



AmInvestment Bank

HI MOBILITY

(HI MK EQUITY, HI.KL)

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Earnings-accretive acquisition with FY25-FY28F PAT CAGR of 28%

Company Report

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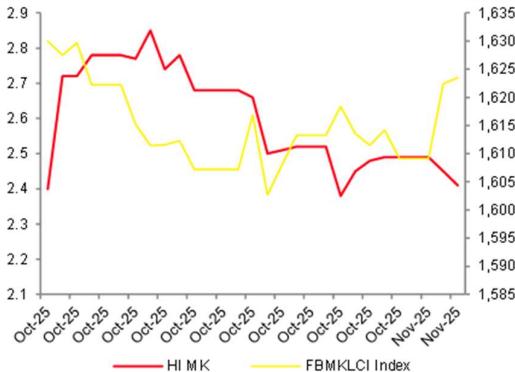
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Rationale for report: Company Update

BUY

(Maintained)

Price	RM2.40			
Fair Value	RM3.40			
52-week High/Low	RM2.88/RM1.20			
<u>Key Changes</u>				
Fair value	↑			
EPS	↑			
YE to Jan	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	279.8	317.4	351.7	548.5
Core net profit (RM mil)	43.8	51.5	69.7	91.6
FD Core EPS (sen)	8.2	9.6	15.4	17.1
FD Core EPS growth (%)	23.4	17.6	59.7	11.4
Consensus Net Profit (RM mil)	-	53.2	65.2	79.2
DPS (sen)	2.2	3.7	5.4	6.0
PE (x)	29.3	24.9	15.6	14.0
EV/EBITDA (x)	16.9	11.7	8.2	7.3
Div yield (%)	0.9	1.5	2.2	2.5
ROE (%)	43.3	21.0	21.3	20.7
Net Gearing (%)	56.4	nm	nm	nm
<u>Stock and Financial Data</u>				
Shares Outstanding (million)	534.4			
Market Cap (RMmil)	1,282.6			
Book Value (RM/Share)	1.31			
P/BV (x)	1.8			
ROE (%)	43.3			
Net Gearing (%)	56.4			
Major Shareholders	Bumi Mampan (7.8%) Sun Life Financial Inc (0.1%) Russell Investments Group (0.0%)			
Free Float	92.1			
Avg Daily Value (RMmil)	5.9			
Price performance	3mth	6mth	12mth	
Absolute (%)	4.3	87.5	-	
Relative (%)	1.2	81.3	-	



Investment Highlights

In line with our investment thesis of Hi Mobility (HiMob) evolving into an integrated mobility platform, HiMob announced the acquisition of Acacia Motors Services (Acacia) and Handal BCM (Handal) for RM82.5mil (7% of market cap). The deal is earnings accretive as HiMob acquires the assets at 7x forward PE, while paying with its own shares trading at 17x forward PE. The transaction more than absorbs the 7% shares dilution and delivers a solid 10%-13% uplift to FY27F-FY28F EPS. Overall, the deal boosts our FY27F-FY28F earnings by 18%-20%, raising our 3-year PAT CAGR to 28%. HiMob emerges as a strong contender for the RM1.9bil bus tender from the enlarged platform. As such, we revise our TP to RM3.40 (from RM3.00), pegged to 20x PE in line with peers, implying 42% upside after earnings upgrade.

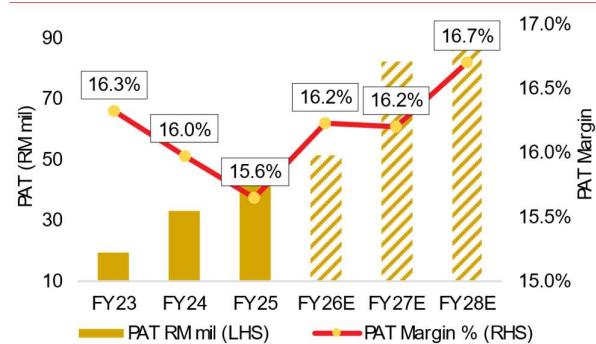
- **Earnings-accretive from compelling entry at 7x PE.** In line with our earlier thesis, HiMob's acquisition of Acacia and Handal for RM82.5mil, funded entirely by issuing 34.4mil new shares creates immediate value. HiMob secures the assets at 7x forward PE, while paying with its own shares valued at a higher 17x forward PE (priced at RM2.40/shares). The transaction more than absorbs the 7% dilution and delivers a solid 10%-13% uplift to FY27F-FY28F EPS.
- **Acquisition raises FY25-FY28F PAT CAGR to 28%,** as the deal accelerates HiMob's earnings trajectory, raising FY27F-FY28F earnings by 18%-20% and adding RM12mil-RM15mil PAT from Acacia's 262-unit delivery pipeline and Handal BCM's contribution. ROE improves slightly from 21% to 21.3%, while net gearing edges up to 0.75x (from 0.73x) due to added debt from acquired subsidiaries. Consistent with early-stage integration, we limit our estimates to revenue, PBT and PAT until detailed cost disclosures are available.
- **Strategic integration to capture RM1.9bil bus tender through 2030,** consisting of 1.4k EV, 310 ICE buses. With Acacia, HiMob can now participate independently under new tender rules that require bidders to supply, operate and maintain locally assembled EV buses, enabling stronger cost control and bid competitiveness. Capacity is set to scale 2.5x (from 240 to 600 units p.a.), with production already near full, 112 units in 1H25 (18-19 units/month vs 20 units/month capacity). Plans are underway to boost capacity to 50 units/month, supporting margin expansion. Together, these dynamics highlight that Acacia is still in an early scaling phase, with room for growth as tender volumes ramp.
- **Valuation and Risks.** We maintain BUY and revise our TP to RM3.40, pegged to 20x forward PE, benchmarked against regional public transport and mobility peers. This implies 42% upside as we increased our FY27F/FY28F earnings by 18%/20%. Key risks include slower-than-expected EV bus rollout, cost pressures and execution risks in scaling capacity.

EXHIBIT 1: CHANGE IN EARNINGS

RM mil	FY26F			FY27F			FY28F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	317.4	317.4	-	351.7	507.6	44	365.6	548.5	50
Earnings	51.5	51.5	-	69.7	82.2	18	91.6	91.6	20

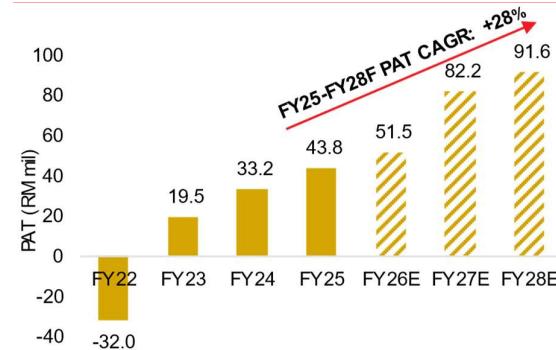
Source: AmInvestment Bank

EXHIBIT 2: PAT AND PAT MARGIN



Source: Company, AmInvestment Bank

EXHIBIT 3: PAT FORECAST



Source: Company, AmInvestment Bank

EXHIBIT 4: VALUATIONS

Target PE (x)	20
FY28 EPS (sen)	17.1 (from 15.2)
ESG premium	-
12-month target price	RM3.40 (from RM3.00)

Source: AmInvestment Bank

EXHIBIT 5: PEER COMPARISONS

Name	Ticker	Mkt Cap (RM b)	Enterprise Value (RM b)	1 Year Forward				3 Year Average		3 Year Fwd CAGR		Net gearing*	Div. Payout*
				PE	EV/EBITDA	PB	Div Yld	EBITDA Margin	Net Profit Margin	EBITDA	Net Profit		
Hi Mobility Bhd	HI MK	1.2	1.3	20	13.5	4.7	1.5%	30%	16%	25%	28%	0.1x	38%
Public Transport													
Perak Transit Bhd	PERAK MK	0.5	0.9	5	6.4	55.7	6.6%	62%	37%	5%	5%	0.7x	36%
Kelsian Group Ltd	KLS AU	3.6	6.1	14	7.1	1.4	4.0%	14%	4%	6%	12%	0.9x	58%
ComfortDelGro Corp Ltd	CD SP	10.4	14.5	13	5.4	1.1	6.1%	16%	5%	8%	10%	0.2x	79%
Mobility-as-a-service													
DiDi Global Inc	DIDIY US	126.0	100.8	25	13.8	2.1	-	7%	4%	41%	49%	-0.4x	-
Lyft Inc	LYFT US	35.2	30.7	17	11.0	9.3	-	10%	8%	31%	23%	-1.1x	-
Grab Holdings Ltd	GRAB US	104.7	82.7	65	29.1	3.6	-	21%	10%	48%	>100%	-0.8x	-
Uber Technologies Inc	UBER US	844.7	865.1	24	19.3	6.6	-	20%	14%	28%	29%	0.1x	-
Adi Sarana Armada Tbk PT	ASSA IJ	1.0	2.1	9	8.1	-	-	17%	7%	6%	18%	1.2x	-
Blue Bird Tbk PT	BIRD IJ	1.1	1.3	6	3.4	0.7	7.6%	24%	12%	13%	18%	3.0x	45%
Simple Average		20	11.7	9.5	2.9%	22%	12%	21%	21%	0.4x	51%		

*as at 2Q25

Source: Bloomberg, AmInvestment Bank

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 catalysts

Cross-border mobility revenue to grow 9% YoY from FY25 to FY28F. 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 FY25-FY28F. Intracity services (35% of revenue) are guided to grow 8% YoY, supported by RM266mil unbilled order book and RM72mil 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 FY25-FY28F PAT CAGR of 28%, 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 diluted FY27F-FY28F EPS despite 7% dilution. 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 RM3.40/share, implying 42% upside from current levels.

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.

Appendix - Acquired Subsidiaries Profile

Acacia Motor Services

Company Background

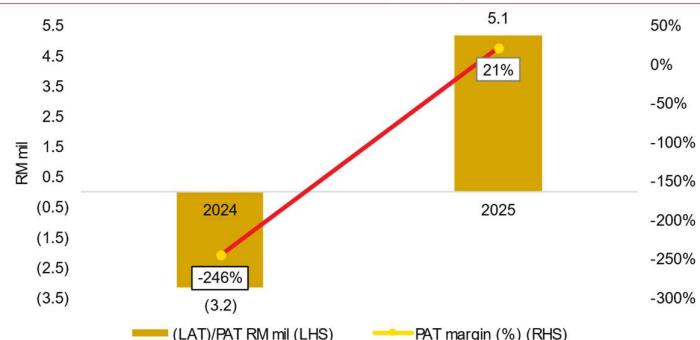
Acacia was incorporated in Malaysia on 12 August 1995 under the Companies Act 1965 as Bukit Mahsuri and is deemed registered under the Act. The company adopted its present name, Acacia, on 3 November 2022.

Acacia began operations on 1 February 2023 and is primarily engaged in the manufacturing, assembly, distribution, sales, maintenance, and repair of both electric and internal combustion engine motor vehicles in Malaysia.

Financial Snapshot

Acacia delivered a sharp turnaround in FYE Jan 2025, recording a PAT of RM5.1mil compared to a loss in the preceding year. The improvement reflects the ramp-up in production from only 2 units to 50 units, which allowed fixed-cost absorption and operational scaling to kick in. This PAT forms the basis for our acquisition valuation, implying a 7x PE on the RM29mil consideration and providing a credible starting point for forward earnings growth as capacity expands.

EXHIBIT 6: ACACIA'S PAT AND PAT MARGIN TREND (YE JAN)



Source: Company, AmlInvestment Bank

Product Offerings

Acacia specialises in the assembly and distribution of commercial vehicles, offering a full range of diesel and electric buses spanning 6.5mil to 12mil configurations for city and coach applications. Its portfolio includes EV city buses, energy-efficient vehicle (EEV) models, diesel coaches, diesel city buses, and commercial-vehicle chassis, supported by CKD assembly capabilities. Acacia also provides after-sales services, spare-parts distribution and maintenance, positioning it as a vertically integrated supplier within Malaysia's bus and commercial-vehicle ecosystem.

EXHIBIT 7: BUS OEM PARTNERS



Source: Company website

Handal BCM

Company Background

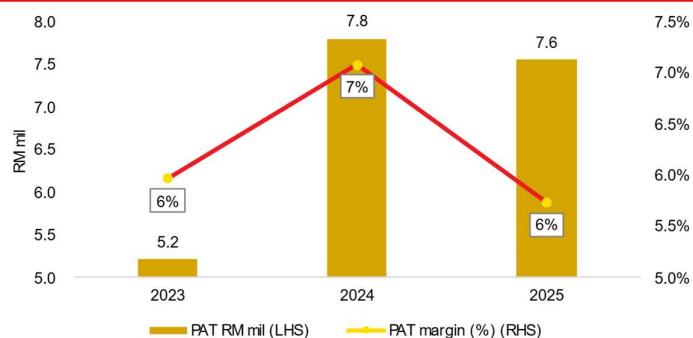
HBCM was incorporated in Malaysia on 18 December 1997 under the Companies Act 1965 as Berjaya Retail and is deemed registered under the Act. It subsequently underwent several name changes: to Berjaya Merchandise on 25 May 2009, to Berjaya China Motor on 5 August 2014, and finally to Handal BCM on 21 November 2023.

HBCM commenced operations on 5 August 2014 and is primarily engaged in the import, distribution, and sale of motor vehicles in Malaysia. Handal BCM is an exclusive distributor for brands like Foton, Kaicene (formerly known as Chana) and Golden Dragon.

Financial Snapshot

HBCM delivered steady earnings over the past two financial years, with PAT rising from RM5.2mil in FYE June 2023 to RM7.8mil in FYE 2024 as higher sales of Chinese-branded passenger vans drove stronger gross profit. In FYE 2025, PAT eased marginally to RM7.6mil due to higher administrative expenses associated with relocating to new premises and increased finance costs from the related property loan, despite revenue growing 20% on the back of new passenger and cargo van model introductions.

EXHIBIT 8: HANDAL'S PAT AND PAT MARGIN TREND (YE JUNE)



Source: Company, AmlInvestment Bank

Product Offerings

Handal BCM is the exclusive distributor of brands such as Foton, Kaicene and Golden Dragon, specialising in light trucks, cargo vans, passenger vans, and EV-vans. Its key models include the Era Star II pick-up, Foton Miler light truck, Foton View C2/Vans (2.0L & 2.8L diesels, 10-seater to 16-seater), Golden Dragon X5 (17-seater) and the Foton iBLUE EV van. The company also provides nationwide after-sales support with more than 40 2S (spare parts & service) dealerships.

EXHIBIT 9: FOTON VIEW CS2 VAN



Source: Company Website

EXHIBIT 11: KAICENE ERA STAR II VAN



Source: Company Website

EXHIBIT 10: KAICENE LIGHT TRUCKS



Source: Company Website

EXHIBIT 12: FOTON MILER TRUCK



Source: Company Website

EXHIBIT 13: FINANCIAL DATA

Income Statement (RMmil, YE 31 Jan)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	207.7	279.8	317.4	507.6	548.5
EBITDA	65.8	80.1	96.6	140.0	155.4
Depreciation/Amortisation	(15.9)	(22.2)	(21.1)	(23.9)	(26.7)
Operating income (EBIT)	49.9	57.9	75.5	116.1	128.7
Other income & associates	-	-	-	-	-
Net interest	(4.7)	(7.5)	(7.7)	(8.0)	(8.2)
Exceptional items	-	-	-	-	-
Pretax profit	45.1	50.5	67.7	108.1	120.5
Taxation	(12.0)	(6.7)	(16.3)	(26.0)	(28.9)
Minorities/pref dividends	-	-	-	-	-
Net profit	33.2	43.8	51.5	82.2	91.6
Core net profit	33.2	43.8	51.5	82.2	91.6
Balance Sheet (RMmil, YE 31 Jan)	FY24	FY25	FY26F	FY27F	FY28F
Fixed assets	154.4	254.5	258.4	299.5	337.8
Intangible assets	-	-	-	-	-
Other long-term assets	6.6	13.4	13.4	13.4	13.4
Total non-current assets	161.0	267.9	271.8	312.9	351.2
Cash & equivalent	27.0	47.0	335.0	322.1	338.4
Stock	0.6	1.3	1.4	1.4	1.5
Trade debtors	42.2	39.3	44.6	71.3	77.1
Other current assets	-	-	-	-	-
Total current assets	69.8	87.7	381.0	394.9	417.0
Trade creditors	37.6	32.1	35.3	36.9	37.7
Short-term borrowings	18.9	15.7	15.7	15.7	15.7
Other current liabilities	65.2	24.8	24.8	24.8	24.8
Total current liabilities	121.7	72.6	75.8	77.4	78.2
Long-term borrowings	14.7	105.5	171.0	171.0	171.0
Other long-term liabilities	23.8	46.1	46.1	46.1	46.1
Total long-term liabilities	38.5	151.5	217.1	217.1	217.1
Shareholders' funds	70.6	131.5	359.9	413.3	472.8
Minority interests	-	-	-	-	-
BV/share (RM)	1.36	1.31	1.21	1.39	1.59
Cash Flow (RMmil, YE 31 Jan)	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	45.1	50.5	67.7	108.1	120.5
Depreciation/Amortisation	15.9	22.2	21.1	23.9	26.7
Net change in working capital	5.3	(10.4)	(2.1)	(25.2)	(5.0)
Others	7.0	(2.6)	(16.3)	(26.0)	(28.9)
Cash flow from operations	73.3	59.6	70.5	80.9	113.3
Capital expenditure	(24.6)	(70.5)	(25.0)	(65.0)	(65.0)
Net investments & sale of fixed assets	2.8	-	-	-	-
Others	(15.7)	8.6	-	-	-
Cash flow from investing	(37.5)	(61.9)	(25.0)	(65.0)	(65.0)
Debt raised/(repaid)	(4.8)	8.9	65.6	-	-
Equity raised/(repaid)	-	20.0	196.5	-	-
Dividends paid	(21.0)	-	(19.6)	(28.8)	(32.1)
Others	(2.5)	(4.2)	-	-	-
Cash flow from financing	(28.3)	24.7	242.5	(28.8)	(32.1)
Net cash flow	7.5	22.5	288.0	(12.9)	16.2
Net cash/(debt) b/f	17.5	25.8	46.6	334.6	321.7
Net cash/(debt) c/f	25.8	46.6	334.6	321.7	337.9
Key Ratios (YE 31 Jan)	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	73.6	34.7	13.4	60.0	8.1
EBITDA growth (%)	80.0	21.8	20.6	45.0	11.0
Pretax margin (%)	21.7	18.0	21.3	21.3	22.0
Net profit margin (%)	16.0	15.6	16.2	16.2	16.7
Interest cover (x)	10.6	7.8	9.7	14.6	15.7
Effective tax rate (%)	26.5	13.3	24.0	24.0	24.0
Dividend payout (%)	48.2	25.4	38.0	35.0	35.0
Debtors turnover (days)	89	53	48	42	49
Stock turnover (days)	1	1	2	1	1
Creditors turnover (days)	67	45	39	26	25

Source: Company, AmlInvestment Bank Bhd estimates

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