

1H 2016 Financial Results Analyst & Media Briefing

25 July 2016

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Chief Executive Officer

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Chief Financial Officer



**DRIVING
SUSTAINABILITY**
AND INCLUSIVENESS



- ❖ KEY FINANCIAL HIGHLIGHTS & MARKET PERFORMANCE
- ❖ FINANCIAL REVIEW
- ❖ FOCUS AREA & CONCLUSION
- ❖ APPENDICES



- FINANCIAL HIGHLIGHTS FOR 1H2016
- HALF YEARLY FINANCIAL TREND
- SECURITIES MARKET OVERVIEW
- DERIVATIVES MARKET OVERVIEW
- ISLAMIC CAPITAL MARKET OVERVIEW

Financial Highlights For 1H2016

Improved performance despite global & domestic market challenges



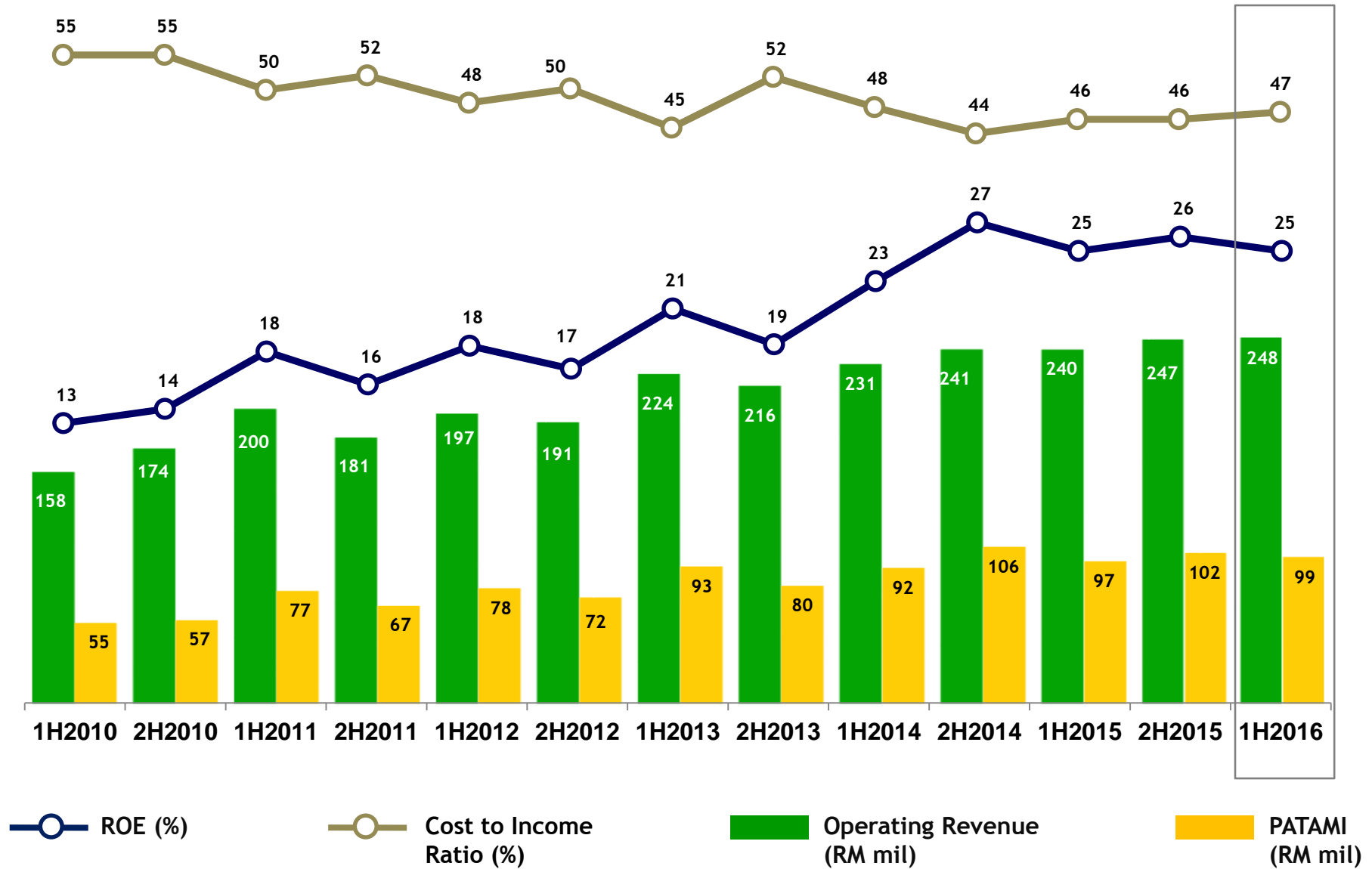
Financial Items	1H2016	1H2015	1H2016 vs. 1H2015
Operating Revenue (RM million)	248.4	240.4	3.3% ▲
Operating Expenses (RM million)	123.6	117.8	5.0% ▲
PATAMI (RM million)	99.4	96.5	3.0% ▲
EPS	18.6 sen	18.1 sen	2.8% ▲
Cost to Income Ratio	47%	46%	1 percentage point ▲
Annualised ROE	25%	25%	↔

1H2016 vs. 1H2015:

- Higher operating revenue contributed by all market segments.
- The increase in operating expenses is mainly due to higher manpower and technology costs.
- Interim dividend of 17 sen, equivalent to 91.7% payout to be paid on 19 August 2016.

Half Yearly Financial Trend

Strong Operating Revenue performance

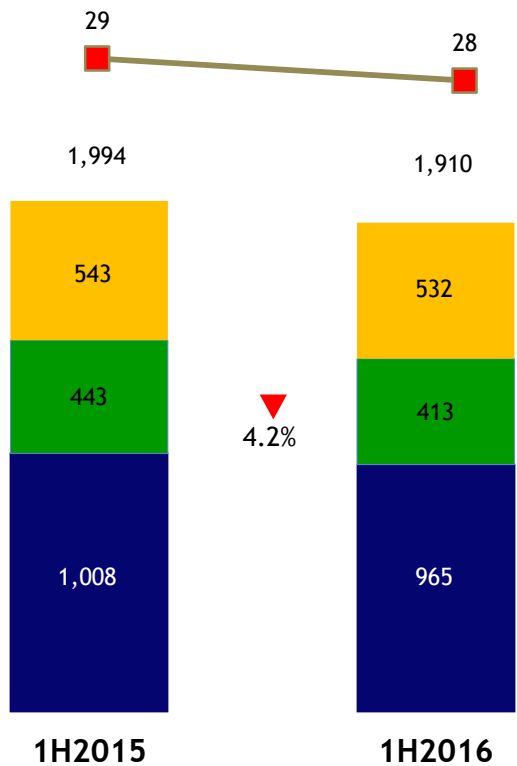


Securities Market Overview

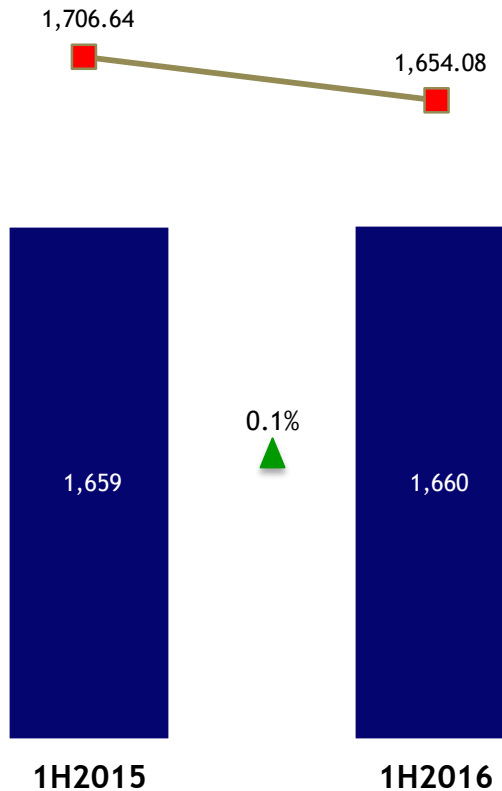
Lower ADV influenced by market sentiments



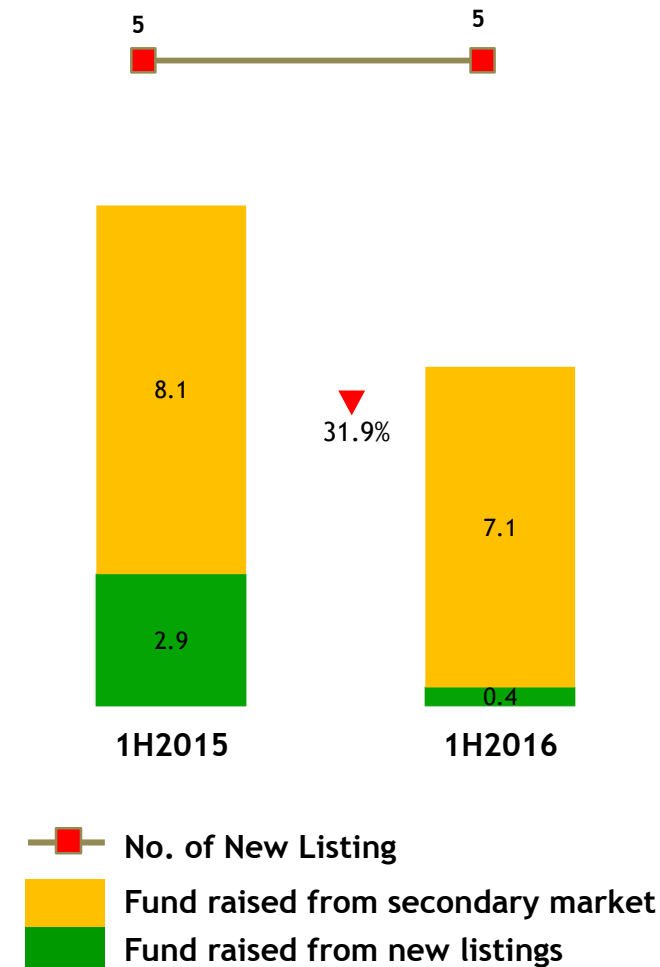
Average Daily Value (“ADV”) (OMT)(RM mil)



Market Capitalisation (RM bil)



Fund Raised from New Listings & Secondary Market (RM bil)



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

- FBMKLCI
- Market Capitalisation

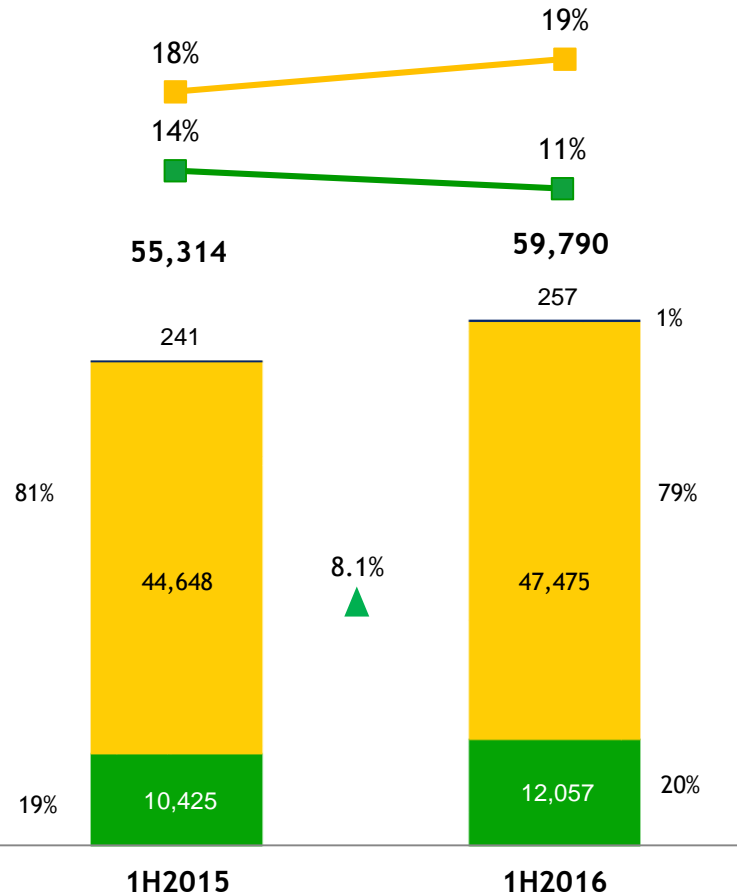
- No. of New Listing
- Fund raised from secondary market
- Fund raised from new listings

Derivatives Market Overview

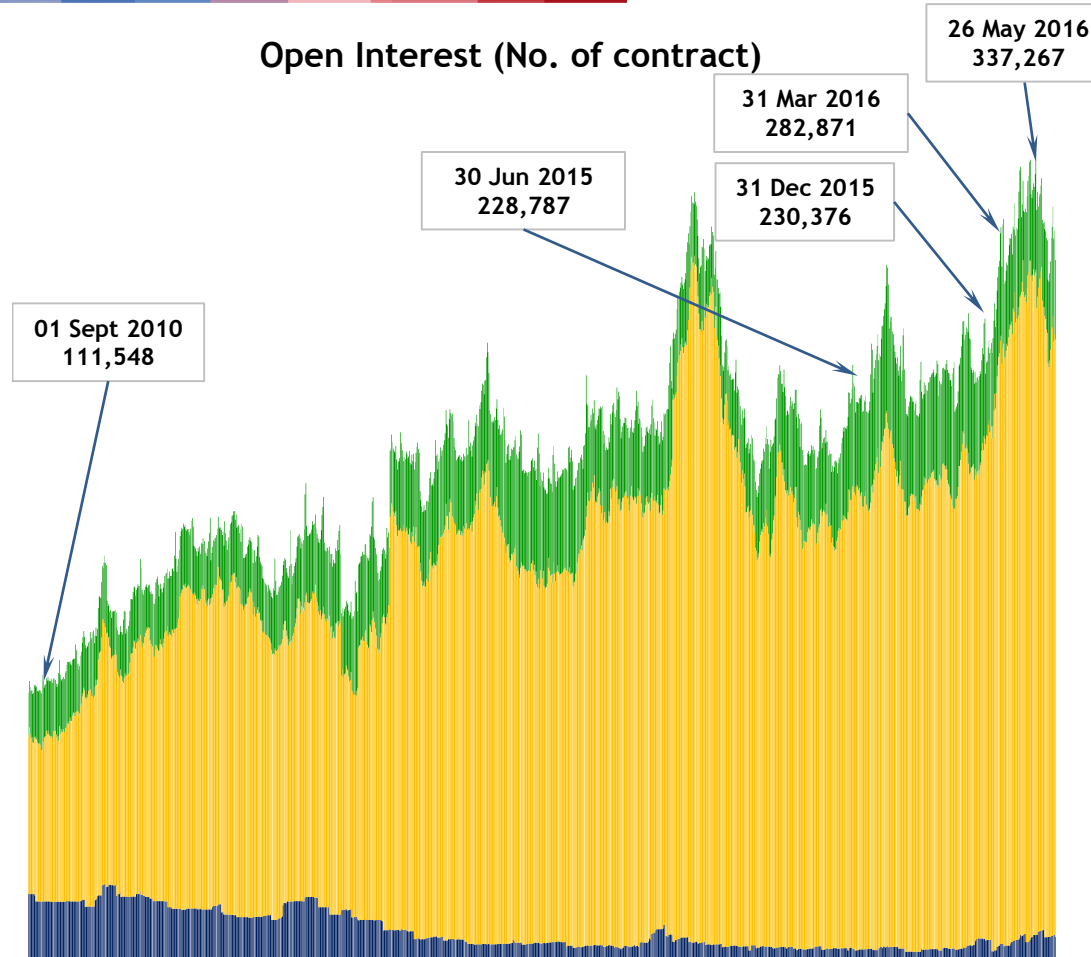
Continuous growth in FCPO and FKLII contracts



Average Daily Contracts (“ADC”) & Volatility



Open Interest (No. of contract)



FBMKLCI Futures

Crude Palm Oil Futures

Others

Volatility of FBMKLCI

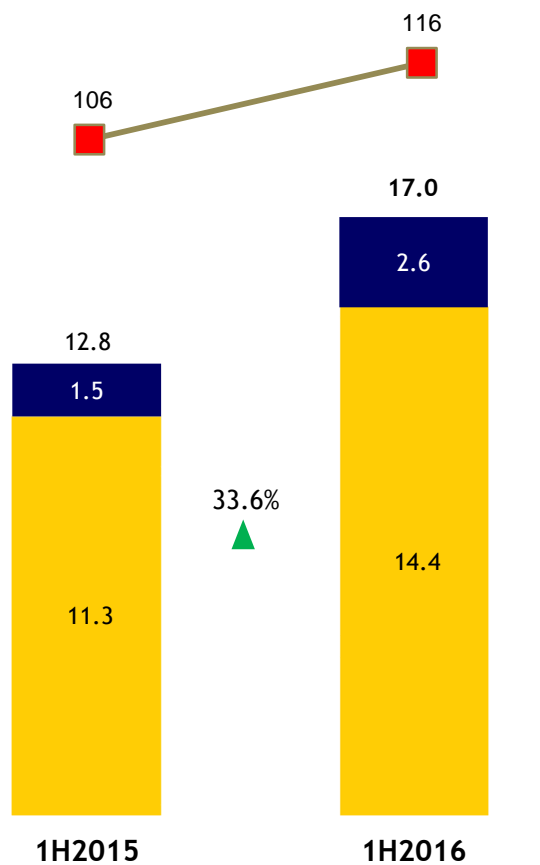
Volatility of Crude Palm Oil Prices

Islamic Capital Market Overview

Higher BSAS trades following the adoption of Murabaha principle and higher usage of Tenor Based Pricing

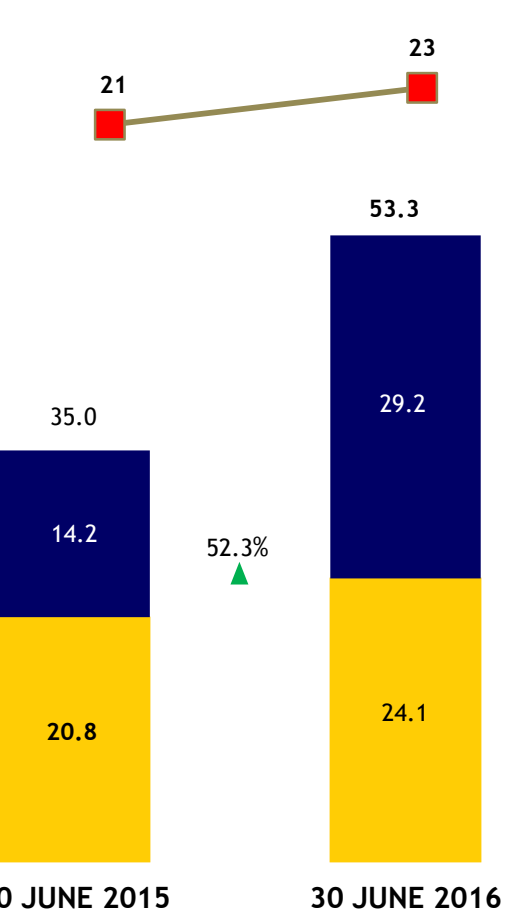


Bursa Suq Al-Sila' ("BSAS") ADV (RM bil)



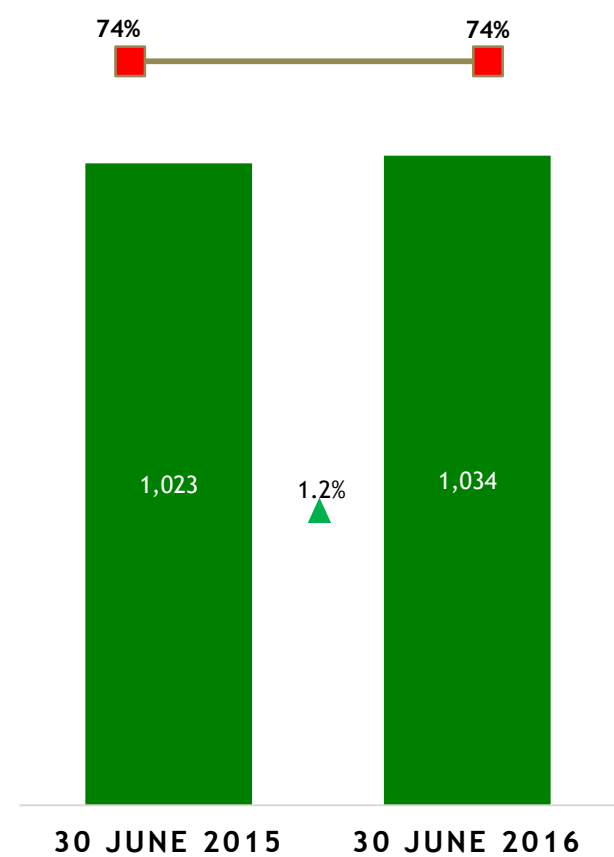
—■— No. of Trading Participants
 ■ Domestic ■ Foreign

Value of Listed Sukuk (USD bil)

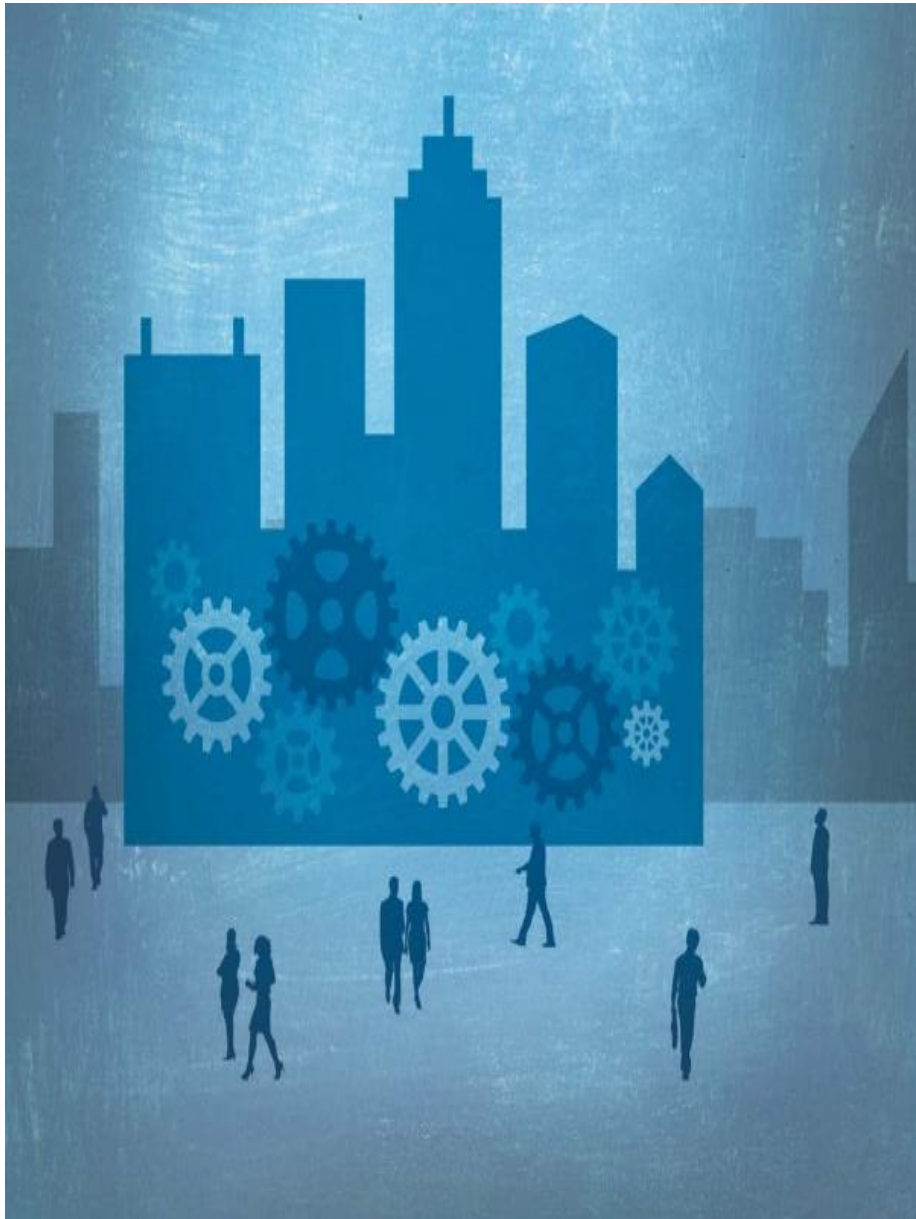


—■— No. of Sukuk
 ■ Domestic ■ Foreign

Market Capitalisation of Shariah Compliant Stocks (RM bil)



—■— No. of Shariah Compliant Stocks (%)
 ■ Market Capitalisation of Shariah Compliant Stocks



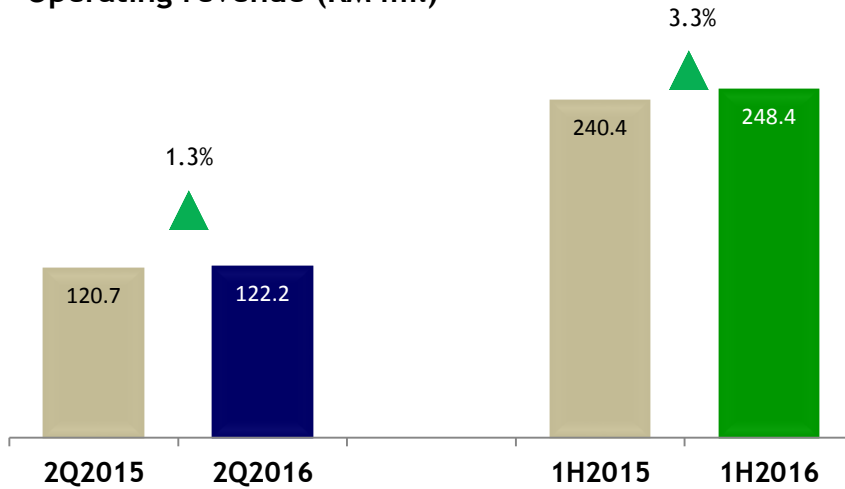
- Financial Snapshot
- Operating Revenue
- Operating Expenses
- Dividends

Financial Snapshot

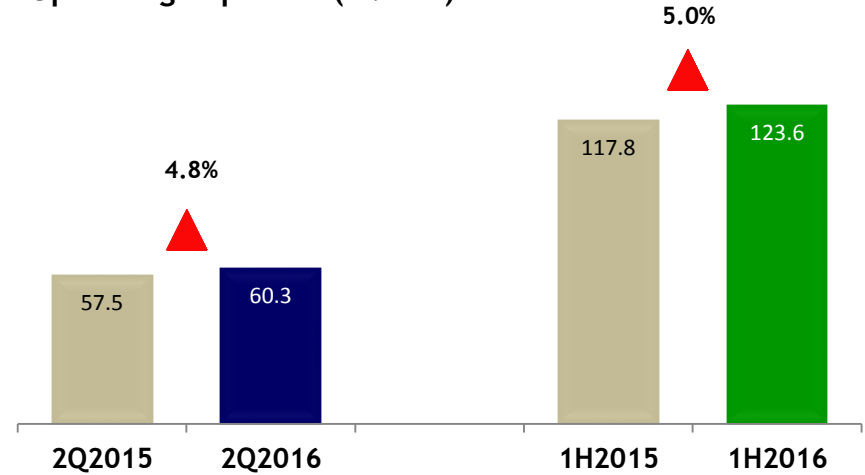
Marginal growth in 1H16 Operating Revenue & PATAMI amidst challenging period



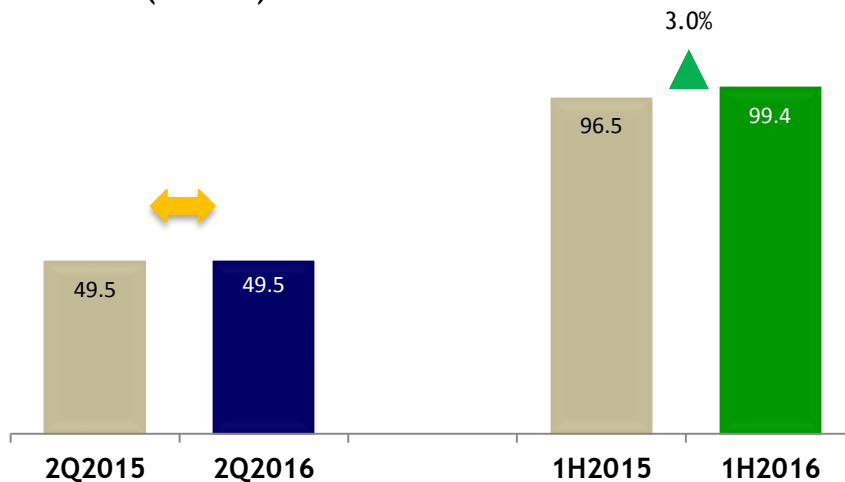
Operating revenue (RM mil)



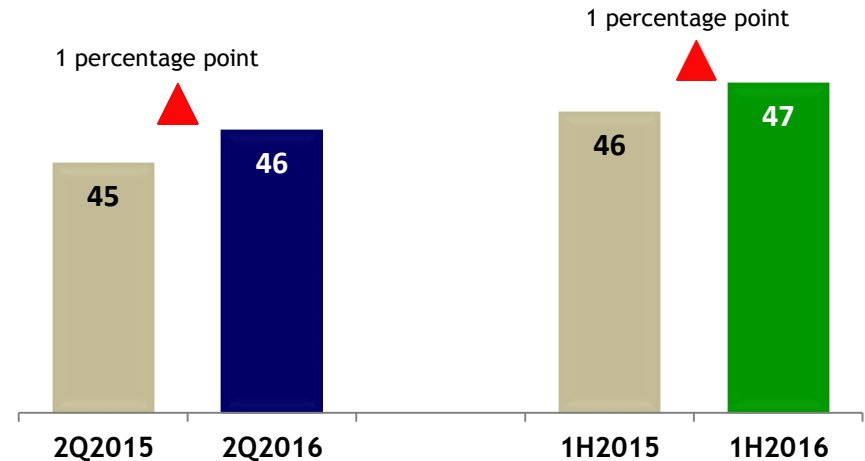
Operating expenses (RM mil)



PATAMI (RM mil)

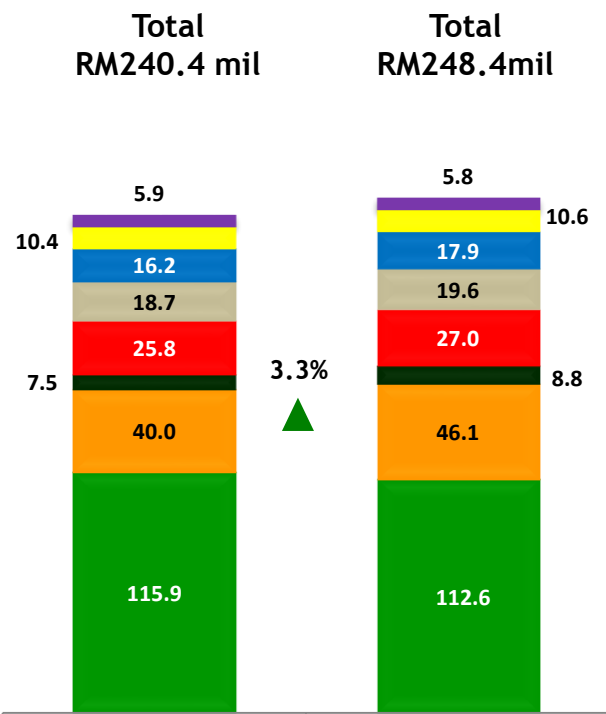


Cost-to-income (%)

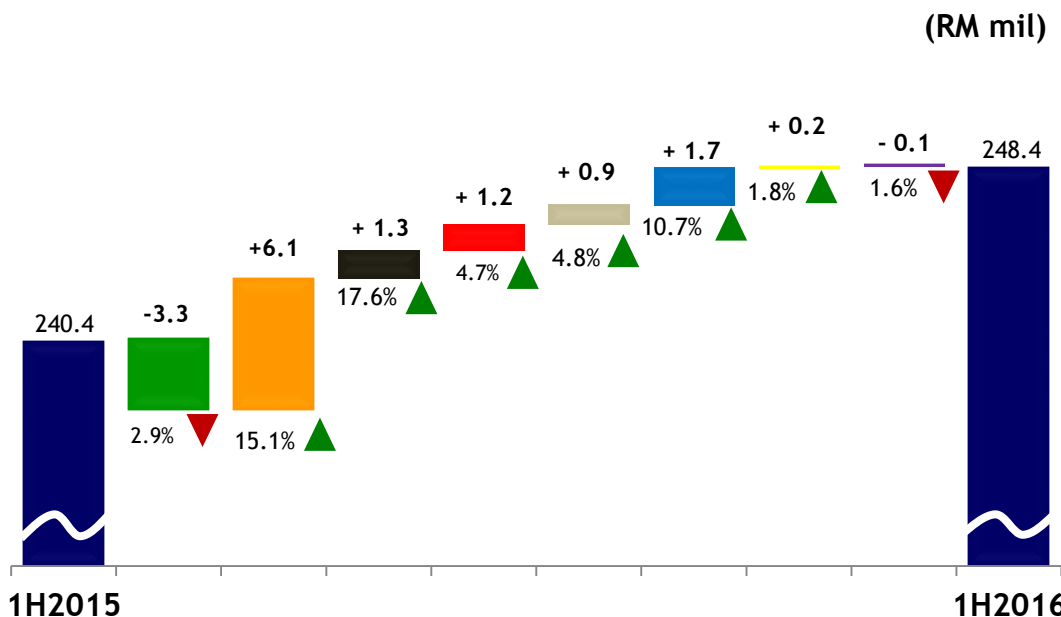


Operating Revenue

Growth contributed mainly by Derivatives trading and Market Data



Growth contribution by revenue streams:



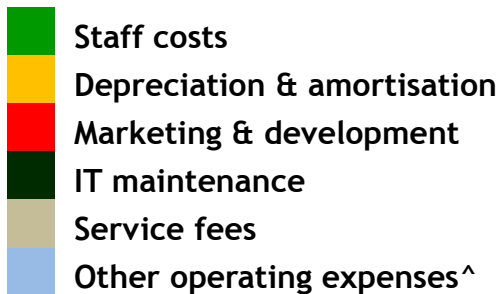
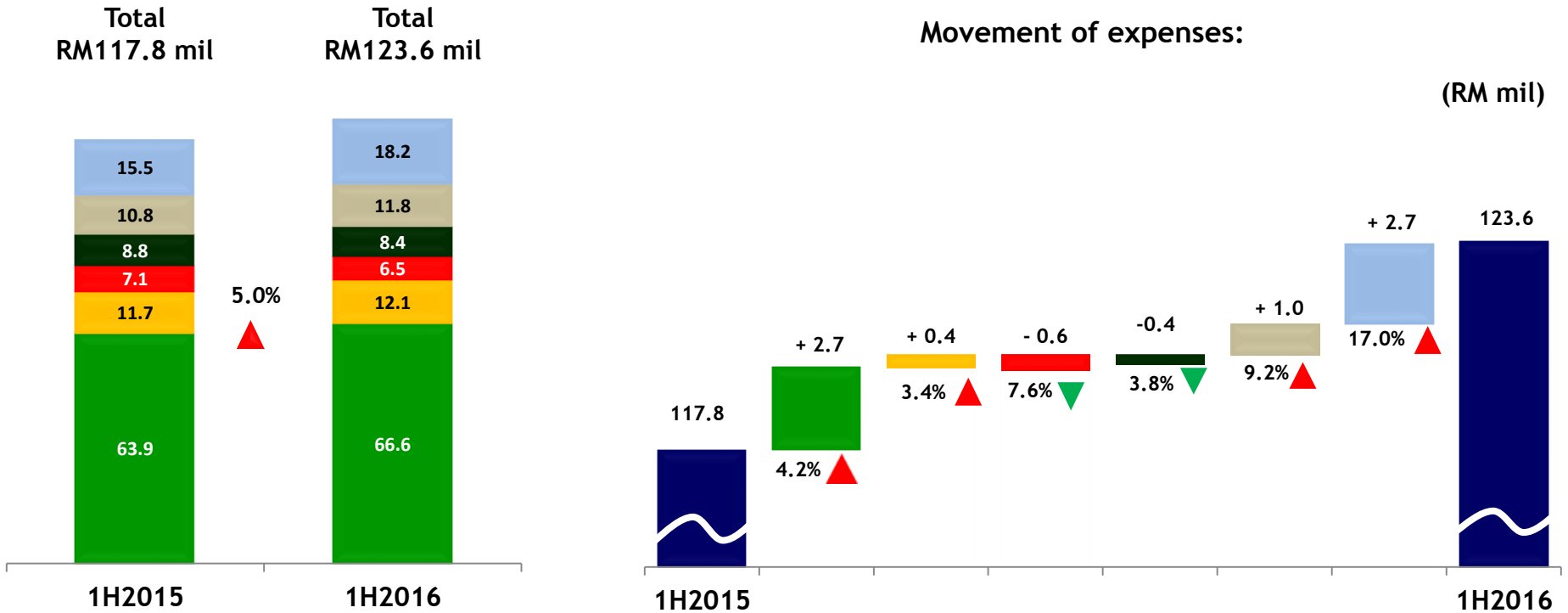
- 1H2015
- 1H2016
- Securities Trading Revenue
- Derivatives Trading Revenue
- BSAS Trading Revenue
- Listing & Issuer Services
- Depository Services
- Market Data
- Member Services & Connectivity
- Other Operating Revenue*

- Lower Securities trading revenue was due to lower ADV seen YoY.
- Growth in Derivatives trading revenue was attributed to higher number of contracts and higher open interest position.
- BSAS trading revenue increased due to higher conversion of deposits to Murabaha principle and increasing usage of tenor based pricing.
- Market data revenue increased due to higher number of subscribers.

Note* - Other operating revenue mainly includes conference & exposition income

Operating Expenses

1H2016 operating expenses increased 5.0% YoY

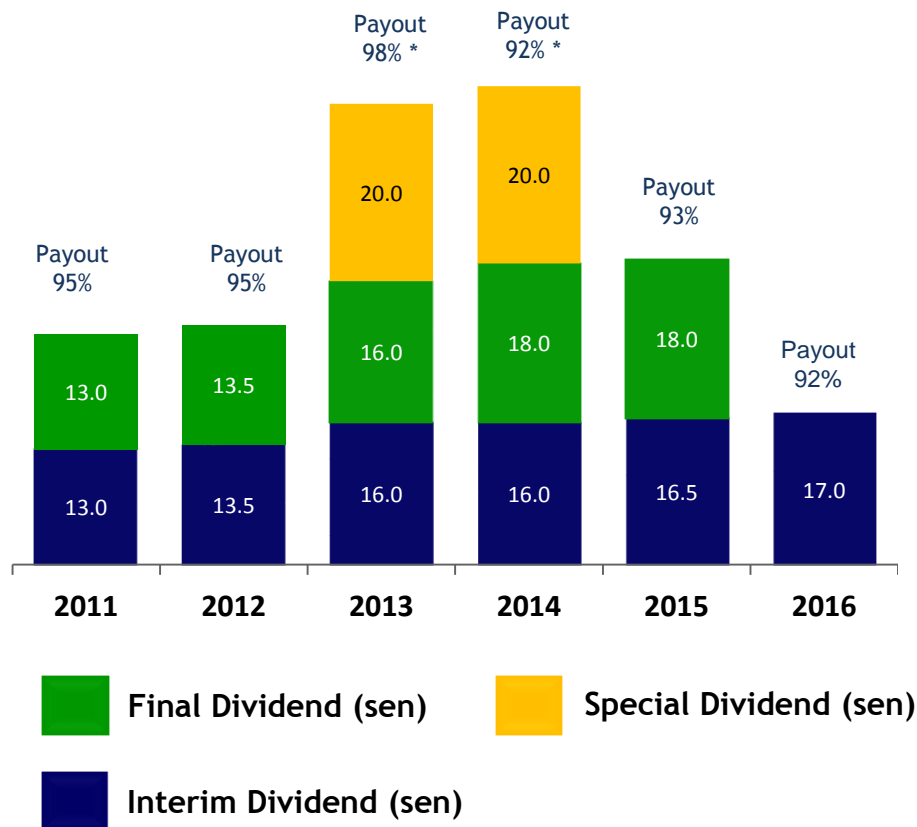


- Staff cost increased due to annual increment.
- Higher service fees due to higher YoY Derivatives ADC.
- Higher other operating expenses mainly due to advisory fees.

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

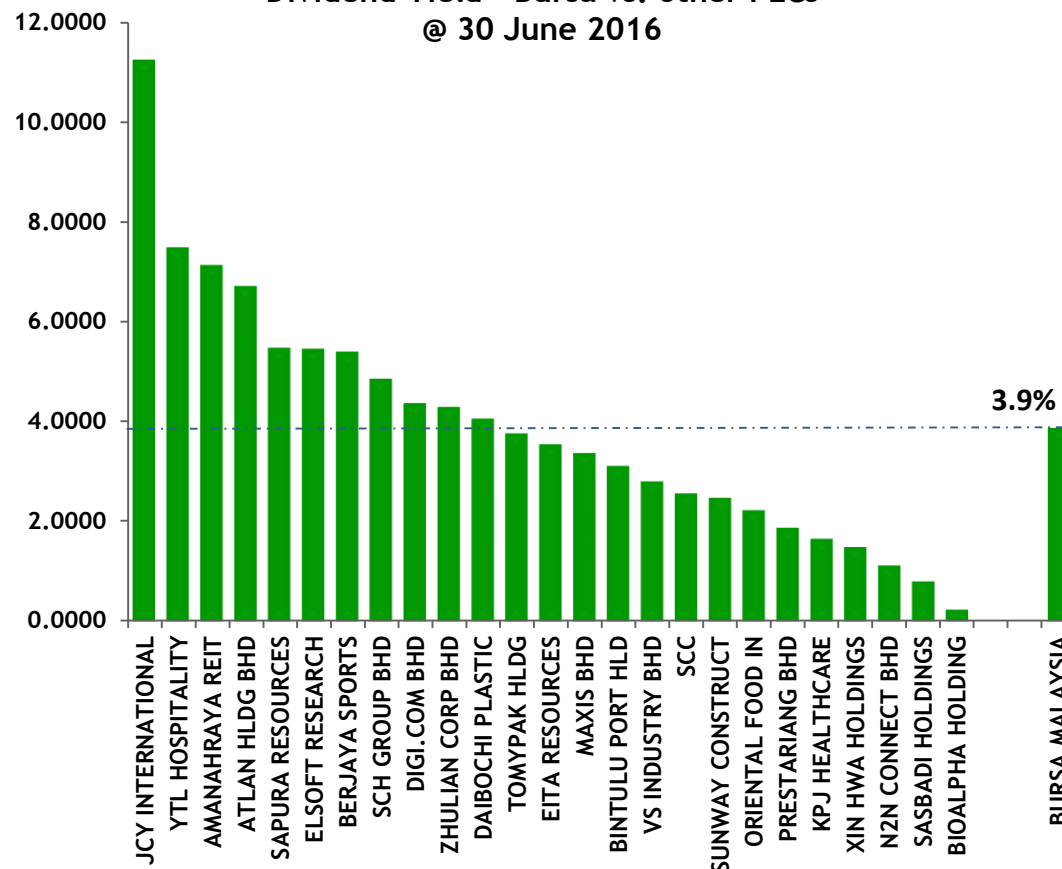
Dividends

Maintained high dividend payout to shareholders



* Exclude special dividend

Dividend Yield - Bursa vs. other PLCs
@ 30 June 2016



Source: Bloomberg and Bursa Malaysia

Proposed interim dividend of 17.0 sen. The entitlement and payment dates for the interim dividend are 9 August 2016 and 19 August 2016 respectively.



- Highlights of 1H2016 Initiatives
- Focus Areas
- Moving Forward

SI 1

Create a More
Facilitative **TRADING**
ENVIRONMENT

- Extended “Green Lane Policy” to eligible futures brokers & eligible general clearing participants.

SI 2

Facilitate More
TRADABLE ALTERNATIVES

- Launched call and put warrants over the Standard & Poor’s 500 Index.

SI 3

Reshape
MARKET STRUCTURE &
FRAMEWORK

- Amended Listing Requirements to raise the standards of disclosure of Corporate Governance practices.
- Launched the Equities Margining Framework.

SI 4

REGIONAL MARKETPLACE
with Global Access
(Centre of ASEAN)

- Launched FTSE4GOOD ASEAN 5 Index.
- Signed MoU with Taiwan Stock Exchange to undertake joint study to explore capital market opportunities.

Focus 1: Value Extraction



Focus 2: Build for the Future



SI 1

Create a More Facilitative TRADING ENVIRONMENT

SI 2

Facilitate More TRADABLE ALTERNATIVES

SI 3

Reshape MARKET STRUCTURE & FRAMEWORK

SI 4

REGIONAL MARKETPLACE with Global Access (Centre of ASEAN)

SECURITIES MARKET

- The second quarter saw reversals in foreign funds from the Malaysian equity market after a strong inflow in the first quarter of the year.
- The Securities Market performance continues to be influenced by global and local economic and market conditions.
- Domestic liquidity will continue to provide support to the equity market given the country's strong economic fundamentals and sound financial system.

DERIVATIVES MARKET

- Derivatives Market activities will continue to be spurred by the volatility in commodity prices and FBM KLCI.

ISLAMIC CAPITAL MARKET

- Transactions on Bursa Suq Al-Sila' are expected to be sustained with the demand for Murabaha contracts to aid liquidity management.

Given the above factors, the Exchange remains cautiously optimistic on its performance for the year, and is committed with its initiatives in making the Malaysian equity and derivatives markets more attractive and vibrant.

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Q & A

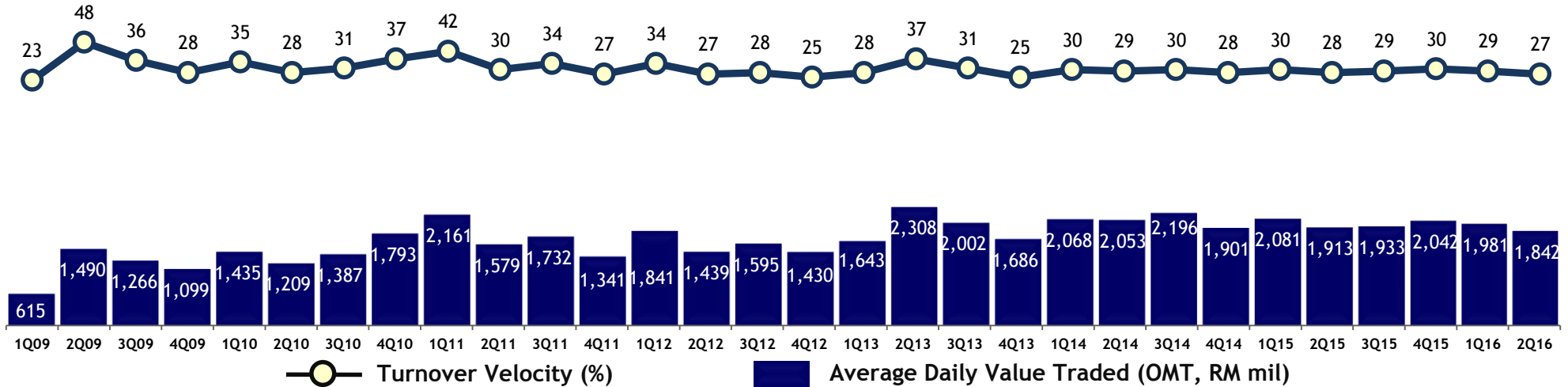


FTSE4Good

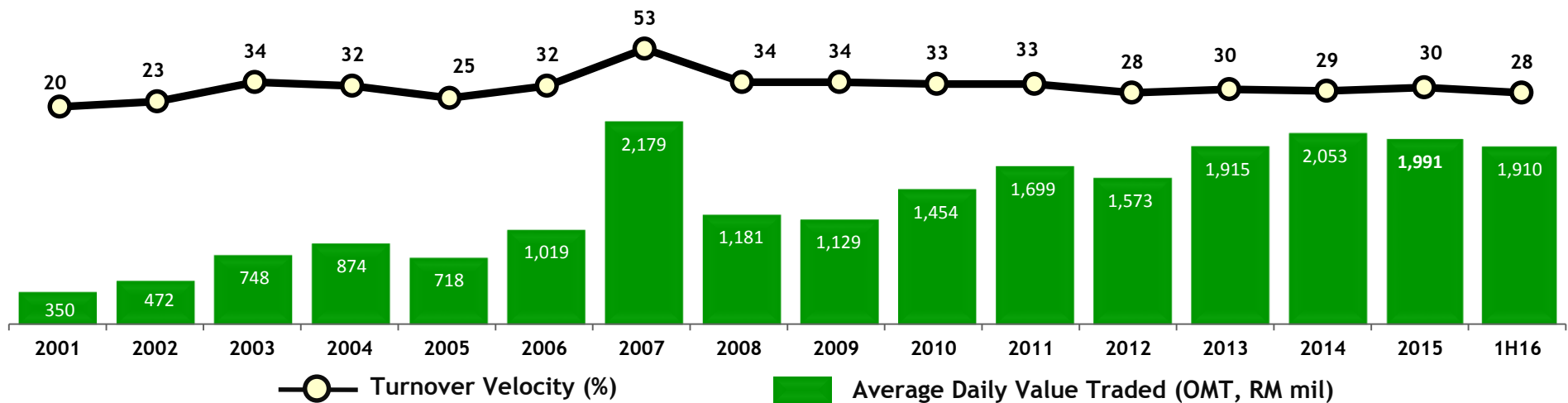
- Securities Market Trading Activity
- Securities Market Trading Participation
- Securities Market Foreign Ownership
- Foreign Inflow/Outflow
- Derivatives Market Activity
- Derivatives Market Demography
- Islamic Capital Market Activity

Securities Market Trading Activity

Quarterly ADV Traded & Velocity

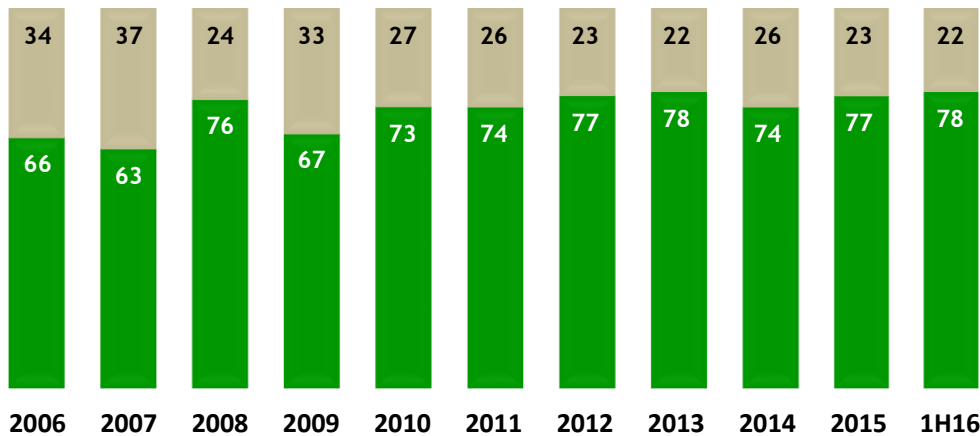
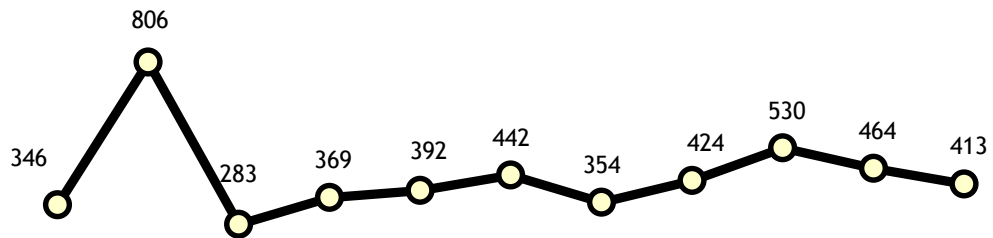


Annual ADV Traded & Velocity



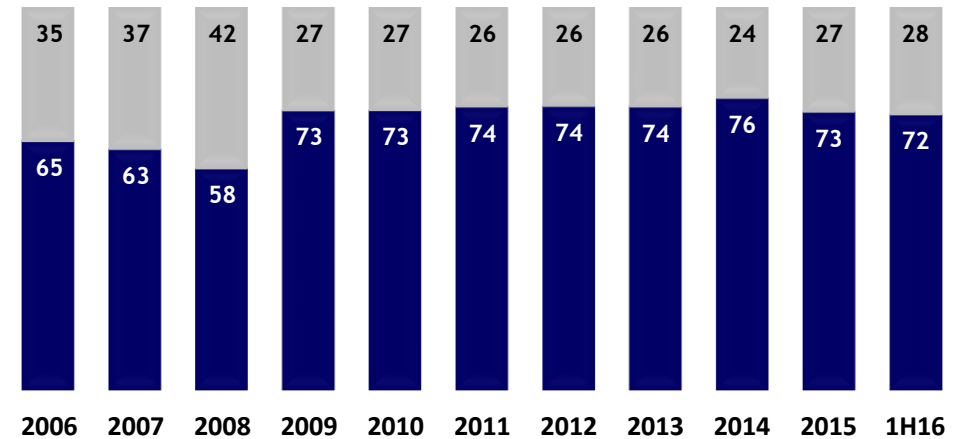
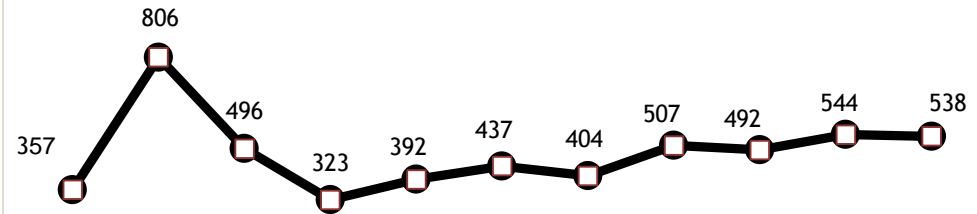
Securities Market Trading Participation

Retail vs Institution



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

Foreign vs Local

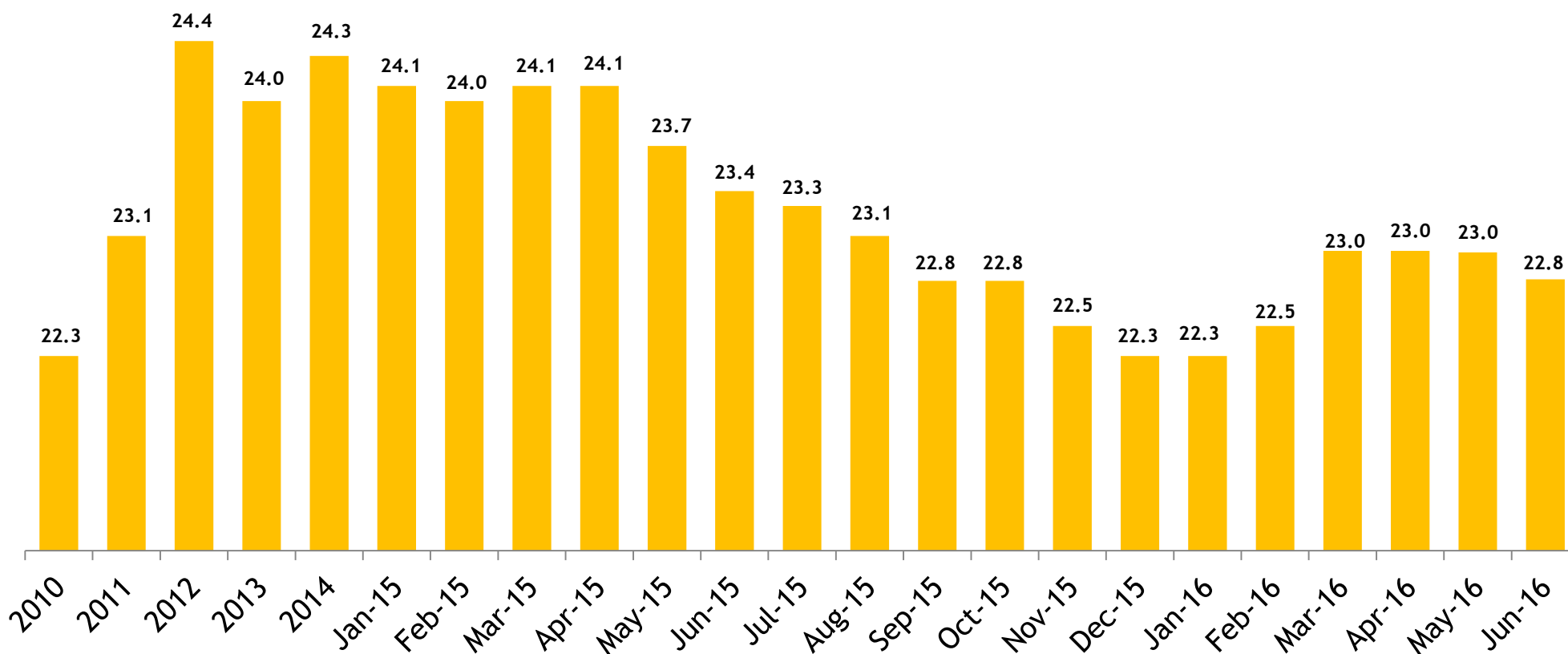


Foreign ADV Traded (RM mil)
 Foreign (%)
 Local (%)

From 2006 to 2009, the statistics were based on Brokers' submission. From 2010 onwards statistics were based on Bursa's internal system.

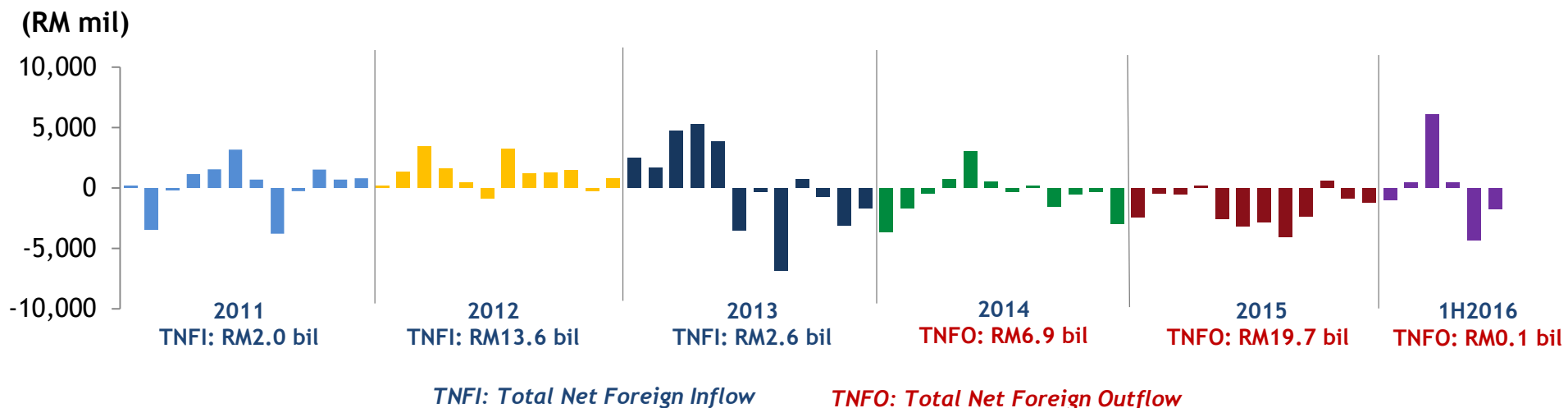
Securities Market Foreign Ownership

Based on Market Capitalisation (%)

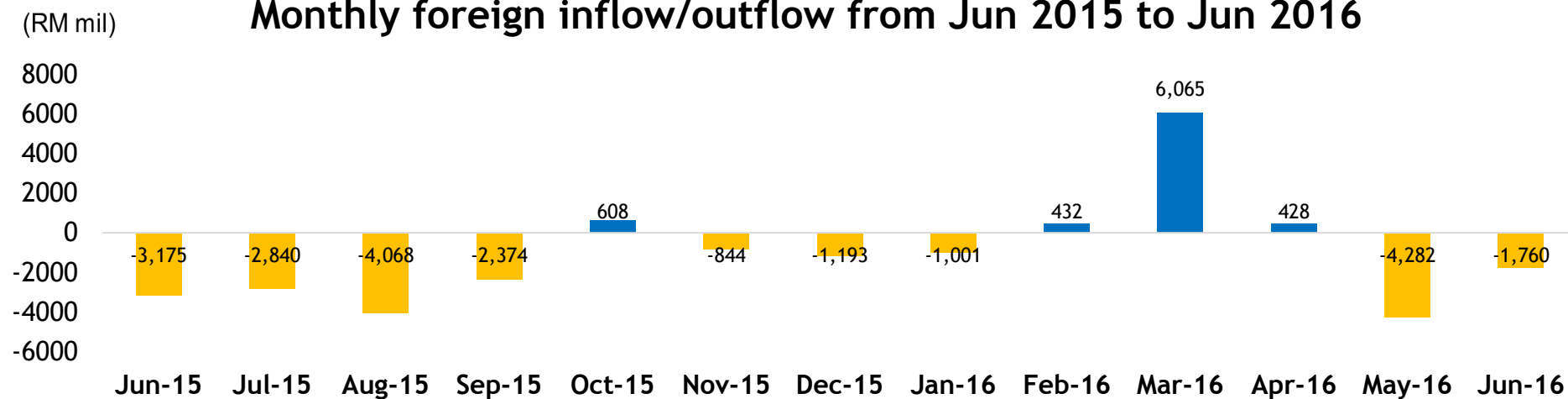


Note: Previously, foreign shareholdings are computed based on the investor's country of incorporation. To be more reflective of the actual foreign shareholdings in the equity market, from January 2016 onward, the foreign shareholdings are computed based on the nationality of investors. On this basis, we have adjusted all the numbers above accordingly.

Monthly foreign inflow/outflow from 2011 to 2016

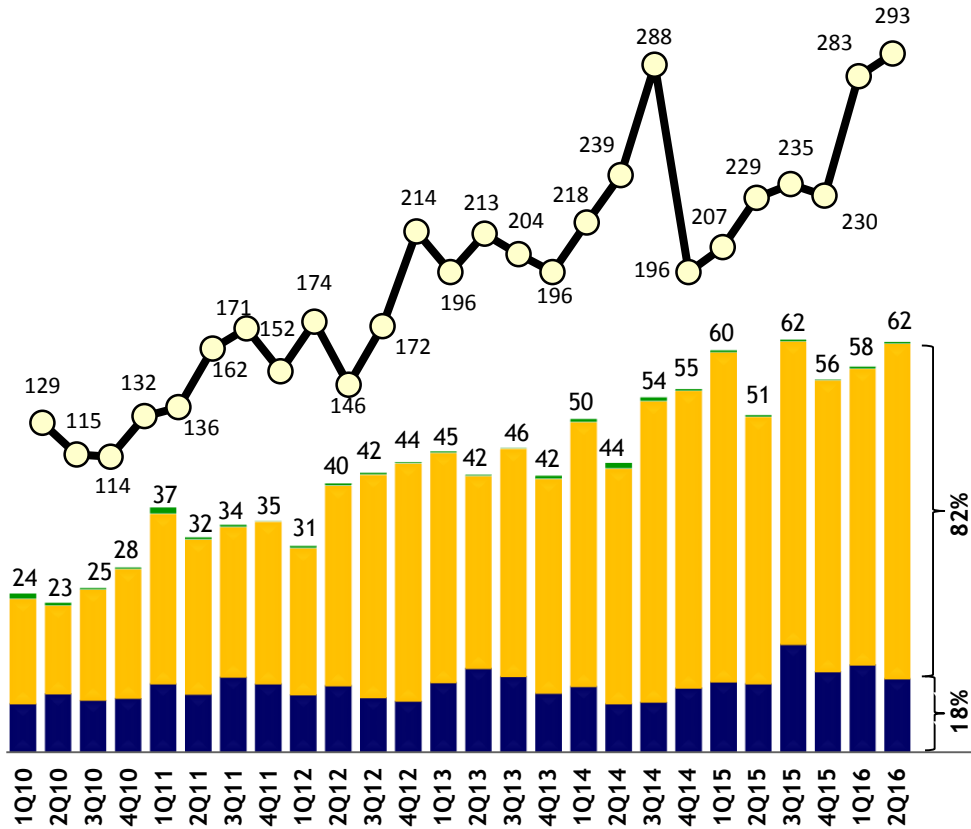


Monthly foreign inflow/outflow from Jun 2015 to Jun 2016

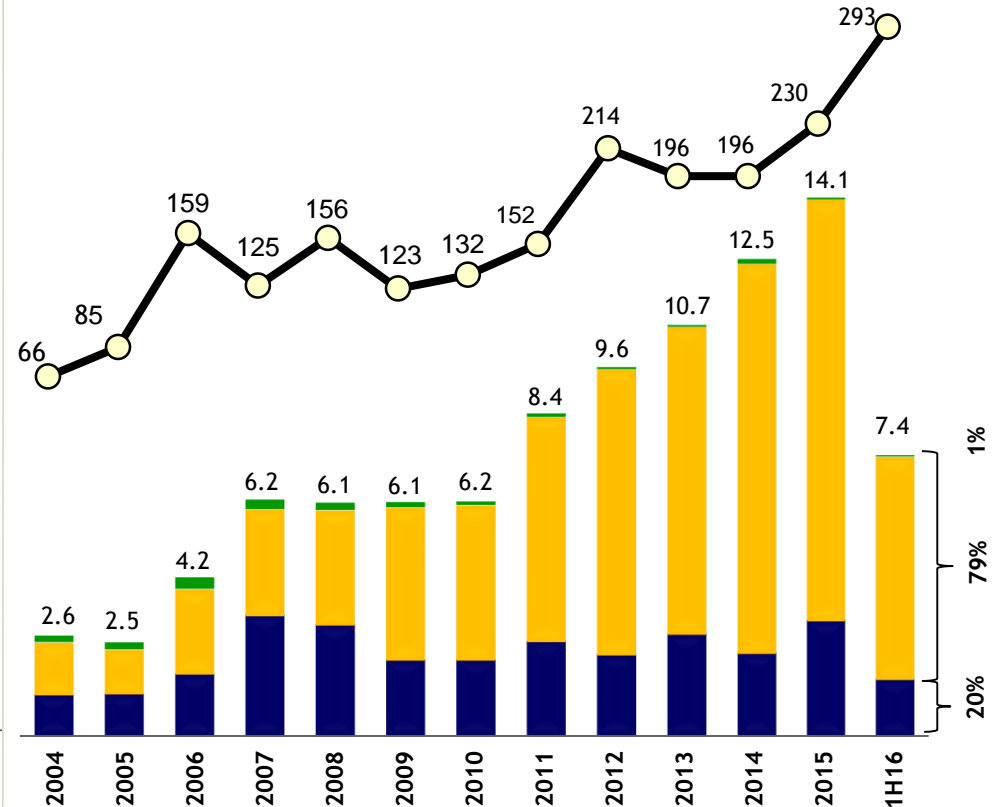


Derivatives Market Activity

Quarterly Average Daily Contracts ('000)



Total Annual Contract (mil)



○ Open Interest ('000)

■ Others

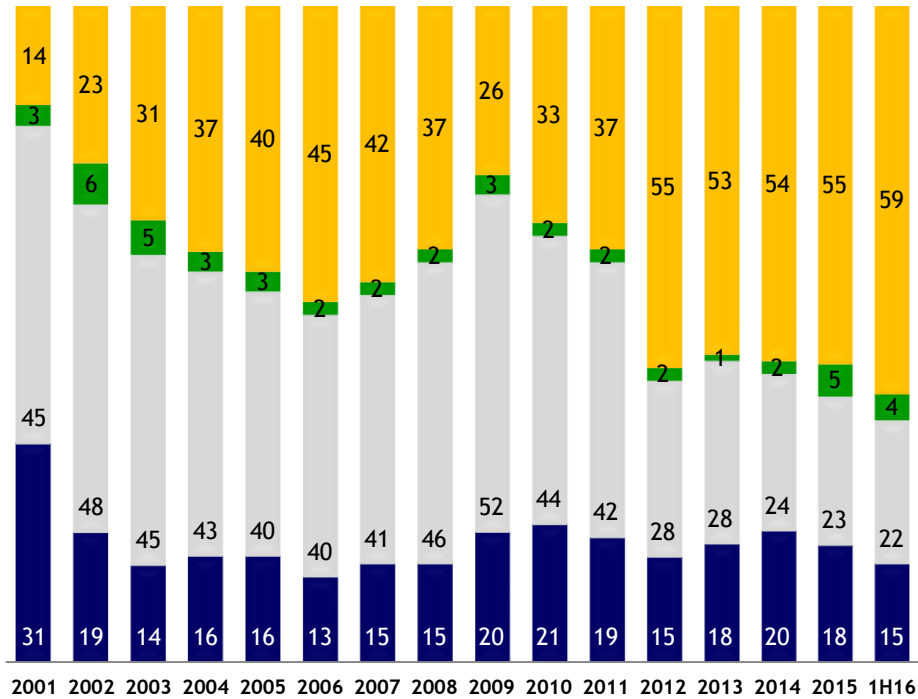
■ Crude Palm Oil Futures

■ FMBKLCI Futures

Derivatives Market Demography

FKLI

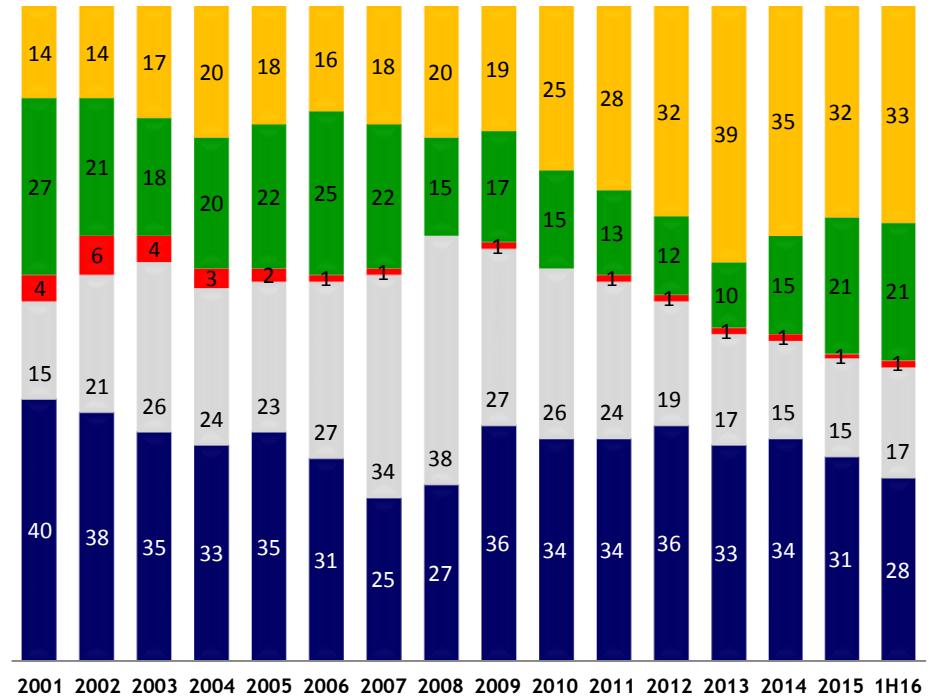
(%)



■ Foreign Institutions ■ Domestic Retail
■ Domestic Institutions ■ Local

FCPO

(%)

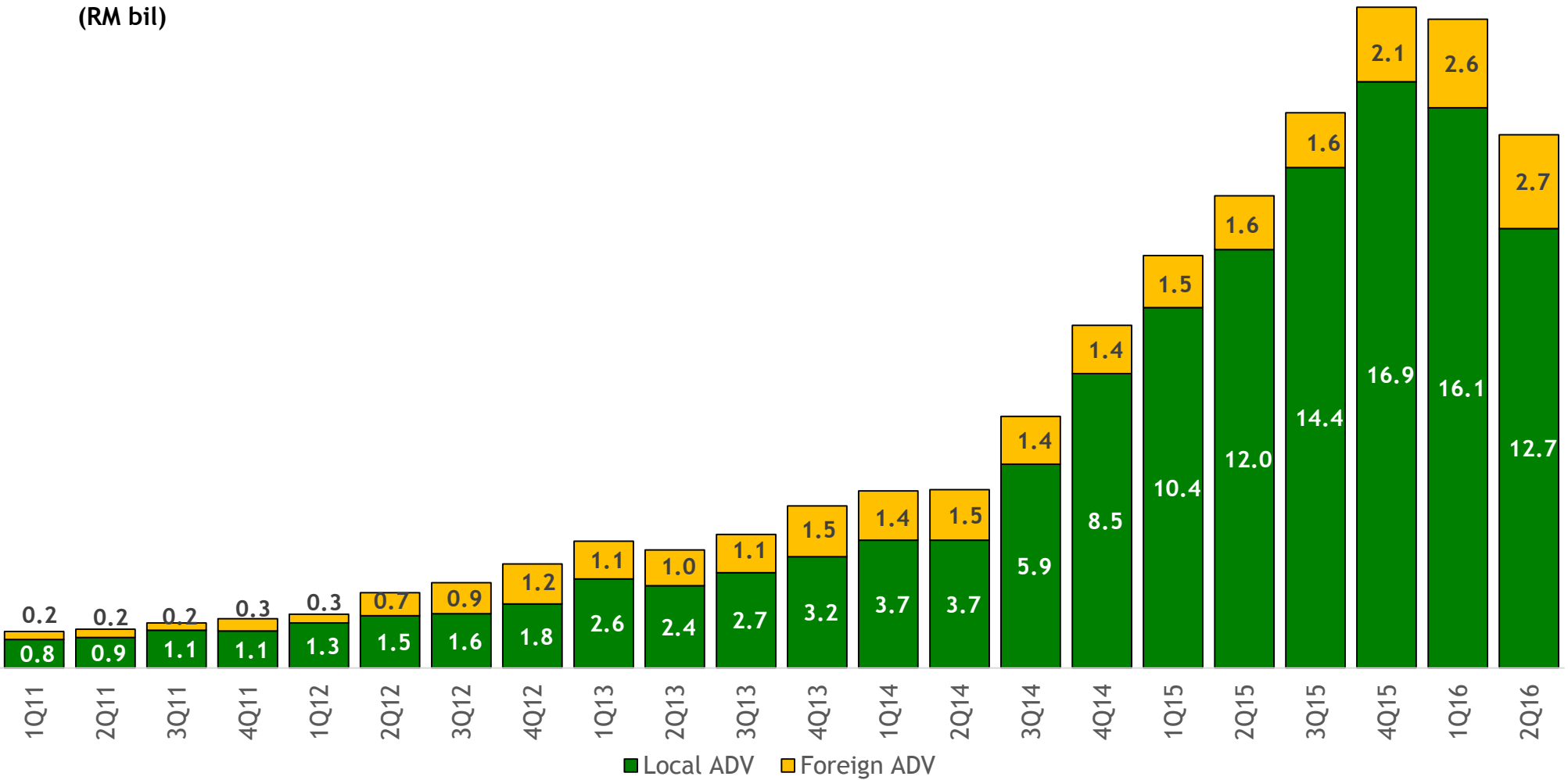


■ Foreign Institutions ■ Foreign Retail ■ Local
■ Domestic Institutions ■ Domestic Retail

Islamic Capital Market Activity

BSAS Average Daily Value

(RM bil)



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