

2 June 2023

Consumer Cyclical | Auto & Autoparts

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Neutral (from Overweight)

FY23 Outlook Increasingly Priced In; Now NEUTRAL

Stocks Covered 5
 Rating (Buy/Neutral/Sell): 1 / 3 / 1
 Last 12m Earnings Revision Trend: Positive

- Top Pick: Bermaz Auto.** Although we still think that 2023 will bring near-record TIV levels and strong corporate earnings, these factors are largely priced in. As such, the market could further factor in the prospect of a softer 2024F. With orders normalising and waiting periods shortening, we think investor sentiment towards auto stocks could soon turn cautious. We downgraded our calls for UMW and MBM Resources to NEUTRAL from Buy – but investors should still hold for their 4% and 10% yields. Premised on this, we also cut our sector rating to NEUTRAL from Overweight.
- 1Q23 results met expectations,** with the exception of Tan Chong Motor (which recorded surprising losses) and Bermaz Auto (which outperformed estimates). At various analyst briefings, most auto executives were optimistic in their outlook for the domestic automotive market this year. This is especially so for Toyota and Perodua, which have order backlogs of 49k and 190k units – which puts both marques on track to hit their 93k- and 314k-unit 2023 sales volume targets and our forecasts of 100k and 320k units. The outlook for Tan Chong Motor remains gloomy, while Sime Darby's prospects remain challenging as its China operations may take time to recover.
- We think that a strong 2023 is largely priced in.** In our view, there is a general consensus in the market that 2023 will be a strong year, especially for Toyota and Perodua. We also believe that investors are now looking out for a possible slowdown in orders, as this could be an early indicator of a decline in earnings.
- Car sales to normalise in 2024F.** After achieving a record-high TIV of 721k units in 2022 and a potentially near-record 2023 (RHB 2023F TIV: 680k units), we think that orders are more likely than not to slow down in 2024. Across most marques, orders are already normalising – since many models do not have waiting periods anymore (except for imported units and/or those of specific colours), and order backlogs are declining. Currently, only Toyota, Perodua and Honda have waiting periods across their models. We think that 2024 TIV could normalise to a level near the low-600k units, while there lacks catalysts that could drive it up to near 700k units. EV adoption is expected to grow but we think it will not move the TIV needle.
- Our sector rating is now NEUTRAL** as markets could gradually start to price in a potentially softer 2024. We think that, beyond a strong 2023, there lacks fresh catalysts to bring share prices to new highs. Although we are now less bullish on the sector, we still think UMW and MBM Resources – despite being NEUTRAL stocks – are still worth holding on to, given their 4% and 10% dividend yields. We still like Bermaz Auto, as we expect its sales volume to grow by 11% YoY in FY24 (Apr), driven by: i) Lower Mazda CX-30 prices, thanks to its local assembly; and ii) volume growth for Kia and Peugeot, from a low base. We also like its 9% FY24 yield, and think it may close 4Q23 (results scheduled for 12 Jun) with a special dividend.
- Key upside risks** include stronger-than-expected orders and deliveries, lower-than-expected costs, and better-than-expected FX movements. The opposite represent downside risks.

Top Picks

Bermaz Auto (BAUTO MK) – BUY

Target Price

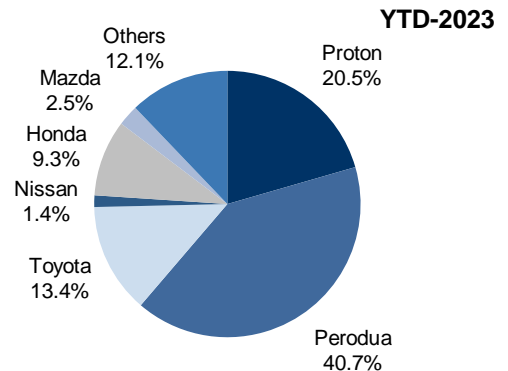
MYR3.45

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National carmakers account for 61.2% of the local market share YTD



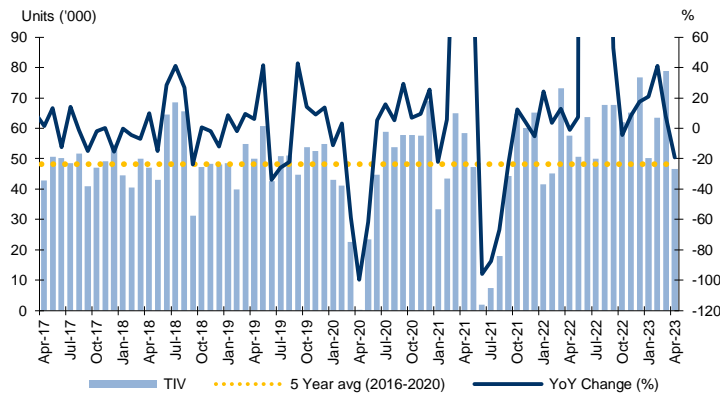
Source: Company data, RHB

Company Name	Rating	Target (MYR)	% Upside (Downside)	P/E (x) Dec-23F	P/B (x) Dec-23F	ROAE (%) Dec-23F	Yield (%) Dec-23F
Bermaz Auto	Buy	3.45	59.7	8.7	4.2	47.1	8.5
MBM Resources	Neutral	3.30	(5.7)	4.7	0.6	13.6	10.3
Sime Darby	Neutral	2.10	2.9	14.3	0.8	6.0	5.1
Tan Chong Motor	Sell	0.80	(24.5)	na	0.2	(0.4)	1.4
UMW	Neutral	3.80	(2.3)	10.1	1.0	9.9	3.9

Source: Company data, RHB

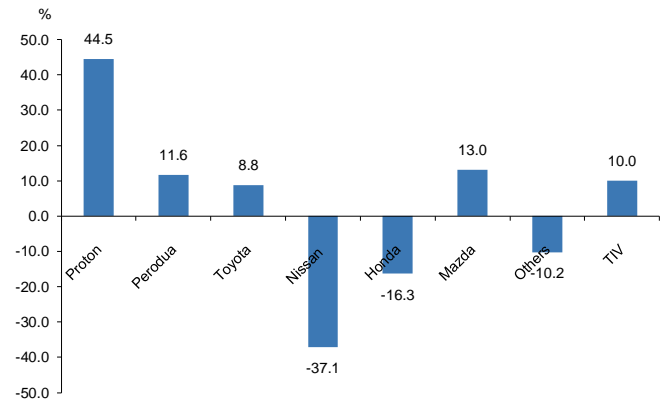
Monthly Data At a Glance

Figure 1: April TIV fell 19% YoY or 41% MoM



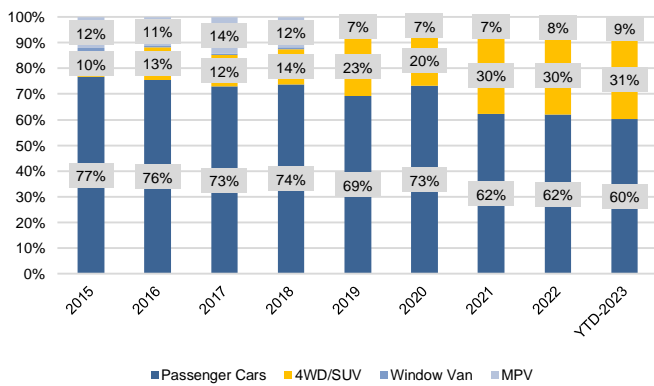
Source: Malaysian Automotive Association (MAA), RHB

Figure 2: Strong YoY TIV (in absolute units) growth was mainly driven by Proton and Perodua



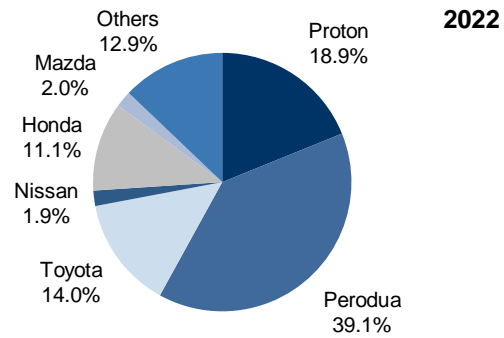
Source: MAA, RHB

Figure 3: The SUV segment accounted for 31% of total passenger vehicle sales



Source: MAA, RHB

Figure 4: National carmakers accounted for 58% of the local market share in 2022



Source: MAA, RHB

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Figure 5: Monthly and YTD comparison of auto sales

(Units)	Apr-22	Mar-23	Apr-23	MoM (%)	YoY (%)	YTD 2022	YTD 2023	YoY (%)
Proton	8,383	14,458	9,228	-36.2	10.1	33,972	49,099	44.5
Perodua	25,654	32,179	18,874	-41.3	-26.4	87,278	97,438	11.6
Toyota/Lexus	6,945	9,136	6,767	-25.9	-2.6	29,392	31,986	8.8
Nissan/Renault	1,560	1,114	809	-27.4	-48.1	5,341	3,362	-37.1
Honda	6,034	7,878	4,661	-40.8	-22.8	26,478	22,168	-16.3
Mazda	1,830	2,018	1,413	-30.0	-22.8	5,372	6,073	13.0
Hyundai/Inokom	137	155	111	-28.4	-19.0	471	392	-16.8
BMW	1,205	990	0	N.M.	N.M.	4,065	2,158	N.M.
Mercedes-Benz	11	3,157	5	N.M.	N.M.	2,394	3,176	N.M.
Ford	443	760	440	-42.1	-0.7	1,761	2,749	56.1
Mitsubishi	2,171	2,748	1,584	-42.4	-27.0	8,055	7,766	-3.6
Volkswagen	386	291	202	-30.6	-47.7	1,433	1,007	-29.7
Volvo	341	480	187	-61.0	-45.2	1,038	1,173	13.0
Isuzu	1,117	1,744	1,354	-22.4	21.2	4,534	5,368	18.4
Others	1,389	1,786	948	-46.9	-31.7	5,867	5,268	-10.2
TIV	57,606	78,894	46,583	-41.0	-19.1	217,451	239,183	10.0
Passenger	51,146	70,958	41,389	-41.7	-19.1	191,738	213,344	11.3
Commercial	6,460	7,936	5,194	-34.6	-19.6	25,713	25,839	0.5

Note: BMW, MINI and Mercedes Benz disclose data on a quarterly basis. Mercedes Benz does not share a monthly breakdown of sales volume.

Source: MAA, RHB

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UMW (UMWH MK)

Neutral (from Buy)

Strong FY23, Likely Slower FY24; Now NEUTRAL

Target Price (Return): MYR3.80 (-2%)
 Price (Market Cap): MYR3.89 (USD985m)
 ESG score: 3.00 (out of 4)
 Avg Daily Turnover (MYR/USD) 2.35m/0.53m

- **Downgrade to NEUTRAL from Buy, TP drops to MYR3.80 from MYR5, 2% downside.** As the outlook for FY23 is increasingly priced in, we think that investors will gradually look forward to FY24, where we think overall automotive sales will continue to soften. We now value UMW at 11x FY24F P/E (from 13x FY23F P/E), to reflect: i) Softer sentiment for auto stocks; and ii) lower earnings – both due to potentially lower car sales. We are now NEUTRAL on UMW, but we think it is still worth holding for the 4% yield, and as it is fairly priced at 11x FY24F.
- **1Q23 results were commendable, 2023 outlook is promising.** UMW's 1Q23 results met our estimate and exceeded the Street full-year forecast at 31%. At its post-earnings briefing, management sounded upbeat about 2023, mainly backed by Toyota and Perodua's current order backlogs of 49k and 190k units. It also remains confident that Toyota and Perodua will hit their sales targets of 93k and 314k units in 2023. This mirrors our positive 2023 outlook for UMW, as we think the order backlog provides earnings visibility for the year. Although we highlight that the USD/MYR rate has risen by c.5% in 2Q23, we estimate that a 10% increase in USD/MYR rate would only reduce group earnings by MYR0.97m, due to the natural hedging from other segments. The YTD average of the USD/MYR rate of 4.43 is also within our FY23F rate of 4.5.
- **However, a strong 2023 is largely priced in.** In our view, there is a general consensus in the market that 2023 will be a strong year, especially for Toyota and Perodua. Currently, we believe investors are keeping a close eye on a potential slowdown in orders, as it can be an early indicator of a decline in earnings.
- **Car sales to normalise in 2024.** We expect Toyota's and Perodua's sales volumes to soften by 10% to 90k units (for the former), and by 22% to 250k units (for the latter) in 2024. There are nascent signs of a slowdown in orders. While Toyota's order backlog remains largely unchanged at 49k units (end-February: 50k units), Perodua's order backlog has softened to 190k units (end-February: 220k units). Without any fresh catalysts to boost new orders, we think these may gradually soften throughout 2023 – which will translate to softer 2024 deliveries.
- **We maintain our FY23-25 estimates,** as we have already factored in the gradually softening car sales. Our TP drops to MYR3.80, which is now based on 11x FY24F P/E (previously 13x FY23F), at -0.5SD from its 5-year mean of 13x, given the softening prospects. We also roll forward our valuation to reflect FY24F EPS, as we think that the market will gradually price in UMW's FY24F earnings. Our TP has 0% ESG adjustments, based on an unchanged ESG score of 3.0.
- **Downgrade to NEUTRAL from Buy.** Although we are less bullish on UMW, we think the stock still worth holding due to its 4% yield. At the current price, UMW trades at 11x FY24F P/E – which is fair and reflects its balanced risk-reward ratio. Downside risks include softer-than-expected orders and deliveries, worse-than-expected FX movements, and higher-than-expected costs. The opposite represents upside risks.

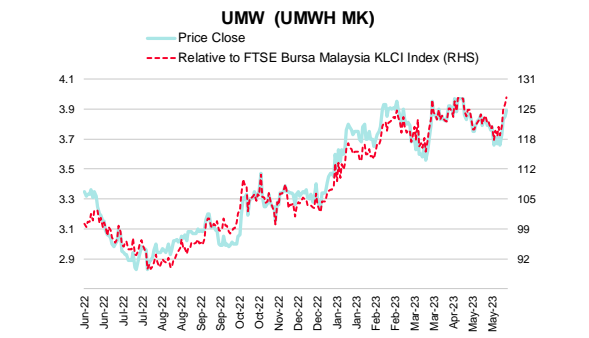
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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	12.1	0.5	1.0	16.8	16.1
Relative	19.6	2.8	5.6	24.1	27.1
52-wk Price low/high (MYR)	2.83 – 3.97				



Source: Bloomberg

Forecasts and Valuation	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Total turnover (MYRm)	11,061	15,814	15,191	14,583	14,664
Recurring net profit (MYRm)	226	399	450	405	393
Recurring net profit growth (%)	(20.6)	76.5	12.7	(10.0)	(3.0)
Recurring P/E (x)	20.08	11.38	10.10	11.22	11.57
P/B (x)	1.1	1.0	1.0	0.9	0.8
P/CF (x)	17.39	5.51	16.98	8.81	8.66
Dividend Yield (%)	1.5	3.7	3.9	3.5	3.5
EV/EBITDA (x)	20.47	2.51	2.98	2.53	2.05
Return on average equity (%)	(4.5)	9.9	9.9	8.2	7.4
Net debt to equity (%)	net cash	net cash	net cash	net cash	net cash

Source: Company data, RHB

Overall ESG Score: 3.0 (out of 4)

E: GOOD

UMW has taken efforts to monitor and improve its environmental standing, especially with energy consumption, carbon emissions, and water management. Its carbon footprint increased 2.36% in FY19.

S: GOOD

Aside from the up-to-date health & safety policies and guidelines, UMW is also consistent in its CSR participation – achieving 9,241 volunteer hours in 2019. It recorded average training hours of 12.36 hours per employee in FY19.

G: GOOD

Management has held regular engagements with the market and media while adhering to Global Reporting Initiative Sustainability Reporting standards and principles.

Financial Exhibits

Asia	Financial summary (MYR)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Malaysia	Recurring EPS	0.19	0.34	0.39	0.35	0.34
Consumer Cyclical	DPS	0.06	0.14	0.15	0.14	0.14
UMW	BVPS	3.43	3.72	4.07	4.40	4.72
UMWH MK	Return on average equity (%)	(4.5)	9.9	9.9	8.2	7.4
Neutral						
	Valuation metrics	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Valuation basis	Recurring P/E (x)	20.08	11.38	10.10	11.22	11.57
11x P/E on FY24F EPS	P/B (x)	1.1	1.0	1.0	0.9	0.8
	FCF Yield (%)	(3.2)	7.0	(11.7)	2.6	2.8
Key drivers	Dividend Yield (%)	1.5	3.7	3.9	3.5	3.5
i. Introduction of new Perodua and Toyota models	EV/EBITDA (x)	20.47	2.51	2.98	2.53	2.05
ii. Long term growth potential from aerospace business	EV/EBIT (x)	na	3.93	5.03	4.18	3.35
	Income statement (MYRm)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Key risks	Total turnover	11,061	15,814	15,191	14,583	14,664
i. Weaker-than-expected orders and deliveries;	Gross profit	1,194	2,806	2,653	2,584	2,627
ii. Softer-than-expected margins;	EBITDA	172	946	856	850	868
iii. Stronger-than-expected USDMYR.	Depreciation and amortisation	(344)	(341)	(349)	(335)	(337)
	Operating profit	(171)	606	507	514	531
Company Profile	Net interest	(108)	(114)	(93)	(92)	(92)
UMW is the largest company in the automotive sector. Its 51%-owned subsidiary UMW-Toyota imports, assembles and distributes Toyota and Lexus vehicles in Malaysia.	Pre-tax profit	37	896	874	814	802
	Taxation	33	(219)	(152)	(154)	(159)
	Reported net profit	(177)	415	450	405	393
	Recurring net profit	226	399	450	405	393
	Cash flow (MYRm)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
	Change in working capital	(221)	0	(234)	6	(4)
	Cash flow from operations	261	825	268	516	525
	Capex	(406)	(507)	(800)	(400)	(400)
	Cash flow from investing activities	12	(507)	(432)	(100)	(129)
	Dividends paid	(68)	(166)	(175)	(158)	(158)
	Cash flow from financing activities	(275)	(196)	(205)	(188)	(188)
	Cash at beginning of period	2,051	2,941	2,808	2,438	2,667
	Net change in cash	(2)	122	(370)	228	209
	Ending balance cash	2,057	3,064	2,438	2,667	2,875
	Balance sheet (MYRm)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
	Total cash and equivalents	2,941	2,808	2,438	2,667	2,875
	Tangible fixed assets	2,545	2,706	2,965	2,961	2,958
	Total investments	2,524	2,655	2,642	2,626	2,612
	Total assets	12,173	12,417	12,326	12,395	12,599
	Short-term debt	655	225	217	217	217
	Total long-term debt	2,133	1,379	1,378	1,378	1,378
	Total liabilities	5,410	5,277	4,988	4,855	4,864
	Total equity	6,763	7,140	7,338	7,540	7,735
	Total liabilities & equity	12,173	12,417	12,326	12,395	12,599
	Key metrics	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
	Revenue growth (%)	15.8	43.0	(3.9)	(4.0)	0.6
	Recurrent EPS growth (%)	(20.6)	76.5	12.7	(10.0)	(3.0)
	Gross margin (%)	10.8	17.7	17.5	17.7	17.9
	Operating EBITDA margin (%)	1.6	6.0	5.6	5.8	5.9
	Net profit margin (%)	(1.6)	2.6	3.0	2.8	2.7
	Dividend payout ratio (%)	(38.2)	40.0	38.9	38.9	40.1
	Capex/sales (%)	3.7	3.2	5.3	2.7	2.7
	Interest cover (x)	(1.58)	5.31	5.46	5.57	5.75

Source: Company data, RHB

Figure 1: Key assumptions

FYE Dec	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Toyota/Lexus TIV (units)	70,009	59,320	72,394	101,034	100,000	90,000	85,000
Perodua TIV (units)	240,341	220,154	190,291	282,019	320,000	250,000	230,000

Source: Company data, RHB

Recommendation Chart

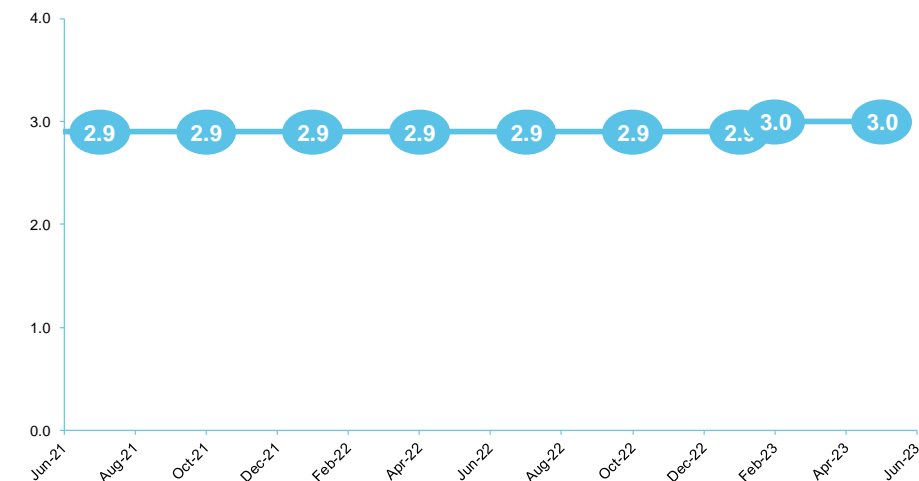


Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2023-02-28	Buy	5.00	3.90
2023-02-17	Buy	5.10	3.85
2022-11-30	Neutral	3.35	3.26
2022-08-28	Neutral	3.10	3.06
2022-07-15	Neutral	2.90	2.83
2022-05-25	Neutral	3.64	3.35
2022-03-15	Neutral	3.29	3.06
2022-02-28	Neutral	3.29	3.07
2021-11-30	Neutral	2.83	3.08
2021-08-27	Neutral	2.94	3.11
2021-07-27	Neutral	2.94	2.91
2021-05-25	Neutral	3.43	3.25
2021-04-22	Neutral	3.40	3.38
2021-02-26	Neutral	2.98	2.99
2020-11-26	Neutral	2.65	2.78

Source: RHB, Bloomberg

ESG Rating History



Source: RHB

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MBM Resources (MBM MK)

Neutral (from Buy)

D/G To NEUTRAL; Hold For 10% Yield

Target Price (Return): MYR3.30 (-6%)
 Price (Market Cap): MYR3.50 (USD297m)
 ESG score: 2.78 (out of 4)
 Avg Daily Turnover (MYR/USD) 1.34m/0.30m

- **Downgrade to NEUTRAL from Buy, new MYR3.30 TP from MYR5, 6% downside.** Despite MBM's solid 1Q23 results, we downgrade our stock recommendation to NEUTRAL, as we think its earnings could soften YoY on an anticipated slowdown in car sales in 2024. However, we still advocate investors to hold the stock for its attractive 10% yield. Its current share price implies 6x FY24F P/E, which we think is fair – in line with its 5-year historical average, as prospects are neither excessively positive nor negative.

- **Impressive results, on top of a rosy 2023 outlook.** MBM's 1Q23 results met our expectations and exceeded the Street forecast (at its 32% full-year estimate). At its post-results briefing, management was optimistic about 2023, as MBM's bright outlook should be driven by Perodua's strong order backlog of 190k units. This puts Perodua on track to achieve its sales target of 314k units (our forecast: 320k units) in 2023. However, our outlook of 2024 differs from that of management's. We think that there could be softer car sales in 2024, while it believes that 2024 sales could remain near that of 2023.

- **However, we think that a strong 2023 is largely priced in.** There is a general consensus in the market that 2023 will likely be a strong year for Perodua. We think that investors are currently keeping a close eye on a potential slowdown in orders, as it can be an early indicator of declining earnings.

- **Car sales to normalise in 2024.** We are expecting Perodua's sales volume to soften 22% YoY to 250k units in 2024. We are seeing very early signs of a slowdown in orders, as Perodua's order backlog has softened to 190k units from end-February's 220k units. Without any fresh catalysts to boost new orders, these numbers could gradually soften throughout 2023 – which will translate into weaker 2024 deliveries.

- **Forecasts.** We maintain our FY23-25 estimates, as we have already factored in the gradual softening in car sales.

- **Our new, lower TP of MYR3.30 is now based on 6x FY24F P/E** (previously 7x FY23F P/E), which is at its 5-year mean. The lack of a valuation premium is due to the potentially softening sentiment towards auto stocks. In addition, we roll forward our valuation to reflect FY24F EPS, as we think that the market will gradually price in FY24 earnings. Our TP includes a 4% ESG discount, based on an unchanged ESG score of 2.8 – which is below the country median of 3.0.

- **We downgrade our call to NEUTRAL** as the stock lacks fresh catalysts. That said, we still advocate investors to hold on to the stock for its handsome 10% dividend yield, which is the highest in the sector. MBM is trading at 6x FY24F P/E, which we think is fair and reflects a balanced risk-reward ratio. Downside risks include softer-than-expected orders and deliveries, worse-than-expected FX movements, and higher-than-expected costs. The opposite represents upside risks.

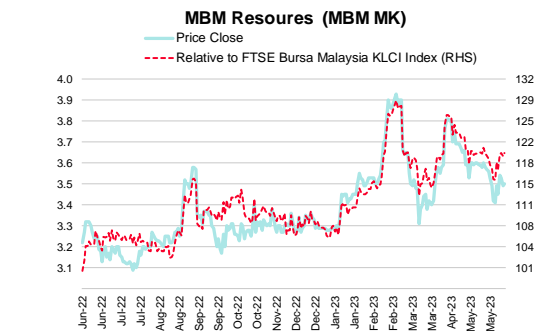
Analyst

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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	6.7	(2.5)	(9.8)	6.7	8.7
Relative	14.2	(0.2)	(5.2)	14.0	19.7
52-wk Price low/high (MYR)	3.09 – 3.93				



Source: Bloomberg

Overall ESG Score: 2.8 (out of 4)

E: GOOD

MBM has made the effort to monitor and improve its environmental standing. The company is working on the assessment of its carbon footprint.

S: GOOD

Continuous efforts are made to improve employee safety and welfare, alongside consistent engagement programmes with the local community. However, we note that quantitative statistics were absent in the sustainability report.

G: GOOD

MBM has applied and adopted the majority of best practices of the Malaysian Code on Corporate Governance. Nevertheless, less than half of the board comprises independent directors, and women are represented by only one director out of six. The board also does not disclose on a named basis the top five senior management's remuneration components in bands of MYR50,000.

Note:

Small cap stocks are defined as companies with a market capitalization of less than USD0.5bn.

Forecasts and Valuation	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Total turnover (MYRm)	1,532	2,308	2,372	2,165	1,974
Recurring net profit (MYRm)	168	269	290	227	182
Recurring net profit growth (%)	0.8	59.8	8.1	(21.7)	(19.7)
Recurring P/E (x)	8.14	5.09	4.71	6.02	7.50
P/B (x)	0.7	0.7	0.6	0.6	0.6
P/CF (x)	111.37	27.92	20.54	16.37	17.46
Dividend Yield (%)	7.4	12.3	10.3	8.6	8.0
EV/EBITDA (x)	(3.14)	(2.54)	(5.28)	(7.28)	(9.04)
Return on average equity (%)	9.0	13.5	13.6	10.0	7.8
Net debt to equity (%)	net cash	net cash	net cash	net cash	net cash

Source: Company data, RHB

See important disclosures at the end of this report

Market Dateline / PP 19489/05/2019 (035080)

Financial Exhibits

Asia	Financial summary (MYR)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Malaysia	Recurring EPS	0.43	0.69	0.74	0.58	0.47
Consumer Cyclical	DPS	0.26	0.43	0.36	0.30	0.28
MBM Resources	BVPS	4.91	5.26	5.64	5.92	6.11
MBM MK	Return on average equity (%)	9.0	13.5	13.6	10.0	7.8
Neutral						
	Valuation metrics	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Valuation basis	Recurring P/E (x)	8.14	5.09	4.71	6.02	7.50
6x P/E on FY24F EPS	P/B (x)	0.7	0.7	0.6	0.6	0.6
	FCF Yield (%)	0.3	3.6	4.1	5.4	5.0
Key drivers	Dividend Yield (%)	7.4	12.3	10.3	8.6	8.0
i. Strength of consumer sentiment;	EV/EBITDA (x)	(3.14)	(2.54)	(5.28)	(7.28)	(9.04)
ii. Expansion of Perodua's product range.	EV/EBIT (x)	(4.42)	(2.98)	(6.62)	(9.35)	(11.90)
	Income statement (MYRm)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Key risks	Total turnover	1,532	2,308	2,372	2,165	1,974
i. Lower-than-expected orders and deliveries	Gross profit	136	190	178	173	148
ii. Sustained disruptions in chip and component supplies.	EBITDA	60	123	88	82	77
	Depreciation and amortisation	(17)	(18)	(18)	(18)	(19)
Company Profile	Operating profit	43	105	70	64	58
MBM Resources is a multi-brand automotive retailer for the Volvo, Volkswagen, Perodua and Hino marques. It also the distributor of Daihatsu commercial vehicles and owns associate stakes in Hino and Perodua. The company also manufactures automotive safety equipment.	Net interest	3	4	2	3	3
	Pre-tax profit	207	325	350	277	224
	Taxation	(16)	(27)	(19)	(17)	(16)
	Reported net profit	168	269	290	227	182
	Recurring net profit	168	269	290	227	182
	Cash flow (MYRm)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
	Change in working capital	(51)	(51)	(5)	16	14
	Cash flow from operations	12	49	67	84	78
	Capex	(9)	0	(10)	(10)	(10)
	Cash flow from investing activities	76	166	(10)	(10)	(10)
	Dividends paid	(78)	(63)	(141)	(117)	(109)
	Cash flow from financing activities	(94)	(180)	(139)	(114)	(106)
	Cash at beginning of period	271	261	283	199	155
	Net change in cash	(6)	35	(82)	(41)	(38)
	Ending balance cash	265	296	201	158	117
	Balance sheet (MYRm)	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
	Total cash and equivalents	261	283	199	155	114
	Tangible fixed assets	181	174	167	158	150
	Total investments	1,590	1,685	1,963	2,172	2,335
	Total assets	2,361	2,526	2,722	2,845	2,927
	Short-term debt	23	0	0	0	0
	Total liabilities	173	183	189	170	153
	Total equity	2,188	2,343	2,533	2,675	2,774
	Total liabilities & equity	2,361	2,526	2,722	2,845	2,927
	Key metrics	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
	Revenue growth (%)	(14.6)	50.7	2.8	(8.7)	(8.8)
	Recurrent EPS growth (%)	0.8	59.8	8.1	(21.7)	(19.7)
	Gross margin (%)	8.9	8.2	7.5	8.0	7.5
	Operating EBITDA margin (%)	3.9	5.3	3.7	3.8	3.9
	Net profit margin (%)	11.0	11.6	12.2	10.5	9.2
	Dividend payout ratio (%)	60.4	62.6	48.5	51.6	60.0
	Capex/sales (%)	0.6	0.0	0.4	0.5	0.5
	Interest cover (x)	92.5	163.6			

Source: Company data, RHB

Figure 1: Key assumptions

FYE Dec	Dec-20	Dec-21	Dec-22	Dec-23F	Dec-24F	Dec-25F
Perodua TIV (units) – current	220,154	190,291	282,019	320,000	250,000	230,000

Source: Company data, RHB

Recommendation Chart

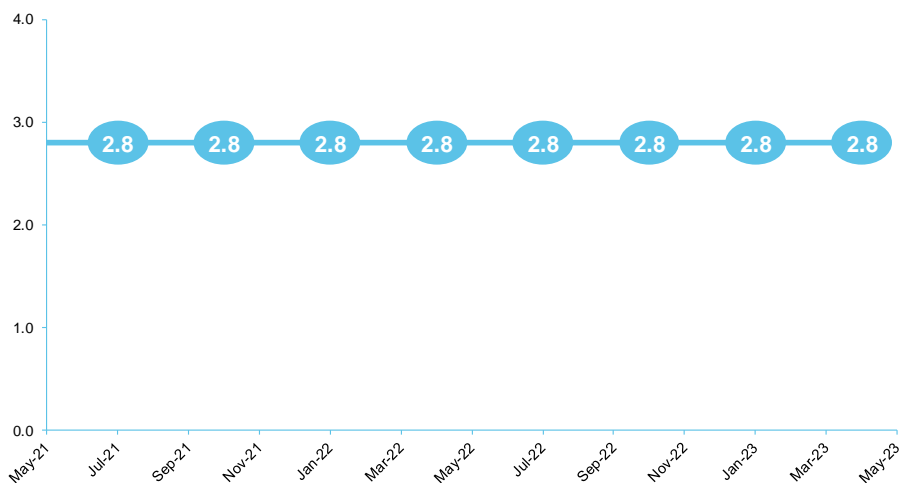


Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2023-05-25	Buy	5.00	3.49
2023-02-22	Buy	5.00	3.87
2023-02-21	Buy	5.00	3.90
2023-02-17	Buy	5.00	3.70
2022-11-25	Neutral	3.20	3.30
2022-08-28	Neutral	3.00	3.39
2022-08-26	Neutral	3.00	3.39
2022-07-14	Neutral	2.75	3.09
2022-05-26	Neutral	3.40	3.21
2022-02-28	Neutral	3.38	3.23
2021-11-25	Neutral	3.12	3.17
2021-07-28	Neutral	3.18	3.14
2021-05-18	Buy	3.80	3.30
2021-02-26	Buy	4.30	3.33
2020-11-20	Buy	4.30	3.31

Source: RHB, Bloomberg

ESG Rating History



Source: RHB

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