

# BURSA MALAYSIA BERHAD

## The Door to New Investment Opportunities

Dato' Yusli Mohamed Yusoff, CEO  
Malaysia Day In Singapore  
8 November 2008



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-  **OVERVIEW**
-  **FINANCIAL REVIEW**
-  **BUSINESS INITIATIVES**
-  **OUTLOOK**
-  **ADDITIONAL INFORMATION**

# OVERVIEW

# Single Exchange Group

Total Market Capitalisation : USD184 bn (RM655 bn) @ 31 October 2008

## Equities Market

### 3 Markets:

- Main Board : 636 cos
- Second Board : 222 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 @ 31/10/2008

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

## Substantial Shareholders @ 31/10/2008

Minister of Finance Inc.	19%
Capital Market Development Fund	19%
Newton	8.9%

## Foreign Shareholding : 22%

Market Cap of Bursa @ 31/10/2008 :  
RM2.7 bn (USD0.8 bn)

# Financial Highlights

	RM	Q307	Q308	▲%	9M07	9M08	▲%
Operating Revenue (mn)		111.3	64.6	(42)	350.5	228.7	(35)
Operating EBITDA (mn)		68.4	22.3	(67)	234.3	105.4	(55)
Operating Expenses (mn)		46.5	47.3	2	126.7	137.6	9
Profit Before Tax (mn)		75.7	26.2	(65)	261.6	122.5	(53)
Taxation (mn)		19.7	6.0	(70)	70.5	31.6	(55)
Profit After Tax (mn)		56.0	20.2	(64)	191.1	90.9	(52)
Earnings per Share (sen)		10.7	3.8	(64)	36.7	17.3	(53)

## Commentary

- Lower trading revenue from equities market due to global financial turmoil and domestic political uncertainties.

# Performance Ratios

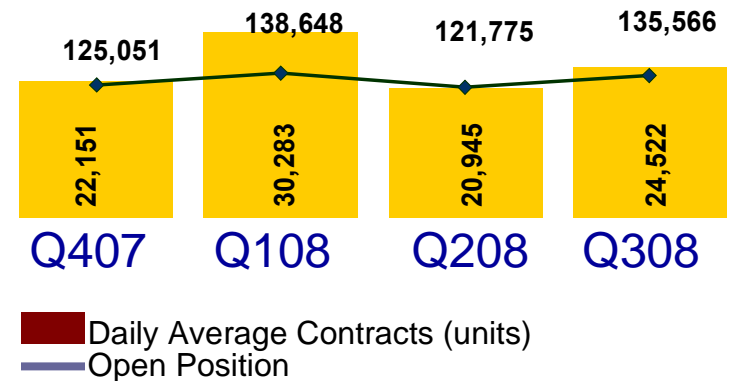
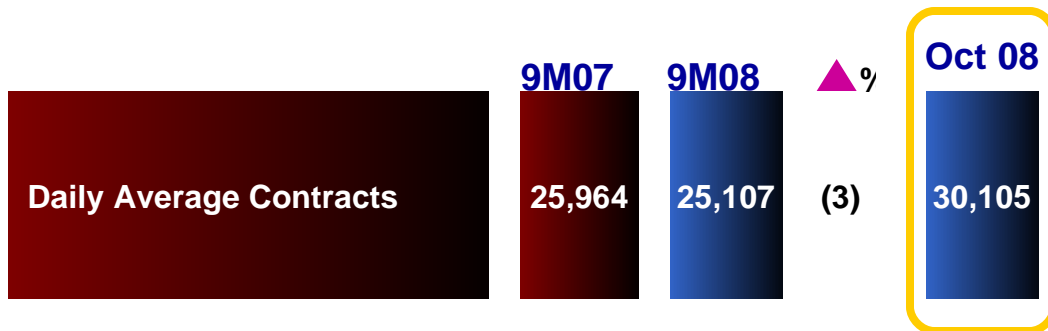
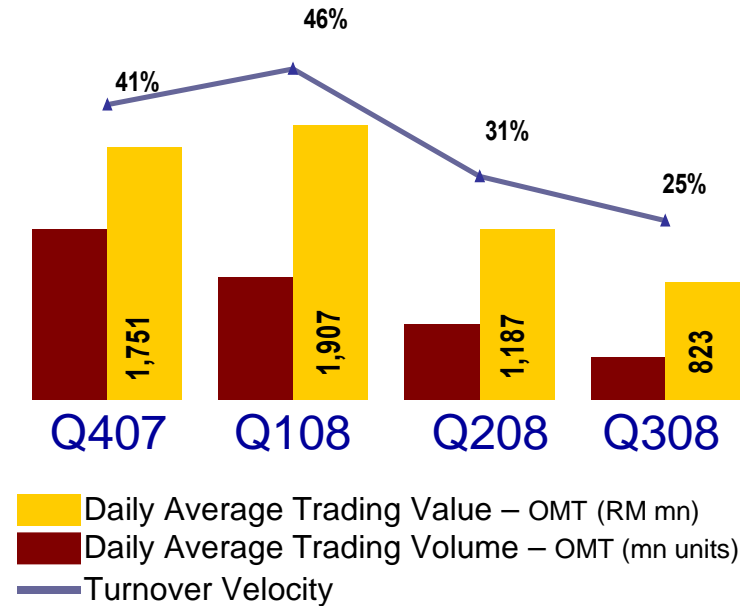
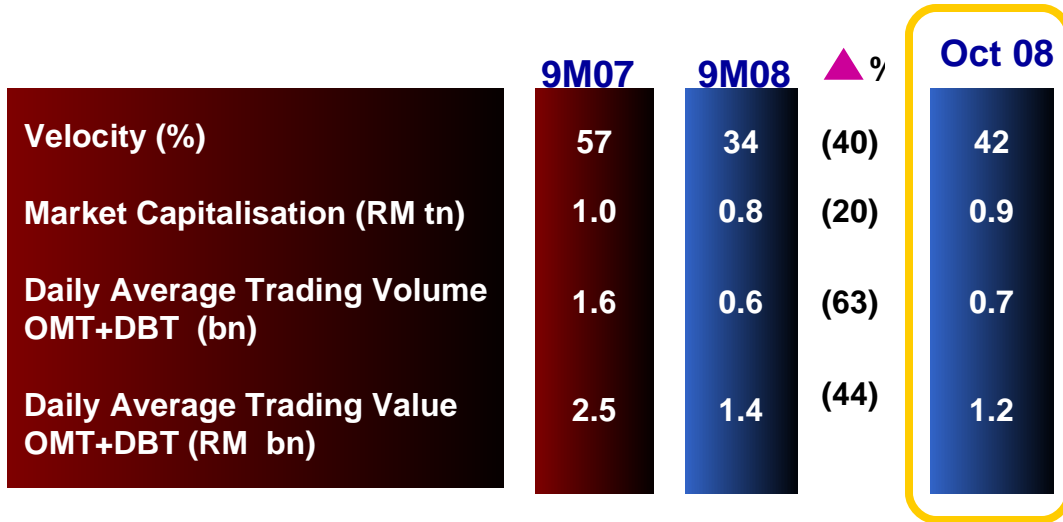
	Q307	Q308	▲%	9M07	9M08	▲%
Annualised Return on Equity	25.9	10.9	(58)	31.0	16.2	(48)
Operating EBITDA Margin	61.4	34.5	(44)	66.9	46.1	(31)
Net Profit Margin	45.8	27.4	(40)	49.2	34.9	(29)
Stable Revenue + Derivatives Income: Total Operating Expenses	75.1	78.6	5	83.2	81.9	(2)

## 9M08 vs. 9M07 Commentary

- The ratios are lower mainly due to lower revenue from the equities market.

# Operating Drivers

*Impacted By Continued Global Uncertainties And Local Market Sentiments*

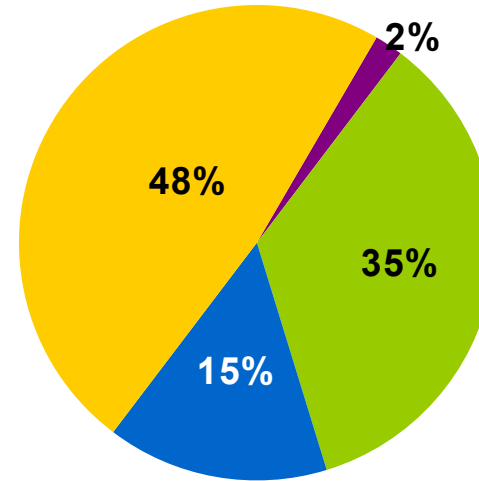
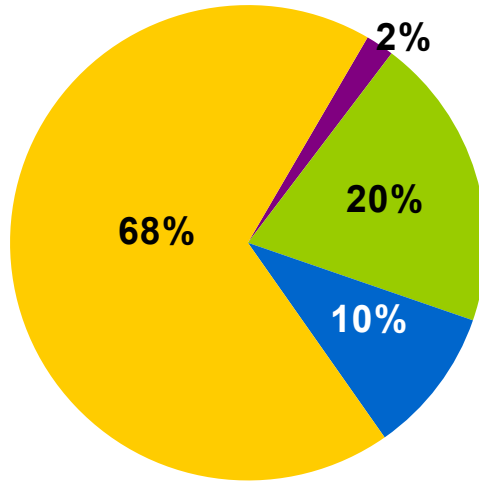




# FINANCIAL REVIEW

# Operating Revenue

9M07: RM 350.5 mn (USD 101.2 mn) 9M08: RM 228.7 mn (USD 70.2 mn)



RM 'mn	3Q07	3Q08	▲ %	9M07	9M08	▲ %
Trading Revenue (Equities)	74.4	26.0	(65)	238.9	110.9	(54)
Trading Revenue (Derivatives)	11.1	11.3	2	34.8	33.3	(4)
Stable Revenue	23.8	25.9	9	70.6	79.4	12
Other Operating Revenue*	2.0	1.4	(30)	6.2	5.1	(18)

\* Other Operating Revenue = perusal and processing fees

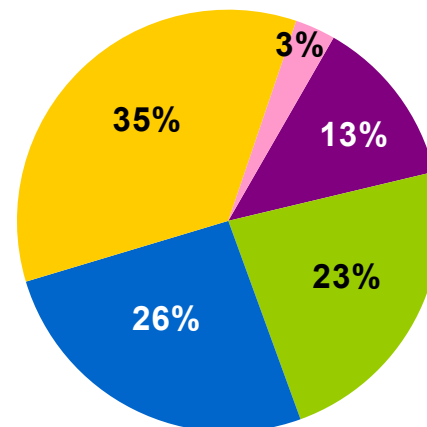
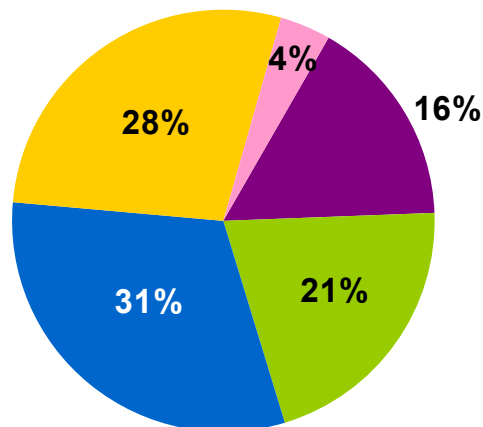
## 9M08 vs. 9M07 Commentary






- Equity market performed poorer due to the lower market turnover and lower effective clearing fee rate.
- Lower derivatives trading revenue due to decline in number of derivatives contracts from 4.8mn in 9M07 to 4.7mn in 9M08.
- Stable revenue increased due to higher listing and information services fees.
- Lower other operating revenue due to lower perusal & processing fees.

# Stable Revenue

9M07: RM 70.6 mn (USD 20.4 mn)

9M08: RM 79.4 mn (USD 24.4 mn)



RM 'mn	3Q07	3Q08	▲ %	9M07	9M08	▲ %
 Listing Fees	7.0	8.9	27	20.1	28.0	39
 Depository Services	7.1	6.6	(7)	21.7	20.5	(6)
 Information Services	5.1	6.2	21	14.7	18.4	25
 Broker Services*	3.7	3.4	(8)	11.2	10.3	(9)
 Participants' Fees**	0.8	0.9	13	2.9	2.3	(21)

\* 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

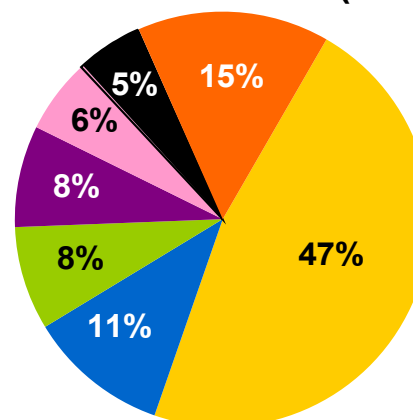
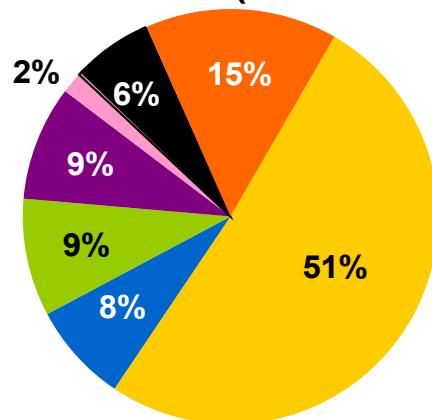
## 9M08 vs. 9M07 Commentary

- 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 due to reduction in number of terminals at broker sites.
- Lower depository fees due to reduction in corporate exercises.
- Lower participants' fees due to absence of MESDAQ advisors and sponsors applications in 9M08.

# Operating Expenses

9M07: RM 126.7 mn (USD 36.6 mn)

9M08: RM 137.6 mn (USD 42.2 mn)



RM 'mn	3Q07	3Q08	▲ %	9M07	9M08	▲ %
Staff Costs	22.7	21.7	(4)	64.5	64.8	1
Depreciation & Amortisation	3.5	5.0	43	10.5	14.3	36
Market Development	5.5	3.5	(36)	11.9	11.0	(8)
IT Maintenance	4.1	3.5	(15)	11.5	11.0	(4)
Professional Fees	0.9	4.3	378	1.9	8.4	334
Building Management Costs	2.5	2.7	8	7.0	7.4	6
Other OPEX	7.3	6.7	(8)	19.4	20.7	7

\* Other OPEX = Administrative expenses, CDS consumables, etc.

## 9M08 vs. 9M07 Commentary

- Higher depreciation & amortisation due to implementation of FMTP in March 08, various IT systems which went live in 2H07 & renovation of tenanted floors.
- Increase in professional fees due to business improvement & strategic initiatives.
- Increase in building management costs due to upward revision in electricity tariffs.

# Capital Management

As at 30 September 2008

	RM mn	USD mn
<b>Financial Resources Available for Use</b>	<b>383</b>	<b>111</b>
<b>Shareholders' Funds</b>	<b>717</b>	<b>207</b>
<b>Capital Expenditure</b>	<b>19</b>	<b>5</b>

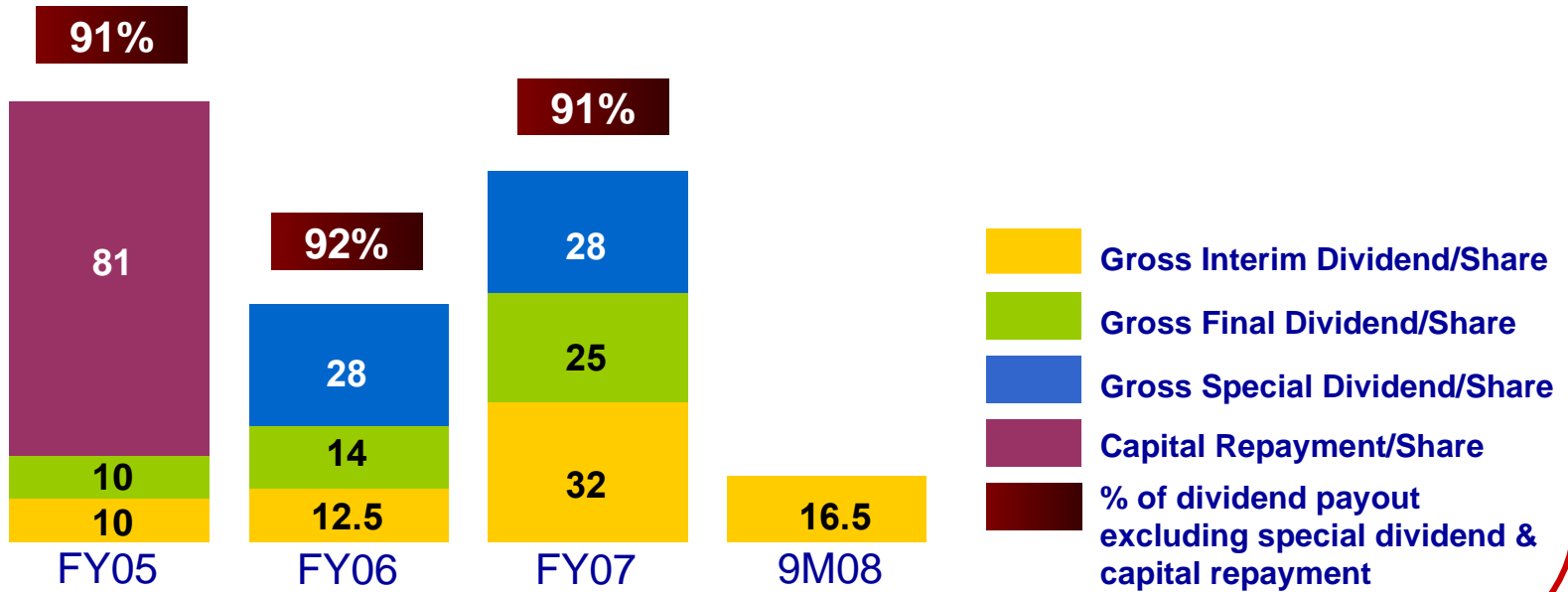
## **Commentary**

- The Group has sufficient financial resources to cover its CAPEX, Clearing Guarantee Fund commitment and working capital. Excess cash will be conserved in light of current uncertainties in the market.
- Total CAPEX budgeted for 2008 was RM 76 mn.

# Dividend Payout > 90%

*Delivering Value To Shareholders*

Historical Dividend Payout in sen



**Total Shareholders' Return since listing till 31 October 2008**

**141%**

# Business Initiatives

# 2008 and 2009 Initiatives

*To Enhance Market Attractiveness*

<b>GLOBALISATION</b>	CFTC Approval	Multicurrency platform				
<b>ACCESS &amp; DISTRIBUTION</b>	DMA Derivatives	Entry of 2 New Derivatives Trading Participants	Bursa Trade Securities	DMA Equity	Asean Trading Linkages	
<b>STRENGTHENING LIQUIDITY</b>	Continued Retail Education	Market Making Framework	Restructuring of Boards	Enhancement of SBL (OTC Model)	Negotiated Large Trades (derivatives)	Restructuring of minimum bids
<b>NEW PRODUCTS</b>	USD Crude Palm Oil Futures	Multicurrency ETFs	Enhanced KLCI Linked Products	Thematic ETFs		
<b>ISLAMIC FINANCIAL HUB</b>	Islamic Products ( i-ETFs & i-Reits )	Admission of 3 foreign brokers (1 approved)	Islamic SBL	Commodity Murabahah House		

 Launched

 In The Pipeline



# OUTLOOK

## EQUITIES MARKET

- Expect bearish trend to continue in line with the slowing down of global economy
- Malaysian economy is in a better position to weather the global financial crisis as compared to the previous Asian financial crisis as it is now a less leveraged economy and is supported by:
  - i. a much stronger banking sector
  - ii. larger current account surplus
  - iii. healthier foreign exchange reserves

## DERIVATIVES MARKET

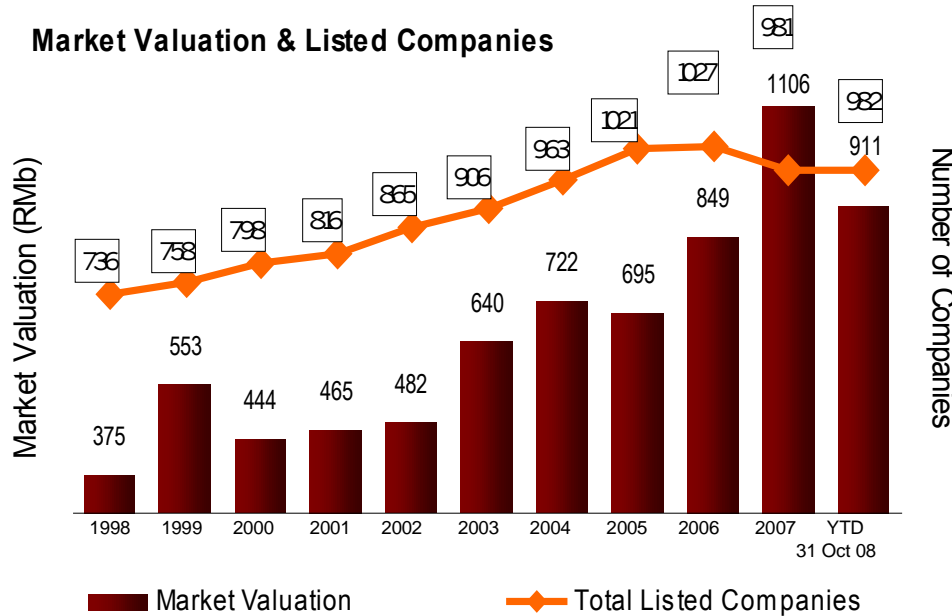
- Interest in FCPO contracts is expected to be positively influenced by lower margin rates and entrance of new trading participants
- Expect trend of higher open interest in FCPO to continue
- Interest in FKLI contracts is expected to move in tandem with the equities market trading activity
- Expect growth in derivatives market from the establishment of Direct Market Access and the upcoming market making framework.

## **ADDITIONAL INFORMATION**

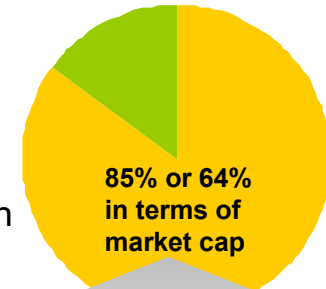
# Our Market Remains Competitive

20 New Listings @ 31 October 2008

Market Valuation & Listed Companies



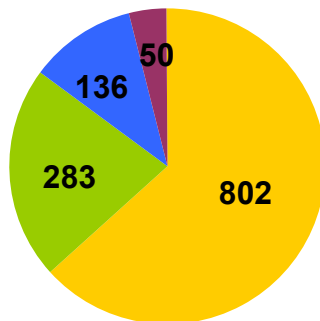
- Shariah Compliant
- Non-Shariah Compliant



836 Shariah Compliant Companies ; 85% (Mkt Cap USD118 bn)

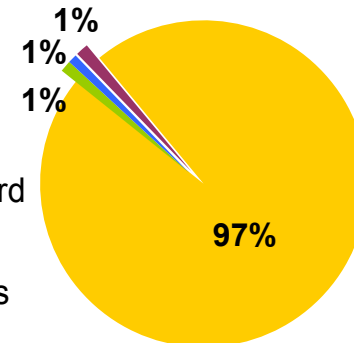
Source : ISBU

- Main Board
- Second Board
- Mesdaq
- Call Warrants



No. of Counters Listed 1,271

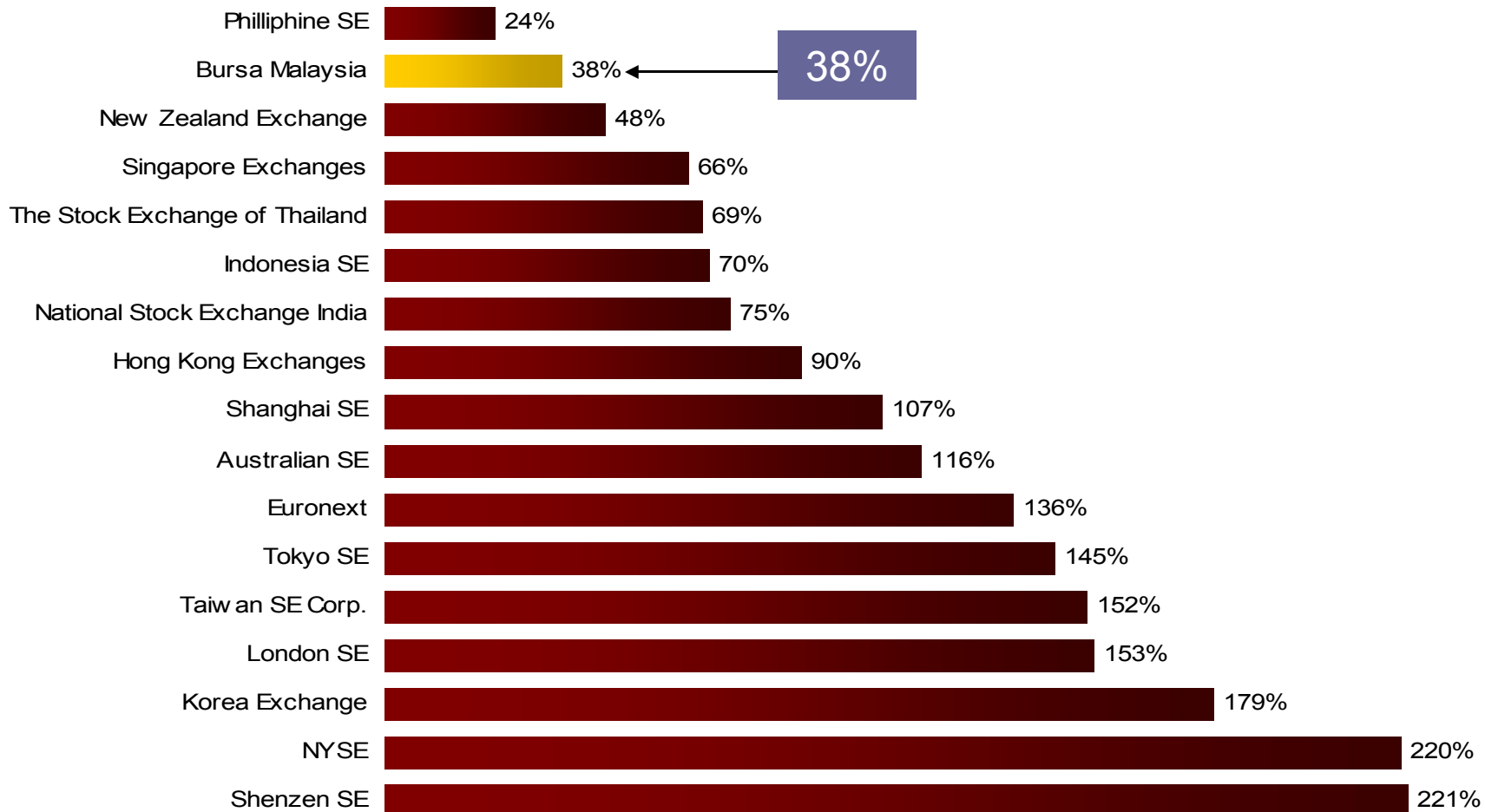
- Main Board
- Second Board
- Mesdaq
- Call Warrants



Market Capitalisation USD184 bn (RM655 bn)

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

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

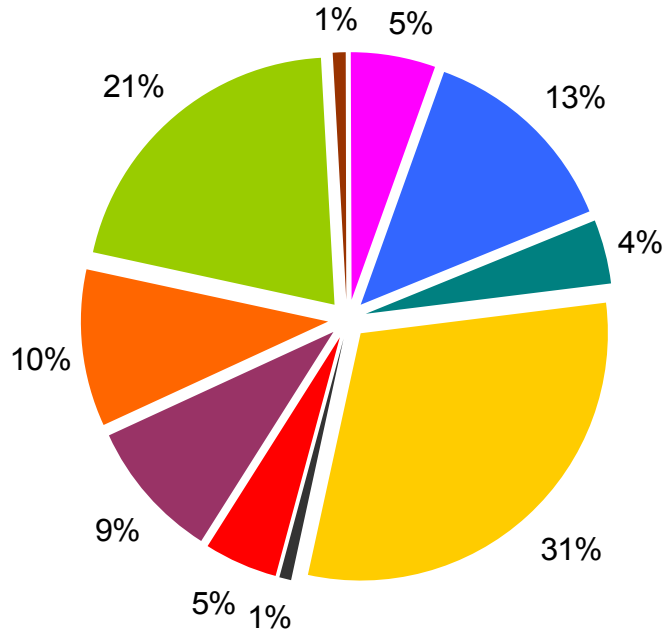


Source: World Federation Exchanges (WFE)

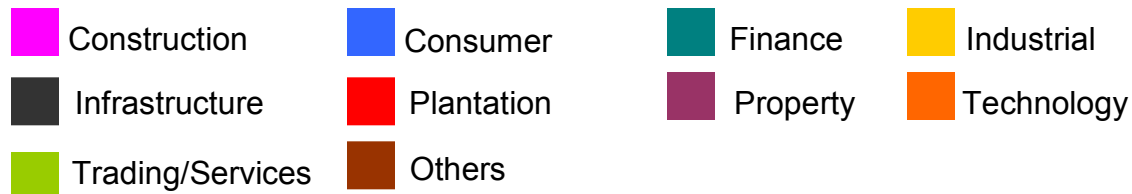
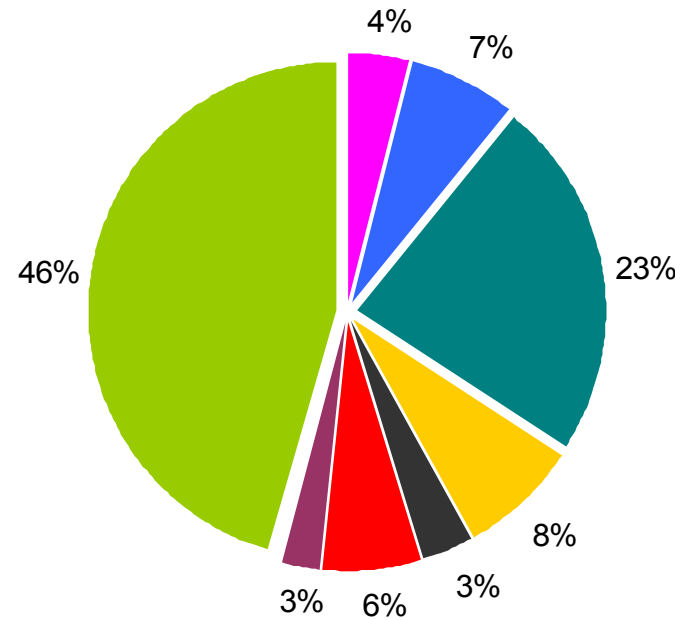
# Diversity Provides Resilience

*As at 31 October 2008*

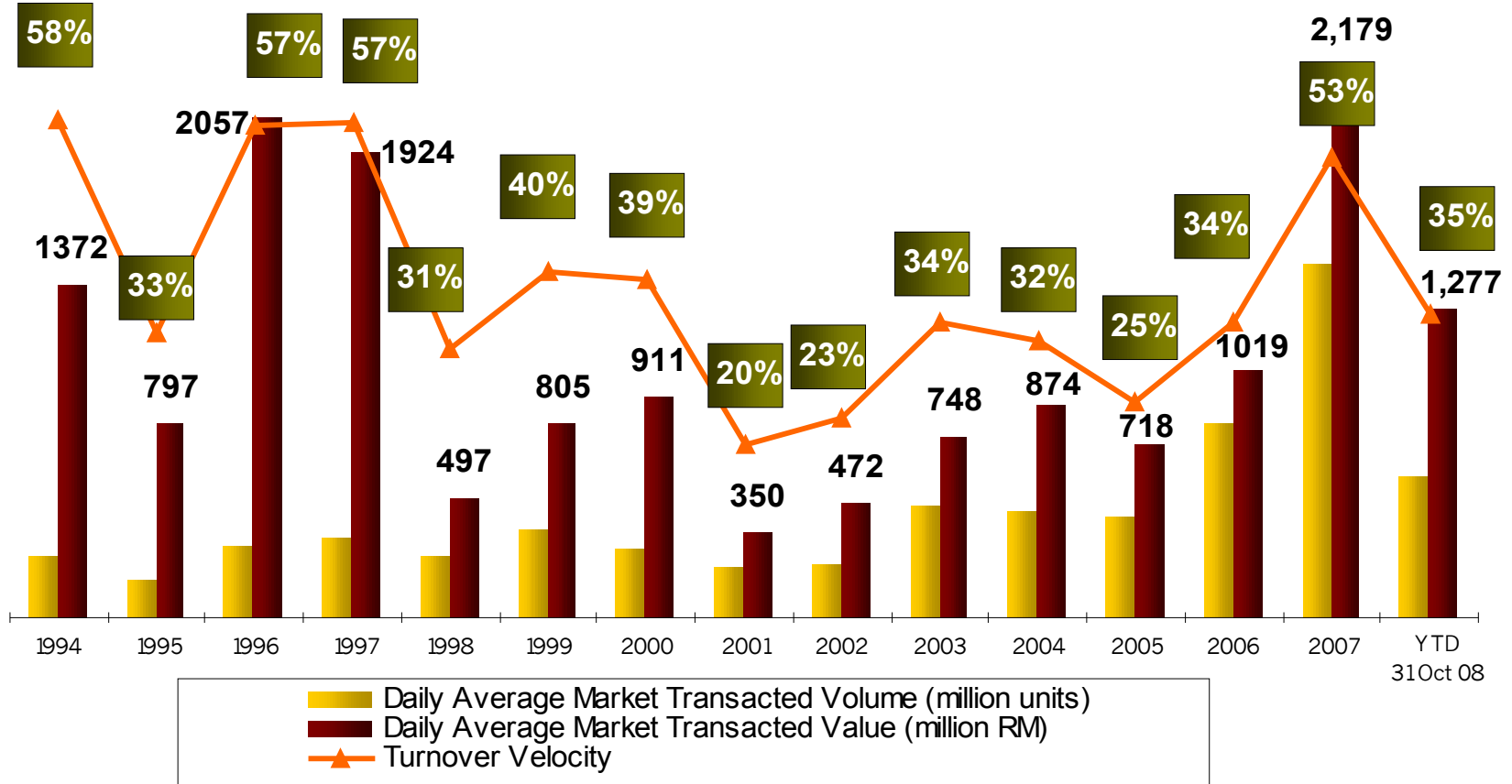
**Number of Listed Companies**



**Market Capitalisation of KLCI Components**

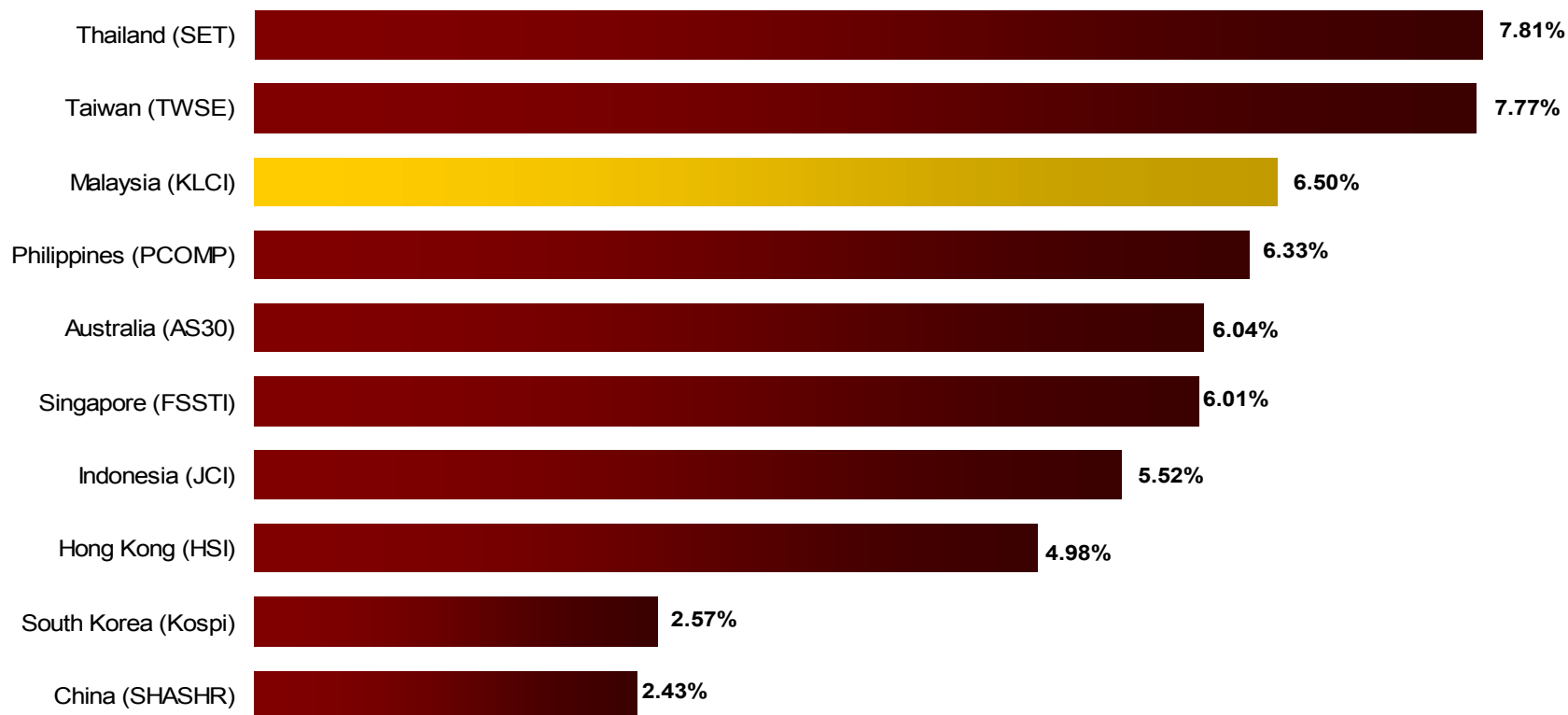


# Velocity



# Offers One Of The Highest Dividend Yields

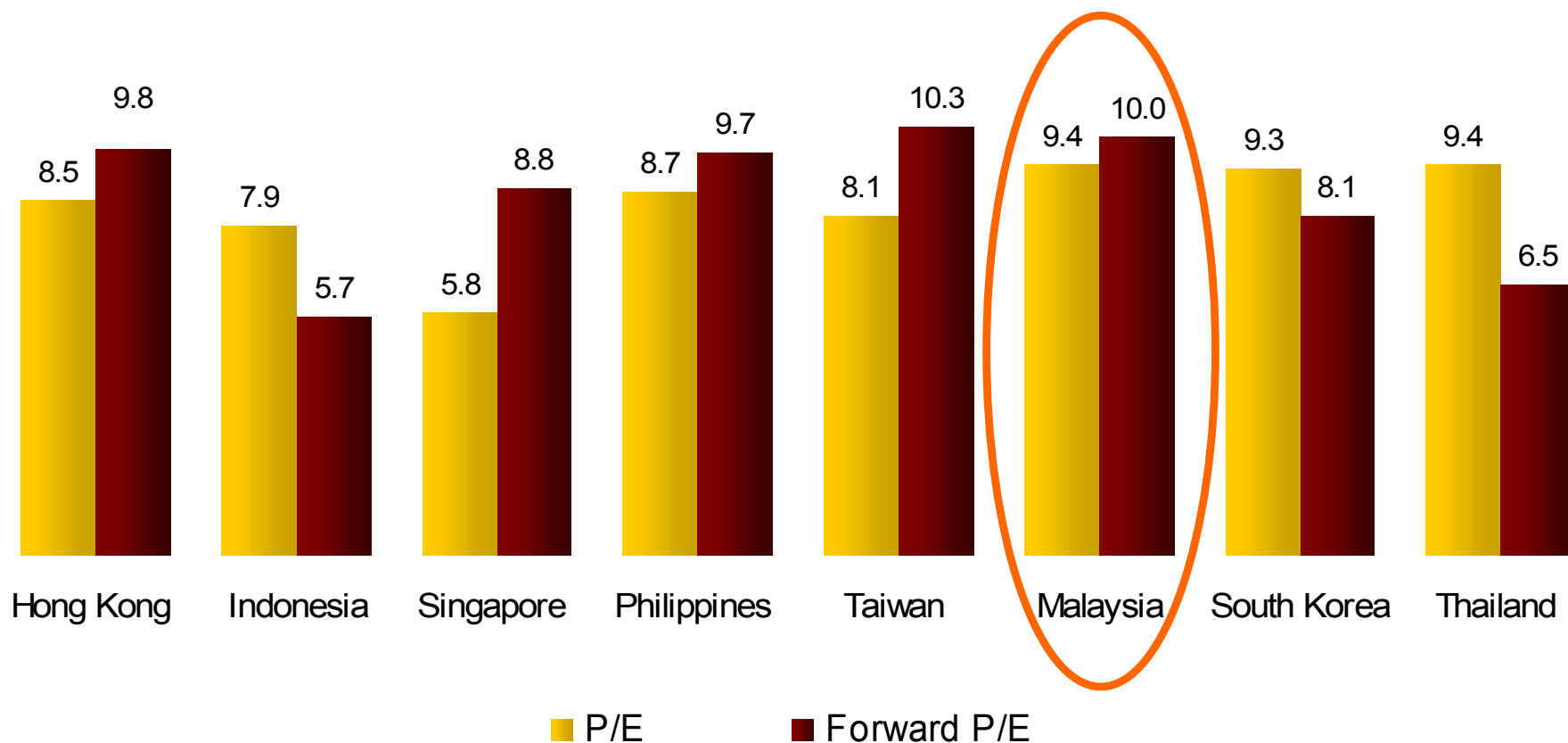
## Selected Regional Markets - Dividend Yield



Source: Bloomberg – Dividend yield for main regional indices as at 31 October 2008



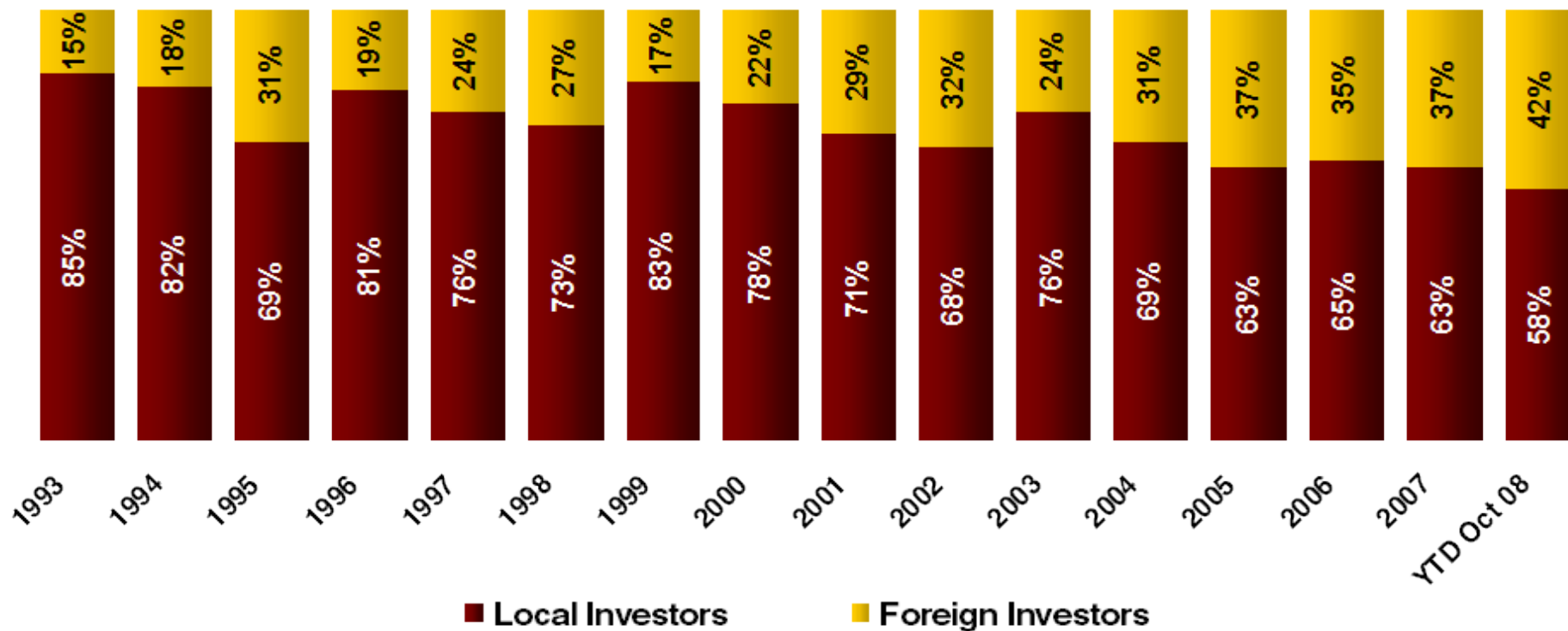
## Attractive Market P/E Valuation



Source: Bloomberg - P/E Valuation for main regional indices as at 31 October 2008

# Sustained Foreign Trading Reflects Market Resilience

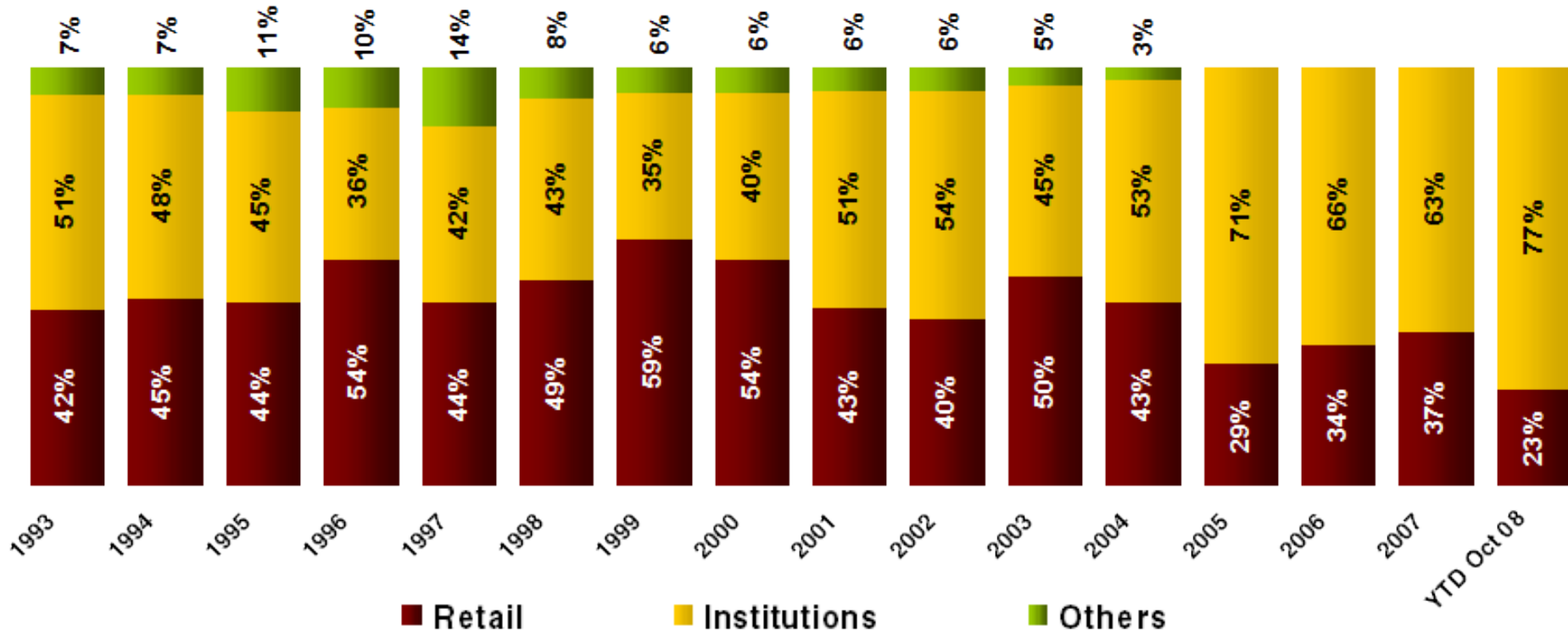
Breakdown of trading (by value) 1993 to October 2008



# Retail Participation

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

**Breakdown of trading (by value) 1993 to October 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.

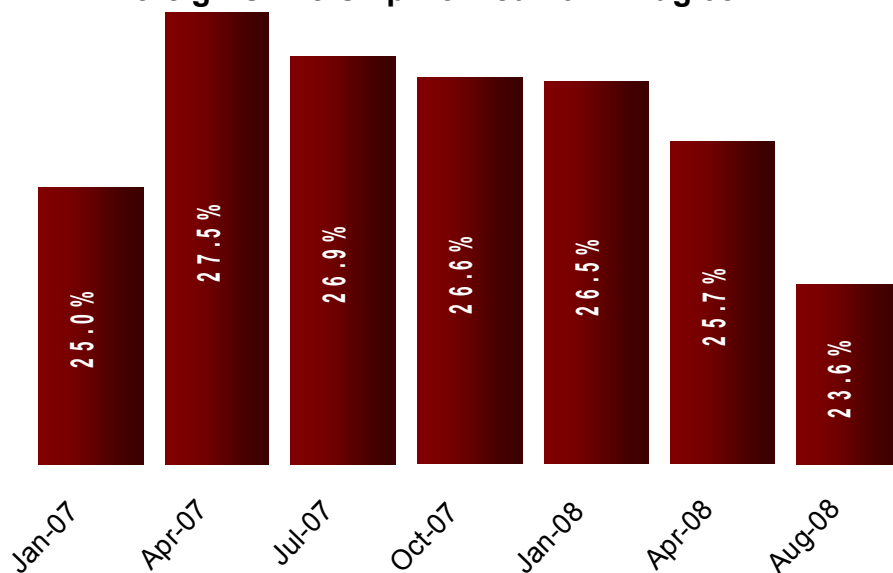
# Foreign Ownership At 23.1%

Malaysian and Foreign Shareholdings as at 30 September 2008

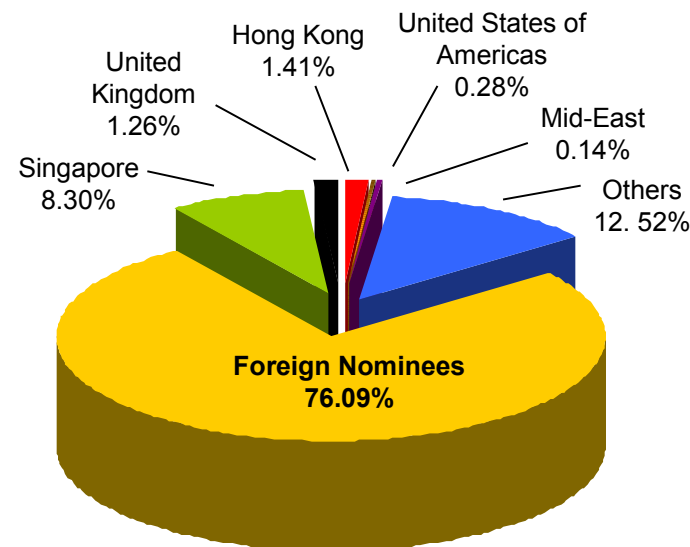
Items		September 2008			
		Total Shareholdings (Units-Bn)	%	Total Market Value (RM-Bn)	%
Foreigners	Direct Holdings	17.0	4.11	36.3	<b>4.72</b>
	Foreign Nominees*	54.1	13.08	141.1	<b>18.33</b>
Malaysians		342.4	82.81	592.4	76.95
Total securities immobilised in CDS		413.5	100.00	769.8	100.00

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

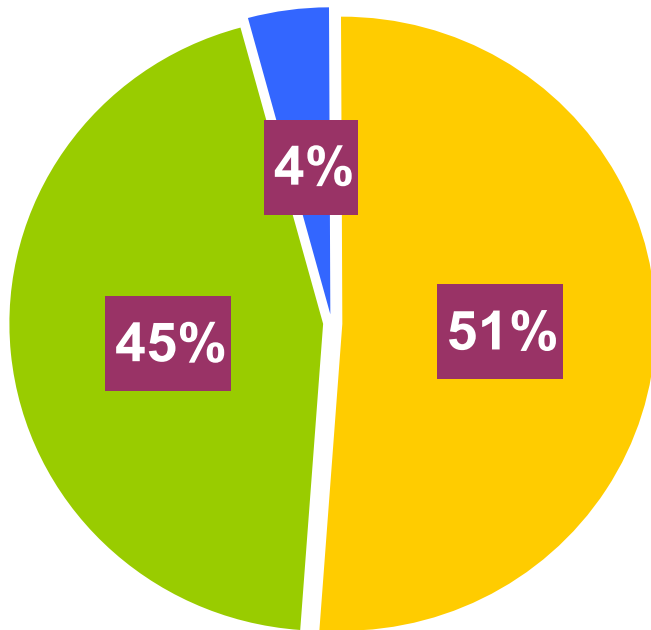
Foreign Ownership from Jan 07 – Aug 08



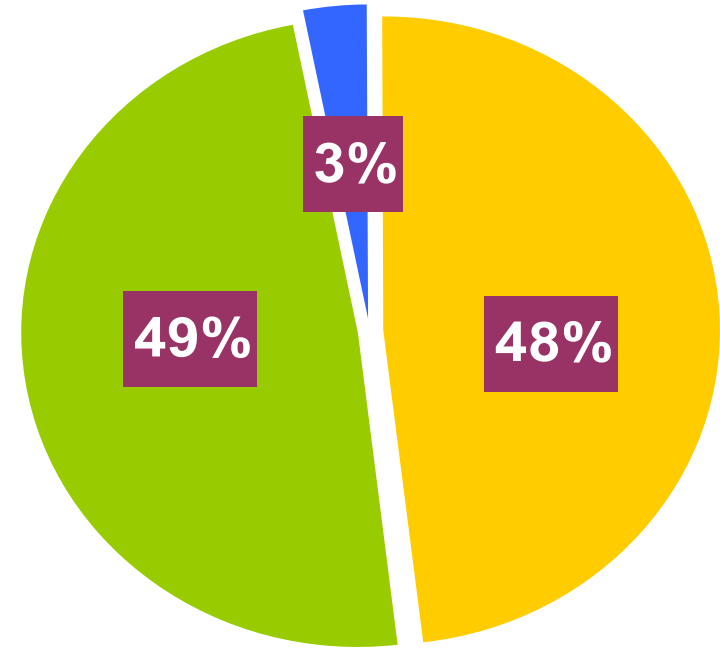
Foreign Shareholdings by Nationality for Selected Countries as at 30 September 2008



## 2 Leading Derivatives Products, FKLI & FCPO



Total contracts traded 9M 2007 = 4.8 mn



Total contracts traded 9M 2008 = 4.7 mn

-  Crude Palm Oil Futures (FCPO)
-  KL Composite Index Futures (FKLI)
-  3-Month Kuala Lumpur Interbank Offered Rate Futures (FKB3)

# 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

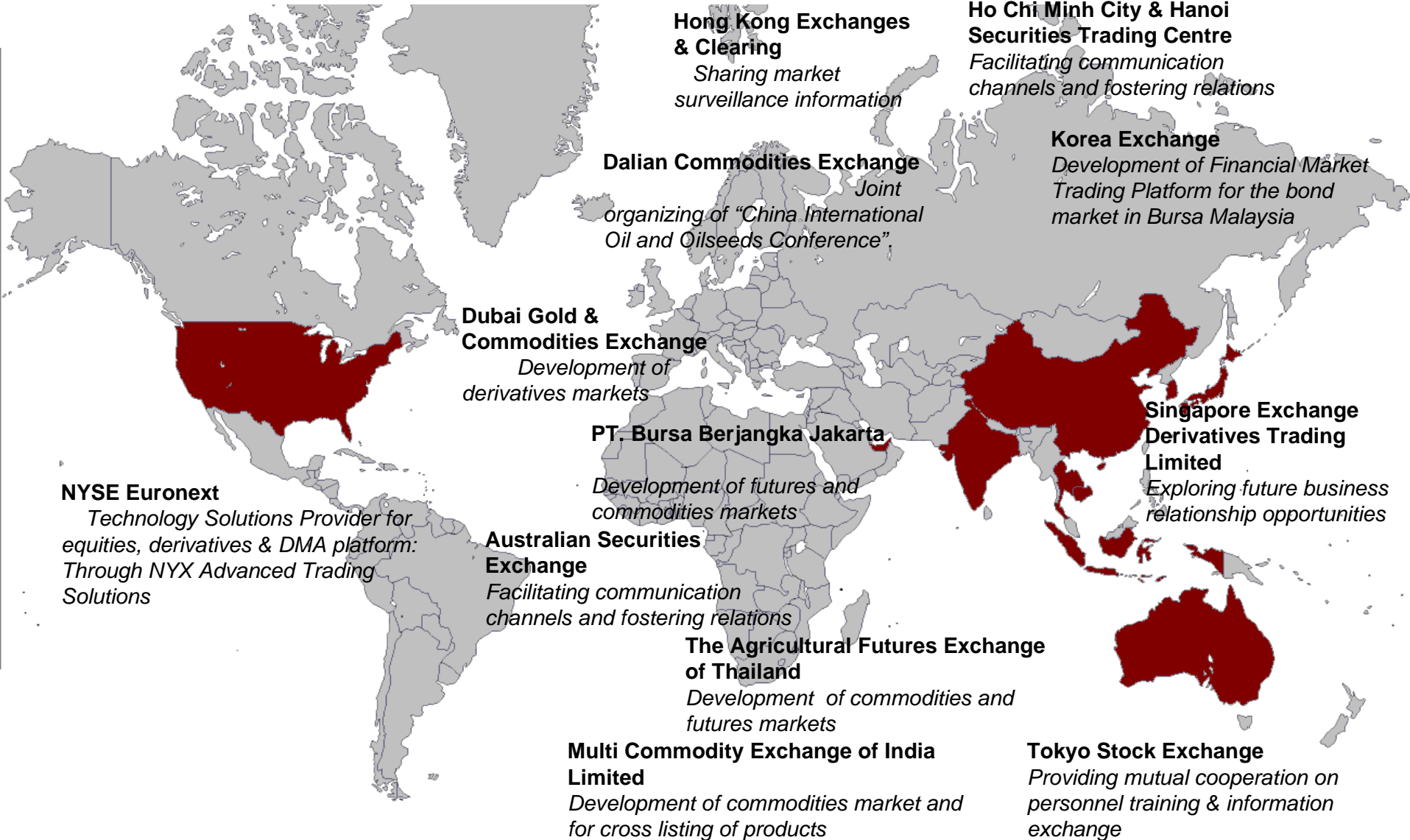
## Expertise

- **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
- **LFX 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 Controls

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

No Capital Gains Tax  
No Property Gains Tax

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

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

Admission of foreign fund managers (Syariah compliant unit trust funds grew 84% in 2008)

Liberalisation of Foreign Listing & Dual Listing



# Towards a Stronger Market & Economy

*Financial Sustainability Plan by the Government*

- Support local stock market via RM5 bn fund allotment for undervalued shares
- RM7 bn package to stimulate the economy & boost spending
- Foreigners can buy commercial property > RM500k without FIC's approval
- SMEs and micro enterprises can access to special Bank Negara funds
- Employees can reduce their EPF contributions by 3% on a voluntary basis for up to 2 years

# Sound Macro Environment

## **2009 GDP GROWTH**

Projected + 3.5%

## **CONDUCTIVE DOMESTIC INTEREST RATES**

Overnight policy rate: 3.5%

## **2009 INFLATION**

Projected to hold steady at 3-4%

## **BUDGET DEFICIT**

Projected to raise to 4.8%

## **NINTH MALAYSIAN PLAN UNDERWAY**

New emphasis on key economic developments