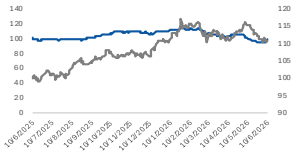


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KLCSU vs FBM KLCI



	1M	3M	12M
Absolute (%)	-4.1	-2.5	-5.6
Relative (%)	-0.3	-0.7	-14.3

Earnings Summary

CCK Consolidated Holding BUY TP: RM 1.34				
FYE Dec (RM m)	FY25	FY26F	FY27F	
Revenue (RM'm)	263.1	1080.2	1112.7	
PATAMI (RM'm)	31.2	73.8	93.6	
CNP (RM'm)	16.6	73.8	93.6	
EPS - core (sen)	2.7	11.7	14.8	
P/E(x)	44.1	10.1	8.0	

Aquawalk Group Bhd BUY TP: RM 0.27				
FYE Dec (RM m)	FY25	FY26F	FY27F	
Revenue (RM'm)	25.3	116.1	135.8	
PATAMI (RM'm)	6.0	37.0	41.4	
CNP (RM'm)	8.5	37.0	41.4	
EPS - core (sen)	0.0	2.0	2.2	
P/E(x)	13.0	12.9	11.6	

Oriental Kopi Holdings Bhd HOLD TP: RM 1.04				
FYE Dec (RM m)	FY25	FY26F	FY27F	
Revenue (RM'm)	450.9	598.2	660.7	
PATAMI (RM'm)	60.8	70.5	76.5	
CNP (RM'm)	60.8	70.5	76.5	
EPS - core (sen)	3.0	3.5	3.8	
P/E(x)	34.6	29.8	27.5	

Padini Holdings Bhd HOLD TP: RM 1.45				
FYE Dec (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

Consumer Sector

Neutral (↔)

Selective Spending Amid Resilient Demand

- Domestic demand remains supported by resilient labour market conditions, targeted fiscal assistance and continued tourism recovery, although spending patterns are becoming increasingly selective.
- Recent earnings releases suggest consumers continue to prioritise value-oriented and experiential spending, while discretionary retail and expansion-driven operators face softer margin conversion and weaker operating leverage.
- Maintain NEUTRAL. We continue to favour tourism-linked and defensive consumer exposures, while remaining cautious on discretionary retail and F&B operators facing rising cost pressures and potential subsidy-related demand risks.

We maintain our **NEUTRAL** stance on Malaysia's consumer sector heading into 2H26. While the macro backdrop remains supportive, recent earnings releases suggest consumption growth is becoming increasingly selective rather than broad-based. We believe consumers remain willing to spend on experiences and essential purchases, but are becoming more cautious towards discretionary spending amid rising living costs and growing uncertainty surrounding fuel subsidy rationalisation. While supportive macro conditions and tourism recovery should continue underpinning earnings growth, we believe much of the positive demand outlook has already been reflected in sector valuations, limiting the scope for broad-based rerating at this stage.

Domestic Demand Remains Broadly Supportive. Malaysia's GDP expanded 5.4% YoY in 1Q26, supported by resilient private consumption, services activity and tourism-related spending. While growth moderated from 6.2% YoY in 4Q25, domestic demand remains underpinned by stable labour market conditions, with unemployment holding at 2.9%, alongside continued wage growth and supportive financing conditions. Meanwhile, Bank Negara Malaysia is expected to maintain the OPR at 2.75%, preserving borrowing affordability and supporting household spending.

The government's continued expansion of targeted assistance programmes under STR and SARA should further cushion lower- and middle-income households against rising living costs. Collectively, we believe these factors should continue supporting overall consumption growth into 2H26.

Recent Results Suggest Spending Is Becoming More Selective. Recent earnings releases reinforce our view that consumer spending remains resilient, although increasingly concentrated within staples, value-oriented purchases and experiential categories. Defensive consumer demand remains relatively intact, while discretionary retail and expansion-driven operators continue to face weaker operating leverage and margin pressure. Within our coverage, **CCK (BUY; TP: RM1.34)** delivered resilient earnings supported by stable retail demand and improving poultry margins, highlighting the defensive characteristics of staple-oriented consumption. Similarly, tourism-linked spending continues to hold up well, with **AQUAWALK (BUY; TP: RM0.27)** delivering results broadly within expectations despite softer seasonal visitor traffic.

In contrast, **PADINI (HOLD; TP: RM1.45)** reported weaker operating leverage amid softer consumer demand and rising cost pressures, while **KOPI (HOLD; TP: RM01.04)** latest results highlighted ongoing challenges in converting strong revenue growth into earnings growth as expansion-related costs and operating expenses continue to weigh on margins. Taken together, these results suggest that while consumers remain active, spending is increasingly concentrated in value-oriented, necessity-based and experiential categories rather than broad-based discretionary consumption.

Tourism Remains a Structural Growth Driver. Tourism continues to represent one of the strongest structural demand drivers for the consumer sector heading into Visit Malaysia 2026. Malaysia recorded 10.6m international tourist arrivals in 1Q26, with Chinese arrivals rising 25.2% YoY supported by stronger connectivity and visa-free arrangements.

We believe Malaysia remains well positioned to benefit from ongoing regional travel demand, particularly as elevated fuel costs and geopolitical disruptions continue to favour shorter-haul ASEAN destinations over more expensive long-haul travel markets. In addition, medical tourism remains an increasingly important source of higher-quality consumer spending, with healthcare travel revenue rising 23.2% YoY to RM3.35bn in 2025.

Against this backdrop, we continue to favour **AQUAWALK (BUY; TP: RM0.27)** as the clearest tourism beneficiary within our coverage universe, supported by improving visitor traffic, upcoming attraction launches and growing exposure to experiential spending trends ahead of VM2026.

Subsidy Rationalisation Risk Re-Emerging. While underlying consumption remains resilient, we believe fuel subsidy reform represents the most important emerging risk for the sector. Recent government commentary indicates Malaysia's monthly fuel subsidy bill has increased sharply from approximately RM700m in January to around RM5bn currently, reflecting the impact of higher global energy prices and increasing fiscal pressure. Although the targeted subsidy framework has thus far insulated consumers from the full impact of rising fuel prices, we believe the rapid increase in subsidy costs raises the likelihood of further rationalisation measures over the medium term.

While no specific policy changes have been announced, any tightening of eligibility criteria, quota adjustments or broader revisions to the RON95 subsidy framework could raise transportation and logistics costs while simultaneously reducing household disposable income. We believe discretionary retail and F&B operators would likely face greater earnings risk under such a scenario, whereas staples-related and value-oriented operators should remain comparatively resilient.

Cost Pressures Becoming More Uneven. While easing commodity prices and a stronger ringgit should provide margin support for selected consumer names, cost pressures remain increasingly divergent across the sector. Lower corn, soybean and aquaculture costs are expected to benefit food producers such as **CCK (BUY; TP: RM1.34)** and **QL Resources (NR)**, while **Nestlé (NR)** should benefit from easing cocoa prices and stable coffee bean costs, although higher freight, packaging and marketing expenses may partly offset these gains. Meanwhile, **PADINI (HOLD; TP: RM1.45)** is likely to benefit from lower sourcing costs due to a stronger ringgit and easing lease-related taxes following the SST reduction.

However, labour, logistics and expansion-related expenses remain key headwinds. **99 Speedmart (NR)** continues to face rising staffing and distribution costs associated with network expansion, while **KOPI (HOLD; TP: RM1.04)** remains exposed to higher outlet operating expenses, rental commitments and overseas expansion spending. Similarly, **AQUAWALK (BUY; TP: RM0.27)** is expected to incur higher near-term capex associated with new attraction launches and facility upgrades. Overall, we expect companies benefiting from easing input costs, stronger currency trends and mature operating footprints to outperform operators pursuing aggressive expansion strategies, where earnings conversion may remain constrained despite healthy revenue growth.

Sector Valuation Remains Fair. The consumer sector is currently trading at approximately 16.0x forward P/E, broadly in line with its three-year historical average of 16.5x. We believe current valuations appropriately reflect the balance between resilient domestic consumption, tourism recovery and fiscal support measures on one hand, and rising subsidy uncertainty, cost pressures and increasingly selective spending behaviour on the other. As such, we see limited scope for broad-based sector rerating in the near term.

Valuation & Recommendation. We maintain our **NEUTRAL** stance on the sector. While resilient economic growth, stable employment conditions, fiscal support measures and tourism recovery continue to support domestic consumption, we believe these positives are increasingly balanced by rising subsidy uncertainty, higher operating costs and evidence of more selective spending behaviour. Combined with sector valuations that remain broadly in line with historical averages, we see limited scope for a broad-based rerating at this stage.

Within coverage, we continue to favour **AQUAWALK (BUY; TP: RM0.27)** and **CCK (BUY; TP: RM1.34)**, reflecting their exposure to tourism recovery and defensive consumption respectively. Conversely, we

remain more cautious on **PADINI (HOLD; TP: RM1.45)** and **KOPI (HOLD; TP: RM01.04)**, where softer discretionary spending trends, margin pressure and weaker operating leverage continue to constrain earnings visibility. We would become more constructive on the sector should tourism arrivals continue exceeding expectations while subsidy-related risks remain contained. Conversely, broader fuel subsidy reforms or a sharper deterioration in consumer sentiment would likely reinforce our preference for defensive consumer exposures over discretionary names.

Figure 1: Peers Comparison

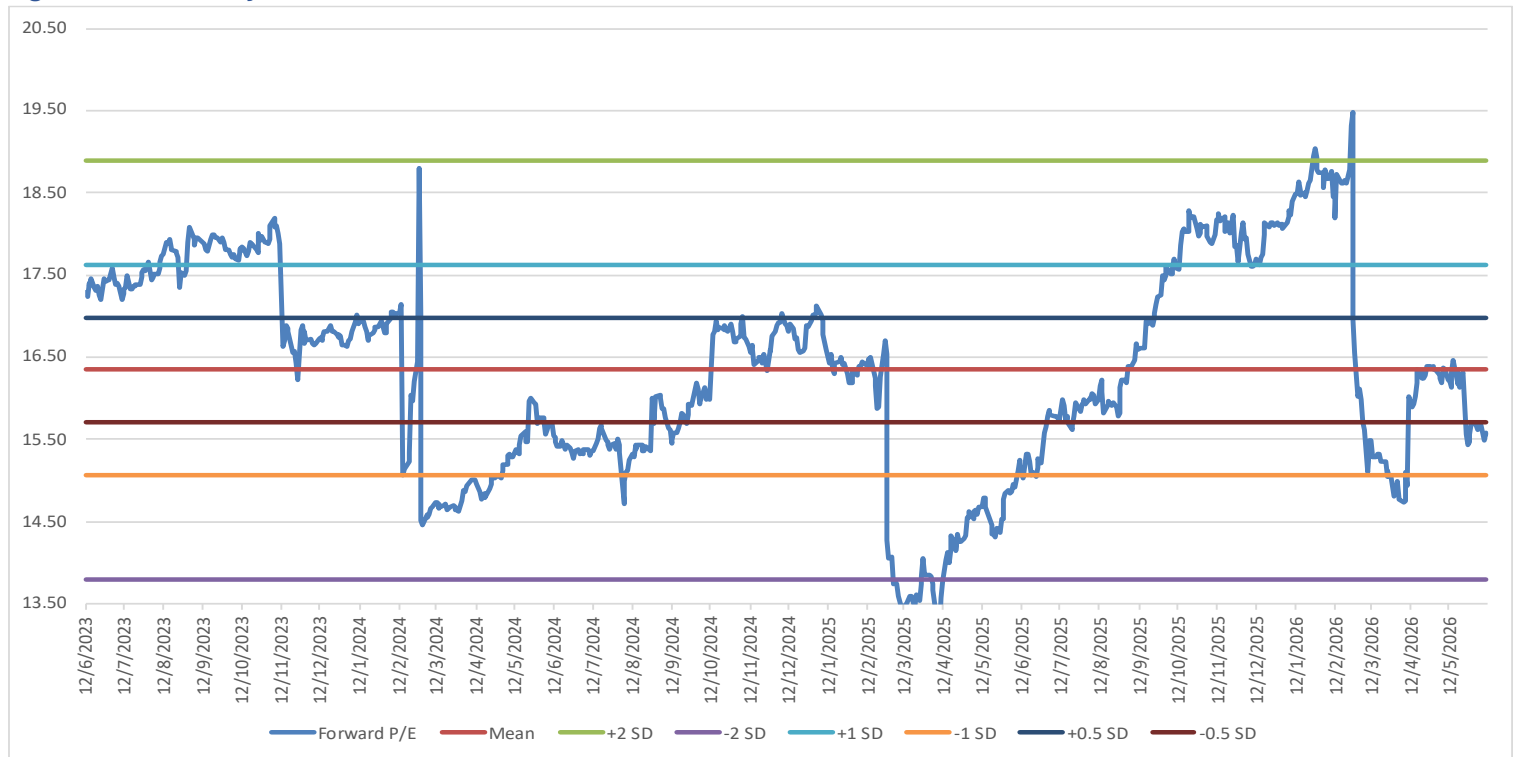
Company	FYE	Market Cap (RM m)	Rec.	Price (RM) ^	TP (RM)	Potential Upside	P/E (x)		P/B (x)		Div Yield (%)		ESG Rating
							CY26	CY27	CY26	CY27	CY26	CY27	
Aquawalk Group Berhad	Dec	313	BUY	0.17	0.27	58.8%	12.9	11.6	1.9	1.7	2.3%	2.6%	★★★
CCK Consolidated Holdings Bhd	Dec	726	BUY	1.18	1.34	13.6%	10.1	8.0	1.1	1.3	4.0%	5.0%	★★★
Oriental Kopi Bhd	Sep	1,840	HOLD	0.92	1.04	13.0%	29.8	27.5	6.1	5.3	1.1%	1.2%	★★★
Padini Holdings Bhd	Jun	1,421	HOLD	1.44	1.45	0.7%	10.0	10.6	1.2	1.1	6.8%	6.8%	★★★
99 speed mart Retail Holdings Bhd*	Dec	28,308	NR	3.37	3.89	15.5%	38.7	35.1	14.0	11.7	145.4%	163.2%	N/A
Nestle Malaysia Bhd*	Dec	21,991	NR	93.78	112.43	19.9%	36.3	33.2	39.6	39.2	264.4%	290.1%	N/A
Fraser & Neave Holding Bhd*	Sep	9,456	NR	25.78	34.46	33.7%	13.8	11.5	2.3	2.0	262.5%	307.5%	N/A
MR DIY Group M Bhd*	Dec	14,974	NR	1.58	2.09	32.6%	21.4	20.0	7.6	7.5	487.3%	468.4%	N/A
Average Sector							21.6	19.7	9.2	8.7			

* Based on Bloomberg consensus

^ As at 10 Jun 26

Source: Apex Securities, Bloomberg

Figure 2: KLCSU 3 – year forward PE trend



Source: Apex Securities, Bloomberg

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.