



Malaysian Resources Corporation Berhad

(1651 | MRC MK) Main | Construction

Maintain BUY

MRCB Strengthens TOD Portfolio

Unchanged Target Price: RM0.67

KEY INVESTMENT HIGHLIGHTS

- **Memorandum of Agreement (MOA) for Ipoh Sentral signed on 23 Jan 2025; GDV of RM6.26b**
- **Ipoh Sentral spans 67 acres; designed as a TOD with residential, commercial, and public spaces.**
- **20-year phased development to commence in FY25, aligning with Ipoh Smart City 2030 initiative and existing Ipoh Raya Integrated Park**
- **Maintain BUY with an unchanged TP of RM0.67**

Memorandum of agreement finalized. On 23 January 2025, Country Annexe Sdn Bhd, a wholly owned subsidiary of MRCB, entered into a Memorandum of Agreement (MOA) with Ipoh Sentral Sdn Bhd (ISSB) to jointly undertake the development of the Ipoh Sentral Transit-Oriented Development (TOD). The project will carry a GDV of RM6.26b, marking a transformative milestone for Ipoh's urban landscape. The project is planned over 20 years, with construction expected to commence in FY25.

TOD expertise. The Ipoh Sentral project, a TOD initiative, involves developing approximately 67 acres of land adjacent to the iconic Ipoh KTM station, rebranded as Ipoh Sentral. It is designed to create a modern, vibrant mixed-use hub that includes affordable housing, a hotel, commercial spaces, green areas, and educational institutions. The TOD will act as a gateway to the central region of Peninsular Malaysia, connecting Ipoh with key cities like Kuala Lumpur and Penang. MRCB's experience in TOD projects is well established, with notable developments such as Penang Sentral (GDV: RM2.9b) and KL Sentral in 2001, Malaysia's largest transit hub. Its current order book includes ongoing projects such as PJ Sentral, Kwasa Sentral, the redevelopment of KL Sentral (expected to bring in >RM1.0b in revenue), and the long-term Bukit Jalil Sentral contract. Thus, as the master developer, MRCB will oversee all phases of the project, leveraging its extensive track record and backing from a major shareholder making them a frontrunner for TOD projects.

Strategic focus shift. On December 19, 2024, MRCB exited the Berjaya-led consortium bidding for the multi-billion-ringgit Kuala Lumpur-Singapore High-Speed Rail (HSR) project to pursue other strategic opportunities. This decision could be tied to the success of securing the Ipoh Sentral tender, which aligns closely with MRCB's expertise in TODs.

Strategic vision and economic impact. The project is aligned with the Ipoh SMART City 2030 Initiative, reflecting a commitment to sustainable urban development and tourism promotion. The development fosters economic growth by attracting investments, businesses, and tourism to Perak while enhancing connectivity by seamlessly linking multiple transit modes, including trains and buses, to improve mobility and reduce dependency on private vehicles. Phase 1 of the project will prioritize community-focused developments, including a central plaza for art and culture, cycling paths, green parks, and upgraded public facilities, laying the foundation for subsequent phases which are set to include

RETURN STATISTICS	
Price @ 23 rd Jan 2025 (RM)	0.52
Expected share price return (%)	+28.9
Expected dividend yield (%)	+1.5
Expected total return (%)	+30.4



Price performance (%)	Absolute	Relative
1 month	5.1	6.3
3 months	-1.0	-9.0
12 months	-2.8	-7.8

INVESTMENT STATISTICS			
FYE Dec	2024E	2025F	2026F
Revenue	2,918.5	3,064.4	3,217.7
EBIT	277.3	291.1	313.7
Profit Before Tax	160.5	168.5	177.0
Core PATAMI	73.0	79.7	83.7
Core EPS	1.6	1.8	1.9
DPS	1.0	1.0	1.0
Dividend Yield	1.5	1.5	1.5

KEY STATISTICS	
FBM KLCI	1,577.20
Issued shares (m)	4467.51
Estimated free float (%)	38.27
Market Capitalisation (RM'm)	2,323.10
52-wk price range	RM0.47 -
3-mth average daily volume (m)	10.93
3-mth average daily value (RM'm)	5.80
Top Shareholders (%)	
Employees Provident Fund Board	36.21
Gapurna Sdn Bhd	15.48
Lembaga Tabung Haji	5.35

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laying the foundation for subsequent phases which are set to include residential units, offices, public spaces, commercial/retail, transport terminal, pedestrian-friendly plazas and expanded green areas.

Complementary development in Ipoh. MRCB's existing Ipoh Raya Integrated Park, launched in 2022, strategically complements the Ipoh Sentral project. Both developments aim to revitalize Ipoh and create sustainable growth for the region:

- **Integrated ecosystem:** The Ipoh Raya Integrated Park's logistics and industrial infrastructure can support the economic activities generated by Ipoh Sentral, enhancing accessibility for businesses and residents alike.
- **Economic synergy:** The park's six-phased plan, including logistics hubs, agro-based industrial hubs, and worker accommodations, aligns with Ipoh Sentral's role in creating a mixed-use urban hub, amplifying economic opportunities for the region.
- **Enhanced regional economic impact:** Together, these projects are projected to generate significant employment opportunities, with Ipoh Raya alone expected to create approximately 15,000 jobs. The combined developments will transform Ipoh into a key economic corridor, attracting businesses and talent alike.
- **Sustainability focus:** Both developments emphasize environmental and social sustainability, with Ipoh Raya focusing on comprehensive infrastructure and green spaces, aligning with the TOD principles underpinning Ipoh Sentral. This creates a cohesive vision for modern urban living and business efficiency in Perak.

Earnings estimates and TP. This MOA is not expected to materially impact MRCB's net assets or earnings for FY24/25. Earnings recognition from the Ipoh Sentral TOD is anticipated to begin in FY26, given the phased development timeline starting in FY25. As such, we are maintaining our earnings estimates going forward. We are also maintaining our **TP** at **RM0.67** as we peg a +1SD historical-forward P/B ratio of 0.64x to the group's estimated FY25F BVPS of RM1.04.

Maintain BUY. We expect MRCB's performance to be bolstered by its recent success in securing the Ipoh Sentral project, which leverages its proven expertise in TODs. This, along with its complementary Ipoh Raya Integrated Park, positions MRCB to play a pivotal role in transforming Ipoh into a key economic hub. The group's strong track record in high-value TODs such as KL Sentral, Penang Sentral, and the long-term Bukit-Jalil Sentral, combined with its strategic focus shift from the Kuala Lumpur-Singapore HSR project to projects with immediate value, enhances confidence in its growth prospects. With a robust pipeline of ongoing projects and with our **TP** remaining unchanged at **RM0.67**, we maintain our recommendation of **BUY**.



Figure 1: Ipoh Sentral masterplan



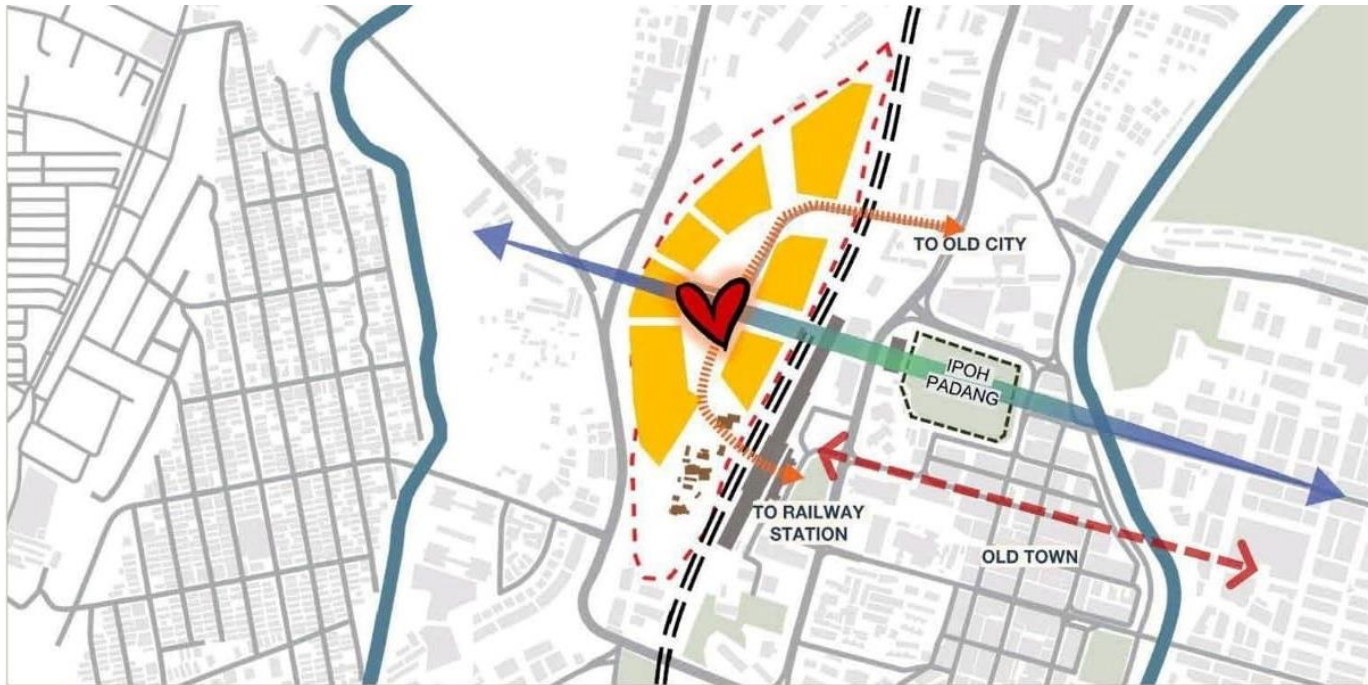
Source: Konzepte, Company

Figure 2: Ipoh Sentral masterplan



Source: Konzepte, Company

Figure 3: Station map layout



Source: Company

FINANCIAL SUMMARY

FYE 31 st December	2022A	2023A	2024E	2025F	2026F
Revenue (RM'm)	3,205.1	2,514.1	2,918.5	3,064.4	3,217.7
EBIT (RM'm)	253.4	234.6	277.3	291.1	313.7
Pre-tax profit (RM'm)	154.3	134.2	160.5	168.5	177.0
Normalised PATAMI (RM'm)	64.8	-66.3	73.0	79.7	83.7
FD EPS (sen)	1.5	-1.5	1.6	1.8	1.9
Dividend (sen)	1.0	1.0	1.0	1.0	1.0
Dividend yield (%)	2.3	2.5	1.5	1.5	1.5
Balance Sheet (RM'm)	2022A	2023A	2024E	2025F	2026F
Fixed assets	699.2	680.9	646.9	656.6	669.7
Intangible assets	194.8	177.0	175.8	167.0	167.0
Non-current assets	5,681.3	5,448.5	5,413.3	5,414.2	5,427.3
Cash	533.6	972.0	500.0	500.0	501.0
Trade receivables	1,328.3	1,262.8	2,601.9	2,810.1	2,810.1
Current assets	3,547.3	3,920.3	4,787.4	4,995.5	4,996.5
Trade payables	1,765.0	1,773.3	1,734.6	1,873.4	1,873.4
Short-term debt	840.8	311.0	915.6	869.8	870.8
Current liabilities	2,697.3	2,154.8	3,082.9	3,352.3	3,335.4
Long-term debt	1,215.9	1,490.5	1,732.7	1,646.0	1,647.0
Non-current liabilities	1,994.6	2,255.6	2,497.8	2,411.1	2,412.1
Share capital	4,356.1	4,356.1	4,356.1	4,356.1	4,356.1
Retained earnings	183.0	240.7	260.9	287.3	317.3
Equity	4,536.7	4,599.7	4,619.9	4,646.3	4,676.3

Cash Flow (RM'm)	2022A	2023A	2024F	2025F	2026F
PBT	61.3	134.2	160.5	168.5	177.0
Operating cash flow	-219.3	-146.4	-120.1	-112.1	-103.6
Capital expenditure	32.7	29.4	27.9	25.1	26.1
Investing cash flow	43.9	40.6	39.1	36.3	37.3
Debt raised/(repaid)	517.6	77.6	-32.2	-30.7	-29.7
Financing cash flow	281.8	158.2	48.4	49.9	50.9
Net cash flow	281.8	52.4	-32.6	-25.9	-15.5
Beginning cash flow	465.6	571.9	624.3	591.7	565.8
Ending cash flow	571.9	624.3	591.7	565.8	550.3

Profitability Margins	2022A	2023A	2024E	2025F	2026F
EBIT margin	7.9%	9.3%	9.5%	9.5%	9.8%
PBT margin	4.8%	5.3%	5.5%	5.5%	5.5%
PAT margin	2.0%	4.0%	2.5%	2.6%	2.6%
Core PAT margin	2.0%	-2.6%	2.5%	2.6%	2.6%

Source: Bloomberg, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology