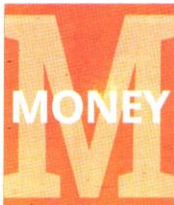


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Bursa Malaysia eyes more IPOs this year

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KUALA LUMPUR — Bursa Malaysia Bhd said this year will see some positive growth in the initial public offering (IPO) market, with growing numbers and larger offerings expected.

The local bourse operator — which proposed a final dividend of 17 sen per share — hopes that the number of IPOs will increase beyond the 11 registered last year, one of the worst years in IPO history in Malaysia.

Chief executive officer Datuk Seri Tajuddin Atan (*pic*) said this year has begun with some promise and things are progressing positively as in 2015, despite the company seeing a decline in operating revenue by 3% year-on-year due to securities trading revenue fall.

Bursa Malaysia's securities market's trading revenue was down 8.6% to RM212.9 million against RM233 million in FY15.

"In terms of IPOs, we have received two in January and expect another two by end of February," he said during the bourse operator's result announcement

last Friday.

He said in comparison to a year-on-year basis, the month of January was devoid of listings last year while January's two IPOs have been a great start for Bursa Malaysia.

"The IPO activities and trading seem to improve and stack up this year. There are two things to consider; the number and size of funds.

"Based on size, we are quite comfortable to see some big names coming up, such as Serba Dinamik, to pave the way for more IPOs," Tajuddin said.

He also said that the exchange plans to expand its developmental role by providing greater fundraising access to small and medium enterprises (SMEs) in the local market, strengthening its Islamic value proposition and widening its regional footprint in Asean.

"We are planning to introduce a small and mid cap Asean Index for which 300 companies may be entitled.

"The Asean index will span across five countries. And the next phase is to launch new products overseas," he said.

On the outlook for the year, Tajuddin said the business will be adjusted to the changes in interest rate and policy shifts in the US.

Moving forward, Tajuddin said the

exchange is targeting an increase in one of its key products — crude palm oil futures (FCPO).

"We hope to hear more details from palm experts as crude palm oil utilisation is growing," he said.

Notwithstanding this, he said the market is volatile and the exchange is looking at collaborations with (various sectors) as there are more participants from the US.

"The number of members are growing, with 46,000 contracts on crude palm oil alone and this is the area which is expected to grow this year," he said.

The exchange recorded a profit after tax and minority interest (*patami*) of RM193.6 million for the financial year ended Dec 31, 2016; a marginal drop of 2.5% from RM198.6 million reported in the financial year ended Dec 31, 2015.

This drop was partially offset by higher revenue from the derivatives market.

Cost to income ratio increased marginally to 47%, while return on equity declined by three percentage points.

The final dividend of 17 sen per share for the year under review, which is a distribution of 94.2% of its *patami*, is

subjected to shareholders' approval at the company's 40th annual general meeting to be held on March 29.

For last year, the average daily trading value for securities market on-market trades stood at RM1.8 billion.

Market capitalisation as at Dec 31, 2016 was RM1.7 trillion while market velocity for FY16 was 27%.

Bursa Malaysia attracted 11 new listings in 2016.

Meanwhile, the derivatives market recorded an improvement in trading volume as a result of increased participation by domestic and foreign investors.

Trading revenue of derivatives market increased by 3% to RM88.7 million in FY16 compared to RM86.1 million in FY15.

A total of 14.2 million contracts were traded in FY16 compared to 14.1 million contracts in FY15. The average daily contracts traded in the derivatives market was 57,829 contracts.

Contracts traded for the FCPO increased 3.9% to 11.4 million contracts in FY16.

FTSE Bursa Malaysia Composite Index Futures saw a decline of 8.3% to 2.8 million contracts in FY16 from three million contracts traded in the last financial year.

