

Research Team

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Recommendation:	HOLD
Current Price:	RM 1.05
Previous Target Price:	RM 1.26
Target Price:	↓ RM 1.04
Capital Upside/ Downside:	-1.0%
Dividend Yield (%):	1.0%
Total Upside/ Downside	0.1%

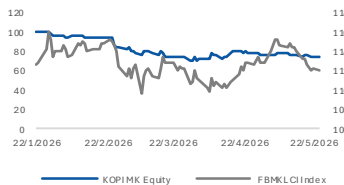
Stock information

Board	ACE
Sector	Consumer
Bursa / Bloomberg Code	0338 / KOPIMK
Shariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	2,000.0
Market Cap (RM' m)	2,100.0
52-Week Price Range (RM)	1.61-0.74
Beta (x)	N/A
Free float (%)	27.3
3MAverage Volume (m)	4.2
3MAverage Value (RM' m)	4.6

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 (%)	-7.1	-12.5	N/A
Relative (%)	-5.4	-11.6	N/A

Earnings Summary	FY25	FY26F	FY27F
Revenue	450.9	598.2	660.7
PATAMI	60.8	70.5	76.5
CNP	60.8	70.5	76.5
EPS - core (sen)	3.0	3.5	3.8
P/E(x)	34.6	29.8	27.5

Source: Company, Apex Securities

Oriental Kopi Holdings Bhd

Below Expectations

- KOPI's 2QFY26 CNP of RM14.6m (-7.0% QoQ, -0.5% YoY), bringing 1HFY26 CNP to RM30.3m (+7.5% YoY). Results came in below expectations at 38% of our full-year forecast and 36% of consensus estimates, mainly due to weaker margin flow-through despite robust revenue growth.
- We trim our FY26F/FY27F/FY28F earnings forecasts by 13%, 14% and 15% respectively mainly to reflect lower margin assumptions following softer operating leverage and weaker earnings scalability amid ongoing outlet expansion.
- Maintain HOLD with a lower TP of RM1.04 (from RM1.20), based on 27x FY27F EPS of 3.8sen (from 30x FY26F EPS of 4.0sen) after rolling forward our valuation base to FY27F.

Results below expectations. Excluding a fair value gain from other investments (-RM0.4m), KOPI reported a 2QFY26 CNP of RM14.6m (-7.0% QoQ, -0.5% YoY), bringing 1HFY26 CNP to RM30.3m (+7.5% YoY). The result came in below expectations at 38% of our full-year forecast and 36% of consensus estimates. Despite robust topline growth, profitability lagged expectations as operating costs continued to rise faster than revenue amid ongoing outlet expansion, resulting in softer margin flow-through during the quarter.

QoQ. Revenue increased 5.8% QoQ, supported by stronger festive-driven demand, healthier walk-in traffic and contribution from newly opened outlets. However, 2QFY26 CNP declined 7.0% QoQ as earnings were weighed down by higher operating expenses, mainly arising from seasonal staff incentives and pre-operating costs associated with outlet expansion during the quarter.

YoY. Revenue surged 42.7% YoY, driven by continued expansion of the Group's café chain operations and stronger contribution from packaged food sales. Nevertheless, 2QFY26 CNP declined marginally by 0.5% YoY as operating leverage softened amid higher staff costs, expansion-related expenses and new outlet ramp-up dilution. The results suggest that incremental earnings contribution from expansion is moderating despite continued strong sales growth.

YTD. 1HFY26 CNP rose 7.5% YoY, supported by resilient consumer demand, continued outlet expansion and stronger contribution from both café chain operations and packaged food sales. However, earnings growth continued to trail revenue expansion, reflecting softer margin conversion and rising operating cost pressures as the Group accelerated its outlet rollout strategy.

Outlook. We remain constructive on KOPI's longer-term growth prospects, underpinned by resilient domestic consumption trends, continued outlet expansion and improving tourism activity ahead of the Visit Malaysia 2026 campaign. We believe rising tourist arrivals, coupled with the Group's collaboration with Tourism Malaysia under the "Truly Malaysian Taste" campaign, should continue to support brand visibility and consumer traffic going forward. In addition, further expansion into packaged food offerings and overseas markets could provide additional medium-term growth opportunities. That said, we remain cautious on near-term earnings execution as softer operating leverage and ongoing margin normalisation continue to offset strong topline momentum. We believe rising operating costs, increasing competitive intensity and expansion-related dilution may continue to weigh on profitability in the near term. In addition, persistent geopolitical uncertainties in the Middle East could pressure consumer sentiment, fuel costs and discretionary spending behaviour, potentially moderating overall consumer spending momentum going forward.

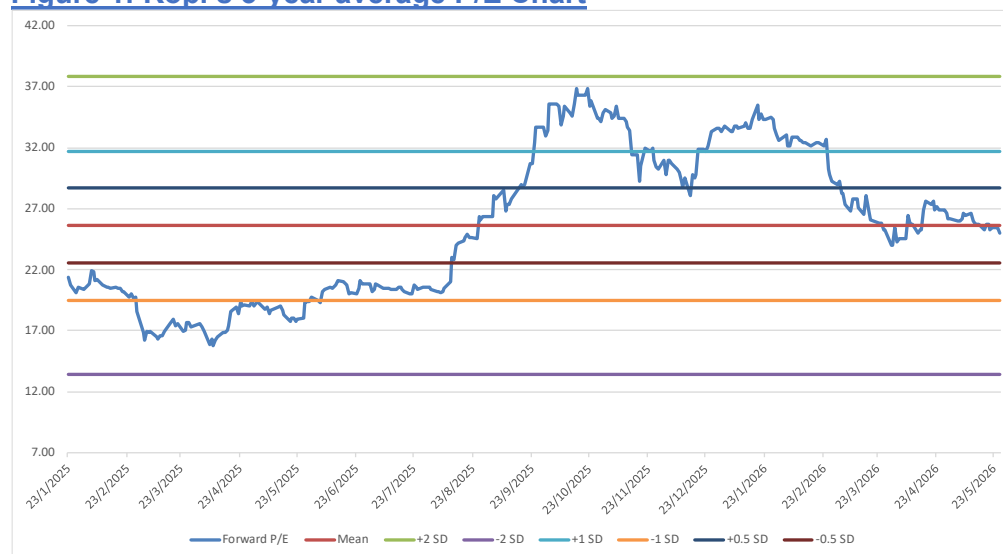
Earnings Revision. We trim our FY26F/FY27F/FY28F earnings forecasts by 13%/14%/15% to RM70.5m/RM76.5m/RM82.3m respectively (from RM79.9m/RM87.3m/RM95.0m), mainly to

reflect lower margin assumptions following softer operating leverage and weaker earnings scalability despite strong revenue growth.

Valuation & Recommendation. We maintain our **HOLD** call on KOPI with a lower TP of **RM1.04** (from RM1.20), based on 27x FY27F EPS of 3.8 sen (from 30x FY26F EPS of 4.0 sen) after rolling forward our valuation base to FY27F. While we continue to believe KOPI warrants a premium consumer multiple supported by its strong brand positioning, structural growth profile and tourism-related exposure, we believe the premium should moderate amid softer margin scalability and weaker earnings flow-through from ongoing expansion. Notably, our applied valuation multiple of 27x implies approximately +0.5 SD above the Group's 3-year historical forward PE mean, which we believe remains justified by KOPI's strong brand equity, structural outlet expansion and tourism-linked earnings exposure. Nevertheless, we adopt a relatively more cautious stance versus its historical peak valuation range amid softer margin scalability and weaker operating leverage from ongoing expansion.

Risks. Key risks include weaker-than-expected consumer spending, quality control issues, labour shortages, raw material cost inflation and supply chain disruptions

Figure 1: Kopi's 3-year average P/E Chart



Source: Bloomberg, Apex Securities

Results Comparison

FYE Sep (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)	Comments
Revenue	147.3	103.2	42.7	139.2	5.8	286.5	201.0	42.5	
EBITDA	31.2	24.8	25.5	33.9	(8.1)	65.1	48.7	33.6	
Pre-tax profit	19.7	18.2	8.3	22.3	(11.6)	32.1	35.5	(9.7)	
PATMI	15.0	13.8	8.8	17.0	(11.8)	32.1	26.9	19.2	
Core net profit	14.6	14.7	(0.5)	15.7	(7.0)	30.3	28.2	7.5	
Core EPS (sen)	0.7	0.7	(0.5)	0.8	(7.0)	1.5	1.4	7.5	
EBITDA margin (%)	21.2	24.1		24.4		22.7	24.2		
PBT margin (%)	13.4	17.7		16.0		11.2	17.7		
Core PATMI margin (%)	9.9	14.2		11.3		10.6	14.0		

Source: Company, Apex Securities

Results Note

Thursday, 28 May, 2026

Segmental Breakdown

FYE Sep (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue								
Operation of café chain	131.5	96.4	36.4	125.5	4.8	257.0	188.0	36.7
Distribution & retail of packaged food	14.4	6.4	125.9	12.3	17.0	26.8	11.9	125.8
Others	1.3	0.4	261.4	1.4	(0.7)	2.7	1.1	138.1
Total	147.3	103.2		139.2		286.5	201.0	
Gross Segment profit/(loss)								
Operation of café chain	26.4	22.1	19.9	26.6	(0.8)	53.1	44.3	19.7
Distribution & retail of packaged food	5.2	3.4	53.4	5.2	(0.2)	10.4	6.3	65.3
Others	0.2	0.0	331.9	0.2	(0.5)	0.4	0.2	139.4
Total	31.8	25.5		32.1		63.9	50.8	
Gross Profit Margin (%)								
Operation of café chain	20%	23%	(12.1)	21%	(5.3)	21%	24%	(12.4)
Distribution & retail of packaged food	36%	53%	(32.1)	42%	(14.7)	39%	53%	(26.8)
Others	15%	13%	19.5	15%	0.2	15%	15%	0.5
Overall Gross Profit Margin (%)	21.6%	24.7%		23.0%		22.3%	25.3%	

Source: Company, Apex Securities

Results Note

Thursday, 28 May, 2026

Financial Highlights

Income Statement

FYE Sep (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	277.3	450.9	598.2	660.7	728.0
Gross Profit	82.8	116.9	131.6	145.4	160.2
EBITDA	79.2	113.6	125.5	132.1	139.6
Depreciation & Amortisation	-19.3	-29.5	-33.8	-32.3	-31.7
EBIT	59.9	84.1	91.7	99.8	107.9
Net Finance Income/ (Cost)	-3.3	-4.3	-4.3	-5.5	-6.5
Associates & JV	-0.1	0.2	0.9	1.3	1.5
Pre-tax Profit	57.5	83.4	92.8	100.6	108.3
Tax	-14.4	-22.7	-22.3	-24.1	-26.0
Profit After Tax	43.1	60.8	70.5	76.5	82.3
Minority Interest	0.0	0.0	0.0	0.0	0.0
PATAMI	43.1	60.8	70.5	76.5	82.3
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	43.1	60.8	70.5	76.5	82.3

Key Ratios

FYE Sep (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue Growth (%)	108.5%	62.6%	32.7%	10.5%	10.2%
Core EPS Growth (%)	115.4%	40.9%	16.1%	8.4%	7.7%
P/E (x)	48.7	34.6	29.8	27.5	25.5
EPS	2.2	3.0	3.5	3.8	4.1
P/B (x)	39.2	7.2	6.1	5.3	4.6
EV/EBITDA (x)	26.3	19.0	17.9	17.4	17.1
DPS (sen)	0.2	1.1	1.1	1.1	1.2
Dividend Yield (%)	0.1%	1.0%	1.0%	1.1%	1.2%
EBITDA margin	28.6%	25.2%	21.0%	20.0%	19.2%
EBIT margin	21.6%	18.6%	15.3%	15.1%	14.8%
PBT margin	20.7%	18.5%	15.5%	15.2%	14.9%
PAT margin	15.6%	13.5%	11.8%	11.6%	11.3%
Net Profit margin	15.6%	13.5%	11.8%	11.6%	11.3%
Core NP margin	15.6%	13.5%	11.8%	11.6%	11.3%
RDE	80.6%	20.7%	20.6%	19.3%	18.1%
ROA	23.8%	14.1%	13.0%	12.1%	11.4%
Net gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Key Assumptions

FYE Sep (RM m)	FY25	FY26F	FY27F	FY28F
Average revenue per store	14.2	14.5	14.6	14.7
No. of café (unit)	17	25	33	36
SSSG (%)	8%	16%	5%	5%

Valuations

	FY27F
EPS (RM)	0.038
Multiple (x)	27.0
Equity Value/share (RM)	1.04
ESG premium/discount	0.0%
Fair Value (RM)	1.04

Source: Company, Apex Securities

Balance Sheet

FYE Sep (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	59.0	149.0	260.1	332.1	438.2
Receivables	13.3	30.9	21.6	43.6	28.2
Inventories	6.9	12.3	18.4	21.1	22.4
Other current assets	0.6	103.3	103.3	103.3	103.3
Total Current Assets	79.8	295.5	403.3	500.2	592.1
PPE & ROU	100.4	133.1	135.2	129.3	127.7
Deferred income taxes	0.2	0.3	0.3	0.3	0.3
Other non-current assets	1.0	2.1	2.1	2.1	2.1
Total Non-current assets	101.6	135.5	137.6	131.7	130.1
Short-term lease	14.4	20.1	22.2	26.1	30.5
Hire purchase payables	0.5	0.8	0.8	0.8	0.8
Payables	39.8	33.3	70.0	87.6	96.5
Other Current Liabilities	11.3	11.0	11.0	11.0	11.0
Total Current Liabilities	66.1	65.2	103.9	125.5	138.8
Long-term lease	57.6	66.8	68.6	104.5	122.0
Long-term debt	0.0	0.0	0.0	0.0	1.0
Other non-current liabilities	4.3	5.5	5.5	5.5	5.5
Total Non-current Liabilities	61.9	72.2	94.1	110.0	128.5
Shareholder's equity	53.5	293.5	342.9	396.4	455.0
Minority Interest	0.0	0.0	0.0	0.0	1.0
Equity	53.5	293.5	342.9	396.4	456.0

Cash Flow

FYE Sep (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	57.5	83.4	92.8	100.6	108.3
Depreciation & amortisation	19.3	29.5	33.8	32.3	31.7
Changes in working capital	0.2	-10.2	39.8	-7.2	23.0
Others	-8.9	-25.6	-22.5	-23.6	-24.0
Operating cash flow	68.1	77.2	144.0	102.2	139.1
Capex	-17.1	-27.3	-35.9	-26.4	-29.1
Others	-0.1	-97.3	4.6	5.0	5.5
Investing cash flow	-17.2	-124.6	-31.3	-21.4	-23.6
Dividends paid	-3.0	-21.0	-21.2	-22.9	-24.7
Others	-13.7	158.5	19.6	14.3	15.3
Financing cash flow	-16.7	137.5	-1.6	-8.7	-9.4
Net cash flow	34.2	90.0	111.1	72.1	106.1
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	24.8	59.0	149.0	260.1	332.1
Ending cash	59.0	149.0	260.1	332.1	438.2

Results Note

Thursday, 28 May, 2026

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★	Sorona fabric is 37% plant-based, reducing reliance on fossil fuels and lowering GHG emissions. Around 120,600 apparel units were made with 100% Sorona in FY25.
Waste & Effluent	★★★★	In FY25, about 28,700kg of apparel and footwear were collected from recycle bins at 27 outlets in Malaysia.
Energy	★★★★	Since the solar system installation, 4.9gWh of clean energy has been produced, offsetting an estimated 3,714 tonnes of CO2 emissions in FY25
Water	★★★	In FY25, 10.2 megalitres of water (FY24: 10.7 megalitres) were used, a 4.7% reduction in water usage.
Compliance	★	RM32,000 penalty to PAD Malaysia due to renovation at outlets without permit in FY25.

Social

Diversity	★★★	The gender distribution of employees in Malaysia is 59% female and 41% male. There is room for improvement towards gender parity in Thailand, where female employees make up 84% and male employees 16% in FY25.
Human Rights	★★★	Zero number of substantiated complaints concerning human rights violations in FY25.
Occupational Safety and Health	★	In FY25, PAD recorded 33 minor workplace accidents in Malaysia and none in Thailand as well as Cambodia. Most incidents occurred while organising stock in stores. To reduce accidents, PAS provided better equipment, conducted training, and issued a safety memo to staff.
Labour Practices	★★★	0.32% of employees are contractors or temporary staff in FY25.

Governance

CSR Strategy	★★★	In FY25, PADINI made a positive impact through various philanthropic initiatives, donating around 1,600 cartons (26,000 pieces) of merchandise to the needy. Seventeen (17) NGOs benefited from the donations of products, cash, and in-kind support.
Management	★★	The Board currently has ten (10) members, including four (4) Independent Non-Executive Directors and four (4) Executive Directors. 30% Female and 70% Male in the Board.
Stakeholders	★★★	1x AGM per annum and 4/4 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

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As of Thursday, 28 May, 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.