Results Note – 2QFY26

Yenher Holdings Berhad (YENHER)

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Stronger Distribution Sales Drive 2Q Earnings

Summary

- **Earnings within expectation.** YENHER registered core PATMI of RM6.9m in 2Q26, rising by 26.9% QoQ and 33.3% YoY. 1HFY26 core PATMI increased by 46.8% YoY to RM12.4m, accounting for 50.4% of our FY26f earnings forecast of RM24.6m and 49.6% of consensus earnings estimate of RM25.0m. We deem the results broadly in-line, as stronger distribution sales and improved gross profit more than offset weaker manufacturing revenue.

- **Dividend.** 1.5sen per share is announced. The entitlement date to be determined.

- **YoY.** Revenue eased by 0.6% to RM78.4m, as manufacturing revenue fell 22.1% YoY to RM27.4m, partly offset by a 16.7% increase in distribution revenue to RM51.1m, driven by stronger feed additive sales. Gross profit rose by 15.7% to RM16.0m, lifting core PATMI by 33.3% to RM6.9m.

- **QoQ.** Revenue increased by 28.5% QoQ, led by a 60.6% increase in distribution revenue to RM51.1m, while manufacturing revenue declined by 6.5% to RM27.4m. Core PATMI grew by 26.9% QoQ despite higher selling and distribution expenses, reflecting stronger gross profit and operating leverage.

- **YTD.** For 1HFY26, revenue declined by 7.0% YoY to RM139.5m, but PBT and core PATMI increased by 48.2% and 46.8% YoY to RM16.4m and RM12.4m, respectively, driven by stronger distribution performance and the absence of a RM1.78m inventory write-off in 1QFY25.

- **Outlook.** Management maintains a cautious yet steady FY26 outlook, underpinned by resilient poultry demand. Geopolitical tensions, economic uncertainty, fuel and commodity price volatility, and shipping or supply-chain disruptions may continue to pressure costs. The new GMP-compliant plant remains on track for completion by end-2026 and is designed to triple capacity to 31,200 tonnes per annum, while the BSF venture commenced production in June 2026.

Quarterly performance 1H26

Quarterly performance

FYE Dec (RM m)	2QFY25	1QFY26	2QFY26	QoQ (%)	YoY (%)	1HFY25	1HFY26	YoY (%)
Revenue	78.9	61.0	78.4	*28.5*	*(0.6)*	150.0	139.5	*(7.0)*
PBT	6.7	7.3	9.1	*23.9*	*36.8*	11.1	16.4	*48.2*
PAT	5.2	5.3	6.7	*25.4*	*28.7*	8.4	12.0	*42.3*
Core PATMI	5.2	5.5	6.9	*26.9*	*33.3*	8.5	12.4	*46.8*
Reported PATMI	5.2	5.5	6.9	*26.9*	*33.3*	8.5	12.4	*46.8*
Core EPS (sen)	1.7	1.8	2.3	*26.9*	*33.3*	2.8	4.1	*46.8*
PBT margin (%)	8.4	12.0	11.6			7.4	11.8	
Core PATMI margin (%)	6.6	9.0	8.9			5.6	8.9	

Source: Yenher Holdings Berhad, M+ Global Research

Valuation & Recommendation

- **Forecast.** Maintained.

BUY

Share price	**RM0.81**
Target price	**RM0.98**
Previous TP	**RM0.98**
Capital upside	21.0%
Dividend return	4.2%
Total return	25.2%

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)	243.0
52W High/Low	0.86 / 0.715
Est. Free float (%)	26.7
Beta (x)	0.6
3-mth avg vol ('000)	38.2
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%

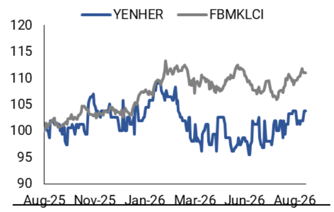
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	5.2	6.6	3.8
Relative	3.1	4.3	-5.4

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)	11.7	9.9	8.4

Relative performance chart



- **Maintained BUY with an unchanged TP of RM0.98.** We reiterate our BUY rating for YENHER with a TP of RM0.98. 1HFY26 core PATMI reached 50.5% of our FY26f forecast, supporting our view that earnings remain on track. Our valuation is based on a 12.0x P/E ratio, pegged to 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) execution risks associated with the BSF venture and capacity expansion, (vi) high concentration in the domestic Malaysian market, and (vii) tightening regulatory or food safety standards.

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