Corporate Update

Leong Hup International Berhad

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

ESG 1 Star

Maintain **BUY**

Unchanged Target Price **RM0.90**

1QFY25 Results Review

Solid 1Q Kick-Off Despite Feedmill Drag

Maintain BUY with an unchanged TP of RM0.90. Leong Hup International (LHI) posted a strong start to FY25, supported by improved livestock margins on the back of higher ASPs and lower feed costs. 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. Backed by resilient demand, easing input costs, and a defensive earnings profile, we reiterate our **BUY** call.

Within expectations. LHI chalked in 1QFY25 revenue of RM2.21b (-8.3%yoy; -4.5%qoq) and core PATANCI of RM99.0m (+77.1%yoy; -28.5%qoq), which came in within expectations, accounting for 23% of our and 26% of consensus full-year forecasts. The group also declared a first interim dividend of 1.0 sen.

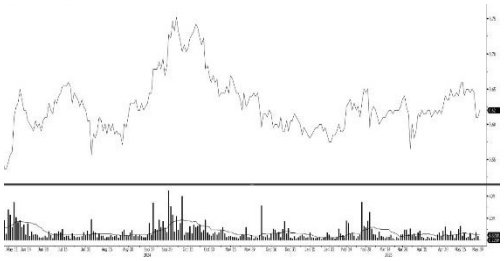
Revenue decline driven by feedmill segment. LHI's 1QFY25 revenue fell -8.3%yoy, primarily weighed down by a -19.2%yoy decline in feedmill revenue across all operating markets. This was mainly due to lower average selling prices, in tandem with easing raw material costs, and reduced sales volumes in Vietnam and Malaysia. Livestock and poultry revenue was marginally higher at +0.7%yoy, supported by improved dressed chicken sales and ASPs in the Philippines. However, this was partially offset by lower egg prices in Malaysia and softer poultry sales in Singapore. On a quarter-on-quarter basis, group revenue contracted by -4.5%, reflecting weaker pricing and volume dynamics across both segments.

Earnings strengthened by livestock margin gains. Despite softer topline, LHI delivered a strong improvement in profitability, with core PATANCI rising +77.1%yoy to RM99.0m, driven by stronger ASPs and lower feed costs in the livestock segment, particularly across Malaysia, Vietnam, and the Philippines. This lifted livestock EBITDA by +43.9%yoy, driving overall EBITDA growth of +8.5%yoy. Feedmill earnings declined -9.9%yoy in line with weaker sales, though margins remained resilient, partially supported by timing differences in passing cost savings to customers. On a quarter-on-quarter basis, core PATANCI fell -28.5% due to lower subsidies and softer poultry prices.

Outlook. We remain positive on LHI's outlook, supported by resilient poultry demand, declining feed costs, and a softer USD. Per capita consumption of chicken and eggs remains on an upward trend across its markets. While subsidy removal may exert some margin pressure, the impact should be manageable and cushioned by lower corn and soybean meal prices. Backed by a diversified footprint and essential food portfolio, LHI remains a defensive play amid macro uncertainty.

RETURN STATISTICS	
Price @ 29th May 2025 (RM)	0.61
Expected share price return (%)	+48.3
Expected dividend yield (%)	+4.1
Expected total return (%)	+52.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.9	-2.3
3months	-4.2	26.1
12 months	-19.6	-15.2

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 (%)	4.1	4.3	4.4

KEY STATISTICS

FBM KLCI	1,518.98
Issue shares (m)	986.87
Estimated free float (%)	45.29
Market Capitalisation (RM'm)	2,032.94
52-wk price range	RM1.6 - RM2.59
3-mth average daily volume (m)	0.85
3-mth average daily value (RM'm)	1.60
Top Shareholders (%)	
Emerging Glory Sdn Bhd	43.74
Amanah Saham Nasional Bhd	10.22
CLARINDEN INV PTE	7.74

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Leong Hup International: 1QFY25 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1QFY25	4QFY24	1QFY24	YoY (%)	QoQ (%)	3MFY25	3MFY24	YoY (%)
Revenue	**2,210.9**	**2,315.1**	**2,411.0**	**(8.3)**	**(4.5)**	**2,210.9**	**2,411.0**	**(8.3)**
Other income	45.3	65.7	23.6	91.6	(31.1)	45.3	23.6	91.6
Operating expenses	(2,071.5)	(2,102.6)	(2,273.5)	(8.9)	(1.5)	(2,071.5)	(2,273.5)	(8.9)
Operating profit (EBIT)	**184.6**	**278.2**	**161.1**	**14.6**	**(33.6)**	**184.6**	**161.1**	**14.6**
Net finance income/(cost)	(26.4)	(29.3)	(36.2)	(27.2)	(9.9)	(26.4)	(36.2)	(27.2)
Profit before Associates & JV	**158.3**	**248.9**	**124.9**	**26.7**	**(36.4)**	**158.3**	**124.9**	**26.7**
Profit before tax (PBT)	**158.4**	**249.2**	**124.9**	**26.8**	**(36.4)**	**158.4**	**124.9**	**26.8**
Tax expense	(17.7)	(43.2)	(30.0)	(40.9)	(59.0)	(17.7)	(30.0)	(40.9)
Profit After tax (PAT)	**140.7**	**206.0**	**94.9**	**48.2**	**(31.7)**	**140.7**	**94.9**	**48.2**
PATANCI	101.8	140.8	56.6	79.9	(27.7)	101.8	56.6	79.9
Core PATANCI	**99.0**	**138.5**	**55.9**	**77.1**	**(28.5)**	**99.0**	**55.9**	**77.1**
Core EPS (sen)	2.7	3.8	1.5	78.5	(28.0)	2.7	1.5	78.5
DPS (sen)	1.0	0.0	0.0	n.m.	n.m.	1.0	0.0	n.m.
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Operating Profit Margin	8.4	12.0	6.7	1.7	(3.7)	8.4	6.7	1.7
PBT Margin	7.2	10.8	5.2	2.0	(3.6)	7.2	5.2	2.0
Core PATANCI Margin	4.5	6.0	2.3	2.2	(1.5)	4.5	2.3	2.2
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	11.2	17.3	24.0	(12.8)	(6.1)	11.2	24.0	(12.8)

Source: Company, MIDFR

Leong Hup International: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	1QFY25	4QFY24	1QFY24	YoY (%)	QoQ (%)	3MFY25	3MFY24	YoY (%)
Revenue (External):								
Livestock and poultry	1,324.7	1,403.5	1,315.8	0.7	(5.6)	1,324.7	1,315.8	0.7
Feedmill	882.7	908.8	1,092.3	(19.2)	(2.9)	882.7	1,092.3	(19.2)
Others	3.5	2.8	2.9	17.9	22.3	3.5	2.9	17.9
Total	**2,210.9**	**2,315.1**	**2,411.0**	**(8.3)**	**(4.5)**	**2,210.9**	**2,411.0**	**(8.3)**
EBITDA:								
Livestock and poultry	113.6	206.0	78.9	43.9	(44.8)	113.6	78.9	43.9
Feedmill	148.2	158.5	164.6	(9.9)	(6.5)	148.2	164.6	(9.9)
Others	(0.7)	(7.1)	(2.9)	(74.1)	(89.5)	(0.7)	(2.9)	(74.1)
Total	**261.1**	**357.4**	**240.6**	**8.5**	**(27.0)**	**261.1**	**240.6**	**8.5**
EBITDA margin:								
Livestock and poultry	8.6	14.7	6.0	2.6	(6.1)	8.6	6.0	2.6
Feedmill	16.8	17.4	15.1	1.7	(0.7)	16.8	15.1	1.7
Others	(21.6)	(251.2)	(98.3)	76.8	229.7	(21.6)	(98.3)	76.8
Total	**11.8**	**15.4**	**10.0**	**1.8**	**(3.6)**	**11.8**	**10.0**	**1.8**

Source: Company, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	9,539.5	9,309.5	10,198.9	10,607.8	11,036.2
Gross Profit	2,574.7	3,033.0	2,835.4	2,973.9	3,096.4
EBITDA	1,051.7	1,214.6	1,205.9	1,262.8	1,301.4
EBIT	709.5	874.2	887.6	935.1	960.2
PBT	554.7	760.5	730.3	763.2	779.1
Taxation	(124.9)	(129.7)	(160.7)	(167.9)	(171.4)
PAT	429.8	630.8	569.6	595.3	607.7
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)	6.9	4.8	4.9	4.7	4.6
DPS (sen)	3.0	2.8	2.5	2.6	2.7
Dividend Yield (%)	4.9	4.5	4.1	4.3	4.4

Cash Flow (RM'm)	2023A	2024A	2025F	2026F	2027F
PBT	554.7	760.5	730.3	763.2	779.1
Operating cash flow	992.5	1,126.7	180.3	306.8	312.9
Investing cash flow	(163.8)	(331.8)	(115.8)	(116.0)	(116.2)
Financing cash flow	(773.3)	(719.6)	84.2	(174.9)	(180.1)
Net cash flow	55.3	75.3	148.7	16.0	16.5
Beginning cash flow	556.1	627.3	678.7	827.4	843.4
Ending cash flow	627.3	678.7	827.4	843.4	859.9

Growth (%)	2023A	2024A	2025F	2026F	2027F
Revenue Growth	5.5	(2.4)	9.6	4.0	4.0
Gross Profit Growth	16.2	17.8	(6.5)	4.9	4.1
EBITDA Growth	39.8	15.5	(0.7)	4.7	3.1
Core PATANCI Growth	35.0	42.4	(2.3)	5.8	1.4

Profitability Ratios (%)	2023A	2024A	2025F	2026F	2027F
Gross Profit Margin	27.0	32.6	27.8	28.0	28.1
EBITDA Margin	11.0	13.0	11.8	11.9	11.8
EBIT Margin	7.4	9.4	8.7	8.8	8.7
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, MIDFR

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MIDF AMANAH 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