

Beshom Holdings Berhad

Challenges to Persist in 1H FY26

TP: RM0.64 (+7.56%)

Last Traded: RM0.595

Hold (ESG: ★★★)

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Review

- Beshom Holdings Bhd (Beshom)'s FY25 core earnings of RM9.8mn came in within expectations, accounting for 100% of both our and consensus full-year projections.
- FY25 core earnings declined by 14.7% YoY, despite a 2.6% YoY increase in revenue to RM155.1mn. The earnings decline was primarily attributed to: i) weaker performance across both the wholesale and retail divisions, which partially offset the improved results from the MLM division; and ii) a higher effective tax rate of 30.9% in FY25, compared to 24.2% in the previous year.
- Despite weaker earnings in FY25, the group declared a final dividend of 1.5sen/share and a special dividend of 1.0sen for the quarter under review, bringing its YTD dividend to 4.0sen/share.
- The **wholesale division's** revenue increased slightly by 1.9% YoY to RM59.4mn in FY25, supported by stronger sales from one of its new ranges of wellness products. This was partly offset by weaker sales in other categories, especially Chinese medicated tonic and vintage tea. However, EBIT fell sharply by 46.2% YoY to RM4.3mn, mainly due to an unfavourable sales mix, rising import costs, and increased marketing spend. Consequently, the EBIT margin contracted by 6.4%-pts YoY to 7.2%.
- The **retail division** remains challenging. Despite a higher turnover of RM35.7mn (+2.8% YoY) in FY25, the segment recorded a loss of RM0.1mn (down from an EBIT of RM0.6mn a year ago). The underperformance was largely driven by reduced sales of higher-margin products, coupled with higher operating and marketing expenses.
- Positively, the **MLM division** posted a 1.9% YoY increase in revenue to RM59.4mn in FY25, supported by stronger sales of fashion and beauty series products, which offset weaker demand in other categories. Meanwhile, EBIT rose more than threefold YoY to RM4.3mn, benefiting from improved inventory control and better resource optimisation.

Impact

- No changes to our earnings estimates. Meanwhile, we introduce our FY28F core net profit forecast at RM17.1mn (+3.5% YoY).

Outlook

- With fuel subsidy rationalisation and the expanded Sales and Service Tax set to take effect in 2HCY25, consumer spending is expected to become more restrained, particularly on big-ticket and discretionary items. As such, we anticipate headwinds to persist in 1H FY26 due to the absence of major festive periods. Nonetheless, we forecast a stronger performance in 2H FY26, supported by festive-driven demand. FY26 core net profit is projected at RM15.0mn, representing a recovery from the trough in FY25.

Share Information

Bloomberg Code	BESHOM MK
Stock Code	7668
Listing	Main Market
Share Cap (mn)	299.3
Market Cap (RMmn)	176.6
52-wk Hi/Lo (RM)	1.01/0.58
12-mth Avg Daily Vol ('000 shrs)	60.8
Estimated Free Float (%)	46.3
Beta	0.4
Major Shareholders (%)	
Tan Kai Hee Family Holdings Sdn bhd	11.3%
Akintan Sdn Bhd	10.8%
Excellent Communication Sdn Bhd	9.1%

Forecast Revision

	FY26	FY27
Forecast Revision (%)	0.0	0.0
Net profit (RMmn)	15.0	16.5
Consensus	15.0	16.5
TA's / Consensus (%)	100.0	100.2
Previous Rating	Hold (Maintained)	
Consensus Target Price (RM)	0.84	

Financial Indicators

	FY26	FY27
Net Debt / Equity (x)	Net Cash	Net Cash
ROE (%)	4.8	5.2
ROA (%)	4.2	4.5
NTA/Share (RM)	1.1	1.1
Price/NTA (x)	0.5	0.5

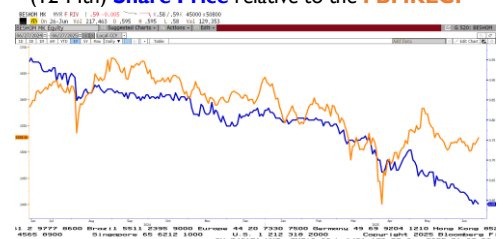
Scorecard

	% of FY	
vs TA	100	Within
vs Consensus	100	Within

Share Performance (%)

	BESHOM	FBM KLCI
Price Change		
1 mth	(9.2)	(0.4)
3 mth	(21.3)	0.7
6 mth	(28.5)	(5.3)
12 mth	(40.1)	(3.9)

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Valuation

- We maintained **Hold** with an unchanged TP of **RM0.64/share**, based on 12x CY26 EPS.

Table 1: Earnings Summary

FYE Apr (RM'mn)		2024	2025	2026F	2027F	2028F
Revenue		151.1	155.1	176.2	190.6	198.7
EBITDA		19.7	18.1	25.0	27.1	28.1
EBIT		14.2	12.6	19.2	21.3	22.2
PBT		14.5	12.6	19.9	21.9	22.7
Net profit		10.9	8.9	15.0	16.5	17.1
Core net profit		11.6	9.8	15.0	16.5	17.1
Core EPS	(sen)	3.9	3.0	5.0	5.5	5.7
Core PER	(x)	15.4	20.1	11.9	10.8	10.5
DPS	(sen)	3.0	4.0	2.0	2.0	2.0
Div. yield	(%)	5.0	6.7	3.4	3.4	3.4

Table 2: 4QFY25 Results Analysis

FYE 30 Apr		4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue		35.9	44.5	36.0	(19.1)	0.1	151.1	155.1	2.6
-MLM		13.0	12.9	13.1	2.0	1.2	52.1	53.9	3.5
-Wholesale		12.0	18.3	12.9	(29.6)	7.0	58.3	59.4	1.9
-Retail		9.1	11.9	8.4	(29.9)	(7.9)	34.7	35.7	2.8
-Others		1.8	1.4	1.6	14.3	(12.2)	6.0	6.1	1.7
Cost of sales		(19.7)	(28.2)	(18.4)	34.8	6.5	(88.1)	(92.3)	(4.7)
Gross profit		16.2	16.2	17.5	8.0	8.2	63.0	62.9	(0.2)
EBIT		3.3	3.0	3.5	16.8	5.7	14.2	12.6	(10.9)
-MLM		0.3	0.9	0.6	(24.8)	>100	1.3	4.3	>100
-Wholesale		0.4	1.7	0.2	(90.9)	(62.3)	7.9	4.3	(46.2)
-Retail		0.2	0.5	(0.0)	nm	nm	0.6	(0.1)	nm
-Others		2.5	(0.0)	2.8	nm	11.2	4.3	4.1	(3.3)
Adj. EBIT		4.1	3.0	3.7	23.4	(9.0)	14.9	13.5	(8.9)
Net interest		0.1	0.0	0.0	(100.0)	(100.0)	0.4	0.1	(87.3)
Extraordinary Items		0.8	0.0	0.2	-	(73.7)	0.7	0.9	31.4
PBT		3.4	3.0	3.5	17.9	3.2	14.5	12.6	(13.3)
Adj. PBT		4.2	3.0	3.7	24.6	(10.8)	15.2	13.4	(11.3)
Taxation		(0.3)	(0.9)	(1.2)	(25.0)	>-100	(3.5)	(3.9)	(10.6)
Minority Interest		0.0	(0.0)	(0.0)	(32.0)	nm	(0.1)	0.2	nm
Net Profit		3.1	2.0	2.3	14.4	(25.8)	10.9	8.9	(18.5)
Adj. Net Profit		3.9	2.0	2.5	24.3	(35.2)	11.6	9.8	(15.6)
Basic EPS	(sen)	1.0	0.7	0.8	14.5	(25.7)	3.6	3.0	(18.5)
DPS	(sen)	1.5	-	2.5	nm	-	3.0	4.0	33.3
					%-points	%-points			%-points
EBIT Margin	(%)	9.3	6.8	9.8	3.0	0.5	9.4	8.1	(1.2)
PBT Margin	(%)	9.5	6.7	9.8	3.1	0.3	9.6	8.1	(1.5)
Net Margin	(%)	8.5	4.5	6.6	2.1	(1.9)	7.2	5.8	(1.4)
Adj. Net Margin	(%)	10.6	4.5	7.1	2.6	(3.5)	7.6	6.3	(1.3)
Tax Rate	(%)	9.7	31.7	33.6	1.9	23.8	24.2	30.9	6.7

Table 3: 4QFY25 Segmental Analysis

FYE 30 Apr	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue (RM'mn)	35.9	44.5	36.0	(19.1)	0.1	151.1	155.1	2.6
Multi-Level Marketing	13.0	12.9	13.1	2.0	1.2	52.1	53.9	3.5
Wholesale	12.0	18.3	12.9	(29.6)	7.0	58.3	59.4	1.9
Retail	9.1	11.9	8.4	(29.9)	(7.9)	34.7	35.7	2.8
Others	1.8	1.4	1.6	14.3	(12.2)	6.0	6.1	1.7
Segment EBIT (RM'mn)	3.3	3.0	3.5	16.8	5.7	14.2	12.6	(10.9)
Multi-Level Marketing	0.3	0.9	0.6	(24.8)	>100	1.3	4.3	>100
Wholesale	0.4	1.7	0.2	(90.9)	(62.3)	7.9	4.3	(46.2)
Retail	0.2	0.5	(0.0)	nm	nm	0.6	(0.1)	nm
Others	2.5	(0.0)	2.8	nm	11.2	4.3	4.1	(3.3)
				%-points	%-points		%-points	
Segment EBIT Margin	9.3	6.8	9.8	3.0	0.5	9.4	8.1	(1.2)
Multi-Level Marketing	2.2	6.6	4.9	(1.7)	2.7	2.6	7.9	5.4
Wholesale	3.4	9.2	1.2	(8.0)	(2.2)	13.6	7.2	(6.4)
Retail	1.8	4.3	(0.3)	(4.7)	(2.2)	1.7	(0.2)	(1.9)

Stock Recommendation Guideline

BUY	:	Total return of the stock exceeds 12%.
HOLD	:	Total return of the stock is within the range of 7% to 12%.
SELL	:	Total return of the stock is lower than 7%.
Not Rated:	:	The company is not under coverage. The report is for information only.

Total Return of the stock includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Total Return of the sector is market capitalisation weighted average of total return of the stocks in the sector.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★★	★★★	★★★	★★★
Remark	It has established Code of Business Ethics for Suppliers and Business Associate to ensure sustainable supply. Meanwhile, Beshom is exploring way to adopt more environmentally friendly packaging. However, score remains muted owing to absence of quantifiable goal for near future.	Committed in promoting healthcare culture and improving human's well-being. The group also provide extensive leadership workshop to develop entrepreneurial spirit within distributors and community.	The board is well represented by independent directors yet may consider having more gender diversity in the board. Beshom has target of paying more than 50% of earnings as dividend.	

★★★★★ (≥80%)	: Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions.	+5% premium to target price
★★★★ (60-79%)	: Above adequate integration of ESG factors into most aspects of operations, management and future directions.	+3% premium to target price
★★★ (40-59%)	: Adequate integration of ESG factors into operations, management and future directions.	No changes to target price
★★ (20-39%)	: Have some integration of ESG factors in operations and management but are insufficient.	-3% discount to target price
★ (<20%)	: Minimal or no integration of ESG factors in operations and management.	-5% discount to target price

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As of Wednesday, July 02, 2025, the analyst, Liew Yi Jiet, who prepared this report, has interest in the following securities covered in this report:
(a) nil

Kaladher Govindan – Head of Research

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