

# Oriental Kopi Holdings Berhad (0338)



## Oriental Kawness

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**BUY** (Initiation)

**TP: RM 0.68 (+55%)**

**Current Share Price: RM 0.44**

**Growth**

**Investment Horizon  
12 months**

### Valuation

**Our target price is based on:**

FY25F PE of 22x, in line with Old Town privatization PE and premium to consumer index of 14x given that KOPI has mid teen profit margin and higher earnings growth rate compared to 1-year forward index of 10%.

### High footfall boost revenue



KOPI has consistently delivered outstanding growth, achieving a remarkable threefold increase in its 4-year CAGR from FY21-FY24. The company is poised to sustain the momentum with an expansion strategy, and we projected revenue growth of 15-32% in FY25-FY27F coupled with strong footfall in all café outlets. This growth includes (i) opening 14 new café outlets in Malaysia and 2 in Singapore, (ii) expand product range and launch 4 specialty retail stores in their consumer-branded packaged food segment, and (iii) scaling the distribution of packaged foods through both direct and indirect channels to capture local and international markets. We expect with more halal certified restaurant will sustain the footfall and average revenue despite more stores opening.

### Impressive profitability



We anticipate strong earnings growth of 16%-44% from FY25-FY27F. This growth is driven by (i) stable gross margin due to bulk purchase of raw material with a new central kitchen, (ii) streamline business strategy to improve operational efficiency, and (iii) better product mix on consumer-branded packaged food. Notably, consumer-branded packaged foods segment provide more than 50% gross margin compared to F&B services. Thus, we expect better profit margins as revenue grows.

### Beats the sentiment and not hype



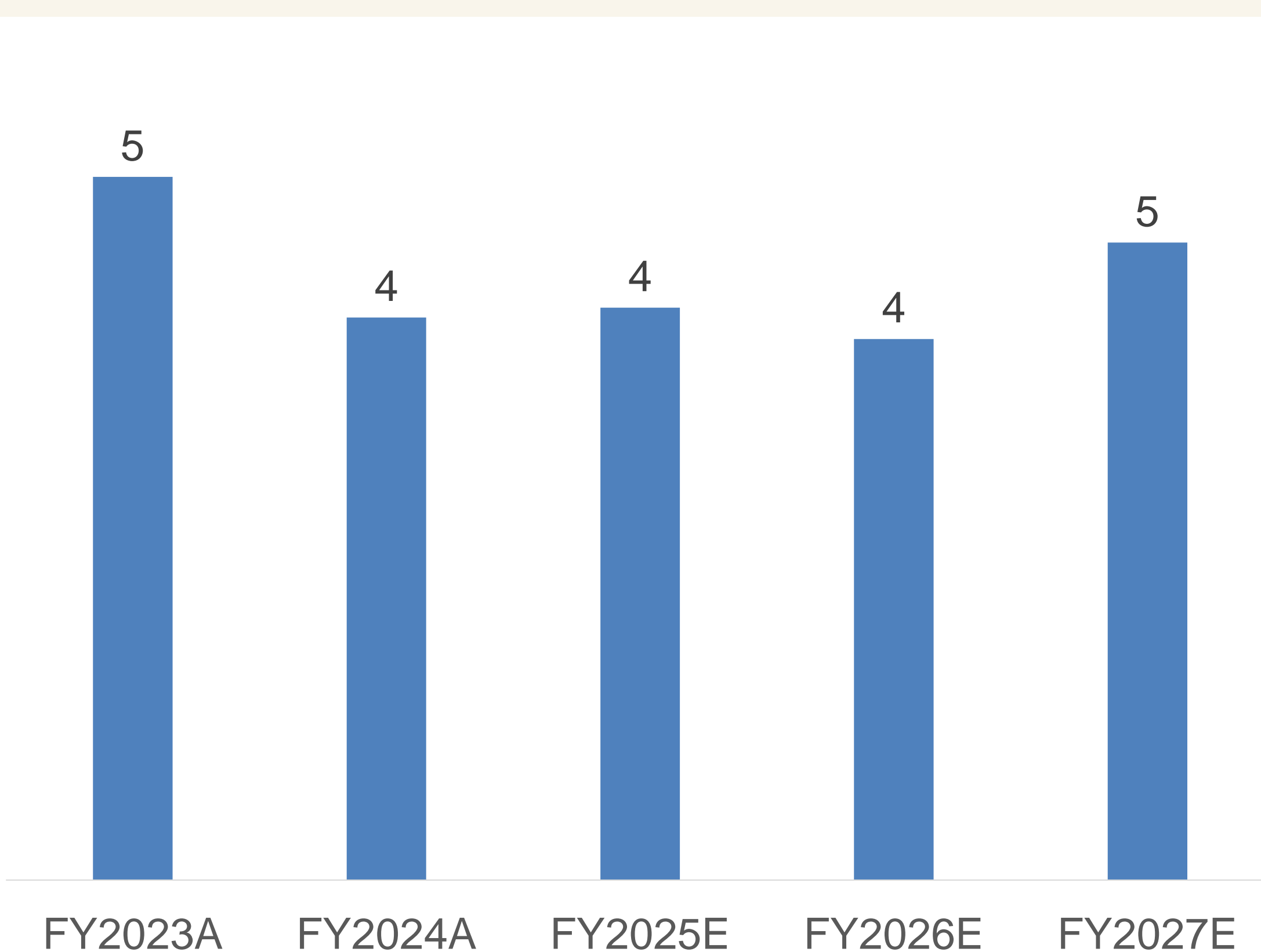
Despite economic uncertainties, consumers are dining out more frequently, driven by shifting behaviour patterns and a surge in tourist arrivals post-pandemic. Oriental is well-positioned to cater to this demand, offering local speciality cuisine and packaged foods at an exceptional value to attract locals and tourists. The company has consistently demonstrated its ability to strategically select high-traffic locations, ensuring strong customer engagement and footfall.

## Financial Exhibits

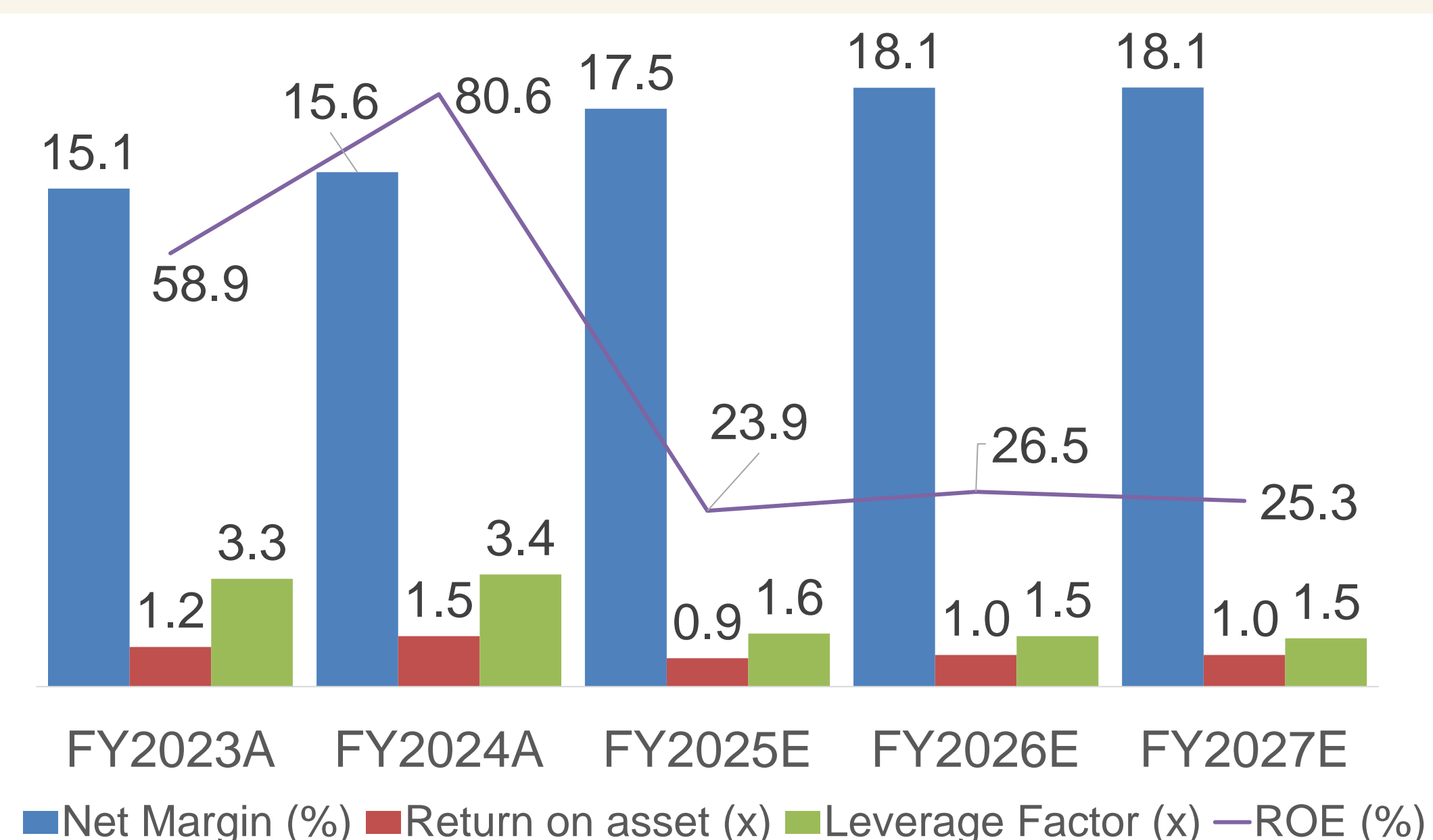
FYE 30 Sept	FY2023A	FY2024A	FY2025E	FY2026E	FY2027E
Revenue (RMm)	133.0	277.3	356.1	467.3	541.3
EBITDA (RMm)	39.6	80.1	108.6	141.5	160.3
Pretax profit (RMm)	27.5	57.5	82.9	112.8	130.7
Net profit (RMm)	20.0	43.1	62.2	84.6	98.0
EPS (sen)	1.0	2.2	3.1	4.2	4.9
PER (x)	43.9	20.4	14.1	10.4	9.0
Core net profit (RMm)	20.0	43.1	62.2	84.6	98.0
Core EPS (sen)	1.0	2.2	3.1	4.2	4.9
Core EPS growth (%)	109.5	115.4	44.2	36.0	15.9
Core PER (x)	43.9	20.4	14.1	10.4	9.0
Net DPS (sen)	0.4	0.2	2.0	1.3	1.5
Dividend Yield (%)	0.9	0.3	4.5	2.9	3.3
ROE (%)	58.9	80.6	23.9	26.5	25.3
P/BV (x)	25.9	16.4	3.4	2.8	2.3

# EPS and DPS are divided by the enlarged issued share of 2,000,000,000 upon listing

## Cash Conversion Cycle

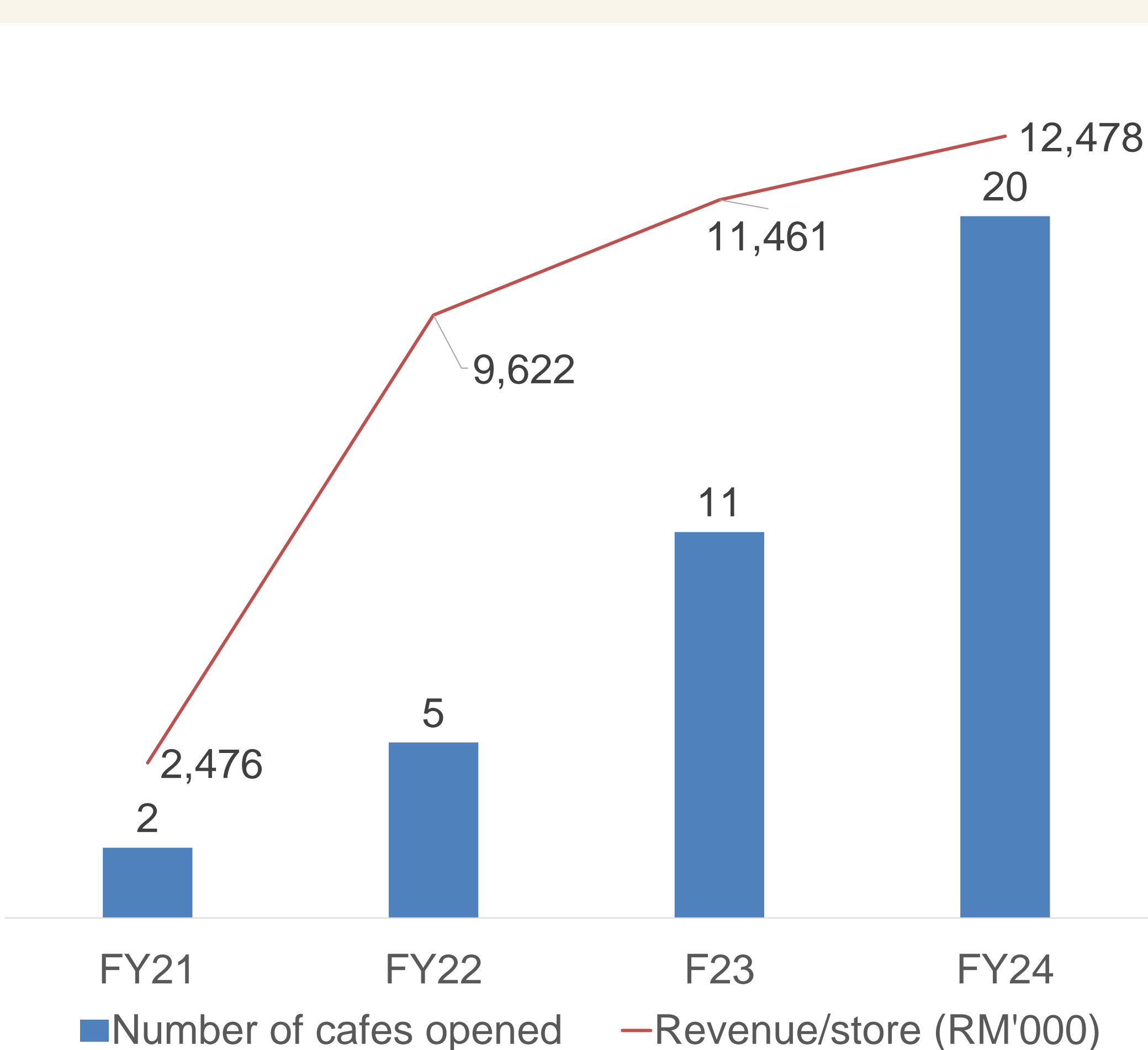


## Return of Equity

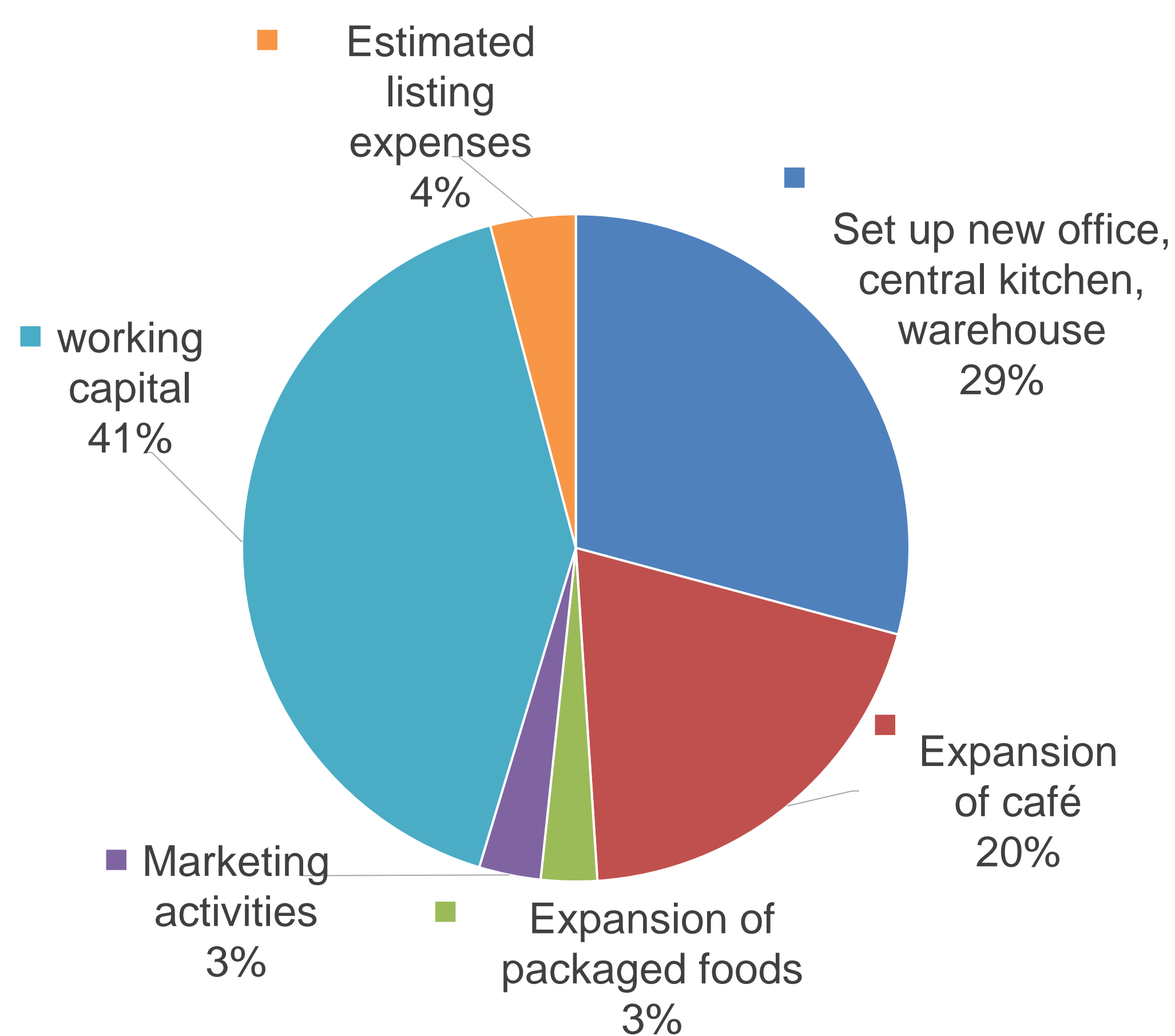


The declined in ROE from FY25E was due the increase in shareholders equity due to IPO exercise.



## Revenue/store



## Utilisation of proceeds



## Key Assumptions

Revenue Growth		FY2025E	FY2026E	FY2027E
 Total number of stores		30	33	36
 Café chain		33%	30%	13%
 Packaged foods		55%	50%	50%

## Company Background

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. It plans to raise RM184 million through an IPO on the ACE Market of Bursa Malaysia, funding new cafés, a central kitchen, and international growth. They obtained Halal certificates for 13 cafes. Additionally, they offer a variety of Halal-certified packaged foods distributed to resellers and have an online presence through their websites and third-party e-commerce platforms.

## SWOT Analysis

### Strengths

- Strategic location selection
- Diverse offerings
- Aggressive growth strategy
- Brand reputation
- Fast payback period

### Weakness

- High operation cost
- Limited international presence
- Partial dependence on tourism

### Opportunities

- Increase dining-out trends
- Product diversification
- Leverage digital platform
- Rising tourist arrivals

### Threat

- Economic uncertainty
- Intense competition
- Supply chain challenges
- Regulatory changes

## Peer Comparison

Name	Last price	Market Cap	FYE	Earnings Growth			PE		Div. Yield	ROE
				1-yr Fwd	2-yr Fwd	Hist.	1-yr Fwd	2-yr Fwd	1-yr Fwd	Hist.
<b>Singapore (SGD)</b>										
KIMLY LTD	0.32	403.5	09/2025	4.5	5.5	12.2	11.6	11.2	6.1	18.4
JUMBO GROUP LTD	0.275	165.6	09/2025	6.2	4.1	12.5	11.5	11.0	3.6	24.7
<b>Simple Avg</b>				<b>5.3</b>	<b>4.8</b>	<b>12.3</b>	<b>11.5</b>	<b>11.1</b>	<b>4.9</b>	<b>21.6</b>
<b>Malaysia (MYR)</b>										
SDS GROUP BHD	1.16	462.9	03/2025	23.6	12.9	12.9	11.8	10.4	3.6	28.8
POWER ROOT BHD	1.42	652.1	03/2025	-8.6	18.4	22.4	19.0	15.2	4.6	9.5
<b>Simple Avg</b>				<b>7.5</b>	<b>15.7</b>	<b>17.6</b>	<b>15.4</b>	<b>12.8</b>	<b>4.1</b>	<b>19.2</b>
ORIENTAL KOPI HOLDINGS BHD	0.44	880.0	09/2025	44.2	36.0	20.4	14.1	10.4	3.4	80.6

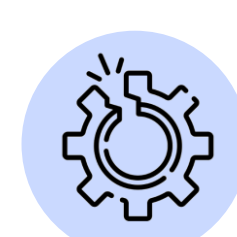
As 9<sup>th</sup> January 2025

## Investment Risk

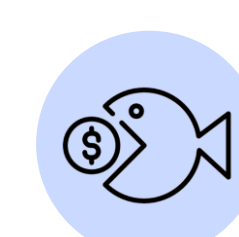
The following represent the greatest risks to our investment thesis:



**Supply chain disruption**



**Consumer spending sentiment**



**Intense competition**



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**Tradeview Research Investment Rating System**

**Equity:**

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