Corporate Update

Bursa Malaysia Berhad

(1818 | BURSA MK) Main | Financial Services

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain **NEUTRAL**

Unchanged Target Price **RM8.85**

2QFY26 Results Review: Improved Trading Activities

Maintain NEUTRAL. Bursa Malaysia Bhd (Bursa) continued its earnings momentum in 1HFY26, as we expected. The better performance was mainly supported by stronger securities trading revenue and higher listing and issuer services revenue. We expect that FY26 earnings will continue to improve, underpinned by the better trading activities seen so far this year. Nevertheless, we remain mindful of external uncertainties, including geopolitical risks and foreign fund flow volatility, which may affect market sentiment. We make no changes to our earnings forecast. In our view, all the positives have been priced in, hence, we maintain our NEUTRAL recommendation with an unchanged TP of RM8.85. Rerating catalyst will be stronger-than-expected trading activities, sustained improvement in foreign participation and further progress on the MY Value Up programme.

Within expectations. Bursa 1HFY26 earnings came in within expectations at 50.0%/49.0% of our/consensus full year estimate. PATAMI rose +15.2%yoy to RM144.7m, supported by higher revenue. On quarterly basis, 2QFY26 PATAMI declined slightly by -1.6%qoq to RM71.8m, mainly due to marginally lower revenue.

Revenue growth driven by trading revenue. Total revenue in 1HFY26 grew +19.1%yoy to RM425.0m. Operating revenue increased +19.6%yoy to RM411.7m, mainly supported by higher securities trading revenue and listing and issuer services revenue. Trading revenue grew +20.7%yoy to RM258.2m, while non-trading revenue increased +17.6%yoy to RM153.5m.

Strong securities trading revenue. Securities trading revenue rose +26.9%yoy to RM185.7m in 1HFY26. This was driven by higher ADV OMT, which increased +35.0%yoy to RM3.3b. The improvement was broad-based, supported by local institutions, foreign institutions and retail investors which grew +53.6%yoy, +24.7%yoy and +23.3%yoy to RM1.42b, RM995m and RM905m respectively. Bursa also recorded 36 IPOs in 1HFY26, the highest in ASEAN by number of IPOs and funds raised. Total IPO market capitalisation stood at RM26.1b vs. RM17.4b in 1HFY25.

Non-trading revenue continued to grow. Listing and issuer services revenue increased +64.1%yoy to RM57.7m, mainly due to revised listing fees and higher number of structured warrants. Depository services grew +6.7%yoy to RM36.7m, while member services and connectivity revenue rose +9.9%yoy to RM14.6m. However, market data revenue declined -5.9%yoy to RM38.1m due to lower subscription volume. Nevertheless, we believe the steady growth in non-trading revenue will continue to provide some earnings resilience to Bursa.

Higher OPEX as expected. OPEX in 1HFY26 rose +21.0%yoy to RM229.0m driven by higher staff costs as it grew +16.6%yoy to RM112.8m due to investment in talent to support new business growth. Other operating expenses also increased +30.4%yoy to RM97.1m, mainly due to new regulatory fees, higher consultancy fees and administrative expenses. Consequently, cost-to-income ratio increased slightly by +0.8ppts yoy to 53.9%. The increase in cost was within our expectations.

RETURN STATISTICS	
Price @ 30th July 2026 (RM)	8.70
Expected share price return (%)	+1.7
Expected dividend yield (%)	+3.9
Expected total return (%)	+5.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.4	-1.0
3months	2.4	1.9
12 months	15.5	1.6

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	339.1	375.7	404.0
Core PATAMI	250.9	289.3	311.1
Core EPS	31.0	35.7	38.4
DPS	28.0	34.0	36.5
Dividend Yield	3.2%	3.9%	4.2%

KEY STATISTICS

FBM KLCI	1,720.40
Issue shares (m)	809.30
Estimated free float (%)	73.80
Market Capitalisation (RM'm)	7,040.90
52-wk price range	RM7.48 - RM9.18
3-mth average daily volume (m)	0.70
3-mth average daily value (RM'm)	6.02
Top Shareholders (%)	
Capital Market Dvlp Fund	18.57
EPF	12.82
KWAP	11.17

Analyst

Imran Yassin Yusof
imranyassin@mbsb.com
03-2173 8395

Supporting medium-term growth. We note that there are several potential developments which may support Bursa's medium-term growth. Firstly, Bursa had proposed enhancements to the LEAP Market to expand fundraising access for MSMEs and mid-tier companies, which could further strengthen its role as a fundraising platform. Secondly, Bursa also issued a consultation paper on proposed enhancements to FBMKLCI and FBM70, which may improve benchmark relevance and market vibrancy. In addition, Bursa's collaboration with HKEX, together with the SC-SFC MoU, may facilitate dual IPO listings, secondary listings, and cross-listing of ETFs and REITs between Malaysia and Hong Kong. We view these positively as they could broaden issuer access, improve market visibility and increase trading activities over the longer term.

Outlook. As we expected, Bursa has seen an improvement in its performance this year, given the stronger trading activities and healthy IPO momentum. We believe that the domestic market outlook remains supportive, backed by resilient economic growth, and volatility generated by geopolitical conflicts. Nevertheless, potential tighter global financial conditions may continue to pose downside risks.

FY26 targets on track. Bursa is targeting an ROE of 27% to 30% for FY26, while non-trading revenue is targeted to grow by more than 10% from FY25. We understand that Bursa has also revised its IPO market capitalisation target higher to RM34b from RM28b previously. We view this positively as IPO market capitalisation already reached RM26.1b in 1HFY26.

Dividend outlook remains attractive. Bursa declared an interim dividend of 16.5sen per share for 1HFY26, representing a payout ratio of 92%. This is higher than the 14.0sen interim dividend declared for FY25. Based on our FY26 DPS forecast of 34.0sen, we expect a final dividend of 17.5sen for FY26, implying a dividend yield of circa 4.0% based on its recent share price.

No change in earnings. We are making no changes to our FY26/FY27 earnings forecast. While revenue has been stronger, we believe that higher OPEX and external market uncertainties may limit further upside to earnings in the near term.

Maintain NEUTRAL. We maintain our **NEUTRAL** recommendation with an unchanged **TP of RM8.85**, based on pegging EPS27 to 23x. We continue to like Bursa for its resilient earnings, strong dividend payout and improving non-trading revenue contribution. However, we believe that the positives have largely been priced in. Key upside risks are stronger-than-expected ADV, stronger foreign inflows, higher IPO activities and faster-than-expected rollout of regulatory initiatives. Downside risks are weaker trading activities, lower market velocity, sustained foreign outflows, regulatory cost pressure and higher-than-expected OPEX.

2QFY26 RESULTS SUMMARY

FYE Dec (RM'm)	2QFY26	2QFY25	1QFY26	YoY Chg	QoQ Chg	1HFY26	1HFY25	YoY Chg
Operating revenue	204.8	166.7	206.9	22.9%	-1.0%	411.7	344.3	19.6%
Other income	6.2	5.9	7.2	4.1%	-14.6%	13.4	12.6	5.9%
Total revenue	**211.0**	**172.6**	**214.1**	**22.2%**	**-1.5%**	**425.0**	**357.0**	**19.1%**
Staff costs	(57.7)	(50.1)	(55.0)	15.2%	4.9%	(112.8)	(96.7)	16.6%
Depreciation and amortisation	(10.0)	(9.2)	(9.5)	7.8%	5.3%	(19.4)	(18.4)	5.7%
Other operating expenses	(46.2)	(37.2)	(51.0)	24.0%	-9.4%	(97.1)	(74.5)	30.4%
EBITDA	**107.1**	**85.2**	**108.2**	**25.6%**	**-1.1%**	**215.3**	**185.9**	**15.8%**
Pre-tax profit	**97.1**	**76.0**	**98.8**	**27.8%**	**-1.7%**	**195.9**	**167.5**	**16.9%**
Taxation	(26.0)	(19.5)	(26.4)	33.2%	-1.5%	(52.3)	(42.9)	22.0%
PATAMI	**71.8**	**57.1**	**73.0**	**25.8%**	**-1.6%**	**144.7**	**125.6**	**15.2%**
EPS (sen)	8.9	7.1	9.0	25.4%	-1.1%	17.9	15.6	14.7%
Key Matric	**2QFY26**	**2QFY25**	**1QFY26**	**+/- ppts**	**+/- ppts**	**1HFY26**	**1HFY25**	**+/- ppts**
Cost-to-income ratio	54.0%	56.0%	53.9%	-2.0	0.0	53.9%	53.1%	0.8
EBITDA margin	50.8%	49.4%	50.5%	1.4	0.2	50.6%	52.1%	-1.4
PATAMI margin	34.0%	33.1%	34.1%	1.0	-0.1	34.1%	35.2%	-1.1
Effective tax rate	26.7%	25.6%	26.7%	1.1	0.0	26.7%	25.6%	1.1

Segments breakdown								
Operating revenue	**2QFY26**	**2QFY25**	**1QFY26**	**YoY Chg**	**QoQ Chg**	**1HFY26**	**1HFY25**	**YoY Chg**
Securities trading revenue	94.5	69.6	91.2	35.7%	3.6%	185.7	146.4	26.9%
Derivatives trading revenue	30.1	27.3	29.0	10.4%	3.9%	59.1	56.1	5.2%
Bursa Suq Al-Sila (BSAS)	5.2	5.8	5.2	-10.5%	0.0%	10.3	10.6	-3.0%
Listing and issuer services	29.7	18.8	27.9	58.1%	6.3%	57.7	35.1	64.1%
Depository services	18.5	17.4	18.2	6.0%	1.5%	36.7	34.4	6.7%
Market data	18.6	21.1	19.5	-11.9%	-5.0%	38.1	40.5	-5.9%
Member services and connectivity	7.4	6.7	7.2	10.6%	2.8%	14.6	13.3	9.9%
Operating Statistics								
	2QFY26	**2QFY25**	**1QFY26**	**YoY Chg**	**QoQ Chg**	**1HFY26**	**1HFY25**	**YoY Chg**
Total ADV (OMT & DBT) (RM 'b)	3.50	2.38	3.50	47.1%	0.0%	3.50	2.58	35.7%
Total av. Daily trading volume (OMT & DBT) (billion shares)	3.78	3.17	3.28	19.2%	15.2%	3.54	3.27	8.3%
Velocity (%)	38.0	30.0	39.0	26.7%	-2.6%	39.0	32.0	21.9%
No. of IPOs	20	18	16	11.1%	25.0%	36	32	12.5%
Total funds raised - IPO (RM 'm)	1,974.4	2,698.8	3,404.4	-26.8%	-42.0%	5,378.8	3,963.9	35.7%
Total funds raised - Secondary issues (RM 'm)	210.6	686.7	1,436.4	-69.3%	-85.3%	1,647.0	1,587.5	3.7%
No. trading days	60	60	58	0	2	118	118	0

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)	27.9	22.7	28.1	24.3	22.6
DPS (sen)	29.0	44.0	28.0	34.0	36.5
Dividend yield (%)	3.3	5.1	3.2	3.9	4.2
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

MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (24878-X)

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

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.

While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.

The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.

This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

MBSB 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