Yenher Holdings Berhad (YENHER)

Softer 1Q, But Momentum Should Improve

Results Note – 1QFY26

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Summary

- **Broadly inline.** YENHER recorded core earnings of RM5.5m in 1Q26, rising by 3.3% QoQ and 68.4% YoY. The results accounted for 22.2% of our FY26f earnings forecast of RM24.6m and 20.0% of consensus estimate of RM26.5m. We deem the results broadly in-line, as 1Q26 was affected by fewer working days during the Chinese New Year and Hari Raya festive period. We expect earnings momentum to improve over the remaining quarters, supported by normalisation of sales activity, resilient demand for poultry-related feed and nutrition products. In addition, the group's improved gross margin profile, driven by better product mix and lower imported raw material costs, provides further earnings upside should volumes recover.

- **Dividend.** No dividend was declared this quarter.

- **YoY.** Revenue declined by 14.1%, mainly due to lower contribution from the distribution activity, following weaker sales of grains and oil seeds. Manufacturing revenue remained relatively stable at RM29.3m. Despite the lower revenue, core earnings improved significantly by 68.4% to RM5.5m, supported by a better product mix in the manufacturing activity and a stronger Malaysian Ringgit, which reduced the cost of imported raw materials.

- **QoQ.** Revenue declined by 17.0%, largely due to lower manufacturing revenue, which fell 21.0% QoQ to RM29.3m, affected by changes in sales mix and fewer working days during the festive period. Distribution revenue also declined by 12.8% QoQ to RM31.8m, mainly due to lower grains trading sales. However, core earnings increased marginally by 3.3% QoQ, supported by a better product mix, lower distribution expenses, reduced travelling expenses, as well as lower commissions and incentives following the finalisation of sales-related achievements.

- **Outlook.** Management expects a cautious but steady FY26 outlook, supported by stable demand for poultry meat and eggs as affordable protein sources. However, geopolitical tensions, commodity price volatility and supply chain disruptions may continue to pressure raw material, freight and operating costs. The group will focus on biosecurity solutions and productivity-enhancing products, while its new plant, targeted for completion by end-2026, could support longer-term growth.

Quarterly performance 1Q26

Quarterly performance

FYE Dec (RM m)	1QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
Revenue	71.1	73.5	61.0	*(17.0)*	*(14.1)*
PBT	4.4	7.0	7.3	*4.6*	*65.1*
PAT	3.2	5.3	5.3	*0.7*	*64.1*
Core PATMI	3.2	5.3	5.5	*3.3*	*68.4*
Reported PATMI	3.2	5.3	5.5	*3.3*	*68.4*
Core EPS (sen)	1.1	1.8	1.8	*3.3*	*68.4*
PBT margin (%)	6.3	9.6	12.0		
Core PATMI margin (%)	4.6	7.2	9.0		

Source: Yenher Holdings Berhad, M+ Global Research

BUY

Share price	**RM0.77**
Target price	**RM0.98**
Previous TP	**RM0.98**
Capital upside	27.3%
Dividend return	4.5%
Total return	31.8%

Company profile

Yenher Holdings Berhad is primarily involved in the manufacturing and distribution of animal health and nutrition products.

Stock information

Bursa Code	5300
Bloomberg ticker	YENHER MK
Listing market	MAIN
Share issued (m)	300.0
Market Cap (m)	231.0
52W High/Low	0.86 / 0.715
Est. Free float (%)	26.4
Beta (x)	0.5
3-mth avg vol ('000)	33.1
Shariah compliant	No

Major shareholders	%
CGH Holdings Sdn Bhd	45.0%
Cheng Mooh Tat	7.5%
Cheng Mooh Kheng	3.5%
Chye Cheng Mooh	3.5%

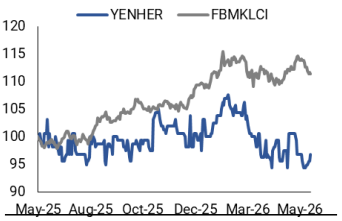
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	-3.8	-6.1	-3.1
Relative	-3.1	-4.3	-13.0

Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PAT (m)	20.7	24.6	29.0
EPS (sen)	6.89	8.21	9.67
P/E (x)	11.2	9.4	8.0

Relative performance chart



Valuation & Recommendation

- **Forecast.** Maintained.
- **Maintained BUY with an unchanged TP of RM0.98.** We reiterate our BUY rating for YENHER with a TP of RM0.98. This valuation is based on a 12.0x P/E ratio, pegged to a FY26f core EPS of 8.21 sen.
- **Downside risks.** Risks to our recommendation include: (i) livestock disease outbreaks (e.g., ASF, avian flu), (ii) raw material price and forex volatility, (iii) supply chain and geopolitical disruptions, (iv) completion delays or cost overruns for the new GMP plant, (v) high concentration in the domestic Malaysian market, and (vi) tightening regulatory or food safety standards.

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Stock recommendation guide	
BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned