Corporate Update

Leong Hup International Berhad

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

ESG 1 Star

3QFY26 Results Review
Poultry Strength Offsets Feed Pressure

Maintain **BUY**

Revised Target Price **RM1.01**
(from RM1.03)

Maintain BUY with a lower TP of RM1.01. Leong Hup delivered a stronger 3QFY26 operational performance, with revenue rising double-digit and earnings recovering quarter-on-quarter. Growth was driven by higher poultry and feed sales, while improved livestock and poultry margins more than offset continued pressure in the feedmill business from higher raw material costs. We leave our earnings forecasts unchanged and roll forward our valuation to FY27F, maintaining our target PER at 7.3x and applying it to FY27F EPS of 13.84 sen. This results in a slightly lower **TP of RM1.01** from RM1.03 previously.

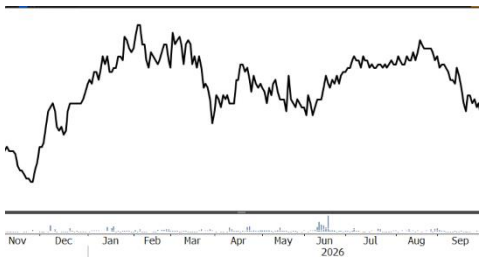
Within expectations. 9MFY26 core PATANCI increased +6.5%yoy to RM344.0m, equivalent to 72% of our FY26 forecast and 76% of consensus. For 3QFY26, core PATANCI was broadly stable at RM128.2m, down -0.9%yoy but improving +29.1%qoq as stronger operating performance was partly offset by higher finance costs and taxation. No dividend was declared for the quarter.

Revenue growth accelerated across both key segments. 3QFY26 revenue increased +11.3%yoy and +11.4%qoq to RM2.46b. Livestock and poultry revenue rose +7.6%yoy to RM1.47b, supported by higher broiler DOC prices and volumes and firmer broiler chicken prices in Malaysia, alongside higher poultry prices and volumes across several regional markets. Feedmill revenue increased +17.3%yoy to RM985.3m, driven by higher prices and volumes in Indonesia and Vietnam and stronger sales volume in Malaysia. For 9MFY26, group revenue increased +5.8%yoy to RM6.93b, with livestock and poultry revenue up +3.8%yoy and feedmill revenue rising +8.8%yoy. Unfavourable currency translation continued to temper reported growth across several overseas markets.

Livestock margins improved, offsetting weaker feedmill profitability. 3QFY26 group EBITDA increased +4.0%yoy and +27.8%qoq to RM319.3m. Livestock and poultry EBITDA rose +20.1%yoy to RM204.8m, with margin improving to 13.9% from 12.5% a year earlier as margins strengthened across the group's key markets. Feedmill EBITDA, however, declined -15.9%yoy to RM114.6m despite strong revenue growth, with margin falling to 11.6% from 16.2% due mainly to higher raw material costs. Group operating profit rose +4.2%yoy to RM239.1m, while PBT increased +1.4%yoy to RM208.5m. Core PATANCI was broadly stable at RM128.2m, with core PATANCI margin easing by 0.6ppt year-on-year to 5.2%. For 9MFY26, core PATANCI increased +6.5%yoy to RM344.0m, with margin broadly stable at 5.0%.

RETURN STATISTICS	
Price @ 20th Nov 2026 (RM)	0.785
Expected share price return (%)	+43.32
Expected dividend yield (%)	+3.93
Expected total return (%)	+47.25

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.0	3.5
3 months	-2.8	-0.4
12 months	12.8	17.2

INVESTMENT STATISTICS

FYE DEC (RM'm)	2026F	2027F	2028F
Revenue	9,155.9	9,521.9	9,905.4
EBITDA	1,159.8	1,174.2	1,181.1
PBT	727.6	723.1	709.9
Core PATANCI	476.1	469.2	457.1
Core EPS (sen)	14.0	13.8	13.5
DPS (sen)	2.8	2.8	2.7
Dividend Yield (%)	4.0	3.9	3.8

KEY STATISTICS

FBM KLCI	1,556.51
Issued shares (m)	3447.45
Estimated free float (%)	22.42
Market Capitalisation (RM'm)	2,321.85
52-wk price range	RM0.62 - RM0.83
3-mth average daily volume (m)	1.52
3-mth average daily value (RM'm)	1.13
Top Shareholders (%)	
Emerging Glory Sdn Bhd	59.10
Amanah Saham Nasional Bhd	6.79
Lau Joo Han	2.95

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Outlook. We expect poultry earnings to remain supported by resilient demand for affordable protein and improving livestock margins across key markets. The stronger 3Q performance in Malaysia, Indonesia and Vietnam points to better pricing and volume conditions, although foreign exchange translation could continue to dilute overseas growth at the group level. Feedmill remains the key pressure point, with higher raw material costs weighing on margins despite healthy revenue growth. We therefore expect near-term earnings growth to be driven mainly by the livestock and poultry segment, while recovery in feedmill profitability will depend on a more favourable input-cost environment. We maintain **BUY** with a lower **TP of RM1.01**, based on an unchanged 7.3x FY27F PER applied to EPS of 13.84 sen after rolling forward our valuation to FY27F.

Leong Hup International: 3QFY26 Results Summary

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	3QFY26	2QFY26	3QFY25	YoY (%)	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue	**2,459.0**	**2,207.9**	**2,209.7**	**11.3**	**11.4**	**6,931.5**	**6,554.1**	**5.8**
Other income	17.1	18.6	24.2	(29.1)	(7.7)	48.3	121.3	(60.1)
Operating expenses	(2,237.1)	(2,055.0)	(2,004.4)	11.6	8.9	(6,363.2)	(6,080.4)	4.7
Operating profit (EBIT)	**239.1**	**171.5**	**229.5**	**4.2**	**39.4**	**616.6**	**595.0**	**3.6**
Net finance income/(cost)	(30.7)	(26.5)	(23.8)	28.9	15.6	(80.7)	(75.1)	7.5
Profit before Associates & JV	**208.4**	**145.0**	**205.7**	**1.3**	**43.7**	**535.8**	**519.8**	**3.1**
Profit before tax (PBT)	**208.5**	**145.2**	**205.8**	**1.4**	**43.6**	**536.3**	**520.1**	**3.1**
Tax expense	(53.5)	(41.0)	(42.3)	26.3	30.4	(135.4)	(97.4)	39.0
Profit After tax (PAT)	**155.1**	**104.2**	**163.5**	**(5.1)**	**48.8**	**400.9**	**422.8**	**(5.2)**
PATANCI	130.1	101.7	129.1	0.7	27.9	346.8	321.2	8.0
Core PATANCI	**128.2**	**99.3**	**129.4**	**(0.9)**	**29.1**	**344.0**	**323.0**	**6.5**
Core EPS (sen)	3.8	2.9	3.6	4.7	29.2	10.1	9.0	12.8
DPS (sen)	0.0	1.5	0.0	n.m.	(100.0)	1.5	1.0	50.0
Growth & Margin (%)				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Operating Profit Margin	9.7	7.8	10.4	(0.7)	2.0	8.9	9.1	(0.2)
PBT Margin	8.5	6.6	9.3	(0.8)	1.9	7.7	7.9	(0.2)
Core PATANCI Margin	5.2	4.5	5.9	(0.6)	0.7	5.0	4.9	0.0
Ratios & Valuation				*+/(-) ppts*	*+/(-) ppts*			*+/(-) ppts*
Effective tax rate (%)	25.6	28.2	20.6	5.1	(2.6)	25.2	18.7	6.5

Source: Company, MBSBR

Leong Hup International: Breakdown by operating segment

FYE Dec (RM'm)	Quarterly results					Cumulative results		
	3QFY26	2QFY26	3QFY25	YoY (%)	QoQ (%)	9MFY26	9MFY25	YoY (%)
Revenue (External):								
Livestock and poultry	1,470.7	1,300.6	1,366.6	7.6	13.1	4,143.0	3,989.5	3.8
Feedmill	985.3	904.2	839.9	17.3	9.0	2,778.9	2,554.6	8.8
Others	3.1	3.1	3.2	(3.7)	(2.8)	9.6	10.0	(4.7)
Total	**2,459.0**	**2,207.9**	**2,209.7**	**11.3**	**11.4**	**6,931.5**	**6,554.1**	**5.8**
EBITDA:								
Livestock and poultry	204.8	120.4	170.5	20.1	70.0	479.6	401.3	19.5
Feedmill	114.6	129.3	136.3	(15.9)	(11.4)	372.0	424.1	(12.3)
Others	(0.1)	0.1	0.0	(251.3)	(172.8)	(0.1)	(0.1)	(30.6)
Total	**319.3**	**249.8**	**306.9**	**4.0**	**27.8**	**851.5**	**825.3**	**3.2**
EBITDA margin:								
Livestock and poultry	13.9	9.3	12.5	1.4	4.7	11.6	10.1	1.5
Feedmill	11.6	14.3	16.2	(4.6)	(2.7)	13.4	16.6	(3.2)
Others	(1.9)	2.6	1.2	(3.2)	(4.5)	(0.6)	(0.8)	0.2
Total	**13.0**	**11.3**	**13.9**	**(0.9)**	**1.7**	**12.3**	**12.6**	**(0.3)**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	9,309.5	8,829.2	9,155.9	9,521.9	9,905.4
Gross Profit	3,033.0	2,993.1	3,124.2	3,232.7	3,363.3
EBITDA	1,214.6	1,199.6	1,159.8	1,174.2	1,181.1
EBIT	874.2	899.8	832.9	834.1	827.0
PBT	760.5	823.4	727.6	723.1	709.9
Taxation	(129.7)	(161.5)	(181.9)	(180.8)	(177.5)
PAT	630.8	661.9	545.7	542.3	532.4
Core PATANCI	462.8	500.0	476.1	469.2	457.1
Core EPS (sen)	12.7	14.0	14.0	13.8	13.5
PER (x)	6.0	5.4	5.4	5.5	5.6
DPS (sen)	2.8	2.0	2.8	2.8	2.7
Dividend Yield (%)	3.6	2.6	4.0	3.9	3.8

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
PBT	760.5	823.4	727.6	723.1	709.9
Operating cash flow	1,126.7	1,016.2	(372.1)	231.9	230.6
Investing cash flow	(331.8)	(550.2)	(112.2)	(112.4)	(112.5)
Financing cash flow	(719.6)	(320.8)	369.7	(105.5)	(103.6)
Net cash flow	75.3	145.3	(114.6)	14.0	14.4
Beginning cash flow	627.3	678.7	842.5	727.9	741.9
Ending cash flow	678.7	842.5	727.9	741.9	756.3

Growth (%)	2024A	2025A	2026F	2027F	2028F
Revenue Growth	(2.4)	(5.2)	3.7	4.0	4.0
Gross Profit Growth	17.8	(1.3)	4.4	3.5	4.0
EBITDA Growth	15.5	(1.2)	(3.3)	1.2	0.6
Core PATANCI Growth	42.4	8.0	(4.8)	(1.5)	(2.6)

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
Gross Profit Margin (%)	32.6	33.9	34.1	33.9	34.0
EBITDA Margin (%)	13.0	13.6	12.7	12.3	11.9
EBIT Margin (%)	9.4	10.2	9.1	8.8	8.3
Core PATANCI Margin (%)	5.0	5.7	5.2	4.9	4.6

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	89.7	93.3	97.1
Non-current assets	3,308.9	3,347.4	2,923.9	2,722.5	2,508.0
Inventories	968.6	736.0	931.8	969.1	1,008.1
ST Trade receivables	788.3	810.6	775.3	806.2	838.7
Cash and cash equivalents	770.7	1,011.6	727.9	741.9	756.3
Current assets	3,135.4	3,191.7	3,020.6	3,126.2	3,236.7
Total Assets	6,444.3	6,539.1	5,944.5	5,848.7	5,744.7
Total Equity	3,327.4	3,564.8	2,373.7	2,111.3	1,832.4
LT Loans	575.9	655.5	715.7	751.5	789.1
Non-current liabilities	917.4	994.4	1,053.5	1,102.0	1,152.8
ST Trade payables	718.5	678.2	691.2	718.9	747.8
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	2,517.2	2,635.4	2,759.4
Total Liabilities	3,116.9	2,974.2	3,570.8	3,737.4	3,912.3

Source: Bloomberg, MBSBR

MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (24878-X).

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MBSB 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