

Oriental Kopi Holdings Berhad (0338)

Kopi Dreams

By Tan Jia Hui / jiahui@tradeviewcapital.my

BUY ↔

TP: RM 0.93 (12%) ↑

Current Share Price: RM 0.83

Result Report

Value

Investment Horizon


12 months

Valuation


Our target price is based on:

FY26F 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%

Results Review

 KOPI's 1QFY25 core net profit of RM13.5mil came within our expectation at 22% and 21% at consensus forecast. As KOPI is newly listed thus no QoQ and YoY comparison. 1QFY25 core profit margin of 13.5% came below our FY25F estimated profit margin of 17.5%, likely due to higher raw material cost and selling & distribution expenses.

Outlook

 We remain optimistic about KOPI as they expand new stores into different regions and product ranges in their consumer-branded packaged food segment. The group will set up a central kitchen and warehouse for procurement and improved operational efficiency. We expect better earnings for subsequent quarters as more stores open and scale packaged foods' distribution through both direct and indirect channels to capture local and international markets. The consumer-branded packaged food segment notably provides more than 50% gross margin. We maintain our forecast and BUY call. Meanwhile, given the robust earnings growth, we upgrade our TP to RM0.93 (from RM0.68) as we roll forward to FY26F with an unchanged PE of 22x.

Key Assumptions

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

Results Summary

FYE 30 Sept (RMm)	1QFY25
Revenue	97.8
Gross profit	25.3
EBITDA	18.5
Depreciation	(0.3)
EBIT	18.2
Pretax Profit	17.4
Taxation	(4.2)
Net Profit	13.2
Core Net Profit	13.2
Basic EPS (sen)	0.8
Margin (%)	
GP	25.9
EBITDA	18.9
Pretax	17.8
Net Profit	13.5

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	142.5	162.1
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)	82.9	38.5	26.7	19.6	16.9
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)	82.9	38.5	26.7	19.6	16.9
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)	48.8	31.0	6.4	5.2	4.3



DISCLOSURE AND DISCLAIMER



This report is prepared and issued by Tradeview Capital Sdn Bhd ("Tradeview") for general circulation only and shall not be construed or considered as an offer, recommendation, invitation and/or solicitation to purchase, subscribe or sell any securities, related investments or financial instruments.

The information contained herein are based on data and sources believed to be reliable at the time of issuance and are subject to change without further notice. Any recommendation and/or opinion contained herein does not have regards to any specific investment objectives, financial condition, risk profile and particular needs of its readers. Readers are encouraged to evaluate any specific investment or strategy based on individual circumstances, risk profile, investment objectives and/or to seek legal, tax, financial and/or other advice prior to executing any investment transaction.

Tradeview does not make any representations and/or guarantee to the accuracy and completeness of the information and opinion contained herein and accepts no liability for any direct or consequential loss arising from the reliance of this report. Tradeview and its affiliates, directors, shareholders, employees and/or agents may have positions in the securities of the company(ies) covered in this report and may from time to time buy or sell any such securities.

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