

# Malaysian Resources Corporation

## 9M25 results in line with expectations

- MRCB's 9M25 core profits met expectations, amounting to 73% of our FY25F forecast (71% of consensus FY25F forecast).
- MRCB's RM6.9bn tender book explores Penang infrastructure jobs, utility infrastructure, climate adaptation, and renewable energy (tender rollout: FY26F).
- Maintain Buy on MRCB, with FY26-27F earnings visibility supported by lumpy property contributions in Australia and progressive billings from RM5.5bn wins YTD.

### 9M25 results in line with expectations

MRCB delivered a lower 3Q25 core net profit of RM5.1m (-66% QoQ, -42% YoY), taking 9M25 core earnings to RM28.8m. The sequential decline was largely attributable to (i) higher tax expenses of RM18.4m (vs. tax credit of RM11.5m in 2Q25); (ii) lower progress billings from its depleting completed property inventory (e.g., Sentral Suites, VIVO, TRIA at 9 Seputeh, Alstonia, and Residensi Tujuh); (iii) minimal contribution from the construction order book, with most projects being in the early design and construction stages. Nevertheless, we deem MRCB's 9M25 results as in line with expectations at 73% of our FY25F forecast (71% of consensus FY25F forecast). The group did not declare any dividends for 3Q25.

### Tender book maintained at RM1bn

As of 30 Sep 2025, MRCB's tender book stood at RM6.9bn against an unbilled order book of RM6.0bn (4.7x the group's FY24 construction revenue). The group continues to explore infrastructure-related opportunities in FY26F, including the Penang Airport Expansion, Penang LRT systems work, water infrastructure, climate adaptation, grid upgrading, and renewable energy. Beyond the group's tender book prospects, MRCB is in discussions with the Malaysian government to formalise the terms for the expansion of KL Sentral (gross development value [GDV]: RM1bn) tentatively by FY26F.

### Maintain Buy

We maintain our Buy call on MRCB with an unchanged SOTP-based TP of RM0.83. Backed by an active tender book of RM6.9bn (excluding KL Sentral expansion) and RM5.5bn worth of new construction wins YTD, we expect MRCB's FY25-27F earnings visibility to improve on (i) progressive recognition from the Shah Alam Sports Complex (KSSA) and LRT3 Phase 2 and (ii) lumpy contributions from 26 VISTA (Gold Coast) and MARIS (Southport, Queensland) upon completion by end-FY26F. At its 27 Nov 2025 closing price of RM0.42, MRCB is trading at a deep discount of 75% vs. its SOTP value. Key re-rating catalyst: successful conversion of the KL Sentral expansion project; Key risk factor: higher construction and input costs eroding margins.

Figure 1: Result comparison

FYE 31 Dec (RM m)	3Q25	3Q24	yoy %	2Q25	2Q24	9M25	9M24	yoy %
	FY25	FY24	chg	FY25	chg	cum	cum	chg
<b>Revenue</b>	<b>310.0</b>	<b>426.3</b>	<b>(27.3)</b>	<b>297.8</b>	<b>4.1</b>	<b>826.0</b>	<b>1,274.7</b>	<b>(35.2)</b>
Operating costs	(286.1)	(390.0)	(26.6)	(270.5)	5.8	(736.6)	(1,118.9)	(34.2)
<b>EBITDA</b>	<b>23.9</b>	<b>36.3</b>	<b>(34.1)</b>	<b>27.3</b>	<b>(12.4)</b>	<b>89.4</b>	<b>155.8</b>	<b>(42.6)</b>
EBITDA margin (%)	7.7	8.5		9.2		10.8	12.2	
Depn & amort.	(11.0)	(10.4)	6.0	(2.6)	326.2	(32.3)	(32.1)	0.7
<b>EBIT</b>	<b>12.9</b>	<b>25.9</b>	<b>(50.2)</b>	<b>24.7</b>	<b>(47.7)</b>	<b>57.1</b>	<b>123.7</b>	<b>(53.9)</b>
Interest expense	(26.0)	(31.9)	(18.3)	(31.3)	(16.7)	(81.2)	(82.7)	(1.8)
Interest & invt inc	33.0	5.6	486.0	5.8	472.9	44.8	20.5	118.2
Associates' contrib	3.6	2.6	38.6	4.1	(10.5)	11.0	8.1	na
Exceptionals	-	-	na	-	na	-	-	#DIV/0!
<b>Pretax profit</b>	<b>23.6</b>	<b>2.3</b>	<b>911.4</b>	<b>3.3</b>	<b>621.4</b>	<b>31.7</b>	<b>69.6</b>	<b>(54.5)</b>
Tax	(18.4)	6.3	(390.9)	11.5	(259.8)	(3.1)	(6.8)	(53.7)
Tax rate (%)	78.1	(271.4)		(352.4)		9.9	9.7	
Minority interests	(0.1)	0.2	(126.4)	0.3	(118.8)	0.2	0.2	44.2
<b>Net profit</b>	<b>5.1</b>	<b>8.9</b>	<b>(42.3)</b>	<b>15.1</b>	<b>(66.1)</b>	<b>28.8</b>	<b>63.0</b>	<b>(54.4)</b>
<b>Core net profit</b>	<b>5.1</b>	<b>8.9</b>	<b>(42.3)</b>	<b>15.1</b>	<b>(66.1)</b>	<b>28.8</b>	<b>63.0</b>	<b>(54.4)</b>
EPS (sen)	0.1	0.2	(45.0)	0.2	(45.0)	0.6	1.4	(54.6)
Core EPS (sen)	0.1	0.2	(45.0)	0.2	(45.0)	0.6	1.4	(54.6)

Source: CIMB Securities, Company

**BUY** (no change)

Share price: Target price: ▶

RM0.42

RM0.83

**Consensus:** Buy:4 Hold:2 Reduce:1

### Stock information

Bloomberg ticker	MRC MK
Refinitiv ticker	MYRS.KL
Share price (RM)	0.42
Market cap (US\$m/RMm)	449/1,854
ADTV (RMm)	1.0
Free float (%)	40.3
Upside/(downside) (%)	97.6
CIMB/consensus TP (%)	38.3

### Earnings forecast

	Dec-24A	Dec-25F	Dec-26F
Core net profit (RMm)	63.7	39.4	68.9
Core EPS (sen)	1.4	1.1	1.7
Core EPS growth (%)	nm	(25.7)	56.8
FD core P/E (x)	29.1	39.2	25.0
Recurring ROE (%)	1.4	0.9	1.5
P/BV (x)	0.4	0.4	0.4
DPS (sen)	1.0	0.9	1.2
Dividend yield (%)	2.4	2.2	2.9

Source: CIMB Securities

### Price performance

	1M	3M	12M
Absolute (%)	(14.4)	(17.8)	(21.0)
Relative (%)	(14.4)	(19.3)	(21.6)

Source: Bloomberg, CIMB Securities

### Research analyst(s)


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**On track to meet FY25F sales target of RM1bn***This is a callout text*

MRCB sold RM384m worth of new properties in 3Q25, bringing 9M25 property sales to RM837m, or 84% of the group's full-year target of RM1bn. This was largely underpinned by the successful launch of MARIS (Gold Coast, Australia), which accounted for RM472m or 56% of the new properties that the group sold in 9M25. Having launched RM1.8bn worth of properties in 9M25, MRCB is set to unveil another RM0.3bn worth of new projects in 4Q25. This is on top of another RM2.6bn worth of new launches in FY26F.

**Three more potential land banks**

In terms of future land bank, MRCB is in discussions to secure the development rights to the 1.8-acre plot of land next to the Merdeka 118 building that currently houses the Olympic Council of Malaysia (OCM)'s headquarters (HQ). In return, MRCB is expected to build a new HQ for OCM on a 5-acre tract of land in Bukit Jalil. Additionally, MRCB signed a memorandum of understanding with RUA AlHaram AlMakki Co on 24 Nov 2025 to explore various collaboration structures pertaining to the King Salman Gate development in Makkah (Saudi Arabia), although negotiations are still at a preliminary stage.

On 8 Sep 2025, MRCB announced it is buying, for RM1.58bn, the Employees' Provident Fund's 80% stake in Bukit Jalil Sentral Property Sdn Bhd (BJSP), which was set up to develop the 76.1-acre Bukit Jalil Sentral project (GDV: RM21bn). The acquisition will be subject to Extraordinary General Meeting (EGM) approval, to be held by 18 Dec 2025, with an estimated pro-forma net gearing increase to 60% (from 36%) as of 30 Sep 2025, if the group chooses to borrow approximately RM1.3bn to pay the purchase consideration and shareholder advances.

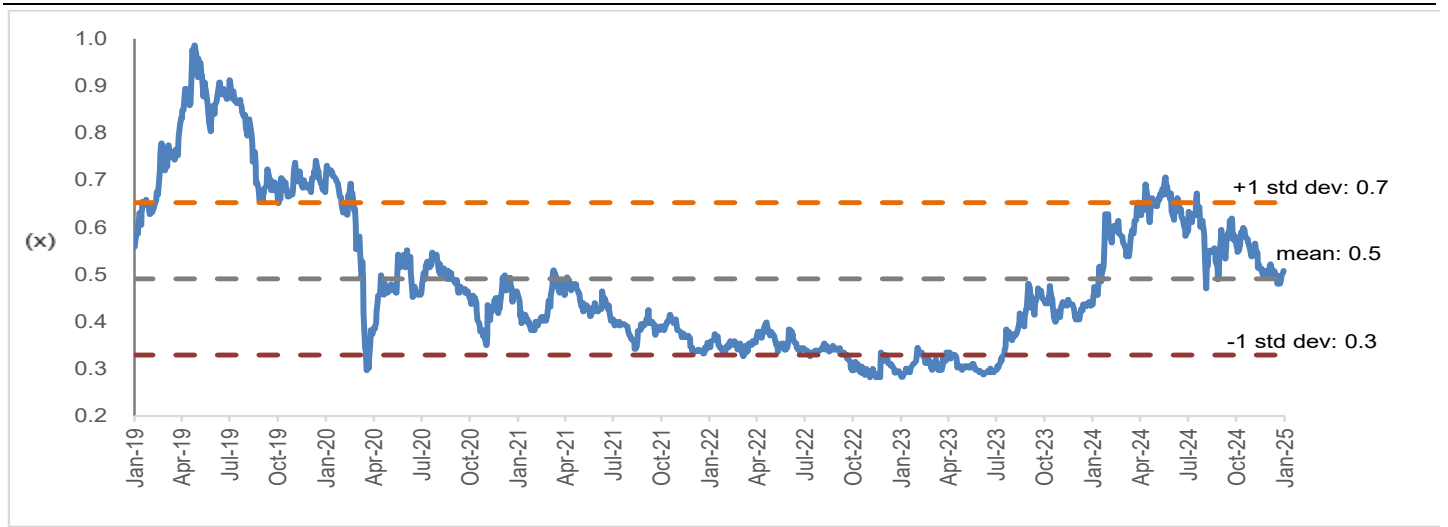
**Earnings to pick up in FY26–27F**

We project MRCB's FY26–27F core earnings to be higher at RM69–110m (FY25: RM39m), as recognition from the two newly secured cornerstone projects — LRT3 Phase 2 and KSSA — starts to filter through. We expect work momentum for LRT3 Phase 2 to pick up following the scheduled commencement of rail services under the first phase on 31 Dec 2025. As for KSSA, demolition work on the old Shah Alam Malawati Stadium is approximately 75% complete and is on track to be completed by Dec 2025 to facilitate earthworks. This paves the way for the commencement of construction work on the main building tentatively by 1H26, when design works are set to be completed (reconstruction of the stadium, a parking plaza, and connections to the LRT3 project). On the property front, MRCB's earnings will be boosted by the completion of two major developments: 26 VISTA (Gold Coast) and MARIS (Southport, Queensland).

**Figure 2: SOTP valuation**

Divisions/Operations	Size (acres)	psf	Value (RM) m	/share	Method	% of NAV	Effective stake (%)
<b>Landbank</b>							
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		
<b>Sub-total</b>	<b>849.4</b>		<b>323.4</b>	<b>0.07</b>		<b>3.9</b>	
<b>Development properties</b>							
Development projects			6,860.3	1.40	NPV @ 9%		100.0
<b>Sub-total</b>			<b>6,860.3</b>	<b>1.40</b>		<b>83.8</b>	
<b>Investment properties</b>							
	NLA/room bays		Value (RM) m	/share	Method		Effective stake (%)
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
<b>Sub-total</b>			<b>241.8</b>	<b>0.05</b>		<b>3.0</b>	
<b>Property management</b>							
Quill Capita Management (QCM)			91.3	0.02	NPI@7%		41.0
<b>Sub-total</b>			<b>91.3</b>	<b>0.02</b>		<b>1.1</b>	
<b>Construction &amp; Facilities Management</b>							
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%		
<b>Sub-total</b>			<b>891.7</b>	<b>0.18</b>		<b>10.9</b>	
<b>Listed-investments</b>							
Sentral REIT			258.0	0.05	Market Value		27.8
<b>Sub-total</b>			<b>258.0</b>	<b>0.05</b>		<b>3.1</b>	
Others			394.6	0.08	Net book value as of FY23		
<b>Sub-total</b>			<b>394.6</b>	<b>0.08</b>		<b>4.8</b>	
<b>Gross NAV</b>							
Net cash/(debt)			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	
<b>Total NAV</b>			<b>8,190.6</b>	<b>1.67</b>		<b>100.0</b>	
FD no of shares			4,906.0				
<b>NAV/share</b>			<b>1.67</b>				
<b>TP (less: 50% discount)</b>			<b>0.83</b>				
Share price as of 27 Nov 2025			0.42				
Upside (%)			98.8				
FY26F Yield (%)			2.9				
<b>Total Return (%)</b>			<b>101.6</b>				
<b>Discount to NAV (%)</b>			<b>(74.8)</b>				
<b>Implied FY26F PE (x)</b>			<b>50.3</b>				

Source: CIMB Securities, Company reports

**Figure 3: Historical P/BV band**


Source: CIMB Securities, Company reports, Bloomberg

## Financial Information

**Figure 4: Profit and Loss**

(RMm)	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
<b>Revenue</b>	<b>2,514</b>	<b>1,645</b>	<b>1,538</b>	<b>1,773</b>	<b>3,047</b>
Gross profit	393	319	397	476	732
<b>EBITDA</b>	<b>108</b>	<b>195</b>	<b>195</b>	<b>247</b>	<b>323</b>
Depreciation and amortisation	(86)	(49)	(80)	(82)	(84)
<b>EBIT</b>	<b>21</b>	<b>146</b>	<b>116</b>	<b>166</b>	<b>240</b>
Financial income	23	27	24	17	12
Financial expense	(113)	(109)	(124)	(117)	(110)
Income/(loss) from assoc.	12	11	55	36	42
Non-operating (expense) / Income	0	0	0	0	0
<b>Profit before tax (pre-EI)</b>	<b>(56)</b>	<b>75</b>	<b>71</b>	<b>102</b>	<b>184</b>
Exceptional items	167	0	0	0	0
<b>Pre-tax profit</b>	<b>111</b>	<b>75</b>	<b>71</b>	<b>102</b>	<b>184</b>
Taxation	(33)	(11)	(25)	(26)	(56)
<b>Profit after tax</b>	<b>78</b>	<b>64</b>	<b>45</b>	<b>76</b>	<b>128</b>
Minority interests	0	0	(6)	(7)	(18)
<b>Net profit</b>	<b>78</b>	<b>64</b>	<b>39</b>	<b>69</b>	<b>110</b>
<b>Core net profit</b>	<b>(90)</b>	<b>64</b>	<b>39</b>	<b>69</b>	<b>110</b>
Core EPS (sen)	(2.0)	1.4	1.1	1.7	2.5

Source: CIMB Securities, Company

**Figure 5: Cash Flow**

(RMm)	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
EBITDA	108	195	195	247	323
Cash flow from invt. & assoc.	(12)	(11)	(55)	(36)	(42)
Change in working capital	644	(420)	11	(370)	108
(Incr)/decr in total provisions	nm	nm	nm	nm	nm
Other non-cash (income)/expense	nm	nm	nm	nm	nm
Other operating cash flow	(241)	(71)	(145)	(163)	(154)
Net interest (paid)/received	90	82	100	100	98
Tax paid	(96)	(51)	(25)	(26)	(56)
<b>Cash flow from operations</b>	<b>492</b>	<b>(275)</b>	<b>81</b>	<b>(249)</b>	<b>278</b>
Capex	(51)	(1)	(100)	(100)	(100)
Disposals of FAs/subsidiaries	450	95	0	0	0
Acq. of subsidiaries/investments	nm	nm	nm	nm	nm
Other investing cash flow	(67)	(147)	0	0	0
<b>Cash flow from investing</b>	<b>332</b>	<b>(53)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>
Debt raised/(repaid)	(255)	457	(163)	(163)	(163)
Proceeds from issue of shares	0	0	0	0	0
Shares repurchased	nm	nm	nm	nm	nm
Dividends paid	(45)	(45)	(45)	(40)	(54)
Preferred dividends	nm	nm	nm	nm	nm
Other financing cash flow	(90)	(108)	0	0	0
<b>Cash flow from financing</b>	<b>(390)</b>	<b>305</b>	<b>(208)</b>	<b>(203)</b>	<b>(217)</b>
Total cash generated	434	(24)	(226)	(552)	(39)
<b>Free cash flow to equity</b>	<b>186</b>	<b>181</b>	<b>(182)</b>	<b>(512)</b>	<b>15</b>
<b>Free cash flow to firm</b>	<b>441</b>	<b>(276)</b>	<b>(19)</b>	<b>(349)</b>	<b>178</b>

Source: CIMB Securities, Company

## Financial Information

**Figure 6: Balance Sheet**

(RMm)	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Total cash and equivalents	972	999	773	220	181
Total debtors	1,799	2,020	1,307	1,555	1,669
Inventories	496	382	626	888	1,585
Total other current assets	114	35	22	11	0
<b>Total current assets</b>	<b>3,382</b>	<b>3,436</b>	<b>2,727</b>	<b>2,674</b>	<b>3,436</b>
Fixed assets	734	759	757	753	746
Total investments	2,122	2,209	2,303	2,378	2,459
Intangible assets	177	124	118	113	107
Total other non-current assets	2,318	2,380	2,380	2,380	2,380
<b>Total non-current assets</b>	<b>5,463</b>	<b>5,598</b>	<b>5,684</b>	<b>5,750</b>	<b>5,819</b>
Short-term debt	311	581	267	247	1,338
Current portion of long-term debt	nm	nm	nm	nm	nm
Total creditors	1,804	1,491	1,032	1,173	2,093
Other current liabilities	14	5	5	5	5
<b>Total current liabilities</b>	<b>2,129</b>	<b>2,077</b>	<b>1,305</b>	<b>1,425</b>	<b>3,436</b>
Total long-term debt	1,491	1,678	1,829	1,686	432
Hybrid debt - debt component	nm	nm	nm	nm	nm
Total other non-current liabilities	625	658	657	656	655
<b>Total non-current liabilities</b>	<b>2,115</b>	<b>2,337</b>	<b>2,486</b>	<b>2,342</b>	<b>1,088</b>
Total provisions	0	0	0	0	0
<b>Total liabilities</b>	<b>4,245</b>	<b>4,414</b>	<b>3,791</b>	<b>3,768</b>	<b>4,523</b>
Shareholders' equity	4,594	4,615	4,609	4,638	4,694
Minority interests	6	5	11	19	37
<b>Total equity</b>	<b>4,600</b>	<b>4,620</b>	<b>4,621</b>	<b>4,657</b>	<b>4,731</b>

Source: CIMB Securities, Company

**Figure 7: Key Ratios**

	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Revenue growth (%)	(21.6)	(34.6)	(6.5)	15.3	71.8
EBITDA growth (%)	(65.5)	81.1	0.2	26.5	30.8
EBITDA margin (%)	4.3	11.9	12.7	13.9	10.6
Net cash per share (sen)	(18.6)	(28.2)	(29.6)	(38.3)	(35.6)
BVPS (RM)	1.0	1.0	1.0	1.0	1.1
Net 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 ratio (%)	57.5	70.2	101.9	77.8	81.4
Accounts receivables days	287.1	423.6	394.6	294.5	193.1
Inventory days	110.3	120.8	161.0	213.0	195.1
Accounts payables days	310.7	453.4	403.4	310.2	257.5
ROIC (%)	0.5	3.5	2.7	3.7	5.2
ROCE (%)	0.7	2.6	2.1	2.7	3.8
Return on average assets (%)	(1.0)	0.7	0.5	0.8	1.2

Source: CIMB Securities, Company

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

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