MBM Resources Berhad

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

SHARIAH Compliant

ESG 3 Stars

Corporate Update

Briefing Note
Holding Up Well

Maintain BUY. MBM Resources Berhad's (MBMR) performance was generally resilient, as higher Perodua sales and production volumes, together with favourable forex, continued to support associate contributions, which made up 76% of PBT in FY25. Following the earnings revision, our target price was raised to **RM6.00** (from RM5.54), based on 7x FY26F EPS. We maintained our **BUY** call, as the stock is trading at -1SD to its 5-year mean with an attractive dividend yield of +10.3%.

Margins softened on heavy discounting. The Group's vehicle sales rose strongly to 9,387 units (+10.8%yoy) in 4QFY25, though growth was not widespread and was mainly driven by Perodua (+12.4%yoy), Volkswagen (+16.8%yoy), and Daihatsu (+13.1%yoy). Hino (-71.6%yoy) saw the sharpest decline due to the late-year Euro 5 model transition, which should no longer be a drag in FY26. Motor trading & assembly revenue (+11.2%yoy) was also supported by higher service throughput (+5.9%yoy), driven by stronger recent sales activity. However, operating profit (-17.5%yoy) declined due to tougher competition and higher promotional activity compressed margins.

Manufacturing output tracked lower TIP. For auto parts manufacturing, output was generally weaker in 4QFY25, in line with softer total industry production (TIP) (-0.9%yoy). Division revenue rose +13.8%yoy, driven by additional component purchase arrangements secured with certain carmakers (this had limited margin upside). Operating profit increased only marginally by +1.1%yoy, reflecting product mix effects alongside improved material pricing.

Recent launches. Early response to the newly launched Perodua Traz has been encouraging, with about. 1.9k units registered with JPJ in Jan-26 and bookings reaching 5.0k units. Meanwhile, Perodua QV-E has only collected about 200 bookings as of early Feb-26. Production (initial target of 500 units/month) has been delayed as certain suppliers have yet to meet required quality standards, resulting in registrations remaining largely limited to demo and test-drive units. Perodua's current backlog is estimated at around 60k units (from 89k units in Nov-25).

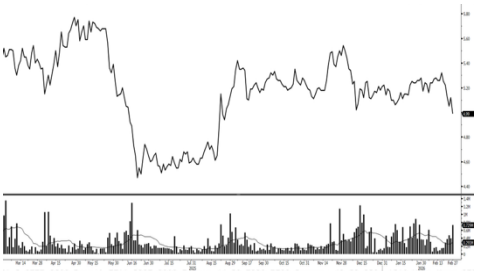
Pipeline. Under its other marques, Volvo recently launched the ES90 with the EX30 cross-country in the pipeline, while Volkswagen introduced the facelifted Golf R-Line Mk8.5. Jaecoo is set to launch the J5 this week, followed by the Omoda C9 PHEV in 2QCY26. Additional models rumoured for 2HCY26 include the Jaecoo J5 EV, J5 SHS hybrid, J8 PHEV and potentially the Omoda C7.

Earnings estimates. Following updates to full-year numbers and operating statistics, we raised our FY26F/FY7F earnings forecasts by +8%, mainly supported by lower operating expenses and higher associate contributions.

Maintain BUY
Revised Target Price **RM6.00**
(from RM5.54)

RETURN STATISTICS	
Price @ 2nd March 2026 (RM)	5.05
Expected share price return (%)	+18.9
Expected dividend yield (%)	+10.3
Expected total return (%)	+29.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.5	-4.2
3 months	-4.2	-12.8
12 months	-3.2	-11.2

INVESTMENT STATISTICS

FYE Dec	2025A	2026F	2027F
Revenue	2,549.2	2,552.1	2,574.8
EBIT	67.2	65.6	65.7
PBT	405.3	392.3	400.9
Core PATAMI	333.7	335.4	342.8
Core EPS (sen)	85.4	85.8	87.7
DPS (sen)	52.0	51.5	52.6
Dividend yield	10.3%	10.2%	10.4%

KEY STATISTICS	
FBM KLCI	1,700.21
Issued shares (m)	390.89
Estimated free float (%)	39.79
Market Capitalisation (RM'm)	1,950.53
52-wk price range	RM4.17-RM5.58
3-mth average daily volume (m)	0.41
3-mth average daily value (RM'm)	2.15
Top Shareholders (%)	
Med-Bumikar Mara Sdn Bhd	49.50
Lembaga Tabung Haji	4.41
Public Mutual Bhd	2.49

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

RECAP OF SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Motor trading & assembly	645.9	546.5	580.7	18.2%	11.2%	2,217.2	2,182.4	1.6%
Auto parts manufacturing	90.3	88.6	79.3	1.8%	13.8%	329.0	300.5	9.5%
Others	-8.3	0.7	0.8	-1247.2%	-1129.3%	-6.1	2.8	-323.3%
Operating profit	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Motor trading & assembly	11.6	17.8	14.0	-35.1%	-17.5%	52.1	51.5	1.2%
Auto parts manufacturing	6.6	4.8	6.5	37.3%	1.1%	21.3	24.8	-14.3%
Others	-1.4	-1.5	-2.5	4.7%	43.6%	-6.1	-7.1	13.1%
OP margin				**ppts**	**ppts**			**ppts**
Motor trading & assembly	1.8%	3.3%	2.4%	-1.5	-0.6	2.3%	2.4%	0.0
Auto parts manufacturing	7.3%	5.4%	8.2%	1.9	-0.9	6.5%	8.3%	-1.8

SALES VOLUME

	Quarterly					Cumulatively		
Motor Trading (Units)	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Passenger vehicle sales								
Audi	18	4	0	350.0%	-	23	0	-
Jaecoo	94	90	122	4.4%	-23.0%	421	166	153.6%
Perodua	8,786	7,322	7,814	20.0%	12.4%	29,676	29,703	-0.1%
Volkswagen	146	135	125	8.1%	16.8%	532	474	12.2%
Volvo	124	109	162	13.8%	-23.5%	414	518	-20.1%
Commercial vehicle sales								
Daihatsu	198	216	175	-8.3%	13.1%	825	777	6.2%
Hino	21	21	74	0.0%	-71.6%	106	261	-59.4%
Total	9,387	7,897	8,472	18.9%	10.8%	31,997	31,899	0.3%
Service Throughput	71,900	70,000	67,900	2.7%	5.9%	273,597	264,689	3.4%
Total industry volume (TIV)	*241,400*	*204,500*	*222,900*	*18.0%*	*8.3%*	*820,752*	*818,773*	*0.2%*
Total industry production (TIP)	*195,700*	*199,500*	*197,400*	*-1.9%*	*-0.9%*	*474,780*	*790,347*	*-39.9%*
Auto Parts (Units '000)	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Steel wheels	99	103	106	-3.9%	-6.6%	384	402	-4.5%
Tyre assembly	839	822	842	2.1%	-0.4%	3,139	3,271	-4.0%
NVH Products	248	239	252	3.8%	-1.6%	918	970	-5.4%
Joint Venture (Units '000)	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Seatbelts	664	687	715	-3.3%	-7.1%	2,598	2,660	-2.3%
Airbags	421	375	385	12.3%	9.4%	1,470	1,591	-7.6%
Steering wheels	123	149	148	-17.4%	-16.9%	539	567	-4.9%
Associates (Units)	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Perodua	104,162	91,153	98,809	14.3%	5.4%	361,168	359,380	0.5%
Hino Motors Sales	424	229	1,124	85.2%	-62.3%	2,147	5,066	-57.6%

Source: MBM Resources, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025A	2026F	2027F
Revenue	2,416.2	2,485.6	2,549.2	2,552.1	2,574.8
EBIT	97.2	69.1	67.2	65.6	65.7
PBT	391.3	393.9	405.3	392.3	400.9
PAT	368.3	373.1	384.9	372.6	380.9
PATAMI	331.2	333.4	339.1	335.4	342.8
Core PATAMI	302.2	333.7	333.7	335.4	342.8
Core EPS (sen)	77.3	85.4	85.4	85.8	87.7
PER (x)	6.5x	5.9x	5.9x	5.9x	5.8x
DPS (sen)	54.0	45.0	52.0	51.5	52.6
Dividend yield (%)	10.7%	8.9%	10.3%	10.2%	10.4%

Balance Sheet (RM'm)	2023A	2024A	2025A	2026F	2027F
Inv. in associates	1,652.0	1,767.1	1,880.8	2,064.3	2,211.1
PPE	186.6	194.0	213.0	201.8	203.7
Non-current assets	**2,050.5**	**2,178.6**	**2,309.9**	**2,369.9**	**2,468.8**
Inventories	161.0	114.2	135.6	117.4	118.4
Trade receivables	165.6	162.1	205.3	166.4	167.9
Cash	197.2	258.3	273.1	334.1	370.5
Current assets	**545.8**	**559.0**	**616.2**	**642.2**	**681.2**
Non-current liabilities	**6.4**	**13.8**	**15.0**	**13.8**	**13.8**
Short-term debt	16.4	45.9	45.7	45.9	45.9
Trade payables	89.5	79.1	154.7	81.3	82.1
Current liabilities	**163.9**	**179.2**	**221.0**	**181.4**	**182.2**
Share capital	391.7	391.7	391.7	391.7	391.7
Retained earnings	1,736.4	1,834.7	1,986.1	2,104.5	2,241.6
Equity	**2,426.0**	**2,547.1**	**2,705.1**	**2,816.9**	**2,954.0**

Cash Flow (RM'm)	2023A	2024A	2025A	2026F	2027F
PBT	391.3	393.9	405.3	392.3	400.9
D&A	19.0	17.4	17.1	12.6	13.2
Changes in WC	-61.9	36.5	-38.6	-0.3	-1.8
Operating cash flow	**-1.0**	**100.6**	**40.4**	**68.8**	**78.1**
Capital expenditure	-26.8	-18.7	-30.2	-15.0	-15.0
Investing cash flow	**185.8**	**186.2**	**206.6**	**190.3**	**187.8**
Dividends paid	-258.0	-234.5	-187.6	-201.2	-205.7
Debt raised/(repaid)	16.4	29.5	-0.2	0.0	0.0
Financing cash flow	**-272.8**	**-227.3**	**-232.3**	**-226.9**	**-229.5**
Net cash flow	**-88.0**	**61.1**	**14.8**	**32.2**	**36.4**
Beginning cash flow	**284.7**	**197.2**	**258.3**	**273.1**	**334.1**
Ending cash flow	**196.7**	**258.3**	**273.1**	**334.1**	**370.5**

Profitability Ratios (%)	2023A	2024A	2025A	2026F	2027F
EBIT margin	4.0%	2.8%	2.6%	2.6%	2.6%
PBT margin	16.2%	15.8%	15.9%	15.4%	15.6%
PAT margin	15.2%	15.0%	15.1%	14.6%	14.8%
Core PATAMI margin	12.5%	13.4%	13.1%	13.1%	13.3%
ROA	11.6%	12.2%	11.4%	11.1%	10.9%
ROE	12.5%	13.1%	12.3%	11.9%	11.6%

Growth (%)	2023A	2024A	2025A	2026F	2027F
Revenue growth	4.7%	2.9%	2.6%	0.1%	0.9%
EBIT growth	-7.4%	-28.9%	-2.7%	-2.4%	0.1%
PBT growth	21.0%	0.7%	2.9%	-3.2%	2.2%
Core PATAMI growth	21.6%	10.4%	0.0%	0.5%	2.2%

Source: MBM Resources, MBSBR

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MBSB INVESTMENT BANK (formerly known 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 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