Corporate Update

Malaysian Resources Corporation Berhad

(1651 | MRC MK) Main | Construction

3QFY25 Results Review:

Below Expectations

Maintain NEUTRAL

Revised Target Price **RM0.45**
(from RM0.56)

Maintain NEUTRAL. We are revising our earnings forecasts downward for FY25F and FY26F by-25% and -14% respectively to reflect weaker-than-expected performance for the current quarter. Consequently, we lower our **target price to RM0.45**, applying a 20% discount to FY26F BVPS of RM1.03 and valuing the stock at a P/B ratio of 0.54x, which is +1SD above its three-year mean. Despite the earnings miss, we reiterate our **BUY** call as MRCB remains supported by strong catalysts. The group has secured RM5.50b in new projects year-to-date, and we anticipate further momentum from major civil infrastructure works such as the Penang LRT and Penang International Airport expansion. Beyond transportation, MRCB is actively pursuing climate adaptation initiatives, including flood mitigation, renewable energy, and water infrastructure projects, reinforcing its long-term growth prospects.

Below expectations. Malaysian Resources Corporation Bhd (MRCB) reported a decline in revenue of -35.2%yoy, while core net profit contracted further by -54.5%yoy during 9MFY25 to RM28.8m. The weakness was primarily driven by lower contributions from both the Engineering, Construction & Environment and Property Development & Investment segments. Overall, performance fell short of expectations, meeting only 58.8% of our full-year forecast and 70.7% of consensus estimates.

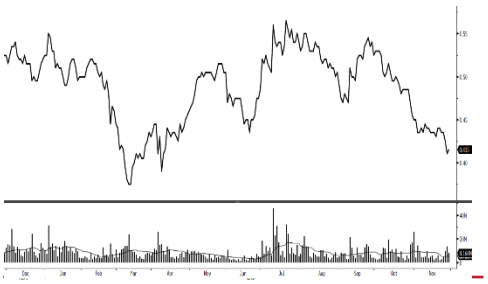
Engineering, construction and environment. This division remained the key revenue contributor in 3QFY25, accounting for 78% of group turnover. However, segment revenue declined -34.2%yoy to RM647.4m, while operating profit contracted sharply by -74.8%yoy to RM36.5m. The weakness was largely attributable to weak contributions from major projects, including LRT3, Muara Sungai Pahang Phase 3, and Sungai Langat Phase 2 flood mitigation works.

Property Development & Investment. Contributing 14% of group revenue, this division saw it 9MFY25 revenues plunged by -59.5%yoy to RM118.4m, its operating profit however was in back as it reported RM20.1m during the same period due to reversals and write-backs. Management attributed the softer top-line to lower contributions from the sale of completed unsold units and ongoing property development projects, with newer developments such as Kolektif in KL Sentral and Tower 5 in PJ Sentral still in early stages. Looking ahead, the group has earmarked RM2.10b in property launches for FY25, comprising RM302.9m in Malaysia and RM1.03b overseas.

Surpassed RM5.0b replenishment target. MRCB currently has an external construction order book of RM18.0b with an unbilled order book of RM6.0b as at Sep-25. They have surpassed their FY25 replenishment target of RM5.0b as they secured projects like the five reinstated LRT3 Stations and other related infra works, Kompleks Sukan Shah Alam and an additional lane on North-Expressway (PLUS) from Senai to Sedenak (Phase 1, Package B).

RETURN STATISTICS	
Price @ 27th Nov 2025 (RM)	0.41
Expected share price return (%)	+9.7
Expected dividend yield (%)	+0.9
Expected total return (%)	+10.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-14.4	-14.4
3months	-21.0	-19.3
12 months	-21.0	-21.6

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	1,398.6	1,538.5	1,615.4
EBIT	132.87	255.90	158.31
Profit Before Tax	76.92	84.62	105.00
Core PATAMI	37.8	44.6	45.2
Core EPS	0.8	1.0	1.0
DPS	0.4	1.0	1.0
Dividend Yield	0.9	2.0	2.0

KEY STATISTICS	
FBM KLCI	1,617.46
Issued shares (m)	4467.51
Estimated free float (%)	40.31
Market Capitalisation (RM'm)	1,854.02
52-wk price range	RM0.36 - RM0.57
3-mth average daily volume (m)	7.79
3-mth average daily value (RM'm)	3.78
Top Shareholders (%)	
Employees Provident Fund Board	36.21
Gapurna Sdn Bhd	15.48
Lembaga Tabung Haji	5.35

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MRCB: 3QFY25 RESULTS SUMMARY

All in RM'm unless stated otherwise	Quarterly Results				Cumulative			
Income Statement	**Q325**	**Q225**	**Q324**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Revenue	310.0	297.8	426.3	**4.1%**	**-27.3%**	826.0	1,274.7	**-35.2%**
Expenses	(304.1)	(287.6)	(411.9)	**-5.7%**	**26.2%**	(813.7)	(1,172.6)	**30.6%**
Other operating income	40.0	16.7	17.1	**139.5%**	**133.8%**	89.6	42.2	**112.5%**
Profit/(Loss) from operations	46.0	26.9	31.6	**70.8%**	**45.6%**	101.8	144.2	**-29.4%**
Finance costs	(26.0)	(27.7)	(31.9)	**6.0%**	**18.3%**	(81.2)	(82.7)	**1.8%**
Share of results of associates	3.7	4.1	3.8	**-8.7%**	**-1.9%**	11.4	12.0	**-4.4%**
Share of results of joint ventures	(0.1)	(0.0)	(1.2)	**-300.0%**	**91.9%**	(0.4)	(3.9)	**88.7%**
Profit/(Loss) before tax	23.6	3.3	2.3	**621.4%**	**911.4%**	31.7	69.6	**-54.5%**
Income tax expense	(18.4)	11.5	6.3	**-259.8%**	**-390.9%**	(3.1)	(6.8)	**53.7%**
Loss for the financial period	5.2	14.8	8.7	**-65.0%**	**-40.3%**	28.5	62.9	**-54.6%**
PATAMI	5.1	15.1	8.9	**-66.1%**	**-42.3%**	28.8	63.0	**-54.4%**
Core PATAMI	5.1	15.1	8.9	**-66.1%**	**-42.3%**	28.8	63.0	**-54.4%**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue (RM'm)	2,537.5	1,645.4	1,810.0	2,245.9	2,358.2
EBIT (RM'm)	228.0	46.1	171.9	255.9	231.1
Pre-tax profit (RM'm)	134.2	75.0	99.5	123.5	153.3
PATAMI (RM'm)	101.0	63.7	48.9	65.1	66.0
Core PATAMI (RM'm)	-49.3	63.7	48.9	65.1	66.0
FD EPS (sen)	-1.1	1.4	1.1	1.5	1.5
Dividend (sen)	1.0	1.0	1.0	1.0	1.0
Dividend yield (%)	2.0	2.0	2.0	2.0	2.0
Balance Sheet (RM'm)	**2023A**	**2024A**	**2025E**	**2026F**	**2027F**
Fixed assets	680.9	713.2	731.1	745.7	760.6
Intangible assets	177.0	123.8	167.0	167.0	167.0
Non-current assets	**5,463.0**	**5,598.1**	**5,659.2**	**5,673.8**	**5,688.7**
Cash	972.0	999.2	500.0	501.0	500.0
Trade receivables	1,109.8	1,212.2	2,810.1	2,810.1	2,277.5
Current assets	**3,381.6**	**3,435.9**	**4,534.6**	**4,535.6**	**4,001.9**
Trade payables	1,766.8	1,412.1	1,873.4	1,873.4	1,719.6
Short-term debt	311.0	580.7	869.8	870.8	870.8
Current liabilities	**2,129.5**	**2,077.1**	**3,269.5**	**3,263.6**	**2,723.5**
Long-term debt	1,490.5	1,678.3	1,646.0	1,647.0	1,647.0
Non-current liabilities	**2,115.4**	**2,336.7**	**2,303.9**	**2,304.9**	**2,304.9**
Share capital	4,356.1	4,356.1	4,356.1	4,356.1	4,356.1
Retained earnings	240.7	260.1	264.3	284.8	306.2
Equity	**4,599.7**	**4,620.2**	**4,620.4**	**4,640.9**	**4,662.3**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	134.2	75.0	99.5	123.5	153.3
Operating cash flow	**492.3**	**-275.3**	**-250.8**	**-226.8**	**-197.1**
Capital expenditure	-34.2	-128.3	25.1	26.1	-25.7
Investing cash flow	**331.9**	**-53.2**	**100.3**	**101.3**	**49.5**
Debt raised/(repaid)	-263.6	457.8	-30.7	-29.7	132.5
Financing cash flow	**-390.1**	**304.9**	**-183.6**	**-182.6**	**-20.5**
Net cash flow	**434.2**	**-23.6**	**-334.2**	**-308.2**	**-168.1**
Beginning cash flow	**465.6**	**900.0**	**874.6**	**540.5**	**232.3**
Ending cash flow	**900.0**	**874.6**	**540.5**	**232.3**	**64.2**
Profitability Ratios (%)	**2023A**	**2024A**	**2025E**	**2026F**	**2027F**
EBIT margin	8.8%	9.6%	9.5%	11.4%	9.8%
PBT margin	5.3%	4.6%	5.5%	5.5%	6.5%
PAT margin	-1.9%	3.9%	2.7%	2.9%	2.8%
Core PAT margin	-1.9%	3.9%	2.7%	2.9%	2.8%

Source: Bloomberg, 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