Automotive

2QCY25 Earnings Wrap

NEUTRAL (Maintain)

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HIGHLIGHTS

- Year-to-date TIV tracks within expectations at 65%
- 2QCY25 auto results were mixed, but largely in line
- BUDI95 programme offers modest support for TIV
- **MBM Resources (Maintain BUY, TP: RM5.54)**

SECTOR RECAP

TIV holds within projections. According to the Malaysian Automotive Association (MAA), the total industry volume (TIV) in Aug-25 reached 73,041 units (+4.3%mom, +0.6%yoy). The month-on-month growth was fuelled by better stock availability from higher July production, Merdeka promotions, and new model launches. On the production front, TIP slipped to 69,111 units (-3.3%mom, -6.6%yoy). Year-to-date TIV fell to 516,862 units (-3.8%yoy), tracking in line with our forecast at 65% of our full-year projection.

2QCY25 auto earnings were broadly in line. Tan Chong's **(Maintain SELL, TP: RM0.34)** losses were as expected, with its weak domestic operations partly offset by stronger Vietnam sales from GAC Motor. Sales may improve with upcoming new launches, but losses are likely to persist amid stiff competition. **MBM Resources (Maintain BUY, TP: RM5.54)** delivered results in line, with after-sales supporting its motor trading & assembly division despite flat vehicle sales. Its Perodua associate also posted a higher contribution, benefiting from a weaker JPY even as volumes softened. In contrast, **Bermaz Auto (Maintain NEUTRAL, Lower TP: RM0.56)** posted results well below expectations, dragged by weaker sales from ageing models, wider associate losses, and softer margins. Sales should improve with the recent launch of the all-new Mazda CX-60 and Mazda 3 1.5L, but we now expect margin recovery to take longer, leading us to cut earnings further and lower our target price as detailed in Table 3.

Modest tailwinds, at least for this year. Under the BUDI95 programme, effective September 30, 2025, Malaysians can buy RON95 at RM1.99/l for up to 300 litres monthly, while non-citizens pay RM2.60. This is mildly positive for TIV as fuel costs remain manageable and may steer buyers toward fuel-efficient cars to stay under the cap. Separately, TIV should be supported by new model launches and firmer sentiment following the recent OPR cut. With open market value (OMV)-based excise duty for CKDs commencing in Jan-26 and CBU EV tax exemptions expiring this year, some frontloading of purchases is anticipated in the remainder of the year.

Maintain NEUTRAL. Overall, TIV is projected to moderate this year, given the strong base, with our CY25F forecast at 792k units (-3.0%yoy), closely matching MAA's estimate of 780k units (-4.5%yoy).

COMPANY *IN FOCUS*

MBM Resources Berhad

Maintain BUY | Target Price: RM5.54
Price @ 22nd September 2025: RM5.19

- Trading at -1.0SD below the sector's 5-year mean with a dividend yield of +6.8%.
- Perodua's sales have held up well, despite a slight softening to date.
- Auto parts manufacturing margins are set to improve in the upcoming quarters.

SHARE PRICE CHART



TABLE 1: TOTAL INDUSTRY VOLUME (UNITS)

Marques	Aug-25	Jul-25	Aug-24	MoM	YoY	YTD-25	YTD-24	YoY
BMW*	0	0	625	-	-100.0%	3,350	7,311	-54.2%
BYD	1,188	971	533	22.3%	122.9%	8,228	5,603	46.8%
Chery	1,735	1,190	948	45.8%	83.0%	9,638	8,869	8.7%
Honda	5,872	4,746	7,388	23.7%	-20.5%	44,368	53,520	-17.1%
Jaecoo	1,899	1,450	810	31.0%	134.4%	10,799	819	1218.6%
Mazda	802	599	1,040	33.9%	-22.9%	5,349	10,755	-50.3%
Mercedes-Benz*	0	0	425	-	-100.0%	2,816	4,565	-38.3%
Mitsubishi	726	719	21	1.0%	3357.1%	6,217	5,902	5.3%
Nissan	441	478	342	-7.7%	28.9%	3,719	3,978	-6.5%
Perodua	32,026	33,486	34,722	-4.4%	-7.8%	231,700	236,666	-2.1%
Proton	14,625	13,182	12,355	10.9%	18.4%	97,580	99,379	-1.8%
Toyota	93	6,001	6,051	-98.5%	-98.5%	43,358	45,769	-5.3%
Volkswagen	181	143	150	26.6%	20.7%	1,085	1,053	3.0%
Volvo	134	139	130	-3.6%	3.1%	1,006	1,234	-18.5%
Others	7,580	1,334	1,476	468.2%	413.6%	9,611	6,922	38.8%
Total Passenger	**67,302**	**64,438**	**67,016**	4.4%	0.4%	**478,824**	**492,345**	-2.7%
Total Commercial	**5,739**	**5,619**	**5,564**	2.1%	3.1%	**38,038**	**45,187**	-15.8%
TIV	**73,041**	**70,057**	**72,580**	4.3%	0.6%	**516,862**	**537,532**	-3.8%

Source: MAA, MBSBR

**Data is only available quarterly*

TABLE 2: 2QCY25 RESULTS SUMMARY

Companies	2QCY25 Revenue			2QCY25 Core PATAMI		
	QoQ (%)	YoY (%)	YTD (%)	QoQ (%)	YoY (%)	YTD (%)
Bermaz Auto*	-7.1	-41.9	-41.9	-60.4	-87.5	-87.5
MBM Resources	4.8	5.8	-0.8	1.6	6.9	-2.8
Tan Chong Motor	-2.6	-1.2	-1.5	26.1	-22.2	-31.4

TABLE 3: SUMMARY OF THE REVISIONS

Companies	2QCY25 Results		Post-2QCY25 Revisions			Latest Revisions		
	Ours	Consensus	Rating	Target Price	Earnings	Rating	Target Price	Earnings
Bermaz Auto*	**Below** 5%	**Below** 6%	**Maintain** NEUTRAL	**Lower** RM0.59 (from RM0.75)	**Lower** FY26F = -33% FY27F = -35%	**Maintain** NEUTRAL	**Lower** RM0.56 (from RM0.59)	**Lower** FY26F = -36% FY27F = -5% FY28F = -4%
MBM Resources	**Within** 47%	**Within** 47%	**Maintain** BUY	**Higher** RM5.54 (from RM5.36)	**Higher** FY26F = +3% FY27F = +3%	**Maintain** BUY	Unchanged	Unchanged
Tan Chong Motor	**Within** 49%	**Within** 49%	**Maintain** SELL	**Unchanged** RM0.34	Unchanged	**Maintain** SELL	Unchanged	Unchanged

TABLE 4: PASSENGER VEHICLES SOLD IN THE DOMESTIC MARKET (UNITS)

Companies	2QCY25	1QCY25	2QCY24	QoQ	YoY	1HCY25	1HCY24	YoY
Bermaz Auto*								
Mazda	1,593	1,951	3,852	-18.3%	-58.6%	1,593	3,852	-58.6%
KIA	195	240	274	-18.8%	-28.8%	195	274	-28.8%
XPeng	386	327	-	18.0%	-	386	-	-
MBM Resources								
Perodua (Subsidiary)	6,733	6,835	6,838	-1.5%	-1.5%	13,568	14,463	-6.2%
Perodua (Associate)	81,051	84,802	84,955	-4.4%	-4.6%	165,853	171,379	-3.2%
Volvo	103	78	110	32.1%	-6.4%	181	256	-29.3%
Volkswagen	127	124	105	2.4%	21.0%	251	218	15.1%
Jaecoo	132	105	-	25.7%	-	237	-	-
Tan Chong Motor								
Nissan	1,584	1,811	2,301	-12.5%	-31.2%	3,395	4,602	-26.2%

Source: Companies, MBSBR,

*Note: *FYE April*

Chart 1: Annual TIV Trend (Units)

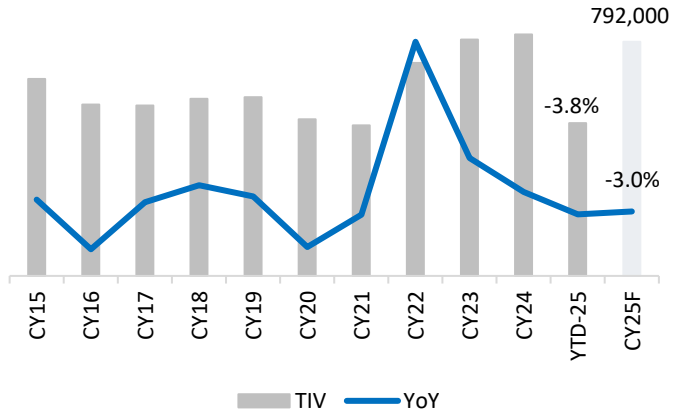
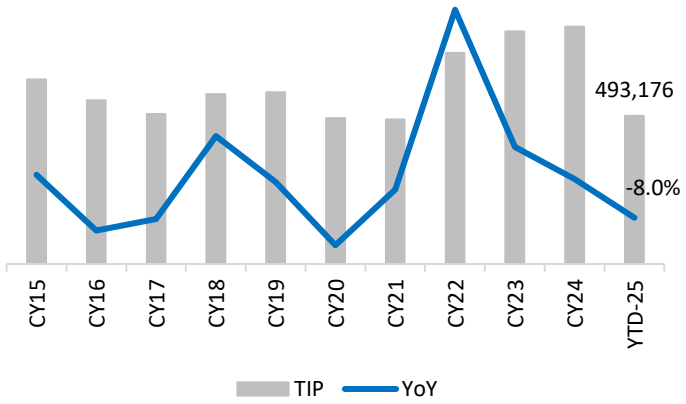


Chart 2: Annual TIP Trend (Units)



Source: MAA, MBSBR

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Chart 3: PV Market Share Within the Respective Segments

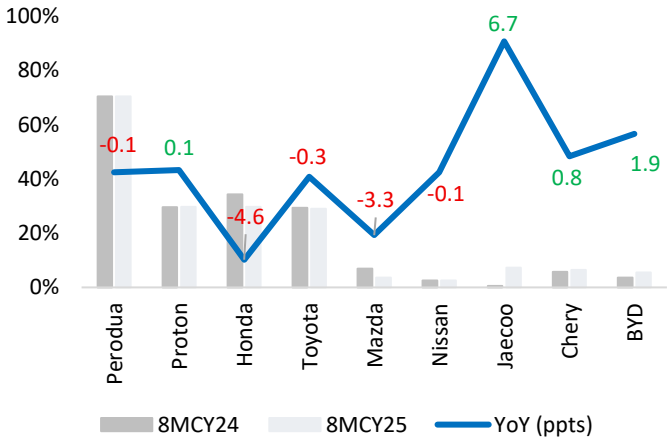
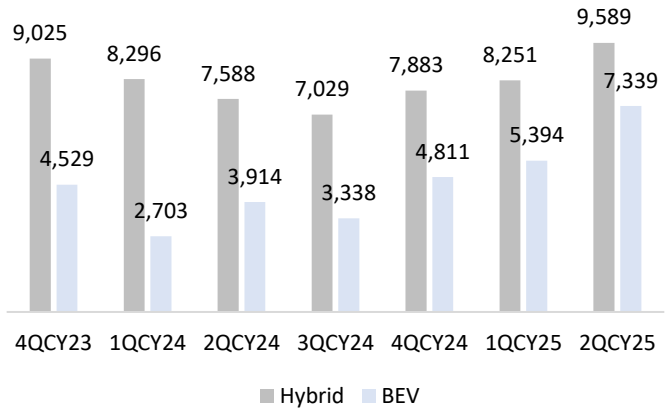


Chart 4: Quarterly Hybrid and BEV Sales



SECTOR VALUATION MATRIX

Company	Rating	Last Price	TP	PER		ROE		Dividend Yield	
		RM	RM	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F
Bermaz Auto*	NEUTRAL	0.66	0.56	10.7x	7.1x	9.4%	13.6%	6.1%	9.2%
MBM Resources	BUY	5.19	5.54	6.6x	6.8x	11.2%	10.4%	6.8%	6.6%
Tan Chong	SELL	0.56	0.34	-	-	-	-	1.8%	1.8%

Source: Companies, MBSBR

*Note: *FYE April*

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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 expected 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