MBM Resources Berhad

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Corporate Update

2QFY26 Results Review
Activity Rebounded

Maintain BUY. MBM Resources Berhad (MBMR) reported 2QFY26 core earnings that were in line with expectations, rebounding from the seasonally soft 1QFY26. Associates (mainly Perodua) made up 80% of PBT, with contributions remaining strong on favourable forex despite Perodua's TIV declining -4.7%yoy in 1HFY26. No changes were made to our earnings estimates. We maintain our **BUY** call, supported by the stock's valuation at -1.0SD below its 5-year mean and attractive dividend yield of +10.2%. Our target price is unchanged at **RM6.14** based on 7.0x FY27F EPS.

Within expectations. MBMR reported core PATAMI of RM96.0m in 2QFY26, bringing 1HFY26 total to RM159.5m, accounting for 48%/50% of our/consensus full-year estimates, which were within expectations. A first interim single-tier dividend of 8.0 sen per share and a special single-tier dividend of 20.0 sen per share were declared for FY26, translating into a payout ratio of 69% (ex-special: 20%).

Broad-based growth supported by associates. Motor trading & assembly revenue was up slightly by +2.4%yoy in 2QFY26, supported by higher Daihatsu and Perodua vehicle sales, with operating profit up +2.0%yoy. Auto parts manufacturing revenue was up +6.7%yoy driven by higher production activity, with margin expanding 1.9 ppts on better production yield. Notably, associates' contribution was up +39.6%yoy on sustained demand (Perodua TIV up +3.7%yoy in 2QFY26), more working days and favourable forex exchange against JPY. Overall, revenue was up +3.0%yoy with core PATAMI lifted by +32.3%yoy.

Activity picked up after seasonal softness. As compared to a seasonally weaker 1QFY26, motor trading & assembly revenue was up +11.8%qoq on higher Perodua stock allocations and stronger Daihatsu fleet sales, with operating margin expanding 1.1 ppts partly supported by favourable forex against the USD. Auto parts & manufacturing revenue was up strongly by +31.6%qoq as production activities picked up, leading to better capacity utilisation and operating profit margin expansion of 3.8 ppts. Associates' contribution was up +44.6%qoq, with Perodua TIV rising +13.2%qoq. Overall, revenue was up +14.1%qoq, while core PATAMI grew +51.1%qoq.

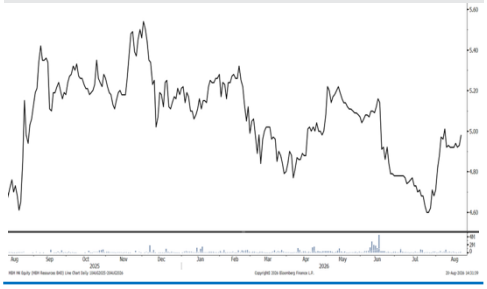
Earnings estimates. No changes were made to earnings estimates.

Maintain **BUY**

Unchanged Target Price **RM6.14**

RETURN STATISTICS	
Price @ 27th August 2026 (RM)	5.04
Expected share price return (%)	+21.8
Expected dividend yield (%)	+10.2
Expected total return (%)	+32.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.5	4.6
3 months	4.0	-3.8
12 months	12.2	2.6

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	10.2%	10.4%	10.7%

KEY STATISTICS	
FBM KLCI	1,741.72
Issued shares (m)	390.89
Estimated free float (%)	38.63
Market Capitalisation (RM'm)	1,942.71
52-wk price range	RM4.37 - RM5.48
3-mth average daily volume (m)	0.34
3-mth average daily value	1.67
Top Shareholders (%)	
Med-Bumikar Mara Sdn Bhd	49.50
Lembaga Tabung Haji	3.87
Employees Provident Fund Board	2.50

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MBM RESOURCES: 2QFY26 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
Revenue	620.1	543.7	602.2	14.1%	3.0%	1,163.8	1,176.5	-1.1%
EBIT	17.6	7.2	15.7	145.6%	12.2%	24.8	29.3	-15.4%
Net finance costs	1.0	1.1	0.9	-10.3%	2.1%	2.0	2.2	-7.6%
Share of JV	4.7	3.3	5.9	41.5%	-19.8%	8.0	10.1	-20.6%
Share of associates	90.3	62.4	64.7	44.6%	39.6%	152.7	130.5	17.1%
PBT	113.5	74.0	87.2	53.4%	30.3%	187.5	172.1	9.0%
Tax expense	-5.0	-2.4	-4.5	-103.9%	-11.3%	-7.4	-8.6	13.7%
PAT	108.6	71.6	82.7	51.7%	31.3%	180.2	163.5	10.2%
PATAMI	96.0	63.5	72.5	51.0%	32.3%	159.5	143.9	10.8%
Core PATAMI	96.0	63.5	72.5	51.1%	32.3%	159.5	143.9	10.8%
MAA Data								
Perodua TIV	84,062	74,233	81,097	13.2%	3.7%	158,295	166,188	-4.7%
				ppts	**ppts**			**ppts**
EBIT margin (%)	2.8%	1.3%	2.6%	1.5	0.2	2.1%	2.5%	-0.4
PBT margin (%)	18.3%	13.6%	14.5%	4.7	3.8	16.1%	14.6%	1.5
Core PATAMI margin (%)	15.5%	11.7%	12.0%	3.8	3.4	13.7%	12.2%	1.5
Effective tax rate (%)	-4.4%	-3.3%	-5.1%	-1.1	0.7	-3.9%	-5.0%	1.0

SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
Motor trading & assembly	536.7	480.1	524.0	11.8%	2.4%	1,016.8	1,024.9	-0.8%
Auto parts manufacturing	82.6	62.8	77.4	31.6%	6.7%	145.4	150.2	-3.1%
Others	0.8	0.8	0.7	6.9%	17.6%	1.6	1.5	12.2%
Operating profit	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
Motor trading & assembly	12.6	6.2	12.4	103.9%	2.0%	18.8	22.7	-17.1%
Auto parts manufacturing	6.7	2.7	4.8	148.8%	39.4%	9.5	9.9	-4.6%
Others	-1.8	-1.7	-1.5	-1.3%	-16.5%	-3.5	-3.3	-5.4%
OP margin				**ppts**	**ppts**			**ppts**
Motor trading & assembly	2.4%	1.3%	2.4%	1.1	0.0	1.8%	2.2%	-0.4
Auto parts manufacturing	8.2%	4.3%	6.2%	3.8	1.9	6.5%	6.6%	-0.1

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)	5.9x	5.9x	5.9x	5.7x	5.6x
DPS (sen)	45.0	60.0	51.5	52.6	53.8
Dividend yield (%)	8.9%	11.9%	10.2%	10.4%	10.7%

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**

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**

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

MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (24878-X)

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MBSB 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