



**Delivering Value,  
Advancing Sustainability**

# BUSINESS PERFORMANCE REVIEW AND OUTLOOK

By

**Mr Chia Song Kooi  
Group Managing Director**

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# Performance review of FY 2022 vs FY 2021



# Performance Review : FY2022 vs FY2021



Summarized Income Statement (RM million)	FY2022	FY2021	% change
Revenue	5,236.05	4,378.80	+19.6%
Profit before tax (PBT) *	321.21	432.56	-25.7%
<i>PBT % margin</i>	6.1%	9.9%	
Profit after tax after MI (PATAMI)	217.34	311.91	-30.3%
<i>PATAMI % margin</i>	4.2%	7.1%	

1. \* After excluding one-off remeasurement gain of RM79 million for Boilermech in FY2021, PBT is lower by 9.1% only.
2. First dip after recording 21 consecutive years of earnings growth since listing, mainly due to disruption caused by Covid-19.

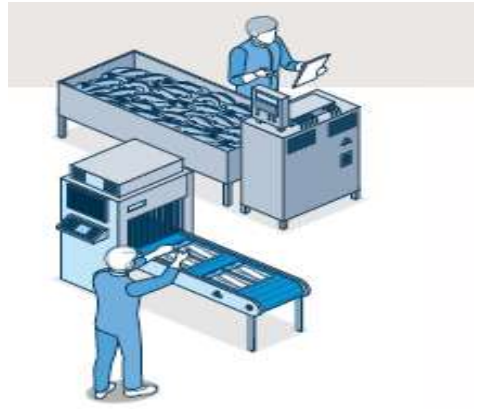
# FY2022 Performance Review: Marine Products Manufacturing (MPM)



## Marine Products Manufacturing(MPM)

- A leading marine products manufacturer in ASEAN

(RM million)	FY2022	FY2021	% Change
Revenue	1,164.86	1,257.14	-7.3%
PBT	200.76	260.82	-23.0%



- For FY2022, MPM’s Revenue decreased by 7% due to lower sales volume from all activities except for surimi-based products as a result of low fish landing cycle and shortage of fishing crew.
- PBT decreased by 23% mainly due to margin compression caused by lower production volume, higher input costs and Covid-19 compliance expenses.

# FY2022 Performance Review: Integrated Livestock Farming (ILF)



## Integrated Livestock Farming (ILF)

- A leading poultry egg producer in ASEAN

RM million	FY2022	FY2021	% change
Revenue	2,786.47	2,323.62	+19.9%
PBT	32.12	72.62	-55.8%



- For FY2022, result of ILF excluded CVS which was reported as a standalone Operating Segment.
- Revenue grew 20% mainly due to exceptionally high feed raw material trading price and higher farm produce selling price.
- However, PBT decreased by 56% mainly due to compressed margin with weak market demand and price control, exceptionally high feed cost and additional Covid-19 compliance expenses

## Palm Oil & Clean Energy (POCE)

- Segment activities include plantation, palm oil mill and clean technology provider for solar, biomass and water treatment.

RM'million	FY2022	FY2021	% change
Revenue	647.94	312.55	+107.3%
PBT	45.33	86.56	-47.6%



- Revenue increased by 107% mainly due to full year consolidation of Boilermech, higher CPO prices and increased project delivery at Boilermech.
- PBT decreased by 48% mainly due to one-off remeasurement gain of RM79 million recognized in FY2021. If excluded the one-off gain, PBT increased by 500% due to full year consolidation of Boilermech's result and improved performance of palm oil activities.

# FY2022 Performance Review: Convenience Store Chain (CVS)

## Convenience Store Chain - FamilyMart

- Reported as a standalone segment with its revenue surpassed the 10% threshold under MFRS 8 Operating Segment

RM'million	FY2022	FY2021	% change
Revenue	636.71	485.48	+31.2%
PBT	43.00	12.56	+242.4%



- Revenue increased by 31% mainly due to additional new store opening and higher average store sales with normalization of operating hours gradually.
- PBT increased by 242% mainly due to improved margin from higher sales with economies of scale.



# Operational Highlights for FY2022



## Marine Products Manufacturing activities

- Hutan Melintang surimi-based product project expansion had been delayed further due to MCO.
- The contract of new surimi-based product plant in Indonesia was awarded to increase production capacity to meet the market demand.
- As part of the ESG's initiatives in adopting renewable energy, we had added 0.7MW solar panel installation at Kembang Subur aquaculture farm.

# Operational Highlights for FY2022

## Integrated Livestock Farming activities

- Despite record high feed raw material selling prices, weak performance of trading unit due to drop in volume and margin caused by depressed market demand.
- With market price control, high feed cost resulted in poor performance for Peninsular Malaysia layer operations. However, Q4 performance improved with egg price recovery in Vietnam market and cost subsidy in Malaysia.
- Increased investment in automation to improve productivity and reduce labour dependency. Also, adopt technology and digitalisation to enhance data collection and quality for better decision making.
- Completed 0.4MW solar panel installation at Sabah farm, as part of the ESG initiatives.

# Operational Highlights for FY2022



## Palm Oil & Clean Energy activities

### Palm Oil

- FY2022's FFB production tonnage for Indonesia plantation was 140,000 MT against 134,000 MT in FY2021. Coupled with higher CPO price, this translated into a strong performance for FY2022.
- Engaged CH Williams Tahar & Wong to conduct sales by tender for Sabah mill 2 and its surrounding estate of approximately 2000 acres (Tender concluded in June with 158 acres under disposal process, and we are looking for other options for the remaining)
- In Indonesia, Tarakan Court decreed the withdrawal & annulment of lawsuit against QL.

### Clean Energy - Boilermech ("BM")

- With high project orders on hand, higher sales due to more boiler deliveries. However, profit margin was adversely affected by escalating material cost.
- As a technology enabler on ESG, increased ESG awareness and compliance requirement provided us a good business growth opportunity

# Operational Highlights for FY2022

## FamilyMart Convenience Stores Chain activities

- We launched FM2.0 (“Food Superstore”) to reposition and refresh the brand.
- There were 282 operating stores as at end FY2022, a net addition of 41 stores (of which 34 are FM2.0) in the year.
- We expanded our customer touchpoint by introducing smart kiosk vending machine (“FM Mini”) at strategic location. There were 17 FM Mini as at end March 2022.
- QLK’s 2<sup>nd</sup> central kitchen was commissioned in May 2022 after financial year-end 2022.
- Store sales continued to improve with re-opening of economy and returning of footfall. The margin improved with economies of scale.

# Quarter 1 Results Summary (FY 2023 vs FY 2022)

# Summary of 1st quarter results: Q1FY23 vs Q1FY22



RM million	QE 30.6.2022	QE 30.6.2021	% change
<b>Revenue</b>	1,521.83	1,225.42	+24.2%
<b>Operating profit</b>	179.97	125.35	+43.6%
<b>Profit before Tax (PBT)</b>	108.11	60.68	+78.2%
<i>PBT % margin</i>	7.1%	5.0%	
<b>Profit after tax after MI (PATAMI)</b>	82.42	42.19	+95.4%
<i>PATAMI % margin</i>	5.4%	3.4%	

- a) Revenue up by 24% mainly due to improved volume and selling price for MPM, ILF & also higher CVS store sales.
- b) PBT up by 78% due to overall higher sales and significant margin improvement in ILF, in addition to better performance from CVS with economies of scale.

Please refer to our quarterly report for a detailed review

# Overall FY2023 Outlook





# Key Risk Factors Affecting Business Performance In FY2023



**Following are key risk factors that may affect group business performance in FY2023:**

- High fuel and commodity prices**
- Aggressive interest rate hike increases risk of global recession**
- Prolonged Russia-Ukraine war and rising China-US tension**
- Labor shortage and hike in minimum wage**

# FY2023 OUTLOOK BY BUSINESS SEGMENT

## BUSINESS SEGMENTS OUTLOOK:

### – MPM's outlook is neutral to positive:

- Entire fishing fleets are in operation will improve fish landing but high fuel costs will adversely affect earnings.
- With strong demand, price for surimi and surimi-based products to remain high. Price adjustment is required to manage the margin pressure from input costs increase.
- Fishmeal price to improve with global low inventory & high price for protein substitute.

### – ILF's outlook is cautiously positive:

- Feed raw material trading volume is projected to stabilise along with margin
- Improved layer operations performance with higher egg selling price in Vietnam and Indonesia amid tight supply, and cost subsidy for Malaysia operation.

# FY2023 OUTLOOK BY BUSINESS SEGMENT



## - POCE's outlook is negative:

### Palm Oil

- CPO prices are on the decline due to falling demand and selling pressure from inventory release after Indonesia lifted export ban.

### Clean Energy - Boilermech

- Healthy project order book but margin is challenged by manpower shortage, high material and logistics cost.

# FY2023 OUTLOOK BY BUSINESS SEGMENT

## - CVS FamilyMart's outlook is positive:

- Normalization of business activities under current endemic phase of Covid-19 will allow us to keep to our targeted store opening schedule based on “Food Superstore” concept to provide a fresh customer experience. Target to add another 300 stores in the next 5 years to sustain the growth trajectory.
- For FM Mini, we will continue to scout for high foot traffic locales to add more sites in FY2023.
- Commissioning of new central kitchen enhances our ability to produce a wider range of nourishing products and support new store opening.



# OVERALL GROUP OUTLOOK FOR FY2023



## Overall outlook:

- Except for POCE, the outlook of group key segments (MPM, ILF and CVS) are neutral to positive with normalization of business activities under current endemic phase of Covid-19.
- We are cautiously optimistic of a better performance in FY2023, especially with CVS coming onstream as a growth catalyst alongside with our core focus on MPM and ILF, notwithstanding the increasing risk of global recession impacted by aggressive interest rate hike and rising geo-political tension.

# Thank you