

Leong Hup International Berhad

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



Maintain **BUY**

Unchanged Target Price **RM0.90**

2QFY25 Results Review Softer Quarter, Resilient 1H

Maintain BUY with an unchanged TP of RM0.90. Leong Hup International's (LHI) 2QFY25 results came in within expectations. While the quarter was weighed by lower ASPs in Indonesia and Vietnam as well as softer Feedmill sales, 1HFY25 core earnings still rose +27.2%yoy supported by firmer poultry margins in Malaysia and the Philippines. We maintain our earnings forecasts and TP at RM0.90, based on an unchanged PER of 7.3x pegged to FY25F core EPS of 12.4sen.

Within expectations. LHI chalked in 2QFY25 revenue of RM2.13b (-9.4%yoy; -3.5%qoq) and core PATANCI of RM94.5m (-1.8%yoy; -4.5%qoq). This brought cumulative 1HFY25 core earnings to RM193.6m, representing 43% and 52% of our and consensus full-year forecasts, respectively. We deem the results within expectations, as earnings are structurally weighted towards the second half of the year given the cyclical nature of the business and the group's historical pattern of stronger 2H contributions. No dividends were declared.

Revenue Dragged by Feedmill Weakness. LHI's revenue fell -9.4%yoy to RM2.13b in 2QFY25, weighed by weaker Feedmill (-15.5%yoy) on lower ASPs in Indonesia, Vietnam, and Malaysia, partly cushioned by higher feed volumes in the Philippines. Livestock & poultry contracted -5.1%yoy, led by softer DOC and broiler prices in Indonesia, though Malaysia saw stronger DOC and broiler volumes and the Philippines grew on firmer dressed chicken demand. On a cumulative basis, 1HFY25 revenue stood at RM4.34b (-8.8%yoy), reflecting broad-based pressure from Feedmill (-17.4%yoy) and livestock sales in Indonesia and Vietnam, though Malaysia supported with higher DOC, broiler and table egg volumes, and the Philippines grew on stronger dressed chicken demand.

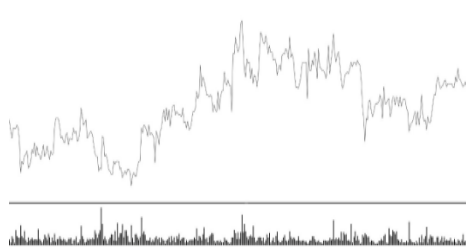
Resilient 1H Earnings Despite 2Q Weakness. LHI's 2QFY25 earnings were dampened by softer ASPs and volumes, with core PATANCI declining -6.4%yoy to RM90.3m as EBITDA contracted -13.2%yoy to RM257.3m, weighed by weaker contributions from the livestock & poultry (-19.3% yoy) and Feedmill (-8.2%yoy) segments. Nevertheless, on a cumulative basis, 1HFY25 core PATANCI expanded +27.2%yoy to RM193.6m despite the -8.8%yoy revenue decline, supported by EBITDA of RM518.4m (-3.5%yoy) and core earning margin improvement to 4.5% (+1.3ppts yoy), underpinned by operational efficiencies and firmer poultry margins in Malaysia and the Philippines.

Outlook. We remain positive on LHI's outlook, underpinned by stable feed input costs from corn and soybean meal and structural growth opportunities in chicken and egg consumption per capita across its key markets. Supported by a softer USD, a diversified footprint and essential food portfolio, LHI remains a defensive play amid macro uncertainty.

RETURN STATISTICS

Price @ 26 th Aug 2025 (RM)	0.64
Expected share price return (%)	+41.35
Expected dividend yield (%)	+3.87
Expected total return (%)	+45.23

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	6.7	3.4
3months	3.2	-3.7
12 months	6.7	10.5

INVESTMENT STATISTICS

FYE DEC (RM'm)	2025F	2026F	2027F
Revenue	10,198.9	10,607.8	11,036.2
EBITDA	1,205.9	1,262.8	1,301.4
PBT	730.3	763.2	779.1
Core PATANCI	452.3	478.6	485.1
Core EPS (sen)	12.4	13.1	13.3
DPS (sen)	2.5	2.6	2.7
Dividend Yield (%)	3.9	4.1	4.2

KEY STATISTICS

FBM KLCI	1,581.59
Issue shares (m)	3632.79
Estimated free float (%)	19.67
Market Capitalisation (RM'm)	2,280.85
52-wk price range	RM0.56 - RM0.77
3-mth average daily volume (m)	2.74
3-mth average daily value (RM'm)	1.70
Top Shareholders (%)	
Emerging Glory Sdn Bhd	54.08
Amanah Saham Nasional Bhd	7.09
Clarinden Investments Pte Ltd	5.03

Analyst

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Leong Hup International: 2QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	2QFY25	1QFY25	2QFY24	YoY (%)	QoQ (%)	1HFY25	1HFY24	YoY (%)
Revenue	2,133.5	2,210.9	2,355.1	(9.4)	(3.5)	4,344.4	4,766.0	(8.8)
Other income	51.8	45.3	9.6	437.3	14.5	97.1	33.3	191.9
Operating expenses	(2,004.5)	(2,071.5)	(2,146.1)	(6.6)	(3.2)	(4,076.1)	(4,419.6)	(7.8)
Operating profit (EBIT)	180.8	184.6	218.7	(17.3)	(2.1)	365.5	379.8	(3.8)
Net finance income/(cost)	(25.0)	(26.4)	(34.2)	(26.9)	(5.3)	(51.3)	(70.4)	(27.0)
Profit before Associates & JV	155.8	158.3	184.5	(15.5)	(1.5)	314.1	309.4	1.5
Profit before tax (PBT)	156.0	158.4	184.6	(15.5)	(1.5)	314.4	309.5	1.6
Tax expense	(37.3)	(17.7)	(40.4)	(7.6)	110.7	(55.0)	(70.4)	(21.8)
Profit After tax (PAT)	118.6	140.7	144.1	(17.7)	(15.7)	259.3	239.1	8.5
PATANCI	90.3	101.8	96.2	(6.1)	(11.3)	192.1	152.8	25.7
Core PATANCI	94.5	99.0	96.3	(1.8)	(4.5)	193.6	152.2	27.2
Core EPS (sen)	2.6	2.7	2.6	(0.6)	(4.0)	5.4	4.2	28.5
DPS (sen)	0.0	1.0	1.3	(100.0)	(100.0)	1.0	1.3	(23.1)
Growth & Margin (%)				+/(-) pts	+/(-) pts			+/(-) pts
Operating Profit Margin	8.5	8.4	9.3	(0.8)	0.1	8.4	8.0	0.4
PBT Margin	7.3	7.2	7.8	(0.5)	0.1	7.2	6.5	0.7
Core PATANCI Margin	4.4	4.5	4.1	0.3	(0.0)	4.5	3.2	1.3
Ratios & Valuation				+/(-) pts	+/(-) pts			+/(-) pts
Effective tax rate (%)	23.9	11.2	21.9	2.0	12.8	17.5	22.7	(5.2)

Source: Company, MBSBR

Leong Hup International: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	2QFY25	1QFY25	2QFY24	YoY (%)	QoQ (%)	1HFY25	1HFY24	YoY (%)
Revenue (External):								
Livestock and poultry	1,298.1	1,324.7	1,368.0	(5.1)	(2.0)	2,622.8	2,683.8	(2.3)
Feedmill	832.0	882.7	984.2	(15.5)	(5.7)	1,714.7	2,076.5	(17.4)
Others	3.4	3.5	2.9	16.9	(2.1)	6.8	5.8	17.4
Total	2,133.5	2,210.9	2,355.1	(9.4)	(3.5)	4,344.4	4,766.0	(8.8)
EBITDA:								
Livestock and poultry	117.2	113.6	145.3	(19.3)	3.2	230.8	224.3	2.9
Feedmill	139.5	148.2	151.9	(8.2)	(5.9)	287.7	316.5	(9.1)
Others	0.6	(0.7)	(0.8)	(180.1)	(183.4)	(0.1)	(3.7)	(96.6)
Total	257.3	261.1	296.4	(13.2)	(1.4)	518.4	537.1	(3.5)
EBITDA margin:								
Livestock and poultry	9.0	8.6	10.6	(1.6)	0.5	8.8	8.4	0.4
Feedmill	16.8	16.8	15.4	1.3	(0.0)	16.8	15.2	1.5
Others	18.4	(21.6)	(26.8)	45.2	39.9	(1.8)	(62.8)	61.0
Total	12.1	11.8	12.6	(0.5)	0.3	11.9	11.3	0.7

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025F	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	9,539.5	9,309.5	10,198.9	10,607.8	11,036.2	PBT	554.7	760.5	730.3	763.2	779.1
Gross Profit	2,574.7	3,033.0	2,835.4	2,973.9	3,096.4	Operating cash flow	992.5	1,126.7	180.3	306.8	312.9
EBITDA	1,051.7	1,214.6	1,205.9	1,262.8	1,301.4	Investing cash flow	(163.8)	(331.8)	(115.8)	(116.0)	(116.2)
EBIT	709.5	874.2	887.6	935.1	960.2	Financing cash flow	(773.3)	(719.6)	84.2	(174.9)	(180.1)
PBT	554.7	760.5	730.3	763.2	779.1	Net cash flow	55.3	75.3	148.7	16.0	16.5
Taxation	(124.9)	(129.7)	(160.7)	(167.9)	(171.4)	Beginning cash flow	556.1	627.3	678.7	827.4	843.4
PAT	429.8	630.8	569.6	595.3	607.7	Ending cash flow	627.3	678.7	827.4	843.4	859.9
Core PATANCI	324.9	462.8	452.3	478.6	485.1						
Core EPS (sen)	8.9	12.7	12.4	13.1	13.3						
PER (x)	7.2	5.0	5.2	4.9	4.8						
DPS (sen)	3.0	2.8	2.5	2.6	2.7						
Dividend Yield (%)	4.7	4.3	3.9	4.1	4.2						
Growth (%)	2023A	2024A	2025F	2026F	2027F	Profitability Ratios (%)	2023A	2024A	2025F	2026F	2027F
Revenue Growth	5.5	(2.4)	9.6	4.0	4.0	Gross Profit Margin	27.0	32.6	27.8	28.0	28.1
Gross Profit Growth	16.2	17.8	(6.5)	4.9	4.1	EBITDA Margin	11.0	13.0	11.8	11.9	11.8
EBITDA Growth	39.8	15.5	(0.7)	4.7	3.1	EBIT Margin	7.4	9.4	8.7	8.8	8.7
Core PATANCI Growth	35.0	42.4	(2.3)	5.8	1.4	Core PATANCI Margin	3.4	5.0	4.4	4.5	4.4
Balance Sheet (RM'm)	2023A	2024A	2025F	2026F	2027F						
PPE	2,730.3	2,683.3	2,514.1	2,331.3	2,134.1						
Intangible assets	102.5	91.2	100.0	104.0	108.2						
Non-current assets	3,399.5	3,308.9	3,146.8	2,962.1	2,765.0						
Inventories	978.8	968.6	1,131.8	1,176.0	1,223.5						
ST Trade receivables	874.2	788.3	863.6	898.2	934.5						
Cash and cash equivalents	699.5	770.7	827.4	843.4	859.9						
Current assets	3,127.1	3,135.4	3,530.5	3,653.0	3,782.9						
Total Assets	6,526.6	6,444.3	6,677.3	6,615.1	6,547.9						
Total Equity	2,955.1	3,327.4	2,994.1	2,764.4	2,520.6						
LT Loans	870.8	575.9	681.6	715.7	751.5						
Non-current liabilities	1,213.2	917.4	1,052.7	1,100.8	1,151.2						
ST Trade payables	682.1	718.5	839.6	872.4	907.6						
ST Loans	1,587.3	1,418.8	1,679.1	1,763.1	1,851.2						
Current Liabilities	2,358.3	2,199.4	2,630.5	2,749.9	2,876.1						
Total Liabilities	3,571.5	3,116.9	3,683.2	3,850.7	4,027.3						

Source: Bloomberg, MBSBR

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MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

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