Automotive

NEUTRAL (Maintain)

Car Replacement Cycle Set to Moderate

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HIGHLIGHTS

- February TIV was within expectations, making up 15% of our full-year forecast
- Major marques on course for CY26 sales targets based on 1QCY26 performance
- We expect CY26 TIV to normalise to 788k units (-4.0%yoy)
- Top pick is **MBM Resources Bhd (Maintain BUY, TP: RM6.00)**

SECTOR RECAP

Feb TIV soft on seasonality; YTD remains on track. February TIV came in at 52,414 units (-18.5%mom), mainly due to fewer working days and a one-week plant shutdown during the Chinese New Year period. Despite this, the year-to-date TIV for 2MCY26 grew marginally by +0.8%yoy to 116,712 units, supported by strong January sales driven by spillover demand from new model launches at the end of last year. This brings TIV to 15% of our full-year estimate of 788k units (-4.0%yoy), in line with expectations. Notably, TIP fell to 110,607 units (-6.6%yoy) during the same period, indicating that new car sales continue to be largely dominated by CBU imports.

Passenger vehicle growth anchored by Proton. Passenger vehicle TIV rose slightly to 109,117 units (+0.4%yoy) in 2MCY26, driven by the +10.0%yoy increase by national marques (entirely led by Proton), while the non-national segment declined sharply by -21.2%yoy. The weakness was mainly driven by Honda (-41.4%yoy) and Toyota (-28.5%yoy), which together account for nearly half of the non-national segment's market share. Overall sales are expected to improve in March, supported by the Hari Raya Aidilfitri festive period.

Major marques largely on track to meet CY26 targets. While official March TIV data from MAA will only be released in the next 1-2 weeks, we reviewed new car registration data from the Road Transport Department (JPJ) to gauge 1QCY26 performance. Perodua registered 24,530 units (+4.1%mom) in Mar-26, bringing its year-to-date total to 74,233 units. Proton recorded 15,243 units (+13.4%mom) for the month, lifting its year-to-date tally to 48,440 units or 24% of its 200k full-year target. March registrations for Honda and Toyota (figures that also include reconditioned units) came in at 7,062 units (+109.0%mom) and 8,617 units (+23.2%mom), respectively. Honda's 1QCY26 total reached 13,618 units, representing 23% of its 60k full-year target, while Toyota recorded a cumulative 22,208 units in the same period.

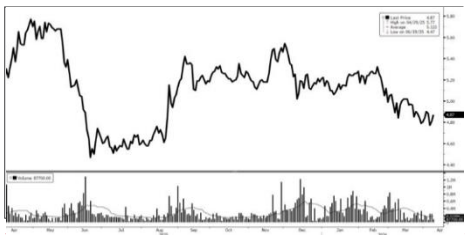
COMPANY *IN FOCUS*

MBM Resources Berhad

Maintain BUY | Target Price: RM6.00
Price @ 8th April 2026: RM4.87

- Resilient performance due to steady Perodua sales and production performance.
- Trading at -1SD below its 5-year mean.
- Offers an attractive dividend yield of 10.6%.

SHARE PRICE CHART



Proton leads the EV segment as BYD localisation faces uncertainty.

Proton remained the leading brand in the passenger EV segment in 1QCY26, recording total sales of 8,197 units. Of this, 82% was driven by the e.MAS 5, which was launched in Oct-25. The e.MAS 7 also saw renewed momentum in Mar-26, with registrations rising to 952 units from the 200-300 range earlier in the year, following its transition to local assembly that reduced prices by RM4k-RM6k. Meanwhile, BYD ranked as the second best-selling EV brand with 2,261 units, with the Atto 3 contributing 44% of its total sales. In separate news, MITI has reportedly imposed strict conditions on BYD's proposed CKD plant in Tanjung Malim – including an 80% export requirement, a cap of 10k units (or 20% of output) for domestic sales, and a minimum price floor of RM100k, which BYD has reportedly persisted, raising uncertainty over its localisation plans. If these plans face setbacks, Proton (50.1%-owned by **DRB-HICOM Bhd (Non-rated)**) would be the main beneficiary, as the e.MAS series directly competes with BYD's best-selling models in the same segment. Perodua is unlikely to benefit meaningfully at this stage, as production delays (due to suppliers not meeting quality standards) have limited QV-E registrations to just 50 units so far since its launch, largely comprising demo and test-drive units.

Fuel shock from the Iran conflict.

Based on CY25 JPJ registration data, petrol-powered passenger vehicles dominate at 85%, followed by diesel (6%), hybrids (4%) and EVs (5%), suggesting fuel price dynamics remain highly relevant for the bulk of the market. Mass-market petrol users eligible for BUDI95 continue to benefit from the capped price of RM1.99/litre, keeping near-term running costs largely stable if consumption remains within the quota. Although the Ministry of Finance has reduced the quota to 200 litres per month effective April 1, 2026, the impact is likely minimal given average usage is 100 litres monthly, with nearly 90% of users staying below the new cap. In contrast, non-subsidised petrol users (including RON97 consumers, who are typically in higher-income or premium segments) as well as those exceeding the quota, are facing a sharp rise in fuel costs. This is likely to accelerate a shift towards more fuel-efficient ICE vehicles, hybrids (PHEVs), and, for higher-mileage users, EVs, while also driving preference within the premium segment towards smaller engines and more efficient models.

For commercial vehicles, operators that are not fully covered by fuel subsidies are likely to face a sharp increase in operating costs, particularly from higher diesel prices. This is expected to lead to more cautious capital allocation, with companies scaling back or delaying fleet expansion and focusing instead on cost control and operational efficiency. At a broader level, the rise in fuel and logistics costs feeds into inflationary pressures across the economy, eroding purchasing power. This, in turn, dampens demand for big-ticket items such as vehicles, as consumers become more cautious in their spending.

Maintain NEUTRAL

We maintain our full-year TIV forecast at 788k units, implying a -4.0%yoy decline from 821k units in the prior year (+0.2%yoy), following four consecutive years of growth. This is broadly in line with the MAA's projection of a -3.8%yoy contraction to 790k units. Our top sector pick remains **MBM Resources Bhd (Maintain BUY, TP: RM6.00)**, underpinned by its exposure to Perodua, which continues to demonstrate resilience within the mass-market segment. In addition, favourable JPY/MYR movements support its associate contributions, which make up over 70% of PBT. The stock is also trading at -1SD to its 5-year mean and offers an attractive dividend yield of 10.6%.

Table 1: Summary of Total Industry Volume (Units)

Marques	Feb-26	Jan-26	Feb-25	MoM	YoY	2MFY26	2MFY25	YoY
Passenger	48,748	60,369	61,477	-19.2%	-20.7%	109,117	108,660	0.4%
National	37,021	45,878	42,450	-19.3%	-12.8%	82,899	75,383	10.0%
Non-national	11,727	14,491	19,027	-19.1%	-38.4%	26,218	33,277	-21.2%
Commercial	3,666	3,929	3,738	-6.7%	-1.9%	7,595	7,176	5.8%
Total	52,414	64,298	65,215	-18.5%	-19.6%	116,712	115,836	0.8%

Table 2: Passenger Vehicles (Units)

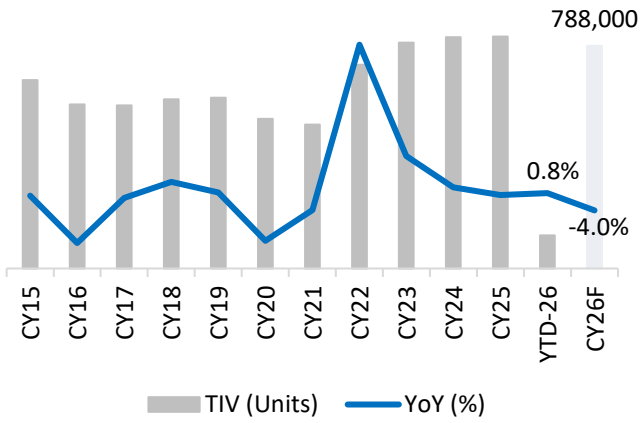
Marques	Feb-26	Jan-26	Feb-25	MoM	YoY	2MFY26	2MFY25	YoY
Perodua	23,575	26,128	31,382	-9.8%	-24.9%	49,703	54,627	-9.0%
Proton	13,446	19,750	11,068	-31.9%	21.5%	33,196	20,756	59.9%
Honda	3,132	2,975	7,003	5.3%	-55.3%	6,107	10,416	-41.4%
Toyota	3,042	3,187	4,774	-4.5%	-36.3%	6,229	8,711	-28.5%
Jaecoo	901	1,230	1,684	-26.7%	-46.5%	2,131	2,476	-13.9%
BYD	486	1,409	682	-65.5%	-28.7%	1,895	1,187	59.6%
Chery	938	1,287	751	-27.1%	24.9%	2,225	1,637	35.9%
Mazda	396	894	623	-55.7%	-36.4%	1,290	1,314	-1.8%
Others	2,832	3,509	3,510	-19.3%	-19.3%	6,341	7,536	-15.9%
Passenger TIV	**48,748**	**60,369**	**61,477**	**-19.2%**	**-20.7%**	**109,117**	**108,660**	**0.4%**

Table 3: Commercial Vehicles (Units)

Marques	Feb-26	Jan-26	Feb-25	MoM	YoY	2MFY26	2MFY25	YoY
Toyota	1,797	1,464	1,796	22.7%	0.1%	3,261	3,194	2.1%
Isuzu	861	851	928	1.2%	-7.2%	1,712	1,866	-8.3%
Mitsubishi	183	369	278	-50.4%	-34.2%	552	539	2.4%
Ford	249	337	321	-26.1%	-22.4%	586	787	-25.5%
Hino	164	155	91	5.8%	80.2%	319	167	91.0%
Mitsubishi Fuso	43	155	55	-72.3%	-21.8%	198	96	106.3%
Others	369	598	269	-38.3%	37.2%	967	527	83.5%
Commercial TIV	**3,666**	**3,929**	**3,738**	**-6.7%**	**-1.9%**	**7,595**	**7,176**	**5.8%**

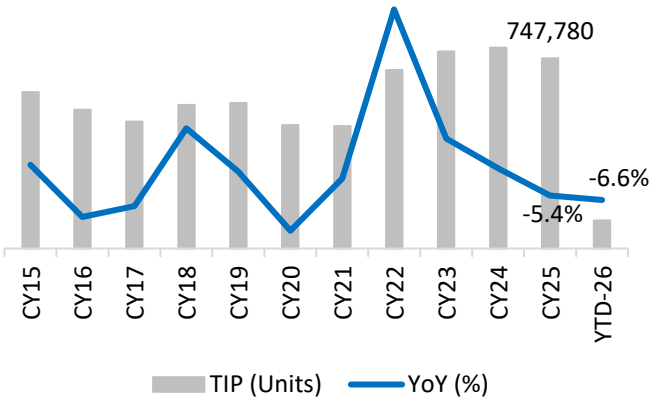
Source: MAA, MBSBR

Chart 1: Annual TIV Trend



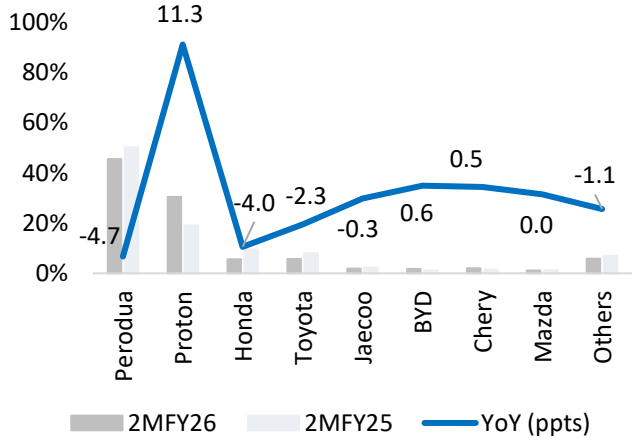
Source: MAA, MBSBR

Chart 2: Annual TIP Trend



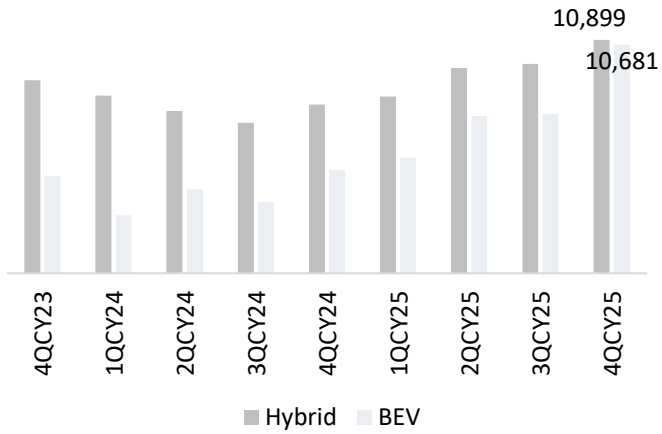
Source: MAA, MBSBR

Chart 3: Passenger Vehicles Market Share



Source: MAA, MBSBR

Chart 4: Quarterly Hybrid and BEV Sales



Source: MAA, MBSBR

SECTOR VALUATION MATRIX

Company	Rating	Last Price	TP	PER (x)		P/BV (x)		ROE (%)		Dividend (%)	
		RM	RM	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
Bermaz Auto*	Neutral	0.92	0.77	9.5	8.5	1.3	1.2	13.7	14.5	6.8	7.6
MBM Resources	Buy	4.87	6.00	5.7	5.6	0.7	0.6	11.9	11.6	10.6	10.8
Tan Chong	Sell	0.48	0.34	-	-	0.1	0.2	-	-	2.1	2.1

*Source: Companies, MBSBR, *FYE April*

Table 4: Selected New Model Launches in 4QCY25 (Reverse Chronological)

National

Perodua Traz



Perodua QV-E



Proton Saga (MC)



Proton e.MAS 5



Non-national

Leapmotor B10



Mercedes-Benz GLC200 (New variant)



Lexus GX 550 (FMC)



iCaur V23



Chery Tiggo 8 PHEV (MC)



GAC Emkoo



Xpeng G6 (MC)



Source: paultan.org, AutoBuzz,my, various news portals, 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 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