

Press Release



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LEONG HUP INTERNATIONAL EARNS NET PROFIT OF RM30.5 MILLION IN Q2FY21 AS REVENUE JUMPS 30.1%

KUALA LUMPUR, 24 August 2021 – Leong Hup International Berhad (“LHI” or the “Group”), one of the largest fully integrated producers of poultry, egg and livestock feed in Southeast Asia, today announced its unaudited consolidated financial results for the second (2nd) quarter of 2021 (“Q2FY21”). The Group registered profit after tax and minority interests (“PATMI”) of RM30.50 million, an increase of 87.5% from RM16.27 million in the preceding year’s corresponding quarter ended 30 June 2020 (“Q2FY20”). The improvement in its net profit came on the back of a record operating revenue of RM1.85 billion, which was 30.1% higher as compared to RM1.43 billion posted in the Q2FY20.

During the quarter under review, the Group continued to sustain the recovery momentum of its livestock and poultry related products segment. Revenue for the said segment rose to RM992.46 million during Q2FY21, an increase of 22.9% from RM807.28 million in the corresponding period a year ago. This was mainly due to robust sales volume growth and resilient average selling price (“ASP”) of day-old-chicks in Indonesia and Malaysia, broiler chickens in Malaysia and Philippines, as well as higher business-to-consumer (“B2C”) channel contribution in Malaysia. Meanwhile, revenue for the Group’s feedmill segment was RM858.88 million during the quarter, 39.7% higher as compared to RM614.69 million for Q2FY20, as Indonesia and Vietnam reported higher sales volume and ASP of livestock feed.

On a geographical segmentation review, Indonesia continues to be the largest segment of the Group, contributing RM697.29 million (37.6%) to the Group’s total revenue for Q2FY21. Malaysia was the second highest at RM479.33 million or 25.9%. Vietnam contributed RM438.53 million (23.6%), while Singapore and Philippines contributed RM197.80 million (10.7%) and RM40.86 million (2.2%) respectively.

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During the first six months of 2021, the Group posted a durable recovery in its financial results. For the cumulative six-month period ended 30 June 2021 (“**6MFY21**”), the Group reported PATMI of RM100.83 million, a 164.9% jump from RM38.06 million recorded in the preceding year’s corresponding six-month period ended 30 June 2020. Year-on-year, its cumulative operating revenue for 6MFY21 was RM3.53 billion, an increase of 23.5% from RM2.86 billion recorded in the corresponding period a year ago.

Executive Director / Group Chief Executive Officer of LHI, Tan Sri Lau Tuang Nguang (“**Tan Sri Francis Lau**”) shared, “Indonesia continued to lead the way in terms of the Group’s overall performance improvement, while the expansion of the B2C channel in Malaysia and its growing contribution towards the Group’s bottom line is nothing short of impressive.”

Tan Sri Francis Lau added that the Group has been making a concerted effort to augment the Group’s “Farm-to-Plate” business model, which has been identified as a key growth pillar for the Group in this ‘new normal’.

The Group had since 2020 reprioritised its capital expenditure, significantly stepping up investment into the downstream business in its operating markets, particularly in Malaysia and Indonesia. In Malaysia, its convenience-driven, hybrid quick-service restaurant cum bakery concept outlets, the Baker’s Cottage, have garnered popularity among budget-conscious consumers. With 95 outlets at the start of 2021, the Group is well placed to grow its B2C segment further and aims to have a total of 160 outlets throughout West Malaysia by year’s end.

Meanwhile, an upcoming poultry processing plant in West Java, Indonesia, is slated to begin construction in the third quarter of the year and commence operation in early 2022. Upon full operation, the facility is expected to enable its Indonesian operations to have better control over sporadic demand-supply imbalance of broiler chickens, thereby providing some degree of insulation against price volatility of live poultry.

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On the Group's prospects, Tan Sri Francis Lau commented that, "Movement restrictions to varying extent are still in force for most of the Group's operating markets. Towards this end, we expect some short to medium-term headwinds to persist as a result of the ongoing fluctuations in the demand and adjustments in the supply of poultry products. The durability of the Group's recovery is, therefore, contingent upon the extent to which the Covid-19 pandemic is effectively controlled and restrictions are eased in each of the Group's operating markets."

"Nevertheless, the Group's financial performance for the first half of 2021 has done very well when compared with last year. Crucially, even in times of crisis, the Group's ability to drive its strategies and press on with execution within its operating markets illustrate that there is a long runway for growth."

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.

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. Established in Malaysia with a track record of more than 40 years, the Leong Hup brand is well-entrenched in the business of feedmill and pure-play poultry. Under its livestock business, the LHI Group produces day-old-chicks, broiler chickens, table eggs and a range of further processed poultry and food products under a number of well-recognised brands, including "Ayam A1", "SunnyGold", "Happy Egg" and "Ciki Wiki". Completing its "Farm-to-Plate" business model and through the "Baker's Cottage" outlets, LHI retails quality ready-to-eat poultry meals at outstanding value directly to consumers in Malaysia.

LHI is a constituent of the MSCI Global Small Cap Indexes' MSCI Malaysia Index and the FTSE Bursa Malaysia Mid 70 Index.

For more information, please visit www.leonghupinternational.com

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