

# Leong Hup International Bhd

**TP: RM1.05 (+39.1%)**
*Strong Livestock Growth Offsets Feedmill Weakness*

Last Traded: RM0.755

**BUY (ESG: ★★★)**

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## Review

- Leong Hup International Bhd posted a core profit of RM115.0mn in 1QFY26. The results met expectations, accounting for 22% of both our and consensus' full-year estimates.
- 1QFY26 PBT rose 15.2% YoY to RM182.5mn, outpacing revenue growth of 2.4% YoY. The improvement was primarily driven by the livestock and poultry-related segment, which more than offset the weaker performance of the feedmill segment. Meanwhile, PAT increased at a slower pace of 13.0% YoY due to a higher effective tax rate of 22.4% (+11.2pp YoY) in 1QFY26.
- Livestock & Poultry Related Segment.** 1QFY26 EBIT surged 69.1% YoY to RM93.7mn, supported by revenue growth of 3.5% YoY. The strong performance was mainly driven by higher ASPs and sales volumes of broiler day-old chicks (DOCs) and eggs in Malaysia, alongside stronger ASPs and sales volumes of broiler DOCs and broiler chickens in Indonesia. In addition, higher ASPs and sales volumes of fresh chicken in Singapore also contributed to the growth.
- Feedmill segment.** In contrast, 1QFY26 EBIT declined 14.3% YoY to RM112.3mn despite relatively stable turnover of RM889.5mn. The weaker performance was mainly attributable to higher operating expenses, lower ASPs in Malaysia, and unfavourable foreign exchange translation impacts, which weighed on the reported revenue of the Indonesia and Vietnam operations. Excluding the forex impact, both countries recorded stronger topline growth in local currency terms.
- No dividend was declared for the quarter under review.

## Impact

- No changes to our earnings estimates.

## Outlook

- Despite macroeconomic uncertainties arising from ongoing geopolitical tensions, the group remains cautiously optimistic on its FY26 outlook. Growth is expected to be supported by rising per capita chicken and egg consumption, underpinned by government initiatives and resilient economic growth across its key operating markets.
- In addition to topline expansion, the group intends to implement prudent cost optimisation measures and maintain disciplined cash flow management to navigate rising cost pressures and foreign exchange translation impacts in FY26.

## Valuation

- We maintain **BUY** with an unchanged TP of **RM1.05/share**, based on 7x CY27 EPS.

### Share Information

Bloomberg Code	LHIB MK
Stock Code	6633
Listing	Main Market
Share Cap (mn)	3382.3
Market Cap (RMmn)	2553.7
52-wk Hi/Lo (RM)	0.835/0.58
12-mth Avg Daily Vol ('000 shrs)	3315.7
Estimated Free Float (%)	21.5
Beta	0.9
<b>Major Shareholders (%)</b>	
Emerging Glory	56.4%
Amanah Saham Nasional	7.4%
Lau Joo Han	2.8%

### Forecast Revision

	FY26	FY27
Forecast Revision (%)	-	-
Net profit (RMm)	533.0	548.6
Consensus	511.6	530.4
TA's / Consensus (%)	104.2	103.4
Previous Rating	Buy (Maintained)	
Consensus Target Price (RM)	1.03	

### Financial Indicators

	FY26	FY27
Net Debt / Equity (x)	0.1	0.0
ROE (%)	18.8	16.6
ROA (%)	7.9	7.6
NTA/Share (RM)	0.8	0.9
Price/NTA (x)	0.9	0.8

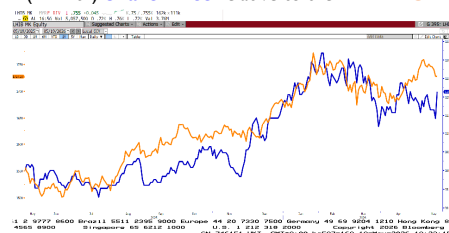
### Scorecard

	% of FY	
vs TA	22	Within
vs Consensus	22	Within

### Share Performance (%)

Price Change	LHI	FBM KLCI
1 mth	(1.9)	1.9
3 mth	(1.9)	(1.4)
6 mth	19.8	6.4
12 mth	18.0	11.0

### (12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

**Table 1: Earnings Summary (RM'mn)**

FYE December (RM'mn)	2024	2025	2026E	2027F	2028F	
Revenue	9,309.5	8,829.2	9,138.2	9,458.0	9,694.5	
EBITDA	1,195.6	1,207.8	1,245.5	1,276.5	1,308.5	
PBT	760.5	823.4	876.7	902.2	932.4	
Reported Net Profit	428.9	501.1	533.0	548.6	566.9	
Core Net Profit	428.9	501.1	533.0	548.6	566.9	
Core EPS	(sen)	11.7	14.0	14.6	15.0	15.5
Core PER	(x)	6.4	5.4	5.2	5.0	4.9
DPS	(sen)	2.8	1.0	2.2	2.3	2.3
Dividend Yield	(%)	3.6	1.3	2.9	3.0	3.1

**Table 2: IQFY26 Results Analysis (RM'mn)**

FYE 31 Dec (RM'mn)	IQFY25	4QFY25	IQFY26	QoQ (%)	YoY (%)	
Revenue	2,210.9	2,275.1	2,264.5	(0.5)	2.4	
Other Income	45.3	19.5	12.6	(35.3)	(72.1)	
Operating Expenses	(2,071.5)	(1,956.6)	(2,071.1)	(5.9)	0.0	
EBIT	184.6	329.0	206.0	(37.4)	11.6	
Net Interest	(26.4)	(26.1)	(23.6)	9.7	10.6	
Associate	0.1	0.4	0.1	(76.6)	(18.1)	
Profit before Tax	158.4	303.3	182.5	(39.8)	15.2	
Taxation	(17.7)	(64.1)	(40.9)	36.2	>-100	
Extraordinary Items	-	-	-	-	-	
Minority Interest	(38.9)	(59.3)	(26.6)	55.2	31.7	
Net Profit	101.8	179.9	115.0	(36.0)	13.0	
Adj. Net Profit	101.8	179.9	115.0	(36.0)	13.0	
Basic EPS	(sen)	2.8	5.2	3.4	(35.0)	19.4
DPS	(sen)	1.0	-	-	-	nm
				<b>%-points</b>	<b>%-points</b>	
EBIT 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	7.9	5.1	(2.8)	0.5
Adj. Net Margin	(%)	4.6	7.9	5.1	(2.8)	0.5
Tax Rate	(%)	11.2	21.1	22.4	1.3	11.2

**Table 3: IQFY26 Results Analysis (RM'mn) – Segmental Breakdown**

FYE 31 Dec (RM'mn)	IQFY25	4QFY25	IQFY26	QoQ (%)	YoY (%)
<b>Revenue</b>	<b>2,210.9</b>	<b>2,275.1</b>	<b>2,264.5</b>	<b>(0.5)</b>	<b>2.4</b>
Livestock and Poultry Related	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)
<b>Segment EBIT</b>	<b>184.6</b>	<b>329.0</b>	<b>206.0</b>	<b>(37.4)</b>	<b>11.6</b>
Livestock and Poultry Related	55.4	204.3	93.7	(54.2)	69.1
Feedmill	131.1	122.0	112.3	(7.9)	(14.3)
Elimination	(1.8)	2.7	(0.1)	nm	97.2
				<b>%-points</b>	<b>%-points</b>
<b>Segment EBIT Margin</b>	<b>8.4</b>	<b>14.5</b>	<b>9.1</b>	<b>(5.4)</b>	<b>0.7</b>
Livestock and Poultry Related	4.2	14.8	6.8	(7.9)	2.6
Feedmill	14.9	13.7	12.6	(1.1)	(2.2)

### 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
<b>Scoring</b>	★★★	★★★	★★★	★★★
<b>Remark</b>	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

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As of Wednesday, May 20, 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**

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