Bursa Malaysia Berhad

(1818 | BURSA MK) Main | Financial Services

4 Stars | SHARIAH Compliant | FTSE4Good

Corporate Update

Maintain **NEUTRAL**

Revised Target Price **RM7.90** (from RM8.80)

Weaker Earnings Within Expectations

Maintain NEUTRAL. As we expected, Bursa Malaysia Bhd (Bursa) saw moderation in its earnings stemming from lower trading revenue. We had expected that the strong trading activities in FY24 may not be repeatable this year in light of an expected increase in volatility, resulting in equity market valuation to remain relatively stagnant. We expect that this will be further exacerbated by uncertainties caused by the announced US tariff. Hence, we maintain our view that earnings will moderate this year and as such our **NEUTRAL** recommendation. We revise our **TP** lower to **RM7.90** based on pegging FY25 EPS to lower PER of 22x (from 23.5x) which is its 2-year average PER.

Within expectations. Bursa 1QFY25 earnings fell -8.6%yoy. However, this was within our and consensus' expectation at 22.7% and 23.2% of respective full year estimate.

Revenue declined. Total revenue in 1QFY25 declined -1.6%yoy weighed by lower securities trading revenue which fell -12.2%yoy to RM76.7m. For context, securities trading revenue contributed circa 42% to total revenue. However, this was cushioned by increase in other revenue segments, highest being derivatives trading with +13.7%yoy growth. This shows that some diversification in its revenue.

Lower trading activities. Average Daily Value (ADV) (OMT) in 1QFY25 fell -10.2%yoy RM2.63b. Main drag was ADV from domestic institution and retail which fell -16.2%yoy to RM1.05b and -24.5%yoy to RM495m respectively. We are not surprised by this given the changing US government policies affecting global investors' sentiment.

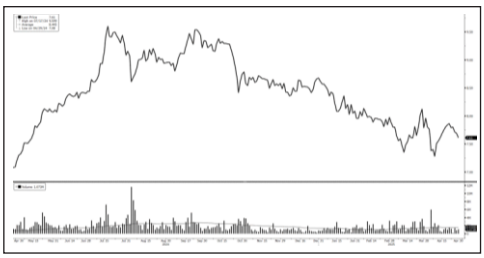
Higher OPEX. OPEX grew +6.7%yoy to RM92.9m. Nevertheless, we noted that staff cost (being the highest contributor) was contained (+2.5%yoy). Main driver for the higher OPEX was higher IT expenses which grew +19.8%yoy to RM11.6m due to commencement of new IT maintenance contract. Management indicated that OPEX will be monitored but with 75% being fixed, we believe that there may limited room to maneuver.

Presently, FY25 IPO target on track. 1QFY25 saw 14 IPOs which seemingly on track of its target listings for FY25. However, with current market conditions and increased uncertainty we believe its ambitious target of 60 listings may seem stretched at current juncture.

Maintaining FY25 PBT target for now. Recall, Bursa is targeting a marginally lower FY25 PBT of between RM369m and RM408m. Current market conditions may suggest that this might be missed. However, we are not ruling out some recovery in trading activities. Nevertheless, we are tweaking our PBT and earnings expectations by -3.8% respectively to take into account higher OPEX.

RETURN STATISTICS	
Price @ 28th April 2025 (RM)	7.61
Expected share price return (%)	+3.9
Expected dividend yield (%)	+4.5
Expected total return (%)	+8.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.3	-2.8
3 months	-2.3	-5.6
12 months	3.0	6.7

INVESTMENT STATISTICS

FYE Mar	2024A	2025F	2026F
Revenue	784.5	740.8	757.3
Operating Profit	445.8	377.8	401.4
Profit Before Tax	410.4	377.8	401.4
Core PATAMI	310.1	290.9	309.0
Core EPS	38.3	35.9	38.2
DPS	44.0	34.2	36.3
Dividend Yield	5.8%	4.5%	4.8%

KEY STATISTICS

FBM KLCI	1,521.59
Issue shares (m)	809.30
Estimated free float (%)	93.60
Market Capitalisation (RM'm)	6,158.77
52-wk price range	RM7.20 - RM10.00
3-mth average daily volume (m)	1.58
3-mth average daily value (RM'm)	12.35
Top Shareholders (%)	
Capital Market Dvlp Fund	18.57
EPF	13.12
KWAP	11.21

Analyst

Imran Yassin Yusof

imran. yassin@midf.com.my

03-2173 8395

1QFY25 RESULTS SUMMARY

FYE Dec (RM'm)	1QFY25	1QFY25	4QFY24	YoY Chg	QoQ Chg
Operating revenue	177.7	180.9	179.1	-1.8%	-0.8%
Other income	6.7	6.5	6.8	3.0%	-0.8%
Total revenue	**184.4**	**187.4**	**185.9**	**-1.6%**	**-0.8%**
Staff costs	(46.6)	(45.5)	(48.9)	2.5%	-4.8%
Depreciation and amortisation	(9.1)	(8.6)	(9.1)	5.7%	0.7%
Other operating expenses	(37.3)	(33.1)	(42.0)	12.6%	-11.3%
EBITDA	**100.6**	**108.6**	**94.8**	**-7.4%**	**6.2%**
Pre-tax profit	**91.5**	**100.0**	**85.7**	**-8.5%**	**6.7%**
Taxation	(23.4)	(25.7)	(17.4)	-8.7%	34.9%
PATAMI	**68.6**	**75.0**	**68.9**	**-8.6%**	**-0.5%**
EPS (sen)	8.5	9.3	8.5	-8.6%	0.0%
Key Matric	**1QFY25**	**1QFY25**	**4QFY24**	**+/- ppts**	**+/- ppts**
Cost-to-income ratio	50.4%	46.5%	53.8%	3.9	-3.4
EBITDA margin	54.6%	58.0%	51.0%	-3.4	3.6
PATAMI margin	37.2%	40.0%	37.1%	-2.9	0.1
Effective tax rate	25.6%	25.7%	20.2%	-0.1	5.3

Segments breakdown					
Operating revenue	**1QFY25**	**1QFY25**	**4QFY24**	**YoY Chg**	**QoQ Chg**
Securities trading revenue	76.7	87.4	81.2	-12.2%	-5.5%
Derivatives trading revenue	28.9	25.4	32.9	13.7%	-12.2%
Bursa Suq Al-Sila (BSAS)	4.9	4.3	5.0	13.3%	-1.9%
Listing and issuer services	16.3	16.3	18.8	0.1%	-13.0%
Depository services	17.0	15.5	15.5	9.3%	9.3%
Market data	19.4	19.0	18.9	2.1%	2.6%
Member services and connectivity	6.6	6.2	6.8	7.0%	-2.7%
Operating Statistics					
	1QFY25	**1QFY25**	**4QFY24**	**YoY Chg**	**QoQ Chg**
Total ADV (OMT & DBT) (RM 'b)	2.80	3.18	2.88	-11.9%	-2.8%
Total av. Daily trading volume (OMT & DBT) (billion shares)	3.37	4.62	3.2	-27.1%	7.0%
Velocity (%)	33.0	39.0	31.0	-15.4%	6.5%
No. of IPOs	14	9	20.0	55.6%	-30.0%
Total funds raised - IPO (RM 'm)	1,265.1	1,306.7	1,378.4	-3.2%	-8.2%
Total funds raised - Secondary issues (RM 'm)	900.8	2,249.9	1,716.5	-60.0%	-47.5%
No. trading days	58	60	64.0	-2	-6

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	422.3	446.8	457.1
PBT	321.5	410.4	377.8	401.4	410.6
Taxation	-70.0	-101.7	-88.4	-93.8	-95.9
PAT	251.5	308.6	289.4	307.5	314.6
MI	-0.8	-1.5	-1.5	-1.5	-1.5
PATAMI	252.3	310.1	290.9	309.0	316.2
Core PATAMI	252.3	310.1	290.9	309.0	316.2
EPS (sen)	31.2	38.3	35.9	38.2	39.1
PER (x)	24.4	19.9	21.2	19.9	19.5
DPS (sen)	29.0	44.0	34.2	36.3	37.1
Dividend yield (%)	3.8	5.8	4.5	4.8	4.9
Growth (%)	**2023A**	**2024A**	**2025E**	**2026F**	**2027F**
Revenue growth	2.2	27.3	-5.6	2.2	2.3
PBT growth	3.7	27.7	-7.9	6.2	2.3
PATAMI growth	11.4	22.9	-6.2	6.2	2.3
Core PATAMI growth	11.4	22.9	-6.2	6.2	2.3

Source: Bloomberg, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad

197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD. The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

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