

Team Coverage

(603) 7890 8888

research.dept@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM 1.07
Previous Target Price:	RM 1.26
Target Price:	↔ RM 1.26
Capital Upside/ Downside:	17.8%
Dividend Yield (%)	1.2%
Total Upside/ Downside	18.9%

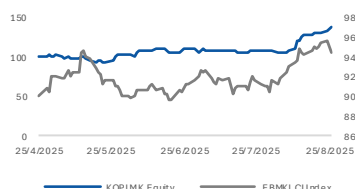
Stock information

Board	ACE
Sector	Consumer
Bursa / Bloomberg Code	0338 / KOPIMK
Shariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	2,000.0
Market Cap (RM' m)	2,140.0
52-Week Price Range (RM)	1.11-0.625
Beta (x)	N/A
Free float (%)	31.3
3M Average Volume (m)	6.4
3M Average Value (RM' m)	5.7

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 (%)	26.6	34.6	N/A
Relative (%)	22.0	29.1	N/A

Earnings Summary	FY24	FY25F	FY26F
Revenue	277.3	431.8	563.6
PATAMI	43.1	61.4	83.6
CNP	43.1	61.4	83.6
EPS - core (sen)	2.2	3.1	4.2
P/E(x)	50.1	35.2	25.8

Source: Company, Apex Securities

Oriental Kopi Holdings Bhd

3QFY25 post-results briefing takeaways

- KOPI's 9MFY25 GP margin contracted 4.4%-pts vs. FY24 on higher FMCG costs and pre-revenue labour expenses from new outlets. SST expansion on commercial rentals could add a further c.1%-pt drag, though KOPI mitigates margin pressure via biannual menu reviews and selective supplier sourcing.
- KOPI currently operates 27 cafés and has raised its FY26 outlet target to 8 (vs. our forecast of 6). The Group also rolled out 9 kiosks in CY25, supporting FMCG sales and brand reach.
- KOPI expanded FMCG distribution to 99 Speedmart from July 2025, with discussions ongoing with other local retailers, while overseas expansion targets Hong Kong, Australia, and New Zealand.
- KOPI continues to innovate with SKUs rising to 35 (from 26 in Dec 2024), while its new CY26 operational facility should enhance efficiency and R&D capabilities, supporting earnings growth.
- We maintain our BUY recommendation with an unchanged TP of RM1.26, based on 30x FY26F EPS of 4.2 sen, alongside a three-star ESG rating.

We left KOPI's briefing with the following key takeaways:

9MFY25 margins contraction. GP margin declined 4.4%-pts in 9MFY25 vs. FY24. The contraction was driven by higher production costs in the FMCG segment, particularly santan, and increased labour expenses from newly opened outlets, where payroll was incurred ahead of revenue contribution. Looking ahead, we expect the SST expansion on commercial rentals to exert an additional c.1%-pt drag on GP margin. To mitigate these pressures, KOPI reviews its café menu every six months to identify loss-making items and leverages a selective supplier strategy to secure more favourable pricing.

Outlet Expansion Updates. KOPI now operates 27 cafés, with 5 new outlets commencing operations in 2HFY25. The Group has lifted its FY26 outlet target to 8 (vs. our forecast of 6). Domestic expansion could extend to Kelantan, Terengganu, and Sabah, while international plans point to up to 8 outlets in Singapore. A new outlet at Westgate, Singapore is confirmed for 4QFY25, with additional openings at KLIA 1, KLIA 2 (Departure Satellite), and Sunway Velocity Mall slated for FY26.

In addition, KOPI has rolled out 9 kiosks in CY25, parked under the café chain operations segment to boost FMCG sales and complement F&B performance. These kiosks contribute up to 15% of café chain operations revenue and act as an additional distribution channel for packaged products, though not recognised under the FMCG distribution segment. This reflects underlying demand for KOPI's FMCG range, with kiosks also serving as incremental consumer touchpoints.

Wider Distribution Reach. Effective July 2025, KOPI has added 99 Speedmart to its FMCG distribution network, expanding product availability nationwide. The Group is also in discussions with other local retailers to further broaden its reach, while overseas distribution plans are targeting Hong Kong, Australia, and New Zealand, providing a longer-term growth avenue.

R&D and Innovation to Fuel Growth. KOPI continues to drive product innovation, launching new menu items and seasonal FMCG offerings, with SKUs rising to 35 (from 26 in Dec 2024). Its new operational facility which will house a central kitchen, warehouse, and office, is scheduled for completion by CY26. The central kitchen is expected to enhance food preparation efficiency and quality consistency, while also lowering operating costs through economies of scale in procurement and production.

Coupled with improved warehousing and R&D capacity, the facility should strengthen product development and support future earnings growth.

Earnings Revision. No change to our earnings forecasts.

Valuation and Recommendation. We maintain our **BUY** recommendation with an unchanged TP of **RM1.26**, based on 30x FY26F EPS of 4.2 sen, alongside a three-star ESG rating. We continue to favour KOPI for its (i) **strong outlet expansion momentum**, (ii) consistent product innovation with **expanding menu and SKUs**, and (iii) **commitment to product quality**.

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

Figure 1: KOPI's existing stores & specialty retail stores

FYE	Total no. of cafes operating during the FYE	New cafes opened during the FYE		Commencement Date	Halal Certified
		Numbers	Locations		
2021	2	2	Taman Johor Jaya, Johor The Mall, Mid Valley SouthKey, Johor	Dec-20 May-21	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
2022	5	3	Bandar Puteri Puchong, Selangor Pavillion Bukit Jalil, KL Mid Valley Megamall, KL	Nov-21 Apr-22 Jul-22	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
2023	11	6	KLIA 2 Retail Mall (Arrival), Selangor Sunway Pyramid Mall, Selangor AEON Mall Tebrau City, Johor Pavillion KL Mall, KL KLIA 2 Retail Mall (Departure), Selangor Johor Bahru City Square Mall, Johor	Nov-22 Dec-22 Apr-23 Jun-23 Jul-23 Aug-23	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
2024	17	6	The Exchange TRX, KL Suria KLCC Mall, KL IOI City Mall, Putrajaya Gurney Plaza Mall, Penang Pavillion Damansara Heights Mall, KL AEON Mall Bukit Indah, Johor	Nov-23 Dec-23 Jan-24 Jun-24 Aug-24 Sep-24	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
2025	27	10	Bugis Junction, Singapore Aeon Mall Cheras Selatan, Selangor Paradigm Mall JB, Johor Vivacity Megamall, Sarawak Senai Airport, Johor Alamanda Shopping Centre, Putrajaya NEX, Singapore Aeon Mall Bandaraya, Melaka Sunway Putra Mall, KL Sunway Carnival Mall	Nov-24 Nov-24 Oct-24 Dec-24 Mar-25 Apr-25 Jun-25 Jul-25 Jul-25 Aug-25	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Specialty Retail Stores					
2024	2	2	St. Giles Southkey Hotel, Johor KSL City Mall, Johor	Apr-24 Dec-24	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

Source: Company, Apex Securities

Figure 2: KOPI's tentative new openings in FY25 & FY26

Tentative New Openings					
Café Stores					
2025	31	4	Westgate, Singapore KLIA 1, Selangor KLIA 2 (Departure Satellite), Selangor Sunway Velocity Mall, KL	4QFY25 FY26 FY26 FY26	

Source: Company, Apex Securities

Company Update

Thursday, 28 Aug, 2025

Financial Highlights

Income Statement

FYE Sep (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	133.0	277.3	431.8	563.6	622.9
Gross Profit	39.1	82.8	112.3	146.5	168.2
EBITDA	39.5	79.2	111.1	140.7	156.7
Depreciation & Amortisation	-10.5	-19.3	-29.6	-30.4	-29.3
EBIT	29.0	59.9	81.5	110.3	127.4
Net Finance Income/ (Cost)	-1.7	-3.3	-4.3	-4.9	-6.0
Associates & JV	0.0	-0.1	0.2	0.8	1.2
Pre-tax Profit	27.5	57.5	80.8	110.0	126.8
Tax	-7.4	-14.4	-19.4	-26.4	-30.4
Profit After Tax	20.0	43.1	61.4	83.6	96.3
Minority Interest	0.0	0.0	0.0	0.0	0.0
PATAMI	20.0	43.1	61.4	83.6	96.3
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	20.0	43.1	61.4	83.6	96.3

Key Ratios

FYE Sep (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue Growth (%)	173.4%	108.5%	55.7%	30.5%	10.5%
Core EPS Growth (%)	109.5%	115.4%	42.4%	36.1%	15.2%
P/E(x)	106.9	49.6	34.8	25.6	22.2
EPS	1.0	2.2	3.1	4.2	4.8
P/B(x)	63.0	40.0	22.2	13.8	9.6
EV/EBITDA(x)	53.4	26.8	19.3	15.8	14.5
DPS (sen)	0.4	0.2	0.9	1.3	1.4
Dividend Yield (%)	0.4%	0.1%	0.9%	1.2%	1.4%
EBITDA margin	29.7%	28.6%	25.7%	25.0%	25.2%
EBIT margin	21.8%	21.6%	18.9%	19.6%	20.5%
PBT margin	20.6%	20.7%	18.7%	19.5%	20.3%
PAT margin	15.1%	15.6%	14.2%	14.8%	15.5%
Net Profit margin	15.1%	15.6%	14.2%	14.8%	15.5%
Core NP margin	15.1%	15.6%	14.2%	14.8%	15.5%
ROE	58.9%	80.6%	63.6%	53.9%	43.3%
ROA	18.1%	23.8%	22.4%	23.6%	21.2%
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	13.3	14.2	14.3
No. of café (unit)	17	27	33
SSSG (%)	30%	18%	5%

Valuations

EPS (RM)	0.042
Multiple(x)	30.0
Equity Value/share (RM)	1.26
ESGpremium/ discount	0.0%
Fair Value (RM)	1.26

Source: Company, Apex Securities

Balance Sheet

FYE Sep (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	24.8	59.0	107.4	200.6	269.5
Receivables	9.0	13.3	29.3	20.1	41.3
Inventories	2.1	6.9	17.6	9.8	25.0
Other current assets	0.5	0.6	0.6	0.6	0.6
Total Current Assets	36.3	79.8	154.9	231.2	336.5
PPE&ROU	74.4	100.4	118.3	121.7	117.3
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	119.5	122.9	118.5
Short-term lease	10.0	14.4	19.6	24.1	27.8
Hire purchase payables	0.2	0.5	0.5	0.5	0.5
Payables	9.9	39.8	63.9	62.6	77.3
Other Current Liabilities	0.0	0.3	0.3	0.3	0.3
Total Current Liabilities	20.1	55.1	84.4	87.5	106.0
Long-term lease	47.6	57.6	78.3	96.4	111.3
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	82.6	100.7	115.6
Shareholder's equity	34.0	53.5	96.5	155.0	222.5
Minority Interest	0.0	0.0	0.0	0.0	0.0
Equity	34.0	53.5	96.5	155.0	222.5

Cash Flow

FYE Sep (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	27.5	57.5	80.8	110.0	126.8
Depreciation & amortisation	10.5	19.3	29.6	30.4	29.3
Changes in working capital	-1.2	0.2	-2.5	15.5	-21.6
Others	-1.2	-8.9	-18.5	-25.2	-28.5
Operating cash flow	35.5	68.1	89.4	130.7	106.0
Capex	-13.6	-17.1	-47.5	-33.8	-24.9
Others	1.4	-0.1	3.4	3.7	4.1
Investing cash flow	-12.2	-17.2	-44.1	-30.1	-20.8
Dividends paid	-8.0	-3.0	-18.4	-25.1	-28.9
Others	-3.8	-13.7	21.6	17.6	12.7
Financing cash flow	-11.8	-16.7	3.2	-7.4	-16.2
Net cash flow	11.5	34.2	48.4	93.2	68.9
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	107.4	200.6
Ending cash	24.8	59.0	107.4	200.6	269.5

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% of directors are female.
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 **Thursday, 28 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.