

MEDIA RELEASE

BURSA MALAYSIA ANNOUNCES RM185.9 MILLION PROFIT AFTER TAX AND MINORITY INTEREST FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Key Financial & Market Highlights (FY2019 vs FY2018)
<ul style="list-style-type: none"> • PATAMI at RM185.9 million, decreased by 17.0%
<ul style="list-style-type: none"> • Return on Equity at 23% decreased by 3 percentage points
<ul style="list-style-type: none"> • Basic earnings per share at 23.0 sen, decreased by 4.8 sen
<ul style="list-style-type: none"> • Operating revenue at RM480.1 million, decreased by 8.2%
<ul style="list-style-type: none"> • Operating expenses at RM246.2 million, increased by 2.0%
<ul style="list-style-type: none"> • Cost-to-income ratio at 49%, increased by 5 percentage points
<ul style="list-style-type: none"> • Average daily trading value for Securities Market's on-market trades at RM1.9 billion, decreased by 19.3%
<ul style="list-style-type: none"> • Market capitalisation as at 31 December 2019 at RM1.7 trillion, increased by 0.7%
<ul style="list-style-type: none"> • Securities Market velocity at 28%, decreased by 4 percentage points
<ul style="list-style-type: none"> • Average daily contracts traded for Derivatives Market at 55,372 contracts, decreased by 2.0%
<ul style="list-style-type: none"> • Average daily trading value for BSAS at RM30.6 billion, increased by 25.5%

Kuala Lumpur, 30 January 2020 - Bursa Malaysia Berhad ("Bursa Malaysia" or the "Exchange") reported a Profit After Tax and Minority Interest ("PATAMI") of RM185.9 million for the financial year ended 31 December 2019 ("FY2019"), a 17.0% decrease from RM224.0 million reported in the previous financial year ended 31 December 2018 ("FY2018"). The decline in PATAMI was mainly attributed to lower operating revenue, which saw a decrease of 8.2% to RM480.1 million in FY2019 compared to FY2018.

Total operating expenses in FY2019 increased by 2.0% to RM246.2 million from RM241.3 million in FY2018 mainly due to higher marketing and development expenses as the Securities and Derivatives Markets continued with their focus on marketing and engagement initiatives to attract new participants and broaden the trading community. There was also a recognition of a one-off impairment loss allowance of RM3.3 million on computer software.

Excluding the one-off impairment loss allowance, the Exchange's total operating expenses increased marginally by 0.7% in FY2019 from the previous financial year.

The Board of Directors has approved and declared a final dividend of 10.4 sen per share for FY2019, amounting to approximately RM84.1 million which is payable on 28 February 2020.

Datuk Muhamad Umar Swift, Chief Executive Officer of Bursa Malaysia said, "Following a long period of strong growth, 2019 proved to be relatively challenging. Despite this, Malaysia continues to demonstrate long-term growth and offers compelling investment opportunities. Last year, the energy, construction and technology sectoral indices had performed positively, growing by 51%, 34% and 29% respectively. The positive trend amongst small and mid-cap counters are also opportunities for us to build upon. In 2019, Bursa Malaysia ranked 2nd in ASEAN for the number of listings, testament to our strong fund-raising capabilities¹. The increase in our marketing and development expenses reflect our on-going focus to maximise our reach and engagement more effectively. We are encouraged by the growing retail participation at 24.5% last year, a record high in the last 5 years. Reaching out to over 1 million Malaysians, this steady result is an indication that our retail outreach initiatives have been gradually bearing fruit. For the Derivatives Market, the Exchange facilitated new inter-broke relationships and onboarded new market makers and liquidity providers from the Greater China region. Bursa Suq Al-Sila' ("BSAS") saw the admission of 49 new participants in 2019. We also continue to align the Exchange with internationally recognised standards with the implementation of T+2 settlement cycle and the move towards the adoption of ISO 200022 messaging standards for corporate announcements."

The Securities Market performance in FY2019 continued to be influenced by global and domestic developments, such as the continued concern over the geopolitical tensions and soft domestic corporate earnings. Securities Market trading revenue decreased by 12.4% to RM232.8 million in FY2019 from RM265.8 million in FY2018 mainly due to lower average daily value ("ADV") for Securities Market's on-market trades in FY2019, which declined by 19.3% to RM1.9 billion from RM2.4 billion in FY2018. Trading velocity decreased by 4 percentage points to 28% in FY2019 compared to FY2018. Meanwhile, non-trading revenue for the Securities Market decreased by 1.2% to RM139.4 million in FY2019 from RM143.7 million in the previous financial year, mainly due to lower listing and issuer fees and perusal processing fees earned in FY2019 which was attributed to the lower number of corporate exercises and circular submissions respectively. However, this was partially offset by higher market data revenue, underpinned by the continued growth in subscriptions in FY2019.

¹ Excludes real estate investment trusts (REITs) and exchange-traded funds (ETFs)

Derivatives Market trading revenue decreased by 5.8% to RM72.3 million in FY2019 from RM76.7 million in FY2018, mainly due to lower number of contracts traded for US Dollar Denominated Refined, Bleached and Deodorised Palm Olein Futures (“FPOL”) and FTSE Bursa Malaysia KLCI Futures (“FKLI”), lower collateral management fees and lower guarantee fees earned in FY2019. Average Daily Contracts (“ADC”) for the Derivatives Market saw a decrease of 2.0% to 55,372 contracts in FY2019 compared to 56,488 contracts in FY2018. Nevertheless, the ADC for Crude Palm Oil Futures (“FCPO”) increased by 1.8% in FY2019 to 43,870 contracts from 43,092 contracts in FY2018, reflective of the continuous upward trend in FCPO trading from the second quarter of 2019 onwards. The Exchange registered the highest quarterly ADC for FCPO in the fourth quarter of 2019 as the volatility in crude palm oil prices increased with the rally in crude palm oil prices.

As for the Islamic Capital Market, ADV for BSAS grew by 25.5% to RM30.6 billion in FY2019 from RM24.3 billion in FY2018. Despite the growth in ADV, trading revenue for BSAS in FY2019 decreased by 6.3% to RM14.0 million from RM14.9 million in FY2018, mainly due to volume-based pricing. Trading on BSAS is expected to sustain its growth momentum through further system improvements as well as the continuous onboarding of new domestic and foreign participants onto its platform.

Datuk Umar added, “Data, technology and innovation are moving ahead at a rapid pace. We are proactively working to make the necessary investments and put in place the required building blocks to stay ahead of the game. Leveraging on technology and innovation will create the efficiencies in our operations as well as the agility to pursue new growth opportunities. Premised on the above, we are working together with our stakeholders to further drive and support a market-friendly, vibrant and resilient capital market.”

The financial results for the FY2019 are available on Bursa Malaysia’s website at www.bursamalaysia.com

Financial Results	FY2019 (RM million)	FY2018 (RM million)	Percentage change (%)
Operating revenue	480.1	523.3	(8.2)
Other income	22.4	26.7	(16.3)
Total revenue	502.5	550.0	(8.6)
Staff costs	(133.7)	(135.3)	(1.2)
Depreciation and amortisation	(20.8)	(22.0)	(5.4)
Other operating expenses	(91.7)	(84.0)	9.1
Profit from operations	256.3	308.7	(17.0)
Finance costs	(0.5)	(0.5)	-
Profit before tax	255.8	308.2	(17.0)
Income tax expense	(66.2)	(77.6)	(14.6)
Profit after tax	189.6	230.6	(17.8)
Minority interest	(3.7)	(6.6)	(43.7)
PATAMI	185.9	224.0	(17.0)

About Bursa Malaysia

Bursa Malaysia is an exchange holding company incorporated in 1976 and listed in 2005, and has grown to be one of the largest bourses in ASEAN today. Bursa Malaysia operates and regulates a fully-integrated exchange offering a comprehensive range of exchange-related facilities, and is committed to *Creating Opportunities, Growing Value*. Learn more at www.bursamalaysia.com.

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