

Leong Hup International Berhad

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



Maintain **BUY**

Unchanged Target Price **RM0.90**

3QFY25 Results Review Margins Held, Feedmill Dragged

Maintain BUY with an unchanged TP of RM0.90. LHI's 3QFY25 results were in line with our expectations, while coming in above consensus'. This was despite 9MFY25 core earnings declining -6.3%yoy, mainly due to softer Feedmill performance across Malaysia, Indonesia and Vietnam amid lower selling prices and adverse FX translation, which offset margin improvements in Malaysia and the Philippines' poultry operations. We maintain our forecasts and **TP of RM0.90**, based on an unchanged 7.3x PER applied to FY25F core EPS of 12.4 sen.

Within expectations. LHI chalked in 3QFY25 revenue of RM2.21b (-0.8%yoy; +3.6%qoq) and core PATANCI of RM129.4m (-4.8%yoy; +36.9%qoq). This brought cumulative 9MFY25 core earnings to RM323.0m, representing 71% and 87% of ours and consensus full-year forecasts, respectively. This was consistent with the group's historical pattern of stronger 2H contributions after a weaker 2QFY25 performance. No dividends were declared.

Revenue dragged by continued Feedmill softness. LHI's 3QFY25 revenue rose +3.6%qoq but was broadly flat year-on-year, decreasing by -0.8% at RM2.21b, as continued weakness in the Feedmill division (-8.1%yoy), owing to lower ASPs and softer volumes in Malaysia, Indonesia and Vietnam, compounded by adverse FX, offset firmer feed demand in the Philippines. In contrast, the livestock & poultry segment delivered +4.2%yoy growth, lifted by stronger DOC, broiler and egg volumes in Malaysia, as well as higher broiler prices in Indonesia. For 9MFY25, revenue declined -6.3%yoy to RM6.55b, primarily reflecting broad-based Feedmill contraction (-14.6%yoy) and FX-driven revenue pressure in Indonesia and Vietnam, partially mitigated by improving poultry performance in Malaysia and the Philippines.

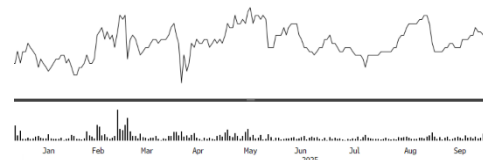
Resilient earnings despite Feedmill softness. LHI's 3QFY25 performance softened, with core PATANCI easing -4.8%yoy to RM129.4m, reflecting pressure from weaker ASPs and volumes across key markets and a -0.8%yoy contraction in Group EBITDA to RM306.9m, largely due to the Feedmill segment (-2.9%yoy). Livestock & poultry EBITDA, however, remained firmer (+4.1%yoy). Despite the quarterly dip, 9MFY25 core PATANCI still rose +12.1%yoy to RM323.0m, supported by improved poultry margins in Malaysia and the Philippines and operational cost efficiencies, which lifted core earnings margin to 4.9% (+0.8ppts) even as revenue fell -6.3%yoy.

Outlook. We remain positive on LHI's outlook, supported by stable feed input costs for corn and soybean meal and the still-underpenetrated growth potential in chicken and egg consumption across its key ASEAN markets. Underpinned by firm domestic demand and improving trade flows, LHI stands to benefit from rising protein consumption despite near-term geopolitical and tariff uncertainties. Backed by a softer USD, a diversified operating footprint and its essential food portfolio, LHI remains a defensive play, while ongoing prudent cost and resource management should sustain steady growth.

RETURN STATISTICS

Price @ 25 th Nov 2025 (RM)	0.62
Expected share price return (%)	+45.91
Expected dividend yield (%)	+4.0
Expected total return (%)	+49.91

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-6.8	-6.7
3 months	-0.8	-6.4
12 months	-2.4	-2.9

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 (%)	4.0	4.2	4.3

KEY STATISTICS

FBM KLCI	1,618.78
Issued shares (m)	3632.79
Estimated free float (%)	23.74
Market Capitalisation (RM'm)	2,157.51
52-wk price range	RM0.56 - RM0.67
3-mth average daily volume (m)	3.61
3-mth average daily value (RM'm)	2.31
Top Shareholders (%)	
Emerging Glory Sdn Bhd	55.38
Amanah Saham Nasional Bhd	7.26
Lau Joo Han	2.79

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Leong Hup International: 3QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	3QFY25	2QFY25	3QFY24	YoY (%)	QoQ (%)	9MFY25	9MFY24	YoY (%)
Revenue	2,209.7	2,133.5	2,228.3	(0.8)	3.6	6,554.1	6,994.3	(6.3)
Other income	24.2	51.8	40.9	(40.9)	(53.4)	121.3	74.2	63.5
Operating expenses	(2,004.4)	(2,004.5)	(2,036.4)	(1.6)	(0.0)	(6,080.4)	(6,455.9)	(5.8)
Operating profit (EBIT)	229.5	180.8	232.8	(1.4)	26.9	595.0	612.6	(2.9)
Net finance income/(cost)	(23.8)	(25.0)	(31.0)	(23.3)	(4.7)	(75.1)	(101.4)	(25.9)
Profit before Associates & JV	205.7	155.8	201.8	1.9	32.0	519.8	511.2	1.7
Profit before tax (PBT)	205.8	156.0	201.9	1.9	31.9	520.1	511.3	1.7
Tax expense	(42.3)	(37.3)	(16.2)	162.0	13.3	(97.4)	(86.5)	12.5
Profit After tax (PAT)	163.5	118.6	185.7	(12.0)	37.8	422.8	424.8	(0.5)
PATANCI	129.1	90.3	135.0	(4.4)	43.0	321.2	287.8	11.6
Core PATANCI	129.4	94.5	135.9	(4.8)	36.9	323.0	288.1	12.1
Core EPS (sen)	3.6	2.6	3.7	(2.6)	38.2	9.0	7.9	13.8
DPS (sen)	0.0	0.0	1.5	(100.0)	n.m.	1.0	2.8	(63.6)
Growth & Margin (%)				+ / (-) ppts	+ / (-) ppts			+ / (-) ppts
Operating Profit Margin	10.4	8.5	10.4	(0.1)	1.9	9.1	8.8	0.3
PBT Margin	9.3	7.3	9.1	0.3	2.0	7.9	7.3	0.6
Core PATANCI Margin	5.9	4.4	6.1	(0.2)	1.4	4.9	4.1	0.8
Ratios & Valuation				+ / (-) ppts	+ / (-) ppts			+ / (-) ppts
Effective tax rate (%)	20.6	23.9	8.0	12.6	(3.4)	18.7	16.9	1.8

Source: Company, MBSBR

Leong Hup International: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	3QFY25	2QFY25	3QFY24	YoY (%)	QoQ (%)	9MFY25	9MFY24	YoY (%)
Revenue (External):								
Livestock and poultry	1,366.6	1,298.1	1,311.7	4.2	5.3	3,989.5	3,995.5	(0.1)
Feedmill	839.9	832.0	913.8	(8.1)	0.9	2,554.6	2,990.2	(14.6)
Others	3.2	3.4	2.8	13.7	(6.3)	10.0	8.6	16.2
Total	2,209.7	2,133.5	2,228.3	(0.8)	3.6	6,554.1	6,994.3	(6.3)
EBITDA:								
Livestock and poultry	170.5	117.2	163.9	4.1	45.5	401.3	388.1	3.4
Feedmill	136.3	139.5	140.4	(2.9)	(2.3)	424.1	456.9	(7.2)
Others	0.0	0.6	5.0	(99.2)	(93.7)	(0.1)	1.3	(106.5)
Total	306.9	257.3	309.3	(0.8)	19.3	825.3	846.3	(2.5)
EBITDA margin:								
Livestock and poultry	12.5	9.0	12.5	(0.0)	3.4	10.1	9.7	0.3
Feedmill	16.2	16.8	15.4	0.9	(0.5)	16.6	15.3	1.3
Others	1.2	18.4	177.6	(176.4)	(17.1)	(0.8)	15.1	(15.9)
Total	13.9	12.1	13.9	0.0	1.8	12.6	12.1	0.5

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)	7.0	4.9	5.0	4.7	4.7						
DPS (sen)	3.0	2.8	2.5	2.6	2.7						
Dividend Yield (%)	4.8	4.4	4.0	4.2	4.3						
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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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