

Company Name : Berjaya Auto Berhad  
 Date : 25 June 2015  
 Source : The Edge Financial Daily

# Berjaya Auto's bonus issue goes ex

**Berjaya Auto Bhd**  
 (June 24, RM2.80)

**Maintain add with an unchanged target price of RM3.23:** Berjaya Auto's (BAuto) share price went ex for a two-for-five bonus issue yesterday. The bonus issue involves the issuance of up to 325.9 million new shares, increasing the total share base to 1.14 billion shares. We adjust our target price to RM3.23 for the bonus issue.

We are positive on this corporate exercise. Although it does not change the fundamentals of the company, it leads to an enlarged share base and a lower unit price for the stock. We expect this to lead to better trading sentiment and more

interest in the stock, especially from retail investors due to the increased trading liquidity and the more affordable unit price. Therefore, we believe this is a strong catalyst that can drive the company's valuation higher and push the share price closer to our target price. We are also encouraged by management's commitment to consistently reward the long-term shareholders of the company, which is reflected through this bonus issue exercise and consistent quarterly cash dividend payments. We believe this is one of the main factors contributing to the strong performance of the stock price since its listing in 2013.

Continue to accumulate the

stock. BAuto remains our top pick for the sector. Its growth has consistently outpaced the industry and its peers over the last few years and we expect the trend to continue in the next few years. Continuous strong take-up of its Mazda 2 model and a good response to its Mazda 3 completely knocked down models and Mazda 6 facelift models enabled its sales in May 2015 to rebound strongly from the low in April when the goods and services tax was implemented. The expected introduction of the new compact SUV CX-3 model later this year should further drive Mazda's sales volume for the rest of the year. —  
 CIMB Research, June 23

## Berjaya Auto Bhd

FYE APR (RM MIL)	2014A	2015A	2016F	2017F	2018F
Revenue	1,451	1,830	2,586	2,829	3,182
Operating Ebitda	175.5	292.0	334.2	363.1	410.4
Net profit	130.6	215.4	248.8	268.7	300.9
Normalised EPS (RM)	0.12	0.19	0.24	0.24	0.26
Normalised EPS growth (%)	147	55	24	0	12
FD normalised PER (x)	23.31	14.97	12.18	12.13	10.83
DPS (RM)	0.02	0.10	0.11	0.10	0.10
Dividend yield (%)	0.62	3.44	3.74	3.56	3.56
EV/Ebitda (x)	15.81	9.73	7.19	6.60	5.14
P/FCFE (x)	na	17.54	9.81	9.64	8.40
Net gearing (%)	(53)	(57)	(86)	(97)	(105)
P/BV (x)	9.22	6.71	5.48	4.33	3.46
ROE (%)	52.0	52.5	46.9	40.7	36.2
Normalised EPS/consensus EPS (x)	-	-	0.73	0.65	0.63

Source: CIMB, Company reports