



PRESS RELEASE
(QUARTERLY RESULTS FOR Q2FY2021)

17 AUG 2021

PRE-TAX LOSS FOR SECOND QUARTER ENDED 30 JUNE 2021
(Q2FY21 vs Q2FY20)

Compared with the preceding year's corresponding quarter, Teo Seng Capital Berhad ("Teo Seng" or "the Group") recorded a slight decrease in revenue by RM2.7 million or 2.3% from RM120.7 million in Q2FY20 to RM118.0 million in Q2FY21. Nevertheless, the Group reported pre-tax loss of RM13.9 million representing a decline of 4.27 times from pre-tax profit of RM4.3 million in the preceding year corresponding quarter. The huge decline in earnings was largely driven by the combination factors of high commodity purchase cost and weaken market price due to lower demand of eggs in local market during the quarter.

For the Current Quarter vs Previous Quarter (Q2FY21 vs Q1FY21)

Along with the increase in sales quantity of eggs, the revenue in Q2FY21 slightly increased by RM2.6 million from RM115.5 million in previous quarter to RM118.0 million, equivalent to 2.2% of growth. Despite the improved revenue, tough external factor such as lower average selling price of eggs and higher feed cost has resulted the Group to register pre-tax loss of RM13.9 million, compared to pre-tax profit of RM1.4 million in the previous quarter.

Key Financial Ratio

	Q2FY21	Q1FY21	Q4FY20	Q3FY20
Quarterly Revenue Growth	2.2%	-2.6%	-3.7%	1.9%
Earnings Before Interest, Tax & Depreciation Margin (%)	-5.4%	7.8%	7.2%	8.2%
Profit Before Tax Margin (%)	-11.8%	1.2%	0.9%	2.2%
Profit After Tax Margin (%)	-8.9%	-0.7%	-1.8%	1.0%
Gearing Ratio (times)	0.65	0.61	0.62	0.59
Net Assets Per Share (RM)	1.01	1.05	1.05	1.06
Return on Equity (%)	-3.54%	-0.26%	-0.69%	0.40%

For the Remaining 6 months period

Along with the significant increasing cases of Covid-19, the government announced Full Movement Control Order (“FMCO”, also known as Total Lockdown) nationwide in June 2021. Throughout that duration, all economic sectors are not allowed to operate with the exception of essential economic and service sectors. Subsequently, the government further announced to implement National Recovery Plan (Pelan Pemulihan Negara, “PPN”) which is a four-phase exit strategy from the Covid-19 crisis to gradually resume the economic sector and social activities by phase. Following the country’s National Recovery Plan which will stimulate egg consumption, we anticipate that the average egg price will be improved in the second half of the year 2021. However, coupled with the recent higher commodity price of Maize and Soyabean meal, we are highly aware of the adverse industrial impacts and challenge towards the poultry industry as the uncertainty market condition is continued to be existed. The Board of Directors are confident to face this challenge by taking pro-active actions to widen its customer base through E-commerce, retune its business direction and mitigate the possible risk impact on Covid-19 pandemic.

BUSINESS OUTLOOK AND KEY BUSINESS DRIVERS

Despite the spread of Covid 19 pandemic in the country, fully integrated egg producers with competitive advantages will be more resilient to face this challenging situation. Following the country’s National Recovery Plan, the outlook of poultry industry is bright for integrated egg producers incorporating environment, social and governance (ESG) framework in their business strategies. Teo Seng has embarked on renewable energy solar project and recycle of waste papers into paper egg trays as part of its business strategies.

Moreover, the Board is more prudent to manage its financial resources and capex requirements. Teo Seng continues to focus on production efficiency and cost effectiveness to sustain its financial performance, enhance competitive advantages and create more value and confidence to our shareholders and other stakeholders. In order to normalize the business, the pandemic has to be under control.

For more information, please visit our corporate website at www.teoseng.com.my

For further media inquiries, please contact:

Gan Han Long

Contact email: hl.gan@teoseng.com.my or Mobile: +6 019 759 1368