

# MALAYSIA'S Poultry Ecosystem

AN ANALYSIS OF BUSINESS DATA



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# Introduction

## REPORT TITLE

Malaysia's Poultry Ecosystem:  
An Analysis of Business Data

## RELEASED DATE

6 July 2022

## REPORT BY

Malaysia Global Business Forum (MGBF)

## DATA SOURCES

- Companies Commission of Malaysia (SSM)
- Department of Veterinary Services (DVS)

## IMAGE SOURCES

- Website of the Prime Minister's Office
- davit85/Getty Images-Canva Pro
- Maksymenko Nataliia/Getty Images-Canva Pro
- Yamtono\_Sardi/Getty Images Signature-Canva Pro
- ra2studio/Getty Images-Canva Pro

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*"There's an opportunity to design a desirable future through data resilience."*



*"Consumers remain the most important stakeholder in the overall equation."*

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A photograph of Dato' Sri Ismail Sabri Yaakob, the Prime Minister of Malaysia, speaking at a podium. He is wearing a dark suit, a white shirt, and a red patterned tie. He is gesturing with his right hand while speaking into a microphone. The background is dark blue with a pattern of small white dots.

*"The decision (not to float the chicken price) was made after listening to the people's views. The decision is for the benefit of the people, not a U-turn."*

Dato' Sri Ismail Sabri Yaakob  
Prime Minister of Malaysia

Source: New Straits Times, 25 June 2022, 8.23pm

# Data Snapshot

3,724

registered business entities with the word 'poultry' used in their nature of business in the broad random sample

627

business entities out of 3,724 have been used as a focused sample size for this analysis

202

new poultry companies were incorporated since 2020

41

new poultry companies were incorporated in the first four months of 2022

1 in 3

companies have not yet filed financial data due to exemption or otherwise

55.12%

are profitable out of 402 entities that filed financial data in 2021 and 2022

<RM10  
million

was the highest recorded profit for 2021 and 2022 in the sample size

>RM1  
million

was the amount of losses in 2021 and 2022 filed by 30 companies from the sample size



# Background

As the global economy continues to deal with unprecedented levels of disruption caused by the pandemic and the conflict between Russia and Ukraine, the convergence of energy security and food security issues has become a front-of-mind issue faced by policy makers and consumers alike. In Malaysia, this has come to the surface with the emergence of several issues with poultry production, primarily chicken supply.

This report includes previously unreleased data on the issue to better understand the challenges faced by government and private sector to chart a sustainable near- and long-term future through this rapidly evolving crisis.

All data for this report was obtained from publicly available data sources. The main source of data was primarily the registration of companies (ROC) and registration of businesses (ROB) databases, which remain in the custodianship of the Companies Commission of Malaysia (SSM) under the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP).

The data reveals that as of 24 June 2022, there were a total of 3,724 business entities registered with self-declared business activities in poultry. The report focuses on 627 entities and the financial analysis focuses on 402 businesses that have filed financial data in 2021 and 2022; it is from these business entities that a more detailed analysis was derived.

It was identified that one company generated a revenue of over RM1.3 billion, while the company that recorded the highest profit clocked in slightly below RM10 million for the year 2021. During the same period, profitability of 46.27 per cent of registered business entities did not exceed RM1 million in profits.

According to the Department of Veterinary Services (DVS) website, there were 480 registered livestock farms. However, it is unclear if all these farms have separate registered entities and if the nature of business was reflective of the nature of business registered with SSM. As of 14 June 2022, some 842 companies and individuals were approved to receive subsidies for poultry and eggs.

As reported in the media, the Deputy Minister of Agriculture and Food Industries Datuk Seri Ahmad Hamzah said, "Based on the self-sufficiency level (SSL) for chicken, our supply surpassed demand by between 104 and 105 per cent. We are able to produce 60 million metric tonnes of chicken annually when our demand is only 54 million tonnes."

The Malaysian Competition Commission (MyCC) is currently conducting an investigation into potential unfair competition and cartel activities within the industry.

This report does not break down the specific components of the poultry industry but represents the broad ecosystem as represented by the private sector, excluding co-operatives. This report does not include data from the Malaysia Co-operative Societies Commission (SKM).

# Data Insight: Poultry Industry Profitability Analysis

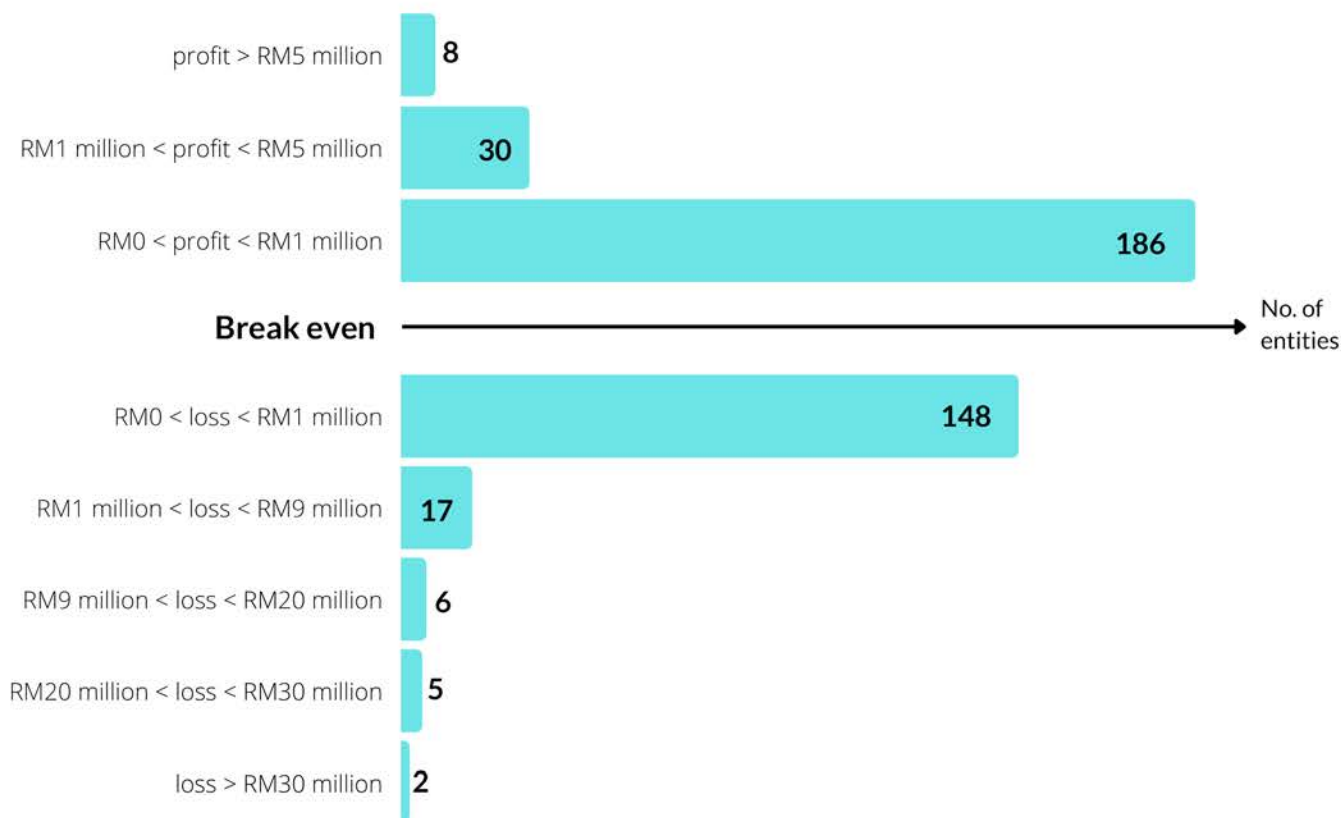


Figure 1: Profit and loss data of 402 poultry entities that filed their financial data in 2021 and 2022

This data represents a focused sample group of 402 registered business entities that submitted financial data, and was derived on 24 June 2022. Based on this data, 46.27 per cent of profitable poultry business entities filed a profit that did not exceed RM1 million in 2021. During the same period, some 38 companies recorded greater than RM1 million in profits. The most profitable company posted a profit of just under RM10 million.

In terms of the 178 business entities that registered losses in 2021 and 2022, the majority registered a loss of not more than RM1 million. The most concerning numbers are the 13 business entities that experienced more than RM9 million in losses.

This represents a considerable industry-wide losses. A deeper multi-year analysis is required to establish whether this is an ongoing trend or if it is a spike due to current external conditions. Yet, the data shows an upward trend in the number of registered business entities.

To improve the understanding from a data-driven perspective, subsidy impact across supply chain, industry sector profitability, and individual corporate sector high performers list are available upon request.



# Initial Recommendations

Domestic and foreign investors are increasingly making data-driven investment decisions. For Malaysia to be competitive in the context of the global economy, reliable and up-to-date business intelligence needs to be accessible.

The largest stakeholder and custodian of business data is the government of Malaysia. There is an identified requirement to consolidate business data and improve data governance in the poultry sector. To achieve that, data should be searchable at the data custodian level. An important starting point is to ensure that the nature of business for each business entity is registered correctly at the Companies Commission of Malaysia (SSM). This move will effectively tag all relevant businesses.

This will ensure that business and economic data can be correctly derived on an industry-wide basis, which will empower policymakers, regulators, the providers of private funding and any allocation of public funding through grants or subsidies with a data-driven approach.

Data silos have been identified as a threat to informed decision-making. A profound data consolidation effort must be undertaken following a deeper stakeholder review. Unnecessary data silos should be removed so that strategic decisions can be made in the context of subsidies, supply chain integrity, human capital development and investment promotion.

Data is of strategic nature, and it should be both the starting point and ending point for decision-making at the highest level to shape and build a richer ecosystem for the future.

The relative resilience of corporate entities that control the critical components of the value chain is of national interest. For businesses to remain sustainable and the industry to remain credible, pressure from consumers can positively influence the levels of corporate governance.

It is important to recognise and understand that these components of the value chain are owned by the private sector. Yet, during a crisis, the government – federal, state and agency levels – are often blamed by netizens for breakdowns in the system.

Conducting an industry-wide and thorough analysis of these critical components that are most vulnerable to external threats will also present a more meaningful overview of the poultry ecosystem in the country.





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