Corporate Update

Bursa Malaysia Berhad

(1818 | BURSA MK) Main | Financial Services

4 Stars | SHARIAH Compliant | FTSE4Good

Maintain **NEUTRAL**

Unchanged Target Price **RM8.80**

4QFY24 Results Review
A Strong Year

Maintain NEUTRAL. Trading activities was strong FY24, driven by "risk-on" mode sentiment from expectation of US Fed rate cuts. However, we observed that trading activities have moderated since the elect on of President Trump in Nov-24. Following from this, we expect an increase in volatility, and equity market valuation to remain relatively stagnant. Nevertheless, we expect that the US Fed will continue its monetary policy shift and sentiment will improve. Despite this, we believe that the positives have been largely priced in, with current valuations slightly stretched. Hence, we are maintaining our **NEUTRAL** recommendation with an unchanged **TP** to **RM8.80** based on pegging FY25 EPS to PER of 23.5x which is its 2-year average PER.

Within expectations. Bursa Malaysia Bhd (Bursa) ended the year with a strong earnings growth of +22.9%. This was within our and consensus' expectation at 102% and 104% of respective full year estimate.

Revenue lost momentum in 4QFY24. Total revenue in 4QFY24 declined -12.0%qoq but was much higher on year-on-year basis with +18.7%yoy growth. Again, this was due to strong securities trading revenue which increased +15.6%yoy in 4QFY24 and +43.1%yoy for FY24. Derivatives trading was also supportive with +27.0%yoy in FY24.

Higher trading activities. Average Daily Value (ADV) (OMT) in FY24 rose +53.2%yoy to RM3.15b (9MFY24: +66.3%yoy to RM3.36b).

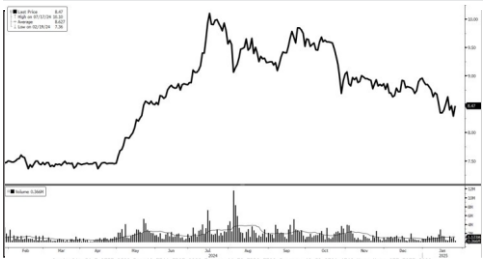
Lower CIR due to higher revenue. OPEX grew +25.0%yoy to RM373.5m with the main driver being higher staff costs (+14.9yoy). There was also one-off reversal of provision in FY23 which contributed to the higher OPEX in FY24. Nevertheless, with the better revenue, cost-to-income ratio (CIR) was still below the 50% mark, at 47.6%, -0.8ppt better than in FY23.

Exceed FY24 IPO target, ambitious FY25 target. Cumulatively, Bursa saw 55 IPOs in FY24 due to a surge of 20 IPOs in 4QFY24. This exceeded the 42 target listings for FY24. Up to end FY24, the IPOs raised a total RM7.44b, +108%yoy higher. For FY25, it is targeting an ambitious target of 60 listings.

Guiding for lower PBT in FY25. For FY25, Bursa is targeting a marginally lower PBT of between RM369m and RM408m. We believe that this is fair given the current market conditions and expectation of volatile sentiments. The PBT target is within our expectation, hence, we make no adjustment to our earnings forecast for FY25.

RETURN STATISTICS	
Price @ 27th January 2025 (RM)	8.47
Expected share price return (%)	+3.9
Expected dividend yield (%)	+4.2
Expected total return (%)	+8.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4.7	-0.5
3months	-5.5	0.7
12 months	15.7	11.8

INVESTMENT STATISTICS

FYE Mar	2024A	2025F	2026F
Revenue	784.5	740.8	757.3
Operating Profit	445.8	437.1	446.8
Profit Before Tax	410.4	392.6	401.4
Core PATAMI	310.1	302.3	309.0
Core EPS	38.3	37.4	38.2
DPS	44.0	35.5	36.3
Dividend Yield	5.2%	4.2%	4.3%

KEY STATISTICS

FBM KLCI	1,558.97
Issue shares (m)	809.3
Estimated free float (%)	82.68
Market Capitalisation (RM'm)	6.854.76
52-wk price range	RM7.31 – RM10.1
3-mth average daily volume (m)	1.21
3-mth average daily value (RM'm)	10.64
Top Shareholders (%)	
Capital Market Dvlp Fund	18.57
EPF	10.94
KWAP	10.92

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4QFY24 RESULTS SUMMARY

FYE Dec (RM'm)	4QFY24	4QFY23	3QFY24	YoY Chg	QoQ Chg	FY24	FY23	YoY Chg
Operating revenue	179.1	151.2	204.0	18.5%	-12.2%	757.9	592.8	27.8%
Other income	6.8	5.5	7.2	22.4%	-6.3%	26.6	23.7	12.4%
Total revenue	**185.9**	**156.7**	**211.3**	**18.7%**	**-12.0%**	**784.5**	**616.5**	**27.3%**
Staff costs	(48.9)	(44.0)	(50.1)	11.3%	-2.3%	(193.8)	(168.6)	14.9%
Depreciation and amortisation	(9.1)	(8.6)	(9.1)	5.3%	0.1%	(35.4)	(37.3)	-5.0%
Other operating expenses	(42.0)	(32.3)	(36.6)	30.2%	14.8%	(144.3)	(92.9)	55.4%
EBITDA	**94.8**	**80.3**	**124.4**	**18.1%**	**-23.8%**	**445.8**	**358.8**	**24.3%**
Pre-tax profit	**85.7**	**71.7**	115.4	**19.6%**	**-25.7%**	**410.4**	**321.5**	**27.7%**
Taxation	(17.4)	(13.0)	(30.1)	33.6%	-42.3%	(101.7)	(70.0)	45.4%
PATAMI	0.5	0.9	0.5	-38.6%	15.4%	1.5	0.8	83.7%
EPS (sen)	**68.9**	**59.6**	**85.7**	**15.7%**	**-19.6%**	**310.1**	**252.3**	**22.9%**
Key Matric	**4QFY24**	**4QFY23**	**3QFY24**	**+/- ppts**	**+/- ppts**	**FY24**	**FY23**	**+/- ppts**
Cost-to-income ratio	53.8%	54.2%	45.3%	-0.3	8.5	47.6%	48.5%	-0.8
EBITDA margin	51.0%	51.3%	58.9%	-0.3	-7.9	56.8%	58.2%	-1.4
PATAMI margin	37.1%	38.0%	40.6%	-0.9	-3.5	39.5%	40.9%	-1.4
Effective tax rate	20.2%	18.1%	26.1%	2.1	-5.8	24.8%	21.8%	3.0

Segments breakdown								
Operating revenue	**4QFY24**	**4QFY23**	**3QFY24**	**YoY Chg**	**QoQ Chg**	**FY24**	**FY23**	**YoY Chg**
Securities trading revenue	81.2	70.3	108.0	15.6%	-24.8%	381.5	266.6	43.1%
Derivatives trading revenue	32.9	22.1	28.9	48.8%	13.7%	113.8	89.6	27.0%
Bursa Suq Al-Sila (BSAS)	5.0	4.2	4.1	17.5%	21.3%	17.9	17.1	4.8%
Listing and issuer services	18.8	18.5	18.5	1.3%	1.5%	70.4	65.6	7.3%
Depository services	15.5	12.6	16.6	22.9%	-6.5%	63.5	53.6	18.5%
Market data	18.9	16.9	21.4	11.6%	-11.6%	78.3	68.0	15.1%
Member services and connectivity	6.8	6.4	6.5	5.7%	5.1%	25.6	24.9	3.2%
Operating Statistics								
	4QFY24	**4QFY23**	**3QFY24**	**YoY Chg**	**QoQ Chg**	**FY24**	**FY23**	**YoY Chg**
Total ADV (OMT & DBT) (RM 'b)	2.88	2.72	2.24	5.9%	28.6%	3.44	2.29	50.2%
Total av. Daily trading volume (OMT & DBT) (billion shares)	3.15	3.72	3.62	-15.3%	-13.0%	4.29	3.55	20.8%
Velocity (%)	31.0	30.0	30.0	3.3%	3.3%	39.0	29.0	34.5%
No. of IPOs	20	7	9	185.7%	122.2%	55	32	71.9%
Total funds raised - IPO (RM 'm)	1,378.4	483.5	817.5	185.1%	68.6%	7,439.2	3,576.5	108.0%
Total funds raised - Secondary issues (RM 'm)	1,716.5	809.1	782.9	112.1%	119.2%	7,067.3	5,837.7	21.1%
No. trading days	64	63	62	1	2	247	244	3

Source: Company, MIDFR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	616.5	784.5	740.8	757.3	774.7
EBITDA	358.8	445.8	437.1	446.8	457.1
PBT	321.5	410.4	392.6	401.4	410.6
Taxation	-70.0	-101.7	-91.8	-93.8	-95.9
PAT	251.5	308.6	300.8	307.5	314.6
MI	-0.8	-1.5	-1.5	-1.5	-1.5
PATAMI	252.3	310.1	302.3	309.0	316.2
Core PATAMI	252.3	310.1	302.3	309.0	316.2
EPS (sen)	31.2	38.3	37.4	38.2	39.1
PER (x)	27.1	22.1	22.7	22.2	21.7
DPS (sen)	29.0	44.0	35.5	36.3	37.1
Dividend yield (%)	3.4	5.2	4.2	4.3	4.4
Growth (%)	**2023A**	**2024A**	**2025E**	**2026F**	**2027F**
Revenue growth	2.2	27.3	-5.6	2.2	2.3
PBT growth	3.7	27.7	-4.3	2.2	2.3
PATAMI growth	11.4	22.9	-2.5	2.2	2.3
Core PATAMI growth	11.4	22.9	-2.5	2.2	2.3

Source: Bloomberg, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology