

HI MOBILITY

(HI MK EQUITY, HI.KL)

BUY

(MAINTAINED)

Price: RM1.90

Target Price (% return): RM3.60 (89%)

52-week High/Low: RM2.88/RM1.21

Transportation & Logistics

Rationale for report: Company Result

Core bus ops intact, RTS next catalyst

HiMob's FY26 largely within our expectation, with earnings grew by 28% YoY, driven by stronger scheduled bus services (+16% YoY). Our positive view remains anchored on resilient core bus ops, a larger RM360mil order book, and upside from the potential RTS dispersal contract, which management indicated could be worth RM180mil-190mil p.a. Beyond that, improving order book quality and Acacia's RM100mil+ backlog reinforce the vertical-integration story, while fuel risk looks manageable for now as 98% of buses eligible for subsidy.

- **Maintain BUY with TP of RM3.60**, based on unchanged 20x FY28F PE, benchmarked against regional public transport and mobility-as-a-Services (MaaS) peers, implying 89% upside to the current share price. HiMob trades at undemanding 11x FY28F PE.
- **Results largely in line, fuel risk manageable.** FY26 core net profit of RM56mil constitute 100% of our forecast. Earnings rose 28% YoY from stronger scheduled bus services, supported by higher ridership and increased frequency of cross-border and domestic routes. Management said 98% of buses, including scheduled, cross-border and intra-city services, remain subsidy-eligible, with cost pass-through available under contracts for statutory changes. As such, current fuel-price volatility should not materially disrupt near-term core bus margins. Any future subsidy changes would remain a key opex risk given fuel are still a meaningful part of the cost base.
- **Core bus ops remain intact, with RTS as the next upside lever.** While our initiation had already embedded indirect RTS upside through 6% YoY cross-border ridership growth, with 80% utilisation, the newly discussed RM180mil-190mil p.a. RTS dispersal contract appears incremental to our base case and could further lift future earnings by 10% if secured.
- **Improved orderbook quality and size.** Higher intracity orderbook of RM360mil (35% YoY) reflects not only incremental bus ops, but higher-value adjacent revenue streams such as leasing, software and operator support services. That said, Acacia could add another +RM100mil backlog, including a potentially sizeable EV bus...

YE to Jan	FY26	FY27F	FY28F	FY29F
Revenue (RM mil)	317.7	507.6	548.5	570.5
Core net profit (RM mil)	56.9	87.3	96.8	102.4
FD Core EPS (sen)	10.7	16.3	18.1	19.2
FD Core EPS growth (%)	30.1	53.4	10.8	5.8
Consensus Net Profit (RM mil)	-	-	-	-
DPS (sen)	4.0	5.7	6.3	6.7
PE (x)	17.8	11.6	10.5	9.9
EV/EBITDA (x)	11.0	7.2	6.4	5.9
Div yield (%)	2.1	3.0	3.3	3.5
ROE (%)	27.8	28.8	26.7	23.9
Net Gearing (%)	6.2	16.0	9.3	1.9

Analyst (s)

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Key Changes

Target Price:	↔
EPS:	↔

Stock and Financial Data

Shares Outstanding (million)	534.4
Market Cap (RMmil)	1,015.4
Book Value (RM/Share)	1.28
P/BV (x)	1.5
ROE (%)	27.8
Net Gearing (%)	6.2
Free Float	92.1
Avg Daily Value (RMmil)	3.0

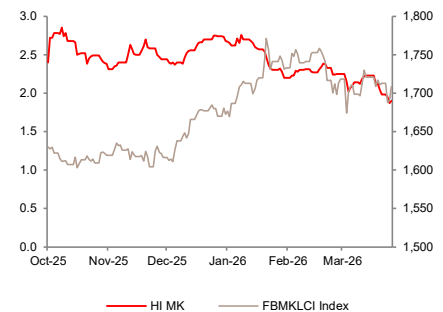
Major Shareholders

Bumi Mampan	(7.8%)
Sun Life Financial Inc	(0.1%)
Russell Investments Group	(0.0%)

Price performance	3mth	6mth	12mth
Absolute(%)	(30.9)	(22.4)	42.9
Relative(%)	(32.1)	(26.4)	26.5

Source: Hi Mobility, AmInvestment Bank Bhd.

Price Chart



Target PE (x)	20
FY28 EPS (sen)	18.1
ESG premium	-
12-month target price	RM3.60

Source: Company, AmInvestment Bank Bhd. *Round up to nearest decimals

Company Profile

Hi Mobility Berhad is a Malaysian-based investment holding company that provides bus transportation services, operating under the brand Causeway Link, and is listed on the Bursa Malaysia. It specializes in local and cross-border services between Malaysia and Singapore, as well as intracity and intercity routes within Peninsular Malaysia, particularly in Johor, Melaka, and the Klang Valley. The company's business includes scheduled, chartered, and government-contracted bus services, with a diverse fleet that is progressively incorporating electric buses.

Investment thesis and catalyst

Cross-border mobility revenue to grow 9% YoY from FY26 to FY29F. Cross-border mobility (60% of revenue) is set to grow 9% YoY as the Johor Bahru-Singapore RTS Link unlocks latent commuter demand within a RM177mil addressable market. We expect ridership to rise 6% YoY at 75-80% utilisation, supported by faster turnaround times and HiMob's 60% cheaper fares versus rail.

Intracity ops to deliver 8% YoY topline growth in FY26-FY29F. Intracity services (35% of revenue) are guided to grow 8% YoY, supported by RM360mil unbilled order book YTD and annual contract wins, giving 1.0-1.5 years of order book cover to 2029. The SBST Gross-Cost Model offers defensive, government-backed cash flows with limited ridership risk.

New growth engine: Integrated mobility platform drive FY26-FY29F PAT CAGR of 21%, strong contender for RM1.9bil EV bus tender. HiMob's RM82.5mil all-share acquisition of Acacia and Handal is immediately earnings-accretive, as the assets are secured at 7x forward PE while payment is made with HiMob shares valued at 17x forward PE, driving a 10%-13% uplift to FY27F-FY28F EPS. Strategically, the integration strengthens HiMob's position for the RM1.9bil national bus tender through 2030, supported by Acacia's planned 2.5x capacity expansion (240 in FY26 to 600 units p.a.)

Valuation Methodology

We value HiMob using a forward P/E based approach, benchmarked against a blended set of Public Transport and Mobility-as-a-service (Maas) peers that share similar ridership-driven models and scalability characteristics.

The selected peer group trades at a 1-year forward P/E average of 20x, reflecting strong medium-term earnings visibility and structural passenger growth post-pandemic across Southeast Asia and global mobility markets.

Applying 20x PE multiple to FY28F earnings yields target price of RM3.60/share.

Risk factors

1. Contract Renewal Risk

5-year SBST/Rapid Bus contracts carry renewal risk, mitigated by HiMob's strong track record and entrenched presence.

2. Competition Risk

RTS Link and other modes may divert demand, but Causeway Link stays competitive on fares and connectivity.

3. Regulatory and Macro Risk

Policy and economic shifts may raise costs; gross-cost contracts and EV/CKD plans help cushion impact.

Income Statement (RMmil)

YE to Jan	FY25	FY26	FY27F	FY28F	FY29F
Revenue	279.8	317.7	507.6	548.5	570.5
EBITDA	80.1	93.6	148.4	163.9	174.3
Depreciation/Amortisation	(22.2)	(23.5)	(25.5)	(28.3)	(31.1)
Operating income (EBIT)	57.9	70.0	122.9	135.6	143.2
Other income & associates	-	-	-	-	-
Net interest	(7.5)	(5.9)	(8.0)	(8.2)	(8.5)
Exceptional items	-	0.5	-	-	-
Pretax profit	50.5	64.6	114.9	127.4	134.7
Taxation	(6.7)	(8.2)	(27.6)	(30.6)	(32.3)
Minorities/pref dividends	-	-	-	-	-
Net profit	43.8	56.5	87.3	96.8	102.4
Core net profit	43.8	56.9	87.3	96.8	102.4

Balance Sheet (RMmil)

YE to Jan	FY25	FY26	FY27F	FY28F	FY29F
Fixed assets	254.5	293.7	333.2	369.9	403.8
Intangible assets	-	-	-	-	-
Other long-term assets	13.4	13.0	13.0	13.0	13.0
Total non-current assets	267.9	306.7	346.2	382.9	416.8
Cash & equivalent	47.0	125.5	89.4	105.7	133.5
Stock	1.3	3.6	3.4	3.4	3.5
Trade debtors	39.3	85.7	136.9	148.0	153.9
Other current assets	-	-	-	-	-
Total current assets	87.7	214.8	229.7	257.1	290.9
Trade creditors	32.1	55.5	53.1	54.3	55.5
Short-term borrowings	15.7	7.9	7.9	7.9	7.9
Other current liabilities	24.8	45.1	45.1	45.1	45.1
Total current liabilities	72.6	108.5	106.1	107.3	108.5
Long-term borrowings	105.5	134.5	134.5	134.5	134.5
Other long-term liabilities	46.1	3.5	3.5	3.5	3.5
Total long-term liabilities	151.5	138.1	138.1	138.1	138.1
Shareholders' funds	131.5	274.9	331.7	394.6	461.2
Minority interests	-	-	-	-	-
BV/share (RM)	1.31	1.28	1.55	1.84	2.15

Cash Flow (RMmil)

YE to Jan	FY25	FY26	FY27F	FY28F	FY29F
Pretax profit	50.5	64.6	114.9	127.4	134.7
Depreciation/Amortisation	22.2	23.5	25.5	28.3	31.1
Net change in working capital	(10.4)	(18.2)	(53.4)	(9.9)	(4.8)
Others	(2.6)	(10.5)	(27.6)	(30.6)	(32.3)
Cash flow from operations	59.6	59.4	59.5	115.2	128.7
Capital expenditure	(70.5)	(63.8)	(65.0)	(65.0)	(65.0)
Net investments & sale of fixed assets	-	-	-	-	-
Others	8.6	4.0	-	-	-
Cash flow from investing	(61.9)	(59.8)	(65.0)	(65.0)	(65.0)
Debt raised/(repaid)	8.9	(1.2)	-	-	-
Equity raised/(repaid)	20.0	114.0	-	-	-
Dividends paid	-	(24.0)	(30.6)	(33.9)	(35.8)
Others	(4.2)	(9.1)	-	-	-
Cash flow from financing	24.7	79.8	(30.6)	(33.9)	(35.8)
Net cash flow	22.5	79.4	(36.1)	16.3	27.8
Net cash/(debt) b/f	25.8	46.6	125.5	89.4	105.7
Net cash/(debt) c/f	46.6	125.5	89.4	105.7	133.5

Key Ratios

YE to Jan	FY25	FY26	FY27F	FY28F	FY29F
Revenue growth (%)	34.7	13.5	59.8	8.1	4.0
EBITDA growth (%)	21.8	16.8	58.6	10.4	6.3
Pretax margin (%)	18.0	20.3	22.6	23.2	23.6
Net profit margin (%)	15.6	17.8	17.2	17.6	17.9
Interest cover (x)	7.8	11.9	15.4	16.5	16.9
Effective tax rate (%)	13.3	12.6	24.0	24.0	24.0
Dividend payout (%)	25.4	42.5	35.0	35.0	35.0

Debtors turnover (days)	53	72	80	95	97
Stock turnover (days)	1	3	3	2	2
Creditors turnover (days)	45	50	39	36	35

Source: Company, AmInvestment Bank Bhd.

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