



PRESS RELEASE
(QUARTERLY RESULTS FOR Q3FY2020)

17 NOVEMBER 2020

LOWER PRE-TAX PROFIT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2020
(Q3FY20 vs Q3FY19)

Despite higher sales volume of eggs and strong demand for animal health products in Q3FY20, Teo Seng Capital Berhad (“the Group”) recorded a lower revenue of RM123.0 million for Q3FY20 representing a decrease of 11.1% as compared to the preceding year corresponding quarter of RM138.4 million. The lower revenue was mainly affected by the depressed selling price of eggs in conjunction with weakening demand in the overall market. The Covid-19 pandemic continued to impact the egg consumption especially in restaurants and schools. In line with the lower revenue, the Group reported a lower pre-tax profit of RM2.6 million, a drop of 88.8% in pre-tax profit as compared with the previous year corresponding quarter.

For the Current Quarter vs Previous Quarter (Q3FY20 vs Q2FY20)

The slightly improvement in quarterly revenue of RM123.0 million as compared with RM120.8 million in the previous quarter was due to the increase in sales volume of eggs for the current quarter. Despite the stable contribution from the segment of animal health products, the Group continued to record lower pre-tax profit of RM2.6 million, a decrease of 37.9% resulting from lower selling price of eggs in Q3FY20.

Key Financial Ratio

	Q3FY20	Q2FY20	Q1FY20	Q4FY19
Revenue Growth (%; compared to previous quarter)	1.9%	4.1%	-15.0%	-1.4%
Earnings Before Interest, Tax & Depreciation Margin (%)	8.2%	9.7%	8.8%	19.4%
Profit Before Tax Margin (%)	2.2%	3.5%	2.4%	13.1%
Profit After Tax Margin (%)	1.0%	2.6%	1.6%	10.0%
Gearing Ratio (times)	0.59	0.55	0.53	0.52
Net Assets Per Share (Sen)	1.06	1.05	1.04	1.04
Return on Equity (%)	0.40%	1.03%	0.62%	4.44%

For the Remaining 3 months period

The Malaysia government is reinstating its Conditional Movement Control Order (“CMCO”) across all the states except Kelantan, Perlis and Pahang from 9 November till 6 December 2020. Under this CMCO, all the schools, institutions of high learning, skill training institutes, pre-schools will be closed and inter-state travel will also be restricted. In view of the reinstated CMCO, 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 and mitigate the possible risk impact on Covid-19 pandemic.

Looking forward, the Group will be more prudent to manage its financial resources, operational cost and capex requirements.

BUSINESS OUTLOOK

The impact of Covid-19 pandemic continues to post uncertainty market condition affecting most of businesses in Malaysia. Despite the Group’s businesses are categorized as the essential food sector, the Board of Directors are in opinion that higher investment cost, economies of scale, adoption of advanced technologies and sustainable financial position are the key challenges faced by layer farming industry in next coming year 2021. Coupled with the uncertainty market conditions, the industry may be consolidated. Those local farmers who are lack of competitive advantages may opt to phase out from the market, defer or cancel their expansion plans.

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

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