

26 May 2026

MBM Resources

Seasonally Weakest Quarter

By Wan Mustaqim Bin Wan Ab Aziz I wanmustaqim@kenanga.com.my

MBMR's 1QFY26 results met our expectation. Its 1QFY26 core net profit fell 11% YoY and 37% QoQ on a seasonally weaker quarter with scheduled plant shutdown for its major principal/customers and 23%-owned associates Perodua, on double festive celebrations. We expect earnings to recover strongly in the 2QFY26 on longer working quarter leading with Perodua's strong April sales boost (+31% MoM, +17% YoY). We maintain our earnings forecasts, TP of RM4.90 and MARKET PERFORM call.

MBMR's 1QFY25 core net profit came in at 20% each of both of our and consensus full-year estimates. We deem the results to be within our expectation as we expect earnings to recover strongly in the 2QFY26 on a longer working quarter leading with Perodua's strong April sales boost (+31% MoM, +17% YoY).

Results performance. Its 1QFY26 revenue fell 5% YoY and 26% QoQ on seasonally weaker quarter with scheduled plant shutdown for its major principal/customers, i.e. Perodua, on quicker successive festive holidays of Chinese New Year and Hari Raya Aidilfitri compared to last year.

Key highlights: - (i) QoQ significant drop due to 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 with 1QFY26 sales at 3,985 units (+58%) with its best-selling model of Jaecoo J7, (iii) its other premium models i.e. Daihatsu commercial vehicles, Volvo, and Volkswagen vehicles remained affected by intense competition in the non-nationals space.

Its core net profit fell 11% YoY and 37% QoQ, further dragged by its 23%-owned Perusahaan Otomobil Kedua Sdn Bhd (-13% YoY, -29% QoQ to 74,233 units) which contributed weaker associates' profit (-5% YoY, -34% QoQ).

Forecasts. Maintained.

Valuation. We also maintain our TP at 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 leaning toward auto dealership 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).

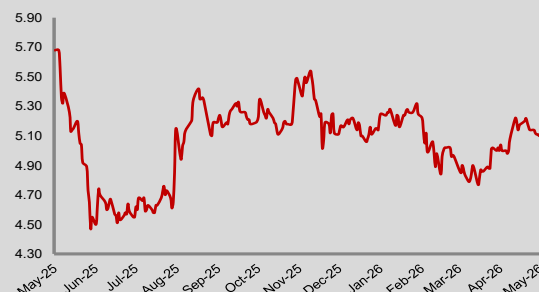
Investment case. We continue to like MBMR for: (i) its strong earnings visibility backed by an order backlog of Perodua vehicles at 43k units (CY26 target sales of 345k units), (ii) being a good proxy to the mass-market Perodua brand given that it is the largest dealer of Perodua vehicles in Malaysia, 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.

MARKET PERFORM ↔

Price: **RM5.09**
Target Price: **RM4.90** ↔

Share Price Performance



KLCI 1,708.50
YTD KLCI chg 1.7%
YTD stock price chg -2.3%

Stock Information

Shariah Compliant Yes
Bloomberg Ticker MBM MK Equity
Market Cap (RM m) 1,989.6
Shares Outstanding 390.9
52-week range (H) 5.48
52-week range (L) 4.17
3-mth avg. daily vol. 245,965
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	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)	-	317.4	329.8
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)	5.9	6.3	6.2
PBV (x)	0.8	0.8	0.7
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	9.4	8.8	8.8

26 May 2026

Result Highlights								
	1Q	4Q	QoQ	1Q	YoY	3M	3M	YoY
FYE Dec (RM m)	FY26	FY25	Chg	FY25	Chg	FY26	FY25	Chg
Revenue	543.7	736.9	-26.2%	574.3	-5.3%	543.7	574.3	-5.3%
EBIT	7.2	16.7	-57.3%	13.6	-47.3%	7.2	13.6	-47.3%
Net Interest Income/ (Exp)	1.1	1.1		1.3		1.1	1.3	
Associates	62.4	94.6	-34.0%	65.8	-5.1%	62.4	65.8	-5.1%
Jointly controlled entity	3.3	7.3	-54.1%	4.2	-21.7%	3.3	4.2	-21.7%
EI	0.0	0.0		0.0		0.0	0.0	
PBT/(LBT)	74.0	119.7	-38.2%	84.9	-12.8%	74.0	84.9	-12.8%
Taxation	-2.4	-8.0	69.7%	-4.1		-2.4	-4.1	
Minority Interest	-8.0	-11.0		-9.4		-8.0	-9.4	
Net Profit	63.5	100.7	-36.9%	71.4	-11.0%	63.5	71.4	-11.0%
Core Net Profit	63.5	100.6	-36.9%	71.4	-11.0%	63.5	71.4	-11.0%
DPS (sen)	0.0	0.0		0.0		0.0	0.0	
EBIT/(LBIT) margin	1.3%	2.3%		2.4%		1.3%	2.4%	
PBT/(LBT) margin	13.6%	16.2%		14.8%		13.6%	14.8%	
Core PATAMI margin	11.7%	13.7%		12.4%		11.7%	12.4%	
Effective tax rate	3.3%	6.7%		4.8%		3.3%	4.8%	

Source: Company, Kenanga Research

Segmental Breakdown								
	1Q	4Q	QoQ	1Q	YoY	3M	3M	YoY
FYE Dec (RM m)	FY26	FY25	Chg	FY25	Chg	FY26	FY25	Chg
Revenue	543.7	736.9	-26.2%	574.3	-5.3%	543.7	574.3	-5.3%
Vehicles Distribution	480.1	645.9	-25.7%	500.8	-4.1%	480.1	500.8	-4.1%
Auto Parts Manufacturing	62.8	90.3	-30.4%	72.8	-13.7%	62.8	72.8	-13.7%
Others	0.8	0.8	4.2%	0.7	6.9%	0.8	0.7	6.9%
Segment PBT	74.0	119.7	-38.2%	84.9	-12.8%	74.0	84.9	-12.8%
Vehicles Distribution	6.4	11.7	-45.4%	11.0	-41.8%	6.4	11.0	-41.8%
Auto Parts Manufacturing	3.2	7.0	-53.7%	5.5	-41.0%	3.2	5.5	-41.0%
Others	-1.4	-0.8	-66.6%	-1.6	14.7%	-1.4	-1.6	14.7%
Jointly-controlled Entity	3.3	7.3	-54.1%	4.2	-21.7%	3.3	4.2	-21.7%
Associates	62.4	94.6	-34.0%	65.8	-5.1%	62.4	65.8	-5.1%
Segment PBT margin (%)	13.6%	16.2%		14.8%		13.6%	14.8%	
Vehicles Distribution	1.3%	1.8%		2.2%		1.3%	2.2%	
Auto Parts Manufacturing	5.1%	7.7%		7.5%		5.1%	7.5%	

Source: Company, Kenanga Research

26 May 2026

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	0.920	1.15	25.0%	1,068.1	Y	04/26	7.3	10.9	-45.7%	49.5%	12.6	8.4	1.6	12.1%	6.3	6.9%
DRB-HICOM BHD	UP	1.14	0.770	-32.5%	2,203.6	Y	12/26	7.2	7.7	119.9%	6.0%	15.8	14.9	0.2	1.3%	3.0	2.6%
HIL INDUSTRIES BHD	OP	0.695	0.850	22.3%	230.7	Y	12/26	11.2	11.4	2.8%	2.3%	6.2	6.1	0.4	7.2%	2.0	2.9%
HONG LEONG INDUSTRIES BHD	OP	18.78	21.00	11.8%	6,158.0	Y	06/26	171.0	174.4	11.6%	2.0%	11.0	10.8	2.5	23.3%	100.0	5.3%
MBM RESOURCES BHD	MP	5.09	4.90	-3.7%	1,989.7	Y	12/26	81.6	82.2	-5.9%	0.7%	6.2	6.2	0.7	11.5%	45.0	8.8%
SIME DARBY BHD	OP	2.09	2.75	31.6%	14,214.1	Y	06/26	19.8	21.5	15.6%	8.1%	10.5	9.7	0.7	7.0%	14.0	6.7%
TAN CHONG MOTOR HOLDINGS BHD	UP	0.490	0.290	-40.8%	329.3	Y	12/26	(27.2)	(25.6)	-189%	-194%	N.A.	N.A.	0.1	-7.2%	1.0	2.0%
SECTOR AGGREGATE					26,193.4					12.1%	8.0%	11.3	10.5	0.7	5.8%		5.0%

Source: Kenanga Research

The rest of the page is intentionally left blank

26 May 2026

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.**

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

KENANGA INVESTMENT BANK BERHAD (15678-H)
 Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
 Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

