

Malaysia

September 30, 2024 - 4:12 PM

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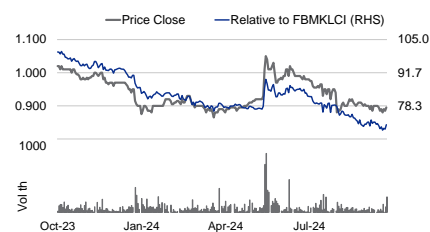
Consensus ratings*: Buy 0 Hold 1 Sell 1

Current price:	RM0.895
Target price:	RM0.95
Previous target:	RM0.95
Up/downside:	6.1%
CGSI / Consensus:	-0.5%
Reuters:	BESH.KL
Bloomberg:	BESHOM MK
Market cap:	US\$65.07m
	RM268.5m
Average daily turnover:	US\$0.01m
	RM0.05m
Current shares o/s	300.1m
Free float:	55.4%

*Source: Bloomberg

Key financial forecasts

	Apr-24A	Apr-25F	Apr-26F
Net Profit (RMm)	10.86	15.53	19.06
Core EPS (RM)	0.037	0.052	0.064
Core EPS Growth	(25.5%)	41.3%	22.7%
FD Core P/E (x)	24.45	17.30	14.09
Recurring ROE	3.55%	5.02%	6.12%
P/BV (x)	0.87	0.87	0.86
DPS (RM)	0.030	0.040	0.050
Dividend Yield	3.35%	4.47%	5.59%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-1.1	-8.7	-12.3
Relative (%)	-1.6	-13.4	-27.6

Major shareholders	% held
Estate of Tan Kai Hee	10.9
Akintan Sdn Bhd	8.8
Excellant Communications Sdn Bhd	5.4

Analyst(s)

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Beshom Holdings Bhd

Improving sales across MLM and retail

- 1QFY25 core net profit of RM2.6m is a miss at 17%/15% of our/Bloomberg consensus FY4/25 estimates on lower revenue and weaker margins.
- Improved economic activity in Malaysia will help to support Beshom's sales and earnings growth throughout FY4/25F, in our view.
- Reiterate Hold with unchanged TP of RM0.95, based on 16x CY25F P/E. This note marks the transfer of coverage to Lew Cheng Wei

1QFY25 core NP flat yoy; earnings to improve in coming quarters

- Beshom's 1QFY3/25 core net profit dropped a slight 0.1% yoy to RM2.6m (-30.4% qoq), below expectations at 17% of our and 15% of Bloomberg consensus FY25F estimates. The lower core net profit yoy was mainly driven by lower revenue from its Wholesale segment and weaker operating margins.
- We expect Beshom's earnings to improve in the subsequent quarters of FY25F as we see a pick-up in private consumption growth in Malaysia, and hence demand for its products, as well as an improvement in its operating margins from lower import costs.

MLM and retail sales supported by private consumption growth

- Beshom's multilevel marketing (MLM) segment saw 3.7% yoy revenue growth in 1QFY25 as it carried out aggressive sales activities and targeted product promotions as part of an ongoing review and adjustment of its marketing strategies to boost productivity of its members. Its retail segment recorded 8.7% yoy revenue growth in 1QFY25, driven by higher sales of house brand products.
- However, 1QFY25 group revenue still fell 4.9% yoy as Wholesale segment revenue declined 20% yoy due to lower sales of vintage tea and Chinese medicated tonic as customers had likely stocked up in 3QFY24 due to a customer incentive trip campaign carried out in 3QFY24.
- We believe improved policy direction by the government would be positive for Malaysia's economic growth in 2024F, with CGSI Research's Economics team forecasting 2024F GDP growth of 5.2% and private consumption growth of 6.9%. We see the following as key drivers of consumer sentiment and spending over the next 6-9 months: i) flexible Employees Provident Fund (EPF) Account 3 withdrawals, ii) government monthly cash handouts to lower income households, iii) higher civil servant salaries from Dec 2024, and iv) improved consumer sentiment from a strengthening RM. All these drivers, in our view, should support the demand for lower value goods, such as those sold by Beshom.

Reiterate Hold with unchanged TP of RM0.95

- We reiterate our Hold recommendation and TP of RM0.95 as we think Beshom's earnings growth outlook has already been priced in. Our TP is based on CY25F P/E of 16x (0.5 s.d. below its 11-year historical mean).
- Key upside risks include stronger stimulus policies and cash handouts targeting the B40 and M40 income groups, and emergence of a strong product to drive its MLM revenue. Key downside risks: weaker consumer spending, higher-than-expected input costs, and increased competition in the MLM segment.

Figure 1: 1QFY25 results comparison

Results (RM m)	1QFY25	1QFY24	yoy %	4QFY24	qoq %	3MFY25	3MFY24	yoy %
Revenue	33.5	35.2	(4.9%)	35.5	(5.9%)	33.5	35.2	(4.9%)
Core EBITDA	4.4	4.8	(8.2%)	5.4	(17.6%)	4.4	4.8	(8.2%)
Core EBITDA Margin (%)	13.2%	13.7%	(0.5%)	15.1%	(1.9%)	13.2%	13.7%	(0.5%)
Core EBIT	3.1	3.5	(11.1%)	4.0	(22.9%)	3.1	3.5	(11.1%)
Core EBIT Margin (%)	9.2%	9.8%	(0.6%)	11.2%	(2.0%)	9.2%	9.8%	(0.6%)
Pretax Profit	2.7	3.4	(20.7%)	3.4	(20.7%)	2.7	3.4	(20.7%)
Pretax Profit Margin (%)	8.1%	9.7%	(1.6%)	9.6%	(1.5%)	8.1%	9.7%	(1.6%)
Net Profit	2.2	2.5	(11.8%)	3.1	(29.3%)	2.2	2.5	(11.8%)
Net Profit Margin (%)	6.5%	7.0%	(0.5%)	8.6%	(2.1%)	6.5%	7.0%	(0.5%)
Core Net Profit	2.6	2.6	(0.1%)	3.7	(30.4%)	2.6	2.6	(0.1%)
Core Net Profit Margin (%)	7.7%	7.3%	0.4%	10.4%	(2.7%)	7.7%	7.3%	0.4%

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 2: 1QFY25 segmental breakdown

Segment Revenue (RM m)	1QFY25	1QFY24	yoy %	4QFY24	qoq %	3MFY25	3MFY24	yoy %
Multi-Level Marketing	12.9	12.4	3.7%	13.0	(0.8%)	12.9	12.4	3.8%
Wholesale	11.4	14.3	(20.3%)	12.0	(5.4%)	19.2	14.3	34.7%
Retail	7.6	7.0	8.7%	9.1	(16.5%)	7.6	7.0	8.7%
Others	1.6	1.6	5.6%	1.5	11.5%	3.6	1.6	135.0%

Segment Profit (RM m)	1QFY25	1QFY24	yoy %	4QFY24	qoq %	3MFY25	3MFY24	yoy %
Multi-Level Marketing	1.3	0.4	>200%	0.3	>200%	1.3	0.4	>200%
Wholesale	0.4	2.1	(82.2%)	0.4	(9.8%)	0.4	2.1	(82.2%)
Retail	(0.3)	(0.4)	(30.0%)	0.2	nm	(0.3)	(0.4)	(30.0%)
Others	1.3	1.1	18.8%	1.1	19.8%	1.3	1.1	18.8%

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 3: Peer comparison

Company	Bloomberg Ticker	Recom.	Share price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY24F	CY25F	CY24F	CY25F	CY24F	CY25F	CY24F	CY25F	CY24F	CY25F
Consumer Staples															
Nestle (Malaysia)	NESZ MK	Hold	105.00	119.50	5,968	34.9	30.4	32.7	29.0	99.6%	101.1%	24.9	22.2	2.6%	2.9%
Fraser & Neave Holdings	FNH MK	Add	31.38	38.60	2,790	19.9	19.0	3.1	2.9	16.3%	15.7%	14.8	14.0	2.6%	2.7%
QL Resources	QLG MK	Hold	4.60	4.40	4,069	36.7	35.2	5.2	4.8	14.4%	14.0%	13.3	12.1	0.9%	1.0%
Power Root Bhd	PWRT MK	Hold	1.42	1.45	154	14.6	13.4	1.8	1.7	12.4%	13.1%	10.3	8.8	4.6%	4.9%
Farm Fresh Berhad	FFB MK	Hold	1.82	1.54	826	33.9	29.3	4.6	4.2	14.3%	14.9%	22.3	19.8	0.9%	1.6%
Consumer Discretionary															
7-Eleven Malaysia Holdings	SEM MK	Hold	1.91	1.98	513	31.3	26.0	5.0	4.5	17.5%	18.2%	6.9	6.5	2.0%	2.3%
Berjaya Food Berhad	BFD MK	Add	0.39	1.00	165	11.9	6.8	1.4	1.2	12.0%	19.0%	4.1	3.1	3.3%	6.6%
Mynews Holdings Berhad	MNHB MK	Add	0.62	1.18	112	29.4	13.4	1.9	1.7	5.9%	13.3%	4.7	3.3	0.9%	2.6%
Mr D.I.Y. Group (M) Bhd	MRDIY MK	Add	2.10	2.65	4,813	30.8	23.1	10.0	8.7	34.0%	40.3%	18.4	15.1	2.1%	3.0%
Beshom Holdings Bhd	BESHOM MK	Hold	0.90	0.95	65	19.1	15.0	0.9	0.9	4.6%	5.8%	11.9	9.9	4.1%	5.2%
British American Tobacco	ROTH MK	Add	7.89	9.77	546	11.6	10.5	5.9	5.7	52.1%	55.1%	10.3	9.7	8.7%	8.7%
DXN Holdings Bhd	DXN MK	Add	0.61	0.85	729	8.2	7.3	2.1	1.9	27.6%	27.4%	4.9	4.2	7.2%	8.8%
Brewers															
Carlsberg Brewery (M)	CAB MK	Add	19.62	22.87	1,454	17.6	16.2	21.1	17.2	127.6%	117.1%	13.2	11.7	5.0%	5.9%
Heineken Malaysia Bhd	HEIM MK	Add	23.10	28.85	1,692	16.9	16.1	15.2	15.2	91.6%	94.8%	12.7	12.4	6.0%	6.2%

DATA AS AT 27 SEP 2024

SOURCES: CGSI RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS

BY THE NUMBERS

Profit & Loss

(RMm)	Apr-23A	Apr-24A	Apr-25F	Apr-26F
Total Net Revenues	174.2	150.8	165.5	177.8
Gross Profit	73.2	62.6	69.5	75.6
Operating EBITDA	27.3	19.9	26.5	31.1
Depreciation And Amortisation	(5.5)	(5.5)	(5.6)	(5.5)
Operating EBIT	21.8	14.4	20.8	25.6
Financial Income/(Expense)	0.4	0.4	0.4	0.4
Pretax Income/(Loss) from Assoc.	(0.2)	(0.1)	(0.2)	(0.2)
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	22.0	14.7	21.1	25.8
Exceptional Items	2.2	(0.2)	0.0	0.0
Pre-tax Profit	24.3	14.5	21.1	25.8
Taxation	(7.5)	(3.6)	(5.4)	(6.6)
Exceptional Income - post-tax				
Profit After Tax	16.8	10.9	15.7	19.3
Minority Interests	(0.5)	(0.1)	(0.2)	(0.2)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	16.3	10.9	15.5	19.1
Recurring Net Profit	14.7	11.0	15.5	19.1
Fully Diluted Recurring Net Profit	14.7	11.0	15.5	19.1

Balance Sheet

(RMm)	Apr-23A	Apr-24A	Apr-25F	Apr-26F
Total Cash And Equivalents	35.2	34.3	29.6	29.1
Total Debtors	18.2	19.2	20.0	21.8
Inventories	87.5	76.9	82.8	86.8
Total Other Current Assets	64.1	72.8	72.8	72.8
Total Current Assets	205.0	203.3	205.2	210.6
Fixed Assets	135.3	133.3	131.3	129.7
Total Investments	9.1	9.3	9.1	9.0
Intangible Assets	0.1	0.1	0.1	0.1
Total Other Non-Current Assets	3.7	3.6	3.6	3.6
Total Non-current Assets	148.2	146.3	144.1	142.3
Short-term Debt	0.0	0.0	0.0	0.0
Current Portion of Long-Term Debt				
Total Creditors	26.4	22.3	24.0	24.2
Other Current Liabilities	1.9	1.7	1.4	1.1
Total Current Liabilities	28.3	24.0	25.4	25.3
Total Long-term Debt	0.0	0.0	0.0	0.0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	2.8	3.2	2.4	1.9
Total Non-current Liabilities	2.8	3.2	2.4	1.9
Total Provisions	0.3	0.4	0.4	0.4
Total Liabilities	31.4	27.6	28.2	27.6
Shareholders' Equity	309.7	310.1	309.1	313.2
Minority Interests	12.1	11.8	12.0	12.2
Total Equity	321.8	321.9	321.1	325.4

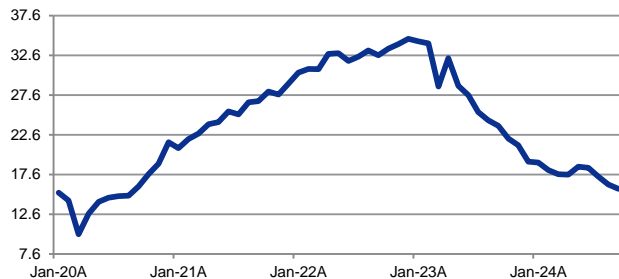
Cash Flow

(RMm)	Apr-23A	Apr-24A	Apr-25F	Apr-26F
EBITDA	27.30	19.89	26.47	31.11
Cash Flow from Invnt. & Assoc.				
Change In Working Capital	(5.22)	1.06	(4.91)	(5.70)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	(0.71)	(1.81)	0.00	0.00
Net Interest (Paid)/Received	(0.22)	(0.22)	(0.26)	(0.19)
Tax Paid	(10.18)	(4.89)	(5.37)	(6.59)
Cashflow From Operations	10.97	14.02	15.93	18.64
Capex	(3.28)	(3.11)	(3.31)	(3.56)
Disposals Of FAs/subsidiaries	1.87	1.95	0.00	0.00
Acq. Of Subsidiaries/Investments	(0.05)	(0.04)	0.00	0.00
Other Investing Cashflow	(5.91)	(5.89)	0.64	0.59
Cash Flow From Investing	(7.38)	(7.09)	(2.67)	(2.97)
Debt Raised/(repaid)	0.00	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	(0.12)	0.00	0.00
Shares Repurchased				
Dividends Paid	(24.25)	(6.00)	(16.51)	(15.01)
Preferred Dividends				
Other Financing Cashflow	(1.56)	(1.49)	(1.52)	(1.11)
Cash Flow From Financing	(25.81)	(7.61)	(18.03)	(16.12)
Total Cash Generated	(22.22)	(0.68)	(4.77)	(0.45)
Free Cashflow To Equity	3.59	6.93	13.26	15.67
Free Cashflow To Firm	3.81	7.16	13.52	15.86

Key Ratios

	Apr-23A	Apr-24A	Apr-25F	Apr-26F
Revenue Growth	(16.9%)	(13.5%)	9.7%	7.5%
Operating EBITDA Growth	(37.9%)	(27.1%)	33.1%	17.5%
Operating EBITDA Margin	15.7%	13.2%	16.0%	17.5%
Net Cash Per Share (RM)	0.11	0.10	0.09	0.09
BVPS (RM)	1.03	1.03	1.03	1.04
Gross Interest Cover	98.6	64.7	80.8	135.6
Effective Tax Rate	30.9%	24.5%	25.5%	25.5%
Net Dividend Payout Ratio	107%	82%	77%	79%
Accounts Receivables Days	40.98	45.40	43.23	42.95
Inventory Days	319.5	341.4	303.8	302.9
Accounts Payables Days	110.3	99.1	86.6	84.7
ROIC (%)	6.1%	3.9%	5.6%	6.8%
ROCE (%)	6.8%	4.6%	6.6%	8.1%
Return On Average Assets	3.94%	3.07%	4.41%	5.40%

12-mth Fwd FD P/E (x) - Beshom Holdings Bhd



Key Drivers

	Apr-23A	Apr-24A	Apr-25F	Apr-26F
Multi-Level Marketing Growth (%)	-38.8%	-26.3%	10.0%	10.5%
Wholesale Growth (%)	12.5%	-2.4%	10.0%	6.0%
Retail Growth (%)	5.6%	-11.0%	10.0%	6.0%
Others Growth (%)	17.8%	18.2%	3.0%	3.0%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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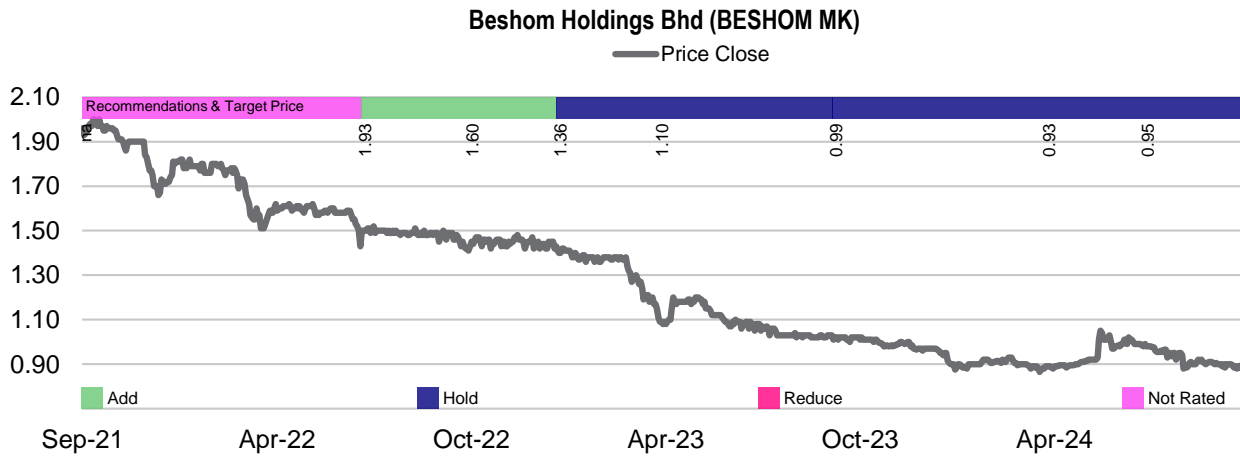
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2024		
588 companies under coverage for quarter ended on 30 June 2024		
	Rating Distribution (%)	Investment Banking clients (%)
Add	65.0%	0.5%
Hold	25.3%	0.5%
Reduce	9.7%	0.3%

Spitzer Chart for stock being researched (2 year data)



Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.