MBM Resources Berhad

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

SHARIAH Compliant

ESG 3 Stars

Corporate Update

Downgrade to NEUTRAL (from BUY)

Unchanged Target Price **RM5.54**

Briefing Note
Stable Outlook, Limited Upside

Downgrade to NEUTRAL. Despite softer volumes in motor trading & assembly and auto parts manufacturing, MBM's outlook was supported by resilient after-sales performance and sustained Perodua associate contributions. We maintain our **RM5.54** (7x FY26F EPS) target price but downgrade our call to **NEUTRAL** (from BUY), with total returns now <10% and the stock trading near its 5-year historical mean.

Motor trading & assembly softer on lower sales. Year-to-date, the Group's total vehicle sales eased to 22.6k (-3.5%yoy), weighed down by declines in Perodua, Volvo, and Hino. Perodua sales via its dealerships fell by -4.6%yoy, steeper than Perodua's overall -1.4%yoy decline, as allocations were skewed toward slower-moving models. Hino recorded the sharpest contraction at -54.5%yoy, reflecting limited stock ahead of its Euro 5 model transition. After-sales helped cushion the division's revenue decline (-1.9%yoy), with service throughput (+2.5yoy) rising on Perodua's larger service base. Operating profit declined -4.5%yoy, reflecting lower sales volumes and changes in customer mix.

Auto parts manufacturing tracks lower TIP. In 9MFY25, MBM's auto parts output softened broadly in line with the -6.9%yoy decline in total industry production (TIP). However, division revenue rose +8.0%yoy, driven by changes in component-purchase arrangements for a key customer, with minimal impact on margins. Operating profit (-18.8%yoy) was lower, reflecting reduced volumes and a less favourable sales mix.

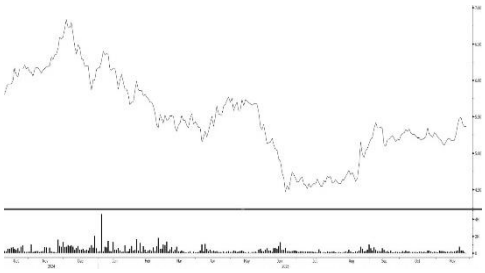
Forex tailwinds for Perodua associate. Perodua's near-term outlook remains healthy, supported by a backlog of 73k units, which has helped it deliver 257k units (-1.4%yoy) in 9MFY25 and keeps it broadly on track to meet, if not exceed, its 345k-unit (-3.7%yoy) FY25 target. The 4QCY25 would be seasonally stronger on year-end promotions. Despite softer sales, profitability should still be supported by favourable forex movements (weaker JPY).

Perodua BEV participation is limited to parts supply for now. Perodua is set to launch the QV-E (B-segment electric crossover-SUV) soon, priced in the RM80k range under a battery-leasing model. MBM's current involvement is limited to parts supply (supporting an initial of 500 units/month), focusing mainly on NVH products. MBM has the capability to supply additional parts, though sourcing is guided by design and delivery requirements, and certain specialised components lie beyond its capabilities. Management nonetheless sees room to expand its role as Perodua aims to increase local content from about 50% currently.

Earnings estimates. We made no revisions to our earnings estimates.

RETURN STATISTICS	
Price @ 27th November 2025 (RM)	5.50
Expected share price return (%)	+0.8
Expected dividend yield (%)	+8.5
Expected total return (%)	+9.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.9	0.6
3 months	4.2	10.0
12 months	-10.8	-11.6

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)	46.8	47.5	48.6
Dividend yield	8.5%	8.6%	8.8%

KEY STATISTICS	
FBM KLCI	1,617.46
Issued shares (m)	390.89
Estimated free float (%)	39.79
Market Capitalisation (RM'm)	2,110.79
52-wk price range	RM4.25 - RM6.5
3-mth average daily volume (m)	0.23
3-mth average daily value (RM'm)	1.20
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	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Motor trading & assembly	546.5	524.0	558.1	4.3%	-2.1%	1,571.4	1,601.6	-1.9%
Auto parts manufacturing	88.6	77.4	79.6	14.5%	11.3%	238.8	221.2	8.0%
Others	0.7	0.7	0.6	1.4%	15.6%	2.2	1.9	12.0%
Operating profit	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Motor trading & assembly	12.9	12.7	13.6	1.4%	-5.6%	36.5	38.3	-4.5%
Auto parts manufacturing	5.2	5.3	6.7	-2.1%	-23.6%	15.9	19.6	-18.8%
Others	-1.5	-1.5	-1.5	3.3%	-0.2%	-4.8	-4.6	-3.1%
OP margin				**ppts**	**ppts**			**ppts**
Motor trading & assembly	2.4%	2.4%	2.4%	-0.1	-0.1	2.3%	2.4%	-0.1
Auto parts manufacturing	5.8%	6.8%	8.5%	-1.0	-2.7	6.7%	8.8%	-2.2

SALES VOLUME

	Quarterly					Cumulatively		
Motor Trading (Units)	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Passenger vehicle sales								
Audi	4	1	0	300.0%	-	5	0	-
Jaecoo	90	132	44	-31.8%	104.5%	327	44	643.2%
Perodua	7,322	6,733	7,426	8.7%	-1.4%	20,890	21,889	-4.6%
Volkswagen	135	127	131	6.3%	3.1%	386	349	10.6%
Volvo	109	103	100	5.8%	9.0%	290	356	-18.5%
Commercial vehicle sales								
Daihatsu	216	237	250	-8.9%	-13.6%	627	602	4.2%
Hino	21	43	81	-51.2%	-74.1%	85	187	-54.5%
Total	7,897	7,376	8,032	7.1%	-1.7%	22,610	23,427	-3.5%
Service Throughput	70,000	65,800	66,200	6.4%	5.7%	201,638	196,783	2.5%
Auto Parts (Units '000)	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Steel wheels	103	89	100	15.7%	3.0%	285	296	-3.7%
Tyre assembly	822	739	829	11.2%	-0.8%	2,300	2,429	-5.3%
NVH Products	239	218	235	9.6%	1.7%	670	718	-6.7%
Joint Venture (Units '000)	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Seatbelts	687	657	671	4.6%	2.4%	1,934	1,945	-0.6%
Airbags	375	357	368	5.0%	1.9%	1,049	1,206	-13.0%
Steering wheels	149	141	142	5.7%	4.9%	416	419	-0.7%
Associates (Units)	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Perodua	91,153	81,051	89,192	12.5%	2.2%	257,006	260,571	-1.4%
Hino Motors Sales	229	929	1,181	-75.3%	-80.6%	1,723	3,942	-56.3%

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	7.1	6.4	7.0	6.9	6.8
DPS (sen)	54.0	45.0	46.8	47.5	48.6
Dividend yield	9.8	8.2	8.5	8.6	8.8

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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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