MBM Resources Berhad

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

ESG 3 Stars

SHARIAH Compliant

Corporate Update

Maintain NEUTRAL

Revised Target Price **RM5.75** (from RM5.87)

1QFY25 Results Review
High Base Effect in Play

Maintain NEUTRAL. There were no major surprises in MBM Resources Berhad's 1QFY25 results, which aligned with expectations. Year-to-date, Perodua's TIV has remained relatively stable, easing just -0.3%yoy. However, full-year sales are expected to decline by -3.7%yoy as the marque undergoes planned production upgrades. As for the premium segment, we expect competition will remain intense. We have rolled over the valuation base year, resulting in a slightly lower target price of **RM5.75** (from RM5.87) based on 7.5x FY26F EPS. We view the stock as fairly valued, currently trading at -0.5SD below the sector's 5-year historical mean.

Within expectations. MBM reported RM71.4m for 1QFY25 – in line with expectations at 23% of our and the street's full-year estimates. No dividend was declared this quarter.

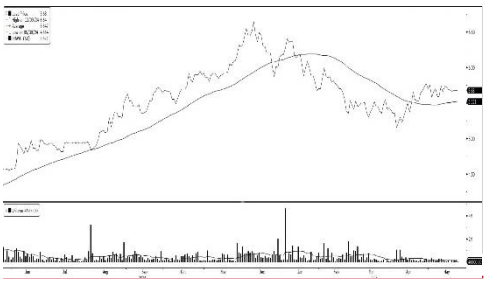
Sales hit by tight supply, intense rivalry. Revenue for the motor trading & assembly division fell by -7.5%yoy in 1QFY25, mainly due to limited Perodua vehicle supply and weaker Volvo sales amid stronger competition. Nonetheless, the division's PBT margin held steady. Meanwhile, the auto parts manufacturing segment posted a -3.4%yoy drop in revenue, outperforming the wider -15.6%yoy decline in TIP. However, PBT margin fell by -2.1ppts due to higher operating costs. The Group's associates accounted for 78% of PBT (1QFY24: 72%), marking a slight -3.8%yoy decline due to marginally lower production and sales volumes. Overall, the Group recorded a -6.9%yoy drop in revenue, while core PATAMI fell by -11.1%yoy.

Sequential dip from high base. Compared to 4QFY24, the motor trading & assembly division saw a sharper decline of -13.8%qoq, coming off a high base and impacted by shorter working months. This aligns with the -15.6%qoq contraction in TIV. Whereas the auto parts manufacturing segment posted an -8.3%qoq decline in revenue, mirroring the -10.0%qoq drop in TIP. PBT margin for this division dipped slightly by -1.0ppts attributed to the aforementioned factor. Coming off the strong sales and production volumes at the end of last year, the share of associates' results softened, posting a -26.8%qoq decline in profits. On a sequential basis, revenue fell by -13.1%qoq, while core PATAMI dropped -27.1%qoq.

Earnings estimates. As the results aligned with expectations, we have made no changes to our earnings forecasts.

RETURN STATISTICS	
Price @ 26th May 2025 (RM)	5.68
Expected share price return (%)	+1.2
Expected dividend yield (%)	+6.9
Expected total return (%)	+8.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.2	-1.5
3months	4.6	7.4
12 months	18.3	24.8

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	7.9%	6.9%	6.7%

KEY STATISTICS

FBM KLCI	1,534.30
Issued shares (m)	390.89
Estimated free float (%)	38.29
Market Capitalisation (RM'm)	2,220.26
52-wk price range	RM4.08 - RM6.69
3-mth average daily volume (m)	0.68
3-mth average daily value (RM'm)	4.20
Top Shareholders (%)	
Med-Bumikar Mara Sdn Bhd	49.50
Lembaga Tabung Haji	4.64
Norges Bank	2.87

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MBM RESOURCES: 1QFY25 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	**1QFY25**	**4QFY24**	**1QFY24**	**QoQ**	**YoY**	**3MFY25**	**3MFY24**	**YoY**
Revenue	574.3	660.9	617.1	-13.1%	-6.9%	574.3	617.1	-6.9%
Operating profit	13.6	18.1	17.8	-24.8%	-23.4%	13.6	17.8	-23.4%
Net finance expense	1.3	0.9	1.1	35.9%	15.6%	1.3	1.1	15.6%
Share of JV	4.2	6.2	7.8	-31.9%	-45.7%	4.2	7.8	-45.7%
Share of associates	65.8	89.9	68.4	-26.8%	-3.8%	65.8	68.4	-3.8%
PBT	84.9	115.1	95.0	-26.2%	-10.7%	84.9	95.0	-10.7%
Tax expense	-4.1	-6.2	-5.0	34.1%	18.6%	-4.1	-5.0	18.6%
PATAMI	71.4	97.7	80.2	-26.9%	-11.0%	71.4	80.2	-11.0%
Core PATAMI	71.4	97.8	80.3	-27.1%	-11.1%	71.4	80.3	-11.1%
				ppts	**ppts**			**ppts**
OP margin (%)	2.4%	2.7%	2.9%	-0.4	-0.5	2.4%	2.9%	-0.5
PBT margin (%)	14.8%	17.4%	15.4%	-2.6	-0.6	14.8%	15.4%	-0.6
Core PATAMI margin (%)	12.4%	14.8%	13.0%	-2.4	-0.6	12.4%	13.0%	-0.6
Effective tax rate (%)	-4.8%	-5.4%	-5.3%	0.6	0.5	-4.8%	-5.3%	0.5

SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**1QFY25**	**4QFY24**	**1QFY24**	**QoQ**	**YoY**	**3MFY25**	**3MFY24**	**YoY**
Motor trading & assembly	500.8	580.7	541.2	-13.8%	-7.5%	500.8	541.2	-7.5%
Auto parts manufacturing	72.8	79.3	75.3	-8.3%	-3.4%	72.8	75.3	-3.4%
Others	0.7	0.8	0.6	-8.9%	15.5%	0.7	0.6	15.5%
PBT	**1QFY25**	**4QFY24**	**1QFY24**	**QoQ**	**YoY**	**3MFY25**	**3MFY24**	**YoY**
Motor trading & assembly	11.0	14.1	13.2	-21.7%	-16.8%	11.0	13.2	-16.8%
Auto parts manufacturing	5.5	6.8	7.3	-19.2%	-24.7%	5.5	7.3	-24.7%
Others	-1.6	-1.9	-1.7	11.1%	1.7%	-1.6	-1.7	1.7%
PBT Margin	**1QFY25**	**4QFY24**	**1QFY24**	**QoQ**	**YoY**	**3MFY25**	**3MFY24**	**YoY**
Motor trading & assembly	2.2%	2.4%	2.4%	-0.2	-0.2	2.2%	2.4%	-0.2
Auto parts manufacturing	7.5%	8.5%	9.7%	-1.0	-2.1	7.5%	9.7%	-2.1

Source: MBM Resources, MIDFR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024A	2025E	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)	9.5	7.3	6.7	7.3	7.4
DPS (sen)	43.0	39.0	45.0	39.1	38.3
Dividend yield (%)	7.6	6.9	7.9	6.9	6.7
Balance Sheet (RM'm)	**2022A**	**2023A**	**2024A**	**2025E**	**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	2025E	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	-20.0	-20.4
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**	**2025E**	**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**	**2025E**	**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