Results Note – 3QFY26

CAB Cakaran Corporation Berhad (CAB)

Below Expectations Dragged by Soft ASPs and Volume Drop

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Summary

- **Earnings below expectations.** CAB registered a 3QFY26 core PATMI of RM21.4m (-5.9% YoY, -1.6% QoQ). For 9MFY26, core PATMI reached RM70.9m (+0.4% YoY), accounting for 62.3% of our FY26f earnings forecast of RM113.9m and 67.3% of consensus estimate of RM105.4m. The results came in below expectations, primarily dragged down by lower ASPs for broilers, chicks, and feed, and also lower organic sales volumes.

- **YoY.** Revenue for 3QFY26 rose 7.5% YoY to RM611.8m (vs RM569.2m in 3QFY25), underpinned by higher feed sales contributed by newly acquired subsidiaries, CAB Feed Sdn Bhd and Desa CAB Sdn Bhd. However, core PATMI slipped 5.9% YoY from RM22.7m in 3QFY25 to RM21.4m in 3QFY26, dragged by lower operating profit for the Integrated Poultry segment as well as higher operating losses from both the Retail and also Fast-Food segments.

- **QoQ.** On a sequential basis, revenue fell 2.3% QoQ from RM625.9m in 2QFY26 to RM611.8m in 3QFY26. This was mainly driven by lower feed sales to contract farmers and broiler sales, as well as lower sales across most Retail outlets. As a result, core PATMI dipped slightly by 1.6% QoQ to RM21.4m, as compared to RM21.7m in 2QFY26.

- **YTD.** For 9MFY26, CAB registered a cumulative revenue of RM1.9bn, up 6.9% YoY compared to RM1.7bn in 9MFY25, while core PATMI remained virtually flat at RM70.9m (+0.4% YoY vs RM70.7m in 9MFY25). Growth was primarily sustained by M&A top-line consolidation from CAB Feed.

- **Segmental weakness across Integrated Poultry and Retail segments.** Operating profit for Integrated Poultry dropped 18.1% YoY to RM36.8m (vs RM45.0m in 3QFY25) due to lower selling prices of chicks, feed, and broilers. Meanwhile, Retail operating losses widened 17.8% YoY to RM0.5m, as store sales volumes contracted amid intensified retail market competition.

- **Fast Food drag and further delay in Salim JV.** Fast Food operating losses widened to RM0.5m (vs RM0.4m loss in 3QFY25) following the shutdown of an underperforming outlet. Furthermore, Phase 1 of the Salim Group Indonesia JV (establishment of a USD10m food processing plant), initially slated for CY2Q26 start, has hit implementation delays and remains under timeline review by JV partners.

- **Outlook.** Near-term margin recovery could remain constrained by persistent ASP weakness, organic volume drops, and volatile feed raw material costs (corn and soybean meal), though internal supply integration from CAB Feed (formerly Cargill) provides some cost mitigation. Furthermore, Phase 1 of the Salim Group Indonesia JV (USD10m food processing plant) has hit implementation delays and is under review, hence leaving the RM105m Terengganu project (+2.0m bird capacity) as CAB's primary long-term capacity driver. Management remains cautiously optimistic on its overall business prospects.

BUY

Share price	RM0.535
Target price	RM0.720
Previous TP	RM0.890
Capital upside	34.6%
Dividend return	-
Total return	34.6%

Company profile

CAB Cakaran Corporation Berhad operates across the full value chain from breeding and broiler farming to slaughtering, processing and value-added production, supported by its supermarket and Kyros Kebab retail businesses.

Stock information

Bursa Code	7174
Bloomberg ticker	CAB MK
Listing market	MAIN
Share issued (m)	701.9
Market Cap (m)	374.1
52W High/Low	0.885 / 0.495
Est. Free float (%)	22.5
Beta (x)	0.8
3-mth avg vol ('000)	493.8
Shariah compliant	Yes

Major shareholders	%
Chuah Ah Bee	45.9
Chan Kim Keow	17.6
Plant Wealth Holdings	15.2

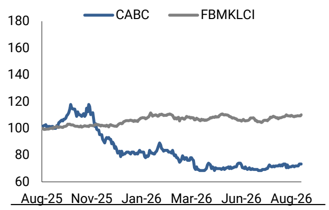
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	0.9	2.9	-26.7
Relative	-1.1	0.0	-33.4

Earnings snapshot

FYE (Sep)	FY25	FY26f	FY27f
PAT (m)	90.7	95.4	101.6
EPS (sen)	12.9	13.6	14.5
P/E (x)	4.1	3.9	3.7

Relative performance chart



Quarterly performance 3QFY26

Quarterly performance								
FYE Sep (RM m)	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	YoY (%)
Revenue	569.2	625.9	611.8	*(2.3)*	*7.5*	1,736.5	1,855.5	*6.9*
EBIT	43.2	42.0	35.3	*(15.9)*	*(18.2)*	127.9	133.0	*4.0*
PBT	39.5	33.6	33.9	*0.9*	*(14.0)*	117.1	115.3	*(1.5)*
Core PAT	22.7	21.7	21.4	*(1.6)*	*(5.9)*	70.7	70.9	*0.4*
Reported PAT	22.7	21.7	21.4	*(1.6)*	*(5.9)*	70.7	70.9	*0.4*
Core EPS (sen)	3.2	3.1	3.0	*(1.6)*	*(5.9)*	10.1	10.1	*0.4*
EBIT margin (%)	7.6	6.7	5.8			7.4	7.2	
PBT margin (%)	6.9	5.4	5.5			6.7	6.2	
Core PATMI margin (%)	4.0	3.5	3.5			4.1	3.8	

Source: CAB Cakaran Corporation Berhad, M+ Research

Valuation & Recommendation

- **Forecast.** In view of the persistent weakness in ASPs, alongside with the implementation delay of Salim Phase 1 JV in Indonesia, we cut our FY26f-28f core PAT forecasts by 16.4%/15.7%/15.0%, from RM114.2m/RM120.4m/RM122.7m to RM95.4m/RM101.6m/RM104.3m.

- **Maintained BUY with a lower TP of RM0.72.** We reiterate our BUY recommendation for CAB with a lower TP of RM0.72, implying a potential upside of 34.6% from the current share price of RM0.535. This valuation is based on a 5.0x P/E ratio, pegged to FY27F EPS of 14.47 sen. We pegged a lower P/E ratio of 5.0x, as compared to 5.5x previously, to reflect CAB's persistent weakness in ASP and also the implementation delay of Salim Phase 1 JV.

- **Downside risks.** Risks to our recommendation include (i) continued slowdown in CAB-Salim Group JV timeline, (ii) persistent higher ASP and lower sales volume, and (iii) disease outbreaks risk.

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Sep (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Cash	74	94	19	88	199
Receivables	241	225	259	272	278
Inventories	101	88	105	110	113
PPE	668	693	671	659	649
Others	475	521	521	521	521
Assets	**1,559**	**1,621**	**1,575**	**1,651**	**1,760**
Debts	360	324	307	306	304
Payables	252	247	278	291	298
Others	86	91	91	91	91
Liabilities	**698**	**661**	**676**	**688**	**693**
Shareholder's equity	683	766	861	963	1,067
Minority interest	178	194	-	-	-
Equity	**861**	**960**	**861**	**963**	**1,067**

Cash Flow Statement

FYE Sep (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	132	150	149	159	163
Depreciation & amortis	58	59	64	67	70
Changes in working caı	(8)	23	(21)	(4)	(2)
Share of JV profits	(2)	(3)	(3)	(3)	(3)
Taxation	(38)	(42)	(35)	(37)	(39)
Others	18	(26)	-	-	-
Operating cash flow	**159**	**162**	**155**	**181**	**190**
Net capex	(56)	(77)	(50)	(55)	(60)
Others	(2)	5	-	-	-
Investing cash flow	**(58)**	**(72)**	**(50)**	**(55)**	**(60)**
Changes in borrowings	(50)	(36)	(16)	(2)	(2)
Issuance of shares	-	(0)	-	-	-
Dividends paid	(1)	(10)	-	-	-
Others	(23)	(13)	-	-	-
Financing cash flow	**(74)**	**(59)**	**(16)**	**(2)**	**(2)**
Net cash flow	**26**	**32**	**(75)**	**69**	**110**
Forex	(3)	0	-	-	-
Others	(45)	(12)	-	-	-
Beginning cash	96	74	94	19	88
Ending cash	74	94	19	88	199

Source: M+ Research

Income Statement

FYE Sep (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	**2,297**	**2,306**	**2,567**	**2,693**	**2,752**
EBITDA	203	219	221	234	241
EBIT	145	160	158	167	171
Net finance income/ (co	(15)	(13)	(11)	(11)	(11)
Associates & JV	2	3	3	3	3
Profit before tax	**132**	**150**	**149**	**159**	**163**
Tax	(38)	(42)	(35)	(37)	(39)
Net profit	**93**	**108**	**114**	**121**	**125**
Minority interest	(18)	(18)	(18)	(20)	(20)
Core earnings	**75**	**91**	**95**	**102**	**104**
Exceptional items	-	-	-	-	-
Reported earnings	75	91	95	102	104

Valuation & Ratios

FYE Sep (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	10.8	12.9	13.6	14.5	14.9
P/E (x)	5.0	4.1	3.9	3.7	3.6
EV/EBITDA (x)	0.5	0.5	0.5	0.5	0.4
DPS (sen)	0.2	1.4	-	-	-
Dividend yield	0.3%	2.6%	0.0%	0.0%	0.0%
BVPS (RM)	0.97	1.09	1.23	1.37	1.52
P/B (x)	0.6	0.5	0.4	0.4	0.4
EBITDA margin	8.8%	9.5%	8.6%	8.7%	8.8%
EBIT margin	6.3%	6.9%	6.1%	6.2%	6.2%
PBT margin	5.7%	6.5%	5.8%	5.9%	5.9%
Net margin	3.3%	3.9%	3.7%	3.8%	3.8%
ROE	11.7%	12.5%	11.7%	11.1%	10.3%
ROA	4.9%	5.7%	6.0%	6.3%	6.1%
Net gearing	41.8%	30.0%	33.5%	22.6%	9.9%

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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