

**Bermaz Auto Berhad**

(5248 | BAUTO MK) Main | Consumer Products &amp; Services

**Maintain BUY**Revised Target Price **RM1.43** (from RM1.97)

## 3QFY25 Results Review Attractive Valuation Stands

**Maintain BUY.** The 3QFY25 results missed our estimates, primarily due to lower-than-expected vehicle sales in domestic Kia and Mazda Philippines (Mazda PH). However, some relief comes from quarter-on-quarter sales improvement in XPeng and Kia, driven by the newly launched Kia Sportage. While encouraging, we remain cautious as the outlook remains fluid. Our downward earnings revision, as detailed below, resulted in a lower target price of **RM1.43** based on 8.0x FY26F EPS (-0.5SD below its 5-year mean). We reiterate our **BUY** call, supported by an attractive valuation and a +16.6% dividend yield.

**Below expectations.** Bermaz Auto Berhad (BAuto) reported a core PATAMI of RM23.4m for 3QFY25, bringing its 9MFY25 total to RM133.9m. The results came in below expectations, accounting for only 51%/60% of our/consensus full-year estimates due to lower-than-anticipated vehicle sales. A third interim dividend of 1.75 sen was declared, raising the total dividend for 9MFY25 to 15.25 sen, with a payout ratio of 133%.

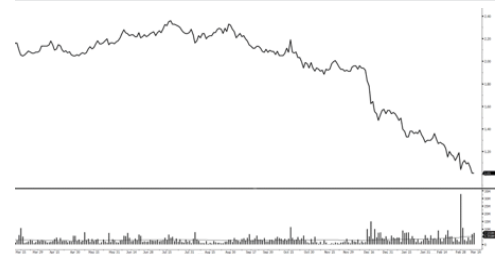
**Weakened amid intense competition.** The influx of Chinese-made vehicles into the market significantly impacted the domestic sales of Mazda (Mazda MY) (-37.7%yoy) and Kia (-41.7%yoy), leading to a lower group revenue of RM602.1m (-32.8%yoy). Moreover, 3QFY24 set a high base for Mazda MY, driven by the strong sales momentum of the CX-30 CKD model since its launch in Mar-23. Its Philippines operations were not spared, with Mazda PH sales nearly halving to 305 units. Its associates involved in local assembly also reported a significantly lower share of results, declining by 96.5%yoy. As a result, the overall core PATAMI dropped significantly to RM23.4m (-66.6%yoy), with margins contracting by 3.9ppts.

**XPeng's first full quarter of sales.** Compared to 2QFY25, group revenue declined by -6.9%qoq, also due to the impact of Mazda's domestic sales (-11.6%qoq). Mazda PH sales also dropped by -33.8%qoq. This was partly offset by higher sales from its XPeng marque, which, for now, offers only the G6 model, launched in mid-2QFY25. Sales for this marque more than doubled to 341 units. Meanwhile, Kia marque saw an improvement in sales to 259 units (+45.5%qoq), driven by the fifth-generation Kia Sportage (CKD), which was launched in Dec-24. Despite delayed deliveries in mid-Jan, the model recorded 88 units sold. Core PATAMI fell by -36.6%qoq as compared to the preceding quarter.

**Earnings estimates.** Following the disappointing earnings, we revised our total vehicle sales volume projections downward by -14%/-15%/-16% for FY25E/FY26F/FY27F. Additionally, minor adjustments to operating expense assumptions have led to a reduction in earnings estimates by -28%/-27%/-29% for the respective years. A key upside would be stronger-than-expected demand for its new and upcoming model launches.

**RETURN STATISTICS**

Price @ 12 <sup>th</sup> March 2025 (RM)	1.04
Expected share price return (%)	+37.9
Expected dividend yield (%)	+16.6
Expected total return (%)	+54.5

**SHARE PRICE CHART**

Price performance (%)	Absolute	Relative
1 month	-20.5	-16.1
3months	-36.9	-45.8
12 months	-56.5	-55.6

**INVESTMENT STATISTICS**

FYE April	2025E	2026F	2027F
Revenue	2,971.2	3,187.5	3,324.9
Operating profit	237.7	270.9	282.6
PBT	275.0	309.6	321.3
Core PATAMI	183.9	209.4	218.7
Core EPS	15.7	17.9	18.7
DPS	17.3	14.4	15.0
Dividend yield	16.6%	13.8%	14.4%

**KEY STATISTICS**

FBM KLCI	1,484.83
Issued shares (m)	1,168.82
Estimated free float (%)	65.59
Market Capitalisation (RM'm)	1,173.97
52-wk price range	RM0.99 - RM2.50
3-mth average daily volume (m)	5.36
3-mth average daily value (RM'm)	7.34
<b>Top Shareholders (%)</b>	
Dynamic Milestone Sdn Bhd	15.22
EPF	13.30
Amanah Saham Nasional Bhd	8.29

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### BERMAZ: 3QFY25 RESULTS SUMMARY

FYE Apr (RM'm)	Quarterly					Cumulatively		
Income Statement	3QFY25	2QFY25	3QFY24	QoQ	YoY	9MFY25	9MFY24	YoY
Revenue	602.1	646.9	896.5	-6.9%	-32.8%	2,095.1	2,992.7	-30.0%
Malaysia	552.4	755.0	805.8	-26.8%	-31.4%	1,889.1	2,712.7	-30.4%
Philippines	49.7	91.2	90.7	-45.5%	-45.3%	206.1	280.0	-26.4%
Operating profit	35.1	54.9	87.1	-36.1%	-59.7%	177.3	325.4	-45.5%
Malaysia	27.7	46.4	73.7	-40.2%	-62.4%	143.4	281.5	-49.0%
Philippines	7.9	9.3	13.8	-14.8%	-42.5%	35.6	45.2	-21.4%
Net finance costs	-0.5	-3.7	0.5	85.8%	-197.2%	-2.0	2.7	-174.4%
Associates	0.3	3.4	7.5	-92.2%	-96.5%	14.4	30.5	-52.7%
PBT	34.8	57.1	95.1	-38.9%	-63.4%	189.7	358.6	-47.1%
Tax expense	-8.6	-14.3	-20.5	40.0%	58.1%	-45.3	-80.4	43.6%
PATAMI	24.1	35.4	70.5	-31.9%	-65.8%	134.7	260.8	-48.4%
Core PATAMI	23.4	36.9	70.1	-36.6%	-66.6%	133.9	261.6	-48.8%
				ppts	ppts			ppts
OP margin	5.8%	8.5%	9.7%	-2.7	-3.9	8.5%	10.9%	-2.4
OP margin MY	5.0%	6.1%	9.1%	-1.1	-4.1	7.6%	10.4%	-2.8
OP margin PH	15.9%	10.2%	15.2%	5.8	0.8	17.3%	16.2%	1.1
PBT margin	5.8%	8.8%	10.6%	-3.0	-4.8	9.1%	12.0%	-2.9
Core PATAMI margin	3.9%	5.7%	7.8%	-1.8	-3.9	6.4%	8.7%	-2.4
Effective tax rate	-24.7%	-25.1%	-21.6%	0.4	-3.1	-23.9%	-22.4%	-1.5

### SHARE OF RESULTS OF ASSOCIATES

FYE Apr	Quarterly					Cumulatively		
PAT	3QFY25	2QFY25	3QFY24	QoQ	YoY	9MFY25	9MFY24	YoY
Mazda Malaysia	-0.3	3.1	5.2	-110.6%	-106.2%	8.5	19.1	-55.5%
Inokom	1.4	1.3	3.6	7.5%	-61.6%	6.5	8.7	-26.1%
KIA Malaysia Sdn Bhd	-0.6	-0.6	-1.3	7.2%	55.7%	0.2	2.4	-89.8%
Other	-0.2	-0.3	-0.01	36.7%	-1314.3%	-0.8	0.2	-518.4%
	0.3	3.4	7.5	-92.2%	-96.5%	14.4	30.5	-52.7%
Units Sold								
Mazda Malaysia	2,735	5,275	4,271	-48.2%	-36.0%	8,067	14,475	-44.3%
Inokom	8,353	11,699	14,195	-28.6%	-41.2%	29,865	35,570	-16.0%
KIA Malaysia Sdn Bhd	669	799	442	-16.3%	51.4%	2,714	1,801	50.7%

Source: BAUTO, MIDFR

## UNIT SOLD BY MODELS (MALAYSIA)

FYE April (Units)	Quarterly					Cumulatively		
Mazda CBU	3QFY25	2QFY25	3QFY24	QoQ	YoY	9MFY25	9MFY24	YoY
Mazda 2	10	53	49	-81.1%	-79.6%	96	123	-22.0%
Mazda 3	183	255	150	-28.2%	22.0%	777	1,361	-42.9%
Mazda 6	9	15	16	-40.0%	-43.8%	34	95	-64.2%
CX-3	44	66	276	-33.3%	-84.1%	351	1,340	-73.8%
CX-9	3	7	2	-57.1%	50.0%	17	9	88.9%
MX-5	1	4	5	-75.0%	-80.0%	10	19	-47.4%
BT-50	-1	-	21	-	-104.8%	24	87	-72.4%
	249	400	519	-37.8%	-52.0%	1,310	3,041	-56.9%
<b>Mazda CKD</b>								
CX-5	1,089	1,270	1,616	-14.3%	-32.6%	4,057	4,911	-17.4%
CX-8	219	318	441	-31.1%	-50.3%	890	1,673	-46.8%
CX-30	1,101	1,019	1,691	8.0%	-34.9%	3,260	4,559	-28.5%
	2,409	2,607	3,748	-7.6%	-35.7%	8,207	11,143	-26.3%
<b>Peugeot CKD</b>								
2008	-	5	33	-	-	105	186	-43.5%
3008	-	6	107	-	-	314	450	-30.2%
5008	1	2	4	-50.0%	-75.0%	16	61	-73.8%
E-2008	1	-	-	-	-	1	-	-
Landtrek	-	-	2	-	-	8	22	-63.6%
	2	13	146	-84.6%	-98.6%	444	719	-38.2%
<b>KIA CBU</b>								
Carnival	-	-	4	-	-	-	353	-
EV6	-	2	1	-	-	2	10	-80.0%
Niro	6	-	1	-	500.0%	6	4	50.0%
EV9	5	16	-	-68.8%	-	41	-	-
	11	18	6	-38.9%	83.3%	49	370	-86.8%
<b>KIA CKD</b>								
Carnival	143	160	412	-10.6%	-65.3%	535	993	-46.1%
Sorento	17	-	26	-	-34.6%	39	83	-53.0%
Sportage	88	-	-	-	-	88	-	-
	248	160	438	55.0%	-43.4%	662	1,076	-38.5%
<b>XPeng CBU</b>								
G6	341	156	-	118.6%	-	497	-	-
<b>Total Volume</b>	<b>3,260</b>	<b>3,354</b>	<b>4,857</b>	<b>-2.8%</b>	<b>-32.9%</b>	<b>11,169</b>	<b>16,349</b>	<b>-31.7%</b>

Source: BAuto, MIDFR

### UNITS SOLD BY MODELS (PHILIPPINES)

	Quarterly					Cumulatively		
Mazda CBU	3QFY25	2QFY25	3QFY24	QoQ	YoY	9MFY25	9MFY24	YoY
Mazda 2	8	14	5	-42.9%	60.0%	28	19	47.4%
Mazda 3	13	94	57	-86.2%	-77.2%	146	267	-45.3%
Mazda 6	4	6	6	-33.3%	-33.3%	16	16	0.0%
CX-3	-	1	6	-	-	7	23	-69.6%
CX-30	6	17	9	-64.7%	-33.3%	32	73	-56.2%
CX-5	56	59	75	-5.1%	-25.3%	194	310	-37.4%
CX-60	34	72	130	-52.8%	-73.8%	275	215	27.9%
CX-8	86	81	57	6.2%	50.9%	239	289	-17.3%
CX-9	31	37	15	-16.2%	106.7%	97	153	-36.6%
CX-90	41	39	68	5.1%	-39.7%	166	151	9.9%
MX-5	26	27	25	-3.7%	4.0%	83	139	-40.3%
BT-50	-	14	153	-	-	45	291	-84.5%
<b>Total Volume</b>	305	461	606	-33.8%	-49.7%	1,328	1,946	-31.8%

### SUMMARY OF UNITS SOLD

	Quarterly					Cumulatively		
Marques	3QFY25	2QFY25	3QFY24	QoQ	YoY	9MFY25	9MFY24	YoY
Mazda (MY)	2,658	3,007	4,267	-11.6%	-37.7%	9,517	14,184	-32.9%
Peugeot (MY)	2	13	146	-84.6%	-98.6%	444	719	-38.2%
Kia (MY)	259	178	444	45.5%	-41.7%	711	1,446	-50.8%
XPeng (MY)	341	156	-	118.6%	-	497	-	-
Mazda (PH)	305	461	606	-33.8%	-49.7%	1,328	1,946	-31.8%
<b>Total Volume</b>	3,565	3,815	5,463	-6.6%	-34.7%	12,497	18,295	-31.7%

Source: BAuto, MIDFR

## FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	3,540.6	3,911.0	2,971.2	3,187.5	3,324.9	PBT	423.3	483.7	275.0	309.6	321.3
Operating profit	391.5	446.5	237.7	270.9	282.6	D&A	23.4	26.8	25.9	23.9	22.2
PBT	423.3	483.7	275.0	309.6	321.3	<b>Operating cash flow</b>	<b>113.2</b>	<b>195.5</b>	<b>300.9</b>	<b>333.5</b>	<b>343.5</b>
Taxation	-94.0	-111.4	-66.0	-74.3	-77.1	Capex	-10.5	-7.5	-15.0	-15.0	-15.0
PATAMI	305.8	345.6	183.9	209.4	218.7	<b>Investing cash flow</b>	<b>2.7</b>	<b>-8.3</b>	<b>-15.0</b>	<b>-15.0</b>	<b>-15.0</b>
Core PATAMI	303.4	344.6	183.9	209.4	218.7	Dividends paid	-154.0	-297.7	-201.9	-168.0	-175.0
						Debt raised/(repaid)	-100.0	-37.5	-5.0	-5.0	-5.0
EPS (sen)	26.0	29.5	15.7	17.9	18.7	<b>Financing cash flow</b>	<b>-268.7</b>	<b>-361.4</b>	<b>-206.9</b>	<b>-173.0</b>	<b>-180.0</b>
PER (x)	4.0x	3.5x	6.6x	5.8x	5.6x	<b>Net cash flow</b>	<b>-152.8</b>	<b>-174.1</b>	<b>79.0</b>	<b>145.5</b>	<b>148.4</b>
DPS (sen)	22.0	26.0	17.3	14.4	15.0	<b>Beginning cash</b>	<b>691.4</b>	<b>538.6</b>	<b>365.8</b>	<b>444.8</b>	<b>590.3</b>
Dividend yield (%)	21.2%	25.0%	16.6%	13.8%	14.4%	<b>Ending cash</b>	<b>538.6</b>	<b>365.8</b>	<b>444.8</b>	<b>590.3</b>	<b>738.7</b>
Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F	Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
PPE	44.6	48.0	49.4	50.4	51.3	OP margin	11.1%	11.4%	8.0%	8.5%	8.5%
ROU assets	72.2	84.0	72.2	62.8	55.2	PBT margin	12.0%	12.4%	9.3%	9.7%	9.7%
<b>Non-current assets</b>	<b>538.5</b>	<b>609.7</b>	<b>597.2</b>	<b>477.7</b>	<b>361.6</b>	PATAMI margin	8.6%	8.8%	6.2%	6.6%	6.6%
Inventories	503.9	687.1	277.5	295.9	308.7	Core PATAMI margin	8.6%	8.8%	6.2%	6.6%	6.6%
Receivables	207.8	196.5	208.7	223.9	233.5	ROA	17.0%	18.5%	10.0%	11.0%	11.2%
Cash balances	89.2	59.2	444.8	590.3	738.7	ROE	36.1%	37.7%	20.5%	22.3%	22.3%
<b>Current assets</b>	<b>1,249.6</b>	<b>1,251.9</b>	<b>1,240.1</b>	<b>1,419.2</b>	<b>1,590.0</b>						
Long-term borrowings	0.0	0.0	0.0	0.0	0.0	<b>Growth (%)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026F</b>	<b>2027F</b>
<b>Non-current liabilities</b>	<b>343.7</b>	<b>387.3</b>	<b>387.3</b>	<b>387.3</b>	<b>387.3</b>	Revenue growth	52.4%	10.5%	-24.0%	7.3%	4.3%
Short-term borrowings	99.9	62.5	57.5	52.5	47.5	PBT growth	94.5%	14.3%	-43.2%	12.6%	3.8%
Payables	360.1	350.9	349.4	372.6	388.7	PATAMI growth	97.2%	13.0%	-46.8%	13.9%	4.4%
<b>Current liabilities</b>	<b>602.9</b>	<b>560.4</b>	<b>553.9</b>	<b>572.1</b>	<b>583.2</b>	Core PATAMI growth	95.6%	13.6%	-46.6%	13.9%	4.4%
Share capital	619.6	626.2	626.2	626.2	626.2						
Reserves	147.3	201.4	183.5	224.8	268.5						
<b>Total equity</b>	<b>841.5</b>	<b>914.1</b>	<b>896.1</b>	<b>937.5</b>	<b>981.1</b>						

Source: BAuto, MIDFR

## MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad

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## MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology