MBM Resources Berhad

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

SHARIAH Compliant

ESG 3 Stars

Corporate Update

Maintain BUY

Unchanged Target Price **RM6.14**

Briefing Note
A Steady Quarter

Maintain BUY. MBM Resources Berhad (MBMR) delivered a resilient performance in 2QFY26, supported by steady Perodua sales and production volumes alongside favourable forex movements, which underpinned associate contributions. While Perodua's CY26 sales are expected to moderate from the 359,904 units recorded last year, we expect MBMR's earnings to remain relatively stable. Maintain **BUY,** with the stock trading at an undemanding -1.0SD to its 5-year mean and offering an attractive dividend yield of +8.1%.

Mixed performance across marques. Total vehicle sales grew +4.4%yoy to 7,700 units in 2QFY26, albeit uneven across marques, with growth mainly underpinned by higher Perodua (+5.1%yoy) stock allocations and stronger Daihatsu (+27.0%yoy) and Volvo (+22.3%yoy) volumes. Service throughput rose +6.2%yoy on a larger units-in-operation base, supported by robust Perodua vehicle sales in recent years. Meanwhile, auto parts unit sales registered broad-based growth of +5.0%yoy to +15.0%yoy, tracking the +12.5%yoy increase in total industry production.

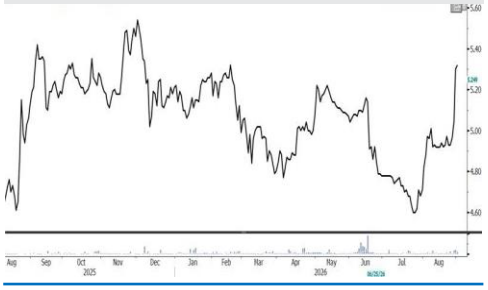
Perodua's price cuts unlikely to dent margins. Associates' contribution rose +39.6%yoy, accounting for 80% of PBT in 2QFY26, underpinned by Perodua's strong unit sales of 89,659 units (+10.6%yoy) and favourable forex movements. Perodua's order backlog is estimated at 35,000–40,000 units, translating to a 1-month waiting period. On the recent price cuts, currently limited to the Axia, management expects the margin impact to be contained at <1%, given the model's relatively lower margin profile. The Axia accounted for 23% of Perodua's CY25 sales volume. Separately, the QV-E has seen relatively modest traction thus far, with 318 units registered in 7MCY26 based on JPJ data. Enquiries have also remained modest, partly reflecting ongoing manufacturing constraints and limited visibility on delivery timelines.

Intense dealer competition weighs on Jaecoo. Volkswagen unit sales declined -30.7%yoy in 2QFY26, though management noted that volumes remained relatively resilient, supported by principal support and used-car activities. Volvo unit sales held up relatively well, rising +22.3%yoy, though management expects the market to remain challenging following the discontinuation of lower-end models such as the XC40, while EV take-up remains slow given the higher price points. Jaecoo recorded the steepest decline, with unit sales falling -49.2%yoy amid intense competition among dealers, particularly as competing dealers offered hefty discounts.

Earnings estimates. No changes were made to earnings estimates.

RETURN STATISTICS	
Price @ 1st September 2026 (RM)	5.32
Expected share price return (%)	+15.4
Expected dividend yield (%)	+8.1
Expected total return (%)	+23.5

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)	42.9	43.9	44.8
Dividend yield	8.1%	8.2%	8.4%

KEY STATISTICS	
FBM KLCI	1,700.54
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

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

OPERATING STATISTICS

	Quarterly					Cumulatively		
Motor Trading (Units)	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
Passenger vehicle sales								
Audi	9	5	1	80.0%	800.0%	14	1	1300.0%
Jaecoo	67	114	132	-41.2%	-49.2%	181	237	-23.6%
Perodua	7,075	6,308	6,733	12.2%	5.1%	13,383	13,568	-1.4%
Volkswagen	88	148	127	-40.5%	-30.7%	236	251	-6.0%
Volvo	126	74	103	70.3%	22.3%	200	181	10.5%
Commercial vehicle sales		0	0			0	0	
Daihatsu	301	146	237	106.2%	27.0%	447	411	8.8%
Hino	34	26	43	30.8%	-20.9%	60	64	-6.3%
Total	7,700	6,821	7,376	12.9%	4.4%	14,521	14,713	-1.3%
Service Throughput	69,900	67,800	65,800	3.1%	6.2%	137,700	131,600	4.6%
Total industry volume (TIV)	203,100	182,200	186,500	11.5%	8.9%	385,300	374,900	2.8%
Total industry production (TIP)	197,000	158,700	175,100	24.1%	12.5%	355,700	352,800	0.8%
Auto Parts (Units '000)	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
Steel wheels	102	84	89	21.4%	14.6%	186	182	2.2%
Tyre assembly	802	649	739	23.6%	8.5%	1,451	1,478	-1.8%
NVH products	230	185	218	24.3%	5.5%	415	431	-3.7%
Joint Venture (Units '000)	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
Seatbelts	572	465	657	23.0%	-12.9%	1,037	1,247	-16.8%
Airbags	427	332	357	28.6%	19.6%	759	674	12.6%
Steering wheels	113	88	141	28.4%	-19.9%	201	267	-24.7%
Associates (Units)	**2QFY26**	**1QFY26**	**2QFY25**	**QoQ**	**YoY**	**1HFY26**	**1HFY25**	**YoY**
Perodua	89,659	77,027	81,051	16.4%	10.6%	166,686	165,853	0.5%
Hino Motors Sales	686	862	929	-20.4%	-26.2%	1,548	1,494	3.6%

RECAP OF 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)	6.2x	6.2x	6.2x	6.1x	5.9x
DPS (sen)	45.0	60.0	42.9	43.9	44.8
Dividend yield (%)	8.5%	11.3%	8.1%	8.2%	8.4%

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**

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

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