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DBE Gurney eyes return to profit in FY16

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PETALING JAYA: After 10 years of losses, poultry farmer DBE Gurney Resources Bhd expects to turn itself around in the current financial year ending Dec 31, 2016 (FY16), helped by going to the downstream business of retailing fried chicken products in Malaysia.

Its group managing director Datuk Alex Ding Seng Huat said the group is projecting its partnership with Pexden Holding Sdn Bhd to market the Harumi brand of chicken products to contribute 30% of its total sales in FY16.

"This year, we expect to shift our sales from processed chicken to fried chicken. [The results] will be seen by the third quarter of this year; it would be a totally different [situation]," he told a press conference after the signing ceremony of the strategic cooperation agreement between DBE Gurney's subsidiary DBE Poultry Sdn Bhd and Pexden yesterday.

In FY15, the processed chicken unit accounted for 60.4% of the group's total sales. DBE Gurney widened its net loss to RM10.75 million in FY15 from RM10.18 million in FY14, as revenue declined 23.9% to RM119.55 million from RM157.08 million.

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.

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

In return, Ding said DBE Gurney will pay a commission rate of 5% to Pexden based on the total monthly sale of raw materials. The agreement is valid for 10 years, with an option to renew upon expiry.

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

Ding said the group is not expected to incur huge capital outlay for this new venture as it will be using its existing processing plant.

He said it aims to open its first Harumi fast-food restaurant in Perak by mid-2016.

"We aim to have 30 restaurants, 3,000 kiosks and 300 mobile trucks in the next three years, through franchising," he added.

Ding estimates that each kiosk will generate a gross profit margin of between 40% and 45%, with the major cost being cooking oil and gas.

Going forward, Ding sees the Harumi retail chain expanding to other Asean markets such as Indonesia, Thailand and Vietnam in one to two years.