Automotive

4QCY24 Earnings Wrap

NEUTRAL (Maintain)

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HIGHLIGHTS

- Non-national marques exposure weighed on performance
- Chinese automakers intensified the price war with aggressive discounts
- TIV set to decline -3.0%yoy in CY25 to 792,000 units after years of strong backlog
- Maintain **BUY** on **Bermaz Auto (TP: RM1.43)** and **MBM Resources (TP: RM5.87)**

SECTOR RECAP

Weaker performance for players focused on non-national marques. The 4QCY24 performance of the automotive companies under our coverage was largely disappointing, except for MBM Resources, which met expectations. As reflected in the TIV data, the decline in vehicle sales was more pronounced for non-national marques, whereas the affordable segment – particularly Perodua – remained resilient. MBM Resources benefited from its exposure in Perodua, where its associate contributed close to 80% to its PBT, making it the only company with relatively stable earnings growth. For other players, a key trend continues to be the market share erosion of non-national marques to Chinese entrants (refer to Table 1).

TIV slowed in January amid a shorter month. As a recap, the Malaysian Automotive Association (MAA) reported a TIV of 48,875 units (-40.2%mom, -27.0%yoy) in Jan-25. The month-on-month decline was anticipated due to the shorter working month and the high base in Dec-24. Nissan (+29.1%mom) was the only brand to record a month-on-month increase in TIV, likely driven by the launch of the Kicks e-POWER. Meanwhile, the year-on-year decline was largely broad-based, with most major marques seeing double-digit drops, except for Toyota (+3.5%yoy). On the production side, TIP dropped to 56,899 units (-11.0%mom, -25.2%yoy).

Softer TIV outlook for the year. The 1MCY25 TIV represented 6% of our full-year projection, which we deem in line with expectations. We expect a gradual TIV decline in CY25 after years of strong backlog, forecasting 792,000 units (-3.0%yoy), closely aligning with MAA's 780,000 units (-4.5%yoy). Perodua, last year's key volume driver, has seen its backlog dropped from 80K in Dec-24 to 68K units currently and anticipates a -3.7%yoy sales decline to 345,000 units this year due to planned production upgrades. For Feb-25, TIV is expected to improve month-on-month ahead of the Hari Raya Aidilfitri celebration.

Maintain NEUTRAL. We remain **NEUTRAL** on the sector due to the anticipated downcycle. However, after the 4QCY24 results, sharp share price declines amid expectations of a weaker TIV have uncovered value opportunities. This prompted us to upgrade MBM Resources (NEUTRAL to BUY) and Tan Chong (SELL to NEUTRAL), as detailed in Table 2.

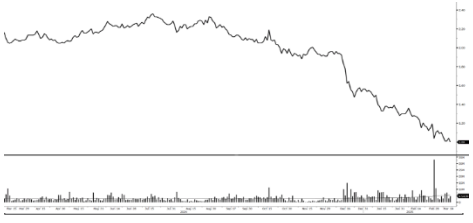
COMPANY *IN FOCUS*

Bermaz Auto Berhad

Maintain BUY | Target Price: RM1.43
Price @ 13 March 2025: RM1.01

- Trading at -1.0SD below its 5-year mean with a dividend yield of +17.1%.
- Deepal will be launched in Malaysia in mid-CY25.
- Kia might see improving sales following the newly launched Kia Sportage.

SHARE PRICE CHART



MBM Resources Berhad

Maintain BUY | Target Price: RM5.87
Price @ 13 March 2025: RM5.38

- Trading at a -30% discount below the sector's 5-year mean.
- Perodua is expected to launch at least 3 new models, including its first EV this year.
- Jaecoo sales are targeted to double in FY25.

SHARE PRICE CHART

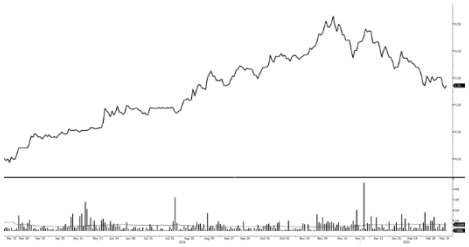


TABLE 1: 4QCY24 RESULTS SUMMARY

Companies	4QCY24 Revenue			4QCY24 Core PATAMI			Units Sold**		
	QoQ (%)	YoY (%)	YTD (%)	QoQ (%)	YoY (%)	YTD (%)	QoQ (%)	YoY (%)	YTD (%)
Bermaz Auto*	-6.9	-32.8	-30.0	-36.6	-66.6	-48.8	-2.8	-32.9	-31.7
MBM Resources	3.5	-5.5	2.9	11.9	3.4	10.4	6.8	-4.0	10.5
Tan Chong Motor	10.5	-20.6	-17.8	36.8	-23.4	-51.3	-12.4	-41.7	-22.2

Source: Companies, MIDFR,

*Notes: *FYE April, **Passenger vehicles sold in the Malaysian market.*

TABLE 2: POST-4QCY24 REVISION

Companies	FYE	4QCY24 Results		Revision		
		Ours	Consensus	Rating	Target Price	Earnings
Bermaz Auto	April	**Below** 51%	**Below** 60%	**Unchanged** BUY	**Lower** RM1.43	**Lower** FY25F = -28% FY26F = -27% FY27F = -29%
MBM Resources	December	**Within** 104%	**Within** 105%	**Upgraded** BUY	**Unchanged** RM5.87	**Unchanged**
Tan Chong Motor	December	**Below** Exceeded full-year losses by +9%	**Below** Exceeded full-year losses by +15%	**Upgraded** NEUTRAL	**Unchanged** RM0.36	**Lower** FY25F = -15% FY26F = -16%

Source: Companies, MIDFR

SECTOR VALUATION MATRIX

Company	Rating	Last Price	TP	PER		ROE		Dividend Yield	
		RM	RM	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F
Bermaz Auto*	BUY	1.01	1.43	6.4x	5.6x	20.5%	22.3%	17.1%	14.3%
MBM Resources	BUY	5.38	5.87	6.9x	7.0x	11.0%	10.3%	7.3%	7.1%
Tan Chong	NEUTRAL	0.32	0.34	-	-	-	-	3.1%	3.1%

*Source: Companies, MIDFR, *FYE April*

TABLE 3: TOTAL INDUSTRY VOLUME (UNITS)

Marques	Jan-25	Dec-24	Jan-24	MoM	YoY	CY24	CY23	YoY
BMW	0	1,086	0	-	-	10,527	11,955	-11.9%
BYD	505	1,292	632	-60.9%	-20.1%	8,570	3,728	129.9%
Chery	1,678	3,028	1,576	-44.6%	6.5%	19,683	4,500	337.4%
Honda	3,413	9,454	7,066	-63.9%	-51.7%	81,699	80,032	2.1%
Hyundai	53	95	65	-44.2%	-18.5%	860	1,506	-42.9%
Mazda	691	1,027	1,276	-32.7%	-45.8%	14,464	18,935	-23.6%
Mitsubishi	960	1,293	948	-25.8%	1.3%	9,054	11,907	-24.0%
Nissan	532	412	595	29.1%	-10.6%	5,457	6,972	-21.7%
Perodua	23,245	32,202	29,682	-27.8%	-21.7%	358,102	330,325	8.4%
Proton	9,267	13,488	12,775	-31.3%	-27.5%	147,587	150,975	-2.2%
Toyota	3,937	7,736	3,803	-49.1%	3.5%	71,445	75,337	-5.2%
Volkswagen	103	174	154	-40.8%	-33.1%	1,665	2,612	-36.3%
Volvo	90	282	150	-68.1%	-40.0%	1,911	2,694	-29.1%
Others	865	1,483	2,074	-41.7%	-58.3%	16,156	17,667	-8.6%
Total Passenger	**45,339**	**73,052**	**60,796**	-37.9%	-25.4%	**747,180**	**719,145**	3.9%
Total Commercial	**3,536**	**8,683**	**6,127**	-59.3%	-42.3%	**69,567**	**80,676**	-13.8%
TIV	**48,875**	**81,735**	**66,923**	-40.2%	-27.0%	**816,747**	**799,821**	2.1%

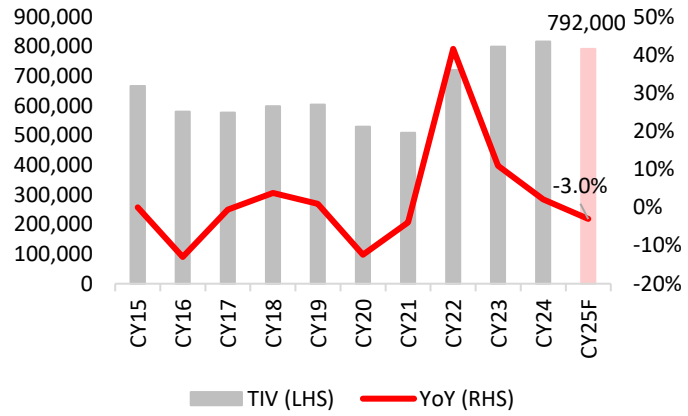
TABLE 4: TOTAL PRODUCTION VOLUME (UNITS)

Marques	Jan-25	Dec-24	Jan-24	MoM	YoY	CY24	CY23	YoY
BMW	1,018	187	2,526	444.4%	-59.7%	10,489	10,758	-2.5%
Chery	1,453	46	2,304	3058.7%	-36.9%	15,045	4,594	227.5%
Honda	5,693	6,848	9,419	-16.9%	-39.6%	89,857	83,111	8.1%
Hyundai	0	1	11	-	-	219	85	157.6%
Kia	404	399	290	1.3%	39.3%	4,215	2,449	72.1%
Mazda	2,142	479	1,964	347.2%	9.1%	13,850	18,736	-26.1%
Mitsubishi	774	721	911	7.4%	-15.0%	10,802	12,454	-13.3%
Nissan	532	579	553	-8.1%	-3.8%	6,267	7,474	-16.1%
Perodua	25,525	32,920	32,574	-22.5%	-21.6%	361,000	334,482	7.9%
Proton	10,621	10,850	13,899	-2.1%	-23.6%	149,568	154,866	-3.4%
Toyota	4,237	5,730	6,478	-26.1%	-34.6%	65,269	67,199	-2.9%
Volkswagen	7	96	78	-92.7%	-91.0%	2,284	3,527	-35.2%
Volvo	365	210	0	73.8%	-	1,982	6,188	-68.0%
Others	1,023	1,064	659	-3.9%	55.2%	13,757	18,968	-27.5%
Total Passenger	**53,794**	**60,130**	**71,666**	-10.5%	-24.9%	**744,604**	**724,891**	2.7%
Total Commercial	**3,105**	**3,832**	**4,411**	-19.0%	-29.6%	**45,743**	**49,709**	-8.0%
TIP	**56,899**	**63,962**	**76,077**	-11.0%	-25.2%	**790,347**	**774,600**	2.0%

Source: MAA, MIDFR

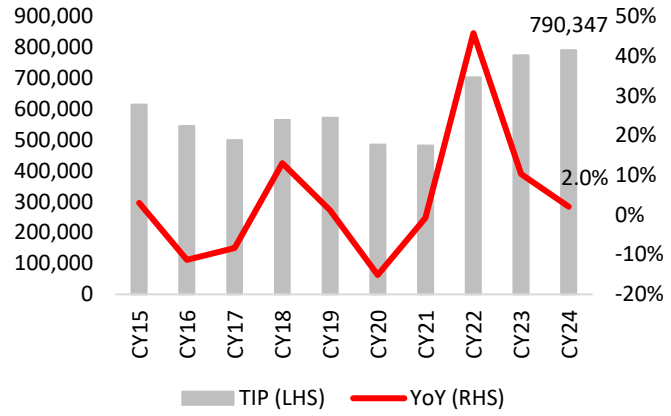
**Data is only available quarterly.*

Chart 1: Annual TIV Trend (Units)



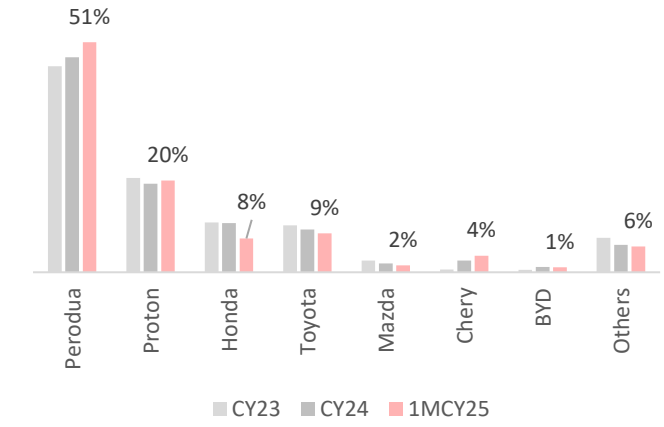
Source: MAA, MIDFR

Chart 2: Annual TIP Trend (Units)



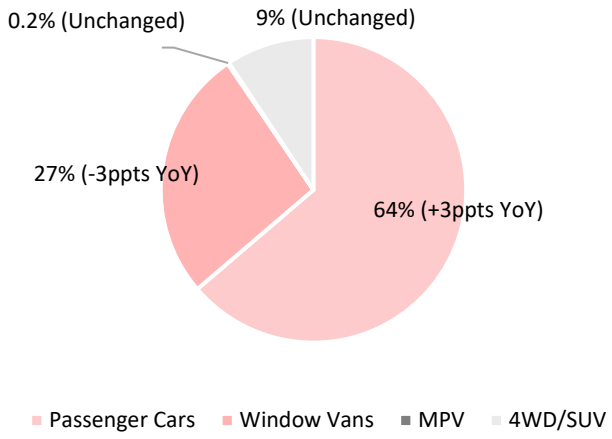
Source: MAA, MIDFR

Chart 3: PV Market Share by Marque



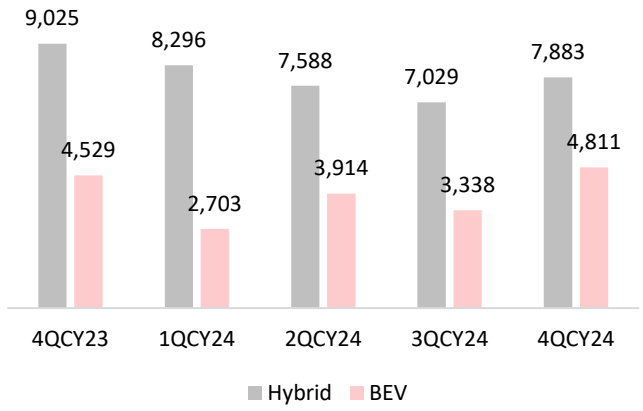
Source: MAA, MIDFR

Chart 4: PV Market Share by Vehicle Type in CY24



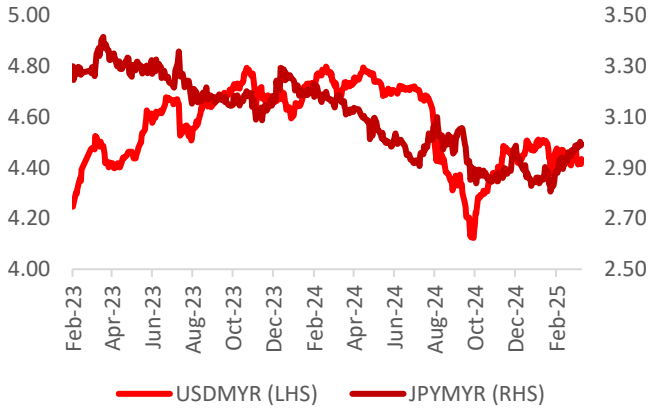
Source: MAA, MIDFR

Chart 5: Quarterly Hybrid and BEV Sales



Source: MAA, MIDFR

Chart 6: Foreign Exchange Trend



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	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

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