

28 Aug 2025

Buy
Price
 RM0.51

Target Price
 RM0.83
Market Data

Bloomberg Code	MRC MK
No. of shares (m)	4,467.5
Market cap (RMm)	2,256.0
52-week high/low (RM)	0.66 / 0.37
Avg daily turnover (RMm)	4.7
KLCI (pts)	1,587.9

Source: Bloomberg, CIMB Securities

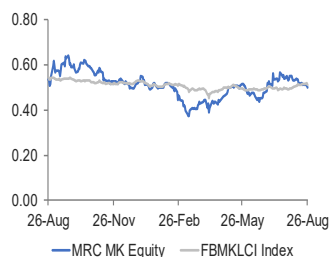
Major Shareholder (%)

EPF	(36.2%)
Gapurna	(15.5%)
Lembaga Tabung Haji	(5.4%)
Free Float	42.9

Source: Bloomberg, CIMB Securities

Performance

	3M	6M	12M
Absolute (%)	(2.9)	19.0	(2.9)
Rel Market (%)	(6.7)	17.9	1.4



Source: Bloomberg, CIMB Securities

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Malaysian Resources Corporation

1H25 results supported by tax credits

MRCB's 2Q25 results met our expectations; core profits surged 75% QoQ to RM15m on the back of higher tax credits. Backed by an active tender book of RM6bn, the group is working to secure a breakthrough in negotiations for the expansion of KL Sentral by FY26F. Supported by a strong balance sheet (net gearing as of 30 Jun 2025: 34%), the stock trades at only half its book value (at parity to historical mean). **Maintain Buy.**

Financial highlights

FYE Dec	2023	2024	2025F	2026F	2027F
Revenue (RMm)	2,514.1	1,645.4	1,538.4	1,773.3	3,046.5
Core net profit (RMm)	(89.5)	63.7	39.4	68.9	109.7
Core EPS (Sen)	(2.0)	1.4	1.1	1.7	2.5
EPS growth (%)	nm	nm	(25.7)	56.8	50.1
DPS (Sen)	1.0	1.0	0.9	1.2	2.0
Core PE (x)	nm	35.4	47.7	30.4	20.3
Div yield (%)	2.0	2.0	1.8	2.4	4.0
ROE (%)	(2.0)	1.4	0.9	1.5	2.4
Net Gearing (%)	18.1	27.3	28.7	36.9	33.8
PBV(x)	0.5	0.5	0.5	0.5	0.5

Source: Company, CIMB Securities

1H25 results in line with expectations

MRCB's 2Q25 revenue rose 37% QoQ to RM298m (1Q25: RM218m) as site activities gathered pace post the festive breaks in 1Q25. The company's 2Q25 core profits surged 75% QoQ to RM15m, boosted by (i) stronger performances from its core construction and property development activities and (ii) higher tax credits (RM11.5m vs. RM3.7m in 1Q25). 1H25 core earnings fell 56% YoY to RM24m, which amounts to 60% of our FY25F forecast (50% of consensus FY25F forecast). Nevertheless, we deem MRCB's 1H25 results to be in line as we expect the group's effective tax rate to normalise in 2H25 (1H25 tax credits of RM15.3m vs. tax expenses of RM13.1m). Furthermore, 1H25 construction billings fell 38% YoY to RM401m and will likely remain muted in 2H25 as progress on the LRT 3 Phase 1 project nears completion (98% as of 30 Jun 2025). Similarly, progress billings for MRCB's property projects declined 56% YoY in 1H25 (2Q25: -38% QoQ) on lower contributions from completed projects and muted recognition from early-stage projects (e.g., Residensi Tujoh, Kwasa Sentral). Furthermore, contributions from two of the group's signature Australian developments — 26 VISTA (Gold Coast) and MARIS (Southport, Queensland), which collectively accounted for 92% of MRCB's unbilled property sales of RM1.1bn as of 30 Jun 2025 — will only be recognised upon their projected completion (end-FY26F).

1H25 new property sales of RM453m tracking full-year target

MRCB sold RM453m worth of new properties in 1H25, representing about 46% of the group's full-year target of RM1bn. This was largely driven by the successful launch of MARIS (gross development value [GDV]: RM620m), which accounted for RM284m, or 63% of the new properties that the group sold in 1H25. Having launched RM1.7bn worth of properties in 1H25, MRCB is lining up three more launches in 2H25 (Bledishoe Auckland, Kolektif @ KL Sentral Central Business District, and PJ Sentral Tower 5) with a combined GDV of RM1bn. Further out, MRCB's land bank is set for a further boost via a land swap agreement that will see the group construct the new headquarters (HQ) of the Olympic Council of Malaysia (OCM) on a 5-acre plot of land in Bukit Jalil in return for redevelopment rights to a 1.8-acre piece of land that currently houses OCM's existing HQ, and is located next to the Merdeka 118 building.

Hungry for more jobs

As at 30 Jun 2025, MRCB's outstanding order book stood at RM6.3bn, with infrastructure works accounting for a bulk of it (78%). YTD, the group has won RM5.6bn worth of new projects, placing the group within touching distance of its original full-year target of RM6bn. The group's active tender book of RM6bn mainly consists of the Penang Airport Expansion, Penang LRT systems work, power cable work, and several road projects. On the proposed expansion of KL Sentral (about RM1bn), the group hopes to wrap up negotiations by FY26F.

Maintain Buy

We maintain our Buy rating on MRCB with an unchanged SOTP-based target price (TP) of RM0.83. Based on the closing share price of RM0.51 as of 27 Aug 2025, the stock is trading at a steep 70% to its SOTP value. Key re-rating catalyst: more job wins. Key risk factor: slower take-up rates for properties launched.

Exhibit 1: Financial results

YE 31 Dec (RM m)	1H24	1H25	% YoY	1Q25	2Q25	% QoQ
Turnover	848.4	516.0	(39.2)	218.2	297.8	36.5
Net operating cost/income	(750.5)	(471.8)		(198.7)	(273.1)	
EBIT	97.8	44.2	(54.8)	19.5	24.7	26.8
Interest Expense	(50.8)	(55.1)		(23.9)	(31.3)	
Interest Income	14.9	11.7		6.0	5.8	
Pre-Exceptionals Profit	61.9	0.7		1.5	(0.8)	
Exceptionals	0.0	0.0		0.0	0.0	
Pre-Associates/JV Profit	61.9	0.7		1.5	(0.8)	
Associates/JVs	5.5	7.4		3.3	4.1	
Pretax Profit	67.3	8.1	(87.9)	4.9	3.3	(32.7)
Taxation	(13.1)	15.3		3.7	11.5	
Minority Interest/discr.ops	(0.1)	0.3		(0.0)	0.3	
Net Profit	54.2	23.7	(56.3)	8.6	15.1	75.4
Core Net Profit	54.2	23.7	(56.3)	8.6	15.1	75.4
Core EPS (sen)	1.2	0.5		0.2	0.3	
Gross DPS (sen)	0.0	0.0		0.0	0.0	
BV/share (RM)	1.03			1.03	0.00	
EBIT Margin (%)	11.5	8.6		8.9	8.3	
Pretax Margin (%)	7.9	1.6		2.2	1.1	
Effective Tax (%)	19.4	nm		nm	nm	
Segmental Breakdown (RM m)						
Turnover						
Construction	642.6	400.9	(37.6)	152.7	248.2	62.6
Property development & investment	169.4	74.5	(56.0)	46.0	28.5	(38.0)
Infrastructure & concession	0.0	0.0	n/m	0.0	0.0	n/m
Facilities management & parking	27.4	31.5	14.9	15.0	16.5	9.8
Investment holding & Others	9.0	9.0	0.8	4.5	4.6	1.2
Total	848.4	516.0	(39.2)	218.2	297.8	36.5
EBIT						
Construction	105.8	22.3	(78.9)	7.9	14.4	81.2
Property development & investment	(14.5)	7.8	n/m	(4.3)	12.1	n/m
Infrastructure & concession	0.0	0.0	n/m	0.0	0.0	n/m
Facilities management & parking	5.2	2.4	(53.9)	(1.7)	4.1	(342.3)
Investment holding & Others	107.1	25.1	(76.6)	25.5	(0.4)	(101.5)
Total	97.8	44.2	(54.8)	19.5	24.7	26.8
EBIT margin (%)						
Construction	16.5	5.6		5.2	5.8	
Property development & investment	(8.6)	10.4		(9.3)	42.3	
Infrastructure & concession	n/m	n/m		n/m	n/m	
Facilities management & parking	18.9	7.6		(11.2)	24.7	
Investment holding & Others	n/m	n/m		n/m	n/m	
Total	11.5	8.6		8.9	8.3	

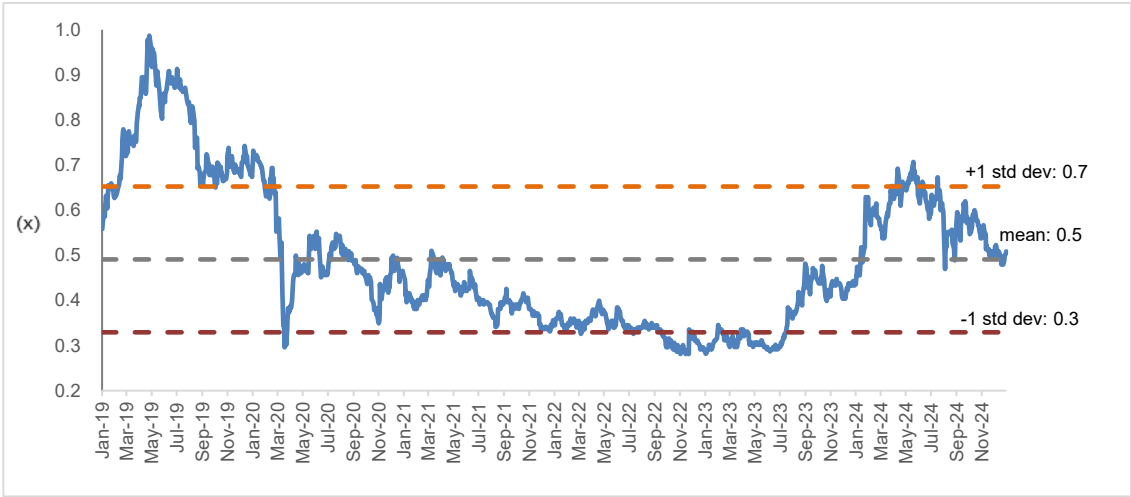
Source: Company, CIMB Securities

Exhibit 2: SOTP valuation

Divisions/Operations	Size (acres)	psf	Value (RM)		Method	% of NAV	Effective stake (%)
			m	/share			
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	832.3	5	181.3	0.04	Market value		
Sub-total	849.4		323.4	0.07		3.9	
Development properties							
Development projects			6,860.3	1.40	NPV @ 9%		100.0
Sub-total			6,860.3	1.40		83.8	
		NLA/room bays	Value (RM)		Method		Effective stake (%)
			m	/share			
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		3.0	
Property management							
Quill Capita Management (QCM)			91.3	0.02	NPI@7%		41.0
Sub-total			91.3	0.02		1.1	
Construction & Facilities Management							
Construction			655.7	0.13	12x FY26F net profit		
Facilities management			186.5	0.04	Net book value as of FY23		
Bukit Jalil Sentral Management Contract			49.5	0.01	NPV@7.5%		
Sub-total			891.7	0.18		10.9	
Listed-investments							
Sentral REIT			258.0	0.05	Market Value		27.8
Sub-total			258.0	0.05		3.1	
Others			394.6	0.08	Net book value as of FY23		
Sub-total			394.6	0.08		4.8	
Gross NAV							
			9,061.2	1.85			
Net cash/(debt)			(1,418.7)	(0.29)	Company leve as of 31 Dec 2023	(17.3)	
Proceeds from ESOS/warrant conversions			548.1	0.11	Warrants B exercise price: RM1.25	6.7	
Total NAV			8,190.6	1.67		100.0	
FD no of shares			4,906.0				
NAV/share			1.67				
TP (less: 50% discount)			0.83				
Share price as of 27 Aug 2025			0.51				
Upside (%)			65.3				
FY26F Yield (%)			2.4				
Total Return (%)			67.7				
Discount to NAV (%)			(69.8)				

Source: Company, Bloomberg, CIMB Securities

Exhibit 3: Historical P/BV band



Source: Company, Bloomberg, CIMB Securities

Income Statement

FYE Dec (RMm)	2023	2024	2025F	2026F	2027F
Revenue	2,514.1	1,645.4	1,538.4	1,773.3	3,046.5
EBITDA	107.7	195.0	195.4	247.2	323.5
Depreciation/Amortisation	(86.3)	(48.7)	(79.6)	(81.6)	(83.8)
Operating income (EBIT)	21.4	146.4	115.8	165.6	239.7
Other income & associates	12.4	10.8	54.6	36.5	42.3
Net interest	(90.2)	(82.1)	(99.6)	(99.6)	(98.0)
Exceptional items	167.2	0.0	0.0	0.0	0.0
Pretax profit	110.9	75.0	70.7	102.5	184.0
Taxation	(33.2)	(11.5)	(25.4)	(26.3)	(56.3)
Minorities/pref dividends	(0.1)	0.1	(5.9)	(7.3)	(18.0)
Net profit	77.7	63.7	39.4	68.9	109.7
Core net profit	(89.5)	63.7	39.4	68.9	109.7

Balance Sheet

FYE Dec (RMm)	2023	2024	2025F	2026F	2027F
Fixed assets	733.9	759.2	757.2	752.9	746.4
Intangible assets	177.0	123.8	118.2	112.6	107.1
Other long-term assets	4,552.0	4,715.2	4,809.0	4,884.4	4,965.2
Total non-current assets	5,463.0	5,598.1	5,684.4	5,750.0	5,818.7
Cash & equivalent	972.0	999.2	772.7	220.5	181.4
Stock	496.0	381.9	625.5	888.5	1,585.3
Trade debtors	1,799.4	2,020.0	1,306.6	1,554.7	1,669.3
Other current assets	114.2	34.8	22.4	10.8	(0.4)
Total current assets	3,381.6	3,435.9	2,727.3	2,674.4	3,435.7
Trade creditors	1,804.4	1,491.0	1,032.1	1,172.8	2,092.6
Short-term borrowings	311.0	580.7	267.4	246.9	1,337.7
Other current liabilities	14.0	5.4	5.4	5.4	5.4
Total current liabilities	2,129.5	2,077.1	1,304.9	1,425.1	3,435.8
Long-term borrowings	1,490.5	1,678.3	1,828.6	1,686.1	432.3
Other long-term liabilities	624.9	658.4	657.4	656.4	655.4
Total long-term liabilities	2,115.4	2,336.7	2,486.0	2,342.5	1,087.7
Shareholders' funds	4,594.1	4,614.7	4,609.5	4,638.2	4,694.3
Minority interests	5.6	5.5	11.3	18.6	36.5

Cash flow Statement

FYE Dec (RMm)	2023	2024	2025F	2026F	2027F
Pretax profit	110.9	75.0	70.7	102.5	184.0
Depreciation/Amortisation	86.3	48.7	79.6	81.6	83.8
Net change in working capital	643.8	(420.0)	10.9	(370.4)	108.4
Others	(348.7)	20.9	(80.0)	(62.8)	(98.6)
Cash flow from operations	492.3	(275.3)	81.2	(249.1)	277.6
Capital expenditure	(50.9)	(1.0)	(100.0)	(100.0)	(100.0)
Net investments & sale of fixed assets	450.0	95.0	0.0	0.0	0.0
Others	(67.2)	(147.1)	0.0	0.0	0.0
Cash flow from investing	331.9	(53.2)	(100.0)	(100.0)	(100.0)
Debt raised/(repaid)	(255.2)	457.5	(163.0)	(163.0)	(163.0)
Equity raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Dividends paid	(44.7)	(44.7)	(44.7)	(40.2)	(53.6)
Others	(90.2)	(107.9)	0.0	0.0	0.0
Cash flow from financing	(390.1)	304.9	(207.7)	(203.2)	(216.6)
Net cash flow	434.2	(23.6)	(226.5)	(552.3)	(39.0)
Cash b/f	465.6	900.0	874.6	648.1	95.9
Cash c/f	900.0	874.6	648.1	95.9	56.8

Key Ratios

FYE Dec	2023	2024	2025F	2026F	2027F
Revenue growth (%)	(21.6)	(34.6)	(6.5)	15.3	71.8
EBITDA growth (%)	(65.5)	81.1	0.2	26.5	30.8
Pretax margins (%)	4.4	4.6	4.6	5.8	6.0
Net profit margins (%)	3.1	3.9	2.6	3.9	3.6
Interest cover (x)	0.2	1.8	1.2	1.7	2.4
Effective tax rate (%)	29.9	15.3	36.0	25.7	30.6
Net dividend payout (%)	57.5	70.2	101.9	77.8	81.4
Debtors turnover (days)	287	424	395	294	193
Stock turnover (days)	110	121	161	213	195
Creditors turnover (days)	311	453	403	310	257

Source: Bloomberg, CIMB Securities

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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.
	<i>Note: The total expected return of a stock is defined as the sum of:</i> (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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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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