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### KEY HIGHLIGHTS

#### Company Results

**Westports Holdings (WPRTS MK/BUY/RM3.38/Target: RM4.10)** Page 2  
3Q23: High-yield gateway volume surprised on the upside, showing it has more room for growth. We also see near-term trade opportunities on the new concession. Upgrade to BUY.

#### Company Update

**Bermaz Auto (BAUTO MK/BUY/RM2.48/Target: RM2.86)** Page 5  
Outlook remains stable beyond seasonal sales moderation in 2Q-3QFY24.

#### TRADERS' CORNER

**Samaiden Group (SAMAIDEN MK):** Technical BUY  
**Paramount Corporation (PAR MK):** Technical BUY

### KEY INDICES

	Index	pt chg	% chg
FBMKLCI	1,452.27	(5.3)	(0.4)
Bursa Emas	10,743.03	(36.3)	(0.3)
Ind Product	173.12	(0.3)	(0.2)
Finance	16,365.52	(4.7)	(0.0)
Consumer	558.25	(1.1)	(0.2)
Construction	187.21	(0.7)	(0.4)
Properties	850.46	(6.5)	(0.8)
Plantations	6,923.39	(33.0)	(0.5)

### BURSA MALAYSIA TRADING & PARTICIPATION

Malaysia Turnover	9-Nov-23	% chg
Volume (m units)	3,324	(3.8)
Value (RMm)	1,944	(1.6)

By Investor type	(%)	ppt chg
Foreign investors	28.1	2.3
Local retail	28.0	0.6
Local institution	43.8	(2.9)

### TOP TRADING TURNOVER / GAINERS / LOSERS

Top Trading Turnover	Price (RM)	Chg (%)	5-day ADT (RM'000)
AirAsia X	1.96	1.0	4
AEON Credit	11.90	3.1	3,697
Alliance Bank Malaysia	3.38	(0.6)	3,614
AMMB Holdings	3.83	(1.0)	7,556
Astro Malaysia	0.42	0.0	1,542

#### Top Gainers

Hartalega	2.33	8.9	29,154
Parkson Holdings	0.32	5.0	2,206
Kossan Rubber	1.42	3.6	2,745
Top Glove	0.78	2.6	43,283
Telekom Malaysia	5.30	2.5	16,982

#### Top Losers

Eastern & Orient	0.56	(3.5)	4,728
UEM Sunrise	0.82	(3.0)	27,772
SP Setia	0.85	(2.9)	9,304
Bumi Armada	0.54	(2.7)	6,889
IOI Properties	1.81	(2.7)	4,316

### OTHER STATISTICS

	9-Nov-23	chg	% chg
RM/US\$	4.69	0.01	0.2
CPO 3rd mth future (RM/mt)	3,743	(25.0)	(0.7)

#### Notes:

ADT = Average daily turnover.

Top trading turnover, gainers and losers are based on FBM100 component stocks.

## COMPANY RESULTS

### Westports Holdings (WPRTS MK)

3Q23: Profits Beat Expectations On Gateway Volume Charging Up

**9M23 core profit surprised positively against our forecasts, as container volume held up well and is above the group's conservative guidance. The key driver was the high-yield gateway business, which again reached a new all-time high. We now believe gateway has more room for growth, in tandem with foreign investments (to set up distribution hubs, including those in Westports Logistic Center). We upgrade forecasts by 4-6%, and take the opportunity to upgrade Westports to BUY. Target: RM4.10.**

#### 3Q23 RESULTS

Year to 31 Dec (RMm)	3Q23	qoq % chg	yoy % chg	Ytd 22	yoy % chg
<b>Operating Revenue</b>	<b>542.6</b>	<b>0.0</b>	<b>4.2</b>	<b>1,598.2</b>	<b>3.3</b>
- Container	458.0	1.3	3.9	1,345.0	0.8
- Conventional	33.0	0.0	(23.3)	100.0	(15.3)
<b>EBIT</b>	<b>260.2</b>	<b>(0.0)</b>	<b>11.5</b>	<b>765.7</b>	<b>54.2</b>
Operating Margin (%)	47.9%	0.0%	3.1%	47.9%	15.8%
Net Finance Cost	(10.3)	5.4	(17.1)	(20.8)	(47.7)
JV/Associates	2.5	(27.1)	(31.9)	8.5	186.1
<b>PBT</b>	<b>252.4</b>	<b>(0.6)</b>	<b>12.7</b>	<b>743.1</b>	<b>7.3</b>
Tax	(57.4)	(3.0)	(22.1)	(169.8)	(25.6)
<b>Net Profit</b>	<b>195.0</b>	<b>0.1</b>	<b>29.7</b>	<b>573.4</b>	<b>23.4</b>
<b>Core Profit</b>	<b>194.7</b>	<b>(0.1)</b>	<b>29.4</b>	<b>568.6</b>	<b>22.5</b>
Net Margin (%)	35.9%	0.0%	7.0%	35.6%	5.6%

Source: Westports Holdings, UOB Kay Hian

#### RESULTS

- **9M23 core profit beat, at 82%/79% of our/consensus estimates, on exceptionally strong volumes.** 3Q23 container volume (2.77m TEUs, +3%/+7% qoq/yoy) saw some recovery in transshipment business (1.61m TEUs, +2%/+4% qoq/yoy), and yet another record high for the high-yield gateway volume (1.15m TEUs, +3%/+11% qoq/yoy). Ytd volume growth of 7% is slightly ahead of management's earlier conservative 2023 guidance of 0-5%, although the container revenue was moderated by lower value-added services (VAS) income (2Q23: 18% revenue mix).
- **Cost was well contained, at -2% growth on 9M23 basis.** Westports was not spared from higher staff (minimum wage) and utility costs, the latter due to tariff changes in relation to the Imbalance Cost Pass-Through (ICPT). More recently, Westports saw greater fuel costs (+19% qoq). However, overall cost of sales in 3Q23 only increased by 3% qoq due to efficiency gains. Also, electricity consumption was reduced due to fewer reefer days, and the ICPT had moderated recently from 20sen/kWh to 17 sen/kWh in 3Q23.

#### KEY FINANCIALS

Year to 31 Dec (RMm)	2021	2022	2023F	2024F	2025F
Net turnover	1,978	2,056	2,047	2,164	2,277
EBITDA	1,361	1,215	1,256	1,342	1,420
Operating profit	1,102	950	978	1,053	1,122
Net profit (rep./act.)	809	700	740	798	841
Net profit (adj.)	732	623	735	798	841
EPS (sen)	21.5	18.3	21.6	23.4	24.7
PE (x)	15.8	18.5	15.7	14.4	13.7
P/B (x)	3.7	3.5	3.3	3.1	3.0
EV/EBITDA (x)	8.6	9.6	9.3	8.9	8.4
Dividend yield (%)	5.3	4.3	4.7	5.1	5.4
Net margin (%)	40.9	34.0	36.1	36.9	36.9
Net debt/(cash) to equity (%)	14.2	12.9	3.6	n.a.	n.a.
Interest cover (x)	22.0	23.2	27.2	30.8	24.4
ROE (%)	27.2	21.9	21.9	21.5	21.4
Consensus net profit	-	-	721	765	776
UOBKH/Consensus (x)	-	-	1.02	1.04	1.08

Source: Westports Holdings, Bloomberg, UOB Kay Hian

## BUY

(Upgraded)

Share Price	RM3.38
Target Price	RM4.10
Upside	+21.3%
(Previous TP)	RM3.80

#### COMPANY DESCRIPTION

An integrated facility situated at the Port Klang, Malaysia's premier port. It offers container-handling, dry bulk, liquid bulk and other conventional cargo services.

#### STOCK DATA

GICS sector	Industrials
Bloomberg ticker:	WPRTS MK
Shares issued (m):	3,410.0
Market cap (RMm):	11,525.8
Market cap (US\$m):	2,456.5
3-mth avg daily t'over (US\$m):	1.7

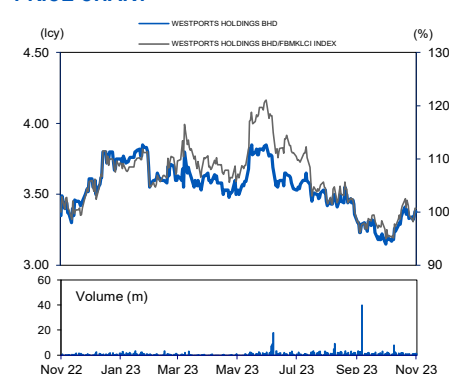
#### Price Performance (%)

52-week high/low			RM3.85/RM3.15	
1mth	3mth	6mth	1yr	YTD
6.6	(4.2)	(3.4)	0.9	(11.1)

#### Major Shareholders

	%
Gnanalingam Family	45.5
EPF	9.2
FY23 NAV/Share (RM)	1.02
FY23 Net Debt/Share (RM)	0.04

#### PRICE CHART



Source: Bloomberg

#### ANALYST(S)

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## STOCK IMPACT

• **Volume growth remains on track...** We understand the volume growths in Oct 23 and early-Nov 23 are similar to the 7% growths recorded in 9M23. Port Klang Authority (PKA) has a more conservative expectation of 2% volume growth for Westports in 2023. Having said that, management remains cautious on 2024 container volume growth (also at 0-5%). We believe it is also a strategic decision to moderate container growth to avoid another scenario of congestion like during the COVID-19 pandemic, until the group is able to operate the new CT10 terminal (part of Westports 2 concession) in 2027.

• **...and there is room for gateway volume to grow, albeit moderately.** Contrary to our early assumption of the risk of margin compression assuming the high-yield gateway volume mix had maxed out, we now believe there is still room for the gateway business to grow. Firstly, Port Klang does benefit slightly from the influx of foreign direct investments, or an alternative location against global trade wars. Other than factories set up for paper mills and solar panel, the Pulau Indah vicinity saw new hubs with factories, which include the IKEA regional distribution centre (RDC), CPL Aroma (a global fragrance company), and Daiso (to launch a new RDC by 2027).

In addition, the 85-acre Westports Logistics Center that is adjacent to CT9 terminal is for integrated warehousing and logistics services, and will have a captive volume of ~0.2m TEUs (from 0.05m TEUs secured currently) if its fully rented out. This potentially captive gateway business will benefit Westports' group on both fronts, ie boosting gateway volume/yields, and also rental revenue which is merely 3% of total revenue. At one point, several logistics companies have committed interest for the Logistics Center, including Infinity Logistics & Transport, Syarikat Logistik Petikemas, Alfred Talke Logistic Services, Sea Hawk Global Lines and SH Cogent Logistics.

• **WPRTS 2 concession may see conclusion by end-23 or 2024.** The conditional period for settling the payment for the acquisition of the Marina Land (from a related party) was further extended by six months until 8 Feb 24, as the government has approved the new concession (for up to CT17, another 14m TEUs), but needs more time to complete the necessary signing, after being vetted through by the Attorney General Chambers. WPRTS 2 may cost up to RM12.6b capex over 20 years, and the first four years may see RM2-3b spending for land reclamation and dredging. Westports guided on dividend reinvestment plan for the equity funding, and is not ruling out potential partners.

## EARNINGS REVISION/RISK

• **Upgrade 2023-25 profit by 6%/4%/4%.** We upgrade gateway assumptions while keeping transshipment volume unchanged, resulting in total container volume growth boosted by another 3% across our forecast years.

## VALUATION/RECOMMENDATION

• **Upgrade to BUY, and DCF target price to RM4.10 (from RM3.80).** This implies 18x 2024F PE (at -1SD of mean). As our forecasts still excludes the Westports 2 concession, it implies limited upside until the concession details are revealed in order to remove any uncertainties, eg a 318-acre of free trade zone land adjacent to Port Klang Free Zone. We understand the land is still up for sale (previous owner: 1MDB) and is not part of the WPRTS 2 negotiations. However, as share price has retraced, we now foresee price volatility and trading opportunities, as both the next FBM KLCI semi-annual review and the new concession signing by the government draw near to a close.

## ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

<b>• Environmental</b>	
- <b>Carbon (CO2) emission reduction.</b> WPRTS is formulating plans to enhance energy-efficient equipment, or may upgrade assets to become a smart/automated port.	
- <b>Enhance safety.</b> Fewer incidents in 2022 (699) vs 2021 (836) after better reporting.	
<b>• Social</b>	
- <b>Diversity.</b> >30% female representation on the Board of Directors (2021: >30%).	
- Social investments in 2020/2021/2022 amounted to RM2.8 m/RM5.6m/RM3.0m.	
<b>• Governance</b>	
- 6 out of 9 board members are independent, despite having family representation within the management team.	

## VOLUME PERFORMANCE BY TRADE ROUTES

Container m TEU	3Q23	3Q22	% YoY	% Split	2Q23
Transshipment	1.61	1.55	4%	58.4%	1.58
Gateway / OD	1.15	1.04	11%	41.6%	1.12
<b>Total TEUs*</b>	<b>2.77</b>	<b>2.59</b>	<b>7%</b>	<b>100%</b>	<b>2.70</b>
Intra-Asia	1.83	1.65	11%	66.1%	1.75
Asia-Europe	0.33	0.43	-23%	12.0%	0.41
Asia-Australasia	0.23	0.24	-6%	8.3%	0.21
Asia-America	0.25	0.17	46%	8.9%	0.21
Asia-Africa	0.09	0.05	77%	3.3%	0.09
Others	0.04	0.03	18%	1.4%	0.03

Source: Westports, UOB Kay Hian

## COGS BREAKDOWN

Cost RM million	3Q23	3Q22	% YoY	% Split	2Q23
Op. Workforce	72	66	8%	33.2%	72
Depreciation	51	52	-1%	23.6%	51
Fuel	43	54	-20%	20.0%	36
M&R	23	20	12%	10.6%	23
Electricity	14	12	18%	6.5%	16
Others	13	16	-19%	6.2%	12
<b>Op. Cost*</b>	<b>217</b>	<b>221</b>	<b>-2%</b>	<b>100%</b>	<b>210</b>
Construction	14	4	269%	-	22
<b>Total Cost Of Sales*</b>	<b>231</b>	<b>225</b>	<b>3%</b>	<b>-</b>	<b>231</b>

Source: Westports, UOB Kay Hian

## CONTAINER REVENUE, THROUGHPUT AND YIELDS

(RMm)	2022	2023F	2024F
<b>Container Revenue</b>	<b>1,774.0</b>	<b>1,848.0</b>	<b>1,958.8</b>
- Growth (%)	2.2	4.1	5.9
<b>Throughput (TEUs)</b>	<b>10.05</b>	<b>10.74</b>	<b>11.33</b>
- Growth (%)	-3.4	6.9	5.5
- Transshipment	6.08	6.39	6.74
- Gateway	3.97	4.35	4.59
<b>Container yields/ box</b>	<b>271.84</b>	<b>268.93</b>	<b>270.28</b>

Source: Westports, UOB Kay Hian

## DCF VALUATION AND TARGET PRICE

	Stage 1 (2024-29)	Stage 2 (-2054)
EBITDA CAGR (tariff hike)	4.0%	3.0%
EBITDA CAGR (no tariff hike)	3.0%	1.1%
Maintenance Capex (RMm)	110	110
Max Capacity on TEU/hectare	47,550	59,488
Max Capacity on TEU/crane	146,074	182,748
<b>DCF (RMm)</b>	<b>4,493.0</b>	<b>9,393.0</b>
Risk Free Rate	5.5%	
Beta (x)	0.9	
Tax Rate	25%	
Cost of Equity	8.7%	
Cost of Debt	5.5%	
<b>WACC</b>	<b>7.9%</b>	
<b>Enterprise Value (RMm)</b>	<b>13,886.0</b>	
<b>- Net Debt, FY24F (RMm)</b>	<b>(116.4)</b>	
<b>Target Price</b>	<b>RM4.10</b>	

Source: UOB Kay Hian

## PROFIT & LOSS

Year to 31 Dec (RMm)	2022	2023F	2024F	2025F
<b>Net turnover</b>	<b>2,056</b>	<b>2,047</b>	<b>2,097</b>	<b>2,206</b>
EBITDA	1,215	1,256	1,314	1,420
Deprec. & amort.	265	278	289	299
EBIT	950	978	1,053	1,122
Associate contributions	46	12	13	15
Net interest income/(expense)	(52)	(46)	(44)	(58)
<b>Pre-tax profit</b>	<b>944</b>	<b>948</b>	<b>1,023</b>	<b>1,078</b>
Tax	(244)	(209)	(225)	(237)
Minorities	0	0	0	0
<b>Net profit</b>	<b>700</b>	<b>740</b>	<b>798</b>	<b>841</b>
Net profit (adj.)	623	735	798	841

## CASH FLOW

Year to 31 Dec (RMm)	2022	2023F	2024F	2025F
<b>Operating</b>	<b>899</b>	<b>1,037</b>	<b>1,049</b>	<b>1,098</b>
Pre-tax profit	944	948	980	1,032
Tax	(320)	(209)	(216)	(227)
Deprec. & amort.	265	278	289	299
Associates	(46)	(12)	(13)	(15)
Working capital changes	35	31	9	9
Other operating cashflows	22	0	0	0
<b>Investing</b>	<b>(184)</b>	<b>(187)</b>	<b>(185)</b>	<b>(187)</b>
Capex (growth)	(215)	(137)	(135)	(137)
Investments	(31)	(50)	(50)	(50)
Others	62	0	0	0
<b>Financing</b>	<b>(820)</b>	<b>(625)</b>	<b>(651)</b>	<b>(705)</b>
Dividend payments	(552)	(542)	(563)	(593)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	103	102	103
Loan repayment	(175)	(125)	(125)	(150)
Others/interest paid	(93)	(61)	(64)	(65)
<b>Net cash inflow (outflow)</b>	<b>(105)</b>	<b>225</b>	<b>213</b>	<b>206</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>615</b>	<b>510</b>	<b>715</b>	<b>928</b>
Changes due to forex impact	42	0	0	0
<b>Ending cash &amp; cash equivalent</b>	<b>552</b>	<b>735</b>	<b>928</b>	<b>1,134</b>

## BALANCE SHEET

Year to 31 Dec (RMm)	2022	2023F	2024F	2025F
Fixed assets	1,776	1,487	1,423	1,353
Other LT assets	2,668	2,630	2,591	2,549
Cash/ST investment	552	735	928	1,134
Other current assets	286	296	303	318
<b>Total assets</b>	<b>5,282</b>	<b>5,148</b>	<b>5,245</b>	<b>5,355</b>
ST debt	125	125	125	150
Other current liabilities	495	536	547	571
LT debt	850	734	711	664
Other LT liabilities	538	287	204	100
Shareholders' equity	3,274	3,467	3,658	3,870
Minority interest	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>5,282</b>	<b>5,148</b>	<b>5,245</b>	<b>5,355</b>

## KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
<b>Profitability</b>				
EBITDA margin	59.1	61.3	61.9	62.3
Pre-tax margin	45.9	46.3	46.7	46.8
Net margin	34.0	36.1	36.4	36.5
ROA	13.1	14.2	14.7	15.2
ROE	21.9	21.9	21.5	21.4
<b>Growth</b>				
Turnover	3.9	(0.4)	5.8	5.2
EBITDA	(10.7)	3.4	8.1	5.9
Pre-tax profit	(9.2)	0.5	10.2	5.4
Net profit	(13.5)	5.7	10.2	5.4
Net profit (adj.)	(14.9)	18.0	10.2	5.4
EPS	(14.9)	18.0	10.2	5.4
<b>Leverage</b>				
Debt to total capital	22.9	19.9	18.6	17.4
Debt to equity	29.8	24.8	22.9	21.0
Net debt/(cash) to equity	12.9	3.6	(2.5)	(8.3)
Interest cover (x)	23.2	27.2	29.8	23.6

## COMPANY UPDATE

### Bermaz Auto (BAUTO MK)

Outlook Remains Stable Despite A Temporary Blip

Despite the seasonal sales moderation in 2Q-3QFY24, we took comfort from the group's strategic market positioning backed by its stable orderbook alongside healthy booking run rate. Volume drivers, namely CX5 and CX30, are seeing an uptick in bookings, supplemented by improving demand for Kia and Peugeot. Meanwhile, the Philippines market is expected to gain stronger traction. Additional impetus will come from its attractive dividend yield of 6.9%. Maintain BUY. Target price: RM2.86.

#### WHAT'S NEW

- **Minimal impact from the upcoming luxury tax implementation.** Recall that the government is set to impose the new High Value Goods Tax (HVGT) starting from May 24 on luxury or big-ticket items. The rate will be 5-10%, and could include luxury cars. For illustration purpose, assuming cars are priced above RM200,000: While we understand that Bermaz does have products priced above RM200,000, we are not overly perturbed on the group's potential earnings impact (if any). This is because the primary revenue drivers/high volume models namely the CX30 and CX5, are priced below RM200,000. Meanwhile, the products offering fall under this range (CX8 premium version, Kia Sorento and Carnival) are estimated to contribute only <10% group's total sales.
- **Orderbook remains healthy despite a temporary blip.** BAUTO was not spared from the industry-wide sequential slowdown in Sep 23 (based on Sep 23 TIV numbers) as customers adopted a wait-and-see approach in anticipation of new incentives to be unveiled in Malaysia's Budget 2024. However, we take comfort in BAUTO's current backlog orders of 3,000 units (all from Mazda with a delivery period of 2-2.5 months), backed by a healthy booking run-rate. While the orderbook was a tad below Sep 23's orderbook of 4,500 units, all three brands under the group (namely Mazda, Kia and Peugeot) are now seeing an average run-rate of 1,700, which could replenish the shortfall going forward. In terms of volume drivers, Mazda's CKD flagship models (CX30 and CX5) are seeing an uptick in bookings.
- **Outlook to remain stable.** Recall that BAUTO reported strong 1QFY24 core net profit of RM100m (-6.9% qoq, +99.8% yoy), thanks to the improvement in Mazda's sales and higher revenue from its Philippines business (+39.6% qoq, +73% yoy). While we expect a seasonally weaker 2QFY24 on lower sales arising from the wait-and-see approach by customers during 3Q23, we expect the group to sustain growth post normalisation from the SST exemption which saw a high base in FY23. Organic growth for the group is intact which we believe will be bolstered by advancements in its CKD line-up, a consistently stable orderbook, and margin enhancement after price hikes for certain models.

#### KEY FINANCIALS

Year to 31 Dec (RMm)	2022	2023	2024F	2025F	2026F
Net turnover	2,324	3,541	3,487	3,356	3,681
EBITDA	216	400	367	335	325
Operating profit	210	391	358	325	314
Net profit (rep./act.)	162	319	278	252	267
Net profit (adj.)	162	319	278	252	267
EPS (sen)	13.9	27.3	23.9	21.7	23.0
PE (x)	17.8	9.0	10.4	11.4	10.8
P/B (x)	4.5	3.8	3.4	3.1	2.9
EV/EBITDA (x)	11.7	6.3	6.9	7.5	7.8
Dividend yield (%)	3.5	8.9	6.8	6.1	6.5
Net margin (%)	7.0	9.0	8.0	7.5	7.3
Net debt/(cash) to equity (%)	(78.0)	(57.2)	(72.7)	(73.8)	(69.5)
Interest cover (x)	53.5	n.a.	162.2	148.2	143.6
ROE (%)	27.0	45.6	34.4	28.4	27.7
Consensus net profit	-	-	308	301	310
UOBKH/Consensus (x)	-	-	0.90	0.84	0.86

Source: Bermaz Auto, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

Share Price	RM2.48
Target Price	RM2.86
Upside	+15.9%

#### COMPANY DESCRIPTION

Bermaz Auto is involved in the distribution, assembling, retailing and also the provision of after sales service of Mazda vehicles in Malaysia. The group also involved in distribution of locally assembled Mazda vehicles in Malaysia and Philippines.

#### STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	BAUTO MK
Shares issued (m):	1,166.2
Market cap (RMm):	2,880.6
Market cap (US\$m):	615.1
3-mth avg daily t'over (US\$m):	3.0

#### Price Performance (%)

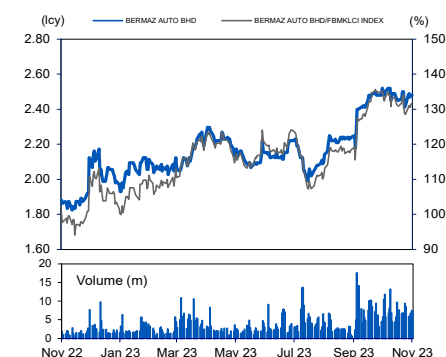
52-week high/low			RM2.52/RM1.82	
1mth	3mth	6mth	1yr	YTD
(0.4)	17.1	13.7	32.6	20.1

#### Major Shareholders

	%
Dynamic Milestone Sdn Bhd	14.8
Employee Provident Fund	10.6
Amanah Saham Nasional Bhd	7.2

FY24 NAV/Share (RM)	0.73
FY24 Net Cash/Share (RM)	0.53

#### PRICE CHART



#### ANALYST(S)

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## STOCK IMPACT

- 9M23 sales still riding on resilient numbers.** Mazda's 9M23 sales surged 35% yoy to 14,213 units (10,536 units in 9M22). The majority of Mazda's more popular models such as the CX30, CX5 and CX8 made up about 38% of vehicle sales in the SUV 4x4 (E segment), accounting for 57% of BAUTO's total sales. Note that despite the price increase in Apr 23, demand for specific models has remained robust, particularly for CKD models such as the CX30, CX5, and CX8. Meanwhile we expect the group's margin to improve from Oct 23 onwards, backed by a better product mix.
- Philippines market to gain more traction.** Note that the group's operations in the Philippines have improved significantly in the latest 1QFY24's performance, backed by higher revenue of RM100.3m (+39.6% qoq, +73% yoy) on a higher number of vehicles sold at 730 units (+28% qoq, +59% yoy). Despite the ongoing inflationary pressure and high interest rates, we understand that the group is still gaining good traction from its healthy booking run-rate of around three months.
- EV selection is growing.** In light of the expanding range of EVs available in the Malaysian market, the group is also staying ahead of the curve by consistently introducing new EV models. Presently, there are four EV models presented by the group, which are Mazda MX-30, Kia EV6, Kia Niro and Peugeot e-2008. Although the overall EV market share remains relatively small at just 1% (5,630 units ytd as of Sep 23) of total industry volume (TIV), the ongoing support from government incentives and plans suggests a promising outlook for further growth.

## EARNINGS REVISION/RISK

- None.

## VALUATION/RECOMMENDATION

- Maintain BUY with a target price of RM2.86.** The target price is still based on ascribed PE of 12x to its FY24F EPS (which is the sector's five-year mean). Given that BAUTO is currently trading at 10x FY24F PE, we see potential upside as we are positive on BAUTO's current prospects, including a healthy orderbook and lush dividend payout.

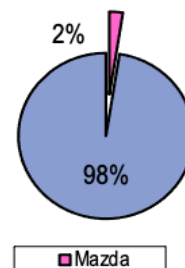
## SHARE PRICE CATALYST

- Key rating catalysts include:** a) Mazda's continued traction with a supported CKD line-up and stable orderbook, b) Kia's and Peugeot's sales improvement from low base numbers, c) improvement in the Philippines market d) improvement in localisation models, and e) lush 6.9% dividend yield backed by net cash.

## ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

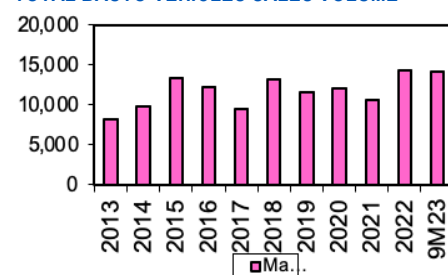
<b>Environmental</b> <ul style="list-style-type: none"> <li>The Environmental Performance Monitoring Committee and the Environmental Regulatory Compliance Monitoring Committee are responsible for monitoring compliance and the effectiveness of the policy.</li> <li>BAUTO supports the Republic Act 11285 (Energy Efficiency and Conservation Act), which institutionalises energy efficiency and conservation as a national way of life.</li> <li>Renewable energy promoted – assessing viability of installing solar energy system in the headquarters &amp; its 3S centres.</li> </ul>
<b>Social</b> <ul style="list-style-type: none"> <li>In 2021, its societal contributions have focused on assisting those affected by COVID-19, with RM100,000 contributed to the Ministry of Health and approximately RM640,000 spent on PPE, PCR tests etc to combat the pandemic.</li> <li>Mazda Medicare Fund (MMF) dialysis programme channelled 100% funds to charity.</li> </ul>
<b>Governance</b> <ul style="list-style-type: none"> <li>Complies with Malaysian code on Corporate Governance which requires independent directors (4 out of 7) to comprise the majority of the board.</li> </ul>

## MAZDA'S MARKET SHARE (9M23)



Source: MAA

## TOTAL BAUTO VEHICLES SALES VOLUME



Source: MAA

## UPCOMING LAUNCHES

Model	Launch Date
Facelift CX-5	Jan 2024
Mazda New CX-60	TBC
Peugeot New 408	TBC
KIA All-new sportage	TBC
KIA Carens	TBC

Source: BAUTO

## KEY ASSUMPTIONS

Financial Year	TIV Forecasts (units)
2022	14,666
2023	21,370
2024F	20,255
2025F	19,057
2026F	19,657

Source: UOB Kay Hian

## PROFIT & LOSS

Year to 31 Dec (RMm)	2023	2024F	2025F	2026F
<b>Net turnover</b>	<b>3,541</b>	<b>3,487</b>	<b>3,356</b>	<b>3,681</b>
EBITDA	400	367	335	325
Deprec. & amort.	8	9	10	11
EBIT	391	358	325	314
Associate contributions	41	30	33	41
Net interest income/(expense)	3	(2)	(2)	(2)
<b>Pre-tax profit</b>	<b>436</b>	<b>386</b>	<b>356</b>	<b>352</b>
Tax	(94)	(93)	(85)	(84)
Minorities	(23)	(15)	(18)	0
<b>Net profit</b>	<b>319</b>	<b>278</b>	<b>252</b>	<b>267</b>
Net profit (adj.)	319	278	252	267

## CASH FLOW

Year to 31 Dec (RMm)	2023	2024F	2025F	2026F
<b>Operating</b>	<b>108</b>	<b>393</b>	<b>261</b>	<b>224</b>
Pre-tax profit	436	386	356	352
Tax	(102)	(93)	(85)	(84)
Deprec. & amort.	8	9	11	12
Associates	(41)	(30)	(33)	(41)
Working capital changes	(245)	119	10	(17)
Other operating cashflows	52	2	2	2
<b>Investing</b>	<b>3</b>	<b>(8)</b>	<b>(8)</b>	<b>(8)</b>
Capex (growth)	(10)	(15)	(16)	(16)
Investments	0	0	1	1
Proceeds from sale of assets	0	0	0	0
Others	13	7	7	7
<b>Financing</b>	<b>(269)</b>	<b>(104)</b>	<b>(184)</b>	<b>(196)</b>
Dividend payments	(154)	(195)	(177)	(187)
Issue of shares	8	0	0	0
Proceeds from borrowings	n.a.	n.a.	n.a.	n.a.
Loan repayment	(100)	100	2	0
Others/interest paid	(23)	(9)	(9)	(9)
<b>Net cash inflow (outflow)</b>	<b>(158)</b>	<b>282</b>	<b>69</b>	<b>20</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>694</b>	<b>538</b>	<b>825</b>	<b>893</b>
Changes due to forex impact	1	(2)	(8)	(11)
<b>Ending cash &amp; cash equivalent</b>	<b>538</b>	<b>818</b>	<b>886</b>	<b>902</b>

## BALANCE SHEET

Year to 31 Dec (RMm)	2023	2024F	2025F	2026F
Fixed assets	45	50	58	65
Other LT assets	494	524	557	598
Cash/ST investment	538	818	886	902
Other current assets	712	538	517	567
<b>Total assets</b>	<b>1,788</b>	<b>1,930</b>	<b>2,018</b>	<b>2,132</b>
ST debt	100	100	101	101
Other current liabilities	503	444	436	469
LT debt	0	100	101	101
Other LT liabilities	344	344	345	345
Shareholders' equity	765	850	926	1,006
Minority interest	77	92	110	110
<b>Total liabilities &amp; equity</b>	<b>1,788</b>	<b>1,930</b>	<b>2,018</b>	<b>2,132</b>

## KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
<b>Profitability</b>				
EBITDA margin	11.3	10.5	10.0	8.8
Pre-tax margin	12.3	11.1	10.6	9.6
Net margin	9.0	8.0	7.5	7.3
ROA	19.0	14.9	12.8	12.9
ROE	45.6	34.4	28.4	27.7
<b>Growth</b>				
Turnover	52.4	(1.5)	(3.8)	9.7
EBITDA	85.0	(8.2)	(8.6)	(3.1)
Pre-tax profit	94.4	(11.5)	(7.9)	(1.0)
Net profit	97.0	(12.8)	(9.2)	6.0
Net profit (adj.)	97.0	(12.8)	(9.2)	6.0
EPS	97.0	(12.8)	(9.2)	6.0
<b>Leverage</b>				
Debt to total capital	10.6	17.5	16.3	15.3
Debt to equity	13.1	23.5	21.8	20.1
Net debt/(cash) to equity	(57.2)	(72.7)	(73.8)	(69.5)
Interest cover (x)	n.a.	162.2	148.2	143.6

### TRADERS' CORNER



Source: UOBKH ChartGenie

### Samaiden Group (SAMAIDEN MK)

Technical BUY with +14.5% potential return

Last price: RM1.17

Target price: RM1.29, RM1.34

Support: RM1.06

Stop-loss: RM1.04

**BUY** with a target price of RM1.34 and stop-loss at RM1.04. The successful close above the BBI line yesterday suggests improving sentiment as SAMAIDEN looks set to resume the upward trend. This is supported by an uptick in the RSI. Currently, the MACD is showing positive signals, which will support the upward momentum. Moving forward, we expect SAMAIDEN will continue the upward momentum towards our targets at RM1.29 and RM1.34 in the near term.

Expected timeframe: Two weeks to two months.

Note: Not available for CFD Trading



Source: UOBKH ChartGenie

### Paramount Corporation (PAR MK)

Technical BUY with +13.0% potential return

Last price: RM0.965

Target price: RM1.04, RM1.09

Support: RM0.905

Stop-loss: RM0.895

**BUY** with a target price of RM1.09 and stop-loss at RM0.895. Yesterday, share price managed to penetrate above the BBI line to maintain the bullish momentum towards the previous high of RM1.05. This bullish movement is supported by an uptick in the RSI and a bullish crossover in both the MACD and DMI that show stronger buying momentum ahead. Moving forward, we expect PAR will continue the bullish momentum towards our targets at RM1.04 and RM1.09 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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