MBM Resources Berhad

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

SHARIAH Compliant

ESG 3 Stars

Corporate Update

Briefing Note
Appealing Yield

Maintain BUY. MBM Resources Berhad's (MBMR) performance has remained more resilient than its peers, supported by sustained demand in the affordable segment through its strong exposure in Perodua, which recorded just a -1.1%yoy year-to-date decline in TIV and outperformed the sector overall. We maintain our **BUY** call on MBM with a revised target price of **RM5.54** from RM5.36 (based on 7x FY26F EPS). The stock offers an appealing dividend yield of +6.8%.

Vehicle sales held steady. The Group's total vehicle sales held firm, posting a modest growth of +0.6%yoy in 2QFY25. In the passenger vehicle segment, Perodua's (-1.5%yoy) decline was in line with expectations, while Volvo recorded a -6.4%yoy drop. These were partly mitigated by Jaecoo's contribution (since Aug-24) and Volkswagen's (+21.0%yoy) stronger sales, which were driven by rebates. In the commercial vehicle segment, Daihatsu's (+8.7%yoy) sales were driven by the delivery of current-year stock, whereas Hino (-31.7%yoy) faced lower production volumes ahead of its new model launch.

Yet motor trading & assembly revenue grew +4.3%yoy. Although overall vehicle sales were largely flat, service throughput grew +3.3%yoy in 2QFY25, led by Perodua, which benefited from its record-breaking sales in recent years. The increase in PBT (+8.4%yoy) was driven by higher contributions from associates, mainly Perodua, which benefited from a weaker JPY despite softer volumes (-4.6%yoy). In the latter half of the year, expected launches include Perodua's QV-E (lower B-segment EV) and Nexis (B-segment SUV), Jaecoo J5 (B-segment SUV), as well as Hino's Euro 5 light commercial vehicle, all slated to launch in 4QCY25.

Auto parts manufacturing margins contracted. The auto parts manufacturing division recorded softer unit sales, though revenue (+16.8%yoy) was partly supported by a change in revenue recognition for the tyre assembly business, which now records component purchases as revenue. However, this did not significantly lift EBIT as the margin contracted -0.7 ppts, mainly due to a higher proportion of lower-margin models and periodic cost-down requirements from OEM customers. Margins also remained pressured by ongoing material testing for raw material localisation, which has taken longer than planned.

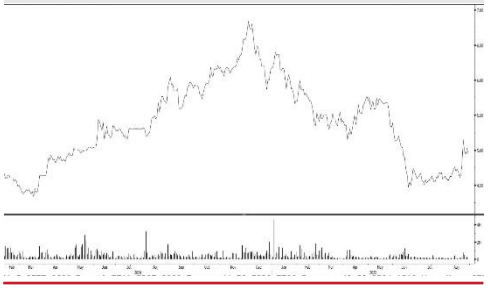
Earnings estimates. Though results were in line, we revised FY26F/FY27F earnings upwards by +3% to reflect higher sales volumes (mainly Jaecoo and Hino) and slightly stronger margins.

Maintain BUY

Revised Target Price **RM5.54**
(from RM5.36)

RETURN STATISTICS	
Price @ 29th August 2025 (RM)	5.13
Expected share price return (%)	+8.1
Expected dividend yield (%)	+6.8
Expected total return (%)	+14.9

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	2,349.2	2,399.6
EBIT	56.1	56.1	56.2
PBT	360.6	366.0	374.2
Core PATAMI	305.1	309.6	316.6
Core EPS (sen)	78.1	79.2	81.0
DPS (sen)	35.1	35.6	36.4
Dividend yield	6.8%	6.9%	7.1%

KEY STATISTICS	
FBM KLCI	1,575.12
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

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RECAP OF 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

SALES VOLUME

	Quarterly					Cumulatively		
Motor Trading (Units)	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**1HFY25**	**1HFY24**	**YoY**
Passenger vehicle sales								
Audi	1	-	-	-	-	1	-	-
Jaecoo	132	105	-	25.7%	-	237	-	-
Perodua	6,733	6,835	6,838	-1.5%	-1.5%	13,568	14,463	-6.2%
Volkswagen	127	124	105	2.4%	21.0%	251	218	15.1%
Volvo	103	78	110	32.1%	-6.4%	181	256	-29.3%
Commercial vehicle sales								
Daihatsu	237	174	218	36.2%	8.7%	411	352	16.8%
Hino	43	21	63	104.8%	-31.7%	64	106	-39.6%
Total	7,376	7,337	7,334	0.5%	0.6%	14,713	15,395	-4.4%
Service Throughput	65,800	65,800	63,700	0.0%	3.3%	131,600	129,900	1.3%
Auto Parts (Units '000)	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**1HFY25**	**1HFY24**	**YoY**
Steel wheels	89	93	94	-4.3%	-5.3%	182	196	-7.1%
Tyre assembly	739	739	751	0.0%	-1.6%	1,478	1,600	-7.6%
NVH Products	218	213	234	2.3%	-6.8%	431	483	-10.8%
Joint Venture (Units '000)	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**1HFY25**	**1HFY24**	**YoY**
Seatbelts	658	590	632	11.5%	4.1%	1,248	1,274	-2.0%
Airbags	357	317	343	12.6%	4.1%	674	838	-19.6%
Steering wheels	141	126	137	11.9%	2.9%	267	277	-3.6%
Associates (Units)	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**1HFY25**	**1HFY24**	**YoY**
Perodua	81,051	84,802	84,955	-4.4%	-4.6%	165,853	171,379	-3.2%
Hino Motors Sales	929	565	1,266	64.4%	-26.6%	1,494	2,761	-45.9%

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	2,349.2	2,399.6
EBIT	97.2	69.1	56.1	56.1	56.2
PBT	391.3	393.9	360.6	366.0	374.2
PAT	368.3	373.1	339.0	344.0	351.7
PATAMI	331.2	333.4	305.1	309.6	316.6
Core PATAMI	302.2	333.7	305.1	309.6	316.6
Core EPS (sen)	77.3	85.4	78.1	79.2	81.0
PER	6.6x	6.0x	6.6x	6.5x	6.3x
DPS (sen)	54.0	45.0	35.1	35.6	36.4
Dividend yield	10.5%	8.8%	6.8%	6.9%	7.1%

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**	**2,384.7**	**2,486.5**
Inventories	161.0	114.2	107.6	108.4	110.7
Trade receivables	165.6	162.1	152.1	153.2	156.5
Cash	197.2	258.3	339.1	403.6	471.8
Current assets	**545.8**	**559.0**	**623.2**	**689.5**	**763.4**
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	75.1	76.7
Current liabilities	**163.9**	**179.2**	**174.7**	**175.2**	**176.8**
Share capital	391.7	391.7	391.7	391.7	391.7
Retained earnings	1,736.4	1,834.7	2,002.5	2,172.8	2,346.9
Equity	**2,426.0**	**2,547.1**	**2,714.9**	**2,885.2**	**3,059.3**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	391.3	393.9	360.6	366.0	374.2
D&A	19.0	17.4	12.0	12.6	13.2
Changes in WC	-61.9	36.5	12.0	-1.3	-4.0
Operating cash flow	**-1.0**	**100.6**	**60.3**	**39.1**	**46.7**
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	-139.3	-142.5
Debt raised/(repaid)	16.4	29.5	0.0	0.0	0.0
Financing cash flow	**-272.8**	**-227.3**	**-160.8**	**-165.0**	**-166.3**
Net cash flow	**-88.0**	**59.6**	**82.8**	**64.4**	**68.3**
Beginning cash flow	**284.7**	**196.7**	**256.3**	**339.1**	**403.6**
Ending cash flow	**196.7**	**256.3**	**339.1**	**403.6**	**471.8**

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
EBIT margin	4.0%	2.8%	2.4%	2.4%	2.3%
PBT margin	16.2%	15.8%	15.5%	15.6%	15.6%
PAT margin	15.2%	15.0%	14.5%	14.6%	14.7%
Core PATAMI margin	12.5%	13.4%	13.1%	13.2%	13.2%
ROA	11.6%	12.2%	10.5%	10.1%	9.7%
ROE	12.5%	13.1%	11.2%	10.7%	10.3%

Growth (%)	2023A	2024A	2025E	2026F	2027F
Revenue growth	4.7%	2.9%	-6.1%	0.7%	2.1%
EBIT growth	-7.4%	-28.9%	-18.9%	0.1%	0.2%
PBT growth	21.0%	0.7%	-8.4%	1.5%	2.2%
Core PATAMI growth	21.6%	10.4%	-8.6%	1.5%	2.2%

Source: MBM Resources, MBSBR

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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