

03 March 2026

MBM Resources

Uneven Roads

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MBMR is expecting a seasonally weaker 1QFY26 after last year-end sales promotion, and on closure of production plants in conjunction with festive holidays and scheduled maintenance. Moreover, its associates' profit could be affected by the Perodua Smart Mobility plant's start-up losses due to the all-new Perodua QV-e's lukewarm response. Nevertheless, it expects consistent sales momentum on the dealerships business driven by new model launches, and Perodua continue delivering stable production for its other best-selling models which are more than enough to contain the start-up losses. We maintain our forecasts, TP of RM4.90 and MARKET PERFORM call. Its still offers an attractive dividend yield of 9%.

We came away from MBMR's 4QFY25 results briefing feeling mixed. The key takeaways are as follows:

1. MBMR is expecting start-up losses from the new Perodua's Smart Mobility plant due to direct costs related to pre-production and inventory procurement prior to the start of commercial production. The costs are expected to be reduced as Perodua ramps up production. However, commercial production has been delayed since December 2025, due to suppliers' quality issues which is below Perodua's commercial production standards. Coupled with lukewarm response (205 bookings since launch in Dec 2025), we expect that the start-up losses will be prolonged until end-2026 or until Perodua introduced new EV model that are better suited to its target customers (price range below RM80k). (refer to overleaf on Perodua new EV plant details).
2. MBMR guided for a weaker 1QFY26 after record 4QFY25 quarter, which it attributed to a seasonal drop after year-end sales promotion, and the expected closure of production plants particularly for its 23%-owned Perusahaan Otomobil Kedua Sdn Bhd in conjunction with Chinese New Year and Hari Raya Aidilfitri which coincided with the plants scheduled maintenance. On the bright side, 2QFY26 production capacity will be boosted on longer working quarter.
3. 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, which we estimated to be 9 sen, the same as for FY24, with expectation of FY25 NDPS of 48 sen. However, for FY26, we expect a lower NDPS of 45 sen in line with the lower forecasted profit growth.
4. It shared that its Jaecoo dealership (2025 sales at 421 units, +154% YoY; with TIV market share is at 2.1%) which offers better margin mix over its other premium models has been doing quite well compared to its other dealership, i.e. Perodua (29,676 units, -0.1% YoY), Volvo (414 units, -20% YoY), Daihatsu (825 units, +6% YoY), Volkswagen (532 units, +12% YoY) and Hino (106 units, -59% YoY).

It expects consistent sales momentum on the dealerships business driven by new model launches such as Perodua Traz (early booking of 5,400 units in Dec 2025), Jaecoo J5 & C9, Euro 5 engine for Daihatsu & Hino commercial vehicles, as well as two new models expected from Volkswagen. It also expects stable growth in its share of associate results especially from 23%-owned Perodua with order backlog of Perodua vehicles remaining stable at over 60k units (from 89k units end-2025) due to a combination of steady new order registration and consistent production capacity.

MARKET PERFORM ↔

Price : **RM5.05**
Target Price : **RM4.90** ↔

Share Price Performance



KLCI	1,700.21
YTD KLCI chg	1.2%
YTD stock price chg	-3.1%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	MBM MK Equity
Market Cap (RM m)	1,974.0
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%
Norges Bank	2.5%

Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Revenue	2,549.2	2,649.4	2,711.2
EBIT	67.2	71.4	71.4
PBT	405.3	378.6	381.1
Net Profit	339.1	319.1	321.2
Core Net Profit	339.1	319.1	321.2
Consensus (NP)	-	328.6	331.1
Earnings Revision	-	-	-
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	6.2	6.2
PBV (x)	0.8	0.8	0.7
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	9.5	8.9	8.9

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Forecasts. Maintained as we have sufficiently factored in the start-up losses in our earlier cut in earnings in the results note.

Valuation. We also maintain our TP of RM4.90 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. 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.

Perodua new plant will incur start-up losses. Perodua's new Smart Mobility plant has commenced pre-production in September 2025, with showroom test-drive production starting in December 2025 (38 units). However, commercial production has been delayed since then, due to suppliers' quality issues which is below Perodua's commercial production standards. Coupled with lukewarm response (205 bookings since launch in Dec 2025), we expect start-up losses from the new Perodua's new Smart Mobility plant.

Based on earlier guide by Perusahaan Otomobil Kedua Sdn Bhd (Perodua), the initial production run will be capped at 500 units per month as part of a phased roll-out strategy. 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 platform (started with Perodua QV-e) to have over 30% local assembly content initially (currently estimated to reach 50% by 2HCY26), 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: RM0.29)** 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)	2023A	2024A	2025A	2026F	2027F
Revenue	2,416.9	2,485.6	2,549.2	2,649.4	2,711.2
Op. Profit	97.6	69.2	67.2	71.4	71.4
Depreciation	-18.9	-17.9	-17.1	-19.5	-20.8
Int. Inc/(Exp)	4.7	4.3	4.7	11.5	15.0
Joint Venture	24.2	29.6	25.3	27.4	26.4
Associate	268.1	290.1	308.1	268.2	268.2
Pre-tax Profit	394.7	393.2	405.3	378.6	381.1
Taxation	-17.1	-17.1	-17.1	-17.1	-17.1
MI	37.2	39.5	45.8	37.8	38.1
Core net profit	305.2	333.0	339.1	319.1	321.2

Balance Sheet					
FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
F. Assets	186.7	194.0	213.0	223.1	231.9
Int. Assets	1.1	1.1	1.1	1.1	1.1
Other F. Assets	1,865.6	1,983.2	2,095.8	2,095.8	2,095.8
Inventories	115.6	114.2	135.6	123.4	126.3
Receivables	185.8	182.3	205.3	203.2	208.0
Other C. Assets	48.2	6.8	2.2	2.2	2.2
Cash	197.2	258.3	273.1	425.0	557.2
Total Assets	2,600.2	2,740.0	2,926.0	3,073.8	3,222.4
Payables	143.1	128.5	154.7	159.7	163.4
ST Borrowings	0.0	0.0	0.0	0.0	0.0
Other ST Liability	21.8	50.6	51.3	51.3	51.3
LT Borrowings	0.0	0.0	0.0	0.0	0.0
Other LT Liability	6.4	13.8	15.0	15.0	15.0
Net Assets	2,428.9	2,547.1	2,705.1	2,847.9	2,992.8
S.Equity	2,130.8	2,226.5	2,377.8	2,520.6	2,665.5
MI	298.1	320.6	327.3	327.3	327.3
Total Equity	2,428.9	2,547.1	2,705.1	2,847.9	2,992.8

Cashflow Statement					
FY Dec (RM m)	23A	24A	25A	26F	27F
Operating CF	-1.3	100.7	40.4	78.2	54.9
Investing CF	186.2	187.8	206.6	238.6	238.6
Financing CF	-272	-227	-232	-164	-161
Change In Cash	-87.5	61.1	14.8	152.0	132.2
Free CF	-30.9	71.0	10.8	48.6	25.3

Source: Kenanga Research

Financial Data & Ratios					
FY Dec	2023A	2024A	2025A	2026F	2027F
Growth (%)					
Turnover	4.7	2.8	2.6	3.9	2.3
EBITDA	4.7	2.8	2.6	3.9	2.3
Op Profit	-6.9	-29.1	-2.9	6.3	0.0
PBT	21.3	-0.4	3.1	-6.6	0.7
CNP	36.3	9.1	1.8	-5.9	0.7
Profitability (%)					
Op. Margin	4.0	2.8	2.6	2.7	2.6
PBT Margin	16.3	15.8	15.9	14.3	14.1
CNP Margin	12.6	13.4	13.3	12.0	11.8
ROA	13.0	12.5	12.0	10.6	10.2
ROE	16.0	15.3	14.7	13.0	12.4
DuPont Analysis					
NP Mrgin (%)	12.6	13.4	13.3	12.0	11.8
Assts T/O (x)	0.9	0.9	0.9	0.9	0.8
Lev. Fctor (x)	1.2	1.2	1.2	1.2	1.2
ROE (%)	16.0	15.3	14.7	13.0	12.4
Leverage					
Dbt/Asset (x)	-	-	-	-	-
Dbt/Equity (x)	-	-	-	-	-
N.(Csh)/Debt	(197.2)	(258.3)	(273.1)	(425.0)	(557)
N.Dbt/Eqty(x)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Valuations					
CEPS (sen)	85.0	86.5	81.4	82.0	85.0
NDPS (sen)	54.0	48.0	45.0	45.0	54.0
BV/sh (RM)	5.7	6.1	6.4	6.8	5.7
PER (x)	5.9	5.8	6.2	6.2	5.9
Div. Yield (%)	10.7	9.5	8.9	8.9	10.7
PBV (x)	0.9	0.8	0.8	0.7	0.9
EV/EBTDA(x)	20.8	21.7	25.5	26.6	20.8

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.				
Stocks Under Coverage																	
BERMAZ AUTO BHD	OP	0.830	0.800	-3.6%	782.7	Y	04/26	5.7	9.8	-57.2%	70.2%	14.4	8.5	1.4	10.0%	4.6	5.5%
DRB-HICOM BHD	UP	1.12	0.620	-44.6%	1,913.9	Y	12/25	5.1	5.4	55.4%	6.3%	21.9	20.6	0.2	0.9%	3.0	2.7%
HIL INDUSTRIES BHD	OP	0.710	0.850	19.7%	249.0	Y	12/25	11.2	11.4	2.8%	2.3%	6.3	6.2	0.4	7.2%	2.0	2.8%
HONG LEONG INDUSTRIES BHD	OP	17.54	18.90	7.8%	4,472.6	Y	06/26	157.4	160.6	2.7%	2.0%	11.1	10.9	2.3	21.4%	110.0	6.3%
MBM RESOURCES BHD	MP	5.05	4.90	-3.0%	2,040.4	Y	12/25	81.6	82.2	-5.9%	0.7%	6.2	6.1	0.7	11.5%	45.0	8.9%
SIME DARBY BHD	OP	2.38	2.75	15.5%	14,789.8	Y	06/26	19.8	21.5	15.6%	8.1%	12.0	11.1	0.8	7.0%	14.0	5.9%
TAN CHONG MOTOR HOLDINGS BHD	UP	0.535	0.290	-45.8%	381.2	Y	12/25	(27.2)	(25.6)	-189%	-194%	N.A.	N.A.	0.1	-7.2%	1.0	1.9%
SECTOR AGGREGATE					24,629.6					7.1%	8.5%	11.2	10.3	0.6	5.6%		4.9%

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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