QL Resources Berhad

(7084 | QLG MK) Main | Consumer Products & Services

SHARIAH Compliant

ESG 4 Stars

Maintain **NEUTRAL**

Unchanged Target Price **RM4.28**
(From RM4.33)

Corporate Update

3QFY26 Results Review

Segmental Weakness Weighs on Earnings

Maintain NEUTRAL with a revised TP of RM4.28 (from RM4.33). QL Resources' 3QFY26 results came in below expectations, reflecting softer profitability across key segments amid margin pressures and mixed operating conditions. While there were pockets of sequential improvement, cumulative earnings lagged on weaker contributions from Integrated Livestock Farming and the Convenience Store Chain, alongside lower year-to-date palm oil-related earnings. Following the earnings miss, we trim our FY26F/FY27F/FY28F forecasts by -4%/-5%/-4%, respectively. Our **TP** of **RM4.28** is derived from a 10-year multi-stage DCF model, based on an unchanged WACC of 7.2%, and we maintain our **NEUTRAL** stance.

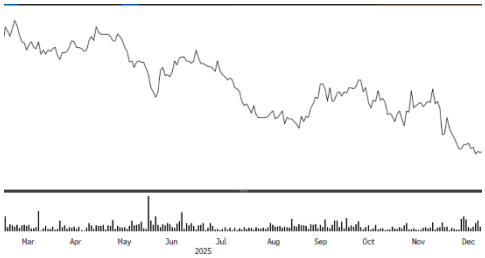
Below expectations. QL Resources reported 3QFY26 revenue of RM1.79b (-1.1%yoy; +4.3%qoq) and core PATANCI of RM120.2m (-4.6%yoy; +3.4%qoq), bringing 9MFY26 core earnings to RM337.0m (-6.8%yoy). The results came in below expectations, accounting for 67% of our full-year forecast and 71% of consensus estimates. An interim single-tier dividend of 2.5 sen per share was declared for the financial year ending 31 March 2026.

Mixed topline performance across segments. 3QFY26 revenue eased -1.1%yoy to RM1.79b, reflecting softer contributions from ILF and CVS, while MPM was broadly stable and POCE posted marginal growth. ILF declined on lower feed raw material trading prices despite stable farming operations, while CVS saw slightly weaker sales amid softer average store performance despite network expansion. MPM remained resilient, supported by steadier fishing and aquaculture activities, although fishmeal and surimi were mixed. On a sequential basis, revenue improved +4.3%qoq, driven primarily by stronger POCE contributions from higher bio-energy, water treatment project deliveries and increased CPO sales tonnage, alongside modest recovery in ILF and MPM. For 9MFY26, revenue slipped -1.3%yoy to RM5.24b, weighed by lower MPM and ILF contributions, partially offset by continued growth in CVS and POCE revenue.

Earnings pressured by weaker segmental contributions. 3QFY26 core PATANCI declined -4.6%yoy to RM120.2m, with margin easing to 6.7% (-0.2ppts yoy), reflecting softer profitability across ILF, CVS and POCE, partially cushioned by improved MPM performance. ILF earnings were weighed by weaker layer margins in Peninsular Malaysia amid lower egg prices and subsidy cessation, while CVS saw significant margin compression due to softer average store sales driven by exclusion from SARA, intensifying competition and SST-related cost pressures. POCE profitability moderated year-on-year on lower solar project contributions following the end of NEM 3.0, despite stronger bio-energy and water treatment deliveries sequentially. MPM was the relative bright spot, supported by improved fishing margins and a turnaround in aquaculture operations. On a sequential basis, core earnings improved +3.4%qoq in line with stronger POCE and MPM contributions. For 9MFY26, core PATANCI fell -6.8%yoy to RM337.0m, with margin narrowing 0.4ppts to 6.4%, reflecting sustained pressure in MPM and CVS, alongside lower cumulative POCE contributions.

RETURN STATISTICS	
Price @ 26th Feb 2026 (RM)	4.00
Expected share price return (%)	+7.09
Expected dividend yield (%)	+1.33
Expected total return (%)	+8.42

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.9	-4.2
3 months	5.5	-13.6
12 months	-15.1	-22.6

INVESTMENT STATISTICS

FYE MAR (RM'm)	2026F	2027F	2028F
Revenue	7,575.5	8,265.8	8,971.1
EBITDA	953.1	1,059.3	1,149.7
PBT	649.8	693.2	768.5
Core PATANCI	484.8	517.1	573.3
Core EPS (sen)	13.3	14.2	15.7
DPS (sen)	5.3	5.7	6.3
Dividend Yield (%)	1.3	1.4	1.6

KEY STATISTICS

FBM KLCI	1,740.94
Issued shares (m)	3650.31
Estimated free float (%)	37.08
Market Capitalisation (RM'm)	14,601.01
52-wk price range	RM3.72 - RM4.9
3-mth average daily volume (m)	2.73
3-mth average daily value (RM'm)	10.85
Top Shareholders (%)	
CBG L PTE LTD	40.25
Farsathy Holdings Sdn Bhd	11.57
Employees Provident Fund Board	4.88

Analyst
MBSB Research
research@mbsb.comy

QL Innofood Park expansion incorporated into forecasts. Following management's guidance, we have factored in the RM1.3bn phased CAPEX plan over 10 years, with RM300.0m + RM100.0m assumed in FY27 and FY28, and RM100m annually thereafter. Our model reflects the initial contribution of approximately 15k MT of additional MPM capacity in FY28, followed by a gradual ramp-up of the remaining facilities in subsequent years. We assume a funding mix of internal cash generation and incremental borrowings. These updated capacity and investment assumptions are embedded in our projections and underpin our revised TP.

Outlook. We maintain a measured view of QL's near-term prospects, supported by the diversified and defensive profile of its staple food portfolio. Within ILF, earnings should stabilise as feed cost trends remain manageable and egg prices gradually recover across Malaysia, Indonesia and Vietnam, partially cushioning the impact from subsidy removals. MPM is expected to benefit from firmer surimi and aquaculture contributions, while fishmeal margins may improve progressively alongside regional supply dynamics, albeit with ongoing input cost volatility. CVS performance should see gradual recovery from tourism-driven footfall and continued store expansion, though competitive intensity and cost pressures remain key headwinds. For POCE, palm oil earnings may improve on better FFB yields, while clean energy contributions are likely to normalise following the slowdown in new solar projects post-NEM 3.0, supported by existing bio-energy and water treatment backlogs. Over the longer term, the QL Innofood Park development enhances growth optionality by scaling value-added protein capacity and broadening product offerings, embedding automation and digitalisation to drive efficiency and strengthen earnings visibility.

QL Resources: 3QFY26 Results Summary

FYE Mar (RM'm)	Quarterly results					Cumulative results		
	3QFY26	2QFY26	3QFY25	YoY (%)	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue	1,798.5	1,725.1	1,818.8	(1.1)	4.3	5,241.0	5,312.1	(1.3)
Operating Expenses	(1,540.9)	(1,478.5)	(1,549.3)	(0.5)	4.2	(4,509.2)	(4,538.6)	(0.6)
EBITDA	**257.6**	**246.6**	**269.5**	**(4.4)**	**4.4**	**731.8**	**773.5**	**(5.4)**
Depreciation & Amortisation	(73.6)	(71.9)	(69.6)	5.8	2.4	(218.3)	(203.7)	7.2
EBIT	**184.0**	**174.8**	**199.9**	**(8.0)**	**5.3**	**513.4**	**569.8**	**(9.9)**
Net finance income/(cost)	(8.7)	(9.3)	(13.1)	(33.4)	(6.2)	(27.1)	(38.9)	(30.3)
Profit before Associates & JV	175.3	165.5	186.8	(6.2)	5.9	486.4	530.9	(8.4)
Share of results of an associate	1.1	0.7	0.6	77.5	54.4	2.9	1.0	187.4
Profit before tax (PBT)	**176.4**	**166.2**	**187.4**	**(5.9)**	**6.1**	**489.2**	**531.9**	**(8.0)**
Tax expense	(44.6)	(40.9)	(47.7)	(6.5)	8.8	(122.9)	(138.9)	(11.5)
Profit After tax (PAT)	**131.8**	**125.3**	**139.8**	**(5.7)**	**5.2**	**366.4**	**393.0**	**(6.8)**
PATANCI	**120.2**	**116.2**	**126.0**	**(4.6)**	**3.4**	**337.0**	**361.7**	**(6.8)**
Core PATANCI	**120.2**	**116.2**	**126.0**	**(4.6)**	**3.4**	**337.0**	**361.7**	**(6.8)**
Core EPS (sen)	3.3	3.2	3.5	(4.6)	3.4	9.2	9.9	(6.8)
DPS (sen)	2.5	0.0	2.5	0.0	n.m.	2.5	2.5	0.0
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
EBIT Margin	10.2	10.1	11.0	(0.8)	0.1	9.8	10.7	(0.9)
PBT Margin	9.8	9.6	10.3	(0.5)	0.2	9.3	10.0	(0.7)
Core PATANCI Margin	6.7	6.7	6.9	(0.2)	(0.1)	6.4	6.8	(0.4)
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	25.3	24.6	25.4	(0.2)	0.6	25.1	26.1	(1.0)

Source: Company, MBSBR

QL Resources: Breakdown by operating segment

FYE MAR (RM'm)	Quarterly results					Cumulative results		
	3QFY26	2QFY26	3QFY25	YoY (%)	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue (External):								
MPM	354.6	349.4	353.6	0.3	1.5	1,029.0	1,080.2	(4.7)
ILF	925.0	890.3	945.8	(2.2)	3.9	2,679.1	2,756.7	(2.8)
CVS	305.8	316.7	307.4	(0.5)	(3.5)	951.4	918.7	3.6
POCE	213.1	168.6	211.9	0.5	26.3	581.5	556.4	4.5
Total	**1,798.5**	**1,725.1**	**1,818.7**	**(1.1)**	**4.3**	**5,241.0**	**5,312.1**	**(1.3)**
Operating Profit:								
MPM	72.0	57.7	70.4	2.2	24.6	184.1	199.7	(7.8)
ILF	74.4	86.8	76.5	(2.8)	(14.3)	216.6	216.6	0.0
CVS	7.0	9.0	12.9	(45.4)	(21.5)	34.9	49.4	(29.4)
POCE	23.0	12.7	27.7	(16.9)	81.2	53.8	66.3	(18.9)
Total	**176.4**	**166.2**	**187.4**	**(5.9)**	**6.1**	**489.2**	**531.9**	**(8.0)**
Operating profit margin:								
MPM	20.3	16.5	19.9	0.4	3.8	17.9	18.5	(0.6)
ILF	8.0	9.7	8.1	(0.0)	(1.7)	8.1	7.9	0.2
CVS	2.3	2.8	4.2	(1.9)	(0.5)	3.7	5.4	(1.7)
POCE	10.8	7.5	13.1	(2.3)	3.3	9.2	11.9	(2.7)
Total	**9.8**	**9.6**	**10.3**	**(0.5)**	**0.2**	**9.3**	**10.0**	**(0.7)**

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	7,575.5	8,265.8	8,971.1
Gross Profit	1,608.5	1,660.8	1,749.7	1,896.4	2,058.3
EBITDA	950.0	989.5	953.1	1,059.3	1,149.7
EBIT	689.6	710.8	710.1	755.6	830.8
PBT	626.6	665.9	649.8	693.2	768.5
Taxation	(153.2)	(168.8)	(165.1)	(176.1)	(195.2)
PATANCI	473.5	497.1	484.8	517.1	573.3
Core PATANCI	437.9	497.1	484.8	517.1	573.3
Core EPS (sen)	12.0	13.6	13.3	14.2	15.7
PER (x)	33.4	32.1	30.1	28.2	25.5
DPS (sen)	6.5	5.0	5.3	5.7	6.3
Dividend yield (%)	1.6	1.3	1.3	1.4	1.6

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	626.6	665.9	649.8	693.2	768.5
Operating cash flow	843.8	908.9	365.9	776.1	848.0
Investing cash flow	(326.6)	(289.5)	(425.7)	(456.7)	(488.3)
Financing cash flow	(468.0)	(347.8)	(179.9)	(247.6)	(314.7)
Net cash flow	49.2	271.6	(239.7)	71.7	45.0
Beginning cash flow	343.2	392.4	663.9	424.2	495.9
Ending cash flow	392.4	663.9	424.2	495.9	541.0

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth	7.0	5.9	7.1	9.1	8.5
Gross Profit Growth	28.2	3.3	5.4	8.4	8.5
EBITDA Growth	21.3	4.2	(3.7)	11.1	8.5
Core PATANCI Growth	16.2	13.5	(2.5)	6.7	10.9

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	9.4	9.1	9.3
Core PATANCI Margin	6.6	7.0	6.4	6.3	6.4

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
PPE	2,340.6	2,377.8	2,479.7	2,504.7	2,542.6
Intangible assets	126.6	185.8	199.0	217.1	235.6
Non-current assets	3,109.5	3,223.4	3,340.6	3,400.1	3,480.8
Inventories	884.0	908.3	972.5	1,063.2	1,148.2
ST - Trade receivables	762.2	707.2	793.3	865.6	934.7
Cash	397.8	687.4	424.2	495.9	541.0
Current assets	2,367.3	2,680.1	2,595.7	2,868.0	3,103.4
Total Assets	5,476.8	5,903.5	5,936.3	6,268.1	6,584.2
Total Equity	3,197.8	3,551.0	3,417.7	3,578.2	3,769.5
LT Loans	70.8	130.5	143.5	150.7	152.2
Non-current liabilities	470.4	557.1	597.7	643.5	684.8
ST Trade payables	668.7	719.9	753.5	823.8	889.6
ST Loans	997.5	865.8	952.4	1,000.0	1,010.0
Current Liabilities	1,808.6	1,795.4	1,921.0	2,046.4	2,129.9
Total Liabilities	2,279.0	2,352.5	2,518.7	2,690.0	2,814.7

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