

Leong Hup International Bhd

TP: RM1.07 (+39.9%)

Record Profit in FY25
Last Traded: RM0.765
BUY (ESG: ★★★)

Liew Yi Jiet

Tel: +603-2167 9602

yjliew@ta.com.my

www.taonline.com.my

Review

- Leong Hup International Bhd (LHI) posted 4QFY25 core earnings of RM179.9mn, bringing FY25 core profit to RM501.1mn (+16.8% YoY). The full-year results surpassed expectations, achieving 117% of our forecast and 130% of consensus estimates, primarily driven by stronger-than-anticipated EBIT margins in 4QFY25.
- Despite a 5.2% YoY decline in FY25 revenue to RM8.8bn, core earnings rose 16.8% YoY. The earnings growth was primarily driven by stronger EBIT margins in the livestock and poultry segment, coupled with a significant reduction in interest expense to RM77.0mn (-32.5% YoY), which more than offset the weaker performance in the feedmill segment.
- Livestock & Poultry Related Segment.** FY25 EBIT increased 20.2% YoY to RM428.9mn despite stable revenue of RM5.4bn. The improved performance was mainly driven by stronger margins across the Malaysia, Singapore, Vietnam, and Philippines markets, supported by lower feed costs and higher ASPs.
- In contrast, **feedmill segment** revenue declined 11.7% YoY to RM3.4bn in FY25, reflecting lower ASPs and sales volumes in Malaysia, reduced ASPs in Indonesia, and weaker sales volumes in Vietnam. Growth in the Philippines market was partially offset by adverse foreign currency translation effects. Excluding forex translation impacts, segment revenue would have declined by a milder 3.4% YoY. In line with weaker sales, segment EBIT fell 9.3% YoY to RM495.1mn.
- No dividend was declared for the quarter under review.

Impact

- After factoring in higher EBIT margin assumptions of 2.1pp for FY26 and 2.4pp for FY27, we raise our FY26 and FY27 earnings forecasts by 24.9% and 28.7%, respectively.

Outlook

- On 23 February 2026, LHI initiated judicial review proceedings to challenge the Competition Appeal Tribunal's (CAT) decision to uphold the RM157.5mn fine imposed by the Malaysia Competition Commission on its subsidiary, Leong Hup Feedmill Malaysia Sdn Bhd, in relation to a price-fixing cartel case.
- Under a worst-case scenario in which the full penalty is payable, we estimate the group's pro-forma net gearing would increase to 0.4x (from 0.3x), assuming the settlement is funded via internal cash reserves. As at 4QFY25, LHI's cash and bank balances stood at RM1.0bn. The total fine represents approximately 28.8% of our FY26 core earnings forecast.
- Outlook wise, management remains optimistic about achieving a

Share Information

Bloomberg Code	LHIB MK
Stock Code	6633
Listing	Main Market
Share Cap (mn)	3424.1
Market Cap (RMmn)	2619.4
52-wk Hi/Lo (RM)	0.835/0.56
12-mth Avg Daily Vol ('000 shrs)	4264.3
Estimated Free Float (%)	22.5
Beta	0.9
Major Shareholders (%)	
Emerging Glory	56.3%
Amanah Saham Nasional	7.4%
Lau Joo Han	2.8%

Forecast Revision

	FY26	FY27
Forecast Revision (%)	24.9	28.7
Net profit (RMm)	540.5	560.9
Consensus	427.0	433.2
TA's / Consensus (%)	126.6	129.5
Previous Rating	Buy (Maintained)	
Consensus Target Price (RM)	0.85	

Financial Indicators

	FY26	FY27
Net Debt / Equity (x)	0.1	Net Cash
ROE (%)	19.0	17.0
ROA (%)	8.0	7.7
NTA/Share (RM)	0.8	0.9
Price/NTA (x)	0.9	0.8

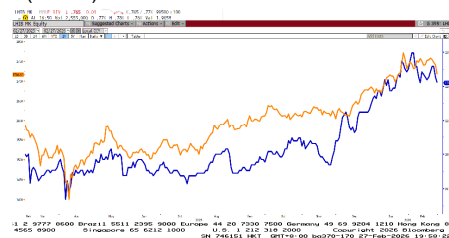
Scorecard

	% of FY	
vs TA	117	Above
vs Consensus	130	Above

Share Performance (%)

Price Change	LHI	FBM KLCI
1 mth	(4.4)	(3.1)
3 mth	18.6	6.1
6 mth	24.4	8.1
12 mth	17.7	8.2

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

satisfactory performance in FY26, supported primarily by a stable outlook for feed input costs and continued stringent cost management.

Valuation

- We maintain our **BUY** recommendation with a revised target price of **RM1.07/share** (previously RM0.83/share), following the roll-forward of our valuation base year to CY27 and applying a 7x PER.

Table 1: Earnings Summary (RM'mn)

FYE December (RM'mn)	2024	2025	2026F	2027F	2028F
Revenue	9,309.5	8,829.2	8,961.6	9,140.9	9,278.0
EBITDA	1,195.6	1,207.8	1,243.0	1,285.2	1,321.9
PBT	760.5	823.4	877.5	910.5	945.4
Reported Net Profit	428.9	501.1	540.5	560.9	582.4
Core Net Profit	428.9	501.1	540.5	560.9	582.4
Core EPS (sen)	11.8	14.1	14.8	15.4	15.9
Core PER (x)	6.5	5.4	5.2	5.0	4.8
DPS (sen)	2.8	1.0	2.2	2.3	2.4
Dividend Yield (%)	3.6	1.3	2.9	3.0	3.1

Table 2: 4QFY25 Results Analysis (RM'mn)

FYE 31 Dec	4QFY24	3QFY25	4QFY25	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)
Other Income	65.7	24.2	19.5	(19.3)	(70.3)	139.9	140.8	0.7
Operating Expenses	(2,102.6)	(2,004.4)	(1,956.6)	2.4	6.9	(8,558.5)	(8,037.1)	6.1
EBIT	273.2	222.9	321.5	44.2	17.7	874.2	899.8	2.9
Adj. EBIT	273.2	222.9	321.5	44.2	17.7	874.2	899.8	2.9
Net Interest	(24.3)	(17.2)	(18.6)	(8.0)	23.5	(114.1)	(77.0)	32.5
Associate	0.3	0.1	0.4	>100	59.8	0.4	0.7	92.4
Profit before Tax	249.2	205.8	303.3	47.4	21.7	760.5	823.4	8.3
Adj. PBT	249.2	205.8	303.3	47.4	21.7	760.5	823.4	8.3
Taxation	(43.2)	(42.3)	(64.1)	(51.6)	(48.6)	(129.7)	(161.5)	(24.5)
Minority Interest	(65.2)	(34.3)	(59.3)	(72.8)	9.1	(201.9)	(160.8)	20.3
Net Profit	140.8	129.1	179.9	39.3	27.7	428.9	501.1	16.8
Adj. Net Profit	140.8	129.1	179.9	39.3	27.7	428.9	501.1	16.8
Basic EPS (sen)	3.9	3.6	5.2	42.9	33.9	11.8	14.1	20.0
DPS (sen)	-	-	-	-	-	2.8	1.0	(63.6)
				%-points	%-points			%-points
EBIT Margin (%)	11.8	10.1	14.1	4.0	2.3	9.4	10.2	0.8
PBT Margin (%)	10.8	9.3	13.3	4.0	2.6	8.2	9.3	1.2
Net Margin (%)	6.1	5.8	7.9	2.1	1.8	4.6	5.7	1.1
Adj. Net Margin (%)	6.1	5.8	7.9	2.1	1.8	4.6	5.7	1.1
Tax Rate (%)	17.3	20.6	21.1	0.6	3.8	17.1	19.6	2.6

Table 3: 4QFY25 Results Analysis (RM'mn) – Segmental Breakdown

FYE 31 Dec	4QFY24	3QFY25	4QFY25	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 and Poultry Related	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
Segment EBIT	273.2	222.9	321.5	44.2	17.7	874.2	899.8	2.9
Livestock and Poultry Related	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)
Elimination	(13.9)	(7.2)	(4.8)	33.3	65.6	(28.8)	(24.3)	15.8
				%-points	%-points			%-points
Segment EBIT Margin	11.8	10.1	14.1	4.0	2.3	9.4	10.2	0.8
Livestock and Poultry Related	10.4	8.1	14.8	6.6	4.3	6.6	8.0	1.4
Feedmill	15.5	14.2	13.7	(0.4)	(1.8)	14.0	14.4	0.4

Sector Recommendation Guideline

OVERWEIGHT: The total return of the sector, as per our coverage universe, exceeds 12%.

NEUTRAL: The total return of the sector, as per our coverage universe, is within the range of 7% to 12%.

UNDERWEIGHT: The total return of the sector, as per our coverage universe, is lower than 7%.

Stock Recommendation Guideline

BUY : Total return of the stock exceeds 12%.

HOLD : Total return of the stock is within the range of 7% to 12%.

SELL : Total return of the stock is lower than 7%.

Not Rated: The company is not under coverage. The report is for information only.

Total Return of the stock includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Total Return of the sector is market capitalisation weighted average of total return of the stocks in the sector.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★★	★★★	★★★	★★★
Remark	Compliant towards waste management on both hazardous and non-hazardous waste. However, score is muted owing to absence of quantifiable goal for near future.	Farming and trading of poultry-related products helps to meet protein needs and encourage balance diet.	The board has decent gender diversity though is short of 1 independent director to meet the 50% majority. Leong Hup has targeted dividend payout of 30%.	

★★★★★ (≥80%)	: Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions.	+5% premium to target price
★★★★ (60-79%)	: Above adequate integration of ESG factors into most aspects of operations, management and future directions.	+3% premium to target price
★★★ (40-59%)	: Adequate integration of ESG factors into operations, management and future directions.	No changes to target price
★★ (20-39%)	: Have some integration of ESG factors in operations and management but are insufficient.	-3% discount to target price
★ (<20%)	: Minimal or no integration of ESG factors in operations and management.	-5% discount to target price

Disclaimer

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As of Monday, March 02, 2026, the analyst, Liew Yi Jiet, who prepared this report, has interest in the following securities covered in this report:
(a) nil

Kaladher Govindan – Head of Research

TA SECURITIES HOLDINGS BERHAD 197301001467 (14948-M)
A Participating Organisation of Bursa Malaysia Securities Berhad

Menara TA One | 22 Jalan P. Ramlee | 50250 Kuala Lumpur | Malaysia | Tel: 603 – 2072 1277 | Fax: 603 – 2032 5048
www.ta.com.my