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
Slow Path to Recovery

Maintain SELL. Tan Chong Motor Holdings Berhad (TCM) held its 1QFY26 results briefing, where management highlighted improving momentum driven by recent and upcoming model launches, although the operating environment remains challenging. We continue to expect losses over our forecast period. Accordingly, we maintain our target price of **RM0.34**, based on 0.1x FY26F PBV.

New Serena to drive Nissan sales. For the Malaysian market, Nissan's sales fell -34.8%yoy in 1QFY26 due to a slower model rollout and stiff competition. This was partly offset by stronger UD Trucks sales (+22.4%yoy) and the maiden contribution from TQ Wuling (156 units). While the TQ Wuling Bingo was launched in Dec-25, deliveries only began in Feb-26, though management noted improving momentum, with about 91 units registered in Apr-26 based on JPJ data. Meanwhile, the Nissan Serena e-POWER, launched in Mar-26, contributed only 1 month of sales in the quarter. Management said demand has exceeded expectations, with a slight waiting list, and the model now accounts for around 70% of Nissan sales.

Vietnam lagged Indochina peers. As for the Vietnam market, unit sales declined -29.8%yoy to 144 units in 1QFY26, with less than half contributed by GAC passenger vehicles, while the remainder was predominantly from TQ Wuling light trucks. In contrast, all other Indochina markets recorded improved sales, with Myanmar standing out as unit sales grew +47.5%yoy, likely supported by steady Nissan sales and the rollout of the TQ Wuling N300P light truck, which is imported from the Da Nang plant in Vietnam.

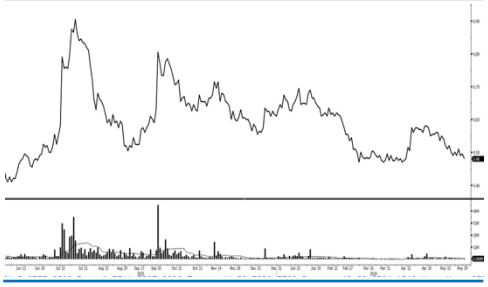
More export opportunities ahead. TCM's locally assembled (CKD) portfolio comprises Nissan models (Serena and NV200), UD Trucks, Foton, GAC and TQ Wuling. Management indicated that export opportunities for the Nissan Serena e-POWER could be explored, following the successful export of the locally assembled Serena S-Hybrid to Thailand for the first time in late-CY24. Meanwhile, the Segambut plant could see improved utilisation from 2HCY26 onwards, driven by the planned production of left-hand-drive GAC GS3 EMZOOM units for export to Vietnam.

Third Nissan e-POWER model due in 3QCY26. Management indicated the third Nissan e-POWER model, joining the KICKS and Serena, is expected to be introduced in 3QCY26. This is widely speculated to be the X-Trail. The remaining two launches are likely to come from the TQ Wuling EV lineup.

Earnings estimates. Our forecasts remain unchanged.

RETURN STATISTICS	
Price @ 3rd June 2026 (RM)	0.48
Expected share price return (%)	-29.2
Expected dividend yield (%)	+2.1
Expected total return (%)	-27.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-17.2	-14.8
3 months	1.1	-9.9
12 months	14.3	2.7

INVESTMENT STATISTICS

FYE Dec	2025A	2026F	2027F
Revenue	2,114.5	2,186.1	2,253.1
EBIT	-120.9	-72.2	-61.0
PBT	-175.3	-134.9	-125.9
Core PATAMI	-203.4	-132.6	-123.8
Core EPS (sen)	-31.2	-20.3	-19.0
DPS (sen)	0.0	1.0	1.0
Dividend yield	0.0%	2.1%	2.1%

KEY STATISTICS	
FBM KLCI	1,672.74
Issued shares (m)	631.25
Estimated free float (%)	16.82
Market Capitalisation (RM'm)	312.78
52-wk price range	RM0.40 - RM0.97
3-mth average daily volume (m)	0.69
3-mth average daily value (RM'm)	0.37
Top Shareholders (%)	
Tan Chong Consolidated	47.47
Daiwa Securities Group Inc	5.73
Nissan Motor Co Ltd	5.73

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

RECAP OF SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Automotive	439.4	471.2	530.5	-6.7%	-17.2%	439.4	530.5	-17.2%
Financial services	14.8	13.7	18.1	8.2%	-18.2%	14.8	18.1	-18.2%
Others	3.6	2.4	4.4	49.5%	-18.8%	3.6	4.4	-18.8%
	457.8	487.3	553.0	-6.1%	-17.2%	457.8	553.0	-17.2%
EBITDA/LBITDA	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Automotive	4.5	-0.6	2.9	851.8%	56.3%	4.5	2.9	56.3%
Financial services	0.5	-2.8	-0.3	119.0%	279.3%	0.5	-0.3	279.3%
Others	11.7	-15.6	0.8	174.9%	1341.3%	11.7	0.8	1341.3%
	16.8	-19.0	3.4	188.1%	392.0%	16.8	3.4	392.0%
EBITDA/LBITDA Margin	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Automotive	1.0%	-0.1%	0.5%	1.2	0.5	1.0%	0.5%	0.5
Financial services	3.6%	-20.3%	-1.6%	23.8	5.2	3.6%	-1.6%	5.2

Note: EBITDA/LBITDA figures exclude the disclosed one-off items.

SALES PERFORMANCE

Units	Quarterly					Cumulatively		
Malaysia	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Nissan	1,180	1,387	1,811	-14.9%	-34.8%	1,180	1,811	-34.8%
TQ Wuling	156	-	-	-	-	156	-	-
UD Trucks	131	194	107	-32.5%	22.4%	131	107	22.4%
Total	1,467	1,581	1,918	-7.2%	-23.5%	1,467	1,918	-23.5%
Others	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Vietnam	144	193	205	-25.4%	-29.8%	144	205	-29.8%
Cambodia	51	46	47	10.9%	8.5%	51	47	8.5%
Laos	56	47	40	19.1%	40.0%	56	40	40.0%
Myanmar	87	82	59	6.1%	47.5%	87	59	47.5%
Total	338	368	351	-8.2%	-3.7%	338	351	-3.7%

Source: Tan Chong, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025A	2026F	2027F
Revenue	2,532.7	2,082.7	2,114.5	2,186.1	2,253.1
Operating profit	-78.1	-157.6	-120.9	-72.2	-61.0
PBT	-121.1	-214.3	-175.3	-134.9	-125.9
PAT	-133.9	-220.8	-198.6	-142.3	-132.8
PATAMI	-125.3	-214.2	-193.0	-132.6	-123.8
Core PATAMI	-125.3	-161.9	-203.4	-132.6	-123.8
Core EPS (sen)	-19.2	-24.8	-31.2	-20.3	-19.0
DPS (sen)	1.0	1.0	0.0	1.0	1.0
Dividend yield	2.1%	2.1%	0.0%	2.1%	2.1%
Balance Sheet (RM'm)	**2023A**	**2024A**	**2025A**	**2026F**	**2027F**
PPE	2,371.2	2,319.1	2,570.3	2,539.5	2,491.7
Non-current assets	**3,211.9**	**3,132.3**	**3,248.5**	**3,108.7**	**3,070.0**
Inventories	822.1	842.1	667.3	882.0	909.0
Trade receivables	296.4	317.3	348.4	333.1	343.3
Cash	511.6	545.5	282.9	327.0	258.3
Current assets	**1,902.5**	**1,960.3**	**1,594.1**	**1,837.6**	**1,806.2**
Long-term debt	450.0	309.8	159.9	309.8	309.8
Non-current liabilities	**903.5**	**764.5**	**657.2**	**807.2**	**807.2**
Short-term debt	1,092.6	1,406.4	1,072.7	1,506.4	1,556.4
Trade payables	319.2	315.9	368.1	330.8	341.0
Current liabilities	**1,469.0**	**1,812.3**	**1,561.1**	**1,957.6**	**2,017.7**
Share capital	336.0	336.0	336.0	336.0	336.0
Retained earnings	2,430.4	2,201.6	2,305.6	1,862.9	1,732.6
Equity	**2,741.8**	**2,515.7**	**2,624.3**	**2,181.6**	**2,051.3**

Cash Flow (RM'm)	2023A	2024A	2025A	2026F	2027F
PBT	-121.1	-214.3	-175.4	-134.9	-125.9
D&A	141.7	132.7	122.4	130.8	147.8
Changes in WC	-137.9	-24.3	299.6	-236.6	-27.1
Operating cash flow	**-121.8**	**-24.5**	**282.1**	**-248.1**	**-12.1**
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**	**-304.7**	**-68.7**
Beginning cash flow	**558.2**	**511.6**	**545.5**	**286.7**	**327.0**
Ending cash flow	**511.6**	**545.5**	**286.7**	**327.0**	**258.3**
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%	-9.4%	-6.5%
Core PATAMI margin	-4.9%	-7.8%	-9.6%	-6.1%	-5.5%
ROA	-2.4%	-3.2%	-4.2%	-2.7%	-2.5%
ROE	-4.6%	-6.4%	-7.8%	-6.1%	-6.0%
Growth (%)	**2023A**	**2024A**	**2025A**	**2026F**	**2027F**
Revenue growth	-17.0%	-17.8%	1.5%	3.4%	3.1%
EBIT growth	<-100%	<-100%	23.3%	40.3%	15.6%
PBT growth	<-100%	-76.9%	18.2%	23.1%	6.7%
Core PATAMI growth	<-100%	-33.7%	-25.7%	34.8%	6.7%

Source: Tan Chong, MBSBR

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) 197501002077 (24878-X)

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.

While the information presented in this report may include references to Shariah-compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.

The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.

This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

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