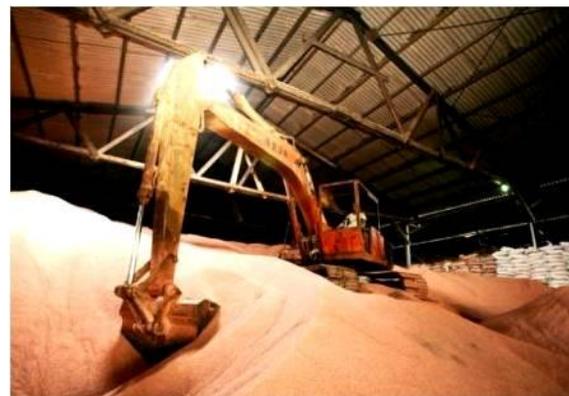




# HAP SENG CONSOLIDATED BERHAD (26877-W)



## 1<sup>st</sup> Quarter Ended 31 March 2017 Results

1 June 2017

# Scope



1 Group financials

2 Operations review

## SECTION 1

### ● Group financials





# Consolidated income statement summary

- The Group registered revenue of RM1.2 billion for 1Q17, 12% above the previous year corresponding quarter whilst the Group operating profit of RM264.9 million was 20% higher than the corresponding period last year.
- Most Divisions recorded higher revenue and operating profit for 1Q17 as compared to previous year corresponding period.
- The lower EPS was mainly due to the enlarged share capital resulting from warrants exercised and treasury shares resold in later period last year.

(RM' Million)	1Q17	1Q16	Change
Revenue	1,176.1	1,051.5	12%
Gross profit <sup>1</sup>	321.9	240.6	34%
EBITDA	298.5	246.6	21%
Operating profit <sup>2</sup>	264.9	221.3	20%
Finance expenses	(41.1)	(33.8)	22%
Profit before tax	224.9	186.3	21%
Taxation	(53.7)	(38.0)	41%
Profit after tax	171.2	148.3	15%
Attributable to MI	16.8	8.1	>100%
Attributable to shareholders	154.4	140.2	10%
EPS (sen)	6.20	6.45	(4%)

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		
	1Q17	1Q16	Change	1Q17	1Q16	Change
Plantation	144.1	104.2	38%	46.2	23.6	95%
Property	206.7	181.8	14%	115.4 <sup>1</sup>	79.7 <sup>1</sup>	45%
Automotive	257.1	228.3	13%	8.7	6.7	30%
Fertilizer Trading	213.6	284.7	(25%)	7.1	6.5	9%
Credit Financing	43.6	43.5	-	34.7	36.3	(4%)
Building Materials	344.6	236.4	46%	62.7 <sup>2</sup>	98.6 <sup>2</sup>	(36%)
Subtotal	1,209.7	1,078.9	12%	274.8	251.4	9%
Consolidation adjustments & others	(33.6)	(27.4)		(9.9)	(30.1)	
Group	1,176.1	1,051.5	12%	264.9	221.3	20%

Note:

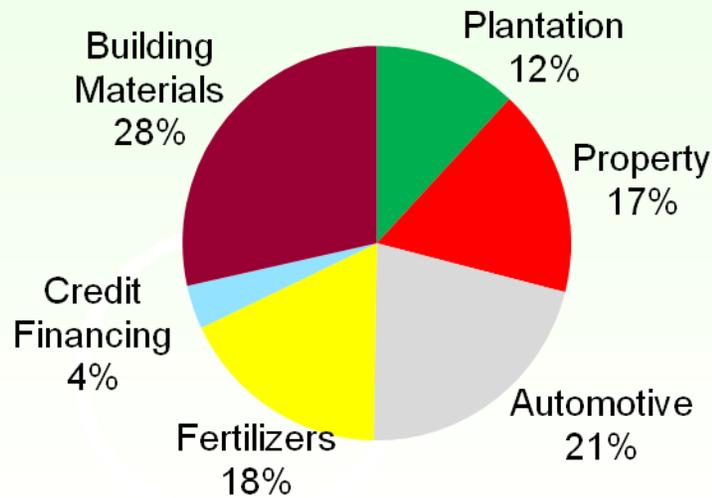
1. Includes share of Inverfin's PBIT from Menara Citibank
2. Includes share of associate and JV's results by Hafary



# Group segment results

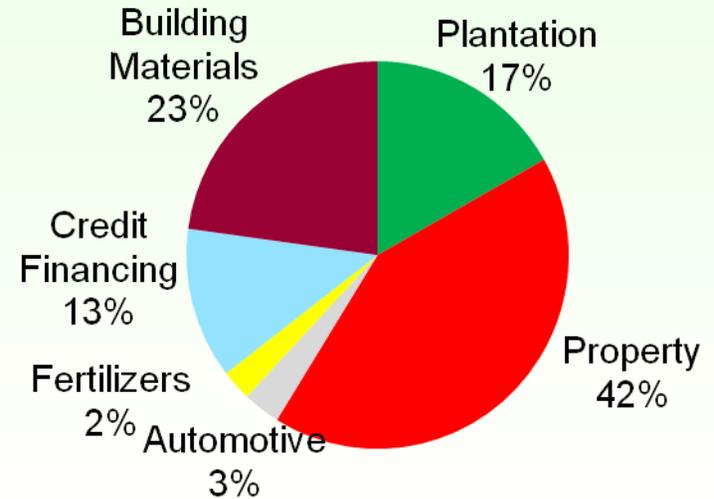
## Revenue

1Q17

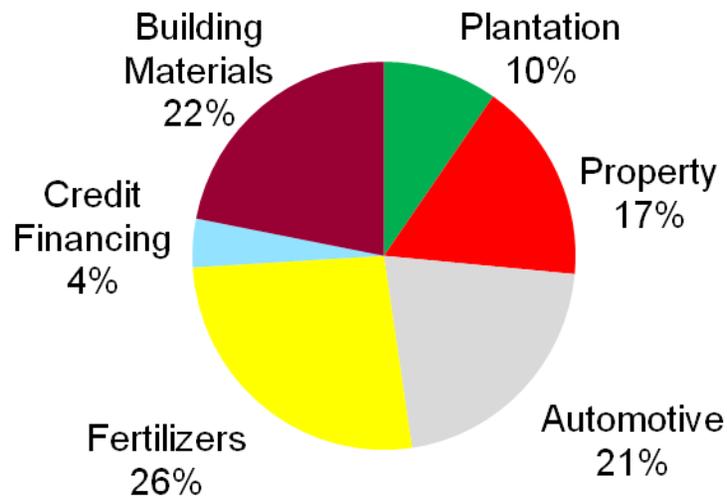


## Operating Profit

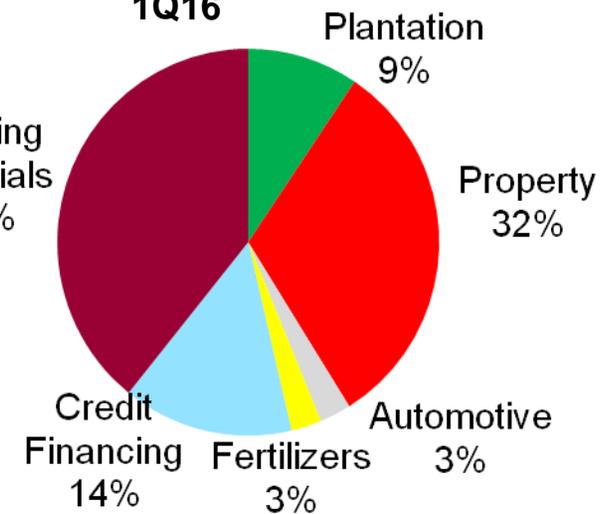
1Q17



1Q16



1Q16



## SECTION 2

### ● Operations review

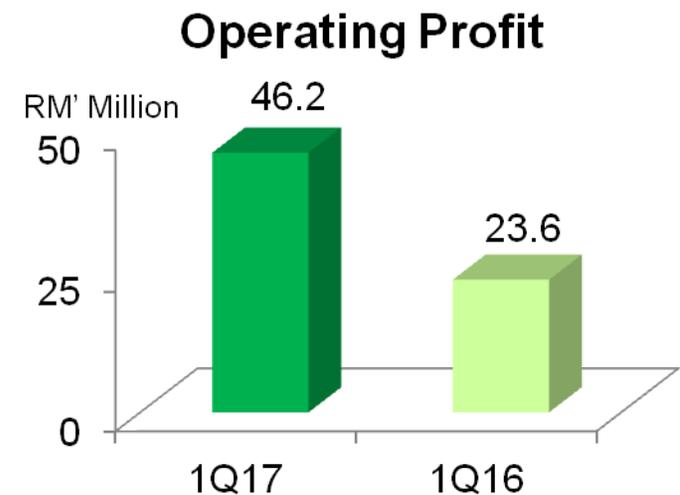
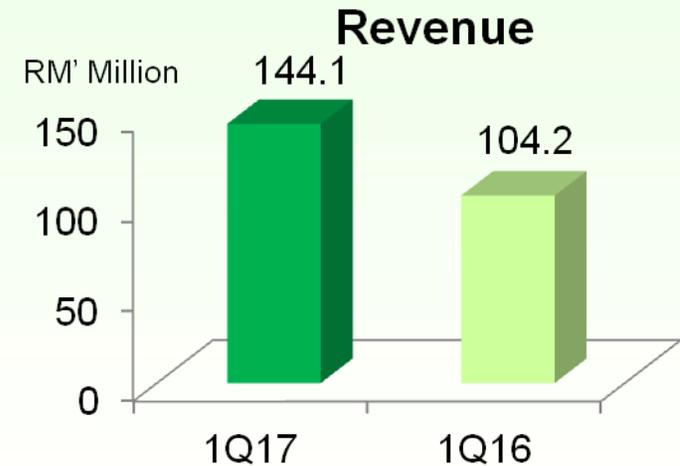




# Plantation

## Revenue and profit supported by higher selling prices

- ❑ The Division's revenue for 1Q17 increased by 38% whilst the operating profit was higher by 95% as compared to previous year corresponding period, benefitted from higher selling price realization of CPO and PK.
- ❑ The average selling price realization of CPO and PK were at:
  - ✓ CPO : RM3,268/mt (1Q16:RM2,375/mt).
  - ✓ PK : RM3,282/mt (1Q16:RM2,029/mt).
- ❑ Sales volume of CPO for 1Q17 was at 36,275 mt (1Q16: 37,041 mt) whilst the PK sales volume was at 7,183 mt (1Q16: 6,978 mt). CPO sales volume was affected by lower CPO production volume.
- ❑ Unit production costs of CPO for 1Q17 was at RM1,558/mt, higher by 4% (1Q16: RM1,498/mt) due to higher repairs & maintenance costs, increase in minimum wage rate effective July 2016 and lower CPO production volume. FFB yield for 1Q17 was higher at 4.16mt/ha (1Q16: 3.84 mt/ha), however CPO production volume was lower due to due to lower OER at 19.7% (1Q16: 22.1%).

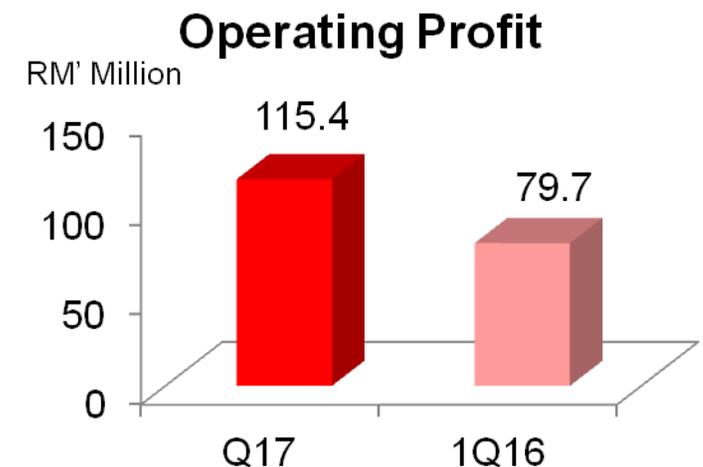
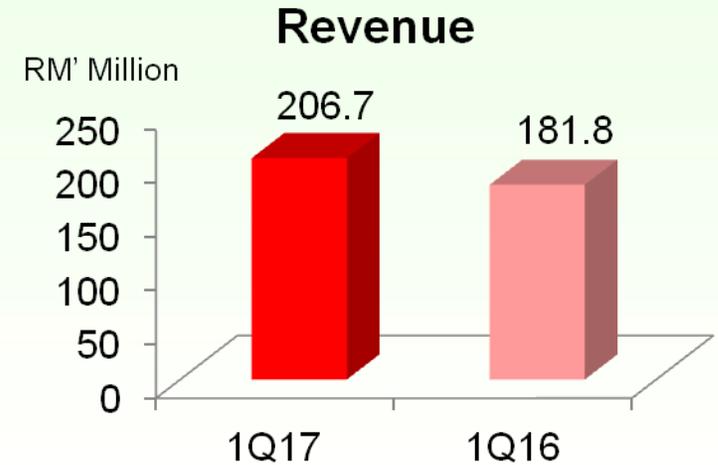




# Property

## Investment properties continue to enjoy healthy occupancy and rental rates

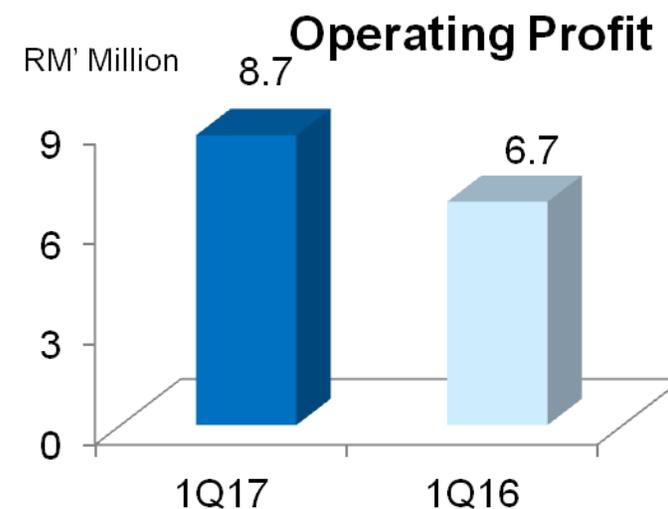
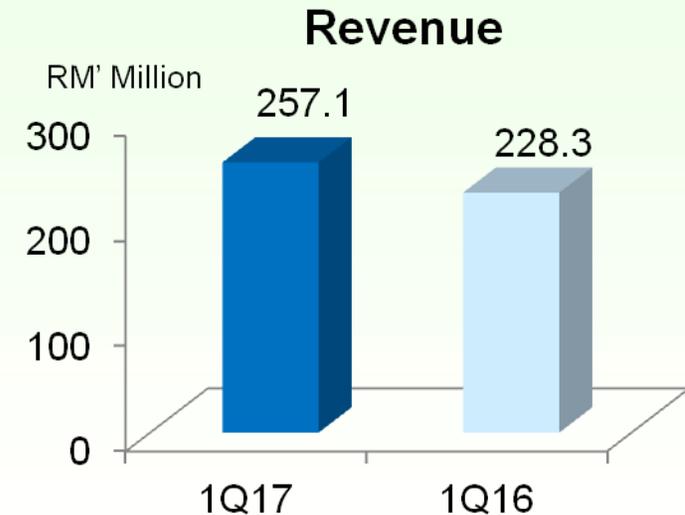
- ❑ The Division's revenue and operating profit for 1Q17 were 14% and 45% above last year respectively, benefitted from improved results from investment properties and higher contribution from disposal of certain non-strategic properties.
- ❑ Improvement in the revenue and profit contributions from investment properties were attributed to higher contribution from Menara Hap Seng 2 and Plaza Shell Kota Kinabalu whilst Menara Hap Seng and Menara Citibank continued to enjoy good occupancy and rental rates.
- ❑ Project revenue for 1Q17 was contributed by Nadi Bangsar and Aria projects in the West Malaysia and Bandar Sri Indah and Ria Heights projects in Sabah.





## Better performance from vehicle sales and aftersales segments

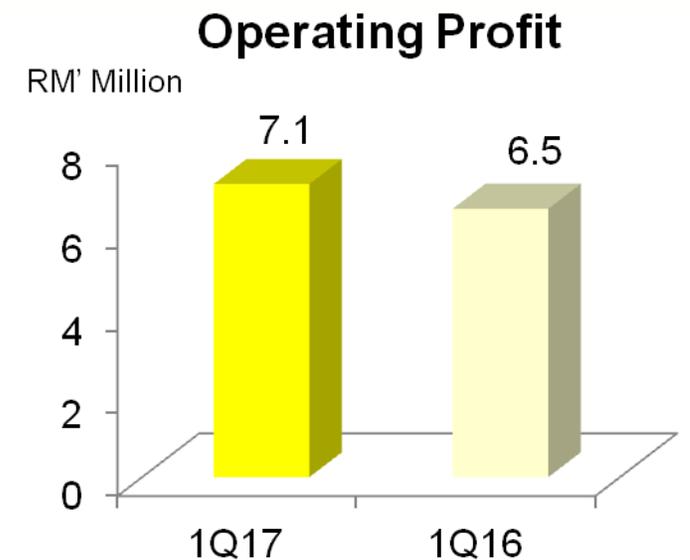
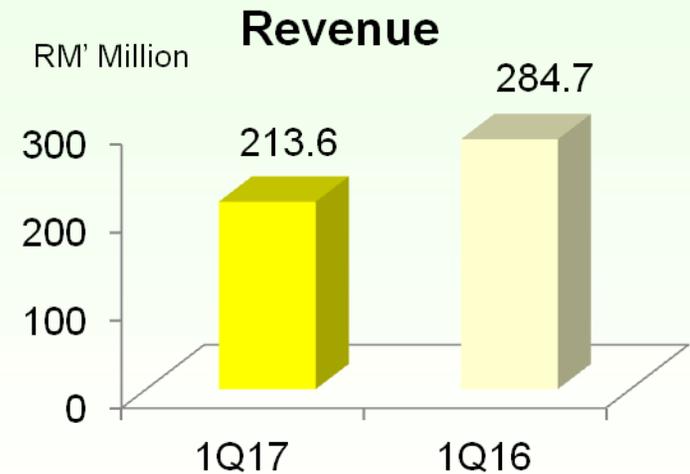
- ❑ The Division's revenue and operating profit for the 1Q17 were higher by 13% and 30% respectively as compared to previous year corresponding period with higher contribution from both the vehicle sales and after sales segments.
- ❑ Vehicle sales volume for 1Q17 was 25% higher than last year whilst the after sales segment recorded 31% increase in throughput .
- ❑ Order book remains strong particularly for the C-Class, E-Class and GLC models.
- ❑ Market share for MBM passenger cars increased to 35% in 1Q17 compared to 33% a year ago.
- ❑ 3 new dealership in 2017:
  - Bukit Tinggi Klang
  - Puchong South
  - Iskandar Johor Bahru





## Better margin for Malaysian operations

- ❑ Division's revenue for the current quarter was affected by lower sales volume and lower average selling prices from the Malaysian and Indonesian operations, mitigated by the contribution from China operations which commenced in 3Q16.
- ❑ Revenue from the Malaysian and Indonesian operations were adversely affected by lower sales volume and lower selling prices due to competitive pricing coupled with timing of deliveries.
- ❑ Nonetheless, the Division's operating profit for 1Q17 was 9% above previous year corresponding period with higher contribution from the Malaysian operations due to better margin.

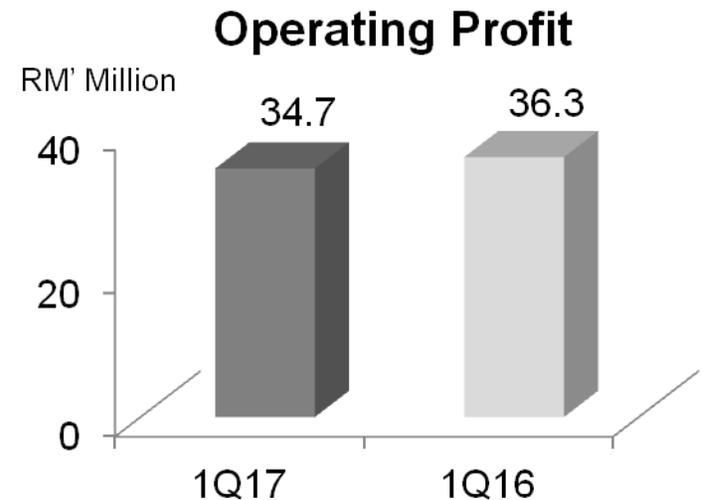
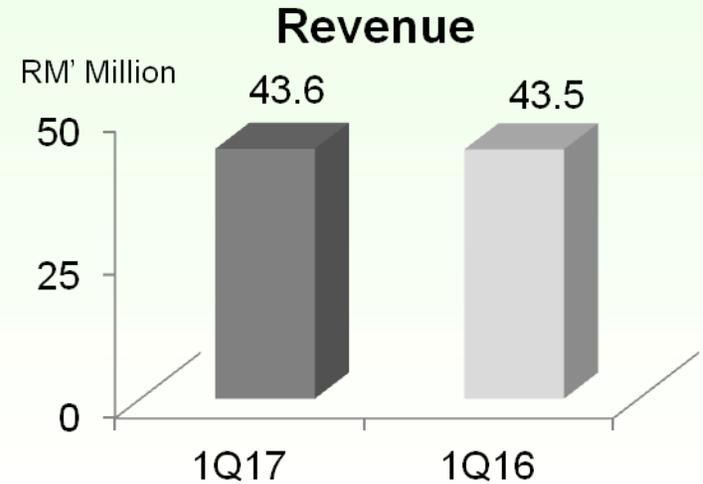




# Credit financing

## Cautious lending with continued focus on loans with quality collateral

- ❑ The Division's revenue for 1Q17 was marginally higher than the previous year corresponding period despite lower loan base. However, the operating profit was lower than last year due to higher provision for impairment.
- ❑ As at end of March 2017, loan base was at RM2.1 billion, 9% lower than the loan base of RM2.3 billion a year ago.
- ❑ West Malaysia accounted for 80% of the total loans whilst East Malaysia accounted for 20%.
- ❑ NPL ratio was at 2.18% as at end of March 2017 as compared to 1.83% at the end of March 2016.



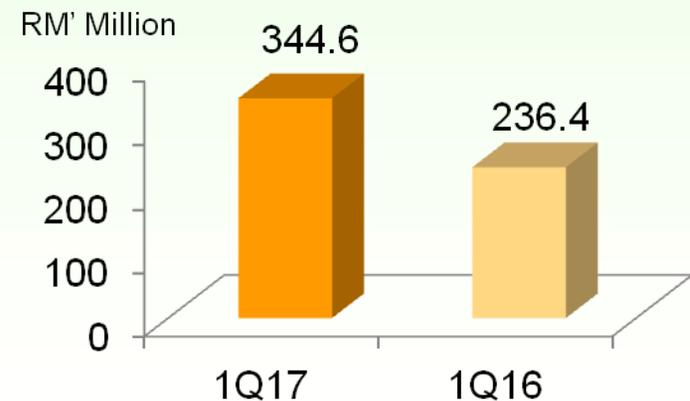


# Building Materials

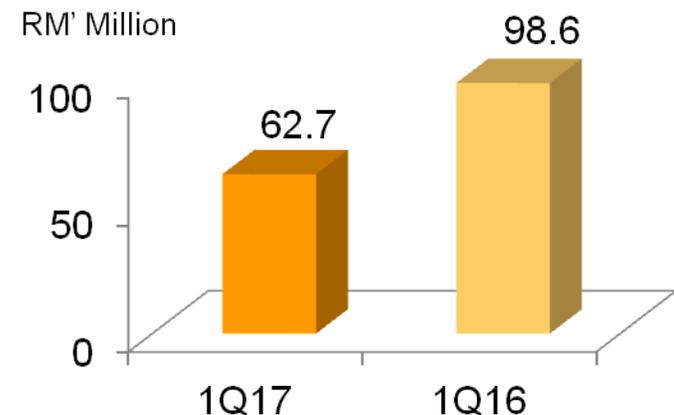
## Revenue boosted by MMSB results

- ❑ The Division's revenue for 1Q17 was 46% above the previous year corresponding period, benefitted from higher contribution from Hafary and the inclusion of MMSB results upon the completion of MMSB acquisition at the end of May 2016.
- ❑ However, the quarry, bricks, asphalts and building materials trading in Malaysia continued to operate in adverse market condition with weak demand and competitive pricing.
- ❑ Consequently, the Division's operating profit was lower than previous year corresponding period. Previous year's operating profit included a gain of RM91.2 million from disposal of certain properties as compared to RM57.9 million gain on disposal of properties in 1Q17.

### Revenue



### Operating Profit



# Thank You

