MAG Holdings Berhad

One-Off RM244m Provision Masks Resilient Core Performance

Results Note
BUY (↔)
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Monday, March 2, 2026

Price: RM 0.175
Target Price: RM 0.20 (↓)

MAG Holdings Berhad (MAG) reported a headline net loss for 18MFY25 primarily due to a one-off RM243.9m non-cash provision on a loan extended to a former subsidiary, which materially distorted reported earnings. Excluding this exceptional item, core operations remained resilient, supported by stronger-than-expected revenue (RM566m vs. our estimate of RM557m) and gross margin (23% vs. our estimate of 21%), with underlying earnings (without one-off items) coming in at 89% below our expectations. Post-results, we trim our FY26E/FY27E earnings forecasts by 10% each to reflect updated margin based on the latest results. Consequently, we lower our target price by 9% to RM0.20 (from RM0.22), based on an unchanged 9.5x FY27E P/E applied to an EPS of 2.06 sen. BUY call maintain.

18MFY25 results came in below expectations, as a one-off RM244m increase in other expenses led to a reported net loss of RM183m for the period. Excluding this exceptional item, core earnings remained positive, with the 6-month run-rate (Jul 2025–Dec 2025) net profit of RM14m accounting for approximately 40%/30% of our/consensus 12MFY26E full-year estimates. No dividend was declared for the quarter. Due to its switching its financial year end (FYE) to December, MAG FY26E results will report its 12-month performance in CY2026 for FY26E.

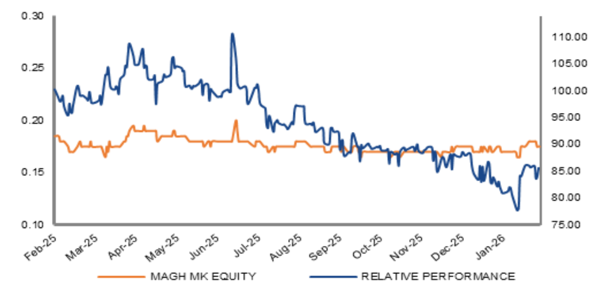
YoY, 18MFY25 revenue increased 31% to RM566m (18MFY24: RM433m), largely attributable to improved operational efficiency at the production level, which translated into higher harvesting output. Gross profit margin declined to 23% (18MFY24: 25%) as production costs grew faster than revenue. EBITDA margin turned negative to -23% (18MFY24: 25%), primarily due to the one-off RM244m provisioning (18MFY24: Nil), alongside a slightly higher opex margin of 3% (18MFY24: 2%). Consequently, PATAMI margin deteriorated to -32% (18MFY24: 13%), further weighed by higher net finance costs of RM14m (18MFY24: RM11m). Overall, margin performance fell short of our earlier FY25 assumptions, mainly due to the unexpected one-off provisioning.

QoQ, 6QFY25 revenue declined 15% against 5QFY25, reflecting seasonal factors as the Oct–Dec period coincides with Malaysia's monsoon season, which disrupt harvesting activities and production efficiency. Gross profit margin improved to 29% (5QFY25: 15%), supported by better cost management at the cost-of-sales level. Opex margin improved by 1ppt to 1%, attributable to enhanced operational efficiency at the production level. However, the one-off RM244m increase in Other Expenses during the quarter significantly distorted profitability, resulting in EBITDA, PBT and PATAMI margins turning sharply negative to -217%, -221% and -220%, respectively.

Outlook. Following the one-off non-cash loan provision in 18MFY25, MAG is expected to refocus on strengthening its core aquaculture operations and improving cost efficiency at the production level. With no further exceptional charges anticipated, underlying earnings should better reflect operational performance, although margins remain sensitive to input and financing costs. We expect a gradual recovery in earnings heading into FY26E and beyond.

Post results, we revise down our FY26E and FY27E earnings by 10% each to reflect the more conservative margin assumptions (Revised GP/PATAMI margin: 22%/8%, Prior Estimate: 25%/11%) based on the latest results.

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. Listed on the ACE Market.

Return Information

KLCI (pts)	1,716.61
YTD KLCI chg.	2.2%
YTD Stock Price chg.	0.0%

Price Performance	1M	3M	12M
Absolute (%)	0.0%	2.9%	-5.4%
Relative to KLCI (%)	-3.1%	6.1%	9.0%

Stock Information

Market Cap (RM m)	332.9
Issued Shares (m)	1,902.5
52-week High (RM)	0.20
52-week Low (RM)	0.16
Est. Free Float (%)	40%
Beta	0.4
3-month Avg Vol.	5,904,464
Shariah Compliant	No
Bloomberg Ticker	MAGH MK EQUITY

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

FY Dec (RM m)	FY25A^	FY26E	FY27E
Revenue	565.7	373.8	370.6
Gross Profit	128.8	81.1	85.2
EBITDA	127.2	38.6	42.4
EBIT	-150.8	70.2	75.1
PBT	-164.9	47.1	51.5
Net Profit	**-183.0**	**35.8**	**39.1**
Core Net Profit	**-183.0**	**31.3**	**34.7**
Consensus Net Profit	-	*47.3*	*49.8*
Earnings Revision	-	*-10%*	*-10%*
Core EPS (sen)	-10.0	1.6	1.8
Core EPS Growth (%)	-393%	-116%	11%
Net DPS (sen)	1.0	1.0	1.0
Net Div. Yield (%)	0.6	0.4	0.5
BV Per Share (sen)	45.7	47.7	48.7
P/B (x)	0.4	0.4	0.4
P/E (x)	4.9	9.3	8.5
ROE (%)	7.8%	3.9%	4.2%

Maintain BUY. We lowered our TP by 9% to RM0.20 (from RM0.22) based on an unchanged 9.5x PER applied to FY27E EPS of 2.06 sen. This implies a 15% discount to the peers' trailing PER average of 11.1x. Undemanding and accumulate on weakness, we maintain our **BUY** call.

Investment Case. We continue to like MAG for several key reasons: **(i)** A leading integrated aquaculture player in Malaysia with ~20% industry revenue share, supported by a fully integrated value chain spanning hatchery, farming, processing and distribution. **(ii)** Strong export footprint, with established access to high-value markets across Asia and robust long-term demand for premium prawn products. **(iii)** Efficiency-led growth supported by smart-farming adoption, high farm utilisation and ongoing productivity improvements across its aquaculture operations. **(iv)** Favourable industry fundamentals, underpinned by tightening biosecurity standards, increasing protein consumption and Malaysia's strategic position as a certified supplier to key regional markets. **(v)** Attractive risk–reward profile for a small-cap aquaculture specialist, backed by improving fundamentals, an increasingly scalable operating model and undemanding valuations relative to peers.

Risks to our recommendation include: (i) Disease Outbreaks, ii) Environmental Pollution, and iii) Market and Foreign Currency Fluctuations.

Results Highlights

Y/E: Dec (RM m)	Q6 FY25	Q5 FY25	QoQ Chg	Q6 FY24	YoY Chg	18MFY25	18MFY24	YoY Chg. %
Key financial highlights								
Revenue	**101.5**	**119.5**	**-15.1%**	**140.9**	**-28.0%**	**565.7**	**433.1**	**30.6%**
Gross Profit	**29.7**	**18.3**	**62.2%**	**31.0**	**-4.2%**	**128.8**	**107.5**	**19.8%**
OPEX	**(1.2)**	**(2.5)**	**-50.1%**	**(2.8)**	**-55.5%**	**(17.9)**	**(10.4)**	**72.1%**
EBITDA	(220.5)	17.2	-1385.0%	28.9	-863.5%	(127.2)	106.1	-219.9%
EBIT	(224.7)	13.2	-1801.7%	25.1	-995.4%	(150.8)	85.7	-276.0%
PBT/(LBT)	**(223.0)**	**10.4**	**-2247.7%**	**22.5**	**-1092.5%**	**(164.9)**	**74.2**	**-322.3%**
Taxation	(16.8)	(0.5)	3395.4%	(7.5)	123.4%	(18.0)	(20.6)	-12.4%
Net Profit	(239.8)	9.9	-2521.7%	14.9	-1705.0%	(183.0)	53.6	-441.1%
PATAMI	**(239.8)**	**9.9**	**-2521.7%**	**14.9**	**-1704.9%**	**(183.0)**	**55.3**	**-430.9%**
Core EPS (sen)	(12.9)	0.5	-2521.7%	0.9	-1537.3%	(9.8)	3.4	-384.1%
Net DPS (sen)	(11.8)	0.5	-2421.6%	0.9	-1445.5%	(8.8)	3.4	-360.8%
Margins (%)								
Gross Profit	**29.3%**	**15.3%**		**22.0%**		**22.8%**	**24.8%**	
Opex	**-1.2%**	**-2.1%**		**-2.0%**		**-3.2%**	**-2.4%**	
EBITDA	**-217.2%**	**14.4%**		**20.5%**		**-22.5%**	**24.5%**	
EBIT	**-221.4%**	**11.1%**		**17.8%**		**-26.7%**	**19.8%**	
PBT	**-219.7%**	**8.7%**		**15.9%**		**-29.2%**	**17.1%**	
PATAMI	**-236.2%**	**8.3%**		**10.6%**		**-32.3%**	**12.8%**	
ETR	**7.5%**	**-4.6%**		**-33.5%**		**10.9%**	**-27.7%**	

Source: Company, Bursa Malaysia, Mercury Securities

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