HI Mobility Berhad

Riding the Mobility Wave

By Tan Woon Pin I woonpin@kenanga.com.my

	Rating	Fair Value
Last Price		RM2.12
Kenanga	Not Rated	RM2.18
Consensus	Add	RM2.05

INVESTMENT MERIT

HI Mobility, whose share price has surged 74% since listing, rides on Johor's structural growth. This is boosted by the upcoming RTS which should improve the bus operator's utilisation, for which we foresee a net profit growth of 26%/17% in FY26/27. We assign a fair value of RM2.18, based on 20x FY26E PER—10% premium to peers' 18x—supported by Hi Mobility's stronger margins, solid order book visibility, and leading position in Johor-Singapore routes. We have yet to factor in the first- and last-mile benefits from the RTS pending potential awards for those routes. In a scenario where HI Mobility captures a 30% modal share of bus services, earnings could see an uplift of up to 14% in 2027 (1.8 sen/share), which would lift fair value by 36 sen/share based on an unchanged 20x PE.

Established track record... HI Mobility brings 23 years of experience in bus operations, having started intracity services in Johor in 2002 and cross-border routes to Singapore in 2003. Since then, the company has expanded to Klang Valley and Melaka, building a strong operational footprint. This proven track record positions HI Mobility well to continue securing government and corporate contracts, while playing a key role in supporting Malaysia's public transport and social mobility agenda.

…that provides an economic moat. HI Mobility benefits from a strong asset base—including its fleet of 683 buses (average age of seven years), four strategically located depots, and digitally integrated infrastructure linked to its operations control centre (OCC)—which creates high barriers to entry for new players. Its established brand equity, anchored by the *Causeway Link* name since the commencement of JB–Singapore cross-border services in 2003, reinforces its dominant position in this segment.

Riding on policy-driven urban mobility shift. HI Mobility is well-positioned to benefit from structural tailwinds in Malaysia's public transport agenda. The government's target to raise public transport modal share from the current 20% to 40% by 2030 under the National Transport Policy 2019–2030 provides a strong push. Key programmes such as the SBST, RTS Link, and the upcoming eART system aim to enhance connectivity, affordability, and last-mile coverage. HI Mobility's established presence in Johor, Melaka, and Klang Valley, along with its chartered services for industrial zones and factory workers, aligns well with these goals, enabling it to ride on the demand surge in both public and contract-based mobility services.

RTS Link can potentially unlock new addressable market. The upcoming RTS Link is a structural catalyst, and our thesis is built on decongestion of traffic. Daily car trips exceeding RM140, about 4x RTS's all-in cost of ~RM36 (Exhibit 8), combined with a predictable 60-minute journey time, are expected to steer private cars away from the road. The resulting traffic decongestion will enable HI Mobility to boost peak-hour bus cycles without fleet expansion, driving operational leverage. We conservatively project 10%/15% ridership growth in FY26E/FY27E, with upside if it can scale feeder services. However, we have yet to factor in the RM177m opportunity to provide first- and last-mile connectivity (i.e. to and from the RTS stations to end destination), pending future clarity on tenders. Assuming a 30% bus modal share for this RM177m market, it would translate into a potential contract size of RM53.1m. This could increase FY27E net profit by ~RM9.0m (+13.6% upside to current FY27E net profit estimates).

Stock Information

Shariah Compliant	Yes
Stock Name	HI MOBLITY BERHAD
CAT Code	5335
Industry	Industrial Services
Industry Sub-sector	Transportation & Services
YTD stock price chg	74.0%
Market Cap (RM m)	1,060
Shares Outstanding (m)	500.0
52-week range (Hi)	2.15
52-week range (Low)	1.20
3-mth avg. daily vol.	1,943,101
Free Float	100%
Beta	N/A
Altman's Z-score	2.18

Major Shareholders

Lim Han Weng	53.8%
Bumi Mampan	13.8%
Bah Kim Lian	6.5%

Financials

FYE Dec (RM m)	2025A	2026F	2027F
Revenue	**280.0**	**351.8**	**412.0**
Gross Profit	77.9	100.3	119.5
Profit Before Tax	50.5	62.6	74.9
Net Profit	**43.8**	**54.5**	**65.2**
EPS (sen)	8.8	10.9	13.04
BV/Share (RM)	0.3	0.6	0.7
PER (x)	24.9	20.0	16.7
Price/BV (x)	8.3	3.8	3.2
Net Gearing (x)	0.56	Net cash	Net cash
DPS (sen)	-	2.5	3.0
Div Yield (%)	-	1.3	1.5

Quarterly Financial Data (RM m)

	4QFY25	1QFY26
Revenue	**75.6**	**73.8**
PBT	13.0	15.1
Net Profit	**10.1**	**12.6**
Basic EPS (sen)	2.01	3.11
Revenue Growth (QoQ)	-	-2.4%
EPS growth (QoQ)	-	54.7%
Net Profit Margin	13.3%	17.1%

Peers Comparisons

	PBV (x)	Div. Yld (%)	Mkt Cap (RM m)
PTRANS	1.00	2.9	789

Forecast. We forecast revenue to grow by 26% in FY26E and 17% in FY27E (normalising from a strong post-pandemic recovery of 74%/35% in FY24/FY25), driven by higher ridership, enhanced fleet efficiency and a solid order book. Correspondingly, net profit is projected to rise by 24% and 20% respectively over the same period.

We assign a fair value of RM2.18 to HI Mobility based on a targeted FY26E PER of 20x, which is at a 10% premium to peers' 18x ((Transport International, ComfortDelGro, Kelsian), supported by HI Mobility's stronger margins, solid order book visibility, and leading position in Johor-Singapore routes.

Risks to our call include: (i) the inability to renew operating licences and key service contracts with government agencies, (ii) challenges in securing new contracts to drive future growth, (iii) labour shortages, particularly of drivers critical to daily operations, and (iv) higher operating costs arising from increases in fuel (c.15% of the direct operating costs).

Daily Charting – HI Mobility Berhad

Comment: HI Mobility Berhad extended its rally, closing at RM2.12 (+2.91%) after bouncing off its intraday low of RM2.02. The stock remains firmly in an uptrend, supported by bullish alignment of its short-term moving averages—specifically the 5-day (RM2.01) and 13-day (RM1.82) SMMA—and comfortably above the 50-day SMA (RM1.59), confirming strong upward momentum. Momentum indicators remain elevated. The Stochastic Oscillator is in overbought territory, which may point to short-term consolidation or minor pullbacks. Meanwhile, the Tom Demark Pressure Ratio (TDRP) stands at 79.30, reflecting continued buying interest. RSI is firmly in overbought territory, reinforcing strong bullish sentiment, albeit with a risk of near-term exhaustion.

While the trend remains bullish, the elevated stochastic and RSI levels suggest the possibility of a pause or technical correction if it breaks below the 5-day SMA. Traders may consider entering on pullbacks towards the RM2.00–2.05 zone, with immediate upside targets at RM2.15 (recent high) and RM2.30. A break below RM2.00 would serve as a key stop-loss trigger to protect gains.

About the stock:

Name	:	HI Mobility Berhad
Bursa Code	:	HI
CAT Code	:	5335

Key Support & Resistance level

Resistance	:	RM2.15 (R1)	RM2.30 (R2)
Support	:	RM2.01 (S1)	RM1.82 (S2)
Outlook	:	ST bullish trend remains intact but watch out for potential technical correction	

Source: Kenanga Research

Company Background

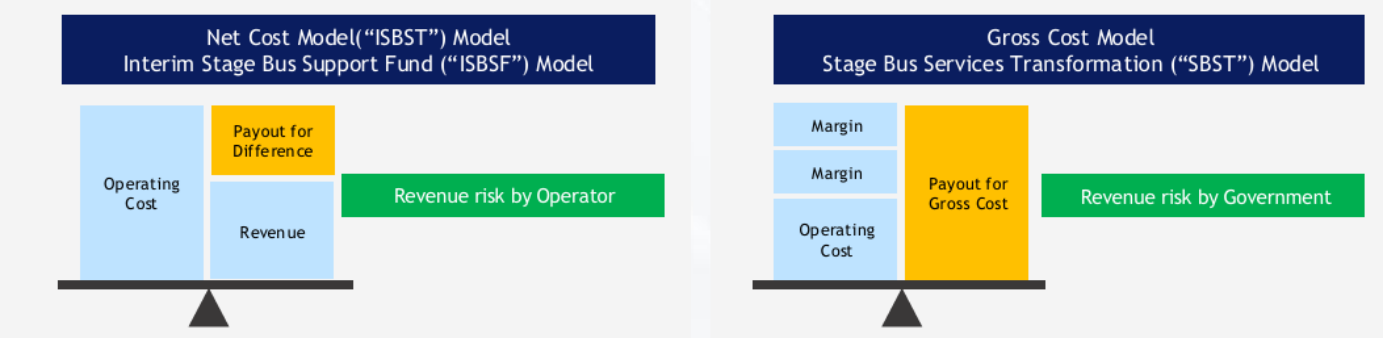
HI Mobility Berhad, through its wholly-owned subsidiary Handal Indah Sdn Bhd, operates in the mass transit sector, offering both cross-border and local bus services. With a fleet of 683 buses and four depots as of Feb 2025, the company provides essential accessibility and mobility across key regions including Johor, Melaka, Singapore, and Klang. In line with its commitment to environmental sustainability, HI Mobility has progressively introduced electric buses into its operations, with 53 electric buses deployed since 2023. The company's modular and scalable business model allows it to leverage its existing asset base to replicate operations across new contracts and states, supporting rapid expansion and improved operational efficiency.

Key services

1. **Scheduled bus services** operate along predefined routes and schedules. These are services that allow the public to board and pay the fare to travel to any designated stops along the route.
    - **Cross-Border Services** serves the JB–SG and KL/Melaka–SG routes
    - **Intracity Services** transit within the city, town or local area while picking up and dropping off passengers from designated stops alongside specific routes
    - **Intercity Services** are long-haul services that transport passengers between cities or towns with few stops
2. **Chartered Bus Services** provides tailored charter services for corporates, tourists, and events.
3. **Other Services** such as bus maintenance and repair services at its Johor depot, servicing both internal and external clients.

Business Model

Exhibit 1: HI Mobility's Business Model

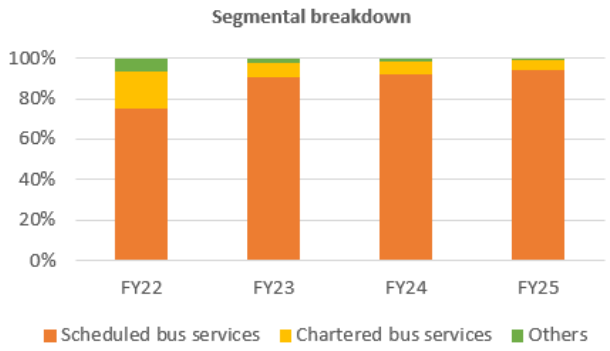


Net Cost Model (ISBST/ISBSF) – Operator Bears Revenue Risk
Under the Net Cost Model, HI Mobility collects fare revenue and bears the revenue risk, with the government only reimbursing the shortfall between fare collections and operating costs. This model incentivizes operators to optimize route efficiency and boost ridership to maximize profitability. However, it exposes operators to fare constraints and demand volatility, making earnings less predictable. Currently, most of HI Mobility's interim contracts in Malaysia operate under this scheme, limiting revenue visibility and exposing margins to ridership fluctuations and operating cost movements.

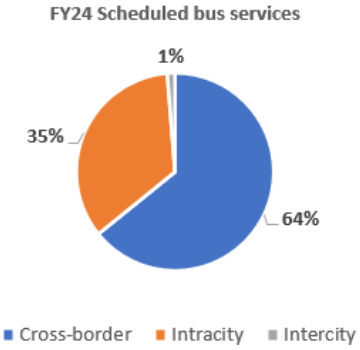
Gross Cost Model (SBST) – Government Bears Revenue Risk
The Gross Cost Model, as adopted in countries like Singapore, Australia, and South Korea, shifts revenue risk to the government. Under this structure, HI Mobility is paid a fixed fee based on vehicle-kilometres operated, covering both operating costs and a guaranteed margin. Fare collections are remitted to the government, decoupling the operator's earnings from passenger volumes. This ensures predictable and stable cash flows, providing higher earnings visibility and reducing exposure to fare pricing and ridership risks.

Segmental Breakdown

Exhibit 2: Scheduled Bus Services is Core Revenue Driver



Exhbit 3: Cross-border Services Make up 64% of Scheduled Bus Services' Revenue in FY24



Key Management

1) **Lim Chern Chuen (chief executive officer)**
Lim Chern Chuen, 44, is the CEO of HI Mobility, bringing over 18 years of experience in the bus transportation industry. A graduate of the University of Melbourne with degrees in Engineering and Commerce, he began his career with Accenture and KPMG Australia before joining Handal Indah in 2007 as strategy and planning director. He played a pivotal role in expanding Handal Indah's bus services, securing government contracts, and leading digital transformation initiatives like ManjaLink and LUGO. Appointed CEO in September 2024, he oversees the group's strategic direction and daily operations.

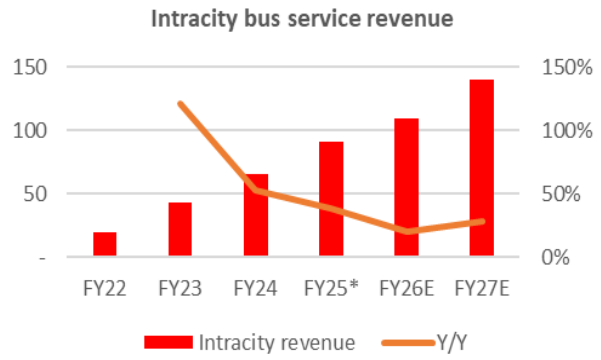
2) **Handy Santono (head of technology)**
Handy Santono, 38, is the head of technology at HI Mobility. He graduated with an engineering degree from Monash University and has been with Handal Indah since 2010, starting as an R&D engineer. He has spearheaded multiple technology integration projects, including digitalising fleet management and developing cashless ticketing systems. Rising through various project management roles, he was appointed head of technology in September 2024, where he leads the group's software development and tech-driven operational initiatives.

3) **Liew Ai Ling (head of finance)**
Liew Ai Ling, with over 17 years of experience in audit, accounting, and finance, is the head of finance at HI Mobility. A graduate of Multimedia University and a member of the MIA, she has held various finance roles across firms such as BDO Malaysia, Crowe, and SKS Southern. She joined Handal Indah in May 2023 as senior finance manager before being appointed head of finance in September 2024, where she now oversees financial planning, reporting, and cash flow management for the group.

Investment Merits

Stable & Sustainable Organic Growth from Intracity and Chartered Bus Services

Exhibit 4: Intracity Revenue to Grow 20%/28% in FY26/27E



Source: Company report, Kenanga estimates

Exhibit 5: HI Mobility's Solid Unbilled Order Book

Contract	Value	Unbilled
Stage Bus Operation (SBST) in JB	282.5	134.9
Stage Bus Operation (SBST) in Melaka	83.8	71.2
Johor Melaka Waterfront Economic Zone, Iskandar Puteri, Kulai and Mersing	59.2	1.5
Operation of 'Bas Muafakat Johor' in Pengerang	7.5	0
Rapid Bus Route Outsourcing Program	83.5	76.9
Operation of 'Smart Selangor' bus services in Sepang	12	0.4
Johor, Klang Valley (10 ongoing	29.8	8.1
Singapore (2 ongoing contracts)	12.9	8.2
Total	**571.2**	**301.2**

Source: Company report, Kenanga estimates

- **HI Mobility is well-positioned to achieve stable and sustainable growth through its core intracity bus services**. The company stands to benefit from ongoing government efforts to enhance public transportation, including initiatives such as the Stage Bus Services Transformation (SBST) programme, ART system, and rationalisation of diesel subsidies. With 20 unbilled service contracts totalling ~RM301m secured through to FY2031, there is strong revenue visibility over the medium to long term as these contracts provide a cover multiple of circa 3x. To be clear, intracity buses form 32% of revenue.

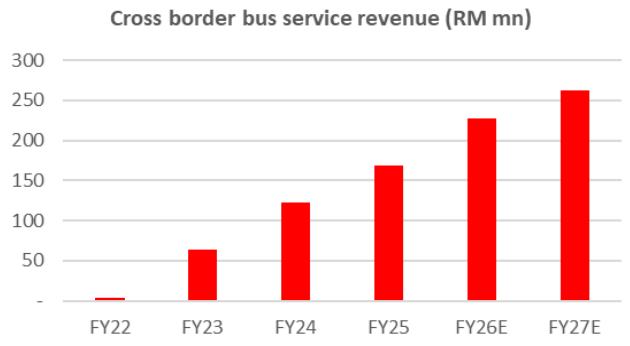
- **Expanding growth avenues across key regions.** Management sees strong growth potential in intracity and chartered bus services across Johor, Melaka, and Klang Valley, driven by industrial expansion and rising commuter needs. In Johor, over 5,000 factories employing 300,000 workers, and the development of multiple SEZs support demand for factory shuttles and improved first- and last-mile connectivity linked to the RTS and e-ART. In Melaka, a similar opportunity exists with 2,000 factories and 50,000 workers, supported by industrial zones and expansion of the BAS.MY project. In Klang Valley, the recent expansion under the Rapid KL brand opens up opportunities in demand-responsive transit and last-mile services, leveraging existing urban mobility infrastructure.

RTS Link as structural growth driver

The upcoming Johor Bahru–Singapore Rapid Transit System (RTS) Link could serve as a structural catalyst, supported by its potential to expand the addressable market and ease persistent congestion at the border. These two pillars are expected to reshape regional mobility dynamics and benefit operators with established first- and last-mile networks.

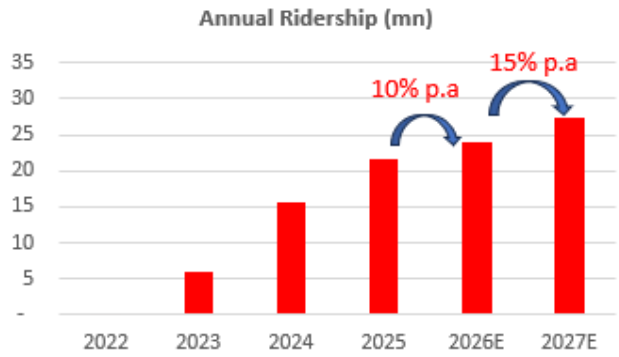
- **RTS enlarges addressable market.** The RTS Link provides a high-capacity "middle-mile" solution, connecting Bukit Chagar in Johor Bahru to Woodlands North in Singapore via rail. This contrasts with the existing Causeway Link bus model which operates point-to-point routes targeting specific MRT stations across Singapore. With direct rail connectivity, the RTS is expected to reduce dependency on private vehicles for cross-border travel. This shift unlocks a substantial market opportunity—estimated by management at ~RM177m annually—for operators positioned to provide feeder and dispersal services within Johor Bahru. As such, the RTS is not viewed as a competitor to existing bus routes, but rather as a demand enabler for first- and last-mile connectivity. Our own calculation based on a RM5 round trip × 300,000 daily crossings, and assuming a 30% modal share on an annual basis yields RM165mn, which is broadly in line with management's indication of RM177m.

Exhibit 6: Cross-border Revenue to Rise 35%/15% in FY26/27E



Source: Company report, Kenanga estimates

Exhibit 7: Ridership growth and Higher Peak-hour Throughput



Source: Company report, Kenanga estimates

Exhibit 8: Comparative Travel Cost Analysis between Private Car and RTS Link

Category	Car (MYR)	RTS (MYR)	Remarks
Vehicle Entry Permit (VEP)	112.00	-	SGD35/day x 3.2 exchange rate
Parking (Singapore)	14.55	-	SGD100/month ÷ 22 working days x 3.2 exchange rate
Fuel	15.00	-	Estimated daily round-trip fuel cost
Parking (Johor Bahru)	-	4.50	Parking at RTS Bukit Chagar station
RTS Tickets (Round Trip)	-	16.80	RM4 (MY) + SGD4 (x3.2 = RM12.80)
MRT Fares (Round Trip)	-	14.59	SGD2.28 one way x 2 x 3.2 = RM14.59
Total Daily Cost	**141.55**	**35.89**	

Source: Kenanga estimates

- **RTS to unlock cost efficiencies.** The RTS Link is expected to catalyse a structural shift in cross-border commuting by reducing dependency on private vehicles, driven by both economic and efficiency incentives. Daily driving costs—including VEP charges (RM112/day after a 10 calendar-day exemption), parking fees, and fuel—amounted up to c.RM140 per trip, making the RTS's all-in daily cost of ~RM36 3x more economical (see Exhibit 8).

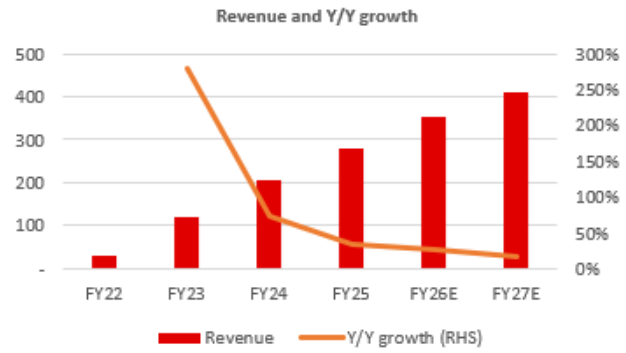
- **Alleviating congestion with predictable transit...** The RTS also directly addresses one of the most critical pain points of cross-border commuting: unpredictability. Generally, bus journeys across the Causeway can take up to 1.5 hours during peak periods due to traffic and clearance delays. The RTS offers a more consistent end-to-end journey of around 60 minutes, including MRT transfers to central Singapore. While buses may be faster off-peak (about 45 minutes), the RTS provides time certainty, which is crucial for daily commuters.

- **…resulting in shorter bus travel time.** We forecast that the time taken for a single bus route during peak hours will reduce from 90 minutes to 60 minutes following the commencement of the RTS, driven by improved traffic conditions at

the border. As a result, we factor in a 10%/15% increase in ridership in FY26/FY27E respectively, primarily due to the ability to execute more routes per bus without expanding the fleet, effectively capturing higher peak-hour demand. Importantly, this additional ridership can be accommodated without expanding the bus fleet, as the efficiency gains from smoother traffic flow enable higher throughput using existing assets.

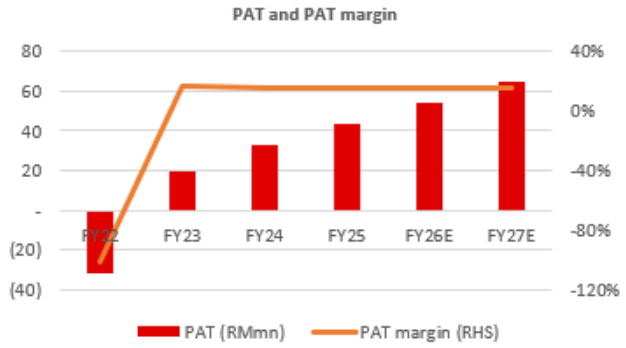
Financial Performance

Exhibit 9: RevenueTrend and Y/Y Growth



Source: Company report, Kenanga estimates

Exhibit 10: PAT Trend and PAT Margin



Source: Company report, Kenanga estimates

HI Mobility's financial performance rebounded sharply post-pandemic, with revenue surging 280% y/y to RM119.6m in FY23 and a further 74% y/y to RM207.7m in FY24, driven by the full resumption of cross-border services and expansion of SBST intracity routes. Cross-border services contributed the bulk of scheduled bus revenue (~64%), with ridership jumping from 5.9m in FY23 to 15.7m passengers in FY24. Profitability turned around significantly, with PAT improving from a RM32.0m loss in FY22 to RM19.5m in FY23 (PAT margin: 16%), and further to RM33.2m in FY24 (PAT margin: 16%). The slight PAT margin compression in FYE 2024, despite stronger topline growth, was due to a higher effective tax rate of 26.5% (vs. statutory 24%) stemming from prior-year tax under-provisions. Moving into FY25, revenue rose 35% y/y to RM279.8mn, while PAT expanded 32% y/y to RM43.8mn (PAT margin: 15.6%). Earnings growth is expected to normalise going forward (low-base effect) as the business stabilises from pandemic-driven recoveries, with sustained momentum supported by rising ridership, SBST contract ramp-ups, and improving operational leverage.

For FY26E, group revenue growth of +26% will be driven primarily by intracity services, notably the recognition of a newly secured RM134.9m contract under the SBST programme in Johor Bahru. Meanwhile, FY27E revenue growth of +17% will be supported by the commencement of the RTS Link, which is expected to alleviate border congestion by reducing private vehicle usage. This shift will enable HI Mobility to increase trip frequencies during peak hours without additional fleet investment, enhancing asset efficiency and throughput capacity. Operating margin is expected to stay firm at 20% in both FY26/27E, while net profit margin is projected at 15%/16%.

Valuation

Exhibit 11: Peer Comparison

Company	Country	FY26E PER	FY24 Operating Margin	FY22-24 Growth Rate	Remark
Regional Peers					
Transport Int'l (KMB)	Hong Kong	24.4	4.9%	11.5%	Near-monopoly in bus transit in Kowloon & New Territories.
ComfortDelGro (SBS Transit)	Singapore	14.4	7.1%	8.8%	Near-monopoly in buses & feeders
Kelsian	Australia	13.5	6.2%	23.4%	Key operator in Australia's transport sector, holding significant bus contracts across multiple states.
Average		**17.4**	**6%**	**15%**	
Malaysia Peer					
Perak Transit	Malaysia	10.2	55%	4.5%	Terminal-centric bus operator

We value HI Mobility using the PE multiple method, anchored on a target FY26E PER of 20x, representing a 10% premium to regional transport operators' average of 18x. This premium is justified by HI Mobility's significantly higher operating margins of 21−24% over the past three years, compared to the 6% average of its regional peers. We believe the higher operating margin could be due to its robust digital infrastructure, which optimises efficiency and reduces travel time and distance by factoring in passenger demand, traffic conditions, and coverage areas. Our PER valuation approach is seen appropriate given the availability of comparable peers for benchmarking. While HI Mobility benefits from a secured order book providing earnings visibility over the

next 3−5 years, its project-based contracts limit long-term cash flow visibility, making a DCF-based valuation less practical at this juncture.

For now, we have also not factored in first- and last-mile contract awards from the RTS as this will require more details on the contracts up for grabs. The first- and last-mile in this instance refers to the bus services that ferry passengers from each RTS station to and from their destination. We assume that a 30% modal share of the RM177m opportunity for bus as a mode of transport. Assuming this is captured by HI Mobility, it could lift earnings per share by 1.8 sen/share. Applying an unchanged 20x PER, this should lift fair valuation by 36 sen.

Despite having no official dividend policy, we note that the company declared a 1 sen interim DPS in 1QFY26, implying a ~40% dividend payout ratio for the quarter. Following its IPO, HI Mobility's cash balance increased from RM47m at end-Jan 2025 to RM158m at end-Apr 2025, with a net cash position of RM38.8m and is expected to remain in net cash for FY26 and FY27. Meanwhile, ROE stood at 43% in FY25 and is projected at 19% for both FY26 and FY27.

Appendix

Exhibit 12: Main Business Activities

Exhibit 13: History & Milestones

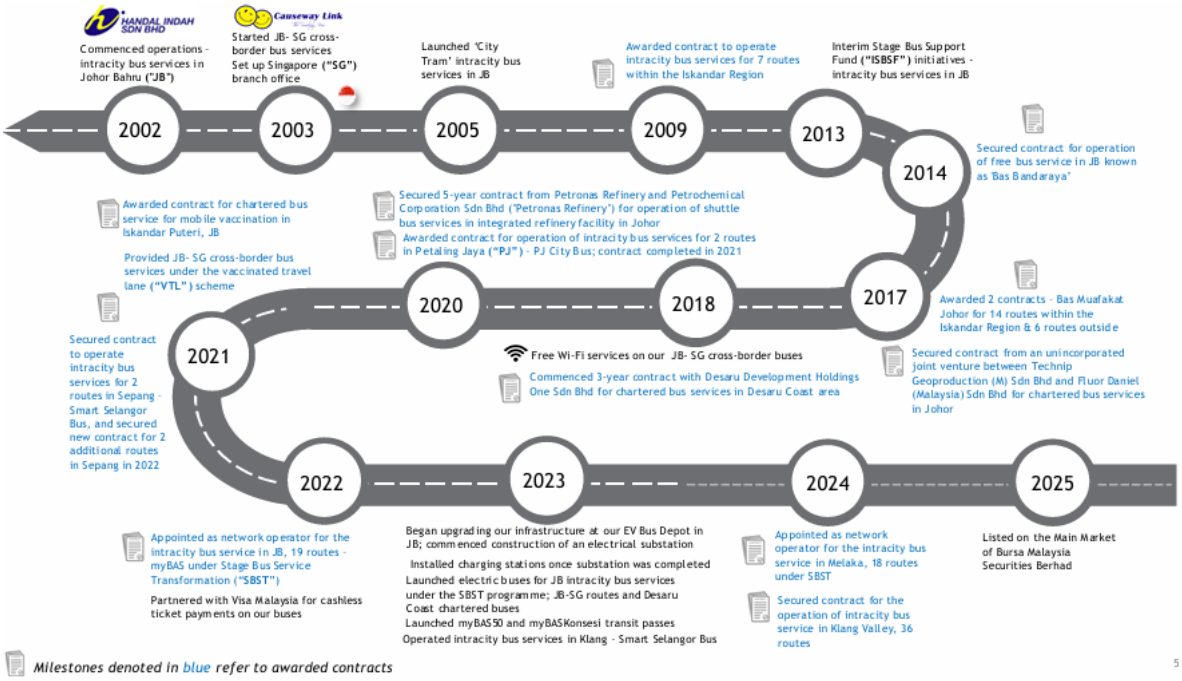
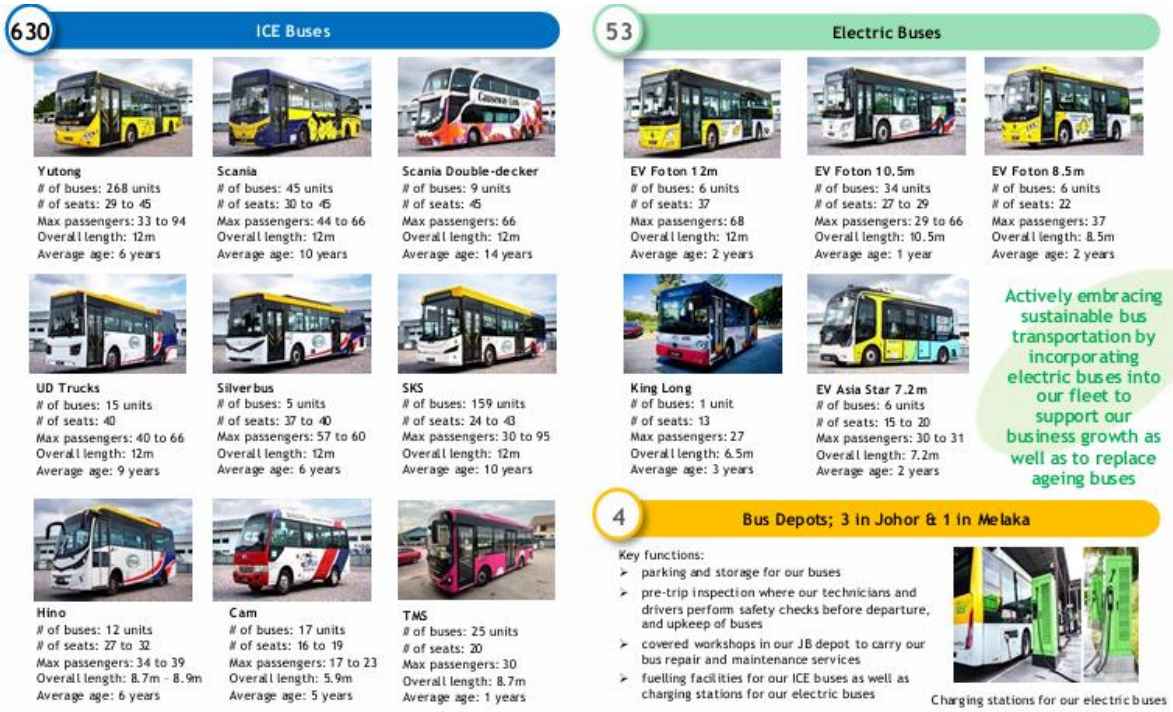


Exhibit 14: Bus Fleet & Depots (683 buses with an average age of 7 years)



Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workforce Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Services Quality & Safety	★	★	★	★	
	Cybersecurity & Data Privacy	★	★	★		
	Customer Experience	★	★	★		
	Supply Chain Management	★	★	★		
	Energy Efficiency	★	★	★		
	Waste Management	★	★			
	OVERALL	★	★	★		

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

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