

28 May 2026

## MBM Resources

### Counting on Stable Production

By Wan Mustaqim Bin Wan Ab Aziz | [wanmustaqim@kenanga.com.my](mailto:wanmustaqim@kenanga.com.my)

MBMR is expecting a stronger upcoming 2QFY26, leading with Perodua's strong April sales boost (+31% MoM, +17% YoY) on a longer working quarter. However, its associates' profit could be affected by the Perodua Smart Mobility plant's start-up losses due to lukewarm response and slow production supply. Nevertheless, it expects consistent momentum on the dealerships, and Perodua to continue delivering stable production for its other best-selling models. We maintain our forecasts, TP of RM4.90 and MARKET PERFORM call. It 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 guided for a stronger upcoming 2QFY26, leading with Perodua's strong April sales boost (+31% MoM, +17% YoY). It attributed the recent weaker 1QFY26 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.

It also guided that manufacturing segment still receive stable supply of raw materials amidst the Middle East war with no indication of supply disruption for now. However, raw materials are expected to increase in prices affected by the rising logistics costs.

2. MBMR indicates that there would be start-up losses from Perodua's Smart Mobility plant (most likely in the 2HFY26) as Perodua gradually ramps up production to meet up the demand (1,200 bookings as of May 2026). Commercial production has been slowly deployed producing only below 10 units/month, due to suppliers' quality issues which is below Perodua's commercial production standards. Coupled with lukewarm response and slow supply (100 units registered since inception), we expect that the start-up losses will spill over to 2027 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).

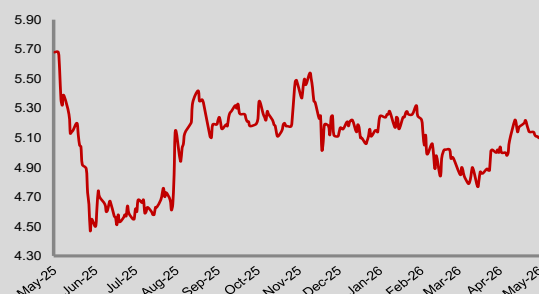
3. It shared its Jaecoo dealership performance (1QCY26 sales at 114 units, +8.6% YoY; TIV market share under Chery group is at 4.5% vs. 3.9% in 1QCY25) which offers better margin over its other dealership brands, i.e. Perodua (6,308 units, -7.7% YoY), Volvo (74 units, -5.1% YoY), Daihatsu (146 units, -16.1% YoY), Volkswagen (148 units, +19.4% YoY) and Hino (26 units, +24% YoY).

It expects consistent sales momentum on the dealerships business driven by new model launches such as Perodua Traz (2k sold monthly, with 3 months backlogs), Jaecoo J5 & C9, Euro 5 engine for Daihatsu & Hino commercial vehicles, as well as two new models under Volkswagen (Golf 1.5 eTSI R-Line & Golf GTI (Mk8.5) and more upcoming EVs models. 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 43k units (from 60k units early-2026) 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	1,699.02
YTD KLCI chg	1.1%
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.	239,036
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
<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)	-	316.4	326.1
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)	5.9	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

28 May 2026

**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.

**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 slowly deployed producing only below 10 units/month, due to suppliers' quality issues which is below Perodua's commercial production standards. Coupled with lukewarm response (1,300 bookings as of May 2026), we expect start-up losses from the new Perodua's new Smart Mobility plant to be recognised in the 2HCY26.

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 2027), 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 of making Malaysia a hub for affordable EV production under the New Industrial Master Plan 2030 (NIMP 2030). On the other hand, **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.

*The rest of the page is intentionally left blank.*

28 May 2026

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	<b>97.6</b>	<b>69.2</b>	<b>67.2</b>	<b>71.4</b>	<b>71.4</b>
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	<b>394.7</b>	<b>393.2</b>	<b>405.3</b>	<b>378.6</b>	<b>381.1</b>
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	<b>305.2</b>	<b>333.0</b>	<b>339.1</b>	<b>319.1</b>	<b>321.2</b>

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
<b>Total Assets</b>	<b>2,600.2</b>	<b>2,740.0</b>	<b>2,926.0</b>	<b>3,073.8</b>	<b>3,222.4</b>
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
<b>Net Assets</b>	<b>2,428.9</b>	<b>2,547.1</b>	<b>2,705.1</b>	<b>2,847.9</b>	<b>2,992.8</b>
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
<b>Total Equity</b>	<b>2,428.9</b>	<b>2,547.1</b>	<b>2,705.1</b>	<b>2,847.9</b>	<b>2,992.8</b>

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
<b>Growth (%)</b>					
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
<b>Profitability (%)</b>					
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
<b>DuPont Analysis</b>					
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
<b>Leverage</b>					
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)
<b>Valuations</b>					
CEPS (sen)	77.9	85.0	86.5	81.4	82.0
NDPS (sen)	54.0	54.0	48.0	45.0	45.0
BV/sh (RM)	5.4	5.7	6.1	6.4	6.8
PER (x)	6.5	6.0	5.9	6.3	6.2
Div. Yield (%)	10.6	10.6	9.4	8.8	8.8
PBV (x)	0.9	0.9	0.8	0.8	0.7
EV/EBTDA(x)	14.8	20.8	21.7	25.6	26.7

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	0.930	1.15	23.7%	1,079.7	Y	04/26	7.3	10.9	-45.7%	49.5%	12.8	8.5	1.6	12.1%	6.3	6.8%
DRB-HICOM BHD	UP	1.12	0.770	-31.3%	2,165.0	Y	12/26	7.2	7.7	119.9%	6.0%	15.5	14.6	0.2	1.3%	3.0	2.7%
HIL INDUSTRIES BHD	OP	0.670	0.850	26.9%	222.4	Y	12/26	11.2	11.4	2.8%	2.3%	6.0	5.9	0.4	7.2%	2.0	3.0%
HONG LEONG INDUSTRIES BHD	OP	18.52	21.00	13.4%	6,072.7	Y	06/26	171.0	174.4	11.6%	2.0%	10.8	10.6	2.4	23.3%	100.0	5.4%
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	2.10	2.75	31.0%	14,282.1	Y	06/26	19.8	21.5	15.6%	8.1%	10.6	9.8	0.7	7.0%	14.0	6.7%
TAN CHONG MOTOR HOLDINGS BHD	UP	0.510	0.290	-43.1%	342.7	Y	12/26	(27.2)	(25.6)	-189%	-194%	N.A.	N.A.	0.1	-7.2%	1.0	2.0%
<b>SECTOR AGGREGATE</b>					<b>26,154.3</b>					<b>12.1%</b>	<b>8.0%</b>	<b>11.3</b>	<b>10.5</b>	<b>0.7</b>	<b>5.8%</b>		<b>5.0%</b>

Source: Kenanga Research

The rest of the page is intentionally left blank

**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.**

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](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)

