Automotive

Post-Holidays Hype

NEUTRAL
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April new vehicle sales in Malaysia, also known as total industry volume (TIV), soared 14% MoM on consolidated sales of a longer working month after two successive festive holidays. YoY, April TIV soared 16% due to Hari Raya Aidilfitri taking place earlier this year in March 2026 vs. previous year in early-April 2025. Key highlights for the month are Perodua boosting its sales post-consecutive plant closure on festive holidays, Mazda soared on backlogs delivery of Mazda 1.5L CBU, and Proton's sales were boosted by the sales of the all-new Proton e.Mas 5 which is the best EV model for 2026. YTD TIV of 254k units (+1%) is well within our expectation. 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 demand for Japan domestic market models, and HLIND (OP; TP: RM21.00) riding on higher-margin premium motorcycle segment. Both are less susceptible to price hike under OMV and both offer attractive dividend yield of 6%.

April TIV soared 14% MoM on consolidated sales of longer working month after two successive festive holidays. YoY, April TIV soared 16% due to Hari Raya Aidilfitri taking place earlier this year in March 2026 vs. the previous year in early-April 2025. For the month of May 2026, we expect sales to remain stable on various sales promotion and new launches, i.e. Toyota Yaris Cross (HEV & petrol). Key highlights for the month are **Perodua's (+31% MoM, +17% YoY)** boosted sales post-consecutive plant closure on festive holidays, **Mazda (+30% MoM, +85% YoY)** soared on backlogs delivery of Mazda 1.5L CBU, and **Proton's (+18% MoM, +48% YoY)** sales were boosted by the sales of the all-new Proton e.Mas 5 which is the best EV model for 2026.

National marques (73% TIV share vs. 68% in 4MCY25) stood their ground. This was seen in Perodua (44% TIV share vs. 48% TIV share in 4MCY25) and Proton (28% TIV share vs. 20% TIV share in 4MCY25), backed by strong sustained demand in the affordable segment, and attractive new launches. In the non-national marques segment, for the month of April 2026, Toyota took 1st place at 25% of TIV market share, leaving behind Honda at 2nd place at 21%. BYD was at 3rd place at 8%, Mazda at 4th place at 7% and Chery at 5th place at 5% 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 April at 67,893 units (+14% MoM, +18% YoY) is as follows:

Perodua's (+31% MoM, +17% 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 latest addition, i.e. *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 it will be launching the all-new *Myvi* end-2026/early-2027.

Mazda (+30% MoM, +85% YoY) soared on backlogs delivery of Mazda 1.5L CBU which was temporarily 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).

Proton's **(+18% MoM, +48% 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 8,687 units YTD largely for 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 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).

Toyota's (+13% MoM, -21% YoY) sales were boosted by the new launch of Toyota Yaris Cross in HEV & Petrol variant which was highly sought-after as the cheapest Toyota HEV model. Overall, 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).

Nissan (-34% MoM, -35% YoY) 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).

Honda (-45% MoM, -12% YoY) 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. 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).

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 a 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.

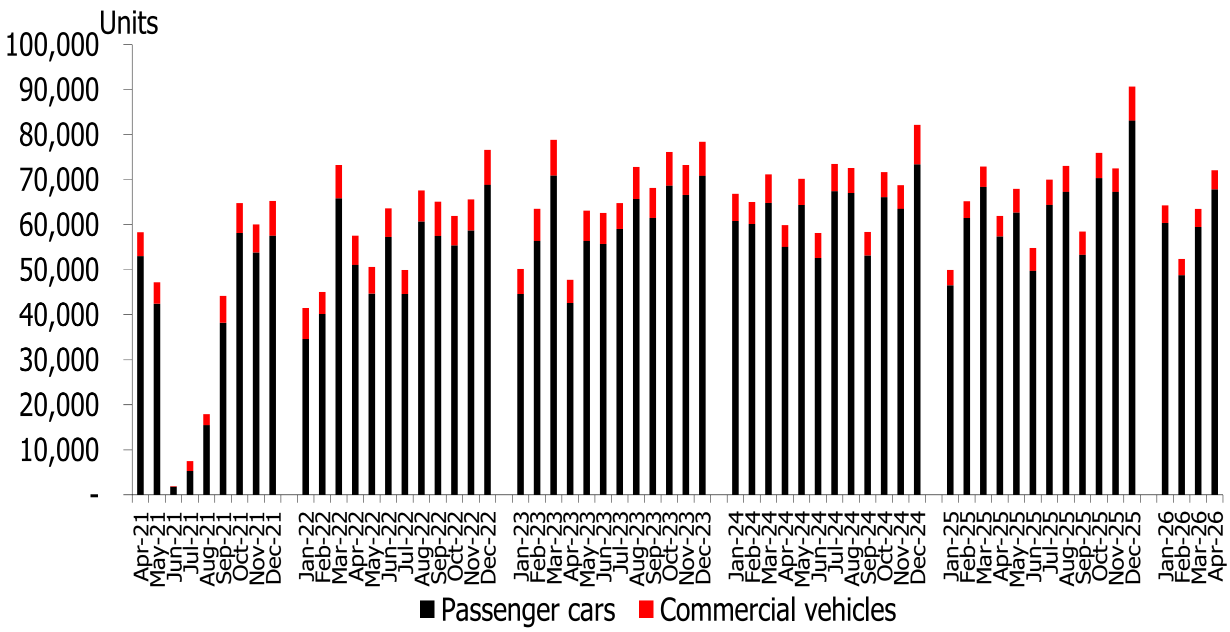
HLIND (OP; TP: RM21.00): (i) as it is a strong proxy to the booming gig economy given the critical role of motorized two-wheelers in executing online delivery transactions, (ii) for its association with the strong Yamaha motorcycle brand in Malaysia and the brand's market leader position in the local 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)	Apr-26	Apr-25	Mar-26	% m-o-m	% y-o-y	YTD 2026	YTD 2025	% y-o-y
Passenger								
Perodua	32,065	27,371	24,530	31%	17%	106,298	112,462	-5%
Proton	17,980	12,155	15,243	18%	48%	66,419	45,963	45%
Honda	3,684	4,179	6,723	-45%	-12%	16,514	23,803	-31%
Toyota	4,408	5,582	3,893	13%	-21%	14,530	20,192	-28%
Nissan	342	529	517	-34%	-35%	1,326	2,061	-36%
Mazda	1,297	700	998	30%	85%	3,585	2,821	27%
Others	8,117	6,872	7,594	7%	18%	29,746	27,152	10%
Total	**67,893**	**57,388**	**59,498**	**14%**	**18%**	**238,418**	**234,454**	**2%**
Commercial								
Toyota	2,002	2,178	1,948	3%	-8%	7,211	7,306	-1%
Isuzu	975	1,066	712	37%	-9%	3,399	4,099	-17%
Nissan	92	120	78	18%	-23%	288	399	-28%
Mitsubishi	181	300	269	-33%	-40%	1,002	1,316	-24%
Hino	283	221	245	16%	28%	847	582	46%
Mazda	-	1	4	-100%	-100%	16	4	300%
Others	687	693	735	-7%	-1%	3,137	2,609	20%
Total	**4,220**	**4,579**	**3,991**	**6%**	**-8%**	**15,900**	**16,315**	**-3%**
TIV	**72,113**	**61,967**	**63,489**	**14%**	**16%**	**254,318**	**250,769**	**1%**

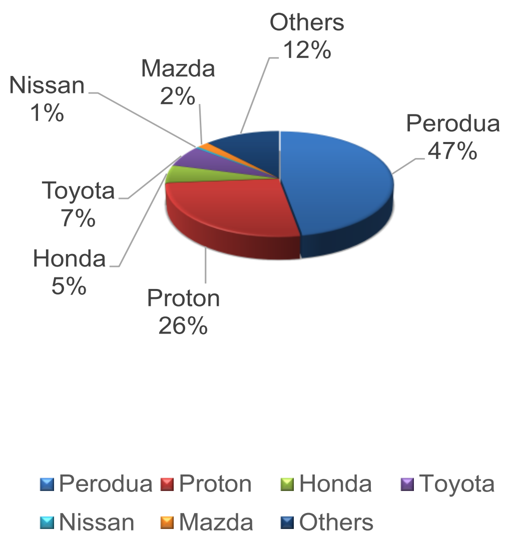
Source: MAA, Kenanga Research

Monthly TIV



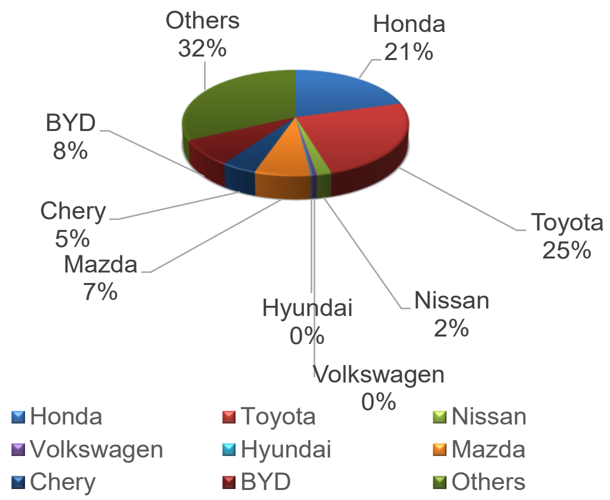
Source: MAA, Kenanga Research

Market Share (Overall Passenger) April 2026



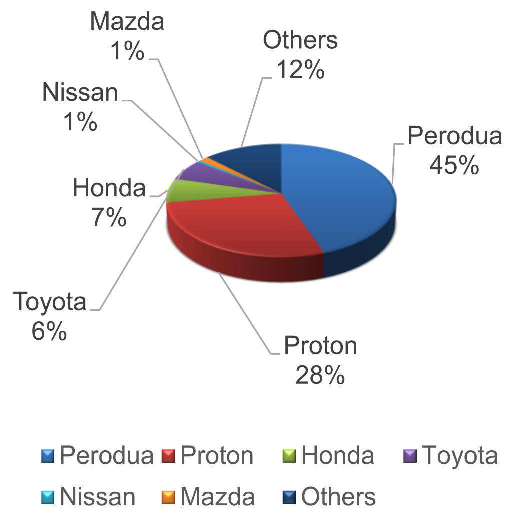
Source: MAA, Kenanga Research

Market Share (Non-National Passenger) Apr 2026



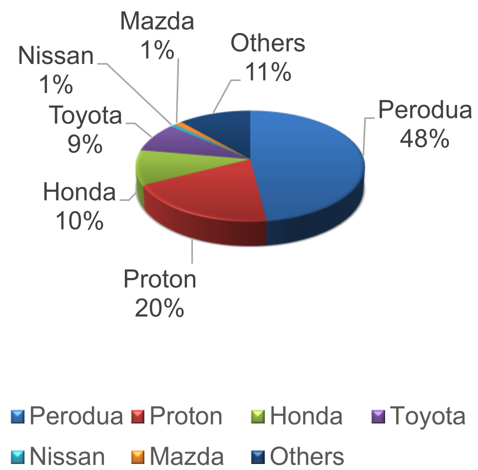
Source: MAA, Kenanga Research

Market Share (Passenger and Commercial) 4MCY26



Source: MAA, Kenanga Research

Market Share (Passenger and Commercial) 4MCY25



Source: MAA, Kenanga Research

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

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	0.935	1.15	23.0%	1,085.5	Y	04/26	7.3	10.9	-45.7%	49.5%	12.8	8.6	1.6	12.1%	6.3	6.8%
DRB-HICOM BHD	UP	1.17	0.620	-47.0%	2,261.6	Y	12/26	5.1	5.4	55.4%	6.3%	22.9	21.5	0.2	0.9%	3.0	2.6%
HIL INDUSTRIES BHD	OP	0.680	0.850	25.0%	225.7	Y	12/26	11.2	11.4	2.8%	2.3%	6.1	5.9	0.4	7.2%	2.0	2.9%
HONG LEONG INDUSTRIES BHD	OP	17.96	21.00	16.9%	5,889.1	Y	06/26	171.0	174.4	11.6%	2.0%	10.5	10.3	2.3	23.3%	100.0	5.6%
MBM RESOURCES BHD	MP	5.11	4.90	-4.1%	1,997.5	Y	12/26	81.6	82.2	-5.9%	0.7%	6.3	6.2	0.7	11.5%	45.0	8.8%
SIME DARBY BHD	OP	2.08	2.75	32.2%	14,146.1	Y	06/26	19.8	21.5	15.6%	8.1%	10.5	9.7	0.7	7.0%	14.0	6.7%
TAN CHONG MOTOR HOLDINGS BHD	UP	0.500	0.290	-42.0%	336.0	Y	12/26	(27.2)	(25.6)	-189%	-194%	N.A.	N.A.	0.1	-7.2%	1.0	2.0%
SECTOR AGGREGATE					**25,941.5**					**10.1%**	**8.1%**	**11.4**	**10.6**	**0.7**	**5.7%**		**5.1%**

Source: Kenanga Research

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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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