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Rhone Ma Holdings Berhad

Stock in View
Research Team Coverage / research@mersec.com.my
Rating: Not Rated
Tuesday, July 14, 2026
Last Price: RM0.69
Fair Value: RM0.85

Animal Health at the Core, Dairy on the Rise

Rhone Ma Holdings Berhad is a well-established Malaysian end-to-end animal health solutions provider, with operations spanning animal health products and equipment, animal health services, food ingredients, human healthcare services, and dairy activities. Anchored by its core animal health segment and an established customer base within the livestock and veterinary industry, the Group is positioned to benefit from resilient essential demand and recurring consumption trends across the agricultural and animal health value chain. We have a Fair Value at RM0.85, based on a PE multiple of 12.1x applied to FY27E EPS of 7.04 sen.

Steady Earnings Growth Driven by Animal Health Products and Services. Rhone Ma's core earnings strength is anchored in its Animal Health Products and Equipment segment, which accounted for 82.7% of FY25 revenue (RM223.7m). Exposure to essential livestock and veterinary needs ensures resilient demand, while its established customer base and recurring order flow provide strong earnings visibility and defensive cash flow characteristics.

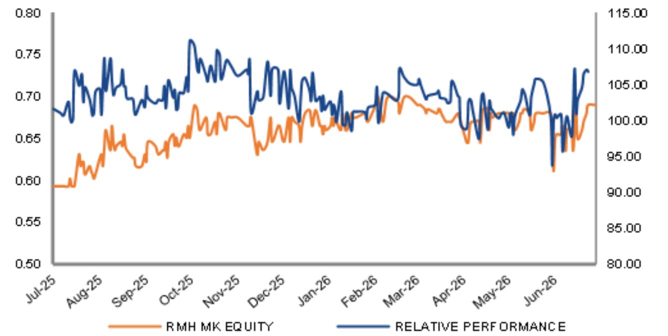
Diversified and Integrated Business Model Enhancing Resilience. Rhone Ma operates across five key segments, animal health services, animal health products and equipment, food ingredients, human healthcare services, and dairy business, creating multiple and complementary income streams. This diversification reduces reliance on any single segment while allowing the Group to capture value across both livestock and healthcare-related markets. The mix of stable core operations and emerging growth segments further enhances earnings resilience and supports a more balanced growth profile.

Production Capacity Expansion and Dairy Venture as Key Growth Catalysts. The Group continues to expand its production capacity for its animal health products segment, with a recent increase of ~200 MT, enhancing its ability to meet growing demand while improving operating efficiency and scale. In addition, its venture into the Jemaluang Dairy Valley (JDV) project provides a longer-term growth pillar, offering exposure to upstream dairy production and Malaysia's structural milk supply gap.

Financials. We expect Rhone Ma's core earnings to register a two-year CAGR of 14% (FY26E–FY28E), supported by steady topline growth of ~9% in line with the average CAGR of the global and Malaysian animal health industry. Growth will also be driven by its expanding dairy segment, underpinned by firm demand for dairy products in Malaysia, particularly via the JDV project. The Group is further poised to benefit from resilient demand for animal health products and equipments across both its in-house and third-party brands, underpinned by a strong market position and continued product expansion. From FY26E onwards, we expect GP margins to remain resilient at around 31%-32%. Likewise, we expect PBT/PATAMI margins to improve gradually from c.10%/6% in FY26E to c.10%/7% for FY28E.

Key risks include: (i) dependence on the livestock industry cycle, (ii) volatility in demand for animal health and nutrition products, (iii) reliance on continuous R&D and product innovation, (iv) execution risk from ongoing capacity expansion and capital investments and (v) intensifying competition within the animal health solutions market.

Share Price Performance



Business Overview

Rhone Ma Holdings Berhad is a holding company engaged in animal health products and equipment, animal health services, food ingredients, human healthcare services, and dairy-related activities. It operates as an end-to-end animal health solutions provider, offering a comprehensive range of veterinary products and services supported by manufacturing, distribution, and integrated value-chain capabilities. The Company is listed on the Main Market.

Return Information	
KLCI (pts)	1,698.44
YTD KLCI chg	1.1%
YTD Stock Price chg	0.0%

Price Performance	1M	3M	12M
Absolute	6.2%	2.2%	16.4%
Relative to KLCI	0.4%	0.6%	10.5%

Stock Information	
Market Cap (RM m)	152.9
Issued Shares (m)	221.6
52-week High (RM)	0.74
52-week Low (RM)	0.61
Free Float	23%
Beta	0.4
3-mth Average Vol.(m)	17,200
Shariah Compliant	No
Bloomberg Ticker	RMH MK EQUITY

Top 3 Shareholders	%
Blue Advantage Sdn B	34.0%
Hock Teo Kwee	7.5%
Lim Ban Keong	5.4%

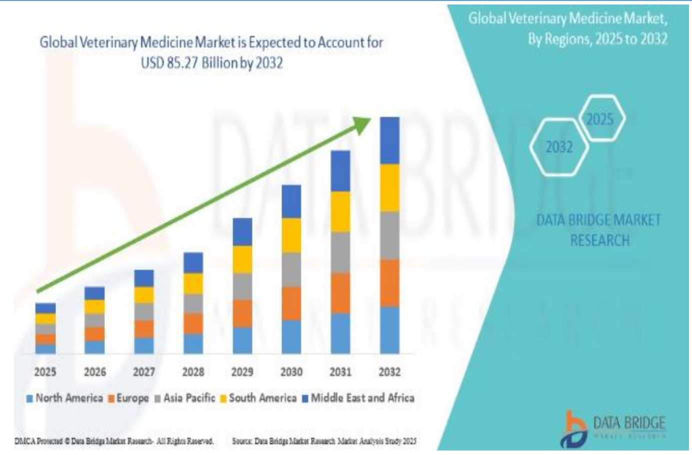
FY DEC (RM m)	FY25A	FY26E	FY27E
Revenue	223.7	243.6	265.3
EBITDA	26.3	28.0	27.8
EBIT	22.0	23.6	23.4
PBT	21.1	23.1	23.3
Core Net Profit	**14.2**	**15.6**	**15.6**
Core EPS (sen)	6.40	7.04	7.44
Core EPS Growth (%)	15.1%	9.9%	0.1%
Net DPS (sen)	2.5	2.5	2.7
Net Div. Yield (%)	3.6%	3.7%	3.8%
BVPS (RM)	0.85	0.87	0.94
PER	10.8	9.8	9.8
PBV (x)	0.8	0.8	0.7
Net Gearing	Net Cash	Net Cash	Net Cash

Industry Overview

Robust Growth in the Global Veterinary Medicine Market. The global veterinary medicine market is on a strong growth trajectory, expanding from USD49.6bn in 2024 to USD85.3bn by 2032 (CAGR: 7.1%), driven by rising pet ownership, greater animal health awareness, and advancements in biologics, vaccines, and diagnostics. Growth is further supported by increasing incidence of zoonotic and chronic animal diseases, alongside higher spending on both companion and livestock healthcare. Innovation in biologics, vaccines, and digital diagnostics is further enhancing treatment outcomes and expanding the scope of veterinary care. Asia-Pacific is expected to be the fastest-growing region, underpinned by urbanisation, rising incomes, and expanding livestock production. This favourable industry backdrop supports Rhone Ma's long-term growth, given its direct exposure to the expanding veterinary healthcare market.

Resilient Domestic Livestock Industry Underpins Local Demand. Malaysia's livestock sector continues to provide a stable market for Rhone Ma's veterinary medicine offerings. Key livestock segments have shown resilience between 2020 and 2025 with beef production recovering from a low of 35,934 MT in 2022 to 45,057 MT in 2025, while poultry production rose from 13.3bn to 17.4bn, reflecting sustained strength in poultry. Fresh milk output also increased steadily from 41.8m to 45.9m litres. Despite structural weakness in the swine segment, the broader livestock industry remains active and diversified across multiple protein sources. This gives a consistent demand for veterinary products and services, and providing a supportive operating environment for the Group.

Figure 1: Expected Global Veterinary Medicine Market by Regions, 2025-2032



Source: Data Bridge Market Research

Figure 2: Domestic Livestock Product Output by Commodity, 2020-2025

JADUAL 1.1: PENGELUARAN HASILAN TERNAKAN MENGIKUT KOMODITI, 2020-2025e
TABLE 1.1: LIVESTOCK PRODUCT OUTPUT BY COMMODITY, 2020-2025e

KOMODITI *COMMODITY*	2020	2021	2022	2023	2024	2025e
DAGING LEMBU/KERBAU *BEEF (M. TAN/M. TONNE)*	41,378.8	36,800.6	35,934.1	38,667.2	42,426.3	45,057.2
DAGING KAMBING/BEBIRI *MUTTON (M. TAN/M. TONNE)*	3,916.8	3,502.5	4,095.6	4,368.4	4,269.4	4,619.6
DAGING BABI *PORK (M. TAN/M. TONNE)*	220,586.4	197,371.6	181,853.2	147,419.3	136,506.3	135,864.4
DAGING AYAM/ITIK *POULTRY MEAT ('000 M. TAN/ '000 M. TONNE)*	1,702.8	1,653.0	1,611.4	1,631.9	1,897.0	1,584.4
TELUR AYAM/ITIK *CHICKEN/DUCK EGGS (JUTA BIJI/MIL. EGGS)*	13,257.7 ** 795.5	13,995.0 **839.7	14,403.5 **869.4	16,679.1 **1,005.9	15,810.0 **953.6	17,386.9 **1,046.5
SUSU SEGAR *FRESH MILK (JUTA LITER/MIL. LITRE)*	41.8	38.7	39.0	40.1	42.5	45.9
KULIT & BELULANG *RAW HIDES & SKINS (M. TAN/M. TONNE)*	9,483.8	7,118.7	6,591.1	6,461.7	5,470.8	5,724.2

p : Sementara *(Provisional)*
e : Anggaran *(Estimate)*
* *Anggaran purata berat telur ayam/itik = 60 gm/biji*
* *Estimated average weight of chicken/duck egg = 60 gm/egg*
** : *('000) Tan Metrik/('000) Tonne*

Source: Kementerian Pertanian Dan Keterjaminan Makanan

Steady Revenue Growth, with Earnings Boosted by Animal Health Products and Equipment. Rhone Ma's revenue has been growing steadily following the acquisition of 3 livestock companies in 2019 and venture into the dairy farming business. The revenue grew from RM146.7m in FY20 to RM223.7m in FY25, translating into a 5-year CAGR of 8.8% over FY20-FY25, with 1QFY26 topline saw a moderate jump of 7.6% YoY. The Animal Health Products and Equipment segment remained the Group's key revenue anchor, contributing 83% of total revenue in FY25 versus 51% in FY20 (1QFY26: 85.4%). Gross profit improved to RM70.0m in FY25 from RM41.0m in FY20, with GP margin expanding to 31.3%, up 3 ppts from FY20 (1QFY26: 16% YoY) underpinned by margin expansion across several business segments. This was supported by the food ingredients segment (FY25: 16.8% vs. FY24: 0.9%) due to stabilizing raw material prices, alongside stronger margins in animal health services (FY25: 41.4% vs. FY24: 28.4%) and human healthcare services (FY25: 49.4% VS. FY24: 41.4%). EBITDA increased 8.9% YoY, implying a 5-year CAGR of 11.9%, while EBITDA margin improved to 11.8% from 11.2% in FY24. Similarly, PBT margins maintained at ~9% over FY20-FY25. PAT in FY25 is highest of all time supported by normalized tax rate compared to FY24. 1QFY26 margins are as follows; EBITDA: 11%, PBT: 9%, PAT: 6%).

Quarterly Results Highlights

Quarter (RMm)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
Revenue	51.76	56.43	51.51	51.71	49.79	54.98	55.45	63.47
EBITDA	6.69	6.08	5.04	6.37	5.68	6.46	6.60	7.60
PBT	5.45	4.72	3.80	5.22	4.35	5.15	5.38	6.19
PAT	3.51	3.16	3.31	3.07	3.10	3.52	4.14	4.15
Margins (%)								
EBITDA	12.9%	10.8%	9.8%	12.3%	11.4%	11.8%	11.9%	12.0%
PBT	10.5%	8.4%	7.4%	10.1%	8.7%	9.4%	9.7%	9.7%
PAT	6.8%	5.6%	6.4%	5.9%	6.2%	6.4%	7.5%	6.5%

Source: Mercury, Company

Valuation. Not Rated with a Fair Value (FV) of RM0.85. We value RHONEMA at RM0.85, based on 12.1x FY27E EPS of 7.04 sen. The target PER represents a 10% discount to the local animal health peers' 10-year average PER of 13.4x, which we believe is appropriate given RHONEMA's smaller market capitalisation and revenue base versus Yenher Holdings, as well as near-term earnings drag from its dairy joint venture. Nevertheless, the discount is modest as RHONEMA's superior gross margin profile, net cash balance sheet and resilient animal health franchise support a quality valuation.

Company Background

Established in 2000, Rhone Ma Holdings Berhad ("Rhone Ma" or "RMH" or "the Group"), through its subsidiaries, is principally involved in the provision of end-to-end animal health solutions and the distribution and supply of food ingredients. Listed on Bursa Malaysia since December 2016 and headquartered in Petaling Jaya, Selangor, the Group operates across five business segments, namely, Animal Health Products & Equipment, Animal Health Services, Food Ingredients, Human Healthcare Services, and Dairy Business, supported by key subsidiaries including Rhone Ma Malaysia Sdn Bhd, APSN Lifescience Sdn Bhd, APSN Biotech Sdn Bhd, APSN Healthcare & Diagnostics, Vet Food Agro Diagnostics (M) Sdn Bhd, and Link Ingredients Sdn Bhd. The Group's core offerings span the marketing, trading, distribution, and manufacturing of animal health products such as vaccines, pharmaceuticals, and feed additives, complemented by diagnostic laboratory analysis and consultation services for the veterinary, agriculture, and food industries. Beyond its animal health core, RMH has expanded into food ingredient distribution catering to Malaysia's food and beverage manufacturing sector, human healthcare diagnostics, and a growing dairy business focused on vertically integrated operations.

Sustainability Review

Rhone Ma integrates sustainability into its governance and operational framework in line with Bursa Malaysia's guidelines, with oversight from the Board and senior management. The Group focuses on key Economic, Environmental and Social (EES) priorities, particularly animal health, product quality, biosecurity, and regulatory compliance, reflecting its role in supporting Malaysia's food security ecosystem and ensuring long-term value creation through responsible livestock practices.

Environmental Management and Responsible Farming Practices. The Group emphasises sustainable farming through strict biosecurity controls, efficient feed management, and responsible use of veterinary products. Its vertically integrated operations enable better control over resource utilisation and waste management, improving traceability and minimising environmental impact across the livestock value chain.

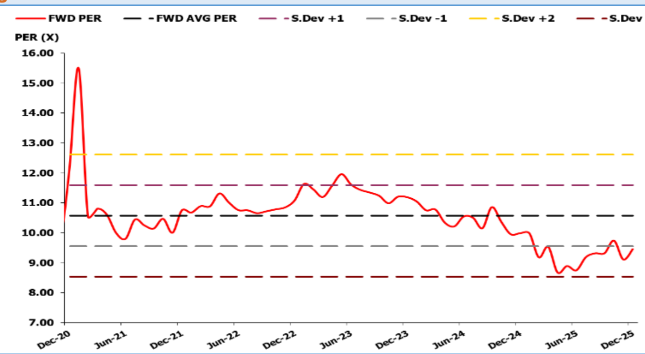
Social Responsibility, Governance and Compliance. The Group prioritises workforce development and industry support through training and technical services to farming communities, while maintaining strong governance standards. The Group adopts a zero-tolerance stance on corruption, supported by internal policies and controls, with no major compliance breaches reported, underscoring its commitment to ethical conduct, transparency, and accountability.

Technical Watch

Figure 3: 3-Year Weekly Chart of Fiamma Holdings Berhad (April 2023 – July 2026)

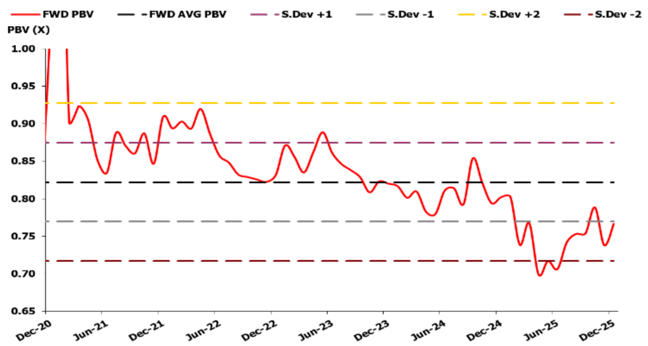
Source: TradingView, Mercury Securities

Figure 4: 5-Year P/E Band



Source: Bloomberg, Mercury Research

Figure 5: 5-Year P/BV Band



Source: Bloomberg, Mercury Research

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