RT Pastry Holdings Berhad (RT)

The Bite of Success

- **RT Pastry Holdings Berhad is a Klang Valley-based bakery manufacturer and retailer, principally engaged in the manufacturing, distribution, and retail sale of a wide range of bakery products, including pastries, breads, mooncakes, and gelato, under the proprietary RT Pastry® brand.**
- **We project 3-year earnings CAGR of 16.0%, with core PATMI expected to reach RM6.4m-RM8.2m over the next three years, supported by (i) the increasing number of outlets post-IPO and (ii) scaling potential in the wholescale segment following the incorporation of Ascend Rise Hub Sdn Bhd and also distributorship agreement with HWC Coffee.**
- **We assign a fair value of RM0.26 per share for RT, indicating a 44.4% upside from the IPO price of RM0.18. This valuation is based on a P/E ratio of 12.0x, pegged to FY27f EPS of 2.15 sen.**

Investment highlights

New outlets rollout act as primary growth driver. RT has allocated RM7.6m of IPO proceeds to open new retail outlets over a 36-month horizon, while the remaining will be utilised by internally generated funds. We believe adding 16 outlets to the existing 17, a close to 100% expansion in retail footprint over the next 4 years, is the single most impactful revenue driver, with each new outlet targeted to break even within Year 1, consistent with the Group's historical outlet-level performance track record.

Scaling potential from the wholesale segment. The Group inked a distributorship agreement with HWC Coffee in March 2026 and incorporated Ascend Rise Hub Sdn Bhd to formalise its B2B wholesale operations. We view the wholesale channel (currently just 2.9% of FY25 revenue) as a structurally underpenetrated segment with meaningful ramp-up potential over the coming years as both the HWC Coffee relationship and third-party retail distribution scale.

Cost-control through centralised manufacturing. GP margin has expanded from 33.5% in FY22 to 35.4% in FY25, supported by Plant 1 (Pastry) in Seri Kembangan and Plant 2 (Bread) in Shah Alam, as the Group was able to consolidate its procurement, enforce recipe consistency and limit per-unit costs across all 17 outlets. We believe this structural advantage will allow RT to continue control its per-unit cost and sustain its margins moving forward.

Clean balance sheet. Following the disposal of Balakong Plant, RT managed to reduce its total borrowings from RM22.5m to RM11.8m in FY25, turning the Group net cash positive at RM4.6m. A further RM3.8m of IPO proceeds is earmarked for debt repayment, leaving RT Pastry in a near-zero-gearing position post-listing.

Market share poised for growth. According to the IMR report, RT has a market of 2.0%, based on the bakery product market size of RM3.0bn and RT's FY25 revenue of RM60.3m. However, given RT's plan to expand more nationwide outlets in the coming years, targeting the Central region, East Coast and the Southern region, we believe RT will further expand its market share.

Company background

RT Pastry Holdings Berhad is a Klang Valley-based bakery manufacturer and retailer, founded in 2003 by Group CEO Mr. Lu. The Group operates 17 outlets under the RT Pastry® brand across the KL, Petaling, and Shah Alam regions, serving walk-in retail

IPO Note – Not rated

Kieran Lim
kieranlim@msec.com.my
(603) 2201 2100

Non-Rated

Share price	**RM0.18**
Target price	**RM0.26**
Previous TP	**-**
Capital upside	44.4%
Dividend return	-
Total return	44.4%

Company profile

With bakery operations originally established in 2003, RT Pastry Holdings Berhad (incorporated in 2018) is principally engaged in the manufacturing, distribution, and retail sale of a wide range of bakery products, including pastries, breads, mooncakes, and gelato. The Group operates 17 retail outlets concentrated in the Klang Valley, backed by a centralized manufacturing model split between pastry production at Plant 1 (Seri Kembangan) and bread production at Plant 2 (Shah Alam).

Stock information

Bursa Code	0461
Bloomberg ticker	RT MK
Listing market	ACE
Share issued (m)	339.0
Market Cap (m)	61.0
Shariah compliant	No
MITI allocation	Yes

Major shareholders

	%
Lu Chun-Neng	26.2
Lian Ming Wah	14.5
Lian Chong Wee	9.4
Lian Kok Wah	9.4
Lian Ah Beng	9.4

Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PATMI (m)	5.3	6.4	7.3
EPS (sen)	1.6	1.9	2.2
P/E (x)	11.6	9.6	8.4

Timetable of IPO

Opening of application	5 June
Closing of application	15 June
Balloting of application	18 June
Allotment of the IPO shares	25 June
Listing on the ACE market	29 June

customers through a vertically integrated model: pastry products at Plant 1 (Seri Kembangan) and bread products manufactured centrally at Plant 2 (Shah Alam), distributed daily to all outlets under consistent quality standards.

Revenue is predominantly derived from retail walk-in customers (96.9% of FY25 revenue), supplemented by a wholesale model (2.9%) and online platform (0.2%). A new wholesale distribution agreement was signed in March 2026 with Palaterium Sdn Bhd, a company that operates the HWC Coffee retail chain. This also represents the Group's first structured B2B distribution arrangement beyond grocery retailers and corporates.

Fig #1 Corporate milestones

Year	Key Milestones & Achievements
2003	Opened first outlet at Taman Desa (Taman Danau Desa), Kuala Lumpur
2005	Opened Subang Jaya Outlet (Petaling Region)
2009	Opened Puchong Outlet (Petaling Region)
2010	Commenced centralised manufacturing operations at Plant 1 (Seri Kembangan, Selangor) for pastry and manufactured products
2011	Centralised procurement of ingredients
2012	Opened 2 new outlets (Setapak, KL; Shah Alam, Selangor); relocated pastry manufacturing to Plant 1
2013	Opened Setia Indah Outlet (Shah Alam Region)
2014	Opened Bukit Tinggi Outlet (Shah Alam Region)
2015	Commenced operations in Meru, Klang, Selangor for centralised bread product manufacturing
2016	Opened Setapak Central Outlet (KL Region)
2017	Opened Sri Petaling Outlet (KL Region)
2018	Formalised RT Pastry Group holding structure; opened Cheras C180 Outlet (KL Region)
2019	Opened Uptown Outlet (Petaling Region)
2021	Opened Cheras Bukit Anggerik Outlet (KL Region) and Setia Prima Outlet (Shah Alam Region)
2022	Opened Kepong Outlet and Taman Segar Outlet (KL Region); commenced online platform sales via e-commerce; relocated bread manufacturing to Plant 2
2024	Opened Rawang Outlet (Petaling Region) and Taman Eng Ann Outlet (Shah Alam Region); relocated Kota Kemuning Outlet to an improved location within the vicinity
2025	Opened SS2 Outlet (Petaling Region)
2026	Signed distributorship agreement with HWC Coffee for bakery product supply; incorporated Ascend Rise Hub Sdn Bhd to anchor wholesale business; filed for IPO on Bursa Malaysia ACE Market

Source: RT Pastry Holdings Berhad

Substantial Shareholders and Key Management

1. Lu Chun-Neng – Founder & Group Chief Executive Officer
Responsible for overseeing the Group's business development and strategic business direction. He brings close to 30 years of professional artisan baking experience and executive management track record across Taiwan, Singapore, and Malaysia.

2. Tia Yu Hoo – Chief Operating Officer
Appointed as COO in December 2022, he manages the day-to-day operations of the Group, including retail operations, marketing initiatives, human resources, IT, and project maintenance functions. He brings 26 years of corporate operations and

institutional internal audit experience across listed companies and fast-moving service groups.

3. Ng Chai Ling – Chief Financial Officer
Redesignated as CFO in December 2022, she oversees all accounting and financial functions. She is a certified Chartered Accountant with the Malaysian Institute of Accountants (MIA) and possesses 19 years of professional public accounting and financial controller experience.

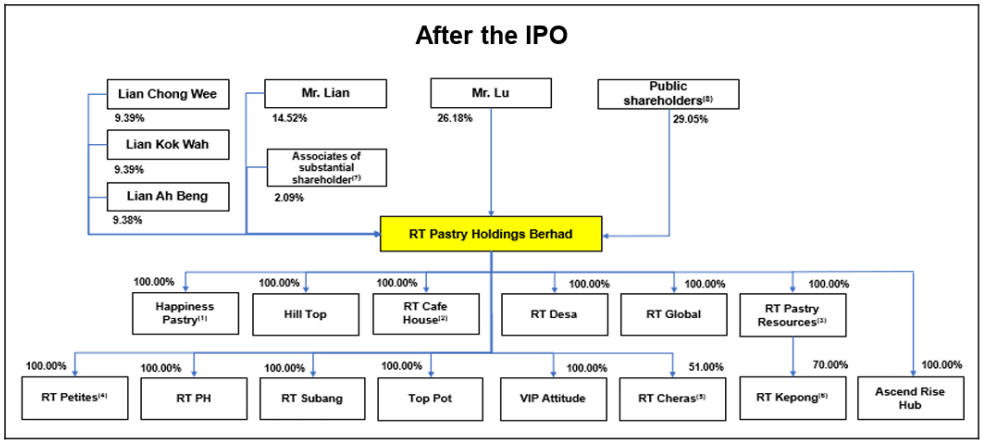
4. Low Song Hua – Head of Plant 1
Responsible for overseeing and managing the day-to-day operations of Plant 1. He brings an 18-year industrial baking background, rising entirely through the ranks of the Group since 2008 from a baseline Baker to R&D Chef, Assistant Factory Manager, and ultimately Head of Plant 1 in October 2021.

5. Diong Lian Shun – Head of Plant 2
Responsible for overseeing the day-to-day operations of Plant 2. Over his 19-year tenure with the Group, he has built a well-rounded managerial background by serving as Cake Trainee, Retail Branch Manager, Operation Area Manager, and Process Operation Lead.

6. Cha Pei Cheng – Quality Assurance (QA) Manager
Responsible for leading the Group's QA/QC team, as well as enforcing strict compliance with statutory food safety laws like the FA 1983 and FR 1985 guidelines. She holds a Bachelor of Science in Food Studies and brings 11 years of hands-on quality management system and regulatory audit experience.

7. Lee Choi Yun – Supply Chain Manager
Responsible for managing the Group's supply chain activity including procurement, logistics and warehousing. She possesses 26 years of extensive sales, logistical management and FMCG distribution experience across the corporate retail, pharmaceutical, and cold-chain food sectors since 1999.

Fig #2 Post-IPO structure



Source: RT Pastry Holdings Berhad

Fig #3 Use of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Opening of new outlets	7.6	46.3	Within 36 months
Purchase of new machinery and equipment	0.9	5.4	Within 36 months
Repayment of bank borrowings	3.8	23.2	Within 6 months
Estimated listing expenses	4.1	25.1	Within 3 months
Total	16.5	100.0	

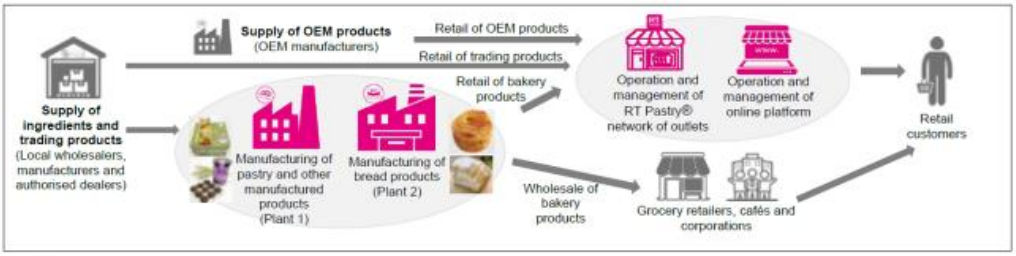
Source: RT Pastry Holdings Berhad

Business overview

Retail operations (97.1% of FYE25 revenue)
This segment comprises a network of 17 physical artisan bakery branches situated across prime corporate and community settings in the Klang Valley, and is complemented by a web-based e-commerce platform that fulfils same-day localized click-and-collect or direct delivery requests.

Wholesale Operations (2.9% of FYE25 Revenue)
This segment focuses on taking bulk commercial orders from third-party grocery operators, independent boutique cafes, and large corporate events, and is positioned to be a major volume contributor moving forward under the newly established Ascend Rise Hub vehicle.

Fig #4 Principal business activities and services provided



Source: RT Pastry Holdings Berhad

Fig #5 SWOT analysis of RT

Strength	Weakness
• Established RT Pastry® brand with 549 SKUs across pastry, bread, and OEM categories • Vertically integrated centralised manufacturing in Plant 1 and Plant 2 • Net cash position	• Negative SSSG of -7.7% in FY25, second year without positive same-store momentum • Revenue concentrated entirely in Klang Valley currently
Opportunity	**Threat**
• IPO proceeds earmarked for new retail outlet openings • HWC Coffee distributorship • Ascend Rise Hub Sdn Bhd to formalise wholesale operations moving forward	• Persistent negative SSSG • Raw materials price volatility • Competition from other bakery chains

Source: M+ Research

Financials

Revenue and income highlights. The Group posted revenue of RM60.3m in FY25, broadly flat (+0.1% YoY) against RM60.3m in FY24, as contributions from new outlets (Rawang, SS2 and Taman Eng Ann) were largely offset by a decline in same-store sales (SSSG: −7.7%) due to lower footfall. Despite the flat topline, adjusted core PAT came in slightly higher at RM5.3m, against RM5.0m recorded in FY24, thanks to the decrease in finance cost.

Balance sheet. Total assets stood at RM51.0m as at FY25, compared to RM54.6m in FY24, with the decline attributable to the disposal of the Balakong Plant and related

depreciation charges. Total equity attributable to owners strengthened from RM25.9m to RM31.9m, boosted by higher retained earnings. Total borrowings declined sharply from RM22.5m in FY24 to RM11.8m in FY25, supported by disposal proceeds, turning the Group into a net cash company.

Cash flow. Net cash from operating activities moderated from RM11.8m in FY24 to RM10.0m in FY25, mainly due to a working capital build from higher trade receivables following increased wholesale billings towards year-end. Net cash used in investing activities reduced drastically from RM2.8m in FY24 to RM0.6m in FY25, reflecting the proceeds receive from the disposal of Balakong Plant. Net cash used in financing activities reduced from RM6.6m to RM2.9m during the same period, mainly due to drawdown of term loans and absence of dividend payments.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 16.0%, with core PATMI expected to reach RM6.4m, RM7.3m and RM8.2m over the next three years. This growth is underpinned by (i) the increasing number of outlets post-IPO and (ii) scaling potential in the wholescale segment through incorporation of Ascend Rise Hub Sdn Bhd and also distributorship agreement with HWC Coffee.

Fig #6 Financial Highlights

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	60.3	60.3	67.4	74.7	82.1
EBITDA	12.8	14.0	14.7	16.1	17.6
EBIT	8.8	9.7	10.8	12.0	13.3
PBT	8.1	9.1	10.5	11.8	13.1
PAT	5.5	5.6	6.8	7.8	8.8
PATMI – Core	5.0	5.3	6.4	7.3	8.2
PATMI – Reported	5.0	6.0	6.4	7.3	8.2
% change YoY – Core PATMI	-20%	5%	21%	14%	12%
Core EPS (sen)	1.5	1.6	1.9	2.2	2.4
P/E (x)	12.2	11.6	9.6	8.4	7.4
EV/EBITDA (x)	3.4	3.1	3.0	2.7	2.5
DPS (sen)	1.7	0.4	-	-	-
Yield (%)	10%	2%	0%	0%	0%
BVPS (RM/share)	0.1	0.1	0.2	0.2	0.2
P/B (x)	2.4	1.9	1.1	1.0	0.9
ROE (%)	20%	18%	15%	13%	13%
Net Gearing (x)	0.5	CASH	CASH	CASH	CASH

M+ Global Research

Valuations

We assign a fair value of RM0.26 per share for RT, indicating a 44.4% upside from the IPO price of RM0.18. This valuation is based on a P/E ratio of 12.0x, pegged to the FY27f EPS of 2.15 sen.

We believe the ascribed P/E multiple is fair, given that RT's peers are trading at average forward and historical P/E multiples of 12.0x–13.6x. The P/E multiple assigned is tilted to the lower end of the range, reflecting RT's lower NP margin and smaller market capitalization. RT has a NP margin of 8.7% and market capitalization of RM61.0m, lower than its peers average of 9.2% and RM371.4m, respectively.

Fig #7 Peers comparison

	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
RT Pastry Holdings Berhad	**ACE**	**Dec**	**0.18**	**61.0**	***11.6**	****8.4**	***18.2**	***8.7**
SDS Group Bhd	MAIN	Dec	0.42	224.2	8.4	8.1	16.3	8.0
Apollo Food Holdings Bhd	MAIN	Jan	5.81	464.8	13.6	N/A	14.8	13.5
Oriental Food Industries Holdi	MAIN	Apr	1.09	261.6	11.4	N/A	7.9	4.9
Hup Seng Industries Bhd	MAIN	May	0.97	776.0	15.6	15.9	29.8	12.6
A1 A.K. KOH Group Bhd	ACE	Jun	0.16	130.2	18.9	N/A	16.4	7.1
Avg ex-RT Pastry Holdings Berhad				**371.4**	**13.6**	**12.0**	**17.0**	**9.2**

Source: M+ Research (*FY25, **FY27f)

Investment risks

Persistent negative SSSG may offset new outlet contributions. SSSG declined to −7.7% in FY25, the second year without positive same-store momentum. Should existing outlet productivity continue to deteriorate, contributions from new openings may be insufficient to compensate for group-level revenue loss.

Execution risk on new outlet rollout. With RM7.6m committed to new outlets over 36 months, growth is contingent on securing high-traffic locations, completing fit-outs on schedule, and achieving break-even within Year 1. Any material delays or underperformance in new outlet productivity would place downside risk on the Group's financial performance.

Raw material price volatility. Key manufacturing inputs like flour, dairy products, eggs, and sugar are exposed to price fluctuations from weather events, geopolitical disruptions, and currency movements. Any significant cost increase that cannot be passed on to consumers would compress the Group's margins.

Environmental, Social and Governance (ESG) Practices

Environmental:

- Solar panels installed at Plant 2 (Shah Alam) to reduce electricity grid consumption
- LED lighting and timer-controlled deck ovens across centralised manufacturing facilities to minimise energy waste outside working hours
- Rainwater harvesting system used for compound cleaning and gardening
- Food waste properly segregated at all outlets, with non-food recyclable waste recycled where possible
- Paperless communications culture, whereby employees encouraged to digitalise administrative and marketing materials.

Social:

- Safe workplace environment with SOPs aligned to occupational safety and health regulatory standards
- Orientation programmes for new production personnel to create awareness on workplace safety
- Continuous on-the-job training and competitive remuneration packages to retain and develop talent
- Gender diversity with approximately 54.8% of Group employees are female
- Community participations including blood donation campaigns, bakery product donations to charitable organisations, and fun run sponsorships.

Governance:

- Chairman and CEO roles clearly separated
- 57.1% independent board composition (4 INEDs out of 7 directors), exceeding

MCCG thresholds

- Audit and Risk Management Committee comprising entirely of 3 INEDs
- Anti-Bribery and Corruption Policy, Whistleblowing Policy, and Code of Conduct and Ethics published on the Group's website
- 3 out of 7 (42.9%) of Board members are women, fulfilling the recommended MCCG practice of having at least 30% women directors

Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated.

This report has been prepared by research analyst(s) of MSSB pursuant to the Research Incentive Program under Bursa Research Incentive Scheme Plus ("Bursa RISE+") administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaim any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report.

Stock recommendation guide	
BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned