MERCURY SECURITIES SDN BHD
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Results Note
BUY (↑)

Research Team Coverage / research@mersec.com.my

Tuesday, September 1, 2026

Price: RM 0.155
Target Price: RM 0.180 (↔)

MAG Holdings Berhad

Weaker 1HFY26 on FX and Cost Pressures

MAG's 6MFY26 results came in within our estimates, with topline registering a decline both YoY and QoQ, dragged by the continued depreciation of USD against MYR given the Group's substantial USD-denominated export sales. Bottomline saw further downside pressure from elevated logistics and transportation costs alongside continued forex volatility. Consequently, we maintain our FY26E/FY27E earnings of RM26.5m/RM38.6m, and maintain our TP of RM0.180, based on an unchanged 9.5x PER applied to our FY27E EPS of 1.91 sen. As recent share price weakness offers a more attractive risk-reward, we upgrade our recommendation from HOLD to BUY.

6MFY26 results came in within expectations, with core net profit accounting for 50%/45% of our/market estimates. No dividend declared as historically it's declared in Q4.

YoY, 6MFY26 Topline fell -4% YoY to RM197m, coming in below our expectation of +10% YoY growth, partly due to the depreciation of USD against MYR, which continued to adversely affect the Group given that a substantial portion of its export sales is denominated in USD. Gross Profit fell further by -38% YoY to RM29m, with GP margin dropping to 15% (6MFY25: 23%) vs our assumption of 21%, partly due to higher logistics and transportation costs coupled with continued foreign exchange volatility and fluctuations in shipment schedules. Subsequently, EBITDA fell -26% YoY to RM33m, with EBITDA margin compressing to 17% (6MFY25: 22%) on the same factors, mitigated by a lower OPEX margin of 2% (6MFY25: 5%). PBT, however, fell -47% YoY to RM14m, with PBT margin narrowing to 7% (6MFY25: 13%), dragged by higher depreciation costs but mitigated by lower finance expenses. Bottomline then fell -48% YoY to RM13m, with PATAMI margin narrowing to 7% (6MFY25: 13%), dragged by a higher ETR of 4% vs. 1% in 6MFY25.

QoQ, Topline fell -14% QoQ to RM91m (1QFY26: +25% QoQ), breaking from the seasonally stronger 2Q the Group has typically posted, due to the reasons explained above under YoY. Correspondingly, GP fell by the same magnitude, -14% QoQ to RM14m, with GP margin holding steady at 15%. EBITDA, however, fell further by -6% QoQ to RM16m. EBITDA margin nonetheless improved to 17% (1QFY26: 16%), driven by higher other income, mainly from fair value gains on other investments amid favourable market movements during the quarter, with OPEX margin steady at 2%. Correspondingly, PBT fell -15% QoQ to RM6m, with PBT margin steady at 7%, with the decline driven by the above reasons and further dragged by slightly higher depreciation and amortisation costs (2QFY26: RM5m vs. 1QFY26: RM4.9m). Bottomline fell -14% QoQ to RM6m, with PATAMI margin steady at 7%, due to a lower ETR of 3% (2QFY26: 4%).

Outlook. Following a weaker 6MFY26 marked by continued topline decline and further margin compression, we expect near-term earnings visibility to remain clouded by persistent forex headwinds and elevated logistics costs, as the ongoing depreciation of the USD against the MYR and volatility in shipment schedules continue to weigh on export margins. Nonetheless, management remains committed to reinforcing MAG's position as a leading player in Malaysia's prawn aquaculture sector, with aquaculture and food trading remaining the Group's primary growth drivers. The continued rollout of advanced smart farming technologies is also expected to support farming efficiency and productivity over time. Additionally, the Shanghai plant's

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)	1,725.88
YTD KLCI chg.	2.7%
YTD Stock Price chg.	-11.4%

Price Performance	1M	3M	12M
Absolute (%)	-6.1%	-8.8%	-13.9%
Relative to KLCI (%)	-6.8%	-11.3%	-23.5%

Stock Information	
Market Cap (RM m)	294.9
Issued Shares (m)	1,902.5
52-week High (RM)	0.19
52-week Low (RM)	0.16
Est. Free Float (%)	44%
Beta	0.3
3-month Avg Vol.	10,685,521
Shariah Compliant	No
Bloomberg Ticker	MAGH MK EQUITY

Top 3 Shareholders	%
Ng Min Lin	27.1%
Ching-Fu Hsu	4.2%
Teck Lee Seng	3.9%

FY Dec (RM m)	FY25A*	FY26E	FY27E
Revenue	**519.4**	**572.5**	**602.3**
Gross Profit	112.1	117.4	132.5
EBITDA	(138.9)	97.4	110.6
EBIT	(164.2)	68.7	81.3
PBT	(180.5)	34.9	50.8
Net Profit	**(198.1)**	**26.5**	**38.6**
Core Net Profit	**(198.1)**	**26.5**	**38.6**
Consensus Net Profit	-	29.3	42.5
Earnings Revision	-	-	-
Core EPS (sen)	-9.78	1.31	1.91
Core EPS Growth (%)	*-575.0%*	-113.4%	45.7%
Net DPS (sen)	0.09	0.05	0.08
Net Div. Yield (%)	0.5%	0.3%	0.4%
BV Per Share (sen)	30.2	31.3	32.4
P/E (x)	0.6	13.4	9.2
P/B (x)	(1.8)	0.6	0.5
ROE (%)	-32.4%	4.2%	5.9%

**Reflecting 18 months period for the financial year.*

progressive ramp-up from 4QFY26 could provide an incremental growth engine. The Group also intends to expand its customer base through active marketing efforts, including the appointment of new distributors, which could aid topline recovery into 2HFY26.

Post-results, we maintain our FY26E/FY27E earnings forecasts of RM26.5m/RM38.6m, as results came in line with our expectations. Our forecasts assume utilisation rates of 86% and 45% for the Farm and Processing segments respectively, with ASPs of RM56k/MT and RM60k/MT for unprocessed and processed sales, alongside a Shanghai Plant contribution of RM30m.

Valuation and Recommendation. We maintain our TP of **RM0.180**, based on an unchanged 9.5x PER applied to FY27E EPS of 1.91 sen, implying a 15% discount to peers' trailing PER average of 11.1x. We **upgrade** our recommendation from **HOLD to BUY**, as the recent share price weakness has widened the upside to our TP, offering a more attractive risk-reward.

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.

Risks to our recommendation include: (i) disease outbreaks affecting prawn harvest yields, (ii) environmental pollution impacting farm productivity, (iii) foreign currency fluctuations given the Group's exposure to export-denominated sales, and (iv) volatility in shipping and logistics costs.

Results Highlights

Y/E: Dec (RM m)	Q2 FY26	Q1 FY26	*QoQ Chg*	Q2 FY25	*YoY Chg*	6MFY26	6MFY25	YoY Chg
Key financial highlights								
Revenue	**91.3**	**105.7**	***-13.6%***	**131.1**	***-30.4%***	**197.0**	**205.8**	***-4.3%***
Gross Profit	**13.6**	**15.8**	***-13.8%***	**27.9**	***-51.2%***	**29.4**	**47.8**	***-38.4%***
OPEX	(2.1)	(1.6)	*27.4%*	(8.0)	*-73.9%*	(3.7)	(10.2)	*-63.7%*
EBITDA	15.9	16.9	*-5.6%*	27.8	*-42.8%*	32.8	44.4	*-26.3%*
EBIT	10.9	12.0	*-9.1%*	24.1	*-54.8%*	22.8	36.6	*-37.6%*
PBT/(LBT)	**6.4**	**7.5**	***-15.0%***	**17.4**	***-63.4%***	**13.8**	**26.2**	***-47.2%***
Taxation	(0.2)	(0.3)	*-43.9%*	(0.2)	*10.0%*	(0.5)	(0.4)	*34.6%*
Net Profit	6.2	7.2	*-13.7%*	17.2	*-64.1%*	13.3	25.8	*-48.3%*
PATAMI	**6.2**	**7.2**	*-13.7%*	**17.2**	*-64.1%*	**13.3**	**25.8**	***-48.3%***
Core EPS (sen)	0.3	0.4	*-5.9%*	0.9	*-64.1%*	0.7	1.4	*-50.7%*
DPS (sen)	0.3	0.4	*-14.3%*	0.9	*-67.0%*	0.7	1.4	*-52.2%*
Margins (%)								
Gross Profit	14.9%	15.0%		21.3%		14.9%	23.2%	
Opex	-2.3%	-1.5%		-6.1%		-1.9%	-4.9%	
EBITDA	17.4%	15.9%		21.2%		16.6%	21.6%	
EBIT	11.9%	11.3%		18.4%		11.6%	17.8%	
PBT	7.0%	7.1%		13.2%		7.0%	12.7%	
PATAMI	6.8%	6.8%		13.1%		6.8%	12.5%	
ETR	-2.8%	-4.2%		-0.9%		-3.5%	-1.4%	

Source: Company, Bursa Malaysia, Mercury Securities

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Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my