



PublicInvest Research Company Update

KDN PP17686/03/2013(032117)

Thursday, January 15, 2026

TEO SENG CAPITAL BHD

Neutral

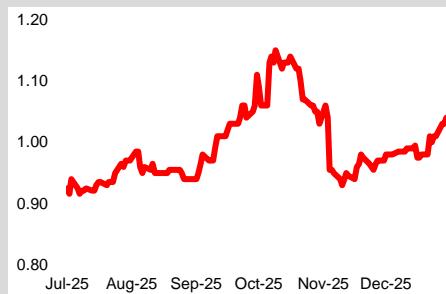
DESCRIPTION

Teo Seng is mainly involved in poultry farming and marketing of chicken eggs, and distribution of pet food and medicine

12-month Target Price	RM0.98
Current Price	RM1.04
Expected Return	-5.7%
Previous Target Price	RM0.98

Market Sector	Main Consumer Products & Services
Bursa Code	7252
Bloomberg Ticker	TSCB MK
Shariah-compliant	Yes

SHARE PRICE CHART



52-Week Range 0.83-1.24
3-Month Average Vol ('000) 640.6

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	7.2	-1.9	10.6
Relative Returns	3.0	-11.7	-2.4

KEY STOCK DATA

Market Capitalisation (RM m) 607.4
No. of Shares (m) 584.1

MAJOR SHAREHOLDERS

	%
Advantage Valuation	53.3
Khing Kong Goon	3.4
Leong Hup SB	2.4

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Egg Demand Expected to Remain Resilient

We met with Teo Seng recently and we continue to expect earnings to normalise post subsidy removal. Demand for eggs is expected to be robust, with eggs being the cheapest source of protein. We think that increased festive spending and tourism activities should further drive demand growth. While Teo Seng may record lower earnings given the absence of government subsidy, we believe the group's ongoing initiatives to enhance operational efficiency, expand its downstream portfolio to focus on value-added products (eg: hard-boiled, soft-boiled and mayonnaise), as well as lower feed raw material cost, will help to cushion the impact. That said, we foresee Teo Seng's earnings to decline by an average of 22% in FY25-26F, before an 8% recovery in FY27F. As such, we maintain our **Neutral** call and TP of RM0.98, based on 5x FY26F EPS.

§ **3QFY25 results recap.** Revenue grew by 5.9% YoY to RM201.5m mainly attributable to a higher egg demand. However, core PATAMI fell by 53.2% YoY, dragged by lower government subsidy received. The group had received c.RM11m in 3QFY25 (3QFY24: c.RM37m). Recall that the subsidy per egg has been reduced from 10 sen to 5 sen on 1st May 2025 and has been removed from 1st Aug 2025 onwards.

§ **Increase production capacity.** With egg being one of the most affordable sources of protein, demand for eggs has been rising steadily. To meet the growing demand, Teo Seng plans to increase its daily egg production capacity by 8-10% annually. The group had recently added another layer farm (17 farms), housing a total of c.6m birds, bringing the daily egg production capacity to c.4.8m. Based on data from Department of Veterinary Service Malaysia (DVS), Malaysia's egg consumption per capita has been growing steadily and is estimated to have reached 425 eggs in 2023.

§ **Anticipating steady demand growth.** According to data from Department of Statistics Malaysia (DOSM), Malaysia's population is expected to reach 36.5m in 2030, while Singapore's National Population and Talent Division estimates the country's population to reach 6.5m-6.9m by 2030. We expect the steady population growth in both countries to result in increased organic demand for eggs. In the near-term, we foresee a boost in demand due to the festive season in 1QCY26 (Chinese New Year and Hari Raya), which is also supported by increased tourism activities.

§ **Potential recovery in margins.** We foresee corn and soybean prices to remain low in the near-term, given the heavy supply outlook. Additionally, strengthening of the ringgit against USD will ease import cost, which could lead to an uptick in Teo Seng's margins. Meanwhile, we gather that Teo Seng has earmarked c.RM80m as capex for FY26, as the group continues to invest in its automation efforts (eg: automated egg grading and collection machine). Furthermore, Teo Seng is looking to reduce its reliance on third party distributors by increasing its proportion of direct sales, providing an estimated cost savings of 2-3sen per egg.

KEY FINANCIAL SUMMARY

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F	CAGR
Revenue	761.0	753.8	722.0	788.9	858.9	4.4%
GP	237.4	242.1	232.5	256.4	283.4	5.4%
Pretax profit	162.7	198.4	159.7	127.5	138.1	-11.4%
PATAMI	155.8	183.4	135.8	108.4	117.4	-13.8%
EPS (Sen)	26.5	31.2	23.1	18.4	20.0	-13.8%
P/E (x)	3.8	3.4	4.5	5.6	5.2	
DPS (sen)	11.0	6.8	5.0	4.0	4.3	
Dividend Yield (%)	10.6%	6.5%	4.8%	3.8%	4.1%	

Source: Company, PublicInvest Research

KEY FINANCIAL DATA
INCOME STATEMENT DATA

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Revenue	761.0	753.8	722.0	788.9	858.9
Gross Profit	237.4	242.1	232.5	256.4	283.4
Operating Expenses	-68.2	-42.0	-74.7	-130.8	-147.2
Operating Profit	169.2	200.1	157.8	125.6	136.2
Finance Costs	-7.8	-1.7	-1.7	-1.7	-1.7
Pre-tax Profit	162.7	198.4	159.7	127.5	138.1
Income Tax	-6.9	-15.1	-24.0	-19.1	-20.7
Effective Tax Rate (%)	4	8	15	15	15
Minorities	0.0	0.0	0.0	0.0	0.0
PATAMI	155.8	183.4	135.8	108.4	117.4
Core PATAMI	160.4	179.0	135.8	108.4	117.4
Growth (%)					
Revenue	16.7	-0.9	-4.2	9.3	8.9
Gross Profit	61.1	2.0	-4.0	10.3	10.6
Core PATAMI	641.9	11.6	-24.1	-20.2	8.3

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Property, Plant & Equipment	387.9	438.5	486.9	531.7	573.1
Goodwill and Intangibles	3.8	1.4	1.4	1.4	1.4
Receivables	64.0	63.2	72.2	78.9	85.9
Cash and Cash Equivalents	98.9	126.8	132.9	176.2	214.5
Other Assets	150.2	216.1	264.0	276.9	291.0
Total Assets	704.7	846.1	957.4	1,065.1	1,165.9
Payables	79.2	91.3	96.7	119.8	129.1
Borrowings	106.1	97.8	97.8	97.8	97.8
Other Liabilities	42.4	38.6	38.6	38.6	38.6
Total Liabilities	227.7	227.7	233.1	256.2	265.5
Shareholders' Equity	477.1	618.4	724.3	808.9	900.4
Total Equity and Liabilities	704.7	846.1	957.4	1,065.1	1,165.9

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Book Value Per Share	0.8	1.0	1.2	1.3	1.5
NTA Per Share	0.8	1.0	1.2	1.3	1.5
EPS (sen)	26.5	31.2	23.1	18.4	20.0
DPS (sen)	11.0	6.8	5.0	4.0	4.3
Payout Ratio	42.4%	21.9%	22.0%	22.0%	22.0%
ROA	22.1%	21.7%	14.2%	10.2%	10.1%
ROE	32.7%	29.6%	18.7%	13.4%	13.0%

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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