

12 June 2026

# Bermaz Auto

## Strong Year-end Quarter

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**BAUTO's FY26 results beat expectations, staging another strong recovery quarter with its 4QFY26 core net profit soaring 43% QoQ on favourable sales mix skewed toward lower-priced higher-margin Mazda 3 1.5 CBU and faster-than-expected associates' turnaround especially for Mazda Malaysia Sdn Bhd on higher production level. We raised both FY27 and FY28 net profit forecasts by 6% each, TP also by 6% to RM1.22 (from RM1.15) and reiterate OUTPERFORM call. It offers attractive dividend yield of 10%.**

Its FY26 core net profit beat expectations coming in 24% and 30% above ours and consensus full-year estimates. The key variance against our forecast was faster-than-expected associates' turnaround especially for Mazda Malaysia Sdn Bhd.

It declared an interim NDPS of 1.75 sen and special NDPS of 1.75 with a total of 3.5sen for the quarter, bringing FY26 NDPS to 7.25 sen vs. 16.75 sen in FY25, which beat expectations.

**QoQ**, its 4QFY26 revenue fell 20% on lower ASPs skewed toward lower-priced higher-margin Mazda 3 1.5 CBU, as well as lower Mazda CX-5 sales (-25%) as buyers waiting for the most anticipated launch of all-new Mazda CX-5 MS LE (to be launched at KLIMS 2026 next week, with CBU delivery in August 2026). Overall, sales units were weaker for Mazda vehicles (-7%) as mentioned, Xpeng vehicles (-41%) due to lower CBU stocks waiting for CKD launch in July 2026, and the phasing out of Kia and Peugeot vehicles. Sales largely came from the Mazda 3 1.5L sales (42% of total 4Q sales) and supported by CX-30, CX-5, CX-60, and CX-8, in this order.

Its core net profit, however, soared 43% on favourable sales mix (Mazda 3 offers better margin than other models), associates turnaround to profit (a profit of RM2.3m compared to losses of RM11.3m in 3QFY26) largely from Mazda Malaysia Sdn Bhd which registered a profit of RM4.2m vs. losses of RM1.5m in 3QFY26 as well as lower Kia Malaysia losses at RM2m vs RM10.6m in 3QFY26.

**YoY**, its FY26 revenue fell 13% due to the abovementioned weaker Mazda vehicles (-14%), the phasing out of Kia vehicles (-28%) and Peugeot vehicles dealership (fully sold). This was partially offset by strong sales of Xpeng EV vehicles (+82%). In terms of geographical breakdown, lower sales were recorded in both Malaysia (-12%) and the Philippines (-14%), respectively, as competition heightened.

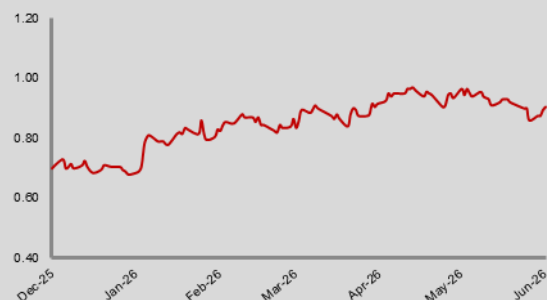
Its core net profit plunged by a steeper 33% largely from weak 1HFY26 due to: (i) unfavourable sales mix, and (ii) associates sliding into losses of RM25m compared to profit of RM14.1m, represented largely by contract vehicle assembler Mazda Malaysia Sdn Bhd (a profit of RM3.5m vs. profit of RM11.4m in FY25), Inokom Corporation Sdn Bhd (losses of RM4.2m vs. profit of RM1.7m in FY25) and Kia Malaysia Sdn Bhd (losses of RM23.6m vs. a loss of RM0.3m in FY25) on lower production level.

**Forecasts.** We raised both FY27 and FY28 net profit forecasts by 6% each, to reflect the faster-than-expected associates' turnaround.

**OUTPERFORM** ↔

**Price:** RM0.91  
**Target Price:** RM1.22 ↑

### Share Price Performance



KLCI	1,679.53
YTD KLCI chg	0.0%
YTD stock price chg	27.5%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	BAUTO MK Equity
Market Cap (RM m)	1,026.3
Shares Outstanding	1,134.0
52-week range (H)	0.99
52-week range (L)	0.50
3-mth avg. daily vol.	2,742,784
Free Float	59%
Beta	1.2

### Major Shareholders

Dynamic Milestone Sdn Bhd	16.5%
Amanah Saham Nasional	7.6%
Lembaga Tabung Haji	7.0%

### Summary Earnings Table

FY Apr (RM m)	2026A	2027F	2028F
Revenue	2,275.6	2,260.5	2,860.8
EBIT	198.9	166.1	211.8
PBT	174.3	188.0	236.7
<b>Net Profit</b>	<b>104.7</b>	<b>133.7</b>	<b>168.3</b>
Consensus (NP)	-	110.4	129.0
Earnings Revision	-	+6%	+6%
Core EPS (sen)	9.0	11.5	14.5
Core EPS Growth (%)	-31.8	27.7	25.9
NDPS (sen)	7.3	9.2	11.6
BVPS (RM)	0.59	0.57	0.54
PER (x)	10.0	7.9	6.2
PBV (x)	1.5	1.6	1.7
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	8.0	10.2	12.8

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**Valuations.** We also raised our TP by a similar 6% to RM1.22 (from RM1.15) on unchanged 9x CY27F PER which is at 2x multiple discount to the sector's average forward PER of 11x and also the same discount to BAUTO's 5-year average historical PER. Our PER valuation of 9x reflects a reversion to historical level of above 1k units/ month and to its historical profit base of RM100m. We expect earnings risk to subside for non-nationals space especially the competition in mid-market and luxury segments with the stricter barrier of entry of new EV brands/models (RM200k floor price for CBU EVs and localization policy). There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 5).

**Investment case.** We like BAUTO for: (i) its strong near-term earnings visibility backed by a total order backlog of 3.5k units (which is at higher level vs a year ago at 1.5k 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 that 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**.

In response to the Chinese automakers' localisation plan, BAUTO has acquired a strategic stake of 11.54% in EP Manufacturing Bhd (EPMB) which provides contract assembly for key Chinese models which will enable BAUTO to benefit (as well as better control over its Xpeng brand localisation) from the expected stronger sales of Chinese value-for-money offerings. Key Chinese models include Xpeng G6 SUV and X9 MPV (BAUTO is the exclusive dealership and distributorship for Xpeng), GWM Haval H6 Hybrid, GWM Jolion, GWM Wey G9 MPV, BAIC BJ40P, X55II SUV and currently in the critical stage for localisation of MG vehicles. Moreover, for Mazda, it currently focuses on Japanese Domestic Market (JDM) niche market value-for-money offerings to boost its near-to-mid-term earnings, while over the longer horizon, it is currently in negotiation for a better pricing for its upcoming models such as the long-awaited all-new Mazda CX-5 (CBU by July 2026, CKD by 2027).

**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 Highlights

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Apr (RM m)	FY26	FY26	Chg	FY25	Chg	FY26	FY25	Chg
<b>Revenue</b>	<b>544.7</b>	<b>683.2</b>	<b>-20%</b>	<b>528.6</b>	<b>3%</b>	<b>2,275.6</b>	<b>2,623.8</b>	<b>-13%</b>
EBIT	64.8	70.2	-8%	35.4	83%	198.9	212.7	-6%
Associates	2.3	(11.3)	121%	(0.3)	869%	(25.0)	14.1	-277%
PBT/(LBT)	67.4	59.6	13%	34.6	95%	174.3	224.3	-22%
Taxation	(17.7)	(21.1)	16%	(11.2)	-58%	(57.3)	(56.5)	-1%
Minority Interest	3.1	(5.8)	153%	(2.3)	236%	(6.1)	(11.9)	
<b>Net profit</b>	<b>46.6</b>	<b>32.6</b>	<b>43%</b>	<b>21.2</b>	<b>120%</b>	<b>104.7</b>	<b>155.9</b>	<b>-33%</b>
EPS (sen)	4.1	2.9	43%	2.1	98%	8.4	13.6	-38%
DPS (sen)	3.50	1.75		1.50		7.25	16.75	
EBIT margin	11.9%	10.3%		6.7%		8.7%	8.1%	
PBT margin	12.4%	8.7%		6.5%		7.7%	8.5%	
Net Profit margin	8.6%	4.8%		4.0%		4.6%	5.9%	
Effective tax rate	26.2%	35.5%		32.2%		32.9%	25.2%	

Source: Company, Kenanga Research

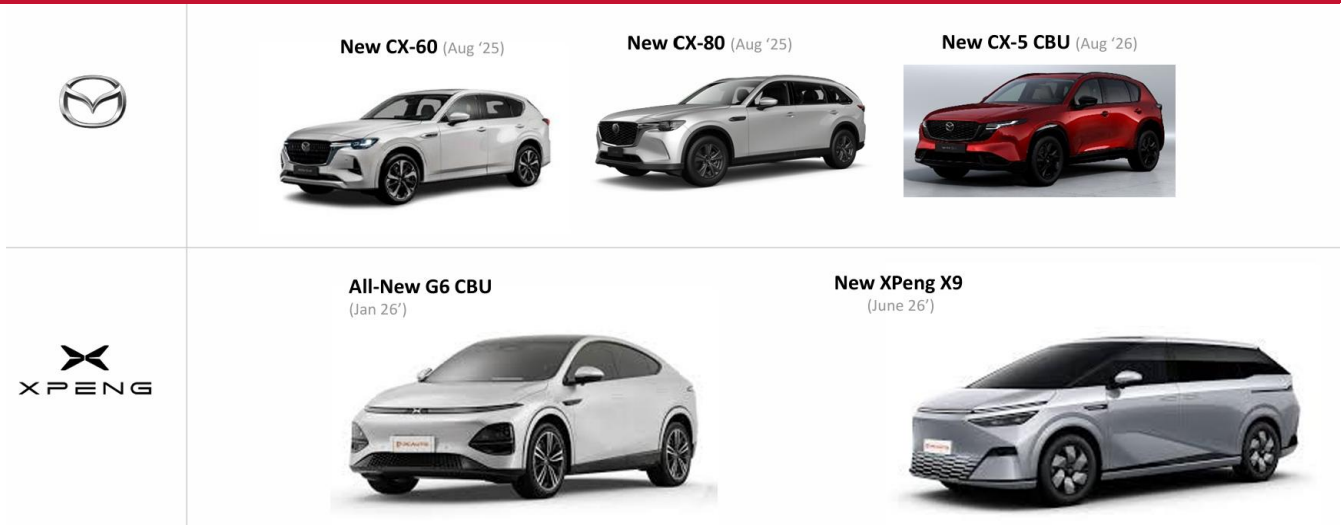
### Unit Sales

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
	FY26	FY25	Chg	FY25	Chg	FY26	FY25	Chg
<b>Mazda</b>	<b>3,208</b>	<b>3,443</b>	<b>-7%</b>	<b>2,402</b>	<b>34%</b>	<b>11,340</b>	<b>13,247</b>	<b>-14%</b>
<b>Peugeot</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>444</b>	<b>-100%</b>
<b>Kia</b>	<b>21</b>	<b>346</b>	<b>-94%</b>	<b>240</b>	<b>-91%</b>	<b>682</b>	<b>951</b>	<b>-28%</b>
<b>Xpeng</b>	<b>278</b>	<b>473</b>	<b>-41%</b>	<b>327</b>	<b>-15%</b>	<b>1,501</b>	<b>824</b>	<b>82%</b>
<b>Total</b>	<b>3,507</b>	<b>4,262</b>	<b>-18%</b>	<b>2,969</b>	<b>18%</b>	<b>13,523</b>	<b>15,466</b>	<b>-13%</b>

Source: Company, Kenanga Research

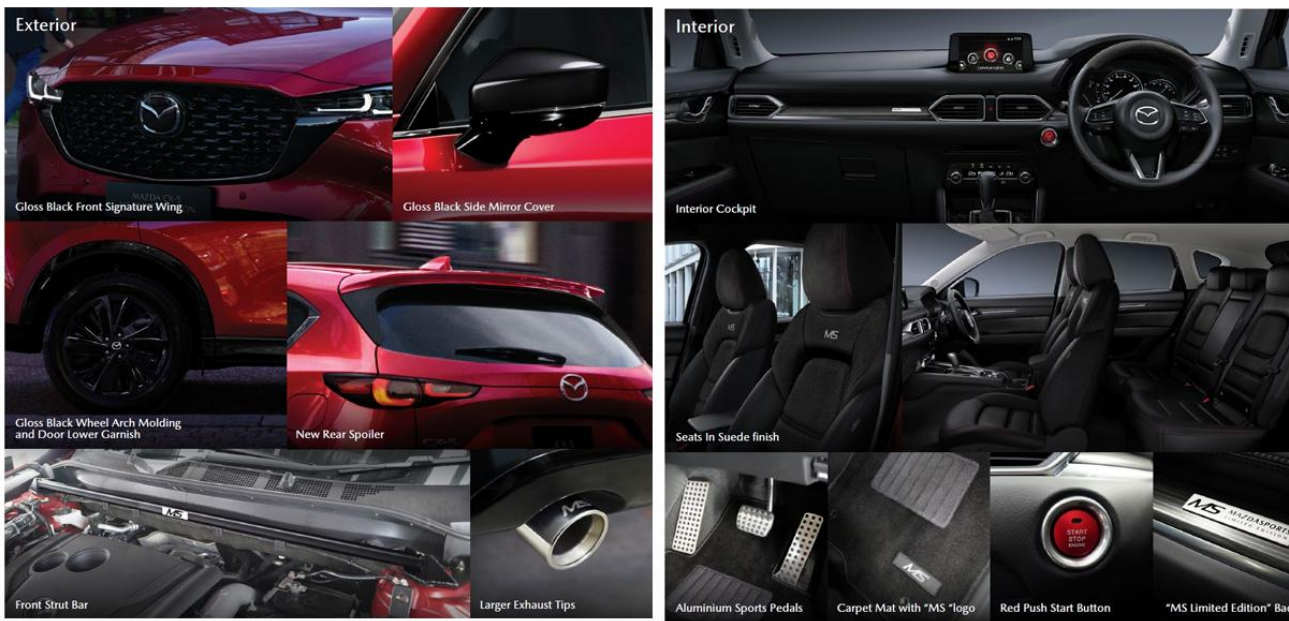
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**Exhibit 1: BAUTO's New Models in CY2025/26**



Source: Company, Kenanga Research

**Exhibit 2: BAUTO's New Mazda CX-5 MS LE (Aug 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.				
<b>Stocks Under Coverage</b>																	
BERMAZ AUTO BHD	OP	0.910	1.22	34.1%	1,056.5	Y	04/2026	11.5	14.5	27.7%	25.9%	7.9	6.3	1.5	18.4%	9.2	10.1%
DRB-HICOM BHD	UP	1.09	0.770	-29.4%	2,107.0	Y	12/2026	7.2	7.7	119.9%	6.0%	15.1	14.2	0.2	1.3%	3.0	2.8%
HIL INDUSTRIES BHD	OP	0.725	0.850	17.2%	240.6	Y	12/2026	11.2	11.4	2.8%	2.3%	6.5	6.3	0.5	7.2%	2.0	2.8%
HONG LEONG INDUSTRIES BHD	OP	18.10	21.00	16.0%	5,935.0	Y	06/2026	171.0	174.4	11.6%	2.0%	10.6	10.4	2.4	23.3%	100.0	5.5%
MBM RESOURCES BHD	MP	5.10	4.90	-3.9%	1,993.6	Y	12/2026	81.6	82.2	-5.9%	0.7%	6.2	6.2	0.7	11.5%	45.0	8.8%
SIME DARBY BHD	OP	2.08	2.75	32.2%	14,146.1	Y	06/2026	19.8	21.5	15.6%	8.1%	10.5	9.7	0.7	7.0%	14.0	6.7%
TAN CHONG MOTOR HOLDINGS BHD	UP	0.475	0.360	-24.2%	319.2	Y	12/2026	(19.7)	(17.2)	-164.4%	-187.7%	N.A.	N.A.	0.1	-5.2%	1.0	2.1%
<b>SECTOR AGGREGATE</b>					<b>25,798.0</b>					<b>19.9%</b>	<b>7.6%</b>	<b>10.7</b>	<b>10.0</b>	<b>0.7</b>	<b>6.1%</b>		<b>5.5%</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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