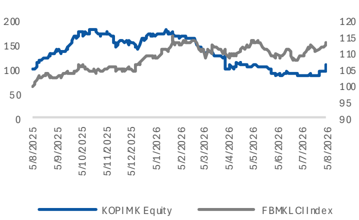
Research Team
(603) 7890 8888
research.dept@apexsecurities.com.my

Recommendation:		HOLD
Current Price:		RM 0.995
Previous Target Price:		RM 1.04
Target Price:	↔	RM 1.04
Capital Upside/Downside:		4.5%
Dividend Yield (%):		1.1%
Total Upside/Downside		**5.6%**

Stock information	
Board	ACE
Sector	Consumer
Bursa / Bloomberg Code	0338 / KOPI MK
Shariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	2,000.0
Market Cap (RM' m)	1,990.0
52-Week Price Range (RM)	1.61-0.815
Beta (x)	N/A
Free float (%)	28.2
3M Average Volume (m)	4.7
3M Average Value (RM' m)	4.6

Top 3 Shareholders	(%)
United Gomax Sdn Bhd	67.9
Ubs Ag	1.7
Kaf Core Income Fund	1.6

Share Price Performance



	1M	3M	12M
Absolute (%)	10.6	-9.5	20.6
Relative (%)	7.1	-8.4	20.6

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 Berhad

Expands into Indonesia and Mauritius

- **KOPI announced its expansion into Indonesia via a 40:60 Joint Venture ("JV") with PT Era Boga Nusantara ("EBN"), while separately granting an exclusive territory franchise for Mauritius to Coffee Time Ltd ("CTL").**
- **The Indonesia JV requires a capital commitment of USD480,000 (RM1.96m), while the Mauritius franchise follows an asset-light model with no capital commitment from KOPI.**
- **The dual-track expansion strategy broadens KOPI's international footprint and creates additional long-term earnings avenues through JV income, collaboration fees, franchise fees and royalty income.**
- **Maintain our HOLD recommendation and unchanged TP of RM1.04, as we do not expect the proposed overseas expansion to materially impact earnings in the near term.**

Expands into Indonesia and Mauritius. Oriental Kopi announced two strategic overseas expansion initiatives on 6 August 2026. Firstly, its indirect wholly-owned subsidiary, Oriental Coffee International Sdn Bhd ("OCI"), entered into a Joint Venture cum Shareholders' Agreement with PT Era Boga Nusantara ("EBN") to establish PT Era Oriental Kopi ("JVCO"), which will operate Oriental Kopi restaurants in Indonesia, prioritising Jakarta. The JVCO will have an initial paid-up capital of USD1.2m (approximately RM4.91m), with OCI holding a 40% stake and contributing USD480,000 (approximately RM1.96m), while EBN will hold the remaining 60%. Separately, OCI entered into a Territory Franchise Agreement with Coffee Time Ltd ("CTL"), granting the latter exclusive rights to develop and operate Oriental Kopi restaurants in Mauritius under a six-year franchise arrangement. Under the respective agreements, the JVCO is required to commence operations within one year, while CTL must open its first outlet within 300 days from the signing date.

Funding. OCI's USD480,000 (approximately RM1.96m) capital commitment for the Indonesia JV will be funded via internally generated funds and/or bank borrowings, with the final funding mix to be determined by management. We view the funding requirement as manageable given KOPI's strong net cash position, with the investment representing only around 3.63% of its 2QFY26 cash balance of RM53.94m. As such, we expect any impact on the Group's gearing to be minimal, even if the investment is fully debt-funded. Meanwhile, the Mauritius franchise does not require any capital commitment from KOPI, as CTL will bear all outlet-level capital expenditure and operating costs under the asset-light franchise model.

Our View. We view the announcements positively as they reinforce Oriental Kopi's disciplined overseas expansion strategy through two complementary entry models. The Indonesia JV enables the Group to leverage EBN's local operating expertise and market network while retaining upside through its 40% equity stake, alongside potential collaboration and licensing income. Meanwhile, the Mauritius franchise adopts an asset-light model that requires no capital commitment from KOPI while generating recurring franchise fees and royalty income. We also view the franchise terms favourably, as monthly royalties remain payable even in the event of temporary operational disruptions, while the franchisee is required to commence its first outlet within 300 days, failing which Oriental Kopi may terminate the agreement or revoke the franchise rights. Overall, we believe these arrangements strike a prudent balance between long-term growth ambitions and execution risk.

Outlook. While we do not expect the proposed overseas initiatives to materially contribute to earnings in the near term, we believe they represent an important strategic milestone in Oriental Kopi's evolution from a domestic café operator into a regional consumer brand. Indonesia remains the more meaningful medium-term opportunity, given its sizeable consumer market and the Group's equity participation in the JV, while the Mauritius franchise serves as a lower-risk avenue to monetise its brand through recurring franchise and royalty income. That said, investors are likely to remain focused on the pace of outlet rollout and the financial performance of the initial overseas stores before assigning meaningful value to the Group's international expansion.

KDN PP13226/06/2024 (035469)

Successful execution could nonetheless strengthen management's confidence to replicate its dual-track expansion strategy across additional overseas markets over time.

Earnings Revision. We make no changes to our earnings forecasts following the announcements. Management has indicated that both transactions are not expected to have a material impact on FY26 earnings, EPS, gearing or net assets. In addition, the financial terms relating to the collaboration fee, franchise fee and royalty structure were not disclosed, limiting our ability to quantify any potential earnings contribution at this stage. We will revisit our forecasts once management provides greater clarity on the overseas outlet rollout timeline, expected store-level performance and the potential earnings contribution from both the Indonesia JV and Mauritius franchise.

Valuation & Recommendation. We maintain our **HOLD** recommendation and unchanged **Target Price of RM1.04**, based on an unchanged 27x FY27F Core P/E applied to FY27F Core EPS of 3.82 sen. While the proposed overseas expansion reinforces KOPI's longer-term regional growth strategy, we believe investors are unlikely to assign meaningful valuation upside until overseas operations begin contributing measurable earnings and management provides greater visibility on the pace of outlet expansion.

Risk. Key risks include slower-than-expected overseas rollout, execution risk in the Indonesia JV, franchisee execution risk in Mauritius, foreign exchange exposure, and weaker-than-expected domestic outlet expansion.

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%
ROE	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	88.6	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**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Integrates sustainable practices to reduce environmental impact.
Waste & Effluent	★★★	Reduces single-use plastics, recycles packaging, converts food waste into fertiliser, and recycles used cooking oil.
Energy	★★	No specific energy management targets or disclosures provided.
Water	★★★	Installs FOG traps in all cafés to prevent water pollution and drainage blockages.
Compliance	★★★	Complies with food safety, halal, and occupational safety regulations.

Social

Diversity	★★★	Merit-based hiring with 42.9% female Board representation and a predominantly local workforce.
Human Rights	★★★	Prohibits child and forced labour while strengthening foreign worker compliance.
Occupational Safety and Health	★★★	Maintains a safe workplace in compliance with OSHA, with no reported penalties.
Labour Practices		Provides compliant worker accommodation, employee development, and reports no major labour disputes.

Governance

CSR Strategy	★★★	Focuses on environmental responsibility, employee well-being, and good corporate governance.
Management	★★★	Majority independent Board supported by anti-bribery and whistleblowing policies.
Stakeholders	★★★	Engages shareholders through communication policies and customers via its loyalty programme.

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 **Friday, 07 Aug, 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.