

Beshom Holdings Berhad

TP: RM0.51 (-12.5%)
Structural Headwinds Persist
Last Traded: RM0.58
SELL (ESG: ★★★)

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Review

- Beshom Holdings Bhd's (Beshom) 3QFY26 results were in line with expectations, with 9MFY26 core profit of RM5.8mn representing 74% of both our and consensus full-year earnings forecasts.
- 3QFY26 revenue declined 20.4% YoY to RM35.4mn, mainly due to weaker turnover across all divisions, as CNY fell later this year compared to the preceding period. Despite softer revenue, quarterly core earnings rose marginally by 4.3% YoY to RM2.1mn, supported by i) a more favourable sales mix, with increased contribution from higher-margin wholesale products, and ii) a lower effective tax rate of 24.8% (-6.8pp YoY), which helped offset weaker performance in the retail and MLM divisions.
- For 9MFY26, core earnings declined by 20.2% YoY, mainly due to softer sales of RM109.4mn (-8.2% YoY) and weaker member productivity in the MLM division, despite the rollout of incentive trips and promotional campaigns. The MLM division was further weighed down by intense industry competition, which led to a decline in the distributor base.
- No dividend was declared for the quarter under review.

Impact

- No changes to our earnings assumptions.

Outlook

- Beshom procures approximately 49% of its products from overseas (majority from China). Prolonged tensions in the Middle East could push up freight costs, increasing import expenses and potentially putting pressure on the group's margins.
- However, we understand that about 50% of its raw material costs are denominated in foreign currencies (mainly USD and CNY), with the remaining 50% in Ringgit. As such, a stronger Ringgit is expected to help mitigate the impact. Based on our preliminary estimates, a 5% appreciation in the Ringgit could translate into roughly a 1.0% uplift in net earnings, assuming other variables remain constant.

Valuation

- Maintained **Sell** with an unchanged TP of **RM0.51/share**, based on 15x CY26 EPS.

Share Information

Bloomberg Code	BESHOM MK
Stock Code	7668
Listing	Main Market
Share Cap (mn)	299.3
Market Cap (RMmn)	173.6
52-wk Hi/Lo (RM)	0.748/0.55
12-mth Avg Daily Vol ('000 shrs)	143.8
Estimated Free Float (%)	50.9
Beta	0.7
Major Shareholders (%)	
Tan Kai Hee Family Holdings Sdn bhd	11.7%
Akintan Sdn Bhd	9.1%
Excellent Communication Sdn Bhd	5.4%

Forecast Revision

	FY26	FY27
Forecast Revision (%)	0.0	0.0
Net profit (RMm)	7.9	11.4
Consensus	7.9	11.4
TA's / Consensus (%)	99.5	100.0
Previous Rating	Sell (Maintained)	
Consensus Target Price (RM)	0.51	

Financial Indicators

	FY26	FY27
Net Debt / Equity (x)	Net Cash	Net Cash
ROE (%)	2.5	3.6
ROA (%)	2.2	3.1
NTA/Share (RM)	1.1	1.1
Price/NTA (x)	0.5	0.5

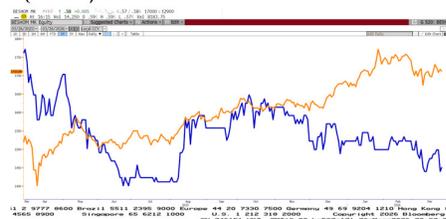
Scorecard

	% of FY	
vs TA	74	Within
vs Consensus	74	Within

Share Performance (%)

Price Change	BESHOM	FBM KLCI
1 mth	(4.9)	(1.6)
3 mth	(6.5)	2.1
6 mth	(12.1)	6.5
12 mth	(21.5)	12.8

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Table 1: Earnings Summary

FYE Apr (RM mn)	2024	2025	2026E	2027F	2028F
Revenue	151.1	155.1	155.6	166.4	172.9
EBITDA	19.7	18.1	15.6	20.3	20.8
EBIT	14.2	12.6	9.9	14.5	14.9
PBT	14.5	12.6	10.3	14.9	15.3
Net profit	11.1	8.9	7.9	11.4	11.7
Core net profit	11.7	8.9	7.9	11.4	11.7
Core EPS (sen)	3.9	3.0	2.6	3.8	3.9
Core PER (x)	14.8	19.6	22.1	15.3	15.0
DPS (sen)	3.0	4.0	2.0	2.0	2.0
Div. yield (%)	5.2	6.9	3.4	3.4	3.4

Table 2: 3QFY26 Results Analysis

FYE Apr (RM'mn)	3QFY25	2QFY26	3QFY26	QoQ (%)	YoY (%)	9MFY25	9MFY26	YoY (%)
Revenue	44.5	38.5	35.4	(8.1)	(20.4)	119.2	109.4	(8.2)
- MLM	12.9	11.6	9.2	(20.6)	(28.7)	40.7	31.8	(22.0)
- Wholesale	18.3	17.0	16.8	(0.8)	(7.8)	46.6	50.0	7.3
- Retail	11.9	8.3	8.2	(1.5)	(31.1)	27.3	23.2	(15.0)
- Others	1.4	1.6	1.1	(29.7)	(18.5)	4.5	4.4	(2.6)
Cost of sales	(28.2)	(24.1)	(20.4)	15.3	27.8	(73.9)	(66.5)	10.0
Gross profit	16.2	14.4	15.0	3.9	(7.7)	45.3	42.9	(5.3)
EBIT	3.0	2.7	3.2	19.7	7.0	9.1	7.8	(14.6)
- MLM	0.9	0.7	0.3	(56.9)	(65.3)	3.6	1.4	(62.7)
- Wholesale	1.7	1.5	2.9	84.8	69.0	4.1	5.1	23.8
- Retail	0.5	(0.1)	0.1	nm	(74.8)	(0.0)	(0.9)	>-100
- Others	(0.0)	0.6	(0.0)	nm	(21.9)	1.4	2.2	61.6
Adj. EBIT	3.0	2.9	2.9	(1.1)	(4.8)	9.8	7.7	(21.0)
Net interest	0.0	(0.1)	(0.1)	6.1	nm	0.1	(0.2)	nm
Extraordinary Items	-	0.2	(0.4)	nm	nm	0.7	(0.0)	nm
PBT	3.0	2.6	3.1	18.8	4.2	9.0	7.5	(17.3)
Adj. PBT	3.0	2.8	2.7	(2.6)	(7.8)	9.7	7.4	(23.6)
Taxation	(0.9)	(0.8)	(0.8)	(0.4)	18.2	(2.7)	(2.1)	23.6
Minority Interest	(0.0)	0.1	0.1	30.1	nm	0.2	0.4	83.4
Net Profit	2.0	1.9	2.5	26.6	22.1	6.6	5.8	(11.2)
Adj. Net Profit	2.0	2.1	2.1	(2.2)	4.3	7.3	5.8	(20.2)
Basic EPS (sen)	0.7	0.6	0.8	26.7	22.3	2.2	1.9	(11.1)
DPS (sen)	-	-	-	-	-	1.5	1.0	(33.3)
				%-points	%-points			%-points
EBIT Margin (%)	6.8	7.0	9.2	2.1	2.3	7.6	7.1	(0.5)
PBT Margin (%)	6.7	6.8	8.8	2.0	2.1	7.6	6.8	(0.8)
Net Margin (%)	4.5	5.0	6.9	1.9	2.4	5.5	5.3	(0.2)
Adj. Net Margin (%)	4.5	5.6	5.9	0.4	1.4	6.1	5.3	(0.8)
Tax Rate (%)	31.7	29.4	24.8	(4.5)	(6.8)	29.8	27.6	(2.3)

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 Friday, March 27, 2026, 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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