

## Bermaz Auto

### Running low on torque

- 1HFY26 results were broadly in line, accounting for 36% of our and consensus expectations, as we expect a stronger 2HFY26F driven by new model launches.
- 2QFY26 core net profit surged 86% QoQ on new launches, but 1HFY26 core net profit fell 77% YoY on lower sales volumes and associate losses.
- Maintain Reduce with RM0.50 TP given the weak earnings outlook and limited volume catalysts amid intensifying competition in the non-national brands segment.

#### BAuto's 2QFY26 core net profit jumped 86% QoQ on stronger Mazda CBU sales

Bermaz Auto (BAuto)'s 2QFY26 revenue rose 13.3% QoQ, driven by higher sales of fully imported (completely built-up [CBU]) Mazda models (particularly the newly launched CX-60 [Sep 2025]), and resilient demand for the Mazda 3. The group sold 472 CX-60 units and 473 Mazda 3 units, collectively accounting for 42% of Mazda Malaysia's total sales volume in 2QFY26. BAuto also recorded a smaller associate loss of RM6.6m (vs. RM9.3m in 1QFY26). As a result, core net profit surged 86% QoQ to RM16.4m, but still declined 60% YoY, owing to weaker sales volumes in Malaysia and the Philippines. The group declared a 1.25 sen DPS, bringing 1HFY26 DPS to 2 sen, broadly in line with expectations.

#### 1HFY26 revenue and core net profit slid 30% and 77% YoY, respectively

1HFY26 revenue fell 30% YoY as sales volumes declined in Malaysia (-37.5% YoY) and the Philippines (-20.4% YoY), with total group sales dropping 35.6% YoY to 5,754 units. The weak performance was largely due to end-of-lifecycle Mazda and Kia models as well as intensified competition from aggressively priced Chinese brands. XPeng provided some cushion, contributing 15% of BAuto's Malaysian sales volume in 1HFY26. Nevertheless, BAuto's core net profit fell 77% YoY to RM25.2m.

#### New Mazda 3 (1.5L) and CX-60 to anchor 2HFY26F volume recovery

The group expects a stronger 2HFY26F, supported by higher Mazda sales from new model launches, particularly the Mazda 3 (1.5L) and sustained demand for the CX-60. Mazda Malaysia currently holds an order backlog of ~3,000 units, mainly for these two models. The group aims to narrow FY26F sales volume decline to 14,700 units (-5% YoY), compared with the steep 1HFY26 contraction. XPeng remains a key growth pillar, with volume targets of 1,600 units for FY26F and 2,000 units for FY27F. However, the impending expiry of CBU EV tax exemptions from CY26F poses downside risk to XPeng's sales momentum.

Figure 1: Result comparison

FYE Apr (RM m)	2QFY26	2QFY25	yoy % chg	1QFY26	qoq % chg	1HFY26	2QFY25	yoy % chg	Prev. FY26F
Revenue	556	647	(14.0)	491	13.3	1,048	1,493	(29.8)	2,455
Operating costs	(516)	(585)	(11.7)	(455)	13.3	(971)	(1,338)	(27.4)	(2,276)
<b>EBITDA</b>	<b>40.3</b>	<b>62</b>	<b>(35.2)</b>	<b>35.9</b>	<b>12.3</b>	<b>76.2</b>	<b>155.3</b>	<b>(50.9)</b>	<b>180</b>
<i>EBITDA margin (%)</i>	<i>7.2</i>	<i>9.6</i>		<i>7.3</i>		<i>7.3</i>	<i>10.4</i>		<i>7.3</i>
Depn & amort.	(6.0)	(6.7)	(11.6)	(6.5)	(8.8)	(12.5)	(13.0)	(3.7)	(27.5)
<b>EBIT</b>	<b>34.4</b>	<b>55.5</b>	<b>(38.1)</b>	<b>29.4</b>	<b>17.0</b>	<b>63.8</b>	<b>142.3</b>	<b>(55.2)</b>	<b>152</b>
Interest expense	(2.7)	(3.7)	(27.2)	(2.9)	(8.2)	(5.6)	(5.9)	(5.3)	(28.2)
Interest & invt inc	2.5	2.4	3.0	2.3	7.3	4.8	4.4	11.0	12.4
Associates	(6.6)	3.4	> 100	(9.3)	(28.8)	(16.0)	14.1	> 100	(30.0)
Exceptionals	0.8	(0.7)	> 100	(0.6)	> 100	0.2	(0.1)	> 100	-
<b>Pretax profit</b>	<b>28.4</b>	<b>57.1</b>	<b>(50.2)</b>	<b>18.9</b>	<b>49.9</b>	<b>47.3</b>	<b>154.8</b>	<b>(69.4)</b>	<b>106</b>
Tax	(10.1)	(14.3)	(29.4)	(8.3)	21.3	(18.5)	(36.7)	(49.7)	(26.6)
<i>Tax rate (%)</i>	<i>35.7</i>	<i>25.1</i>		<i>44.0</i>		<i>39.0</i>	<i>23.7</i>		<i>25.0</i>
Minority interests	(1.1)	(2.4)	(54.8)	(2.3)	(53.9)	(3.4)	(7.5)	(55.0)	(10.1)
<b>Net profit</b>	<b>17.2</b>	<b>40.3</b>	<b>(57.4)</b>	<b>8.3</b>	<b>&gt; 100</b>	<b>25.5</b>	<b>110.6</b>	<b>(77.0)</b>	<b>70</b>
<b>Core net profit</b>	<b>16.4</b>	<b>41.0</b>	<b>(60.0)</b>	<b>8.8</b>	<b>85.6</b>	<b>25.2</b>	<b>110.7</b>	<b>(77.2)</b>	<b>70</b>
EPS (sen)	1.5	3.5	(57.4)	0.7	> 100	2.2	9.5	(77.0)	6.1
Core EPS (sen)	1.4	3.5	(60.0)	0.8	85.5	2.2	9.5	(77.2)	6.1
Net DPS (sen)	1.3	10.0	(87.5)	0.8	66.7	2.0	13.5	(85.2)	4.5

Source: CIMB Securities, Company

**REDUCE** (no change)

Share price: Target price: ▶

RM0.71

RM0.50

**Consensus:** Buy:3 Hold:4 Reduce:7

#### Stock information

Bloomberg ticker	BAUTO MK
Refinitiv ticker	BERA.KL
Share price (RM)	0.71
Market cap (US\$m/RMm)	195/803
ADTV (RMm)	3.9
Free float (%)	61.1
Upside/(downside) (%)	(29.6)
CIMB/consensus TP (%)	(16.7)

Bermaz Auto distributes Mazda, Kia, XPeng, and Deepal vehicles with nationwide after-sales services.

#### Earnings forecast

	Apr-25A	Apr-26F	Apr-27F
Core net profit (RMm)	155.9	69.6	95.2
Core EPS (sen)	13.4	6.0	8.2
Core EPS growth (%)	(54.9)	(55.3)	36.7
FD core P/E (x)	5.3	11.8	8.6
Recurring ROE (%)	21.4	10.7	14.1
P/BV (x)	1.3	1.2	1.2
DPS (sen)	16.8	4.5	5.5
Dividend yield (%)	23.8	6.4	7.8

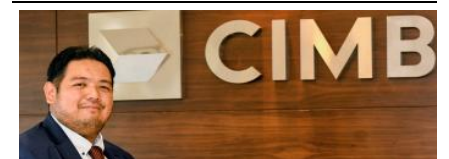
Source: CIMB Securities

#### Price performance

	1M	3M	12M
Absolute (%)	2.2	(25.4)	(64.5)
Relative (%)	10.4	0.9	(64.5)

Source: Bloomberg, CIMB Securities

#### Research analyst(s)



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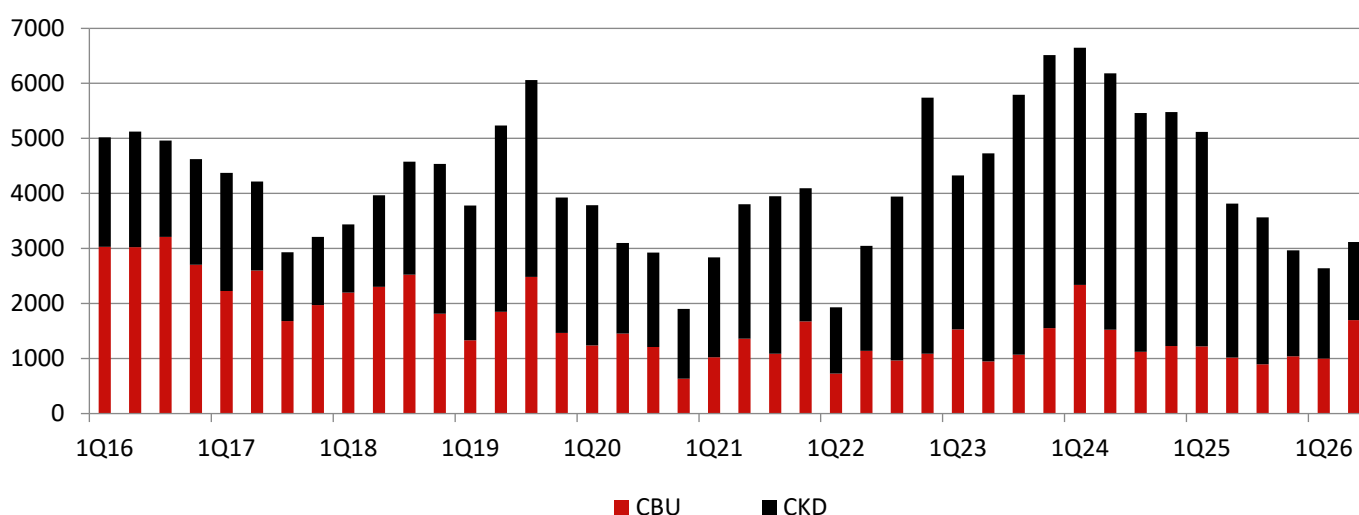
### Maintain Reduce with an unchanged RM0.50 TP

We maintain our earnings forecasts and reiterate our Reduce rating with an unchanged target price (TP) of RM0.50. Our valuation remains pegged to 5x CY27F P/E, which is 2 s.d. below its 10-year mean P/E of 13.4x. The TP also implies 0.9x FY26F P/BV. While BAuto expects sales to rebound to 17,000 units in FY4/27F (+15.6% YoY), supported by stronger Mazda, BAuto Philippines, and Xpeng volumes, we believe intensifying competition from aggressively priced Chinese brands will continue to pressure margins.

### Potential catalysts and risks

Potential de-rating catalysts include delays in new model launches, weaker-than-expected sales volume, softer consumer sentiment, and unfavourable forex movements. Potential upside risks to our Reduce call include acquisition of new EV marque distributorships, exciting new model launches, implementation of new localisation programmes, higher dividend payout, and strengthening of the MYR.

**Figure 2: Historical quarterly sales volumes for fully imported (CBU) and locally assembled (CKD) units**



Source: Company, CIMB Securities

**Figure 3: Bermaz Auto's 1-year forward P/E (x)**



Source: Company, Bloomberg, CIMB Securities

## Financial Information

**Figure 4: Profit and Loss**

(RMm)	Apr-24A	Apr-25A	Apr-26F	Apr-27F	Apr-28F
<b>Revenue</b>	<b>3,911</b>	<b>2,624</b>	<b>2,455</b>	<b>2,481</b>	<b>2,668</b>
Gross profit	693	383	315	330	362
<b>EBITDA</b>	<b>463</b>	<b>240</b>	<b>180</b>	<b>194</b>	<b>215</b>
Depreciation and amortisation	(27)	(27)	(28)	(28)	(28)
<b>EBIT</b>	<b>436</b>	<b>213</b>	<b>152</b>	<b>166</b>	<b>187</b>
Financial income	10	10	12	14	15
Financial expense	(7)	(12)	(28)	(29)	(29)
Income/(loss) from assoc.	45	14	(30)	(10)	10
Non-operating (expense) / Income	0	0	0	0	0
<b>Profit before tax (pre-EI)</b>	<b>484</b>	<b>224</b>	<b>106</b>	<b>140</b>	<b>183</b>
Exceptional items	nm	nm	nm	nm	nm
<b>Pre-tax profit</b>	<b>484</b>	<b>224</b>	<b>106</b>	<b>140</b>	<b>183</b>
Taxation	(111)	(56)	(27)	(35)	(46)
<b>Profit after tax</b>	<b>372</b>	<b>168</b>	<b>80</b>	<b>105</b>	<b>137</b>
Minority interests	(27)	(12)	(10)	(10)	(10)
<b>Net profit</b>	<b>346</b>	<b>156</b>	<b>70</b>	<b>95</b>	<b>127</b>
<b>Core net profit</b>	<b>346</b>	<b>156</b>	<b>70</b>	<b>95</b>	<b>127</b>
Core EPS (sen)	29.7	13.4	6.0	8.2	10.9

Source: CIMB Securities, Company

**Figure 5: Cash Flow**

(RMm)	Apr-24A	Apr-25A	Apr-26F	Apr-27F	Apr-28F
EBITDA	463	240	180	194	215
Cash flow from invt. & assoc.	nm	nm	nm	nm	nm
Change in working capital	nm	nm	nm	nm	nm
(Incr)/decr in total provisions	nm	nm	nm	nm	nm
Other non-cash (income)/expense	nm	nm	nm	nm	nm
Other operating cash flow	(128)	46	(43)	(50)	(38)
Net interest (paid)/received	0	0	0	0	0
Tax paid	(129)	(75)	(27)	(35)	(46)
<b>Cash flow from operations</b>	<b>206</b>	<b>211</b>	<b>110</b>	<b>109</b>	<b>132</b>
Capex	(14)	(10)	(15)	(15)	(15)
Disposals of FAs/subsidiaries	1	0	0	0	0
Acq. of subsidiaries/investments	(12)	0	0	0	0
Other investing cash flow	10	(10)	12	14	15
<b>Cash flow from investing</b>	<b>(15)</b>	<b>(20)</b>	<b>(3)</b>	<b>(1)</b>	<b>0</b>
Debt raised/(repaid)	(37)	163	0	0	0
Proceeds from issue of shares	0	0	0	0	0
Shares repurchased	nm	nm	nm	nm	nm
Dividends paid	(298)	(345)	(53)	(69)	(88)
Preferred dividends	nm	nm	nm	nm	nm
Other financing cash flow	(26)	(43)	(28)	(29)	(29)
<b>Cash flow from financing</b>	<b>(361)</b>	<b>(224)</b>	<b>(82)</b>	<b>(99)</b>	<b>(117)</b>
Total cash generated	(171)	(34)	26	9	15
<b>Free cash flow to equity</b>	<b>153</b>	<b>354</b>	<b>108</b>	<b>108</b>	<b>132</b>
<b>Free cash flow to firm</b>	<b>191</b>	<b>191</b>	<b>108</b>	<b>108</b>	<b>132</b>

Source: CIMB Securities, Company

## Financial Information

**Figure 6: Balance Sheet**

(RMm)	Apr-24A	Apr-25A	Apr-26F	Apr-27F	Apr-28F
Total cash and equivalents	365	433	497	551	600
Total debtors	224	210	196	198	213
Inventories	687	499	467	472	508
Total other current assets	2	15	15	15	15
<b>Total current assets</b>	<b>1,277</b>	<b>1,156</b>	<b>1,175</b>	<b>1,236</b>	<b>1,335</b>
Fixed assets	132	126	134	131	118
Total investments	361	284	254	244	254
Intangible assets	1	1	1	1	1
Total other non-current assets	0	15	15	15	15
<b>Total non-current assets</b>	<b>610</b>	<b>535</b>	<b>502</b>	<b>479</b>	<b>466</b>
Short-term debt	63	226	226	226	226
Current portion of long-term debt	nm	nm	nm	nm	nm
Total creditors	381	226	186	188	225
Other current liabilities	148	136	136	136	136
<b>Total current liabilities</b>	<b>591</b>	<b>588</b>	<b>548</b>	<b>550</b>	<b>587</b>
Total long-term debt	0	0	0	0	0
Hybrid debt - debt component	nm	nm	nm	nm	nm
Total other non-current liabilities	387	368	368	368	368
<b>Total non-current liabilities</b>	<b>387</b>	<b>368</b>	<b>368</b>	<b>368</b>	<b>368</b>
Total provisions	0	0	0	0	0
<b>Total liabilities</b>	<b>979</b>	<b>956</b>	<b>916</b>	<b>918</b>	<b>955</b>
Shareholders' equity	816	644	660	686	725
Minority interests	93	91	101	111	121
<b>Total equity</b>	<b>909</b>	<b>735</b>	<b>761</b>	<b>797</b>	<b>846</b>

Source: CIMB Securities, Company

**Figure 7: Key Ratios**

	Apr-24A	Apr-25A	Apr-26F	Apr-27F	Apr-28F
Revenue growth (%)	10.5	(32.9)	(6.4)	1.1	7.5
EBITDA growth (%)	15.6	(48.2)	(25.1)	8.0	11.0
EBITDA margin (%)	11.8	9.1	7.3	7.8	8.1
Net cash per share (sen)	26.0	17.8	23.3	28.0	32.2
BVPS (RM)	0.7	0.6	0.6	0.6	0.6
Net interest cover (x)	(142.6)	83.6	9.6	10.7	13.0
Effective tax rate (%)	23.0	25.2	25.0	25.0	25.0
Net dividend payout ratio (%)	87.5	125.0	75.2	67.2	64.3
Accounts receivables days	20.1	30.2	30.2	29.0	28.2
Inventory days	67.5	96.8	82.4	79.7	77.5
Accounts payables days	42.0	49.6	35.2	31.8	32.7
ROIC (%)	82.0	34.2	25.0	27.7	31.6
ROCE (%)	46.7	23.0	16.9	17.9	19.3
Return on average assets (%)	18.8	8.7	4.1	5.6	7.2

Source: CIMB Securities, Company

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<i>Hold</i>	The stock's total return is expected to be between 0% and positive 10% over the next twelve (12) months.
<i>Reduce</i>	The stock's total return is expected to fall below 0% or more over the next twelve (12) months.
	Note: The total expected return of a stock is defined as the sum of: the percentage difference between the target price and the current price; and the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months.
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