

11 December 2025

## Bermaz Auto

### Onset of Recovery

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BAUTO's 1HFY26 results met our expectation. After few quarters of disappointment, its 2QFY26 core net profit more than doubled QoQ on favourable sales mix and recovering associates with encouraging sales from its CBU models namely, the XPeng X9 model, the Mazda CX-60 and Mazda 3 which we expect to continue into the 2HFY26. We maintain our FY26F net profit, but raised FY27F net profit by 13% on the highly anticipated launch of all-new Mazda CX-5 MS LE (CBU) in July 2026 which is earlier-than-expected for CY27 launches. Correspondingly, we raised our TP by 14% to RM0.80 (from RM0.70) and maintain our OUTPERFORM call.

Its 1HFY26 core net profit came in at 38% our forecast and 37% of the consensus estimate. We deemed the results within our expectation as we expect a stronger 2HFY26 on continued strong sales for its new models, the XPeng X9 model (March 2025), the Mazda CX-60 (September 2025) and Mazda 3 1.5L (October 2025). It declared a second interim NDPS of 1.25 sen for the quarter, which brings 1HFY26 NDPS to 2 sen vs. 13.5 sen in 1HFY25, within our expectation.

YoY, its 1HFY26 revenue plunged 30% dragged by weak demand for Mazda vehicles (-41% to 4,689 units), the phasing out of Kia vehicles (-30% to 315 units) and Peugeot vehicles dealership (fully sold), which are facing intense competition from the influx of Chinese-made vehicles with low entry-level price points. This was partially offset by strong sales of Xpeng vehicles (+381% to 750 units) which started in 2QFY25. In terms of geographical breakdown, lower sales of 4,940 units (-38%) and 814 units (-20%) were recorded in both Malaysia and the Philippines, respectively, as competition heightened.

Its core net profit plunged by a steeper 77% due to: (i) unfavourable sales mix, and (ii) associates sliding into losses of RM16.0m compared to profit of RM14.1m, represented largely by contract vehicle assembler Mazda Malaysia Sdn Bhd (a small profit of RM0.7m vs. profit of RM8.9m in 1HFY25), Inokom Corporation Sdn Bhd (losses of RM5.3m vs. profit of RM5.1m in 1HFY25) and Kia Malaysia Sdn Bhd (losses of RM11.0m vs. profit of RM0.8m in 1HFY25) on lower production level.

QoQ, its 2QFY26 revenue recovered strongly by 13% on stronger demand for Mazda vehicles (+28%) and sustained demand for CBU delivery of Xpeng vehicles (-6%), partly offset by the phasing out of Kia and Peugeot vehicles. The encouraging sales came from its CBU models namely, the XPeng X9 model (March 2025), the Mazda CX-60 (September 2025) and Mazda 3 1.5L (October 2025). Its core net profit more than doubled on favourable sales mix and recovery in associates (losses of RM6.6m compared to losses of RM9.3m in 1QFY26).

**Forecasts.** We maintain our FY26F net profit, but raised FY27F net profit by 13% on expectation of stronger sales and margin from the highly anticipated launch of all-new Mazda CX-5 MS LE (CBU) in July 2026 which is earlier-than-expected for CY27 launches.

**Valuations.** Correspondingly, we raised our TP by 14% to RM0.80 (from RM0.70) on unchanged 7x CY27 PER which is at a 4x multiple discounts (trough valuation) to the sector's average forward PER of 11x and BAUTO's 5-year average historical PER, to reflect earnings risk for intensifying competition in the non-nationals space especially in mid-market and luxury segments.

# OUTPERFORM ↔

Price: **RM0.71**  
Target Price: **RM0.80** ↑

#### Share Price Performance



KLCI	1,611.00
YTD KLCI chg	-1.9%
YTD stock price chg	-55.9%

#### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	BAUTO MK Equity
Market Cap (RM m)	803.4
Shares Outstanding	1,139.6
52-week range (H)	2.01
52-week range (L)	0.50
3-mth avg. daily vol.	6,142,673
Free Float	61%
Beta	1.2

#### Major Shareholders

Dynamic Milestone Sdn Bhd	16.1%
Amanah Saham Nasional	7.6%
Lembaga Tabung Haji	6.9%

#### Summary Earnings Table

FY Apr (RM m)	2025A	2026F	2027F
Revenue	2,623.8	1,788.1	2,260.5
EBIT	212.7	72.5	133.4
PBT	224.3	92.1	156.7
<b>Net Profit</b>	<b>155.9</b>	<b>66.7</b>	<b>113.5</b>
Consensus (NP)	-	68.9	93.5
Earnings Revision	-	-	+13%
Core EPS (sen)	13.4	5.7	9.8
Core EPS Growth (%)	-54.9	-57.2	70.2
NDPS (sen)	16.8	4.6	7.8
BVPS (RM)	0.57	0.58	0.60
PER (x)	5.3	12.3	7.2
PBV (x)	1.2	1.2	1.2
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	23.8	6.5	11.1

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**Investment case.** We like BAUTO for: (i) its strong near-term earnings visibility backed by a total order backlog of 3,500 units - Mazda (300 units for CX-60, 2,000 units for M3 1.5L, 700 units for others), Xpeng (300 units) and BAP (200 units), (ii) its premium mid-market Mazda brand that offers superior margins, and (iii) its attractive dividend yield of about 7%. We expects BAUTO to benefit from the recent weakening of JPY against MYR, more so, as it expands its new Mazda launches towards CBU (CBU/CKD mix of 50%/50% expected in FY26 vs 40%/60% in FY25) such as its CX-60, CX-80 and Mazda 3 have garnered strong demand from the market especially for its all-new Mazda 3 (RM118,900 for the 1.5L High Plus model) which offers an attractive price point compared to previous launches. Maintain **OUTPERFORM**.

**Risks to our call include:** (i) consumers cutting back on discretionary spending (particularly big-ticket items like new cars) amidst high inflation, (ii) supply chain disruptions, (iii) escalating input costs, and (iv) MYR weakens against JPY.

### Results Highlight

	2Q	1Q	QoQ	2Q	YoY	6M	6M	YoY
FYE Apr (RM m)	FY26	FY25	Chg	FY25	Chg	FY26	FY25	Chg
<b>Revenue</b>	<b>556.5</b>	<b>491.3</b>	<b>13%</b>	<b>646.9</b>	<b>-14%</b>	<b>1,047.7</b>	<b>1,493.0</b>	<b>-30%</b>
EBIT	35.2	28.8	22%	54.9	-36%	64.0	142.2	-55%
Associates	(6.6)	(9.3)	29%	3.4	-295%	(16.0)	14.1	-213%
PBT/(LBT)	28.4	18.9	50%	57.1	-50%	47.3	154.8	-69%
Taxation	(10.1)	(8.3)	-21%	(14.3)	29%	(18.5)	(36.7)	50%
Minority Interest	(1.1)	(2.3)		(2.4)		(3.4)	(7.5)	
<b>Net profit</b>	<b>17.2</b>	<b>8.3</b>	<b>108%</b>	<b>40.3</b>	<b>-57%</b>	<b>25.5</b>	<b>110.6</b>	<b>-77%</b>
EPS (sen)	0.7	0.7	0%	3.5	-79%	1.4	9.5	-85%
DPS (sen)	1.25	0.75		10.00		2.00	13.50	
EBIT margin	6.3%	5.9%		8.5%		6.1%	9.5%	
PBT margin	5.1%	3.9%		8.8%		4.5%	10.4%	
Net Profit margin	3.1%	1.7%		6.2%		2.4%	7.4%	
Effective tax rate	35.7%	44.0%		25.1%		39.0%	23.7%	

Source: Bursa Announcement, Kenanga Research

### Unit Sales

	2Q	1Q	QoQ	2Q	YoY	6M	6M	YoY
	FY26	FY25	Chg	FY25	Chg	FY26	FY25	Chg
<b>Mazda</b>	<b>2,632</b>	<b>2,057</b>	<b>28%</b>	<b>3,468</b>	<b>-24%</b>	<b>4,689</b>	<b>7,882</b>	<b>-41%</b>
<b>Peugeot</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-100%</b>	<b>-</b>	<b>442</b>	<b>-100%</b>
<b>Kia</b>	<b>120</b>	<b>195</b>	<b>-38%</b>	<b>178</b>	<b>-33%</b>	<b>315</b>	<b>452</b>	<b>-30%</b>
<b>Xpeng</b>	<b>364</b>	<b>386</b>	<b>-6%</b>	<b>156</b>	<b>133%</b>	<b>750</b>	<b>156</b>	<b>381%</b>
<b>Total</b>	<b>3,116</b>	<b>2,638</b>	<b>18%</b>	<b>3,815</b>	<b>-18%</b>	<b>3,116</b>	<b>8,932</b>	<b>-65%</b>

Source: Company, Kenanga Research

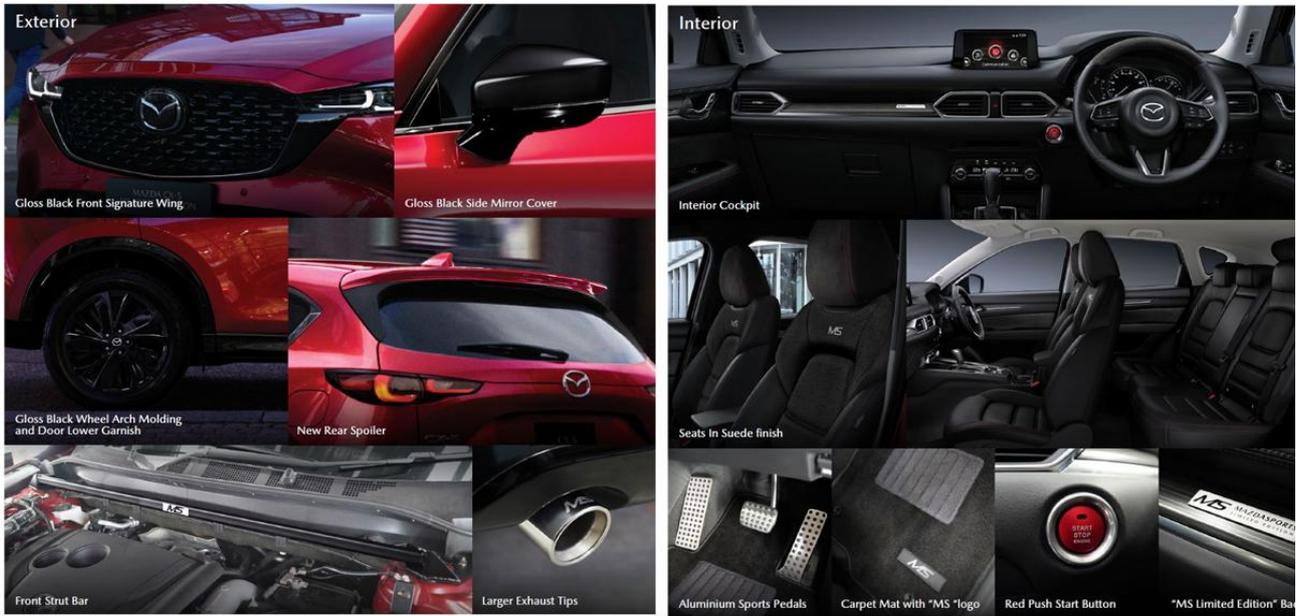
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**Exhibit 1: BAUTO's New Models in CY2025/26**

	<p><b>CX-5 MS LE</b> (Jan '25)</p> 	<p><b>New CX-60</b> (Aug '25)</p> 	<p><b>New CX-80</b> (Aug '25)</p> 	<p><b>New CX-5 CBU</b> (July '26)</p> 
	<p><b>All-New G6 CBU</b> (Aug 24')</p> 	<p><b>All-New X9 FL 2026</b> (May 26')</p> 		

Source: Company, Kenanga Research

**Exhibit 2: BAUTO's New Mazda CX-5 MS LE (July 2026)**



Source: Company, Kenanga Research

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## Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>Stocks Under Coverage</b>																	
BERMAZ AUTO BHD	OP	0.705	0.800	13.5%	782.7	Y	04/26	5.7	9.8	-57.2%	70.2%	12.3	7.2	1.2	10.0%	4.6	6.5%
DRB-HICOM BHD	UP	1.14	0.700	-38.6%	1,913.9	Y	12/25	6.2	8.1	101.5%	31.1%	18.3	14.0	0.2	1.2%	3.0	2.6%
HIL INDUSTRIES BHD	MP	0.730	0.740	1.4%	249.0	Y	12/25	9.4	9.5	-26.1%	0.5%	7.8	7.7	0.5	6.4%	2.0	2.7%
HONG LEONG INDUSTRIES BHD	OP	15.72	18.90	20.2%	4,472.6	Y	06/26	157.4	160.6	2.7%	2.0%	10.0	9.8	2.0	21.4%	90.0	5.7%
MBM RESOURCES BHD	OP	5.02	7.00	39.4%	2,040.4	Y	12/25	86.8	88.2	1.9%	1.6%	5.8	5.7	0.8	14.6%	39.0	7.8%
SIME DARBY BHD	MP	1.91	1.90	-0.5%	14,789.8	Y	06/26	18.6	20.0	8.3%	7.8%	10.3	9.5	0.7	6.5%	14.0	7.3%
TAN CHONG MOTOR HOLDINGS BHD	UP	0.585	0.300	-48.7%	381.2	Y	12/25	(27.6)	(24.4)	-179%	-188%	N.A.	N.A.	0.2	-7.7%	1.0	1.7%
<b>SECTOR AGGREGATE</b>					<b>24,629.6</b>					<b>6.1%</b>	<b>10.2%</b>	<b>11.4</b>	<b>10.4</b>	<b>0.6</b>	<b>5.6%</b>		<b>4.9%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

	Criterion	Rating			
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★	★
	Community Investment	★	★	★	
	Workers Safety & Wellbeing	★	★	★	
	Corporate Governance	★	★	★	
	Anti-Corruption Policy	★	★	★	
	Emissions Management	★	★	★	
<b>SPECIFIC</b>	Electric & Hybrid Vehicles Availability	★	★	★	
	Supply Chain Management	★	★	★	★
	Energy Efficiency	★	★	★	
	Effluent & Water Management	★	★	★	★
	Training & Education	★	★	★	★
<b>OVERALL</b>		★	★	★	

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

**Stock Ratings are defined as follows:**

**Stock Recommendations**

- OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
- MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
- UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

- OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
- NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
- UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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