



4th Quarter Ended 31 December 2016 Results

24 February 2017

Scope



1 Group financials

2 Operations review

SECTION 1

● Group financials





Consolidated income statement summary

□ The Group recorded revenue of RM1.2 billion for the current quarter with operating profit of RM173.1 million, higher than the corresponding period last year by 12% and 21% respectively.

□ The Group's revenue for the year at RM4.9 billion was 11% above last year whilst the Group's operating profit for the year at RM858.5 million was above last year by 20% with higher contributions from most Divisions.

(RM' Million)	4Q16	4Q15	Change	2016	2015	Change
Revenue	1,208.8	1,081.9	12%	4,891.7	4,393.3	11%
Gross profit ¹	306.3	241.0	27%	1,247.7	1,058.4	18%
EBITDA	268.2	186.6	44%	1,038.8	824.5	26%
Operating profit ²	173.1	143.2	21%	858.5	715.8	20%
Finance expenses	(33.6)	(33.3)	1%	(130.9)	(116.8)	12%
Profit before tax	163.9	118.2	39%	1,249.2	1,117.6	12%
Taxation	(41.6)	(22.2)	87%	(183.8)	(148.2)	24%
Profit after tax	122.3	96.0	27%	1,065.4	969.4	10%
Attributable to MI	15.8	18.6	-15%	64.5	60.9	6%
Attributable to shareholders	106.5	77.4	37%	1,000.9	908.5	10%
EPS (sen)	4.28	3.59	19%	42.36	42.26	-

Note:

1. Includes share of Inverfin's PBIT

2. Includes Interest Income, Share of Inverfin's PBIT by Property Division and share of associate and JV's PAT by Hafary



Group segment results

(RM' Million)	REVENUE			OPERATING PROFIT			REVENUE			OPERATING PROFIT		
	4Q16	4Q15	Change	4Q16	4Q15	Change	2016	2015	Change	2016	2015	Change
Plantation	128.5	120.2	7%	60.1	38.7	55%	503.4	434.9	16%	170.0	123.1	38%
Property	188.9	171.8	10%	31.6 ¹	79.6 ¹	-60%	1,041.8	815.9	28%	380.1 ¹	380.5 ¹	-
Automotive	266.4	312.1	-15%	4.3	5.1	-16%	1,099.1	1,170.9	-6%	25.2	24.1	5%
Fertilizer Trading	206.6	197.0	5%	6.5	2.7	>100%	1,011.7	894.1	13%	30.7	30.3	1%
Credit Financing	44.7	43.4	3%	32.3	32.4	-	177.3	166.5	6%	140.3	129.9	8%
Building Materials	403.5	293.6	37%	17.6 ²	18.9 ²	-7%	1,329.2	1,045.1	27%	151.2 ²	63.8 ²	>100%
Subtotal	1,238.6	1,138.1	9%	152.4	177.4	-14%	5,162.5	4,527.4	14%	897.5	751.7	19%
Consolidation adjustments & others	-29.8	-56.2		20.7	-34.2		-270.8	-134.1		-39.0	-35.9	
Group	1,208.8	1,081.9	12%	173.1	143.2	21%	4,891.7	4,393.3	11%	858.5	715.8	20%

Note:

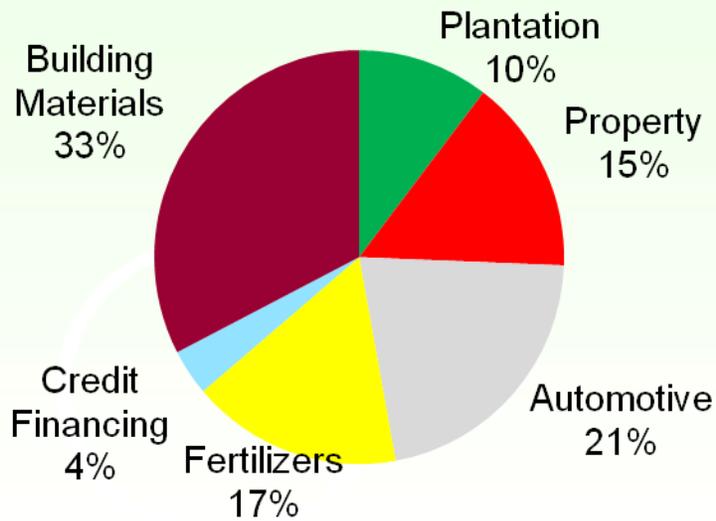
1. Includes share of Inverfin's PBIT from Menara Citibank
2. Includes share of associate and JV's results by Hafary



Group segment results

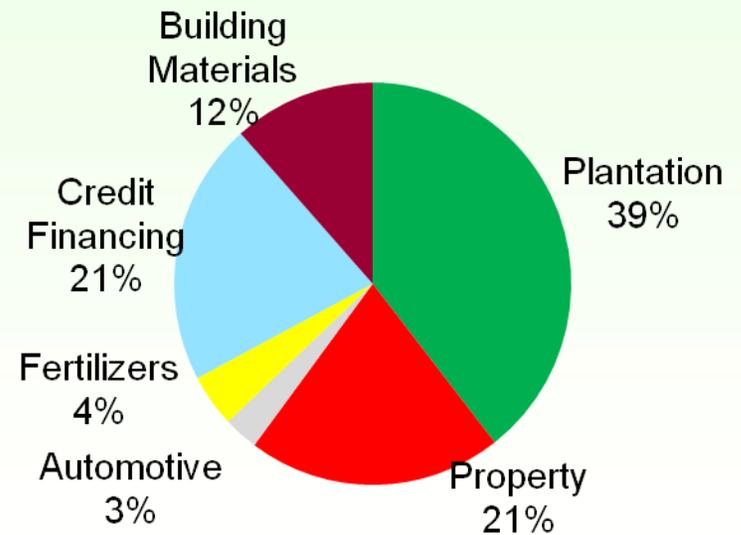
Revenue

4Q16

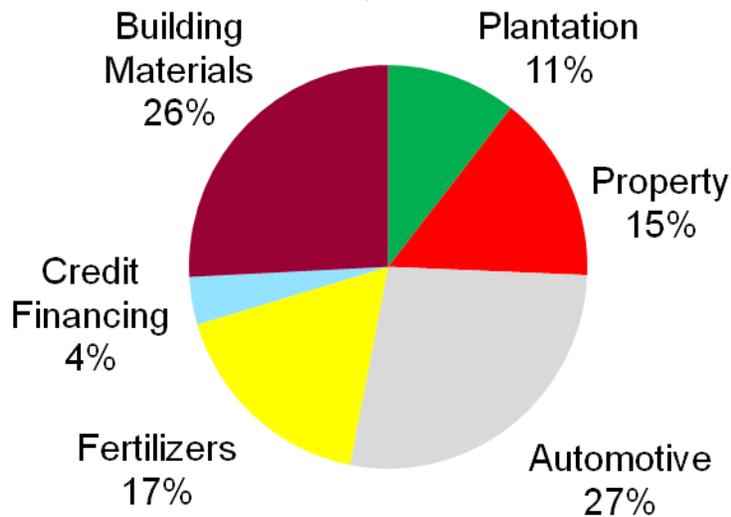


Operating Profit

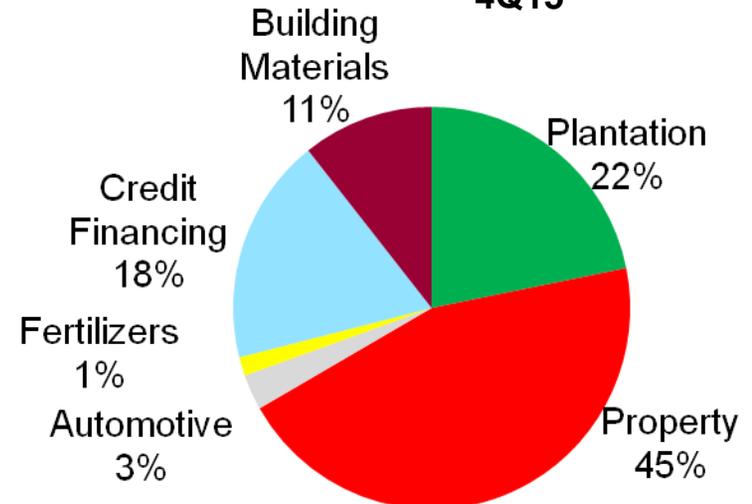
4Q16



4Q15



4Q15

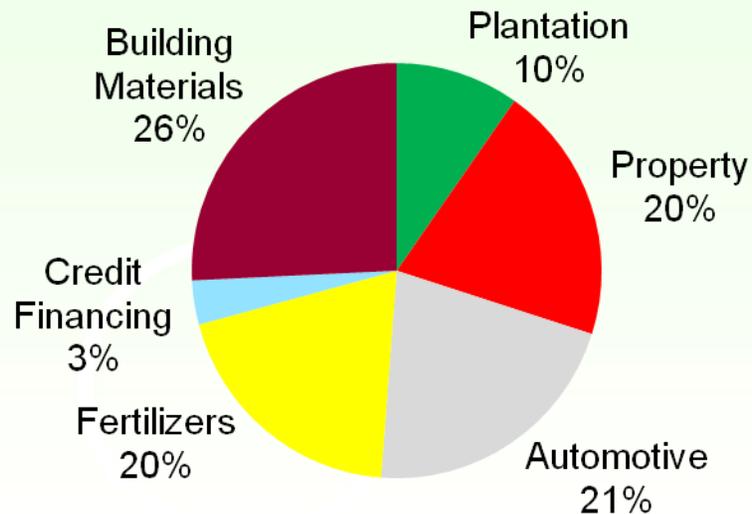


Group segment results



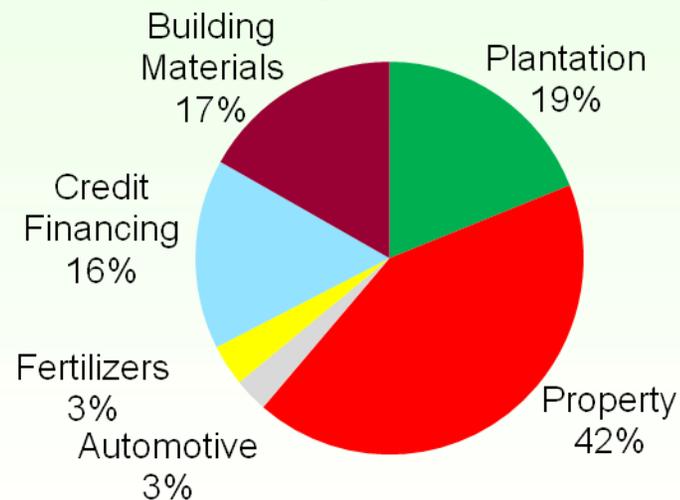
Revenue

2016

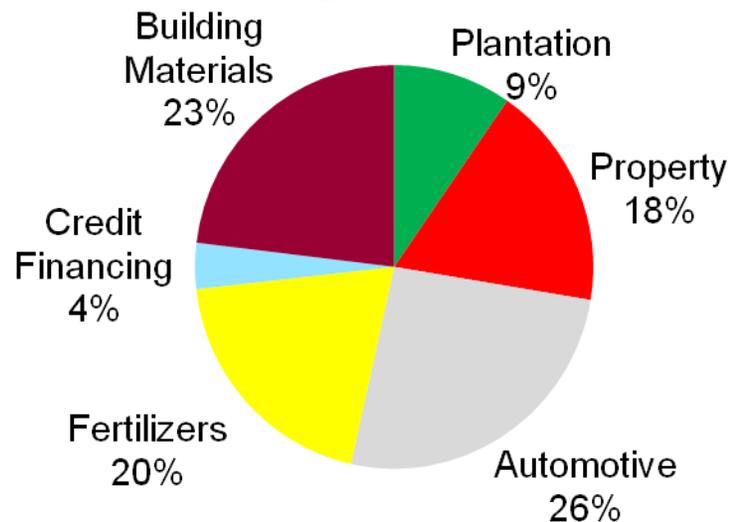


Operating Profit

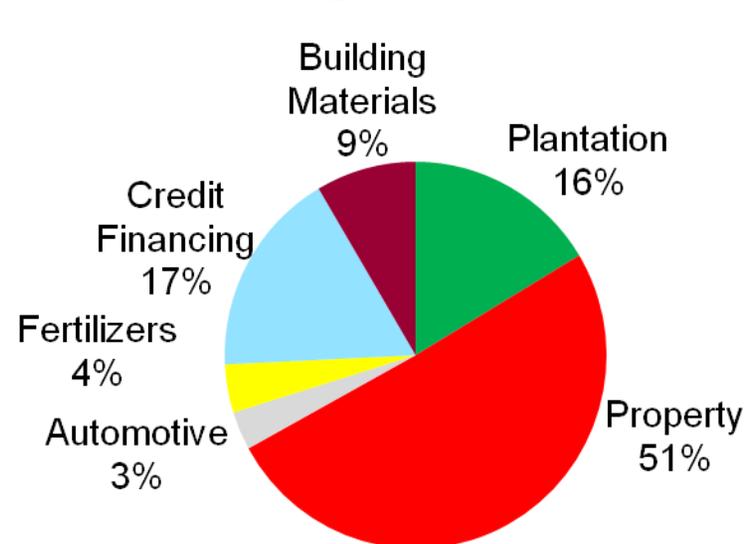
2016



2015



2015



SECTION 2

● Operations review

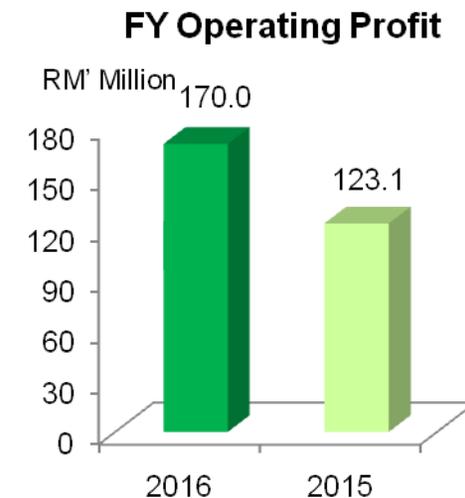
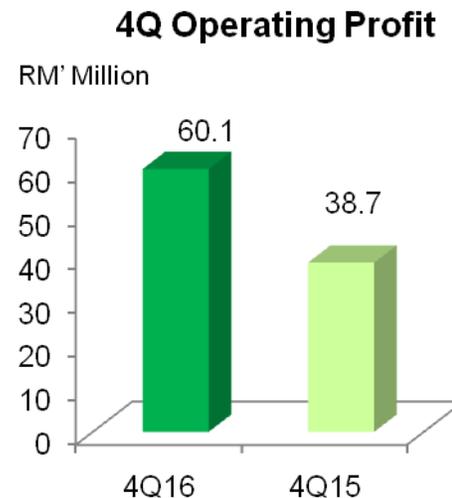
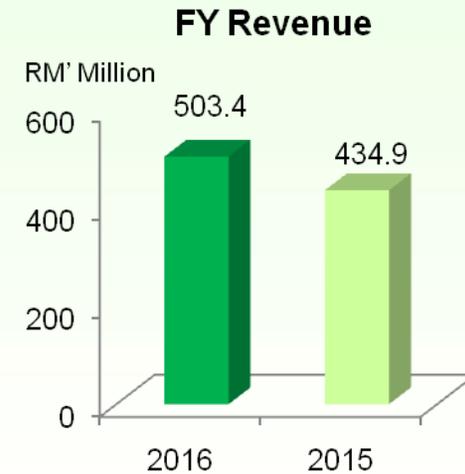
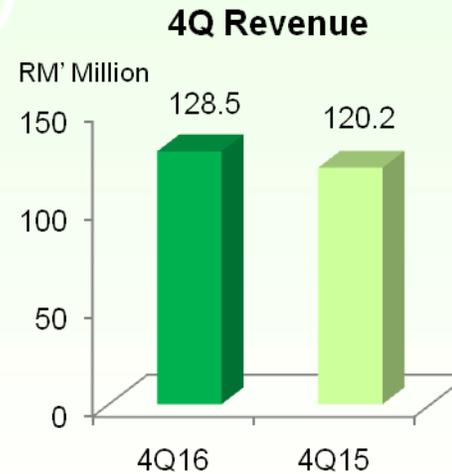




Plantation

Price rebound mitigated lower sales and production volumes

- ❑ The Division recorded operating profit of RM60.1 million for the current quarter and RM170 million for the year, above the corresponding period last year by 55% and 38% respectively as selling prices of CPO and PK rebounded, partly dampened by lower sales volume.
- ❑ Higher average selling price realization of CPO and PK
 - ✓ CPO - current quarter at RM2,924/mt (4Q15:RM2,189/mt) and RM2,643/mt for the year (2015:RM2,168/mt).
 - ✓ PK - current quarter at RM2,956/mt (4Q15:RM1,669/mt) and RM2,564/mt for the year (2015:RM1,600/mt).
- ❑ Lower CPO and PK sales volume, affected by lower FFB production and timing of deliveries.
 - ✓ CPO sales volume for the quarter was at 32,799mt (4Q15: 43,657mt) and 151,895mt for the year (2015: 163,849mt).
 - ✓ PK sales volume for the quarter was at 10,077mt (4Q15: 12,229mt) and 35,917mt for the year (2015: 38,284mt).
- ❑ Unit production costs of CPO for the year was higher at RM1,159/mt (2015: RM1,137/mt), mainly due to lower CPO production volume arising from lower FFB yield at 20.5mt/ha (2015:21.9mt/ha) and lower OER at 21% (2015: 22%). The FFB productions for 2016 were negatively impacted by the lingering effects of the El Nino weather phenomenon in 2015.

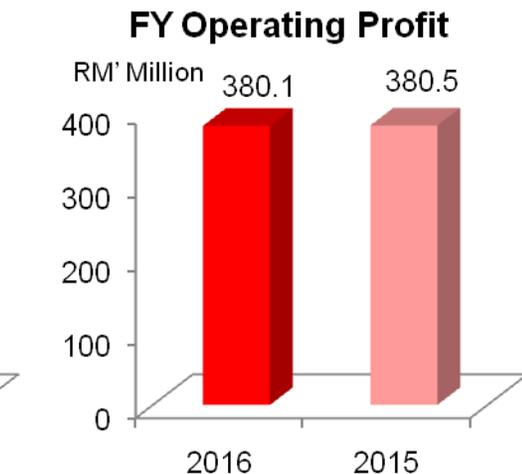
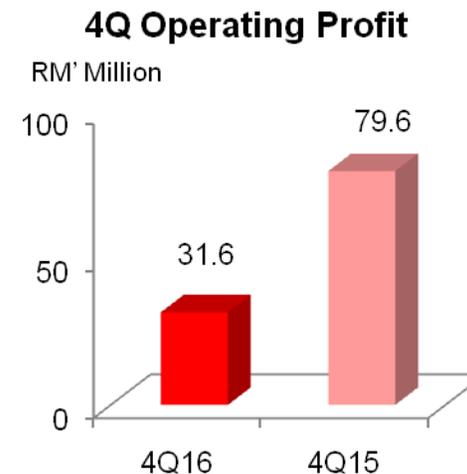
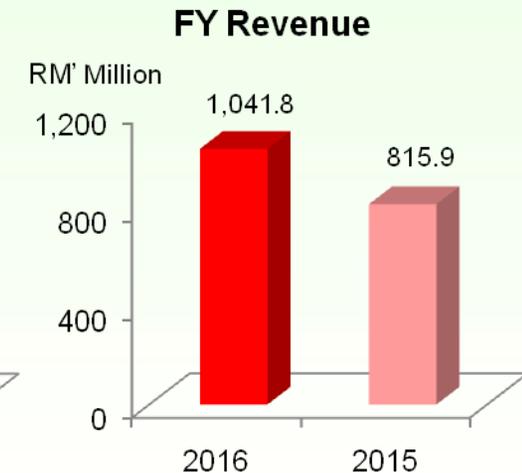




Property

Higher revenue from investment properties and property development

- ❑ The Division recorded higher revenue for the current quarter and year as compared to last year with higher sales from project and completed property stock coupled with higher rental income from investment properties. The revenue for the current year also benefitted from higher contribution from the disposal of certain non-strategic land.
- ❑ Project revenue for the year benefitted from Nadi Bangsar, Aria and D'Alpinia projects in the West Malaysia, Bandar Sri Indah, Ria Heights, Palm Heights and the Kingfisher projects in Sabah.
- ❑ Increase in the investment properties' contributions were mainly due to higher occupancy rate for Menara Hap Seng 2 and Plaza Shell Kota Kinabalu whilst Menara Hap Seng and Menara Citibank continued to enjoy good occupancy and rental rates.
- ❑ However, operating profit for the current quarter and current year were dampened by the net loss from fair value adjustments of certain investment properties.

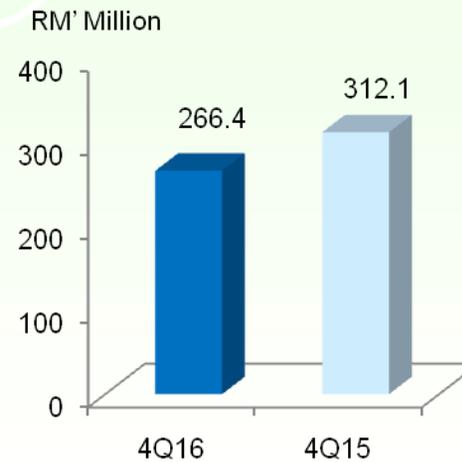




Better results from aftersales segment

- ❑ The Division recorded lower revenue for the current quarter and for the year as compared to previous year corresponding period, mainly due to sales mix variance for passenger vehicles and the disposal of the commercial vehicle operations in May 2016.
- ❑ However, the after sales segment recorded higher revenue by 27% for the current quarter and 30% for the year as compared to the previous year corresponding period, with increase in throughput of 27% and better margin for the year.
- ❑ Order book remains strong particularly for the C-Class, E-Class and GLC models.
- ❑ Market share for MBM passenger cars increased to 33% in 2016 compared to 32% in the previous year.

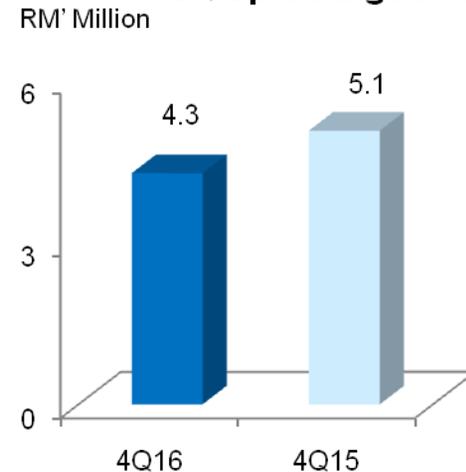
4Q Revenue



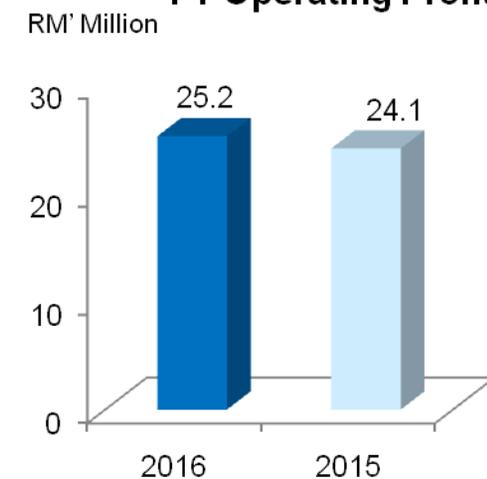
FY Revenue



4Q Operating Profit



FY Operating Profit





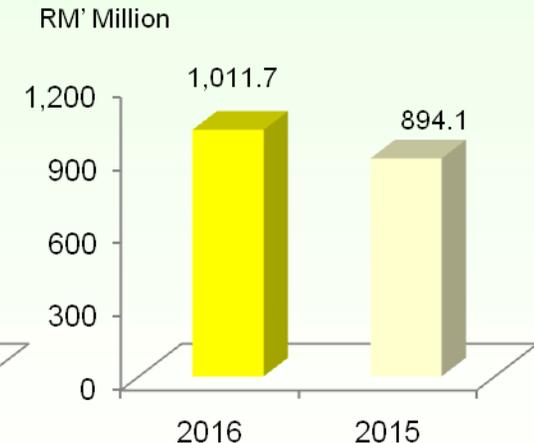
Results for the year benefitted from higher sales volume

- Division's revenue for the current quarter benefitted from higher sales volume from the Indonesian operations and contribution from newly commenced China operations.
- Operating profit increase for the current quarter was contributed mainly by Malaysian operation which recorded better margin and foreign exchange gain whilst the Indonesian operations was affected by lower margin and sales mix variance.
- Nonetheless, both the Malaysian and Indonesian operations recorded higher revenue for the year due to higher sales volume and consequently higher operating profit for the year despite recording lower margin.

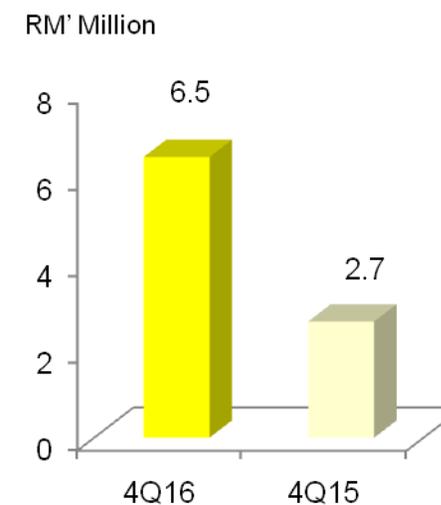
4Q Revenue



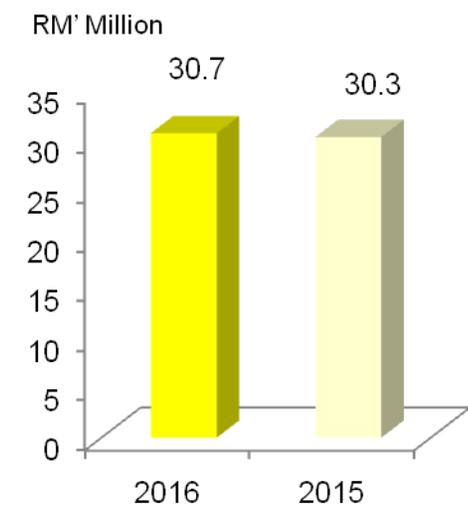
FY Revenue



4Q Operating Profit



FY Operating Profit

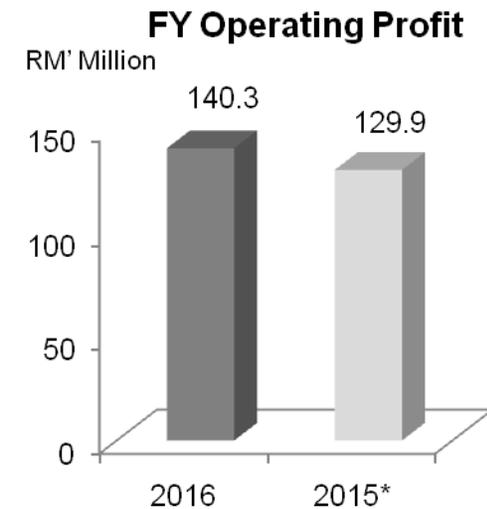
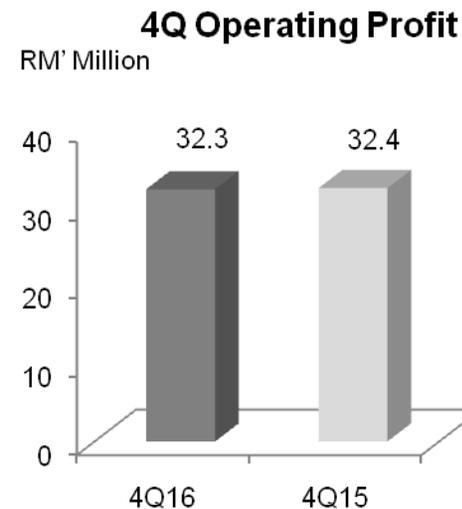
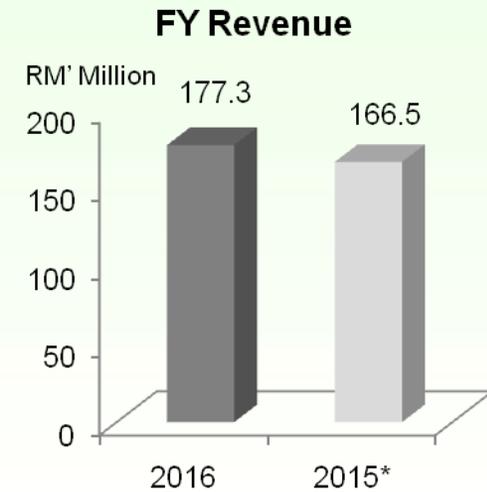
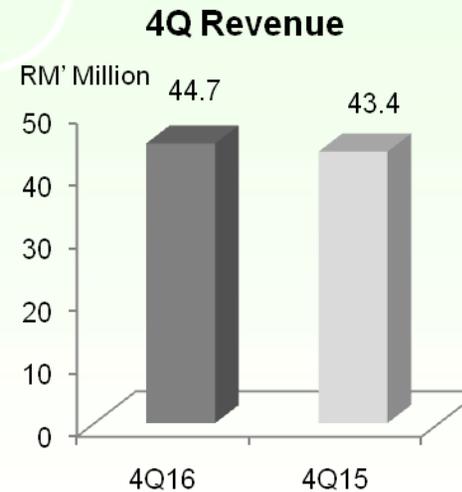




Credit financing

Stable earnings with higher loan base

- ❑ The Division continues to record steady growth, recording higher revenue and operating profit for the year on the back of higher loan base.
- ❑ As at end of December 2016, loan base was at RM2.3 billion, 9% higher than the loan base of RM2.08 billion a year ago.
- ❑ West Malaysia accounted for 82% of the total loans whilst East Malaysia accounted for 18%.
- ❑ NPL ratio was at 1.89% as at end of December 2016 as compared to 2.15% at the end of 3Q16.



* 2015 revenue and operating profit included the results from Hap Seng Capital Pte Ltd ("HSCPL") which has since been disposed off effective June 2015.



Building Materials

Operating profit dampened by compressed margin and impairment loss

- ❑ The Division's revenue for the current quarter and for the year benefitted from higher sales of aggregates from the quarry, higher sales from building material trading and the inclusion of MMSB results upon the completion of MMSB acquisition at the end of May 2016.
- ❑ The Division's operating profit for the current quarter and year were affected by impairment loss and lower margin for quarry, asphalts, bricks and building material trading businesses.
- ❑ Operating profit for the current quarter and year included contribution from newly acquired MMSB whilst the operating profit for the year benefitted from gain on disposal of certain asset .

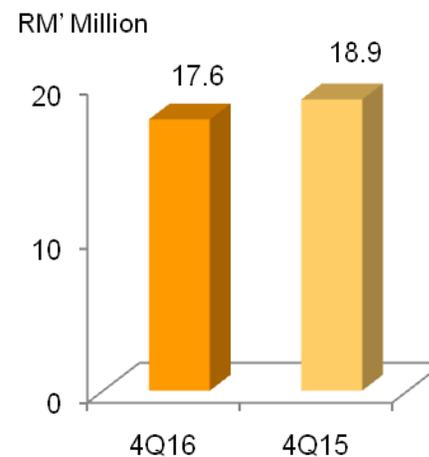
4Q Revenue



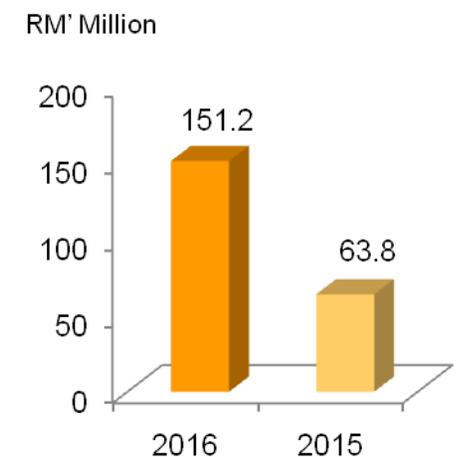
FY Revenue



4Q Operating Profit



FY Operating Profit



Thank You



HAP SENG CONSOLIDATED BERHAD