Tan Chong Motor Holdings Berhad

(4405 | MBM MK) Main | Consumer Products & Services

SHARIAH Compliant

ESG 3 Stars

Corporate Update

Briefing Note - Still a Grind

Maintain **SELL**

Unchanged Target Price **RM0.34**

Maintain SELL. Tan Chong Motor Holdings Berhad (TCM) hosted its 3QFY25 briefing yesterday, with overall takeaways pointing to an improving yet still challenging operating landscape. We continue to expect the Group to remain in the red over our forecast period. Our target price is unchanged at **RM0.34**, pegged to an FY26F PBVS of 0.1x.

Strong growth sustained in Vietnam unit sales. In Malaysia, Nissan sales declined (-19.9%yoy) year-to-date, though 3QFY25 sequential performance improved, with the Aug-25 Navara X-Tremer launch providing model refreshment. UD Trucks (+24.1%yoy) saw firmer momentum in 9MFY25, supported by the Jun-25 introduction of the light-duty Kuzer truck. In Vietnam, unit sales surged (+171.4%yoy) on strong demand for GAC passenger vehicles and TQ-Wuling light trucks. Meanwhile, in Myanmar, unit sales rose 2.5x, helped by the introduction of the TQ-Wuling N300P light truck, which is exported from the Da Nang plant in Vietnam.

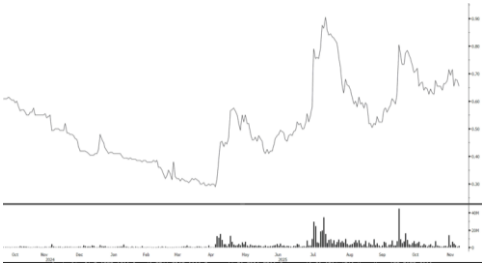
Serendah plant utilisation to improve with Perodua BEV tie-up. On the potential partnership with Perodua for its BEV programme, beyond supplying ED coating and painting services, the Group's assembly arm is expected to undertake selected sub-assembly work at the Serendah plant. The Serendah plant remains underutilised, as it is dedicated solely to the Nissan brand, which accounts for <1% of TIV. Based on prior information we gathered, Perodua's QV-E production is expected to start at 500 units per month, with an eventual target of 2,000-2,500 units. Minimal investment is anticipated for this partnership, as the work will primarily involve internal reconfiguration within the existing production setup.

TQ Wuling Bingo early bookings reported as encouraging. In Malaysia, TQ Wuling Bingo (A-segment EV) is slated for launch in Dec-25, and management has noted that early bookings have been encouraging. Two new Nissan e-POWER models are expected next year, with the Serena targeted for a 1HCY26 launch and the second speculated to be the X-Trail. In Vietnam, discussions with GAC and TQ Wuling are ongoing to introduce new models in the coming year. Management added that they are close to finalising plans to export locally assembled GAC vehicles from the Segambut plant, which currently builds the GS3 EMZOOM and EMKOO for the Vietnamese market.

Earnings estimates. No changes were made to our earnings estimates.

RETURN STATISTICS	
Price @ 24th November 2025 (RM)	0.64
Expected share price return (%)	-47.0
Expected dividend yield (%)	+1.6
Expected total return (%)	-45.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.2	-2.5
3 months	4.0	5.2
12 months	32.3	30.0

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	2,085.3	2,186.1	2,253.1
EBIT	-100.2	-72.5	-60.8
PBT	-160.6	-135.2	-125.8
Core PATAMI	-157.9	-132.9	-123.7
Core EPS (sen)	-24.2	-20.4	-19.0
DPS (sen)	1.0	1.0	1.0
Dividend yield	1.6%	1.6%	1.6%

KEY STATISTICS	
FBM KLCI	1,611.74
Issued shares (m)	651.63
Estimated free float (%)	16.82
Market Capitalisation (RM'm)	426.82
52-wk price range	RM0.28 - RM0.97
3-mth average daily volume (m)	4.84
3-mth average daily value (RM'm)	3.25
Top Shareholders (%)	
Tan Chong Consolidated Sdn Bhd	47.47
Daiwa Securities Group Inc	5.73
Nissan Motor Co Ltd	5.73

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

SALES PERFORMANCE

Units	Quarterly					Cumulatively		
Malaysia	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Nissan	1,653	1,584	1,697	4.4%	-2.6%	5,048	6,299	-19.9%
UD Trucks	165	114	105	44.7%	57.1%	386	311	24.1%
Total	1,818	1,698	1,802	7.1%	0.9%	5,434	6,610	-17.8%
Others	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Vietnam	242	226	103	7.1%	135.0%	673	248	171.4%
Cambodia	28	34	39	-17.6%	-28.2%	109	130	-16.2%
Laos	37	61	41	-39.3%	-9.8%	138	109	26.6%
Myanmar	89	108	35	-17.6%	154.3%	256	64	300.0%
Total	396	429	218	-7.7%	81.7%	1,176	551	113.4%

RECAP OF GEOGRAPHICAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Malaysia	473.7	480.6	429.2	-1.4%	10.4%	1,455.6	1,483.2	-1.9%
Vietnam	23.5	22.4	7.6	4.8%	207.9%	65.5	16.6	294.0%
Others	33.2	35.7	25.8	-7.1%	28.5%	101.2	71.6	41.4%
	530.5	538.8	462.7	-1.5%	14.7%	1,622.2	1,571.4	3.2%
EBITDA	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Malaysia	-5.3	-3.7	-45.1	-44.1%	88.2%	50.5	24.4	106.8%
Vietnam	-6.2	-9.5	-4.5	34.4%	-39.4%	-22.7	-29.4	22.6%
Others	4.1	1.6	-3.2	150.9%	230.2%	10.6	-6.4	266.9%
	-7.4	-11.6	-52.7	35.8%	85.9%	38.4	-11.3	438.9%
EBITDA Margin	**3QFY25**	**2QFY25**	**3QFY24**	**QoQ**	**YoY**	**9MFY25**	**9MFY24**	**YoY**
Malaysia	-1.1%	-0.8%	-10.5%	-0.4	9.4	3.5%	1.6%	1.8
Vietnam	-26.5%	-42.4%	-58.7%	15.9	32.1	-34.7%	-176.8%	142.1

Source: Tan Chong, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	2,532.7	2,082.7	2,085.3	2,186.1	2,253.1
Operating profit	-78.1	-157.6	-100.2	-72.5	-60.8
PBT	-121.1	-214.3	-160.6	-135.2	-125.8
PAT	-133.9	-220.8	-169.4	-142.6	-132.7
PATAMI	-125.3	-222.3	-157.9	-132.9	-123.7
Core PATAMI	-119.8	-180.8	-157.9	-132.9	-123.7
Core EPS (sen)	-18.4	-27.7	-24.2	-20.4	-19.0
DPS (sen)	1.0	1.0	1.0	1.0	1.0
Dividend yield	1.6%	1.6%	1.6%	1.6%	1.6%

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
PPE	2,371.2	2,319.1	2,279.9	2,222.7	2,144.9
Non-current assets	**3,211.9**	**3,132.3**	**3,104.6**	**3,057.1**	**2,988.3**
Inventories	822.1	842.1	841.3	882.0	909.0
Trade receivables	296.4	317.3	317.7	333.1	343.3
Cash	511.6	545.5	458.8	376.3	337.7
Current assets	**1,902.5**	**1,960.3**	**1,873.2**	**1,846.6**	**1,845.3**
Long-term debt	450.0	309.8	309.8	309.8	309.8
Non-current liabilities	**903.5**	**764.5**	**764.5**	**764.5**	**764.5**
Short-term debt	1,092.6	1,406.4	1,456.4	1,506.4	1,556.4
Trade payables	319.2	315.9	315.6	330.8	341.0
Current liabilities	**1,469.0**	**1,812.3**	**1,862.0**	**1,927.3**	**1,987.4**
Share capital	336.0	336.0	336.0	336.0	336.0
Retained earnings	2,430.4	2,201.6	2,037.2	1,897.8	1,767.6
Equity	**2,741.8**	**2,515.7**	**2,351.3**	**2,211.9**	**2,081.7**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	-121.1	-214.3	-160.6	-135.2	-125.8
D&A	141.7	132.7	139.2	157.3	177.7
Changes in WC	-137.9	-24.3	0.1	-40.7	-27.1
Operating cash flow	**-121.8**	**-24.5**	**-30.1**	**-26.0**	**17.9**
Capital expenditure	-192.4	-100.0	-100.0	-100.0	-100.0
Investing cash flow	**-196.9**	**-86.6**	**-100.0**	**-100.0**	**-100.0**
Dividends paid	-6.5	-6.5	-6.5	-6.5	-6.5
Debt raised/(repaid)	268.6	173.6	50.0	50.0	50.0
Financing cash flow	**267.0**	**154.5**	**43.5**	**43.5**	**43.5**
Net cash flow	**-51.7**	**43.4**	**-86.7**	**-82.6**	**-38.6**
Beginning cash flow	**558.2**	**511.6**	**545.5**	**458.8**	**376.3**
Ending cash flow	**511.6**	**545.5**	**458.8**	**376.3**	**337.7**

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
OP margin	-3.1%	-7.6%	-4.8%	-3.3%	-2.7%
PBT margin	-4.8%	-10.3%	-7.7%	-6.2%	-5.6%
PAT margin	-1.8%	-5.3%	-10.6%	-8.1%	-6.5%
Core PATAMI margin	-4.7%	-8.7%	-7.6%	-6.1%	-5.5%
ROA	-2.3%	-3.6%	-3.2%	-2.7%	-2.6%
ROE	-4.4%	-7.2%	-6.7%	-6.0%	-5.9%

Growth (%)	2023A	2024A	2025E	2026F	2027F
Revenue growth	-17.0%	-17.8%	0.1%	4.8%	3.1%
EBIT growth	<-100%	<-100%	36.4%	27.7%	16.1%
PBT growth	<-100%	-76.9%	25.0%	15.8%	6.9%
Core PATAMI growth	<-100%	-50.9%	12.7%	15.8%	6.9%

Source: Tan Chong, MBSBR

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MBSB INVESTMENT BANK (formerly known MIDF 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