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## Consumer Sector

Neutral (↔)

### 1QCY25 Earnings Review: Broadly in-line

- Overall, results were largely within our expectations. PAD outperformed, while CCK reported results that came in below expectations and KOPI met our expectations.
- We anticipate flattish qoq earnings in the upcoming quarter, reflecting on the absence of festivities and challenging headwinds.
- This challenging outlook is primarily driven by ongoing global uncertainties, reduced consumer spending (due to anticipated RON95 subsidy removal and higher electricity tariffs), and dampened regional economic activity (i.e. the slowdown in Sarawak's oil and gas sector).
- Maintain a **NEUTRAL** stance on the Consumer sector with a **BUY** rating on PAD (TP: RM2.37), and **HOLD** ratings for both CCK (TP: RM1.26) and KOPI (TP: RM0.81).

**Review.** Consumer sector delivered mixed results for 1QCY25, **PAD** exceeded our earnings forecasts, meanwhile **KOPI** came in within expectations and **CCK** was below our expectation. **PAD**'s outperformance was primarily driven by stronger-than-expected sales during two festivities and improvements in GP margin. In contrast, **CCK** underperformed due to weaker-than-expected margins in Retail segment, driven by pricing adjustments aimed at enhancing competitiveness.

In 1QCY25, overall core net profit (CNP) shows a healthy growth of 12% qoq. **PAD** posted remarkable earnings growth, driven by higher sales from two festivities during the same quarter and significant margin expansion from an improved product mix. Meanwhile, **KOPI** continued to deliver strong earnings, driven by its Packaged Food segment and a tripling of interest income. Although overall earnings were flat, sales still grew commendably, especially considering Ramadan fell within the period. In contrast, **CCK** reported weaker results, primarily due to decreased contributions from its Retail, Poultry, and Food Service segments. The retail segment's operating profit notably dropped due to pricing adjustments and minimum wage hikes. Conversely, **CCK**'s Prawn segment soared, boosted by increased sales to Japan and Hong Kong.

On a yoy basis, the sector recorded a substantial improvement with a 56% yoy jump. The improvement was mainly attributed to improved earnings in **PAD**, supported by stronger sales on two major festivities and better product mix which further expand on the margins.

**Outlook.** We expect all companies under our coverage to report flattish qoq or seasonally weaker sales in the coming quarter. **KOPI** is expected to deliver flattish to marginal Café segment growth due to new store costs, while Packaged Food will drive earnings via more FMCG product offerings. Meanwhile, the next quarter is likely **PAD**'s seasonally weaker period due to a absence of major festivities. Despite potential economic slowdowns from trade uncertainties and reduced consumer spending (due to anticipated RON95 subsidy removal and higher electricity tariffs), we believe **PAD** is well-positioned to weather these challenges. The Group's competitively priced products offer strong value, potentially benefiting from consumers seeking more affordable alternatives.

Likewise, we expect **CCK** to face similar headwinds as **PAD**, in addition to another challenge: reduced Sarawak oil and gas activities following the Petronas-Petros dispute. These factors could dampen household spending in Sarawak, thereby reducing CCK's sales.

**Valuation & Recommendation.** Under the 1QCY25 earnings season, we upgraded our recommendation on **PAD** from **HOLD** to **BUY** with a higher TP of **RM2.37** (from RM1.78). Meanwhile, we revised lower TP on CCK to **RM1.26** (from RM1.79) and maintain **KOPI** TP at **RM0.81**. We retain our **NEUTRAL** stance on the sector, reflecting several headwinds and cautious consumer spending.

# Earnings Wrap

Thursday, 05 Jun, 2025

## Earnings Summary

CY (RM m)	1QCY25	1QCY24	yoy (%)	4QCY24	qoq (%)	3MCY25	3MCY24	yoy (%)
<b>Revenue</b>	994.0	836.1	18.9	890.8	11.6	994.0	836.1	18.9
PADINI	626.8	575.4	8.9	525.6	19.3	626.8	575.4	8.9
KOPI	103.2	-	nm	97.8	5.5	103.2	-	nm
CCK	264.0	260.7	1.3	267.4	(1.3)	264.0	260.7	1.3
<b>Core net profit</b>	105.1	67.1	56.7	93.2	12.8	105.1	67.1	56.7
PADINI	73.6	45.9	60.3	59.8	23.1	73.6	45.9	60.3
KOPI	14.7	-	nm	13.5	8.6	14.7	-	nm
CCK	16.8	21.2	(20.4)	19.9	(15.4)	16.8	21.2	(20.4)
<b>Core net profit margin (%)</b>	10.6	8.0		10.5		10.6	8.0	
PADINI	11.7	8.0		11.4		11.7	8.0	
KOPI	14.2	N/A		13.8		14.2	N/A	
CCK	6.4	8.1		7.4		6.4	8.1	

Source: Company, Apex Securities

## Performance Summary

Company	1QCY25					
	APEX			CONSENSUS		
	Above	Within	Below	Above	Within	Below
PADINI	✓			✓		
KOPI		✓			✓	
CCK			✓		✓	
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>
<b>Total (%)</b>	<b>33.3%</b>	<b>33.3%</b>	<b>33.3%</b>	<b>33.3%</b>	<b>66.7%</b>	<b>0.0%</b>

Source: Apex Securities

Company	FYE	Market Cap (RM m)	Rec.	Price (RM) ^	TP (RM)	Potential Upside	P/E (x)		Div Yield (%)		ESG Rating
							CY25	CY26	CY25	CY26	
Apparels and Footwear											
Padini Holdings Bhd	Jun	2062.5	Buy	2.09	2.36	12.9%	10.9	10.9	4.7	4.7	★★★
*Bonia Corporation Bhd	Jun	230.5	N/A	1.15	1.23	7.0%	8.4	7.1	5.3	5.9	N/A
*Aeon Co M Bhd	Dec	1965.6	N/A	1.40	1.77	26.5%	11.9	11.1	3.6	3.9	N/A
Average							10.4	9.7	4.5	4.8	
Retail											
Padini Holdings Bhd	Jun	2062.5	Buy	2.09	2.36	12.9%	10.9	10.9	4.7	4.7	★★★
*99 Speed Mart Retail Holding	Dec	17304.0	N/A	2.06	2.57	24.9%	29.9	26.1	1.9	2.0	N/A
*Mr DIY Group (M) Bhd	Dec	14679.4	N/A	1.55	1.92	23.8%	22.8	20.9	3.3	3.5	N/A
Average							21.2	19.3	3.3	3.4	
Poultry											
CCK Consolidation Holdings Bhd	Dec	792.7	Hold	1.28	1.26	-1.6%	11.2	10.5	3.6	4.6	★★★
*Leong Hup International Bhd	Dec	270.0	N/A	0.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
*QL Resources Bhd	Mar	15951.9	N/A	4.37	4.83	26.5%	32.1	29.6	1.1	1.4	N/A
Average							21.7	20.1	2.4	3.0	
F&B											
Oriental Kopi Group Bhd	Sep	1580.0	Hold	0.79	0.81	2.5%	25.9	18.7	1.4	1.6	★★★
*Berjaya Food Bhd	Jun	513.8	N/A	0.29	0.23	-20.7%	N/A	N/A	N/A	N/A	N/A
Average							25.9	18.7	1.4	1.6	

\* Based on Bloomberg consensus

Source: Apex Securities, Bloomberg

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**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.

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**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 **Thursday, 05 Jun, 2025**, 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.

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