



# LEONG HUP INTERNATIONAL BERHAD

## RESULTS PRESENTATION FOR 4<sup>th</sup> QUARTER 2022 (4Q22)

1 MARCH 2023

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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.

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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 28 February 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 fourth (4th) quarter ended 31 December 2022, i.e. between 1 October 2022 and 31 December 2022 (“4Q22”) and the fourth (4th) quarter ended 31 December 2021, i.e. between 1 October 2021 and 31 December 2021 (“4Q21”), as extracted from LHI’s unaudited consolidated financial results for the financial period ended 31 December 2022, as announced by LHI on 28 February 2023.*

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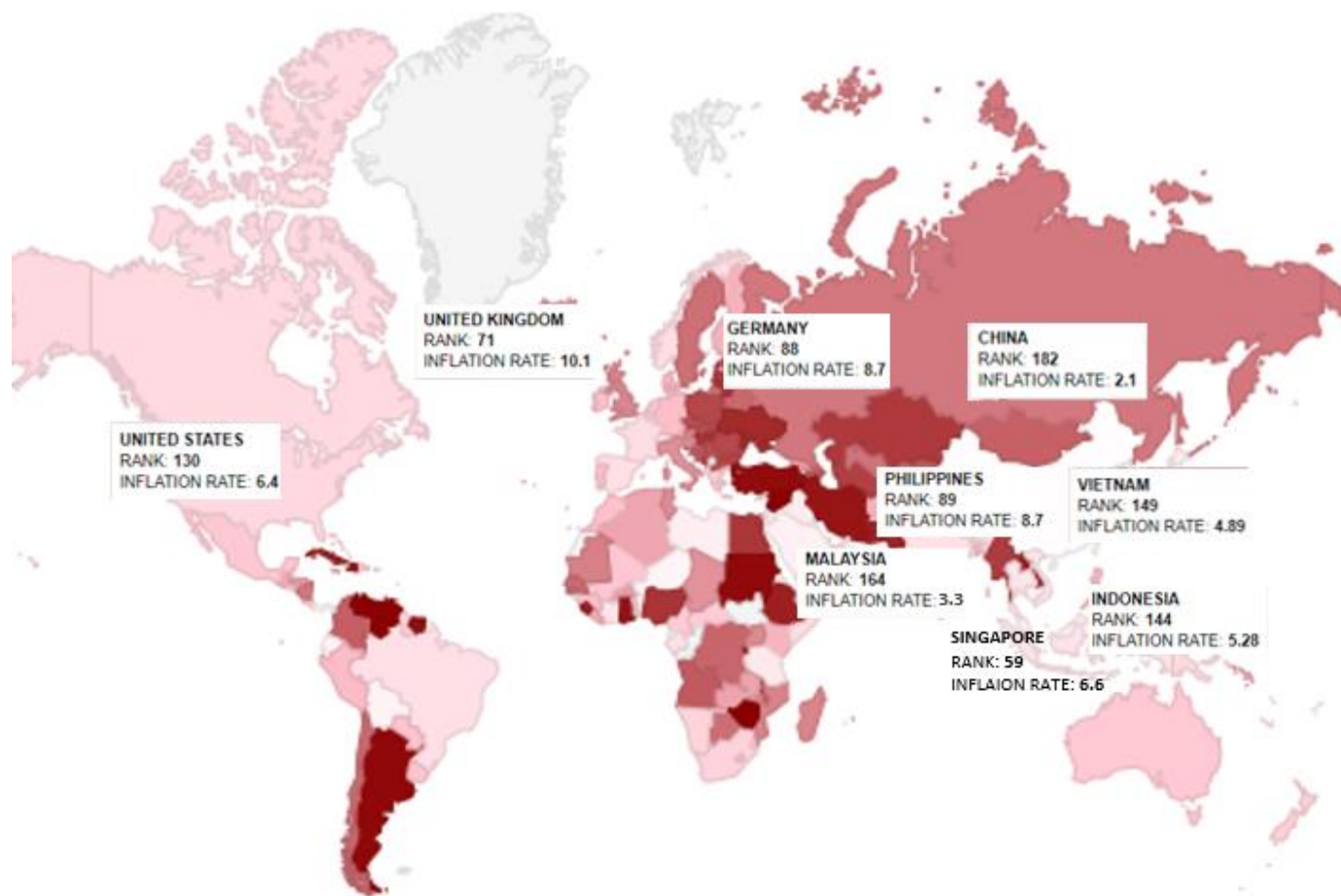
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# Global Events During The Year

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



## World Central Banks »

Central Bank	Current Rate	Next Meeting	Last Change
Federal Reserve (FED)	4.75%	Mar 22, 2023	Feb 01, 2023 (25bp)
European Central Bank (ECB)	3.00%	Mar 16, 2023	Feb 02, 2023 (50bp)
Bank of England (BOE)	4.00%	Mar 23, 2023	Feb 02, 2023 (50bp)
Swiss National Bank (SNB)	1.00%	Mar 23, 2023	Dec 15, 2022 (50bp)
Reserve Bank of Australia (RBA)	3.35%	Feb 07, 2023	Feb 07, 2023 (25bp)
Bank of Canada (BOC)	4.50%	Mar 08, 2023	Jan 25, 2023 (25bp)
Reserve Bank of New Zealand (RBNZ)	4.25%	Feb 22, 2023	Nov 23, 2022 (75bp)
Bank of Japan (BOJ)	-0.10%	Mar 10, 2023	Jan 29, 2016 (-20bp)
Central Bank of the Russian Federation (CBR)	7.50%	Feb 10, 2023	Oct 28, 2022 (-50bp)
Reserve Bank of India (RBI)	6.25%	Feb 08, 2023	Dec 07, 2022 (35bp)
People's Bank of China (PBOC)	3.65%		Aug 22, 2022 (-5bp)
Central Bank of Brazil (BCB)	13.75%	Mar 22, 2023	Aug 03, 2022 (50bp)

Paese	Central Bank Rate	Variation	Period
United States	4.75 %	+25 bp ↑	Feb 23
China	3.65 %	-5 bp ↓	Aug 22
Malaysia	2.75 %	+25 bp ↑	Nov 22
Indonesia	5.75 %	+25 bp ↑	Jan 23
Philippines	5.50 %	+50 bp ↑	Dec 22
Vietnam	6.00 %	+100 bp ↑	Oct 22
Singapore	3.56 %		Jan 23

# Price of Commodities

Price of Corn and Soybean meal have been stabilizing since September

Corn



52 Week High	818.25
52 Week Low	564.25

Soybean Meal

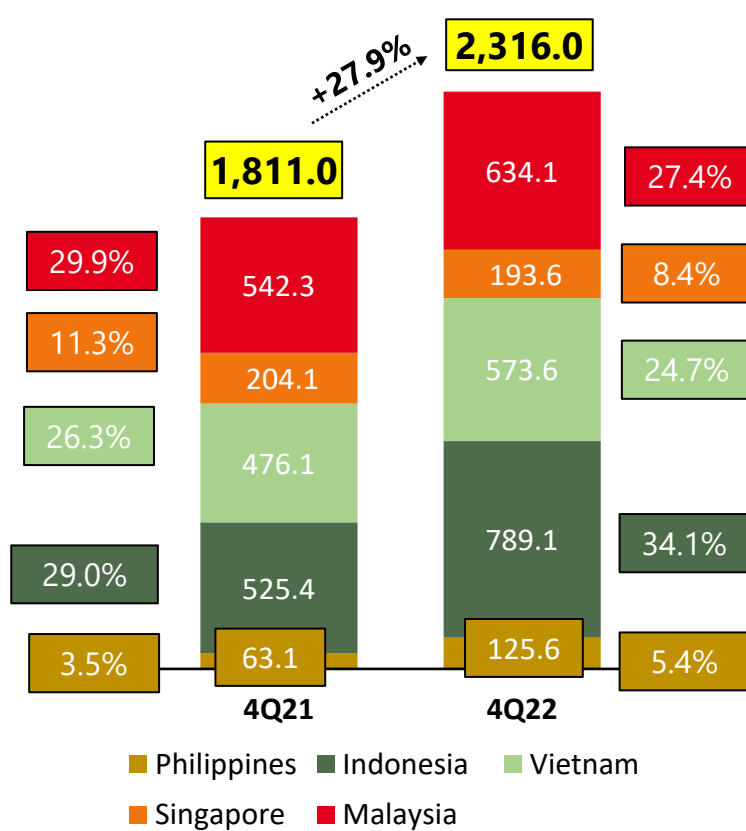


52 Week High	496.5
52 Week Low	377.6

# Financial Highlights: Revenue

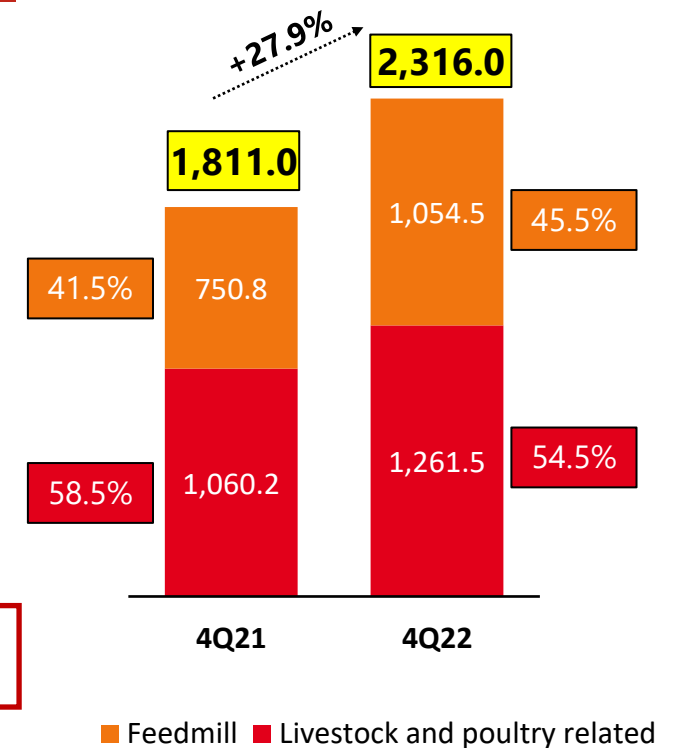
Revenue hits RM2.3 billion benefited from reopening and economy recovery across the region and stability on feed cost

Revenue<sup>(1)</sup> by Country  
(RM million)



Revenue <sup>(1)</sup> by Country	4Q21 (RM million)	4Q22 (RM million)	Variance
Malaysia	542.3	634.1	+16.9%
Singapore	204.1	193.6	-0.0%
Vietnam	476.1	573.6	+20.5%
Indonesia	525.4	789.1	+50.2%
Philippines	63.1	125.6	+99.1%
<b>LHI Group</b>	<b>1,811.0</b>	<b>2,316.0</b>	<b>+27.9%</b>

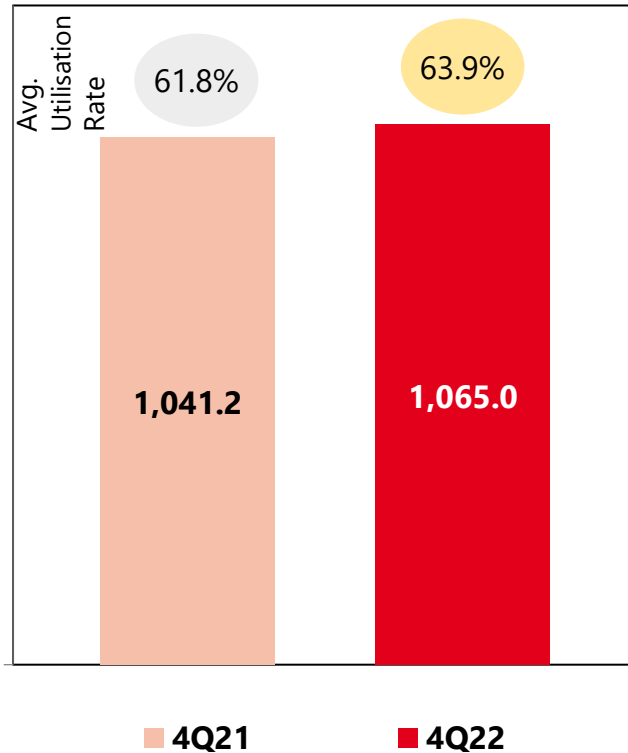
Revenue<sup>(1)</sup> by Segment  
(RM million)



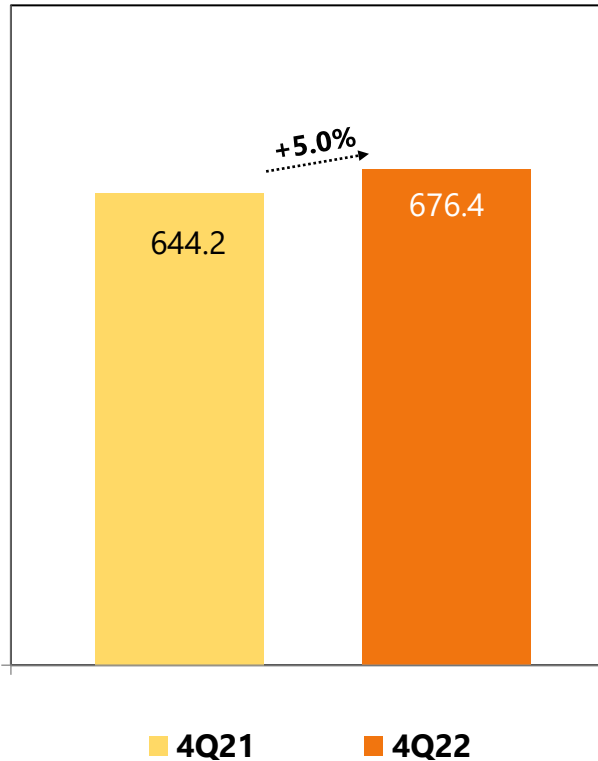
Notes:  
(1) Excluding revenue from other sources.

# Operating Highlights: Feedmill

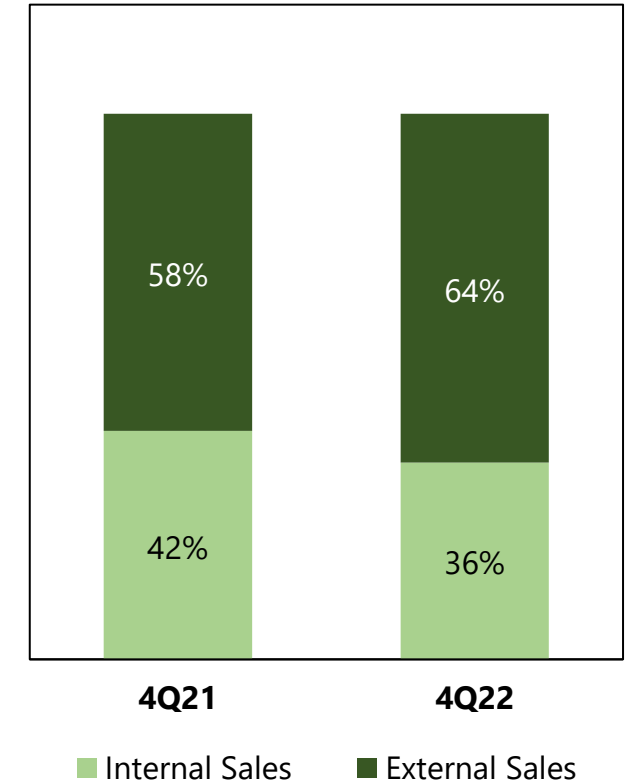
## Group Production Capacity (‘000 MT)



## Group Feed Volume Supplied<sup>(1)</sup> (‘000 MT)



## Sales Split

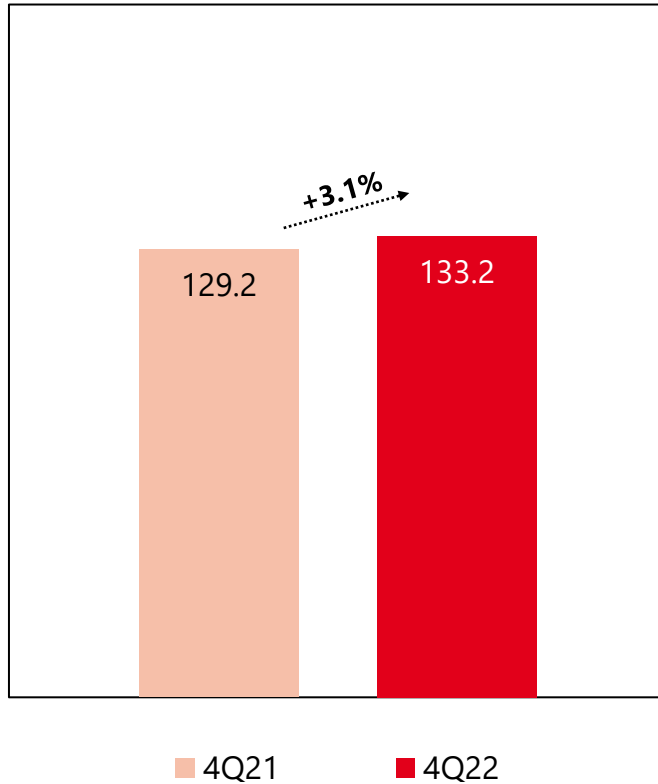


Note:

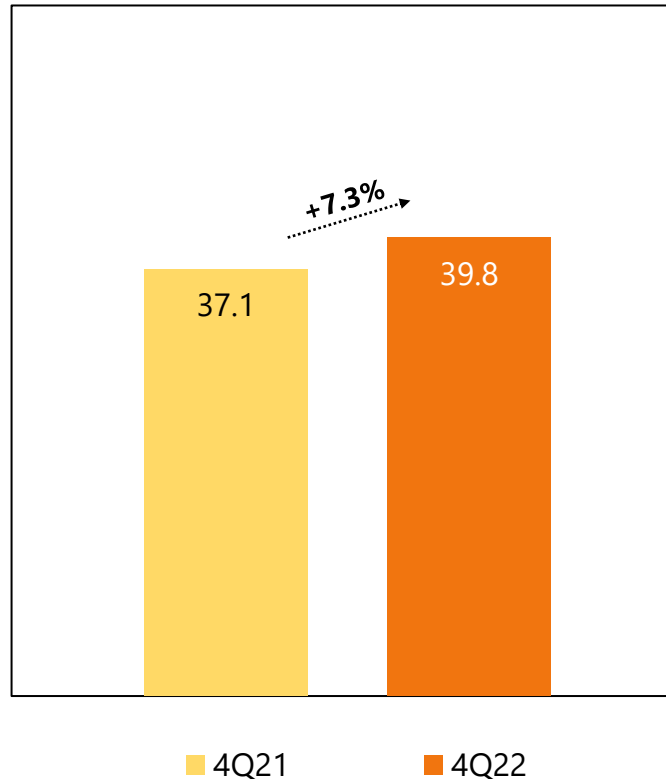
(1) Feed volume supplied include both internal and external sales.

# Operating Highlights: Livestock

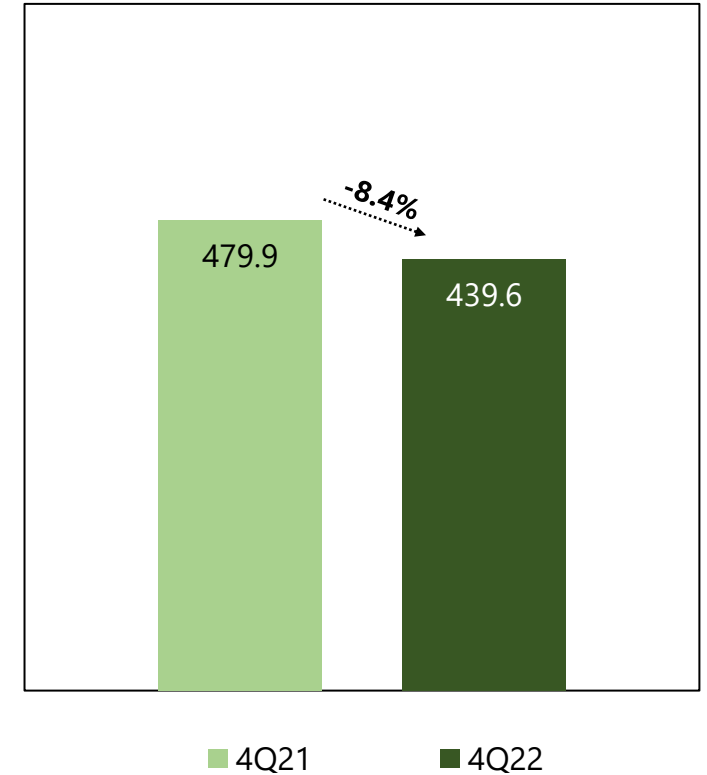
**Group Broiler DOC  
Volume Supplied<sup>(1)</sup>  
(million chicks)**



**Group Broiler Chicken  
Volume Supplied<sup>(1)</sup>  
(million birds)**



**Group Egg  
Sales Volume<sup>(2)</sup>  
(million eggs)**



*Notes:*

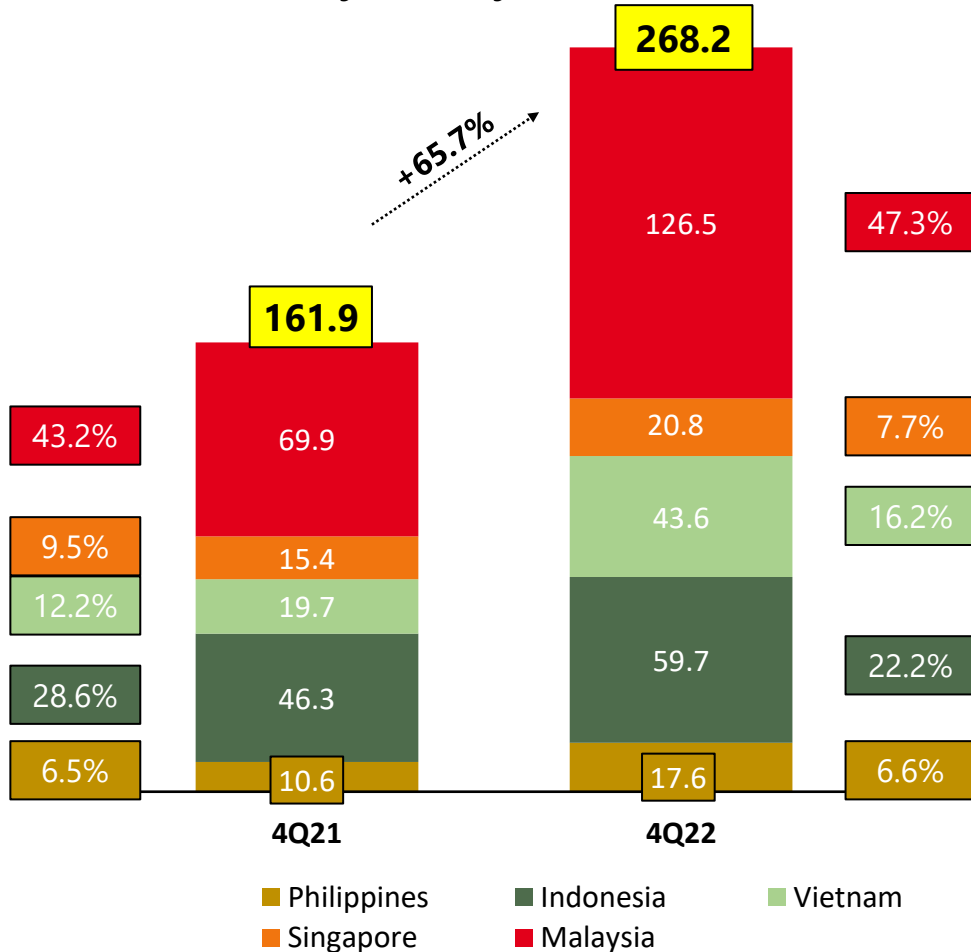
(1) Figures for broiler day-old chicks ("DOC") and broiler chickens reflect the total of DOC and broiler chickens supplied internally and sold externally.

(2) All eggs are sold to third parties.

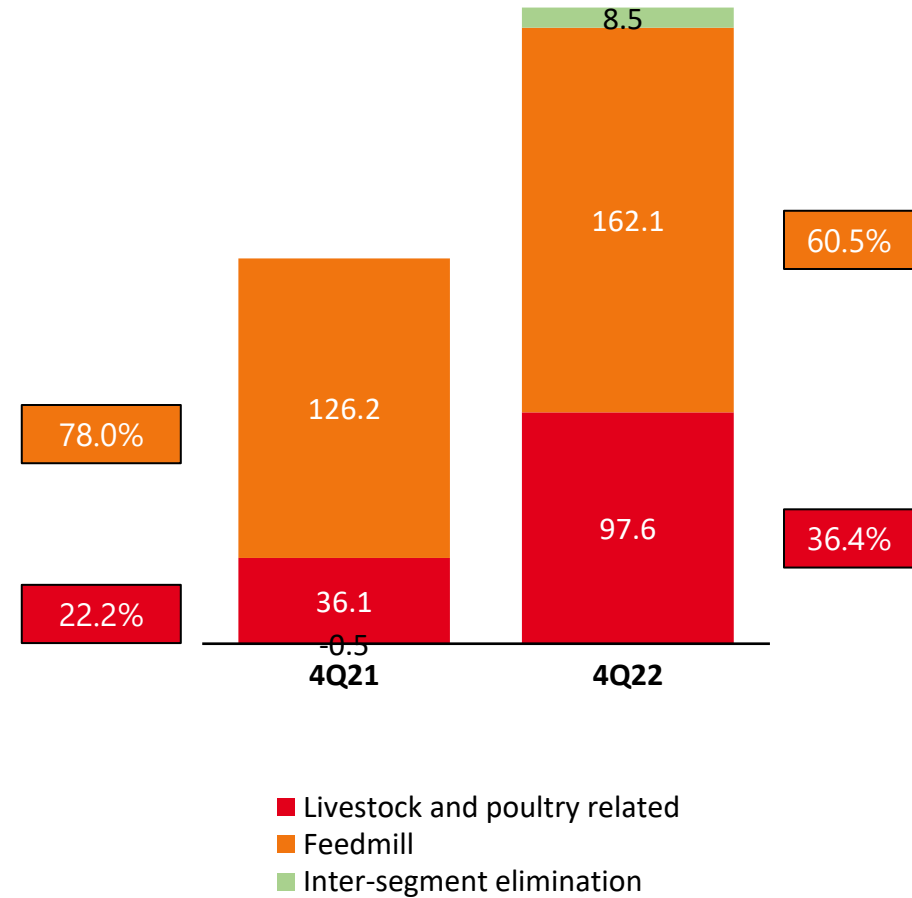
# Financial Highlights: EBITDA

- Group EBITDA registered higher with increased of 66.2% on EBITDA mainly contributed by Malaysia and Indonesia.
- Livestock and poultry remain robust

EBITDA<sup>(1)</sup> by Country (RM million)



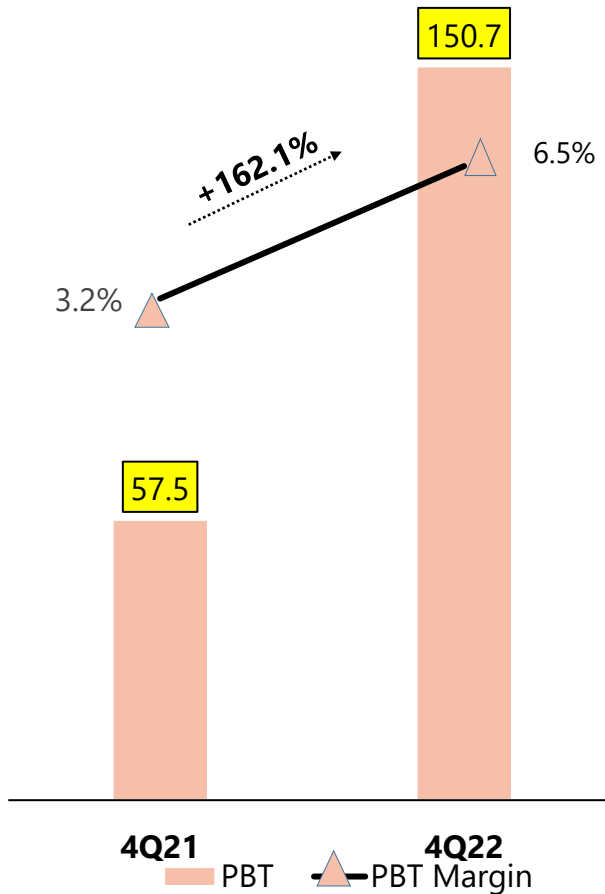
EBITDA<sup>(1)</sup> by Segment (RM million)



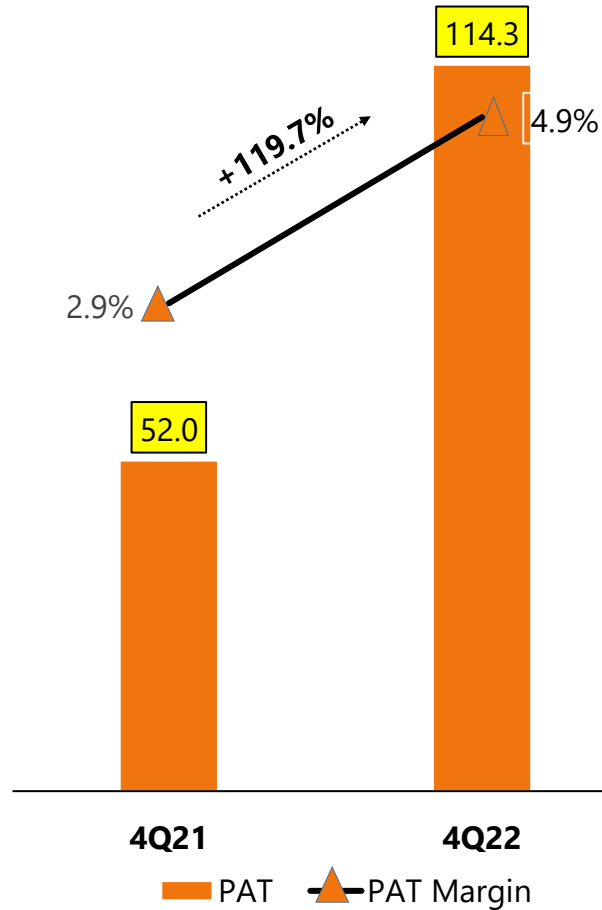


# Financial Highlights: Earnings

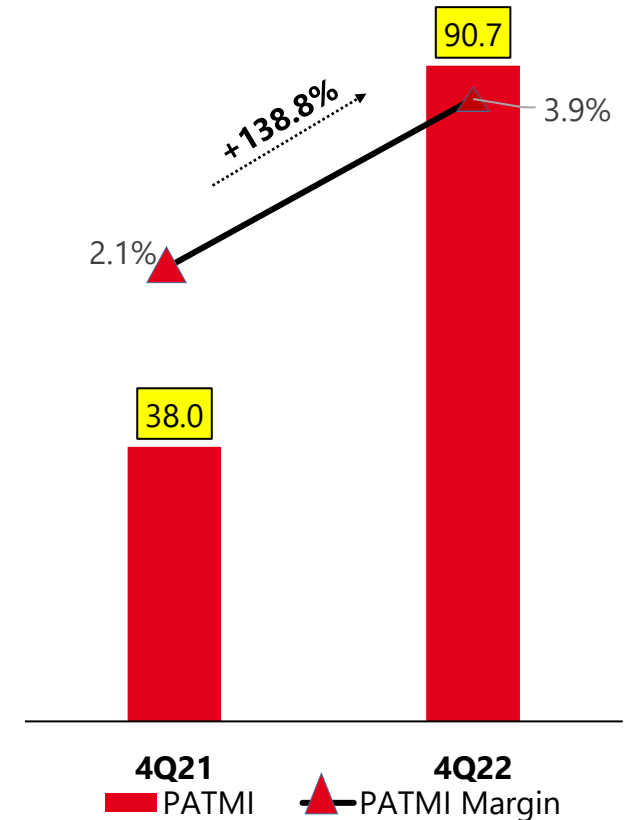
### Profit Before Tax (RM million)



### Profit After Tax (RM million)

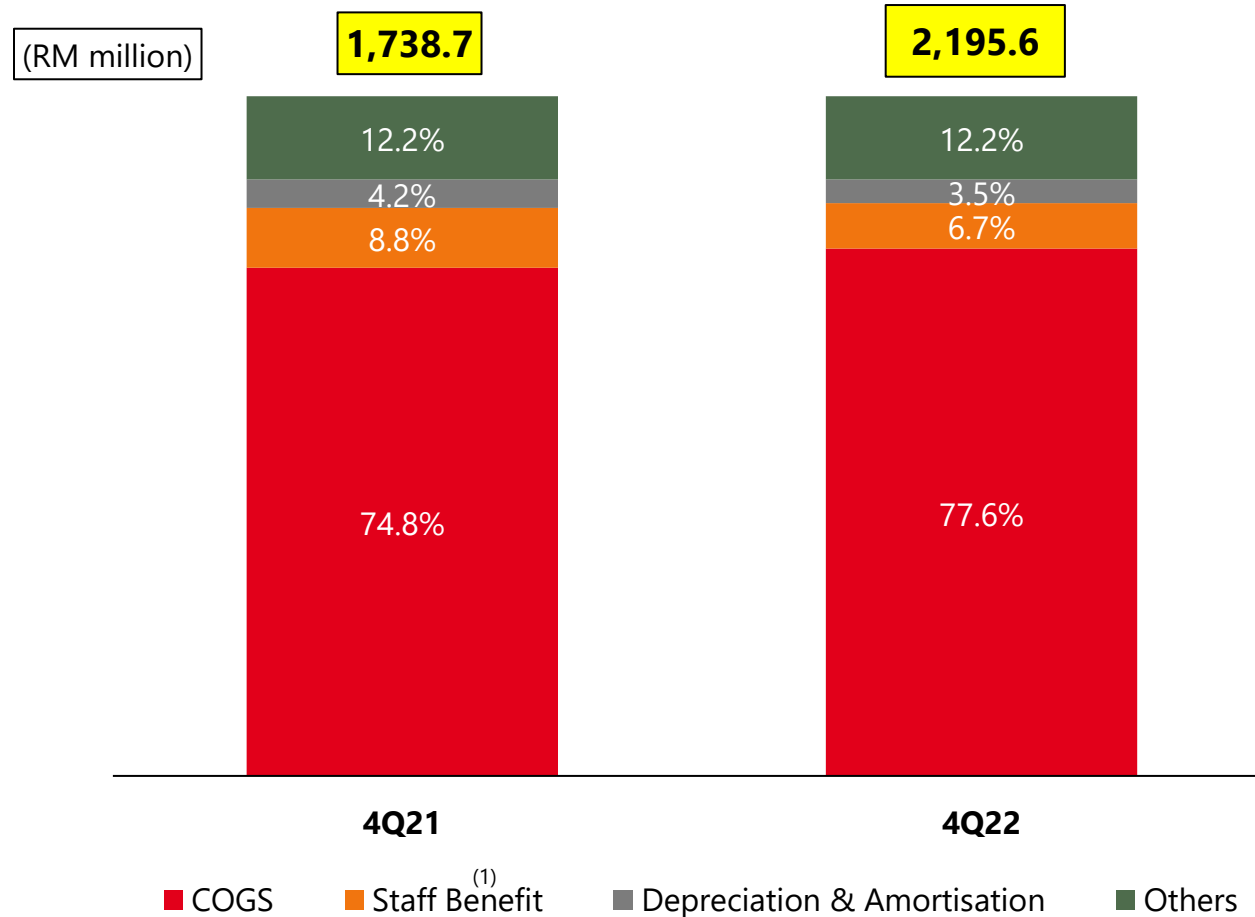


### Profit After Tax and Minority Interest (PATMI) (RM million)



# 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>4Q21 (RM million)</i>	<i>4Q22 (RM million)</i>	<i>Variance</i>
Revenue <sup>(1)</sup>	1,811.0	▲ 2,316.0	+27.9%
EBITDA	161.9	▲ 268.2	+65.7%
Depreciation and amortisation	73.0	▲ 77.2	+6.0%
Finance cost	31.6	▲ 40.4	+27.8%
Profit before tax	57.5	▲ 150.7	+162.1%
Profit after tax and minority interest	38.0	▲ 90.7	+138.7%
Earnings per share (sen)	1.04	▲ 2.49	+1.45 sen
EBITDA margin (%)	8.9	▲ 11.6	+2.7%

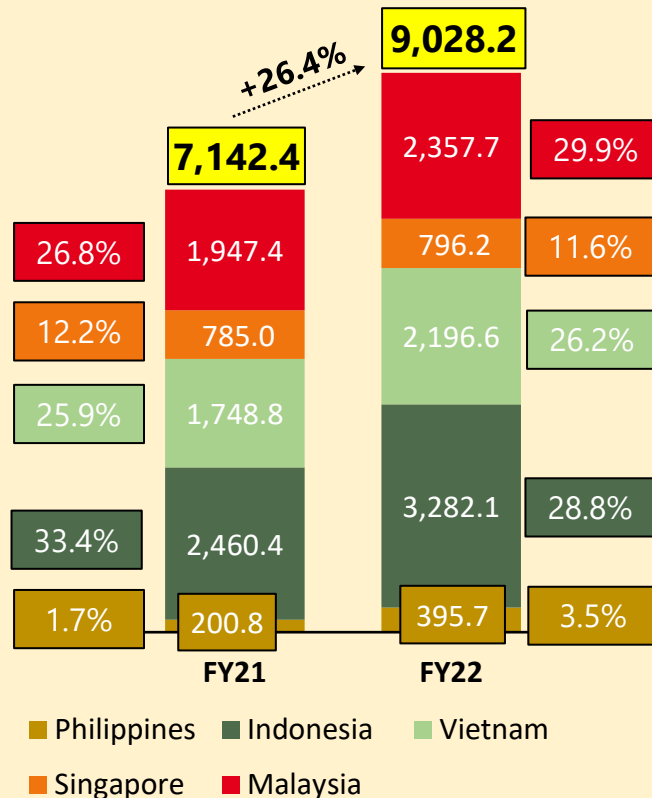
Notes:

(1) Excluding revenue from other sources.

# FY22 Financial Highlights: Revenue

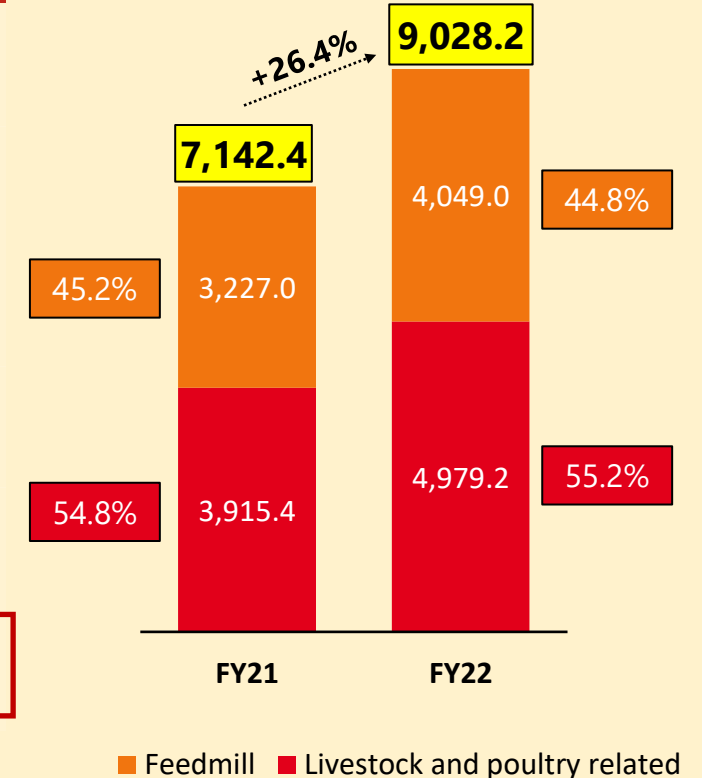
- Robust growth in both Livestock (+27.2% YoY) and Feedmill (+25.5% YoY).
- Livestock segment lifted by ASP of broiler chickens in Malaysia, Vietnam and Philippines, and higher sales volume of broiler chickens in Indonesia, Vietnam and Philippines.
- Feedmill segment expansion due to high sales volume in Philippines.

Revenue<sup>(1)</sup> by Country  
(RM million)



Revenue <sup>(1)</sup> by Country	FY21 (RM million)	FY22 (RM million)	Variance
Malaysia	1,947.4	2,357.7	+21.1%
Singapore	785.0	796.2	+1.4%
Vietnam	1,748.8	2,196.6	+25.6%
Indonesia	2,460.4	3,282.1	+33.4%
Philippines	200.8	395.7	+97.1%
<b>LHI Group</b>	<b>7,142.4</b>	<b>9,028.2</b>	<b>+26.4%</b>

Revenue<sup>(1)</sup> by Segment  
(RM million)

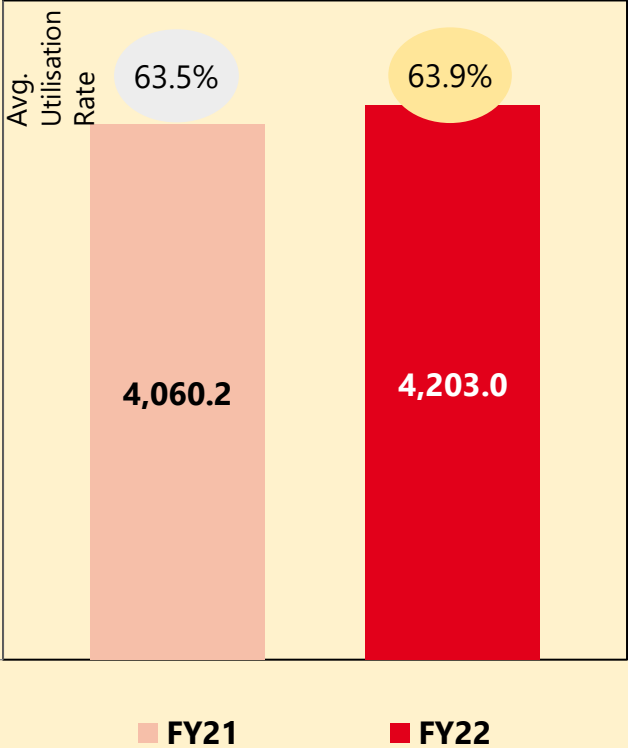


Notes:

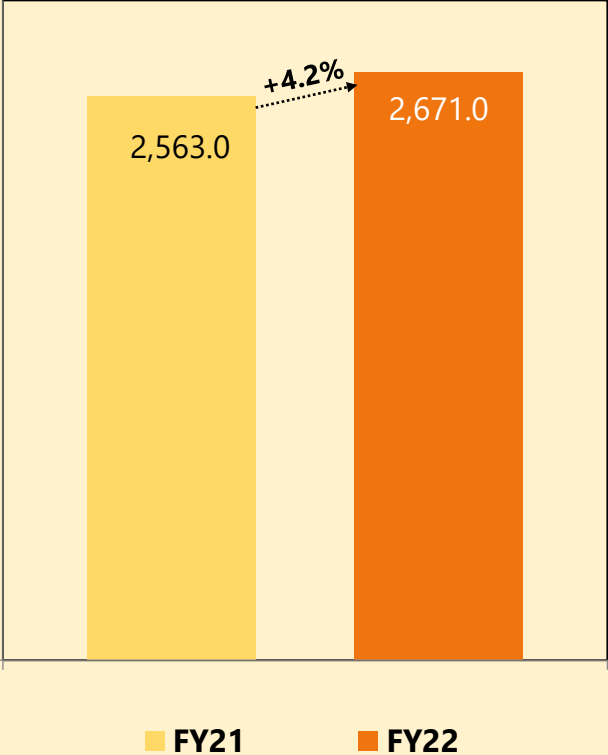
(1) Excluding revenue from other sources.

# FY22 Operating Highlights: Feedmill

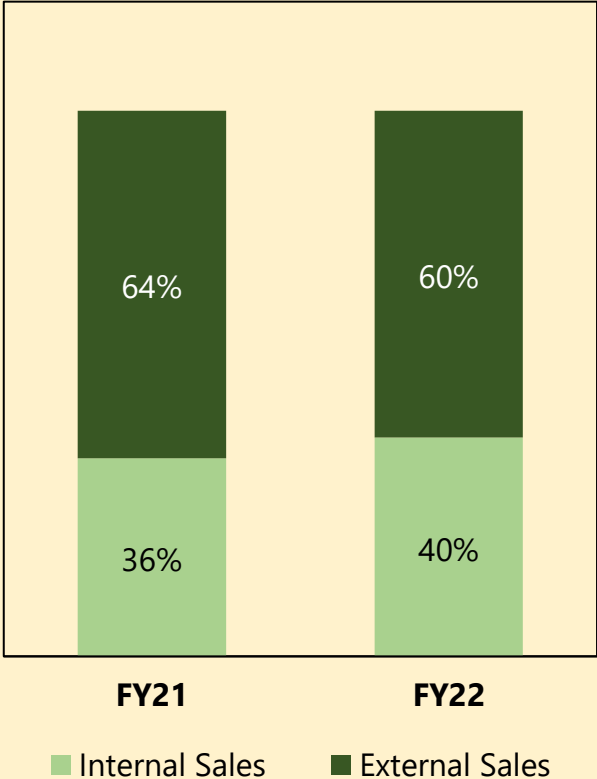
### Group Production Capacity ('000 MT)



### Group Feed Sales Volume<sup>(1)</sup> ('000 MT)



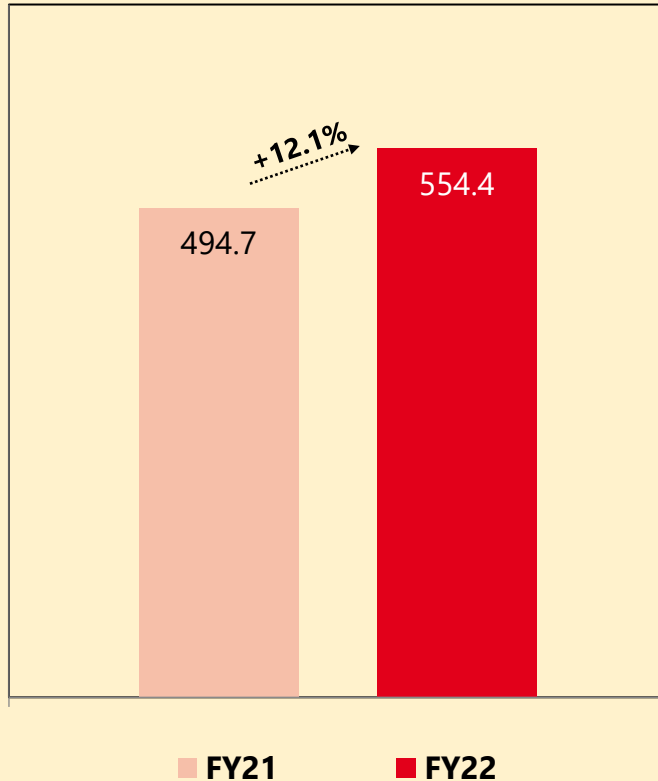
### Sales Split



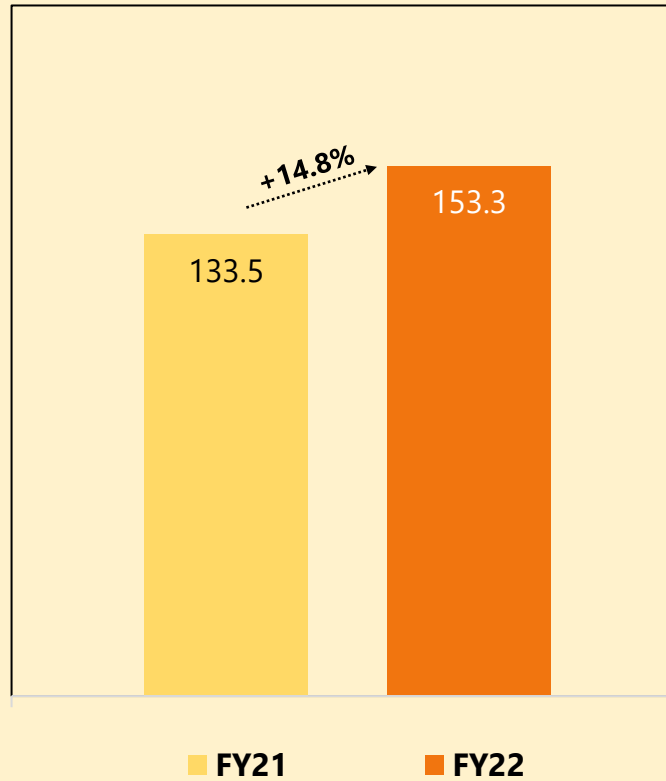
Note:  
(1) Feed sales volume include both internal and external sales.

# FY22 Operating Highlights: Livestock

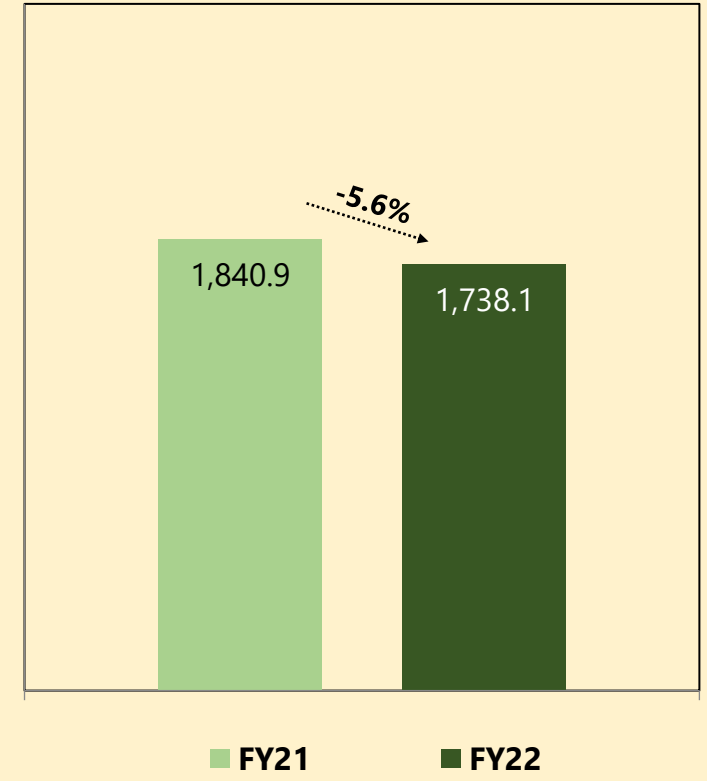
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Sales Volume<sup>(2)</sup>  
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*Notes:*

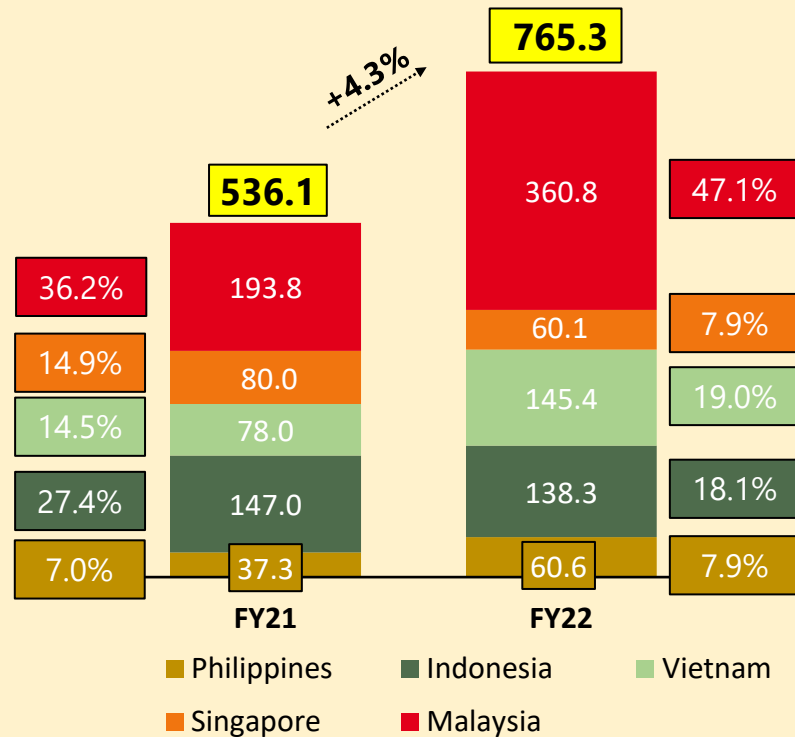
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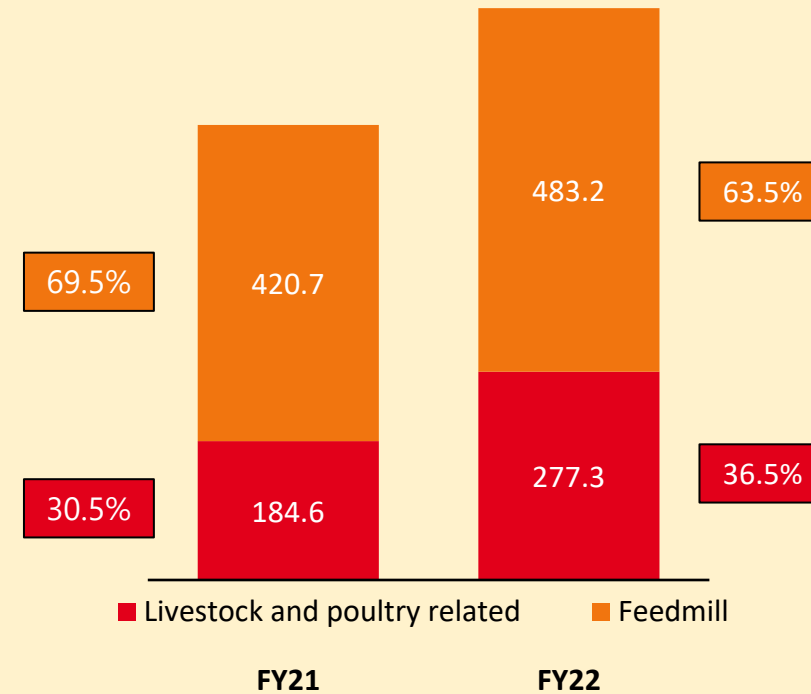
# FY22 Financial Highlights: EBITDA

- Double digit growth on EBITDA in Malaysia, Indonesia and Vietnam due mainly to strong ASP of broiler chickens in Malaysia and Vietnam, as well as higher sales volume of broiler chickens in Indonesia.
- EBITDA on feedmill weakening and impacted by rising raw material costs.
- Overall group performance improved and benefited from global reopening that boosted the market demand.

EBITDA by Country (RM million)



EBITDA<sup>(1)</sup> by Segment (RM million)



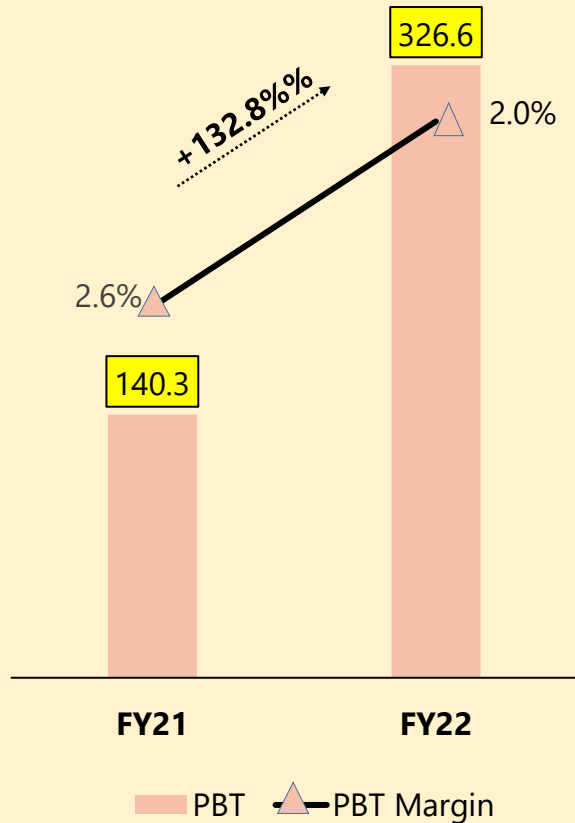
Notes:

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

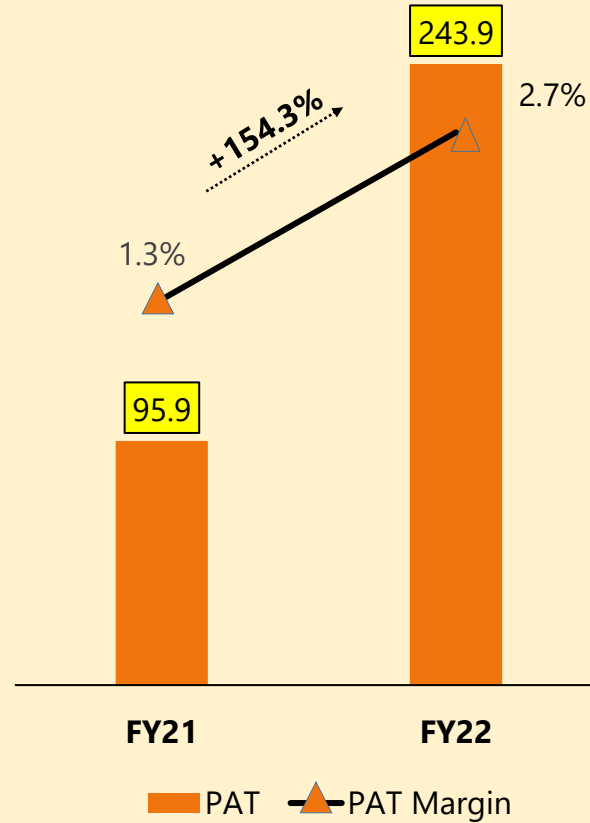
(2) Total may not add up due to rounding.

# FY22 Financial Highlights: Earnings

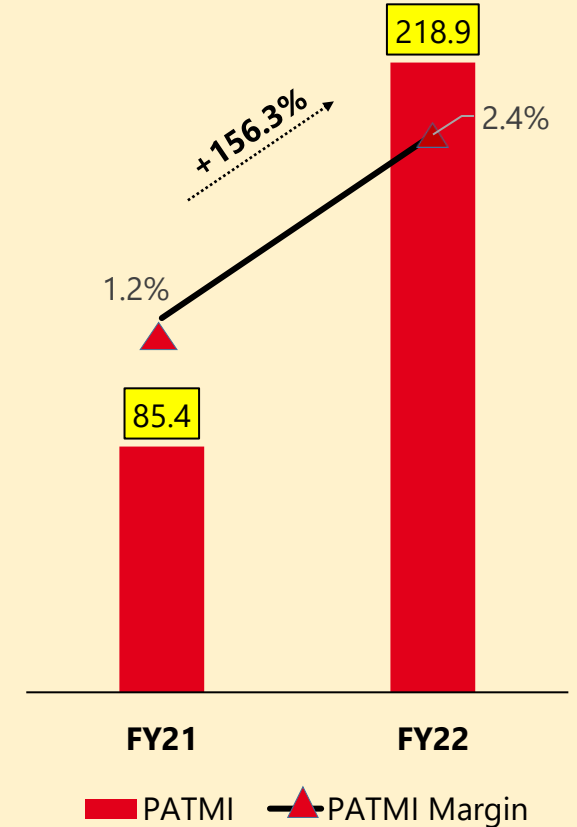
Profit Before Tax (RM million)



Profit After Tax (RM million)



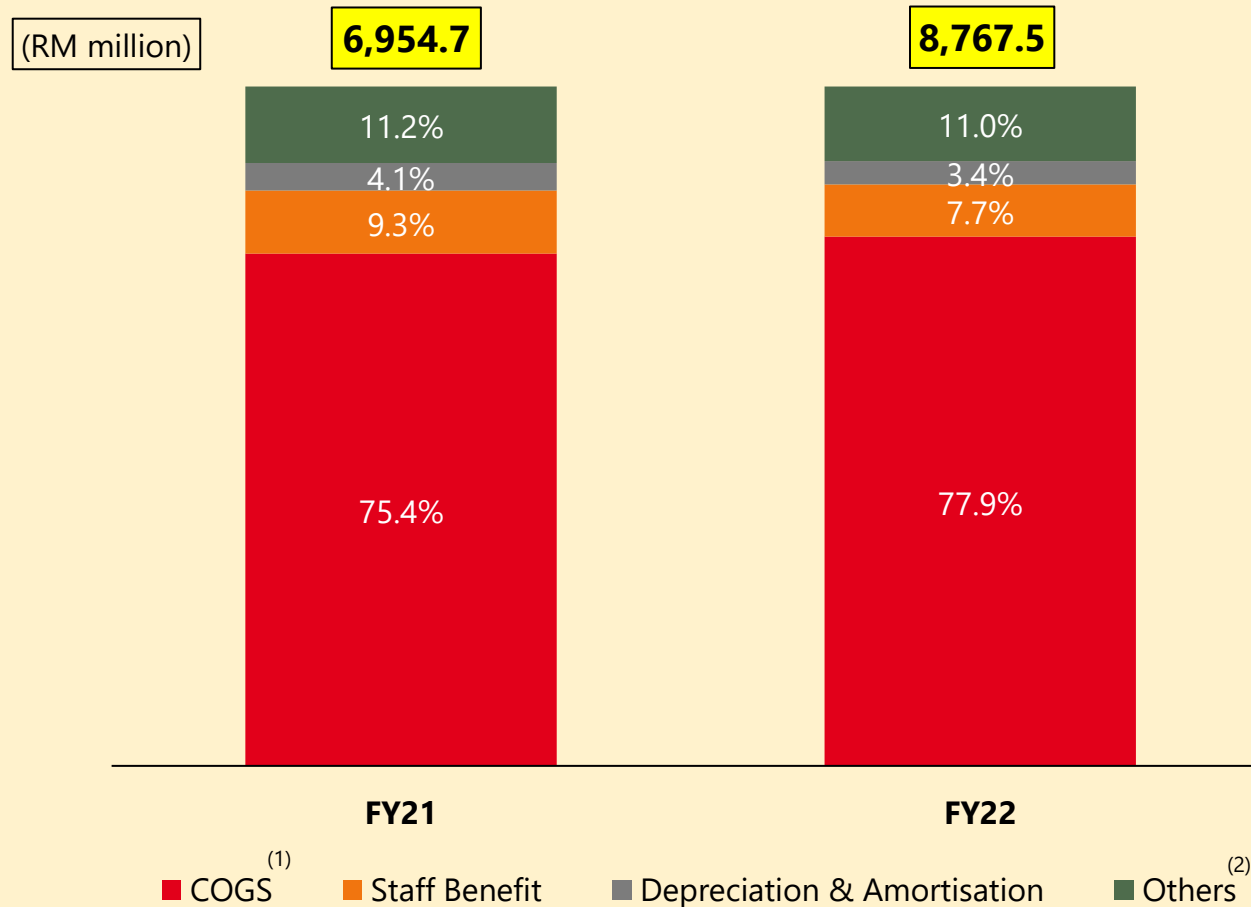
Profit After Tax and Minority Interest (PATMI) (RM million)





# FY22 Operating Expenses

- COGs increased due to higher raw material cost and inflation.
- Other opex increased due to high energy cost.



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 (FY21 vs FY22)

<i>Financial Year Ended</i>	<i>FY21 (RM million)</i>	<i>FY22 (RM million)</i>	<i>Variance</i>
Revenue <sup>(1)</sup>	7,142.4	▲ 9,028.2	+26.4%
EBITDA	536.1	▲ 765.3	+42.75%
Depreciation and amortisation	283.7	▲ 301.2	+6.2%
Finance cost	112.4	▲ 137.9	+22.7%
Profit before tax	140.3	▲ 326.6	+132.8%
Profit after tax and minority interest	85.4	▲ 218.9	+156.3%
Earnings per share (sen)	2.34	▲ 6.00	+3.66 sen
EBITDA margin (%)	7.5	▲ 8.5	+1.0%

Notes:

(1) Excluding revenue from other sources.

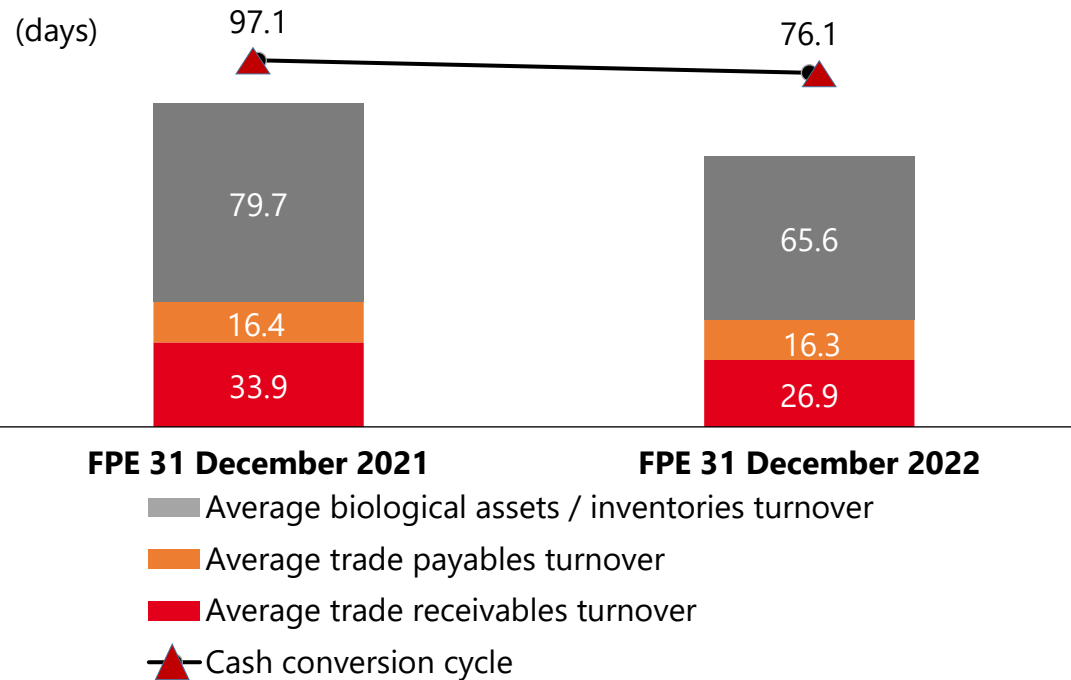
# Balance Sheet: Summary

	<i>As at 31<sup>st</sup> Dec 2021 (RM million)</i>	<i>As at 31<sup>st</sup> Dec 2022 (RM million)</i>
<b>Assets</b>		
Non-current assets	3,411.2	3,431.8
Biological assets and inventories	1,379.8	1,445.4
Trade receivables	624.7	649.9
Other receivables	149.5	224.7
Cash and bank balances	764.6	840.3
<b>Total Assets</b>	<b>6,329.8</b>	<b>6,592.1</b>
<b>Equity and Liabilities</b>		
Total equity	2,359.8	2,589.6
Trade payables	284.2	358.9
Other payables and liabilities	561.1	610.9
Short term borrowings	2,070.1	1999.7
Long term borrowings	1,054.6	1033.0
<b>Total Equity and Liabilities</b>	<b>6,329.8</b>	<b>6,592.1</b>

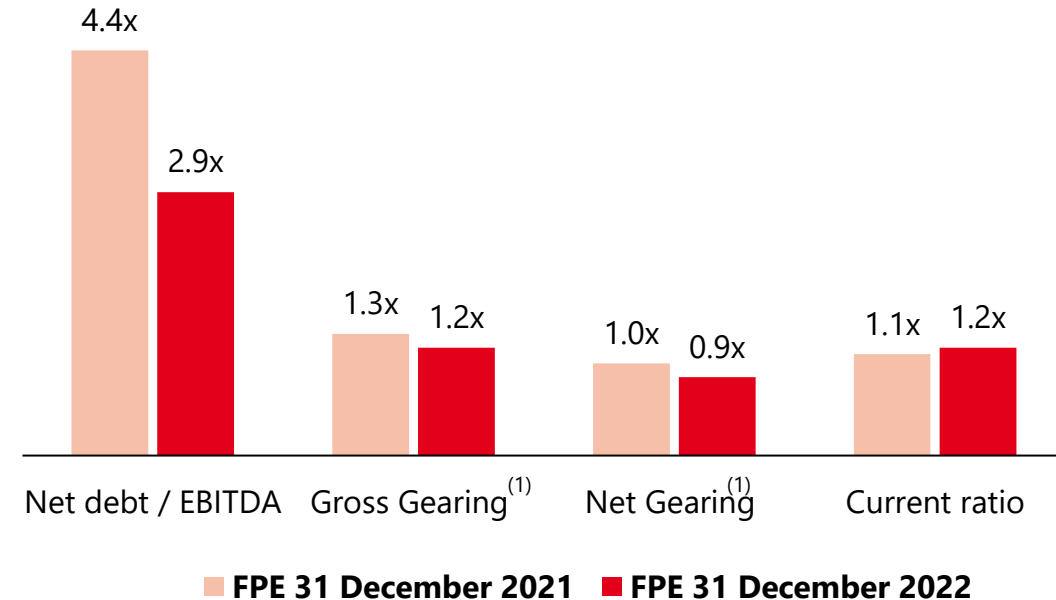
# Working Capital Management

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

## Cash Conversion Cycle



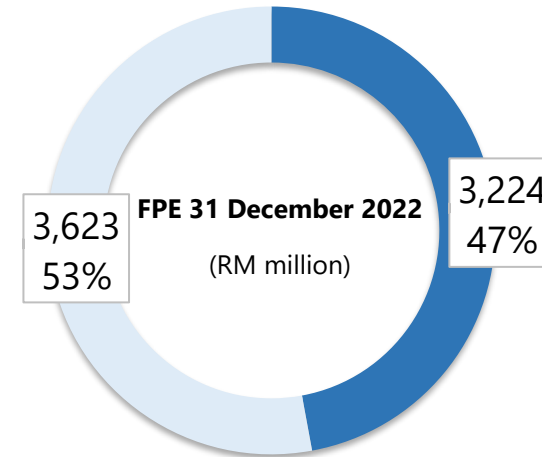
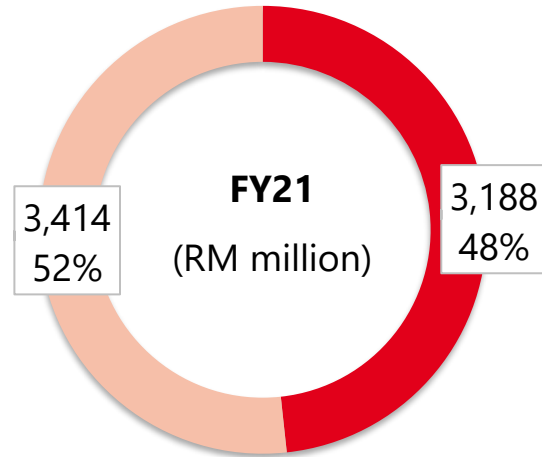
## Key Ratios



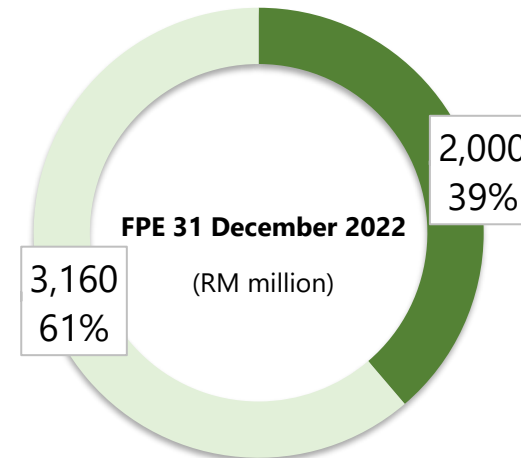
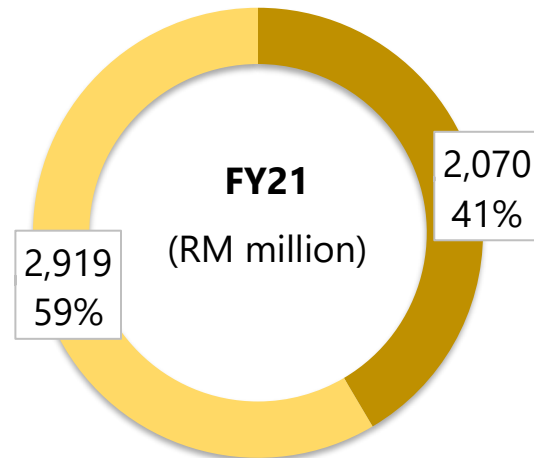
Note:

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

# Snapshot of Liquidity Position



■ <sup>(3)</sup> Fixed Asset   
 ■ <sup>(1)</sup> Equity + Long Term Borrowings   
 ■ Fixed Asset   
 ■ <sup>(2)</sup> 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 12-month financial period ended 31 December 2022.

(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>
Vietnam	Feedmill	Additional production line on shrimp feed and fingerling feed at Dong Thap feedmill	4Q2021	4Q2022	RM26.4 million
Indonesia	Feedmill	Additional raw material drying and storage facility at Lampung feedmill	KIV	-	RM80.3 million
Indonesia	Livestock	Poultry processing farm at West Java	3Q2021	3Q2022	RM40.0 million
Indonesia	Livestock	Hatchery acquisition	2Q2022	3Q2022	RM11.5 million
Indonesia	F&B	Sunny'chick Store	2Q2021	On-going	RM4 million
Philippines	Livestock	Convert original broiler farm to PS farm at Orani, Bataan	2Q2022	1Q2023	RM12.2 million
Philippines	Feedmill	Expansion of 2 <sup>nd</sup> Pelleting line in our existing Tarlac Feedmill	4Q2022	1Q2023	RM4.3 million
Philippines	F&B	LH Deli		On-going	
Malaysia	Livestock	LHAB building FPP plant and cold room, Tangkak	3Q2018	3Q2023	RM71.5 million
Malaysia	Livestock	Cold room at Gresik, Muar	1Q2022	2Q2023	RM6.2 million
Malaysia	Livestock	Solar System, Prima Anjung	2Q2022	3Q2022	RM0.5 million
Malaysia	Livestock	Solar System, Kota Tinggi	3Q2022	1Q2023	RM0.7 million
Malaysia	Livestock	Solar System, LHAB	2Q2022	1Q2023	RM7.1 million
Malaysia	F&B	The Bakers' Cottage		On-going	

# Capex Updates: Vietnam

*Expansion based on robust feed demand*

## ***Additional production line on shrimp feed and fingerling feed at Dong Thap feedmill***

- Investment costs: RM26.4 million.*
- Construction commenced in 4Q2021 and now have been completed.*
- The additional line comes with capacity 6,000 mts per month*

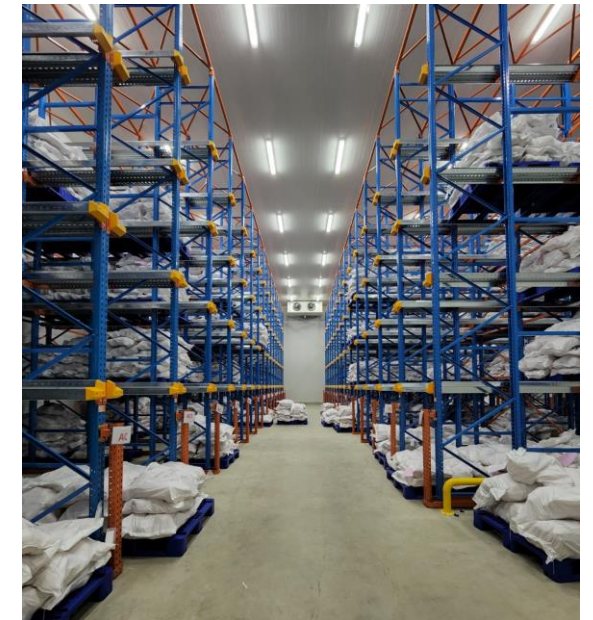


# Capex Updates: Indonesia

- Diversify in poultry processing plant for potential export market

## Poultry processing plant in West Java

- Investment costs: RM40 million.
- Construction commenced in July 2021 and completed in 3Q2022.
- The poultry processing plant have two separate lines for chicken and duck
- Capacity for processing of chicken and duck at 600,000 birds/month and 300,000 birds/month, respectively
- We have obtained NKV, Halal and ISO certificates, now in-progress to obtain export permit.





# 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 December 2022 we have 54 stores.
- These stores are in 3 different scale of setup that are kiosk, dine-in & mother store to serve the market needs.
- During Q4, "Potstick" (French fries) is added to the product menu.



Dine-in



Mother store



Kiosk



Note: \* As at 31<sup>st</sup> December 2022.

# Capex Updates: Philippines

## Farm at Orani, Bataan

- *Broiler house to be converted to PS farm*
- *Estimated investment RM12.2 million*
- *The project has started and is expected to complete by 2023Q1*



# Capex Updates: Philippines

## Feedmill- Expansion of 2<sup>nd</sup> Pelleting line in existing Tarlac Feedmil

- Estimated investment RM4.3million
- Expected Commencement date 2022Q4
- Target completion date 2023Q2
- Currently completed 50% of the construction work.



# Capex Updates: Philippines

Vertical integration from upstream to downstream with LH Deli

## LH Deli

- As of Q4 2022 we have opened 42 stores, 100% under franchise.
- The stores are in simple compact kiosk setup, focusing on take-away.
- Roasted Chicken remain as best seller on the menu.



Note: \* As at 31<sup>st</sup> December 2022.

# Capex Updates: Malaysia

## LHAB building FPP plant and cold-room at Tangkak

- Investment cost allocated to-date is RM71.5million
- Land area: 6 acre
- Target to complete by Q3 2023
- Currently in progress on license application



# Capex Updates: Malaysia

Solar Systems to reduce energy usage to fight global warming

## Solar Power Systems at 7 locations under the group

- Investment cost RM8.3 million
- Installation start from Q2 2022
- Completion by Q1 2023



# Capex Updates: Malaysia

## Baker's Cottage outlets in Malaysia

- We have 161 outlets as at 31<sup>st</sup> December 2022
- Q4 new products are dorayaki in chocolate/kaya & red bean flavor and black forest cake.
- This quarter full of promotions from pastry to cakes and set meal.

**DORAYAKI**  
**RM 7.99** / 3 BIJI  
 HARGA BIASA: RM10.47

**RM 9.99** / 4 BIJI  
 HARGA BIASA: RM13.96

Coklat . Kaya . Kacang Merah

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

**PROMOSI HANYA**  
**RM 8.99** / MAKNA-MAKNA 3 BIJI  
**KOMBO 3 BIJI**

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

**MACAU EGG TART**  
**RM 9.99** / 4 BIJI  
 HARGA BIASA: RM13.02

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

**RM 1.99** / 1 BATANG  
 HARGA BIASA: RM2.46

**FRANKFURTER JUMBO AYAM BERKEJU**

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

**KOMBO JIMAT**  
**RM 19.99** /set  
 Ayam Panggang 1pc / Dorayaki 1pc / Macau Egg Tart

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

**KEK POTONG BLACK FOREST**  
**RM 6.99** / SEPOTONG  
 HARGA BIASA: RM7.46

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

**2 CAWAN**  
**RM 15.99**  
 HARGA BIASA: RM17.98

Strawberry Mousse Cup  
 Chocolate Mousse Cup

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

**Isnin - Jumaat sahaja.**  
 (Tidak termasuk hari umum negeri / hari cuti)

**RM 9.99** / 2 POTONG  
 HARGA BIASA: RM14.00

**PROMOSI 2 POTONG KEK**

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

**KOMBO JIMAT**  
**RM 59.99** / SET  
 HARGA BIASA: RM97.52

4 Biji Dorayaki  
 4 Biji Macau Egg Tart  
 Sabiji Kek Black Forest

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

**RM 8.99** / SET  
 +RM1 UNTUK SUP BEBOLA AYAM

**NASI AYAM PANGGANG**  
 DONAT ATAU MACAU EGG TART

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

Note: \* As at 31<sup>st</sup> December 2022.

# 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

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INTERNATIONAL BERHAD**

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