Malaysia

ADD *(no change)*

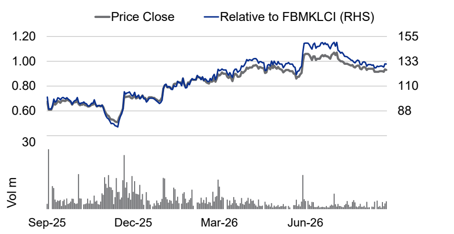
Consensus ratings*:	Buy 7	Hold 6	Sell 0

Current price:	RM0.93
Target price: ▲	RM1.37
Previous target:	RM1.04
Up/downside:	47.8%
CGSI / Consensus:	28.8%
Reuters:	BERA.KL
Bloomberg:	BAUTO MK
Market cap:	US$258.7m
	RM1,052m
Average daily turnover:	US$0.45m
	RM1.84m
Current shares o/s:	1,172m
Free float:	52.3%

Source: Bloomberg

Key changes in this note

- FY27-29F revenue forecasts raised by 2-7% to account for our higher 2026F TIV assumption.
- FY27-29F EBIT margin raised by 1.3% pts to account for the richer sales mix and depletion of high cost inventory.
- Raised FY27-29F dividend payout to 70% (from 60%).
- FY27/28/29F EPS raised by 24/18/18%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3.1	3.9	34.8
Relative (%)	-1.4	2.3	27.6

Major shareholders	% held
Dynamic Milestone Sdn Bhd	14.9
Employees Provident Fund	12.9
Amanah Saham Nasional	6.1

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Bermaz Auto Berhad

Earnings beat and attractive dividends

- 1QFY27 core net profit of RM42m beat our/Bloomberg consensus estimates by 10%/8%, driven by stronger-than-expected EBIT margin.
- Mazda's sales momentum remained strong, outperforming TIV growth.
- Reiterate Add with a higher GGM-derived TP of RM1.37.

1QFY27 earnings outperformed

Bermaz reported 1QFY27 core net profit of RM42m (-4% qoq), exceeding our forecast/Bloomberg consensus estimate by 10%/8%. The beat was mainly driven by a stronger-than-expected EBIT margin of 10.2% (FY26: 8.6%) on the back of a richer sales mix from higher-margin Mazda 3 sales, supported by MYR/JPY appreciation during the quarter and depletion of high cost inventory. Qoq, EBIT margin declined by 1.2% pts, mainly due to higher promotional activities for XPeng, which offset the 1.5% qoq increase in revenue from strong Mazda sales volume of 3,024 units (4QFY26: 2,838 units). Bermaz declared a 2 sen dividend for the quarter. We raise our FY27F dividend forecast to 8 sen (attractive 8% CY27F dividend yield), representing a 70% payout ratio, below its five-year average of 80%, suggesting room for a higher payout.

Mazda 3 continues to anchor earnings

Mazda YTD 7M26 sales climbed 47% yoy, significantly outperforming TIV (see glossary on pg 2) growth of 3% yoy, as reported by MAA. Mazda sales came in at 1,000 units monthly in 2026F from the low of 600-700. We believe CBU Mazda 3 1.5L will remain Bermaz's key volume and earnings driver in FY27F. Mazda 3 accounted for c.61% of Mazda Malaysia sales for 1QFY27 (4QF26: 46%). We see healthy Mazda demand in CY26F, supported by monthly Mazda 3 deliveries of 600-700 units and incremental volume from the new Mazda CX-5, which has received c.600 bookings and is set to begin deliveries in Sep 2026. Meanwhile, despite lower XPeng profitability qoq, margins should improve in 2QFY27F following the commencement of deliveries for its CKD XPeng G6 and X9 models. Bermaz also said freight costs were manageable, which limits cost pressure as CBU models account for 60–70% of group volumes.

We reiterate Add with higher GGM-based TP of RM1.37

We reiterate Add with higher TP of RM1.37 (20.3% CY27F ROE, 11% COE, 4% LTG) as we raise FY27-29F EPS estimates after increasing our 2026F TIV assumptions, dividend payout and EBIT margin forecasts given the richer sales mix and depletion of high cost inventory. Our Add rating is premised on i) Bermaz's attractive 8% dividend yield for CY27F supported by net cash of RM187.4m (17% of market cap as of 31 Jul), ii) improved market share of 1.5% in YTD 2026F TIV (2025: 1.1%), iii) positive demand for Mazda 3. Bermaz trades at an undemanding 6.1x CY27F ex-cash P/E (CY27F P/E 7.3x) vs. CY27F sector average of 7.9x. Re-rating catalysts: strong Mazda sales and higher dividend payout. Downside risks: weak Mazda 3 sales and intensifying price pressure.

Financial Summary	Apr-25A	Apr-26A	Apr-27F	Apr-28F	Apr-29F
Revenue (RMm)	2,622	2,274	2,494	2,425	2,458
Operating EBITDA (RMm)	239.9	221.6	266.6	257.9	262.5
Net Profit (RMm)	153.6	104.7	146.8	150.0	152.8
Normalised Attributable Profit (RMm)	154.3	101.8	146.8	150.0	152.8
Normalised EPS (RM)	0.13	0.09	0.13	0.13	0.13
Normalised EPS Growth	(55.6%)	(34.1%)	44.2%	2.2%	1.9%
FD Normalised P/E (x)	7.05	10.70	7.43	7.27	7.13
DPS (RM)	0.17	0.07	0.09	0.09	0.09
Dividend Yield	18.0%	7.8%	9.4%	9.6%	9.8%
EV/EBITDA (x)	3.20	3.41	2.11	1.76	1.56
P/FCFE (x)	2.44	9.82	3.41	4.81	6.26
Net Gearing	(17.9%)	(21.8%)	(45.5%)	(55.3%)	(56.8%)
P/BV (x)	1.70	1.60	1.50	1.42	1.34
ROE	21.1%	15.8%	20.9%	20.1%	19.3%
% Change In Normalised EPS Estimates			24.2%	17.5%	18.0%
Norm EPS/consensus EPS (x)			1.19	1.07	1.00

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Abbreviations:

MAA	Malaysian Automotive Association
TIV	Total Industry Volume
CKD	Completely Knocked-Down
CBU	Completely Built-Up

Figure 1: 1QFY27 results (RM m)

	1QFY27	1QFY26	yoy % chg	4QFY26	qoq % chg	3MFY27	3MFY26	yoy % chg
Revenue	**553**	**491**	***12.6%***	**545**	***1.5%***	**553**	**491**	***12.6%***
EBITDA	**62**	**36**	***72.4%***	**68**	***-8.8%***	**62**	**36**	***72.4%***
EBITDA Margin (%)	*11.2%*	*7.3%*	*3.9%*	*12.5%*	*-1.3%*	*11.2%*	*7.3%*	*3.9%*
EBIT	**56**	**29**	***92.1%***	**62**	***-9.0%***	**56**	**29**	***92.1%***
EBIT Margin (%)	*10.2%*	*6.0%*	*4.2%*	*11.4%*	*-1.2%*	*10.2%*	*6.0%*	*4.2%*
Pre-tax profit	**56**	**19**	***195.0%***	**67**	***-17.1%***	**56**	**19**	***195.0%***
Pre-tax profit Margin (%)	*10.1%*	*3.9%*	*6.2%*	*12.4%*	*-2.3%*	*10.1%*	*3.9%*	*6.2%*
Net Profit	**41**	**8**	***>200%***	**47**	***-13.1%***	**41**	**8**	***>200%***
Net Profit Margin (%)	*7.3%*	*1.7%*	*5.6%*	*8.6%*	*-1.2%*	*7.3%*	*1.7%*	*5.6%*
Core Net Profit	**42**	**9**	***>200%***	**44**	***-4.0%***	**42**	**9**	***>200%***
Core Net Profit Margin (%)	*7.6%*	*1.8%*	*5.8%*	*8.1%*	*-2.3%*	*97.7%*	*197.7%*	*297.7%*

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 2: Segmental breakdown (RM m)

Continuing Operations	1QFY27	1QFY26	yoy % chg	4QFY26	qoq % chg	3MFY27	3MFY26	yoy % chg
Segment Revenues	**553**	**491**	***12.6%***	**545**	***1.5%***	**553**	**491**	***12.6%***
Malaysia	515	425	*21.2%*	497	*3.7%*	515	425	*21.2%*
Philippines	38	66	*-42.5%*	48	*-20.7%*	38	66	*-42.5%*
Segment PBT	55	29	*92.5%*	66	*-16.2%*	55	29	*92.5%*
Malaysia	52	21	*149.3%*	63	*-16.4%*	52	21	*149.3%*
Philippines	3	8	*-66.7%*	3	*-12.8%*	3	8	*-66.7%*
				-				
Segment PBT Margin (%)	*9.9%*	*5.8%*	*4.1%*	*12.0%*	*-2.1%*	*9.9%*	*5.8%*	*4.1%*
Malaysia	*10.2%*	*5.0%*	*5.2%*	*12.6%*	*-2.4%*	*10.2%*	*5.0%*	*5.2%*
Philippines	*6.6%*	*11.3%*	*-4.8%*	*6.0%*	*0.6%*	*6.6%*	*11.3%*	*-8.3%*

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 3: Volumes breakdown

Sales Volumes	1QFY27	1QFY26	yoy % chg	4QFY26	qoq % chg	3MFY27	3MFY26	yoy % chg
Total Units Sold	**3,696**	**2,638**	*40.1%*	**3,507**	*5.39%*	**3,119**	**2,097**	*48.7%*
Malaysia	**3,433**	**2,174**	*57.9%*	**3,137**	*9.44%*	**2,880**	**1,716**	*67.8%*
Malaysia - Mazda	**3,024**	1,593	*89.8%*	**2,838**	*6.55%*	**2,880**	**1,593**	*80.8%*
Malaysia - Kia	**-**	195	*-100.0%*	**21**	*-100.00%*	**-**	**123**	*-100.0%*
Malaysia - Xpeng	**409**	386	*6.0%*	**278**	*47.12%*	**409**	**386**	*6.0%*
Philippines	**263**	**464**	***-43.3%***	**370**	***-28.9%***	**239**	**381**	***-37.3%***
PH - Mazda	**263**	464	*-43.3%*	**370**	*-28.9%*	**239**	**381**	*-37.3%*

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 4: Earnings revision for FY27-29F

	Old			New			Change		
	FY27F	FY28F	FY29F	FY27F	FY28F	FY29F	FY27F	FY28F	FY29F
Revenue (RM m)	2338.5	2379.1	2411.8	2493.7	2424.9	2457.6	7%	2%	2%
Gross Margin (%)	18.7%	18.6%	18.6%	19.9%	19.8%	19.9%	1.2%	1.3%	1.3%
EBITDA (RM m)	221.5	223.2	227.3	266.6	257.9	262.5	20%	16%	15%
EBIT margin (%)	8.2%	8.2%	8.2%	9.5%	9.5%	9.5%	1.3%	1.3%	1.3%
Net Profit (RM m)	119.7	129.1	131.8	146.8	150.0	152.8	24%	18%	18%
EPS (sen)	10.2	11.0	11.2	12.5	12.8	13.0	24%	18%	18%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 5: Peer Comparison

Company	BBG Ticker	Mkt Cap	Rec.	Price	TP	P/E (x)		EPS CAGR (%)	P/BV (x)		ROE (%)		EV/EBITDA		Yield (%)	
		(US$m)		(local curr)	ocal curr)	2026F	2027F	(26-28F)	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
Malaysia (Motorcycles)																
Hong Leong Industries	HLI MK	1,326	Add	16.90	26.30	9.4	8.9	6.5	2.0	1.8	22.7	22.2	5.5	5.0	6.6	7.6
Aggregate		**1,326**				**9.4**	**8.9**	**6.5**	**2.0**	**1.8**	**22.7**	**22.2**	**5.5**	**5.0**	**6.6**	**7.6**
Malaysia (Auto)																
Bermaz Auto Berhad	BAUTO MI	260	Add	0.93	1.37	8.3	7.3	6.7	1.5	1.4	19.1	20.3	3.2	2.5	6.9	6.9
MBM Resources Berhad	MBM MK	508	NR	5.01	NR	6.1	6.0	2.5	0.8	0.7	12.8	14.8	25.6	25.9	9.3	9.5
Sime Darby Bhd	SIME MK	4,436	Add	2.65	2.80	10.9	10.1	9.7	0.9	0.8	8.0	8.3	5.1	4.8	5.5	5.7
DRB-Hicom Berhad	DRB MK	472	NR	1.00	NR	10.6	8.2	37.8	0.2	0.2	2.2	3.0	2.9	2.7	2.3	2.6
Aggregate		**1,419**				**9.0**	**7.9**	**14.2**	**0.8**	**0.8**	**10.5**	**11.6**	**9.2**	**9.0**	**6.0**	**6.2**

DATA AS OF 9 SEPT 2026
SOURCES: CGSI RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS
ESTIMATES FOR NOT RATED NOTES ARE FROM BLOOMBERG CONSENSUS

ESG in a nutshell

LSEG ESG Scores

B	A+	B	B+	A-	C-
ESG Grade	ESG Controversies Grade	ESG Combined Grade	ESG Environment Pillar Grade	ESG Social Pillar Grade	ESG Governance Pillar Grade

BAuto continues to strengthen the integration of sustainability into its broader business strategy, with its ESG priorities centred on the transition towards lower-emission mobility, operational decarbonisation, resource efficiency, workforce development and responsible governance. The group is progressively expanding its EV, hybrid and PHEV ecosystem, supported by investments in charging infrastructure, renewable energy and EV-related technical capabilities, while targeting a 3% reduction in Scope 1, Scope 2 and selected Scope 3 emissions by FY2030 and alignment of Scope 1 and 2 emissions with Malaysia's net-zero ambition by FY2050. In FY2026, BAuto also strengthened its sustainability governance and disclosure framework through greater alignment with IFRS S1 and IFRS S2, incorporating climate-related risks and opportunities into strategic planning, capital investments and business expansion. Overall, we view BAuto's ESG strategy positively as its sustainability initiatives are increasingly aligned with the group's long-term positioning in the evolving automotive and mobility landscape.

Keep your eye on

The key area to monitor is execution of BAuto's emissions reduction pathway. Scope 1 emissions were 989 tCO_2e (1.2%) below FY2024; Scope 2 emissions were 3,725 tCO_2e (1.7%) below FY2024; and selected Scope 3 emissions from employee commuting and business travel were 1,078.5 tCO_2e (44.2%) below FY2024. BAuto targets a 3% reduction in Scope 1, Scope 2 and selected Scope 3 emissions by FY2030 and aims to align Scope 1 and 2 emissions with Malaysia's net-zero ambition by FY2050.

Implications

In our view, BAuto's declining emissions reflect encouraging progress towards its longer-term decarbonisation targets. Continued expansion of solar generation, fleet electrification and energy-efficiency initiatives should further reduce its operational carbon footprint while potentially lowering energy costs over time. This should strengthen BAuto's ESG credentials and better position the group for the automotive industry's transition towards lower-carbon mobility.

ESG highlights

BAuto expanded its renewable energy and EV ecosystem in FY2026, with 331 kWp of solar capacity in Malaysia generating 393,269 kWh and RM210,792 in cost savings, while its network had 20 EV charging points. The group also trained 750 participants in specialised EV programmes and continued expanding its hybrid, PHEV and EV offerings. Governance performance remained solid, with zero confirmed corruption incidents and corruption-risk assessment coverage rising to 90.9% from 78.3% in FY2025.

Implications

We view these initiatives positively as they link ESG more closely with BAuto's commercial positioning in electrified mobility. Solar investments provide measurable cost savings, while EV training and charging infrastructure strengthen after-sales readiness and customer support as electrification expands. Improved governance coverage also lowers compliance risk and strengthens stakeholder confidence.

Trends

The group is expanding electrified products, EV charging, solar generation, battery recycling and supplier ESG assessments, while embedding climate considerations into strategic planning. BAuto continues to strengthen its ESG performance alongside its transition towards electrified mobility. Renewable electricity generated across the Group increased to 524,096 kWh in FY2026 from 369,880 kWh in FY2025, raising renewable energy's share of electricity consumption to 9.8% from 6.7%, while total reported GHG emissions declined 13.8% to 5,792 tCO2e.

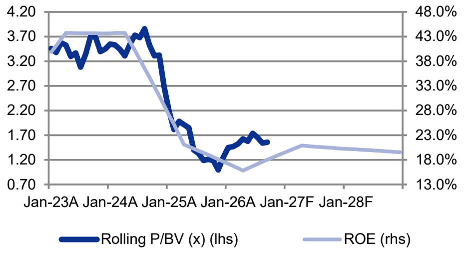
Implications

In our view, this trend is positive as it strengthens BAuto's positioning amid the automotive industry's transition towards lower-emission mobility. The expansion of its EV ecosystem, supported by charging infrastructure and EV-related capabilities, should enhance customer experience, strengthen after-sales capabilities and support longer-term revenue resilience. Meanwhile, stronger ESG reporting and governance should enhance transparency and reinforce BAuto's credibility among institutional investors.

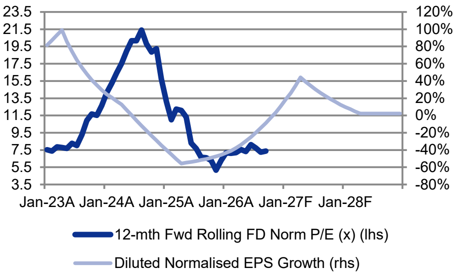
SOURCES: CGSI RESEARCH, LSEG

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Norm P/E vs EPS Growth



Profit & Loss

(RMm)	Apr-25A	Apr-26A	Apr-27F	Apr-28F	Apr-29F
Total Net Revenues	**2,622**	**2,274**	**2,494**	**2,425**	**2,458**
Gross Profit	**442**	**413**	**496**	**481**	**489**
Operating EBITDA	**240**	**222**	**267**	**258**	**262**
Depreciation And Amortisation	(27)	(25)	(30)	(29)	(30)
Operating EBIT	**213**	**196**	**236**	**229**	**232**
Financial Income/(Expense)	(3)	0	4	8	9
Pretax Income/(Loss) from Assoc.	12	(25)	5	12	12
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	**222**	**171**	**245**	**249**	**254**
Exceptional Items	(1)	3	0	0	0
Pre-tax Profit	**221**	**174**	**245**	**249**	**254**
Taxation	(56)	(57)	(81)	(82)	(84)
Exceptional Income - post-tax					
Profit After Tax	**165**	**117**	**164**	**167**	**170**
Minority Interests	(12)	(12)	(18)	(17)	(17)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**154**	**105**	**147**	**150**	**153**
Normalised Attributable Profit	154	102	147	150	153

Cash Flow

(RMm)	Apr-25A	Apr-26A	Apr-27F	Apr-28F	Apr-29F
EBITDA	239.9	221.6	266.6	257.9	262.5
Cash Flow from Invt. & Assoc.					
Change In Working Capital	36.3	(17.9)	131.4	50.0	(6.7)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	25.1	(8.6)	8.6	3.3	2.8
Net Interest (Paid)/Received	(12.3)	(10.4)	(9.1)	(9.0)	(8.9)
Tax Paid	(75.5)	(33.3)	(80.9)	(82.3)	(83.8)
Cashflow From Operations	**213.5**	**151.4**	**316.6**	**219.9**	**165.8**
Capex	(29.9)	(44.3)	(10.0)	(10.0)	(11.0)
Disposals Of FAs/subsidiaries	(1.4)	0.0	0.0	0.0	1.0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	100.8	25.1	13.0	16.9	17.3
Cash Flow From Investing	**69.6**	**(19.3)**	**3.0**	**6.9**	**7.3**
Debt Raised/(repaid)	163.1	(21.2)	0.0	0.0	1.0
Proceeds From Issue Of Shares	2.7	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(344.8)	(60.5)	(102.8)	(105.0)	(107.0)
Preferred Dividends					
Other Financing Cashflow	(44.1)	(49.4)	(19.6)	(19.1)	(79.5)
Cash Flow From Financing	**(223.2)**	**(131.2)**	**(122.3)**	**(124.1)**	**(185.5)**
Total Cash Generated	59.9	1.0	197.3	102.8	(12.4)
Free Cashflow To Equity	**446.2**	**110.9**	**319.7**	**226.9**	**174.1**
Free Cashflow To Firm	**295.4**	**142.5**	**328.7**	**235.8**	**182.0**

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS… cont'd

Balance Sheet

(RMm)	Apr-25A	Apr-26A	Apr-27F	Apr-28F	Apr-29F
Total Cash And Equivalents	434	424	630	742	741
Total Debtors	206	149	163	159	161
Inventories	501	559	528	464	478
Total Other Current Assets	15	6	6	6	7
Total Current Assets	**1,155**	**1,138**	**1,328**	**1,371**	**1,387**
Fixed Assets	126	166	154	143	133
Total Investments	296	259	248	260	273
Intangible Assets	1	1	1	1	1
Total Other Non-Current Assets	110	97	113	113	110
Total Non-current Assets	**532**	**522**	**515**	**517**	**517**
Short-term Debt	226	75	205	205	0
Current Portion of Long-Term Debt					
Total Creditors	318	359	458	444	451
Other Current Liabilities	43	55	56	57	47
Total Current Liabilities	**586**	**489**	**718**	**705**	**498**
Total Long-term Debt	0	130	0	0	206
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	302	222	237	230	181
Total Non-current Liabilities	**302**	**352**	**237**	**230**	**386**
Total Provisions	66	66	72	74	76
Total Liabilities	**955**	**907**	**1,028**	**1,010**	**961**
Shareholders' Equity	**642**	**681**	**725**	**770**	**816**
Minority Interests	91	73	91	108	125
Total Equity	**733**	**754**	**816**	**878**	**941**

Key Ratios

	Apr-25A	Apr-26A	Apr-27F	Apr-28F	Apr-29F
Revenue Growth	(33.0%)	(13.3%)	9.6%	(2.8%)	1.3%
Operating EBITDA Growth	(48.3%)	(7.6%)	20.3%	(3.3%)	1.8%
Operating EBITDA Margin	9.1%	9.7%	10.7%	10.6%	10.7%
Net Cash Per Share (RM)	0.11	0.14	0.32	0.41	0.46
BVPS (RM)	0.55	0.58	0.62	0.66	0.70
Gross Interest Cover	17.28	18.82	26.05	25.56	26.12
Effective Tax Rate	25.3%	32.9%	33.0%	33.0%	33.0%
Net Dividend Payout Ratio	170%	141%	70%	70%	70%
Accounts Receivables Days	29.91	28.51	22.87	24.30	23.73
Inventory Days	99.4	103.9	99.3	93.4	87.3
Accounts Payables Days	50.78	48.04	56.48	65.64	64.15
ROIC (%)	25.6%	24.9%	31.8%	38.6%	45.9%
ROCE (%)	21.3%	20.2%	23.9%	22.3%	22.0%
Return On Average Assets	9.40%	6.81%	9.21%	8.63%	8.60%

Key Drivers

	Apr-25A	Apr-26A	Apr-27F	Apr-28F	Apr-29F
Malaysia Volume	13,686.0	10,986.0	12,322.5	12,061.0	12,098.0
Philippines Volume	1,779.0	1,526.0	1,413.9	1,399.2	1,441.2
Number of Vehicles Sold (units)	15,465.0	12,512.0	13,736.4	13,460.2	13,539.2
Average Selling Price (RM '000)	152.8	163.3	170.6	175.4	178.1
Vehice Revenue (RM 'm)	2,330.4	1,976.3	2,192.8	2,121.0	2,150.6

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

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Description:	Excellent	Very Good	Good	N/A	N/A

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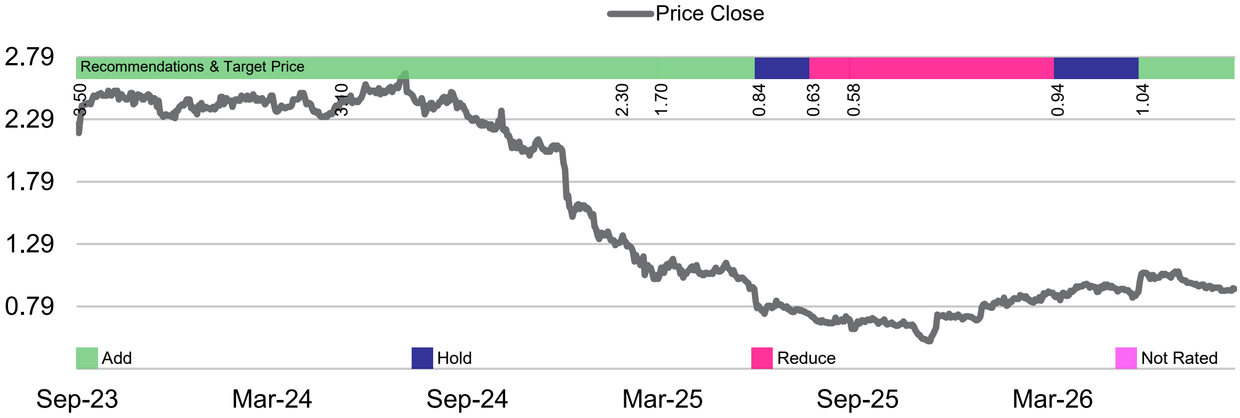
	Rating Distribution (%)	Investment Banking clients (%)
Add	72.9%	3.0%
Hold	20.9%	0.8%
Reduce	6.1%	0.4%

Spitzer Chart for stock being researched (2 year data)

Bermaz Auto Berhad (BAUTO MK)



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Add	The stock's total return is expected to exceed 10% over the next 12 months.
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