

## Amir Hamdan

(603) 7890 8888 (ext 2112)

[amir.hamdan@apexsecurities.com.my](mailto:amir.hamdan@apexsecurities.com.my)

<b>Recommendation:</b>	<b>HOLD</b>
<b>Current Price:</b>	<b>RM 6.36</b>
<b>Previous Target Price:</b>	<b>RM 5.36</b>
<b>Target Price:</b>	<b>RM 6.67</b>
<b>Upside/Downside:</b>	<b>4.9%</b>

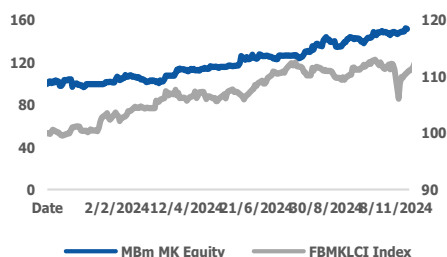
### Stock information

Board	MAIN
Sector	Automotive
Bursa / Bloomberg Code	5983 / MBM MK
Syariah Compliant	Yes
FTSE4Good Index	Yes
FTSE ESG Rating	☆☆☆
Bloomberg ESG Rating	NA
Shares issued (m)	390.9
Market Cap (RM' m)	2,486.0
52-Week Price Range (RM)	4-6.36
Beta (x)	0.8
Free float (%)	38.3
3M Average Volume (m)	0.4
3M Average Value (RM' m)	2.3

### Top 3 Shareholders (%)

Med-Bumikar Mara Sdn Bhd	49.5
Lembaga Tabung Haji	4.6
Norges Bank	2.9

### Share Price Performance



	1M	3M	12M
Absolute (%)	3.2	13.5	54.4
Relative (%)	4.6	16.5	40.5

## MBM Resources Berhad

### Perodua Set to Drive Future Growth

#### Summary










- **9MFY24 core net profit improved to RM292.0m, up +1.4% yoy, driven by a 19.3% yoy increase in Perodua sales volume came above our expectations at 110.9% of in-house estimates and 101.3% of consensus expectations.**
- **We raised our CNP forecast for FY24-26 by +6.8%/+6.3%/+6.4% to account for the stronger-than-expected demand for Perodua.**
- **We maintain our HOLD recommendation, but with a higher target price of RM6.67 based on 8.0x pegged to FY25F EPS of 8.3 sen as recent share price appreciation has reflected its fundamentals.**

#### Results Review

- **Results review.** MBMR's 3QFY24 core net profit (CNP) improved +1.4% yoy, but slipped -14.0% qoq to RM107.6m, propelled by a 4.7% rise in sales volume, fueled by high demand for Perodua vehicles. Despite sales volume for Volvo and VW remained sluggish, the segment's aftersales revenue and margins remained stable with a further 4.5% yoy increase in aftersales revenue.
- **Results exceeded expectations.** 9MFY24 CNP of RM292.0m exceeded our expectations, reaching 110.9% of our previous full-year estimate of RM263.4m, as well as above consensus expectations at 101.3% of RM288.2m. The variance was primarily driven by better-than-expected Perodua sales%.
- **Operations Highlights.** Motor trading and assembly segment revenue of RM1.60bn marked a +7.9% yoy increase RM1.71bn from 9MFY23. Growth was mainly fueled by a +19.3% yoy rise in Perodua sales volume and a +7.4% yoy improvement in aftersales performance. However, gains were partially offset by lower volumes in Volkswagen and Volvo, reflecting softer premium segment demand, and ongoing challenges in Daihatsu vehicle sales.
- **Industry Highlights** Total Industry Volume (TIV) reached 664,002 units in 10M24, reflecting a YTD growth of +2.4%, driven primarily by sustained consumer demand. For Oct 24, TIV added 20.4% mom to 69,859 units, anchored by positive impact from year-end promotional campaigns.
- **Outlook.** The automotive sector is poised for intensified competition, following the numerous new model launches expected from 2Q24 onwards. Additionally, the planned increase in goods value tax may exert further pressure on the luxury vehicle segment, which is already experiencing a significant sales slowdown.

- **Valuation.** We raised our earnings forecast for FY24-26 by +6.8%/+6.3%/+6.4% to account for the stronger-than-expected demand for Perodua. We maintain our **HOLD** recommendation, but with a higher target price of **RM6.67** as recent share price appreciation has reflected fundamentals.
- **Risk.** Soft consumer sentiment and unattractive model launches are risks to its motors division

Figure 1: Results Comparison

FYE Dec (RM m)	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY23	9MFY24	YoY (%)	5 Quarters Trend	Comments
Revenue	638.4	621.3	2.8	569.2	12.1	1,716.6	1,824.8	6.3		Periodua outperformed TIV
EBITDA	105.5	126.8	(16.8)	83.7	26.0	288.7	287.8	(0.3)		
Pre-tax profit	102.6	123.4	(16.8)	80.4	27.7	278.8	278.1	(0.3)		
Net profit	97.5	115.0	(15.2)	76.1	28.1	262.3	263.6	0.5		
Core net profit	107.6	125.2	(14.0)	84.6	27.2	287.9	292.0	1.4		
Core EPS (sen)	27.5	32.0	(14.0)	21.7	27.2	73.7	74.7	1.4		
EBITDA margin (%)	16.5	20.4		14.7		16.8	15.8			
PBT margin (%)	16.1	19.9		14.1		16.2	15.2			
Core PATMI margin (%)	16.9	20.2		14.9		16.8	16.0			

Source: Company, Apex Securities

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY22	FY23	FY24F	FY25F	FY26F
<b>Revenue</b>	<b>2307.6</b>	<b>2416.2</b>	<b>2220.7</b>	<b>2104.9</b>	<b>1995.6</b>
<b>Gross Profit</b>	<b>190.2</b>	<b>200.4</b>	<b>184.2</b>	<b>174.6</b>	<b>165.5</b>
<b>EBITDA</b>	<b>123.7</b>	<b>116.8</b>	<b>76.6</b>	<b>78.2</b>	<b>71.4</b>
Depreciation & Amortisation	18.7	19.6	16.8	17.9	18.8
<b>EBIT</b>	<b>105.0</b>	<b>97.2</b>	<b>59.8</b>	<b>60.2</b>	<b>52.5</b>
Net Finance Income/ (Cost)	4.1	5.1	4.7	5.0	7.6
Associates & JV	214.3	288.9	285.4	278.5	291.5
<b>Pre-tax Profit</b>	<b>323.3</b>	<b>391.3</b>	<b>350.0</b>	<b>343.8</b>	<b>351.6</b>
Tax	-26.2	-23.0	-18.5	-18.2	-18.6
<b>Profit After Tax</b>	<b>297.1</b>	<b>368.3</b>	<b>331.4</b>	<b>325.6</b>	<b>333.0</b>
Minority Interest	29.7	37.1	37.2	37.2	37.2
<b>Net Profit</b>	<b>267.4</b>	<b>331.2</b>	<b>294.2</b>	<b>288.3</b>	<b>295.8</b>
Exceptionals	29.7	37.1	37.1	37.1	37.1
<b>Core Net Profit</b>	<b>310.1</b>	<b>368.3</b>	<b>331.2</b>	<b>325.4</b>	<b>332.8</b>

### Key Ratios

FYE Dec (RM m)	FY22	FY23	FY24F	FY25F	FY26F
EBITDA margin	5.4%	4.8%	3.4%	3.7%	3.6%
EBIT margin	4.5%	4.0%	2.7%	2.9%	2.6%
PBT margin	14.0%	16.2%	15.8%	16.3%	17.6%
PAT margin	12.9%	15.2%	14.9%	15.5%	16.7%
NP margin	11.6%	13.7%	13.2%	13.7%	14.8%
Core NP margin	11.6%	13.7%	13.2%	13.7%	14.8%
ROE	13.2%	15.2%	12.7%	11.7%	11.3%
ROA	16.3%	18.0%	14.7%	14.1%	14.2%
Net gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations	FY25F
Core EPS (RM)	0.83
P/E multiple (x)	8.0
<b>Fair Value (RM)</b>	<b>6.67</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY22	FY23	FY24F	FY25F	FY26F
<b>Cash</b>	<b>284.8</b>	<b>197.2</b>	<b>205.5</b>	<b>294.2</b>	<b>385.5</b>
<b>Receivables</b>	<b>178.6</b>	<b>185.8</b>	<b>152.1</b>	<b>161.5</b>	<b>191.4</b>
<b>Inventories</b>	<b>115.6</b>	<b>161.0</b>	<b>148.0</b>	<b>173.0</b>	<b>185.9</b>
<b>Other current assets</b>	<b>42.5</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>
<b>Total Current Assets</b>	<b>621.6</b>	<b>545.8</b>	<b>507.3</b>	<b>630.4</b>	<b>764.4</b>
<b>Fixed Assets</b>	<b>174.5</b>	<b>186.6</b>	<b>199.2</b>	<b>209.0</b>	<b>216.5</b>
<b>Intangibles</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>
<b>Other non-current assets</b>	<b>1731.5</b>	<b>1862.8</b>	<b>2059.4</b>	<b>2096.2</b>	<b>2129.0</b>
<b>Total Non-current assets</b>	<b>1907.0</b>	<b>2050.5</b>	<b>2259.7</b>	<b>2306.3</b>	<b>2346.7</b>
<b>Short-term Debt</b>	<b>1.3</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>
<b>Payables</b>	<b>116.4</b>	<b>89.6</b>	<b>82.2</b>	<b>77.9</b>	<b>73.9</b>
<b>Other Current Liabilities</b>	<b>63.1</b>	<b>57.9</b>	<b>57.9</b>	<b>57.9</b>	<b>57.9</b>
<b>Total Current Liabilities</b>	<b>179.5</b>	<b>163.9</b>	<b>159.9</b>	<b>156.5</b>	<b>153.5</b>
<b>Long-term Debt</b>	<b>1.3</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>
<b>Other non-current liabilities</b>	<b>6.0</b>	<b>4.8</b>	<b>2.9</b>	<b>2.9</b>	<b>2.9</b>
<b>Total Non-current Liabilities</b>	<b>7.4</b>	<b>6.4</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>
<b>Shareholder's equity</b>	<b>2054.5</b>	<b>2128.1</b>	<b>2304.6</b>	<b>2477.6</b>	<b>2655.0</b>
<b>Minority interest</b>	<b>287.2</b>	<b>297.9</b>	<b>297.9</b>	<b>297.9</b>	<b>297.9</b>
<b>Total Equity</b>	<b>2341.7</b>	<b>2426.0</b>	<b>2602.5</b>	<b>2775.5</b>	<b>2952.9</b>

### Cash Flow

FYE Dec (RM m)	FY22	FY23	FY24F	FY25F	FY26F
<b>Pre-tax profit</b>	<b>336.3</b>	<b>391.3</b>	<b>350.0</b>	<b>343.8</b>	<b>351.6</b>
Depreciation & amortisation	18.7	19.6	16.8	17.9	18.8
Changes in working capital	-60.4	-32.8	-46.8	34.4	42.8
<b>Others</b>	<b>37.6</b>	<b>-29.0</b>	<b>-7.3</b>	<b>-4.3</b>	<b>-4.0</b>
<b>Operating cash flow</b>	<b>69.5</b>	<b>26.9</b>	<b>9.0</b>	<b>88.6</b>	<b>87.1</b>
<b>Net capex</b>	<b>-6.3</b>	<b>-26.8</b>	<b>-9.8</b>	<b>-10.1</b>	<b>-10.8</b>
<b>Others</b>	<b>177.5</b>	<b>212.6</b>	<b>152.5</b>	<b>149.4</b>	<b>156.5</b>
<b>Investing cash flow</b>	<b>171.1</b>	<b>185.8</b>	<b>142.7</b>	<b>139.3</b>	<b>145.7</b>
Dividends paid	-78.2	-144.6	-258.0	-117.7	-115.3
<b>Others</b>	<b>-102.4</b>	<b>-128.2</b>	<b>133.7</b>	<b>-3.3</b>	<b>-7.6</b>
<b>Financing cash flow</b>	<b>-180.6</b>	<b>-272.8</b>	<b>-124.3</b>	<b>-121.0</b>	<b>-122.9</b>
<b>Net cash flow</b>	<b>39.5</b>	<b>-88.0</b>	<b>8.8</b>	<b>88.7</b>	<b>91.3</b>
<b>Forex</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Others</b>	<b>0.0</b>	<b>1.0</b>	<b>2.0</b>	<b>3.0</b>	<b>4.0</b>
<b>Beginning cash</b>	<b>245.2</b>	<b>284.7</b>	<b>196.7</b>	<b>205.5</b>	<b>294.2</b>
<b>Ending cash</b>	<b>284.7</b>	<b>196.7</b>	<b>205.5</b>	<b>294.2</b>	<b>385.5</b>

### APEX SECURITIES BERHAD – CONTACT LIST

#### APEX SECURITIES BHD

##### Head Office:

5th Floor Menara UAC, 12, Jalan PJU 7/5,  
Mutiara Damansara,  
47800 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia

General Line: (603) 7890 8899

##### Petaling Jaya Office:

16th Floor, Menara Choy Fook Onn,  
No.1B Jalan Yong Shook Lin,  
46050 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia

General Line: (603) 7620 1118

#### DEALING TEAM

##### Head Office:

Kong Ming Ming (ext 2002)  
Lee Chen Ming (ext 2029)  
Shirley Chang (ext 2026)  
Ahmad Mujib (ext 2028)  
Azfar Bin Abdul Aziz (ext 2031)  
Aizzat Bin Mohd Daud (ext 2030)

##### Institutional Dealing Team:

Low Jin Wu (ext 2109)

##### PJ Office:

General Line: (603) 7620 1118

#### RESEARCH TEAM

##### Head Office:

Kenneth Leong (ext 2093)  
Steven Chong (ext 2068)  
Jayden Tan (ext 2069)  
Chelsea Chew (ext 2070)  
Tan Sue Wen (ext 2095)  
Ong Tze Hern (ext 2113)  
Samuel Woo (ext 2121)  
Amir Hamdan (ext 2112)

### RESEARCH RECOMMENDATION FRAMEWORK

#### STOCK RECOMMENDATIONS

**BUY:** Total returns\* are expected to exceed 10% within the next 12 months.

**HOLD:** Total returns\* are expected to be within +10% to – 10% within the next 12 months.

**SELL:** Total returns\* are expected to be below -10% within the next 12 months.

**TRADING BUY:** Total returns\* are expected to exceed 10% within the next 3 months.

**TRADING SELL:** Total returns\* are expected to be below -10% within the next 3 months.

\*Capital gain

#### SECTOR RECOMMENDATIONS

**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.

**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.

### DISCLAIMER

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

All analyst(s) names appear in the front page, whom prepared this report, does not have any interest in the following securities covered in this report.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.