



LEONG HUP INTERNATIONAL BERHAD

RESULTS PRESENTATION FOR 1st QUARTER 2022 (1Q22)

25 MAY 2022

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You are advised to refer to LHI’s quarterly financial report announcement and press release on Bursa Malaysia Securities Berhad dated 24 May 2022 as your official source of reference in respect of financial information released by LHI.

Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Note: Unless otherwise stated, all figures stated herein are for the first (1st) quarter ended 31 March 2022, i.e. between 1 January 2022 and 31 March 2022 (“1Q22”) and the first (1st) quarter ended 31 March 2021, i.e. between 1 January 2021 and 31 March 2021 (“1Q21”), as extracted from LHI’s unaudited consolidated financial results for the first quarter financial year 31 March 2022, as announced by LHI on 24 May 2022.

Issued by: Leong Hup International Berhad (Investor Relations’ Office)

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Covid-19 – Snapshot on Southeast Asia

- Eased restrictions have given way to greater scope for economic normalisation and gradual transition into endemicity

Relaxation of travel restrictions and covid-19 SOP therefore revitalising the tourism and F&B industries for all 5 countries related with LHI...a positive growth ahead..

Countries	Covid-19 SOP*
Malaysia	Face mask are required indoor, crowded open spaces, and public transport vehicles. Face mask not required outdoor
Singapore	Face mask are required indoor, crowded open spaces, and public transport vehicles. Face mask not required outdoor
Indonesia	Face mask are required indoor, crowded open spaces, and public transport vehicles. Face mask not required outdoor
Vietnam	Face mask required
Philippines	Face mask required

Countries	Travel restrictions*	
	Fully Vaccinated	Unvaccinated
Malaysia	No PCR pre-departure test No RTK arrival test No quarantine upon arrival	PCR pre-departure test required RTK-Antigen test required upon arrival Quarantine upon (> 18 yo) arrival 5 days Quarantine not required (<17yo)
Singapore	No pre-departure test No post arrival test No quarantine upon arrival	Obtain entry permission PCR/Antigen Pre-departure test required 7 days stay home notice and PCR test after completion
Indonesia	No PCR pre-departure test PCR required upon arrival if developed symptoms and temperature >37.5 degree No quarantine upon arrival, however,	PCR pre-departure test required PCR test required upon arrival if developed symptoms and temperature > 37.5 degree 5 days quarantine upon arrival and PCR test on the 4 th day
Vietnam	No PCR pre-departure test required No Antigen arrival test No quarantine upon arrival	PCR pre-departure test required No Antigen arrival test No quarantine upon arrival
Philippines	PCR or RTK pre-departure test required No Antigen arrival test No quarantine required, self monitor for 7 days upon arrival	No travel allowed

Impact on LHI amid high raw material cost

- Raw material cost inflation and supply constraints are still high, but supported by forward purchasing of commodities.
- Business-to-consumer channel continued to provide margin stability, expansion trajectory in line with group strategy

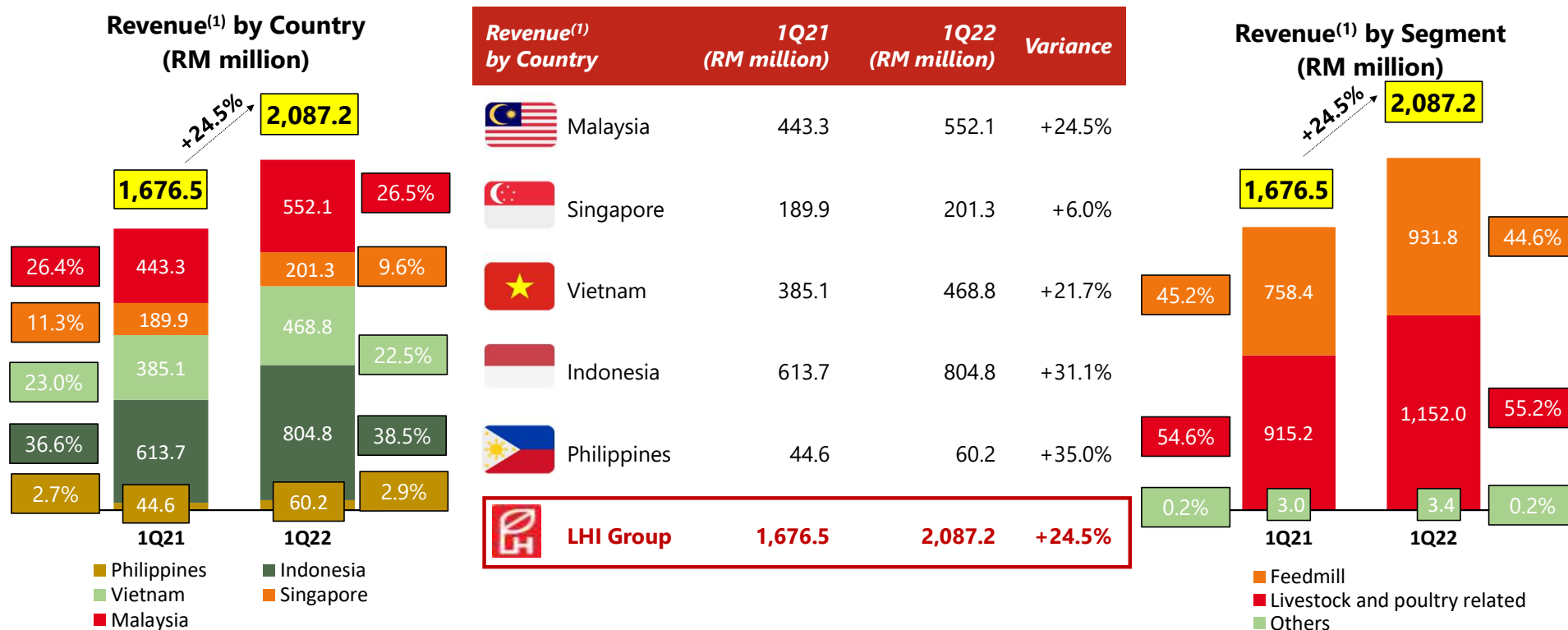


Source: <https://www.nasdaq.com/market-activity/commodities/zc>

Source: <https://www.nasdaq.com/market-activity/commodities/zm>

Financial Highlights: Revenue

- Stable revenue growth on the back of expansion in both Livestock and Feedmill segments



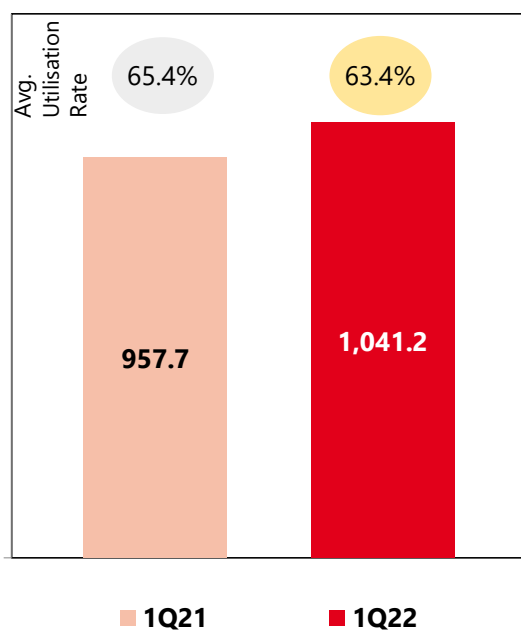
Notes:

(1) Including revenue from other sources.

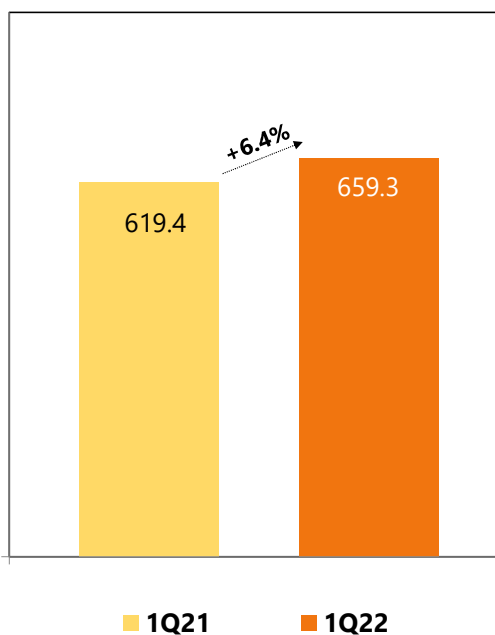
(2) Total may not add up due to rounding.

Operating Highlights: Feedmill

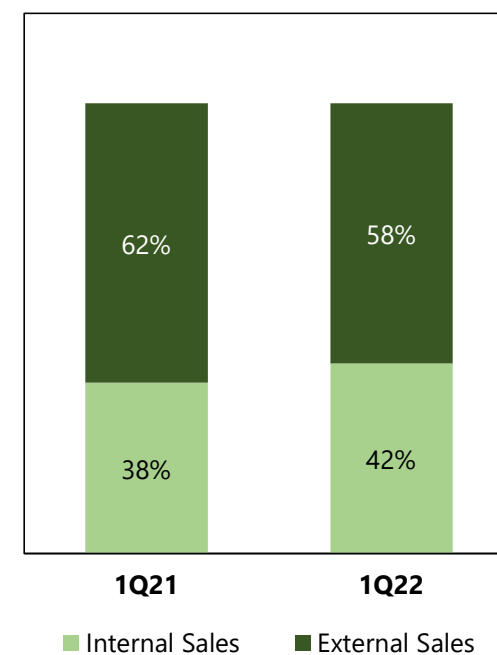
Group Production Capacity ('000 MT)



Group Feed Sales Volume⁽¹⁾ ('000 MT)



Sales Split

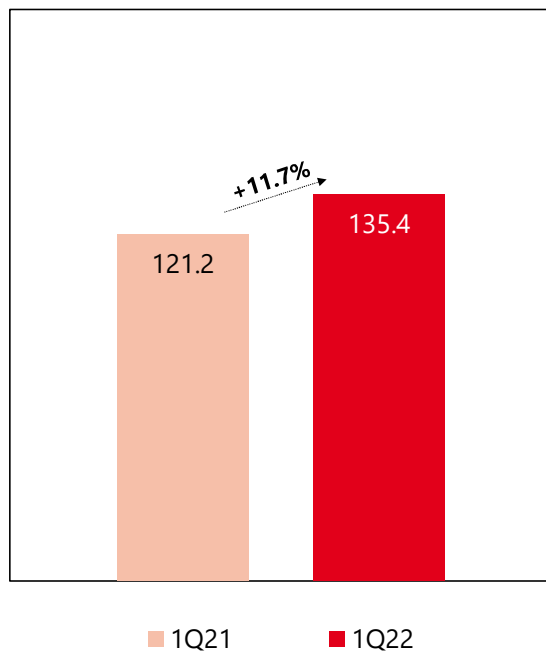


Note:

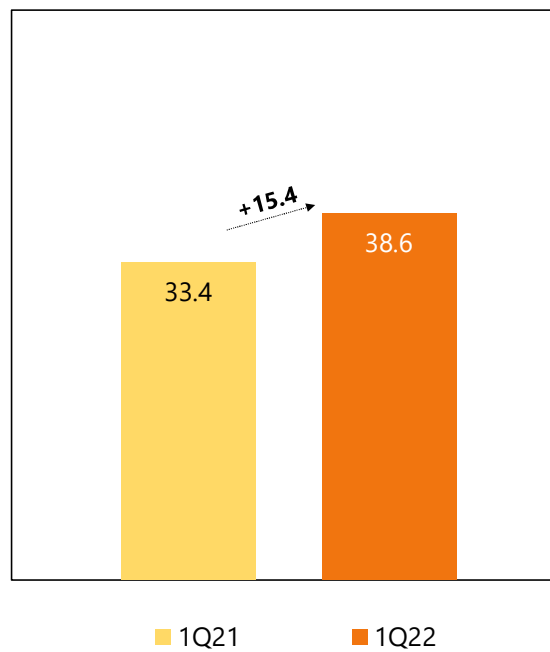
(1) Feed sales volume include both internal and external sales.

Operating Highlights: Livestock

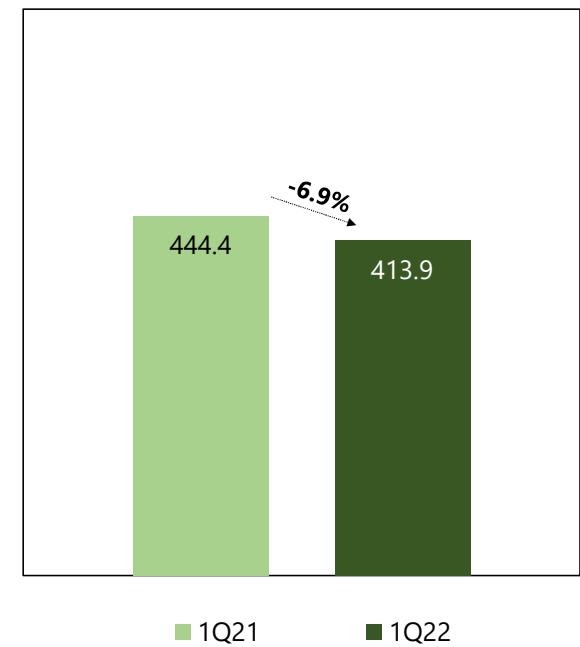
**Group Broiler DOC
Volume Supplied⁽¹⁾
(million chicks)**



**Group Broiler Chicken
Volume Supplied⁽¹⁾
(million birds)**



**Group Egg
Sales Volume⁽²⁾
(million eggs)**



Notes:

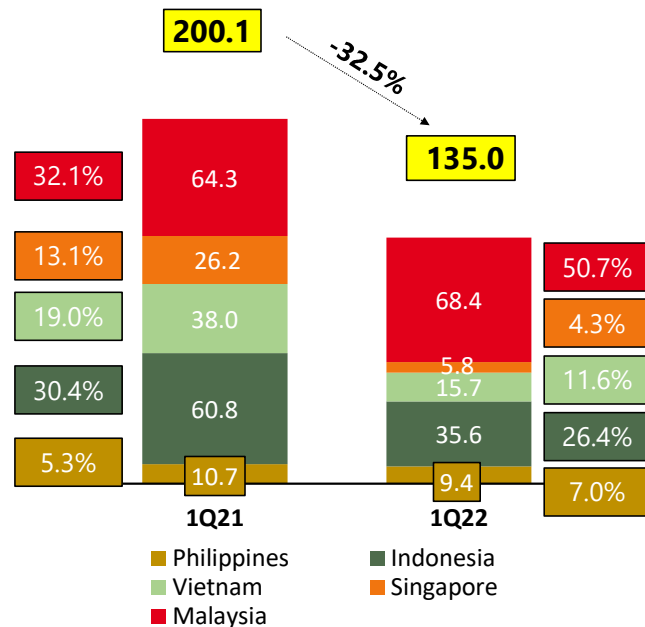
(1) Figures for broiler day-old chicks ("DOC") and broiler chickens reflect the total of DOC and broiler chickens supplied internally and sold externally.

(2) All eggs are sold to third parties.

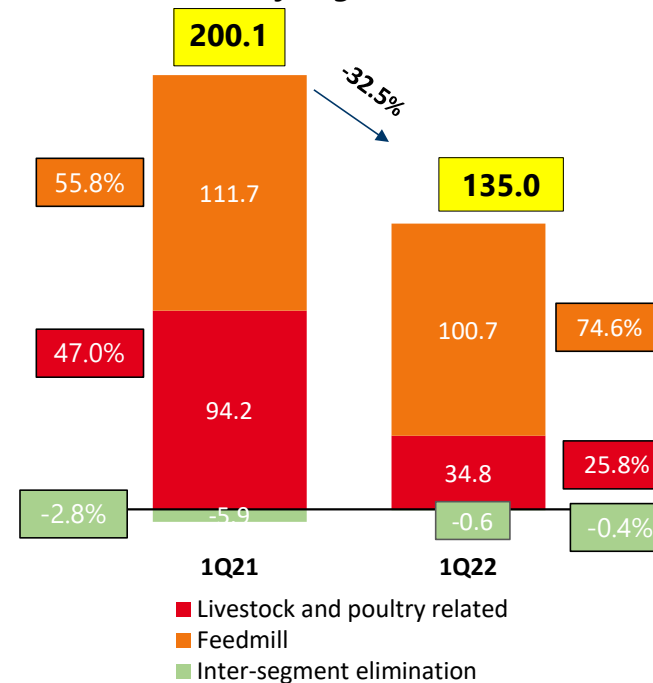
Financial Highlights: EBITDA

- Reduction in EBITDA was mainly due to compressed margin. Feed raw material costs mainly soy bean meal and corn increase outpaced improvement in ASP.
- Livestock margin compression for Indonesia even though they registered an increase in ASP and an increase in sales volume for Indonesia.

EBITDA by Country (RM million)



EBITDA⁽¹⁾ by Segment (RM million)

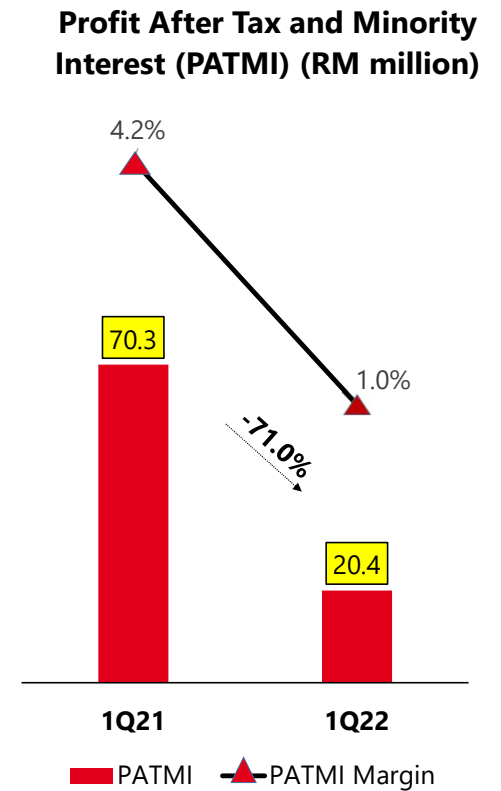
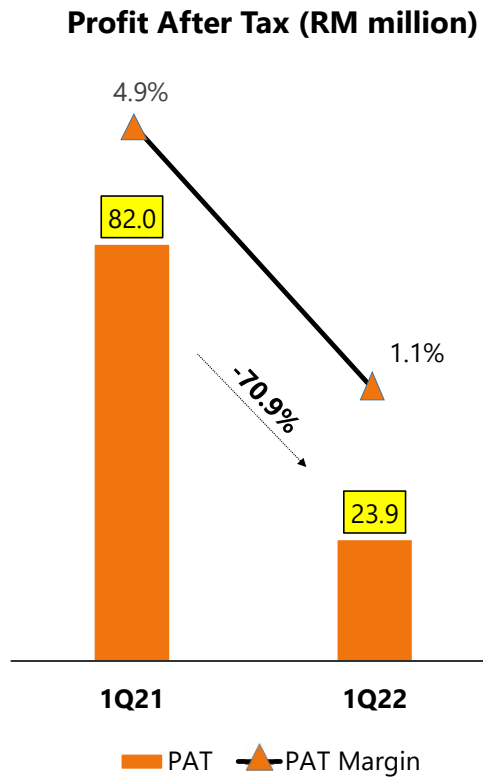
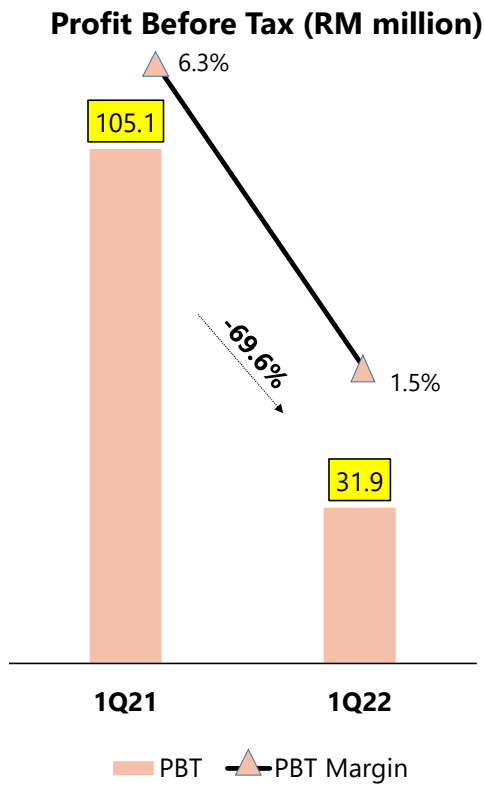


Notes:

(1) EBITDA contribution by segment (in percentage) computed based on gross EBITDA only (excluding inter-segment elimination).

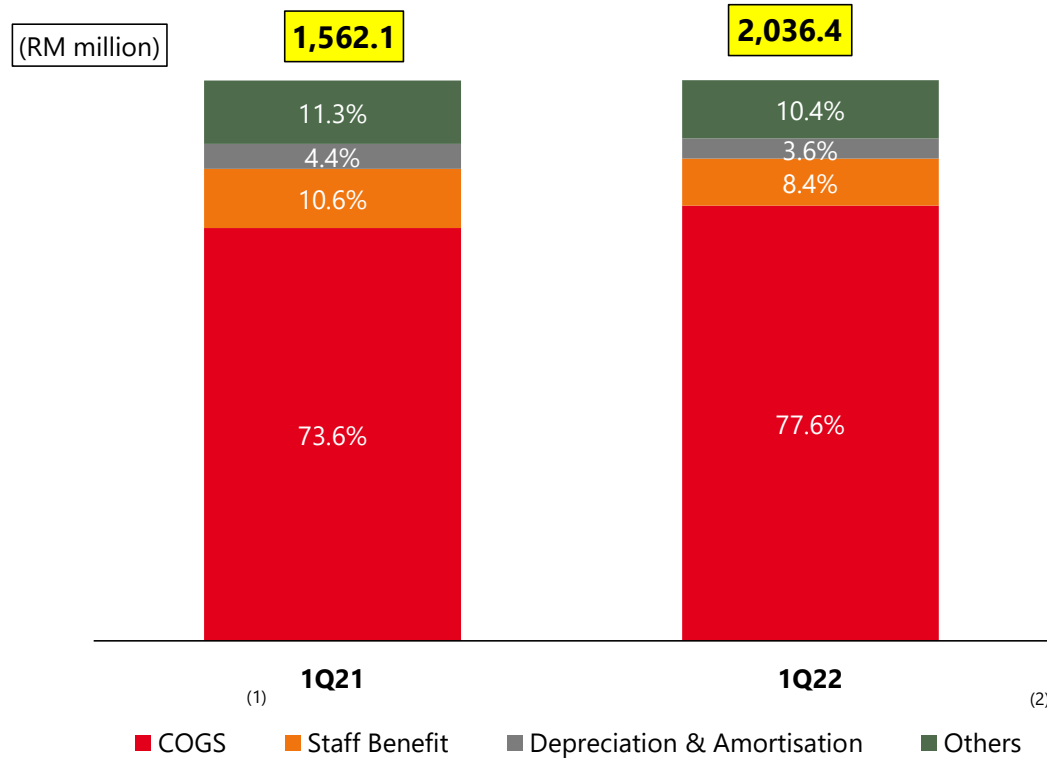
(2) Total may not add up due to rounding.

Financial Highlights: Earnings



Operating Expenses

- Higher raw material costs due to commodity-driven input cost pressure
- Other opex generally stable amid business expansion



Notes:

(1) COGS refers to cost of goods sold which is inclusive of purchases and net changes of inventories and biological assets.

(2) Others inclusive of below components:

- Gain/(loss) on disposal of assets & liabilities
- Utilities costs
- Repair and maintenance
- Transportation expenses
- Other operating expenses
- Upkeep of motor vehicle
- Packaging material
- Foreign worker levy

Income Statement: Summary

<i>Financial quarter ended</i>	<i>1Q21 (RM million)</i>	<i>1Q22 (RM million)</i>	<i>Variance</i>
Revenue	1,676.5	▲ 2,087.2	+24.5%
EBITDA	200.1	▼ 135.0	-32.5%
Depreciation and amortisation	69.1	▲ 73.9	+6.9%
Finance cost	25.9	▲ 29.2	+12.7%
Profit before tax	105.1	▼ 31.9	-69.6%
Profit after tax and minority interest	70.3	▼ 20.4	-71.0%
Earnings per share (sen)	1.93	▼ 0.56	-1.37 sen
EBITDA margin (%)	11.9	▼ 6.5	-45.4%

Balance Sheet: Summary

	<i>As at 31st March 2021 (RM million)</i>	<i>As at 31st March 2022 (RM million)</i>
Assets		
Non-current assets	3,251.3	3,371.3
Biological assets and inventories	1,125.9	1,305.8
Trade receivables	533.4	630.4
Other receivables	199.9	251.0
Cash and bank balances	694.3	690.0
Total Assets	5,804.8	6,248.3
Equity and Liabilities		
Total equity	2,354.4	2,390.9
Trade payables	240.4	291.9
Other payables and liabilities	403.5	355.6
Short term borrowings ⁽¹⁾	1,832.6	1,961.8
Long term borrowings ⁽¹⁾	973.8	1,248.2
Total Equity and Liabilities	5,804.8	6,248.3

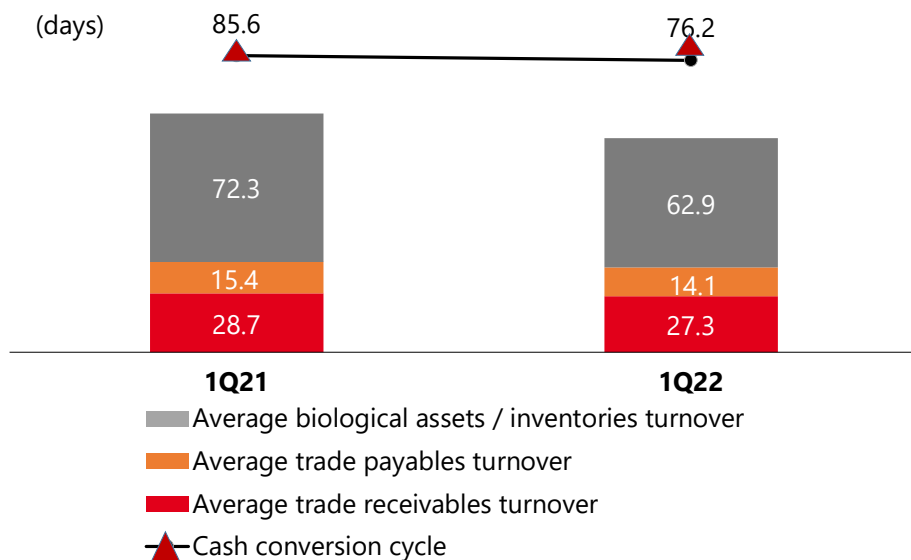
Note:

(1) Including lease liabilities for MFRS 16.

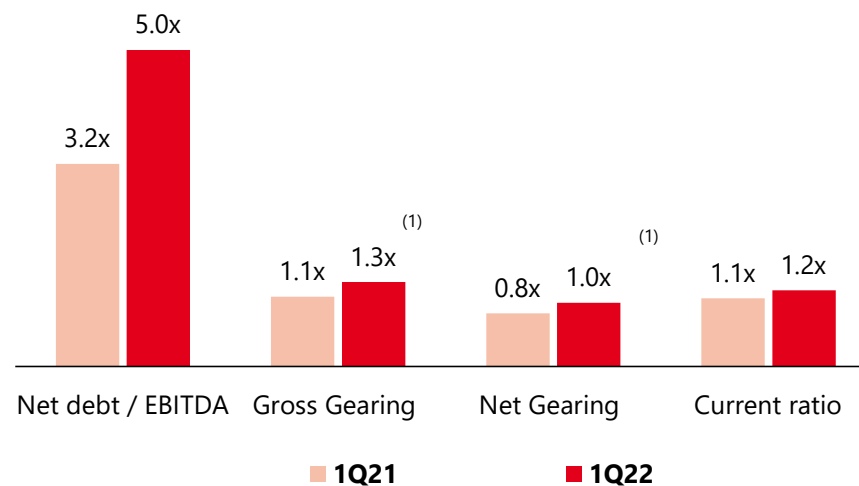
Working Capital Management

- Strong balance sheet strengthened by robust cash generating ability
- Group liquidity backed by responsible and prudent cashflow management and stable gearing level

Cash Conversion Cycle



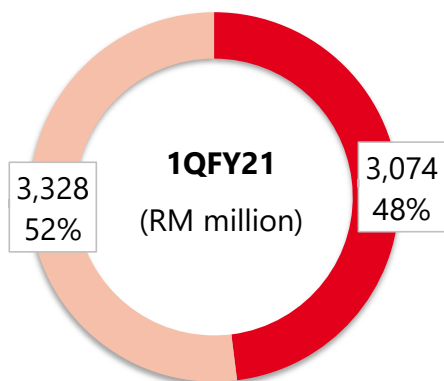
Key Ratios



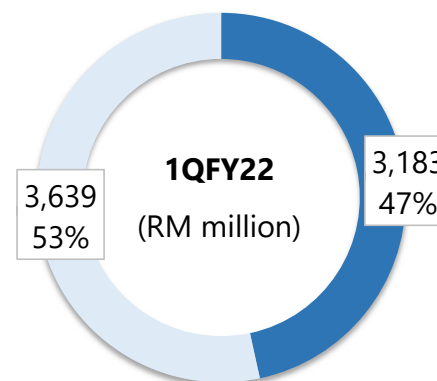
Note:

(1) Computed based on group borrowings excluding the effect of MFRS 16 on lease liabilities.

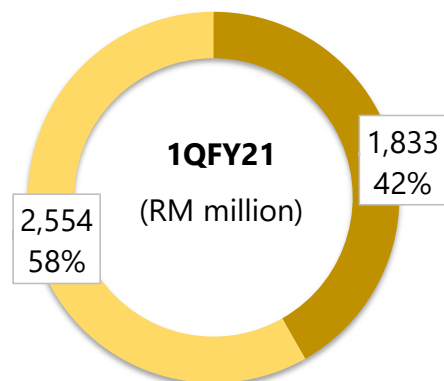
Snapshot of Liquidity Position



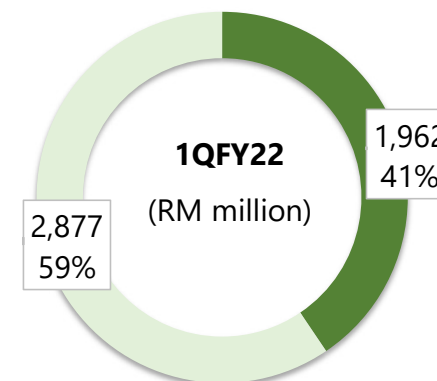
■ Fixed Asset⁽¹⁾ ■ Equity + LT Borrowings



■ Fixed Asset⁽¹⁾ ■ Equity + LT Borrowings



■ Short Term Borrowings ■ Current Asset



■ Short Term Borrowings ■ Current Asset

Note:

(1) Fixed assets inclusive of investment properties and right-of-used assets.

Capex Updates

- *On-going upgrades in Vietnam's feedmill delayed; maintaining flexibility to further adjust timing of capex as market evolves*
- *Re-prioritisation of non-critical capex projects necessary due to market uncertainty and short-term challenges arising from the pandemic*

(2) Delayed Project-Redeployed proceeds to working capital:

Location	Segment	Project	Total Investment
Malaysia	Livestock	Expansion of closed-house broiler farms	RM46.1 million
Vietnam	Feedmill	Construction of animal medicine injection line in Bau Bang	RM4.9 million
Vietnam	Feedmill	Silo expansion and construction of a soybean meal flat warehouse discharging system in Dong Nai feedmill	RM5.1 million
Vietnam	Livestock	Installation and fitting of equipment in new Layer farms to be rented in Southern Vietnam	RM20.5 million
Philippines	Livestock	Construction of new PS farm in Central Luzon	RM19.2 million

Capex Updates:Philippines

- *Upcoming projects in Philippines*

Upcoming capex budgeted allocated for Philipinnes in year 2022

- *Hatchery- Samal an additional machine in our Samal Hatchery-RM4.4 million
Expected Commencement date 2022Q2 Completion Date 2022Q2*
- *Feedmill- Expansion of 2nd Palleting line in our existing Tarlac Feedmill-RM4.3million
Expected Commencement date 2022Q4 Completion Date 2023Q2*

Capex Updates: Indonesia

- Enhancement works on feedmill facilities and construction of a new poultry processing plant poised to complete in FY22
- Additional storage facility to augment supply of raw materials for feedmill production
- Downstream segment to be fortified with the upcoming poultry processing plant in West Java



Upcoming raw material drying / storage facility + planned new feedmill in Lampung

- Estimated investment costs: RM80.4 million (two-staged), to be funded by bank borrowings and internally-generated funds
- Stage 1 (estimated RM19.0 million capex) involves the construction of an additional raw material drying and storage facility, tentatively 90% completed another 10% targeted for completion by June 2022.
- Upon completion, the new facility is expected to be able to dry-process and store corn up to 15,500 MT/month
- Planning for the construction of a new feedmill under Stage 2 (estimated RM61.3 million capex) currently under way, pending assessment of market conditions



Upcoming poultry processing plant in West Java

- Estimated investment costs: RM46 million, funded by bank borrowings and internally-generated funds
- Construction in progress and completion slated by July 2022
- New poultry processing plant to have two separate lines for chicken and duck
- Estimated capacity for processing of chicken and duck at 600,000 birds/month and 300,000 birds/month, respectively

Capex Updates: Indonesia

- Sunny Chick Store



Sunny Chick in Indonesia

- Allocated approximately RM 4 million capex for Sunny Chick Store Expansion
- As at March 2022 we have 13 stores. Sunny Chick has opened its first store in November 2021, located in Mangun Jaya, Tambun Selatan

Capex Updates: Malaysia

- Stable B2C revenue stream underpinned by outlet expansion and sales growth on optimised product mix
- Dine-in option resumed, increasing visibility in key urban / semi-urban locations as brand equity strengthens
- B2C channel growth trajectory remains favourable, backed by popular demand from convenience driven and budget conscious consumers

KOMBO JIMAT!

KOMBO 1 (6-8 orang) **RM 78.99**
Harga Biasa: RM 111.23

- 1 biji Kek Istimewa 8.5"
- 1 seekor Ayam Panggang (Perisa Barbeku/ Lada Hitam/ Percik)
- 2 biji Bebola Coklat

JIMAT -32.24

KOMBO 2 (4-6 orang) **RM 64.99**
Harga Biasa: RM 89.00

- 1 biji Kek Istimewa 7"
- 1 seekor Ayam Panggang (Perisa Barbeku/ Lada Hitam/ Percik)
- 2 biji Bebola Coklat

JIMAT -24.01

KOMBO 3 (2-3 orang) **RM 28.99**
Harga Biasa: RM 42.45

- Setengah (1/2) ekor Ayam Panggang (Perisa Barbeku/ Lada Hitam / Percik)
- 2 Potong Kek
- 2 biji Telur Portugis

JIMAT -13.46

KOMBO 4 (2 orang) **RM 14.99**
Harga Biasa: RM 20.99

- 2 biji Tat Kaju Berti Bisu/ Bercockat
- 1 secawan Jagut Ayam Rangup
- 2 biji Danish Sosej

JIMAT -6.00

KOMBO 5 (2 orang) **RM 9.99**
Harga Biasa: RM 14.97

- 2 biji Burger Ayam
- 2 biji Bebola Coklat

JIMAT -4.98

*Terma dan syarat
 1. Promosi ini terdapat di semua cawangan Baker's Cottage kecuali cawangan Bukit Bintang.
 2. Promosi ini tidak sah dengan promosi lain yang sedang dijalankan.
 3. Baker's Cottage berhak untuk mengubah saiz atau menukar terma dan syarat atau membatalkan promosi ini pada bila-bila masa tanpa memberikan sebarang notis.

KOMBO 3 BIJI

Promosi Hanya
RM 7.99
 / mana-mana 3 biji

- Mexico Bun • Chicken Sausage Bun • Sausage Fantasy Bun • Sausage Pizza Bun • Sausage Mayo Bun • Kaya Puff • Curry Chicken Puff • Sardine Puff • Carbonara Chicken Pie • Mini Mushroom Chicken Pie • Nacho Cheese Chicken Pie • Butter Croissant • Chocolate Croissant • Chocolate Danish •

*Terma dan syarat
 1. Promosi ini terdapat di semua cawangan Baker's Cottage.
 2. Promosi ini tidak sah dengan promosi lain yang sedang dijalankan.
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Promosi

Kek Potong
 Sliced Cakes

RM 11.99 / 2 potong
 Harga biasa : RM14.98

Imej produk hanya untuk tujuan ilustrasi sahaja. Harga termasuk 6% Cukai Perkhidmatan.

Perisa BAHARU!!!

Ayam Panggang Percik
 Roast Chicken Percik

Promosi Hanya
RM 17.99 / seekor
 Harga biasa : RM25.00

*Terletak pada terma dan syarat.
 Imej produk hanya untuk tujuan ilustrasi sahaja. Harga termasuk 6% Cukai Perkhidmatan.

Baker's Cottage outlets in Malaysia

- We have 186 outlets to-date;
- New products launched in April 2022 – Ayam Panggang Percik ("Roast Chicken Percik")
- Savers combo were introduced to the market
- Enhanced convenience element with hot beverage vending machines to drive outlet sales

Note: * As at 20th May 2022.

Capex Updates: Malaysia

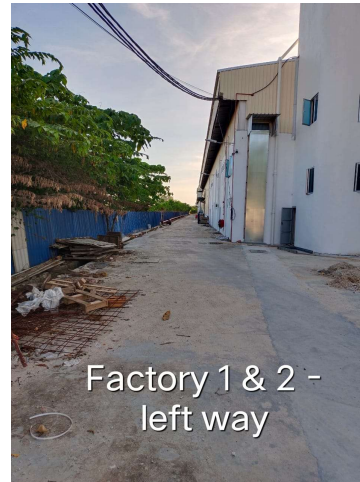
- LHAB building FPP plant and cold room at Tangkak.



Office inner look
- 3rd floor



Waste water
treatment plant



Factory 1 & 2 -
left way



Loading bay -
Factory 2

*Expansion of
Farm Processing
Plant in
Tangkak*



Waste water
treatment pool



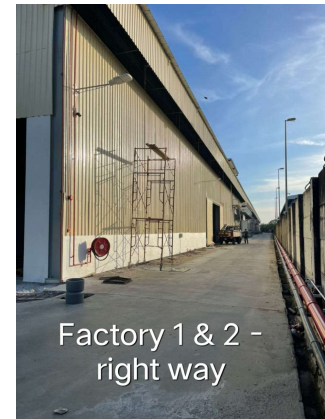
Waste water
treatment pump



Loading bay



Genset for
Factory 2



Factory 1 & 2 -
right way

Strategic Focus

Outlook and strategies

- *Business conditions and consumption to improve progressively in FY22*
- *LHI remains committed in our geographical footprints, via volume expansion and deepening of poultry chain integration with emphasis on downstream expansion (i.e. further processing and B2C channels)*
- *"Farm-to-Plate" strategy as core pillar of growth, driven by excellence in execution and proven track record*
- *LHI's strong fundamentals, execution strategies and FY22 priorities to drive long-term value creation*



FY22 Priorities

1. *Maintain operational and commercial excellence amid post-pandemic recovery*
2. *Drive cost leadership and optimise capex allocation*
3. *Proactive balance sheet and cash flow management in line with business needs and price environment*
4. *Leverage full value chain integration to stabilise margins, extract further incremental margins and deliver shareholders' value*



Stay in touch with us

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THANK YOU

