Corporate Update

QL Resources Berhad

(7084|QKG MK) Main | Consumer Products & Services

ESG 1 Star

SHARIAH Compliant

Maintain **NEUTRAL**

Revised Target Price **RM4.33** (from RM4.40)

4QFY25 Results Review

Steady Finish to FY25

Maintain NEUTRAL with lower TP of RM4.33. QL Resources' (QL) ended FY25 within expectation, with POCE leading growth while MPM lagged due to margin erosion. We make no changes to our earnings forecasts as the results align with expectations. However, we lower our TP to RM4.33 (from RM4.40) to reflect the rollover of our DCF valuation, where the new starting year cash flow is lower than the preceding year.

Within Expectations. QL Resources chalked in 4QFY25 revenue of RM1.76b (-3.2%qoq; +6.7%yoy) and core PATANCI of RM93.9m (-25.4%qoq, -4.9%yoy) which brought 12MFY25 core PATANCI to RM455.6m (+4.1%yoy). This came in within our full-year and consensus forecast at 95% and 96% respectively. The group proposed a dividend of 2.5sen/ share, bringing total FY25 dividends to 5.0sen—lower than the 6.5sen in FY24.

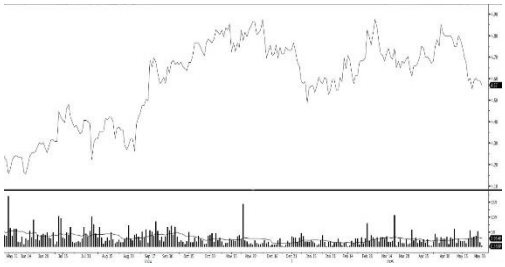
Topline Sustained by Clean Energy and Retail Growth. 4QFY25 revenue rose +6.7%yoy, mainly driven by a 40.5% jump in POCE sales from the full-quarter consolidation of Plus Xnergy and more solar project deliveries under BM Greentech. The Convenience Store (CVS) segment posted an +8.1%yoy increase on the back of net store expansion and continued roll-out of FM Mini kiosks. In contrast, the MPM and ILF segments recorded more modest revenue growth of +3.9% and +1.1%yoy respectively, amid mixed performance—higher fishmeal and raw material trading volumes were partially offset by weaker pricing in fishing and poultry operations. On a cumulative basis, FY25 revenue rose +6.3%yoy to RM7.07b, supported by steady contributions across all core divisions, especially POCE (+16.9%) and CVS (+11.6%).

Core Earnings Moderate in 4Q, but 12MFY25 Still Grew. Despite stronger revenue, 4QFY25 profitability was weighed by softer margins, with core PATANCI falling -25.4%qoq and -4.9%yoy to RM93.9m, mainly due to weaker contribution from MPM. MPM earnings declined -15.6%yoy as weaker ASPs in fishmeal, fishing, and surimi-based products offset volume gains. ILF posted a +19.0%yoy improvement in earnings, driven by stronger feed raw material trading margins which helped offset softer broiler and layer operations. CVS saw a -7%yoy decline in 4Q earnings due to higher operating costs, though on a full-year basis, earnings grew +5.5%yoy supported by continued store expansion. On a cumulative basis, FY25 core PATANCI rose +4.1%yoy, underpinned by robust contributions from POCE, ILF, and steady growth from CVS, which helped cushion the earnings normalisation in MPM.

Outlook. We remain cautiously optimistic on QL's FY26 outlook, supported by resilient demand across its core segments. MPM is expected to recover with the resumption of fishing activities and stabilising surimi margins, while ILF should remain steady despite some margin pressure from Malaysia's phased egg subsidy removal. CVS sales are poised to benefit from stable employment and ongoing outlet expansion. POCE remains a key growth driver, underpinned by solid solar project deliveries and elevated CPO prices.

RETURN STATISTICS	
Price @ 29th May 2025 (RM)	4.54
Expected share price return (%)	-4.6
Expected dividend yield (%)	+1.1
Expected total return (%)	-3.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.0	-5.4
3months	-2.1	-2.5
12 months	6.9	12.8

INVESTMENT STATISTICS

FYE MAR (RM'm)	2026F	2027F	2028F
Revenue	7,800.4	8,547.8	9,228.0
EBITDA	981.4	1,095.5	1,182.6
PBT	678.4	729.7	801.7
Core PATANCI	506.1	544.3	598.1
Core EPS (sen)	13.9	14.9	16.4
DPS (sen)	5.6	6.0	6.6
Dividend Yield (%)	1.2	1.3	1.4

KEY STATISTICS	
FBM KLCI	1,518.98
Issue shares (m)	3650.49
Estimated free float (%)	22.70
Market Capitalisation (RM'm)	16,681.92
52-wk price range	RM4.14 - RM4.9
3-mth average daily volume (m)	2.77
3-mth average daily value (RM'm)	13.09
Top Shareholders (%)	
CBG L PTE LTD	40.25
PELITA GLOBAL SDN BHD	12.00
Farsathy Holdings Sdn Bhd	11.57

Analyst

Eunice Ng Qing Rong

Eunice.ng@midf.com.my

03-2173 8384

QL Resources: 4QFY25 Results Summary

FYE Mar (RM'm)	Quarterly results					Cumulative results		
	4QFY25	3QFY25	4QFY24	YoY (%)	QoQ (%)	12MFY25	12MFY24	YoY (%)
Revenue	1,761.4	1,818.8	1,650.2	6.7	(3.2)	7,073.5	6,652.0	6.3
Operating Expenses	(1,548.8)	(1,549.3)	(1,430.3)	8.3	(0.0)	(6,087.4)	(5,701.0)	6.8
EBITDA	**212.6**	**269.5**	**220.0**	**(3.3)**	**(21.1)**	**986.1**	**951.1**	**3.7**
Depreciation & Amortisation	(71.6)	(69.6)	(67.8)	5.6	2.9	(275.3)	(261.6)	5.3
EBIT	**141.0**	**199.9**	**152.2**	**(7.3)**	**(29.4)**	**710.8**	**689.5**	**3.1**
Net finance income/(cost)	(7.9)	(13.1)	(16.3)	(51.8)	(39.8)	(46.7)	(63.7)	(26.6)
Profit before Associates & JV	133.1	186.8	135.8	(2.0)	(28.7)	664.0	625.8	6.1
Share of results of an associate	0.8	0.6	(0.0)	(1,968.9)	35.2	1.8	0.7	150.4
Profit before tax (PBT)	**134.0**	**187.4**	**135.8**	**(1.3)**	**(28.5)**	**665.9**	**626.5**	**6.3**
Tax expense	(29.9)	(47.7)	(29.8)	0.3	(37.3)	(168.8)	(153.2)	10.2
Profit After tax (PAT)	**104.1**	**139.8**	**106.0**	**(1.8)**	**(25.5)**	**497.1**	**473.4**	**5.0**
PATANCI	**93.9**	**126.0**	**98.8**	**(4.9)**	**(25.4)**	**455.6**	**437.9**	**4.1**
Core PATANCI	**93.9**	**126.0**	**98.8**	**(4.9)**	**(25.4)**	**455.6**	**437.9**	**4.1**
Core EPS (sen)	2.6	3.5	2.7	(4.9)	(25.4)	12.5	12.0	4.1
DPS (sen)	2.5	2.5	3.5	(28.6)	0.0	5.0	6.5	(23.1)
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
EBIT Margin	8.0	11.0	9.2	(1.2)	(3.0)	10.0	10.4	(0.3)
PBT Margin	7.6	10.3	8.2	(0.6)	(2.7)	9.4	9.4	(0.0)
Core PATANCI Margin	5.3	6.9	6.0	(0.7)	(1.6)	6.4	6.6	(0.1)
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	22.3	25.4	22.0	0.4	(3.1)	25.4	24.4	0.9

Source: Company, MIDFR

QL Resources: Breakdown by operating segment

FYE MAR (RM'm)	Quarterly results					Cumulative results		
	4QFY25	3QFY25	4QFY24	YoY (%)	QoQ (%)	12MFY25	12MFY24	YoY (%)
Revenue (External):								
MPM	317.5	353.6	305.5	3.9	(10.2)	1,397.7	1,377.8	1.4
ILF	915.1	945.8	905.4	1.1	(3.2)	3,671.8	3,510.7	4.6
CVS	295.0	307.4	272.8	8.1	(4.0)	1,213.7	1,087.2	11.6
POCE	233.8	211.9	166.5	40.5	10.3	790.3	676.3	16.9
Total	**1,761.4**	**1,818.7**	**1,650.2**	**6.7**	**(3.2)**	**7,073.5**	**6,652.0**	**6.3**
Operating Profit:								
MPM	43.6	70.4	51.7	(15.6)	(38.0)	243.3	275.8	(11.8)
ILF	47.6	76.5	40.0	19.0	(37.8)	264.1	227.4	16.2
CVS	12.9	12.9	13.9	(7.0)	0.2	62.3	59.0	5.5
POCE	29.9	27.7	30.3	(1.3)	7.8	96.2	64.3	49.5
Total	**134.0**	**187.4**	**135.8**	**(1.3)**	**(28.5)**	**665.9**	**626.5**	**6.3**
Operating profit margin:								
MPM	13.7	19.9	16.9	(3.2)	(6.2)	17.4	20.0	(2.6)
ILF	5.2	8.1	4.4	0.8	(2.9)	7.2	6.5	0.7
CVS	4.4	4.2	5.1	(0.7)	0.2	5.1	5.4	(0.3)
POCE	12.8	13.1	18.2	(5.4)	(0.3)	12.2	9.5	2.7
Total	**7.6**	**10.3**	**8.2**	**(0.6)**	**(2.7)**	**9.4**	**9.4**	**(0.0)**

Source: Company, MIDFR
***Marine Product Manufacturing (MPM)*
***Palm Oil and Clean Energy (POCE)*
***Integrated Livestock Farming (ILF)*
***Convenience store chain (CVS).*

FINANCIAL SUMMARY

Income Statement (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	6,677.8	7,073.5	7,800.4	8,547.8	9,228.0
Gross Profit	1,608.5	1,660.8	1,801.7	1,961.2	2,117.2
EBITDA	950.0	989.5	981.4	1,095.5	1,182.6
EBIT	689.6	710.8	738.4	791.8	863.8
PBT	626.6	665.9	678.4	729.7	801.7
Taxation	(153.2)	(168.8)	(172.3)	(185.3)	(203.6)
PAT	473.5	497.1	506.1	544.3	598.1
Core PATANCI	437.9	497.1	506.1	544.3	598.1
Core EPS (sen)	12.0	13.6	13.9	14.9	16.4
PER (x)	37.9	36.4	32.7	30.4	27.7
DPS (sen)	6.5	5.0	5.6	6.0	6.6
Dividend Yield (%)	1.4	1.1	1.2	1.3	1.4

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	626.6	665.9	678.4	729.7	801.7
Operating cash flow	843.8	908.9	407.4	808.9	869.6
Investing cash flow	(326.6)	(289.5)	(438.3)	(472.3)	(502.3)
Financing cash flow	(468.0)	(347.8)	(196.2)	(260.5)	(323.7)
Net cash flow	49.2	271.6	(227.1)	76.0	43.6
Beginning cash flow	343.2	392.4	663.9	436.8	512.9
Ending cash flow	392.4	663.9	436.8	512.9	556.4

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth	7.0	5.9	10.3	9.6	8.0
Gross Profit Growth	28.2	3.3	8.5	8.9	8.0
EBITDA Growth	21.3	4.2	(0.8)	11.6	8.0
Core PATANCI Growth	16.2	13.5	1.8	7.6	9.9

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin	24.1	23.5	23.1	22.9	22.9
EBITDA Margin	14.2	14.0	12.6	12.8	12.8
EBIT Margin	10.3	10.0	9.5	9.3	9.4
Core PATANCI Margin	6.6	7.0	6.5	6.4	6.5

Balance Sheet (RM''m)	2024A	2025A	2026F	2027F	2028F
PPE	2,340.6	2,377.8	2,488.6	2,524.9	2,573.0
Intangible assets	126.6	185.8	204.9	224.5	242.4
Non-current assets	3,109.5	3,223.4	3,362.2	3,439.7	3,533.7
Inventories	884.0	908.3	1,001.3	1,099.5	1,181.0
ST Trade receivables	762.2	707.2	816.8	895.1	961.5
Cash	397.8	687.4	436.8	512.9	556.4
Current assets	2,367.3	2,680.1	2,672.8	2,965.9	3,192.2
Total Assets	5,476.8	5,903.5	6,035.0	6,405.7	6,726.0
Total Equity	3,197.8	3,551.0	3,478.4	3,668.1	3,868.0
LT Loans	70.8	130.5	143.5	150.7	152.2
Non-current liabilities	470.4	557.1	610.8	660.0	699.8
ST Trade payables	668.7	719.9	775.8	851.9	915.1
ST Loans	997.5	865.8	952.4	1,000.0	1,010.0
Current Liabilities	1,808.6	1,795.4	1,945.8	2,077.6	2,158.2
Total Liabilities	2,279.0	2,352.5	2,556.6	2,737.6	2,858.0

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