

12 Sep 2025

Reduce (from Hold)

Price
 RM0.68

Target Price
 RM0.50 (from RM0.80)

Market Data

Bloomberg Code	BAUTO MK
No. of shares (m)	1,162.2
Market cap (RMm)	808.8
52-week high/low (RM)	2.32 / 0.65
Avg daily turnover (RMm)	4.0
KLCI (pts)	1,582.9

Source: Bloomberg, CIMB Securities

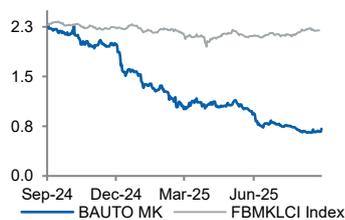
Major Shareholder (%)

Dynamic Milestone	15.4%
Permodalan Nasional Berhad	12.7%
Employees Provident Fund	10.7%
Free Float	75.0

Source: Bloomberg, CIMB Securities

Performance

	3M	6M	12M
Absolute (%)	(18.2)	(39.2)	(69.6)
Rel Market (%)	(22.4)	(44.4)	(65.5)



Source: Bloomberg, CIMB Securities

Analyst

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Bermaz Auto

Steering through challenges

1QFY4/26 results disappointed at just 7% of our/consensus full-year estimates, dragged by weaker-than-expected sales volumes and widening associate losses. Core net profit plunged 87% YoY and 59% QoQ. We cut our FY26–28F EPS forecasts by 13–49% to reflect lower associate contributions, narrowing margins, and rising competition from Chinese marques. In our view, the earnings outlook remains weak, with limited volume catalysts and a lack of compelling new launches. Accordingly, we downgrade BAuto to Reduce from Hold and lower our TP to RM0.50 (from RM0.80), pegged to 5x CY27F P/E, or -2 s.d. from its 10-year mean, rolled forward to end-2026.

Financial highlights

FYE Apr	2024	2025	2026F	2027F	2028F
Revenue (RMm)	3,911	2,624	2,455	2,481	2,668
Core net profit (RMm)	345.6	155.9	69.6	95.2	126.6
Core EPS (Sen)	29.7	13.4	6.0	8.2	10.9
EPS growth (%)	13.0	(54.9)	(55.3)	36.7	32.9
DPS (Sen)	26.0	16.8	4.5	5.5	7.0
Core PE (x)	2.3	5.0	11.3	8.2	6.2
Div yield (%)	38.5	24.8	6.7	8.1	10.4
ROE (%)	43.7	21.4	10.7	14.1	17.9
Net Gearing (%)					
Net Cash	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
PBV(x)	1.0	1.2	1.2	1.1	1.1

Source: Company, CIMB Securities

1QFY4/26 core EPS plunged 87% YoY on weaker sales volumes and associate losses

Bermaz Auto (BAuto)'s 1QFY4/26 revenue fell 42% YoY, driven by lower sales volume in both Malaysia (-52% YoY) and the Philippines (-17% YoY). Group sales volume dropped 48% YoY to 2,638 units — the lowest in 16 quarters (since 1QFY4/22). The decline in Malaysia was mainly due to the end of lifecycle for selected Mazda and Kia models, coupled with intense competition from Chinese brands offering aggressive pricing. The weakness was partly cushioned by contributions from BAuto's XPeng production, which accounted for 18% of its Malaysian sales in 1QFY26.

BAuto recorded wider associate losses of RM9.3m in 1QFY26, vs. RM10.7m profit in 1QFY25 and an RM303,000 loss in 4QFY4/25. The losses stemmed mainly from lower sales and assembly volumes at Mazda Malaysia Sdn Bhd, Inokom, and Kia Malaysia Sdn Bhd.

Overall, BAuto's core net profit slumped 87% YoY to RM8.8m in 1QFY26 — its lowest quarterly profit since the COVID-19 pandemic in 2020. In line with weaker earnings, the group declared a lower dividend of 0.75 sen/share (1QFY25: 3.5 sen/share). While this represents a 105% payout of net profit, it equates to about 60% when measured against Malaysian operations alone, indicating that the group will likely be able to sustain near-term dividend payments from its core domestic business.

FY26–28F EPS estimates revised down by 13–49% amid intense competition

We have reduced our FY26–28F net profit forecasts by 13–49% to reflect weaker associate contributions and narrowing margins from lower sales volume assumptions. Specifically, we now project Mazda Malaysia sales to decline 10% YoY to 10,000 units in FY26F.

Recently, the group launched the fully imported Mazda CX-60 and CX-80 SUVs from Japan. While these models broaden BAuto's premium offerings, they are unlikely to be major volume drivers given their higher price points (CX-60 from RM200,510; CX-80 from RM334,610). That said, BAuto indicated plans to launch a new 1.5L Mazda 3 in Oct 2025, with bookings already exceeding 1,500 units, alongside ~500 units for the CX-60. We expect these models to help lift sales volume from 3QFY26F onwards. Overall, Mazda's order backlog currently stands at ~3,000 units.

Meanwhile, XPeng continues to be a bright spot. The group delivered 386 units of the G6 and X9 EV models in 1QFY26, and demand is expected to remain healthy as consumers

rush to benefit from tax exemptions for complete built-up (CBU) electric vehicles (EVs) before expiry on 31 Dec 2025. For context, Bermaz XPeng registered RM151.3m in revenue and pretax profit of RM16.2m in FY4/25. We estimate XPeng could contribute RM20–25m in pretax profit in FY26F, underpinned by targeted sales of ~1,600 units (vs. 824 units in FY25).

Downgrade from Hold to Reduce with a lower RM0.50 TP

We downgrade BAuto to Reduce from Hold on the back of a weaker earnings outlook, driven by intensifying competition in the non-national segment and rising risks of further associate losses, which could materially weigh on FY26F profitability. The combination of softening sales volumes, margin erosion, and potential earnings volatility from associates leaves us cautious about the group's near-term prospects.

Following our earnings cuts, we lower our target price (TP) to RM0.50 (from RM0.80 previously), now pegged to a lower 5x CY27F P/E, equivalent to -2 s.d. of its 10-year mean of 13x (vs. -1.5 s.d. previously). The lower P/E reflects the group's limited earnings visibility and the downside risks to its earnings. We are also rolling forward our valuation base to end-2026. Our revised TP of RM0.50 implies 0.9x FY26F P/BV.

That said, BAuto still offers decent yield support, with projected FY26–27F dividend yields of 6.7–8.1% based on an average 71% payout ratio, which is below its 5-year mean of 84%. However, in our view, this is insufficient to offset the deteriorating earnings outlook and sustained competitive pressures in the non-national brands space.

Potential catalysts and risks

Potential de-rating catalysts include delays in new model launches, weaker-than-expected sales volume, deterioration in consumer sentiment following RON95 petrol subsidy removal, lower dividend payout, and unfavourable forex movements. Potential upside risks to our Reduce call include acquisition of new EV marque distributorships, exciting new model launches, implementation of new localisation programmes, higher dividend payout, and strengthening of the MYR.

Exhibit 1: Results comparison

FYE Apr (RM m)	1QFY26	1QFY25	yoy % chg	4QFY25	qoq % chg	Prev. FY26F
Revenue	491	846	(41.9)	529	(7.1)	2,773
Operating costs	(455)	(753)	(39.5)	(486)	(6.3)	(2,544)
EBITDA	35.9	93	(61.4)	42.8	(16.1)	229
<i>EBITDA margin (%)</i>	<i>7.3</i>	<i>11.0</i>		<i>8.1</i>		<i>8.3</i>
Depn & amort.	(6.5)	(6.2)	4.7	(7.1)	(7.7)	(27.5)
EBIT	29.4	86.7	(66.1)	35.7	(17.8)	202
Interest expense	(2.9)	(2.2)	31.1	(3.4)	(14.8)	(28.2)
Interest & invt inc	2.3	1.9	21.0	2.9	(19.0)	12.5
Associates	(9.3)	10.7	> 100	(0.3)	> 100	10.0
Exceptionals	(0.6)	0.6	> 100	(0.3)	93.4	-
Pretax profit	18.9	97.8	(80.6)	34.6	(45.3)	196
Tax	(8.3)	(22.4)	(62.7)	(11.2)	(25.3)	(48.9)
<i>Tax rate (%)</i>	<i>44.0</i>	<i>22.9</i>		<i>32.2</i>		<i>25.0</i>
Minority interests	(2.3)	(5.2)	(55.1)	(2.3)	2.2	(11.3)
Net profit	8.3	70.2	(88.2)	21.2	(60.9)	136
Core net profit	8.8	69.7	(87.3)	21.5	(58.9)	136
EPS (sen)	0.7	6.0	(88.1)	1.8	(60.9)	11.7
Core EPS (sen)	0.8	6.0	(87.2)	1.8	(58.8)	11.7
Net DPS (sen)	0.8	3.5	(78.6)	1.5	(50.0)	7.0

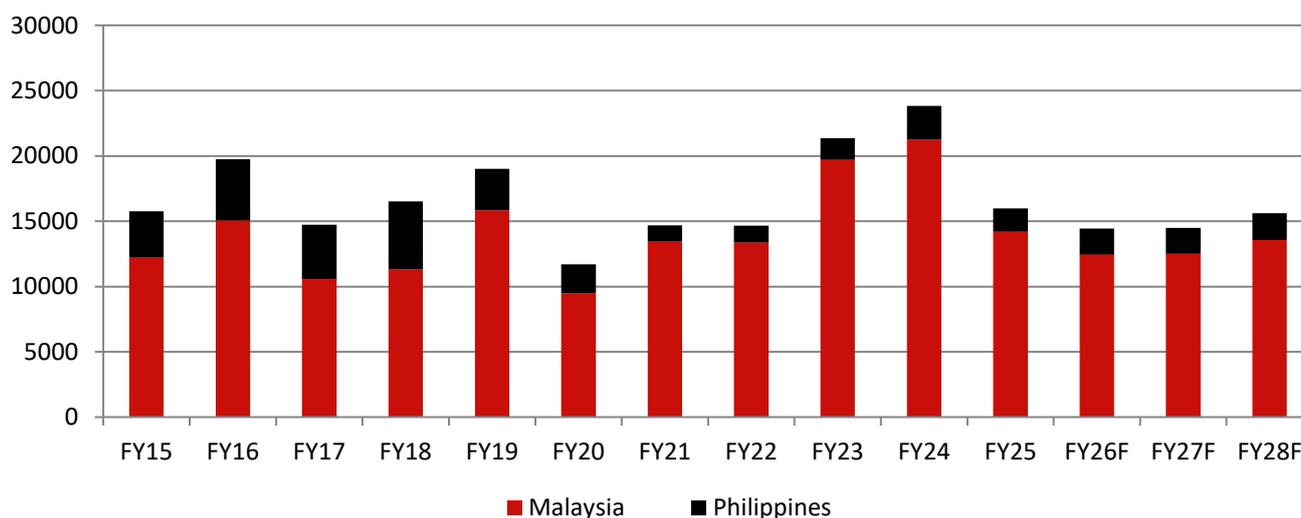
Source: Company, CIMB Securities

Exhibit 2: Earnings revision

FYE Apr (RM m)	Previous earnings forecast			Revised earnings forecast			Changes (%)		
	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Turnover	2,773	2,799	2,951	2,455	2,481	2,668	-11.5%	-11.3%	-9.6%
EBITDA	229	223	232	180	194	215	-21.6%	-13.0%	-7.4%
EBIT	202	195	204	152	166	187	-24.5%	-14.9%	-8.4%
Pretax profit	196	191	210	106	140	183	-45.7%	-26.6%	-12.9%
Net profit	136	132	145	70	95	127	-48.6%	-27.7%	-12.7%
Core net profit	136	132	145	70	95	127	-48.6%	-27.7%	-12.7%
EPS (sen)	12	11	12	6	8	11	-48.6%	-27.7%	-12.7%

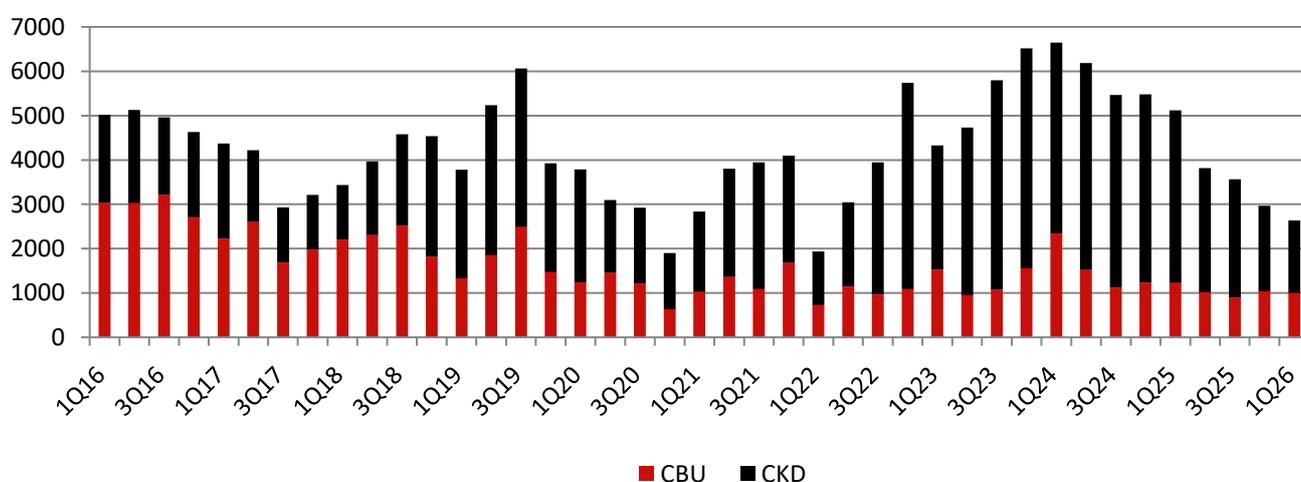
Source: Company, CIMB Securities

Exhibit 3: Historical annual and FY26–28F sales volume forecast



Source: Company, CIMB Securities

Exhibit 4: Historical quarterly sales volume for fully imported (CBU) and locally assembled (CKD) units



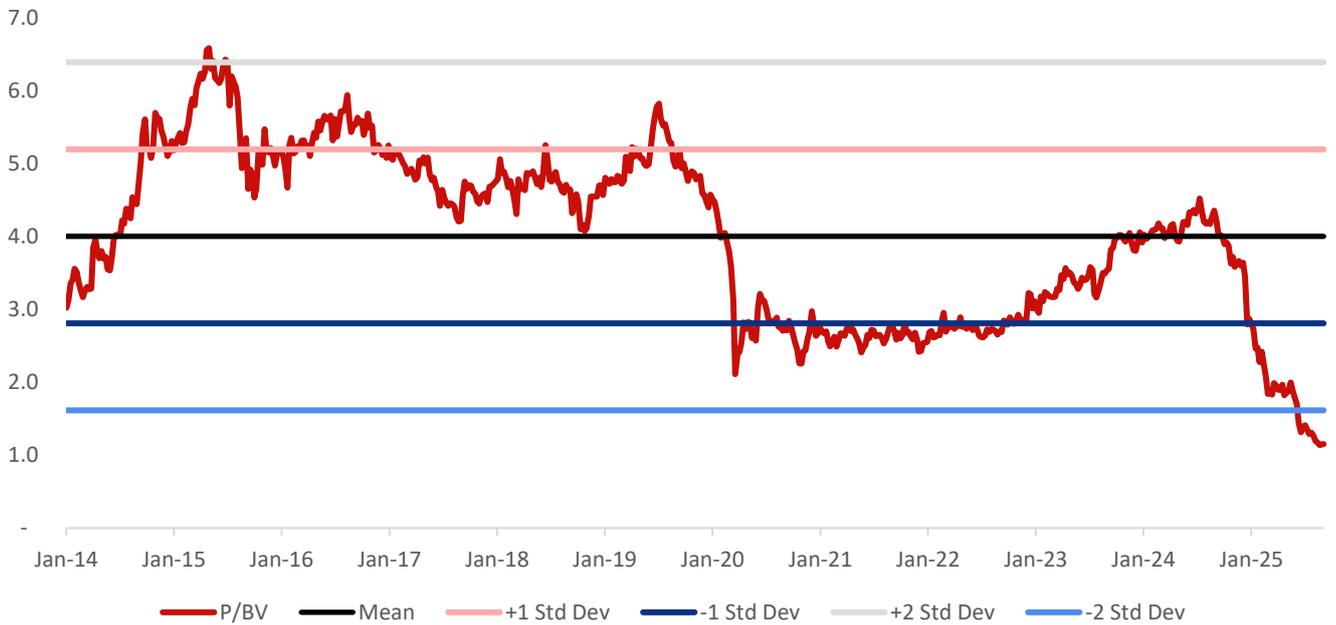
Source: Company, CIMB Securities

Exhibit 5: BAuto's 1-year forward P/E (x)



Source: Company, Bloomberg, CIMB Securities

Exhibit 6: BAuto's 1-year forward P/BV (x)



Source: Company, Bloomberg, CIMB Securities

Income Statement

FYE Apr (RMm)	2024	2025	2026F	2027F	2028F
Revenue	3,911.0	2,623.8	2,455.4	2,481.2	2,668.2
EBITDA	462.9	239.9	179.6	193.9	215.2
Depreciation/Amortisation	(26.8)	(27.1)	(27.5)	(27.9)	(28.3)
Operating income (EBIT)	436.0	212.7	152.1	165.9	186.9
Other income & associates	44.6	14.1	(30.0)	(10.0)	10.0
Net interest	3.1	(2.5)	(15.8)	(15.5)	(14.3)
Exceptional items	0.0	0.0	0.0	0.0	0.0
Pretax profit	483.7	224.3	106.3	140.4	182.6
Taxation	(111.4)	(56.5)	(26.6)	(35.1)	(45.6)
Minorities/pref dividends	(26.7)	(11.9)	(10.1)	(10.1)	(10.4)
Net profit	345.6	155.9	69.6	95.2	126.6
Core net profit	345.6	155.9	69.6	95.2	126.6

Balance Sheet

FYE Apr (RMm)	2024	2025	2026F	2027F	2028F
Fixed assets	48.0	45.6	113.9	101.0	87.7
Intangible assets	0.5	0.5	0.5	0.5	0.5
Other long-term assets	561.2	488.7	387.9	377.9	377.9
Total non-current assets	609.7	534.8	502.3	479.4	466.1
Cash & equivalent	364.8	432.8	497.1	551.3	600.0
Stock	686.8	499.1	467.0	471.9	507.5
Trade debtors	223.7	209.8	196.3	198.4	213.3
Other current assets	2.1	14.5	14.5	14.5	14.5
Total current assets	1,277.5	1,156.2	1,174.9	1,236.1	1,335.3
Trade creditors	381.0	225.9	186.5	188.3	225.0
Short-term borrowings	62.5	225.6	225.6	225.6	225.6
Other current liabilities	147.9	136.4	136.4	136.4	136.4
Total current liabilities	591.3	587.9	548.5	550.3	587.0
Long-term borrowings	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	387.2	367.9	367.9	367.9	367.9
Total long-term liabilities	387.2	367.9	367.9	367.9	367.9
Shareholders' funds	815.8	644.4	660.0	686.3	725.1
Minority interests	92.9	90.8	100.9	111.0	121.3

Cash flow Statement

FYE Apr (RMm)	2024	2025	2026F	2027F	2028F
Pretax profit	483.7	224.3	106.3	140.4	182.6
Depreciation/Amortisation	26.8	27.1	27.5	27.9	28.3
Net change in working capital	0.0	0.0	0.0	0.0	0.0
Others	(308.3)	(25.4)	14.7	(14.3)	(44.8)
Cash flow from operations	202.2	226.1	148.5	154.0	166.1
Capital expenditure	0.9	0.2	0.0	0.0	0.0
Net investments & sale of fixed assets	(11.0)	(19.8)	0.0	0.0	0.0
Others	(4.9)	89.3	(2.6)	(1.2)	(0.0)
Cash flow from investing	(15.0)	69.7	(2.6)	(1.2)	(0.0)
Debt raised/(repaid)	(37.5)	163.1	0.0	0.0	0.0
Equity raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Dividends paid	(297.7)	(344.8)	(53.5)	(69.2)	(88.1)
Others	(26.2)	(42.8)	(28.2)	(29.3)	(29.3)
Cash flow from financing	(361.4)	(224.5)	(81.7)	(98.6)	(117.4)
Net cash flow	(174.2)	71.3	64.2	54.2	48.6
Cash b/f	537.5	364.8	432.8	497.0	551.3
Cash c/f	364.8	432.8	497.0	551.3	599.9

Key Ratios

FYE Apr	2024	2025	2026F	2027F	2028F
Revenue growth (%)	10.5	(32.9)	(6.4)	1.1	7.5
EBITDA growth (%)	15.6	(48.2)	(25.1)	8.0	11.0
Pretax margins (%)	12.4	8.5	4.3	5.7	6.8
Net profit margins (%)	8.8	5.9	2.8	3.8	4.7
Interest cover (x)	nm	nm	83.6	9.6	10.7
Effective tax rate (%)	24.6	25.4	24.0	25.0	25.0
Net dividend payout (%)	87.4	124.9	75.1	67.1	64.3
Debtors turnover (days)	19.1	20.1	30.1	30.2	29.0
Stock turnover (days)	37.1	55.6	82.5	71.8	69.1
Creditors turnover (days)	32.6	34.6	42.2	30.6	27.6

Source: Bloomberg, CIMB Securities

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Buy	The stock's total return is expected to exceed 10% over the next twelve (12) months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next twelve (12) months.
Reduce	The stock's total return is expected to fall below 0% or more over the next twelve (12) months.
	<i>Note: The total expected return of a stock is defined as the sum of:</i> (a) <i>the percentage difference between the target price and the current price; and</i> (b) <i>the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months.</i>
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Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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