

27 February 2026

QL Resources

Mixed Performance, Steady Outlook

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QL's 9MFY26 results met expectations, with net profit declining 7% YoY as weaker segmental margins in convenience store chain (CVS), palm oil and clean energy (POCE) and softer marine product manufacturing (MPM) offset resilient performance in integrated livestock farming (ILF). Revenue slipped 1% YoY amid softer fishmeal and surimi sales in MPM and lower feed trading prices in ILF, though partly cushioned by growth in CVS and POCE. Looking ahead, earnings should be supported by steady MPM demand and improving ILF profitability, alongside longer-term growth prospects in renewable energy and water treatments under POCE, while near-term headwinds persist in CVS due to soft consumer sentiment and SST-related rental cost pressures. We maintain our forecasts, DCF-based TP of RM4.26 and MARKET PERFORM call.

Within expectations. QL's 9MFY26 net profit of RM337m met expectations at 76% of our full-year forecast and 74% of the street's estimate. It declared a DPS of 2.5 sen in 3QFY26, which was consistent with 3QFY25 and in line with our expectation.

YoY, 9MFY26 revenue dipped 1% as softer *MPM* (-5%) and *ILF* (-3%) sales, hit by weaker fishmeal and surimi performance as well as lower feed raw material trading unit prices, more than offset growth in *CVS* (+4%) and *POCE* (+5%). Net profit fell by a sharper 7% due to margin erosion across: (i) *CVS* (-29%) from lower average store sales and higher opex particularly SST-related rental costs, (ii) *POCE* (-19%) due to lower solar project contribution after the discontinuation of NEM3.0 since end-June 2025 from **BMGREEN**, and (iii) *MPM* (-8%) in tandem with softer sales for fishmeal and surimi. *ILF*, on the other hand, was relatively resilient, supported by stronger Vietnam and Indonesia operations and improved feed raw material trading margins, helping to cushion weaker Malaysian layer performance.

QoQ, 3QFY26 turnover rose 4% mainly lifted by a 26% jump in POCE revenue on higher bio-energy, water treatment and CPO deliveries. Its bottom line edged up by 3%, underpinned by POCE (+81%) on improved margins from the abovementioned projects, as well as MPM (+25%) driven by higher volumes from surimi and surimi-based products. This was partially offset by weaker performance in CVS (-22%) amid softer average store sales and SST-related cost pressures, and ILF (-14%) on weaker Malaysian layer operations following lower egg prices.

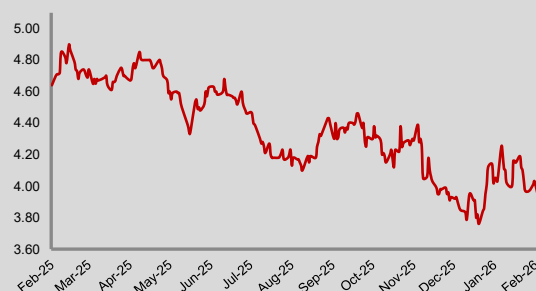
Outlook. The group's earnings should be underpinned by resilient performance in MPM, supported by sustained surimi and surimi-based demand. ILF should see improved profitability on stronger feed raw material trading and improved Indonesia operations, though Vietnam may experience seasonal softness in 4QFY26. Malaysia operations should also recover, driven by firmer egg prices, lower feed costs and expanding branded egg sales. Meanwhile, management remains positive on POCE, backed by higher renewable energy and water demand from data centre and industrial growth, though may be seasonally softer during the next quarter. That said, 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, although some support may come from positive spillover effects of VMY2026.

Forecasts. Maintained.

MARKET PERFORM ↔

Price: **RM4.00**
Target Price: **RM4.26** ↔

Share Price Performance



| | |
|---------------------|----------|
| KLCI | 1,740.94 |
| YTD KLCI chg | 3.6% |
| YTD stock price chg | 5.5% |

Stock Information

| | |
|-----------------------|---------------|
| Shariah Compliant | Yes |
| Bloomberg Ticker | QLG MK EQUITY |
| Market Cap (RM m) | 14,601.0 |
| Shares Outstanding | 3,650.3 |
| 52-week range (H) | 4.90 |
| 52-week range (L) | 3.72 |
| 3-mth avg. daily vol. | 2,727,317 |
| Free Float | 37% |
| Beta | 0.5 |

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) | - | 457 | 491 |
| Earnings Revision | - | - | - |
| 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) | 29.4 | 30.3 | 27.8 |
| PBV (x) | 3.7 | 4.1 | 3.7 |
| Net Gearing (x) | 0.2 | 0.0 | 0.0 |
| Net Div. Yield (%) | 1.3 | 1.3 | 1.3 |

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Valuations. We also keep our DCF-derived TP of RM4.26, based on WACC of 5.8% and TG of 2%. 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 share price levels 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) | 3QFY26 | 2QFY26 | QoQ Chg | 3QFY25 | YoY Chg | 9MFY26 | 9MFY25 | YoY Chg |
|------------------------|--------------|--------------|-----------|--------------|------------|--------------|--------------|------------|
| Revenue | 1,798.5 | 1,725.1 | 4% | 1,818.8 | -1% | 5,241.0 | 5,312.1 | -1% |
| EBIT | 184.0 | 174.8 | 5% | 199.9 | -8% | 513.4 | 569.8 | -10% |
| Interest Expense | (7.6) | (8.6) | -11% | (12.4) | -39% | (24.2) | (37.9) | -36% |
| PBT | 176.4 | 166.2 | 6% | 187.4 | -6% | 489.2 | 531.9 | -8% |
| Taxation | (44.6) | (40.9) | 9% | (47.7) | -7% | (122.9) | (138.9) | -12% |
| Minority Interest | (11.6) | (9.0) | 29% | (13.8) | -16% | (29.4) | (31.3) | -6% |
| Net Profit | 120.2 | 116.2 | 3% | 126.0 | -5% | 337.0 | 361.7 | -7% |
| *EPS (sen) | 3.3 | 3.2 | 3% | 3.5 | -5% | 9.2 | 9.9 | -7% |
| *DPS (sen) | 2.5 | 0.0 | N.A. | 2.5 | 0% | 2.5 | 2.5 | 0% |
| EBIT Margin (%) | 10.2 | 10.1 | | 11.0 | | 9.8 | 10.7 | |
| PBT Margin (%) | 9.8 | 9.6 | | 10.3 | | 9.3 | 10.0 | |
| NP Margin (%) | 6.7 | 6.7 | | 6.9 | | 6.4 | 6.8 | |
| Effective Tax Rate (%) | 25.3 | 24.6 | | 25.4 | | 25.1 | 26.1 | |

*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) | 3QFY26 | 2QFY26 | QoQ Chg | 3QFY25 | YoY Chg | 9MFY26 | 9MFY25 | YoY Chg |
|------------------------------------|----------------|----------------|-----------|---------------|------------|----------------|----------------|------------|
| Revenue | | | | | | | | |
| Marine Product Manufacturing (MPM) | 354.6 | 349.4 | 2% | 353.6 | 0% | 1,029.0 | 1,080.2 | -5% |
| Integrated Livestock Farming (ILF) | 925.0 | 890.3 | 4% | 945.8 | -2% | 2,679.1 | 2,756.7 | -3% |
| Convenience Store Chain (CVS) | 305.8 | 316.7 | -3% | 307.4 | -1% | 951.4 | 918.7 | 4% |
| Palm Oil and Clean Energy (POCE) | 213.1 | 168.6 | 26% | 211.9 | 1% | 581.5 | 556.4 | 5% |
| Total | 1,798.5 | 1,725.1 | 4% | 1818.8 | -1% | 5,241.0 | 5,312.1 | -1% |
| Profit Before Tax (PBT) | | | | | | | | |
| Marine Product Manufacturing (MPM) | 72.0 | 57.7 | 25% | 70.4 | 2% | 184.1 | 199.7 | -8% |
| Integrated Livestock Farming (ILF) | 74.4 | 86.8 | -14% | 76.5 | -3% | 216.6 | 216.6 | 0% |
| Convenience Store Chain (CVS) | 7.0 | 9.0 | -22% | 12.9 | -45% | 34.9 | 49.4 | -29% |
| Palm Oil and Clean Energy (POCE) | 23.0 | 12.7 | 81% | 27.7 | -17% | 53.8 | 66.3 | -19% |
| Total | 176.4 | 166.2 | 6% | 187.4 | -6% | 489.2 | 531.9 | -8% |
| PBT Margin | | | | | | | | |
| Marine Product Manufacturing (MPM) | 20.3% | 16.5% | | 19.9% | | 17.9% | 18.5% | |
| Integrated Livestock Farming (ILF) | 8.0% | 9.7% | | 8.1% | | 8.1% | 7.9% | |
| Convenience Store Chain (CVS) | 2.3% | 2.8% | | 4.2% | | 3.7% | 5.4% | |
| Palm Oil and Clean Energy (POCE) | 10.8% | 7.5% | | 13.1% | | 9.2% | 11.9% | |
| Total | 9.8% | 9.6% | | 10.3% | | 9.3% | 10.0% | |

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 | 1.28 | 1.40 | 9.4% | 1,797.1 | Y | 12/2025 | 10.3 | 11.3 | 8.6% | 9.0% | 12.4 | 11.3 | 0.9 | 7.1% | 5.0 | 3.9% |
| FARM FRESH BHD | MP | 2.67 | 2.70 | 1.1% | 5,031.2 | Y | 03/2026 | 7.5 | 9.0 | 29.2% | 20.4% | 35.7 | 29.7 | 6.1 | 18.2% | 3.0 | 1.1% |
| FRASER & NEAVE HOLDINGS BHD | OP | 33.50 | 37.70 | 12.5% | 12,287.1 | Y | 09/2026 | 144.2 | 160.7 | 3.6% | 11.4% | 23.2 | 20.8 | 3.0 | 13.2% | 70.0 | 2.1% |
| MR D.I.Y. GROUP (M) BHD | MP | 1.76 | 1.95 | 10.8% | 16,680.4 | Y | 12/2026 | 7.5 | 8.2 | 11.6% | 9.0% | 23.4 | 21.5 | 8.3 | 35.3% | 8.0 | 4.5% |
| NESTLE (MALAYSIA) BHD | MP | 110.80 | 106.00 | -4.3% | 25,982.6 | Y | 12/2026 | 256.9 | 284.7 | 20.2% | 10.8% | 43.1 | 38.9 | 44.7 | 104.1% | 255.0 | 2.3% |
| PADINI HOLDINGS BHD | OP | 2.00 | 2.20 | 10.0% | 1,973.7 | Y | 06/2026 | 14.0 | 16.3 | -15.0% | 16.5% | 14.3 | 12.3 | 1.6 | 11.1% | 8.2 | 4.1% |
| POWER ROOT BHD | MP | 1.18 | 1.08 | -8.5% | 496.9 | Y | 03/2026 | 5.6 | 7.2 | -21.5% | 28.3% | 21.0 | 16.4 | 1.7 | 7.5% | 5.0 | 4.2% |
| QL RESOURCES BHD | MP | 4.00 | 4.26 | 6.5% | 14,601.0 | Y | 03/2026 | 12.2 | 13.4 | -2.0% | 9.5% | 32.7 | 29.9 | 4.1 | 14.1% | 5.0 | 1.3% |
| KAREX BHD | MP | 0.580 | 0.580 | 0.0% | 611.0 | Y | 06/2026 | 1.0 | 2.3 | 5250.0% | 126.2% | 57.1 | 25.2 | 1.3 | 2.3% | 1.5 | 2.6% |
| SECTOR AGGREGATE | | | | | 79,461.0 | | | | | 8.2% | 11.5% | 28.9 | 25.9 | 5.2 | 18.1% | | 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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