Corporate Update

QL Resources Berhad

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

SHARIAH Compliant

ESG 4 Stars

1QFY27 Results Review

MPM Shines, Others Lag

Maintain NEUTRAL with unchanged TP of RM4.11. QL Resources delivered a steady 1QFY27, with stronger Marine Product Manufacturing (MPM) earnings offsetting softer margins across Integrated Livestock Farming (ILF), Convenience Store Chain (CVS) and Palm Oil & Clean Energy (POCE). We continue to like QL's diversified staple-food exposure, resilient business model and long-term growth profile, but believe the recent share price strength has narrowed upside from current levels. We make no changes to our earnings forecasts and maintain our **NEUTRAL** call with unchanged **TP of RM4.11**, derived from our 10-year multi-stage DCF model based on an unchanged WACC of 7.2%.

Within expectations. QL posted 1QFY27 revenue of RM1.85b (+7.8%yoy; +2.5%qoq) and core PATANCI of RM100.8m (+0.2%yoy; -11.1%qoq). The results came in within expectations, accounting for 20% of our full-year forecast and 22% of consensus. No dividend was declared for the quarter.

Revenue growth driven by MPM and ILF. Revenue growth was supported by stronger MPM and ILF sales. MPM revenue rose +18.2%yoy to RM384.3m, driven by stronger fishmeal performance, higher volume and a sharp rebound in selling prices amid lower Peru fish catch caused by El Niño and reduced fishing quotas. ILF revenue increased +9.2%yoy to RM943.0m, mainly from higher raw material trading volume. This was partly offset by CVS revenue, which slipped -0.7%yoy to RM326.6m despite store additions, as softer consumer spending and intensified competition weighed on average store sales. POCE revenue was marginally lower at RM197.8m (-1.0%yoy), as weaker palm oil activities from lower CPO sales tonnage delivery were offset by higher project execution and revenue recognition from BM Greentech.

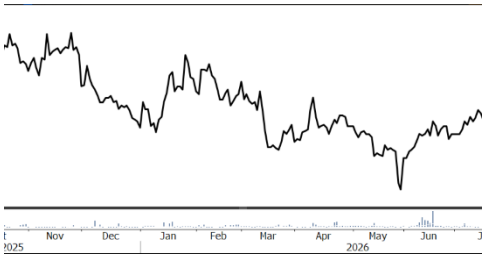
MPM strength offset by margin erosion elsewhere. Group EBITDA rose +3.0%yoy to RM234.3m, while EBIT increased +3.1%yoy to RM159.6m. However, EBIT margin eased -0.4ppts yoy to 8.6%, as margin erosion in ILF, CVS and POCE offset stronger MPM profitability. MPM operating profit surged +51.5%yoy to RM82.4m, with margin expanding to 21.4% (+4.7ppts yoy), supported by improved margins across activities, especially fishmeal. ILF operating profit declined -12.3%yoy to RM48.6m, with margin narrowing to 5.1%, due to weaker layer farming profitability in Peninsular Malaysia and Vietnam from lower egg prices and removal of egg subsidies in Malaysia since Aug-25. CVS operating profit fell -53.5%yoy to RM8.8m, weighed by lower sales and higher rental and logistics costs, while POCE operating profit declined -35.6%yoy to RM11.6m, affected by lower BM Greentech project margins, inter-group profit eliminations and settlement-related legal/financing costs.

Maintain NEUTRAL

Unchanged Target Price **RM4.11**

RETURN STATISTICS	
Price @ 26th Aug 2026 (RM)	4.00
Expected share price return (%)	+2.72
Expected dividend yield (%)	+1.3
Expected total return (%)	+4.02

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.2	-3.9
3 months	6.7	13.0
12 months	-4.1	-13.2

INVESTMENT STATISTICS

FYE MAR (RM'm)	2027F	2028F	2029F
Revenue	8,265.8	8,971.1	9,712.1
EBITDA	1,043.7	1,132.8	1,226.4
PBT	677.6	751.6	829.5
Core PATANCI	505.5	560.7	618.8
Core EPS (sen)	13.8	15.4	17.0
DPS (sen)	5.5	6.2	6.8
Dividend Yield (%)	1.4	1.5	1.7

KEY STATISTICS

FBM KLCI	1,748.54
Issued shares (m)	3650.25
Estimated free float (%)	42.75
Market Capitalisation (RM'm)	14,564.69
52-wk price range	RM3.28 - RM4.48
3-mth average daily volume (m)	5.66
3-mth average daily value (RM'm)	20.89
Top Shareholders (%)	
CBG L PTE LTD	40.36
Farsathy Holdings Sdn Bhd	11.60
Employees Provident Fund Board	6.68

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Segment outlook remains mixed. MPM should remain the key bright spot, with earnings supported by fully mobilised fishing vessels, encouraging fish landings, stable market prices and sustained fishmeal profitability. Surimi performance is also expected to remain supported by good selling prices and stable demand, although surimi-based products face higher input costs, tight supply and FX headwinds. ILF outlook remains mixed, as Peninsular Malaysia layer operations stay under pressure from low egg prices and rising feed costs, partly mitigated by branded eggs, while Indonesia and Vietnam may improve on better productivity and recovering egg prices. CVS remains focused on lifting average store sales through promotions, service quality, product broadening, waste management and cost discipline. For POCE, palm oil outlook is supported by stable CPO prices and sustained plantation yields, while clean energy remains positive on a healthy orderbook and growing opportunities in renewable energy, BESS and water infrastructure projects.

Outlook. We remain constructive on QL's business fundamentals, given its diversified exposure across marine products, livestock farming, convenience stores, palm oil and clean energy. However, the near-term outlook is more balanced, with MPM and clean energy providing earnings support while ILF and CVS continue to face margin pressure from low egg prices, cautious consumer spending, competition and rising operating costs. Management remains cautiously optimistic on the overall outlook, but highlighted that global uncertainty, energy price volatility, supply-chain disruptions, inflationary pressures and softer consumer sentiment remain key watchpoints. Given the recent share price appreciation and more balanced risk-reward, we maintain **NEUTRAL** with unchanged **TP of RM4.11**.

QL Resources: 1QFY27 Results Summary

FYE Mar (RM'm)	Quarterly results					Cumulative results		
	1QFY27	4QFY26	1QFY26	YoY (%)	QoQ (%)	3MFY27	3MFY26	YoY (%)
Revenue	1,851.7	1,806.5	1,717.4	7.8	2.5	1,851.7	1,717.4	7.8
Operating Expenses	(1,617.3)	(1,574.1)	(1,489.9)	8.6	2.7	(1,617.3)	(1,489.9)	8.6
EBITDA	**234.3**	**232.3**	**227.5**	**3.0**	**0.9**	**234.3**	**227.5**	**3.0**
Depreciation & Amortisation	(74.8)	(74.1)	(72.8)	2.7	1.0	(74.8)	(72.8)	2.7
EBIT	**159.6**	**158.3**	**154.7**	**3.1**	**0.8**	**159.6**	**154.7**	**3.1**
Net finance income/(cost)	(8.9)	(8.4)	(9.1)	(2.5)	5.7	(8.9)	(9.1)	(2.5)
Profit before Associates & JV	150.7	149.9	145.6	3.5	0.5	150.7	145.6	3.5
Share of results of an associate	0.7	0.5	1.1	(38.3)	29.4	0.7	1.1	(38.3)
Profit before tax (PBT)	**151.3**	**150.4**	**146.7**	**3.2**	**0.6**	**151.3**	**146.7**	**3.2**
Tax expense	(40.6)	(25.0)	(37.4)	8.6	62.2	(40.6)	(37.4)	8.6
Profit After tax (PAT)	**110.8**	**125.4**	**109.3**	**1.3**	**(11.6)**	**110.8**	**109.3**	**1.3**
PATANCI	**100.8**	**113.3**	**100.6**	**0.2**	**(11.1)**	**100.8**	**100.6**	**0.2**
Core PATANCI	**100.8**	**113.3**	**100.6**	**0.2**	**(11.1)**	**100.8**	**100.6**	**0.2**
Core EPS (sen)	2.8	3.1	2.8	0.4	(10.9)	2.8	2.8	0.4
DPS (sen)	0.0	2.5	0.0	n.m.	(100.0)	0.0	0.0	n.m.
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
EBIT Margin	8.6	8.8	9.0	(0.4)	(0.1)	8.6	9.0	(0.4)
PBT Margin	8.2	8.3	8.5	(0.4)	(0.2)	8.2	8.5	(0.4)
Core PATANCI Margin	5.4	6.3	5.9	(0.4)	(0.8)	5.4	5.9	(0.4)
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	26.8	16.6	25.5	1.3	10.2	26.8	25.5	1.3

Source: Company, MBSBR

QL Resources: Breakdown by operating segment

FYE MAR (RM'm)	Quarterly results					Cumulative results		
	1QFY27	4QFY26	1QFY26	YoY (%)	QoQ (%)	3MFY27	3MFY26	YoY (%)
Revenue (External):								
MPM	384.3	324.3	325.0	18.2	18.5	384.3	325.0	18.2
ILF	943.0	942.2	863.7	9.2	0.1	943.0	863.7	9.2
CVS	326.6	299.8	328.9	(0.7)	8.9	326.6	328.9	(0.7)
POCE	197.8	240.2	199.8	(1.0)	(17.6)	197.8	199.8	(1.0)
Total	**1,851.7**	**1,806.5**	**1,717.4**	**7.8**	**2.5**	**1,851.7**	**1,717.4**	**7.8**
Operating Profit:								
MPM	82.4	56.7	54.4	51.5	45.2	82.4	54.4	51.5
ILF	48.6	33.0	55.4	(12.3)	47.1	48.6	55.4	(12.3)
CVS	8.8	12.8	18.9	(53.5)	(31.5)	8.8	18.9	(53.5)
POCE	11.6	47.8	18.0	(35.6)	(75.7)	11.6	18.0	(35.6)
Total	**151.3**	**150.4**	**146.7**	**3.2**	**0.6**	**151.3**	**146.7**	**3.2**
Operating profit margin:								
MPM	21.4	17.5	16.7	4.7	3.9	21.4	16.7	4.7
ILF	5.1	3.5	6.4	(1.3)	1.6	5.1	6.4	(1.3)
CVS	2.7	4.3	5.7	(3.1)	(1.6)	2.7	5.7	(3.1)
POCE	5.9	19.9	9.0	(3.2)	(14.0)	5.9	9.0	(3.2)
Total	**8.2**	**8.3**	**8.5**	**(0.4)**	**(0.2)**	**8.2**	**8.5**	**(0.4)**

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	1,735.5	1,880.8	2,041.3
EBITDA	950.0	989.5	938.8	1,043.7	1,132.8
EBIT	689.6	710.8	695.9	740.0	813.9
PBT	626.6	665.9	635.6	677.6	751.6
Taxation	(153.2)	(168.8)	(161.4)	(172.1)	(190.9)
PATANCI	473.5	497.1	474.1	505.5	560.7
Core PATANCI	437.9	497.1	474.1	505.5	560.7
Core EPS (sen)	12.0	13.6	13.0	13.8	15.4
PER (x)	33.4	32.1	30.8	28.9	26.0
DPS (sen)	6.5	5.0	5.2	5.5	6.2
Dividend yield (%)	1.6	1.3	1.3	1.4	1.5

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	626.6	665.9	639.6	677.6	751.6
Operating cash flow	843.8	908.9	689.2	249.2	843.0
Investing cash flow	(326.6)	(289.5)	(312.2)	(456.7)	(488.3)
Financing cash flow	(468.0)	(347.8)	(302.7)	(35.0)	(309.6)
Net cash flow	49.2	271.6	74.3	(242.6)	45.0
Beginning cash flow	343.2	392.4	664.2	738.5	495.9
Ending cash flow	392.4	663.9	738.5	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	4.5	8.4	8.5
EBITDA Growth	21.3	4.2	(5.1)	11.2	8.5
Core PATANCI Growth	16.2	13.5	(4.6)	6.6	10.9

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin	24.1	23.5	22.9	22.8	22.8
EBITDA Margin	14.2	14.0	12.4	12.6	12.6
EBIT Margin	10.3	10.0	9.2	9.0	9.1
Core PATANCI Margin	6.6	7.0	6.3	6.1	6.2

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
PPE	2,340.6	2,377.8	2,396.1	2,504.7	2,542.6
Intangible assets	126.6	185.8	189.1	217.1	235.6
Non-current assets	3,109.5	3,223.4	3,271.5	3,400.1	3,480.8
Inventories	884.0	908.3	949.1	1,065.8	1,151.0
ST - Trade receivables	762.2	707.2	700.8	865.6	934.7
Cash	397.8	687.4	742.8	495.9	541.0
Current assets	2,367.3	2,680.1	2,834.2	2,871.4	3,107.0
Total Assets	5,476.8	5,903.5	6,105.7	6,271.4	6,587.8
Total Equity	3,197.8	3,551.0	3,763.5	3,712.1	3,903.5
LT Loans	70.8	130.5	120.5	150.7	152.2
Non-current liabilities	470.4	557.1	583.7	643.5	684.8
ST Trade payables	668.7	719.9	896.7	825.8	891.8
ST Loans	997.5	865.8	779.3	1,000.0	1,010.0
Current Liabilities	1,808.6	1,795.4	1,758.6	1,915.8	1,999.5
Total Liabilities	2,279.0	2,352.5	2,342.3	2,559.4	2,684.3

Source: Bloomberg, MBSBR

MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (24878-X).

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MBSB 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