

Daryl Hon

(603) 7890 8888 (ext 2096)

[daryl.hon@apexsecurities.com.my](mailto:daryl.hon@apexsecurities.com.my)

Recommendation:	BUY
Current Price:	RM 0.26
Previous Target Price:	RM 0.37
Target Price:	↔ RM 0.37
Capital Upside/ Downside:	42.3%
Dividend Yield (%)	2.4%
<b>Total Upside/ Downside</b>	<b>44.7%</b>

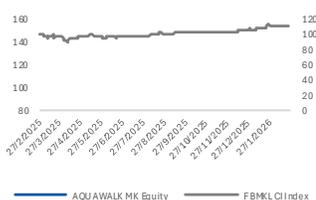
Stock Information

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)	479.2
52-Week Price Range (RM)	0.45-0.22
Beta (x)	2.9
Free float (%)	50.0
3M Average Volume (m)	12.0
3M Average Value (RM' m)	4.2

Top 3 Shareholders (%)

Vestmap	41.2
Feliz Natur Sdn Bhd	5.0
Versatrad Agencies	3.8

Share Price Performance



Earnings Summary

FYE Dec	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)	13.0	12.7	11.5

Source: Company, Apex Securities

# Aquawalk Group Bhd

## 30-year Lease Secured for Aquaria Kota Kinabalu

- **AQUAWALK has signed a 30-year lease with Jesselton Docklands 1 Sdn Bhd for c.73,054 sq ft at The Bedrock, Kota Kinabalu, to develop and operate Aquaria Kota Kinabalu (Aquaria KK).**
- **Aquaria KK was initially structured as a 60:40 JV with Qhazanah Sabah but will now proceed on a wholly owned basis, enabling full operational control.**
- **No change to FY26–FY27 forecasts, while FY28 is lowered by 22% as Aquaria KK will only contribute from FY29.**
- **We maintain our BUY recommendation with a TP of RM0.37, based on an unchanged 18x FY26F P/E applied to EPS of 2.0 sen.**

**Lease Details.** AQUAWALK has signed a 30-year lease with Jesselton Docklands 1 Sdn Bhd for c.73,054 sq ft at The Bedrock, Kota Kinabalu, for the development and operation of its new oceanarium, Aquaria KK. Jesselton Docklands is a 35-acre port regeneration project located within the central business district of Kota Kinabalu, Sabah, which is expected to boost tourism activity in the area. This marks the Group's first venture into East Malaysia and a key milestone in its regional expansion strategy, positioning it to capitalise on Sabah's strong tourism growth (CY25: 3.8m vs. CY24: 3.1m; +22% YoY). The project is now expected to be completed in FY29 (vs. FY28 previously).

**The Aquaria KK project is no longer a 60:40 JV.** Aquaria KK was initially planned as a 60:40 joint venture between Aquawalk and Qhazanah Sabah Bhd. Following further evaluation, the Group has opted to proceed on a wholly owned basis, enabling full operational control.

**With Qhazanah as a JV partner,** the project would benefit from local institutional backing, particularly in navigating regulatory processes such as planning approvals, regulatory compliance and operating licences, as well as facilitating coordination with state and local authorities. As a Sabah state-linked entity, Qhazanah could also enhance the project's positioning as a key tourist attraction, supporting visitorship growth and ticket sales. In addition, the JV structure would allow the Group to share capital commitment and project risk.

**Without the JV partner,** the Group will bear a higher capital commitment and full exposure to execution risk, as it will now fully fund the RM70.5m project rather than share costs under the previous 60:40 structure. RM39.6m will be funded via last year's IPO proceeds, with the balance sourced from internally generated funds or borrowings. Given Aquawalk's **strong net cash position of RM180.9m, we do not view funding as a constraint.** We maintain our forecasts for Aquaria KK, as the Group has a proven track record in developing and operating similar assets including Aquaria KLCC and Aquaria Phuket, and the project leverages its existing business model and in-house expertise.

Notably, full ownership allows the Group to consolidate 100% of earnings. Based on our estimates, this translates to c.RM6.6m in PAT upon completion in FY29, compared to c.RM4.0m under the previous JV structure, implying an uplift to long-term earnings contribution. Our projections assume an initial visitorship of c.360,000 per annum with gradual ramp-up over time, while maximum capacity is expected to be similar to Aquaria KLCC at c.2.9m visitors annually.

**Earnings Revision.** While the 30-year lease agreement and shift to full ownership for Aquaria KK are positive, the completion timeline has been pushed back to FY29. We maintain our FY26–FY27 earnings forecasts but lower FY28 earnings by 22%, as Aquaria KK will only begin contributing once operational in FY29.

**Valuation and Recommendation.** We maintain our **BUY** recommendation with a TP of **RM0.37**, based on an unchanged 18x FY26F P/E applied to EPS of 2.0 sen.

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

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Revenue</b>	<b>104.3</b>	<b>111.3</b>	<b>115.8</b>	<b>135.8</b>	<b>143.9</b>
<b>Gross Profit</b>	<b>59.4</b>	<b>67.5</b>	<b>61.3</b>	<b>70.0</b>	<b>64.2</b>
<b>EBITDA</b>	<b>60.8</b>	<b>67.0</b>	<b>64.8</b>	<b>73.7</b>	<b>69.6</b>
Depreciation & Amortisation	-11.8	-12.7	-14.7	-16.9	-19.5
<b>EBIT</b>	<b>49.0</b>	<b>54.2</b>	<b>50.1</b>	<b>56.8</b>	<b>50.2</b>
Net Finance Income/ (Cost)	-4.3	-8.0	-3.6	-2.6	-2.1
Associates & JV	5.4	2.1	2.4	2.5	2.7
<b>Pre-tax Profit</b>	<b>50.1</b>	<b>48.3</b>	<b>48.9</b>	<b>56.7</b>	<b>50.7</b>
Tax	-4.5	-9.5	-11.2	-13.0	-11.5
<b>Profit After Tax</b>	<b>45.6</b>	<b>38.8</b>	<b>37.8</b>	<b>43.7</b>	<b>39.2</b>
(-) Minority Interest	0.0	0.6	0.0	1.9	2.4
<b>Net Profit</b>	<b>45.6</b>	<b>38.3</b>	<b>37.8</b>	<b>41.8</b>	<b>36.8</b>
(-) Exceptionals	9.3	1.5	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>36.3</b>	<b>36.8</b>	<b>37.8</b>	<b>41.8</b>	<b>36.8</b>

### Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue Growth (%)	8.9%	6.7%	4.2%	17.3%	6.0%
CNP Growth (%)	6.8%	1.3%	-5.8%	10.6%	-11.9%
Core EPS (sen)	2.0	2.0	2.0	2.3	2.0
P/E(x)	13.2	13.0	12.7	11.5	13.0
P/B(x)	5.4	2.1	1.6	1.5	1.3
EV/EBITDA(x)	7.4	4.5	4.4	3.7	3.5
DPS (sen)	0.1	0.0	0.6	0.7	0.6
Dividend Yield (%)	0.2%	0.0%	2.4%	2.6%	2.3%
EBITDA margin (%)	58.3%	60.1%	56.0%	54.3%	48.4%
EBIT margin (%)	47.0%	48.7%	43.2%	41.8%	34.9%
PBT margin (%)	48.1%	43.4%	42.3%	41.7%	35.2%
PAT margin (%)	43.7%	34.9%	32.6%	32.2%	27.2%
NP margin (%)	43.7%	34.4%	32.6%	30.8%	25.6%
CNP margin (%)	34.8%	33.0%	32.6%	30.8%	25.6%
ROE (%)	40.9%	15.8%	12.8%	12.8%	10.3%
ROA (%)	18.1%	9.8%	9.2%	9.3%	7.6%
Gearing (%)	8.7%	0.0%	0.0%	0.0%	0.0%
Net gearing (%)	Net Cash				

### Valuations

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

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Cash</b>	<b>35.2</b>	<b>180.9</b>	<b>193.1</b>	<b>209.6</b>	<b>240.6</b>
Receivables	10.8	4.2	12.0	14.1	14.9
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.7	0.7	0.7	0.7	0.7
<b>Total Current Assets</b>	<b>46.7</b>	<b>185.8</b>	<b>205.8</b>	<b>224.5</b>	<b>256.3</b>
Fixed Assets	83.7	78.0	102.0	128.8	136.6
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	69.9	109.7	101.6	95.7	90.2
<b>Total Non-Current Assets</b>	<b>153.6</b>	<b>187.6</b>	<b>203.6</b>	<b>222.5</b>	<b>226.8</b>
Short-term debt	7.7	0.0	0.0	0.0	0.0
Payables	28.1	25.3	37.3	45.0	54.6
Other current liabilities	9.9	15.6	9.9	9.7	9.7
<b>Total Current Liabilities</b>	<b>45.7</b>	<b>41.0</b>	<b>47.2</b>	<b>54.8</b>	<b>64.3</b>
Long-term debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	65.9	99.0	66.2	65.0	63.4
<b>Total Non-Current Liabilities</b>	<b>65.9</b>	<b>99.0</b>	<b>66.2</b>	<b>65.0</b>	<b>63.4</b>
Shareholder's equity	91.3	275.0	298.6	327.8	353.6
Minority interest	0.0	0.0	0.0	1.9	4.3
Exchange translation reserve	-2.5	-3.0	-2.5	-2.5	-2.5
Others	0.0	-38.6	0.0	0.0	0.0
<b>Total Equity</b>	<b>88.7</b>	<b>233.5</b>	<b>296.1</b>	<b>327.2</b>	<b>355.4</b>

### Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Pre-tax profit</b>	<b>50.1</b>	<b>48.3</b>	<b>48.9</b>	<b>56.7</b>	<b>50.7</b>
Depreciation & amortisation	11.8	12.7	14.7	16.9	19.5
Changes in working capital	-2.1	4.3	1.8	5.7	8.7
Others	-17.8	-14.9	-7.6	-10.4	-9.4
<b>Operating cash flow</b>	<b>42.0</b>	<b>50.4</b>	<b>57.9</b>	<b>68.9</b>	<b>69.5</b>
Net capex	-2.6	-3.7	-33.3	-35.8	-23.8
Others	36.5	4.3	1.2	2.1	2.5
<b>Investing cash flow</b>	<b>33.9</b>	<b>0.6</b>	<b>-32.1</b>	<b>-33.7</b>	<b>-21.3</b>
Dividends paid	-84.5	0.0	-11.3	-12.5	-11.0
Others	-17.2	98.0	-4.7	-6.1	-6.2
<b>Financing cash flow</b>	<b>-101.7</b>	<b>98.0</b>	<b>-16.0</b>	<b>-18.6</b>	<b>-17.2</b>
<b>Net cash flow</b>	<b>-25.8</b>	<b>149.0</b>	<b>9.8</b>	<b>16.6</b>	<b>31.0</b>
Forex	-0.4	-0.8	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	1.0
Beginning cash & cash equivalent	58.9	32.7	180.9	190.7	207.2
Ending cash & cash equivalent	32.7	43.6	190.7	207.2	238.2
Fixed deposits with licensed banks	2.4	137.3	2.4	2.4	2.4
<b>Total cash &amp; deposits</b>	<b>35.2</b>	<b>180.9</b>	<b>193.1</b>	<b>209.6</b>	<b>240.6</b>

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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, 19 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.

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