

# Malaysian Resources Corporation

## Rebuilding earnings momentum

- MRCB's 4Q25 core profit of RM19m (+3.6x QoQ) beat expectations; construction EBIT rose to RM82m in 4Q25 (4Q24: RM22m; 3Q25: RM14m).
- We cut our FY26–27F core profit estimates by 50–55% but project a strong earnings rebound in FY27F, supported by a low-base effect and ramp-up of new project billings.
- Maintain Buy with lower TP of RM0.53 (from RM0.83); stock is backed by an RM8.4bn active tender book and RM4.4bn in new property launches for FY26F.

### FY25 results surpass expectations

MRCB ended FY25 on a strong note with 4Q25 core profit surging 3.6x QoQ (29x YoY) to RM19m. This took FY25 core profit to RM47m, surpassing expectations at 120% of our full-year forecast (116% of consensus). MRCB also declared a final DPS of 1 sen — 11% above our forecast of 0.9 sen. We attribute the huge uptick in MRCB's 4Q25 earnings performance to a surge in construction EBIT to RM82m (vs. RM22m in 4Q24 and RM14m in 3Q25) as contributions from higher-value ongoing projects (e.g., Muara Sungai Pahang Phase 3 [88% completed as of FY25]) pick up. However, construction revenue slipped 10% QoQ to RM269m as the LRT 3 Phase 1 project reached 99% completion as of end-2025. For the full year, core FY25 profit slipped 26% YoY (revenue fell 27% YoY to RM1.2bn) as newly secured projects (e.g., the redevelopment of Kompleks Sukan Shah Alam [KSSA] and LRT 3 Phase 2) are still at the initial phases of physical ramp-up.

### Consolidating for future growth

In Mar 2025, MRCB announced a land swap exercise that involves the group disposing of its 70% stake in Cyberview Development Sdn Bhd (CDSB) — the developer for 53 acres of land under Phase 1 of the proposed Cyberjaya City Centre (CCC) project — to Cyberview Sdn Bhd (CSB) for RM219m. MRCB subsequently agreed to acquire 37 acres of land near CCC from CSB for RM288m. In Sep 2025, MRCB agreed to fork out RM1.7bn to buy out the remaining 80% stake in Bukit Jalil Sentral (BJS) for RM1.7bn. The two corporate exercises enable MRCB to assume full control over its prime land bank located within Cyberjaya and Bukit Jalil, the two main data centre (DC) hubs in the Klang Valley.

### RM8.4bn construction tender book; FY26F property launches set at RM4.4bn

MRCB has an active tender book of RM8.4bn and aims to secure RM4bn worth of new construction wins in FY25F. The key job bids include the Penang Airport Extension (Package 3); the Penang LRT systems package; and road, climate adaptation, and energy grid infrastructure projects, while negotiations are ongoing for the redevelopment of KL Sentral. On the property front, MRCB will unveil five new projects in FY26F with a combined gross development value of RM4.4bn (FY25 new property sales: RM927m): (i) Parcel A, 9 Seputeh; (ii) Kolektif (Lot R), KL Sentral; (iii) PJ Sentral Tower 1; (iv) PJ Sentral Tower 5; and (v) Bukit Rahman Putra Phase 3.

### Maintain Buy with lower TP of RM0.53

Despite the strong FY25 earnings beat, we cut our earnings estimates for FY26F and FY27F by 55% and 50%, respectively, on (i) higher interest expenses (mainly to account for additional debt required to fund the KSSA construction works and full consolidation of BJS; FY25 net gearing at 41% vs. 27% in FY24); and (ii) slower-than-anticipated initial progress for the LRT 3 Phase 2 project (5% as of end-FY25; actual construction works have not commenced). Following our earnings downgrade, we reduce our SOP-based TP to RM0.53 (from RM0.83), and project MRCB's core earnings to rebound to RM55m in FY27F (+39% YoY) and accelerate further to RM83m in FY28F (+55%). The firmer earnings trajectory for FY27–28F is underpinned by three major drivers: (i) a marked pick-up in the billings cycle for the KSSA and LRT 3 Phase 2 projects, (ii) lumpy profit recognition from the scheduled completion of Maris and 25 Vista (by FY28F), and (iii) RM4.4bn in new property launches (all domestic) for FY26F that can be progressively recognised. Maintain Buy on MRCB; the stock is trading at a steep 79% discount to its SOP value of RM1.51 (P/BV: 0.3x) and is backed by a healthy end-FY25 construction order book of RM5.7bn. Key re-rating catalyst: higher job wins. Key risk factor: delays in the monetisation of BJS and the Cyberjaya land.

**BUY** (no change)

 Share price: **RM0.31** Target price: **RM0.53** ▼

RM0.31 RM0.53

**Consensus:** Buy:3 Hold:2 Reduce:1

### Stock information

Bloomberg ticker	MRC MK
Refinitiv ticker	MYRS.KL
Share price (RM)	0.31
Market cap (US\$m/RMm)	356/1,385
ADTV (RMm)	4.2
Free float (%)	40.3
Upside/(downside) (%)	71.0
CIMB/consensus TP (%)	(11.7)

### Earnings forecast

	Dec-25A	Dec-26F	Dec-27F
Core net profit (RMm)	47.3	30.8	54.9
Core EPS (sen)	1.0	0.9	1.2
Core EPS growth (%)	(32.3)	(8.5)	39.3
FD core P/E (x)	32.1	35.1	25.2
Recurring ROE (%)	1.0	0.7	1.2
P/BV (x)	0.3	0.3	0.3
DPS (sen)	1.0	1.0	1.0
Dividend yield (%)	3.2	3.2	3.2

Source: CIMB Securities

### Price performance

	1M	3M	12M
Absolute (%)	(19.5)	(25.3)	(32.6)
Relative (%)	(16.9)	(29.6)	(37.7)

Source: Bloomberg, CIMB Securities

### Research analyst(s)


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**Figure 1: Result comparison**

FYE 31 Dec (RM m)	4Q25	4Q24	yoy %	3Q25	qoq %	FY25	FY24	yoy %
	FY25	FY24	chg	FY25	chg	cum	cum	chg
Revenue	371.8	375.4	(1.0)	310.0	19.9	1,197.8	1,650.1	(27.4)
Operating costs	(333.8)	(366.7)	(9.0)	(308.1)	8.3	(1,139.3)	(1,549.8)	(26.5)
EBITDA	38.0	8.7	339.4	1.9	1,885.3	58.5	100.3	(41.7)
EBITDA margin (%)	10.2	2.3	7.9	0.6	9.6	4.9	6.1	(1.2)
Depn & amort.	5.7	14.0	(59.0)	11.0	(47.9)	42.3	46.1	(8.1)
EBIT	43.8	22.6	93.4	12.9	238.9	100.8	146.4	(31.1)
Interest expense	(33.6)	(26.1)	28.5	(26.0)	29.0	(114.8)	(108.8)	5.5
Interest & invt inc	27.5	6.2	346.2	33.0	(16.6)	72.3	26.7	171.0
Associates' contrib	3.8	2.7	38.1	3.6	3.8	14.8	10.8	na
Exceptionals	-	-	nm	-	nm	-	-	nm
<b>Pretax profit</b>	<b>41.5</b>	<b>5.4</b>	<b>669.3</b>	<b>23.6</b>	<b>76.2</b>	<b>73.2</b>	<b>75.0</b>	<b>(2.5)</b>
Tax	(23.0)	(4.7)	385.9	(18.4)	25.1	(26.1)	(11.5)	127.4
Tax rate (%)	55.4	87.7	(32.3)	78.1	(22.6)	35.7	15.3	20.4
Minority interests	0.1	(0.0)	(275.0)	(0.1)	(201.8)	0.3	0.1	126.6
<b>Net profit</b>	<b>18.6</b>	<b>0.6</b>	<b>2,849.4</b>	<b>5.1</b>	<b>262.9</b>	<b>47.3</b>	<b>63.7</b>	<b>(25.7)</b>
<b>Core net profit</b>	<b>18.6</b>	<b>0.6</b>	<b>2,849.4</b>	<b>5.1</b>	<b>262.9</b>	<b>47.3</b>	<b>63.7</b>	<b>(25.7)</b>
EPS (sen)	0.4	0.0	2,849.4	0.3	23.1	1.1	1.4	(25.7)
Core EPS (sen)	0.4	0.0	2,849.4	0.3	23.1	1.1	1.4	(25.7)

Source: CIMB Securities, Company

**Figure 2: SOP model**

Divisions/Operations	Size (acres)	Value (RM)		Method	% of NAV	Effective stake (%)
		psf	m /share			
<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	822.1	5	179.0	0.04	Market value	
<b>Sub-total</b>	<b>839.2</b>		<b>321.2</b>	<b>0.07</b>		<b>4.3</b>
<b>Development properties</b>						
Development projects			6,162.4	1.26	NPV @ 9%	100.0
<b>Sub-total</b>			<b>6,162.4</b>	<b>1.26</b>		<b>83.4</b>
		NLA/room bays	Value (RM) m /share	Method		Effective stake (%)
<b>Investment properties</b>						
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>3.3</b>
<b>Property management</b>						
Sentral REIT Management			102.4	0.02	NPI@7%	41.0
<b>Sub-total</b>			<b>102.4</b>	<b>0.02</b>		<b>1.4</b>
<b>Construction &amp; Facilities Management</b>						
Construction			929.2	0.19	11x FY26F net profit	
Facilities management			197.5	0.04	Net book value as of FY24	
<b>Sub-total</b>			<b>1,126.7</b>	<b>0.23</b>		<b>15.3</b>
<b>Listed-investments</b>						
Sentral REIT			261.0	0.05	Market Value	27.8
<b>Sub-total</b>			<b>261.0</b>	<b>0.05</b>		<b>3.5</b>
Others			261.5	0.05	Net book value as of FY24	
<b>Sub-total</b>			<b>261.5</b>	<b>0.05</b>		<b>3.5</b>
<b>Gross NAV</b>			<b>8,477.0</b>	<b>1.73</b>		
Net cash/(debt)			(1,637.3)	(0.33)	Company leve as of 31 Dec 2024	(22.2)
Proceeds from ESOS/warrant conversions			548.1	0.11	Warrants B exercise price: RM1.25	7.4
<b>Total NAV</b>			<b>7,387.7</b>	<b>1.51</b>		<b>100.0</b>
FD no of shares			4,906.0			
<b>NAV/share</b>			<b>1.51</b>			
<b>TP (less: 65% discount)</b>			<b>0.53</b>			
Share price as of 27 Feb 2026			0.31			
Upside (%)			70.0			
FY26F Yield (%)			3.2			
<b>Total Return (%)</b>			<b>73.2</b>			
<b>Discount to NAV (%)</b>			<b>(79.4)</b>			
<b>Implied FY26F PE (x)</b>			<b>59.7</b>			

Source: CIMB Securities, Bloomberg, Company reports

## Financial Information

**Figure 3: Profit and Loss**

(RMm)	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
<b>Revenue</b>	<b>1,645</b>	<b>1,198</b>	<b>1,396</b>	<b>1,889</b>	<b>3,512</b>
Gross profit	319	249	370	510	855
<b>EBITDA</b>	<b>195</b>	<b>143</b>	<b>189</b>	<b>266</b>	<b>387</b>
Depreciation and amortisation	(49)	(42)	(83)	(84)	(86)
<b>EBIT</b>	<b>146</b>	<b>101</b>	<b>105</b>	<b>182</b>	<b>301</b>
Financial income	27	72	52	35	22
Financial expense	(109)	(115)	(127)	(147)	(173)
Income/(loss) from assoc.	11	15	31	31	39
Non-operating (expense) / Income	0	0	0	0	0
<b>Profit before tax (pre-EI)</b>	<b>75</b>	<b>73</b>	<b>61</b>	<b>101</b>	<b>190</b>
Exceptional items	0	0	0	0	0
<b>Pre-tax profit</b>	<b>75</b>	<b>73</b>	<b>61</b>	<b>101</b>	<b>190</b>
Taxation	(11)	(26)	(25)	(38)	(83)
<b>Profit after tax</b>	<b>64</b>	<b>47</b>	<b>36</b>	<b>63</b>	<b>107</b>
Minority interests	0	0	(5)	(8)	(24)
<b>Net profit</b>	<b>64</b>	<b>47</b>	<b>31</b>	<b>55</b>	<b>83</b>
<b>Core net profit</b>	<b>64</b>	<b>47</b>	<b>31</b>	<b>55</b>	<b>83</b>
Core EPS (sen)	1.4	1.0	0.9	1.2	1.8

Source: CIMB Securities, Company

**Figure 4: Cash Flow**

(RMm)	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
<b>EBITDA</b>	<b>195</b>	<b>143</b>	<b>189</b>	<b>266</b>	<b>387</b>
Cash flow from invt. & assoc.	(11)	(15)	(31)	(31)	(39)
Change in working capital	(420)	(658)	(53)	(505)	(399)
(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)	126	(119)	(194)	(261)
Net interest (paid)/received	82	42	75	113	150
Tax paid	(51)	(25)	(25)	(38)	(83)
<b>Cash flow from operations</b>	<b>(275)</b>	<b>(386)</b>	<b>35</b>	<b>(389)</b>	<b>(245)</b>
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
<b>Cash flow from investing</b>	<b>(53)</b>	<b>(61)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>
Debt raised/(repaid)	457	290	137	237	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
<b>Cash flow from financing</b>	<b>305</b>	<b>153</b>	<b>92</b>	<b>192</b>	<b>392</b>
Total cash generated	(24)	(294)	28	(297)	47
<b>Free cash flow to equity</b>	<b>181</b>	<b>(554)</b>	<b>72</b>	<b>(252)</b>	<b>92</b>
<b>Free cash flow to firm</b>	<b>(276)</b>	<b>(844)</b>	<b>(65)</b>	<b>(489)</b>	<b>(345)</b>

Source: CIMB Securities, Company

## Financial Information

Figure 5: Balance Sheet

(RMm)	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Total cash and equivalents	999	658	685	389	436
Total debtors	2,020	2,117	1,262	1,035	770
Inventories	382	692	844	1,247	2,402
Total other current assets	35	46	531	617	304
<b>Total current assets</b>	<b>3,436</b>	<b>3,513</b>	<b>3,322</b>	<b>3,288</b>	<b>3,912</b>
Fixed assets	759	724	722	718	711
Total investments	2,209	2,022	2,091	2,161	2,238
Intangible assets	124	132	126	121	115
Total other non-current assets	2,380	2,557	2,557	2,557	2,557
<b>Total non-current assets</b>	<b>5,598</b>	<b>5,589</b>	<b>5,651</b>	<b>5,710</b>	<b>5,776</b>
Short-term debt	581	1,027	293	2,285	2,764
Current portion of long-term debt	nm	nm	nm	nm	nm
Total creditors	1,491	1,240	984	756	946
Other current liabilities	5	10	10	10	10
<b>Total current liabilities</b>	<b>2,077</b>	<b>2,276</b>	<b>1,287</b>	<b>3,050</b>	<b>3,720</b>
Total long-term debt	1,678	1,522	2,393	638	595
Hybrid debt - debt component	nm	nm	nm	nm	nm
Total other non-current liabilities	658	682	681	680	679
<b>Total non-current liabilities</b>	<b>2,337</b>	<b>2,204</b>	<b>3,074</b>	<b>1,318</b>	<b>1,275</b>
Total provisions	0	0	0	0	0
<b>Total liabilities</b>	<b>4,414</b>	<b>4,481</b>	<b>4,361</b>	<b>4,368</b>	<b>4,995</b>
Shareholders' equity	4,615	4,619	4,605	4,615	4,653
Minority interests	5	2	7	15	40
<b>Total equity</b>	<b>4,620</b>	<b>4,621</b>	<b>4,612</b>	<b>4,630</b>	<b>4,693</b>

Source: CIMB Securities, Company

Figure 6: Key Ratios

	Dec-24A	Dec-25A	Dec-26F	Dec-27F	Dec-28F
Revenue growth (%)	(34.6)	(27.2)	16.6	35.3	85.9
EBITDA growth (%)	81.1	(26.6)	31.7	41.3	45.1
EBITDA margin (%)	11.9	12.0	13.5	14.1	11.0
Net cash per share (sen)	(28.2)	(42.3)	(44.8)	(56.7)	(65.5)
BVPS (RM)	1.0	1.0	1.0	1.0	1.0
Net interest cover (x)	1.8	2.4	1.4	1.6	2.0
Effective tax rate (%)	15.3	35.7	41.4	37.6	43.6
Net dividend payout ratio (%)	70.2	94.4	145.1	81.4	108.2
Accounts receivables days	423.6	630.3	441.7	221.9	93.8
Inventory days	120.8	206.5	273.1	276.6	250.7
Accounts payables days	453.4	525.1	395.5	230.2	116.9
ROIC (%)	3.5	2.1	2.0	3.3	5.1
ROCE (%)	2.6	2.5	2.2	2.9	4.1
Return on average assets (%)	0.7	0.5	0.3	0.6	0.9

Source: CIMB Securities, Company

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**RATING GUIDE**

<i>Stock Rating</i>	<i>Definition</i>
<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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