

Research Team

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Recommendation:	SELL
Current Price:	RM0.71
Previous Target Price:	RM0.50
Target Price:	RM0.50
Capital Upside/ Downside:	-29.6%
Dividend Yield (%):	12.0%
Total Upside/ Downside:	-17.6%

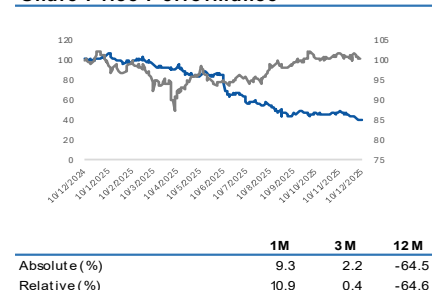
Stock information

Board	MAIN
Sector	Automotive
Bursa / Bloomberg Code	5248 / BAUTOMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,139.6
Market Cap (RM' m)	803.4
52-Week Price Range (RM)	2.013-0.5
Beta (x)	1.2
Free float (%)	61.1
3M Average Volume (m)	6.1
3M Average Value (RM' m)	3.9

Top 3 Shareholders

	(%)
Dynamic Milestone Sdn Bhd	15.3
Employees Provident Fund Board	14.6
Amanah Saham Nasional Bhd	8.3

Share Price Performance



Earnings Summary

	FY25	FY26F	FY27F
Revenue	2622.3	1542.4	1580.0
PATAM I	153.6	55.3	80.6
CNP	153.6	55.3	80.6
Core EPS (sen)	13.1	4.7	6.9
PE (x)	5.4	15.0	10.3

Source: Company, Apex Securities

Bermaz Auto Berhad

Within expectation

- 2QFY26 core net profit (CNP) came in at RM18.7m (+117.0% QoQ, -54.4% YoY), lifting 6MFY26 CNP to RM27.4m (-75.1% YoY). Results were in line with our expectations at 50% of full-year forecasts, but below consensus at 40%.
- The Group declared a second interim dividend of 1.3sen (ex-date 22 Jan) (2QFY25: 10.0sen), bringing total DPS declared for 2HFY26 to 2.0sen (2HFY25: 13.5sen).
- The QoQ surge in CNP was driven mainly by higher Mazda domestic unit sales, while the YoY decline reflects softer sales volume arising from increased competition following the entry of Chinese marques, despite XPeng partially cushioning the contraction.
- Earnings unchanged, as competition-led volume pressures are broadly offset by contributions from new CBU launches and XPeng's ramp-up, with no material deviation from base-case assumptions.
- Maintain SELL with an unchanged TP of RM0.50 pegged to 7.3x PE multiple on FY27F EPS of 6.87sen.

Within Expectation. Excluding fair value adjustment on derivatives (+RM1.0m), inventories written down (+RM0.2m), property, plant and equipment written off (+RM0.6m) and other adjustments (-RM0.3m), BAUTO reported a 2QFY26 core net profit (CNP) of RM18.7m (+117.0% QoQ, -54.4% YoY), bringing 6MFY26 CNP to RM27.4m (-75.1% YoY). The results came in within our expectations at 50% of full-year forecasts, but below consensus at 40%.

Lower Dividend Declared. The Group declared a second interim dividend of 1.3sen (ex-date 22 Jan) (2QFY25: 10.0sen), bringing total DPS declared for 2HFY26 to 2.0sen (2HFY25: 13.5sen).

QoQ. CNP surged 117.0% QoQ, thanks to increase in operating profit (+21%; increase in unit sales of 18.1%, coupled with improved operating leverage). The stronger sales volume was driven mainly by higher Mazda domestic deliveries following the launch of the Mazda CX-60 and Mazda3 1.5L, which was partly offset by softer sales from Kia domestic operations and operations in the Philippines.

YoY. 2QFY26 CNP declined 54.4% YoY, primarily due to a 14.0% YoY drop in revenue following softer demand for certain Mazda and Kia models nearing the end of their product lifecycles. The entry of aggressively priced Chinese marques further intensified competition, weighing on sales volume and exerting additional pressure on core net margins.

YTD. Revenue similarly fell 29.1% YoY, driven mainly by a 35.6% YoY decline in unit sales. The decline was primarily driven by a sharp 92.1% YoY contraction in Kia CBU volumes, which was partially offset by incremental contributions from newly launched CBU models across other marques. Coupled with margin compression arising from weaker operating leverage, CNP contracted by 75.1% YoY.

Outlook. Heading into FY26, BAUTO faces a more competitive operating landscape following the accelerated entry of aggressively priced Chinese OEMs, which continues to weigh on Mazda and Kia domestic volumes. While early traction from XPeng is encouraging, its contribution remains minimal to meaningfully mitigate core brand weakness at this juncture. Meanwhile, the near-term demand environment in the Philippines remains soft amid slower macro growth, though a gradual recovery is expected into 2026.

Results Note

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Earning Revision. No changes to our earnings forecast. The near-term downside risks from intensifying competition and softer core brand volumes remain broadly offset by stabilising contributions from new CBU launches and XPeng's gradual ramp-up. At this stage, we see no material deviation from our base-case assumptions to justify a revision.

Valuation. We maintained **SELL** with an unchanged TP of **RM0.50** pegged to 7.3x PE multiple on FY27F EPS of 6.87sen, and ascribed with three-star ESG rating.

Risk. Global trade uncertainty, FX volatility, softer GDP and TIV trends, and intensifying competition from Chinese OEMs.

Results Comparison

FYE Apr (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)	Comments
Revenue	556.5	646.9	(14.0)	491.3	13.3	1,047.7	1,493.0	(29.8)	YoY revenue contraction reflected weaker Mazda and Kia volumes, partly cushioned by XPeng
Operating expense (excluding D&A)	521.3	592.0	(11.9)	462.5	12.7	983.7	1,350.9	(27.2)	
EBITDA	43.6	64.0	(31.9)	37.7	15.8	81.3	159.5	(49.0)	
Depreciation	(6.0)	(6.7)	(11.6)	(6.5)	(8.8)	(12.5)	(13.0)	(3.7)	
EBIT/ Operating profit/(loss)	37.7	57.3	(34.2)	31.2	21.0	68.8	146.5	(53.0)	
Net Finance costs	(2.7)	(3.7)	(27.2)	(2.9)	(8.2)	(5.6)	(5.9)	(5.3)	
Pre-tax profit	28.4	57.1	(50.2)	18.9	49.9	47.3	154.8	(69.4)	
Taxation	(10.1)	(14.3)	(29.4)	(8.3)	21.3	(18.5)	(36.7)	(49.7)	
Profit-after tax	18.3	42.7	(57.2)	8.3	120.6	28.9	118.1	(75.6)	
(-) Minority interest	1.1	2.4	(54.8)	2.3	(53.9)	3.4	7.5	(54.9)	
Net profit	17.2	40.3	(57.4)	8.3	107.7	25.5	110.6	(77.0)	
Core net profit	18.7	41.1	(54.4)	8.6	117.0	27.4	109.8	(75.1)	
Core EPS (sen)	1.6	3.5	(54.4)	0.7	117.0	2.3	9.4	(75.1)	
DPS (sen)	1.3	10.0	(87.5)	0.8	66.7	2.0	13.5	(85.2)	
EBITDA margin (%)	7.8	9.9		7.7		7.8	10.7		
PBT margin (%)	5.1	8.8		3.9		4.5	10.4		
Core net profit margin (%)	3.4	6.4		1.8		2.6	7.4		

Source: Company, Apex Securities

Segmental Breakdown

FYE Apr (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)	Comments
Revenue									
Malaysia	506.9	581.7	(12.8)	425.0	19.3	932.0	1,336.6	(30.3)	aggressive pricing pressure from Chinese entrants
Philippines	49.5	65.2	(24.0)	66.2	(25.2)	115.8	156.4	(26.0)	
Total	556.5	646.9	(14.0)	491.3	13.3	1,047.7	1,493.0	(29.8)	
Pre-tax profit									
Malaysia	25.0	50.2	(50.2)	16.7	49.9	41.6	136.2	(69.4)	
Philippines	3.4	6.8	(50.2)	2.3	49.9	5.7	18.6	(69.4)	
Total	28.4	57.1	(50.2)	18.9	49.9	47.3	154.8	(69.4)	
Pre-tax profit margin (%)									
Malaysia	4.9%	8.6%		3.9%		4.5%	10.2%		
Philippines	6.9%	10.5%		3.4%		4.9%	11.9%		
Aggregate Total	5.1%	8.8%		3.9%		4.5%	10.4%		

Source: Company, Apex Securities

Results Note

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Financial Highlights

Income Statement

FYE Apr (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	3911.0	2622.3	1542.4	1580.0	1642.9
Gross Profit	659.3	441.6	200.5	205.4	213.6
EBITDA	457.3	234.2	108.0	142.2	147.9
Depreciation & Amortisation	-10.8	-12.2	-11.4	-10.0	-9.0
EBIT	446.5	222.0	96.5	132.2	138.8
Net Finance Income/ (Cost)	-7.4	-12.3	-21.2	-23.0	-24.8
Associates & JV	44.6	11.8	15.4	15.8	16.4
Pre-tax Profit	483.7	221.5	90.8	125.0	130.5
Tax	-111.4	-56.0	-23.6	-32.5	-33.9
Profit After Tax	372.3	165.5	67.2	92.5	96.5
Minority Interest	26.7	11.9	11.9	11.9	11.9
PAT-MI	345.6	153.6	55.3	80.6	84.7
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	345.6	153.6	55.3	80.6	84.7

Key Ratios

FYE Apr	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	29.47	13.10	4.71	6.87	7.22
P/E (x)	2.39	5.38	14.95	10.26	9.76
P/B (x)	0.91	1.13	1.13	1.14	1.15
EV/EBITDA (x)	2.47	4.42	11.26	8.44	8.07
DPS (sen)	25.48	29.42	5.80	8.46	8.89
Dividend Yield (%)	36.1%	41.7%	8.2%	12.0%	12.6%
EBITDA margin (%)	11.7%	8.9%	7.0%	9.0%	9.0%
EBIT margin (%)	11.4%	8.5%	6.3%	8.4%	8.5%
PBT margin (%)	12.4%	8.4%	5.9%	7.9%	7.9%
PAT margin (%)	9.5%	6.3%	4.4%	5.9%	5.9%
NP margin (%)	8.8%	5.9%	3.6%	5.1%	5.2%
Core NP margin (%)	8.8%	5.9%	3.6%	5.1%	5.2%
ROE (%)	38.0%	21.0%	7.6%	11.1%	11.8%
ROA (%)	18.3%	9.1%	3.4%	5.0%	5.2%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

	FY27F
Core EPS (RM)	0.07
P/E multiple (x)	7.3
Fair Value (RM)	0.50

Source: Company, Apex Securities

Balance Sheet

FYE Apr (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	364.8	433.7	623.0	615.7	616.8
Receivables	223.7	206.2	126.8	129.9	135.0
Inventories	686.8	500.9	330.9	338.9	352.4
Other current assets	2.1	14.5	14.5	14.5	14.5
Total Current Assets	1277.5	1155.3	1095.2	1099.0	1118.8
Fixed Assets	132.0	126.1	120.5	116.5	113.7
Intangibles	117.1	110.5	110.5	110.5	110.5
Other non-current assets	360.6	295.7	295.7	295.7	295.7
Total Non-current assets	609.7	532.4	526.8	522.7	519.9
Short-term Debt	74.6	239.3	259.3	279.3	299.3
Payables	381.0	225.7	140.8	127.3	131.9
Other Current Liabilities	135.8	121.2	121.2	121.2	121.2
Total Current Liabilities	591.3	586.3	521.4	527.9	552.5
Long-term Debt	81.7	77.1	77.1	77.1	77.1
Other non-current liabilities	305.5	291.4	291.4	291.4	291.4
Total Non-current Liabilities	387.2	368.5	368.5	368.5	368.5
Shareholder's equity	815.8	642.1	629.3	610.8	591.3
Non controlling interest	92.9	90.8	102.6	114.5	126.4
Equity	908.6	732.8	732.0	725.3	717.7

Cash Flow

FYE Apr (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	483.7	221.5	90.8	125.0	130.5
Operating expenses	10.8	12.2	11.4	10.0	9.0
Changes in working capital	-178.0	48.2	164.5	-24.7	-14.1
Others	-114.3	-56.0	-23.6	-32.5	-33.9
Operating cash flow	202.2	225.8	243.1	77.8	91.5
Capex	-14.2	-9.9	-5.8	-6.0	-6.2
Others	-0.8	79.5	0.0	0.0	0.0
Investing cash flow	-15.0	69.6	-5.8	-6.0	-6.2
Dividends paid	-297.7	-344.8	-68.0	-99.1	-104.2
Others	-63.7	121.6	20.0	20.0	20.0
Financing cash flow	-361.4	-223.2	-48.0	-79.1	-84.2
Net cash flow	-174.2	72.2	189.3	-7.3	1.1
Forex	1.4	-3.3	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	537.6	364.8	433.7	623.0	615.7
Ending cash	364.8	433.7	623.0	615.7	616.8

Results Note

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ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 emissions at 1,717 tCO ₂ e and Scope 2 emissions at 9,612 tCO ₂ e in FY23
Waste & Effluent	★★★	Total CO ₂ emissions reported at 11,329 tCO ₂ e (Scope 1: 1,717 tCO ₂ e, Scope 2: 9,612 tCO ₂ e) in FY23
Energy	★★★	Energy consumption increased by 1% yoy to 15,041,845 kWh
Water	★★★	Water consumption increased 6% yoy to 142,824 m ³ in FY23 due to increased production and sales
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★★	73% of average employees age below 40, 21% of employees are female
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★	292 hours of OSH trainings completed, one worksite incidence in FY23
Labour Practices	★★★	Pay scale based on prevailing industry market rates as stipulated by the Act 732 National Wages Consultative Council Act

Governance

CSR Strategy	★★★	Pesta Makanan Amal 2023 and donated to Sekolah Semangat Maju
Management	★★	Board composition: 9 members, with 2 female directors and 4 independent directors. The average board member age is 53
Stakeholders	★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to -10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of **Thursday, 11 Dec, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.