Bursa Malaysia Berhad

(1818 | BURSA MK) Main | Financial Services

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Corporate Update

Upgrade to BUY
(from NEUTRAL)
Unchanged Target Price **RM8.85**

3QFY26 Result Review: Another Solid Quarter

Upgrade to BUY. Bursa Malaysia Bhd (Bursa) continued its earnings momentum in 9MFY26, as we expected. The better performance was supported by stronger than expected revenue, moderated by higher expenses. 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. Nevertheless, we opine that the geopolitical situation may improve in FY27, which may improve sentiment. The recent drawdowns provide investors with opportunity to accumulate. Hence, we upgrade our recommendation to BUY with an unchanged TP of RM8.85.

Within expectations. Bursa 9MFY26 earnings came in within expectations at 74.3%/72.7% of our/consensus full year estimate. PATAMI rose +13.5%yoy to RM214.9m, supported by higher revenue. On quarterly basis, 3QFY26 PATAMI declined slightly by -2.2%qoq to RM70.2m, mainly due to higher expenses.

Strong revenue growth. Total revenue in 9MFY26 came in better than expected, grew +19.5%yoy to RM641.5m. Operating revenue increased +19.8%yoy to RM620.8m, mainly supported by higher securities trading revenue, derivatives market and, listing and issuer services revenue. Trading revenue grew +20.2%yoy to RM391.4m, while non-trading revenue growth accelerated to +19.3%yoy (to RM229.4m).

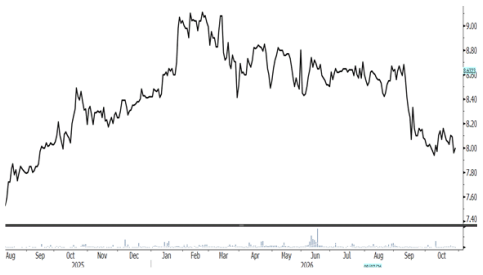
Robust securities trading revenue. Securities trading revenue rose +22.8%yoy to RM276.7m in 9MFY26. This was driven by higher ADV OMT, which increased +27.0%yoy to RM3.39b. The improvement was broad-based, with local institutions driving as ADV OMT grew +36.7% to RM1.3b. Meanwhile, foreign institutions and retail investors ADV OMT grew +21.1%yoy and +22.2%yoy to RM963m and RM886m respectively. Bursa also recorded 11 IPOs in 3QFY26 bringing it to 47 in 9MFY26. Total IPO market capitalisation stood at RM28.7b vs. RM22.3b in 9MFY25.

Non-trading revenue saw strong growth. Listing and issuer services revenue increased +64.1%yoy to RM88.9m, mainly due to revised listing fees and higher number of structured warrants. This drove non-trading revenue growth. We believe the steady growth in non-trading revenue will continue to provide some earnings resilience to Bursa.

Higher OPEX. OPEX in 9MFY26 rose +25.4%yoy to RM349.5m, slightly higher than we expected. It was driven by higher staff costs as it grew +19.3%yoy to RM168.8m due to investment in talent to support new business growth. Meanwhile, other operating expenses also increased +73.7%yoy to RM78.4m, mainly due to new regulatory fees, higher consultancy fees and administrative expenses.

RETURN STATISTICS	
Price @ 28th Oct. 2026 (RM)	8.00
Expected share price return (%)	+10.6
Expected dividend yield (%)	+4.2
Expected total return (%)	+14.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.8	0.0
3months	-0.9	-1.7
12 months	-4.5	-4.7

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	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	3.5%	4.2%	4.6%

KEY STATISTICS

FBM KLCI	1,613.87
Issue shares (m)	809.30
Estimated free float (%)	73.80
Market Capitalisation (RM'm)	6,474.39
52-wk price range	RM7.84 - RM9.18
3-mth average daily volume (m)	1.14
3-mth average daily value (RM'm)	9.71
Top Shareholders (%)	
Capital Market Dvlp Fund	18.57
EPF	11.17
KWAP	10.33

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Supporting medium-term growth. We see several initiatives supporting Bursa's medium-term growth and gradually broadening its earnings base beyond securities trading. Bursa intends to strengthen its multi-year IPO pipeline, particularly in technology and renewable energy, while encouraging dual and secondary listings through its collaboration with HKEX. It is also pursuing greater market vibrancy through the MY Value Up Programme, proposed enhancements to the FBMKLCI and FBM70, and a broader range of products, including digital currency ETFs. Meanwhile, the expansion of market data, index licensing, connectivity services and the potential monetisation of proprietary datasets and AI-based solutions could support recurring non-trading revenue over the longer term. We view these initiatives positively as they could broaden issuer and investor participation, deepen market liquidity and make Bursa's earnings less dependent on domestic equity trading activity.

Outlook remains supportive, although cost pressures warrant attention. Bursa's operating environment remains favourable, supported by resilient domestic economic growth, stronger securities trading activity and a healthy IPO pipeline. Securities ADV showed signs of recovery in August and September following a softer July, while derivatives' momentum remained robust, particularly for FCPO. The proposed listing-cost matching grant for the Malaysia-Hong Kong dual-listing pathway and measures under Budget 2027 to support Bumiputera companies could provide further impetus to the IPO pipeline. Nevertheless, the near-term earnings outlook is not without risks. Trading activity remains sensitive to global financial conditions, geopolitical developments, foreign fund flows and investor sentiment, while continued investment in talent, technology and regulatory compliance may constrain operating leverage.

No change to 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.

Upgrade to BUY. We upgrade our recommendation to **BUY** 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. We believe that the recent drawdowns provide an opportunity for investors especially should the geopolitical situation improve in FY27, which would improve sentiment. 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.

3QFY26 RESULTS SUMMARY

FYE Dec (RM'm)	3QFY26	3QFY25	2QFY26	YoY Chg	QoQ Chg	9MFY26	9MFY25	YoY Chg
Operating revenue	209.2	173.8	204.8	20.4%	2.1%	620.8	518.1	19.8%
Other income	7.2	6.1	6.2	17.9%	17.4%	20.6	18.8	9.8%
Total revenue	**216.4**	**179.9**	**211.0**	**20.3%**	**2.6%**	**641.5**	**536.9**	**19.5%**
Staff costs	(56.0)	(44.8)	(57.7)	25.2%	-2.9%	(168.8)	(141.5)	19.3%
Depreciation and amortisation	(10.4)	(9.1)	(10.0)	15.4%	4.9%	(29.9)	(27.4)	8.9%
Other operating expenses	(53.7)	(35.3)	(46.2)	51.9%	16.3%	(150.8)	(109.8)	37.3%
EBITDA	**106.7**	**95.3**	**107.1**	**11.9%**	**-0.3%**	**322.0**	**281.2**	**14.5%**
Pre-tax profit	**96.3**	**86.3**	**97.1**	**11.6%**	**-0.9%**	**292.1**	**253.8**	**15.1%**
Taxation	(26.5)	(23.0)	(26.0)	15.2%	2.2%	(78.8)	(65.9)	19.6%
PATAMI	**70.2**	**63.8**	**71.8**	**10.0%**	**-2.2%**	**214.9**	**189.5**	**13.5%**
EPS (sen)	8.7	7.9	8.9	10.1%	-2.2%	26.6	23.5	13.2%
Key Matric	**3QFY26**	**3QFY25**	**2QFY26**	**+/- ppts**	**+/- ppts**	**9MFY26**	**9MFY25**	**+/- ppts**
Cost-to-income ratio	55.5%	49.5%	54.0%	6.0	1.6	54.5%	51.9%	2.6
EBITDA margin	49.3%	53.0%	50.8%	-3.7	-1.4	50.2%	52.4%	-2.2
PATAMI margin	32.4%	35.5%	34.0%	-3.1	-1.6	33.5%	35.3%	-1.8
Effective tax rate	27.6%	26.7%	26.7%	0.9	0.8	27.0%	26.0%	1.0

Segments breakdown								
Operating revenue	**3QFY26**	**3QFY25**	**2QFY26**	**YoY Chg**	**QoQ Chg**	**9MFY26**	**9MFY25**	**YoY Chg**
Securities trading revenue	90.9	78.9	94.5	15.3%	-3.7%	276.7	225.2	22.8%
Derivatives trading revenue	35.8	27.0	30.1	32.6%	18.8%	94.8	83.1	14.1%
Bursa Suq Al-Sila (BSAS)	6.5	6.0	5.2	8.2%	26.3%	16.9	16.7	1.0%
Listing and issuer services	31.3	19.0	29.7	64.1%	5.2%	88.9	54.2	64.1%
Depository services	16.3	16.3	18.5	0.0%	-11.9%	53.0	50.7	4.5%
Market data	20.5	19.8	18.6	3.6%	10.4%	58.6	60.3	-2.8%
Member services and connectivity	7.9	6.8	7.4	16.6%	6.8%	22.6	20.1	12.1%
Operating Statistics								
	3QFY26	**3QFY25**	**2QFY26**	**YoY Chg**	**QoQ Chg**	**9MFY26**	**9MFY25**	**YoY Chg**
Total ADV (OMT & DBT) (RM 'b)	3.20	2.82	3.50	13.5%	-8.6%	3.39	2.67	27.0%
Total av. Daily trading volume (OMT & DBT) (billion shares)	3.73	3.28	3.78	13.7%	-1.3%	3.60	3.27	10.1%
Velocity (%)	34	33	38	1	-4	37	32	5
No. of IPOs	11	9	20	22.2%	-45.0%	47	41	14.6%
Total funds raised - IPO (RM 'm)	696.8	390.7	1,974.4	78.3%	-64.7%	6,075.6	4,358.5	39.4%
Total funds raised - Secondary issues (RM 'm)	1,168.5	2,320.7	210.6	-49.6%	454.8%	2,815.5	3,908.2	-28.0%
No. trading days	63	62	60	1	3	181	180	1

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)	25.6	20.9	25.8	22.4	20.8
DPS (sen)	29.0	44.0	28.0	34.0	36.5
Dividend yield (%)	3.6	5.5	3.5	4.2	4.6

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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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