QL Resources Berhad

(3689 | FNH MK) Main | Consumer Products & Services

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Corporate Update

1QFY26 Results Review

A Steady Start

Maintain NEUTRAL with an unchanged TP of RM4.33. QL Resources' (QL) began FY26 on a steady footing, with 1QFY26 results coming in within expectations. Performance was supported by revenue growth across POCE, CVS, and ILF, while bottom-line softened on margin compression in MPM, ILF, and CVS. We make no changes to our forecasts and maintain our **NEUTRAL** call with an unchanged **TP** of **RM4.33**, derived from a 10-year multi-stage DCF model with an unchanged WACC of 7.2%

Within Expectations. QL Resources chalked in 1QFY26 revenue of RM1.72b (-2.5%qoq; +6.0%yoy) and core PATANCI of RM100.6m (+7.1%qoq, -6.4%yoy), which came in within expectations at 20% of our full-year forecast and 21% of consensus. No dividend was declared for the quarter, as dividends are typically announced in 3Q and 4Q.

Topline Supported by Clean Energy and Retail Growth. QL's 1QFY26 revenue rose +6.0%yoy to RM1.72b, led by a robust +27.0% surge in POCE on higher clean energy project deliveries alongside stable palm oil operations. The CVS division expanded +6.2%yoy, underpinned by store growth (+47 outlets; +48 FM Mini units), though average sales per store were held back by weak consumer sentiment. The ILF segment increased +6.0%yoy, driven by higher feed raw material trading and farm produce volumes despite softer ASPs. In contrast, MPM revenue fell -3.0%yoy as lower fishmeal volume and weaker prices offset stable contributions from surimi and aquaculture.

Earnings Weighed by Margin Compression. Despite topline expansion, QL 1QFY26's PBT fell -4.3%yoy to RM146.7m, reflecting margin contraction across most divisions. POCE stood out (+26.8%yoy to RM18.0m) in line with stronger sales, while ILF (-8.6%yoy to RM55.4m) was pressured by lower farm-gate prices and the egg subsidy reduction in Malaysia. CVS (-7.9%yoy to RM18.9m) was weighed by higher operating costs from minimum wage hikes and rising rental expenses, while MPM (-6.0%yoy to RM54.4m) saw weaker fishmeal volumes and selling prices despite firmer contributions from fishing and surimi-based products. Core PATANCI declined -6.4%yoy to RM100.6m, with net margin narrowing to 5.9% (1QFY25: 6.6%).

Outlook. We remain cautiously optimistic on QL's near-term prospects, underpinned by resilient demand across its core segments. Firmer egg demand and price recovery should help cushion ILF earnings, with its branded eggs segment mitigating the impact of subsidy removal and price volatility. MPM is expected to maintain stable contributions from surimi and aquaculture, although fishmeal margins may remain pressured by tighter supply. CVS growth will be driven by ongoing store expansion and improving footfall from the tourism recovery, further supported by government cash handouts. Meanwhile, POCE is set to remain a key earnings driver, anchored by clean energy project rollouts and steady palm oil operations.

Maintain NEUTRAL

Unchanged Target Price **RM4.33**

RETURN STATISTICS	
Price @ 27th Aug 2025 (RM)	4.15
Expected share price return (%)	+4.4
Expected dividend yield (%)	+1.2
Expected total return (%)	+5.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.0	-8.3
3months	-9.8	-13.1
12 months	-5.8	-2.0

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 (%)	1.3	1.4	1.6

KEY STATISTICS

FBM KLCI	1,587.91
Issue shares (m)	3650.31
Estimated free float (%)	37.07
Market Capitalisation (RM'm)	15,143.33
52-wk price range	RM4.1 - RM4.9
3-mth average daily volume (m)	3.00
3-mth average daily value (RM'm)	13.32
Top Shareholders (%)	
CBG L PTE LTD	40.27
Farsathy Holdings Sdn Bhd	11.58
Employees Provident Fund Board	4.88

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QL Resources: 1QFY26 Results Summary

FYE Mar (RM'm)	Quarterly results					Cumulative results		
	1QFY26	4QFY25	1QFY25	YoY (%)	QoQ (%)	3MFY26	3MFY25	YoY (%)
Revenue	1,717.4	1,761.4	1,620.3	6.0	(2.5)	1,717.4	1,620.3	6.0
Operating Expenses	(1,489.9)	(1,548.8)	(1,388.8)	7.3	(3.8)	(1,489.9)	(1,388.8)	7.3
EBITDA	**227.5**	**212.6**	**231.5**	**(1.7)**	**7.0**	**227.5**	**231.5**	**(1.7)**
Depreciation & Amortisation	(72.8)	(71.6)	(65.3)	11.5	1.7	(72.8)	(65.3)	11.5
EBIT	**154.7**	**141.0**	**166.2**	**(6.9)**	**9.7**	**154.7**	**166.2**	**(6.9)**
Net finance income/(cost)	(9.1)	(7.9)	(13.0)	(30.2)	15.7	(9.1)	(13.0)	(30.2)
Profit before Associates & JV	145.6	133.1	153.1	(4.9)	9.4	145.6	153.1	(4.9)
Share of results of an associate	1.1	0.8	0.1	1,507.6	26.2	1.1	0.1	1,507.6
Profit before tax (PBT)	**146.7**	**134.0**	**153.2**	**(4.3)**	**9.5**	**146.7**	**153.2**	**(4.3)**
Tax expense	(37.4)	(29.9)	(39.7)	(5.9)	24.9	(37.4)	(39.7)	(5.9)
Profit After tax (PAT)	**109.3**	**104.1**	**113.5**	**(3.7)**	**5.0**	**109.3**	**113.5**	**(3.7)**
PATANCI	**100.6**	**93.9**	**107.4**	**(6.4)**	**7.1**	**100.6**	**107.4**	**(6.4)**
Core PATANCI	**100.6**	**93.9**	**107.4**	**(6.4)**	**7.1**	**100.6**	**107.4**	**(6.4)**
Core EPS (sen)	2.8	2.6	2.9	(6.4)	7.1	2.8	2.9	(6.4)
DPS (sen)	0.0	2.5	0.0	n.m.	(100.0)	0.0	0.0	n.m.
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
EBIT Margin	9.0	8.0	10.3	(1.2)	1.0	9.0	10.3	(1.2)
PBT Margin	8.5	7.6	9.5	(0.9)	0.9	8.5	9.5	(0.9)
Core PATANCI Margin	5.9	5.3	6.6	(0.8)	0.5	5.9	6.6	(0.8)
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	25.5	22.3	25.9	(0.4)	3.1	25.5	25.9	(0.4)

Source: Company, MBSBR

QL Resources: Breakdown by operating segment

FYE MAR (RM'm)	Quarterly results					Cumulative results		
	1QFY26	4QFY25	1QFY25	YoY (%)	QoQ (%)	3MFY26	3MFY25	YoY (%)
Revenue (External):								
MPM	325.0	317.5	335.1	(3.0)	2.4	325.0	335.1	(3.0)
ILF	863.7	915.1	817.8	5.6	(5.6)	863.7	817.8	5.6
CVS	328.9	295.0	309.8	6.2	11.5	328.9	309.8	6.2
POCE	199.8	233.8	157.7	26.7	(14.6)	199.8	157.7	26.7
Total	**1,717.4**	**1,761.4**	**1,620.3**	**6.0**	**(2.5)**	**1,717.4**	**1,620.3**	**6.0**
Operating Profit:								
MPM	54.4	43.6	57.9	(6.0)	24.7	54.4	57.9	(6.0)
ILF	55.4	47.6	60.6	(8.6)	16.4	55.4	60.6	(8.6)
CVS	18.9	12.9	20.5	(7.9)	46.4	18.9	20.5	(7.9)
POCE	18.0	29.9	14.2	26.8	(39.7)	18.0	14.2	26.8
Total	**146.7**	**134.0**	**153.2**	**(4.3)**	**9.5**	**146.7**	**153.2**	**(4.3)**
Operating profit margin:								
MPM	16.7	13.7	17.3	(0.5)	3.0	16.7	17.3	(0.5)
ILF	6.4	5.2	7.4	(1.0)	1.2	6.4	7.4	(1.0)
CVS	5.7	4.4	6.6	(0.9)	1.4	5.7	6.6	(0.9)
POCE	9.0	12.8	9.0	0.0	(3.8)	9.0	9.0	0.0
Total	**8.5**	**7.6**	**9.5**	**(0.9)**	**0.9**	**8.5**	**9.5**	**(0.9)**

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

FINANCIAL SUMMARY

Profit or Loss (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)
PATANCI	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)	34.6	33.3	29.9	27.8	25.3
DPS (sen)	6.5	5.0	5.6	6.0	6.6
Dividend yield (%)	1.6	1.2	1.3	1.4	1.6

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 cashflow	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, MBSBR

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MBSB INVESTMENT BANK (formerly known MIDF 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