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**

Briefing Note
An Uphill Climb

Maintain SELL. Tan Chong Motor Holdings Berhad (TCM) held its 4QFY25 briefing, with management noting improving trends, though the operating landscape remains challenging. We maintain our view that TCM will stay loss-making over our forecast period. Our target price is unchanged at **RM0.34** (based on FY26F PBVS of 0.1x).

Vietnam is improving, but a turnaround is unlikely in the near term. In Malaysia, Nissan's sales declined by -17.3%yoy in FY25 amid a slower rollout of new models. This was partly cushioned by stronger UD Trucks sales (+30.6%yoy) following the mid-year launch of the new Kuzer light-duty truck. Vietnam unit sales rose +76.7%yoy, driven by strong demand for TQ Wuling light trucks, King Long buses and GAC passenger vehicles. Meanwhile, Myanmar turned profitable in FY25, with unit sales rising 3.2x on steady Nissan sales and the rollout of the TQ Wuling N300P light truck.

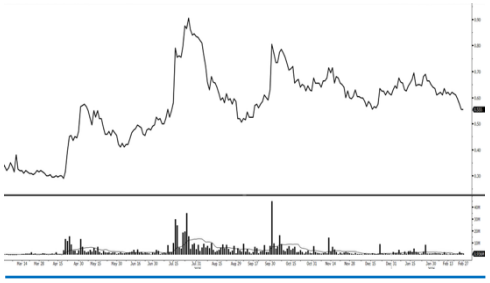
Two new Nissan launches in Malaysia this year. TCM launched the TQ Wuling Bingo (A-segment EV) in Dec-25, with bookings described as encouraging (1-month waiting period), although deliveries commenced gradually as production ramped up. Based on JPJ data, 35 units were registered in Jan-26. Separately, the all-new Nissan Serena e-POWER (priced from RM155k), launched yesterday, is one of two models expected this year to refresh the Nissan lineup and marks the first locally assembled e-POWER model. Management noted encouraging early bookings. The second e-POWER model launch is speculated to be the X-Trail.

Plant utilisation is below optimal but improving. While management did not explicitly discuss utilisation levels across all plants, utilisation could gradually improve. The Segambut plant may see some pickup as left-hand-drive GAC GS3 EMZOOM is set to be produced for export to Vietnam starting in 2HCY26. Meanwhile, for the Segambut plant, management indicated that export opportunities for the all-new Nissan Serena e-POWER could be explored once domestic demand is met. Recall that the locally assembled Nissan Serena S-Hybrid was exported to Thailand for the first time in late-CY24. Whereas in Da Nang, Vietnam, the plant began producing TQ Wuling light trucks for export to Myanmar late last year (about 100 units in Dec-25), and further exports are expected.

Earnings estimates. No changes were made to earnings estimates.

RETURN STATISTICS	
Price @ 3rd March 2026 (RM)	0.54
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%	1.9%	1.9%

KEY STATISTICS	
FBM KLCI	1,711.95
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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SALES PERFORMANCE

Units	Quarterly					Cumulatively		
Malaysia	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Nissan	1,387	1,653	1,486	4.4%	-2.6%	6,435	7,785	-17.3%
UD Trucks	194	165	133	44.7%	57.1%	580	444	30.6%
Total	1,581	1,818	1,619	7.1%	0.9%	7,015	8,229	-14.8%
Others	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**FY25**	**FY24**	**YoY**
Vietnam	193	242	242	7.1%	135.0%	866	490	76.7%
Cambodia	46	28	39	-17.6%	-28.2%	155	169	-8.3%
Laos	47	37	34	-39.3%	-9.8%	185	143	29.4%
Myanmar	82	89	41	-17.6%	154.3%	338	105	221.9%
Total	368	396	356	-7.7%	81.7%	1,544	907	70.2%

RECAP OF 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

RECAP OF 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	1.9%	1.9%	0.0%	1.9%	1.9%

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**	**286.7**	**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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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