

BURSA MALAYSIA BERHAD

Destination of choice for listings and investments in the region

1H 2011 FINANCIAL RESULTS ANALYST BRIEFING

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19 July 2011



AGENDA

- ❖ **HIGHLIGHTS**
- ❖ **BUSINESS REVIEW & STRATEGY**
- ❖ **FINANCIAL REVIEW**
- ❖ **OUR TARGETS & CONCLUSION**

Highlights

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Business Highlights

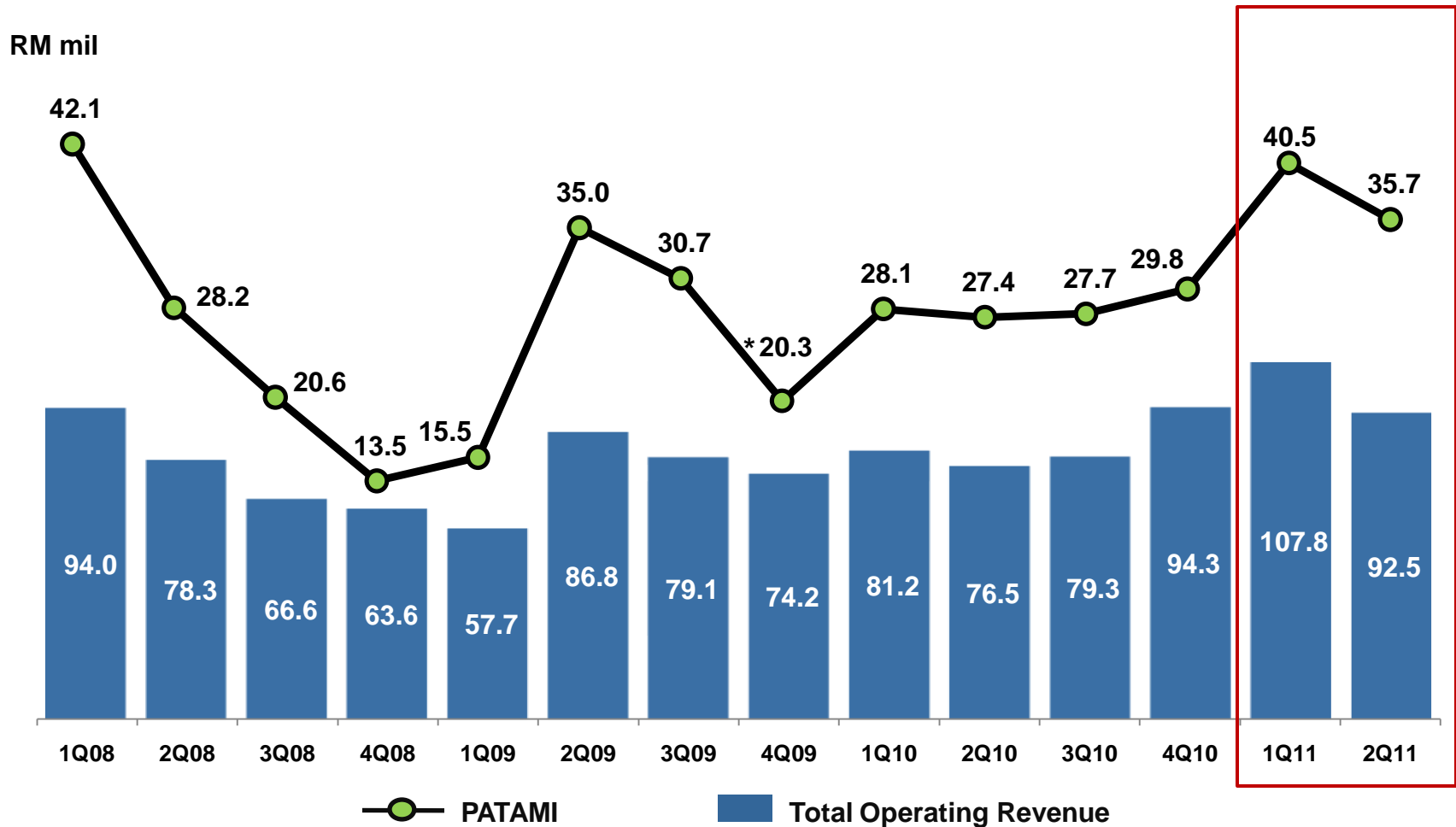
- Elevation to Advanced Emerging market status in FTSE's Index
- Malaysia's market weightage across MSCI indices have increased. Major changes include:
 - MSCI Emerging Market Index from 2.9% to 3.2%
 - MSCI All-Country Asia ex-Japan from 4.1% to 4.4%
- CFTC allows US clients to buy or sell FKL
- ASEAN Exchanges collaboration – launched Asean brand identity, website and Asean Stars & appointed technology provider
- Fast track dual licensing
- PDTs increased to 55 from 36

Financial Highlights

- Operating Revenue of RM200m, up 27% YoY; increased securities and derivatives trading volume
- 1H11 PATAMI of RM76m, up 37% YoY
- 2Q11 PATAMI of RM36m, lower by 12% in comparison to 1Q11
- Cost-to-income ratio of 50%; improved by 7% YoY
- Annualised ROE of 18%; up 29% YoY
- Interim dividends of 13.0 sen per share, up 37%

Improving Profit Trend

Profit for 1H 2011 is the highest in four years

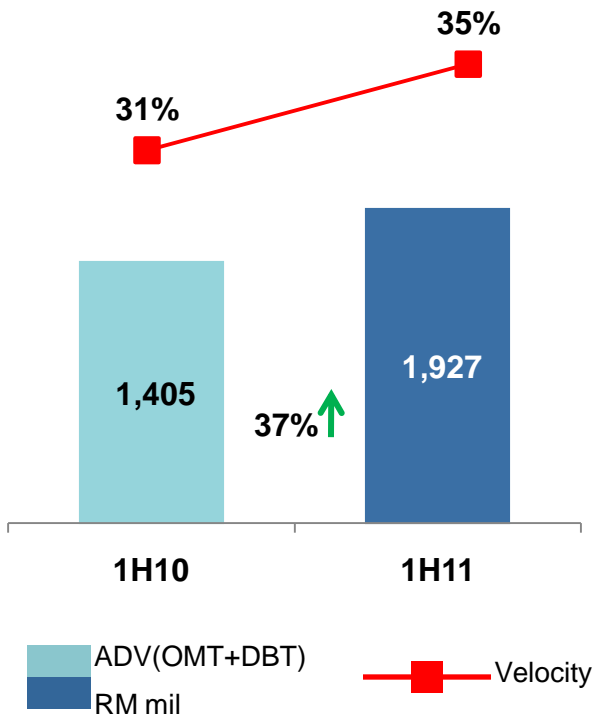


* Excluding Capital gain of RM76 million from disposal of 25% equity stake in Bursa Malaysia Derivatives

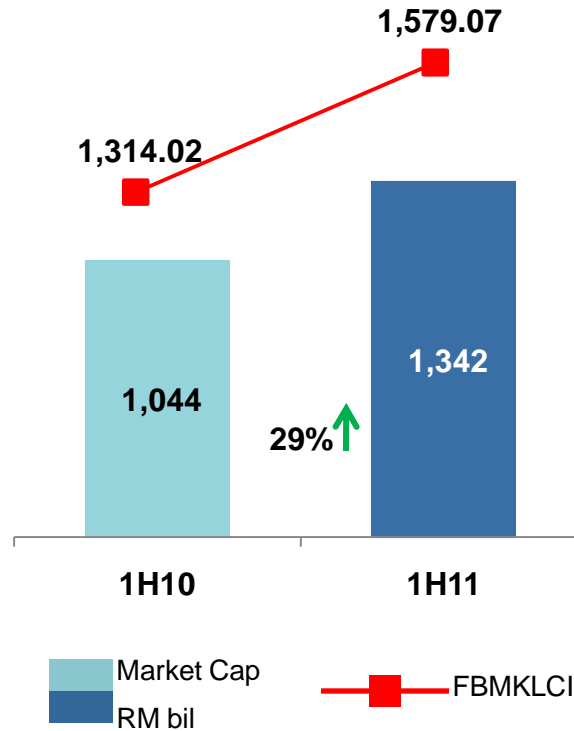
Securities Market Drivers

Greater Growth in Key Drivers

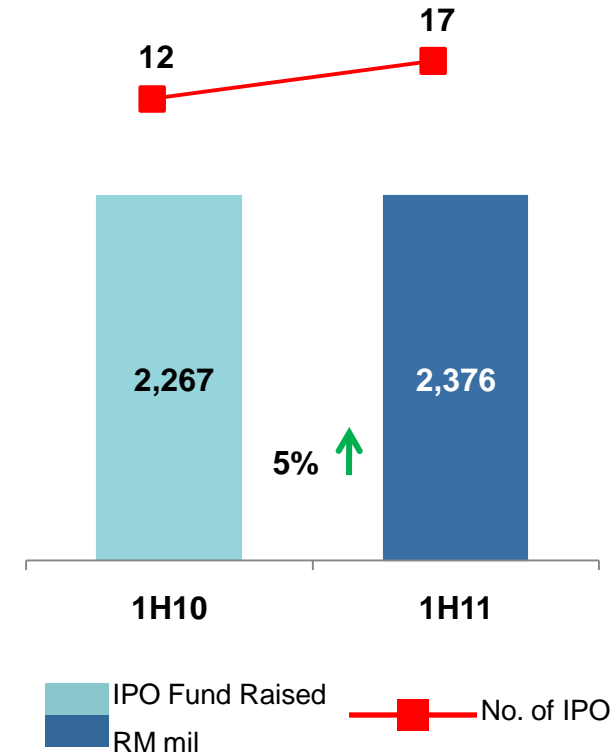
Average Daily Value (ADV) & Velocity



Market Capitalisation & FBMKLCI



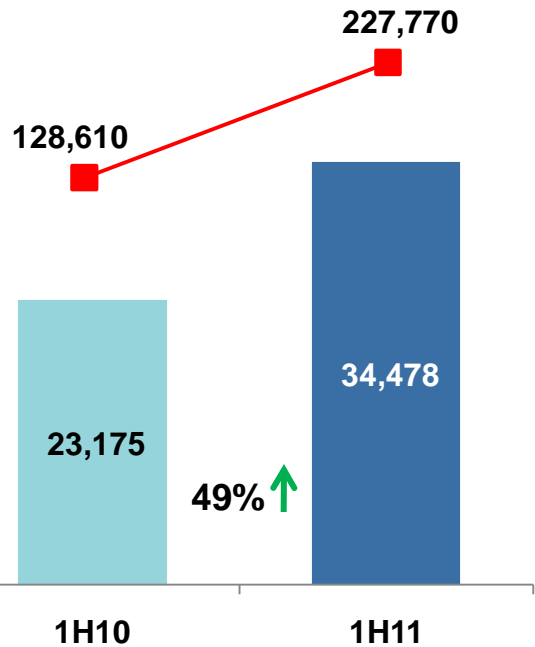
IPO Activity



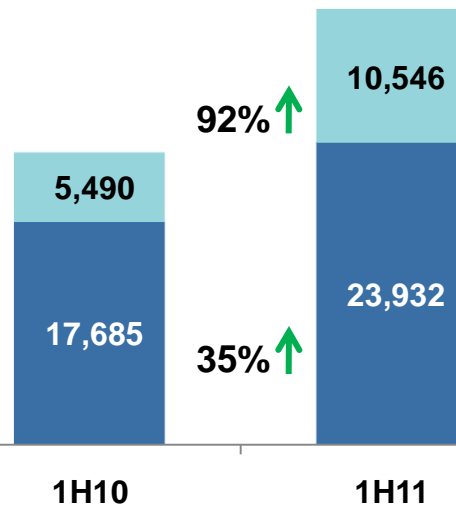
Derivatives Market Drivers

Derivatives reaching all time highs

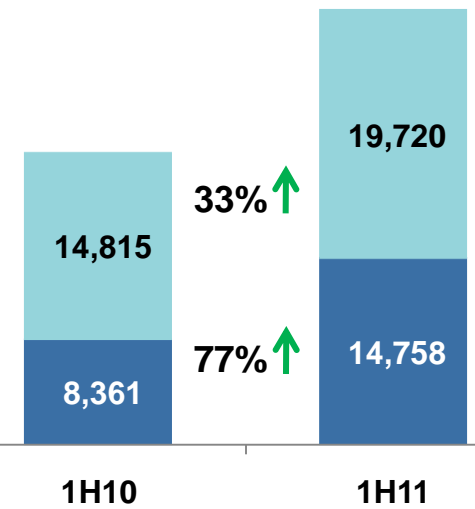
Daily Average Contract Traded (DAC)





Foreign vs Domestic DAC



Retail vs Institutional DAC



 DAC
  Average Daily Position

 Foreign
  Domestic

 Retail
  Institutional

Business Review & Strategy

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2011-2013 Strategic Direction

COMPETITIVE & VIBRANT MARKET

Five Strategic Thrusts

1

Revitalise the market

2

Improve the ecosystems

3

Improve efficiency & productivity

4

Internationalise the market

5

Development of world class workforce

PRIMARY FOCUS ON SECURITIES, DERIVATIVES & ISLAMIC MARKETS

Enablers

RIGHT PEOPLE

SOUND REGULATORY FRAMEWORK

APPROPRIATE TECHNOLOGIES

Our Immediate Priorities (2011)

Building Blocks for Future Growth

Focus Area

Securities Market

- ▶ Expand investor base (foreign & domestic)
- ▶ Greater diversity



1. Increase Proprietary Day Trading
2. Penetrate new foreign institutional markets
3. Driving trading vibrancy via Domestic Institutions
4. Energise retail focusing on high value segments

Derivatives Market

- ▶ Improve access to market
- ▶ Improve product offerings & awareness



1. Increase Foreign participation – Hedge & Commodity funds, High frequency traders
2. Improve *Locals & Domestic Institution participation
3. Improve Retail participation – improve distribution channels

Islamic Market

- ▶ Improve awareness of Islamic products
- ▶ Expand customer base



1. Increase participation on BSAS
2. Promote shari'ah compliant equities

* 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.

Medium Term Priorities (2012-2013)

Holistic Improvements Towards Vibrant Markets

Focus Area

Securities Market

- ▶ Improve access to markets



1. Build upon 2011 efforts
2. Improved trading system infrastructure
3. Address structural issues (membership, access)
4. Explore strategic alliances

Derivatives Market

- ▶ Liberalise access to market
- ▶ Attractive new product offerings



1. Address structural issues (membership, access)
2. Improve infrastructure – extend trading hours, liberalise front end options
3. Build capability – increase no. of futures brokers
4. Enhance product development

Islamic Market

- ▶ Centre of Islamic equities
- ▶ Expand foreign client base



1. Expanding client base – foreign & domestic
2. Enhanced shari'ah compliant offerings

Enhancement On Regulation

To Further Support and Revitalise the Market

Focus Area

Maintaining Market Integrity

Improve Market Quality



1. Strengthen standards of business conduct, governance and prudential requirements of intermediaries & PLCs
2. Orderly trading through effective and timely detection & management of trading concerns
3. Education as tool to 'drive' change

Enhance Efficiency of Regulatory Services



1. Drive efficiency in 'time to market' for regulatory approvals and services.
2. Adopt technology to improve services delivery

Improve Regulatory Standards/ Approaches



1. Internationally benchmarked standards & practices
2. Balanced & progressive regulations
3. Risk-based & pre-emptive approaches for effective supervision and early resolution of concerns

Financial Review

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Financial Results Snapshots

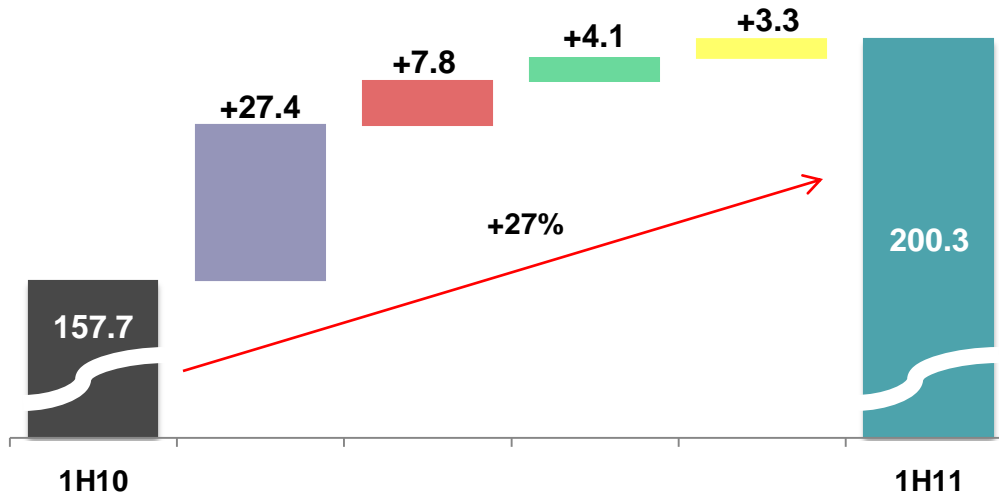
RM mil	1H10	1H11	YoY▲	1Q11	2Q11	QoQ▲
Operating Revenue	157.7	200.3	27%	107.8	92.5	-14%
Other Income	14.7	16.9	15%	8.3	8.6	4%
Operating Expenses	93.9	109.4	16%	57.8	51.6	-11%
PATAMI	55.5	76.2	37%	40.5	35.7	-12%
EPS (sen)	10.5	14.3	36%	7.6	6.7	-12%

Operating Revenue

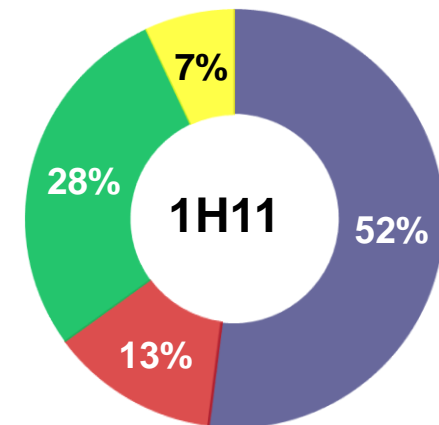
Higher Revenue from Securities and Derivatives

RM mil	1H10	1H11	YoY▲	1Q11	2Q11	QoQ▲
Securities Trading Revenue	76.4	103.8	36%	57.7	46.1	-20%
Derivatives Trading Revenue	17.5	25.3	45%	13.0	12.3	-6%
Stable Revenue	52.5	56.6	8%	27.5	29.1	6%
Other Operating Revenue	11.3	14.6	30%	9.6	5.0	-48%
Total Operating Revenue	157.7	200.3	27%	107.8	92.5	-14%

Growth contribution by revenue stream



Total revenue mix

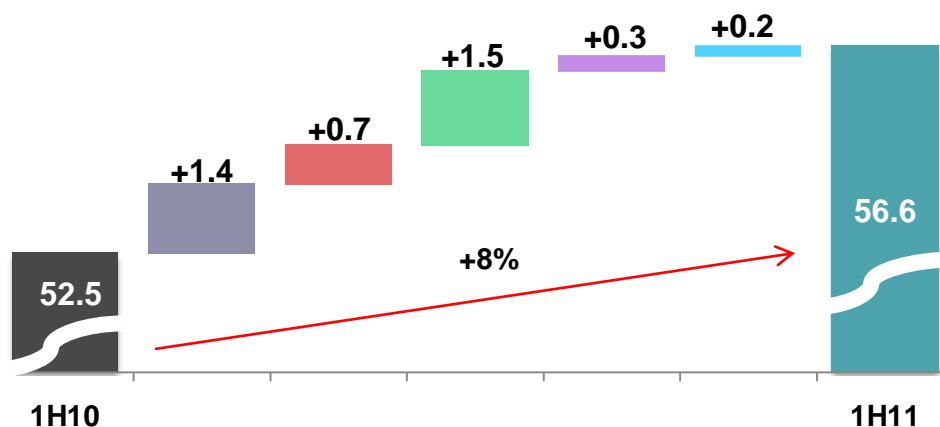


■ YTD Total Operating Revenue RM mil

Stable Revenue Breakdown

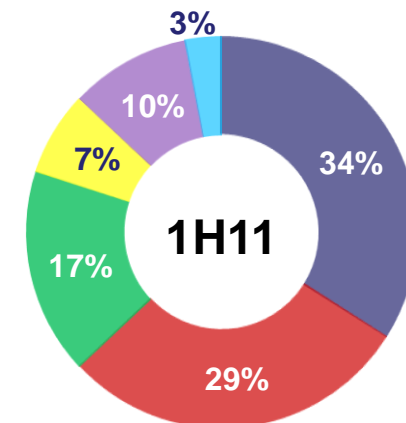
RM mil	1H10	1H11	YoY ▲	1Q11	2Q11	QoQ ▲
Listing Fees	17.9	19.3	8%	9.9	9.3	-6%
Depository Services	15.9	16.6	4%	7.8	8.8	13%
Information Services	8.2	9.7	18%	4.5	5.2	16%
Access Fees	3.7	3.7	-	1.8	1.9	6%
Broker Services & Co-location	5.5	5.8	5%	2.9	2.9	-
Participants fees	1.3	1.5	15%	0.6	1.0	67%
Total Stable Revenue	52.5	56.6	8%	27.5	29.1	6%

Growth contribution by revenue stream



■ YTD Total Stable Revenue RM mil

Total stable revenue mix

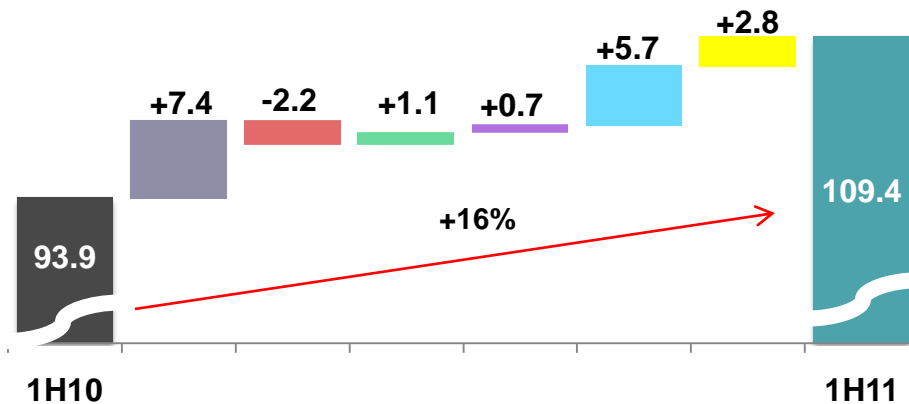


Prudent Cost Management

RM mil	1H10	1H11	YoY▲	1Q11	2Q11	QoQ▲
Staff Cost	43.7	51.1	17%	25.9	25.2	-3%
Depreciation & Amortisation	22.0	19.8	-10%	9.8	10.0	2%
Market Development Expenses	6.1	7.2	18%	5.4	1.8	-67%
IT Maintenance	7.2	7.9	10%	3.8	4.1	8%
Globex®Service Fee	-	5.7	New	3.0	2.8	-7%
Other Opex*	14.9	17.7	19%	9.9	7.7	-22%
Total Operating Expenditure	93.9	109.4	16%	57.8	51.6	-11%

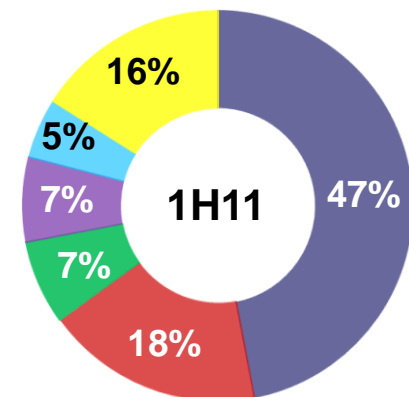
*Other OPEX comprises building management costs, administrative expenses, CDS consumables & etc.

Movement in cost by type of expenses



■ YTD Total Operating Expenses RM mil

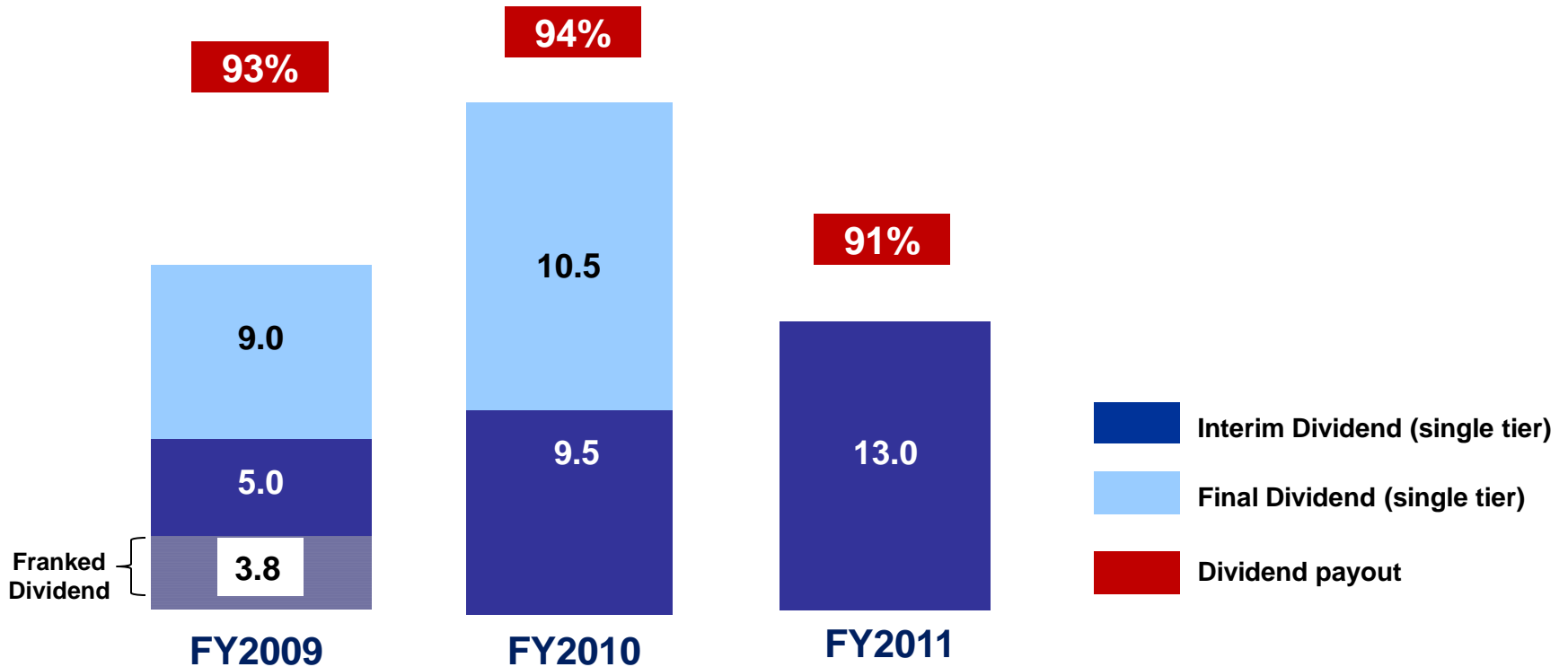
Total expenses mix



High Dividend Payout

Surpassing 75% Payout Policy

Historical Dividend Payout in sen



Total Shareholders' Return since listing till 30 June 2011

247%

Our Targets & Conclusions

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Midterm Targets

PROFITABILITY



PAT growth rate of at least 20% p.a. on average over the next 3 years

LIQUIDITY



1. Securities

- Growth in Daily Average Trading Value p.a. to be at par with the leading listed exchanges in the region

2. Derivatives

- 50,000 Daily Average Contract by 2013

Committed to improve the market quality, to become more vibrant & competitive, and ultimately translate to better financial performance

Conclusion

▶ 1H 2011 Financials Show Good Improvements :

1. Greater growth in securities trading due to overall upbeat market activity, on the back of potential market catalysts.
2. Derivatives market sees overall increase in open interest, volume and foreign participation. This is the validation for the globalisation path that Malaysia has chosen for the derivatives industry.

▶ Our Commitment to Sustainable Performance

1. Focus will continue to be on securities, derivatives and Islamic with emphasis on increasing liquidity and market vibrancy.
2. Ultimate aim is to grow shareholders' value with improved financial performance.

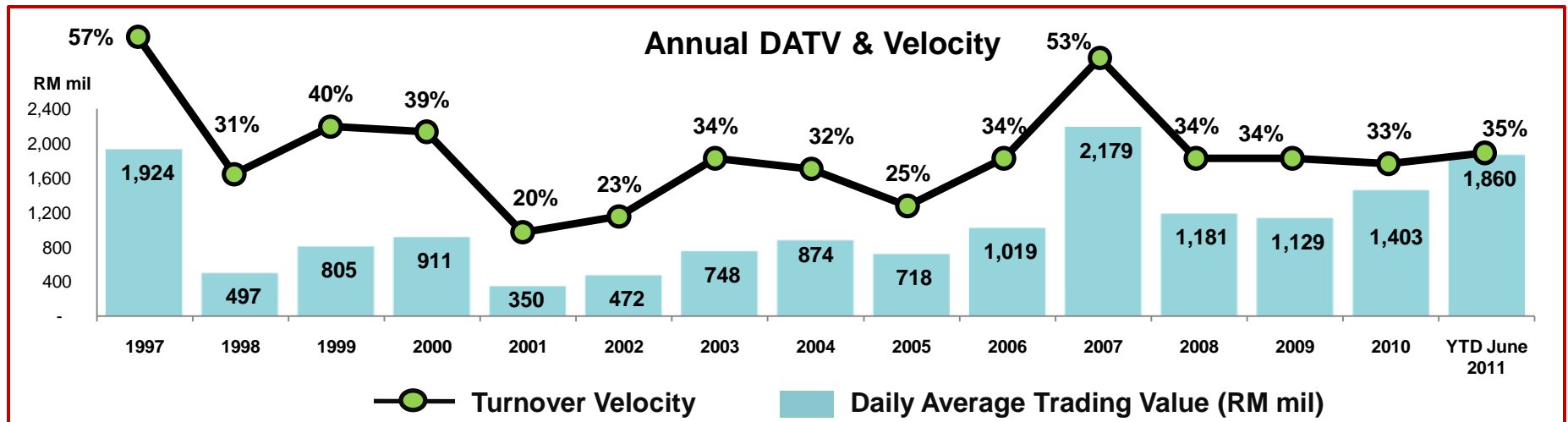
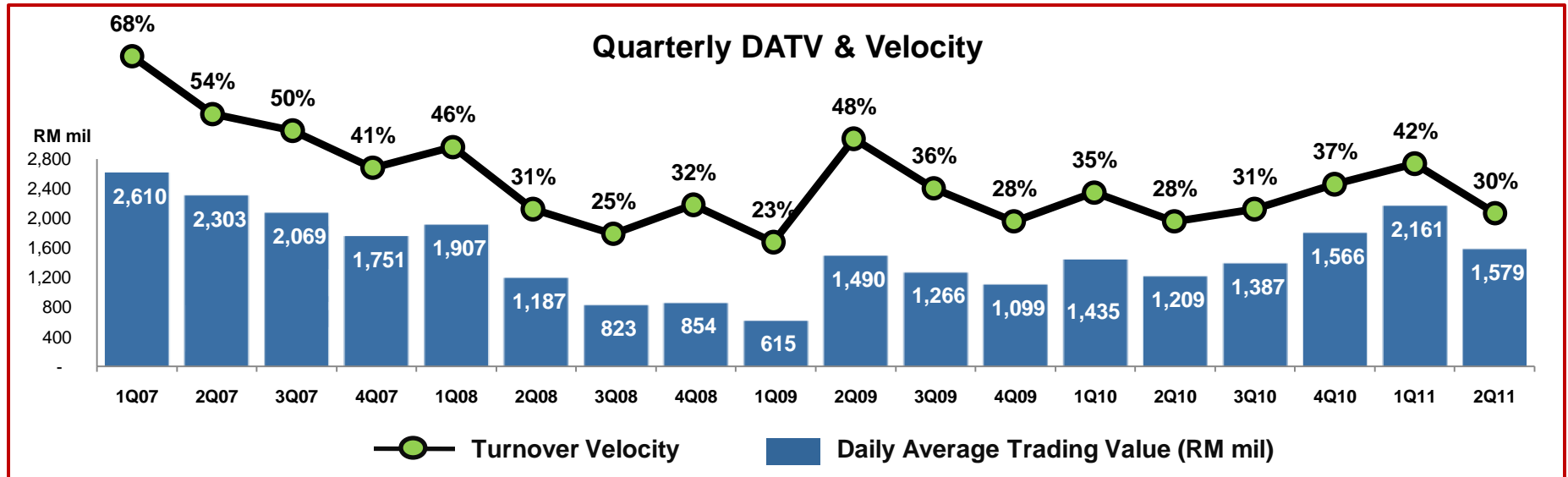
▶ Continue to Build Market Quality

To ensure our market place remain vibrant, liquid and secure for capital raising, trading and investment.

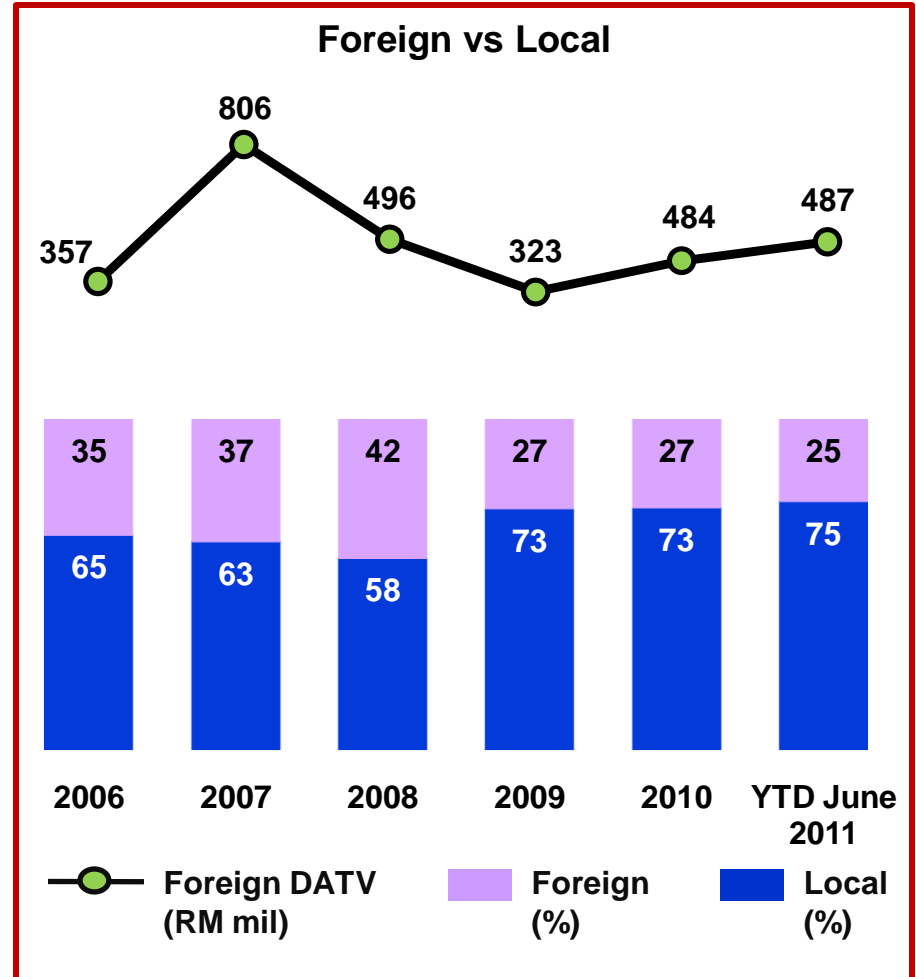
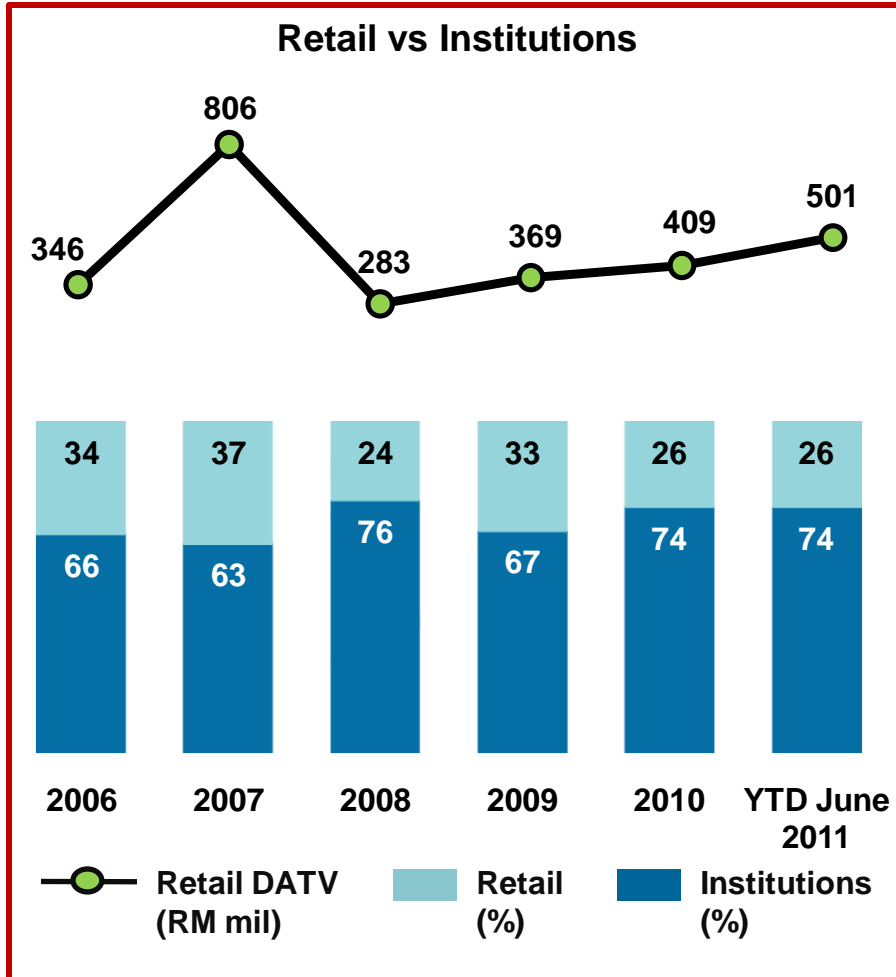
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Securities Market Trading Activity



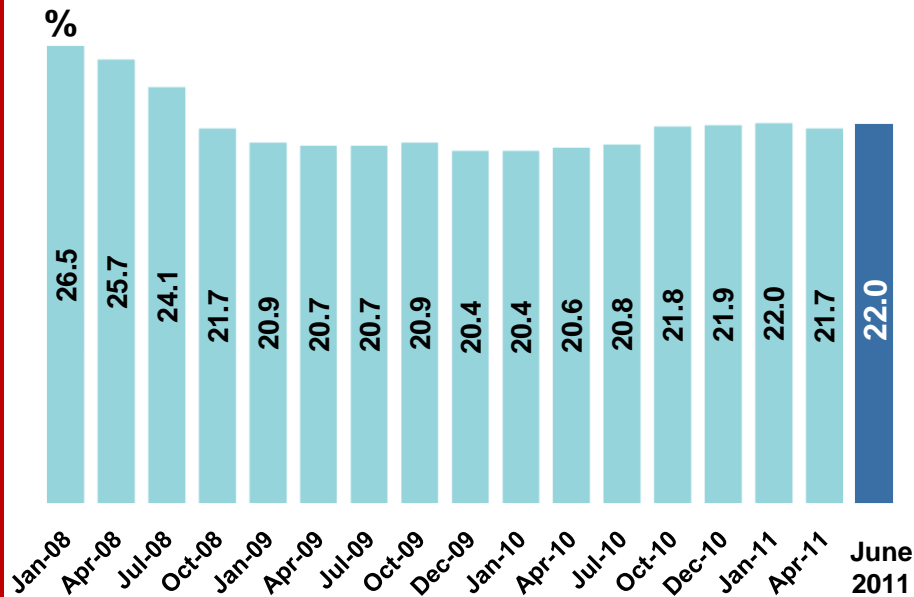
Securities Market Trading Participation



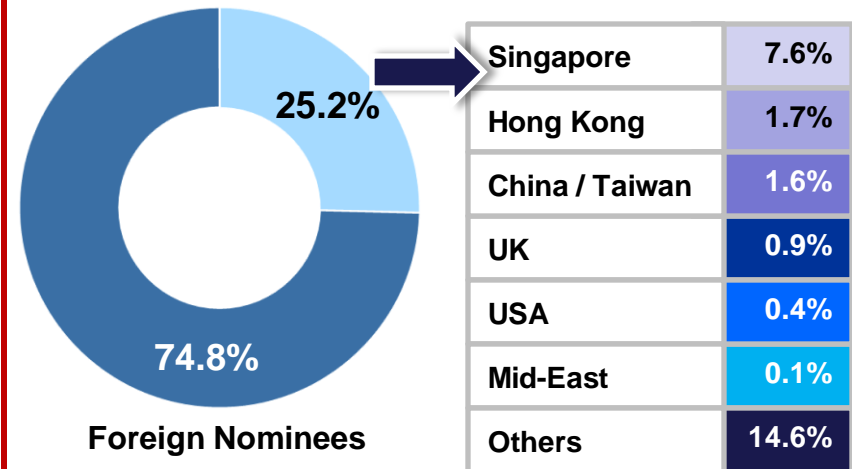
From 2006 to 2009, the statistics were based on Brokers' submission. From 2010 onwards statistics were based on Bursa's internal system.

Securities Market Foreign Ownership

Based on Market Capitalisation
(as at month end)

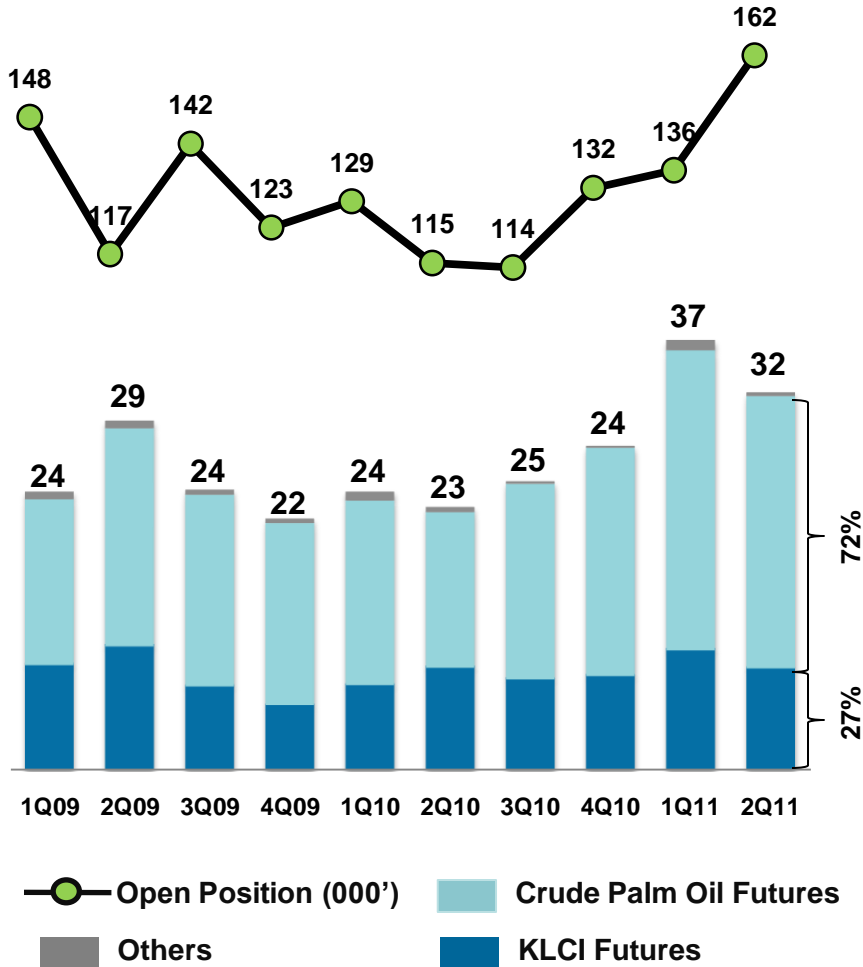


Foreign Ownership by Nationality

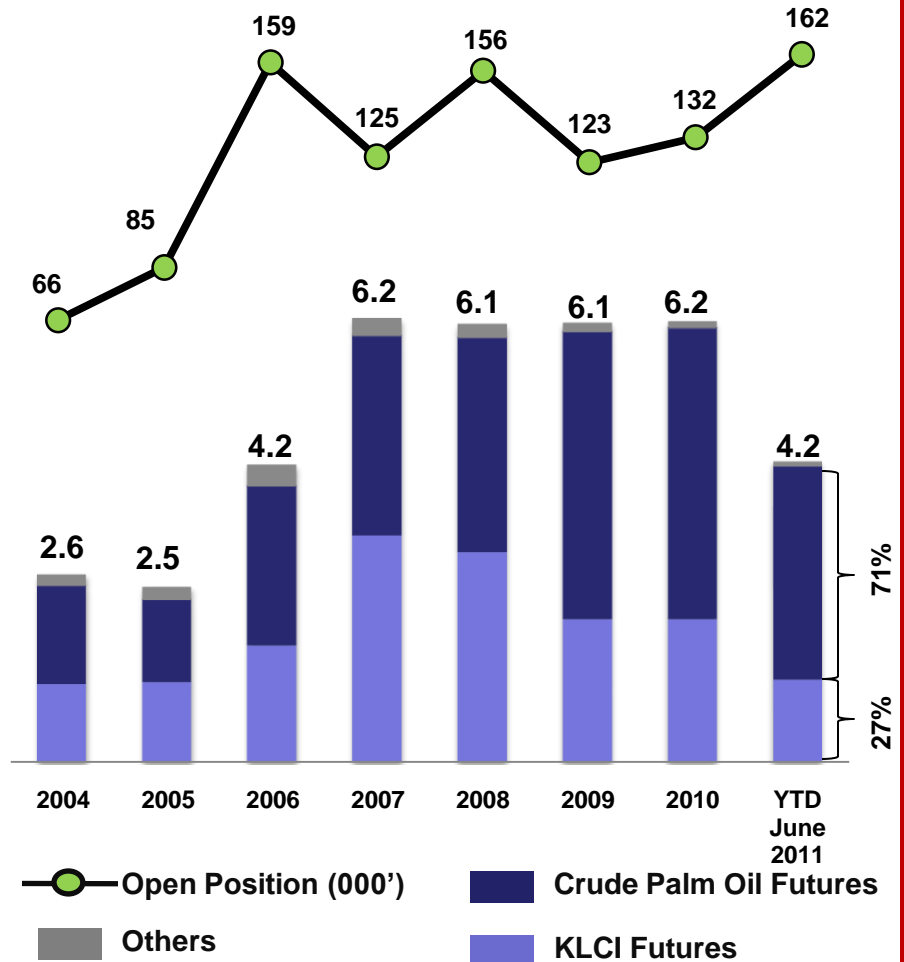


Derivatives Market Activity

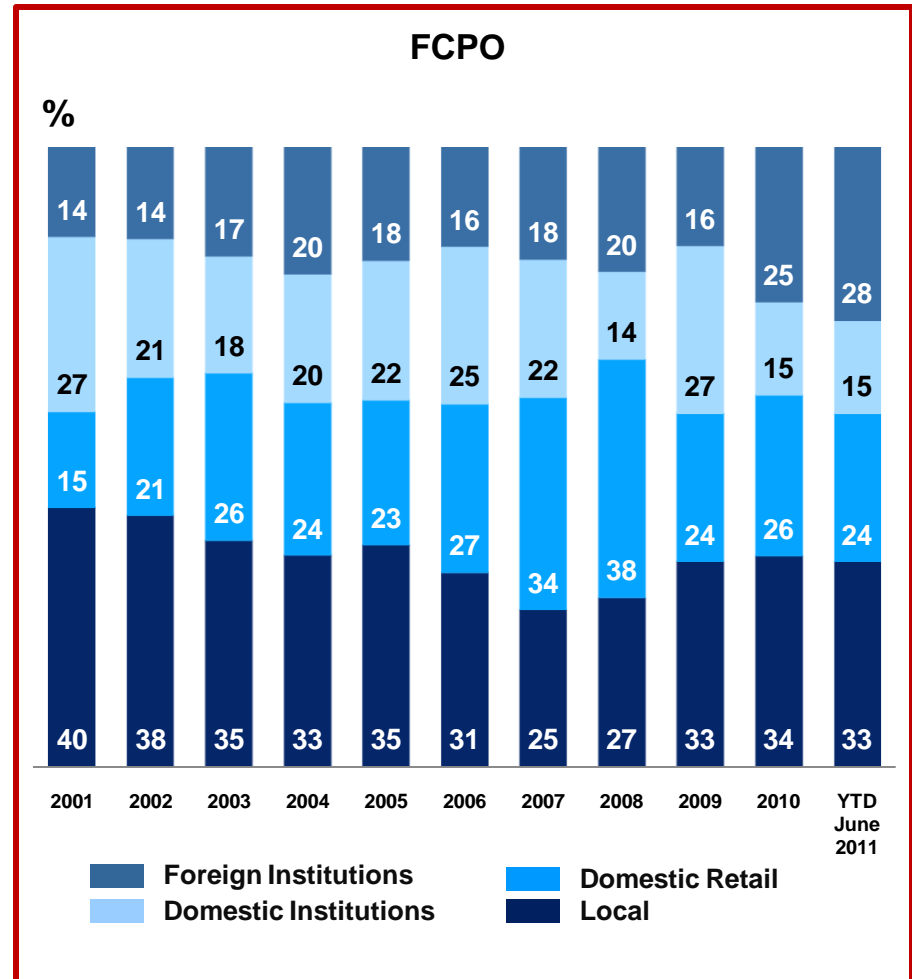
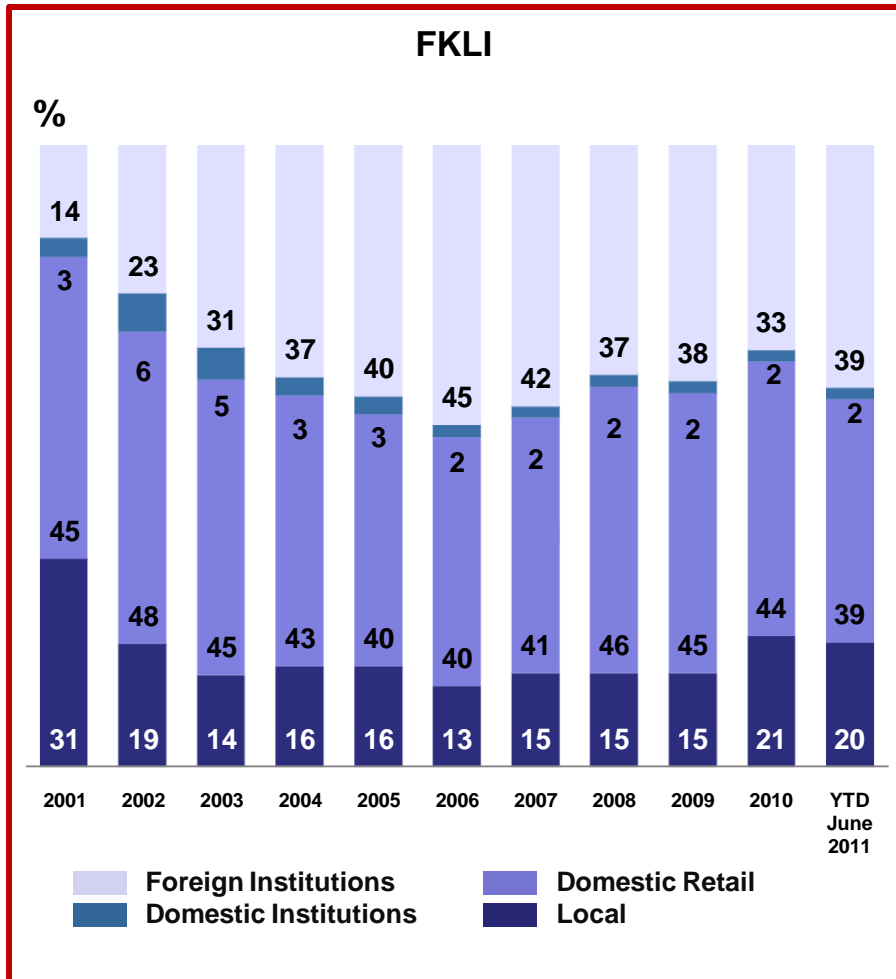
Quarterly (Daily Average Contracts 000')



Total Annual Contract (Million)



Derivatives Market Demography



* 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.

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