Corporate Update

Oriental Kopi Holding Berhad

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

SHARIAH Compliant

Maintain **NEUTRAL**

Unchanged Target Price **RM0.83**

Buying Stability, Brewing Efficiency

Strategic purchase of key operational asset. Oriental Kopi (KOPI), via its indirect wholly owned subsidiary Oriental Coffee International Sdn Bhd, has proposed the acquisition of a leasehold industrial property in Puchong, Selangor, for a total cash consideration of RM23.0m. The property, measuring approximately 5,260.8 square metres, currently functions as the Group's head office and warehousing facility. A formal sale and purchase agreement (SPA) is expected to be executed within 21 days from 2nd June 2026, or at a later date as mutually agreed by both parties.

Positive for operational efficiency and cost optimisation. We view the proposed acquisition positively, as it enables KOPI to secure full ownership of a strategically critical asset anchoring its central operations. The transaction is expected to drive long-term cost efficiencies by eliminating recurring rental and logistics-related expenses. With the expanded SST set to impose an 8% service tax on commercial rentals effective 1st July 2025, the acquisition allows KOPI to avoid this additional tax burden—supporting cost savings and margin preservation. Strategically, the move mitigates tenancy risk and strengthens the Group's backend infrastructure in line with its expanding retail network.

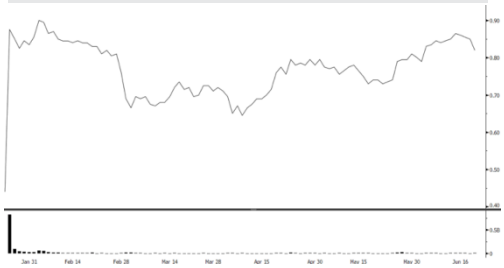
Mixed funding approach. The acquisition will be funded through a combination of internally generated funds and/or bank borrowings, with the final structure to be determined upon execution of the SPA. Given KOPI's healthy net cash position, we believe the transaction is manageable without exerting undue pressure on liquidity or working capital.

No changes for FY25-27F earnings and balance sheet forecasts. We maintain our FY25–27F earnings and balance sheet forecasts at this juncture, pending SPA finalisation and greater clarity on the funding composition. In the near term, we expect limited financial impact, as rental expenses will continue until completion. Additionally, any cost savings may be partially offset by depreciation and potential interest expenses, depending on the capital structure adopted.

Outlook. We remain optimistic on KOPI's medium-term growth trajectory, underpinned by its ongoing outlet expansion and rising contribution from the higher-margin FMCG segment. Planned store openings in key urban and tourist hubs such as Penang and Melaka are well-aligned with the recovery in domestic and inbound tourism. However, we believe the near-term upside has been largely priced in and thus maintain our **NEUTRAL** call with an unchanged **target price of RM0.83**.

RETURN STATISTICS	
Price @ 19th June 2025 (RM)	0.82
Expected share price return (%)	+1.2
Expected dividend yield (%)	+1.5
Expected total return (%)	+2.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	12.3	15.9
3months	15.5	11.8
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	1,501.44
Issue shares (m)	2000.00
Estimated free float (%)	31.27
Market Capitalisation (RM'm)	1,640.00
52-wk price range	RM0.62 - RM0.98
3-mth average daily volume (m)	5.18
3-mth average daily value (RM'm)	4.00
Top Shareholders (%)	
CHERN DATO CHAN JIAN	42.20
Chan Yen Min	15.57
Koay Song Leng	10.92

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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)	81.9	38.0	26.1	19.8	16.7
DPS (sen)	0.4	0.2	0.9	1.2	1.5
Dividend Yield (%)	0.5	0.2	1.1	1.5	1.8

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

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