Corporate Update

Padini Holdings Berhad

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

SHARIAH Compliant | FTSE4Good | ESG 3 Stars

Maintain **BUY**

Unchanged Target Price **RM2.13**

MACC Freezes Accounts, Operations Unaffected

Maintain BUY with an unchanged TP of RM2.13. We maintain our **BUY** call on Padini with an unchanged **TP** of **RM2.13**, based on FY26F EPS of 14.2 sen pegged to a 15x PER. While the recent freezing of several company and subsidiary bank accounts by the Malaysian Anti-Corruption Commission (MACC) may weigh on near-term sentiment, we view the development as a sentiment-driven overhang rather than a fundamental operational issue at this stage. Based on management's latest disclosures, the affected accounts are not actively used for daily operations, banking facilities remain available, and no material financial or operational disruption is expected.

Accounts frozen as part of broader MACC investigation. Padini disclosed that certain identified bank accounts belonging to the company and its subsidiaries were frozen under Section 44(1) of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001. According to the company's latest public statement, the freezing order is linked to an ongoing MACC investigation involving certain external counterparties to the group, who are not employees, officers, or part of management. Padini emphasised that it is currently unaware of any allegations or wrongdoing on its part and understands the account freeze to be a procedural step as part of the broader investigation process.

Taking proactive steps to manage the situation. Management stated that day-to-day operations remain fully functional and uninterrupted, with business continuing as usual. The group has engaged external legal counsel and is taking the necessary steps to seek relief for the unfreezing of the affected accounts. In addition, Padini has initiated an internal review to assess the circumstances surrounding the matter and ensure its policies, procedures and internal controls remain robust. The company also reiterated its zero-tolerance stance on corruption and unlawful conduct while pledging full cooperation with authorities.

Outlook. At this stage, we believe the development is primarily a near-term sentiment risk, given the limited disclosure surrounding the investigation and potential headline volatility until further clarity emerges. However, absent any evidence of operational disruption or direct allegations against the company, we do not expect any immediate earnings impact. We continue to like Padini for its strong value positioning, broad brand portfolio and resilient balance sheet, which should allow it to navigate near-term uncertainty. Maintain **BUY** with an unchanged **TP** of **RM2.13.**

RETURN STATISTICS	
Price @ 24th Apr 2026 (RM)	1.55
Expected share price return (%)	+37.5
Expected dividend yield (%)	+7.7
Expected total return (%)	+45.2

SHARE PRICE CHART





Price performance (%)	Absolute	Relative
1 month	-4.9	-5.3
3 months	-0.6	-20.2
12 months	-25.8	-34.9

INVESTMENT STATISTICS

FYE SEPT (RM'm)	2026F	2027F	2028F
Revenue	1,709.4	1,775.5	1,843.6
EBITDA	346.0	358.3	367.5
PBT	193.5	202.9	209.2
Core PATANCI	140.2	153.2	157.9
Core EPS (sen)	14.2	15.5	16.0
DPS (sen)	12.0	12.0	12.0
Dividend Yield (%)	7.7	7.7	7.7

KEY STATISTICS

FBM KLCI	1,720.34
Issued shares (m)	657.91
Estimated free float (%)	44.93
Market Capitalisation (RM'm)	1,529.64
52-wk price range	RM1.53 - RM2.18
3-mth average daily volume (m)	0.54
3-mth average daily value (RM'm)	0.97
Top Shareholders (%)	
YONG PANG CHAUN HOLDINGS SDN BHD	43.74
Employees Provident Fund Board	10.96
Kumpulan Wang Persaraan Diperbadan	10.60

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FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	1,918.8	1,937.7	1,709.4	1,775.5	1,843.6
Gross Profit	695.1	752.9	657.2	688.1	716.8
EBITDA	346.1	378.8	346.0	358.3	367.5
EBIT	202.4	215.5	197.1	205.7	211.1
PBT	196.7	209.0	193.5	202.9	209.2
Taxation	(50.1)	(54.2)	(47.4)	(49.7)	(51.2)
PAT	146.6	154.8	146.1	153.2	157.9
Core PATANCI	150.0	169.1	140.2	153.2	157.9
Core EPS (sen)	15.2	17.1	14.2	15.5	16.0
PER (x)	7.0	9.9	10.5	10.0	9.7
DPS (sen)	11.5	9.6	12.0	12.0	12.0
Dividend Yield (%)	7.4	6.2	7.7	7.7	7.7

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	196.7	209.0	193.5	202.9	209.2
Operating cash flow	427.8	221.8	(199.6)	274.1	279.5
Investing cash flow	(35.3)	(49.4)	(125.1)	(130.1)	(135.3)
Financing cash flow	(204.1)	(224.0)	155.9	(128.1)	(128.0)
Net cash flow	188.4	(60.0)	(168.9)	15.9	16.2
Beginning cash flow	602.1	791.0	731.0	562.1	578.0
Ending cash flow	791.0	731.0	562.1	578.0	594.2

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth	5.3	1.0	(11.8)	3.9	3.8
Gross Profit Growth	(3.2)	8.3	(12.7)	4.7	4.2
EBITDA Growth	(17.0)	9.5	(8.7)	3.6	2.6
Core PATANCI Growth	(33.4)	12.7	(17.1)	9.3	3.1

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	20.2	20.2	19.9
EBIT Margin	10.5	11.1	11.5	11.6	11.5
Core PATANCI Margin	7.8	8.7	8.2	8.6	8.6

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
PPE	115.1	154.7	152.5	175.2	198.6
Intangible assets	3.2	3.7	4.2	4.8	5.5
Non-current assets	646.5	842.0	664.1	695.7	730.2
Inventories	288.2	387.2	345.9	357.5	370.5
ST - Trade receivables	70.4	65.4	70.2	73.0	75.8
Cash	791.0	731.0	562.1	578.0	594.2
Current assets	1,182.8	1,209.2	978.4	1,008.6	1,040.6
Total Assets	1,829.2	2,051.2	1,642.5	1,704.3	1,770.8
Total Equity	1,111.1	1,184.8	1,067.5	1,134.3	1,204.8
LT Loans	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	448.4	599.7	358.4	353.3	348.2
ST Trade payables	151.5	137.9	144.1	149.0	154.4
ST Loans	0.0	0.0	0.0	0.0	0.0
Current Liabilities	269.7	266.7	216.6	216.7	217.7
Total Liabilities	718.1	866.4	575.0	570.0	565.9

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