

22 April 2026

Automotive

Festive Campaign Sales Boost

NEUTRAL



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March new vehicle sales in Malaysia, also known as total industry volume (TIV), soared 21% MoM, largely driven by attractive festive sales promotion despite the still shorter working month brought on by the Hari Raya Aidilfitri (one-week plant closure), stronger than our expectation mentioned in the previous note, but still within our full-year TIV estimate. YoY, March TIV fell 13% due to the double celebration of Chinese New Year holidays and Hari Raya Aidilfitri taking place in quicker succession versus the previous year. Key highlights for the month are Nissan soaring on new launching of all-new Nissan Serena e-Power, Mazda on backlogs delivery of Mazda 1.5L CBU import, and Honda on huge promotional discounts/rebates. Our CY26 TIV forecast of 790k units (-4% YoY) matches the forecast by Malaysian Automotive Association (MAA), driven by discounts/rebates, coming likely at the expense of margin, new OMV regulation, a flood of localized Chinese vehicles, and attractive new launches. Maintain NEUTRAL. Our sector top picks are BAUTO (OP; TP: RM1.15) driven by CBU niche JDM market, and HLIND (OP; TP: RM18.90) riding on higher-margin premium motorcycle segment. Both are less susceptible to price hike under OMV and both offer attractive dividend yield of 6%.

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National marques (72% TIV share vs. 67% in 3MCY25) stood their ground, wrestling share from the non-national marques. This was seen in Perodua (44% TIV share vs. 48% TIV share in 3MCY25) and Proton (28% TIV share vs. 19% TIV share in 3MCY25), backed by strong sustained demand in the affordable segment, and attractive new launches. In the non-national marques segment, for the month of March 2026, Honda & Toyota were in a tight battle (34% and 20% of TIV share, respectively). BYD and Mazda took 3rd place (5% of TIV share), while Chery slipped to 4th place (4% of non-national TIV share) which we believe was due to dilution of the market share in the non-nationals segment due to new launches and attractive discounting/rebates promotion.

A detailed analysis of the passenger vehicle segment in March at 59,498 units (+22% MoM, -13% YoY) is as follows:

Nissan (+179% MoM, -7% YoY) soared in March 2026 largely due to maiden delivery of all-new Nissan Serena e-Power (launched in March 2026) at 250 units with first month booking backlogs of 1,300 units. However, it is losing out in the all-new vehicles race, mainly dependent on its massive rebates to stay in competition. Currently, Nissan depends on the face-lifted *Nissan Serena S-Hybrid*, *Navara*, and *Almera Turbo* with 1k backlogged orders (1–2 months).

Mazda (+152% MoM, +24% YoY) soared on backlogs delivery of Mazda 1.5L CBU which was temporary delayed from February due to constraint in logistics shipping due to Chinese New Year. Overall, it was driven by the *Mazda 3*, *CX-60*, and *CX-5 models*. The *CX-5* and *CX-8* are considered as older generation and have been replaced with the newer generation *CX-60* and *CX-80* which were launched in early-September, garnering strong demand. *Mazda 3* (RM118,900 for the 1.5L High Plus model), launched in early- November have garnered strong demand from the market which offers an attractive price point compared to previous launches. Based on sales projection, Mazda currently has 3.5k backlogged orders (1–3 months).

Honda's (+115% MoM, -27% YoY) soared on huge promotional discounts/rebates for Honda Malaysia March 2026 promo which offers up to RM60k discount – RM13k off City, RM18k rebate for Civic. Overall, sales were supported by the *City*, *Civic* and all-new *HR-V*. Based on sales projection, Honda currently has 5k backlogged orders (1–3 months waiting period). Honda has been losing its competitiveness in the non-national space despite offering huge promotional discounts/rebates which we believe was due to its perceived older generation specification compared to its competitors.

Meanwhile, **Toyota's (+28% MoM, -34% YoY)** sales were driven by its popular top models, namely the all-new *Vios*, *Yaris*, best-selling *Corolla Cross* hybrid and *Hilux*. Based on sales projection, Toyota currently has 10k backlogged orders (3–6 months). **Proton's (+13% MoM, +13% YoY)** sales were boosted by the sales of the all-new Proton e.Mas 5 and Proton Saga. The former has emerged as the best-selling EV for 2026 with total sales for e.Mas brand at 7,455 units YTD largely from e.Mas 5. The latter was also the best-selling model with nearly 100k bookings. Overall, **Proton's** sales were mainly driven by the all-new

22 April 2026

Proton e.Mas 7, Proton e.Mas 5, X70, X50 and X90, and supported by the all-new S70, and Saga (recently launch all-new model). Based on sales projection, Proton currently has 110k backlogged orders (3 – 6 months).

Perodua's (+4% MoM, -19% YoY) sales continued to be propelled by the all-new *Perodua Alza* and all-new *Perodua Axia*, with equally strong sales of the *Bezza*, *MyVi*, and *Ativa* models. Based on sales projection, Perodua currently has over 70k backlogged orders (2 – 5 months). Perodua recently launched *Perodua QV-e* (200 bookings with 1 sold in February 2026 and 11 sold in March 2026) and *Traz* SUV (5,400 bookings with targeted monthly sales of 2k units since December 2025) which is considered the most premium among its models, and will be launching the all-new *Myvi* end-2026/early-2027.

Our thesis for CY26 TIV encompasses:

(i) new trend of discounts/rebates as a strategy to gain a headstart in capturing market share, coming likely at the expense of margin i.e. as a part of launching price gimmicks to gain huge initial booking volume. On that end, we believe that automakers have started to work around the discounting competition by focusing on other more profitable space i.e. SIME riding on better-margin industrials (at 7% vs 1% for is auto segment), BAUTO focusing on CBU market which are unaffected by the OMV policy, and HLIND focusing toward higher-margin premium motorcycles segment which commands solid demand,

(ii) new open-market-value (OMV) excise duty regulation which will be implemented gradually from July 2026. The policy to limit the vehicles price hike is still being developed, which we expect to be further delayed to beyond election period,

(iii) a rising market share of Chinese automakers' vehicles via vehicles production localisation programme (as CKD tax incentives for EVs continues until 2027), after CBU tax incentives ended. This counts Jaecoo & Chery brands from the Chery Shah Alam assembly plant, Xpeng, GWM, BAIC & SAIC brands' from EPMB (Not Rated) Melaka assembly plant, and BYD brand from the Tanjung Malim, Perak, at KLK TechPark,

(iv) sustained demand in the affordable segment with national marques remaining as the market leader at estimated market share of 65% for CY26 TIV versus non-nationals marques' target focus of mostly in the RM100k-and-above vehicles segment,

(v) the new hire purchase loan policies (abolition of the Rule of 78 and flat rate loans) are designed to create a fairer lending environment for consumers, which may boost confidence in hire purchase loans over the long term, (vi) a stable labour market (our economic research team forecast unemployment rate of 3%, the same in CY25), and (vii) attractive new launches (leaning towards value-for-money offerings) i.e. Proton e.Mas 7 Phev, Perodua Myvi (new DNGA), Mazda CX-5 (new generation), Xpeng MO 3 sedan and BYD Shark PHEV 4x4.

In general, the industry's earnings visibility is still good, backed by a booking backlog of 205k units as at end-February 2026 (higher than average booking of 140k units in 2025 largely due to the addition of all-new Proton Saga reaching 100k units backlogs, limited by production capacity). More than half of the backlog is made up of new models, alluding to the appeal of new models to car buyers.

Gradual transition to battery electric vehicles (BEVs). We expect gradual transition to BEVs which currently benefit from tax exemption up until 2027 for locally-assembled CKDs. Looking further, we also have a balanced view of EV adoption eventually picking up and demand for gasoline vehicles will eventually peak, but not within the next five years due to infrastructure challenges. The new petrol subsidy mechanism, in our view, could make the transition even slower than earlier expected as the middle- and lower- income groups now have less incentive to switch from ICE to EV for the time being. Recall that new registration for BEVs leapt from 274 units in CY21 to over 3,400 units in CY22, 13,301 units in CY23, 21,789 units in CY24 and 44,800 units in CY25, or 5.5% of TIV. Malaysia aims for electric vehicles (EVs) to represent 20% of new vehicle sales by 2030, with a longer-term vision for 80% by 2050 (including hybrids vehicles). Government is currently focused on building out the EV ecosystem, including establishing 10,000 public charging points and providing tax incentives to stimulate adoption and local production. Despite the current build-to-date lagging behind with just tad above 50% of the target which stood at 5,360 units as of Dec-2025, no updated timeline target has been provided.

Our sector top picks are:-

BAUTO (OP; TP: RM1.15) for: (i) its strong near-term earnings visibility backed by a total order backlog of 3.5k units (which is at higher level vs a year ago at 1.5k units), (ii) its premium mid-market Mazda brand that offers superior margins, and (iii) its attractive dividend yield of about 7%. We expects BAUTO to benefit from the recent weakening of JPY against MYR, more so, as it expands its new Mazda launches towards CBU (CBU/CKD mix of 50%/50% expected in FY26 vs 40%/60% in FY25) such as its CX-60, CX-80 and Mazda 3 have garnered strong demand from the market especially for its all-new Mazda 3 (RM118,900 for the 1.5L High Plus model) which offers an attractive price point compared to previous launches. Note that CBU models are unaffected by the new OMV excised duty regulation.

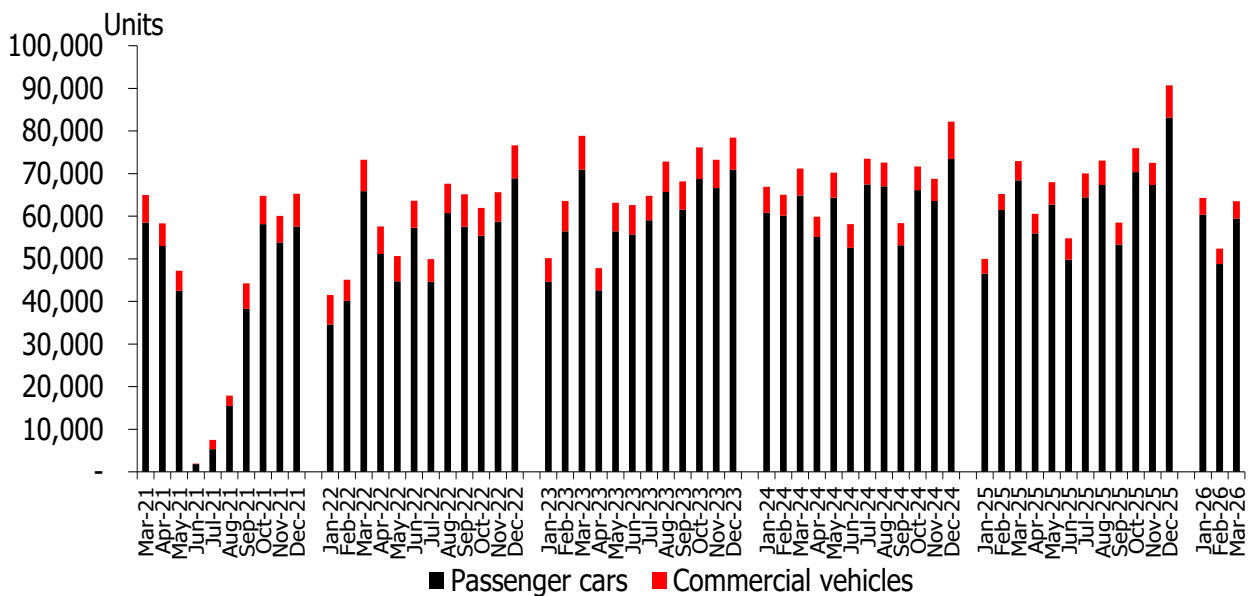
HLIND (OP; TP: RM18.90): (i) as it is a strong proxy to the booming gig economy given the critical role of motorized two-wheelers in executing online delivery transactions, (ii) for its association with the strong Yamaha motorcycle brand in Malaysia and the brand's market leader position in the local motorcycle segment, and (iii) for its solid war chest with a net cash of RM2b that could be deployed for earnings-accretive acquisitions. Its dividend yield is also attractive at 6%. We anticipate robust demand for the motorcycles market which achieved a record year of 700k units (+11%) in 2025, with Yamaha holding the lion's share of more than 50%.

Monthly Sales for Passenger and Commercial Vehicles by Marque

Marque (units)	Mar-26	Mar-25	Feb-26	% m-o-m	% y-o-y	YTD 2026	YTD 2025	% y-o-y
Passenger								
Perodua	24,530	30,464	23,575	4%	-19%	74,233	85,091	-13%
Proton	15,243	13,473	13,446	13%	13%	48,439	33,808	43%
Honda	6,723	9,208	3,132	115%	-27%	12,830	19,624	-35%
Toyota	3,893	5,899	3,042	28%	-34%	10,122	14,610	-31%
Nissan	517	554	185	179%	-7%	984	1,532	-36%
Mazda	998	807	396	152%	24%	2,288	2,121	8%
Others	7,594	8,001	4,972	53%	-5%	21,615	20,280	7%
Total	59,498	68,406	48,748	22%	-13%	170,511	177,066	-4%
Commercial								
Toyota	1,948	1,934	1,797	8%	1%	5,209	5,128	2%
Isuzu	712	1,167	861	-17%	-39%	2,424	3,033	-20%
Nissan	78	152	61	28%	-49%	196	279	-30%
Mitsubishi	269	377	183	47%	-29%	821	1,016	-19%
Hino	245	194	164	49%	26%	564	361	56%
Mazda	4	3	-	#DIV/0!	33%	4	3	33%
Others	735	733	600	23%	0%	2,384	1,916	24%
Total	3,991	4,560	3,666	9%	-12%	11,602	11,736	-1%
TIV	63,489	72,966	52,414	21%	-13%	182,113	188,802	-4%

Source: MAA, Kenanga Research

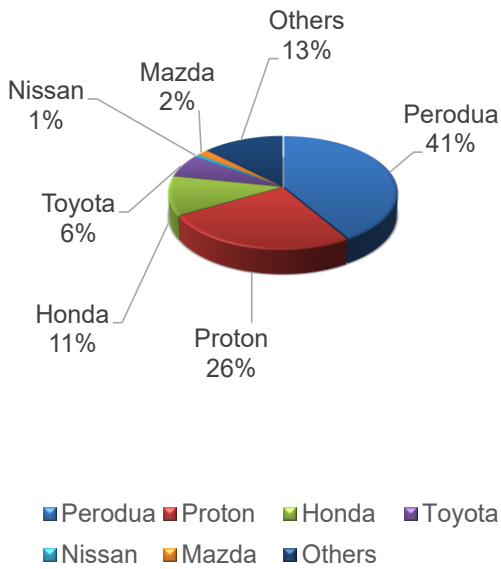
Monthly TIV



Source: MAA, Kenanga Research

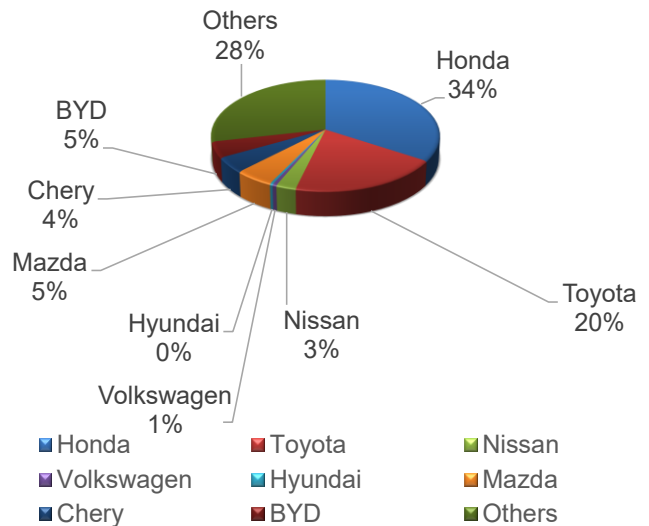
22 April 2026

Market Share (Overall Passenger) March 2026



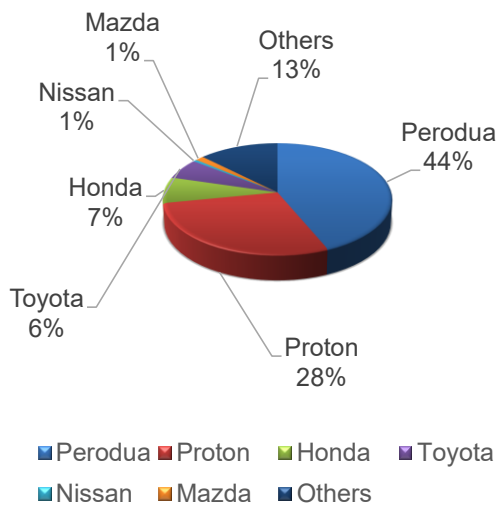
Source: MAA, Kenanga Research

Market Share (Non-National Passenger) Mar 2026



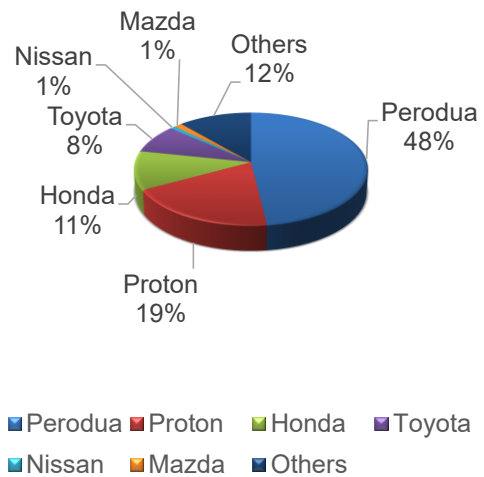
Source: MAA, Kenanga Research

Market Share (Passenger and Commercial) 3MCY26



Source: MAA, Kenanga Research

Market Share (Passenger and Commercial) 3MCY25



Source: MAA, Kenanga Research

22 April 2026

Various New Models



Perodua QV-E



Proton eMas 7



Proton eMas 5



Proton eMas 7 PHEV



Xpeng G6



Xpeng X9



TQ-Wuling Bingo



BYD Seal 06



BYD Shark 6 PHEV



Tentative-Xpeng M03 (budget model)



Perodua Traz



Toyota Yaris Cross hybrid

Source: Paultan.org, Kenanga Research

22 April 2026

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	0.965	1.15	19.2%	1,120.4	Y	04/26	7.3	10.9	-45.7%	49.5%	13.2	8.9	1.7	12.1%	6.3	6.6%
DRB-HICOM BHD	UP	1.14	0.620	-45.6%	2,203.6	Y	12/25	5.1	5.4	55.4%	6.3%	22.3	21.0	0.2	0.9%	3.0	2.6%
HIL INDUSTRIES BHD	OP	0.665	0.850	27.8%	220.7	Y	12/25	11.2	11.4	2.8%	2.3%	5.9	5.8	0.4	7.2%	2.0	3.0%
HONG LEONG INDUSTRIES BHD	OP	17.36	18.90	8.9%	5,692.3	Y	06/26	157.4	160.6	2.7%	2.0%	11.0	10.8	2.3	21.4%	110.0	6.3%
MBM RESOURCES BHD	MP	5.02	4.90	-2.4%	1,962.3	Y	12/25	81.6	82.2	-5.9%	0.7%	6.1	6.1	0.7	11.5%	45.0	9.0%
SIME DARBY BHD	OP	2.27	2.75	21.1%	15,438.3	Y	06/26	19.8	21.5	15.6%	8.1%	11.4	10.6	0.8	7.0%	14.0	6.2%
TAN CHONG MOTOR HOLDINGS BHD	UP	0.560	0.290	-48.2%	376.3	Y	12/25	(27.2)	(25.6)	-189%	-194%	N.A.	N.A.	0.2	-7.2%	1.0	1.8%
SECTOR AGGREGATE					27,014.0					7.9%	8.2%	12.2	11.2	0.7	5.6%		5.1%

Source: Kenanga Research

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22 April 2026

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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