MBM Resources Berhad

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

ESG 3 Stars

SHARIAH Compliant

Corporate Update

Maintain **NEUTRAL**

Unchanged Target Price **RM5.75**

Briefing Note
Priced for Outlook

Maintain NEUTRAL. MBM Resources Berhad's (MBMR) is expected to deliver relatively resilient performance, backed by its strong exposure to Perodua. Although planned production upgrades may lead to a slight dip in sales, Perodua's TIV remains more stable than that of other marques. Our target price remains unchanged at **RM5.75**, 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.

Resilient Perodua sales despite slow start. Under the motor trading and assembly division, the Group's vehicle sales declined -9.0%yoy in 1QFY25 (TIV: -7.4%yoy). Perodua started the year soft due to excise duty-calculation delays but later recovered, with its TIV down just -1.0%yoy. Volkswagen sales rose +9.7%yoy mainly due to active inventory clearing and strong dealer support from the principal, with particularly good traction seen in Johor. Steady contributions from Jaecoo, which remained at >100 units in 1QFY25, helped partially offset the revenue decline (-7.5%yoy) in this division.

Manufacturing margins set to improve. The auto parts manufacturing segment saw a softer showing in 1QFY25, though it outperformed the -15.6%yoy drop in TIP. Strong demand from Perodua helped partially offset weaker orders from Japanese marques. JV results were softer, mainly due to the absence of a one-off bulk purchase that had boosted 1QFY24. The -2.1ppts year-on-year decline in PBT margin, as noted earlier, was attributed to new material testing costs, which are expected to normalise in the coming quarters.

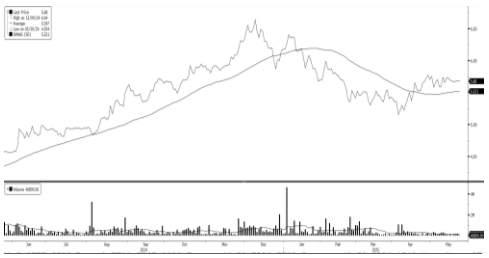
Audi dealership is now operational in Johor. MBMR recently launched its new Audi dealership in Skudai, Johor, co-located with its existing Federal Auto Volkswagen 4S centre. The launch coincided with the introduction of the locally assembled Audi Q7 S-line, the first CKD Audi model in Southeast Asia. This allows MBMR to offer the full Audi lineup, including the all-electric e-tron range. The setup required only a modest investment of RM300K, as it involved minor modifications within the existing outlet, enabling a cost-efficient entry into the premium segment.

Cautious on overlap from Chinese sub-brands. The management acknowledged concerns over the proliferation of Chinese sub-brands, such as the EV-focused iCaur under Chery, which could potentially overlap with existing marques like Jaecoo. Although Jaecoo has gained strong early traction, the lack of clarity around the positioning of new sub-brands within similar market segments raises the risk of international competition. The Group is focused on maintaining brand differentiation, for now, with no immediate intention to expand its Chinese brand portfolio.

Earnings estimates. Our earnings estimates remained unchanged.

RETURN STATISTICS	
Price @ 27th May 2025 (RM)	5.56
Expected share price return (%)	+3.4
Expected dividend yield (%)	+6.3
Expected total return (%)	+9.7

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	35.2	34.5
Dividend yield	8.1%	6.3%	6.2%

FBM KLCI	1,526.16
Issued shares (m)	390.89
Estimated free float (%)	39.79
Market Capitalisation (RM'm)	2,220.24
52-wk price range	RM4.74 - RM6.69
3-mth average daily volume (m)	0.29
3-mth average daily value (RM'm)	1.56
Top Shareholders (%)	
Med-Bumikar Mara Sdn Bhd	49.50
Lembaga Tabung Haji	4.41
Public Mutual Bhd	2.49

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TABLE 1: SALES VOLUME

	Quarterly					Cumulatively		
Subsidiaries	**1QFY25**	**4QFY24**	**1QFY24**	**QoQ**	**YoY**	**3MFY25**	**3MFY24**	**YoY**
Motor Trading (Units)								
Perodua	6,835	7,814	7,625	-12.5%	-10.4%	6,835	7,625	-10.4%
Daihatsu	174	175	134	-0.6%	29.9%	174	134	29.9%
Hino	21	74	43	-71.6%	-51.2%	21	43	-51.2%
Volvo	78	162	146	-51.9%	-46.6%	78	146	-46.6%
Volkswagen	124	125	113	-0.8%	9.7%	124	113	9.7%
Jaecoo	105	122	0	-13.9%	-	105	0	-
Total	7,337	8,472	8,061	-13.4%	-9.0%	7,337	8,061	-9.0%
Passenger vehicles	7,142	8,223	7,884	-13.1%	-9.4%	7,142	7,884	-9.4%
Commercial vehicles	195	249	177	-21.7%	10.2%	195	177	10.2%
TIV	188,122	219,126	203,137	-14.1%	-7.4%	188,122	203,137	-7.4%
Auto Parts (Units '000)								
OMI (Steel wheels)	93	106	102	-12.3%	-8.8%	93	102	-8.8%
OMI (Tyre assembly)	739	842	849	-12.2%	-13.0%	739	849	-13.0%
HASB (NVH Products)	213	252	249	-15.5%	-14.5%	213	249	-14.5%
TIP	177,603	196,085	210,527	-9.4%	-15.6%	177,603	210,527	-15.6%
Joint Venture (Units '000)	**1QFY25**	**4QFY24**	**1QFY24**	**QoQ**	**YoY**	**3MFY25**	**3MFY24**	**YoY**
AHSB (Seatbelts)	590	715	642	-17.5%	-8.1%	590	642	-8.1%
AHSB (Airbags)	317	385	495	-17.7%	-36.0%	317	495	-36.0%
AHSB (Steering wheels)	126	148	140	-14.9%	-10.0%	126	140	-10.0%
Associated Companies (Units)	**1QFY25**	**4QFY24**	**1QFY24**	**QoQ**	**YoY**	**3MFY25**	**3MFY24**	**YoY**
Perodua	84,802	98,809	86,424	-14.2%	-1.9%	84,802	86,424	-1.9%
Hino Motors Sales	565	1,124	1,495	-49.7%	-62.2%	565	1,495	-62.2%

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)	9.3x	7.1x	6.5x	7.1x	7.3x
DPS (sen)	43.0	39.0	45.0	35.2	34.5
Dividend yield (%)	7.7%	7.0%	8.1%	6.3%	6.2%

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