Oriental Kopi Holding Berhad

(0338|KOPI MK) ACE | Consumer Products & Services

Corporate Update

Maintain **NEUTRAL**

Unchanged Target Price **RM0.83**

1QFY25 Results Review

Decent Start

Maintain NEUTRAL with an unchanged TP of RM0.83. Oriental Kopi ("KOPI") started FY25 on a strong footing, driven by robust café chain operations and a growing FMCG segment. We retain our earnings forecast as results align with expectations. Our TP is unchanged at RM0.83, based on an unchanged PER of 20x pegged to FY26F EPS of 4.1 sen. However, with share price reaching our TP, we maintain NEUTRAL on KOPI as near-term valuation upside is limited pending further growth catalysts.

Within expectations. KOPI reported a 3MFY25 core PATAMI of RM13.5m, after excluding one-off listing expenses of RM0.4m. This met our full year FY25 forecast and consensus at 22% and 21% of full year expectation respectively.

Strong revenue with expanding FMCG segment. 1QFY25 revenue stood at RM97.8m, with the café chain operations remaining the key revenue driver, contributing RM79.0m, approximately 80.8% of total revenue. This was supported by strong footfall at strategic high-traffic locations. Meanwhile, the distribution and retail of packaged food (FMCG) segment reported revenue of RM18.0m, accounting for 18.4% of total revenue, a notable increase from 13% in FY24. This growth reflects increasing demand for in-house branded packaged foods, reinforcing the company's expansion strategy. Diversified revenue streams, including dine-in, takeaway, and online channels, contributed to robust top-line growth.

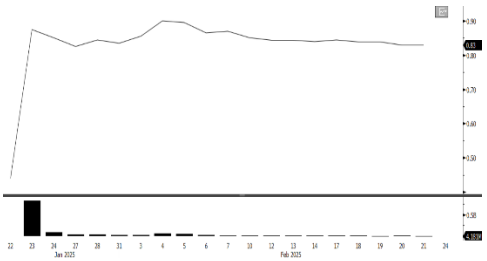
Solid Profitability with Better Sales Mix. In tandem with strong revenue, KOPI achieved a gross profit of RM25.3m, with a gross profit margin of 25.9%, reflecting effective cost management and operational efficiency. Notably, the café chain operations contributed RM18.0m to the segment profit, with a segment gross margin of 22.8%. Meanwhile, the higher-margin FMCG segment added RM7.2m, commanding a gross margin of 40.0%. The expansion of this more profitable sales mix underscores the company's strategic focus on growing its FMCG segment, which provides stronger earnings resilience. Consequently, core earnings stood at RM13.5m, translating to a net profit margin of 13.8%.

Outlook. We remain positive on KOPI's growth prospects, driven by its aggressive expansion strategy and increasing contribution from the high-margin FMCG segment. The company is on track to open 14 new outlets by FY26F, leveraging its scalable business model and central kitchen operations. With a strong brand presence and strategic outlet locations, Oriental Kopi is well-positioned to benefit from Malaysia's tourism recovery and rising consumer spending trends.

Rerating Catalyst. We maintain a **NEUTRAL** stance with an unchanged TP. A key rerating catalyst is the company's potential Shariah-compliant status, with full halal compliance expected by 2QCY25. Achieving this milestone could attract Shariah funds, boosting liquidity and valuations.

RETURN STATISTICS	
Price @ 21st Feb 2025 (RM)	0.83
Expected share price return (%)	+0.0
Expected dividend yield (%)	+1.5
Expected total return (%)	+1.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	88.6	88.6
3months	NA	NA
12 months	NA	NA

INVESTMENT STATISTICS FYE SEPT (RM'm)	2025F	2026F	2027F
Revenue	418.2	547.5	613.0
EBITDA	107.4	142.5	168.1
PBT	83.7	110.3	131.0
Core PATANCI	62.8	82.7	98.3
Core EPS (sen)	3.1	4.1	4.9
DPS (sen)	0.9	1.2	1.5
Dividend Yield (%)	1.1	1.5	1.8

KEY STATISTICS	
FBM KLCI	1,591.03
Issue shares (m)	2000.00
Estimated free float (%)	31.24
Market Capitalisation (RM'm)	1,660.00
52-wk price range	RM0.74 - RM0.98
3-mth average daily volume (m)	NA
3-mth average daily value (RM'm)	NA
Top Shareholders (%)	
CHERN DATO CHAN JIAN	42.20
Chan Yen Min	15.57
Koay Song Leng	10.92

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Oriental Kopi: 1QFY25 Results Summary

FYE Sept (RM'm)	Quarterly results					Cumulative results		
	1QFY25	4QFY24	1QFY24	YoY (%)	QoQ (%)	3MFY25	3MFY24	YoY (%)
Revenue	97.8	NA	NA	NA	NA	97.8	NA	NA
Cost of Sales	(72.5)	NA	NA	NA	NA	(72.5)	NA	NA
Gross Profit	25.3	NA	NA	NA	NA	25.3	NA	NA
Other Income	0.6	NA	NA	NA	NA	0.6	NA	NA
Selling and distribution expenses	(4.4)	NA	NA	NA	NA	(4.4)	NA	NA
Administrative expenses	(3.2)	NA	NA	NA	NA	(3.2)	NA	NA
Others Operating Expenses	(0.1)	NA	NA	NA	NA	(0.1)	NA	NA
EBIT	18.2	NA	NA	NA	NA	18.2	NA	NA
Net finance income/(cost)	(0.9)	NA	NA	NA	NA	(0.9)	NA	NA
PBT	17.3	NA	NA	NA	NA	17.3	NA	NA
Taxation	(4.2)	NA	NA	NA	NA	(4.2)	NA	NA
PAT	13.1	NA	NA	NA	NA	13.1	NA	NA
Core PATAMI	13.5	NA	NA	NA	NA	13.5	NA	NA
Core EPS (sen)	0.9	NA	NA	NA	NA	0.9	NA	NA
DPS (sen)	0.0	NA	NA	NA	NA	0.0	NA	NA
Growth & Margin (%)								
Gross Profit Margin	25.9	NA	NA	NA	NA	25.9	NA	NA
EBIT Margin	18.6	NA	NA	NA	NA	18.6	NA	NA
PBT Margin	17.7	NA	NA	NA	NA	17.7	NA	NA
Core PATAMI Margin	13.8	NA	NA	NA	NA	13.8	NA	NA

Source: Company, MIDFR

Oriental Kopi: Breakdown by segment

FYE Sept (RM'm)	Quarterly results					Cumulative results		
	1QFY25	4QFY24	1QFY24	YoY (%)	QoQ (%)	3MFY25	3MFY24	YoY (%)
Revenue (RM'm)								
Café chain operations	79.0	NA	NA	NA	NA	79.0	NA	NA
Distribution and retail of packaged foods	18.0	NA	NA	NA	NA	18.0	NA	NA
Others	0.8	NA	NA	NA	NA	0.8	NA	NA
Total Revenue	**97.8**	**NA**	**NA**	**NA**	**NA**	**97.8**	**NA**	**NA**
Gross Profit (RM'm)								
Café chain operations	18.0	NA	NA	NA	NA	18.0	NA	NA
Distribution and retail of packaged foods	7.2	NA	NA	NA	NA	7.2	NA	NA
Others	0.1	NA	NA	NA	NA	0.1	NA	NA
Total Gross Profit	**25.3**	**NA**	**NA**	**NA**	**NA**	**25.3**	**NA**	**NA**
Gross Profit Margin (%)				+/(-) ppts	+/(-) ppts			
Café chain operations	22.8	NA	NA	NA	NA	22.8	NA	NA
Distribution and retail of packaged foods	40.0	NA	NA	NA	NA	40.0	NA	NA
Others	15.7	NA	NA	NA	NA	15.7	NA	NA
Total Gross Profit Margin	**25.9**	**NA**	**NA**	**NA**	**NA**	**25.9**	**NA**	**NA**

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	133.0	277.3	418.2	547.5	613.0
Gross Profit	39.1	82.8	123.7	162.6	189.2
EBITDA	39.5	79.2	107.4	142.5	168.1
EBIT	29.0	59.9	86.5	114.0	134.7
PBT	27.5	57.5	83.7	110.3	131.0
Taxation	(7.4)	(14.4)	(20.9)	(27.6)	(32.8)
PAT	20.0	43.1	62.8	82.7	98.3
Core PATAMI	20.0	43.1	62.8	82.7	98.3
Core EPS (sen)	1.0	2.2	3.1	4.1	4.9
PER (x)	87.9	40.8	28.0	21.3	17.9
DPS (sen)	0.4	0.2	0.9	1.2	1.5
Dividend Yield (%)	0.5	0.2	1.1	1.4	1.7

Cash Flow (RM'm)	2023A	2024A	2025F	2026F	2027F
PBT	27.5	57.5	83.7	110.3	131.0
Operating cash flow	35.5	68.1	84.1	110.2	131.1
Investing cash flow	(12.2)	(17.2)	(25.1)	(32.9)	(36.8)
Financing cash flow	(11.8)	(16.7)	152.9	(40.1)	(44.7)
Net cash flow	11.5	34.2	211.9	37.3	49.7
Beginning cash flow	13.3	24.8	59.0	270.9	308.1
Ending cash flow	24.8	59.0	270.9	308.1	357.8

Growth (%)	2023A	2024A	2025F	2026F	2027F
Revenue Growth	173.4	108.5	50.8	30.9	12.0
Gross Profit Growth	148.9	111.8	49.4	31.5	16.3
EBITDA Growth	150.2	100.7	35.7	32.6	18.0
Core PATAMI Growth	109.5	115.4	45.5	31.8	18.8

Profitability Ratios (%)	2023A	2024A	2025F	2026F	2027F
Gross Profit Margin	29.4	29.9	29.6	29.7	30.9
EBITDA Margin	29.7	28.6	25.7	26.0	27.4
EBIT Margin	21.8	21.6	20.7	20.8	22.0
Core PATANCI Margin	15.1	15.6	15.0	15.1	16.0

Balance Sheet (RM'm)	2023A	2024A	2025F	2026F	2027F
PPE	18.6	31.0	48.4	69.1	88.6
Right of use assets	55.8	69.4	86.2	84.8	77.7
Non-current assets	74.4	101.6	135.8	155.2	167.5
Inventories	2.1	6.9	(6.5)	(8.4)	(9.3)
ST Trade	9.0	13.3	14.8	16.0	16.6
Cash and cash equivalents	24.8	59.0	270.9	308.1	357.8
Total current assets	36.3	79.8	279.8	316.3	365.7
Total Assets	110.7	181.5	415.6	471.5	533.3
Total Equities	34.0	53.5	281.4	339.3	408.1
LT Loans	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	49.6	61.9	76.2	76.0	71.0
ST Trade payables	9.9	39.8	28.3	26.5	25.8
ST Loans	0.0	0.0	0.0	0.0	0.0
Current Liabilities	27.2	66.1	58.0	56.2	54.2
Total Liabilities	76.7	128.0	134.2	132.2	125.2

Liquidity Ratios (x)	2023A	2024A	2025F	2026F	2027F
Current ratio	1.3	1.2	4.8	5.6	6.7
Quick ratio	1.3	1.1	4.9	5.8	6.9

Leverage Ratios (x)	2023A	2024A	2025F	2026F	2027F
Total Debt to Equity	0.0	0.0	0.0	0.0	0.0
Total Debt to Assets	0.0	0.0	0.0	0.0	0.0
Net Gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Efficiency Ratios (days)	2023A	2024A	2025F	2026F	2027F
Inventories Turnover	5.7	8.5	8.0	8.0	8.0
Receivable Turnover	4.2	3.4	3.4	3.4	3.4
Payable Turnover	5.0	7.2	7.2	7.2	7.2
Cash Conversion Cycle	4.9	4.7	4.2	4.2	4.2

Source: Bloomberg, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology