



Press Release

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LEONG HUP INTERNATIONAL REGISTERS REVENUE OF RM1.43 BILLION FOR Q1FY20

KUALA LUMPUR, 19 May 2020 – Leong Hup International Berhad (“LHI” or the “Company”), one of the largest fully integrated producers of poultry, egg and livestock feed in Southeast Asia, today announced its financial results for the first quarter ended 31 March 2020 (“Q1FY20”). LHI and its subsidiaries (the “Group”) reported revenue of RM1.43 billion, a moderation of 4.8% as compared to RM1.51 billion posted in the preceding year’s corresponding quarter ended 31 March 2019 (“Q1FY19”). Profit after tax and minority interests (“PATMI”) for Q1FY20 decreased by 64.0% to RM21.79 million, from RM60.58 million for Q1FY19.

During the quarter under review, revenue for the Group’s livestock and poultry related products segment weakened to RM782.63 million, a 9.0% decline from RM859.65 million in the corresponding quarter a year ago, reflecting the impact of overall softness in demand amid the onset of the Covid-19 pandemic at the beginning of the year. The Group was affected by unfavourable average selling prices (“ASP”) of day-old-chicks (“DOC”), broiler chickens and eggs in Malaysia; drop in ASP and sales volume of DOC in Indonesia; and lower sales volume of fresh chickens and duck in Singapore. Meanwhile, performance of the Group’s feedmill segment remained stable, as revenue edged up marginally by 0.7% to RM648.15 million during Q1FY20, as compared to RM643.63 million recorded in Q1FY19, driven by improvement in sales volume of livestock feed in Vietnam.

On a geographical segmentation review, Indonesia continues to be the largest contributing segment of the Group, contributing RM484.10 million (33.8%) to the Group’s total revenue for Q1FY20. Malaysia was the second highest revenue contributor to the Group’s total revenue at RM383.49 million (26.7%). Vietnam contributed RM356.46 million (24.9%) to the Group’s total revenue for Q1FY20, while the remaining contribution was by both Singapore at RM185.41 million (12.9%) and Philippines at RM24.68 million (1.7%).



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Executive Director / Group Chief Executive Officer of LHI, Tan Sri Lau Tuang Nguang (“**Tan Sri Francis Lau**”) shared, “Since the beginning of the year, the Group has operated against a backdrop of challenging operating environment which was exacerbated by the Covid-19 pandemic. This has impacted demand, giving rise to unfavourable selling prices of poultry products in our markets and exerting considerable pressure on margins. Nevertheless, as national food security took precedence during this critical period marked by movement controls and social restrictions, the Group has ensured uninterrupted operations and continuous production of its products.”

On the Group’s prospects, Tan Sri Francis Lau commented that, “Due to the global nature of the pandemic which will continue to affect the economy, income level and spending patterns, the various stimuli response implemented by governments to cushion the damaging effects of Covid-19 is both timely and well applauded. However, as certain economic sectors are gradually allowed to reopen, we expect to see continuing weakness in near-term demand within our markets. In addition, the inevitable adjustment in the industry supply chain is expected to give rise to volatility in ASP in the forthcoming quarters.”

“The Group’s operations and business model had withstood a multitude of challenges brought about by previous crises and had subsequently emerged more resilient than before, and the Covid-19 pandemic is no different. Going forward, the Group will remain vigilant and continue to practise prudent financial management measures. These measures include maintaining adequate liquidity for operations and undertaking a strategic review of the Group’s capital expenditure to prepare for the challenges ahead. Our commitment for long-term growth in our markets remains unwavered and the disciplined approach adopted will tide us through these unprecedented times,” Tan Sri Francis Lau added.



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ABOUT LEONG HUP INTERNATIONAL BERHAD

Leong Hup International Berhad ("LHI") is a Malaysian-incorporated company listed on the Main Market of Bursa Malaysia Securities Berhad and one of the largest fully integrated producers of poultry, eggs and livestock feed in Southeast Asia.

Established in Malaysia with a track record of more than 40 years and running, the Leong Hup brand is well-entrenched in the business of feedmill and pure-play poultry. Under its livestock business, the LHI Group produces a range of further processed poultry and food products under a number of well-recognised brands, including "Ayam A1", "SunnyGold" and "Ciki Wiki".

LHI is a constituent of the MSCI Global Small Cap Indexes' MSCI Malaysia Index and the FTSE Bursa Malaysia Mid 70 Index, as well as the recipient of the BrandLaureate World BestBrands in Consumer – Integrated Poultry, Egg & Livestock Feed Solutions award in 2019.

The LHI Group has a strong and growing presence in Malaysia, Singapore, Indonesia, Vietnam and the Philippines – all of which are attractive consumer markets with significant growth potential. It employs more than 10,700 people across its operations which consist of feedmill and livestock businesses.

For more information, please visit www.leonghupinternational.com

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