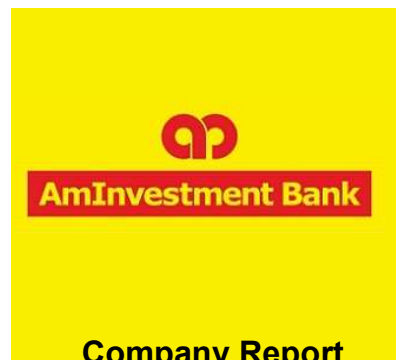




BURSA MALAYSIA

(BURSA MK EQUITY, BMYS.KL)

29 Jul 2025

Trading revenue in the Securities Market showed continued softness in 2QFY25

Company Report

HOLD

(Maintained)

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Rationale for report: Company Result

Price RM7.66
Fair Value RM7.70
52-week High/Low RM9.96/RM7.20

Key Changes

Fair value
EPS

YE to Dec	FY24	FY25F	FY26F	FY27F
Revenue (RM mil)	784.3	742.0	761.4	851.8
Core net profit (RM mil)	310.7	282.9	298.3	338.2
FD Core EPS (sen)	38.4	35.0	36.9	41.8
FD Core EPS growth (%)	39.2	(8.9)	5.4	13.4
Consensus Net Profit (RM mil)	-	272.7	284.1	297.3
DPS (sen)	35.6	32.5	34.2	38.8
PE (x)	20.0	21.9	20.8	18.3
EV/EBITDA (x)	12.8	14.1	12.6	9.6
Div yield (%)	4.7	4.2	4.5	5.1
ROE (%)	36.6	32.0	33.0	36.5
Net Gearing (%)	nm	nm	nm	nm

Stock and Financial Data

Shares Outstanding (million)	809.3
Market Cap (RMmil)	6,199.2
Book Value (RM/Share)	1.08
P/BV (x)	7.1
ROE (%)	36.6
Net Gearing (%)	-
Major Shareholders	Capital Market Dev Fund (18.6%) Employees Provident Fund (14.0%) Kumpulan Wang Persaraan (11.2%)
Free Float	56.2
Avg Daily Value (RMmil)	9.4

Price performance	3mth	6mth	12mth
Absolute (%)	2.1	(6.9)	(22.1)
Relative (%)	1.6	(5.1)	(16.9)



Investment Highlights

Lower securities trading revenue was offset by stronger performance in derivatives, BSAS, and non-trading income. Market sentiment remains cautious due to global trade tensions and geopolitical risk. Investors are expected to be closely watching the 1st of Aug deadline for US-Malaysia tariff negotiations, developments in US-China trade talks, and upcoming US FOMC meetings for signals on interest rate direction. These factors are expected to keep the Securities Market subdued in the near term.

- **We maintain HOLD on Bursa Malaysia with our target price lowered to RM7.70 (from RM8.30).** Our revised TP is based on a FY26 forward PE of 22x, one standard deviation below its 3-year average. Earnings forecasts for FY25 and FY26 are cut by 3.6% and 2.7%, reflecting reduced DATV assumptions to RM2.5bn and RM2.6bn from RM2.6bn and RM2.7bn. At 21x FY26 PE, the stock appears fairly valued.
- **Earnings came in slightly below expectations, mainly due to softer Securities Market trading revenue.** Bursa reported 1HFY25 earnings of RM126mil, down 19.3% YoY, slightly below expectations at 43.0% of our forecast. The miss was mainly due to weaker Securities Market trading revenue. Against consensus numbers, earnings met 46.2% of street projection. QoQ, profit fell 16.6% on lower trading income and higher operating costs. The cost-to-income ratio rose to 53% (from 45.9% in 1HFY24) due to softer revenue and increased operating costs, mainly from staff, IT maintenance, and other expenses. ROE dropped to 30.2%, down from 36.8%. Declared 14 sen/share interim dividend with 90% payout in 1HFY25, down from 94% in 1HFY24.
- **Trade and monetary policy uncertainties continue to dampen sentiment and weigh on Securities Market DATV.** In 2QFY25, Securities Market DATV fell 13.3% QoQ to RM2.29bil, bringing 1HFY25 DATV to RM2.5bil—down 24.8% YoY. The effective clearing fee rate dipped 2bps to 2.49%, driven by a lower retail ADV mix (down 2% YoY to 20%). Despite this, IPO activity remained robust with 32 listings up from 21 IPOs last year. Foreign fund outflows from the Securities Market totalled RM12.1bil in 1HFY25 amid geopolitical tensions, tariff uncertainties, and high US interest rates. Market sentiment remains cautious ahead of key events: Malaysia-US tariff talks (with hopes for rates below 25% by Aug 1), the Fed's rate decision, and potential extension of the US-China tariff truce.
- **Stronger derivatives and non-trading revenue helped cushion the impact of weaker securities market performance.** Higher CPO and FBMKLCI volatility YoY supported a 14.1% rise in derivatives ADC to 96,913 contracts. This was mainly driven by a 17.2% YoY increase in FCPO ADC, while FKL ADC dipped 3.1% YoY. Non trading revenue rose 7.6% YoY helped by increase in fees from listing, issuer, depository services and data business.

EXHIBIT 1: RESULTS SUMMARY

Income Statement (RM mil, FYE 31 Dec)	2Q24	1Q25	2Q25	% QoQ	% YoY	6M24	6M25	% YoY
Operating Revenue	194	178	167	-6.2%	-14.0%	375	344	-8.1%
Other income	6	7	6	-11.8%	-3.3%	13	13	0.0%
Gain on part disposal of a subsidiary	0	0	0	na	na	0	0	na
Total operating income	200	184	173	-6.4%	-13.7%	387	357	-7.8%
Staff Costs	-49	-47	-50	7.5%	1.6%	-95	-97	2.0%
Depreciation & Amortization	-9	-9	-9	1.1%	6.5%	-17	-18	6.1%
Other Operating Expenses	-33	-37	-37	-0.1%	14.0%	-66	-74	13.3%
Profit From Operations	109	92	76	-16.8%	-30.4%	210	168	-20.0%
Finance Costs	0	0	0	0.0%	0.0%	0	0	0.0%
Profit Before Tax	109	91	76	-16.8%	-30.4%	209	167	-20.0%
Income Tax	-29	-23	-19	-16.7%	-32.0%	-54	-43	-21.0%
Minority Interests	0	0	1	19.7%	>-100%	1	1	89.8%
Net Profit After Tax and MI	80	68	57	-16.6%	-29.1%	155	125	-19.3%
Normalized net profit	80	68	57	-16.6%	-29.1%	155	125	-19.3%
Normalized EPS (sen)	9.9	8.5	7.1	-16.0%	-28.3%	19.2	9.9	-48.4%
EBITDA margin	59.1%	54.6%	49.5%	-9.4%	-16.2%	58.6%	52.1%	-11.1%
Pretax profit margin	54.7%	49.6%	44.0%	-11.1%	-19.4%	54.1%	46.9%	-13.2%
Cost to income	45.3%	50.4%	55.9%	10.9%	23.4%	45.9%	53.0%	15.6%
Normalized ROE	39.0%	34.1%	30.0%	-4.1%	-9.0%	36.8%	30.2%	-18.1%
Equity Market								
Average daily trading value (RM bil) (OMT & DBT)	3.90	2.80	2.38	-15.0%	-39.0%	3.54	2.58	-27.1%
Velocity (%)	45.0%	33.0%	30.0%	-3.0%	-15.0%	42.0%	32.0%	-10.0%
Market capitalization (RM bil)	2027.9	1871.1	1904.5	1.8%	-6.1%	2,027.9	1,904.5	-6.1%
Effective clearing fee rate (bps)	2.52	2.47	2.50	0.03	-0.02	2.51	2.49	-0.02
Derivatives Market								
Average daily contracts traded (ADC) for all types of derivative contracts	85,644	102,184	91,818	-10.1%	7.2%	84,927	96,913	14.1%
ADC traded for FCPO	69,737	85,529	76,856	-10.1%	10.2%	69,197	81,119	17.2%
ADC traded for FKLI	15,319	15,819	13,813	-12.7%	-9.8%	15,270	14,799	-3.1%

Source: Company, AmlInvestment Bank

EXHIBIT 2: CHANGE IN EARNINGS

EXHIBIT 21: CHANGE IN EARNINGS						
	FY25F			FY26F		
RMmil	Previous	Revised	Chg	Previous	Revised	Chg
Net profit	293	282	-3.6%	306	298	-2.7%
Securities Market DATV	2,600	2,500	-3.8%	2,700	2,600	-3.7%

Source: Company, AmlInvestment Bank

Company profile

Bursa Malaysia is a diversified exchange, earning primarily from securities and derivatives trading, with additional income from listing, issuer, depository, data, member connectivity, and conference fees. New ventures such as the Bursa Carbon Exchange, a gold dinar platform, and BR Capital have been introduced, though their earnings impact is expected to become significant only from late FY26 or FY27.

Investment thesis and catalysts

We maintain a HOLD, as the stock is fairly valued at a FY26 forward PER of 22x. This rating reflects weak securities market DATV driven by cautious sentiment, offset by positive derivatives trading revenue from market volatility.

Valuation methodology

We value the stock by PER, setting it one standard deviation below its 3-year average of 23x. Our earnings forecast for FY25/26 have been trimmed by 3.6%/2.7% to account for a lower DATV assumption of 2.5bln/2.6bln while our 3-star ESG rating remain unchanged.

Risk factors

Since securities trading revenue makes up a significant portion of the exchange's income, any fluctuations in the daily average trading value (DATV) and changes to the effective clearing fee rate will directly affect its earnings.

EXHIBIT 3: VALUATIONS: BURSA MALAYSIA

Target PE(x)	22x
CY26 EPS	36.9 sen (from 37.8 sen)
ESG Premium	0% premium
12-month target price	RM7.70 (from RM8.30)

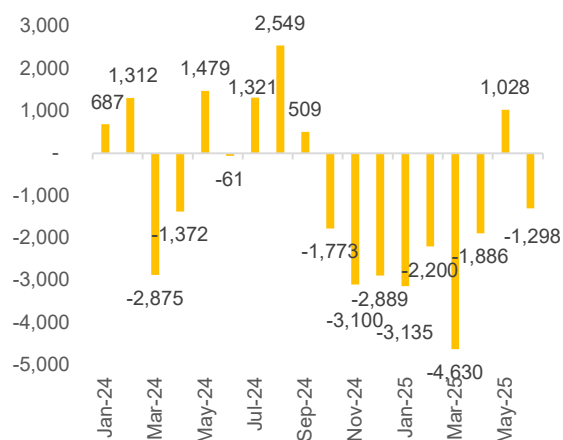
Source: AmlInvestment Bank

EXHIBIT 4: SG SCORE

	Environmental assessment	Parameters	Weightage	Rating				Rationale
1	Scope 1 GHG Emissions to total revenue	t/Co2e/RM'Mil	25%	*	*			1.7 in 2024 vs. 4.1 in 2023
2	Scope 2 GHG Emissions to total revenue	t/Co2e/RM'Mil	25%	*	*	*		7.5 in 2024 vs. 10.4 in 2023
3	Scope 3 GHG Emissions to total revenue	t/Co2e/RM'Mil	25%	*	*	*		1.2 in 2024 vs. 1.5 in 2023
4	Electricity consumption to total revenue	MWh/RM'Mil	15%	*	*	*		9.86 in 2024 lower 2023's 13.7
5	Water consumption to total revenue	m3/RM'Mil	10%	*	*	*		0.05 in 2024 vs. 0.1 in 2023
	Weighted score for environmental assessment		100%	*	*	*		
	Social assessment							
1	Number of work-related fatalities	number	20%	*	*	*	*	Zero in 2024 and 2023
2	Total amount invested in the community where the target beneficiaries are external to the listed issuer	% of total revenue	25%	*	*	*		RM2.52mil or 0.3% of total revenue in 2024
3	Total number of beneficiaries of the investment in communities	number	20%	*	*	*		12,706 in 2024, An increase by 68.9% YoY
4	Percentage of women in global workforce	%	15%	*	*	*		48.31% in 2024
5	Number of employees trained on health and safety standards	number	20%	*	*	*		
	Weighted score for social assessment		100%	*	*	*		
	Governance assessment							
1	Board age diversity	% under the 61 to 70 years old category	20%	*	*	*		54.5% in 2024
2	Board women representation	% of total board directors	15%	*	*	*		36.3% representation in 2024 vs. 33.3% in 2023
3	Directors with tenure of more than 3 to 6 years	% in the 3 to 6 years or more category	15%	*	*	*		54.5% in 2024
4	Independent board directors	% of total board directors	20%	*	*	*	*	90.9% - independent non-exec in 2024
5	Remuneration to directors	% of staff cost	10%	*	*	*		
6	Cybersecurity, Privacy and Data Protection	Confirmed incidents	10%	*	*	*	*	No incidents in 2024 and 2023
7	Confirmed incidents of corruption and action taken	Confirmed incidents	10%	*	*	*	*	No incidents in 2024 and 2023
	Weighted score for governance assessment		100%	*	*	*		
	Environmental score		40%	*	*	*		
	Social score		25%	*	*	*		
	Governance score		35%	*	*	*		
	Overall ESG Score		100%	*	*	*		

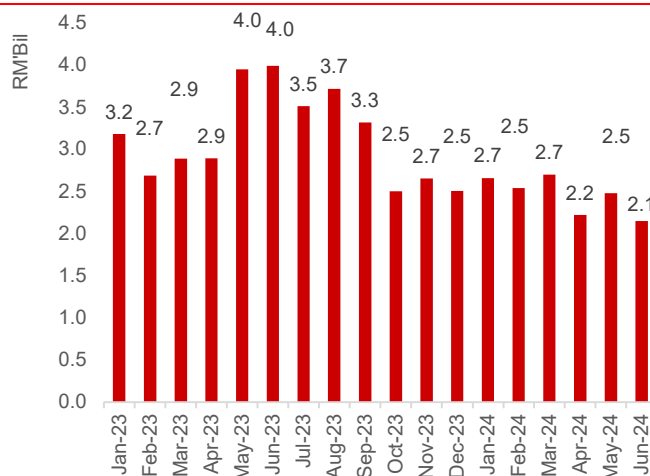
Source: Company, AmlInvestment Bank

EXHIBIT 5: MONTHLY FOREIGN INFLOW / OUTFLOW TO SECURITIES MARKET



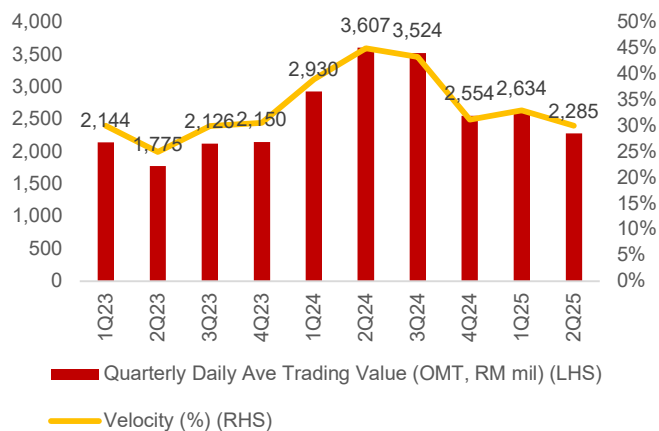
Source: Company, AmlInvestment Bank

EXHIBIT 6: MONTHLY ADV TRADED FOR SECURITIES MARKET

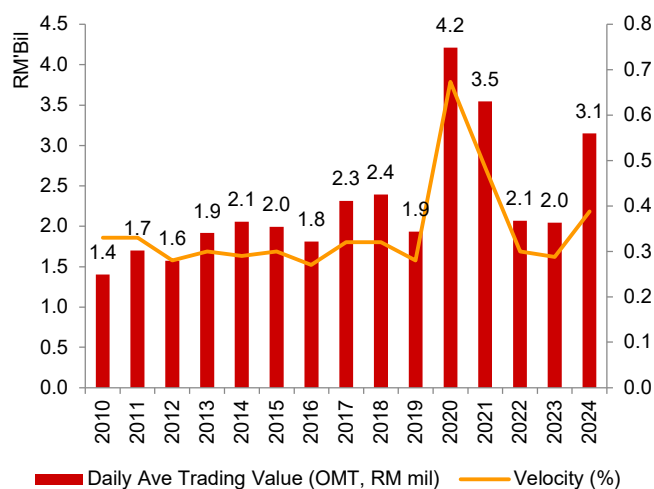


Source: Company, AmlInvestment Bank

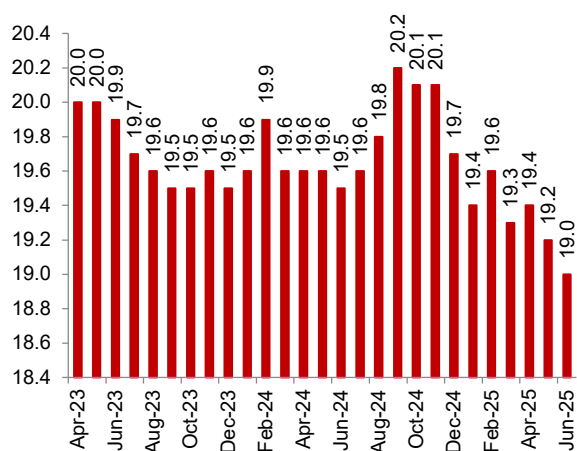
EXHIBIT 7: QUARTERLY ADV TRADED AND VELOCITY FOR SECURITIES MARKET



Source: Company, AmlInvestment Bank

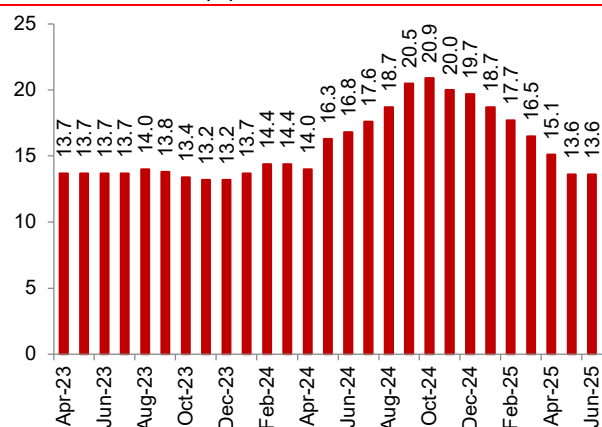
EXHIBIT 8: YEARLY ADV TRADED AND VELOCITY FOR SECURITIES MARKET

Source: Company, AmInvestment Bank

EXHIBIT 9: SECURITIES MARKET FOREIGN OWNERSHIP (%)

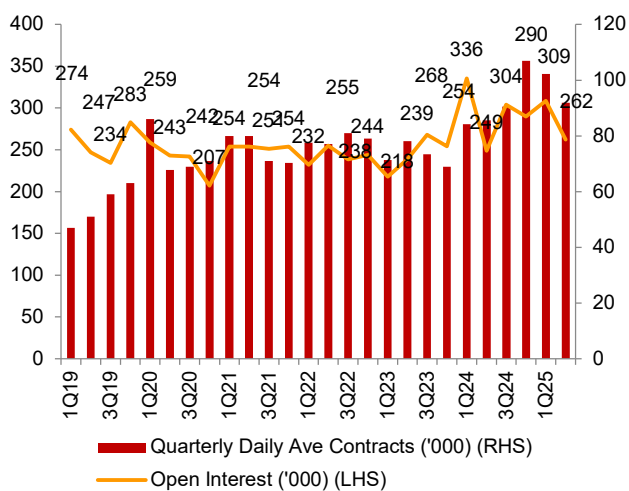
Source: Company, AmInvestment Bank

EXHIBIT 10: BURSA MALAYSIA FOREIGN OWNERSHIP (%)



Source: Company, AmlInvestment Bank

EXHIBIT 11: DERIVATIVES MARKET: QUARTERLY ADC AND OPEN INTEREST



Source: Company, AmlInvestment Bank

EXHIBIT 12: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	616.5	784.3	742.0	761.4	851.8
EBITDA	355.3	446.3	419.3	441.0	499.4
Depreciation/Amortisation	(33.3)	(35.4)	(37.1)	(38.1)	(42.6)
Operating income (EBIT)	322.0	410.9	382.2	403.0	456.8
Other income & associates	-	-	-	-	-
Net interest	-	-	-	-	-
Exceptional items	-	-	-	-	-
Pretax profit	322.0	410.9	382.2	403.0	456.8
Taxation	(70.0)	(101.7)	(99.2)	(104.6)	(118.6)
Minorities/pref dividends	0.9	1.5	-	-	-
Net profit	252.9	310.7	282.9	298.3	338.2
Core net profit	223.2	310.7	282.9	298.3	338.2
Balance Sheet (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Fixed assets	251.8	245.1	242.3	237.6	237.6
Intangible assets	43.0	43.0	43.0	43.0	43.0
Other long-term assets	87.4	96.8	104.3	112.4	112.4
Total non-current assets	382.2	384.8	389.5	393.0	393.0
Cash & equivalent	423.9	496.2	284.4	651.4	1,395.9
Stock	-	-	-	-	-
Trade debtors	59.6	66.8	66.8	66.8	66.8
Other current assets	2,416.3	3,407.6	3,560.3	3,310.1	2,657.6
Total current assets	2,899.8	3,970.6	3,911.5	4,028.3	4,120.3
Trade creditors	2,218.6	3,210.0	3,210.0	3,210.0	3,210.0
Short-term borrowings	-	-	-	-	-
Other current liabilities	215.9	242.0	158.7	258.1	326.5
Total current liabilities	2,434.5	3,452.0	3,368.7	3,468.1	3,536.5
Long-term borrowings	-	-	-	-	-
Other long-term liabilities	22.8	27.1	38.8	38.8	38.8
Total long-term liabilities	22.8	27.1	38.8	38.8	38.8
Shareholders' funds	823.1	873.8	893.6	914.5	938.1
Minority interests	1.6	2.5	-	-	-
BV/share (RM)	1.02	1.08	1.10	1.13	1.16
Cash Flow (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	322.0	410.9	382.2	403.0	456.8
Depreciation/Amortisation	33.3	35.4	37.1	38.1	42.6
Net change in working capital	(9.4)	(12.7)	-	-	-
Others	(108.1)	(87.2)	(375.2)	193.4	549.4
Cash flow from operations	237.8	346.4	44.0	634.4	1,048.8
Capital expenditure	(25.9)	(0.5)	(5.0)	-	(5.4)
Net investments & sale of fixed assets	(6.5)	6.8	2.8	1.0	6.7
Others	-	-	-	-	-
Cash flow from investing	(32.4)	6.2	(2.2)	1.0	1.3
Debt raised/(repaid)	-	-	-	-	-
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	(234.7)	(288.4)	(262.6)	(277.0)	(314.0)
Others	7.0	8.0	9.0	10.0	11.0
Cash flow from financing	(227.7)	(280.4)	(253.6)	(267.0)	(303.0)
Net cash flow	(22.3)	72.2	(211.8)	368.4	747.0
Net cash/(debt) b/f	446.7	423.9	495.5	283.1	649.3
Net cash/(debt) c/f	424.4	496.1	283.7	651.6	1,396.3
Key Ratios (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue growth (%)	2.2	27.2	(5.4)	2.6	11.9
EBITDA growth (%)	5.3	25.6	(6.1)	5.2	13.2
Pretax margin (%)	52.2	52.4	51.5	52.9	53.6
Net profit margin (%)	41.0	39.6	38.1	39.2	39.7
Interest cover (x)	nm	nm	nm	nm	nm
Effective tax rate (%)	21.7	24.8	26.0	26.0	26.0
Dividend payout (%)	92.8	92.8	92.8	92.8	92.9
Debtors' turnover (days)	32	29	33	32	29
Stock turnover (days)	-	-	-	-	-
Creditors turnover (days)	1,602	1,263	1,579	1,539	1,376

Source: Company, AmlInvestment Bank Bhd estimates

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