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By Malacca Securities

Yenher Holdings Berhad (YENHER)

Company Update

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Insurance Claim Settled, Scaling for Growth

- **Insurance settlement finalised.** On 2 Nov 2026, YENHER accepted RM4.05m in full and final settlement of its consequential-loss claim arising from the 25 Jan 2025 factory fire. The compensation could lift reported earnings, but we exclude it from core earnings. Recognition timing and tax treatment remain unconfirmed.

- **New GMP plant to triple capacity.** Completion is targeted by end-2026, subject to local authority approvals. The automated facility will raise premix and formulated product capacity to 31,200 tonnes p.a., integrating R&D, warehousing and headquarters. We expect gradual utilisation gains to support operating leverage.

- **Downstream feedmill expansion.** The revised plant layout incorporates a downstream feedmill with planned annual capacity of 120,000 tonnes, catering to livestock, aquaculture and pet food segments. This could broaden YENHER's addressable market and establish an additional earnings stream over the medium term, although the commissioning timeline and commercial ramp-up remain subject to confirmation.

- **European Protein JV.** The 60%-owned JV targets operations by end-2026. Distributors are confirmed in five ASEAN markets and shrimp trials in Bali yielded positive results. Revenue should build gradually following GMP+ certification and country registrations.

- **BSF venture enters production.** The 60%-owned Yenher Bio Green commenced production in June 2026, with planned annual output of 1,000 tonnes of fresh larvae and 5,000 tonnes of organic fertiliser. Commercial uptake and utilisation remain key variables.

- **Underlying earnings momentum.** To recap, 1HFY26 core PATMI rose 46.8% YoY to RM12.4m, supported by improved distribution margins. Overseas revenue grew 26.7% YoY to RM11.8m in 2Q26. Cash, deposits and money market funds stood at RM10.7m at end-June 2026, compared with RM33.1m at end-2025, while the group remained free of bank borrowings.

Valuation & Recommendation

- **Forecast.** Maintained FY26f/FY27f core earnings of RM24.6m/RM29.0m. We expect new capacity and ventures to support FY27 growth.

- **Maintain BUY with a higher TP of RM1.16 (from RM0.98).** We roll forward our valuation to 12.0x FY27f core EPS of 9.67 sen, implying 56.8% capital upside from the reference share price of RM0.74. The higher TP reflects the valuation roll-forward rather than an earnings upgrade. We expect FY27 earnings growth to be supported by gradual capacity expansion and potential contributions from the European Protein and BSF ventures.

- **Downside risks.** Livestock disease outbreaks, raw material and forex volatility, regulatory delays, capex overruns, slower plant utilisation and JV commercialisation, and domestic market concentration.

BUY

Share price	**RM0.74**
Target price	**RM1.16**
Previous TP	**RM0.98**
Capital upside	56.8%
Dividend return	5.5%
Total return	62.3%

Company profile

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

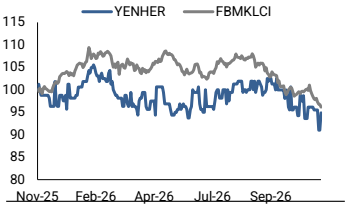
Stock information

Bursa Code	5300
Bloomberg ticker	YENHER MK
Listing market	MAIN
Share issued (m)	300.0
Market Cap (m)	222.0
52W High/Low	0.83/0.70
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%

Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
Core PATMI (m)	20.7	24.6	29.0
EPS (sen)	6.89	8.21	9.67
P/E (x)	10.7	9.0	7.7



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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