

Team Coverage

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Recommendation:	BUY
Current Price:	RM 5.06
Previous Target Price:	RM 6.30
Target Price:	RM 6.30
Capital Upside/Downside:	24.5%
Dividend Yield (%):	9.0%
Total Upside/Downside:	33.5%

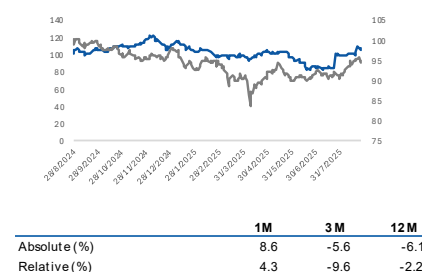
Stock information

Board	MAIN
Sector	Automotive
Bursa / Bloomberg Code	5983 / MBMMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	390.9
Market Cap (RM' m)	1,977.9
52-Week Price Range (RM)	6.69-4.38
Beta (x)	1.0
Free float (%)	39.8
3M Average Volume (m)	0.3
3M Average Value (RM' m)	1.3

Top 3 Shareholders

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

Share Price Performance



Earnings Summary

FYE Jun (RM m)	FY 24	FY 25F	FY 26F
Revenue	2,485.6	2,344.3	2,361.1
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)	5.9	6.6	6.4

Source: Company, Apex Securities

MBM Resources Berhad

Within Expectations

- 2QFY25 CNP stood at RM72.5m (+7.3% YoY, +1.6% QoQ), bringing the 6MFY25 CNP to RM143.9m (-0.8% YoY). The results were in line with expectations, accounting for 47% of our full-year forecast and consensus estimates.
- The Group declared a first interim dividend of 7.0 sen (ex-date 17 Sept) (2QFY24: 6.0 sen) and a special single-tier dividend of 15.0 sen.
- QoQ and YoY CNP growth were driven by resilient sales volumes and ringgit strength.
- No change to our earnings forecast. We maintain our BUY recommendation with an unchanged TP of RM6.30, pegged to 8.0x FY26F EPS of 78.73 sen

Results within expectations. 2QFY25 core net profit (CNP) stood at RM72.5m (+7.3% YoY, +1.6% QoQ), bringing 6MFY25 CNP to RM143.9m (-2.7% YoY). The results were in line with expectations, accounting for 47% of both our and consensus full-year estimates.

Dividend increased. The Group declared a first interim dividend of 7.0 sen (ex-date 17 Sept) (2QFY24: 6.0 sen) and a special single-tier dividend of 15.0 sen, bringing total DPS declared for 1HFY25 to 22.0 sen (1HFY24: 16.0 sen).

QoQ. 2QFY25 CNP rose 1.6%, with revenue up 4.8% on firmer consumer and OEM demand. JV contribution improved 38% QoQ to RM5.9m on stronger demand from customers and longer working days. Motor Trading revenue advanced 4.6% QoQ to RM524m. Auto Parts revenue gained 6.4% QoQ to RM77.4m, though adjusted PBT eased to RM5.3m on one-off solar installation costs.

YoY. 2QFY25 CNP rose 7.3% YoY on the back of a 5.8% revenue uplift, with PBT up 8.4% to RM87.2m driven by stronger vehicle sales and production. JV earnings fell 15.3% to RM5.9m on model mix and cost-down pressures, while associates delivered RM64.7m (+12.6% YoY) supported by stable volumes and a stronger ringgit. Motor Trading revenue grew 4.3% YoY to RM524m on steady Perodua supply, higher Daihatsu sales, incremental VW contribution and Jaecoo's maiden volumes. Auto Parts PBT softened on customer mix and reduced output from selected carmakers.

YTD. 6MFY25 CNP slipped 2.7% YoY, reflecting softer 1Q performance, though the Group outperformed the industry's 4.6% TIV contraction. Motor Trading & Assembly revenue slipped 1.8% YoY on weaker demand, while Auto Parts rose 6.1% YoY on revised component purchase arrangements. Despite stronger top line, Auto Parts PBT declined 16.3% YoY on lower volumes and adverse customer mix.

Outlook. Looking ahead to 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. No changes to current forecasts.

Valuation. We maintain our **BUY** recommendation with an unchanged target price of **RM6.30**, by pegging at 8.0x P/E FY26F EPS of 78.73 sen and 0% ESG factored premium/discount based on three-star ESG rating.

Risk. US tariff revisions and ongoing trade negotiations have heightened global uncertainties, with potential spillovers to raw material costs, FX volatility, and domestic demand.

Results Note

Friday, 29 Aug, 2025

Results Comparison

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue	602.2	569.2	5.8	574.3	4.8	1,176.5	1,186.4	(0.8)	
EBITDA	13.7	12.7	7.8	11.8	16.0	25.5	28.1	(9.1)	
Pre-tax profit	87.2	80.4	8.4	84.9	2.7	172.1	175.4	(1.9)	
Net profit	72.5	67.6	7.3	71.4	1.6	143.9	147.9	(2.7)	
Core net profit	72.5	67.6	7.3	71.4	1.6	143.9	147.9	(2.7)	steady sales volumes and a stronger ringgit
Core EPS (sen)	18.6	17.3	7.3	18.3	1.6	36.8	37.8	(2.7)	
EBITDA margin (%)	2.3	2.2		2.1		2.2	2.4		
PBT margin (%)	14.5	14.1		14.8		14.6	14.8		
Core net profit margin (%)	12.0	11.9		12.4		12.2	12.5		

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue									
Motor trading	524.0	502.3	4.3	500.8	4.6	1,024.9	1,043.5	(1.8)	
Autoparts manufacturing	77.4	66.3	16.8	72.8	6.4	150.2	141.6	6.1	
Others	0.7	0.7	5.5	0.7	(2.9)	1.5	1.3	10.3	
Total	602.2	569.2	5.8	574.3	4.8	1,176.5	1,186.4	(0.8)	
Pre-tax profit									
Motor trading	76.2	68.6	11.0	76.1	0.2	152.3	149.0	2.2	
Autoparts manufacturing	12.2	12.6	(3.2)	10.5	16.7	22.7	29.0	(21.5)	Adjusted PBT is 80.2m after deduct one off cost 6.95m
Others	(1.3)	(0.9)	44.4	(1.6)	(21.2)	(2.9)	(2.6)	14.4	
Total	87.2	80.4	8.4	84.9	2.7	172.1	175.4	(1.9)	
Pre-tax profit margin (%)									
Motor trading	14.5%	13.7%		15.2%		14.9%	14.3%		
Autoparts manufacturing	15.8%	19.1%		14.4%		15.1%	20.5%		
Others	-181.5%	-132.6%		-223.9%		-203.0%	-195.8%		
Aggregate Total	14.5%	14.1%		14.8%		14.6%	14.8%		

Source: Company, Apex Securities

Results Note

Friday, 29 Aug, 2025

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25E	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	FY25E	FY26F	FY27F
EPS (sen)	84.73	85.18	76.97	78.73	80.40
P/E(x)	5.97	5.94	6.57	6.43	6.29
P/B(x)	0.82	0.78	0.74	0.70	0.67
EV/EBITDA(x)	21.02	28.72	33.10	32.64	32.26
DPS (sen)	20.00	26.00	41.57	45.66	49.04
Dividend Yield (%)	4.0%	5.1%	8.2%	9.0%	9.7%
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
ESG premium/discount	0%
Implied Fair Value (RM)	6.30

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25E	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	FY25E	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

Results Note

Friday, 29 Aug, 2025

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 emissions at 1,717 tCO ₂ e and Scope 2 emissions at 9,612 tCO ₂ e in FY23
Waste & Effluent	★★★	Total CO ₂ emissions reported at 11,329 tCO ₂ e (Scope 1: 1,717 tCO ₂ e, Scope 2: 9,612 tCO ₂ e) 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

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As of Friday, 29 Aug, 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.