

30 January 2026

# Bursa Malaysia

## Foreign Interest Spilling Over

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**BURSA's FY25 net profit (-19% YoY) met expectations. The group shifted its earnings guidance to ROE targets, which appears conservative given the heightened interest and activity in Malaysian capital markets. We raise our TP to RM8.80 (from RM8.00), based on a re-aligned PER of 25x (from 22x) which is slightly above its 5-year mean. We also raised our FY26F ADV to RM2.9b (from RM2.85b), spurred by foreign participants looking to reposition away from Indonesia. In the immediate term assuming investors are willing to pay closer to +1SD, we believe its fair value could rise to RM9.40 at 27x PER. We maintain our MP call.**

**FY25 within expectations.** BURSA's FY25 net profit came in at RM250.2m, making up 98% of our full-year forecast and 96% of consensus full-year estimate. A final 14 sen interim dividend was declared, amounting to a full-year payment of 28 sen (at 91% payout) trailing close to our anticipated 30 sen payment for FY25.

**YoY,** FY25 operating revenue declined by 7%, dragged by softer securities trading revenues (-19%), in line with weaker equity ADVs of RM2.54b (-19%) during the period. Revenue from derivatives also reported slightly softer (-1%), owing to comparatively lower volatility as opposed to FY24, though this was cushioned by higher non-trading fees (+6%). On the back of the lower topline, CIR surged to 53.6% (+7.0 ppts) and net profit fell to RM250.2m (-19%).

**QoQ,** 4QFY25 operating revenue increased by 6% following sequentially higher securities ADV at RM2.67b (+3%) with improved sentiment, stronger projected domestic economic activity as well as confidence in the MYR. That said, 4QFY25 net profits fell by 5% from seasonally higher staff costs from bonus payments.

**Highlights.** BURSA met its FY25 PBT guidance of RM314m-RM347m, delivering a PBT of RM337.1m. For FY26, the group guided towards an ROE target of 27%–30% (vs FY25's 29.9%). This remains conservative with the group reporting a 5-year average ROE of 33%-34%.

The group continues to pursue greater contributions from non-trading revenue, targeting 10% growth to reduce reliance on market volatility. This includes plans to expand partnerships and enhance offerings in market data, licensing, subscription-based services, and post-trade services, with further details likely to be unveiled in the later part of CY26. With regards to the increase in fees to the Securities Commission (RM28m fixed annual regulatory fee and additional listing-related charges, capped at RM35m-RM45m), the group have raised its own fees with the intention to pass this on, thereby neutralising its impact to the group.

On the IPO front, BURSA exceeded its FY25 market capitalisation target of RM25.2b, recording RM27.4b across 60 IPOs. Encouraged by this momentum, the group believes it can closely replicate this performance in FY26, with a market capitalisation target of RM28b.

**Forecast.** We trim our FY26F earnings by 3%, following model updates after incorporating FY25 numbers, particularly to reflect a higher CIR of 56% (from 55%).

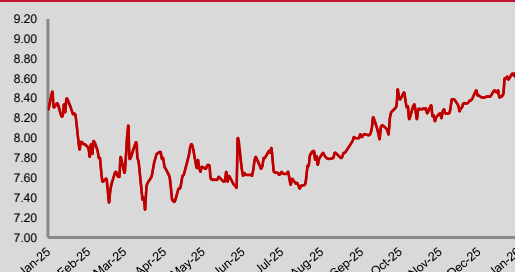
That said, we opted to raise our FY26F ADV from RM2.85b to RM2.90b arising from the potential spillover of foreign inflows from the MSCI's investability warnings flagged towards the Indonesian markets. On that note, we opine that most of the trading activities for the year could be skewed towards 1HFY26 from the mentioned increased capital allocation into our bourse. Meanwhile, we also introduce our FY27F set, which we expect to be flattish at RM2.90b ADV as well.

BURSA did not provide any expectations on CY26's ADV.

# MARKET PERFORM ↔

**Price :** **RM9.02**  
**Target Price :** **RM8.80** ↑

## Share Price Performance



KLCI	1,730.89
YTD KLCI chg	3.0%
YTD stock price chg	7.1%

## Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	BURSA MK Equity
Market Cap (RM m)	7,299.9
Shares Outstanding	809.3
52-week range (H)	9.08
52-week range (L)	7.20
3-mth avg. daily vol.	893,106
Free Float	83%
Beta	0.72

## Major Shareholders

Capital Market Development Fund	18.6%
Employees Provident Fund	11.6%
Kumpulan Wang Persaraan	11.5%

## Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
<b>Operating Revenue</b>	701.8	781.8	801.8
Operating Profit	316.4	350.3	358.7
Profit Before Tax	337.1	373.8	382.2
<b>Net Profit</b>	<b>250.2</b>	<b>285.4</b>	<b>290.2</b>
<b>Core Net Profit</b>	<b>250.2</b>	<b>285.4</b>	<b>290.2</b>
Consensus (NP)	-	284.7	298.5
Earnings Revision (%)	-	-2.7	NEW
EPS (sen)	30.9	35.3	35.9
EPS Growth (%)	-19.3	14.1	1.7
DPS (sen)	28.0	34.0	34.0
BVPS (RM)	0.99	1.00	1.02
ROE (%)	29.9	35.4	35.5
PER (x)	29.2	25.6	25.2
Price/Book (x)	9.1	9.0	8.8
Net Gearing (x)	-0.5	-0.7	-0.6
Dividend Yield (%)	3.1	3.8	3.8

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**Maintain MARKET PERFORM with a higher TP of RM8.80 (from RM8.00)**, based on a higher FY26F PER of 25x (from 22x), slight above BURSA's 5-year mean. With Jan 2026 YTD ADV already at RM3.19b, we opine that market participants may be pricing in expectations for sustained elevated trading activity throughout CY26. That said, historical trends suggest caution, monthly ADV last consistently exceeded RM3b between May and September 2024, during which BURSA traded at an average PER of c.26x, which is where the stock is currently trading.

In addition, current share price levels have compressed dividend yields to below 4%, based on our assumed 95% payout ratio for FY26–27. While special dividends, typically translating into an additional c.20% payout, could lift yields to 4.4%-4.7%, we view this as unlikely in FY26 given the group's stated intention to continue allocating capital towards IT investments and platform enhancements.

Based on our model's sensitivity analysis, we find that an additional adjustment of 1x to the PER would result in a target price (TP) change of approximately  $\pm$ RM0.35 (or  $\pm$ 4.2%). Furthermore, each  $\pm$ RM100m adjustment to full-year ADV would reflect a  $\pm$ 2.3% movement in earnings and TP ( $\pm$ RM0.20).

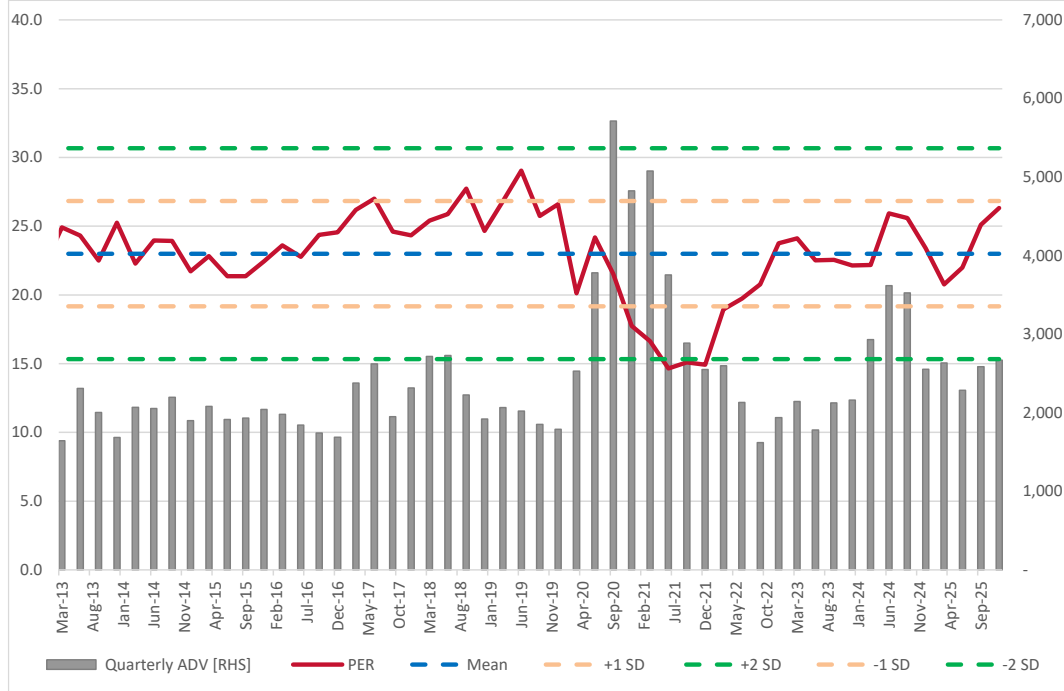
**Risks to our call include:** (i) lower-than-expected trading volume in the securities and derivatives markets, (ii) higher-than-expected opex, and (iii) fewer initial public offerings.

**Results Highlights**

	4Q FY25	3Q FY25	QoQ Chg.	4Q FY24	YoY Chg.	12M FY25	12M FY24	YoY Chg.
<b>FYE Dec (RM m)</b>								
<b>Total trading revenue</b>	<b>112.6</b>	<b>105.8</b>	<b>6.4%</b>	<b>114.1</b>	<b>-1.4%</b>	<b>420.9</b>	<b>495.3</b>	<b>-15.0%</b>
- Securities market	82.9	78.9	5.2%	81.2	2.1%	308.2	381.5	-19.2%
- Derivatives market	29.6	27.0	9.9%	32.9	-9.9%	112.8	113.8	-0.9%
Total stable revenue	71.1	67.9	4.7%	65.0	9.4%	280.8	262.4	7.0%
<b>Operating revenue</b>	<b>183.7</b>	<b>173.8</b>	<b>5.7%</b>	<b>179.1</b>	<b>2.5%</b>	<b>701.8</b>	<b>757.7</b>	<b>-7.4%</b>
Other Income	7.2	6.1	17.3%	6.8	6.4%	26.0	26.6	-2.5%
<b>Total Income</b>	<b>190.9</b>	<b>179.9</b>	<b>6.1%</b>	<b>185.9</b>	<b>2.7%</b>	<b>727.7</b>	<b>784.3</b>	<b>-7.2%</b>
Less: Staff Costs	-53.6	-44.8	19.8%	-48.9	9.6%	-195.1	-193.8	0.7%
Less: Depreciation and amortisation	-9.3	-9.1	3.0%	-9.1	2.8%	-36.7	-35.4	3.7%
Less: Other operating expenses	-44.4	-39.7	11.8%	-42.0	5.5%	-158.3	-144.2	9.8%
Less: Finance Costs	-0.1	-0.1	0.0%	-0.1	0.0%	-0.5	-0.5	0.0%
<b>Profit before tax</b>	<b>83.4</b>	<b>86.3</b>	<b>-3.3%</b>	<b>85.7</b>	<b>-2.7%</b>	<b>337.1</b>	<b>410.4</b>	<b>-17.9%</b>
Less: Income tax expense	-23.2	-23.0	0.7%	-17.4	33.7%	-89.1	-101.7	-12.4%
<b>Net Profit</b>	<b>60.8</b>	<b>63.8</b>	<b>-4.7%</b>	<b>68.9</b>	<b>-11.7%</b>	<b>250.2</b>	<b>310.1</b>	<b>-19.3%</b>
<b>Core Net Profit</b>	<b>60.8</b>	<b>63.8</b>	<b>-4.7%</b>	<b>68.9</b>	<b>-11.7%</b>	<b>250.2</b>	<b>310.1</b>	<b>-19.3%</b>
Core EPS (sen)	7.5	7.9	-4.7%	8.5	-11.7%	30.9	38.3	-19.3%
DPS (sen)	14.0	0.0		26.0		28.0	44.0	
Staff Costs-to-Income Ratio	28.1%	24.9%		26.3%		26.8%	24.7%	
Cost-to-Income Ratio	56.2%	52.0%		53.8%		53.6%	47.6%	
Effective Tax Rate	27.8%	26.7%		20.2%		26.4%	24.8%	
<b>Market Statistics</b>								
# of Trading Days	64	62	3.2%	64	0.0%	244	247	-1.2%
Avg FBMKLCI (Index Points)	3,068	3,068	0.0%	1,646	86.4%	2,695	1,581	70.5%
Avg FBMKLCI Mkt Cap (RM b)	1,158	1,102	5.0%	1,110	4.3%	1,103	1,099	0.4%
Avg CPO 3 <sup>rd</sup> Month Forward Contract	4,240	4,327	-2.0%	4,635	-8.5%	4,227	4,100	3.1%
Daily Avg Trading Value - Equity (RM m)	2,668	2,587	3.1%	2,554	4.5%	2,544	3,156	-19.4%
Daily Avg Trading Volume - Equity (m shares)	3,480	2,987	16.5%	2,862	21.6%	3,122	4,018	-22.3%
Daily Avg Trading Volume - Index Futures (Contracts)	4,430	4,661	-5.0%	3,978	11.4%	3,790	3,543	7.0%
Daily Average Trading Volume - CPO Futures (Contracts)	47,068	47,243	-0.4%	63,344	-25.7%	43,332	41,760	3.8%

Source: Company, Kenanga Research, Bloomberg

Exhibit 1: 10-year BURSA PER Standard Deviation



Source: Bursa Malaysia, Kenanga Research

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## Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)		ROE		Net Div. (sen)		Net Div Yld	
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.
<b>NON-BANK FINANCIAL INSTITUTIONS</b>																					
AEON CREDIT SERVICE (M) BHD	OP	5.90	6.25	5.9%	3,012.6	N	02/2026	69.7	86.0	-3.9%	23.4%	8.5	6.9	1.0	12.3%	28.0	4.7%				
BURSA MALAYSIA BHD	MP	9.02	8.80	-2.4%	7,299.9	Y	12/2026	35.3	35.9	14.1%	1.7%	25.6	25.2	9.0	35.5%	34.0	3.8%				
CTOS DIGITAL BHD	MP	0.870	0.790	-9.2%	1,979.3	Y	12/2026	4.3	4.1	11.8%	-4.1%	20.4	21.3	3.2	15.9%	3.2	3.7%				
LPI CAPITAL BERHAD	OP	15.08	16.00	6.1%	6,007.6	N	12/2025	93.6	100.8	-1.1%	7.6%	16.1	15.0	2.5	15.4%	84.0	5.6%				
SYARIKAT TAKAFUL MALAYSIA KELUARGA BHD	OP	3.45	4.40	27.5%	3,009.0	Y	12/2025	46.5	47.9	2.9%	3.1%	7.4	7.2	1.3	19.1%	18.5	5.4%				
<b>SECTOR AGGREGATE</b>					<b>21,308</b>					<b>2.6%</b>	<b>8.3%</b>	<b>14.2</b>	<b>13.1</b>	<b>2.4</b>	<b>16.7%</b>		<b>4.6%</b>				

Source: Kenanga Research

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**Stock ESG Ratings:**

	Criterion	Rating				
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workforce Safety & Wellbeing	★	★	★	★	
	Corporate Governance	★	★	★		
	Anti-corruption Policy	★	★	★		
	Emissions Management	★	★	★	★	
<b>SPECIFIC</b>	Cybersecurity/Data Privacy	★	★	★		
	Digitalisation & Innovation	★	★	★	☆	
	Financial Inclusion	★	★	★		
	Ethical Practices	★	★	★		
	Legal & Regulatory Compliance	★	★	★		
	Customer Experience	★	★	★		
<b>OVERALL</b>		★	★	★		

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

**Stock Ratings are defined as follows:**

**Stock Recommendations**

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%  
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%  
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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