

Leong Hup International Berhad

(6633 | LHI MK) Main | Consumer Products & Services



4QFY25 Results Review

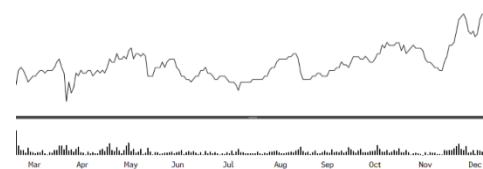
Margins Expansion Drives Record Earnings

Maintain **BUY**
Revised Target Price **RM1.10**
(from RM0.90)

RETURN STATISTICS

| | |
|--|-------|
| Price @ 27 th Feb 2026 (RM) | 0.765 |
| Expected share price return (%) | +44.4 |
| Expected dividend yield (%) | +4.0 |
| Expected total return (%) | +48.4 |

SHARE PRICE CHART



| Price performance (%) | Absolute | Relative |
|-----------------------|----------|----------|
| 1 month | -3.2 | -1.8 |
| 3 months | 2.7 | 9.3 |
| 12 months | 18.6 | 8.8 |

INVESTMENT STATISTICS

| FYE DEC (RM'm) | 2026F | 2027F | 2028F |
|--------------------|---------|----------|----------|
| Revenue | 9,995.7 | 10,395.6 | 10,814.6 |
| EBITDA | 1,349.4 | 1,426.9 | 1,453.5 |
| PBT | 849.0 | 904.0 | 906.7 |
| Core PATANCI | 552.3 | 589.6 | 588.3 |
| Core EPS (sen) | 15.1 | 16.2 | 16.1 |
| DPS (sen) | 3.0 | 3.2 | 3.2 |
| Dividend Yield (%) | 4.0 | 4.2 | 4.2 |

KEY STATISTICS

| | |
|----------------------------------|-----------------|
| FBM KLCI | 1,716.61 |
| Issued shares (m) | 3632.79 |
| Estimated free float (%) | 22.50 |
| Market Capitalisation (RM'm) | 2,619.41 |
| 52-wk price range | RM0.56 - RM0.83 |
| 3-mth average daily volume (m) | 4.57 |
| 3-mth average daily value (RM'm) | 3.40 |
| Top Shareholders (%) | |
| Emerging Glory Sdn Bhd | 56.28 |
| Amanah Saham Nasional Bhd | 7.38 |
| Lau Joo Han | 2.84 |

Maintain BUY with a higher TP of RM1.10. LHI's 4QFY25 results came in above expectations, supported by a strong rebound in profitability, particularly within the Livestock & Poultry segment, which benefited from firmer margins and improved operational efficiency. Despite a softer topline for FY25, earnings expanded meaningfully on the back of better cost management and margin recovery across key markets. In view of the stronger-than-expected earnings trajectory, we raise our FY26F/FY27F forecasts by +15%/+22%, respectively. Accordingly, we roll forward our valuation to FY26F EPS of 15.13 sen, maintaining an unchanged 7.3x PER, which lifts our **TP to RM1.10**. With the improved earnings momentum and strengthened margin profile underpinning our continued **BUY** call.

Above expectations. LHI chalked in 4QFY25 revenue of RM2.28bn (-1.7%yoy; +3.0%qoq) and core PATANCI of RM185.1m (+33.7%yoy; +43.1%qoq). This lifted FY25 core earnings to RM508.1m, representing 112% of our and 119% of consensus full-year forecasts. A 1 sen dividend was declared for 4QFY25.

Revenue mixed as poultry strength offsets Feedmill softness. LHI's 4QFY25 revenue grew +3.0%qoq to RM2.28bn, but declined -1.7%yoy, reflecting continued weakness in the Feedmill division, where lower ASPs and softer demand across key markets weighed on topline performance. In contrast, the Livestock & Poultry segment remained resilient, supported by firmer broiler and egg prices alongside improved volumes, which helped cushion the overall decline. For FY25, revenue eased -5.2%yoy to RM8.83bn, largely attributable to the contraction in Feedmill operations, partially mitigated by steadier contributions from the Livestock & Poultry segment.

Margin expansion on livestock and poultry. LHI delivered a strong 4QFY25 performance, with core PATANCI rising +33.7%yoy and +43.1%qoq to RM185.1m, supported by improved profitability in the Livestock & Poultry segment. While Feedmill continued to face margin pressure from lower ASPs and softer demand in certain markets, stronger poultry prices, better cost management and improved operational efficiency drove overall EBITDA expansion. As a result, 4QFY25 core earnings margin improved to 8.1%, up +2.2ppts yoy and +2.3ppts qoq. For FY25, core PATANCI grew +19.1%yoy to RM508.1m, with margin strengthening to 5.8% (+1.2ppts yoy), reflecting sustained margin recovery in poultry operations despite softer revenue for the year.

Outlook. We remain constructive on LHI's prospects, underpinned by relatively stable corn and soybean meal input costs and the long-term structural growth in poultry and egg consumption across its key ASEAN markets. Firm domestic demand, gradual normalisation of regional trade flows and improving poultry margins should continue to support earnings resilience. Supported by its diversified geographic footprint and essential protein portfolio, LHI remains well positioned to navigate near-term geopolitical and tariff-related uncertainties, while ongoing cost discipline and operational optimisation are expected to sustain steady margin expansion and earnings growth ahead.

Analyst

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Leong Hup International: 4QFY25 Results Summary

| FYE Dec (RM'm) | Quarterly results | | | | | Cumulative results | | |
|--|-------------------|----------------|----------------|--------------------|--------------------|--------------------|----------------|--------------------|
| | 4QFY25 | 3QFY25 | 4QFY24 | YoY (%) | QoQ (%) | 12MFY25 | 12MFY24 | YoY (%) |
| Revenue | 2,275.1 | 2,209.7 | 2,315.1 | (1.7) | 3.0 | 8,829.2 | 9,309.5 | (5.2) |
| Other income | 19.5 | 24.2 | 65.7 | (70.3) | (19.3) | 140.8 | 139.9 | 0.7 |
| Operating expenses | (1,965.6) | (2,004.4) | (2,102.6) | (6.5) | (1.9) | (8,046.1) | (8,558.5) | (6.0) |
| Operating profit (EBIT) | 329.0 | 229.5 | 278.2 | 18.3 | 43.3 | 923.9 | 890.8 | 3.7 |
| Net finance income/(cost) | (26.1) | (23.8) | (29.3) | (10.9) | 9.6 | (101.2) | (130.6) | (22.5) |
| Profit before Associates & JV | 302.9 | 205.7 | 248.9 | 21.7 | 47.2 | 822.7 | 760.2 | 8.2 |
| Profit before tax (PBT) | 303.3 | 205.8 | 249.2 | 21.7 | 47.4 | 823.4 | 760.5 | 8.3 |
| Tax expense | (64.1) | (42.3) | (43.2) | 48.6 | 51.6 | (161.5) | (129.7) | 24.5 |
| Profit After tax (PAT) | 239.2 | 163.5 | 206.0 | 16.1 | 46.3 | 661.9 | 630.8 | 4.9 |
| PATANCI | 179.9 | 129.1 | 140.8 | 27.7 | 39.3 | 501.1 | 428.6 | 16.9 |
| Core PATANCI | 185.1 | 129.4 | 138.5 | 33.7 | 43.1 | 508.1 | 426.6 | 19.1 |
| Core EPS (sen) | 5.3 | 3.6 | 3.8 | 40.1 | 46.7 | 14.3 | 11.7 | 22.4 |
| DPS (sen) | 1.0 | 0.0 | 0.0 | n.m. | n.m. | 2.0 | 2.8 | (27.3) |
| Growth & Margin (%) | | | | + /(-) ppts | + /(-) ppts | | | + /(-) ppts |
| Operating Profit Margin | 14.5 | 10.4 | 12.0 | 2.4 | 4.1 | 10.5 | 9.6 | 0.9 |
| PBT Margin | 13.3 | 9.3 | 10.8 | 2.6 | 4.0 | 9.3 | 8.2 | 1.2 |
| Core PATANCI Margin | 8.1 | 5.9 | 6.0 | 2.2 | 2.3 | 5.8 | 4.6 | 1.2 |
| Ratios & Valuation | | | | + /(-) ppts | + /(-) ppts | | | + /(-) ppts |
| Effective tax rate (%) | 21.1 | 20.6 | 17.3 | 3.8 | 0.6 | 19.6 | 17.1 | 2.6 |

Source: Company, MBSBR

Leong Hup International: Breakdown by operating segment

| FYE Dec (RM'm) | Quarterly results | | | | | Cumulative results | | |
|----------------------------|-------------------|----------------|----------------|--------------|-------------|--------------------|----------------|--------------|
| | 4QFY25 | 3QFY25 | 4QFY24 | YoY (%) | QoQ (%) | 12MFY25 | 12MFY24 | YoY (%) |
| Revenue (External): | | | | | | | | |
| Livestock and poultry | 1,384.5 | 1,366.6 | 1,403.5 | (1.4) | 1.3 | 5,374.0 | 5,399.0 | (0.5) |
| Feedmill | 887.2 | 839.9 | 908.8 | (2.4) | 5.6 | 3,441.8 | 3,899.0 | (11.7) |
| Others | 3.4 | 3.2 | 2.8 | 19.1 | 6.1 | 13.4 | 11.5 | 16.9 |
| Total | 2,275.1 | 2,209.7 | 2,315.1 | (1.7) | 3.0 | 8,829.2 | 9,309.5 | (5.2) |
| EBITDA: | | | | | | | | |
| Livestock and poultry | 265.6 | 170.5 | 206.0 | 28.9 | 55.8 | 667.0 | 594.1 | 12.3 |
| Feedmill | 141.2 | 136.3 | 158.5 | (11.0) | 3.5 | 565.2 | 615.4 | (8.2) |
| Others | (0.0) | 0.0 | (7.1) | (99.5) | (194.9) | (0.1) | (5.8) | (97.9) |
| Total | 406.8 | 306.9 | 357.4 | 13.8 | 32.5 | 1,232.1 | 1,203.7 | 2.4 |
| EBITDA margin: | | | | | | | | |
| Livestock and poultry | 19.2 | 12.5 | 14.7 | 4.5 | 6.7 | 12.4 | 11.0 | 1.4 |
| Feedmill | 15.9 | 16.2 | 17.4 | (1.5) | (0.3) | 16.4 | 15.8 | 0.6 |
| Others | (1.1) | 1.2 | (251.2) | 250.1 | (2.3) | (0.9) | (50.7) | 49.8 |
| Total | 17.9 | 13.9 | 15.4 | 2.4 | 4.0 | 14.0 | 12.9 | 1.0 |

Source: Company, MBSBR

FINANCIAL SUMMARY

| Profit or Loss (RM'm) | 2024A | 2025A | 2026F | 2027F | 2028F | Cash Flow (RM'm) | 2024A | 2025A | 2026F | 2027F | 2028F |
|------------------------------|--------------|--------------|--------------|--------------|--------------|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 9,309.5 | 9,950.5 | 9,995.7 | 10,395.6 | 10,814.6 | PBT | 760.5 | 816.9 | 849.0 | 904.0 | 906.7 |
| Gross Profit | 3,033.0 | 2,767.6 | 2,742.3 | 2,916.1 | 3,034.1 | Operating cash flow | 1,126.7 | 1,016.2 | (204.2) | 331.3 | 335.9 |
| EBITDA | 1,214.6 | 1,292.9 | 1,349.4 | 1,426.9 | 1,453.5 | Investing cash flow | (331.8) | (550.2) | (115.3) | (115.6) | (115.8) |
| EBIT | 874.2 | 974.7 | 1,021.9 | 1,086.1 | 1,098.5 | Financing cash flow | (719.6) | (320.8) | 271.7 | (200.5) | (204.3) |
| PBT | 760.5 | 816.9 | 849.0 | 904.0 | 906.7 | Net cash flow | 75.3 | 145.3 | (47.8) | 15.3 | 15.8 |
| Taxation | (129.7) | (179.7) | (186.8) | (198.9) | (199.5) | Beginning cash flow | 627.3 | 678.7 | 842.5 | 794.7 | 810.0 |
| PAT | 630.8 | 637.2 | 662.2 | 705.1 | 707.3 | Ending cash flow | 678.7 | 842.5 | 794.7 | 810.0 | 825.8 |
| Core PATANCI | 462.8 | 522.8 | 552.3 | 589.6 | 588.3 | | | | | | |
| Core EPS (sen) | 12.7 | 14.3 | 15.1 | 16.2 | 16.1 | | | | | | |
| PER (x) | 6.0 | 5.3 | 5.1 | 4.7 | 4.7 | | | | | | |
| DPS (sen) | 2.8 | 2.9 | 3.0 | 3.2 | 3.2 | | | | | | |
| Dividend Yield (%) | 3.6 | 3.7 | 4.0 | 4.2 | 4.2 | | | | | | |
| Growth (%) | 2024A | 2025A | 2026F | 2027F | 2028F | Profitability Ratios (%) | 2024A | 2025A | 2026F | 2027F | 2028F |
| Revenue Growth | (2.4) | 6.9 | 0.5 | 4.0 | 4.0 | Gross Profit Margin (%) | 32.6 | 27.8 | 27.4 | 28.1 | 28.1 |
| Gross Profit Growth | 17.8 | (8.8) | (0.9) | 6.3 | 4.0 | EBITDA Margin (%) | 13.0 | 13.0 | 13.5 | 13.7 | 13.4 |
| EBITDA Growth | 15.5 | 6.4 | 4.4 | 5.7 | 1.9 | EBIT Margin (%) | 9.4 | 9.8 | 10.2 | 10.4 | 10.2 |
| Core PATANCI Growth | 42.4 | 13.0 | 5.6 | 6.8 | (0.2) | Core PATANCI Margin (%) | 5.0 | 5.3 | 5.5 | 5.7 | 5.4 |
| Balance Sheet (RM'm) | 2024A | 2025A | 2026F | 2027F | 2028F | | | | | | |
| PPE | 2,683.3 | 2,756.1 | 2,331.3 | 2,134.1 | 1,921.9 | | | | | | |
| Intangible assets | 91.2 | 89.4 | 98.0 | 101.9 | 106.0 | | | | | | |
| Non-current assets | 3,308.9 | 3,347.4 | 2,946.8 | 2,747.7 | 2,535.5 | | | | | | |
| Inventories | 968.6 | 736.0 | 1,108.2 | 1,152.5 | 1,199.0 | | | | | | |
| ST Trade receivables | 788.3 | 810.6 | 846.4 | 880.2 | 915.7 | | | | | | |
| Cash and cash equivalents | 770.7 | 1,011.6 | 794.7 | 810.0 | 825.8 | | | | | | |
| Current assets | 3,135.4 | 3,191.7 | 3,442.2 | 3,563.4 | 3,690.1 | | | | | | |
| Total Assets | 6,444.3 | 6,539.1 | 6,388.9 | 6,311.1 | 6,225.6 | | | | | | |
| Total Equity | 3,327.4 | 3,564.8 | 2,654.7 | 2,403.6 | 2,136.4 | | | | | | |
| LT Loans | 575.9 | 655.5 | 715.7 | 751.5 | 789.1 | | | | | | |
| Non-current liabilities | 917.4 | 994.4 | 1,080.6 | 1,130.2 | 1,182.1 | | | | | | |
| ST Trade payables | 718.5 | 678.2 | 822.0 | 854.9 | 889.4 | | | | | | |
| ST Loans | 1,418.8 | 1,227.8 | 1,763.1 | 1,851.2 | 1,943.8 | | | | | | |
| Current Liabilities | 2,199.4 | 1,979.8 | 2,653.6 | 2,777.3 | 2,907.0 | | | | | | |
| Total Liabilities | 3,116.9 | 2,974.2 | 3,734.3 | 3,907.5 | 4,089.2 | | | | | | |

Source: Bloomberg, MBSBR

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STOCK RECOMMENDATIONS

- BUY** Total return is expected to be >10% over the next 12 months.
- TRADING BUY** The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
- NEUTRAL** Total return is expected to be between -10% and +10% over the next 12 months.
- SELL** Total return is expected to be <-10% over the next 12 months.
- TRADING SELL** The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

- POSITIVE** The sector is expected to outperform the overall market over the next 12 months.
- NEUTRAL** The sector is to perform in line with the overall market over the next 12 months.
- NEGATIVE** The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

- ☆☆☆☆ Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
- ☆☆☆ Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
- ☆☆ Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
- ☆ Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology