Shariah

Malaysian Resources Corporation

Riding on the digital bandwagon

BUY (no change)

Share price:	Target price: ▶
RM0.35	RM0.50

Consensus: Buy:4 Hold:1 Reduce:1

- MRCB has entered into a conditional SPA to dispose up to 45.8 acres of land in Cyberjaya to Digital Cosmos for RM419m, or RM210 psf (targeted completion: 4Q27).
- Net gain on land disposal is projected at RM81m (1.9x/1.1x MRCB's core FY27F/FY28F net profit of RM43m/RM74m). Pro forma net gearing set to fall to 31% (from 41%).
- We maintain our earnings forecast and TP of RM0.50 pending deal completion. The stock is trading at about a third of its book value of RM1.03 as of 31 Mar 2026.

Cyberjaya land sold for RM419m

On 7 Aug 2026, Malaysian Resources Corp (MRCB) entered into a conditional sale and purchase agreement (SPA) with Digital Cosmos Malaysia involving seven parcels of land measuring 36.7 acres in Cyberjaya, Selangor. MRCB will subsequently surrender and re-alienate the Cyberjaya land under a single new title deed (total enlarged land area: 45.8 acres) before disposing of it to Digital Cosmos for RM419m or RM210 per sq ft (psf). Subject to meeting several conditions precedent, the proposed disposal of the freehold land is scheduled for completion by 4Q27. The buyer, Digital Cosmos Malaysia, is a wholly owned unit of Digital Cosmos (S) Pte Ltd, which is principally involved in the development and operation of data centres. MRCB will receive a 10% deposit within five days of the SPA and the 90% balance within three months upon fulfilment of all conditions precedent.

Capitalising on growing digitalisation trend to unlock land bank value

The Cyberjaya land bank is strategically located in Cyberjaya City Centre (10 km west of Putrajaya and 30 km south of Kuala Lumpur) and is easily accessible via a network of highways such as Maju Expressway, Lingkaran Putrajaya, Persiaran APEC, Persiaran Semarak Api, and Lingkaran Cyberpoint. The disposal of the Cyberjaya land bank supports MRCB's broader objective of capitalising on the growing digitalisation trend in Malaysia.

Maintain Buy and TP of RM0.50

We are positive on MRCB's decision to realise the deep embedded value of the Cyberjaya land bank upfront after originally acquiring it for only about RM300m in Mar 2025. This will help MRCB book a net gain on disposal of RM81m (representing 1.9x and 1.1x its core FY27F and FY28F net profit forecasts of RM43m and RM74m, respectively). MRCB also aims to utilise 84% of the disposal consideration to retire RM350m worth of sukuk murabahah papers (due within a year), which is projected to result in RM14.8m in annual gross interest savings. Accordingly, MRCB's pro forma net gearing is projected to fall from 41% (as of FY25) to 31% post land disposal. Pending deal completion, we maintain our earnings forecast and Buy call on MRCB with an unchanged SOP-based target price (TP) of RM0.50. The stock is trading at roughly a third of its book value of RM1.03 as of 31 Mar 2026.

Financial summary	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue (RMm)	1,645	1,198	1,049	1,682	3,471
EBITDA (RMm)	195	117	189	281	401
Core net profit (RMm)	64	25	22	43	74
Core EPS (sen)	1.4	0.5	0.7	1.0	1.7
Core EPS growth	nm	(64.6%)	41.0%	34.7%	74.1%
Core P/E (x)	24.2	68.5	48.5	36.0	20.7
DPS (sen)	1.0	1.0	1.0	1.0	1.0
Dividend yield	2.9%	2.9%	2.9%	2.9%	2.9%
EV/EBITDA (x)	14.4	29.5	25.9	19.0	14.2
P/FCFE (x)	8.5	(3.1)	47.3	37.3	11.3
Net gearing	27.3%	40.9%	72.6%	82.2%	89.2%
P/BV (x)	0.3	0.3	0.3	0.3	0.3
ROE	1.4%	0.5%	0.5%	0.9%	1.6%
Change in core EPS estimates	0	0	0	0	0
CIMB/consensus EPS (x)	nm	nm	0.5	0.9	1.4

Source: Bloomberg, CIMB Securities, Company

Stock information

Bloomberg ticker	MRC MK
Refinitiv ticker	MYRS.KL
Share price (RM)	0.35
Market cap (US$m/RMm)	377/1,541
ADTV (RMm)	5.5
Free float (%)	40.0
Upside/(downside) (%)	42.9
CIMB/consensus TP (%)	25.0

Major shareholder(s)	(%)
EPF	36.2
Gapurna	15.5
Lembaga Tabung Haji	5.4

Source: CIMB Securities

Price performance

Source: Bloomberg, CIMB Securities

	1M	3M	12M
Absolute (%)	1.5	(2.8)	(34.9)
Relative (%)	(1.6)	(1.5)	(41.9)

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Figure 1: SOP valuation

Divisions/Operations	Size (acres)	psf	Value (RM) m	Value (RM) /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**		**90.0**	
		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**		**3.5**	
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			700.1	0.14	12x FY26F net profit		
Facilities management			200.8	0.04	Net book value as of FY25		
Sub-total			**900.9**	**0.18**		**13.1**	
Listed-investments							
Sentral REIT			244.6	0.05	Market Value		27.8
Sub-total			**244.6**	**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			**8,263.0**	**1.68**			
Net cash/(debt)			(1,908.4)	(0.39)	Company leve as of 31 Dec 2024	(27.6)	
Proceeds from ESOS/warrant conversions			548.1	0.11	Warrants B exercise price: RM1.25	7.9	
Total NAV			**6,902.6**	**1.41**		**100.0**	
FD no of shares			4,906.0				
NAV/share			**1.41**				
TP (less: 65% discount)			**0.50**				
Share price as of 7 Aug 2026			0.35				
Upside (%)			44.8				
FY26F Yield (%)			2.9				
Total Return (%)			**47.7**				
Discount to NAV (%)			**(75.8)**				
Implied FY26F PE (x)			**70.3**				

Source: CIMB Securities, Company reports, Bloomberg

Financial Information

Figure 2: Profit and Loss

(RMm)	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue	**1,645**	**1,198**	**1,049**	**1,682**	**3,471**
Gross profit	319	337	318	491	862
EBITDA	**195**	**117**	**189**	**281**	**401**
Depreciation and amortisation	(49)	(38)	(84)	(85)	(87)
EBIT	**146**	**78**	**105**	**195**	**314**
Financial income	27	72	52	37	27
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-EI)	**75**	**51**	**41**	**73**	**171**
Exceptional items	0	23	0	0	0
Pre-tax profit	**75**	**73**	**41**	**73**	**171**
Taxation	(11)	(26)	(16)	(25)	(75)
Profit after tax	**64**	**47**	**25**	**47**	**96**
Minority interests	0	0	(3)	(5)	(22)
Net profit	**64**	**47**	**22**	**43**	**74**
Core net profit	**64**	**25**	**22**	**43**	**74**
Core EPS (sen)	1.4	0.5	0.7	1.0	1.7

Source: CIMB Securities, Company

Figure 3: Cash Flow

(RMm)	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
EBITDA	195	117	189	281	401
Cash flow from invt. & assoc.	(11)	(15)	(31)	(31)	(39)
Change in working capital	(420)	(658)	(1,380)	(397)	(345)
(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)	(276)	(326)
Net interest (paid)/received	82	42	94	154	183
Tax paid	(51)	(25)	(16)	(25)	(75)
Cash flow from operations	**(275)**	**(386)**	**(1,301)**	**(296)**	**(201)**
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)

Source: CIMB Securities, Company

Financial Information

Figure 4: Balance Sheet

(RMm)	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Total cash and equivalents	999	658	649	645	737
Total debtors	2,020	2,117	949	922	761
Inventories	382	692	601	1,077	2,359
Total other current assets	35	46	2,131	2,017	1,504
Total current assets	**3,436**	**3,513**	**4,330**	**4,661**	**5,361**
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	701	653	929
Other current liabilities	5	10	10	10	10
Total current liabilities	**2,077**	**2,276**	**1,004**	**4,447**	**5,203**
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

Source: CIMB Securities, Company

Figure 5: Key Ratios

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue growth (%)	(34.6)	(27.2)	(12.4)	60.3	106.4
EBITDA growth (%)	81.1	(40.3)	62.0	48.7	42.9
EBITDA margin (%)	11.9	9.7	18.0	16.7	11.6
Net cash per share (sen)	(28.2)	(42.3)	(74.7)	(84.6)	(92.3)
BVPS (RM)	1.0	1.0	1.0	1.0	1.0
Net interest cover (x)	1.8	1.8	1.1	1.3	1.7
Effective tax rate (%)	15.3	35.7	38.2	35.0	43.6
Net dividend payout ratio (%)	70.2	94.4	199.7	104.5	60.0
Accounts receivables days	423.6	630.3	533.1	202.9	88.5
Inventory days	120.8	227.9	322.7	257.1	240.3
Accounts payables days	453.4	579.4	484.4	207.5	110.6

Source: CIMB Securities, Company

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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: *(a) the percentage difference between the target price and the current price; and* *(b) the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months.*
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