

1 August 2019

1H2019 Financial Results Analyst & Media Briefing

Datuk Muhamad Umar Swift
Chief Executive Officer

Rosidah Baharom
Chief Financial Officer

Agenda

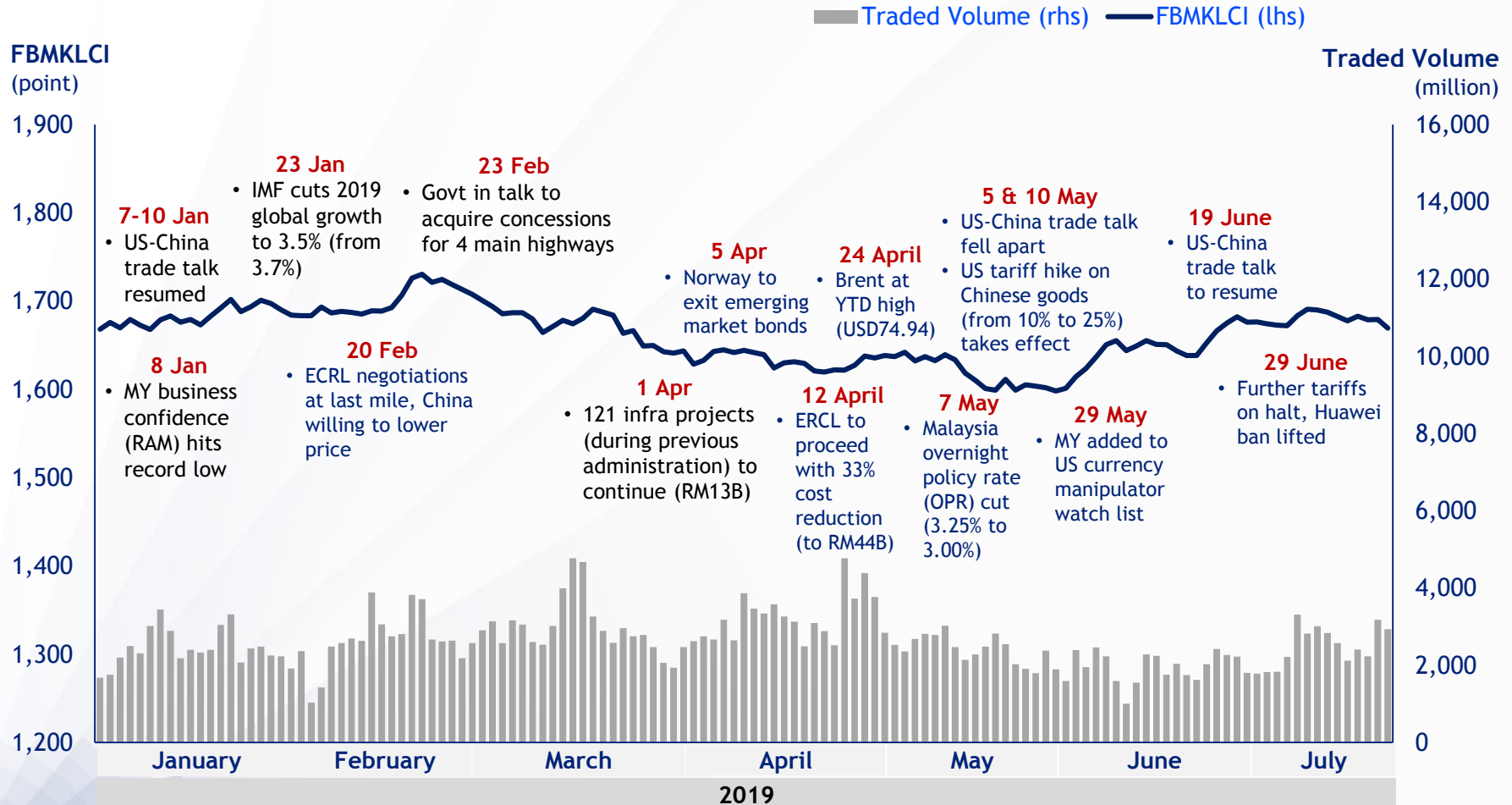
- Market Recap
- Key Financial Highlights & Market Performance
- Financial Review
- Highlights & Conclusion
- Appendices

Market Recap

Market Performance for 1H2019

Recap on selected key global and local events

FBMKLCI Year-to-date (YTD) Performance As at 12 July 2019



Market Performance for 1H2019

FBMKLCI Performance Against Global and Regional Indices

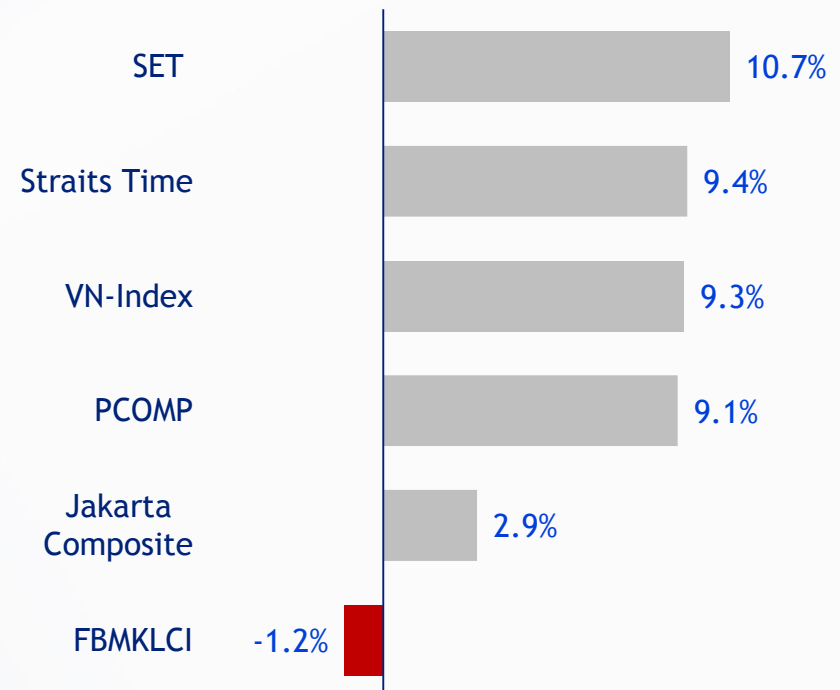
- The setback in US-China trade negotiations, the overnight policy rate cut by Bank Negara and the net selling by foreign investors over 1H2019 are among the key factors that have bogged down the performance of FBMKLCI.

Performance of FBMKLCI against MSCI Indices YTD 12 July 2019



Source: Bloomberg

Performance of FBMKLCI against ASEAN Indices YTD 12 July 2019



Source: Bloomberg

Market Performance for 1H2019

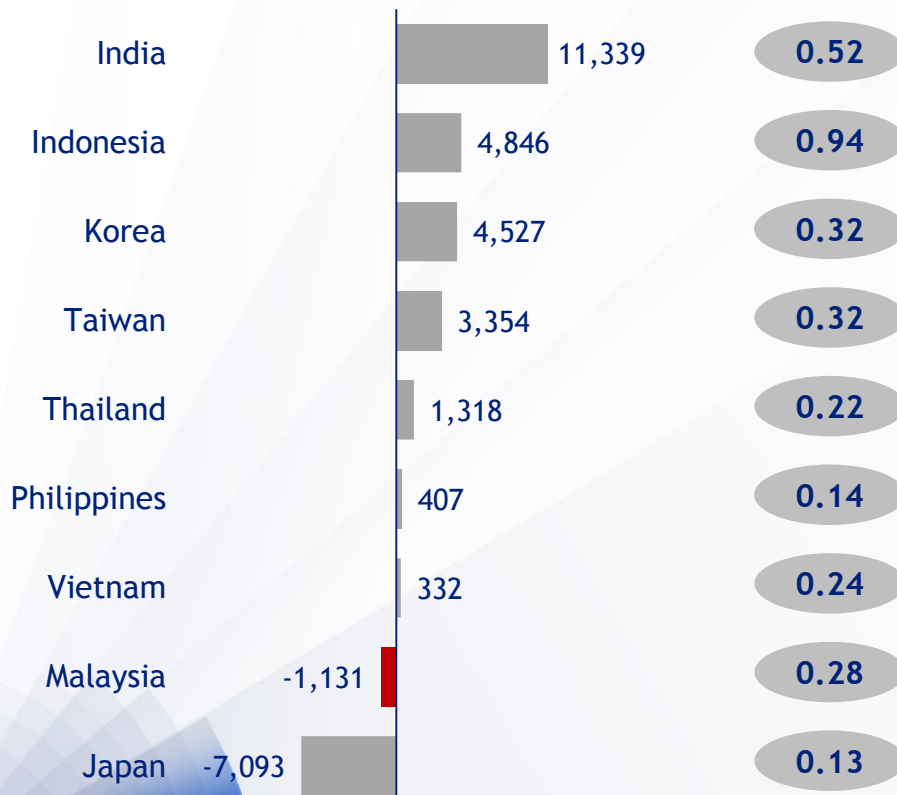
Foreign Funds Outflow: A Perspective

- Sentiment was dampened mainly by the possibility of the US imposing additional tariffs on China despite promising to hold off more duties in a trade-war truce

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

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

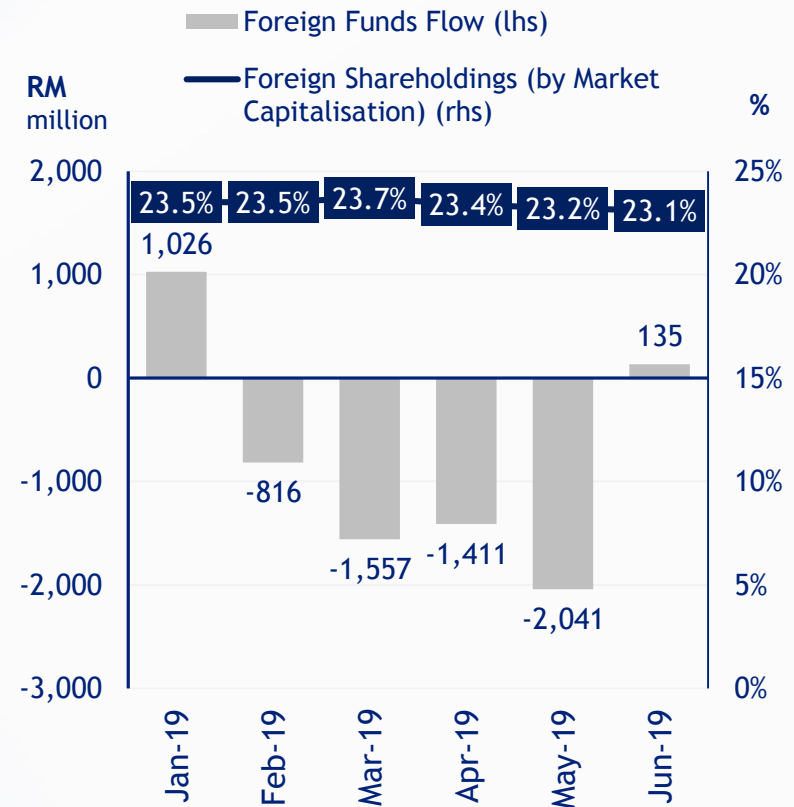
% of Market Capitalisation Percentage (%)



Source: Bloomberg and WFE

Note - information on the FFF for Singapore is unavailable

Bursa Foreign Funds Flow vs Foreign Shareholdings For the past 6 months



Source: Bursa MIS

Key Financial Highlights & Market Performance

- Financial Highlights for 1H2019
- Half-yearly Financial Trend
- Securities Market Overview
- Derivatives Market Overview
- Islamic Capital Market Overview

Financial Highlights for 1H2019

Lower trades in Securities and Derivatives Markets affect the financial performance

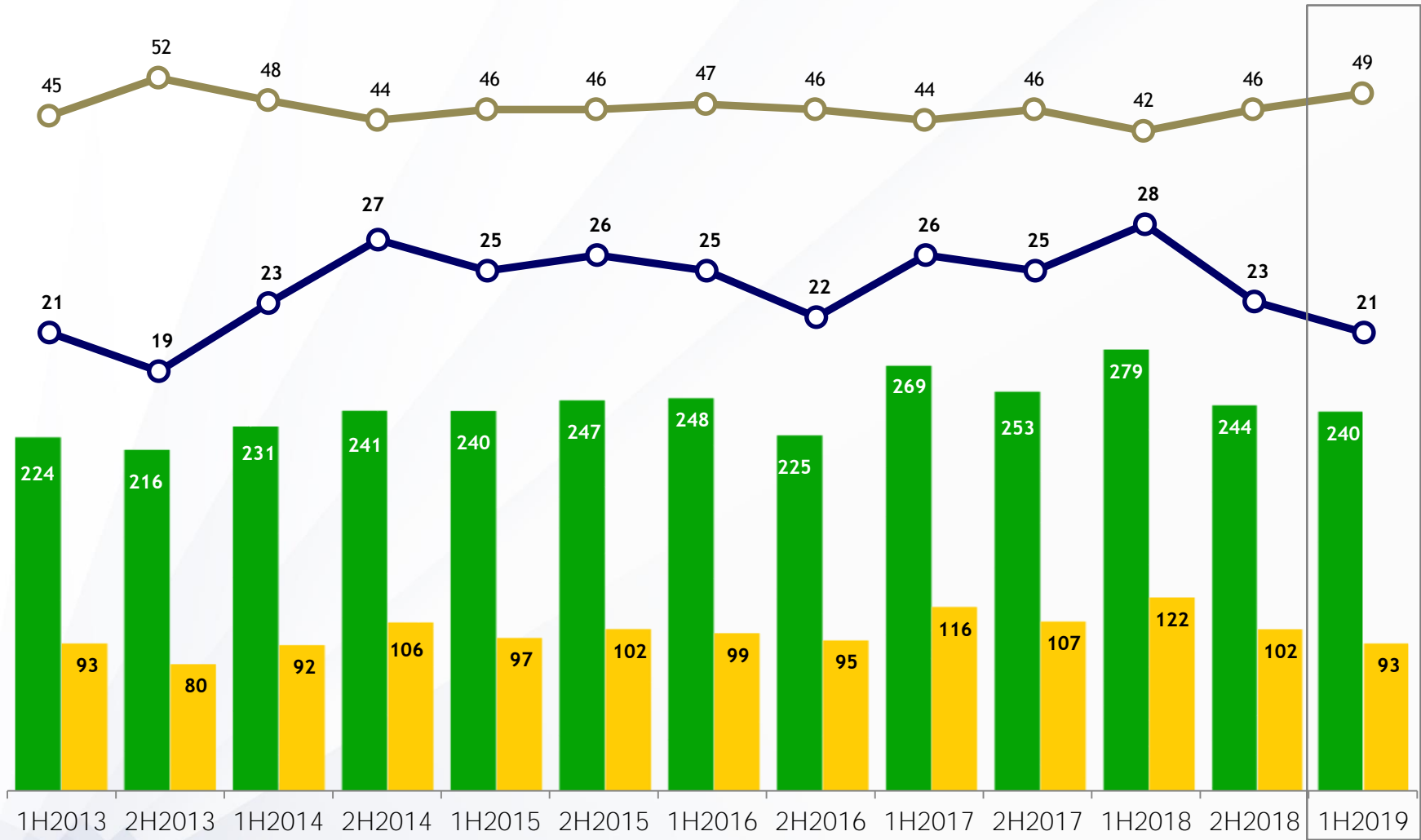
Financial Items	1H2019	1H2018	1H2019 vs. 1H2018	
Operating Revenue (RM million)	240.0	279.1	14.0%	▼
Operating Expenses (RM million)	122.6	123.4	0.7%	▼
PATAMI (RM million)	93.2	122.0	23.6%	▼
EPS (sen)	11.5	15.1	23.8%	▼
Cost to Income Ratio	49%	42%	7 percentage points	▲
Annualised ROE	21%	28%	7 percentage points	▼

1H2019 vs. 1H2018:

- Decrease in operating revenue contributed by lower trades in the Securities and Derivatives Market.
- Operating expenses decreased due to lower staff and technology costs.
- Declared interim dividend of 10.4 sen. The entitlement and payment dates for the dividend are 19th and 30th August 2019 respectively.

Half Yearly Financial Trend

Decline in Cost to Income and ROE performance mainly due to lower operating revenue



○ Cost to Income Ratio (%)

○ ROE (%)

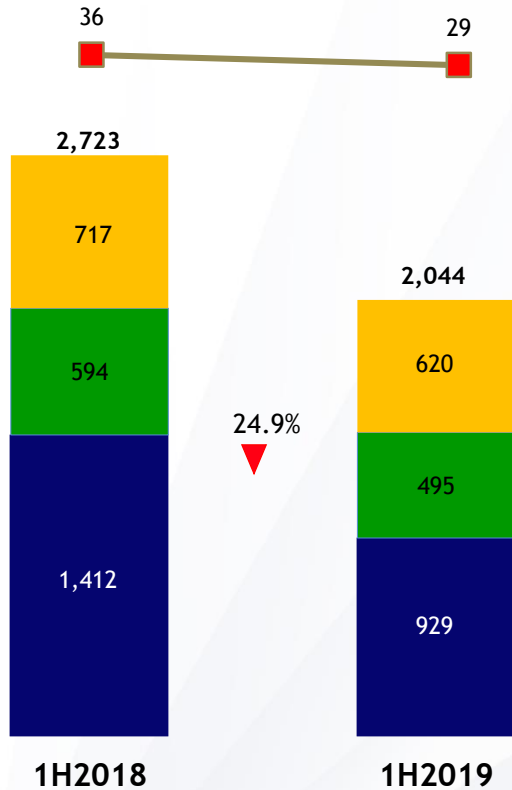
■ Operating Revenue (RM mil)

■ PATAMI (RM mil)

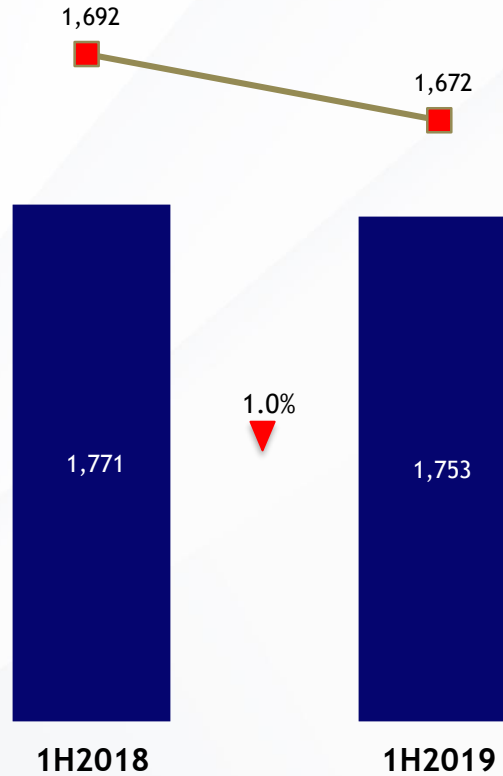
Securities Market Overview

ADV-OMT declined by 25%

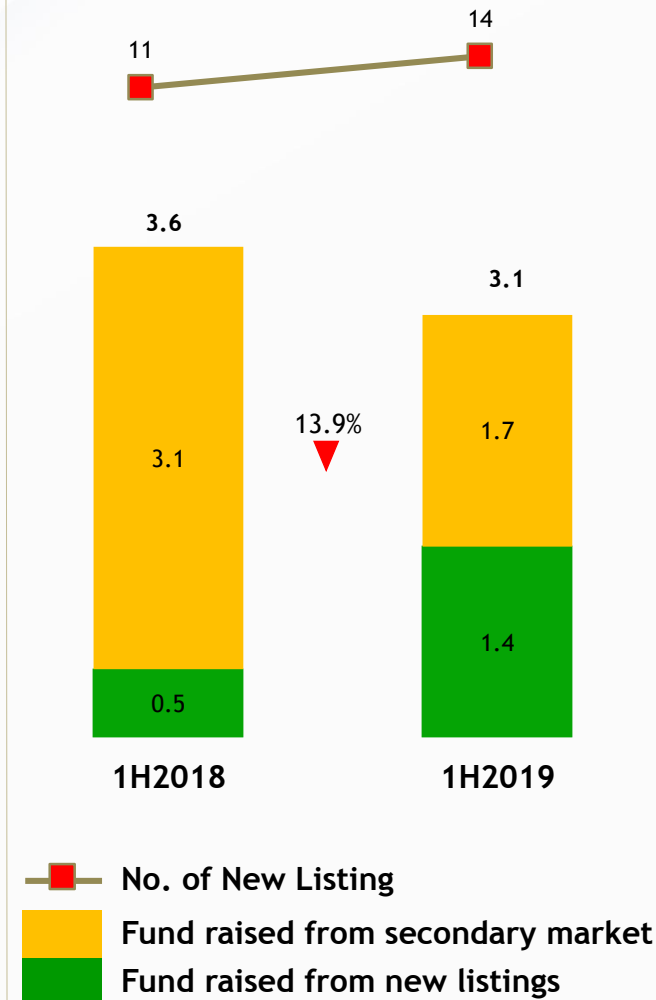
Average Daily Value ("ADV") (OMT)(RM mil)



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

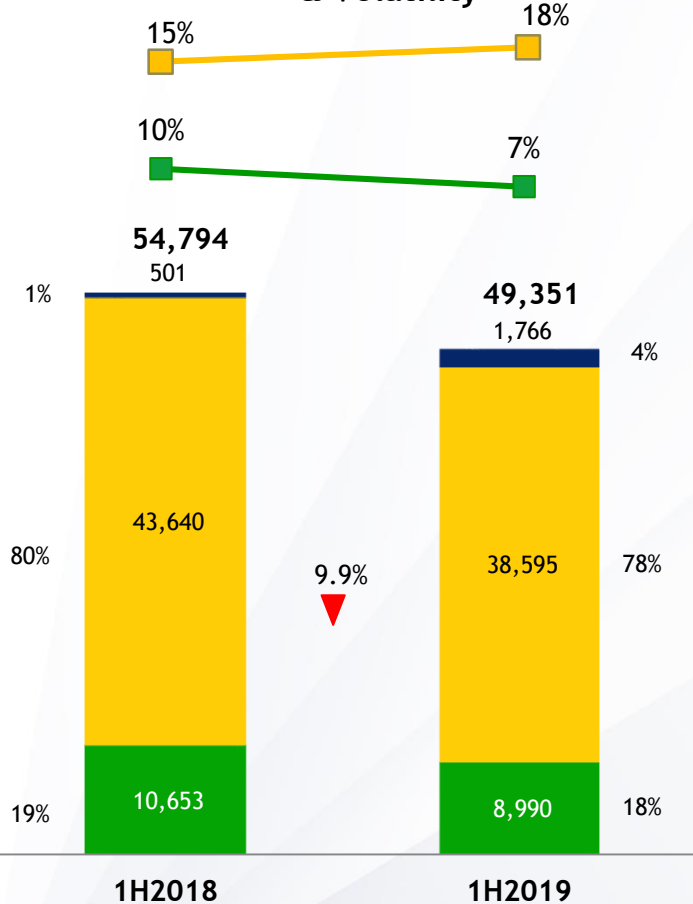
-  No. of New Listing
-  Fund raised from secondary market
-  Fund raised from new listings

Note: OMT - On Market Trades

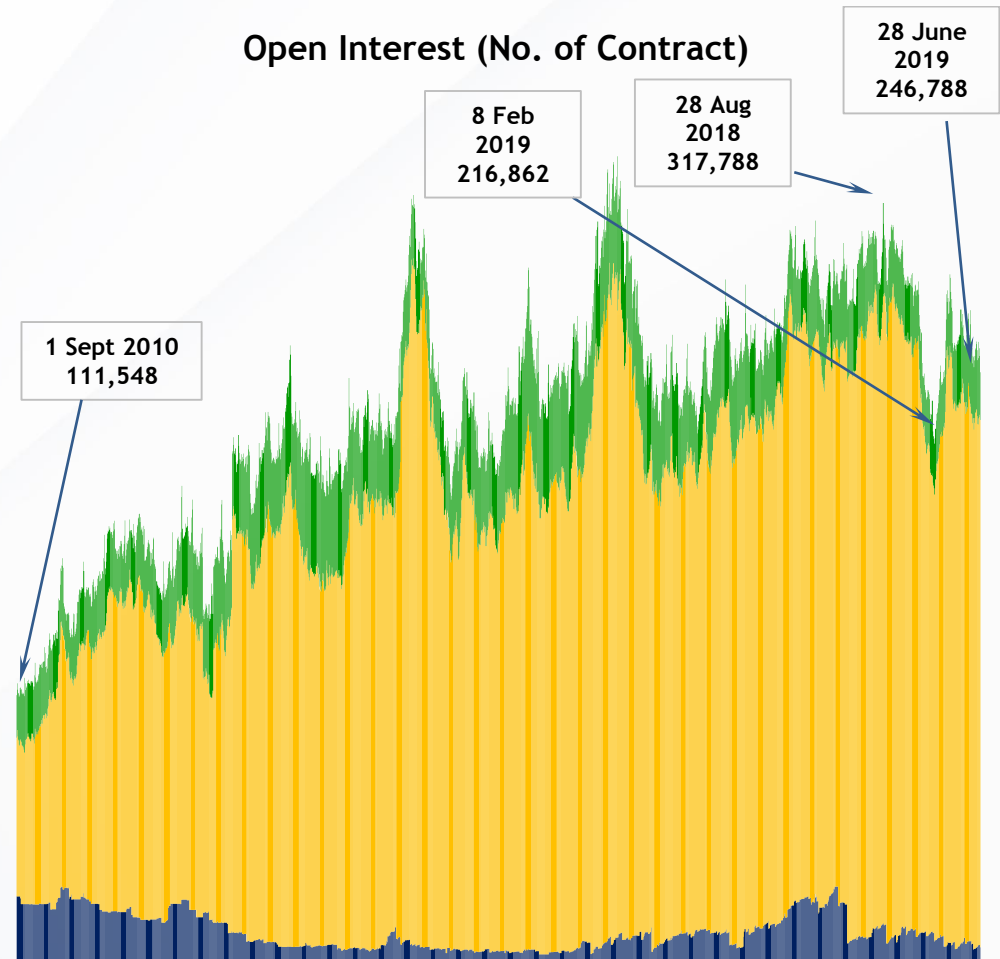
Derivatives Market Overview

Low CPO prices and low FBMKLCI volatility continue to affect FCPO and FKLI trades

Average Daily Contracts (“ADC”) & Volatility



Open Interest (No. of Contract)



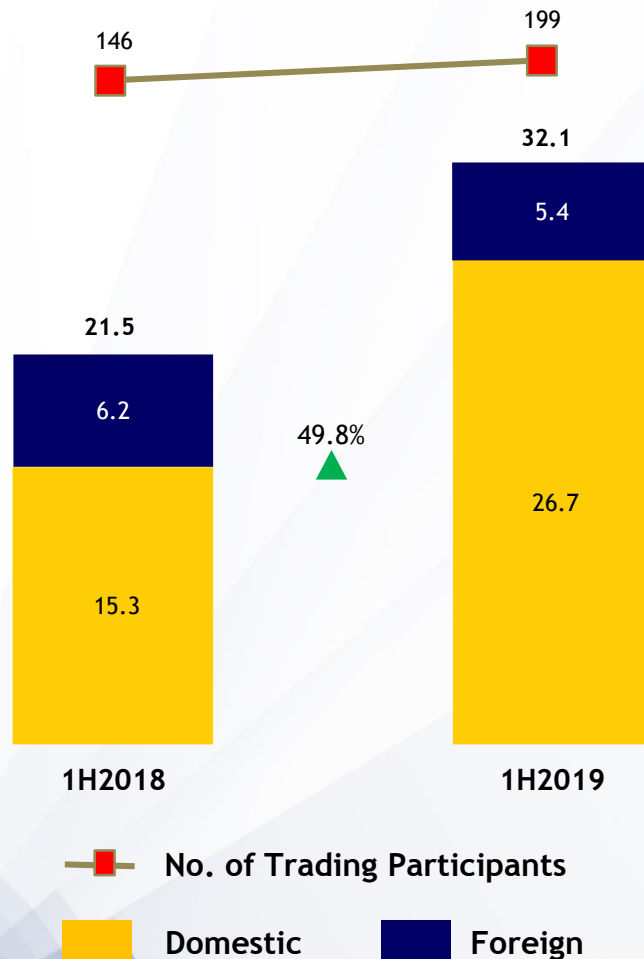
■ ADC - FBMKLCI Futures (“FKLI”)
—■ Volatility of FBMKLCI

■ ADC - Crude Palm Oil Futures (“FCPO”) ■ ADC - Others
—■ Volatility of Crude Palm Oil Prices

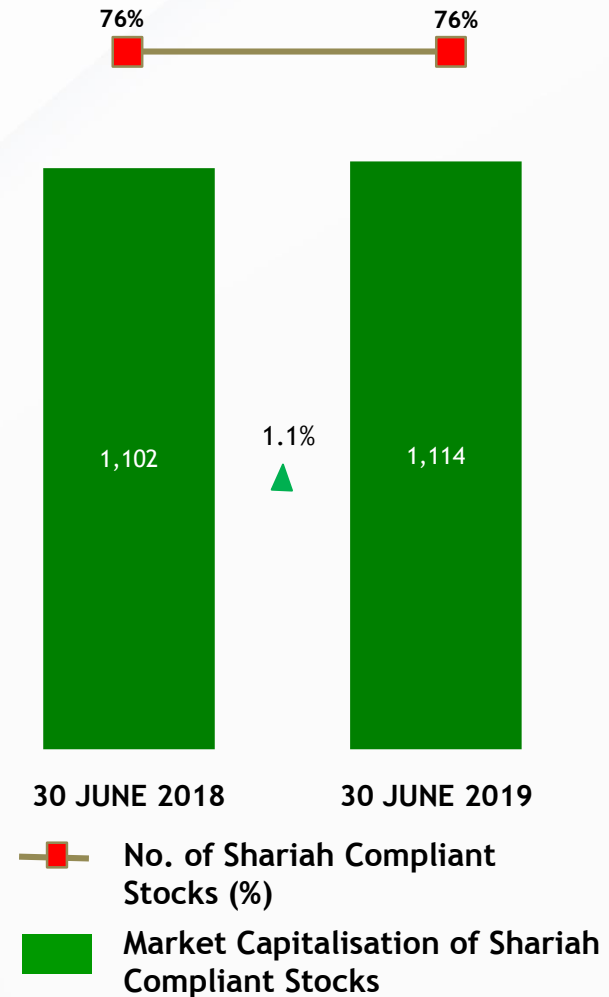
Islamic Capital Market Overview

Trades in BSAS grew by 50% mainly due to higher take-up from domestic participants

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



**Market Capitalisation of Shariah Compliant Stocks
(RM bil)**



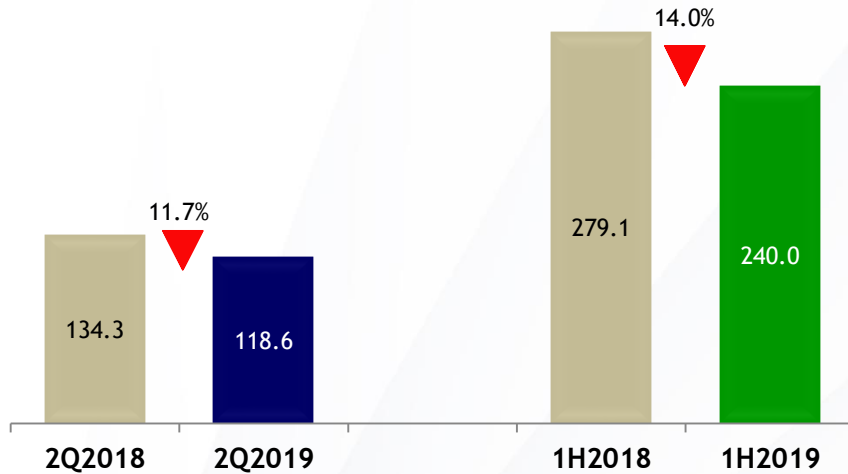
Financial Review

- Financial Snapshot
- Operating Revenue
- Operating Expenses
- Dividends

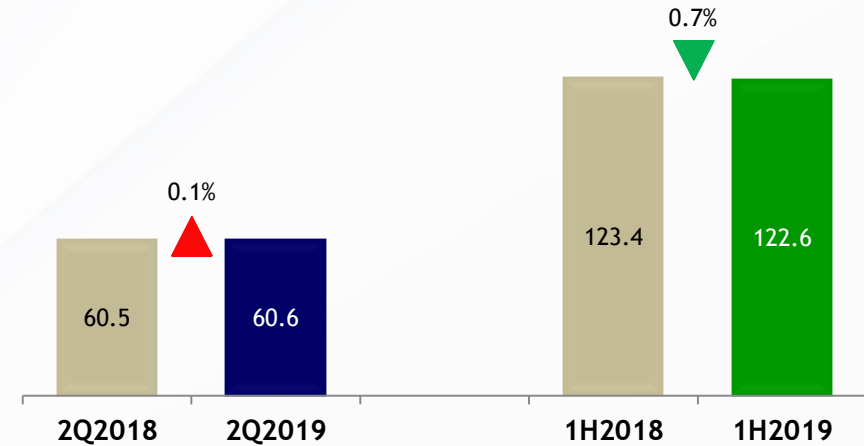
Financial Snapshot

Performance affected by global and local events

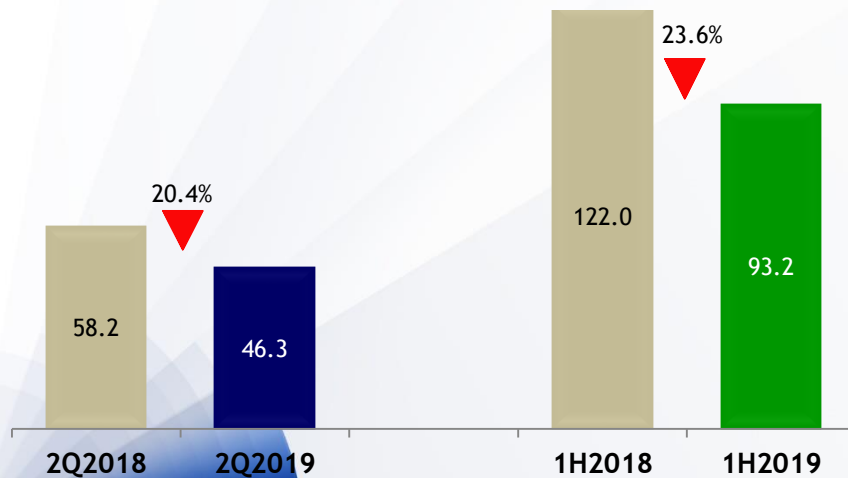
Operating revenue (RM mil)



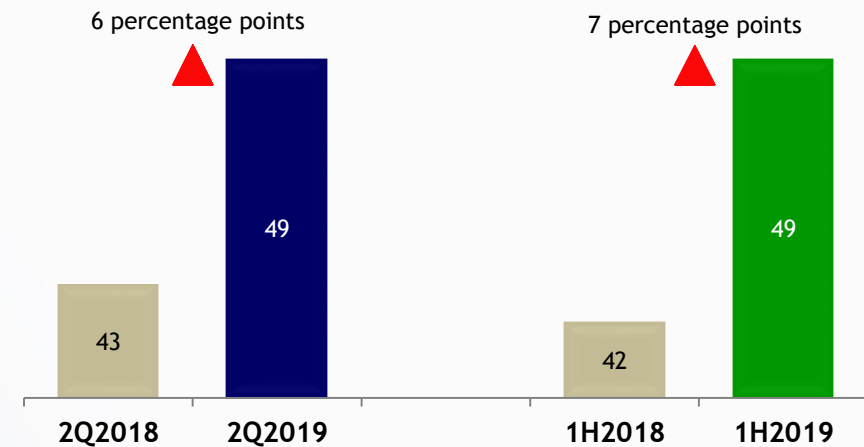
Operating expenses (RM mil)



PATAMI (RM mil)

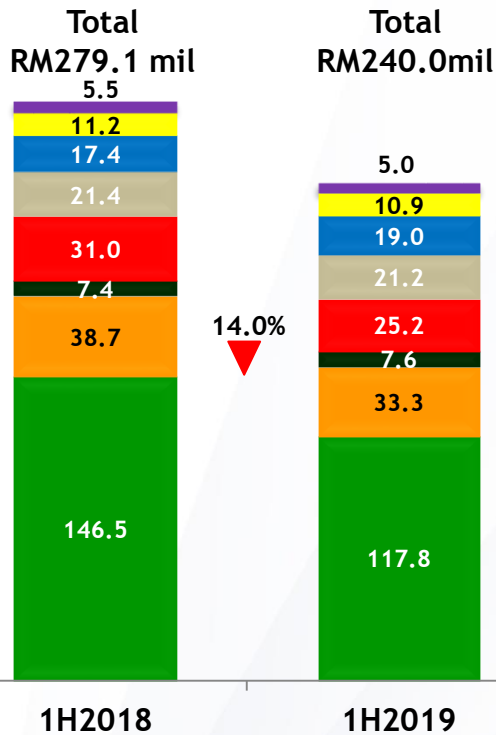


Cost to income ratio (%)

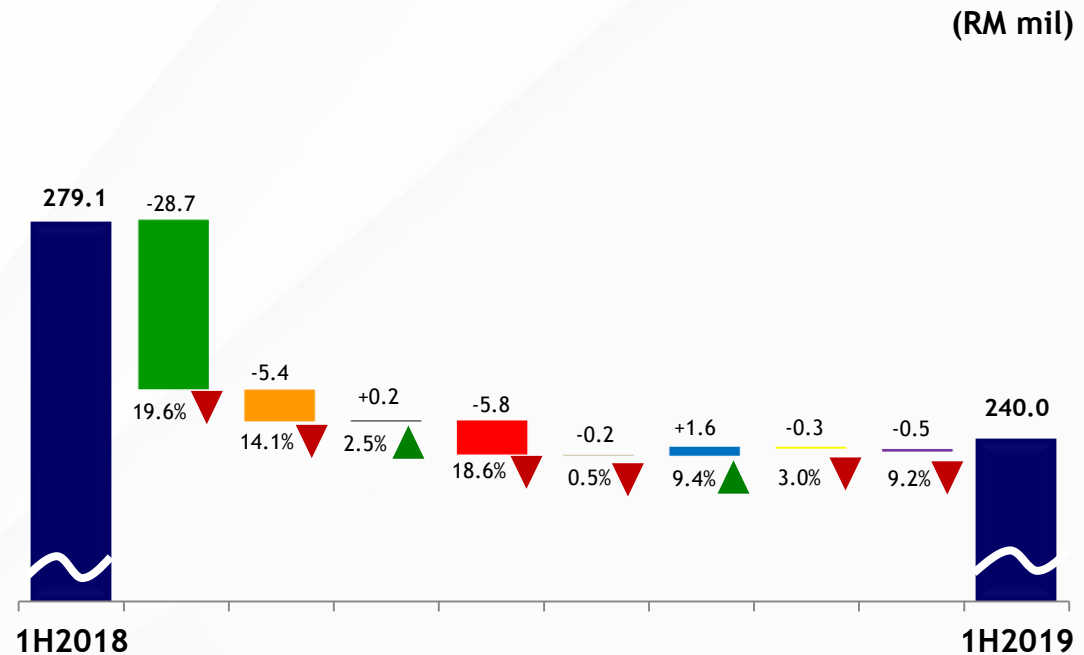


Operating Revenue

Declined 14%, mainly from lower 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

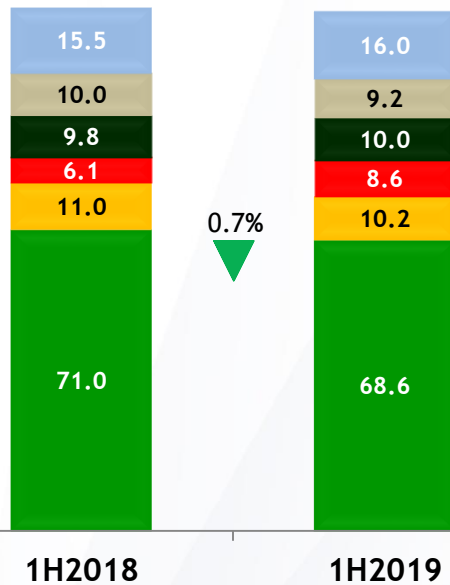
- Decrease in securities trading revenue mainly due to lower ADV-OMT.
- Decrease in derivatives trading revenue was due to lower number of FCPO and FKLI contracts.
- Increase in BSAS trading revenue was in line with higher BSAS ADV.
- Decrease in listing & issuer services mainly due to lower initial and annual listing fees as well as perusal and processing fees.
- Increase in market data revenue due to increase in additional subscriptions.

Operating Expenses

Costs decreased marginally by 1% to RM123m

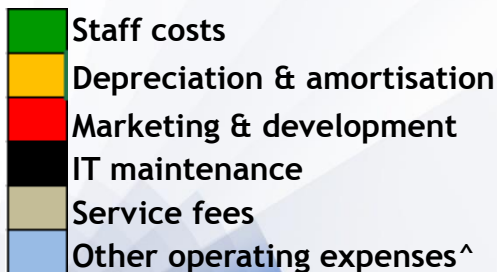
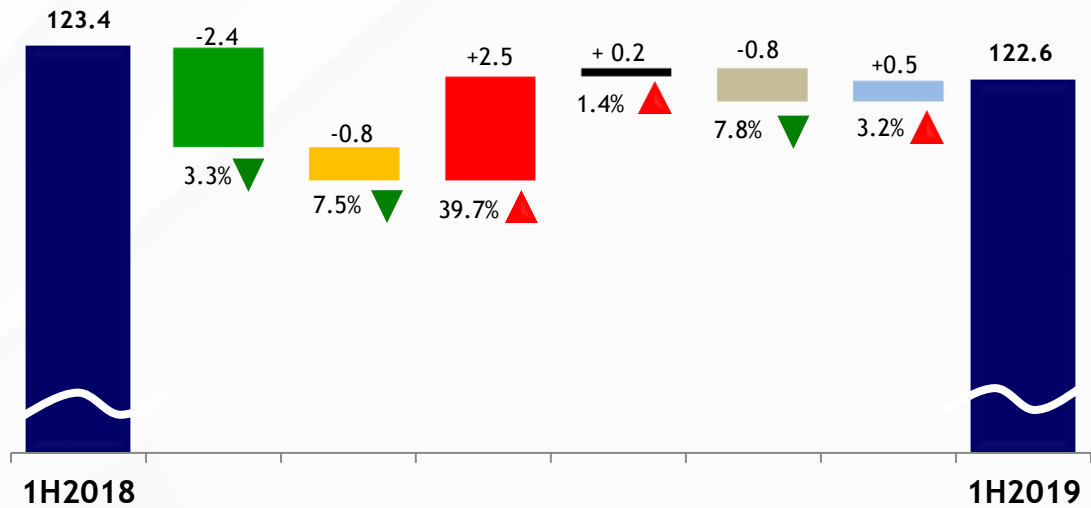
Total
RM123.4 mil

Total
RM122.6 mil



Movement of expenses:

(RM mil)

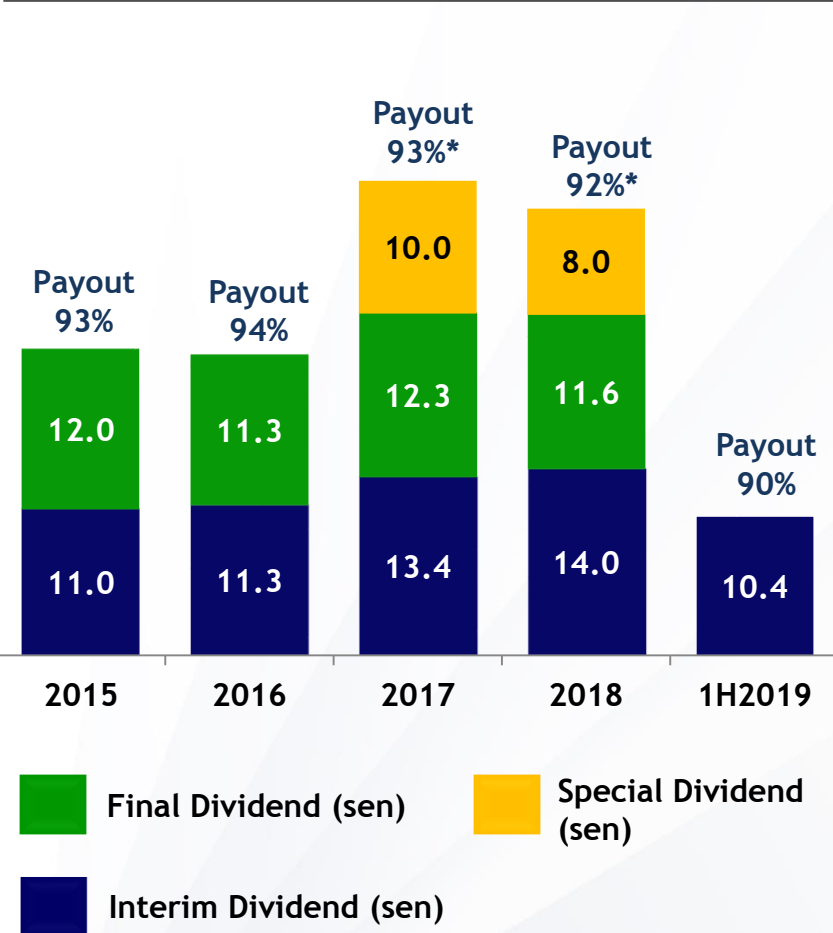


- Decrease in staff cost due to lower provision of variable costs.
- Higher business development cost due to increase in marketing and engagement activities as well as higher incentives provided to market participants.
- Lower Globex fees from lower number of derivatives contracts traded.
- Lower depreciation as certain IT assets have been fully depreciated.

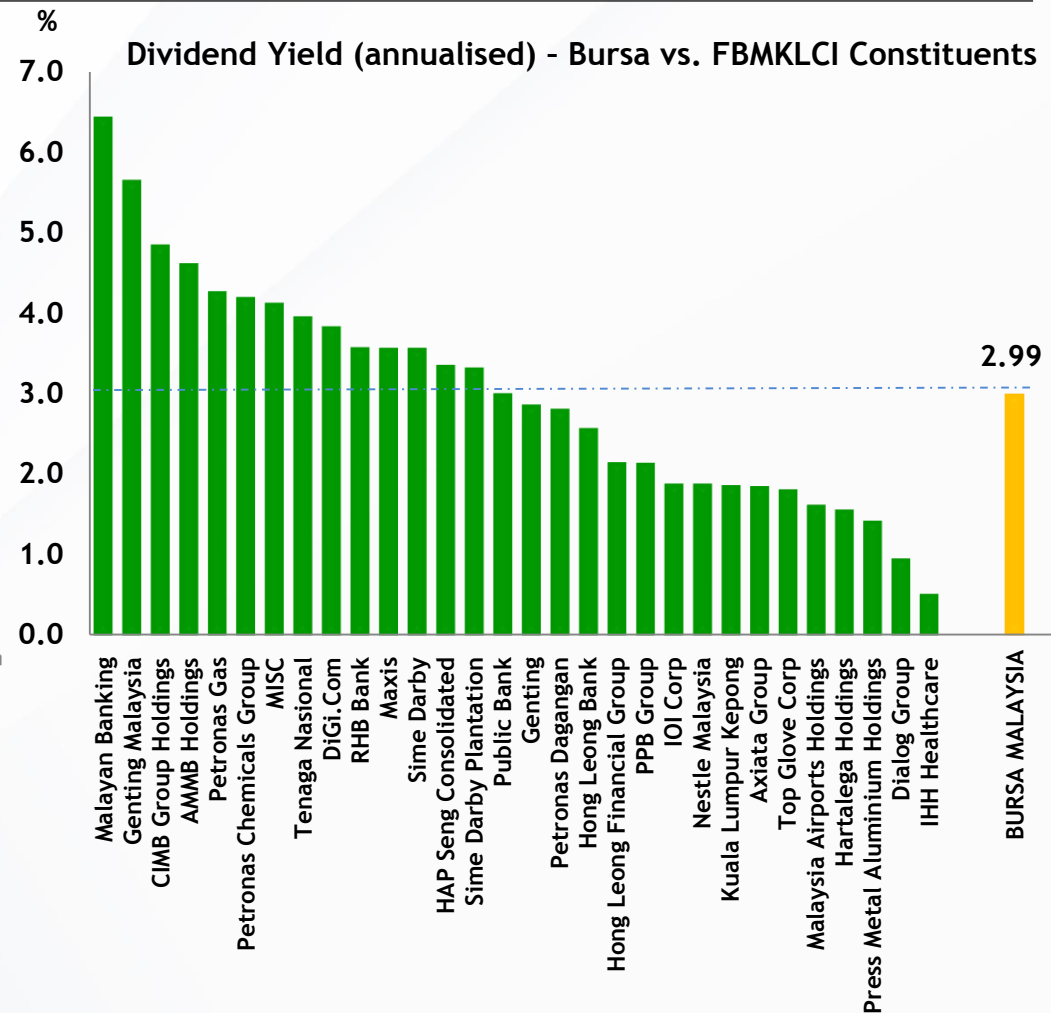
Note[^] - Other operating expenses include building maintenance, administrative expenses and CDS expenses.

Dividends

Declared interim dividend of 10.4 sen for 1H2019



* Exclude special dividend



Source: Bloomberg and Bursa Malaysia

Declared interim dividend of 10.4 sen. The entitlement and payment dates are on the 19th and 30th of August 2019 respectively.

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

Highlights & Conclusion

- Highlights of 1H2019 Initiatives
- Moving Forward

Highlights of 1H2019 Initiatives

Corporate Development

- Classification of Bursa as a Shariah-compliant securities

Strengthening the Core

- Bursa and Securities Commission to continue supporting a facilitative and market-friendly ecosystem

Capitalising on Technology & Information

- Launched Bursa Anywhere mobile application
- 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)
- Expanded trading features to provide more opportunities for market participants

Regional and Global Connectivity

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

Sustainability as a way of Life

- Hosted the 5th Annual “Ring the Bell for Gender Equality”

Moving Forward

SECURITIES MARKET

- The Securities Market performance in the first half of the year was influenced by both global and domestic developments which centred on concerns of softening global growth, easing of global financing conditions and weaker corporate earnings.
- Despite the external headwinds, the Securities Market performance for the second half of 2019 is expected to be resilient. The month of June 2019 saw foreign investors turn net buyers, with the trend continuing into July 2019.

DERIVATIVES MARKET

- Trading and hedging activities will continue to be influenced by volatility in crude palm oil prices and the underlying equities market.
- The ongoing initiatives to attract new participants currently focused on the Greater China region, are expected to further widen the derivatives trading community.

ISLAMIC CAPITAL MARKET

- The Exchange expects to see increased participation by retail and institutional investors on the Bursa Malaysia-i platform, through its continuous engagements and marketing efforts.
- Bursa Suq Al-Sila' ("BSAS") on the other hand, is expected to sustain its strong performance through expansion of its global reach and onboarding of new domestic non-bank participants onto its platform.

Bursa Malaysia will continue to expand and strengthen its products and services offerings to drive trading activities, as well as attract new investors and participants into our markets. On 11 June 2019, the Exchange launched Bursa Anywhere, the first-of-its-kind mobile depository services in ASEAN and second only in Asia, that allows individual investors to access CDS-related services on their smartphones, anytime and anywhere. Additional services will be provided progressively through Bursa Anywhere to enhance investors' experience on the Exchange. Considering the challenging environment and barring any unforeseen circumstances, the Exchange expects to maintain a sustained performance in the second half of the year.

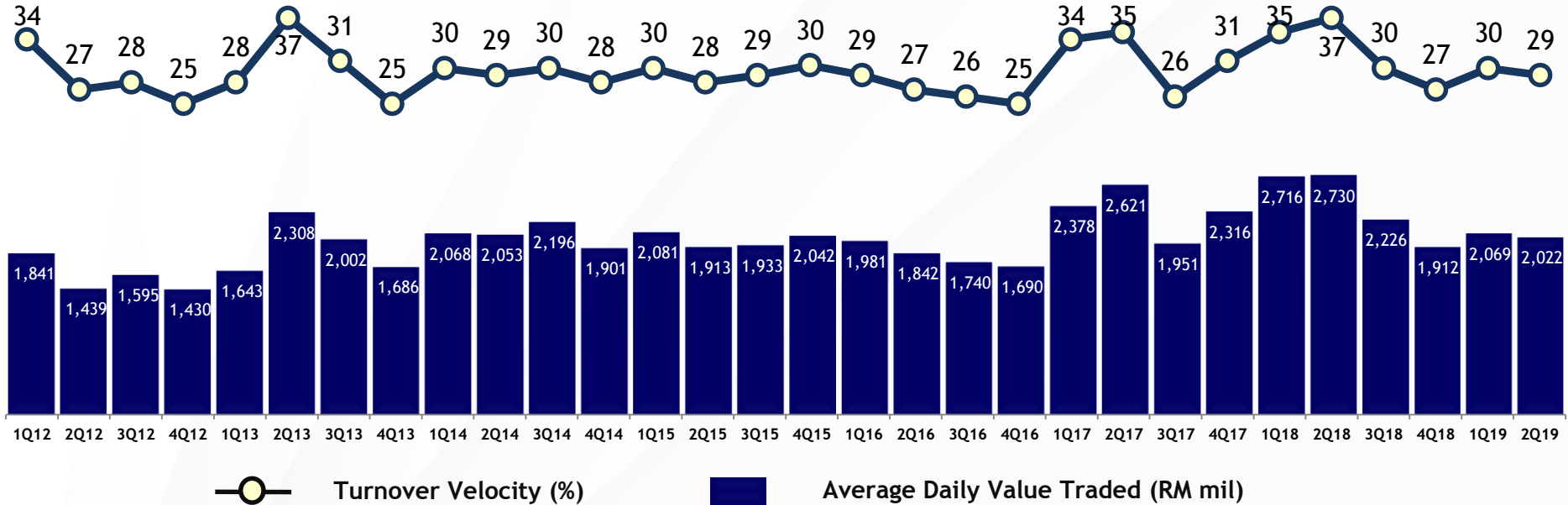
1H2019 Financial Results Analyst & Media Briefing Q&A

Appendices

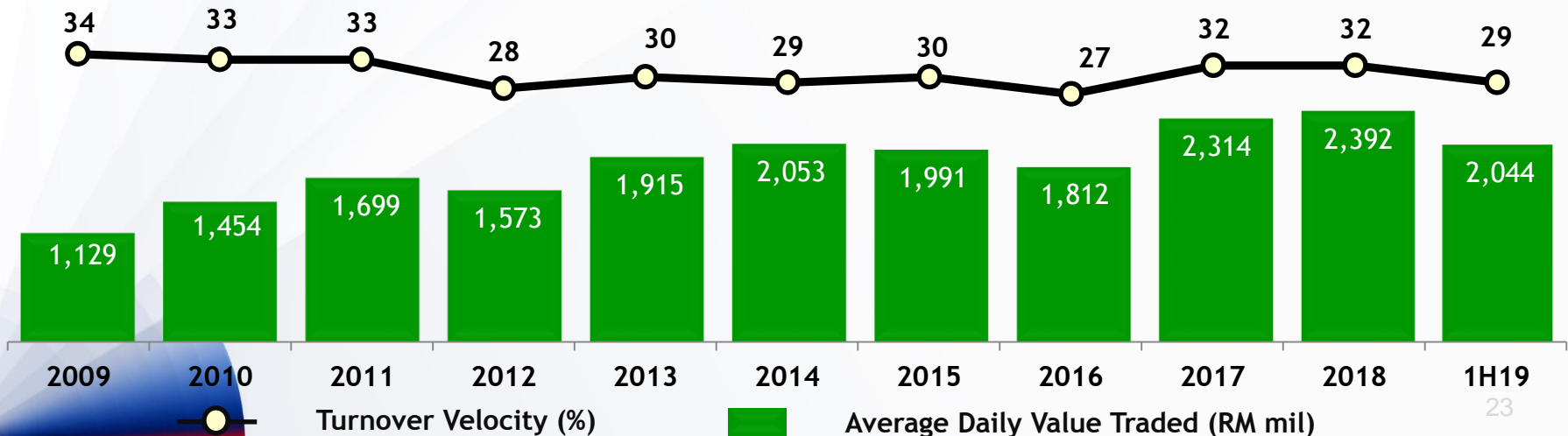
- Securities Market Trading Activity
- Securities Market Trading Participation
- Securities Market Foreign Ownership
- Foreign Inflow/Outflow
- Derivatives Market Activity
- Derivatives Market Demography
- Islamic Capital Market Activity

Securities Market Trading Activity

Quarterly ADV Traded & Velocity

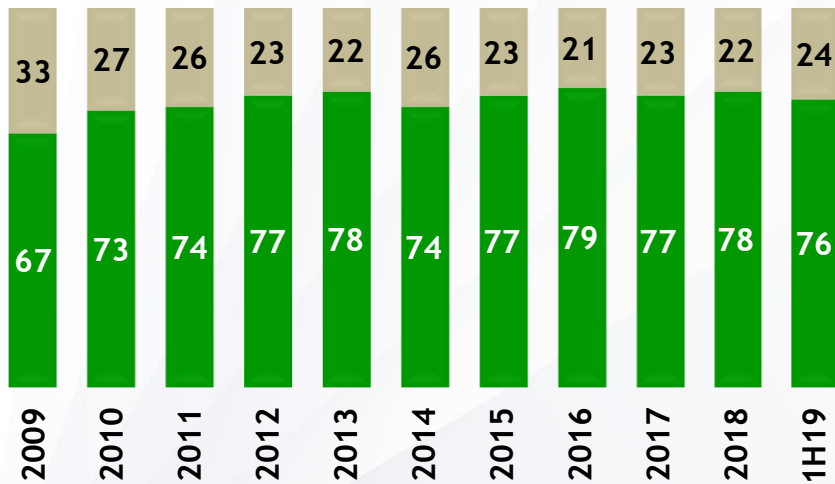
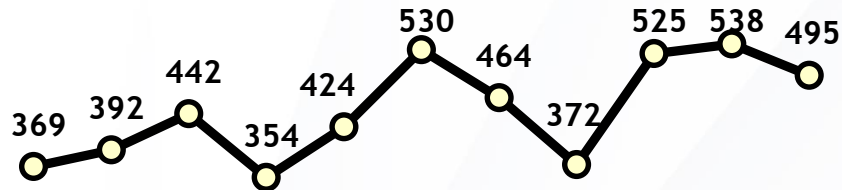





Annual ADV Traded & Velocity



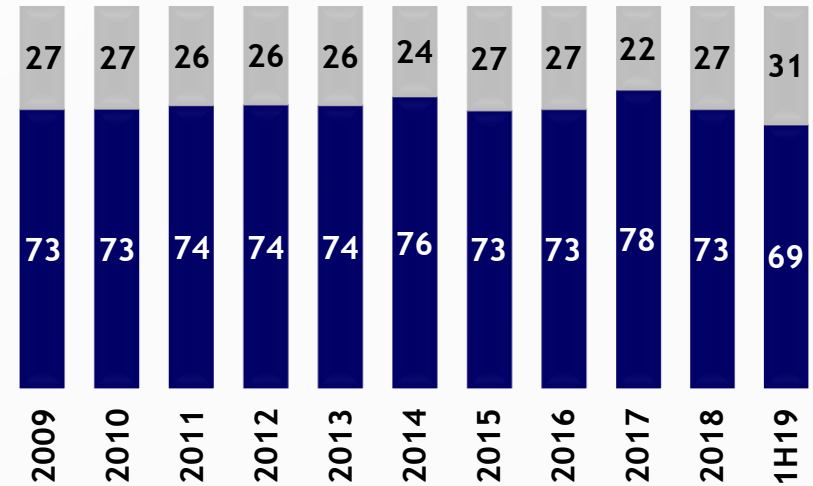
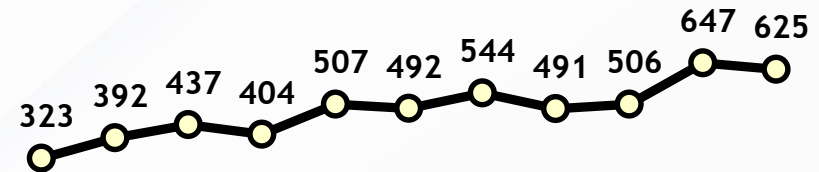
Securities Market Trading Participation


Retail vs. Institution



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

Foreign vs. Local

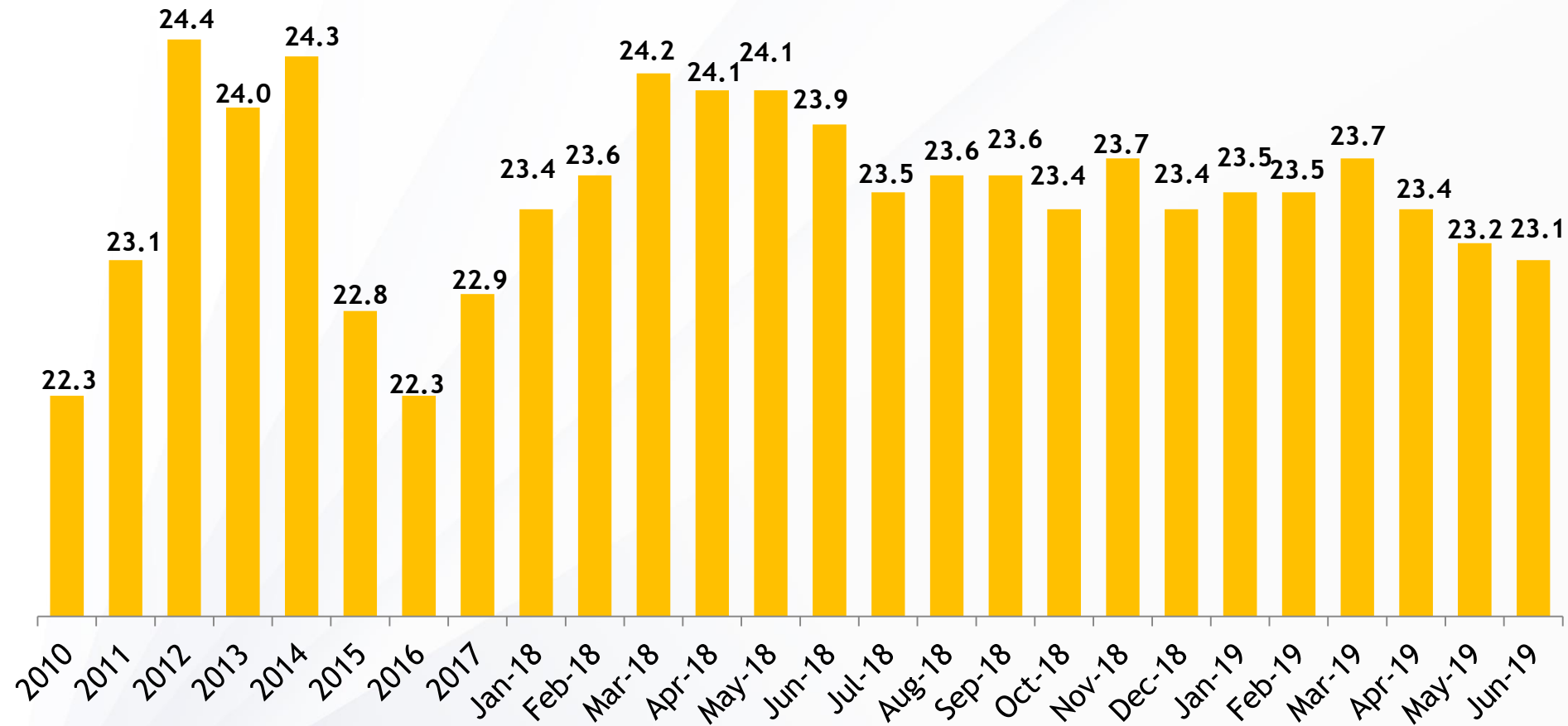


 Foreign ADV Traded (RM mil)
  Foreign (%)
  Local (%)

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

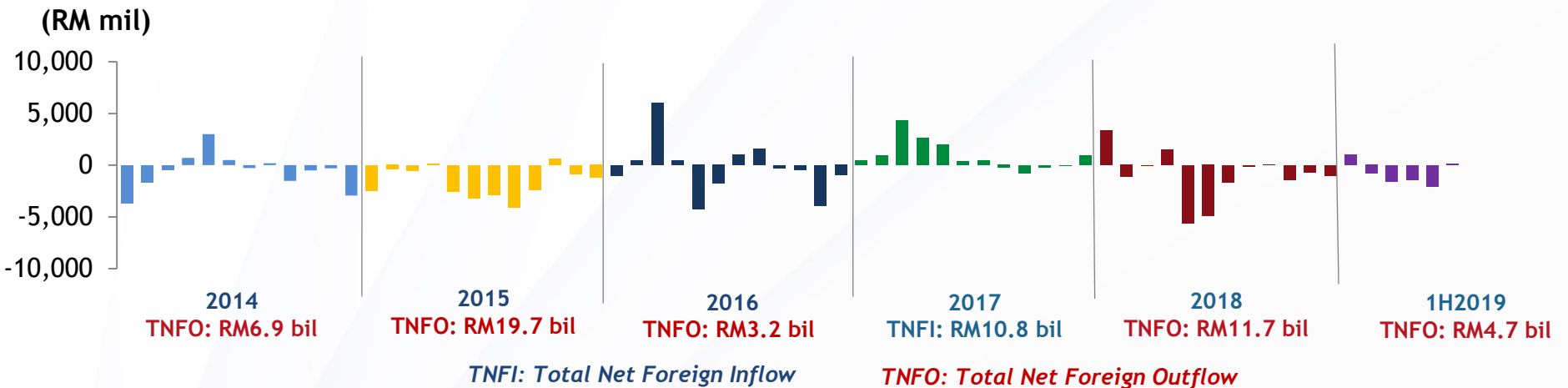
Securities Market Foreign Ownership

Based on Market Capitalisation (%)

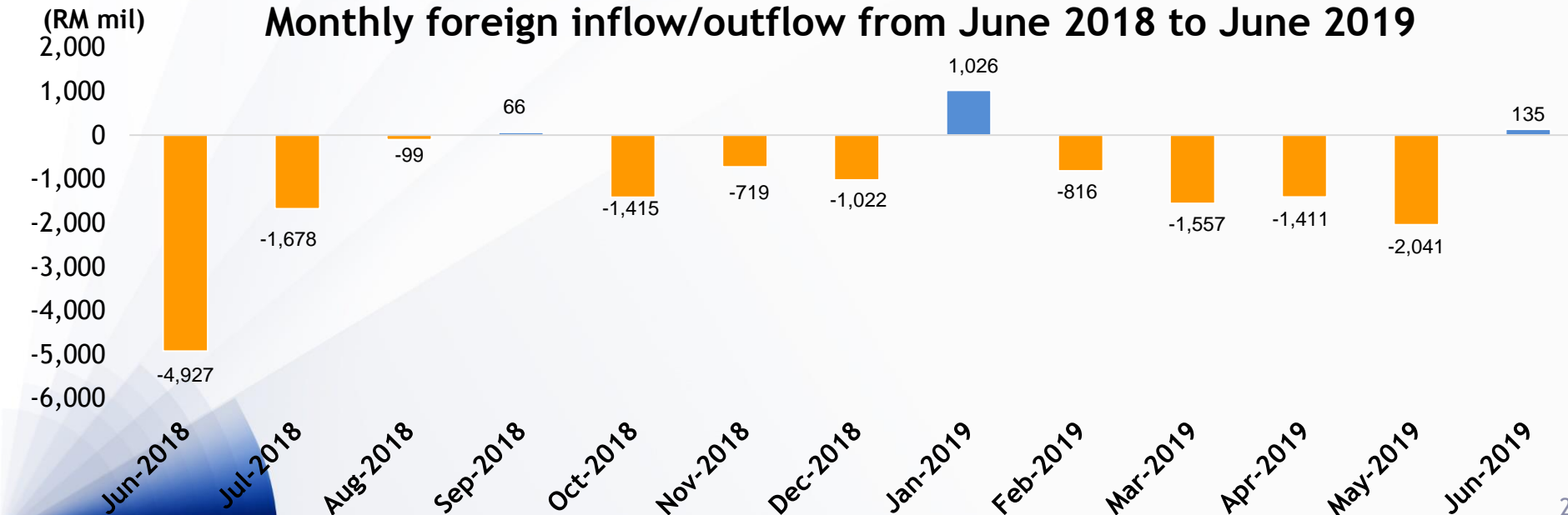


Foreign Inflow/Outflow

Monthly foreign inflow/outflow from 2014 to 2019

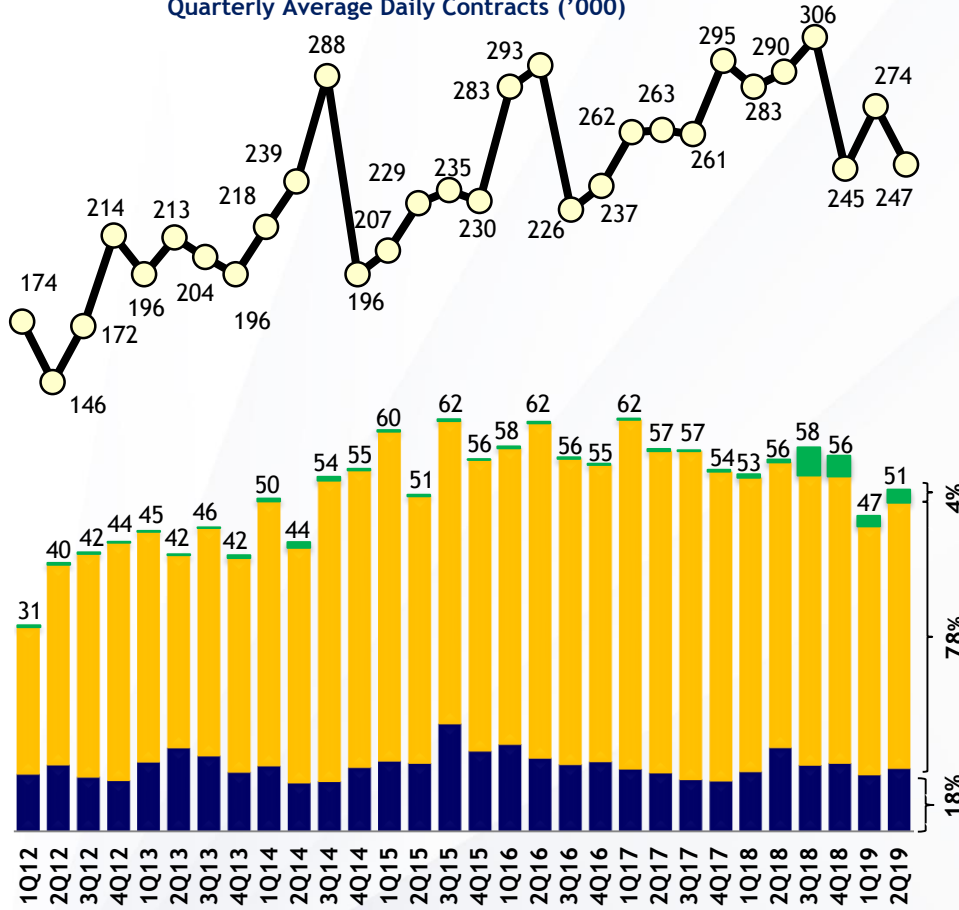


Monthly foreign inflow/outflow from June 2018 to June 2019

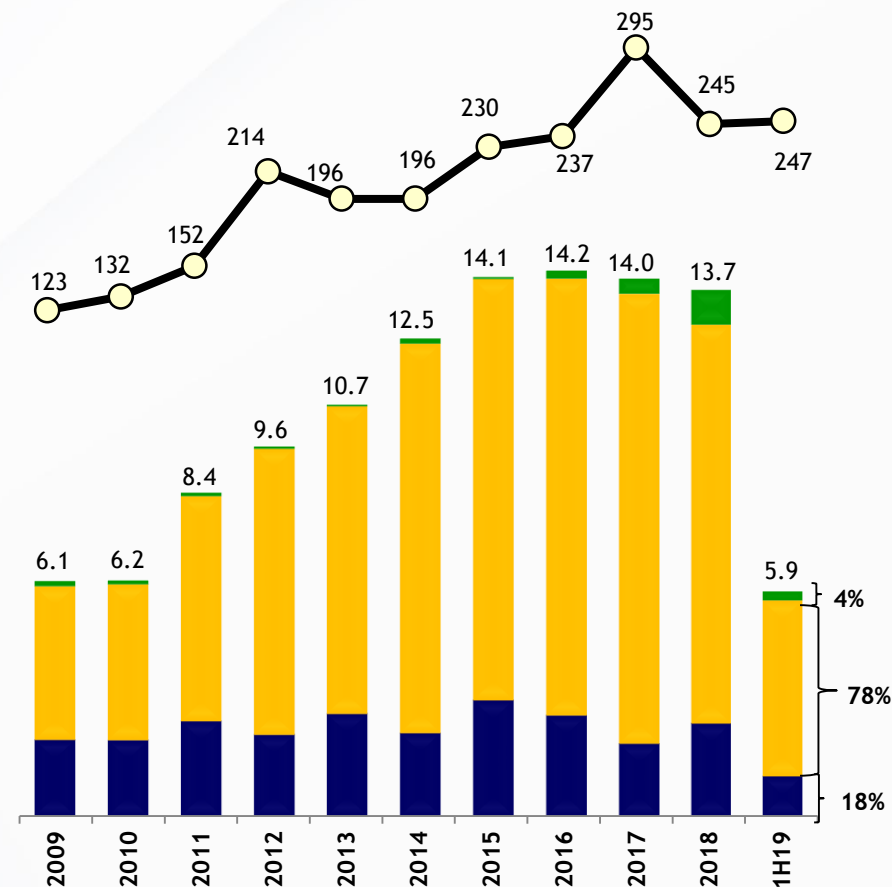


Derivatives Market Activity

Quarterly Average Daily Contracts ('000)



Total Annual Contract (mil)



○ Open Interest ('000)

■ Others

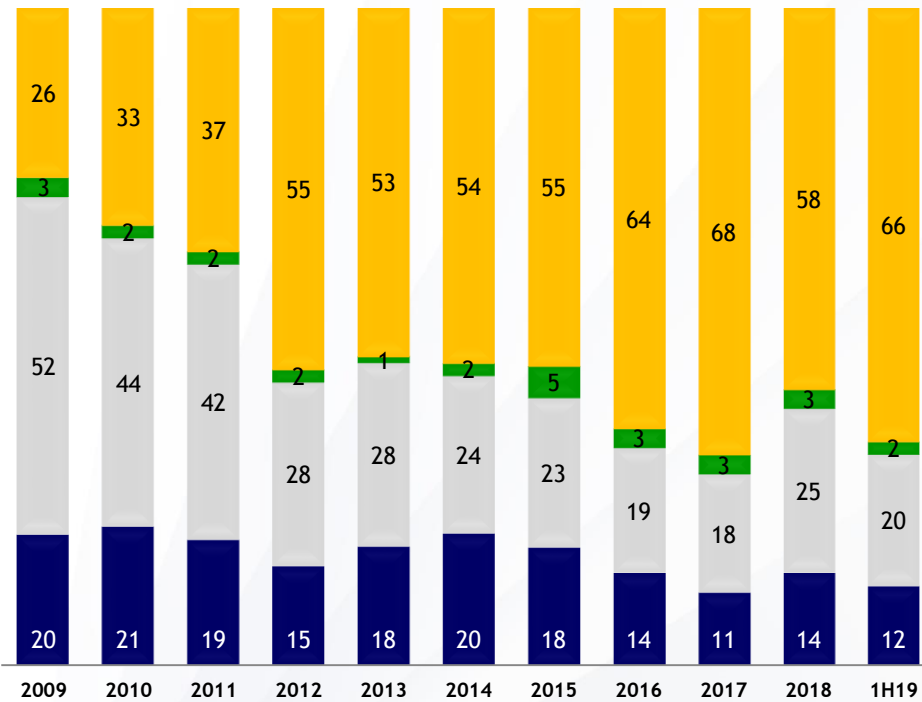
■ Crude Palm Oil Futures

■ FBMKLCI Futures

Derivatives Market Demography

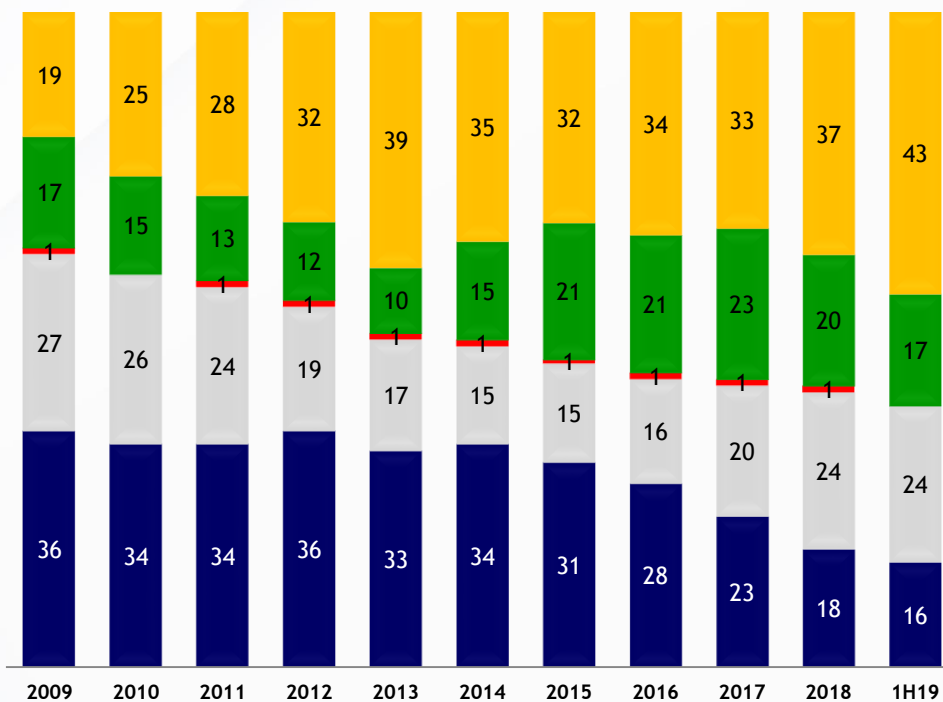
FKLI

(%)



FCPO

(%)



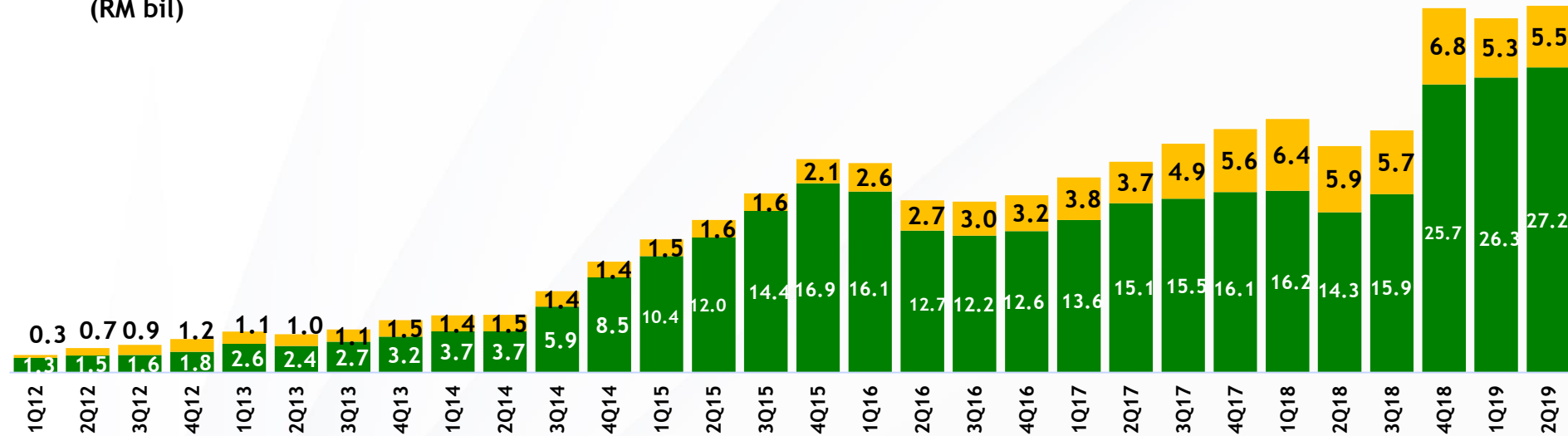
■ Foreign Institutions ■ Domestic Retail
■ Domestic Institutions ■ Local

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

Islamic Capital Market Activity

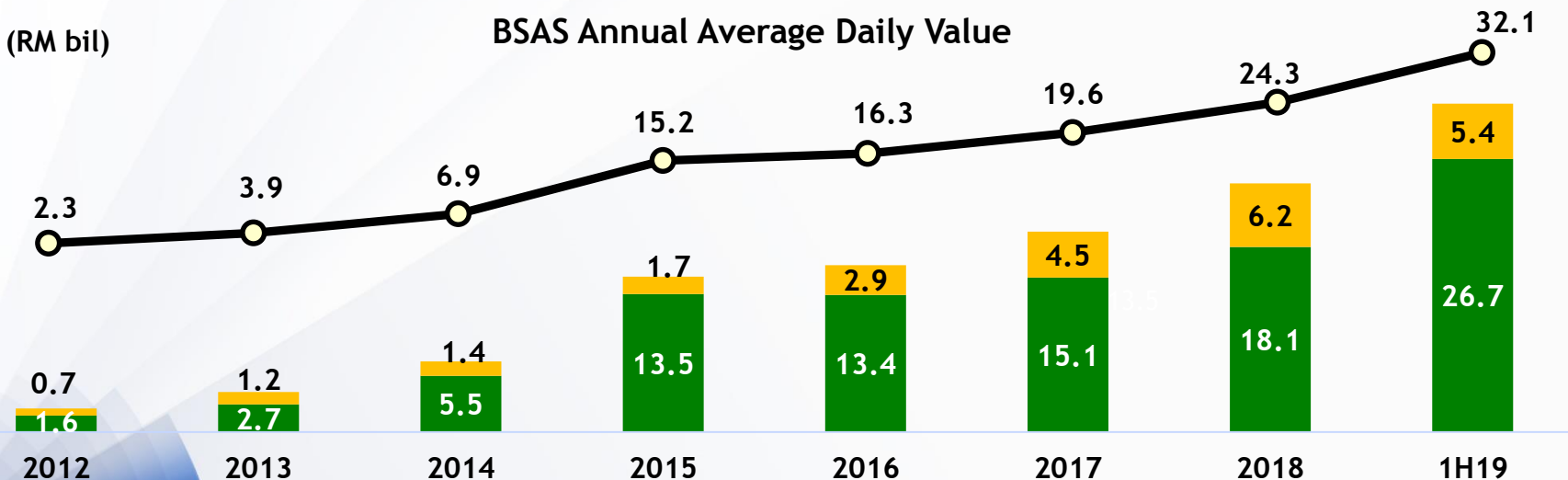
BSAS Quarterly Average Daily Value

(RM bil)



BSAS Annual Average Daily Value

(RM bil)



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

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