Bermaz Auto

Recovery shifting into gear

- 9MFY26 results beat expectations at 82%/78% of our/consensus forecasts, driven by higher-than-expected 3QFY26 core net profit (+94% QoQ) and OP margins.
- 4QFY26F sales volume expected to remain resilient, supported by a healthy Mazda 3 order backlog and favourable forex tailwinds. FY26–29F EPS estimates raised 2–15%.
- Upgrade to Hold with a higher TP of RM0.90, based on a higher 8.6x P/E (1 s.d. below mean, vs. 2 s.d. below previously), underpinned by improving earnings visibility and a supportive CY26F dividend yield of 7.5%.

3QFY4/26 core net profit surged 94% QoQ on higher Mazda and XPeng sales volumes

Bermaz Auto (BAuto)'s 3QFY26 revenue rose 22.8% QoQ, driven by stronger sales volumes across Mazda (Mazda 3, CX-5, and BT-50) and XPeng (G6 and X9) models. The group sold 1,357 units of Mazda 3 in 3QFY26 (vs. 473 units in 2QFY26), accounting for 44% of total Mazda sales volume in Malaysia during the quarter. In addition, the group benefitted from a surge in EV demand ahead of the expiry of the completely built-up (CBU) EV tax exemption at end-Dec 2025. XPeng recorded a 30% QoQ increase in sales volume in 3QFY26, further supporting top-line growth. Operating profit (OP) margin more than doubled to 10.4% in 3QFY26 (from 5.1% in 2QFY26), the highest in seven quarters.

Nevertheless, the group incurred wider losses from associates, mainly due to a higher share of losses from Kia Malaysia Sdn Bhd driven by retroactive charges stemming from lower-than-expected completely knocked-down (CKD) production volumes. Moreover, the group recorded higher tax expenses (up 2.1x QoQ), mainly arising from RM6.1m in deferred tax expenses during the quarter. Despite these challenges, BAuto posted a strong 94% QoQ jump in 3QFY26 core net profit to RM31.8m. The group also declared a 1.75 sen DPS, bringing 9MFY26 DPS to 3.75 sen, ahead of our expectations.

Narrowing 9MFY4/26 revenue and core net profit decline (vs 1HFY26)

The group reported a narrower decline in both revenue and core net profit in 9MFY26, with revenue down 17% YoY (vs. -30% YoY in 1HFY26) and core net profit falling 58% YoY (vs. -77% YoY in 1HFY26). This improvement was mainly driven by stronger contributions in 3QFY26, underpinned by a rebound in Malaysian operations. 9MFY26 revenue declined 17% YoY as sales volumes fell in Malaysia (-20.7% YoY) and the Philippines (-13.0% YoY), resulting in a 19.9% YoY drop in total group sales to 10,016 units.

The weaker performance was largely attributable to end-of-lifecycle Mazda and Kia models, as well as intensified competition from aggressively priced Chinese brands. XPeng provided some offset, contributing 14% of BAuto's Malaysian sales volume in 9MFY26. Nevertheless, BAuto's core net profit declined 58% YoY to RM57.1m.

EPS forecasts raised 1.7–15.4%; healthy order backlog to support 4QFY26F sales volume

We have raised our FY26–28F EPS estimates by 1.7–15.4% to reflect improved demand visibility and margin delivery, partly driven by favourable forex movements and better cost control. BAuto's order backlog stood at 3,800 units as at end-Feb 2026 (vs. 3,500 units in early Dec 2025), providing good sales visibility into 4QFY26F.

The group continues to see healthy demand for the new Mazda 3 (1.5L), which accounts for approximately 65% of the total order backlog. Meanwhile, BAuto indicated that it has sufficient inventory for XPeng models to cover 1HCY26F demand, having secured sizeable stocks ahead of the expiry of the CBU EV tax exemption.

Looking ahead, XPeng's local assembly programme is scheduled to commence in mid-CY2026, while the next-generation CX-5 is expected to be launched in 2HCY26F. Separately, we expect minimal near-term impact from higher crude oil prices, as the government continues the BUDI95 petrol subsidy programme to help contain inflationary pressures on consumers. Overall, we forecast BAuto's sales volume to decline by 10% to 14,300 units in FY26F, before rebounding to 15,000 units in FY27F (+5% YoY), supported by new model launches from Mazda and XPeng.

HOLD (from Reduce)

Share price:	Target price: ▲
RM0.86	RM0.90

Consensus: Buy:5 Hold:3 Reduce:6

Stock information

Bloomberg ticker	BAUTO MK
Refinitiv ticker	BERA.KL
Share price (RM)	0.86
Market cap (US$m/RMm)	249/976
ADTV (RMm)	3.8
Free float (%)	59.1
Upside/(downside) (%)	4.7
CIMB/consensus TP (%)	28.6

Bermaz Auto distributes Mazda, XPeng, and Deepal vehicles with nationwide after-sales services in Malaysia, and Mazda CBU in the Philippines.

Earnings forecast

	Apr-25A	Apr-26F	Apr-27F
Core net profit (RMm)	155.9	80.3	107.1
Core EPS (sen)	13.4	6.9	9.2
Core EPS growth (%)	(54.9)	(48.5)	33.3
FD core P/E (x)	6.4	12.5	9.3
Recurring ROE (%)	21.4	12.2	15.4
P/BV (x)	1.6	1.5	1.4
DPS (sen)	16.8	5.3	7.0
Dividend yield (%)	19.5	6.1	8.1

Source: CIMB Securities

Price performance

	1M	3M	12M
Absolute (%)	1.8	21.1	(17.3)
Relative (%)	4.1	15.9	(28.2)

Source: Bloomberg, CIMB Securities

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Figure 1: Result comparison

FYE Apr (RM m)	3QFY26	3QFY25	yoy % chg	qoq % chg	9MFY26	9MFY25	yoy % chg	Prev. FY26F
Revenue	683	603	*13.3*	*22.8*	1,731	2,096	*(17.4)*	2,455
Operating costs	(607)	(560)	*8.3*	*17.6*	(1,578)	(1,898)	*(16.8)*	(2,276)
EBITDA	**76.4**	**43**	***79.4***	***89.4***	**152.7**	**197.9**	***(22.8)***	**180**
EBITDA margin (%)	*11.2*	*7.1*			*8.8*	*9.4*		*7.3*
Depn & amort.	(7.1)	(7.1)	*(0.2)*	*18.7*	(19.6)	(20.1)	*(2.5)*	(27.5)
EBIT	**69.3**	**35.5**	***95.3***	***> 100***	**133.1**	**177.8**	***(25.1)***	**152**
Interest expense	(2.5)	(3.1)	*(17.8)*	*(4.4)*	(8.1)	(9.0)	*(9.6)*	(28.2)
Interest & invt inc	3.3	2.6	*27.1*	*30.9*	8.1	6.9	*17.0*	12.4
Associates	(11.3)	0.3	*> 100*	*70.7*	(27.3)	14.4	*> 100*	(30.0)
Exceptionals	0.8	(0.4)	*> 100*	*2.1*	1.1	(0.5)	*> 100*	-
Pretax profit	**59.6**	**34.8**	***71.0***	***> 100***	**106.9**	**189.7**	***(43.6)***	**106**
Tax	(21.1)	(8.6)	*> 100*	*> 100*	(39.6)	(45.3)	*(12.7)*	(26.6)
Tax rate (%)	*35.5*	*24.7*			*37.0*	*23.9*		*25.0*
Minority interests	(5.8)	(2.1)	*> 100*	*> 100*	(9.2)	(9.6)	*(4.4)*	(10.1)
Net profit	32.6	24.1	35.2	89.8	58.1	134.7	*(56.9)*	70
Core net profit	**31.8**	**24.6**	***29.5***	***94.0***	**57.1**	**135.2**	***(57.8)***	**70**
EPS (sen)	2.8	2.1	*35.1*	*89.7*	**5.0**	**11.6**	*(56.9)*	6.1
Core EPS (sen)	2.7	2.1	*29.5*	*93.9*	4.9	11.6	*(57.8)*	6.1
Net DPS (sen)	1.8	1.8	-	*40.0*	3.8	15.3	*(75.4)*	4.5

Source: CIMB Securities, Company

Upgrade to Hold with a higher RM0.90 TP (based on 8.6x P/E)

We upgrade BAuto to Hold from Reduce with a higher target price (TP) of RM0.90, based on a revised 8.6x CY27F P/E. This represents a valuation 1 s.d. below the 10-year mean P/E of 13x (vs. 2 s.d. below previously), reflecting improving earnings quality and risk-reward balance.

The upgrade is underpinned by favourable forex tailwinds from a stronger MYR, upcoming new model launches (notably the CX-5), and a lower-than-expected earnings drag from non-Mazda brands. While we expect BAuto's sales volume to rebound in FY27F, margin recovery is likely to remain capped by intensifying competition from aggressively priced Chinese brands.

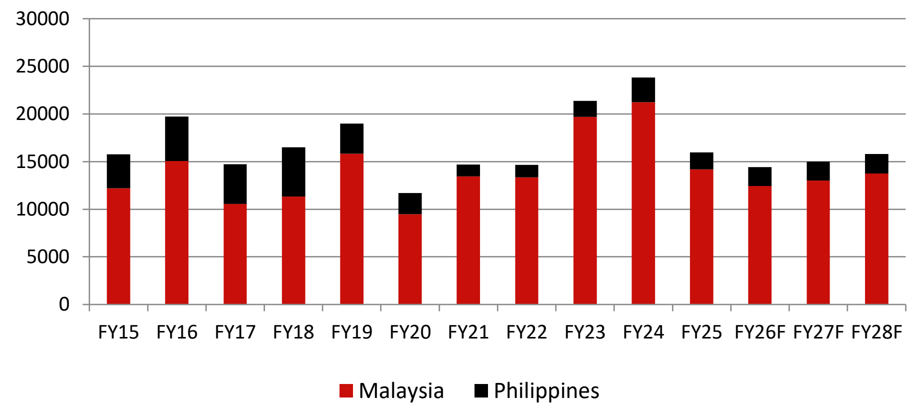
Nevertheless, valuation support is reinforced by BAuto's attractive dividend profile, with CY26–27F dividend yields of 7.5–8.9%, which should provide downside protection and justify the Hold call at current levels.

Potential catalysts and risks

Potential re-rating catalysts include acquisition of new EV marque distributorships, exciting new model launches, implementation of new localisation programmes, a higher dividend payout, and strengthening of the MYR.

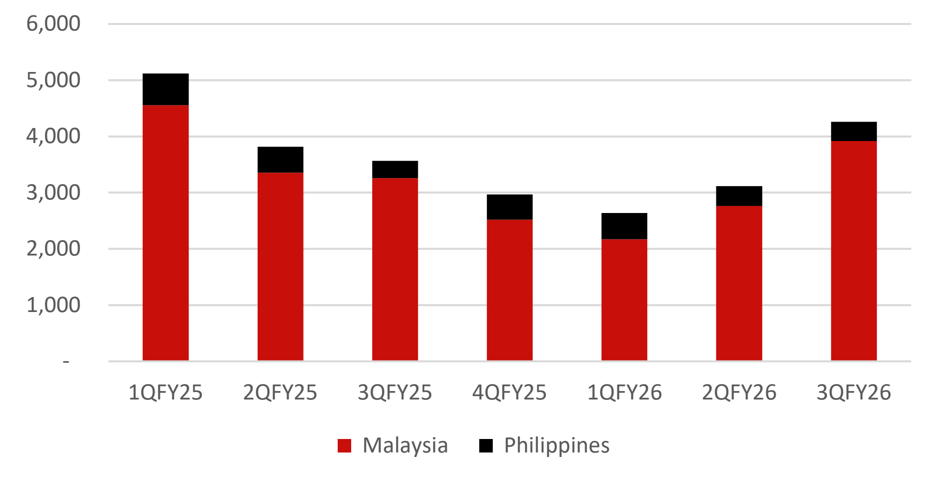
Potential downside risks to our Hold call include delays in new model launches, intensifying competition from Chinese OEMs, softer consumer sentiment, and unfavourable forex movements.

Figure 2: Bermaz Auto's historical and projected (FY26–28F) annual sales volume



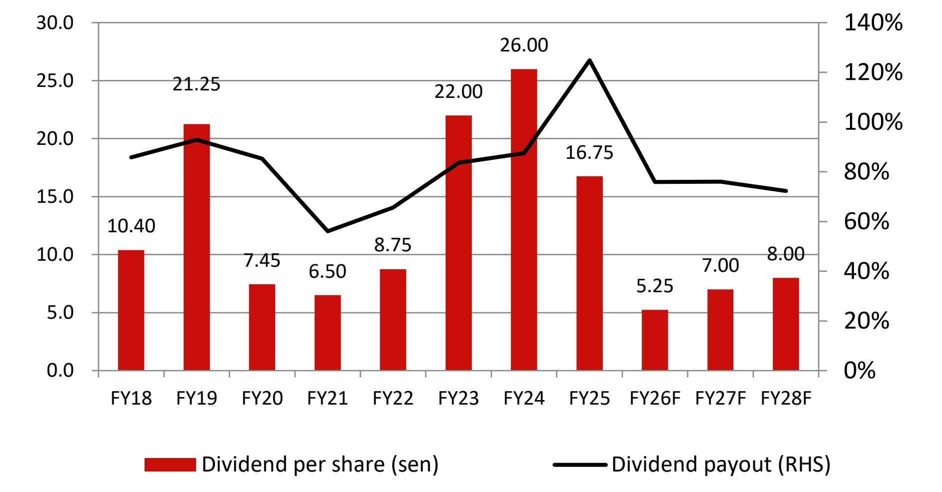
Source: CIMB Securities, Company reports

Figure 3: Bermaz Auto's historical quarterly sales volume (unit)



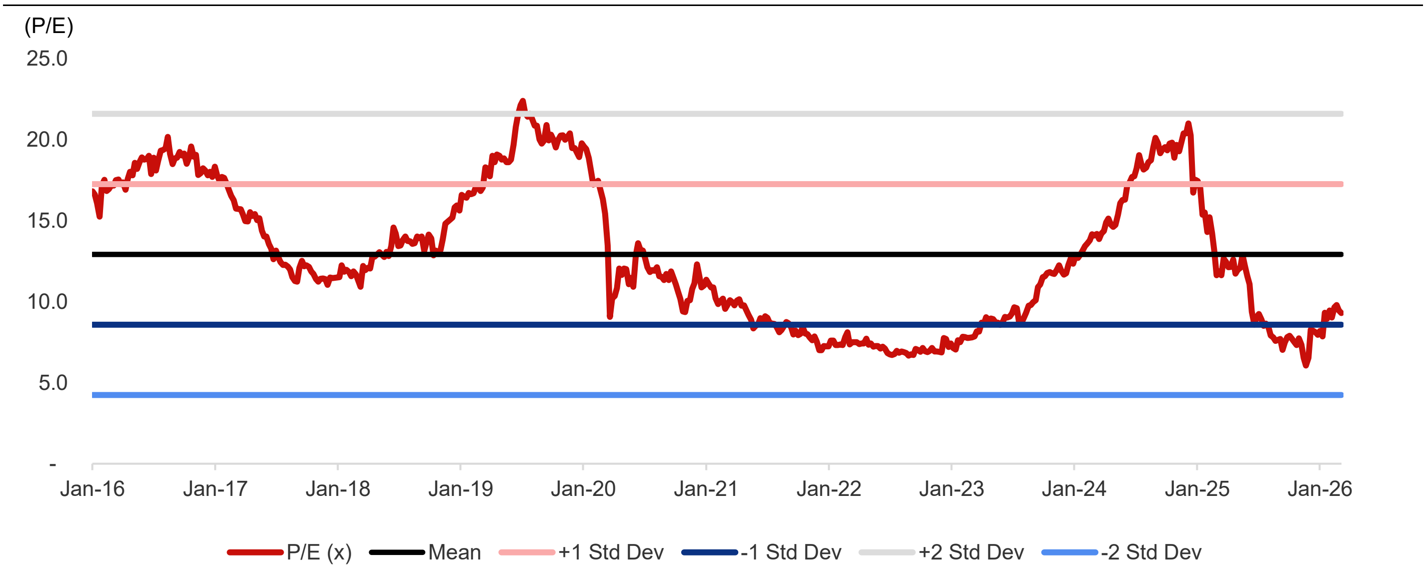
Source: CIMB Securities, Company reports

Figure 4: Bermaz Auto's historical and FY26–28F annual DPS and payout ratio



Source: CIMB Securities, Company reports

Figure 5: Bermaz Auto's 1-year forward P/E (x)



Source: Company, Bloomberg, CIMB Securities

Financial Information

Figure 6: Profit and Loss

(RMm)	Apr-24A	Apr-25A	Apr-26F	Apr-27F	Apr-28F
Revenue	**3,911**	**2,624**	**2,455**	**2,556**	**2,698**
Gross profit	693	383	343	357	376
EBITDA	**463**	**240**	**208**	**216**	**228**
Depreciation and amortisation	(27)	(27)	(28)	(28)	(28)
EBIT	**436**	**213**	**181**	**188**	**199**
Financial income	10	10	12	13	15
Financial expense	(7)	(12)	(14)	(14)	(15)
Income/(loss) from assoc.	45	14	(38)	(20)	5
Non-operating (expense) / Income	0	0	0	0	0
Profit before tax (pre-EI)	**484**	**224**	**141**	**167**	**204**
Exceptional items	nm	nm	nm	nm	nm
Pre-tax profit	**484**	**224**	**141**	**167**	**204**
Taxation	(111)	(56)	(47)	(50)	(65)
Profit after tax	**372**	**168**	**94**	**117**	**139**
Minority interests	(27)	(12)	(14)	(10)	(10)
Net profit	**346**	**156**	**80**	**107**	**129**
Core net profit	**346**	**156**	**80**	**107**	**129**
Core EPS (sen)	29.7	13.4	6.9	9.2	11.1

Source: CIMB Securities, Company

Figure 7: Cash Flow

(RMm)	Apr-24A	Apr-25A	Apr-26F	Apr-27F	Apr-28F
EBITDA	463	240	208	216	228
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	(35)	(42)	(45)
Net interest (paid)/received	0	0	0	0	0
Tax paid	(129)	(75)	(47)	(50)	(65)
Cash flow from operations	**206**	**211**	**127**	**124**	**117**
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	13	15
Cash flow from investing	**(15)**	**(20)**	**(3)**	**(2)**	**0**
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)	(47)	(69)	(69)
Preferred dividends	nm	nm	nm	nm	nm
Other financing cash flow	(26)	(43)	(14)	(14)	(15)
Cash flow from financing	**(361)**	**(224)**	**(61)**	**(83)**	**(84)**
Total cash generated	(171)	(34)	62	39	33
Free cash flow to equity	**153**	**354**	**123**	**122**	**117**
Free cash flow to firm	**191**	**191**	**123**	**122**	**117**

Source: CIMB Securities, Company

Financial Information

Figure 8: Balance Sheet

(RMm)	Apr-24A	Apr-25A	Apr-26F	Apr-27F	Apr-28F
Total cash and equivalents	365	433	525	602	677
Total debtors	224	210	196	204	216
Inventories	687	499	467	486	513
Total other current assets	2	15	15	15	15
Total current assets	**1,277**	**1,156**	**1,203**	**1,307**	**1,420**
Fixed assets	132	126	134	131	118
Total investments	361	284	246	226	231
Intangible assets	1	1	1	1	1
Total other non-current assets	0	15	15	15	15
Total non-current assets	**610**	**535**	**495**	**447**	**437**
Short-term debt	63	226	226	226	226
Current portion of long-term debt	nm	nm	nm	nm	nm
Total creditors	381	226	186	194	227
Other current liabilities	148	136	136	136	136
Total current liabilities	**591**	**588**	**548**	**556**	**589**
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
Total non-current liabilities	**387**	**368**	**368**	**368**	**368**
Total provisions	0	0	0	0	0
Total liabilities	**979**	**956**	**916**	**924**	**957**
Shareholders' equity	816	644	677	715	775
Minority interests	93	91	104	114	125
Total equity	**909**	**735**	**781**	**830**	**900**

Source: CIMB Securities, Company

Figure 9: Key Ratios

	Apr-24A	Apr-25A	Apr-26F	Apr-27F	Apr-28F
Revenue growth (%)	10.5	(32.9)	(6.4)	4.1	5.6
EBITDA growth (%)	15.6	(48.2)	(13.2)	3.7	5.3
EBITDA margin (%)	11.8	9.1	8.5	8.5	8.4
Net cash per share (sen)	26.0	17.8	25.8	32.4	38.8
BVPS (RM)	0.7	0.6	0.6	0.6	0.7
Net interest cover (x)	(142.6)	83.6	91.3	252.2	(895.3)
Effective tax rate (%)	23.0	25.2	33.3	30.0	32.0
Net dividend payout ratio (%)	87.5	125.0	76.0	76.0	72.3
Accounts receivables days	20.1	30.2	30.2	28.6	28.4
Inventory days	67.5	96.8	83.5	79.1	78.5
Accounts payables days	42.0	49.6	35.6	31.6	33.1
ROIC (%)	82.0	34.2	29.7	31.4	33.7
ROCE (%)	46.7	23.0	19.5	19.5	19.6
Return on average assets (%)	18.8	8.7	4.7	6.2	7.1

Source: CIMB Securities, Company

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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.*
	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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