

30 April 2026

Hong Leong Industries

Riding on New Launches

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Following our recent visit to HLIND's Yamaha production plant in Sg. Buloh, we remain optimistic on its expansion of its Motorcycles line amidst a shift in the global motorcycles trend. Another record year is expected for FY26, with net profit estimated to be in the range of RM552.2m-RM572.2m, surpassing our previous forecasts, driven by attractive new launches which are expected to boost volume and margins, while maintaining its dominance over Malaysia's motorcycles market. Over the next 2-3 years pipeline, HLIND plans to introduce a total of 15-17 all-new and face-lifted models with attractive pricing within its respective target market range. As such, we raised our net profit forecast by 9% each for FY26 and FY27. We raised our TP on a higher quantum of 11% to RM21.00 (from RM18.90), as we roll over our valuation year to FY27F and reiterate our OUTPERFORM call. It also offers attractive dividend yield of 6%.

A shift in the global motorcycles trend. The global motorcycle market is entering a high-activity phase in 2026, with major manufacturers leveraging on new model launches (see exhibit 1) to stimulate demand with a significant 2026 focus on premiumization, electrification, and urban-centric solutions. Premiumization is a structural shift where manufacturers prioritize high-margin lifestyle products over high-volume utility commuters. This strategy aims to boost profitability by appealing to "aspiration-driven" riders who view motorcycles as status symbols, adventure tools, or recreational "fun" rather than simple transportation.

HLIND driving ahead of the global motorcycles market with its focus on premiumization for the past 10 years, which upheld its market share as the largest Motorcycles brand in Malaysia dominating over 50% of Motorcycles TIV, followed by Honda in the second place at c.20%. Globally, Honda still maintains leadership with over 31% market share, followed by Hero MotoCorp and Yamaha. Emerging challengers like TVS Motor and Chinese EV specialist Yadea are rapidly closing the gap with double-digit growth in the global market but still lacks appeal in the Malaysia market.

New launches, expanded margins. In 2025, HLIND launched three automatic models, NVX, NMAX and XMAX which boosted the demand and margins for these models (with higher price and new specs, especially new variant of NVX) coupled with the strengthening of MYR against USD that reduced its CKD packs import costs. Note that, MYR has strengthened against USD, with the currency falling from RM4.20/1USD in June 2025 to RM3.97 in April 2026, further lowering costs for Malaysian importers for 2026. Coupled with the cost-down initiative (including ceasing of TEKHNE brand venture in 2025 due to intensifying competition in the third-party spare parts market), HLIND expects margin improvement of 3%-4% for the next 2-3 years since FY25. Recall, its 1HFY26 net margin expanded to 15.4% from 14.0% in the 1HFY25. For FY26, it plans to introduce seven new models which are expected to boost volume and margins. Over the next 2-3 years pipeline, HLIND plans to introduce a total of 15-17 all-new and face-lifted models (2-3 models could be totally all-new, not in the market currently). While price range for the new models are undisclosed for now pending official launches, HLIND looking to price it affordably within its respective market range, in line with attractive modern features and specification.

In the meantime, HLIND looking to grow its big bikes segment (expansion through CBU imports, there are still room for expansion of revenue by RM200m-RM300m in the next 3-5 years.) banking on higher income growth, cross-border convoy (beyond city, across country and continent),

OUTPERFORM ↔

Price : **RM17.50**
Target Price : **RM21.00** ↑

Share Price Performance



KLCI	1,720.42
YTD KLCI chg	2.4%
YTD stock price chg	4.3%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	HLI MK EQUITY
Market Cap (RM'm)	5,590.8
Shares Outstanding	319.5
52-week range (H)	19.30
52-week range (L)	12.36
3-mth avg daily vol:	114,616
Free Float	19%
Beta	0.9

Major Shareholders

Hong Leong Co Malaysia	75.2%
Ambank M Bhd	2.0%
Norges Bank	1.5%

Summary Earnings Table

FY June (RM m)	2025A	2026F	2027F
Revenue	3,570.4	3,879.4	3,995.8
EBIT	771.9	1,084.5	1,115.3
PBT	865.9	970.9	990.3
Net Profit	486.0	560.7	571.9
Core Net Profit	502.4	560.7	571.9
Consensus (NP)	-	-	-
Earnings Revision	-	+9%	+9%
Core EPS (sen)	153.2	171.0	174.4
Core EPS (%)	46.1	11.6	2.0
NDPS (sen)	80.0	110.0	110.0
BVPS (RM)	7.03	7.64	8.29
PER (x)	11.4	10.2	10.0
PBV (x)	2.5	2.3	2.1
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	4.6	6.3	6.3

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and shift in lifestyle toward more adventurous motorcycling. Specifically, Motorcycles industry has recorded 114% growth in the big bike segment of within the range of 500cc to 800cc in 2025. HLIND recently expanded its big-bike model with the launch of 2026 Yamaha Tenere 700 (689cc) which is priced at RM58,998 in March 2026 and plan to launch more later of the year.

Reaching for another record year for FY26 (year-end June). Based on the back of the envelope calculation, we estimate 2HFY26 (Jan-June 2026) net profit to be within RM260m-RM280m (average RM130m-RM140m per quarter), stronger than 2HFY25 net profit of RM232m, but slightly weaker to 1HFY26 of RM292.2m due to the double celebration of Chinese New Year holidays and Hari Raya Aidilfitri was which in a closer succession that previous years. Our estimate is based on average ASPs and net profit margin as of 1HFY26. These numbers are driven by the expected average of 93k units sales per quarter, with a total of 382k units for Yamaha motorcycles for FY26, which will be boosted by the new launches and expanded margins as mentioned above. Moreover, HLIND expects potential boost in demand in view of upcoming election as well as with the high petrol prices, there could be more conversion from car to premium bigger cc bikes like its XMAX.

Overall, this implies FY26 net profit in the range of RM552.2m-RM572.2m, which is at 107%-111% of our previous estimate. Note that, HLIND indicates that its assembly plant inventory is sufficient of up to 4 months, and currently there are no delay in procuring the CKD packs. Note that, the shipment delay is at a lesser risk now as shipping liners re-position their fleet around the Middle-East crisis area (longer route but safer).

Outlook. For FY25, it introduced the all-new Yamaha PG-1 (RRP at RM6,998, Aug 2024), Yamaha MT-09 (RRP at RM57,998, Oct 2024), XMAX 2025 (RRP at RM 24,888, May 2025), and TMAX Tech Max 2025 (RM75,888, May 2025), which are margin-driven models. For FY26, it plans to introduce seven new models which are expected to boost volume and margins. These includes five newly launched models which are Yamaha NVX (RRP at RM11,998, Sept 2025), Yamaha YZF-R25 (RRP at RM19,464, Oct 2025), Yamaha MT-09 & MT-09 SP (RRP at RM57,998, Feb 26), Yamaha Tenere 700 (RRP at RM58,999, Mar 26), and Yamaha TMax Tech Max (RRP at RM75,888, Apr 26). Its new Guocera tiles plant is on track for production to begin in July 2026. Fully automated, the plant can produce bigger format size tiles which command higher margins compared to existing production.

Forecasts. Based on our expectation as above, we raised both our FY26 and FY27 net profit forecasts by 9% each.

Valuations. We raised our TP on a higher quantum of 11% to **RM21.00** (from RM18.90) **as we roll over our valuation year to FY27F (from FY26F)** based on unchanged PER of 12x, at 1x multiple premium to passenger vehicle sector's average forward PER of 11x given its strong market position in the local motorcycle segment which prospects are buoyed by the booming gig economy. There is no adjustment to our target price based on ESG given a 3-star rating as appraised by us (see Page 4).

Investment case. We continue to like HLIND: (i) as it is a strong proxy to the booming gig economy given the critical role of motorised 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%. Maintain **OUTPERFORM**.

Risks to our call include: (i) consumers cutting back on discretionary spending (particularly big-ticket items like new motorcycles) amidst high inflation, (ii) supply chain disruptions, (iii) escalating input costs, and (iv) a global recession hurting demand for the export of its motorcycles and tiles.

Exhibit 1: Notable 2026 New Launches & Models – Global market

Manufacturer	Key 2026 Models	Segment / Highlights
BMW	R 1300 RT, R 1300 GS, F 450 GS	Updated flagship tourers and new mid-range adventure entries.
Honda	WN7, NX500, CB1000GT	WN7 is Honda's first full-sized production electric motorcycle (~67 hp).
Triumph	Speed Triple 1200 RX, Thruxton 400	Limited editions and expansion of popular 400cc single-cylinder range.
Suzuki	DR-Z4S, DR-Z4SM, SV-7GX	Revival of legendary dual-sport models and new "neo-retro" recipes.
KTM	1390 Super Duke RR, 990 RC R	Lighter, tech-heavy "RR" models limited to 350 units worldwide.
Royal Enfield	Bullet 650, Classic 650	Expansion of the popular 650cc parallel-twin platform into classic.

Source: Various website related to the brands as mentioned, Kenanga

Exhibit 2 : HLIND Yamaha Motorcycles New Launch



Yamaha Tenere 700

Yamaha TMax Tech Max



Yamaha MT-09 & MT-09 SP

Source: Company, Kenanga Research

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Income Statement

FY June (RM m)	2023A	2024A	2025A	2026F	2027F
Revenue	3,416.4	3,111.4	3,570.4	3,879.4	3,995.8
EBIT	411.7	560.6	771.9	1,084.5	1,115.3
Depreciation	-78.5	-64.7	-48.9	-56.8	-52.8
Interest Inc/(Exp)	50.9	63.3	71.7	78.9	84.9
Associate	49.6	37.7	22.3	34.8	40.1
Profit Before Tax	512.1	661.6	865.9	970.9	990.3
Taxation	-118.6	-146.8	-204.1	-223.3	-227.8
Minority Interest	-102.9	-126.9	-175.7	-186.9	-190.6
Core Net Profit	290.6	343.8	502.4	560.7	571.9

Balance Sheet

FY June (RM m)	2023A	2024A	2025A	2026F	2027F
F.Assets	19.1	24.8	30.1	210.5	314.5
Int. Assets	49.9	28.2	20.9	20.9	20.9
Other F.Assets	478.0	484.1	661.7	661.7	661.7
Inventories	336.5	209.3	244.4	488.9	503.6
Receivables	272.2	306.8	267.3	435.8	448.8
Other C.Assets	59.5	1.0	0.2	0.2	0.2
Cash	1,487.6	1,753.2	2,016.8	2,131.1	2,294.2
Total Assets	2,702.8	2,807.3	3,241.4	3,949.1	4,243.9

Payables	406.7	402.5	490.3	648.3	667.8
S.T Borrowings	0.0	0.0	0.0	0.0	0.0
Other S.T Liability	78.1	79.0	109.5	0.0	0.0
L.T Borrowings	0.0	0.0	0.0	0.0	0.0
Other L.T Liability	29.8	22.7	128.3	0.0	0.0
Net Assets	2,188.2	2,303.2	2,513.3	2,713.3	2,924.5
S.Equity	2,027.9	2,106.4	2,306.3	2,506.3	2,717.5
MI	160.3	196.8	207.1	207.1	207.1
Total Equity	2,188.2	2,303.2	2,513.3	2,713.3	2,924.5

Cashflow Statement

FY June (RM m)	2023A	2024A	2025A	2026F	2027F
Operating CF	441.8	668.8	714.8	367.9	538.9
Investing CF	-898.8	145.8	-977.7	-100.0	-100.0
Financing CF	-279.7	-436.4	-282.9	-153.6	-275.8
Change In Cash	-736.7	378.2	-545.8	114.3	163.1
Free CF	381.8	608.8	654.8	267.9	438.9

Source: Kenanga Research

Financial Data & Ratios

FY June (%)	2023A	2024A	2025A	2026F	2027F
Growth					
Turnover	38.5	-8.9	14.8	8.7	3.0
EBIT	23.2	36.2	37.7	40.5	2.8
PBT	35.9	29.2	30.9	12.1	2.0
CNP	53.3	18.3	46.1	11.6	2.0

Profitability (%)

EBIT Margin	12.0	18.0	21.6	28.0	27.9
PBT Margin	15.0	21.3	24.3	25.0	24.8
Core Margin	8.5	11.1	14.1	14.5	14.3
ROA	11.0	14.1	16.1	15.6	14.0
ROE	14.8	18.8	22.0	23.3	21.9

DuPont Analysis

Net Margin (%)	8.5	11.1	14.1	14.5	14.3
Assets T/O (x)	1.3	1.1	1.1	1.0	0.9
Lev. Factor(x)	1.3	1.3	1.4	1.6	1.6
ROE (%)	14.8	18.8	22.0	23.3	21.9

Leverage

Debt/Asset (x)	-	-	-	-	-
Debt/Equity(x)	-	-	-	-	-
N.(Cash)/Debt	(1,487.6)	(1,753.2)	(2,016.8)	(2,131.1)	(2,294.2)
N.Debt/Equity (x)	(0.7)	(0.8)	(0.9)	(0.9)	(0.8)

Valuations

C. EPS (sen)	88.6	104.9	153.2	171.0	174.4
NDPS (sen)	57.0	107.0	80.0	110.0	110.0
BV/share (RM)	6.2	6.4	7.0	7.6	8.3
PER (x)	19.7	16.7	11.4	10.2	10.0
Div. Yield (%)	3.3	6.1	4.6	6.3	6.3
PBV (x)	1.6	2.8	2.7	2.5	2.3
EV/EBITDA(x)	4.8	4.1	3.3	5.0	5.0

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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.
Stocks Under Coverage																	
BERMAZ AUTO BHD	OP	0.950	1.15	21.1%	1,103.0	Y	04/2026	7.3	10.9	-45.7%	49.5%	13.0	8.7	1.7	12.1%	6.3	6.7%
DRB-HICOM BHD	UP	1.20	0.620	-48.3%	2,319.6	Y	12/2025	5.1	5.4	55.4%	6.3%	23.5	22.1	0.2	0.9%	3.0	2.5%
HIL INDUSTRIES BHD	OP	0.675	0.850	25.9%	224.0	Y	12/2025	11.2	11.4	2.8%	2.3%	6.0	5.9	0.4	7.2%	2.0	3.0%
HONG LEONG INDUSTRIES BHD	OP	17.50	21.00	20.0%	5,738.3	Y	06/2026	171.0	174.4	11.6%	2.0%	10.2	10.0	2.3	23.3%	110.0	6.3%
MBM RESOURCES BHD	MP	5.00	4.90	-2.0%	1,954.5	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	2.16	2.75	27.3%	14,690.2	Y	06/2026	19.8	21.5	15.6%	8.1%	10.9	10.1	0.8	7.0%	14.0	6.5%
TAN CHONG MOTOR HOLDINGS BHD	UP	0.580	0.290	-50.0%	389.8	Y	12/2025	(27.2)	(25.6)	-189.1%	-194.2%	N.A.	N.A.	0.2	-7.2%	1.0	1.7%
SECTOR AGGREGATE					26,419.3					10.1%	8.1%	11.7	10.8	0.7	5.7%		5.1%

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 Engine 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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Published by:

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