

Beshom Holdings Berhad

Headwinds Persist in 1HFY26

TP: RM0.58 (-13.4%)

Last Traded: RM0.67

SELL (ESG: ★★★)

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Review

- Beshom Holdings Bhd (Beshom) reported IQFY26 core net profit of RM1.6mn, accounting for just 10% of ours and consensus' full-year estimates. The shortfall was mainly due to weaker-than-expected EBIT margins in its multi-level marketing (MLM) and retail segments.
- IQ core earnings plunged 39.6% YoY, despite a 6.2% YoY increase in revenue to RM35.5mn. The shortfall was driven by: i) a lower GP margin of 38.1% (-3.5ppts) due to an unfavourable sales mix and higher product and packaging costs; and ii) weaker performances in the MLM and retail divisions, which offset stronger contributions from the wholesale segment.
- The **MLM division's** IQFY26 EBIT plummeted by 72.6% YoY to RM0.4mn, on the back of a 14.3% YoY decline in revenue to RM11.0mn. The weaker results were due to reduced consumer discretionary spending and slower member recruitment and renewal rates, amid intense market competition and subdued purchasing power.
- The **retail division** reported a wider operating loss of RM0.9mn (vs. RM0.3mn in IQFY25), driven by an 11.5% YoY revenue decline to RM6.7mn. The weaker performance was mainly due to softer demand for in-house high-margin products, lacklustre response to promotional campaigns, and higher product and packaging costs.
- Conversely, stronger results from the **wholesale division** helped partially cushion the overall impact. In IQFY26, EBIT and revenue rose 91.8% and 42.2% YoY to RM0.7mn and RM16.2mn, respectively, supported by: i) improved demand for wellness products; and ii) higher-margin vintage tea sales.
- No dividend was declared for the quarter under review.

Impact

- Following a downward revision of our EBIT margin assumptions for both the retail and MLM divisions, we have reduced our FY26/27/28F core earnings forecasts to RM8.9/12.9/13.4mn (from RM15.0/16.5/17.1mn, respectively).

Outlook

- 2Q is expected to remain challenging in the absence of festive-driven demand and amid continued cautious consumer sentiment towards discretionary spending. However, the group will continue to review and refine its incentive plans to motivate the sales force and enhance productivity, which should ultimately support sales growth in the MLM division.

Share Information

Bloomberg Code	BESHOM MK
Stock Code	7668
Listing	Main Market
Share Cap (mn)	299.3
Market Cap (RMmn)	200.5
52-wk Hi/Lo (RM)	0.91/0.58
12-mth Avg Daily Vol ('000 shrs)	69.0
Estimated Free Float (%)	51.1
Beta	0.6
Major Shareholders (%)	
Tan Kai Hee Family Holdings Sdn bhd	11.6%
Akintan Sdn Bhd	9.1%
Excellent Communication Sdn Bhd	5.4%

Forecast Revision

	FY26	FY27
Forecast Revision (%)	(41.0)	(21.9)
Net profit (RMmn)	8.9	12.9
Consensus	15.0	16.5
TA's / Consensus (%)	59.0	78.2
Previous Rating	Hold (Downgraded)	
Consensus Target Price (RM)	0.64	

Financial Indicators

	FY26	FY27
Net Debt / Equity (x)	Net Cash	Net Cash
ROE (%)	2.8	4.1
ROA (%)	2.5	3.5
NTA/Share (RM)	1.1	1.1
Price/NTA (x)	0.6	0.6

Scorecard

	% of FY	
vs TA	10	Below
vs Consensus	10	Below

Share Performance (%)

Price Change	BESHOM FBM KLCI	
1 mth	(0.7)	1.7
3 mth	13.6	5.3
6 mth	(10.7)	6.0
12 mth	(24.3)	(3.7)

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Valuation

- We revise our TP lower to **RM0.58/share** (previously: RM0.64/share), based on 15x CY26 EPS and downgrade the stock to **SELL** from Hold, as the risk-reward profile has turned unfavourable. Near-term operating conditions remain challenging amid cautious consumer sentiment, while recent share price strength limits further upside potential.

Table 1: Earnings Summary

FYE Apr (RM mn)	2024	2025	2026E	2027F	2028F
Revenue	151.1	155.1	175.5	188.3	196.2
EBITDA	19.7	18.1	16.9	22.3	23.1
EBIT	14.2	12.6	11.1	16.5	17.3
PBT	14.5	12.6	11.6	16.9	17.7
Net profit	11.1	8.9	8.9	12.9	13.4
Core net profit	11.7	8.9	8.9	12.9	13.4
Core EPS (sen)	3.9	3.0	2.9	4.3	4.5
Core PER (x)	17.1	22.6	22.7	15.6	15.0
DPS (sen)	3.0	4.0	2.0	2.0	2.0
Div. yield (%)	4.5	6.0	3.0	3.0	3.0

Table 2: IQFY26 Results Analysis

FYE 30 Apr (RM'mn)	IQFY25	4QFY25	IQFY26	QoQ (%)	YoY (%)
Revenue	33.5	36.0	35.5	(1.2)	6.2
-MLM	12.9	13.1	11.0	(16.0)	(14.3)
-Wholesale	11.4	12.9	16.2	25.7	42.2
-Retail	7.6	8.4	6.7	(19.8)	(11.5)
-Others	1.6	1.6	1.6	2.1	-
Cost of sales	(19.6)	(18.4)	(22.0)	(19.6)	(12.5)
Gross profit	13.9	17.5	13.5	(22.9)	(2.7)
EBIT	2.7	3.5	1.8	(48.3)	(31.4)
-MLM	1.3	0.6	0.4	(42.9)	(72.6)
-Wholesale	0.4	0.2	0.7	>100	91.8
-Retail	(0.3)	(0.0)	(0.9)	>-100	>-100
-Others	1.2	2.8	1.7	(40.3)	36.6
Adj. EBIT	3.1	3.7	1.9	(48.0)	(36.8)
Net interest	0.1	-	(0.0)	nm	nm
Extraordinary Items	0.4	0.2	0.1	(43.7)	(72.4)
PBT	2.7	3.5	1.8	(50.0)	(35.0)
Adj. PBT	3.1	3.0	1.9	(37.3)	(39.9)
Taxation	(0.7)	(1.2)	(0.5)	55.7	20.3
Minority Interest	0.1	(0.0)	0.2	nm	77.6
Net Profit	2.2	2.3	1.4	(37.4)	(33.5)
Adj. Net Profit	2.6	2.5	1.6	(37.9)	(39.6)
Basic EPS (sen)	0.7	0.8	0.5	(37.3)	(33.4)
DPS (sen)	-	2.5	-	nm	-
				%-points	%-points
EBIT Margin (%)	8.0	9.8	5.1	(4.7)	(2.8)
PBT Margin (%)	8.1	9.8	4.9	(4.8)	(3.1)
Net Margin (%)	6.5	6.4	4.1	(2.3)	(2.4)
Adj. Net Margin (%)	7.7	7.0	4.4	(2.6)	(3.3)
Tax Rate (%)	24.2	33.6	29.7	(3.9)	5.5

Table 3: IQFY26 Segmental Analysis

FYE 30 Apr (RM'mn)	IQFY25	4QFY25	IQFY26	QoQ (%)	YoY (%)
Revenue	33.5	36.0	35.5	(1.2)	6.2
Multi-Level Marketing	12.9	13.1	11.0	(16.0)	(14.3)
Wholesale	11.4	12.9	16.2	25.7	42.2
Retail	7.6	8.4	6.7	(0.2)	(11.5)
Others	1.6	1.6	1.6	2.1	-
Segment EBIT	2.7	3.5	1.8	(48.3)	(31.4)
Multi-Level Marketing	1.3	0.6	0.4	(42.9)	(72.6)
Wholesale	0.4	0.2	0.7	>100	91.8
Retail	(0.3)	(0.0)	(0.9)	>-100	>-100
Others	1.2	2.8	1.7	(40.3)	36.6
				%-points	%-points
Segment EBIT Margin	8.0	9.8	5.1	(4.7)	(2.8)
Multi-Level Marketing	10.4	4.9	3.3	(1.6)	(7.1)
Wholesale	3.2	1.2	4.4	3.2	1.1
Retail	(3.4)	(0.3)	(13.4)	(13.0)	(10.0)

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 Monday, September 29, 2025, the analyst, Liew Yi Jiet, who prepared this report, has interest in the following securities covered in this report:
(a) nil

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