

## Auto & Autoparts

**Neutral** (Maintained)

### Weak Start to The Year

Stocks Covered 4  
 Rating (Buy/Neutral/Sell): 2 / 1 / 1  
 Last 12m Earnings Revision Trend: Positive

- Top Picks: Sime Darby (SIME) and Bermaz Auto (BAUTO).** The Malaysian Automotive Association (MAA) reported a TIV of 48,867 units (-40% MoM, -27% YoY) in January. The softer TIV number is expected, coming from a high base in December, which recorded the highest monthly TIV ever. We continue to expect 2025F TIV to soften to 730k given the lack of catalysts that could drive sales to another high. Maintain NEUTRAL on the sector.
- Weak start to the year.** January TIV came in at 48,867 (-40% MoM, -27% YoY). The steep MoM decline was mainly driven by non-national mass market brands Honda (-64% MoM) and Toyota (-58% MoM) as well as national marques ie Perodua (-31% MoM) and Proton (-28% MoM). The MoM drop is expected, given the seasonally weaker January sales due to the shorter working month.
- January total production volume (TPV) slumped 26% YoY and 11% MoM.** The MoM decrease was seen across major marques as well ie Toyota (-25%), Perodua (-22%), Honda (-17%) and Proton (-2%). Proton is targeting to launch at least three new models in 2025, which likely includes a facelifted Saga and another EV model. Proton recently began constructing its EV plant in Tanjung Malim, set to be completed by end-2025. With an investment cost of MYR82m, the first phase of the plant will have a production capacity of 20,000 units pa. This will house the assembly of its EV lineup ie the e.MAS series, including the recently launched e.MAS 7.
- Our 2025F TIV remains at 730k** which translates to a 11% YoY decline, in line with the weak January TIV recorded as the high base effect kicks in while we do not see any compelling factors for 2025 auto sales to be maintained at the current elevated levels. We remain cautious in our outlook due to the ongoing price competition in the non-national segment and softening order backlogs. Note that Perodua's backlog has reduced to 68k units currently, from 90k units back in November last year, while Toyota's has maintained at 16k units.
- Remain NEUTRAL.** We anticipate 1Q to chart weaker YoY TIV, supported by the declining order backlogs, considering the record high TIV recorded last year. In view of our cyclical downturn outlook on the sector, we maintain our sector NEUTRAL call – premised on a lack of catalysts to drive sales and earnings to a new high. Our Top Picks are SIME and BAUTO. BAUTO offers attractive valuation and handsome dividend yields, while SIME is well-positioned for the RON95 rationalisation with its broad EV line-up, while its stake in Perodua provides earnings protection amidst intensifying competition among the non-national marques.
- Key downside risks** include softer-than-expected orders and deliveries, and resurgent supply chain issues. The opposite represents the upside risks.

#### Top Picks

Sime Darby (SIME MK) – BUY  
 Bermaz Auto (BAUTO MK) – BUY

#### Target Price

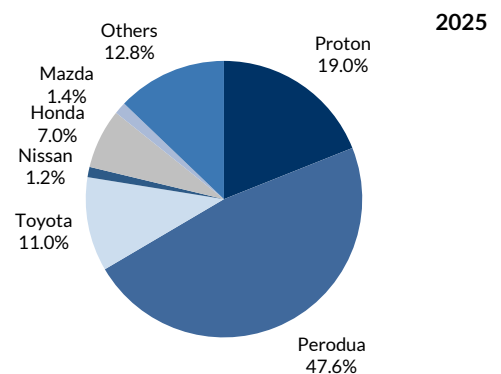
MYR3.05  
 MYR2.30

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#### National carmakers account for 66% share of the local market in YTD-2025



Source: Company data, RHB

Company Name	Rating	Target (MYR)	% Upside (Downside)	P/E (x) Dec-25F	P/B (x) Dec-25F	ROAE (%) Dec-25F	Yield (%) Dec-25F
Bermaz Auto	Buy	2.30	93.7	5.4	1.6	30.1	16.1
MBM Resources	Neutral	5.55	1.5	6.8	0.9	13.8	9.7
Sime Darby	Buy	3.05	33.2	10.3	0.8	7.5	6.8
Tan Chong Motor	Sell	0.32	(10.5)	na	0.1	(5.2)	2.8

Source: Company data, RHB

## Monthly Data At a Glance

Figure 1: January TIV dropped by 40% MoM and 27% YoY

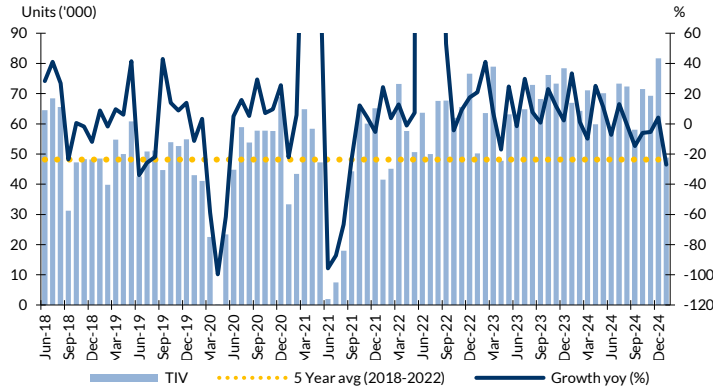
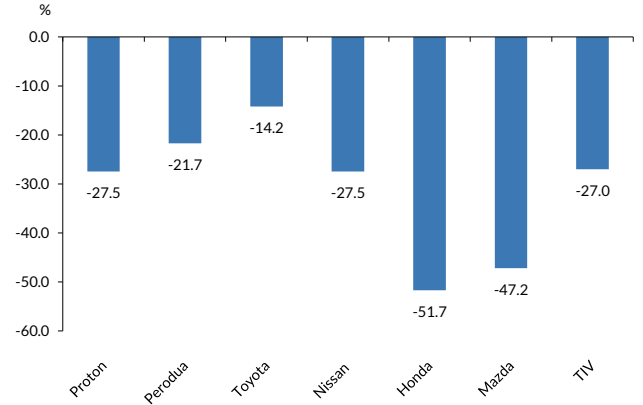


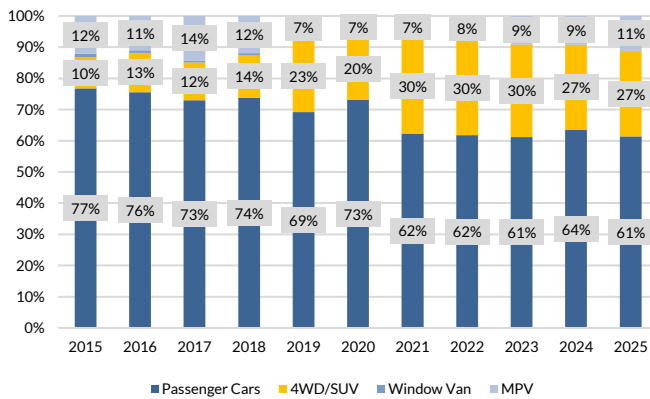
Figure 2: The YoY TIV decline was mainly driven by the mass market brands



Source: Malaysian Automotive Association (MAA), RHB

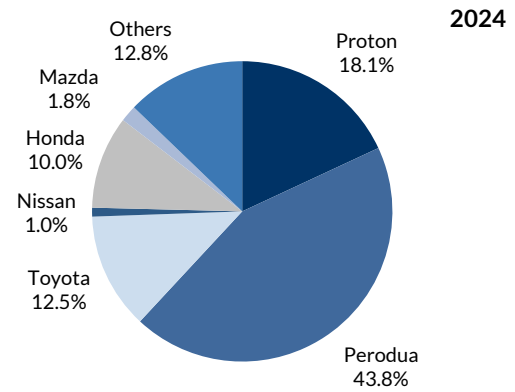
Source: MAA, RHB

Figure 3: The SUV segment accounted for 27% of total passenger vehicle sales



Source: MAA, RHB

Figure 4: National carmakers owned a 62% share of the domestic market in 2024



Source: MAA, RHB

Figure 5: Monthly and YTD comparison of auto sales

(Units)	Jan-24	Dec-24	Jan-25	MoM (%)	YoY (%)
Proton	12,775	13,488	9,267	-31.3	-27.5
Perodua	29,682	32,202	23,245	-27.8	-21.7
Toyota/Lexus	6,276	12,825	5,383	-58.0	-14.2
Nissan/Renault	812	518	589	13.7	-27.5
Honda	7,066	9,454	3,413	-63.9	-51.7
Mazda	1,308	1,027	691	-32.7	-47.2
Hyundai/Inokom	65	95	53	-44.2	-18.5
BMW	631	1,086	0	n.m.	n.m.
Mercedes-Benz	720	611	24	n.m.	n.m.
Ford	795	435	470	8.0	-40.9
Mitsubishi	1,610	1,631	1,221	-25.1	-24.2
Volkswagen	154	174	103	-40.8	-33.1
Volvo	173	307	92	-70.0	-46.8
Isuzu	1,171	1,356	938	-30.8	-19.9
BYD	632	1,292	505	-60.9	-20.1
Others	3,685	6,526	3,378	-48.2	-8.3
<b>TIV</b>	<b>66,923</b>	<b>81,735</b>	<b>48,867</b>	<b>-40.2</b>	<b>-27.0</b>
Passenger	60,796	73,052	45,339	-37.9	-25.4
Commercial	6,127	8,683	3,536	-59.3	-42.3

Note: BMW, MIN, I and Mercedes Benz disclose data on a quarterly basis

Source: MAA, RHB

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<b>Buy:</b>	Share price may exceed 10% over the next 12 months
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