HLIB Research
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Bermaz Auto

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Improved 3QFY26 on stronger sales

HOLD (from Sell)

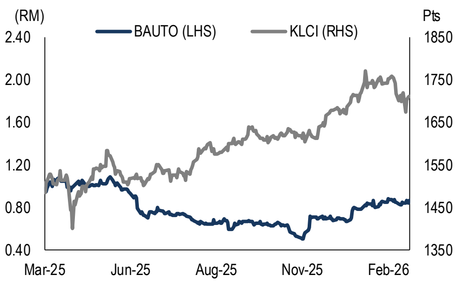
Target Price:	**RM0.85**
Previously:	**RM0.54**
Current Price:	**RM0.86**

Capital upside	-1.2%
Dividend yield	6.4%
Expected total return	5.2%

Sector coverage: Automotive

Company description: Bermaz Auto is involved in distribution, assembly, retailing and after sales service of Mazda 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	1.8	21.1	-17.3
Relative	3.5	15.9	-27.0

Stock information

Bloomberg ticker	BAUTO MK
Bursa code	5248
Issued shares (m)	1,135
Market capitalisation (RM m)	976
3-mth average volume ('000)	4,876
SC Shariah compliant	Yes
F4GBM Index member	Yes
ESG rating	★★★★

Major shareholders

Dynamic Milestone	16.5%
Permodalan Nasional Berhad	12.1%
Lembaga Tabung Haji	7.0%

Earnings summary

FYE (Apr)	FY25	FY26f	FY27f
PATMI - core (RM m)	154	82	99
EPS - core (sen)	13.3	7.1	8.5
P/E (x)	6.5	12.1	10.1

Reported core PATMI of RM31.8m for 3QFY26 (+101.8% QoQ; +29.5% YoY) and RM56.4m for 9MFY26 (-58.2% YoY). The results were above our expectation (98.2%) and consensus (76.3%), driven by higher group sales volume and RM appreciation. Declared a third interim dividend of 1.75 sen/share. Upgrade to HOLD with a higher TP of RM0.85 (from RM0.54) based on 10x FY27 P/E. BAuto has a net cash of RM305.1m (26.8 sen/share), supporting a decent dividend yield of 6.4%.

Above expectation. BAuto reported 3QFY26 core PATMI of RM31.8m (+101.8% QoQ, +29.5% YoY) and 9MFY26 at RM56.4m (-58.2% YoY). We deem the results to be above our expectations (at 98% of our full year forecast) but within consensus (76%). 3QFY26 performance was driven mainly by new model launches, lumpy disposal of Kia inventories and appreciation of RM. The group recorded net EIs of +RM1.7m in 9MFY26, mainly on forex and asset disposal gains, partially offset by impairments and derivative losses.

Dividend. Declared a third interim dividend of 1.75 sen/share (ex-date: 20 Apr). YTD dividends declared amounted to 3.75 sen/share.

QoQ & YoY. Core PATMI improved +101.8% QoQ and +29.5% YoY to RM31.8m, mainly driven by higher Mazda Malaysia sales volume (+35.9% QoQ, +16.7% YoY) with accelerated deliveries of the newly launched Mazda 3 1.5l new variant, lumpy disposal of Kia inventories to Kia Principal, and further RM appreciation during the quarter. The strong performance was partially offset by the weaker Philippines operation, higher losses of associates (especially KMSB), tax charges and higher profits attributed to MI.

YTD. Nevertheless, 9MFY26 core PATMI still fell -58.2% to RM56.4m, mainly dragged by the lower total group sales volume (for both Malaysia's -20.6% and Philippines' -19.8%) along with lower margins, as well as associates' combined losses contribution.

Outlook. The operational landscape in Malaysia is expected to remain competitive, given the aggressive launches of Chinese OEMs with attractive price points. Nevertheless, BAuto's newly launched Mazda models (especially Mazda 3 1.5L variant) have gained renewed market interest, resulting to improved sales volume since 2QFY26. Furthermore, we expect BAuto to enjoy some near term advantage with the ending of tax exemptions of CBU EV models in 2026 (pending the introduction of CKD EV model replacements in order to enjoy tax exemptions until end 2027). Management has indicated an order backlog of 3,500 units for Mazda Malaysia (largely attributed to Mazda 3). BAuto has also officially discontinued the distributorship of Kia models in Malaysia effective Nov 2025, following the restructuring of Kia Corp to assume the role. The Philippines operation has seen similar competitive pressure mainly affected by the aggressive approach from Chinese OEMs.

Forecast. We have raised our forecasts by +43.3% for FY26, +15.0% for FY27 and +8.9% for FY28.

Upgrade to HOLD, TP: RM0.85. We upgrade our recommendation to HOLD on BAuto with a higher TP of RM0.85 (from RM0.54) based on P/E of 10x to FY27's EPS of 8.5 sen. While its balance sheet position remains healthy (with net cash of RM305.1m or 26.8 sen/share as at end 3QFY26), earnings prospects remain challenging given the operating landscape in Malaysia and Philippines.

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Apr	FY24	FY25	FY26f	FY27f	FY28f
Cash	365	434	481	560	584
Receivables	224	206	199	186	196
Inventories	687	501	498	465	489
PPE	48	46	49	52	54
Others	564	501	458	429	411
Assets	**1,887**	**1,688**	**1,685**	**1,692**	**1,734**
Payables	381	226	228	213	223
Debt	63	226	276	276	276
Others	535	504	497	490	484
Liabilities	**979**	**955**	**1,001**	**979**	**982**
Shareholder's equity	816	642	582	609	643
Minority interest	93	91	102	105	109
Equity	**909**	**733**	**684**	**714**	**751**

Income Statement

FYE Apr	FY24	FY25	FY26f	FY27f	FY28f
Revenue	3,911	2,622	2,488	2,324	2,444
EBITDA	464	240	206	198	214
EBIT	437	213	178	169	185
Net interest	3	(3)	(4)	(6)	(6)
Associates & JV	45	12	(35)	(20)	(10)
Profit before tax	485	222	139	143	170
Tax	(111)	(56)	(45)	(41)	(45)
Net profit	373	166	93	102	125
Minority interest	(27)	(12)	(11)	(3)	(3)
Core PATMI	**346**	**154**	**82**	**99**	**121**
Exceptionals	(1)	(1)	0	0	0
Reported PATMI	346	154	82	99	121
Consensus core PATMI			74	103	116
HLIB/ Consensus (%)			111%	96%	105%

Cash Flow Statement

FYE Apr	FY24	FY25	FY26f	FY27f	FY28f
EBITDA	464	240	206	198	214
Net Interest	3	(3)	(4)	(6)	(6)
Taxation	(129)	(75)	(45)	(41)	(45)
Working Capital	(155)	29	13	30	(23)
Others	26	36	5	5	5
CFO	**209**	**227**	**174**	**186**	**145**
Capex	(14)	(10)	(15)	(15)	(15)
Others	(11)	70	0	0	0
CFI	**(26)**	**60**	**(15)**	**(15)**	**(15)**
Changes in debt	(37)	163	50	0	0
Shares issued	(2)	(6)	0	0	0
Dividends	(298)	(345)	(142)	(73)	(87)
Others	(21)	(27)	(19)	(19)	(19)
CFF	**(358)**	**(215)**	**(112)**	**(92)**	**(106)**
Net cash flow	**(174)**	**72**	**47**	**79**	**24**
Forex	1	(3)	0	0	0
Others	0	0	0	0	0
Beginning cash	538	365	434	481	560
Ending cash	365	434	481	560	584

Valuation & Ratios

FYE Apr	FY24	FY25	FY26f	FY27f	FY28f
Reported EPS (sen)	29.6	13.2	7.1	8.5	10.4
Core EPS (sen)	29.7	13.3	7.1	8.5	10.4
P/E (x)	2.9	6.5	12.1	10.1	8.2
DPS (sen)	26.0	16.8	5.5	6.5	8.0
Dividend yield (%)	30.2%	19.5%	6.4%	7.6%	9.3%
BVPS (RM)	0.70	0.55	0.50	0.52	0.55
P/B (x)	1.2	1.6	1.7	1.6	1.6
EBITDA margin	11.9%	9.2%	8.3%	8.5%	8.8%
EBIT margin	11.2%	8.1%	7.1%	7.3%	7.6%
PBT margin	12.4%	8.5%	5.6%	6.1%	6.9%
Net margin	8.9%	5.9%	3.3%	4.3%	5.0%
ROE (%)	43.8%	21.2%	13.4%	16.6%	19.4%
ROA (%)	18.9%	8.6%	4.9%	5.9%	7.1%
Net gearing (%)	N.Cash	N.Cash	N.Cash	N.Cash	N.Cash
N.Cash/share (sen)	25.9	17.9	17.7	24.5	26.5

Assumptions

FYE Apr	FY24	FY25	FY26f	FY27f	FY28f
Sales volume					
Mazda Msia	18,394	11,468	10,675	10,010	10,510
Kia Msia	1,851	951	661	0	0
Xpeng Msia		824	1,600	1,600	1,600
Deepal Msia			0	0	0
Peugeot Msia	947	444	0	0	0
Mazda Php	2,583	1,779	1,550	1,600	1,700

Figure #1 Quarterly results comparison

FYE Apr (RMm)	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	YoY (%)
Revenue	602.1	556.5	683.2	22.8%	13.5%	2,095.1	1,731.0	-17.4%
EBITDA	42.6	39.7	76.4	92.4%	79.4%	197.7	152.0	-23.1%
Core EBIT	35.5	33.7	69.3	105.5%	95.3%	177.6	132.5	-25.4%
Interest Expense	(2.0)	(1.7)	(1.6)	-5.5%	-19.2%	(5.5)	(5.1)	-7.4%
Interest on Lease Liability	(1.1)	(1.0)	(1.0)	-2.4%	-15.4%	(3.4)	(3.0)	-13.1%
Interest and Investment Income	2.6	2.5	3.3	30.9%	27.1%	6.8	8.1	18.7%
Associates:								
MMSB	(0.3)	0.9	(1.5)	N.M.	349.2%	8.5	(0.8)	N.M.
Inokom	1.4	0.4	0.9	135.5%	-34.7%	6.5	(4.4)	N.M.
KMSB	(0.6)	(7.8)	(10.6)			0.2	(21.6)	
Others	(0.2)	(0.1)	(0.2)			(0.8)	(0.6)	
Core PBT	35.3	27.0	58.7	117.9%	66.6%	189.9	105.2	-44.6%
Exceptionals	(0.4)	1.4	0.8			(0.3)	1.7	
Reported PBT	34.8	28.4	59.6	109.8%	71.0%	189.6	106.9	-43.6%
Tax	(8.6)	(10.1)	(21.1)	108.7%	145.5%	(45.3)	(39.6)	-12.7%
MI	(2.1)	(1.1)	(5.8)	441.9%	178.1%	(9.5)	(9.2)	-3.4%
Reported PATAMI	24.1	17.2	32.6	89.8%	35.2%	134.7	58.1	-56.9%
Core PATAMI	**24.6**	**15.8**	**31.8**	**101.8%**	**29.5%**	**135.0**	**56.4**	**-58.2%**
Reported EPS (Sen)	2.1	1.5	2.9	91.2%	38.9%	11.5	5.1	-55.7%
Core EPS (Sen)	2.1	1.4	2.8	103.4%	33.1%	11.6	5.0	-57.1%
				%-pts	%-pts			%-pts
EBITDA Margin (%)	7.1%	7.1%	11.2%	4.0	4.1	9.4%	8.8%	(0.7)
Core EBIT Margin (%)	5.9%	6.1%	10.1%	4.1	4.3	8.5%	7.7%	(0.8)
Core PATAMI Margin (%)	4.1%	2.8%	4.7%	1.8	0.6	6.4%	3.3%	(3.2)

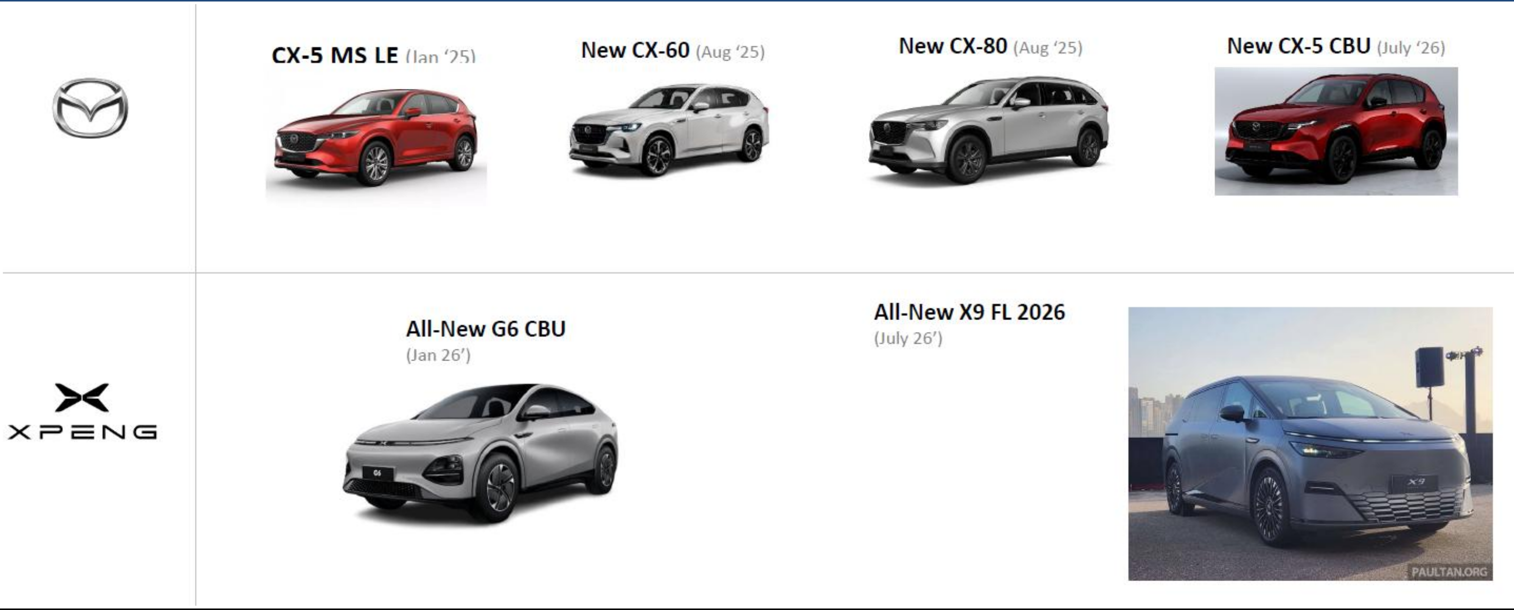
Bursa, HLIB Research

Figure #2 Quarterly result breakdown

FYE Apr (RM m)	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	YoY (%)
Revenue								
Malaysia	552.4	506.9	636.6	25.6%	15.2%	1,889.1	1,568.5	-17.0%
Philippines	49.7	49.5	46.7	-5.8%	-6.0%	206.1	162.5	-21.2%
Total	**602.1**	**556.5**	**683.2**	**22.8%**	**13.5%**	**2,095.1**	**1,731.0**	**-17.4%**
EBIT								
Malaysia	27.7	33.0	67.6	105.2%	143.8%	143.4	122.7	-14.5%
Philippines	7.9	3.2	3.0	-5.1%	-62.2%	35.6	13.4	-62.4%
Others	(0.6)	(0.9)	(0.5)			(1.7)	(1.9)	
Total	**35.1**	**35.2**	**70.2**	**99.4%**	**99.9%**	**177.3**	**134.2**	**-24.3%**
Core EBIT	**35.5**	**33.7**	**69.3**	**105.5%**	**95.3%**	**177.6**	**132.5**	**-25.4%**

Bursa, HLIB Research

Figure #3 Model line up for Mazda and Xpeng in 2025-26



Company

Figure #4 Quarterly sales breakdown

Malaysia Sales Statistics	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	QoQ (%)
Mazda CBU								
Mazda 2	10	4	4	0.0%	-60.0%	96	14	-85.4%
Mazda 3	183	473	1,357	186.9%	641.5%	777	1,930	148.4%
Mazda 6	9	4	0	-100.0%	-100.0%	34	9	-73.5%
CX-3	44	10	4	-60.0%	-90.9%	351	45	-87.2%
CX-60	0	472	227	-51.9%	#DIV/0!	0	699	N.M.
CX-80	0	10	18	80.0%	#DIV/0!	0	28	N.M.
CX-9	3	2	1	-50.0%	-66.7%	17	4	-76.5%
MX-5	1	7	2	-71.4%	100.0%	10	13	30.0%
Biante	0	0	0	N.M.	N.M.	1	0	-100.0%
BT-50	-1	1	37	3600.0%	N.M.	24	42	75.0%
Subtotal	**249**	**983**	**1,650**	**67.9%**	**562.7%**	**1,310**	**2,784**	**112.5%**
Mazda CKD								
CX-30	1,101	607	457	-24.7%	-58.5%	3,260	1,637	-49.8%
CX-5	1,089	473	771	63.0%	-29.2%	4,057	1,928	-52.5%
CX-8	219	219	223	1.8%	1.8%	890	627	-29.6%
Subtotal	**2,409**	**1,299**	**1,451**	**11.7%**	**-39.8%**	**8,207**	**4,192**	**-48.9%**
Total Mazda Malaysia	**2,658**	**2,282**	**3,101**	**35.9%**	**16.7%**	**9,517**	**6,976**	**-26.7%**
Peugeot CKD								
2008	0	0	0	N.M.	N.M.	105	0	-100.0%
3008	0	0	0	N.M.	N.M.	314	0	-100.0%
5008	1	0	0	N.M.	-100.0%	16	0	-100.0%
Landtrek	0	0	0	N.M.	N.M.	8	0	-100.0%
Total Peugeot Malaysia	**1**	**0**	**0**	**#DIV/0!**	**-100.0%**	**443**	**0**	**-100.0%**
KIA								
Carnival (CKD)	143	75	127	69.3%	-11.2%	535	319	-40.4%
Sorento (CKD)	17	6	12	100.0%	-29.4%	39	21	-46.2%
Kia Sportage (CKD)	88	39	191	389.7%	117.0%	88	302	243.2%
EV6	0	0	0	N.M.	N.M.	2	2	0.0%
EV9	5	0	16	N.M.	220.0%	41	17	-58.5%
Total KIA Malaysia	**253**	**120**	**346**	**188.3%**	**36.8%**	**705**	**661**	**-6.2%**
XPeng								
G6 (CBU)	341	212	305	43.9%	-10.6%	497	645	29.8%
X9 (CBU)	0	152	168	10.5%	N.M.	0	578	N.M.
Total XPeng Malaysia	**341**	**364**	**473**	**29.9%**	**38.7%**	**497**	**1,223**	**146.1%**
Total Malaysia	**3,253**	**2,766**	**3,920**	**41.7%**	**20.5%**	**11,162**	**8,860**	**-20.6%**

Bermaz Auto

Figure #5 Quarterly sales breakdown

Philippines Sales Statistics	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	QoQ (%)
Mazda 2	8	8	3	-62.5%	-62.5%	28	11	-60.7%
Mazda 3	13	53	70	32.1%	438.5%	146	176	20.5%
Mazda 6	4	2	1	-50.0%	-75.0%	16	4	-75.0%
CX-3	0	0	0	N.M.	N.M.	7	0	-100.0%
CX-30	6	13	21	61.5%	250.0%	32	45	40.6%
CX-5	56	25	31	24.0%	-44.6%	194	93	-52.1%
CX-60	34	49	64	30.6%	88.2%	275	201	-26.9%
CX-7	86	53	39	-26.4%	-54.7%	239	137	-42.7%
CX-9	31	0	0	N.M.	-100.0%	97	0	-100.0%
CX-90	41	31	43	38.7%	4.9%	166	110	-33.7%
MX-5	26	53	41	-22.6%	57.7%	83	159	91.6%
BT-50	0	63	29	-54.0%	N.M.	45	220	388.9%
Total Mazda Philippines	**305**	**350**	**342**	**-2.3%**	**12.1%**	**1,328**	**1,156**	**-13.0%**
Total Group Sales	**3,558**	**3,116**	**4,262**	**36.8%**	**19.8%**	**12,490**	**10,016**	**-19.8%**

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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