HLIB Research
PP 9484/12/2012 (031413)

Chye Wen Fei
wfchye@hlib.hongleong.com.my
(603) 2083 1712

Leong Hup International

A decent start

1Q26 core earnings of RM116.8m (-37.0% QoQ; +14.1% YoY) met our expectation, at 26.5% of our full-year estimate but was below consensus at 22.8%. Maintain earnings forecasts, TP of RM0.97 (based on 8x FY26 EPS EPS of 12.2 sen) and BUY rating.

Met our expectation; below consensus. 1Q26 core earnings of RM116.8m (-37% QoQ; +14.1% YoY) met our expectation, at 26.5% of our full-year estimate but was below consensus at 22.8%.

EIs in 1Q26. Core earnings in 1Q26 was arrived after adjusting for (i) RM0.2m disposal gain, (ii) RM0.1m gain on termination of leases, (iii) RM1.8m impairment losses, and (iv) RM0.3m PPE written off.

QoQ. 1Q26 core earnings fell -37.0% to RM116.8m, due to broad-base decline in contribution from all five operating countries, which in turn was due to (i) lower selling prices for broiler chickens and eggs in Vietnam, (ii) lower selling prices and sales volume for eggs in Malaysia, and (iii) lower feed sales volume in Philippines.

YoY. 1Q26 core earnings rose 14.1% to RM116.8m, lifted mainly by higher contribution from Malaysia and Indonesia operations, which in turn, was driven by higher selling prices and sales volume of broiler DOCs and eggs in Malaysia, as well as higher selling prices and sales volumes for broiler DOCs and broiler chickens in Indonesia.

Outlook. Despite uncertainties from external headwinds (arising from evolving trade policies in the US and ongoing geopolitical tensions in the Middle East), management remains cautiously optimistic on its earnings prospects, underpinned by resilient domestic demand, improving regional trade flows, and supportive government policies.

Forecast. Maintain.

Maintain BUY and TP of RM0.97. Maintain BUY with unchanged TP of RM0.97 based on 8x FY26 EPS of 12.2 sen.

BUY (Maintain)

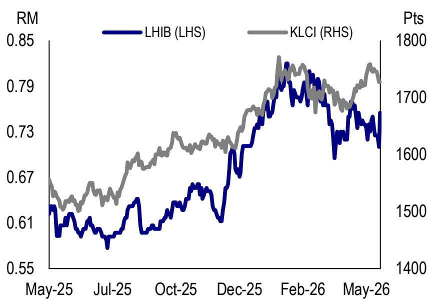
Target Price:	**RM0.97**
Previously:	**RM0.97**
Current Price:	**RM0.755**

Capital upside	28.5%
Dividend yield	1.7%
Expected total return	30.2%

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	-1.9	-1.9	18.0
Relative	-3.4	-0.5	5.8

Stock information

Bloomberg ticker	LHIB MK
Bursa code	6633
Issued shares (m)	3,382
Market capitalisation (RM m)	2,554
3-mth average volume ('000)	2,171
SC Shariah compliant	No
F4GBM Index member	No
ESG rating	★★

Major shareholders

Emerging Glory	57.0%
Amanah Saham Nasional	7.5%
Lau Joo Han	2.9%

Earnings summary

FYE Dec	FY25	FY26f	FY27f
PATMI - core (RM m)	496.9	440.8	453.5
EPS - core (sen)	13.6	12.1	12.4
P/E (x)	5.5	6.3	6.1

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Dec	FY24A	FY25A	FY26F	FY27F	FY28F
Cash	770.7	1,011.6	1,266.2	1,733.4	2,240.3
Receivables	801.3	828.7	1,055.2	1,110.2	1,168.7
Inventories	968.6	736.0	1,029.7	1,084.4	1,142.4
PPE	2,683.3	2,752.2	2,747.0	2,742.3	2,738.1
Others	1,220.5	1,210.5	1,165.5	1,196.4	1,229.2
Assets	**6,444.3**	**6,539.1**	**7,263.7**	**7,866.7**	**8,518.6**
Payables	718.5	678.2	862.6	908.3	957.0
Debt	1,994.7	1,883.3	1,883.3	1,883.3	1,883.3
Others	403.0	412.4	412.4	412.4	412.4
Liabilities	**3,116.9**	**2,974.2**	**3,158.6**	**3,204.4**	**3,253.0**
Shareholders' equity	2,448.6	2,609.8	3,003.1	3,409.2	3,849.8
Non-controlling interests	878.8	955.1	1,102.0	1,253.2	1,415.9
Equity	**3,327.4**	**3,564.8**	**4,105.1**	**4,662.3**	**5,265.6**

Income Statement

FYE Dec	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	873.6	894.2	954.8
Finance cost	-130.6	-101.2	-100.8	-99.0	-99.0
Associates	0.4	0.7	0.5	0.5	0.5
Profit before tax	760.5	823.4	773.3	795.7	856.3
Tax	-129.7	-161.5	-185.6	-191.0	-205.5
PAT	630.8	661.9	587.7	604.7	650.8
Non-controlling interests	-201.9	-160.8	-146.9	-151.2	-162.7
Reported PATMI	428.9	501.1	440.8	453.5	488.1
Exceptionals	36.0	-4.2	0.0	0.0	0.0
Core PATMI	464.9	496.9	440.8	453.5	488.1
Consensus core PATMI			511.6	530.4	551.4
HLIB/ Consensus			86.2%	85.5%	88.5%

Cash Flow Statement

FYE Dec	FY24A	FY25A	FY26F	FY27F	FY28F
Profit before tax	760.5	823.4	773.3	795.7	856.3
D&A	269.3	262.2	305.6	305.1	304.6
Working capital	-16.5	-12.1	-290.7	-94.6	-100.6
Tax paid	-86.7	-118.1	-185.6	-191.0	-205.5
Others	149.0	76.5	100.3	98.5	98.5
CFO	1,126.7	1,087.3	702.9	913.7	953.3
Capex	-347.7	-468.5	-300.0	-300.0	-300.0
Others	15.9	-97.5	0.0	0.0	0.0
CFI	-331.8	-566.0	-300.0	-300.0	-300.0
Changes in debt	-400.4	-117.7	0.0	0.0	0.0
Shares issued	0.0	0.0	0.0	0.0	0.0
Dividends	-144.2	-36.0	-47.5	-47.5	-47.5
Others	-175.0	-259.1	-100.8	-99.0	-99.0
CFF	-719.6	-326.1	-148.3	-146.5	-146.5
Net cash flow	75.3	195.2	254.6	467.2	506.8
Beginning cash	627.3	678.7	827.0	1,081.6	1,548.8
Forex	-23.9	-46.9	0.0	0.0	0.0
Ending cash	678.7	827.0	1,081.6	1,548.8	2,055.6

Ratios

FYE Dec	FY24A	FY25A	FY26F	FY27F	FY28F
Core EPS (sen)	12.7	13.6	12.1	12.4	13.4
P/E (x)	5.9	5.5	6.3	6.1	5.6
EV/EBITDA (x)	3.6	3.5	3.7	3.6	3.5
DPS (sen)	2.8	1.3	1.3	1.3	1.3
Dividend yield	3.6%	1.7%	1.7%	1.7%	1.7%
BVPS (RM)	0.7	0.7	0.8	0.9	1.1
P/B (x)	1.1	1.1	0.9	0.8	0.7
EBITDA margin	22.3%	22.9%	28.5%	28.0%	28.4%
EBIT margin	8.2%	9.3%	7.6%	7.4%	7.6%
PBT margin	7.0%	8.3%	6.7%	6.6%	6.8%
Net margin	4.3%	5.0%	3.8%	3.8%	3.9%
ROE	19.8%	19.6%	15.7%	14.1%	13.4%
ROA	7.2%	7.7%	6.4%	6.0%	6.0%
Net gearing	36.8%	24.5%	15.0%	3.2%	-6.8%

Assumptions

FYE Dec	FY26F	FY27F	FY28F
Feedmill			
- Production volume ('000 mt)	3,150.1	3,329.4	3,520.1
- Utilisation rate	89%	94%	99%
Livestock			
- Broiler DOC supplied (m chicks)	208.2	214.5	220.9
- Broiler supplied (m birds)	169.4	174.5	179.7
- Eggs supplied (m eggs)	2,055.1	2,109.7	2,166.0

LHI; HLIB Research

Figure #1 Quarterly results comparison

FYE Dec (RMm)	1Q25	4Q25	1Q26	QoQ (%)	YoY (%)
Revenue	2,210.9	2,275.1	2,264.5	*-0.5*	*2.4*
- Livestock & poultry related products	1,324.7	1,384.5	1,371.6	*-0.9*	*3.5*
- Feedmill	882.7	887.2	889.5	*0.3*	*0.8*
- Others	3.5	3.4	3.3	*-0.9*	*-3.4*
EBITDA	261.1	406.6	282.4	*-30.5*	*8.2*
- Livestock & poultry related products	113.6	265.6	154.4	*-41.9*	*35.9*
- Feedmill	148.2	141.0	128.1	*-9.2*	*-13.6*
- Others	-0.7	0.0	-0.1	*NM*	*NM*
Profit from operations	184.6	329.0	206.0	*-37.4*	*11.6*
- Livestock & poultry related products	55.4	204.3	93.7	*-54.2*	*69.1*
- Feedmill	131.1	122.0	112.3	*-7.9*	*-14.3*
- Others	-1.8	2.7	-0.1	*NM*	*NM*
Finance costs	-26.4	-26.1	-23.6	*-9.7*	*-10.6*
Associates	0.1	0.4	0.1	*-76.6*	*-18.1*
PBT	158.4	303.3	182.5	*-39.8*	*15.2*
Tax expense	-17.7	-64.1	-40.9	*-36.2*	*>100*
PAT	140.7	239.2	141.6	*-40.8*	*0.7*
Non-controlling interests	-38.9	-59.3	-26.6	-	-
Reported net profit	101.8	179.9	115.0	*-36.0*	*13.0*
Core net profit	102.3	185.3	116.8	*-37.0*	*14.1*
Core EPS (sen)	2.8	5.1	3.2	*-37.0*	*14.1*
				%-pts	**%-pts**
EBITDA margin (%)	11.8	17.9	12.5	-5.4	0.7
Operating margin (%)	8.4	14.5	9.1	-5.4	0.7
PBT margin (%)	7.2	13.3	8.1	-5.3	0.9
Net margin (%)	4.6	8.1	5.2	-3.0	0.5

HLIB Research

Figure #2 Geographical breakdown on revenue and EBITDA

FYE Dec (RMm)	1Q25	4Q25	1Q26	QoQ (%)	YoY (%)
Revenue	2,207.4	2,271.7	2,261.1	*-0.5*	*2.4*
- Malaysia	561.7	610.6	610.4	*0.0*	*8.7*
- Singapore	205.5	198.8	206.0	*3.6*	*0.3*
- Vietnam	401.4	400.8	377.5	*-5.8*	*-6.0*
- Indonesia	856.7	860.1	871.1	*1.3*	*1.7*
- Philippines	182.2	201.3	196.2	*-2.6*	*7.7*
EBITDA	261.1	406.6	282.4	*-30.5*	*8.2*
- Malaysia	124.1	162.6	144.5	*-11.2*	*16.4*
- Singapore	12.4	23.5	14.0	*-40.4*	*13.1*
- Vietnam	47.6	77.6	51.7	*-33.4*	*8.5*
- Indonesia	45.1	118.2	48.9	*-58.6*	*8.5*
- Philippines	31.9	24.7	23.4	*-5.4*	*-26.7*

HLIB Research

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 22,889 MWh in FY25 (from 15,753 MWh in FY24).
- GHG intensity (Scope 1 & 2) of 41.8 tCO_2e in FY25 (from 39.2 tCO_2e in FY24)
- Water intensity of 529 m3/RMm in FY25 (from 444m3/RMm in FY24)

Comments: -

Social (S) indicators

- Composition of female board of directors stood at 27% in FY25 (same as FY24).
- 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 FY25 (similar to FY24), where 45% were independent (same as FY24).
- Independent directors formed 100% of audit and risk management committee in FY25 (same as FY24).

Comments: We deem most indicators fairly reasonable.

Bursa, HLIB Research

Disclaimer

(a) -.

2. As of 20 May 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:
(a) -.

Published & printed by:

Hong Leong Investment Bank Berhad (10209-W)
Level 28, Menara Hong Leong,
No. 6, Jalan Damanlela,
Bukit Damansara,
50490 Kuala Lumpur
Tel: (603) 2083 1800
Fax: (603) 2083 1766

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.