# Malaysian Resources Corporation

## Driving job flows with RM10bn tender book

- MRCB's 1Q26 results missed expectations on steeper property losses and higher tax rates. However, we expect core profits to recover to RM39–66m in FY27–28F (FY26: RM21m) on higher construction billings and new property launches in FY26F.
- MRCB is targeting at least RM2bn in new job wins in FY26F (tender book: RM10bn).
- Maintain Buy with a lower TP of RM0.48 (from RM0.53); the monetisation of Bukti Jalil Sentral and Cyberjaya City Centre land banks will unlock further value for the group.

### 1Q26 results below expectations

MRCB delivered 1Q26 core profits of RM3.5m against core losses of RM14m in 1Q25. Nevertheless, we deem MRCB's 1Q26 results as below expectations as core earnings accounted for only 11.4% of our previous full-year forecast and 6.7% of consensus. The 1Q26 earnings miss was driven by (i) higher operating losses of RM8.9m for the property division (1Q25: -RM4.3m), and (ii) a higher effective tax rate of 61.6% in 1Q26 (1Q25: tax credit of RM3.7m). MRCB expects its earnings trajectory to improve over the three remaining quarters of FY26 as the group received the notice to proceed with the five reinstated LRT 3 stations (LRT 3 Phase 2) in 1Q26. MRCB's construction EBIT expanded nearly five-fold in 1Q26, spurred by the LRT 3 and Kompleks Sukan Shah Alam (KSSA) projects. The huge jump in 1Q26 construction EBIT (15% vs. 5.2% in 1Q26) was bolstered by the finalisation of project accounts under Phase 1 of the LRT 3 project.

### RM10bn construction tender book

MRCB disclosed that the group's active tender book currently stands at about RM10bn, with about half of this pipeline anchored by two key bids: the Penang International Airport expansion (Package 3) and Penang LRT systems package. Other ongoing bids span energy grid infrastructure, water infrastructure and rehabilitation works, public facilities, road construction, and industrial/environmental infrastructure works. MRCB's outstanding tender value could be higher once the group submits its bid for the Penang LRT systems package. For FY26F, the group has set its sights on winning at least RM2bn worth of new jobs. As of 1Q26, the group's outstanding order book stands at RM5.6bn; MRCB disclosed that most of these contracts were secured on a lump-sum basis, though some are still pending the signing of definitive agreements. To cushion the impact of mounting cost pressures arising from the Middle East conflict, MRCB is taking proactive steps such as initiating value-engineering exercises and carrying out fresh tender exercises to gauge the latest cost environment.

### RM2.2bn property launch pipeline for FY26F

MRCB only sold RM82m of new properties in 1Q26 (about 10% of the group's full-year target of RM800m) amid the group's dwindling property inventories. To boost its property sales momentum, MRCB is stepping up its pre-sales by lining up four new property launches in FY26F worth a combined RM2.2bn: (i) Parcel A in 9 Seputeh (RM424m gross development value [GDV]) in 2Q26, and (ii) Kolektif (Lot R) @ KL Sentral CBD, (iii) PJ Sentral Tower, and (iv) PJ Sentral Tower 5 in 4Q26. As of 1Q26, MRCB's unbilled sales stand at RM1.5bn (7.5x the group's FY25 property development revenue). The group's second development in Gold Coast, Maris (GDV: RM620m), continues to enjoy brisk sales, achieving an overall take-up rate of 92% as of 31 Mar 2026.

### Maintain Buy with lower TP of RM0.48

We have cut our core FY26/27/28F profit forecasts for MRCB by 31.3%/28.5%/19.6%, respectively, to RM21.2m/RM39.2m/RM66.4m, accounting for higher building and input costs arising from the Middle East war. Earnings recovery in FY27–28F will be underpinned by an (i) acceleration in progress for key construction jobs (e.g., LRT 3 and KSSA); and (ii) a rejuvenated pre-sales pipeline in FY26F (RM2.2bn worth of new launches). Following our earnings downgrades, we lower our SOP-based target price (TP) to RM0.48 (from RM0.53). Nevertheless, we maintain our Buy call on MRCB as the group's earnings are poised to recover alongside an RM10bn tender book. The stock is trading at a steep 67% discount to its book value. Key catalyst: more job wins. Key risk factor: higher input costs.

**BUY** (no change)

| Share price: | Target price: ▼ |
|---|---|
| RM0.34 | RM0.48 |

**Consensus:** Buy:4 Hold:2 Reduce:0

### Stock information

| | |
|---|---|
| Bloomberg ticker | MRC MK |
| Refinitiv ticker | MYRS.KL |
| Share price (RM) | 0.34 |
| Market cap (US$m/RMm) | 383/1,519 |
| ADTV (RMm) | 5.7 |
| Free float (%) | 40.3 |
| Upside/(downside) (%) | 41.2 |
| CIMB/consensus TP (%) | 20.0 |

### Earnings forecast

| | Dec-25A | Dec-26F | Dec-27F |
|---|---|---|---|
| Core net profit (RMm) | 24.7 | 21.2 | 39.2 |
| Core EPS (sen) | 0.5 | 0.7 | 0.9 |
| Core EPS growth (%) | (64.6) | 36.2 | 28.0 |
| FD core P/E (x) | 67.5 | 49.6 | 38.7 |
| Recurring ROE (%) | 0.5 | 0.5 | 0.9 |
| P/BV (x) | 0.3 | 0.3 | 0.3 |
| DPS (sen) | 1.0 | 1.0 | 1.0 |
| Dividend yield (%) | 2.9 | 2.9 | 2.9 |

Source: CIMB Securities

### Price performance

| | 1M | 3M | 12M |
|---|---|---|---|
| Absolute (%) | 13.3 | 3.0 | (31.3) |
| Relative (%) | 13.2 | 5.4 | (38.8) |

Source: Bloomberg, CIMB Securities

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### Figure 1: Result comparison

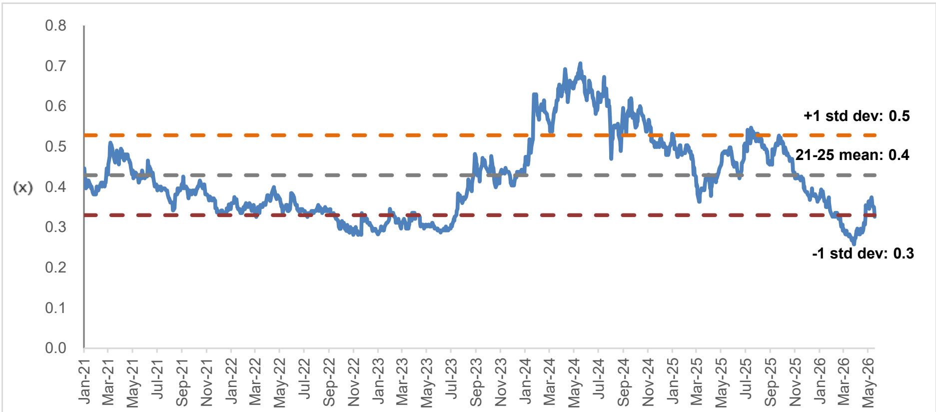
| FYE 31 Dec (RM m) | 1Q26 FY26 | 1Q25 FY25 | yoy % chg | 4Q25 FY25 | qoq % chg | FY26 cum | FY25 cum | yoy % chg |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | **319.2** | **218.2** | ***46.3*** | **310.0** | ***2.9*** | **319.2** | **218.2** | ***46.3*** |
| Operating costs | (301.7) | (210.3) | *43.5* | (302.8) | *(0.4)* | (301.7) | (210.3) | *43.5* |
| **EBITDA** | **17.5** | **7.9** | ***120.5*** | **7.2** | ***143.1*** | **17.5** | **7.9** | ***120.5*** |
| EBITDA margin (%) | 5.5 | 3.6 | *1.8* | 2.3 | *3.2* | 5.5 | 3.6 | *1.8* |
| Depn & amort. | 9.8 | (11.0) | *(189.2)* | 5.7 | *71.8* | 9.8 | (11.0) | *(189.2)* |
| **EBIT** | **27.3** | **(3.1)** | ***nm*** | **12.9** | ***111.4*** | **27.3** | **(3.1)** | ***nm*** |
| Interest expense | (33.8) | (23.9) | *41.6* | (26.0) | *29.8* | (33.8) | (23.9) | *41.6* |
| Interest & invt inc | 10.6 | 6.0 | *78.4* | 33.0 | *(67.9)* | 10.6 | 6.0 | *78.4* |
| Associates' contrib | 5.0 | 3.3 | *50.8* | 3.6 | *37.2* | 5.0 | 3.3 | *50.8* |
| Exceptionals | - | 22.6 | *nm* | - | *nm* | - | 22.6 | *nm* |
| **Pretax profit** | **9.1** | **4.9** | ***87.5*** | **23.6** | ***(61.4)*** | **9.1** | **4.9** | ***87.5*** |
| Tax | (5.6) | 3.7 | *nm* | (18.4) | *(69.5)* | (5.6) | 3.7 | *nm* |
| Tax rate (%) | 61.6 | nm | *nm* | 78.1 | *(69.5)* | 61.6 | (77.2) | *nm* |
| Minority interests | - | (0.0) | *nm* | (0.1) | *nm* | - | (0.0) | *nm* |
| **Net profit** | **3.5** | **8.6** | ***(59.3)*** | **5.1** | ***(31.6)*** | **3.5** | **8.6** | ***(59.3)*** |
| **Core net profit** | **3.5** | **(14.0)** | ***nm*** | **5.1** | ***(31.6)*** | **3.5** | **(14.0)** | ***nm*** |
| EPS (sen) | 0.1 | 0.2 | *(59.3)* | 0.3 | *(76.8)* | 0.1 | 0.2 | *(59.3)* |
| Core EPS (sen) | 0.1 | (0.3) | *nm* | 0.3 | *(76.8)* | 0.1 | (0.3) | *nm* |

Source: CIMB Securities, Company

### Additional updates on MRCB's catalytic land bank

During its virtual 1Q26 results briefing, MRCB indicated that the group is in advanced negotiations with one or two potential investors to unlock value from Bukit Jalil Sentral after buying out the remaining 80% stake in the development (completed in Apr 2026); a firm outcome is anticipated by 3Q26. Having assumed full control over Bukit Jalil Sentral, we project MRCB's net gearing to rise to 72% in FY26F from 41% in FY25. To strengthen its cash flow position, MRCB is looking to monetise some of its peripheral assets, including Ascott KL Sentral (the group is currently evaluating four bids) and Cyberjaya City Centre (the group has signed a confidentiality agreement with one party). Furthermore, MRCB already has an RM5bn Islamic Medium-Term Programme in place and is scheduled to receive a lump-sum payment of RM2.9bn once it completes the KSSA project, which is due by 2Q29. As for the redevelopment of KL Sentral station, negotiations with the federal government are still underway; MRCB did not provide a definite timeframe for when the project will be formalised.

### Figure 2: Historical P/BV band




Source: CIMB Securities, Company reports, Bloomberg

**Figure 3: SOP model**

| Divisions/Operations | Size (acres) | psf | Value (RM) m | /share | Method | % of NAV | Effective stake (%) |
|---|---|---|---|---|---|---|---|
| **Landbank** | | | | | | | |
| Suria Subang | 3.3 | 300 | 43.6 | 0.01 | Market value | | |
| Selbourne 2, Shah Alam | 2.4 | 200 | 20.6 | 0.00 | Market value | | |
| Metro Spectacular, Jln. Putra (51%) | 10.1 | 300 | 67.0 | 0.01 | Market value | | |
| Bukit Beruntung | 1.4 | 180 | 10.8 | 0.00 | Market value | | |
| Ipoh Raya | 822.1 | 5 | 179.0 | 0.04 | Market value | | |
| **Sub-total** | **839.2** | | **321.2** | **0.07** | | **4.7** | |
| | | | | | | | |
| **Development properties** | | | | | | | |
| Development projects | | | 6,213.8 | 1.27 | NPV @ 9% | | 100.0 |
| **Sub-total** | | | **6,213.8** | **1.27** | | **91.6** | |
| | | | | | | | |
| | | **NLA/room bays** | **Value (RM) m** | **/share** | **Method** | | **Effective stake (%)** |
| **Investment properties** | | | | | | | |
| Menara MRCB, Shah Alam | | 216,000 | 25.0 | 0.01 | NPI@7.25% | | 100.0 |
| Plaza Alam Sentral, Shah Alam | | 433,349 | 94.7 | 0.02 | NPI@7.25% | | 100.0 |
| Kompleks Sentral, Segambut Industrial Park | | 484,689 | 43.4 | 0.01 | NPI@7% | | 100.0 |
| Ascott Sentral (Lot 348), KL Sentral | | 143 rooms | 78.7 | 0.02 | RM0.6m/room | | 100.0 |
| **Sub-total** | | | **241.8** | **0.05** | | **3.6** | |
| | | | | | | | |
| **Property management** | | | | | | | |
| Sentral REIT Management | | | 102.4 | 0.02 | NPI@7% | | 41.0 |
| **Sub-total** | | | **102.4** | **0.02** | | **1.5** | |
| | | | | | | | |
| **Construction & Facilities Management** | | | | | | | |
| Construction | | | 590.9 | 0.12 | 11x FY26F net profit | | |
| Facilities management | | | 200.8 | 0.04 | Net book value as of FY25 | | |
| **Sub-total** | | | **791.7** | **0.16** | | **11.7** | |
| | | | | | | | |
| **Listed-investments** | | | | | | | |
| Sentral REIT | | | 237.9 | 0.05 | Market Value | | 27.8 |
| **Sub-total** | | | **237.9** | **0.05** | | **3.5** | |
| | | | | | | | |
| Others | | | 238.3 | 0.05 | Net book value as of FY25 | | |
| **Sub-total** | | | **238.3** | **0.05** | | **3.5** | |
| | | | | | | | |
| **Gross NAV** | | | **8,147.1** | **1.66** | | | |
| Net cash/(debt) | | | (1,908.4) | (0.39) | Company leve as of 31 Dec 2024 | (28.1) | |
| Proceeds from ESOS/warrant conversions | | | 548.1 | 0.11 | Warrants B exercise price: RM1.25 | 8.1 | |
| | | | | | | | |
| **Total NAV** | | | **6,786.8** | **1.38** | | **100.0** | |
| | | | | | | | |
| FD no of shares | | | 4,906.0 | | | | |
| **NAV/share** | | | **1.38** | | | | |
| **TP (less: 65% discount)** | | | **0.48** | | | | |
| Share price as of 22 May 2026 | | | 0.34 | | | | |
| Upside (%) | | | 42.5 | | | | |
| FY26F Yield (%) | | | 3.0 | | | | |
| **Total Return (%)** | | | **45.5** | | | | |
| **Discount to NAV (%)** | | | **(75.8)** | | | | |

Source: CIMB Securities, Company reports, Bloomberg

# Financial Information

**Figure 4: Profit and Loss**

| (RMm) | Dec-24A | Dec-25A | Dec-26F | Dec-27F | Dec-28F |
|---|---|---|---|---|---|
| **Revenue** | **1,645** | **1,198** | **993** | **1,494** | **3,154** |
| Gross profit | 319 | 337 | 308 | 457 | 803 |
| **EBITDA** | **195** | **117** | **187** | **274** | **388** |
| Depreciation and amortisation | (49) | (38) | (84) | (85) | (87) |
| **EBIT** | **146** | **78** | **103** | **189** | **301** |
| Financial income | 27 | 72 | 52 | 38 | 31 |
| Financial expense | (109) | (115) | (146) | (190) | (210) |
| Income/(loss) from assoc. | 11 | 15 | 31 | 31 | 39 |
| Non-operating (expense) / Income | 0 | 0 | 0 | 0 | 0 |
| **Profit before tax (pre-El)** | **75** | **51** | **39** | **68** | **161** |
| Exceptional items | 0 | 23 | 0 | 0 | 0 |
| **Pre-tax profit** | **75** | **73** | **39** | **68** | **161** |
| Taxation | (11) | (26) | (15) | (25) | (72) |
| **Profit after tax** | **64** | **47** | **24** | **44** | **88** |
| Minority interests | 0 | 0 | (3) | (4) | (22) |
| **Net profit** | **64** | **47** | **21** | **39** | **66** |
| **Core net profit** | **64** | **25** | **21** | **39** | **66** |
| Core EPS (sen) | 1.4 | 0.5 | 0.7 | 0.9 | 1.5 |

Source: CIMB Securities, Company

**Figure 5: Cash Flow**

| (RMm) | Dec-24A | Dec-25A | Dec-26F | Dec-27F | Dec-28F |
|---|---|---|---|---|---|
| EBITDA | 195 | 117 | 187 | 274 | 388 |
| Cash flow from invt. & assoc. | (11) | (15) | (31) | (31) | (39) |
| Change in working capital | (420) | (658) | (1,336) | (284) | (291) |
| (Incr)/decr in total provisions | nm | nm | nm | nm | nm |
| Other non-cash (income)/expense | nm | nm | nm | nm | nm |
| Other operating cash flow | (71) | 152 | (158) | (273) | (320) |
| Net interest (paid)/received | 82 | 42 | 94 | 152 | 180 |
| Tax paid | (51) | (25) | (15) | (25) | (72) |
| **Cash flow from operations** | **(275)** | **(386)** | **(1,258)** | **(186)** | **(156)** |
| Capex | (1) | (458) | (100) | (100) | (100) |
| Disposals of FAs/subsidiaries | 95 | 332 | 0 | 0 | 0 |
| Acq. of subsidiaries/investments | nm | nm | nm | nm | nm |
| Other investing cash flow | (147) | 64 | 0 | 0 | 0 |
| **Cash flow from investing** | **(53)** | **(61)** | **(100)** | **(100)** | **(100)** |
| Debt raised/(repaid) | 457 | 290 | 1,437 | 437 | 437 |
| Proceeds from issue of shares | 0 | 0 | 0 | 0 | 0 |
| Shares repurchased | nm | nm | nm | nm | nm |
| Dividends paid | (45) | (45) | (45) | (45) | (45) |
| Preferred dividends | nm | nm | nm | nm | nm |
| Other financing cash flow | (108) | (92) | 0 | 0 | 0 |
| **Cash flow from financing** | **305** | **153** | **1,392** | **392** | **392** |
| Total cash generated | (24) | (294) | 34 | 107 | 137 |
| **Free cash flow to equity** | **181** | **(554)** | **79** | **151** | **181** |
| **Free cash flow to firm** | **(276)** | **(844)** | **(1,358)** | **(286)** | **(256)** |

Source: CIMB Securities, Company

# Financial Information

## Figure 6: Balance Sheet

| (RMm) | Dec-24A | Dec-25A | Dec-26F | Dec-27F | Dec-28F |
|---|---|---|---|---|---|
| Total cash and equivalents | 999 | 658 | 692 | 798 | 935 |
| Total debtors | 2,020 | 2,117 | 898 | 819 | 691 |
| Inventories | 382 | 692 | 563 | 937 | 2,125 |
| Total other current assets | 35 | 46 | 2,131 | 2,017 | 1,504 |
| **Total current assets** | **3,436** | **3,513** | **4,284** | **4,572** | **5,256** |
| Fixed assets | 759 | 724 | 722 | 718 | 712 |
| Total investments | 2,209 | 2,022 | 2,091 | 2,161 | 2,238 |
| Intangible assets | 124 | 132 | 125 | 118 | 111 |
| Total other non-current assets | 2,380 | 2,557 | 2,557 | 2,557 | 2,557 |
| **Total non-current assets** | **5,598** | **5,589** | **5,650** | **5,709** | **5,773** |
| Short-term debt | 581 | 1,027 | 293 | 3,785 | 4,264 |
| Current portion of long-term debt | nm | nm | nm | nm | nm |
| Total creditors | 1,491 | 1,240 | 657 | 568 | 837 |
| Other current liabilities | 5 | 10 | 10 | 10 | 10 |
| **Total current liabilities** | **2,077** | **2,276** | **960** | **4,363** | **5,111** |
| Total long-term debt | 1,678 | 1,522 | 3,693 | 638 | 595 |
| Hybrid debt - debt component | nm | nm | nm | nm | nm |
| Total other non-current liabilities | 658 | 682 | 681 | 680 | 679 |
| **Total non-current liabilities** | **2,337** | **2,204** | **4,374** | **1,318** | **1,275** |
| Total provisions | 0 | 0 | 0 | 0 | 0 |
| **Total liabilities** | **4,414** | **4,481** | **5,334** | **5,681** | **6,386** |
| Shareholders' equity | 4,615 | 4,619 | 4,595 | 4,590 | 4,612 |
| Minority interests | 5 | 2 | 5 | 10 | 31 |
| **Total equity** | **4,620** | **4,621** | **4,601** | **4,600** | **4,643** |

Source: CIMB Securities, Company

## Figure 7: Key Ratios

| | Dec-24A | Dec-25A | Dec-26F | Dec-27F | Dec-28F |
|---|---|---|---|---|---|
| Revenue growth (%) | (34.6) | (27.2) | (17.1) | 50.4 | 111.1 |
| EBITDA growth (%) | 81.1 | (40.3) | 60.4 | 46.9 | 41.3 |
| EBITDA margin (%) | 11.9 | 9.7 | 18.8 | 18.4 | 12.3 |
| Net cash per share (sen) | (28.2) | (42.3) | (73.7) | (81.1) | (87.9) |
| BVPS (RM) | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Net interest cover (x) | 1.8 | 1.8 | 1.1 | 1.2 | 1.7 |
| Effective tax rate (%) | 15.3 | 35.7 | 38.9 | 36.0 | 45.1 |
| Net dividend payout ratio (%) | 70.2 | 94.4 | 211.1 | 113.9 | 67.3 |
| Accounts receivables days | 423.6 | 630.3 | 553.9 | 209.7 | 87.4 |
| Inventory days | 120.8 | 227.9 | 334.3 | 264.2 | 237.8 |
| Accounts payables days | 453.4 | 579.4 | 505.2 | 215.7 | 109.1 |
| ROIC (%) | 3.5 | 1.6 | 1.8 | 2.9 | 4.4 |
| ROCE (%) | 2.6 | 2.1 | 2.0 | 2.6 | 3.6 |
| Return on average assets (%) | 0.7 | 0.3 | 0.2 | 0.4 | 0.6 |

Source: CIMB Securities, Company

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| Stock Rating | Definition |
|---|---|
| *Buy* | *The stock's total return is expected to exceed 10% over the next twelve (12) months.* |
| *Hold* | *The stock's total return is expected to be between 0% and positive 10% over the next twelve (12) months.* |
| *Reduce* | *The stock's total return is expected to fall below 0% or more over the next twelve (12) months.* |
| | *Note: The total expected return of a stock is defined as the sum of:*<br>*the percentage difference between the target price and the current price; and*<br>*the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months.* |
| | |
| ***Sector Rating*** | ***Definition*** |
| *Overweight* | *An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.* |
| *Neutral* | *A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.* |
| *Underweight* | *An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.* |

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