

Team Coverage

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Recommendation:	HOLD
Current Price:	RM 1.01
Previous Target Price:	RM 0.81
Target Price:	RM 0.91
Capital Upside/ Downside:	-9.9%
Dividend Yield (%)	1.3%
Total Upside/ Downside	-8.6%

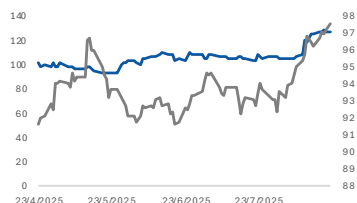
Stock information

Board	ACE
Sector	Consumer
Bursa / Bloomberg Code	0338 / KOPI.MK
Shariah Compliant	Yes
ESG Rating	★★★
Shares Issued (m)	2,000.0
Market Cap (RM' m)	2,020.0
52-Week Price Range (RM)	1.04-0.625
Beta (x)	N/A
Free float (%)	31.3
3M Average Volume (m)	6.1
3M Average Value (RM' m)	5.3

Top 3 Shareholders

	(%)
Chern Dato Chan Jian	42.2
Chan Yen Min	15.6
Koay Song Leng	10.9

Share Price Performance



	1M	3M	12M
Absolute (%)	21.0	37.4	N/A
Relative (%)	16.1	32.1	N/A

Earnings Summary	FY24	FY25F	FY26F
Revenue	277.3	394.6	582.5
PATAMI	43.1	59.2	90.5
CNP	43.1	59.2	90.5
EPS - core (sen)	2.2	3.0	4.5
P/E(x)	46.8	34.1	22.3

Source: Company, Apex Securities

Oriental Kopi Holdings Bhd

Expecting Stable 3QFY25

- We project KOPI's 3QFY25 core earnings to come in at the range of RM15-16m (flat to +9% QoQ), bringing FY25F forecast to RM59-60m.
- The anticipated stable 3QFY25 earnings are attributed to revenue growth from new outlet openings, partly offset by temporary margin dilution from ramp-up costs and the absence of festive seasonality.
- We have revamped our financial model and reintroduced FY25F-FY27F earnings at RM59.2m/RM90.5m/RM96.5m.
- We believe valuations are already fair relative to peers and growth prospects. Maintain HOLD rating but with a higher TP of RM0.91, pegged to a 20.0x PE multiple on FY26F EPS of 4.5 sen, alongside a three-star ESG rating.

Expecting stable 3QFY25. We project KOPI's 3QFY25 core earnings to come in at the range of RM15-16m (flat to +9% QoQ), bringing FY25F forecast to RM59-60m, representing 109-111% of our current FY25F forecast. The anticipated stable 3QFY25 earnings are attributed to revenue growth from new outlet openings, partly offset by temporary margin dilution from ramp-up costs and the absence of festive seasonality.

FY25 Expansion on Track. Management had guided for 12 additional outlets by FY26 and the rollout is progressing as planned. The three outlets initially slated for 4QFY25 — Aeon Melaka, Sunway Putra Mall, and Sunway Carnival Mall — have already commenced operations, alongside recent launches at Alamanda Shopping Centre, Senai Airport, and the NEX outlet in Singapore. With six outlets remaining to meet the internal target, these early openings are expected to drive FY25 earnings growth.

Innovation in Motion. KOPI continues to innovate its menu offerings and expand its range of packaged food SKUs, including seasonal items such as the Taro Polo Bun and Mid-Autumn Mooncakes. Higher footfall at café outlets is expected to enhance brand visibility, reinforce customer loyalty, and drive incremental sales in the packaged food segment. We view these initiatives as contributing to a stronger earnings trajectory for FY25.

Resilient Consumer Base Supports Spending. Despite the SST expansion and the anticipated rationalisation of RON95 fuel subsidies, we believe consumer spending at KOPI will remain resilient. Malaysia's GDP growth held steady at +4.4% YoY in 2QFY25 (1Q25: +4.4%), underpinned by robust domestic demand, with private consumption expanding +5.3% YoY and services +5.1% YoY. While the SST hike may indirectly raise operating and living costs, KOPI's core middle-to-high-income customers possess greater discretionary spending power and are less sensitive to moderate cost pressures. This positions the brand to sustain steady footfall and sales even amid broader macro adjustments.

Forecasts. With the change in analyst, we have revamped our financial model and reintroduced FY25F-FY27F earnings at RM59.2m/RM90.5m/RM96.5m, representing upward revisions of +9%/+12%/+2% against our previous forecasts. The upgrade reflects (i) stronger-than-expected 1H25 results, (ii) rapid outlet expansion, and (iii) higher FMCG contribution expected in the remaining quarters.

Valuation. Post-earnings revision, we maintain our **HOLD** rating with a higher TP of **RM0.91** pegged to a 20.0x PE multiple on FY26F EPS of 4.5 sen, alongside a three-star ESG rating. While fundamentals have improved on the back of stronger earnings visibility, the risk-reward profile remains balanced as valuations are already fair relative to peers and growth prospects.

Risks. Quality control, shortage of labour, and supply chain disruptions.

Figure 1: KOPI's new seasonal offerings and packaged products



Source: Company, Apex Securities

Company Update

Monday, 25 Aug, 2025

Financial Highlights

Income Statement

FYE Sep (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	133.0	277.3	394.6	582.5	643.5
Gross Profit	39.1	82.8	118.4	174.7	193.1
EBITDA	39.5	79.2	110.2	153.7	160.8
Depreciation & Amortisation	-10.5	-19.3	-28.8	-30.0	-29.1
EBIT	29.0	59.9	81.4	123.7	131.6
Net Finance Income/(Cost)	-1.7	-3.3	-3.6	-4.8	-5.9
Associates & JV	0.0	-0.1	0.2	0.9	1.9
Pre-tax Profit	27.5	57.5	79.0	120.7	128.6
Tax	-7.4	-14.4	-19.7	-30.2	-32.2
Profit After Tax	20.0	43.1	59.2	90.5	96.5
Minority Interest	0.0	0.0	0.0	0.0	0.0
PATAMI	20.0	43.1	59.2	90.5	96.5
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	20.0	43.1	59.2	90.5	96.5

Key Ratios

FYE Sep (RM m)	FY23	FY24	FY25F	FY26F	FY27F
P/E (x)	100.9	46.8	34.1	22.3	20.9
EPS	1.0	2.2	3.0	4.5	4.8
P/B (x)	59.4	37.7	21.3	12.8	8.9
EV/EBITDA (x)	50.4	25.3	18.4	13.6	13.4
DPS (sen)	0.4	0.2	0.9	1.4	1.4
Dividend Yield (%)	0.4%	0.1%	0.9%	1.3%	1.4%
EBITDA margin	29.7%	28.6%	27.9%	26.4%	25.0%
EBIT margin	21.8%	21.6%	20.6%	21.2%	20.5%
PBT margin	20.6%	20.7%	20.0%	20.7%	20.0%
PAT margin	15.1%	15.6%	15.0%	15.5%	15.0%
Net Profit margin	15.1%	15.6%	15.0%	15.5%	15.0%
Core NP margin	15.1%	15.6%	15.0%	15.5%	15.0%
ROE	58.9%	80.6%	62.4%	57.2%	42.7%
ROA	18.1%	23.8%	22.6%	25.5%	21.1%
Net gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Key Assumptions

FYE Sep (RM m)	FY25F	FY26F	FY27F
Average revenue per store	12.0	14.8	14.9
No. of café (unit)	17	27	33
SSSG (%)	15%	35%	5%

Valuations

EPS (RM)	0.045
Multiple (x)	20.0
Equity Value/share (RM)	0.91
ESG premium/discount	0.0%
Fair Value (RM)	0.91

Source: Company, Apex Securities

Balance Sheet

FYE Sep (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	24.8	59.0	105.2	194.7	278.4
Receivables	9.0	13.3	25.6	25.5	38.0
Inventories	2.1	6.9	14.3	12.5	22.0
Other current assets	0.5	0.6	0.6	0.6	0.6
Total Current Assets	36.3	79.8	145.8	233.4	339.1
PPE & ROU	74.4	100.4	115.1	120.0	116.6
Deferred income taxes	0.0	0.2	0.2	0.2	0.2
Other non-current assets	0.0	1.0	1.0	1.0	1.0
Total Non-current assets	74.4	101.6	116.3	121.2	117.8
Short-term lease	10.0	14.4	19.1	23.8	27.7
Hire purchase payables	0.2	0.5	0.5	0.5	0.5
Payables	9.9	39.8	55.2	61.2	76.6
Other Current Liabilities	0.0	0.3	0.3	0.3	0.3
Total Current Liabilities	20.1	55.1	75.3	85.8	105.1
Long-term lease	47.6	57.6	76.5	95.2	110.6
Long-term debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	2.0	4.3	4.3	4.3	4.3
Total Non-current Liabilities	49.6	61.9	80.9	99.5	114.9
Shareholder's equity	34.0	53.5	95.0	158.4	225.9
Minority Interest	0.0	0.0	0.0	0.0	0.0
Equity	34.0	53.5	95.0	158.4	225.9

Cash Flow

FYE Sep (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	27.5	57.5	79.0	120.7	128.6
Depreciation & amortisation	10.5	19.3	28.8	30.0	29.1
Changes in working capital	-1.2	0.2	-4.2	7.8	-6.6
Others	-1.2	-8.9	-17.1	-26.4	-27.2
Operating cash flow	35.5	68.1	86.4	132.1	124.0
Capex	-13.6	-17.1	-43.4	-34.9	-25.7
Others	1.4	-0.1	1.0	1.0	1.0
Investing cash flow	-12.2	-17.2	-42.4	-34.0	-24.7
Dividends paid	-8.0	-3.0	-17.8	-27.2	-28.9
Others	-3.8	-13.7	20.1	18.5	13.4
Financing cash flow	-11.8	-16.7	2.3	-8.6	-15.6
Net cash flow	11.5	34.2	46.3	89.5	83.7
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	13.3	24.8	59.0	105.2	194.7
Ending cash	24.8	59.0	105.2	194.7	278.4

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Collect the used cooking oil and arrange for its proper handling and repurposing, effectively reducing environmental impact.
Waste & Effluent	★★★★	Collaborate with the mall's management to separate leftover food and deliver it to the designated location for conversion into organic waste.
Energy	★★	Most of the cafés are operated within malls, so there is no specific energy-saving plan as most of the malls have already implemented measures.
Water	★★★★	Installed oil and grease (FOG) traps in all cafés to prevent wastewater buildup and protect the drainage system from clogging and river pollution.
Compliance	★★★★	Installed oil and grease (FOG) traps in all cafes to prevent wastewater buildup, comply with local regulations, and reduce pollution by preventing clogging in drainage systems.

Social

Diversity	★★★	At least 30% women directors
Human Rights	★★	Eliminating inappropriate behaviors, such as bullying, discrimination, harassment, and victimization, while ensuring equal opportunities for all employees regardless of their age, gender, ethnicity, religion, national origin, sexual orientation, or disability.
Occupational Safety and Health	★★	Established safe, healthy and nurturing work environment.
Labour Practices	★★★	Organizes various recreational events, such as employee birthday celebrations, sports tournaments, movie nights, and cultural festivals, to foster team bonding, cultural exchange, and a sense of unity and appreciation among employees.

Governance

CSR Strategy	★★	Due to lack of CSR strategy.
Management	★★	At least half of the Board members are independent directors.
Stakeholders	★★★	Two quarterly results briefings were conducted.

Overall ESG Scoring: ★★★

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 **Monday, 25 Aug, 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.