

CCK Consolidated Holdings Berhad (7035)

In Line; Eyes on Indonesia

Bloomberg Ticker: CCK MK | Investment Horizon: 12 Months

Recommendation

We maintain our call to BUY (from HOLD) call with unchanged target price of RM1.37, based on unchanged FY26F PE of 11x.

Results Review

CCK's 1QFY26 core earnings of RM17.1mn came in within our expectations, accounting for 22% of ours and 21% of consensus forecast.

YoY, 1QFY26 revenue held broadly flat while core earnings edged down 2.4%, as softer contributions from the poultry and prawn segments weighed on the top line. We attribute the weakness primarily to deliberate selling price adjustments aimed at sharpening competitiveness against the backdrop of sluggish domestic consumer sentiment.

QoQ, 1QFY26 revenue was similarly flattish, with the group closing one outlet in Kuching to address cannibalisation as the store sat within 400 metres of an existing nearby outlet. Despite the muted revenue performance, core earnings surged 17.5% QoQ, driven higher share of results in associate of 8% QoQ and lower effective tax rate of 22%, compared to 28% in 4QFY25.

Outlook

We turn cautious on near-term earnings momentum, as subdued consumer sentiment and ongoing strategic price realignments in the retail segment weigh on the earnings outlook.

CCK, however, stands to capture meaningful tailwinds from easing input costs, with softer corn and soybean meal prices and a strengthening ringgit providing tangible margin relief. The group's Indonesia food processing facility has slipped from 1HCY26 to 4QCY26 as it awaits regulatory approvals and outstanding certifications, a setback that delays but does not derail the longer-term growth thesis. Once operational, the facility positions CCK to capitalize directly on Indonesia's fast-expanding frozen food market.

On a separate development, a fire broke out at PT Adilmart's processed food manufacturing plant in Cikupa, Indonesia. The group and authorities are actively investigating the incident, and the financial and operational impact remains unquantified at this stage. Management is concurrently pursuing a review of insurance coverage and potential claims. We estimate a drag in earnings of RM2-3mn per affected quarter should the plant remain offline. However, we exclude this from our forecasts pending a definitive assessment from the group and the relevant authorities.

Forecast

We keep our FY26F-FY28F forecast number unchanged.

Investment Risk to our Call

(i) Commodity and raw material price volatility, (ii) Biosecurity and disease outbreaks, and (iii) concentration and market exposure.

BUY ↑

Target Price: RM1.37 (+16%) ↔

Current Share Price: RM1.18

Main Market
Consumer Products & Services

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Company Overview

CCK Consolidated Holdings Berhad is a leading integrated poultry and seafood producer with a strong retail presence across East Malaysia and a growing footprint in Indonesia.

Stock Information

Market Cap (RM'mn)	726.6
Issued Shares (mn)	615.8
52W High (RM)	1.40
52W Low (RM)	1.13
Estimated Free Float (%)	34.6
Beta vs FBM KLCI	0.6
3-month Average Vol. (mn)	0.1
Shariah Compliant	Yes

Consensus	FY25A	FY26F	FY27F
EPS (sen)	10.9	12.3	14.0
TP (RM)	High	Mean	Low
	1.62	1.52	1.37
Ratings	Buy	Hold	Sell
	3	1	0

Category	Score	Materiality	Weighted Score
Environmental	29	45%	2.8
Social	28	25%	1.4
Governance	28	30%	1.7
Total	85	100%	5.9

Results Summary

FYE 31 Dec (RMmn)	1QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Revenue	264.0	264.2	263.1	(0.4)	(0.4)
Gross profit	57.5	60.2	60.1	(0.0)	4.6
EBITDA	30.9	31.8	31.2	(1.9)	1.0
Depreciation	-5.7	-8.0	-6.9	(13.9)	20.4
EBIT	25.1	23.7	24.3	2.2	(3.4)
Share of results in an associate	1.3	1.4	1.5	8.3	19.3
Finance costs	-0.4	-0.8	-0.7	19.1	(52.0)
Pretax Profit	26.0	24.3	25.1	3.3	(3.2)
Taxation	-5.8	-7.0	-5.6	(19.8)	(3.2)
Net Profit	20.2	17.3	19.5	12.6	(3.3)
MI	-2.7	-2.8	-2.5	12.7	8.6
PATAMI	17.5	14.5	17.1	17.5	(2.4)
Margin (%)					
GP	21.8	22.8	22.9		
EBITDA	11.7	12.0	11.9		
Pretax	9.8	9.2	9.6		
PATAMI	6.6	5.5	6.5		
Touch point					
CCK Local Supermarkets	4.0	4.0	4.0	-	-
CCK Fresh Mart Retail stores	68.0	69.0	68.0	(1.0)	-
CCK Wholesale stores	6.0	6.0	6.0	-	-

Key Assumption

Revenue Growth	Actual		Unchange		
	FY24	FY25	FY26F	FY27F	FY28F
Retail	7%	1%	4%	4%	4%
Poultry	13%	-11%	2%	2%	2%
Prawn	-2%	2%	1%	1%	1%
Food Service	-13%	-21%	15%	10%	10%

Key Financial Metrics

FYE 31 Dec	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RM'mn)	1,057.6	1,047.7	1,090.0	1,131.9	1,176.6
EBITDA (RM'mn)	139.5	128.7	137.2	141.7	146.6
Pretax profit (RM'mn)	112.0	101.3	114.3	118.6	123.3
Net profit (RM'mn)	71.6	73.8	86.9	90.2	93.7
EPS (sen)	11.6	12.0	14.1	14.6	15.2
PER (x)	10.2	9.9	8.4	8.1	7.8
Core net profit (RM'mn)	71.5	61.2	76.9	80.2	83.7
Core EPS (sen)	11.6	9.9	12.4	13.0	13.5
Core EPS growth (%)	(14.2)	(14.4)	25.7	4.3	4.4
Core PER (x)	10.2	11.9	9.5	9.1	8.7
Net DPS (sen)	5.00	0.00	4.33	4.52	4.71
Dividend Yield (%)	4.2	0.0	3.7	3.8	4.0
ROE (%)	12.6	11.0	12.0	11.4	10.9
P/BV (x)	1.2	1.2	1.0	1.0	0.9

Financial Exhibits

Income Statement

FYE 31 Dec (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue	1,057.6	1,051.2	1,090.0	1,131.9	1,176.6
Operating expenses	(918.2)	(920.1)	(953.0)	(990.3)	(1,030.2)
EBITDA	139.5	131.1	137.1	141.6	146.4
Depreciation	(29.5)	(29.6)	(24.8)	(25.0)	(25.2)
EBIT	110.0	101.5	112.3	116.6	121.2
Net int income/(expense)	(2.9)	(3.0)	(3.2)	(3.2)	(3.2)
Exceptional gains / (losses)	0.0	0.0	0.0	0.0	0.0
Associates' contribution	5.0	5.2	5.2	5.2	5.2
Pretax profit	112.0	103.8	114.3	118.6	123.3
Tax	(40.5)	(24.9)	(27.4)	(28.5)	(29.6)
Minority interest	0.1	11.5	10.0	10.0	10.0
Net profit	71.6	78.8	86.9	90.2	93.7
Core PATAMI	71.5	67.3	76.9	80.2	83.7

Balance Sheet Statement

FYE 31 Dec (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Fixed assets	232.2	305.4	209.6	213.0	216.4
Other long term assets	54.4	14.9	24.5	20.6	22.6
Total non-current assets	286.6	320.3	234.0	233.6	239.0
Cash and equivalents	154.9	159.7	264.0	342.8	422.7
Inventories	106.6	98.5	110.3	114.6	121.6
Receivables	48.7	47.3	53.1	54.8	57.8
Other current assets	171.2	147.1	197.8	185.2	167.9
Total current assets	481.3	452.7	625.3	697.3	770.0
Payables	35.1	26.9	39.9	40.5	43.2
Short term borrowings	37.4	43.5	43.5	43.5	43.5
Other current liabilities	50.6	44.8	30.4	31.8	35.9
Total current liabilities	123.2	115.2	113.8	115.9	122.5
Long term borrowings	4.6	9.2	9.2	9.2	9.2
Other long term liabilities	27.3	25.3	20.9	22.4	24.1
Total long term liab.	31.9	34.5	30.0	31.5	33.2
Shareholders' Funds	565.4	561.7	648.6	711.8	777.4
Minority Interest	47.4	61.7	71.7	81.7	91.7

Cash Flow Statement

FYE 31 Dec (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Pretax Profit	112.0	103.8	114.3	118.6	123.3
Depreciation & amortisation	28.6	26.6	23.9	24.1	24.3
Working capital changes	(23.8)	(28.7)	(4.6)	(5.2)	(7.5)
Cash tax paid	(35.7)	(30.7)	(27.4)	(28.5)	(29.6)
Others	17.5	(2.6)	10.4	10.9	11.6
C/F from operation	98.6	68.4	116.5	120.0	122.1
Capex	(37.1)	(54.6)	(25.0)	(25.0)	(25.0)
Others	(102.0)	40.8	0.0	0.0	0.0
C/F from investing	(139.1)	(13.8)	(25.0)	(25.0)	(25.0)
Debt raised/(repaid)	(3.5)	(5.9)	0.0	0.0	0.0
Dividends paid	(26.4)	(52.7)	0.0	(26.9)	(28.1)
Others	120.3	10.8	10.8	10.8	10.8
C/F from financing	90.5	(47.8)	10.8	(16.1)	(17.3)
Net change in cash flow	49.9	6.8	102.3	78.8	79.8
Free Cash Flow	61.5	13.8	91.5	95.0	97.1



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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

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