

30 January 2020

FY2019 Financial Results

Datuk Muhamad Umar Swift
Chief Executive Officer

Rosidah Baharom
Chief Financial Officer

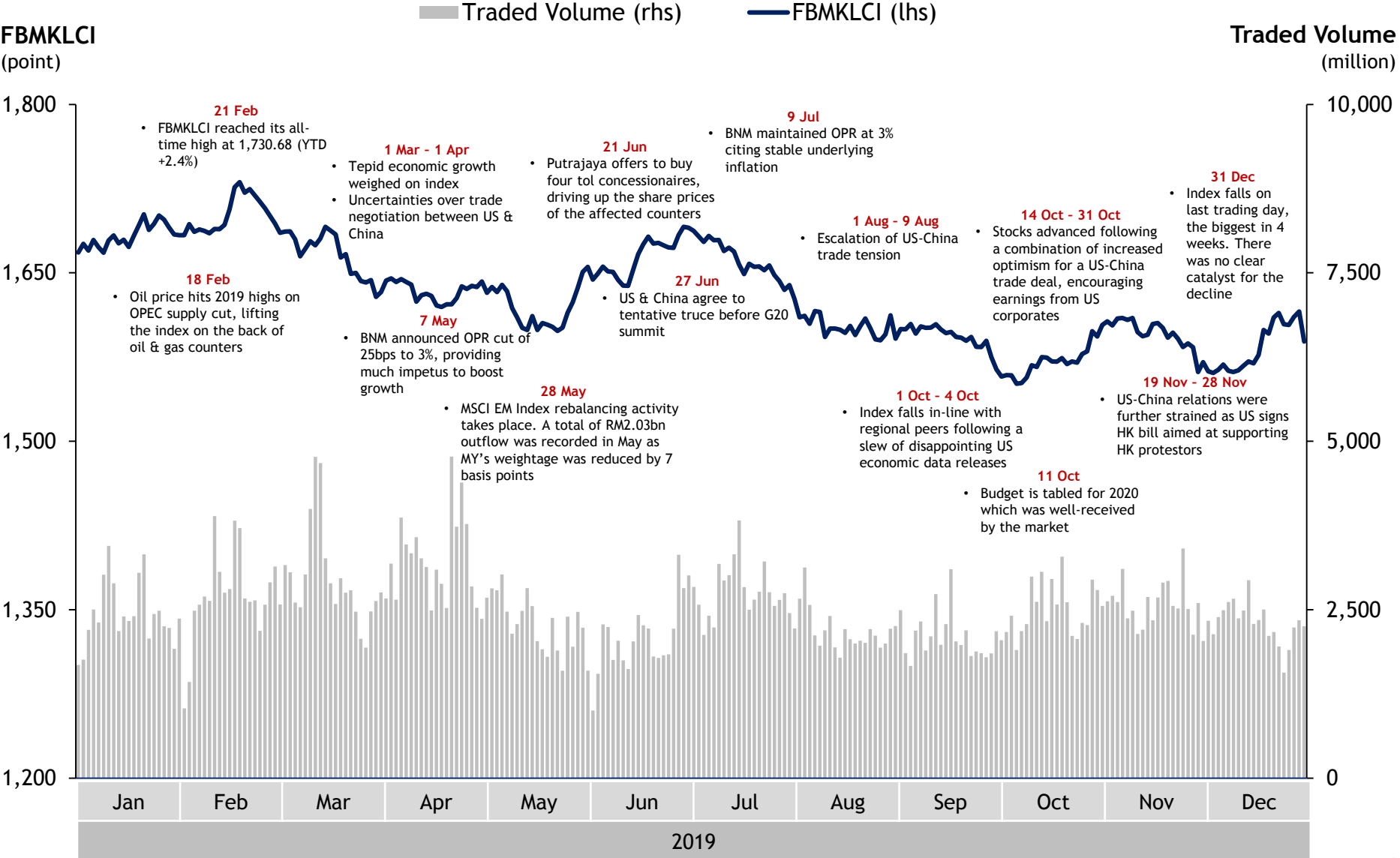
Agenda

- Market Recap
- Key Financial Highlights & Market Performance
- Financial Review
- Highlights & Conclusion
- Appendices

Market Recap

Equities Market Performance for 2019

Recap on selected key global and local events

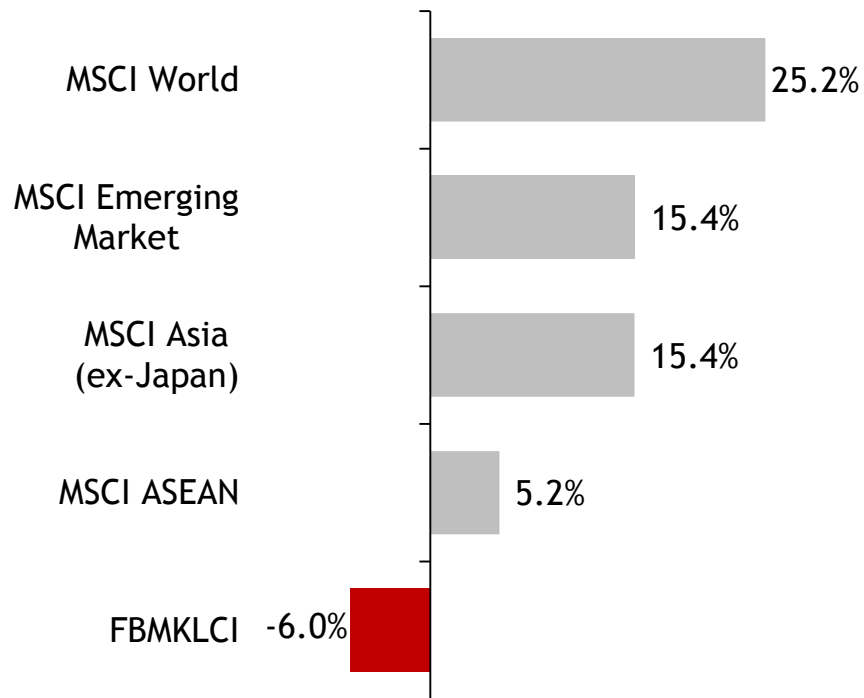


Market Performance for 2019

FBMKLCI Performance Against Global and Regional Indices

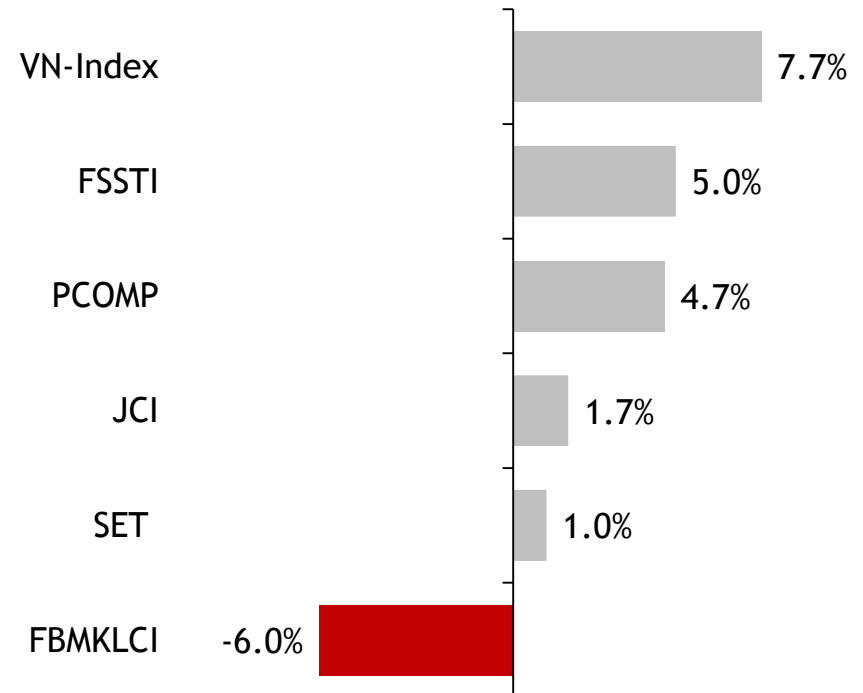
- 2019 proved to be a challenging year, primarily due to continuous uncertainties in the global as well as the domestic front - worsening trade tensions, concerns over a no-deal Brexit, volatility in commodity-related sectors and weak corporate earnings performance

Performance of FBMKLCI against MSCI Indices For year 2019



Source: Bloomberg

Performance of FBMKLCI against key ASEAN Indices For year 2019



Source: Bloomberg

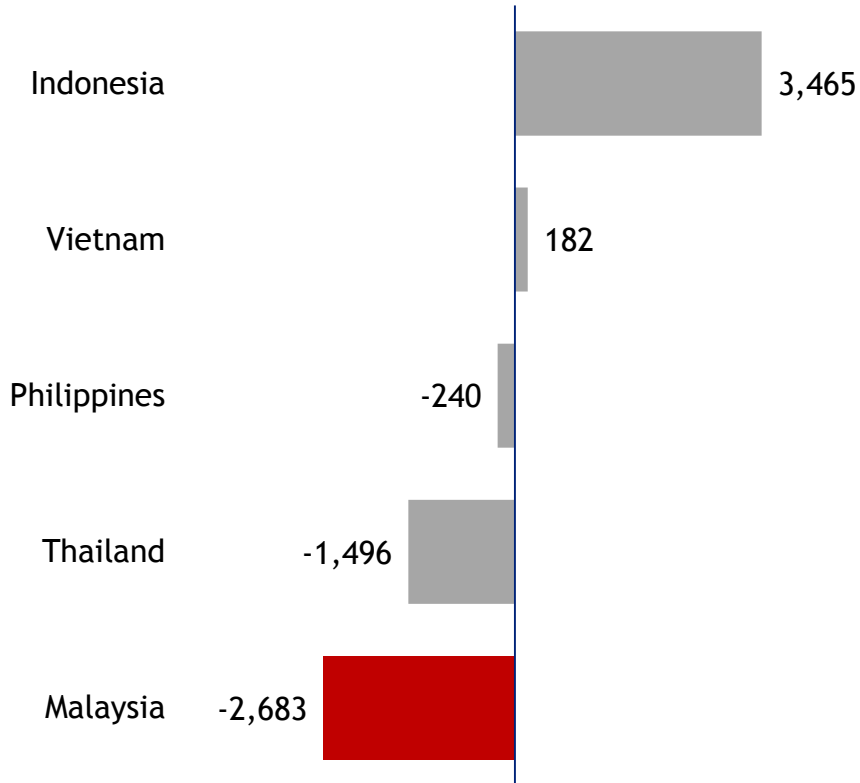
Market Performance for 2019

Foreign Funds Outflow: A Perspective



- For 2019, Malaysia recorded the largest outflow among its ASEAN peers with a net value of USD-2.68 bil

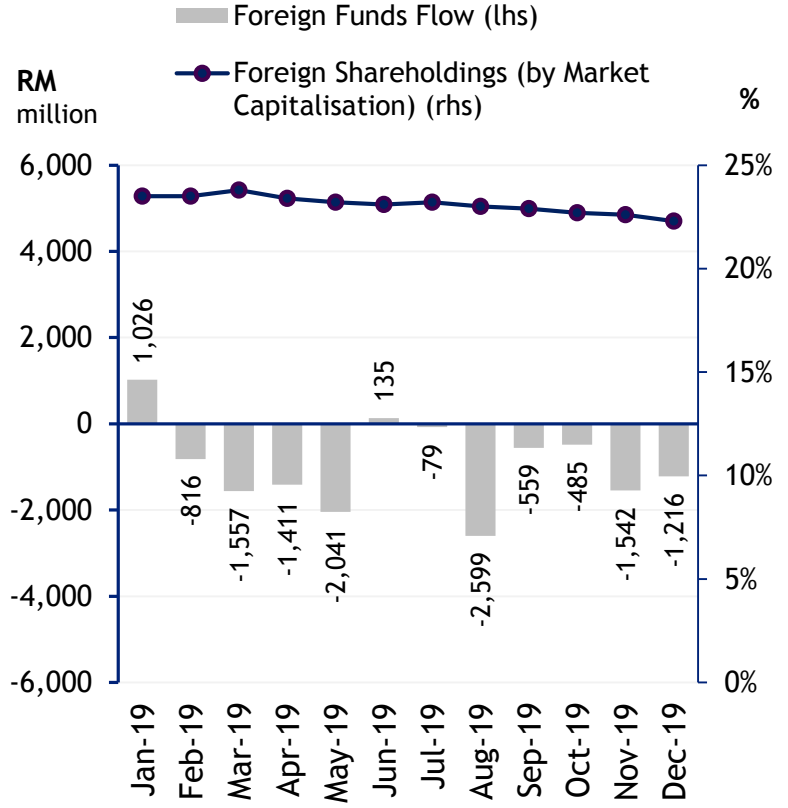
Foreign Funds Flow (FFF) in Asian Equity Market 2019; In USD million



Source: Bloomberg and WFE
 Note: India's total market cap is a sum of NSE and BSE.

- Foreign shareholdings (by market capitalization) have been stable amid the exit of foreign funds (22.3% - 23.8%)

Bursa Foreign Funds Flow vs Foreign Shareholdings For year 2019



Source: Bursa MIS

Key Financial Highlights & Market Performance

- Financial Highlights
- Financial Trends
- Securities Market Overview
- Derivatives Market Overview
- Islamic Capital Market Overview
- Dividends

Financial Highlights

FY2019 PAT performance affected by lower operating revenue from both the Securities and Derivatives Markets

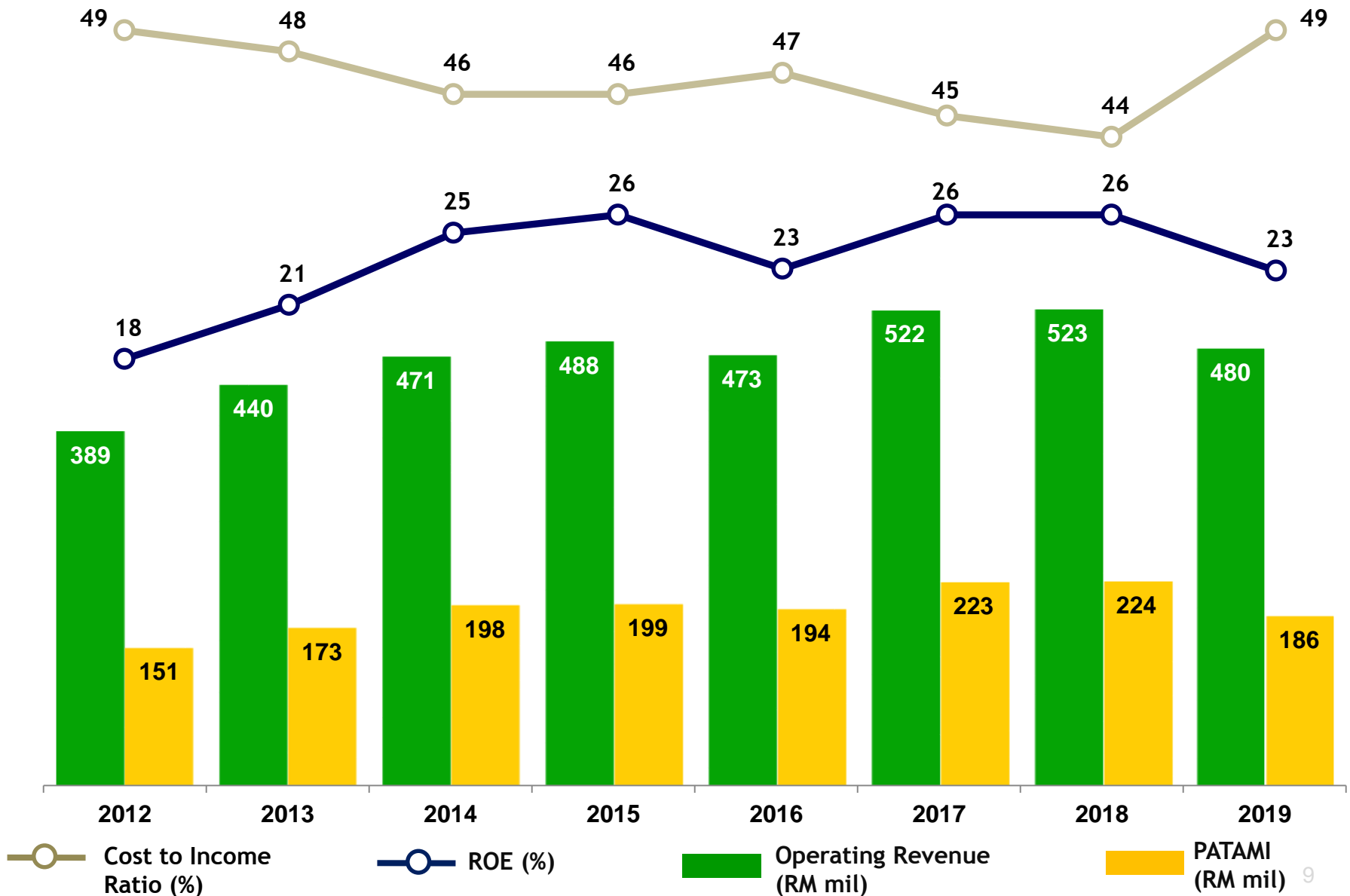
Financial Items	2019	2019 vs. 2018	4Q2019	4Q2019 vs. 4Q2018
Operating Revenue (RM million)	480.1	▼ 8.2%	122.7	▲ 1.3%
Operating Expenses (RM million)	246.2	▲ 2.0%	65.9	▲ 15.4%
PATAMI (RM million)	185.9	▼ 17.0%	45.6	▼ 12.1%
EPS (sen)	23.0	▼ 17.3%	5.6	▼ 12.5%
Cost to Income Ratio	49%	▲ 5 percentage points	51%	▲ 7 percentage points
Annualised ROE	23%	▼ 3 percentage points	24%	▼ 1 percentage point

2019 vs. 2018:

- Decrease in operating revenue contributed by lower trades in Securities and Derivatives Market.
- Operating expenses increased mainly due to higher business development costs.
- Cost to income ratio increased by 5 percentage points while ROE declined by 3 percentage points.
- Final dividend of 10.4 sen, equivalent to 90.5% payout to be paid on 28 February 2020.

Financial Trends

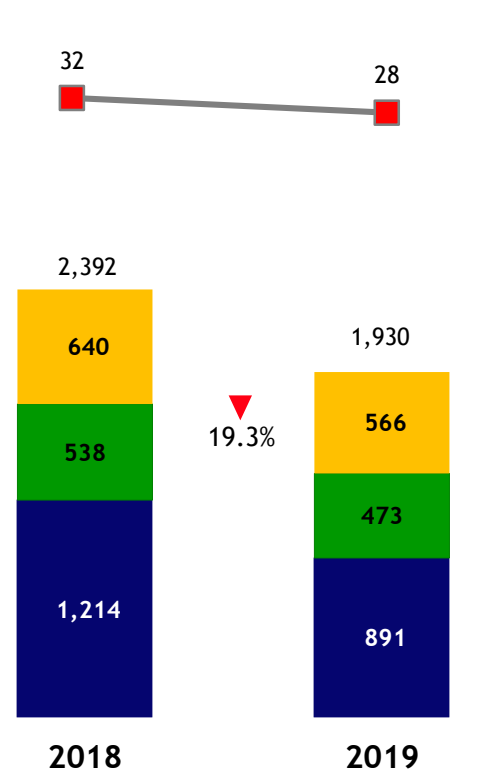
The lower PATAMI affected both the ROE and Cost to Income performance



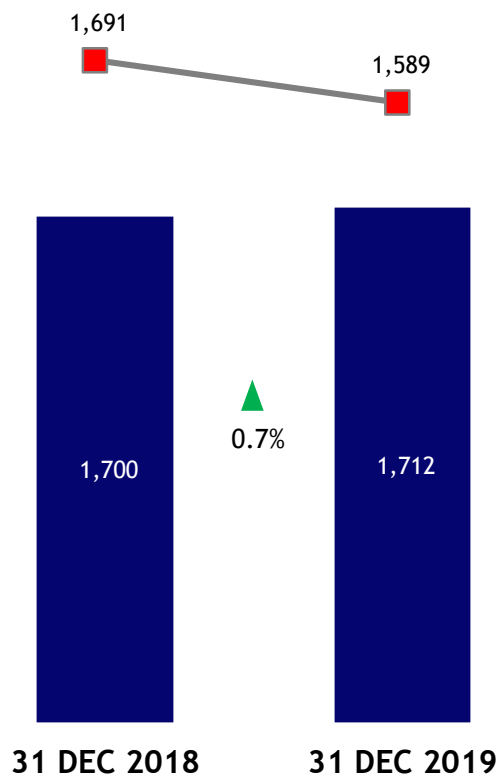
Securities Market Overview

Performance affected and influenced by global and local events

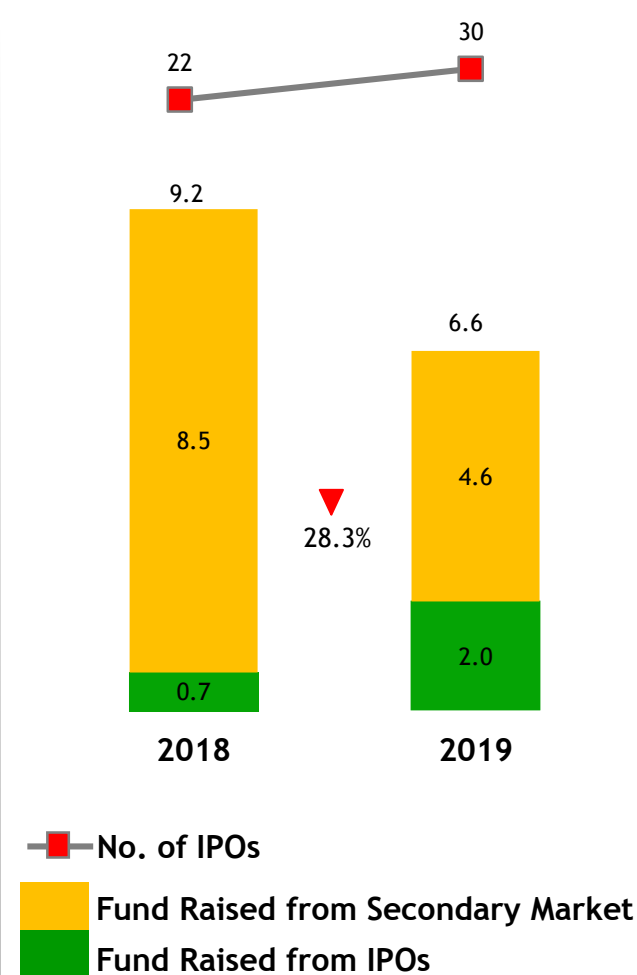
Average Daily Value (“ADV”) (OMT)(RM mil)






Market Capitalisation (RM bil)






Fund Raised from IPOs & Secondary Market (RM bil)



 Velocity (%)
 ADV of Foreign Institutions
 ADV of Retail
 ADV of Domestic Institutions

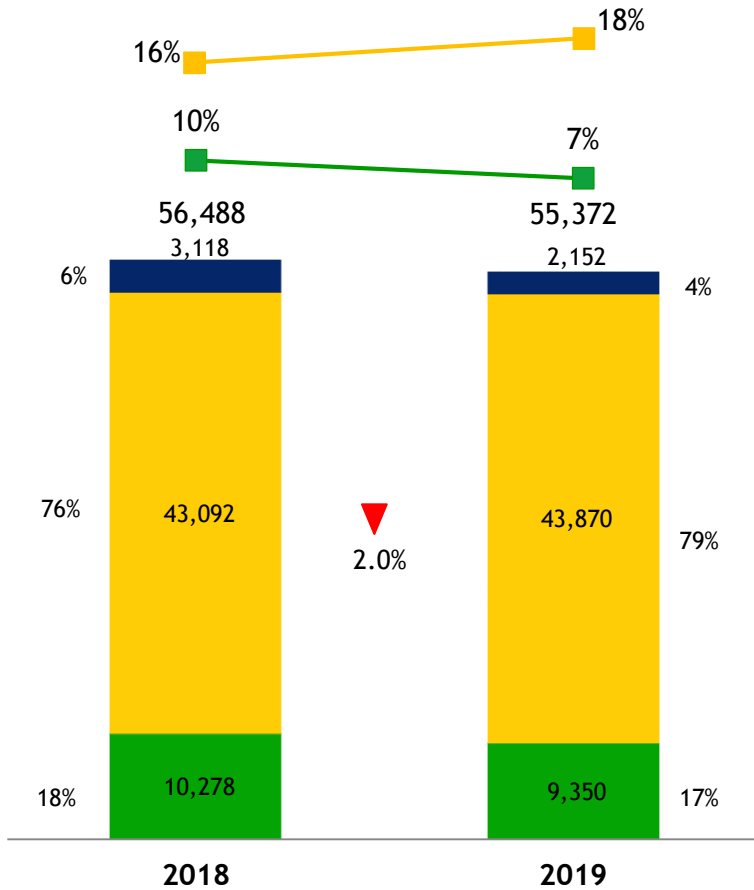
 FBMKLCI
 Market Capitalisation

 No. of IPOs
 Fund Raised from Secondary Market
 Fund Raised from IPOs

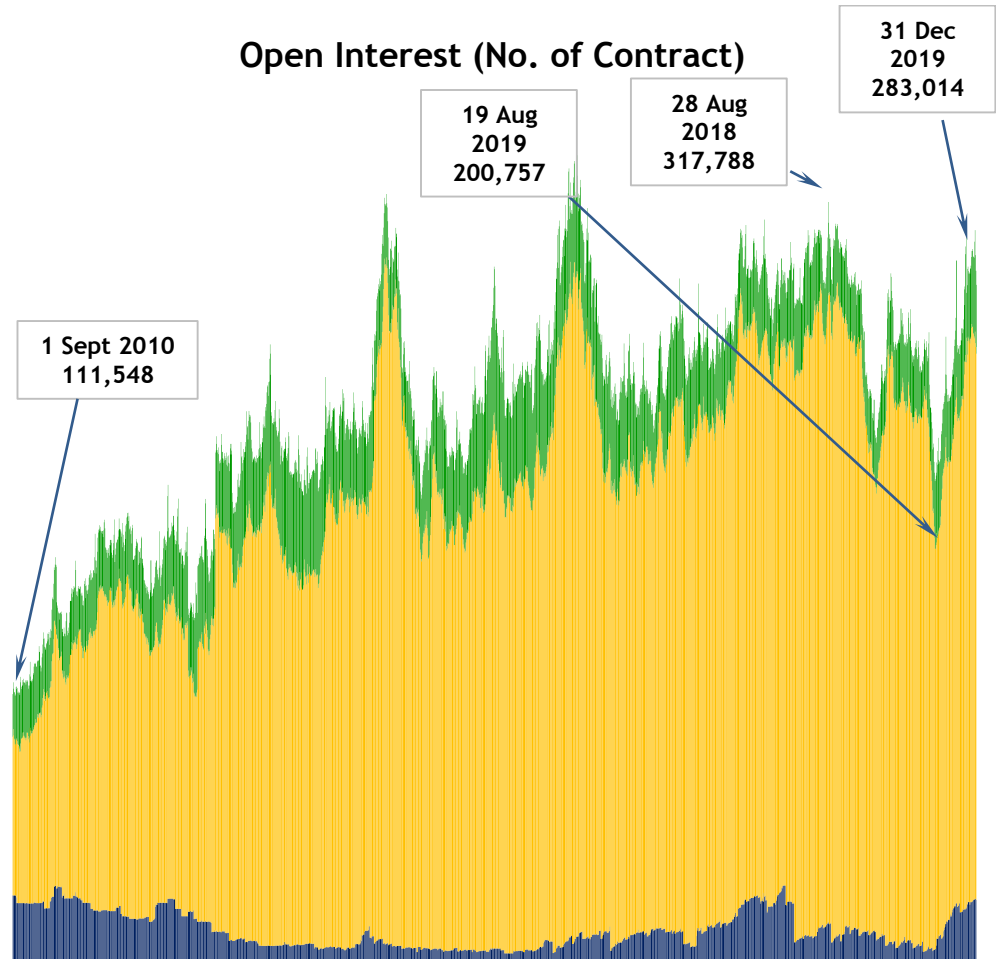
Derivatives Market Overview

Low KLCI volatility affected FKLI trades, however FCPO trades are stable despite the underlying low CPO prices

Average Daily Contracts (“ADC”) & Volatility



Open Interest (No. of Contract)



■ ADC - FBMKLCI Futures
—■— Volatility of FBMKLCI

■ ADC - Crude Palm Oil Futures
—■— Volatility of Crude Palm Oil Prices

■ ADC - Others

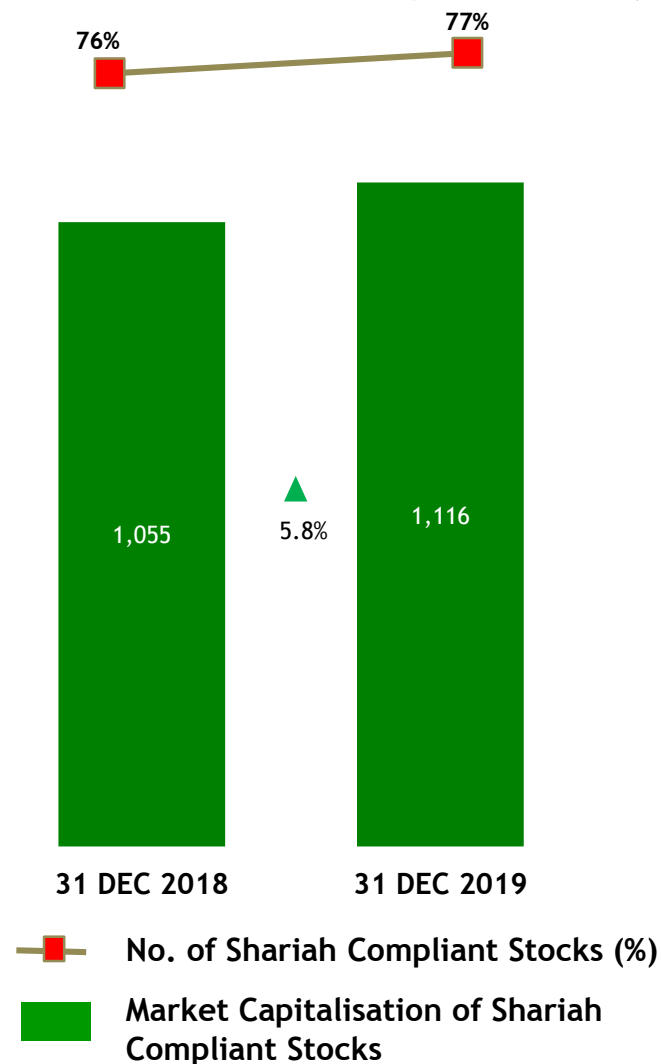
Islamic Capital Market Overview

Higher take-up in BSAS trades from domestic participants

Bursa Suq Al-Sila' ("BSAS") ADV (RM bil)

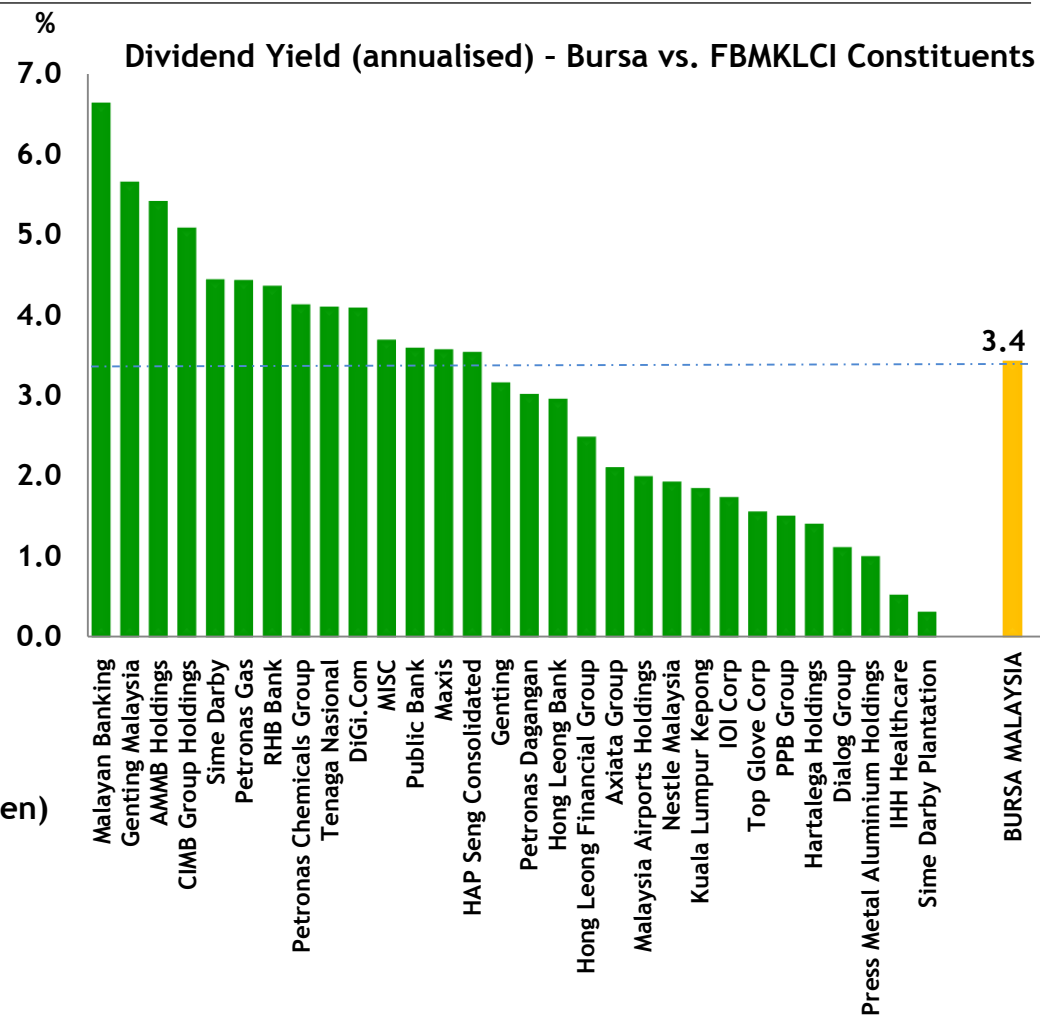
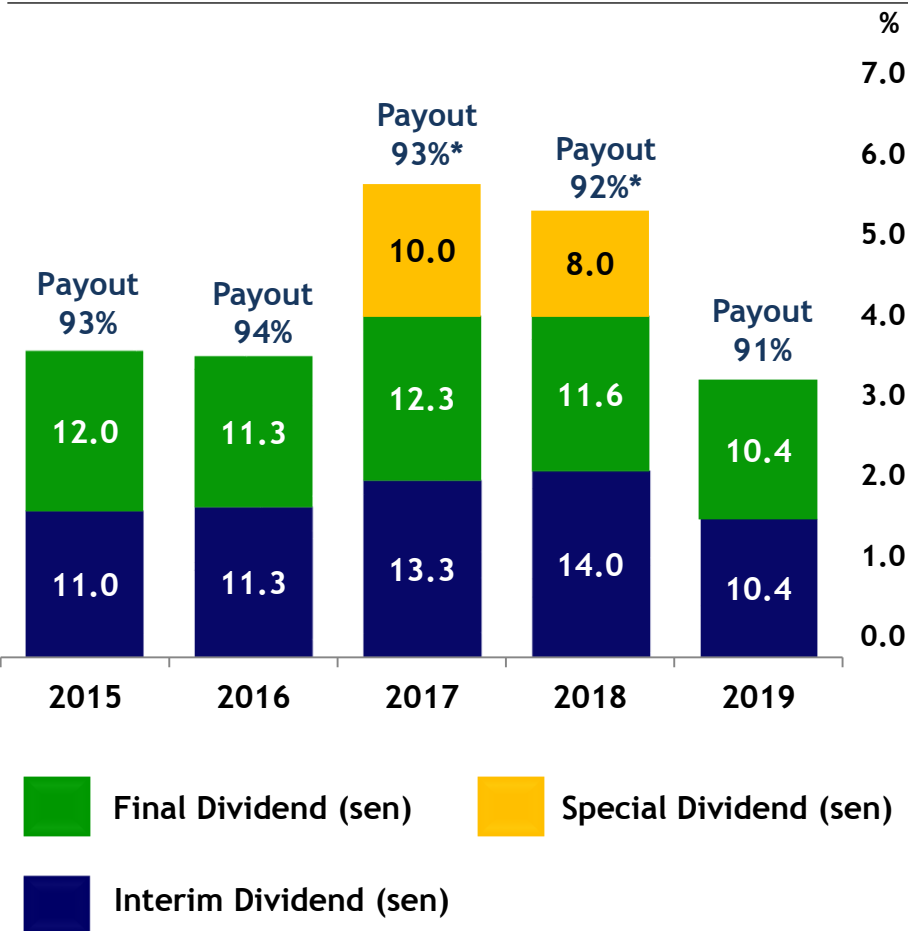


Market Capitalisation of Shariah Compliant Stocks (RM bil)



Dividends

Total dividend of 20.8 sen for FY2019 was declared



Source: Bloomberg and Bursa Malaysia

Declared final dividend of 10.4 sen. The entitlement and payment dates are on the 19th and 28th of February 2020 respectively.

Note: Comparative figures have been adjusted to reflect the bonus issue exercise completed on 13 April 2018.

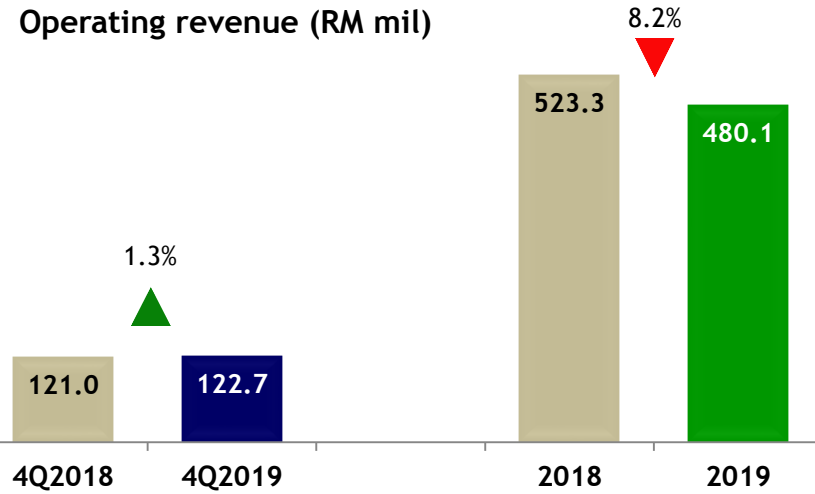
Financial Review

- Financial Snapshot
- Operating Revenue
- Operating Expenses

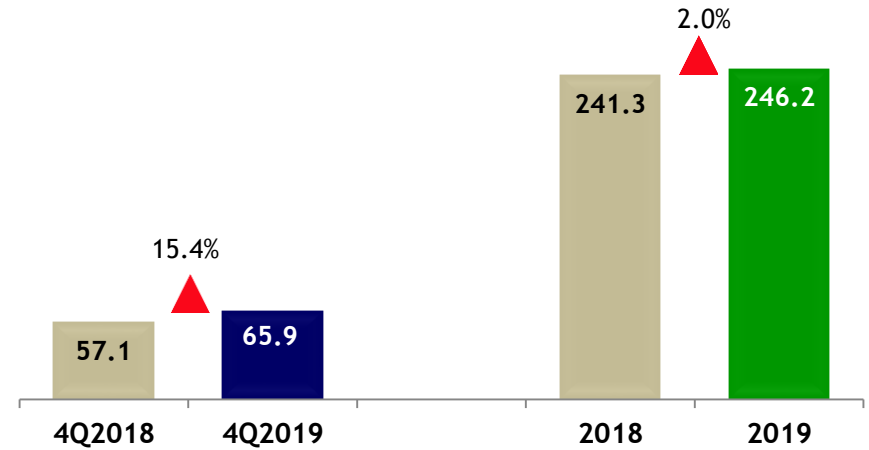
Financial Snapshot

Global and local economic uncertainties continued to influence market performance

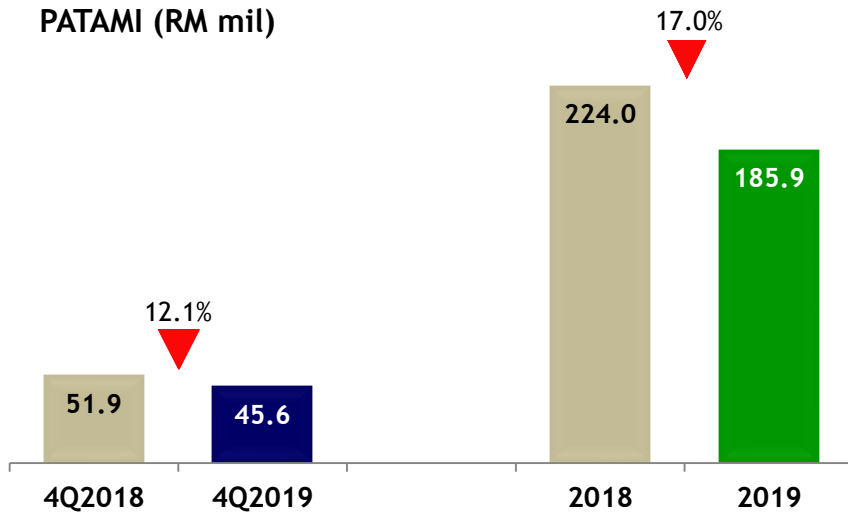
Operating revenue (RM mil)



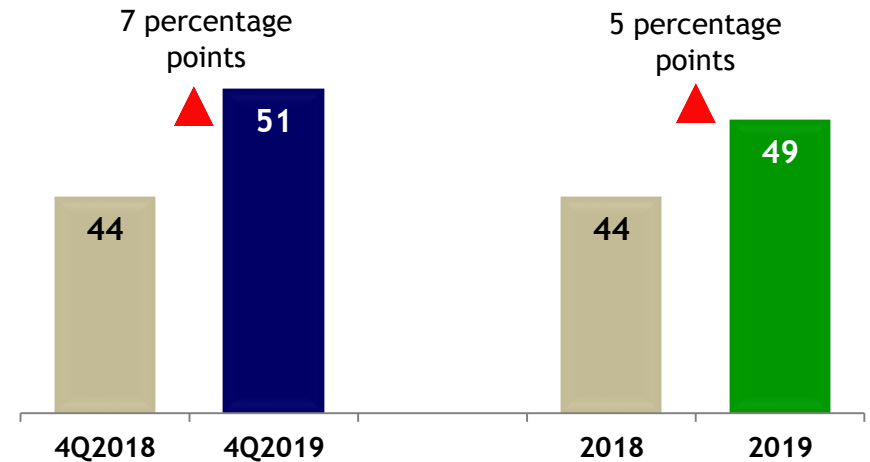
Operating expenses (RM mil)



PATAMI (RM mil)

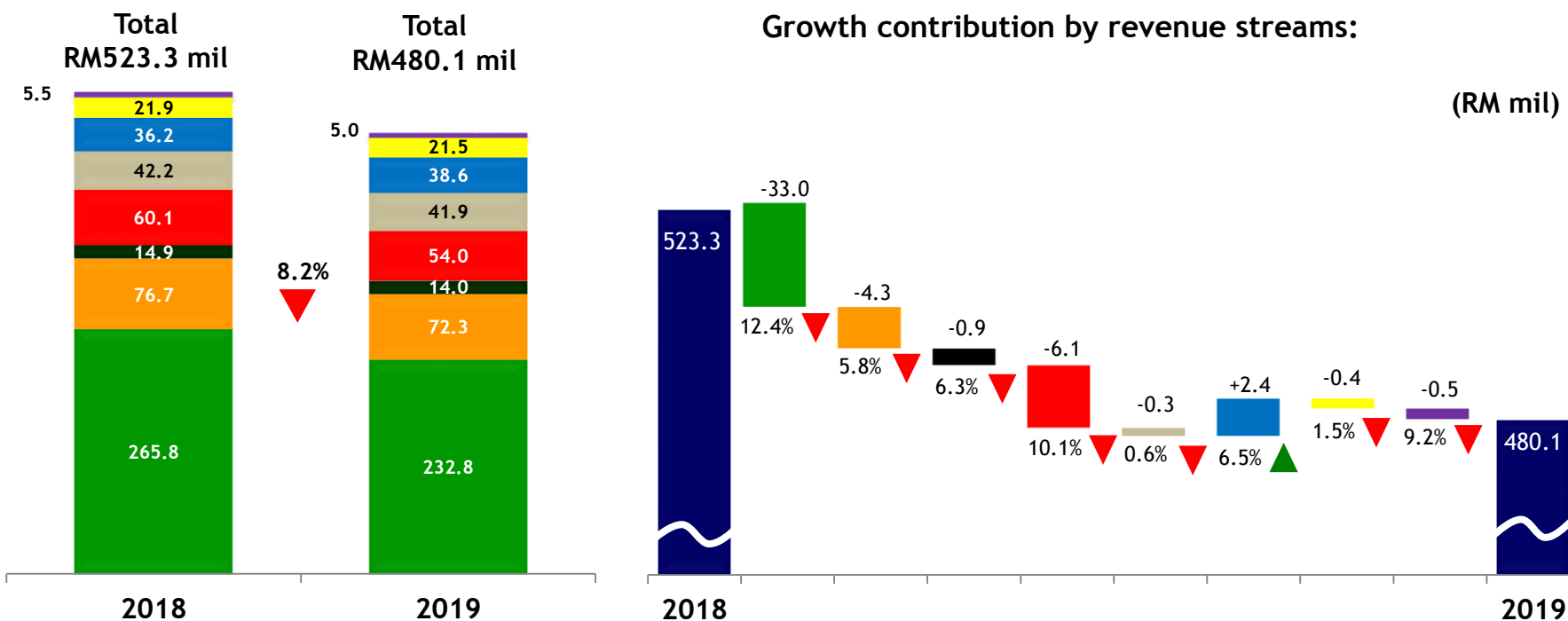


Cost to income ratio (%)



Operating Revenue

Declined by 8%



- Higher Market Data revenue due to increase in number of subscribers.
- Lower Securities Trading Revenue from lower ADV-OMT.
- Lower Derivatives Trading Revenue due to lower guarantee and collateral management fees.
- Lower BSAS Trading Revenue despite growth in its ADV due to the impact of volume-based pricing.
- Lower Listing & Issuer Services fees due to lower annual listing fee from lower market capitalisation, the amortisation of initial listing fees, and lower perusal and processing fees from lower number of corporate exercises.

Operating Expenses

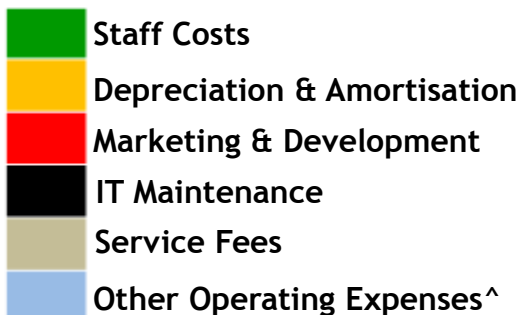
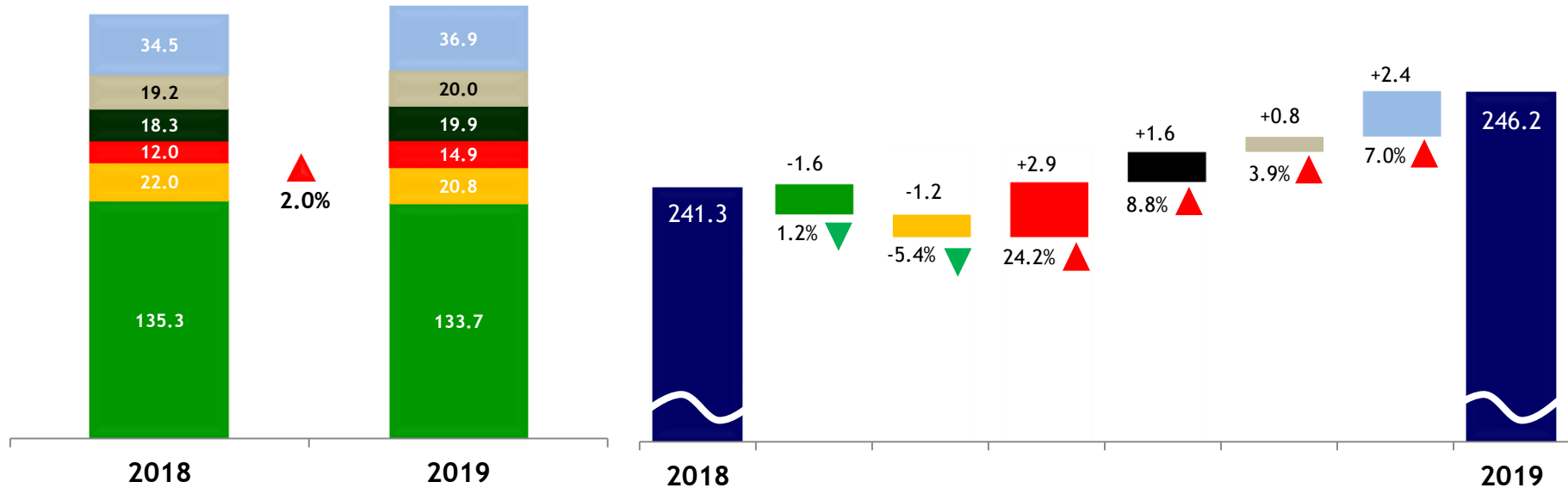
Increased by 2%; marginal increase of less than 1% excluding a one-off impairment provision

Total
RM241.3 mil

Total
RM246.2 mil

Movement of expenses:

(RM mil)



- Lower manpower costs due to lower provision of variable costs.
- Lower depreciation as certain IT assets have been fully depreciated.
- Increase in business development costs due to higher business development and engagement activities.
- Increase in IT maintenance subsequent to renewal of certain IT contracts.
- Increase in other operating expenses due to one-off impairment on computer software.

Note^ - Other operating expenses include building maintenance, administrative expenses and CDS expenses.

Highlights & Conclusion

- Highlights of 2019 Initiatives
- Moving Forward

Highlights of 2019 Initiatives

Corporate Development

- Classification of Bursa as a Shariah-compliant securities
- Bursa extended agreement to host its Derivatives products on CME
- Acquired the remaining 25% equity interest in Bursa Malaysia Derivatives
- Announced new organisational structure to accelerate growth and improve organisational effectiveness

Strengthening the Core

- Bursa and Securities Commission to continue supporting a facilitative and market-friendly ecosystem
- Revamped and liberalised its Derivatives market rules and directives to enhance business efficiency and flexibility of doing business
- Collaboration between Bursa and Malaysian Anti-Corruption Commission (MACC) in learning with a view to promote a corruption-free Malaysia
- Amended Main and ACE Market listing requirements in relation to anti-corruption measures

Capitalising on Technology & Information

- Expanded trading features such as “Market Order at Pre-Closing”, “On-Open/Close Order”, “Iceberg Order” and “One-Cancel-Other Order” to provide more opportunities for participants
- Launched T+2 Settlement Cycle to improve operational efficiency and reduce systemic risk
- Embarked on a securities borrowing and lending (SBL) Proof-of-Concept (POC)
- Launched Bursa Anywhere mobile application
- Completed its first securities borrowing and lending (SBL) Proof-of-Concept (POC 1) blockchain technology solution to increase efficiency, speed and capacity in the securities lending supply and borrowing demand (Lending Pool)
- Launched Mirror, Learn & Trade, a first-of-its-kind virtual education programme

Regional and Global Connectivity

- Organised the 30th Annual Global Palm and Lauric Oils Price Outlook Conference
- Held the 15th edition of Invest Malaysia Kuala Lumpur

Sustainability as a way of Life

- Hosted the 5th Annual “Ring the Bell for Gender Equality”
- Launched “Seminar: Wanita dan Pelaburan” in conjunction with “Hari Wanita 2019”, in collaboration with National Council of Women’s Organisation Malaysia (NCWO)
- Hosted the “Ring the Bell for Financial Literacy”
- Held the 6th edition of Bursa Bull Charge

Bursa In 2020 : Restructuring For Business Agility & Accelerate Growth

ELEVATE ORGANISATIONAL EFFECTIVENESS

- Future proofing of the Exchange
- Moving towards greater efficiency & better process

TECHNOLOGY & INNOVATION

- Technology refresh - disrupt existing barriers
- Build innovative capacity to spur growth

INTERNATIONALISATION

- Forging growth and tap new opportunities through strategic partnership
- Greater collaboration with international players to widen reach and offering

Moving Forward



SECURITIES MARKET

- The Securities Market performance in last quarter of 2019 was influenced by global and domestic developments such as continued concern over the geopolitical tensions and soft domestic corporate earnings.
- Notwithstanding the external factors, the Securities Market's performance in 2020 is expected to be resilient, supported by the implementation of the Government's expansionary measures as announced in the Budget 2020 and the recent signing of phase one of the trade agreement between the US and China.

DERIVATIVES MARKET

- External factors such as the restriction of India's palm oil imports from Malaysia and the progress of the US-China trade negotiations will continue to influence the volatility in crude palm oil prices and the underlying equities market. The Exchange recorded an improved performance in the fourth quarter of 2019 and registered the highest quarterly average daily contracts as the volatility in crude palm oil prices increased with the rally in crude palm oil prices.
- Ongoing initiatives focusing on Greater China region are expected to further broaden the derivatives trading community and contribute positively to trading performance in 2020.

ISLAMIC CAPITAL MARKET

- The Exchange expects greater participation of institutional investors on the Bursa Malaysia-i platform with the continuous engagement and marketing efforts carried out during year.
- Bursa Suq Al-Sila' ("BSAS") is expected to sustain its growth momentum through its system improvement as well as continuous onboarding of new domestic and foreign participants onto its platform.

In 2020, we expect greater volatility in both the Securities and Derivatives Markets arising from global and local developments such as the on-going US-China trade negotiations and the recent novel coronavirus outbreak. Barring any unforeseen circumstances, the Exchange is expected to benefit from this volatility which will provide greater activity in the respective markets. The Exchange will continue to expand and strengthen its products and service offerings to enhance the market attractiveness and vibrancy.

2019 Financial Results Analyst & Media Briefing

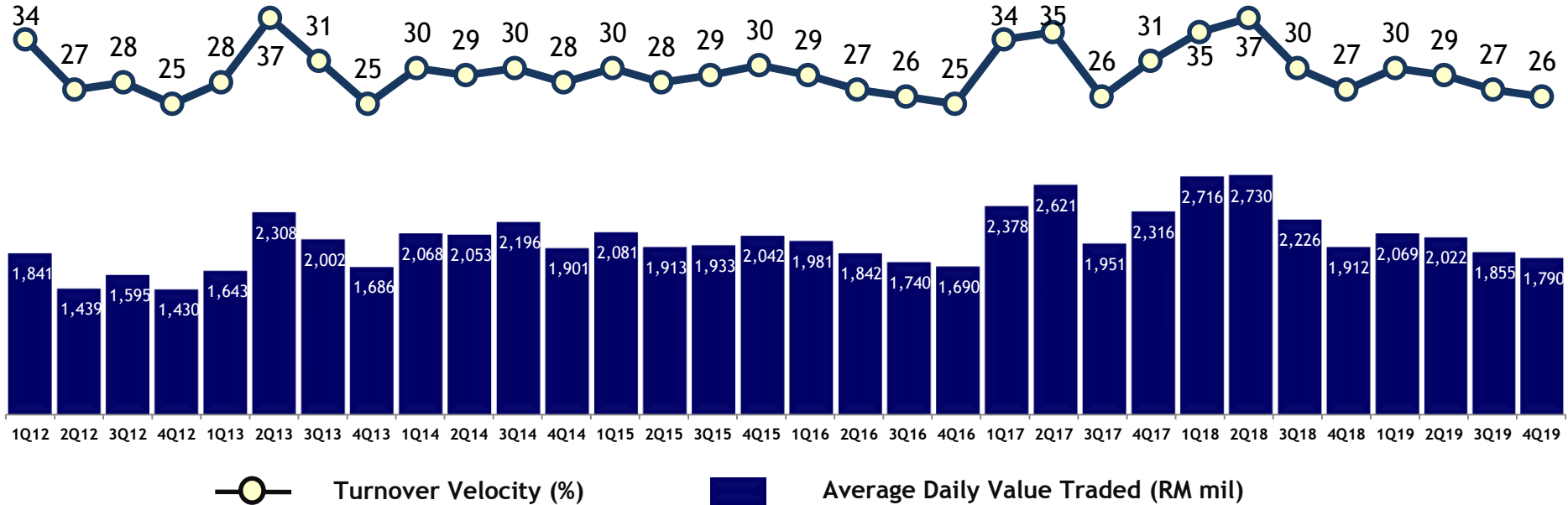
Q&A

Appendices

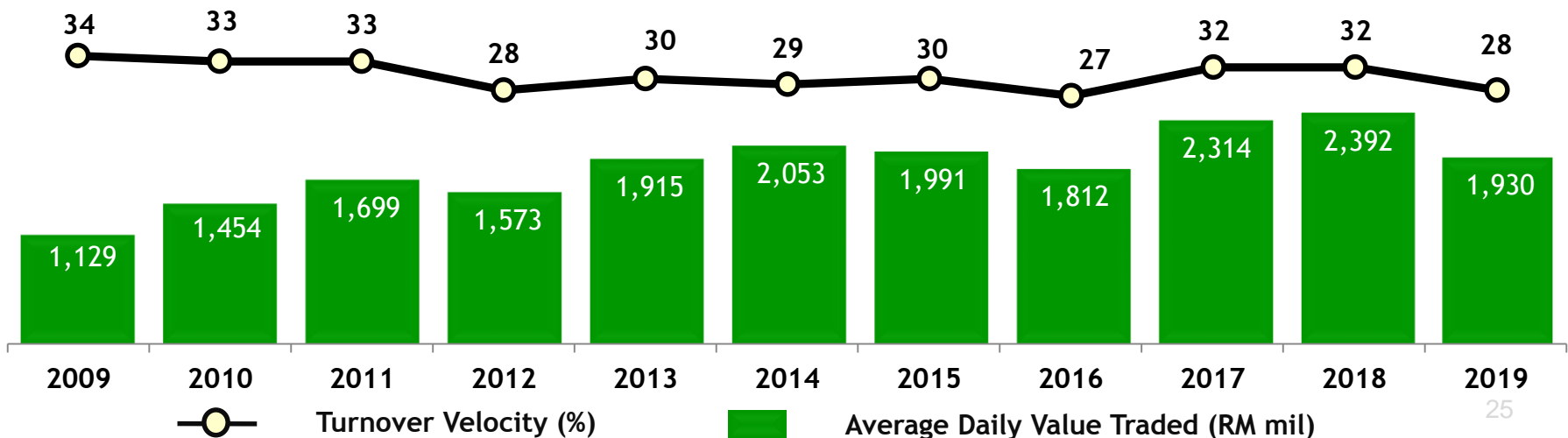
- Securities Market Trading Activity
- Securities Market Trading Participation
- Securities Market Foreign Ownership
- Foreign Inflow/Outflow
- Derivatives Market Activity
- Derivatives Market Demography
- Islamic Capital Market Activity

Securities Market Trading Activity

Quarterly ADV Traded & Velocity

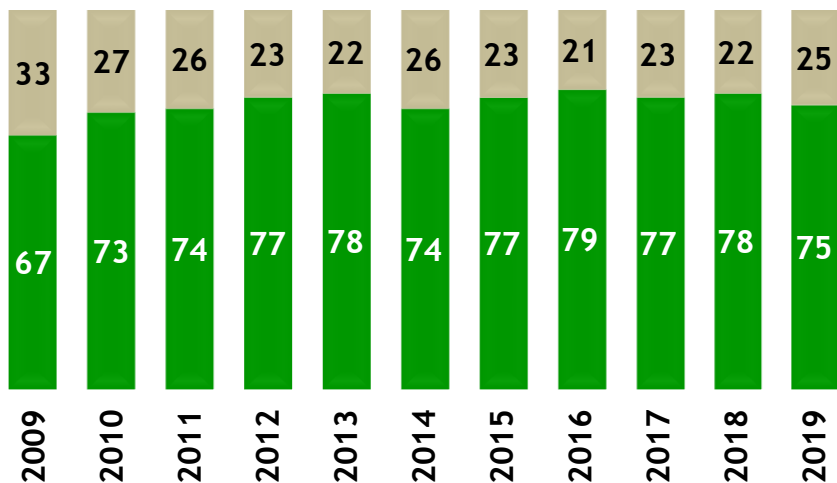
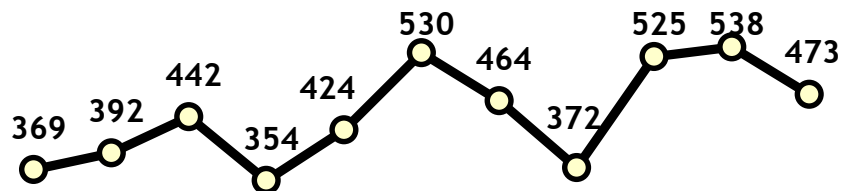


Annual ADV Traded & Velocity



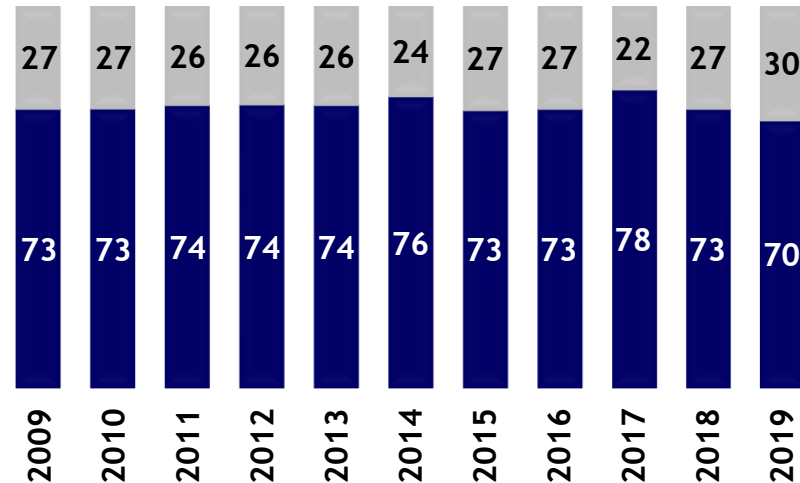
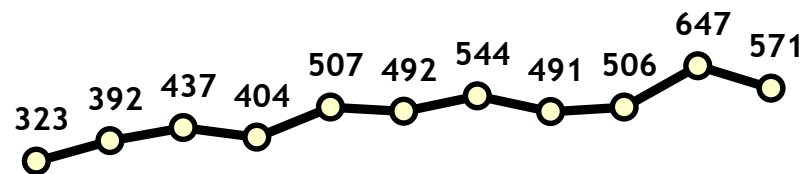
Securities Market Trading Participation

Retail vs. Institution



 Retail ADV Traded (RM mil)
  Retail (%)
  Institution (%)

Foreign vs. Local

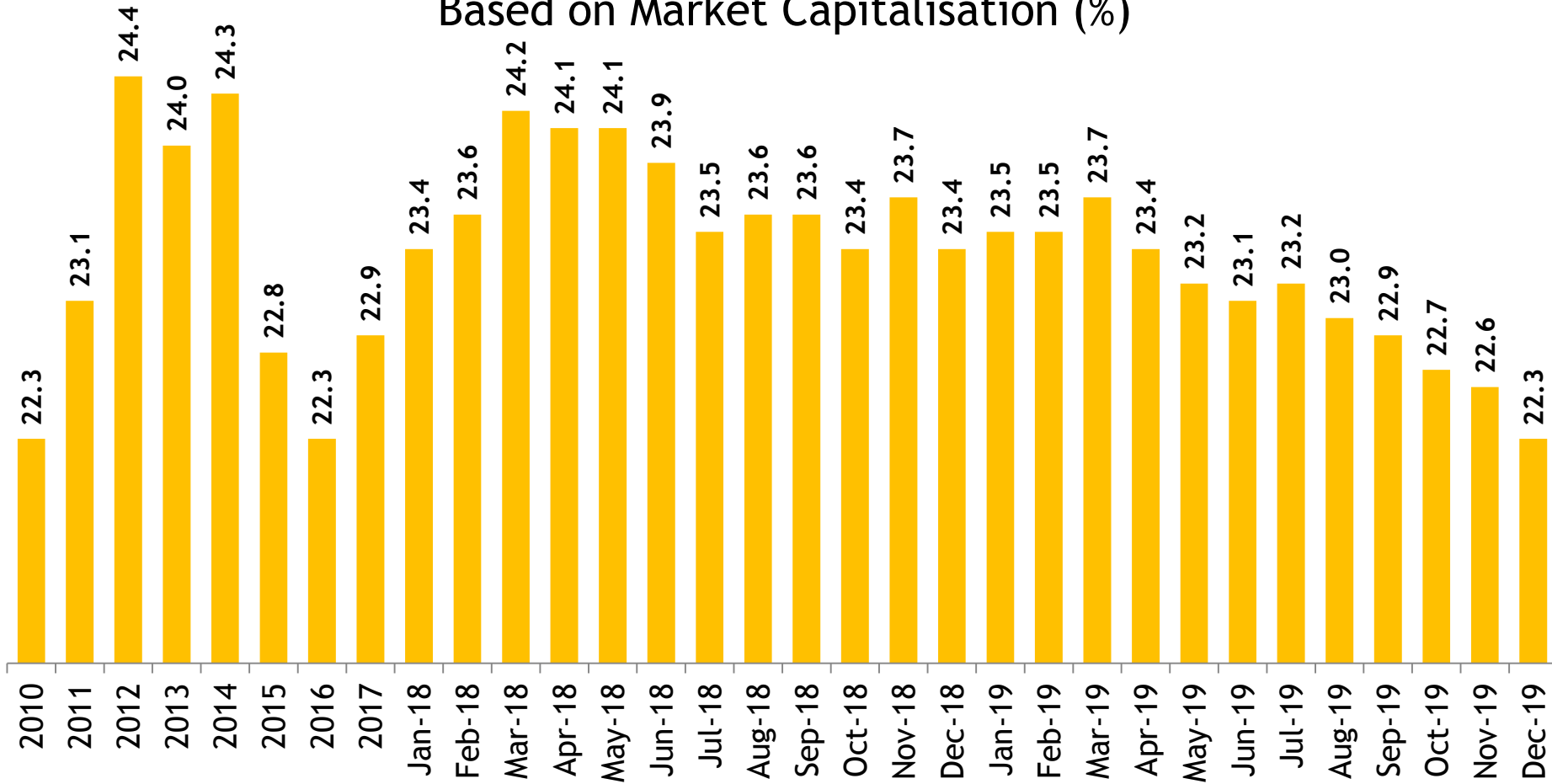


 Foreign ADV Traded (RM mil)
  Foreign (%)
  Local (%)

For 2009, the statistics were based on Brokers' submission. From 2010 onwards statistics were based on Bursa's internal system.

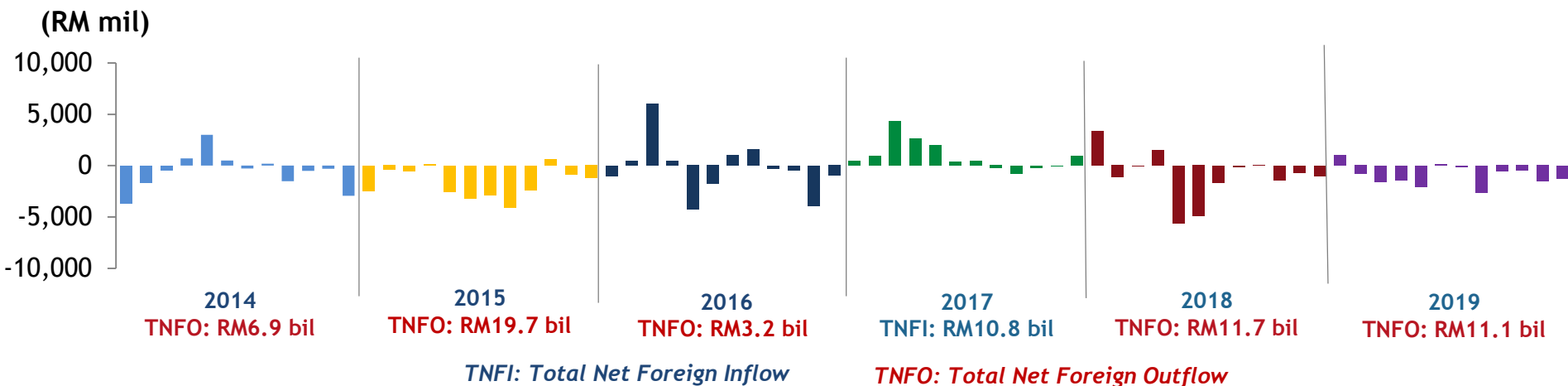
Securities Market Foreign Ownership

Based on Market Capitalisation (%)

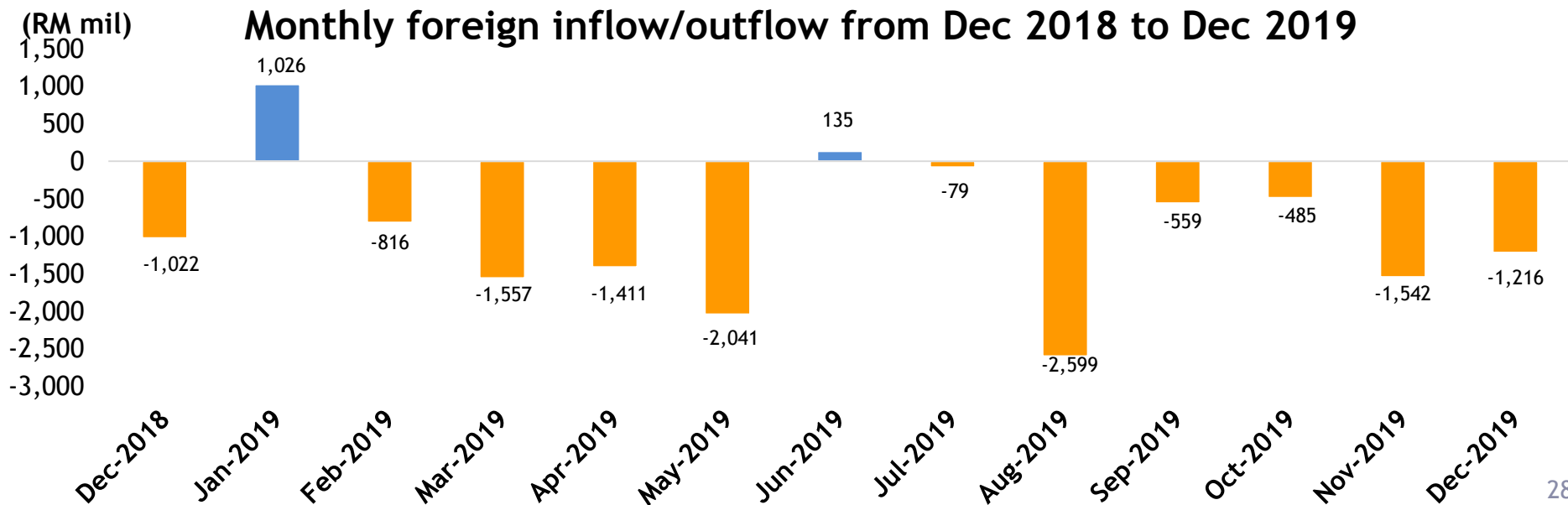


Foreign Inflow/Outflow

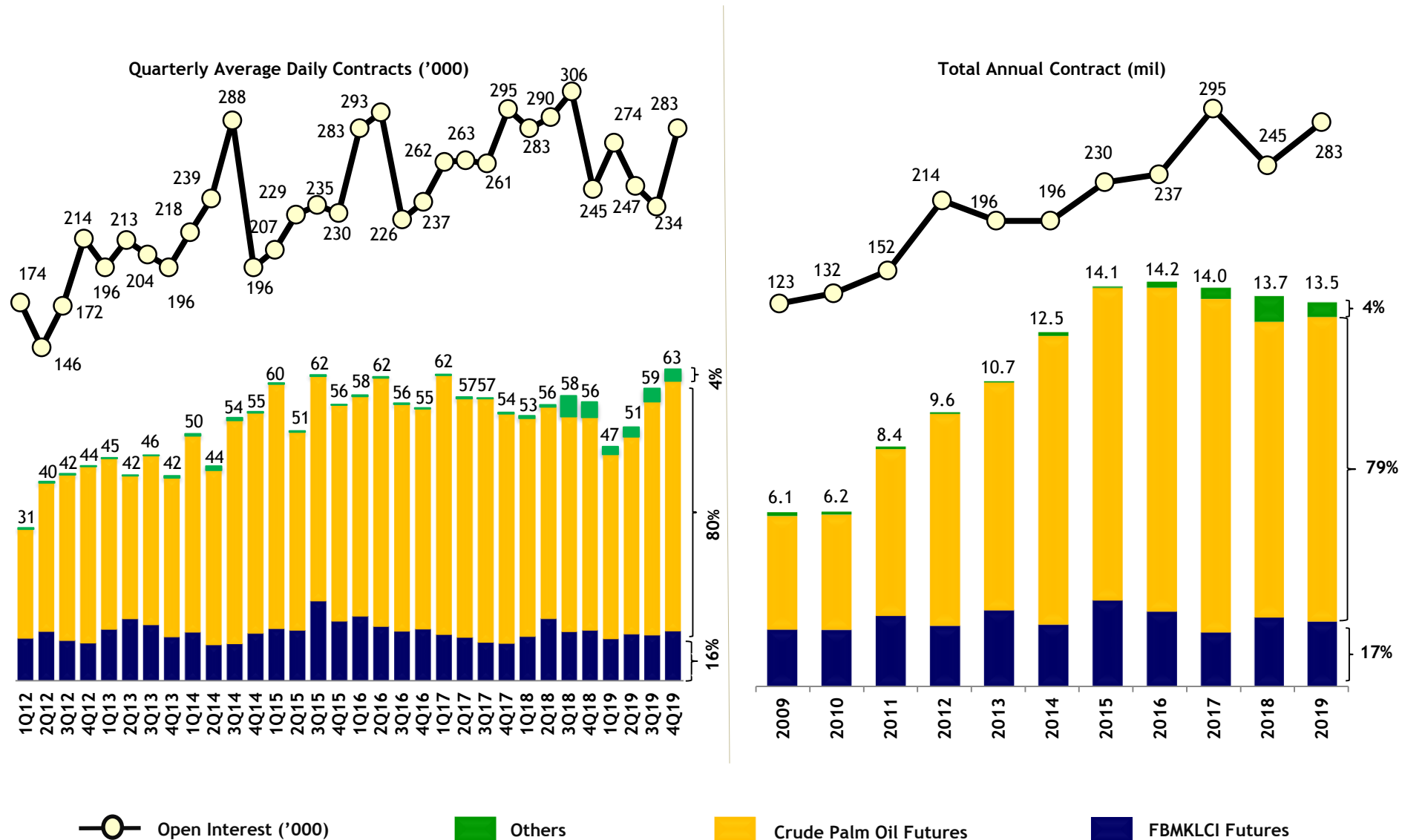
Monthly foreign inflow/outflow from 2014 to 2019



Monthly foreign inflow/outflow from Dec 2018 to Dec 2019



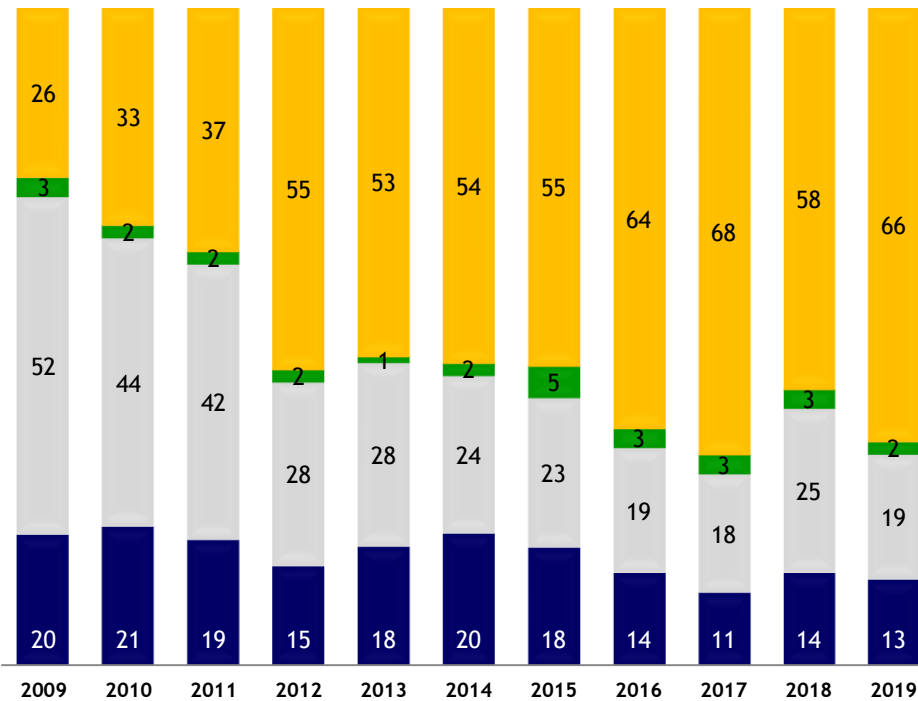
Derivatives Market Activity



Derivatives Market Demography

FKLI

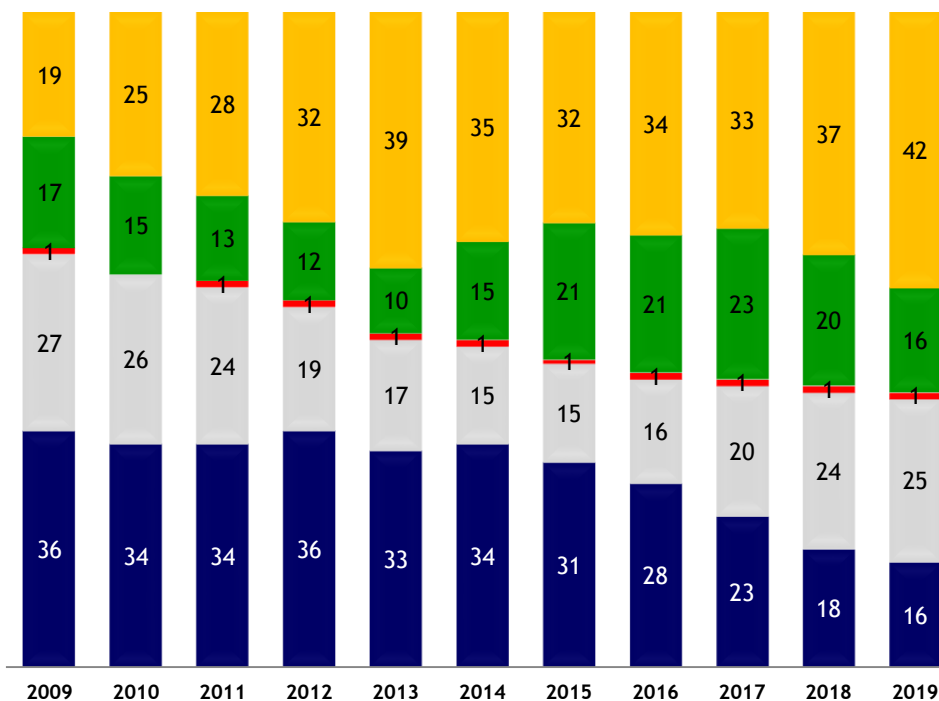
(%)



■ Foreign Institutions ■ Domestic Retail
■ Domestic Institutions ■ Local

FCPO

(%)

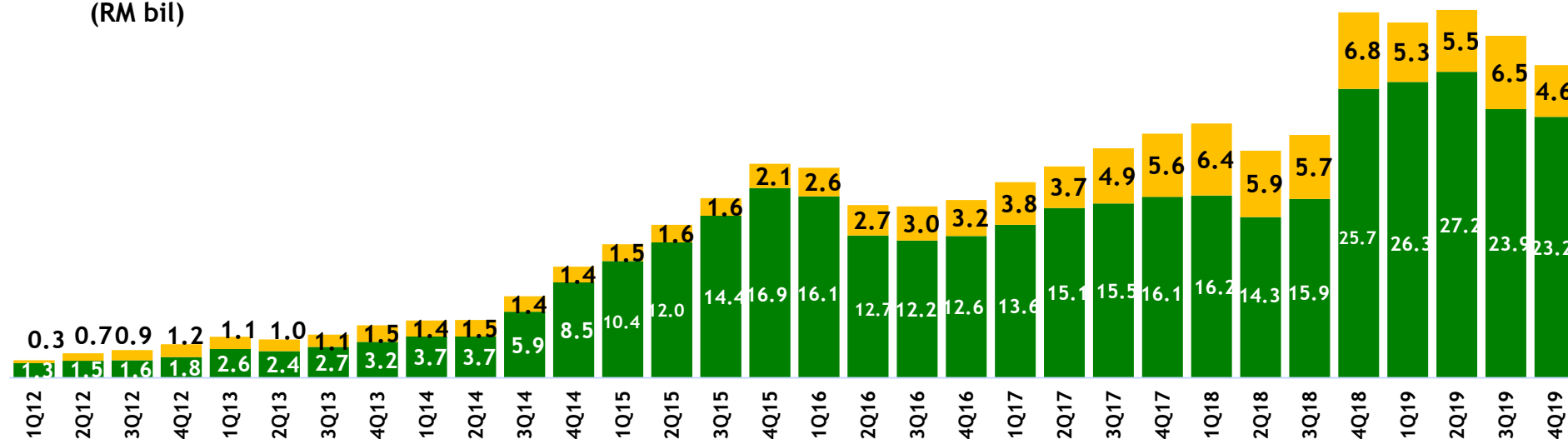


■ Foreign Institutions ■ Foreign Retail ■ Local
■ Domestic Institutions ■ Domestic Retail

Islamic Capital Market Activity

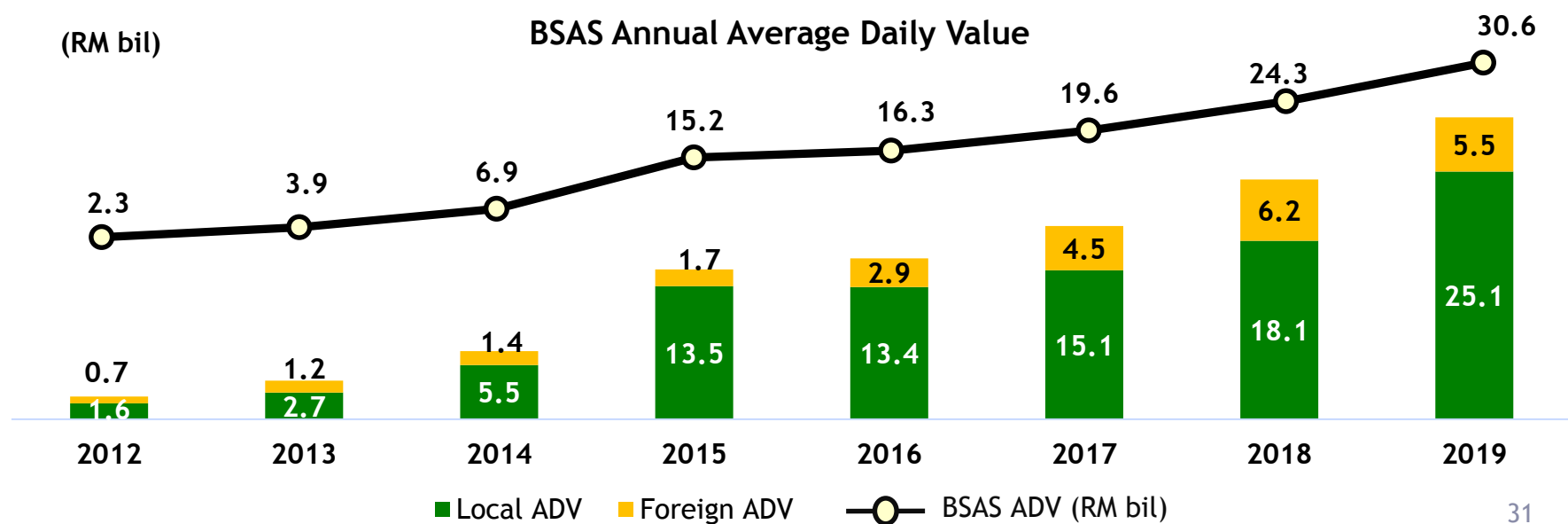
BSAS Quarterly Average Daily Value

(RM bil)



BSAS Annual Average Daily Value

(RM bil)



■ Local ADV ■ Foreign ADV —○— BSAS ADV (RM bil)

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