



LEONG HUP INTERNATIONAL BERHAD

**RESULTS PRESENTATION FOR
2nd QUARTER 2023 (2Q23)**

30 AUGUST 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 29 August 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 second (2nd) quarter ended 30 June 2023, i.e. between 1 April 2023 and 30 June 2023 (“2Q23”) and the second (2nd) quarter ended 30 June 2022, i.e. between 1 April 2022 and 30 June 2022 (“2Q22”), as extracted from LHI’s unaudited consolidated financial results for the financial period ended 30 June 2023, as announced by LHI on 29 August 2023.*

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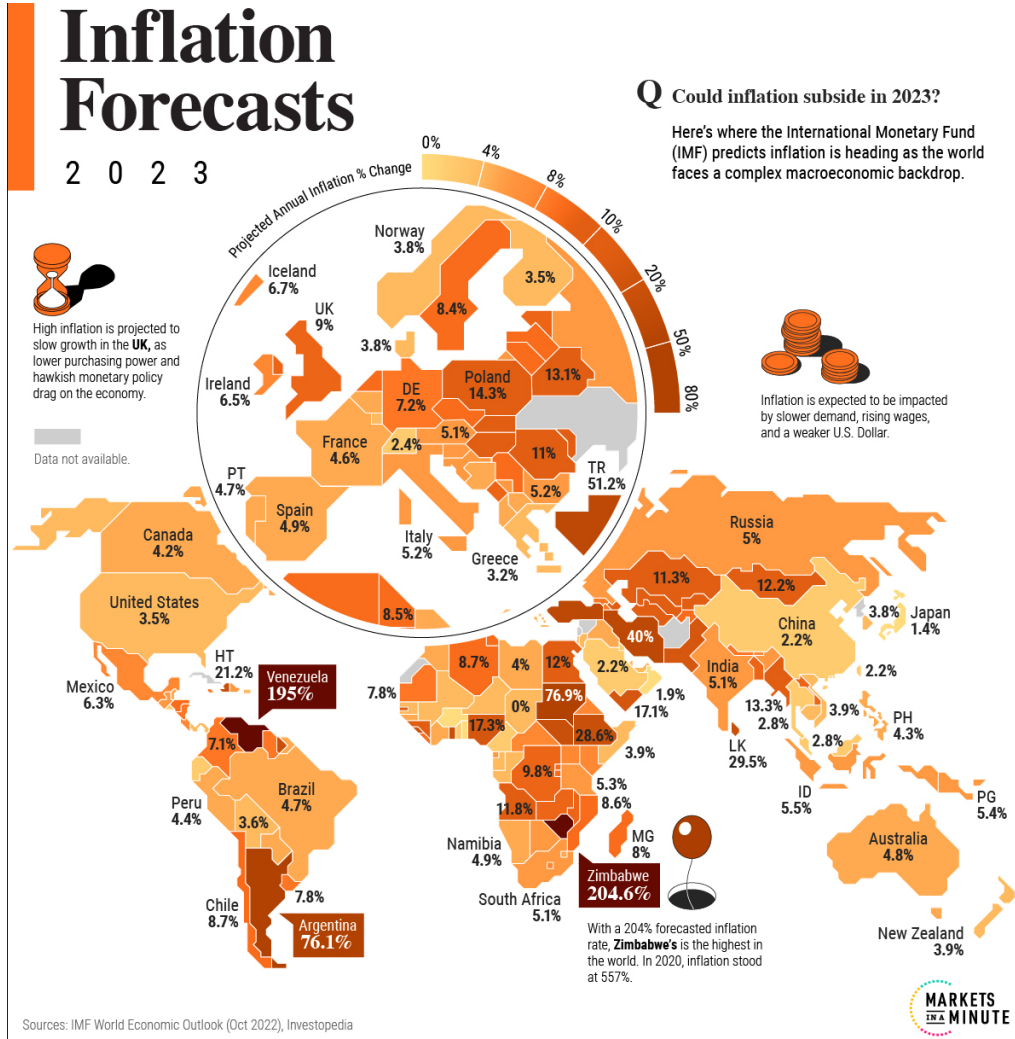
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Inflationary Pressures

- Inflation remain the concern for year 2023
- Inflation ignite interest rate hike and food crisis



Price of Commodities

Price of Corn and Soybean meal retracted since 2Q 2023

corn 1M 6M YTD 1Y 5Y MAX



52 Week High 712.25
52 Week Low 499.25

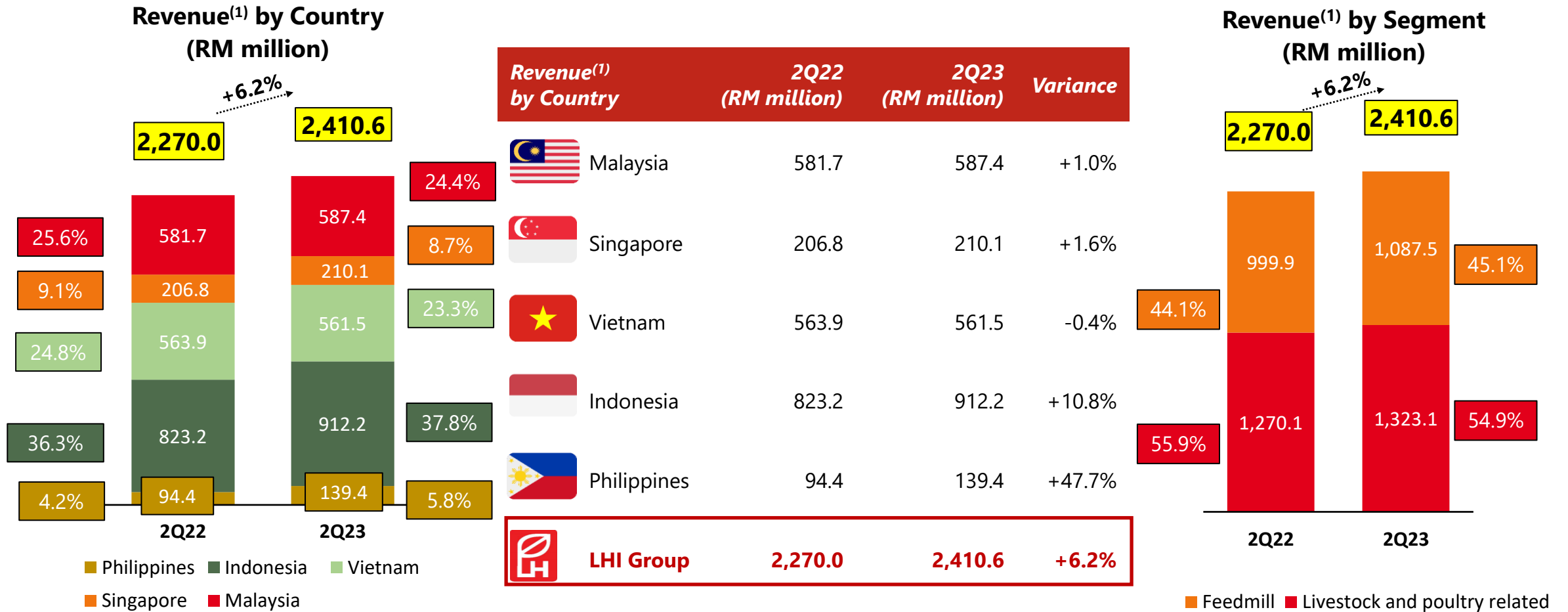
soybean meal 1M 6M YTD 1Y 5Y MAX



52 Week High 496.5
52 Week Low 370.3

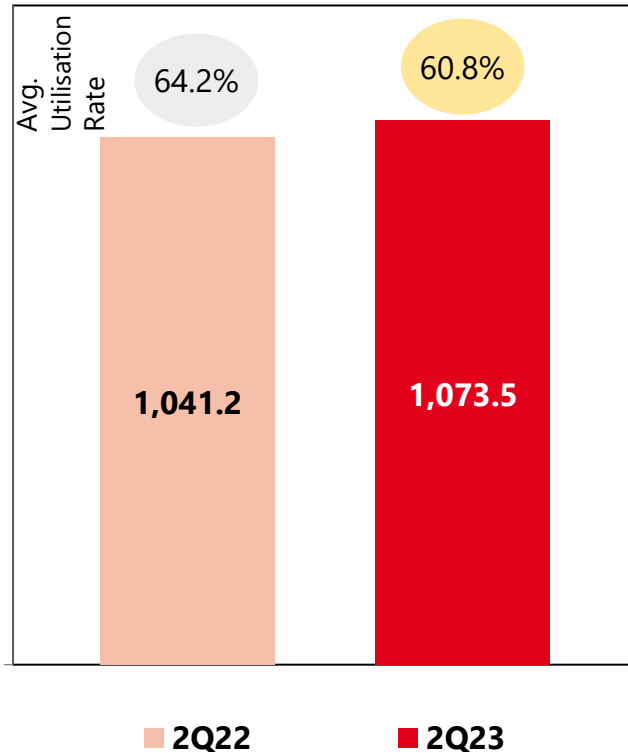
Financial Highlights: Revenue

Revenue hits RM2.4 billion under stability on production cost

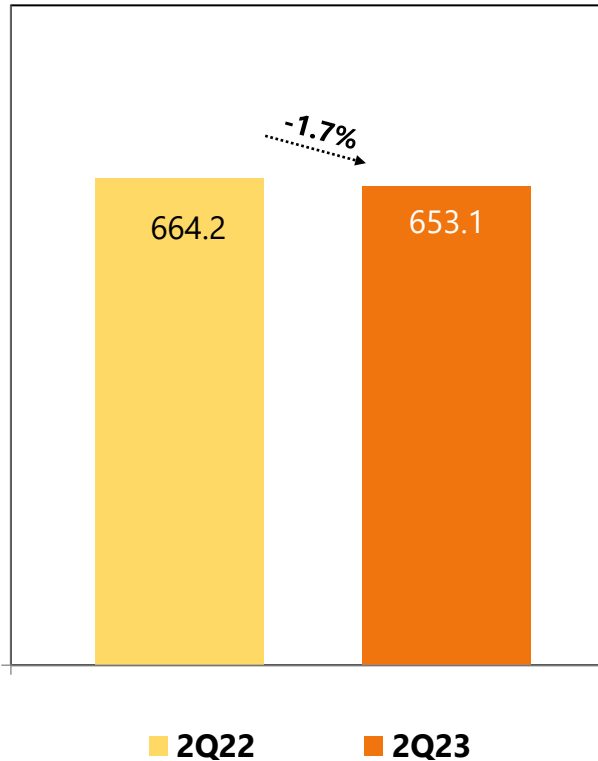


Operating Highlights: Feedmill

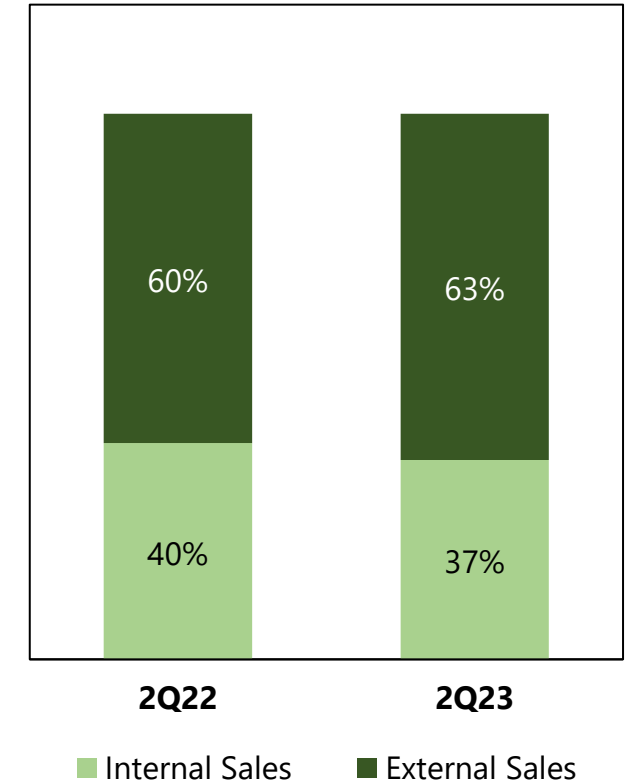
Group Production Capacity (‘000 MT)



Group Feed Sales Volume⁽¹⁾ (‘000 MT)



Sales Split

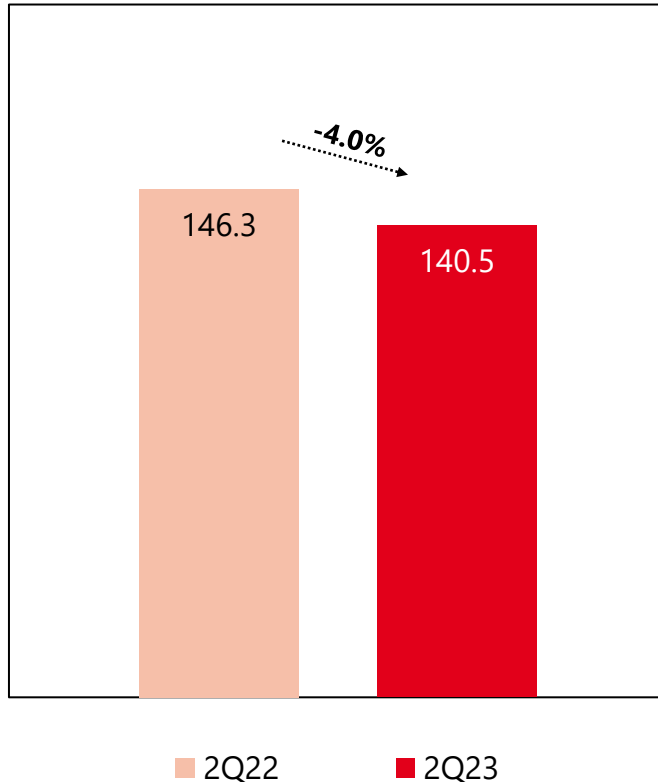


Note:

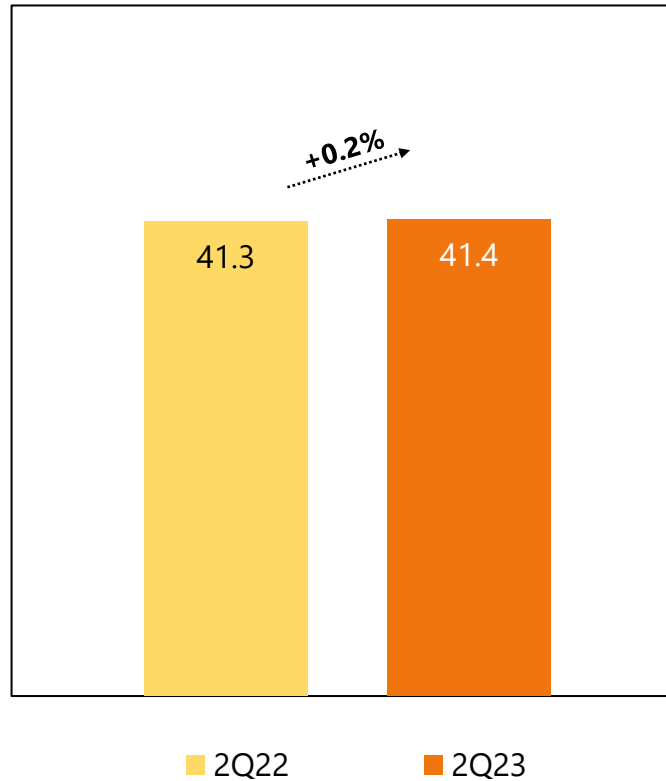
(1) Feed sales volume include both internal and external sales.

Operating Highlights: Livestock

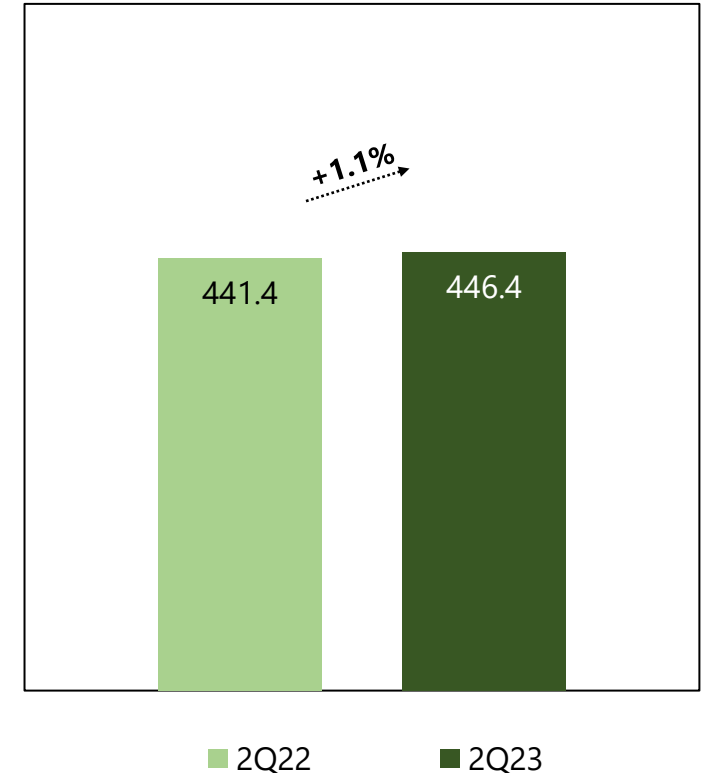
**Group Broiler DOC
Volume Supplied⁽¹⁾
(million chicks)**



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



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



Notes:

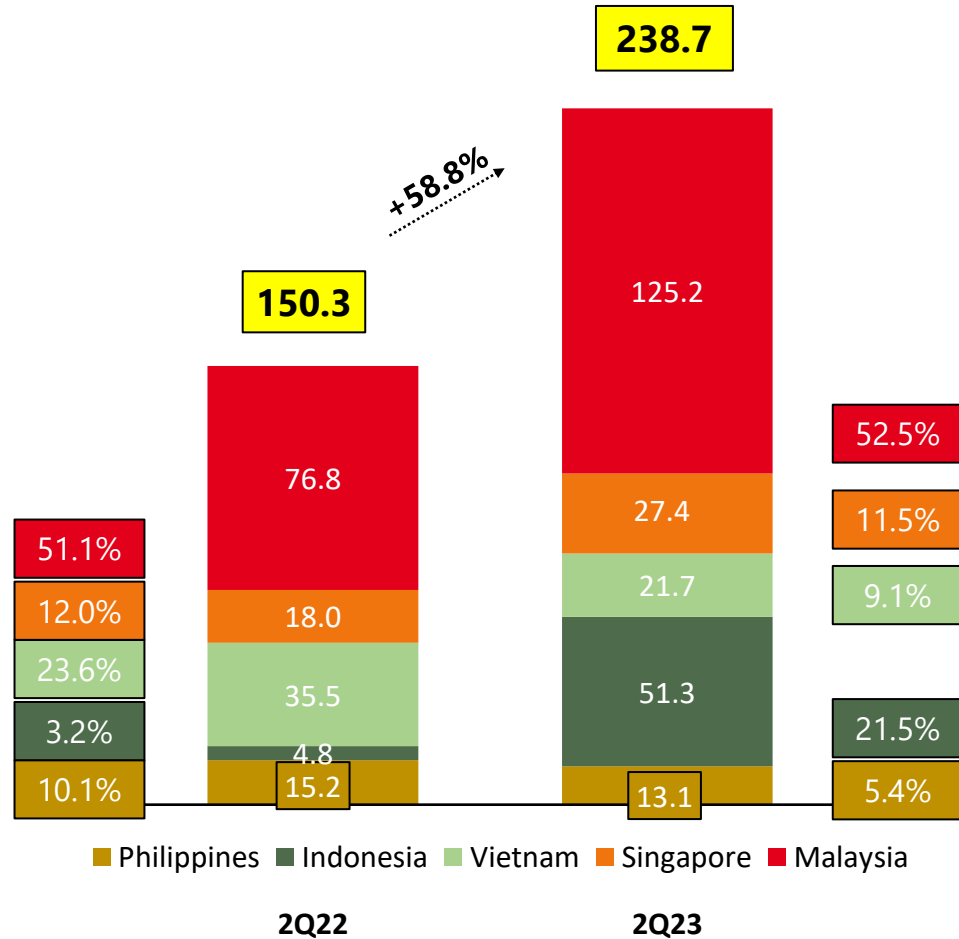
(1) Figures for broiler day-old chicks ("DOC") and broiler chickens reflect the total of DOC and broiler chickens supplied internally and sold externally.

(2) All eggs are sold to third parties.

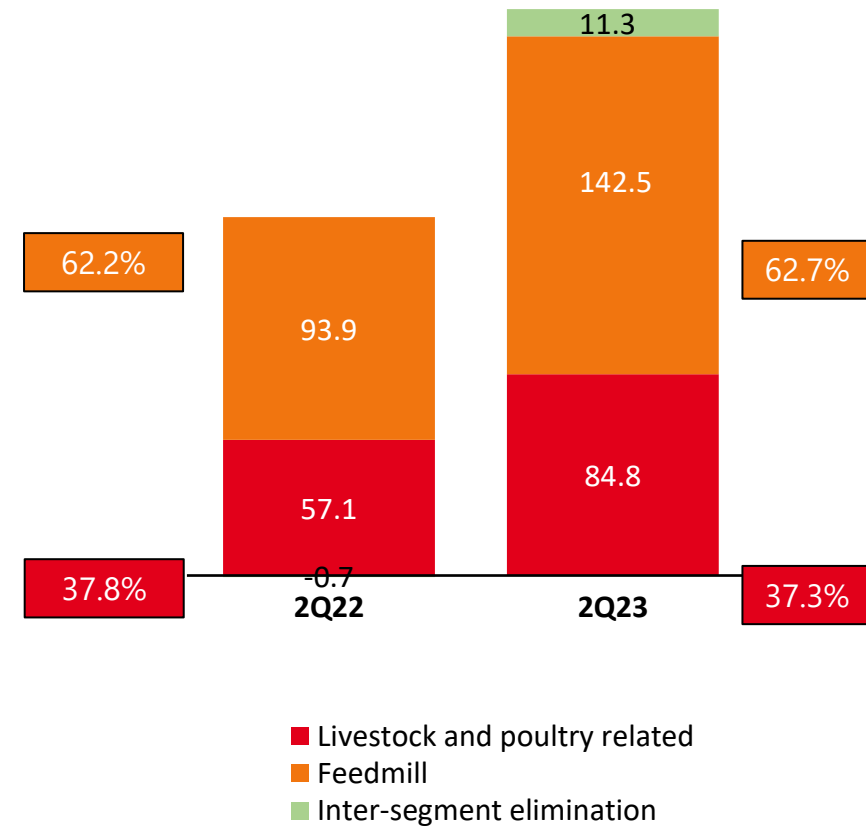
Financial Highlights: EBITDA

- Group EBITDA leap by 58.8% on EBITDA mainly contributed by Malaysia and Indonesia.
- Livestock and Feed segments show strength on growth.

EBITDA⁽¹⁾ by Country (RM million)

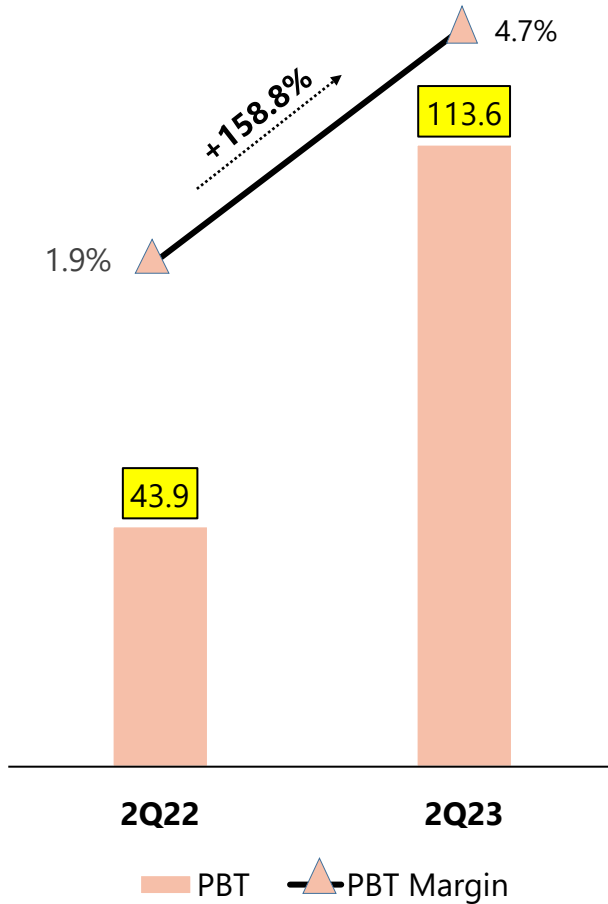


EBITDA⁽¹⁾ by Segment (RM million)

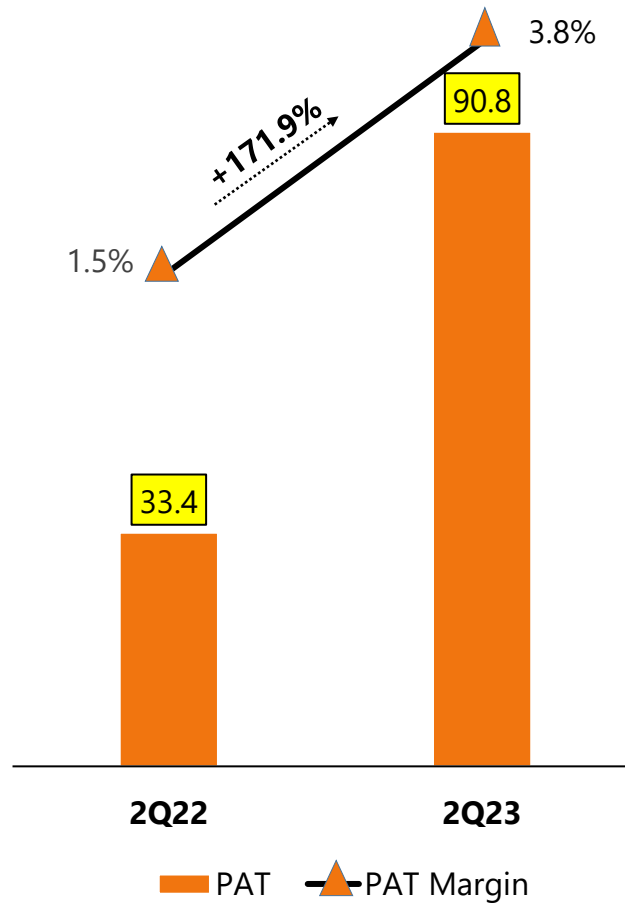


Financial Highlights: Earnings

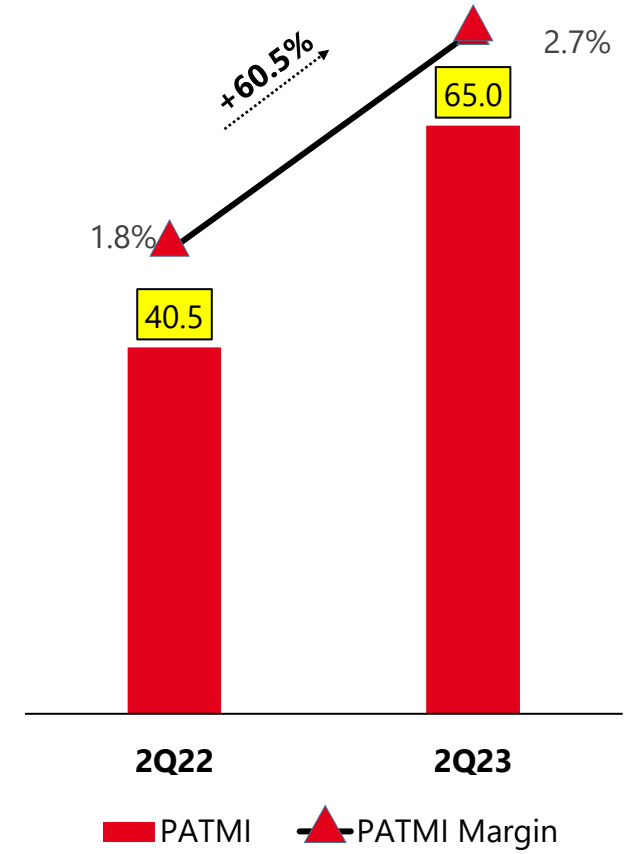
Profit Before Tax (RM million)



Profit After Tax (RM million)

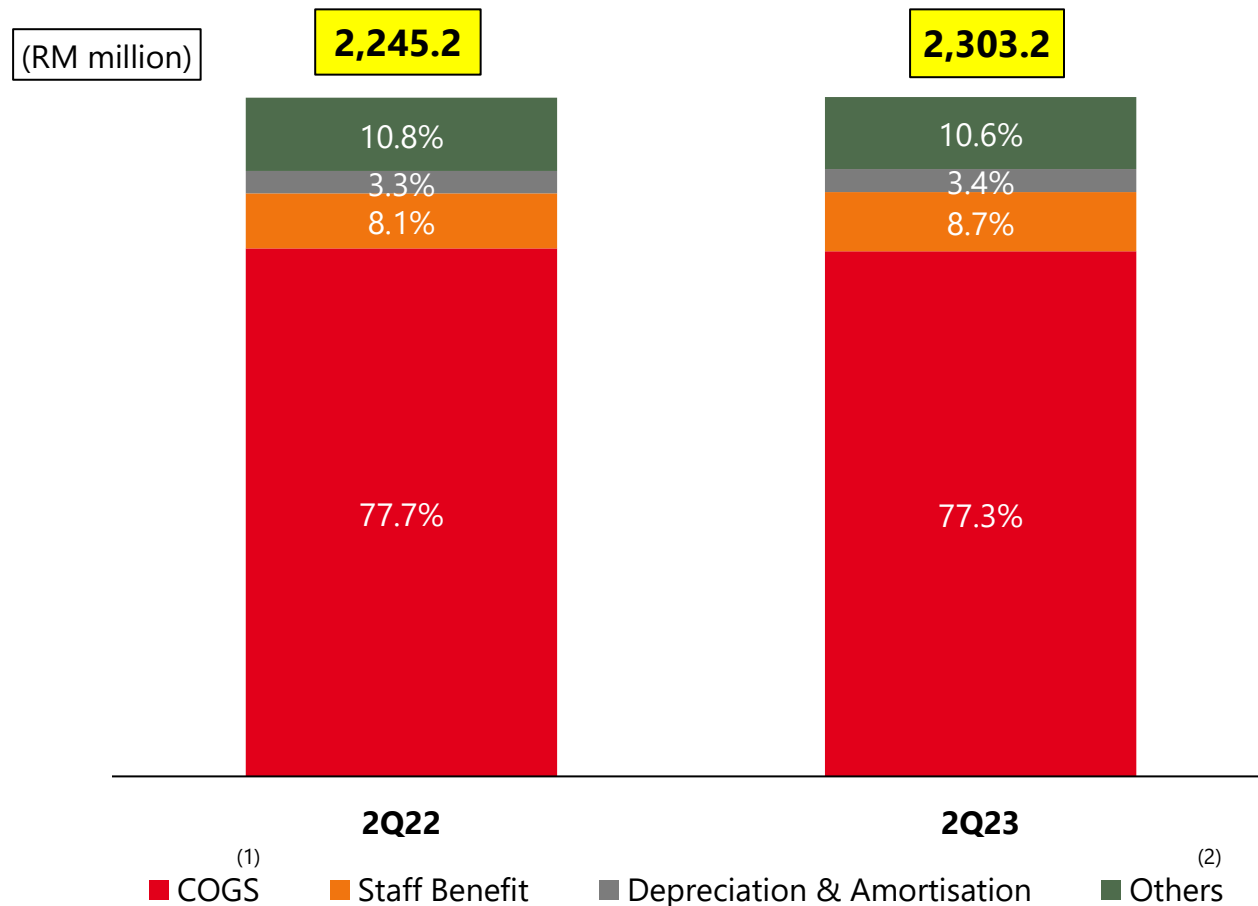


Profit After Tax and Minority Interest (PATMI) (RM million)



Operating Expenses

- Raw material costs has stabilized and benefiting on the bottom line



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>2Q22 (RM million)</i>	<i>2Q23 (RM million)</i>	<i>Variance</i>
Revenue ⁽¹⁾	2,270.0	▲ 2,410.6	+6.2%
EBITDA	150.3	▲ 238.7	+58.8%
Depreciation and amortisation	74.9	▲ 79.4	+6.0%
Finance cost	31.6	▲ 45.7	+44.6%
Profit before tax	43.9	▲ 113.6	+158.8%
Profit after tax and minority interest	40.5	▲ 65.0	+60.5%
Earnings per share (sen)	1.11	▲ 1.78	+0.67 sen
EBITDA margin (%)	6.6	▲ 9.9	+3.3%

Notes:

(1) Excluding revenue from other sources.

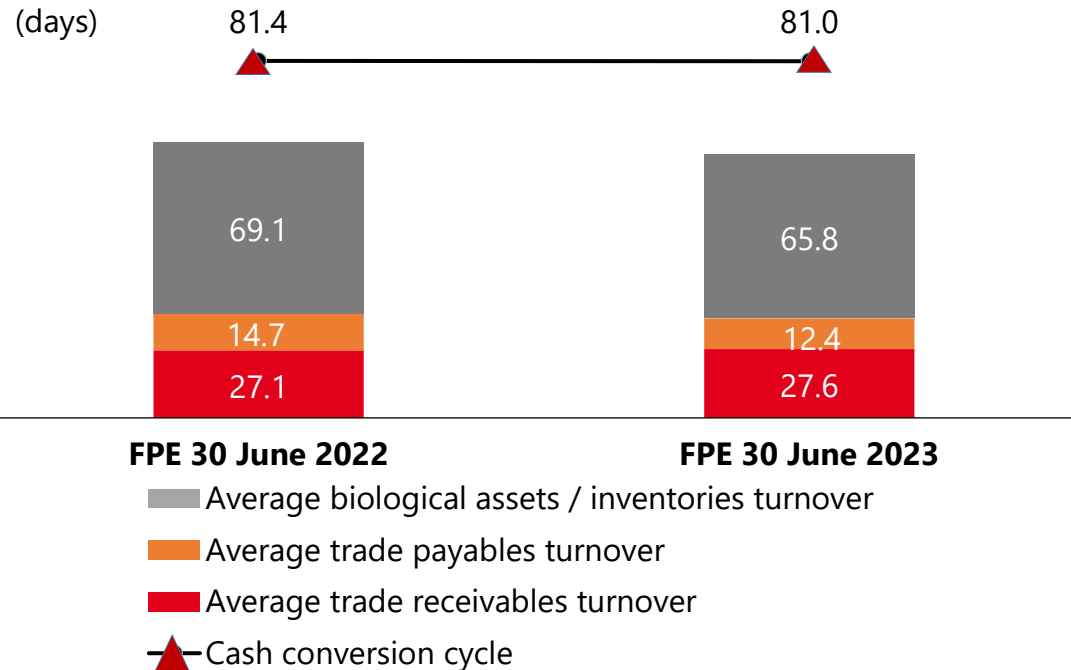
Balance Sheet: Summary

	<i>As at 31st Dec 2022 (RM million)</i>	<i>As at 30th Jun 2023 (RM million)</i>
Assets		
Non-current assets	3,431.8	3,515.5
Biological assets and inventories	1,445.5	1,490.6
Trade receivables	649.9	703.6
Other receivables	224.7	266.8
Cash and bank balances	840.3	687.6
Total Assets	6,592.2	6,664.1
Equity and Liabilities		
Total equity	2,589.6	2,732.5
Trade payables	358.9	280.9
Other payables and liabilities	611.0	583.3
Short term borrowings	1,986.3	2,087.1
Long term borrowings	1,046.4	980.3
Total Equity and Liabilities	6,592.2	6,664.1

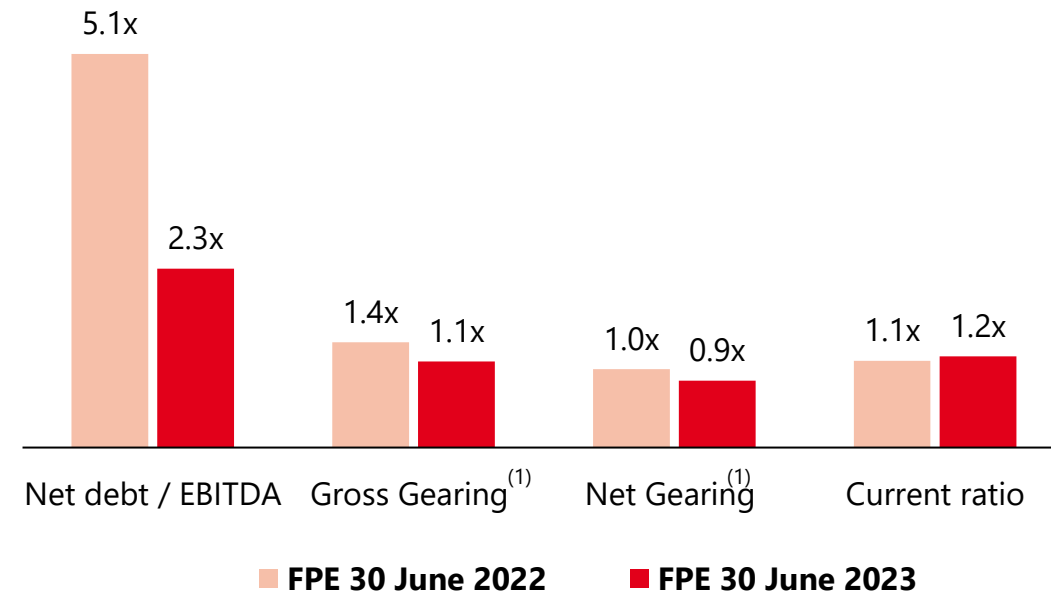
Working Capital Management

- 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



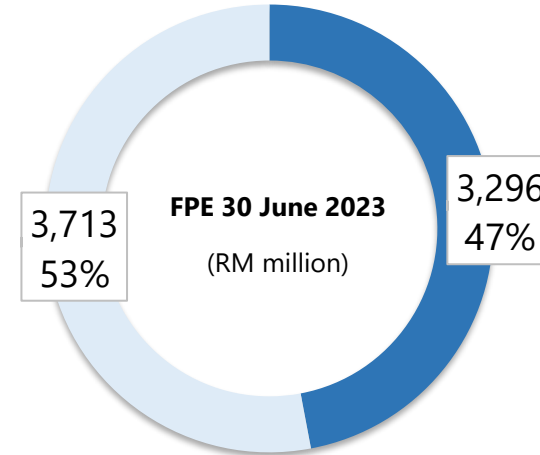
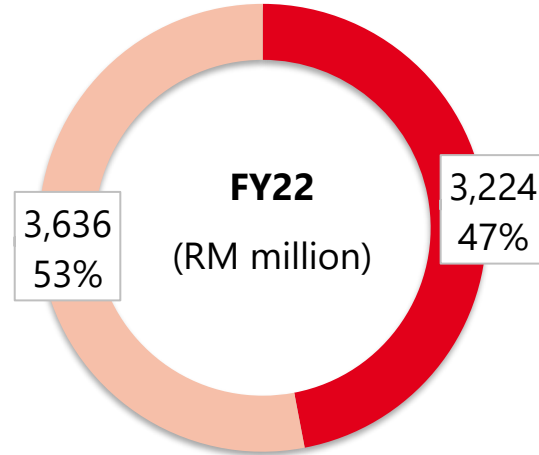
Key Ratios



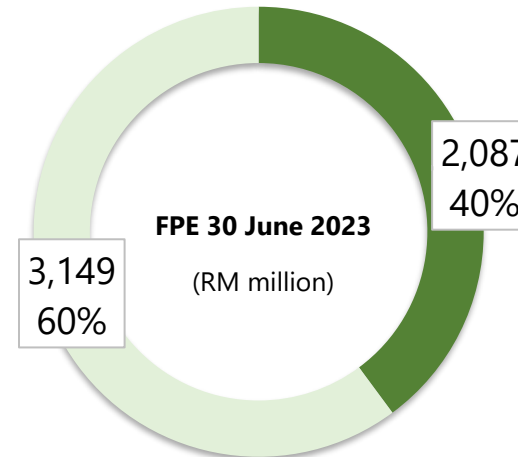
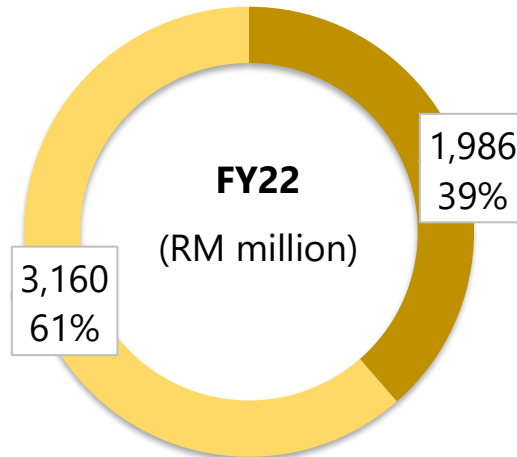
Note:

(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 6-month financial period ended 30 June 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>
Indonesia	Livestock	Broiler farm, Serdang 6	1Q2023	2Q2023	RM2.1 million
Indonesia	Livestock	Waste water treatment plant, West Java	1Q2022	TBC	RM1.8 million
Indonesia	F&B	Sunny'chick Store	2Q2021	On-going	RM4.0 million
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	3Q2023	RM4.3 million
Philippines	F&B	LH Deli		On-going	
Malaysia	Livestock	LHAB building FPP plant and cold room at Tangkak	3Q2018	3Q2023	RM69.7 million
Malaysia	Livestock	Cold room at Gresik, Muar	1Q2022	2Q2023	RM6.5 million
Malaysia	Livestock	Solar system, Teo Seng	4Q 2022	3Q 2023	RM 8.0 million

Capex Updates: Indonesia

Broiler Farm, Serdang 6

- Rebuild 2 closed-houses
- Investment allocation RM2.1 million
- Commencement 1Q2023
- Completed in 2Q2023



Waste Water Treatment Plant, West Java

- Estimated investment RM1.8 million
- Commencement in 1Q2022
- Target completion date TBC
- Currently completed 80% of the construction work.



Capex Updates: Indonesia

Sunnychick remain focus on production development and operation

Sunnychick in Indonesia

- Allocated approximately RM 4.0 million capex for Sunnychick Store Expansion
- As at 30 June 2023 we have 34 outlets and 1 food truck

Sanci Berbagi Angpau
Periode 21 - 30 April 2023

Setiap pembelian produk Sunny Chick senilai minimal Rp 30.000 akan mendapatkan 1 angpau berisi voucher

S-tee Kotak Voucher Rp 5.000
Potstick Voucher Rp 5.000
S-tee Botol Voucher Rp 5.000
SD Chocolate Voucher Rp 5.000

Syarat & Ketentuan Berikut:
• Minimal Pembelian Rp 30.000
• Berlaku terhadap Foto & posting di IG & Instagram Sunny Chick @sunnychick.id
• Berlaku di semua store.

Untuk info lebih lanjut, hubungi @sunnychick.id

0819-1119-4335 (Customer Service)
0819-1572-0388 (Marketing)

Sunny chick
PROMO Sanci Crunchy
Periode: 18 - 28 April 2023

GURU & RENYAH... BELI 1 CRISPY CRUNCH

Gratis 1 S-tee Kotak

Khusus Store HO fatmawati

Untuk info lebih lanjut, hubungi:

Sunny chick
BARU ICE CREAM CONE
BELI 2 GRATIS 1
HANYA Rp 8.000 / pc

CHOCOLATE
VANILLA
MIX

Bersiaplah kedatangan Ice Cream Cone dengan selendang dan topi spiky putih. Ayo cobain sekarang, pilih trus sesuai selera...

PROMO MAY BAY
Periode: 4-10 Mei 2023

13.000 12.000
18.000 16.000
36.000 31.000
20.000 19.000

1 Crispy Crunch 1 S-tee Kotak
2 Rice Box (4 Variasi) 1 S-tee Botol
3 Paket Crispy Bakar 4 Crispy Bakar Paha Bawah 1 S-tee Botol
4 Paket Katsu 1 S-tee Botol

Untuk info lebih lanjut, hubungi: 0819-1119-4335 (Customer Service) / 0819-1572-0388 (Marketing)

PROMO STAMP

Yuk kumpulkan stampnya dan dapatkan GRATIS menu Sunny Chick

1 Crispy Bakar Paha Atas
2 Sate Paha Atas
3 Burger Pedas Burger

Chickens pilih 1 menu gratis di atas sesuai favorit kamu ya

Syarat & Ketentuan:
Setiap pembelian minimal Rp 35.000 akan mendapatkan 1 stamp. Dengan mengumpulkan 3 stamp akan mendapatkan gratis 1 pc menu Sunny Chick.

Untuk info lebih lanjut, hubungi: 0819-1119-4335 (Customer Service) / 0819-1572-0388 (Marketing)

3 pcs Sunny Drink
Hanya Rp 28.000

ICE TEA
MANGO
CHOCOLATE

Note: * As at 30 June 2023.

Capex Updates: Philippines

Farm at Orani, Bataan

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



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

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



Capex Updates: Philippines

Vertical integration from upstream to downstream with LH Deli

LH Deli

- As of 2Q2023 we have opened 48 kiosks, 100% under franchise, focusing on take-away.
- Roasted Chicken remain as best seller on the menu.



Capex Updates: Malaysia

LHAB building FPP plant and cold-room at Tangkak

- Investment cost allocated to-date is RM69.7 million
- Land area: 6 acre
- Construction targeted for completion in Q3 2023.



Capex Updates: Malaysia

Cold Room Project at Grisek

- Investment approximately RM6.5 million
- Commencement date 1Q2022
- Target completion date 3Q2023
- Currently status remain at 90% 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



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**