HongLeong Investment Bank

26 November 2025

Results Review: 3QFY25

Leong Hup International

Another strong quarter

9M25 core net profit of RM311.6m (+11.1%) surpassed expectations, accounting for 80.6-83.0% of consensus and our full-year estimates, with key variances came largely from lower-than-expected finance cost. We raise our FY25-26 core net profit forecasts by 4.2% and 0.9%, mainly to account for lower finance cost assumptions. Post earnings revision and roll-forward of valuation base year, we maintain our BUY rating on LHI with a higher TP of RM0.84 based on 8x revised FY26 core EPS of 10.5 sen.

HLIB Research
PP 9484/12/2012 (031413)

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BUY (Maintain)

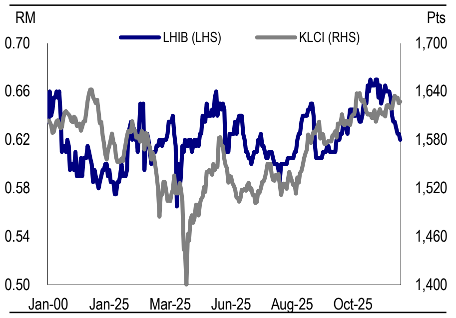
Target Price:	**RM0.84**
Previously:	**RM0.82**
Current Price:	**RM0.62**

Capital upside	35.5%
Dividend yield	2.1%
Expected total return	37.6%

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	-6.8	-4.6	-2.4
Relative	-6.7	-5.2	-3.2

Stock information

Bloomberg ticker	LHIB MK
Bursa code	6633
Issued shares (m)	3,479.9
Market capitalisation (RM m)	2,158
3-mth average volume ('000)	3,613
SC Shariah compliant	No
F4GBM Index member	No
ESG rating	★★

Major shareholders

Emerging Glory	55.4%
Amanah Saham Nasional	7.3%
Lau Joo Han	2.8%

Earnings summary

FYE Dec	FY24	FY25F	FY26F
PATMI - core (RM m)	464.9	391.5	383.9
EPS - core (sen)	12.7	10.7	10.5
P/E (x)	4.9	5.8	5.9

Beat expectations. 3Q25 core net profit of RM118.7m (+30.9% QoQ; -3.5% YoY) took 9M25's total sum to RM311.6m (+11.1%). The results beat expectations, accounting for 80.6-83.0% of consensus and our full-year estimates, with key variances came largely from lower-than-expected finance cost. Core net profit of RM311.6m in 9M25 was arrived after adjusting for (i) RM10.2m net reversal of impairment loss, (ii) RM2.0m gain on disposal, and (iii) RM2.6m PPE written off.

QoQ. 3Q25 core net profit surged 30.9% to RM118.7m, boosted mainly by higher contribution from Indonesia (arising from a recovery of DOC and broiler chicken prices), Singapore (on the back of higher sales volume of fresh chicken), and Vietnam (arising from higher egg prices). These were, however, partly weighed down by lower contribution from Malaysia (arising from lower government subsidies received, which was discontinued since Aug-25).

YoY. 3Q25 core net profit fell by a marginal -3.5% to RM118.7m, as higher contribution from livestock and poultry-related product segment was more than weighed down by lower contribution from feedmill segment and lower contribution from Teo Seng.

YTD. 9M25 core net profit increased by 11.1% to RM311.6m, aided mainly by higher contribution from livestock and poultry-related product segment, which in turn was driven mainly by higher poultry product prices in all operating countries. The decline in earnings contribution from feedmill segment, on the other hand, was due mainly to lower feed prices (in Malaysia, Indonesia and Vietnam) and sales volume (in Malaysia and Vietnam).

Outlook. Despite uncertainties from escalating tariffs and geopolitical tensions, management remains cautiously optimistic on its earnings prospects, underpinned by resilient demand growth for chicken and eggs across LHI's markets and stable feed costs, particularly corn and soybean meal.

Forecast. We raise our FY25-26 core net profit forecasts by 4.2% and 0.9%, mainly to account for lower finance cost assumptions. Core net profit forecast for FY27, on the other hand, remains largely unchanged.

Maintain BUY with higher TP of RM0.84. Post earnings revision and roll-forward of valuation base year, we maintain our BUY rating on LHI with a higher TP of RM0.84 based on 8x revised FY26 core EPS of 10.5 sen. We continue to like LHI for its (i) attractive valuation (at FY25-27 P/E of 6.2x, 6.1x, and 6.0x, respectively), and (ii) healthy balance sheet (net gearing of 0.29x as at 30 Sep 2025).

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Dec	FY23A	FY24A	FY25F	FY26F	FY27F
Cash	699.5	770.7	1,159.1	1,532.8	1,907.1
Receivables	892.4	801.3	998.3	1,050.1	1,105.1
Inventories	978.8	968.6	978.3	1,029.7	1,084.4
PPE	2,730.3	2,683.3	2,684.9	2,686.4	2,687.8
Others	1,225.6	1,220.5	1,199.2	1,228.3	1,259.2
Assets	**6,526.6**	**6,444.3**	**7,019.8**	**7,527.3**	**8,043.6**
Payables	682.1	718.5	819.5	862.6	908.3
Debt	2,458.1	1,994.7	1,994.7	1,994.7	1,994.7
Others	430.2	403.0	403.0	403.0	403.0
Liabilities	**3,571.5**	**3,116.9**	**3,217.8**	**3,260.9**	**3,306.7**
Shareholders' equity	2,236.7	2,448.6	2,792.6	3,129.1	3,470.1
Non-controlling interests	718.4	878.8	1,009.3	1,137.3	1,266.8
Equity	**2,955.1**	**3,327.4**	**3,802.0**	**4,266.4**	**4,736.9**

Income Statement

FYE Dec	FY23A	FY24A	FY25F	FY26F	FY27F
Revenue	9,539.5	9,309.5	8,804.5	9,267.5	9,759.3
EBITDA	1,043.4	1,203.7	1,089.0	1,072.8	1,078.9
EBIT	724.0	890.8	790.3	773.9	780.0
Finance cost	-169.6	-130.6	-104.0	-100.8	-99.0
Associates	0.3	0.4	0.5	0.5	0.5
Profit before tax	554.7	760.5	686.8	673.6	681.5
Tax	-124.9	-129.7	-164.8	-161.7	-163.5
PAT	429.8	630.8	522.0	511.9	517.9
Non-controlling interests	-128.1	-201.9	-130.5	-128.0	-129.5
Reported PATMI	301.7	428.9	391.5	383.9	388.4
Exceptionals	19.6	36.0	0.0	0.0	0.0
Core PATMI	321.4	464.9	391.5	383.9	388.4
Consensus core PATMI			386.6	393.0	396.8
HLIB/ Consensus			101.3%	97.7%	97.9%

Cash Flow Statement

FYE Dec	FY23A	FY24A	FY25F	FY26F	FY27F
Profit before tax	554.7	760.5	686.8	673.6	681.5
D&A	276.4	269.3	298.7	298.8	299.0
Working capital	15.3	-16.5	-84.3	-89.1	-94.6
Tax paid	-80.5	-86.7	-164.8	-161.7	-163.5
Others	173.6	149.0	103.5	100.3	98.5
CFO	992.5	1,126.7	839.9	822.0	820.7
Capex	-219.6	-347.7	-300.0	-300.0	-300.0
Others	55.8	15.9	0.0	0.0	0.0
CFI	-163.8	-331.8	-300.0	-300.0	-300.0
Changes in debt	-526.4	-400.4	0.0	0.0	0.0
Shares issued	0.0	0.0	0.0	0.0	0.0
Dividends	-65.7	-144.2	-47.5	-47.5	-47.5
Others	-181.2	-175.0	-104.0	-100.8	-99.0
CFF	-773.3	-719.6	-151.5	-148.3	-146.5
Net cash flow	55.3	75.3	388.4	373.7	374.3
Beginning cash	556.1	627.3	678.7	1,067.1	1,440.8
Forex	15.9	-23.9	0.0	0.0	0.0
Ending cash	627.3	678.7	1,067.1	1,440.8	1,815.1

Ratios

FYE Dec	FY23A	FY24A	FY25F	FY26F	FY27F
Core EPS (sen)	8.8	12.7	10.7	10.5	10.6
P/E (x)	7.0	4.9	5.8	5.9	5.8
EV/EBITDA (x)	3.7	3.2	3.6	3.6	3.6
DPS (sen)	3.0	2.8	1.3	1.3	1.3
Dividend yield	4.8%	4.4%	2.1%	2.1%	2.1%
BVPS (RM)	0.6	0.7	0.8	0.9	1.0
P/B (x)	1.0	0.9	0.8	0.7	0.7
EBITDA margin	20.2%	22.3%	27.2%	25.9%	25.2%
EBIT margin	6.4%	8.2%	7.2%	6.7%	6.5%
PBT margin	4.9%	7.0%	6.3%	5.9%	5.7%
Net margin	2.8%	4.3%	3.6%	3.3%	3.2%
ROE	15.2%	19.8%	14.9%	13.0%	11.8%
ROA	4.9%	7.2%	5.8%	5.3%	5.0%
Net gearing	59.5%	36.8%	22.0%	10.8%	1.8%

Assumptions

FYE Dec	FY25F	FY26F	FY27F
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)	3Q24	2Q25	3Q25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue	2,228.3	2,133.5	2,209.7	*3.6*	*-0.8*	6,994.3	6,554.1	*-6.3*
- Livestock & poultry related products	1,311.7	1,298.1	1,366.6	*5.3*	*4.2*	3,995.5	3,989.5	*-0.1*
- Feedmill	913.8	832.0	839.9	*0.9*	*-8.1*	2,990.2	2,554.6	*-14.6*
- Others	2.8	3.4	3.2	*-6.3*	*13.7*	8.6	10.0	*16.2*
EBITDA	309.3	257.3	306.9	*19.3*	*-0.8*	846.3	825.3	*-2.5*
- Livestock & poultry related products	163.9	117.2	170.5	*45.5*	*4.1*	388.1	401.3	*3.4*
- Feedmill	140.4	139.5	136.3	*-2.3*	*-2.9*	456.9	424.1	*-7.2*
- Others	5.0	0.6	0.0	*-93.7*	*-99.2*	1.3	-0.1	*NM*
Profit from operations	232.8	180.8	229.5	*26.9*	*-1.4*	612.6	595.0	*-2.9*
- Livestock & poultry related products	109.8	58.2	111.0	*90.9*	*1.1*	210.8	224.6	*6.5*
- Feedmill	123.8	123.1	119.0	*-3.3*	*-3.8*	405.2	373.2	*-7.9*
- Others	-0.8	-0.4	-0.6	*NM*	*NM*	-3.4	-2.8	*NM*
Finance costs	-31.0	-25.0	-23.8	*-4.7*	*-23.3*	-101.4	-75.1	*-25.9*
Associates	0.0	0.1	0.1	*-51.8*	*71.0*	0.1	0.3	*>100*
PBT	201.9	156.0	205.8	*31.9*	*1.9*	511.3	520.1	*1.7*
Tax expense	-16.2	-37.3	-42.3	*13.3*	*>100*	-86.5	-97.4	*12.5*
PAT	185.7	118.6	163.5	*37.8*	*-12.0*	424.8	422.8	*-0.5*
Non-controlling interests	-50.7	-28.3	-34.3	-	-	-136.7	-101.5	-
Reported net profit	135.0	90.3	129.1	*43.0*	*-4.4*	288.1	321.2	*11.5*
Core net profit	122.9	90.7	118.7	*30.9*	*-3.5*	280.5	311.6	*11.1*
Core EPS (sen)	3.4	2.5	3.3	*30.9*	*-3.5*	7.7	8.5	*11.1*
				%-pts	%-pts			%-pts
EBITDA margin (%)	13.9	12.1	13.9	1.8	0.0	12.1	12.6	0.5
Operating margin (%)	10.4	8.5	10.4	1.9	-0.1	8.8	9.1	0.3
PBT margin (%)	9.1	7.3	9.3	2.0	0.3	7.3	7.9	0.6
Net margin (%)	5.5	4.2	5.4	1.1	-0.1	4.0	4.8	0.7

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Figure #2 Geographical breakdown on revenue and EBITDA

FYE Dec (RMm)	3Q24	2Q25	3Q25	QoQ (%)	YoY (%)	9M24	9M25	YoY (%)
Revenue	2,225.5	2,130.1	2,206.5	*3.6*	*-0.9*	6,985.7	6,544.1	*-6.3*
- Malaysia	567.2	588.2	584.8	*-0.6*	*3.1*	1,723.1	1,734.7	*0.7*
- Singapore	209.0	198.8	210.9	*6.1*	*0.9*	623.4	615.1	*-1.3*
- Vietnam	451.2	390.0	390.7	*0.2*	*-13.4*	1,390.1	1,182.0	*-15.0*
- Indonesia	816.7	762.4	804.0	*5.5*	*-1.6*	2,734.3	2,423.1	*-11.4*
- Philippines	181.3	190.8	216.0	*13.2*	*19.2*	514.9	589.0	*14.4*
EBITDA	309.3	257.3	306.9	*19.3*	*-0.8*	846.3	825.3	*-2.5*
- Malaysia	141.8	150.5	133.5	*-11.3*	*-5.8*	347.7	408.1	*17.4*
- Singapore	13.5	14.8	20.4	*38.5*	*51.2*	48.9	47.6	*-2.7*
- Vietnam	63.8	45.8	54.9	*19.8*	*-14.0*	137.6	148.3	*7.8*
- Indonesia	46.2	12.1	61.9	*>100*	*33.9*	220.7	119.1	*-46.0*
- Philippines	43.9	34.2	36.1	*5.7*	*-17.7*	91.4	102.2	*11.8*

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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 15,753 MWh in FY24 (from 9,570 MWh in FY23).
- GHG intensity of 56tCO2e/RMm in FY24
- Water intensity of 444m3/RMm

Comments: -

Social (S) indicators

- Composition of female board of directors stood at 27% in FY24 (same as FY23).
- Females accounted for 25% of the group's workforce in FY24 (same as FY23).
- 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 FY24, where 45% were independent (same as FY23).
- Independent directors formed 100% of audit and risk management committee in FY24 (same as FY23).

Comments: We deem most indicators fairly reasonable.

Bursa, HLIB Research

Disclaimer

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(a) -.

2. As of 26 November 2025, 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:
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Published & printed by:

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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.