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# Dutch Lady sees substantial growth, eye on raw material prices

**KUALA LUMPUR:** Dutch Lady Milk Industries Bhd expects the dairy market to show substantial growth this year although challenges will remain, particularly in further increases in dairy raw material prices.

"In line with the positive outlook of the Malaysian economy, for 2010, we expect the dairy market to show substantial growth. Consumer confidence is catching up and this will be reflected in consumer behaviour. At the same time, 2010 promises to be a challenging year due to world dairy raw material prices.

"We have seen significant increases in (prices of) raw materials in the past six months, and based on the current outlook, we expect further price hikes this year," Dutch Lady Malaysia's managing director Bas van den Berg said in a statement yesterday that was issued in conjunction with the company's AGM here.

For its first quarter ended March 31, 2010, the results of which were announced on Tuesday, Dutch Lady Malaysia posted a 139% rise in net

profit to RM20.8 million from RM8.7 million a year earlier, while gross profit rose 40.3% to RM64.4 million. Pre-tax profit rose 122% to RM28.2 million from RM12.7 million.

Dutch Lady Malaysia said it posted its highest earnings ever in its 47th year corporate history as a public-listed company for its financial year ended Dec 31, 2009 (FY09), with a 42% rise in pre-tax profit to RM82.4 million from RM57.8 million in the previous year, while net profit rose 41.7% to RM60.4 million from RM42.6 million.

Revenue fell 2.7% to RM691.8 million from RM711.6 million due to lower selling prices coupled with softer consumer spending.

"Across the globe, 2009 proved to be a most challenging period as companies, industries and even governments grappled to stay afloat during one of the worst economic recessions in recent decades.

"Dutch Lady Malaysia posted strong financial performances despite the challenges being presented through softer consumer demand,

competitive pricing factors, rising raw material prices, escalating labour costs and many other incidentals," van den Berg told reporters after yesterday's meeting.

For FY09, its shareholders would be eligible for dividends — normal and special — amounting to RM42 million. The final dividends stand at 10 sen per share less tax and five sen per share tax exempt and are expected to be paid in July.

A special interim dividend of 30 sen per share less tax, amounting to RM14.4 million, is also payable in July.

"Coupled with intense market competition and the company's mission I presented earlier, we will definitely be looking closely at the raw material price development," said van den Berg.

Earlier at the AGM, its shareholders were also briefed on the e-dividend service wherein cash dividends will be deposited straight into their respective bank accounts instead of via the traditional cheques.