

THE EDGETM MARKETS

MAKE BETTER DECISIONS

Published on *The Edge Markets* (<http://www.theedgemarkets.com>)

[Home](#) > DBE Gurney expects turnaround in FY16 with new fried chicken venture

Apr 14, 2016 | Written by Chen Shaua Fui | 0



PETALING JAYA (April 14): Loss making DBE Gurney Resources Bhd expects a turnaround in the financial year ending Dec 31, 2016 (FY16) following the launch of its Harumi fried chicken brand, arising from a strategic cooperation agreement with Pexden Holdings Sdn Bhd.

DBE Gurney group managing director Datuk Alex Ding Seng Huat said the group expected the fried chicken under the Harumi brand to account for 30% of its total sales in FY16, and the positive contribution from this unit would be seen in its third quarter results.

"This year we expect to shift our sales from processed chicken to fried chicken, we expect 30% [to be from fried chicken].

"You can see at the third quarter results, it would be a totally different [situation]," Ding told a press conference after the signing ceremony of the strategic cooperation agreement between its subsidiary DBE Poultry Sdn Bhd and Pexden here today.

Pexden is a company nominated by seven Taiwanese companies, namely Shing Shang Co Ltd, JienPeng International Co Ltd, FuHsin International Co Ltd, Solatek Co Ltd, HTS Technology Co Ltd, UltraBrave Technology and Formosa Food King, to formalise the memorandum of understanding signed on Feb 22, 2016.

Under the agreement, Pexden shall provide the technical know-how, machinery, production expertise, branding, related software and other advisory services, as well as market the secondary processed value-added chicken products in Malaysia under the Harumi brand to DBE Gurney.

In return, Ding said, DBE Gurney would pay royalty to Pexden for the services.

Following this venture, the group will create a new unit in addition to its existing processed chicken, feed and live broiler unit.

However, the group did not expect to incur huge capital expenditure for this venture as the group would be using its existing processing plant and just increase a segment for the fried chicken.

For FY15, the major contribution to the group's revenue was from its processed chicken unit, which accounted for 60.4% of total sales.

The group incurred a net loss of RM10.75 million in FY15, compared to a loss of RM10.18 million in FY14.

For FY15, the group's revenue also contracted 23.9% to RM119.55 million from RM157.08 million in FY14.

Speaking on the Harumi fried chicken, Ding said it is the first halal-certified fried chicken kiosk in Malaysia by Jakim that would cater to the local taste. Also, the licensing fees to begin the kiosk business is RM3,500.

"Since January 2016 until now, we have reached 50 kiosks, the highest sales is recorded at RM700 per day per kiosk," Ding said.

He said if a kiosk's daily sales is below RM300, the group would find out the reason behind the low sales.

He said the gross profit margin should be between 40% and 45% for each kiosk, as the major cost would be from the cooking oil and gas.

The group aims to reach 500 kiosks this year and 3,000 kiosks in 2018. Meanwhile, the group also targeted 50 food trucks to be taken up by investors this year with an investment of below RM100,000. It hopes the number of food trucks will grow to 300 in 2018.

Also, the group targets to open five restaurants this year, with an investment of about RM200,000 each, and at the same time promote the restaurants to investors, to reach its target of 30 restaurants in 2018.

Ding said the group is also hoping to expand its Harumi fried chicken to other ASEAN market such as Indonesia, Thailand, Vietnam in one to two years' time.

On the potential Taiwanese investors who wished to take up stakes in DBE Gurney, Ding said the Taiwanese investors are working with the group now; however, whether they would invest in the company would depend on them.

"They work together with us, they see the growth, they see the picture, definitely they will come in, but it is still subject to them. We welcome everyone to be our partners, you buy some of the shares and you own part of DBE, why not we work together," Ding concluded.

At 12.30pm, DBE Gurney shares traded unchanged at 5 sen for a market capitalisation of RM39.35 million.