

Research Team

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Recommendation:	BUY
Current Price:	RM 0.16
Previous Target Price:	RM 0.27
Target Price:	↓ RM 0.25
Capital Upside/ Downside:	56.3%
Dividend Yield (%):	3.8%
Total Upside/ Downside:	60.1%

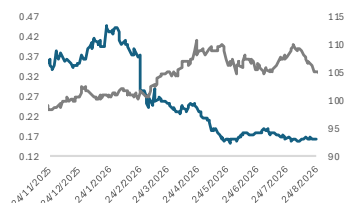
Stock information

Board	ACE
Sector	Consumer
Bursa / Bloomberg Code	0380 / AQUAWALK MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,843.0
Market Cap (RM' m)	294.9
52-Week Price Range (RM)	0.45-0.145
Beta (x)	N/A
Free float (%)	39.3
3M Average Volume (m)	4.5
3M Average Value (RM' m)	0.8

Top 3 Shareholders

	(%)
Vestmap	41.2
Feliz Natur Sdn Bhd	5.3
Aquawalk Hldg Ltd	5.1

Share Price Performance



	1M	3M	12M
Absolute (%)	0.0	3.2	N/A
Relative (%)	-2.0	1.0	N/A

Earnings Summary

FYE Dec (RM m)	FY25	FY26F	FY27F
Revenue (RM'm)	111.3	110.6	129.9
PATAMI (RM'm)	38.3	33.5	37.5
CNP (RM'm)	36.8	33.5	37.5
EPS - core (sen)	2.0	1.8	2.0
P/E(x)	8.0	8.8	7.9

Source: Company, Apex Securities

Aquawalk Group Bhd

Cracks in the Tank

- **AQUAWALK's 2QFY26 core net profit came in at RM4.7m (-44.5% QoQ), bringing 1HFY26 core net profit to RM12.7m, or just 34% of our full-year forecast, below our expectations, mainly dragged by a sharp 26.1% QoQ decline in Aquaria Phuket visitorship amid persistently softer international travel demand.**
- **We remain cautious near-term given persistent international travel softness, though we see potential earnings catalysts from the Immersive Art Studio launch in Thailand and a stronger 4QFY26 as management works to protect margins amid these headwinds.**
- **We cut our FY26F/FY27F/FY28F earnings forecasts by -9%/-9%/-11% to RM33.5m/RM37.5m/RM31.6m.**
- **Maintain our BUY call on AQUAWALK with a lower TP of RM0.25 (from RM0.27), based on an unchanged 12.0x FY27F P/E multiple applied to our revised FY27F EPS of 2.00 sen (from 2.2 sen).**

Results below expectations. After excluding Realised loss on foreign exchange (+RM0.46m), Fair value gain on short-term fund (-RM0.926m), Unrealised forex gain (-RM0.458m) and Realised forex gain (-RM0.008m), AQUAWALK's 2QFY26 core net profit came in at RM4.7m (-44.5% QoQ), bringing 1HFY26 core net profit to RM12.7m. The results were below our expectations, accounting for only 34% of our full-year forecast, mainly dragged by a sharp 26.1% QoQ decline in Aquaria Phuket visitorship amid persistently softer international travel demand.

QoQ. Revenue declined 5.5% QoQ to RM23.9m and core net profit fell 44.5% QoQ to RM4.7m, primarily reflecting lower visitorship, with total group visitorship down 1.8% QoQ to 331,593 as geopolitical uncertainties continued to weigh on international travel demand, particularly among higher-yielding foreign tourists.

YoY. Since Aquawalk was only listed in November 2025, no YoY comparison is available.

Dividend. The Board declared its first interim dividend of 0.5 sen per share (RM9.2m) for 2QFY26, with an ex-date of 9 September 2026 and payment on 30 September 2026 (FY25 DPS: 1.0 sen).

Outlook. We turn more cautious on Aquawalk's near-term prospects, as persistent softness in international travel demand has yet to show clear signs of stabilisation. Management continues to flag ongoing tensions in the Middle East and broader regional macroeconomic concerns as key headwinds to inbound tourism, while remaining focused on protecting topline margins amid these pressures. Management guided that, the weakness is not only limited to Middle Eastern travellers, but also the Aquaria KLCC is likely to experience a broader pullback in inbound visitorship. To support footfall, the Group is running a "Buy 1 Free 1" promotion from late August to early September, representing a more aggressive marketing push compared with last year's free entry offer for August-born visitors.

At Aquaria KLCC, Discovery Zone 6 has completed construction but is pending official Bomba approval prior to opening, with no firm timeline confirmed. This will be followed by the Penguin Tank attraction, which remains targeted for 1QFY27, with the RM7.0m budget unchanged. In Thailand, the Immersive Art Studio ("Maya Recall Museum"), developed in collaboration with KNOWCK Co., Ltd. under a revenue-sharing model, remains on track for launch by end-September 2026. Management is hopeful for a stronger 4QFY26, although this remains contingent on the absence of further major macroeconomic shocks.

Looking further ahead, Aquawalk's longer-term growth is expected to be supported by its Jawa Timur Park oceanarium in Indonesia, which management continues to target at approximately 300k visitors and RM11m in revenue in its first year of operations. With RM171.8m in cash and

short-term funds and no borrowings, the Group remains well-funded to execute its expansion pipeline, even as it begins returning cash to shareholders through its first interim dividend this quarter.

Earnings Revision. We cut our FY26F/FY27F/FY28F core net profit forecasts by -9%/-9%/-11% to RM33.5m/RM37.5m/RM31.6m (from RM37.0m/RM41.4m/RM35.7m), mainly to reflect the sharp decline in Aquaria Phuket visitorship amid persistent softness in international travel demand.

Valuation & Recommendation. We maintain our **BUY** call on AQUAWALK, with a lower TP of **RM0.25** (from RM0.27), following our earnings downgrade. Our TP is based on an unchanged 12.0x FY27F P/E multiple, applied to our lower FY27F EPS forecast of 2.00 sen (from 2.2 sen). Our positive stance is underpinned by (i) Aquaria KLCC's still-resilient performance despite broader regional travel headwinds, (ii) a potential improvement in Aquaria Phuket's outlook following the launch of the Immersive Art Studio by end-September 2026, and (iii) the Group's healthy net cash position, which enabled its first interim dividend this quarter despite a softer earnings base.

Risks. Prolonged softness in international travel demand, delays in regulatory approvals for new attractions, and execution risks on its regional expansion pipeline.

Results Comparison

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue	23.9	N/A	N/A	25.3	(5.5)	49.2	N/A	N/A
COGS	(10.9)	N/A	N/A	(10.6)	2.7	(21.5)	N/A	N/A
Gross Profit	13.0	N/A	N/A	14.7	(11.4)	27.7	N/A	N/A
Other Income	1.0	N/A	N/A	0.6	72.7	1.5	N/A	N/A
Other Operating Expenses	(5.3)	N/A	N/A	(6.9)	(22.9)	(12.2)	N/A	N/A
Net gain on impairment of financial instruments	-	N/A	N/A	-	-	-	N/A	N/A
Core EBIT	8.7	N/A	N/A	8.4	3.7	17.1	N/A	N/A
Share of profit in an associate	0.4	N/A	N/A	0.8	(47.4)	1.3	N/A	N/A
Finance Income	0.2	N/A	N/A	0.7	(73.7)	0.8	N/A	N/A
Finance Costs	(1.7)	N/A	N/A	(1.7)	(1.2)	(3.4)	N/A	N/A
Listing Expenses	-	N/A	N/A	-	-	-	N/A	N/A
Pre-tax profit	7.6	N/A	N/A	8.2	(6.6)	15.8	N/A	N/A
Tax	(2.0)	N/A	N/A	(2.2)	(8.7)	(4.2)	N/A	N/A
Profit After Tax	5.6	N/A	N/A	6.0	(5.9)	11.6	N/A	N/A
(-) Minority Interest	-	N/A	N/A	-	-	-	N/A	N/A
Net Profit	5.6	N/A	N/A	6.0	(5.9)	11.6	N/A	N/A
Core Net Profit	4.7	N/A	N/A	8.5	(44.5)	12.7	N/A	N/A
Core EPS (sen)	-	N/A	N/A	-	-	-	N/A	N/A
Gross profit margin (%)	54.5	N/A		58.1		56.3	N/A	
Core EBIT margin (%)	36.4	N/A		33.2		34.7	N/A	
PBT margin (%)	31.8	N/A		32.2		32.0	N/A	
Effective tax rate (%)	26.1	N/A		26.7		26.4	N/A	
Core net profit margin (%)	19.6	N/A		33.4		25.8	N/A	

Source: Company, Apex Securities

Results Note

Wednesday, 26 Aug, 2026

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	103.2	111.3	110.6	129.9	137.4
Gross Profit	58.3	67.5	60.0	69.4	63.9
EBITDA	54.2	67.0	57.0	65.2	61.1
Depreciation & Amortisation	-13.2	-12.7	-13.4	-15.1	-17.5
EBIT	41.0	54.2	43.6	50.1	43.5
Net Finance Income/ (Cost)	-6.0	-8.0	-3.5	-2.8	-3.7
Associates & JV	5.4	2.1	3.0	3.2	3.3
Pre-tax Profit	40.4	48.3	43.1	50.5	43.2
Tax	-4.5	-9.5	-9.6	-11.4	-9.6
Profit After Tax	35.9	38.8	33.5	39.2	33.6
(-) Minority Interest	1.5	0.6	0.0	1.6	2.0
Net Profit	34.4	38.3	33.5	37.5	31.6
(-) Exceptionals	-9.6	1.5	0.0	0.0	0.0
Core Net Profit	44.0	36.8	33.5	37.5	31.6

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue Grow th (%)	7.7%	7.8%	-1.0%	17.5%	5.7%
CNP Grow th (%)	29.4%	-16.4%	-6.4%	12.1%	-15.8%
Core EPS (sen)	2.4	2.0	1.8	2.0	1.7
P/E (x)	6.7	8.0	8.8	7.9	9.3
P/B (x)	3.5	1.3	1.2	1.0	1.0
EV/EBITDA (x)	4.9	1.7	2.2	1.8	1.5
DPS (sen)	0.1	0.0	0.5	0.6	0.5
Dividend Yield (%)	0.4%	0.0%	3.4%	3.8%	3.2%
EBITDA margin (%)	52.5%	60.1%	51.6%	50.2%	44.5%
EBIT margin (%)	39.8%	48.7%	39.4%	38.6%	31.7%
PBT margin (%)	39.1%	43.4%	39.0%	38.9%	31.5%
PAT margin (%)	34.8%	34.9%	30.3%	30.2%	24.5%
NP margin (%)	33.3%	34.4%	30.3%	28.9%	23.0%
CNP margin (%)	42.6%	33.0%	30.3%	28.9%	23.0%
ROE (%)	52.5%	15.8%	13.1%	13.2%	10.3%
ROA (%)	22.6%	9.8%	8.4%	8.7%	6.8%
Gearing (%)	9.2%	0.0%	0.0%	0.0%	0.0%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

FY27F
Core EPS (RM)
P/E multiple (x)
Fair Value (RM)
ESG premium/discount
Implied Fair Value (RM)

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	35.2	180.9	167.4	179.3	204.3
Receivables	5.1	4.2	4.1	4.8	5.1
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.7	0.7	20.5	20.5	20.5
Total Current Assets	41.0	185.8	192.0	204.7	229.9
Fixed Assets	83.7	78.0	102.3	128.8	140.7
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	69.9	109.7	104.5	98.8	93.2
Total Non-Current Assets	153.6	187.6	206.9	227.6	233.8
Short-term debt	7.7	0.0	0.0	0.0	0.0
Payables	27.3	25.3	27.8	33.2	40.3
Other current liabilities	9.9	15.6	16.1	16.0	16.1
Total Current Liabilities	44.9	41.0	43.8	49.2	56.4
Long-term debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	65.9	99.0	99.1	99.2	99.3
Total Non-Current Liabilities	65.9	99.0	99.1	99.2	99.3
Shareholder's equity	87.3	275.0	294.3	320.5	342.7
Minority interest	-1.0	0.0	0.0	1.6	3.7
Exchange translation reserve	-2.5	-3.0	-2.8	-2.8	-2.8
Others	0.0	-38.6	-35.6	-35.6	-35.6
Total Equity	83.8	233.5	255.9	283.8	308.0

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	55.4	48.3	43.1	50.5	43.2
Depreciation & amortisation	13.2	12.7	13.4	15.1	17.5
Changes in working capital	-0.1	4.3	2.8	4.8	6.8
Others	-22.1	-14.9	-6.1	-8.6	-5.9
Operating cash flow	46.4	50.4	53.2	61.8	61.7
Net capex	-2.7	-3.7	-33.3	-35.8	-23.8
Others	25.6	4.3	3.7	4.4	3.5
Investing cash flow	22.9	0.6	-29.6	-31.3	-20.2
Dividends paid	-84.5	0.0	-10.0	-11.3	-9.5
Others	-17.6	98.0	-7.1	-7.2	-7.0
Financing cash flow	-102.1	98.0	-17.2	-18.5	-16.5
Net cash flow	-32.9	149.0	6.5	12.0	24.9
Forex	-0.4	-0.8	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	1.0
Beginning cash & cash equivalent	66.0	32.7	178.6	185.0	197.0
Ending cash & cash equivalent	32.7	43.6	185.0	197.0	221.9
Fixed deposits with licensed ba	2.4	137.3	2.4	2.4	2.4
Short-term fund	0.0	-20.0	-20.0	-20.0	-20.0
Total cash & deposits	35.2	180.9	167.4	179.3	204.3

ESG Matrix Framework:**Environment**

Parameters	Rating	Comments
Climate	★★	At the moment, the Group has not yet quantified its Scope 1, 2 or 3 emissions, and is working to establish the appropriate data collection processes and emission factors to do so in future reporting cycles.
Waste & Effluent	★★★	In FY25, the Group generated 12.1 tonnes of waste, of which 0.6 tonnes were recycled or diverted through sustainability initiatives, with no waste-related regulatory breaches recorded during the year.
Energy	★★★	In FY25 the Group enhanced its energy efficiency initiatives at Aquaria KLCC, with its circulation pump retrofit reducing electricity consumption by 21.9%.
Water	★★★	In FY25, the Group recycled more than 90% of its exhibit water at Aquaria KLCC daily via its closed-loop filtration system, supporting sustainable water management. Total wastewater discharged recued to 11,677 m3 from 14,703 m3 in the prior year.
Compliance	★★★	In compliance with local environmental regulations.

Social

Diversity	★★★	45% male and 55% female workforce composition in FY25.
Human Rights	★★★	0 human rights violations recorded in FY25.
Occupational Safety and Health	★★★	In FY25, the Group conducted a total of five safety-related programmes and training sessions, with 25 employees trained on health and safety standards.
Labour Practices	★★★	Fully compliant with the Employment Act 1955, ensuring adherence to all government regulations and the national minimum wage policy.

Governance

CSR Strategy	★★★	In FY25, the Group channelled approximately RM123,259 towards community and conservation initiatives.
Management	★★★	4/7 female board composition, 4/7 independent directors.
Stakeholders	★★★	Major announcements and financial reports were announced in timely manner.

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 **Wednesday, 26 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.