Yenher Holdings Berhad

Result Note
BUY (⇔)

Research Team Coverage / research@mersec.com.my

Wednesday, August 26, 2026

Price: RM 0.810
Target Price: RM 1.010 (⇔)

Stronger Profitability Despite Softer Topline

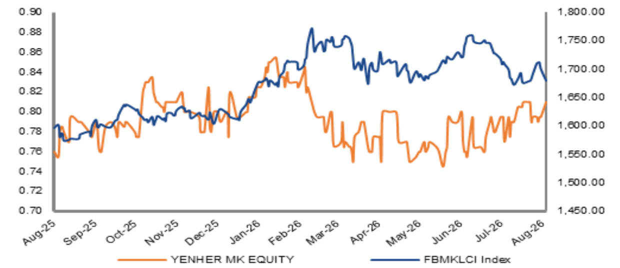
Yenher's 6MFY26 results came in line, with core PATAMI rising 47% YoY despite a softer topline, supported by improved product mix, stronger contribution from higher-margin feed additives and better cost efficiency. Revenue declined 7% YoY, but gross profit increased 10%, lifting gross margin by 3.3ppts to 20.8%, while lower operating expenses further supported earnings. Sequentially, 2QFY26 also showed a healthy recovery, with revenue and PATAMI rising 29% and 27% QoQ respectively, driven by a strong rebound in Distribution sales. We make no changes to our FY26E/FY27E earnings estimates and maintain our TP of RM1.01, based on 11x FY27E P/E. Reiterate BUY.

6MFY26 core PATAMI of RM12.4m accounted for 51%/50% of our/market expectations of FY26E estimates. Core EPS increased 47% YoY to 4.1 sen from 2.8 sen. An interim single-tier dividend of 1.50 sen/share was declared (similar to 6MFY25) , equivalent to a cash distribution of RM4.5m (implying a payout of 36% vs our expectation of 44%.

YoY, 6MFY26 revenue declined 7% to RM139.5m, primarily reflecting softer contributions from both Manufacturing and Distribution. Manufacturing revenue fell 13% to RM56.6m, mainly due to changes in sales mix between complete feed solutions and premix products, while Distribution revenue eased 3% to RM82.8m on lower sales of grain and oilseed products. The weaker topline was also partly attributable to the high base in 6MFY25, when customers accelerated purchases ahead of the Sales Tax expansion effective 1 July 2025. Geographically, Malaysian revenue declined 8% to RM119.7m, while overseas revenue was broadly unchanged at RM19.8m. Gross profit increased 10% YoY to RM29.0m, lifting gross margin to 20.8% from 17.5% (vs expectation of 20%). Distribution was the key earnings driver, with segment gross profit rising 24% to RM15.4m on stronger sales of higher-margin feed additive products, more than offsetting a 2% decline in Manufacturing gross profit to RM13.6m. OPEX declined 24% to RM11.3m, with margins improving to 8.1% from 9.9%, partly reflecting the absence of the RM1.78m inventory write-off recorded following the January 2025 fire incident. Consequently, EBITDA and EBIT rose 45% and 47% to RM18.2m and RM16.4m respectively. EBITDA/EBIT margins improved by 5ppts/4ppts each reflecting on soft OPEX. PBT increased 48% to RM16.4m, while PATAMI advanced 47% to RM12.4m, expanding PATAMI margin by 3.3ppts to 8.9%. The effective tax rate increased to 27.2% from 24.2%, mainly due to certain non-deductible expenses and the absence of tax benefits on losses incurred by subsidiaries.

QoQ, 2QFY26 revenue rebounded 29% to RM78.4m, underpinned by a 61% surge in Distribution revenue to RM51.1m, primarily from stronger feed additive sales. This more than offset a 6% decline in Manufacturing revenue to RM27.4m arising from changes in product mix. Gross profit increased 23% to RM16.0m, although gross margin moderated to 20.4%. OPEX rose 20% to RM6.2m alongside the higher level of business activity, although the margins improved to 7.8% (0.6ppts). EBITDA and EBIT increased 23% each to RM10.0m and RM9.1m, while PBT rose 24% to RM9.1m. PATAMI subsequently increased 27% to RM6.9m, with PATAMI margin remaining resilient at 8.9% versus 9.0% in 1QFY26.

Share Price Performance



Business Overview

Yenher Holdings Berhad is a Malaysia-based animal healthcare solutions provider engaged in the manufacturing and distribution of animal health and nutrition products. The Group offers a range of proprietary and distributed solutions, supported by in-house R&D capabilities, serving both domestic and selected overseas markets. The Company is listed on the Main Market under Consumer Products and Services.

Return Information	
KLCI (pts)	1,736.33
YTD KLCI chg.	3.3%
YTD Stock Price chg.	-1.2%

Price Performance	1M	3M	12M
Absolute (%)	5.2%	5.2%	7.3%
Relative to KLCI (%)	3.1%	3.6%	-1.1%

Stock Information	
Market Cap (RM m)	243.0
Issued Shares (m)	300.0
52-week High (RM)	0.86
52-week Low (RM)	0.72
Est. Free Float (%)	27%
Beta vs FBM KLCI	0.6
3-month Avg Vol. (m)	37,108
Shariah Compliant	No
Bloomberg Ticker	YENHER MK EQUITY

Top 3 Shareholders	%
Cgh Holdings Sdn Bhd	45.0%
Cheng Mooh Tat	7.5%
Chye Cheng Mooh	3.5%

FY Dec (RM m)	FY25A	FY26E	FY27E
Revenue	**291.4**	**293.9**	**320.7**
Gross Profit	**54.1**	**57.2**	**64.1**
EBITDA	30.3	35.1	39.5
EBIT	27.5	32.2	36.5
PBT	27.4	32.1	36.5
Core Net Profit	**20.7**	**24.3**	**27.6**
Consensus Net Profit	-	*25.0*	*29.1*
Core EPS (sen)	**6.90**	**8.10**	**9.19**
Core EPS growth (%)	-4.0%	17.4%	13.4%
Earnings Revision (%)	-	-	-
NDPS (sen)	3.00	3.52	4.04
Net Div. Yield (%)	3.8%	4.5%	5.1%
BVPS (sen)	0.90	0.97	1.07
PER (x)	11.4	9.7	8.6
PBV (x)	1.1	1.2	1.3
Net Gearing (x)	(0.0)	(0.0)	(0.1)

Earnings unchanged. We retain our FY26E/FY27E core PATAMI of RM24m/RM28m. The stronger 1H profitability reinforces our view that earnings remain on track despite the softer topline, while further growth should be supported by the gradual shift towards higher-value products and the upcoming capacity expansion.

Valuation. An unchanged BUY recommendation and TP of RM1.01, derived from an 11.0x target P/E applied to FY27E core EPS of 9.19 sen. The target multiple represents a 20% premium to selected local animal-health peers, which we believe remains justified by Yenher's stronger profitability, debt-free balance sheet, integrated animal-health solutions model and the earnings uplift expected from its new GMP-compliant facility. At RM0.81, our TP implies approximately 25% capital upside, before dividends.

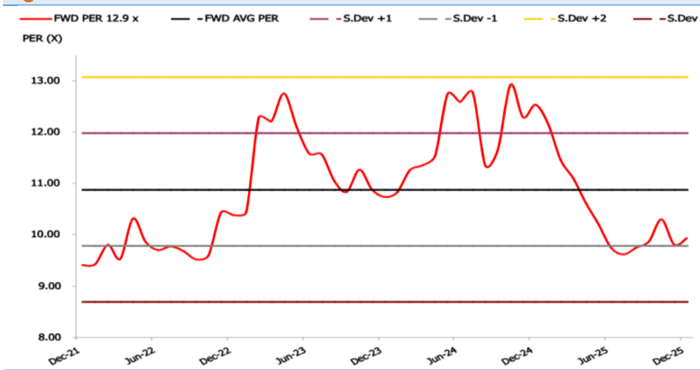
Key Risks include: (i) weaker livestock industry conditions, (ii) animal disease outbreaks, (iii) volatility in raw material, freight and foreign-exchange costs, (iv) high dependence on the Malaysian market, (v) competitive pricing pressure, and (vi) slower-than-expected ramp-up and utilisation of the new GMP manufacturing facility

Results Highlights

Y/E : December (RM m)	Q2 FY26	Q1 FY26	QoQ Chg	Q2 FY25	YoY Chg	6MFY26	6MFY25	YoY Chg
Turnover	**78.4**	**61.0**	*28.5%*	**78.9**	*-0.6%*	**139.5**	**150.0**	*-7.0%*
Gross Profit	**16.0**	**13.0**	*23.4%*	**13.8**	*16.0%*	**29.0**	**26.3**	*10.2%*
OPEX	**(6.2)**	**(5.1)**	*19.9%*	**(6.7)**	*-8.3%*	**(11.3)**	**(14.9)**	*-24.3%*
EBITDA	10.0	8.2	*22.5%*	7.4	*35.7%*	18.2	12.6	*44.7%*
EBIT	9.1	7.4	*23.3%*	6.7	*35.9%*	16.4	11.2	*46.7%*
PBT/(LBT)	**9.1**	**7.3**	*23.9%*	**6.6**	*37.4%*	**16.4**	**11.1**	*48.2%*
Taxation	(2.4)	(2.0)	*20.0%*	(1.5)	*65.3%*	(4.5)	(2.7)	*66.5%*
Net Profit	6.7	5.3	*25.4%*	5.1	*29.4%*	12.0	8.4	*42.3%*
PATAMI	**6.9**	**5.5**	*26.9%*	**5.2**	*33.3%*	**12.4**	**8.5**	*46.8%*
Core EPS (sen)	2.3	1.8	*26.9%*	1.7	*33.3%*	4.1	2.8	*46.8%*
DPS (sen)	1.5	0.0		1.5		1.5	1.5	
Margins (%)								
Gross Margin	*20.4%*	*21.3%*		*17.5%*		*20.8%*	*17.5%*	
Opex	*-7.8%*	*-8.4%*		*-8.5%*		*-8.1%*	*-9.9%*	
EBITDA	*12.8%*	*13.4%*		*9.4%*		*13.1%*	*8.4%*	
EBIT	*11.6%*	*12.1%*		*8.5%*		*11.8%*	*7.5%*	
PBT	*11.6%*	*12.0%*		*8.4%*		*11.8%*	*7.4%*	
PATAMI	*8.9%*	*9.0%*		*6.6%*		*8.9%*	*5.6%*	
ETR	*-26.9%*	*-27.7%*		*-22.3%*		*-27.2%*	*-24.2%*	
Segmental Revenue								
Manufacturing	27.4	29.3		35.1		56.6	65.0	
Distribution	51.1	31.8		43.8		82.8	85.0	
Geographical Revenue								
Malaysia	66.6	53.1	*25.5%*	69.6	*-4.3%*	119.7	130.2	*-8.0%*
Overseas	11.8	7.9	*48.6%*	9.3	*26.7%*	19.8	19.8	*-0.2%*

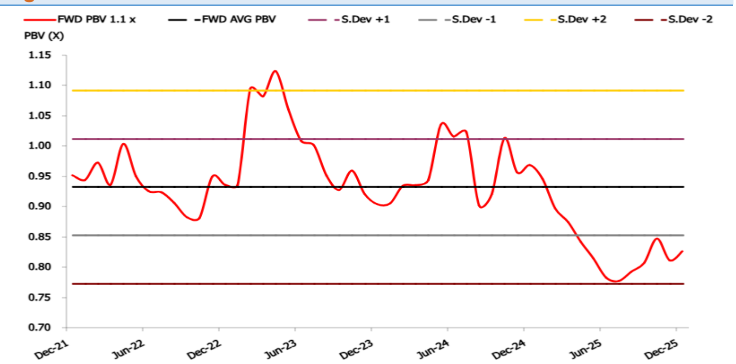
Source: Company, Bursa Malaysia, Mercury Securities

Figure 1: 5-Year P/E Band



Source: Bloomberg, Mercury Research

Figure 2: 5-Year P/B Band



Source: Bloomberg, Mercury Research

Disclaimer & Disclosure of Conflict of Interest

This report has been prepared by research analyst(s) of Mercury Securities pursuant to the Research Incentive Program under Bursa Research Incentive Scheme Plus ("Bursa RISE+") administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaim any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report. This research report can also be found in the Bursa Marketplace or via the link: https://www.bursamarketplace.com/mkt/tools/research.

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. ("Mercury Securities") and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities' website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Recommendation Rating

Mercury Securities maintains a list of stock coverage. Stock can be added or dropped subject to needs with or without notice. Hence, the recommendation rating only applicable to stocks under the list. Stocks out of the coverage list will not carry recommendation rating as the analyst may not follow the stocks adequately.

Mercury Securities has the following recommendation rating:

BUY	Stock's total return is expected to be +10% or better over the next 12 months (including dividend yield)
HOLD	Stock's total return is expected to be within +10% or -10% over the next 12 months (including dividend yield)
SELL	Stock's total return is expected to be -10% or worse over the next 12 months (including dividend yield)

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my