

# press release

## **Dutch Lady Milk Industries Berhad registers fourth quarter revenue of RM361.7 million**

*One-off Q4 loss due to various internal operational tracks as migration to Bandar Enstek picks up pace; product volume improves due to strong demand for dairy products*

**PETALING JAYA, 24 February 2023:** Leading dairy manufacturer, Dutch Lady Milk Industries Berhad (DLMI) registered revenue of RM361.7 million and a loss before taxation of RM32.8 million in the fourth quarter ending December 31 2022. DLMI said the loss in the fourth quarter, could be attributed to one-off restructuring costs related to the earlier announced optimisation of its dairy production operations as well as to a higher than expected impact from the *Bilateral Advanced Pricing Arrangement (BAPA)*.

“The fourth quarter results is also largely a reflection of the one-off gain of RM155 million in 2021 related to sale of DLMI’s Petaling Jaya manufacturing land and buildings as well as lease-back of existing facilities and is not at all representative of DLMI’s strong business fundamentals amidst strong current and future demand for dairy products”, said Managing Director Ramjeet Kaur Virik.

She said product volume and revenue grew by 9.4 percent and 20.4 percent respectively in the fourth quarter compared to a year ago due to strong demand for milk as an essential daily nutrient as well as minimal price increases.

“The increased one-off costs were anticipated and within our internal estimates as DLMI is in the midst of an exciting generational shift of our manufacturing hub from Petaling Jaya to Bandar Enstek,” she added.

DLMI had announced last year the discontinuance of its milk powder operations for the local market adding the company will also cease several other lines in





phases over the next two years as part of the overall optimisation exercise. A one-off restructuring cost of RM17.9 million was absorbed in the fourth quarter as part of the exercise.

The BAPA, which covers certain related party transactions between 2018 and 2022, resulted in DLMI requiring to make the adjustment of RM25 million to comply with the BAPA for the qualifying period in the fourth quarter. This was exacerbated by unpredictable exchange rate fluctuations caused by global uncertainty due to the Ukraine war and supply chain issues.

Prospects for 2023 will remain challenging with the overall market still impacted by domestic and global uncertainties as well as persistent inflationary headwinds.

“Despite these challenges, DLMI remains focused on our investments in our new manufacturing hub in Bandar Enstek, with costs rising to RM540 million compared to the previously announced RM340 million,” Ramjeet said.

She added that rise in investments were mainly tied to unavoidable higher construction material cost, fuel, labour as well as other capital expenditure items as construction continued even during the pandemic years.

DLMI’s purpose of ‘Nourishing our Planet and People in Every Stage of Life’ is the bedrock of its operations in Malaysia. The company, set to mark its 60<sup>th</sup> anniversary in 2023, will continue to invest in its suite of strong brands and talented people to help increase the consumption of milk in the country and develop a passionate, future-focused workforce for the long-term benefit of the country.

Ramjeet also said that DLMI has strong confidence in the generational appeal of its brands and the strong nutritional impetus of milk to develop the next generation of Malaysians and will continue its ongoing successful long-term programme to train local dairy farmers to improve the quantity and quality of local fresh milk.





#### **About Dutch Lady Milk Industries Berhad**

Incorporated in 1963, Dutch Lady Milk Industries Berhad (DLMI) is a leading dairy company in Malaysia. It is owned by one of the largest dairy cooperative companies in the world, Royal FrieslandCampina NV, a Dutch multinational dairy company. DLMI was the first milk company to be listed on Bursa Malaysia in 1968, and the first to introduce Formulated Milk Powder for Children in Malaysia in 1988.

Staying true to our purpose of Nourishing Our Planet and People in Every Stage of Life, DLMI manufactures and sells a wide range of quality dairy products for the home and export market. Through a unique collaboration between FrieslandCampina and four international research teams/universities, we initiated the South East Asian Nutrition Surveys (SEANUTS) study in 2009, involving four countries – Malaysia, Indonesia, Vietnam and Thailand. SEANUTS is the largest and most extensive nutrition and health study ever done in South-East Asia, wherein 16,744 children up to 12 years old were surveyed over a four-year period. The follow-up SEANUTS II was conducted between 2019 – 2021 involving 14,000 children in the four countries. More information can be found at [www.dutchlady.com.my](http://www.dutchlady.com.my)

#### **About Royal FrieslandCampina N.V.**

FrieslandCampina is one of the largest dairy companies in the world with a cooperative tradition going back 150 years. The company processes the milk from dairy farms into a wide range of dairy products and ingredients. This way Royal FrieslandCampina provides hundreds of millions of people throughout the world with valuable nutrients from milk.

Royal FrieslandCampina N.V. is fully owned by Zuivelcoöperatie FrieslandCampina U.A., with 15,703 dairy farmers in the Netherlands, Belgium, and Germany as members. Through the cooperative, these member dairy farmers own and supervise the company. Together with member dairy farmers, FrieslandCampina manages the entire production chain: from grass to glass.

FrieslandCampina provides consumers with dairy products, such as milk, yoghurt, condensed milk, dairy-based beverages, cheese, butter, quark, and cream. The dairy company supplies specific nutrition to specific consumer groups, such as children, the elderly, and sportspeople. Professional customers, such as bakers, pastry chefs, chocolate confectioners, chefs, and caterers can rely on FrieslandCampina for a broad product range, including creams, butters, desserts, and fillings. In addition, the company supplies high-quality ingredients to international food producers and pharmaceutical companies.

In 2021, 10,564 member dairy farms in the Netherlands, Germany, and Belgium supplied almost 10 billion kilos of milk for processing into dairy products and ingredients. FrieslandCampina has branches in 32 countries and exports to more than 100 countries worldwide. At year-end 2021, FrieslandCampina employed an average of 22,961 workers (FTEs). For additional information, please visit our website: [www.frieslandcampina.com](http://www.frieslandcampina.com).

#### **Issued by Dutch Lady Milk Industries Berhad**

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