

13 Mar 2025

Hold**Price**

RM1.04

Target Price

RM1.10 (from RM2.10)

Market Data

Bloomberg Code	BAUTO MK
No. of shares (m)	1,162.2
Market cap (RMm)	1,219.8
52-week high/low (RM)	2.50 / 0.99
Avg daily turnover (RMm)	7.3
KLCI (pts)	1,484.8

Source: Bloomberg, CIMB Securities

Major Shareholder (%)

Dynamic Milestone	15.2%
EPF	13.3%
PNB	11.2%
Free Float	60.3

Source: Bloomberg, CIMB Securities

Performance

Source: Bloomberg, CIMB Securities

Analyst
Mohd Shanaz Noor Azam
 03 21710225
 shanaz.azam@cimb.com

Bermaz Auto

Competition shifts into high gear

Bermaz Auto (BAuto)'s 9MFY4/25 results fell short of expectations, coming in at 61% of both our and consensus estimates. Core net profit dropped 40% QoQ and 48% YoY in 3QFY25 and 9MFY25, respectively, owing to weaker-than-expected Mazda and Kia sales volumes. We cut our FY25–27F EPS forecasts by 26–37% to reflect a wider decline in BAuto's sales volume amid rising competition and lack of exciting new launches for Mazda Malaysia. We maintain our Hold rating on the stock with a lower TP of RM1.10, based on a lower 7x CY26F P/E. Despite near-term challenges, Bermaz still offers attractive 8.7–9.6% FY26–27F yields, backed by a healthy net cash position of RM245m.

Financial highlights

FYE Apr	2023	2024	2025F	2026F	2027F
Revenue (RMm)	3,541	3,940	2,685	3,031	3,323
Core net profit (RMm)	305.8	351.0	164.9	170.7	187.9
Core EPS (Sen)	26.3	30.2	14.2	14.7	16.2
EPS growth (%)	97.2	14.8	(53.0)	3.5	10.1
DPS (Sen)	22.0	26.0	18.0	9.0	10.0
Core PE (x)	4.0	3.4	7.3	7.1	6.4
Div yield (%)	21.2	25.0	17.3	8.7	9.6
ROE (%)	43.7	44.3	20.1	20.1	20.7
Net Gearing (%)		Net Cash	Net Cash	Net Cash	Net Cash
PBV(x)		1.6	1.5	1.5	1.4
					1.3

Source: Company, CIMB Securities

3QFY25 core net profit declined 40% QoQ as Mazda sales volume hits 14-quarter low

BAuto's 3QFY4/25 core net profit declined by 40% QoQ, primarily owing to a 12% QoQ drop in Mazda sales volume in Malaysia to 2,658 units — its lowest quarterly sales in 3.5 years. 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. Meanwhile, the group was further impacted by Kia's underwhelming performance, despite the launch of the locally assembled Kia Sportage in Dec 2025; only 88 units of the Kia Sportage were sold during the quarter. Despite weaker earnings, BA Auto declared a 1.75 sen DPS, representing an 84% dividend payout for the quarter. This brings total dividend declared for 9MFY25 to 15.25 sen per share (vs 14.25 sen per share in 9MFY24).

9MFY25 revenue and core net profit fell 30% and 48% YoY, respectively

BAuto's revenue for 9MFY4/25 declined by 30% YoY, driven by lower sales volumes in Malaysia and the Philippines. Total sales volume dropped 32% YoY to 12,497 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 profits from associates fell by 53% YoY in 9MFY25, 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 RM5.3m in 9MFY25, compared with RM0.3m in 9MFY24. As a result, core net profit declined by 48% YoY to RM135m in 9MFY25.

Challenging road to recovery; revising down FY25–27F EPS forecasts by 26–37%

We are revising our FY25–27F net profit forecasts downwards by 26–37% to reflect a lower sales volume assumption and narrowing margin. We now project Mazda sales volume in Malaysia to decline by 30% YoY to 13,000 units in FY25F, and then to rebound to 13,700 units in FY4/26F driven by upcoming launch of CX60 and CX-80 in 2HCY25F. 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. Meanwhile, the group delivered 341 units of the XPeng G6 EV in 3QFY4/25 (vs. 156 units in 2QFY25). The group recently launched the new XPeng X9 MPV in early Mar 2025. We understand the group has collectively secured at least 300 bookings for these two models, and sales remains on track

to meet the FY4/25F target. Beyond XPeng, BAuto is also looking to launch three new EV models under Deepal marques in 2HCY25F — the Deepal S07, S05, and E07.

Awaiting better earnings visibility; retain Hold with a lower TP of RM1.10

The stock has fallen by 47% over the past three months owing to a weaker earnings outlook amid intensifying competition in the premium segment. We await better earnings visibility and greater clarity on the government's policy regarding tax exemption for fully imported EVs beyond 2025.

In the meantime, we see a balanced risk-reward profile for the stock. As such, we maintain our Hold rating with a lower target price (TP) of RM1.10, based on a lower 7x CY26F P/E (vs. 8.8x previously). Our valuation is now pegged at 1.5 s.d. below its 10-year mean P/E of 12.8x (vs. 1 s.d. previously) to reflect the group's challenging recovery outlook. This also implies a 45% discount to its historical mean P/E.

Despite the near-term headwinds, BAuto still offers attractive FY26–27F dividend yields of 9–10%, based on an average payout ratio of 62%, which is below its historical mean of 80%.

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 a delay 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)	3QFY25	3QFY24	yoY % chg	2QFY25	qoq % chg	3QFY25 Cum	3QFY24 Cum	yoY % chg	Prev. FY25F
Revenue	603	897	(32.8)	647	(6.8)	2,096	2,993	(30.0)	3,433
Operating costs	(560)	(804)	(30.3)	(586)	(4.4)	(1,900)	(2,647)	(28.2)	(3,121)
EBITDA	42.6	92.4	(53.9)	61.0	(30.2)	195.5	345.7	(43.5)	313
<i>EBITDA margin (%)</i>	<i>7.1</i>	<i>10.3</i>		<i>9.4</i>		<i>9.3</i>	<i>11.6</i>		<i>9.1</i>
Depn & amort.	(7.1)	(6.8)	4.9	(6.7)	5.2	(20.1)	(20.2)	(0.8)	(27.9)
EBIT	35.5	85.6	(58.5)	54.3	(34.6)	175.4	325.5	(46.1)	285
Interest expense	(3.1)	(1.8)	71.4	(2.4)	28.2	(6.6)	(5.6)	17.3	(6.3)
Interest & invt inc	2.6	2.3	10.1	2.4	6.1	6.9	8.4	(17.7)	10.2
Associates	0.3	7.5	(96.5)	3.4	(92.2)	14.4	30.5	(52.7)	35.0
Exceptionals	(0.4)	1.5	> 100	(0.7)	(37.6)	(0.5)	(0.2)	> 100	-
Pretax profit	34.8	95.1	(63.4)	57.1	(38.9)	189.7	358.6	(47.1)	324
Tax	(8.6)	(20.5)	(58.1)	(14.3)	(40.0)	(45.3)	(80.4)	(43.6)	(82.2)
<i>Tax rate (%)</i>	<i>24.7</i>	<i>21.6</i>		<i>25.1</i>		<i>23.9</i>	<i>22.4</i>		<i>25.4</i>
Minority interests	(2.1)	(4.0)	(48.2)	(2.4)	(11.8)	(9.6)	(17.3)	(44.6)	(19.4)
Net profit	24.1	70.5	(65.8)	40.3	(40.2)	134.7	260.8	(48.4)	222
Core net profit	24.6	69.0	(64.4)	41.0	(40.1)	135.2	261.0	(48.2)	222
EPS (sen)	2.1	6.1	(65.8)	3.5	(40.2)	11.6	22.5	(48.4)	19.4
Core EPS (sen)	2.1	5.9	(64.4)	3.5	(40.2)	11.6	22.5	(48.2)	19.4
Net DPS (sen)	1.8	4.3	(59.3)	10.0	(82.5)	15.3	14.3	7.0	22.0

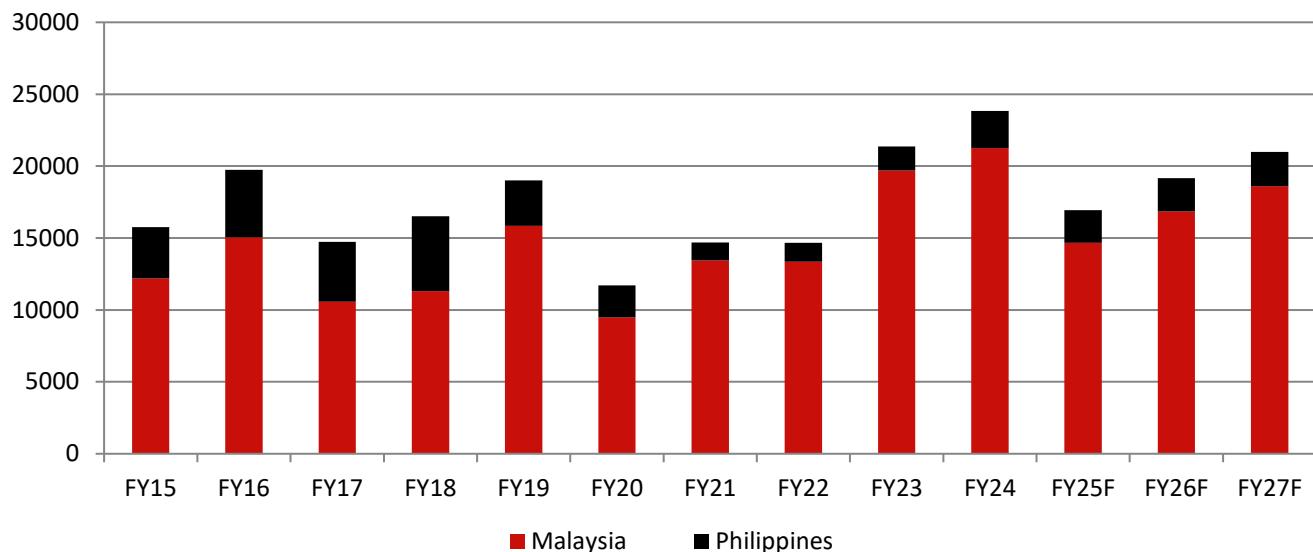
Source: Company, CIMB Securities

Exhibit 2: Earnings revision

FYE Apr (RM m)	Previous earnings forecast			Revised earnings forecast			Changes (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Turnover	3,433	3,781	4,048	2,685	3,031	3,323	-21.8%	-19.8%	-17.9%
EBITDA	313	360	419	236	253	272	-24.5%	-29.5%	-35.1%
EBIT	285	332	391	208	226	244	-26.9%	-32.0%	-37.7%
Pretax profit	324	375	440	234	248	273	-27.8%	-33.8%	-38.0%
Net profit	222	255	298	165	171	188	-25.8%	-33.1%	-37.0%
EPS (sen)	19	22	26	14	15	16	-25.8%	-33.1%	-37.0%

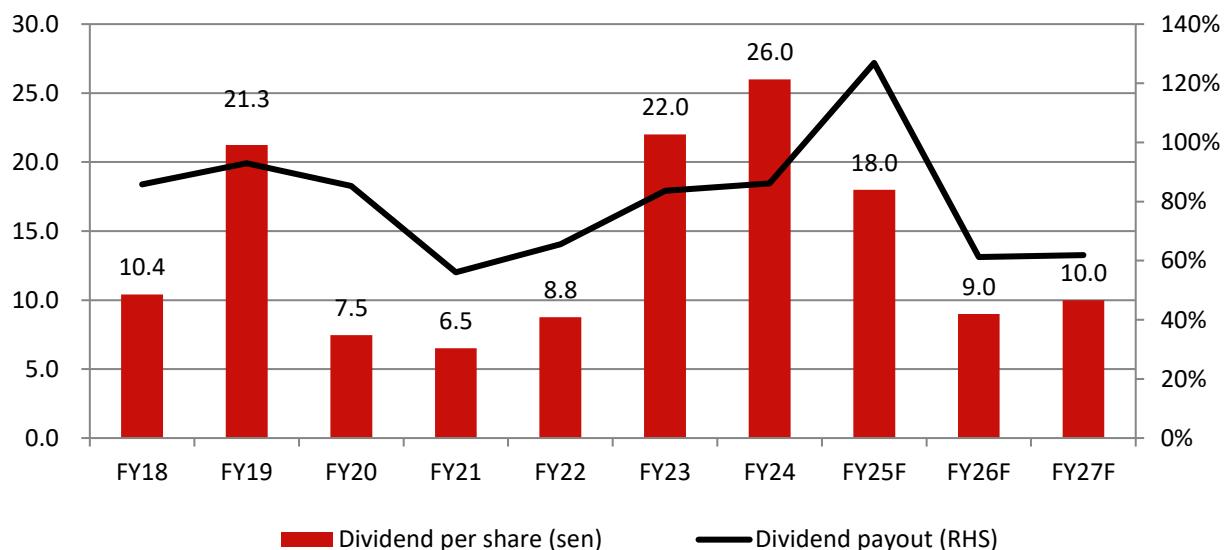
Source: Company, CIMB Securities

Exhibit 3: Historical annual and FY25–27F sales volume forecast



Source: Company, CIMB Securities

Exhibit 4: Historical annual and FY25–27F dividend forecast



Source: Company, CIMB Securities

Exhibit 5: BAuto's 1-year forward P/E (x)



Source: Company, CIMB Securities

Bermaz Auto

Income Statement

FYE Apr (RMm)	2023	2024	2025F	2026F	2027F
Revenue	3,540.6	3,940.3	2,684.9	3,030.5	3,322.8
EBITDA	400.3	463.0	235.9	253.5	271.8
Depreciation/Amortisation	(23.4)	(26.8)	(27.9)	(27.9)	(28.1)
Operating income (EBIT)	376.8	436.2	208.1	225.6	243.8
Other income & associates	41.1	50.0	25.0	20.0	25.0
Net interest	5.4	3.0	0.8	2.8	4.2
Exceptional items	0.0	0.0	0.0	0.0	0.0
Pretax profit	423.3	489.1	233.9	248.3	273.0
Taxation	(94.0)	(111.4)	(56.1)	(62.1)	(68.2)
Minorities/pref dividends	(23.5)	(26.7)	(12.9)	(15.5)	(16.8)
Net profit	305.8	351.0	164.9	170.7	187.9
Core net profit	305.8	351.0	164.9	170.7	187.9

Balance Sheet

FYE Apr (RMm)	2023	2024	2025F	2026F	2027F
Fixed assets	44.6	41.3	118.8	105.9	92.8
Intangible assets	0.5	0.5	0.5	0.5	0.5
Other long-term assets	493.4	568.1	686.8	720.7	734.4
Total non-current assets	538.5	609.9	806.1	827.1	827.7
Cash & equivalent	537.6	364.8	356.4	422.9	493.2
Stock	503.9	687.1	468.2	528.4	579.4
Trade debtors	207.8	196.5	133.9	151.1	165.7
Other current assets	0.3	3.5	3.5	3.5	3.5
Total current assets	1,249.6	1,251.9	961.9	1,106.0	1,241.8
Trade creditors	360.1	350.9	239.1	269.9	295.9
Short-term borrowings	99.9	62.5	62.5	62.5	62.5
Other current liabilities	142.8	147.0	153.8	160.6	167.4
Total current liabilities	602.9	560.4	455.4	493.0	525.8
Long-term borrowings	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	343.7	387.3	387.3	441.2	465.3
Total long-term liabilities	343.7	387.3	387.3	441.2	465.3
Shareholders' funds	764.9	821.2	819.6	877.6	940.4
Minority interests	76.6	92.9	105.7	121.3	138.1

Cash flow Statement

FYE Apr (RMm)	2023	2024	2025F	2026F	2027F
Pretax profit	423.3	489.1	233.9	248.3	273.0
Depreciation/Amortisation	23.4	26.8	27.9	27.9	28.1
Net change in working capital	0.0	0.0	0.0	0.0	0.0
Others	(333.6)	(320.4)	(85.0)	(84.7)	(94.7)
Cash flow from operations	113.2	195.5	176.7	191.5	206.3
Capital expenditure	0.5	0.9	0.0	0.0	0.0
Net investments & sale of fixed assets	0.5	(12.0)	0.0	0.0	0.0
Others	1.7	2.8	(11.1)	(4.4)	(2.7)
Cash flow from investing	2.7	(8.3)	(11.1)	(4.4)	(2.7)
Debt raised/(repaid)	(100.0)	(37.5)	0.0	0.0	0.0
Equity raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Dividends paid	(154.0)	(297.7)	(166.0)	(112.7)	(125.2)
Others	(14.6)	(26.2)	(8.1)	(7.8)	(8.1)
Cash flow from financing	(268.7)	(361.4)	(174.1)	(120.5)	(133.4)
Net cash flow	(152.8)	(174.1)	(8.5)	66.6	70.3
Cash b/f	694.3	537.5	364.8	356.3	422.9
Cash c/f	537.5	364.8	356.3	422.9	493.1

Key Ratios

FYE Apr	2023	2024	2025F	2026F	2027F
Revenue growth (%)	52.4	11.3	(31.9)	12.9	9.6
EBITDA growth (%)	78.6	15.7	(49.0)	7.4	7.2
Pretax margins (%)	12.0	12.4	8.7	8.2	8.2
Net profit margins (%)	8.6	8.9	6.1	5.6	5.7
Interest cover (x)	50.2	nm	nm	nm	nm
Effective tax rate (%)	29.9	24.6	25.4	24.0	25.0
Net dividend payout (%)	83.6	86.1	126.9	61.3	61.8
Debtors turnover (days)	24.5	19.1	18.7	22.5	17.2
Stock turnover (days)	38.8	37.1	55.2	78.5	60.0
Creditors turnover (days)	40.9	32.6	32.9	40.1	30.7

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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Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
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