

29 October 2019

# 9M2019 Financial Results

# Agenda

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

# Key Financial Highlights & Market Performance

- Financial Highlights for 9M2019
- 9 Months Financial Trend
- Securities Market Overview
- Derivatives Market Overview
- Islamic Capital Market Overview

## Financial Highlights for 9M2019

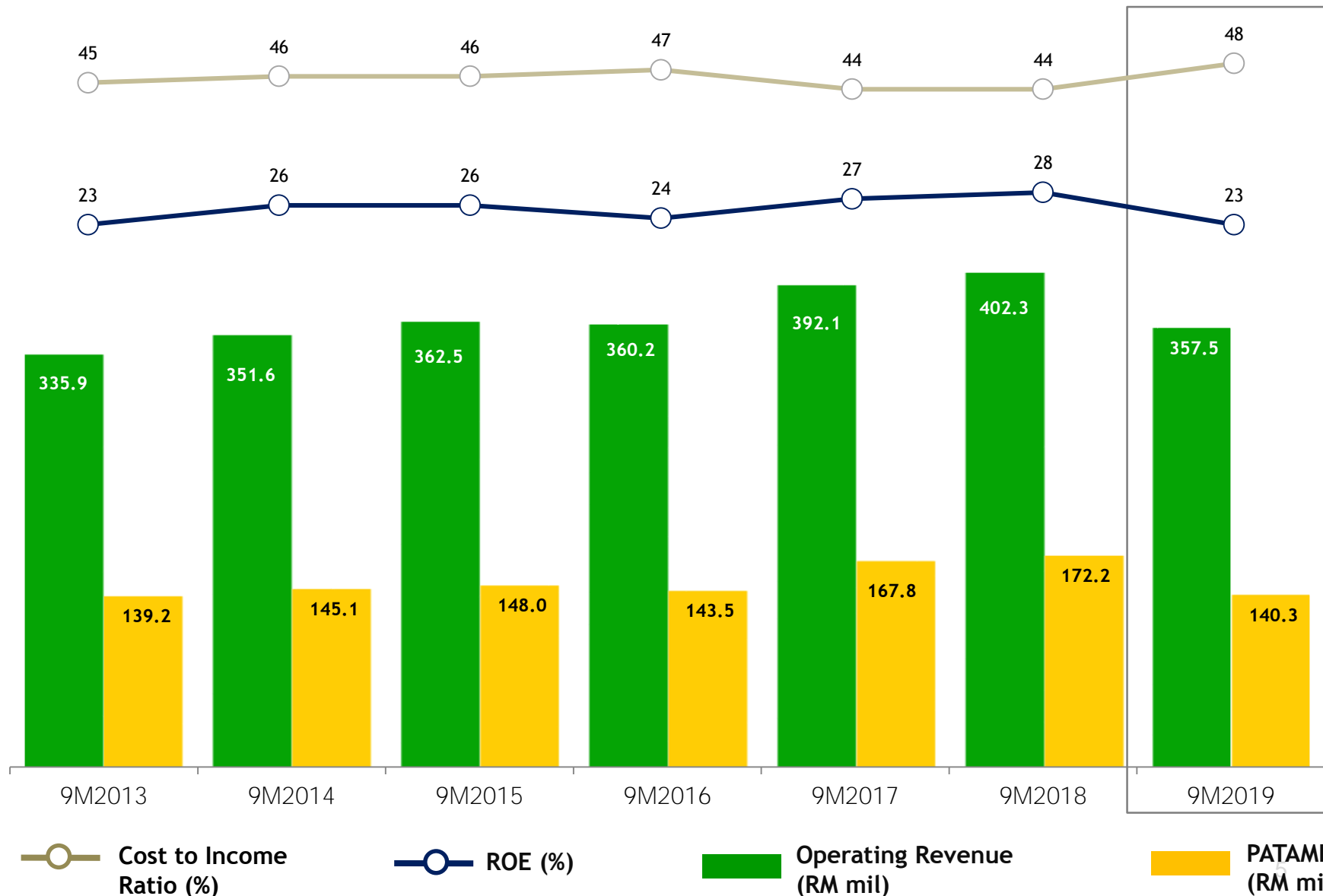
Financial Items	9M2019	9M2019 vs. 9M2018	3Q2019	3Q2019 vs. 3Q2018
Operating Revenue (RM million)	357.5	▼ 11.1%	117.5	▼ 4.6%
Operating Expenses (RM million)	180.3	▼ 2.1%	57.7	▼ 5.0%
PATAMI (RM million)	140.3	▼ 18.5%	47.1	▼ 6.2%
EPS (sen)	17.4	▼ 18.3%	5.8	▼ 6.5%
Cost to Income Ratio (%)	48%	▲ 4 percentage points	47%	↔
Annualised ROE (%)	23%	▼ 5 percentage points	23%	▼ 1 percentage point

### 9M2019 vs. 9M2018:

- Operating revenue declined mainly due to lower Securities and Derivatives trading revenue.
- Cost to income ratio increased to 48% while ROE decreased by 5 percentage points to 23%.

# 9 Months Financial Trend

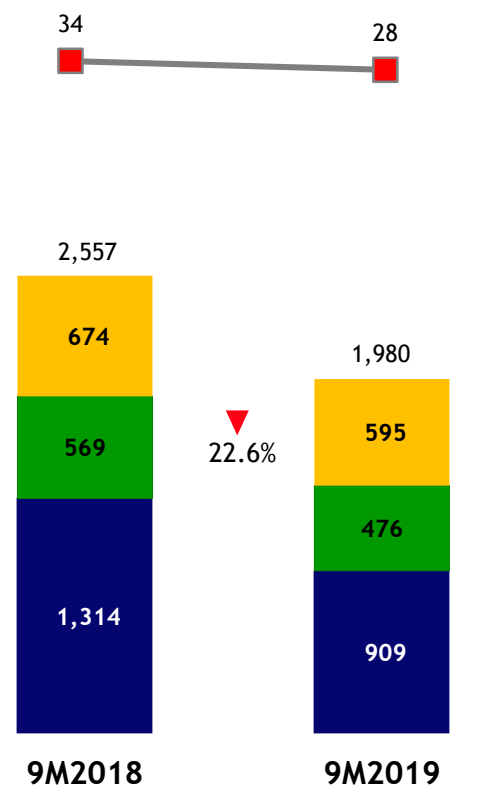
*Decrease in PATAMI resulting from lower Securities and Derivatives trading revenue*



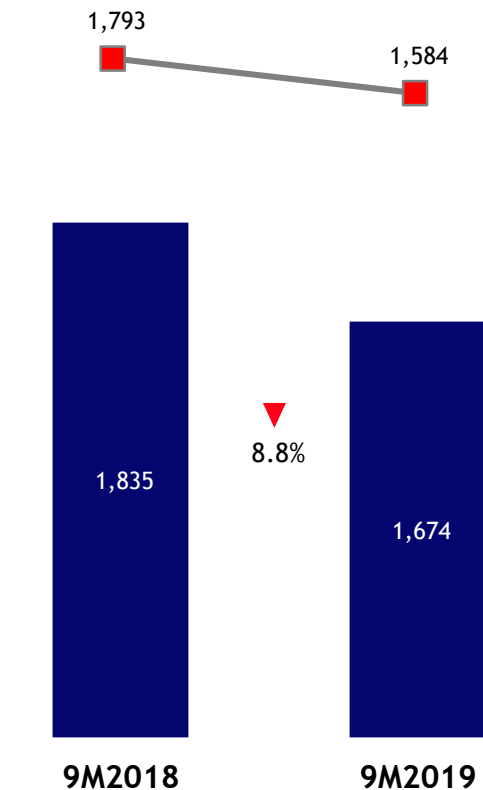
# Securities Market Overview

*Global and domestic developments continue to influence market performance*

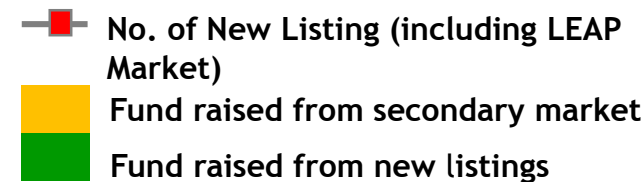
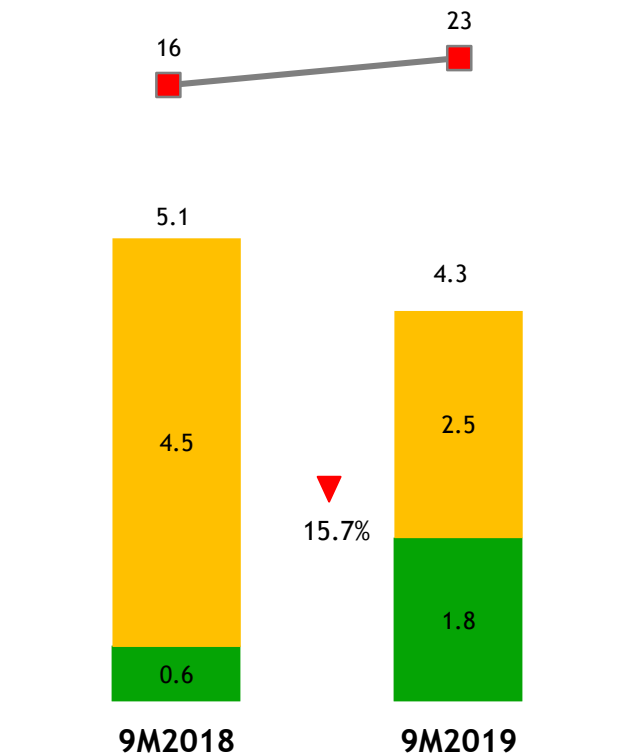
**Average Daily Value (“ADV”) (OMT)(RM mil)**



**Market Capitalisation (RM bil)**



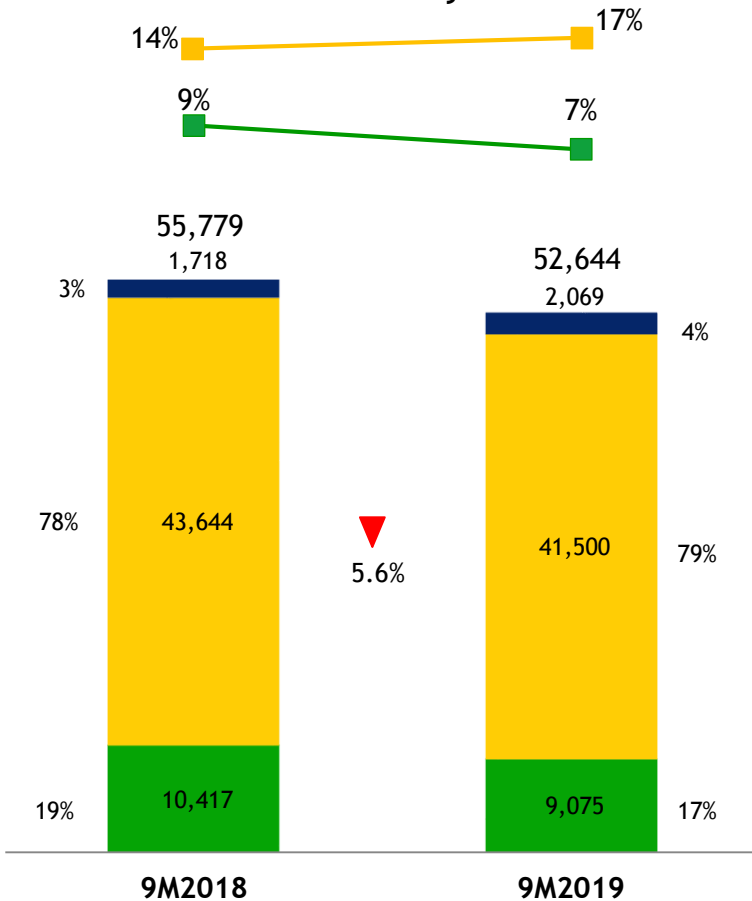
**Fund Raised from New Listings & Secondary Market (RM bil)**



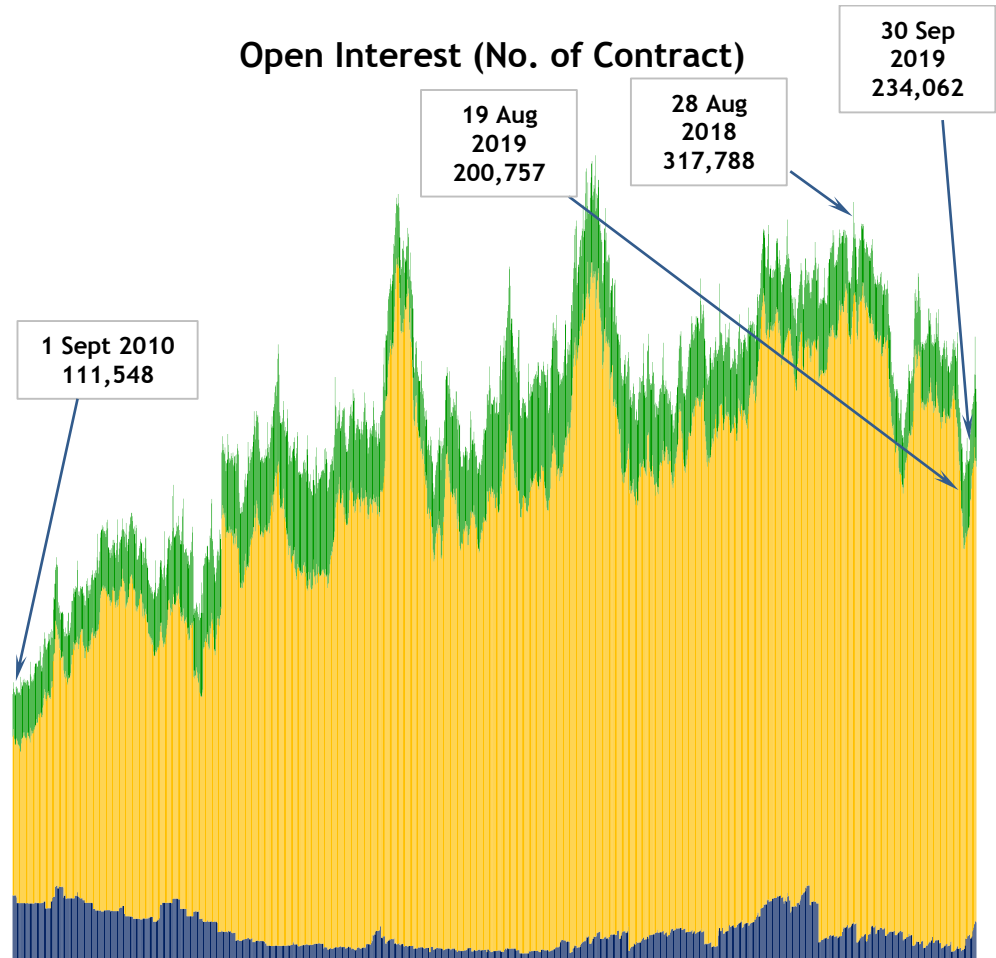
# Derivatives Market Overview

FCPO affected by low CPO prices and FKLI influenced by the lower FBMKLCI volatility

### Average Daily Contracts (“ADC”) & Volatility



### Open Interest (No. of Contract)



■ ADC - FBMKLCI Futures  
—■— Volatility of FBMKLCI

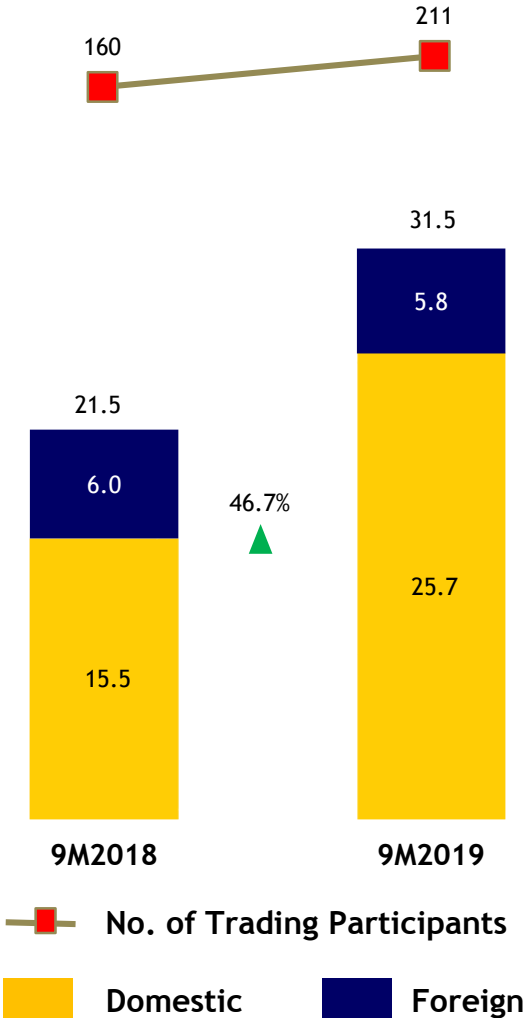
■ ADC - Crude Palm Oil Futures  
—■— Volatility of Crude Palm Oil Prices

■ ADC - Others

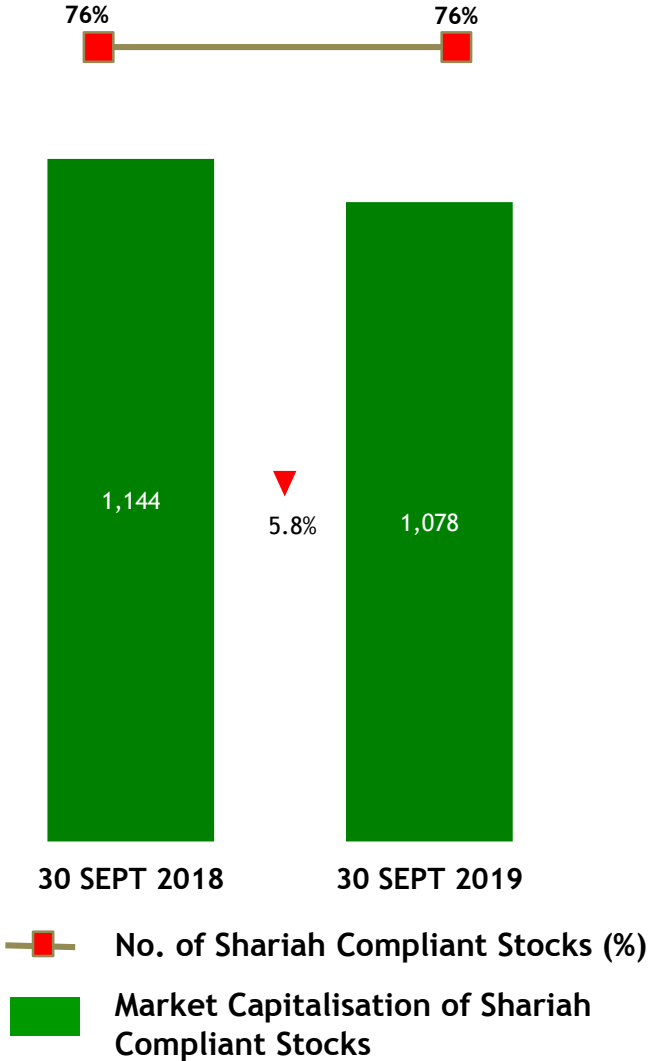
# Islamic Capital Market Overview

Continued improvement in ADV with 47% growth YoY

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



Market Capitalisation of Shariah Compliant Stocks (RM bil)





## Financial Review

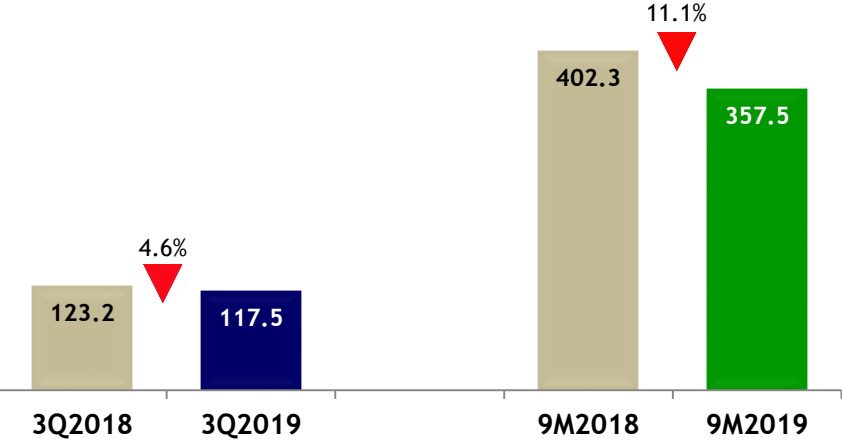
- Financial Snapshot
- Operating Revenue
- Operating Expenses

# Financial Snapshot

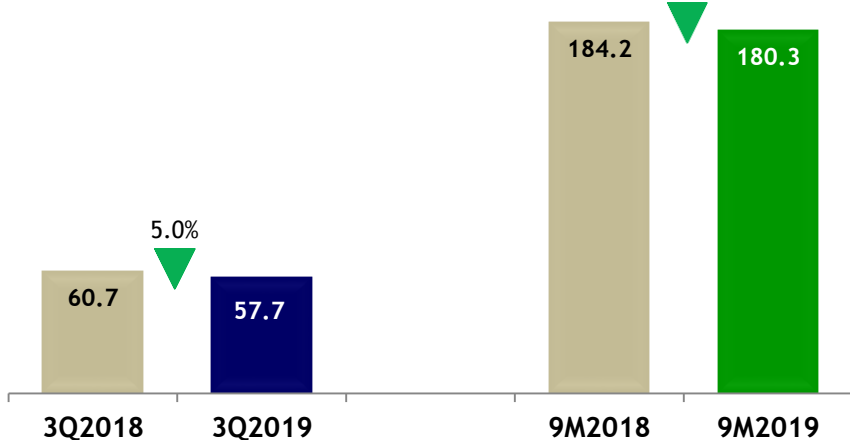
Performance influenced by global and domestic developments



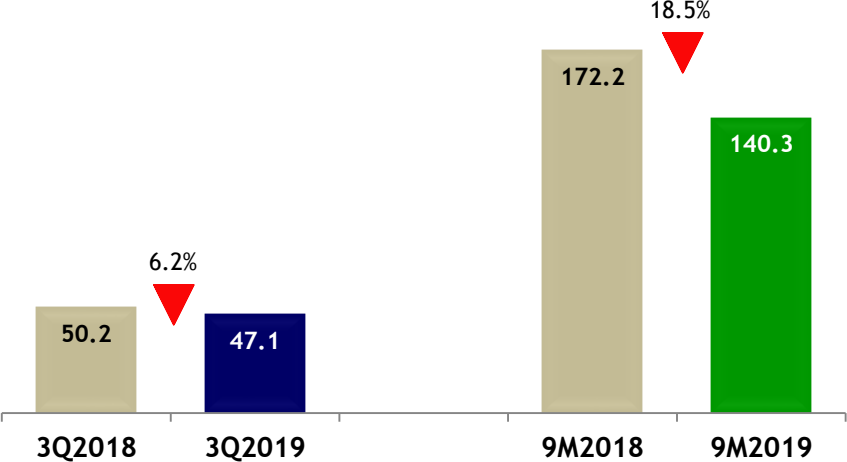
Operating revenue (RM mil)



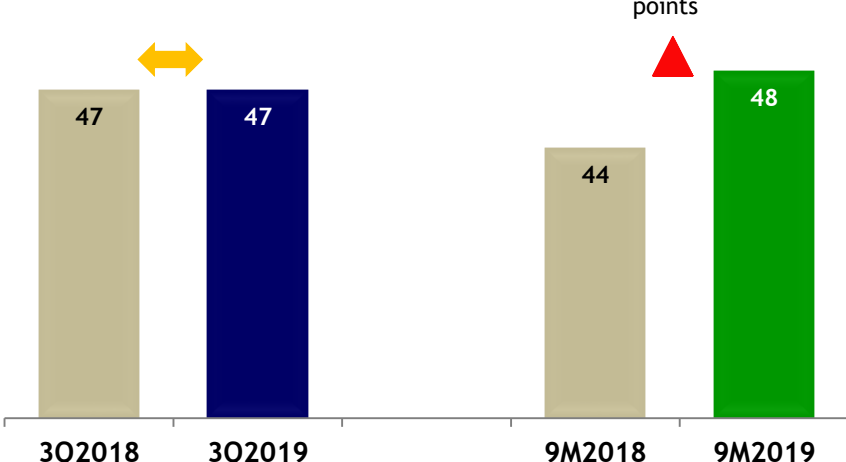
Operating expenses (RM mil)



PATAMI (RM mil)



Cost to income ratio (%)



# Operating Revenue

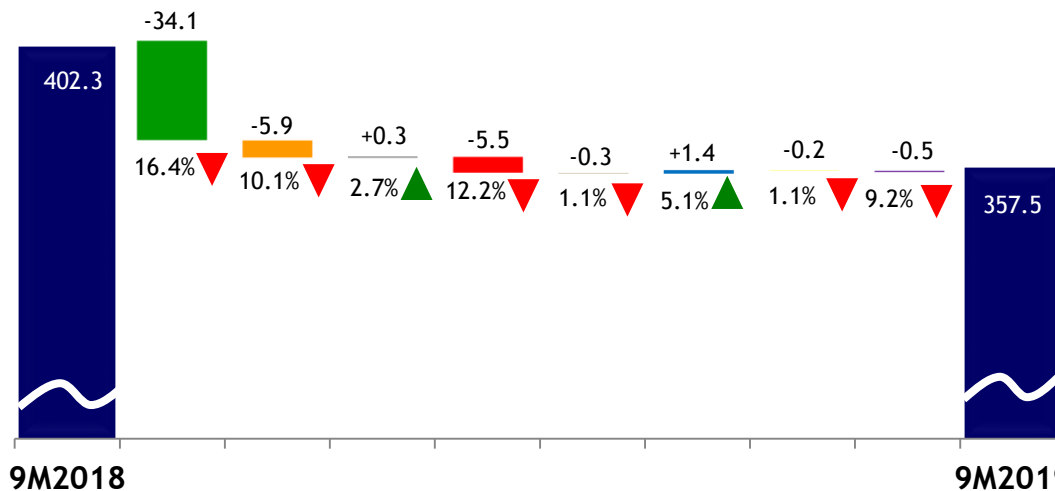
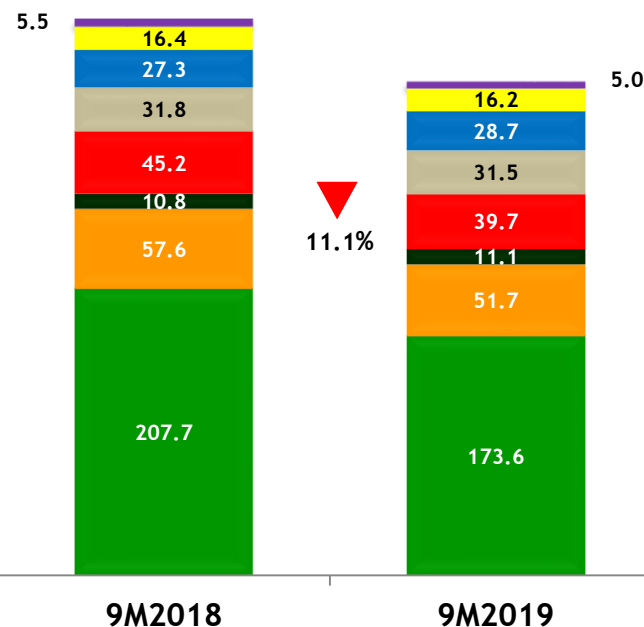
*Decline mainly due to lower Securities and Derivatives trading revenue*

Growth contribution by revenue streams:

(RM mil)

Total  
RM402.3 mil

Total  
RM357.5mil



- Decrease in Securities Trading Revenue due to lower institutional and retail trades.
- Decrease in Derivatives Trading Revenue due to lower number of FCPO and FKLI contracts traded as a result of low CPO prices and lower FBMKLCI volatility respectively.
- Higher BSAS Trading Revenue due to higher ADV from domestic trades.
- Decrease in listing and issuer services mainly due to lower listing fees as a result of the amortisation of initial listing fees effective January 2019 (RM2.0m was deferred) as well as lower perusal and processing fee.
- Higher Market Data due to higher number of subscribers.

# Operating Expenses

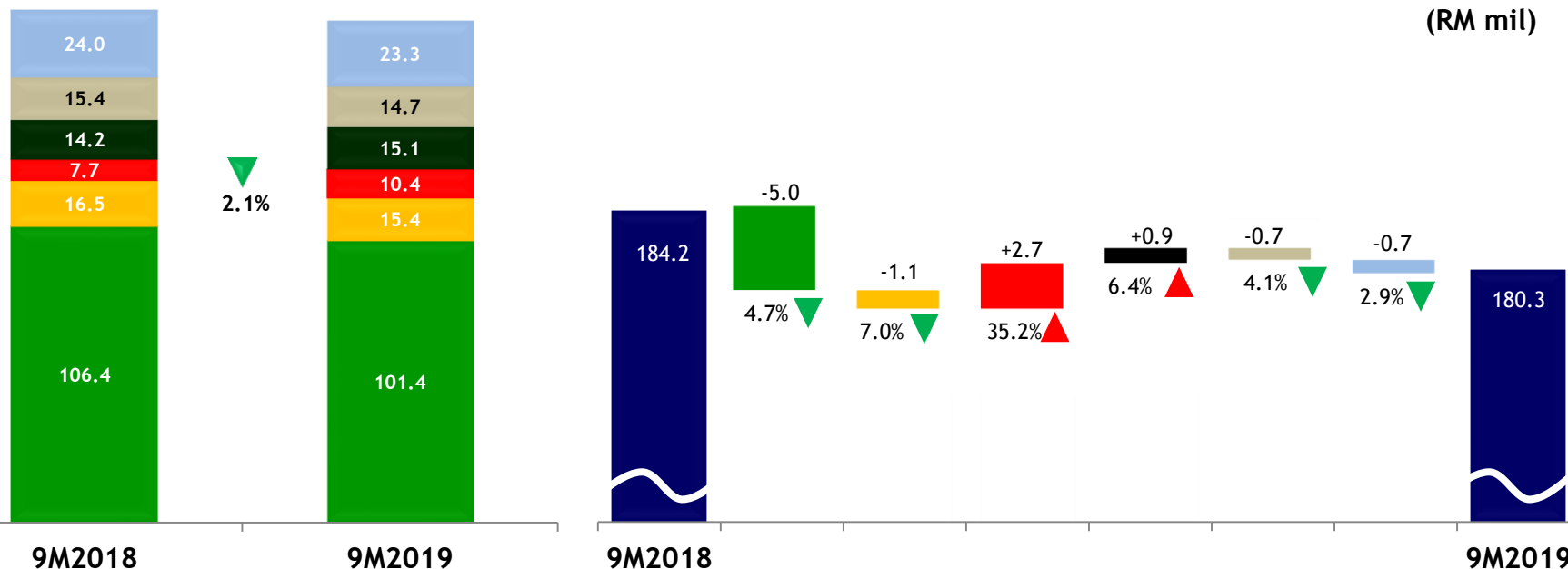
Decrease by 2% in 9M2019

Total  
RM184.2 mil

Total  
RM180.3 mil

Movement of expenses:

(RM mil)



Staff costs

Depreciation & amortisation

Marketing & development

IT maintenance

Service fees

Other operating expenses^

- Decrease in staff cost due to lower provision of variable costs.
- Lower Globex fees from lower number of derivatives contracts traded.
- Increase in marketing & development due to higher business development and engagement activities.

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

On 18 September 2019, Bursa Malaysia Berhad (“Bursa”) announced that Bursa will be acquiring the remaining 25% equity interest in Bursa Malaysia Derivatives Berhad, consequent to an exercise of a put option by CME Group Inc.

## Impact to Net Assets

Net assets per share reduced by 17 sen from 31 December 2018 due to the following:

- 1) Recognition of the put option value of RM162,471,000 payable to CME Group Strategic Investments LLC and a provision of RM2,182,000 for the estimated Additional Sum in other payables.
- 2) The transactions are treated as an acquisition and the non-controlling interest of RM15,994,000 is derecognised.
- 3) Accounted for as an equity transaction with the owners of the Company where the difference between the put option price including the estimated Additional Sum and the derecognised non-controlling interest of RM148,659,000 is offset against the retained earnings of the Group.

This acquisition is expected to be completed by early December 2019.

## Highlights & Conclusion

- Highlights of 9M2019 Initiatives
- Moving Forward

# Highlights of 9M2019 Initiatives

## Corporate Development

- Classification of Bursa as a Shariah-compliant securities
- Bursa extended agreement to host its Derivatives products on CME and will be acquiring the remaining 25% equity interest in Bursa Malaysia Derivatives

## 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

## 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 such as “Market Order at Pre-Closing”, “On-Open/Close Order”, “Iceberg Order” and “One-Cancel-Other Order” to provide more opportunities for participants

## Regional and Global Connectivity

- Held the 15<sup>th</sup> edition of Invest Malaysia Kuala Lumpur
- Organised the 30<sup>th</sup> 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”
- Launched “Seminar: Wanita dan Pelaburan” in conjunction with “Hari Wanita 2019”, in collaboration with National Council of Women’s Organisation Malaysia (NCWO)

## SECURITIES MARKET

- The Securities Market performance in third quarter of 2019 continued to be influenced by both global and domestic developments such as heightened risk of global economic slowdown, easing of global financing conditions and weaker corporate earnings. These developments coupled with the uncertainties over the US-China trade negotiations saw the total trading value continue to decline in the third quarter of 2019.
- Despite the external headwinds, the recently announced Malaysian Budget 2020 with expansionary measures are expected to provide support to the market and focus in achieving sustainable economic growth.

## DERIVATIVES MARKET

- Trading and hedging activities will continue to be influenced by volatility in crude palm oil prices and the underlying equities market.
- The derivatives trading community is expected to be further expanded through the ongoing initiatives focusing on the Greater China region. Furthermore, the Exchange expects increased retail demand through the continuous retail investor engagement and education program.

## ISLAMIC CAPITAL MARKET

- The Exchange expects to see increased participation by institutional investors on Bursa Malaysia-i, with several institutional funds having already commenced trading on the platform.
- Bursa Suq Al-Sila' ("BSAS") is expected to sustain its performance through expansion of its global reach and onboarding of new domestic non-banks and cooperatives onto its platform, despite competitive pricing by its competitors.

The Exchange will continue to expand and strengthen its products and services offerings to drive trading activities, as well as attract new investors and participants into the markets. On 14 August 2019, the Exchange revamped the rules and directives of Bursa Malaysia Derivatives Berhad and Bursa Malaysia Derivatives Clearing Berhad to enhance business efficiency and flexibility of conducting business amongst trading and clearing participants. Taking into consideration the performance to date and the continued challenging environment, the Exchange expects to register a satisfactory performance in the fourth quarter of 2019.

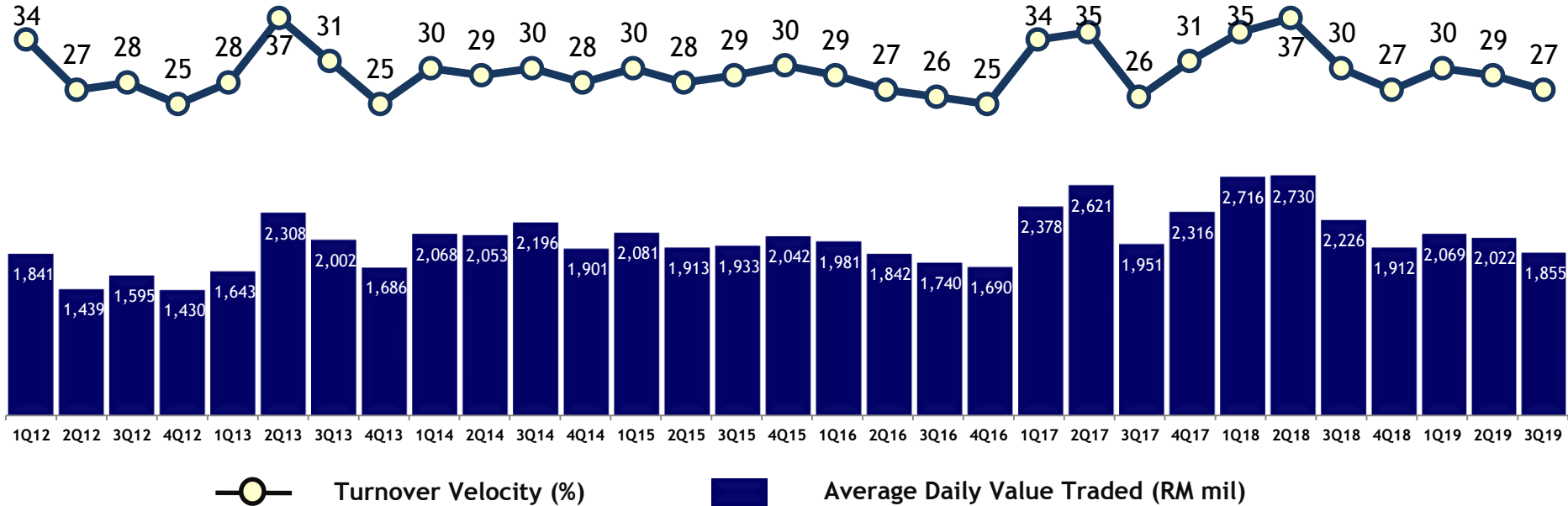


## Appendices

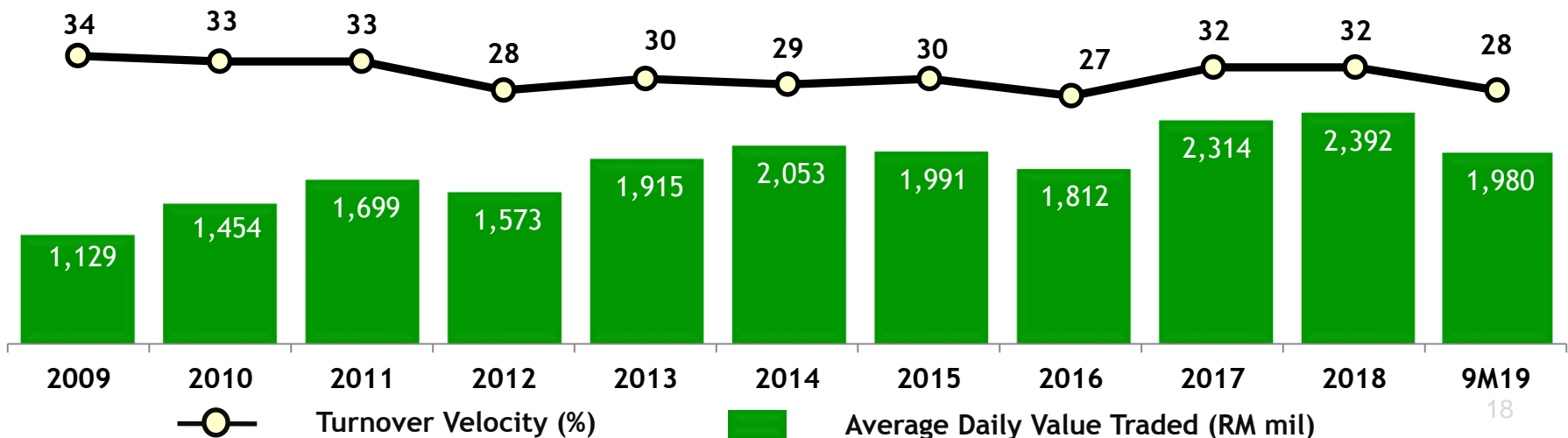
- Securities Market Trading Activity
- Securities Market Trading Participation
- Securities Market Foreign Ownership
- Foreign Inflow/Outflow
- Derivatives Market Activity
- Derivatives Market Demography
- Islamic Capital Market Activity

# Securities Market Trading Activity

## Quarterly ADV Traded & Velocity

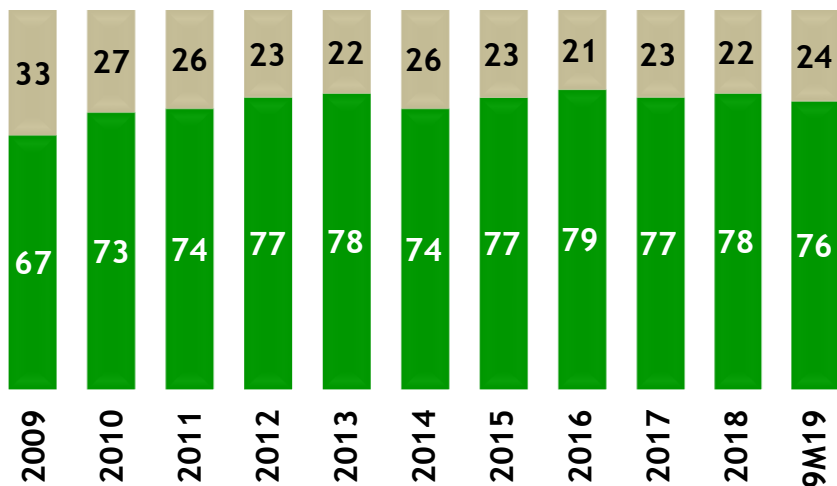
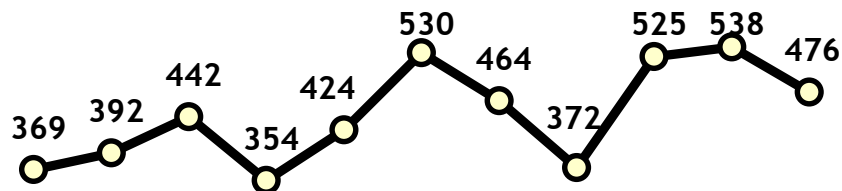


## Annual ADV Traded & Velocity



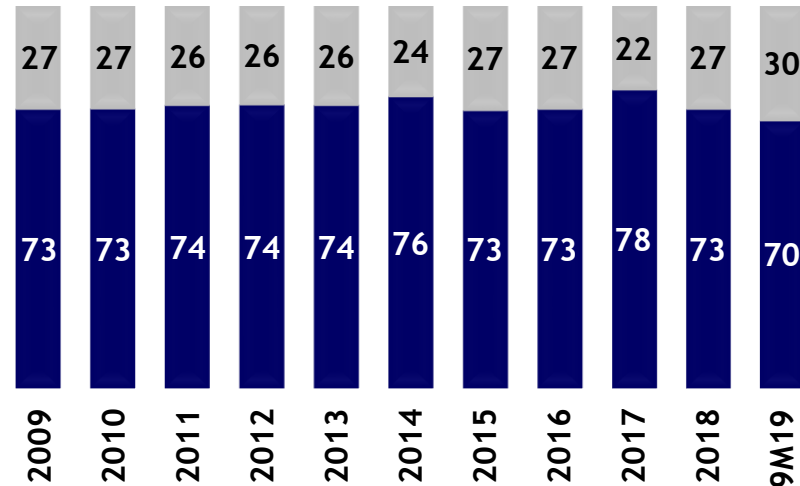
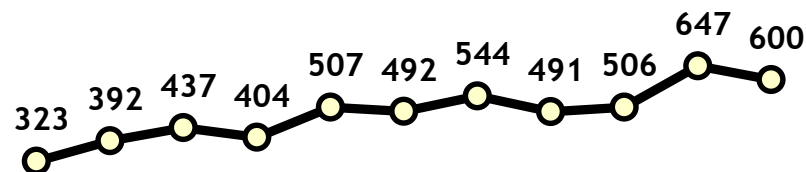
# Securities Market Trading Participation

## Retail vs. Institution



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

## Foreign vs. Local

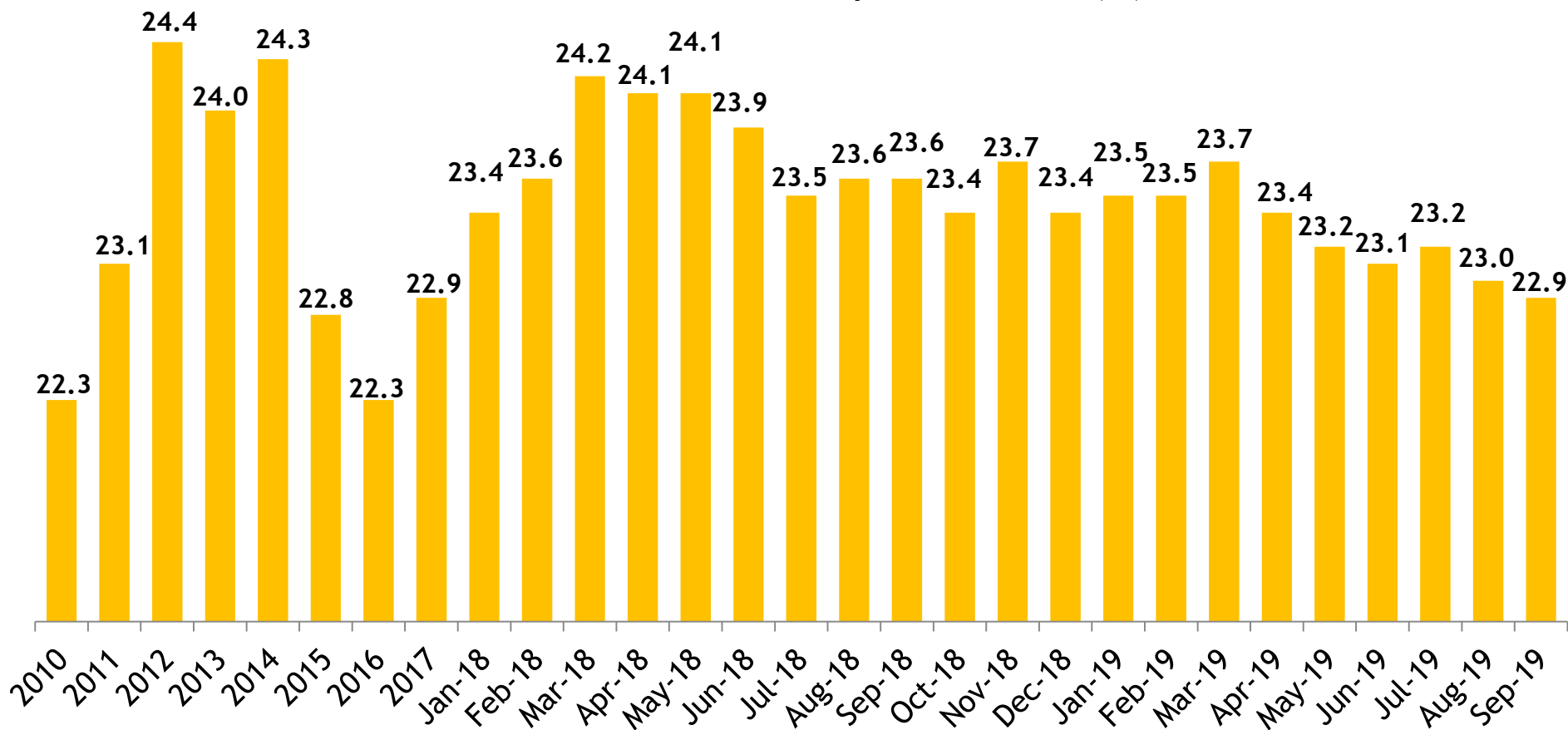


 Foreign ADV Traded (RM mil)
  Foreign (%)
  Local (%)

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

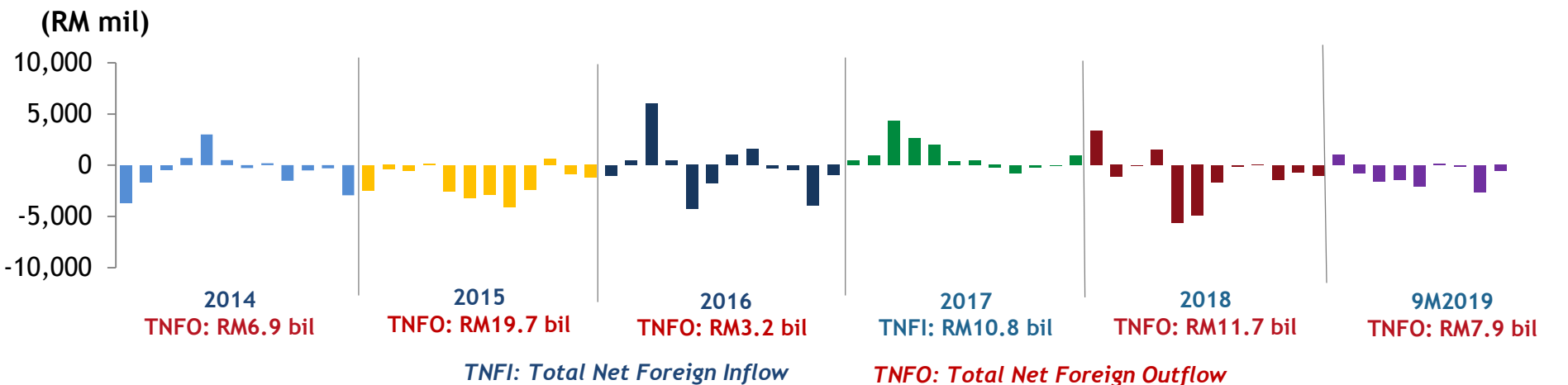
# Securities Market Foreign Ownership

Based on Market Capitalisation (%)

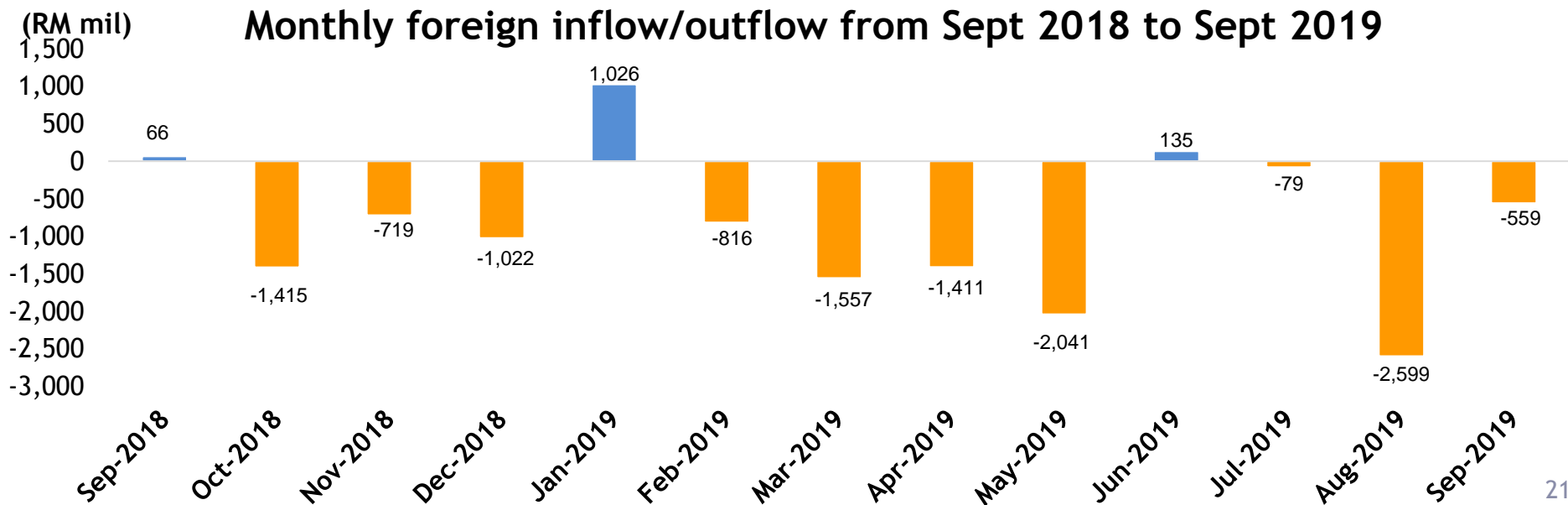


# Foreign Inflow/Outflow

## Monthly foreign inflow/outflow from 2014 to 2019

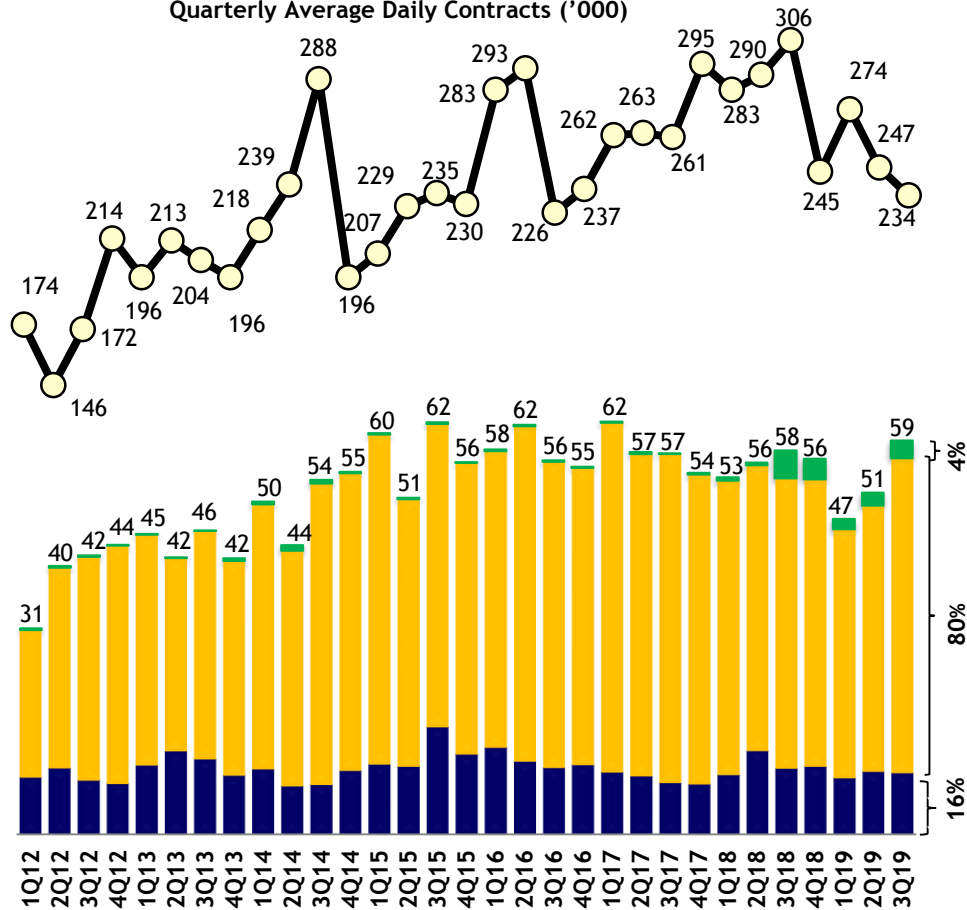


## Monthly foreign inflow/outflow from Sept 2018 to Sept 2019

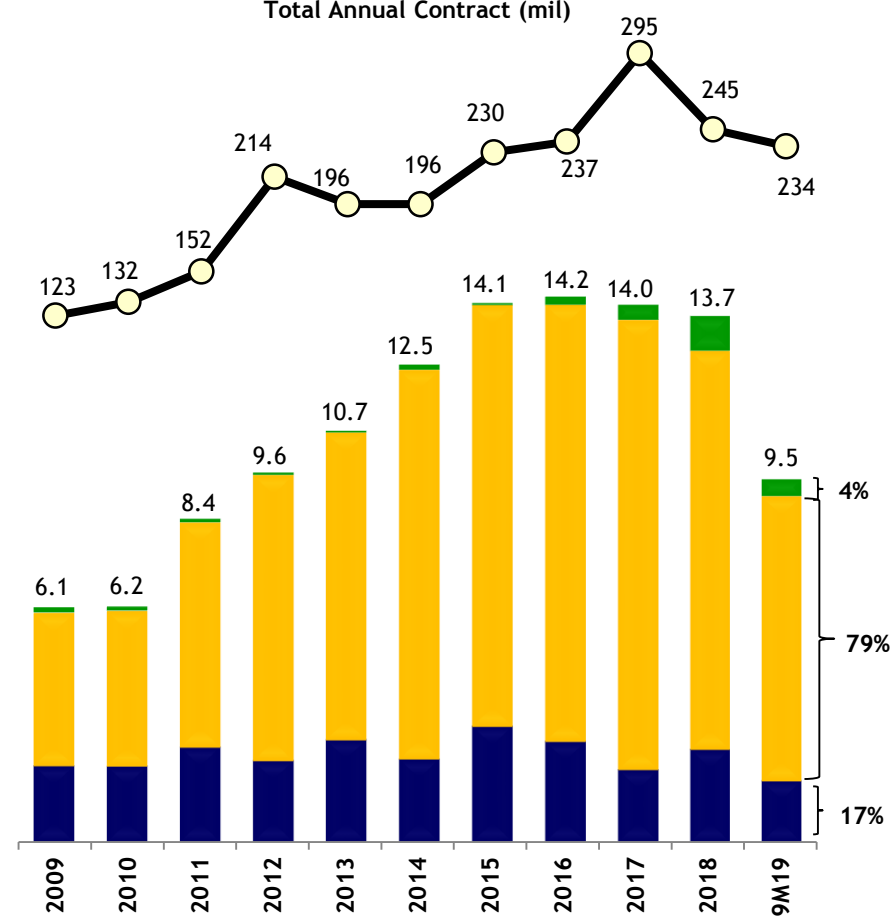


# Derivatives Market Activity

Quarterly Average Daily Contracts ('000)



Total Annual Contract (mil)



○ Open Interest ('000)

■ Others

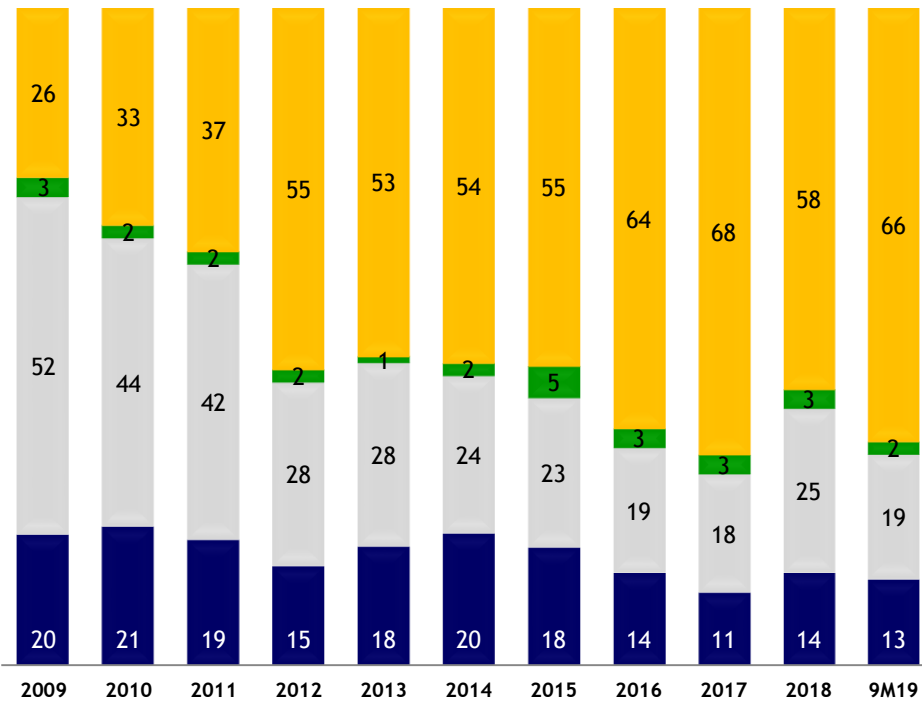
■ Crude Palm Oil Futures

■ FBMKLCI Futures

# Derivatives Market Demography

## FKLI

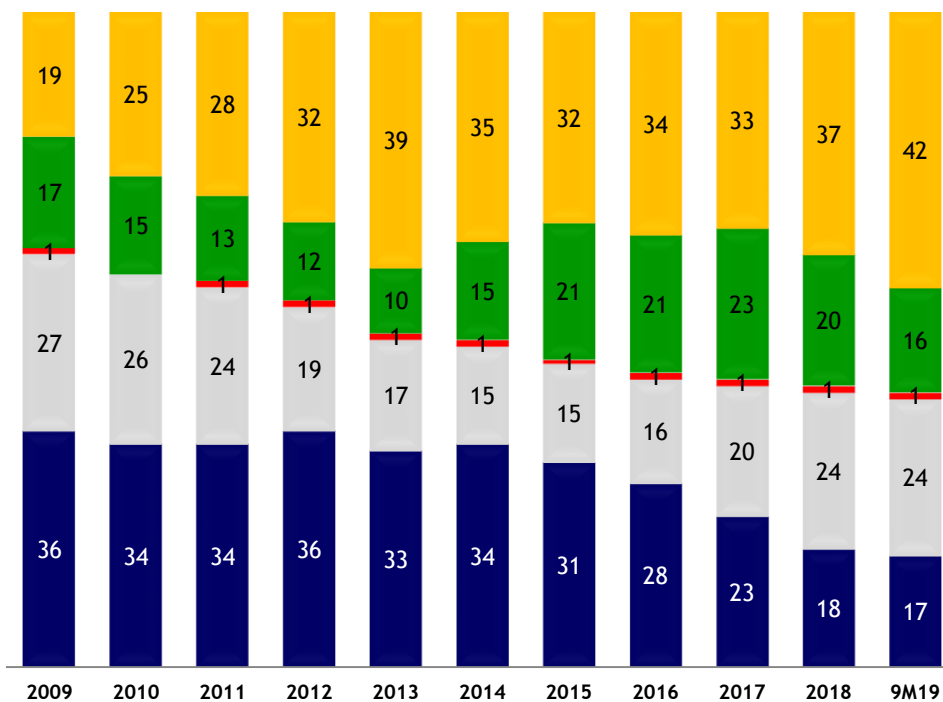
(%)



■ Foreign Institutions     ■ Domestic Retail  
■ Domestic Institutions     ■ Local

## FCPO

(%)

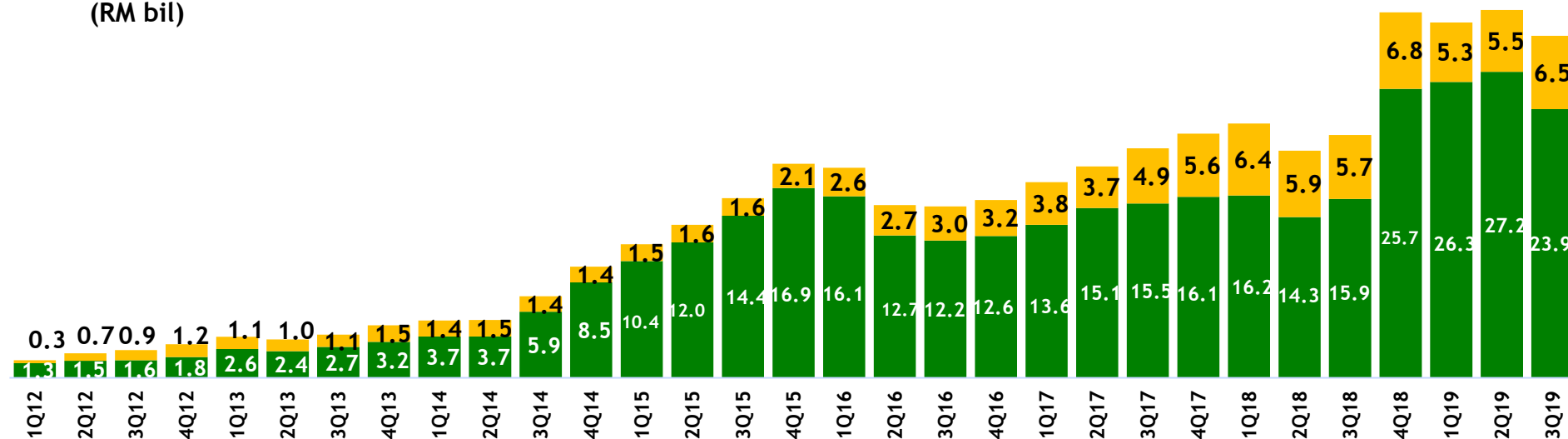


■ Foreign Institutions     ■ Foreign Retail     ■ Local  
■ Domestic Institutions     ■ Domestic Retail

# Islamic Capital Market Activity

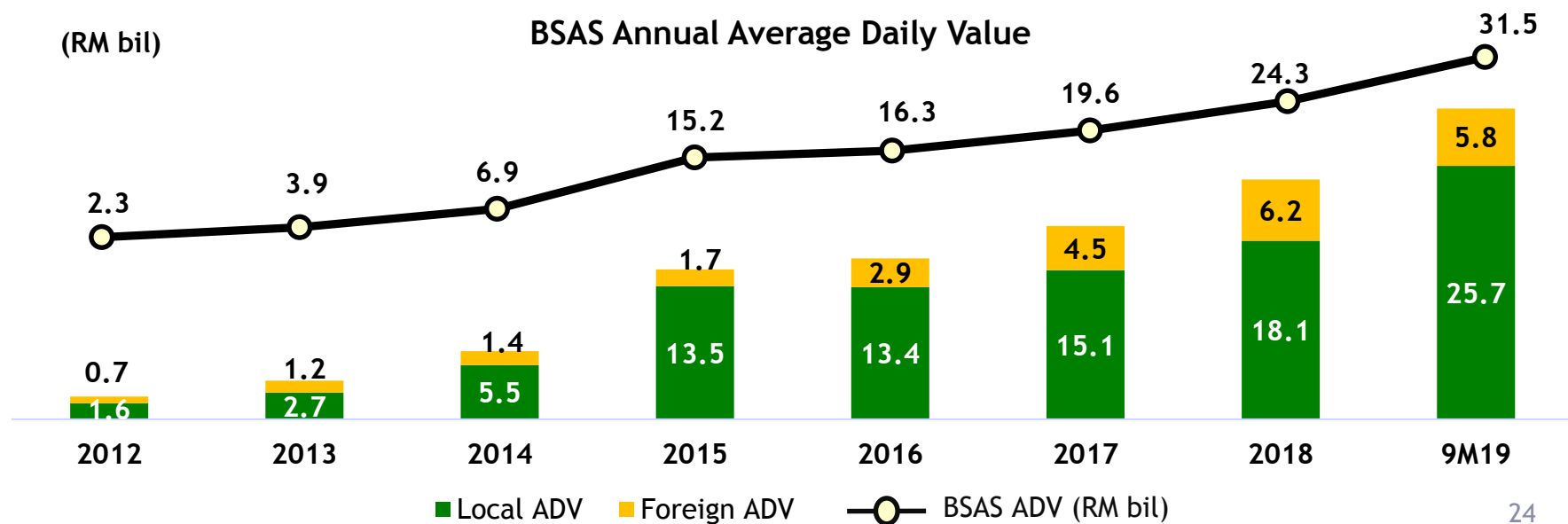
## BSAS Quarterly Average Daily Value

(RM bil)



## BSAS Annual Average Daily Value

(RM bil)



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



## INVESTOR RELATIONS CONTACT INFORMATION

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