

27 February 2026

# HIL Industries

## Driving All-new Perodua Traz

By Wan Mustaqim Bin Wan Ab Aziz | [wanmustaqim@kenanga.com.my](mailto:wanmustaqim@kenanga.com.my)

HIL's FY25 results beat our expectation. Its 4QFY25 core net profit more than doubled driven by all-new Perodua Trax tooling activities and record quarter sales by Perodua, narrowing its FY25 core net profit decline to 15%. All-new Perodua Traz received overwhelming responses with early booking of 5,400 units in December 2025 with expected production of 2k units/month. It plans to ramp up new property launches in FY26 onwards starting with Amverton Vista. We raised FY26F net profit by 18%, and our SoP-derived TP by 15% to RM0.85 from RM0.74. Upgrade to **OUTPERFORM** from **MARKET PERFORM** call.

HIL's FY25 net profit beat our expectation, coming 15% above our forecast on higher-than-expected manufacturing margin for the all-new Perodua Traz and all-new Toyota Yaris Cross. We have sole coverage on the stock.

**YoY**, HIL's FY25 revenue was flattish as its manufacturing segment (+16%) recovered strongly from the weaker 1HFY25 on stronger 2HFY25 Perodua sales volume which more than offset the weaker property segment (-39%) due to slower property launches.

Perodua sales rose 1% to 359,904 units due to various scheduled plant maintenance shutdowns during festivities in the 1HFY25, while some of its models were being phased out i.e. Perodua Myvi, pending new models introduction in end-2026. In particular, Perodua launched the all-new Perodua Traz in December 2025 which HIL is one of the key parts manufacturers for the model which boosted HIL's 4QFY25 sales and margins.

For its property segment, the Amverton townhouses development was fully sold. Slower take-up rate was seen for Amverton Links Phase 3 due to the higher selling price at almost RM1m per unit as well as lack of new property launches.

Its core net profit plunged 15% affected by higher effective tax rate of 32.6% vs. 25.7% in FY24.

**QoQ**, HIL's 4QFY25 revenue was flattish as its manufacturing segment recovery (+3%), more than offset the weaker property segment (-20%) due to slower property launches. Manufacturing segment rides on strong Perodua sales volume of 104,810 units (+18%) with HIL as one of the key parts manufacturers for all-new Perodua Traz which boosted HIL 4QFY25 manufacturing margins. Its core net profit more than doubled, driven by all-new Perodua Trax tooling activities despite higher effective tax rate of 35.4% vs. 30.2% in 3QFY25.

**Outlook**. Its manufacturing division has recovered strongly on completion of tooling activities in preparation for two launches i.e. Perodua Traz and Toyota Yaris Cross, which offset the phasing out of the out-going Perodua Myvi, slated for a new launch in 2026/27. Meanwhile, it plans to ramp up new property launches in FY26 onwards starting with Amverton Vista, following with Carey Island Garden townhouse planned to be launched in 2QFY26 (waiting for CCC).

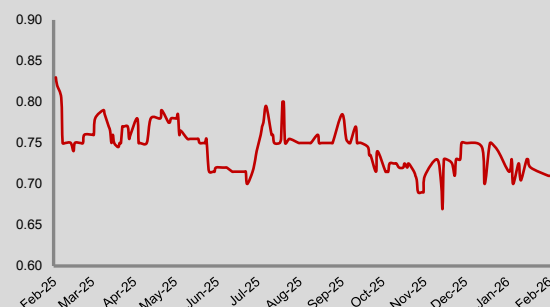
**Forecasts**. We raised FY26F net profit by 18% to reflect the higher manufacturing margins.

**Valuations**. We also raised our SoP-derived TP by 15% to RM0.85 from RM0.74 (see page 3). There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see page 5).

**OUTPERFORM** ↑

**Price:** RM0.71  
**Target Price:** RM0.85 ↑

### Share Price Performance



KLCI	1,740.94
YTD KLCI chg	3.6%
YTD stock price chg	-5.3%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	HIL MK EQUITY
Market Cap (RM m)	235.7
Shares Outstanding	331.9
52-week range (H)	0.83
52-week range (L)	0.65
3-mth avg. daily vol.	22,123
Free Float	14%
Beta	0.8

### Major Shareholders

Delta Industries Sdn	50.3%
Fame Alliance Sdn Bhd	7.8%
Ng Boon Thong	5.0%

### Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	219.0	259.5	262.3
EBIT	48.6	54.2	55.4
PBT	50.4	55.2	56.4
<b>Net Profit</b>	<b>36.1</b>	<b>37.1</b>	<b>38.0</b>
<b>Core Net Profit</b>	<b>36.1</b>	<b>37.1</b>	<b>38.0</b>
Consensus (NP)	-	-	-
Earnings Revision	-	+18%	NEW
Core EPS (sen)	10.9	11.2	11.4
Core EPS (%)	-14.5	2.8	2.3
NDPS (sen)	3.0	3.0	3.0
BVPS (RM)	1.5	1.6	1.7
PER (x)	6.5	6.3	6.2
PBV (x)	0.5	0.4	0.4
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	4.2	4.2	4.2

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**Investment case.** We like HIL for: (i) robust demand enjoyed by its manufacturing division underpinned by strong orders for auto parts especially for new car models, i.e. Perodua Axia and Alza, Perodua Traz, Toyota Yaris Cross and Perodua Myvi by 2026/27 with auto part order backlogs currently ranging from two to six months, depending on customers, and (ii) its healthy pipeline of property projects. All-new Perodua Traz received overwhelming responses with early booking of 5,400 units in December 2025 with expected production of 2k units/month. We expect HIL to boost its manufacturing margins driven by Perodua Traz and Toyota Yaris Cross. It also plans to ramp up new property launches in FY26 onwards starting with Amverton Vista. Upgrade to **OUTPERFORM** from **MARKET PERFORM** call.

**Risks to our call include:** (i) weaker-than-expected demand and prices for auto parts, (ii) higher input costs, and (iii) sustained of recovery in the property sector.

### Results Highlights

FYE Dec (RM m)	4Q FY25	3Q FY25	QoQ Chg	4Q FY24	YoY Chg	12M FY25	12M FY24	YoY Chg
<b>Turnover</b>	<b>62.5</b>	<b>63.5</b>	<b>-1.5%</b>	<b>48.9</b>	<b>27.9%</b>	<b>219.0</b>	<b>219.7</b>	<b>-0.3%</b>
EBIT	21.8	9.9	120.3%	12.2	78.3%	59.3	58.7	1.0%
Interest Income	0.4	0.5		0.6		1.9	3.4	
Interest Expenses	0.0	-0.2		-0.1		-0.8	0.7	
PBT/(LBT)	20.3	9.3	118.3%	11.7	73.5%	50.6	56.9	-11.1%
Taxation	-7.2	-2.8	-156.3%	-3.0	-143.7%	-16.5	-14.6	-12.7%
<b>Core Net Profit<sup>^</sup></b>	<b>13.1</b>	<b>6.5</b>	<b>101.9%</b>	<b>8.7</b>	<b>49.8%</b>	<b>36.1</b>	<b>42.3</b>	<b>-14.6%</b>
EPS (sen)	3.9	2.0	101.9%	2.6	49.8%	10.9	12.7	-14.6%
DPS (sen)	0.0	0.0		0.0		3.0	3.0	
EBIT margin	34.9%	15.6%		25.0%		27.1%	26.7%	
PBT margin	32.5%	14.6%		23.9%		23.1%	25.9%	
NP margin	21.0%	10.2%		17.9%		16.5%	19.2%	
Effective tax rate	35.4%	30.2%		-25.2%		32.6%	25.7%	

Source: Company, Kenanga Research

<sup>^</sup> one-off tax assessment expenses at RM2m in 1QFY25

### Segmental Revenue

Revenue (RM m)	4Q FY25	3Q FY25	Q-o-Q Chg	4Q FY24	Y-o-Y Chg	12M FY25	12M FY24	Y-o-Y Chg
Manufacturing	53.2	51.8	2.6%	39.6	34.4%	178.5	153.4	16.4%
Property development	9.2	11.6	-20.3%	9.5	-3.2%	40.4	66.3	-39.1%
Others	-0.1	0.0		0.2		-0.2	0.0	
<b>Total</b>	<b>62.3</b>	<b>63.4</b>	<b>-1.6%</b>	<b>49.4</b>	<b>26.3%</b>	<b>218.7</b>	<b>219.7</b>	<b>-0.5%</b>
<b>Operating Profit (RM m)</b>								
Manufacturing	16.6	12.8	29.9%	10.6	57.4%	43.5	37.4	16.2%
Property development	3.1	-4.0	-176.7%	0.6	447.4%	5.1	16.1	-68.5%
Others	0.0	1.1		3.4		0.0	3.4	
<b>Total</b>	<b>19.7</b>	<b>9.9</b>	<b>99.4%</b>	<b>14.5</b>	<b>36.2%</b>	<b>48.6</b>	<b>56.9</b>	<b>-14.6%</b>
<b>Operating Margin</b>								
Manufacturing	31.3%	24.7%		26.7%		24.4%	24.4%	
Property Development	33.2%	-34.5%		5.9%		12.6%	24.3%	
<b>Total</b>	<b>31.6%</b>	<b>15.6%</b>		<b>29.3%</b>		<b>22.2%</b>	<b>25.9%</b>	

Source: Company, Kenanga Research

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**HIL's Sum-of-Parts Valuation**

Segment	Value (RM m)	Basis
Manufacturing	158.4	9x FY26F PER, in-line with the average historical forward PER of the manufacturing sector.
Property Development	128.7	70% discount to RNAV
<b>Sum of parts</b>	<b>287.1</b>	
Total number of shares (m)	331.9	
<b>TP (RM)</b>	<b>0.85</b>	

**RNAV of Property Division**

Property Projects	Ownership	Land Area (acres)	GDV (RM m)	NPV of Profit (RM m)
Unik Sejati Sdn Bhd	77%	14.2	92.4	14.7
Pembinaan Kesentosaan Sdn Bhd	73%	6.2	45.2	5.4
Amverton Carey Golf & Island Resort Sdn Bhd (1)	79%	45.6	183.3	15.3
Amverton Carey Golf & Island Resort Sdn Bhd (2)	78%	35.1	150.2	16.0
Residensi Rimbun Amverton 2	100%	7.4	416.4	105.4
		111.5	1287.5	156.9
Property Shareholders Fund				272.1
Total RNAV				429.0
Discount to RNAV (%)				70.0
Discounted RNAV				128.7

Source: Company, Kenanga Research

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### Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>Stocks Under Coverage</b>																	
BERMAZ AUTO BHD	OP	0.845	0.800	-5.3%	782.7	Y	04/26	5.7	9.8	-57.2%	70.2%	14.7	8.6	1.5	10.0%	4.6	5.4%
DRB-HICOM BHD	UP	1.15	0.620	-46.1%	1,913.9	Y	12/25	5.1	5.4	55.4%	6.3%	22.5	21.2	0.2	0.9%	3.0	2.6%
HIL INDUSTRIES BHD	OP	0.710	0.850	19.7%	249.0	Y	12/25	11.2	11.4	2.8%	2.3%	6.3	6.2	0.4	7.2%	2.0	2.8%
HONG LEONG INDUSTRIES BHD	OP	18.88	18.90	0.1%	4,472.6	Y	06/26	157.4	160.6	2.7%	2.0%	12.0	11.8	2.4	21.4%	110.0	5.8%
MBM RESOURCES BHD	MP	5.12	5.25	2.5%	2,040.4	Y	12/25	86.8	88.2	1.9%	1.6%	5.9	5.8	0.8	14.6%	39.0	7.6%
SIME DARBY BHD	OP	2.39	2.75	15.1%	14,789.8	Y	06/26	19.8	21.5	15.6%	8.1%	12.0	11.1	0.8	7.0%	14.0	5.9%
TAN CHONG MOTOR HOLDINGS BHD	UP	0.550	0.300	-45.5%	381.2	Y	12/25	(27.6)	(24.4)	-179%	-188%	N.A.	N.A.	0.2	-7.7%	1.0	1.8%
<b>SECTOR AGGREGATE</b>					<b>24,629.6</b>					<b>9.7%</b>	<b>9.0%</b>	<b>11.1</b>	<b>10.2</b>	<b>0.6</b>	<b>5.7%</b>		<b>4.6%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

	Criterion	Rating		
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★
	Community Investment	★	★	☆
	Workers Safety & Wellbeing	★	★	☆
	Corporate Governance	★	★	★
	Anti-Corruption Policy	★	★	☆
	Emissions Management	★	★	★
<b>SPECIFIC</b>	Product Quality & Safety	★	★	★
	Effluent/Waste Management	★	★	★
	Digitalisation & Innovation	★	★	☆
	Material/Resource Management	★	★	★
	Supply Chain Management	★	★	★
	Energy Efficiency	★	★	★
<b>OVERALL</b>		★	★	★

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

**Stock Ratings are defined as follows:**

**Stock Recommendations**

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%  
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%  
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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**KENANGA INVESTMENT BANK BERHAD (15678-H)**  
 Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
 Telephone: (603) 2172 0880 Website: [www.kenanga.com.my](http://www.kenanga.com.my) E-mail: [research@kenanga.com.my](mailto:research@kenanga.com.my)

