



# MONGOLIAN STOCK EXCHANGE

2022

IPO PRESENTATION

IPO

МОНГОЛЫН ХӨРӨНГИЙН БИРЖ  
MONGOLIAN STOCK EXCHANGE

# DISCLAIMER



This presentation is not intended to replace or regarded as an independent evaluation or analysis made for Investors. You are advised to consult with professional financial and legal consultants and conduct an independent analysis before making any investment decision.

The information about the Securities offering and other relevant information provided at the date specified in this document is considered to be true and accurate, but any other information provided after the date specified in this document does not imply accuracy under any circumstance.

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This presentation intended to include reasonable information in order to assist the Investor to make investment decisions, but the information presented is not exhaustive. Investors are encouraged to seek additional information beyond the contents stated herein from the Issuer and the Underwriter.

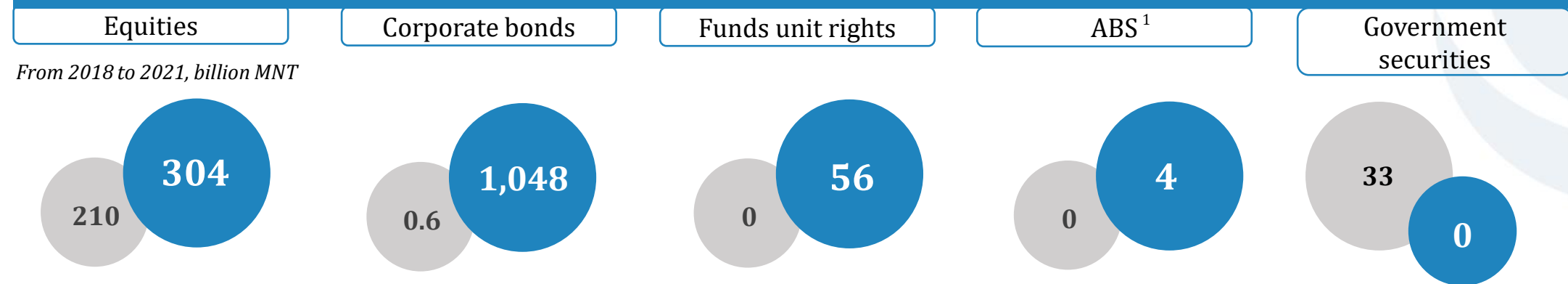
# A COMPETITIVE STOCK EXCHANGE IN THE REGION

## MONGOLIAN STOCK EXCHANGE is:

- ✓ Fundamental infrastructure in economic and financial sector
- ✓ An active supporter of digital transformation
- ✓ An Exchange with the largest number of listed companies in Mongolia
- ✓ A Self-Regulatory Organization with the largest number of member-organizations in Mongolia
- ✓ An organization with a comprehensive technical infrastructure that complies with international standards

FINANCIAL INDICATORS	
2018	2021
<b>INCOME:</b> <b>1.7 BILLION</b> <b>NET PROFIT:</b> <b>-1.3 BILLION</b> <b>MARKET CAPITALIZATION:</b> <b>2.5 TRILLION</b>	<b>INCOME:</b> <b>5.5 BILLION</b> <b>NET PROFIT:</b> <b>3.2 BILLION</b> <b>MARKET CAPITALIZATION:</b> <b>5.9 TRILLION</b>

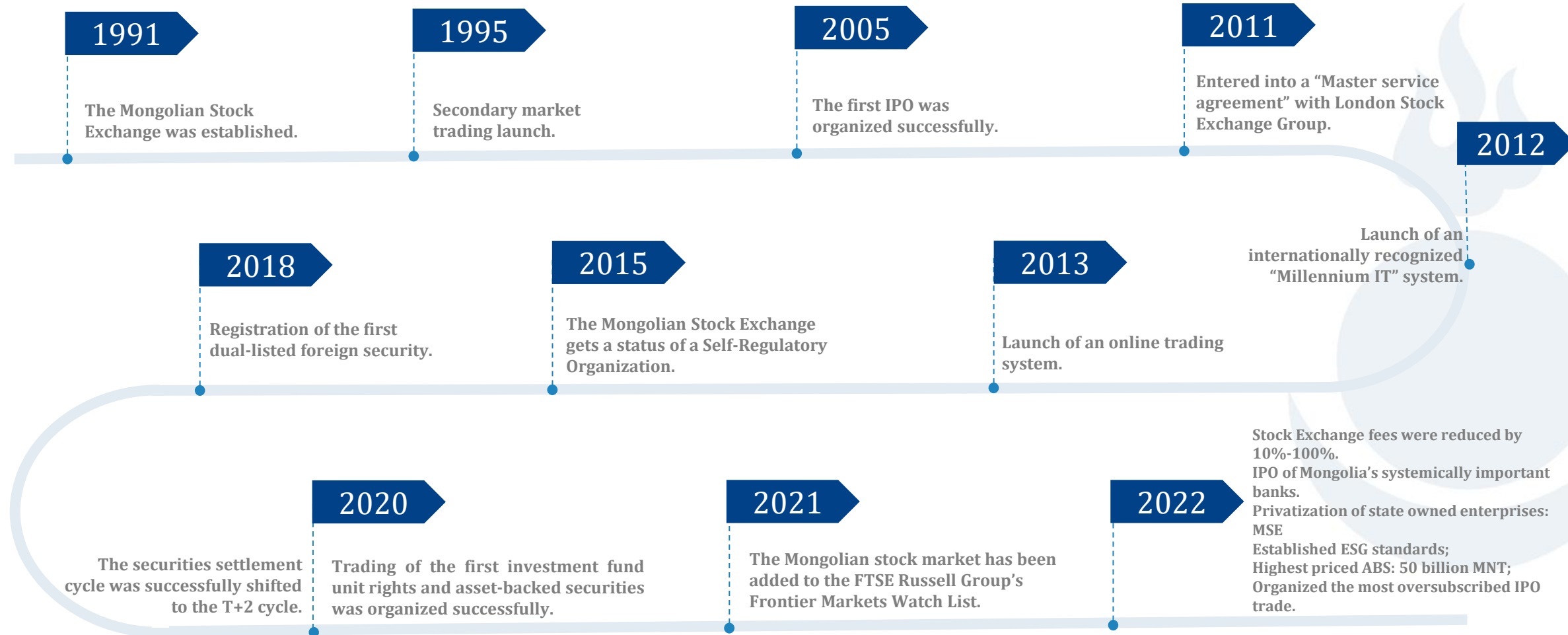
## TRADE TURNOVER OF PRIMARY AND SECONDARY MARKET



From 2018 to 2021, billion MNT

ABS<sup>1</sup> – Asset Backed Securities

# MONGOLIAN STOCK EXCHANGE'S HISTORICAL BUREAU



# VISION AND MISSION



## VISION

Strengthen the transparent and open market system, and become a highly liquid and regionally competitive Stock Exchange with diversified financial instruments.

## MISSION

Make a real contribution to the economic development of the country by mediating financial market's capital accumulation at a low cost and forming a finest securities market.



## STRATEGIC OBJECTIVES

- Make a real contribution to the economic growth of Mongolia;
- Promote Mongolia's stock market internationally;
- Lead the digital transformation.

IN 2027  
MARKET  
CAPITALIZATION/GDP  
**25%**

IN 2027  
TRADED  
TURNOVER/MARKET  
CAPITALIZATION  
**10%**

2012



## The Best Innovation

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Bloomberg TV  
Mongolia Awards



2014



## Good Initiative of Good Governance

---

Independent Authority  
Against Corruption of  
Mongolia



2018



## Best Trade System

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Waters Ranking  
Awards




2020



## Best Organization

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Government  
Agency for Policy  
Coordination on  
State Property.



# THE BOARD OF DIRECTORS

TOTAL AVERAGE  
EXPERIENCE IN  
FINANCIAL  
SECTOR

20  
YEARS

**Chairman**  
**S. TULGA**

Started his career from the Mongolian Ministry of Finance in 2011, he was later appointed as the Head of Financial Asset Management Division of MoF in 2021.

- Bachelor's degree, China Foreign Affairs University, International Law in 2011,
- Master's degree, Cornell University, Public Administration in 2019.

**Board member**  
**D. BAYANZUL**

She started her career as a senior economist at the Central Bank of Mongolia and worked her way up to become a Director of Financial Market unit. Currently she serves as the Director of Risk Management Unit of the Central Bank of Mongolia.

**Board member**  
**L. NARANCHIMEG**

She began her career as a specialist of Treasury Department at the Ministry of Finance and advanced to the position of a senior specialist of Treasury Department. Currently, she serves as a the Head of Treasury Billing Department of Ministry of Finance.

**Board member**  
**M. SANJAADORJ**

Starting a career at the "Monnis" LLC, he continued to work at the Ministry of Finance as a contract worker and the Head of Department of Budget Expenditure. He currently serves as a Head of Department of Budget Policy and Planning.

**Board member**  
**CH. DONDOGMAA**

She was an surveillance inspector at The General Executive Agency of Court Decision, senior specialist at The Ministry of Justice and Internal Affairs of Mongolia, referent at The Cabinet Secretariat of Government of Mongolia, and senior referent of The National Security Council of Mongolia. Currently, she serves as a senior referent of the Cabinet Secretariat of Government of Mongolia.

**Board member**  
**D. ENKHBAATAR**

He worked as a coordinator in the party committee of Sukhbaatar aimag, coordinator at the Lenin Museum, the Chief Executive Officer of "Zotol Uul Trade" LLC and "Zotol Group" LLC. Currently, he works as a Deputy Director of the Administration Department at the Financial Regulatory Commission.

# EXECUTIVE MANAGEMENT TEAM



**Kh. ALTAI**  
**CEO**

- ✓ Since 2010, Deputy CEO at the Mongolian Stock Exchange, 2011-2014, 2016 until today CEO of the Mongolian Stock Exchange;
- ✓ 2015-2016, Country representative at B.B. Energy;
- ✓ 2010-2012, Advisor to the Prime Minister at the Office of the PM;
- ✓ 2007-2010, Personal Aide to the Prime Minister at the Office of the PM;
- ✓ 2004-2007, Government Liaison Officer at “Boroo Gold” LLC;
- ✓ National University of Mongolia, School of Law, Bachelor’s degree in law, University of Finance and Economics, Master’s in Business Administration.



**T. KHASH-ERDENE**  
**Business Development  
Department**

- ✓ 2021, Prime Minister's Economic Policy Adviser at Cabinet Secretariat of Government of Mongolia;
- ✓ 2017-2018, Head of the Economic Policy Council under the Prime Minister at Cabinet Secretariat of Government of Mongolia, Public Relations Policy Advisor;
- ✓ 2017-2018, Director at “Mongol Media Corporation” LLC.



**A. MUNKHBAYASGALAN**  
**Regulatory Department**

- ✓ 2015-2017, Head of Budget Investment Department at Ministry of Finance;
- ✓ 2011-2013, CEO at “Bloomberg TV” LLC;
- ✓ 2006-2015, Director of Marketing Research Department at Trade and Development Bank of Mongolia LLC.



**N. DUL-ERDENE**  
**Administration and  
Finance Department**

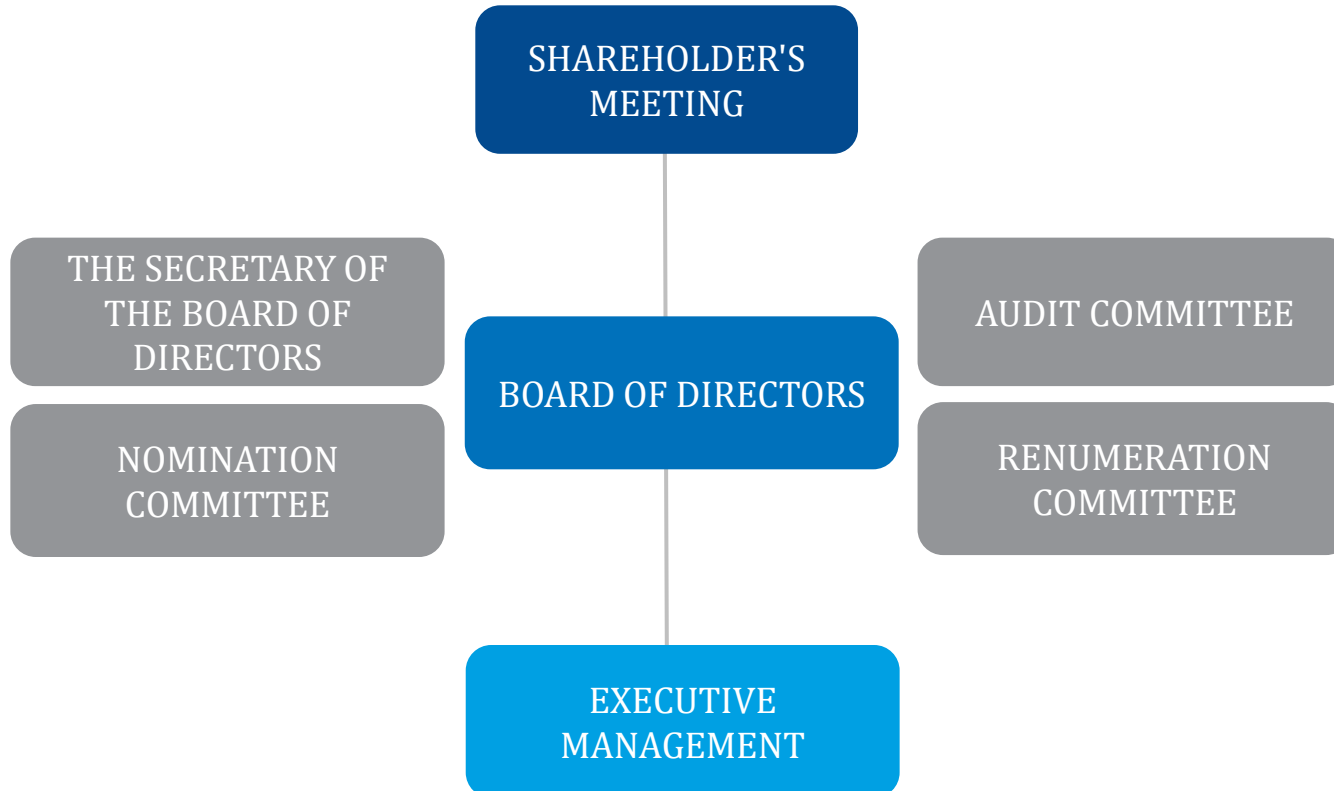
- ✓ 2014-2016, Chief Auditor and Secretary of BoD at Mongolian Stock Exchange;
- ✓ 2011-2012, Financial manager at MCS Holding LLC;
- ✓ 2002-2011, Director of Treasury and Risk Management Department at Chinggis Khaan Bank.



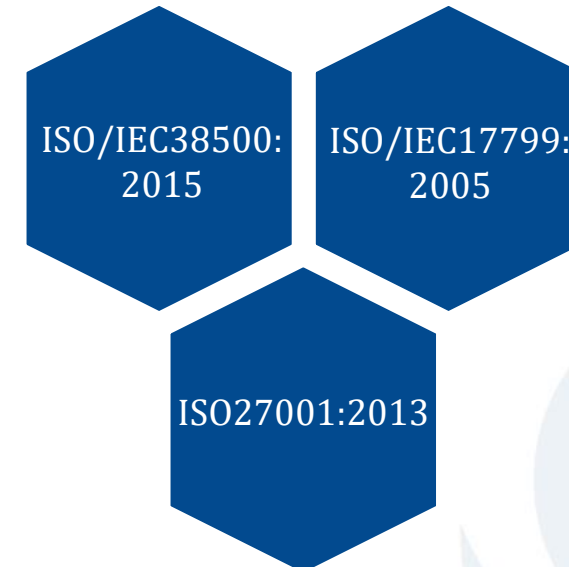
**I. JAVKHLAN**  
**Operation  
Department**

- ✓ 2011-2020, Senior specialist at Market Development Division at the Mongolian Stock Exchange.

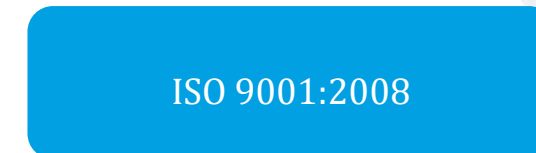




## INFORMATION SECURITY



## MILLENNIUM IT SYSTEM



# MONGOLIAN CAPITAL MARKET HIGHLIGHTS



**6.5 trillion  
MNT**

Market  
capitalization

**12.4%**

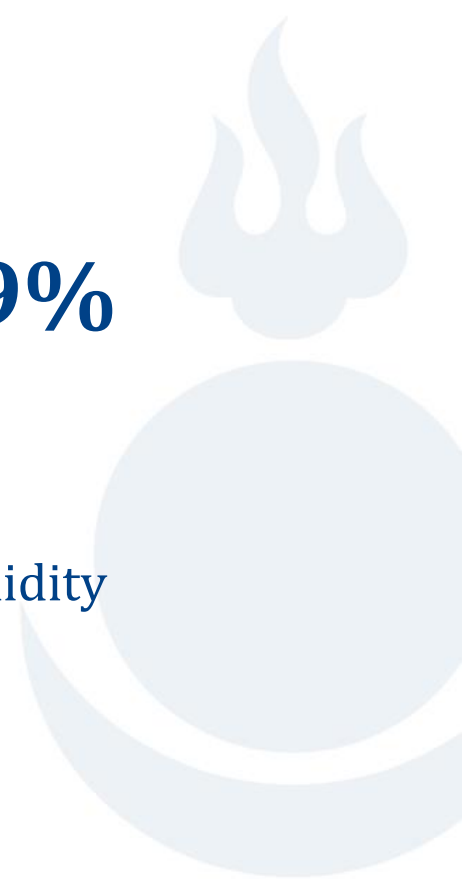
Share in GDP

**183**

Number of listed  
companies

**2.9%**

Liquidity



# KEY STRATEGIC OBJECTIVES

## 1. THE PRIMARY CHOICE FOR SECURITIES ISSUANCE



Betterment of  
the regulatory environment



Development of new  
products



Increase the number  
of listed companies



Professional and  
consulting services

## 2. THE PRIMARY CHOICE FOR INVESTORS



Protect investor  
rights and interests



Deliver standard, transparent,  
accessible, on-time information



Improve market  
liquidity



Increase the stock market's  
public  
awareness

## 3. ACHIEVE A SUSTAINABLE GROWTH



Model  
listed company



Human resource  
capacity building



Improve profitability



Continuous system  
improvements

# MID-TERM BUSINESS PLAN

## DEVELOPING NEW PRODUCTS AND SERVICES

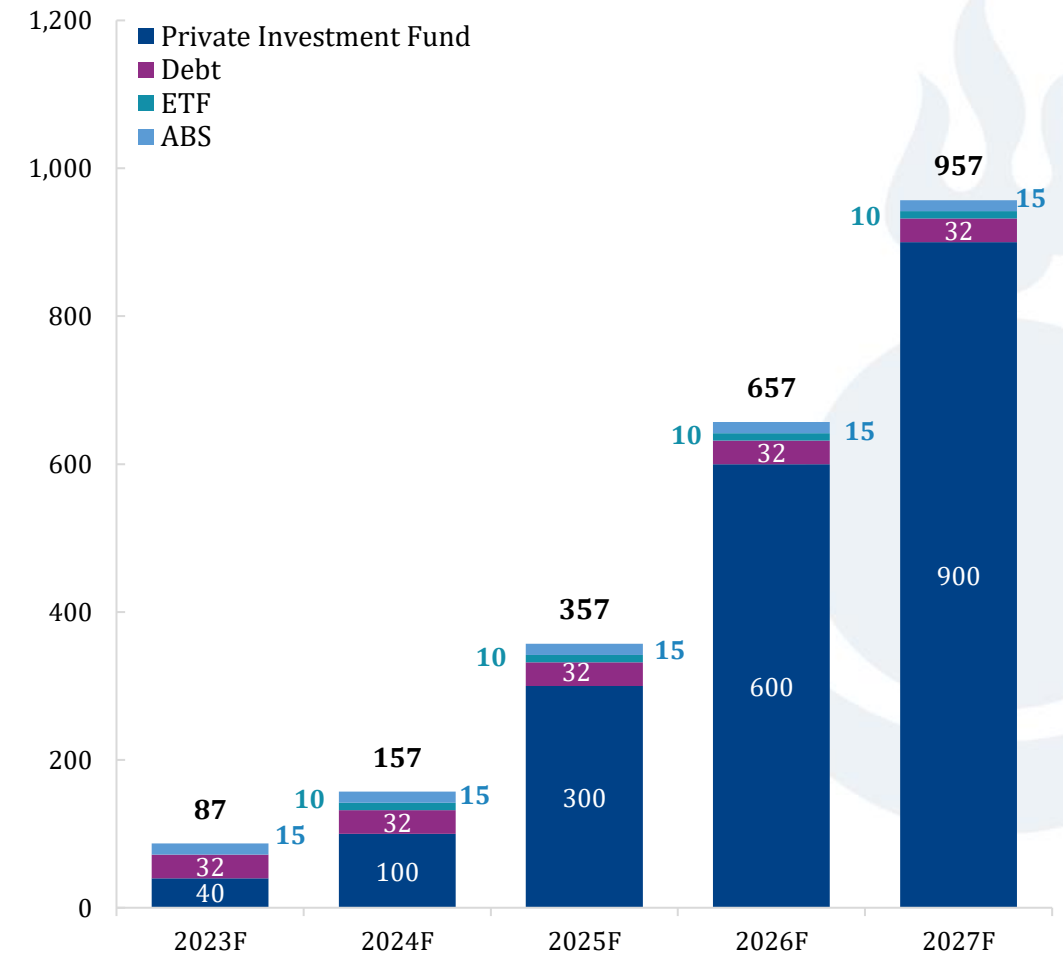
No	Financial instruments	Projected period of securities issuance	Number of securities	Market capitalization
1	ABS	2023-2027	15	75.0 billion MNT
2	Bond	2023-2027	20	160.0 billion MNT
3	Investment Fund	2023-2027	13	1,940.0 billion MNT
4	ETF	2023-2027	5	40.0 billion MNT
5	Traditional market instruments	2023-2027	-	-

## INCREASE THE NUMBER OF ISSUERS

No	Issuer type	Projected period of securities issuance	Number of issuers	Market capitalization
1	Bank's IPO	2023	3	3.16 trillion MNT
2	Regular IPO	2024-2027	12	11.68 trillion MNT
3	SOE's IPO	2023	31	2.48 trillion MNT
4	Start-up's IPO	2024-2027	12	0.24 trillion MNT

## MARKET CAPITALIZATION OF NEW PRODUCTS EACH YEAR

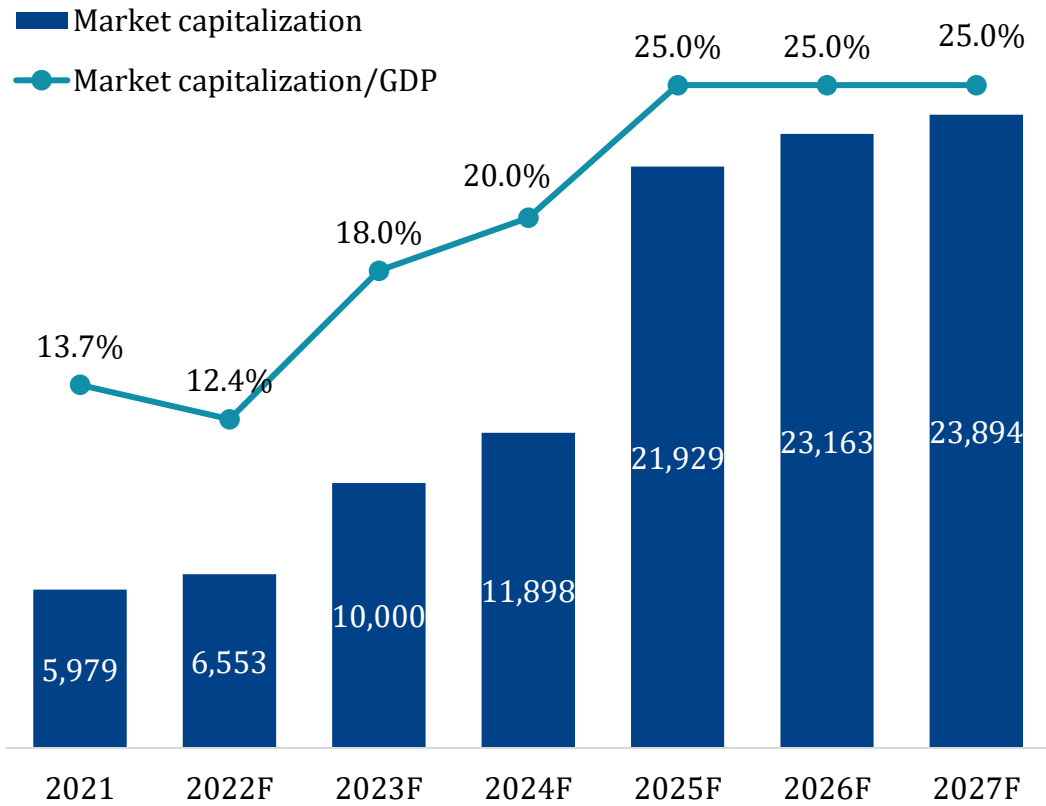
Billion MNT, 2023-2027 projections



# MID-TERM BUSINESS PLAN

## MARKET CAPITALIZATION OF MONGOLIAN CAPITAL MARKET

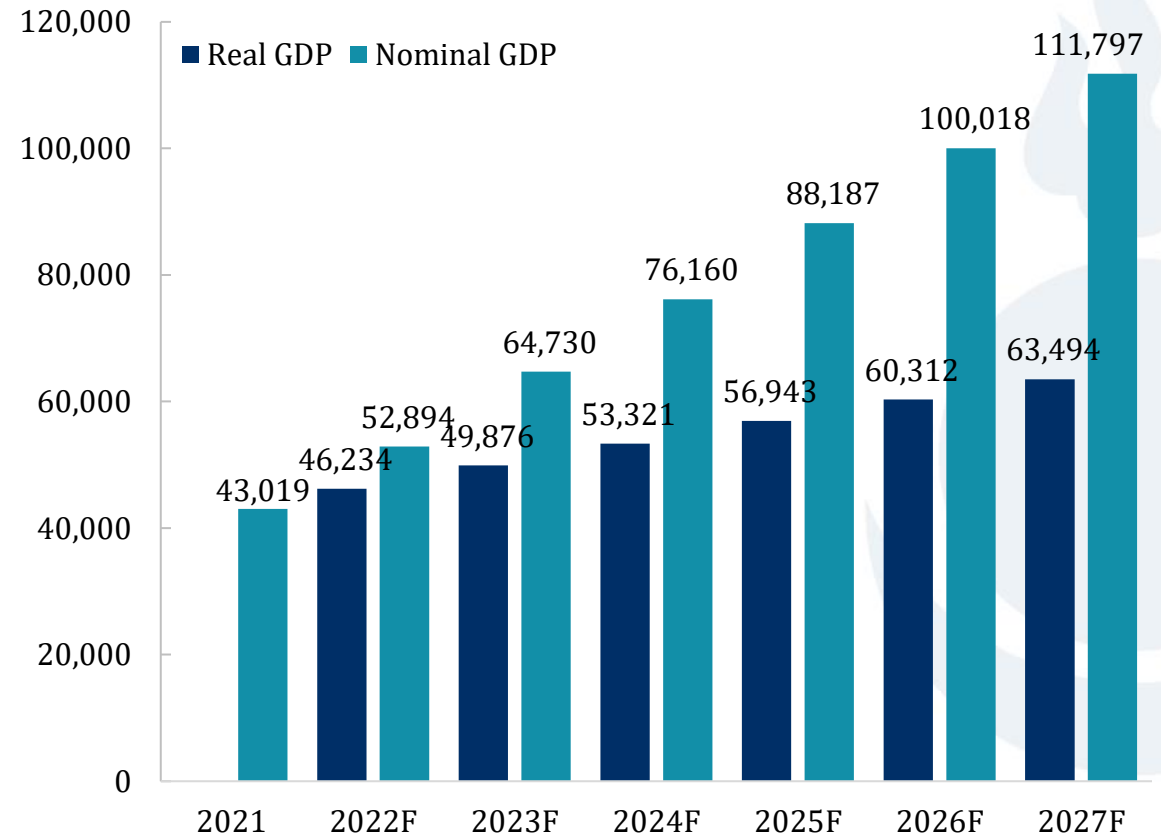
Billion MNT, percent, 2021, 2022-2027 projections



Source: IMF, April of 2022, Business valuation report of issuer

## MONGOLIA MACRO-ECONOMIC PROJECTION

Billion MNT, 2021, 2022-2027 projections



## GOVERNMENT BOND TRADE

As per the 2023-2025 strategic document of the Government's Debt Management of Mongolia, the Government plans to support the development of the government's domestic securities market and securities trading at the stock exchange.

Since the Mongolian Ministry of Finance intends to issue government securities through the Mongolian Stock Exchange, the issuer's future income projections are reflected in the 2023-2027 mid-term business plan, and it is expected to generate an average of **1.73 billion MNT** commission income annually.

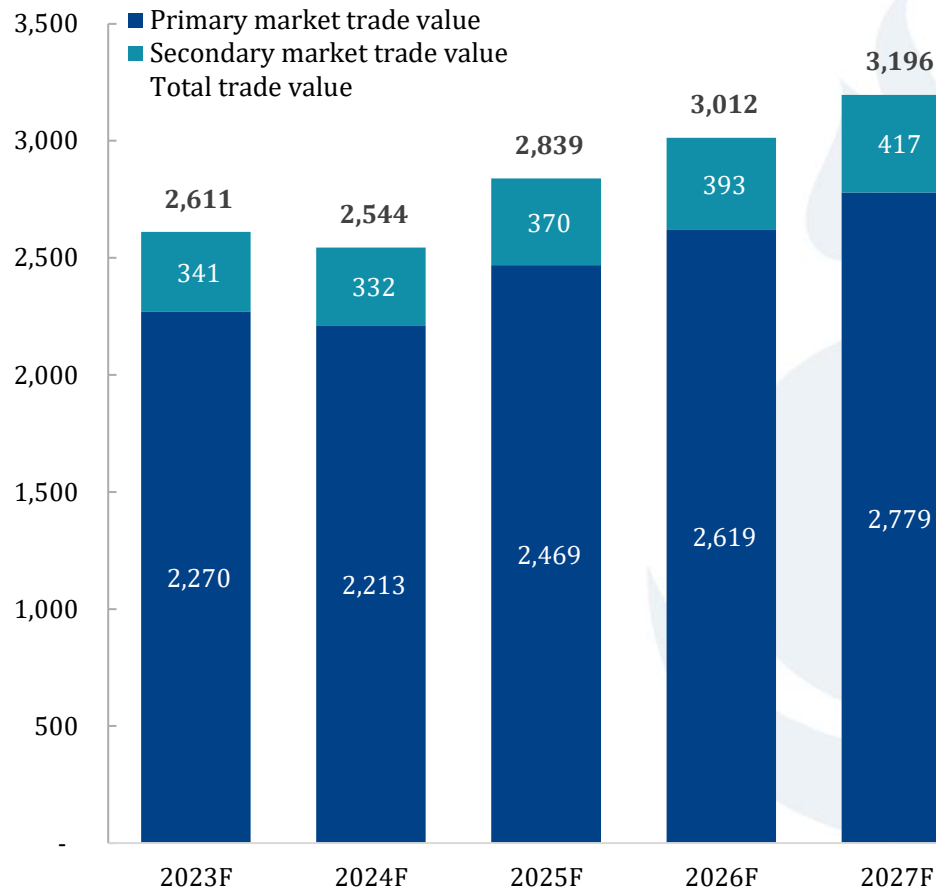
## COAL AND OTHER MINING PRODUCTS

In accordance with the Mongolian Government's decree of October 5, 2022, №362 "Measures to increase the foreign currency reserves", establishment of legal environment for mining products exchange and launching of trade of mining products through the Mongolian Stock Exchange must be undertaken during the first quarter of 2023.

As a part of this work, a group of representatives from the Ministry of Mining and Heavy Industry, the Ministry of Finance, the Financial Regulatory Commission, Mongolian Stock Exchange, and "Erdenes Tavantolgoi" JSC — was established on November 10, 2022 by decree of the Ministry of Mining and Heavy Industry.

## GOVERNMENT BOND TRADING VALUE PROJECTION

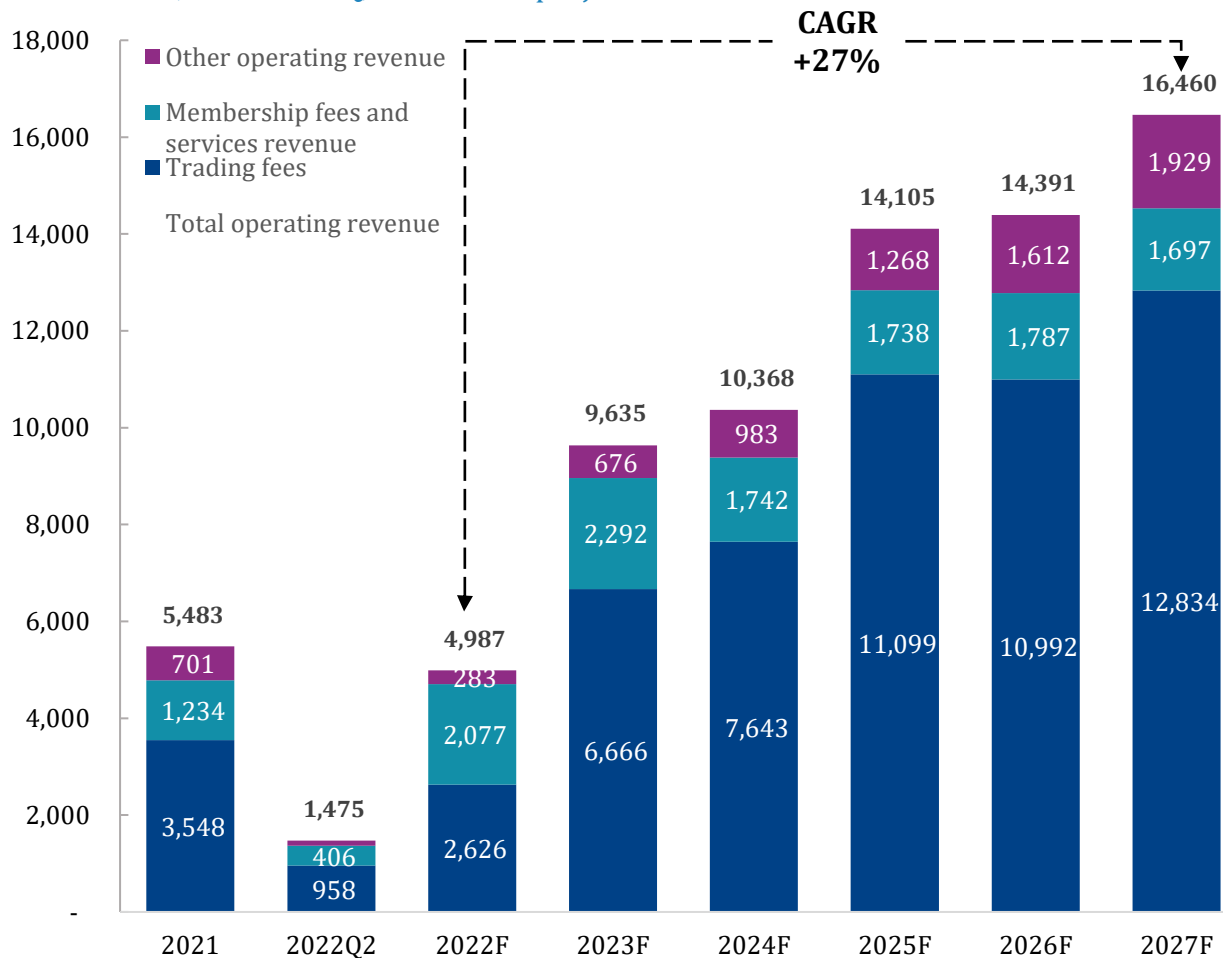
Billion MNT, percentage, 2023-2027 projections



# REVENUE AND ITS PROJECTION

## OPERATING REVENUE

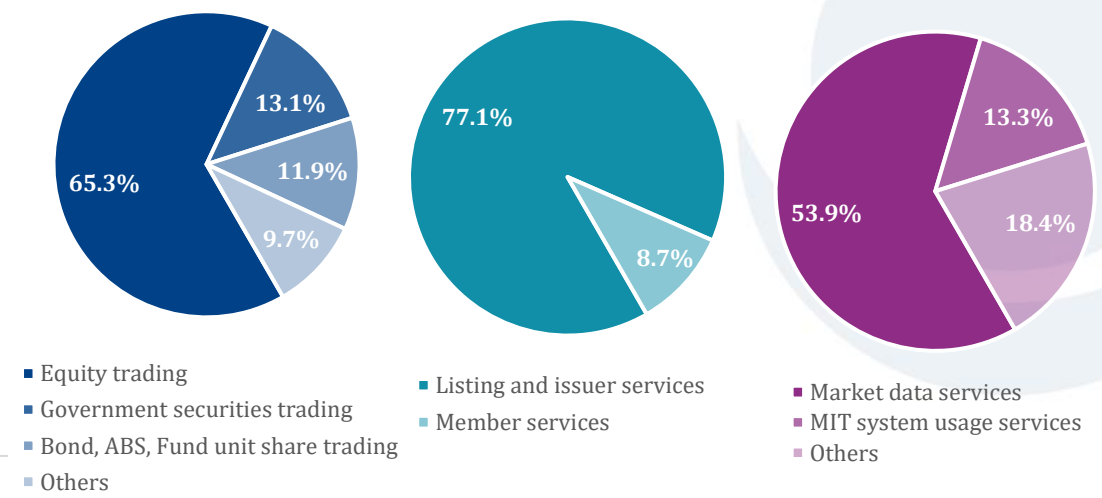
Million MNT, 2021-2022Q, 2022-2027 projections



	CAGR 2022-2027
Other operating revenue	+47%
Membership fees and services revenue	-4%
Trading fees	+37%

## REVENUE STRUCTURE

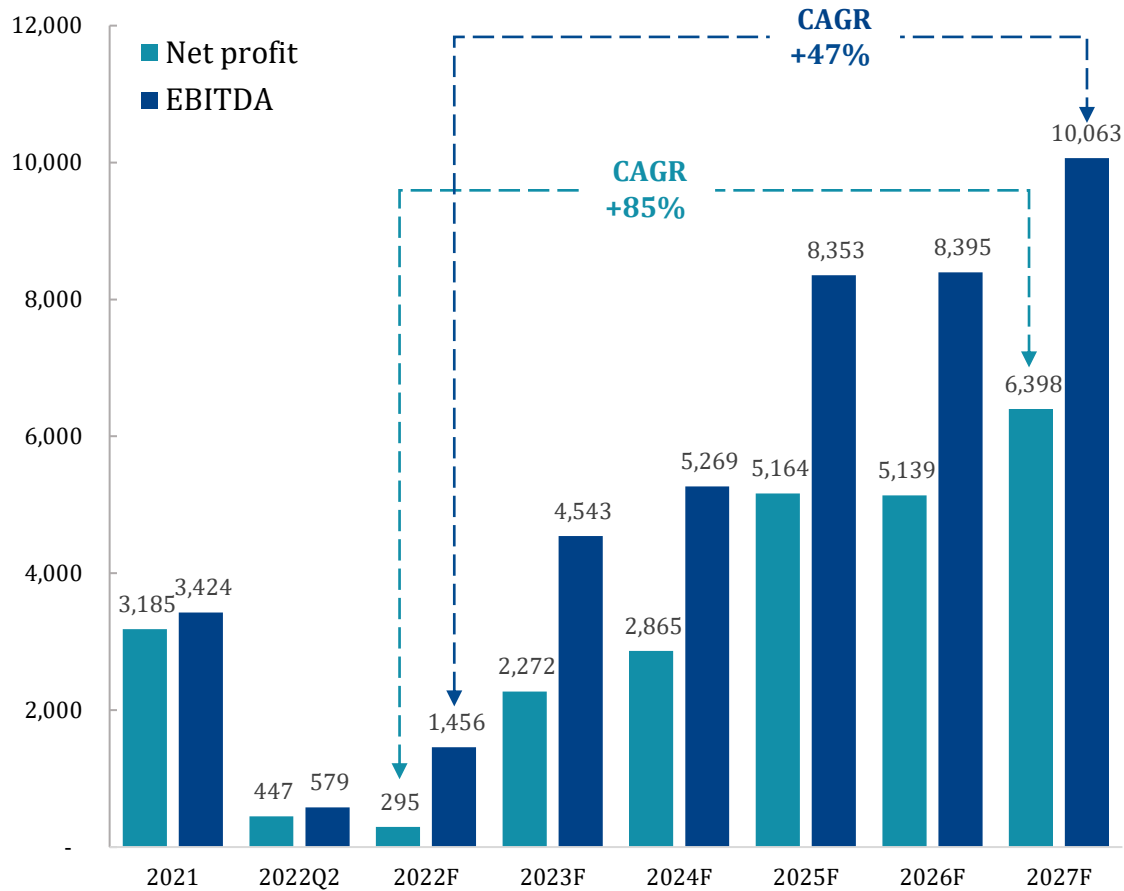
Yearly average, 2021-2027



# REVENUE AND PROJECTION

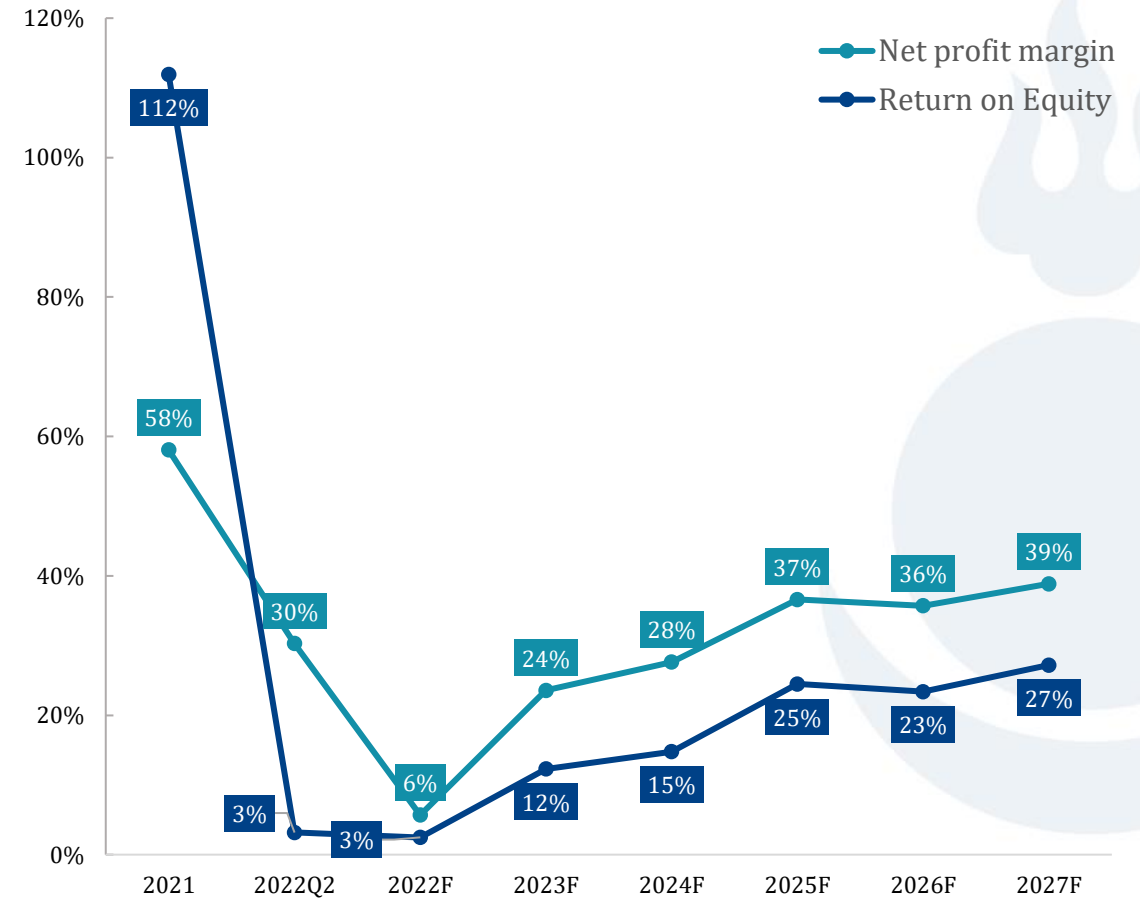
## PROFITABILITY INDICATORS

Million MNT, 2021-2022Q2, 2022-2027 projections



## PROFITABILITY INDICATORS

Million MNT, 2021-2022Q2, 2022-2027 projections

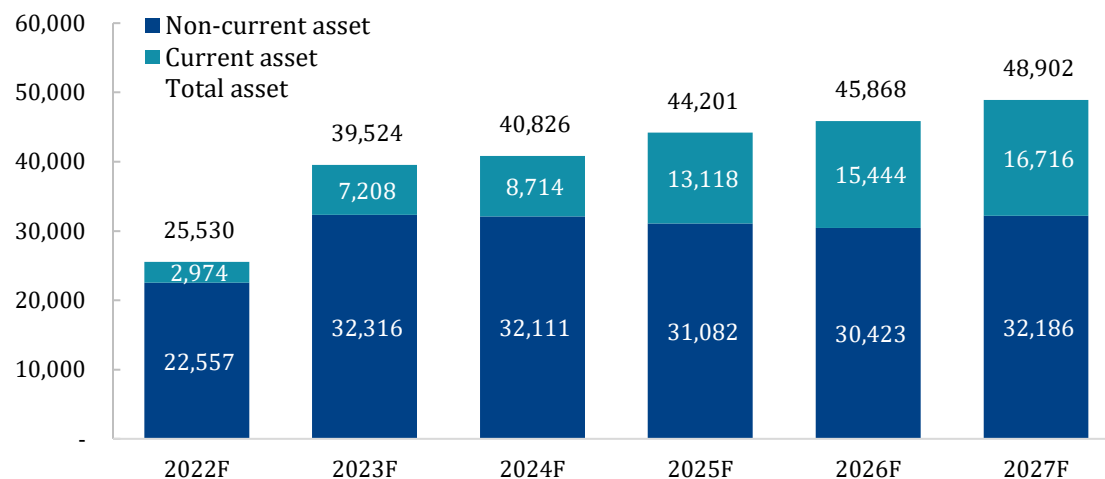




# FINANCIAL INDICATORS 2022Q2-2027

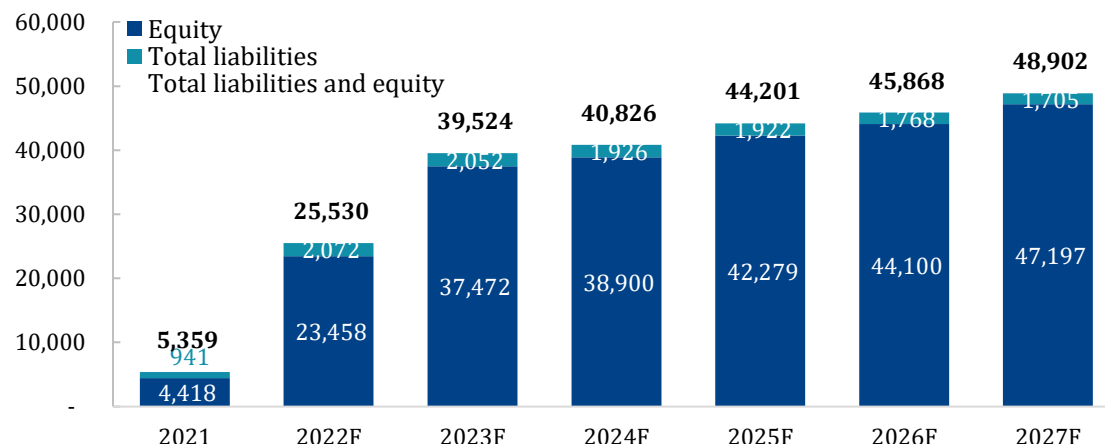
## TOTAL ASSET STRUCTURE

Million MNT, 2022Q2, 2022-2027 projections



## TOTAL LIABILITIES AND EQUITY

Million MNT, 2022Q2, 2022-2027 projections



## GEREGE ESTIMATE LLC

### ASSET REVALUATION SUMMARY (2022.06.30)

Tangible assets (thousand MNT)	2021/12/31	2022/06/30
Buildings and other facilities	1,901,947	4,924,999
Vehicles	-	12,100
Furniture	13,995	118,731
Computers and equipment	205,830	529,668

Intangible assets (thousand MNT)	2021/12/31	2022/06/30
Land right	12,025	10,567,761
Systems	370,757	7,332,984

# OVERVIEW OF THE SECURITY



# OVERVIEW OF THE SECURITY

SHARE PERCENTAGE TO BE OFFERED	34%
OFFERING PRICE PER SHARE	100 MNT
TOTAL EXPECTED PROCEEDS FROM THE IPO	11.9 billion MNT
NUMBER OF SHARES TO BE OFFERED	119,157,603
CONDITIONS OFFERED TO THE STRATEGIC INVESTORS	Up to 90%, up to 107,241,842 shares A strategic investor must own less than 5% or a maximum of 17,523,176 shares
ISSUE METHOD	Fixed Price Offering
ADDITIONAL RESTRICTIONS	A Politically Exposed Person (PEP) cannot become a shareholder of the Mongolian Stock Exchange as per laws



**INITIAL OFFERING PERIOD**  
26 Dec 2022 - 30 Dec 2022

# OVERVIEW OF THE SECURITY

## LEAD UNDERWRITER



## SUB-UNDERWRITER



## SUB-UNDERWRITER



## VALUATION FIRM



## AUDITOR



## LAW FIRM

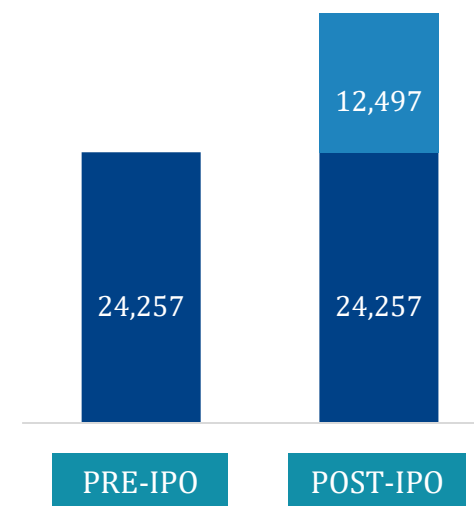


INDICATORS	/Million MNT/
Equity (2022Q2)	23,735
Total proceeds from the IPO	11,916
Price/Book-Value (2022Q2)	= 35,651
<b>Business Valuation</b>	<b>36,754</b>
Minority discount	4.6%
<b>Valuation for IPO</b>	<b>35,046</b>
Price/Book-value (Post money)	1.0

## BUSINESS VALUATION

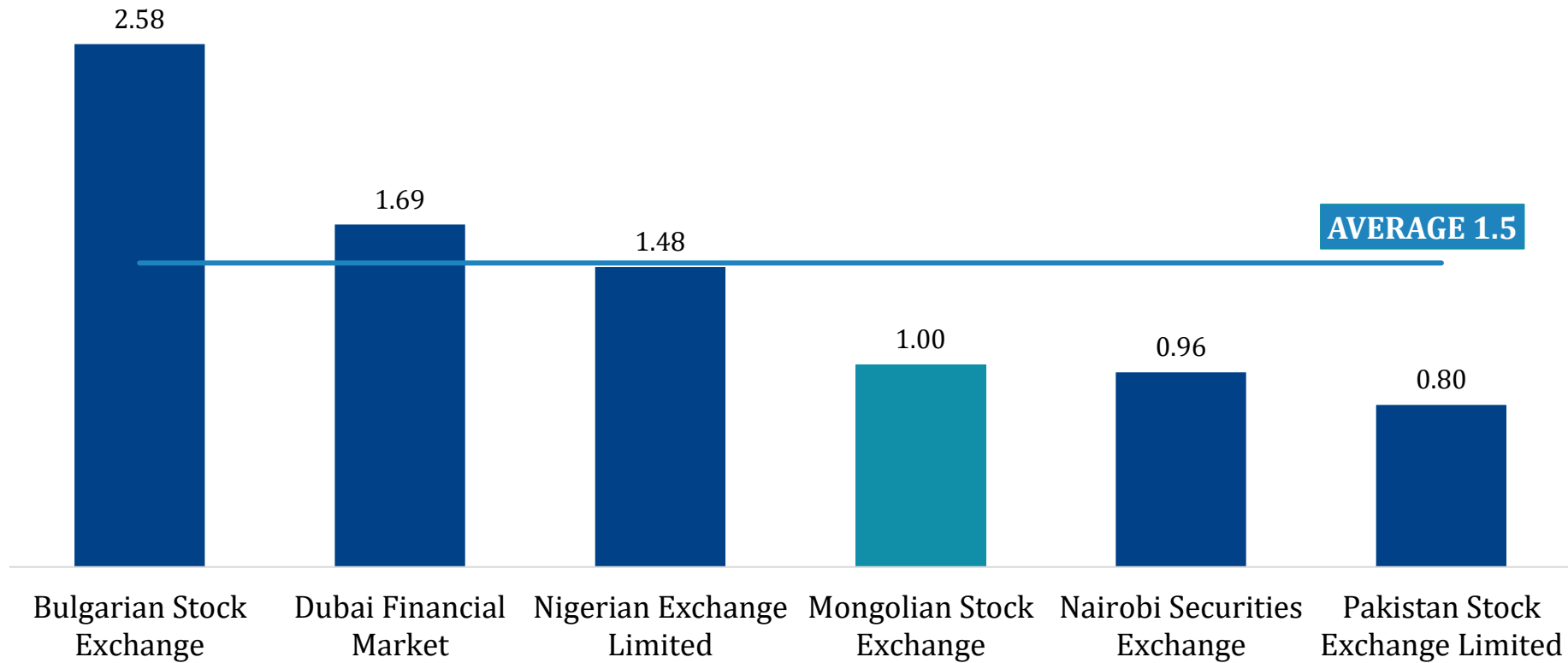
**36.7**  
BILLION MNT

TOTAL EQUITY



# VALUATION: MARKET APPROACH

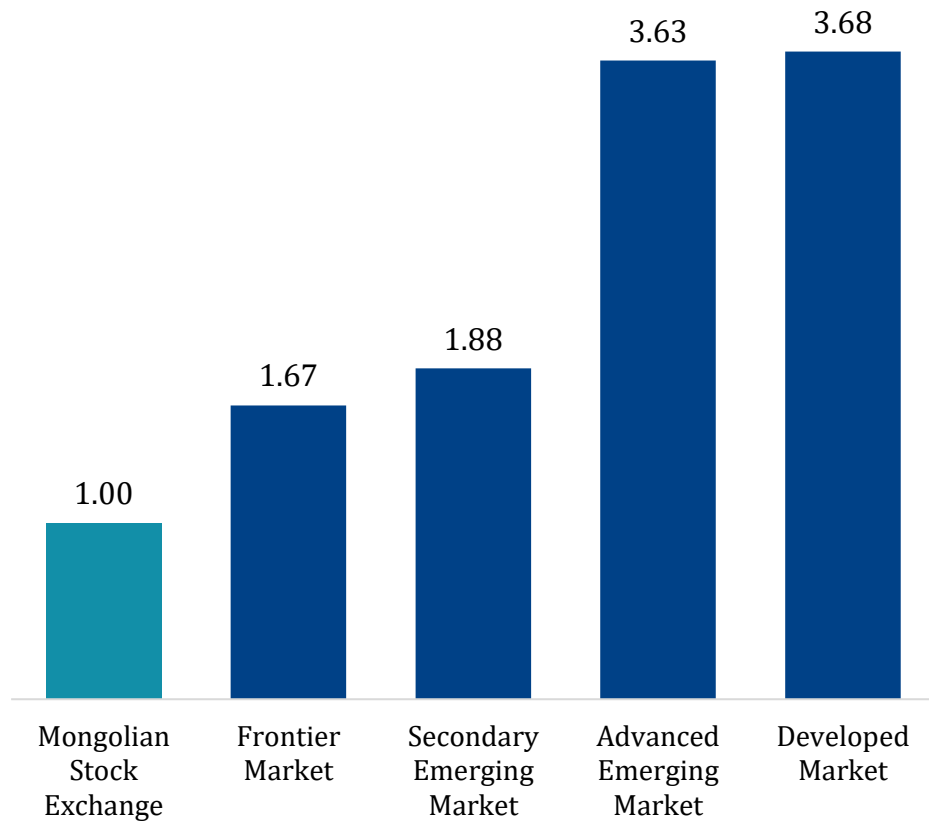
## PRICE TO BOOK VALUE RATIOS OF STOCK EXCHANGES GLOBALLY



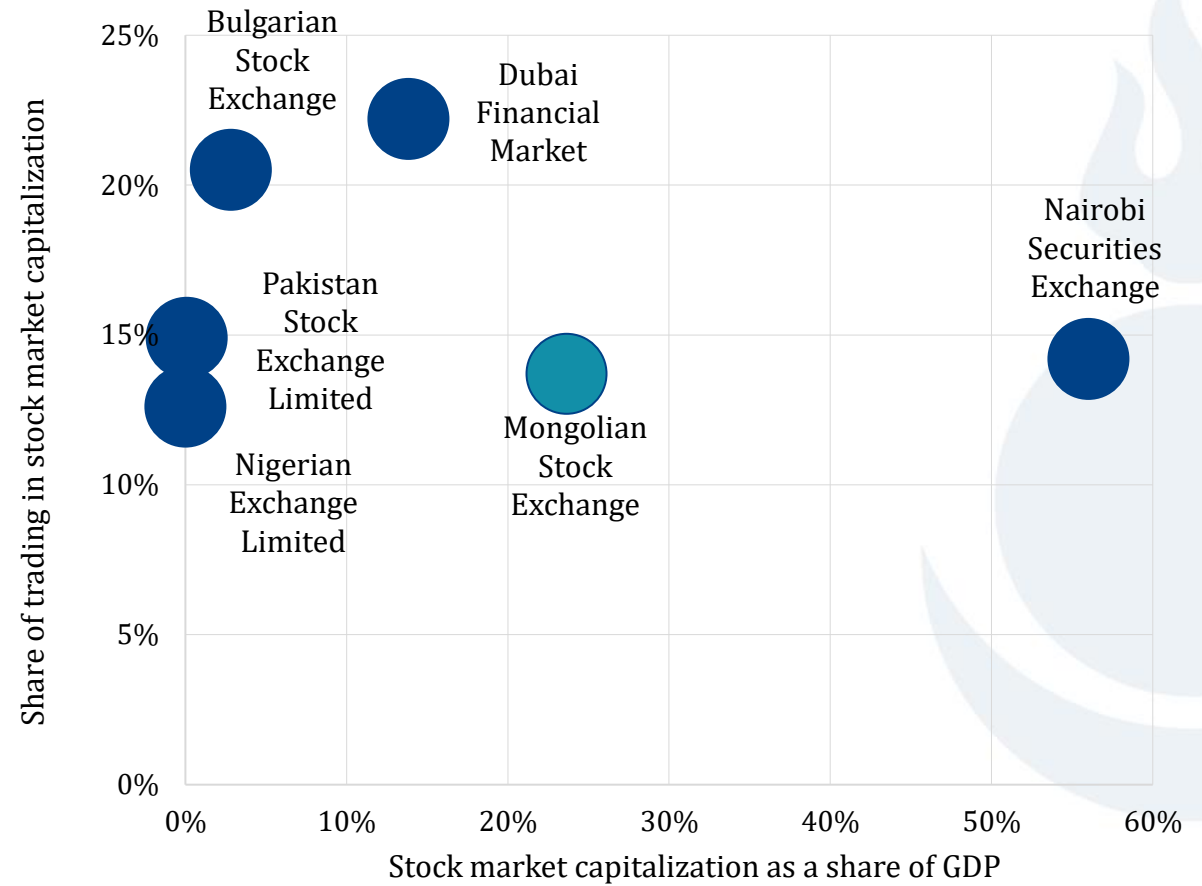
\* 2022Q2, Price to Book Value comparison of stock exchanges

# STOCK EXCHANGES IN FTSE RUSSELL'S CLASSIFICATION

AVERAGE PRICE TO BOOK VALUE OF STOCK EXCHANGES CLASSIFIED BY FTSE RUSSEL

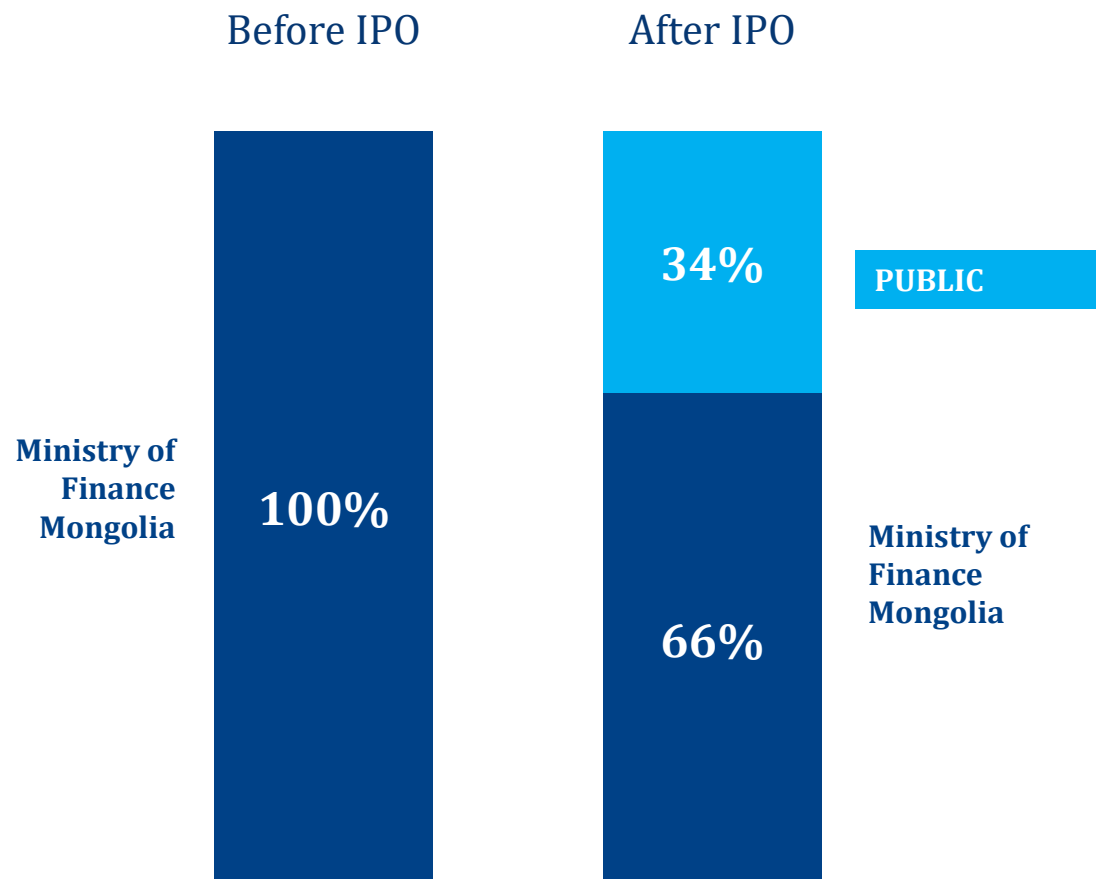


MAIN INDICATORS OF INTERNATIONAL STOCK EXCHANGE



Source: The World Federation of Exchanges, World Bank, 2021

# SHARE STRUCTURE AND USE OF PROCEEDS



## USE OF PROCEEDS

	Proceeds (million MNT)	%
Improvement of trading system	7,952	64%
Information Technology Security	1,273	10.7%
Internal operation digitalization and automation	722	6.1%
Capital Market enter and Public education	2,329	19.5%



**THANK YOU FOR YOUR ATTENTION.**



# APPENDIX



# FINANCIAL RESULTS



Balance sheet (Million MNT)	2018	2019	2020	2021	2022-II
Cash and Cash Equivalents	830.39	953.43	554.59	2,729.36	2,511.88
Accounts Receivable	299.46	50.02	84.13	97.26	66.72
Inventories	26.34	24.57	24.95	26.57	33.05
Prepaid Expenses	16.95	8.34	8.92	7.67	6.16
Other Current Assets	13.16	13.16	13.16	13.16	13.16
Buildings	2,172.00	2,083.73	2,210.71	2,102.23	5,580.75
Intangible Assets	1,192.67	653.01	561.87	382.34	17,898.75
<b>Total Assets</b>	<b>4,551.96</b>	<b>3,787.26</b>	<b>3,458.33</b>	<b>5,358.59</b>	<b>26,110.46</b>
Accounts Payable	1,113.07	1,555.04	2,132.47	926.82	39.92
Deferred Income	1.14	9.76	11.92	14.25	192.81
Deferred Tax Liability	-	-	-	-	2,142.37
<b>Total Liabilities</b>	<b>1,214.62</b>	<b>1,604.97</b>	<b>2,205.37</b>	<b>941.07</b>	<b>2,429.17</b>
Issued Capital	23,130.59	23,130.59	23,130.59	23,130.59	23,130.59
Revaluation Surplus	12.36	12.36	12.36	12.36	18,883.20
Other Components of Equity	446.32	446.32	446.32	446.32	446.32
Retained Earnings	(20,251.94)	(21,406.99)	(22,336.32)	(19,171.76)	(18,724.76)
<b>Total Equity</b>	<b>3,337.34</b>	<b>2,182.29</b>	<b>1,252.96</b>	<b>4,417.52</b>	<b>23,735.36</b>
<b>Total Liabilities and Equity</b>	<b>4,551.96</b>	<b>3,787.26</b>	<b>3,458.33</b>	<b>5,358.59</b>	<b>26,110.46</b>

## GEREGE ESTIMATE LLC REVALUATION OUTCOMES SUMMARY (2022.06.30)

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