Corporate Update

Malaysian Resources Corporation Berhad

(1651 | MRC MK) Main | Construction

3 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM0.40**

Bags RM2.73b Penang LRT Systems Package

Maintain BUY. We are maintaining our **BUY** recommendation on MRCB with an unchanged **TP** of **RM0.40**, valuing the stock at a P/B ratio of 0.39x, which is +1SD above its three-year mean. We anticipate further momentum from major civil infrastructure works such as the five reinstated LRT3 stations and the Shah Alam Sports Complex in FY26. Beyond transportation, MRCB is actively pursuing climate adaptation initiatives, including flood mitigation, renewable energy, and water infrastructure projects, reinforcing its long-term growth prospects. Meanwhile, MRCB is developing a RM2.1b, 65MW AI-ready data centre in Bukit Jalil under a proposed 10-year lease, marking its maiden foray into digital infrastructure while unlocking value from its landbank through recurring rental income.

First win of the year. MRCB has secured the RM3.03b System Turnkey Contract (STC) for the Penang Mutiara Line through its 90:10 JV with Theta Edge, translating into contract value of RM2.73b attributable to MRCB. The 68.8-month or 5.7-year contract covers seven railway systems packages, including rolling stock, signalling, trackwork, power supply, SCADA, telecommunications and automatic fare collection. Management expects the Notice to Proceed (NTP) for the STC to be issued in Sep-26. Hence, we expect only a modest earnings contribution in FY26, as the initial phase will focus on detailed design and engineering following the NTP, with meaningful earnings recognition likely from 1HFY27 onwards.

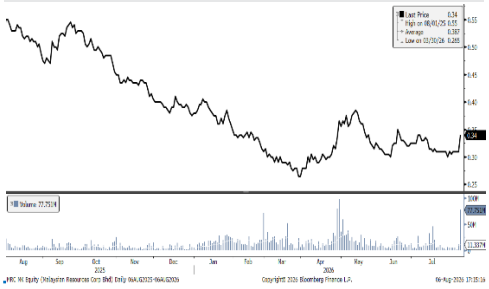
Surpasses FY26 orderbook target of at least RM2.0b. The award marks MRCB's first contract win of the year, lifting its external order book from RM18.1b to RM20.8b and unbilled jobs from RM5.6b to RM8.3b. With the latest award, MRCB has attained its FY26 new job win target of at least RM2.0b, although this remains below the RM5.5b secured in FY25. For 2HCY26, we expect further job flows from its RM10.0b tender book, spanning across transportation, water, flood mitigation, power transmission and industrial infrastructure projects.

CMC1 on track; CMC2 award slated for Nov-26. According to MRT Corp, Gamuda-led CMC1 civil package continues to advance, with 45 pile caps, 32 pier columns completed, works underway across 14 of 19 sections, and 93% land availability achieved, supporting timely mobilisation of the STC. Meanwhile, the remaining CMC2 civil package (RM4b-5b) remains on track for award in Nov-26, with MRCB among the bidders.

Earnings estimates and TP. We make no changes to our FY26E earnings forecasts but raise our FY27F earnings forecasts by 5%, as meaningful earnings contribution from the STC is expected from 1HFY27 onwards. We maintain our **BUY** recommendation and **TP** of **RM0.40**, based on 0.39x P/BV, representing +1SD above its three-year mean.

RETURN STATISTICS	
Price @ 6th Aug 2026 (RM)	0.34
Expected share price return (%)	+17.6
Expected dividend yield (%)	+2.9
Expected total return (%)	+20.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.0	-3.1
3 months	4.6	-8.3
12 months	-35.8	-43.1

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	1,317.6	1,449.3	1,521.8
EBIT	126.49	142.03	149.13
Profit Before Tax	72.47	94.21	98.92
Core PATAMI	38.2	40.6	42.6
Core EPS	0.9	0.9	1.0
DPS	1.0	1.0	1.0
Dividend Yield	2.9	2.9	2.9

KEY STATISTICS	
FBM KLCI	1,737.15
Issued shares (m)	4467.51
Estimated free float (%)	40.03
Market Capitalisation (RM'm)	1,518.95
52-wk price range	RM0.26 - RM0.55
3-mth average daily volume (m)	12.97
3-mth average daily value (RM'm)	4.36
Top Shareholders (%)	
Employees Provident Fund Board	36.21
Gapurna Sdn Bhd	15.48
Lembaga Tabung Haji	5.35

Analyst

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FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue (RM'm)	1,645.4	1,197.8	1,317.6	1,449.3	1,521.8
EBIT (RM'm)	173.0	173.1	126.5	142.0	149.1
Pre-tax profit (RM'm)	75.0	73.2	72.5	94.2	98.9
PATAMI (RM'm)	63.7	47.3	38.2	40.6	42.6
Core PATAMI (RM'm)	63.7	32.3	38.2	40.6	42.6
FD EPS (sen)	1.4	0.7	0.9	0.9	1.0
Dividend (sen)	1.0	1.0	1.0	1.0	1.0
Dividend yield (%)	2.9	2.9	2.9	2.9	2.9
Balance Sheet (RM'm)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
Fixed assets	713.2	731.1	745.7	760.6	775.8
Intangible assets	123.8	167.0	167.0	167.0	168.0
Non-current assets	**5,598.1**	**5,659.2**	**5,673.8**	**5,688.7**	**5,705.0**
Cash	999.2	500.0	501.0	500.0	501.0
Trade receivables	1,212.2	2,810.1	2,810.1	2,277.5	2,632.6
Current assets	**3,435.9**	**4,534.6**	**4,535.6**	**4,001.9**	**4,358.0**
Trade payables	1,412.1	1,873.4	1,873.4	1,719.6	1,822.1
Short-term debt	580.7	869.8	870.8	870.8	871.8
Current liabilities	**2,077.1**	**3,273.7**	**3,303.4**	**2,723.5**	**3,094.8**
Long-term debt	1,678.3	1,646.0	1,647.0	1,647.0	1,648.0
Non-current liabilities	**2,336.7**	**2,303.9**	**2,304.9**	**2,304.9**	**2,305.9**
Share capital	4,356.1	4,356.1	4,356.1	4,356.1	4,356.1
Retained earnings	260.1	260.1	244.9	306.2	306.2
Equity	**4,620.2**	**4,616.2**	**4,601.0**	**4,662.3**	**4,662.3**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	75.0	73.2	72.5	94.2	98.9
Operating cash flow	**-275.3**	**-277.2**	**-277.9**	**-260.4**	**-255.9**
Capital expenditure	-128.3	25.1	26.1	-25.7	8.5
Investing cash flow	**-53.2**	**100.3**	**101.3**	**49.5**	**83.7**
Debt raised/(repaid)	457.8	-30.7	-29.7	132.5	24.0
Financing cash flow	**304.9**	**-183.6**	**-182.6**	**-20.5**	**-128.9**
Net cash flow	**-23.6**	**-360.5**	**-359.2**	**-231.4**	**-301.2**
Beginning cash flow	**900.0**	**874.6**	**514.1**	**154.8**	**-76.6**
Ending cash flow	**874.6**	**514.1**	**154.8**	**-76.6**	**-377.8**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBIT margin	10.5%	14.5%	9.6%	9.8%	9.8%
PBT margin	4.6%	6.1%	5.5%	6.5%	6.5%
PAT margin	3.9%	4.0%	2.9%	2.8%	2.8%
Core PAT margin	3.9%	2.7%	2.9%	2.8%	2.8%

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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