Non-Rated

Friday, 21 Aug, 2026

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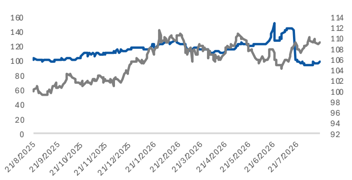
Recommendation:	**Non-Rated**
Current Price:	RM 0.82
Previous Target Price:	-
Target Price:	N/A
Capital Upside/Downside:	N/A
Dividend Yield (%):	N/A
Total Upside/Downside:	**N/A**

Stock information	
Board	MAIN
Sector	Industrial products & services
Bursa / Bloomberg Code	7121 / XLH MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	514.9
Market Cap (RM' m)	411.9
52-Week Price Range (RM)	0.9-0.565
Beta (x)	0.6
Free float (%)	78.9
3M Average Volume (m)	5.8
3M Average Value (RM' m)	4.5

Top 3 Shareholders	**(%)**
Ng Min Lin	28.9
Pelican Prospect Sdn Bhd	4.6
Amanah Raya Berhad	4.1

Share Price Performance



	1M	3M	12M
Absolute (%)	-3.6	12.7	36.8
Relative (%)	-4.5	10.9	25.5

Earnings Summary

FYE April (RM m)	FY26	FY27F	FY28F
Revenue	210.4	252.5	303.0
PATAMI	9.5	19.3	25.0
CNP	9.5	19.3	25.0
Core EPS (sen)	1.8	3.8	4.9
PE (x)	44.1	21.7	16.8

Source: Company, Apex Securities

XL Holdings Berhad

Can Giant Mini Become the Next Growth Engine?

- **Food retail transformation reshapes the Group's long-term earnings profile.**
- **Giant Mini provides a scalable platform to build recurring consumer earnings.**
- **Integrated supply chain creates structural margin expansion opportunities.**
- **Successful execution could drive a consumer sector valuation re-rating.**

Key Investment Highlights

A structural transformation from aquaculture to integrated food retail. XL Holdings has undergone a significant transformation over the past five years, shifting from a niche ornamental fish breeder into a diversified food group. Food-related operations now contribute over 95% of group revenue, underpinned by food manufacturing, agriculture and distribution. The acquisition of Giant Mini further strengthens the Group's downstream presence, positioning XL to capture value across the food supply chain rather than relying solely on upstream production. We believe XL should increasingly be valued as a consumer retail company rather than an aquaculture producer.

Giant Mini establishes an immediate downstream distribution platform. The acquisition of 34 Giant Mini outlets provides XL with an immediate retail footprint and direct consumer access, eliminating the need for a greenfield rollout. Management plans to expand the network to 200 stores over the medium term, including approximately 50 new stores in FY27, while introducing a customer loyalty programme and expanding online fulfilment through potential partnerships with Grab and Lalamove. We believe these initiatives should strengthen customer retention, increase sales frequency and improve the group's omnichannel capabilities, supporting long-term revenue growth.

Vertical integration could drive structural margin expansion. Unlike conventional retailers, XL participates across the entire food value chain, from pineapple cultivation and food manufacturing to distribution and retail. This integrated model provides multiple opportunities to improve procurement efficiency, increase private-label penetration and optimise inventory management. Management also indicated that dry FMCG products typically generate 10–16% gross margins, suggesting further scope for margin expansion as product mix shifts towards higher-margin consumer products and store density improves.

A differentiated business model compared with listed retail peers. Unlike most listed retail peers that rely primarily on third-party suppliers, XL combines upstream agricultural production, food manufacturing, logistics and retail distribution within a single operating platform. We believe this integrated structure provides greater flexibility to introduce proprietary products, optimise procurement costs and improve supply chain efficiency. If successfully executed, XL could evolve into an integrated food platform rather than merely another convenience store operator, supporting stronger earnings quality over the longer term.

Execution remains the key investment debate. While the Foods segment contributed c.72% of FY26 revenue, it generated only RM0.7m of segment PBT, implying a margin of below 1%. In contrast, the Growing Crop segment remains the group's largest earnings contributor despite accounting for only 15% of revenue. This indicates that XL's downstream retail business is still in its investment phase. Going forward, we believe shareholder returns will depend less on the pace of new store openings and more on management's ability to improve store productivity, same-store sales growth, operating leverage and overall retail profitability.

Valuation. Applying a FY27F P/E of **28.7x**, based on the FY27 sector average of selected consumer retail peers, we derive a fair value of **RM1.08**. Key risks: Slower-than-expected Giant Mini expansion, weaker same-store sales, margin pressure from intensifying competition, rising labour costs, and execution risk in integrating and scaling its retail operations.

KDN PP13226/04/2013 (032022)

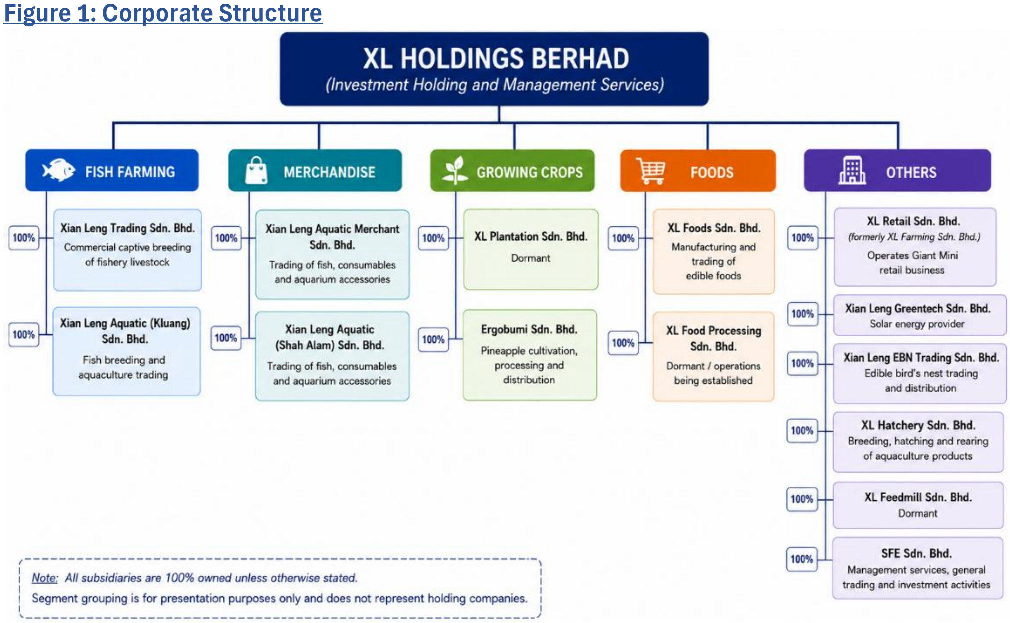
Company Background

Founded in 2003 as an ornamental fish breeder and exporter, XL Holdings has progressively transformed into a diversified food and retail group through organic expansion and strategic acquisitions. While the Group was historically recognised for its aquaculture operations, its earnings profile has shifted materially over the past five years, with food-related businesses now contributing over 95% of group revenue. The acquisition of Giant Mini represents the latest phase of this transformation, extending XL's presence downstream into consumer retail and strengthening its vertically integrated food ecosystem

The transformation accelerated over the past few years. The Group expanded beyond ornamental fish into food processing and distribution before entering the retail segment through the acquisition of Giant Mini convenience stores, providing a direct consumer channel for its products. This complements its upstream agricultural operations, allowing the Group to gradually build a vertically integrated food ecosystem spanning crop cultivation, food manufacturing, logistics and retail distribution.

Today, XL operates across five business segments comprising Foods, Merchandise, Growing Crops, Fish Farming and Investment Holdings. The earnings profile has shifted materially from its historical roots. In the latest financial year, the Foods division contributed the majority of external revenue, followed by Growing Crops, Merchandise and Fish Farming. This contrasts with the market perception that XL remains primarily an aquaculture company, as the Group has evolved into a consumer food business with aquaculture representing only a small component of operations.

Figure 1: Corporate Structure

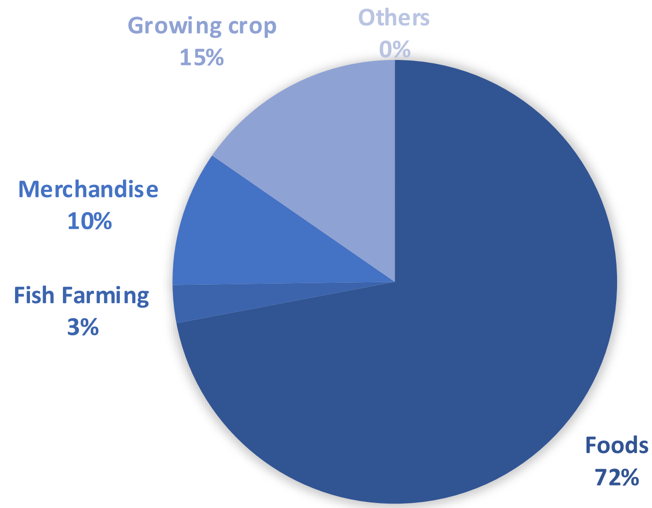


Source: Company, Apex Securities

Business Overview

Business Model. XL Holdings operates across five principal business segments comprising Foods, Growing Crop, Merchandise, Fish Farming and Investment Holdings. The Group's strategy centres on building a vertically integrated food ecosystem spanning agricultural production, food manufacturing, distribution and convenience retail. While the Foods segment currently contributes the majority of group revenue, Growing Crop remains the largest earnings contributor, highlighting that the retail business is still in its investment phase.

Figure 2: FY26 Revenue Segmentation by Business Activities



Source: Company, Apex Securities

Figure 3: Foods (70% of FY26 Revenue)

Source: TheStar, Apex securities

The Foods segment remained XL Holdings' largest business, generating RM91.4m, or 70.8% of FY26 group revenue, representing a 13.2% YoY increase from RM80.7m in FY25. The segment currently comprises food manufacturing and trading and is expected to become the group's primary growth engine following the acquisition of 34 Giant Mini convenience stores across the Klang Valley for RM15.0m, completed in May 2026. The acquisition marked XL's entry into the convenience retail segment, providing an immediate retail footprint through existing store locations, inventories, fixtures and employees rather than pursuing a greenfield expansion.

Management's long-term strategy extends beyond expanding its retail footprint. The Group targets to increase its Giant Mini network to 200 outlets over the medium term, with 50 new stores planned for FY27. In parallel, management intends to strengthen customer retention through the introduction of a loyalty programme, while enhancing last-mile fulfilment by partnering with Grab and Lalamove to expand its online grocery and delivery capabilities. These initiatives should improve customer engagement, increase purchase frequency and broaden the group's omnichannel presence, supporting long-term sales growth beyond physical store expansion.

Beyond retail expansion, management is also focused on improving product mix through greater penetration of fast-moving consumer goods (FMCG) and private-label products. According to management, dry FMCG products typically generate gross margins of 10–16%, providing scope for margin enhancement as the product mix gradually shifts away from lower-margin trading activities. Together with higher store density, this should improve warehouse utilisation, procurement efficiency and operating leverage over time.

As the Giant Mini network expands, we expect procurement scale to strengthen the Group's bargaining power with suppliers, while higher sales density should allow fixed warehouse and distribution costs to be spread across a larger revenue base. Together with greater private-label penetration and an improved product mix, these factors should gradually lift gross and operating margins over the medium term.

Despite contributing c.72% of group revenue, the Foods segment generated only RM0.7m of segment PBT in FY26, implying a margin of below 1%. We believe this reflects a business that remains in its investment phase, with profitability constrained by expansion-related costs and the early stage of its retail operations. Going forward, the key investment debate is not whether XL can expand its store network, but whether management can translate higher store density into improved store productivity, stronger gross margins and sustainable earnings growth.

Figure 4: Growing Crop (15% of FY26 Revenue)

Source: themalaysianreserve, Apex securities

Although the Growing Crop segment contributed only 15% of group revenue, it remains the group's most profitable business. Revenue surged 85.9% YoY to RM19.5m, driven by stronger pineapple and sucker sales as plantations reached greater maturity.

More importantly, the segment generated RM15.4m of PBT, representing the largest profit contribution within the Group. Profitability was supported by biological asset fair value gains and improved agricultural output. This indicates that while the Foods segment dominates revenue, Growing Crop remains the Group's primary earnings contributor. From an investment perspective, the segment provides a solid earnings base to support XL's strategic expansion into downstream food retail and distribution, although sustained earnings growth will increasingly depend on the successful execution of its retail strategy.

Merchandise (10% of FY26 revenue)

The Merchandise segment generated RM12.5m of revenue, accounting for approximately 10% of group turnover. Revenue declined 3.1% YoY, mainly due to lower fish food sales. Despite weaker sales, the business remained profitable, delivering RM1.4m of PBT.

The segment primarily involves trading ornamental fish accessories, aquarium equipment and pet food. Management's strategic focus has shifted towards Foods and Giant Mini, suggesting Merchandise will likely become a smaller contributor over time. Going forward, we expect this segment to remain relatively stable but contribute a declining share of overall group revenue as newer businesses expand.

Figure 5: Fish Farming (3% of FY26 revenue)

Source: TheCompany, Apex securities

Fish Farming contributed only RM3.5m, or 2.7% of FY26 revenue, with sales declining 5.3% YoY due to lower volumes of stingray and tropical fish. The segment also recorded a RM3.7m PBT loss, largely reflecting a decline in the fair value of non-current biological assets. This marks a notable shift from XL Holdings' historical identity as an ornamental fish producer. While fish farming remains part of the group's operations, its financial contribution has diminished significantly. We believe investors should increasingly view the segment as a legacy business that provides diversification rather than a key earnings driver.

Others

The Other segment generated RM2.2m of revenue, almost doubling from the previous year, driven primarily by the hatchery business that commenced operations in August 2024. Although currently immaterial to group earnings, this business provides management with additional optionality to expand its aquaculture ecosystem over the longer term.

Valuation. We derive our **fair value of RM1.08** by applying a **28.7x FY27F P/E** to our FY27F EPS of **3.8 sen**, in line with the FY27 sector average P/E of 28.7x based on selected consumer retail peers, namely **99 Speed Mart, Nestlé (Malaysia), Eco-Shop and MR D.I.Y.** We believe the multiple appropriately reflects XL's **long-term growth potential from its transition towards an integrated food retail platform**, while factoring in its smaller scale, limited retail operating track record and execution risks associated with the Giant Mini rollout. Successful execution, stronger store productivity and deeper supply chain integration could improve earnings visibility and support a **gradual valuation re-rating** over the longer term.

Figure 6: Peers Comparison

Company	FYE	Market Cap (RM m)	Rec.	Price (RM) ^	TP (RM)	Potental Upside	P/E (x)		P/B (x)	
							FY26	FY27	FY26	FY27
99 speed mart Retail Holdings Bhd*	Dec	29,232	NR	3.48	3.96	13.7%	40.0	36.3	14.6	12.3
Nestle Malaysia Bhd*	Dec	24,576	NR	104.80	114.01	8.8%	39.0	36.4	44.0	42.8
Eco-Shop Marketing Bhd*	May	8,176	NR	1.42	1.74	22.7%	27.7	23.6	6.7	5.9
MR DIY Group M Bhd*	Dec	14,027	NR	1.48	1.97	33.1%	20.6	18.7	7.4	7.6
Average Sector							**31.8**	**28.7**	**9.1**	**8.6**

** Based on Bloomberg consensus*

^ As at 20 Aug 26

Source: Apex Securities Berhad

Key Risks

- Slower-than-expected Giant Mini expansion
- Weaker same-store sales
- Margin pressure from intensifying competition
- Rising labour costs
- Execution risk integrating retail operations

Financial Highlights

Income Statement

FYE Apr (RM m)	FY24	FY25	FY26	FY27F	FY28F
Revenue	**109**	**129**	**210**	**252**	**303**
Gross Profit	**23.3**	**26.3**	**28.5**	**47.3**	**58.1**
EBITDA	**13.3**	**16.4**	**17.9**	**29.5**	**36.6**
Depreciation & Amortisation	-6.1	-5.8	-7.1	-7.4	-7.9
EBIT	**7.2**	**10.6**	**10.9**	**22.1**	**28.7**
Net Finance Income/ (Cost)	-0.3	-0.3	-0.5	-0.6	-0.7
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	**6.9**	**10.4**	**10.3**	**21.5**	**28.1**
Tax	0.1	-0.5	-0.8	-2.1	-3.1
Profit After Tax	**7.0**	**9.8**	**9.5**	**19.3**	**25.0**
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	**7.0**	**9.8**	**9.5**	**19.3**	**25.0**
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	**7.0**	**9.8**	**9.5**	**19.3**	**25.0**

Key Ratios

FYE Apr	FY24	FY25	FY26	FY27F	FY28F
EPS (sen)	1.4	1.9	1.8	3.8	4.9
P/E (x)	60.0	42.7	44.1	21.7	16.8
P/B (x)	1.7	1.5	1.3	1.2	1.1
EV/EBITDA (x)	33.6	25.5	21.1	12.5	9.9
DPS (sen)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA margin (%)	12.2%	12.7%	8.5%	11.7%	12.1%
EBIT margin (%)	6.6%	8.2%	5.2%	8.7%	9.5%
PBT margin (%)	6.3%	8.0%	4.9%	8.5%	9.3%
PAT margin (%)	6.4%	7.6%	4.5%	7.6%	8.2%
NP margin (%)	6.4%	7.6%	4.5%	7.6%	8.2%
CNP margin (%)	6.4%	7.6%	4.5%	7.6%	8.2%
ROE (%)	3.4%	4.2%	3.7%	6.9%	8.0%
ROA (%)	3.3%	3.8%	3.4%	6.3%	7.3%
Gearing (%)	0.5%	5.7%	4.9%	4.1%	3.4%
Net gearing (%)	Net Cash	0.8%	16.5%	18.1%	18.7%

Valuations	FY27F
Core EPS (RM)	0.038
P/E multiple (x)	28.7
Fair value (RM)	**1.08**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**1.08**

Source: Company, Apex Securities

Balance Sheet

FYE Apr (RM m)	FY24	FY25	FY26	FY27F	FY28F
Cash	28.0	11.6	-29.3	-39.1	-47.7
Receivables	24.9	52.8	80.0	95.9	115.1
Inventories	2.2	2.9	4.6	5.6	6.7
Other current assets	43.7	52.0	82.1	98.5	118.2
Total Current Assets	**98.7**	**119.3**	**137.3**	**160.9**	**192.3**
Fixed Assets	92.4	118.6	122.6	126.1	129.1
Intangibles	1.9	0.7	0.7	0.7	0.7
Other non-current assets	19.8	22.5	21.1	19.7	18.3
Total Non-Current As	**114.0**	**141.8**	**144.4**	**146.5**	**148.1**
Short-term debt	1.1	4.1	4.1	4.1	4.1
Payables	2.6	6.2	8.4	10.1	12.1
Other current liabilities	1.2	1.6	1.6	1.6	1.6
Total Current Liabilit	**4.9**	**11.8**	**14.0**	**15.7**	**17.7**
Long-term debt	0.0	9.4	8.4	7.4	6.4
Other non-current liabilities	2.2	5.6	5.6	5.6	5.6
Total Non-Current Lia	**2.2**	**15.0**	**14.0**	**13.0**	**12.0**
Shareholder's equity	205.6	234.3	253.6	278.6	310.6
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	**205.6**	**234.3**	**253.6**	**278.6**	**310.6**

Cash Flow

FYE Apr (RM m)	FY24	FY25	FY26	FY27F	FY28F
Pre-tax profit	**10.4**	**10.3**	**21.5**	**28.1**	**36.3**
Depreciation & amortisatior	4.1	5.7	6.0	6.5	7.0
Changes in working capital	13.5	-45.6	-53.7	-29.1	-34.9
Others	-20.1	0.2	-0.1	-1.0	-2.3
Operating cash flow	**7.8**	**-29.4**	**-26.4**	**4.4**	**6.1**
Capex	-0.5	-13.0	-10.0	-10.0	-10.0
Others	1.8	-5.2	-3.0	-2.5	-3.0
Investing cash flow	**1.3**	**-18.2**	**-13.0**	**-12.5**	**-13.0**
Dividends paid	0.0	0.0	0.0	0.0	0.0
Others	9.6	31.2	-1.6	-1.7	-1.7
Financing cash flow	**9.6**	**31.2**	**-1.6**	**-1.7**	**-1.7**
Net cash flow	**18.7**	**-16.4**	**-41.0**	**-9.8**	**-8.6**
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	9.3	28.0	11.6	-29.3	-39.1
Ending cash	**28.0**	**11.6**	**-29.3**	**-39.1**	**-47.7**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 emissions increased 53.9% to 498.55 tCO2e in 2025; solar adoption avoided 130.05 tCO2e
Waste & Effluent	★★	Waste to landfill rose to 589.85 kg in 2025, following an upward trend from business expansion
Energy	★★★	Total electricity consumption grew 8.16% to 1,321.61 Megawatts in 2025
Water	★★★	Annual usage increased 15.5% to 19,196.2 m3, primarily driven by aquaculture operations
Compliance	★★★	Recorded zero material sanctions or penalties for environmental non-compliance

Social

Diversity	★★★	The Board is 14.3% female and management 41.7% female, though technical/general roles remain entirely male
Human Rights	★★★	Zero substantiated complaints regarding human rights violations were recorded in FYE 2025
Occupational Safety and Health	★★★	Achieved a perfect safety record in 2025 with zero fatalities and zero lost time incidents
Labour Practices	★★★	Provided 1,353 total employee training hours; 100% of management received anti-corruption training

Governance

Ethics and Integrity	★★★	Zero confirmed corruption incidents; whistleblowing and anti-corruption policies are actively maintained
Supply Chain Integrity	★★★	Consistently prioritised local sourcing, with 92.73% of procurement spending directed to local suppliers
Data Privacy & Cybersecurity	★★★	Reported zero substantiated complaints concerning breaches of customer privacy or data loss

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, 21 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.