

AUTOMOTIVE

Maintain NEUTRAL

Developing Headwinds, What Has Been Priced In?

KEY INVESTMENT HIGHLIGHTS

- We had argued previously that the Covid-19 outbreak is unlikely to have a direct supply impact on Malaysian autos. However, we flagged the risk of the knock-on economic impact of the outbreak, which is now compounded by a collapse in global crude oil prices.
- We cut our 2020F TIV to 581,367 units from 605,375 units previously; we now project a 3.8%yoy contraction instead of a 0.2%yoy growth. Sector CY20F/21F earnings is trimmed by an average 24%.
- Market cap of auto players under coverage have devalued by 24%-49% in the past 1 month; market is already discounting a -25%yoy contraction in FY20F sector earnings, relative to our -9% expectation.
- Remain **NEUTRAL** on autos given challenging macro environment, weaker RM and rising forecast risk. **MBM Resources (BUY, TP: RM3.70)** and **Bermaz Auto (BUY, TP: RM1.40)** remain our sector picks.

Developing headwinds. We had argued in our previous thematic piece ([Too Early to Push the Panic Button?](#)) that the Covid-19 outbreak is unlikely to have a direct supply impact to Malaysian autos given that the majority of components and kits are sourced from ASEAN, in particular Thailand. Moreover, plants in China have now started to resume production. However, we flagged the risk of the knock-on economic impact of the outbreak, which is now compounded by a collapse in global crude oil prices; this is likely to have eventual negative implications on the Malaysian economy and ultimately, auto demand in the near-term (our in-house 2020 GDP forecast had recently been revised down to 3.5% from 4.3% previously).

Adopting a more cautious stance. Given these developing headwinds and the resultant downward revision to our GDP forecast, we slash our 2020F TIV to 581,367 units from 605,375 units previously. We now project a 3.8%yoy contraction instead of a 0.2%yoy growth previously. Compounding the expected demand contraction is our expectation of a weaker Ringgit of USD:RM4.22 (average) this year (revised from USD:RM4.18 previously), against FY19A average of USD:RM4.15, which will inflate OEMs' cost base to a certain extent this year. We estimate around 9% to 20% (depending on localization rate) of an OEM's blended cost base to consist of imported components, which is exposed to forex fluctuation, mainly in USD and JPY.

Sector earnings trimmed. The combination of weaker demand and weaker Ringgit is expected to hit auto sector earnings in FY20F. In this report, and in-line with the cut in our FY20F TIV, we trim our aggregate sector earnings by 24.1%/24.2% over CY20F/CY21F (*further details in individual company write-up*). Forecast risk is expected to rise over the next 12 months given the uncertain macro situation, notwithstanding the fiscal and monetary measures announced thus far.

COMPANY IN FOCUS

MBM Resources Bhd

Maintain **BUY** | Revised Target price: RM3.70
Price @ 24th March 2020: RM2.55

- Beneficiary of Perodua's upcoming B-segment SUV
- Cheap proxy to Perodua at just 5x FY20F earnings
- Attractive dividend yields of 9% backed by a solid balance sheet; net cash accounts for 23% of market cap

Share price chart



Bermaz Auto Bhd

Maintain **BUY** | Revised Target price: RM1.40
Price @ 24th March 2020: RM1.03

- FY20F volumes to be catalyzed by launch of the CX8, facelift CX5 and CX30
- Well positioned to benefit from NAP 2020's export push
- Solid dividend yields of 8%, net cash accounts for 7% of market cap, trades at just 8x CY20F earnings

Share price chart



PEER COMPARISON TABLE

Companies	Rating	Shr Price (RM)	PE (x)		P/BV (x)	ROE (%)	Div Yield (%)	Target Price (RM)	Total Upside (%)
			CY20F	CY21F					
Bermaz Auto	BUY	1.03	8.2	7.6	2.0	25.7	8.1	1.40	44.0
Tan Chong	NEUTRAL	1.00	11.3	10.3	0.2	2.3	4.0	0.90	-6.0
UMW Holdings	NEUTRAL	2.02	11.1	10.1	0.6	6.3	2.5	2.15	9.0
MBM Resources	BUY	2.55	5.6	5.5	0.5	10.2	9.0	3.70	54.1

Source: Company MIDFR

Impact to valuations. In summary, we trim MBM's TP to RM3.70 from RM4.55, BAuto to RM1.40 from RM2.10, Tan Chong to RM0.90 from RM1.30 and UMW to RM2.15 from RM3.40 previously. These changes reflect the downward earnings revisions in this report on top of lower valuation multiples to reflect the challenging macro outlook and rising earnings risk. Our valuations reflect our expectation of an 8%/14%/20% year-on-year contraction in CY20F earnings for MBM, BAuto and UMW respectively. For Tan Chong, we still expect a 26%yoy earnings improvement (from +56% previously) against an already depressed base in FY19 and on the back of launch of the new Almera in 2H20 which is likely to see a recalibration in pricing and kit costing to reflect current USD:RM rates.

Market has built-in bearish expectations. Share prices of auto stocks under our coverage have fallen by between 24% to 49% in the past one month (the rapid sell down began mainly in the second half of February). BAuto and UMW were the worst hit with a 45% and 49% market cap devaluation respectively, while MBM and Tan Chong saw a 69% and 24% hit in the period. Assuming the market cap devaluation entirely reflects the market's deviating expectation of FY20F earnings vs. consensus (working backwards on the magnitude of share price retracement against consensus earnings levels back in February), we estimate that the market is now already pricing in some 25%yoy contraction in FY20F sector earnings. Our revised CY20F earnings on the other hand, implies a relatively less bearish 9%yoy contraction, bearing in mind that sector earnings had already contracted by 18%yoy in CY19 against a record base in CY18. However, we reiterate the elevated forecast risk currently, considering the uncertainties surrounding containment of the Covid-19 outbreak and by extension, the global commodity price situation. The last sector earnings downcycle in 2016 and 2017 saw sector earnings fall by 39% and 17% respectively. This however, has to be taken in context with the sharp 13% fall in TIV in 2016, which was a year post-GST introduction and amid the global crude oil price collapse back then.

Exhibit 1: Market already implying a 25% FY20F earnings contraction at current price levels

Companies	Share price retracement **	EPS (sen)			CY20F vs. CY19A EPS Growth		
		Consensus CY20F [^]	Market implied CY20F*	Actual CY19	Market implied	Consensus ^{^^}	MIDF
MBM Resources	-35.6%	54.3	35.0	49.5	-29.4%	5.2%	-7.6%
Bermaz Auto	-44.9%	17.6	9.7	14.6	-33.3%	21.1%	-14.2%
UMW Holdings	-49.1%	33.5	17.0	22.8	-25.2%	16.7%	-19.9%
Tan Chong Motor	-24.2%	12.1	9.2	7.1	30.0%	20.6%	25.7%
Sector Aggregate		117.5	70.9	94.0	-24.6%	11.6%	-9.1%

* Discounted against consensus EPS as of Feb20, based on share price retracement from that point to-date

**Current price vs. price as of Feb20

[^] As of Feb20

^{^^}Based on current consensus forecast


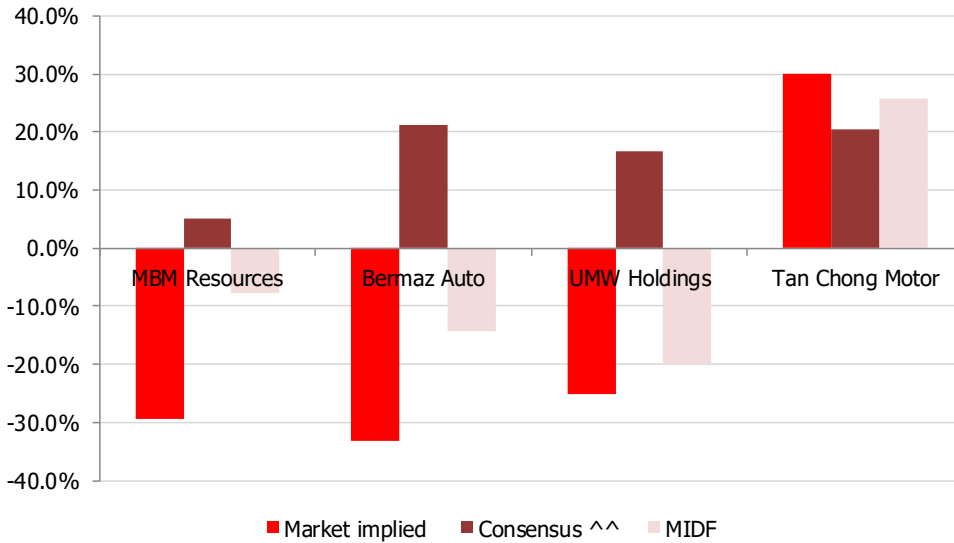
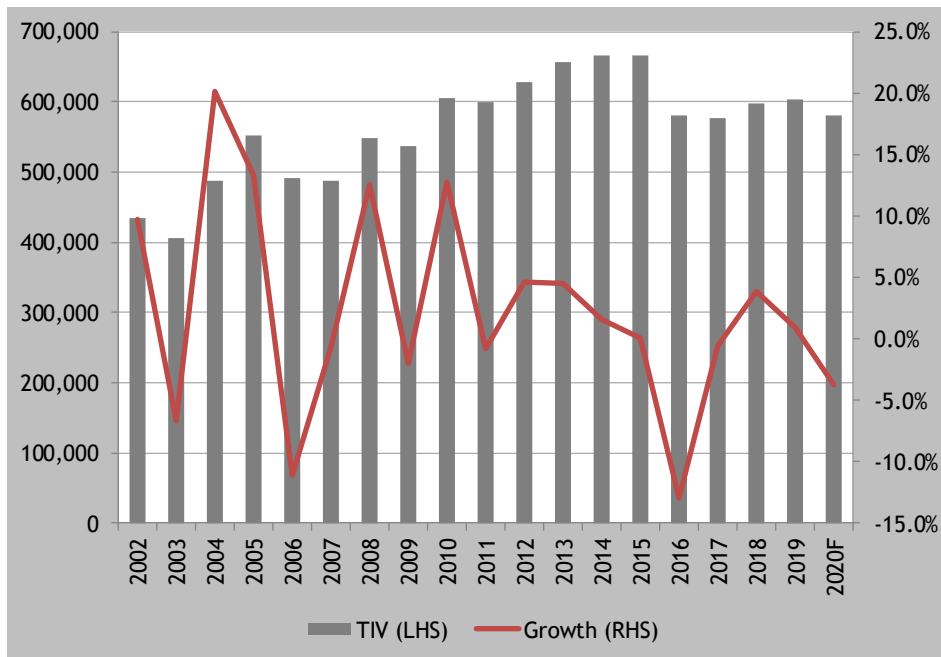
Backed by solid balance sheets. Positively, auto players under our coverage have built up solid balance sheet positions since the last downcycle. MBM Resources and BAuto are in solid net cash positions currently, while both Tan Chong and UMW, entail net gearing of just 37%. A recalibration of production plans in the context of an expected demand slowdown however, is critical as overproduction could quickly lead to an inventory overhang and a deterioration in balance sheet positions, as what was experienced during the 2008 global financial crisis and the 2016-2017 sector slowdown. 

Exhibit 2: CY20F year-on-year earnings growth expectations



Source: Companies, Bloomberg, MIDFR

Exhibit 3: Historical TIV



Source: MAA, MIDFR

Exhibit 4: Historical TIV and forecasts

	2015	2016	2017	2018	2019	2020F
Proton	102,175	72,290	70,991	64,744	100,183	97,178
Perodua	213,307	207,110	204,887	227,243	240,341	231,948
Toyota	93,760	63,757	69,492	65,551	69,091	63,535
Honda	94,902	91,830	109,511	102,282	85,418	83,283
Nissan	47,235	40,706	27,154	28,610	21,239	22,689
Mazda	14,325	12,493	9,730	16,038	11,651	11,973
Others	100,927	91,939	84,870	94,130	76,364	70,763
Total	666,631	580,125	576,635	598,598	604,287	581,367
Market Share						
Proton	15.3%	12.5%	12.3%	10.8%	16.6%	16.7%
Perodua	32.0%	35.7%	35.5%	38.0%	39.8%	39.9%
Toyota	14.1%	11.0%	12.1%	11.0%	11.4%	10.9%
Honda	14.2%	15.8%	19.0%	17.1%	14.1%	14.3%
Nissan	7.1%	7.0%	4.7%	4.8%	3.5%	3.9%
Mazda	2.1%	2.2%	1.7%	2.7%	1.9%	2.1%
Others	15.1%	15.8%	14.7%	15.7%	12.6%	12.2%
Growth						
Proton	-11.8%	-29.2%	-1.8%	-8.8%	54.7%	-3.0%
Perodua	9.1%	-2.9%	-1.1%	10.9%	5.8%	-3.5%
Toyota	-8.1%	-32.0%	9.0%	-5.7%	5.4%	-8.0%
Honda	22.5%	-3.2%	19.3%	-6.6%	-16.5%	-2.5%
Nissan	1.9%	-13.8%	-33.3%	5.4%	-25.8%	6.8%
Mazda	25.9%	-12.8%	-22.1%	64.8%	-27.4%	2.8%
Others	-14.4%	-8.9%	-7.7%	10.9%	-18.9%	-7.3%
Total	0.0%	-13.0%	-0.6%	3.8%	1.0%	-3.8%

Source: MAA, 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.

Tan Chong Motor Holdings Berhad

(4405 | TCM MK) Consumer Products & Services | Automotive

A Slew of New Models amid a Challenging Backdrop

KEY INVESTMENT HIGHLIGHTS

- **Developing macro headwinds to impact industry volumes. FY20F/21F Nissan TIV revised lower; we now project a 6.8%/yoy growth in FY20F Nissan TIV from 8% previously**
- **FY20F/21F earnings revised down by 19%/18%, still expecting double-digit FY20F EPS growth driven by new Almera in 2H20**
- **TP cut to RM0.90 (from RM1.30); downgrade Tan Chong to NEUTRAL from BUY - challenging macro environment, weak RM and rising forecast risk could weigh on share price in near-term**

Developing headwinds. We had argued in our previous thematic sector piece ([Too Early to Push the Panic Button?](#)) that the Covid-19 outbreak is unlikely to have a direct supply impact to Malaysian autos given that the majority of components and kits are sourced from ASEAN, in particular Thailand. Moreover, plants in China have now started to resume production. However, we flagged the risk of the knock-on economic impact of the outbreak, which is now compounded by a collapse in global crude oil prices; this is likely to have eventual negative implications on the Malaysian economy and ultimately, auto demand in the near-term (our in-house 2020 GDP forecast had recently been revised down to 3.5% from 4.3% previously).

Earnings revision. In this report, we trim our FY20F/21F Nissan TIV to 22.7K/22.8K units, in line with our more bearish view on industry volumes this year. Our projection now represents a 6.8%/1%yoy growth in Nissan FY20F/21F TIV (from an 8%/2% growth anticipated previously). In line with the lower TIV projection, we trim our FY20F/21F earnings by 19%/18% respectively. Our revised forecasts reflect a 26%yoy growth in FY20F to be driven by launch of the new Almera in 2H20, which should be accompanied by improved margins, notwithstanding expectations of a weaker RM this year (USD:RM4.22 vs. FY19A: USD:RM4.15).

New Almera launch in 2H20. Tan Chong revealed its plans to launch the new Nissan Almera in 2H20. The model is long overdue for replacement having been in the market for 8 years (initial launch in Oct12). Details on spec and pricing is not forthcoming yet, but the current generation Almera is priced at RM69,888 to RM79,888. At its launch back in 2012, management was targeting monthly volumes of 1K-2K units/month, though actual volumes registered in the initial months of launch were much better at >2K. Other possible new models include the Nissan Kicks (B-segment SUV) and the new Sylphy (C-segment sedan), but these have yet to be factored into our projections. The former in particular, fills an important gap in Tan Chong's model mix.

Downgrade to NEUTRAL

(from BUY)

Revised Target Price: RM0.90

(from RM1.30)

RETURN STATISTICS

Price @ 24 th March 2020 (RM)	1.00
Expected share price return (%)	-10.0
Expected dividend yield (%)	+4.0
Expected total return (%)	-6.0

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	-18.9	-9.0
3 months	-22.6	-5.7
12 months	-32.2	-16.5

KEY STATISTICS

FBM KLCI	1338.01
Syariah compliant	No
Issue shares (m)	652.45
Estimated free float (%)	39.64
Market Capitalisation (RM'm)	672.02
52-wk price range	RM0.98 - RM1.65
Beta vs FBM KLCI (x)	0.61
Monthly velocity (%)	11.02
Monthly volatility (%)	17.97
3-mth average daily volume (m)	0.11
3-mth average daily value (RM'm)	0.13
Top Shareholders (%)	
Tan Chong Consolidated Sdn Bhd	40.44
Employees Provident Fund Board	6.06
Nissan Motor Co Ltd	5.72

Analyst(s)


HAFRIZ Hezry
 hafriz.hezry @midf.com.my
 03-2173 8392

INVESTMENT STATISTICS

FYE Dec	FY17	FY18	FY19	FY20F	FY21F
Revenue (RM'm)	4,341.2	4,858.2	4,172.4	4,391.7	4,465.1
EBIT (RM'm)	(18.7)	226.8	169.6	141.8	146.8
Pre-tax Profit (RM'm)	(72.8)	178.6	114.3	78.3	84.3
Core net profit (RM'm)	(88.6)	99.7	47.4	59.6	65.3
FD EPS (sen)	(13.2)	14.8	7.1	8.9	9.7
EPS growth (%)	NA	NA	(52.5)	25.7	9.6
PER (x)	(7.6)	6.7	14.2	11.3	10.3
Net Dividend (sen)	2.0	4.0	4.0	4.0	4.0
Net Dividend Yield (%)	2.0	4.0	4.0	4.0	4.0

Source: Company, MIDFR

Slated to improve margins. It should be noted that the current generation Almera was launched in 2012 – we presume negotiations and kit pricing would have taken place during the 2011-2012 period, when the Ringgit was at around USD:RM3.20 levels. Given significant depreciation of the Ringgit now (which is at ~USD:RM4.40 levels), the current generation Almera would have turned into a barely profitable model. However, costing for the new Almera is likely to have been negotiated closer to current forex levels, which should improve the yields generated from the model, though we would not rule out some increase in end-pricing.

Recommendation. We downgrade Tan Chong to **NEUTRAL** from **BUY**. In line with the downward earnings revisions in this report, our **TP** is cut to **RM0.90** (from RM1.30 previously). This is also after attributing a lower 10x PER (from 12x) given a more challenging macro environment and rising forecast risk over the next 12 months. Despite this, Tan Chong is now trading at depressed FY20F PBV of 0.2x, which should cushion against any further downside from current levels. 

THE NEW NISSAN ALMERA



Source: Various, MIDFR

Income Statement	FY17	FY18	FY19	FY20F	FY21F
Revenue	4,341.2	4,858.2	4,172.4	4,391.7	4,465.1
Operating expenses	(4,359.9)	(4,631.4)	(4,002.9)	(4,249.8)	(4,318.4)
EBIT	(18.7)	226.8	169.6	141.8	146.8
Net interest expense	(57.5)	(49.4)	(57.6)	(66.1)	(66.0)
Associates	3.4	1.2	2.3	2.5	3.5
PBT	(72.8)	178.6	114.3	78.3	84.3
Taxation	(23.6)	(76.0)	(67.6)	(17.9)	(18.2)
Minority Interest	(7.8)	(1.5)	(3.0)	(0.8)	(0.8)
Net profit	(88.6)	101.0	43.6	59.6	65.3
Core net profit	(88.6)	99.7	47.4	59.6	65.3
<i>Consensus net profit</i>	<i>(93.7)</i>	<i>81.0</i>	<i>62.3</i>	<i>79.8</i>	<i>94.5</i>
<i>MIDF/Consensus</i>			<i>-24%</i>	<i>-25%</i>	<i>-31%</i>
Balance Sheet	FY17	FY18	FY19	FY20F	FY21F
Non-current assets	2,933.9	2,823.1	3,188.7	3,203.8	3,219.3
PPE	1,832.6	1,773.1	2,251.0	2,263.7	2,275.6
Investments in associate	40.8	42.3	43.8	46.3	49.8
Others	1,060.5	1,007.7	893.9	893.9	893.9
Current assets	2,466.3	2,651.2	2,641.1	2,650.5	2,651.1
Inventories	1,186.0	1,238.8	1,527.1	1,583.3	1,609.8
Receivables	696.1	634.0	575.0	596.2	606.2
Others	266.2	256.4	131.2	111.6	111.8
Cash & equivalent	318.0	522.1	407.8	359.3	323.3
TOTAL ASSETS	5,400.1	5,474.3	5,829.7	5,854.3	5,870.3
Share capital	336.0	336.0	336.0	336.0	336.0
Minority Interest	(14.5)	(12.8)	(11.5)	(10.8)	(10.0)
Reserves	2,459.9	2,511.0	2,685.2	2,711.9	2,744.4
TOTAL EQUITY	2,781.4	2,834.2	3,009.6	3,037.1	3,070.4
Non-current liabilities	985.1	1,017.1	926.8	896.8	866.8
Long-term borrowings	748.1	748.7	499.3	469.3	439.3
Deferred tax liabilities	161.2	159.8	0.7	0.7	0.7
Others	75.8	108.7	426.8	426.8	426.8
Current liabilities	1,633.6	1,623.0	1,893.3	1,920.4	1,933.2
Short-term borrowings	1,029.7	774.5	1,096.9	1,096.9	1,096.9
Payables	592.1	820.3	735.8	762.9	775.6
Others	11.8	28.1	60.7	60.7	60.7
TOTAL LIABILITIES	2,618.8	2,640.1	2,820.1	2,817.2	2,800.0

Cash Flow Statement	FY17	FY18	FY19	FY20F	FY21F
Operating activities					
PBT	(111.6)	178.6	114.3	78.3	84.3
Depreciation & Amortization	140.4	100.4	137.4	137.3	138.1
Chgs in working capital	283.3	418.2	(183.3)	(30.7)	(23.9)
Interest expense	(65.1)	(76.2)	(79.8)	(78.3)	(76.8)
Tax paid	13.6	(42.8)	(15.5)	(17.9)	(18.2)
Others	3.4	(49.3)	62.4	68.5	66.0
CF from Operations	264.0	528.9	35.6	157.1	169.4
Investing activities					
Capex	(110.8)	(89.5)	(296.9)	(150.0)	(150.0)
Others	(120.8)	39.3	138.9	1.4	1.4
CF from Investments	(231.5)	(50.2)	(158.0)	(148.6)	(148.6)
Financing activities					
Dividends paid	(13.1)	(26.9)	(26.9)	(26.9)	(26.9)
Net proceeds in borrowings	79.8	(255.9)	42.5	(30.0)	(30.0)
Others	(0.3)	7.0	(6.1)	0.0	0.0
CF from Financing	66.5	(275.8)	9.6	(56.9)	(56.9)
Net changes in cash	98.9	202.9	(112.8)	(48.4)	(36.1)
Beginning cash	219.8	318.7	521.6	408.8	361.4
Overdrafts & Deposits	0.0	0.0	0.0	1.0	2.0
Ending cash	318.7	521.6	408.8	361.4	327.3
Ratios	FY17	FY18	FY19	FY20F	FY21F
Revenue growth	-21.2%	11.9%	-14.1%	5.3%	1.7%
EBIT growth	-200.1%	NA	-25.2%	-16.3%	3.5%
Core net profit growth	50.6%	NA	-52.5%	25.7%	9.6%
PBT margin	-1.7%	3.7%	2.7%	1.8%	1.9%
Core net profit margin	-2.0%	2.1%	1.1%	1.4%	1.5%
ROA	-1.6%	1.8%	0.8%	1.0%	1.1%
ROE	-3.2%	3.5%	1.6%	2.0%	2.1%
Net gearing (%)	52.5%	35.3%	39.5%	39.7%	39.5%
Book value/share (RM)	4.14	4.22	4.48	4.52	4.57
PBV (x)	0.24	0.24	0.22	0.22	0.22
Interest Cover (x)	1.4	6.7	4.6	4.2	0.0
FCF (RMm)	32.4	478.7	(122.4)	8.4	20.8

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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.

Bermaz Auto Berhad

(5248 | BAUTO MK) Automotive & Parts | Personal Goods

Maintain BUY

Macro Headwinds May Dent Anticipated Recovery

Revised Target Price: RM1.40
(from RM2.10)


KEY INVESTMENT HIGHLIGHTS

- **Developing macro headwinds to impact industry volumes**
- **FY20F/21F Mazda TIV now revised lower to 11.4K/12.2K units; we now project a 28%yoy contraction in FY20F Mazda TIV followed by a 7% recovery in FY21F**
- **An anticipated 4QFY20 earnings recovery may not materialize given developing macro headwinds; FY20F-22F earnings revised down by 7%-15%.**
- **TP trimmed to RM1.40 (from RM2.10) but BUY maintained as share price has retraced >30% in the past one month**

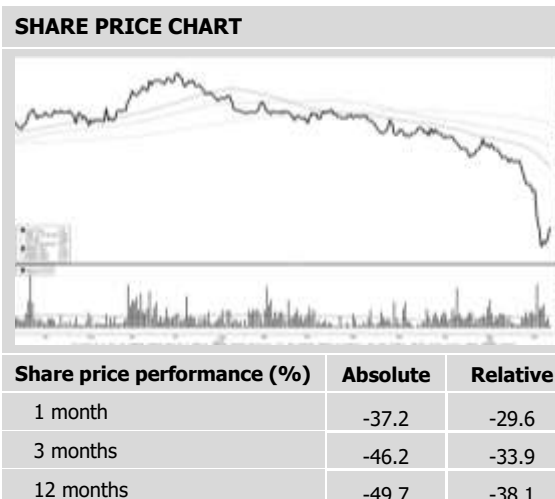
Developing headwinds. We had argued in our previous thematic sector piece ([Too Early to Push the Panic Button?](#)) that the Covid-19 outbreak is unlikely to have a direct supply impact to Malaysian autos given that the majority of components and kits are sourced from ASEAN, in particular Thailand. Moreover, plants in China have now started to resume production. However, we flagged the risk of the knock-on economic impact of the outbreak, which is now compounded by a collapse in global crude oil prices; this is likely to have eventual negative implications on the Malaysian economy and ultimately, auto demand in the near-term (our in-house 2020 GDP forecast had recently been revised down to 3.5% from 4.3% previously).

Earnings revision. In this report, we trim our FY20F/21F Mazda TIV to 11.4K/12.2K units, in line with our more bearish view on industry volumes this year. Our projection now represents a 28%yoy contraction in Mazda's FY20F TIV though this is expected to recover by 7% in FY21F. In line with the lower TIV projection, we trim our FY20F/21F/22F by 7%/15%/14% respectively.

Recovery may not come as expected. Though we acknowledge that the drag to BAUTO's earnings in 9MFY20 had been largely driven by the delay in price approval for the CX8 and facelift CX5 (which had since end-CY19 been resolved), the recovery that we had anticipated in the upcoming 4QFY20 may not materialize given the macro implications of the Covid-19 outbreak and most recently, the drastic Government measures for a lockdown for around half a month in March 2020.

Recommendation. Following the earnings revisions and after pegging BAUTO to a lower 10x PER (from 13x previously), our **TP** is trimmed to **RM1.40** from RM2.10. Despite this, we maintain our **BUY** call on BAUTO as share price has retraced significantly by over 30% in the just past one month. Key catalysts: (1) Launch of the CX8, facelift CX5 and CX30 in 2QFY20-3QFY20 (2) Dividend outperformance (3) Potential NAP incentives to drive CBU exports (4) Potential introduction of a 3rd CKD model (5) Potential brand expansion riding on Inokom's enlarged capacity and BAUTO's solid balance sheet. 

RETURN STATISTICS	
Price @ 24 th March 2020 (RM)	1.03
Expected share price return (%)	+31.1
Expected dividend yield (%)	+10.5
Expected total return (%)	+41.6



KEY STATISTICS	
FBM KLCI	1338.01
Syariah compliant	Yes
Issue shares (m)	1159.741
Estimated free float (%)	51.98692
Market Capitalisation (RM'm)	1313.263386
52-wk price range	RM0.93 - RM2.78
Beta vs FBM KLCI (x)	1.045302
Monthly velocity (%)	11.02314046
Monthly volatility (%)	19.10277203
3-mth average daily volume (m)	3.283183
3-mth average daily value (RM'm)	5.762448
Top Shareholders (%)	
Employees Provident Fund Board	13.81
DYNAMIC MILESTONE SDN BHD	13.56
Kumpulan Wang Persaraan	6.3

Analyst
HAFRIZ Hezry
hafriz.hezry@midf.com.my
03-2173 8392

INVESTMENT STATISTICS

FYE Apr	FY18	FY19	FY20F	FY21F	FY22F
Revenue (RM'm)	1,992.9	2,492.1	1,951.8	2,158.1	2,223.0
EBIT (RM'm)	178.8	284.0	128.1	168.9	170.8
Pre-tax Profit (RM'm)	197.2	342.3	155.8	201.6	203.6
Core net profit (RM'm)	140.1	265.3	121.8	157.3	158.7
FD EPS (sen)	12.1	22.8	10.5	13.5	13.6
EPS growth (%)	17.6	89.4	(54.1)	29.2	0.9
PER (x)	8.5	4.5	9.9	7.6	7.6
Net Dividend (sen)	10.4	21.3	8.4	10.8	10.9
Dividend Yield (%)	10.1	20.6	8.1	10.5	10.6

Source: Company, MIDFR

BERMAZ AUTO: SUM-OF-PARTS VALUATION

	FY21F net profit (RMm)	PE (x)	Value (RMm)
Malaysia	154.1	10	1,541
Philippines	3.1	10	31
Total value			1,573
Shares out (m) - fully diluted			1,165
Value/share (RM)			1.40

Source: Company, MIDFR

EXHIBIT 1: MAZDA DOMESTIC UNIT SALES BREAKDOWN

Sales volume (units) - Malaysia	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
CBU						
Mazda 2	333	415	533	247	276	48
Mazda 3		-		143	207	165
Mazda 5		1	2		1	2
Mazda 6	38	79	64	36	38	21
Biante	1					
CX3	715	912	119	232	175	135
CX30						102
CX9	41	48	52	24	38	51
MX5	5	1	8	2	7	2
BT50	17	11	46	26	7	5
Total CBU	1,150	1,467	824	710	749	531
CKD						
Mazda 3	189	276	163	101	33	7
CX5	3,196	3,300	2,296	2,449	1,612	1,133
CX8						571
Total CKD	3,385	3,576	2,459	2,550	1,645	1,711
Grand Total	4,535	5,043	3,283	3,260	2,394	2,242

Source: Company, MIDFR

Income Statement	FY18	FY19	FY20F	FY21F	FY22F
Revenue	1,993	2,492	1,952	2,158	2,223
Operating expenses	-1,814	-2,208	-1,824	-1,989	-2,052
EBIT	179	284	128	169	171
Net interest expense	-3	8	0	0	0
Associates	21	50	28	33	33
PBT	197	342	156	202	204
Taxation	-46	-74	-32	-42	-43
Minority Interest	11	-3	-2	-2	-2
Net profit	140	265	122	157	159
Core net profit	140	265	122	157	159
<i>Consensus net profit</i>	<i>131</i>	<i>254</i>	<i>178</i>	<i>219</i>	<i>231</i>
<i>MIDF / Consensus</i>			<i>-32%</i>	<i>-28%</i>	<i>-31%</i>
Balance Sheet	FY18	FY19	FY20F	FY21F	FY22F
Non-current assets	196.8	269.5	290.8	318.8	348.0
PPE	19.8	31.2	24.9	20.1	16.5
Investments in associate	133.6	183.8	211.5	244.2	277.0
Others	43.4	54.5	54.5	54.5	54.5
Current assets	654.9	690.9	661.0	680.0	688.9
Inventories	247.4	277.9	217.7	240.7	247.9
Receivables	100.4	92.6	72.6	80.2	82.6
Others	0.3	0.1	0.1	0.1	0.1
Cash & equivalent	306.8	320.2	370.7	358.9	358.2
TOTAL ASSETS	851.7	960.4	951.9	998.7	1,036.9
Share capital	603.0	607.9	607.9	607.9	607.9
Minority Interest	47.7	45.2	47.2	49.3	51.5
Others	(126.2)	(41.8)	(17.4)	14.0	45.8
TOTAL EQUITY	524.5	611.3	637.7	671.2	705.2
Non-current liabilities	65.1	101.7	101.7	101.7	101.7
Long-term borrowings	0.0	0.0	0.0	0.0	0.0
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Others	65.1	101.7	101.7	101.7	101.7
Current liabilities	262.1	247.4	212.5	225.8	230.0
Short-term borrowings	46.1	0.0	0.0	0.0	0.0
Payables	140.2	161.0	126.1	139.4	143.6
Others	75.8	86.4	86.4	86.4	86.4
TOTAL LIABILITIES	327.2	349.1	314.2	327.5	331.7

Cash Flow Statement	FY18	FY19	FY20F	FY21F	FY22F
Operating activities					
PBT	185.7	342.3	155.8	201.6	203.6
Depreciation & Amortization	(0.5)	4.0	0.6	3.2	4.1
Chgs in working capital	36.0	(2.0)	45.4	(17.4)	(5.5)
Interest expense	1.1	0.7	0.0	0.0	0.0
Tax paid	0.0	0.0	0.0	0.0	0.0
Others	(22.0)	(95.4)	(51.9)	(71.4)	(74.0)
CF from Operations	200.2	249.5	149.9	116.1	128.2
Investing activities					
Capex	(2.0)	(18.1)	(2.0)	(2.0)	(2.0)
Others	4.2	11.2	0.0	0.0	0.0
CF from Investments	2.2	(6.9)	(2.0)	(2.0)	(2.0)
Financing activities					
Dividends paid	(104.2)	(190.3)	(97.4)	(125.8)	(126.9)
Net proceeds in borrowings	(12.8)	(46.1)	0.0	0.0	0.0
Others	(2.2)	(0.6)	0.0	0.0	0.0
CF from Financing	(119.2)	(236.9)	(97.4)	(125.8)	(126.9)
Net changes in cash	83.3	5.6	50.5	(11.7)	(0.7)
Beginning cash	251.3	306.8	320.2	370.7	358.9
Overdrafts & Deposits	(21.3)	7.8	0.0	0.0	0.0
Ending cash	306.8	320.2	370.7	358.9	358.2
Ratios	FY18	FY19	FY20F	FY21F	FY22F
Revenue growth	4.1%	19.8%	-21.7%	10.6%	3.0%
EBITDA growth	5.8%	70.4%	-55.3%	33.7%	1.6%
Net profit growth	6.1%	108.7%	-54.1%	29.2%	0.9%
EBITDA margin	8.1%	11.6%	6.5%	7.7%	7.5%
PATAMI margin	6.1%	10.6%	6.2%	7.3%	7.1%
ROE	27.6%	43.4%	19.1%	23.4%	22.5%
ROA	18.7%	27.6%	12.8%	15.7%	15.3%
Net gearing (%)	-49.7%	-52.4%	-58.1%	-53.5%	-50.8%
Book value/share (RM)	0.41	0.49	0.51	0.53	0.56
PBV (x)	2.5	2.1	2.0	1.9	1.8
EV/EBITDA (x)	3.5	1.9	3.8	3.0	3.0
FCF yield (%)	17.0	20.2	12.3	9.5	10.5

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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.

MBM Resources Berhad

(5983 | MBM MK) Consumer Products & Services | Automotive

Maintain BUY

Backed by a Solid Balance Sheet

Revised Target Price: RM3.70

(from RM4.55)

KEY INVESTMENT HIGHLIGHTS


- **Developing macro headwinds to impact industry volumes**
- **Perodua FY20F TIV now revised lower to 232K units, representing a 3.5%yoy decline from a 1.6%yoy growth previously**
- **Debt levels pared down to just RM36m, net cash now accounts for some 23% of market cap**
- **Maintain BUY on MBM albeit at a lower TP of RM3.70 (from RM4.55), solid 7% yields on the back of just 5.5x FY20F PER**

Developing headwinds. We had argued in our previous thematic sector piece ([Too Early to Push the Panic Button?](#)) that the Covid-19 outbreak is unlikely to have a direct supply impact to Malaysian autos given that the majority of components and kits are sourced from ASEAN, in particular Thailand. Moreover, plants in China have now started to resume production. However, we flagged the risk of the knock-on economic impact of the outbreak, which is now compounded by a collapse in global crude oil prices; this is likely to have eventual negative implications on the Malaysian economy and ultimately, auto demand in the near-term (our in-house 2020 GDP forecast had recently been revised down to 3.5% from 4.3% previously).

Earnings revision. In this report, we trim our FY20F Perodua TIV to 232K units from 245K units previously, in line with our more bearish view on industry volumes this year. Our projection now represents a 3.5%yoy contraction in Perodua TIV vs. a 1.6%yoy growth previously. In line with the lower TIV projection, we trim our FY20F/21F by 18%/19% respectively.

We stick to our forecast of FY19 total dividends of 23sen/share (45% payout) which translates to a generous yield of 6%. Earlier in FY19, MBM adopted a new dividend policy of a minimum 60% payout at the holding company level (estimated 40%-45% payout at group level). For FY20F and FY21F however, we lower our dividend expectation to a 40% payout. Still, FY20F/21F yields of 7.3%/7.4% are attractive.

Solid balance sheet. MBM's gross debt levels were reduced to RM36m in its recent 4Q19 (from RM148m in 1Q19) as the group pared down debt related to OMIA utilizing partly, it's RM74m proceeds from sale of a 22% stake in Hino in 2Q19. Group net cash of RM228m as of end-4Q19 accounts for some 23% of MBM's market cap.

MBM remains our top sector pick. Maintain **BUY** on MBM albeit at a lower **TP** of **RM3.80** (from RM4.55 previously). At just 5.5x FY20F earnings coupled with an attractive 7% yield, MBM remains a cheap proxy to Perodua. Key catalysts: (1) Launch of Perodua's new B-segment SUV in FY20F (2) Sale of OMIA assets (4) Higher dividends on the back of an underleveraged balance sheet. Risk to our call is weaker than expected demand and a weak RM. 

RETURN STATISTICS

Price @ 24 th March 2020 (RM)	2.52
Expected share price return (%)	+45.3
Expected dividend yield (%)	+7.3
Expected total return (%)	+52.5

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	-35.1	-27.2
3 months	-33.4	-20.0
12 months	-4.8	17.3

KEY STATISTICS

FBM KLCI	1338.01
Syariah compliant	Yes
Issue shares (m)	390.887
Estimated free float (%)	36.06145
Market Capitalisation (RM'm)	1004.581268
52-wk price range (RM)	RM2.5 - RM4.47
Beta vs FBM KLCI (x)	1.090598
Monthly velocity (%)	11.02314046
Monthly volatility (%)	22.49206541
3-mth average daily volume (m)	0.5610588
3-mth average daily value (RM'm)	2.011322
Top Shareholders (%)	
Med-Bumikar Mara Sdn Bhd	49.5
Employees Provident Fund Board	9.42
AIA Bhd	4.03

Analyst(s)

HAFRIZ Hezry

hafriz.hezry@midf.com.my

03-2173 8392

INVESTMENT STATISTICS

FYE Dec	FY17	FY18	FY19	FY20F	FY21F
Revenue (RM'm)	1,732.6	1,928.2	2,088.5	1,771.2	1,792.7
EBIT (RM'm)	(257.6)	12.5	61.0	36.8	40.6
Pre-tax Profit (RM'm)	(148.5)	200.7	263.2	227.8	231.7
Normalised PATAMI (RM'm)	86.1	168.3	193.3	178.5	182.0
FD EPS (sen)	22.1	43.1	49.5	45.8	46.6
EPS growth (%)	1.6	95.6	14.8	-7.6	1.9
PER (x)	11.4	5.8	5.1	5.5	5.4
Net Dividend (sen) *	3.0	12.0	22.4	18.3	18.7
Net Dividend Yield (%) *	1.2	4.8	8.9	7.3	7.4

Source: Company, MIDFR * (1) FY18 dividends includes a 6sen/share final dividend announced in Apr19. (2) Our FY19F dividends include an assumption of a final dividend.

Income Statement (RMm)	FY17	FY18	FY19	FY20F	FY21F
Revenue	1,732.6	1,928.2	2,088.5	1,771.2	1,792.7
Operating expenses	(1,990.1)	(1,915.8)	(2,027.5)	(1,734.5)	(1,752.1)
EBIT	(257.6)	12.5	61.0	36.8	40.6
Net interest expense	(11.3)	(5.9)	2.5	7.1	10.8
Associates/JCE	120.4	194.1	199.6	183.9	180.4
PBT	(148.5)	200.7	263.2	227.8	231.7
Taxation	(7.5)	(11.7)	(8.5)	(22.8)	(23.2)
Minority Interest	(7.2)	23.5	34.1	26.5	26.6
Net profit	(148.8)	165.5	220.5	178.5	182.0
Core net profit	86.1	168.3	193.3	178.5	182.0
Consensus net profit	79.0	138.4	202.2	212.0	218.8
MIDF / Consensus	9.0%	21.6%	-4.4%	-15.8%	-16.8%
Balance Sheet (RMm)	FY17	FY18	FY19	FY20F	FY21F
Non-current assets	1,567.9	1,645.0	1,616.0	1,680.2	1,743.2
PPE	334.7	269.0	231.6	231.5	231.3
Investments in associate	1,105.0	1,207.9	1,218.7	1,273.9	1,331.5
Others	128.2	168.1	165.7	174.8	180.4
Current assets	506.6	464.3	573.4	628.6	692.8
Inventories	148.2	104.8	105.2	89.2	90.3
Receivables	150.5	138.1	142.4	120.8	122.2
Others	14.5	26.7	62.1	62.1	62.1
Cash & equivalent	193.3	194.7	263.7	356.5	418.1
TOTAL ASSETS	2,074.5	2,109.3	2,189.4	2,308.9	2,436.0
Share capital	391.7	391.7	391.7	391.7	391.7
Minority Interest	215.7	250.6	264.1	290.6	317.2
Reserves	1,047.9	1,186.4	1,352.2	1,459.4	1,568.6
TOTAL EQUITY	1,655.3	1,828.6	2,008.0	2,141.6	2,277.4
Non-current liabilities	116.6	92.6	28.6	23.6	18.6
Long-term borrowings	108.2	85.5	19.3	14.3	9.3
Deferred tax liabilities	4.4	5.4	4.9	4.9	4.9
Others	3.9	1.8	4.4	4.4	4.4
Current liabilities	302.6	188.1	152.7	143.6	139.9
Short-term borrowings	168.5	58.2	16.6	11.6	6.6
Payables	131.6	126.1	132.7	128.6	129.9
Others	2.5	3.8	3.4	3.4	3.4
TOTAL LIABILITIES	419.2	280.7	181.4	167.2	158.6

Cash Flow Statement (RMm)	FY17	FY18	FY19	FY20F	FY21F
Operating activities					
PBT	(145.1)	200.7	255.0	205.0	208.6
Depreciation & Amortization	18.1	18.2	19.3	20.1	20.1
Chgs in working capital	65.6	50.0	0.2	33.5	(1.2)
Others	137.2	(204.5)	(245.2)	(183.9)	(180.4)
CF from Operations	75.8	64.4	29.2	74.7	47.1
Investing activities					
Capex	(20.0)	(9.7)	(12.0)	(20.0)	(20.0)
Others	135.6	112.6	236.4	119.5	117.2
CF from Investments	115.6	102.9	224.4	99.5	97.2
Financing activities					
Dividends paid	(61.3)	(24.9)	(70.0)	(71.4)	(72.7)
Net proceeds in borrowings	(102.1)	(144.0)	(106.5)	(10.0)	(10.0)
Others	(17.4)	-	(9.3)	13.5	-
CF from Financing	(180.7)	(169.0)	(185.8)	(67.9)	(82.7)
Net changes in cash	10.8	(1.7)	67.9	106.4	61.6
Beginning cash	209.1	219.8	218.1	286.0	392.3
Overdrafts & Deposits					
Ending cash	219.8	218.1	286.0	392.3	453.9
Ratios	FY17	FY18	FY19	FY20F	FY21F
Revenue growth	3.1%	11.3%	8.3%	-15.2%	1.2%
EBIT growth	NA	-104.8%	389.3%	-39.7%	10.3%
Core net profit growth	1.6%	95.6%	14.8%	-7.6%	1.9%
PBT margin	-8.6%	10.4%	12.6%	12.9%	12.9%
Core net profit margin	5.0%	8.7%	9.3%	10.1%	10.1%
ROE	6.0%	10.7%	11.1%	9.6%	9.3%
ROA	4.1%	8.0%	8.8%	7.7%	7.5%
Net gearing (%)	5.8%	-3.2%	-13.1%	-17.9%	-20.5%
Book value/share (RM)	3.69	4.04	4.47	4.74	5.02
PBV (x)	0.68	0.62	0.56	0.53	0.50
FCF/share (RM)	0.49	0.43	0.65	0.45	0.37
FCF yield	19.5%	17.0%	25.8%	17.7%	14.7%

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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.
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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.
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UMW Holdings Berhad

(4588 | UMWH MK) Consumer Products & Services | Automotive & Parts

Bumpy Ride


KEY INVESTMENT HIGHLIGHTS

- **Developing macro headwinds to impact industry volumes**
- **Toyota TIV revised lower to 63.5K/63.8K units over FY20F/21F; we now expect an 8%yoy contraction**
- **In line with TIV revision (both Toyota and Perodua) and a weaker RM, our earnings are revised lower; we now project FY20F earnings to contract by 20%**
- **M&E division is a bright spot, Trent 7000 fan case production scheduled for 4Q20**
- **Maintain NEUTRAL, TP trimmed to RM2.15 (from RM3.40)**

Developing headwinds. We had argued in our previous thematic sector piece ([Too Early to Push the Panic Button?](#)) that the Covid-19 outbreak is unlikely to have a direct supply impact to Malaysian autos given that the majority of components and kits are sourced from ASEAN, in particular Thailand. Moreover, plants in China have now started to resume production. However, we flagged the risk of the knock-on economic impact of the outbreak, which is now compounded by a collapse in global crude oil prices; this is likely to have eventual negative implications on the Malaysian economy and ultimately, auto demand in the near-term (our in-house 2020 GDP forecast had recently been revised down to 3.5% from 4.3% previously).

Earnings revision. In this report, we trim our FY20F/21F Toyota TIV to 63.5K/63.8K units, in line with our more bearish view on industry volumes this year. Our projection now represents an 8%yoy contraction in Toyota FY20F TIV. In line with the: (1) Lower Toyota TIV projection (2) Lower USD:RM of RM4.22 (from RM4.18 previously) (3) Lower Perodua TIV projection – trimmed to 232K from 245K previously; we trim our FY20F/21F earnings by 32%/30% respectively. We now expect UMW's earnings to contract 20% in FY20F before recovering by 10% in FY21F.

Bright spot in M&E division. The M&E division is a bright spot for UMW. UMW aerospace in particular, saw earnings turnaround a year earlier than planned given higher volumes for fan cases and cost optimization. The group is looking at plant utilization to improve to 70% in FY20F from around 50% last year given further volume ramp-up and commencement of Trent 7000 fan case production in 4Q20.

Recommendation. We remain **NEUTRAL** on UMW; our **TP** is cut to **RM2.15** (from RM3.40) following the earnings revisions in this report. For exposure to Perodua, we recommend investors switch to MBM which offers much cheaper entry, much more attractive dividend yields and a more leveraged exposure to Perodua earnings. 

Maintain NEUTRAL

Revised Target Price: RM2.15

(Previously RM3.40)

RETURN STATISTICS

Price @ 24 th March 2020 (RM)	2.02
Expected share price return (%)	+6.4
Expected dividend yield (%)	+1.8
Expected total return (%)	+8.2

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	-35.9	-28.1
3 months	-49.9	-39.9
12 months	-60.8	-51.7

KEY STATISTICS

FBM KLCI	1338.01
Syariah compliant	Yes
Issue shares (m)	1168.293932
Estimated free float (%)	27.53996
Market Capitalisation (RM'm)	2628.661347
52-wk price range	RM1.65 - RM5.74
Beta vs FBM KLCI (x)	1.331886
Monthly velocity (%)	11.02314046
Monthly volatility (%)	13.90853923
3-mth average daily volume (m)	1.288548
3-mth average daily value (RM'm)	3.580464
Top Shareholders (%)	
Skim Amanah Saham Bumiputera	41.14
Employees Provident Fund Board	13.09
Yayasan Pelaburan Bumiputra	7.66

Analyst(s)

HAFRIZ Hezry

hafriz.hezry@midf.com.my

03-2173 8392

INVESTMENT STATISTICS

FYE Dec	FY17	FY18	FY19	FY20F	FY21F
Revenue (RM'm)	11,046.5	11,306.3	11,739.1	8,607.0	8,672.5
EBIT (RM'm)	120.4	522.9	332.6	84.9	144.3
Pre-tax Profit (RM'm)	252.9	786.2	754.8	231.2	279.3
Core net profit (RM'm)	163.8	341.7	266.3	213.5	233.7
FD EPS (sen)	14.0	29.2	22.8	18.3	20.0
EPS growth (%)	NA	108.6	(22.1)	(19.8)	9.5
PER (x)	14.4	6.9	8.4	11.1	10.1
Net Dividend (sen)	6.5	7.5	6.0	3.7	4.0
Net Dividend Yield (%)	3.2	3.7	3.0	1.8	2.0

Source: Company, MIDFR

Table 1: UMW Sum-of-Parts Valuation

Segments	FY20F net profit attributable to UMW (RMm)	Valuation	Multiple (x)	Value (RMm)	Comments
Automotive	166	PER	9	1,492	
Equipment	65	PER	9	589	
Serendah land		RNAV		558	RNAV of Serendah land (791acres@RM16psf) (net of debt)
Aerospace		DCF		133	Equity NPV of 25-year Rolls Royce contract (WACC: 8.7%)
Non-listed O&G		Book Value		26	50% discount to Book Value
Total value				2,798	
No of shares (m)				1,168	
Fair value (RM)				2.15	At 10% holding company discount

Source: Company, MIDFR

Income Statement (RMm)	FY17	FY18	FY19	FY20F	FY21F
Revenue	11,046.5	11,306.3	11,739.1	8,607.0	8,672.5
Operating expenses	(10,926.1)	(10,783.4)	(9,040.7)	(8,522.1)	(8,528.2)
EBIT	120.4	522.9	332.6	84.9	144.3
Net interest expense	(39.2)	(88.1)	(125.9)	(106.4)	(117.2)
Associates	171.7	265.6	291.6	252.8	252.2
PBT	252.9	786.2	754.8	231.2	279.3
Taxation	(122.3)	(142.5)	(108.7)	5.4	(6.8)
Minority Interest/PERP	(22.8)	139.9	174.3	23.1	37.9
Net profit	(651.2)	341.7	454.4	213.5	234.7
Core net profit	163.8	341.7	266.3	213.5	233.7
Consensus net profit	80.0	433.4	339.2	390.9	418.2
MIDF vs. consensus				-45.4%	-44.1%
Balance Sheet (RMm)	FY17	FY18	FY19	FY20F	FY21F
Non-current assets	4,833.8	5,391.2	5,504.9	6,062.6	6,593.3
PPE	2,658.1	2,820.9	2,756.8	3,061.7	3,340.1
Investments in associate	1,661.5	1,792.4	1,866.4	2,119.2	2,371.4
Others	514.2	777.9	881.8	881.8	881.8
Current assets	5,261.9	5,366.8	5,642.9	4,664.1	4,305.6
Inventories	1,410.7	1,548.5	1,589.6	1,366.5	1,376.9
Receivables	1,029.1	960.4	1,243.0	847.6	854.0
Others	1,658.6	1,546.1	1,338.3	1,338.3	1,338.3
Cash & equivalent	1,163.4	1,311.8	1,472.1	1,111.7	736.4
TOTAL ASSETS	10,095.7	10,758.0	11,147.8	10,726.7	10,898.9
Share capital	584.1	584.1	584.1	584.1	584.1
Minority Interest	1,131.2	2,369.8	2,401.7	2,355.0	2,323.1
Reserves	2,463.1	2,760.5	3,108.5	3,279.3	3,467.1
TOTAL EQUITY	4,178.4	5,714.4	6,094.4	6,218.5	6,374.3
Non-current liabilities	2,264.4	2,548.3	2,435.6	2,435.7	2,435.9
Long-term borrowings	2,069.7	2,298.2	2,123.4	2,123.6	2,123.7
Deferred tax liabilities	34.0	26.9	39.1	39.1	39.1
Others	160.7	223.2	273.1	273.1	273.1
Current liabilities	3,652.9	2,495.3	2,617.9	2,072.4	2,088.7
Short-term borrowings	685.3	534.5	386.4	386.4	386.4
Payables	2,795.5	1,854.0	2,093.4	1,636.2	1,648.6
Others	172.0	106.7	138.1	49.9	53.7
TOTAL LIABILITIES	5,917.3	5,043.6	5,053.4	4,508.2	4,524.6

Cash Flow Statement (RMm)	FY17	FY18	FY19	FY20F	FY21F
Operating activities					
PBT	109.5	619.8	481.0	231.2	279.3
Depreciation & Amortization	105.1	281.9	346.2	248.1	275.5
Chgs in working capital	1,124.6	(950.0)	(63.1)	118.6	(0.5)
Interest expense	(175.9)	(74.6)	(130.6)	(106.4)	(117.2)
Tax paid	(131.9)	(138.8)	(52.7)	5.4	(6.8)
Others	(585.9)	436.0	(302.4)	(195.3)	(135.0)
CF from Operations	445.6	174.4	278.4	301.5	295.3
Investing activities					
Capex	(1,003.8)	(914.7)	(345.5)	(700.0)	(700.0)
Others	(976.7)	596.0	837.0	147.0	146.0
CF from Investments	(1,980.5)	(318.7)	491.5	(553.0)	(554.0)
Financing activities					
Dividends paid	(75.9)	(6.2)	(73.0)	(42.7)	(46.9)
Net proceeds in borrowings	176.0	104.1	480.2	0.2	0.2
Others	0.0	921.3	(989.9)	(69.9)	(69.9)
CF from Financing	100.1	1,019.2	(582.8)	(112.4)	(116.6)
Net changes in cash	(1,434.8)	874.9	187.1	(363.9)	(375.3)
Beginning cash	1,607.3	1,181.5	1,315.2	1,475.6	1,111.7
Overdrafts & Deposits	176.6	(741.1)	(26.7)	0.0	0.0
Ending cash	1,187.9	1,315.2	1,475.6	1,111.7	736.4
Ratios	FY17	FY18	FY19	FY20F	FY21F
Revenue growth	8.7%	-11.4%	-3.8%	-8.3%	0.8%
EBIT growth	-6.0%	67.6%	-33.2%	-75.1%	70.0%
Core net profit growth	-140.8%	108.6%	-22.1%	-19.8%	9.5%
PBT margin	2.3%	7.0%	6.4%	2.7%	3.2%
Core net profit margin	1.5%	3.0%	2.3%	2.5%	2.7%
ROE	2.2%	11.0%	8.3%	5.7%	5.9%
ROA	2.1%	4.9%	3.1%	0.8%	1.3%
Net gearing (%)	38.1%	26.6%	17.0%	22.5%	27.8%
Book value/share (RM)	2.61	2.86	3.16	3.31	3.47
PBV (x)	0.77	0.71	0.64	0.61	0.58
EV/EBITDA (x)	9.6	4.9	4.9	11.3	9.8
EBIT margin	1.1%	4.6%	2.8%	1.0%	1.7%

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