HLIB Research
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Leong Hup International

Another strong quarter

FY25 core earnings of RM496.9m (+6.9%) surpassed expectations, accounting for 116.4-126.9% of consensus and our full-year estimates, with key variance coming mainly from better-than-expected margin at livestock and poultry-related segment. We raise our FY26/27/28 core earnings forecasts by 15.8%/17.7%/17.2%, mainly to account for higher margin assumptions at the livestock and poultry-related segment. Post earnings revision, we maintain our BUY rating on LHI with a higher TP of RM0.97 based on 8x revised FY26 EPS EPS of 12.2 sen.

BUY (Maintain)

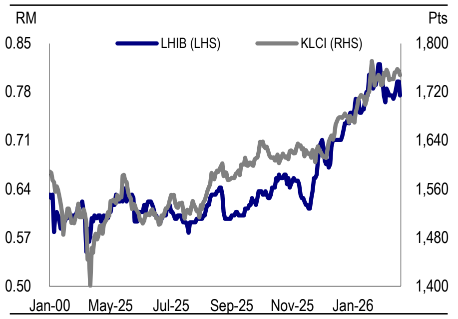
Target Price:	**RM0.97**
Previously:	**RM0.82**
Current Price:	**RM0.765**

Capital upside	26.8%
Dividend yield	1.7%
Expected total return	28.5%

Sector coverage: Poultry

Company description: LHI offers breeding, egg production, broiler, and livestock feeding solutions, as well as manufactures chicken products in Malaysia, Singapore, Indonesia, Vietnam and Philippines.

Share price



Historical return (%)	1M	3M	12M
Absolute	-4.4	18.6	17.7
Relative	-3.0	12.7	8.0

Stock information

Bloomberg ticker	LHIB MK
Bursa code	6633
Issued shares (m)	3,424.1
Market capitalisation (RM m)	2,619
3-mth average volume ('000)	4,613
SC Shariah compliant	No
F4GBM Index member	No
ESG rating	★★

Major shareholders

Emerging Glory	56.3%
Amanah Saham Nasional	7.4%
Lau Joo Han	2.8%

Earnings summary

FYE Dec	FY25	FY26f	FY27f
PATMI - core (RM m)	497	445	457
EPS - core (sen)	13.6	12.2	12.5
P/E (x)	5.6	6.3	6.1

Beat expectations. 4Q25 core earnings of RM185.3m (+56.1% QoQ; +0.5% YoY) took FY25's total sum to RM496.9m (+6.9% YoY). The results surpassed expectations, accounting for 116.4-126.9% of consensus and our full-year estimates, with key variance came mainly from better-than-expected margin at livestock and poultry-related segment. FY25 core earnings of RM493.9m was arrived after adjusting for (i) RM8.4m reversal of impairment loss, (ii) RM2.1m gain on disposal of PPE, (iii) RM0.1m gain on termination of leases, and (iv) RM6.3m PPE write off.

QoQ. 4Q25 core earnings surged 56.1% to RM185.3m, boosted mainly by (i) higher selling prices and sales volume of livestock feed and broiler DOC in Indonesia, (ii) higher selling prices and sales volume of broiler DOC in Malaysia, and (iii) higher sales volume of livestock feed in Vietnam.

YoY. Core earnings were flattish (+0.5%) at RM185.3m in 4Q25, as lower feedmill contribution (arising mainly from currency translation effects from key operating countries other than Malaysia and lower selling prices in Malaysia) was mitigated by margin expansion across key markets at the livestock and poultry-related segment (particularly, higher DOC prices and sales volume in Malaysia, and higher broiler chicken and DOC sales volume in Indonesia).

YTD. FY25 core earnings increased by 6.9% to RM496.9m, aided mainly by improved margins at the livestock and poultry-related segment (arising from lower feed prices and higher sales volume in general).

Outlook. Despite uncertainties from external headwinds, management remains cautiously optimistic on its earnings prospects, underpinned by resilient demand growth for chicken and eggs across LHI's markets and relatively stable feed costs.

On a separate note, LHI has commenced court proceedings to challenge the Competition Appeal Tribunal's decision to uphold a RM157.5m fine imposed by the Malaysia Competition Commission against its subsidiary (Leong Hup Feedmill Malaysia Sdn Bhd, LFM) for alleged price-fixing. Given its move to pursue legal action, we believe no provision has been made to date. In the worst-case (if the appeal is unsuccessful), the fine would reduce LHI's FY26 earnings by ~35% (which we would classify as a non-core impact).

Forecast. We raise our FY26/27/28 core earnings forecasts by 15.8%/17.7%/17.2%, mainly to account for higher margin assumptions at the livestock and poultry-related segment.

Maintain BUY with higher TP of RM0.97. Post earnings revision, we maintain our BUY rating on LHI with a higher TP of R0.97 based on 8x revised FY26 EPS of 12.2 sen.

Financial Forecast

FYE 31 Dec (RM m)	FY24A	FY25A	FY26F	FY27F	FY28F
Revenue	9,309.5	8,829.2	9,267.5	9,759.3	10,281.9
EBITDA	1,203.7	1,231.9	1,179.2	1,199.3	1,259.4
EBIT	890.8	923.9	880.4	900.3	960.3
PBT	760.5	823.4	780.0	801.8	861.7
PAT	630.8	661.9	592.8	609.4	654.9
Reported PATMI	428.9	501.1	444.6	457.0	491.2
Core PATMI	464.9	496.9	444.6	457.0	491.2
% change YoY - Core PATMI	44.7%	7%	-11%	3%	7%
HLIB/ Consensus - Core PATMI			104.1%	105.5%	N/A
Core EPS (sen)	12.7	13.6	12.2	12.5	13.5
P/E (x)	6.0	5.6	6.3	6.1	5.7
DPS (sen)	2.8	2.0	1.3	1.3	1.3
Dividend yield	3.6%	2.6%	1.7%	1.7%	1.7%
BVPS (RM/share)	0.7	0.7	0.9	1.0	1.1
P/B (x)	1.1	1.1	0.9	0.8	0.7
ROE	19.8%	19.0%	14.9%	13.5%	12.9%
Net gearing	36.8%	24.5%	8.8%	-1.7%	-10.7%

Bursa Malaysia; HLIB Research

Figure #1 Quarterly results comparison

FYE Dec (RMm)	4Q24	3Q25	4Q25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	2,315.1	2,209.7	2,275.1	*3.0*	*-1.7*	9,309.5	8,829.2	*-5.2*
- Livestock & poultry related products	1,403.5	1,366.6	1,384.5	*1.3*	*-1.4*	5,399.0	5,374.0	*-0.5*
- Feedmill	908.8	839.9	887.2	*5.6*	*-2.4*	3,899.0	3,441.8	*-11.7*
- Others	2.8	3.2	3.4	*6.1*	*19.1*	11.5	13.4	*16.9*
EBITDA	357.4	306.9	406.6	*32.5*	*13.8*	1,203.7	1,231.9	*2.3*
- Livestock & poultry related products	206.0	170.5	265.6	*55.8*	*28.9*	594.1	667.0	*12.3*
- Feedmill	158.5	136.3	141.0	*3.4*	*-11.0*	615.4	565.1	*-8.2*
- Others	-7.1	0.0	0.0	*NM*	*NM*	-5.8	-0.1	*NM*
Profit from operations	278.2	229.5	329.0	*43.3*	*18.3*	890.8	923.9	*3.7*
- Livestock & poultry related products	146.1	111.0	204.3	*84.0*	*39.8*	357.0	428.9	*20.2*
- Feedmill	141.0	119.0	122.0	*2.4*	*-13.5*	546.1	495.1	*-9.3*
- Others	-8.9	-0.6	2.7	*>100*	*>100*	-12.3	-0.1	*NM*
Finance costs	-29.3	-23.8	-26.1	*9.6*	*-10.9*	-130.6	-101.2	*-22.5*
Associates	0.3	0.1	0.4	*>100*	*59.8*	0.4	0.7	*92.4*
PBT	249.2	205.8	303.3	*47.4*	*21.7*	760.5	823.4	*8.3*
Tax expense	-43.2	-42.3	-64.1	*51.6*	*48.6*	-129.7	-161.5	*24.5*
PAT	206.0	163.5	239.2	*46.3*	*16.1*	630.8	661.9	*4.9*
Non-controlling interests	-65.2	-34.3	-59.3	-	-	-201.9	-160.8	-
Reported net profit	140.8	129.1	179.9	*39.3*	*27.7*	428.9	501.1	*16.8*
Core net profit	184.4	118.7	185.3	*56.1*	*0.5*	464.9	496.9	*6.9*
Core EPS (sen)	5.1	3.3	5.1	*56.1*	*0.5*	12.7	13.6	*6.9*
				%-pts	%-pts			%-pts
EBITDA margin (%)	15.4	13.9	17.9	4.0	2.4	12.9	14.0	1.0
Operating margin (%)	12.0	10.4	14.5	4.1	2.4	9.6	10.5	0.9
PBT margin (%)	10.8	9.3	13.3	4.0	2.6	8.2	9.3	1.2
Net margin (%)	8.0	5.4	8.1	2.8	0.2	5.0	5.6	0.6

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Figure #2 Geographical breakdown on revenue and EBITDA

FYE Dec (RMm)	4Q24	3Q25	4Q25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	2,312.3	2,206.5	2,271.7	*3.0*	*-1.8*	9,298.0	8,815.8	*-5.2*
- Malaysia	576.4	584.8	610.6	*4.4*	*5.9*	2,299.5	2,345.3	*2.0*
- Singapore	206.3	210.9	198.8	*-5.7*	*-3.6*	829.7	814.0	*-1.9*
- Vietnam	478.0	390.7	400.8	*2.6*	*-16.2*	1,868.1	1,582.9	*-15.3*
- Indonesia	855.1	804.0	860.1	*7.0*	*0.6*	3,589.4	3,283.3	*-8.5*
- Philippines	196.4	216.0	201.3	*-6.8*	*2.5*	711.3	790.3	*11.1*
EBITDA	357.4	306.9	406.6	*32.5*	*13.8*	1,203.7	1,231.9	*2.3*
- Malaysia	160.1	133.5	162.6	*21.8*	*1.5*	507.9	570.7	*12.4*
- Singapore	11.5	20.4	23.5	*14.8*	*>100*	60.4	71.1	*17.7*
- Vietnam	69.4	54.9	77.6	*41.4*	*11.8*	207.0	225.9	*9.1*
- Indonesia	83.8	61.9	118.2	*91.0*	*41.0*	304.5	237.3	*-22.1*
- Philippines	32.6	36.1	24.7	*-31.6*	*-24.1*	124.0	126.9	*2.4*

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ESG Snapshot

F4GBM Index member	:	-
FTSE Russell ESG rating	:	★★
MSCI ESG rating	:	-

The goal of this section is to provide an overview of LHI's ESG trends and developments. Information presented here is from the financial year FY24 and will only be updated when new data is available. Overall, we find the group has no glaring ESG issues.

Environmental (E) indicators

- Solar energy generation increased to 15,753 MWh in FY24 (from 9,570 MWh in FY23).
- GHG intensity of 56tCO2e/RMm in FY24
- Water intensity of 444m3/RMm

Comments: -

Social (S) indicators

- Composition of female board of directors stood at 27% in FY24 (same as FY23).
- Females accounted for 25% of the group's workforce in FY24 (same as FY23).
- Contributed RM1.4m to the community (in the form of money donations, food supplies, detergents, and essential consumer products) in FY24 (vs. RM1.1m in FY23).

Comments: -

Governance (G) indicators

- Board size of 11 directors in FY24, where 45% were independent (same as FY23).
- Independent directors formed 100% of audit and risk management committee in FY24 (same as FY23).

Comments: We deem most indicators fairly reasonable.

Bursa, HLIB Research

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2. As of 02 March 2026, the analyst(s) whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
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Stock rating guide

BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

Sector rating guide

OVERWEIGHT	Sector expected to outperform the market over the next 12 months.
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

The stock rating guide as stipulated above serves as a guiding principle to stock ratings. However, apart from the abovementioned quantitative definitions, other qualitative measures and situational aspects will also be considered when arriving at the final stock rating. Stock rating may also be affected by the market capitalisation of the individual stock under review.