Corporate Update

QL Resources Berhad

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

SHARIAH Compliant

ESG 4 Stars

Maintain **NEUTRAL**

Unchanged Target Price **RM4.33**

2QFY26 Results Review

Diversification Continues to Anchor Results

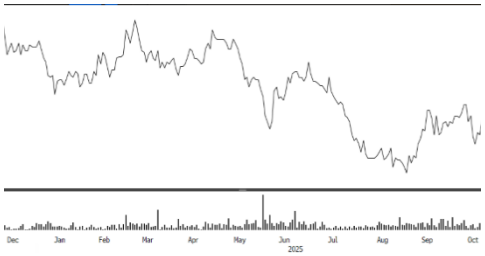
Maintain NEUTRAL with an unchanged TP of RM4.33. QL Resources (QL) delivered 2QFY26 results that were within expectations, with group performance mixed across segments. Quarterly revenue softness persisted in MPM, ILF and POCE due to weaker fishmeal volumes and pricing, lower feed raw material unit prices, and reduced solar and palm oil contributions, while CVS registered only modest topline growth despite significant outlet expansion. Quarterly earnings were similarly affected by margin compression in MPM, CVS and POCE, though ILF posted stronger profits on improved Vietnam operations and stabilising layer margins post–price ceiling removal. With no material deviations to our estimates, we maintain our forecasts and reiterate our **NEUTRAL** call with an unchanged **TP** of **RM4.33**, based on our 10-year multi-stage DCF model and WACC of 7.2%.

Within expectations. QL Resources chalked in 2QFY26 revenue of RM1.73b (+0.4%qoq; -7.9%yoy) and core PATANCI of RM116.2m (+15.5%qoq, -9.4%yoy), which brought 1H26 core PATANCI to RM216.8m which broadly came in within expectations at 43% of our full-year forecast and 45% of consensus. No dividend was declared for the quarter, as dividends are typically announced in 3Q and 4Q.

Mixed growth across segments. Cumulative 1HFY26 revenue decreased -1.5%yoy to RM3.44b, reflecting mixed performance across divisions. The CVS segment posted a +5.6%yoy increase, driven primarily by continued outlet expansion (net +55 stores and +42 FM Mini) despite lower average store sales amid weak consumer sentiment and the exclusion from the SARA programme. The POCE segment grew +6.9%yoy, supported by the consolidation of Plus Xnergy Holdings within BM Greentech, which helped offset shipment-related delays in palm oil deliveries. Meanwhile, the ILF segment saw a -3.1%yoy revenue decline, largely due to significantly lower feed raw material trading unit prices, even as farm produce volumes remained stable across Malaysia, Indonesia and Vietnam. The MPM segment contracted -7.2%yoy, mainly affected by substantially lower fishmeal sales volume and depressed global fishmeal prices, although this was partially cushioned by steadier contributions from surimi-based products, fishing and aquaculture.

RETURN STATISTICS	
Price @ 27th Nov 2025 (RM)	4.25
Expected share price return (%)	+1.9
Expected dividend yield (%)	+1.3
Expected total return (%)	+3.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.2	0.9
3 months	-2.1	1.0
12 months	-12.4	-13.5

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	1,624.50
Issued shares (m)	3650.31
Estimated free float (%)	37.07
Market Capitalisation (RM'm)	15,513.58
52-wk price range	RM4.08 - RM4.9
3-mth average daily volume (m)	2.55
3-mth average daily value (RM'm)	10.96
Top Shareholders (%)	
CBG L PTE LTD	40.25
Farsathy Holdings Sdn Bhd	11.57
Employees Provident Fund Board	4.88

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Core PATANCI lower. Core PATANCI fell -8%yoy to RM216.8m in 1HFY26, reflecting softer profitability across several divisions. POCE earnings declined -20.4%yoy, weighed down by weaker solar project margins following the discontinuation of the NEM 3.0 scheme and lower contributions from palm oil operations due to reduced CPO delivery tonnage. ILF earnings rose +1.5%yoy, supported by stronger performance in Vietnam's farming operations, stable margins in Malaysia's layer segment, and improved contribution from branded eggs which helped cushion the impact of subsidy removal. Meanwhile, CVS earnings contracted -23.7%yoy as lower average store sales, driven by weak consumer sentiment, intensified F&B competition, and exclusion from the SARA programme, offset revenue growth from outlet expansion. MPM earnings declined -13.3%yoy, primarily due to depressed global fishmeal prices and lower fishmeal volumes, despite improved contributions from aquaculture and surimi-based products. Overall, group operating profit margin eased 0.8ppts yoy to 9.1%, with core PATANCI margin moderating to 6.3% (from 6.7%).

Outlook. We remain cautiously optimistic on QL's near-term prospects, supported by the diversified and resilient nature of its staple food businesses. Within ILF, earnings should remain steady as stable feed costs and ongoing recovery in egg prices across Malaysia, Indonesia and Vietnam help offset pressure from the recent removal of price controls, with branded egg sales continuing to provide margin support. MPM is expected to see firmer contributions from surimi and aquaculture, while fishmeal profitability may improve gradually as selling prices recover amid tighter regional supply, though input-cost pressure persists. CVS performance is likely to remain soft given subdued consumer sentiment, exclusion from the SARA programme, and rising competition in the F&B space, although store expansion provides some top-line support. For POCE, contributions from palm oil are expected to improve with higher CPO prices and better FFB yields, while the clean energy segment should stabilise on existing project backlogs despite slower new solar project wins following the discontinuation of NEM 3.0.

QL Resources: 2QFY26 Results Summary

FYE Mar (RM'm)	Quarterly results					Cumulative results		
	2QFY26	1QFY26	2QFY25	YoY (%)	QoQ (%)	1HFY26	1HFY25	YoY (%)
Revenue	1,725.1	1,717.4	1,873.0	(7.9)	0.4	3,442.5	3,493.3	(1.5)
Operating Expenses	(1,478.5)	(1,489.9)	(1,600.4)	(7.6)	(0.8)	(2,968.3)	(2,989.3)	(0.7)
EBITDA	**246.6**	**227.5**	**272.5**	**(9.5)**	**8.4**	**474.2**	**504.0**	**(5.9)**
Depreciation & Amortisation	(71.9)	(72.8)	(68.8)	4.4	(1.3)	(144.7)	(134.2)	7.9
EBIT	**174.8**	**154.7**	**203.7**	**(14.2)**	**13.0**	**329.5**	**369.9**	**(10.9)**
Net finance income/(cost)	(9.3)	(9.1)	(12.8)	(27.4)	1.9	(18.4)	(25.8)	(28.8)
Profit before Associates & JV	165.5	145.6	190.9	(13.3)	13.6	311.1	344.1	(9.6)
Share of results of an associate	0.7	1.1	0.3	127.7	(32.6)	1.8	0.4	367.4
Profit before tax (PBT)	**166.2**	**146.7**	**191.2**	**(13.1)**	**13.3**	**312.9**	**344.4**	**(9.2)**
Tax expense	(40.9)	(37.4)	(51.5)	(20.5)	9.6	(78.3)	(91.2)	(14.2)
Profit After tax (PAT)	**125.3**	**109.3**	**139.7**	**(10.4)**	**14.6**	**234.6**	**253.2**	**(7.4)**
PATANCI	**116.2**	**100.6**	**128.3**	**(9.4)**	**15.5**	**216.8**	**235.7**	**(8.0)**
Core PATANCI	**116.2**	**100.6**	**128.3**	**(9.4)**	**15.5**	**216.8**	**235.7**	**(8.0)**
Core EPS (sen)	3.2	2.8	3.5	(9.4)	15.5	5.9	6.5	(8.0)
DPS (sen)	0.0	0.0	0.0	n.m.	n.m.	0.0	0.0	n.m.
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
EBIT Margin	10.1	9.0	10.9	(0.7)	1.1	9.6	10.6	(1.0)
PBT Margin	9.6	8.5	10.2	(0.6)	1.1	9.1	9.9	(0.8)
Core PATANCI Margin	6.7	5.9	6.8	(0.1)	0.9	6.3	6.7	(0.4)
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	24.6	25.5	26.9	(2.3)	(0.8)	25.0	26.5	(1.5)

Source: Company, MBSBR

QL Resources: Breakdown by operating segment

FYE MAR (RM'm)	Quarterly results					Cumulative results		
	2QFY26	1QFY26	2QFY25	YoY (%)	QoQ (%)	1HFY26	1HFY25	YoY (%)
Revenue (External):								
MPM	349.4	325.0	391.5	(10.8)	7.5	674.3	726.6	(7.2)
ILF	890.3	863.7	993.2	(10.4)	3.1	1,754.1	1,810.9	(3.1)
CVS	316.7	328.9	301.4	5.1	(3.7)	645.6	611.2	5.6
POCE	168.6	199.8	186.9	(9.8)	(15.6)	368.4	344.5	6.9
Total	**1,725.1**	**1,717.4**	**1,873.0**	**(7.9)**	**0.4**	**3,442.5**	**3,493.3**	**(1.5)**
Operating Profit:								
MPM	57.7	54.4	71.4	(19.2)	6.2	112.1	129.3	(13.3)
ILF	86.8	55.4	79.5	9.3	56.7	142.2	140.1	1.5
CVS	9.0	18.9	16.0	(44.0)	(52.6)	27.8	36.5	(23.7)
POCE	12.7	18.0	24.4	(47.9)	(29.5)	30.7	38.6	(20.4)
Total	**166.2**	**146.7**	**191.2**	**(13.1)**	**13.3**	**312.9**	**344.4**	**(9.2)**
Operating profit margin:								
MPM	16.5	16.7	18.2	(1.7)	(0.2)	16.6	17.8	(1.2)
ILF	9.7	6.4	8.0	1.7	3.3	8.1	7.7	0.4
CVS	2.8	5.7	5.3	(2.5)	(2.9)	4.3	6.0	(1.7)
POCE	7.5	9.0	13.0	(5.5)	(1.5)	8.3	11.2	(2.9)
Total	**9.6**	**8.5**	**10.2**	**(0.6)**	**1.1**	**9.1**	**9.9**	**(0.8)**

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)	35.4	34.1	30.7	28.5	25.9
DPS (sen)	6.5	5.0	5.6	6.0	6.6
Dividend yield (%)	1.5	1.2	1.3	1.4	1.5

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, MBSBR

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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