

23 April 2018 | 1QFY18 Results Preview

Bursa Malaysia Berhad

Possibly within estimates

Maintain NEUTRAL
Unchanged Target Price (TP):RM7.50

INVESTMENT HIGHLIGHTS

- **Bursa Malaysia (Bursa) is expected to release its 1QFY18 results on 25th April 2018**
- **ADTV traded in January soared**
- **We make no changes to our FY18 and FY19 forecasts, as we expect earnings to be in-line with expectation**
- **We maintain our NEUTRAL stance with an unchanged TP of RM7.50**

1QFY18 earnings are expected to come within estimates. It is expected that Bursa will be releasing its 1QFY18 results on 25 April 2018. We expect profits to come in between RM61.0m and RM63.0m, with growth of circa +10.5%yoy from the same period last year. The expected earnings expansion will be driven by stronger ADTV traded for securities market (OMT). Overall, we expect earnings to fall within our estimates, accounting for circa 26.1% of the full year forecasts.

Higher ADTV traded for securities market (OMT) in 1QFY18. ADTV traded in 1QFY18 has increased to RM2.7b, a growth of +15.8%yoy. We attribute this upsurge to the increase in trading activities among investors identified as foreign. The month of January saw the highest ADTV closed at RM3.2b, an increase of +84.3%yoy. Notably, subsequent months of February and March saw ADTV eased gradually, reverting to its quarterly mean of RM2.7b. However, it is worth to note that ADTV in February remained in the growth trajectory, climbing by +10.9%yoy. In terms of securities trading revenue, we estimated it will come in between RM68.0-72.0m for 1QFY18.


Derivatives revenue dwindled down by lower contracts traded. Revenue from derivatives trading is expected to record slight contraction, by approximately -7.0%yoy. We attribute this negative variance to reduction in overall contracts traded in the derivatives market, which dropped by -14.2%yoy. This was largely driven by the negative trend of FCPO trades, which decreased by approximately -16.0%yoy.

Impact on earnings. Despite the slight contraction in derivatives business, we foresee that earnings will still come in within our full year estimates driven by the increase in securities trading. Taking this into account, we maintain our FY18 forecast at this juncture.

RETURN STATS	
Price (20 April 2018)	RM7.50
Target Price	RM7.50
Expected Share Price Return	+0.0%
Expected Dividend Yield	+3.7%
Expected Total Return	+3.7%

STOCK INFO	
KLCI	1,887.75
Bursa / Bloomberg	1818 / Bursa MK
Board / Sector	Main / Finance
Syariah Compliant	No
Issued shares (mil)	RM806.3mil
Market cap. (RM'm)	RM6,046.9m
Price over NA	7.89x
52-wk price Range	RM6.20-RM7.65
Beta (against KLCI)	0.91x
3-mth Avg Daily Vol	1.23m
3-mth Avg Daily Value	RM8.98m
Major Shareholders (%)	
Capital Market Dvlp	18.64
KWAP	12.59
EPF	7.02

Abbreviations used:
 ADV = Average Daily Value
 ADC = Average Daily Contract
 FCPO = Crude Palm Oil Futures
 FKLI = FBMKLCI Futures
 BSAS = Bursa Suq Al-Sila
 OMT = On Market Trade
 DBT = Direct Business Transaction
 SR = Stable Revenue

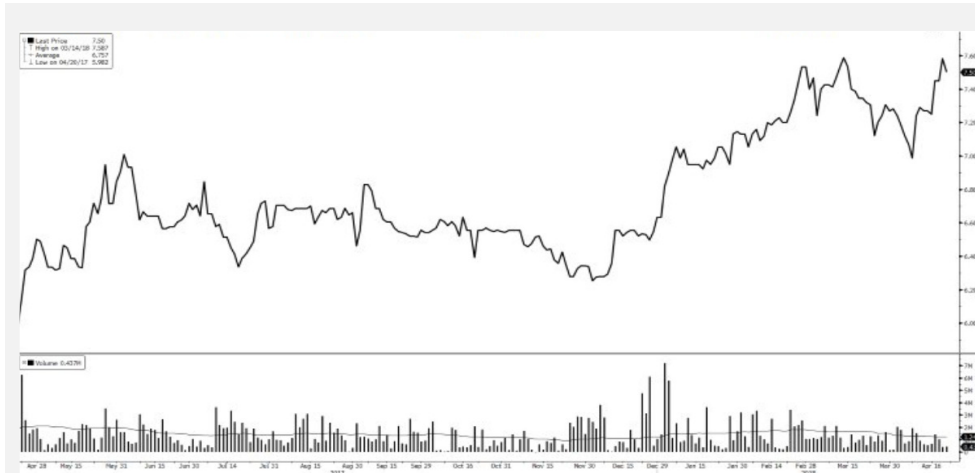
Valuation. Correspondingly, we maintain our **NEUTRAL** stance on Bursa with an unchanged **TP** of **RM7.50**. Our valuation is based on FY18EPS of 29.5sen (adjusted following bonus shares issuance) pegged to PER of 25x. For 2018, we estimate ADTV to average at RM2.42b, with growth expectation of +4.6%yoy. Meanwhile for 2019, we expect ADTV to average at RM2.66b, an increase of +9.9%yoy respectively. 

INVESTMENT STATISTICS

FYE Dec	FY15	FY16	FY17	FY18F	FY19F
Revenue (RM'm)	518.5	506.8	556.8	578.8	603.7
EBITDA (RM'm)	302.5	294.8	329.7	355.6	373.2
Pre-tax Profit (RM'm)	278.8	270.6	305.9	327.2	346.5
PATAMI (RM'm)	198.6	193.6	223.0	237.5	240.0
<i>Vs. Consensus Estimate (RM'm)</i>	-	-	222.3	230.5	240.0
EPS (sen)	24.6	24.0	27.7	29.5	29.8
EPS growth (%)	-33.5	-2.5	15.2	6.5	1.1
PER (x)	30.4	31.2	27.1	25.5	25.2
Dividend (sen)	28.2	29.9	26.1	28.0	28.3
Dividend Yield (%)	3.8	4.0	3.5	3.7	3.8

Source: Company, MIDFR

DAILY PRICE CHART

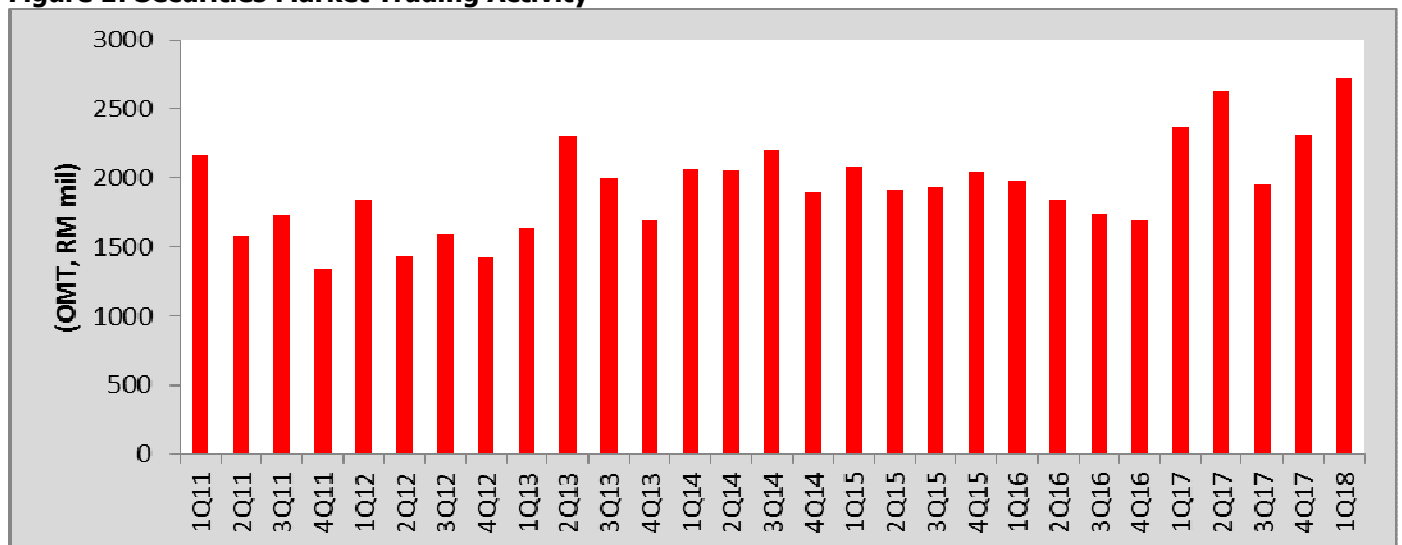


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Source: Bloomberg, MIDFR

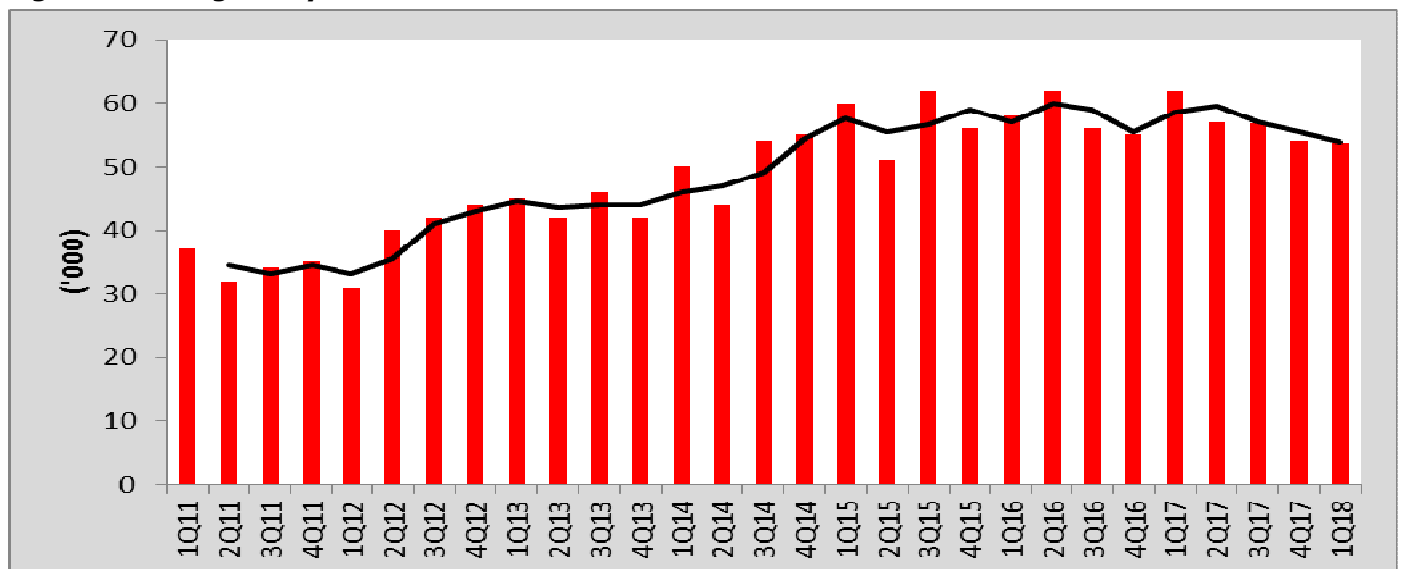
APPENDICES

Figure 1: Securities Market Trading Activity



Source: Bloomberg, MIDFR

Figure 2: Average Daily Contracts Traded



Source: Bloomberg, MIDFR

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
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	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

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.