

Malaysia

ADD (previously HOLD)

Consensus ratings*: Buy 4 Hold 7 Sell 3

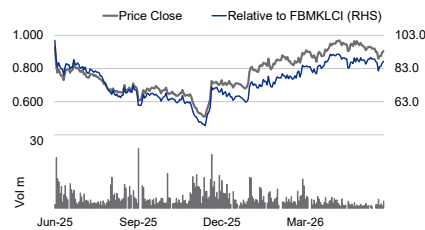
Current price:	RM0.905
Target price:	RM1.04
Previous target:	RM0.94
Up/downside:	14.9%
CGSI / Consensus:	19.4%

Reuters:	BERA.KL
Bloomberg:	BAUTO MK
Market cap:	US\$252.3m
	RM1,026m
Average daily turnover:	US\$m
	RM2.27m
Current shares o/s:	1,171m
Free float:	52.3%

*Source: Bloomberg

Key changes in this note

- FY27F revenue forecast raised by 3% to account for higher Mazda market share.
- FY27/28F EBIT margin raised by 1.8%/1.2% pts as we previously underestimated the prevailing margins.
- FY27/28F EPS raised by 20%/5%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-6.2	8.4	-4.2
Relative (%)	-2.4	10.1	-14.4

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

Analyst(s)



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Bermaz Auto Berhad

Attractive yield, stronger earnings

- FY4/26 core net profit of RM100.3m beat expectations.
- Mazda's YTD 2026 sales growth outperformed industry TIV.
- Upgrade to Add, with a higher GGM-derived TP of RM1.04 in view of stronger Mazda market share and attractive dividend yield of c.7% for CY27F.

Upgrade to Add with higher GGM-based TP of RM1.04

We upgrade to Add with higher TP of RM1.04 (16.9% CY27F ROE, 11% COE, 4% LTG) as we raise FY27F/28F EPS estimates by 20%/5% after increasing our Mazda volume assumptions and EBIT margin forecasts. We upgrade Bermaz from Hold to Add on (i) Mazda's improved market share of 1.4% in YTD 2026 TIV (2025: 1.1%) (see pg 2 for abbreviations), (ii) its strong net cash position of RM225.8m (22% of market cap as of 11 Jun), supporting an attractive CY27F dividend yield of c.7%, and (iii) improving earnings momentum, which suggests the worst is likely over for Bermaz. Following the launch of the Mazda 3 1.5L variant, Mazda's monthly sales picked up to 900–1,000 units from 600–700 units previously. Demand remains healthy, supported by monthly Mazda 3 deliveries of 600–700 units and order backlog of c.1,300 units. We believe the upgrade to Add is justified, particularly as Bermaz's attractive dividend yield provides defensive returns amid an uncertain automotive outlook. Bermaz trades at undemanding 6.7x CY27F ex-cash P/E (CY27F P/E 8.5x), below its 5-year mean of 8.6x. Rerating catalysts: stronger Mazda sales and higher dividend payout. Downside risks: intensifying competition and higher inflationary pressure weighing on auto sales. We transfer coverage of Bermaz to Ooi Siew Ern.

FY4/26 earnings outperformed

Bermaz reported 4QFY26 core net profit of RM43.9m (+38% qoq, +104% yoy), bringing FY26 core net profit to RM100.3m (-37% yoy), which exceeded our forecast/Bloomberg consensus by 24%/22%. The earnings beat was driven by a stronger-than-expected EBIT margin of 11.9% in 4QFY26 (4QFY25: 7%), supported by MYR/JPY appreciation. The strong quarter was also underpinned by a turnaround in associate contributions, driven mainly by narrower losses at Kia Malaysia Sdn Bhd. Bermaz declared 3.5 sen dividend, bringing FY26 dividend to 7.25 sen (FY25: 16.75 sen), implying c.8% dividend yield.

Mazda 3 continues to anchor earnings and market share

The CBU Mazda 3 1.5L has seen strong traction since its launch in Oct 2025 and should remain Bermaz's key volume and earnings driver in FY27F. Notably, YTD 4M26 sales climbed 27% yoy, significantly outperforming industry TIV growth of 2% yoy. Additionally, the official launch of the Mazda CX-5 2.5L variant in 3QCY26 should renew customer interest in the model and drive incremental sales volumes. Meanwhile, XPeng's G6 commenced CKD production in Jun 26. We expect Bermaz to benefit from localised production ahead of MITI's RM200k minimum CIF ruling for CBU EVs effective 1 Jul.

Financial Summary

	Apr-25A	Apr-26A	Apr-27F	Apr-28F	Apr-29F
Revenue (RMm)	2,622	2,276	2,305	2,345	2,377
Operating EBITDA (RMm)	239.9	219.9	222.0	225.7	230.1
Net Profit (RMm)	153.6	104.7	118.1	127.6	131.4
Normalised Attributable Profit (RMm)	154.3	100.3	118.1	127.6	129.4
Normalised EPS (RM)	0.13	0.09	0.10	0.11	0.11
Normalised EPS Growth	(55.6%)	(35.0%)	17.8%	8.0%	1.4%
FD Normalised P/E (x)	6.86	10.57	8.97	8.31	8.19
DPS (RM)	0.17	0.08	0.06	0.07	0.07
Dividend Yield	18.5%	8.4%	6.7%	7.2%	7.4%
EV/EBITDA (x)	3.08	3.31	2.39	1.84	1.58
P/FCFE (x)	2.37	10.73	3.68	5.27	6.95
Net Gearing	(17.9%)	(21.5%)	(45.3%)	(55.2%)	(57.2%)
P/BV (x)	1.65	1.56	1.46	1.36	1.27
ROE	21.1%	15.8%	16.8%	16.9%	16.3%
% Change In Normalised EPS Estimates			20.0%	5.2%	
Norm EPS/consensus EPS (x)			1.07	1.03	

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Rerating catalysts:

Stronger-than-expected Mazda sales recovery driven by sustained demand for Mazda 3 and successful introduction of new variants, leading to higher market share and improved volume mix. A potential upside surprise in dividend payout ratio is supported by strong net cash position.

Downside risks:

Intensifying competition in the non-national segment potentially eroding market share and pricing power. Potential inflationary pressures arising from geopolitical tensions in the Middle East could also weigh on consumer spending on high-ticket goods, dragging down auto sales.

Abbreviations:

- MITI Ministry of Investment, Trade and Industry
- CIF cost, insurance and freight
- TIV total industry volume
- CKD completely knocked-down
- CBU completely built-up

Figure 1: Earnings revision for FY27-28F

FYE Apr (RM m)	Old		New		Change (%)	
	FY27F	FY28F	FY27F	FY28F	FY27F	FY28F
Revenue (RM m)	2234.2	2344.5	2304.9	2345.1	3.2%	0.0%
EBIT Margin (%)	6.3%	7.0%	8.2%	8.2%	1.8%	1.2%
EBITDA (RM m)	171.1	195.2	222.0	225.7	29.7%	15.6%
Contribution from Associates (RM m)	4.5	11.7	4.6	11.7	3.2%	0.0%
Net Profit (RM m)	98.5	121.2	118.1	127.6	20.0%	5.2%
EPS (sen)	8.4	10.4	10.1	10.9	20.0%	5.2%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: FY26 results (RM m)

	4QFY26	4QFY25	yoy % chg	3QFY26	qoq % chg	FY26	FY25	yoy % chg
Revenue	545	529	3.0%	683	-20.3%	2,276	2,624	-13.3%
EBITDA	68	43	58.5%	76	-11.2%	220	243	-9.4%
EBITDA Margin (%)	12.5%	8.1%	4.4%	11.2%	1.3%	9.7%	9.3%	0.4%
EBIT	62	36	73.5%	69	-10.6%	194	216	-9.8%
EBIT Margin (%)	11.4%	6.8%	4.6%	10.1%	1.2%	8.5%	8.2%	0.3%
Pre-tax profit	67	35	94.6%	60	13.2%	174	224	-22.3%
Pre-tax profit Margin (%)	12.4%	6.5%	5.8%	8.7%	3.7%	7.7%	8.5%	-0.9%
Net Profit	47	21	120.0%	33	42.9%	105	156	-32.8%
Net Profit Margin (%)	8.6%	4.0%	4.6%	4.8%	3.8%	4.6%	5.9%	-1.3%
Core Net Profit	44	21	104.2%	32	37.9%	100	159	-36.9%
Core Net Profit Margin (%)	8.1%	4.1%	4.0%	4.7%	-2.3%	97.7%	197.7%	297.7%

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 3: Segmental breakdown (RM m)

Continuing Operations	4QFY26	4QFY25	yoy % chg	3QFY26	qoq % chg	FY26	FY25	yoy % chg
Segment Revenues	545	529	3.0%	683	-20.3%	2,276	2,624	-13.3%
Malaysia	497	465	6.7%	637	-22.0%	2,065	2,354	-12.3%
Philippines	48	63	-24.2%	47	2.9%	211	269	-21.9%
Segment PBT	66	36	84.3%	72	-8.4%	202	212	-5.0%
Malaysia	63	26	139.7%	68	-7.7%	184	167	10.0%
Philippines	3	9	-69.6%	4	-21.1%	18	45	-60.4%
Segment PBT Margin (%)	12.0%	6.7%	5.3%	10.5%	1.6%	8.9%	8.1%	0.8%
Malaysia	12.6%	5.6%	7.0%	10.7%	2.0%	8.9%	7.1%	1.8%
Philippines	6.0%	14.9%	-8.9%	7.8%	-1.8%	8.5%	16.8%	-8.3%


SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 4: Peer Comparison

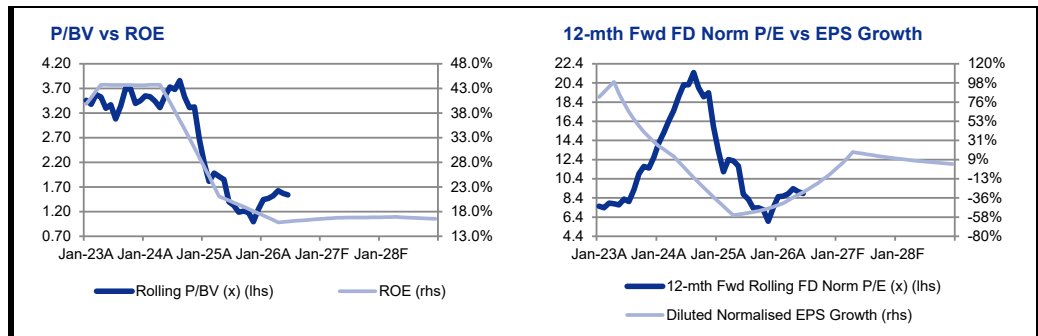
Company	Bbg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x)		2-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)	Dividend Yield (%)
						CY26F	CY27F		CY26F	CY27F	CY27F	CY27F
SEA Auto Distributors												
Sime Darby Bhd	SIME MK	Add	2.08	2.50	3,486	9.6	8.5	2.5%	0.67	0.65	7.8%	7.0%
Bermaz Auto Berhad	BAUTO MK	Add	0.91	1.04	252.3	9.3	8.5	3.8%	1.49	1.39	16.9%	7.0%
Astra International	ASII IJ	Add	4,700	6,850	10,577	6.4	5.8	-5.2%	0.78	0.73	12.9%	8.5%
Average						8.5	7.6	0.3%	0.98	0.92	12.5%	7.5%
Global Auto Manufacturese												
BYD Co Ltd	1211 HK	Add	84.95	118.0	111,918	17.9	14.8	19.6%	2.39	2.10	15.2%	1.4%
NIO Inc	9866 HK	Add	41.78	49.80	13,358	na	64.6	na	10.94	12.84	18.3%	0.0%
Li Auto Inc	2015 HK	Hold	53.15	75.80	14,462	39.7	15.8	65.3%	1.36	1.25	8.3%	0.0%
Hyundai Motor Company	005380 KS	Add	613,000	670,000	81,958	13.7	12.8	5.4%	1.35	1.25	10.2%	2.3%
XPeng Inc	9868 HK	Add	56.20	128.4	13,729	46.1	15.8	na	1.69	1.29	9.3%	0.0%
Average						29.4	24.7	30.1%	3.54	3.75	12.2%	na

SOURCES: DATA AS AT 11 JUNE 2026

CGSI RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

LSEG ESG Scores													
	<table border="1"> <tr> <td style="background-color: #90EE90;">B-</td> <td style="background-color: #3CB371;">A+</td> <td style="background-color: #90EE90;">B-</td> <td style="background-color: #3CB371;">B+</td> <td style="background-color: #3CB371;">A-</td> <td style="background-color: #FFD700;">C-</td> </tr> <tr> <td>ESG Grade</td> <td>ESG Controversies Grade</td> <td>ESG Combined Grade</td> <td>ESG Environment Pillar Grade</td> <td>ESG Social Pillar Grade</td> <td>ESG Governance Pillar Grade</td> </tr> </table>	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
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								
<h2>ESG in a nutshell</h2> <p>In our view, Bermaz Auto Berhad (BAuto) demonstrates a strong commitment to ESG by embedding sustainability into its business strategy and operations. The group has aligned with Bursa Malaysia's Sustainability Reporting requirements, IFRS S1 & S2, and international standards such as GRI and UNSDGs. On the environmental front, BAuto targets net-zero by 2050F with a short-term goal of reducing emissions by 3% from its FY2024 baseline by 2030F. It expanded Scope 3 reporting to all fifteen categories in FY2025, alongside disclosure of Scope 1 and 2 emissions. Socially, the group invests in employee wellbeing, safety, and capacity building, while governance oversight is exercised by the Board and Sustainability Committee, which meet at least twice annually to review sustainability priorities.</p>													
<p>Keep your eye on</p> <p>Investors should closely track BAuto's Scope 3 expansion, which now covers emissions across upstream and downstream activities, totalling 30,305 tCO₂e upstream and 352,488 tCO₂e downstream in FY2025. This is significant because most of the group's climate impact lies in vehicle usage and end-of-life treatment, common to the auto sector. Additionally, execution of its net zero by 2050F roadmap and integration of climate KPIs into governance and risk management will be critical tests.</p>	<p>Implications</p> <p>Successful delivery on decarbonisation and transparent disclosure could enhance access to ESG-focused capital, improve brand reputation in the EV transition and showcase BAuto as a forward-looking player in sustainable mobility.</p>												
<p>ESG highlights</p> <p>Expanded Scope 3 disclosure to full categories; net-zero target set for 2050F; water-saving initiatives including rainwater harvesting at HQ and dealerships.</p> <p>Enhanced employee benefits, safety training, and community projects such as scholarships, healthcare programmes, and biodiversity conservation. Robust ESG integration into enterprise risk management, climate risks considered at Board level, and regular oversight by the Sustainability Committee.</p>	<p>Implications</p> <p>Provides credibility to BAuto's climate strategy. Consistent emissions reduction and scaling of renewable energy use are needed to demonstrate progress.</p> <p>Strengthens stakeholder trust and employee retention, while requires ongoing investment to sustain momentum as competition for skilled labour intensifies. Reduces compliance and reputational risks, enhances investor confidence, and supports long-term resilience.</p>												
<p>Trends</p> <p>BAuto is shifting from policy-setting to quantifiable ESG execution. In FY2025, the group expanded Scope 3 coverage, launched rainwater harvesting systems in Malaysia, and achieved a 30% reduction in water usage at car wash operations in the Philippines. These steps show movement towards resource efficiency and lifecycle impact management.</p>	<p>Implications</p> <p>Continued progress in water conservation, renewable integration, and full emissions disclosure reinforces BAuto's positioning as a sustainability leader in the automotive sector and enhances its appeal to ESG-conscious investors.</p>												

SOURCES: CGSI RESEARCH, LSEG

BY THE NUMBERS

Profit & Loss

(RMm)	Apr-25A	Apr-26A	Apr-27F	Apr-28F	Apr-29F
Total Net Revenues	2,622	2,276	2,305	2,345	2,377
Gross Profit	442	422	434	441	449
Operating EBITDA	240	220	222	226	230
Depreciation And Amortisation	(27)	(25)	(33)	(34)	(36)
Operating EBIT	213	194	188	192	194
Financial Income/(Expense)	(3)	0	4	8	10
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	170	197	212	216
Exceptional Items	(1)	4	0	0	2
Pre-tax Profit	221	174	197	212	218
Taxation	(56)	(57)	(65)	(70)	(72)
Exceptional Income - post-tax					
Profit After Tax	165	117	132	142	146
Minority Interests	(12)	(12)	(14)	(14)	(15)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	154	105	118	128	131
Normalised Attributable Profit	154	100	118	128	129

Cash Flow

(RMm)	Apr-25A	Apr-26A	Apr-27F	Apr-28F	Apr-29F
EBITDA	239.9	219.9	222.0	225.7	230.1
Cash Flow from Invt. & Assoc.					
Change In Working Capital	36.3	(18.0)	136.3	46.2	(6.5)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	25.1	4.8	0.4	1.0	1.1
Net Interest (Paid)/Received	(12.3)	(10.4)	(9.0)	(8.9)	(8.8)
Tax Paid	(75.5)	(57.3)	(65.1)	(69.9)	(72.0)
Cashflow From Operations	213.5	139.0	284.5	194.0	143.8
Capex	(29.9)	(44.0)	(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	24.8	13.2	17.2	17.7
Cash Flow From Investing	69.6	(19.2)	3.2	7.2	7.7
Debt Raised/(repaid)	163.1	(21.1)	0.0	0.0	1.0
Proceeds From Issue Of Shares	2.7	0.1	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(344.8)	(69.3)	(70.9)	(76.5)	(78.8)
Preferred Dividends					
Other Financing Cashflow	(44.1)	(40.8)	(19.4)	(18.9)	(81.6)
Cash Flow From Financing	(223.2)	(131.1)	(90.3)	(95.5)	(159.5)
Total Cash Generated	59.9	(11.3)	197.4	105.7	(8.0)
Free Cashflow To Equity	446.2	98.7	287.7	201.2	152.5
Free Cashflow To Firm	295.4	130.3	296.7	210.1	160.4

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	745	748
Total Debtors	206	140	142	144	146
Inventories	501	561	488	449	462
Total Other Current Assets	15	6	6	6	7
Total Current Assets	1,155	1,131	1,267	1,344	1,364
Fixed Assets	126	168	152	136	121
Total Investments	296	259	248	259	272
Intangible Assets	1	1	1	1	1
Total Other Non-Current Assets	110	97	113	113	110
Total Non-current Assets	532	524	513	509	503
Short-term Debt	226	75	205	205	0
Current Portion of Long-Term Debt					
Total Creditors	318	351	415	421	428
Other Current Liabilities	43	55	54	54	44
Total Current Liabilities	586	481	673	679	471
Total Long-term Debt	0	130	0	0	206
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	302	224	225	226	175
Total Non-current Liabilities	302	354	225	226	380
Total Provisions	66	66	66	67	68
Total Liabilities	955	901	965	972	919
Shareholders' Equity	642	681	728	779	832
Minority Interests	91	73	87	102	117
Total Equity	733	754	815	881	948

Key Ratios

	Apr-25A	Apr-26A	Apr-27F	Apr-28F	Apr-29F
Revenue Growth	(33.0%)	(13.2%)	1.3%	1.7%	1.4%
Operating EBITDA Growth	(48.3%)	(8.3%)	0.9%	1.7%	1.9%
Operating EBITDA Margin	9.15%	9.66%	9.63%	9.62%	9.68%
Net Cash Per Share (RM)	0.11	0.14	0.32	0.42	0.46
BVPS (RM)	0.55	0.58	0.62	0.67	0.71
Gross Interest Cover	17.28	18.66	20.84	21.48	21.98
Effective Tax Rate	25.3%	32.9%	33.0%	33.0%	33.0%
Net Dividend Payout Ratio	170%	143%	60%	60%	61%
Accounts Receivables Days	29.91	27.75	22.30	22.28	22.26
Inventory Days	99.4	104.5	102.3	90.0	86.2
Accounts Payables Days	50.78	47.47	56.13	61.76	61.74
ROIC (%)	25.6%	24.7%	25.3%	33.6%	39.5%
ROCE (%)	21.3%	20.0%	19.3%	18.9%	18.6%
Return On Average Assets	9.40%	6.72%	7.51%	7.46%	7.35%

Key Drivers

	Apr-25A	Apr-26A	Apr-27F	Apr-28F	Apr-29F
Malaysia Volume	13,686.0	10,986.0	11,269.8	11,735.5	11,775.7
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	12,683.8	13,134.7	13,216.8
Average Selling Price (RM '000)	152.8	176.7	171.6	175.7	178.5
Vehicle Revenue (RM 'm)	2,330.4	2,138.6	2,037.6	2,075.2	2,104.8

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

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

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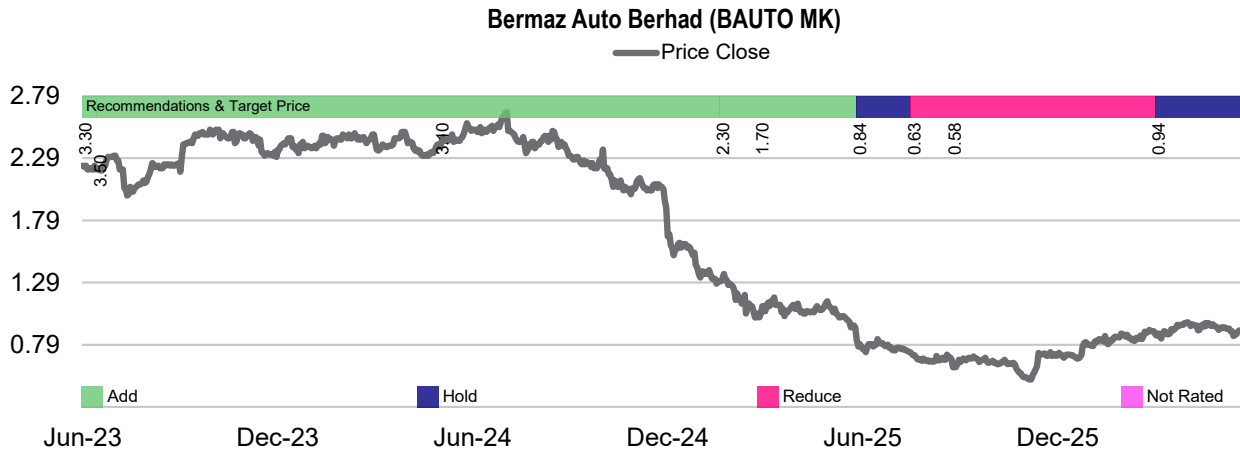
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502 companies under coverage for quarter ended on 31 March 2026		
	Rating Distribution (%)	Investment Banking clients (%)
Add	72.5%	1.8%
Hold	20.1%	0.6%
Reduce	7.4%	0.2%

Spitzer Chart for stock being researched (2 year data)



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Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
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