# Oriental Kopi Holding Berhad

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

SHARIAH Compliant

Corporate Update

# 3QFY26 Results Review

## Topline Holds, Margins Lag

**Maintain BUY with higher TP of RM1.34.** Oriental Kopi's 3QFY26 results came in below expectations, as strong topline growth from café expansion and packaged food distribution was offset by continued margin compression, higher operating expenses and a higher effective tax rate. While near-term earnings delivery remains constrained by expansion-led cost pressure, we remain positive on the group's long-term brand strength, café rollout opportunity and regional expansion optionality from Indonesia and Mauritius. We trim our FY26F earnings forecast by -4% but roll forward our valuation to FY27F EPS of 4.48 sen and apply a revised PER of 30x, resulting in a higher **TP of RM1.34** from RM1.15. We maintain **BUY**, supported by Oriental Kopi's medium-term earnings recovery potential and regional expansion growth optionality.

**Below expectations.** Oriental Kopi posted 3QFY26 revenue of RM156.6m (+34.2%yoy; +6.4%qoq) and core PATAMI of RM17.0m (-5.9%yoy; +13.1%qoq). For 9MFY26, revenue rose +39.4%yoy to RM443.1m, while core PATAMI increased +6.1%yoy to RM49.1m, accounting for 69% of our full-year forecast and 67% of consensus. The negative deviation was mainly due to weaker-than-expected margin delivery, as higher cost of sales, selling and distribution expenses, administrative expenses and a higher effective tax rate diluted the benefit from strong revenue growth. No dividend was declared for the quarter.

**Revenue driven by café expansion and packaged foods.** 3QFY26 revenue grew +34.2%yoy to RM156.6m, supported by continued expansion and growth of café chain operations, as well as higher contribution from distribution and retail of packaged foods. Café chain revenue rose +31.5%yoy to RM141.8m, accounting for 90.5% of group revenue, while distribution and retail of packaged foods increased +66.1%yoy to RM13.6m. Sequentially, revenue improved +6.4%qoq, mainly attributable to higher walk-in customers, stronger packaged goods contribution, festive season holidays and new outlet openings during the quarter.

**Margins remained under pressure.** Gross profit rose +21.3%yoy and +15.5%qoq to RM36.8m, but gross profit margin narrowed to 23.5% (-2.5ppts yoy; +1.9ppts qoq) due to higher cost of sales. Café chain GPM declined to 21.5% from 23.9% in 3QFY25, while packaged foods GPM fell to 44.7% from 53.7%, indicating continued cost and channel investment pressure. EBIT rose only +5.7%yoy to RM26.0m, with EBIT margin contracting -4.5ppts yoy to 16.6%, as selling and distribution expenses increased +47.8%yoy and administrative expenses more than doubled +107.0%yoy. Core PATAMI declined -5.9%yoy to RM17.0m, with core margin narrowing to 10.9% from 15.5%. For 9MFY26, core PATAMI rose only +6.1%yoy to RM49.1m despite revenue growth of +39.4%yoy, as cumulative core margin compressed to 11.1% from 14.6% in 9MFY25. The effective tax rate for the quarter was also higher at 31%, mainly due to non-deductible pre-commencement and start-up expenses incurred for new outlets.

Maintain **BUY**

Revised Target Price **RM1.34**

(from: RM1.15)

| RETURN STATISTICS | |
|---|---|
| Price @ 28th Aug 2026 (RM) | 1.05 |
| Expected share price return (%) | 27.9 |
| Expected dividend yield (%) | +1.3 |
| Expected total return (%) | +29.1 |

**SHARE PRICE CHART**



| Price performance (%) | Absolute | Relative |
|---|---|---|
| 1 month | 7.1 | 7.1 |
| 3 months | 12.3 | 7.2 |
| 12 months | -2.8 | -11.3 |

**INVESTMENT STATISTICS**

| FYE SEPT (RM'm) | 2026F | 2027F | 2028F |
|---|---|---|---|
| Revenue | 547.5 | 613.0 | 669.2 |
| EBITDA | 104.2 | 116.3 | 115.1 |
| PBT | 96.2 | 119.4 | 134.1 |
| Core PATANCI | 68.2 | 89.5 | 100.6 |
| Core EPS (sen) | 3.4 | 4.5 | 5.0 |
| DPS (sen) | 1.0 | 1.3 | 1.5 |
| Dividend Yield (%) | 1.0 | 1.3 | 1.4 |

**KEY STATISTICS**

| | |
|---|---|
| FBM KLCI | 1,725.88 |
| Issued shares (m) | 2000.00 |
| Estimated free float (%) | 28.19 |
| Market Capitalisation (RM'm) | 2,100.00 |
| 52-wk price range | RM0.88 - RM1.61 |
| 3-mth average daily volume (m) | 4.93 |
| 3-mth average daily value (RM'm) | 4.75 |
| Top Shareholders (%) | |
| UNITED GOMAX SDN BHD | 67.85 |
| KAF Investment Funds Bhd | 2.36 |
| UBS AG | 1.66 |

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**Outlook.** We continue to view Oriental Kopi as a strong consumer brand with healthy medium-term growth prospects. The Indonesia JV remains the more meaningful overseas opportunity given the larger addressable market, while the Mauritius franchise provides an asset-light route to test the brand outside Malaysia and Singapore. However, FY26 remains an investment year, and the key proof point from here is whether margins can continue improving from 3Q levels while demand growth remains intact. Key watchpoints include 4Q margin recovery, new outlet productivity, packaged food profitability, staff and logistics cost trends, Indonesia rollout progress and visibility on franchise or JV contribution. Maintain **BUY** with higher **TP of RM1.34.**

## Oriental Kopi: 3QFY26 Results Summary

| FYE Sept (RM'm) | Quarterly results | | | | | Cumulative results | | |
|---|---|---|---|---|---|---|---|---|
| | 3QFY26 | 2QFY26 | 3QFY25 | YoY (%) | QoQ (%) | 9MFY26 | 9MFY25 | YoY (%) |
| Revenue | 156.6 | 147.3 | 116.7 | 34.2 | 6.4 | 443.1 | 317.8 | 39.4 |
| Cost of Sales | (119.9) | (115.4) | (86.4) | 38.7 | 3.8 | (342.4) | (236.6) | 44.7 |
| Gross Profit | 36.8 | 31.8 | 30.3 | 21.3 | 15.5 | 100.7 | 81.1 | 24.1 |
| Other Income | 2.2 | 2.3 | 2.0 | 11.5 | (5.3) | 6.8 | 4.4 | 57.1 |
| Selling and distribution expenses | (7.0) | (7.1) | (4.8) | 47.8 | (0.8) | (19.7) | (13.0) | 51.7 |
| Administrative expenses | (6.1) | (6.0) | (3.0) | 107.0 | 2.4 | (17.2) | (10.4) | 65.7 |
| Others Operating Expenses | 0.2 | 0.0 | 0.0 | 420.0 | 408.7 | 0.3 | 0.0 | 1,304.5 |
| EBIT | 26.0 | 21.1 | 24.6 | 5.7 | 23.3 | 70.9 | 62.1 | 14.1 |
| Net finance income/(cost) | (1.5) | (1.4) | (1.1) | 36.6 | 11.1 | (4.3) | (3.1) | 38.3 |
| PBT | 24.5 | 19.7 | 23.5 | 4.3 | 24.1 | 66.6 | 59.0 | 12.8 |
| Taxation | (7.5) | (4.7) | (5.6) | 35.0 | 59.2 | (17.5) | (14.2) | 23.6 |
| PAT | 17.0 | 15.0 | 17.9 | (5.3) | 13.1 | 49.1 | 44.9 | 9.4 |
| Core PATAMI | 17.0 | 15.0 | 18.1 | (5.9) | 13.1 | 49.1 | 46.2 | 6.1 |
| Core EPS (sen) | 0.9 | 0.8 | 0.9 | (5.9) | 13.1 | 2.5 | 2.3 | 6.1 |
| DPS (sen) | 0.0 | 0.0 | 0.0 | #DIV/0! | #DIV/0! | 0.0 | 0.0 | #DIV/0! |
| **Margin (%)** | | | | +/(-) ppts | +/(-) ppts | | | +/(-) ppts |
| Gross Profit Margin | 23.5 | 21.6 | 26.0 | (2.5) | 1.9 | 22.7 | 25.5 | (2.8) |
| EBIT Margin | 16.6 | 14.3 | 21.1 | (4.5) | 2.3 | 16.0 | 19.6 | (3.6) |
| PBT Margin | 15.6 | 13.4 | 20.1 | (4.5) | 2.2 | 15.0 | 18.6 | (3.5) |
| Core PATAMI Margin | 10.9 | 10.2 | 15.5 | (4.6) | 0.6 | 11.1 | 14.6 | (3.5) |

*Source: Company, MBSBR*

## Oriental Kopi: Breakdown by segment

| FYE Sept (RM'm) | Quarterly results | | | | | Cumulative results | | |
|---|---|---|---|---|---|---|---|---|
| | 3QFY26 | 2QFY26 | 3QFY25 | YoY (%) | QoQ (%) | 9MFY26 | 9MFY25 | YoY (%) |
| **Revenue (RM'm)** | | | | | | | | |
| Café chain operations | 141.8 | 131.5 | 107.8 | 31.5 | 7.9 | 398.8 | 295.9 | 34.8 |
| Distribution and retail of packaged foods | 13.6 | 14.4 | 8.2 | 66.1 | (5.8) | 40.4 | 20.0 | 101.4 |
| Others | 1.2 | 1.3 | 0.7 | 71.2 | (9.6) | 3.9 | 1.8 | 112.3 |
| Total Revenue | 156.6 | 147.3 | 116.7 | 34.2 | 6.4 | 443.1 | 317.8 | 39.4 |
| **Gross Profit (RM'm)** | | | | | | | | |
| Café chain operations | 30.5 | 26.4 | 25.8 | 18.2 | 15.5 | 83.6 | 295.9 | (71.8) |
| Distribution and retail of packaged foods | 6.1 | 5.2 | 4.4 | 38.1 | 16.7 | 16.5 | 20.0 | (17.7) |
| Others | 0.2 | 0.2 | 0.1 | 71.0 | (9.9) | 0.6 | 1.8 | (68.1) |
| Total Gross Profit | 36.8 | 31.8 | 30.3 | 21.3 | 15.5 | 100.7 | 81.1 | 24.1 |
| **Gross Profit Margin (%)** | | | | +/(-) ppts | +/(-) ppts | | | |
| Café chain operations | 21.5 | 20.1 | 23.9 | (2.4) | 1.4 | 21.0 | 100.0 | (79.0) |
| Distribution and retail of packaged foods | 44.7 | 36.1 | 53.7 | (9.0) | 8.6 | 40.9 | 100.0 | (59.1) |
| Others | 15.0 | 15.1 | 15.0 | (0.0) | (0.0) | 15.0 | 100.0 | (85.0) |
| Total Gross Profit Margin | 23.5 | 21.6 | 26.0 | (2.5) | 1.9 | 22.7 | 25.5 | (2.8) |

*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 | 159.0 | 189.2 | 209.7 |
| EBITDA | 79.2 | 117.2 | 104.2 | 116.3 | 115.1 |
| EBIT | 59.9 | 87.7 | 99.9 | 123.1 | 137.5 |
| PBT | 57.5 | 86.9 | 96.2 | 119.4 | 134.1 |
| Taxation | (14.4) | (22.7) | (24.1) | (29.9) | (33.6) |
| PAT | 43.1 | 64.2 | 72.1 | 89.5 | 100.6 |
| Core PATAMI | 43.1 | 64.2 | 68.2 | 89.5 | 100.6 |
| | | | | | |
| Core EPS (sen) | 2.2 | 3.2 | 3.4 | 4.5 | 5.0 |
| PER (x) | 63.1 | 42.4 | 39.9 | 30.4 | 27.0 |
| DPS (sen) | 0.2 | 1.0 | 1.0 | 1.3 | 1.5 |
| Dividend Yield (%) | 0.1 | 0.7 | 1.0 | 1.3 | 1.4 |

| Cash Flow (RM'm) | 2024A | 2025A | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| PBT | 57.5 | 86.9 | 96.2 | 119.4 | 134.1 |
| Operating cash flow | 68.1 | 81.8 | 86.8 | 82.1 | 77.5 |
| Investing cash flow | (17.2) | (129.2) | (32.9) | (36.8) | (40.2) |
| Financing cash flow | (16.7) | 143.2 | (35.7) | (42.1) | (44.3) |
| Net cash flow | 34.2 | 95.8 | 18.2 | 3.2 | (6.9) |
| Beginning cash flow | 24.8 | 59.0 | 154.8 | 173.0 | 176.2 |
| Ending cash flow | 59.0 | 154.8 | 173.0 | 176.2 | 169.3 |

| 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 | 39.3 | 19.0 | 10.9 |
| EBITDA Growth (%) | 100.7 | 48.1 | (11.1) | 11.6 | (1.0) |
| Core PATAMI Growth (%) | 115.4 | 48.9 | 6.2 | 31.3 | 12.4 |

| Profitability Ratios (%) | 2024A | 2025A | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Gross Profit Margin (%) | 29.9 | 25.3 | 29.0 | 30.9 | 31.3 |
| EBITDA Margin (%) | 28.6 | 26.0 | 19.0 | 19.0 | 17.2 |
| EBIT Margin (%) | 21.6 | 19.5 | 18.3 | 20.1 | 20.6 |
| Core PATANCI Margin (%) | 15.6 | 14.2 | 12.5 | 14.6 | 15.0 |

| 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 | 8.5 | 9.3 | 10.1 |
| ST Trade | 13.3 | 24.9 | 22.0 | 22.6 | 23.1 |
| Cash | 59.0 | 149.0 | 173.0 | 176.2 | 169.3 |
| Total current assets | 79.8 | 288.9 | 306.3 | 310.8 | 305.2 |
| Total Assets | 181.5 | 426.7 | 488.7 | 545.8 | 611.8 |
| Total Equities | 53.5 | 293.5 | 349.8 | 412.5 | 136.6 |
| 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 | 33.5 | 34.2 | 34.9 |
| ST Loans | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current Liabilities | 66.1 | 61.0 | 62.3 | 61.7 | 61.4 |
| Total Liabilities | 128.0 | 133.2 | 138.9 | 133.4 | 128.9 |

Source: Bloomberg, MBSBR

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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