

**HLIB Research**

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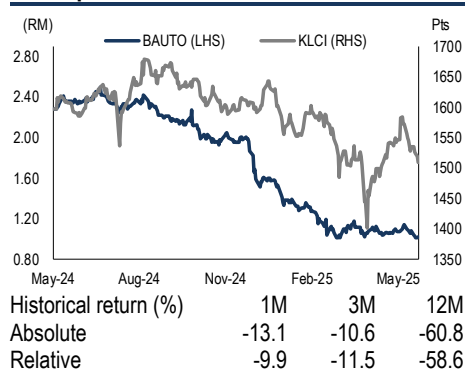
**SELL** (from HOLD)

**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, BAuto maintains a healthy net cash position of RM207.2m (17.8 sen/share).

**Within expectation.** BAuto 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: 17<sup>th</sup> 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. BAuto 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 BAuto with a lower TP: RM0.78 (from TP of RM1.05), based on an unchanged 8x PER on CY25 earnings. Despite the downgrade, BAuto 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%        |
| <b>Core PATAMI</b>             | <b>91.0</b> | <b>24.6</b> | <b>21.5</b> | <b>-12.5%</b> | <b>-76.4%</b> | <b>352.0</b> | <b>156.5</b> | <b>-55.5%</b> |
| 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%        |
|                                |             |             |             | <b>%-pts</b>  | <b>%-pts</b>  |              |              | <b>%-pts</b>  |
| 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 (%)       |
|------------------|--------------|--------------|--------------|---------------|---------------|----------------|----------------|---------------|
| <b>Revenue</b>   |              |              |              |               |               |                |                |               |
| 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%        |
| <b>Total</b>     | <b>937.5</b> | <b>602.1</b> | <b>528.6</b> | <b>-12.2%</b> | <b>-43.6%</b> | <b>3,930.3</b> | <b>2,623.8</b> | <b>-33.2%</b> |
| <b>EBIT</b>      |              |              |              |               |               |                |                |               |
| 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)          |               |
| <b>Total</b>     | <b>110.7</b> | <b>35.1</b>  | <b>35.4</b>  | <b>1.0%</b>   | <b>-68.0%</b> | <b>436.1</b>   | <b>212.7</b>   | <b>-51.2%</b> |
| <b>Core EBIT</b> | <b>111.4</b> | <b>35.5</b>  | <b>35.7</b>  | <b>0.6%</b>   | <b>-67.9%</b> | <b>437.0</b>   | <b>213.3</b>   | <b>-51.2%</b> |

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**Figure #4** Model line up 2024-25

|   | CY2025   |  |  |
|---|--|--|--|
|               | <b>CX-5 MS LE</b> (Jan 25')<br>          | <b>New CX-60</b> (Q3 '25)<br>                  | <b>New CX-80</b> (Q3 '25)<br>      |
|             | <b>All-New EV9 CBU</b><br>(Jun 24')<br> | <b>All-New Sportage CKD</b><br>(Dec 24')<br> |  |
|             | <b>All-New G6 CBU</b><br>(Aug 24')<br>  | <b>All-New X9 CBU</b><br>(Mar 25')<br>      |  |
| <br>DEEPAL | <b>Deepal S07 EV</b> (Q3 25')<br>       | <b>Deepal S05 EV</b> (Q4 25')<br>            | <b>Deepal E07 EV</b> (Q4 25')<br> |

Company

**Figure #5** Quarterly sales breakdown

| Malaysia Sales Statistics     | 4QFY24       | 3QFY25       | 4QFY25       | QoQ (%)        | YoY (%)        | FY24          | FY25          | QoQ (%)       |
|-------------------------------|--------------|--------------|--------------|----------------|----------------|---------------|---------------|---------------|
| <b>Mazda CBU</b>              |              |              |              |                |                |               |               |               |
| 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%        |
| Biante                        | 0            | 0            | 0            | N.M.           | N.M.           | 0             | 1             | N.M.          |
| BT-50                         | 10           | -1           | 5            | N.M.           | -50.0%         | 97            | 29            | -70.1%        |
| <b>Subtotal</b>               | <b>592</b>   | <b>249</b>   | <b>261</b>   | <b>4.8%</b>    | <b>-55.9%</b>  | <b>3,633</b>  | <b>1,571</b>  | <b>-56.8%</b> |
| <b>Mazda CKD</b>              |              |              |              |                |                |               |               |               |
| 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%        |
| <b>Subtotal</b>               | <b>3,618</b> | <b>2,409</b> | <b>1,690</b> | <b>-29.8%</b>  | <b>-53.3%</b>  | <b>14,761</b> | <b>9,897</b>  | <b>-33.0%</b> |
| <b>Total Mazda Malaysia</b>   | <b>4,210</b> | <b>2,658</b> | <b>1,951</b> | <b>-26.6%</b>  | <b>-53.7%</b>  | <b>18,394</b> | <b>11,468</b> | <b>-37.7%</b> |
| <b>Peugeot CKD</b>            |              |              |              |                |                |               |               |               |
| 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%        |
| <b>Total Peugeot Malaysia</b> | <b>228</b>   | <b>2</b>     | <b>0</b>     | <b>-100.0%</b> | <b>-100.0%</b> | <b>947</b>    | <b>444</b>    | <b>-53.1%</b> |
| <b>KIA</b>                    |              |              |              |                |                |               |               |               |
| 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%       |
| <b>Total KIA Malaysia</b>     | <b>405</b>   | <b>259</b>   | <b>240</b>   | <b>-7.3%</b>   | <b>-40.7%</b>  | <b>1,851</b>  | <b>951</b>    | <b>-48.6%</b> |
| <b>Xpeng</b>                  |              |              |              |                |                |               |               |               |
| 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.          |
| <b>Total XPeng Malaysia</b>   | <b>0</b>     | <b>341</b>   | <b>327</b>   | <b>-4.1%</b>   | <b>N.M.</b>    | <b>0</b>      | <b>824</b>    | <b>N.M.</b>   |
| <b>Total Malaysia</b>         | <b>4,843</b> | <b>3,260</b> | <b>2,518</b> | <b>-22.8%</b>  | <b>-48.0%</b>  | <b>21,192</b> | <b>13,687</b> | <b>-35.4%</b> |

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%        |
| <b>Total Mazda Philippines</b>   | <b>637</b>   | <b>305</b>   | <b>451</b>   | <b>47.9%</b>  | <b>-29.2%</b> | <b>2,583</b>  | <b>1,779</b>  | <b>-31.1%</b> |
| <b>GRAND TOTAL</b>               | <b>5,480</b> | <b>3,565</b> | <b>2,969</b> | <b>-16.7%</b> | <b>-45.8%</b> | <b>23,775</b> | <b>15,466</b> | <b>-34.9%</b> |

Bermaz Auto

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**Hong Leong Investment Bank Berhad (10209-W)**

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## Stock rating guide

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

## Sector rating guide

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

The stock rating guide as stipulated above serves as a guiding principle to stock ratings. However, apart from the abovementioned quantitative definitions, other qualitative measures and situational aspects will also be considered when arriving at the final stock rating. Stock rating may also be affected by the market capitalisation of the individual stock under review.