Automotive

NEUTRAL (Maintain)

Replacement Demand Easing

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HIGHLIGHTS

- May TIV was within expectations, making up 40% of our full-year forecast
- Proton led growth amid product refreshes
- We expect CY26 TIV to normalise to 788k units (-4.0%yoy)
- Top pick is **MBM Resources Bhd (Maintain BUY, TP: RM6.14)**

SECTOR RECAP

May TIV supports the full-year outlook. Total industry volume (TIV) for May-26 was 61,250 units (-12.1%yoy). This brings year-to-date (YTD) TIV to 315,568 units (-1.5%yoy), representing 40% of our full-year forecast, which we deem to be in line with expectations. Meanwhile, total industry production (TIP) declined more sharply to 287,477 units (-4.1%yoy), suggesting that new vehicle sales continue to be largely driven by CBU imports.

Proton outperformed on new model launches. Among the national automakers, Proton emerged as the standout performer, with sales rising +39.6%yoy in 5MCY26, supported by the rollout of several new model launches. The Proton Saga remained the best-selling model in May-26, with 7,337 units registered, bringing YTD registrations to 37,234 units (+44.4%yoy). This was followed by the X50, which recorded YTD registrations of 11,630 units (+29.1%yoy), and the S70 with 10,525 units (+33.6%yoy). For its e.MAS lineup, the e.MAS 5 (launched in Oct-25) accumulated 9,356 registrations, while the e.MAS 7 recorded 5,222 units registered (+53.6%yoy). Proton's market share in the passenger vehicle segment is estimated to be 28% (5MCY25: 20%), keeping it on track to achieve its 200k-unit sales target for the year. Perodua, on the other hand, saw unit sales decline -22.0%yoy in May-26, bringing its 5MCY26 sales down -9.1%yoy.

A single model drove Mazda's growth. Within the non-national segment, Mazda led the growth chart, with sales reaching 1,044 units (+73.7%yoy) in May-26 and 4,629 units (+35.3%yoy) in 5MCY26. This growth was primarily driven by the Mazda 3, which recorded 1,913 units in 5MCY26, up 6.9x from a year ago, following the introduction of the 1.5-litre variant in Nov-25. Demand for the model remains robust, with the Mazda 3 accounting for approximately 65% of Mazda Malaysia's current order backlog of 2.0k units.

Maintain NEUTRAL. We maintain our full-year TIV forecast of 788k units, implying a -4.0%yoy decline from 821k units in the previous year as we expect the car replacement cycle to moderate. This is broadly in line with the MAA's forecast of a -3.8%yoy contraction to 790k units. Our top sector pick remains **MBM Resources Bhd (Maintain BUY, TP: RM6.14)**, supported by its exposure to Perodua, which continues to demonstrate resilience in the mass-market segment. In addition, favourable JPY/MYR movements are expected to support associate earnings, which account for >70% of PBT. The stock is also trading at -1.0SD below its 5-year historical mean and offers an attractive dividend yield of +10.5%.

COMPANY *IN FOCUS*

MBM Resources Berhad

Maintain BUY | Target Price: RM6.14
Price @ 19th June 2026: RM4.91

- 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

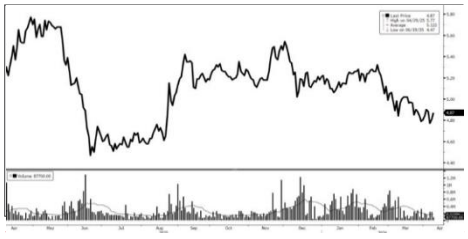


Table 1: Summary of Total Industry Volume (Units)

Marques	May-26	Apr-26	May-25	MoM	YoY	5MCY26	5MCY25	YoY
Passenger	57,360	67,893	64,374	-15.5%	-10.9%	295,778	298,828	-1.0%
National	40,620	50,045	44,149	-18.8%	-8.0%	213,337	202,994	5.1%
Non-national	16,740	17,848	20,225	-6.2%	-17.2%	82,441	95,834	-14.0%
Commercial	3,890	4,220	5,283	-7.8%	-26.4%	19,790	21,598	-8.4%
Total	**61,250**	**72,113**	**69,657**	**-15.1%**	**-12.1%**	**315,568**	**320,426**	**-1.5%**

Table 2: Passenger Vehicles (Units)

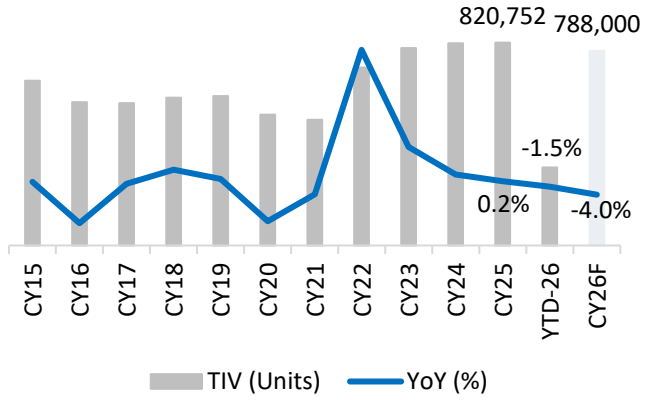
Marques	May-26	Apr-26	May-25	MoM	YoY	5MCY26	5MCY25	YoY
Perodua	24,480	32,065	31,398	-23.7%	-22.0%	130,778	143,860	-9.1%
Proton	16,140	17,980	12,751	-10.2%	26.6%	82,559	59,134	39.6%
Honda	3,403	3,684	5,754	-7.6%	-40.9%	19,917	29,557	-32.6%
Toyota	5,179	4,408	5,859	17.5%	-11.6%	19,709	26,051	-24.3%
Jaecoo	1,327	1,590	1,769	-16.5%	-25.0%	6,542	7,568	-13.6%
BYD	959	1,458	1,277	-34.2%	-24.9%	5,218	4,879	6.9%
Chery	726	819	794	-11.4%	-8.6%	4,662	4,107	13.5%
Mazda	1,044	1,297	601	-19.5%	73.7%	4,629	3,422	35.3%
Nissan	293	342	479	-14.3%	-38.8%	1,619	2,540	-36.3%
BMW	0	0	652	-	-	1,504	3,348	-55.1%
Volvo	69	89	145	-22.5%	-52.4%	513	592	-13.3%
Volkwagen	71	100	137	-29.0%	-48.2%	503	615	-18.2%
Others	3,669	4,061	2,758	-9.7%	33.0%	17,625	13,155	34.0%
Passenger TIV	**57,360**	**67,893**	**64,374**	**-15.5%**	**-10.9%**	**295,778**	**298,828**	**-1.0%**

Table 3: Commercial Vehicles (Units)

Marques	May-26	Apr-26	May-25	MoM	YoY	5MCY26	5MCY25	YoY
Toyota	1,831	2,002	2,603	-8.5%	-29.7%	9,042	9,909	-8.7%
Isuzu	833	975	1,047	-14.6%	-20.4%	4,232	5,146	-17.8%
Mitsubishi	169	181	371	-6.6%	-54.4%	1,171	1,587	-26.2%
Ford	143	188	421	-23.9%	-66.0%	1,191	1,968	-39.5%
Hino	277	283	296	-2.1%	-6.4%	1,124	878	28.0%
Mitsubishi Fuso	43	45	43	-4.4%	0.0%	326	236	38.1%
Others	594	546	502	8.8%	18.3%	2,704	1,874	44.3%
Commercial TIV	**3,890**	**4,220**	**5,283**	**-7.8%**	**-26.4%**	**19,790**	**21,598**	**-8.4%**

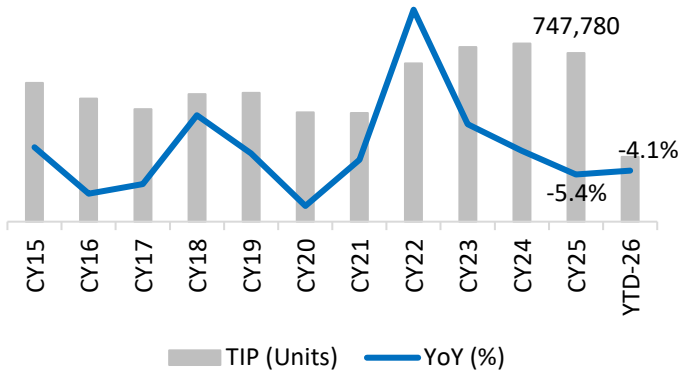
Source: MAA, MBSBR

Chart 1: Annual TIV Trend



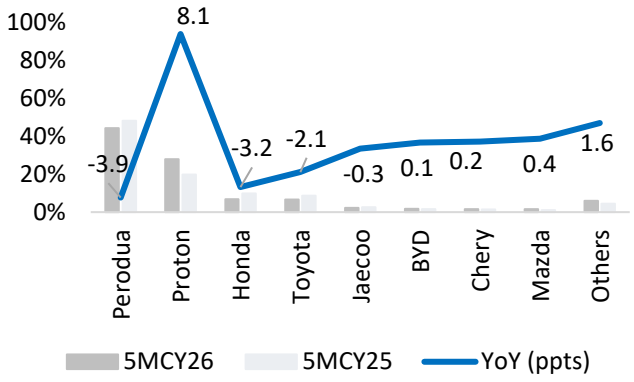
Source: MAA, MBSBR

Chart 2: Annual TIP Trend



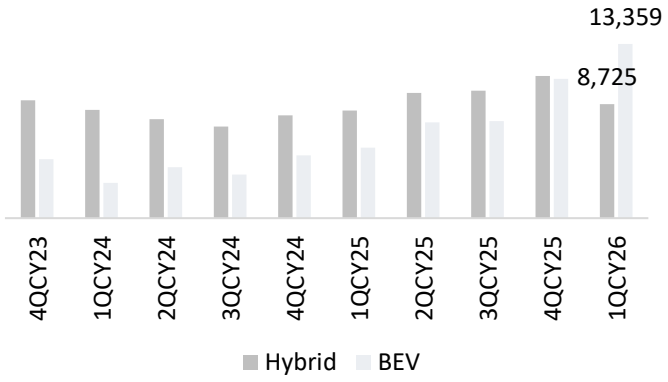
Source: MAA, MBSBR

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	1.05	0.85	9.9	8.7	1.5	1.4	15.0	16.0	6.6	7.4
MBM Resources	Buy	4.91	6.14	5.7	5.6	0.7	0.6	11.8	11.5	10.5	10.7
Tan Chong	Sell	0.50	0.34	-	-	0.1	0.1	-	-	2.0	2.0

*Source: Companies, MBSBR, *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