Corporate Update

Oriental Kopi Holding Berhad

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

SHARIAH Compliant

1QFY26 Results Review

FMCG Momentum Continues Amid Margin Pressures

Upgrade to **NEUTRAL**
(from SELL)
Revised Target Price **RM1.24**
(from RM1.03)

Upgrade to NEUTRAL with higher TP of RM1.24. Oriental Kopi's 1QFY26 performance was supported by continued expansion in its café network and strong traction in its packaged goods segment, although margins moderated amid higher operating and input costs. The Group's growth trajectory remains intact, underpinned by outlet rollouts and broader brand monetisation across retail channels. Following the recent share price correction, valuations have eased to more reasonable levels. We upgrade the stock to **NEUTRAL** with a **TP** of **RM1.24** (from RM1.03), based on a revised 30x FY26F PER, in line with 1y forward PE and peer averages, reflecting a more balanced risk-reward profile at current levels.

Within expectations. KOPI reported 1QFY26 revenue of RM139.2m (+42.3%yoy; +4.5%qoq) and core PATAMI of RM17.0m (+26.2%yoy; +7.3%qoq). The results were broadly in line with expectations, accounting for 21% of our full-year forecast and 20% of consensus estimates. No dividend was declared for the quarter.

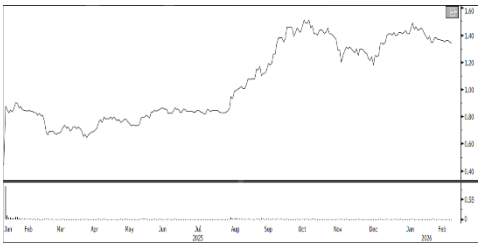
Broad-based growth led by café expansion and packaged goods surge. 1QFY26 revenue rose +42.3%yoy and +4.5%qoq to RM139.2m, driven primarily by continued outlet expansion and stronger walk-in traffic across its café chain operations, which remained the dominant revenue contributor. Growth was further supported by a sharp acceleration in the distribution and retail of packaged goods segment, reflecting wider retail penetration and improved sell-through momentum. Sequential growth was underpinned by higher festive and year-end holiday traffic, alongside contributions from newly opened outlets, reinforcing topline resilience across both core segments.

Margins compressed amid cost pressures despite stronger earnings. 1QFY26 core PATAMI rose to RM17.0m (+26.2%yoy; +7.3%qoq), supported by higher revenue contributions from both café operations and packaged goods. However, profitability was moderated by margin compression, with gross margin declining to 23.0% (-2.9ppts yoy; -1.7ppts qoq) due to higher cost of sales and operating expenses associated with outlet expansion. Segmentally, café chain gross margin eased to 21.2%, while the packaged goods segment saw a sharper contraction to 42.3%, reflecting higher input and distribution costs. Despite this, earnings growth remained intact, underpinned by operating leverage from a larger revenue base.

Outlook. We expect Oriental Kopi's growth to remain anchored by steady café network expansion and continued scaling of its packaged goods segment. New outlet openings across key catchment areas should sustain revenue growth, supported by resilient domestic consumption and improving tourist traffic. While margin pressures from expansion and input costs may persist in the near term, broader retail penetration and ongoing efforts to expand distribution channels, including overseas markets, provide additional medium-term upside.

RETURN STATISTICS	
Price @ 24th Feb 2026 (RM)	1.34
Expected share price return (%)	-8.8
Expected dividend yield (%)	+0.9
Expected total return (%)	-7.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-6.9	-8.7
3 months	-4.3	-5.3
12 months	65.4	47.9

INVESTMENT STATISTICS

FYE SEPT (RM'm)	2026F	2027F	2028F
Revenue	547.5	613.0	669.2
EBITDA	118.3	127.9	127.8
PBT	110.3	131.0	146.9
Core PATANCI	82.7	98.2	110.1
Core EPS (sen)	4.1	4.9	5.5
DPS (sen)	1.2	1.5	1.7
Dividend Yield (%)	0.9	1.1	1.2

KEY STATISTICS

FBM KLCI	1,754.01
Issued shares (m)	2000.00
Estimated free float (%)	27.34
Market Capitalisation (RM'm)	2,680.00
52-wk price range	RM0.62 - RM1.61
3-mth average daily volume (m)	3.98
3-mth average daily value (RM'm)	5.40
Top Shareholders (%)	
CHERN DATO CHAN JIAN	42.20
Chan Yen Min	15.57
Koay Song Leng	10.92

Analyst
MBSB Research
research@mbsb.com

Oriental Kopi: 1QFY26 Results Summary

FYE Sept (RM'm)	Quarterly results					Cumulative results		
	1QFY26	4QFY25	1QFY25	YoY (%)	QoQ (%)	3MFY26	3MFY25	YoY (%)
Revenue	139.2	133.2	97.8	42.3	4.5	139.2	97.8	42.3
Cost of Sales	(107.1)	(100.2)	(72.5)	47.8	6.9	(107.1)	(72.5)	47.8
Gross Profit	**32.1**	**33.0**	**25.3**	**26.6**	**(2.7)**	**32.1**	**25.3**	**26.6**
Other Income	2.3	2.3	0.6	308.1	0.8	2.3	0.6	308.1
Selling and distribution expenses	(5.6)	(4.2)	(4.4)	27.4	34.2	(5.6)	(4.4)	27.4
Administrative expenses	(5.1)	(5.6)	(3.2)	57.5	(10.1)	(5.1)	(3.2)	57.5
Others Operating Expenses	0.0	0.2	(0.1)	(153.7)	(80.7)	0.0	(0.1)	(153.7)
EBIT	23.7	25.6	18.2	30.3	(7.2)	23.7	18.2	30.3
Net finance income/(cost)	(1.4)	(1.2)	(0.9)	50.7	19.6	(1.4)	(0.9)	50.7
PBT	22.3	24.4	17.3	29.2	(8.5)	22.3	17.3	29.2
Taxation	(5.3)	(8.5)	(4.2)	26.0	(37.9)	(5.3)	(4.2)	26.0
PAT	17.0	15.9	13.1	30.2	7.3	17.0	13.1	30.2
Core PATAMI	17.0	15.9	13.5	26.2	7.3	17.0	13.5	26.2
Core EPS (sen)	0.9	0.8	0.7	26.2	7.3	0.9	0.7	26.2
DPS (sen)	0.0	1.0	0.0	N/A	(100.0)	0.0	0.0	N/A
Margin (%)				+/(-) ppts	+/(-) ppts			+/(-) ppts
Gross Profit Margin	23.0	24.7	25.9	(2.9)	(1.7)	23.0	25.9	(2.9)
EBIT Margin	17.1	19.2	18.6	(1.6)	(2.2)	17.1	18.6	(1.6)
PBT Margin	16.0	18.3	17.7	(1.6)	(2.3)	16.0	17.7	(1.6)
Core PATAMI Margin	12.2	11.9	13.8	(1.6)	0.3	12.2	13.8	(1.6)

Source: Company, MBSBR

Oriental Kopi: Breakdown by segment

FYE Sept (RM'm)	Quarterly results					Cumulative results		
	1QFY26	4QFY25	1QFY25	YoY (%)	QoQ (%)	3MFY26	3MFY25	YoY (%)
Revenue (RM'm)								
Café chain operations	125.5	122.6	91.6	37.0	2.4	125.5	91.6	37.0
Distribution and retail of packaged foods	12.3	9.2	5.5	125.6	34.5	12.3	5.5	125.6
Others	1.4	1.4	0.8	77.9	(0.6)	1.4	0.8	77.9
Total Revenue	**139.2**	**133.2**	**97.8**	**42.3**	**4.5**	**139.2**	**97.8**	**42.3**
Gross Profit (RM'm)								
Café chain operations	26.6	28.8	22.3	19.5	(7.4)	26.6	91.6	(70.9)
Distribution and retail of packaged foods	5.2	4.0	2.9	79.1	31.3	5.2	5.5	(4.6)
Others	0.2	0.2	0.1	65.9	(1.4)	0.2	0.8	(73.3)
Total Gross Profit	**32.1**	**33.0**	**25.3**	**26.6**	**(2.7)**	**32.1**	**25.3**	**26.6**
Gross Profit Margin (%)				+/(-) ppts	+/(-) ppts			
Café chain operations	21.2	23.5	24.3	(3.1)	(2.2)	21.2	100.0	(78.8)
Distribution and retail of packaged foods	42.3	43.3	53.3	(11.0)	(1.0)	42.3	100.0	(57.7)
Others	15.0	15.2	16.1	(1.1)	(0.1)	15.0	100.0	(85.0)
Total Gross Profit Margin	**23.0**	**24.7**	**25.9**	**(2.9)**	**(1.7)**	**23.0**	**25.9**	**(2.9)**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	277.3	450.9	547.5	613.0	669.2
Gross Profit	82.8	114.1	162.6	189.2	209.7
EBITDA	79.2	117.2	118.3	127.9	127.8
EBIT	59.9	87.7	114.0	134.7	150.2
PBT	57.5	86.9	110.3	131.0	146.9
Taxation	(14.4)	(22.7)	(27.6)	(32.8)	(36.7)
PAT	43.1	64.2	82.7	98.2	110.1
Core PATAMI	43.1	64.2	82.7	98.2	110.1
Core EPS (sen)	2.2	3.2	4.1	4.9	5.5
PER (x)	63.1	42.4	32.9	27.7	24.7
DPS (sen)	0.2	1.0	1.2	1.5	1.7
Dividend Yield (%)	0.1	0.7	0.9	1.1	1.2

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	57.5	86.9	110.3	131.0	146.9
Operating cash flow	68.1	81.8	97.3	90.8	87.1
Investing cash flow	(17.2)	(129.2)	(32.9)	(36.8)	(40.2)
Financing cash flow	(16.7)	143.2	(40.1)	(44.7)	(47.2)
Net cash flow	34.2	95.8	24.4	9.3	(0.3)
Beginning cash flow	24.8	59.0	154.8	179.2	188.5
Ending cash flow	59.0	154.8	179.2	188.5	188.2

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth (%)	108.5	62.6	21.4	12.0	9.2
Gross Profit Growth (%)	111.8	37.8	42.5	16.3	10.9
EBITDA Growth (%)	100.7	48.1	0.9	8.2	(0.1)
Core PATAMI Growth (%)	115.4	48.9	28.8	18.8	12.1

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin	29.9	25.3	29.7	30.9	31.3
EBITDA Margin	28.6	26.0	21.6	20.9	19.1
EBIT Margin	21.6	19.5	20.8	22.0	22.5
Core PATANCI Margin	15.6	14.2	15.1	16.0	16.5

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
PPE	31.0	53.1	95.3	154.9	232.3
Right of use assets	69.4	82.4	84.8	77.7	71.9
Non-current assets	101.6	137.9	182.4	235.0	306.6
Inventories	6.9	12.2	8.4	9.3	10.1
ST Trade	13.3	24.9	22.0	22.6	23.1
Cash	59.0	149.0	179.2	188.5	188.2
Total current assets	79.8	288.9	312.4	323.1	324.2
Total Assets	181.5	426.7	494.8	558.1	630.8
Total Equities	53.5	293.5	356.0	424.8	155.6
LT Loans	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	61.9	72.3	76.6	71.6	67.5
ST Trade payables	39.8	29.7	33.4	34.2	34.9
ST Loans	0.0	0.0	0.0	0.0	0.0
Current Liabilities	66.1	61.0	62.2	61.7	61.4
Total Liabilities	128.0	133.2	138.8	133.4	128.9

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