Corporate Update

Leong Hup International Berhad

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

ESG 1 Star

1QFY26 Results Review
Poultry Margins Support Earnings

Maintain BUY with an unchanged TP of RM1.07. Leong Hup International Berhad delivered a steady 1QFY26 performance, with earnings supported by improved Livestock & Poultry profitability, which offset softer Feedmill margins and sequential normalisation from a strong 4QFY25. We make no changes to our earnings forecasts, and our **TP** remains unchanged at **RM1.07**, based on an unchanged 7.3x PER pegged to FY26F EPS of 14.62 sen. We maintain our **BUY** call, underpinned by LHI's diversified regional footprint, essential protein exposure and sustained poultry margin resilience.

Within expectations. LHI posted 1QFY26 revenue of RM2.26b (+2.4%yoy; -0.5%qoq) and core PATANCI of RM116.4m (+17.6%yoy; -37.1%qoq), accounting for 22% of our full-year forecast and 24% of consensus. Year-on-year earnings growth was supported by better Livestock & Poultry margins, while the quarter-on-quarter decline reflected normalisation from a strong 4QFY25. No dividend was declared for the quarter.

Revenue supported by Livestock & Poultry growth. Group revenue rose +2.4%yoy to RM2.26b, driven by Livestock & Poultry revenue of RM1.37b (+3.5%yoy), supported by higher selling prices and volumes for broiler DOCs and eggs in Malaysia, as well as stronger broiler DOC and broiler chicken performance in Indonesia. Singapore also improved on higher selling prices and fresh chicken volumes, while Vietnam was affected by currency translation. Feedmill revenue was largely flat at RM889.5m (+0.8%yoy), as growth in the Philippines was partly offset by currency translation effects in Indonesia and Vietnam. On a quarter-on-quarter basis, revenue was broadly stable at -0.5%, as softer broiler chicken and egg prices in Vietnam, and weaker egg sales in Malaysia, offset better Indonesia performance.

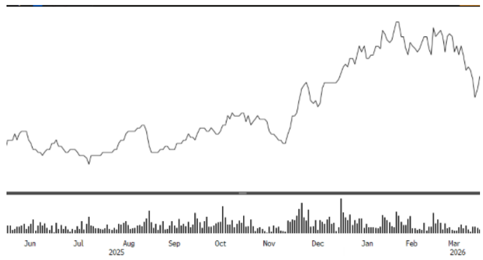
Earnings lifted by stronger Livestock & Poultry margins. EBITDA increased +8.2%yoy to RM282.4m, with EBITDA margin improving +0.7ppts yoy to 12.5%, mainly driven by stronger Livestock & Poultry profitability, who's segment EBITDA rose +35.9%yoy to RM154.4m, with margin expanding +2.7ppts yoy to 11.3%, supported by higher selling prices and volumes for broiler DOCs and eggs in Malaysia, and stronger broiler DOC and broiler chicken performance in Indonesia. This offset weaker Feedmill performance, where EBITDA declined -13.6%yoy to RM128.1m and margin compressed -2.4ppts yoy to 14.4%, reflecting softer segment profitability despite flattish revenue. Consequently, PBT increased +15.2%yoy to RM182.5m, and core PATANCI grew +17.6%yoy to RM116.4m, translating into a core PATANCI margin of 5.1% (+0.7ppts yoy).

Maintain **BUY**

Unchanged Target Price **RM1.07**

RETURN STATISTICS	
Price @ 19th May 2026 (RM)	0.755
Expected share price return (%)	+41.39
Expected dividend yield (%)	+3.87
Expected total return (%)	+45.27

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-0.7	-2.1
3 months	6.3	-1.1
12 months	16.2	4.2

INVESTMENT STATISTICS

FYE DEC (RM'm)	2026F	2027F	2028F
Revenue	9,995.7	10,395.6	10,814.6
EBITDA	1,325.7	1,426.9	1,453.5
PBT	825.3	904.0	906.7
Core PATANCI	533.8	589.6	588.3
Core EPS (sen)	14.6	16.2	16.1
DPS (sen)	2.9	3.2	3.2
Dividend Yield (%)	3.9	4.3	4.3

KEY STATISTICS	
FBM KLCI	1,727.27
Issued shares (m)	3447.45
Estimated free float (%)	21.54
Market Capitalisation (RM'm)	2,553.70
52-wk price range	RM0.58 - RM0.83
3-mth average daily volume (m)	2.22
3-mth average daily value (RM'm)	1.68
Top Shareholders (%)	
Emerging Glory Sdn Bhd	56.98
Amanah Saham Nasional Bhd	7.47
Lau Joo Han	2.87

Analyst

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Outlook. We remain constructive on LHI's prospects, supported by resilient demand for affordable protein, improving poultry and egg consumption across its ASEAN markets, and continued margin discipline within Livestock & Poultry. While Feedmill performance remains sensitive to raw material costs, ASP trends and currency movements, LHI's regional scale and diversified operations should help cushion volatility from geopolitical tensions, energy costs and supply-chain disruptions. Barring unforeseen circumstances, we expect LHI to deliver a satisfactory FY26 performance. Maintain **BUY** with an unchanged **TP** of RM1.07, based on 7.3x PER pegged to FY26F EPS of 14.62 sen.

Leong Hup International: 1QFY26 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1QFY26	4QFY25	1QFY25	YoY (%)	QoQ (%)	3MFY26	3MFY25	YoY (%)
Revenue	**2,264.5**	**2,275.1**	**2,210.9**	**2.4**	**(0.5)**	**2,264.5**	**2,210.9**	**2.4**
Other income	12.6	19.5	45.3	(72.1)	(35.3)	12.6	45.3	(72.1)
Operating expenses	(2,071.1)	(1,965.6)	(2,071.5)	(0.0)	5.4	(2,071.1)	(2,071.5)	(0.0)
Operating profit (EBIT)	**206.0**	**329.0**	**184.6**	**11.6**	**(37.4)**	**206.0**	**184.6**	**11.6**
Net finance income/(cost)	(23.6)	(26.1)	(26.4)	(10.6)	(9.7)	(23.6)	(26.4)	(10.6)
Profit before Associates & JV	**182.4**	**302.9**	**158.3**	**15.2**	**(39.8)**	**182.4**	**158.3**	**15.2**
Profit before tax (PBT)	**182.5**	**303.3**	**158.4**	**15.2**	**(39.8)**	**182.5**	**158.4**	**15.2**
Tax expense	(40.9)	(64.1)	(17.7)	130.9	(36.2)	(40.9)	(17.7)	130.9
Profit After tax (PAT)	**141.6**	**239.2**	**140.7**	**0.7**	**(40.8)**	**141.6**	**140.7**	**0.7**
PATANCI	115.0	179.9	101.8	13.0	(36.0)	115.0	101.8	13.0
Core PATANCI	**116.4**	**185.1**	**99.0**	**17.6**	**(37.1)**	**116.4**	**99.0**	**17.6**
Core EPS (sen)	3.4	5.3	2.7	24.3	(36.1)	3.4	2.7	24.3
DPS (sen)	0.0	1.0	1.0	(100.0)	(100.0)	0.0	1.0	(100.0)
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Operating Profit Margin	9.1	14.5	8.4	0.7	(5.4)	9.1	8.4	0.7
PBT Margin	8.1	13.3	7.2	0.9	(5.3)	8.1	7.2	0.9
Core PATANCI Margin	5.1	8.1	4.5	0.7	(3.0)	5.1	4.5	0.7
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	22.4	21.1	11.2	11.2	1.3	22.4	11.2	11.2

Source: Company, MBSBR

Leong Hup International: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1QFY26	4QFY25	1QFY25	YoY (%)	QoQ (%)	3MFY26	3MFY25	YoY (%)
Revenue (External):								
Livestock and poultry	1,371.6	1,384.5	1,324.7	3.5	(0.9)	1,371.6	1,324.7	3.5
Feedmill	889.5	887.2	882.7	0.8	0.3	889.5	882.7	0.8
Others	3.3	3.4	3.5	(3.4)	(0.9)	3.3	3.5	(3.4)
Total	**2,264.5**	**2,275.1**	**2,210.9**	**2.4**	**(0.5)**	**2,264.5**	**2,210.9**	**2.4**
EBITDA:								
Livestock and poultry	154.4	265.6	113.6	35.9	(41.9)	154.4	113.6	35.9
Feedmill	128.1	141.2	148.2	(13.6)	(9.2)	128.1	148.2	(13.6)
Others	(0.1)	(0.0)	(0.7)	(89.1)	118.9	(0.1)	(0.7)	(89.1)
Total	**282.4**	**406.8**	**261.1**	**8.2**	**(30.6)**	**282.4**	**261.1**	**8.2**
EBITDA margin:								
Livestock and poultry	11.3	19.2	8.6	2.7	(7.9)	11.3	8.6	2.7
Feedmill	14.4	15.9	16.8	(2.4)	(1.5)	14.4	16.8	(2.4)
Others	(2.4)	(1.1)	(21.6)	19.1	(1.3)	(2.4)	(21.6)	19.1
Total	**12.5**	**17.9**	**11.8**	**0.7**	**(5.4)**	**12.5**	**11.8**	**0.7**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	9,309.5	9,950.5	9,995.7	10,395.6	10,814.6
Gross Profit	3,033.0	2,767.6	2,742.3	2,916.1	3,034.1
EBITDA	1,214.6	1,292.9	1,325.7	1,426.9	1,453.5
EBIT	874.2	974.7	998.2	1,086.1	1,098.5
PBT	760.5	816.9	825.3	904.0	906.7
Taxation	(129.7)	(179.7)	(181.6)	(198.9)	(199.5)
PAT	630.8	637.2	643.7	705.1	707.3
Core PATANCI	462.8	522.8	533.8	589.6	588.3
Core EPS (sen)	12.7	14.3	14.6	16.2	16.1
PER (x)	6.0	5.3	5.2	4.7	4.7
DPS (sen)	2.8	2.9	2.9	3.2	3.2
Dividend Yield (%)	3.6	3.8	3.9	4.3	4.3

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	760.5	816.9	825.3	904.0	906.7
Operating cash flow	1,126.7	1,016.2	(207.9)	331.3	335.9
Investing cash flow	(331.8)	(550.2)	(115.3)	(115.6)	(115.8)
Financing cash flow	(719.6)	(320.8)	275.4	(200.5)	(204.3)
Net cash flow	75.3	145.3	(47.8)	15.3	15.8
Beginning cash flow	627.3	678.7	842.5	794.7	810.0
Ending cash flow	678.7	842.5	794.7	810.0	825.8

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth	(2.4)	6.9	0.5	4.0	4.0
Gross Profit Growth	17.8	(8.8)	(0.9)	6.3	4.0
EBITDA Growth	15.5	6.4	2.5	7.6	1.9
Core PATANCI Growth	42.4	13.0	2.1	10.5	(0.2)

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin (%)	32.6	27.8	27.4	28.1	28.1
EBITDA Margin (%)	13.0	13.0	13.3	13.7	13.4
EBIT Margin (%)	9.4	9.8	10.0	10.4	10.2
Core PATANCI Margin (%)	5.0	5.3	5.3	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

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) 197501002077 (24878-X).

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DISCLOSURES AND DISCLAIMER

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