

13 June 2025

Consumer Cyclical | Auto & Auto parts

Bermaz Auto (BAUTO MK)

Neutral (Maintained)

Challenging Year Ahead

- **Keep NEUTRAL with new MYR0.86 TP from MYR0.95, 8% downside and c.11% yield.** Bermaz Auto's FY25 (Apr) earnings met our forecasts but missed Street's expectations. Looking ahead, fierce competition within the non-national segment will continue to pressure the company's volumes. However, BAUTO remains fairly valued considering it is trading at 7.4x P/E, in line with the peer average.
- **In line results.** BAUTO's 4QFY25's core profit of MYR21m (-16% QoQ, -77% YoY) brought FY25 core earnings to MYR157m (-56% YoY), making up 100% and 94% of our and Street's full-year estimates. It announced a 4QFY25 DPS of 1.5 sen, bringing FY25 DPS to 16.75 sen – above our 15.75 sen forecast.
- **Results highlights.** 4QFY25 revenue fell 44% YoY, dragged by lower sales in Malaysia (-45% YoY) and the Philippines (-34% YoY). Operating profit, however, fell by a larger 68% YoY, no thanks to less favourable product mix during the period – bringing its margin to 6.7% (4QFY24: 11.8%). As a result, core net profit dropped 77% YoY, bringing FY25 earnings to MYR156.7m (-55.6% YoY).
- **Outlook.** Moving ahead, we believe the ongoing intense competition in the non-national segment will continue to loom the market, given no clear signs of recovery. Management also shared its pessimism that FY26 will be another challenging year due to inflationary pressures, geopolitical uncertainties, as well as continuous influx of Chinese marques. Hence, we think BAUTO's group sales volumes will continue to be impacted in FY26, resulting in lower Mazda volumes in Malaysia, offset by full-year contribution from Xpeng models, KIA Sportage, and additional contribution from its newly-added marque Deepal.
- **Forecast.** We cut our FY26-27F earnings by 9% and 12% mainly due to lowering our Mazda FY26-27F volume assumptions by 18% and 17% on annual housekeeping adjustments, while making no changes to volume forecasts for other marques. Our revised Mazda volume assumption translates to estimated market share of 1.4% in CY2025, down from 1.8% in CY2024. We also reduce our payout assumptions to 79-80% from 85% previously, lower than 4QFY25 core payout of 82%.
- **Keep NEUTRAL with a new MYR0.86 TP**, based on an unchanged 7x FY25F P/E and 4% ESG premium as per our in-house methodology. Despite a lukewarm market sentiment for non-national automotive brands, we believe investors should hold their positions on this counter due to its attractive c.11% FY26 yield.
- **Key downside risks** include softer-than-expected orders and deliveries, and resurgent supply chain constraints. The opposites constitute upside risks.

Target Price (Return):

MYR0.86 (-7.5%)

Price (Market Cap):

MYR0.93 (USD256m)

ESG score:

3.2 (out of 4)

Avg Daily Turnover (MYR/USD)

2.16m/0.50m

Analyst

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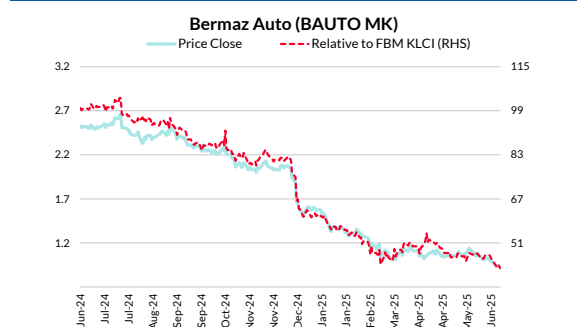
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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(41.9)	(13.1)	(10.6)	(54.4)	(63.3)
Relative	(34.8)	(11.8)	(13.4)	(49.7)	(58.2)
52-wk Price low/high (MYR)	0.93 – 2.66				



Source: Bloomberg

Forecasts and Valuation	Apr-24	Apr-25	Apr-26F	Apr-27F	Apr-28F
Total turnover (MYRm)	3,930	2,624	2,333	2,416	2,499
Recurring net profit (MYRm)	353	157	147	152	156
Recurring net profit growth (%)	16.3	(55.6)	(6.2)	3.5	2.4
Recurring P/E (x)	3.06	6.90	7.35	7.11	6.94
P/B (x)	1.3	1.7	1.6	1.5	1.5
P/CF (x)	5.53	4.78	2.88	6.37	6.23
Dividend Yield (%)	27.8	17.9	10.8	11.3	11.8
EV/EBITDA (x)	1.76	4.05	3.34	3.16	3.04
Return on average equity (%)	44.5	21.4	22.3	22.0	21.7
Net debt to equity (%)	0.4	13.5	net cash	net cash	net cash

Source: Company data, RHB

Overall ESG Score: 3.2 (out of 4)

E Score: 3.0 (GOOD)

S Score: 3.3 (EXCELLENT)

G Score: 3.3 (EXCELLENT)

Please refer to the ESG analysis on the next page

Note:

Small cap stocks are defined as companies with a market capitalisation of less than USD0.5bn.

Emissions And ESG

Trend analysis	Emissions (tCO2e)	Apr-23	Apr-24	Apr-25	Apr-26
In FY24, Scope 1 emissions increased to 1,001 tonnes of CO2 equivalents (FY23: 913 tonnes of CO2 equivalents) while Scope 2 emissions increased to 3,790 tonnes of CO2 equivalents (FY23: 3,444 tonnes of CO2 equivalents).	Scope 1	913	1,001	na	na
	Scope 2	3,444	3,790	na	na
	Scope 3	2,030	1,944	na	na
	Total emissions	6,387	6,735	na	na
	Source: Company data, RHB				

Latest ESG-Related Developments

Climate change management: BAUTO's climate change strategy includes working with employees and supply chain partners to save energy through fuel efficiency and perform a climate change risk assessment.

Waste and pollution management: BAUTO is committed to addressing pollution and waste issue by avoiding its impact and improving efficiency. Its commitment to efficient resource use prioritises reducing, reusing, and recycling over disposal to reduce environmental impact and operations costs and optimise efficiency.

ESG Unbundled

Overall ESG Score: 3.2 (out of 4)

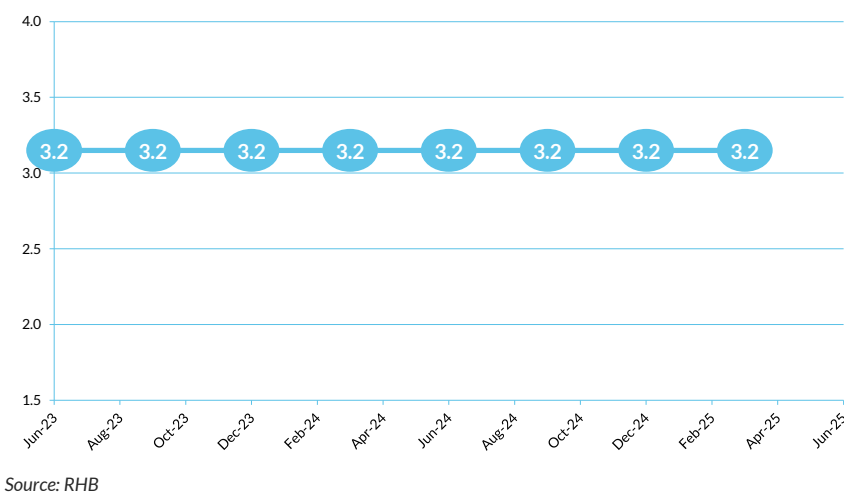
Last Updated: 13 Dec 2024

E Score: 3.0 (GOOD)
BAUTO focuses on environmentally-conscious manufacturing, production, and assembly processes. Major suppliers are subjected to an environmental risk assessment to ensure their complete compliance with the group's environmental standards.

S Score: 3.3 (EXCELLENT)
BAUTO upholds the highest environmental and social standards in the suppliers' code of conduct, and familiarises all suppliers with these guidelines.

G Score: 3.3 (EXCELLENT)
BAUTO has applied and adopted the majority of best practices of the Malaysian Code on Corporate Governance. Nevertheless, we note that the board has two female directors out of a total of seven (<30%). The board also does not disclose on a named basis the top five senior management's remuneration components in bands of MYR50,000. The company practices a high level of transparency and actively engages with the investment community.

ESG Rating History



Financial Exhibits

Asia	Financial summary (MYR)	Apr-24	Apr-25	Apr-26F	Apr-27F	Apr-28F
Malaysia	Recurring EPS	0.30	0.13	0.13	0.13	0.13
Consumer Cyclical	DPS	0.26	0.17	0.10	0.11	0.11
Bermaz Auto	BVPS	0.70	0.55	0.58	0.61	0.63
BAUTO MK	Return on average equity (%)	44.5	21.4	22.3	22.0	21.7
Neutral						
	Valuation metrics	Apr-24	Apr-25	Apr-26F	Apr-27F	Apr-28F
Valuation basis	Recurring P/E (x)	3.06	6.90	7.35	7.11	6.94
7x FY26F PE	P/B (x)	1.3	1.7	1.6	1.5	1.5
	FCF Yield (%)	16.7	19.5	31.9	12.9	13.3
Key drivers	Dividend Yield (%)	27.8	17.9	10.8	11.3	11.8
i. Strong growth from Philippines;	EV/EBITDA (x)	1.76	4.05	3.34	3.16	3.04
ii. Better than expected consumer spending;	EV/EBIT (x)	1.87	4.57	3.73	3.53	3.40
iii. New model launches.						
	Income statement (MYRm)	Apr-24	Apr-25	Apr-26F	Apr-27F	Apr-28F
Key risks	Total turnover	3,930	2,624	2,333	2,416	2,499
i. Unfavourable FX movements;	Gross profit	679	394	355	372	392
ii. Disruption in product pipeline;	EBITDA	463	240	224	232	237
iii. Lacklustre consumer spending;	Depreciation and amortisation	(27)	(27)	(23)	(24)	(25)
iv. Sustained price competition within the non-national segment.	Operating profit	436	213	201	208	212
The opposites constitute upside risks.	Net interest	3	(2)	(6)	(6)	(6)
	Pre-tax profit	489	224	208	215	221
Company Profile	Taxation	(111)	(56)	(50)	(52)	(53)
BAUTO is involved in the distribution, assembling, retailing, and also the provision of after sales service of Mazda vehicles in Malaysia. The group is also involved in the domestic distribution of locally assembled Mazda vehicles and the export of the locally assembled Mazda vehicles. Its subsidiary Bermaz Auto Philippines distributes Mazda vehicles in the Philippines.	Reported net profit	351	156	147	152	156
	Recurring net profit	353	157	147	152	156
	Cash flow (MYRm)	Apr-24	Apr-25	Apr-26F	Apr-27F	Apr-28F
	Change in working capital	(185)	47	201	(11)	(11)
	Cash flow from operations	196	226	375	170	174
	Capex	(15)	(15)	(30)	(30)	(30)
	Cash flow from investing activities	(8)	70	(22)	(22)	(22)
	Dividends paid	(300)	(194)	(116)	(122)	(128)
	Cash flow from financing activities	(361)	(224)	(305)	(136)	(142)
	Cash at beginning of period	89	59	126	174	186
	Net change in cash	(174)	71	48	12	10
	Ending balance cash	(85)	130	174	186	196
	Balance sheet (MYRm)	Apr-24	Apr-25	Apr-26F	Apr-27F	Apr-28F
	Total cash and equivalents	59	126	174	186	196
	Tangible fixed assets	48	46	52	58	63
	Total investments	361	298	311	325	339
	Total assets	1,887	1,691	1,548	1,597	1,644
	Short-term debt	63	226	50	50	50
	Total liabilities	979	956	771	778	785
	Total equity	909	735	777	819	859
	Total liabilities & equity	1,887	1,691	1,548	1,597	1,644
	Key metrics	Apr-24	Apr-25	Apr-26F	Apr-27F	Apr-28F
	Revenue growth (%)	10.8	(33.2)	(11.1)	3.6	3.4
	Recurrent EPS growth (%)	16.3	(55.6)	(6.2)	3.5	2.4
	Gross margin (%)	17.3	15.0	15.2	15.4	15.7
	Operating EBITDA margin (%)	11.8	9.2	9.6	9.6	9.5
	Net profit margin (%)	8.9	5.9	6.3	6.3	6.2
	Dividend payout ratio (%)	85.6	124.2	79.0	80.2	82.1
	Capex/sales (%)	0.4	0.6	1.3	1.2	1.2
	Interest cover (x)	58.8	17.3	14.9	14.8	15.2

Source: Company data, RHB

Results At a Glance

Figure 1: Results review

FYE Apr (MYRm)	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)	Comments
Revenue	937.5	602.1	528.6	(12.2)	(43.6)	3,930.3	2,623.8	(33.2)	FY25 YoY decline was due to weaker YoY sales in both Malaysia and the Philippines.
- 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)	
EBIT	110.7	35.1	35.4	1.0	(68.0)	436.1	212.9	(51.2)	Weaker YoY in line with lower revenue.
- Malaysia	101.3	27.2	26.8	(1.3)	(73.5)	383.0	170.8	(55.4)	
- Philippines	13.4	7.9	8.6	9.1	(35.6)	57.4	44.2	(23.0)	
Interest expense	(1.7)	(3.1)	(3.4)	9.8	96.9	(7.4)	(12.3)	65.9	Largely driven by the decline in contributions from Mazda Malaysia.
Interest income	2.1	2.6	2.9	11.8	39.8	10.5	9.8	(6.4)	
Associates	19.6	0.3	(0.3)	(214.8)	(101.5)	50.0	13.8	(72.3)	
Pre-tax profit	130.6	34.8	34.6	(0.6)	(73.5)	489.1	224.3	(54.1)	
Tax	(31.0)	(8.6)	(11.2)	29.7	(64.0)	(111.4)	(56.5)	(49.3)	
Minority interest	(9.4)	(2.1)	(2.3)	8.9	(75.8)	(26.7)	(11.9)	(55.5)	
Net profit	90.2	24.1	21.2	(12.2)	(76.5)	351.0	155.9	(55.6)	FY25 results met our forecasts but missed Street's expectations, at 100% and 94% of full-year estimates.
Core profit	91.4	25.2	21.1	(16.3)	(76.9)	353.2	156.7	(55.6)	
EBIT margin (%)	11.8	5.8	6.7			11.1	8.1		
Pre-tax margin (%)	13.9	5.8	6.5			12.4	8.5		
Effective tax rate (%)	(23.7)	(24.7)	(32.2)			(22.8)	(25.2)		
Net margin (%)	9.7	4.2	4.0			9.0	6.0		

Source: Company data, RHB

Figure 2: Invoiced Mazda vehicle sales in Malaysia

FYE Apr (units)	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY
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	1,274	1,101	824	(25.2)	(35.3)	5,835	4,084	(30.0)
CX-5	1,878	1,089	654	(39.9)	(65.2)	6,789	4,711	(30.6)
MX-30	0	0	0	n.m.	n.m.	5	0	n.m.
CX-8	466	219	212	(3.2)	(54.5)	2,139	1,102	(48.5)
CX-9	4	3	3	0.0	(25.0)	13	20	53.8
MX-5	6	1	5	>100	(16.7)	25	15	(40.0)
BT-50	10	(1)	5	>100	(50.0)	97	29	(70.1)
	4,210	2,658	1,951	(26.6)	(53.7)	18,394	11,467	(37.7)

Source: Company data

Figure 3: Invoiced sales of Mazda vehicles in the Philippines

FYE April (units)	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY
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.	n.m.	28	7	(75.0)
CX-30	28	6	23	>100	(17.9)	101	55	(45.5)
CX-5	92	56	46	(17.9)	(50.0)	402	240	(40.3)
CX-8	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-60	106	34	50	47.1	(52.8)	321	325	1.2
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	>100	(35.8)	425	131	(69.2)
	606	461	305	(33.8)	(49.7)	1,946	1,328	(31.8)

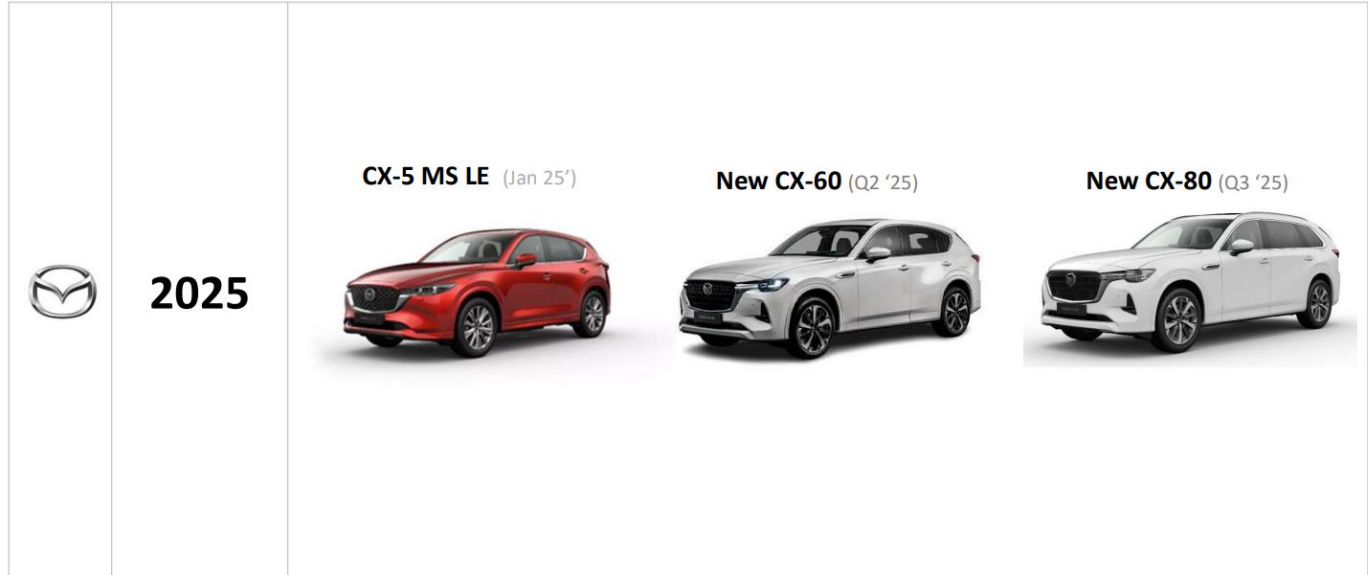
Source: Company data

Figure 4: Key assumptions

Sales (units)	FY23	FY24	FY25	FY26F	FY27F	FY28F
Malaysia – Mazda	15,598	18,600	11,467	11,600	12,000	12,000
Philippines – Mazda	1,663	2,500	1,779	1,800	1,800	1,800
Kia	2,194	1,851	940	1,010	1,010	1,010
XPeng	-	-	724	1,200	1,200	1,200
Deepal	-	-	-	600	600	600

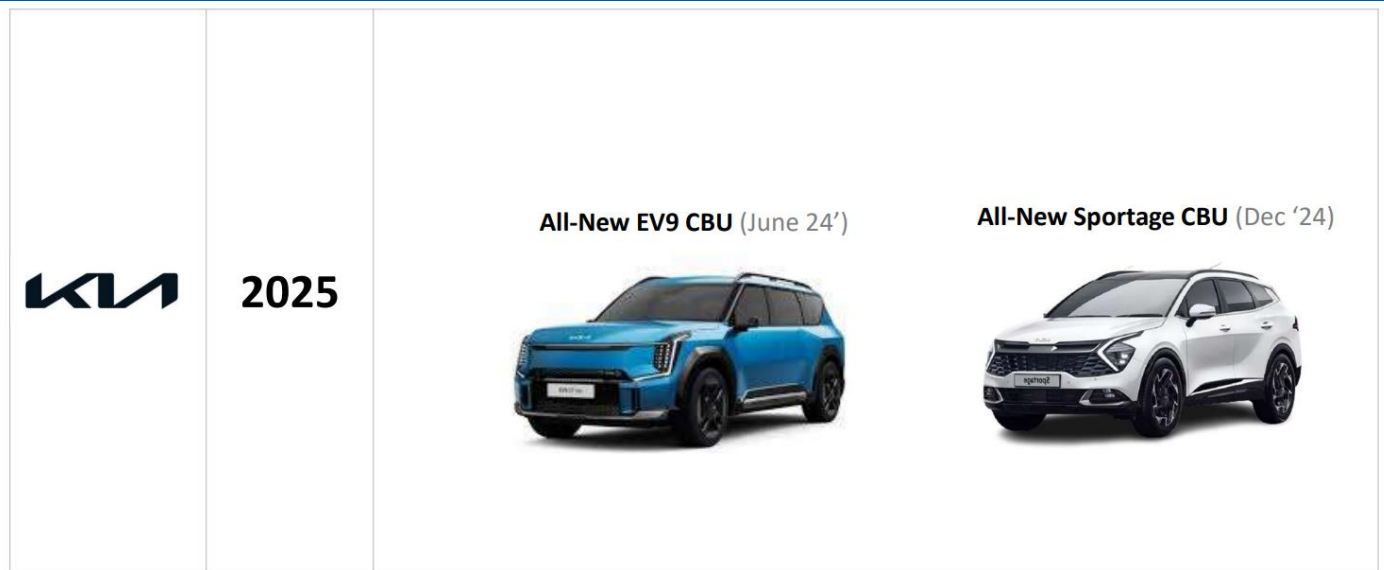
Source: RHB

Figure 5: Line-up of Mazda models



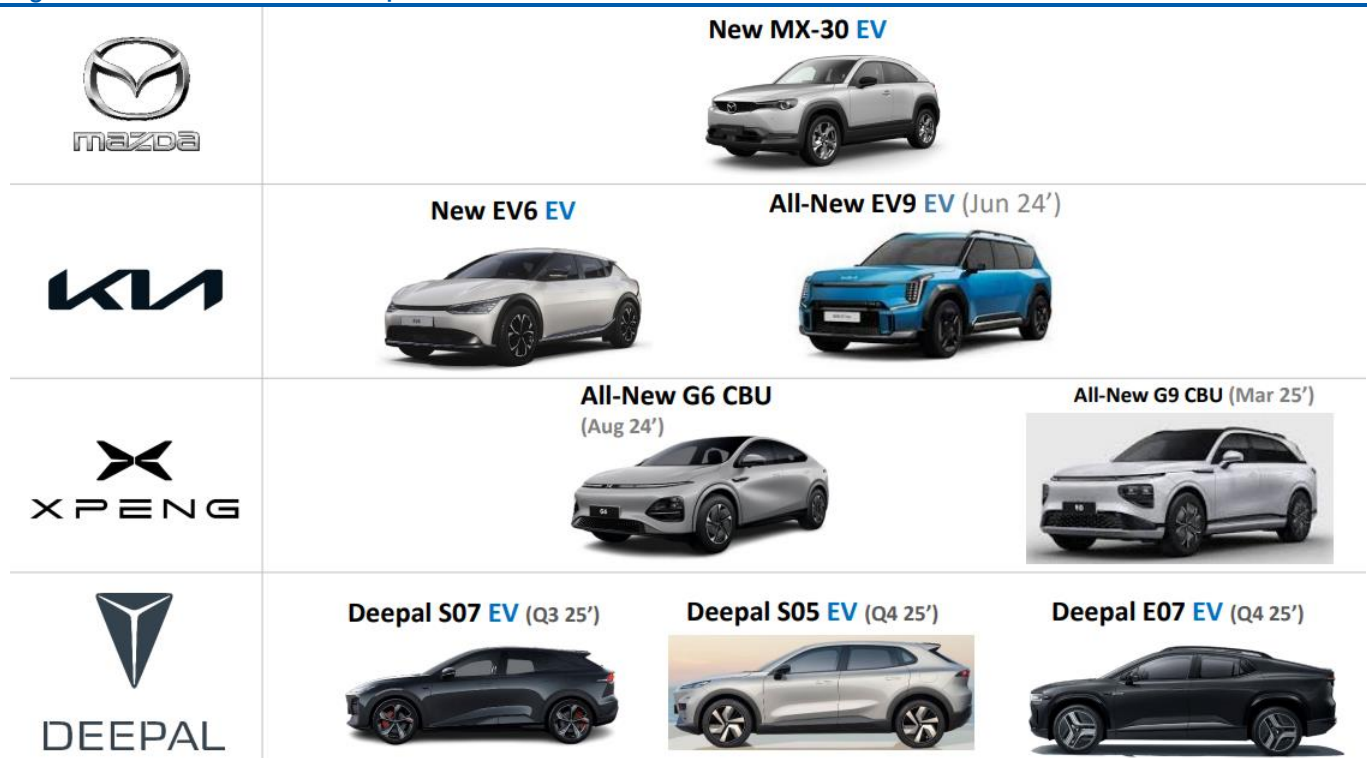
Source: Company data

Figure 6: Line-up of Kia models



Source: Company data

Figure 7: BAUTO's EV model line-up



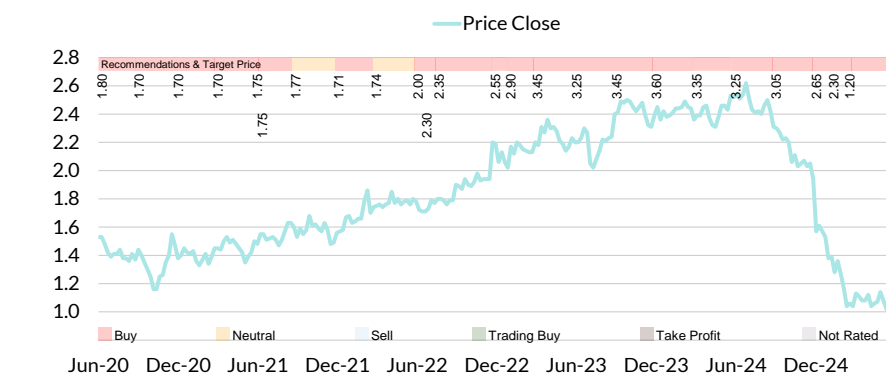
Source: Company data

Figure 8: Changes to our key assumptions

Sales (Units)	Old			FY25	New	
	FY25F	FY26F	FY27F		FY26F	FY27F
Malaysia - Mazda	11,500	11,600	12,000	11,467	9,500	10,000
Philippines - Mazda	1,700	1,800	1,800	1,779	1,800	1,800
Kia	980	1,010	1,010	940	1,010	1,010
XPeng	770	1,200	1,200	824	1,200	1,200
Deepal	-	600	600	-	600	600

Source: RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-06-08	Neutral	0.95	0.98
2025-03-13	Buy	1.20	1.01
2025-01-21	Buy	2.30	1.36
2024-12-13	Buy	2.65	1.94
2024-09-12	Buy	3.05	2.35
2024-06-12	Buy	3.25	2.53
2024-03-14	Buy	3.35	2.41
2023-12-13	Buy	3.60	2.36
2023-09-13	Buy	3.45	2.30
2023-06-13	Buy	3.25	2.22
2023-03-14	Buy	3.45	2.13
2023-01-13	Buy	2.90	2.02
2022-12-09	Buy	2.55	2.20
2022-09-13	Buy	2.35	1.86
2022-08-01	Buy	2.35	1.80

Source: RHB, Bloomberg

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