

**Company Name** : Empire Premium Food Berhad  
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## **New Outlets To Boost Empire Premium's Earnings Prospects**



PETALING JAYA: Empire Premium Food Bhd earnings prospects are driven by its mass-market pricing, scalable grab-and-go format and healthy profit margin with operating leverage.

Affin Hwang Investment Bank Research said despite expanding its store base by 50% over the financial year 2023 (FY23) to FY25, Empire Premium has continued to deliver positive same-store sales growth (SSSG), suggesting that underlying demand remains healthy.

The research house said such growth appears to be driven more by higher sales volume rather than broad-based price increases, as average basket size has remained largely stable.

“We also see further growth potential on the outskirts, where sales per store are about 10% to 15% above the group average, indicating that Empire Premium is performing well in outskirts regions (that is the east coast and northern regions), likely due to a less competitive landscape.

“Meanwhile, profit margin has continued to improve, starting at the gross profit level, which in our view reflects the benefits of economies of scale, better scalability and tighter cost control,” Affin Hwang Research said.

The research house said it is not “overly concerned” about direct sushi competition in the central region as “no other grab-and-go sushi operator appears to match Empire Premium’s scale”.

The research house projects FY26, FY27 and FY28 core earnings to grow by 45%, 26% and 23% year-on-year (y-o-y), respectively.

This is on the back of 56 new outlets opened in FY26 to FY28, whereby the group is expected to hit 203 stores by 2028.

Its projections are also supported by SSSG of 3% to 5.7% y-o-y in FY26 to FY28, which is underpinned by the sustained demand on the outskirts.

The research house added that Empire Premium had a relatively stable gross profit (GP) margin within the range of 42% to 43%.

Flowing through to the bottom line, the research firm said net profit margin is likely to hold at a healthy 18% to 18.2%.

“Its stronger GP margin and core net margin provide a cushion against cost volatility, while also giving it more flexibility to defend profitability if the operating environment turns more challenging,” the research house said.

Affin Hwang Research initiated coverage on Empire Premium with a “buy” call and a target price of RM1.07, based on a target FY27 estimate price-to-earnings ratio (PE) of 21 times, similar to Oriental Kopi Holdings Bhd’s initial public offering PE and in line with the consumer sector’s trading range.

Meanwhile, Phillip Research said it projects a three-year profit compound annual growth rate of 31% over FY24 to FY27, driven by outlet expansion and sustained margin resilience.

It pointed out that Empire’s net margin remained resilient at 17% in the nine months of FY26, which is expected to be sustainable, supported by ongoing menu innovation, replacement of under-performing items and selective price adjustments.

“We estimate a dividend yield of 2% to 2.3% over FY26-FY27, in line with its 30% payout policy,” it said.

The research house derives a fair value of 97 sen based on a 18 times target PE multiple on FY27 earnings per share of 5.4 sen. This represents a 20% discount to Oriental Kopi, given its relatively smaller market capitalisation.