

3 Jun 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)	2,256.1
52-week high/low (RM)	0.72 / 0.37
Avg daily turnover (RMm)	3.7
KLCI (pts)	1,508.4

Source: Bloomberg, CIMB Securities

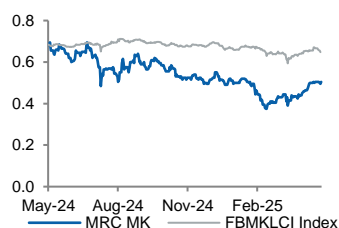
Major Shareholder (%)

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

Source: Bloomberg, CIMB Securities

Performance

	3M	6M	12M
Absolute (%)	2.0	(3.8)	(28.9)
Rel Market (%)	2.0	(0.4)	(28.9)



Source: Bloomberg, CIMB Securities

Analyst

Mak Hoy Ken
03 21710509
hoyken.mak@cimb.com

Malaysian Resources Corporation

Upside risk to FY25F new order book growth

MRCB's 1Q25 core profits surged nearly threefold YoY to RM9m despite a 54% YoY revenue decline. The 1Q25 bottom line was boosted by a RM23m gain on disposal of a 70% equity interest in CSB Development. Given its strong new contract wins totalling RM5.6bn, we believe there is upside risk to MRCB's initial target of RM6bn for FY25F. Maintain Buy with an unchanged SOTP-based TP of RM0.83.

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)	(66.2)	63.7	39.2	67.9	108.3
Core EPS (Sen)	(1.5)	1.7	1.1	1.6	2.5
EPS growth (%)	nm	nm	(38.2)	55.7	50.1
DPS (Sen)	1.0	1.0	0.9	1.2	2.0
Core PE (x)	nm	nm	47.9	30.8	20.5
Div yield (%)	2.0	2.0	1.8	2.4	4.0
ROE (%)	2.2	1.4	0.8	1.5	2.3
Net Gearing (%)	18.1	27.3	28.8	37.0	33.9
PBV(x)	0.5	0.5	0.5	0.5	0.5

Source: Company, CIMB Securities

1Q25 results in line with expectations

MRCB's 1Q25 core profits surged threefold YoY to RM9m despite a 54% YoY revenue decline. The 1Q25 bottom line was boosted by a RM23m gain on disposal of a 70% equity interest in CSB Development, while construction billings fell 58% YoY as construction work on the LRT 3 Phase 1 nears completion (completion rate as of 31 Mar 2025: 97%). Similarly, property development activities (21% of 1Q25 group revenue) slowed in 1Q25 owing to a drop in sales of completed units (RM32m as of 31 March 2025) and minimal recognition from early-stage projects such as Residensi Tujoh, Kwasa Sentral (current progress: 25%). Furthermore, contributions from 26 VISTA, which accounted for 89% of MRCB's unbilled property sales of RM754m as of 31 Mar 2025, will only be recognised upon its projected completion at end-2026 (current take-up rate: 45% of gross development value [GDV] and 63% of total units). MRCB sold RM100m worth of new properties in 1Q25 (10% of FY25F target of RM1bn), and its sales performance is expected to pick up in the quarters ahead as it unveils new property launches worth a combined RM3.5bn. As expected, the group did not declare any dividends in 1Q25. For FY25F, we project the group to pay a DPS of 0.9 sen (FY24: 1 sen), translating into a dividend yield of 1.8%.

Upside risk to FY25F new order book target

MRCB has amassed RM5.6bn worth of new contracts YTD, placing the group within touching distance of its initial RM6bn target for FY25F. Thus far, MRCB has bagged three major contracts: the five reinstated stations under LRT 3 Phase 2 (RM2.5bn); redevelopment of Kompleks Sukan Shah Alam (KSSA); and additional lane widening works at the North-South Expressway (Senai to Sedenak Phase 1 — Package B). By extension, MRCB's outstanding order book has increased to RM3.4bn (excluding the RM11bn Bukit Jalil Sentral building contract), implying an order book cover of 2.7x the group's FY24 construction revenue. Owing to its improving contract momentum, MRCB believes that there could be upside risk to its FY25F new order book target, which could now exceed RM7bn. Further opportunities could come from the RM1bn redevelopment of KL Sentral station (under negotiation; a firm outcome is anticipated by end-2025) and an active tender book of RM1.7bn (Penang Airport Expansion Package 3, Tawau airport upgrading works, Perak highway link road, and upgrading works for power cable systems).

Maintain Buy

We maintain our Buy rating on MRCB with an unchanged SOTP-based target price (TP) of RM0.83. Against an improved order book backdrop, MRCB is stepping up its pre-sales by lining up RM3.5bn worth of new property launches (including MARIS @ 20 Queen Street, Southport, which was launched in Mar 2025). To improve its ROE, the group is also looking to proactively monetise its asset base at the right valuations (e.g., Ascott Sentral) and gear up to fund more-value accretive projects (e.g., KSSA). The stock is trading at a steep 70% discount to its SOTP value. Key risk factor: slower property launches and take-up rates.

Exhibit 1: Financial results

YE 31 Dec (RM m)	1Q24	1Q25	% YoY	4Q24	1Q25	% QoQ
Turnover	476.2	218.2	(54.2)	370.7	218.2	(41.1)
Net operating cost/income	(441.6)	(198.7)		(348.1)	(198.7)	
EBIT	34.6	19.5	(43.7)	22.6	19.5	(13.9)
Interest Expense	(23.9)	(23.9)		(26.1)	(23.9)	
Interest Income	6.0	6.0		6.2	6.0	
Pre-Exceptionals Profit	16.6	1.5		2.7	1.5	
Exceptionals	0.0	0.0		0.0	0.0	
Pre-Associates/JV Profit	16.6	1.5		2.7	1.5	
Associates/JVs	2.3	3.3		2.7	3.3	
Pretax Profit	19.0	4.9	(74.4)	5.4	4.9	(10.0)
Taxation	(16.0)	3.7		(4.7)	3.7	
Minority Interest/disct.ops	0.1	(0.0)		(0.0)	(0.0)	
Net Profit	3.0	8.6	185.6	0.6	8.6	nm
Core Net Profit	3.0	8.6	185.6	0.6	8.6	nm
Core EPS (sen)	0.1	0.2		0.0	0.2	
Gross DPS (sen)	0.0	0.0		1.0	0.0	
BV/share (RM)	1.03	1.03		1.03	1.03	
EBIT Margin (%)	7.3	8.9		6.1	8.9	
Pretax Margin (%)	4.0	2.2		1.45	2.2	
Effective Tax (%)	84.4	nm		87.7	nm	
Segmental Breakdown (RM m)						
Turnover						
Construction	360.3	152.7	(57.6)	298.2	152.7	(48.8)
Property development & investment	98.1	46.0	(53.1)	52.2	46.0	(11.8)
Infrastructure & concession	0.0	0.0	n/m	0.0	0.0	n/m
Facilities management & parking	13.3	15.0	12.8	14.5	15.0	3.2
Investment holding & Others	4.5	4.5	0.3	5.8	4.5	(22.8)
Total	476.2	218.2	(54.2)	370.7	218.2	(41.1)
EBIT						
Construction	17.8	7.9	(55.4)	21.5	7.9	(63.2)
Property development & investment	11.2	(4.3)	n/m	(0.8)	(4.3)	n/m
Infrastructure & concession	0.0	0.0	n/m	0.0	0.0	n/m
Facilities management & parking	3.8	(1.7)	(144.6)	2.6	(1.7)	(165.2)
Investment holding & Others	19.6	25.5	30.1	20.9	25.5	22.0
Total	34.6	19.5	(43.7)	22.6	19.5	(13.9)
EBIT margin (%)						
Construction	4.9	5.2		7.2	5.2	
Property development & investment	11.5	(9.3)		(1.5)	(9.3)	
Infrastructure & concession	n/m	n/m		n/m	n/m	
Facilities management & parking	28.3	(11.2)		17.7	(11.2)	
Investment holding & Others	n/m	n/m		n/m	n/m	
Total	7.3	8.9		6.1	8.9	

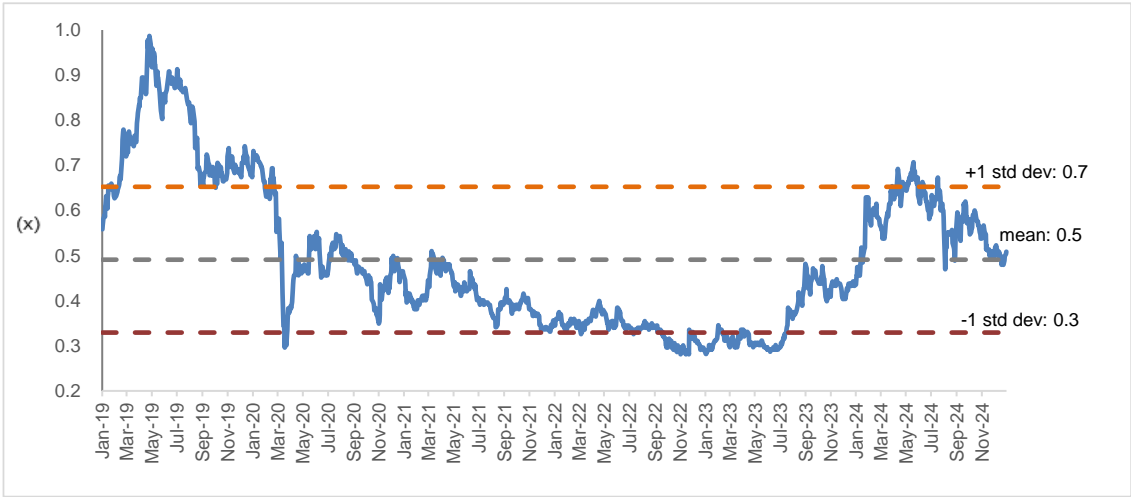
Source: Company, CIMB Securities

Exhibit 2: SOTP valuation

Divisions/Operations	Size (acres)	psf	Value (RM)		Method	% of NAV
			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%	
Sub-total			6,860.3	1.40		83.8
Investment properties						
	NLA/room bays		Value (RM)		Method	
			m	/share		
Menara MRCB, Shah Alam	216,000		25.0	0.01	NPI@7.25%	
Plaza Alam Sentral, Shah Alam	433,349		94.7	0.02	NPI@7.25%	
Kompleks Sentral, Segambut Industrial Park	484,689		43.4	0.01	NPI@7%	
Ascott Sentral (Lot 348), KL Sentral	143 rooms		78.7	0.02	RM0.6m/room	
Sub-total			241.8	0.05		3.0
Property management						
Quill Capita Management (QCM)			91.3	0.02	NPI@7%	
Sub-total			91.3	0.02		1.1
Construction & Facilities Management						
Construction			653.9	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			890.0	0.18		10.9
Listed-investments						
Sentral REIT			258.0	0.05	Market Value	
Sub-total			258.0	0.05		3.2
Others			394.6	0.08	Net book value as of FY23	
Sub-total			394.6	0.08		4.8
Gross NAV			9,059.4	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			8,188.8	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 31 May 2025			0.51			
Upside (%)			65.3			
FY26F Yield (%)			2.4			
Total Return (%)			67.6			
Discount to NAV (%)			(69.7)			

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	3,205.1	2,514.1	1,549.8	1,755.2	2,260.3
EBITDA	312.5	121.0	215.9	205.0	248.1
Depreciation/Amortisation	(82.9)	(76.2)	(75.3)	(78.2)	(81.1)
Operating income (EBIT)	229.6	44.8	140.6	126.8	167.0
Other income & associates	5.6	12.4	43.4	54.6	37.3
Net interest	(80.8)	(90.2)	(82.2)	(79.5)	(77.1)
Exceptional items	0.0	167.2	0.0	0.0	0.0
Pretax profit	154.3	134.2	101.8	101.9	127.3
Taxation	(100.8)	(33.2)	(24.4)	(29.1)	(32.1)
Minorities/pref dividends	11.3	(0.1)	(7.4)	(7.7)	(9.3)
Net profit	64.8	101.0	70.0	65.1	85.8
Core net profit	64.8	(66.2)	70.0	65.1	85.8

Balance Sheet

FYE Dec (RMm)	2023	2024	2025F	2026F	2027F
Fixed assets	778.9	733.9	734.4	732.6	728.5
Intangible assets	194.8	177.0	0.0	0.0	0.0
Other long-term assets	4,707.6	4,537.6	3,450.9	3,490.1	3,528.9
Total non-current assets	5,681.3	5,448.5	4,185.3	4,222.7	4,257.4
Cash & equivalent	465.6	871.3	0.0	0.0	0.0
Stock	785.2	510.4	0.0	0.0	0.0
Trade debtors	2,155.6	1,965.0	0.0	0.0	0.0
Other current assets	140.9	214.9	0.0	0.0	0.0
Total current assets	3,547.3	3,561.7	0.0	0.0	0.0
Trade creditors	1,806.0	1,820.4	0.0	0.0	0.0
Short-term borrowings	840.8	311.0	169.8	0.0	0.0
Other current liabilities	50.5	23.4	0.0	0.0	0.0
Total current liabilities	2,697.3	2,154.8	0.0	0.0	0.0
Long-term borrowings	1,215.9	1,490.5	1,192.7	0.0	0.0
Other long-term liabilities	778.7	765.1	50.8	50.8	50.8
Total long-term liabilities	1,994.6	2,255.6	1,243.5	50.8	50.8
Shareholders' funds	4,531.2	4,594.1	4,619.4	4,662.1	4,721.1
Minority interests	5.5	5.6	13.0	20.7	30.0

Cash flow Statement

FYE Dec (RMm)	2023	2024	2025F	2026F	2027F
Pretax profit	154.3	134.2	101.8	101.9	127.3
Depreciation/Amortisation	82.9	76.2	75.3	78.2	81.1
Net change in working capital	(88.5)	479.7	12.2	(197.2)	29.5
Others	(229.7)	(260.3)	(67.9)	(83.7)	(69.5)
Cash flow from operations	(80.9)	429.9	121.4	(100.8)	168.4
Capital expenditure	(82.4)	(50.9)	(100.0)	(100.0)	(100.0)
Net investments & sale of fixed assets	0.0	450.0	0.0	0.0	0.0
Others	135.8	20.8	0.0	0.0	0.0
Cash flow from investing	53.4	419.9	(100.0)	(100.0)	(100.0)
Debt raised/(repaid)	122.2	(255.2)	(113.0)	(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)	(22.3)	(26.8)
Others	(63.6)	(144.4)	0.0	0.0	0.0
Cash flow from financing	14.0	(444.3)	(157.7)	(185.3)	(189.8)
Net cash flow	(13.5)	405.5	(136.3)	(386.1)	(121.4)
Cash b/f	479.9	465.6	871.3	735.1	348.9
Cash c/f	465.6	871.3	735.1	348.9	227.5

Key Ratios

FYE Dec	2023	2024	2025F	2026F	2027F
Revenue growth (%)	>100	(21.6)	(38.4)	13.3	28.8
EBITDA growth (%)	>100	(61.3)	78.4	(5.1)	21.0
Pretax margins (%)	4.8	5.3	6.6	5.8	5.6
Net profit margins (%)	2.0	4.0	4.5	3.7	3.8
Interest cover (x)	2.8	0.5	1.7	1.6	2.2
Effective tax rate (%)	65.3	24.7	24.0	28.6	25.3
Net dividend payout (%)	68.9	44.2	31.9	41.2	52.1
Debtors turnover (days)	245	285	nm	0	0
Stock turnover (days)	107	78	0	0	0
Creditors turnover (days)	246	278	0	0	0

Source: Bloomberg, CIMB Securities

DISCLAIMER

The content of this report (including the views, opinions and recommendations expressed and the information contained in this report) has been prepared by and belongs to CIMB Securities Sdn Bhd (“**CIMB Securities**”).

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, you represent and warrant that you are entitled to receive this report in accordance with the restrictions set forth below and agree to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of law. This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person, in whole or in part, without the prior written consent of CIMB Securities.

This report is general in nature and has been prepared for information purposes only and does not have regard to the specific investment objectives, financial situation and particular needs of any specific person who may receive this report. CIMB Securities does not act as a financial adviser, consultant, or fiduciary to you or any of your agents with respect to any information provided in this report.

The information, views, opinions or recommendations in this report are not and should not be construed or considered as an offer, or solicitation to buy or sell, or an invitation to subscribe for, the securities of the company(ies), related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.

You are advised to make your own independent evaluation of the information contained in this report, consider your own individual investment objectives, financial situation and particular needs and consult your own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this report. The securities of the company(ies) may not be eligible for subscription or sale in all jurisdictions or to all categories of investors.

CIMB Securities may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CIMB Securities has no obligation to update this report to include any omission or in the event of a change (whether material or not) to the information contained in this report.

This report does not purport to contain all the information that a prospective investor may require. CIMB Securities has no, and will not accept any obligation to (i) check or ensure that the contents of this report are current, reliable or relevant; or (ii) ensure that the contents of this report constitute all the information a prospective investor may require. CIMB and its affiliates, related and associate corporations do not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any views, opinions, recommendations and information contained in this report. Accordingly, CIMB Securities and its affiliates, related and associate corporations (and their respective directors, connected persons, officers and/or employees) shall not be liable in any manner whatsoever for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any reliance thereon or usage of this report. In particular, CIMB Securities disclaims all responsibility and liability for the views, opinions and recommendations set out in this report.

Unless otherwise specified, this report is based upon sources or data which the analyst(s) considered to be reasonable, correct and reliable at the time of issue of this report. Such sources or data will, unless otherwise specified, for market data, be market data and prices available from the market, information aggregation service providers or stock exchange where the relevant security is listed, or, where appropriate, any other commonly accepted sources. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from his/her research.

Whilst the analyst(s) have made every effort to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered by the analyst(s) to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment.

This report may contain information obtained from third party content providers. Reproduction and distribution of third party contents in any form is prohibited except with the prior written consent of the related third party content provider.

Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such contents. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their contents.

CIMB Securities and its affiliates, related and associate corporations (and their respective directors, connected persons, officers and/or employees) may own or have positions in securities of the company(ies) covered in this report or any securities related to it, and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CIMB Securities and its affiliates, related and associate corporations do and seek to do business with the company(ies) covered in this report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from clients (for its own account or the account of its clients) and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit investment, advisory or other services from any company(ies) mentioned in this report. In such capacities, CIMB Securities and its affiliates, related and associate corporations may engage in transactions in a manner inconsistent with any views, opinions and recommendations expressed in this report.

In reviewing this report, you should be aware that any or all of the foregoing, among other things, may give rise to actual or potential conflicts of interest. Subject to the duties of confidentiality, additional information may be available, on request, at our sole discretion.

RATING GUIDE

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.
	<i>Note: The total expected return of a stock is defined as the sum of:</i> <i>(a) the percentage difference between the target price and the current price; and</i> <i>(b) the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months.</i>
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.

DISCLOSURE OF CONFLICTS OF INTEREST

Disclosure by CIMB Securities

CIMB Securities hereby declares that:

- (a) CIMB Securities, CIMB Investment Bank Berhad and/or CIMB Bank Berhad has/have proprietary positions in the following securities of the company(ies) mentioned in this report:
Malaysian Resources Corporation Berhad
- (b) CIMB Securities (only in respect of its Equities Research Department) received material benefit in relation to the production of this report for the following companies mentioned in this report:
Nil

Disclosure by Analyst(s)

The analyst(s) who prepared this report declares that:

- (a) He/she received material benefit in relation to the production of this report for the following companies mentioned in this report:
Nil
- (b) He/she has/have an interest in the securities in the following company(ies) recommended in this report:
Nil
- (c) He/she serves as a director or board member of the following company(ies) mentioned in this report:
Nil

The analyst(s) responsible for the production of this report certifies that the views, opinions and recommendations expressed herein accurately and exclusively reflect his/her personal views, opinions and recommendations about any and all of the company(ies) or securities analysed in this report and were prepared independently and autonomously.

No part of the compensation of the analyst(s) was, is or will be directly or indirectly related to the inclusion of specific opinions, views or recommendations in this report. CIMB Securities prohibits the analyst(s) who prepared this report from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific view, opinion or recommendation of a particular company(ies). Information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/her coverage of company(ies) in the performance of his/her duties or the correlation between his/her views, opinions or recommendations and the performance of the securities of the company(ies) and may also participate in the businesses as described above.

This report is distributed or disseminated in Malaysia by CIMB Securities for the benefit of and for the use of the clients of CIMB Securities, CIMB Investment Bank Berhad and CIMB Bank Berhad. This report is also distributed or disseminated in any specific geographical area or jurisdiction by the affiliates or related corporations of CIMB Securities who are licensed in such jurisdictions, or any third party business partner pursuant to an arrangement between CIMB Securities and such third party business partner.

Recipients of this report are to contact CIMB Securities at Level 14, Chulan Tower, No. 3, Jalan Conlay, 50450 Kuala Lumpur in respect of any matters arising from or in connection with this report. CIMB Securities has no obligation to update or revise the information in or the contents of this report after the date of this report.