MBM Resources Berhad

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

SHARIAH Compliant

ESG 3 Stars

Corporate Update

2QFY25 Results Review
Solid Showing

Maintain **BUY**

Unchanged Target Price **RM5.36**

Maintain BUY. Overall, it was a solid quarter for MBM Resources Berhad (MBMR), with results broadly in line and sales improving both year-on-year and sequentially across its divisions. Year-to-date, Perodua TIV is only -1.1%yoy lower, reflecting resilience in the mass market segment. We maintain our **BUY** call on MBM with an unchanged target price of **RM5.36** (based on 7x FY26F EPS). The stock is currently trading at -1.0SD below the sector's 5-year historical mean and offers an appealing yield of +6.9%.

Within expectations. MBMR posted a 2QFY25 core PATAMI of RM72.5m, lifting 1HFY25 core earnings to RM143.9m, which is in line at 47% of our/consensus full-year projections. For the period, a first interim dividend of 7.0 sen and a special dividend of 15.0 sen per share were declared, totalling 22.0 sen (DPR: 60%).

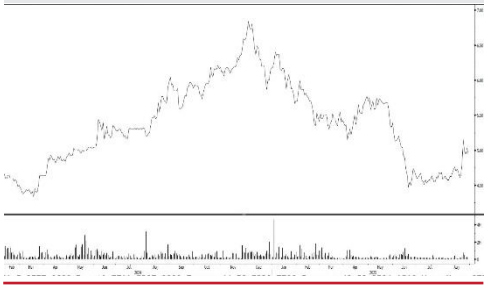
Vehicle sales up year-on-year. The motor trading & assembly division recorded a +4.3%yoy revenue increase in 2QFY25, supported by sustained Perodua supply, higher Daihatsu and Volkswagen sales, new contributions from Jaecoo, and steady after sales performance. The division's EBIT margin remained stable, edging up by +0.1 ppt. Meanwhile, the auto parts manufacturing division posted a +16.8%yoy increase in revenue on strong demand from major carmakers, while EBIT margin eased by -1.5 ppts on customer mix. Associates contributed 74% of the Group's PBT (vs. 71% in 2QFY24), posting a +12.6%yoy increase on steady volumes and Ringgit appreciation. Altogether, the Group delivered a +5.8%yoy revenue increase, with core PATAMI rising +6.9%yoy on stable margins.

Sequential improvement across divisions. Compared to 1QFY25, the motor trading & assembly division's revenue rose +4.6%qoq on stronger vehicle sales, with EBIT margin improving +0.3 ppts. On the other hand, the auto parts manufacturing division posted a +6.4%qoq revenue increase but recorded a -0.7 ppt decline in EBIT margin. The share of associates' results eased slightly, recording a -1.8%qoq drop in profits. On a sequential basis, the Group's revenue increased +4.8%qoq, while the core PATAMI was up marginally by +1.6%qoq.

Earnings estimates. We leave our earnings projections unchanged for now.

RETURN STATISTICS	
Price @ 28th August 2025 (RM)	5.06
Expected share price return (%)	+6.1
Expected dividend yield (%)	+6.9
Expected total return (%)	+13.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	6.2	2.0
3 months	6.5	-11.6
12 months	-8.2	-3.4

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	2,332.8	2,322.9	2,389.1
EBIT	56.1	44.4	44.2
PBT	360.6	354.3	362.2
Core PATAMI	305.1	299.7	306.4
Core EPS (sen)	78.1	76.7	78.4
DPS (sen)	35.1	34.5	35.3
Dividend yield	6.9%	6.8%	7.0%

KEY STATISTICS	
FBM KLCI	1,587.07
Issued shares (m)	390.89
Estimated free float (%)	39.79
Market Capitalisation (RM'm)	1,934.89
52-wk price range	RM4.38 - RM6.69
3-mth average daily volume (m)	0.26
3-mth average daily value (RM'm)	1.27
Top Shareholders (%)	
Med-Bumikar Mara Sdn Bhd	49.50
Lembaga Tabung Haji	4.41
Public Mutual Bhd	2.49

Analyst
Amalia Zarir
amalia.zarir@midf.com.my
03-2173 8357

MBM RESOURCES: 2QFY25 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**1HFY25**	**1HFY24**	**YoY**
Revenue	602.2	574.3	569.2	4.8%	5.8%	1,176.5	1,186.4	-0.8%
EBIT	15.7	13.6	15.1	15.5%	3.8%	29.3	32.9	-10.9%
Net finance costs	0.9	1.3	1.0	-25.3%	-1.4%	2.2	2.0	7.7%
Share of JV	5.9	4.2	6.9	38.0%	-15.3%	10.1	14.8	-31.4%
Share of associates	64.7	65.8	57.4	-1.8%	12.6%	130.5	125.8	3.7%
PBT	87.2	84.9	80.4	2.6%	8.4%	172.1	175.4	-1.9%
Tax expense	-4.5	-4.1	-4.3	-8.5%	-4.6%	-8.6	-9.3	8.0%
PAT	82.7	80.8	76.1	2.4%	8.6%	163.5	166.1	-1.6%
PATAMI	72.5	71.4	67.6	1.6%	7.2%	143.9	147.9	-2.7%
Core PATAMI	72.5	71.4	67.8	1.6%	6.9%	143.9	148.1	-2.8%
				ppts	**ppts**			**ppts**
EBIT margin (%)	2.6%	2.4%	2.7%	0.2	0.0	2.5%	2.8%	-0.3
PBT margin (%)	14.5%	14.8%	14.1%	-0.3	0.4	14.6%	14.8%	-0.2
Core PATAMI margin (%)	12.0%	12.4%	11.9%	-0.4	0.1	12.2%	12.5%	-0.3
Effective tax rate (%)	-5.1%	-4.8%	-5.3%	-0.3	0.2	-5.0%	-5.3%	0.3

SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**1HFY25**	**1HFY24**	**YoY**
Motor trading & assembly	524.0	500.8	502.3	4.6%	4.3%	1,024.9	1,043.5	-1.8%
Auto parts manufacturing	77.4	72.8	66.3	6.4%	16.8%	150.2	141.6	6.1%
Others	0.7	0.7	0.7	-2.9%	5.5%	1.5	1.3	10.3%
EBIT	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**1HFY25**	**1HFY24**	**YoY**
Motor trading & assembly	12.4	10.3	11.2	19.8%	10.1%	22.7	24.1	-5.9%
Auto parts manufacturing	4.8	5.1	5.1	-4.7%	-5.8%	9.9	11.9	-16.9%
Others	-1.5	-1.8	-1.2	16.5%	-21.7%	-3.3	-3.2	-4.4%
EBIT margin	**2QFY25**	**1QFY25**	**2QFY24**	**ppts**	**ppts**	**1HFY25**	**1HFY24**	**ppts**
Motor trading & assembly	2.4%	2.1%	2.2%	0.3	0.1	2.2%	2.3%	-0.1
Auto parts manufacturing	6.2%	7.0%	7.7%	-0.7	-1.5	6.6%	8.4%	-1.8

Source: MBM Resources, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	2,416.2	2,485.6	2,332.8	2,322.9	2,389.1
EBIT	97.2	69.1	56.1	44.4	44.2
PBT	391.3	393.9	360.6	354.3	362.2
PAT	368.3	373.1	339.0	333.0	340.5
PATAMI	331.2	333.4	305.1	299.7	306.4
Core PATAMI	302.2	333.7	305.1	299.7	306.4
Core EPS (sen)	77.3	85.4	78.1	76.7	78.4
PER	6.5x	5.9x	6.5x	6.6x	6.5x
DPS (sen)	54.0	45.0	35.1	34.5	35.3
Dividend yield	10.7%	8.9%	6.9%	6.8%	7.0%

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Inv. in associates	1,652.0	1,767.1	1,899.6	2,034.7	2,173.8
PPE	186.6	194.0	199.4	201.8	203.7
Non-current assets	**2,050.5**	**2,178.6**	**2,280.2**	**2,385.8**	**2,488.8**
Inventories	161.0	114.2	107.6	107.3	110.4
Trade receivables	165.6	162.1	152.1	151.5	155.8
Cash	197.2	258.3	339.1	399.1	459.4
Current assets	**545.8**	**559.0**	**623.2**	**682.2**	**749.9**
Non-current liabilities	**6.4**	**13.8**	**13.8**	**13.8**	**13.8**
Short-term debt	16.4	45.9	45.9	45.9	45.9
Trade payables	89.5	79.1	74.6	74.3	76.5
Current liabilities	**163.9**	**179.2**	**174.7**	**174.5**	**176.6**
Share capital	391.7	391.7	391.7	391.7	391.7
Retained earnings	1,736.4	1,834.7	2,002.5	2,167.4	2,335.9
Equity	**2,426.0**	**2,547.1**	**2,714.9**	**2,879.8**	**3,048.3**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	391.3	393.9	360.6	354.3	362.2
D&A	19.0	17.4	12.0	12.6	13.2
Changes in WC	-61.9	36.5	12.0	0.7	-5.3
Operating cash flow	**-1.0**	**100.6**	**60.3**	**30.2**	**34.2**
Capital expenditure	-26.8	-18.7	-15.0	-15.0	-15.0
Investing cash flow	**185.8**	**186.2**	**183.3**	**190.3**	**187.8**
Dividends paid	-258.0	-234.5	-137.3	-134.9	-137.9
Debt raised/(repaid)	16.4	29.5	0.0	0.0	0.0
Financing cash flow	**-272.8**	**-227.3**	**-160.8**	**-160.5**	**-161.7**
Net cash flow	**-88.0**	**59.6**	**82.8**	**60.0**	**60.3**
Beginning cash flow	**284.7**	**196.7**	**256.3**	**339.1**	**399.1**
Ending cash flow	**196.7**	**256.3**	**339.1**	**399.1**	**459.4**

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
EBIT margin	4.0%	2.8%	2.4%	1.9%	1.9%
PBT margin	16.2%	15.8%	15.5%	15.3%	15.2%
PAT margin	15.2%	15.0%	14.5%	14.3%	14.3%
Core PATAMI margin	12.5%	13.4%	13.1%	12.9%	12.8%
ROA	11.6%	12.2%	10.5%	9.8%	9.5%
ROE	12.5%	13.1%	11.2%	10.4%	10.1%

Growth (%)	2023A	2024A	2025E	2026F	2027F
Revenue growth	4.7%	2.9%	-6.1%	-0.4%	2.8%
EBIT growth	-7.4%	-28.9%	-18.9%	-20.8%	-0.4%
PBT growth	21.0%	0.7%	-8.4%	-1.8%	2.2%
Core PATAMI growth	21.6%	10.4%	-8.6%	-1.8%	2.2%

Source: MBM Resources, MBSBR

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) 197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MBSB Investment Bank Berhad (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD). The directors, employees and representatives of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MBSB Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

MBSB INVESTMENT BANK (formerly known as MIDF 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 expected 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