

QL Resources

Muted Growth, Earnings Still Resilient

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QL's 1HFY26 results met expectations, with revenue down 1% YoY as softer marine product manufacturing (MPM) and integrated livestock farming (ILF) sales more than offset growth in its convenience store chain (CVS), and palm oil and clean energy (POCE) segment, while net profit fell 8% on broad-based margin pressure. Notably, ILF had held up well despite the egg cost subsidy removal, aided by stronger Vietnam operation, growing branded egg sales, and low feed costs. Looking ahead, the group stands to benefit from stronger surimi-based product demand into the year-end season and the resumption of solar project deliveries under POCE. However, CVS is likely to stay soft amid subdued consumer sentiment and rising SST-related rental costs. We trim FY26–27F earnings by 8% each on more muted sales growth assumptions and fine-tune our DCF-derived TP to RM4.26 (from RM4.52). Reiterate MARKET PERFORM.

Within expectations. QL's 1HFY26 net profit of RM216.8m met expectations at 45% of our full-year forecast and 46% of the street's estimate. As expected, no dividend was declared during the quarter.

YoY, 1HFY26 revenue dipped 1% as softer MPM (-7%) and ILF (-3%) sales, hit by poor fish landing, depressed fishmeal prices, and lower feed raw material trading unit prices, more than offset growth in CVS (+6%) and POCE (+7%). Net profit fell by a sharper 8% due to margin erosion across: (i) CVS (-24%) from lower average store sales and higher operating costs, (ii) POCE (-20%) due to lower solar project contribution after the discontinuation of NEM3.0 since end-June 2025 from BMGREEN and softer palm oil activities, and (iii) MPM (-13%) on lower fishmeal and surimi volumes at depressed international fishmeal prices. ILF was the bright spot, with stronger Vietnam operation and improved branded egg sales helping to cushion the cost subsidy removal impact.

QoQ, 2QFY26 turnover was flattish but bottom line grew 16% mainly driven by ILF (+57%) on higher egg selling prices and improved margins, especially in Vietnam. Notably, egg prices in Malaysia rose by about 5-6 sen in mid-August post-subsidy removal. Lower feed costs also supported farming operations. This was partly offset by a sharp decline in CVS (-53%) due to lower average store sales, dragged by subdued consumer sentiment and footfall diversion from its exclusion from SARA, were further pressured by higher opex from SST on rentals.

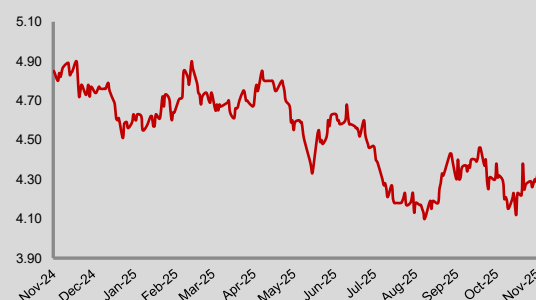
Outlook. The group's earnings should be supported by improved surimi-based product demand heading into the year-end season, alongside planned price adjustments in Jan 2026 to mitigate SST-related cost pressures. ILF remains affected by softer egg prices (albeit with a gradual uptick), but this is cushioned by low feed costs (i.e. corn and soybean) expanding branded egg sales, and stronger operations in Indonesia and Vietnam. Meanwhile, management is also positive on POCE, with solar project deliveries expected to resume in coming quarters. However, challenges in the CVS segment are likely to persist in the near term amid subdued domestic sentiment, rising rental cost impact from expanded SST, as well as heightened competition in the F&B space.

Forecasts. We trim our FY26-27F earnings by 8% each, mainly to reflect more muted sales growth assumptions across the board.

MARKET PERFORM ↔

Price: RM4.25
Target Price: RM4.26 ↓

Share Price Performance



KLCI 1,617.46
YTD KLCI chg -1.5%
YTD stock price chg -10.7%

Stock Information

Shariah Compliant Yes
Bloomberg Ticker QLG MK EQUITY
Market Cap (RM m) 15,513.6
Shares Outstanding 3,650.3
52-week range (H) 4.90
52-week range (L) 4.08
3-mth avg. daily vol. 2,621,174
Free Float 37%
Beta 0.6

Major Shareholders

Cbg L Pte Ltd 40.3%
Farsathy Holdings Sdn Bhd 11.6%
Employees Provident Fund Board 4.9%

Summary Earnings Table

FYE Mar (RM m)	2025A	2026F	2027F
Turnover	7,048	6,957	7,420
EBIT	710	676	734
PBT	666	643	699
Net Profit (NP)	455	446	488
Consensus (NP)	-	473	506
Earnings Revision	-	-8%	-8%
Core EPS (sen)	13.6	13.2	14.4
EPS Growth (%)	-30	-3	9
NDPS (sen)	5.0	5.0	5.0
BVPS (RM)	1.1	1.0	1.1
Core PER (x)	30.5	31.4	28.9
PBV (x)	3.9	4.3	3.9
Net Gearing (x)	0.2	0.0	0.0
Net Div. Yield (%)	1.2	1.2	1.2

28 November 2025

Valuations. We also fine-tune our DCF-derived TP to RM4.26 (from RM4.52), while keeping our WACC of 5.8% and TG of 2% unchanged. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

Investment case. We like QL due to: (i) the strong and consistent export demand for its marine products, (ii) the high growth potential of its *FamilyMart* convenience store franchise, highlighted by its popular Japanese-themed products and continued expansion, including the new *FamilyMart Mini* outlets targeting petrol stations and highways, and (iii) its growing poultry business in Indonesia and Vietnam, driven by rising protein consumption as living standards improve. However, its current valuations have reflected its fundamentals. Maintain **MARKET PERFORM**.

Risks to our call include: (i) inability to pass on cost inflation, (ii) rough aggressive monsoon seasons, (iii) changes in fishing regulations, and (iv) strengthening of MYR against USD.

Results Highlights

FYE Mar (RM m)	2QFY26	1QFY26	QoQ Chg	2QFY25	YoY Chg	1HFY26	1HFY25	YoY Chg
Revenue	1,725.1	1,717.4	0%	1,873.0	-8%	3,442.5	3,493.3	-1%
EBIT	174.8	154.7	13%	203.7	-14%	329.5	369.9	-11%
Interest Expense	(8.6)	(8.0)	6%	(12.5)	-31%	(16.6)	(25.4)	-35%
PBT	166.2	146.7	13%	191.2	-13%	312.9	344.4	-9%
Taxation	(40.9)	(37.4)	10%	(51.5)	-21%	(78.3)	(91.2)	-14%
Minority Interest	(9.0)	(8.7)	3%	(11.4)	-21%	(17.7)	(17.5)	1%
Net Profit	116.2	100.6	16%	128.3	-9%	216.8	235.7	-8%
*EPS (sen)	3.2	2.8	16%	3.5	-9%	5.9	6.5	-8%
*DPS (sen)	0.0	0.0	N.A.	0.0	N.A.	0.0	0.0	N.A.
EBIT Margin (%)	10.1	9.0		10.9		9.6	10.6	
PBT Margin (%)	9.6	8.5		10.2		9.1	9.9	
NP Margin (%)	6.7	5.9		6.8		6.3	6.7	
Effective Tax Rate (%)	24.6	25.5		26.9		25.0	26.5	

*adjusted number of shares for the 1-for-2 Bonus Issue completed on 19 September 2024

Source: Company, Kenanga Research

Segment Breakdown

FYE Mar (RM m)	2QFY26	1QFY26	QoQ Chg	2QFY25	YoY Chg	1HFY26	1HFY25	YoY Chg
Revenue								
Marine Product Manufacturing (MPM)	349.4	325.0	8%	391.5	-11%	674.3	726.6	-7%
Integrated Livestock Farming (ILF)	890.3	863.7	3%	993.2	-10%	1,754.1	1,810.9	-3%
Convenience Store Chain (CVS)	316.7	328.9	-4%	301.4	5%	645.6	611.2	6%
Palm Oil and Clean Energy (POCE)	168.6	199.8	-16%	186.9	-10%	368.4	344.5	7%
Total	1,725.1	1,717.4	0%	1873.0	-8%	3,442.5	3,493.3	-1%
Profit Before Tax (PBT)								
Marine Product Manufacturing (MPM)	57.7	54.4	6%	71.4	-19%	112.1	129.3	-13%
Integrated Livestock Farming (ILF)	86.8	55.4	57%	79.5	9%	142.2	140.1	2%
Convenience Store Chain (CVS)	9.0	18.9	-53%	16.0	-44%	27.8	36.5	-24%
Palm Oil and Clean Energy (POCE)	12.7	18.0	-29%	24.4	-48%	30.7	38.6	-20%
Total	166.2	146.7	13%	191.2	-13%	312.9	344.4	-9%
PBT Margin								
Marine Product Manufacturing (MPM)	16.5%	16.7%		18.2%		16.6%	17.8%	
Integrated Livestock Farming (ILF)	9.7%	6.4%		8.0%		8.1%	7.7%	
Convenience Store Chain (CVS)	2.8%	5.7%		5.3%		4.3%	6.0%	
Palm Oil and Clean Energy (POCE)	7.5%	9.0%		13.0%		8.3%	11.2%	
Total	9.6%	8.5%		10.2%		9.1%	9.9%	

Source: Company, Kenanga Research

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div. Yld.
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
CONSUMER																	
AEON CO. (M) BHD	OP	1.07	1.40	30.8%	1,502.3	Y	12/2025	9.2	10.3	-14.7%	13.0%	11.7	10.3	0.8	6.5%	5.0	4.7%
FARM FRESH BHD	MP	2.70	2.70	0.0%	5,072.0	Y	03/2026	7.5	9.0	29.2%	20.4%	36.1	30.0	6.2	18.2%	3.0	1.1%
FRASER & NEAVE HOLDINGS BHD	OP	34.76	32.85	-5.5%	12,749.2	Y	09/2026	153.6	160.9	10.4%	4.8%	22.6	21.6	3.1	14.0%	70.0	2.0%
MR D.I.Y. GROUP (M) BHD	OP	1.55	1.80	16.1%	14,690.1	Y	12/2025	7.0	7.5	14.5%	7.9%	22.3	20.6	7.0	33.6%	5.8	3.7%
NESTLE (MALAYSIA) BHD	MP	109.00	99.20	-9.0%	25,560.5	Y	12/2025	217.7	251.3	27.6%	15.5%	50.1	43.4	47.2	93.7%	220.0	2.0%
PADINI HOLDINGS BHD	OP	1.82	2.35	29.1%	1,796.1	Y	06/2026	17.4	18.2	6.0%	4.5%	10.4	10.0	1.4	14.0%	9.1	5.0%
POWER ROOT BHD	MP	1.21	1.12	-7.4%	511.4	Y	03/2026	6.0	7.5	-20.3%	25.1%	20.1	16.0	1.7	8.6%	5.0	4.1%
QL RESOURCES BHD	MP	4.25	4.26	0.2%	15,513.6	Y	03/2026	12.2	13.4	-2.0%	9.5%	34.8	31.8	4.4	14.1%	5.0	1.2%
KAREX BHD	OP	0.800	0.850	6.3%	842.8	Y	06/2026	2.3	3.5	11950.0%	51.0%	35.0	23.1	1.8	5.2%	2.0	2.5%
SECTOR AGGREGATE					78,237.9					11.5%	10.2%	29.3	26.6	5.1	17.5%		2.9%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Corporate Social Responsibility	★	★	★		
	Management/Workforce Diversity	★	★	★		
	Accessibility & Transparency	★	★	★	★	
	Corruption-Free Pledge	★	★	★		
	Carbon-Neutral Initiatives	★	★	★		
SPECIFIC	Occupational Health & Safety	★	★	★	★	
	Product Safety	★	★	★	☆	
	Sustainable Fishing	★	★	★		
	Waste Disposal/Pollution Control	★	★	★	★	
	Migrant Worker Welfare	★	★	★		
	Energy Efficiency	★	★	★		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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