

BURSA INSTI CORPORATE SERIES

QL RESOURCES BERHAD

Bursa Malaysia, together with Daiwa and Affin Hwang Malaysia recently invited QL Resources Berhad (“QL”) to share some updates on the company. Key takeaways below.

- QL has four main business segments, namely **Marine Product Manufacturing (“MPM”)**, **Integrated Livestock Farming (“ILF”)**, **Palm Oil Activities (“POA”)** and **Convenience stores (“CS”)**, i.e. Family Mart.
- Its MPM business consists of six sub-sectors: surimi-fish paste, surimi-based products, fishmeal, deep-sea fishing, seafood processing and marine prawn aquaculture. It operates in 4 regions, i.e. Peninsular Malaysia, East Malaysia, Indonesia and China.

Products	Annual Production (MT)	Export Market
Surimi	30,000	Japan, Korea, Taiwan, China, Singapore, Indonesia
Fishmeal	50,000	China, Indonesia, Taiwan, Japan
Frozen fish, frozen prawn and frozen surimi-based products	75,000	Australia, HK, USA, North America, China, Brunei, Singapore, Philippines, Europe
Chilled surimi-based products	20,000	Domestic market

- Latest updates:
 - New chilled and frozen surimi-based product plant continues to ramp up production in FY2020.
 - To increase aquaculture production capacity from 2,000 MT p.a. to 6,000 MT p.a. in the next four years.
 - New pilot frozen surimi-based products factory in Surabaya commissioned in Q3FY19 is showing promising results.
- Its ILF business consists of four sub-sectors: animal feed raw material trade, commercial feed mills, broiler integration and layer integration. It operates in 4 regions, i.e. Peninsular Malaysia, East Malaysia, Indonesia and Vietnam.

Region	Eggs production per day (epd)	Day-old chicks per day	Broiler per day	Animal feed raw materials (MT per year)	Feed milling (MT per year)
Peninsular	2.5m	NA	NA	900k	120k
East Malaysia	1.5m	22m	12m	NA	150k
Indonesia	0.85m	30m	10m	100k	90k
Vietnam	0.85m	NA	NA	100k	40k
Total	5.7m	52m	22m	1100k	400k - 90% own use

- Latest updates:
 - To increase Indonesia unit egg production from 0.85m to 1.4m eggs per day (epd) within the next three years.
 - To increase Broiler & Day-old chicks (DOC) production in Indonesia.
 - To increase broiler production in East Malaysia from 15m broiler to 20m broiler per year by 2022 and upgrade feed mill.
 - Vietnam poultry layer unit acquired another piece of land to double egg production from current 850k epd to 1.8m epd in three years.
- POA consist of 4 sub-sectors: plantation, CPO milling, biogas, biomass engineering through a 44% stake in Boilermech. It operates in 2 locations: Tawau, Sabah and Tarakan, Indonesia.
 - It has 3 CPO mills, 1,200 Ha (fully mature) estate in Tawau and 15,000Ha estate with 10,000Ha planted in Eastern Kalimantan.
- CS consists of 2 sub-sectors: FamilyMart Convenience Stores and central kitchen. It has 90 stores as of 31 March 2019 and aims to achieve 300 stores by FY2022. Recently bought land for the second central kitchen which can support an additional 500 stores.
- The impact of Covid-19:
 - The supply chain was not affected.
 - High domestic demand for QL products. China is increasingly buying from QL.
 - Family Mart saw a dip in turnover due to closure of stores in the malls but has rebounded close to its average daily turnover.

ESG: To integrate ESG-related risks into current risk management framework and improve oversight of ESG issues.