Corporate Update

Padini Holdings Berhad

(7052 |PAD MK) Main | Consumer Products & Services

SHARIAH Compliant | FTSE4Good | ESG 3 Stars

Maintain **BUY**

Unchanged Target Price **RM2.49**

4QFY25 Results Review

Post-Festive Pause, Steady FY25 Finish

Maintain BUY with unchanged TP of RM2.49. Padini closed FY25 on a resilient footing, underpinned by margin gains that helped offset softer topline momentum in the final quarter. With earnings broadly within expectations, we leave our forecasts unchanged. We maintain our **BUY** call with an unchanged **TP of RM2.49**, based on a PER of 12.6x pegged to FY26F EPS of 19.7 sen.

Within expectations. Padini chalked in 4QFY25 revenue of RM392.1m (-37.4%qoq; -13.9%yoy) and core PATANCI of RM13.9m (-81.2%qoq; -38.8%yoy), bringing full-year FY25 core PATANCI to RM169.1m (+10.3%yoy). This accounted for 94% of our full-year forecast and 101% of consensus, broadly in line with expectations. Padini paid total dividends of 9.6 sen/share in FY25, lower than 11.5 sen in FY24. Separately, management declared a first interim dividend of 1.8 sen/share for FY26, payable in Sep-25.

Post-festive moderation. Padini's 4QFY25 revenue contracted -37.4%qoq to RM392.1m, coming off a high base in 3QFY25 which benefitted from the double festive period of Chinese New Year and Hari Raya. With no major festive drivers this quarter, store traffic and basket sizes eased, leading to softer discretionary demand. On a yearly basis, topline also declined -13.9% amid weaker same-store sales growth (-16.6%). Still, cumulative FY25 revenue inched up +1.0%yoy to RM1.94b, supported by resilient value-for-money offerings across its nationwide store network.

Earnings supported by margin expansion. Padini's core PATANCI moderated to RM13.9m in 4QFY25 (-81.2%qoq; -38.8%yoy), largely due to the absence of festive-driven sales and weaker operating leverage, with gross profit margin narrowing to 37.2% (3QFY25: 41.0%). On a cumulative basis, however, FY25 core PATANCI increased +10.3%yoy to RM169.1m, outpacing topline growth of +1.0%yoy, as gross profit margin expanded to 38.9% (FY24: 36.2%). The margin improvement reflected tighter cost management and operational efficiencies, which helped support earnings despite muted sales momentum.

Outlook. We remain positive on Padini's near-term outlook, anchored by its affordable pricing strategy and strong value-for-money positioning. The macro environment has turned more supportive, with stable employment trends, recent government cash handouts, and the OPR cut providing a boost to household disposable income. In addition, a stronger ringgit offers a further tailwind by easing imported input costs. Collectively, these factors underpin Padini's earnings resilience into FY26, despite lingering risks from softer discretionary demand.

RETURN STATISTICS	
Price @ 27th Aug 2025 (RM)	2.08
Expected share price return (%)	+19.7
Expected dividend yield (%)	+5.8
Expected total return (%)	+25.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.6	2.0
3months	-1.0	-1.1
12 months	-4.4	-0.6

INVESTMENT STATISTICS

FYE SEPT (RM'm)	2026F	2027F	2028F
Revenue	2,069.4	2,154.3	2,241.8
EBITDA	408.0	423.9	436.1
PBT	258.2	271.4	280.8
Core PATANCI	194.9	204.9	212.0
Core EPS (sen)	19.8	20.8	21.5
DPS (sen)	12.0	12.0	12.0
Dividend Yield (%)	5.8	5.8	5.8

KEY STATISTICS

FBM KLCI	1,587.91
Issue shares (m)	986.86
Estimated free float (%)	45.27
Market Capitalisation (RM'm)	2,052.68
52-wk price range	RM1.59 - RM2.40
3-mth average daily volume (m)	0.71
3-mth average daily value (RM'm)	1.45
Top Shareholders (%)	
YONG PANG CHAUN HOLDINGS SDN BHD	43.74
Kumpulan Wang Persaraan Diperbadan	10.29
Employees Provident Fund Board	9.59

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Padini: 4QFY25 Results Summary

FYE Jun (RM'm)	Quarterly results					Cumulative results		
	4QFY25	3QFY25	4QFY24	YoY (%)	QoQ (%)	12MFY25	12MFY24	YoY (%)
Revenue	392.1	626.8	455.2	(13.9)	(37.4)	1,937.7	1,918.8	1.0
Cost of sales	(246.4)	(370.1)	(294.0)	(16.2)	(33.4)	(1,184.8)	(1,223.7)	(3.2)
Gross profit	**145.7**	**256.7**	**161.2**	**(9.6)**	**(43.3)**	**752.9**	**695.1**	**8.3**
Other income	10.4	10.6	17.4	(40.0)	(1.7)	31.0	35.6	(13.1)
Administrative expenses	(25.4)	(36.8)	(20.7)	22.7	(31.1)	(104.5)	(91.7)	13.9
Selling and distribution costs	(111.2)	(126.1)	(112.2)	(0.8)	(11.8)	(441.3)	(416.8)	5.9
Operating profit (EBIT)	**19.5**	**104.4**	**45.8**	**(57.3)**	**(81.3)**	**238.0**	**222.2**	**7.1**
Net finance income/(cost)	(8.4)	(8.7)	(9.6)	(12.6)	(4.1)	(29.0)	(25.4)	14.1
Profit before tax (PBT)	**11.1**	**95.7**	**36.2**	**(69.2)**	**(88.3)**	**209.0**	**196.7**	**6.2**
Income tax expense	(4.2)	(23.7)	(9.9)	(57.8)	(82.4)	(54.2)	(50.1)	8.1
Profit After tax (PAT)	**7.0**	**72.0**	**26.3**	**(73.5)**	**(90.3)**	**154.8**	**146.6**	**5.6**
PATANCI	7.0	72.0	26.3	(73.5)	(90.3)	154.8	146.6	5.6
Core PATANCI	**13.9**	**74.0**	**22.8**	**(38.8)**	**(81.2)**	**169.1**	**153.4**	**10.3**
Core EPS (sen)	**1.4**	**7.5**	**2.3**	**(38.8)**	**(81.2)**	**17.1**	**15.5**	**10.3**
DPS (sen)	2.8	1.8	3.5	(20.0)	55.6	9.6	11.5	(16.5)
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Gross Profit Margin	37.2	41.0	35.4	1.7	(3.8)	38.9	36.2	2.6
Operating Profit Margin	5.0	16.7	10.1	(5.1)	(11.7)	12.3	11.6	0.7
PBT Margin	2.8	15.3	7.9	(5.1)	(12.4)	10.8	10.3	0.5
Core PATANCI Margin	3.5	11.8	5.0	(1.5)	(8.3)	8.7	8.0	0.7
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	37.4	24.8	27.3	10.1	12.6	25.9	25.5	0.5

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	1,918.8	1,937.7	2,069.4	2,154.3	2,241.8
Gross Profit	695.1	752.9	795.6	834.9	871.6
EBITDA	346.1	378.8	408.0	423.9	436.1
EBIT	202.4	215.5	259.1	271.3	279.7
PBT	196.7	209.0	258.2	271.4	280.8
Taxation	(50.1)	(54.2)	(63.3)	(66.5)	(68.8)
PAT	146.6	154.8	194.9	204.9	212.0
Core PATANCI	150.0	169.1	194.9	204.9	212.0
Core EPS (sen)	15.2	17.1	19.8	20.8	21.5
PER (x)	9.3	13.3	10.5	10.0	9.7
DPS (sen)	11.5	9.6	12.0	12.0	12.0
Dividend Yield (%)	5.5	4.6	5.8	5.8	5.8

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	196.7	209.0	258.2	271.4	280.8
Operating cash flow	427.8	221.8	(41.1)	306.7	313.6
Investing cash flow	(35.3)	(49.4)	(151.5)	(157.9)	(164.5)
Financing cash flow	(204.1)	(224.0)	142.1	(128.0)	(127.9)
Net cash flow	188.4	(60.0)	(50.5)	20.8	21.2
Beginning cash flow	602.1	791.0	731.0	680.5	701.3
Ending cash flow	791.0	731.0	680.5	701.3	722.6

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth	5.3	1.0	6.8	4.1	4.1
Gross Profit Growth	(3.2)	8.3	5.7	4.9	4.4
EBITDA Growth	(17.0)	9.5	7.7	3.9	2.9
Core PATANCI Growth	(33.4)	12.7	15.3	5.1	3.5

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin	36.2	38.9	38.4	38.8	38.9
EBITDA Margin	18.0	19.6	19.7	19.7	19.5
EBIT Margin	10.5	11.1	12.5	12.6	12.5
Core PATANCI Margin	7.8	8.7	9.4	9.5	9.5

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
PPE	115.1	154.7	153.4	177.0	201.4
Intangible assets	3.2	3.7	4.2	4.8	5.5
Non-current assets	646.5	842.0	697.2	760.2	827.7
Inventories	288.2	387.2	418.8	433.8	450.5
ST - Trade receivables	70.4	65.4	85.0	88.5	92.1
Cash	791.0	731.0	680.5	701.3	722.6
Current assets	1,182.8	1,209.2	1,184.5	1,223.8	1,265.3
Total Assets	1,829.2	2,051.2	1,881.7	1,984.0	2,093.0
Total Equity	1,111.1	1,184.8	1,259.4	1,366.1	1,478.3
LT Loans	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	448.4	599.7	360.0	355.0	350.0
ST Trade payables	151.5	137.9	174.5	180.7	187.7
ST Loans	0.0	0.0	0.0	0.0	0.0
Current Liabilities	269.7	266.7	262.2	263.0	264.7
Total Liabilities	718.1	866.4	622.3	617.9	614.7

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