

Company Name : Teo Seng Capital Berhad
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Upbeat consumer demand to lift Teo Seng outlook

PETALING JAYA: Teo Seng Capital Bhd's long-term business prospects looks bright, buoyed by rising consumer demand amid some downside risks, says Mercury Securities.

The research house noted that Bank Negara Malaysia, in its third-quarter gross domestic product report, was positive about rising consumer demand as macro uncertainties eased coupled with lower inflationary pressures.

Moving ahead, the poultry group would be driven by resilient market demand for eggs, vertically integrated operations, downstream expansion growth, better

margins on easing input cost and operational efficiency.

Despite the removal of the blanket egg subsidy on Aug 1, it said the company's management expected the impact to be manageable aided by stable feed prices, demand for eggs.

It noted that capacity expansion and operational excellence remained key priorities, underpinned by a strong balance sheet, disciplined execution and a sustainability-led management approach.

Nonetheless, softer average selling price of eggs remained a key concern, the research house said.

It is raising its financial year 2025 (FY25) and FY26 estimate earnings by 4% and 16% each to reflect stronger top lines (FY25), improving average selling price by 15 percentage points (ppts) in FY26, to reflect normalisation ahead and operating expenditure margins slashed by three ppts to 15% to reflect operational efficiency.

It said risks to its recommendation include poultry diseases, feed cost volatility, foreign-exchange volatility and softer average selling price of eggs.

In the third quarter ended Sept 30, 2025, Teo Seng's net profit fell 56.3% to RM25.3mil, or 4.29 sen per share.