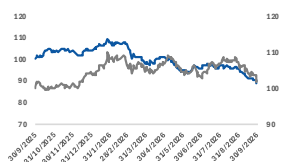


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## KLCSU VS FBM KLCI



## Earnings Summary

| Aquawalk Group Bhd | BUY   | TP: RM0.25  |
|--------------------|-------|-------------|
| 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     |

| Oriental Kopi Holdings Bhd | HOLD  | TP: RM1.04  |
|----------------------------|-------|-------------|
| FYE Sept (RM m)            | FY25  | FY26F FY27F |
| Revenue (RM'm)             | 450.9 | 598.2 660.7 |
| PATAMI (RM'm)              | 60.8  | 66.0 76.5   |
| CNP (RM'm)                 | 60.8  | 66.0 76.5   |
| EPS - core (sen)           | 3.0   | 3.3 3.8     |
| P/E(x)                     | 34.6  | 31.8 27.5   |

| CCK Consolidated Holding | BUY    | TP: RM1.17    |
|--------------------------|--------|---------------|
| FYE Dec (RM m)           | FY25   | FY26F FY27F   |
| Revenue (RM'm)           | 1047.7 | 1059.8 1091.7 |
| PATAMI (RM'm)            | 61.2   | 62.7 81.9     |
| CNP (RM'm)               | 61.1   | 62.7 81.9     |
| EPS - core (sen)         | 9.7    | 9.9 13.0      |
| P/E(x)                   | 10.1   | 9.9 7.5       |

| Padini Holdings Bhd | HOLD   | TP: RM1.29    |
|---------------------|--------|---------------|
| FYE Jun (RM m)      | FY26   | FY27F FY28F   |
| Revenue (RM'm)      | 1875.5 | 1803.3 1799.0 |
| PATAMI (RM'm)       | 112.6  | 120.7 123.5   |
| CNP (RM'm)          | 127.7  | 120.7 123.5   |
| EPS - core (sen)    | 12.9   | 12.2 12.5     |
| P/E(x)              | 10.4   | 11.0 10.7     |

| Oasis Home Holding Bhd | BUY  | TP: RM0.64  |
|------------------------|------|-------------|
| FYE Jun (RM m)         | FY26 | FY27F FY28F |
| Revenue (RM'm)         | 99.3 | 125.2 155.1 |
| PATAMI (RM'm)          | 13.1 | 16.8 22.6   |
| CNP (RM'm)             | 13.1 | 16.8 22.6   |
| EPS - core (sen)       | 2.6  | 3.4 4.5     |
| P/E(x)                 | 15.1 | 11.7 8.7    |

| HI Mobility Bhd  | BUY   | TP: RM2.38  |
|------------------|-------|-------------|
| FYE Jan (RM m)   | FY26  | FY27F FY28F |
| Revenue (RM'm)   | 317.7 | 452.4 579.5 |
| PATAMI (RM'm)    | 56.5  | 71.2 90.9   |
| CNP (RM'm)       | 56.5  | 71.2 90.9   |
| EPS - core (sen) | 10.6  | 13.3 17.0   |
| P/E(x)           | 17.6  | 14.0 10.9   |

Source: Company, Apex securities

# Consumer Sector

Neutral (↔)

## Targeted Support Amid Rising Cost Pressures

- Targeted support remains a key consumption buffer, with STR/SARA rising to RM17bn in 2027 from RM15bn, supporting mass-market spending.
- Consumption growth remains selective, with essentials and affordable F&B outperforming higher-ticket discretionary spending.
- Cost pressures remain the key earnings constraint, as higher labour, food, energy and logistics costs weigh on margins.
- Budget 2027 risks remain skewed to the cost side, with minimum wage, sin taxes and subsidy rationalisation potentially raising operating costs.
- Maintain NEUTRAL on Consumer, as fiscal support should cushion demand, but weaker sentiment, rising costs and policy uncertainty could limit earnings recovery. CCK remains our key name, while Oriental Kopi and PADINI offer selective exposure to F&B and discretionary consumption.

## Consumer Backdrop

Global inflationary pressures have resurfaced amid heightened geopolitical tensions. The escalation of the Middle East conflict has pushed up energy prices, raising concerns over higher transport, procurement and operating costs, with potential spillover effects on consumer prices.

Malaysia's headline inflation edged higher, while core inflation remained contained. **Headline inflation rose to 1.9% YoY in August 2026, from 1.8% in July**, driven mainly by higher transport and electricity costs. In contrast, **core inflation eased further to 1.7%**, from 1.8% in July and 2.3% in January, suggesting that underlying domestic price pressures remained relatively subdued.

Food prices have also continued to rise. **Food & Beverages inflation increased from 1.4% in June to 1.8% in July and 1.9% in August**, while Restaurants & Accommodation Services inflation stood at 2.1% in August. Looking ahead, elevated commodity prices and potential El Niño-related supply disruptions could add further pressure to food costs.

Consumer confidence has weakened amid heightened external uncertainty. **Malaysia's Consumer Confidence Index fell to 123 points in 2Q26 from 135 points in 1Q26**, marking a **12-point decline**. The weaker sentiment suggests a more cautious consumer outlook amid heightened geopolitical uncertainty and cost-of-living concerns, which could weigh on discretionary spending.

## Our View on the sector

### Cash Aid: Targeted Support Remains

The Government is likely to maintain targeted cash assistance as a key measure to cushion households from elevated living costs. **Our Economist expects the combined STR/SARA allocation to increase to around RM17bn in 2027, from RM15bn in 2026**. The increase should continue to support mass-market consumption, particularly among lower- and middle-income households.

While higher fuel subsidy spending could constrain fiscal flexibility, we believe the Government will retain sufficient room for a further increase in social assistance as part of its broader efforts to support household incomes. We also expect STR, SARA and other MADANI initiatives to reach a broader group of beneficiaries, rather than relying solely on higher payments to existing recipients.

Separately, the SARA merchant network has expanded rapidly, reaching **more than 14,000 participating premises by 2026**. With coverage across grocery and sundry stores already broad, we see less scope for merchant expansion to remain the main driver of incremental reach. As we expect the combined STR/SARA allocation to increase to around RM17bn in 2027, further improvements in SARA's effectiveness are more likely to come from broader product eligibility, higher benefit utilisation or wider beneficiary coverage rather than another rapid expansion of the merchant footprint. Among retailers, 99SMART has one of the clearest read-throughs to SARA, given its broad nationwide store network and exposure to mass-market grocery spending.

### Minimum Wage: A Signal Ahead of the 2027 Review

Historical revisions provide a more useful guide than headline proposals. Since 2013, Malaysia's minimum wage has generally been raised incrementally, with absolute increases of RM100–300, although the percentage change has varied across revision cycles. The current **RM1,700 floor**, introduced in February 2025 and fully enforced nationwide from August 2025, was a **RM200 or 13.3% increase** from RM1,500. Against this backdrop, MTUC's proposed RM3,100 benchmark would imply an **82.4% increase** and a sharp break from the historical pace of adjustment.

We therefore expect a **more modest outcome**, with the Government either maintaining the current rate or signalling an incremental increase broadly in line with the 2025 revision. Any Budget Day announcement should be viewed as directional rather than necessarily final, given the statutory review scheduled four months later. The key trade-off is therefore between **stronger household purchasing power and higher labour costs**, with the net impact depending on labour intensity, pricing power and operating leverage.

### Sin Tax: Tobacco and Sugar Taxes Remain Key Risks

Tobacco remains the more visible excise-duty risk for Budget 2027, while F&B operators face a potentially broader risk from an expansion of the sugar-tax base rather than simply a higher SSB rate. **Cigarette excise was raised by just 2 sen per stick in 2026, from RM0.40 to RM0.42**, following a prolonged period without adjustment. By contrast, the Government has progressively expanded the scope of the SSB framework over recent Budgets, making further changes to sugar-related taxation a relevant area to watch. The current SSB excise framework covers ready-to-drink beverages above specified sugar thresholds, while condensed milk and sweetened creamers used in freshly prepared beverages are outside the current framework.

The Galen Centre has proposed a **tiered excise duty on sweetened condensed milk, sweetened creamers and similar high-sugar milk-based products** for Budget 2027, based on sugar content and extending to commercial and bulk supplies used by F&B operators. If adopted, even in a scaled-back form, this would represent a broadening of the tax base rather than simply another rate increase, potentially raising input costs for F&B operators and adding pressure on pricing and margins.

### Subsidy Rationalisation — The Cost-Side Risk

The experience of 2026 shows that subsidy adjustments can be made through quotas and eligibility rather than an outright removal of subsidies. The BUDI95 monthly quota was reduced from **300 litres to 200 litres in April before being restored to 300 litres from September**. This suggests that further subsidy rationalisation could similarly take the form of tighter eligibility or allocation rather than outright removal. From a business perspective, the more relevant transmission is through the **cost base rather than household demand**. Further tightening of subsidy eligibility or allocation would raise effective fuel costs for businesses that rely on transportation, distribution and delivery, potentially increasing logistics and operating expenses. The extent of the impact would ultimately depend on how much of the higher cost can be passed through to consumers, versus absorbed through margins.

We therefore see the key Budget 2027 watchpoint as whether the Government **tightens existing subsidy schemes further, rather than removes subsidies outright**. The magnitude of any cost impact will depend on the extent of the adjustment, the prevailing oil price environment and companies' ability to pass through higher operating costs.

### Outlook

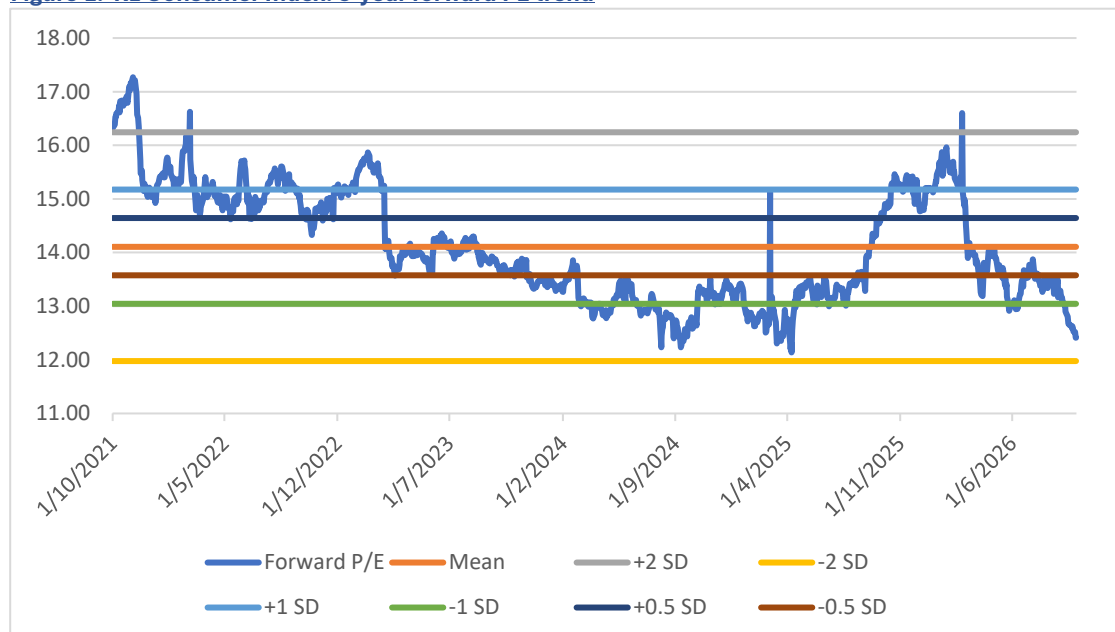
We expect Malaysia's consumer sector to remain resilient over the next six months, but see consumption growth becoming increasingly selective. Stable employment and wage growth should continue to support household purchasing power, although higher energy and labour costs could keep inflationary pressures elevated. **Consumers are likely to remain value-conscious, favouring essentials and affordable F&B over higher-ticket discretionary purchases**. As a result, **we expect essentials and affordable F&B to remain relatively resilient, while discretionary retail should see a more gradual recovery**. On the cost side, elevated labour, food and logistics costs could continue to limit margin expansion, particularly for businesses with weaker pricing power. Overall, we expect moderate consumption growth over the next six months, with earnings recovery likely to remain uneven across the sector.

## Valuation

The KL Consumer index is currently **trading at 12.4x forward P/E, below its 5-year historical mean of 14.1x, representing a 12.1% discount**. The current discount reflects heightened uncertainty surrounding the sector, including geopolitical tensions, elevated inflationary pressures and softer consumer sentiment. While underlying inflation remains relatively contained, persistent food and operating cost pressures continue to weigh on the outlook for household spending and corporate margins.

However, valuation does not yet provide a clear catalyst for re-rating. Historical trading patterns show that the sector has previously retraced towards **the 12.2–12.3x range before rebounding**, suggesting this zone could provide valuation support. A further retracement towards this range could offer a more attractive entry point, particularly if macroeconomic uncertainties begin to ease.

**Figure 1: KL Consumer Index: 5-year forward PE trend**



Source: Apex Securities, Bloomberg

## Maintain Neutral

We **maintain our NEUTRAL** stance on the Consumer sector, as continued targeted assistance to households should provide some support to consumption, but is likely to be offset by rising labour costs, potential expansion of sin taxes and further subsidy rationalisation. While we expect STR/SARA allocation to increase to around RM17bn in 2027 from RM15bn in 2026, continued cash support should remain positive for mass-market consumption. At the same time, higher living costs, weaker consumer sentiment and potential increases in operating costs could limit the upside to consumer spending and corporate margins.

Within our coverage, we highlight **CCK (BUY; TP: RM1.17)**, **Oriental Kopi (HOLD; TP: RM1.04)** and **PADINI (HOLD; TP: RM1.29)**, given their relatively clearer exposure to household consumption. CCK offers defensive exposure to essential food consumption, with SARA providing a more direct read-through to mass-market spending. Oriental Kopi provides exposure to resilient F&B demand, while continued outlet expansion offers longer-term growth support, although near-term margin pressure from expansion costs warrants a HOLD stance. PADINI offers greater sensitivity to discretionary household spending and could benefit from stronger purchasing power, but muted consumer spending and elevated operating costs remain key constraints, supporting our HOLD view. **OHM (BUY; TP: RM0.64)** has a more indirect Budget read-through, with potential benefits from stronger household disposable income and discretionary spending. **AQUAWALK (BUY; TP: RM0.25)** and **HI Mobility (BUY; TP: RM2.38)** have relatively less direct exposure to the key Budget measures, with their investment cases driven more by company- and industry-specific factors.

**Figure 2: Peers Comparison**

| Company                            | FYE | Market Cap<br>(RM'mil) | Price (RM)<br>as at 30Sep26 | P/E (x) |       | P/B (x) |       | Dividend Yield (%) |       | ROE (%) |       | ESG<br>Rating |
|------------------------------------|-----|------------------------|-----------------------------|---------|-------|---------|-------|--------------------|-------|---------|-------|---------------|
|                                    |     |                        |                             | 2027F   | 2028F | 2027F   | 2028F | 2027F              | 2028F | 2027F   | 2028F |               |
| Aquawalk Group Berhad              | Dec | 240                    | 0.130                       | 7.9     | 9.3   | 1.0     | 1.0   | 3.8%               | 3.2%  | 13.2%   | 10.3% | ★★★★          |
| Oriental Kopi Bhd                  | Sep | 1,810                  | 0.905                       | 27.5    | 25.5  | 5.3     | 4.6   | 1.1%               | 1.2%  | 19.4%   | 18.2% | ★★★★          |
| CCK Consolidated Holdings Bhd      | Dec | 524                    | 0.855                       | 7.5     | 6.5   | 1.1     | 1.0   | 5.3%               | 6.1%  | 12.6%   | 13.3% | ★★★★          |
| Padini Holdings Bhd                | Jun | 997                    | 1.010                       | 11.0    | 10.7  | 1.1     | 1.1   | 7.5%               | 7.5%  | 9.8%    | 9.9%  | ★★★★          |
| Oasis Home Holding Bhd             | Jun | 193                    | 0.385                       | 11.7    | 8.7   | 0.9     | 0.8   | 2.6%               | 3.4%  | 20.2%   | 22.7% | ★★★★          |
| Hi Mobility Bhd                    | Jan | 989                    | 1.850                       | 14.0    | 10.9  | 5.8     | 5.0   | 3.0%               | 3.9%  | 22.4%   | 24.6% | ★★★★          |
| 99 speed mart Retail Holdings Bhd* | Dec | 26,460                 | 3.150                       | 36.2    | 32.8  | 12.9    | 10.9  | 1.5                | 1.7   | 38.8    | 37.1  | N/R           |
| Average Sector                     |     |                        |                             | 16.5    | 14.9  | 4.0     | 3.5   |                    |       |         |       |               |

\* Based on Bloomberg consensus

^ As at 30 Sep 26

Source: Apex Securities

## Risks

**Weaker consumer spending.** Higher living costs and weaker consumer confidence could weigh on discretionary spending and same-store sales.

**Margin pressure.** Higher labour, food, logistics and operating costs could pressure margins, particularly for companies with limited pricing power.

**Policy uncertainty.** Changes in minimum wage, excise duties and subsidy schemes could affect both consumer demand and corporate costs.

**Further subsidy rationalisation.** Tighter fuel subsidy eligibility or quotas could raise transportation, distribution and operating costs, with the impact depending on companies' ability to pass through higher costs.

**Geopolitical and commodity risks.** Prolonged geopolitical tensions and elevated energy or commodity prices could raise operating costs and put further pressure on consumer prices.

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## 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.

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## 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.

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