Corporate Update

Bursa Malaysia Berhad

(1818 | BURSA MK) Main | Financial Services

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

4QFY25 Result Review: Weighed by Higher Cost

Maintain **NEUTRAL**

Revised Target Price **RM8.75**
(from RM8.25)

Maintain NEUTRAL. Bursa Malaysia Bhd (Bursa) ended the year with some momentum. We expect that FY26 will see an improvement in earnings mainly on the improving outlook. We are revising our **TP** higher to **RM8.75** as we revise our PER to 24.5x which is +1SD of its 2-average PER. We are stretching our valuation due to improved sentiment (which saw FBMKLCI closing highest since Nov-18), which we believe may still have some legs to run. However, currently valuation is stretched at 25.7x PER which indicates that it has run ahead of fundamentals and we opine a good opportunity to take profit of its recent rally. Hence, we maintain our **NEUTRAL** recommendation as we believe positives have been priced in. Rerating catalyst will be announcement of some corporate value-up program.

Within expectations. Bursa FY25 earnings fell -19.3%yoy which was within expectations at 99.7%/96.2% of our/consensus full year estimate.

Better revenue performance in 4QFY25. Total revenue in FY25 declined -7.2%yoy due to lower securities trading which fell -19.2%yoy. However, this was due to a weak 1HFY25. There were improvements on sequential half basis where 2HFY25 total revenue grew +3.9% vs. 1HFY25, supported by +10.5% rise in securities trading revenue. As for 4QFY25, total revenue rose +2.7%yoy and +6.1%qoq on the back of +2.1%yoy and +5.2%qoq growth in securities trading revenue. Moreover, non-trading revenue continued to provide support as it rose +5.0%yoy to RM256.6m in FY25.

Lower trading activities for the year. Average Daily Value (ADV) (OMT) in FY25 fell -19.2%yoy RM2.55b. Meanwhile average daily trading volume was lower by -21.0%yoy to 3.39b shares. We opine that this is understandable given the uncertainties brought by US trade policies in FY25. Main drag was ADV from domestic institution and retail which fell -22.6%yoy to RM1.05b and -30.9%yoy to RM456m respectively. However, the decline by foreign institution was much less than we expected, down by -8.2%yoy to RM1.04b.

OPEX weighed down 4QFY25 earnings. OPEX in FY25 grew +3.4%yoy to RM386.2m driven by +7.4%yoy rise in 4QFY5. Higher staff cost (+9.6%yoy) was the cause. For FY25, main drivers for the higher OPEX were higher IT maintenance (+13.3%yoy to RM48.1m) and other OPEX (+23.0%yoy to RM64.1m). For FY26, we had input higher OPEX due to first time-imposed SC regulatory fee of up to RM35m (estimated to be RM28m).

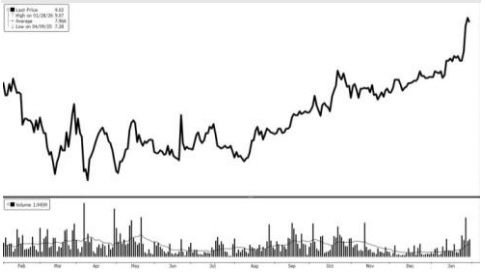
Outlook. We expect Bursa to see an improvement in its performance in FY26 given our sanguine outlook of Malaysian equities market. We have seen trading activities picking up in Jan-26, with ADV at RM3.15b, already better than in FY25 and similar level to FY24. Drivers are improvement in sentiments, strengthening ringgit due to potential US rate cuts engendering foreign funds inflows and lower unpredictability in US trade policy.

Conservative FY26 target. Bursa targets an ROE of 27% to 30% for FY26 (FY25: 30%), which we deem as conservative. We understand that this is due to the capex expected for this year and growth in OPEX.

Earnings revised. We tweak our FY26/FY27 earnings estimate by –0.2%/+4.9%.

RETURN STATISTICS	
Price @ 29th January 2026 (RM)	9.02
Expected share price return (%)	-3.0
Expected dividend yield (%)	+3.8
Expected total return (%)	+0.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	7.1	4.3
3months	7.1	1.1
12 months	9.6	-1.7

INVESTMENT STATISTICS

FYE Dec	2025A	2026F	2027F
Revenue	727.7	774.7	792.1
Operating Profit	339.1	375.7	404.0
Profit Before Tax	337.1	375.7	404.0
Core PATAMI	250.2	289.3	311.1
Core EPS	31.0	35.7	38.4
DPS	28.0	34.0	36.5
Dividend Yield	3.1%	3.8%	4.0%

KEY STATISTICS

FBM KLCI	1,730.89
Issue shares (m)	809.30
Estimated free float (%)	83.08
Market Capitalisation (RM'm)	7,299.98
52-wk price range	RM7.20 – RM9.08
3-mth average daily volume (m)	0.9
3-mth average daily value (RM'm)	7.66
Top Shareholders (%)	
Capital Market Dvlp Fund	18.57
EPF	11.64
KWAP	11.51

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4QFY25 RESULTS SUMMARY

FYE Dec (RM'm)	4QFY25	4QFY24	3QFY25	YoY Chg	QoQ Chg	FY25	FY24	YoY Chg
Operating revenue	183.7	179.1	173.8	2.5%	5.7%	701.8	757.7	-7.4%
Other income	7.2	6.8	6.1	6.4%	17.3%	26.0	26.6	-2.5%
Total revenue	**190.9**	**185.9**	**179.9**	**2.7%**	**6.1%**	**727.7**	**784.3**	**-7.2%**
Staff costs	(53.6)	(48.9)	(44.8)	9.6%	19.8%	(195.1)	(193.8)	0.7%
Depreciation and amortisation	(9.3)	(9.1)	(9.1)	2.8%	3.0%	(36.7)	(35.4)	3.7%
Other operating expenses	(44.5)	(42.0)	(35.3)	5.9%	26.0%	(154.3)	(144.3)	6.9%
EBITDA	**92.9**	**94.8**	**95.3**	**-2.0%**	**-2.6%**	**373.8**	**445.8**	**-16.1%**
Pre-tax profit	**83.6**	**85.7**	**86.3**	**-2.5%**	**-3.2%**	**337.1**	**410.4**	**-17.9%**
Taxation	(23.2)	(17.4)	(23.0)	33.7%	0.7%	(89.1)	(101.7)	-12.4%
PATAMI	**61.0**	**68.9**	**63.8**	**-11.5%**	**-4.5%**	**250.2**	**310.1**	**-19.3%**
EPS (sen)	7.5	8.5	7.9	-11.8%	-5.1%	31.0	38.3	-19.1%
Key Matric	**4QFY25**	**4QFY24**	**3QFY25**	**+/- ppts**	**+/- ppts**	**FY25**	**FY24**	**+/- ppts**
Cost-to-income ratio	56.3%	53.8%	49.5%	2.5	6.7	53.1%	47.6%	5.4
EBITDA margin	48.7%	51.0%	53.0%	-2.3	-4.3	51.4%	56.8%	-5.5
PATAMI margin	31.9%	37.1%	35.5%	-5.1	-3.6	34.4%	39.5%	-5.2
Effective tax rate	27.8%	20.2%	26.7%	7.5	1.1	26.4%	24.8%	1.6

Segments breakdown								
Operating revenue	**4QFY25**	**4QFY24**	**3QFY25**	**YoY Chg**	**QoQ Chg**	**FY25**	**FY24**	**YoY Chg**
Securities trading revenue	82.9	81.2	78.9	2.1%	5.2%	308.2	381.5	-19.2%
Derivatives trading revenue	29.6	32.9	27.0	-9.9%	9.9%	112.8	113.8	-0.9%
Bursa Suq Al-Sila (BSAS)	5.2	5.0	6.0	5.1%	-13.3%	21.9	17.9	22.3%
Listing and issuer services	19.7	18.8	19.0	5.0%	3.6%	73.9	70.4	4.9%
Depository services	16.5	15.5	16.3	6.4%	1.5%	67.2	63.5	5.8%
Market data	21.2	18.9	19.8	11.9%	7.0%	81.4	78.3	3.9%
Member services and connectivity	6.9	6.8	6.8	0.9%	1.0%	27.0	25.6	5.2%
Operating Statistics								
	4QFY25	**4QFY24**	**3QFY25**	**YoY Chg**	**QoQ Chg**	**FY25**	**FY24**	**YoY Chg**
Total ADV (OMT & DBT) (RM 'b)	3.01	2.88	2.82	4.5%	6.7%	2.76	3.44	-19.8%
Total av. Daily trading volume (OMT & DBT) (billion shares)	3.73	3.15	3.28	18.4%	13.7%	3.39	4.29	-21.0%
Velocity (%)	32	31	33	1	-1	32	39	-7
No. of IPOs	19	20	9	-5.0%	>100%	60	55	9.1%
Total funds raised - IPO (RM 'm)	1,601.0	1,378.4	390.7	16.1%	>100%	5,962.8	7,439.2	-19.8%
Total funds raised - Secondary issues (RM 'm)	1,198.3	1,969.9	2,320.7	-39.2%	-48.4%	5,106.5	7,264.7	-29.7%
No. trading days	64	64	62	0	2	244	247	-3

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025A	2026F	2027F
Revenue	616.5	784.5	727.7	774.7	792.1
EBITDA	358.8	445.8	373.8	414.4	451.5
PBT	321.5	410.4	337.1	375.7	404.0
Taxation	-70.0	-101.7	-88.4	-87.9	-94.4
PAT	251.5	308.6	248.6	287.8	309.6
MI	-0.8	-1.5	-1.5	-1.5	-1.5
PATAMI	252.3	310.1	250.2	289.3	311.1
Core PATAMI	252.3	310.1	250.2	289.3	311.1
EPS (sen)	31.2	38.3	31.0	35.7	38.4
PER (x)	28.9	23.6	29.1	25.2	23.5
DPS (sen)	29.0	44.0	28.0	34.0	36.5
Dividend yield (%)	3.2	4.9	3.1	3.8	4.0
Growth (%)	**2023A**	**2024A**	**2025E**	**2026F**	**2027F**
Revenue growth	2.2	27.3	-7.2	6.4	2.3
PBT growth	3.7	27.7	-17.9	11.5	7.5
PATAMI growth	11.4	22.9	-19.3	15.6	7.5
Core PATAMI growth	11.4	22.9	-19.3	15.6	7.5

Source: Bloomberg, MBSBR

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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