

21 May 2026

Nova Wellness Group

9MFY26: Unexpected Margin Hit

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NOVA's 9MFY26 results missed our expectation. We cut our FY26-27F net profit forecasts by 20% each to reflect lower margins arising from the intense competition in the consumer market for healthcare and supplement products. We cut our TP to RM0.38 (previously RM0.47) based on unchanged 13x FY26F EPS. With limited near-term earnings growth catalyst, we downgrade the stock from OUTPERFORM to MARKET PERFORM. The saving grace is a 4.7% dividend yield.

9MFY26 net profit of RM7.2m (+8% YoY) came in below our expectation at 62% of our full-year net profit forecast. The negative variance from forecast was due to lower-than-expected margin. No dividend was declared which is within our expectation.

YoY, 9MFY26 revenue rose 9% due to higher demand from house OEM (+42%) albeit at lower base which more than offset lower house brands (-1%). Overall, we believe, the increase was due to consumers snapping up health supplements amidst rising cases of the common flu and influenza-like illnesses, and higher sales in public hospitals. EBITDA rose 7%, we believe, due to the appreciating MYR against the USD which helped to alleviate cost pressure since raw materials make up 30%-50% of total cost. Its net profit rose 8% to RM7.2m.

QoQ, its 3QFY26 topline rose 13%. However, net profit rose 16%, we believe, due to product mix skewed towards higher margins products and absence of increased staffing costs from bonuses, and higher sales promotional expenses faced in 2QFY26.

Outlook. Due to the intense competition in the consumer market for healthcare and supplement products, we expect likelihood of players offering price discounting and promotional bundles potentially putting downwards pressure on margins.

Forecasts. We cut our FY26-27F net profit forecasts by 20% each, largely to reflect lower margins arising from the intense competition in the consumer market for healthcare and supplement products.

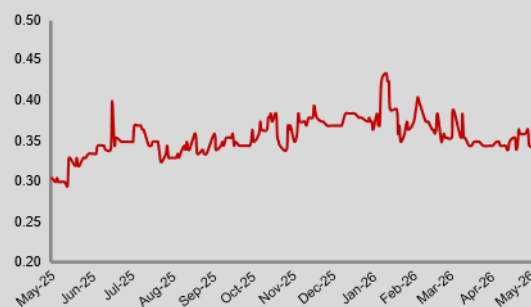
Valuations. We change our forecasts and TP of RM0.38 (previously RM0.47) based on unchanged 13x FY26F EPS, at a 15% discount to its peers' average due to its smaller market capitalisation. With limited near-term earnings growth catalyst, we downgrade the stock from OUTPERFORM to MARKET PERFORM. The saving grace is a 4.7% dividend yield. There is no adjustment to our TP based on ESG given a 3-star ESG rating as appraised by us (see Page 2).

Risks to our call include: (i) intense competition from existing/new and local/foreign players, and (ii) product safety and regulatory risks.

MARKET PERFORM ↓

Price : **RM0.34**
Target Price : **RM0.38** ↓

Share Price Performance



KLCI 1,717.69
YTD KLCI chg 2.2%
YTD stock price chg -11.7%

Stock Information

Shariah Compliant Yes
Bloomberg Ticker NOVA MK
Market Cap (RM m) 108.4
Shares Outstanding 318.7
52-week range (H) 0.45
52-week range (L) 0.30
3-mth avg. daily vol. 57,695
Free Float 17%
Beta 0.9

Major Shareholders

Tan Sok Mooi 42.4%
Phang Yeen Aun 7.9%
Phang Yeen Nung 7.9%

Summary Earnings Table

FY Jun (RM m)	2025A	2026F	2027F
Turnover	44.1	47.8	49.7
EBITDA	13.1	15.3	15.8
PBT	10.4	12.4	12.9
Net Profit	7.7	9.2	9.6
Core Net Profit	7.7	9.2	9.6
Consensus (NP)	-	-	-
Earnings Revision (%)	-	-20	-20
Core EPS (sen)	2.4	2.9	3.0
Core EPS Growth (%)	(1.7)	19.5	4.2
NDPS (sen)	1.6	1.6	1.6
Price to NTA (x)	1.0	1.0	1.0
PER (x)	14.0	11.7	11.2
PBV (x)	1.0	0.9	0.9
Net Gearing (%)	Cash	Cash	Cash
Net Div. Yield (%)	4.7	4.7	4.7

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Result Highlights								
FYE Jun (RM m)	3QFY26	2QFY26	QoQ Chg (%)	3QFY25	YoY Chg (%)	9MFY25	9MFY26	YoY Chg (%)
Turnover	13.0	11.5	13.1	11.8	9.9	33.8	37.0	9.3
EBITDA	3.4	3.1	11.5	4.7	(26.5)	11.1	11.9	6.7
Depreciation	(0.8)	(0.8)	0.1	(0.8)	5.4	(2.3)	(2.4)	4.1
Net interest expense	0.1	0.1	16.5	0.0	NM	0.1	0.2	70.9
EI	0.0	0.0	NM	0.0	NM	0.0	0.0	NM
PBT	2.7	2.4	15.5	3.9	(30.8)	9.0	9.7	8.2
Tax	(0.7)	(0.6)	15.1	(1.0)	(29.4)	(2.3)	(2.4)	7.8
Net Profit (NP)	2.0	1.8	15.6	3.0	(31.2)	6.7	7.2	8.3
Core NP	2.0	1.8	15.6	3.0	(31.2)	6.7	7.2	8.3
EPS (sen)	0.6	0.6	16.4	0.9	(31.2)	2.1	2.3	8.1
EBITDA margin (%)	26.5	26.9		39.7		32.9	32.1	
PBT margin (%)	21.0	20.6		33.4		26.5	26.2	
Net profit (%)	15.7	15.3		25.0		19.8	19.6	
Effective tax rate (%)	25.6	25.7		25.1		25.3	25.2	

Source: Company, Kenanga Research

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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.
Stocks Under Coverage																	
DUOPHARMA BIOTECH BERHAD	OP	1.27	1.72	35.4%	1,222	Y	12/2026	11.5	12.1	14.0%	5.4%	11.0	10.5	1.5	14.0%	4.6	3.6%
IHH HEALTHCARE BHD	MP	8.99	8.50	-5.5%	79,437	Y	12/2026	23.8	25.9	15.1%	8.5%	37.7	34.7	2.5	6.8%	10.0	1.1%
KOTRA INDUSTRIES BHD	MP	3.89	3.88	-0.3%	577	Y	06/2026	28.7	25.8	-4.7%	-10.1%	13.5	15.1	2.1	15.3%	25.5	6.6%
KPJ HEALTHCARE BHD	MP	3.32	2.80	-15.7%	14,695	Y	12/2026	7.6	8.8	8.5%	15.7%	43.5	37.6	5.5	13.0%	4.2	1.3%
NOVA WELLNESS GROUP BHD	MP	0.340	0.380	11.8%	108	Y	06/2026	2.9	3.0	19.5%	4.3%	11.7	11.3	0.9	8.2%	1.6	4.7%
PHARMANIAGA BHD	UP	0.245	0.200	-18.4%	1,606	Y	12/2026	1.0	1.1	34.0%	8.0%	24.7	22.9	3.2	13.9%	0.0	0.0%
SCOMNET BHD	OP	0.545	1.00	83.5%	462	Y	12/2026	4.2	4.9	38.5%	18.1%	13.0	11.0	1.1	8.3%	2.3	4.2%
SUNWAY HEALTHCARE HOLDINGS BHD	MP	1.84	1.75	-4.9%	21,160	Y	12/2026	2.5	3.5	11.7%	43.3%	75.1	52.4	6.5	9.7%	0.5	0.3%

Source: Company, Bloomberg, Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	☆	
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	☆		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	☆		
SPECIFIC	Product Quality & Safety	★	★	★		
	Effluent/Waste Management	★	★	☆		
	Energy Efficiency	★	★	★		
	Education & Training	★	★	★	☆	
	Talent Management	★	★	★	☆	
	Supply Chain Management	★	★	☆		
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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