Consumer

POSITIVE (Maintain)

Staying Resilient

Analyst
Eunice Ng Qing Rong
Eunice.ng@midf.com.my
03-2173 8384

HIGHLIGHTS

- Retail: Momentum Holds Strong
- Tourism: Policy Tailwinds Drive Arrivals Near Pre-COVID Levels
- F&B: Mixed Commodity Trends with Cost Relief from Sugar, Wheat and Coffee
- Poultry: Egg Prices Stay Soft Post-Subsidy Removal, Chicken Prices Steady
- Currency: MYR firm in July 2025
- Maintain POSITIVE on Consumer Sector with F&N (BUY, TP: RM32.08), and Aeon (BUY, TP: RM1.77), and Life Water (BUY, TP: RM1.00) as our top picks
- Downgrade Spritzer to NEUTRAL following recent share price rally

Retail: Momentum Holds Strong

Retail spending edge higher in June. Malaysia's retail trade rose +5.4%yoy to RM67.54b in Jun-25 (May-25: +4.9%yoy), driven by broad-based gains across non-specialised stores (+5.7%yoy), food, beverages & tobacco (+6.5%yoy), and other specialised stores (+5.9%yoy). On a month-on-month basis, sales advanced +0.7%, extending the momentum from May after April's mild contraction. While household equipment eased slightly (-0.3%mom), most other segments sustained firm growth. For 1HCY25, cumulative retail sales climbed +5.9%yoy to RM399.6b, underscoring resilient household spending despite post-festive normalisation.

Stable labour market and easing inflation. Malaysia's labour market remained firm in Jun-25, with the unemployment rate unchanged at 3.0%, the lowest in a decade. Employment growth picked up to +3.0%yoy (May-25: +2.9%yoy), outpacing labour force expansion of +2.7%yoy (May-25: +2.6%yoy) for the 47th consecutive month since Aug-21. This reflects healthy job creation and steady labour demand. On the price front, headline CPI inflation moderated to +1.1%yoy in Jun-25—the lowest since Mar-21—while core CPI was stable at +1.8%yoy. The combination of a tight labour market and subdued inflation continues to preserve real household purchasing power and underpins steady domestic consumption.

Looking ahead, retail momentum is expected to remain resilient, anchored by firm labour market conditions, benign inflation, and targeted fiscal measures under the Ekonomi MADANI framework. Income support via higher minimum wages, enforcement of a living wage for GLC/GLIC employees, and RM100 cash assistance to all adults—combined with cheaper RON95 fuel and toll hike deferments—will effectively lift disposable income and sustain retail momentum. These policies, coupled with continued job creation and accommodative financing conditions post-OPR cut, are set to reinforce sentiment and drive spending, particularly during the Merdeka, Malaysia Day, and year-end festive periods. **AEON (BUY, TP: RM1.77)** remains our top pick within the sector, supported by its defensive positioning, mass-market focus, and stable earnings contribution from property management services.

COMPANY *IN FOCUS*

Fraser & Neave Holdings

Maintain BUY | Target Price: RM32.08
Price @ 20 Aug **2025**: RM27.40

- Capitalize on the robust OOH beverages consumption.
- Benefit from the high temperatures prevalent across SEA and the return of tourists' arrivals.
- Integration of Sri Nona and Cocoaland to expand food pillar businesses.

SHARE PRICE CHART



Aeon Co. (M) Berhad

Maintain BUY | Target Price: RM1.77
Price @ 20 Aug 2025: RM1.35

- Benefit from sustained consumer spending, bolstered by Budget 2025 cash handouts, EPF Account 3, and the civil servant pay rise, all of which will increase disposable income.
- PMS segment is set for continued growth with improved rental renewal rates and an optimized tenant mix.

SHARE PRICE CHART

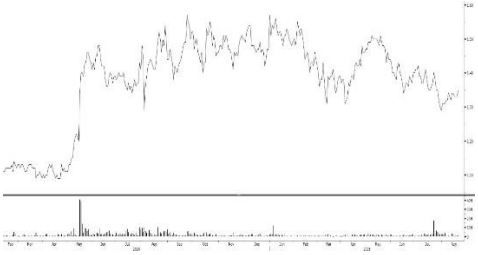


Table 1: Malaysia's monthly key statistics for June 2025

	Monthly Data					Cumulative		
	Jun-25	May-25	Jun-24	YoY	MoM	1H 25	1H 24	YoY
Retail Trade (RM'b)	**67.54**	**67.07**	**64.09**	5.4%	0.7%	**399.63**	**377.31**	5.9%
Non-specialized Stores	26.18	25.89	24.76	5.7%	1.1%	154.01	145.38	5.9%
F&B and Tobacco	4.33	4.30	4.07	6.5%	0.9%	25.59	23.84	7.3%
Household Equipment	7.69	7.71	7.40	3.8%	-0.3%	45.47	43.44	4.7%
Others in Specialized Stores	14.32	14.06	13.53	5.9%	1.8%	84.40	79.57	6.1%
Unemployment rate (%)	3.00	3.00	3.30	-0.3ppt	**0.0**			

Sources: Department of Statistics Malaysia (DOSM), BNM, MBSBR

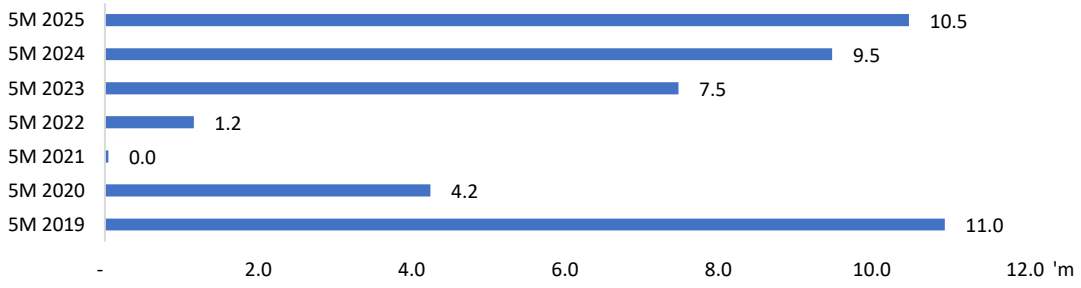
**Non-specialized Stores = supermarkets, hypermarkets, and convenience stores.*
**F&B and Tobacco = restaurant, food-related & tobacco related stores.*
**Automotive = Petrol, diesel or alternative fuel at petrol stations*
**Info & Comm Equipment = Computer, Laptops, Mobile devices, printers, hardrives, television, projectors and more*
**Cultural and recreation goods = Books, publication, audios, music, art and more*
**Household Equipment = textiles, hardware, carpets, other consumer electronic appliances, or furniture.*
**Others in Specialized Stores = clothing, footwear, pharmaceuticals, watches, souvenirs, and others.*
**Via stalls and markets = Fresh produce, handmade crafts, and street food*
**Not in stores, stalls or markets = Online purchases, direct-from-manufacturer items, and more*

Tourism: Policy Tailwinds Drive Arrivals Near Pre-COVID Levels

Tourism recovery builds regional and China-led momentum. Malaysia recorded 10.5m tourist arrivals in the first five months of 2025, a +10.5%yoy increase from 9.5m in 5MCY24 and edging closer to the pre-pandemic benchmark of 11.0m in 5M19. Growth was driven by strong ASEAN inflows, which surged +15.5%yoy to 15.1m in 1H25, reaffirming the region's position as Malaysia's largest source market (74.3% of total arrivals in 2024). Malaysia's rotating role as ASEAN Chair in 2025 has provided additional tailwinds, with the influx of regional delegates, meetings, and associated events amplifying international exposure and reinforcing intra-ASEAN travel flows. Chinese arrivals also strengthened, with nearly 1.8m visitors in 5MCY25 following the visa-waiver policy. These developments underscore the effectiveness of Malaysia's promotional strategies and broaden economic spillovers into retail, F&B, homestays, and cultural tourism. With arrivals now tracking near pre-COVID levels, the sector remains on course to meet the government's 31.4m full-year target, reinforcing tourism as a key pillar of domestic demand ahead of Visit Malaysia 2026.

Consumer sector well-positioned to benefit from tourism-driven consumption. The rebound in tourist arrivals provides a structural uplift for consumer-oriented businesses, particularly across FMCG, convenience retail, and discretionary segments. Increased foot traffic in airports, malls, and tourist hotspots should translate into stronger demand for bottled beverages, ready-to-eat snacks, and casual dining. **Life Water (BUY, TP: RM1.00)** is set to capture incremental volume in Sabah, supported by its entrenched brand equity and extensive distribution reach, while **Spritzer (NEUTRAL, TP: RM1.75)** stands to benefit from heightened bottled water consumption in peninsular tourist hubs. **Oriental Kopi (NEUTRAL, TP: RM0.83)** should gain from higher footfall in urban outlets, underpinned by its localised menu appeal and branded FMCG extension. Meanwhile, **QL Resources (NEUTRAL, TP: RM4.33)**, via its FamilyMart franchise, is well-placed to tap convenience-seeking demand, particularly in transit-heavy areas. With tourism momentum building ahead of 2HCY25, the sector is poised to enjoy a multi-channel boost to volumes, reinforcing earnings visibility.

Chart 1: Malaysia Tourist Arrivals (5M25)



Sources: Tourism Malaysia, MBSBR

F&B: Mixed Commodity Trends with Cost Relief from Sugar, Wheat and Coffee

Mixed Trends in F&B Commodity Prices as of July 2025. Commodity price trends in July-25 presented a more balanced cost backdrop for the consumer sector, with softer wheat and sugar and meaningful corrections in Arabica and Robusta coffee easing input pressures for food and beverage producers such as **Nestlé Malaysia (NEUTRAL, TP: RM77.90)**, while the pullback in cocoa, though still elevated on-year, provided incremental support to confectionery players. Conversely, crude palm oil remained firm at USD990/mt (+16.8%yoy; +5.5%mom), sustaining margin pressure on palm-intensive manufacturers such as **Hup Seng (NEUTRAL, TP: RM0.92)**. PET resin prices stayed subdued (-14.7%yoy; -0.9%mom), cushioning packaging and bottling costs for players like **Life Water (BUY, TP: RM1.00)** and **Spritzer (NEUTRAL, TP: RM1.75)**. Overall, while the cost environment remains uneven, corrections in key raw materials should underpin margin stabilisation and improve earnings visibility for staples and beverages into 2HCY25

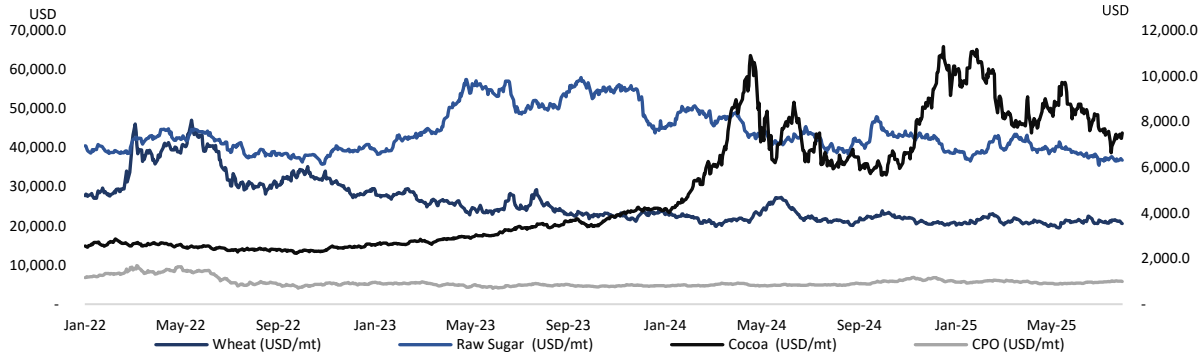
Table 2: July 2025 Average Commodities Futures Prices for F&B Producers

Commodities	July-25	June-25	July-24	YoY (%)	MoM (%)	Remarks
Wheat (USD/mt)	21,100	21,296	21,606	-2.3	-0.9	**YoY:** Prices weakened as favourable weather in the U.S., Russia, and Australia supported strong harvest prospects, while improved acreage and steady exports from the Black Sea region weighed on benchmarks. **MoM:** Prices declined marginally as increased shipments from Russia and Ukraine offset localised planting delays in parts of Europe and the U.S.
Cocoa (USD/mt)	7,385	8,331	6,614	11.7	-11.4	**YoY:** Prices remained elevated as supply constraints in Côte d'Ivoire and Ghana persisted, with crop losses from CSSVD disease, ageing trees, and restricted fertiliser availability limiting output. **MoM:** Prices fell sharply, as easing supply constraints—from improving mid-crop arrivals and higher port inventories—alongside weakening European demand, dampened short-term market dynamics
Raw Sugar (USD/mt)	36,877	38,068	41,698	-11.6	-3.1	**YoY:** Prices weakened as Brazil's record cane harvest—supported by favourable weather and increased processing capacity—lifted global supply and pressured the market. **MoM:** Prices declined as sustained oversupply—backed by rising production in Brazil, along with growing global stockpiles—eased market tightness. Softer industrial and retail demand, especially in North America and parts of Europe, also contributed to the downward pressure.
CPO (USD/mt)	990	938	847	16.8	5.5	**YoY:** Prices advanced on tighter inventories and robust import demand from India and China, supported by higher biodiesel blending mandates and firmer edible oil markets. **MoM:** Prices edged higher, as Malaysian production rose sharply while exports failed to keep pace, causing inventories to swell. Nevertheless, restocking activity—especially from India and China—alongside favorable pricing dynamics and active futures positioning helped support the market.
White Sugar (USD/mt)	789	783	816	-3.3	0.8	**YoY:** Prices edged lower as abundant supply from Brazil and Thailand weighed on market sentiment despite steady import demand. **MoM:** Prices inched higher, supported by firmer crude oil prices which boosted ethanol-linked demand in Brazil, tightening refined sugar availability.
Arabica (USD/mt)	5,839	6,686	4,757	22.8	-12.7	**YoY:** Prices climbed on adverse weather during Brazil's flowering and early crop development stages, raising concerns over 2025/26 yield potential. **MoM:** Prices declined as improved weather conditions and rising ICE-certified stock levels helped ease earlier supply fears.
Robusta (USD/mt)	3,361	4,009	4,193	-19.9	-16.2	**YoY:** Prices fell sharply as export volumes from Vietnam recovered following earlier shipping disruptions, increasing availability in global markets. **MoM:** Prices weakened sharply, as a surge in certified Robusta stocks combined with an improving global supply situation to lift inventories. At the same time, roasters increasingly turned toward more competitively priced Arabica beans, exacerbating the softness in Robusta.
PET Resin (USD/mt)	842	850	987	-14.7	-0.9	**YoY:** Prices softened on weaker demand from beverage and packaging sectors, with intensified competition from recycled PET continuing to cap price recovery. **MoM:** Prices held relatively stable as balanced supply conditions offset softer seasonal demand post-festive period.

Sources: Bloomberg, USDA, MBSBR

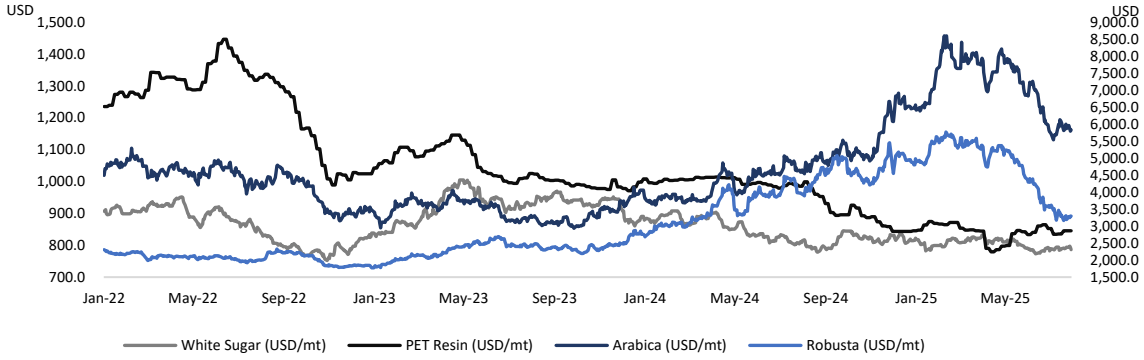
****Pet resin = Polyethylene terephthalate*

Chart 2: Raw Material Futures Price Trend for Food Producers (USD/mt)



Sources: Bloomberg, MBSBR

Chart 3: Raw Material Futures Price Trend for Beverage Producers (USD/mt)



Sources: Bloomberg, MBSBR

Poultry: Egg Prices Stay Soft Post-Subsidy Removal, Chicken Prices Steady

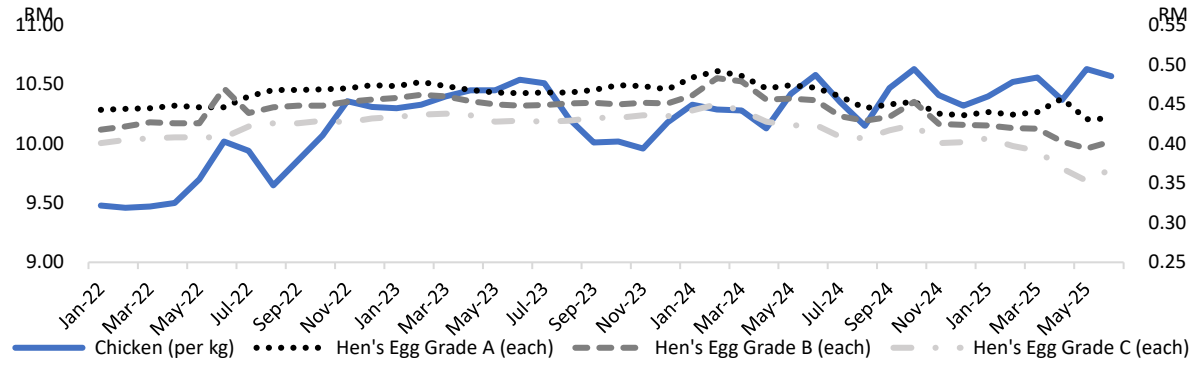
Egg prices remain soft; chicken prices ease slightly. Retail prices of eggs stayed under pressure in Jun-25, with Grade A, B, and C eggs declining by -8.3%yoy, -11.4%yoy, and -13.2%yoy respectively, though showing modest sequential gains of +0.2%mom, +2.3%mom, and +4.2%mom. The government officially discontinued the egg subsidy on Aug 1 after reducing support to RM0.05/egg in May-25. Deputy Domestic Trade and Cost of Living Minister Datuk Fuziah Salleh highlighted that "the withdrawal of government subsidies for eggs and chicken has not disrupted supply or led to price increases" (*The Star, Aug 6*), noting that this outcome is consistent with the earlier removal of chicken subsidies in Nov-23, when prices stabilised under closer supply chain monitoring. This policy backdrop provides reassurance that the current softness in egg prices and stability in chicken prices is driven by market dynamics rather than subsidy withdrawal effects. Meanwhile, average retail chicken prices held broadly stable at RM10.57/kg (-0.1%yoy; -0.6%mom), with consumption trends steady following post-festive normalisation.

Table 3: Malaysia Monthly Hen's egg and chicken Statistics

Data	Monthly Data				
	Jun-25	May-25	Jun-24	YoY	MoM
Hen's Egg Grade A (each)	0.432	0.431	0.471	-8.3%	0.2%
Hen's Egg Grade B (each)	0.403	0.394	0.455	-11.4%	2.3%
Hen's Egg Grade C (each)	0.368	0.353	0.424	-13.2%	4.2%
Chicken (per kg)	10.57	10.63	10.58	-0.1%	-0.6%

Sources: DOSM, MBSBR

Chart 4: Malaysia's Price Trend for Chicken and Egg



Sources: Bloomberg, MBSBR

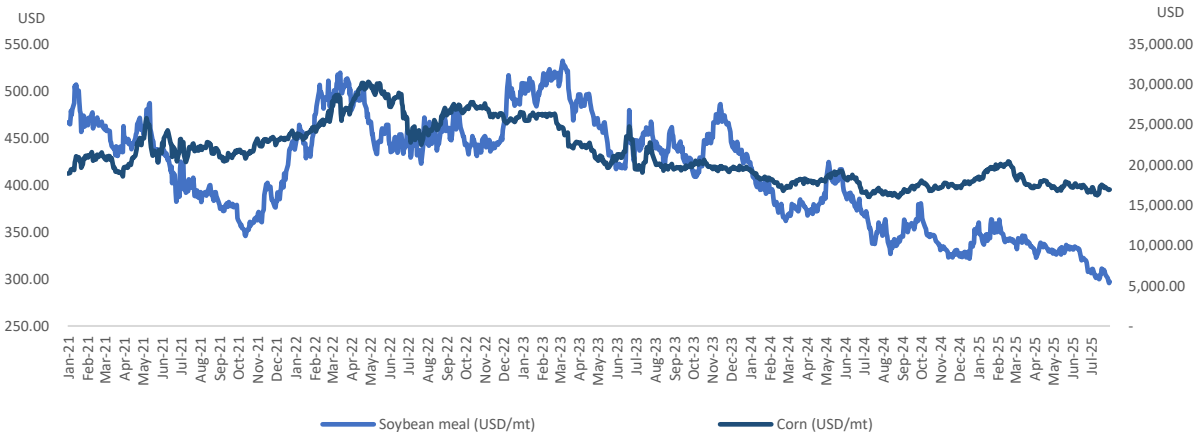
Feed cost softness underpins poultry margin recovery. Feedstock prices continued to ease in July-25, with soybean meal averaging USD304/mt (-14.0%yoy, -6.1%mom) and corn at USD16,933/mt (+2.3%yoy, -1.6%mom). The decline in soybean meal, alongside the relative stability in corn, reinforces a benign cost environment for poultry producers. As feed represents the bulk of production cost, the softer price trend provides meaningful relief to integrated operators, supporting earnings stability. Within our coverage, **QL Resources (NEUTRAL, TP: RM4.33)** and **Leong Hup International (BUY, TP: RM0.90)** are well positioned to benefit, with lower feed costs helping sustain margins across their poultry and feedmill operations.

Table 4: Average Monthly Soybean meal, and corn futures prices for July 2025

Commodities	Jul-25	Jun-25	Jul-24	YoY (%)	MoM (%)	Remarks
Soybean meal (USD/mt)	304	324	354	-14.0	-6.1	**YoY:** Prices weakened as ample soybean crushing and abundant imports, particularly in China, boosted supply while feed demand remained sluggish. **MoM:** Prices declined further due to high stock levels and softer buying interest from feed mills, with crushers even reducing operations amid storage constraints.
Corn (USD/mt)	16,933	17,207	16,554	2.3	-1.6	**YoY:** Prices edged higher as resilient demand from feed and ethanol segments supported benchmarks, even as global harvests improved **MoM:** Prices softened modestly as steady inflows from the U.S. and South America replenished supply.

Sources: Bloomberg, USDA, MBSBR

Chart 5: Raw Material Futures Price Trend for Poultry Producer (USD/mt)



Sources: Bloomberg, USDA, MBSBR

Currency: MYR firm in July 2025

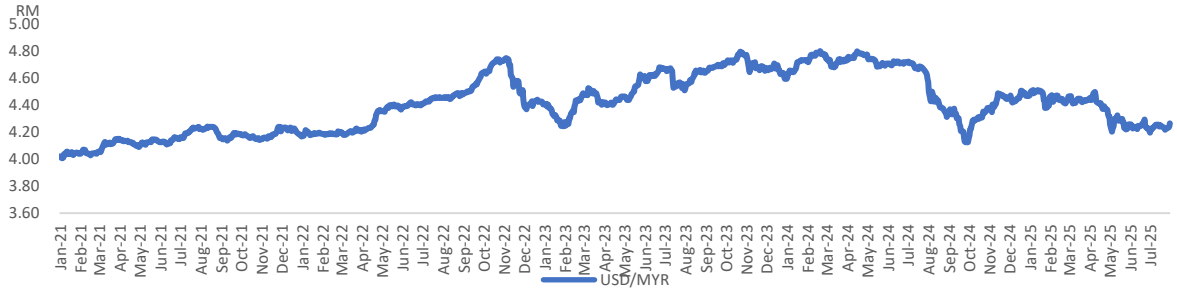
Ringgit strength continues to anchor import costs. The Malaysian Ringgit (MYR) held steady at 4.24/USD in Jul-25, unchanged from Jun-25, but appreciating by +9.5%yoy from 4.68/USD in Jul-24. This continued firmness reflects a clear strengthening trend over the past year and points to a more stable currency backdrop compared to earlier periods of depreciation pressure. A stronger MYR provides relief to import-dependent consumer companies, particularly those with exposure to USD-denominated inputs such as raw materials and packaging. Sustained currency resilience, therefore, helps cap cost volatility, underpin margin stability, and reinforce earnings visibility across domestic players. Looking ahead, should the ringgit maintain current levels, the operating environment for consumer companies is expected to remain favourable with reduced import cost risks.

Table 5: USD/MYR Monthly statistics for July 2025

Currency	Jul-25	Jun-25	Jul-24	YoY (%)	MoM (%)
USD/MYR	4.24	4.24	4.68	-9.5	-0.1

Sources: Bloomberg, MBSBR

Chart 6: Price Trend of USD/MYR



Sources: Bloomberg, MBSBR

Maintain POSITIVE on the Consumer Sector. We reiterate our POSITIVE outlook on the consumer sector, anchored by resilient macro fundamentals, supportive policy measures, and structural growth drivers. The 13MP under the Ekonomi MADANI framework—comprising higher minimum wages, enforcement of a living wage for GLC/GLIC staff, RM100 universal cash aid, subsidised RON95 fuel, and deferred toll hikes—together with the earlier -25bps OPR cut, is expected to lift disposable incomes and sustain household spending power. This is further supported by stable labour market conditions, a benign inflation outlook, and a firm recovery in tourism, with stronger ASEAN and Chinese arrivals fuelling retail, F&B, and discretionary demand. On the cost side, a firmer ringgit and easing input costs should improve margins, enhancing earnings visibility. Coupled with the sector's defensive tilt—where staples continue to provide resilience—the sector remains well positioned to outperform in volatile markets.

Our **top picks** in the sector are **F&N (BUY, TP: RM32.08), AEON (BUY, TP: RM1.77),** and **Life Water (BUY, TP: RM1.00).** We like F&N for its leading position in the RTD and RTG beverage segments, which continue to benefit from rising mobility and tourist driven consumption. Its investments in upstream dairy operations in Gemas and new capacity in Cambodia are expected to strengthen long-term earnings visibility. AEON is well-positioned to capture mass-market demand through its wide retail network and remains supported by stable contributions from its Property Management Services segment, with upside potential from tenant mix optimisation and rental reversions. Life Water offers a unique Sabah-focused play on tourism and packaged water consumption, with capacity doubling plans and softer PET costs enhancing its earnings trajectory.

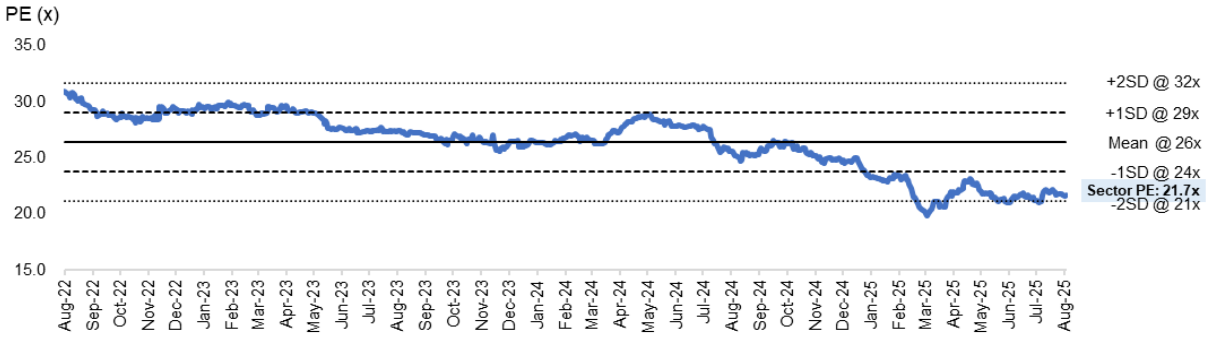
However, we downgrade Spritzer to NEUTRAL from BUY, maintaining our target prices at RM1.75. The recent rally in share prices suggests that most of the optimism has already been priced in, leaving limited upside potential in the near term.

Table 6: Peers Comparison Table

Stocks	Rec.	Price @ 20-Aug-25	TP	Mkt. Cap (RM'm)	Core EPS (sen)		PER (x)		Div. Yield (%)	
					CY25F	CY26F	CY25F	CY26F	CY24F	CY25F
Consumer Staples:										
Fraser & Neave Holdings	BUY	27.40	32.08	10,049.7	148.8	157.6	18.4	17.4	2.7	2.8
Leong Hup International	BUY	0.65	0.90	2,354.3	12.4	13.1	5.2	4.9	3.8	4.1
QL Resources	NEUTRAL	4.23	4.33	15,441.6	13.8	14.6	30.6	28.9	1.3	1.4
Spritzer	NEUTRAL	1.73	1.75	1,101.6	11.8	13.0	14.7	13.3	2.0	2.3
Hup Seng Industries	NEUTRAL	0.94	0.92	752.0	5.6	6.0	16.8	15.6	5.4	5.9
Nestle Malaysia	NEUTRAL	89.00	77.90	20,870.5	232.1	249.1	38.3	35.7	2.5	2.7
Life Water	BUY	0.83	1.00	392.7	6.2	7.3	13.5	11.3	0.8	1.8
Weighted Avg.					**129.5**	**138.6**	**29.5**	**27.6**	**2.2**	**2.4**
Consumer Discretionary:										
Aeon Co M	BUY	1.35	1.77	1,895.4	11.4	12.1	11.9	11.2	3.4	3.6
Padini Holdings	BUY	2.10	2.49	2,070.9	16.7	19.0	12.6	11.1	5.6	5.7
Oriental Kopi	NEUTRAL	1.02	0.83	2,040.0	2.9	3.9	35.3	26.2	0.7	1.1
Weighted Avg.					**10.3**	**11.7**	**20.0**	**16.2**	**3.2**	**3.5**

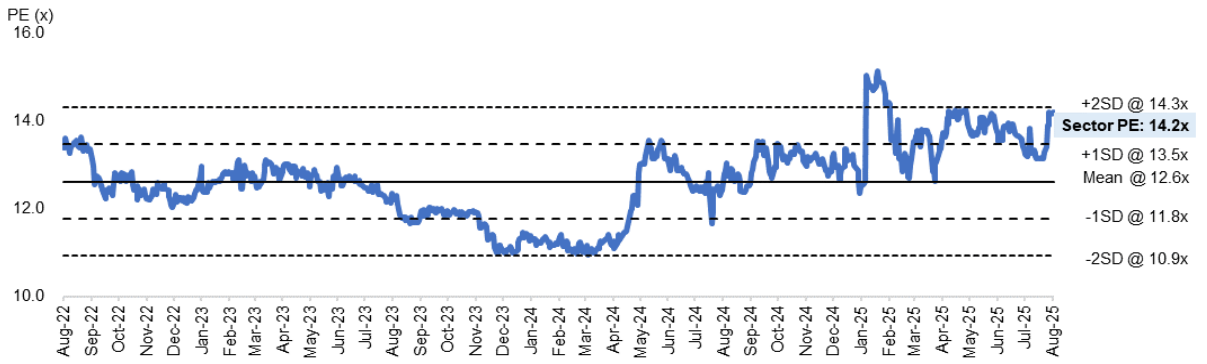
Sources: MBSBR

Chart 7: 3-Year Forward P/E Band – Consumer Staple



Sources: MBSBR

Chart 8: 3-Year Forward P/E Band – Consumer Discretionary



Sources: MBSBR

MBSB Research (formerly known as MIDF Research) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) 197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MBSB Investment Bank Berhad (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MBSB INVESTMENT BANK BERHAD (formerly known as MIDF Amanah Investment Bank Berhad) makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF Amanah Investment Bank Berhad). The directors, employees and representatives of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF Amanah Investment Bank Berhad) may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MBSB Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

MBSB INVESTMENT BANK (formerly known as 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