

Research Team

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Recommendation:	HOLD
Current Price:	RM 1.42
Previous Target Price:	RM 1.80
Target Price:	RM 1.45
Capital Upside/Downside:	2.1%
Dividend Yield (%):	7.0%
Total Upside/Downside:	9.2%

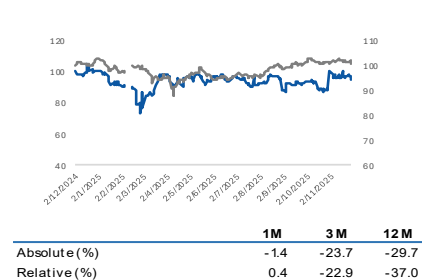
Stock information

Board	MAIN
Sector	Consumer
Bursa / Bloomberg Code	7052 / PADMK
Syariah Compliant	Yes
ESGRating	★★★
Shares Issued (m)	986.9
Market Cap (RM' m)	1,401.3
52-Week Price Range (RM)	2.18-1.4
Beta (x)	0.6
Free float (%)	44.9
3M Average Volume (m)	1.7
3M Average Value (RM' m)	2.6

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



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	136.1
CNP (RM'm)	168.7	144.2	136.1
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

Within Expectations

- **PADINI reported a 3QFY26 core net profit (CNP) of RM64.3m (-12.7% YoY, +36.7% QoQ), bringing 9MFY26 CNP to RM133.7m. The results came within our and consensus expectations, accounting for 93% and 90% of full-year forecasts respectively, which we deem reasonable given Padini's historically softer 4Q earnings profile.**
- **The Group declared a fourth interim dividend of 1.8sen (ex-date: 12 June 2026), bringing total 9MFY26 DPS to 7.4sen (9MFY25: 7.1sen).**
- **Maintain HOLD with a lower TP of RM1.45 (from RM1.80), after rolling forward our valuation base to FY27F and applying a lower target P/E of 10.5x FY27F EPS of 13.8sen (from 12.3x FY26F EPS of 14.6sen), representing below -1SD of its 3-year forward P/E mean.**

Within Expectations. Excluding forex loss (+RM0.2m) and inventory write-offs (+RM3.9m), PADINI reported a 3QFY26 CNP of RM64.3m (-12.7% YoY, +36.7% QoQ), bringing the 9MFY26 CNP to RM133.7m. The results came within expectations, accounting for only 93% of our full-year forecast and 90% of consensus estimates supported by stronger festive-driven demand during the quarter.

Dividend. The Group declared a fourth interim dividend of 1.8sen (ex-date: 12 June 2026) (3QFY25: 2.8sen), bringing total DPS declared for 9MFY26 to 7.4sen (9MFY25: 7.1sen).

YoY. 3QFY26 CNP declined 12.7% YoY to RM64.3m, mainly due to softer consumer demand, which also led to a marginal 0.4% YoY decline in revenue. In addition, operating expenses rose 7.9% YoY, driven partly by higher depreciation charges and the implementation of service tax on rental expenses following the July 2025 SST scope expansion, resulting in weaker operating leverage during the quarter.

QoQ. 3QFY26 CNP surged 36.7%, supported by a 29.0% increase in revenue driven by stronger festive spending during the Chinese New Year and Hari Raya period. Gross profit margin remained stable at approximately 40%, likely supported by stronger contribution from higher-margin in-house brands and sportswear-related products.

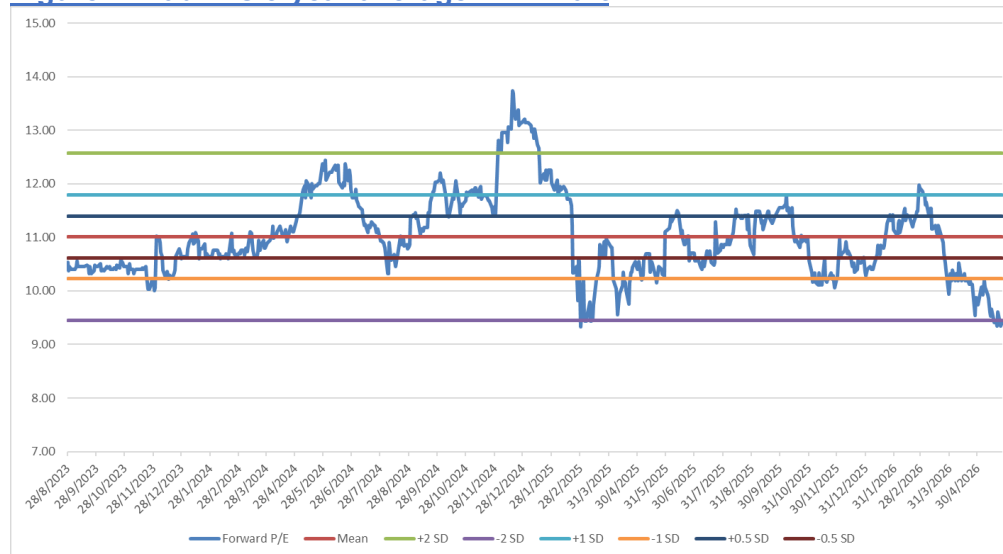
Outlook. We expect 4QFY26 earnings to moderate sequentially following the strong festive-driven demand recorded in 3QFY26, as consumer spending typically normalises post Hari Raya and Chinese New Year. In addition, softer sales momentum and higher promotional activities could weigh on operating leverage and margins during the quarter. Management also highlighted that the retail sector remains challenging amid weakening consumer purchasing power due to rising living costs, ongoing trade tensions, as well as elevated inflation and interest rate environment. Nevertheless, we believe downside risks remain manageable, supported by Padini's strong value-for-money positioning, resilient brand equity and defensive mass-market customer base.

Earnings Revision. Despite 9MFY26 earnings accounting for 93% of our full-year forecast, we keep our FY26F–FY27F earnings estimates unchanged at this stage, as we expect a seasonally softer 4QFY26 amid post-festive demand normalisation and weaker operating leverage.

Valuation & Recommendation. We maintain our **HOLD** call on Padini Holdings Berhad with a lower TP of **RM1.45** (from RM1.80), after rolling forward our valuation base to FY27F. Our TP is based on a lower target P/E of 10.5x FY27F EPS of 13.8sen (from 12.3x FY26F EPS of 14.6 sen), representing below -1SD of its 3-year forward P/E mean. We believe the lower valuation multiple is justified by weaker consumer sentiment, softer discretionary spending outlook, persistent cost pressures and limited near-term rerating catalysts for the retail sector. In addition, lingering sentiment overhang arising from the ongoing investigation may continue to weigh on near-term valuation rerating.

Risk. Forex volatility may result in higher material sourcing and freight costs.

Figure 1: Padini's 5-year average P/E Chart



Source: Bloomberg, Apex Securities

Results Comparison

FYE Jun (RM m)	3QFY26	3QFY25	yoy (%)	2QFY26	qoq (%)	9MFY26	9MFY25	yoy (%)	Comments
Revenue	624.5	626.8	(0.4)	484.0	29.0	1,509.6	1,545.6	(2.3)	
EBITDA	132.1	143.4	(7.9)	106.4	24.2	320.9	318.5	0.8	
Pre-tax profit	82.8	95.7	(13.5)	56.4	46.8	122.2	197.9	(38.2)	
PATAMI	60.1	72.0	(16.5)	41.3	45.4	121.8	147.9	(17.7)	
Core net profit	64.3	73.6	(12.7)	47.0	36.7	133.7	155.2	(13.9)	
Core EPS (sen)	6.5	7.5	(12.7)	4.8	36.7	13.5	15.7	(13.9)	
DPS (sen)	3.8	2.8	35.7	1.8	111.1	7.4	7.1	4.2	
EBITDA margin (%)	21.2	22.9		22.0		21.3	20.6		
PBT margin (%)	13.3	15.3		11.6		8.1	12.8		
Core PATMI margin (%)	10.3	11.7		9.7		8.9	10.0		

Source: Company, Apex Securities

Results Note

Thursday, 28 May, 2026

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)	4.2	6.3	8.5	10.0	10.6
EPS	34.5	23.2	17.1	14.6	13.8
P/B (x)	1.4	1.3	1.2	1.2	1.1
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 (%)	8.0%	8.2%	5.9%	6.8%	6.8%
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

	FY27F
Core EPS (RM)	0.14
P/E multiple (x)	10.5
Equity Value (RM)	1.45
ESG premium/discount	0.0%
Fair Value	1.45

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	★★★★	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.