

28 July 2020

1H2020 Financial Results Briefing

Tan Sri Abdul Wahid Omar
Chairman

Datuk Muhamad Umar Swift
Chief Executive Officer

Rosidah Baharom
Chief Financial Officer

Agenda

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

Market Recap

Our Operating Environment Remains Challenging

Pace and strength of domestic economic recovery is subject to downside risks

Overnight Policy Rate is at a record low to stimulate economic recovery amid concerns that impact of COVID-19 on the global economy is severe

Nonetheless, pockets of opportunities are emerging from the pandemic and transition towards the “new normal”

Global economic conditions remain weak

IMF and World Bank projected global 2020 GDP growth of -4.9% and -5.2%, respectively

Uncertainty over pathway of the pandemic

*Further waves of infections could lead to re-
imposition of containment measures*

Softer corporate earnings

*Pandemic is exerting pressure on the already soft
earnings performance*

Weaknesses in labour market conditions

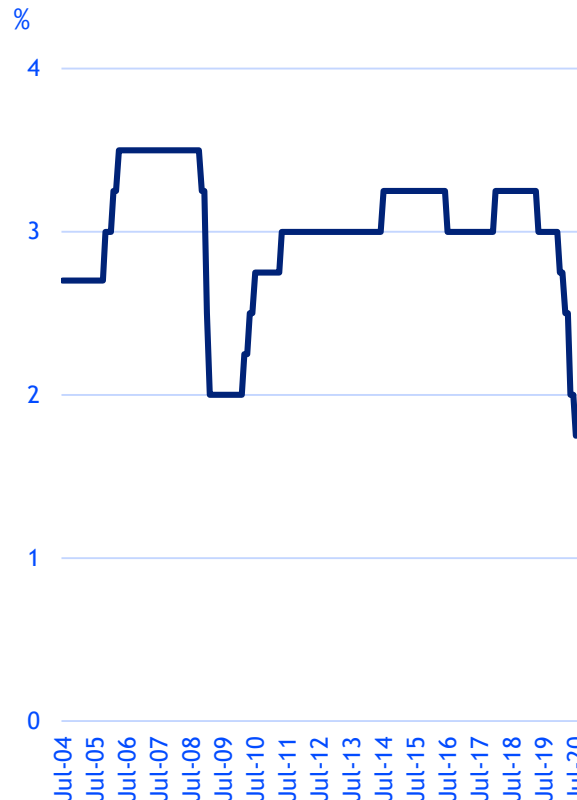
*Malaysia's unemployment rate rose to 5.3% in May
2020 (Dec 2019: 3.3%)*

Fragile consumer confidence

Consumer Sentiment Index for 1Q 2020 fell sharply
to 51.1 (4Q 2019: 82.3)*

Global geopolitical uncertainties

Re-escalating tensions between major economies



Surge in demand for medical-related products (e.g. gloves, pharmaceutical) provides a strong lift for healthcare sector. Healthcare sectoral index advanced by 86.9% in 1H 2020.



Greater push towards digital transformations can accelerate growth in the technology-related companies



Low interest rate is driving “search for yields” and assets diversification, including into stocks

* Refers to Malaysian Institute of Economic Research's (MIER) Consumer Sentiment Index (CSI)

Source: CEIC data

Market Performance for 1H2020

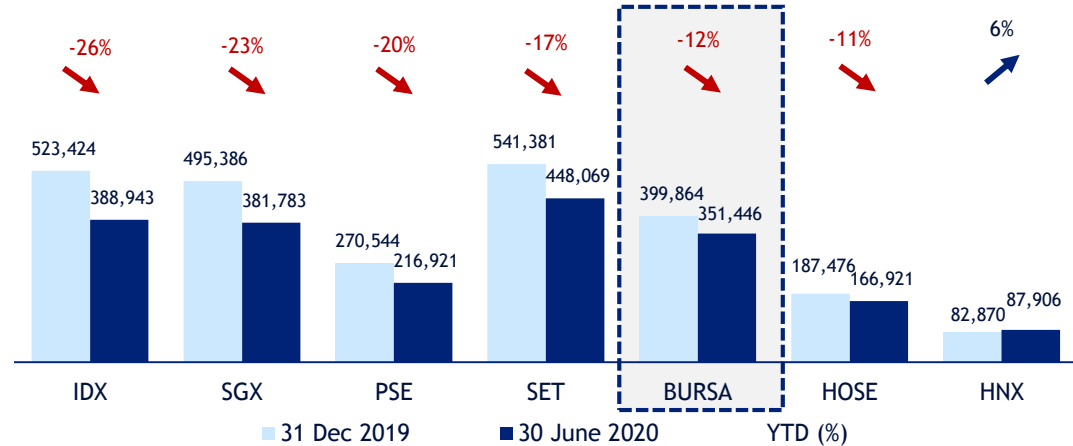
Bursa Malaysia's performance is one of the best in the region for 1H2020

ASEAN Indices Growth

	Q1 2020 vs 2019	Q2 2020 vs Q1 2020	YTD JUNE 2020
HNX	↓ 9.6%	↑ 18.5%	↑ 7.1%
FBMKLCI	↓ 15.0%	↑ 11.1%	↓ 5.5%
HOSE	↓ 31.1%	↑ 24.5%	↓ 14.1%
SET	↓ 28.7%	↑ 18.9%	↓ 15.2%
STI	↓ 23.0%	↑ 4.4%	↓ 19.6%
PCOMP	↓ 31.9%	↑ 16.7%	↓ 20.6%
JCI	↓ 27.9%	↑ 8.1%	↓ 22.1%
MSCI EM	↓ 23.9%	↑ 17.3%	↓ 10.7%

Source: Bloomberg

ASEAN Market Cap Growth (USD million)

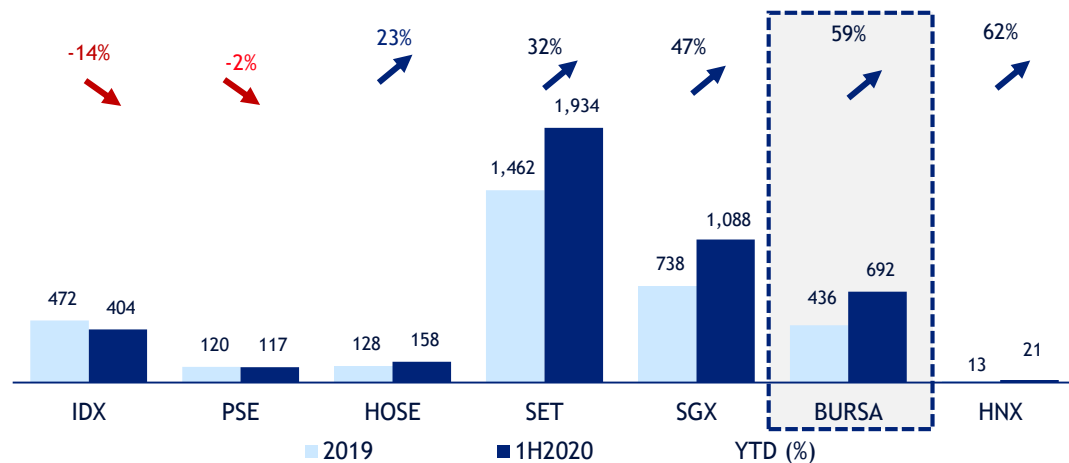


ASEAN Velocity Growth

Exchange	2019	YTD JUNE 2020	GROWTH (% pts)
SET	64.8%	103.6%	38.8%
SGX	35.8%	68.4%	32.6%
BURSA	27.9%	50.0%	22.1%
HOSE	16.4%	22.6%	6.3%
IDX	21.7%	24.9%	3.3%
PSE	10.6%	12.9%	2.3%

Source: Bloomberg

ASEAN ADV Growth (USD million, YTD Jun 2020)

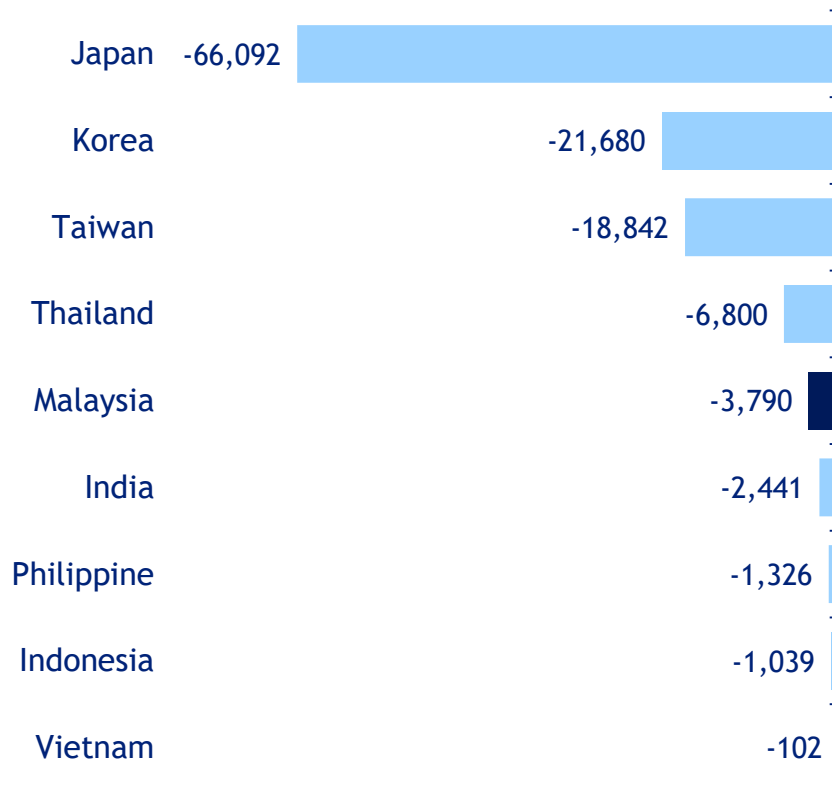


Market Performance for 1H2020

Foreign Funds Outflow: A regional phenomena, NOT just Malaysia being impacted

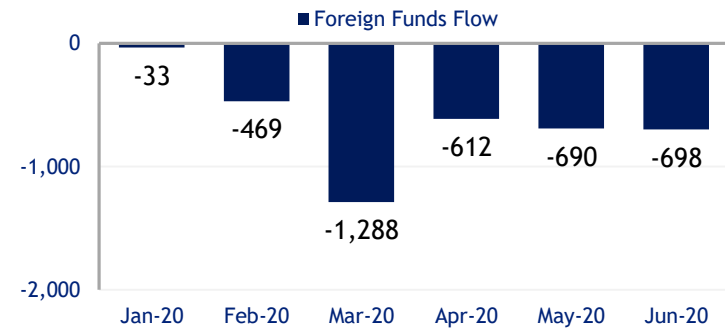
- Foreign investors retreated from all markets in Asia.
- We recorded net outflow of USD 3.8 billion.

Foreign Funds Flow in Asian Equity Market YTD June 2020; In USD million

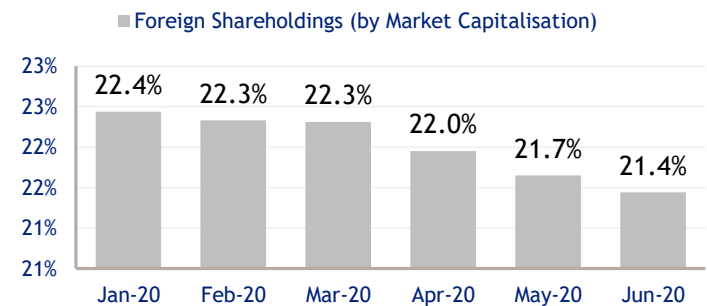


Source: Bloomberg and WFE

Bursa Foreign Funds Flow For the past 6 months; In USD million



Foreign Shareholdings For the past 6 months



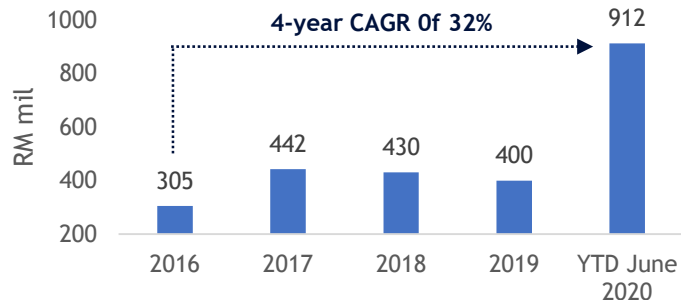
Source: Bursa MIS

Interesting Developments In Our Market

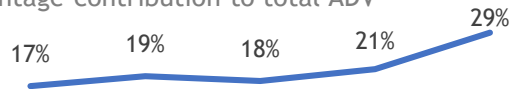
- An Encouraging Trade Patterns from Our Retail Investors.
- More Millennials Entering Into Our Market.

Retail ADV

Highest retail ADV recorded in history

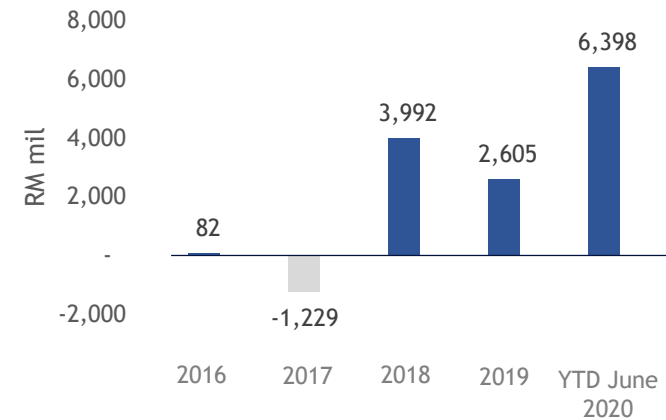


Rising percentage contribution to total ADV



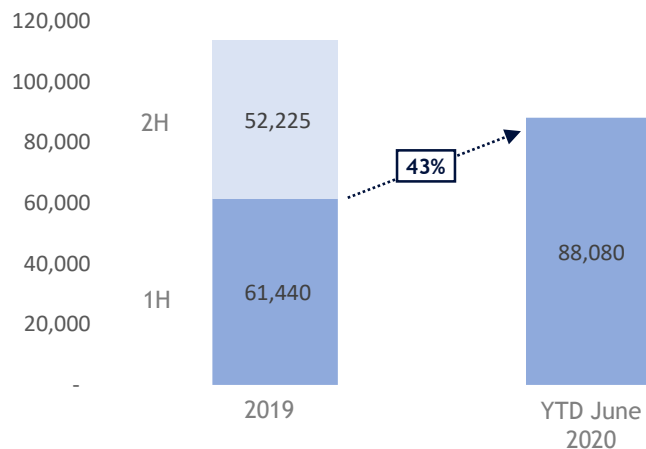
Local Retail Net Buy/Sell Position

5-year Net Buy RM11.9bil



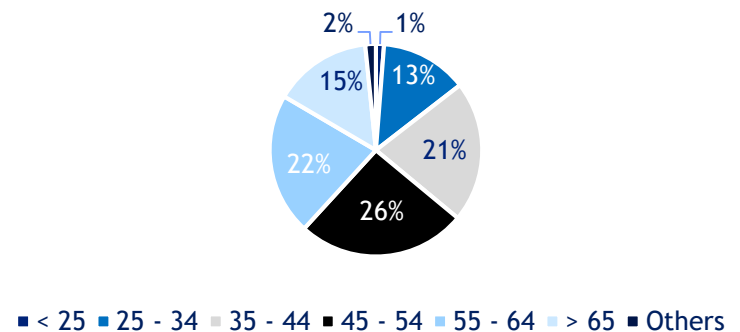
New Individual CDS Accounts

Aged between 25-44 years old contributed 64% of accounts opened in 1H2020

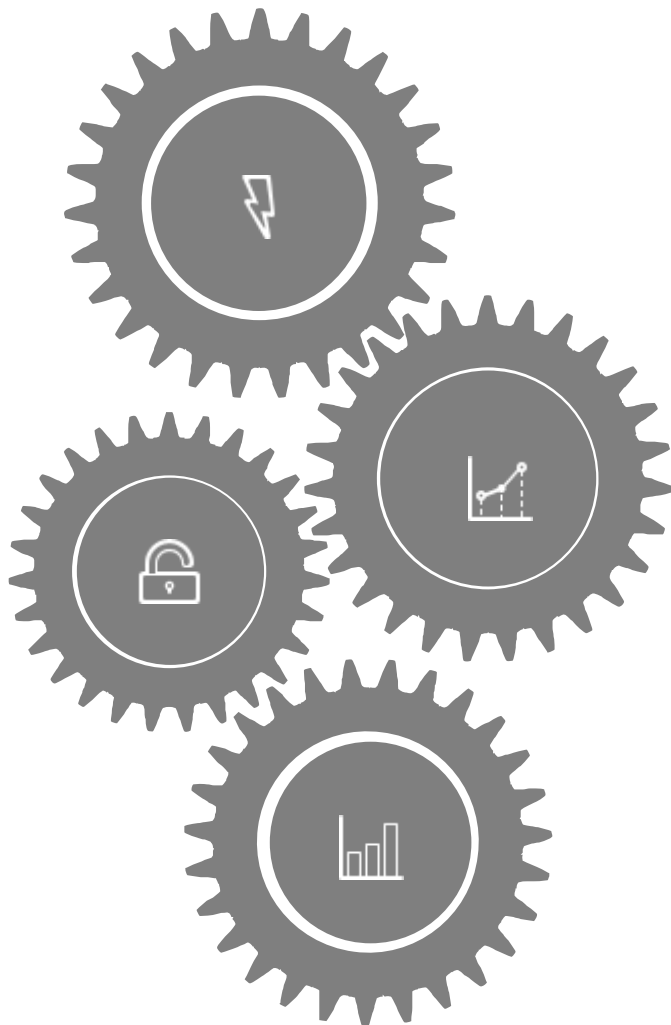


Total Retail Trading Value Contribution By Age

Aged between 25 - 44 years old is the largest contributor to Total Retail TTV (34% or RM77.44 bil) in 1H2020



Various Measures Were Undertaken To Ensure Our Market Continue to Operate In A Fair And Orderly Manner



Managing Investors Confidence

- Working in partnership with POs to ensure good market conduct
- Real-time Surveillance and robust detection method of unusual market activities
- Close monitoring of material announcements by PLCs to ascertain genuinity of material announcements



Stakeholder Engagement

- Engage & assist POs to mitigate system disruption
- Monitor system connectivity, capacity and stability of POs' trading system
- Monitor POs' cyber security through BMCERT



Robust Market Controls

- Dynamic Limit/Last Price Limit
- Static Limit
- Circuit Breaker
- Suspension on Short Selling



Investor Education

- Actively push information to investors through our digital platforms to keep investors informed
- Active collaboration with brokers to ramp up online seminars
- Constant engagement with retails investors through social & electronic mediums

Key Financial Highlights & Market Performance

- Financial Highlights for 1H2020
- Half-yearly Financial Trend
- Dividends
- Securities Market Overview
- Derivatives Market Overview
- Islamic Capital Market Overview

Financial Highlights for 1H2020

Strong financial results driven by strong performance in Securities and Derivatives Markets



Operating
Revenue

RM320.7m
▲ 33.6%

Operating
Expenses

RM127.1m
▲ 3.7%

PATAMI

RM151.0m
▲ 62.0%

Cost to Income
Ratio

39%
▼ 10 p.p.

Annualised
ROE

39%
▲ 18 p.p.

Dividend

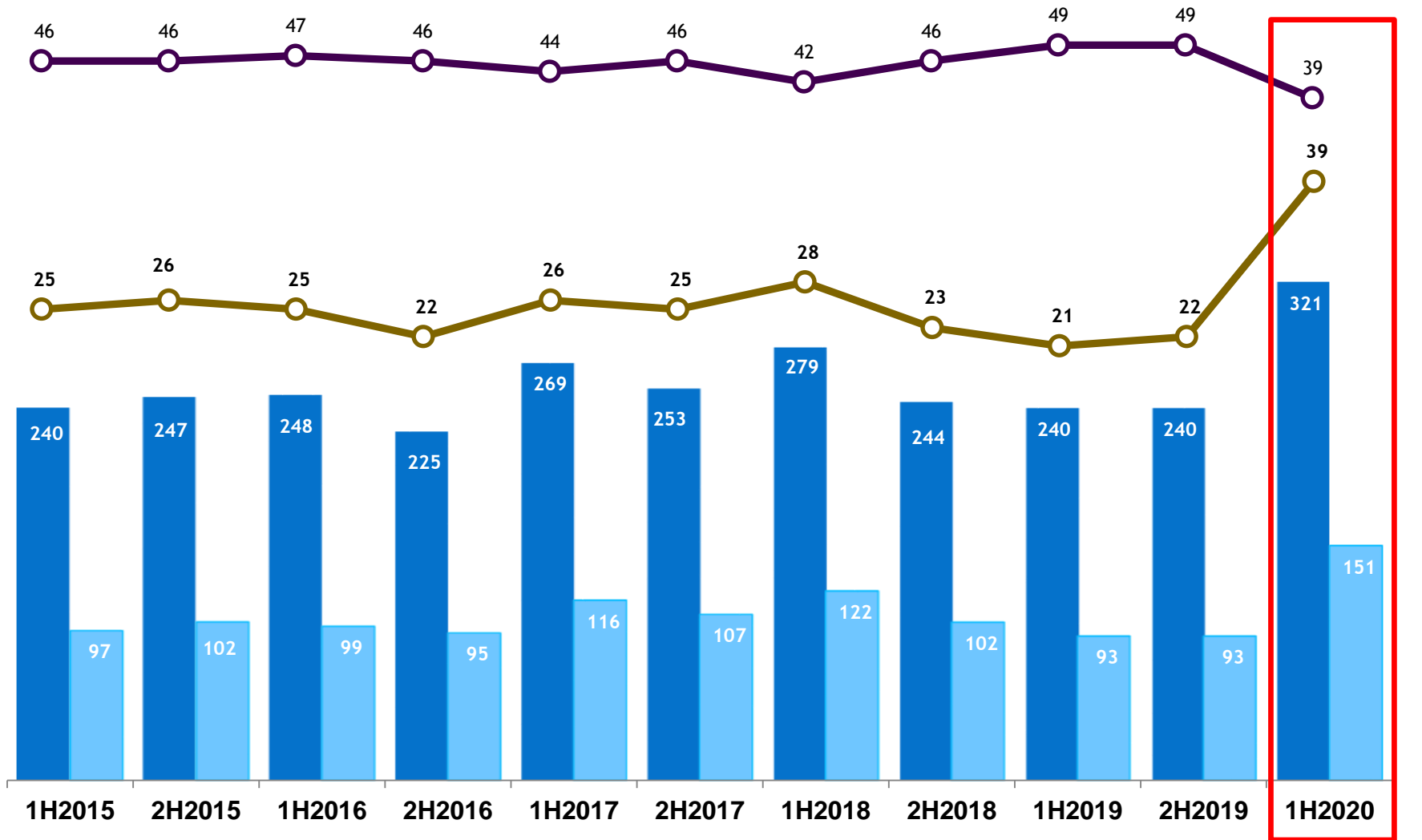
17.0 sen
▲ 63.5%

1H2020 vs. 1H2019:

- Increase in operating revenue contributed by higher trades in the Securities and Derivatives Market.
- Increase in operating expenses due to higher manpower and technology costs.
- Declared interim dividend of 17.0 sen. The entitlement and payment dates for the dividend are 14th and 26th August 2020 respectively.

Half Yearly Financial Trend

Highest first half financial performance since listing



○— Cost to Income Ratio (%)

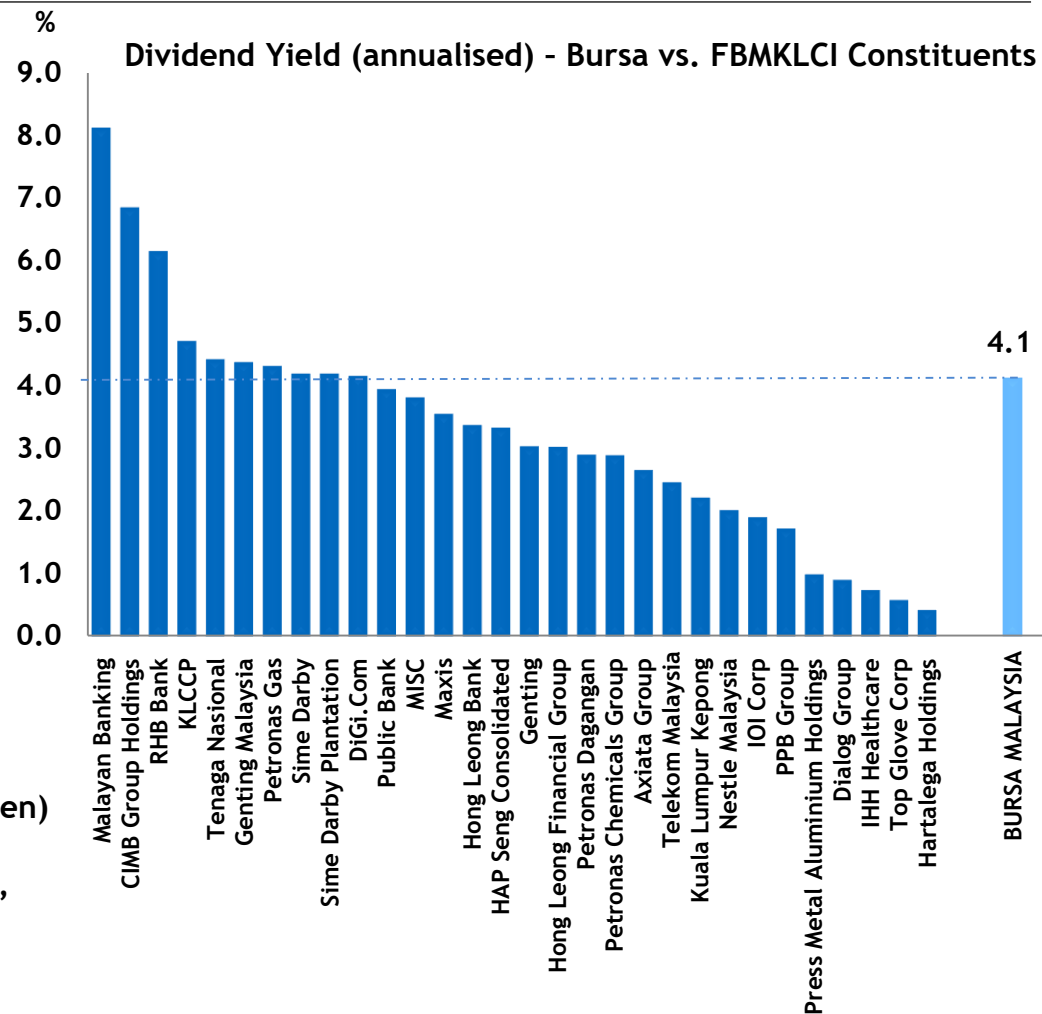
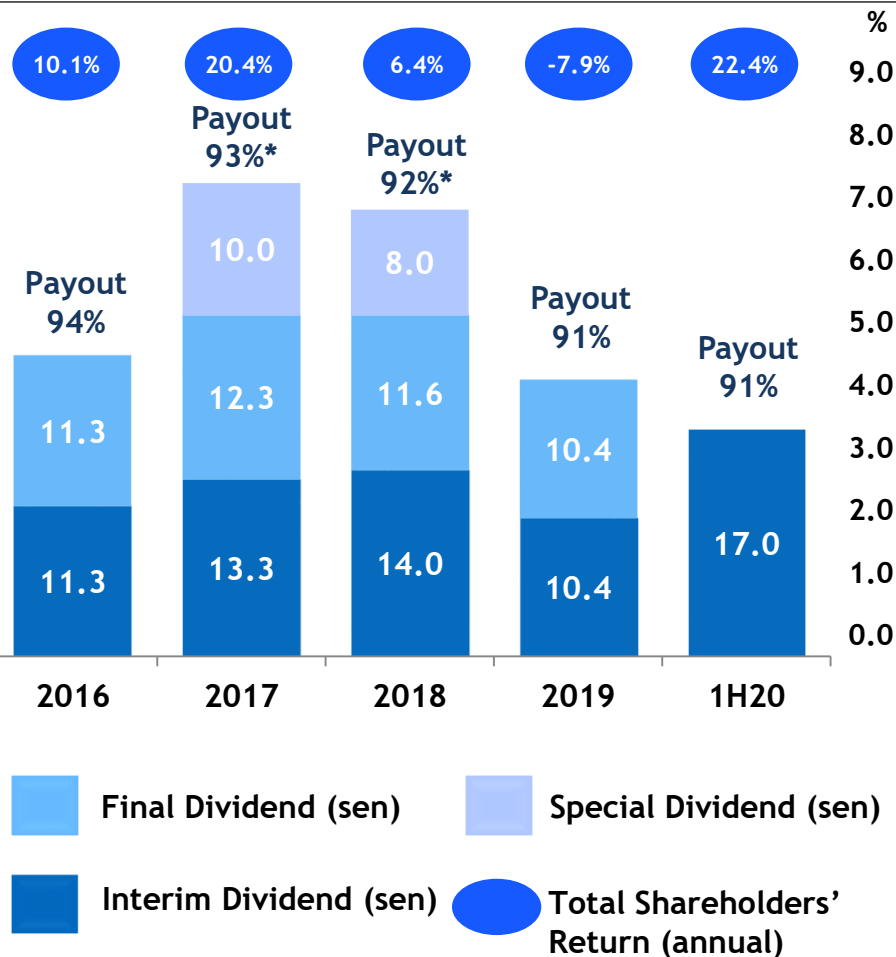
○— ROE (%)

■ Operating Revenue (RM mil)

■ PATAMI (RM mil)

Dividends

Highest interim dividend since listing



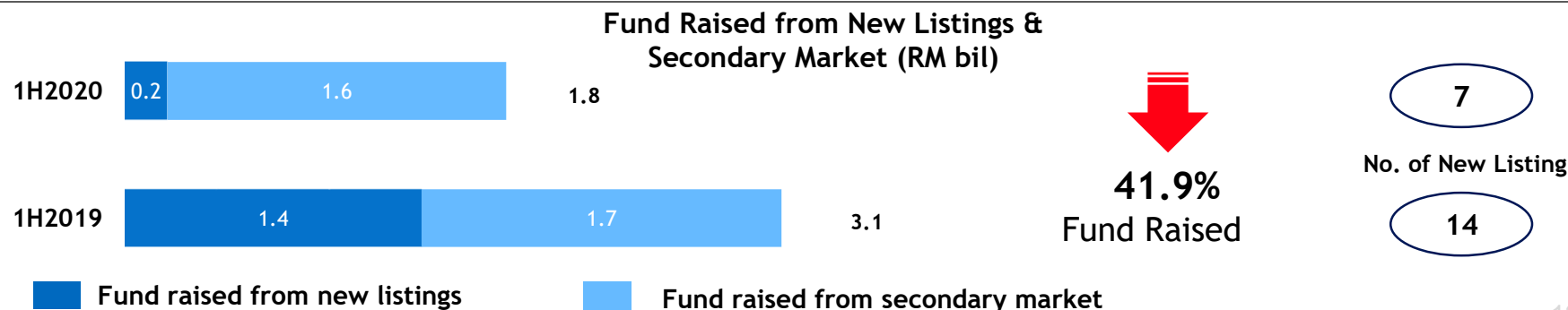
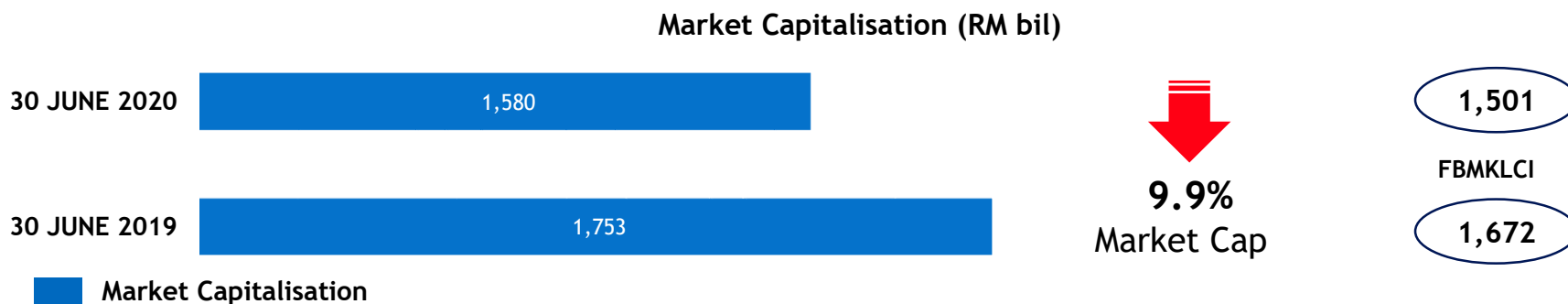
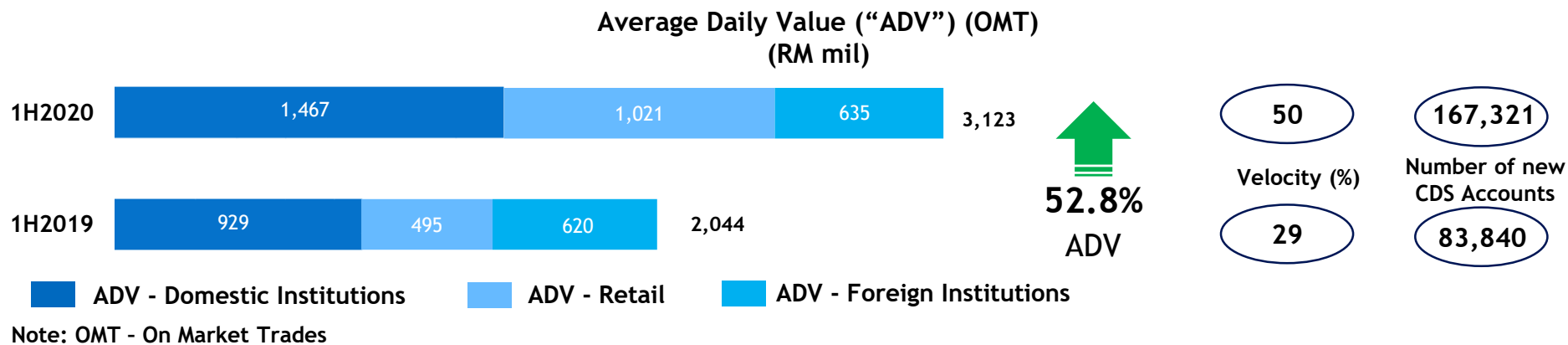
Source: Bloomberg and Bursa Malaysia

Declared interim dividend of 17.0 sen. The entitlement and payment dates are on the 14th and 26th of August 2020 respectively.

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

Securities Market Overview

High trades driven by higher volatility

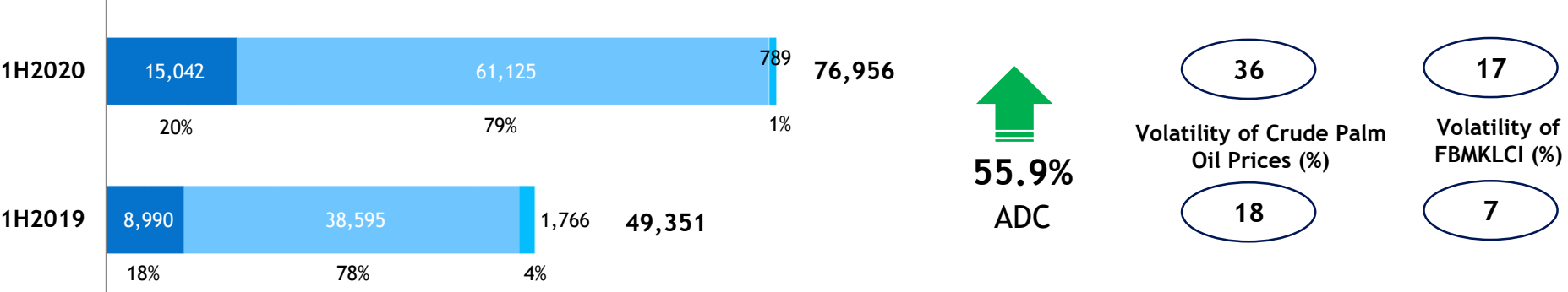


Derivatives Market Overview

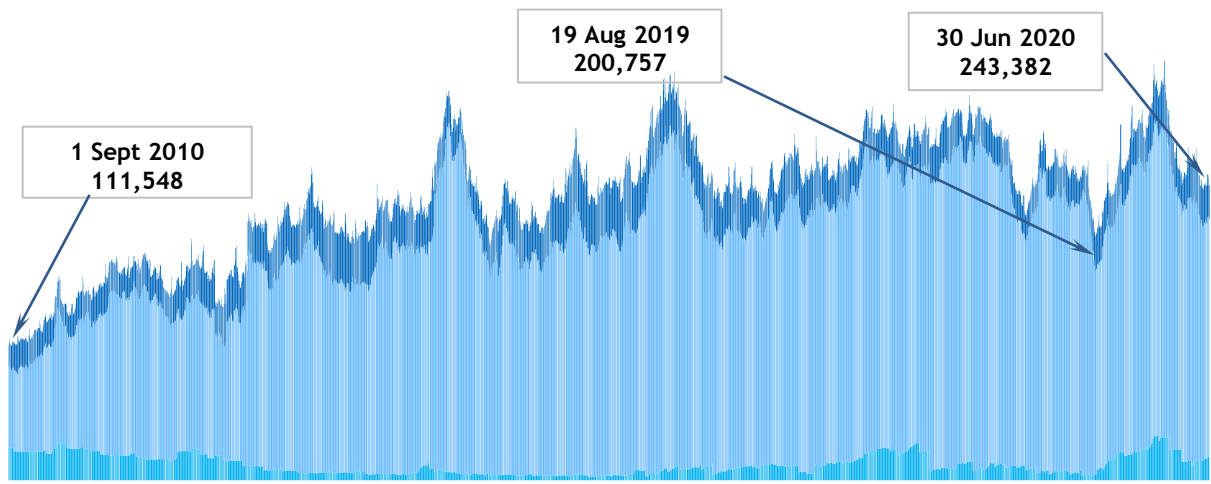
Increase in derivatives trades resulting from higher volatility in the underlying



Average Daily Contracts (“ADC”) & Volatility



Open Interest (No. of Contract)

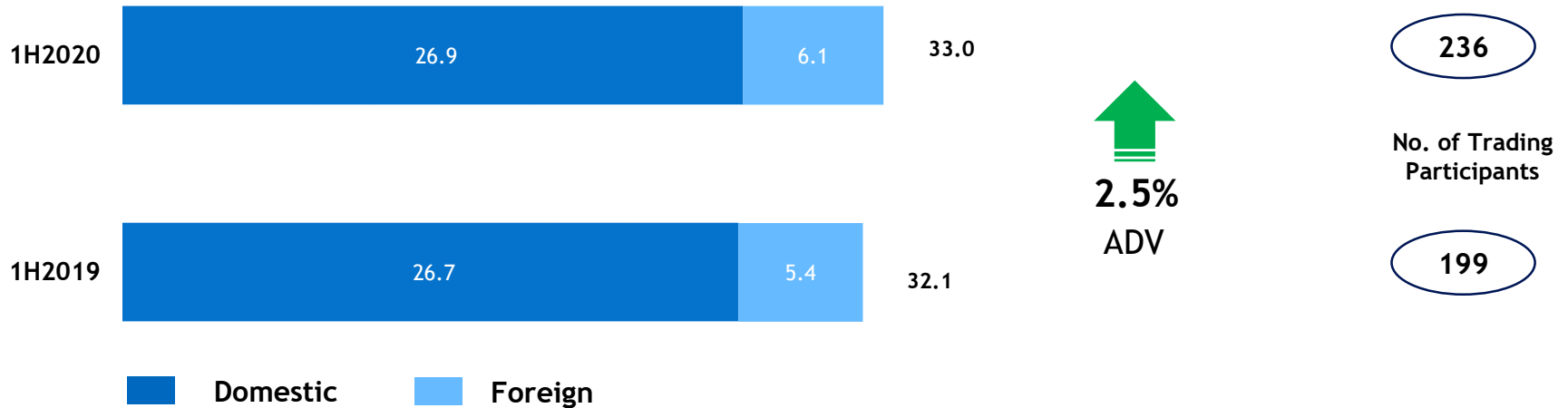


■ ADC - FBKLCI Futures (“FKLI”)
 ■ ADC - Crude Palm Oil Futures (“FCPO”)
 ■ ADC - Others

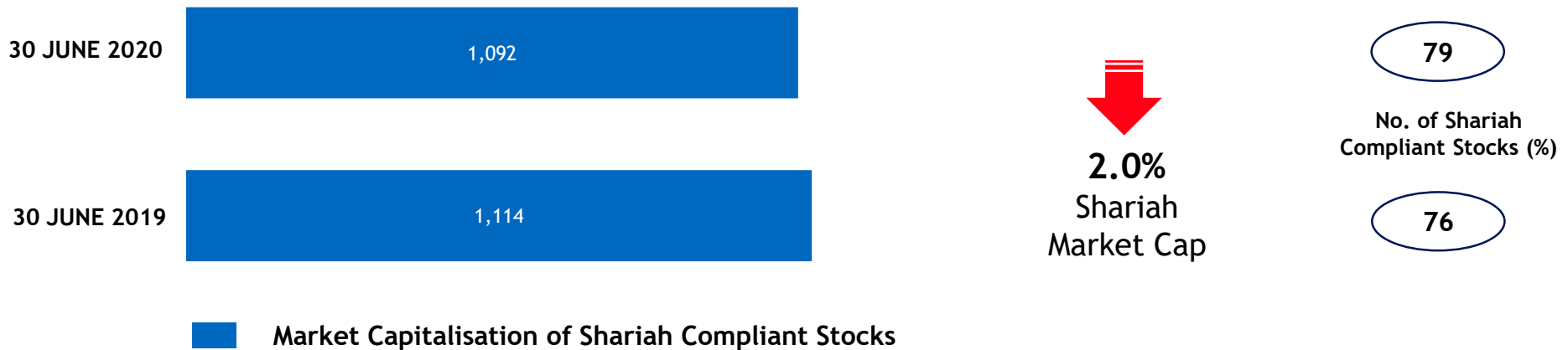
Islamic Capital Market Overview

Marginal ADV growth

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



Market Capitalisation of Shariah Compliant Stocks
(RM bil)



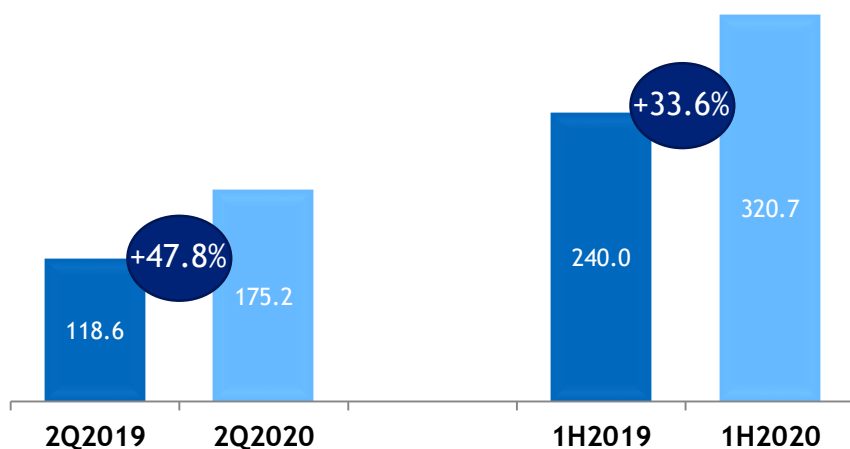
Financial Review

- Financial Snapshot
- Operating Revenue
- Operating Expenses

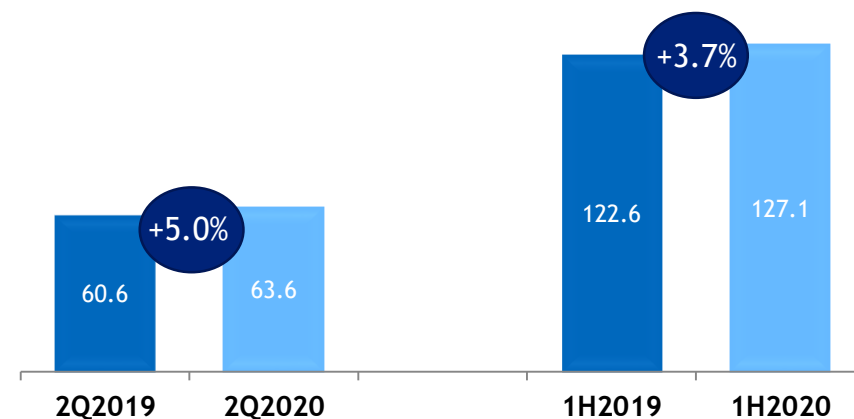
Financial Snapshot

Improved performance for first half of 2020

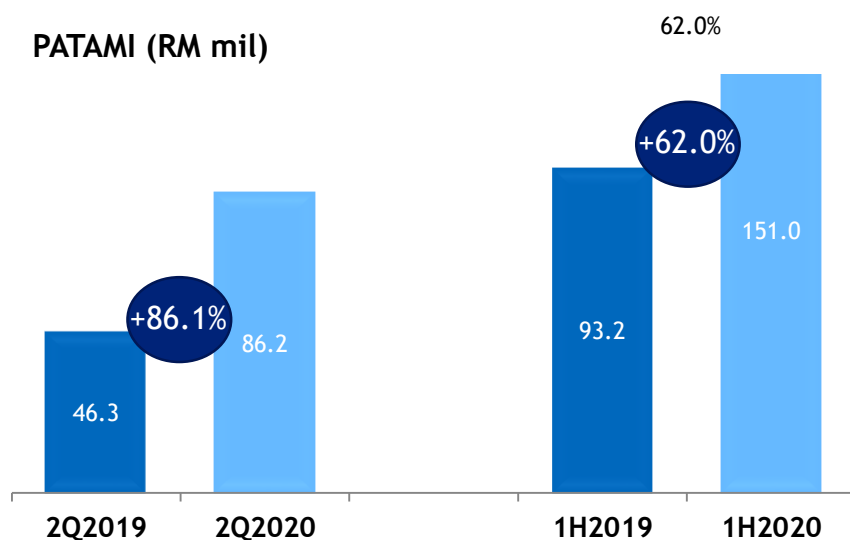
Operating revenue (RM mil)



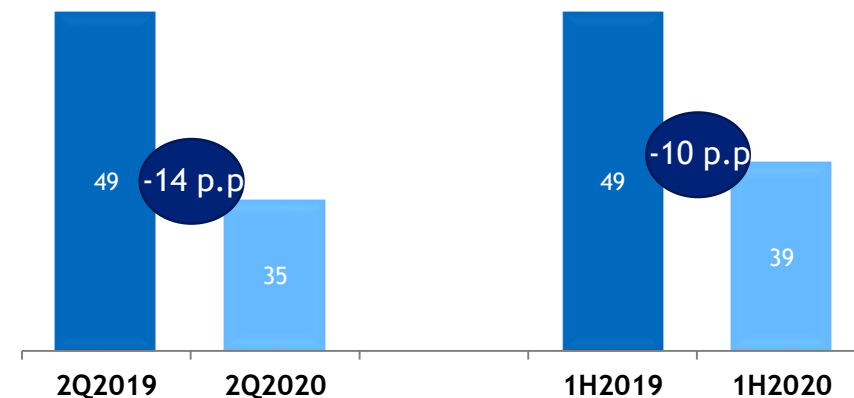
Operating expenses (RM mil)



PATAMI (RM mil)



Cost to income ratio (%)

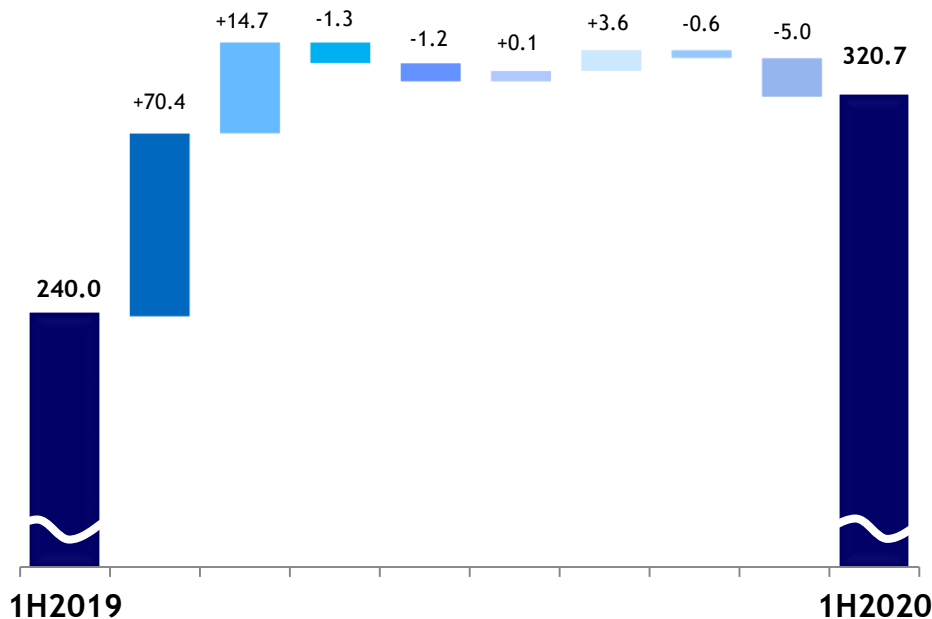


Operating Revenue

Growth contributed by higher securities and derivatives trading revenue

	Revenue Stream (RM mil)								Total (RM mil)
	Securities Trading Revenue	Derivatives Trading Revenue	BSAS Trading Revenue	Listing & Issuer Services	Depository Services	Market Data	Member Services & Connectivity	Conference Fee & Other Related Income	
1H2020	188.2 (59%)	48.0 (15%)	6.3 (2%)	24.0 (7%)	21.3 (7%)	22.6 (7%)	10.3 (3%)	Nil (0%)	320.7
1H2019	117.8 (49%)	33.3 (14%)	7.6 (3%)	25.2 (11%)	21.2 (9%)	19.0 (8%)	10.9 (5%)	5.0 (2%)	240.0
YoY	↑ 59.7%	↑ 44.3%	↓ 17.2%	↓ 4.7%	↑ 0.2%	↑ 18.9%	↓ 4.5%	↓ 100.0%	↑ 33.6%

Growth contribution by revenue streams (RM mil) :



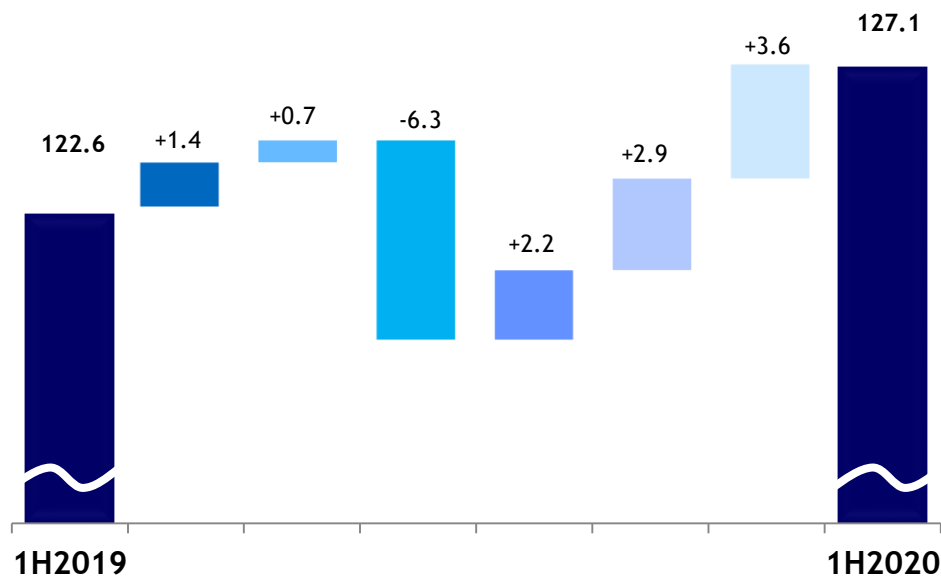
- Increase in securities trading revenue mainly due to higher ADV-OMT.
- Increase in derivatives trading revenue due to higher number of FCPO and FKLI contracts.
- Decrease in BSAS trading revenue despite higher BSAS ADV due to lower effective fee despite higher trades under the volume based pricing.
- Decrease in listing & issuer services mainly due to rebates for annual listing fees.
- Increase in market data revenue due to increase in subscriptions.
- Decrease in conference income due to the cancellation of POC event.

Operating Expenses

Costs increased marginally by 4%

	Expenses (RM mil)						Total (RM mil)
	Manpower Costs	Depreciation & Amortisation	Marketing & Development	IT Maintenance	Service Fees	Other Operating Expenses	
1H2020	70.0 (55%)	10.9 (9%)	2.3 (2%)	12.2 (10%)	12.1 (10%)	19.6 (15%)	127.1
1H2019	68.6 (56%)	10.2 (8%)	8.6 (7%)	10.0 (8%)	9.2 (8%)	16.0 (13%)	122.6
YoY	↑ 2.1%	↑ 6.2%	↓ 73.5%	↑ 22.9%	↑ 31.2%	↑ 22.5%	↑ 3.7%

Movement of expenses (RM mil):



- Increase in manpower cost due to higher provision of variable costs.
- Lower marketing & development cost as there were lesser activities due to MCO and cancellation of POC.
- Increase in IT Maintenance due to additional licensing fee.
- Increase in Globex fees due to higher number of derivatives contracts traded.
- Increase in other operating expenses due to higher professional fees and impairment loss on receivables.

1H2020 Financial Results

Q&A

Appendices

- 1H2020 Highlights
- 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

Highlights of 1H2020 Initiatives

Corporate Development

- Announced the setting up of a regulatory subsidiary
- Announced relief measures to alleviate the impact of COVID-19

Strengthening the Core

- Introduced world's first options contract on US denominated palm olein futures
- Announced physical delivery settlement methodology for MGS Futures
- Amended Main & ACE Market Listing Requirements to facilitate application of specified corporate exercises via electronic means

Capitalising on Technology & Information

- Implemented ISO20022 messaging standards for corporate announcements
- Launched new features on Bursa Anywhere mobile app

Regional and Global Connectivity

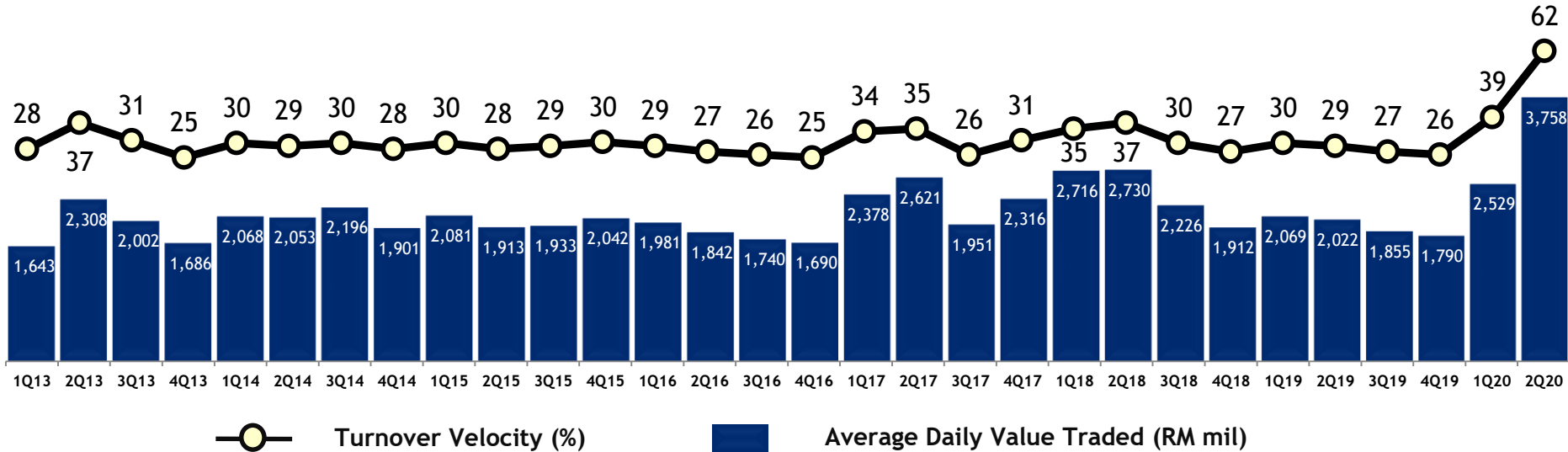
- Signed MoU with Shenzhen Stock Exchange and Taiwan Futures Exchange
- Hosted the inaugural Shariah Investing Virtual Conference 2020 with CGS-CIMB

Sustainability as a way of Life

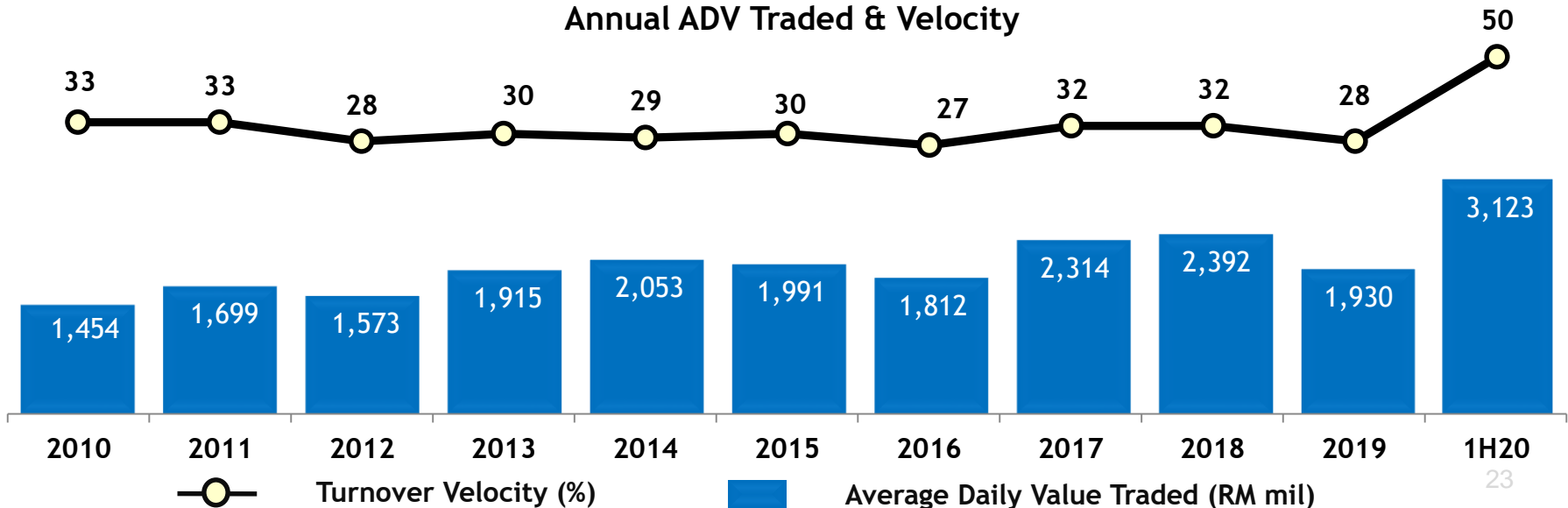
- Joined the Bloomberg Gender-Equality Index in recognising commitment to advancing women in the workplace
- Launched “Equality for Equity” campaign to reduce gender investing gap in the market
- Launched Bursa Academy to elevate financial literacy and investor education

Securities Market Trading Activity

Quarterly ADV Traded & Velocity

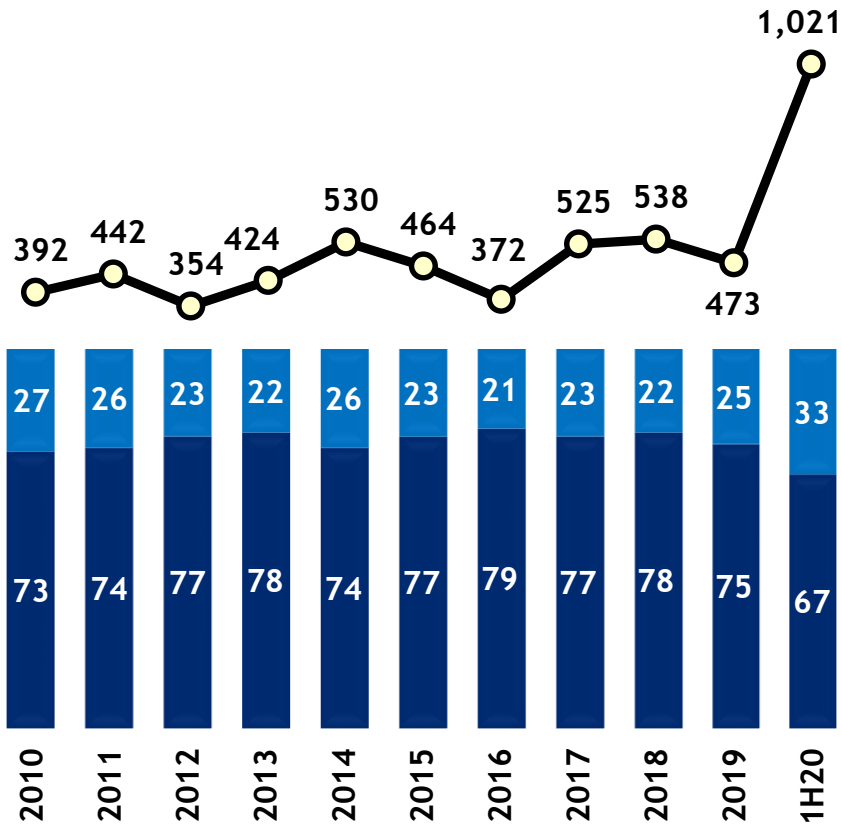


Annual ADV Traded & Velocity



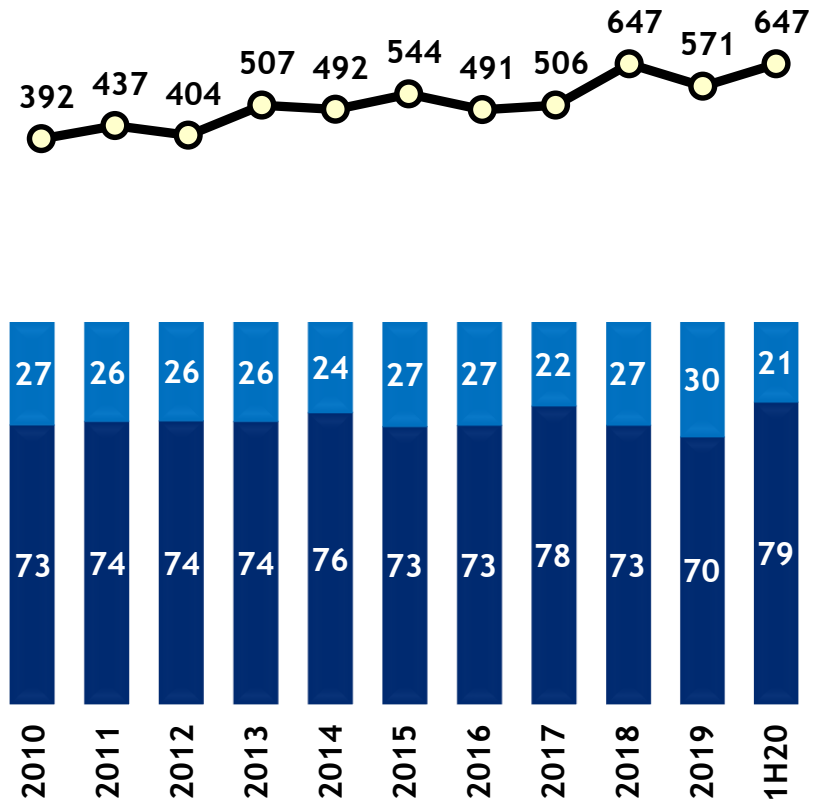
Securities Market Trading Participation

Retail vs. Institution



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

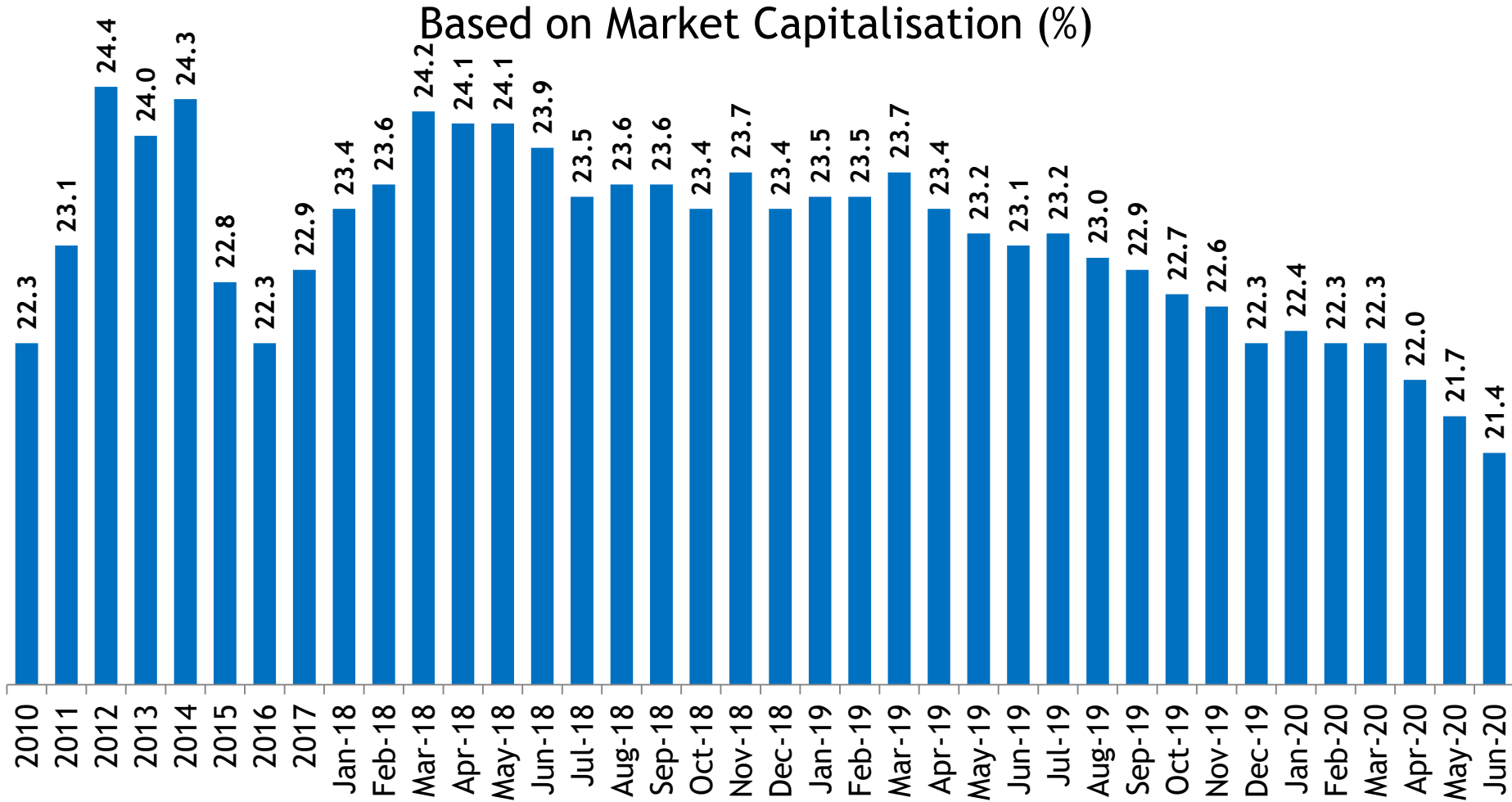
Foreign vs. Local



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

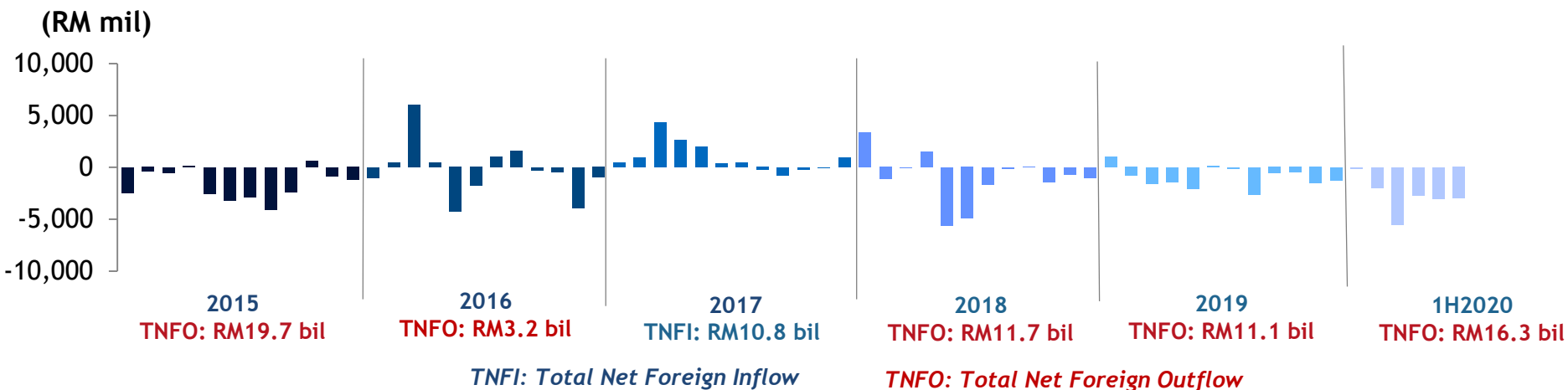
For 2009, the statistics were based on Brokers' submission. From 2010 onwards statistics were based on Bursa's internal system.

Securities Market Foreign Ownership

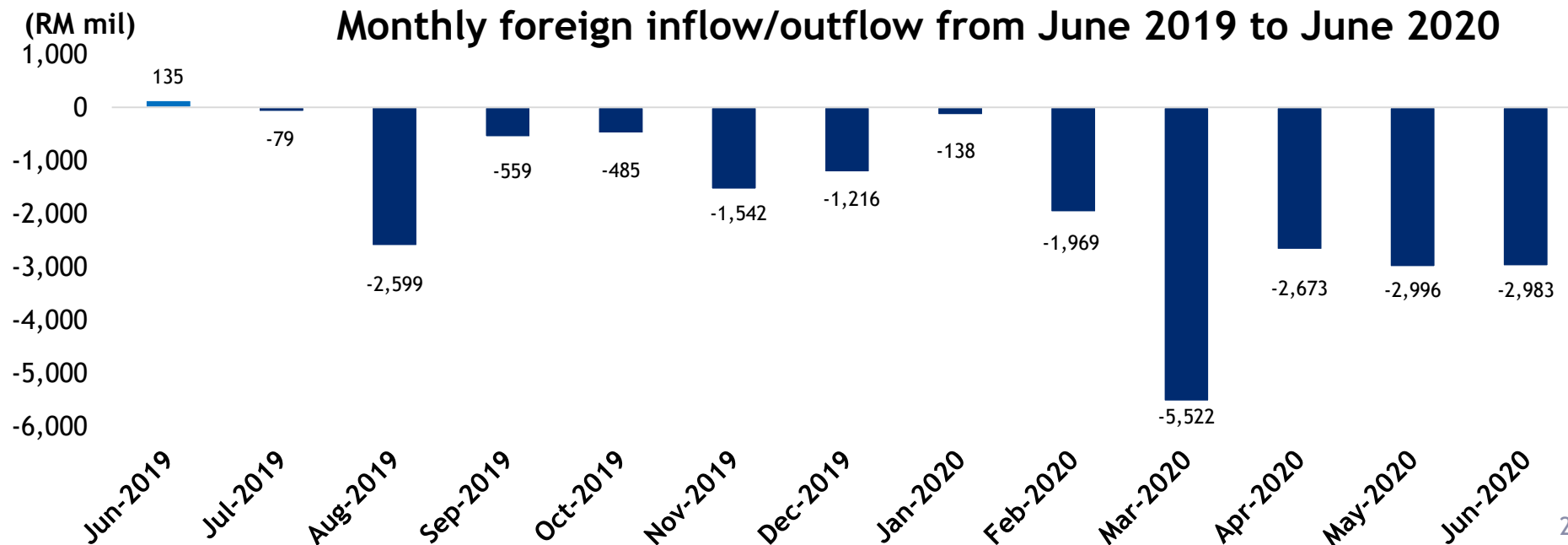


Foreign Inflow/Outflow

Monthly foreign inflow/outflow from 2015 to 2020

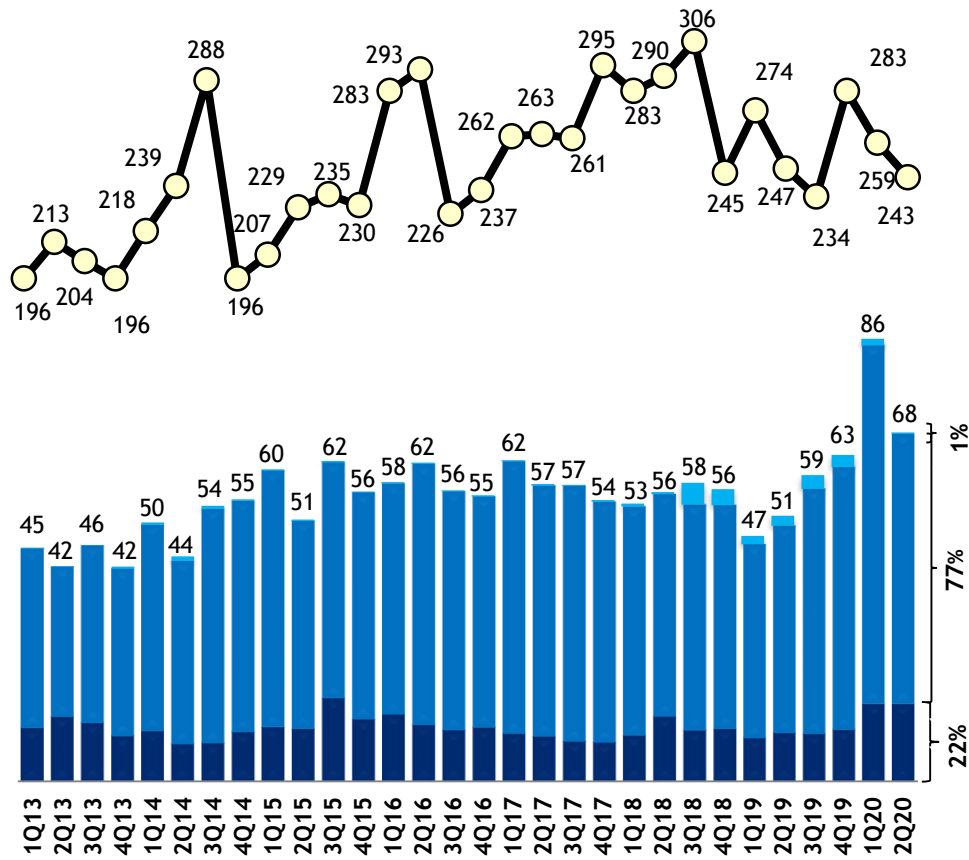


Monthly foreign inflow/outflow from June 2019 to June 2020

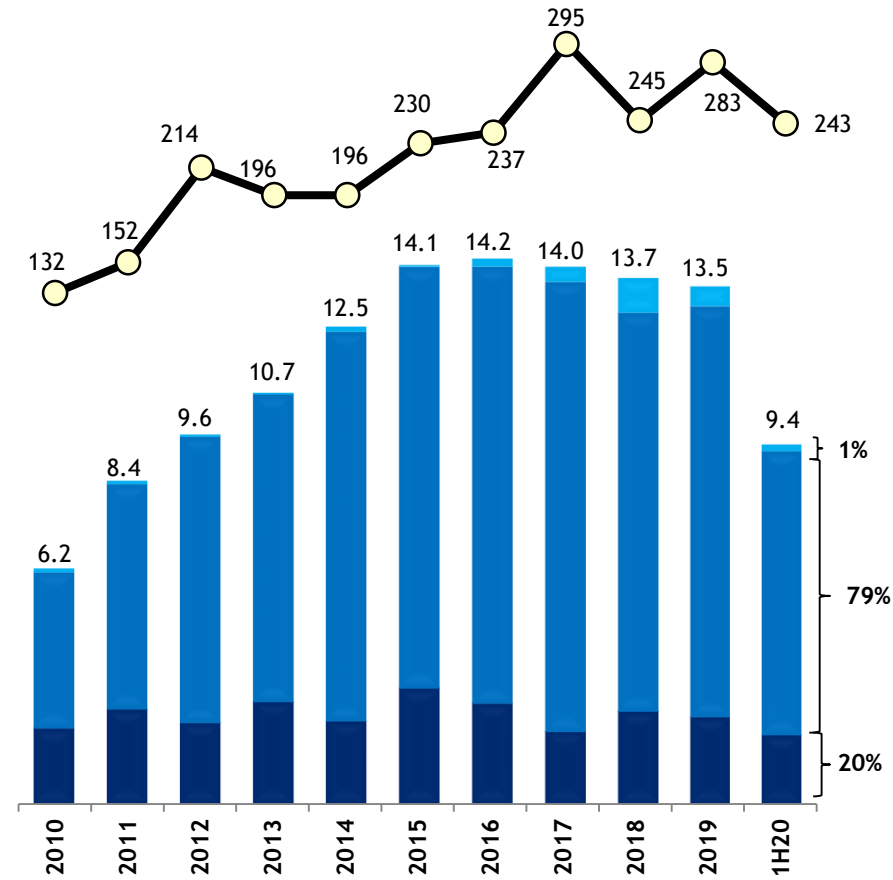


Derivatives Market Activity

Quarterly Average Daily Contracts ('000)



Total Annual Contract (mil)



○ Open Interest ('000)

Others

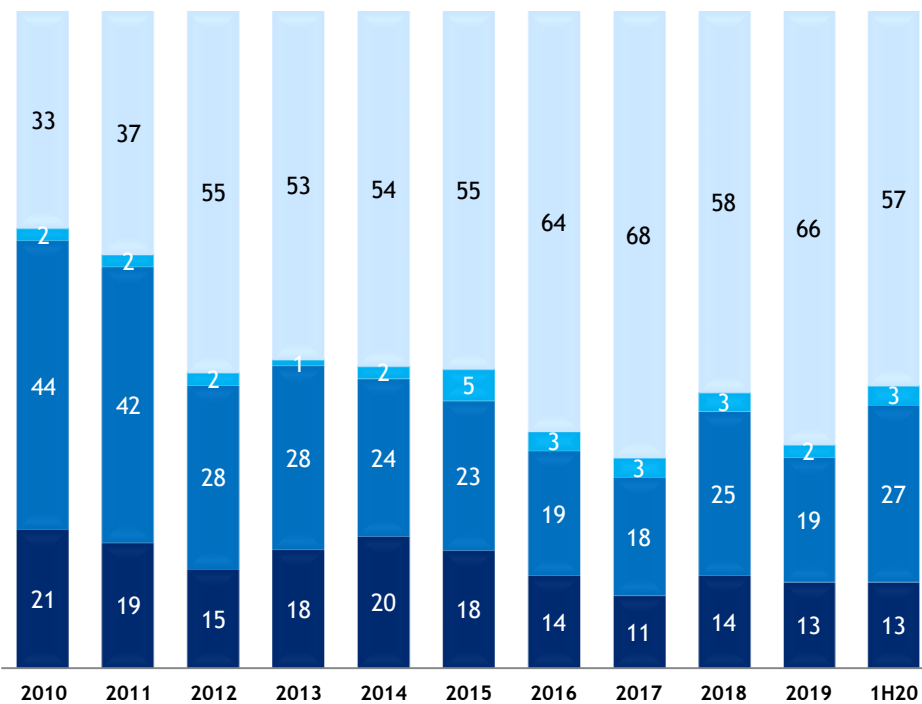
Crude Palm Oil Futures

FBMKLCI Futures

Derivatives Market Demography

FKLI

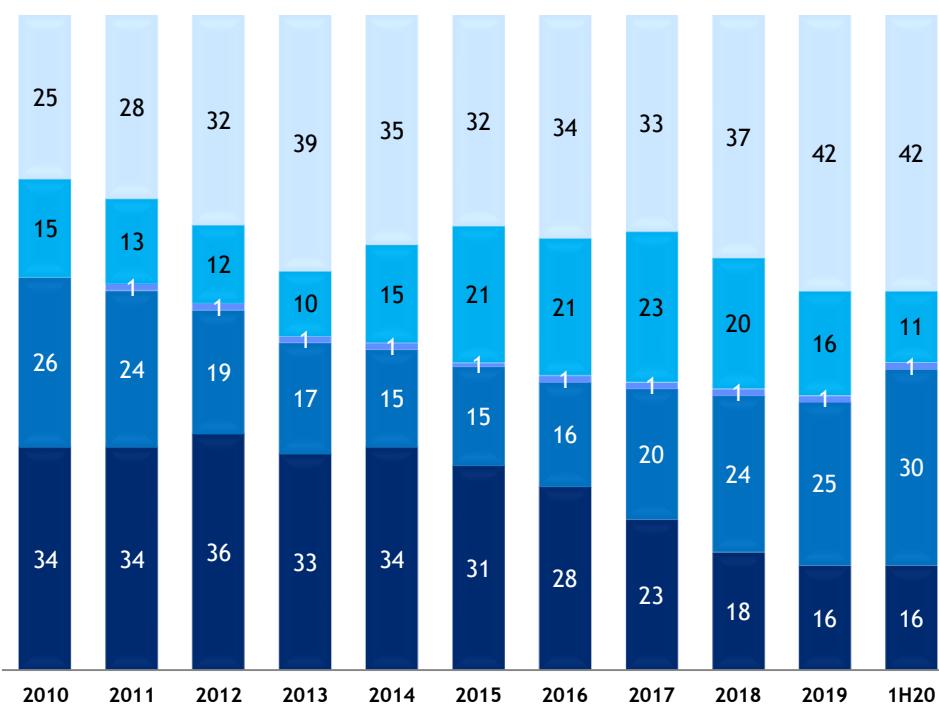
(%)



Foreign Institutions
Domestic Institutions
Domestic Retail
Local

FCPO

(%)

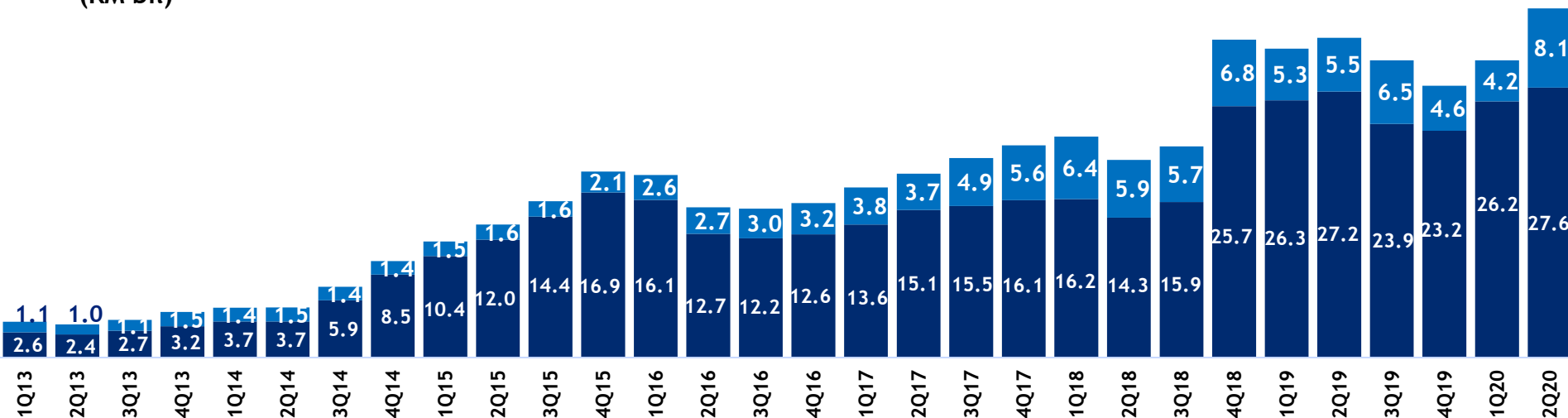


Foreign Institutions
Domestic Institutions
Foreign Retail
Domestic Retail
Local

Islamic Capital Market Activity

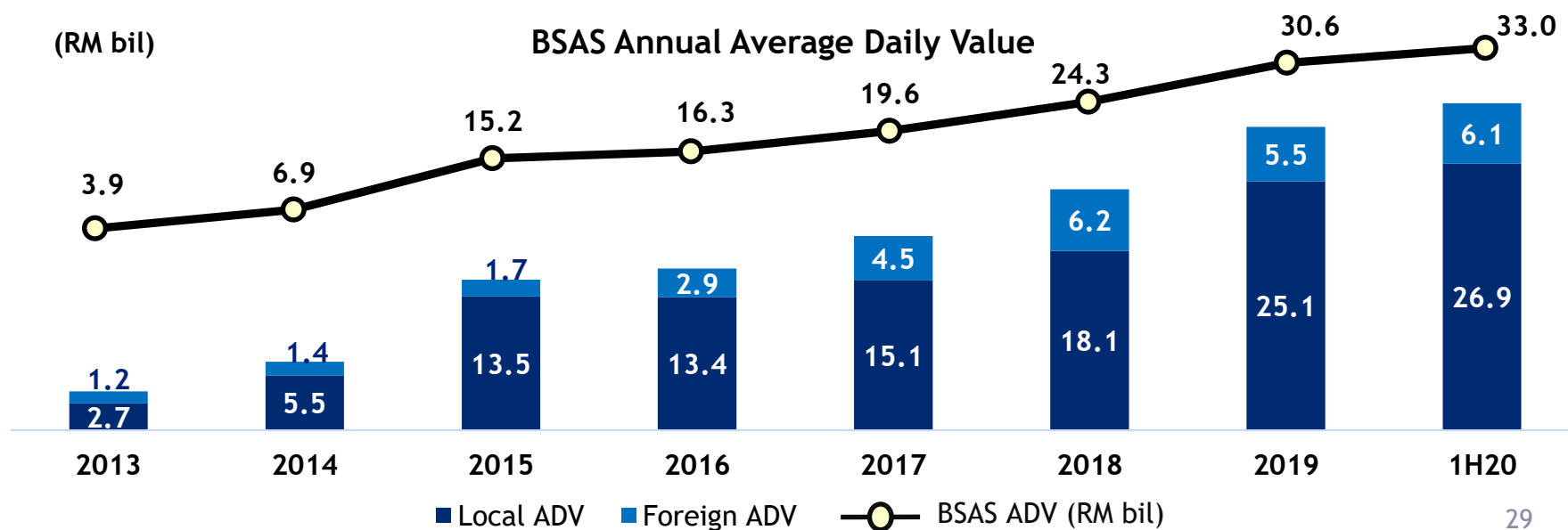
BSAS Quarterly Average Daily Value

(RM bil)



(RM bil)

BSAS Annual Average Daily Value



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

INVESTOR RELATIONS CONTACT INFORMATION

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