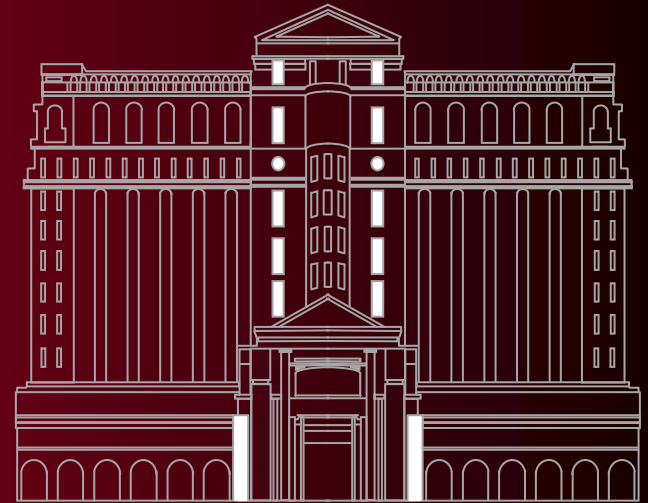


# BURSA MALAYSIA BERHAD

## CLSA Investors' Forum, Hong Kong

Dato' Yusli Mohamed Yusoff, CEO  
22 - 26 September 2008



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# Single Exchange Group

Total Market Capitalisation : USD229 bn (RM791 bn) @ 12 September 2008

## Equities Market

### 3 Markets:

- Main Board : 637 cos
- Second Board : 221 cos
- MESDAQ Market : 124 cos

Trading  
Clearing  
Settlement  
Depository

## Derivatives Market

### 9 Derivatives Products:

- Commodity futures
- Equity futures & options
- Financial futures

Trading  
Clearing  
Settlement

## Bond Market

### 5 Bond Instruments:

- M'sia Gov Securities\*
- Gov Investment Issues\*
- Central Bank Papers
- Cagamas Papers
- Private Debt Securities

Order Matching\*  
(Trading)  
Negotiation  
Reporting

## Offshore Market

### Financial instruments:

- Non-ringgit securities
- Islamic Sukuk cross listings

Listing  
Clearing  
Depository

Clearing & Depository by :  
Citibank & Deutsche

Integration Across Products and Services

# Board Of Directors And Shareholdings Structure

## 13 Members @ 12/9/2008

- 1 Executive Director
- 7 Independent Non-Executive Directors
- 5 Public Interest Directors (also independent)

## Substantial Shareholders @ 29/8/2008

Minister of Finance Inc.	19%
Capital Market Development Fund	19%
Newton	9.5%

## Foreign Shareholding : 23%

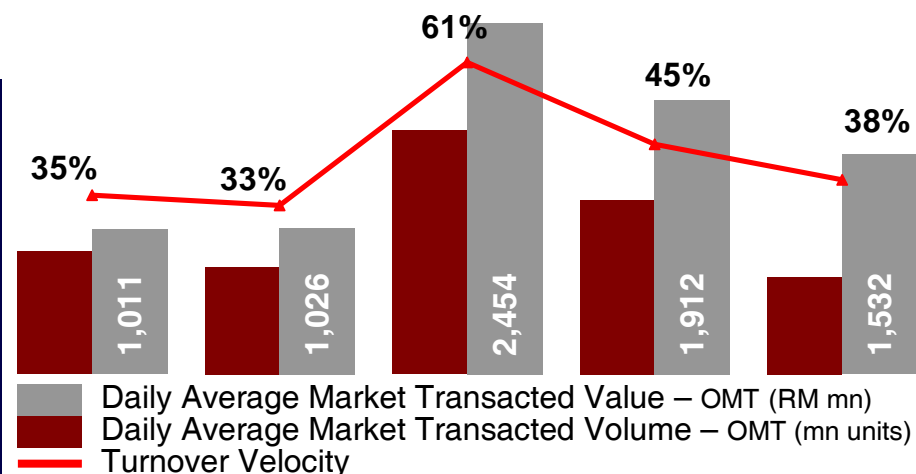
Market Cap of Bursa @ 12/9/2008 :  
RM3.4 bn (USD1.0 bn)

# Operating Drivers

*Impacted By Continued Global Uncertainties And Local Market Sentiments*

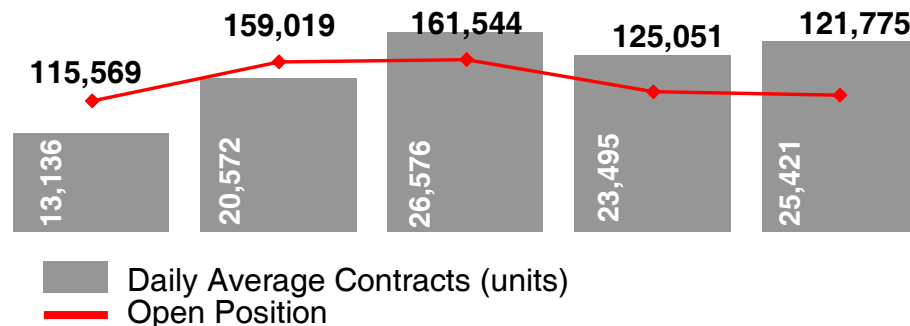
## EQUITIES

	YTD 12 Sept 08	FY 2007	▲ %
Velocity (%)	34	53	(36)
Market Capitalisation (RM tn)	0.9	1.1	(18)
Daily Average Trading Volume OMT+DBT (bn)	0.7	1.6	(56)
Daily Average Trading Value OMT+DBT (RM bn)	1.4	2.4	(42)

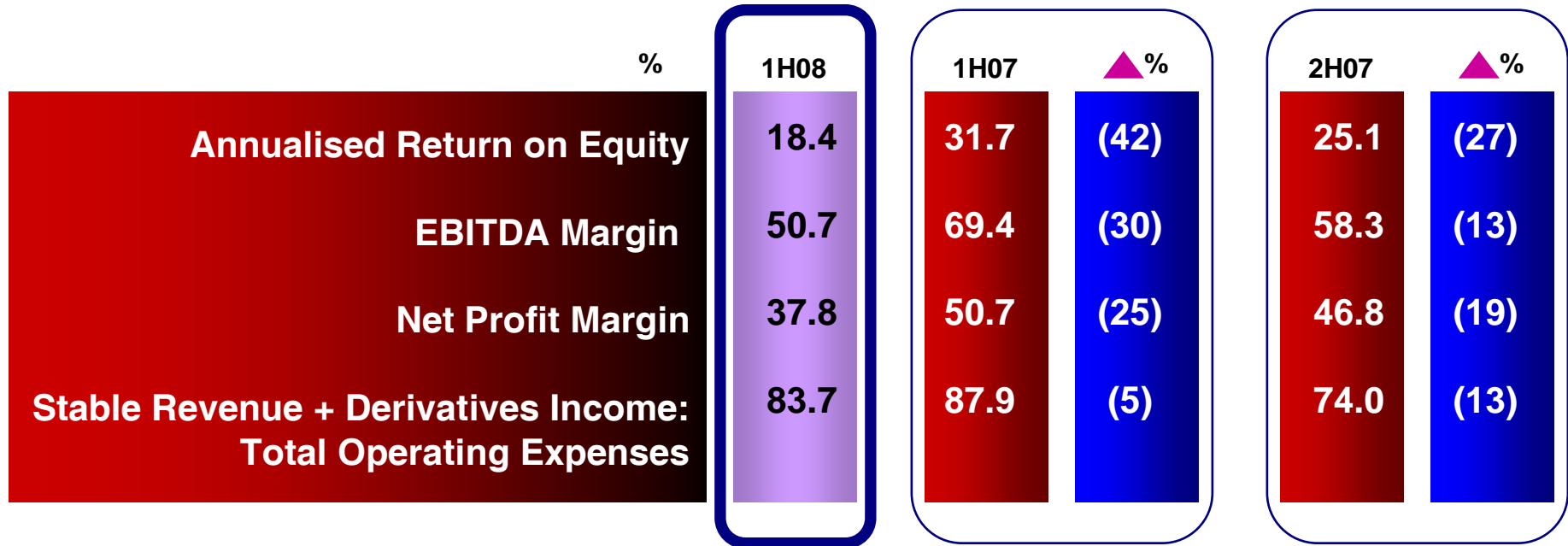


## DERIVATIVES

	YTD 12 Sept 08	FY 2007	▲ %
Daily Average Contracts	24,635	25,011	(2)



# Key Ratios



### **1H08 vs. 1H07 Commentary**

The ratios are lower mainly due to the lower revenue from the equity market

# Financial Results Overview

RM	1H08	1H07	▲%	2H07	▲%
<b>Operating Revenue (mn)</b>	<b>164.1</b>	<b>239.2</b>	<b>(31)</b>	<b>204.0</b>	<b>(20)</b>
<b>EBITDA (mn)</b>	<b>83.1</b>	<b>165.9</b>	<b>(50)</b>	<b>118.9</b>	<b>(30)</b>
<b>Operating Expenses (mn)</b>	<b>90.3</b>	<b>80.2</b>	<b>13</b>	<b>92.2</b>	<b>(2)</b>
<b>Profit Before Tax (mn)</b>	<b>96.3</b>	<b>186.0</b>	<b>(48)</b>	<b>133.0</b>	<b>(28)</b>
<b>Taxation (mn)</b>	<b>25.6</b>	<b>50.8</b>	<b>(50)</b>	<b>27.6</b>	<b>(7)</b>
<b>Profit After Tax (mn)</b>	<b>70.7</b>	<b>135.2</b>	<b>(48)</b>	<b>105.5</b>	<b>(33)</b>
<b>Earnings per Share (sen)</b>	<b>13.5</b>	<b>26.0</b>	<b>(48)</b>	<b>20.1</b>	<b>(33)</b>

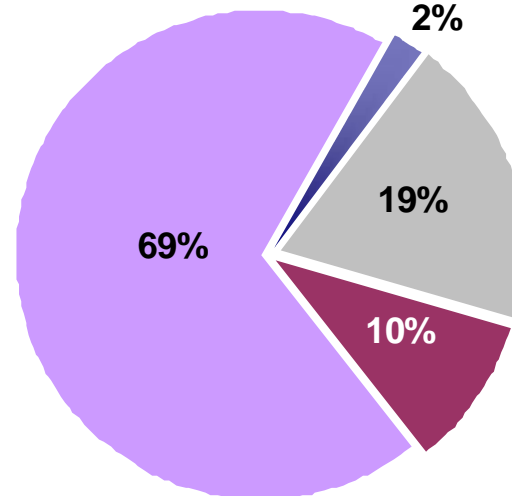
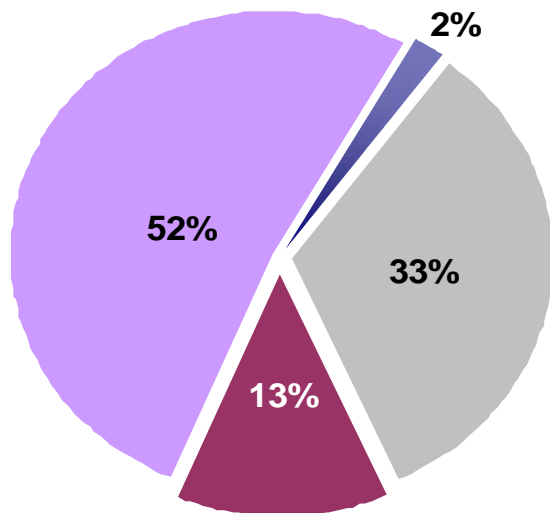
### **Commentary**

- Decrease of revenue affected by continuing global & domestic uncertainties and inflationary pressures

# Operating Revenue

1H08: RM 164.1 mn (USD 50.2 mn)

1H07: RM 239.2 mn (USD 69.2 mn)



	RM mn	1H08	1H07 ▲%	2H07 ▲%
Trading Revenue (Equities)	84.9	164.5	(48)	132.0 (36)
Trading Revenue (Derivatives)	22.0	23.7	(7)	21.0 5
Stable Revenue	53.5	46.8	14	47.2 13
Other Operating Revenue*	3.7	4.2	(12)	3.8 (3)

\* Other Operating Revenue = perusal and processing fees

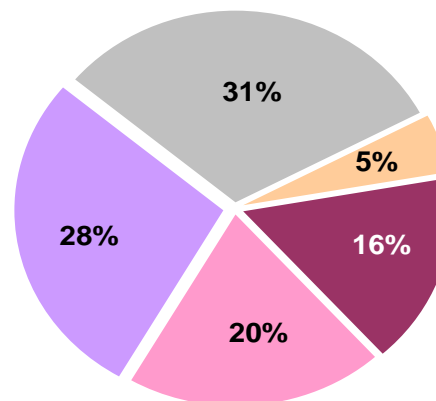
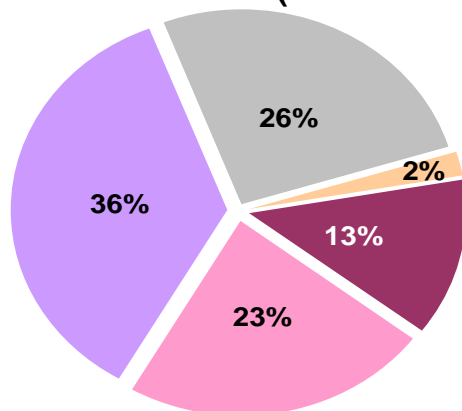
### 1H08 vs. 1H07 Commentary

- Equity market performed poorer due to the bearish market and revision of clearing fee
- Lower derivatives trading revenue due to decline in number of derivatives contracts from 3.2mn in 1H07 to 3.1mn in 1H08
- Stable revenue increased due to higher listing and information services fees
- Lower Other Operating Revenue due to lower perusal & processing fees

# Stable Revenue

1H08: RM 53.5 mn (USD 16.4 mn)

1H07: RM 46.8 mn (USD 13.5 mn)



	RM mn	1H08	1H07	▲ %	2H07	▲ %
Depository Services		13.9	14.6	(5)	13.8	1
Listing Fees		19.1	13.1	46	14.0	36
Information Services		12.2	9.5	28	10.3	18
Broker Services*		6.9	7.5	(8)	7.6	(9)
Participants' Fees**		1.4	2.1	(33)	1.5	(7)

\* Broker Services comprises of Data Comm equipment rental income from a fixed monthly rate

\*\* Participants' Fees comprises of application/admission/initial/registration fees, participants' subscriptions and renewal fees

### 1H08 vs. 1H07 Commentary

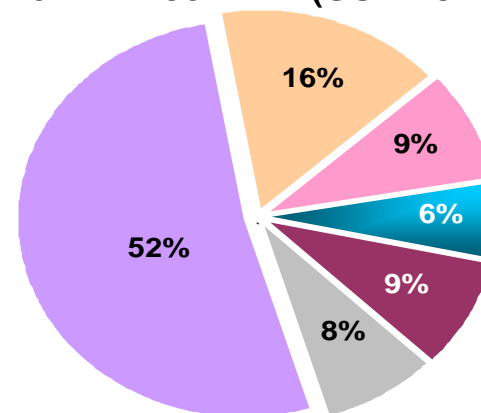
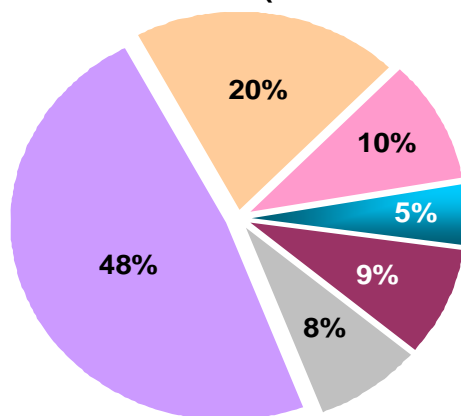
- Higher listing fees due to full charge of listing fees in 2008 (50% rebate in 2007)
- Higher information services fees due to revised fee structure in October 2007
- Lower broker services fees from reduction in number of terminals at broker sites (Migration of old CDS system to web based system)
- Lower depository fees due to lower transfer fee and additional issue fees (reduced corporate activities)
- Lower participants' fees due to the absence of MESDAQ advisors and sponsors applications in 1H08



# Operating Expenses

1H08: RM 90.3 mn (USD 27.6 mn)

1H07: RM 80.2 mn (USD 23.2 mn)



	RM mn
Staff Costs	43.1
Market Development	7.5
IT Maintenance	7.6
Building Management Costs	4.7
Depreciation & Amortisation	9.3
Other OPEX	18.1

1H08
43.1
7.5
7.6
4.7
9.3
18.1

1H07	%
41.8	3
6.4	17
7.4	3
4.5	4
7.0	33
13.1	38

2H07	%
43.6	(1)
11.8	(36)
6.0	27
4.8	(2)
7.1	31
18.9	(4)

\* Other OPEX = professional fees, administrative expenses, CDS consumables, etc.

### 1H08 vs. 1H07 Commentary

- Increase in staff costs due to higher ESOS allocations, increase in headcounts & annual salary increments
- Higher depreciation due to newly acquired system upgrade, renovation & FMTP launch
- Higher other OPEX is mainly due to higher professional fees paid and bond impairment resulting from a weak bond market

# Capital Management

@ 30 June 2008

RM mn

USD \$ mn

**Financial Resources Available for Use \***

**423**

**130**

**Shareholders' Fund**

**760**

**233**

**Capital Expenditure**

**12**

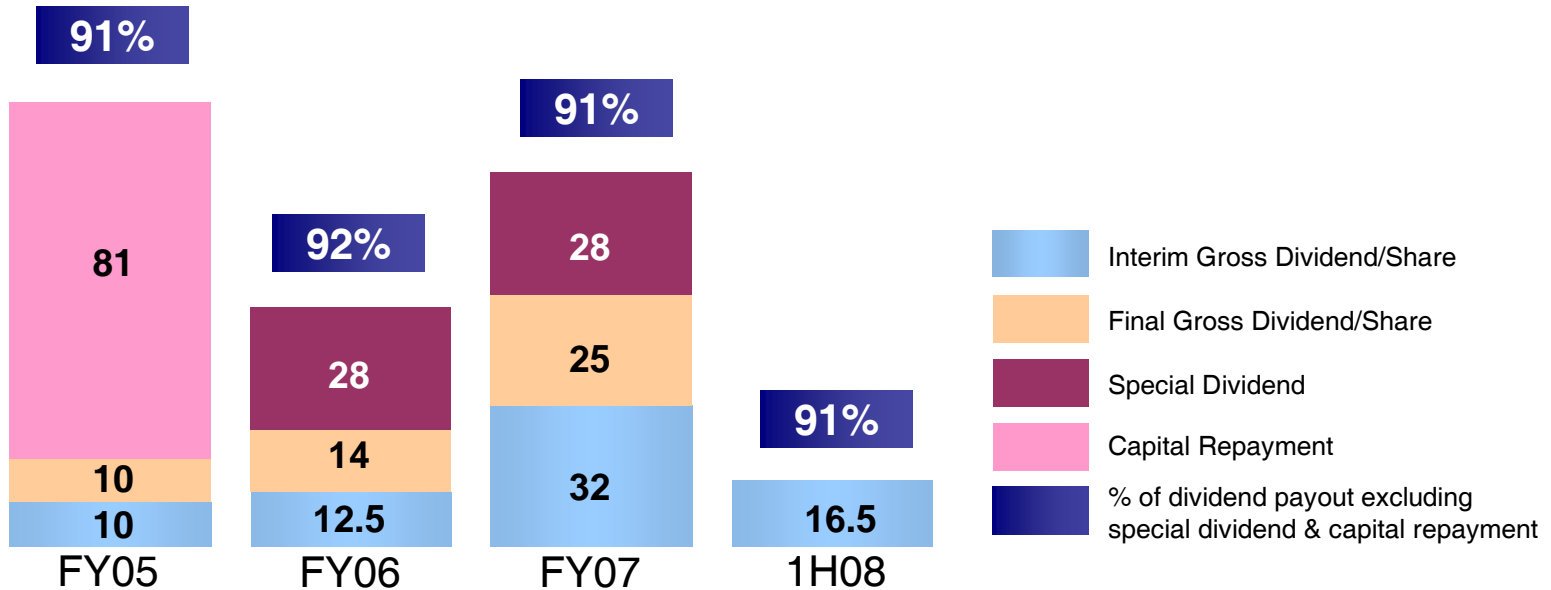
**4**

\* Inclusive of RM64mn interim dividend paid in August 2008

# Dividend Payout > 90%

*Delivers Value To Shareholders*

Historical Dividend Payout in sen



**Total Shareholders' Return since listing till 12 Sept 2008**

**185%**

# Targets

*Challenged By Global And Domestic Climate*

<b>Bursa's KPI 2008</b>	<b>Target</b>	<b>1H08</b>
<b>Velocity</b>	<b>56%</b>	<b>38%</b>
<b>Annual growth in derivatives contracts traded</b>	<b>50%</b>	<b>0%</b>

## Initiatives:

### Improvement of Infrastructure

- DMA Derivatives
- Bursa Trade Securities

### Introduction of New Products

- USD Crude Palm Oil Futures

### Other Initiatives

- Continued Retail Education

## **Improvement of Infrastructure**

- DMA Equity
- Commodity Murabahah House
- Asean trading linkages
- Multicurrency platform
- Islamic Securities Borrowing & Lending
- Negotiated Large Trades - Derivatives

## **Introduction of New Product**

- Multicurrency ETFs
- Thematic ETFs

## **Other Initiative**

- Commodity Futures Trading Commission's Approval
- Unification of Boards
- Market Making

## **EQUITIES MARKET**

**Challenging months ahead**

- Investors' sentiment expected to be impacted by slowing US and global economy, rising crude oil, commodities & food prices and domestic uncertainties**
- Good opportunity for bargain hunting**
- A shift to Islamic based investment products**

## **DERIVATIVES MARKET**

**Expect continued interest in FCPO and FKLI**

- FKLI: Interest to move in tandem with the expectations in the equity market**
- FCPO: Interest guided by expectations of supply and demand of CPO, price of substitute products and environmental issues.**

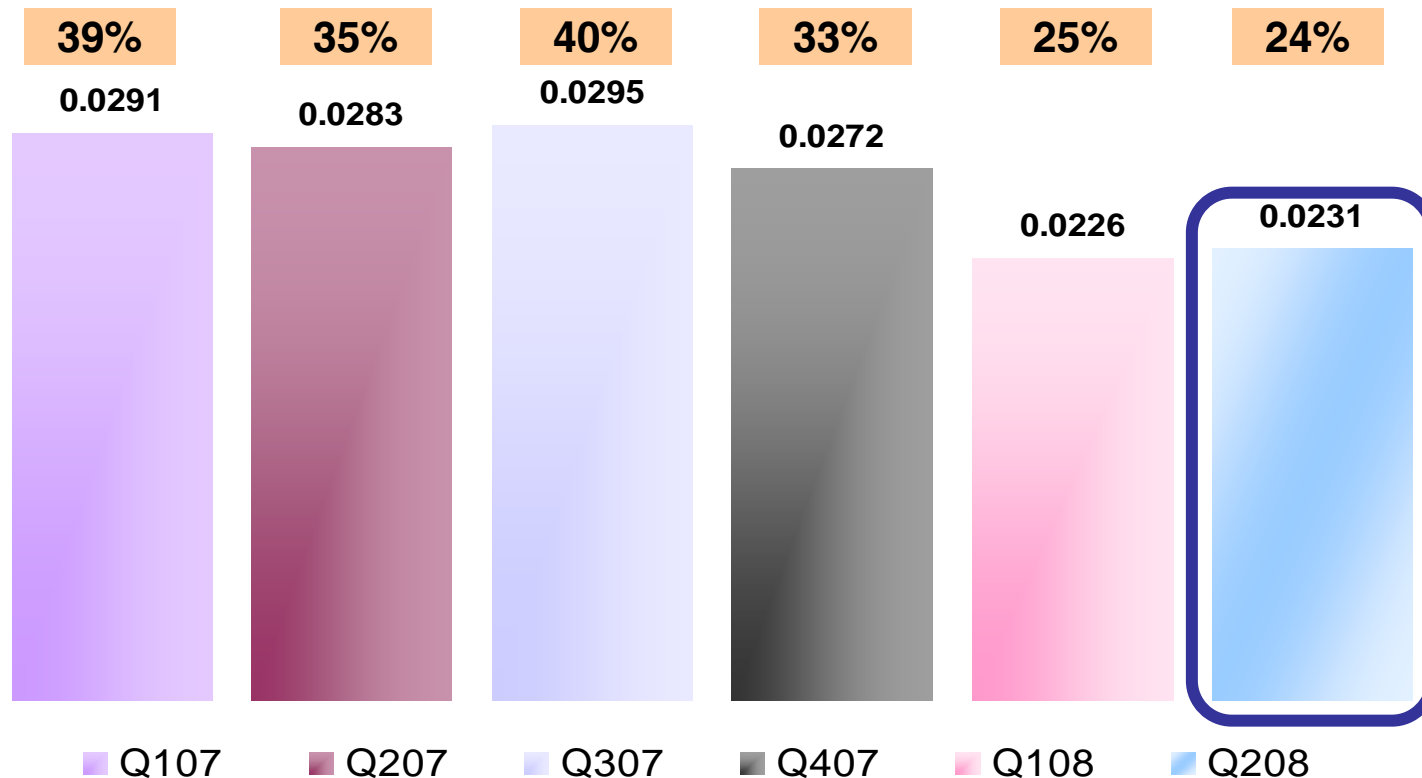
## **BOND MARKET**

**No significant income expected due to availability of alternative OTC trading**

## **ADDITIONAL INFORMATION**

# Effective Clearing Fee Rate

*Affected By Institutional Bunching Of Trades And Lower Retail Participation*



 % of retail trading participation by value

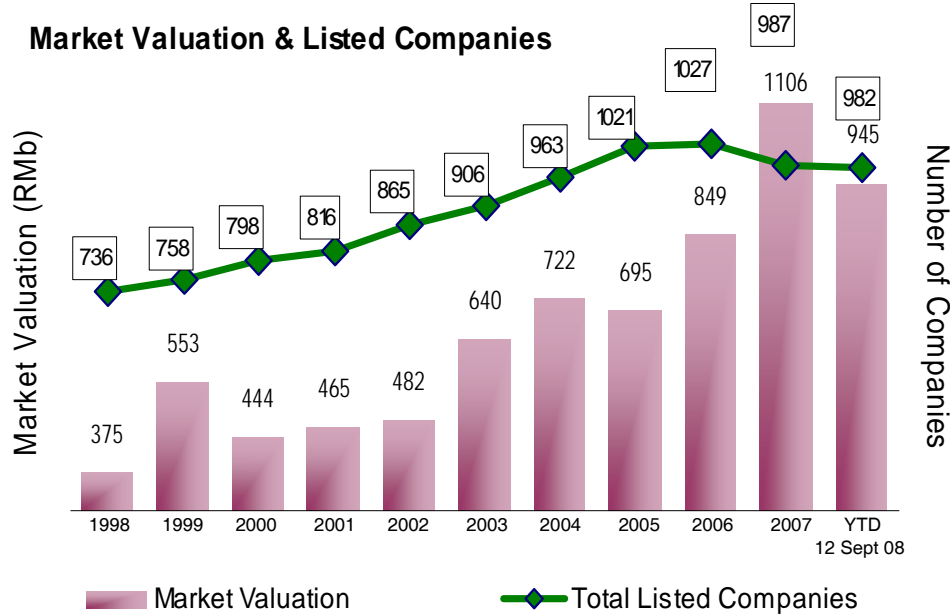
**Note :** Clearing Fee revised to 0.03% (capped at RM1,000) effective 1 Jan 08 from 0.04% (capped at RM500)



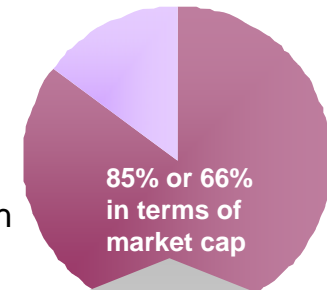
# Our Market Remains Competitive

18 New Listings @ 12 September 2008

**Market Valuation & Listed Companies**

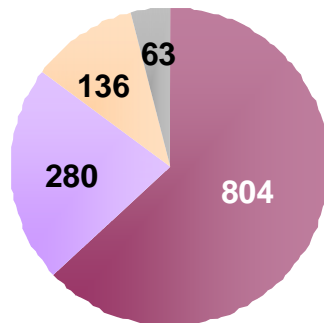


- Shariah Compliant
- Non-Shariah Compliant



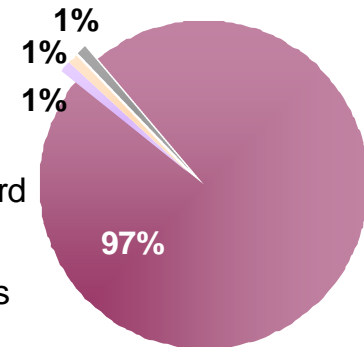
840 Shariah Compliant Companies ; 85% (Mkt Cap USD155 bn)  
Source : ISBU

- Main Board
- Second Board
- Mesdaq
- Call Warrants



No. of Counters Listed 1,283

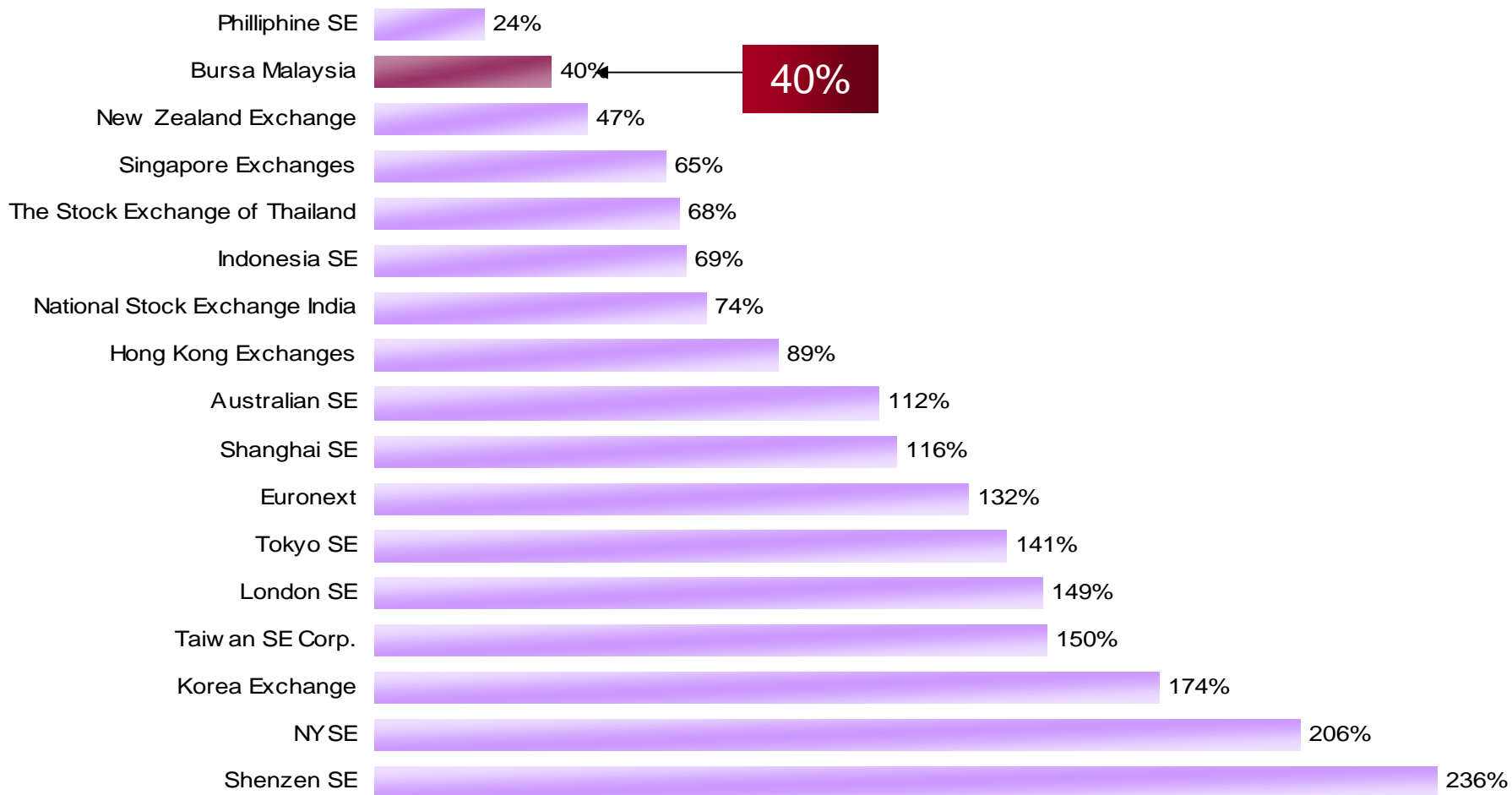
- Main Board
- Second Board
- Mesdaq
- Call Warrants



Market Capitalisation USD229 bn (RM791 bn)

# Bursa's Sustainable Velocity Target : 60% By 2010

*Turnover Velocity For The Past 12 Months To August 2008*

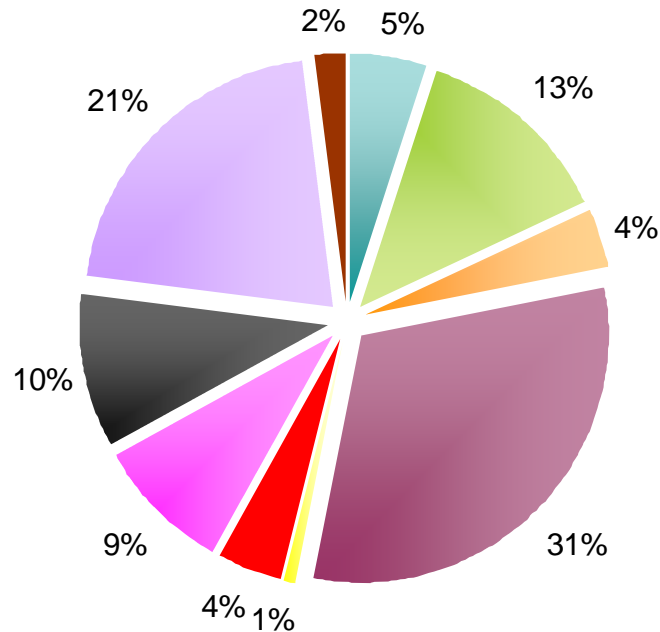


Source: World Federation Exchanges (WFE)

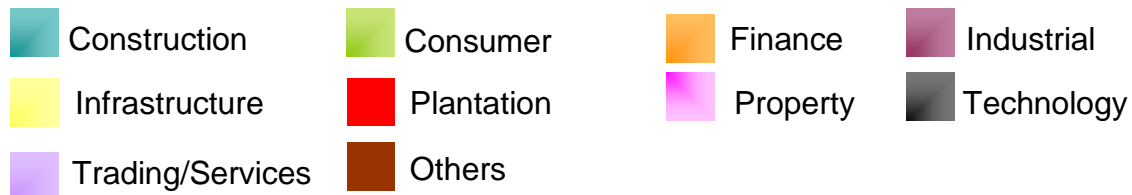
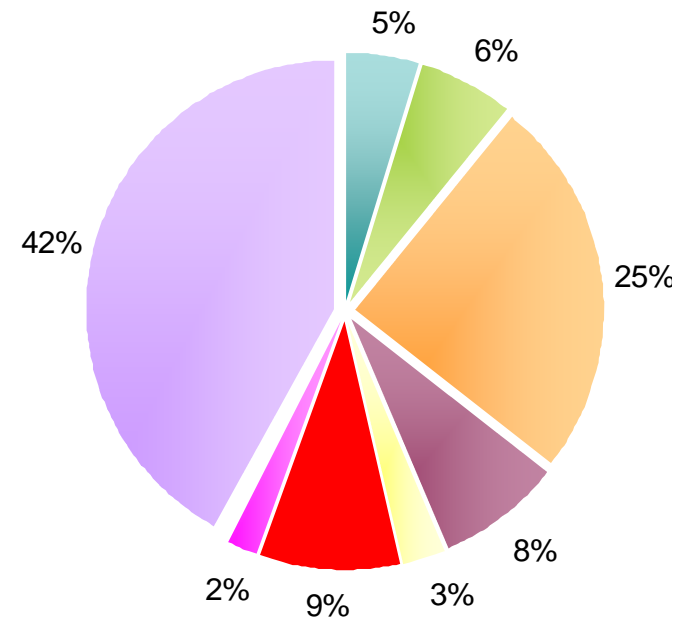
# Diversity Provides Resilience

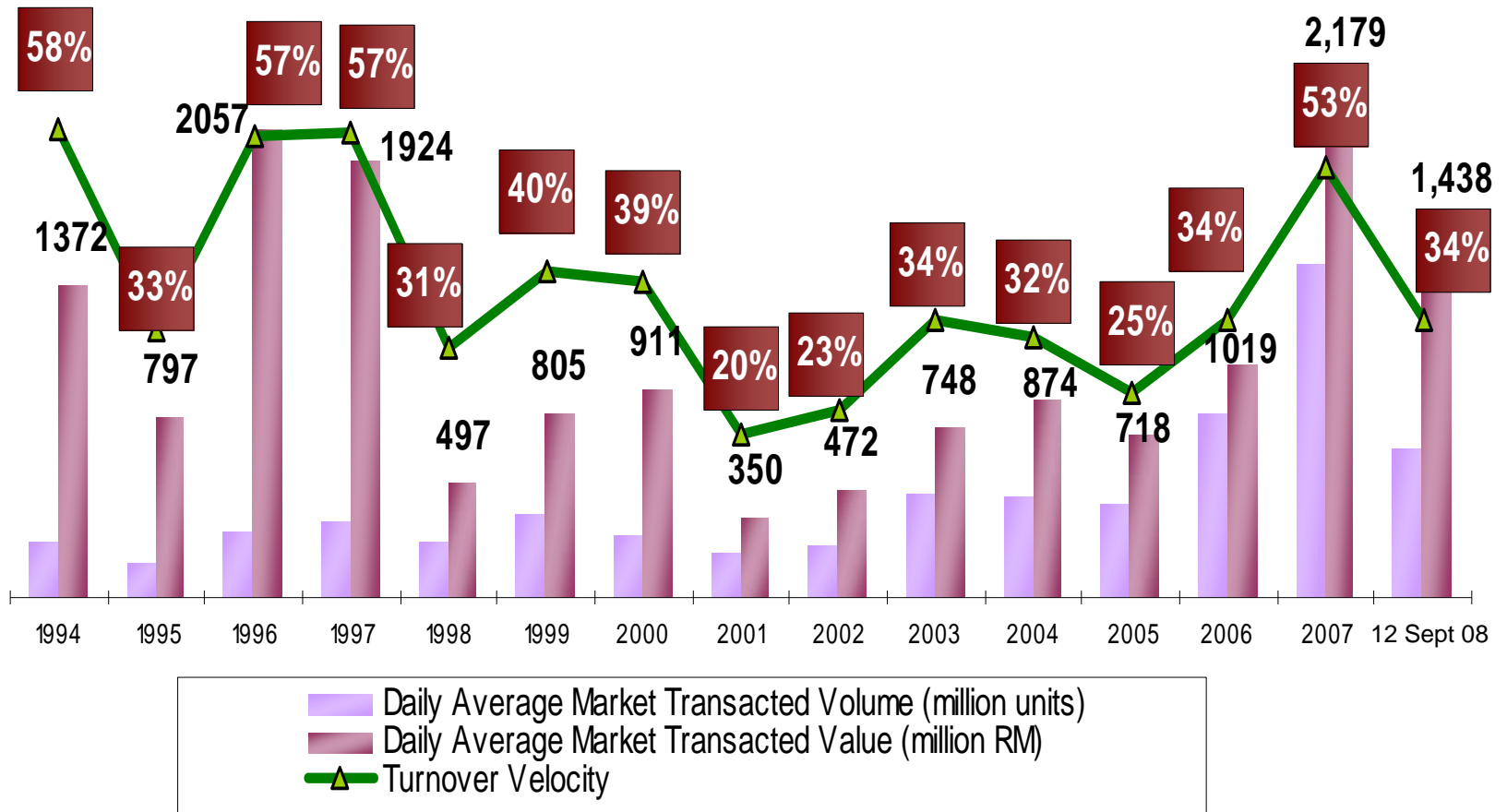
*As at 29 August 2008*

**Number of Listed Companies**

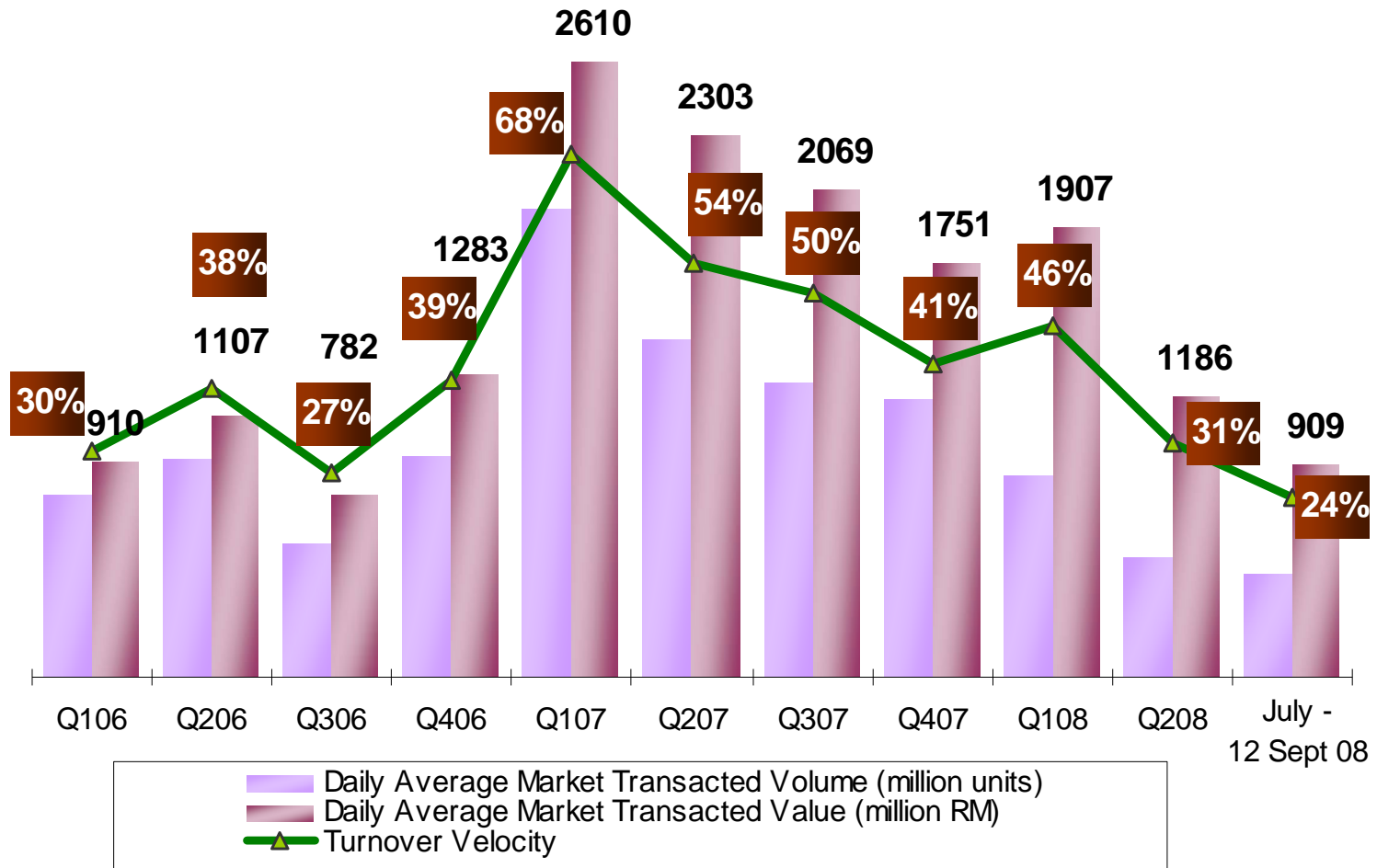


**Market Capitalisation of KLCI Components**



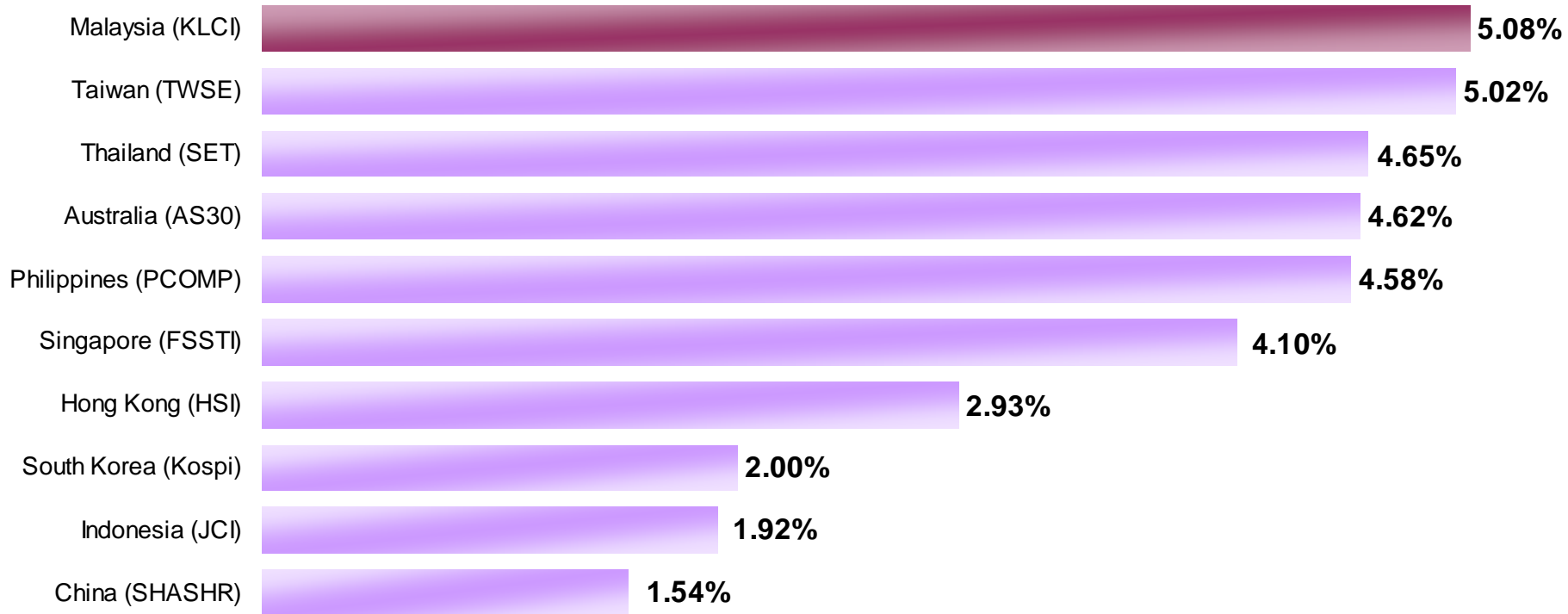


# Quarterly Velocity



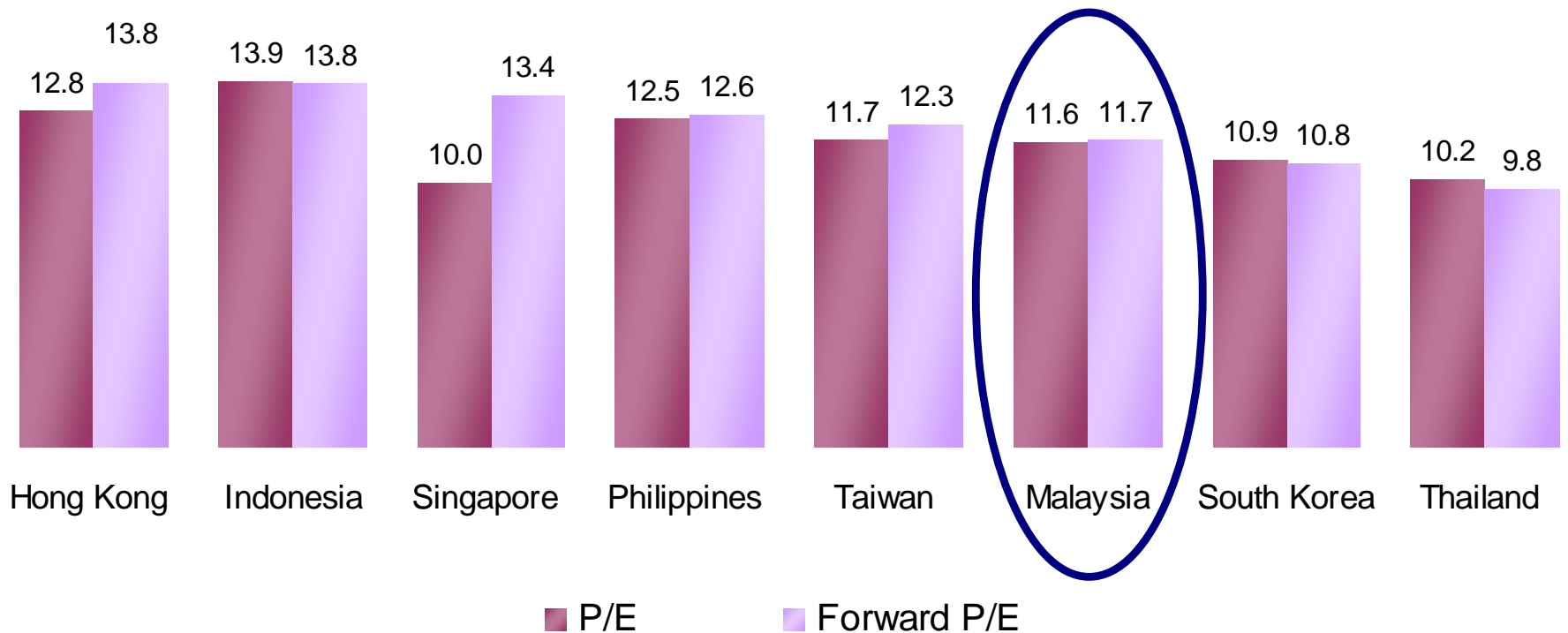
# Offers The Highest Dividend Yield

## Selected Regional Markets - Dividend Yield



Source: Bloomberg – Dividend yield for main regional indices as at 29<sup>th</sup> August 2008

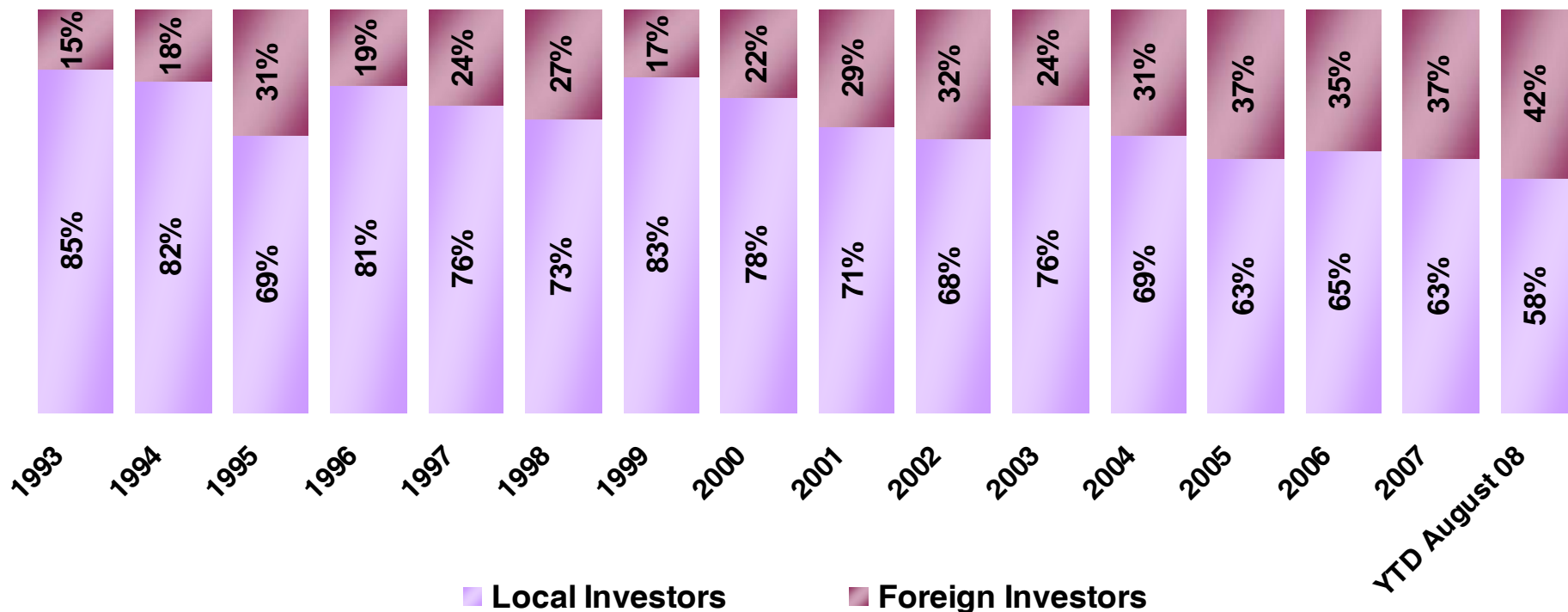
# Attractive Market P/E Valuation



Source: Bloomberg - P/E Valuation for main regional indices as at 29<sup>th</sup> August 2008

# Sustained Foreign Trading Reflects Market Resilience

Breakdown of trading (by value) 1993 to August 2008

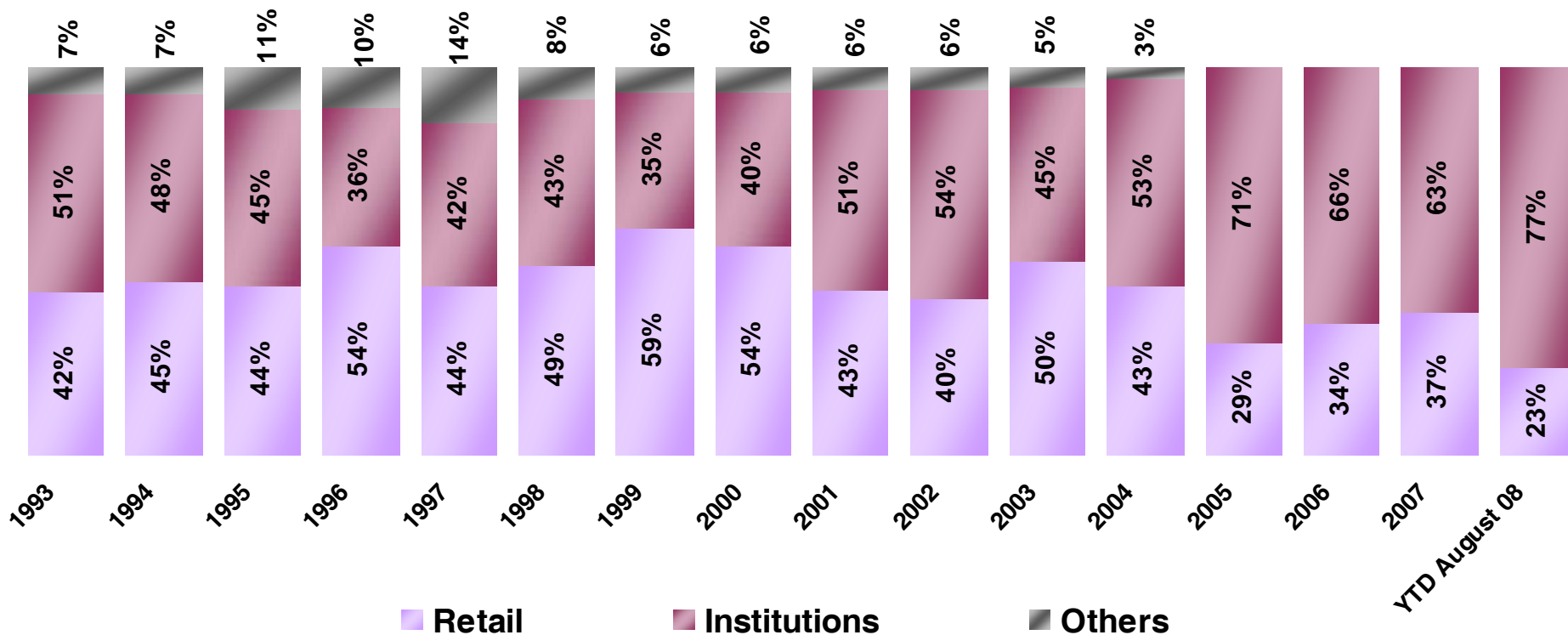




# Retail Participation

*Drop In Retail Volume Due To Weak Investors' Sentiment*

**Breakdown of trading (by value) 1993 to August 2008**



“Others”- refers to trades conducted for accounts not belonging to individuals/ institutions. Definitions of investors' type clarified in 2004, hence reducing the type of investor falling under “others” category.

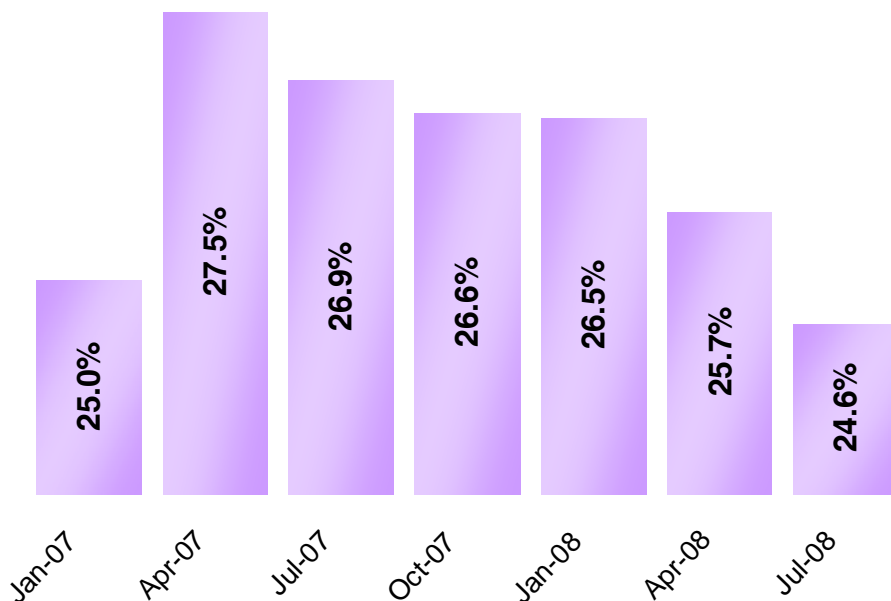
# Foreign Ownership At 23.6%

## Malaysian and Foreign Shareholdings as at 31 August 2008

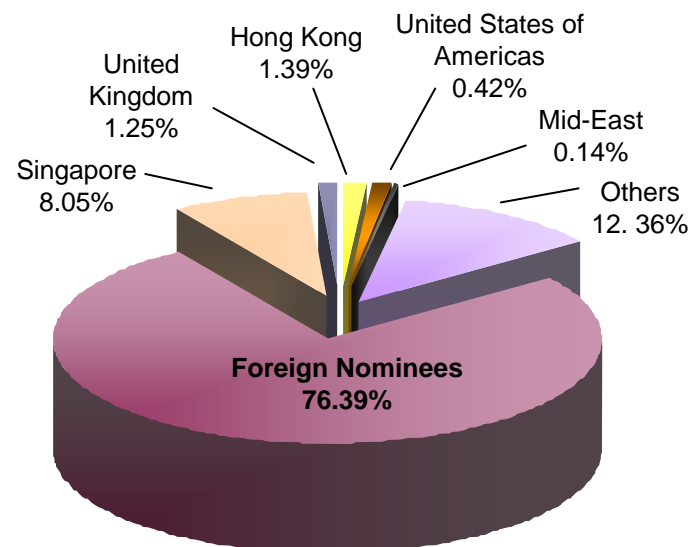
Items		August 2008				
		Total Shareholdings (Units-Bn)	%	Total Market Value (RM-Bn)	%	
1	Foreigners	Direct Holdings	17.0	4.11	39.3	<b>4.72</b>
	Foreign Nominees*	55.9	13.32	157.4	<b>18.91</b>	
2	Malaysians	341.0	82.57	635.5	76.37	
3	Total securities immobilised in CDS	413.0	100.00	832.2	100.00	

Note : Foreign Nominees reflect shares owned by foreigners but held via Authorised Nominee Companies incorporated in Malaysia.

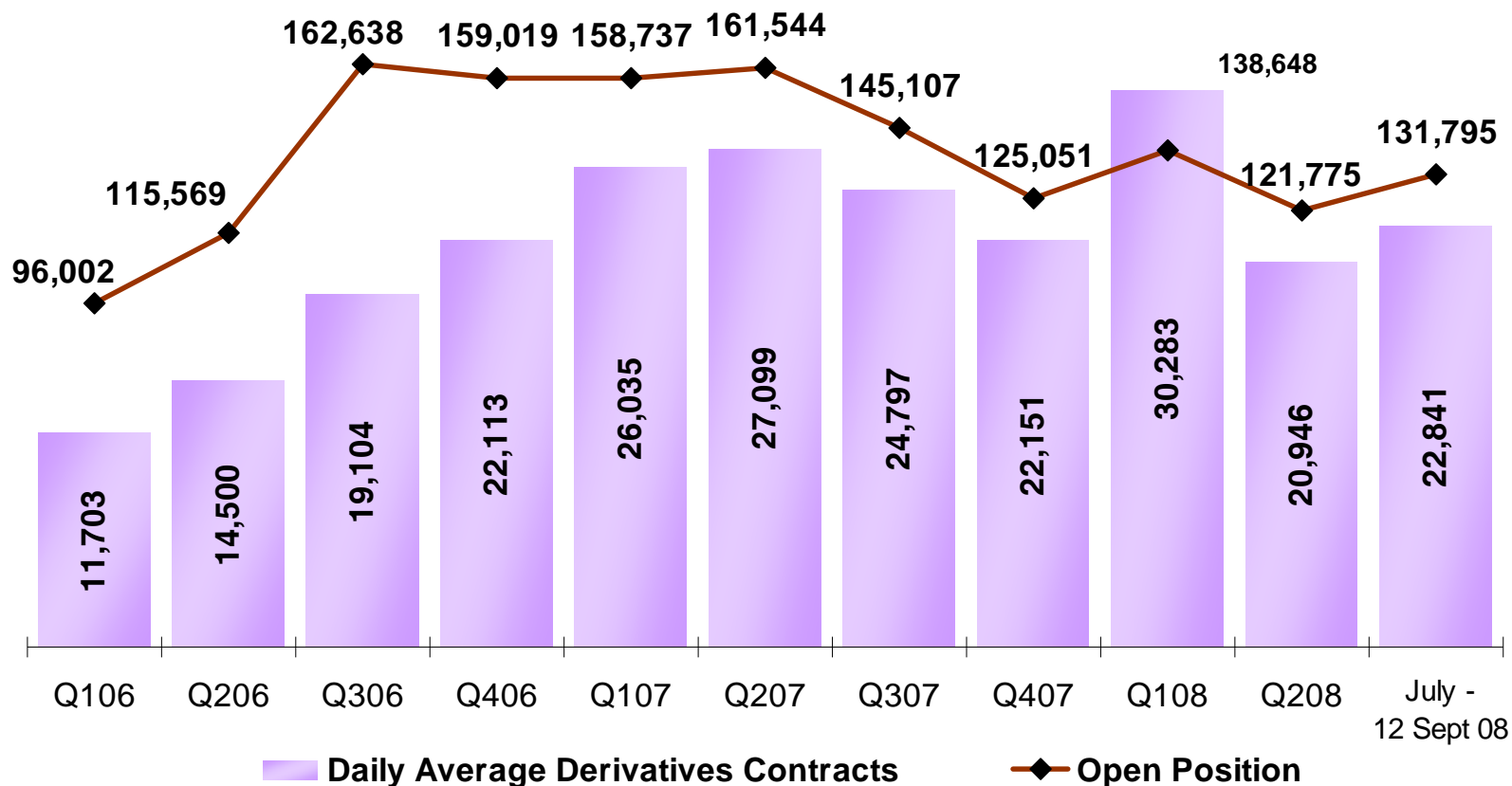
### Foreign Ownership from Jan 07 – July 08



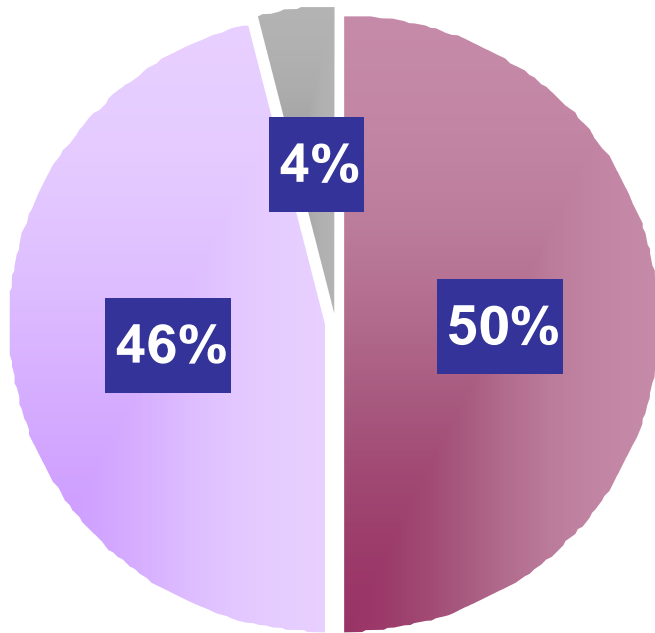
### Foreign Shareholdings by Nationality for Selected Countries as at 31 August 2008



# Quarterly Derivatives Activity



## 2 Leading Derivatives Products, FKLI & FCPO



Total contracts traded 1H 2007 = 3.2 mn

Total contracts traded 1H 2008 = 3.1 mn

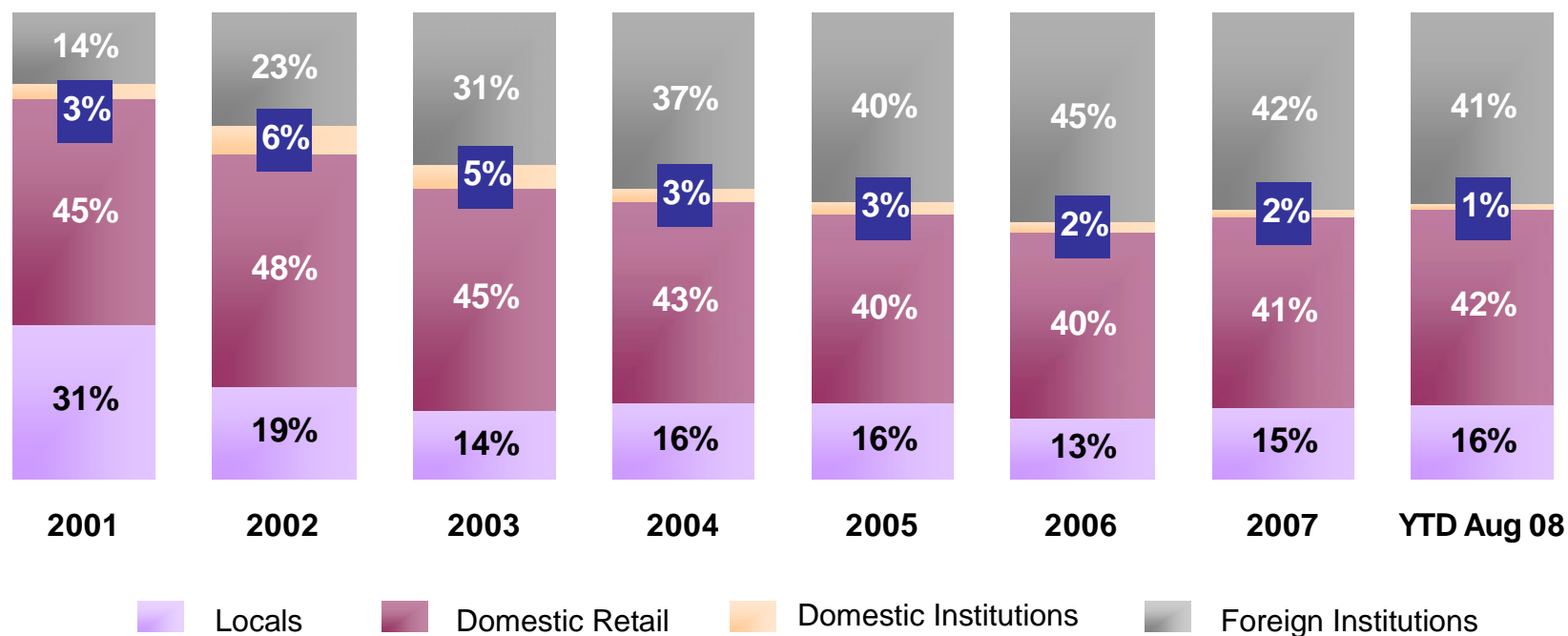
↓ -5%

- Crude Palm Oil Futures (FCPO)
- KL Composite Index Futures (FKLI)
- 3-Month Kuala Lumpur Interbank Offered Rate Futures (FK3)

# Derivatives Market Demography

## FKLI

### KLCI Futures

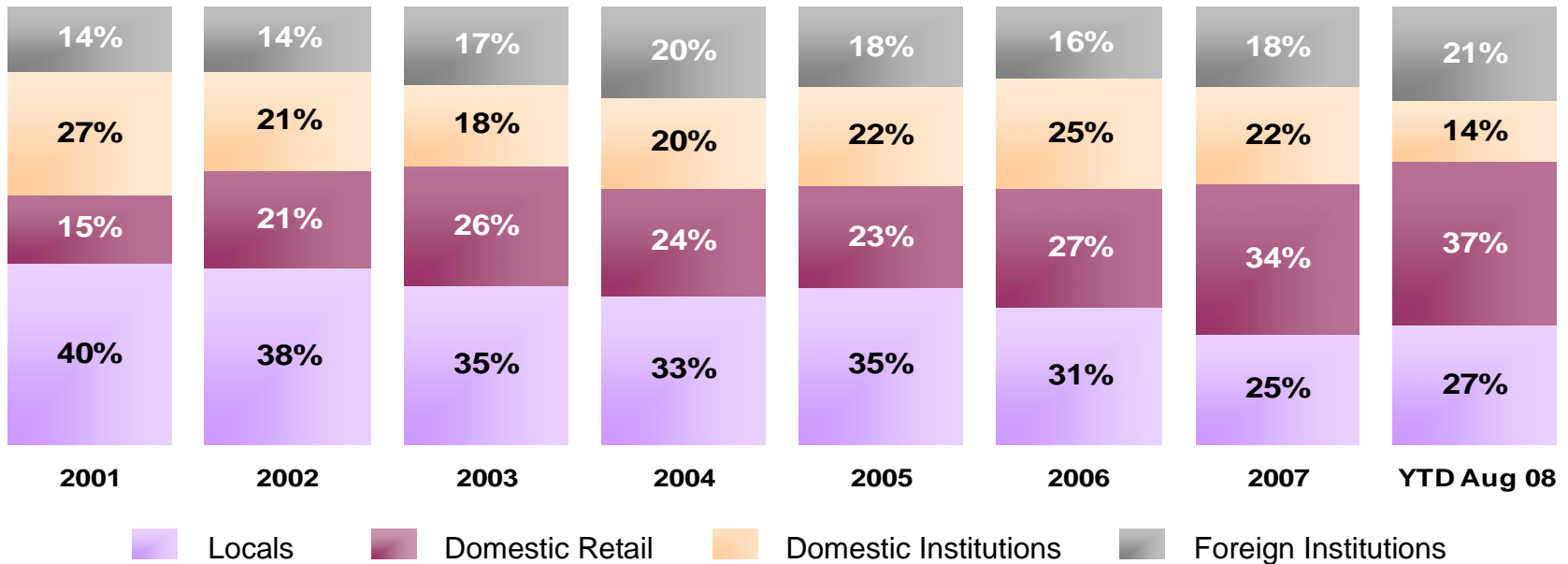


\* Local - A local participant is an individual who has been admitted as a participant in accordance with The Rules, registered with SC and has the right to trade for himself - all futures contracts listed on the Derivatives Exchange.

# Derivatives Market Demography

## FCPO

### Crude Palm Oil Futures



\* Local - A local participant is an individual who has been admitted as a participant in accordance with The Rules, registered with SC and has the right to trade for himself - all futures contracts listed on the Derivatives Exchange.

# Bursa's Strong Niche In Islamic Capital Market

## Brand

- **Leading centre in Islamic banking**
  - 11 standalone Islamic Banks (3 are foreign)
- **Pioneer in Islamic finance**
- **Islamic friendly**
  - Highly regarded by Islamic investors, with Middle Eastern liquidity favoring Malaysia over other developed markets

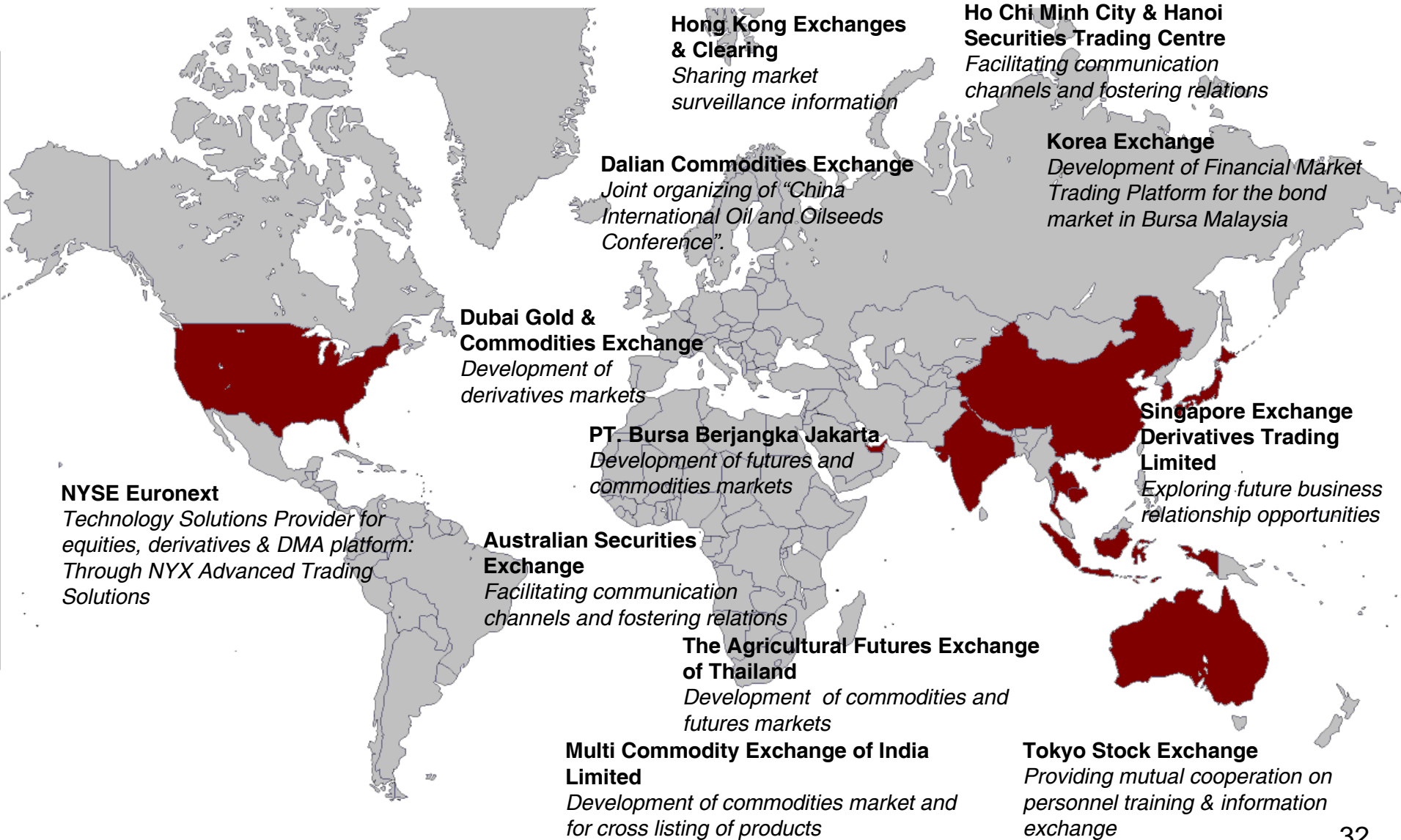
## Expertise

- **Islamic finance experts within Bursa Malaysia**
- **Access to Shariah Advisory Council (SAC)**
  - Close collaboration with SC on Islamic Capital Market transaction and activities
- **Islamic Financial Services Board (IFSB)**, international standard-setting organisation for the Islamic financial services industry
- **International Centre for Education in Islamic Finance** established to develop the global Islamic finance industry's human capital
- **Involvement of leading Islamic finance academics and industry experts** as advisors to capital markets players

## Infrastructure

- **Most established Shariah-compliant legal and regulatory framework**
- **Tax exemptions for Islamic intermediaries**
  - Asset managers, banking products and Takaful companies
- **AFX as an offshore platform with significant Islamic finance activity**
  - Significant Sukuk activity
  - Potential **offshore listing destination** for Islamic finance products, with access to a broad pool of investors

# Global Network





# Liberalisation Efforts – No Capital Control

Re-introduction of regulated short selling (RSS) and stock borrowing & lending (SBL)

No Capital Gains Tax  
No Property Gains Tax

Admission of 5 foreign brokers (UBS, CLSA, CSFB, Macquarie, JP Morgan)

Accelerate tax restructuring  
: Reits (10% local & foreign)  
: Corporate tax (25% - 2009,  
26% - 2008)

Admission of 5 foreign fund managers (Aberdeen, Nomura, BNP Paribas, Credit Agricole, Franklin Templeton Investments)

Liberalisation of Foreign Listing & Dual Listing

# Sound **M**acro **E**nvironment

## **REAL GROWTH**

Projected ± 4.5-5%

## **CONDUCTIVE DOMESTIC INTEREST RATES**

Overnight policy rate: 3.5%

## **HIGHER INFLATION** Now at 7-8%

Annual CPI forecasted: 5%

## **STRENGTHENING RINGGIT**

Appreciation of up to 15.8% since 2005

## **NINTH MALAYSIAN PLAN UNDERWAY**

New emphasis on key economic developments