Tan Chong Motor Holdings Berhad

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

SHARIAH Compliant

ESG 3 Stars

Corporate Update

Maintain SELL

Unchanged Target Price **RM0.34**

4QFY25 Results Review Losses In Line

Maintain SELL. Tan Chong Motor Holdings Berhad's (TCM) 4QFY25 results came in within expectations. While vehicle sales remained weak, losses narrowed due to lower expenses. In its pipeline, TCM is expected to launch the All-New Nissan Serena e-POWER (C-MPV segment) in Mar-26. We continue to expect the Group to remain in the red over our forecast period. Our target price is maintained at **RM0.34** (FY26F PBVS of 0.1x).

Within expectations. TCM reported a core LATAMI of -RM55.2m in 4QFY25, bringing FY25 core losses to -RM166.3m, in line with our/consensus full-year estimates at 105%/98%, respectively. No dividend was declared for the quarter.

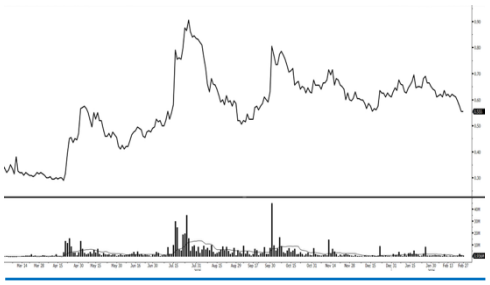
Automotive losses narrowed due to cost savings. Automotive division revenue declined -4.3%yoy due to lower vehicle sales for both Malaysia and Vietnam markets. Based on MAA data, Nissan TIV fell -6.7%yoy during the quarter. However, the division's LBITDA narrowed by +95.7%yoy on lower operating and finance costs. The financial services division (<5% of revenue) recorded a -23.1%yoy drop in revenue, while LBITDA narrowed +51.6%yoy due to an impairment loss on an equity-accounted investee booked in 4QFY24. The quarter also saw its JVs/associates return to profit, posting RM0.9m. Overall, revenue declined -4.7%yoy, but core LATAMI narrowed +32.2%yoy on improved margins.

Nissan TIV declined -17.6%qoq. Compared with 3QFY25, the automotive division's revenue declined -7.9%qoq due to lower vehicle sales, while LBITDA narrowed +94.0%qoq for on lower operating costs. Sequentially, Nissan TIV fell -17.6%qoq during the quarter. On the other hand, financial services revenue fell -6.9%qoq, while LBITDA widened -67.3%qoq, mainly due to lower other income. Altogether, TCM's revenue declined -8.1%qoq, while core LATAMI narrowed marginally by +0.4%qoq.

Earnings estimates. Our forecasts remain unchanged.

RETURN STATISTICS	
Price @ 27th February 2026 (RM)	0.56
Expected share price return (%)	-39.4
Expected dividend yield (%)	0.0
Expected total return (%)	-39.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-14.6	-13.4
3 months	-9.0	-11.4
12 months	58.6	45.5

INVESTMENT STATISTICS

FYE Dec	2025A	2026F	2027F
Revenue	2,109.5	2,186.1	2,253.1
EBIT	-120.9	-72.5	-60.8
PBT	-175.4	-135.2	-125.8
Core PATAMI	-166.3	-132.9	-123.7
Core EPS (sen)	-25.5	-20.4	-19.0
DPS (sen)	0.0	1.0	1.0
Dividend yield	0.0%	1.8%	1.8%

KEY STATISTICS	
FBM KLCI	1,716.61
Issued shares (m)	651.63
Estimated free float (%)	16.82
Market Capitalisation (RM'm)	361.65
52-wk price range	RM0.28 - RM0.97
3-mth average daily volume (m)	1.43
3-mth average daily value (RM'm)	0.92
Top Shareholders (%)	
Tan Chong Consolidated Sdn Bhd	47.47
Daiwa Securities Group Inc	5.73
Nissan Motor Co Ltd	5.73

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TAN CHONG: 4QFY25 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Revenue	487.3	530.5	511.2	-8.1%	-4.7%	2,109.5	2,082.7	1.3%
Operating loss	-48.9	-45.6	-35.4	-7.2%	-38.3%	-120.9	-157.6	23.3%
Net interest expense	-11.5	-12.1	-15.6	5.2%	26.4%	-53.1	-54.6	2.7%
JVs/Associates	0.9	-2.1	-1.1	142.0%	181.8%	-1.3	-2.0	34.3%
LBT	-59.5	-59.9	-52.1	0.6%	-14.3%	-175.4	-214.3	18.2%
Tax expense	-18.4	-3.7	-16.9	-393.7%	-8.6%	-25.2	-6.5	-285.3%
LATAMI	-81.1	-60.3	-68.1	-34.6%	-19.2%	-195.3	-214.2	8.8%
Core LATAMI	-55.2	-55.5	-81.5	0.4%	32.2%	-166.3	-160.2	-3.8%
				ppts	**ppts**			**ppts**
OP margin (%)	-10.0%	-8.6%	-6.9%	-1.4	-3.1	-5.7%	-7.6%	1.8
PBT margin (%)	-12.2%	-11.3%	-10.2%	-0.9	-2.0	-8.3%	-10.3%	2.0
Core PATAMI margin (%)	-11.3%	-10.5%	-15.9%	-0.9	4.6	-7.9%	-7.7%	-0.2
Effective tax rate (%)	30.9%	6.2%	32.5%	24.7	-1.6	14.3%	3.0%	11.3

SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Automotive	471.2	511.4	492.5	-7.9%	-4.3%	2,031.8	1,990.9	2.1%
Financial services	13.7	14.7	17.8	-6.9%	-23.1%	62.0	70.7	-12.3%
Others	2.4	4.4	1.0	-45.9%	139.1%	15.7	21.1	-25.6%
	487.3	530.5	511.2	-8.1%	-4.7%	2,109.5	2,082.7	1.3%
EBITDA/LBITDA	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Automotive	-0.9	-15.0	-20.7	94.0%	95.7%	40.9	-22.5	282.2%
Financial services	-2.8	-1.7	-5.7	-67.3%	51.6%	-7.3	5.5	-234.3%
Others	-15.6	9.2	30.4	-269.7%	-151.5%	-14.5	9.7	-250.0%
	-19.3	-7.4	4.0	-160.2%	-585.5%	19.1	-7.3	360.1%
EBITDA/LBITDA Margin	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Automotive	-0.2%	-2.9%	-4.2%	2.7	4.0	2.0%	-1.1%	3.1
Financial services	-20.3%	-11.3%	-32.2%	-9.0	12.0	-11.8%	7.7%	-19.6

GEOGRAPHICAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Malaysia	439.0	473.7	459.9	-7.3%	-4.5%	1,894.5	1,943.1	-2.5%
Vietnam	18.7	23.5	21.2	-20.6%	-12.0%	84.2	37.8	122.4%
Others	29.6	33.2	30.1	-10.8%	-1.6%	130.8	101.7	28.7%
	487.3	530.5	511.2	-8.1%	-4.7%	2,109.5	2,082.7	1.3%
EBITDA	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Malaysia	-17.4	-5.3	9.9	-227.3%	-274.9%	33.2	34.4	-3.5%
Vietnam	-4.7	-6.2	-12.7	25.1%	63.1%	-27.4	-42.1	34.8%
Others	2.7	4.1	6.7	-33.8%	-59.3%	13.4	0.3	3734.1%
	-19.3	-7.4	4.0	-160.2%	-585.5%	19.1	-7.3	360.1%
EBITDA Margin	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Malaysia	-4.0%	-1.1%	2.2%	-2.8	-6.1	1.7%	1.8%	0.0
Vietnam	-25.0%	-26.5%	-59.8%	1.5	34.7	-32.6%	-111.2%	78.6

Source: Tan Chong, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025A	2026F	2027F
Revenue	2,532.7	2,082.7	2,109.5	2,186.1	2,253.1
Operating profit	-78.1	-157.6	-120.9	-72.5	-60.8
PBT	-121.1	-214.3	-175.4	-135.2	-125.8
PAT	-133.9	-220.8	-200.5	-142.6	-132.7
PATAMI	-125.3	-214.2	-195.3	-132.9	-123.7
Core PATAMI	-119.8	-160.2	-166.3	-132.9	-123.7
Core EPS (sen)	-18.4	-24.6	-25.5	-20.4	-19.0
DPS (sen)	1.0	1.0	0.0	1.0	1.0
Dividend yield	1.8%	1.8%	0.0%	1.8%	1.8%

Balance Sheet (RM'm)	2023A	2024A	2025A	2026F	2027F
PPE	2,371.2	2,319.1	2,568.3	2,222.7	2,144.9
Non-current assets	**3,211.9**	**3,132.3**	**3,244.6**	**3,057.1**	**2,988.3**
Inventories	822.1	842.1	682.4	882.0	909.0
Trade receivables	296.4	317.3	387.6	333.1	343.3
Cash	511.6	545.5	286.7	376.3	337.7
Current assets	**1,902.5**	**1,960.3**	**1,463.3**	**1,846.6**	**1,845.3**
Long-term debt	450.0	309.8	159.9	309.8	309.8
Non-current liabilities	**903.5**	**764.5**	**680.6**	**764.5**	**764.5**
Short-term debt	1,092.6	1,406.4	1,068.3	1,506.4	1,556.4
Trade payables	319.2	315.9	387.8	330.8	341.0
Current liabilities	**1,469.0**	**1,812.3**	**1,533.5**	**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	2,303.4	1,897.8	1,767.6
Equity	**2,741.8**	**2,515.7**	**2,622.5**	**2,211.9**	**2,081.7**

Cash Flow (RM'm)	2023A	2024A	2025A	2026F	2027F
PBT	-121.1	-214.3	-175.4	-135.2	-125.8
D&A	141.7	132.7	139.2	157.3	177.7
Changes in WC	-137.9	-24.3	299.6	-40.7	-27.1
Operating cash flow	**-121.8**	**-24.5**	**282.1**	**-26.0**	**17.9**
Capital expenditure	-192.4	-100.0	-95.3	-100.0	-100.0
Investing cash flow	**-196.9**	**-86.6**	**-29.5**	**-100.0**	**-100.0**
Dividends paid	-6.5	-6.5	0.0	-6.5	-6.5
Debt raised/(repaid)	268.6	173.6	-481.0	50.0	50.0
Financing cash flow	**267.0**	**154.5**	**-497.8**	**43.5**	**43.5**
Net cash flow	**-51.7**	**43.4**	**-245.2**	**-82.6**	**-38.6**
Beginning cash flow	**558.2**	**511.6**	**545.5**	**458.8**	**376.3**
Ending cash flow	**511.6**	**545.5**	**286.7**	**376.3**	**337.7**

Profitability Ratios (%)	2023A	2024A	2025A	2026F	2027F
OP margin	-3.1%	-7.6%	-5.7%	-3.3%	-2.7%
PBT margin	-4.8%	-10.3%	-8.3%	-6.2%	-5.6%
PAT margin	-1.8%	-5.3%	-10.6%	-9.5%	-6.5%
Core PATAMI margin	-4.7%	-7.7%	-7.9%	-6.1%	-5.5%
ROA	-2.3%	-3.1%	-3.5%	-2.7%	-2.6%
ROE	-4.4%	-6.4%	-6.3%	-6.0%	-5.9%

Growth (%)	2023A	2024A	2025A	2026F	2027F
Revenue growth	-17.0%	-17.8%	1.3%	3.6%	3.1%
EBIT growth	<-100%	<-100%	23.3%	40.0%	16.1%
PBT growth	<-100%	-76.9%	18.2%	22.9%	6.9%
Core PATAMI growth	<-100%	-33.7%	-3.8%	20.1%	6.9%

Source: Tan Chong, MBSBR

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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 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