

Press Release



For Immediate Distribution

LEONG HUP INTERNATIONAL REPORTS RESULTS FOR Q3FY21

KUALA LUMPUR, 23 November 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 third (3rd) quarter of 2021 (“**Q3FY21**”).

The Group registered operating revenue of RM1.81 billion, an increase of 15.0% from RM1.57 billion in the preceding year’s corresponding quarter ended 30 September 2020 (“**Q3FY20**”). Amid challenging market conditions due to the escalation of the Covid-19 pandemic, the Group posted loss after tax and minority interests (“**LATMI**”) of RM53.42 million, a decrease of 337.1% as compared to profit after tax and minority interests (“**PATMI**”) of RM22.53 million posted in Q3FY20. Broad-based lockdowns had negatively affected all demand channels, as economic activities were significantly scaled back during Q3FY21. While the Group managed to maintain its normal operating capacity, demand curtailment was more pronounced than previous quarters due to the simultaneous implementation of strict movement restrictions across LHI’s operating markets, namely Malaysia, Indonesia, Vietnam and Philippines.

During the quarter under review, revenue for the Group’s livestock and poultry related products increased to RM947.57 million, 9.5% higher as compared to RM865.09 million in the corresponding period a year ago, due mainly to higher revenue from Indonesia and Malaysia. However, the segment recorded losses before interest, taxes, depreciation and amortisation (“**LBITDA**”) of RM54.52 million, a decline of 350.6% from RM21.76 million in earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) for Q3FY20. This was due primarily to depressed average selling price (“**ASP**”) of broiler chickens in Vietnam, as well as margin compression stemming from the general increase in input cost of feed which could not be passed on due to weaker demand as a result of the Covid-19 pandemic. Meanwhile, the Group’s feedmill segment registered RM858.96 million in revenue during the latest quarter, a growth of 21.8% as compared to RM705.05 million for Q3FY20, due mainly to higher sales volume of livestock feed in Indonesia, as well as higher ASP in Indonesia and Vietnam. EBITDA for the feedmill segment moderated to RM94.30 million, a year-on-year decrease of

Press Release



For Immediate Distribution

18.5% versus RM115.67 million for Q3FY20, as the increase in raw material costs outpaced the increase in ASP of livestock feed.

On a geographical segmentation review, Indonesia continues to be the largest segment of the Group, contributing RM623.99 million (34.5%) to the Group's total revenue for Q3FY21. Malaysia was the second highest at RM482.45 million or 26.7%. Vietnam contributed RM449.08 million (24.8%), while Singapore and Philippines contributed RM201.28 million (11.1%) and RM52.30 million (2.9%) respectively.

For the cumulative nine-month period ended 30 September 2021 ("**9MFY21**"), the Group reported operating revenue of RM5.33 billion, an increase of 20.3% from RM4.43 billion recorded in the preceding year's corresponding nine-month period ended 30 September 2020. PATMI was RM47.42 million for 9MFY21, representing a decline of 21.7% from RM60.59 million posted 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, "Southeast Asian nations saw strong progress in the pace of Covid-19 vaccinations recently, which is expected to bode well for the recovery in economic activities, going forward. However, the pace of recovery is expected to be rather uneven across our operating markets, with certain countries including Malaysia and Singapore gearing up to enter into the endemic phase of Covid-19 as practically all sectors have been allowed to reopen, albeit at a limited capacity. Separately, other countries like Vietnam, Indonesia and Philippines have begun to gradually relax lockdown measures, as these countries ratchet up vaccination rates."

On the Group's prospects, Tan Sri Francis Lau commented that, "Although improving, business conditions remain tough and demand is still hovering below pre-Covid-19 levels. Nevertheless, we are optimistic that the Group will continue to navigate the new market reality with our fundamentals firmly intact. Our priority is the health and safety of our people, and we remain steadfast in supporting domestic food security and the economic recovery of our operating markets, while staying focused on the execution our 'Farm-to-Plate' strategy."

Press Release



For Immediate Distribution

“As we deploy business recovery measures, cost leadership remains an important and ongoing agenda. The Group’s downstream play continues to be a key strategic focus, as we seek to diversify LHI’s revenue base, re-invest into profitable growth and deepen integration within the poultry value chain. We look forward to the Group emerging from the Covid-19 pandemic stronger and more nimble.”

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

Issued by: Leong Hup International Berhad (Registration No.: 201401022577 (1098663-D))

Date: 23 November 2021

For more information, please contact:

Victor Geh

Tel : +603 7980 8086

Email : ir@lhib.com
