MBM Resources Berhad

(5983|MBM MK) Main | Consumer Products & Services

ESG 3 Stars

SHARIAH Compliant

Corporate Update

Maintain **BUY**

Unchanged Target Price **RM5.87**

Briefing Note
More Launches on the Way

Maintain BUY. The results briefing indicated a fluid outlook overall. Perodua sales, MBM Resources Berhad's (MBM) primary earnings drivers, are expected to decline this year due to planned production upgrades. We recently upgraded MBM from NEUTRAL to **BUY**, as returns have exceeded +10% following its recent share price weakness, further supported by an appealing +7.2% dividend yield. Our target price remains unchanged at **RM5.87** based on 7.5x FY25F EPS.

Lesser Perodua sales share due to allocation limits. Perodua set a record last year, selling 358,102 units (+8.4%yoy), exceeding its 330,000-unit target. Associates' contribution grew by +9.9%yoy in 4QFY24, accounting for 78% of PBT, primarily driven by Perodua. Meanwhile, its dealership subsidiary recorded sales of 7,814 units (-4.9%yoy) in 4QFY24 and 29,703 units (+11.8%yoy) in FY24. MBM's share of Perodua sales was said to be lower due to allocation challenges against other dealerships.

Conservative targets for Perodua on planned upgrades. For CY25, Perodua has set conservative targets due to planned production upgrades, aiming for sales of 345,000 units (-3.7%yoy) and production of 350,000 units (-4.9%yoy). The order backlog has declined from 80K units in Dec-24 to about 68K units currently. Perodua has confirmed plans to launch at least 2 new models this year: a full model change (potentially the Bezza) and a facelift (Ativa). Additionally, it is set to launch its long-awaited first EV by year-end, estimated at around RM80K, excluding the battery cost, which will be offered on a leasing basis.

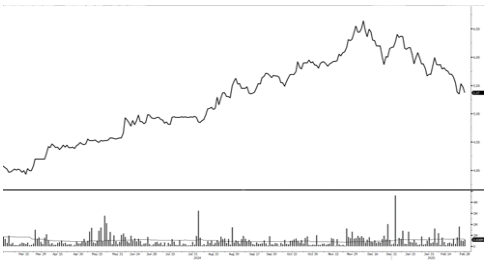
Waves of new launches for Jaecoo. Jaecoo, which entered the local market in Jul-24, recorded a 2.8x increase in unit sales in 4QFY24, reaching 122 units, solely driven by the J7 (C-segment SUV) model. The Omoda C9 (D-segment SUV) was among the newly launched models this year, followed by the J7 PHEV version. The J6 (EV B-segment SUV) and J8 (D-segment SUV) are expected to launch in 3QFY25. Management aims to double the marque's sales volume compared to last year. We do not anticipate it becoming a volume driver due to the intense competition in this segment.

The premium segment remains tough. Volvo and Volkswagen's year-to-date unit sales in FY24 have recorded double-digit declines, with management acknowledging ongoing challenges. For Volvo, at least a couple of launches are anticipated for this year, though the latter models seem uncertain.

No change in earnings forecast. Earnings estimates remain unchanged overall, with a key downside risk being lower-than-expected sales volumes due to weaker consumer sentiment.

RETURN STATISTICS	
Price @ 28th February 2025 (RM)	5.41
Expected share price return (%)	+8.5
Expected dividend yield (%)	+7.2
Expected total return (%)	+15.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.8	-6.9
3months	-13.0	-14.9
12 months	25.5	23.6

INVESTMENT STATISTICS

FYE Dec	2024A	2025F	2026F
Revenue	2,485.6	2,334.0	2,322.4
Operating profit	69.2	67.7	67.3
PBT	393.2	357.1	350.7
Core PATAMI	333.0	305.8	299.6
Core EPS (sen)	85.2	78.2	76.6
DPS (sen)	45.0	39.1	38.3
Dividend yield	8.3%	7.2%	7.1%

KEY STATISTICS

FBM KLCI	1,574.70
Issued shares (m)	390.89
Estimated free float (%)	38.29
Market Capitalisation (RM'm)	2,099.07
52-wk price range	RM4.08 - RM6.69
3-mth average daily volume (m)	0.67
3-mth average daily value (RM'm)	4.11
Top Shareholders (%)	
Med-Bumikar Mara Sdn Bhd	49.50
Lembaga Tabung Haji	4.64
Norges Bank	2.87

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VEHICLE/MANUFACTURING SALES VOLUME

	Quarterly					Cumulatively		
Subsidiaries	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Motor Trading (Units)								
Perodua	7,814	7,426	8,217	5.2%	-4.9%	29,703	26,560	11.8%
Daihatsu	175	250	216	-30.0%	-19.0%	777	831	-6.5%
Hino	74	81	78	-8.6%	-5.1%	261	283	-7.8%
Volvo	162	100	152	62.0%	6.6%	518	639	-18.9%
Volkswagen	125	131	193	-4.6%	-35.2%	474	728	-34.9%
Jaecoo	122	44	-	177.3%	-	166	-	-
Auto Parts (Units '000)								
OMI (Steel wheels)	106	100	117	6.0%	-9.4%	402	399	0.8%
OMI (Tyre assembly)	842	829	905	1.6%	-7.0%	3,271	3,201	2.2%
HASB (NVH Products)	252	235	277	7.2%	-9.0%	970	986	-1.6%
Joint Venture (Units '000)	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
AHSB (Seatbelts)	715	671	708	6.6%	1.0%	2,660	2,554	4.2%
AHSB (Airbags)	385	368	399	4.6%	-3.5%	1,591	1,425	11.6%
AHSB (Steering wheels)	148	142	150	4.2%	-1.3%	567	530	7.0%
Associated Companies (Units)	**4QFY24**	**3QFY24**	**4QFY23**	**QoQ**	**YoY**	**FY24**	**FY23**	**YoY**
Perodua	98,809	89,192	97,220	10.8%	1.6%	359,380	331,383	8.4%
Hino Motors Sales	1,124	1,181	1,366	-4.8%	-17.7%	5,066	5,356	-5.4%

Source: MBM Resources, MIDFR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024A	2025F	2026F
Revenue	2,308.1	2,416.9	2,485.6	2,334.0	2,322.4
Operating profit	104.9	97.6	69.2	67.7	67.3
PBT	325.3	394.7	393.2	357.1	350.7
PATAMI	268.6	334.5	333.0	305.8	299.6
Core PATAMI	234.2	306.1	333.0	305.8	299.6
EPS (sen)	59.9	78.3	85.2	78.2	76.6
PER (x)	9.0	6.9	6.4	6.9	7.1
DPS (sen)	43.0	39.0	45.0	39.1	38.3
Dividend yield (%)	7.9	7.2	8.3	7.2	7.1

Balance Sheet (RM'm)	2022A	2023A	2024A	2025F	2026F
PPE	174.5	186.6	194.0	191.6	201.2
Associates	1,527.6	1,652.0	1,766.9	1,805.3	1,895.5
Non-current assets	**1,907.0**	**2,050.5**	**2,178.4**	**2,242.5**	**2,354.6**
Inventories	115.6	161.0	114.2	140.6	147.6
Receivables	199.2	185.8	182.3	228.7	240.2
Cash balances	282.7	197.2	258.3	387.9	407.3
Current assets	**619.0**	**545.8**	**561.7**	**758.9**	**796.9**
Share capital	391.7	391.7	391.7	394.7	414.4
Reserves	1,664.0	1,736.4	1,834.8	2,009.7	2,110.2
Total equity	**2,342.8**	**2,426.0**	**2,547.1**	**2,777.7**	**2,916.5**
LT borrowings	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**7.1**	**6.4**	**12.8**	**6.4**	**6.8**
ST borrowings	4.3	16.4	45.9	16.4	17.2
Payables	169.5	142.1	128.5	195.6	205.3
Current liabilities	**176.0**	**163.9**	**179.1**	**217.3**	**228.2**

Cash Flow (RM'm)	2022A	2023A	2024A	2025F	2026F
PBT	325.3	391.3	393.2	357.1	364.3
D & A	18.4	19.6	17.9	17.6	18.0
Chgs in working capital	-30.0	-88.8	13.2	0.7	0.7
Operating cash flow	**48.9**	**-1.0**	**100.7**	**66.5**	**67.9**
Capex	-6.3	-26.9	-18.7	-50.0	-50.0
Investing cash flow	**159.8**	**186.3**	**187.8**	**150.2**	**154.7**
Dividends paid	-157.5	-258.0	-234.5	-152.9	-149.8
Borrowings	-19.0	16.4	29.5	0.0	0.0
Financing cash flow	**-180.6**	**-272.8**	**-227.3**	**-136.2**	**-138.9**
Net changes in cash	**28.2**	**-87.5**	**61.1**	**80.6**	**82.2**
Beginning cash flow	**256.6**	**284.8**	**197.2**	**258.3**	**263.5**
Ending cash flow	**284.8**	**197.2**	**258.3**	**338.9**	**345.7**

Profitability Ratios (%)	2022A	2023A	2024A	2025F	2026F
OP margin	4.5%	4.0%	2.9%	2.9%	2.9%
PBT margin	14.1%	16.3%	15.5%	15.3%	15.1%
PATAMI margin	11.6%	13.8%	13.4%	13.1%	12.9%
Core PATAMI margin	10.1%	12.7%	13.6%	13.1%	12.9%
ROA	9.3%	11.8%	12.2%	10.2%	9.5%
ROE	10.0%	12.6%	13.1%	11.0%	10.3%

Growth (%)	2022A	2023A	2024A	2025F	2026F
Revenue growth	50.7%	4.7%	2.8%	-6.1%	-0.5%
PBT growth	56.8%	21.3%	-0.4%	-9.2%	-1.8%
PATAMI growth	59.8%	24.5%	-0.4%	-8.2%	-2.0%
Core PATAMI growth	60.8%	30.7%	8.8%	-8.2%	-2.0%

Source: MBM Resources, 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	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

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.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology