Corporate Update

Bursa Malaysia Berhad

(1818 | BURSA MK) Main | Financial Services

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

NEUTRAL

Unchanged Target Price **RM7.90**

2QFY25 Results Review: Expecting Recovery in 2HCY25

Maintain NEUTRAL. Bursa Malaysia Bhd (Bursa) continue to see moderation to its earnings as trading revenue continued to trend lower in 2QFY5. We had expected that the strong trading activities in FY24 may not be repeatable this year in light of an expected increase in volatility. External situation influenced trading activities caused by the announced US tariff. However, while its 1HFY25 earnings was slightly below our expectations, we are keeping our FY25 earnings forecast for now as we expect that there will be some recovery in trading activities in 2HFY25 as most risk have been priced in, in our opinion. We maintain our **NEUTRAL** recommendation with an unchanged **TP** lower of **RM7.90** based on pegging FY25 EPS to PER of 22x which is its 2-year average PER.

Slightly below expectations. Bursa 1HFY25 earnings fell -19.2%yoy. This was slightly below our expectation at 43.2% of our full year estimate. Meanwhile, it was at 42.5% consensus'.

Revenue declined, but non-trading revenue continued to grow. Total revenue in 1HFY25 declined -7.8%yoy. It continued to be weighed by lower securities trading revenue in 2QFY25 which fell -33.6%yoy to RM69.6m, resulting in 1HFY25 securities trading revenue to fall -23.9%yoy. For context, securities trading revenue contributed circa 41% to total revenue. However, this was cushioned by increase in other revenue segments, highest being derivatives trading with +8.1%yoy growth. Meanwhile, non-trading revenue grew +7.6% to RM130.5m. This shows that some diversification in its revenue.

Lower trading activities. Average Daily Value (ADV) (OMT) in 1HFY25 fell -24.8%yoy RM2.46b. Main drag was ADV from domestic institution and retail which fell -31.7%yoy to RM980m and -37.9%yoy to RM455m respectively. However, the decline by foreign institution was much less than we expected, down by -7.3%yoy to RM1.02b

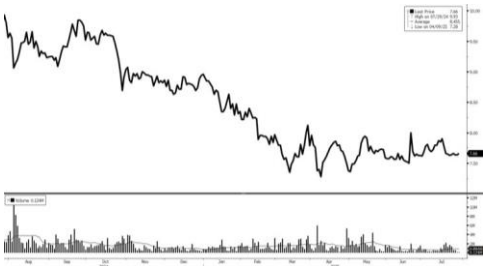
Higher OPEX. OPEX grew +6.6%yoy to RM189.3m. Nevertheless, we noted that staff cost (being the highest contributor) was contained (+2.0%yoy). Main driver for the higher OPEX was higher IT expenses which grew +16.4%yoy to RM23.7m due to IT maintenance.

On the bright side, FY25 IPO target on track. 2QFY25 saw 18 IPOs bringing 1HFY25 IPO count to 32 which seemingly on track of its target listings for FY25.

Maintaining FY25 PBT target. Recall, Bursa is targeting a FY25 PBT of between RM369m and RM408m. While current conditions suggest difficulties in reaching this target, we are not ruling out some recovery in trading activities in 2HFY25 as balance of risks seems to be skewing towards the positive in our opinion. Separately, other targets such as IPO, non-trading revenue growth and reduction in its carbon footprint is on track.

RETURN STATISTICS	
Price @ 29th July 2025 (RM)	7.66
Expected share price return (%)	+3.1
Expected dividend yield (%)	+4.5
Expected total return (%)	+7.6

SHARE PRICE CHART



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

INVESTMENT STATISTICS

FYE Dec	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	5.7%	4.5%	4.7%

KEY STATISTICS

FBM KLCI	1523.82
Issue shares (m)	809.30
Estimated free float (%)	93.60
Market Capitalisation (RM'm)	6199.23
52-wk price range	RM7.2 - RM9.96
3-mth average daily volume (m)	1.21
3-mth average daily value (RM'm)	9.2
Top Shareholders (%)	
Capital Market Dvlp Fund	18.57
EPF	13.98
KWAP	11.22

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2QFY25 RESULTS SUMMARY

FYE Dec (RM'm)	2QFY25	2QFY24	1QFY25	YoY Chg	QoQ Chg	1HFY25	1HFY24	YoY Chg
Operating revenue	166.7	193.8	177.7	-14.0%	-6.2%	344.3	374.7	-8.1%
Other income	5.9	6.1	6.7	-3.3%	-11.8%	12.6	12.6	0.0%
Total revenue	**172.6**	**199.9**	**184.4**	**-13.7%**	**-6.4%**	**357.0**	**387.3**	**-7.8%**
Staff costs	(50.1)	(49.3)	(46.6)	1.6%	7.5%	(96.7)	(94.8)	2.0%
Depreciation and amortisation	(9.2)	(8.7)	(9.1)	6.5%	1.1%	(18.4)	(17.3)	6.1%
Other operating expenses	(37.2)	(32.5)	(37.3)	14.4%	-0.1%	(74.5)	(65.6)	13.5%
EBITDA	**85.2**	**117.9**	**100.6**	**-27.7%**	**-15.3%**	**185.9**	**226.6**	**-18.0%**
Pre-tax profit	**76.0**	**109.3**	**91.5**	**-30.4%**	**-16.9%**	**167.5**	**209.3**	**-19.9%**
Taxation	(19.5)	(28.7)	(23.4)	-32.0%	-16.7%	-42.9	-54.3	-21.0%
PATAMI	**57.1**	**80.4**	**68.6**	**-29.1%**	**-16.8%**	**125.6**	**155.5**	**-19.2%**
EPS (sen)	7.1	9.9	8.5	-28.3%	-16.5%	15.6	19.2	-18.8%
Key Matric	**2QFY25**	**2QFY24**	**1QFY25**	**+/- ppts**	**+/- ppts**	**1HFY25**	**1HFY24**	**+/- ppts**
Cost-to-income ratio	56.0%	45.3%	50.4%	10.7	5.5	53.1%	45.9%	7.2
EBITDA margin	49.4%	59.0%	54.6%	-9.6	-5.2	52.1%	58.5%	-6.4
PATAMI margin	33.1%	40.2%	37.2%	-7.2	-4.1	35.2%	40.1%	-5.0
Effective tax rate	25.6%	26.2%	25.6%	-0.6	0.1	25.6%	26.0%	-0.3

Segments breakdown								
Operating revenue	**2QFY25**	**2QFY24**	**1QFY25**	**YoY Chg**	**QoQ Chg**	**1HFY25**	**1HFY24**	**YoY Chg**
Securities trading revenue	69.6	104.8	76.7	-33.6%	-9.3%	146.4	192.2	-23.9%
Derivatives trading revenue	27.3	26.5	28.9	2.7%	-5.7%	56.1	51.9	8.1%
Bursa Suq Al-Sila (BSAS)	5.8	4.5	4.9	27.2%	18.3%	10.6	8.8	20.5%
Listing and issuer services	18.8	16.8	16.3	11.8%	15.1%	35.1	33.1	6.0%
Depository services	17.4	15.9	17.0	9.9%	2.8%	34.4	31.4	9.6%
Market data	21.1	19.0	19.4	10.7%	8.6%	40.5	38.0	6.4%
Member services and connectivity	6.7	6.2	6.6	8.2%	1.4%	13.3	12.4	7.6%
Operating Statistics								
	2QFY25	**2QFY24**	**1QFY25**	**YoY Chg**	**QoQ Chg**	**1HFY25**	**1HFY24**	**YoY Chg**
Total ADV (OMT & DBT) (RM 'b)	2.38	3.90	2.80	-39.0%	-15.0%	2.58	3.54	-27.1%
Total av. Daily trading volume (OMT & DBT) (billion shares)	3.17	5.18	3.37	-38.8%	-5.9%	3.27	4.89	-33.1%
Velocity (%)	30.0	45.0	33.0	-33.3%	-9.1%	32.0	42.0	-23.8%
No. of IPOs	18	12	14	50.0%	28.6%	32	21	52.4%
Total funds raised - IPO (RM 'm)	2,702.7	873.2	1,265.1	209.5%	113.6%	3,967.8	2,179.9	82.0%
Total funds raised - Secondary issues (RM 'm)	686.7	1,966.2	900.8	-65.1%	-23.8%	1,587.5	4,216.1	-62.3%
No. trading days	60	59	58	1	2	118	119	-1

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)	24.6	20.0	21.3	20.1	19.6
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

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MBSB INVESTMENT BANK (formerly known MIDF 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