

## Research Team

(603) 7890 8888

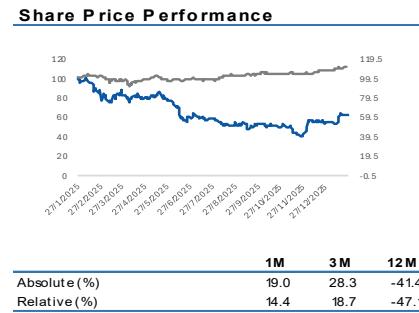
research.dept@apexsecurities.com.my

Recommendation:	HOLD
Current Price:	RM 0.82
Previous Target Price:	RM 0.50
Target Price:	RM 0.80
Capital Upside/Downside:	-2.4%
Dividend Yield (%):	12.1%
Total Upside/Downside:	9.7%

## Stock Information

Board	MAIN
Sector	Automotive
Bursa / Bloomberg Code	5248 / BAUTOMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares Issued (m)	1,137.7
Market Cap (RM' m)	927.2
52-Week Price Range (RM)	141.0-5.2
Beta (x)	1.2
Freefloat (%)	60.8
3M Average Volume (m)	6.3
3M Average Value (RM' m)	4.2

Top 3 Shareholders	(%)
Dynamic Milestone Sdn Bhd	16.3
Amanah Saham Nasional Bhd	7.6
Lembaga Tabung Haji	6.9



	1M	3M	12M
Absolute (%)	19.0	28.3	-41.4
Relative (%)	14.4	18.7	-47.1

Earnings Summary	FY25	FY26F	FY27F
Revenue	2622.3	2163.2	2298.4
PATAMI	153.6	84.0	94.2
CNP	153.6	84.0	94.2
Core EPS (sen)	13.1	7.2	8.0
PE (x)	6.2	11.4	10.1

Source: Company, Apex Securities

# Bermaz Auto Berhad

## New Tone for 2026

- Mazda's recovery is gaining traction, with c. 3,000 outstanding bookings (c. 32% of prior FY26 unit assumptions) led by the CX-60 and Mazda3.**
- XPeng provides visible, inventory-backed volumes with the G6 model refresh and pipeline mitigating post-CBU volatility.**
- We raised our earnings forecasts by 41%/48%/46%, following upward volume revisions, supported by Mazda order backlogs covering c.23% of FY26 sales assumptions and XPeng's inventory-backed delivery visibility.**
- We upgrade to HOLD (from SELL) with a higher TP of RM0.80 (from RM0.50), based on its forward PE mean of 10.0x on revised FY27F EPS of 8.03 sen.**

**Mazda's comeback takes shape.** BA Auto has set a constructive tone heading into 2026, underpinned by an expanded and refreshed product pipeline that we believe could reshape its sales trajectory. In Oct 2025, BA Auto launched the Mazda CX-60 and the new Mazda3 (1.5L full-spec), both of which have been well received. Initial bookings stand at c.300 units for the CX-60 and c.2,500 units for the Mazda3, lifting total outstanding bookings for Mazda Malaysia to c.3,000 units which already account for c.32% of our FY26 assumption. This provides early volume visibility following a previously subdued product cycle. Looking ahead, BA Auto's pipeline includes higher-priced Mazda CX-5 (2.5L) and CX-80 PHEV models, alongside a CKD B-segment SUV offering a lower entry price point. While new model launches are common across OEMs, Mazda's upcoming lineup represents a clear price-segment repositioning, enabling the brand to address both premium replacement demand and incremental mass-market volumes. This broader coverage closes prior portfolio gaps and underpins the volume recovery assumptions embedded in our forecasts.

**Powering the next leg.** XPeng recorded a new monthly high of 202 units in Dec 2025 (vs 193 units in Nov), driven by front-loaded demand ahead of the expiry of CBU EV tax incentives. To mitigate the post-CBU impact, the group proactively imported c.700 units of inventory, equivalent to c.3-4 months of run-rate sales, providing near-term delivery visibility and reducing earnings volatility into 1H26. More recently, the facelifted G6 has been well received, reflecting pent-up demand from customers awaiting the refreshed variant. The XPeng G6 stands out on fast-charging capability, competitive range and performance, coupled with diversified variants at accessible price points, allowing it to appeal to a broader buyer base versus single-model EV offerings. Together with the planned rollout of additional models in 2026, this reduces model concentration risk and supports a more consistent sale.

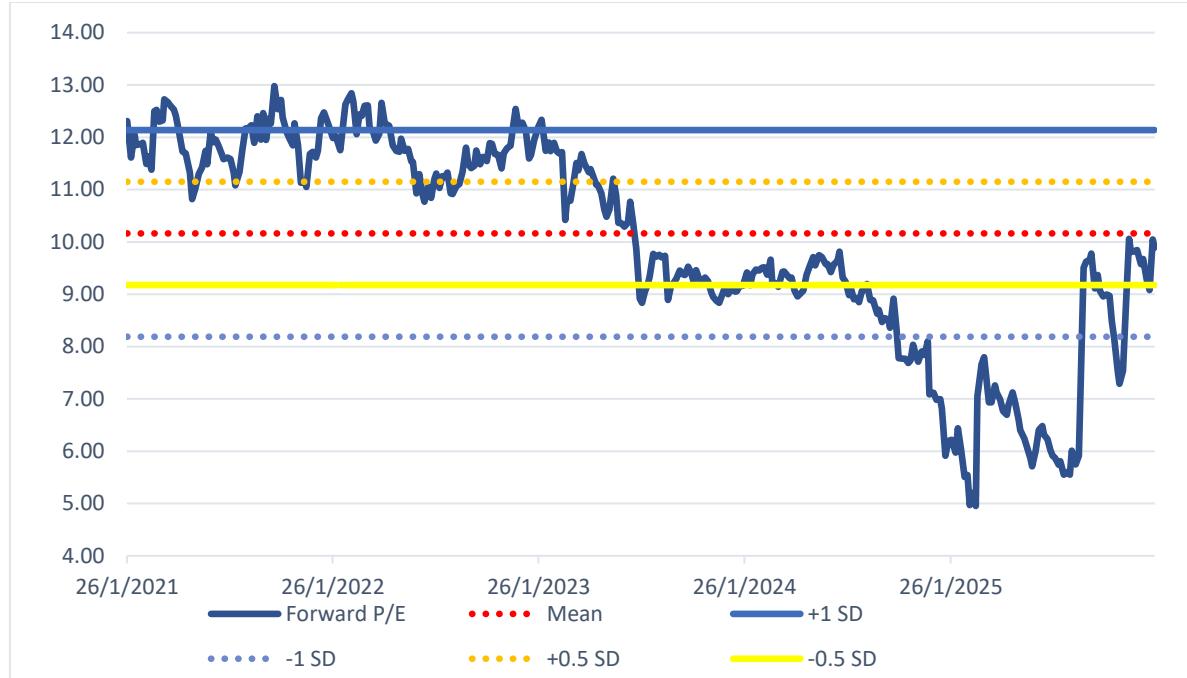
**Kia exit removes earnings drag.** Kia Malaysia reported a loss of RM3.2m in 1QFY26 (vs RM1.5m profit in 1QFY25), with sales plunging to 104 units (vs 1,136 units), reflecting intense competition in the mid-market and luxury segments. Against this backdrop, following the cessation of the Kia distributorship in Nov 2025, Dinamikjaya Motors (DJM) 65%-owned subsidiary of Bermaz Auto (BAuto) will dispose of all remaining Kia spare parts and vehicle inventory to Kia Malaysia at cost. We estimate this decision avoids potential losses of c.RM16m, effectively containing downside risk and allowing management to reallocate capital and focus toward higher-return brands within BA Auto's portfolio.

**Earning Revision.** We raise our sales assumptions from 9,280/9,320/9,501 units to 13,080/13,760/13,850 units for FY26/27/28F, lifting CNP by 41%/48%/46%, reflecting upward revisions to volume assumptions. The revision is underpinned by visible order backlogs c.23% of our revised FY26 sales assumptions, alongside a broadened Mazda product mix and strong sales traction from XPeng, underpinned by c.700 units of available inventory.

**Valuation.** We upgrade to **HOLD** (from SELL) with a higher TP of **RM0.80** (from RM0.50), based on its forward PE mean of 10.0x on revised FY27F EPS of 8.03 sen. We believe the higher ascribed PE valuation is warranted by (i) improved earnings visibility following a product-led volume recovery, (ii) stronger booking visibility from new Mazda launches, and (iii) reduced downside risk post-Kia exit.

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

**Figure 1: BAUTO one-year forward PER**



Source: Bloomberg, Apex Securities

# Results Note

Tuesday, 27 Jan, 2026

## Financial Highlights

### Income Statement

FYE Apr (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	3911.0	2622.3	2163.2	2298.4	2359.7
Gross Profit	659.3	441.6	281.2	298.8	306.8
EBITDA	457.3	234.2	140.6	154.0	165.2
Depreciation & Amortisation	-10.8	-12.2	-11.4	-10.6	-10.1
EBIT	446.5	222.0	129.2	143.4	155.0
Net Finance Income/ (Cost)	-7.4	-12.3	-21.2	-23.0	-24.8
Associates & JV	44.6	11.8	21.6	23.0	23.6
Pre-tax Profit	483.7	221.5	129.6	143.4	153.8
Tax	-111.4	-56.0	-33.7	-37.3	-40.0
Profit After Tax	372.3	165.5	95.9	106.1	113.8
Minority Interest	26.7	11.9	11.9	11.9	11.9
PAT-MI	345.6	153.6	84.0	94.2	102.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>345.6</b>	<b>153.6</b>	<b>84.0</b>	<b>94.2</b>	<b>102.0</b>

### Key Ratios

FYE Apr	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	29.47	13.10	7.17	8.03	8.69
P/E (x)	2.77	6.22	11.37	10.15	9.37
P/B (x)	1.05	1.30	1.32	1.34	1.36
EV/EBITDA (x)	2.75	4.97	8.46	7.52	6.95
DPS (sen)	25.48	29.42	8.82	9.89	10.70
Dividend Yield (%)	31.3%	36.1%	10.8%	12.1%	13.1%
EBITDA margin (%)	11.7%	8.9%	6.5%	6.7%	7.0%
EBIT margin (%)	11.4%	8.5%	6.0%	6.2%	6.6%
PBT margin (%)	12.4%	8.4%	6.0%	6.2%	6.5%
PAT margin (%)	9.5%	6.3%	4.4%	4.6%	4.8%
NP margin (%)	8.8%	5.9%	3.9%	4.1%	4.3%
Core NP margin (%)	8.8%	5.9%	3.9%	4.1%	4.3%
ROE (%)	38.0%	21.0%	11.6%	13.2%	14.5%
ROA (%)	18.3%	9.1%	5.1%	5.6%	6.1%
Net gearing (%)	Net Cash				

Valuations	FY27F
Core EPS (RM)	0.08
P/E multiple (x)	10.0
Fair Value (RM)	0.80

Source: Company, Apex Securities

### Balance Sheet

FYE Apr (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	364.8	433.7	467.8	444.6	442.5
Receivables	223.7	206.2	177.8	188.9	193.9
Inventories	686.8	500.9	464.0	493.1	506.2
Other current assets	2.1	14.5	14.5	14.5	14.5
<b>Total Current Assets</b>	<b>1277.5</b>	<b>1155.3</b>	<b>1124.1</b>	<b>1141.0</b>	<b>1157.1</b>
Fixed Assets	132.0	126.1	122.9	121.0	119.8
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
<b>Total Non-current assets</b>	<b>609.7</b>	<b>532.4</b>	<b>529.1</b>	<b>527.2</b>	<b>526.0</b>
Short-term Debt	74.6	239.3	259.3	279.3	299.3
Payables	381.0	225.7	178.7	183.6	190.0
Other Current Liabilities	135.8	121.2	121.2	121.2	121.2
<b>Total Current Liabilities</b>	<b>591.3</b>	<b>586.3</b>	<b>559.3</b>	<b>584.1</b>	<b>610.6</b>
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
<b>Total Non-current Liabilities</b>	<b>387.2</b>	<b>368.5</b>	<b>368.5</b>	<b>368.5</b>	<b>368.5</b>
Shareholder's equity	815.8	642.1	622.7	601.1	577.6
Non controlling interest	92.9	90.8	102.6	114.5	126.4
<b>Equity</b>	<b>908.6</b>	<b>732.8</b>	<b>725.4</b>	<b>715.6</b>	<b>704.0</b>

### Cash Flow

FYE Apr (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	483.7	221.5	129.6	143.4	153.8
Operating expenses	10.8	12.2	11.4	10.6	10.1
Changes in working capital	-178.0	48.2	18.2	-35.3	-11.7
Others	-114.3	-56.0	-33.7	-37.3	-40.0
<b>Operating cash flow</b>	<b>202.2</b>	<b>225.8</b>	<b>125.6</b>	<b>81.4</b>	<b>112.2</b>
Capex	-14.2	-9.9	-8.2	-8.7	-8.9
Others	-0.8	79.5	0.0	0.0	0.0
<b>Investing cash flow</b>	<b>-15.0</b>	<b>69.6</b>	<b>-8.2</b>	<b>-8.7</b>	<b>-8.9</b>
Dividends paid	-297.7	-344.8	-103.4	-115.9	-125.4
Others	-63.7	121.6	20.0	20.0	20.0
<b>Financing cash flow</b>	<b>-361.4</b>	<b>-223.2</b>	<b>-83.4</b>	<b>-95.9</b>	<b>-105.4</b>
<b>Net cash flow</b>	<b>-174.2</b>	<b>72.2</b>	<b>34.0</b>	<b>-23.2</b>	<b>-2.1</b>
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	467.8	444.6
<b>Ending cash</b>	<b>364.8</b>	<b>433.7</b>	<b>467.8</b>	<b>444.6</b>	<b>442.5</b>

[Figure 2: Mazda Model - New CY2025](#)

 <b>2025</b>	<b>CX-5 MS LE</b> (Jan '25)	<b>New CX-60</b> (Aug '25)
		
<b>2026</b>		<b>New CX-5 CBU</b> (July '26)

Source: Bauto, Apex Securities

[Figure 3: EV Model Line-up CY2025](#)

 <b>MAZDA</b>	<b>New CX-80 PHEV</b>	
 <b>XPENG</b>	<b>All-New G6 CBU</b> (Aug '24')	<b>All-New X9 FL</b> (May '26')

Source: Bauto, Apex Securities

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 emissions at 1,717 tCO <sub>2</sub> e and Scope 2 emissions at 9,612 tCO <sub>2</sub> e in FY23
Waste & Effluent	★★★	Total CO <sub>2</sub> emissions reported at 11,329 tCO <sub>2</sub> e (Scope 1: 1,717 tCO <sub>2</sub> e, Scope 2: 9,612 tCO <sub>2</sub> 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 <sup>3</sup> 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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(a) nil.