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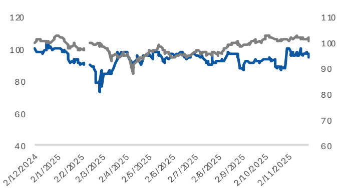
Recommendation:		HOLD
Current Price:		RM 1.72
Previous Target Price:		RM 1.80
Target Price:	↔	RM 1.80
Capital Upside/Downside:		4.7%
Dividend Yield (%):		5.2%
Total Upside/Downside:		**9.9%**

Stock information	
Board	MAIN
Sector	Consumer
Bursa / Bloomberg Code	7052 / PADMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	986.9
Market Cap (RM' m)	1,697.4
52-Week Price Range (RM)	2.18-1.72
Beta (x)	0.7
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 (%)	-13.6	-6.0	-13.6
Relative (%)	-12.0	-9.5	-22.8

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	136.3
CNP (RM'm)	168.7	144.2	136.3
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

'Tis the festive season

- **With both Hari Raya and Chinese New Year falling in March this year, we expect a seasonal uplift in 3QFY26 performance before normalising in 4QFY26 in the absence of festive-driven spending.**
- **1HFY26 GP margin strengthened to 39.8% (1HFY25: 38.1%) on reduced markdown activity in the recent quarters. Our FY26–FY27F GP margin assumptions are maintained at 39%.**
- **The Group plans to open 5–6 new stores and renovate at least 10 outlets in FY26, supporting incremental sales support. However, softer consumer sentiment amid geopolitical tensions may partly offset these gains.**
- **We maintain our HOLD call with an unchanged TP of RM1.80, based on 12.3x PER (-0.5SD to the 5-year historical mean) applied to our FY26F EPS of 14.6 sen.**

The festive effect. Our historical review suggests that quarterly performance at PADINI is influenced more by the pre-festive shopping window, as consumers typically purchase apparel 3–6 weeks before Hari Raya. When Hari Raya falls later in May, as seen in FY21–FY22, festive demand is largely recognised in Q4, with margins also stronger during the festive quarter. However, when the celebration occurs earlier in April or late March, festive spending tends to be pulled forward into Q3, as observed in FY23–FY25, resulting in stronger margins in Q3 while Q4 margins ease post-festive due to normalising sales and higher markdowns. With both Hari Raya and Chinese New Year falling in March this year, we expect a seasonal uplift in 3QFY26 performance, as sales momentum builds ahead of the celebration, before normalising in 4QFY26 in the absence of festive-driven spending.

Figure 1: Historical impact of Hari Raya timing on quarterly performance

FY	Hari Raya Date	Quarter Impact	Q3 Revenue (YoY)	Q4 Revenue (YoY)	Q3 GP Margin	Q4 GP Margin
FY21	13 & 14 May	Q4	-24.3%	20.5%	37.0%	39.0%
FY22	2 & 3 May	Q4	25.3%	129.3%	39.0%	40.0%
FY23	22 & 23 Apr	Q3	38.8%	-1.0%	40.0%	39.0%
FY24	10 & 11 Apr	Q3	25.8%	-4.4%	35.3%	35.0%
FY25	31 Mar & 1 Apr	Q3	8.9%	-13.9%	41.0%	37.0%

Margins remain healthy. 1HFY26 GP margin strengthened to 39.8% (1HFY25: 38.1%), supported by reduced markdown activity in recent quarters. The Group has also been expanding its IP product offerings, including collaborations with Sanrio, which typically command higher margins and enjoy broader product appeal. Taking into account the typically stronger festive-driven margins in 3Q, we expect margins to remain within the Group's 36%–40% guidance, with our FY26–FY27F GP margin assumptions maintained at 39%.

Expansion and refurbishment plans. PADINI plans to open 5–6 new stores in FY26 as part of its ongoing expansion pipeline. In addition, the Group intends to renovate at least 10 existing outlets, which may provide incremental support to sales performance in the coming quarters. In FY25, a total of 16 stores were renovated, which historically resulted in a modest c.3% sales uplift post-renovation. That said, potential sales from store expansion and refurbishment could be partly offset by softer consumer sentiment in the remaining quarters amid heightened geopolitical tensions, particularly the ongoing US–Iran conflict, which may weigh on discretionary spending as oil and energy prices continue to rise.

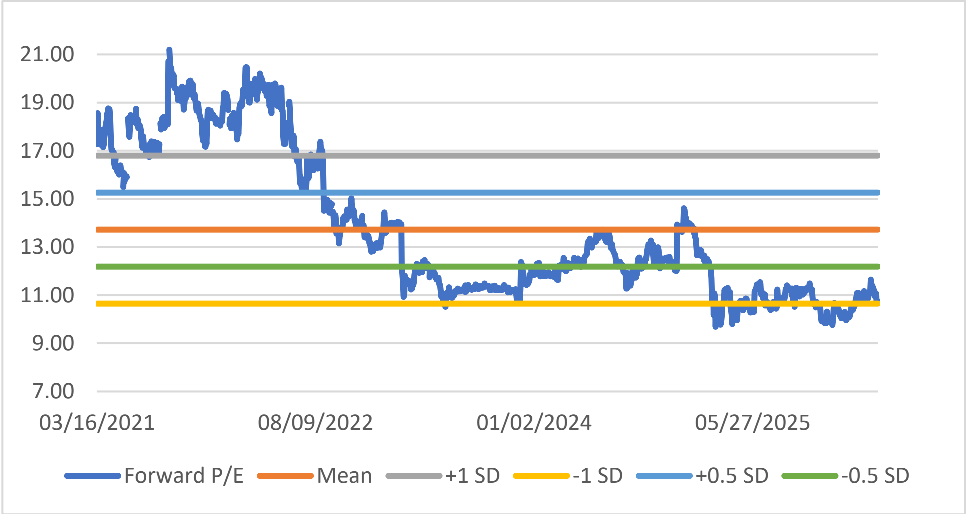
Earnings Revision. No changes to our earnings forecast at this juncture.

KDN PP13226/06/2024 (035469)

Valuation and Recommendation. While near-term performance may benefit from festive demand, we believe upside remains limited given the seasonal nature of the boost. Thus, we maintain our **HOLD** call with an unchanged TP of **RM1.80**, based on 12.3x PER (-0.5SD to the 5-year historical mean) applied to our FY26F EPS of 14.6 sen. Our target price incorporates a 0% ESG premium/discount, in line with the Group's three-star ESG rating.

Risks. Increasing competition, weaker consumer spending patterns and rise in material costs can affect the Group's overall profitability

Figure 2: Padini's 5-year average P/E Chart



Source: Bloomberg, Apex Securities Berhad

Figure 3: Padini's Peers Comparison

Company	FYE	Market Cap (RM m)	Rec.	Price (RM) ^	TP (RM)	Potental Upside	P/E (x) CY26	P/E (x) CY27	Div Yield (%) CY26	Div Yield (%) CY27	ESG Rating
Aeon Co M Bhd	Dec	1,587	NR	1.13	1.51	33.9%	10.3	9.2	4.5	5.0	N/A
Farm Fresh Bhd	Mar	4,711	NR	2.50	2.94	17.7%	32.1	27.2	0.3	0.3	N/A
MR DIY Group M Bhd	Dec	15,354	NR	1.62	2.05	26.6%	21.9	20.8	4.4	4.3	N/A
QL Resources Bhd	Mar	13,068	NR	3.58	4.44	24.0%	27.0	25.4	1.4	1.5	N/A
Fraser & Neave Holdings Bhd	Sep	11,495	NR	31.34	38.38	22.5%	20.1	18.2	2.4	2.7	N/A
99 Speed Mart Retail Holdings Bhd	Dec	29,988	NR	3.57	3.96	10.9%	41.0	36.8	1.4	1.5	N/A
MyNews Holdings Bhd	Oct	428	NR	0.57	0.85	48.7%	15.1	13.2	2.6	3.2	N/A
7-Eleven Malaysia Holdings Bhd	Dec	2,218	NR	2.00	1.35	-32.5%	37.7	34.5	1.2	1.3	N/A
Power Root Berhad	Mar	475	NR	1.13	1.10	-3.1%	16.1	13.1	5.6	6.8	N/A
Average							**24.6**	**22.0**	**2.6**	**3.0**	N/A
Padini Holdings Bhd	Jun	1,727	NR	1.75	2.16	23.4%	10.9	10.1	5.1	5.2	★★★

** Based on Bloomberg consensus*

^ As at 16 Mar 26

Source: Apex Securities Berhad

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

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)	1.9	1.8	1.7	1.6	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	21.4%	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	Net Cash

Key Assumptions

FYE Jun (RM m)	FY25	FY26F	FY27F
Total no. of stores (Malaysia + Cambodia + Thailand)	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	91.8	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 assets	**561.6**	**646.5**	**847.0**	**954.3**	**1051.3**
Short-term Debt	91.3	110.3	116.1	121.9	128.0
Payables	125.2	151.6	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 Liabilities	**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**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★	combined Scope 1 and Scope 2 emissions were reduced by 206 tCO2e in comparison to Karex's 2021 baseline.
Waste & Effluent	★★★★	Karex converted 255 metric tonnes of dry rubber waste into high quality crepe rubber sheets.
Energy	★★★★	Reduced 11.0% energy consumption in condom facilities in FY2024.
Water	★★	Increase of 2.1% compared to the previous year due to the higher production of textured and synthetic products during the year.
Compliance	★★	Continued participate on the ISO Technical Committee 157 – Non-systemic Contraceptives and STI Barrier Prophylactics.

Social

Diversity	★★★★	Zero incidences of complaints, reports and whistleblowing for workplace discrimination across all facilities.
Human Rights	★★★	59.8% yoy reduced in participating training on human rights and ethical in FY24.
Occupational Safety and Health	★★★	Maintain ISO 45001 (Occupational Health & Safety Management System) certifications with each site undergoing independent third-party audits and inspections
Labour Practices	★★★★	Uphold suspension on the hiring of migrant labour.

Governance

CSR Strategy	★★★	maintained our status as a constituent of the FTSE4Good Index
Management	★★	37.5% female and 62.5% male in the BoD.
Stakeholders	★★★	1x AGM per annum and 2/4 analyst briefings.

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

As of **Wednesday, 18 Mar, 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.