



INCLUSIVE SUSTAINABLE

ASEAN'S  
MARKETPLACE

30 July 2018

# 1H2018 Financial Results Analyst & Media Briefing

**Datuk Seri Tajuddin Atan**  
Chief Executive Officer

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Chief Financial Officer



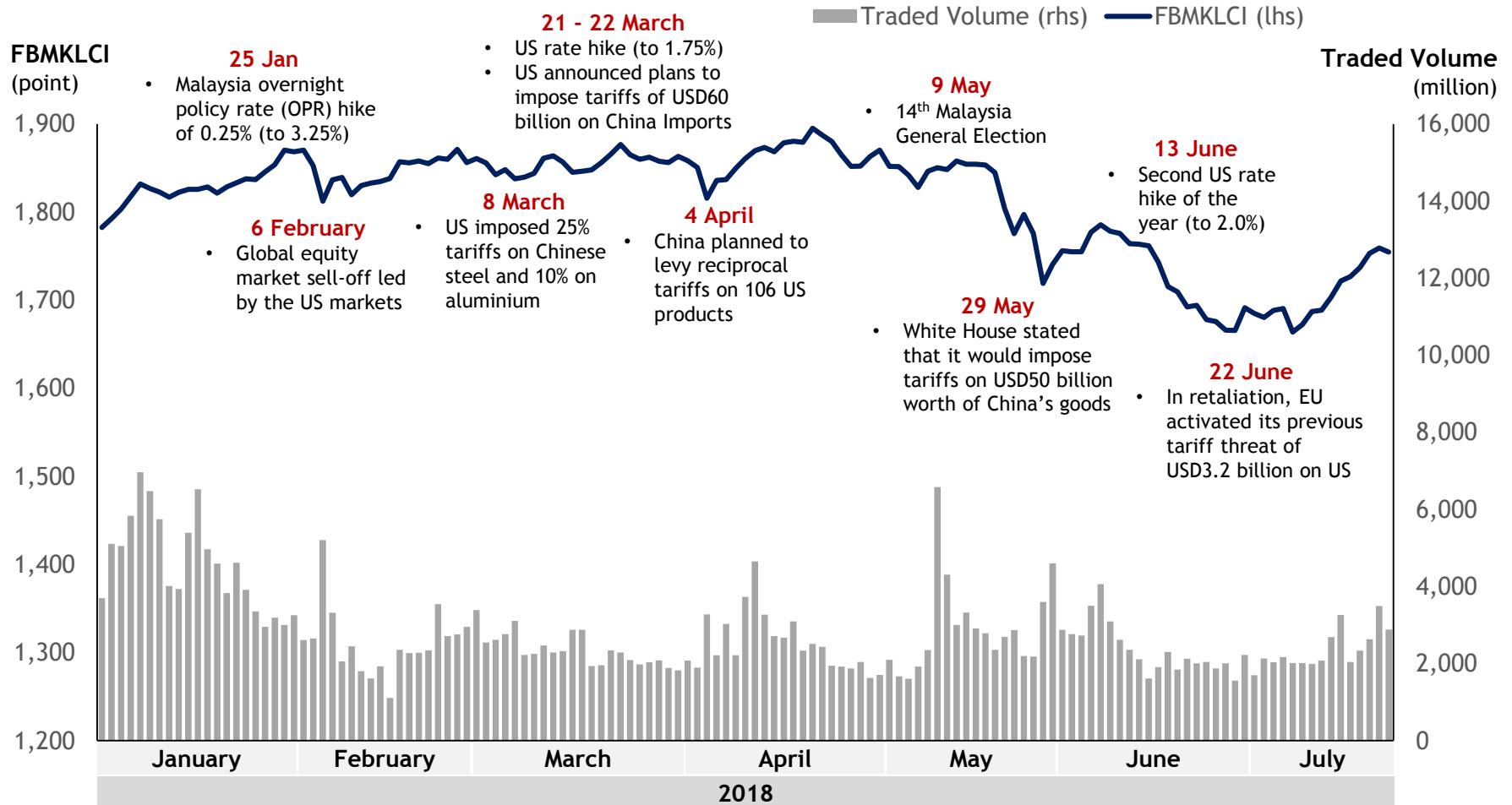
# Agenda

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

# Market Recap

# Recapping on selected key global and local events

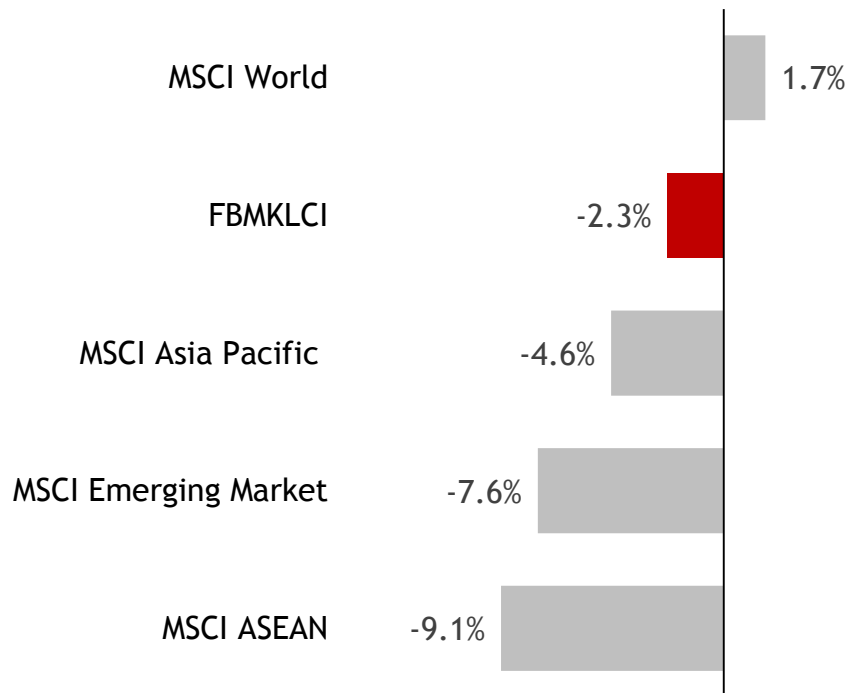
## FBMKLCI Year-to-date (YTD) Performance As at 20 July 2018



## FBMKLCI has been relatively resilient among the regional peers

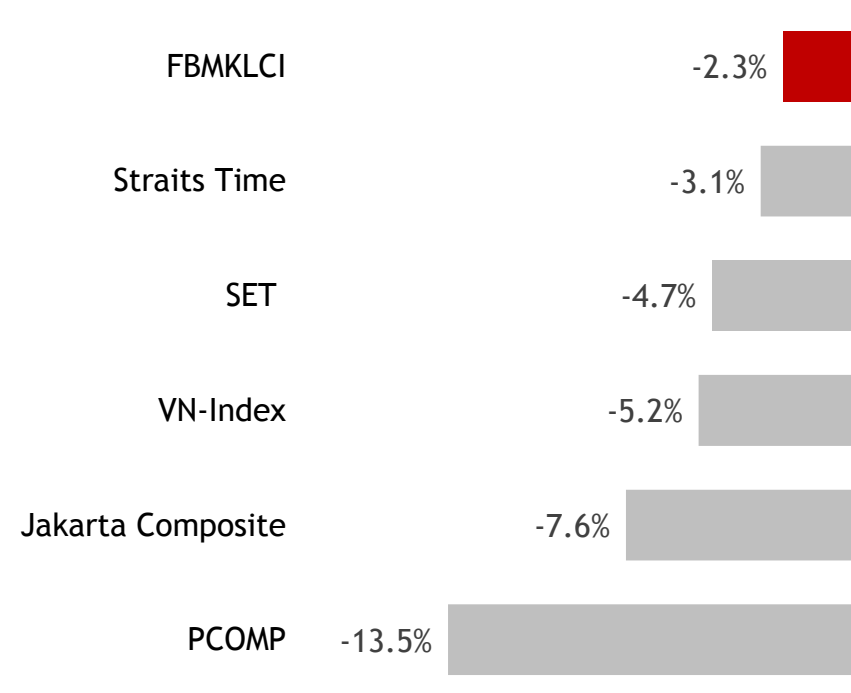
- After a bullish 2017, 2018 saw the global equity market navigating through rougher patches, as central banks around the globe are tightening the monetary policy and the rising tension between US and other global trade partners.

### Performance of FBMKLCI against MSCI Indices YTD 20 July 2018



Source: Bloomberg

### Performance of FBMKLCI against ASEAN Indices YTD 20 July 2018



Source: Bloomberg

## Putting foreign funds outflow into perspective..

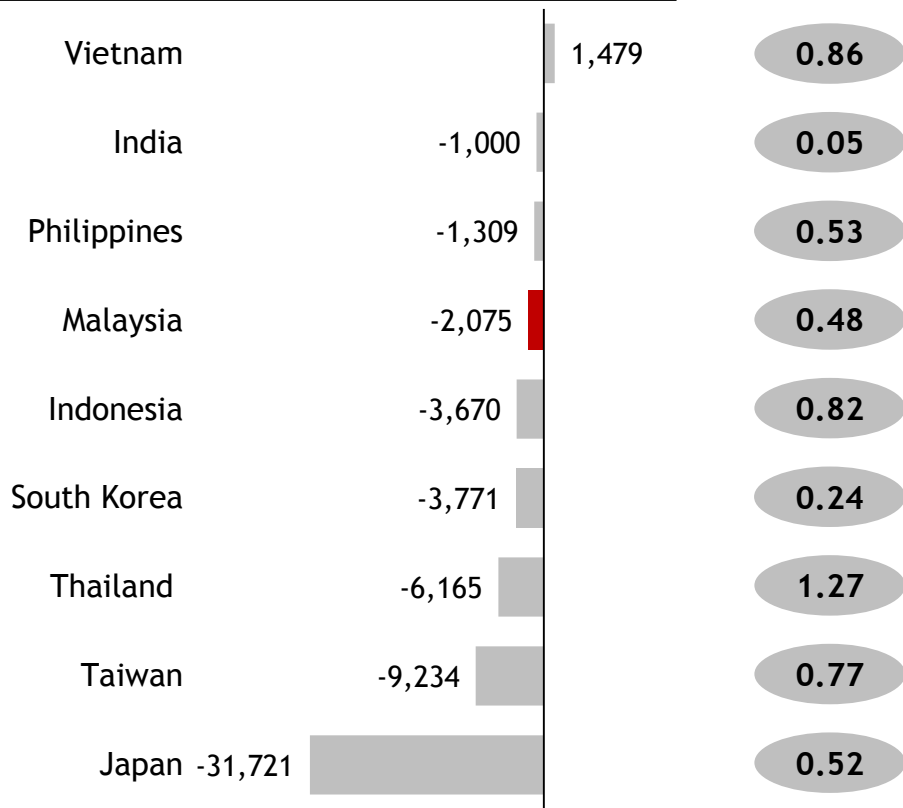
- Amid exude of foreign funds in the Asian equity market, Malaysia's foreign outflows of USD2.1 billion is relatively small, equivalent to 0.5% of the total market capitalisation.

- Foreign shareholdings (by market capitalisation) have also been stable amid the exits of foreign funds.

### Foreign Funds Flow (FFF) in Asian Equity Market

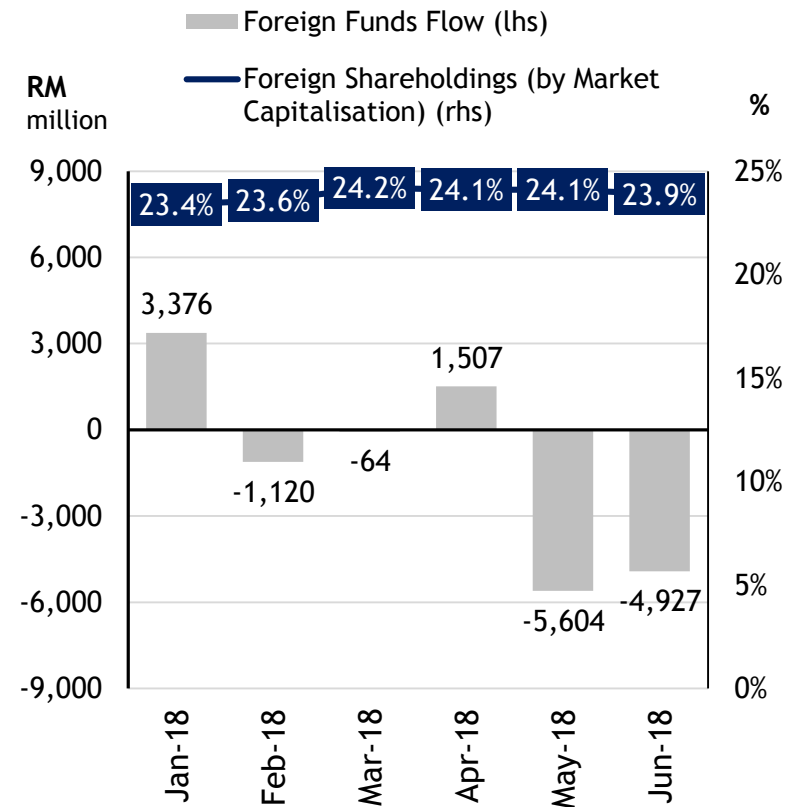
YTD 20 July 2018; In USD million

% of Market Capitalisation Percentage (%)



### Bursa Foreign Funds Flow vs Foreign Shareholdings

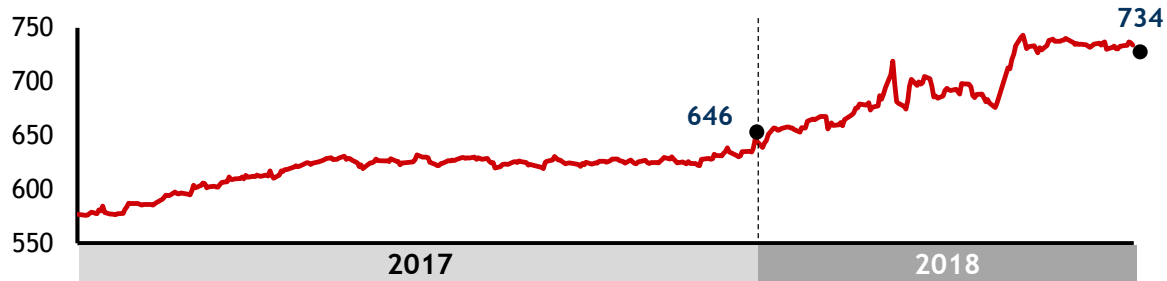
For the past 6 months



Source: Bursa MIS

Backed by strong fundamentals, the short-term hiccups have presented good buying opportunities for long-term investors

**Bursa Malaysia Consumer Index**  
From 2017 - YTD 20 July 2018

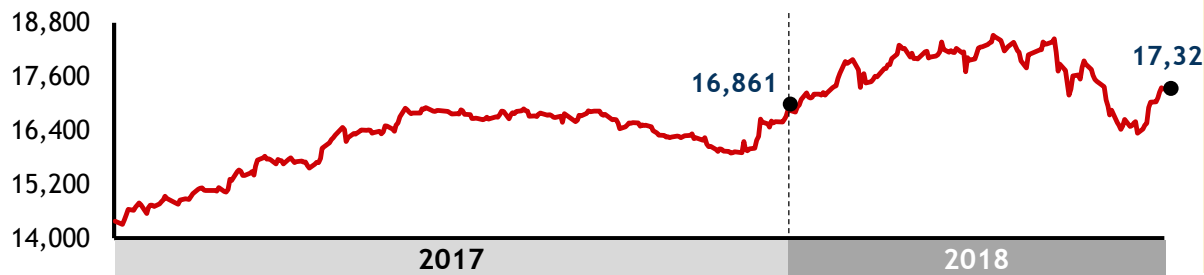


Total Shareholder Return since 2017:

**+33.0%**

- Seen as a defensive sector, Consumer stocks may be a good hedge against market volatility.

**Bursa Malaysia Finance Index**  
From 2017 - YTD 20 July 2018

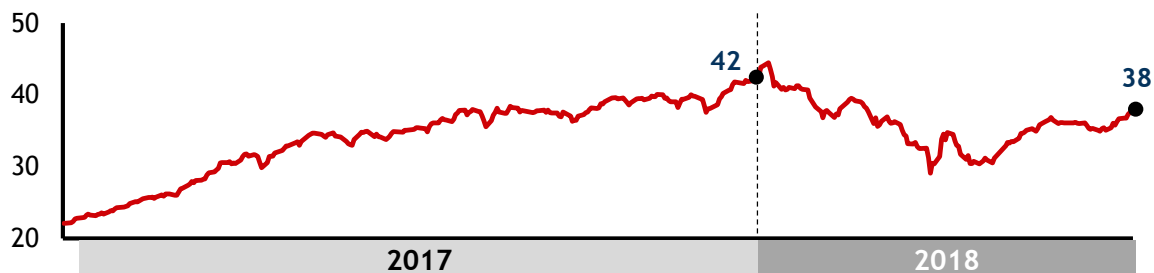


Total Shareholder Return since 2017:

**+27.7%**

- Anchored by bluechip banks, Malaysia financial sectors have been adaptive enough to rebound and recover from any short-term hiccups.

**Bursa Malaysia Technology Index**  
From 2017 - YTD 20 July 2018



Total Shareholder Return since 2017:

**+76.6%**

- Local technology stocks have benefited from the rising demands for smart devices (notably the semiconductor subsector).

# Key Financial Highlights & Market Performance

- Financial Highlights for 1H2018
- Half Yearly Financial Trend
- Securities Market Overview
- Derivatives Market Overview
- Islamic Capital Market Overview



# Financial Highlights for 1H2018

*Solid fundamentals driven by performance in Securities Market*

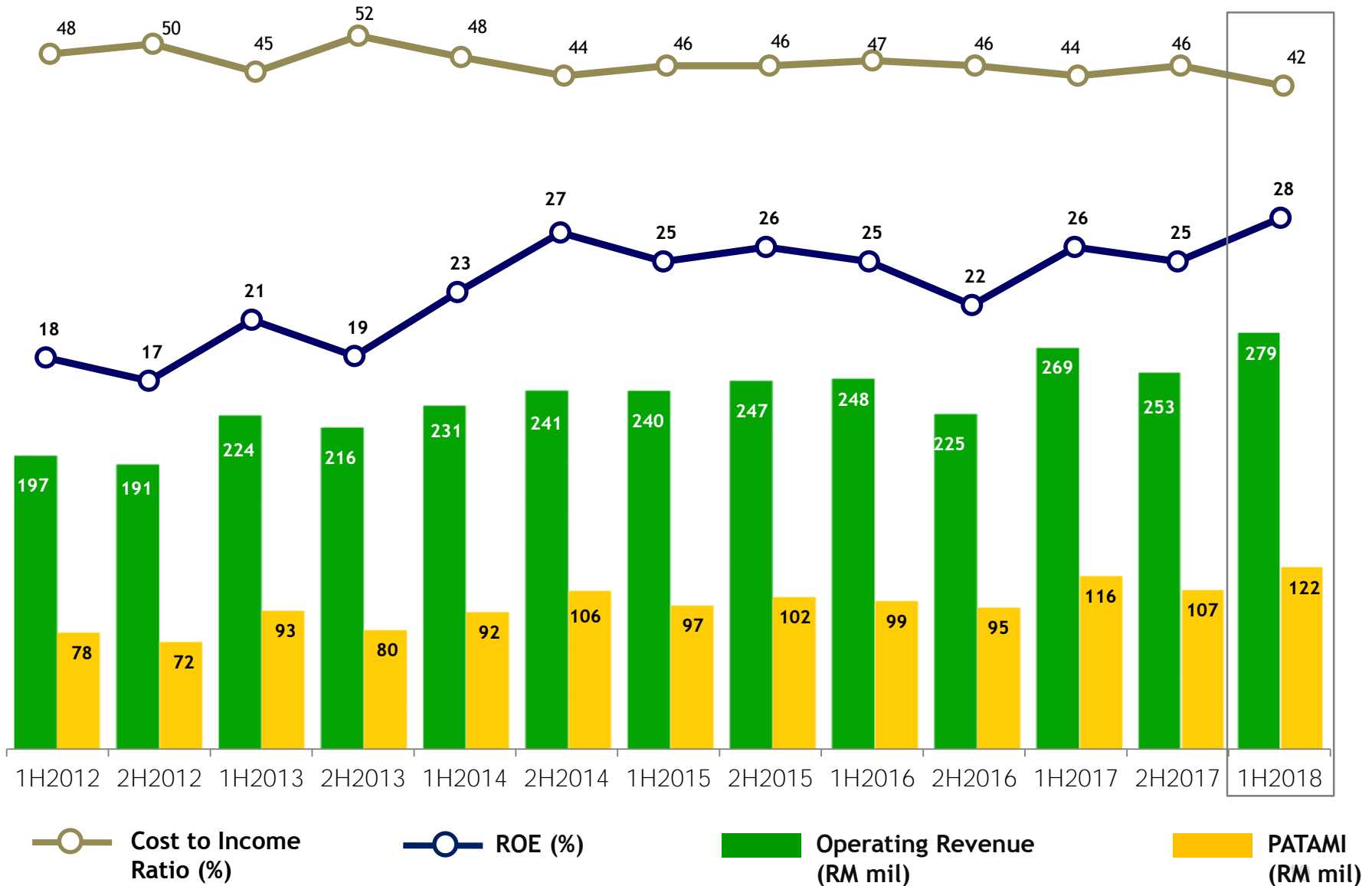
Financial Items	1H2018	1H2017	1H2018 vs. 1H2017	
Operating Revenue (RM million)	279.1	269.4	3.6%	▲
Operating Expenses (RM million)	123.4	124.9	1.2%	▼
PATAMI (RM million)	122.0	116.2	5.0%	▲
EPS (sen)	15.1	14.4	4.9%	▲
Cost to Income Ratio	42%	44%	2 percentage points	▼
Annualised ROE	28%	26%	2 percentage points	▲

## 1H2018 vs. 1H2017:

- Higher operating revenue contributed by higher trades in the Securities Market.
- Operating expenses decreased mainly due to lower technology costs.
- Interim dividend of 14 sen and special dividend of 8 sen. The entitlement and payment dates for the dividends are 16<sup>th</sup> and 29<sup>th</sup> August 2018 respectively.

# Half Yearly Financial Trend

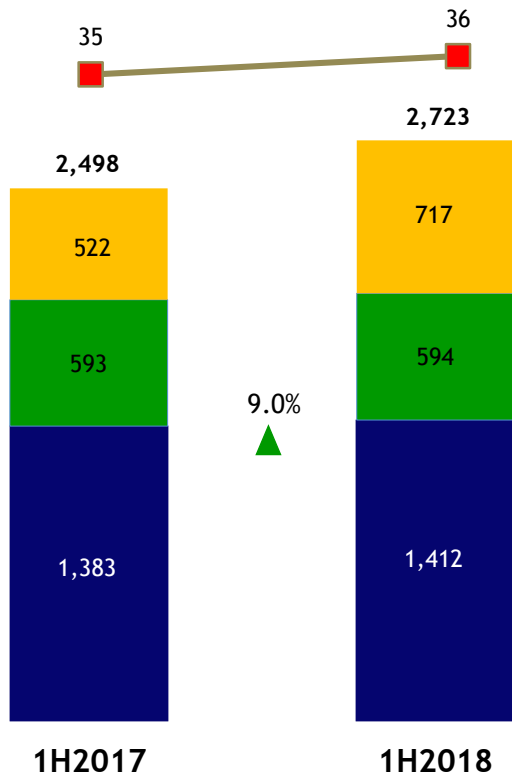
## Highest first half PATAMI since 2007



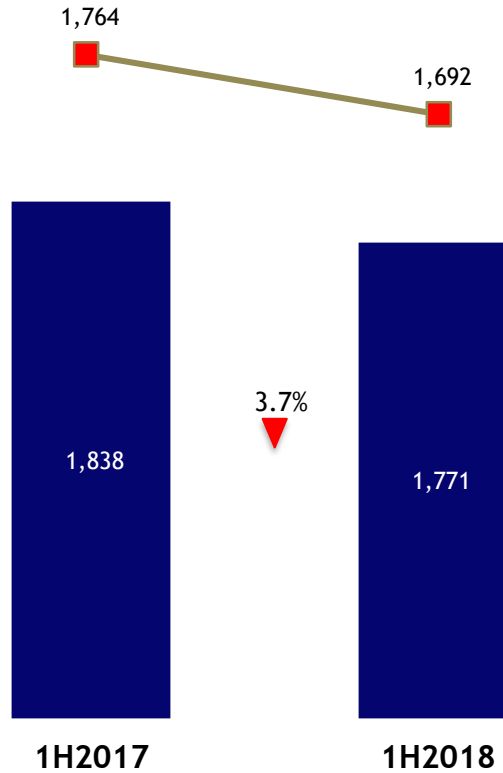
# Securities Market Overview

Higher trades contributed by foreign institutions post GE14

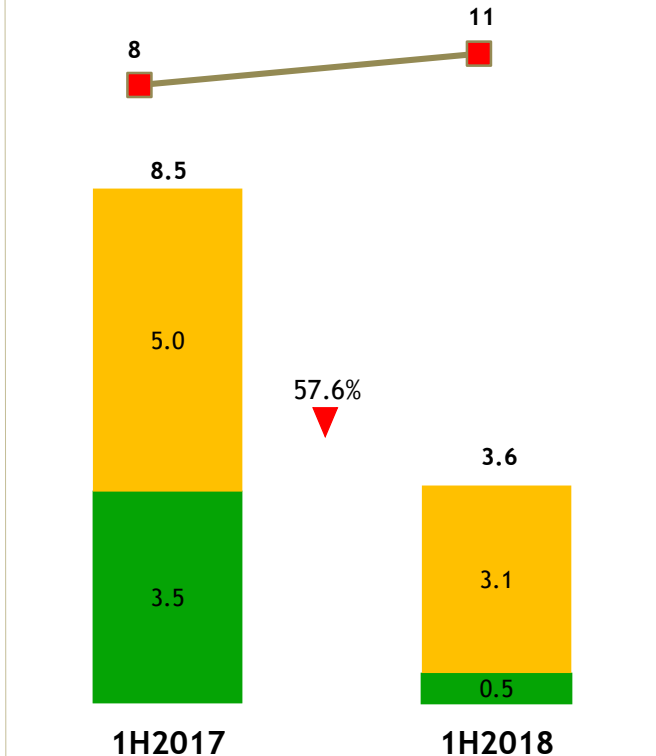
Average Daily Value (“ADV”) (OMT)(RM mil)



Market Capitalisation (RM bil)



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



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

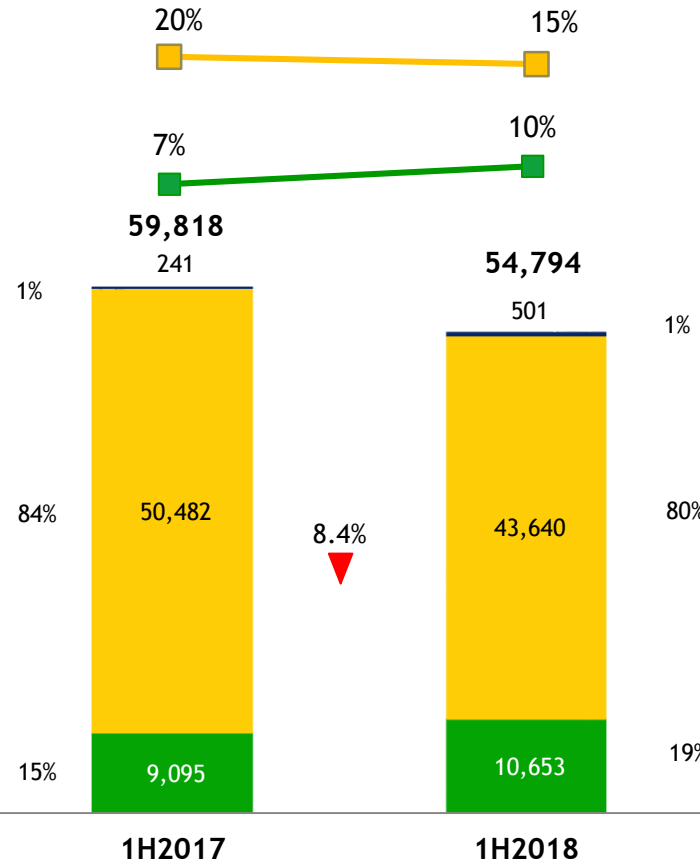
- FBMKLCI
- Market Capitalisation

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

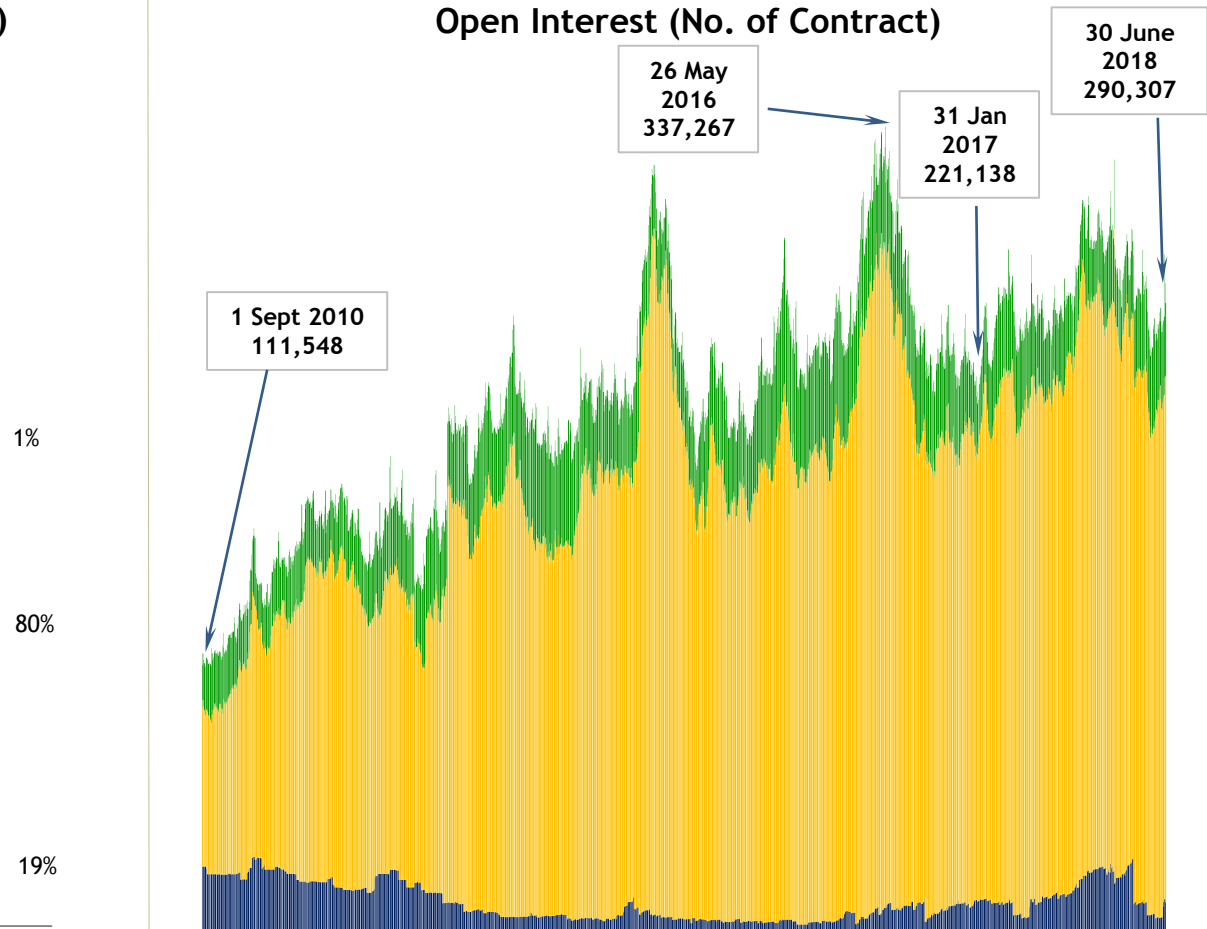
# Derivatives Market Overview

Trades continue to be influenced by the volatility of the underlying

### 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

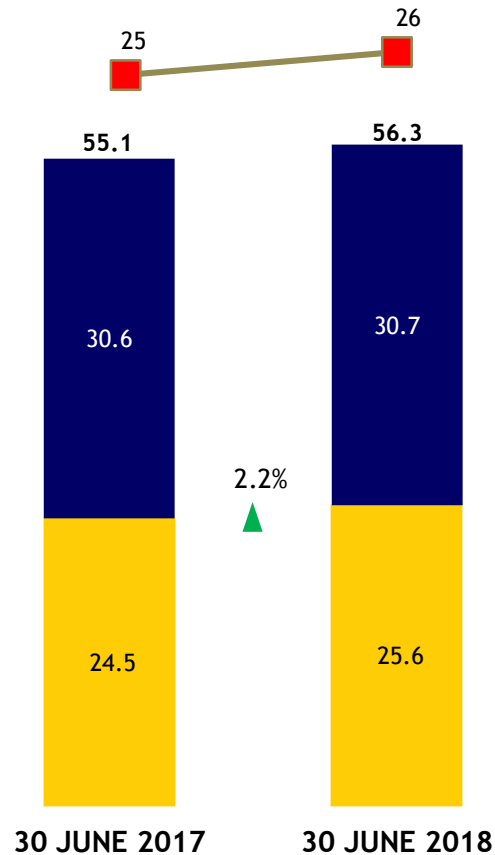
*More trades under volume-based pricing*

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



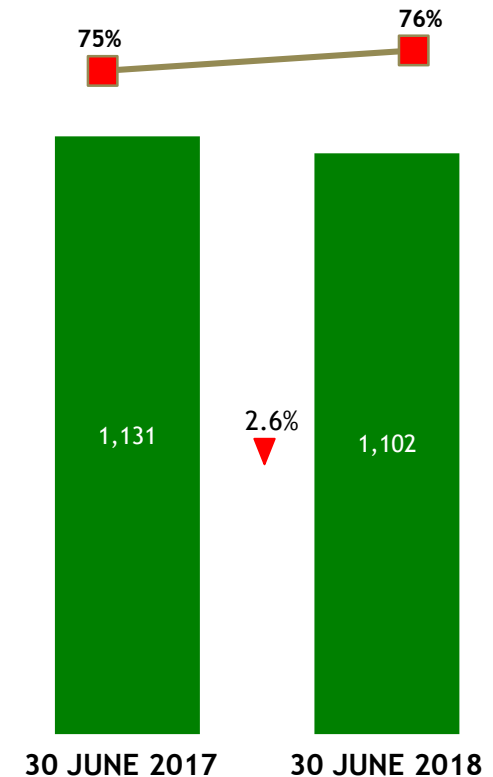
No. of Trading Participants  
 Domestic      Foreign

**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

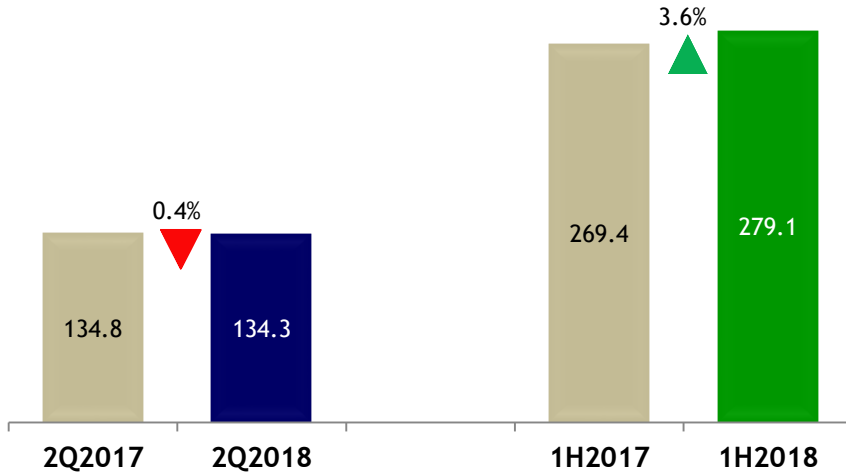
# Financial Review

- Financial Snapshot
- Operating Revenue
- Operating Expenses
- Dividends

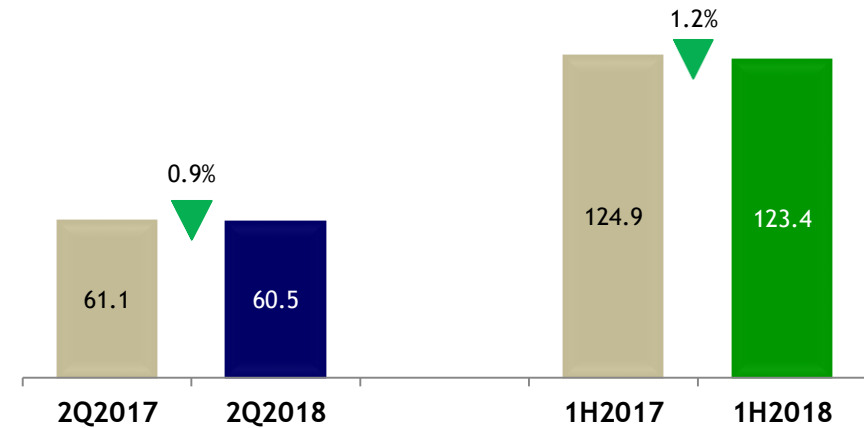
# Financial Snapshot

Improved performance for first half of 2018

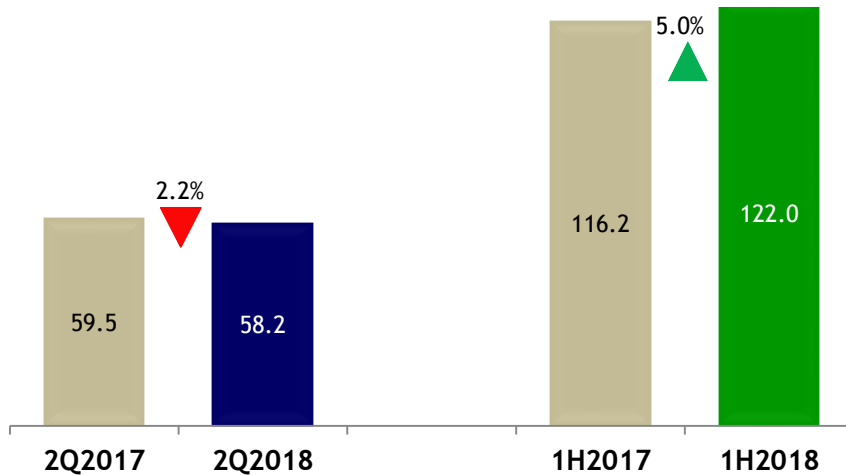
Operating revenue (RM mil)



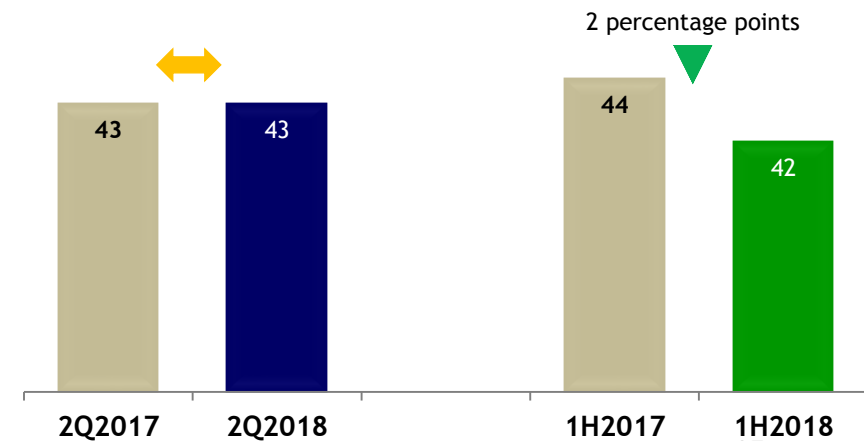
Operating expenses (RM mil)



PATAMI (RM mil)

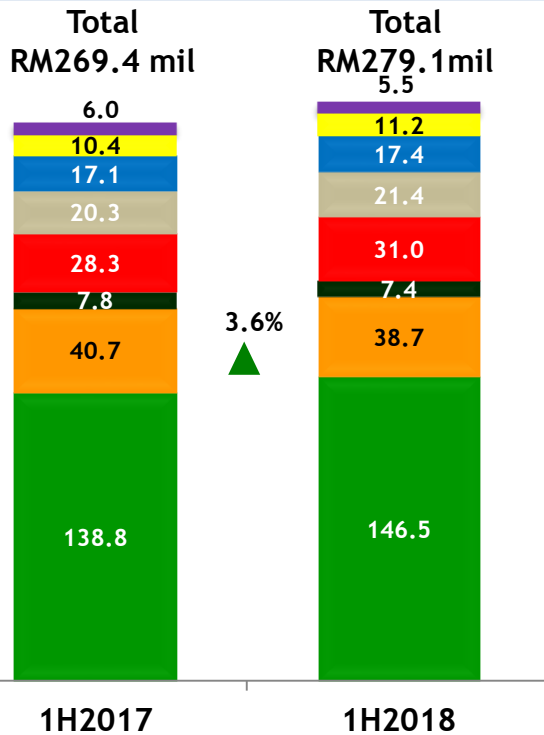


Cost to income ratio (%)

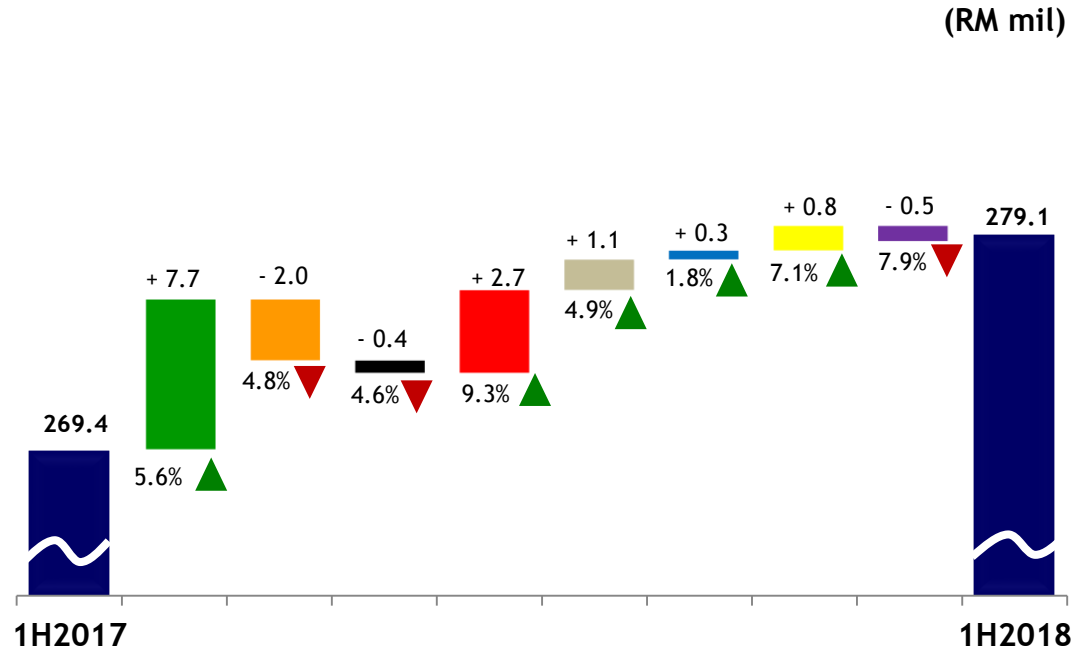


# Operating Revenue

Growth from securities trading and non-trading revenue



Growth contribution by revenue streams:



- Securities Trading Revenue
- Derivatives Trading Revenue
- BSAS Trading Revenue
- Listing & Issuer Services
- Depository Services
- Market Data
- Member Services & Connectivity
- Conference Fee & Exhibition
- Related Income

- Increase in securities trading revenue mainly contributed by foreign trades.
- Decrease in derivatives trading revenue was due to lower number of CPO Futures contracts.
- Lower BSAS trading revenue despite growth in its ADV due to volume-based pricing.
- Higher Listing and Issuer Services revenue due to increase in number of structured warrants and corporate exercises.

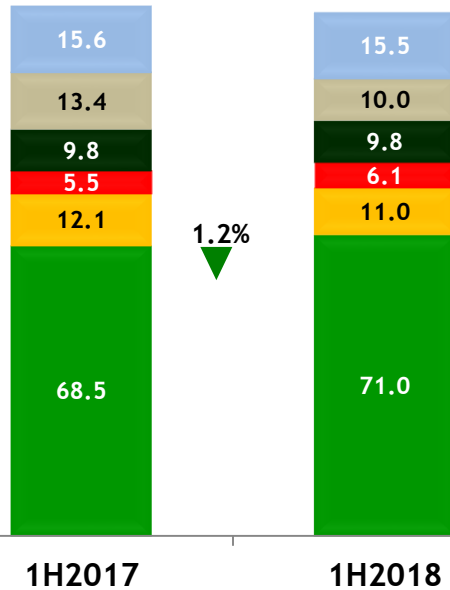


# Operating Expenses

Lower operating expenses mainly from reduced technology costs

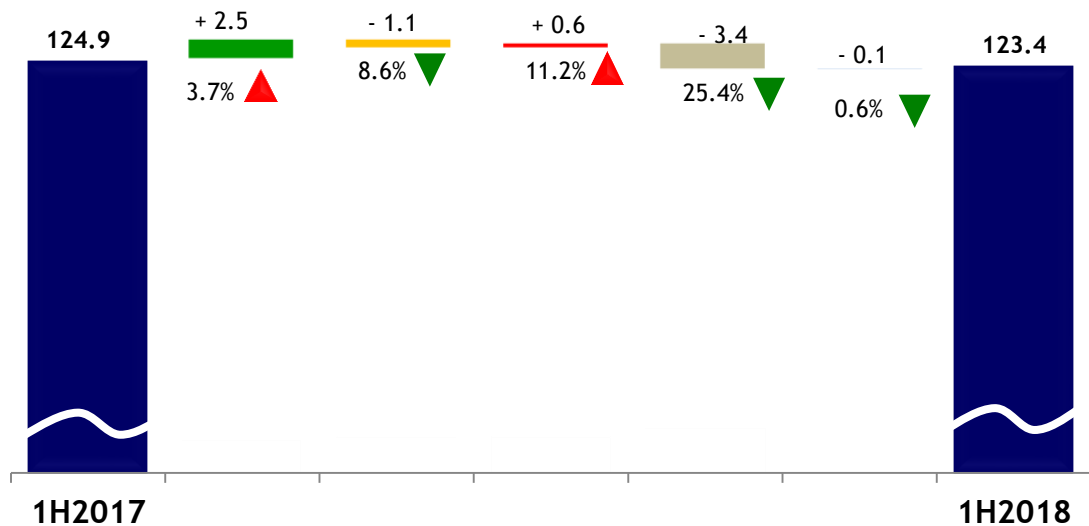
Total  
RM124.9 mil

Total  
RM123.4 mil



Movement of expenses:

(RM mil)



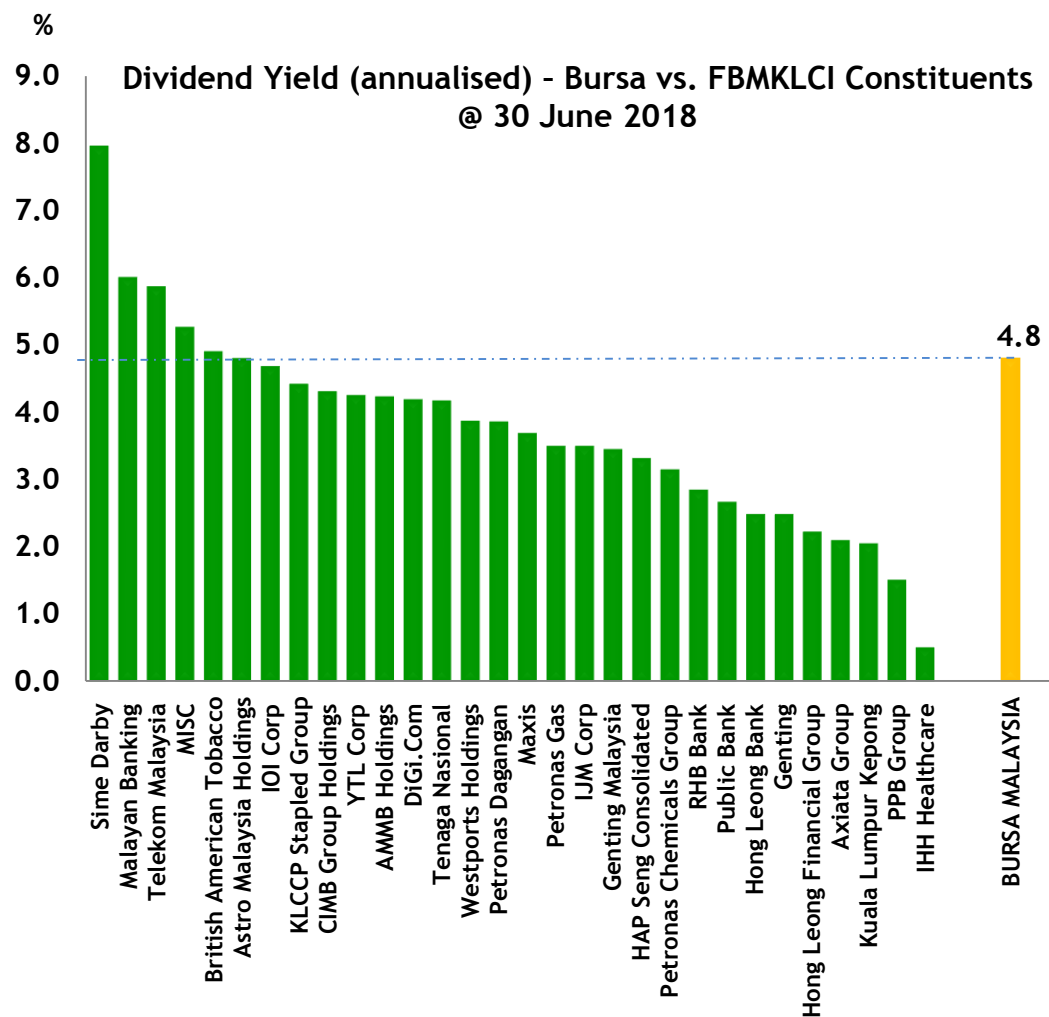
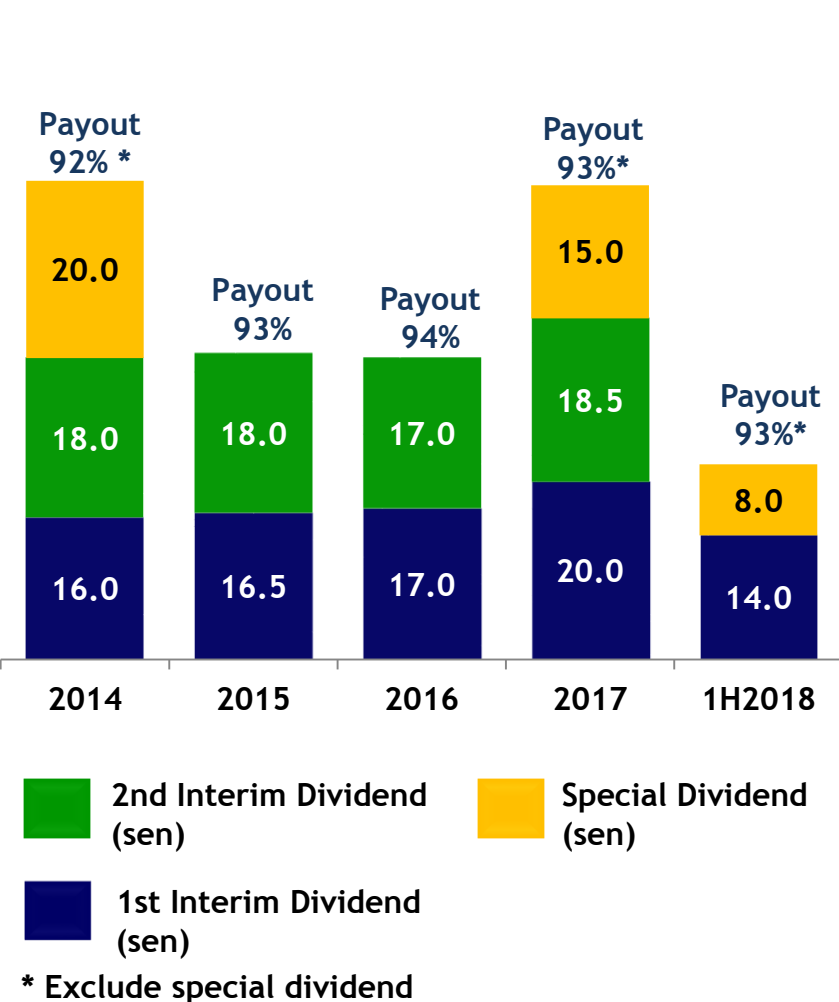
- Staff costs
- Depreciation & amortisation
- Marketing & development
- IT maintenance
- Service fees
- Other operating expenses^

- Increase in staff cost due to annual salary increment.
- Higher business development cost due increased marketing and engagement activities.
- Lower Globex fees caused by lower number of derivatives contracts traded.
- Lower depreciation as some IT assets are fully depreciated.

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

# Dividends

Special dividend for our valued shareholders



Source: Bloomberg and Bursa Malaysia

Interim dividend of 14 sen and special dividend of 8 sen. The entitlement and payment dates for the dividends are on the 16<sup>th</sup> and 29<sup>th</sup> of August 2018 respectively.

# Highlights & Conclusion

- Highlights of 1H2018 Initiatives
- Moving Forward

# Highlights of 1H2018 Initiatives

## SI 1

### Create a More Facilitative TRADING ENVIRONMENT

- Launched BURSASUSTAIN, a comprehensive online portal designed as a one-stop knowledge and information hub on corporate governance and sustainability.

## SI 2

### Facilitate More TRADABLE ALTERNATIVES

- Implementation of Intra Day Short Selling (IDSS) for all investors.
- Introduced enhanced US Dollar denominated Palm Olein Futures Contract.
- Introduction of a new category of traders known as “trading specialists” who trade on their own account.

## SI 3

### Reshape MARKET STRUCTURE & FRAMEWORK

- Exemption of stamp duty on shares of mid and small cap companies traded on Bursa Malaysia for 3 years from Mar’18 - Feb’21.
- Waiver on trading and clearing fees for 6 months for new individual investors.
- Enhancements of FCPO contract.
- Liberalisation of margin financing rules.
- Introduction of volume-based incentive programme

## SI 4

### REGIONAL MARKETPLACE with Global Access (Centre of ASEAN)

- Organised the Palm and Lauric Oils Price Outlook Conference & Exhibition 2018.

# Moving Forward

## SECURITIES MARKET

- The Securities Market segment performance is expected to remain resilient, given the strong economic fundamentals and sustained growth outlook.
- Trading volatility will continue to be influenced by domestic and global events such as the continued trade tensions and tightening of global monetary policies.

## DERIVATIVES MARKET

- Trading and hedging activities will continue to be influenced by volatility in commodity prices and the underlying equities market.
- The introduction of US Dollar-denominated refined, bleached and deodorized palm olein futures contract is anticipated to attract new participants, improve arbitrage opportunities and assist in managing palm oil refining margins.

## ISLAMIC CAPITAL MARKET

- The Exchange will continue to promote Shariah-compliant investing on the Bursa Malaysia-*i* platform through engagements with market players and intensified promotion activities to retail investors, such as the Shariah Investing Fair.
- Bursa Suq Al-Sila' ("BSAS") on the other hand, will continue to expand its global reach into the African and Central Asian regions in 2018.

Bursa Malaysia will continue with its initiatives to enhance the breadth and depth of the ecosystem, which amongst others, through digitalisation of services, liberalisation of rules framework and greater diversification of the investor base. Barring any unforeseen circumstances, the Exchange expects to achieve a sustainable performance for the current financial year.

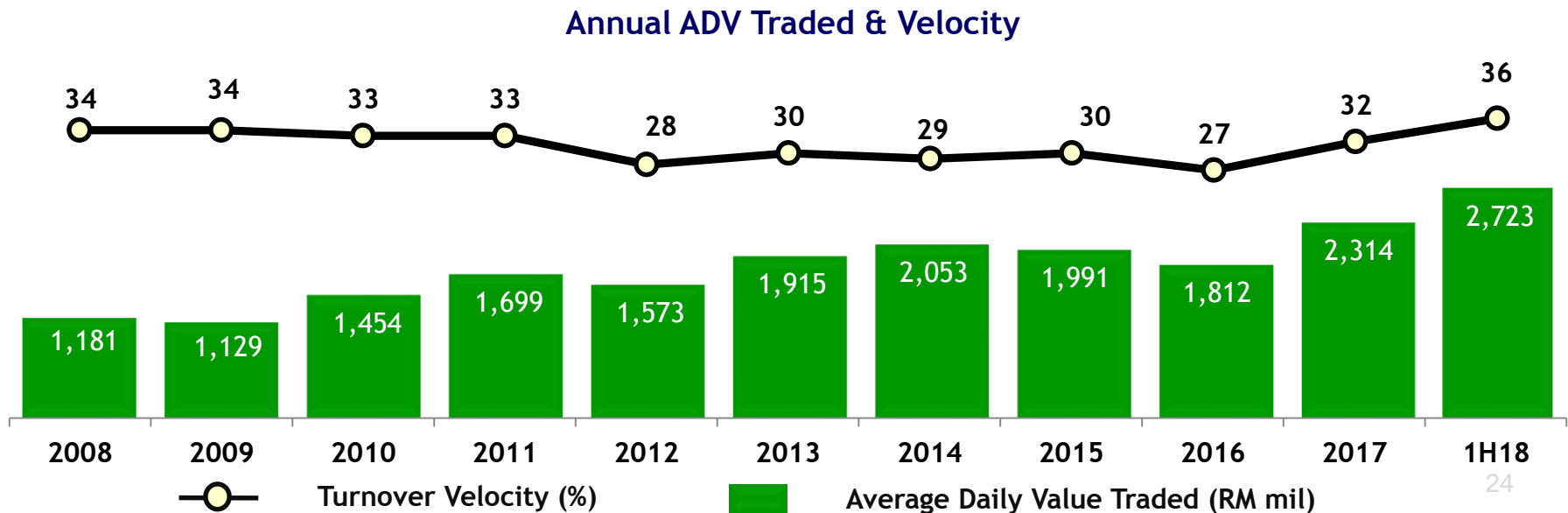
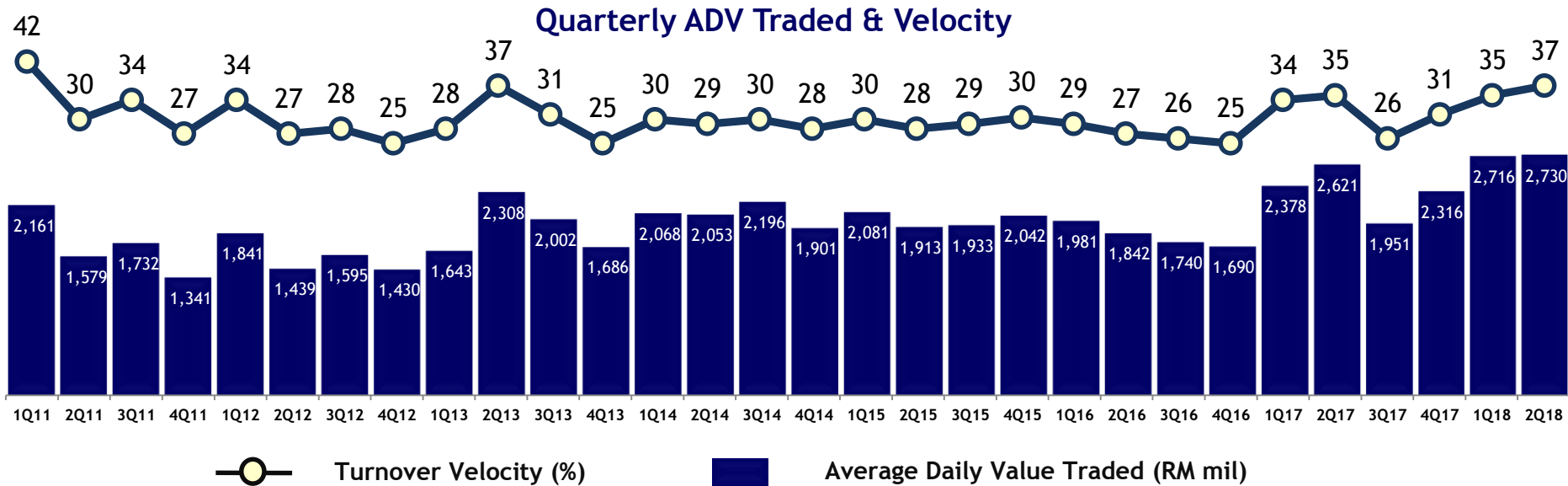
# 1H2018 Financial Results Analyst & Media Briefing

## 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

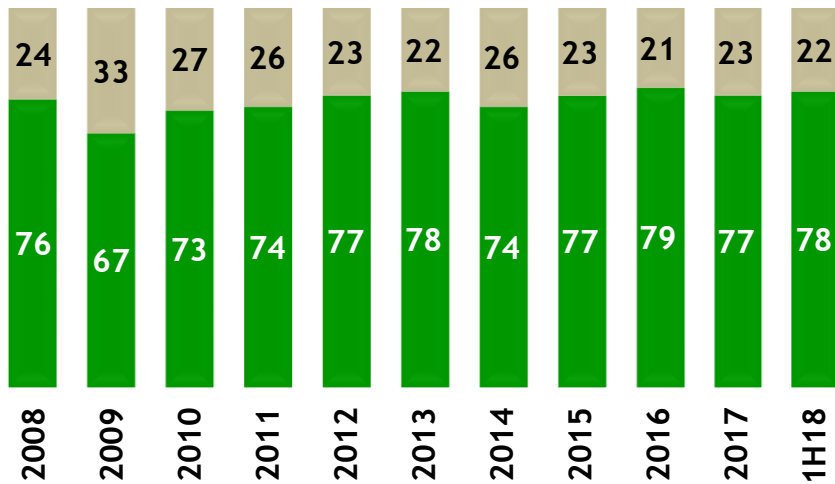
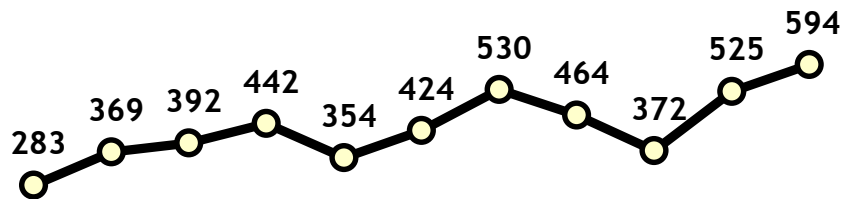
# Securities Market Trading Activity





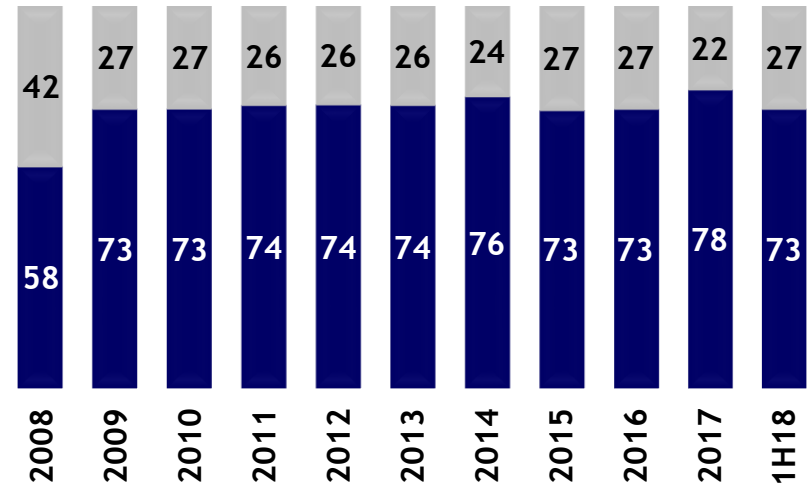
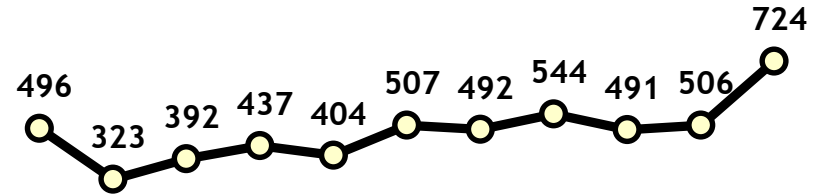
# Securities Market Trading Participation

### Retail vs. Institution



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

### Foreign vs. Local

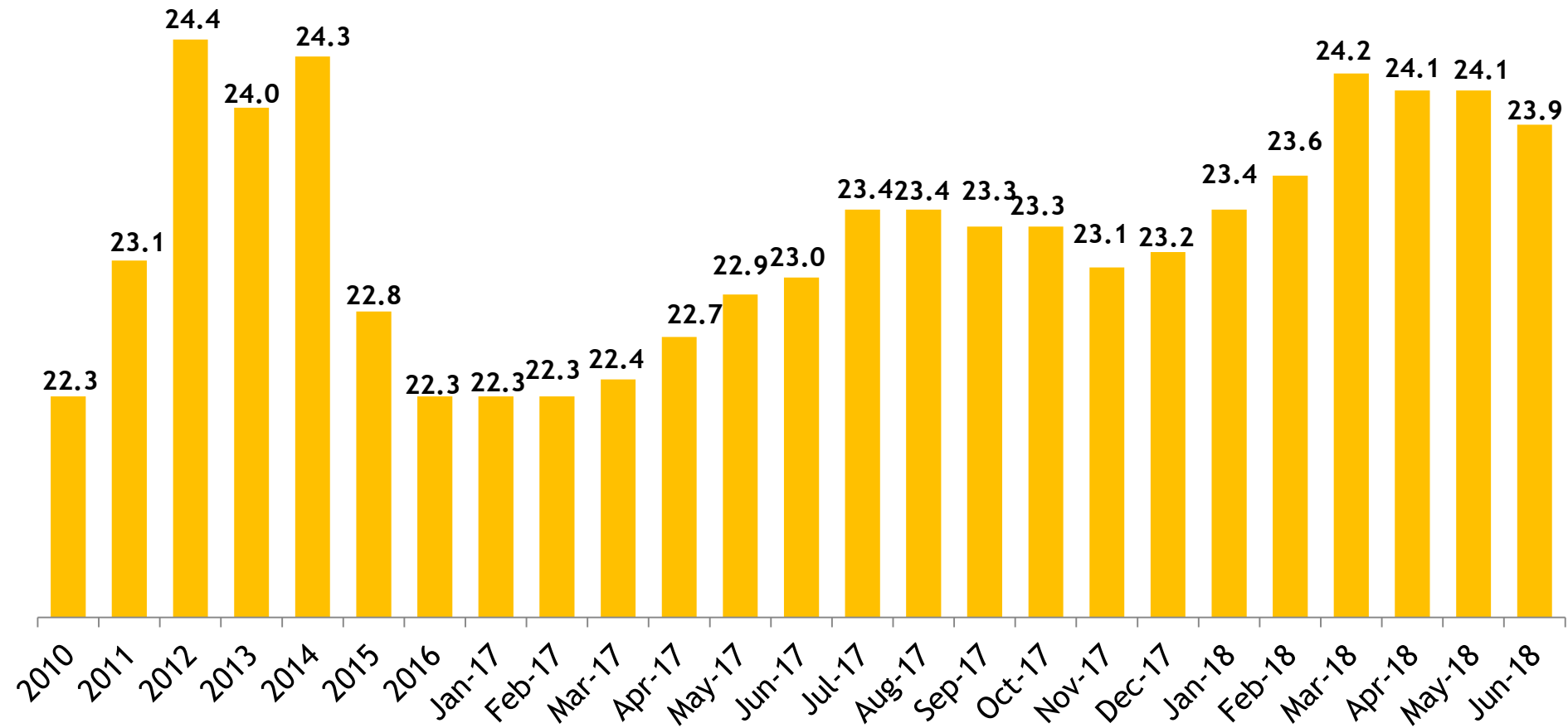


Foreign ADV Traded (RM mil)    
 Foreign (%)    
 Local (%)

From 2008 to 2009, the statistics were based on Brokers' submission. From 2010 onwards statistics were based on Bursa's internal system.

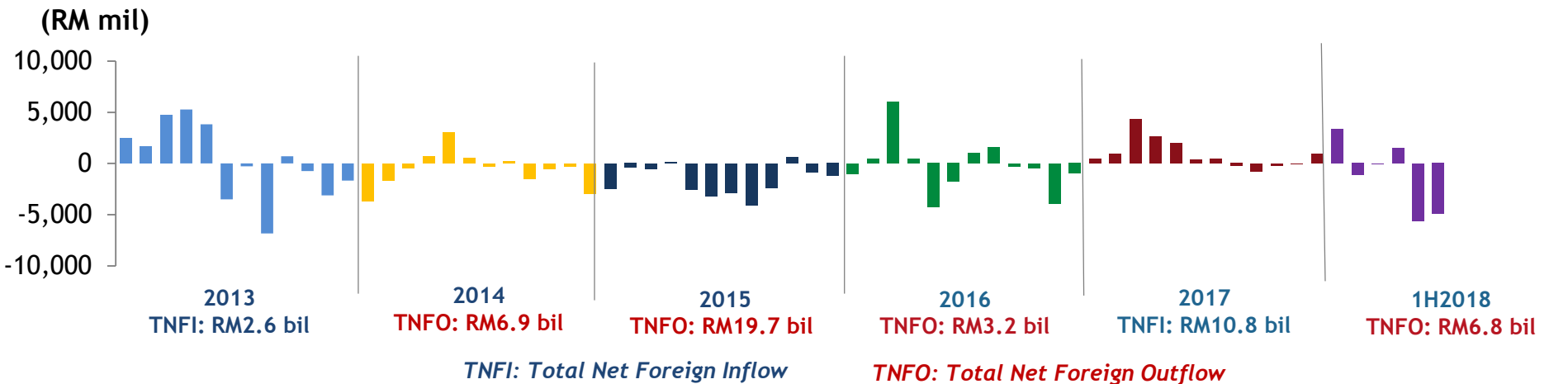
# Securities Market Foreign Ownership

Based on Market Capitalisation (%)

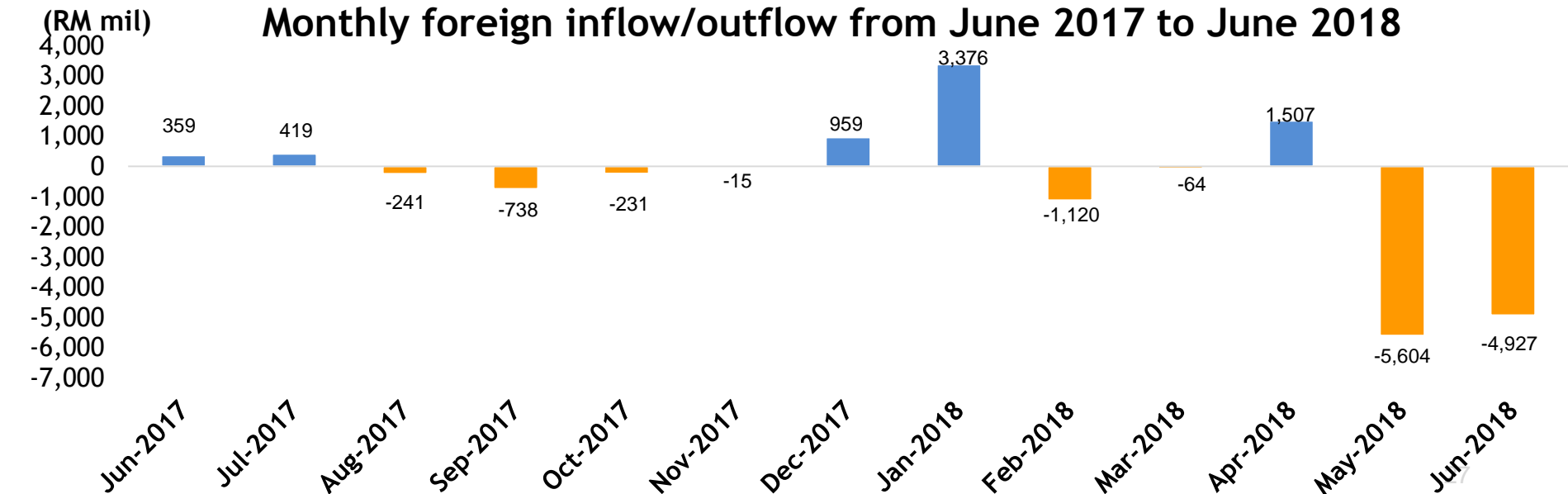


# Foreign Inflow/Outflow

## Monthly foreign inflow/outflow from 2013 to June 2018

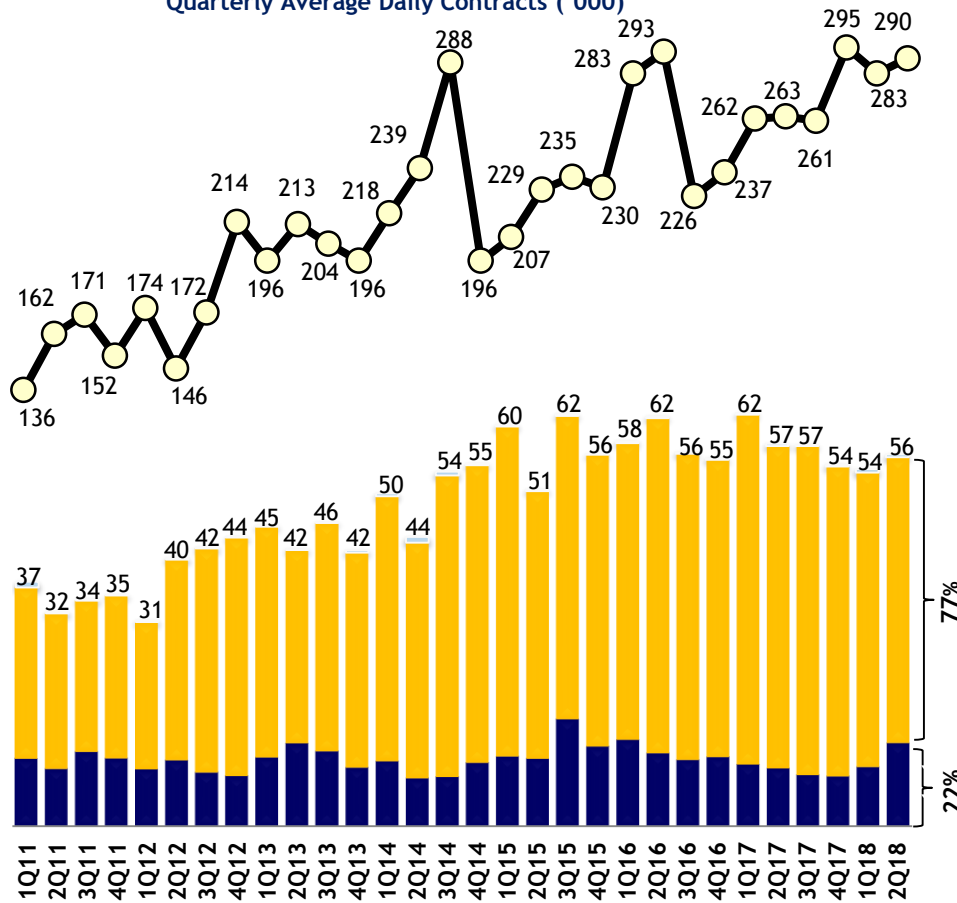


## Monthly foreign inflow/outflow from June 2017 to June 2018

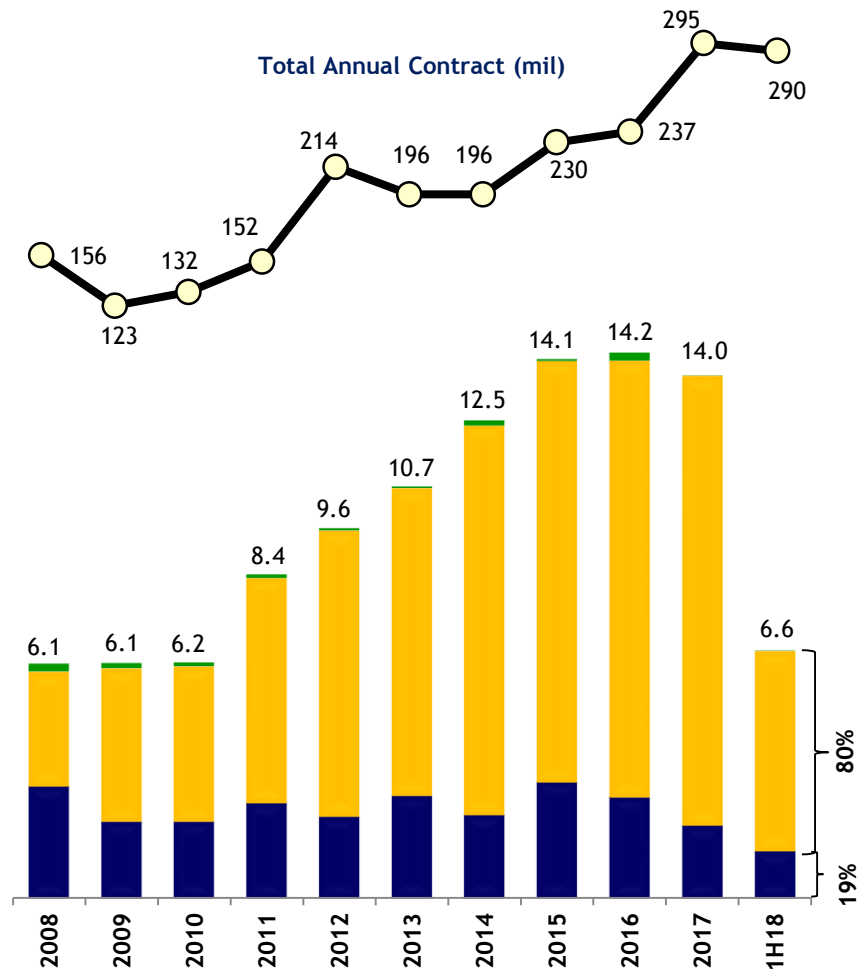


# Derivatives Market Activity

Quarterly Average Daily Contracts ('000)



Total Annual Contract (mil)



○ Open Interest ('000)

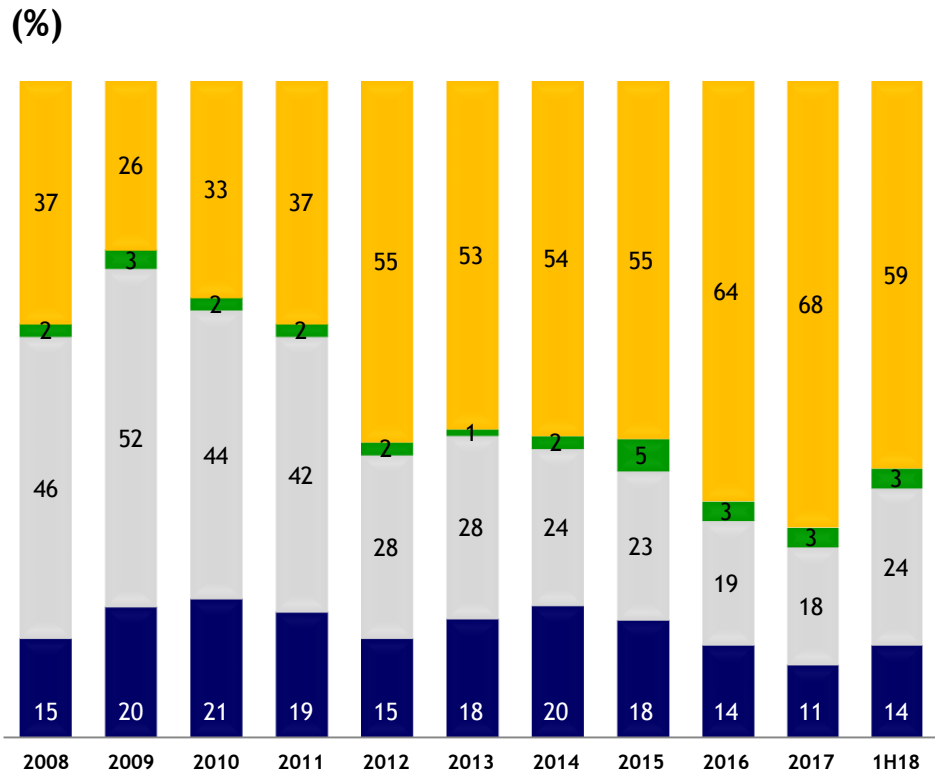
■ Others

■ Crude Palm Oil Futures

■ FBMKLCI Futures

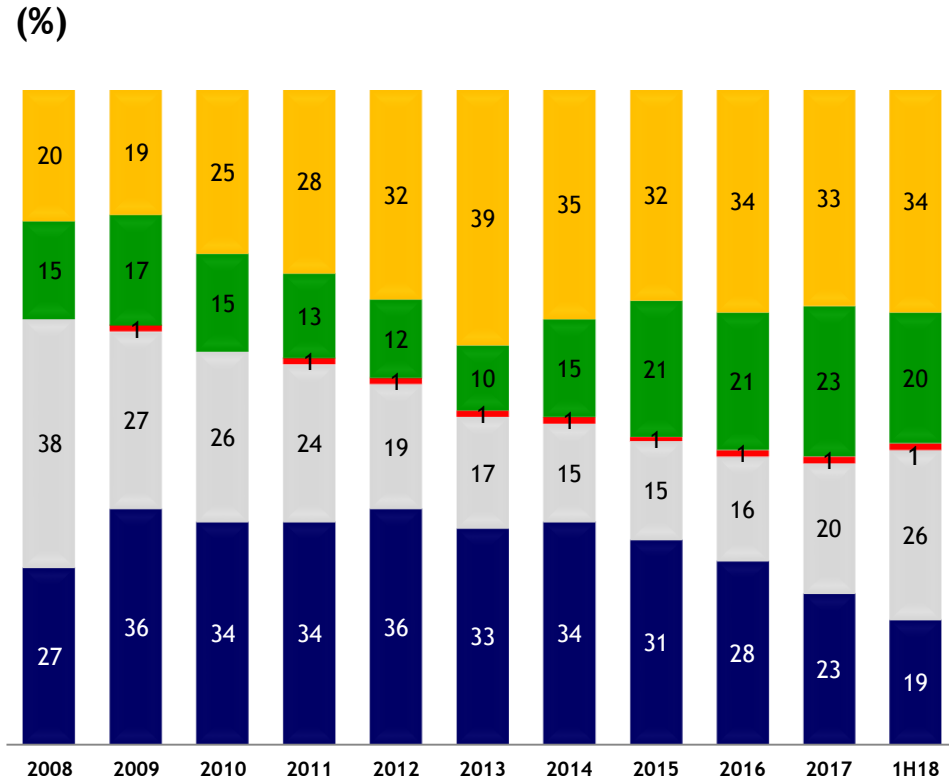
# Derivatives Market Demography

## FKLI



■ Foreign Institutions  
■ Domestic Institutions  
■ Domestic Retail  
■ Local

## FCPO

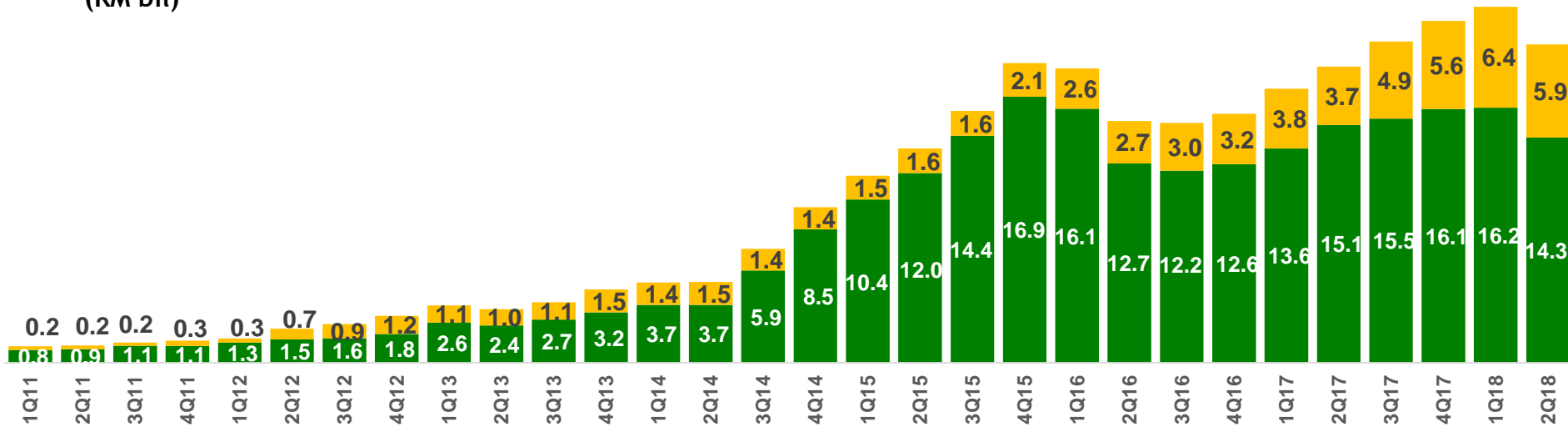


■ Foreign Institutions  
■ Domestic Institutions  
■ Foreign Retail  
■ Domestic Retail  
■ Local

# Islamic Capital Market Activity

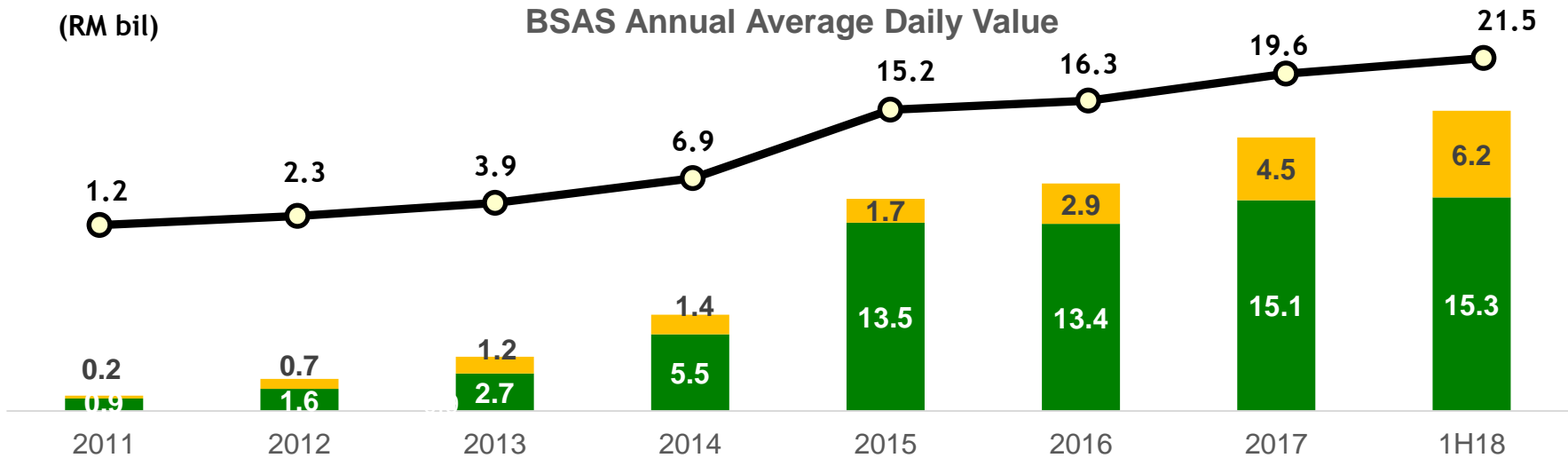
## BSAS Quarterly Average Daily Value

(RM bil)



## BSAS Annual Average Daily Value

(RM bil)



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

## INVESTOR RELATIONS CONTACT INFORMATION

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