

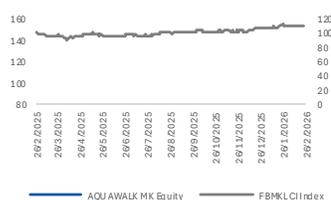
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Recommendation:	BUY
Current Price:	RM 0.29
Previous Target Price:	RM 0.51
Target Price:	RM 0.37
Capital Upside/ Downside:	29.8%
Dividend Yield (%):	2.2%
Total Upside/ Downside	32.0%

Stock Information	
Board	ACE
Sector	Consumer Discretionary
Bursa/ Bloomberg Code	0380 / AQUAWALK MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,843.0
Market Cap (RM' m)	525.3
52-Week Price Range (RM)	0.45-0.28
Beta (x)	# N/A N/A
Free float (%)	50.7
3M Average Volume (m)	9.1
3M Average Value (RM' m)	3.5

Top 3 Shareholders	(%)
Vestmap	41.2
Feliz Natur Sdn Bhd	5.0
Versatrad Agencies	3.8

Share Price Performance



	1M	3M	12M
Absolute (%)	-33.7	-16.2	# N/A
Relative (%)	-32.6	-22.1	# N/A

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	111.3	115.8	135.8
PATAMI (RM'm)	38.3	37.8	41.8
CNP (RM'm)	36.8	37.8	41.8
EPS - core (sen)	2.0	2.0	2.3
P/E(x)	14.5	14.2	12.8

Source: Company, Apex Securities

Aquawalk Group Bhd

4QFY25 post-results briefing takeaways

- **AQUAWALK's 4QFY25 EBIT margin contracted by 14.8ppts QoQ primarily attributable to a sharp 99.5% QoQ increase in other operating expenses.**
- **Revenue growth softened QoQ, with a 0.8% increase reflecting normalised 4Q visitorship at Aquaria KLCC after the previous quarter's anniversary-driven promotional boost.**
- **Following the 4QFY25 earnings miss, we cut our FY26F/FY27F/FY28F earnings forecasts by 32%/32%/31%, to reflect lower visitorship growth assumptions and reduce our share of associate profit forecasts amid recent geopolitical tensions in Indonesia that could disrupt tourism flows and weigh on JAQS' performance.**
- **We maintain our BUY recommendation with a lower TP of RM0.37 (from RM0.51), now based on a lower 18x (from 20x) FY26F P/E applied to EPS of 2.0 sen, reflecting a more conservative valuation following the earnings downgrade.**

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

EBIT Margin Hit from FX & One-Off Costs. EBIT margin contracted by 14.8ppts QoQ in 4QFY25, primarily attributable to a sharp 99.5% QoQ increase in other operating expenses. The spike was largely driven by (i) losses arising from the Group's investment in associate, JAQS (Indonesia), where capital was injected in USD and subsequent repayments in IDR resulted in translation losses amid IDR depreciation, and (ii) one-off costs including director fees as well as bonus provisions for Phuket staff recognised in December.

Revenue Moderates in 4Q Despite Strong FY25 Visitorship. Total visitorship remained solid at 1.6m across Aquaria KLCC and Aquaria Phuket in FY25. However, 4Q visitorship at Aquaria KLCC normalised to 350,000 (from 440,000 in 3Q), as the preceding quarter had been lifted by the Group's 20th anniversary promotion offering free entry to visitors with August–September birthdays, which explains the softer 0.8% QoQ revenue increase.

Ticket Price Revision Planned for 3Q 2026. The Group indicated a planned ticket price revision in 3Q 2026, likely following completion of the new penguin exhibit at Aquaria KLCC alongside a new 2,500 sqft interactive area (Discovery Zone 6). We estimate ticket prices could rise by c.10%, supported by stronger visitor appeal from the enhanced attractions.

Outlook. We expect 1QFY26 visitorship to ease, as Ramadan in February is likely to offset the uplift from CNY-related traffic. For the rest of FY26, sustained marketing initiatives will remain key to supporting footfall. The Group intends to organise targeted promotional campaigns in conjunction with key festive periods such as Hari Merdeka, aligning these efforts with the Visit Malaysia 2026 campaign and the government's domestic tourism tax relief incentives to drive incremental footfall during the holiday period.

Earnings Revision. Following the 4QFY25 earnings miss, we cut our FY26F/FY27F/FY28F earnings forecasts by 32%/32%/31%, respectively, to reflect lower visitorship growth expectations for Aquaria KLCC and Aquaria Phuket, and reduce our share of associate profit forecasts amid recent geopolitical tensions in Indonesia that could disrupt tourism flows and weigh on JAQS' performance.

Valuation and Recommendation. Post-earnings revision, we maintain our **BUY** recommendation with a lower TP of **RM0.37** (from RM0.51), now based on a lower 18x (from 20x) FY26F P/E applied to EPS of 2.0 sen, reflecting a more conservative valuation following the earnings downgrade.

Risks. Failure to secure new strategic locations and lease renewals, revocation of licenses & permits and high fixed cost structure that may pressure margins.

Results Comparison

FYE Dec (RM m)	4QFY25	4QFY24	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY24	yoy (%)
Revenue	29.8	N/A	N/A	29.6	0.8	111.3	N/A	N/A
COGS	(10.9)	N/A	N/A	(11.3)	(2.8)	(43.9)	N/A	N/A
Gross Profit	18.9	N/A	N/A	18.3	3.0	67.5	N/A	N/A
Other Income	0.8	N/A	N/A	1.2	(35.3)	6.4	N/A	N/A
Other Operating Expenses	(8.9)	N/A	N/A	(4.5)	99.5	(21.5)	N/A	N/A
Net gain on impairment of financial instruments	0.0	N/A	N/A	-	<i>nm</i>	1.8	N/A	N/A
Core EBIT	10.7	N/A	N/A	15.0	(28.6)	54.2	N/A	N/A
Share of profit in an associate	0.1	N/A	N/A	0.8	(93.7)	2.1	N/A	N/A
Finance Income	0.5	N/A	N/A	0.1	616.0	0.9	N/A	N/A
Finance Costs	(1.7)	N/A	N/A	(1.8)	(3.1)	(6.5)	N/A	N/A
Listing Expenses	(1.1)	N/A	N/A	-	-	(2.4)	-	-
Pre-tax profit	8.5	N/A	N/A	14.2	(40.0)	48.3	N/A	N/A
Tax	(2.2)	N/A	N/A	(2.5)	(14.6)	(9.5)	N/A	N/A
Profit After Tax	6.3	N/A	N/A	11.6	(45.6)	38.8	N/A	N/A
(-) Minority Interest	-	N/A	N/A	-	-	0.6	N/A	N/A
Net Profit	6.3	N/A	N/A	11.6	(45.6)	38.3	N/A	N/A
Core Net Profit	7.6	N/A	N/A	11.6	(34.8)	36.8	N/A	N/A
Core EPS (sen)	0.4	N/A	N/A	0.6	(34.8)	2.0	N/A	N/A
Gross profit margin (%)	63.3	N/A	-	62.0	-	60.6	N/A	-
Core EBIT margin (%)	36.0	N/A	-	50.8	-	48.7	N/A	-
PBT margin (%)	28.5	N/A	-	47.9	-	43.4	N/A	-
Effective tax rate (%)	25.5	N/A	-	17.9	-	19.6	N/A	-
Core net profit margin (%)	25.4	N/A	-	39.3	-	33.0	N/A	-

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	95.8	104.3	111.3	115.8	135.8
Gross Profit	54.9	59.4	67.5	61.3	70.0
EBITDA	56.8	60.8	67.0	64.8	73.7
Depreciation & Amortisation	-11.3	-11.8	-12.7	-14.7	-16.9
EBIT	45.5	49.0	54.2	50.1	56.8
Net Finance Income/ (Cost)	-6.0	-4.3	-8.0	-3.6	-2.6
Associates & JV	3.8	5.4	2.1	2.4	2.5
Pre-tax Profit	43.3	50.1	48.3	48.9	56.7
Tax	-9.4	-4.5	-9.5	-11.2	-13.0
Profit After Tax	33.8	45.6	38.8	37.8	43.7
(-) Minority Interest	0.0	0.0	0.6	0.0	1.9
Net Profit	33.8	45.6	38.3	37.8	41.8
(-) Exceptionals	-0.2	9.3	1.5	0.0	0.0
Core Net Profit	34.0	36.3	36.8	37.8	41.8

Key Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
Revenue Growth (%)	33.3%	8.9%	6.7%	4.2%	17.3%
CNP Growth (%)	101.5%	6.8%	1.3%	-5.8%	10.6%
Core EPS (sen)	1.8	2.0	2.0	2.0	2.3
P/E(x)	15.7	14.7	14.5	14.2	12.8
P/B(x)	4.2	6.0	2.3	1.8	1.6
EV/EBITDA(x)	8.7	8.3	5.3	5.3	4.4
DPS (sen)	0.1	0.1	0.0	0.6	0.7
Dividend Yield (%)	0.4%	0.2%	0.0%	2.1%	2.3%
EBITDA margin (%)	59.3%	58.3%	60.1%	56.0%	54.3%
EBIT margin (%)	47.5%	47.0%	48.7%	43.2%	41.8%
PBT margin (%)	45.1%	48.1%	43.4%	42.3%	41.7%
PAT margin (%)	35.3%	43.7%	34.9%	32.6%	32.2%
NP margin (%)	35.3%	43.7%	34.4%	32.6%	30.8%
CNP margin (%)	35.5%	34.8%	33.0%	32.6%	30.8%
ROE (%)	26.6%	40.9%	15.8%	12.8%	12.8%
ROA (%)	13.0%	18.1%	9.8%	9.2%	9.3%
Gearing (%)	14.4%	8.7%	0.0%	0.0%	0.0%
Net gearing (%)	Net Cash				

Valuations

	FY26F
Core EPS (RM)	0.020
P/E multiple(x)	18.0
Fair Value (RM)	0.37
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.37

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash	61.3	35.2	180.9	193.1	209.6
Receivables	22.4	10.8	4.2	12.0	14.1
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	8.2	0.7	0.7	0.7	0.7
Total Current Assets	91.8	46.7	185.8	205.8	224.5
Fixed Assets	91.2	83.7	78.0	102.0	126.8
Intangibles	0.1	0.0	0.0	0.0	0.0
Other non-current assets	77.7	69.9	109.7	101.6	95.7
Total Non-Current Assets	169.0	153.6	187.6	203.6	222.5
Short-term debt	10.6	7.7	0.0	0.0	0.0
Payables	29.2	28.1	25.3	37.3	45.0
Other current liabilities	13.7	9.9	15.6	9.9	9.7
Total Current Liabilities	53.4	45.7	41.0	47.2	54.8
Long-term debt	7.9	0.0	0.0	0.0	0.0
Other non-current liabilities	71.5	65.9	99.0	66.2	65.0
Total Non-Current Liabilities	79.4	65.9	99.0	66.2	65.0
Shareholder's equity	130.1	91.3	275.0	298.6	327.8
Minority interest	0.0	0.0	0.0	0.0	1.9
Exchange translation reserve	-2.1	-2.5	-3.0	-2.5	-2.5
Others	0.0	0.0	-38.6	0.0	0.0
Total Equity	128.0	88.7	233.5	296.1	327.2

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	43.3	50.1	48.3	48.9	56.7
Depreciation & amortisation	11.3	11.8	12.7	14.7	16.9
Changes in working capital	-4.3	-2.1	4.3	1.8	5.7
Others	-12.0	-17.8	-14.9	-7.6	-10.4
Operating cash flow	38.4	42.0	50.4	57.9	68.9
Net capex	-1.5	-2.6	-3.7	-33.3	-35.8
Others	-2.4	36.5	4.3	1.2	2.1
Investing cash flow	-3.9	33.9	0.6	-32.1	-33.7
Dividends paid	0.0	-84.5	0.0	-11.3	-12.5
Others	-13.5	-17.2	98.0	-4.7	-6.1
Financing cash flow	-13.5	-101.7	98.0	-16.0	-18.6
Net cash flow	21.0	-25.8	149.0	9.8	16.6
Forex	0.7	-0.4	-0.8	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash & cash equivalent	37.3	58.9	32.7	180.9	190.7
Ending cash & cash equivalent	58.9	32.7	43.6	190.7	207.2
Fixed deposit with licensed banks	2.4	2.4	137.3	2.4	2.4
Total cash & deposits	61.3	35.2	180.9	193.1	209.6

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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(a) nil.
