MBM Resources

Record 4QFY25 in Hand

OUTPERFORM ↔

Price :	**RM5.50**
Target Price :	**RM7.00 ↔**

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MBMR is striving for a stronger 4QFY25 driven by the expected higher total industry production levels. This will be led by both Perodua and Proton, with both having EV plant commercial production slated for 4QFY25, and consistent sales momentum on the dealerships business driven by new models launches. We maintain our forecasts, TP of RM7.00 and OUTPERFORM call, but reinstated our DPS higher as MBMR is to declare a final FY25 dividend in April 2026. This offers an attractive dividend yield of 9%.

We came away from MBMR's 3QFY25 results briefing feeling upbeat. The key takeaways are as follows:

1. MBMR will announce a final dividend in April 2026 for FY25 (the same time as annual report publication), which will be comparable to the final dividend announced in April 2025 for FY24, or higher depending on dividend received from subsidiaries/associates. Thus, we reinstate our FY25 NDPS estimate higher to 48 sen (from 39 sen) vs. reported FY24 NDPS of 54 sen.

2. MBMR guided for stronger 4QFY25 on increased sales momentum for its dealership especially for Jaecoo brand and auto parts manufacturing driven by both Perodua and Proton on increased total industry production level with both EV plants' commercial production slated for 4QFY25. Jaecoo dealership (YTD Sept 2025 sales at 327 units, consistently above 100 units/quarter vs. below 100 units/quarter last year; overall Jaecoo TIV market share is at 2.3%) offers better margin mix over its other premium models i.e. Volvo (YTD Sept 2025 at 290 units, -19% YoY). It also saw increase in sales for Daihatsu (YTD Sept 2025 at 627 units, +4% YoY) and Volkswagen (YTD Sept 2025 at 386 units, +11% YoY) vehicles post inventory replenishment.

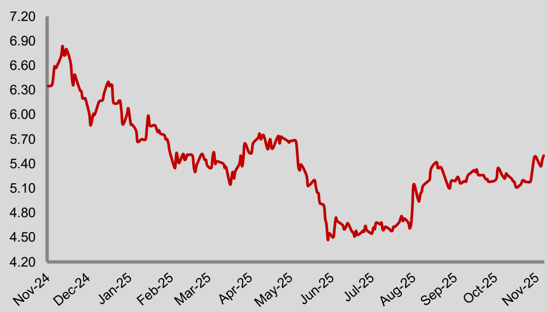
3. It expects consistent sales momentum on the dealerships business driven by new model launches such as Perodua EV (will be launched by end-Nov 2025) & D66b, Jaecoo J5 & C9, Euro 5 engine for Daihatsu & Hino commercial vehicles, as well as two new models expected from Volkswagen. It also expects strong growth in its share of associate results especially from 23%-owned Perusahaan Otomobil Kedua Sdn Bhd with order backlog of Perodua vehicles remaining strong at over 89k units (from 68k units end-2024) due to a combination of steady new order registration and consistent production capacity.

4. MBMR will supply Perodua EV with safety products, acoustics NVH, tyre assembly, and wheel arch liners (*refer to overleaf on Perodua new EV plant details*). There were also changes in component purchase arrangements for a key customer for its tyre assembly business as the customer requested for full consignment arrangement which includes raw materials supply procurement which offers better margin. However, overall auto parts manufacturing business was affected by the reduced production volume from Japanese marques.

Forecasts. Maintained.

Valuation. We also maintain our TP of RM7.00 based on PER of 8x on FY26F EPS which is at a discount to the auto sector's average forward PER of 11x given its smaller scale, and a business model which is skewed toward auto dealerships compared to other players which are more into auto manufacturing.

Share Price Performance



KLCI	1,617.46
YTD KLCI chg	-1.5%
YTD stock price chg	-8.2%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	MBM MK Equity
Market Cap (RM m)	2,149.9
Shares outstanding	390.9
52-week range (H)	6.50
52-week range (L)	4.26
3-mth avg. daily vol.	223,820
Free Float	40%
Beta	1.1

Major Shareholders

Med-Bumikar Mara Sdn Bhd	49.5%
Lembaga Tabung Haji	4.4%
Norges Bank	2.5%

Summary Earnings Table

FYE Dec (RM m)	2024A	2025F	2026F
Revenue	2,485.6	2,567.4	2,649.4
EBIT	69.2	70.3	71.0
PBT	393.2	401.0	407.0
Net Profit	**333.0**	**338.4**	**343.2**
Core Net Profit	**333.0**	**338.4**	**343.2**
Consensus (NP)	-	313.4	321.9
Earnings Revision	-	-	-
Core EPS (sen)	85.0	86.4	87.6
Core EPS Growth (%)	9.1	1.6	1.4
NDPS (sen)	54.0	48.0	48.0
BVPS (RM)	5.68	6.06	6.46
PER (x)	6.5	6.4	6.3
PBV (x)	1.0	0.9	0.9
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	9.8	8.7	8.7

There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

Investment case. We continue to like MBMR for: (i) its strong earnings visibility backed by an order backlog of Perodua vehicles of over 89k units (CY25 target sales of 345k units), (ii) being a good proxy to the mass-market Perodua brand given that it is the largest dealer of Perodua vehicles in Malaysia, as well as its 23% stake in Perusahaan Otomobil Kedua Sdn Bhd, the producer of Perodua vehicles, and (iii) its attractive dividend yield of about 10%. Maintain **OUTPERFORM.**

Risks to our call include: (i) consumers cutting back on discretionary spending (particularly big-ticket items like new cars) amidst high inflation and subsidy rationalisation, (ii) persistent disruptions (including chip shortages) in the global automotive supply chain, and (iii) persistent high cost for materials in auto parts manufacturing.

Perodua new EV plant going full throttle in December 2025. Perodua's new EV plant has commenced pre-production in September 2025, with mass production starting in December 2025. The initial production run will be capped at 500 units per month as part of a phased roll-out strategy (has not factored into the forecasts pending final pricing and variants as well as exclusive dealerships right). This initial low volume will allow Perodua and its local vendors to build up expertise before ramping up production to over 2,000 units per month for mass production. Perodua aims for the new EV to have over 30% local assembly content initially (currently estimated to reach 50% by roll-out date end-Nov 25), with plans to increase this to over 60% as more critical components are localized. The facility is situated at Perodua's existing base in Sungai Choh, Rawang, adjacent to the company's two current manufacturing plants. The establishment of this new EV facility aligns with the Malaysian government's goal to make Malaysia a hub for affordable EV production under the New Industrial Master Plan 2030 (NIMP 2030). On the other hand, initial impression is that **TCHONG (UP:TP: RM0.30)** will provide painting shop and some parts of the assembly (not full assembly) while all the assembly equipment (being proprietary owned by Perodua) will be provided by Perodua and final assembly point at Perodua EV factory.

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Income Statement

FY Dec (RM m)	2022A	2023A	2024A	2025F	2026F
Revenue	2,308.1	2,416.9	2,485.6	2,567.4	2,649.4
Op. Profit	**104.9**	**97.6**	**69.2**	**70.3**	**71.0**
Depreciation	-18.4	-18.9	-17.9	-18.7	-20.0
Int. Inc/(Exp)	4.1	4.7	4.3	10.9	14.7
Joint Venture	16.0	24.2	29.6	26.9	28.3
Associate	200.4	268.1	290.1	292.9	293.1
Pre-tax Profit	**325.3**	**394.7**	**393.2**	**401.0**	**407.0**
Taxation	-17.1	-17.1	-17.1	-17.1	-17.1
MI	29.7	37.2	39.5	40.1	40.7
Core net profit	**223.8**	**305.2**	**333.0**	**338.4**	**343.2**

Balance Sheet

FY Dec (RM m)	2022A	2023A	2024A	2025F	2026F
F. Assets	174.5	186.7	194.0	204.9	214.6
Int. Assets	1.1	1.1	1.1	1.1	1.1
Other F. Assets	1,731.4	1,865.6	1,983.2	1,983.2	1,983.2
Inventories	115.6	115.6	114.2	119.6	123.4
Receivables	199.2	185.8	182.3	197.0	203.2
Other C. Assets	21.4	48.2	6.8	6.8	6.8
Cash	282.7	197.2	258.3	403.9	544.2
Total Assets	**2,526.0**	**2,600.2**	**2,740.0**	**2,916.6**	**3,076.5**
Payables	169.5	143.1	128.5	154.7	159.7
ST Borrowings	0.0	0.0	0.0	0.0	0.0
Other ST Liability	6.6	21.8	50.6	50.6	50.6
LT Borrowings	0.0	0.0	0.0	0.0	0.0
Other LT Liability	7.1	6.4	13.8	13.8	13.8
Net Assets	**2,342.8**	**2,428.9**	**2,547.1**	**2,697.4**	**2,852.5**
S.Equity	2,055.7	2,130.8	2,226.5	2,376.8	2,531.8
MI	287.1	298.1	320.6	320.6	320.6
Total Equity	**2,342.8**	**2,428.9**	**2,547.1**	**2,697.4**	**2,852.5**

Cashflow Statement

FY Dec (RM m)	22A	23A	24A	25F	26F
Operating CF	40.4	-1.3	100.7	59.5	50.2
Investing CF	165.9	186.2	187.8	263.3	263.5
Financing CF	-180	-272	-227	-177	-173
Change In Cash	26.1	-87.5	61.1	145.6	140.3
Free CF	10.8	-30.9	71.0	29.9	20.6

Financial Data & Ratios

FY Dec	2022A	2023A	2024A	2025F	2026F
Growth (%)					
Turnover	50.7	4.7	2.8	3.3	3.2
EBITDA	50.7	4.7	2.8	3.3	3.2
Op Profit	144.5	-6.9	-29.1	1.5	1.0
PBT	56.8	21.3	-0.4	2.0	1.5
CNP	30.6	36.3	9.1	1.6	1.4
Profitability (%)					
Op. Margin	4.5	4.0	2.8	2.7	2.7
PBT Margin	14.1	16.3	15.8	15.6	15.4
CNP Margin	9.7	12.6	13.4	13.2	13.0
ROA	11.0	13.0	12.5	12.0	11.5
ROE	13.5	16.0	15.3	14.7	14.0
DuPont Analysis					
NP Mrgin (%)	9.7	12.6	13.4	13.2	13.0
Assts T/O (x)	0.9	0.9	0.9	0.9	0.9
Lev. Fctor (x)	1.2	1.2	1.2	1.2	1.2
ROE (%)	13.5	16.0	15.3	14.7	14.0
Leverage					
Dbt/Asset (x)	-	-	-	-	-
Dbt/Equity (x)	-	-	-	-	-
N.(Csh)/Debt	(282.7)	(197.2)	(258.3)	(403.9)	(544)
N.Dbt/Eqty(x)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Valuations					
CEPS (sen)	57.1	77.9	85.0	86.4	87.6
NDPS (sen)	43.0	54.0	54.0	48.0	48.0
BV/sh (RM)	5.2	5.4	5.7	6.1	6.5
PER (x)	9.6	7.1	6.5	6.4	6.3
Div. Yield (%)	7.8	9.8	9.8	8.7	8.7
PBV (x)	1.0	1.0	1.0	0.9	0.8
EV/EBTDA(x)	14.6	14.8	20.8	27.3	28.3

Source: Kenanga Research

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net. Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
BERMAZ AUTO BHD	MP	0.545	0.600	10.1%	782.7	Y	04/26	6.2	9.4	-53.6%	51.1%	8.7	5.8	0.8	9.8%	5.0	9.2%
DRB-HICOM BHD	UP	1.15	0.700	-39.1%	1,913.9	Y	12/25	6.2	8.1	101.5%	31.1%	18.5	14.1	0.2	1.2%	3.0	2.6%
HIL INDUSTRIES BHD	MP	0.710	0.740	4.2%	249.0	Y	12/25	9.4	9.5	-26.1%	0.5%	7.5	7.5	0.5	6.4%	2.0	2.8%
HONG LEONG INDUSTRIES BHD	OP	15.04	18.90	25.7%	4,472.6	Y	06/26	157.4	160.6	2.7%	2.0%	9.6	9.4	2.0	21.4%	90.0	6.0%
MBM RESOURCES BHD	OP	5.50	7.00	27.3%	2,040.4	Y	12/25	86.8	88.2	1.9%	1.6%	6.3	6.2	0.9	14.6%	39.0	7.1%
SIME DARBY BHD	MP	2.01	1.90	-5.5%	14,789.8	Y	06/26	18.6	20.0	8.3%	7.8%	10.8	10.0	0.7	6.5%	14.0	7.0%
TAN CHONG MOTOR HOLDINGS BHD	UP	0.625	0.300	-52.0%	381.2	Y	12/25	(27.6)	(24.4)	-179%	-188%	N.A.	N.A.	0.2	-7.7%	1.0	1.6%
SECTOR AGGREGATE					**24,629.6**					**6.4%**	**9.7%**	**11.4**	**10.4**	**0.6**	**5.6%**		**5.2%**

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Electric & Hybrid Vehicles Availability	★	★	★		
	Supply Chain Management	★	★	★	★	
	Energy Efficiency	★	★	★		
	Effluent & Water Management	★	★	★		
	Training & Education	★	★	★	★	
	OVERALL	★	★	★		

☆	denotes half-star
★	-10% discount to TP
★★	-5% discount to TP
★★★	TP unchanged
★★★★	+5% premium to TP
★★★★★	+10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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