

HLIB Research

PP 9484/12/2012 (031413)

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SELL (from Hold)

Target Price:	RM0.54
Previously:	RM0.78
Current Price:	RM0.675

Capital upside	-20.0%
Dividend yield	5.9%
Expected total return	-14.1%

Sector coverage: Automotive

Company description: Bermaz Auto is involved in distribution, assembly, retailing and after sales service of Mazda, Kia and Xpeng vehicles in Malaysia and distribution of Mazda in the Philippines. Bermaz Auto is also involved in export of locally assembled Mazda and Kia vehicles.

Share price


Historical return (%)	1M	3M	12M
Absolute	0.0	-28.6	-70.4
Relative	-1.2	-31.2	-69.4

Stock information

Bloomberg ticker	BAUTO MK
Bursa code	5248
Issued shares (m)	1,154
Market capitalisation (RM m)	779
3-mth average volume ('000)	5,311
SC Shariah compliant	Yes
F4GBM Index member	Yes
ESG rating	★★★★

Major shareholders

Dynamic Milestone	15.5%
Permodalan Nasional Berhad	11.9%
Employees Provident Fund	10.7%

Earnings summary

FYE (Apr)	FY25	FY26f	FY27f
PATMI - core (RM m)	154	57	86
EPS - core (sen)	13.3	4.9	7.4
P/E (x)	5.1	13.6	9.1

Bermaz Auto

A weak start for FY26

Reported core PATMI of RM8.8m for 1QFY26 (-58.9% QoQ; -87.3% YoY). The results were below our expectation (8.9%) and consensus (6.6%). Declared first interim dividend of 0.75 sen/share. Downgrade to **SELL** (from Hold) with a lower TP of RM0.54 (from RM0.78) based on 8x CY26 P/E. We expect upcoming quarterly earnings to remain weak, before potential rebound in 4QFY26, on new contribution from CX-60 and CX-80 PHEV. BAuto has a net cash of RM182.6m (15.8 sen/share), supporting a decent dividend yield of 5.9%.

Below expectations. 1QFY26 core PATMI of RM8.8m (-58.9% QoQ, -87.3% YoY), came in below expectations, at only 6.6-8.9% of consensus and our FY26 estimates of RM134.5m and RM99.8m. The group recorded net EIs of -RM0.5m during the quarter, mainly on provisions and forex loss.

Dividend. Declared first interim dividend of 0.75 sen/share (ex-date: 16 Oct 2025).

QoQ & YoY. Core PATMI dropped -58.9% QoQ/-87.3% YoY to RM8.8m, dragged mainly by lower automotive sales volume (-11.1% QoQ/-48.4% YoY) along with lower margins, further dragged by the cumulative negative associates' contribution (lower production volume).

Outlook. Operating landscape in Malaysia is expected to become more competitive, given the entrance of China OEMs at attractive price points, while its core Mazda models are facing end-of-product lifecycles and new generation will only be available in 2 years. The group has recently launched 2 new models, namely CX-60 and CX-80 PHEV, as interim measures to keep the market excited and protect sales volume. BAuto's new Xpeng distributorship is contributing positively to the group's bottomline. On the other hand, its Philippines operation is looking more stable, driven by its well-received new premium models (CX-60 and CX-90).

Forecast. Given the disappointing numbers, we lowered our FY26-27 earnings forecast by -42.4% and -31.5% respectively. We have also introduced FY28 earnings at RM112m.

Downgrade SELL, TP: RM0.54. Following the downward revision in our earnings forecasts, we downgrade our Rating on BAuto to **SELL** (from Hold earlier) with a lower TP of RM0.54 (from RM0.78) based on P/E of 8x revised CY26's 6.7 sen. While its balance sheet position remains healthy (with net cash of RM182.6m or 15.8 sen/share as at end 1QFY26), earnings prospects remain weak given the challenging operating landscape in Malaysia.

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Apr	FY24	FY25	FY26f	FY27f	FY28f	Income Statement						
						FYE Apr	FY24	FY25	FY26f	FY27f	FY28f	
Cash	365	434	436	456	466	Revenue	3,911	2,622	2,563	2,660	2,841	
Receivables	224	206	205	213	227	EBITDA	464	240	144	181	209	
Inventories	687	501	513	532	568	EBIT	437	213	117	152	180	
PPE	48	46	49	52	54	Net interest	3	(3)	(7)	(10)	(11)	
Others	564	501	473	449	431	Associates & JV	45	12	(20)	(15)	(10)	
Assets	1,887	1,688	1,676	1,703	1,747	Profit before tax	485	222	90	127	160	
Payables	381	226	242	248	263	Tax	(111)	(56)	(27)	(35)	(42)	
Debt	63	226	276	276	276	Net profit	373	166	62	91	117	
Others	535	504	497	490	484	Minority interest	(27)	(12)	(5)	(5)	(5)	
Liabilities	979	955	1,014	1,014	1,022	Core PATMI	346	154	57	86	112	
Shareholder's equity	816	642	566	588	619	Exceptionals	(1)	(1)	0	0	0	
Minority interest	93	91	95	100	106	Reported PATMI	346	154	57	86	112	
Equity	909	733	662	689	725	Consensus core PATMI				135	141	149
						HLIB/ Consensus (%)				43%	61%	75%

Cash Flow Statement

FYE Apr	FY24	FY25	FY26f	FY27f	FY28f	Valuation & Ratios					
						FYE Apr	FY24	FY25	FY26f	FY27f	FY28f
EBITDA	464	240	144	181	209	Reported EPS (sen)	29.6	13.2	4.9	7.4	9.6
Net Interest	3	(3)	(7)	(10)	(11)	Core EPS (sen)	29.7	13.3	4.9	7.4	9.6
Taxation	(129)	(75)	(27)	(35)	(42)	P/E (x)	2.3	5.1	13.6	9.1	7.0
Working Capital	(155)	29	6	(21)	(35)	DPS (sen)	26.0	16.8	4.0	6.0	7.5
Others	26	36	5	5	5	Dividend yield (%)	38.5%	24.8%	5.9%	8.9%	11.1%
CFO	209	227	120	119	126	BVPS (RM)	0.70	0.55	0.49	0.51	0.53
Capex	(14)	(10)	(15)	(15)	(15)	P/B (x)	1.0	1.2	1.4	1.3	1.3
Others	(11)	70	0	0	0	EBITDA margin	11.9%	9.2%	5.6%	6.8%	7.4%
CFI	(26)	60	(15)	(15)	(15)	EBIT margin	11.2%	8.1%	4.5%	5.7%	6.3%
Changes in debt	(37)	163	50	0	0	PBT margin	12.4%	8.5%	3.5%	4.8%	5.6%
Shares issued	(2)	(6)	0	0	0	Net margin	8.9%	5.9%	2.2%	3.2%	3.9%
Dividends	(298)	(345)	(134)	(64)	(81)	ROE (%)	43.8%	21.2%	9.5%	14.9%	18.5%
Others	(21)	(27)	(19)	(19)	(19)	ROA (%)	18.9%	8.6%	3.4%	5.1%	6.5%
CFF	(358)	(215)	(103)	(83)	(101)	Net gearing (%)	N.Cash	N.Cash	N.Cash	N.Cash	N.Cash
Net cash flow	(174)	72	2	20	10	N.Cash/share (sen)	25.9	17.9	13.8	15.6	16.4
Forex	1	(3)	0	0	0	Assumptions					
Others	0	0	(0)	0	(0)	FYE Apr	FY24	FY25	FY26f	FY27f	FY28f
Beginning cash	538	365	434	436	456	Sales volume					
Ending cash	365	434	436	456	466	Mazda Msia	18,394	11,468	9,155	9,725	10,425
						Kia Msia	1,851	951	1,000	1,000	1,200
						Xpeng Msia		824	1,600	1,600	1,600
						Deepal Msia			500	1,000	1,000
						Peugeot Msia	947	444	0	0	0
						Mazda Php	2,583	1,779	2,005	2,105	2,205

Figure #1 Quarterly results comparison

FYE Apr (RMm)	1QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Revenue	846.2	528.6	491.3	-7.1%	-41.9%
EBITDA	92.8	42.8	35.9	-16.1%	-61.3%
Core EBIT	86.6	35.7	29.4	-17.8%	-66.1%
Interest Expense	(1.1)	(2.2)	(1.9)	-17.2%	68.1%
Interest on Lease Liability	(1.1)	(1.2)	(1.0)	-10.1%	-6.1%
Interest and Investment Income	1.9	2.9	2.3	-19.0%	21.0%
Associates					
MMSB	5.8	2.9	(0.2)	N.M.	N.M.
Inokom	3.8	(2.4)	(5.7)	132.9%	N.M.
KMSB	1.5	(0.6)	(3.2)		
Others	(0.3)	(0.2)	(0.2)		
Core PBT	97.0	34.9	19.5	-44.2%	-79.9%
Exceptionals	0.7	(0.3)	(0.6)		
Reported PBT	97.8	34.6	18.9	-45.3%	-80.6%
Tax	(22.4)	(11.2)	(8.3)	-25.3%	-62.7%
MI	(5.2)	(2.3)	(2.3)	2.2%	-55.1%
Reported PATAMI	70.2	21.2	8.3	-60.9%	-88.2%
Core PATAMI	69.5	21.5	8.8	-58.9%	-87.3%
Reported EPS (Sen)	6.0	1.8	0.7	-60.8%	-88.1%
Core EPS (Sen)	5.9	1.9	0.8	-58.8%	-87.2%
				<u>%-pts</u>	<u>%-pts</u>
EBITDA Margin (%)	11.0%	8.1%	7.3%	(0.8)	(3.7)
Core EBIT Margin (%)	10.2%	6.8%	6.0%	(0.8)	(4.3)
Core PATAMI Margin (%)	8.2%	4.1%	1.8%	(2.3)	(6.4)

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Figure #2 Quarterly result breakdown

FYE Apr (RM m)	1QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Revenue					
Malaysia	755.0	465.3	425.0	-8.7%	-43.7%
Philippines	91.2	63.4	66.2	4.6%	-27.4%
Total	846.2	528.6	491.3	-7.1%	-41.9%
EBIT					
Malaysia	69.3	27.4	22.1	-19.4%	-68.1%
Philippines	18.4	8.6	7.2	-16.5%	-60.7%
Others	(0.4)	(0.6)	(0.5)		
Total	87.3	35.4	28.8	-18.7%	-67.0%
Core EBIT	86.6	35.7	29.4	-17.8%	-66.1%

Bursa, HLIB Research

Figure #3 Model line up 2025

CY2025			
	CX-5 MS LE (Jan '25) 	New CX-60 (Aug '25) 	New CX-80 (Aug '25) 
	All-New EV9 CBU (Jun 24') 	All-New Sportage CKD (Dec 24') 	
	All-New G6 CBU (Aug 24') 	All-New X9 CBU (Mar 25') 	

Company

Figure #4 Quarterly sales breakdown

Malaysia Sales Statistics	1QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
<u>Mazda CBU</u>					
Mazda 2	33	13	6	-53.8%	-81.8%
Mazda 3	339	194	100	-48.5%	-70.5%
Mazda 6	10	4	5	25.0%	-50.0%
CX-3	241	37	31	-16.2%	-87.1%
CX-9	7	3	1	-66.7%	-85.7%
MX-5	5	5	4	-20.0%	-20.0%
Biante	1	0	0	N.M.	N.M.
BT-50	25	5	4	-20.0%	-84.0%
Subtotal	661	261	151	-42.1%	-77.2%
<u>Mazda CKD</u>					
CX-30	1,140	824	573	-30.5%	-49.7%
CX-5	1,698	654	684	4.6%	-59.7%
CX-8	353	212	185	-12.7%	-47.6%
Subtotal	3,191	1,690	1,442	-14.7%	-54.8%
Total Mazda Malaysia	3,852	1,951	1,593	-18.3%	-58.6%
<u>Peugeot CKD</u>					
2008	100	0	0	N.M.	N.M.
E-2008	0	0	0	N.M.	N.M.
3008	308	0	0	N.M.	N.M.
5008	13	0	0	N.M.	N.M.
Landtrek	8	0	0	N.M.	N.M.
Total Peugeot Malaysia	429	0	0	N.M.	N.M.
<u>KIA</u>					
Carnival (CKD)	232	131	117	-10.7%	-49.6%
Sorento (CKD)	22	10	3	-70.0%	-86.4%
Kia Sportage (CKD)	0	97	72	-25.8%	N.M.
EV6	0	0	2	N.M.	N.M.
EV9	20	2	1	-50.0%	-95.0%
Total KIA Malaysia	274	240	195	-18.8%	-28.8%
<u>Xpeng</u>					
G6 (CBU)	0	227	128	-43.6%	N.M.
X9 (CBU)	0	100	258	158.0%	N.M.
Total XPeng Malaysia	0	327	386	18.0%	N.M.
Total Malaysia	4,555	2,518	2,174	-13.7%	-52.3%

Bermaz Auto

Figure #5 Quarterly sales breakdown

Philippines Sales Statistics	1QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Mazda 2	6	9	0	-100.0%	-100.0%
Mazda 3	39	99	53	-46.5%	35.9%
Mazda 6	6	4	1	-75.0%	-83.3%
CX-3	6	0	0	N.M.	N.M.
CX-30	9	23	11	-52.2%	22.2%
CX-5	79	46	37	-19.6%	-53.2%
CX-60	169	50	88	76.0%	-47.9%
CX-7	72	47	45	-4.3%	-37.5%
CX-9	29	3	0	N.M.	N.M.
CX-90	86	38	36	-5.3%	-58.1%
MX-5	30	46	65	41.3%	116.7%
BT-50	31	86	128	48.8%	312.9%
Total Mazda Philippines	562	451	464	2.9%	-17.4%
Total Group Sales	5,117	2,969	2,638	-11.1%	-48.4%

Bermaz Auto

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Published & printed by:

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Stock rating guide

BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

Sector rating guide

OVERWEIGHT	Sector expected to outperform the market over the next 12 months.
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

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