HLIB Research
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Daniel Wong
kkwong@hlib.hongleong.com.my
(603) 2083 1720

Bermaz Auto

Falling short

Reported core PATMI of RM41.0m for 2QFY25 (-41.0% QoQ; -54.7% YoY) and RM110.5m for 1HFY25 (-42.5% YoY). The results were below both our expectation (40.0%) and consensus (35.1%). Declared a second interim dividend of 3.0 sen/share. Maintain HOLD with a lower TP of RM1.80 (from RM2.40) based on 10x CY25 P/E, post earnings adjustment of -19.2% to -30.6% for FY25-27 on lower sales volume assumption. Nevertheless, BAuto still has a net cash pile of RM184.2m (15.8 sen/share).

Below expectations. Reported 2QFY25 core PATMI of RM41.0m (-41.0% QoQ, -54.7% YoY) and 1HFY25 of RM110.5m (-42.5% YoY). We deem the result below expectations, vs our FY25 forecast of RM276.2m (40.0%) and consensus' RM314.9m (35.1%). The group recorded net EIs of +RM0.1m during 1HFY25, mainly on derivative gains, partially offset by forex loss and impairments.

Dividend. Declared a second interim dividend of 3.0 sen/share (ex-date: 16 Jan 2025). YTD dividends declared amounted to 13.5 sen/share (including the recently announced 7 sen/share special dividend (ex-date: 17 Dec 2024)).

QoQ/YoY/YTD. Core PATMI fell -41.0% QoQ/-54.7% YoY to RM41.0m and -42.5% YTD to RM110.5m, mainly dragged by the lower total sales volume (for both Malaysia and Philippines markets) along with lower margins, as well as lower associates contribution.

Outlook. The operational landscape in Malaysia is expected to become more competitive, given the entrance of Chinese OEMs with attractive price points. Nevertheless, BAuto's new EV distributorships for Xpeng and Deepal may cushion the group's bottomline in coming quarters. Similarly, its Philippines operation has seen a reversal in recent quarter mainly affected by increasing competition from Chinese OEMs. On the brighter side, the group is expected to launch several new models e.g. Kia Sportage, Mazda CX60 and CX90, XPeng G6 and G9 and Deepal S07, S05 and E07 which may excite the market.

Forecast. We have adjusted FY25 by -30.6%, FY26 earnings by -19.7% and FY27 by -19.2% respectively, on lower sales volume and margins.

Maintain HOLD, TP: RM1.80. We maintain our HOLD recommendation on BAuto with a lower TP: RM1.80 (from TP of RM2.40), based on PE 10x on CY25 earnings. Despite the earnings down-cycle, BAuto still has a healthy balance sheet position with net cash of RM184.2m (15.8 sen/share) as of end 2QFY25, to sustain its dividend payout.

HOLD (Maintain)

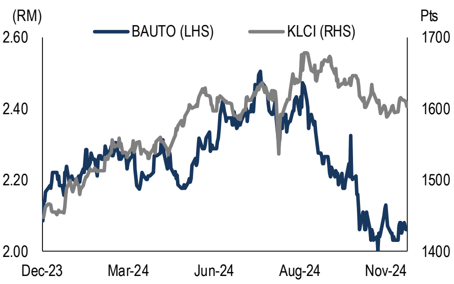
Target Price:	**RM1.80**
Previously:	**RM2.40**
Current Price:	**RM2.04**

Capital upside	-11.8%
Dividend yield	6.4%
Expected total return	5.4%

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	2.0	-13.2	-8.8
Relative	2.4	-11.2	-17.7

Stock information

Bloomberg ticker	BAUTO MK
Bursa code	5248
Issued shares (m)	1,169
Market capitalisation (RM m)	2,385
3-mth average volume ('000)	2,722
SC Shariah compliant	Yes
F4GBM Index member	Yes
ESG rating	★★★★

Major shareholders

Dynamic Milestone	15.0%
Employees Provident Fund	13.3%
Permodalan Nasional Berhad	12.9%

Earnings summary

FYE (Apr)	FY24	FY25f	FY26f
PATMI - core (RM m)	346	192	230
EPS - core (sen)	29.7	16.4	19.7
P/E (x)	6.9	12.4	10.4

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Apr	FY23	FY24	FY25f	FY26f	FY27f
Cash	538	365	465	482	520
Receivables	208	224	159	175	178
Inventories	504	687	397	438	446
PPE	45	48	53	57	60
Others	494	564	584	612	645
Assets	**1,788**	**1,887**	**1,658**	**1,765**	**1,849**
Payables	360	381	236	260	264
Debt	100	63	13	13	13
Others	487	535	528	521	513
Liabilities	**947**	**979**	**777**	**793**	**791**
Shareholder's equity	765	816	765	831	891
Minority interest	77	93	116	141	168
Equity	**841**	**909**	**881**	**972**	**1,059**

Income Statement

FYE Apr	FY23	FY24	FY25f	FY26f	FY27f
Revenue	3,541	3,911	2,643	2,921	2,972
EBITDA	401	464	281	325	327
EBIT	378	437	254	297	298
Net interest	5	3	(1)	1	2
Associates & JV	41	45	30	37	42
Profit before tax	424	485	283	335	343
Tax	(94)	(111)	(68)	(80)	(81)
Net profit	330	373	214	255	262
Minority interest	(23)	(27)	(23)	(25)	(27)
Core PATMI	**307**	**346**	**192**	**230**	**235**
Exceptionals	(1)	(1)	0	0	0
Reported PATMI	306	346	192	230	235
Consensus core PATMI			298	315	325
HLIB/ Consensus (%)			64%	73%	72%

Cash Flow Statement

FYE Apr	FY23	FY24	FY25f	FY26f	FY27f
EBITDA	401	464	281	325	327
Net Interest	5	3	(1)	1	2
Taxation	(102)	(129)	(68)	(80)	(81)
Working Capital	(186)	(155)	211	(35)	(6)
Others	3	26	5	5	4
CFO	**121**	**209**	**427**	**216**	**247**
Capex	(11)	(14)	(15)	(15)	(15)
Others	1	(11)	0	0	0
CFI	**(10)**	**(26)**	**(15)**	**(15)**	**(15)**
Changes in debt	(100)	(37)	(50)	0	0
Shares issued	7	(2)	0	0	0
Dividends	(154)	(298)	(242)	(163)	(175)
Others	(17)	(21)	(20)	(20)	(20)
CFF	**(264)**	**(358)**	**(312)**	**(183)**	**(195)**
Net cash flow	**(153)**	**(174)**	**100**	**17**	**37**
Forex	(4)	1	0	0	0
Others	0	0	0	0	(0)
Beginning cash	694	538	365	465	482
Ending cash	538	365	465	482	520

Valuation & Ratios

FYE Apr	FY23	FY24	FY25f	FY26f	FY27f
Reported EPS (sen)	26.2	29.6	16.4	19.7	20.1
Core EPS (sen)	26.3	29.7	16.4	19.7	20.1
P/E (x)	7.8	6.9	12.4	10.4	10.1
DPS (sen)	22.0	26.0	13.0	15.0	16.0
Dividend yield (%)	10.8%	12.7%	6.4%	7.4%	7.8%
BVPS (RM)	0.66	0.70	0.66	0.71	0.76
P/B (x)	3.1	2.9	3.1	2.9	2.7
EBITDA margin	11.3%	11.9%	10.6%	11.1%	11.0%
EBIT margin	10.7%	11.2%	9.6%	10.2%	10.0%
PBT margin	12.0%	12.4%	10.7%	11.5%	11.5%
Net margin	8.7%	8.9%	7.2%	7.9%	7.9%
ROE (%)	43.8%	43.8%	24.2%	28.8%	27.3%
ROA (%)	18.3%	18.9%	10.8%	13.4%	13.0%
Net gearing (%)	N.Cash	N.Cash	N.Cash	N.Cash	N.Cash
N.Cash/share (sen)	37.5	25.9	38.7	40.2	43.5

Assumptions

FYE Apr	FY23	FY24	FY25f	FY26f	FY27f
Sales volume					
Mazda Msia	15,598	18,394	11,380	12,450	12,450
Kia Msia	2,194	1,848	1,800	2,000	2,000
Xpeng Msia			750	1,000	1,000
Deepal Msia			0	1,000	1,000
Peugeot Msia	1,896	943	450	0	0
Mazda Php	1,682	2,583	2,270	2,500	2,700

Figure #1 Quarterly results comparison

FYE Apr (RMm)	2QFY24	1QFY25	2QFY25	QoQ (%)	YoY (%)	6MFY24	6MFY25	YoY (%)
Revenue	1,007.0	846.2	646.9	*-23.6%*	*-35.8%*	2,096.2	2,339.2	*11.6%*
EBITDA	115.4	92.8	62.3	*-32.9%*	*-46.1%*	244.6	147.0	*-39.9%*
Core EBIT	108.0	86.6	55.5	*-35.9%*	*-48.6%*	240.0	142.1	*-40.8%*
Interest Expense	(1.0)	(1.1)	(2.5)	*122.6%*	*156.8%*	(1.9)	(3.6)	*87.1%*
Interest on Lease Liability	(1.1)	(1.1)	(1.2)			(2.0)	(2.3)	
Interest and Investment Income	2.9	1.9	2.3	*20.8%*	*-19.9%*	6.1	4.3	*-30.0%*
Associates								
MMSB	*6.8*	*5.8*	*3.1*	*-47.0%*	*-54.8%*	*13.9*	*8.9*	*-36.5%*
Inokom	*3.8*	*3.8*	*1.3*	*-66.1%*	*-66.3%*	*5.1*	*5.1*	*-1.2%*
KMSB	*3.5*	*1.5*	*(0.6)*			*3.7*	*0.8*	
Others	*0.3*	*(0.3)*	*(0.3)*			*0.2*	*(0.6)*	
Core PBT	123.2	97.0	57.6	*-40.6%*	*-53.3%*	265.2	154.6	*-41.7%*
Exceptionals	(0.4)	0.7	(0.6)			(1.7)	0.1	
Reported PBT	122.8	97.8	57.0	*-41.8%*	*-53.6%*	263.5	154.7	*-41.3%*
Tax	(27.1)	(22.4)	(14.3)	*-36.0%*	*-47.1%*	(59.9)	(36.7)	*-38.7%*
MI	(5.6)	(5.2)	(2.3)	*-56.2%*	*-59.8%*	(13.3)	(7.4)	*-44.2%*
Reported PATAMI	90.1	70.2	40.3	*-42.5%*	*-55.2%*	190.3	110.6	*-41.9%*
Core PATAMI	**90.5**	**69.5**	**41.0**	***-41.0%***	***-54.7%***	**192.0**	**110.5**	***-42.5%***
Reported EPS (Sen)	7.7	6.0	3.5	*-42.5%*	*-55.3%*	16.3	9.5	*-42.0%*
Core EPS (Sen)	7.8	5.9	3.5	*-41.0%*	*-54.8%*	16.5	9.5	*-42.6%*
				%-pts	*%-pts*			*%-pts*
EBITDA Margin (%)	11.5%	11.0%	9.6%	(1.3)	(1.8)	11.7%	6.3%	(5.4)
Core EBIT Margin (%)	10.7%	10.2%	8.6%	(1.6)	(2.1)	11.4%	6.1%	(5.4)
Core PATAMI Margin (%)	9.0%	8.2%	6.3%	(1.9)	(2.6)	9.2%	4.7%	(4.4)

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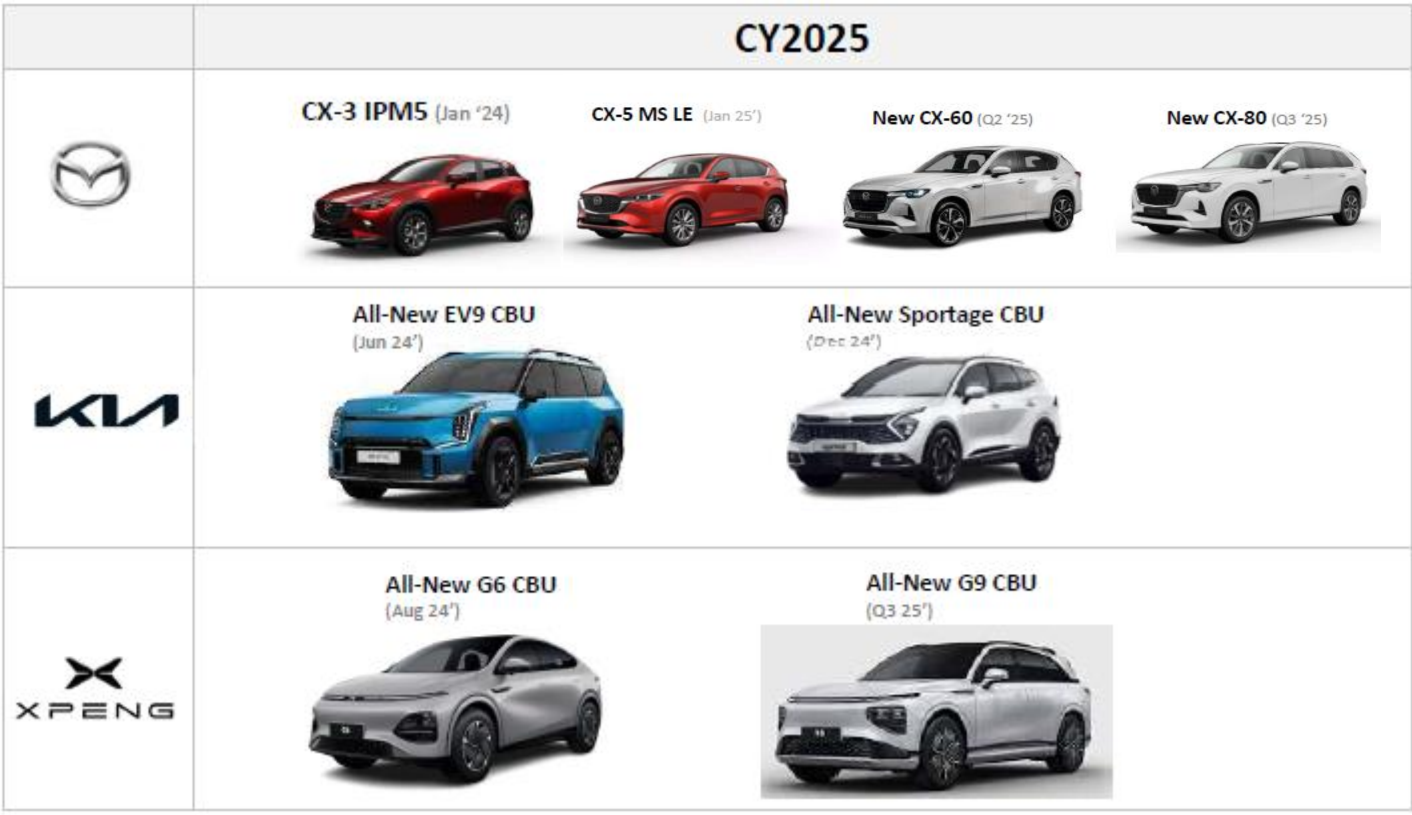
Figure #2 Quarterly result breakdown

FYE Apr (RM m)	2QFY24	1QFY25	2QFY25	QoQ (%)	YoY (%)	6MFY24	6MFY25	YoY (%)
Revenue								
Malaysia	918.0	755.0	1336.6	*77.0%*	*45.6%*	1,906.9	2,091.6	*9.7%*
Philippines	88.9	91.2	156.4	*71.5%*	*75.9%*	189.3	247.6	*30.8%*
Total	**1007.0**	**846.2**	**1493.0**	***76.4%***	***48.3%***	**2,096.2**	**2,339.2**	***11.6%***
EBIT								
Malaysia	91.7	69.3	46.4	*-33.1%*	*-49.4%*	207.8	115.7	*-44.3%*
Philippines	16.5	18.4	9.3	*-49.7%*	*-44.0%*	31.4	27.6	*-12.1%*
Others	(0.6)	(0.4)	(0.8)			(0.9)	(1.2)	
Total	**107.6**	**87.3**	**54.9**	***-37.1%***	***-49.0%***	**238.3**	**142.2**	***-40.3%***
Core EBIT	**108.0**	**86.6**	**55.5**	***-35.9%***	***-48.6%***	**240.0**	**142.1**	***-40.8%***

Bursa, HLIB Research

Figure #3 Model line up 2024-25



Company

Figure #4 EV Model line up 2025

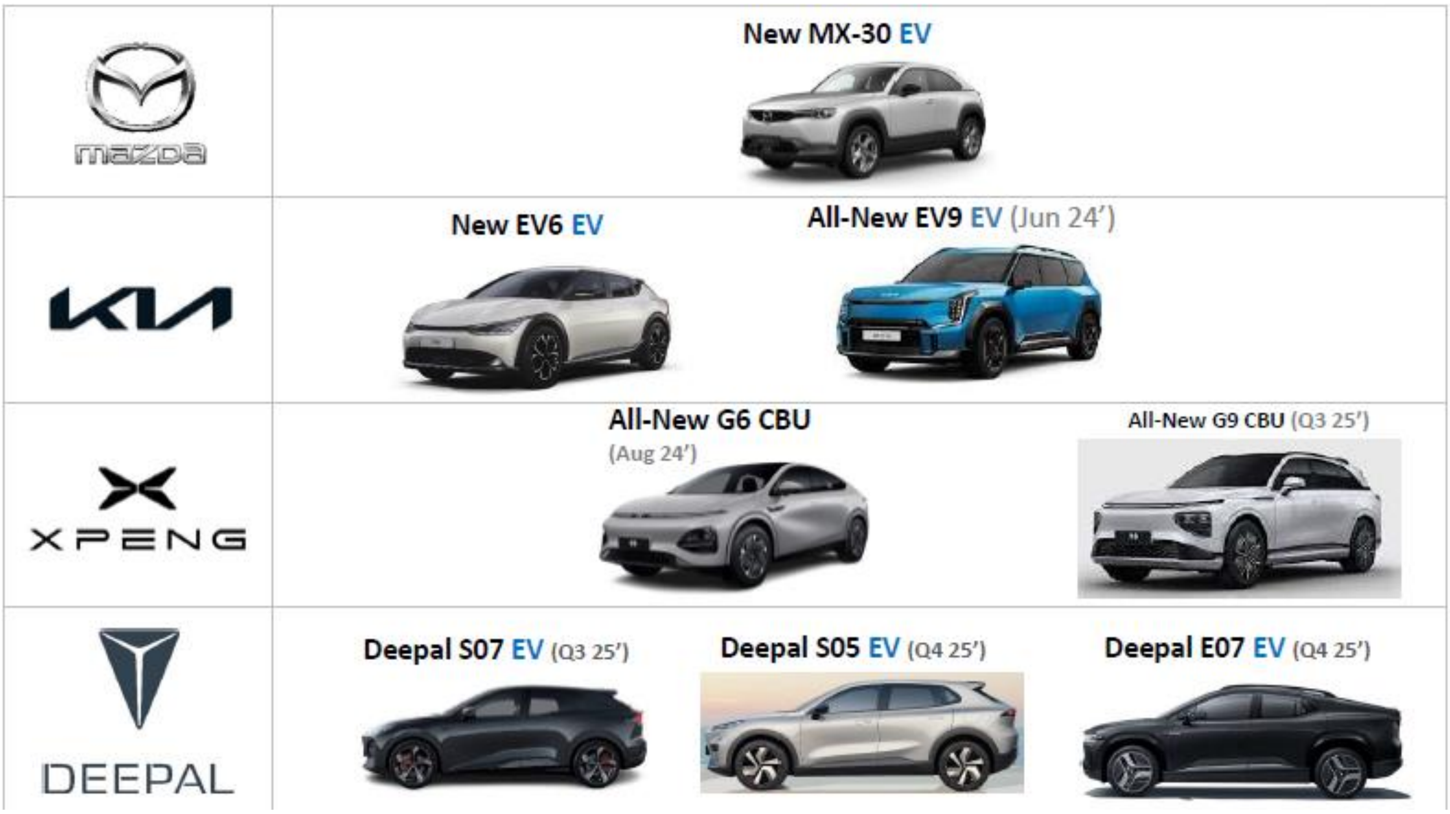


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Figure #5 Quarterly sales breakdown

Malaysia Sales Statistics	2QFY24	1QFY25	2QFY25	QoQ (%)	YoY (%)	6MFY24	6MFY25	YoY (%)
Mazda CBU								
Mazda 2	29	33	53	*60.6%*	*82.8%*	74	86	*16.2%*
Mazda 3	328	339	255	*-24.8%*	*-22.3%*	1,211	594	*-50.9%*
Mazda 6	28	10	15	*50.0%*	*-46.4%*	79	25	*-68.4%*
CX-3	500	241	66	*-72.6%*	*-86.8%*	1,064	307	*-71.1%*
CX-30	1	0	0	*N.M.*	*N.M.*	2	0	*N.M.*
CX-9	3	7	7	*0.0%*	*133.3%*	7	14	*100.0%*
MX-30	4	0	0	*N.M.*	*N.M.*	5	0	*N.M.*
MX-5	5	5	4	*-20.0%*	*-20.0%*	14	9	*-35.7%*
BT-50	14	25	0	*N.M.*	*N.M.*	66	25	*-62.1%*
Subtotal	**912**	**660**	**400**	***-39.4%***	***-56.1%***	**2,522**	**1,060**	***-58.0%***
Mazda CKD								
CX-30	1,836	1,140	1,019	*-10.6%*	*-44.5%*	2,868	2,159	*-24.7%*
CX-5	1,583	1,698	1,270	*-25.2%*	*-19.8%*	3,295	2,968	*-9.9%*
CX-8	587	353	318	*-9.9%*	*-45.8%*	1,232	671	*-45.5%*
Subtotal	**4,006**	**3,191**	**2,607**	***-18.3%***	***-34.9%***	**7,395**	**5,798**	***-21.6%***
Total Mazda Malaysia	**4,918**	**3,851**	**3,007**	***-21.9%***	***-38.9%***	**9,917**	**6,858**	***-30.8%***
Peugeot CKD								
2008	72	100	5	*-95.0%*	*-93.1%*	153	105	*-31.4%*
3008	164	308	6	*-98.1%*	*-96.3%*	343	314	*-8.5%*
5008	14	13	2	*-84.6%*	*-85.7%*	57	15	*-73.7%*
Landtrek	10	8	0	*N.M.*	*N.M.*	20	8	*-60.0%*
Total Peugeot Malaysia	**260**	**429**	**13**	***-97.0%***	***-95.0%***	**573**	**442**	***-22.9%***
KIA								
Carnival (CKD)	321	232	160	*-31.0%*	*-50.2%*	581	392	*-32.5%*
Carnival (CBU)	44	0	0	*N.M.*	*N.M.*	349	0	*N.M.*
Sorento (CKD)	26	22	0	*N.M.*	*N.M.*	57	22	*-61.4%*
EV6	2	0	2	*N.M.*	*0.0%*	9	2	*-77.8%*
EV9	0	20	16	*-20.0%*	*N.M.*	0	36	*N.M.*
Niro EV	3	0	0	*N.M.*	*N.M.*	3	0	*N.M.*
Stinger	3	0	0	*N.M.*	*N.M.*	3	0	*N.M.*
Total KIA Malaysia	**399**	**274**	**178**	***-35.0%***	***-55.4%***	**996**	**416**	***-58.2%***
XPeng								
G6	**0**	**0**	**156**	***N.M.***	***N.M.***	**0**	**156**	***N.M.***
Total Malaysia	**5,577**	**4,554**	**3,354**	***-26.4%***	***-39.9%***	**11,486**	**7,872**	***-31.5%***

Bermaz Auto

Figure #6 Quarterly sales breakdown

Philippines Sales Statistics	2QFY24	1QFY25	2QFY25	QoQ (%)	YoY (%)	6MFY24	6MFY25	QoQ (%)
Mazda 2	8	6	14	*133.3%*	*75.0%*	14	20	*42.9%*
Mazda 3	99	39	94	*141.0%*	*-5.1%*	210	133	*-36.7%*
Mazda 6	6	6	6	*0.0%*	*0.0%*	10	12	*20.0%*
CX-3	11	6	1	*-83.3%*	*-90.9%*	17	7	*-58.8%*
CX-30	29	9	17	*88.9%*	*-41.4%*	64	26	*-59.4%*
CX-5	87	79	59	*-25.3%*	*-32.2%*	235	138	*-41.3%*
CX-60	32	169	72	*-57.4%*	*125.0%*	85	241	*183.5%*
CX-7	97	72	81	*12.5%*	*-16.5%*	232	153	*-34.1%*
CX-9	37	29	37	*27.6%*	*0.0%*	138	66	*-52.2%*
CX-90	78	86	39	*-54.7%*	*-50.0%*	83	125	*50.6%*
MX-5	54	30	27	*-10.0%*	*-50.0%*	114	57	*-50.0%*
BT-50	72	31	14	*-54.8%*	*-80.6%*	138	45	*-67.4%*
Total Mazda Philippines	**610**	**562**	**461**	***-18.0%***	***-24.4%***	**1,340**	**1,023**	***-23.7%***
Total Group Sales	**6,187**	**5,116**	**3,815**	***-25.4%***	***-38.3%***	**12,826**	**8,895**	***-30.6%***

Bermaz Auto

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Level 28, Menara Hong Leong,
No. 6, Jalan Damanlela,
Bukit Damansara,
50490 Kuala Lumpur
Tel: (603) 2083 1800
Fax: (603) 2083 1766

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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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