

02 March 2026

# MBM Resources

## Reaching the Peak

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**MBMR's FY25 results within our expectation. Its FY25 core net profit rose 2% largely due to the record quarterly sales and profits for 4QFY25 on intensified year-end discounting activities to clear back-log inventories. We, however, cut our FY26F core net profit by 7%, and our TP by 7% to RM4.90 (from RM5.25) on expectation of lower associates profit contribution from its 23%-owned Perusahaan Otomobil Kedua Sdn Bhd on start-up losses from the all-new Perodua QV-e due to lukewarm response and delayed in commercial production due to suppliers' quality issues. Maintain MARKET PERFORM call. Its still offers attractive dividend yield of 9%.**

MBMR's FY25 core net profit came in within our expectation at 100% of our full-year forecast, but above consensus at 108% of the full-year consensus estimate. It did not declare any dividend for the quarter, as it typically announce its final dividend in April 2026 (the same time as annual report publication) which is expected to be 9 sen, the same as for FY24, with expectation of FY25 NDPS of 48 sen. For FY26, we cut our NDPS to 45 sen (from 48 sen), in line with our cut in earnings forecast.

**YoY**, its FY25 revenue rose 3% largely from strong 4QFY25 results, driven by vehicle distribution (+2%) and auto parts manufacturing (+10%). Key highlights: - (i) stronger production for Perodua vehicles in 4QFY25 with the introduction of all-new Perodua Traz and year-end sales promotion to clear out-going models particularly Perodua Myvi (new Myvi launch is expected by end-2026/early-2027), (ii) strong sales at its new Jaecoo dealership (2025 at 16,125 units, with monthly sales average of 1,500/month vs. below 1,000/month in 2024), (iii) higher production levels at its auto parts manufacturing due to changes in component purchase arrangements for a key customer which we believe would be from Perodua as it prepares for commercial production of the new models. However, its other premium models i.e. Daihatsu commercial vehicles, Volvo, and Volkswagen vehicles were affected by intense competition in the non-nationals space.

Its core net profit rose 2%, supported by its 23%-owned Perusahaan Otomobil Kedua Sdn Bhd (+1% to 359,904 units) which contributed strong associates' profit (+6%).

**QoQ**, MBMR's 4QFY25 revenue soared 16% on record quarterly sales driven by vehicle distribution (+18%) and auto parts manufacturing (+2%), largely due to intensified year-end discounting activities to clear back-log inventories. Its core net profit rose 7%, supported by its 23%-owned Perusahaan Otomobil Kedua Sdn Bhd (+7% to 104,810 units) which contributed strong associates' profit (+14%) on year-end sales promotion and stronger MYR against JPY.

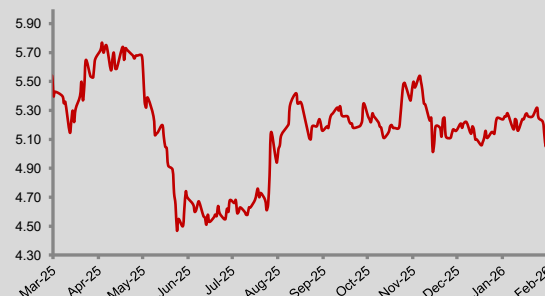
**Forecasts.** We cut FY26F core net profit by 7% on expectation of lower associates profit contribution from its 23%-owned Perusahaan Otomobil Kedua Sdn Bhd on start-up losses from the all-new Perodua QV-e due to lukewarm response (205 bookings since launch in Dec 2025) and delay in commercial production (we believe the sales of 38 units were only for dealerships test-drive units) due to suppliers' quality issues which is below Perodua's commercial production standards.

**Valuation.** We also cut our TP by 7% to RM4.90 (from RM5.25) based on unchanged PER of 6x 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.

# MARKET PERFORM ↔

**Price:** RM4.99  
**Target Price:** RM4.90 ↓

## Share Price Performance



|                     |          |
|---------------------|----------|
| KLCI                | 1,716.61 |
| YTD KLCI chg        | 2.2%     |
| YTD stock price chg | -4.2%    |

## Stock Information

|                       |               |
|-----------------------|---------------|
| Shariah Compliant     | Yes           |
| Bloomberg Ticker      | MBM MK Equity |
| Market Cap (RM m)     | 1,950.5       |
| Shares Outstanding    | 390.9         |
| 52-week range (H)     | 5.58          |
| 52-week range (L)     | 4.17          |
| 3-mth avg. daily vol. | 414,242       |
| Free Float            | 40%           |
| Beta                  | 1.0           |

## Major Shareholders

|                          |       |
|--------------------------|-------|
| Med-Bumikar Mara Sdn Bhd | 49.5% |
| Lembaga Tabung Haji      | 4.4%  |
| Public Mutual Bhd        | 2.5%  |

## Summary Earnings Table

| FYE Dec (RM m)         | 2025A        | 2026F        | 2027F        |
|------------------------|--------------|--------------|--------------|
| Revenue                | 2,549.2      | 2,649.4      | 2,711.2      |
| EBIT                   | 683.3        | 71.4         | 71.4         |
| PBT                    | 405.3        | 378.6        | 381.1        |
| <b>Net Profit</b>      | <b>339.1</b> | <b>319.1</b> | <b>321.2</b> |
| <b>Core Net Profit</b> | <b>339.1</b> | <b>319.1</b> | <b>321.2</b> |
| Consensus (NP)         | -            | 322.6        | 322.0        |
| Earnings Revision      | -            | -7.0%        | NEW          |
| Core EPS (sen)         | 86.5         | 81.4         | 82.0         |
| Core EPS Growth (%)    | 1.8          | -5.9         | 0.7          |
| NDPS (sen)             | 48.0         | 45.0         | 45.0         |
| BVPS (RM)              | 6.07         | 6.43         | 6.80         |
| PER (x)                | 5.8          | 6.1          | 6.1          |
| PBV (x)                | 0.8          | 0.8          | 0.7          |
| Net Gearing (x)        | N.Cash       | N.Cash       | N.Cash       |
| Net Div. Yield (%)     | 9.6          | 9.0          | 9.0          |

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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 60k units (CY26 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 9%. Maintain **MARKET PERFORM** call.

**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.

| <b>Result Highlights</b>   |              |              |              |              |              |               |               |             |
|----------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|-------------|
|                            | 4Q           | 3Q           | QoQ          | 4Q           | YoY          | 12M           | 12M           | YoY         |
| FYE Dec (RM m)             | FY25         | FY25         | Chg          | FY24         | Chg          | FY25          | FY24          | Chg         |
| <b>Revenue</b>             | <b>736.9</b> | <b>635.9</b> | <b>15.9%</b> | <b>660.9</b> | <b>11.5%</b> | <b>2549.2</b> | <b>2485.6</b> | <b>2.6%</b> |
| EBIT                       | 16.7         | 21.1         | -20.8%       | 18.1         | -7.3%        | 67.1          | 69.2          | -3.0%       |
| Net Interest Income/ (Exp) | 1.1          | 1.4          |              | 0.9          |              | 4.7           | 4.3           |             |
| Associates                 | 94.6         | 83.0         | 13.9%        | 89.9         | 5.2%         | 308.1         | 290.1         | 6.2%        |
| Jointly controlled entity  | 7.3          | 7.9          | -8.4%        | 6.2          | 16.2%        | 25.3          | 29.6          | -14.6%      |
| EI                         | 0.0          | 0.0          |              | 0.0          |              | 0.1           | 0.0           |             |
| PBT/(LBT)                  | 119.7        | 113.5        | 5.4%         | 115.1        | 4.0%         | 405.3         | 393.2         | 3.1%        |
| Taxation                   | -8.0         | -3.8         | -111.1%      | -6.2         |              | -20.4         | -20.6         |             |
| Minority Interest          | -11.0        | -15.3        |              | -11.2        |              | -45.8         | -39.5         |             |
| <b>Net Profit</b>          | <b>100.7</b> | <b>94.5</b>  | <b>6.5%</b>  | <b>97.7</b>  | <b>3.0%</b>  | <b>339.1</b>  | <b>333.0</b>  | <b>1.8%</b> |
| <b>Core Net Profit</b>     | <b>100.6</b> | <b>94.5</b>  | <b>6.5%</b>  | <b>97.7</b>  | <b>3.0%</b>  | <b>339.0</b>  | <b>333.0</b>  | <b>1.8%</b> |
| DPS (sen)                  | 0.0          | 17.0         |              | 0.0          |              | 39.0          | 45.0          |             |
| EBIT/(LBIT) margin         | 2.3%         | 3.3%         |              | 2.7%         |              | 2.6%          | 2.8%          |             |
| PBT/(LBT) margin           | 16.2%        | 17.9%        |              | 17.4%        |              | 15.9%         | 15.8%         |             |
| Core PATAMI margin         | 13.7%        | 14.9%        |              | 14.8%        |              | 13.3%         | 13.4%         |             |
| Effective tax rate         | 6.7%         | 3.3%         |              | 5.4%         |              | 5.0%          | 5.3%          |             |

Source: Company, Kenanga Research

| <b>Segmental Breakdown</b>    |              |              |              |              |              |               |               |             |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|-------------|
|                               | 4Q           | 3Q           | QoQ          | 4Q           | YoY          | 12M           | 12M           | YoY         |
| FYE Dec (RM m)                | FY25         | FY25         | Chg          | FY24         | Chg          | FY25          | FY24          | Chg         |
| <b>Revenue</b>                | <b>736.9</b> | <b>635.9</b> | <b>15.9%</b> | <b>660.9</b> | <b>11.5%</b> | <b>2549.2</b> | <b>2485.6</b> | <b>2.6%</b> |
| Vehicles Distribution         | 645.9        | 546.5        | 18.2%        | 580.7        | 11.2%        | 2217.2        | 2182.4        | 1.6%        |
| Auto Parts Manufacturing      | 90.3         | 88.6         | 1.8%         | 79.3         | 13.8%        | 329.0         | 300.5         | 9.5%        |
| Others                        | 0.8          | 0.7          | 4.1%         | 0.8          | -6.6%        | 2.9           | 2.8           | 6.6%        |
| <b>Segment PBT</b>            | <b>119.7</b> | <b>113.5</b> | <b>5.4%</b>  | <b>115.1</b> | <b>4.0%</b>  | <b>405.3</b>  | <b>393.2</b>  | <b>3.1%</b> |
| Vehicles Distribution         | 11.7         | 12.8         | -8.6%        | 14.1         | -16.5%       | 48.3          | 52.3          | -7.8%       |
| Auto Parts Manufacturing      | 7.0          | 5.1          | 35.5%        | 6.8          | 2.9%         | 22.9          | 26.3          | -13.2%      |
| Others                        | -0.8         | 4.6          | -118.4%      | -1.9         | 54.5%        | 0.8           | 2.8           | -71.5%      |
| Jointly-controlled Entity     | 7.3          | 7.9          | -8.4%        | 6.2          | 16.2%        | 25.3          | 26.3          | -4.1%       |
| Associates                    | 94.6         | 83.0         | 13.9%        | 89.9         | 5.2%         | 308.1         | 285.4         | 8.0%        |
| <b>Segment PBT margin (%)</b> | <b>16.2%</b> | <b>17.9%</b> |              | <b>17.4%</b> |              | <b>15.9%</b>  | <b>15.8%</b>  |             |
| Vehicles Distribution         | 1.8%         | 2.4%         |              | 2.4%         |              | 2.2%          | 2.4%          |             |
| Auto Parts Manufacturing      | 7.7%         | 5.8%         |              | 8.5%         |              | 6.9%          | 8.8%          |             |

Source: Company, Kenanga Research

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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.  |            |             |                |             |
| <b>Stocks Under Coverage</b> |        |                 |                   |        |                   |                   |             |                |            |                 |             |                         |             |            |             |                |             |
| BERMAZ AUTO BHD              | OP     | 0.845           | 0.800             | -5.3%  | 782.7             | Y                 | 04/2026     | 5.7            | 9.8        | -57.2%          | 70.2%       | 14.7                    | 8.6         | 1.5        | 10.0%       | 4.6            | 5.4%        |
| DRB-HICOM BHD                | UP     | 1.22            | 0.620             | -49.2% | 1,913.9           | Y                 | 12/2025     | 5.1            | 5.4        | 55.4%           | 6.3%        | 23.9                    | 22.5        | 0.2        | 0.9%        | 3.0            | 2.5%        |
| HIL INDUSTRIES BHD           | OP     | 0.730           | 0.850             | 16.4%  | 249.0             | Y                 | 12/2025     | 11.2           | 11.4       | 2.8%            | 2.3%        | 6.5                     | 6.4         | 0.5        | 7.2%        | 2.0            | 2.7%        |
| HONG LEONG INDUSTRIES BHD    | OP     | 18.72           | 18.90             | 1.0%   | 4,472.6           | Y                 | 06/2026     | 157.4          | 160.6      | 2.7%            | 2.0%        | 11.9                    | 11.7        | 2.4        | 21.4%       | 110.0          | 5.9%        |
| MBM RESOURCES BHD            | MP     | 4.99            | 4.90              | -1.8%  | 2,040.4           | Y                 | 12/2025     | 81.6           | 82.2       | -5.9%           | 0.7%        | 6.1                     | 6.1         | 0.7        | 11.5%       | 45.0           | 9.0%        |
| SIME DARBY BHD               | OP     | 2.44            | 2.75              | 12.7%  | 14,789.8          | Y                 | 06/2026     | 19.8           | 21.5       | 15.6%           | 8.1%        | 12.3                    | 11.4        | 0.8        | 7.0%        | 14.0           | 5.7%        |
| TAN CHONG MOTOR HOLDINGS BHD | UP     | 0.555           | 0.290             | -47.7% | 381.2             | Y                 | 12/2025     | (27.2)         | (25.6)     | -189.1%         | -194.2%     | N.A.                    | N.A.        | 0.2        | -7.2%       | 1.0            | 1.8%        |
| <b>SECTOR AGGREGATE</b>      |        |                 |                   |        | <b>24,629.6</b>   |                   |             |                |            | <b>7.1%</b>     | <b>8.5%</b> | <b>11.2</b>             | <b>10.3</b> | <b>0.6</b> | <b>5.6%</b> |                | <b>4.7%</b> |

Source: Kenanga Research

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**Stock ESG Ratings:**

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

☆ 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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