Automotive

Year-to-Date TIV Remains on Course

NEUTRAL (Maintain)

Analyst

Amalia Zarir
amalia.zarir@midf.com.my
03-2173 8357

HIGHLIGHTS

- Longer working month kept Feb-25 TIV on track
- Mar-25 TIV expected to rise on Hari Raya promotions
- TIV set to decline -3.0%yoy in CY25 to 792,000 units after years of strong order backlogs
- Maintain **BUY** on **Bermaz Auto (TP: RM1.43)** and **MBM Resources (TP: RM5.87)**

SECTOR RECAP

Feb-25 TIV came in line with expectations. Total industry volume (TIV) in Feb-25 came in at 63,906 units (+30.8%mom, -1.7%yoy), bringing the year-to-date total to 113,056 units (-14.3%yoy). This accounts for 14% of our full-year forecast of 792,000 units (-3.0%yoy), which we view as broadly in line with expectations, underpinned by the anticipated easing of order backlogs. Meanwhile, on the production front, total industry production (TIP) stood at 61,545 units (+8.2%mom, -6.2%yoy), bringing the year-to-date cumulative total to 118,444 units (-16.4%yoy).

TIV strengthened on the back of extended working days. Given the longer working month, the strong month-on-month increase in TIV was anticipated and was largely broad-based (Table 1). Honda's auto sales more than doubled, followed by solid gains from Perodua (+35.0%mom), Toyota (+21.3%mom), and Proton (+19.4%mom), while Mazda (-9.8%mom) and Nissan (-16.2%mom) recorded declines. Among the major marques, only Perodua (+14.9%yoy) and Honda (+12.6%yoy) registered a year-on-year increase in TIV. TIV in Mar-25 is expected to see further month-on-month improvement, supported by promotional activities leading up to the Hari Raya holidays.

Excise duty revision for CKD deferred to CY26. In the upcoming quarter, the focus will shift to phasing out fuel subsidies for the top 15% income group (T15). Classification criteria for this group will be finalised and announced by mid-CY25. The policy may prompt some to down trade or switch to EVs, ahead of CBU EV tax exemptions expiring at year-end. Meanwhile, the auto sector has secured a final extension for the revised excise tax – broadening duties on CKD non-manufacturing components – which will now take effect in Jan-26, with CKD prices expected to rise by +10% to +30%.

Maintain NEUTRAL. We maintain our NEUTRAL call on the sector, given the anticipated downcycle. Our projected -3.0%yoy decline in TIV is broadly in line with MAA's forecast of -4.5%yoy. **Bermaz Auto (BUY, TP: RM1.43)** is our top pick, backed by an attractive valuation (-1.0SD below the 5-year mean) and a dividend yield of over +10%. While domestic Mazda sales face stiff competition, its overall vehicle sales could be bottoming out, supported by Kia (driven by the Sportage launch) and contributions from new marques XPeng and the upcoming Deepal launch in 2HCY25. We forecast a +6.1%yoy vehicle sales growth in FY26 for BAuto.

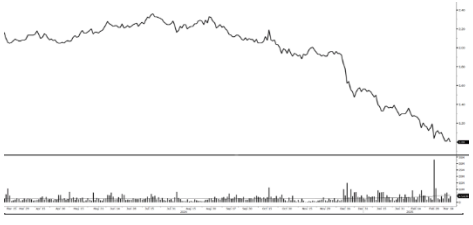
COMPANY *IN FOCUS*

Bermaz Auto Berhad

Maintain BUY | Target Price: RM1.43
Price @ 21 March 2025: RM1.13

- Trading at -1.0SD below its 5-year mean with a dividend yield of +15.3%.
- Deepal will be launched in Malaysia in mid-CY25.
- Kia might see improving sales following the newly launched Kia Sportage.

SHARE PRICE CHART

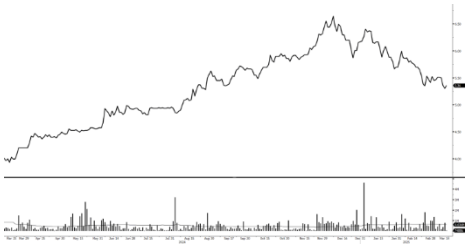


MBM Resources Berhad

Maintain BUY | Target Price: RM5.87
Price @ 21 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



SECTOR VALUATION MATRIX

Company	Rating	Last Price	TP	PER		ROE		Dividend Yield	
		RM	RM	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F
Bermaz Auto*	BUY	1.13	1.43	7.2x	6.3x	20.5%	22.3%	15.3%	12.7%
MBM Resources	BUY	5.38	5.87	6.9x	7.0x	11.0%	10.3%	7.3%	7.1%
Tan Chong	NEUTRAL	0.31	0.34	-	-	-	-	3.2%	3.2%

*Source: Companies, MIDFR, *FYE April*

TABLE 1: TOTAL INDUSTRY VOLUME (UNITS)

Marques	Feb-25	Jan-25	Feb-24	MoM	YoY	YTD-25	YTD-24	YoY
BMW	0	0	1,406	-	-	0	2,037	-
BYD	682	505	500	35.0%	36.4%	1,187	1,132	4.9%
Chery	2,435	1,678	1,467	45.1%	66.0%	4,113	3,043	35.2%
Honda	7,003	3,413	6,220	105.2%	12.6%	10,416	13,286	-21.6%
Hyundai	76	53	58	43.4%	31.0%	129	123	4.9%
Mazda	623	691	1,718	-9.8%	-63.7%	1,314	2,994	-56.1%
Mitsubishi	887	960	708	-7.6%	25.3%	1,847	1,656	11.5%
Nissan	446	532	481	-16.2%	-7.3%	978	1,076	-9.1%
Perodua	31,382	23,245	27,315	35.0%	14.9%	54,627	56,997	-4.2%
Proton	11,068	9,267	13,256	19.4%	-16.5%	20,756	26,031	-20.3%
Toyota	4,774	3,937	5,433	21.3%	-12.1%	8,711	9,236	-5.7%
Volkswagen	120	103	102	16.5%	17.6%	223	256	-12.9%
Volvo	70	90	164	-22.2%	-57.3%	160	314	-49.0%
Others	623	865	1,316	-28.0%	-52.7%	1,473	2,756	-46.6%
Total Passenger	**60,189**	**45,339**	**60,144**	32.8%	0.1%	**105,934**	**120,937**	-12.4%
Total Commercial	**3,717**	**3,536**	**4,873**	5.1%	-23.7%	**7,122**	**11,001**	-35.3%
TIV	**63,906**	**48,875**	**65,017**	30.8%	-1.7%	**113,056**	**131,938**	-14.3%

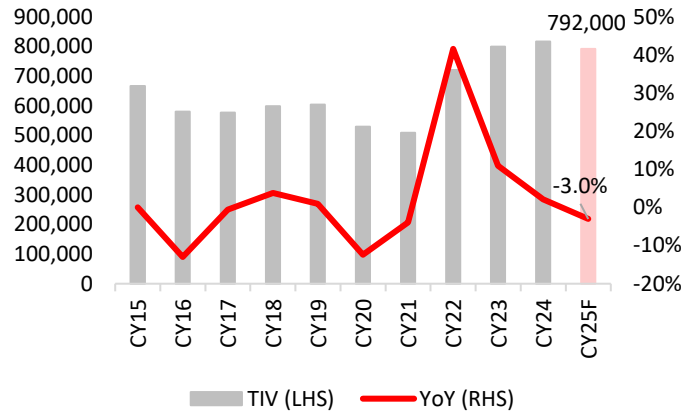
TABLE 2: TOTAL PRODUCTION VOLUME (UNITS)

Marques	Feb-25	Jan-25	Feb-24	MoM	YoY	YTD-25	YTD-24	YoY
BMW	575	1,018	928	-43.5%	-38.0%	1,593	3,454	-53.9%
Chery	532	1,453	1,386	-63.4%	-61.6%	1,985	3,690	-46.2%
Honda	6,094	5,693	7,758	7.0%	-21.4%	11,787	17,177	-31.4%
Hyundai	2	0	47	-	-95.7%	2	58	-96.6%
Kia	247	404	658	-38.9%	-62.5%	651	948	-31.3%
Mazda	703	2,142	1,602	-67.2%	-56.1%	2,845	3,566	-20.2%
Mitsubishi	773	774	911	-0.1%	-15.1%	1,547	1,822	-15.1%
Nissan	505	532	391	-5.1%	29.2%	1,037	944	9.9%
Perodua	30,702	25,525	29,443	20.3%	4.3%	56,227	62,017	-9.3%
Proton	12,180	10,621	12,550	14.7%	-2.9%	22,801	26,449	-13.8%
Toyota	5,309	4,237	5,454	25.3%	-2.7%	9,546	11,932	-20.0%
Volkswagen	3	7	224	-57.1%	-98.7%	10	304	-96.7%
Volvo	452	365	173	23.8%	161.3%	817	173	372.3%
Others	529	1,023	410	-48.3%	29.0%	1,552	1,067	45.5%
Total Passenger	**58,606**	**53,794**	**61,935**	8.9%	-5.4%	**112,400**	**133,601**	-15.9%
Total Commercial	**2,939**	**3,105**	**3,676**	-5.3%	-20.0%	**6,044**	**8,087**	-25.3%
TIP	**61,545**	**56,899**	**65,611**	8.2%	-6.2%	**118,444**	**141,688**	-16.4%

Source: MAA, MIDFR

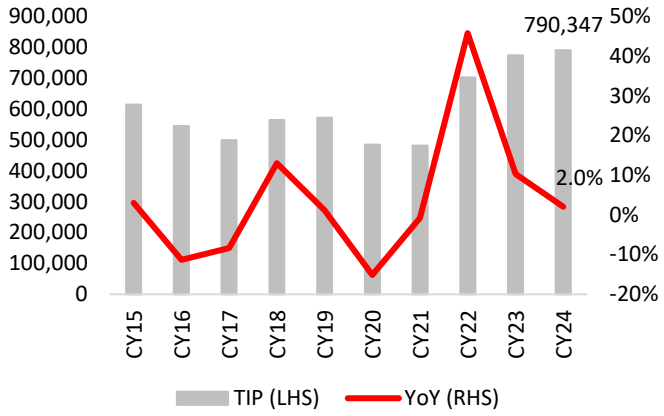
**Data is only available quarterly.*

Chart 1: Annual TIV Trend (Units)



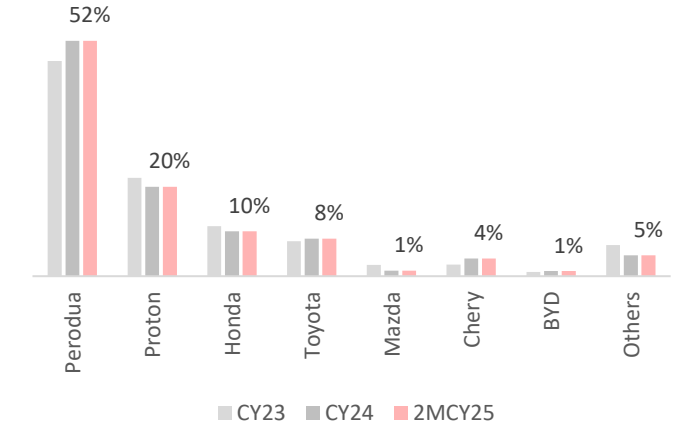
Source: MAA, MIDFR

Chart 2: Annual TIP Trend (Units)



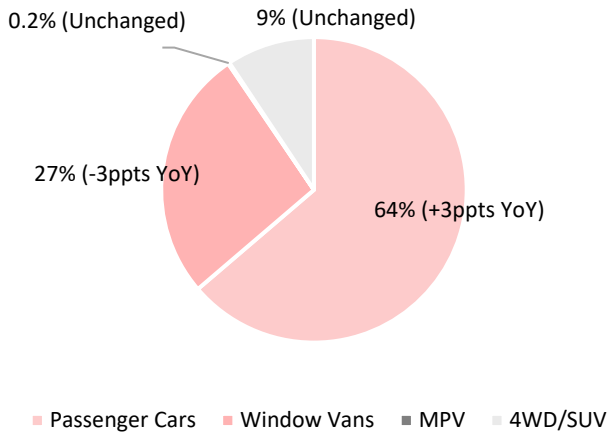
Source: MAA, MIDFR

Chart 3: PV Market Share by Marque



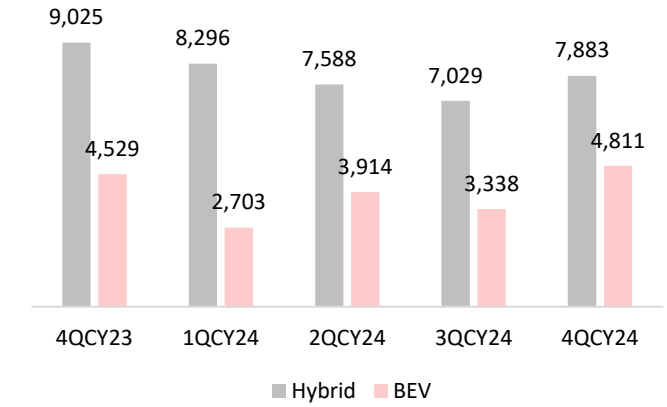
Source: MAA, MIDFR

Chart 4: PV Market Share by Vehicle Type in CY24



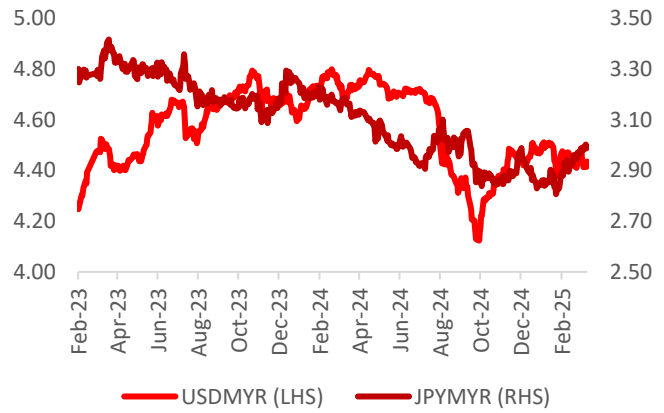
Source: MAA, MIDFR

Chart 5: Quarterly Hybrid and BEV Sales



Source: MAA, MIDFR

Chart 6: Foreign Exchange Trend



Source: MAA, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad

197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD. The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

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