

13 Jun 2025

Hold**Price**

RM0.93

Target Price

RM0.80 (from RM1.10)

Market Data

Bloomberg Code	BAUTO MK
No. of shares (m)	1,162.2
Market cap (RMm)	1,108.8
52-week high/low (RM)	2.50 / 0.93
Avg daily turnover (RMm)	2.6
KLCI (pts)	1,526.6

Source: Bloomberg, CIMB Securities

Major Shareholder (%)

Dynamic Milestone	14.8%
EPF	13.3%
PNB	11.2%
Free Float	60.7

Source: Bloomberg, CIMB Securities

Performance

Source: Bloomberg, CIMB Securities

Bermaz Auto

Earnings in reverse

Bermaz Auto (BAuto)'s FY4/25 results fell short of expectations, coming in at 95% of our and 94% of consensus estimates owing to lower-than-expected share of profit from associates in 4QFY25. Core net profit dropped 12.5% QoQ and 55.3% YoY in 4QFY25 and FY25, respectively, owing to weaker-than-expected Mazda and Kia sales volumes. We cut our FY26–27F EPS forecasts by 21–29% to reflect lower share of profit from associates amid rising competition from Chinese marques. We maintain our Hold rating on the stock with a lower TP of RM0.80, still based on a 7x CY26F P/E. Despite near-term challenges, Bermaz still offers attractive FY26–27F yields of 9.7–10.2%, backed by a healthy net cash position of RM207m (RM0.18/share).

Financial highlights

FYE Apr	2024	2025	2026F	2027F	2028F
Revenue (RMm)	3,911	2,624	2,773	2,799	2,951
Core net profit (RMm)	345.6	155.9	135.0	132.8	143.3
Core EPS (Sen)	29.7	13.4	11.6	11.4	12.3
EPS growth (%)	13.0	(54.9)	(13.4)	(1.6)	7.9
DPS (Sen)	26.0	16.8	9.0	9.5	10.0
Core PE (x)	3.1	6.9	8.0	8.1	7.5
Div yield (%)	28.0	18.0	9.7	10.2	10.8
ROE (%)	43.7	21.4	18.1	15.6	16.5
Net Gearing (%)		Net Cash	Net Cash	Net Cash	Net Cash
PBV(x)		1.3	1.7	1.3	1.3
					1.2

Source: Company, CIMB Securities

4QFY25 core EPS fell 12.5% QoQ on higher tax and Inokom losses

BAuto's 4QFY4/25 core net profit fell 12.5% QoQ, primarily owing to (i) lower share of profit from associates following losses at its 29%-owned Inokom, and (ii) higher-than-expected tax expenses, with an effective tax rate of 32.2% (vs. 24.7% in 3QFY25). Inokom registered a RM2.4m loss after tax in 4QFY25, compared with a RM1.4m profit after tax in the preceding quarter. The group attributed the decline to lower capacity utilisation due to a 33% QoQ drop in vehicle assembly volume to 5,599 units (vs. 8,353 units in 3QFY25). Meanwhile, 4QFY25 revenue also declined by 12.3% QoQ, mainly owing to a decline in Mazda sales volume in Malaysia to 1,951 units, following consecutive record quarterly sales since 3QFY25. We attribute this decline to intensifying competition from Chinese OEMs such as BYD and Chery, which are gaining market share at the expense of Japanese marques in Malaysia. Despite this, BAuto declared a 1.5 sen DPS, representing an 82% dividend payout for the quarter. This brings total dividend declared for FY25 to 16.75 sen per share, below our expectation of 18 sen.

FY25 revenue and core net profit fell 33% and 55% YoY, respectively

BAuto's revenue for FY4/25 dropped by 33% YoY, driven by lower sales volumes in Malaysia and the Philippines. Total sales volume dropped 35% YoY to 15,466 units. The group attributed the weaker sales performance in Malaysia to increasing competition from other distributors and a slowdown in new order replenishment. Additionally, the group's share of profit from associates fell by 72% YoY in FY25, primarily owing to lower sales volumes from Mazda Malaysia and lower assembled volume at Inokom. The group also incurred higher employee share option scheme (ESOS) expenses of RM6.6m in FY25, compared with RM1.6m in FY24. As a result, core net profit declined by 55% YoY to RM157m in FY25.

Challenging times ahead; EPS estimates reduced 21–29%

We are revising our FY26–27F net profit forecasts downwards by 21–29% to reflect a lower share of profit from associates and narrowing margin from lower sales volume forecast. We now project Mazda sales volume to grow at a low single-digit rate of 5% YoY to 12,000 units in FY26F, driven by the upcoming launch of CX60 and CX-80 in 2H25F. However, the rebound could come at the expense of margins owing to increasing competition for its flagship CX-5 and CX-30 models in the RM100,000–200,000 segment.

Analyst

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Meanwhile, the group delivered 824 units of the XPeng G6 and X9 EV models in the first eight months of FY4/25. We expect to see stronger contribution from XPeng in FY4/26F, driven by full-year contribution and potential new launches. We estimate XPeng could contribute between RM15m and RM20m to the group's pre-tax profit in FY26F. Beyond XPeng, BA Auto is also looking to launch three new EV models under Deepal marques in 2HCY25F: the Deepal S07, S05, and E07.

Maintain Hold with a lower TP of RM0.80

The stock has fallen by 42% YTD owing to a weaker earnings outlook amid intensifying competition in the premium segment. We await better earnings visibility and greater clarity on the Malaysian government's policy regarding tax exemption for fully imported EVs beyond 2025.

In the meantime, we maintain our Hold rating with a lower target price (TP) of RM0.80, still based on a 7x CY26F P/E. Our valuation is now pegged at 1.5 s.d. below its 10-year mean P/E of 12.9x to reflect the group's challenging recovery outlook. This also represents a 45% discount to its historical mean P/E.

Despite the near-term headwinds, BA Auto still offers attractive FY26–27F dividend yields of 9.7–10.2%, based on an average payout ratio of 80%, in line with its historical mean.

Potential catalysts and risks

Potential re-rating catalysts include acquisition of new EV marque distributorships, implementation of new localisation programmes, higher dividend payout, and strengthening of the MYR. Key risks to our Hold call include delays in new model launches, weaker-than-expected sales, deterioration in consumer sentiment following RON95 petrol subsidy removal, lower dividend payout, and unfavourable forex movements.

Exhibit 1: Results comparison

FYE Apr (RM m)	4QFY25	4QFY24	yoY % chg	3QFY25	qoq % chg	4QFY25 Cum	4QFY24 Cum	yoY % chg	Prev. FY25F
Revenue	529	938	(43.6)	603	(12.3)	2,625	3,930	(33.2)	2,624
Operating costs	(486)	(821)	(40.8)	(560)	(13.3)	(2,386)	(3,468)	(31.2)	(2,384)
EBITDA	42.8	117	(63.4)	42.6	0.5	238.3	462.5	(48.5)	240
<i>EBITDA margin (%)</i>	<i>8.1</i>	<i>12.5</i>		<i>7.1</i>		<i>9.1</i>	<i>11.8</i>		<i>9.1</i>
Depn & amort.	(7.1)	(6.6)	6.9	(7.1)	(0.2)	(27.1)	(26.8)	1.1	(27.1)
EBIT	35.7	110.2	(67.6)	35.5	0.6	211.1	435.7	(51.5)	213
Interest expense	(3.4)	(1.7)	96.9	(3.1)	9.8	(10.0)	(7.3)	36.1	(12.3)
Interest & invt inc	2.9	2.1	39.8	2.6	11.8	9.8	10.5	(6.4)	9.8
Associates	(0.3)	19.6	> 00	0.3	> 100	14.1	50.0	(71.8)	14.1
Exceptionals	(0.3)	0.5	> 100	(0.4)	(31.3)	(0.8)	0.2	> 100	-
Pretax profit	34.6	130.6	(73.5)	34.8	(0.6)	224.3	489.1	(54.1)	224
Tax	(11.2)	(31.0)	(64.0)	(8.6)	29.7	(56.5)	(111.4)	(49.3)	(56.5)
<i>Tax rate (%)</i>	<i>32.2</i>	<i>23.7</i>		<i>24.7</i>		<i>25.2</i>	<i>22.8</i>		<i>25.2</i>
Minority interests	(2.3)	(9.4)	(75.8)	(2.1)	8.9	(11.9)	(26.7)	(55.5)	(11.9)
Net profit	21.2	90.2	(76.5)	24.1	(12.2)	155.9	351.0	(55.6)	156
Core net profit	21.5	89.8	(76.1)	24.6	(12.5)	156.7	350.8	(55.3)	156
EPS (sen)	1.8	7.8	(76.5)	2.1	(12.3)	13.4	30.2	(55.6)	13.6
Core EPS (sen)	1.8	7.7	(76.1)	2.1	(12.6)	13.5	30.2	(55.3)	13.6
Net DPS (sen)	1.5	11.8	(87.2)	3.5	(57.1)	16.8	26.0	(35.6)	18.0

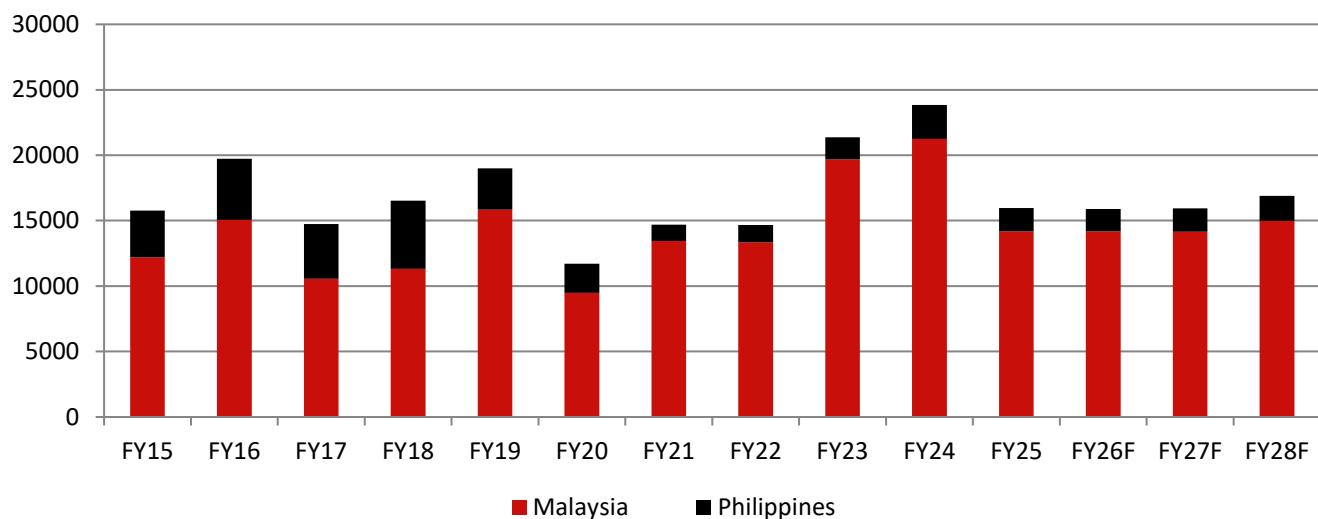
Source: Company, CIMB Securities

Exhibit 2: Earnings revision

FYE Apr (RM m)	Previous earnings forecast			Revised earnings forecast			Changes (%)		
	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Turnover	3,031	3,323	na	2,773	2,799	2,951	-8.5%	-15.8%	na
EBITDA	253	272	na	229	223	232	-9.6%	-18.0%	na
EBIT	226	244	na	202	195	204	-10.7%	-20.0%	na
Pretax profit	248	273	na	195	193	208	-21.5%	-29.4%	na
Net profit	171	188	na	135	133	143	-20.9%	-29.3%	na
EPS (sen)	14.7	16.2	na	11.6	11.4	12.3	-20.9%	-29.3%	na

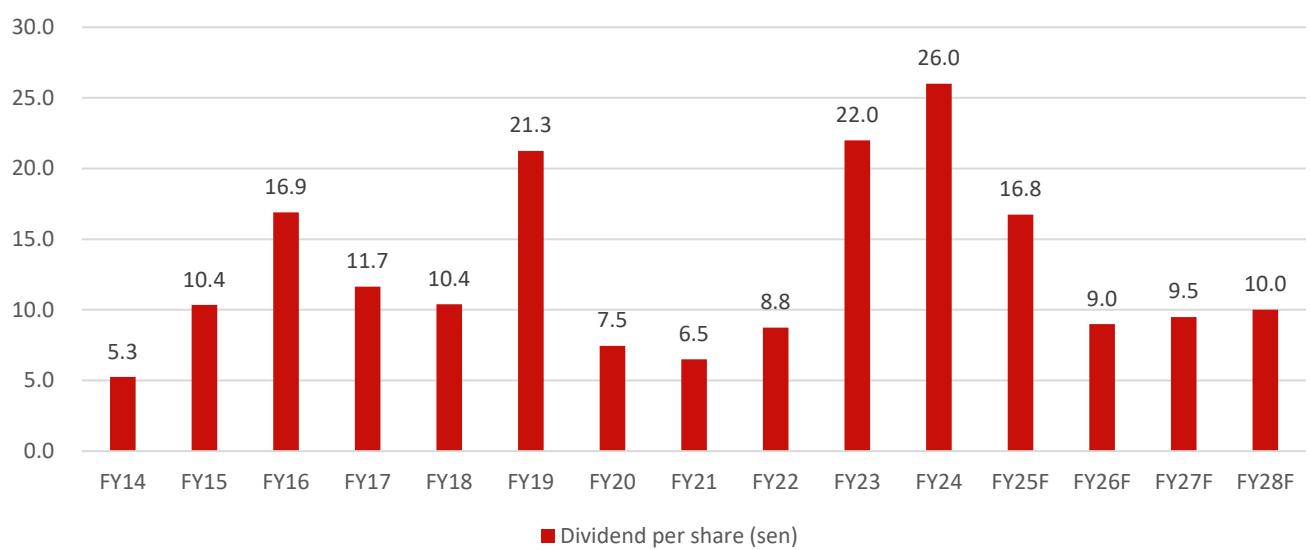
Source: Company, CIMB Securities

Exhibit 3: Historical annual and FY26–28F sales volume forecast



Source: Company, CIMB Securities

Exhibit 4: Historical annual and FY26–28F dividend per share (DPS) forecast



Source: Company, CIMB Securities

Bermaz Auto

Income Statement					
FYE Apr (RMm)	2024	2025	2026F	2027F	2028F
Revenue	3,911.0	2,623.8	2,773.4	2,798.8	2,951.0
EBITDA	462.9	239.9	229.0	222.8	232.4
Depreciation/Amortisation	(26.8)	(27.1)	(27.5)	(27.9)	(28.3)
Operating income (EBIT)	436.0	212.7	201.5	194.9	204.1
Other income & associates	44.6	14.1	10.0	15.0	20.0
Net interest	3.1	(2.5)	(16.5)	(17.1)	(16.6)
Exceptional items	0.0	0.0	0.0	0.0	0.0
Pretax profit	483.7	224.3	195.0	192.8	207.5
Taxation	(111.4)	(56.5)	(48.7)	(48.2)	(51.9)
Minorities/pref dividends	(26.7)	(11.9)	(11.3)	(11.8)	(12.4)
Net profit	345.6	155.9	135.0	132.8	143.3
Core net profit	345.6	155.9	135.0	132.8	143.3
Balance Sheet					
FYE Apr (RMm)	2024	2025	2026F	2027F	2028F
Fixed assets	48.0	45.6	113.9	101.0	87.7
Intangible assets	0.5	0.5	0.5	0.5	0.5
Other long-term assets	561.2	488.7	447.9	492.9	511.0
Total non-current assets	609.7	534.8	562.3	594.4	599.3
Cash & equivalent	364.8	432.8	466.5	487.6	509.8
Stock	686.8	499.1	527.5	532.4	561.3
Trade debtors	223.7	209.8	271.7	274.2	289.1
Other current assets	2.1	14.5	14.5	14.5	14.5
Total current assets	1,277.5	1,156.2	1,280.3	1,308.6	1,374.7
Trade creditors	381.0	225.9	188.8	204.2	215.3
Short-term borrowings	62.5	225.6	225.6	225.6	225.6
Other current liabilities	147.9	136.4	136.4	136.4	136.4
Total current liabilities	591.3	587.9	550.7	566.2	577.3
Long-term borrowings	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	387.2	367.9	345.0	365.0	395.0
Total long-term liabilities	387.2	367.9	345.0	365.0	395.0
Shareholders' funds	815.8	644.4	844.8	857.9	875.4
Minority interests	92.9	90.8	102.1	113.9	126.3
Cash flow Statement					
FYE Apr (RMm)	2024	2025	2026F	2027F	2028F
Pretax profit	483.7	224.3	195.0	192.8	207.5
Depreciation/Amortisation	26.8	27.1	27.5	27.9	28.3
Net change in working capital	0.0	0.0	0.0	0.0	0.0
Others	(308.3)	(25.4)	(44.0)	(47.9)	(56.1)
Cash flow from operations	202.2	226.1	178.5	172.8	179.7
Capital expenditure	0.9	0.2	0.0	0.0	0.0
Net investments & sale of fixed assets	(11.0)	(19.8)	0.0	0.0	0.0
Others	(4.9)	89.3	(3.3)	(2.8)	(2.3)
Cash flow from investing	(15.0)	69.7	(3.3)	(2.8)	(2.3)
Debt raised/(repaid)	(37.5)	163.1	0.0	0.0	0.0
Equity raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Dividends paid	(297.7)	(344.8)	(113.3)	(119.6)	(125.9)
Others	(26.2)	(42.8)	(28.2)	(29.3)	(29.3)
Cash flow from financing	(361.4)	(224.5)	(141.5)	(148.9)	(155.2)
Net cash flow	(174.2)	71.3	33.7	21.1	22.3
Cash b/f	537.5	364.8	432.8	466.5	487.5
Cash c/f	364.8	432.8	466.5	487.5	509.8
Key Ratios					
FYE Apr	2024	2025	2026F	2027F	2028F
Revenue growth (%)	10.5	(32.9)	5.7	0.9	5.4
EBITDA growth (%)	15.6	(48.2)	(4.5)	(2.7)	4.3
Pretax margins (%)	12.4	8.5	7.0	6.9	7.0
Net profit margins (%)	8.8	5.9	4.9	4.7	4.9
Interest cover (x)	nm	nm	83.6	12.2	11.4
Effective tax rate (%)	24.6	25.4	24.0	25.0	25.0
Net dividend payout (%)	87.4	124.9	77.5	83.2	81.1
Debtors turnover (days)	19.1	20.1	30.1	31.7	35.6
Stock turnover (days)	37.1	55.6	82.5	67.6	69.1
Creditors turnover (days)	32.6	34.6	42.2	27.3	25.6

Source: Bloomberg, CIMB Securities

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