

HLIB Research

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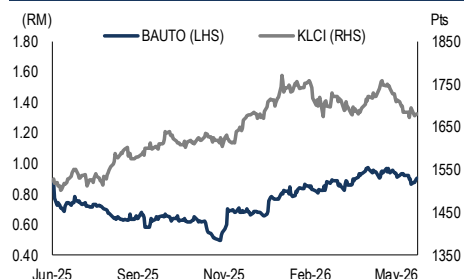
BUY (from Hold)

Target Price: RM1.18
Previously: RM0.85
Current Price: RM0.905

Capital upside	30.4%
Dividend yield	10.3%
Expected total return	40.7%

Sector coverage: Automotive

Company description: Bermaz Auto is involved in distribution, assembly, retailing and after sales service of Mazda and Xpeng vehicles in Malaysia and distribution of Mazda in the Philippines. Bermaz Auto is also involved in locally assembled Mazda and Kia vehicles.

Share price

Stock information

Bloomberg ticker	BAUTO MK
Bursa code	5248
Issued shares (m)	1,134
Market capitalisation (RM m)	1,026
3-mth average volume ('000)	2,743
SC Shariah compliant	Yes
F4GBM Index member	Yes
ESG rating	★★★★

Major shareholders

Dynamic Milestone	16.5%
Permodalan Nasional Berhad	12.1%
Lembaga Tabung Haji	7.1%

Earnings summary

FYE (Apr)	FY26	FY27f	FY28f
PATMI - core (RM m)	102	135	137
EPS - core (sen)	8.9	11.6	11.8
P/E (x)	10.1	7.8	7.7

Bermaz Auto

Stronger 4QFY26 on improved margins

Reported core PATMI of RM44.5m for 4QFY26 (+40.0% QoQ; +107.3% YoY) and RM101.6m for FY26 (-35.1% YoY). The results were above our expectation (123.4%) and consensus (123.6%), driven by improved margins for Malaysia operation and turnaround of associates. Declared a fourth interim dividend of 1.75 sen/share and a special dividend of 1.75 sen/share. Upgrade to BUY with a higher TP of RM1.18 (from RM0.85) based on 10x CY27 P/E. BAuto has a net cash of RM219.4m (19.3 sen/share), with recovering earnings to support a decent dividend yield of 10.3%.

Above expectations. BAuto reported 4QFY26 core PATMI of RM44.5m (+40.0% QoQ, +107.3% YoY) and FY26 at RM101.6m (-35.1% YoY). We deem the results to be above our expectations (at 123.4% of our full year forecast) and consensus (123.6%), mainly driven by improved margins for Malaysia operations and turnaround in associates' contribution. The group recorded net EIs of +RM3.1m in FY26, mainly on forex gain, reversal of inventory written down, and asset disposal gains, partially offset by PPE written off and derivative losses.

Dividend. Declared a fourth interim dividend of 1.75 sen/share and a special dividend of 1.75 sen/share (both ex-date: 21 Jul 2026). FYTD dividends declared amounted to 7.25 sen/share.

QoQ. Core PATMI improved 40.0% QoQ to RM44.5m mainly driven by a turnaround in associates' contribution – following inventory write-offs at KMSB in the preceding quarter and higher assembling volume at MMSB in current quarter – as well as lower effective tax in 4QFY26.

YoY. Core PATMI improved 107.3% YoY, mainly driven by higher Mazda Malaysia sales volume (+45.2% YoY) with improved sales model mix, and RM appreciation during the quarter.

FYTD. FY26 core PATMI still fell 35.1% YoY to RM101.6m, mainly dragged by the lower total group sales volume for both Malaysia (-12.3%) and Philippines (-14.2%), as well as associates' combined losses contribution.

Outlook. The operating environment in Malaysia is expected to remain highly competitive, driven by aggressive model launches by Chinese OEMs offering attractive pricing, coupled with weaker consumer sentiment and potentially higher fuel prices. Nevertheless, the upcoming launch of the new generation CX-5 model is expected to support sales volumes. In addition, the group is expected to benefit in the near term from the government's new policy requiring imported CBU EVs to have a minimum CIF value of RM200k. Management has reported an order backlog of approximately 2,350 units for the group, mainly driven by Mazda Malaysia. Meanwhile, XPeng has commenced local CKD production of its G6 model at EPMB's assembly plant, with the X9 model expected to follow suit. The Philippines operation continues to face similar market challenges, including intense competition from Chinese OEMs, constrained fuel supply, elevated fuel prices, and subdued consumer sentiment.

Forecast. We have raised our forecasts by 36.6% for FY27 and 12.6% for FY28.

Upgrade to BUY, TP: RM1.18. We upgrade our recommendation to BUY with a higher target price to RM1.18 (from RM0.85), based on a target P/E of 10x on CY27 EPS. The group is sustaining a healthy balance sheet, reflected by a net cash position of RM219.4m (19.3 sen/share) as at end-4QFY26, with an attractive dividend yield of 10.3%.

Figure #1 Financial forecast summary

FYE Apr (RM m)	FY24	FY25	FY26	FY27f	FY28f
Revenue	3,911	2,622	2,276	2,324	2,444
EBITDA	464	240	221	212	214
EBIT	437	213	196	185	187
PBT	485	222	171	187	189
PAT	373	166	114	138	140
PATMI – Core	346	154	102	135	137
PATMI – Reported	346	154	105	135	137
HLIB/ Consensus (%) – Core PATMI				122.5%	105.9%
Core EPS (sen)	29.7	13.3	8.9	11.6	11.8
P/E (x)	3.0	6.8	10.1	7.8	7.7
DPS (sen)	26.0	16.8	7.3	9.3	9.5
Yield (%)	28.7%	18.5%	8.0%	10.3%	10.5%
Shareholder's equity	816	642	681	633	662
BVPS (RM/share)	0.70	0.55	0.60	0.55	0.57
P/B (x)	1.3	1.6	1.5	1.7	1.6
ROE (%)	43.8%	21.2%	31.2%	22.3%	21.1%
Net Gearing (%)	37.1%	N.Cash	N.Cash	N.Cash	N.Cash

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Figure #2 Quarterly results comparison

FYE Apr (RMm)	4QFY25	3QFY26	4QFY26	QoQ (%)	YoY (%)	FY25	FY26	YoY (%)
Revenue	528.6	683.2	544.7	-20.3%	3.0%	2,623.8	2,275.6	-13.3%
EBITDA	42.8	76.4	68.5	-10.3%	60.1%	240.5	221.2	-8.0%
Core EBIT	35.7	69.3	62.7	-9.6%	75.4%	213.3	195.8	-8.2%
Interest Expense	(2.2)	(1.6)	(1.5)	-5.9%	-33.6%	(7.8)	(6.6)	-15.0%
Interest on Lease Liability	(1.2)	(1.0)	(0.8)	-12.2%	-27.1%	(4.6)	(3.8)	-16.6%
Interest and Investment Income	2.9	3.3	2.6	-19.4%	-8.4%	9.7	10.7	10.7%
Associates:								
MMSB	2.9	(1.5)	4.3	N.M.	48.7%	11.4	3.5	-69.2%
Inokom	(2.4)	0.9	0.2	-72.4%	N.M.	4.0	(4.2)	N.M.
KMSB	(0.6)	(10.6)	(2.0)			(0.3)	(23.6)	
Others	(0.2)	(0.2)	(0.2)			(1.0)	(0.7)	
Core PBT	34.9	58.7	65.3	11.2%	87.1%	224.8	171.1	-23.9%
Exceptionals	(0.3)	0.8	2.1			(0.6)	3.1	
Reported PBT	34.6	59.6	67.4	13.2%	94.6%	224.2	174.3	-22.3%
Tax	(11.2)	(21.1)	(17.7)	-16.3%	58.4%	(56.5)	(57.3)	1.4%
MI	(2.3)	(5.8)	(3.1)	-46.6%	36.4%	(11.8)	(12.3)	4.3%
Reported PATAMI	21.2	32.6	46.6	42.9%	120.0%	155.9	104.7	-32.8%
Core PATAMI	21.5	31.8	44.5	40.0%	107.3%	156.5	101.6	-35.1%
Reported EPS (Sen)	1.8	2.9	4.1	43.1%	125.0%	13.4	9.2	-31.3%
Core EPS (Sen)	1.9	2.8	3.9	40.2%	112.1%	13.5	8.9	-33.6%
				<u>%-pts</u>	<u>%-pts</u>			<u>%-pts</u>
EBITDA Margin (%)	8.1%	11.2%	12.6%	1.4	4.5	9.2%	9.7%	0.6
Core EBIT Margin (%)	6.8%	10.1%	11.5%	1.4	4.7	8.1%	8.6%	0.5
Core PATAMI Margin (%)	4.1%	4.7%	8.2%	3.5	4.1	6.0%	4.5%	(1.5)

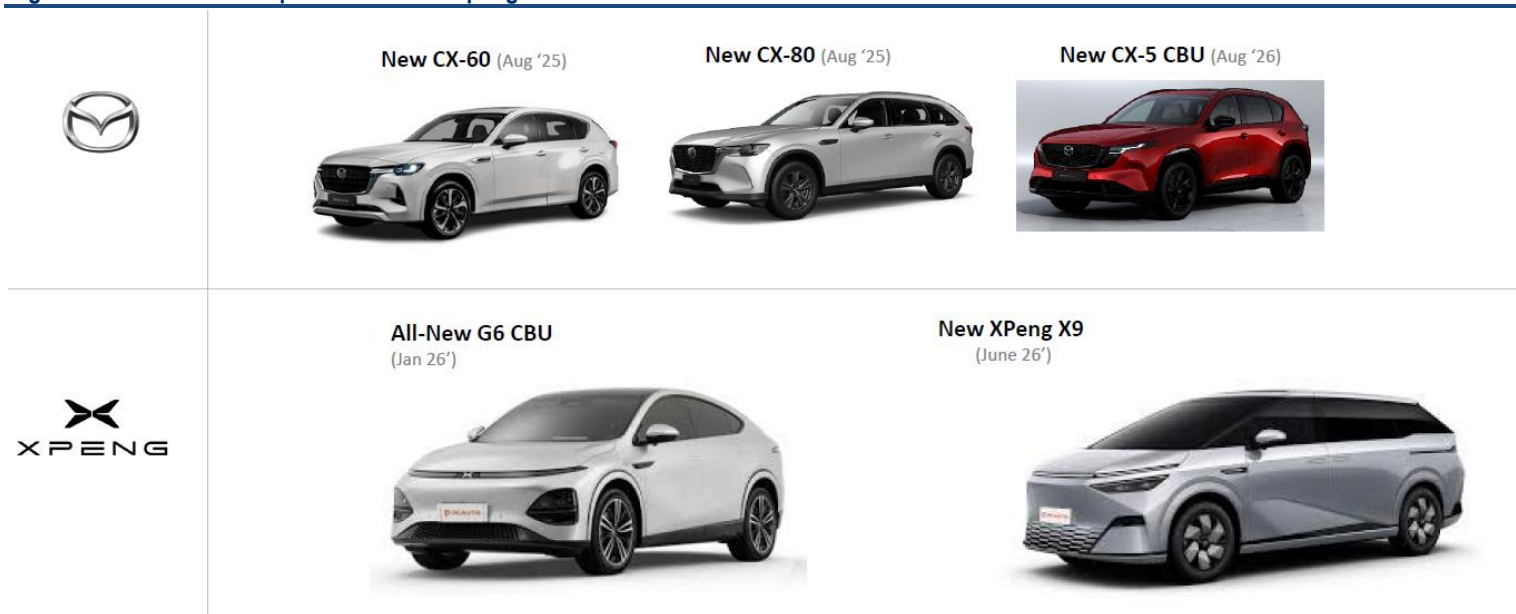
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Figure #3 Quarterly result breakdown

FYE Apr (RM m)	4QFY25	3QFY26	4QFY26	QoQ (%)	YoY (%)	FY25	FY26	YoY (%)
Revenue								
Malaysia	465.3	636.6	496.6	-22.0%	6.7%	2,354.3	2,065.1	-12.3%
Philippines	63.4	46.7	48.0	2.9%	-24.2%	269.4	210.5	-21.9%
Total	528.6	683.2	544.7	-20.3%	3.0%	2,623.8	2,275.6	-13.3%
EBIT								
Malaysia	27.4	67.6	79.6	17.8%	190.6%	170.8	202.3	18.4%
Philippines	8.6	3.0	2.6	-14.7%	-70.4%	44.2	15.9	-64.0%
Others	(0.6)	(0.5)	(17.4)			(2.3)	(19.3)	
Total	35.4	70.2	64.8	-7.7%	82.7%	212.7	198.9	-6.5%
Core EBIT	35.7	69.3	62.7	-9.6%	75.4%	213.3	195.8	-8.2%

Bursa, HLIB Research

Figure #4 Model line up for Mazda and Xpeng in 2025-26



Company

Figure #5 Quarterly sales breakdown

Malaysia Sales Statistics	4QFY25	3QFY26	4QFY26	QoQ (%)	YoY (%)	FY25	FY26	QoQ (%)
Mazda CBU								
Mazda 2	13	4	4	0.0%	-69.2%	109	18	-83.5%
Mazda 3	194	1,357	1,319	-2.8%	579.9%	971	3,249	234.6%
Mazda 6	4	0	1	N.M.	-75.0%	38	10	-73.7%
CX-3	37	4	7	75.0%	-81.1%	388	52	-86.6%
CX-60	0	227	278	22.5%	N.M.	0	977	N.M.
CX-80	0	18	6	-66.7%	N.M.	0	34	N.M.
CX-9	3	1	0	-100.0%	-100.0%	20	4	-80.0%
MX-5	5	2	0	-100.0%	-100.0%	15	13	-13.3%
Biante	0	0	0	N.M.	N.M.	1	0	-100.0%
BT-50	5	37	8	-78.4%	60.0%	29	50	72.4%
Subtotal	261	1,650	1,623	-1.6%	521.8%	1,571	4,407	180.5%
Mazda CKD								
CX-30	824	457	460	0.7%	-44.2%	4,084	2,097	-48.7%
CX-5	654	771	574	-25.6%	-12.2%	4,711	2,502	-46.9%
CX-8	212	223	176	-21.1%	-17.0%	1,102	803	-27.1%
Subtotal	1,690	1,451	1,210	-16.6%	-28.4%	9,897	5,402	-45.4%
Total Mazda Malaysia	1,951	3,101	2,833	-8.6%	45.2%	11,468	9,809	-14.5%
Peugeot CKD								
2008	0	0	0	N.M.	N.M.	105	0	-100.0%
3008	0	0	0	N.M.	N.M.	314	0	-100.0%
5008	0	0	0	N.M.	N.M.	16	0	-100.0%
Landtrek	0	0	0	N.M.	N.M.	8	0	-100.0%
Total Peugeot Malaysia	0	0	0	N.M.	N.M.	443	0	-100.0%
KIA								
Carnival (CKD)	131	127	1	-99.2%	-99.2%	666	320	-52.0%
Sorento (CKD)	10	12	1	-91.7%	-90.0%	49	22	-55.1%
Kia Sportage (CKD)	97	191	15	-92.1%	-84.5%	185	317	71.4%
EV6	0	0	3	N.M.	N.M.	2	5	150.0%
EV9	2	16	1	-93.8%	-50.0%	43	18	-58.1%
Total KIA Malaysia	240	346	21	-93.9%	-91.3%	945	682	-27.8%
XPeng								
G6 (CBU)	227	305	190	-37.7%	-16.3%	724	835	15.3%
X9 (CBU)	100	168	88	-47.6%	-12.0%	100	666	566.0%
Total XPeng Malaysia	327	473	278	-41.2%	-15.0%	824	1,501	82.2%
Total Malaysia	2,518	3,920	3,132	-20.1%	24.4%	13,680	11,992	-12.3%

Bermaz Auto

Figure #6 Quarterly sales breakdown

Philippines Sales Statistics	4QFY25	3QFY26	4QFY26	QoQ (%)	YoY (%)	FY25	FY26	QoQ (%)
Mazda 2	9	3	9	200.0%	0.0%	37	20	-45.9%
Mazda 3	99	70	69	-1.4%	-30.3%	245	245	0.0%
Mazda 6	4	1	0	-100.0%	-100.0%	20	4	-80.0%
CX-3	0	0	0	N.M.	N.M.	7	0	-100.0%
CX-30	23	21	18	-14.3%	-21.7%	55	63	14.5%
CX-5	46	31	26	-16.1%	-43.5%	240	119	-50.4%
CX-60	50	64	83	29.7%	66.0%	325	284	-12.6%
CX-7	47	39	43	10.3%	-8.5%	286	180	-37.1%
CX-9	3	0	0	N.M.	-100.0%	100	0	-100.0%
CX-90	38	43	20	-53.5%	-47.4%	204	130	-36.3%
MX-5	46	41	56	36.6%	21.7%	129	215	66.7%
BT-50	86	29	46	58.6%	-46.5%	131	266	103.1%
Total Mazda Philippines	451	342	370	8.2%	-18.0%	1,779	1,526	-14.2%
Total Group Sales	2,969	4,262	3,502	-17.8%	18.0%	15,459	13,518	-12.6%

Bermaz Auto

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Stock rating guide

BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

Sector rating guide

OVERWEIGHT	Sector expected to outperform the market over the next 12 months.
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

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