

8 May 2023

# Auto & Autoparts

## Ground Checks: Malaysia Autoshow 2023

Consumer Cyclical | Auto & Autoparts

## Overweight (Maintained)

Stocks Covered 5  
 Rating (Buy/Neutral/Sell): 3 / 2 / 0  
 Last 12m Earnings Revision Trend: Positive

- Maintain OVERWEIGHT; Top Picks: Bermaz Auto (BAUTO), UMW.** We conducted ground checks at the Malaysia Autoshow 2023 on Saturday. The event was crowded, with especially large crowds at the Toyota, Honda and BMW booths. While generally declining from 2H22 and 1Q23, some popular models still have a waiting period of several months. Notably, the Chinese brands made their presence felt, as visitors crowded around their soon-to-be-launched models. Our visit reinforced our thesis that underlying demand is strong, fuelled by new launches.
- Some booths more packed than others.** Honda, Toyota, Chery, Great Wall Motors (GWM), BMW and Mercedes had noticeably crowded booths. While not packed, Perodua's booth had a lot of car buyers awaiting loan approval. Most Perodua's have a waiting period of 2-3 months, with Bezza and Axia taking six months or more. Proton's booth was missing the X90, but a sales personnel said his dealership has already begun taking X90 orders. Honda's booth was arguably the most crowded. The HR-V and Civic have the longest waiting periods of 4-6 months, while the others either have ready-stock or take 1-2 months for delivery. Toyota's booth was also very packed, especially around the GR models. There is a 6-7 months waiting period for the all-new Vios, with no reported cancellations due to Daihatsu's recent scandal. All other models have a waiting period of c.3 months.
- Chinese brands making their presence felt.** GWM had a large booth displaying the Ora Good Cat, soon-to-be-launched GWM Cannon, Haval H6 hybrid electric vehicle (HEV) and Haval Jolion HEV. There were large crowds surrounding these models, especially of the Ora Good Cat, with some orders being placed on the spot. Chery's booth was also swarmed with people around the Tiggo 8 Pro and Omoda 5. We also saw the newly-launched Neta V, now the cheapest EV in Malaysia at MYR99.8k. Despite the decent crowd at Neta's booth, we gathered that orders have been slow. While we think Chinese brands will be well received in Malaysia, they are not a threat to the incumbents given the latter's more attractive resale value.
- Lots of people viewing electric vehicles (EVs), but demand is still soft.** Some EVs (eg BMW i4, XM, and newly-launched iX1; Kia EV6; Mercedes EQS, EQE) had lots of interested viewers, while others (eg Volvo XC40, C40; Nissan Leaf EV) attracted less crowds. We learnt that while many EVs in the market are readily available, some EVs have a long/uncertain waiting period mainly as the dealerships lack visibility on when they will receive their imported units. Our discussions with sales personnel confirmed that consumers generally still prefer petrol cars over EVs.
- Still OVERWEIGHT.** Our ground checks to the autoshow reinforces our view that overall sector demand remains healthy, especially the key marques. The interest in recently launched models should continue to fuel future orders. Our OVERWEIGHT call is based on the sector's earnings visibility and attractive yields of 4-10%. Our Top Picks are still BAUTO and UMW, with the latter a clear beneficiary of the strong demand for Toyota and Perodua.
- Key risks include** softer-than-expected orders and deliveries, and resurgent supply chain issues.

### Top Picks

Bermaz Auto (BAUTO MK) – BUY  
 UMW (UMWH MK) – BUY

### Target Price

MYR3.45  
 MYR5.00

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### Large crowd at the Malaysia Autoshow 2023



Source: RHB

Company Name	Rating	Target (MYR)	% Upside (Downside)	P/E (x) Dec-23F	P/B (x) Dec-23F	ROAE (%) Dec-23F	Yield (%) Dec-23F
Bermaz Auto	Buy	3.45	51.3	9.2	4.4	47.1	8.0
MBM Resources	Buy	5.00	39.3	4.8	0.6	13.6	10.0
Sime Darby	Neutral	2.35	9.3	15.1	0.9	6.0	4.9
Tan Chong Motor	Neutral	1.10	(3.5)	244.0	0.3	0.1	1.3
UMW	Buy	5.00	31.9	9.8	0.9	9.9	4.0

Source: Company data, RHB

Figure 1: Proton's booth



Source: RHB

Figure 2: Large crowd at Ora Good Cat's booth



Source: RHB

Figure 3: Crowd at Chery's booth



Source: RHB

Figure 4: Visitors looking at the Omoda 5



Source: RHB

Figure 5: Honda's booth



Source: RHB

Figure 6: Toyota's booth; visitors crowding around GR models



Source: RHB

Figure 7: Haval H6; to be launched by end-2023 or 2024



Source: RHB

Figure 8: Haval Jolion; to be launched by end-2023 or 2024



Source: RHB

Figure 9: Mercedes Benz's booth



Source: RHB

Figure 10: The newly launched BMW iX1



Source: RHB

Figure 11: Neta's booth



Source: RHB

Figure 12: Neta V EV



Source: RHB

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<b>Buy:</b>	Share price may exceed 10% over the next 12 months
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<b>Neutral:</b>	Share price may fall within the range of +/- 10% over the next 12 months
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