Tan Chong Motor Holdings Berhad

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

SHARIAH Compliant

ESG 3 Stars

Upgrade to **NEUTRAL**

(from SELL)

Unchanged Target Price **RM0.37**

Corporate Update

3QFY26 Results Review Narrowing Losses

Upgrade to NEUTRAL. Tan Chong Motor Holdings Berhad's (TCM) 3QFY26 results were within our expectations, with core losses narrowing year-on-year on the back of improved cost rationalisation. Vehicle sales could see a recovery in 4QFY26, supported by the launch of the TQ Wuling Porta EV in Oct-26 and the upcoming Nissan X-Trail e-POWER launch by year-end. Our target price remains unchanged at **RM0.37**, pegged to 0.1x FY27F PBV. However, we upgrade TCM to **NEUTRAL** from SELL following the -36% year-to-date share price correction, despite expectations of continued losses over our forecast horizon.

Within expectations. TCM reported a core LATAMI of -RM21.1m in 3QFY26, bringing its 9MFY26 core losses to -RM73.2m. The results were within our expectations at 71% of our full-year loss forecast, but below consensus estimates at 55%. No dividend was declared for the quarter.

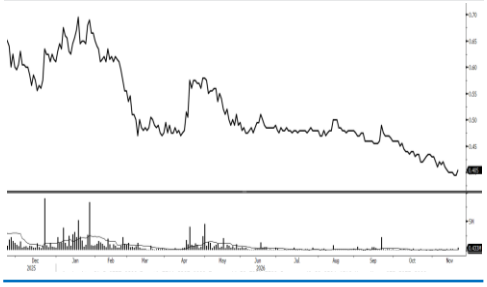
The automotive segment benefited from tighter cost controls. The automotive division's revenue declined -13.5%yoy in 3QFY26. Geographically, the weakness was more pronounced in Vietnam (-55.1%yoy) compared to Malaysia (-13.9%yoy). According to MAA data, Nissan's TIV contracted -32.0%yoy. Despite softer revenue, the division recorded a positive EBITDA of RM31.2m, reversing from a loss of -RM15.0m in 3QFY25, driven by an improved vehicle sales mix, lower operating expenses and favourable foreign exchange movements. Meanwhile, the financial services division saw revenue decline -26.4%yoy, with LBITDA widening by -31.7%yoy. Overall, Group revenue fell -13.8%yoy, while core LATAMI narrowed by +60.1%yoy.

TQ Wuling registrations softened sequentially. On a sequential basis, the automotive division's revenue declined slightly by -3.0%qoq in 3QFY26. Geographically, the weakness was more moderate in Malaysia (-1.4%qoq) compared to Vietnam (-50.3%qoq). Nissan's TIV declined -5.2%qoq, while JPJ registrations for TQ Wuling Bingo fell -20.6%qoq. Nevertheless, the division's EBITDA improved +48.8%qoq, supported by lower operating expenses and favourable foreign exchange movements. Meanwhile, the financial services division recorded a -12.4%qoq decline in revenue, with LBITDA widening to -RM2.2m from -RM0.2m, primarily due to higher impairment losses on hire purchase receivables. Overall, Group revenue declined -3.1%qoq, while core LATAMI widened by -17.3%qoq.

Earnings estimates. Our forecasts remain unchanged.

RETURN STATISTICS	
Price @ 23rd November 2026 (RM)	0.40
Expected share price return (%)	-7.5
Expected dividend yield (%)	0.0
Expected total return (%)	-7.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-3.6	0.3
3 months	-12.0	-4.4
12 months	-38.2	-35.4

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	1,734.2	1,798.1	1,827.2
EBIT	-42.6	-33.5	-19.8
PBT	-105.4	-98.8	-89.1
Core PATAMI	-103.7	-97.1	-87.6
Core EPS (sen)	-15.9	-14.9	-13.4
DPS (sen)	0.0	0.0	0.0
Dividend yield	0.0%	0.0%	0.0%

KEY STATISTICS	
FBM KLCI	1,549.05
Issued shares (m)	651.63
Estimated free float (%)	27.44
Market Capitalisation (RM'm)	263.91
52-wk price range	RM0.36 - RM0.73
3-mth average daily volume (m)	0.14
3-mth average daily value	0.07
Top Shareholders (%)	
Tan Chong Consolidated	40.49
Daiwa Securities Group Inc	5.73
Nissan Motor Co Ltd	5.73

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TAN CHONG: 3QFY26 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	**3QFY26**	**2QFY26**	**3QFY25**	**QoQ**	**YoY**	**9MFY26**	**9MFY25**	**YoY**
Revenue	457.3	471.9	530.5	-3.1%	-13.8%	1,386.9	1,622.2	-14.5%
Operating loss	-7.6	-11.8	-45.6	36.1%	83.4%	-17.3	-71.9	75.9%
Net interest expense	-9.4	-11.0	-12.1	14.3%	22.1%	-31.8	-41.7	23.8%
JVs/Associates	0.05	0.3	-2.1	-82.8%	102.1%	1.2	-2.2	154.9%
LBT	-17.0	-22.6	-59.9	24.9%	71.7%	-47.8	-115.8	58.7%
Tax expense	-1.6	-1.4	-3.7	-19.4%	56.7%	-9.3	-6.8	-37.4%
LAT	-18.6	-23.9	-63.6	22.4%	70.8%	-57.1	-122.6	53.4%
LATAMI	-16.8	-21.6	-60.3	22.0%	72.1%	-50.6	-114.3	55.7%
Core LATAMI	-21.1	-18.0	-52.8	-17.3%	60.1%	-73.2	-113.1	35.3%
Unit Sales/Registrations								
Nissan (MAA)	1,124	1,186	1,653	-5.2%	-32.0%	3,490	5,048	-30.9%
TQ Wuling (JPJ)	247	311	-	-20.6%	-	708	-	-
				ppts	**ppts**			**ppts**
OP margin (%)	-1.7%	-2.5%	-8.6%	0.9	7.0	-1.2%	-4.4%	3.2
PBT margin (%)	-3.7%	-4.8%	-11.3%	1.1	7.6	-3.4%	-7.1%	3.7
Core PATAMI margin (%)	-4.6%	-3.8%	-10.0%	-0.8	5.3	-5.3%	-7.0%	1.7
Effective tax rate (%)	9.5%	6.0%	6.2%	3.5	3.3	19.4%	5.8%	13.6

SEGMENTAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**3QFY26**	**2QFY26**	**3QFY25**	**QoQ**	**YoY**	**9MFY26**	**9MFY25**	**YoY**
Automotive	442.3	456.0	511.4	-3.0%	-13.5%	1,337.7	1,560.6	-14.3%
Financial services	10.8	12.3	14.7	-12.4%	-26.4%	37.9	48.3	-21.6%
Others	4.2	3.5	4.4	19.5%	-4.6%	11.3	13.3	-15.1%
	457.3	471.9	530.5	-3.1%	-13.8%	1,386.9	1,622.2	-14.5%
EBITDA/LBITDA	**3QFY26**	**2QFY26**	**3QFY25**	**QoQ**	**YoY**	**9MFY26**	**9MFY25**	**YoY**
Automotive	31.2	21.0	-15.0	48.8%	308.2%	56.7	41.8	35.5%
Financial services	-2.2	-0.2	-1.7	-781.8%	-31.7%	-1.9	-4.6	58.5%
Others	6.3	8.4	9.2	-25.5%	-32.0%	46.5	1.2	3908.9%
	35.3	29.1	-7.4	21.1%	575.5%	101.3	38.4	163.6%
EBITDA/LBITDA Margin	**3QFY26**	**2QFY26**	**3QFY25**	**QoQ**	**YoY**	**9MFY26**	**9MFY25**	**YoY**
Automotive	7.1%	4.6%	-2.9%	2.5	10.0	4.2%	2.7%	1.6
Financial services	-20.2%	-2.0%	-11.3%	-18.2	-8.9	-5.0%	-9.5%	4.4

GEOGRAPHICAL BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Revenue	**3QFY26**	**2QFY26**	**3QFY25**	**QoQ**	**YoY**	**9MFY26**	**9MFY25**	**YoY**
Malaysia	407.8	413.7	473.7	-1.4%	-13.9%	1,233.0	1,455.6	-15.3%
Vietnam	10.6	21.3	23.5	-50.3%	-55.1%	48.2	65.5	-26.5%
Others	39.0	36.9	33.2	5.7%	17.3%	105.8	101.2	4.5%
	457.3	471.9	530.5	-3.1%	-13.8%	1,386.9	1,622.2	-14.5%
EBITDA	**3QFY26**	**2QFY26**	**3QFY25**	**QoQ**	**YoY**	**9MFY26**	**9MFY25**	**YoY**
Malaysia	37.4	23.8	-5.3	56.9%	804.2%	91.4	50.5	81.0%
Vietnam	-20.5	-0.2	-6.2	-8933.9%	-228.4%	-21.7	-22.7	4.7%
Others	18.4	5.5	4.1	232.3%	346.2%	31.5	10.6	196.0%
	35.3	29.1	-7.4	21.1%	575.5%	101.3	38.4	163.6%
EBITDA Margin	**3QFY26**	**2QFY26**	**3QFY25**	**QoQ**	**YoY**	**9MFY26**	**9MFY25**	**YoY**
Malaysia	9.2%	5.8%	-1.1%	3.4	10.3	7.4%	3.5%	3.9
Vietnam	-194.0%	-1.1%	-26.5%	-192.9	-167.4	-45.0%	-34.7%	-10.3

Source: Tan Chong, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	2,082.7	2,114.5	1,734.2	1,798.1	1,827.2
Operating profit	-157.6	-120.9	-42.6	-33.5	-19.8
PBT	-214.3	-175.3	-105.4	-98.8	-89.1
PAT	-220.8	-198.6	-111.2	-104.2	-94.0
PATAMI	-214.2	-193.0	-103.7	-97.1	-87.6
Core PATAMI	-161.9	-162.3	-103.7	-97.1	-87.6
Core EPS (sen)	-24.8	-24.9	-15.9	-14.9	-13.4
DPS (sen)	1.0	0.0	0.0	0.0	0.0
Dividend yield	2.5%	0.0%	0.0%	0.0%	0.0%
Balance Sheet (RM'm)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
PPE	2,319.1	2,570.3	2,539.5	2,491.7	2,424.7
Non-current assets	**3,132.3**	**3,248.5**	**3,225.3**	**3,184.6**	**3,118.1**
Inventories	842.1	667.3	549.7	566.4	575.6
Trade receivables	317.3	348.4	285.7	296.2	301.0
Cash	545.5	282.9	367.8	343.4	363.4
Current assets	**1,960.3**	**1,594.1**	**1,498.8**	**1,501.6**	**1,535.6**
Long-term debt	309.8	159.9	159.9	159.9	159.9
Non-current liabilities	**764.5**	**657.2**	**657.2**	**657.2**	**657.2**
Short-term debt	1,406.4	1,072.7	1,122.7	1,172.7	1,222.7
Trade payables	315.9	368.1	303.2	312.4	317.5
Current liabilities	**1,812.3**	**1,561.1**	**1,546.3**	**1,605.5**	**1,660.6**
Share capital	336.0	336.0	336.0	336.0	336.0
Retained earnings	2,201.6	2,305.6	2,202.0	2,104.9	2,017.2
Equity	**2,515.7**	**2,624.3**	**2,520.6**	**2,423.5**	**2,335.9**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	-214.3	-175.4	-105.4	-98.8	-89.1
D&A	132.7	122.4	130.8	147.8	167.0
Changes in WC	-24.3	299.6	115.3	-18.0	-8.9
Operating cash flow	**-24.5**	**282.1**	**134.9**	**25.6**	**70.0**
Capital expenditure	-100.0	-95.3	-100.0	-100.0	-100.0
Investing cash flow	**-86.6**	**-29.5**	**-100.0**	**-100.0**	**-100.0**
Dividends paid	-6.5	0.0	0.0	0.0	0.0
Debt raised/(repaid)	173.6	-481.0	50.0	50.0	50.0
Financing cash flow	**154.5**	**-497.8**	**50.0**	**50.0**	**50.0**
Net cash flow	**43.4**	**-245.2**	**84.9**	**-24.4**	**20.0**
Beginning cash flow	**511.6**	**545.5**	**286.7**	**367.8**	**343.4**
Ending cash flow	**545.5**	**286.7**	**367.8**	**343.4**	**363.4**
Profitability Ratios (%)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
OP margin	-7.6%	-5.7%	-2.5%	-1.9%	-1.1%
PBT margin	-10.3%	-8.3%	-6.1%	-5.5%	-4.9%
PAT margin	-5.3%	-10.6%	-9.4%	-6.4%	-5.8%
Core PATAMI margin	-7.8%	-7.7%	-6.0%	-5.4%	-4.8%
ROA	-3.2%	-3.4%	-2.2%	-2.1%	-1.9%
ROE	-6.4%	-6.2%	-4.1%	-4.0%	-3.8%
Growth (%)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
Revenue growth	-17.8%	1.5%	-18.0%	3.7%	1.6%
EBIT growth	-101.8%	23.3%	64.8%	21.4%	40.8%
PBT growth	-76.9%	18.2%	39.9%	6.3%	9.8%
Core PATAMI growth	-29.2%	-0.2%	36.1%	6.3%	9.8%

Source: Tan Chong, MBSBR

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MBSB 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