Automotive

1QFY25 Earnings Wrap

Neutral (Maintain)

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HIGHLIGHTS

- Mixed earnings with the national marque showing more resilience
- Rising tide of Chinese cars keeps pressure on
- Malaysia's TIV to fall -3.0%yoy to 792,000 units in CY25
- **MBM Resources (TP: RM5.36)** upgraded to **BUY** as value emerges

SECTOR RECAP

TIV within expectations. The Malaysian Automotive Association (MAA) reported a May-25 TIV of 68,007 units (+12.4%mom, -3.2%yoy). The month-on-month increase was expected due to longer working days and backlog deliveries. This month's figures are expected to be softer due to plant shutdowns during Eid al-Adha. On the production side, TIP fell to 65,994 units (+17.2%mom, -11.0%yoy). Year-to-date TIV declined -5.0%yoy to 316,737 units, in line with our expectations at 40% of our full-year forecast.

Auto companies posted mixed 1QFY25 results. BAuto and Tan Chong missed estimates while MBM Resources met expectations. BAuto's weaker showing was due to competition from more affordable Chinese models, which affected its recent launch. Tan Chong's domestic sales were softer year-on-year but rose quarter-on-quarter thanks to the new e-POWER Nissan Kicks, while its operations in Vietnam improved with the growing GAC Motor presence. Meanwhile, MBM Resources' results were softer but remained steady thanks to resilient Perodua sales. Notably, its Volkswagen sales rose year-on-year from active inventory clearing and gained good traction in the Southern region.

Refining estimates. As detailed in Table 2, we take the opportunity to further fine-tune our estimates and refresh our calls in this report. For MBM Resources, we kept earnings unchanged but lowered our target PER to 7.0x (from 7.5x) or -0.75SD of the sector's 5-year mean, to better reflect normalising earnings. This reduced our target price (TP) to **RM5.36** (from RM5.75), prompting an **upgrade to BUY** (from NEUTRAL) given the -21% share price drop since its results release. Meanwhile, tracking the latest data, we lowered BAuto's FY26F/FY27F earnings by -13%/-15%, assuming lower domestic sales volume (-6%/-7%) and softer margins, which trimmed our TP to **RM0.75** (from RM0.86) based on 6x FY26F EPS. For Tan Chong, we lowered our sales volume forecast by a cumulative -7% for FY25F/FY26F, which widened losses by -21%/-26% respectively. We kept our **SELL** call with an unchanged TP of **RM0.34**, based on an FY26F PBVS of 0.1x.

Maintain NEUTRAL. We maintain our CY25 TIV projection at 792,000 units (-3.0%yoy). To date, the decline remains more significant in the commercial segment (-22.6%yoy) while the passenger segment has held up better, easing just -2.0%yoy, suggesting demand is moderating from a high base but still resilient. We also see potential for some purchase front-loading this year if the postponed open market value (OMV) excise duty revision comes into effect in Jan-26.

COMPANY *IN FOCUS*

MBM Resources Berhad

Upgrade to BUY | Target Price: RM5.36
Price @ 19 June 2025: RM4.47

- Trading at -1.5SD below the sector's 5-year mean with a dividend yield of +7.9%.
- Ato parts manufacturing margins are set to improve in the upcoming quarters.
- Perodua's sales have held up well, despite a slight softening

SHARE PRICE CHART

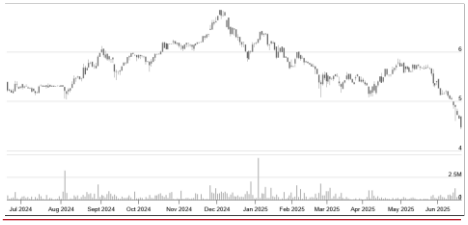


TABLE 1: 1QFY25 RESULTS SUMMARY

Companies	1QFY25 Revenue			1QFY25 Core PATAMI		
	QoQ (%)	YoY (%)	YTD (%)	QoQ (%)	YoY (%)	YTD (%)
Bermaz Auto*	-12.2	-43.6	-43.6	-7.3	-76.3	-76.3
MBM Resources	-13.1	-6.9	-6.9	-27.1	-11.1	-11.1
Tan Chong Motor	8.2	-1.9	-1.9	13.8	-159.9	-159.9

*Companies, MIDFR, **FYE April*

TABLE 2: SUMMARY OF THE REVISIONS

Companies	1QFY25 Results		Post-1QFY25 Revisions			Latest Revisions		
	Ours	Consensus	Rating	Target Price	Earnings	Rating	Target Price	Earnings
Bermaz Auto*	**Below** 86%	**Below** 92%	**Downgrade** NEUTRAL	**Lower** RM0.86	**Revised Downward** FY26F = -20% FY27F = -20%	**Maintain** NEUTRAL	**Lower** RM0.75	**Revised Downward** FY26F = -13% FY27F = -15%
MBM Resources	**Within** 23%	**Within** 23%	**Maintain** NEUTRAL	**Unchanged** RM5.75	**Unchanged**	**Upgrade to** BUY	**Lower** RM5.36	**Unchanged**
Tan Chong Motor	**Below** 38%	**Below** 38%	**Maintain** SELL	**Unchanged** RM0.34	**Unchanged**	**Maintain** SELL	**Unchanged** RM0.34	**Revised Downward** FY26F = -21% FY27F = -26%

*Companies, MIDFR, **FYE April*

TABLE 3: UNITS SOLD BY SELECTED MARQUES

Companies	Units Sold				
	1QFY25	4QFY24	1QFY24	QoQ	YoY
Bermaz Auto*					
Mazda	1,951	2,658	4,210	-26.6%	-53.7%
KIA	240	259	405	-7.3%	-40.7%
XPeng	327	341	-	-4.1%	-
MBM Resources					
Perodua (Dealership/Subsidiary)	6,835	7,814	7,625	-12.5%	-10.4%
Perodua (Distributorship/Associate)	84,802	98,809	86,424	-14.2%	-1.9%
Volvo	78	162	146	-51.9%	-46.6%
Volkswagen	124	125	113	-0.8%	9.7%
Jaecoo	105	122	-	-13.9%	-
Tan Chong Motor					
Nissan	1,811	1,486	2,301	21.9%	-21.3%

*MIDFR, **FYE April*

TABLE 4: TOTAL INDUSTRY VOLUME (UNITS)

Marques	May-25	Apr-25	May-24	MoM	YoY	YTD-25	YTD-24	YoY
BMW	0	0	870	-	-	2,040	4,776	-57.3%
BYD	1,277	1,205	1,045	6.0%	22.2%	4,879	3,608	35.2%
Chery	2,563	2,286	643	12.1%	298.6%	11,675	6,419	81.9%
Honda	5,754	4,179	6,354	37.7%	-9.4%	29,557	32,688	-9.6%
Mazda	601	700	1,367	-14.1%	-56.0%	3,422	7,213	-52.6%
Mercedes Benz	0	0	499	-	-	1,302	3,242	-59.8%
Mitsubishi	738	696	728	6.0%	1.4%	4,229	3,864	9.4%
Nissan	479	529	499	-9.5%	-4.0%	2,540	2,639	-3.8%
Perodua	31,398	27,371	33,268	14.7%	-5.6%	143,860	146,113	-1.5%
Proton	12,751	12,155	12,013	4.9%	6.1%	59,135	61,353	-3.6%
Toyota	5,857	5,582	5,997	4.9%	-2.3%	26,049	27,781	-6.2%
Volkswagen	137	106	99	29.2%	38.4%	615	591	4.1%
Volvo	145	115	159	26.1%	-8.8%	592	860	-31.2%
Others	1,057	1,047	836	1.0%	26.4%	5,318	4,153	28.1%
Total Passenger	**62,757**	**55,971**	**64,377**	12.1%	-2.5%	**295,213**	**305,300**	-3.3%
Total Commercial	**5,250**	**4,556**	**5,877**	15.2%	-10.7%	**21,524**	**28,009**	-23.2%
TIV	**68,007**	**60,527**	**70,254**	12.4%	-3.2%	**316,737**	**333,309**	-5.0%

Source: MAA, MIDFR

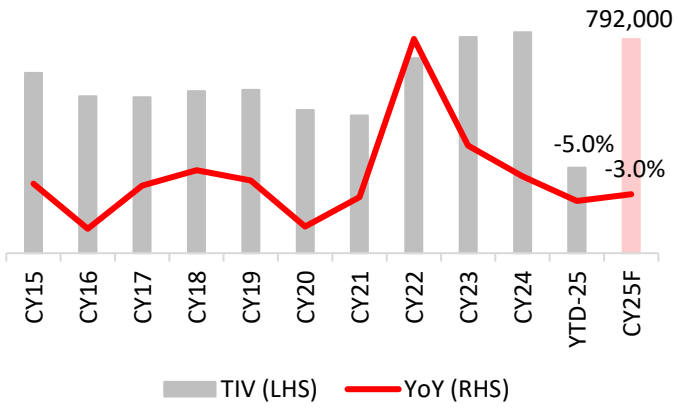
**Data is only available quarterly.*

SECTOR VALUATION MATRIX

Company	Rating	Last Price	TP	PER		ROE		Dividend Yield	
		RM	RM	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F
Bermaz Auto*	NEUTRAL	0.76	0.75	6.1x	6.0x	18.5%	17.7%	10.7%	10.9%
MBM Resources	BUY	4.47	5.36	5.7x	5.8x	11.0%	10.3%	7.9%	7.7%
Tan Chong	SELL	0.48	0.34	-	-	-	-	2.1%	2.1%

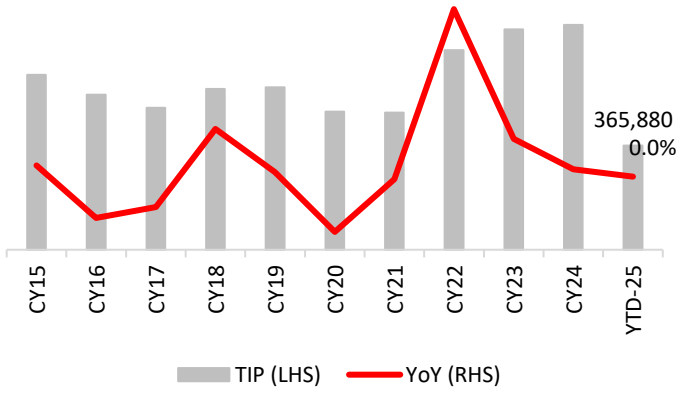
*Source: Companies, MIDFR, *FYE April*

Chart 1: Annual TIV Trend (Units)



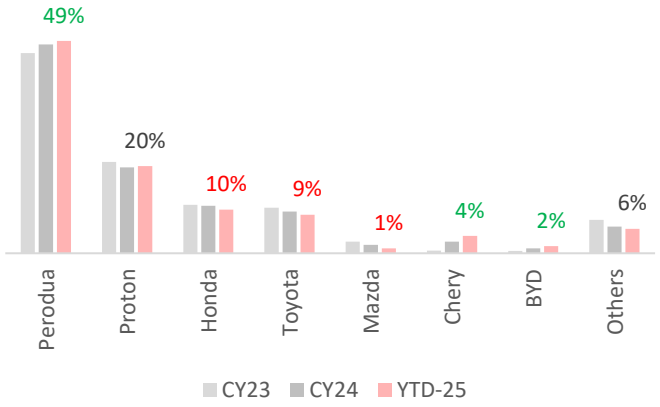
Source: MAA, MIDFR

Chart 2: Annual TIP Trend (Units)



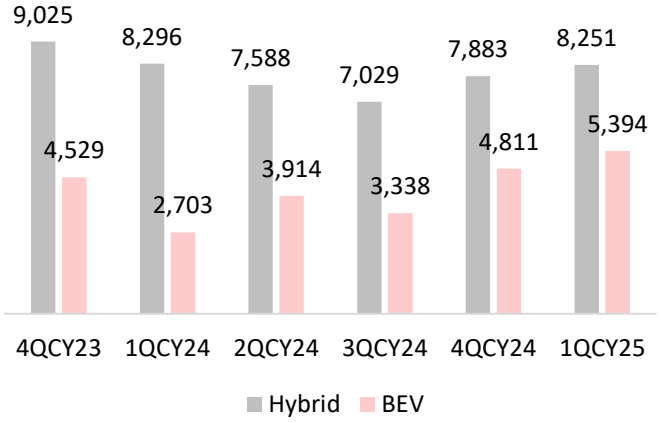
Source: MAA, MIDFR

Chart 3: Passenger Vehicle Market Share by Marque



Source: MAA, MIDFR

Chart 4: Quarterly Hybrid and BEV Sales



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