



Press Release

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LEONG HUP INTERNATIONAL REPORTS RESULTS FOR Q3FY20, WINS FROST & SULLIVAN EXCELLENCE AWARD

KUALA LUMPUR, 24 November 2020 – Leong Hup International Berhad (“LHI” or the “Company”), one of the largest fully integrated producers of poultry, egg and livestock feed in Southeast Asia, today announced its financial results for the third quarter ended 30 September 2020 (“Q3FY20”). LHI and its subsidiaries (the “Group”) registered revenue of RM1.57 billion, 3.0% higher as compared to RM1.53 billion posted in the preceding year’s corresponding quarter ended 30 September 2019 (“Q3FY19”). Profit after tax and minority interests (“PATMI”) for Q3FY20 declined by 49.2% RM22.53 million, from RM44.38 million for Q3FY19.

During the quarter under review, the Group reported revenue of RM865.09 million for its livestock and poultry related products segment, a marginal improvement of 0.8% as compared to RM858.21 million for Q3FY19. Stronger sales volume of broiler chickens and eggs were reported in Vietnam as well as broiler chickens in the Philippines, while the Group’s revenue in Malaysia was lifted by its processed food segment and the newly acquired business-to-consumer (“B2C”) channel amid continuing weakness in the latter’s upstream segment with lower contribution from table eggs and day-old-chicks. Reflecting the uneven economic recovery following the upliftment of lockdown in the Group’s markets, overall revenue in Singapore was affected due to slower sales volume of fresh chickens and ducks, coupled with a decline in the sales volume and selling prices of processed food. Meanwhile, the Group’s feedmill segment remained resilient as revenue expanded by 5.9% to RM705.05 million for Q3FY20, from RM665.80 million in the corresponding period a year ago, underpinned by robust volume growth and favourable average selling price of livestock feed in Vietnam.

On a geographical segmentation review, Indonesia continues to be the largest contributing segment of the Group, contributing RM520.43 million (33.1%) to the Group’s total revenue for Q3FY20. Malaysia was the second highest revenue contributor to the Group’s total revenue at RM434.53 million or 27.6%. Vietnam contributed RM410.07 million (26.1%) to the Group’s total revenue for Q3FY20, while the remaining contribution was by both Singapore at RM182.31 million (11.6%) and Philippines at RM26.09 million (1.7%).



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For the cumulative nine-month period ended 30 September 2020 (“**9MFY20**”), the Group posted revenue of RM4.43 billion, lower by 1.7% as compared to RM4.51 billion recorded in the preceding year’s corresponding nine-month period ended 30 September 2019. The group’s PATMI for 9MFY20 stood at RM60.59 million.

Executive Director / Group Chief Executive Officer of LHI, Tan Sri Lau Tuang Nguang (“**Tan Sri Francis Lau**”) shared, “Given that the global economy has been hamstrung by the effects of Covid-19, the Group’s performance during the third quarter of 2020 was nothing short of commendable, as it staged a recovery from the previous quarter and recorded overall growth in group sales volume across its main products.”

“We have a sound business model, as demonstrated by our ability to see more efficient use of our growing productive capacities to increase our domestic market volumes, despite a contraction in aggregate demand and against a backdrop of volatile average selling prices. As we continue to harness efficiency gains on the back of our cost optimisation agenda, we believe we are in a sweet spot to benefit from the on-going market consolidation, which has been accelerated by the effects of Covid-19,” Tan Sri Francis Lau added.

On the Group’s prospects, Executive Director / Group Chief Operating Officer of LHI, Datuk Lau Joo Hong (“**Datuk Lau**”) commented that, “The Group’s earning prospect remains intact and firmly sustained by its long-term growth trajectory in Southeast Asia, especially in Malaysia where we have pivoted into the B2C channel and continue to see encouraging results from its expansion thus far. Indeed, it is one of the Group’s strategic objectives to enhance integration along the poultry chain and in this regard, we continue to make strides to lay the foundation to future proof our business.”

The Group is also pleased to share that LHI has been recognised by Frost & Sullivan Asia-Pacific Best Practices Awards that was held in October 2020, winning the inaugural 2020 Malaysia Integrated Poultry Market Leadership Award.



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Datuk Lau said this award is a testament to the Group's continuous effort to remain relevant as a market leader as it realigns its business priorities in lockstep with the evolving market landscape in Southeast Asia.

Based on interviews, analysis, and extensive secondary research conducted, Frost & Sullivan credited LHI's win to its excellence in growth strategy. Frost & Sullivan consultant, Ng Siew Yen explained, "As a customer-centric company, LHI's strategy of further downward integration through the expansion of its network of retail outlets – the Baker's Cottage – has bolstered the Group's presence in the B2C distribution channel, as well as enabled the Company to better manage the demand-supply imbalance of broiler chickens while offering customers value-for-money, ready-to-eat poultry products."

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

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