

02 March 2026

Tan Chong Motor Holdings

FX Back to Loss in 4Q

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TCHONG disappointed, reporting FY25 losses of RM205m (from core loss of RM232.5m in FY24) due to wider forex losses at RM42.9m (compared to a forex loss of RM24.1m in FY24) and on continued sales volume decline of its bread-and-butter Nissan vehicles, with deeper discount promotion to retain market share in both local and overseas market. We now project a wider FY26F net loss of RM182.6m (from a loss of RM164.3m) and cut our TP by 3% to RM0.29 (from RM0.30). Reiterate UNDERPERFORM call.

TCHONG reported FY25 losses of RM205.0m (excluding one-offs at RM12.1m), came in wider by 10% of our full-year loss forecast and wider by 21% of the consensus' full-year loss estimate due to higher-than-expected forex loss and deeper discounting on year-end sales.

YoY, its FY25 revenue rose 1%, largely due to recovery in its Vietnam market sales (+122%) from a lower base with the successful sales of several models i.e. GAC M8, TQ-Wuling N300P, and King Long buses. This more than offset the weaker local Nissan vehicle sales volume of 6,435 units (-17%, its industry market share was unchanged at 1%) amidst a highly competitive environment where competitors are flooding the market with new models. Its financial services revenue declined 12% in line with lower vehicle sales as most of their customers used its financing services, we believe, due to the highly competitive nature of the hire purchase scheme. There was some contribution from its solar energy division in others segment.

In terms of regional breakdown, the local market (90% of group revenue) showed weak sales (-3%) and operational loss of RM20.8m (from operational profit of RM34.7m in FY24) driven by just four models of Nissan Almera, Serena, Navara and all-new Kicks e-Power.

Its overseas operations (10% of group revenue) remained in a challenging operating environment, despite notable improvement from a lower base. Its operation in Vietnam recorded improvement in sales at RM84.2m (+122%), registering a lower operational loss of RM27.4m (from operational loss of RM42.1m in FY24) following the successful sales of several models i.e. GAC M8 TQ-Wuling N300P, and King Long buses. Its other markets (Cambodia, Laos and Myanmar) recorded higher sales (+29%), recording an operational profit of RM13.4m vs. an operational profit of RM0.3m in FY24 from a lower base.

Its core net loss was at RM205.0m (from core loss of RM232.5m in FY24) particularly due to wider forex losses at RM42.9m compared to a forex loss of RM24.1m in FY24).

QoQ, its 4QFY25 revenue fell 8% on weaker local Nissan vehicles sales at 1,387 units (-16%) on intensified discounting promotion during year-end sales and financial services segment (-12%). Its overseas market was also weaker (-21%) on the same intensified competition. It also recorded forex loss of RM9.5m compared to forex gain of RM0.57m in 3QFY25. All in, its core net loss was higher at RM62.3m (from core loss of RM54.2m in 3QFY25).

UNDERPERFORM ↔

Price: **RM0.56**
Target Price: **RM0.29** ↓

Share Price Performance



KLCI	1,716.61
YTD KLCI chg	2.2%
YTD stock price chg	-9.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	TCM MK EQUITY
Market Cap (RM m)	361.7
Shares Outstanding	651.6
52-week range (H)	0.97
52-week range (L)	0.28
3-mth avg. daily vol.	1,430,834
Free Float	17%
Beta	1.5

Major Shareholders

Tan Chong Consolidated	47.5%
Daiwa Securities Group	5.7%
Nissan Motor Co Ltd	5.7%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Revenue	2,082.7	2,461.1	2,704.0
EBIT	-157.6	-138.3	-127.8
PBT	-214.3	-188.9	-177.6
NP/ NL	-214.2	-182.6	-172.0
CNP / CNL	-205.0	-182.6	-172.0
Consensus (NL)	-	-138.7	-97.5
Earnings Revision (%)	-	+11.1%	NEW
Core EPS (sen)	-31.4	-28.0	-26.4
Core EPS (%)	-11.8	-10.9	-5.8
NDPS (sen)	1.0	1.0	1.0
BVPS (RM)	4.00	3.71	3.44
PER (x)	N.M	N.M	N.M
PBV (x)	0.1	0.1	0.2
Net Gearing (x)	0.4	0.5	0.7
Net Div. Yield (%)	1.8	1.8	1.8

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Forecasts. We now project a wider FY26F net loss of RM182.6m (from a loss of RM164.3m) assuming forex movements will continue to be volatile with the absent of new launches to push sales and margin.

Valuations. We also cut our TP by 3% to RM0.29 from RM0.30 based on PBV of 0.1x FY26F BVPS, which is at an 86% discount to the auto sector's average forward PBV of 0.7x to reflect its less popular *Nissan* brand vs. other mid-market foreign brands in the market. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

Investment case. We continue to stay cautious on TCHONG due to: (i) its insignificant 1% share of the total industry volume, (ii) its lack of new launches while its competitors have successfully launched all-new models, and (iii) its inability to raise prices to pass on rising production cost.

It has signed a strategic collaboration agreement with SAIC GM Wuling Automobile to locally assemble the Tan Chong-branded TQ Wuling Bingo EV, an affordable entry-level compact EV which launched at RM67,800 for the Pro variant and RM72,800 for the Max variant. Early-bird offers include a RM5,000 rebate, bringing prices to RM62,800 and RM67,800. Additionally, it has received letter of intent (LOI) from Perodua to rent its assembly lines as Perodua's newly-built Smart Mobility plant unable to achieve the required localisation rate during initial commercial production period. However, only 500 Perodua EV is expected to be produced per month for the 1st phase of production and be scaled thereafter based on demand, which we believe is insufficient to turn around its under-utilised plant (based on our estimate, the current rate based on 65k units translate to 13%). Moreover, Perodua QV-e has received lukewarm responses (205 booking since Dec 2025). Reiterate **UNDERPERFORM**.

Risks to our call include: (i) consumers splurging more on discretionary spending (particularly big-ticket items like new cars as high inflation eases, (ii) more attractive new models for TCHONG that appeal to car buyers, and (iii) TCHONG monetising its strategic land bank or being privatised at a premium over the market price.

Results Highlights

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Dec (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Revenue	487.3	530.5	-8%	511.2	-5%	2,109.5	2,082.7	1%
EBIT	(48.9)	(45.6)	7%	(35.4)	38%	(120.9)	(157.6)	-23%
Net interest Inc/(Exp)	16.7	(12.1)	-238%	(15.6)	-207%	(24.9)	(54.6)	-54%
Associate	0.9	(2.1)	-142%	(1.1)	-182%	(1.3)	(2.0)	-34%
EI [^]	15.6	6.0		(23.7)	-166%	(12.1)	(18.3)	
PBT/(LBT)	(59.5)	(59.9)	-1%	(52.1)	14%	(175.4)	(214.3)	-18%
Taxation	(18.4)	(3.7)		(16.9)	9%	(25.2)	(6.5)	
Minority Interest	3.2	(3.4)		(1.0)		(5.2)	(1.0)	
Net Profit/(Net Loss)	(77.9)	(60.3)	29%	(68.1)	15%	(192.2)	(214.2)	-10%
Core Net Profit/(Net Loss)	(62.3)	(54.2)	15%	(91.7)	-32%	(205.0)	(232.5)	-12%
EPS (sen)	(11.6)	(9.0)		(10.1)	15%	(28.6)	(31.9)	
Core EPS (sen)	(9.3)	(8.1)		(13.7)	-32%	(30.4)	(34.6)	
DPS (sen)	-	-		-		-	1.0	
EBIT margin	N.M	N.M		N.M		N.M	N.M	
Pretax margin	N.M	N.M		N.M		N.M	N.M	
Core Net Profit margin	N.M	N.M		N.M		N.M	N.M	
Effective tax rate	N.M	N.M		N.M		N.M	N.M	

[^] RM46m-one-off fair value gain on investment properties related to the land disputes under February 2025 material litigation settlement

Source: Company, Kenanga Research

Segmental Breakdown

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Dec (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Revenue	487.3	530.5	-8%	511.2	-5%	2,109.5	2,082.7	1%
Automotive	471.2	511.4	-8%	492.5	-4%	2,031.8	1,990.9	2%
Financial services	13.7	14.7	-7%	17.8	-23%	62.0	70.7	-12%
Others	2.4	4.4	-46%	1.0	139%	15.7	21.1	-26%
Segment EBITDA	(19.3)	(7.4)	-160%	4.3	-551%	(26.5)	(7.0)	-276%
Automotive	(0.9)	(15.0)	94%	(20.7)	96%	(4.7)	(25.3)	82%
Financial services	(2.8)	(1.7)	-67%	(5.7)	52%	(7.3)	5.5	-234%
Others	(15.6)	9.2	-270%	30.7	-151%	(14.5)	12.7	-214%

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.				
Stocks Under Coverage																	
BERMAZ AUTO BHD	OP	0.845	0.800	-5.3%	782.7	Y	04/2026	5.7	9.8	-57.2%	70.2%	14.7	8.6	1.5	10.0%	4.6	5.4%
DRB-HICOM BHD	UP	1.22	0.620	-49.2%	1,913.9	Y	12/2025	5.1	5.4	55.4%	6.3%	23.9	22.5	0.2	0.9%	3.0	2.5%
HIL INDUSTRIES BHD	OP	0.730	0.850	16.4%	249.0	Y	12/2025	11.2	11.4	2.8%	2.3%	6.5	6.4	0.5	7.2%	2.0	2.7%
HONG LEONG INDUSTRIES BHD	OP	18.72	18.90	1.0%	4,472.6	Y	06/2026	157.4	160.6	2.7%	2.0%	11.9	11.7	2.4	21.4%	110.0	5.9%
MBM RESOURCES BHD	MP	4.99	4.90	-1.8%	2,040.4	Y	12/2025	81.6	82.2	-5.9%	0.7%	6.1	6.1	0.7	11.5%	45.0	9.0%
SIME DARBY BHD	OP	2.44	2.75	12.7%	14,789.8	Y	06/2026	19.8	21.5	15.6%	8.1%	12.3	11.4	0.8	7.0%	14.0	5.7%
TAN CHONG MOTOR HOLDINGS BHD	UP	0.555	0.290	-47.7%	381.2	Y	12/2025	(27.2)	(25.6)	-189.1%	-194.2%	N.A.	N.A.	0.2	-7.2%	1.0	1.8%
SECTOR AGGREGATE					24,629.6					7.1%	8.5%	11.2	10.3	0.6	5.6%		4.7%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★			
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Electric & Hybrid Vehicles Availability	★	★	★		
	Supply Chain Management	★	★	★	★	
	Energy Efficiency	★	★	★		
	Effluent & Water Management	★	★	★	★	
	Training & Education	★	★	★		
OVERALL		★	★	★		

☆ 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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