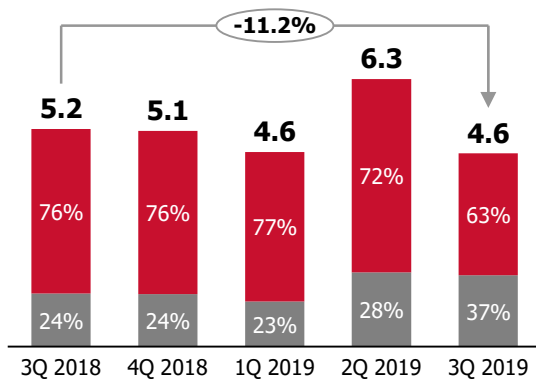


Fixed Income Market

Trading volumes¹

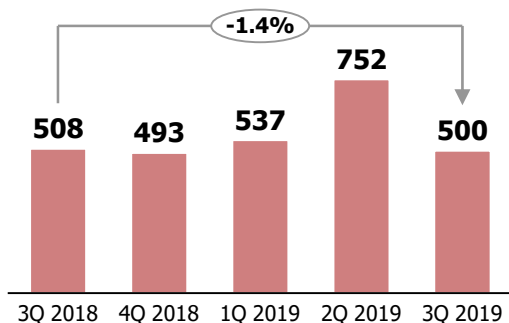
RUB trn

- Government and CBR bonds (OFZ, OBR)
- Corporate, municipal and other bonds (excl. overnight bonds)



Fee & commission income

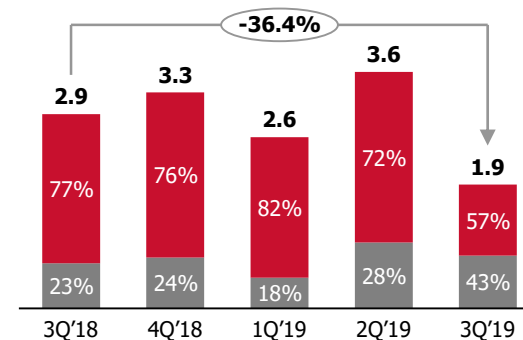
RUB mln



Primary market

RUB trn

- Government and CBR bonds (OFZ, OBR)
- Corporate, municipal and other bonds (excluding ON bonds)



Comments

- Fee income was broadly stable (-1.4% YoY) despite an 11.2% YoY decline in trading volumes (excl. overnight bonds).
- Primary placements were down 36.4% YoY (excl. overnight bonds) due to lower placements of CBR bonds (down 60.9% YoY). Placements of OFZs were up 32.0% YoY.
- Secondary trading volumes increased by 21.8% YoY.
- The effective fee was supported by the higher share of OFZs and corporate bonds in placement volumes compared to 3Q'18.
- Liquid corporate bonds and the Finance Ministry's Eurobonds were admitted to trading in T+1 mode in Oct'19. So far, this has resulted in a ~20% increase in turnover of admitted bonds. Further admissions to T+1 are planned in 2019 and 2020.

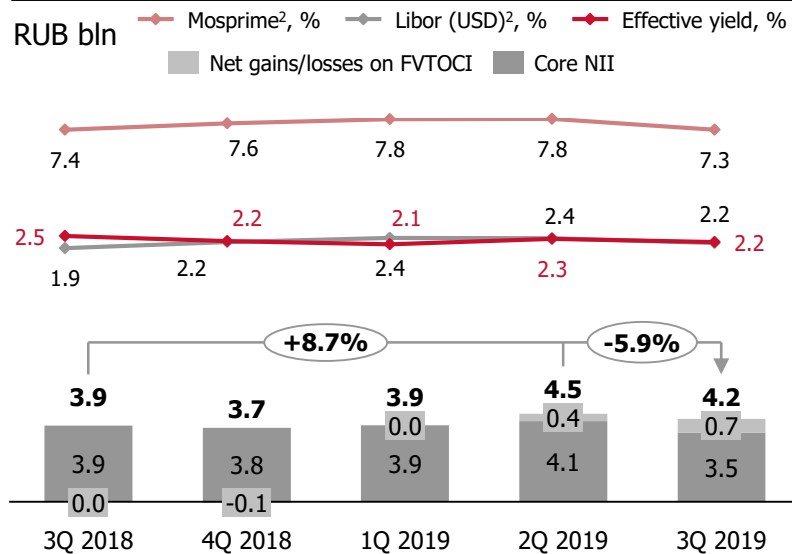


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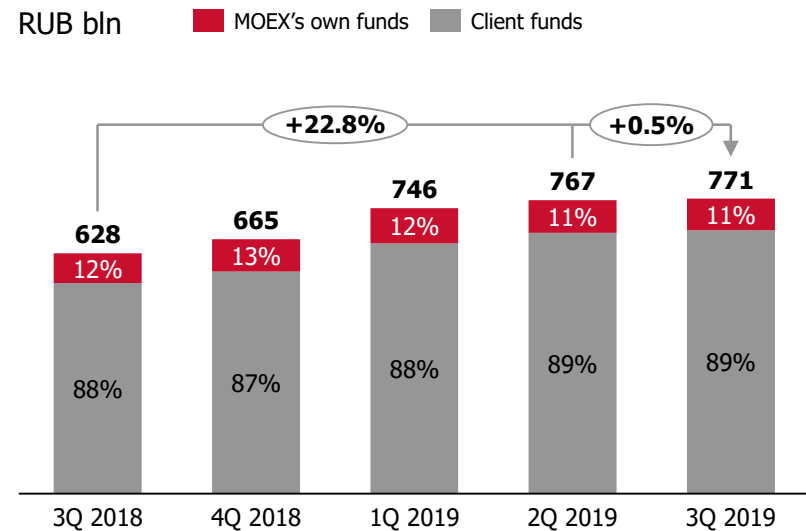
Source: Moscow Exchange operational information and Consolidated Financial Statements
1 Trading volumes on the Fixed Income Market include placements

Interest and finance income in 3Q'19

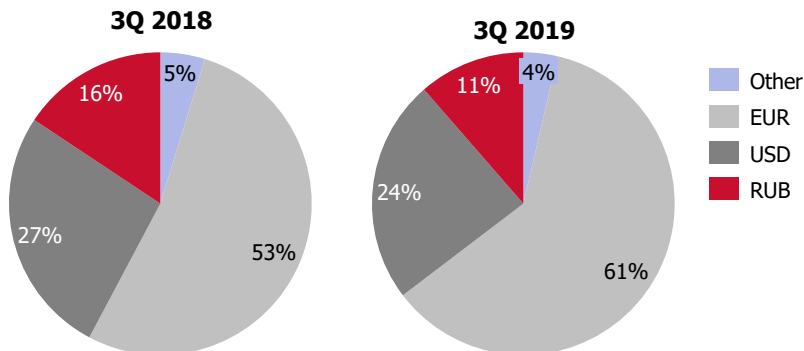
Interest and finance income¹



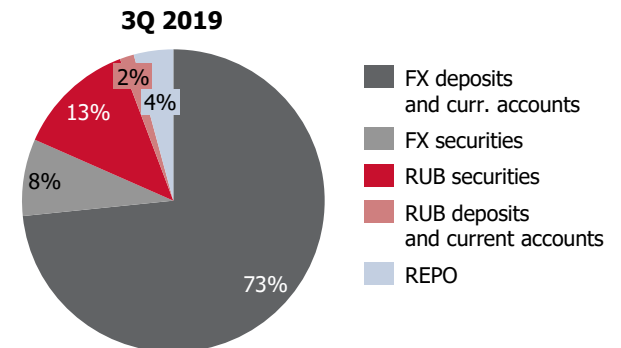
Investment portfolio sources³



Client funds by currency



Investment portfolio by type of asset



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

1 Interest and other finance income, Interest expense, Net gain on financial assets available-for-sale, Net gain on financial assets at fair value through other comprehensive income 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



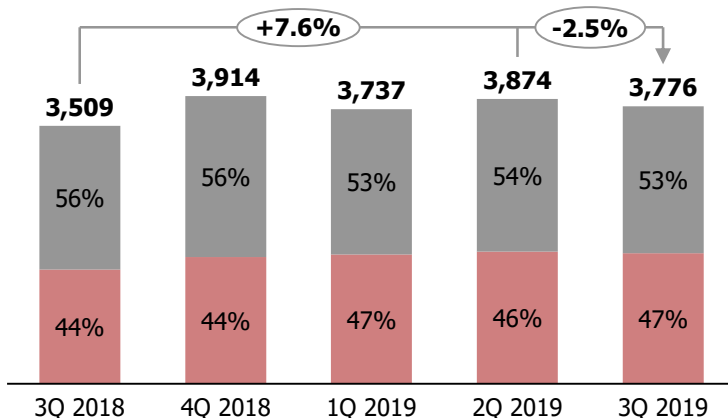
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Operating expenses in 3Q'19 (excl. provisions)

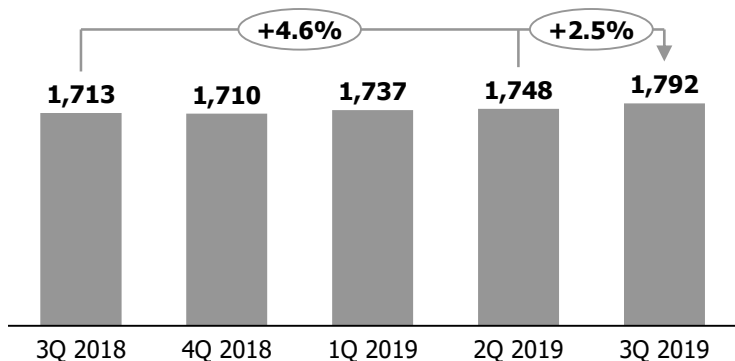
Operating expenses

RUB mln

- General and administrative expenses
- Personnel expenses



Headcount



Major expense items

RUB mln	3Q 2018	3Q 2019	Change YoY
Personnel expenses	1555.3	1776.0	14.2%
D&A and IT maintenance	1121.3	1183.1	5.5%
Remaining administrative expenses¹	832.2	816.7	-1.9%
Incl. Professional Services	159.0	118.6	-25.4%
Total OPEX	3508.8	3775.8	7.6%
Cost / Income Ratio	35.7%	35.4%	-0.3 p.p.

Comments

- OPEX for 3Q'19 grew by 7.6% YoY. OPEX growth for 9M'19 stands at 8.0% YoY – the lower end of the FY2019 8%-10% guidance range.
- Personnel expenses increased by 14.2% YoY due to:
 - Headcount growth (period averages) +4.4 p.p.
 - One-off personnel expenses +3.2 p.p.
 - Salary adjustments +6.6 p.p.
- Professional services expenses declined by 25.4% YoY, largely due to the contraction of the Grain Market.
- CAPEX for the quarter was RUB 0.56 bln. CAPEX for 9M'19 was RUB 1.35 bln. FY 2019 CAPEX guidance remains at RUB 2.0-2.5 bln.

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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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