MERCURY SECURITIES SDN BHD
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MAG Holdings Berhad

The Prawn Playbook

Initiate Coverage
Research@mersec.com.my
Wednesday, September 3, 2025
Price: RM 0.18
Target Price: RM 0.22

Valuation / Recommendation

We initiate coverage on MAG Holdings Berhad (MAGH) with a BUY rating and a TP of RM0.22, based on a target PE of 9.5x FY27E EPS of 2.3 sen. This implies a 20% upside from the current price of RM0.18 and reflects a 15% discount to peers' trailing PER average of 11.1x. For peer benchmarking, we exclude Ocean Fresh and SBH Marine as their loss-making profiles and volatile earnings (52.9x and 47.7x PER, respectively) which could distort sector multiples.

Instead, we compare MAGH against 3 relevant peers: (i) PT Resources (PTRB) on 13.9x T12M PER, mainly in frozen seafood processing and trading, with wider footprint but thinner profitability (PAT margin: 2.1% in FY25). While both PTRB and MAG are in the seafood chain, MAG's higher-margin prawn farming and integrated upstream–downstream model offer stronger earnings visibility, justifying a discount to PTRB. (ii) CCK Consolidated (CCK) on 10.9x T12M PER, where prawns form only ~9% of revenue (RM91.3m of RM1.1bn in FY24), with most from poultry and retail. CCK's diversification differs materially; MAG's pure-play aquaculture entails higher volatility but stronger growth optionality, warranting a slight discount to CCK. (iii) Camaroe Berhad (CAMAROE), set to list on 2 October 2025 at 8.6x PER, offers the closest aquaculture comparison. However, MAGH's commands ~20% market share in Malaysia, enjoys a larger market cap base, and benefits from fully integrated model with robust contract farming and established export channels justify a premium, despite CAMAROE's higher PAT margin of 20.3% from Black Tiger Prawns but slower harvest cycles (RM39.8m topline, RM69m market cap in FY24).

Investment Highlights

MAGH offers investors exposure to the "shrimp supercycle," anchored by RM344.7m revenue in FY25 and a dominant ~20% share of Malaysia's aquaculture industry. The Group operates 7,000MT of farming capacity across 384 grow-out ponds, running at >85% utilisation, supported by 12,000MT of processing capacity that enables scaling into higher-margin ready-to-cook and ready-to-eat products. Importantly, MAGH's contract farming program has begun to unlock additional asset-light growth, contributing 6–10% of processed volumes in FY24–FY25 and is expected to rise to 13–16% by FY28E, providing incremental supply without heavy capex. With ~60% of sales directed to export markets, MAGH enjoys premium pricing from international buyers, particularly in China and South Korea where seasonal demand spikes have historically driven Q3–Q4 revenue surges. Margins are poised to strengthen, with gross profit expected to expand from 24.8% in FY26E to 25.9% in FY28E, supported by scale efficiencies and higher-value downstream contributions. While its topline represents a fraction of the USD105bn global shrimp market (projected to grow at 5.5% CAGR to 2030), the Group integrated farm-to-fork model and expanding international footprint position it to capture outsized growth relative to its current scale.

Risk factors for MAGH included : (i) Diseases outbreak; (ii) Environmental pollution; (iii) Market and foreign currency fluctuations.

Share Price Performance

Business Overview

MAG Holdings Berhad (MAGH) is an aquaculture-based food producer. The company today is a leading prawn aquaculture player in Malaysia with a strength of 384 cultivation ponds and 2 processing plants that are capable of processing the harvests into finished products, serving the needs of international and regional consumers.

Return Information	
KLCI (pts)	1,576.7
YTD KLCI chg.	3.9
YTD Stock Price chg.	5.3

Price Performance	1M	3M	12M
Absolute (%)	0.0	0.0	2.9
Relative to KLCI (%)	3.7	4.7	9.1

Stock Information	
Market Cap (RM m)	342.5
Issued Shares (m)	1,902.5
52-week High (RM)	0.22
52-week Low (RM)	0.16
Estimated Free Float (%)	40.0
Beta vs FBM KLCI	0.4
3-month Average Vol. (m)	32.0
Shariah Compliant	Yes
Bloomberg Ticker	MAGH MK

Top 3 Shareholders	%
Ng Min Lin	27.0
Ching Fu Hsu	4.2
Megan Mezanin	4.0

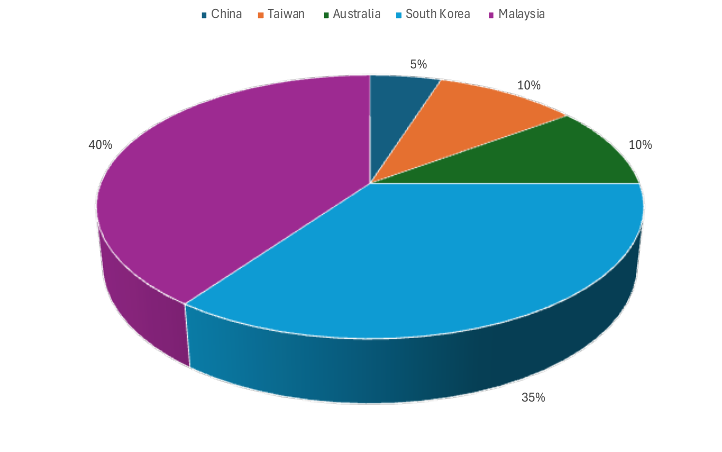
FY Jun (RM m)	FY25A	FY26E	FY27E
Revenue	344.7	358.0	370.6
EBIT	66.0	70.2	75.1
PBT	47.7	51.6	56.7
Net Profit	47.0	39.2	43.1
Core Net Profit	51.2	34.8	38.7
Core EPS (sen)	2.7	1.8	2.0
Core EPS Growth (%)	43.6	31.9	10.9
Net DPS (sen)	1.0	1.0	1.0
Net Div. Yield (%)	0.5	0.5	0.5
BVPS (sen)	45.7	46.8	48.0
PER (x)	7.3	8.7	7.9
PBV (x)	0.4	0.4	0.4
Net Gearing (x)	0.1	0.1	0.1

Investment Merits

Leading Aquaculture Transformation

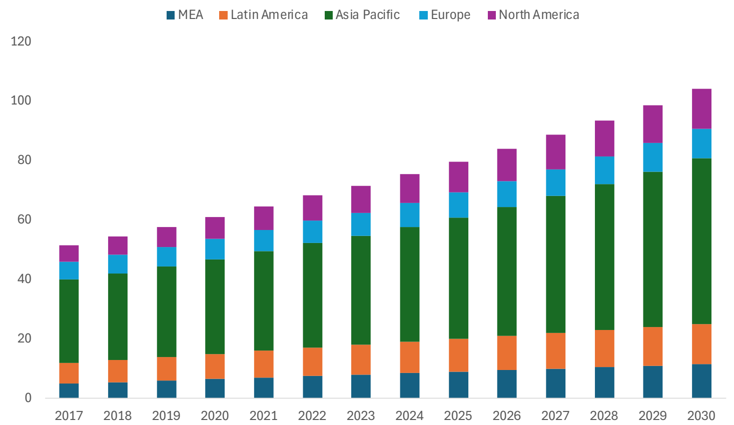
The shrimp supercycle play. Global seafood demand continues to rise, with shrimp at the forefront of this trend, fuelled by rising health awareness and shifting dietary preferences as consumers increasingly recognize shrimp as a nutrient-rich protein source, high in omega-3 fatty acids and leaner than traditional meats. Against this backdrop, MAG Holdings Berhad (MAGH) has solidified its position as one of Malaysia's largest prawn aquaculture players, commanding over 20% of industry revenue in FY24 with RM305m (Figure 15). Its dominance is underpinned by a strong export-oriented model that captures premium margins from international buyers, with ~60% of sales directed overseas while the remaining ~40% serving local consumption (Figure 1). According to an independent market research by Grand View Research, the global shrimp market was valued at USD76bn in 2024 and is projected to reach USD105bn by 2030, implying a 5.5% CAGR (Figure 2). MAGH is well-placed to ride this growth trajectory, anchored by consistently high pond utilisation (>85%) and greater penetration of its processing operations, which enable the company continues to tap into structurally growing international demand pools. Notably, Asia-Pacific (APAC) accounts for over 60% of Malaysia's prawn exports in 2023 (Figure 3) and dominates global consumption with a ~52% share, giving MAGH a natural advantage from its Malaysia base. Meanwhile, management also has an ongoing plans to expand further into Turkey and Europe (~20% global share) to broaden revenue streams and reduce market concentration risk.

Figure 1: MAGH revenue breakdown by geography (%)



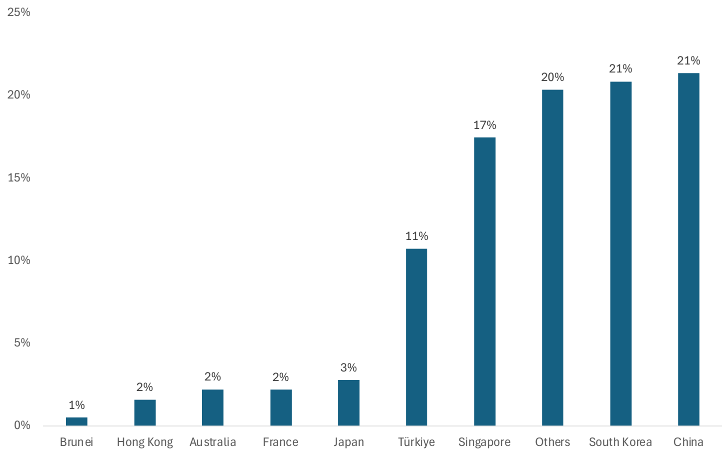
Source: Company, Mercury Securities

Figure 2: Global shrimp market size forecast (USD bn)



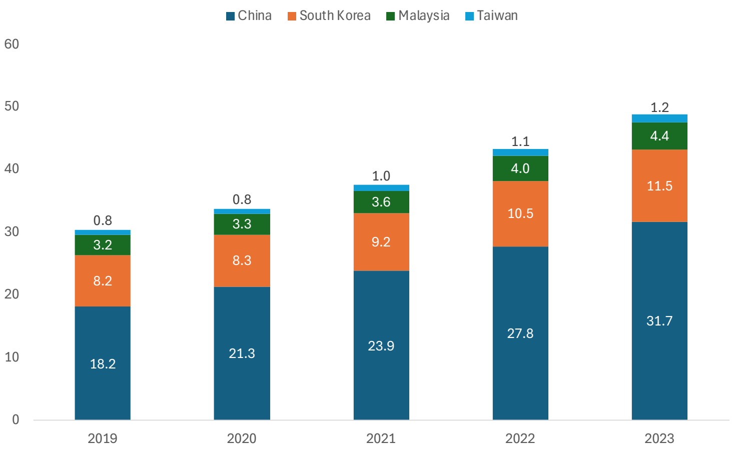
Source: Grand View Research

Figure 3: Malaysia's prawn export destinations, 2023 (%)



Source: United Nations Comtrade, Smith Zander

Figure 4: Value of fresh, frozen & chilled seafood consumption for selected APAC countries (RM bn)



Source: Statista, Smith Zander

Fully integrated aquaculture model. Unlike many peers with farming-only operations, MAGH has established a comprehensive ecosystem spanning breeding, farming, processing, and distribution of L. Vannamei and Black Tiger prawns under strict biosecurity standards. With 730 acres of land in Tawau, Sabah, houses 384 grow-out ponds across 4 farms (i) Wakuba Farm 1, (ii) Wakuba Farm 2, (iii) Umas Farm, (iv) Apas Parit Farm, and supported by 4 reservoir facilities, MAGH not only ensures reliable upstream supply but also scales production through contract farming arrangements with third-party farmers. Complementing this is a downstream processing arm that covers conventional preparation (washing, grading, de-heading, peeling, deveining) as well as further processing into higher margin value-added categories such as ready-to-cook (RTC) and ready-to-eat (RTE) products, positioning the Group to capture a wider spectrum of consumer demand.

Riding the consumption wave. This integrated setup places MAGH at the centre of a powerful consumer shift. Urbanisation is accelerating across Asia with Malaysia's urban population is projected to rise from 79% in 2024 to 87% by 2050, alongside regional peers such as South Korea (+5% to 86%) and China (+15% to 80%), according to The World Bank, United Nations DESA. With busier lifestyles fuelling demand for convenience, RTC and RTE formats are gaining traction globally. In Malaysia alone, seafood consumption value has grown from RM3.2bn in 2019 to RM4.4bn in 2023 (7.9% CAGR) (Figure 4), driven by rising household incomes and stronger demand from the HORECA segment (RM71bn in 2023, up from RM56bn in 2020). Importantly, MAGH is translating these structural drivers into market penetration. In China, the Group has already secured multiple clients, including an indirect sales agreement with the country's largest hotpot chain operator; in South Korea, demand peaks in between June to August, underpinned by seasonal traditions like saeujeot for kimchi, coastal prawn festivals, seasonal weather constraints local breeding, and higher seafood consumption from summer tourism (Q3–Q4 revenue surges: FY21 +378%, FY22 +43%, FY23 +113%, FY24 +114%, FY25 +76%). In Malaysia, the Group's benefits from Sabah's rich fisheries, which account for 25% national share. High-salinity seawaters provide an ideal environment for prawn-breeding conditions, with Sabah's fisheries recorded a robust output growth of 1.9m MT in 2024 (from 1.8m MT in 2023), and production value climbing to RM16.9bn (+2.5% YoY). With frozen and value-added prawns products gaining traction globally, MAGH's farm-to-fork ecosystem is well-placed to capture this long-term consumption wave.

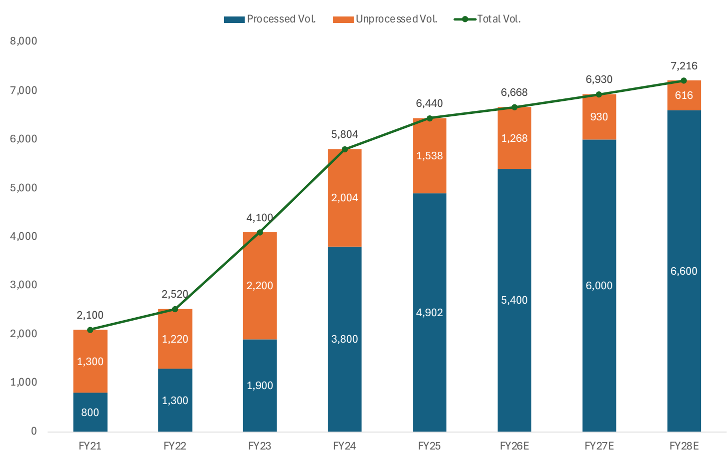
Figure 5: Utilisation rate for farm and processing plant (%)

(%)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Farm Utilisation								
Wakuba Farm 1	34.1%	22.7%	50.0%	81.8%	85.0%	86.0%	87.0%	88.0%
Wakuba Farm 2	-	-	16.7%	50.0%	85.0%	86.0%	87.0%	88.0%
Umas Farm	39.3%	57.1%	78.6%	89.3%	85.0%	86.0%	87.0%	88.0%
Apas Parit	31.3%	52.5%	75.0%	75.0%	85.0%	86.0%	87.0%	88.0%
Total Used	**36.2%**	**43.4%**	**58.6%**	**78.6%**	**85.0%**	**86.0%**	**87.0%**	**88.0%**
Processing Utilisation								
Wakuba Plant	-	-	-	20.0%	30.0%	30.0%	30.0%	30.0%
North Cube Plant	13.3%	21.7%	31.7%	43.3%	51.7%	60.0%	70.0%	80.0%
Total Used	**13.3%**	**21.7%**	**31.7%**	**31.7%**	**40.9%**	**45.0%**	**50.0%**	**55.0%**

Source: Company, Mercury Securities

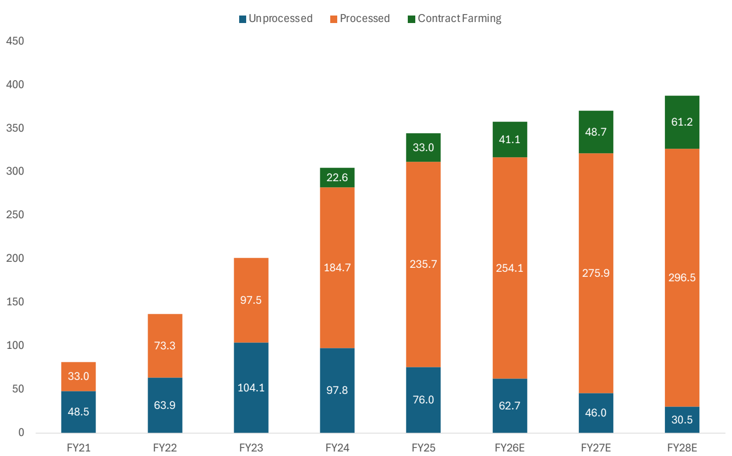
High yields, minimal idle time. MAGH's farming capacity increases from 5,800 MT in FY21 to 7,000 MT in FY25, boosted by the expanded capacity of Wakuba Farm 2 in FY23 (+1,200 MT). More importantly, utilisation has improved sharply over the last 5 years, rising from 36% in FY21 to 85% in FY25, as productivity gains and stronger demand lifted into higher throughput. Looking ahead, we project utilisation to edge up to 86% in FY26E and 87% in FY27E, peaking at ~88% in FY28E, which we consider the practical ceiling given ~10–15% of capacity must be reserved for pond drying and maintenance (~14 days per cycle average). Our assumptions beyond FY26E are therefore largely organic improvements, without factoring in additional land acquisition, though management has indicated interest in potential expansion opportunities. For now, focus remains on yield optimization through biosecurity and smart farming initiatives rather than capacity-led growth.

Figure 6: Processed and unprocessed volumes trend (MT)



Source: Company, Mercury Securities

Figure 7: MAGH's revenue contribution (RM m)



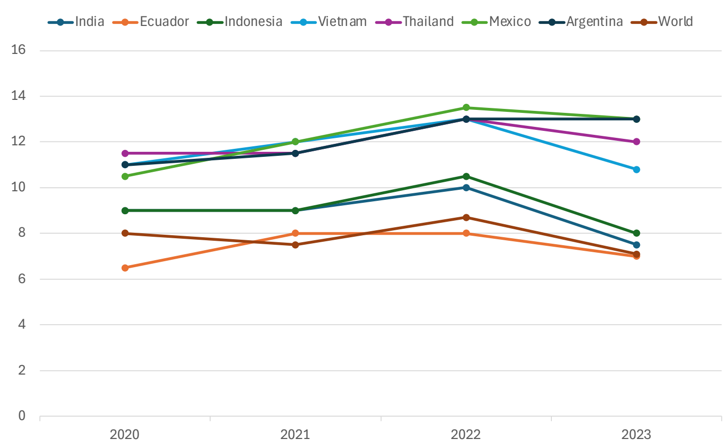
Source: Company, Mercury Securities

Shifting sales mix toward international scale. Not all harvests are channelled into processing, with 26% of FY25 volume sold directly in raw to supermarkets, hypermarkets, wholesales, and distributors. These local sales typically command slightly higher margins (~up to 35% vs. ~30% for exports, depending on prawn size), but are inherently volume-driven and offer limited scalability. Since FY24, the mix has started to shift: raw sales declined from 2,200 MT in FY23 to 2,004 MT in FY24 and further to 1,538 MT in FY25 (Figure 6), as more output was channelled into processing. With pond capacity already largely maxed out, we expect raw sales to normalise lower ahead, reflecting management's clean strategy to trade off some margin per unit in exchange for access to a much larger, scalable global market. This strategic shift not only underpins long-term growth but also strengthens MAGH's international brand presence.

Processing scale up and contract farming as growth enablers. Processing capacity expanded meaningfully with the commissioning of the Wakuba plant in FY24 (+6,000 MT), doubling total annual processing capacity to 12,000 MT. Utilisation improved from 13.3% in FY21 to 31.7% in FY23, though it remained steady at 31.7% in FY24 due to dilution effect from the new facility, before recovering to 40.9% in FY25. With upstream production ramping and export orders demand strengthening from key markets such as South Korea and China, we project utilisation to climb further to 45% in FY26E, 50% in FY27E, and 55% in FY28E. Notably, reported processed volumes has already factors in its contract farming, where MAGH began processing prawns for third-parties since FY24 to monetise spare plant capacity. This segment accounted for 6–10% of processed volume in FY24–FY25, and we see scope for this to expand to 10–16% over the next 3 years.

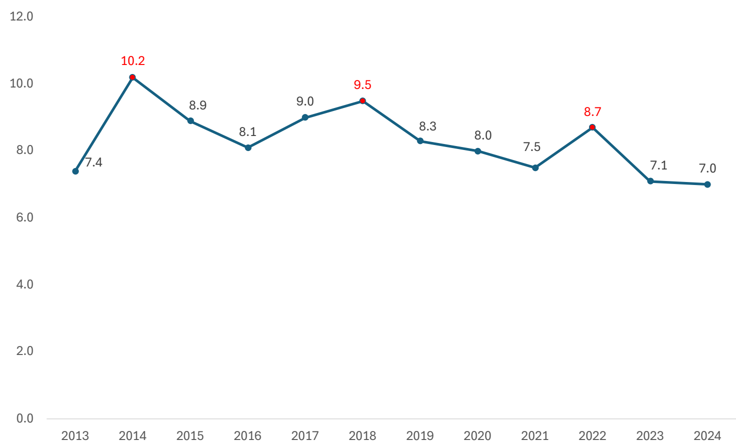
Beyond monetising excess processing capacity, contract farming is designed as a broader growth platform. Roughly ~90% of revenue from this initiatives is derived from variety of structured partnership with vetted third-party farmers, selected carefully with strict due diligence. Under this model, farmers cultivate prawns to maturity, which are then sold back to MAGH. This arrangement creates mutual benefits: farmers enjoy predictable offtake and access to MAGH's established domestic and export distribution channels, where many lack licensing or scale to compete, while MAGH secures incremental supply without heavy upfront capex. Strategically, this model enables MAGH to overcome its pond capacity ceiling while reinforcing its role as Malaysia's leading prawn aggregator in premium overseas markets. Management's guides for contract farming to contribute 5–10% of total revenue in FY24–FY25. Looking forward, we expect contribution to rise ~11% in FY26E as operation stabilize, and further expand to 13–16% in FY27E–FY28E as the program matures and becomes fully structured. Importantly, management is also exploring deeper collaborations with key distributors to scale product reach and strengthen downstream visibility. In our view, additional upside remains as contract farming evolves beyond its current form, potentially unlocking additional collaborative models in the medium term.

Figure 8: Shrimp prices in key producing countries (USD/kg)



Source: Food and Agriculture Organizations of United Nations

Figure 9: Global shrimp prices (USD/kg)



Source: Federal Reserve Bank of ST. Louis

Stable ASP, lower volatility. MAGH also benefits from relatively stable prawn prices, which have fluctuated by only ±5% band over the past 4 years. As shown in Figure 8, shrimp import prices vary across producing countries: Ecuador, the world's largest exporter (~25% of global supply), trades at USD7–8/kg due to its cost advantages, while regional peers such as Vietnam and Thailand command a healthy USD11–12/kg, broadly in line with our ASP assumptions for MAGH, thereby lending comfort to our projections.

That said, shrimp prices has historically been vulnerable to sharp spikes, mostly triggered by exogenous events tied to disease or logistics shocks (Figure 9). For example, price surged in 2013–2014 amid the Early Mortality Syndrome (EMS) outbreak in Southeast Asia, which caused severe supply shortages during the peak farming season. Similarly, FY17–FY18 saw widespread losses from Acute Hepatopancreatic Necrosis Disease (AHPND), with mortality rates reaching up to 100% and damaging the shrimp hepatopancreas. More recently, COVID-19 disruptions in FY21–FY22 constrained supply from Vietnam, Thailand, and India creating another temporary rally. Since then, structural improvements in biosecurity, disease management, and supply chain have enhanced resilience, keeping benchmark shrimp prices more predictable, supporting MAGH's earnings visibility.

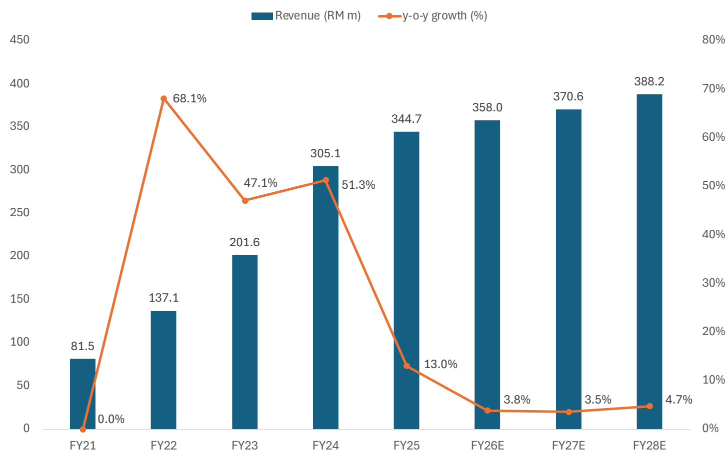
L. Vannamei as the growth engine. Species selection is as critical as scale in aquaculture. MAGH's product strategy centres on L. Vannamei (also know as Pacific White Shrimp), which makes up over 70% of output, while Black Tiger Prawn (P. Monodon) contributes the rest. This mirrors global demand trends, where Vannamei accounts for ~45% of the shrimp market due to its adaptability to intensive farming, consistent size profile, and reliable harvest cycles (Grand View Research). Furthermore, L. Vannamei still remains widely recognized by the industry preferred species and is not accidental, but rooted in superior biological and commercial traits that translate directly into farm economics. The group has progressively raised its harvest cycle to a 2.5x in FY24 (from 1.5x in FY21), closing in on the industry average of ~2.8x, with the slight gap reflecting its 40% Black Tiger mix, which naturally carries a slower 1.5—2x cycle.

On survivability, the Group continues to deliver a healthy 75–78% rate, broadly in line with the ~80% global benchmark, supported by their robust biosecurity protocols and discipline disease management. To further boost yield, MAGH is currently trialling its "Smart Farming Solutions", rolled out in September 2024, introducing (i) underground oxygen systems to maintain stable dissolved oxygen levels, (ii) sonic fry monitoring to improve early-stage detection, (iii) automated feeding for precision nutrition and waste reduction, and (iv) recirculating aquaculture systems (RAS) to enhance water quality (Figure 16), differently from the traditional farming method.

Early pilot results are encouraging: with over 30 ponds now under trial and ongoing data collection and analysis, survival rates have improved from 60–70% to ~80%. Yield potential is even more significant, with projections suggesting output could quadruple (from ~100 to ~400 shrimp/m²) once at least 50% of the ponds are upgraded as planned. If scaled successfully, this could materially lift farm productivity, reduce mortality-related volatility, narrow the gap with best-in-class global operators, and reinforce Vannamei's role as long-term growth engine.

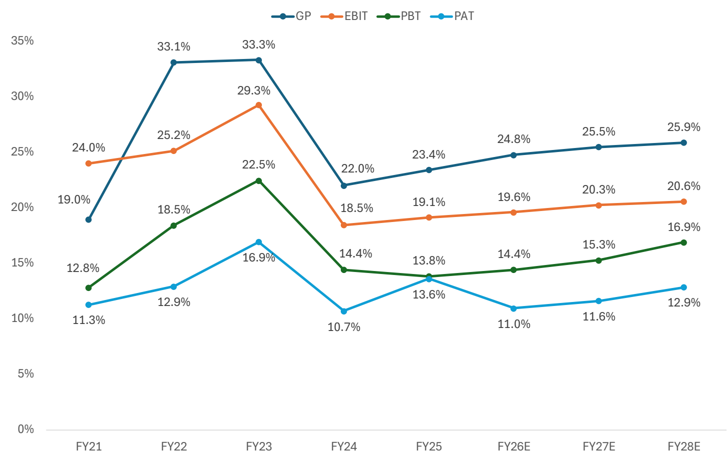
Financial Highlights

Figure 10: MAGH's revenue trend (RM m)



Source: Company, Mercury Securities

Figure 11: Margin's trend (%)



Source: Company, Mercury Securities

Overall, we forecast FY26-28E revenue CAGR of 4.0%, supported by multiple levers across the Group's integrated aquaculture and processing value chain. Growth will be underpinned by: (i) consistently high farm utilisation (>85%), reflecting resilient prawn demand; (ii) progressive ramp-up in the processing plant (from 13% in FY21 to 41% in FY25, reaching 55% in FY28E) targeting higher-value export market such as South Korea, China, and Taiwan; and (iii) upstream and downstream volume expansion through broader contract farming arrangements, enabling MAGH's to absorb supply from third party farmer and capitalise on its exclusive distribution and export licenses.

Gross profit margins (GPM) is projected to expand modestly from 24.8% in FY26E to 25.9% in FY28E, supported by stronger pricing power across both domestic and export channels, as well as a greater contribution from higher-margin value-added processed products. Margins may fluctuate depending on prawn size, contract terms, and customer-specific requirements, as shown in FY22–FY23 (GPM: 33.1% and 33.3%), when post-COVID demand recovery and higher sales of larger-size prawns drove stronger-than-average margins. That said, MAGH's long-standing relationships with key supplier provides reliable access to raw material and feedstock at competitive prices, enabling the company to sustain margins even during periods of volatile. While topline growth is expected to moderate compared with the immediate post-expansion period from FY21–FY25 (CAGR: 43%), we believe the earnings to remain robust. Local sales will also provide a stable earnings base, offering margin protection given a pricing advantage of up to ~35% versus ~30% for exports.

We expect PBT to expand at a CAGR of 11.2% over the next 3 years, driven by revenue expansion and margin improvement, albeit partly moderated by higher administrative and financing costs. Administration expenses spiked to RM29.6m in FY25 from a historical range of RM17–23m, primarily due to one-off professional fees (~RM4.5m) linked to the Wakuba 2 (Value: RM30 m) and Apas Parit Farm (Value: RM10 m) acquisitions, which were previously leased. Looking ahead, these are expected to normalize, with organic increases of around ~RM1.5m per year to support ongoing operations and growth initiatives. Finance costs rose to RM18.3m in FY25 (from RM12.3 m in FY24) on higher borrowings (RM237.7m vs. RM108.8m) to fund farm acquisitions and working capital. Part of the these finance cost relates to the Redeemable Preference Shares (RPS), which are expected to be fully redeemed by FY27, trimming borrowing costs by ~RM4.3m thereafter (equivalent to 6% of RPS-related financing costs). Meanwhile, other income contributed positively to PBT, comprising fair value adjustments and interest income from a loan to a former subsidiary (1.75% per annum, extended to 2029). FX fluctuations had a minor impact, with FY25 booked RM9m in unrealized forex gains on MYR strengthening against RMB and USD, partially offsetting the one-off costs.

Accordingly, we prefer to focus on core PAT, which excludes fair value adjustments and forex effect, as it better reflects the underlying performance. Notably, the core PAT margin expanded to 14.8% in FY25 (vs. 8.7% in FY24), as results excluded the accretion of interest (-RM13.2m) on the subsidiary loan (linked to time value of money accounting.) Going forward, this will add back ~RM2.6m annually until the matures date. The effective tax rate remains at 24%, though FY25 benefitted from capital allowances tied to farm acquisitions (RM0.7m vs. RM11.3m in FY24).

MAGH has maintained a net cash position since FY21 but turned slightly net debt in FY25 following the acquisitions, with gearing ratio of 0.1x (still within a healthy range), underpinned by strong free cash flow generation and prudent capital expenditure management. The Group's expansion plan remains modest, with guided capex of RM30–50m per year over FY26–28E, primarily for internal upgrades and system improvements. Given the focus on reinvesting cash to support ongoing expansion and strategic initiatives, we are targeting a conservative dividend payout ratio of ~4%,translating an indicative yield of only ~0.5%.

Valuation

Initiate with BUY and RM0.22 TP. We initiate coverage on MAG Holdings Berhad (MAGH) with a BUY rating and a target price (TP) of RM0.22, based on a target PE of 9.5x FY27E EPS of 2.3 sen. This implies a 20% upside from the current price of RM0.18 and reflects a 15% discount to the peers' trailing PER average of 11.1x. For peer benchmarking, we deliberately exclude Ocean Fresh and SBH Marine from our peer set as their loss-making profiles and volatile earnings (52.9x and 47.7x PER, respectively), which could distort sector mulitples. Instead, we compare MAGH against 3 relevant peers: (i) PT Resources (PTRB) on a 13.9x T12M PER was mainly engaged in the frozen seafood processing and trading, with a broader geographical footprint but thinner profitability (PAT margin: 2.1% in FY25). While both PTRB and MAG participate in the seafood value chain, MAG's higher-margin prawn farming and integrated upstream–downstream model provide stronger earnings visibility. We therefore apply a discount to PTRB's, reflecting structural differences between commodity-like trading versus aquaculture farming. (ii) CCK Consolidated (CCK) on a 10.9x T12M PER, prawn segment accounts for only ~9% of group revenue (RM91.3m of RM1.1bn in FY24), with most contribution from poultry and retail. While CCK demonstrates diversification, its core business profile differs materially. In contrast, MAG is a pure-play aquaculture company, which entails with higher earnings volatility but also stronger growth optionality. This justifies a slight discount to CCK. (iii) Camaroe Berhad (CAMAROE) which is set to list on 2 October 2025 with a listing PER of 8.6x, offers the closest aquaculture comparison. However, MAG commands a larger market share in Malaysia (~20%), enjoys a larger market cap base, and benefits from a fully integrated model with robust contract farming and established export channels. These strength justify a premium to CAMAROE's valuation, despite higher PAT margin of 20.3% from Black Tiger Prawn farming but slower harvest cycle (RM39.8m topline, RM69 market cap in FY24).

We highlight that MAGH currently has no research coverage (Bloomberg, 03 September 2025), while institutional ownership remains below 3% (FY24 annual report). This limited visibility likely underpins its valuation discount versus peers. However, we expect the gap to narrow as investor awareness improves following Camaroe's IPO and as research coverage expanding. Furthermore, liquidity are also supportive, with MAGH's average monthly turnover of ~RM5m is relatively healthy for a small-cap counter, underpinned by an active retail base and a free float of ~40%. These provides adequate market depth to support stronger investor engagement as aquaculture sector catalysts unfold.

Peer Comparison (as at 03 September 2025)

Company	Bloomberg Ticker	Share Price (RM)	Mkt Cap (in RM m)	P/E (x) T12M	EPS (sen) T12M	P/B (x)	ROE (%)	Net Yield (%)	PATM (%)
Malaysia									
PT Resources Holdings Berhad	PTRB MK	0.30	157.8	13.9	2.0	0.8	5.6	3.4	2.1
CCK Consolidated Holdings Berhad	CCK MK	1.15	710.4	10.9	11.0	1.3	13.4	3.0	6.7
Camaroe Berhad	CAMAROE MK	0.14	69.3	8.6	1.6	1.5	29.5	0.0	20.3
Simple Average MY			**312.5**	**11.1**	**4.9**	**1.2**	**16.2**	**2.1**	**9.7**
MAG Holdings Berhad	MAGH MK	0.18	342.5	7.3	2.5	0.4	5.4	0.5	13.6

Source: Bloomberg, Mercury Securities

Risk Factors

1. Disease Outbreaks.

Prawns are highly vulnerable to bacterial and viral diseases, which can significantly impact survival rates, yields, and overall profitability. A widespread outbreak could disrupt supply and raise costs.

2. Environmental Pollution.

Runoff pollution, improper waste disposal, or changes in water quality could harm pond ecosystems and prawn growth. As farming is concentrated in Sabah, localized environmental shocks may have outsized impact.

3. Market and Foreign Currency Fluctuations.

Prawn prices are subject to global supply-demand cycles, competition from low-cost producers (e.g., Ecuador, India), and changes in consumer demand. In addition, MAGH's export-driven model exposes earnings to USD/MYR volatility.

ESG Initiatives

Figure 12: Sustainability materiality assessment

	Material Topic	Description
Environmental Impact	Water Management	Ensuring clean, uncontaminated water for prawn farming and managing wastewater responsibly
	Biodiversity and Ecosystem Conservation	Protecting local ecosystems from the impacts of farming operations, particularly in terms of maintaining marine biodiversity
	Carbon Emissions	Reducing our carbon footprint through energy efficiency and waste reduction
	Waste Management	Proper handling of waste
Economic Performance	Sustainable Business Growth	Our ability to grow the aquaculture business, ensuring a balance between profitability and sustainability
	Supply Chain Management	Strengthening relationships with local suppliers and supporting the use of sustainable materials in their operations
	Market Demand and Pricing	Addressing fluctuations in the demand for premium prawns and managing the impact of market pricing and competition
Social Impact	Employee Health, Safety and Wellbeing	Ensuring the safety and wellbeing of workers
	Community Engagement and Development	Creating jobs and contributing to local economic growth
	Human Rights and Labour Practices	Ensuring fair treatment, equal opportunities, and safe working conditions for all employees, and maintaining compliance with local labour laws and international standards

	Material Topic	Description
Governance and Compliance	Regulatory Compliance	Ensuring full compliance with local and international aquaculture regulations, including environmental and food safety standards (e.g. MyGAP, HACCP, GMP certifications)
	Risk Management	Proactively managing risks such as disease outbreaks in aquaculture and supply chain disruptions
	Ethical Business Conduct	Maintaining robust corporate governance and ensuring transparency and accountability in all business practices
Product Quality and Safety	Product Safety and Quality Assurance	Ensuring that the prawns and other seafood products meet international food safety standards, particularly in export markets
	Sustainable Aquaculture Practices	Implementing responsible farming techniques that limit the use of harmful chemicals and protect consumer health

Source: Company

Key Performance achieved in FY24

Environmental (E)

Prawn aquaculture farming generally has limited environmental impact, as there are no emissions of harmful noxious gases or the production of toxic fluids and discharges. Solid particles in the ponds entrained by the turbulence of moving water are removed naturally by sedimentation, a process which uses gravity to remove suspended solids from water. The operations are designed to minimise the impact on natural ecosystems, particularly within the prawn aquaculture farming. With reference to GRI's environmental reporting standards, the Group focus on responsible water management, reduction of greenhouse gas emissions, and waste minimisation.

- **Sustainable Aquaculture Practices.** The Group has adopted eco-friendly methods that limit chemical use and support biodiversity. Instead of chemical pesticides, specific fish species are introduced to feed on parasites, creating a healthier and chemical-free pond environment. All farms are certified under Malaysia's MyGAP scheme, underscoring its sustainability standards.
- **Efficient Use of Resources.** Energy-efficient technologies have been integrated into operations, including replacing traditional paddle wheels with air blowers. This reduces energy consumption, lowers maintenance costs, and extends equipment lifespans.
- **Waste Management**. Sludge residue, rich in phosphorus and nitrogen, is being studied as a potential organic fertiliser input, as part of the Group's recycling and reuse efforts.

Social (S)

The Group places emphasis on employee welfare, diversity, and contributing to local communities.

- **Employee Well-being.** Strict safety protocols are enforced across operations, supported by regular training and audits. An OSHA Committee conducts inspections to identify hazards and ensure compliance. In FY24, no complaints related to human rights violations were reported.
- **Human Capital Development and Diversity**. Ongoing training programmes support staff development, while equal opportunity policies promote inclusion regardless of gender, age, ethnicity, or background. Data collection on employee demographics began in FY24, to better target future initiatives.
- **Community Engagement.** Operations in Sabah contribute significantly to local employment and economic activity, while partnerships with local suppliers strengthen ties to the surrounding community.

Governance (G)

The Group has implemented governance structures to support ethical and sustainable decision-making:

- **Board Oversight**: The Board and its Audit & Risk Management Committee provide oversight on ESG matters, with support from an ESG Steering and Working Committee.
- **Code of Conduct**: A formal Code of Ethics and Conduct guides staff behaviour, with whistleblowing mechanisms in place.
- **Sustainability Reporting**: The Group aligns its disclosures with Bursa Malaysia's Sustainability Reporting Guide, showing an effort toward transparency and accountability.
- **Anti-Corruption Compliance**: MAGH has adopted an Anti-Bribery and Corruption Policy in line with Section 17A of the MACC Act.

Overall ESG performance. MAGH has demonstrated a structured and proactive approach toward environmental, social, and governance (ESG) practices, aligning its sustainability initiatives with operational and regulatory expectations. On the Environmental front, the Group reinforced its commitment to responsible prawn aquaculture with minimal ecosystem disruption, adopting eco-friendly farming practices certified under Malaysia's MyGAP scheme. Operational efficiency was enhanced through energy-saving technologies and waste management initiatives, including the reuse of sludge residue as potential organic fertiliser. From a Social perspective, MAGH prioritised employee well-being with strict safety measures, regular training, and diversity policies that promote equal opportunities. The Group also advanced community development by generating employment in Sabah and supporting local supply chains, reinforcing its role as a key contributor to regional socio-economic growth. In terms of Governance, the Group strengthened ethical and transparent practices through active board oversight, a formal Code of Conduct, and enhanced sustainability reporting aligned with Bursa Malaysia's guidelines. Its anti-corruption framework, in line with Section 17A of the MACC Act, further underlines MAGH's commitment to integrity and accountability. Overall, MAGH's ESG performance in FY24 reflects a balanced approach that integrates environmental stewardship, social responsibility, and strong governance, laying a foundation for long-term sustainable growth.

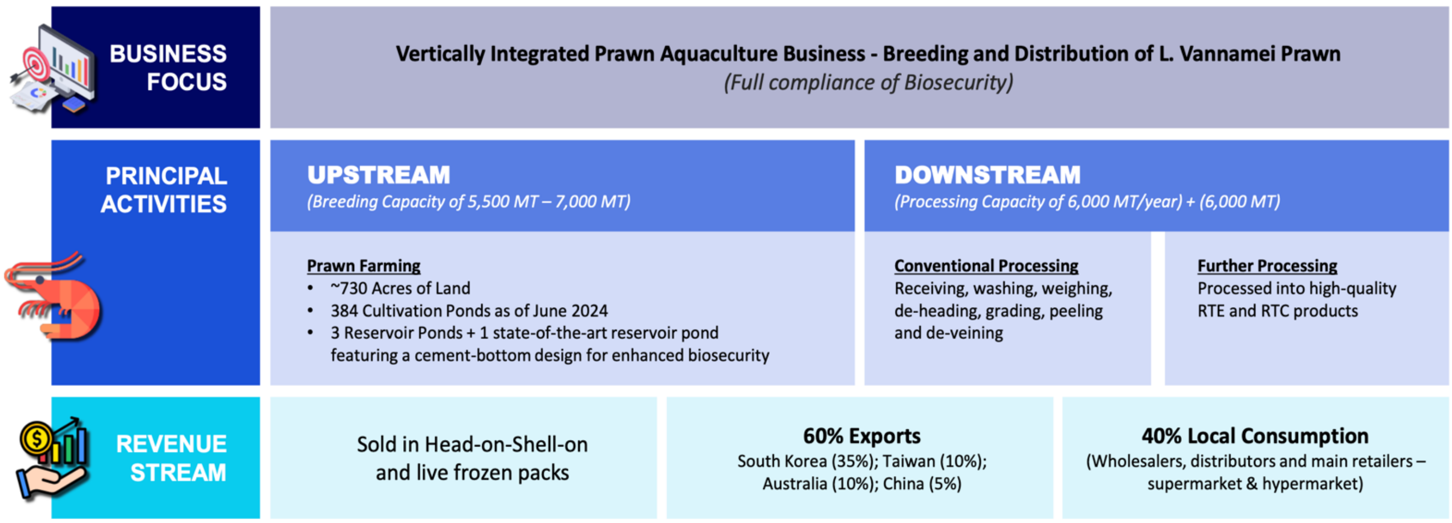
SWOT Analysis

Strength	Weakness
Market Leadership: One of Malaysia's largest prawn aquaculture players with ~20% industry revenue share. **Vertical Integration:** End-to-end control from hatchery to processing ensures efficiency and quality traceability. **Export Network:** Strong presence in international markets provides access to premium buyers and foreign currency earnings. **Scale Advantage:** Larger pond capacity and modern farming systems compared to smaller peers, driving cost efficiency.	**Product Concentration:** Business model depends mainly on prawns, limiting diversification into other seafood. **Biological Risks:** Exposure to shrimp diseases and mortality rates, a structural industry weakness. **Geographic Concentration:** Sabah-focused operations expose the Group to localized risks (logistics, weather, regulations).
Opportunity	**Threat**
Growing Seafood Demand: Rising consumption of protein-rich seafood globally supports long-term growth. **Capacity Expansion:** New pond developments and hatchery upgrades can lift production volume and yield. **Downstream Value-Add:** Potential to capture higher margins via processed or branded seafood products. **Industry Consolidation:** Smaller farms may struggle with compliance and costs, benefiting larger, more efficient players like MAGH.	**Global Price Volatility:** Susceptible to swings in international shrimp/prawn prices and forex movements. **Intense Competition:** Low-cost producers (e.g., Ecuador, India, Vietnam) threaten export competitiveness. **Regulatory Changes:** Shifts in export requirements or trade barriers could disrupt market access. **Climate & Environmental Risks:** Extreme weather and water quality issues may impact yields and consistency.

Company Background

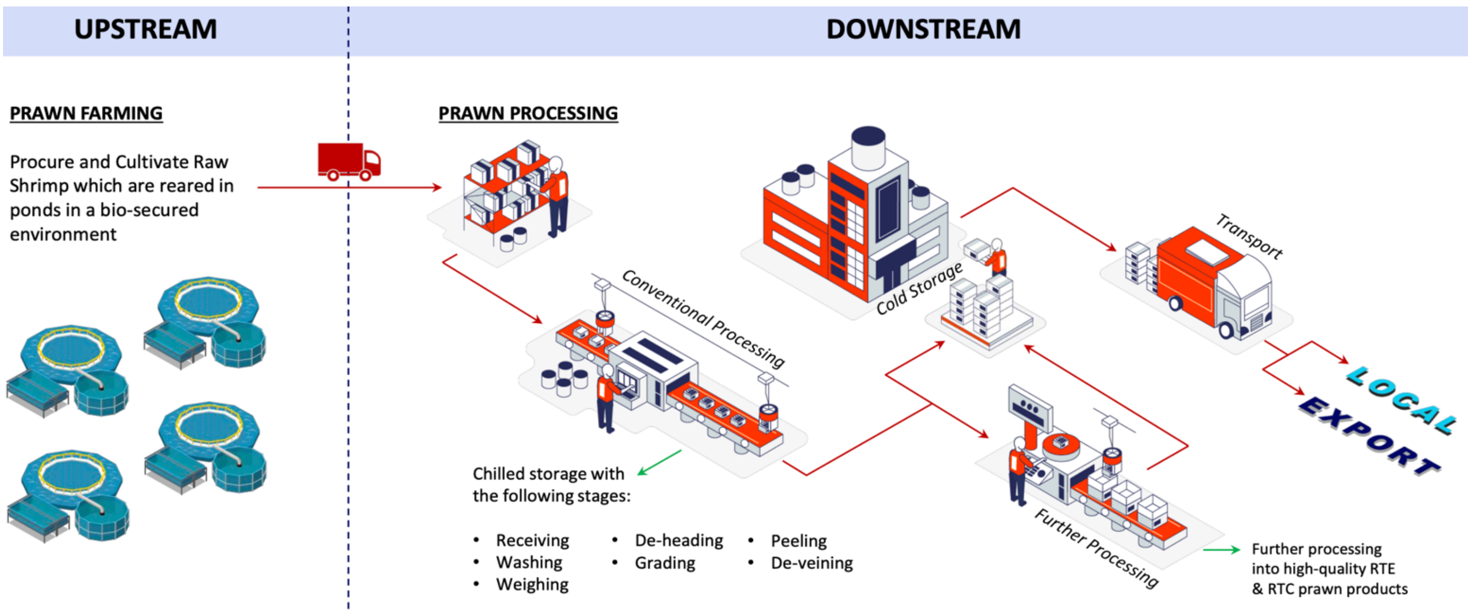
MAG Holdings Berhad (MAGH), short for *Malaysian Aquaculture Group*, is a leading player in prawn aquaculture with an integrated presence across the seafood value chain. The company is involved in every stage of ensuring product quality, from operating its own aquaculture farms to processing and distributing prawns for both domestic consumption and export markets. Listed on the ACE Market of Bursa Malaysia, MAGH has steadily built its reputation as a key supplier of high-quality seafood products. The group was previously known as XingHe Holdings. In 2019, it shifted its strategic focus from the edible oils business to aquaculture, marking a turning point in its corporate journey. That same year, MAGH acquired two large prawn farms in Tawau, Sabah—an investment that provided the foundation for its long-term aquaculture strategy. Since then, MAGH has continued to strengthen its operations and expertise in shrimp farming, seafood processing, and global market distribution. Its growth strategy emphasizes expanding production capacity, enhancing processing efficiency, and deepening its penetration into premium international markets, while also supplying Malaysia's growing domestic seafood demand.

Figure 13: Company overview



Source: Company

Figure 14: Vertically integrated business model



Source: Company

Figure 15: Industry leader

Company name	Listing	Examples of products sold	Revenue* (RM million)	Market Share
MAG Holdings Berhad	**ACE Market**	**Black tiger prawn and vannamei shrimp**	**305.07**	**20%**
Sahachai Aquaculture (M) Sdn Bhd	N.A.	Vannamei shrimp, prawn fry and probiotic products (e.g., biotechnology products, mineral and water quality products, disinfectants and antiseptics, vitamin and premix as well as test kits)	246.26	16%
SBH Marine Holdings Berhad	ACE Market	Black tiger prawn, vannamei shrimp, cat tiger shrimp, cuttlefish, squid and octopus	191.32	12%
QL Marine Products Sdn Bhd	N.A.	Vannamei shrimp, fish, squid, cuttlefish, surimi and fishmeal	162.1	10%
A & O Food Industries (M) Sdn Bhd	N.A.	Black tiger prawn, vannamei shrimp, fish and other seafood products	136.62	9%
Sea Horse Corporation Sdn Bhd	N.A.	Black tiger prawn, jellyfish, fish, block ice and purified tube ice	134.66	9%
QQ Group Sdn Bhd	N.A.	Black tiger prawn, fish and marine products	102.93	7%
Emperor Marine Marketing Sdn Bhd	N.A.	Black tiger prawn and vannamei shrimp	81.88	5%
Blue Archipelago Berhad	MOF	Black tiger prawn, vannamei shrimp and post larvae	67.06	4%
Goh Siong Tee Marine Product Sdn Bhd	N.A.	Black tiger prawn, fish, lobster, crab, mussel, scallop, squid, cuttlefish, octopus and beef	41.39	3%
Haiky Borneo Sdn Bhd	N.A.	Black tiger prawn, vannamei shrimp, pink prawn, lobster, octopus, squid, abalone, clam, scallop, mussel and duck meat	34.66	2%
Camaroo Group Sdn Bhd	N.A.	Black tiger prawn and vannamei shrimp	33.91	2%
Agrobest (M) Sdn Bhd	N.A.	Black tiger prawn and vannamei shrimp	12.75	1%
Kin Eastern Frozen Food Sdn Bhd	N.A.	Prawns, fish balls, crab meats and ice	10.77	1%

Source: Company

Figure 16: Tech-driven aquafarming

1

UNDERGROUND OXYGEN PIPE SYSTEM

- Installation of an underground oxygen pipe system to ensure optimal oxygen levels for prawn growth.
- Introduction of fries (young prawn) into this enhanced environment.

2

SONIC TECHNOLOGY FOR PRECISION FRY MONITORING

- Incorporation of sonic technology to monitor and identify the size of the fries, ensuring appropriate growth stages and health.
- This technology aids in creating a better ecosystem for the fries, promoting faster and healthier growth

3

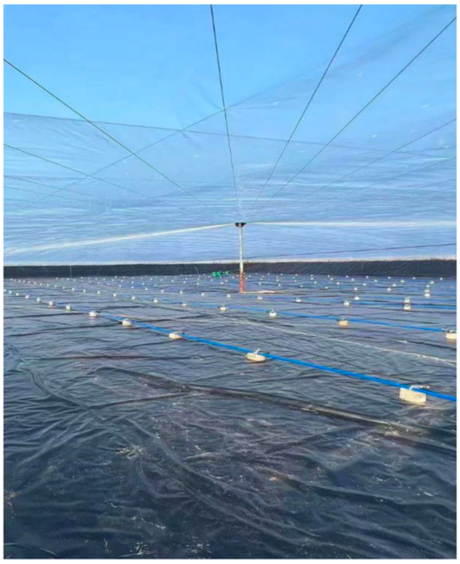
AUTOMATED FEEDING

- automated system dispenses feed based on programmed schedules and prawn growth stages, ensuring optimal nutrition and reducing waste.
- Equipped with frequency control to optimize energy usage while maintaining consistent feeding patterns.

4

INDUSTRIAL RECIRCULATING AQUACULTURE

- Removes impurities and balances nutrients in the water, creating a stable and healthy ecosystem for the prawns.
- Continuously reuses and purifies water, minimizing water wastage and promoting sustainable farming practices.



Source: Company

Figure 17: Certification and compliance

Import, Export & Process License from Fisheries Development Authority Malaysia (LKIM)

myGAP Certification from Department of Fisheries Malaysia)

Good Manufacturing Practices (GMP) From Ministry of Health (MOH)

Hazard Analysis Critical Control Point (HACCP) from MOH

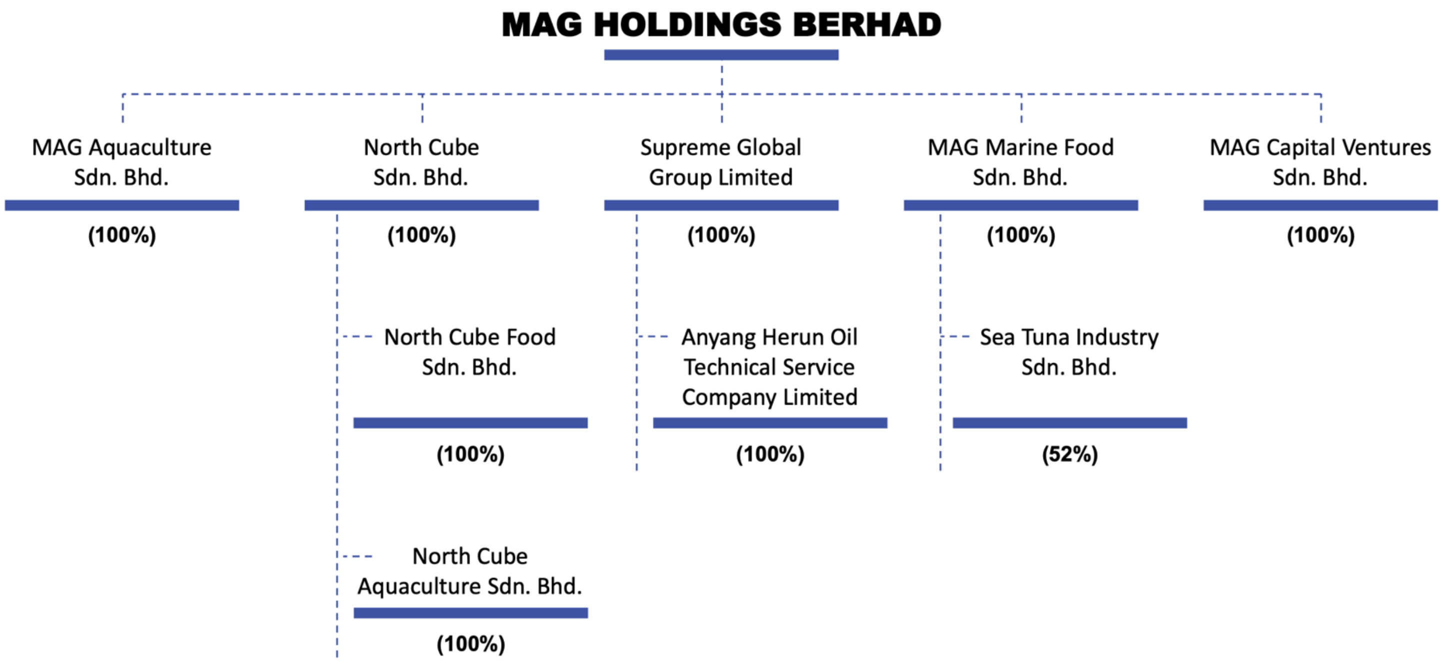
Industrial Responsibility Safe Food Certification Scheme (MeSTI) From MOH

Source: Company

Figure 18: Key management team

Name and Designation	Age	Profile
Ng Min Lin Executive Chairman	45	• Appointed to the Board in 2011 and re-designated as Executive Chairman in 2019; previously held multiple designations including Senior Independent Director and Chairman of the Board. Also chairs the Long-Term Incentive Plan Committee. • Early career with KPMG; later became Group Finance Director of a UK-listed company, CEO of Esabee Biotika, and investor in mining, agriculture, and energy sectors. • Holds a Bachelor of Commerce (Finance & Accounting) from UNSW; also serves as Executive Chairman of XL Holdings Berhad. • Spouse of Ms. Wong Jo Ann, the Non Independent Non-Executive Director of the Company. • Attended all 7 Board of Directors' (Board) meetings held during the financial year ended 30 June 2024 (FYE 2024).
Lim Hock Wah Farm Manager	53	• Farm Manager of MAG Aquaculture (since 2019), overseeing overall prawn aquaculture operations. • 30+ years of aquaculture experience, with extensive roles managing tiger prawn and vannamei shrimp farms since 1988. • Known for improving farming methods (shortened cultivation period, higher yields) at Wakuba farm under Pegagau Aquaculture.
Lim Ah Cham Aquaculture Farming Advisor	77	• Advisor to MAG Aquaculture (since 2019, 5-year term); founder and major shareholder of Pegagau Aquaculture. • Pioneer in Sabah shrimp farming, started first farm in Kota Kinabalu (1997), later built Pegagau into the state's largest producer with multiple farms, hatcheries, and a processing plant. • Recognised industry leader, Umas-Umas Farm selected by Fishery Malaysia in 2011 as an NKEA anchor project (RM280m income, 450 jobs). • Father of Mr. Melvin Lim Chun Woei, Non-Independent Non-Executive Director.

Figure 19: Corporate structure



Source: Company

End-to-End Aquaculture Workflow

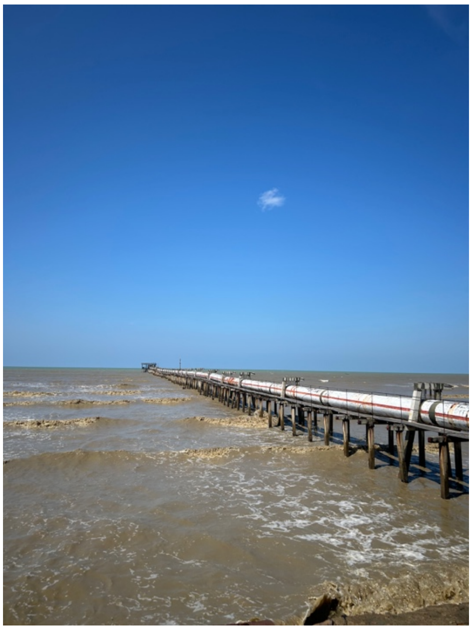
Figure 20: Farm process flow

Source: Company

Figure 21: Production process flow

Source: Company

On-Ground Operations Snapshot



Key Financial Data

Balance Sheet

FYE Jun	FY23	FY24	FY25	FY26E	FY27E
PPE	302.9	377.5	427.4	441.0	464.0
Intangibles	144.7	143.2	142.1	140.5	138.9
Inventories	6.5	5.0	13.3	11.9	12.4
Receivables	139.4	172.5	187.7	188.4	195.1
Other assets	328.7	341.3	333.4	333.7	336.8
Deposit, bank and cash	169.0	175.2	171.9	172.0	171.2
Assets	**1,091.3**	**1,214.6**	**1,275.8**	**1,287.5**	**1,318.3**
LT borrowings	96.4	85.5	190.9	190.8	190.8
ST borrowings	23.3	32.3	46.8	46.9	46.9
Payables	89.9	155.6	42.5	55.1	57.0
Other liabilities	112.6	125.1	125.6	105.1	110.6
Liabilities	**322.2**	**398.5**	**405.8**	**397.9**	**405.3**
Share capital	534.2	546.5	584.6	584.6	584.6
Reserves	233.3	269.6	285.4	305.0	328.4
Shareholder's equity	**767.5**	**816.1**	**870.0**	**889.6**	**913.0**
MI	1.7	-	(0.0)	-	-
Equity	**769.1**	**816.1**	**870.0**	**889.6**	**913.0**
Equity and Liabilities	**1,091.3**	**1,214.6**	**1,275.8**	**1,287.5**	**1,318.3**

Cash Flow Statement

FYE Jun	FY23	FY24	FY25	FY26E	FY27E
Profit before taxation	45.3	44.0	47.7	51.6	56.7
Depreciation & amortisation	11.8	13.6	15.4	17.9	18.6
Changes in working capital	(42.2)	21.9	(156.9)	13.2	(5.1)
Net interest received/ (paid)	8.4	6.8	(5.3)	(4.6)	(4.7)
Share of associate profits	0.0	0.0	0.0	0.0	0.0
Tax paid	(0.7)	(0.4)	(0.6)	(12.4)	(13.6)
Others	(0.9)	4.5	(0.5)	(2.2)	(4.9)
Operating Cash Flow	**21.9**	**90.5**	**(100.2)**	**63.6**	**47.1**
Capex	29.7	86.2	64.3	30.0	40.0
Others	6.2	0.4	1.0	0.0	0.0
Investing Cash Flow	**35.9**	**86.6**	**65.3**	**30.0**	**40.0**
Issuance of shares	25.8	12.3	38.1	0.0	0.0
Changes in borrowings	(5.2)	(5.6)	158.5	0.0	0.0
Dividends paid	0.0	(1.6)	(1.9)	(1.6)	(1.7)
Others	(9.2)	(7.9)	(38.6)	(33.3)	(10.8)
Financing Cash Flow	**11.4**	**(2.8)**	**156.1**	**(34.8)**	**(12.5)**
Net cash flow	4.8	9.1	(3.3)	3.4	(0.8)
Forex	(3.2)	(0.9)	0.0	0.0	0.0
Beginning cash	162.0	163.6	171.8	168.5	172.0
Ending cash	**163.6**	**171.8**	**168.5**	**172.0**	**171.2**

Income Statement

FYE Jun	FY23	FY24	FY25	FY26E	FY27E
Revenue	201.6	305.1	344.7	358.0	370.6
EBITDA	70.9	70.0	81.4	88.2	93.7
Depn & amort	11.8	13.6	15.4	17.9	18.6
Finance costs	(13.7)	(12.3)	(18.3)	(18.6)	(18.4)
Associates & JV	0.0	0.0	0.0	0.0	0.0
EI	1.0	2.0	3.0	4.0	5.0
Pretax profit	**45.3**	**44.0**	**47.7**	**51.6**	**56.7**
Taxation	(11.2)	(11.3)	(0.7)	(12.4)	(13.6)
Net profit	**34.2**	**32.7**	**47.0**	**39.2**	**43.1**
Core net profit	**41.0**	**26.5**	**51.2**	**34.8**	**38.7**

Key Statistics & Ratios

FYE Jun	FY23	FY24	FY25	FY26E	FY27E
Growth					
Revenue	47.1%	51.3%	13.0%	3.8%	3.5%
EBITDA	56.6%	-1.3%	16.4%	8.3%	6.3%
Pretax profit	79.2%	-2.9%	8.3%	8.3%	9.9%
Net profit	92.7%	-4.3%	43.6%	-16.4%	9.9%
Core EPS	74.8%	-8.7%	25.9%	-16.4%	9.9%
Profitability					
EBITDA margin	35.1%	22.9%	23.6%	24.6%	25.3%
Net profit margin	16.9%	10.7%	13.6%	11.0%	11.6%
Core net profit margin	20.4%	8.7%	14.8%	9.7%	10.4%
Effective tax rate	-24.7%	-25.7%	-1.5%	-24.0%	-24.0%
ROA	3.1%	2.7%	3.7%	3.0%	3.3%
ROE	4.4%	4.0%	5.4%	4.4%	4.7%
Leverage					
Debt/ Assets (x)	0.1	0.1	0.2	0.2	0.2
Debt/ Equity (x)	0.1	0.1	0.3	0.3	0.3
Net debt/ equity (x)	(0.1)	(0.1)	0.1	0.1	0.1

Key Drivers

FYE Jun	FY23	FY24	FY25	FY26E	FY27E
Utilisation rate @ Farm	58.6%	78.6%	85.0%	86.0%	87.0%
Utilisation rate @ Processing	31.7%	31.7%	40.9%	45.0%	50.0%
Revenue contribution					
Unprocessed sales	51.6%	32.1%	22.1%	17.5%	12.4%
Processed sales	48.4%	60.5%	68.4%	71.0%	74.5%
Contract farming	-	7.4%	9.6%	11.5%	13.1%

Valuation

FYE Jun	FY23	FY24	FY25	FY26E	FY27E
EPS (sen)	2.1	2.0	2.5	2.1	2.3
Core EPS (sen)	2.6	1.6	2.7	1.8	2.0
P/E (x)	8.4	9.2	7.3	8.7	7.9
EV/ EBITDA (x)	4.0	3.9	5.0	4.6	4.4
Net DPS (sen)	-	0.1	0.1	0.1	0.1
Yield	0.0%	0.5%	0.5%	0.5%	0.5%
BV per share (sen)	48.3	48.9	45.7	46.8	48.0
P/BV (x)	0.4	0.4	0.4	0.4	0.4

Source: Mercury Securities

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