

# 2024 Interim Results Analyst Presentation

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**HKEX**  
香港交易所

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## Agenda

01 | 1H 2024 Key Highlights

02 | HKEX Group Financial Review

03 | Business and Strategic Update

04 | Appendix



# 1H 2024 Key Highlights

## Resilient financial performance

Revenue and other income

**Q2 2024: HK\$5.4b (+8% YoY, +4% QoQ)**

1H 2024: HK\$10.6b comparable to 1H 2023

## Continuing strategic progress

### Build on our China strength

- Introduced new product features and services to **Swap Connect** (May 2024)
- Relaxation of **ETF eligibility criteria under Stock Connect** took effect (Jul 2024)

### Enhance market vibrancy

- Introduced **Self-Match Prevention** service in Cash Market (Mar 2024)
- Revised **Listing Rules relating to Treasury Shares** took effect (Jun 2024)
- Published consultation on **Reduction of Minimum Spreads** in HK securities market (Jun 2024)
- Published conclusion on **Severe Weather Trading** consultation (Jun 2024), to be implemented in Sep 2024

### Build future-ready technology & operations

- Announced in-house development of **Orion Derivatives Platform** (Apr 2024)

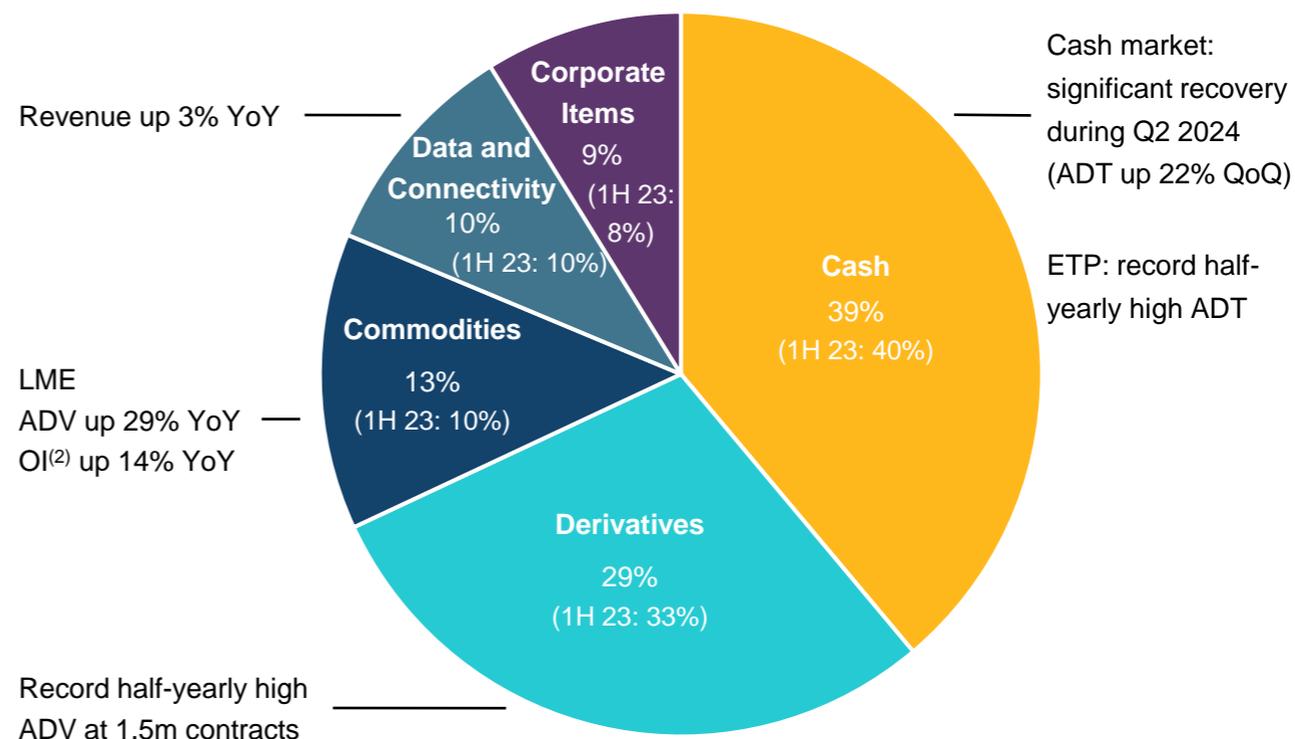
Profit attributable to shareholders

**Q2 2024: HK\$3.2b (+9% YoY, +6% QoQ)**

1H 2024: HK\$6.1b (-3% YoY)

## Diversification delivering results

1H 2024 Revenue breakdown<sup>(1)</sup>



1. % may not add up due to rounding

2. Open Interest



# HKEX Group Financial Review



# Record second quarter highs in revenue and profit, 1H 2024 revenue comparable to prior year period

## Core business revenue<sup>(2)</sup>

Q2 2024: HK\$5.0b (↑7% YoY)  
1H 2024: HK\$9.7b (0% YoY)

## Revenue and other income<sup>(3)</sup>

Q2 2024: HK\$5.4b (↑8% YoY)  
1H 2024: HK\$10.6b (0% YoY)

## EBITDA

Q2 2024: HK\$4.0b (↑8% YoY)  
1H 2024: HK\$7.7b (↓3% YoY)

## PAT

Q2 2024: HK\$3.2b (↑9% YoY)  
1H 2024: HK\$6.1b (↓3% YoY)

## EPS

Q2 2024: HK\$2.49 (↑9% YoY)  
1H 2024: HK\$4.84 (↓3% YoY)

## DPS

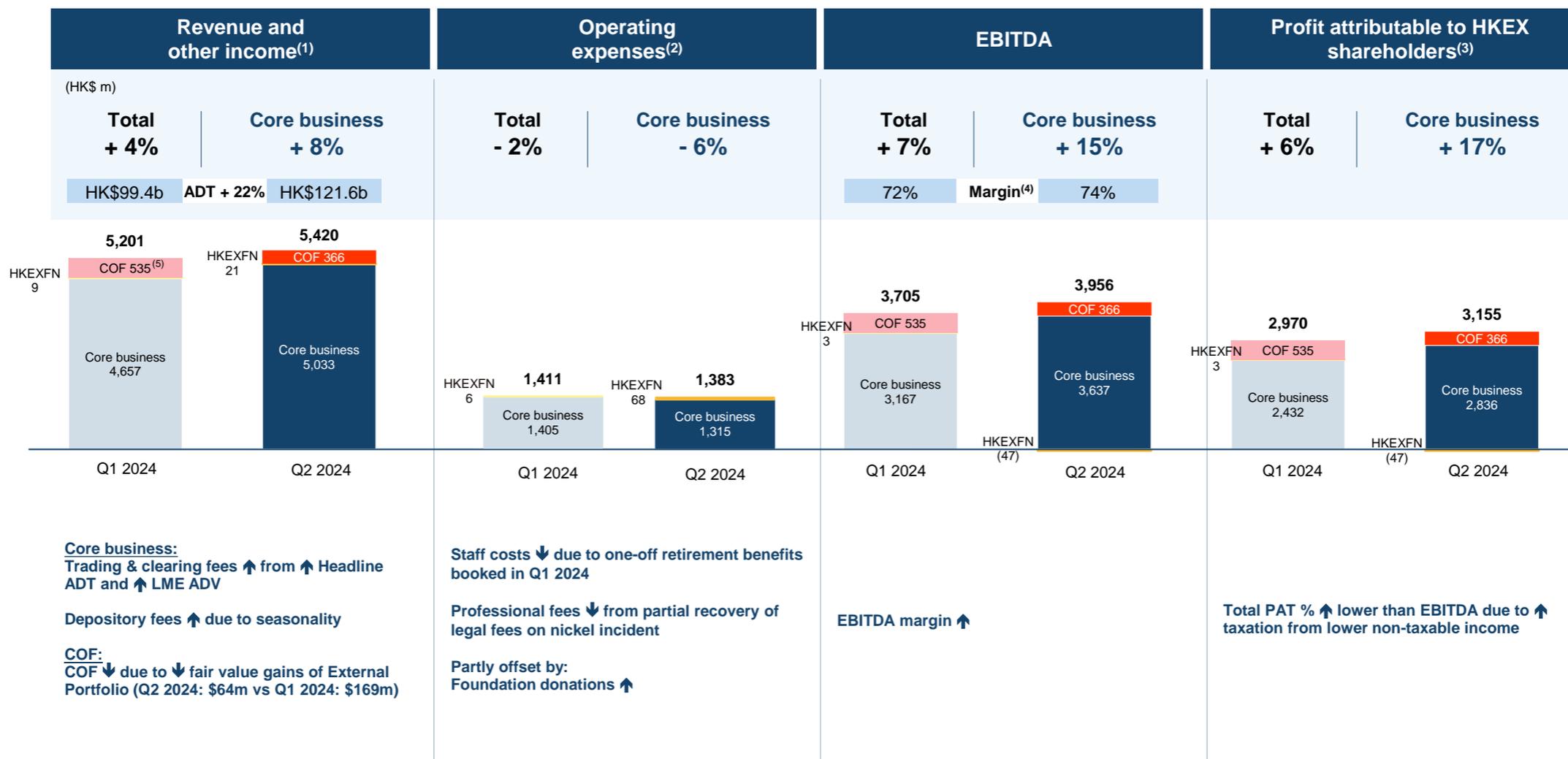
1H 2024: HK\$4.36 (↓3% YoY)



1. All percentage changes are computed based on amounts reported in financial statements  
2. Core business revenue represents total revenue and other income, excluding net investment income/(loss) of Corporate Funds and donation income of HKEX Foundation (HKEXFN)  
3. Represents gross revenue and other income before deducting transaction-related expenses

Q2 2024 vs Q1 2024

# Profit up 6% mainly driven by higher Headline ADT and lower opex

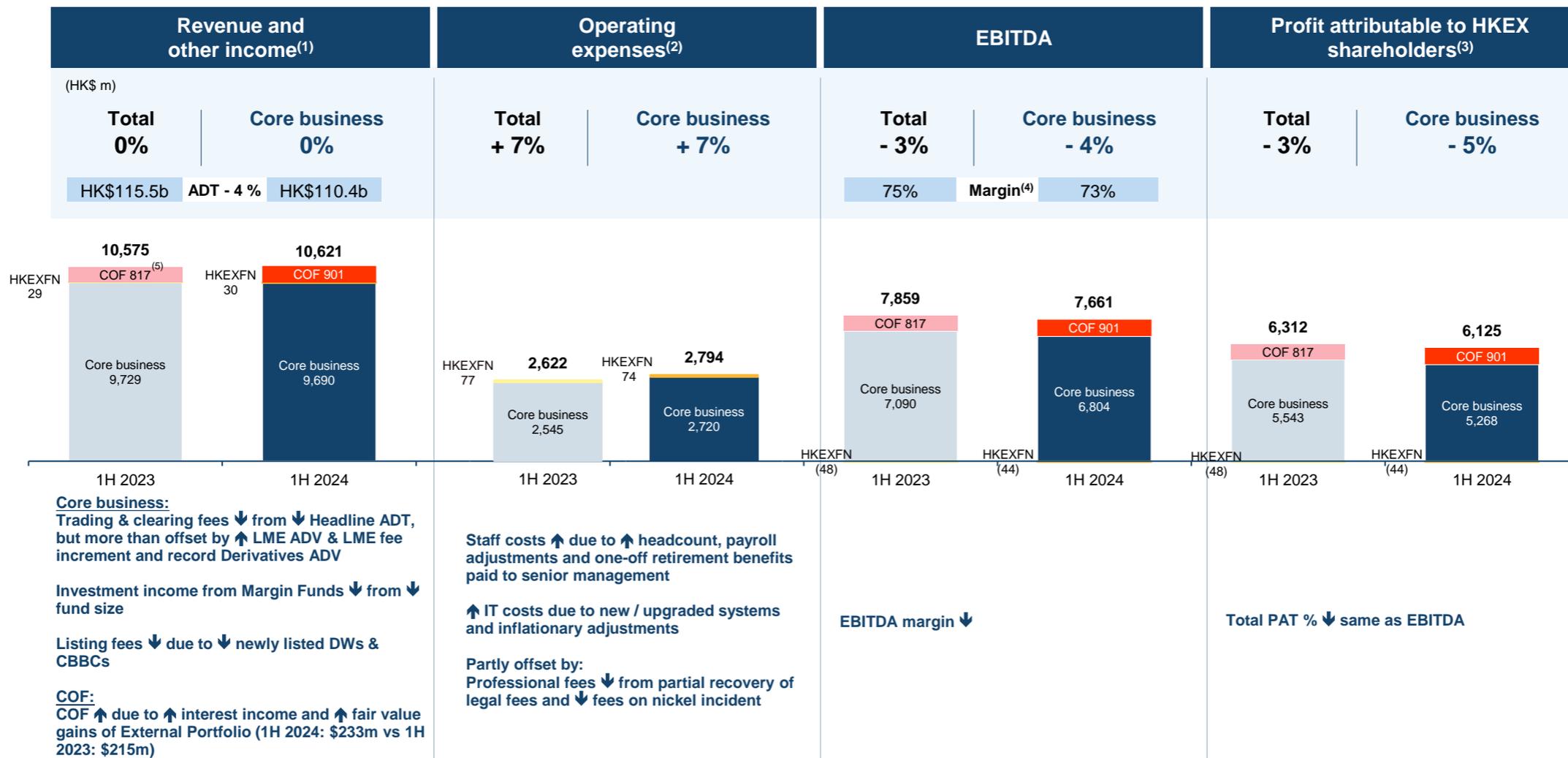


1. Represents gross revenue and other income before deducting transaction-related expenses (Q2 2024: \$81m; Q1 2024: \$85m)
2. Excludes transaction-related expenses, depreciation and amortisation, finance costs and share of results of joint ventures
3. For the purpose of this presentation, tax impact of COF is not considered when calculating the PAT attributable to COF
4. EBITDA margin is calculated based on EBITDA divided by revenue and other income less transaction-related expenses
5. COF represents net investment income of Corporate Funds



1H 2024 vs 1H 2023

# Profit down 3% mainly due to lower Headline ADT, partly offset by strong performance at LME and record Derivatives volume

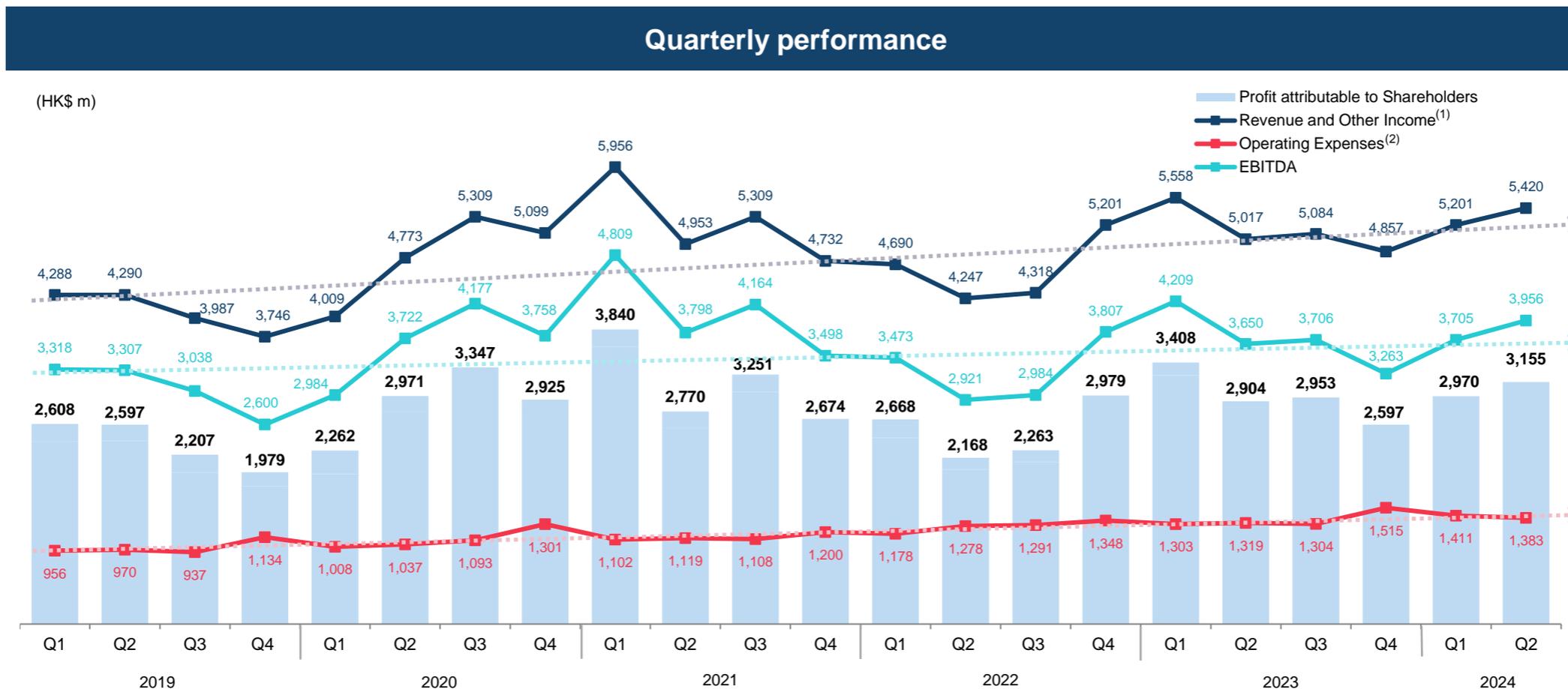


1. Represents gross revenue and other income before deducting transaction-related expenses (1H 2024: \$166m; 1H 2023: \$94m)
2. Excludes transaction-related expenses, depreciation and amortisation, finance costs and share of results of joint ventures
3. For the purpose of this presentation, tax impact of COF is not considered when calculating the PAT attributable to COF
4. EBITDA margin is calculated based on EBITDA divided by revenue and other income less transaction-related expenses
5. COF represents net investment income of Corporate Funds



## Quarterly performance

# 1H 2024 results in line with long-term historical upward trendline



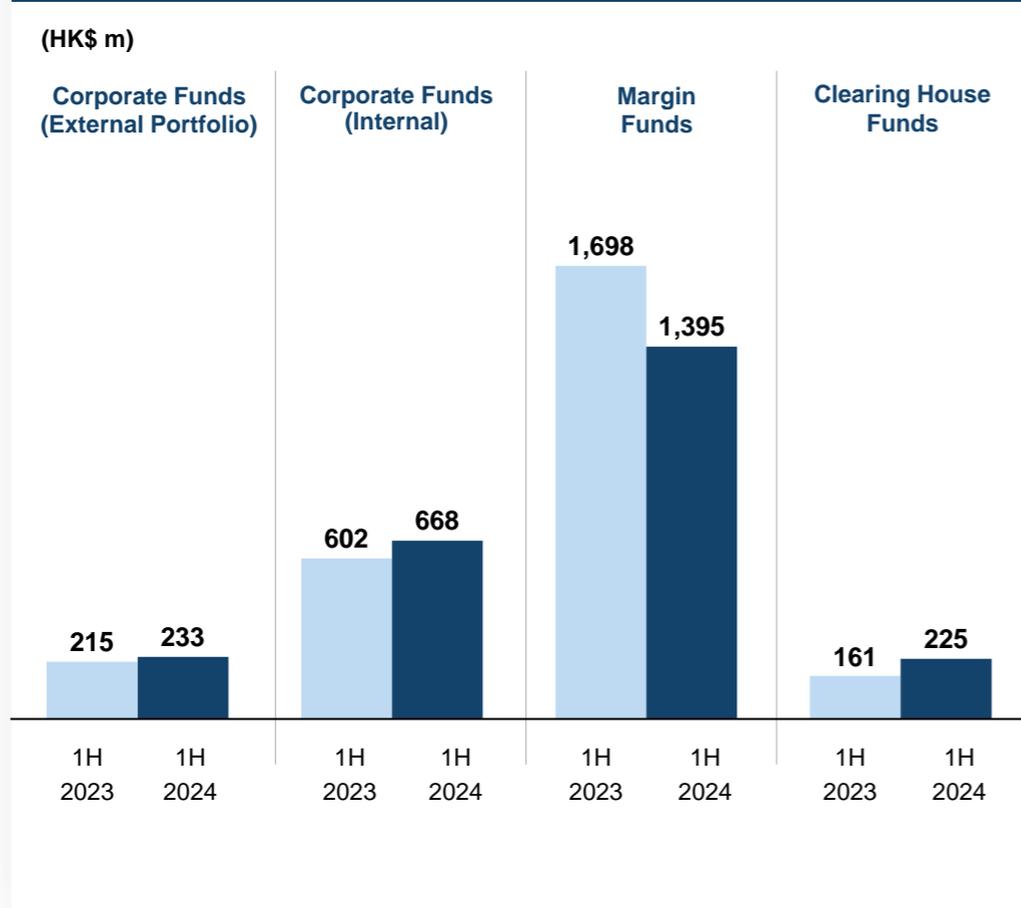
1. Represents gross revenue and other income before deducting transaction-related expenses
2. Exclude transaction-related expenses, depreciation and amortisation, finance costs, share of results of joint ventures, and certain exceptional costs
3. Dotted trend lines are illustrative and do not constitute a forward forecast

## Net investment income (NII) – 1H 2024 vs 1H 2023

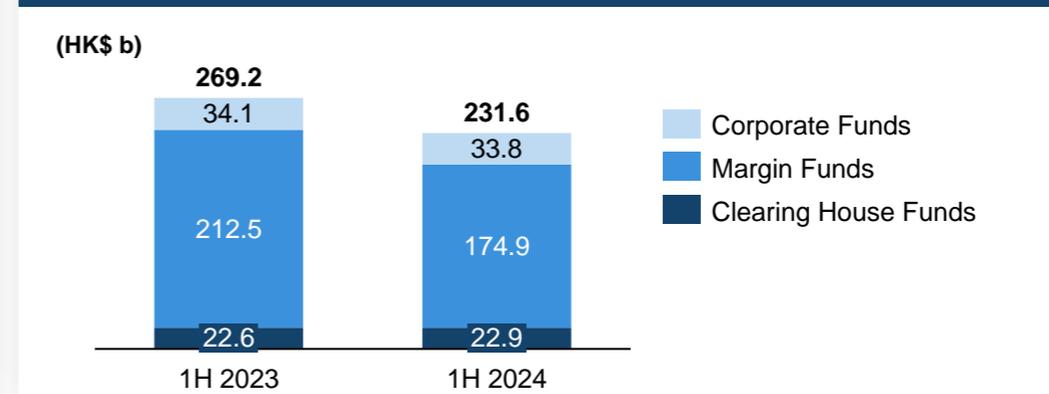
# NII impacted mainly by lower Margin Fund size

1H 2024: HK\$2,521m (1H 2023: HK\$2,676m)

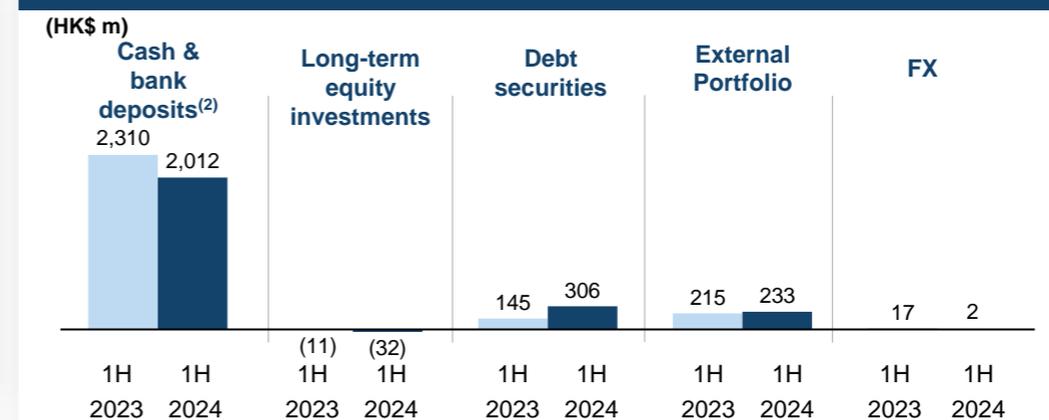
### Net investment income by funds



### Average fund size



### Net investment income by category of investments



**1H 2024 External Portfolio gains up 8% YoY**  
**Margin Funds NII down 18% YoY in 1H 2024 mainly due to lower average Margin Fund size**

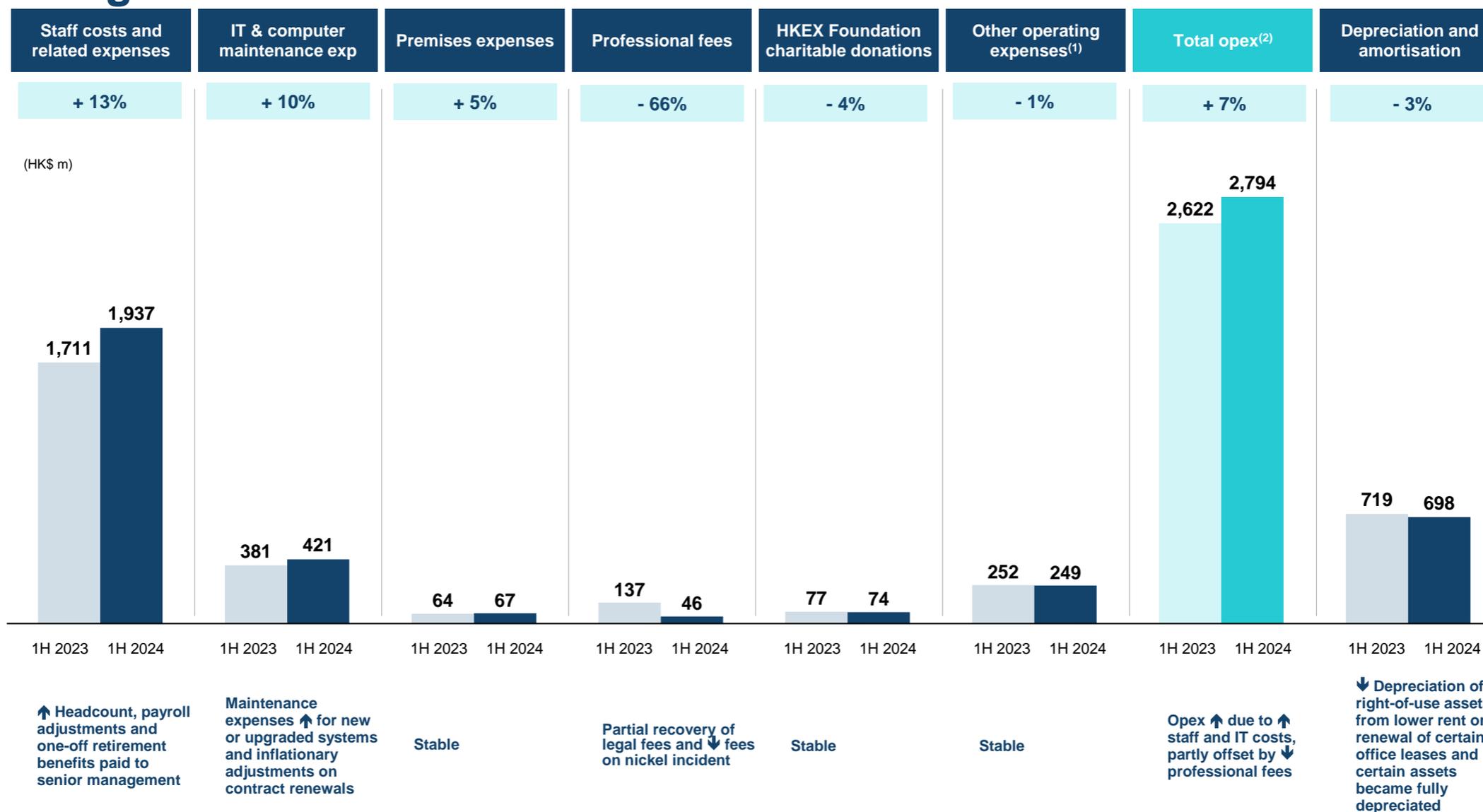
1. Margin Funds and Clearing House Funds of LME Clear are mainly invested in overnight reverse repurchase investments, where high quality assets are held against such investments as collateral. In Hong Kong, Clearing House Funds are predominantly kept overnight or invested in Exchange Fund Bills issued by the Hong Kong Monetary Authority due to regulatory requirements. For Margin Funds, a certain proportion of the funds are kept overnight to meet withdrawal requests from Clearing Participants (approximately 34% as at 30 Jun 2024), a certain proportion is invested in long-term investment grade debt securities (approximately 24% as at 30 Jun 2024) and the remaining funds are invested in time deposits with maturity of up to 12 months (weighted original maturity of 10 months as at 30 Jun 2024)

2. Includes foreign exchange swaps



## Operating expenses and depreciation & amortisation – 1H 2024 vs 1H 2023

# Opex up 7% reflecting prudent control, also helped by partial recovery of legal fees from LME Nickel incident



1. Includes product marketing and promotion expenses  
 2. Excludes transaction-related expenses, depreciation and amortisation, finance costs, and share of results of joint ventures

# Business and Strategic Update

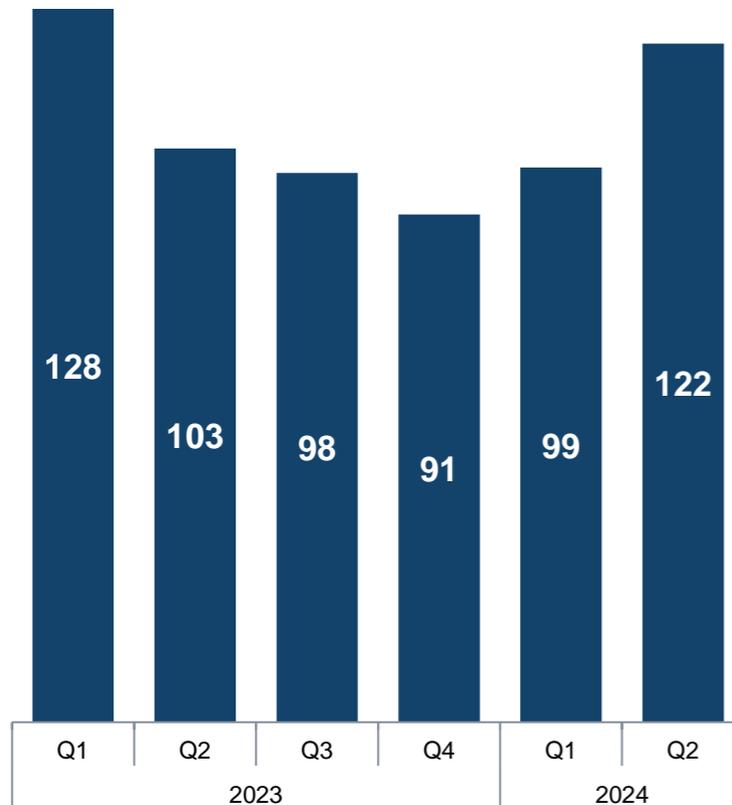


# Strong, resilient performance in 1H 2024

★ : record half-yearly high in 1H 2024

## Cash Market demonstrated resiliency

Average Daily Turnover Value  
(HK\$ b)



Source: HKEX

## Strategic diversification helps mitigate cash market volatility

### ★ Derivatives

**Record high** ADV 1.5m Contracts  
(up 12% YoY)

### FX

USD/CNH Futures ADV 79,173 Contracts  
(nearly 6 times vs 1H 2023)

### ★ OTC Clear

**Record high** Clearing volume US\$483.9b  
(up 188% YoY)

### LME

ADV 694,000 Lots  
(up 29% YoY)

## Connect programmes continue to perform well

### ★ Stock Connect

Revenue HK\$1,199m (up 4% YoY),  
contributed 11% of Group total revenue

**Record high** NB ADT RMB130.2b  
(up 19% YoY)

### ★ ETF Connect

**Record high** NB ADT RMB1.1b  
SB ADT HK\$1.5b

### ★ Bond Connect

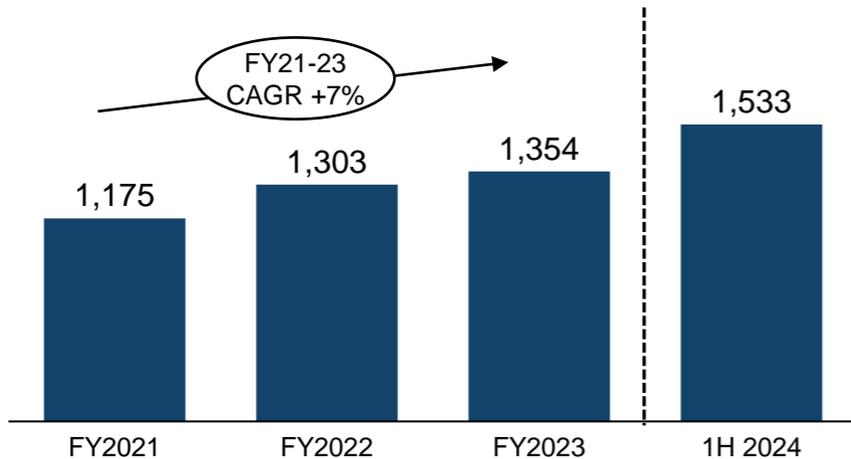
**Record high** NB ADT at RMB44.5b  
(up 14% YoY)



# Strong momentum in derivatives and LME ADV sustained in 1H 2024

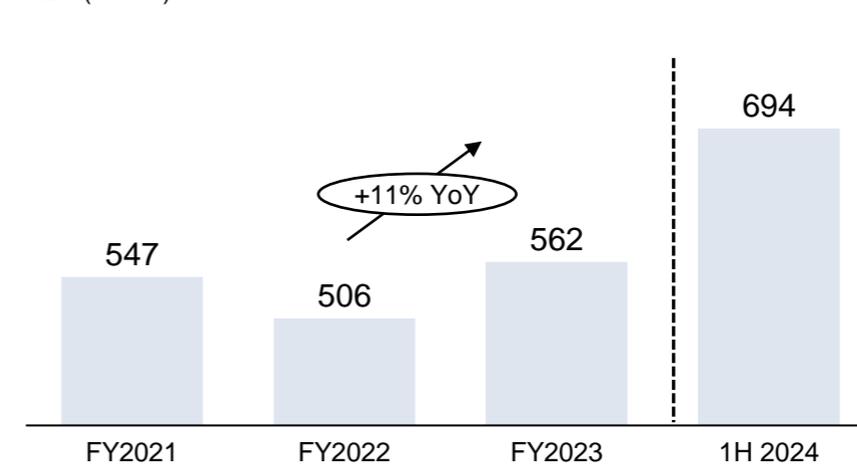
## Record number of derivatives contracts traded

ADV (in '000)



## Strong recovery in LME volumes

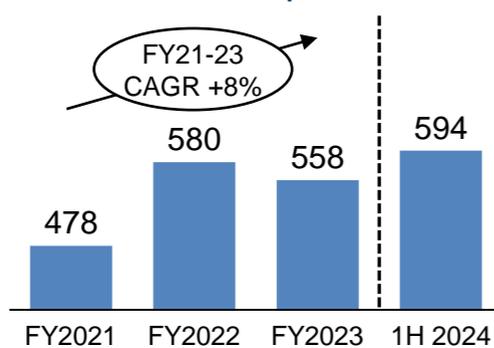
ADV (in '000)



## HSI and HSCEI products provide strong base, while growth mainly driven by HS TECH Index products and USD/CNH futures

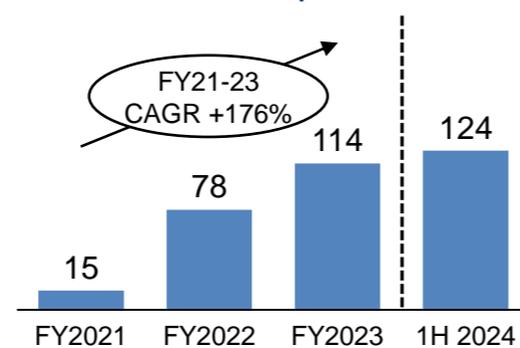
ADV (in '000)

### HSI & HSCEI products<sup>(1)</sup>



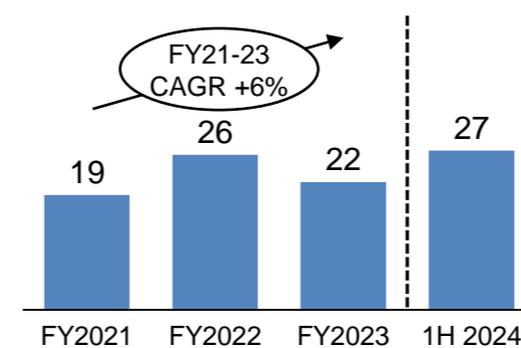
ADV (in '000)

### HS TECH Index products<sup>(2)</sup>



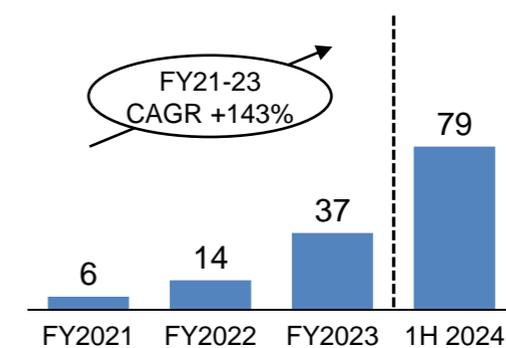
ADV (in '000)

### MSCI suite<sup>(3)</sup>



ADV (in '000)

### USD/CNH futures



Source: HKEX

1. Include mini- and weekly HSI Futures and HSCEI Futures, and Options on Futures
2. Include HS TECH Index Futures, Options, and Options on Futures
3. Include all MSCI products



# Strong strategic progress in 1H 2024

## Build on our China strength

- Connect programmes enhancement and expansion
- Integrating China strategy across all divisions
- Connect China and rest of world

- REITs inclusion in Stock Connect announced (Apr)
- Swap Connect enhancements implemented (May)
- ETF Connect eligibility relaxation took effect (Jul)

## Build future-ready technology & operations

- Unlock operational efficiencies and new business opportunities
- Address changing clients' expectations

- In-house development of Orion Derivatives Platform announced (Apr)



## Enhance market vibrancy

- Provide a liquid and vibrant marketplace
- Grow product, client and issuer ecosystems
- One-stop shop for investors

- Treasury shares listing rules amendments took effect (Jun)
- Minimum spreads reduction consultation (Jun)
- Severe Weather Trading implementation (Sep)

## Explore new adjacent businesses

- Create adjacencies beyond the core
- Taking measured risks to build new businesses
- Leverage on data

- Enterprise data package well received by the market
- Data & Connectivity continued to grow (~10% of Group revenue)

## Looking ahead

- **Macro-environment uncertainties persist**, with factors including China-US relations, the upcoming US presidential election, interest rate movements and the pace of Mainland economic recovery continuously impacting global markets. **We remain cautiously optimistic about the outlook for the rest of the year.**
- **The Derivatives Market continues to be robust in 2024** with record half-yearly volumes in 1H 2024. Recently launched products (including HS TECH Suite and physically settled options on futures suite) and strength in currency futures contracts will continue to drive growth in the Derivatives Market.
- **The Connect programme has been going from strength to strength.** Northbound Stock Connect, Bond Connect and Swap Connect all saw record half-yearly volumes in 1H 2024; the five measures announced by the CSRC in April 2024 are expected to further enhance the Stock Connect and provide positive momentum to the Hong Kong market.
- **LME volumes performed strongly and recorded a 10-year quarterly high in Q2 2024.** The volume growth and the fee increment will continue to boost the LME's business.
- **Internally managed investment income expected to decline in 2H 2024 / 2025** along with expectations of interest rate cuts.
- **Prudent, targeted investment in talent, technology, client and risk management will continue**, supporting long-term success and sustainable development of the business.
- **We are resolutely focused on driving the vibrancy, resilience and competitiveness of our markets**, by continuously enhancing our market infrastructure, expanding our products and international partnerships and future-proofing our business.





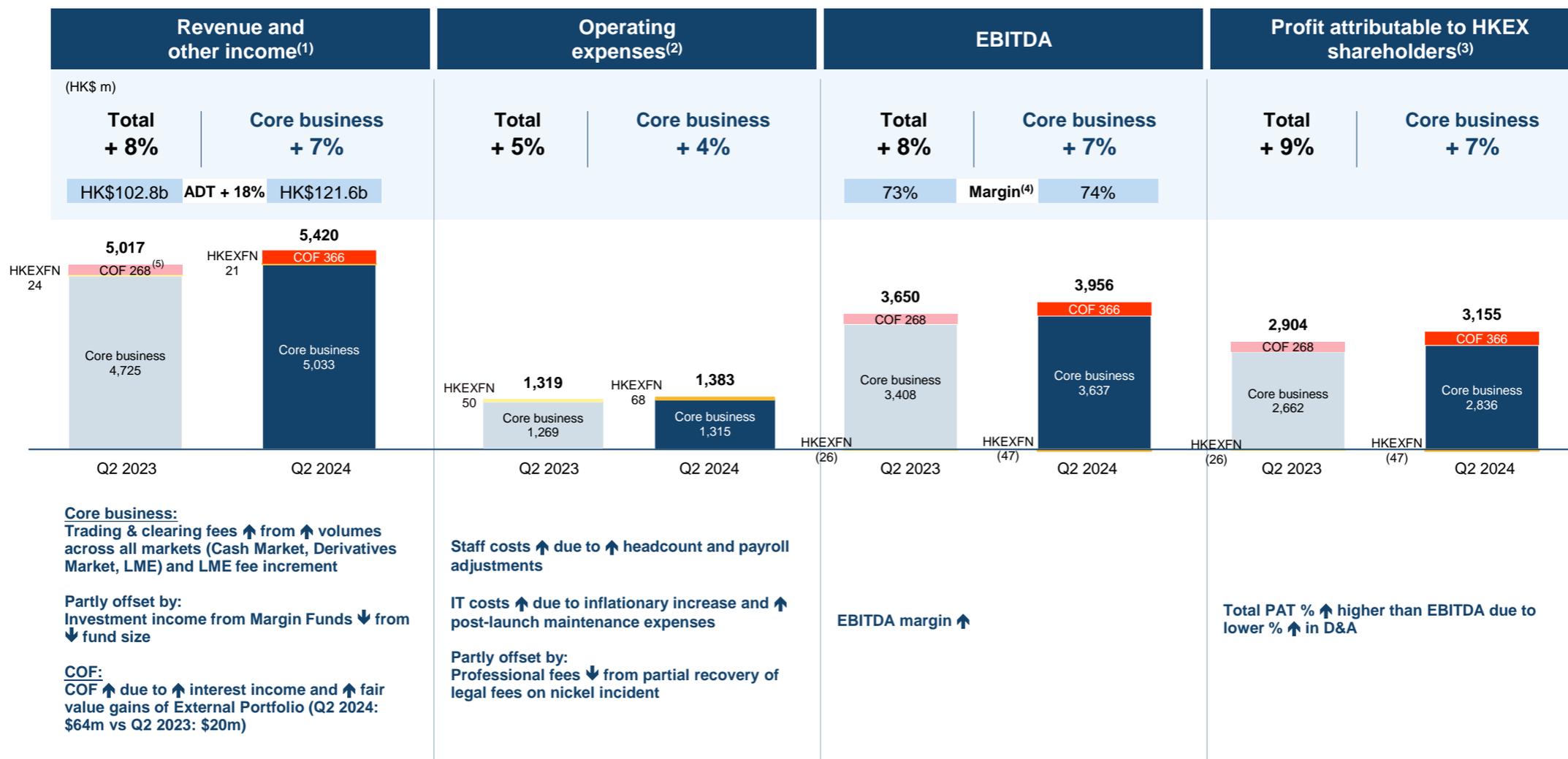
Thank you

# Appendix



Q2 2024 vs Q2 2023

# Profit up 9% mainly driven by higher volumes across the Cash, Derivatives and Commodities markets



1. Represents gross revenue and other income before deducting transaction-related expenses (Q2 2024: \$81m; Q2 2023: \$48m)
2. Excludes transaction-related expenses, depreciation and amortisation, finance costs and share of results of joint ventures
3. For the purpose of this presentation, tax impact of COF is not considered when calculating the PAT attributable to COF
4. EBITDA margin is calculated based on EBITDA divided by revenue and other income less transaction-related expenses
5. COF represents net investment income of Corporate Funds

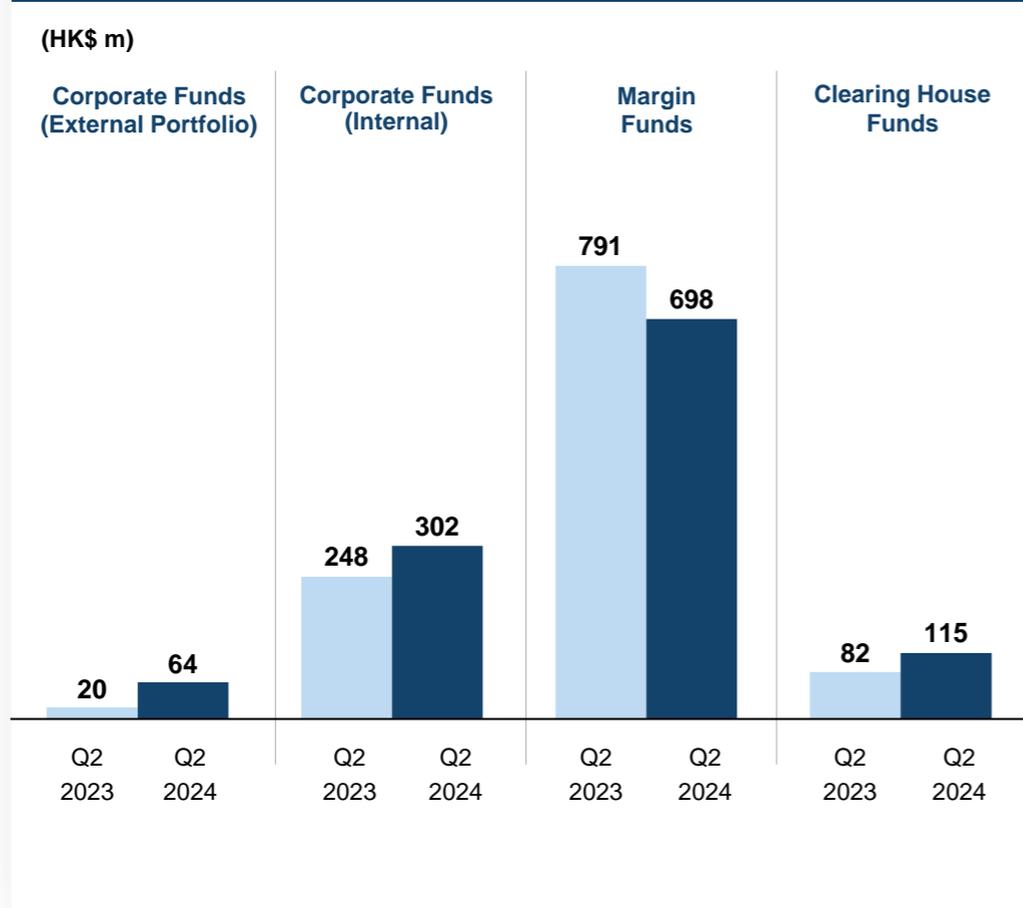


## Net investment income (NII) – Q2 2024 vs Q2 2023

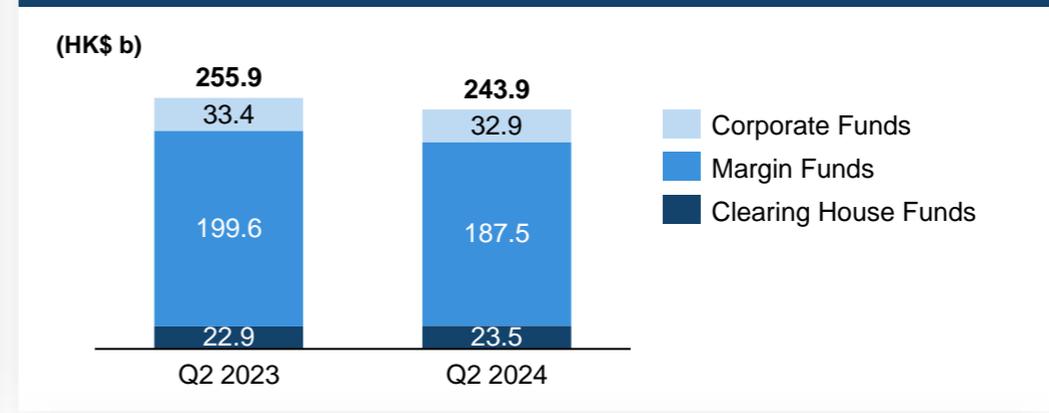
# NII mainly driven by income from Corporate Funds

Q2 2024: HK\$1,179m (Q2 2023: HK\$1,141m)

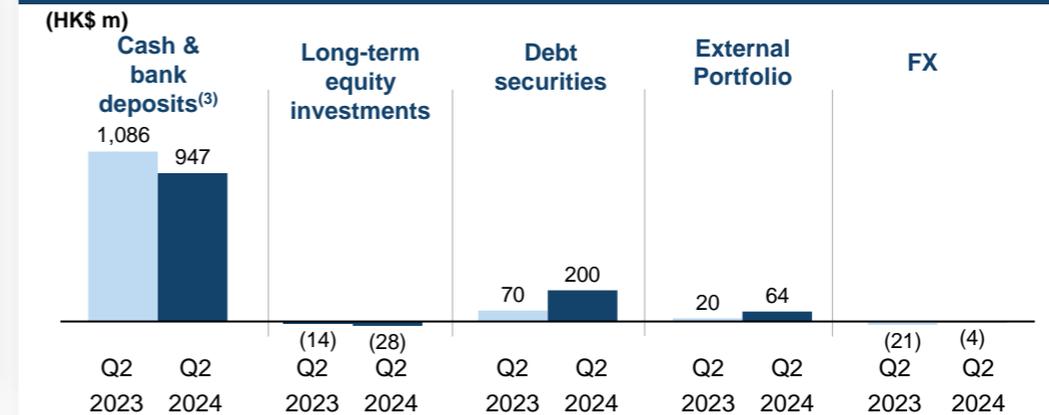
### Net investment income by funds



### Average fund size



### Net investment income by category of investments



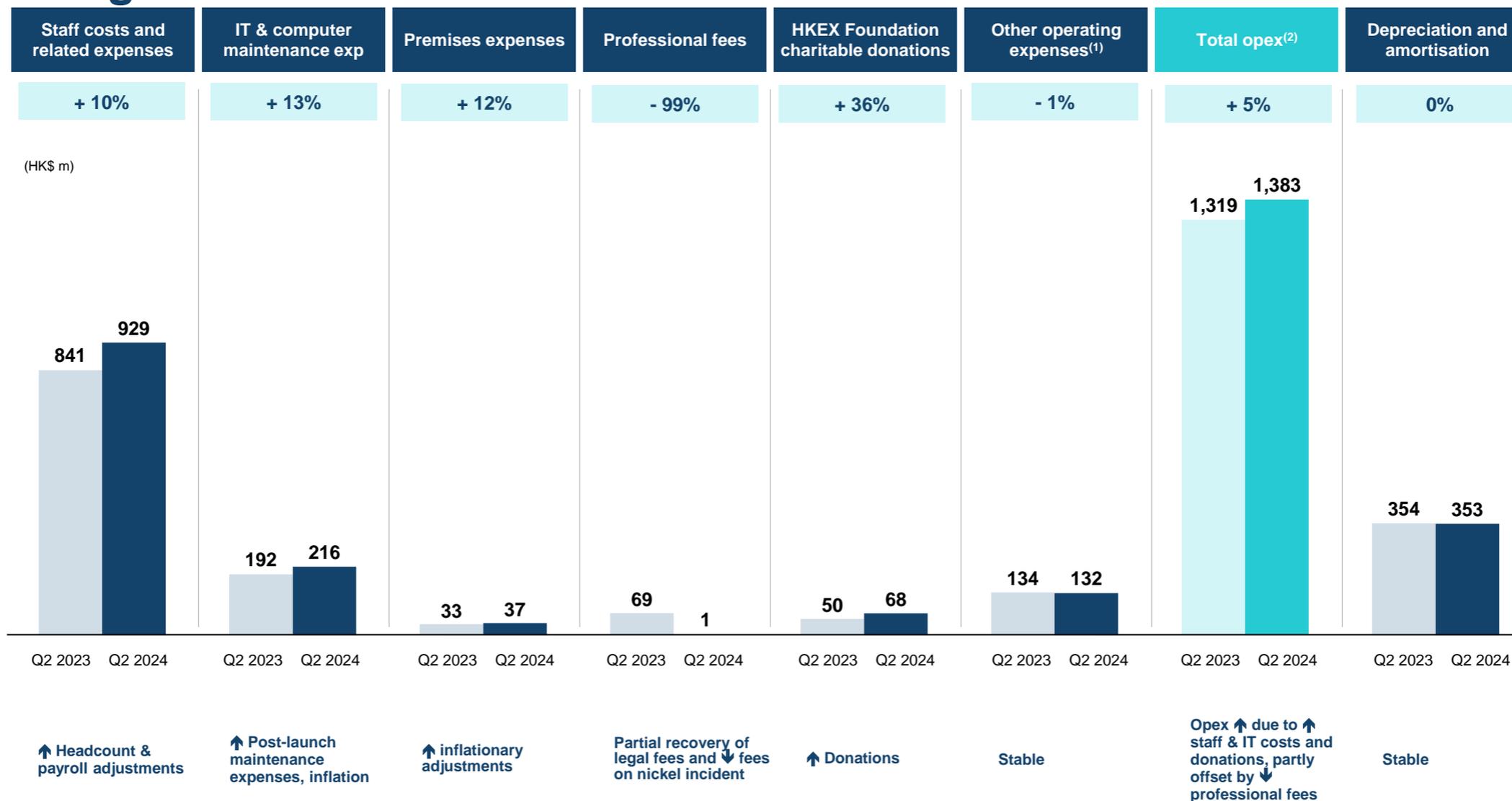
**Q2 2024 External Portfolio gains up 220% YoY**  
**Margin Funds NII down 12% YoY in Q2 2024 mainly due to lower average Margin Fund size**

- Financial figures on this slide are computed based on financial figures disclosed in 1H 2024 and Q1 2024 results announcements
- Margin Funds and Clearing House Funds of LME Clear are mainly invested in overnight reverse repurchase investments, where high quality assets are held against such investments as collateral. In Hong Kong, Clearing House Funds are predominantly kept overnight or invested in Exchange Fund Bills issued by the Hong Kong Monetary Authority due to regulatory requirements. For Margin Funds, a certain proportion of the funds are kept overnight to meet withdrawal requests from Clearing Participants (approximately 34% as at 30 Jun 2024), a certain proportion is invested in long-term investment grade debt securities (approximately 24% as at 30 Jun 2024) and the remaining funds are invested in time deposits with maturity of up to 12 months (weighted original maturity of 10 months as at 30 Jun 2024)
- Includes foreign exchange swaps



## Operating expenses and depreciation & amortisation – Q2 2024 vs Q2 2023

# Opex up 5% reflecting prudent control, also helped by partial recovery of legal fees from LME Nickel incident



1. Includes product marketing and promotion expenses  
 2. Excludes transaction-related expenses, depreciation and amortisation, finance costs, and share of results of joint ventures

# Financial highlights – Income Statement

(HK\$ m, unless stated otherwise)	1H 2024	1H 2023	YoY Change
<b>Results</b>			
Revenue and other income	10,621	10,575	0%
Less: Transaction-related expenses	(166)	(94)	77%
<b>Revenue and other income less transaction-related expenses</b>	<b>10,455</b>	<b>10,481</b>	<b>0%</b>
Operating expenses	(2,794)	(2,622)	7%
<b>EBITDA</b>	<b>7,661</b>	<b>7,859</b>	<b>(3%)</b>
Depreciation and amortisation	(698)	(719)	(3%)
<b>Operating profit</b>	<b>6,963</b>	<b>7,140</b>	<b>(2%)</b>
Finance costs and share of results of joint ventures	(11)	(31)	(65%)
<b>Profit before taxation</b>	<b>6,952</b>	<b>7,109</b>	<b>(2%)</b>
Taxation	(766)	(741)	3%
Profit attributable to non-controlling interests	(61)	(56)	9%
<b>Profit attributable to HKEX shareholders</b>	<b>6,125</b>	<b>6,312</b>	<b>(3%)</b>
<b>Capex</b>	<b>612</b>	<b>501</b>	<b>22%</b>
<b>Basic earnings per share (HK\$)</b>	<b>4.84</b>	<b>4.99</b>	<b>(3%)</b>
<b>Headline ADT on the Stock Exchange (HK\$ b)</b>	<b>110.4</b>	<b>115.5</b>	<b>(4%)</b>



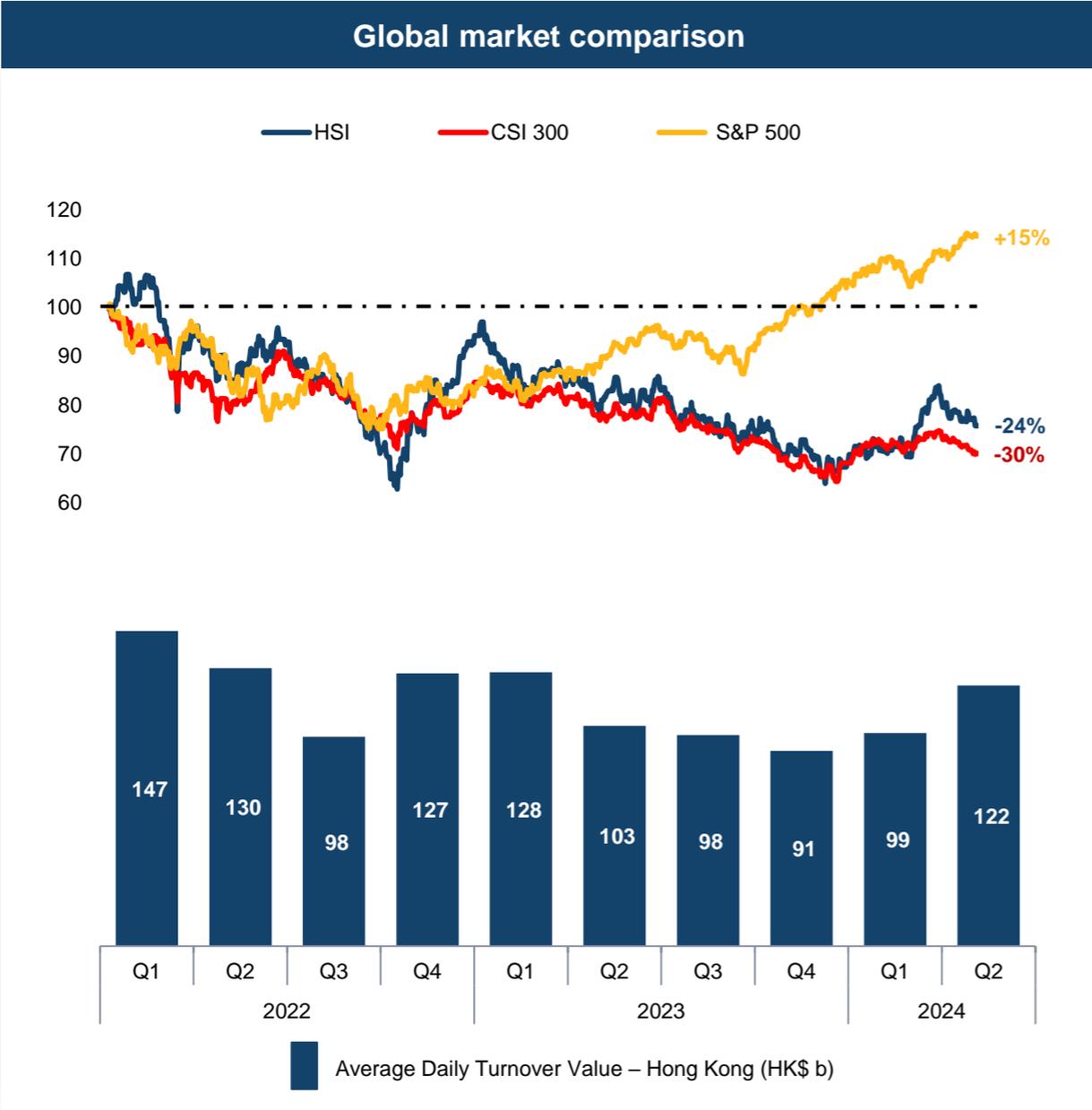
# Performance by operating segment

HK\$ m	Cash	Derivatives	Commodities	Data and Connectivity	Corporate Items	Group 1H 2024	Group 1H 2023
<b>Revenue and other income</b>	<b>4,129</b>	<b>3,099</b>	<b>1,405</b>	<b>1,048</b>	<b>940</b>	<b>10,621</b>	<b>10,575</b>
<i>% of Group Total</i>	<i>39%</i>	<i>29%</i>	<i>13%</i>	<i>10%</i>	<i>9%</i>	<i>100%</i>	<i>100%</i>
Less: Transaction-related expenses	(4)	(162)	-	-	-	(166)	(94)
<b>Revenue and other income less transaction-related expenses</b>	<b>4,125</b>	<b>2,937</b>	<b>1,405</b>	<b>1,048</b>	<b>940</b>	<b>10,455</b>	<b>10,481</b>
<b>Operating expenses</b>	<b>(620)</b>	<b>(443)</b>	<b>(589)</b>	<b>(208)</b>	<b>(934)</b>	<b>(2,794)</b>	<b>(2,622)</b>
<b>EBITDA</b>	<b>3,505</b>	<b>2,494</b>	<b>816</b>	<b>840</b>	<b>6</b>	<b>7,661</b>	<b>7,859</b>
<i>% of Group Total</i>	<i>46%</i>	<i>33%</i>	<i>11%</i>	<i>11%</i>	<i>0%</i>	<i>100%</i>	<i>100%</i>
<i>EBITDA margin<sup>(1)</sup></i>	<i>85%</i>	<i>85%</i>	<i>58%</i>	<i>80%</i>	<i>1%</i>	<i>73%</i>	<i>75%</i>
Depreciation and amortisation						(698)	(719)
Finance costs						(59)	(70)
Share of results of joint ventures						48	39
<b>Profit before taxation</b>						<b>6,952</b>	<b>7,109</b>

1. EBITDA margin is calculated based on EBITDA divided by revenue and other income less transaction-related expenses
2. % may not add up due to rounding



# Global indices and key market data performance



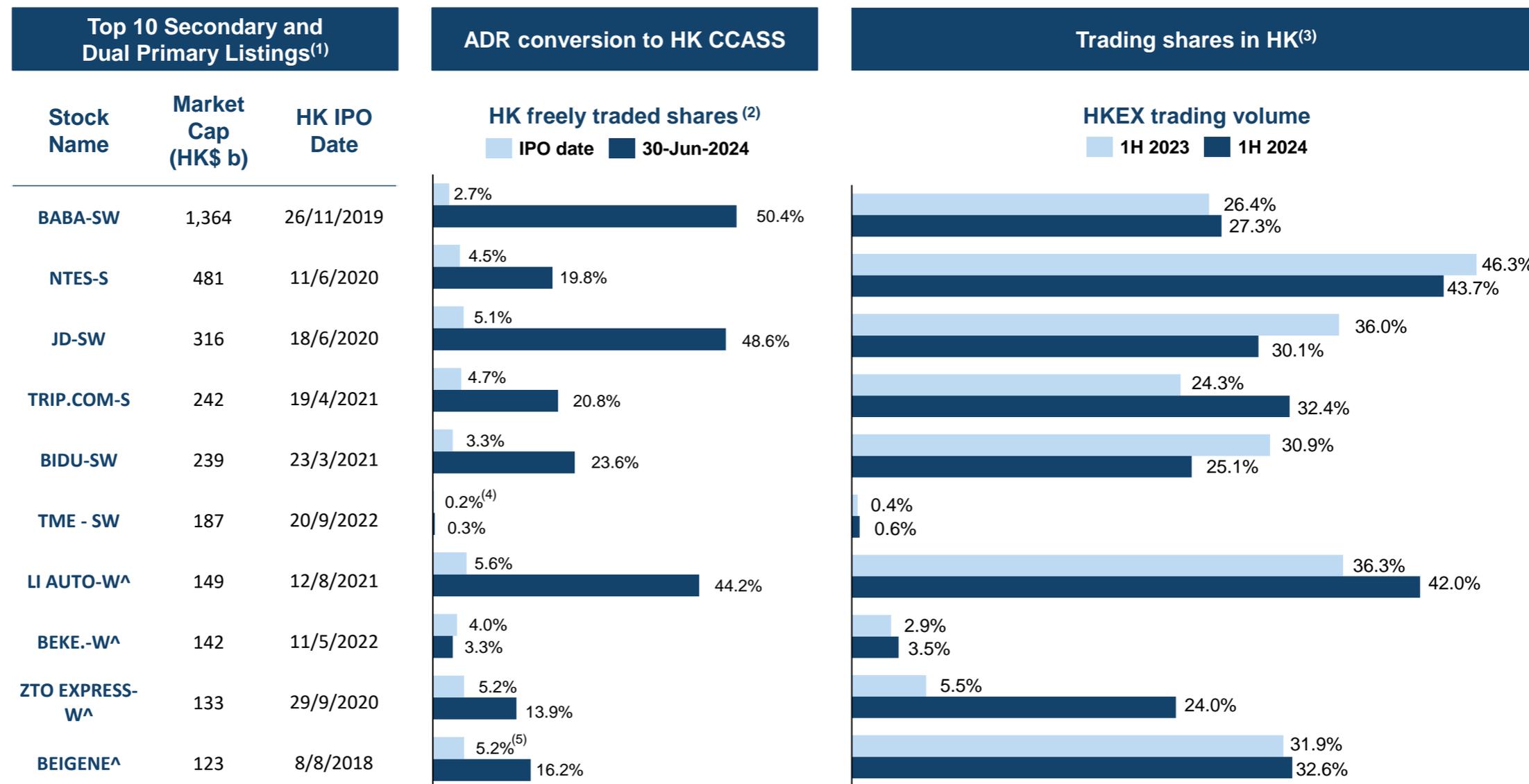
### Key market indicators (Q1 2022 – Q2 2024)

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Derivative ADV ('000 contracts)	1,342	1,274	1,115	1,483	1,418	1,316	1,336	1,343	1,500	1,565
NB ADT (RMB b)	105.9	101.8	96.7	97.6	97.0	122.5	106.1	108.4	133.0	127.3
LME ADV ('000 lots)	588	487	469	482	503	574	548	623	659	730
No. of IPOs	17	10	29	34	18	15	14	26	12	18
IPO funds raised (HK\$ b)	14.9	4.8	53.5	31.4	6.7	11.2	6.7	21.7	4.8	8.6



Source: HKEX, Bloomberg

# Continuous ADR conversion while trading migration moderated from China concept homecoming



Source: HKEX, FactSet, Bloomberg, as at 30 Jun 2024    ^Dual Primary Listing

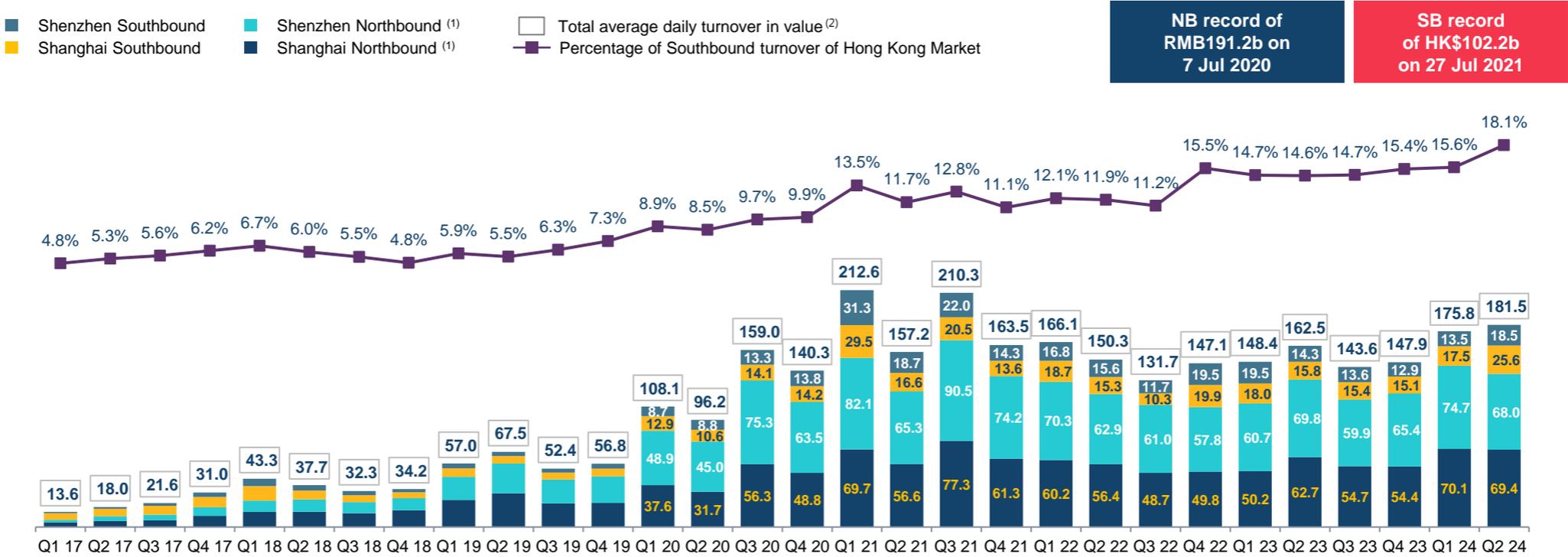
1. Ranked by market cap
2. Based on total CCASS balance deducting the balance of main custodian bank as reference
3. Trading shares in US via various exchanges which include Nasdaq, NYSE, NYSE Arca, FINRA ADF and others. (FINRA ADF is an equity trading facility created by a self-regulatory organization FINRA. The ADF provides members with a facility for the display of quotations, the reporting of trades, and the comparison of trades such as dark pool trading)
4. HK freely traded shares of TME (1698.HK) on its IPO date is not available and the earliest data available is as at 9 Apr 2023
5. HK freely traded shares of Beigene (6160.HK) on its IPO date is not available and the earliest data available is as at 14 Jan 2022



# Stock Connect – trading trends

Stock Connect generated revenue of HK\$1,199m in 1H 2024 (up 4% YoY)

## Stock Connect average daily turnover in value (HK\$ b)



Stock Connect NB and SB Trading ADT reached RMB127.3b (up 4% YoY) and HK\$44.1b (up 47% YoY) respectively in Q2 2024

## Stock Connect revenue contributed 11% of the Group's total revenue and other income in 1H 2024 (1H 2023: 11%)

Source: HKEX, SSE and SZSE data

- Northbound (NB) trading is conducted in RMB; the NB figures in the chart are converted to HKD based on the month-end exchange rate
- Includes buy and sell trades. May not add up due to rounding

