Oriental Kopi Holding Berhad

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

Corporate Update

Upgrade to **BUY** (from NEUTRAL)

Unchanged Target Price **RM0.83**

2QFY25 Results Review

Brewing Growth, Reclaiming Upside

Upgrade to BUY with unchanged TP of RM0.83 – Re-entry opportunity emerges. Oriental Kopi's ("KOPI") 2QFY25 results met expectations, driven by festive-led café sales and contributions from newly opened outlets, alongside growing FMCG momentum. We retain our earnings forecasts and TP of RM0.83, based on 20x FY26F EPS. Following a ~6% share price decline since our downgrade on 14 May, we now see renewed upside potential. As growth drivers remain intact, we upgrade KOPI to **BUY**.

Within expectations. KOPI chalked in 2QFY25 revenue of RM103.2m (+5.5%qoq) and core PATAMI of RM14.7m (+8.6%qoq), after excluding one-off listing expenses of RM0.85m. This brought cumulative 1HFY25 core earnings to RM28.2m, representing 45% and 46% of our and consensus full-year forecasts, respectively. We view the results as within expectations, underpinned by sustained growth momentum and supported by an aggressive outlet expansion strategy, with additional store openings scheduled in the upcoming quarters.

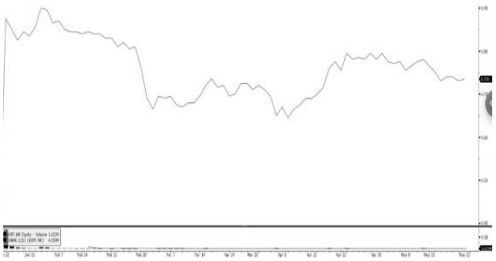
Resilient topline driven by café strength and FMCG momentum. 2QFY25 revenue stood at RM103.2m, with the café chain operations remaining the key revenue driver, contributing RM96.4m or approximately 93.4% of total revenue. The segment's performance was supported by higher footfall during the Chinese New Year festive period and incremental contributions from newly opened outlets. Meanwhile, the distribution and retail of packaged foods packaged food (FMCG) segment continued to gain traction, recording a strong +16.8%qoq growth to RM6.4m, increasing its contribution to 6.2%, up from 5.6% in the prior quarter. This reflects rising consumer demand for in-house packaged products, supported by a broadening presence across dine-in, takeaway, and online channels.

Margin trends remain stable despite festive cost pressures. Gross profit margin moderated to 24.7% (1QFY25: 25.9%) due to higher staff costs and festive-related bonus payouts. Nevertheless, core PATAMI margin improved to 14.2% (1QFY25: 13.8%), translating to a healthy 1HFY25 core margin of 14.0%. This highlights the group's ability to manage costs effectively and sustain bottom-line resilience despite seasonal pressures.

Outlook. We remain positive on KOPI's growth prospects, driven by its aggressive expansion strategy and increasing contribution from the high-margin FMCG segment. With strategic outlet openings planned in key locations such as Penang and Melaka, the group is well-positioned to tap into Malaysia's tourism recovery. Its strong brand presence and efforts to scale packaged food distribution, including potential export opportunities, are expected to support earnings momentum into 2HFY25.

RETURN STATISTICS	
Price @ 23rd May 2025 (RM)	0.735
Expected share price return (%)	+12.5
Expected dividend yield (%)	+1.7
Expected total return (%)	+14.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.8	-7.4
3months	3.5	-6.1
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 (%)	1.3	1.7	2.0

KEY STATISTICS

FBM KLCI	1,535.38
Issue shares (m)	2000.00
Estimated free float (%)	31.27
Market Capitalisation (RM'm)	1,470.00
52-wk price range	RM0.62 - 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: 2QFY25 Results Summary

FYE Sept (RM'm)	Quarterly results					Cumulative results		
	2QFY25	1QFY25	2QFY24	YoY (%)	QoQ (%)	1HFY25	1HFY24	YoY (%)
Revenue	103.2	97.8	NA	NA	5.5	201.0	NA	NA
Cost of Sales	(77.7)	(72.5)	NA	NA	7.1	(150.2)	NA	NA
Gross Profit	**25.5**	**25.3**	**NA**	**NA**	**0.7**	**50.8**	**NA**	**NA**
Other Income	1.8	0.6	NA	NA	219.2	2.4	NA	NA
Selling and distribution expenses	(3.9)	(4.4)	NA	NA	(12.3)	(8.2)	NA	NA
Administrative expenses	(4.2)	(3.2)	NA	NA	30.5	(7.4)	NA	NA
Others Operating Expenses	0.0	(0.1)	NA	NA	(157.4)	(0.0)	NA	NA
EBIT	19.3	18.2	NA	NA	5.8	37.5	NA	NA
Net finance income/(cost)	(1.1)	(0.9)	NA	NA	13.6	(2.0)	NA	NA
PBT	18.2	17.3	NA	NA	5.4	35.5	NA	NA
Taxation	(4.4)	(4.2)	NA	NA	4.8	(8.6)	NA	NA
PAT	13.8	13.1	NA	NA	5.6	26.9	NA	NA
Core PATAMI	**14.7**	**13.5**	**NA**	**NA**	**8.6**	**28.2**	**NA**	**NA**
Core EPS (sen)	0.7	0.9	NA	NA	(14.1)	1.4	NA	NA
DPS (sen)	0.0	0.0	NA	NA	#DIV/0!	0.0	NA	NA
Margin (%)				+/(-) ppts	+/(-) ppts			+/(-) ppts
Gross Profit Margin	24.7	25.9	NA	NA	(1.2)	25.3	NA	NA
EBIT Margin	18.7	18.6	NA	NA	0.1	18.7	NA	NA
PBT Margin	17.7	17.7	NA	NA	(0.0)	17.7	NA	NA
Core PATAMI Margin	14.2	13.8	NA	NA	0.4	14.0	NA	NA

Source: Company, MIDFR

Oriental Kopi: Breakdown by segment

FYE Sept (RM'm)	Quarterly results					Cumulative results		
	2QFY25	1QFY25	2QFY24	YoY (%)	QoQ (%)	1HFY25	1HFY24	YoY (%)
Revenue (RM'm)								
Café chain operations	96.4	91.6	NA	NA	5.3	188.0	NA	NA
Distribution and retail of packaged foods	6.4	5.5	NA	NA	16.8	11.9	NA	NA
Others	0.4	0.8	NA	NA	(51.1)	1.1	NA	NA
Total Revenue	**103.2**	**97.8**	NA	NA	**5.5**	**201.0**	NA	NA
Gross Profit (RM'm)								
Café chain operations	22.1	22.3	NA	NA	(1.1)	44.3	NA	NA
Distribution and retail of packaged foods	3.4	2.9	NA	NA	16.5	6.3	NA	NA
Others	0.0	0.1	NA	NA	(61.8)	0.2	NA	NA
Total Gross Profit	**25.5**	**25.3**	NA	NA	**0.7**	**50.8**	NA	NA
Gross Profit Margin (%)				+/(-) ppts	+/(-) ppts			
Café chain operations	22.9	24.3	NA	NA	(1.5)	23.6	NA	NA
Distribution and retail of packaged foods	53.1	53.3	NA	NA	(0.2)	53.2	NA	NA
Others	12.6	16.1	NA	NA	(3.5)	15.0	NA	NA
Total Gross Profit Margin	**24.7**	**25.9**	NA	NA	**(1.2)**	**25.3**	NA	NA

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025F	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	133.0	277.3	418.2	547.5	613.0	PBT	27.5	57.5	83.7	110.3	131.0
Gross Profit	39.1	82.8	123.7	162.6	189.2	Operating cash flow	35.5	68.1	84.1	110.2	131.1
EBITDA	39.5	79.2	107.4	142.5	168.1	Investing cash flow	(12.2)	(17.2)	(25.1)	(32.9)	(36.8)
EBIT	29.0	59.9	86.5	114.0	134.7	Financing cash flow	(11.8)	(16.7)	152.9	(40.1)	(44.7)
PBT	27.5	57.5	83.7	110.3	131.0	Net cash flow	11.5	34.2	211.9	37.3	49.7
Taxation	(7.4)	(14.4)	(20.9)	(27.6)	(32.8)	Beginning cash flow	13.3	24.8	59.0	270.9	308.1
PAT	20.0	43.1	62.8	82.7	98.3	Ending cash flow	24.8	59.0	270.9	308.1	357.8
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)	73.4	34.1	23.4	17.8	15.0						
DPS (sen)	0.4	0.2	0.9	1.2	1.5						
Dividend Yield (%)	0.5	0.2	1.3	1.7	2.0						

Growth (%)	2023A	2024A	2025F	2026F	2027F	Profitability Ratios (%)	2023A	2024A	2025F	2026F	2027F
Revenue Growth	173.4	108.5	50.8	30.9	12.0	Gross Profit Margin	29.4	29.9	29.6	29.7	30.9
Gross Profit Growth	148.9	111.8	49.4	31.5	16.3	EBITDA Margin	29.7	28.6	25.7	26.0	27.4
EBITDA Growth	150.2	100.7	35.7	32.6	18.0	EBIT Margin	21.8	21.6	20.7	20.8	22.0
Core PATAMI Growth	109.5	115.4	45.5	31.8	18.8	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

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