

# AUTOMOTIVE

**Maintain NEUTRAL**

## TIV Sets New Annual Record

### KEY INVESTMENT HIGHLIGHTS

- **CY24 TIV reached an all-time high, beating earlier flat growth expectations**
- **Perodua led growth, exceeding its annual sales target of 330,000 units**
- **Year-end tax break expiry to drive CBU BEV sales**
- **We expect a gradual easing of TIV in CY25, projected at 792,000 units (-3.0%yoy)**
- **Top sector pick is BAuto (BUY, TP: RM2.21)**

**TIV broke records again.** Dec-24 total industry volume (TIV) exceeded expectations, reaching a record 81,735 units (+21.0%mom, +4.2%yoy), which pushed CY24 TIV to an all-time high of 816,747 units (+2.1%yoy). This is compared to our earlier flattish estimate of 800,000 units, mirroring MAA's forecast, which underwent two upward revisions in CY24. On the production front, Dec-24 volume stood at 63,962 units (-3.4%yoy), likely reflecting anticipated softer sales ahead, while the full-year figure increased by +2.0%yoy.

**Chinese new entrants appear to be gaining market share.** The overall TIV growth was not broad-based, as it was primarily driven by Perodua, which achieved a record 358,102 units (exceeding its target of 330,000 units) last year. Notably, newer entrants like BYD and Chery posted the strongest full-year growth, with TIV surging 2.3x and 4.4x year-on-year, respectively, signaling their increasing market share in the passenger vehicles (PV) segment (Table 3). The only other major marque to record an increase in TIV in CY24 was Honda, delivering 81,699 units (+2.1%yoy) and maintaining its market share of 11% in the PV segment.

**Surge in CBU BEV sales likely before tax break ends.** Hybrid vehicle sales for CY24 totaled 30,796 units (+9.8%yoy), maintaining a 4% TIV penetration. Meanwhile, BEV sales grew to 14,766 units (+45.3%yoy), increasing TIV penetration to 2% from 1% the previous year. A spike in CBU BEV purchases is expected this year as buyers capitalise on the duty exemption before it expires in Dec-25.

**Outlook.** We foresee a gradual easing of TIV in CY25 after years of elevated backlog, with our projections at 792,000 units (-3.0%yoy). This is broadly consistent with MAA's forecast of 780,000 units (-4.5%yoy). It is worth noting that order backlog for Perodua has declined to 90K, down from 128K at the end of CY23, with a similar trend observed across other major marques. Several positive factors to consider include the minimum wage increase to RM1,700 effective Feb-25, the recent public servant salary revision of up to +15%, and the overnight policy rate (OPR), which is expected to stay at 3.0%. This year's focus will be on rationalising RON95 fuel subsidies for the top 15% income group (T15), reportedly in its final stages. We believe this group is more likely to transition to electric or hybrid vehicles.

**Maintain NEUTRAL.** We maintain our **NEUTRAL** call on the sector due to the anticipated downcycle. **BAuto (BUY, TP: RM2.21)** is our top pick, as its share price decline, driven by concerns over weaker TIV, has led to an attractive valuation. The stock is trading at -1.25SD of its 5-year mean and offers a compelling dividend yield of +14.5%.

### COMPANY IN FOCUS

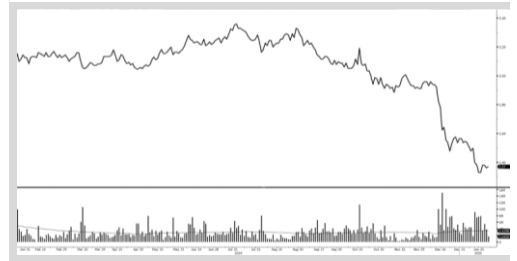
#### Bermaz Auto Berhad

Maintain **BUY** | TP: **RM2.21**

Price @ 23<sup>rd</sup> January 2025: RM1.36

- -15% year-to-date share price drop offers compelling valuation and an attractive +14.5% dividend yield.
- Kia's new fifth-generation Sportage to partly offset weaker Mazda sales.
- Mazda's CY25 lineup highlights an upmarket push with the CX-60 and CX-80 launches.

### Share Price Chart



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### Total Industry Volume Summary (Units)

Marques	Dec-24	Nov-24	Dec-23	MoM	YoY	CY24	CY23	YoY
BMW	1,086	0	1,555	-	-30.2%	10,527	11,955	-11.9%
BYD	1,292	746	454	73.2%	184.6%	8,570	3,728	129.9%
Chery	3,028	2,274	1,341	33.2%	125.8%	19,683	4,500	337.4%
Honda	9,454	6,808	10,653	38.9%	-11.3%	81,699	80,032	2.1%
Hyundai	95	54	207	75.9%	-54.1%	860	1,506	-42.9%
Mazda	1,027	781	1,450	31.5%	-29.2%	14,464	18,935	-23.6%
Mitsubishi	1,293	575	1,140	124.9%	13.4%	9,054	11,907	-24.0%
Nissan	412	390	571	5.6%	-27.8%	5,457	6,972	-21.7%
Perodua	32,202	31,808	31,210	1.2%	3.2%	358,102	330,325	8.4%
Proton	13,488	11,637	12,099	15.9%	11.5%	147,587	150,975	-2.2%
Toyota	7,736	5,904	6,703	31.0%	15.4%	71,445	75,337	-5.2%
Volkswagen	174	129	292	34.9%	-40.4%	1,665	2,612	-36.3%
Volvo	282	111	216	154.1%	30.6%	1,911	2,694	-29.1%
Others	1,483	1,208	2,997	22.8%	-50.5%	16,156	17,667	-8.6%
<b>Total Passenger</b>	<b>73,052</b>	<b>62,425</b>	<b>70,888</b>	17.0%	3.1%	<b>747,180</b>	<b>719,145</b>	3.9%
<b>Total Commercial</b>	<b>8,683</b>	<b>5,107</b>	<b>7,541</b>	70.0%	15.1%	<b>69,567</b>	<b>80,676</b>	-13.8%
<b>TIV</b>	<b>81,735</b>	<b>67,532</b>	<b>78,429</b>	21.0%	4.2%	<b>816,747</b>	<b>799,821</b>	2.1%

Source: MAA, MIDFR

\*Data is only available quarterly.

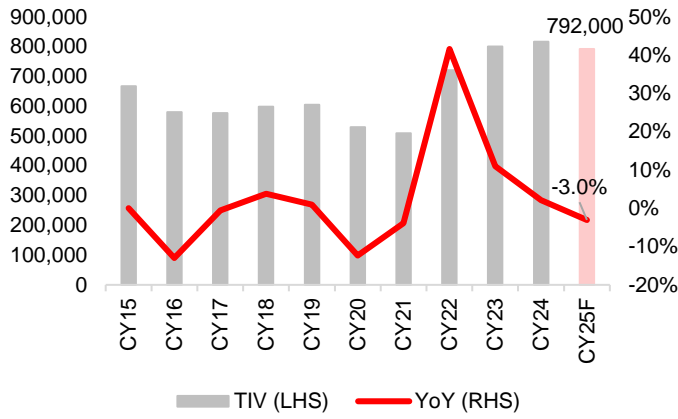
### Total Industry Production Summary (Units)

Marques	Dec-24	Nov-24	Dec-23	MoM	YoY	CY24	CY23	YoY
BMW	187	430	519	-56.5%	-64.0%	10,489	10,758	-2.5%
Chery	46	462	955	-90.0%	-95.2%	15,045	4,594	227.5%
Honda	6,848	6,871	8,364	-0.3%	-18.1%	89,857	83,111	8.1%
Hyundai	1	0	0	-	-	219	85	157.6%
Kia	399	32	11	1146.9%	3527.3%	4,215	2,449	72.1%
Mazda	479	357	982	34.2%	-51.2%	13,850	18,736	-26.1%
Mitsubishi	721	900	734	-19.9%	-1.8%	10,802	12,454	-13.3%
Nissan	579	486	579	19.1%	0.0%	6,267	7,474	-16.1%
Perodua	32,920	31,516	30,049	4.5%	9.6%	361,000	334,482	7.9%
Proton	10,850	10,516	11,467	3.2%	-5.4%	149,568	154,866	-3.4%
Toyota	5,730	4,453	5,137	28.7%	11.5%	65,269	67,199	-2.9%
Volkswagen	96	192	330	-50.0%	-70.9%	2,284	3,527	-35.2%
Volvo	210	283	218	-25.8%	-3.7%	1,982	6,188	-68.0%
Others	1,064	400	2,472	166.0%	-57.0%	13,757	18,968	-27.5%
<b>Total Passenger</b>	<b>60,130</b>	<b>56,898</b>	<b>61,817</b>	5.7%	-2.7%	<b>744,604</b>	<b>724,891</b>	2.7%
<b>Total Commercial</b>	<b>3,832</b>	<b>4,029</b>	<b>4,407</b>	-4.9%	-13.0%	<b>45,743</b>	<b>49,709</b>	-8.0%
<b>TIP</b>	<b>63,962</b>	<b>60,927</b>	<b>66,224</b>	5.0%	-3.4%	<b>790,347</b>	<b>774,600</b>	2.0%

Source: MAA, MIDFR

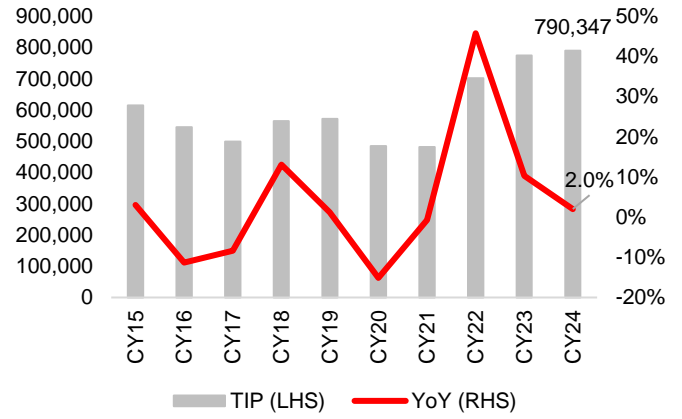
\*Data is only available quarterly.

**Chart 1: Annual TIV Trend (Units)**



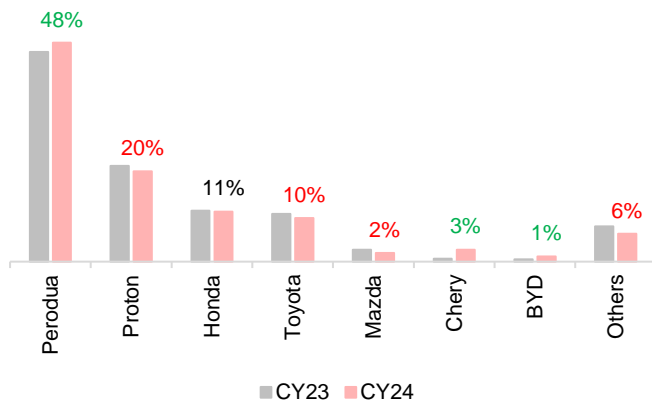
Source: MAA, MIDFR

**Chart 2: Annual TIP Trend (Units)**



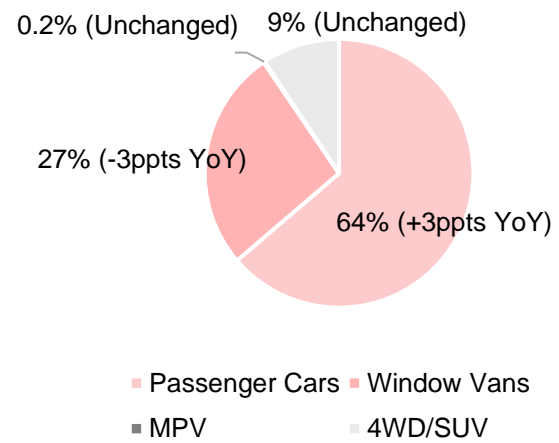
Source: MAA, MIDFR

**Chart 3: PV Market Share by Marque**



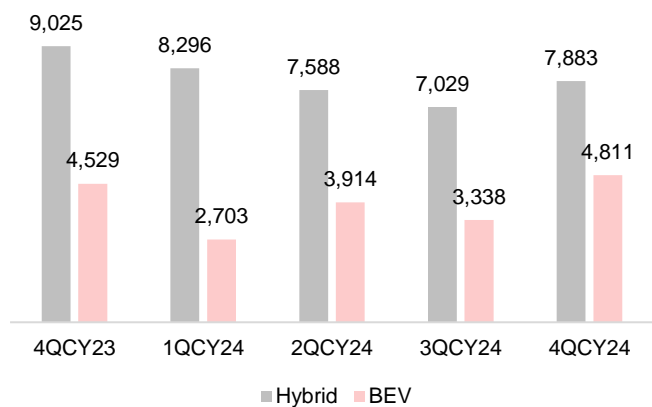
Source: MAA, MIDFR

**Chart 4: PV Market Share in CY24 by Vehicle Type**



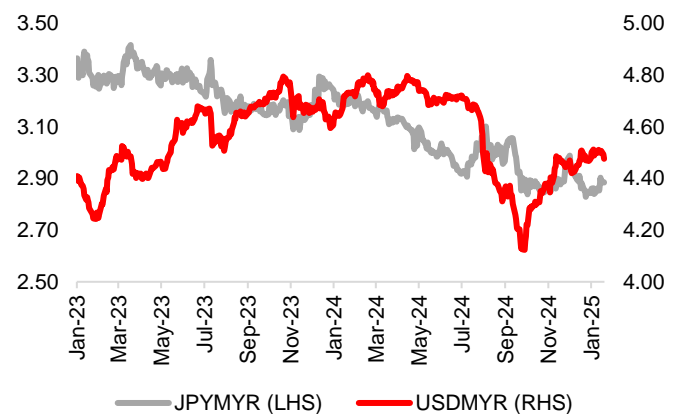
Source: MAA, MIDFR

**Chart 5: Quarterly Hybrid and BEV Sales**



Source: MAA, MIDFR

**Chart 6: Foreign Exchange Trend**



Source: MAA, MIDFR

**SECTOR VALUATION MATRIX**

Company	Rating	Last Price	TP	PER		ROE		Dividend Yield	
		RM	RM	FY24F	FY25F	FY24F	FY25F	FY24F	FY25F
Bermaz Auto*	Buy	1.36	2.21	6.2x	5.6x	24.9%	25.5%	14.5%	15.6%
MBM Resources	Neutral	5.88	5.87	7.2x	7.5x	13.6%	12.9%	9.7%	8.0%
Tan Chong	Sell	0.40	0.36	-	-	-	-	2.5%	2.5%

Source: MIDFR, \*FYE April

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#### 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