

Kenneth Leong

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Recommendation: Not Rated

Current Price: RM 0.885

Previous Target Price: RM 1.04

Target Price: -

Upside/Downside: -

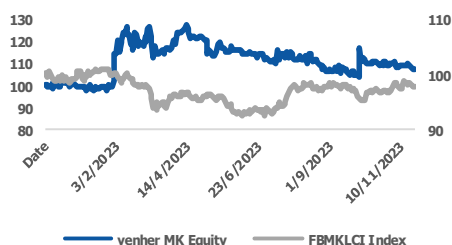
Stock information

Board	MAIN
Sector	Consumer Products
Bursa / Bloomberg Code	5300 / YENHER MK
Syariah Compliant	No
FTSE4Good Index	No
FTSE ESG Rating	N/A
Bloomberg ESG Rating	N/A
Shares issued (m)	300.0
Market Cap (RM' m)	265.5
52-Week Price Range (RM)	1.09-0.81
Beta (x)	0.5
Free float (%)	26.7
3M Average Volume (m)	0.1
3M Average Value (RM' m)	0.1

Top 3 Shareholders (%)

CGH HOLDINGS SDN	45.0
Cheng MooH Tat	7.5
CHENG MOOH CHYE	3.5

Share Price Performance



	1M	3M	12M
Absolute (%)	-1.7	-1.7	5.4
Relative (%)	-2.1	-1.9	8.2

Yenher Holdings Berhad

Prospects remains challenging

Summary

- **3QFY23 core net profit fell 7.2% yoy to RM5.1m, dragged down by weaker contribution from the Malaysia operations segment.**
- **Focusing onto the poultry sector in expectations of the firmer market demand and supply, while the swine sector is expected to remain uncertain on approval from government in usage of ASF vaccine.**
- **Ceasing coverage on Yenher due to relocation of internal resources. Reclassifying our recommendation to Not Rated and our last target price was RM1.04.**

Business Highlights

- **Financial Update.** 3QFY23 core net profit fell 7.2% yoy to RM5.1m, dragged down by weaker contribution from the Malaysia operations segment. Revenue for the quarter contracted 18.7% yoy to RM79.8m. 9MFY23 reported earnings makes up to only 65.1% of our forecasted RM24.7m of net profit for FY23F. Key deviation is mainly due to weaker-than-expected topline numbers, coupled with weaker-than-expected margins at 14.5% vs our expectations at 17.0%.
- **Operations Highlights.** Segment wise in 3QFY23, distribution segment revenue slipped 23.1% yoy to RM55.3m due to lower demand. The aforementioned segment constitutes 69.3% of total revenue during the quarter. Manufacturing segment revenue decreased 6.9% yoy to RM24.5m. On a brighter note, the group expansion plans remain on track with the construction of new GMP plant is expected to be completed in June 2025.
- **Industry Highlights.** We expect demand to remain fairly stable as the ongoing outbreak of animal diseases in Malaysia, which continues to impact their customers will be partly cushioned by the efforts from industry players to ramp up livestock industry population.
- **Outlook.** Looking ahead, Yenher will be focusing onto the poultry sector in expectations of the firmer market demand and supply. The swine sector is expected to remain uncertain in view that the government has yet to given the green light for the use of African Swine Fever (ASF) vaccine.
- **Ceasing Coverage.** We are ceasing coverage on Yenher due to relocation of internal resources. As such, we are reclassifying our recommendation to **NOT RATED** from BUY. Investors should not rely on our earnings forecast and recommendation in making investment decisions. Our previous target price for the stock was RM1.04.

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RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

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