MBM Resources Berhad

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

SHARIAH Compliant

ESG 3 Stars

Corporate Update

1QFY26 Results Review Seasonal Slowdown

Maintain **BUY**

Revised Target Price **RM6.14**

(from RM6.00)

Maintain BUY. MBM Resources Berhad (MBMR) reported softer 1QFY26 earnings, although results were within our expectations given the planned plant shutdowns during the festive period. No changes were made to our earnings estimates at this juncture, pending any material new insights from today's briefing. Nevertheless, we rolled forward our valuation base year, resulting in a slight increase in our target price to **RM6.14** from RM6.00, based on 7x FY27 EPS. We maintain our **BUY** call, supported by the stock's valuation at -1SD below its 5-year mean and its attractive dividend yield of +10.1%.

Within expectations. MBMR reported core PATAMI of RM63.5m in 1QFY26, accounting for 19%/20% of our/consensus full-year estimates, which we consider within expectations due to the plant shutdowns during the festive period. A final single-tier dividend of 21.0 sen was announced for FY25 (subject to shareholders' approval at the AGM), bringing total dividends for FY25 to 60.0 sen and implying a DPR of 70% (ex-special: 41%).

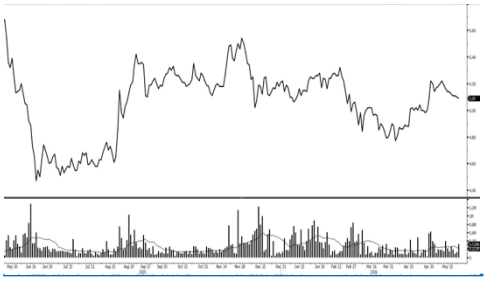
Impacted by production cutbacks and fewer working days. Motor trading & assembly revenue eased -4.1%yoy in 1QFY26, mainly due to lower stock allocations from Perodua following plant shutdowns during the festive period, while operating profit contracted more sharply by -40.0%yoy because of heavier discounting to clear last year's inventory. Auto parts manufacturing revenue declined -13.7%yoy, broadly tracking the -10.3% decline in TIP, amid extended plant shutdowns by several carmakers and steeper production cutbacks from Honda. This, together with the absence of lump-sum tooling income recorded in 1QFY25, caused operating profit for the division to fall by -46.6%yoy. Associates (mainly Perodua), which contributed 84% to PBT, recorded a -5.1%yoy decline mainly due to lower sales volumes, although this was partially offset by the stronger Ringgit. Overall, group revenue decreased -5.3%yoy, with softer margins contributing to an -11.0%yoy decline in core PATAMI.

Softer sequential quarter on seasonal weakness. Against 4QFY25, motor trading & assembly revenue declined -25.7%qoq due to the seasonal slowdown and fewer working days during the current quarter, while operating profit fell -46.5%qoq on higher discounting. Meanwhile, auto parts manufacturing revenue decreased -30.4%qoq following moderated production activities, leading to a -58.9%qoq decline in operating profit. Share of associates' contribution also fell -34.0%qoq, mainly as Perodua undertook 2 scheduled plant shutdowns during the quarter. Overall, group revenue declined -26.2%qoq, with core PATAMI falling -37.4%qoq.

Earnings estimates. No changes were made to earnings estimates.

RETURN STATISTICS	
Price @ 25th May 2026 (RM)	5.09
Expected share price return (%)	+20.6
Expected dividend yield (%)	+10.1
Expected total return (%)	+30.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.8	2.5
3 months	6.0	1.3
12 months	-5.9	-15.5

INVSTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	2,552.1	2,574.8	2,626.0
EBIT	65.6	65.6	65.8
PBT	392.3	401.0	410.0
Core PATAMI	335.4	342.9	350.5
Core EPS (sen)	85.8	87.7	89.7
DPS (sen)	51.5	52.6	53.8
Dividend yield	10.1%	10.3%	10.6%

KEY STATISTICS	
FBM KLCI	1,708.50
Issued shares (m)	390.89
Estimated free float (%)	39.79
Market Capitalisation (RM'm)	1,989.62
52-wk price range	RM4.17 - RM5.48
3-mth average daily volume (m)	0.24
3-mth average daily value (RM'm)	1.23
Top Shareholders (%)	
Med-Bumikar Mara Sdn Bhd	49.50
Lembaga Tabung Haji	4.41
Public Mutual Bhd	2.49

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MBM RESOURCES: 1QFY26 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Revenue	543.7	736.9	574.3	-26.2%	-5.3%	543.7	574.3	-5.3%
EBIT	7.2	16.8	13.6	-57.3%	-47.3%	7.2	13.6	-47.3%
Net finance costs	1.1	1.1	1.3	-3.9%	-14.9%	1.1	1.3	-14.9%
Share of JV	3.3	7.3	4.2	-54.1%	-21.7%	3.3	4.2	-21.7%
Share of associates	62.4	94.6	65.8	-34.0%	-5.1%	62.4	65.8	-5.1%
PBT	74.0	119.7	84.9	-38.2%	-12.8%	74.0	84.9	-12.8%
Tax expense	-2.4	-8.0	-4.1	69.7%	40.8%	-2.4	-4.1	40.8%
PAT	71.6	111.7	80.8	-35.9%	-11.4%	71.6	80.8	-11.4%
PATAMI	63.5	100.7	71.4	-36.9%	-11.0%	63.5	71.4	-11.0%
Core PATAMI	63.5	101.4	71.4	-37.4%	-11.0%	63.5	71.4	-11.0%
				ppts	**ppts**			**ppts**
EBIT margin (%)	1.3%	2.3%	2.4%	-1.0	-1.0	1.3%	2.4%	-1.0
PBT margin (%)	13.6%	16.2%	14.8%	-2.6	-1.2	13.6%	14.8%	-1.2
Core PATAMI margin (%)	11.7%	13.8%	12.4%	-2.1	-0.7	11.7%	12.4%	-0.7
Effective tax rate (%)	-3.3%	-6.7%	-4.8%	3.4	1.5	-3.3%	-4.8%	1.5

SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Motor trading & assembly	480.1	645.9	500.8	-25.7%	-4.1%	480.1	500.8	-4.1%
Auto parts manufacturing	62.8	90.3	72.8	-30.4%	-13.7%	62.8	72.8	-13.7%
Others	0.8	-8.3	0.7	109.5%	6.9%	0.8	0.7	6.9%
Operating profit	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Motor trading & assembly	6.2	11.6	10.3	-46.5%	-40.0%	6.2	10.3	-40.0%
Auto parts manufacturing	2.7	6.6	5.1	-58.9%	-46.6%	2.7	5.1	-46.6%
Others	-1.7	-1.4	-1.8	-24.8%	3.9%	-1.7	-1.8	3.9%
OP margin				**ppts**	**ppts**			**ppts**
Motor trading & assembly	1.3%	1.8%	2.1%	-0.5	-0.8	1.3%	2.1%	-0.8
Auto parts manufacturing	4.3%	7.3%	7.0%	-3.0	-2.7	4.3%	7.0%	-2.7

Source: MBM Resources, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	2,485.6	2,549.2	2,552.1	2,574.8	2,626.0
EBIT	69.1	66.9	65.6	65.6	65.8
PBT	393.9	405.5	392.3	401.0	410.0
PAT	373.1	385.2	372.7	380.9	389.5
PATAMI	333.4	339.3	335.4	342.9	350.5
Core PATAMI	333.7	333.7	335.4	342.9	350.5
Core EPS (sen)	85.4	85.4	85.8	87.7	89.7
PER (x)	6.0x	6.0x	5.9x	5.8x	5.7x
DPS (sen)	45.0	60.0	51.5	52.6	53.8
Dividend yield (%)	8.8%	11.8%	10.1%	10.3%	10.6%

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	393.9	405.3	392.3	401.0	410.0
D&A	17.4	17.1	11.3	11.8	12.2
Changes in WC	36.5	-38.6	-0.3	-1.9	-4.3
Operating cash flow	**100.6**	**40.4**	**67.6**	**76.6**	**86.3**
Capital expenditure	-18.7	-30.2	-15.0	-15.0	-16.0
Investing cash flow	**186.2**	**206.6**	**190.3**	**187.8**	**186.1**
Dividends paid	-234.5	-187.6	-201.3	-205.7	-210.3
Debt raised/(repaid)	29.5	-0.2	0.0	0.0	0.0
Financing cash flow	**-227.3**	**-232.3**	**-226.9**	**-229.5**	**-234.6**
Net cash flow	**61.1**	**14.8**	**30.9**	**34.9**	**37.9**
Beginning cash flow	**197.2**	**258.3**	**273.1**	**271.3**	**306.2**
Ending cash flow	**258.3**	**273.1**	**271.3**	**306.2**	**344.0**

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Inv. in associates	1,767.1	1,880.8	2,023.3	2,170.1	2,321.3
PPE	194.0	213.0	219.2	222.4	226.2
Non-current assets	**2,178.6**	**2,309.9**	**2,445.8**	**2,546.1**	**2,643.1**
Inventories	114.2	135.6	135.8	137.1	139.8
Trade receivables	162.1	205.3	172.3	173.8	177.3
Cash	258.3	273.1	271.3	306.2	344.0
Current assets	**559.0**	**616.2**	**611.1**	**648.8**	**692.8**
Non-current liabilities	**13.8**	**15.0**	**14.9**	**14.9**	**14.9**
Short-term debt	45.9	45.7	45.7	45.7	45.7
Trade payables	79.1	154.7	91.6	92.5	94.3
Current liabilities	**179.2**	**221.0**	**203.0**	**203.8**	**205.6**
Share capital	391.7	391.7	391.7	391.7	391.7
Retained earnings	1,834.7	1,986.1	2,120.0	2,257.2	2,397.4
Equity	**2,547.1**	**2,705.1**	**2,839.0**	**2,976.2**	**3,116.4**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBIT margin	2.8%	2.6%	2.6%	2.5%	2.5%
PBT margin	15.8%	15.9%	15.4%	15.6%	15.6%
PAT margin	15.0%	15.1%	14.6%	14.8%	14.8%
Core PATAMI margin	13.4%	13.1%	13.1%	13.3%	13.3%
ROA	12.2%	11.4%	11.0%	10.7%	10.5%
ROE	13.1%	12.3%	11.8%	11.5%	11.2%

Growth (%)	2024A	2025A	2026E	2027F	2028F
Revenue growth	2.9%	2.6%	0.1%	0.9%	2.0%
EBIT growth	-28.9%	-3.2%	-2.0%	0.1%	0.2%
PBT growth	0.7%	3.0%	-3.3%	2.2%	2.2%
Core PATAMI growth	10.4%	0.0%	0.5%	2.2%	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