



**CREATING
SUSTAINABLE
SHARED VALUE**

BUSINESS PERFORMANCE REVIEW AND OUTLOOK

By Group Managing Director

**24th ANNUAL GENERAL MEETING
22nd SEPTEMBER 2021**

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Performance review of FY 2021 vs FY 2020



Performance Review : FY2021 vs FY2020



Summarized Income Statement (RM million)	FY2021	FY2020	% change
Revenue	4,379	4,156	+5%
Profit before tax (PBT) *	433	307	+41%
<i>PBT % margin</i>	9.9%	7.4%	
Profit after tax after MI (PATAMI)	312	239	+30%
<i>PATAMI % margin</i>	7.1%	5.8%	

***FY2021**

- Include one-off remeasurement gain of RM79 million following consolidation of Boilermech as a subsidiary in Q4

FY2021 Performance Review: Marine Products Manufacturing

Marine Products Manufacturing(MPM)

- ASEAN's leading marine products manufacturer

(RM million)	FY2021	FY2020	% Change
Revenue	1,257	1,159	+8%
PBT	261	192	+36%



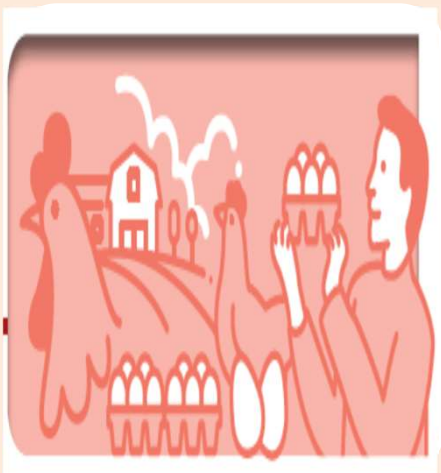
- For FY2021, MPM's Revenue increased by 8% due to high sales from surimi, fishmeal and surimi-based products with better than normal fish landing.
- PBT increased by 36% in line with higher sales. Also, lockdown measures had resulted in lower raw material cost for manufacturing units.
- Aquaculture activity had also performed better due to improved farm performance and higher domestic shrimp selling price.

FY2021 Performance Review: Integrated Livestock Farming

Integrated Livestock Farming (ILF)

- ASEAN's leading poultry egg producer

RM million	FY2021	FY2020	% change
Revenue	2,809	2,740	+3%
PBT	85	111	-23%



- For FY2021, ILF's Revenue grew marginally due to higher sales from feed raw material trade.
- However, PBT decreased by 23% mainly due to weaker performance of farming units with high feed cost towards Q4 and depressed market demand caused by lockdown measures.
- Also, lower contribution from FamilyMart convenience stores unit as it was adversely affected by lockdown measures.

Palm Oil & Clean Energy (POCE)

- Renamed to POCE to better reflect the consolidation of Boilermech's result as a subsidiary following QL acquired a controlling stake in Q4FY2021.
- Segment business now includes plantation, palm oil mill and clean technology provider for solar, biomass and water treatment.



RM'million	FY2021	FY2020	% change
Revenue	313	256	+22%
PBT	87	4	+21750%

- Revenue increased by 22% mainly due to consolidation of Q4 Boilermech's sales despite lower volume of FFB processed.
- PBT increased by RM83 million mainly due to one-off remeasurement gain of RM79 million recognized under MFRS 3 Business Combination.

Operational Highlights for FY2021



Operational Highlights for FY2021



- **Marine Products Manufacturing activities**
 - Hutan Melintang expansion project had been delayed due to disruption in the land transfer, subdivision and Estate Board's approval process caused by lockdown measures.
 - During the year, we completed the additional 5,000mt cold-room facility in Endau to cater for expanded frozen fish operation.
 - We continued to employ sustainable solutions throughout the operations. Solar power projects were completed and operational at Hutan Melintang, Endau, Kulai and Kota Kinabalu.

Operational Highlights for FY2021



- **Integrated Livestock Farming activities**
 - Trading of animal feed raw material experienced stable volume with improved margin due to price uptrend.
 - With depressed market demand caused by lockdown measures, weak egg price in Peninsular Malaysia continued into FY2021. In addition, high feed cost squeezed the margin further.
 - The first phase of layer expansion at Indonesian unit was halted during lockdown but resumed in Q4 with increased daily production to 900,000 eggs from 800,000 previously.
 - Likewise, our Vietnam unit produced 1.4 million eggs per day, up from last year's 850,000, with the new farm ramping up production.

Operational Highlights for FY2021

- **Palm Oil & Clean Energy activities**

Palm Oil

- The Indonesian plantation FFB production was 134,000 metric tonnes in FY2021, against 141,000 metric tonnes in FY2020. Similarly, oil extraction rate was lower at 19% compared to 20% in FY2020 due to excessive rainfall. In addition, drastic Indonesian windfall tax affected the segment performance adversely despite higher CPO price and FX translation gain.

Clean Energy - Boilermech (“BM”)

- Consolidation of BM’s result contributed positively to group’s Revenue and PBT for FY2021. There was an one-off gain of RM 79 million arising from remeasurement of the Group’s previously held equity interest in BM under MFRS3 Business Combination.
- BM has successfully diversified from biomass into new ESG growth areas such as water treatment and biogas power as well as solar power.
- The business activities form part of QL group’s ESG ambition by enabling BM, as well as QL’s customers in environmental impact reduction.

Operational Highlights for FY2021



- **FamilyMart Convenience Stores activities**

- At the close of FY2021, there were 241 FamilyMart stores opened in Malaysia, a net addition of 57 stores during the year. We continued to expand our footprint in Northern region and also set up first standalone drive-through store in Klang Valley.
- The store sales and profitability were negatively affected by lockdown measures especially in Quarter 1 but the unit remained profitable for the year with tight cost control and increased online sales.
- QL Kitchen's capacity expansion is on track to support the growth of FamilyMart business.

Quarter 1 Results Summary (FY 2022 vs FY 2021)



Summary of 1st quarter results: Q1FY22 vs Q1FY21



RM million	Qtr 30.6.2021	Qtr 30.6.2020	% change
Revenue	1,225	970	+26%
Operating profit	131	142	-8%
Profit before Tax (PBT)	60	80	-25%
<i>PBT % margin</i>	4.9%	8.2%	
Profit after tax after MI (PATAMI)	42	51	-17%
<i>PATAMI % margin</i>	3.4%	5.3%	

- a) Revenue up by 26% mainly due to high unit price for feed & consolidation of Boilermech's result
- b) PBT down by 25% mainly due to negative Covid-19 impact, high production cost and lower fish landing

Please refer to our quarterly report for detailed review

Overall FY2022 Outlook



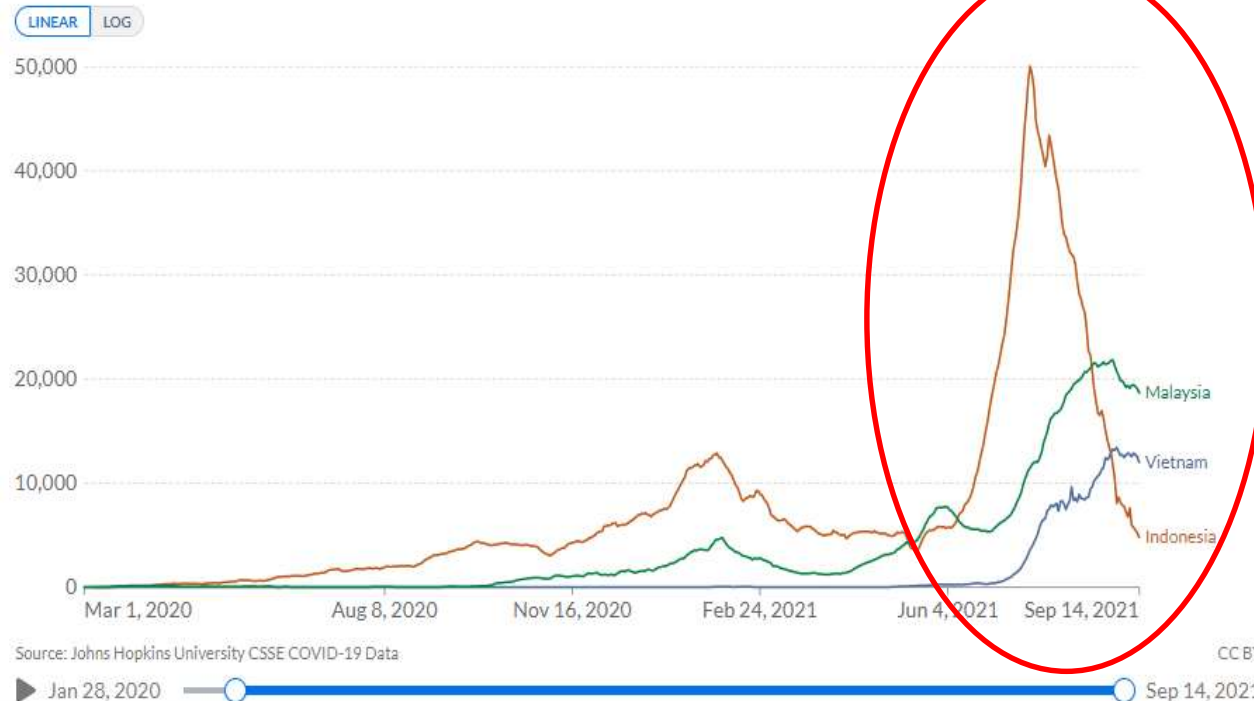
Key Factors Affecting Business Performance In FY2022

1) Drastic surge in Covid-19 cases caused by Delta variant in Malaysia, Indonesia and Vietnam results in severe disruption in all business activities within the Group.

- In Q1 (1 April – 30 June), cases in Malaysia and Indonesia surged by about 4 times while Vietnam cases up by 60 times.
- Daily cases stay high as at 20 September 2021, especially in Malaysia and Vietnam

Daily new confirmed COVID-19 cases

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.



COVID - Daily Cases

Date	Malaysia	Indonesia	Vietnam
31-Dec	2,525	8,074	9
31-Jan	5,298	12,001	50
28-Feb	2,437	5,560	16
31-Mar	1,482	5,937	9
30-Apr	3,788	5,500	18
31-May	6,824	5,662	325
30-Jun	6,276	21,807	545
31-Jul	17,786	37,284	8,938
31-Aug	20,897	10,534	12,607
20-Sep	14,345	1,932	8,681

Key Factors Affecting Business Performance In FY2022 (/cont..)



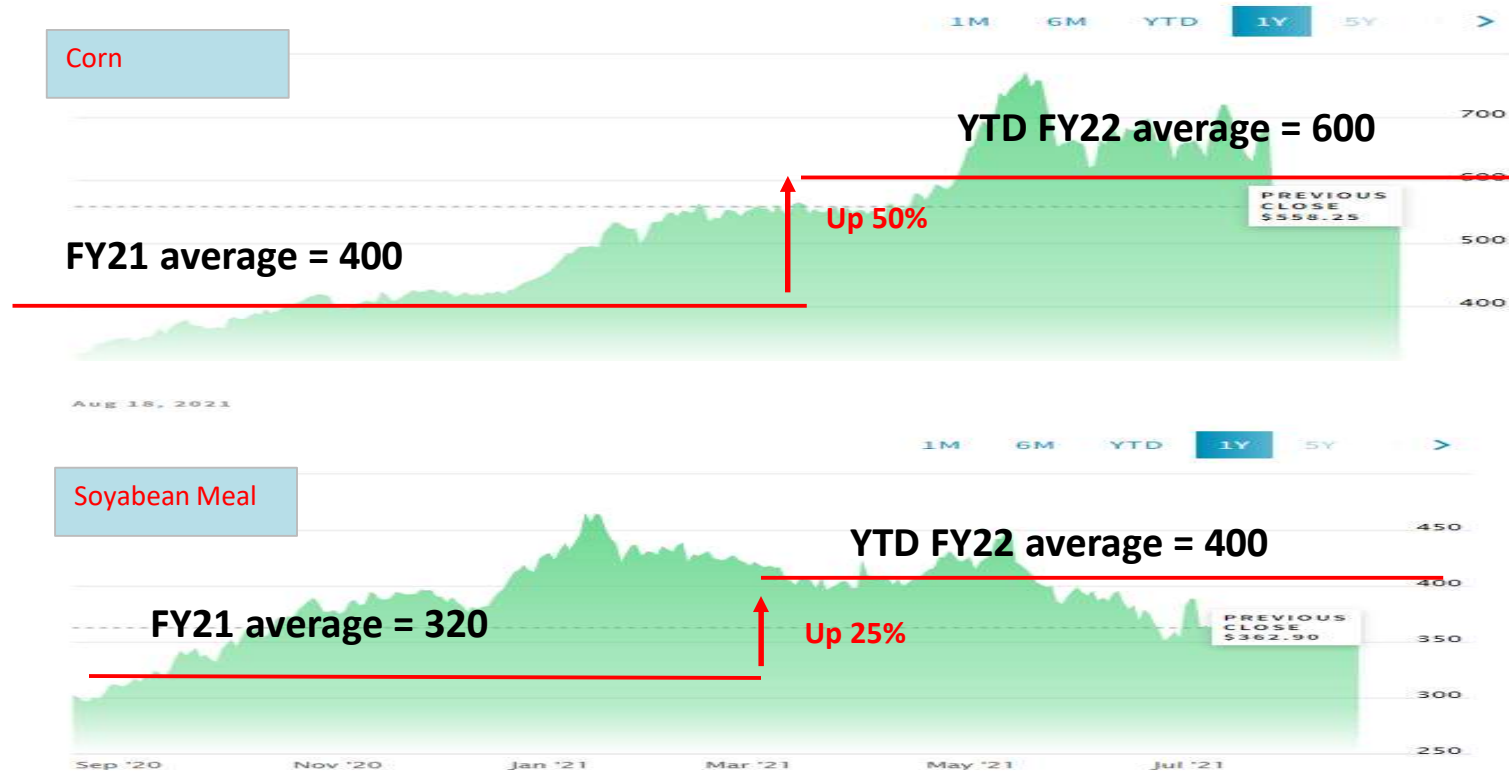
2) Re-emergence of low fish landing cycle results in lower production volume and higher operating cost in MPM segment

- Lower fish catch reported by operations located in Indonesia, East Malaysia and Strait of Malacca.
- Also, lack of fishing crews resulted in fewer fishing fleets deployed for fishing activities. This is expected to continue depending on regional Covid situation and border re-opening.

Key Factors Affecting Business Performance In FY2022 (/cont..)

3) Super run in feed raw material prices affect ILF operations adversely where margin is squeezed with high production cost while egg price stays weak due to depressed market.

- Average corn price for YTD FY22 has increased by about 50% to 600 USc/Bushel.
- Likewise, average soyabean meal price has surged by about 25% to USD400 per short ton



OVERALL OUTLOOK FOR FY2022

- Business Segments outlook :
 - **MPM** has a mixed to negative outlook :
 - Disruption in fishing and manufacturing activities caused by drastic surge in Covid-19 cases from Delta variant will continue to affect performance in 1HFY2022.
 - Meanwhile, re-emergence of low fish landing cycle with lower fish catch will lead to lower production volume and higher operating costs.
 - **ILF** activities has a negative outlook :
 - Regional surge in Covid-19 disrupts supply chain and takes its toll on consumption patterns and demand. Egg price in Peninsular and Vietnam is expected to remain depressed.
 - Animal feed raw material price will remain high and continue to pressure the margin of farm produces especially egg.

OVERALL OUTLOOK FOR FY2022



- **POCE** has a mixed to positive outlook:

Palm Oil

- Indonesia plantation is projecting a higher FFB production while CPO price is expected to hover at current high level for coming months. With reduced Indonesian windfall tax rate, palm oil segment expects improved performance.

Clean Energy - Boilermech

- Despite sizeable orders on hand and positive outlook of solar industry, the operation is affected by lockdown in 1HFY2022. However with relaxation in SOP, the project progress is expected to return to normalcy in 2HFY2022 which will contribute positively to its performance.

OVERALL OUTLOOK FOR FY2022



- **FamilyMart** Convenience Stores has a mixed outlook
 - Drastic surge in Covid-19 cases have disrupted our store opening schedule resulting in delays in our chartered course of having 300 stores by end FY2022 to Q2 FY2023. In light of new normal, we also set up the first smart kiosk (“FamilyMart Mini”) at Shell Karak Highway 2 station and plan to roll out more to provide true convenience to Malaysians.
 - Sales in 1HFY2022 have been adversely affected by lockdown measures but with increased online sales and tight cost control, the business is expected to remain profitable.
 - Klang Valley has now moved into National Recovery Plan Phase 2 with relaxation in operating hours, coupled with marketing effort and new FamilyMart Mini, the business is projected to perform better in 2HFY2022.

OVERALL OUTLOOK FOR FY2022



- Overall outlook:

- The outlook for POCE and FamilyMart are mixed to positive while 2 bigger segments (MPM and ILF) have a mixed to negative outlook.
- Overall, we expect a challenging 1HFY2022. However, with high vaccination rate in Malaysia, we are positive that business performance will stage a recovery in the 2HFY2022, barring any other major unforeseen events.

Thank you

