

Bermaz Auto Berhad (BAUTO MK)

Going for the record

Maintain BUY and MYR2.90 TP

BAuto targets a higher: (i) 18k-23k units of vehicle sales (FY22: 14k units) & (ii) DPR of 70% in FY223-24, a positive. We do not rule out BAuto surpassing these targets, given the high bookings, attractive incentives and new models rollout. Between these two, the DPR target is easier to achieve due to its financial strength. We have raised our FY23-25 DPR to 70% (vs. 65% previously). Our earnings estimates (3-year NP CAGR of 25%) & TP (15x FY23 PER) are unchanged. Yields are attractive at >7%.

Realistic, achievable FY23-24 targets

BAuto aims to sell: (i) 18k-19k units of vehicles in FY23 (Mazda: 13k-13.5k units, Kia: 2.5k units, Peugeot: 2.5k units) and (ii) a higher 22.5k units in FY24 (Mazda: 15k units, Kia: 4.0k units, Peugeot: 3.5k units). These are sensible targets, underpinned by the sustained strong bookings post the SST holidays that ended in Jun 2022. This was aided by the: (i) 50% absorption of SST cost till Dec 2022, (ii) zero EV tax effect till Dec 2024, (iii) new CBU/ CKD models rollout at attractive prices and (iv) improving franchise values for Kia and Peugeot (better after sales service, product pipeline, built-quality, reliability of parts/ warranty).

Orders are strong, margins to sustain

Bookings-wise, it has secured 10k units of orders (with minimal cancellation) from: (i) Mazda: 8.5k units, (ii) Kia: 1.0k units and (iii) Peugeot: 0.5k units respectively. Its 50% SST rebate campaign has proven to a success. Its monthly orders replenishment (from Jul onwards) has been constantly high, at 1k units/ 200 units/ 170 units for Mazda/ Kia/ Peugeot respectively. These bookings (from Jul 2022) will reflect FY24's sales, for majority of FY23's will be covered by SST holidays bookings. What is of greater importance is that the Group's EBIT margin (9%) in FY22 will sustain into FY23-24, for the cost/ unit from the 50% SST absorption will be offset against lower A&P expenses (i.e. reduced rebates/ commissions to dealers).

Raised DPR to 70%; with upside bias

BAuto is net cash (MYR462m @ Sep 2022) and has minimal capex needs at Group level. For that, we have raised our FY23-25 DPR target to 70% (+5-ppts). This is conservative vis-à-vis its FY15-20's DPR of 78%-114%.

FYE Apr (MYR m)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	2,288	2,325	3,336	3,859	4,219
EBITDA	163	217	297	345	388
Core net profit	131	156	232	270	305
Core EPS (sen)	11.3	13.4	20.0	23.3	26.2
Core EPS growth (%)	25.1	19.1	48.8	16.6	12.8
Net DPS (sen)	6.5	8.8	14.0	16.2	18.4
Core P/E (x)	13.1	13.2	9.5	8.2	7.2
P/BV (x)	3.0	3.2	2.9	2.5	2.2
Net dividend yield (%)	4.4	4.9	7.4	8.5	9.7
ROAE (%)	25.9	26.0	33.2	33.0	32.8
ROAA (%)	9.7	10.6	13.9	14.4	15.4
EV/EBITDA (x)	8.6	7.5	5.8	4.9	4.3
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Consensus net profit	-	-	184	196	223
MKE vs. Consensus (%)	-	-	26.3	37.6	36.8

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BUY

Share Price	MYR 1.90
12m Price Target	MYR 2.90 (+53%)
Previous Price Target	MYR 2.90

Company Description

Franchise holders and sole distributors of: (i) Mazda, Peugeot and Kia vehicles in Malaysia and (ii) Mazda in the Philippines.

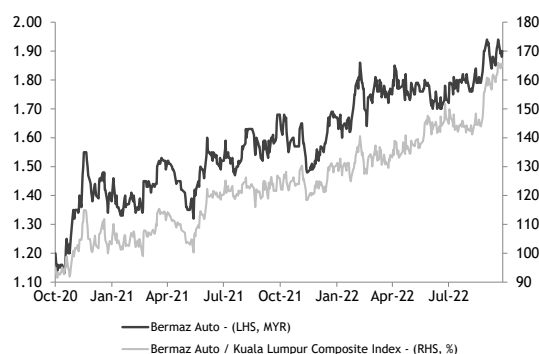
Statistics

52w high/low (MYR)	1.94/1.48
3m avg turnover (USDm)	0.6
Free float (%)	62.7
Issued shares (m)	1,164
Market capitalisation	MYR2.2B USD470M

Major shareholders:

Employees Provident Fund	17.2%
Dynamic Milestone Sdn. Bhd.	14.5%
Permodalan Nasional Bhd.	8.5%

Price Performance



	-1M	-3M	-12M
Absolute (%)	0	9	13
Relative to index (%)	6	12	30

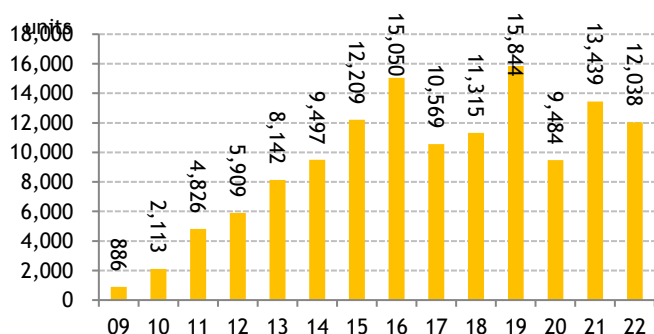
Source: FactSet

ESG@MAYBANK IBG
Tear Sheet Insert

Value Proposition

- The exclusive distributor for: (i) Mazda & Kia vehicles in Malaysia (CKD & CBU models) and (ii) Mazda in the Philippines (CBU models via a 60% stake in Bermaz Auto Philippines).
- Appointed as the sole distributor of Peugeot marque in Malaysia in Dec 2020, via a 20% stake in Bermaz Auto Alliance S/B (BAASB). Raised its stakes at BAASB to 55% in Jun 2021.
- Its 30%/ 33.3%-owned associate, Mazda Malaysia S/B (MMSB)/ Kia Malaysia S/B (KMSB) is involved in the local assembly of Mazda/ Kia vehicles at 3rd party Inokom's (29%-owned) manufacturing facility in Kulim, Kedah, a right granted by Mazda Japan/ Kia Korea in 2010/ 2021.
- Vehicle sales reached a high in FY19 due to the zero-GST impact from Jun-Aug 2020.

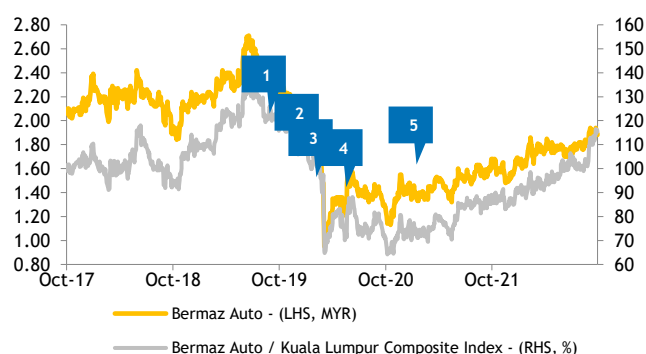
Mazda vehicle sales in MY (FY09-FY22)



Source: Company

Price Drivers

Historical share price trend



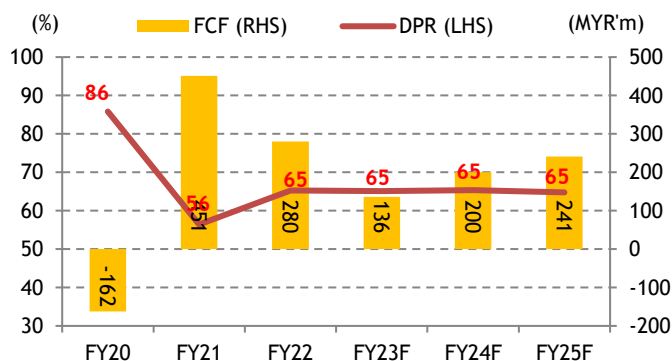
Source: Company, Maybank IBG Research

1. MCO started in Mar 2020, affecting vehicle sales & production in Apr, May & Jun 2020.
2. SST exemption policy from mid-Jun 2020.
3. Talks of BAUTO looking for a new franchise (Kia & Peugeot) beyond Mazda emerge.
4. Appointed as the sole distributor of Peugeot marque in Malaysia since Dec 2020, via a 20% stake in Berjaya Auto Alliance S/B (BAASB).
5. Secured its 3rd franchise - Kia in Apr 2021.

Financial Metrics

- ASP, vehicle sales volume, margins, forex and opex are BAUTO's key earnings drivers for its operations. Variation in any of these parameters will impact profitability.
- Earnings are expected to be weak in FY20 as operations (sales & production) are disrupted by Malaysia's MCO since Mar 2020 due to the COVID-19 pandemic. This is moderated by the SST exemption that came about from mid-Jun 2020.
- Nimble balance sheet. Constantly generates decent positive FCFs (ex-FY20). Its consistent dividends are a key appeal.

FCF and DPR trends



Source: Company

Swing Factors

Upside

- New model launches, rebates, incentives (i.e. zero GST, SST) will spur volume sales.
- Higher/ special dividend payment serves as a potential positive catalyst.
- Adding a new franchise, with big growth potential and minimal capital is another catalyst, for it de-risks BAUTO's sole dependence on Mazda.

Downside

- A sharp downturn in consumer sentiment in the MY and PH markets may affect its vehicle sales volume.
- Loss/ non extension of its Mazda franchise is a key risk.
- Supply chain disruption. BAUTO is dependent on its automotive OEMs (Mazda, Peugeot, Kia) for the supply of vehicles and CKD components.

Forex volatility, especially JPY/MYR, will affect BAUTO's earnings, especially for its CBU vehicles.

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Risk Rating & Score ¹	Low & 10.8
Score Momentum ²	+0.0
Last Updated	3 Jul 2021
Controversy Score ³ (Updated: 2 Sep 2021)	0

Business Model & Industry Issues

- The franchise holder of: (i) Mazda in MY (CKD & CBU models) and the PH (CBU models, via its 60% stake at Bermaz Auto PH), (ii) Kia in MY (CKD & CBU models) and (iii) Peugeot (distributor) in MY, via its 55% stake in Bermaz Auto Alliance S/B (BAASB).
- It is a constituent of the: (i) FTSE4Good and (ii) FTSE4Good Shariah Index Series.
- Has consistently disclosed its natural capitals data. Aims to roll out its short-mid-long-term ESG targets. We are positive on BAUTO's accelerating integration of ESG factors and targets into its operating model. Pursuing its electrification agenda, with the support from its principal partners, will further improve its ESG parameters.
- BAUTO also scores above-average in our proprietary scoring methodology (see next page) with an overall score of 65/100.

Material E issues

- BAUTO's environmental policy is closely correlated to its principal partner's standards/ practices; Mazda, which:
 - aims to reduce its corporate average "Well-to-Wheel" CO₂ emissions by 50% in 2030 and 90% by 2050 (baseline: 2010); and,*
 - is to accelerate its electrification strategy. It plans to launch 3 BEVs, 5 PHEVs & 5 hybrids in 2022-25. 100% of its ICEVs will have some level of electrification & ¼ of its sales will be EVs by 2030.*
- In FY22, BAUTO's CO₂ emissions from:
 - Scope 1 totalled 574k tonnes (+1% YoY). MY accounted for 86% (unch YoY) of the amount,*
 - Scope 2 was 2,231 tonnes (-3% YoY) and*
 - Scope 3 was at 3 tonnes (no change from FY21).*
- Developed and used environmentally-friendly Aqua-Tech Paint System (vs. conventional oil paint). Lowers: (i) volatile organic compounds (VOCs) by 78% to sub-20 g/m² & (ii) CO₂ emissions by 2,680k L/ p.a.
- Generated: (i) 240 tonnes (-4% YoY) of scheduled waste (81% of that was relating to lubricating oil). Consumed: (i) 3,811,068 kWh (-3% YoY) of electricity; and (ii) 40,259m³ of water (+7% YoY) in FY22. Practising rainwater harvesting, collecting 42,560m³ in FY22.

Material S issues

- Adopts these policies: (i) equal treatment & non-discrimination/ harassment, (ii) anti-bribery & corruption, (iii) whistle blowing & (iv) no child labour, to name a few.
- Has a diversified workforce of 894 staff (+21% YoY) across 2 countries (MY: 88%: PH: 12%), with a turnover rate of 11% (+22% YoY) in MY/ 20.3% (+121% YoY) in PH in FY22.
- 44%/ 32%/ 14%/ 10% of its workforce are of <30 / 30-40/ 40-50/ >50 years old brackets respectively.
- Females make up 30% of the workforce. Female representation in the top management level is at 33%.
- BAUTO has a 1:1 pay equity ratio for female & male staff.
- 6,361 hours of training in FY22. MY/ PH employees received 11.0 hours/ 0.1 hours (per staff) of training time.

Key G metrics and issues

- The Board is comprised of members with relevant knowledge, skills, experience, and areas of expertise in discharging its duties.
- BAUTO's board comprised of 7 directors - 4 independent non-executive directors (INEDs), 1 NINED, 1 Chairman/ Executive Director (ED) and 1 CEO/ ED.
- Adopts board diversify policy. The company has 29% of women representation on the Board.
- Tenure of an INED shall not exceed a cumulative term of 9 years, under its Board Charter. However, upon completion of the 9 years, a INED may continue to serve in that capacity with annual approval from shareholders.
- Dynamic Milestones S/B - a major shareholder of BAUTO has 2 board seats and holds the Chairman/ ED and CEO/ ED positions.
- The BODs total remuneration packages of MYR8.9m for FY22 accounted for 4% of its PBT of MYR217.7m.
- Established the following board committees: (i) audit, (ii) nomination, (iii) remuneration, (iv) risk management, (v) sustainability working and (vi) employees' share scheme, which consist of a majority of INEDs.
- Its Audit Committee members comprises entirely of INEDs. The Chairman of the audit committee is appointed by the Board and not the Chairman of the board.
- The Risk Management Committee is made up of 4 INEDs, 1 Executive Chairman and 1 CEO.
- Audited by Ernst & Young PLT (EY), one of the Big Four accounting firms. The BODs re-appointed EY as their external auditor for FY23.
- Berjaya Group ceased as a major shareholder in 2016. It sold 79.1m shares to the management @ MYR2.10/shr and placed out 146.5m shares to the market thereafter. RPT: Charges: (i) 30% MMSB: (i) management fees income (MYR2.3m p.a.) for provision of services (i.e. accounting, advisory, treasury, logistics support, car inspection) and (iii) rental income (MYR0.3m p.a.) at its HQ & (ii) 55% BAASB management fees income (MYR0.4m p.a). RPT is small, below 1% of FY21 revenue.

¹**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. ²**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. ³**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

Quantitative parameters (Score: 71)						
	Particulars	Unit	FY4/20	FY4/21	FY4/22	UMW MK (2021)*
E	Scope 1 GHG emissions	k tCO ₂ e	0.9	0.6	0.6	1.5
	Scope 2 GHG emissions	k tCO ₂ e	2.2	2.3	2.3	25.8
	Total	k tCO₂e	3.1	2.9	2.9	27.3
	Scope 3 GHG emissions	tCO ₂ e	237.0	3.0	3.0	N/A
	Total	k tCO₂e	3.3	2.9	2.9	27.3
	GHG intensity (by revenue)	tCO ₂ e/t	1.9	1.3	1.2	3.0
	Energy consumption	GJ	26,397	22,546	22,212	182,236
	Energy intensity (by revenue)	GJ/ MYR'm	15.0	9.9	9.6	20.2
	Water consumption	M3	29,092	43,227	40,259	330,627
	Water intensity (by revenue)	M3/ MYR'm	16.6	18.9	17.3	36.6
S	% of women in workforce	%	29.6%	28.5%	30.4%	19.8%
	% of women in top management	%	24.0%	29.0%	33.0%	5.0%
	Gender pay ratio	-	N/A	1-on-1	1-on-1	N/A
	Community investment	MYR'm	1	6	6	4
	Training hours per employee (ex-PH)	hours	22	9	11	8
G	CEO salary as % of reported net profit	%	2.9%	1.5%	1.5%	0.4%
	Board salary as % of reported net profit	%	7.8%	4.2%	4.1%	0.9%
	Independent directors on the Board	%	75%	57%	57%	42%
	Female directors on the Board	%	25%	29%	29%	17%

*E pillar is solely based on its automotive ops

Qualitative Parameters (Score: 57)	
a) Is there an ESG policy in place and whether there is a standalone ESG Committee or is it part of Risk committee?	<i>Yes - it has a Sustainability Committee (SC) that reports to the board, on steering & monitoring purposes, together with the management team. It is guided by the Sustainability Mission and Sustainability Governance as set out on the Sustainability Statement.</i>
b) Is the senior management salary linked to fulfilling ESG targets?	<i>Not at the moment.</i>
c) Is the company a signatory of or adheres to the UN Global Compact (UNGC) Initiative?	<i>Yes. It supports the goals and initiatives.</i>
d) Does the company have a mechanism to capture Scope 3 emissions - which parameters are captured?	<i>Yes. Air travel GHG for now. Expanding the scope of coverage.</i>
e) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>Carbon mitigation: (i) A move towards e-mobility; i.e. sale of electric vehicles - BEVs. PHEVs, HEVs, EEVs; (ii) Installation of solar panels - energy generation: 262,220kWh p.a. Aims to achieve 16% energy savings from RE drive; (iii) Participates in carbon offsets program with Shell in the PH. Water footprint reduction - promotes water saving practices, collection of rainwater (42.6m³ in FY22).</i>
f) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>No. It has yet to establish a carbon neutral/ net zero aspirations.</i>
g) Has the company faced any anti-competitive practices or IP infringement controversies?	<i>No.</i>

Target (Score: 60)			
Particulars		Target	Achieved
Introduction/ sale of energy efficient & lower CO ₂ emission vehicles		BEV/ PHEV/ EEV	Yes
GHG emission reduction via solar panels		16%	N/A
Executive Chairman & Group CEO posts held by different persons		Yes	Yes
Adoption of Task force on Climate-related financial Disclosures (TCFD)		N/A	N/A
Carbon Neutral, Net Zero		N/A	N/A
Impact			
N/A			
Overall score: 65			
As per our ESG matrix, Bermaz Auto (BAuto MK) has an overall score of 65.			

ESG score	Weights	Scores	Final Score
Quantitative	50%	71	36
Qualitative	25%	57	14
Target	25%	60	15
Total			65

As per our ESG assessment, BAuto has an established framework and internal policies. We see more rooms in improving its tangible mid/long-term targets. BAuto's overall ESG score is 65, which makes its ESG rating above average in our view (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

Going for the record

Targets a record: (i) FY23 on vehicle sales and (ii) FY24 on earnings. While BAuto has set a target to reach 18k-19k units vehicle sales in FY23, it aims to surpass FY19's 19k units, underpinned by the high and strong bookings to-date and new product launches over the next 12M. This is an achievable feat, which is relatively in line with our forecast (20.5k units).

BAuto's auto stats (units)

FY Apr	2021	2022	2023F	2024F	2025F
Mazda					
- MY (100%)	13,439	12,038	13,752	14,712	15,073
- PH (60%)	1,245	1,304	2,440	2,440	2,440
Kia					
- MY (100%)		360	2,000	4,350	6,200
Peugeot					
- MY (55%)	242*	964	2,300	2,500	2,600

Note: *20% equity stake from Dec 2021 to Jun 2021

Source: Company, Maybank IBG Research

Mazda

A 3rd CKD model? We posit that it will most likely be CKD Mazda CX-30 and will roll out to the market by 4Q22. The current CBU CX-30 is BAuto's 2nd highest selling model (after CKD CX-5) under the Mazda brand. The CBU model was brought in, in 2020, and has since sold 205/ 1,924/ 666 units in FY20/ 21/ 22 respectively. Its 3MFY23's sales of 620 units alone is about similar to FY22's sales. With a lower ASP, the CKD CX-30 should see higher sales.

MX-30 update. BAuto has brought in 31 units of this EV model and sold 50% of the allocation to-date.

Mazda model line-up

	2021	CX-9 IPM4 (Aug'21) 	Mazda2 IPM5 (Dec'21) 	All-New BT-50 (Dec'21)
	2022	CX-3 IPM4 (Jan'22) 	MX-5 IPM5 (Feb'22) 	Mazda3 IPM2 (Feb'22)
		CX-8 IPM3 (June '22) 	New MX-30 EV (June'22) 	

Source: Maybank IBG Research








Kia

MPV Carnival update. The CKD model was launched in Jul 2022, with higher variations to offer (7-seater, 8-seater options) and improved specifications vis-à-vis the CBU model. Between these two (the 7 and 8-seater option), the former is by far the more popular choice. Meanwhile, it is still bringing in the 11-seater CBU model. Bookings are still strong, with 700 orders received to-date.

2nd & 3rd CKD. BAuto will CKD and sell the: (i) SUV Kia Sorento and (ii) SUV Sportage. The former, expected to be launched in 4Q22 is targeted more for the export market (i.e. Thailand). Target-wise, it aims to sell 2k/ 1k units for the export/ domestic markets. Meanwhile, the exact launch date for Sportage has yet to be determined but will likely be in 2023.

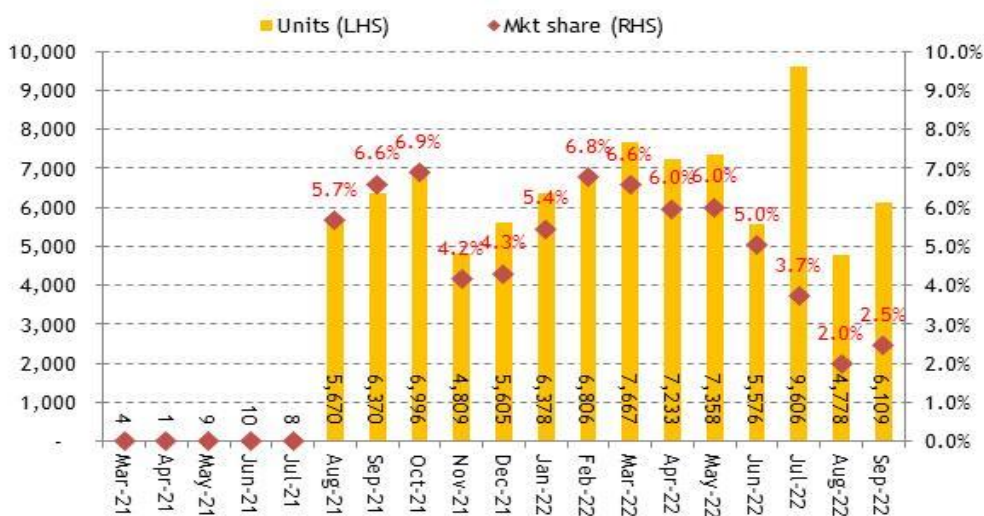
Electrification update. BAuto has been allocated 300 units of EV6 and the take-up rate for this model has been strong to-date. Following the EV6, BAuto plans to bring in the Niro BEV/ PHEV next.

Kia model line-up

KIA	2021	All-New Carnival (Dec'21) 		
	2022	Carnival CKD (July '22) 	New EV6 EV (June '22) 	All-New Sportage (Q2'23) 
		All-New Sorento (Q4'22) 	All-New Niro (Q4'22) 	New PBV1 EV (Q4'22) 

Source: Maybank IBG Research

Kia: EV6's global monthly sales & market share



Source: Kia, Maybank IBG Research

Peugeot

E-2008 model next. BAuto will concentrate on selling 4 models, namely the 2008, 3008, 5008 and 4x4 Landtrek. It targets to sell 80-100 units of Landtrek (e.ASP: MYR130k-140k) by 4Q22. In addition to the ICE 2008, it will roll out the EV model, e-2008 by year end, at the e-MYR200k price range.

Peugeot model line-up

	2021
	2022

Source: Maybank IBG Research

BAuto: Product map 2022

	CX-3 IPM4 (Jan'22) 	MX-5 IPM5 (Feb'22) 	Mazda3 IPM2 (Feb'22) 	CX-30 IPM2 (Feb'22) 	CX-8 IPM3 (June '22) 	New MX-30 EV (June '22) 		
	New 3008 (Nov'21) 	New 5008 (Nov'21) 	All-New 2008 (Jan'22) 	New Landtrek (Q3'22) 	New e-2008 EV (Q4'22) 			
	All-New Carnival (Dec'21) 	Carnival CKD (July '22) 	New EV6 EV (June '22) 	All-New Sorento (Q4'22) 	All-New Sportage InProgress (Q2'23) 	Carens (KY) InProgress (Q2'23) 	New PBV1 EV (Q4'22) 	All-New Niro (Q4'22)

Source: Maybank IBG Research

BAuto: EV model product lineup

BAuto EV Model 2022	2022	
	Q3	Q4

Source: Maybank IBG Research

Balance sheet, forex

It may retire 50% of its MYR200m debt, to save on interest cost, in a rising interest rate environment. This will likely be the ICP @ 2.25% interest rate for the MYR100m MTN has a fixed rate of 3.25%. BAuto is net cash, at MYR462m @ MYR0.54/ shr as at Sep 2022.

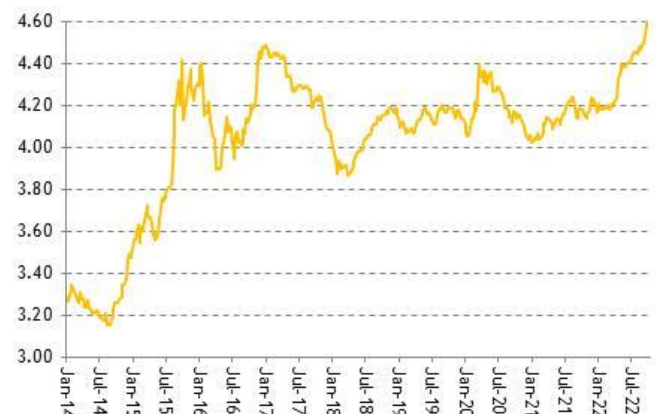
Forex sensitivity. Every 10 sen weakness in JPY/ MYR will see PBT increase by MYR7m for Mazda CBUs (on a 70:30 CKD: CBU sales mix). The Kia CBU is denominated in USD. As a distributor, sales of Peugeot are entirely in MYR.

Forex: MYR-JPY



Source: Bloomberg, Maybank IBG Research

Forex: USD-MYR



Source: Bloomberg, Maybank IBG Research

Inokom: The site visit

Assembles 6 brands. We visited the Inokom plant recently, in which BAuto owns a 29% stake. The plant assembles 6 brands (17 models now, with an additional 3 in the pipeline), comprising:

- (i) BMW, Mini (12),
- (ii) Mazda (2; CX-5, CX-8 and soon CX-30),
- (iii) Kia (1; MPV Carnival and soon Sorento & Sportage),
- (iv) Porsche (1; Cayenne) &
- (v) Hyundai (1; Santa Fe).

The plant sits on 200 acres of land, 58% occupied (115 acres) currently and employs 2,129 workers (100% Malaysian).

CKD: Current capacity. It CKD-ed 17.1k units in 2021 (3.2k units for export). 63% of the CKD production is for domestic sales and 37% for export (mostly for Mazda models). 80%-85% of the CKD models are ICEVs, 15%-20% are PHEVs.

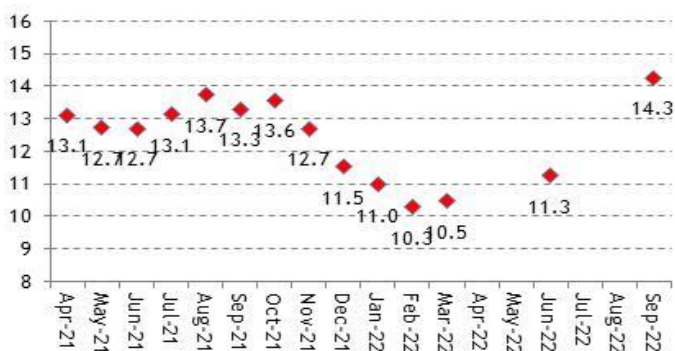
CKD: Future plans. The near- to mid-term target is to raise production volume to 24k/ 36.7k units (comprising 4k/ 14.8k units for export market) in 2022/23 respectively. The long-term plan is to increase the assembly capacity to 40k units by end-2023. It is also in talks now with China EV OEMs to CKD some models here.

Inokom is profitable. Inokom has consistently generated net profit of MYR18m-26m p.a. in 2019-21.

Foreign shareholding

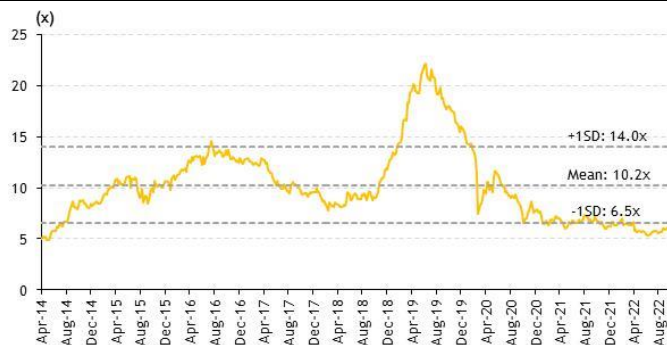
At 14% as at Sep 2022. Its foreign shareholding level of 14.3% @ Sep 2022 (+3-ppts QoQ) is the highest since a year ago, surpassing Aug 2021's 13.7%.

Foreign shareholding



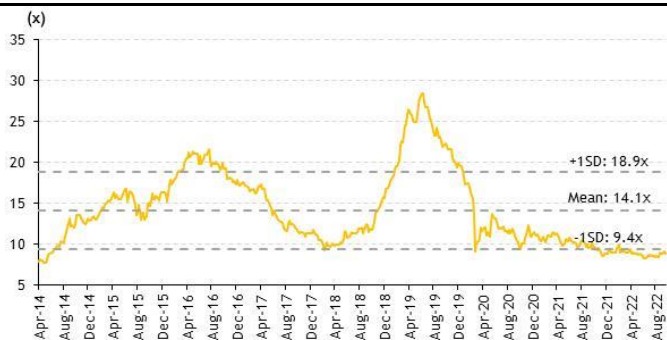
Source: Company, Maybank IBG Research

1-year forward EV/ EBITDA



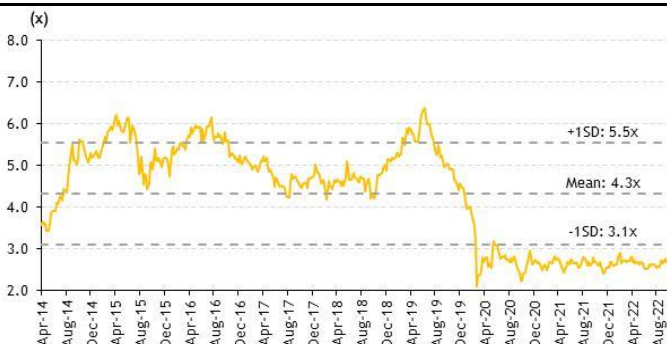
Source: Maybank IBG Research

1-year forward PER



Source: Maybank IBG Research

1-year forward PBV



Source: Maybank IBG Research

FYE 30 Apr	FY21A	FY22A	FY23E	FY24E	FY25E
Key Metrics					
P/E (reported) (x)	12.1	11.9	9.5	8.2	7.2
Core P/E (x)	13.1	13.2	9.5	8.2	7.2
P/BV (x)	3.0	3.2	2.9	2.5	2.2
P/NTA (x)	3.0	3.2	2.9	2.5	2.2
Net dividend yield (%)	4.4	4.9	7.4	8.5	9.7
FCF yield (%)	26.3	13.6	6.1	9.1	10.9
EV/EBITDA (x)	8.6	7.5	5.8	4.9	4.3
EV/EBIT (x)	8.9	7.7	6.0	5.0	4.3
INCOME STATEMENT (MYR m)					
Revenue	2,287.9	2,325.1	3,336.1	3,859.4	4,218.7
EBITDA	163.1	216.6	296.7	344.9	387.9
Depreciation	(4.9)	(5.4)	(5.4)	(5.4)	(5.4)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	158.2	211.2	291.4	339.5	382.5
Net interest income / (exp)	(12.8)	(10.6)	(19.4)	(19.4)	(19.4)
Associates & JV	20.5	18.1	38.0	39.7	42.1
Exceptionals	3.1	(0.1)	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	168.9	218.6	310.0	359.7	405.2
Income tax	(40.0)	(59.7)	(77.5)	(86.3)	(97.3)
Minorities	4.9	(3.1)	(0.6)	(3.1)	(3.0)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	133.8	155.7	231.9	270.3	305.0
Core net profit	130.7	155.9	231.9	270.3	305.0
BALANCE SHEET (MYR m)					
Cash & Short Term Investments	563.4	693.9	728.1	765.6	718.0
Accounts receivable	148.5	142.5	204.5	236.6	258.6
Inventory	277.8	230.4	330.6	382.4	418.0
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	37.2	41.6	48.2	54.8	61.4
Intangible assets	0.5	1.3	1.3	1.3	1.3
Investment in Associates & JVs	233.3	275.7	313.7	353.4	395.5
Other assets	141.1	162.3	162.3	162.3	162.3
Total assets	1,401.8	1,547.7	1,788.7	1,956.4	2,015.1
ST interest bearing debt	105.7	100.0	100.0	100.0	0.0
Accounts payable	247.6	253.0	363.0	420.0	459.1
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	99.8	99.8	100.0	100.0	100.0
Other liabilities	337.0	406.0	406.0	406.0	406.0
Total Liabilities	789.7	858.6	968.8	1,025.8	964.9
Shareholders Equity	565.4	634.3	764.5	872.2	988.9
Minority Interest	46.7	54.8	55.3	58.4	61.4
Total shareholder equity	612.1	689.1	819.9	930.6	1,050.3
Total liabilities and equity	1,401.8	1,547.7	1,788.7	1,956.4	2,015.1
CASH FLOW (MYR m)					
Pretax profit	168.9	218.6	310.0	359.7	405.2
Depreciation & amortisation	4.9	5.4	5.4	5.4	5.4
Adj net interest (income)/exp	0.0	0.0	0.0	0.0	0.0
Change in working capital	278.0	72.2	(52.1)	(27.0)	(18.5)
Cash taxes paid	(40.0)	(59.7)	(77.5)	(86.3)	(97.3)
Other operating cash flow	43.2	54.6	(38.0)	(39.7)	(42.1)
Cash flow from operations	455.0	291.1	147.7	212.1	252.7
Capex	(3.6)	(10.6)	(12.0)	(12.0)	(12.0)
Free cash flow	451.4	280.5	135.7	200.1	240.7
Dividends paid	(37.2)	(78.4)	(101.7)	(162.7)	(188.3)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	67.7	(5.6)	0.2	0.0	(100.0)
Other invest/financing cash flow	(18.8)	(65.9)	0.0	0.0	0.0
Effect of exch rate changes	(1.1)	0.0	0.0	0.0	0.0
Net cash flow	462.1	130.6	34.2	37.4	(47.5)

FYE 30 Apr	FY21A	FY22A	FY23E	FY24E	FY25E
Key Ratios					
Growth ratios (%)					
Revenue growth	30.3	1.6	43.5	15.7	9.3
EBITDA growth	35.7	32.8	37.0	16.2	12.5
EBIT growth	36.6	33.6	37.9	16.5	12.7
Pretax growth	28.0	29.4	41.8	16.1	12.6
Reported net profit growth	32.7	16.3	48.9	16.6	12.8
Core net profit growth	25.1	19.2	48.8	16.6	12.8
Profitability ratios (%)					
EBITDA margin	7.1	9.3	8.9	8.9	9.2
EBIT margin	6.9	9.1	8.7	8.8	9.1
Pretax profit margin	7.4	9.4	9.3	9.3	9.6
Payout ratio	56.4	65.3	70.2	69.6	70.1
DuPont analysis					
Net profit margin (%)	5.8	6.7	7.0	7.0	7.2
Revenue/Assets (x)	1.6	1.5	1.9	2.0	2.1
Assets/Equity (x)	2.5	2.4	2.3	2.2	2.0
ROAE (%)	25.9	26.0	33.2	33.0	32.8
ROAA (%)	9.7	10.6	13.9	14.4	15.4
Liquidity & Efficiency					
Cash conversion cycle	53.1	23.2	15.2	16.7	17.1
Days receivable outstanding	20.1	22.5	18.7	20.6	21.1
Days inventory outstanding	86.9	46.5	36.0	39.5	40.6
Days payables outstanding	53.9	45.8	39.5	43.4	44.6
Dividend cover (x)	1.8	1.5	1.4	1.4	1.4
Current ratio (x)	2.2	2.3	2.2	2.2	2.5
Leverage & Expense Analysis					
Asset/Liability (x)	1.8	1.8	1.8	1.9	2.1
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Net gearing (%) (excl. perps)	net cash	net cash	net cash	net cash	net cash
Net interest cover (x)	12.3	20.0	15.0	17.5	19.7
Debt/EBITDA (x)	1.3	0.9	0.7	0.6	0.3
Capex/revenue (%)	0.2	0.5	0.4	0.3	0.3
Net debt/ (net cash)	(357.9)	(494.1)	(528.1)	(565.6)	(618.0)

Source: Company; Maybank IBG Research

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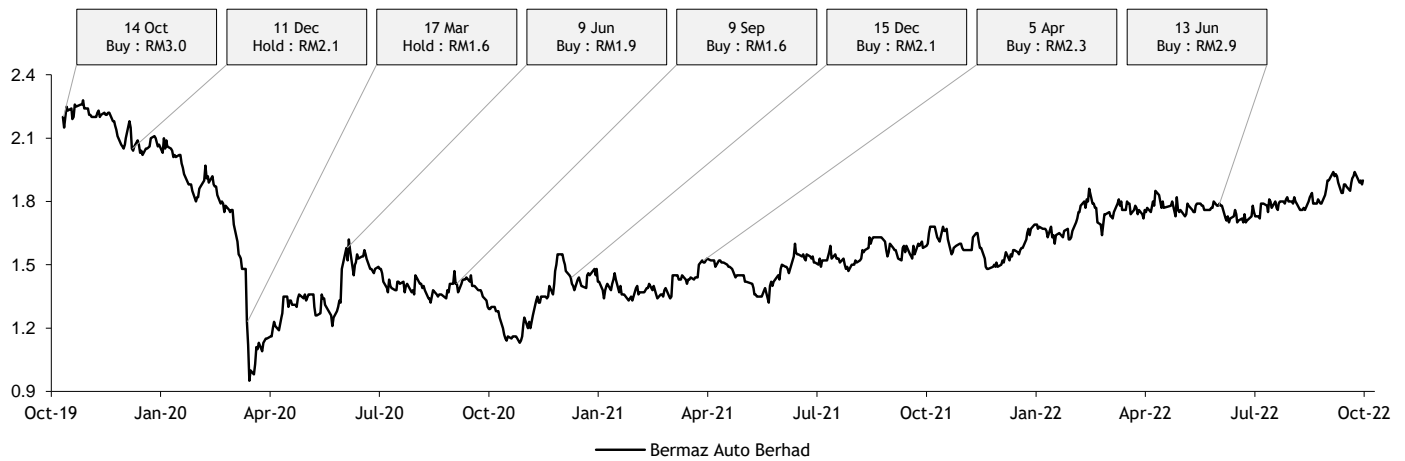
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Historical recommendations and target price: Bermaz Auto Berhad (BAUTO MK)



Definition of Ratings

Maybank IBG Research uses the following rating system

- BUY** Return is expected to be above 10% in the next 12 months (including dividends)
- HOLD** Return is expected to be between 0% to 10% in the next 12 months (including dividends)
- SELL** Return is expected to be below 0% in the next 12 months (including dividends)

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