

Company Report

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BURSA MALAYSIA

(BURSA MK EQUITY, BMYS.KL)

STOCK EXCHANGE

28 Apr 2025

External pressures curtail trading revenue

HOLD

(Maintained)

Rationale for report: Company Result

Price RM7.61
Fair Value RM8.30
52-week High/Low RM10.00/RM7.20

Key Changes

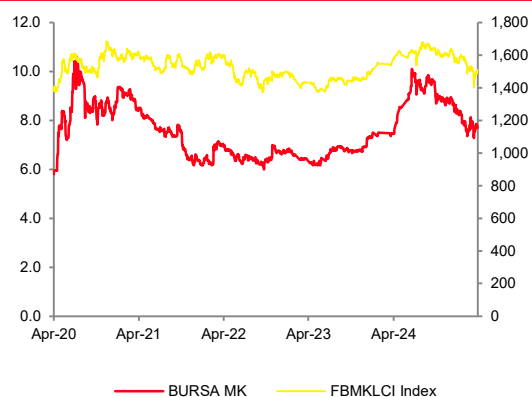
Fair value 
EPS 

YE to Dec	FY24	FY25F	FY26F	FY27F
Revenue (RM mil)	784.3	746.9	760.9	840.6
Core net profit (RM mil)	310.7	293.1	306.1	341.5
FD Core EPS (sen)	38.4	36.2	37.8	42.2
FD Core EPS growth (%)	39.2	(5.7)	4.5	11.6
Consensus Net Profit (RM mil)	-	296.3	305.9	314.9
DPS (sen)	35.6	33.6	35.1	39.2
PE (x)	20.0	21.2	20.3	18.2
EV/EBITDA (x)	12.8	14.0	12.6	9.8
Div yield (%)	4.6	4.4	4.6	5.1
ROE (%)	36.6	33.2	33.8	36.8
Net Gearing (%)	nm	nm	nm	nm

Stock and Financial Data

Shares Outstanding (million)	809.3
Market Cap (RMmil)	6,223.5
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 (13.0%) Kumpulan Wang Persaraan (11.2%)
Free Float	57.2
Avg Daily Value (RMmil)	12.3

Price performance	3mth	6mth	12mth
Absolute (%)	(8.3)	(13.6)	4.1
Relative (%)	(5.7)	(7.8)	8.7



Investment Highlights

Geopolitical tensions are driving market volatility that favours derivatives trading while dampening securities trading revenue. Near-term sentiment remains cautious amid global trade uncertainties and economic risks. Foreign fund outflows continue as high US interest rates bolster the USD, though a robust IPO pipeline persists in the local securities market with execution timing heavily reliant on market sentiment.

- **We maintain a HOLD on Bursa Malaysia while lowering our target price to RM8.30/share from RM9.10.** This is based on a FY26 forward PE of 22x, one standard deviation below its 3-year average. Net profit forecasts for FY25, FY26, and FY27 have been reduced by 10.5%, 6.8%, and 0.7% respectively, following a cut in our Securities Market DATV assumptions to RM2.6bn/2.7bn/2.9bn from RM3.2bn/3.1bn/3.3bn.
- **Despite softer trading revenue, earnings performance remained in line with expectations.** Bursa's 1QFY25 earnings of RM68mil (-0.7% QoQ, -8.8% YoY) met expectations, making up 20.8% of our estimate and 23.0% of consensus forecast. QoQ earnings remained stable as lower operating revenue was offset by reduced expenses. On year-on-year (YoY) basis, net profit declined due to weaker securities trading and higher OPEX, partially cushioned by growth in derivatives and stable revenue (mainly from depository services). CI ratio rose to 50.4%, while ROE declined to 34.1% (1QFY24: 37.3%).
- **Trade policy uncertainties and tariff negotiations will continue to impact sentiment and securities market DATV in the near-term.** In 1QFY25, the securities market's DATV hit RM2.63 billion, a 10.1% decline YoY. However, year-to-date IPO momentum remained robust with 14 offerings compared to 9 previously. Foreign fund outflows reached RM9.97 billion YTD amid geopolitical uncertainties and elevated US interest rate. Near-term market sentiment is expected to remain subdued amid global trade policy uncertainties. Investors are watching the outcome of the 90-day reciprocal tariff pause (excluding China) and monitoring potential sector-specific tariffs, particularly for semiconductors. The 10-year US Treasury yield remains above 4%, while IRS and Fed Funds futures suggest 2-3 rate cuts are expected in 2025.
- **Market volatility expected to be supportive of derivatives trading revenue.** Quarterly ADC for derivatives rose 21.3% YoY to 102,184 contracts, driven by FCPO ADC increasing 24.6% YoY amid CPO price volatility, while FKLI ADC saw a moderate 3.9% YoY rise.

EXHIBIT 1: RESULTS SUMMARY

Income Statement (RM mil, FYE 31 Dec)	1Q24	4Q24	1Q25	% QoQ	% YoY
Operating Revenue	181	179	178	-0.8%	-1.7%
Other income	7	7	7	-0.8%	3.0%
Gain on part disposal of a subsidiary	0	0	0	na	na
Total operating income	187	186	184	-0.8%	-1.5%
Staff Costs	-45	-49	-47	-4.8%	2.5%
Depreciation & Amortization	-9	-9	-9	0.7%	5.7%
Other Operating Expenses	-33	-42	-37	-11.7%	12.6%
Profit From Operations	100	86	92	6.6%	-8.6%
Finance Costs	0	0	0	0.0%	0.0%
Profit Before Tax	100	86	91	6.6%	-8.6%
Income Tax	-26	-17	-23	34.9%	-8.7%
Minority Interests	1	1	0	-12.9%	-34.5%
Net Profit After Tax and MI	75	69	68	-0.7%	-8.8%
Normalized net profit	75	69	68	-0.7%	-8.8%
Normalized EPS (sen)	9.3	8.5	8.5	-0.5%	-8.8%
EBITDA margin	58.1%	59.0%	54.6%	-7.4%	-6.1%
Pretax profit margin	53.4%	54.6%	49.6%	-9.3%	-7.2%
Cost to income	46.5%	53.8%	50.4%	-6.4%	8.3%
Normalized ROE	37.3%	32.8%	34.1%	1.3%	-3.2%
Equity Market					
Average daily trading value (RM bil) (OMT & DBT)	3.18	2.88	2.80	-2.8%	-11.9%
Velocity (%)	39.0%	31.0%	33.0%	2.0%	-6.0%
Market capitalization (RM bil)	1907.3	2080.5	1871.1	-10.1%	-1.9%
Effective clearing fee rate (bps)	2.51	2.45	2.47	0.02	-0.04
Derivatives Market					
Average daily contracts traded (ADC) for all types of derivative contracts	84,222	106,961	102,184	-4.5%	21.3%
ADC traded for FCPO	68,666	93,854	85,529	-8.9%	24.6%
ADC traded for FKLI	15,222	12,286	15,819	28.8%	3.9%

Source: Company, AmlInvestment Bank

EXHIBIT 2: CHANGE IN EARNINGS

	FY25F			FY26F			FY27F		
	Previous	Revised	Chg	Previous	Revised	Chg	Previous	Revised	Chg
Earnings	328	293	-10.5%	329	306	-6.8%	344	342	-0.7%
Securities									
Market DATV	3,200	2,600	-18.8%	3,100	2,700	-12.9%	3,300	2,900	-12.1%

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 and 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 (from 24x)
CY26 EPS	37.8sen (from 38.8sen)
ESG Premium	0% premium
12-month target price	RM8.30 (from RM9.10)

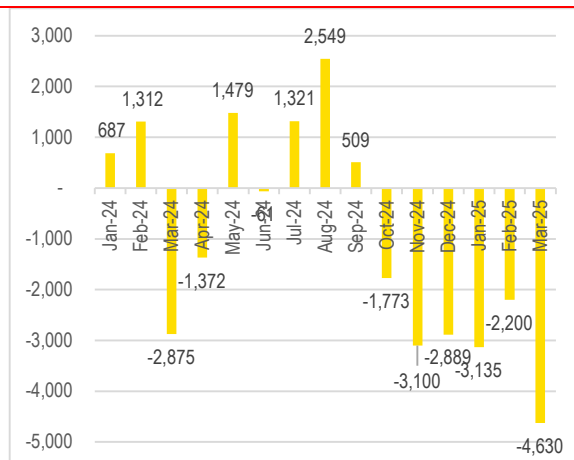
Source: AmlInvestment Bank

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%	*	*	*		

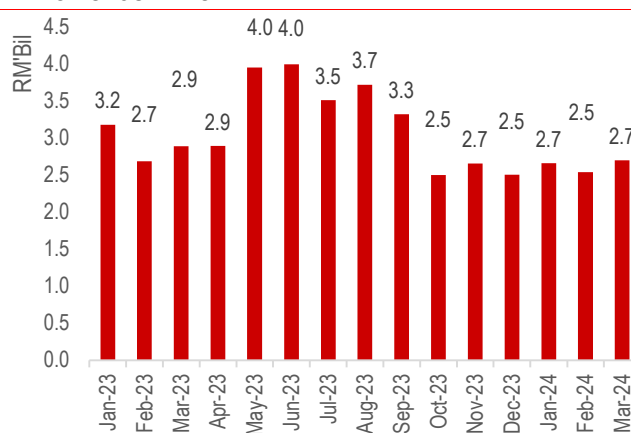
Source: Company, AmInvestment Bank

EXHIBIT 5: MONTHLY FOREIGN INFLOW / OUTLOW TO SECURITIES MARKET



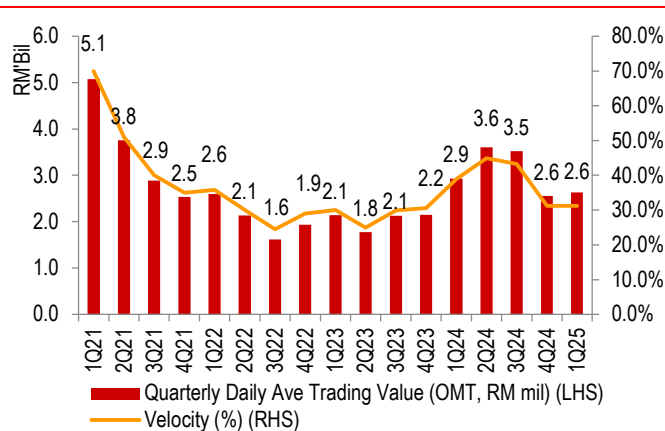
Source: Company, AmInvestment Bank

EXHIBIT 6: MONTHLY ADV TRADED FOR SECURITIES MARKET



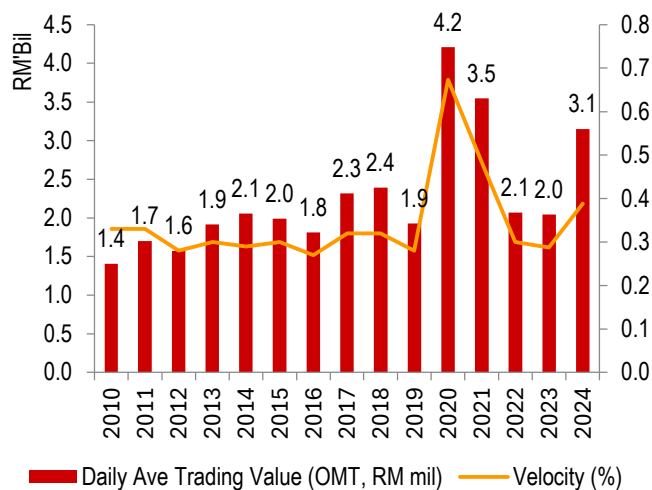
Source: Company, AmInvestment Bank

EXHIBIT 7: QUARTERLY ADV TRADED AND VELOCITY FOR SECURITIES MARKET



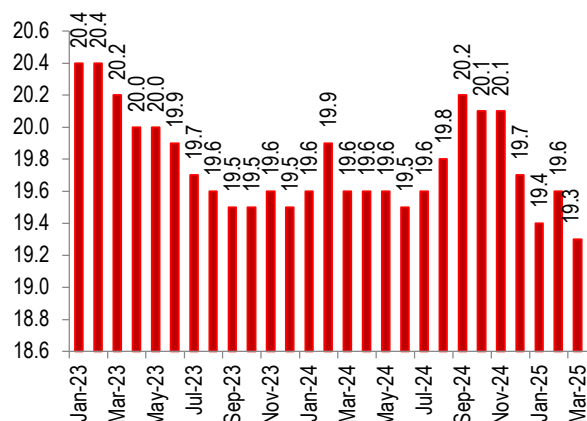
Source: Company, AmInvestment Bank

EXHIBIT 8: YEARLY ADV TRADED AND VELOCITY FOR SECURITIES MARKET



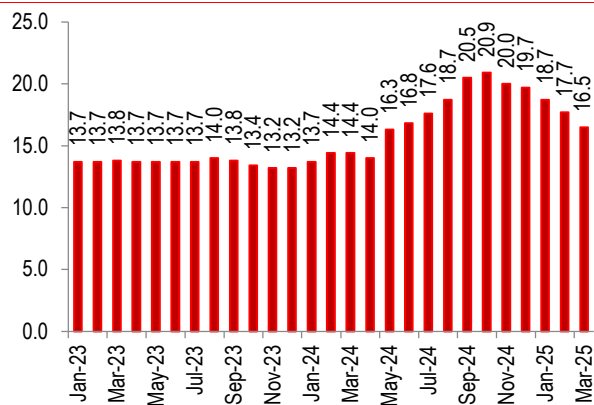
Source: Company, AmlInvestment Bank

EXHIBIT 9: SECURITIES MARKET FOREIGN OWNERSHIP (%)



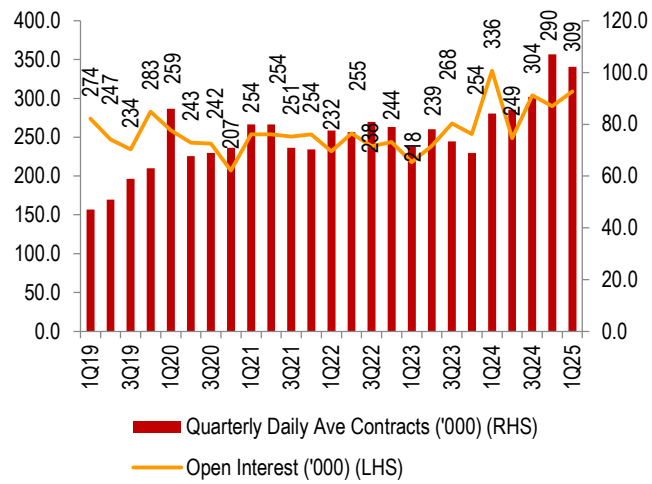
Source: Company, AmlInvestment Bank

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	746.9	760.9	840.6
EBITDA	355.3	446.3	422.8	440.7	491.2
Depreciation/Amortisation	(33.3)	(35.4)	(37.3)	(38.0)	(42.0)
Operating income (EBIT)	322.0	410.9	385.5	402.6	449.2
Other income & associates	-	-	-	-	-
Net interest	-	-	-	-	-
Exceptional items	-	-	-	-	-
Pretax profit	322.0	410.9	385.5	402.6	449.2
Taxation	(70.0)	(101.7)	(92.4)	(96.5)	(107.7)
Minorities/pref dividends	0.9	1.5	-	-	-
Net profit	252.9	310.7	293.1	306.1	341.5
Core net profit	223.2	310.7	293.1	306.1	341.5
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	158.0	256.8	325.0
Total current liabilities	2,434.5	3,452.0	3,368.0	3,466.8	3,535.0
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	894.3	915.7	939.6
Minority interests	1.6	2.5	-	-	-
BV/share (RM)	1.02	1.08	1.11	1.13	1.16
Cash Flow (RMmil, YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Pretax profit	322.0	410.9	385.5	402.6	449.2
Depreciation/Amortisation	33.3	35.4	37.3	38.0	42.0
Net change in working capital	(9.4)	(12.7)	-	-	-
Others	(108.1)	(87.2)	(368.4)	201.5	560.3
Cash flow from operations	237.8	346.4	54.4	642.2	1,051.6
Capital expenditure	(25.9)	(0.5)	(5.0)	(5.4)	-
Net investments & sale of fixed assets	(6.5)	6.8	2.8	4.7	-
Others	-	-	-	-	-
Cash flow from investing	(32.4)	6.2	(2.2)	(0.7)	-
Debt raised/(repaid)	-	-	-	-	-
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	(234.7)	(288.4)	(272.1)	(284.2)	(317.1)
Others	7.0	8.0	9.0	10.0	11.0
Cash flow from financing	(227.7)	(280.4)	(263.1)	(274.2)	(306.1)
Net cash flow	(22.3)	72.2	(210.9)	367.2	745.4
Net cash/(debt) b/f	446.7	423.9	495.5	284.1	650.8
Net cash/(debt) c/f	424.4	496.1	284.6	651.3	1,396.2
Key Ratios (YE 31 Dec)	FY23	FY24	FY25F	FY26F	FY27F
Revenue growth (%)	2.2	27.2	(4.8)	1.9	10.5
EBITDA growth (%)	5.3	25.6	(5.3)	4.2	11.5
Pretax margin (%)	52.2	52.4	51.6	52.9	53.4
Net profit margin (%)	41.0	39.6	39.2	40.2	40.6
Interest cover (x)	nm	nm	nm	nm	nm
Effective tax rate (%)	21.7	24.8	24.0	24.0	24.0
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	1,569	1,540	1,394

Source: Company, AmlInvestment Bank Bhd estimates

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