

# Oriental Kopi Holdings Berhad (0338)

## Growth Momentum Remains on Track

Bloomberg Ticker: KOPI MK | Investment Horizon: 12 Months

### Recommendation

We reiterate our HOLD call with an unchanged target price of RM1.27, based on 30x FY26F PE, aligned with the Bursa consumer index average, which we see as an appropriate proxy for consumer-sector sentiment impacting KOPI. Despite continued expansion momentum and steady earnings delivery, we believe upside from tourism-driven catalysts and outlet ramp-up is largely priced in at current levels.

As such, we prefer to await clearer margin expansion or stronger same-store sales acceleration before turning more bullish. A stronger-than-expected contribution from packaged-goods segment would be a key upside driver beyond our forecast.

### Results Review

KOPI's 3MFY26 core net profit of RM17.0mn came in within our expectations and the street's consensus forecast, accounting for 20% of the full-year estimates.

YoY, 1QFY26 revenue rose 42.3% to RM139.2mn, mainly driven by a 37.0% increase in the café chain segment as KOPI continued its aggressive outlet expansion. Notably, the smaller-base distribution and retail of the packaged goods segment more than doubled (+125.6% YoY) to RM12.3mn. Its core net profit grew 30.2% driven by an increase in revenue. However, core net profit margin declined from 13.4% to 12.3% due to higher cost of sales, primarily attributable to increased staff costs related to pre-opening training for new outlets and rising raw material prices.

QoQ, 1QFY26 revenue edged up 4.5%, supported by higher footfall from its café chain operations (+2.4% QoQ) and stronger sales from packaged goods distribution (+34.5% QoQ), boosted by the year-end school holidays, festive season, and the opening of new outlets. Although KOPI's PBT declined 8.5% QoQ due to costs incurred from new outlet openings, core net profit remained on an upward trajectory (+7.3% QoQ), mainly driven by a normalised effective tax rate of 23.7% (34.7% in 4QFY25), as non-deductible expenses were lower following fewer outlet and kiosk openings in the quarter.

### Outlook

We maintain a positive stance on KOPI as its store expansion remains on track, particularly in high-traffic and tourism-heavy locations such as airports and major malls. While temporary footfall moderation may arise in 2QFY26 due to Ramadan, we expect this to be offset by stronger festive-driven demand during CNY and Hari Raya Aidilfitri.

In addition, we believe KOPI stands to benefit from the Visit Malaysia 2026 initiative, supported by its well-presented range of local food products that appeal to tourists, as well as its strategic partnership with Tourism Malaysia under the "Truly Malaysian Taste" campaign, which is expected to enhance brand recognition among both domestic and international consumers.

Leveraging higher footfall across its café chain operations and growing brand awareness, we expect packaged food distribution to scale across both direct and indirect channels, increasing by 50% to RM48.5mn in FY26 from RM32.3mn in FY25, supported by an expanding product range. As newer outlets mature and distribution networks deepen, we expect operating leverage to improve progressively, supporting sustained earnings growth.

### Forecast

We maintain our FY26F–FY28F forecasts as our previous assumptions remain intact and outlet expansion prospects continue to be encouraging.

### Investment Risk to our Call

(i) Weaker than expected consumer sentiment, (ii) intensifying competition in the F&B segment, (iii) brand and reputational risk, and (iv) lower SSSG

**HOLD** ↔

**Target Price: RM1.27 (-5%)** ↔

**Current Share Price: RM1.34**

**Ace Market**  
**Consumer Products & Services**

**Tan Jia Hui**

Research Analyst

[jiahui@tradeviewcapital.my](mailto:jiahui@tradeviewcapital.my)

### Company Overview

Oriental Kopi Holdings Berhad, established in 2020, is a Malaysian café chain modernizing the traditional "kopitiam" experience with signature offerings like egg tarts, polo buns, and coffee. The company is expanding rapidly with 20 outlets across Malaysia, one in Singapore, and a retail store in Johor Bahru.

### Stock Information

|                           |         |
|---------------------------|---------|
| Market Cap (RM'mn)        | 2,680.0 |
| Issued Shares (mn)        | 2,000.0 |
| 52W High (RM)             | 1.61    |
| 52W Low (RM)              | 0.63    |
| Estimated Free Float (%)  | 27.3    |
| Beta vs FBM KLCI          | 1.3     |
| 3-month Average Vol. (mn) | 4.0     |
| Shariah Compliant         | Yes     |

| Consensus | FY25A | FY26F | FY27F |
|-----------|-------|-------|-------|
| EPS (sen) | 0.042 | 0.050 | 0.057 |
| Ratings   | Buy   | Hold  | Sell  |
|           | 0     | 5     | 1     |

| Category      | Score | Materiality | Weighted Score |
|---------------|-------|-------------|----------------|
| Environmental | 14    | 30%         | 0.8            |
| Social        | 16    | 35%         | 1.2            |
| Governance    | 29    | 35%         | 2.0            |
| Total         | 59    | 100%        | 4.0            |

## Results Summary

| FYE 30 Sept (RM'mn) | 1QFY25 | 4QFY25 | 1QFY26 | QoQ (%) | YoY (%) |
|---------------------|--------|--------|--------|---------|---------|
| Revenue             | 97.8   | 133.2  | 139.2  | 4.6     | 42.3    |
| Gross profit        | 25.3   | 33.0   | 32.1   | -2.8    | 26.6    |
| EBITDA              | 24.4   | 34.1   | 34.4   | 0.8     | 41.2    |
| Depreciation        | -6.1   | -8.6   | -10.6  | 24.5    | 73.9    |
| EBIT                | 18.2   | 25.6   | 23.7   | -7.3    | 30.2    |
| Pretax Profit       | 17.7   | 24.5   | 22.3   | -9.0    | 29.2    |
| Taxation            | -4.2   | -8.5   | -5.3   | -38.0   | 26.0    |
| Net Profit          | 13.5   | 16.0   | 17.0   | 6.5     | 30.2    |
| Margin (%)          |        |        |        |         |         |
| GP                  | 25.9   | 24.7   | 23.0   |         |         |
| EBITDA              | 24.9   | 25.6   | 24.7   |         |         |
| Pretax              | 18.1   | 18.4   | 16.0   |         |         |
| Net Profit          | 13.4   | 12.0   | 12.3   |         |         |

## Key Assumptions

| Revenue Growth         | Actual |      | Forecasts |       |       |
|------------------------|--------|------|-----------|-------|-------|
|                        | FY24   | FY25 | FY26F     | FY27F | FY28F |
| Total number of stores | 20     | 28   | 33        | 36    | 40    |
| Café chain             | 107%   | 60%  | 17%       | 19%   | 11%   |
| Packaged foods         | 47%    | 97%  | 50%       | 50%   | 10%   |

## Key Financial Metrics

| FYE 30 Sept             | FY2024A | FY2025A | FY2026F | FY2027F | FY2028F |
|-------------------------|---------|---------|---------|---------|---------|
| Revenue (RM'mn)         | 277.3   | 451.9   | 536.4   | 652.3   | 724.7   |
| EBITDA (RM'mn)          | 80.1    | 110.7   | 146.5   | 174.0   | 190.7   |
| Pretax profit (RM'mn)   | 57.5    | 84.8    | 116.0   | 141.9   | 157.6   |
| Net profit (RM'mn)      | 43.1    | 62.1    | 85.0    | 104.0   | 115.5   |
| EPS (sen)               | 2.2     | 3.1     | 4.2     | 5.2     | 5.8     |
| PER (x)                 | 50.1    | 34.8    | 25.4    | 20.8    | 18.7    |
| Core net profit (RM'mn) | 43.1    | 62.1    | 85.0    | 104.0   | 115.5   |
| Core EPS (sen)          | 2.2     | 3.1     | 4.2     | 5.2     | 5.8     |
| Core EPS growth (%)     | 115.4   | 44.1    | 36.8    | 22.3    | 11.0    |
| Core PER (x)            | 50.1    | 34.8    | 25.4    | 20.8    | 18.7    |
| Net DPS (sen)           | 0.2     | 1.0     | 1.3     | 1.5     | 1.5     |
| Dividend Yield (%)      | 0.3     | 2.3     | 2.9     | 3.3     | 3.3     |
| ROE (%)                 | 80.6    | 21.2    | 24.1    | 24.4    | 22.8    |
| P/BV (x)                | 40.4    | 7.4     | 6.1     | 5.1     | 4.3     |

## Financial Exhibits

### Income Statement

| FYE 30 Sept (RM'mn)          | FY2024A     | FY2025A      | FY2026F      | FY2027F      | FY2028F      |
|------------------------------|-------------|--------------|--------------|--------------|--------------|
| Revenue                      | 277.3       | 450.9        | 536.4        | 652.3        | 724.7        |
| Operating expenses           | (198.1)     | (337.1)      | (387.1)      | (474.3)      | (528.7)      |
| <b>EBITDA</b>                | <b>79.2</b> | <b>113.8</b> | <b>149.3</b> | <b>178.0</b> | <b>196.0</b> |
| Depreciation                 | (19.3)      | (29.5)       | (28.7)       | (31.0)       | (32.9)       |
| <b>EBIT</b>                  | <b>59.9</b> | <b>84.3</b>  | <b>120.6</b> | <b>147.0</b> | <b>163.1</b> |
| Net int income/(expense)     | (4.2)       | (7.7)        | 0.0          | 0.0          | 0.0          |
| Exceptional gains / (losses) | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          |
| Associates' contribution     | 3.0         | 4.0          | 5.0          | 6.0          | 7.0          |
| <b>Pretax profit</b>         | <b>57.5</b> | <b>83.4</b>  | <b>116.0</b> | <b>141.9</b> | <b>157.6</b> |
| Tax                          | (14.4)      | (22.7)       | (31.0)       | (38.0)       | (42.1)       |
| Minority interest            | 3.0         | 4.0          | 5.0          | 6.0          | 7.0          |
| <b>Net profit</b>            | <b>43.1</b> | <b>60.8</b>  | <b>85.0</b>  | <b>104.0</b> | <b>115.5</b> |
| <b>Core PATAMI</b>           | <b>43.1</b> | <b>60.8</b>  | <b>85.0</b>  | <b>104.0</b> | <b>115.5</b> |

### Balance Sheet Statement

| FYE 30 Sept (RM'mn)              | FY2024A      | FY2025A      | FY2026F      | FY2027F      | FY2028F      |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Fixed assets                     | 31.0         | 50.7         | 52.6         | 54.1         | 55.2         |
| Other long-term assets           | 70.6         | 84.7         | 96.2         | 105.8        | 113.8        |
| <b>Total non-current assets</b>  | <b>101.6</b> | <b>135.5</b> | <b>148.8</b> | <b>159.9</b> | <b>169.1</b> |
| Cash and equivalents             | 59.0         | 149.0        | 221.7        | 395.6        | 492.0        |
| Inventories                      | 6.9          | 12.3         | 12.8         | 15.5         | 17.3         |
| Receivables                      | 13.3         | 30.9         | 34.9         | 42.4         | 47.1         |
| Other current assets             | 0.6          | 103.3        | 103.3        | 103.3        | 103.3        |
| <b>Total current assets</b>      | <b>79.8</b>  | <b>295.5</b> | <b>372.6</b> | <b>556.8</b> | <b>659.6</b> |
| Payables                         | 40.4         | 34.1         | 48.3         | 58.5         | 64.9         |
| Short term borrowings            | 14.4         | 20.1         | 18.3         | 21.0         | 23.5         |
| Other current liabilities        | 11.3         | 11.0         | 11.0         | 108.0        | 118.8        |
| <b>Total current liabilities</b> | <b>66.1</b>  | <b>65.2</b>  | <b>77.6</b>  | <b>187.5</b> | <b>207.2</b> |
| Long term borrowings             | 57.6         | 66.8         | 85.4         | 97.9         | 109.4        |
| Other long-term liabilities      | 4.3          | 5.5          | 5.5          | 5.5          | 5.5          |
| <b>Total long term liab.</b>     | <b>61.9</b>  | <b>72.2</b>  | <b>90.8</b>  | <b>103.4</b> | <b>114.9</b> |
| <b>Shareholders' Funds</b>       | <b>53.5</b>  | <b>293.5</b> | <b>353.0</b> | <b>425.8</b> | <b>506.6</b> |
| <b>Minority Interest</b>         | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   |

### Cash Flow Statement

| FYE 30 Sept (RM'mn)            | FY2024A       | FY2025A        | FY2026F       | FY2027F       | FY2028F       |
|--------------------------------|---------------|----------------|---------------|---------------|---------------|
| Pretax Profit                  | 57.5          | 83.4           | 116.0         | 141.9         | 157.6         |
| Depreciation & amortisation    | (19.3)        | (29.5)         | (28.7)        | (31.0)        | (32.9)        |
| Working capital changes        | 0.2           | (10.2)         | 9.7           | 96.9          | 10.8          |
| Cash tax paid                  | (11.2)        | (23.8)         | (31.0)        | (38.0)        | (42.1)        |
| Others                         | 40.9          | 57.3           | 57.4          | 62.0          | 65.8          |
| <b>C/F from operation</b>      | <b>68.1</b>   | <b>77.2</b>    | <b>123.4</b>  | <b>231.8</b>  | <b>159.2</b>  |
| Capex                          | (17.1)        | (27.3)         | (15.0)        | (15.0)        | (15.0)        |
| Others                         | (0.1)         | (97.3)         | 0.0           | 0.0           | 0.0           |
| <b>C/F from investing</b>      | <b>(17.2)</b> | <b>(124.6)</b> | <b>(15.0)</b> | <b>(15.0)</b> | <b>(15.0)</b> |
| Debt raised/(repaid)           | (10.9)        | (16.4)         | (10.3)        | (11.8)        | (13.1)        |
| Dividends paid                 | (3.0)         | (21.0)         | (25.5)        | (31.2)        | (34.6)        |
| Others                         | (2.8)         | 174.9          | 0.0           | 0.0           | 0.0           |
| <b>C/F from financing</b>      | <b>(16.7)</b> | <b>137.5</b>   | <b>(35.8)</b> | <b>(43.0)</b> | <b>(47.8)</b> |
| <b>Net change in cash flow</b> | <b>34.2</b>   | <b>90.0</b>    | <b>72.7</b>   | <b>173.9</b>  | <b>96.4</b>   |
| <b>Free Cash Flow</b>          | <b>51.0</b>   | <b>49.9</b>    | <b>108.4</b>  | <b>216.8</b>  | <b>144.2</b>  |



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BUY: Total stock return expected to exceed +15% over 12-month period

HOLD: Total stock return to be between -15% and +15% over a 12-month period

SELL: Total stock return expected to below -15% over a 12-month period

TRADING BUY: Total stock return expected to exceed +10% over 6-month period

TRADING SELL: Total stock return expected to below -10% over a 6-month period

#### IPO Note:

SUBSCRIBE: Total stock return expected to exceed +15% over 12-month period

NEUTRAL: Total stock return expected to below +15% over 12-month period