

## Team Coverage

(603) 7890 8888

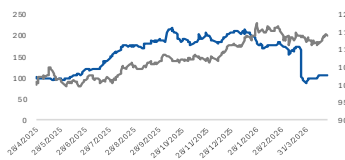
[research.dept@apexsecurities.com.my](mailto:research.dept@apexsecurities.com.my)

<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 2.26
Previous Target Price:	N/A
Target Price:	RM 2.73
Capital Upside/Downside:	20.8%
Dividend Yield (%):	3.9%
<b>Total Upside/Downside:</b>	<b>24.7%</b>

<b>Stock information</b>	
Board	MAIN
Sector	Consumer products & services
Bursa / Bloomberg Code	5335 / HIMK
Syariah Compliant	Yes
ESGRating	***
Shares issued (m)	534.4
Market Cap (RM' m)	1,207.7
52-Week Price Range (RM)	2.88-1.23
Beta (x)	N/A
Free float (%)	37.7
3M Average Volume (m)	1.3
3M Average Value (RM' m)	2.8

<b>Top 3 Shareholders</b>		(%)
Yinson Legacy Sdn Bhd		59.3
Bumi Mampan Sdn Bhd		6.3
Lim Han Weng		3.0

## Share Price Performance



	1M	3M	12M
Absolute (%)	14.1	-2.6	72.5
Relative (%)	13.0	-2.5	51.2

## Earnings Summary

FYE JAN (RM m)	FY 26	FY 27F	FY 28F
Revenue	317.7	452.4	579.5
PATAM I	53.4	72.5	95.8
CNP	53.4	72.5	95.8
Core EPS (sen)	10.9	14.7	19.5
PE (x)	20.8	15.3	11.6

Source: Company, Apex Securities

## HI Mobility Berhad

## Cross-Border Cash Machine

- HI offers direct exposure to Johor–Singapore commuter flows, underpinned by wage differentials, regulatory barriers to entry and JS-SEZ-driven economic integration, supporting sustained volume growth.
- We forecast CNP to grow 35.8%/32.1%/24.4% for FY27F/28F/29F respectively, underpinned by (i) Sustained cross-border ridership growth, (ii) Earnings visibility supported by RM360m orderbook and (iii) Capacity expansion.
- We initiate coverage on HI Mobility with a BUY call and a target price of RM2.73, based on a 14.0x P/E multiple applied to FY28F EPS of 19.5sen. We apply a 14.0x P/E multiple, at a premium to peers 11.0x but below the 3-year historical average Bursa Malaysia Transportation Index 16.6x.

## Key Investment Highlights

**Strong Earnings Visibility from RM360m Orderbook.** HI Mobility's RM360m unbilled orderbook provides clear revenue visibility over the next 2–3 years, underpinned by recurring, government-linked contracts, supporting stable and defensive earnings.

**Digitalisation Driving Efficiency and Optionality.** HI's digital ecosystem, including ManjaLink and LUGO, enhances operational efficiency and enables data-driven optimisation of routes and fleet utilisation. Over time, its in-house platforms offer potential to scale into higher-margin, recurring SaaS-type income streams, supporting margin expansion and potential valuation re-rating.

**JS-SEZ as a Structural Cross-Border Volume Catalyst.** The Johor–Singapore Special Economic Zone (JS-SEZ) is expected to structurally lift cross-border mobility, driven by investment inflows, job creation and increased workforce commuting. As a leading operator on the JB–Singapore corridor, HI Mobility is well-positioned to capture incremental passenger volumes and expand into dedicated workforce and industrial shuttle services, supporting visible and recurring volume growth.

**Policy-Driven Shift Towards Public Transport Adoption.** Malaysia's public transport sector is supported by strong policy backing, with a 40% modal share target by 2030 (vs 20% currently). Initiatives under the NTMP and NETR are expected to accelerate adoption of mass transit, positioning HI to benefit from network expansion and structurally higher baseline ridership.

**Johor as a Multi-Year Demand Engine.** Johor's transformation into a regional economic hub, supported by developments such as FCSFZ and the RTS Link, is expected to drive sustained growth in both domestic and cross-border travel demand. HI's strong Johor footprint positions it to capture route expansion opportunities, reinforcing long-term earnings visibility.

**Valuation & Recommendation.** We initiate coverage on HI Mobility with a **BUY** call and a target price of **RM2.73**, based on a 14.0x P/E multiple applied to FY28F EPS of 19.5sen. We apply a 14.0x P/E multiple, at a premium to peers 11.0x but below the 3-year historical average Bursa Malaysia Transportation Index 16.6x, reflecting HI's stronger growth profile, decent margins and regulated business model.

## Company Background

HI Mobility Bhd (HI) is a Malaysia-based public transport operator, primarily engaged in scheduled bus services under the well-established Causeway Link brand, serving both Malaysia and Singapore. The Group operates a volume-driven business model, with over 90% of revenue derived from scheduled routes across cross-border, intracity, and intercity segments, reflecting its strong positioning in essential mobility services.

The Group traces its origins to 2003 through its core operating subsidiary, Handal Indah Sdn Bhd, founded by Lim Han Weng. Identifying a structural gap in cross-border connectivity between Johor Bahru and Singapore, the founder pioneered direct bus services across the Causeway, becoming the first Malaysian operator approved to run cross-border routes into Singapore. From an initial fleet of eight buses operating between Kranji MRT and Larkin Terminal, the Group has since scaled into a leading operator along the Johor Bahru–Singapore corridor, supported by high commuter volumes and regulatory barriers to entry.

Following its corporate restructuring, HI Mobility Bhd was established as an investment holding company in June 2024 and subsequently listed in March 2025. As at April 2026, the Group operates a fleet of 818 buses, including 65 electric buses, supported by centralised fleet management systems and digital platforms to optimise operations and enhance service efficiency.

Strategically, the Group is focused on expanding its fleet, accelerating electrification initiatives, and enhancing digital capabilities, positioning itself to capture long-term growth opportunities arising from increasing cross-border mobility demand and supportive policy developments.

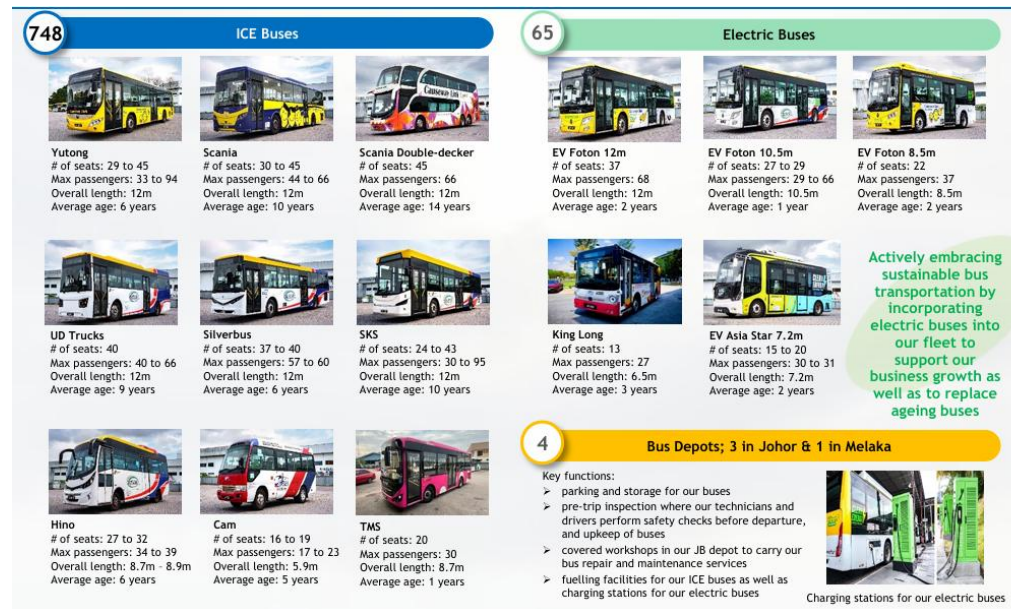
## Business Overview

HI Mobility operates an asset-intensive, volume-driven public transport model, with earnings primarily driven by passenger volumes rather than pricing, reflecting the regulated nature of the industry. Scheduled bus services form the core of the Group's operations, contributing 91%, 92%, and 94% of total revenue in FY23–FY25, and increasing to 96.7% in FY26 YTD, underscoring its positioning as a ridership-led operator.

The Group's scheduled services span three key segments: cross-border routes between Johor Bahru and Singapore, intracity services across Johor, Melaka, and the Klang Valley, and intercity routes within Malaysia. These are complemented by smaller revenue streams from charter services as well as ancillary income from maintenance and advertising activities.

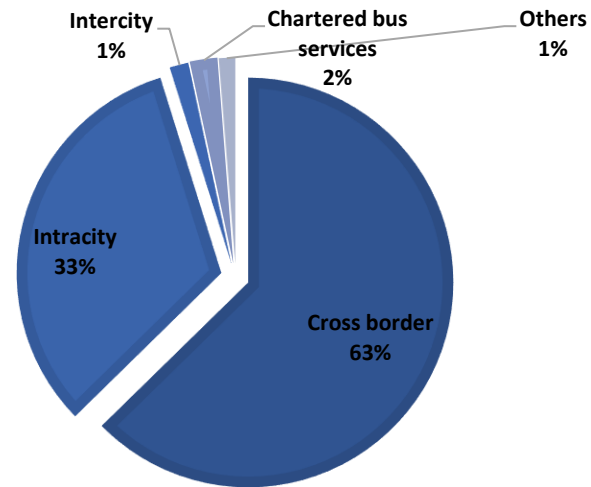
As at April 2026, HI operates a fleet of 818 buses, including 65 electric units, providing sufficient scale to support high-frequency operations and ongoing network expansion. Operational efficiency is underpinned by a centralised Operations Control Centre (OCC), which enables real-time fleet monitoring and optimisation, complemented by digital features such as contactless payments and onboard connectivity to enhance service delivery. Concurrently, the Group is advancing its fleet electrification strategy alongside the rollout of supporting charging infrastructure, in line with longer-term sustainability objectives.

Figure 1: Fleet Profile with Ongoing Electrification Transition



Source: Company, Apex Securities

Figure 2: Revenue breakdown by segment



Source: Company, Apex Securities

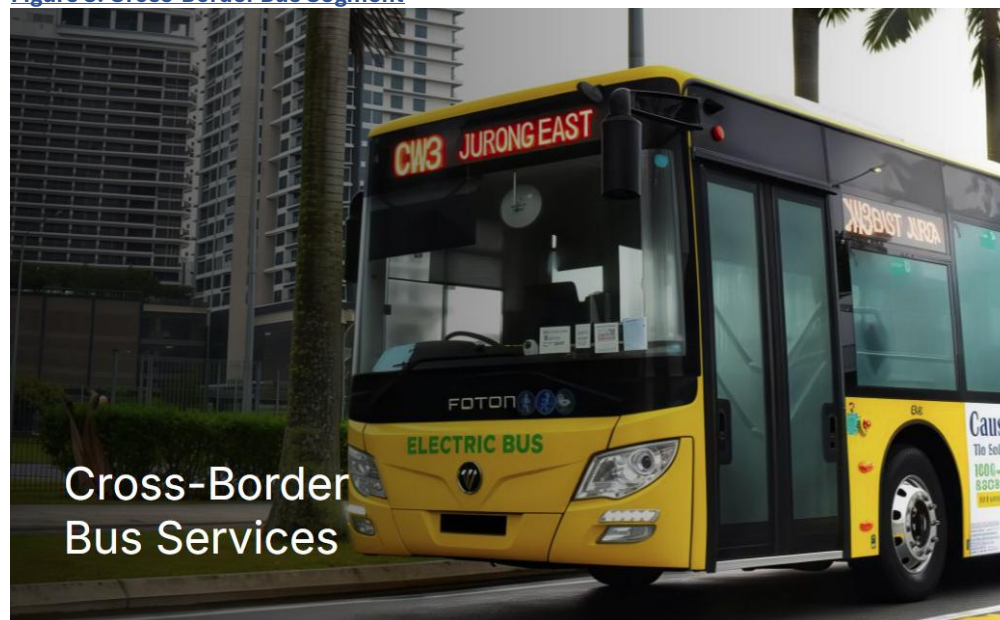
### 1. Cross-Border Bus Services (60% of revenue)

The cross-border segment remains the Group’s core earnings pillar, contributing 60% of total revenue in FY26, a significant uplift from 12.8% in FY22, primarily driven by the reopening of Malaysia–Singapore borders following the lifting of COVID-19 restrictions.

Following a period of severe disruption during the pandemic, the segment has delivered a strong and sustained recovery. HI operates a fleet of 155 licensed buses across key Johor Bahru–Singapore (JB–SG) routes via both the Causeway and Second Link under the ‘Causeway Link’ brand, positioning it as one of the largest operators within this regulated corridor. Scheduled bus services revenue (a proxy for cross-border operations) expanded from RM108.4m in FY23

to RM307.4m in FY26, representing a 3-year CAGR of 41.7% (+183.6% cumulative growth), underpinned by the normalisation of operations, improved fleet utilisation and operating leverage.

**Figure 3: Cross-Border Bus Segment**



Source: Company, Apex Securities

On the demand side, average daily ridership has seen a step-change recovery, rebounding from c.260 passengers in FY22 during the initial border reopening phase to c.65,000 currently. This sharp recovery underscores the restoration of cross-border commuter flows, supported by structural wage differentials between Malaysia and Singapore, which continue to drive recurring workforce mobility.

Structurally, the segment has re-based to a higher earnings trajectory, anchored by resilient commuter demand, decent utilisation rates and regulatory barriers to entry. This reinforces its position as a defensible and sustainable core driver of the Group's forward earnings profile.

## 2. Intracity Bus Services (32% of revenue)

The domestic segment serves as the Group's earnings stabiliser, supported by an extensive operating network across Johor, Melaka and the Klang Valley. A meaningful portion of these routes is anchored by government-backed programmes such as BAS.MY and Bas Muafakat Johor, where revenue is derived from structured or contract-based payment mechanisms rather than purely farebox collection. This framework reduces exposure to fluctuations in passenger load factors and underpins a more predictable and recurring revenue stream.

From an earnings quality perspective, the segment is characterised by strong visibility and low cyclicality. Demand is largely non-discretionary, driven by daily commuting needs across urban and suburban catchments, including first- and last-mile connectivity. This establishes a stable baseline level of utilisation, even during periods of softer economic conditions, in contrast to the more demand-sensitive nature of discretionary travel segments.

Figure 4: Wide Coverage Footprint



Source: Company, Apex Securities

Operationally, margins are structurally lower due to regulated fare frameworks, capped pricing structures and service obligations, including minimum service frequency and coverage of less profitable routes. However, these constraints are partially offset by the contractual nature of the revenue model, which provides a degree of earnings protection. In addition, cost pass-through mechanisms and periodic contract renewals offer some mitigation against input cost pressures, particularly in relation to fuel and labour.

Earnings visibility has further strengthened, with the Group's unbilled orderbook expanding to approximately RM360m, up from RM190m as at December 2025. This increase is driven by a combination of contract extensions, new route awards and early-stage expansion into East Malaysia, marking a strategic step beyond its traditional Peninsular footprint. Based on the current execution profile, the orderbook provides revenue visibility over the next two to three years, effectively underpinning near- to mid-term earnings.

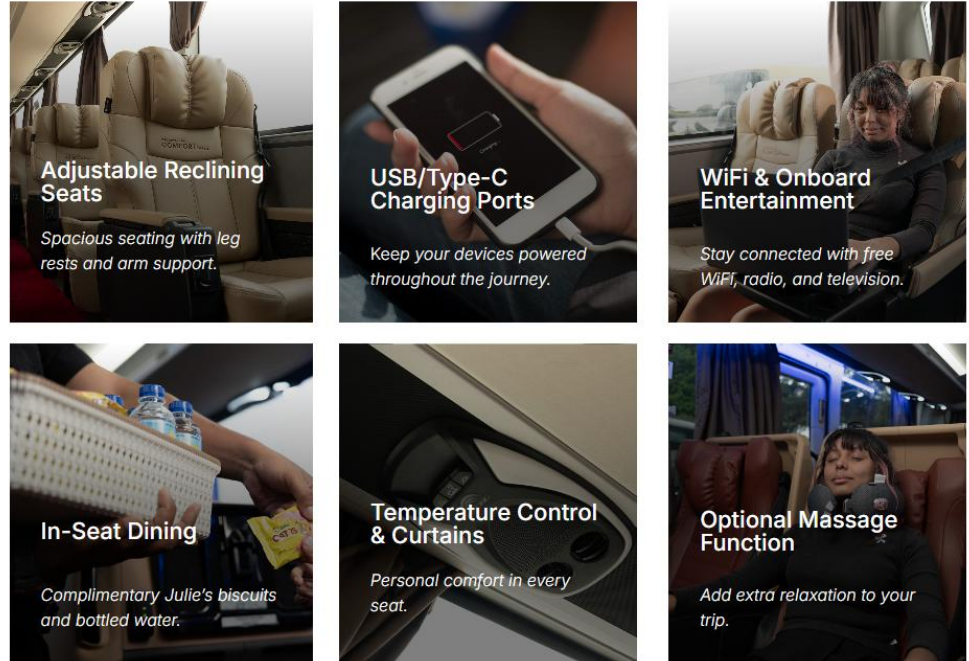
Overall, the domestic segment plays a critical portfolio role by anchoring earnings stability and cash flow defensiveness, providing a counterbalance to the more volume-driven and cyclical characteristics of the Group's cross-border operations.

### 3. Intercity Bus Services (5% of revenue)

The intercity segment provides an additional layer of diversification, connecting major cities across Malaysia while enhancing the Group's overall network reach and fleet utilisation. Although its revenue contribution remains relatively modest at this stage, the segment plays a complementary role within the broader portfolio by capturing longer-distance travel demand across cities, towns and states.

Intercity services typically operate on fixed routes between designated points, with fewer stops and lower service frequency compared to urban and cross-border routes. Operations are largely centred around bus terminals or specific pick-up points within each city, with passengers required to purchase tickets in advance via centralised third-party ticketing platforms or through the Group's digital channels, including its website and mobile application.

**Figure 5: Value-Added Features Driving Passenger Experience**



Source: Company, Apex Securities

#### 4. Charter and Ancillary Services (2% of revenue)

The chartered segment comprises customised bus services tailored for specific groups or purposes, offering a higher degree of flexibility compared to scheduled public transport operations. Unlike fixed-route services, chartered buses are deployed based on client requirements, with routes, schedules, stops and service frequency structured around end-user needs. This segment typically serves a diverse client base, including corporate staff transportation, airport transfers, tourism-related travel, intra-community shuttle services, as well as ad-hoc leasing to third-party operators.

**Figure 6: Chartered Bus Segment Small Base, Strategic Role**



Source: Company, Apex Securities

Financially, the segment remains a relatively small contributor, accounting for approximately 3% of total revenue in FY26. Charter revenue has shown some volatility over recent years, declining to RM6.4m in FY26 (vs FY23: RM8.1m), translating into a 3-year CAGR of -7.5%, reflecting the lumpy and contract-based nature of demand. Despite this, the segment continues to provide incremental income with relatively flexible cost structures, supported by the Group's ability to deploy buses of varying seating capacities to optimise utilisation across different group sizes.

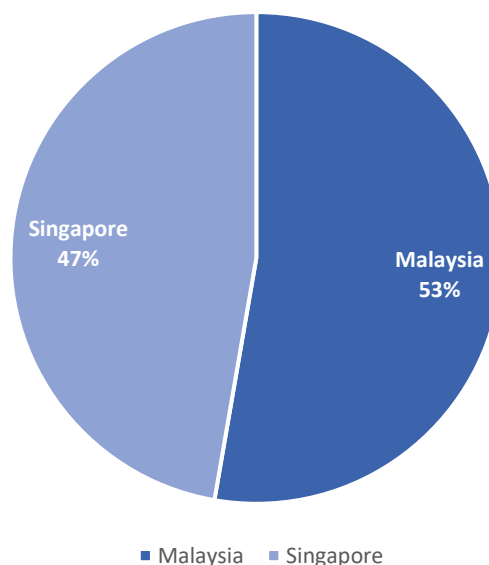
Importantly, the segment retains a degree of earnings visibility through its contracted base. As at April, the Group has 12 ongoing charter contracts with tenures ranging from six months to seven years, underpinned by an unbilled order book of approximately RM16.3m. This provides a near-term revenue floor, although overall contribution is expected to remain secondary relative to the core cross-border operations.

## 5. Others (1% of revenue)

These ancillary services primarily comprise (i) bus repair and maintenance services, and (ii) rental of bus advertising space. Repair and maintenance activities are largely conducted at the Group's Johor Bahru depot, encompassing routine servicing (e.g. fluid checks, brake inspection and preventive maintenance), diagnostic and repair works, as well as bodywork and refurbishment. While these services were historically extended to third-party and related-party operators, the Group has since ceased servicing related parties, indicating a shift towards internal operational support.

In addition, the Group monetises its fleet through advertising space, offering both exterior placements (including full or partial bus wraps) and interior formats such as seatback panels, handles and digital displays. Revenue declined from RM8.1m in FY23 to RM3.9m in FY26, implying a 3-year CAGR of -21.7%, reflecting the non-core and opportunistic nature of this segment.

**Figure 7: Revenue Breakdown by Geographical market**



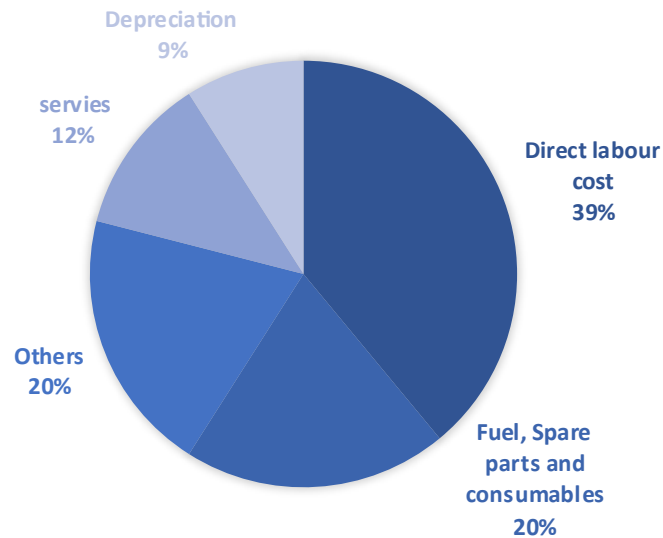
Source: Company, Apex Securities

**Geographical Exposure.** HI Mobility's revenue mix has undergone a clear structural shift from being predominantly Malaysia-centric to a more balanced Malaysia-Singapore exposure, driven by the recovery and scaling of cross-border operations. As at FY26, Malaysia contributed 53.2% of total revenue (RM168.9m), while Singapore accounted for 46.8% (RM148.7m), compared to FY22 where Malaysia represented 91.0% of revenue amid pandemic-induced border closures.

The rebalancing of the revenue mix has been supported by a strong recovery in Singapore-linked operations post-reopening. Singapore revenue expanded from RM47.8m in FY23 to RM148.7m in FY26, implying a 3-year CAGR of 45.7%, reflecting the sharp rebound in commuter flows, increased service frequency and improved fleet deployment across key cross-border routes. In parallel, Malaysia revenue also grew from RM71.9m in FY23 to RM168.9m in FY26, translating into a 3-year CAGR of 32.9%, supported by the normalisation of domestic operations and continued expansion in scheduled services.

Overall, growth across both markets remains predominantly volume-driven, underpinned by resilient cross-border mobility demand, route optimisation and higher fleet utilisation. Singapore continues to serve as a key earnings driver given its direct exposure to cross-border commuter flows, while Malaysia operations provide a more stable and policy-supported base through intracity services and government-backed programmes.

Figure 8: Cost breakdown

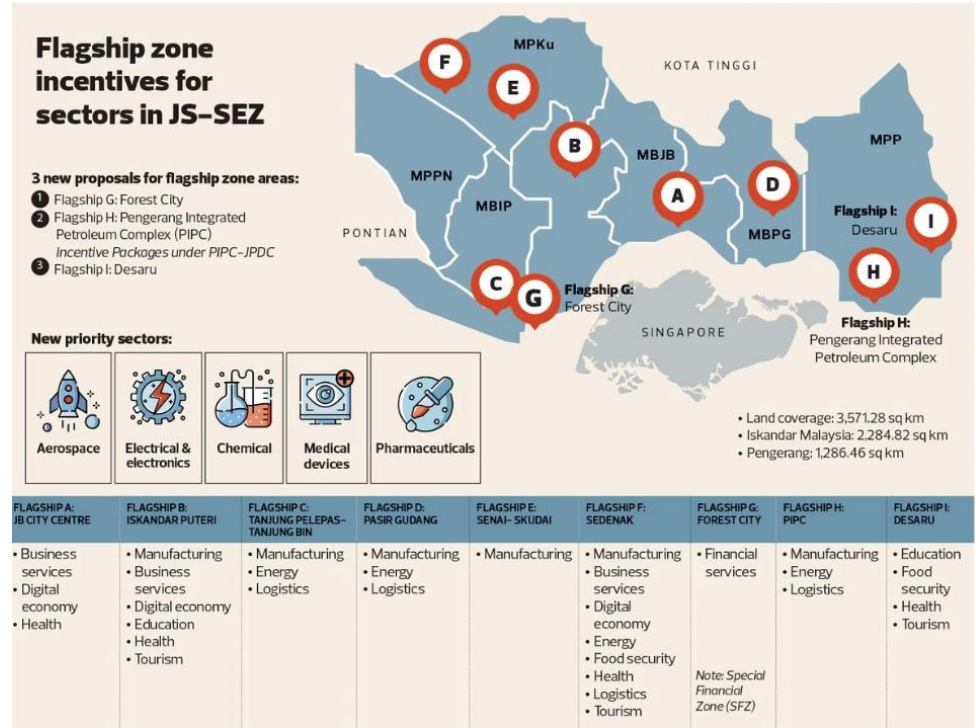


Source: Company, Apex Securities

**Cost structure.** HI Mobility’s cost structure is predominantly operational, reflecting its asset-heavy and labour-intensive business model. Labour represents the largest cost component, accounting for approximately 35–39% of total operating expenses, driven by a workforce of approximately 1,750 employees. Fuel-related expenses, including diesel and consumables, account for 20%, although partially mitigated by eligibility under the SKDS subsidy scheme, which provides some cost visibility. Subcontracting costs are primarily associated with third-party operators engaged for intracity routes, providing operational flexibility but introducing variable cost exposure. Depreciation reflects ongoing capital investment in fleet expansion and maintenance infrastructure.

## Industry overview

Figure 8: Strategic Investment Clusters Across Johor



Source: The Edge, Apex Securities

### Johor-Singapore Special Economic Zone (JS-SEZ)

The Johor-Singapore Special Economic Zone (JS-SEZ), formalised in January 2025, marks a significant step-up in bilateral economic integration, positioning Johor as a key regional investment and industrial hub within the ASEAN growth corridor. The initiative targets high-value investments across advanced manufacturing, logistics, digital economy, green energy and tourism, supported by coordinated policy frameworks, streamlined investment facilitation and infrastructure alignment between both governments.

From a scale perspective, the JS-SEZ is expected to attract multi-billion-ringgit investment inflows over the next 5-10 years, with a focus on anchoring multinational corporations and high-value supply chains within Johor. The initiative is also projected to generate tens of thousands of skilled jobs, particularly within Iskandar Malaysia and Pengerang, reinforcing Johor's role as a lower-cost, complementary extension of Singapore's economic ecosystem. This builds on an already high base of approximately 300,000 daily cross-border commuters, one of the busiest land corridors globally.

At the industry level, the JS-SEZ is expected to drive a structural uplift in cross-border activity across labour mobility, business travel and logistics flows. The expansion of industrial clusters is likely to increase commuting intensity and deepen supply chain integration, placing greater emphasis on high-capacity, reliable and scalable transport infrastructure across the Causeway and Second Link.

Over the medium to long term, the JS-SEZ is expected to rebase mobility demand structurally higher, supporting sustained growth in passenger volumes and utilisation rates. As such, it represents a multi-year structural demand driver for the public transport sector, enhancing earnings visibility and supporting network expansion for operators with established cross-border exposure.

Figure 9: Core Network Supporting HI Mobility's Growth



Source: Forest City, Apex Securities

### Johor Development & Cross-Border Connectivity

Beyond the JS-SEZ, Johor's broader economic transformation is being supported by strong investment momentum, infrastructure expansion and targeted policy initiatives, positioning the state as one of Malaysia's most dynamic growth corridors. Johor recorded over RM110bn in approved investments in 2025, leading all Malaysian states, with continued inflows expected as global and regional players expand their presence in the state.

A key pillar of this growth is Johor's emergence as a regional digital and industrial hub, particularly in data centre development, logistics and advanced manufacturing. The state has attracted significant investments in digital infrastructure, benefiting from its proximity to Singapore, availability of land and competitive cost structures. This has resulted in a growing concentration of high-value industries, further strengthening Johor's role within regional supply chains.

Complementing this is the introduction of the Forest City Special Financial Zone (FCSFZ) in September 2024, which aims to attract financial institutions, global wealth managers and high-value talent through targeted tax incentives and regulatory facilitation. The development of such financial and service-oriented clusters is expected to drive an expansion in expatriate population and high-income workforce, particularly within southern Johor.

Collectively, these developments are driving structural increases in population density, workforce participation and business activity, particularly in Johor Bahru and its surrounding regions. This, in turn, translates into a larger and more stable base of commuters, both within Johor (intra-city) and across the Johor-Singapore corridor (cross-border). From a transport perspective, this underpins sustained growth in demand for both intracity and intercity mobility services, reinforcing the need for efficient, reliable and scalable public transport networks.

Figure 10: Johor Development &amp; Cross-Border Connectivity



Source: MRT Corp, Apex Securities

The Johor Bahru–Singapore Rapid Transit System (RTS) Link represents a critical infrastructure development that will materially enhance cross-border connectivity between Johor and Singapore. The project remains on track for completion by end-2026, with passenger services expected to commence in early 2027. The system will connect Bukit Chagar in Johor Bahru to Woodlands North in Singapore, with peak capacity of up to 10,000 passengers per hour per direction, translating into potential daily ridership of approximately 40,000–60,000 passengers.

The RTS is expected to significantly reduce cross-border travel time to approximately five minutes, while alleviating congestion along the Causeway, which is currently one of the busiest land crossings globally. By reducing travel friction and improving reliability, the system is likely to encourage higher cross-border commuting participation, effectively expanding the overall commuter pool rather than simply redistributing existing demand.

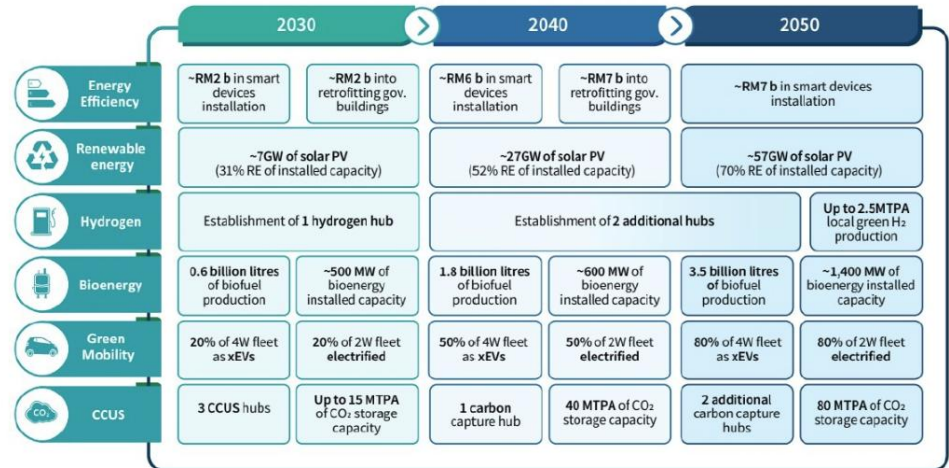
From an industry perspective, the RTS should be viewed as a structural enabler of mobility demand, rather than a direct competitive threat to existing transport operators. While some degree of modal shift from direct bus services to rail is inevitable, this is expected to be offset by a larger increase in total passenger volume, driven by improved accessibility and connectivity.

For HI Mobility, the implications are two-fold. Firstly, the expansion of the overall commuter base is expected to support higher aggregate passenger volumes across the Group's cross-border network. Secondly, and more importantly, the Group is well-positioned to capture first- and last-mile connectivity demand, particularly through feeder bus services linking residential areas, commercial hubs and industrial zones within Johor to the Bukit Chagar RTS terminal.

In addition, reduced congestion along the Causeway is expected to enhance operational efficiency, including shorter journey times, improved scheduling reliability and higher fleet utilisation rates. HI has indicated plans to integrate its existing routes with the RTS ecosystem, enabling seamless multimodal connectivity and strengthening its role within the broader transport network.

Overall, the RTS represents a net positive structural catalyst, supporting long-term ridership growth, improving operational efficiency and reinforcing HI Mobility's strategic positioning within an increasingly integrated Johor–Singapore transport ecosystem.

Figure 11: Malaysia’s Energy Transition Roadmap: Pathway to a Low-Carbon Economy (2030–2050).



Source: National Energy Transition Roadmap (NETR), Apex Securities

Malaysia’s public transport sector is supported by long-term policy frameworks aimed at improving urban mobility and reducing structural reliance on private vehicles. Under the National Transport Master Plan (2019–2030), the government targets a 40% public transport modal share by 2030, compared to approximately 20% currently. While adoption has improved in key urban centres, the significant gap to target underscores the need for continued investment in infrastructure, service reliability and network expansion, particularly across bus and rail systems.

In parallel, the National Energy Transition Roadmap (NETR) introduces a decarbonisation agenda for the transport sector, positioning public transport as a central pillar in reducing carbon intensity. Electrification is expected to accelerate over the longer term, with EV penetration projected to reach 50% of the four-wheel fleet by 2040 and 80% by 2050, reinforcing a structural shift towards more sustainable mobility solutions.

From an industry perspective, these policy frameworks underpin a gradual but sustained uplift in public transport utilisation, supported by both demand-side incentives and supply-side investment. Within this ecosystem, buses remain a critical component given their scalability, cost efficiency and essential role in first- and last-mile connectivity, particularly in areas where rail infrastructure is less extensive.

As such, the policy backdrop provides a structural demand floor for bus operators, supporting long-term utilisation, network expansion and earnings visibility.

## Investment Highlights

### Strong Earnings Visibility Backed by RM360m Orderbook

HI Mobility’s earnings profile is anchored by a solid unbilled orderbook of approximately RM360m (as at Jan 2026), providing revenue visibility over the next 2–3 years. The orderbook is predominantly supported by government-linked contracts and scheduled bus services, which are typically recurring in nature and structured under medium- to long-tenure arrangements. This underpins a high degree of earnings defensiveness, with reduced exposure to demand volatility given the predictable revenue base and contractual payment mechanisms.

Importantly, the orderbook has expanded meaningfully from RM190m as at Dec 2025, driven by contract extensions, new route awards and early-stage expansion into East Malaysia, reinforcing the Group’s ability to secure and scale recurring revenue streams. This provides a stable earnings floor while supporting medium-term growth visibility.

**Digitalisation as a Margin and Monetisation Lever**

HI Mobility's investment in digital infrastructure, including its ManjaLink cashless ecosystem and LUGO mobile application, enhances operational efficiency through reduced cash handling, improved fare collection and real-time route optimisation. These platforms enable better fleet deployment and demand forecasting, supporting meaningful utilisation rates and cost efficiencies across operations.

Beyond operational improvements, the Group is progressively building an integrated digital ecosystem that captures passenger data and behavioural insights. Over time, this provides monetisation optionality through targeted advertising, dynamic pricing and potential platform scalability. While still at an early stage, this positions HI Mobility as a data-enabled mobility operator, with scope for incremental margin expansion and a potential re-rating as digital capabilities scale.

**JS-SEZ as a Structural Cross-Border Volume Catalyst**

The Johor-Singapore Special Economic Zone (JS-SEZ), formalised in 2025, is expected to structurally lift cross-border mobility, driven by rising investment inflows, job creation and deeper economic integration between Johor and Singapore. Early indicators point to strong traction, with Johor recording >RM110bn in approved investments in 2025, while the JS-SEZ continues to attract multinational participation across manufacturing, logistics and digital sectors.

This builds on an already substantial base of approximately 300,000 daily cross-border commuters, which is expected to expand further as industrial activity scales. As one of the largest cross-border bus operators with an established network of 155 buses and high service frequency, HI Mobility is well-positioned to capture incremental passenger volumes, particularly across workforce commuting routes. This supports a sustained uplift in ridership, reinforcing the segment's role as the Group's primary earnings driver.

**Policy-Driven Shift Towards Public Transport Adoption**

Malaysia's public transport sector is supported by strong structural policy backing, with the government targeting a 40% modal share by 2030, versus approximately 20% currently. Under the National Transport Master Plan (NTMP) and National Energy Transition Roadmap (NETR), continued investment in public transport infrastructure and electrification is expected to accelerate adoption and reduce reliance on private vehicles.

For HI Mobility, participation in government-supported programmes such as BAS.MY and other scheduled service frameworks positions the Group to benefit from network expansion, contract renewals and stable ridership growth. These initiatives effectively provide a structural demand floor, supporting utilisation levels and reinforcing earnings stability within the domestic segment.

**Johor as a Multi-Year Mobility Demand Engine**

Johor's emergence as a high-growth economic corridor, supported by large-scale developments such as the Forest City Special Financial Zone (FCSFZ) and the upcoming RTS Link (completion by end-2026), is expected to drive sustained growth in both domestic and cross-border travel demand. The RTS alone is expected to handle 40,000-60,000 passengers daily, significantly enhancing connectivity between Johor Bahru and Singapore.

Coupled with rising investment inflows, workforce expansion and increasing urban density, these developments are expected to structurally increase commuter volumes across the region. HI Mobility's strong operational presence in Johor positions the Group to capture this growth through both direct cross-border services and first- and last-mile feeder connectivity. Over time, this is expected to drive higher fleet utilisation, route expansion opportunities and sustained earnings growth.

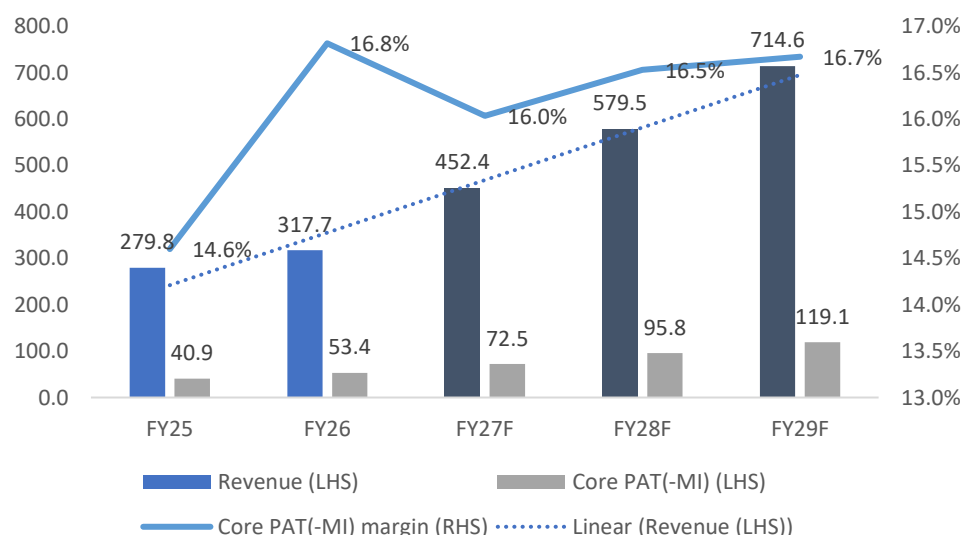
## Financial Highlights

**Revenue.** HI Mobility's topline growth remains anchored by its scheduled bus services segment, supported by sustained ridership across both cross-border and domestic routes. For 4QFY26, revenue increased 9.1% YoY to RM82.4m, while remaining broadly stable sequentially (+0.3% QoQ), underpinned by resilient commuter flows along the Johor Bahru–Singapore corridor and seasonal uplift from festive travel. At the full-year level, FY26 revenue rose 13.5% YoY to RM317.7m, extending its post-pandemic recovery. Over FY23–FY26, revenue expanded from RM119.6m to RM317.7m, implying a 3-year CAGR of 38.5%, driven by the normalisation of cross-border mobility and improved fleet utilisation.

**Profitability.** Profitability outpaced revenue growth, supported by operating leverage from higher ridership. For 4QFY26, PBT rose 16.2% YoY to RM15.2m, aided by stronger topline and non-operational gains, but declined 14.9% QoQ due to higher mobilisation costs for the SBST Johor Bahru 2025 contract. For FY26, PBT increased 28.0% YoY to RM64.6m, driven by sustained volume growth. EBITDA margins remained resilient at 31.9%, while gross margin eased to 25.9% (FY25: 27.8%), reflecting higher labour and operating costs.

**Earnings Outlook.** We forecast CNP to grow to RM72.5m/RM95.8m/RM119.1m for FY27F–FY29F, representing earnings growth of 35.8%/32.1%/24.4%, respectively, off a FY26 base of RM53.4m. This is underpinned by (i) sustained cross-border ridership growth, (ii) strong earnings visibility supported by a RM360m orderbook, and (iii) capacity expansion.

**Figure 12: Revenue, earnings and margin from FY25 to FY29F**



Source: Company, Apex Securities

**Dividend.** HI Mobility does not have a formal dividend policy, with quarterly payouts determined based on cash flow availability. For FY26, the Group declared dividends of RM24.0m, representing a 44.9% payout ratio and DPS of 4.9 sen. We assume a stable payout ratio of c.44.9% over the forecast period, in line with earnings growth, and forecast dividends to increase to RM31.7m (DPS: 6.4 sen) in FY27, RM43.2m (DPS: 8.8 sen) in FY28, and RM56.4m (DPS: 11.5 sen) in FY29. Overall, we expect a progressive dividend profile supported by improving earnings and steady cash flow generation.

## Sensitivity Analysis

Revenue is highly sensitive to the number of buses deployed, reflecting its direct linkage to service capacity and frequency. Our analysis indicates that every 3% change in fleet size translates to an estimated ±RM14m change in revenue for FY27F–FY28F, all else being equal.

**Figure 13: Fleet Size vs Revenue Sensitivity Analysis**

		Buses					
		118	768	792	816	840	866
Revenue	426	593	617	641	666	691	
	439	588	612	636	660	686	
	452	582	606	630	655	680	
	466	577	600	625	649	675	
	480	571	595	619	644	669	

Source: Company, Apex Securities

**Figure 14: Percentage Change in Revenue vs Fleet Size**

		Buses					
		118	768	792	816	840	866
Revenue	426	-6%	-2%	2%	6%	10%	
	439	-7%	-3%	1%	5%	9%	
	452	-8%	-4%	0%	4%	8%	
	466	-9%	-5%	-1%	3%	7%	
	480	-9%	-6%	-2%	2%	6%	

Source: Company, Apex Securities

## Valuation & Recommendation

**Initiation Coverage.** We initiate coverage on HI Mobility with a **BUY** call and a target price of **RM2.73**, based on a 14.0x P/E multiple applied to FY28F EPS of 19.5sen. This represents a 27% premium to selected peers' average FY26F P/E of 11.0x, reflecting HI's stronger growth profile, underpinned by resilient cross-border commuter flows, high utilisation levels and scalable, volume-driven earnings. Notably, our target multiple remains below the Bursa Malaysia Transportation Index's 3-year historical average of 16.6x, which we view as appropriate given that the index comprises more diversified transport operators including ports, logistics and aviation players that typically command higher margins and broader earnings bases. As a domestic, asset-intensive bus operator with regulated pricing, HI warrants a discount to the broader transport universe, despite its stronger volume visibility. The premium is therefore balanced by its asset-heavy structure and regulatory constraints, which may limit margin expansion.

### Peers Comparison

Given the absence of pure-play listed public bus operators in Malaysia, we benchmark HI Mobility against a mix of domestic transport-related companies and selected small-cap industrial peers. This includes transport service providers and logistics-related names, which serve as a broad proxy for valuation, while adjusting for differences in business model, margin profile and regulatory exposure.

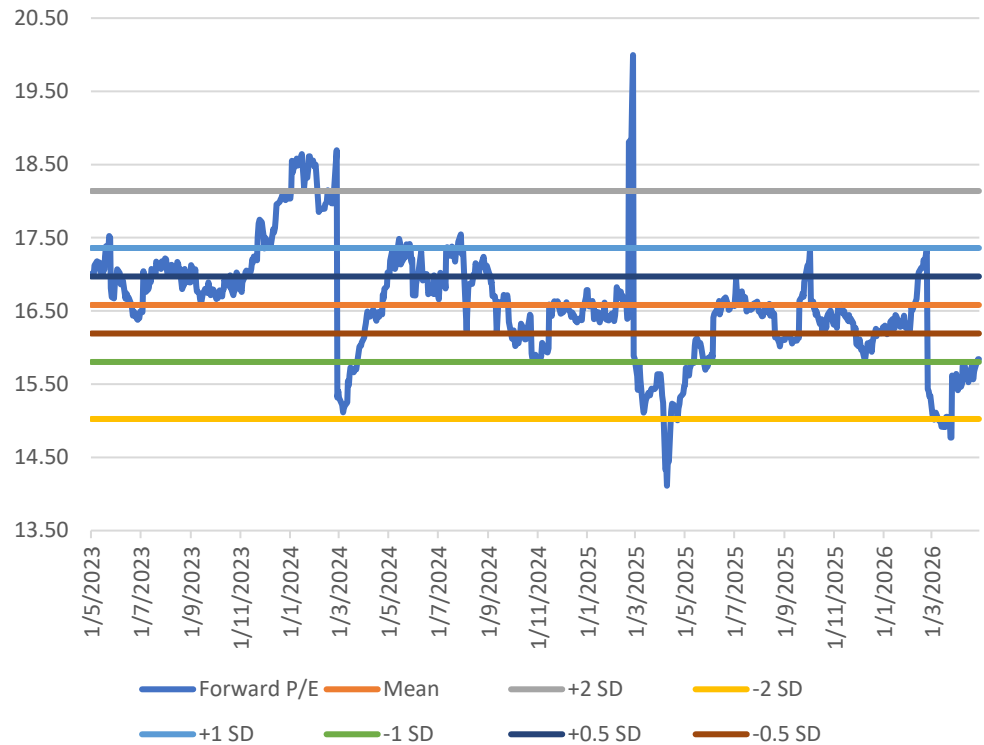
Company	FYE	Market Cap (RM m)	Price(RM) as at 28April26	P/E (x)		P/B (x)		Div Yield (%)	
				CY26	CY27	CY26	CY27	CY26	CY27
HI MK Equity	Jan	1,202	2.26	16.7	12.9	5.9	5.2	2.7	3.5
Perak MK Equity <sup>^</sup>	Dec	300.0	0.25	9.9	9.5	2.2	2.1	4.0	4.4
CD SP Equity <sup>*</sup>	Dec	10,164.1	7.70	13.7	12.9	1.2	1.1	5.8	6.3
KLS AU Equity <sup>*</sup>	Jun	3,003.5	12.10	11.9	10.7	1.1	1.0	4.7	5.4
<b>Average ex-HI MK EQUITY</b>				<b>11.8</b>	<b>11.0</b>	<b>1.5</b>	<b>1.4</b>		

<sup>\*</sup> Based on Bloomberg consensus

<sup>^</sup>P/E derived based on latest available EPS and share price

Source: Bloomberg, Apex Securities

Figure 15: KLTRAN Index: Forward P/E Trend with Standard Deviation Bands



Source: Bloomberg, Apex Securities

## Investment Risk

**Regulatory and Licensing Risk.** HI's cross-border operations are subject to approvals from Singapore's Land Transport Authority (LTA), including route permits, operating schedules, and omnibus licences tied to specific buses. Any non-renewal, suspension or revocation of these approvals would directly disrupt cross-border services the group's primary earnings driver (60% of revenue) with immediate impact on revenue and profitability.

**Concentration Risk to Cross-Border Segment.** The group's earnings are highly concentrated in the Johor Bahru–Singapore corridor, exposing it to demand shocks, regulatory changes, or policy shifts affecting cross-border mobility. Any disruption to commuter flows would have a disproportionate impact on earnings.

**Competition from RTS Link.** The upcoming RTS Link (expected end-2026/early-2027) introduces a faster and more convenient alternative for cross-border travel, potentially diverting a portion of bus ridership. While pricing and capacity constraints (c.40,000 vs >400,000 daily crossings) may limit full displacement, the RTS could still pressure volumes on premium routes and alter commuter preferences over time.

**Labour Availability and Cost Pressure.** The group faces ongoing challenges in recruiting and retaining bus drivers due to licensing costs, job intensity, and wage competition from Singapore. Any prolonged shortage could lead to service disruptions, reduced frequency, or higher labour costs, affecting both revenue generation and margins.

**Dependence on Government Contracts.** HI derives 21% of revenue from contracts under programmes such as BAS.MY. Any reduction, non-renewal, or repricing of these contracts could impact the intracity segment's earnings stability, although execution track record and operational scale provide some defensibility.

**Fuel Cost and Subsidy Risk.** Fuel remains a key cost component (23% historically), with the group currently benefiting from subsidised diesel under the SKDS scheme. Any removal or rationalisation of subsidies could lead to higher operating costs, which may not be fully pass-through given regulated fares, thereby compressing margins.

**Electrification Transition Risk.** While the expansion of electric buses offers long-term cost and ESG benefits, it introduces execution risks, including upfront capex, infrastructure requirements, and potential variability in electricity tariffs. Delays or inefficiencies in deployment could weigh on returns and cash flow in the near term.

# Initiation Coverage

Wednesday, 29 Apr, 2026

**BURSA RISE+**

Brought to you by Bursa Malaysia  
Supported by Capital Market Development Fund



## Financial Highlights

### Income Statement

FYE Jan (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Revenue	279.8	317.7	452.4	579.5	714.6
Gross Profit	77.9	82.3	117.6	150.7	185.8
EBITDA	80.1	101.4	123.5	148.9	174.3
Depreciation & Amortisation	-22.2	-30.9	-38.1	-39.5	-39.4
EBIT	57.9	70.5	85.4	109.4	134.9
Net Finance Income/ (Cost)	-7.5	-5.9	-0.6	2.6	4.3
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	50.5	64.6	84.8	112.0	139.2
Tax	-6.7	-8.2	-12.2	-16.2	-20.1
Profit After Tax	43.8	56.5	72.5	95.8	119.1
Minority Interest	2.9	3.0	0.0	0.0	0.0
Net Profit	40.9	53.4	72.5	95.8	119.1
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	40.9	53.4	72.5	95.8	119.1

### Key Ratios

FYE Jan (RM m)	FY25	FY26	FY27F	FY28F	FY29F
EPS (sen)	8.3	10.9	14.7	19.5	24.2
P/E (x)	27.2	20.8	15.3	11.6	9.3
P/B (x)	19.1	9.1	8.0	6.8	5.8
EV/EBITDA (x)	12.4	10.5	8.6	7.4	6.6
DPS (sen)	0.0	4.9	6.6	8.7	10.9
Dividend Yield (%)	0.0%	2.2%	2.9%	3.9%	4.8%
EBITDA margin (%)	28.6%	31.9%	27.3%	25.7%	24.4%
EBIT margin (%)	20.7%	22.2%	18.9%	18.9%	18.9%
PBT margin (%)	18.0%	20.3%	18.7%	19.3%	19.5%
PAT margin (%)	15.6%	17.8%	16.0%	16.5%	16.7%
NP margin (%)	14.6%	16.8%	16.0%	16.5%	16.7%
CNP margin (%)	14.6%	16.8%	16.0%	16.5%	16.7%
ROE (%)	31.1%	19.4%	23.0%	26.1%	27.5%
ROA (%)	11.5%	10.2%	13.0%	15.4%	17.1%
Gearing (%)	128.9%	64.2%	56.1%	48.0%	40.7%
Net gearing (%)	93.1%	18.6%	17.5%	3.8%	Net Cash

Valuations	FY28F
Core EPS (RM)	0.195
P/E multiple (x)	14.0
Fair value (RM)	2.73
ESG premium/discount	0.0%
Implied Fair Value (RM)	2.73

Source: Company, Apex Securities

### Balance Sheet

FYE Jan (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Cash	47.1	125.5	121.3	162.7	219.2
Receivables	39.3	85.7	115.8	141.0	159.8
Inventories	1.3	3.6	3.2	2.8	2.3
Other current assets	0.0	0.0	0.0	0.0	0.0
Total Current Assets	87.7	214.8	240.4	306.5	381.3
Fixed Assets	254.0	293.2	303.7	303.0	300.0
Intangibles	6.7	5.6	5.6	5.6	5.6
Other non-current assets	7.2	8.0	8.0	8.0	8.0
Total Non-Current Assets	267.9	306.7	317.3	316.6	313.6
Short-term debt	22.6	42.7	42.7	42.7	42.7
Payables	32.1	55.5	51.7	64.3	70.6
Other current liabilities	17.9	10.4	10.4	10.4	10.4
Total Current Liabilities	72.6	108.5	104.7	117.3	123.6
Long-term debt	146.9	133.8	133.8	133.8	133.8
Other non-current liabilities	4.6	4.2	4.2	4.2	4.2
Total Non-Current Liabilities	151.5	138.1	138.1	138.1	138.1
Shareholder's equity	131.5	274.9	314.9	367.7	433.3
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	131.5	274.9	314.9	367.7	433.3

### Cash Flow

FYE Jan (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Pre-tax profit	50.5	64.6	84.8	112.0	139.2
Depreciation & amortisation	-22.2	-30.9	38.1	39.5	39.4
Changes in working capital	34.2	13.7	-33.6	-12.1	-12.1
Others	4.8	11.9	-12.9	-13.6	-15.8
Operating cash flow	67.3	59.4	76.5	125.8	150.8
Capex	-70.5	-63.8	-48.6	-38.8	-36.4
Others	0.9	4.0	8.8	9.2	9.2
Investing cash flow	-69.6	-59.8	-39.8	-29.6	-27.2
Dividends paid	0.0	-24.0	-32.6	-43.0	-53.5
Others	24.7	103.8	-8.2	-11.7	-13.5
Financing cash flow	24.7	79.8	-40.8	-54.8	-67.0
Net cash flow	22.4	79.4	-4.2	41.4	56.5
Forex	-1.6	-0.5	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	25.8	46.6	125.5	121.3	162.7
Ending cash	46.6	125.5	121.3	162.7	219.2

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Gradual fleet electrification (65 EV buses) supports lower emissions, though diesel fleet remains dominant.
Waste & Effluent	★★★	Waste management aligns with industry standards and regulatory requirements as well as minimise environmental impact.
Energy	★★★	High energy usage from operations; efficiency to improve with EV transition.
Water	★★★	Usage mainly for depot and maintenance activities; no major concerns.
Compliance	★★★	In compliance with local and international environmental regulations

### Social

Diversity	★★	Operational workforce; moderate board diversity.
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★★	Strong focus on driver safety and regulatory compliance.
Labour Practices	★★★	Fully compliant with labour standards; no violations in FY24

### Governance

CSR Strategy	★★	Basic community engagement; ESG still developing.
Management	★★★	Experienced operators; scope to enhance board diversity
Stakeholders	★★★★	Strong engagement with regulators and stakeholders.

Overall ESG Scoring: ★★★

### Recommendation Framework:

**BUY:** Total returns\* are expected to exceed 10% within the next 12 months.

**HOLD:** Total returns\* are expected to be within +10% to -10% within the next 12 months.

**SELL:** Total returns\* are expected to be below -10% within the next 12 months.

**TRADING BUY:** Total returns\* are expected to exceed 10% within the next 3 months.

**TRADING SELL:** Total returns\* are expected to be below -10% within the next 3 months.

\*Capital gain + dividend yield

### Sector Recommendations:

**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.

**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.

### ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.