



**MOSCOW
EXCHANGE**

6 March 2020

4Q 2019 and FY 2019 Earnings Presentation

Delivery on strategic initiatives in 4Q 2019 and 2020 YTD

- New Products -

- MOEX now offers 20 Russian-law ETFs on various asset classes, up 10x from two ETFs at the beginning of 2019.
- The Sustainability Sector welcomed first five green bonds certified according to ICMA Green Bond Principles.
- MOEX listed six inaugural structured bonds registered under the Russian Law adopted in October 2018.
- Etalon Group listed its DRs. A total of 11 DR & foreign-domiciled stocks of issuers doing business in Russia now trade on MOEX.
- A cash-settled futures contract tracking CME's Henry Hub Natural Gas Futures was launched.
- MOEX offered a cash-settled futures contract on the USD-denominated RUSFAR (RUSFARUSD).

- New Services -

- The Federal Treasury can now place funds through GCC repo auctions and enhance liquidity available in the Money Market.
- Slavneft started interacting with Credit Bank of Moscow (CBM) and Sberbank via NSD's Transit 2.0 platform.
- Request for Stream (RFS) service facilitating large block FX trading by corporates and financial institutions became functional.
- Gold trades can now be executed via a trading link between MOEX and London's largest liquidity providers.

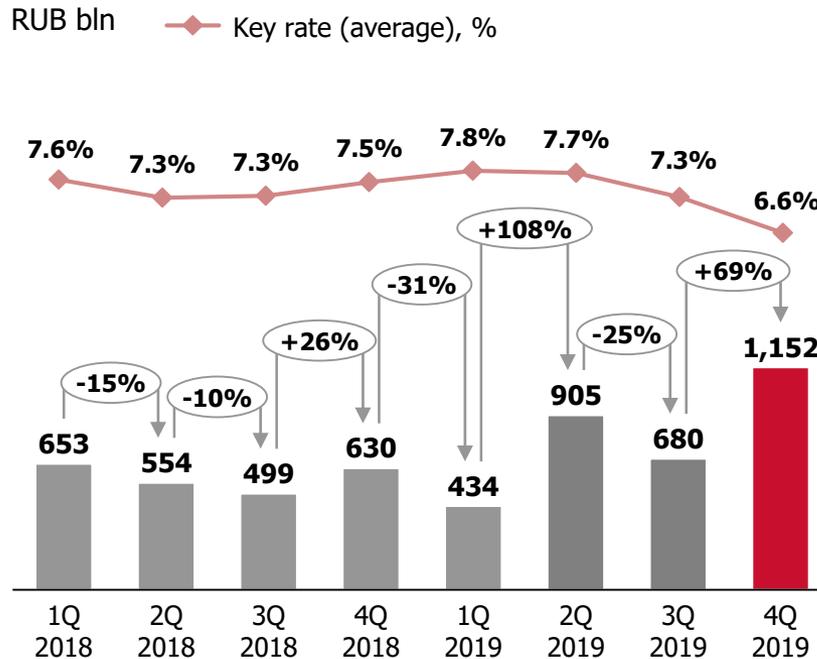
- New Clients & Partners -

- The number of registered IIAs has reached 1.9 mln¹. The total number of unique retail clients now stands around 4.3 mln¹.
- In 4Q'19 102 corporates, including 30 newcomers, placed 212 bond issues, raising a total of RUB 1.15 trln.
- KASE went live on its stock market with MOEX's ASTS+ platform.
- MOEX signed an MoU with China Foreign Exchange Trade System (CFETS) at its annual China forum held jointly with SSE.
- A subsidiary of Highland Gold Mining became the first gold producer to gain direct access to MOEX's Precious Metals Market.

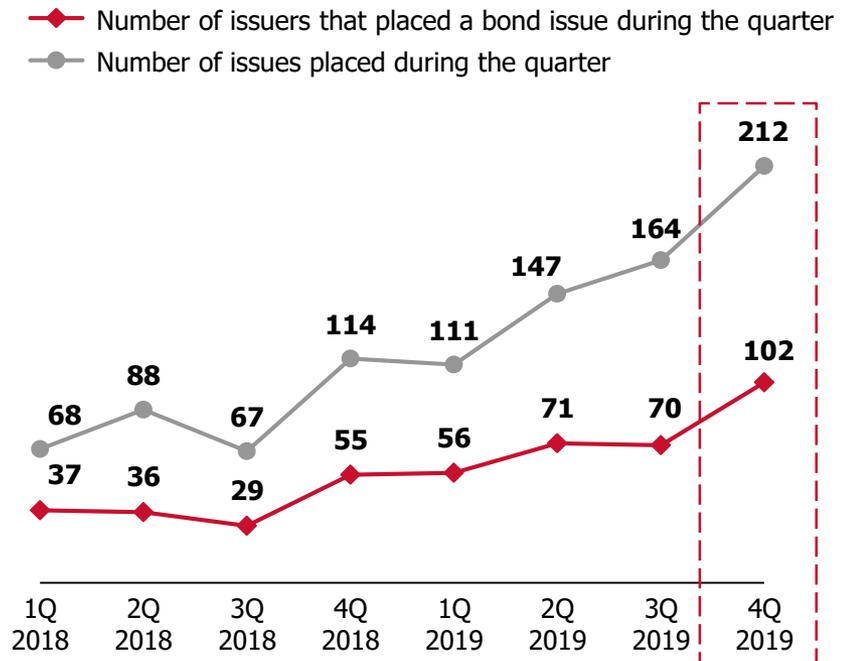


Increased corporate activity on the Primary Bond Market

Record value of corporate bond placements¹



Record number of corporate bond placements¹

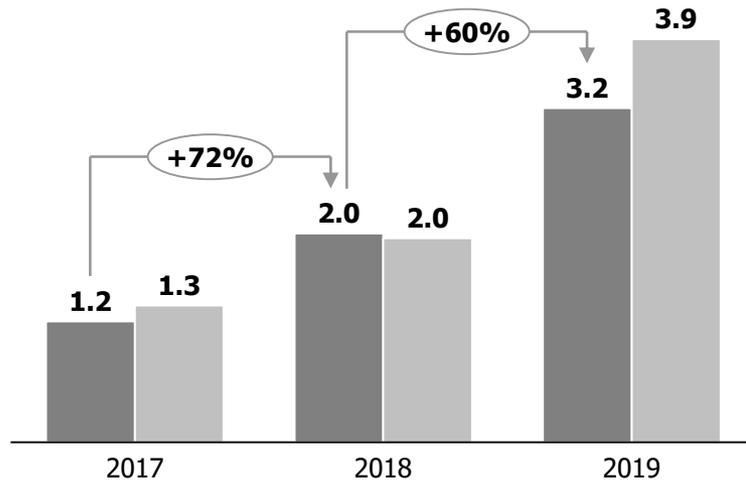


- Strong DCM activity by corporates was driven by delayed demand for capital and market repricing ahead of a key rate cut.
- The number of issues nearly doubled in FY2019 to 634 from 324 in 2018; 299 corporates tapped the market vs 111 in 2018.
- The amount of debt capital raised comprised RUB 3.2 trln, up 36% YoY.
- Most liquid corporate bonds and Ministry of Finance Eurobonds began trading in T+1 mode (241 securities at present).
- Retail activity in corporate and bank bonds accounted for 18% of the primary market value in 2019 (vs. 3% in 2017).
- Retail investors own ~5% of outstanding corporate and bank bonds.

Retail investment: ongoing growth

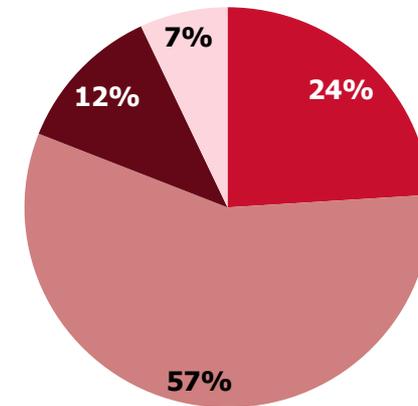
Dynamics of retail investment

- Value of retail ownership in the Securities Market ¹, RUB trn
- Number of unique retail clients, mln



Source: NAUFOR surveys, Moscow Exchange data & calculations

Retail ownership via brokerage accounts (excl. IIAs)



- Russian stocks - 24%
- Bonds (all types) – 57%
- Cash - 12%
- Other - 7%

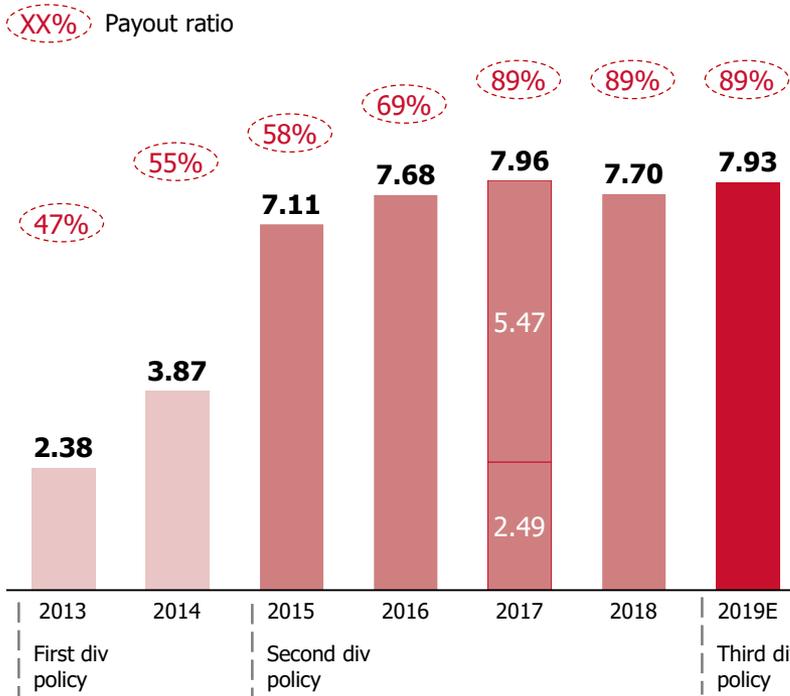
Source: NAUFOR FY2019 survey, Moscow Exchange calculations

- Declining interest rates and cross-selling by banks via online channels (~70% of new clients) drive retail investments.
- The value of retail ownership in securities is equivalent to USD ~50 bln, or ~10% of retail deposits at banks as of FY2019
- Retail holdings in equities are just ~1.5%² of the Russian equity market capitalisation ...
- ... but in 2019 local retail inflows helped to absorb international investor outflows
- => Albeit small on the broader market scale, retail investors help to stabilize the market and make its structure healthier
- Additionally, we estimate that local institutions supported by retail money own 4-5x more Russian equities than direct retail
- Continuous conversion from deposits into brokerage and AM products will further increase the role of local players

The established dividend story continues

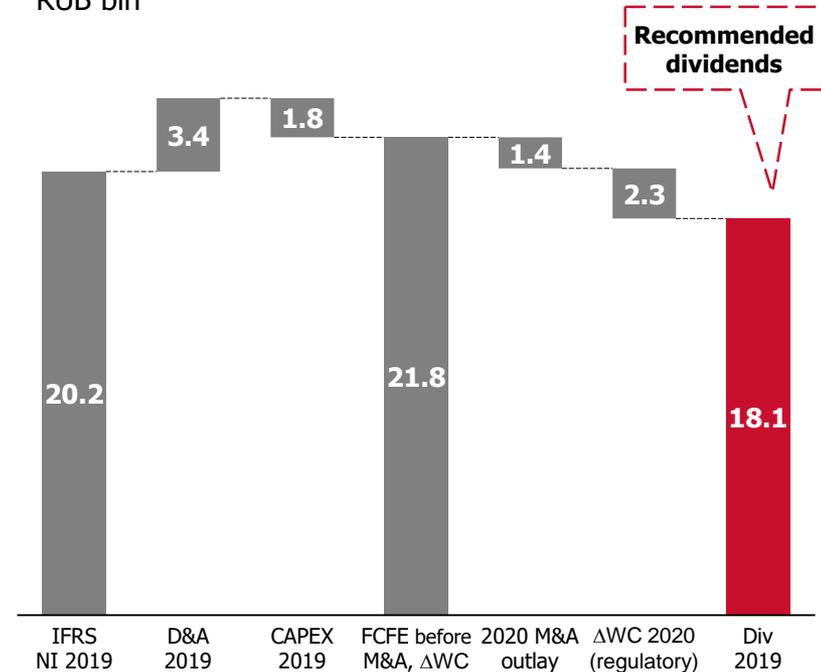
Div history covers entire period as public company

DPS for the financial year, RUB



2020 Dividend: explaining the new formula

RUB bln

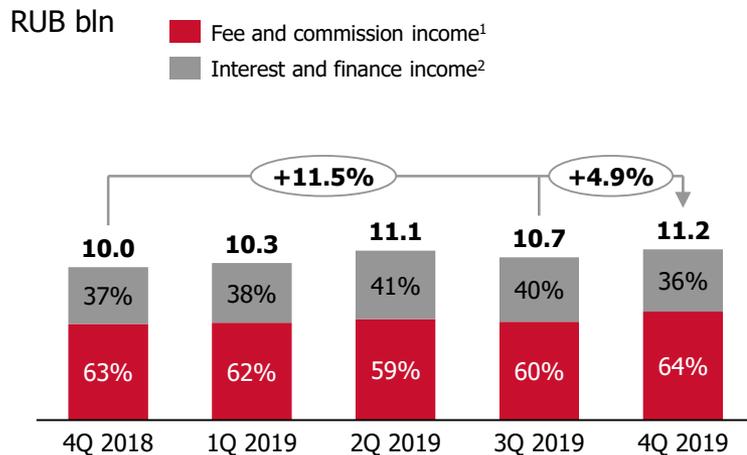


- MOEX has been paying substantial dividends since the onset of its public history
- In 2017-2019 distributed DPS (from 2016-2018 profits) was steady at RUB 7.7-8.0; the payout ratio reached 89% in 2018
- The 2019 dividend policy sets 60% of net profit as the minimum payout and **the target payout of 100% of FCFE**
- A 2019 perception study shows that the new, formula-based approach made the dividend more transparent and predictable
- This year's resulting dividend payout ratio is in line with previous years, highlighting the sustainability of the dividend story

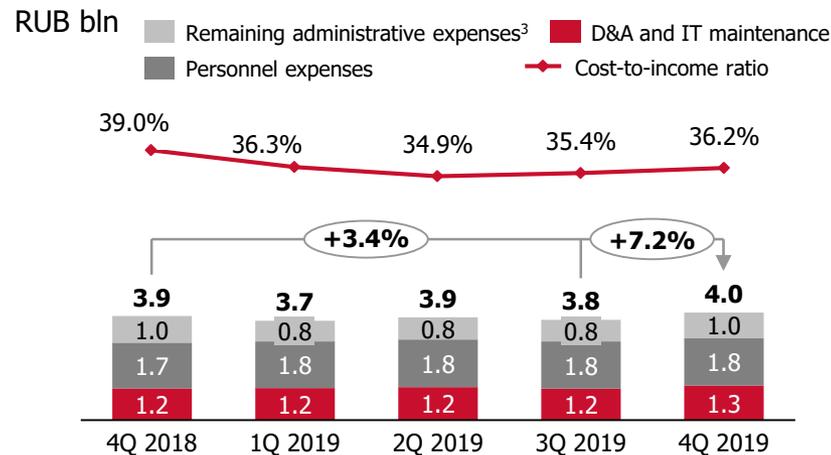


4Q 2019 summary of financials

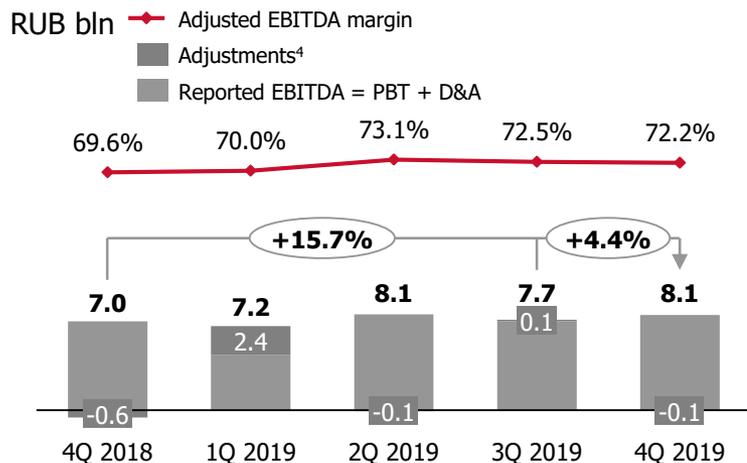
Operating income



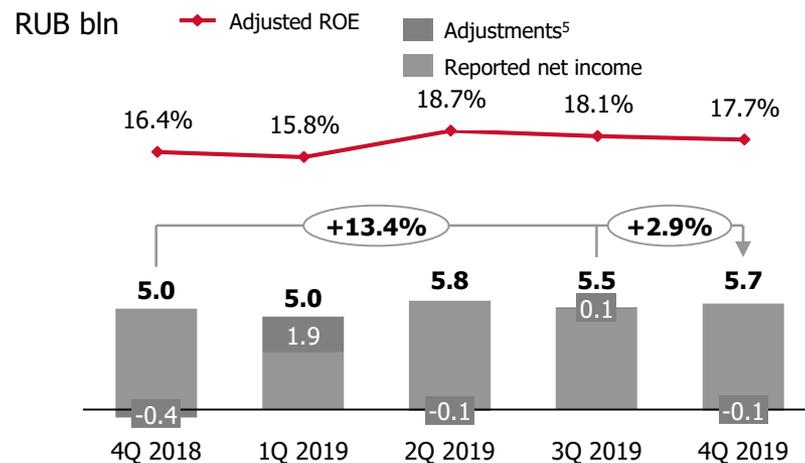
Operating expenses (excl. other operating expenses)



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 4Q'18, 1Q'19, 2Q'19, 3Q'19, 4Q'19

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



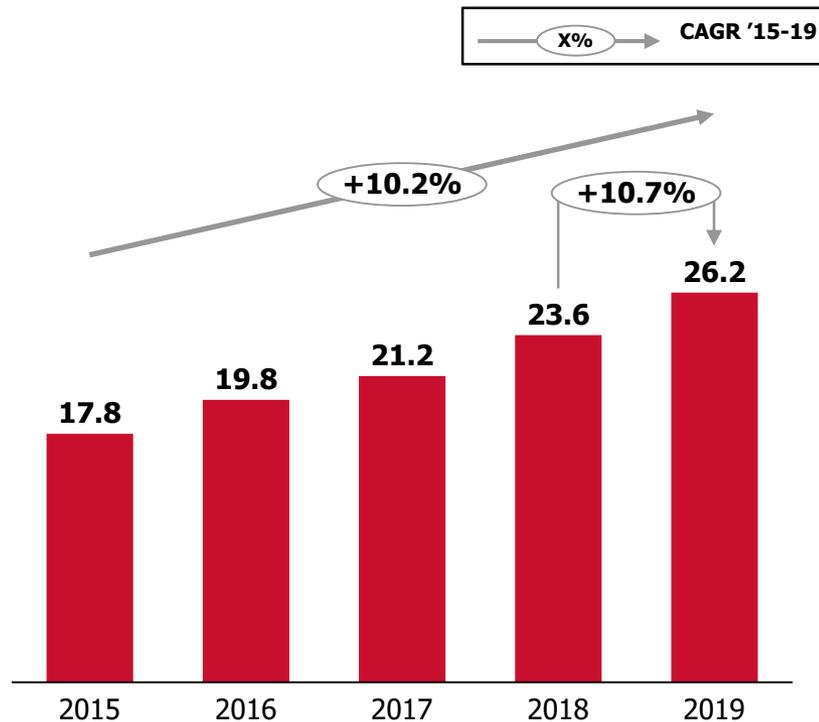
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Fee & commission income: strong and sustainable growth

Fee and commission income (F&C)

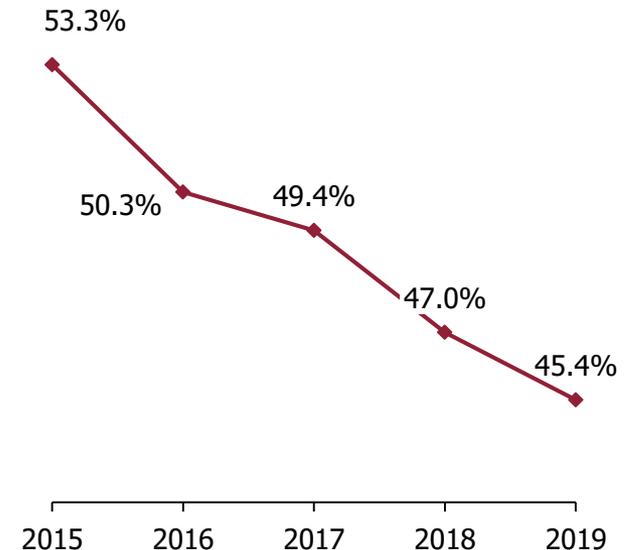
RUB bln

**F&C income for 2019 increased 10.7% YoY;
F&C income for 4Q'19 increased 12.8% YoY**



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

F&C growth was delivered in a cost efficient way



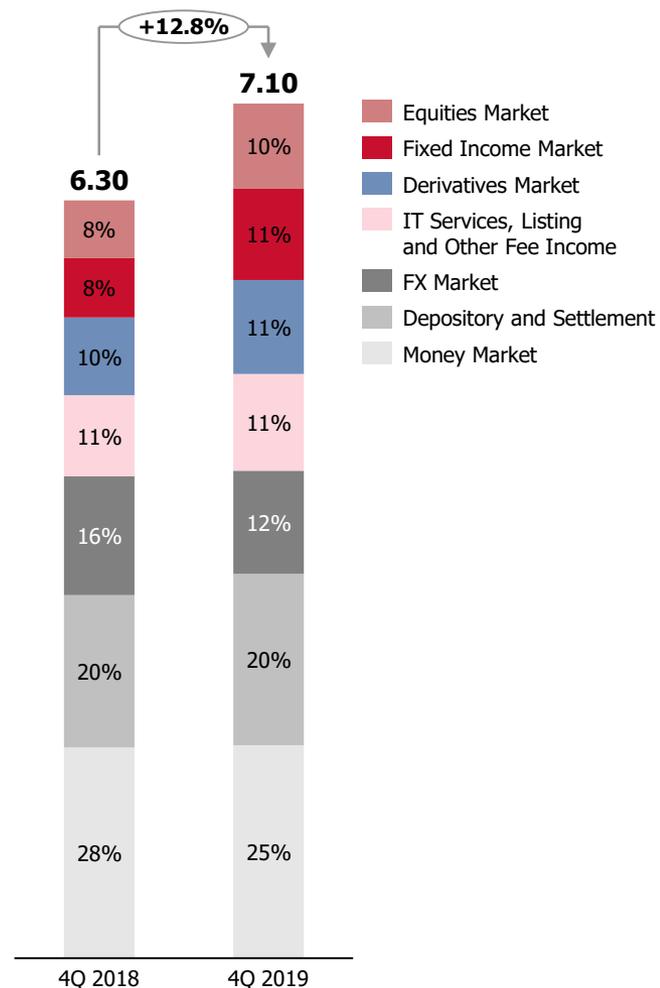
Diversified fee and commission income

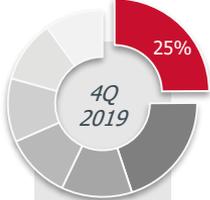
Fee & commission income performance

RUB mln	4Q 2018	4Q 2019	Change YoY, mln	Change YoY, %	CAGR 2015-19
Money Market	1,750.3	1,767.7	<i>17.4</i>	<i>1.0%</i>	16.6%
Depository and Settlement	1,265.2	1,426.0	<i>160.8</i>	<i>12.7%</i>	10.4%
FX Market	989.3	857.5	<i>-131.8</i>	<i>-13.3%</i>	0.8%
IT Services, Listing and Other Fee Income¹	672.1	804.4	<i>132.3</i>	<i>19.7%</i>	15.9%
Derivatives Market	646.5	780.5	<i>134.0</i>	<i>20.7%</i>	11.8%
Fixed Income Market	493.1	762.2	<i>269.1</i>	<i>54.6%</i>	19.8%
Equities Market	480.1	704.2	<i>224.1</i>	<i>46.7%</i>	5.1%

Fee & commission income breakdown

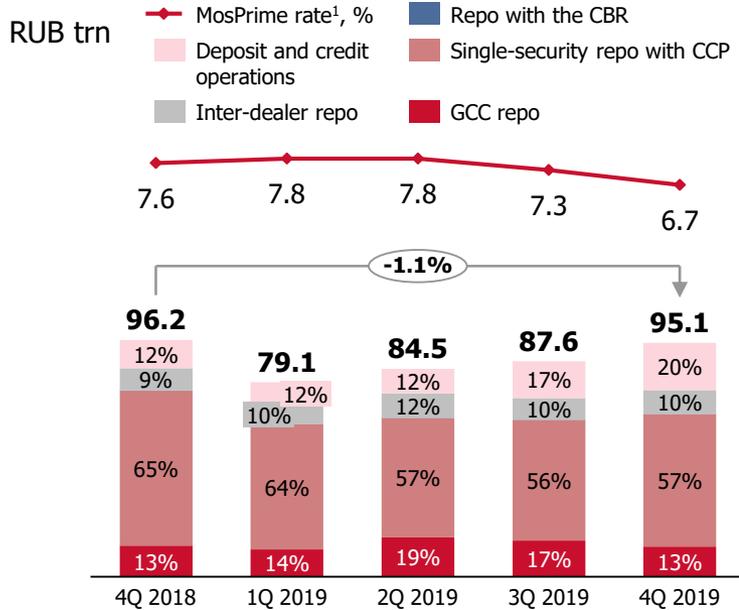
RUB bln



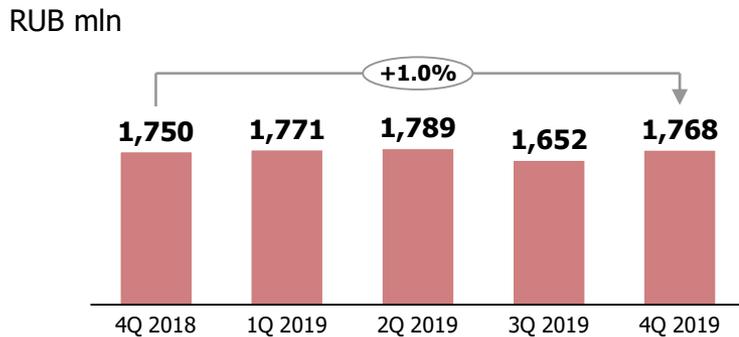


Money Market

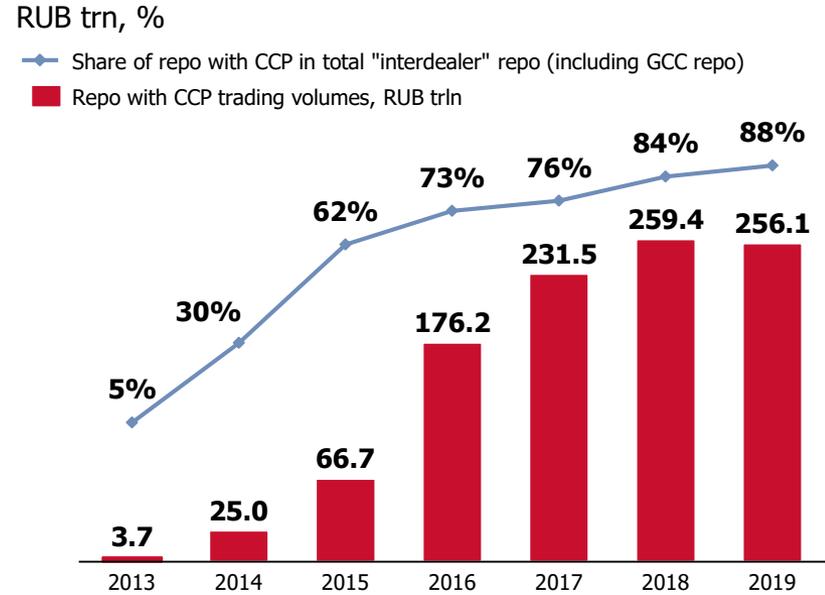
Trading volumes



Fee & commission income



Trading volumes of repo with CCP



Comments

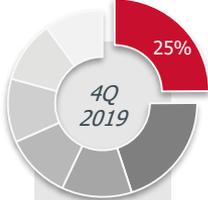
- F&C and trading volumes were virtually flat YoY (+1.0% and -1.1%, respectively).
- The FY2019 share of higher value-added CCP repo volumes (including GCC repo) in on-exchange repo grew by 4 p.p. YoY.
- Interdealer repo volumes¹ were up 9.2% YoY, while repo with the CBR contracted 97.6% YoY to just RUB 4 bln.
- The discrepancy between the YoY dynamics of F&C and volumes was due to: (1) the UCP-linked fee revision; (2) IFRS adjustments.



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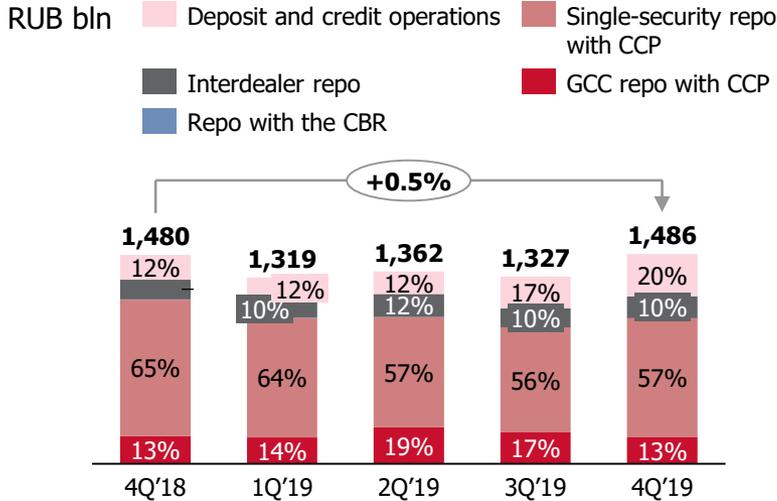
Source: Moscow Exchange operational information and Consolidated Financial Statements, NFA

1 Overnight rate, average for the period

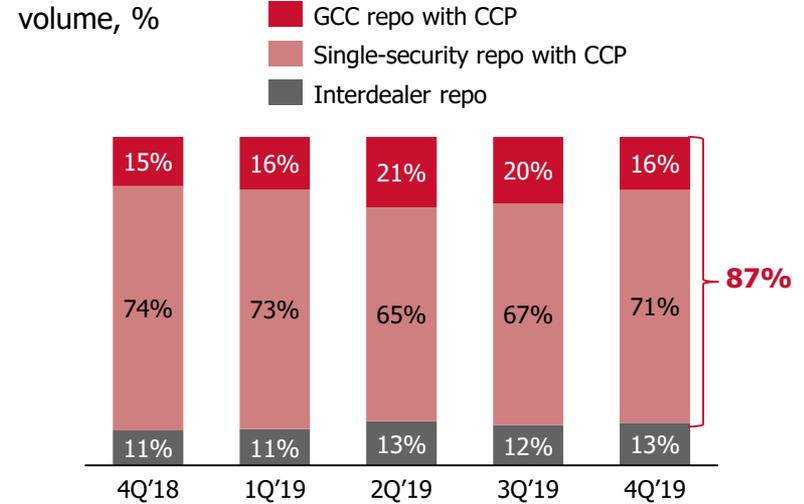


Money Market: recent trends

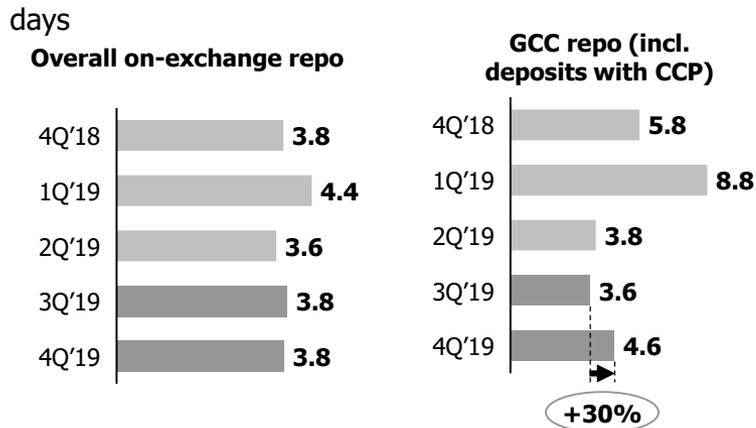
Money Market ADTV



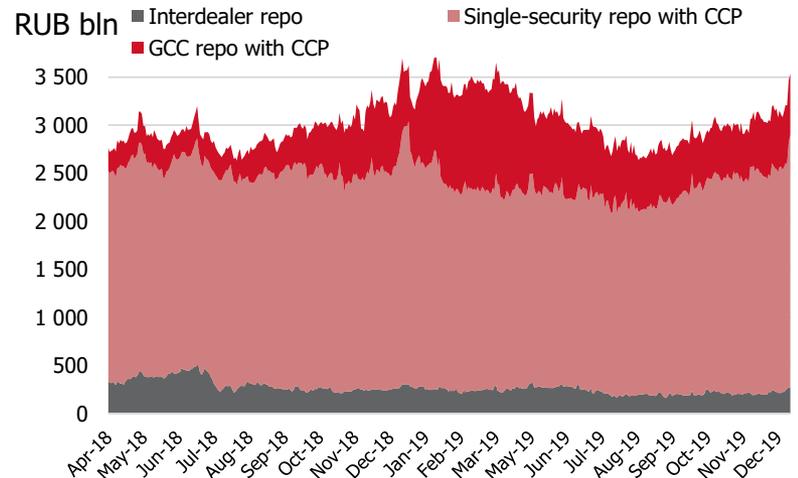
High share of CCP repo

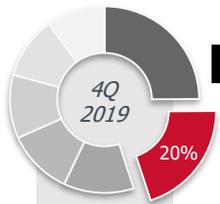


Average repo term dynamics



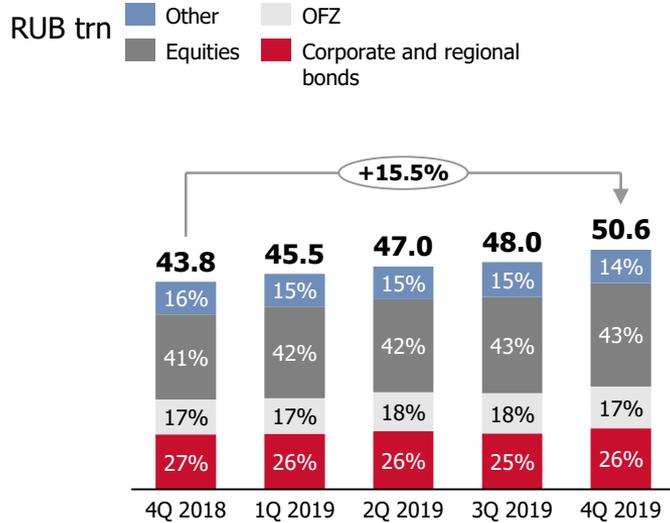
Stable to growing open interest supports F&C income



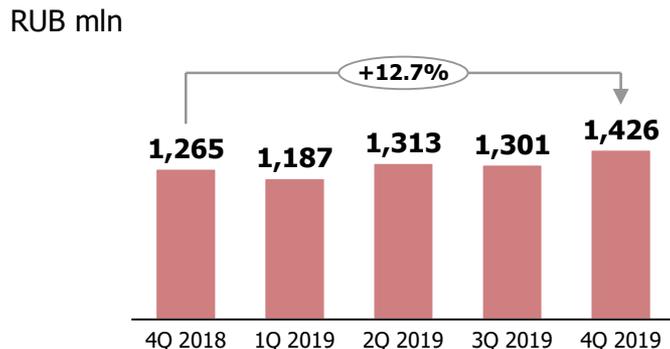


Depository and Settlement Services

Assets on deposit (average for the period)

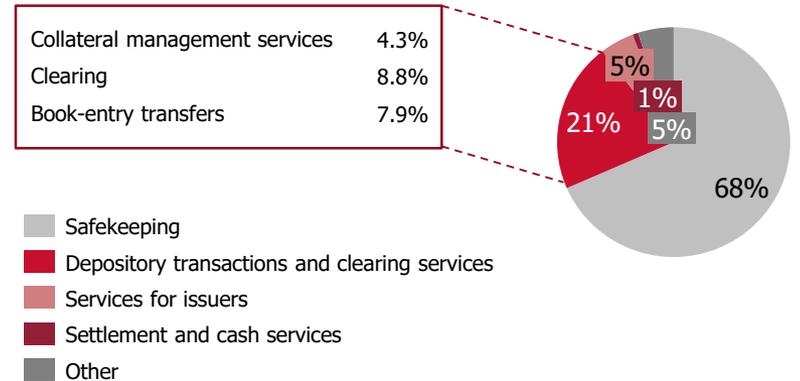


Fee & commission income



Fee & commission income breakdown

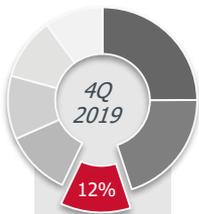
4Q 2019



Comments

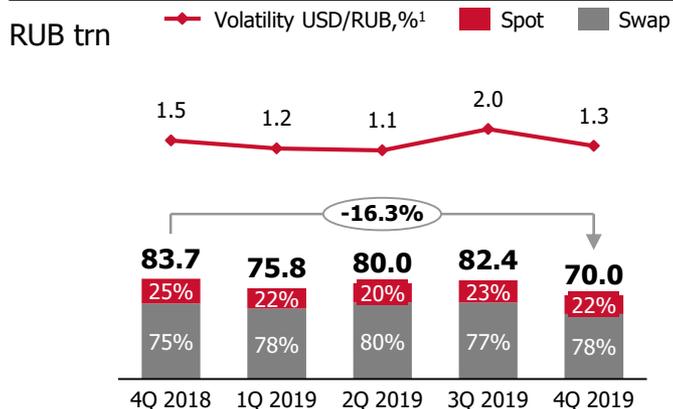
- F&C income grew 12.7% YoY; average assets on deposit increased 15.5% YoY.
- The growth in assets on deposit was registered across all asset classes: federal government bonds were up 19.6% YoY, equities were up 22.0% YoY (increase in market cap), corporate and regional bonds were up 11.1% YoY.
- F&C income growth compared to 4Q'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 as well as clearing.



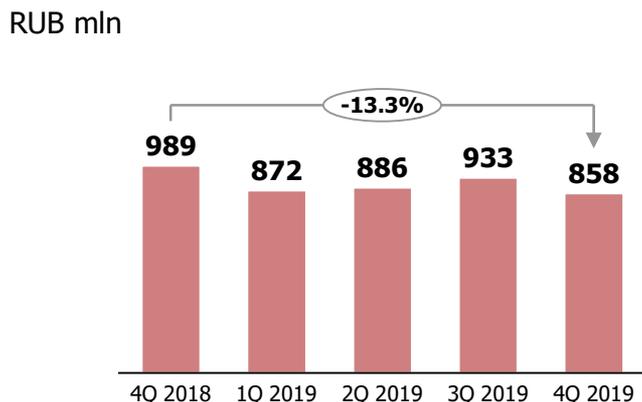


FX Market

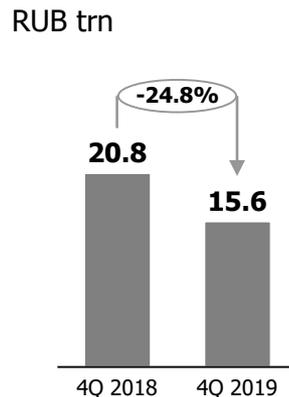
Trading volumes



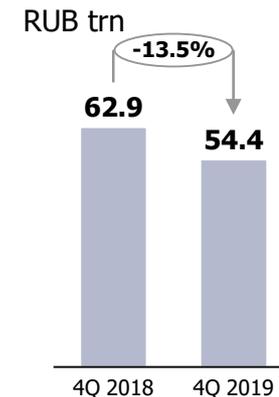
Fee & commission income



Spot trading volumes

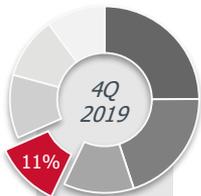


Swap trading volumes



Comments

- Fee income declined by 13.3% YoY on the back of the corresponding decline in trading volumes.
- Spot trading volumes were down by 24.8% YoY on the back of subdued volatility and lower demand for CCP services in stable economic conditions.
- Swap and forward volumes declined by 13.5% YoY amid low demand for FX liquidity.
- MOEX's 2019 market share vs onshore OTC declined by 9 pp YoY to 44% (2018: 53%) as a result.
- The effective fee was supported by a higher share of market participants using more expensive tariff plans and the UCP-linked fee revision.
- The number of active clients reached 146,800 in December – up 2.5x YoY. The ADTV of corporates was RUB 4.2 bln in 2019, up 107.8% YoY (RUB 5.1 bln in 4Q2019, up 87.2% YoY).

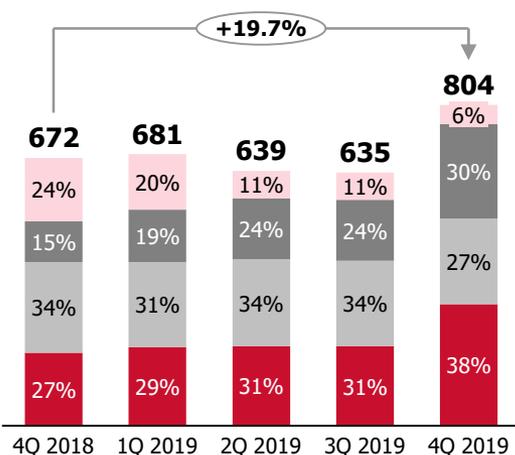


IT Services, Listing and Other Fee Income

IT Services, Listing and Other Fee Income¹

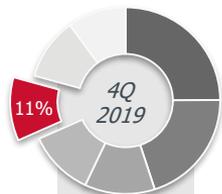
RUB mln

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



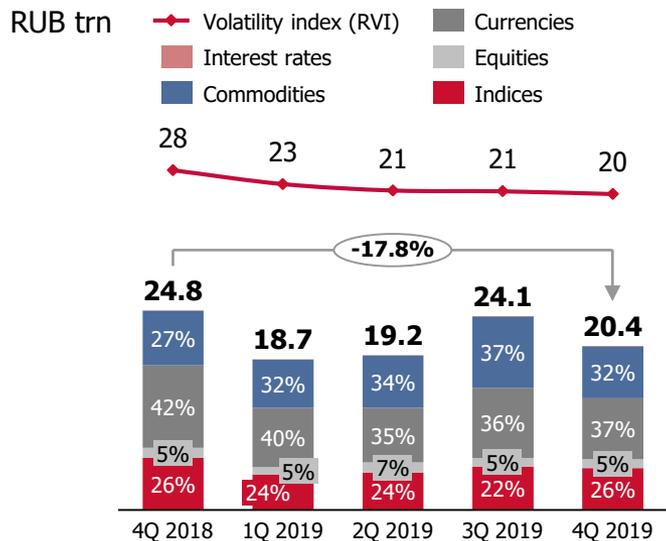
Comments

- Listing and other fees related to the Securities Market increased 132.9% YoY due to the tariff model update and a record number of registered issues.
- Sales of information services declined by 5.6% YoY.
- Sales of software and technical services grew 66.7% YoY thanks to tariff unification and a contribution from KASE.
- Other fee and commission income declined by 70.4% YoY due to a diminished contribution from the Grain Market.



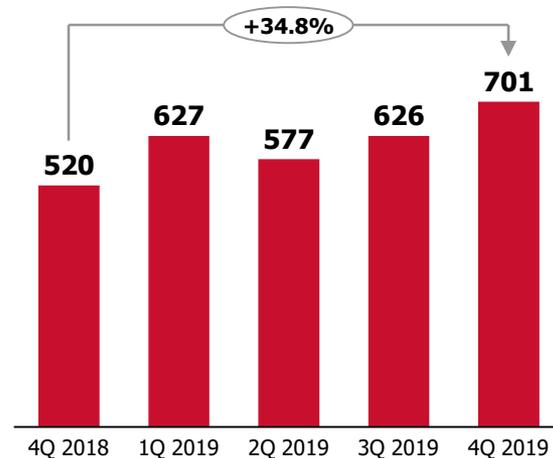
Derivatives Market

Trading volumes



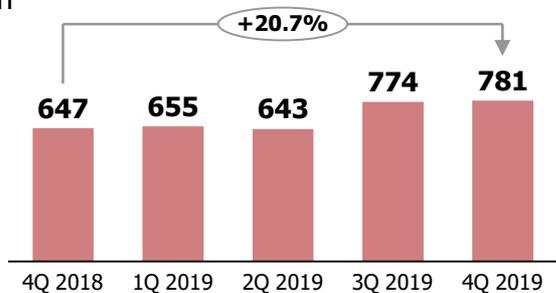
Open interest

RUB bln



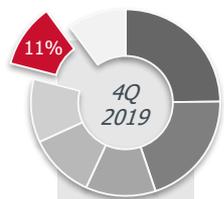
Fee & commission income

RUB mln



Comments

- F&C grew 20.7% YoY, trading volumes decreased by 17.8% YoY.
- Trading volumes of FX derivatives declined 26.4% YoY and 12.9% QoQ following the FX Market dynamics. Index derivatives trading volumes fell 19.2% YoY, while volumes of equity derivatives decreased by 11.6% YoY. Trading volumes of commodity contracts contracted by 4.4% YoY and 27.2% QoQ.
- Open interest increased by 34.8% YoY, mainly in commodity and index contracts.
- The effective fee was supported by an advantageous shift in the mix in favor of commodity derivatives (32% in 4Q2019 vs 27% in 4Q2018), increase in options' fee due to the marketing period expiration and UCP-linked fee revision and IFRS adjustments.

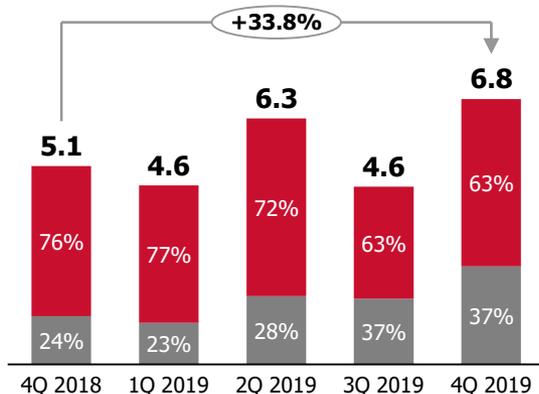


Fixed Income Market

Trading volumes¹

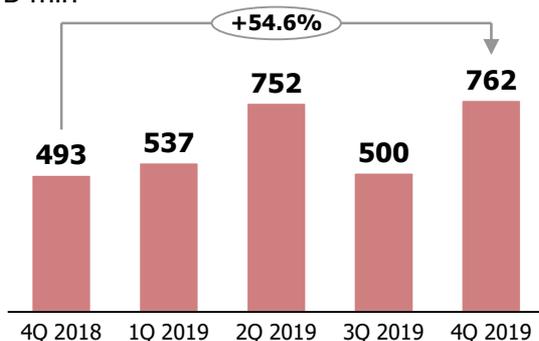
RUB trn

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



Fee & commission income

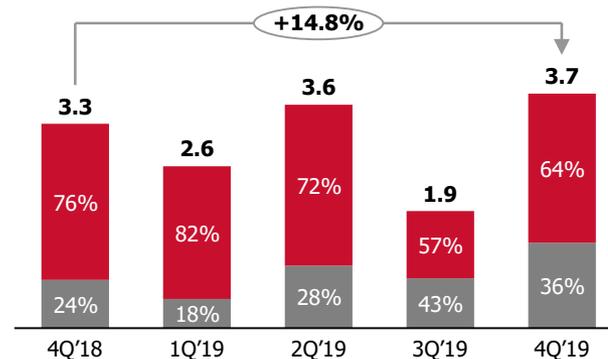
RUB mln



Primary market

RUB trn

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

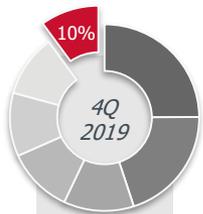


Comments

- Fee income increased by 54.6% YoY with corresponding growth (33.8% YoY) in trading volumes (excl. overnight bonds).
- Primary placements were up 14.8% YoY (excl. overnight bonds) due to higher placements of corporate and municipal bonds (up 77.0% YoY). Placements of OFZs were down 4.4% YoY.
- Secondary trading volumes increased by 67.0% YoY, mainly due to the increase in corporate bond trading.
- The QoQ effective fee dynamics was supported by a higher share of the primary market in total volumes (excl. overnight bonds), yet somewhat dampened by an also higher share of CBR bond placements.



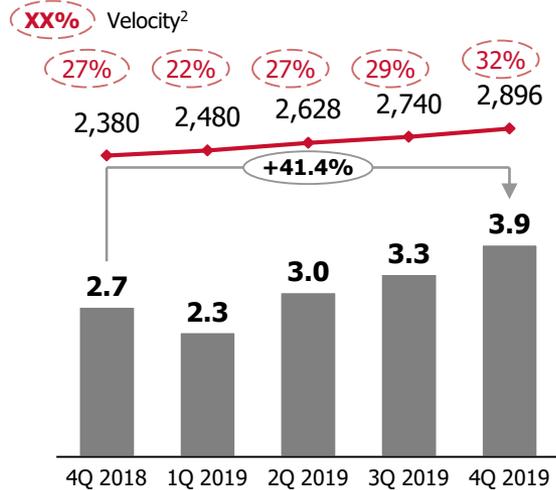
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Equities Market

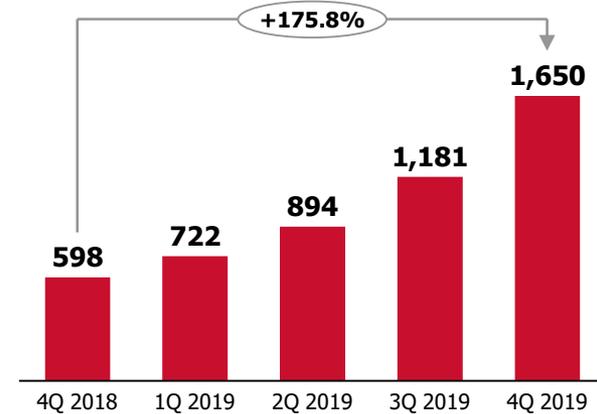
Trading volumes¹

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



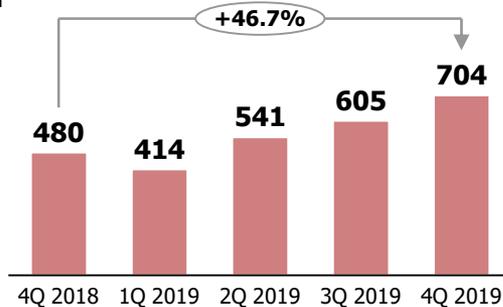
Increasing popularity of Individual Investment Accounts

Individual Investment Accounts, thousands, end-of-period



Fee & commission income

RUB mln



Comments

- Equity trading volumes were up by 41.4% YoY, F&C Income added 46.7% YoY.
- The average value of the MOEX Russia Index grew by 21.7% YoY, contributing to higher trading volumes.
- The velocity of trading volumes increased in 4Q'19 compared to preceding quarters, helped by on-boarding of new international clients and strong retail activity.
- MOEX Russia Index volatility increased nearly twofold YoY.
- MOEX's market share vs the LSE in trading of dual-listed stocks was 72% (4Q'18: 64%).



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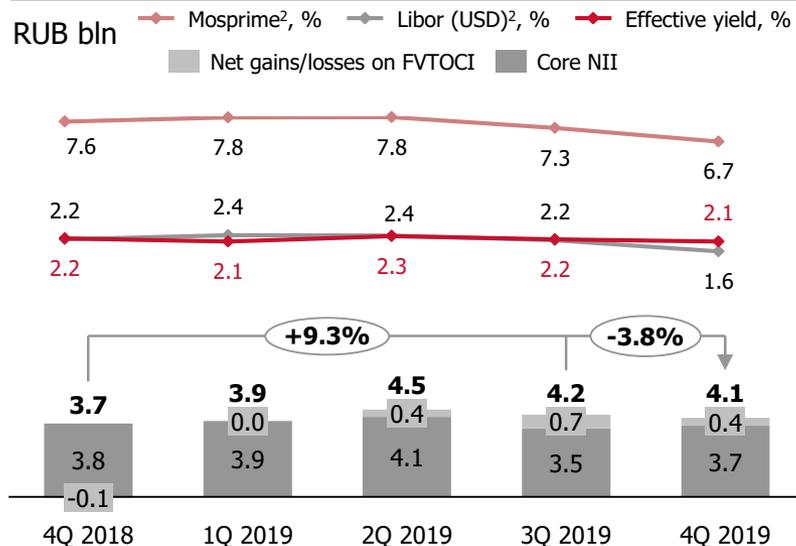
Source: Moscow Exchange operational information and Consolidated Financial Statements, WFE

1 Volumes of both primary and secondary markets

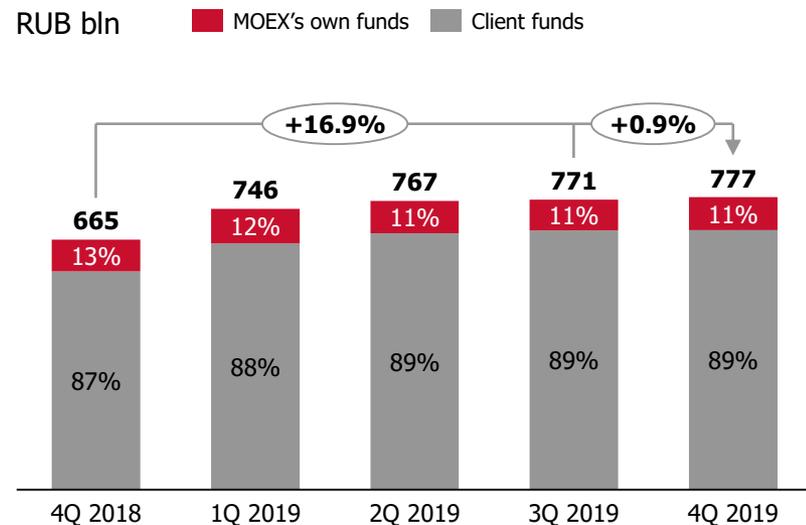
2 Velocity is calculated as annualized trading volumes for the period divided by the average market capitalization

Interest and finance income in 4Q'19

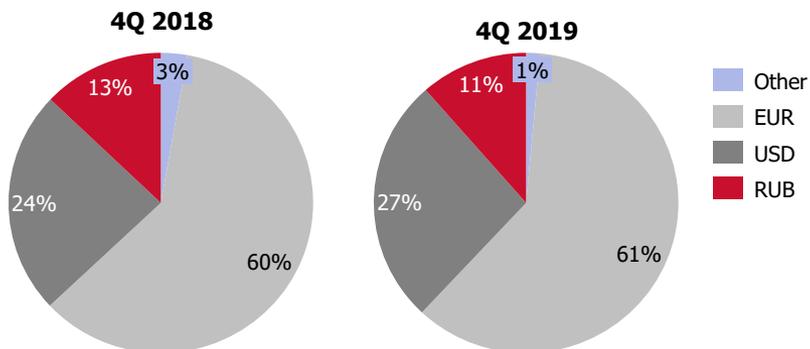
Interest and finance income¹



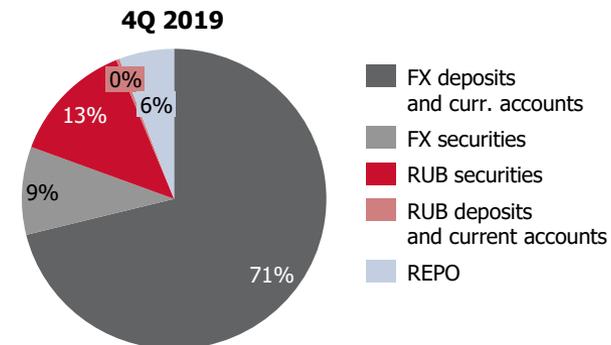
Investment portfolio sources³



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 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



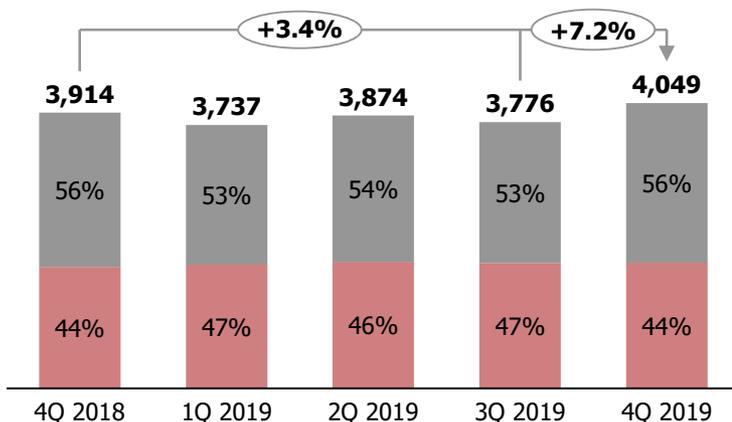
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Operating expenses in 4Q'19 (excl. provisions)

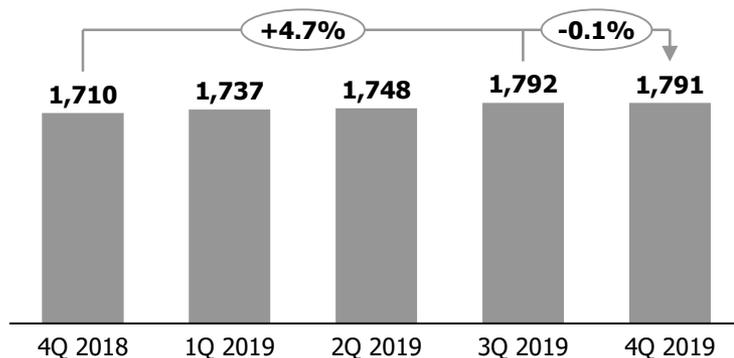
Operating expenses

RUB mln

- General and administrative expenses
- Personnel expenses



Headcount



Major expense items

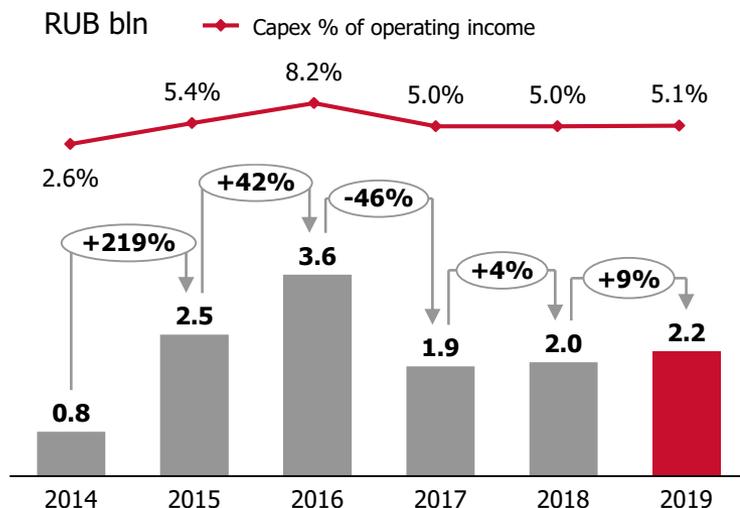
RUB mln	4Q 2018	4Q 2019	Change YoY
Personnel expenses	1723.6	1784.4	3.5%
D&A and IT maintenance	1185.7	1302.7	9.9%
Remaining administrative expenses¹	1005.1	961.7	-4.3%
Incl. Professional Services	164.9	163.8	-0.7%
Total OPEX	3914.4	4048.8	3.4%
Cost / Income Ratio	39.0%	36.2%	-2.8 p.p.

Comments

- OPEX for 4Q'19 grew by 3.4% YoY. OPEX growth for FY2019 stands at 6.8% YoY – below the 8%-10% guidance range.
- Personnel expenses added 3.5% YoY on the back of a 4.7% YoY headcount growth mitigated by a 3.8% YoY bonus provision reduction in 4Q'19.
- D&A and IT maintenance was up 9.9% YoY, largely explained by a one-off amortization of obsolete software. Beyond that, the D&A line has started to moderate.
- Remaining administrative expenses declined by 4.3% due to partial reallocation of rent and office maintenance cost to D&A under IFRS 16 from 2019 onwards.
- CAPEX for the quarter was RUB 0.9 bln.

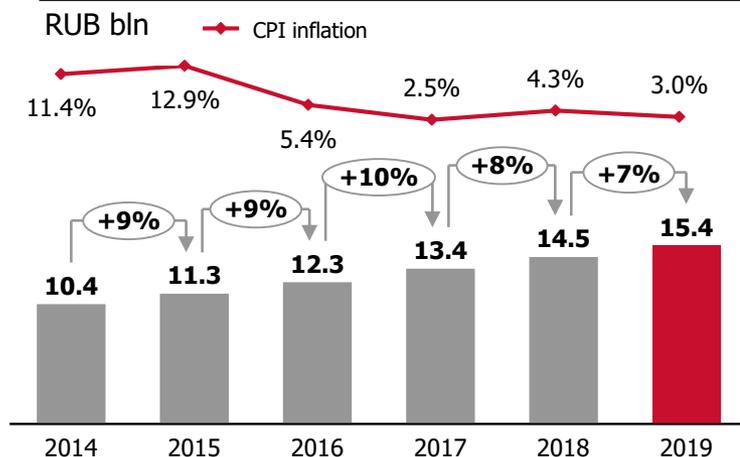
CAPEX and OPEX: 2019-2020

Capital expenditures



- CAPEX was RUB 2.2 bln, which is at the middle of our guidance range of RUB 2.0-2.5 bln for 2019.
- **In 2020, the CAPEX guidance range is again RUB 2.0-2.5 bln.**
- The 2020 split between maintenance and development CAPEX is expected to be roughly equal (46% maintenance / 54% development).
- Top-5 projects account for 24% of CAPEX, with the Marketplace consuming RUB 0.4 bln.

Operating expenses (excluding provisions)



- The actual growth of OPEX in 2019 was 6.8%, below the floor of the revised guidance range of 8-10%.
- Net of pass-through grain costs, the 2019 OPEX growth was 8.0% YoY.
- The main driver of OPEX growth in 2019 was personnel expense, which increased 9.2% on the back of a 4.7% headcount growth.
- **The 2020 OPEX growth guidance range is 6.5-9.5%.** It's viable to achieve positive operating jaws between F&C and OPEX in 2020.



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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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