



LEONG HUP INTERNATIONAL BERHAD

RESULTS PRESENTATION FOR 1st QUARTER 2023 (1Q23)

1 JUNE 2023

DISCLAIMER

This presentation is for information purposes only. The past performance of Leong Hup International Berhad (“LHI” or the “Company”) and its subsidiaries (the “Group”) is not indicative of the future performance of LHI and/or the Group. Reliance should not be placed on the information and opinion contained herein or on its completeness. Such information may be subject to change without prior notice, its accuracy is not guaranteed and it may not contain all material information concerning the Group.

This presentation may contain projections and “forward-looking statements” relating to the Group’s business and the sectors in which the Group operates. These forward-looking statements include statements relating to the Group’s performance and reflect the current views of the Group with respect to future events and are subject to certain risks, uncertainties and assumptions. It is important to note that actual results could differ materially from those anticipated in these forward-looking statements and from those projected. There can be no assurance on the occurrence of certain events, achievability of projections or accuracy of assumptions made by the Group.

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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 31 May 2023 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 2023, i.e. between 1 January 2023 and 31 March 2023 (“1Q23”) and the first (1st) quarter ended 31 March 2022, i.e. between 1 January 2022 and 31 March 2022 (“1Q22”), as extracted from LHI’s unaudited consolidated financial results for the financial period ended 31 March 2023, as announced by LHI on 31 May 2023.*

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

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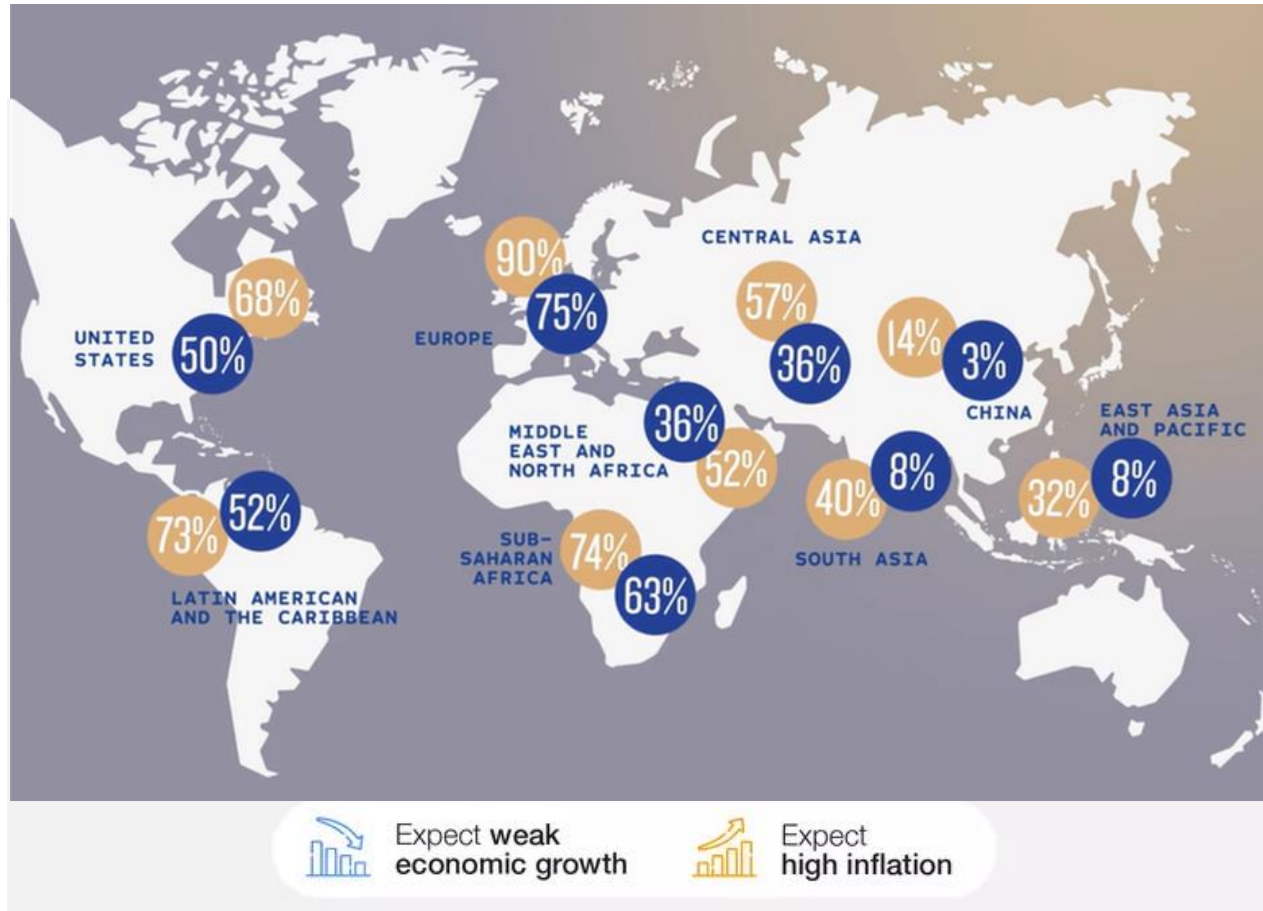
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Potential Stagflation

- Russian Ukraine war spiked energy and material prices
- 40 years record high inflation leads to rise in interest rate



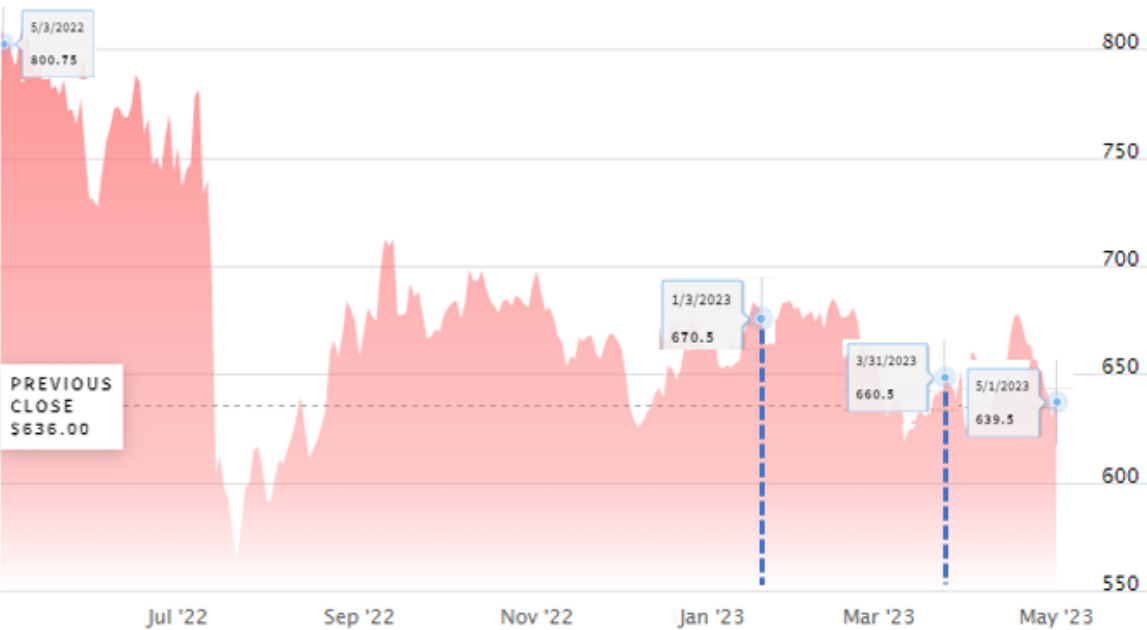
Impact of high interest rates

Areas expected to experience significant disruption amid higher interest rates environments in 2023-2024:



Price of Commodities

Price of Corn and Soyabean meal drop slightly since 2Q 2023



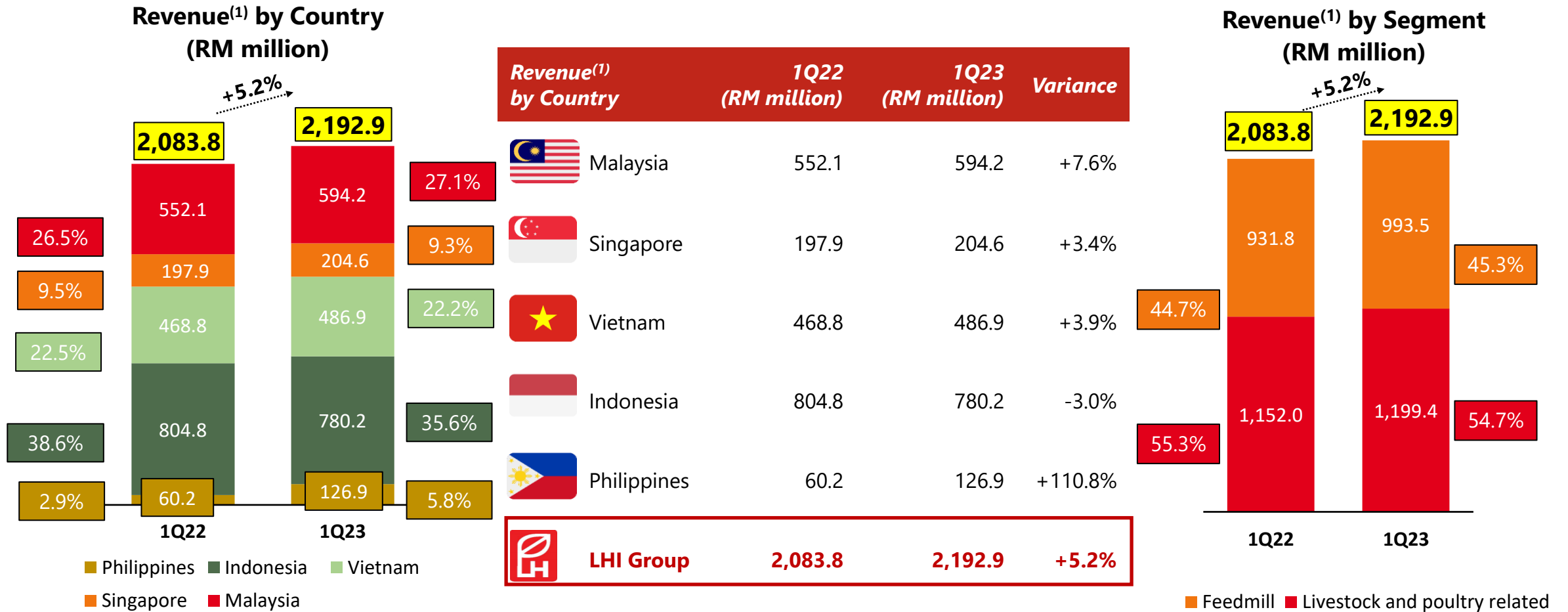
52 Week High	813.5
52 Week Low	564.25



52 Week High	496.5
52 Week Low	377.6

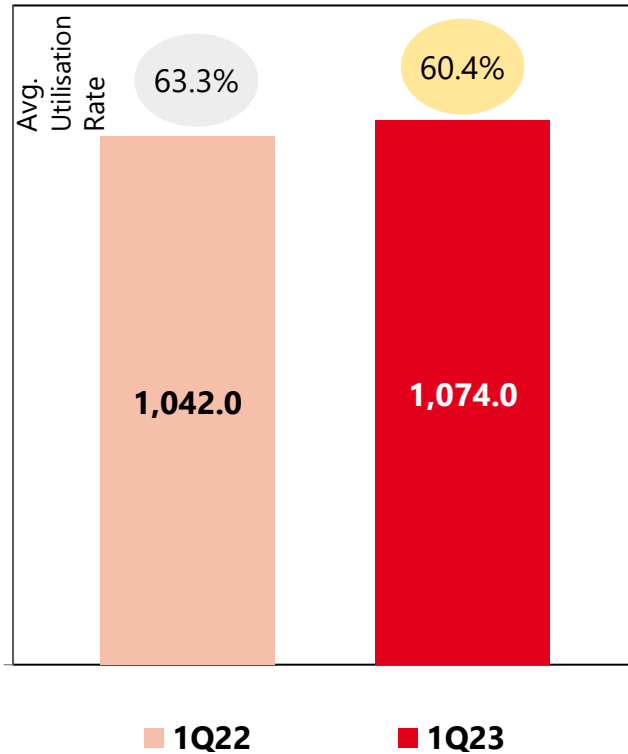
Financial Highlights: Revenue

Revenue hits RM2.2 billion benefited from reopening and economy recovery across the region and stability on feed cost

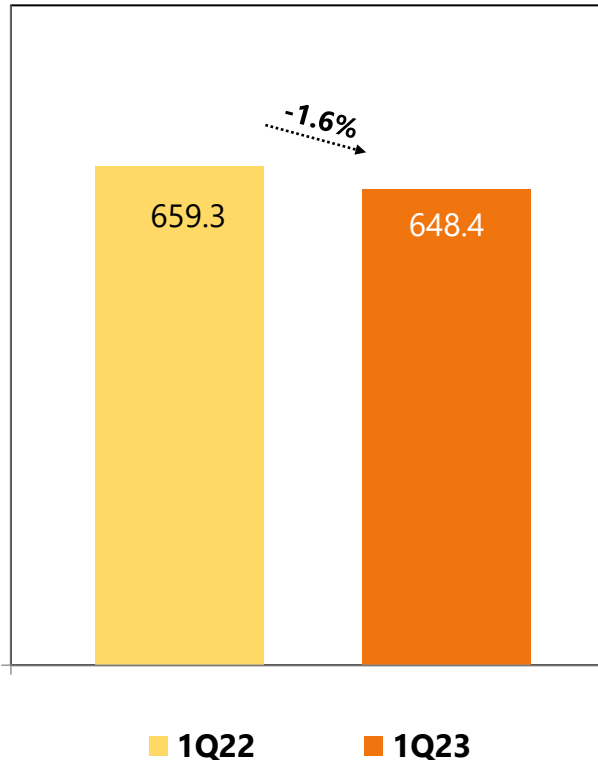


Operating Highlights: Feedmill

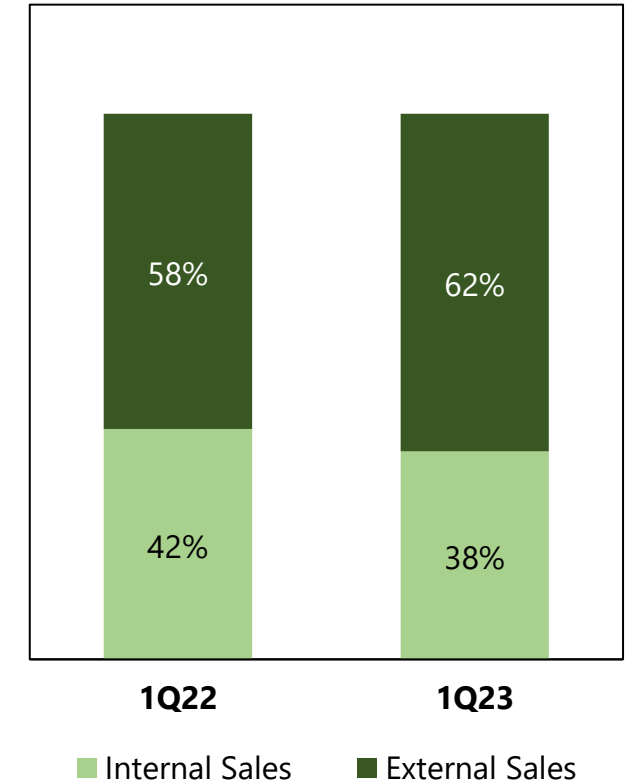
Group Production Capacity (‘000 MT)



Group Feed Sales Volume⁽¹⁾ (‘000 MT)



Sales Split

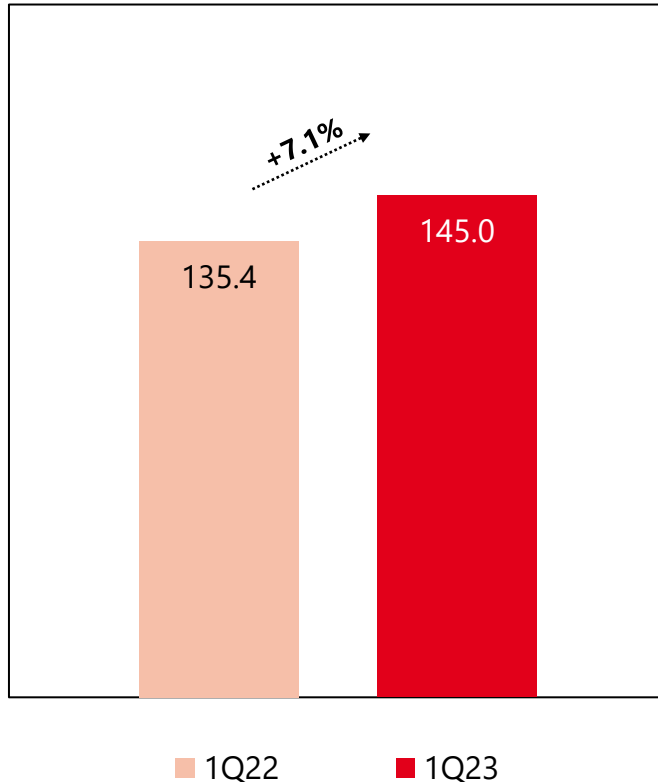


Note:

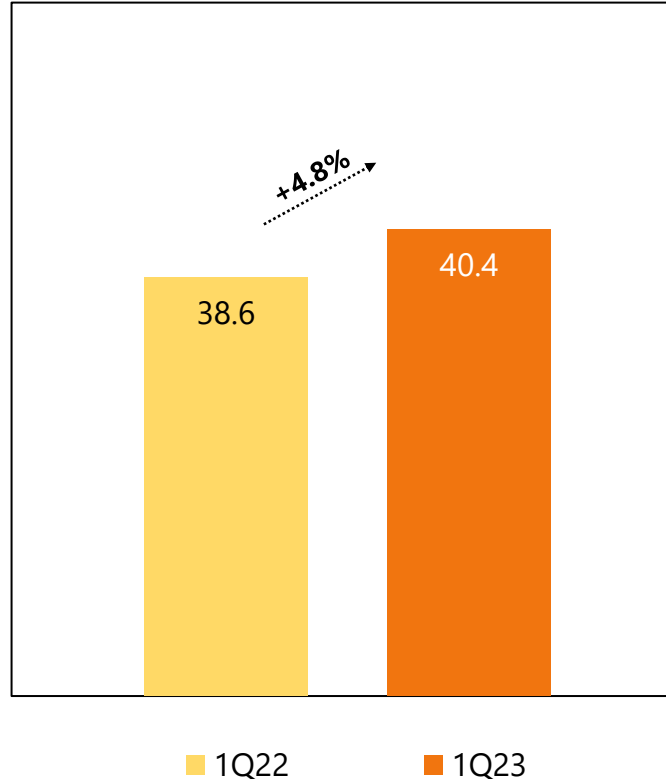
(1) Feed sales volume include both internal and external sales.

Operating Highlights: Livestock

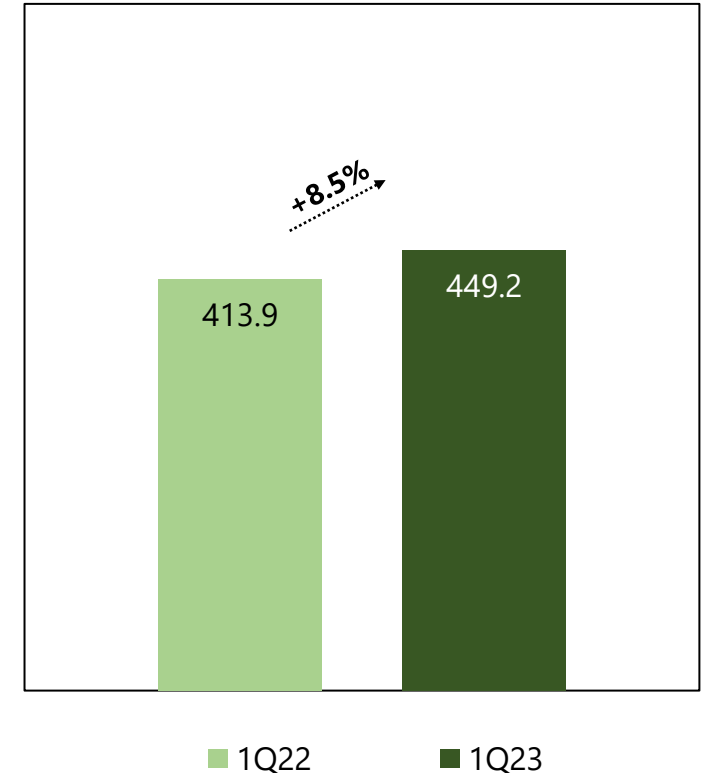
**Group Broiler DOC
Sales Volume⁽¹⁾
(million chicks)**



**Group Broiler Chicken
Sales Volume
(million birds)**



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



Notes:

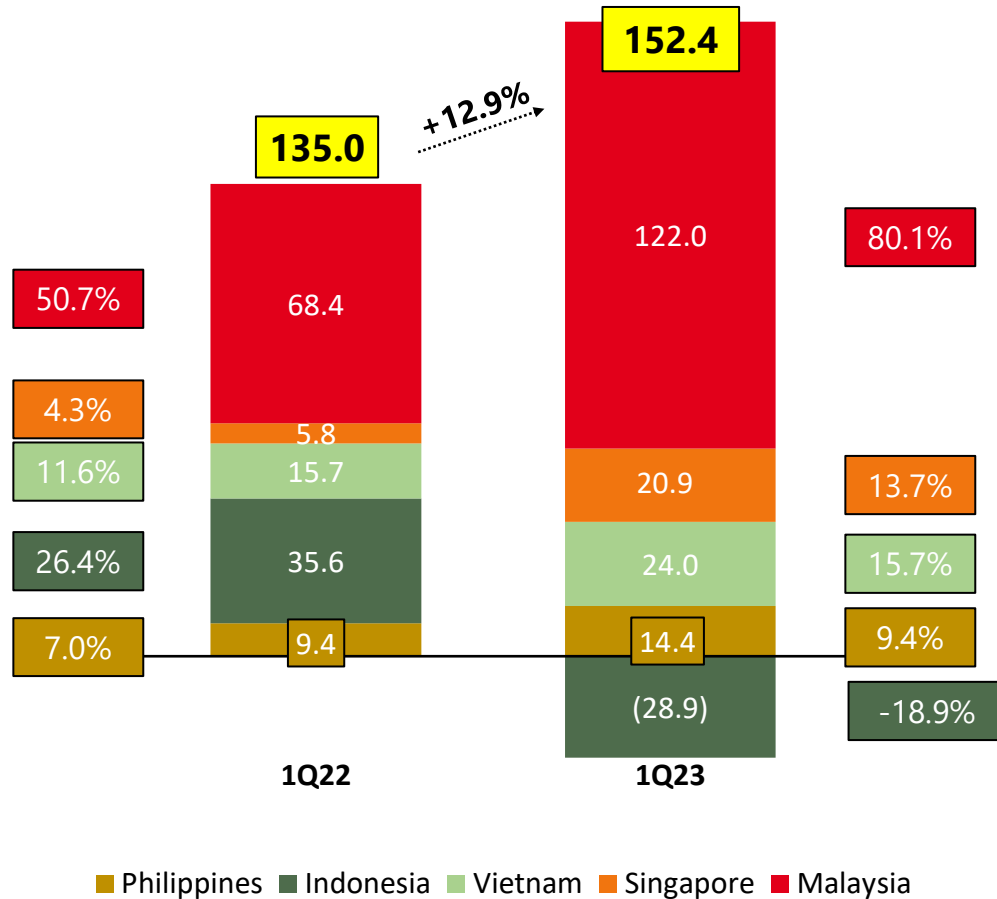
(1) Figures for broiler day-old chicks ("DOC") and broiler chickens reflect the total of DOC and broiler chickens supplied internally and sold externally.

(2) All eggs are sold to third parties.

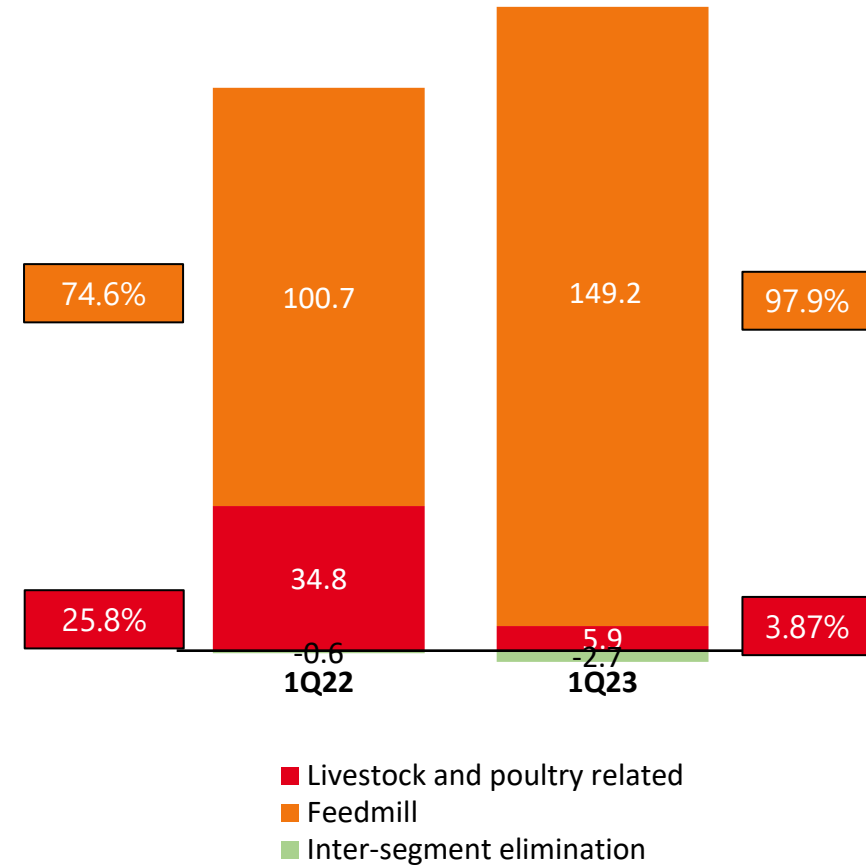
Financial Highlights: EBITDA

- Group EBITDA registered higher with increased of 12.9% on EBITDA mainly contributed by Malaysia and Vietnam.
- Feedmill segment robust while Livestock segment show some weakness

EBITDA⁽¹⁾ by Country (RM million)

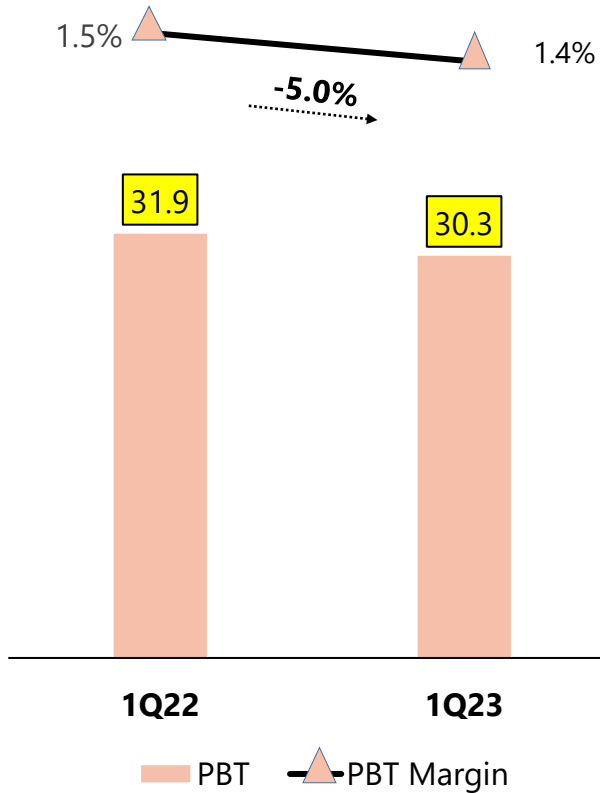


EBITDA⁽¹⁾ by Segment (RM million)

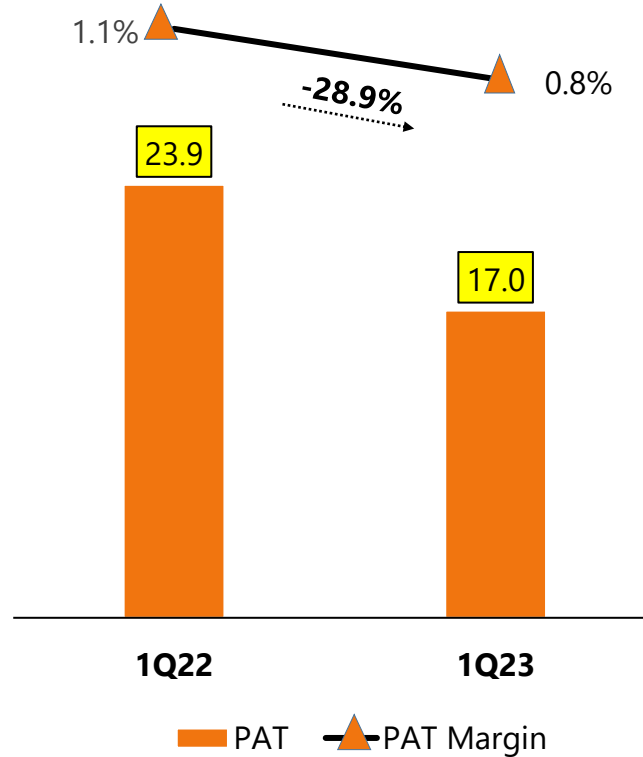


Financial Highlights: Earnings

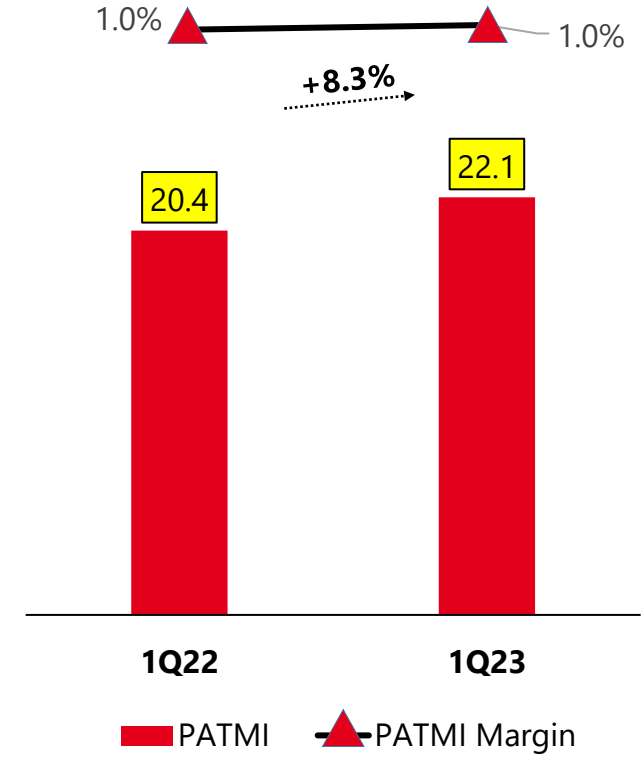
Profit Before Tax (RM million)



Profit After Tax (RM million)

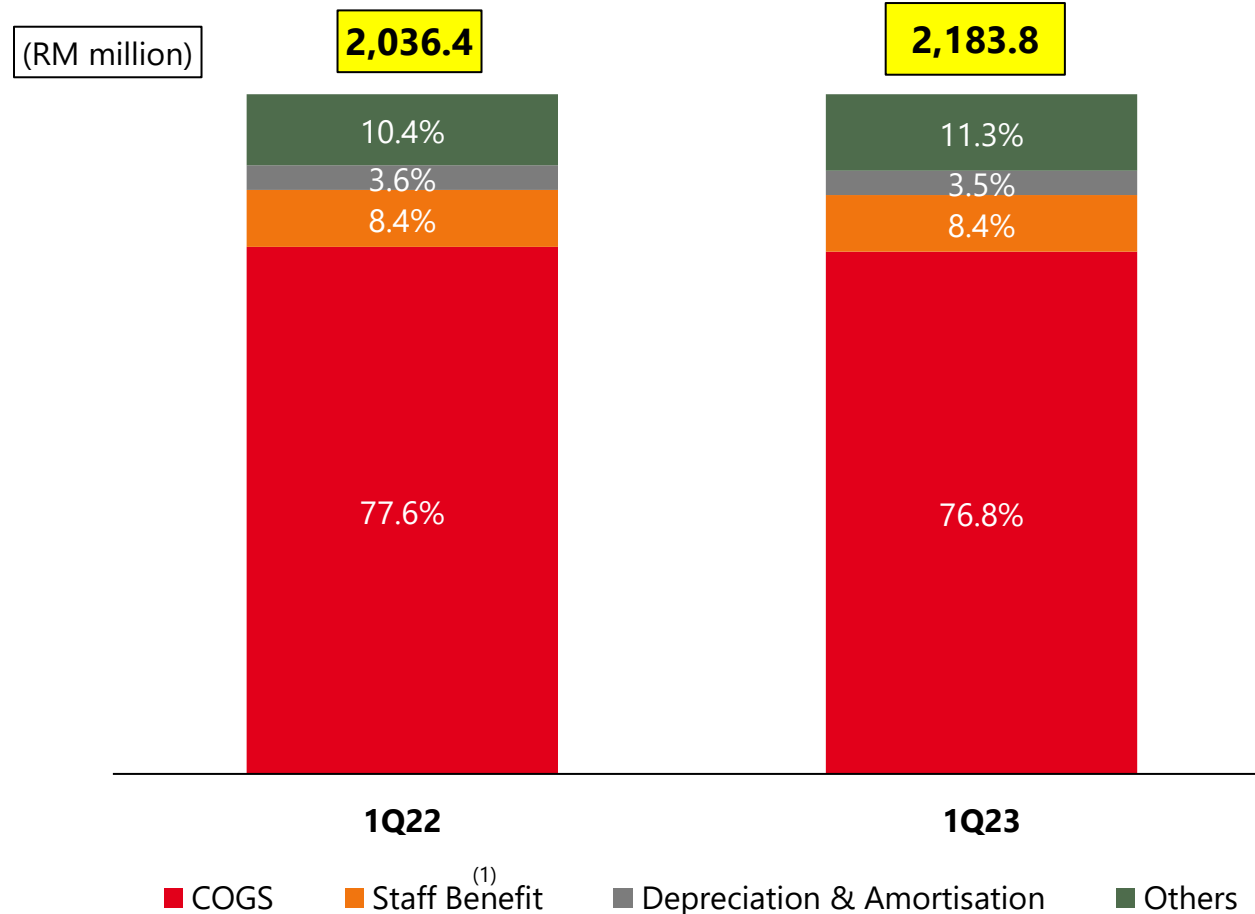


Profit After Tax and Minority Interest (PATMI) (RM million)



Operating Expenses

- Raw material costs has stabilized and benefiting on the bottom line
- Reduction on OPEX also contributed to better profit



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:

- (a) Gain/(loss) on disposal of assets & liabilities
- (b) Utilities costs
- (c) Repair and maintenance
- (d) Transportation expenses
- (e) Other operating expenses
- (f) Upkeep of motor vehicle
- (g) Packaging material
- (h) Impairment loss of PP&E

Income Statement: Summary

<i>Financial quarter ended</i>	<i>1Q22 (RM million)</i>	<i>1Q23 (RM million)</i>	<i>Variance</i>
Revenue ⁽¹⁾	2,083.8	▲ 2,192.9	+5.2%
EBITDA	135.0	▲ 152.4	+12.9%
Depreciation and amortisation	73.9	▲ 77.4	+4.7%
Finance cost	29.3	▲ 44.7	+52.6%
Profit before tax	31.9	▼ 30.3	-5.0%
Profit after tax and minority interest	20.4	▲ 22.1	+8.3%
Earnings per share (sen)	0.56	▲ 0.61	+0.05 sen
EBITDA margin (%)	6.5	▲ 6.9	+0.4%

Notes:

(1) Excluding revenue from other sources.

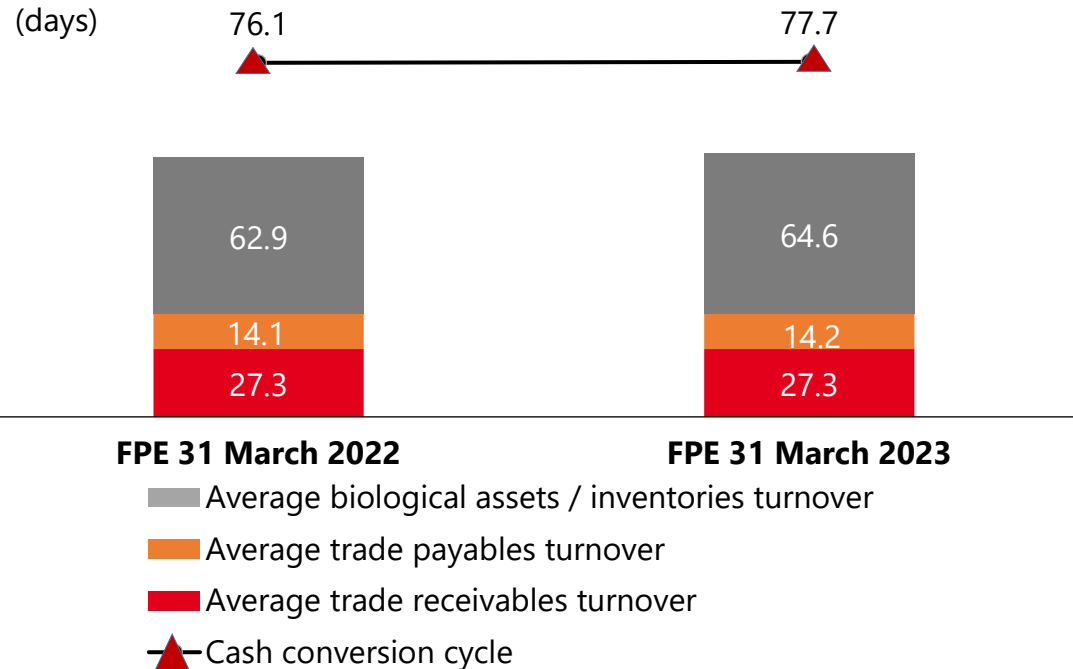
Balance Sheet: Summary

	<i>As at 31st Dec 2022 (RM million)</i>	<i>As at 31st Mar 2023 (RM million)</i>
Assets		
Non-current assets	3,431.8	3,448.7
Biological assets and inventories	1,445.5	1,431.0
Trade receivables	649.9	662.5
Other receivables	224.7	198.7
Cash and bank balances	840.3	819.5
Total Assets	6,592.2	6,560.4
Equity and Liabilities		
Total equity	2,589.6	2,643.8
Trade payables	358.9	315.4
Other payables and liabilities	611.0	582.3
Short term borrowings	1,986.3	2,004.5
Long term borrowings	1,046.4	1,014.4
Total Equity and Liabilities	6,592.2	6,560.4

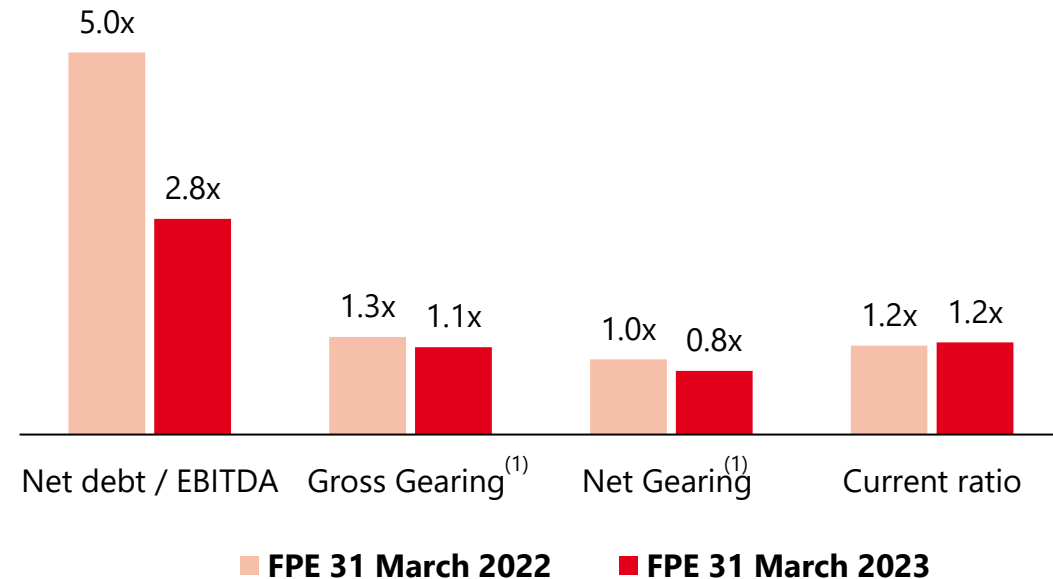
Working Capital Management

- Inventory turnover show strength on high demand.
- Debt level improved and maintain at healthy level.
- Group liquidity backed by responsible and prudent cashflow management

Cash Conversion Cycle



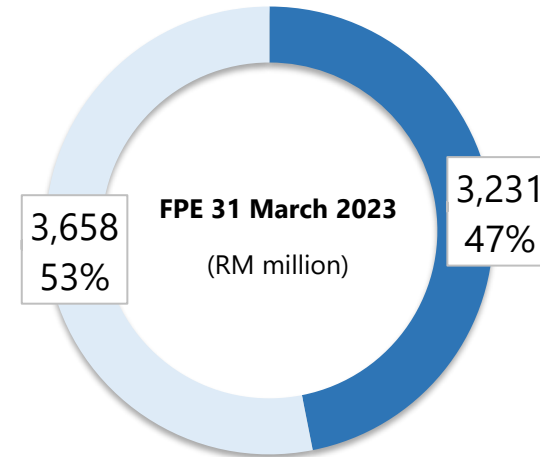
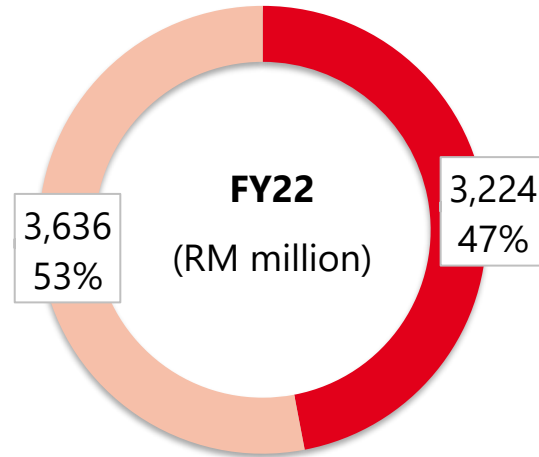
Key Ratios



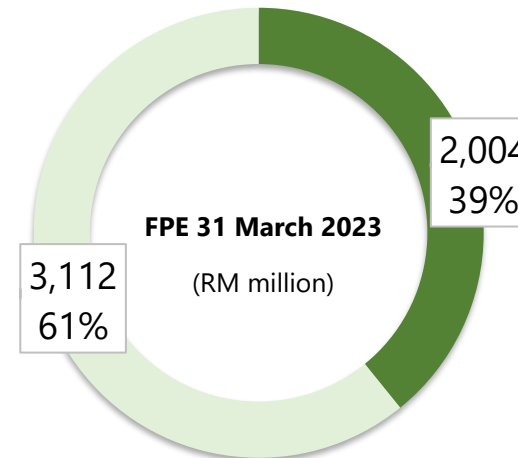
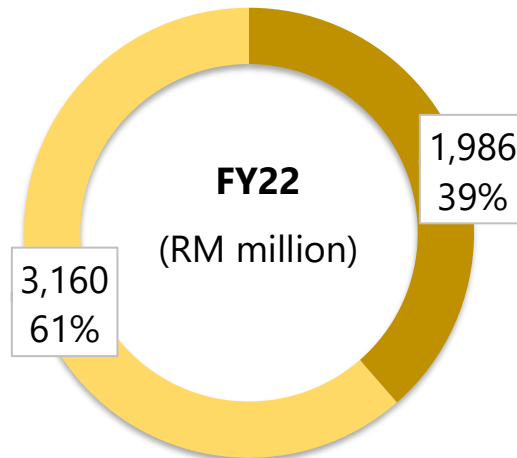
Note:

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

Snapshot of Liquidity Position



■ ⁽³⁾ Fixed Asset
 ■ ⁽¹⁾ Equity + Long Term Borrowings
 ■ Fixed Asset
 ■ ⁽²⁾ Equity + Long Term Borrowings



■ Short Term Borrowings
 ■ Current Asset
 ■ Short Term Borrowings
 ■ Current Asset

Notes:

- (1) For the financial year ended 31 December 2022.
- (2) For the 3-month financial period ended 31 March 2023.
- (3) Fixed assets inclusive of investment properties and right-of-used assets.

Capex Updates

<i>Location</i>	<i>Segment</i>	<i>Project</i>	<i>Commencement date</i>	<i>Targeted completion date</i>	<i>Total investment</i>
Philippines	Livestock	Convert original broiler farm to PS farm at Orani, Bataan	2Q2022	2Q2023	RM12.2 million
Philippines	Feedmill	Expansion of 2 nd Pelleting line in our existing Tarlac Feedmill	4Q2022	2Q2023	RM4.3 million
Philippines	F&B	LH Deli		On-going	
Malaysia	Livestock	Cold room at Gresik, Muar	1Q2022	2Q2023	RM6.8 million
Malaysia	Livestock	Solar System, Teo Seng	4Q 2022	3Q 2023	RM 8.0 million
Malaysia	F&B	The Bakers' Cottage		On-going	

Capex Updates: Indonesia

Strengthen Sunny'chick B2C channel with 3 major different scale – kiosk, dine-in, mother store

Sunny'chick in Indonesia

- Allocated approximately RM 4 million capex for Sunny'chick Store Expansion
- As at 31 March 2023 we have 52 outlets and 1 food truck.
- New products on the menu are "Sosis Bakar" (SOSBAR) and "Sandwich Sostick" (hot dog).

CHINESE NEW YEAR
Periode: 22 - 31 Januari 2023

Belanja senilai **Rp 30.000** akan mendapatkan angpao berisi gratis produk atau voucher potongan harga

Pilih sendiri Vouchermu Yaah chickers...

Voucher Rp 5.000
Voucher Rp 8.000
Voucher Rp 10.000

Syarat & Ketentuan Berlaku:

- Datang memakai baju berwarna merah.
- Minimal Pembelian Rp 30.000.
- Berlaku kelipatan.
- Foto & posting di IGS kamu serta tag Instagram Sunny'chick @sunnychick.id
- Berlaku di semua store.

Untuk info lebih lanjut, hubungi: **0813-9968-9870**

PRO BUCIN!
Promo Bundling Cinta
Periode: 11-20 Februari 2023

Bucin 1 **Rp 45,000**
1 pc Paket Mantap 3
1 pc Paket Mantap 4
2 pcs Potstick

Bucin 2 **Rp 20,000**
1 pc Potstick
2 pcs Sosbar
2 pcs Fruit Tea
Blackcourant / Apple

Bucin 3 **Rp 25,000**
2 pcs Sosbar
1 pc Potstick
1 pc Lemon Tea
1 pc Iced Tea

Bucin 4 **Rp 25,000**
1 pc Sosbar
1 pc Potstick
1 pc Lemon Tea
1 pc Iced Tea

*Bucin 1 & 2 berlaku di semua store

*Berlaku di store tertentu

Untuk info lebih lanjut, hubungi: **0813-9968-9870 / 081915720388**



PROMO
Special Ramadhan
PERIODE: 23 - 31 Maret 2023

Ramadhan 1 **Rp 52.000,-**
Rp 44.000,-

- 1 pc Sayap
- 1 pc Paha Atas
- 1 pc Dada
- 3 pcs Nasi

Ramadhan 2 **Rp 29.000,-**
Rp 25.000,-

Ramadhan 3 **Beli 2 Gratis 1**

Avocado Mango Chocolate

Ramadhan 4 **Beli 2 Gratis 1**

Avocado Aren Chocolate

Ramadhan 5 **Rp 44.000,-**
Rp 35.000,-

Nasi + Crispy Bakar Paha Bawah

* Ramadhan 3, 4 dan 5 berlaku di store tertentu

Untuk info lebih lanjut, hubungi: **0813-9968-9870 / 081915720388**

NEW MENU ALERT
SOSBAR
RENYAH MANTAP

Available at: ShopeeFood, GrabFood, GoFood

NEW MENU ALERT!!!
SANDWICHES SOSTICK

Available at: ShopeeFood, GrabFood, GoFood

Note: * As at 31st March 2023.

Capex Updates: Philippines

Farm at Orani, Bataan

- Broiler house to be converted to PS farm
- Estimated investment RM12.2 million
- The farm has started operating since March 2023



Feedmill- Expansion of 2nd Pelleting line in existing Tarlac Feedmil

- Estimated investment RM4.3million
- Commencement in 4Q2022
- Target completion date 2Q2023
- Currently completed 82% of the construction work.

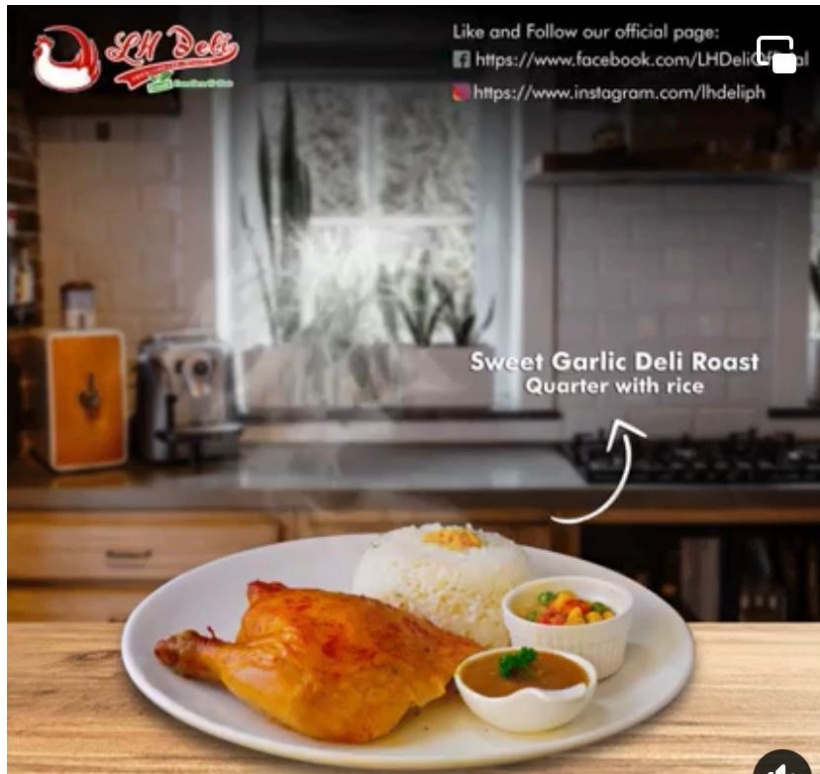


Capex Updates: Philippines

Vertical integration from upstream to downstream with LH Deli

LH Deli

- As of 1Q2023 we have opened 45 kiosks, 100% under franchise, focusing on take-away.
- Roasted Chicken remain as best seller on the menu.



Note: * As at 31st March 2023.

Capex Updates: Malaysia

Cold Room Project at Grisek

- Investment approximately RM6.8 million
- Commencement date 1Q2022
- Target completion date 3Q2023
- Currently status remain at 70% completion rate



Capex Updates: Malaysia

Solar Systems expansion within Teo Seng Capital Berhad

Solar Power Systems at 10 locations

- Investment cost RM8.0 million
- Installation start from 4Q 2022
- Estimate completion by 3Q 2023



Capex Updates: Malaysia

Baker's Cottage outlets in Malaysia

- We have 160 outlets as at 31st March 2023
- Q4 new products are curry pie, chicken floss bun, charcoal cheese tarts, ondeh-ondeh cake, mixed fruits cream cake and chocolate walnut ice-cream cake.
- This quarter promotions are CNY promotion and Combo set.



Note: * As at 31st March 2023.

Strategic Focus

Outlook and strategies

- *Proactive cash flow management to strengthen the balance sheet*
- *Focus on supply & demand channels, stay ahead among peers to capture market shares.*
- *"Farm-to-Plate" strategy as core pillar of growth, driven by excellence in execution and proven track record.*



FY23 Priorities

1. *To manage cost and efficiency.*
2. *To optimize capex and resource allocation.*
3. *To strengthen balance sheet.*
4. *To increase market share.*
5. *To move further downstream.*



Stay in touch with us

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THANK YOU



FROST & SULLIVAN

**LEONG HUP
INTERNATIONAL BERHAD**

is the proud recipient of
**MALAYSIA INTEGRATED POULTRY
MARKET LEADERSHIP AWARD**