Bermaz Auto Berhad

(5248 | BAUTO MK) Main | Consumer Products & Services

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Corporate Update

1QFY26 Results Review
Momentum to Build

Maintain NEUTRAL. Bermaz Auto Bhd (BAuto) 1QFY26 (FYE April) results disappointed, missing expectations. Nonetheless, we expect stronger quarters ahead, with Mazda CX-60 (500 bookings) deliveries starting this month to contribute from 2QFY26, while Mazda 3 1.5L variant (1.7k bookings) should drive sales from 3QFY26 as deliveries commence in late Oct-25/early Nov-25. Following the earnings revision, we lowered our target price to **RM0.59** (from RM0.75), having also rolled over our base year. Our valuation is based on FY27F EPS pegged to a PER of 6.0x (-1.0SD below its 5-year mean).

Below expectations. BAuto posted a core PATAMI of RM8.6m in 1QFY26, falling short of expectations at just 5%/6% of our/consensus full-year forecast. Although revenue came in broadly in line, with stronger quarters anticipated ahead, margins were significantly weaker than projected. The Group also declared a first interim dividend of 0.75 sen, translating to a DPR of 101%.

Domestic operations weighed by ageing models and fierce competition. The Group's revenue contracted -41.9%yoy in 1QFY26, with domestic operations hit harder as Mazda sales plunged -58.6%yoy and Kia sales slipped -28.8%yoy, impacted by ageing model line-ups and heightened market competition. Overseas operations were also under pressure, albeit less severely, as Mazda PH recorded a -17.4%yoy drop in sales. Meanwhile, the Group reported losses from all domestic associates versus profits in 1QFY25, due to weaker sales volumes. Altogether, core PATAMI plunged -87.5%yoy, as margins narrowed by -6.4 ppts due to reduced operating efficiency.

The Philippines operations improved sequentially. Against 4QFY25, the Group's revenue fell -7.1%qoq, dragged by domestic sales with Mazda dropping -18.3%qoq and Kia down -18.8%qoq. XPeng, introduced in 2QFY25, helped soften the impact, with quarterly sales outperforming our expectation and increasing +18.0%qoq. In contrast, the Philippines operations posted a +4.6%qoq revenue rise on the back of a +2.9%qoq increase in Mazda sales. Associates' contributions also sank further into the red. Overall, core PATAMI declined -60.4%qoq, with margins contracting by -2.4ppts.

Earnings estimates. We revised our sales volume assumptions (as detailed below) along with lower margin expectations. Accordingly, our FY26E/FY27F have been reduced by -33%/-35%.

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Maintain **NEUTRAL**

Revised Target Price **RM0.59**
(from RM0.75)

RETURN STATISTICS

Price @ 11th September 2025 (RM)	0.68
Expected share price return (%)	-13.3
Expected dividend yield (%)	+9.1
Expected total return (%)	-4.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.7	-0.2
3 months	-12.9	-30.0
12 months	-70.2	-69.1

INVESTMENT STATISTICS

FYE Apr	2026E	2027F	2028F
Revenue	2,462.5	2,555.1	2,613.8
Operating profit	147.8	153.3	156.8
PBT	172.0	170.4	178.2
Core PATAMI	111.5	114.0	118.0
Core EPS (sen)	9.6	9.8	10.2
DPS (sen)	6.2	6.4	6.6
Dividend yield	9.1%	9.4%	9.7%

KEY STATISTICS

FBM KLCI	1,582.85
Issued shares (m)	1158.65
Estimated free float (%)	62.03
Market Capitalisation (RM'm)	779.09
52-wk price range	RM0.65 - RM2.27
3-mth average daily volume (m)	5.30
3-mth average daily value (RM'm)	3.93
Top Shareholders (%)	
Dynamic Milestone Sdn Bhd	15.48
Employees Provident Fund	10.45
Amanah Saham Nasional Bhd	7.48

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BAUTO: 1QFY26 RESULTS SUMMARY

FYE Apr (RM'm)	Quarterly					Cumulatively		
Income Statement	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Revenue	491.3	528.6	846.2	-7.1%	-41.9%	491.3	846.2	-41.9%
Malaysia	425.0	465.3	755.0	-8.7%	-43.7%	425.0	755.0	-43.7%
Philippines	66.2	63.4	91.2	4.6%	-27.4%	66.2	91.2	-27.4%
Operating profit	28.8	35.4	87.3	-18.7%	-67.0%	28.8	87.3	-67.0%
Malaysia	22.1	27.4	69.3	-19.4%	-68.1%	22.1	69.3	-68.1%
Philippines	7.2	8.6	18.4	-16.5%	-60.7%	7.2	18.4	-60.7%
Net finance costs	-0.6	-0.5	-0.3	-8.9%	-99.3%	-0.6	-0.3	-99.3%
Associates	-9.3	-0.3	10.7	-2975.2%	-186.7%	-9.3	10.7	-186.7%
PBT	18.9	34.6	97.8	-45.3%	-80.6%	18.9	97.8	-80.6%
Tax expense	-8.3	-11.2	-22.4	25.3%	62.7%	-8.3	-22.4	62.7%
PATAMI	8.3	21.2	70.2	-60.9%	-88.2%	8.3	70.2	-88.2%
Core PATAMI	8.6	21.7	68.6	-60.4%	-87.5%	8.6	70.2	-87.8%
				ppts	**ppts**			**ppts**
OP margin	5.9%	6.7%	10.3%	-0.8	-4.5	5.9%	10.3%	-4.5
OP margin MY	5.2%	5.9%	9.2%	-0.7	-4.0	5.2%	9.2%	-4.0
OP margin PH	10.9%	13.6%	20.2%	-2.7	-9.3	10.9%	20.2%	-9.3
PBT margin	3.9%	6.5%	11.6%	-2.7	-7.7	3.9%	11.6%	-7.7
Core PATAMI margin	1.7%	4.1%	8.1%	-2.4	-6.4	1.7%	8.3%	-6.5
Effective tax rate	-44.0%	-32.2%	-22.9%	-11.8	-21.1	-44.0%	-22.9%	-21.1

Source: BAuto, MBSBR

UNIT SOLD BY MODELS (MALAYSIA)

FYE April (Units)	Quarterly					Cumulatively		
Mazda CBU	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Mazda 2	6	13	33	-53.8%	-81.8%	6	33	-81.8%
Mazda 3	100	194	339	-48.5%	-70.5%	100	339	-70.5%
Mazda 6	5	4	10	25.0%	-50.0%	5	10	-50.0%
CX-3	31	37	241	-16.2%	-87.1%	31	241	-87.1%
CX-9	1	3	7	-66.7%	-85.7%	1	7	-85.7%
MX-5	4	5	5	-20.0%	-20.0%	4	5	-20.0%
BT-50	4	5	25	-20.0%	-84.0%	4	25	-84.0%
	151	261	661	-42.1%	-77.2%	151	661	-77.2%
Mazda CKD	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
CX-5	684	654	1,698	4.6%	-59.7%	684	1,698	-59.7%
CX-8	185	212	353	-12.7%	-47.6%	185	353	-47.6%
CX-30	573	824	1,140	-30.5%	-49.7%	573	1,140	-49.7%
	1,442	1,690	3,191	-14.7%	-54.8%	1,442	3,191	-54.8%
Peugeot CKD	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
2008	-	-	100	-	-	-	100	-
3008	-	-	308	-	-	-	308	-
5008	-	-	13	-	-	-	13	-
Landtrek	-	-	8	-	-	-	8	-
	-	-	429	-	-	-	429	-
KIA CBU	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
EV6	2	-	-	-	-	2	-	-
EV9	1	2	20	-50.0%	-95.0%	1	20	-95.0%
	3	2	20	50.0%	-85.0%	3	20	-85.0%
KIA CKD	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Carnival	117	131	232	-10.7%	-49.6%	117	232	-49.6%
Sorento	3	10	22	-70.0%	-86.4%	3	22	-86.4%
Sportage	72	97	-	-25.8%	-	72	-	-
	192	238	254	-19.3%	-24.4%	192	254	-24.4%
XPeng CBU	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
G6	128	227	-	-43.6%	-	128	-	-
X9	258	100	-	158.0%	-	258	-	-
	386	327	-	18.0%	-	386	-	-
Total Volume	**2,174**	**2,518**	**4,555**	**-13.7%**	**-52.3%**	**2,174**	**4,555**	**-52.3%**

Source: BAuto, MBSBR

UNITS SOLD BY MODELS (PHILIPPINES)

	Quarterly					Cumulatively		
Mazda CBU	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Mazda 2	-	9	6	-	-	-	6	-
Mazda 3	53	99	39	-46.5%	35.9%	53	39	35.9%
Mazda 6	1	4	6	-75.0%	-83.3%	1	6	-83.3%
CX-3	-	-	6	-	-	-	6	-
CX-30	11	23	9	-52.2%	22.2%	11	9	22.2%
CX-5	37	46	79	-19.6%	-53.2%	37	79	-53.2%
CX-60	88	50	169	76.0%	-47.9%	88	169	-47.9%
CX-8	45	47	72	-4.3%	-37.5%	45	72	-37.5%
CX-9	-	3	29	-	-	-	29	-
CX-90	36	38	86	-5.3%	-58.1%	36	86	-58.1%
MX-5	65	46	30	41.3%	116.7%	65	30	116.7%
BT-50	128	86	31	48.8%	312.9%	128	31	312.9%
Total Volume	464	451	562	2.9%	-17.4%	464	562	-17.4%

SUMMARY OF UNITS SOLD

	Quarterly					Cumulatively		
Marques	**1QFY26**	**4QFY25**	**1QFY25**	**QoQ**	**YoY**	**3MFY26**	**3MFY25**	**YoY**
Mazda (MY)	1,593	1,951	3,852	-18.3%	-58.6%	1,593	3,852	-58.6%
Peugeot (MY)	-	-	429	-	-	-	429	-
Kia (MY)	195	240	274	-18.8%	-28.8%	195	274	-28.8%
Xpeng (MY)	386	327	-	18.0%	-	386	-	-
Mazda (PH)	464	451	562	2.9%	-17.4%	464	562	-17.4%
Total Volume	2,174	2,518	4,555	-13.7%	-52.3%	2,174	4,555	-52.3%

SALES VOLUME ASSUMPTIONS

	FY26E		FY27F		FY28F
Marques	**Old**	**New**	**Old**	**New**	**New**
Mazda (MY)	10,551	9,174	10,762	9,450	9,733
Kia (MY)	1,027	903	1,048	922	940
Xpeng (MY)	1,112	1,360	1,146	1,400	1,442
Mazda (PH)	1,832	1,832	1,887	1,887	1,944

Source: BAuto, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	3,911.0	2,623.8	2,462.5	2,555.1	2,613.8
Operating profit	436.0	212.7	147.8	153.3	156.8
PBT	483.7	224.3	172.0	170.4	178.2
Taxation	-111.4	-56.5	-41.3	-40.9	-42.8
PATAMI	345.6	155.9	111.5	114.0	118.0
Core PATAMI	347.9	155.6	111.5	114.0	118.0
EPS (sen)	30.0	13.4	9.6	9.8	10.2
PER (x)	2.3x	5.1x	7.1x	6.9x	6.7x
DPS (sen)	26.0	16.8	6.2	6.4	6.6
Dividend yield (%)	38.2%	24.6%	9.1%	9.4%	9.7%

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	483.7	224.3	172.0	170.4	178.2
D&A	26.8	25.9	23.9	22.2	20.9
Operating cash flow	**202.2**	**226.1**	**195.9**	**192.6**	**199.0**
Capex	-14.2	-9.8	-15.0	-15.0	-15.0
Investing cash flow	**-15.0**	**69.7**	**-15.0**	**-15.0**	**-15.0**
Dividends paid	-297.7	-344.8	-71.9	-74.2	-76.6
Debt raised/(repaid)	-37.5	163.1	-5.0	-5.0	-4.0
Financing cash flow	**-361.4**	**-224.5**	**-76.9**	**-79.2**	**-80.6**
Net cash flow	**-174.2**	**71.3**	**104.0**	**98.4**	**103.5**
Beginning cash	**0.0**	**537.6**	**432.8**	**536.9**	**635.2**
Ending cash	**364.8**	**432.8**	**536.9**	**635.2**	**738.7**

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
PPE	48.0	45.6	50.4	51.3	51.9
ROU assets	84.0	80.9	62.8	55.2	49.2
Non-current assets	**609.7**	**534.8**	**521.5**	**514.9**	**509.5**
Inventories	686.8	499.1	235.5	244.3	249.9
Receivables	223.7	209.8	172.9	179.4	183.6
Cash balances	59.2	126.3	536.9	635.2	738.7
Current assets	**1,277.5**	**1,156.2**	**1,098.5**	**1,143.7**	**1,183.0**
Long-term borrowings	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**387.2**	**367.9**	**367.9**	**367.9**	**367.9**
Short-term borrowings	62.5	225.6	52.5	47.5	43.5
Payables	381.0	225.9	296.5	307.6	314.7
Current liabilities	**591.3**	**587.9**	**485.3**	**491.5**	**494.6**
Share capital	626.2	629.4	629.4	629.4	629.4
Reserves	196.0	29.7	69.2	108.9	150.4
Total equity	**908.6**	**735.2**	**774.7**	**814.5**	**855.9**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
OP margin	11.1%	8.1%	6.0%	6.0%	6.0%
PBT margin	12.4%	8.5%	7.0%	6.7%	6.8%
PATAMI margin	8.8%	5.9%	4.5%	4.5%	4.5%
Core PATAMI margin	8.9%	5.9%	4.5%	4.5%	4.5%
ROA	18.4%	9.2%	6.9%	6.9%	7.0%
ROE	38.3%	21.2%	14.4%	14.0%	13.8%

Growth (%)	2024A	2025A	2026E	2027F	2028F
Revenue growth	10.5%	-32.9%	-6.1%	3.8%	2.3%
PBT growth	14.3%	-53.6%	-23.3%	-0.9%	4.5%
PATAMI growth	13.0%	-54.9%	-28.5%	2.2%	3.5%
Core PATAMI growth	14.6%	-55.3%	-28.4%	2.2%	3.5%

Source: BAuto, MBSBR

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MBSB INVESTMENT BANK (formerly known as MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is expected to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology