

HLIB Research

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SELL (from HOLD)

Target Price:	RM0.78
Previously:	RM1.05
Current Price:	RM0.93

Capital upside	-16.1%
Dividend yield	7.0%
Expected total return	-9.1%

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

Stock information

Bloomberg ticker	BAUTO MK
Bursa code	5248
Issued shares (m)	1,161
Market capitalisation (RM m)	1,080
3-mth average volume ('000)	2,343
SC Shariah compliant	Yes
F4GBM Index member	Yes
ESG rating	★★★★

Major shareholders

Dynamic Milestone	15.3%
Employees Provident Fund	14.6%
Permodalan Nasional Berhad	13.0%

Earnings summary

FYE (Apr)	FY25	FY26f	FY27f
PATMI - core (RM m)	157	99	126
EPS - core (sen)	13.5	8.5	10.8
P/E (x)	6.9	10.9	8.6

Bermaz Auto

Stiff competition ahead

BAuto reported core PATMI of RM21.5m for 4QFY25 (-12.5% QoQ; -76.4% YoY) and RM156.5m for FY25 (-55.5% YoY). The results were within our expectation (96.0%), but was below consensus (93.5%). Declared a fourth interim dividend of 1.50 sen/share. Downgrade to **SELL** (from HOLD) with a lower TP of RM0.78 (from RM1.05), based on unchanged 8x CY25 P/E, along with profit adjustment of -34.1% for FY26-27, driven by more conservative assumptions on sales volume and margins. Despite the downgrade, BA Auto maintains a healthy net cash position of RM207.2m (17.8 sen/share).

Within expectation. BA Auto reported 4QFY25 core PATMI of RM21.5m (-12.5% QoQ, -76.4% YoY), bringing FY25 core PATMI to RM156.5m (-55.5% YoY). Results were within our expectations (96.0%) but was below consensus (93.5%), primarily due to weaker car sales volume and margin compression. Net exceptional items for FY25 stood at -RM0.6m, largely due to forex losses and impairments, partially offset by derivative gains.

Dividend. Declared a fourth interim dividend of 1.5 sen/share (ex-date: 17th Jul 2025). YTD dividends amounted to 16.75 sen/share (including the special 7 sen/share dividend in 2QFY25).

QoQ. Despite lower group revenue, operating income was stable, reflecting improved EBIT margins. However, core PATMI fell -12.5% QoQ to RM21.5m, mainly due to higher effective tax rate (compared to a reversal of over-provision in 3QFY25).

YoY & YTD. Core PATMI fell -76.4% to RM21.5m and -55.5% YTD to RM156.5m, primarily due to reduced sales volume across Malaysia and the Philippines, lower margins, and weaker contributions from associates.

Outlook. The introduction of the XPeng G6 and X9 helped to support group margins during the quarter, partially offsetting weaker performance from Mazda and Kia brands. However, competition in Malaysia is expected to intensify with the influx of Chinese OEMs offering feature-rich models at competitive prices. Similarly, operations in the Philippines continued to face mounting pressure from Chinese entrants. BA Auto recently launched the Mazda CX60 and is planning to introduce the Mazda CX80 and Deepal models (S07, S05, E07) soon.

Forecast. In light of the weakening automotive outlook, we revise our FY26-27 earnings down by -31.4%, reflecting lower expected sales and margins.

Downgrade to SELL, TP: RM0.78. We downgrade our recommendation to **SELL** (from Hold) on BA Auto with a lower TP: RM0.78 (from TP of RM1.05), based on an unchanged 8x PER on CY25 earnings. Despite the downgrade, BA Auto maintains a strong balance sheet with net cash of RM207.2m (17.8 sen/share) as of end-FY25, supporting continued dividend payouts.

Figure #1 Financial forecast summary

FYE Apr (RM m)	FY23	FY24	FY25	FY26f	FY27f
Revenue	3,541	3,911	2,624	1,976	2,250
EBITDA	401	464	241	168	202
EBIT	378	437	214	140	173
PBT	424	485	225	155	191
PAT	330	373	168	117	146
PATMI – Core	307	346	157	99	126
PATMI – Reported	306	346	156	99	126
HLIB/ Consensus (%) – Core PATMI				56.1%	64.9%
Core EPS (sen)	26.3	29.7	13.5	8.5	10.8
P/E (x)	3.5	3.1	6.9	10.9	8.6
DPS (sen)	22.0	26.0	16.8	6.5	8.0
Yield (%)	23.7%	28.0%	18.0%	7.0%	8.6%
Shareholder's equity	765	816	644	632	665
BVPS (RM/share)	0.66	0.70	0.55	0.54	0.57
P/B (x)	1.4	1.3	1.7	1.7	1.6
ROE (%)	43.8%	43.8%	21.4%	15.0%	19.4%
Net Gearing (%)	57.2%	N.Cash	N.Cash	N.Cash	N.Cash

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Figure #2 Quarterly results comparison

FYE Apr (RMm)	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	937.5	602.1	528.6	-12.2%	-43.6%	3,930.3	2,623.8	-33.2%
EBITDA	118.1	42.6	42.8	0.5%	-63.7%	446.4	224.1	-49.8%
Core EBIT	111.4	35.5	35.7	0.6%	-67.9%	437.0	213.3	-51.2%
Interest Expense	(0.6)	(2.0)	(2.2)	14.4%	260.6%	(3.3)	(7.8)	137.9%
Interest on Lease Liability	(1.1)	(1.1)	(1.2)	1.9%	4.5%	(4.2)	(4.6)	10.3%
Interest and Investment Income	2.1	2.6	2.9	11.8%	39.8%	10.5	9.7	-7.3%
Associates								
MMSB	10.8	(0.3)	2.9	N.M.	-73.2%	29.9	11.4	-61.9%
Inokom	2.6	1.4	(2.4)	N.M.	N.M.	11.3	4.0	-64.4%
KMSB	6.3	(0.6)	(0.6)			8.7	(0.3)	
Others	(0.1)	(0.2)	(0.2)			0.1	(1.0)	
Core PBT	131.3	35.3	34.9	-1.0%	-73.4%	490.1	224.8	-54.1%
Exceptionals	(0.8)	(0.4)	(0.3)			(1.0)	(0.6)	
Reported PBT	130.6	34.8	34.6	-0.6%	-73.5%	489.1	224.2	-54.2%
Tax	(31.0)	(8.6)	(11.2)	29.7%	-64.0%	(111.4)	(56.5)	-49.3%
MI	(9.4)	(2.1)	(2.3)	8.9%	-75.8%	(26.7)	(11.8)	-55.9%
Reported PATAMI	90.2	24.1	21.2	-12.2%	-76.5%	351.0	155.9	-55.6%
Core PATAMI	91.0	24.6	21.5	-12.5%	-76.4%	352.0	156.5	-55.5%
Reported EPS (Sen)	7.7	2.1	1.8	-11.6%	-76.4%	30.1	13.4	-55.3%
Core EPS (Sen)	7.8	2.1	1.9	-12.0%	-76.3%	30.1	13.5	-55.3%
					%-pts			
EBITDA Margin (%)	12.6%	7.1%	8.1%	1.0	(4.5)	11.4%	8.5%	(2.8)
Core EBIT Margin (%)	11.9%	5.9%	6.8%	0.9	(5.1)	11.1%	8.1%	(3.0)
Core PATAMI Margin (%)	9.7%	4.1%	4.1%	(0.0)	(5.6)	9.0%	6.0%	(3.0)

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Figure #3 Quarterly result breakdown

FYE Apr (RM m)	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue								
Malaysia	841.7	552.4	465.3	-15.8%	-44.7%	3,554.4	2,354.3	-33.8%
Philippines	95.9	49.7	63.4	27.6%	-33.9%	375.9	269.4	-28.3%
Total	937.5	602.1	528.6	-12.2%	-43.6%	3,930.3	2,623.8	-33.2%
EBIT								
Malaysia	97.3	27.7	27.4	-1.2%	-71.8%	378.8	170.8	-54.9%
Philippines	13.8	7.9	8.6	9.1%	-37.5%	59.1	44.2	-25.2%
Others	(0.5)	(0.6)	(0.6)			(1.8)	(2.3)	
Total	110.7	35.1	35.4	1.0%	-68.0%	436.1	212.7	-51.2%
Core EBIT	111.4	35.5	35.7	0.6%	-67.9%	437.0	213.3	-51.2%

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Figure #4 Model line up 2024-25

CY2025								
Company	Mazda	KIA	Xpeng	DEEPAL	Model	Launch Date	Model	Launch Date
						(Jan 25')		(Q3 '25)
						(Q3 '25)		
						(Jun 24')		(Dec 24')
						(Aug 24')		(Mar 25')
						(Q3 25')		(Q4 25')
						(Q4 25')		

Company

Figure #5 Quarterly sales breakdown

Malaysia Sales Statistics	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	QoQ (%)
Mazda CBU								
Mazda 2	27	10	13	30.0%	-51.9%	150	109	-27.3%
Mazda 3	274	183	194	6.0%	-29.2%	1,635	971	-40.6%
Mazda 6	17	9	4	-55.6%	-76.5%	112	38	-66.1%
CX-3	254	44	37	-15.9%	-85.4%	1,594	388	-75.7%
CX-30	0	0	0	N.M.	N.M.	2	0	-100.0%
CX-9	4	3	3	0.0%	-25.0%	13	20	53.8%
MX-30	0	0	0	N.M.	N.M.	5	0	-100.0%
MX-5	6	1	5	400.0%	-16.7%	25	15	-40.0%
Bianté	0	0	0	N.M.	N.M.	0	1	N.M.
BT-50	10	-1	5	N.M.	-50.0%	97	29	-70.1%
Subtotal	592	249	261	4.8%	-55.9%	3,633	1,571	-56.8%
Mazda CKD								
CX-30	1,274	1,101	824	-25.2%	-35.3%	5,833	4,084	-30.0%
CX-5	1,878	1,089	654	-39.9%	-65.2%	6,789	4,711	-30.6%
CX-8	466	219	212	-3.2%	-54.5%	2,139	1,102	-48.5%
Subtotal	3,618	2,409	1,690	-29.8%	-53.3%	14,761	9,897	-33.0%
Total Mazda Malaysia	4,210	2,658	1,951	-26.6%	-53.7%	18,394	11,468	-37.7%
Peugeot CKD								
2008	60	0	0	N.M.	-100.0%	246	105	-57.3%
E-2008	4	1	0	-100.0%	-100.0%	4	1	-75.0%
3008	105	0	0	N.M.	-100.0%	555	314	-43.4%
5008	32	1	0	-100.0%	-100.0%	93	16	-82.8%
Landtrek	27	0	0	N.M.	-100.0%	49	8	-83.7%
Total Peugeot Malaysia	228	2	0	-100.0%	-100.0%	947	444	-53.1%
KIA								
Carnival (CKD)	390	143	131	-8.4%	-66.4%	1,383	666	-51.8%
Carnival (CBU)	2	0	0	N.M.	-100.0%	355	0	-100.0%
Sorento (CKD)	13	17	10	-41.2%	-23.1%	96	49	-49.0%
Kia Sportage (CKD)	0	88	97	10.2%	N.M.	0	185	N.M.
EV6	0	0	0	N.M.	N.M.	10	2	-80.0%
EV9	0	5	2	-60.0%	N.M.	0	43	N.M.
Niro EV	0	6	0	-100.0%	N.M.	4	6	50.0%
Stinger	0	0	0	N.M.	N.M.	3	0	-100.0%
Total KIA Malaysia	405	259	240	-7.3%	-40.7%	1,851	951	-48.6%
Xpeng								
G6 (CBU)	0	341	227	-33.4%	N.M.	0	724	N.M.
X9 (CBU)	0	0	100	N.M.	N.M.	0	100	N.M.
Total XPeng Malaysia	0	341	327	-4.1%	N.M.	0	824	N.M.
Total Malaysia	4,843	3,260	2,518	-22.8%	-48.0%	21,192	13,687	-35.4%

Bermaz Auto

Figure #6 Quarterly sales breakdown

The Philippines Sales Statistics	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	QoQ (%)
Mazda 2	7	8	9	12.5%	28.6%	26	37	42.3%
Mazda 3	66	13	99	661.5%	50.0%	333	245	-26.4%
Mazda 6	5	4	4	0.0%	-20.0%	21	20	-4.8%
CX-3	5	0	0	N.M.	-100.0%	28	7	-75.0%
CX-30	28	6	23	283.3%	-17.9%	101	55	-45.5%
CX-5	92	56	46	-17.9%	-50.0%	402	240	-40.3%
CX-60	106	34	50	47.1%	-52.8%	321	325	1.2%
CX-7	61	86	47	-45.3%	-23.0%	350	286	-18.3%
CX-9	30	31	3	-90.3%	-90.0%	183	100	-45.4%
CX-90	51	41	38	-7.3%	-25.5%	202	204	1.0%
MX-5	52	26	46	76.9%	-11.5%	191	129	-32.5%
BT-50	134	0	86	N.M.	-35.8%	425	131	-69.2%
Total Mazda Philippines	637	305	451	47.9%	-29.2%	2,583	1,779	-31.1%
GRAND TOTAL	5,480	3,565	2,969	-16.7%	-45.8%	23,775	15,466	-34.9%

Bermaz Auto

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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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