

04 May 2026

Bursa Malaysia

Spurred by Volatility

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BURSA's 1QFY26 net profit (+6% YoY) met expectations. Greater securities trading activities could continue to stimulate equity ADVs, though the group remains conservative in maintaining its ROE target for the year. We also anticipate potential moderation of ADVs from a high base in anticipation of easing geopolitical tensions and normalising commodity prices. Maintain OUTPERFORM with a TP of RM9.25.

1QFY26 within expectations. BURSA's 1QFY26 net profit of RM72.8m made up 24% of our full-year forecast and 25% of consensus full-year estimate.

YoY, 1QFY26 net profit improved by 6% on the back of higher securities trading revenue (+19%) as equity ADVs rose to RM3.34b (+27%) from higher market volatility from geopolitical tensions. This was also supported by stronger listing and issuer service fees (+20%) post revision of fee-based income effective 1 Jan 2026. Meanwhile, derivative performance was flattish. Despite the higher topline, CIR increased to 53.9% (+3.5 ppts) largely owing to new regulatory fees to the Securities Commission (RM8.8m charged out of the full-year's fixed fee of RM28m).

QoQ, 1QFY26 net profits surged by 20% for similar reasons above, with equity ADVs improving by 25%.

Highlights. BURSA maintained its FY26 ROE target of 27%-30% despite a strong annualised delivery of c.38% YTD.

The group remains mindful that elevated trading activity is closely tied to macro volatility, which could normalise over the near-to-medium term. This is reflected in our FY26 ADV assumption of RM3.15b (vs. FY25's RM2.54b), premised on a moderation in geopolitical tensions and a correction in oil prices towards our in-house estimate of USD80/bbl.

Looking ahead, trading strategies for the remainder of CY26 are likely to be driven by winners and losers from oil price volatility. Inflation remains a key overarching theme, with performance hinging on companies' ability to pass through rising costs amid fluctuating commodity prices. Potential beneficiaries include oil & gas, plantation (on improving valuation prospects), and renewable energy plays, while sectors exposed to higher transportation and logistics costs, particularly contractors, may face greater earnings pressure.

Forecast. We keep our FY26F/FY27F earnings largely unchanged.

Maintain OUTPERFORM and TP of RM9.25. Our TP is based on an unchanged 25x FY26F PER, in line with regional peer averages and close to BURSA's 5-year average +1SD. We view BURSA as a potential safe haven, allowing investors to capitalize on heightened market volatility while maintaining defensive earnings. In addition, stronger earnings prospects could reignite expectations for special dividends, with the last declaration being 8.0 sen in FY24.

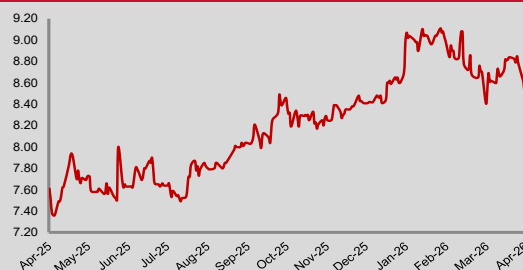
Based on our model's sensitivity analysis, an additional adjustment of 1x to the PER would result in a target price (TP) change of approximately ±RM0.35 (or ±3.8%). Furthermore, each ±RM100m adjustment to full-year ADV would reflect a ±2.2% movement in earnings and TP (±RM0.20).

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.

OUTPERFORM ↔

Price : RM8.55
Target Price : RM9.25 ↔

Share Price Performance



KLCI 1,722.02
YTD KLCI chg 2.5%
YTD stock price chg 1.5%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	BURSA MK Equity
Market Cap (RM m)	6,919.5
Shares Outstanding	809.3
52-week range (H)	9.11
52-week range (L)	7.36
3-mth avg. daily vol.	1,323,194
Free Float	74%
Beta	0.73

Major Shareholders

Capital Market Development Fund	18.6%
Employees Provident Fund	15.0%
Kumpulan Wang Persaraan	11.2%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Operating Revenue	701.8	815.0	815.7
Operating Profit	316.4	365.2	366.4
Profit Before Tax	337.1	388.2	389.8
Net Profit	250.2	299.8	295.0
Core Net Profit	250.2	299.8	295.0
Consensus (NP)	-	289.1	301.5
Earnings Revision (%)	-	-	-0.1
EPS (sen)	30.9	37.0	36.4
EPS Growth (%)	-19.3	19.8	-1.6
DPS (sen)	28.0	35.0	35.0
BVPS (RM)	0.99	1.01	1.02
ROE (%)	29.9	37.1	35.9
PER (x)	28.1	23.5	23.8
Price/Book (x)	8.8	8.6	8.5
Net Gearing (x)	-0.5	-0.9	-1.0
Dividend Yield (%)	3.2	4.0	4.0

Results Highlights

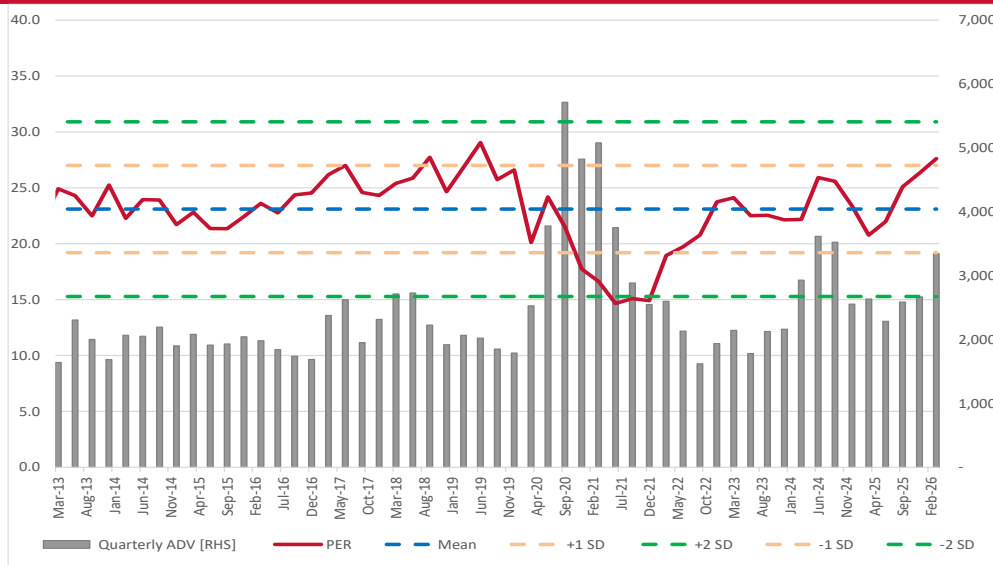
	1Q FY26	4Q FY25	QoQ Chg.	1Q FY25	YoY Chg.	3M FY26	3M FY25	YoY Chg.
FYE Dec (RM m)								
Total trading revenue	120.2	112.6	6.8%	105.6	13.8%	120.2	105.6	13.8%
- Securities market	91.2	82.9	10.0%	76.7	18.9%	91.2	76.7	18.9%
- Derivatives market	29.0	29.6	-2.3%	28.9	0.3%	29.0	28.9	0.3%
Total stable revenue	86.7	71.1	21.9%	72.0	20.3%	86.7	72.0	20.3%
Operating revenue	206.9	183.7	12.6%	177.7	16.4%	206.9	177.7	16.4%
Other Income	7.2	7.2	0.3%	6.7	7.4%	7.2	6.7	7.4%
Total Income	214.1	190.9	12.2%	184.4	16.1%	214.1	184.4	16.1%
Less: Staff Costs	-55.0	-53.6	2.7%	-46.6	18.1%	-55.0	-46.6	18.1%
Less: Depreciation and amortisation	-9.5	-9.3	1.4%	-9.1	3.5%	-9.5	-9.1	3.5%
Less: Other operating expenses	-50.8	-44.4	14.5%	-37.1	36.8%	-50.8	-37.1	36.8%
Less: Finance Costs	-0.1	-0.1	0.0%	-0.1	0.0%	-0.1	-0.1	0.0%
Profit before tax	98.6	83.4	18.2%	91.4	7.9%	98.6	91.4	7.9%
Less: Income tax expense	-26.4	-23.2	13.6%	-23.4	12.6%	-26.4	-23.4	12.6%
Net Profit	72.8	60.8	19.7%	68.4	6.4%	72.8	68.4	6.4%
Core Net Profit	72.8	60.8	19.7%	68.4	6.4%	72.8	68.4	6.4%
Core EPS (sen)	9.0	7.5	19.7%	8.5	6.4%	9.0	8.5	6.4%
DPS (sen)	0.0	14.0		0.0		0.0	0.0	
Staff Costs-to-Income Ratio	25.7%	28.1%		25.3%		25.7%	25.3%	
Cost-to-Income Ratio	53.9%	56.2%		50.4%		53.9%	50.4%	
Effective Tax Rate	26.7%	27.8%		25.6%		26.7%	25.6%	

Market Statistics

# of Trading Days	58	64	-9.4%	58	0.0%	58	58	0.0%
Avg FBMKLCI (Index Points)	3,068	3,068	0.0%	1,578	94.4%	3,068	1,602	91.6%
Avg FBMKLCI Mkt Cap (RM b)	1,217	1,158	5.1%	1,091	11.6%	1,134	1,107	2.4%
Avg CPO 3 rd Month Forward Contract	4,243	4,240	0.1%	4,364	-2.8%	4,197	4,210	-0.3%
Daily Avg Trading Value - Equity (RM m)	3,343	2,668	25.3%	2,634	26.9%	3,343	2,634	26.9%
Daily Avg Trading Volume - Equity (m shares)	3,030	3,480	-12.9%	3,067	-1.2%	3,030	3,067	-1.2%
Daily Avg Trading Volume - Index Futures (Contracts)	5,306	4,430	19.8%	5,451	-2.7%	3,863	3,655	5.7%
Daily Average Trading Volume - CPO Futures (Contracts)	53,626	47,068	13.9%	54,760	-2.1%	43,823	42,524	3.1%

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.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
NON-BANK FINANCIAL INSTITUTIONS																	
AEON CREDIT SERVICE (M) BHD	OP	5.91	6.25	5.8%	3,017.7	N	02/2027	78.2	86.5	3.4%	10.6%	7.6	6.8	0.9	12.7%	31.5	5.3%
BURSA MALAYSIA BHD	OP	8.55	9.25	8.2%	6,919.5	Y	12/2026	37.0	36.4	19.8%	-1.6%	23.1	23.5	8.5	37.1%	35.0	4.1%
CTOS DIGITAL BHD	OP	0.710	0.830	16.9%	1,615.3	Y	12/2026	4.3	4.1	11.8%	-4.1%	16.7	17.4	2.6	15.9%	3.2	4.5%
LPI CAPITAL BERHAD	OP	14.84	16.00	7.8%	5,912.0	N	12/2026	96.2	99.2	4.2%	3.1%	15.4	15.0	2.4	15.6%	88.0	5.9%
SYARIKAT TAKAFUL MALAYSIA KELUARGA BHD	OP	3.32	4.40	32.5%	2,895.6	Y	12/2026	47.1	48.9	2.6%	3.7%	7.0	6.8	1.2	17.3%	19.0	5.7%
WELL CHIP GROUP BHD	OP	1.40	2.00	42.9%	840.0	N	12/2026	19.7	21.7	37.2%	10.2%	7.1	6.4	1.4	21.8%	6.9	4.9%
SECTOR AGGREGATE					21,200					8.4%	4.3%	12.5	12.0	2.1	16.9%		5.1%

Source: Kenanga Research

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Stock ESG Ratings:

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

☆ 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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