

## POULTRY INDUSTRY

## SECTOR EYES NEW MARKETS

Plan to export to Middle East and Europe, says UPM Bioscience Institute director

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**T**HE Malaysian poultry industry is studying ways to penetrate new export markets as it is currently oversupplied by 30 per cent.

Universiti Putra Malaysia (UPM) Bioscience Institute director Dr Abdul Rahman Omar said Malaysia had been exporting at the rate of 10 per cent growth annually.

"Malaysia currently exports to Singapore, Japan and Brunei with between seven and 10 per cent growth yearly.

"We plan to export to Middle East countries and talks are ongoing," he said after the launch of the 4th World Veterinary Poultry Association Asia Meeting 2018, here, yesterday.

He said there were also plans to venture into Europe as there was a huge demand for halal meat.

The country's poultry exports stood at about RM10 billion in 2016.

Meanwhile, UPM Veterinary Medicine Faculty Emeritus professor Tan Sri Dr Syed Jalaludin Syed Salim said an average Malaysian consumed about 46kg of chicken a year and 19.1kg of chicken or duck eggs, making it a



University Putra Malaysia Bioscience Institute director Dr Abdul Rahman Omar says Malaysia currently exports to Singapore, Japan, Brunei with an expansion rate between seven and 10 per cent in growth yearly. PIC ROHANIS SHUKRI

lucrative market to capitalise on.

"We are already self-sufficient at 130 per cent in poultry supply, so we are exporting to other countries as we are oversupplied.

"Singapore remains our main export destination, in which we exported about 1.716 million live birds and processed poultry in 2014.

"Chickens and eggs are the main protein source for the majority of Malaysian consumers and the country is one of the

highest poultry consumers in the world," he added.

Animal feed such as corn and soyameal make up a substantial component of the cost of sales and they are imported.

Prices of animal feed such as corn and soyameal will fall when ringgit strengthens and this would be positive to the sector, he said.

For listed companies that are involved in production of eggs, such as QL Resources Bhd, Lay

Hong Bhd, Teo Seng Capital, PWF Consolidated Bhd and LTKM Bhd, the increase in price of eggs is positive to the industry.

The recent price increase has attracted investors to the poultry counters, and this has resulted in most counters to be fairly or overvalued.

To recap on poultry stocks, Leong Hup Holdings Bhd (LHH) was privatised and prior to that poultry stocks were not on investors' radar until the privatisation of LHH took place in 2012, followed by two other companies.

Prior to the privatisation, most of the companies within the poultry sector had been traded at low price-to-earnings (PE) and low price to book.

In 2014, there was a hostile attempt by QL Resources Bhd to acquire control Lay Hong Bhd but was unsuccessful, eventually leading to disposal of approximately 39 per cent stake in Lay Hong held by QL Resources Bhd in September 2015.

QL was reported to have made a profit of RM19 million from the selloff.

In 2016, Huat Lai Resources Bhd was privatised at RM5 per share translated to a PE ratio of 10 times and price-to-book ratio of 1.7 times.