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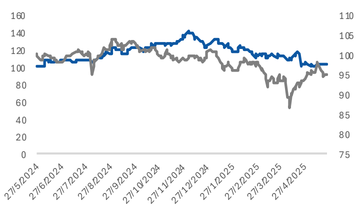
Recommendation:		**BUY**
Current Price:		RM 5.68
Previous Target Price:		RM 6.54
Target Price:	↓	RM 6.30
Capital Upside/Downside:		10.9%
Dividend Yield (%):		8.0%
Total Upside/Downside:		**19.0%**

Stock information	
Board	MAIN
Sector	Automotive
Bursa / Bloomberg Code	5983 / MBM MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	390.9
Market Cap (RM' m)	2,220.2
52-Week Price Range (RM)	6.69-4.744
Beta (x)	0.9
Free float (%)	39.8
3M Average Volume (m)	0.3
3M Average Value (RM' m)	1.6

Top 3 Shareholders	**(%)**
Med-Bumikar Mara Sdn Bhd	49.5
Lembaga Tabung Haji	4.4
Public Mutual Bhd	2.5

Share Price Performance



	1M	3M	12M
Absolute (%)	0.2	3.8	18.3
Relative (%)	-1.5	7.4	24.8

Earnings Summary

FYE Jun (RM m)	FY24	FY25F	FY26F
Revenue	2485.6	2344.3	2361.1
PATAMI	333.0	300.9	307.8
CNP	333.0	300.9	307.8
Core EPS (sen)	85.2	77.0	78.7
PE (x)	6.7	7.4	7.2

Source: Company, Apex Securities

MBM Resources Berhad

Navigating a Soft Patch, Positioned for Recovery

Executive Summary

- **MBMR's 1QFY25 core net profit of RM71.4m (11.0% yoy, -12.8% qoq) came in slightly below ours and consensus expectations, accounting for 22% and 23% of respective full-year forecasts, mainly due to lower Perodua supply and softer Volvo sales amid intensified competition in the premium segment.**
- **We cut our earnings forecast for FY25F/FY26F by -3.6%/-2.7% to account for the model mix and end-of-production normalisation.**
- **Maintain BUY with a lower target price of RM6.30 based on P/E multiple of 8.0x to rolled over FY26F EPS of 78.7 sen.**

Results slightly below expectations. 1QFY25 CNP stood at RM71.4m (-11.0% yoy) came below expectations, accounting to 22% and 23% of ours and consensus forecasted CNP at RM316m and RM304m respectively. While this is broadly within the typical range for 1Q, we view the results as below expectations due to softening trends in core operations namely, weaker Perodua supply, declining Volvo sales amid rising competition, and significantly lower JV and associate contributions. These point to potential downside risks to subsequent quarters should volume recovery fails to materialise.

YoY. 1QFY25 CNP came in at 71.4m declining -11.0% yoy, primarily due to softer Volvo sales volume -39.43% amid intensified competition from other premium brands. The subdued performance aligns with the -7.4% yoy contraction in Total Industry Volume (TIV) for the quarter at 181,801 units. On a more positive note, commercial vehicle sales under the Daihatsu marque recorded commendable growth, driven by improved stock availability. The division also benefitted from encouraging demand for Jaecoo models and stable contributions from aftersales, with resilient revenue and margin performance.

QoQ. CNP fell -12.8% qoq, mainly due to seasonally shorter working months and a post-peak demand adjustment following record-high sales at the end of last year. Correspondingly, total industry volume (TIV) contracted by 15.6% qoq.

Outlook. Looking ahead to remainder quarters of FY25, MBMR's earnings growth will be driven by sustained Perodua sales, strong contributions from its auto parts division, and cost optimisation efforts. Perodua's market leadership and steady demand will support vehicle sales, while the auto parts segment benefits from higher production volumes and efficiency improvements

Earnings Revision. We trimmed our FY25F/FY26F earnings by -3.6%/-2.7% to account for the stiffer competition in the overall automotive industry with the mushrooming of Chinese brand makers lately.

Valuation. Following the weakness in share price lately, we reiterate our **BUY** recommendation with a revised target price of **RM6.30** (from RM6.54), by pegging a 8.0x P/E multiple to rolled-over FY26F EPS of 78.73 sen and 0% ESG factored premium/discount based on three-star ESG rating.

Risk. US-China trade tensions and tariff impositions have heightened global uncertainties, potentially leading to raw material cost volatility, FX fluctuations, and softer domestic demand amid weaker GDP and TIV outlook.

Results Comparison

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue	574.3	617.1	*(6.9)*	660.9	*(13.1)*	574.3	617.1	*(6.9)*	*reduced supply of Perodua vehicles and lower*
EBITDA	11.8	15.4	*(23.0)*	15.1	*(21.8)*	11.8	15.4	*(23.0)*	*Volvo sales volume*
Pre-tax profit	84.9	95.0	*(10.7)*	115.1	*(26.2)*	84.9	95.0	*(10.7)*	
Net profit	71.4	80.2	*(11.0)*	97.7	*(26.9)*	71.4	80.2	*(11.0)*	*softening in demand following last year-end's*
Core net profit	71.4	80.2	*(11.0)*	81.8	*(12.8)*	71.4	80.2	*(11.0)*	*record-breaking sales*
Core EPS (sen)	18.3	20.5	*(11.0)*	20.9	*(12.8)*	18.3	20.5	*(11.0)*	
EBITDA margin (%)	2.1	2.5		2.3		2.1	2.5		
PBT margin (%)	14.8	15.4		17.4		14.8	15.4		
Core net profit margin (%)	12.4	13.0		12.4		12.4	13.0		

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue									
Motor trading	500.8	541.2	*(7.5)*	580.7	*(13.8)*	500.8	541.2	*(7.5)*	
Autoparts manufacturing	72.8	75.3	*(3.4)*	79.3	*(8.3)*	72.8	75.3	*(3.4)*	
Others	0.7	0.6	*15.5*	0.8	*(8.9)*	0.7	0.6	*15.5*	
Total	**574.3**	**617.1**	***(6.9)***	**660.9**	***(13.1)***	**574.3**	**617.1**	***(6.9)***	*shorter working months*
Pre-tax profit									
Motor trading	76.1	80.4	*(5.4)*	68.6	*10.8*	76.1	80.4	*(5.4)*	
Autoparts manufacturing	10.5	16.3	*(35.7)*	-	*nm*	10.5	16.3	*(35.7)*	softer topline and inflationary
Others	(1.6)	(1.7)	*(1.7)*	1.7	*nm*	(1.6)	(1.7)	*(1.7)*	increase in operating costs
Total	**84.9**	**95.0**	***(10.7)***	**70.3**	***20.7***	**84.9**	**95.0**	***(10.7)***	
Pre-tax profit margin (%)									
Motor trading	15.2%	14.9%		11.8%		15.2%	14.9%		
Autoparts manufacturing	14.4%	21.7%		0.0%		14.4%	21.7%		
Others	-223.9%	-263.1%		207.4%		-223.9%	-263.1%		
Aggregate Total	**14.8%**	**15.4%**		**10.6%**		**14.8%**	**15.4%**		

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	**2416.2**	**2485.6**	**2344.3**	**2361.1**	**2384.8**
Gross Profit	**200.4**	**211.2**	**187.5**	**188.9**	**190.8**
EBITDA	**116.8**	**87.1**	**79.1**	**82.1**	**85.2**
Depreciation & Amortisation	-19.6	-17.9	-19.3	-19.9	-20.5
EBIT	**97.2**	**69.2**	**59.9**	**62.2**	**64.7**
Net Finance Income/ (Cost)	5.1	4.3	3.4	6.1	7.5
Associates & JV	288.9	319.7	297.0	299.1	302.2
Pre-tax Profit	**391.3**	**393.2**	**360.2**	**367.5**	**374.4**
Tax	-23.0	-20.6	-19.8	-20.2	-20.6
Profit After Tax	**368.3**	**372.5**	**340.4**	**347.3**	**353.8**
Minority Interest	37.1	39.5	39.5	39.5	39.5
PAT-MI	**331.2**	**333.0**	**300.9**	**307.8**	**314.3**
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	**331.2**	**333.0**	**300.9**	**307.8**	**314.3**

Key Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	84.73	85.18	76.97	78.73	80.40
P/E (x)	6.70	6.67	7.38	7.21	7.06
P/B (x)	0.92	0.87	0.83	0.79	0.76
EV/EBITDA (x)	23.09	31.50	36.16	35.59	35.11
DPS (sen)	15.40	46.00	45.66	49.04	51.04
Dividend Yield (%)	2.7%	8.1%	8.0%	8.6%	9.0%
EBITDA margin (%)	4.8%	3.5%	3.4%	3.5%	3.6%
EBIT margin (%)	4.0%	2.8%	2.6%	2.6%	2.7%
PBT margin (%)	16.2%	15.8%	15.4%	15.6%	15.7%
PAT margin (%)	15.2%	15.0%	14.5%	14.7%	14.8%
NP margin (%)	13.7%	13.4%	12.8%	13.0%	13.2%
Core NP margin (%)	13.7%	13.4%	12.8%	13.0%	13.2%
ROE (%)	0.3%	1.7%	2.9%	3.3%	3.9%
ROA (%)	12.8%	12.2%	10.5%	10.2%	10.0%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations	FY26F
Core EPS (RM)	0.79
P/E multiple (x)	8.00
Fair Value (RM)	**6.30**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash	197.2	258.3	379.0	442.3	514.8
Receivables	185.8	182.3	179.8	194.1	209.1
Inventories	161.0	114.2	109.2	142.3	156.8
Other current assets	1.7	6.8	4.3	4.3	4.3
Total Current Assets	**545.8**	**561.7**	**672.3**	**782.9**	**885.0**
Fixed Assets	186.6	194.0	204.3	212.3	219.9
Intangibles	1.1	1.1	1.1	1.1	1.1
Other non-current assets	1862.8	1983.2	2001.4	2013.5	2023.8
Total Non-current assets	**2050.5**	**2178.4**	**2206.9**	**2226.9**	**2244.8**
Short-term Debt	16.4	45.9	50.5	53.0	55.7
Payables	89.6	76.0	72.1	70.9	65.7
Other Current Liabilities	57.9	57.3	57.3	57.3	57.3
Total Current Liabilities	**163.9**	**179.1**	**179.8**	**181.2**	**178.6**
Long-term Debt	1.7	8.4	8.4	8.4	8.4
Other non-current liabilities	4.8	5.4	5.4	5.4	5.4
Total Non-current Liabilities	**6.4**	**13.8**	**13.8**	**13.8**	**13.8**
Shareholder's equity	2128.1	2226.5	2364.9	2494.2	2616.7
Minority interest	297.9	320.6	320.6	320.6	320.6
Equity	**2426.0**	**2547.1**	**2685.5**	**2814.8**	**2937.4**

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	**391.3**	**393.2**	**360.2**	**367.5**	**374.4**
Depreciation & amortisation	19.6	17.9	19.3	19.9	20.5
Changes in working capital	-61.9	36.5	3.6	-48.5	-34.8
Others	-350.0	-346.9	-320.7	-321.9	-325.1
Operating cash flow	**-1.0**	**100.7**	**62.4**	**17.0**	**35.0**
Capex	-26.8	-19.0	-23.4	-23.6	-23.8
Others	213.1	206.8	210.6	212.1	214.2
Investing cash flow	**186.3**	**187.8**	**187.1**	**188.5**	**190.4**
Dividends paid	-258.0	-234.5	-162.5	-178.5	-191.7
Others	-14.8	7.2	33.7	36.3	38.9
Financing cash flow	**-272.8**	**-227.3**	**-128.7**	**-142.2**	**-152.8**
Net cash flow	**-87.5**	**61.1**	**120.8**	**63.2**	**72.6**
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	284.7	197.2	258.3	379.0	442.3
Ending cash	**197.2**	**258.3**	**379.0**	**442.3**	**514.8**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 emissions at 1,717 tCO_2e and Scope 2 emissions at 9,612 tCO_2e in FY23
Waste & Effluent	★★★	Total CO_2 emissions reported at 11,329 tCO_2e (Scope 1: 1,717 tCO_2e, Scope 2: 9,612 tCO_2e) in FY23
Energy	★★★	Energy consumption increased by 1% YoY to 15,041,845 kWh
Water	★★★	Water consumption increased 6% YoY to 142,824 m^3 in FY23 due to increased production and sales
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★★	73% of average employees age below 40, 21% of employees are female
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★	292 hours of OSH trainings completed, one worksite incidence in FY23
Labour Practices	★★★	Pay scale based on prevailing industry market rates as stipulated by the Act 732 National Wages Consultative Council Act

Governance

CSR Strategy	★★★	Pesta Makanan Amal 2023 and donated to Sekolah Semangat Maju
Management	★★	Board composition: 9 members, with 2 female directors and 4 independent directors. The average board member age is 53
Stakeholders	★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★

Recommendation Framework:
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 + dividend yield

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.

ESG Rating Framework:
★★★★★ : Appraised with 3% premium to fundamental fair value
★★★★ : Appraised with 1% premium to fundamental fair value
★★★ : Appraised with 0% premium/discount to fundamental fair value
★★ : Appraised with -1% discount to fundamental fair value
★ : Appraised with -5% discount to fundamental fair value

As of **Tuesday, 27 May, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.