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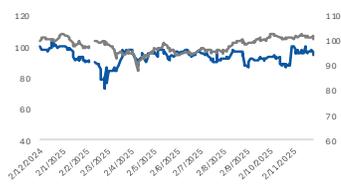
Recommendation:	HOLD
Current Price:	RM2.00
Previous Target Price:	RM2.13
Target Price:	↓ RM1.80
Capital Upside/Downside:	-10.0%
Dividend Yield (%):	5.0%
Total Upside/Downside:	-5.0%

Stock information

Board	MAIN
Sector	Consumer
Bursa / Bloomberg Code	7052 / PADMK
Syariah Compliant	Yes
ESGRating	★★★
Sharesissued (m)	986.9
Market Cap (RM' m)	1,973.7
52-Week Price Range (RM)	2.18- 1.682
Beta (x)	0.6
Free float (%)	44.9
3M Average Volume (m)	0.5
3M Average Value (RM' m)	0.9

Top 3 Shareholders

	(%)
Yong Pang Chaun Holdings Sdn Bhd	43.7
Employees Provident Fund Board	10.7
Kumpulan Wang Persaraan Diperbadan	10.5

Share Price Performance

	1M	3M	12M
Absolute (%)	1.0	9.9	5.2
Relative (%)	2.8	2.1	-4.1

Earnings Summary

FYE Jun (RM m)	FY25	FY26F	FY27F
Revenue (RM'm)	1937.7	1918.3	1863.9
PATAMI (RM'm)	154.8	144.2	136.1
CNP (RM'm)	168.7	144.2	136.1
EPS - core (sen)	17.1	14.6	13.8
P/E(x)	11.7	13.7	14.5

Source: Company, Apex Securities

Padini Holdings Bhd

Below Expectations

- **PADINI reported a 2QFY26 CNP of RM47.0m (-21.4% YoY, +110.2% QoQ), bringing the 6MFY26 CNP to RM69.4m. The results came below expectations, only accounting for only 41% of our full-year forecast and 43% of consensus estimates.**
- **The Group declared a third interim dividend of 1.8 sen (ex-date: 12 Mar 2026).**
- **Following the earnings miss, we have lowered our FY26F and FY27F earnings forecasts by 15% and 23% respectively to reflect more conservative sales projections.**
- **Downgrade to HOLD (from BUY) with a lower TP of RM1.80 (from RM2.13), based on an unchanged 12.3x PER applied to our FY26F EPS of 14.6 sen.**

Below Expectations. Excluding forex loss (+RM3.0m), provisions for inventory write-offs (+RM2.8m) and other Els, PADINI reported a 2QFY26 CNP of RM47.0m (-21.4% YoY, +110.2% QoQ), bringing the 6MFY26 CNP to RM69.4m. The results came below expectations, only accounting for only 41% of our full-year forecast and 43% of consensus estimates.

Dividend. The Group declared a third interim dividend of 1.8 sen (ex-date: 12 Mar 2026).

YoY. 2QFY26 CNP declined 21.4% YoY, broadly in line with the 7.9% drop in revenue amid softer overall demand. The decline was also attributable to a 12% YoY increase in operating expenses, partly reflecting higher depreciation and the service tax imposed on rental following the July 2025 Service Tax scope expansion.

QoQ. 2QFY26 CNP surged 110.2% QoQ, supported by a 20.7% rise in revenue driven by stronger festive spending during Christmas and the year-end school holidays. GP margin remained stable at c.40%, likely supported by a more favourable sales mix, with higher contribution from IP products, particularly sportswear, which has seen increasing in-store presence.

Outlook. We expect sales to improve in 3QFY26, supported by stronger mall footfall during the Chinese New Year and Hari Raya festive periods, which typically drive higher retail spending. Nevertheless, we remain cautious on FY26F earnings as discretionary spending remains uneven despite stable macro conditions, with consumers staying price-sensitive amid lingering cost pressures, which may cap demand momentum outside festive seasons.

Earnings Revision. Following the earnings miss, we have lowered our FY26F and FY27F earnings forecasts by 15% and 23% respectively to reflect more conservative sales projections.

Valuation & Recommendation. We downgrade to **HOLD** (from BUY) with a lower TP of **RM1.80** (from RM2.13), based on an unchanged 12.3x PER applied to our FY26F EPS of 14.6 sen. This target price incorporates a 0% ESG premium/discount, consistent with the Group's three-star ESG rating.

Risk. Forex volatility may cause short term increases in material cost and freight charges.

Results Note

Friday, 27 Feb, 2026

Results Comparison

FYE Jun (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)	Comments
Revenue	484.0	525.6	(7.9)	401.1	20.7	885.1	918.8	(3.7)	
EBITDA	106.4	121.9	(12.7)	82.4	29.0	188.8	175.0	7.9	
Pre-tax profit	56.4	85.9	(34.4)	31.2	80.8	61.7	102.3	(39.7)	
PATAMI	41.3	64.4	(35.8)	20.4	102.7	61.7	75.9	(18.7)	
Core net profit	47.0	59.8	(21.4)	22.4	110.2	69.4	81.5	(14.9)	
Core EPS (sen)	4.8	6.1	(21.4)	2.3	110.2	7.0	8.3	(14.9)	
DPS (sen)	1.8	1.8	-	1.8	-	3.6	4.3	(16.3)	
EBITDA margin (%)	22.0	23.2		20.6		21.3	19.1		
PBT margin (%)	11.6	16.4		7.8		7.0	11.1		
Core PATMI margin (%)	9.7	11.4		5.6		7.8	8.9		

Source: Company, Apex Securities

Results Note

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Financial Highlights

Income Statement

FYE Jun (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	1822.1	1918.8	1937.7	1918.3	1863.9
Gross Profit	717.8	695.1	752.9	748.1	726.9
EBITDA	416.8	294.7	379.2	364.5	354.1
Depreciation & Amortisation	-116.1	-92.3	-163.3	-164.8	-167.7
EBIT	300.8	202.4	215.9	199.6	186.5
Net Finance Income/ (Cost)	-4.9	-5.7	-6.5	-9.9	-7.4
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	295.9	196.7	209.4	189.7	179.0
Tax	-73.2	-50.1	-54.6	-45.5	-43.0
Profit After Tax	222.7	146.6	154.8	144.2	136.1
Minority Interest	0.0	0.0	0.0	0.0	0.0
PATAMI	222.7	146.6	154.8	144.2	136.1
Exceptionals	-4.4	-5.9	-13.9	0.0	0.0
Core Net Profit	227.1	152.5	168.7	144.2	136.1

Key Ratios

FYE Jun (RM m)	FY23	FY24	FY25	FY26F	FY27F
P/E (x)	5.8	8.6	11.7	13.7	14.5
EPS	34.5	23.2	17.1	14.6	13.8
P/B (x)	19	18	1.7	16	1.6
EV/EBITDA (x)	2.1	3.0	3.0	3.0	3.3
DPS (sen)	11.7	12.0	8.6	10.0	10.0
Dividend Yield (%)	5.9%	6.0%	4.3%	5.0%	5.0%
EBITDA margin	22.9%	15.4%	19.6%	19.0%	19.0%
EBIT margin	16.5%	10.5%	11.1%	10.4%	10.0%
PBT margin	16.2%	10.3%	10.8%	9.9%	9.6%
PAT margin	12.2%	7.6%	8.0%	7.5%	7.3%
NP margin	12.2%	7.6%	8.0%	7.5%	7.3%
Core NP margin	12.5%	7.9%	8.7%	7.5%	7.3%
ROE	214%	13.2%	13.1%	11.7%	10.7%
ROA	13.4%	8.0%	7.5%	6.8%	6.2%
Net gearing		Net Cash	Net Cash	Net Cash	Net Cash

Key Assumptions

FYE Jun (RM m)	FY25	FY26F	FY27F
Total no. of stores (Malaysia + Cambodia + Thai)	160	165	167
Total Gross Floor Area (m sqft)	1.6	1.6	1.7
SSSG	-3.4%	-4.0%	-4.0%
Average revenue/store (RM m)	12.1	11.6	11.2

Valuations

	FY26F
Core EPS (RM)	0.15
P/E multiple (x)	12.3
Equity Value (RM)	1.80
ESG premium/discount	0.0%
Fair Value	1.80

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash	602.1	791.0	756.5	893.8	887.1
Receivables	66.0	70.4	60.4	73.6	71.5
Inventories	433.2	288.2	387.2	209.6	176.4
Other current assets	0.0	33.1	0.1	0.0	0.0
Total Current Assets	1101.3	1182.8	1204.2	1177.0	1135.1
Fixed Assets	918	624.9	824.2	931.5	1028.5
Intangibles	3.9	3.2	3.7	3.7	3.7
Other non-current assets	465.9	18.3	19.1	19.1	19.1
Total Non-current asset:	561.6	646.5	847.0	954.3	1051.3
Short-term Debt	913	110.3	116.1	121.9	128.0
Payables	125.2	15.6	137.9	147.7	128.2
Other Current Liabilities	27.3	7.9	12.7	2.2	2.2
Total Current Liabilities	243.8	269.8	266.7	271.8	258.4
Long-term Debt	366.9	440.1	590.7	620.2	651.3
Other non-current liabilities	12.1	8.2	9.0	9.0	9.0
Total Non-current Liabili	379.0	448.4	599.7	629.2	660.2
Shareholder's equity	1040.1	1111.1	1184.8	1230.3	1267.7
Minority interest	0.0	0.0	0.0	0.0	0.0
Equity	1040.1	1111.1	1184.8	1230.3	1267.7

Cash Flow

FYE Jun (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	295.9	196.7	209.4	189.7	179.0
Depreciation & amortisation	116.1	92.3	163.3	164.8	167.7
Changes in working capital	-367.4	148.4	-111.8	163.8	15.8
Others	-63.8	-9.5	-33.6	-45.5	-43.0
Operating cash flow	-19.2	427.8	227.3	472.8	319.6
Capex	-28.6	-55.5	-81.9	-272.2	-264.7
Others	16.8	20.1	52.8	0.0	0.0
Investing cash flow	-11.7	-35.3	-29.1	-272.2	-264.7
Dividends paid	-75.7	-75.7	-78.3	-98.7	-98.7
Others	-104.7	-128.5	-146.0	35.3	37.1
Financing cash flow	-180.3	-204.1	-224.3	-63.3	-61.6
Net cash flow	-211.3	188.4	-26.1	137.3	-6.7
Forex	4.6	0.5	-8.4	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	808.9	602.1	791.0	756.5	893.8
Ending cash	602.1	791.0	756.5	893.8	887.1

Results Note

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ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★	Sorona fabric is 37% plant-based, reducing reliance on fossil fuels and lowering GHG emissions. Around 120,600 apparel units were made with 100% Sorona in FY25.
Waste & Effluent	★★★★	In FY25, about 28,700kg of apparel and footwear were collected from recycle bins at 27 outlets in Malaysia.
Energy	★★★★	Since the solar system installation, 4.9gWh of clean energy has been produced, offsetting an estimated 3,714 tonnes of CO2 emissions in FY25
Water	★★★	In FY25, 10.2 megalitres of water (FY24: 10.7 megalitres) were used, a 4.7% reduction in water usage.
Compliance	★	RM32,000 penalty to PAD Malaysia due to renovation at outlets without permit in FY25.

Social

Diversity	★★★	The gender distribution of employees in Malaysia is 59% female and 41% male. There is room for improvement towards gender parity in Thailand, where female employees make up 84% and male employees 16% in FY25.
Human Rights	★★★	Zero number of substantiated complaints concerning human rights violations in FY25.
Occupational Safety and Health	★	In FY25, PAD recorded 33 minor workplace accidents in Malaysia and none in Thailand as well as Cambodia. Most incidents occurred while organising stock in stores. To reduce accidents, PAS provided better equipment, conducted training, and issued a safety memo to staff.
Labour Practices	★★★	0.32% of employees are contractors or temporary staff in FY25.

Governance

CSR Strategy	★★★	In FY25, PADINI made a positive impact through various philanthropic initiatives, donating around 1,600 cartons (26,000 pieces) of merchandise to the needy. Seventeen (17) NGOs benefited from the donations of products, cash, and in-kind support.
Management	★★	The Board currently has ten (10) members, including four (4) Independent Non-Executive Directors and four (4) Executive Directors. 30% Female and 70% Male in the Board.
Stakeholders	★★★	1x AGM per annum and 4/4 analyst briefings.

Overall ESG Scoring: ★★★★★

Results Note

Friday, 27 Feb, 2026

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 + dividend yield

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 Friday, 27 Feb, 2026, 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.