HAP SENG

Creating
Value
Together

1st Quarter Ended 31 March 2021 Results

27 May 2021

Scope

1. Group financials
2. Operations review

SECTION 1

Group financials

Consolidated income statement summary

- The Group's businesses in 1Q21 remained challenging amid the ongoing prolonged COVID-19 pandemic.
- The Group's revenue for 1Q21 at RM1.28 billion was 13% lower than last year due to lower contribution from Property, Credit Financing and Trading Divisions.
- Operating profit for 1Q21 at RM250.8 million was 15% lower than last year with lower contribution from Property and Credit Financing Divisions, mitigated by higher contribution from Plantation, Automotive, Trading and Building Materials Divisions.
- Consequently, EPS at 4.85 sen was lower than last year by 25%.

(RM' Million)	1Q21	1Q20	Change
Revenue	1,277.5	1,475.0	(13%)
Gross profit [1]	378.9	415.2	(9%)
EBITDA	298.4	342.8	(13%)
Operating profit [2]	250.8	296.1	(15%)
Finance expenses	(51.9)	(63.6)	(18%)
Profit before tax	201.7	234.3	(14%)
Taxation	(61.1)	(70.7)	(14%)
Profit after tax	140.6	163.6	(14%)
Attributable to shareholders	120.8	160.4	(25%)
Attributable to MI	19.8	3.2	516%
EPS (sen)	4.85	6.44	(25%)

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; and share of JV's PAT by MMSB.*

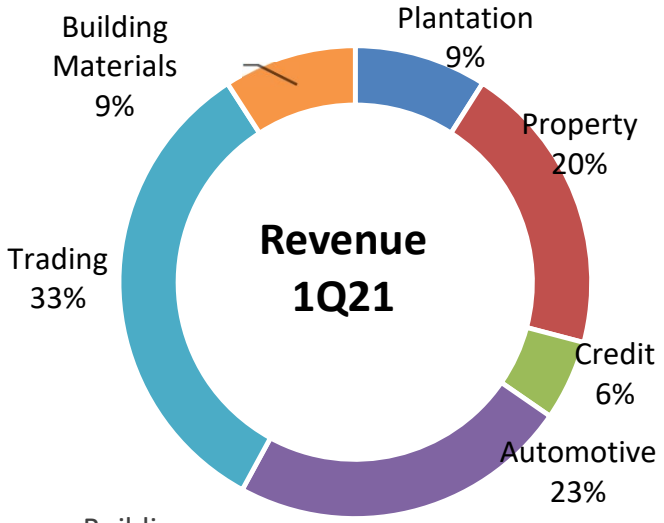
Group segment results

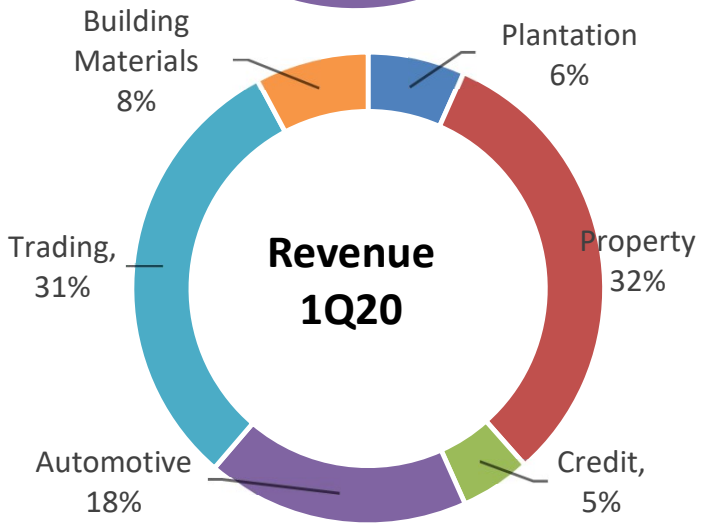
(RM' Million)	REVENUE			OPERATING PROFIT		
	1Q21	1Q20	Change	1Q21	1Q20	Change
Plantation	121.3	101.9	19%	39.8	(6.3)	728%
Property [1]	267.8	490.8	(45%)	143.6	253.1	(43%)
Credit Financing	73.4	74.4	(1%)	55.9	67.1	(17%)
Automotive	312.2	277.8	12%	2.5	(10.1)	125%
Trading [2]	441.0	477.2	(8%)	19.7	15.5	27%
Building Materials [3]	121.5	119.7	1%	15.8	5.9	165%
Subtotal	1,337.2	1,541.8	(13%)	277.3	325.2	(15%)
Consolidation adjustments & others	(59.7)	(66.8)		(26.5)	(29.1)	
Group	1,277.5	1,475.0	(13%)	250.8	296.1	(15%)

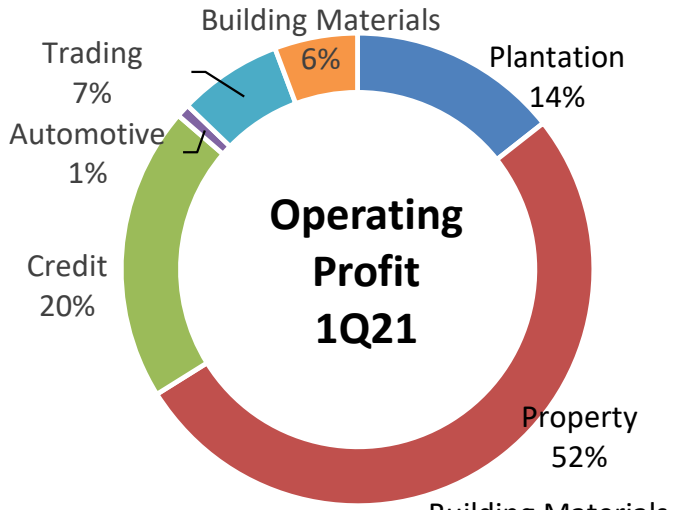
Note:

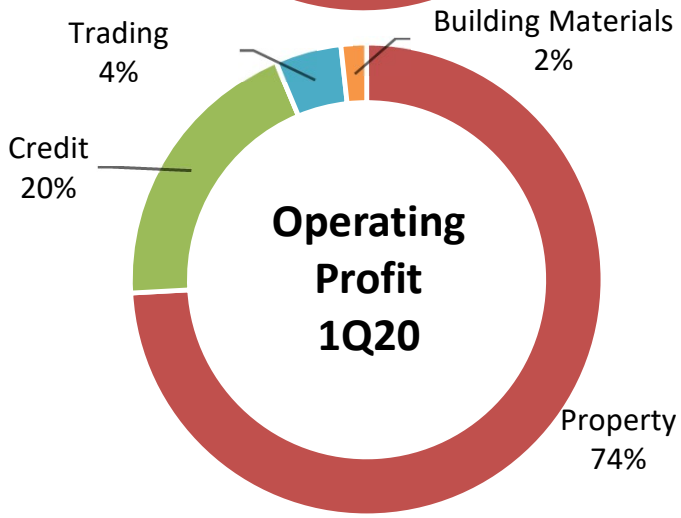
1. *Includes share of Inverfin's PBIT from Menara Citibank*
2. *Includes share of JV's results by MMSB*
3. *Includes share of associate and JV's results by Hafary*

Group segment results – 1st Quarter









SECTION 2

Operations review

Plantations

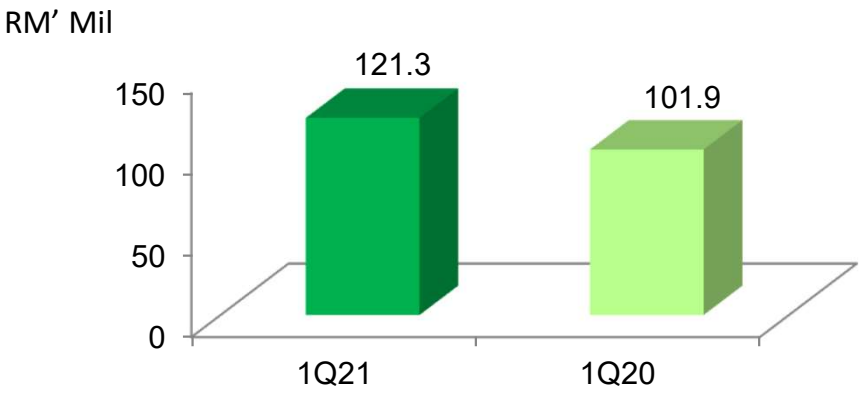
Results benefitted from higher selling prices

- Revenue and Operating Profit for 1Q21 were higher than last year with higher average selling prices of CPO and PK, despite lower sales volume of both CPO & PK due to lower production volume and timing of deliveries.
- The lower production volume of CPO and PK were attributed mainly to lower OER at 19.55% (1Q20: 21.4%) and lower KER at 4.72% (1Q20: 5.13%) respectively, affected by wet weather conditions.

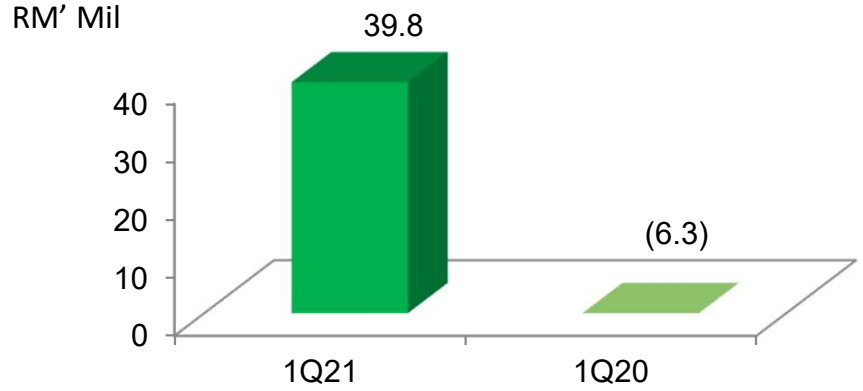
	1Q21	1Q20	Var %
Average Prices			
• CPO	3,854	2,814	37%
• PK	2,585	1,702	52%
Sales Volume			
• CPO	26,288	31,120	(16%)
• PK	6,763	7,585	(11%)
Production Vol.			
• FFB	130,284	131,980	(1%)
• CPO	27,775	30,475	(9%)
• PK	6,709	7,307	(8%)

- Unit production costs of CPO for 1Q21 at RM2,190/mt was higher than last year (1Q20: RM2,117/mt) mainly due to lower CPO production volume and higher FFB purchase costs.

1Q Revenue



1Q Operating Profit

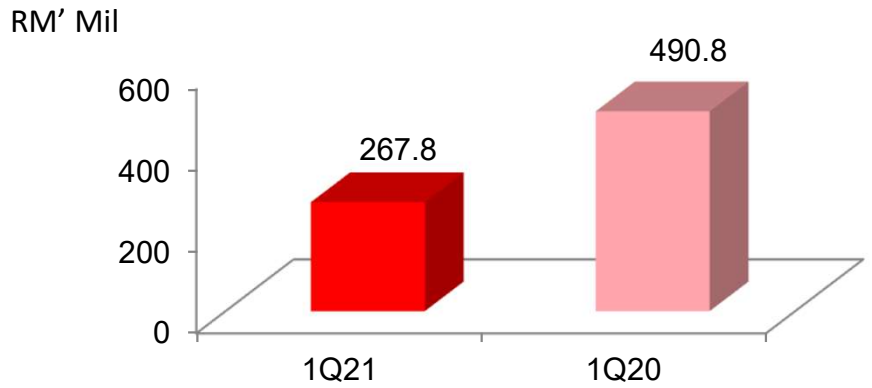


Property Investment and Development

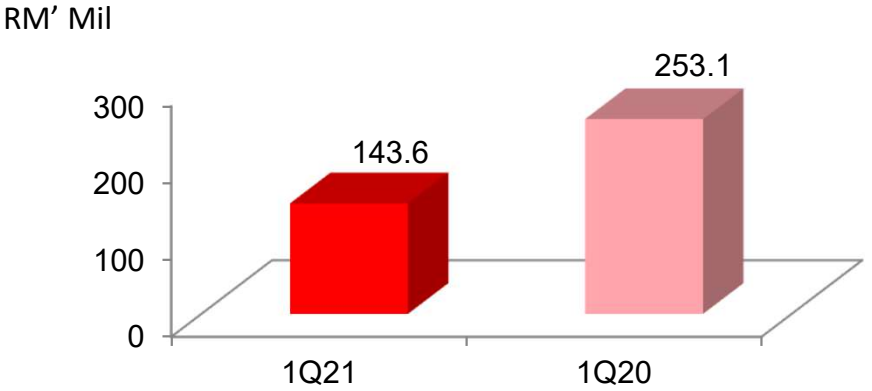
Lower contribution from project, construction and sales of non-strategic properties

- Revenue and Operating Profit for 1Q21 were lower than last year due to lower contribution from construction activities and property development, and lower sales of non-strategic properties, mitigated by higher contribution from investment properties.
- Revenue from construction activities in 1Q20 was mainly in respect of Hap Seng Business Park which was completed in December 2020.
- The property development was affected by slower economic activities and cautious consumer sentiment due to economic uncertainty amid the COVID-19 pandemic.
- Investment properties segment benefitted from Menara Hap Seng 3 which was completed in March 2020 and the newly acquired investment property in Labuan. Other key investment properties such as Menara Hap Seng and Menara Hap Seng 2 in Klang Valley and Plaza Shell in Sabah maintain healthy occupancy and rental yield.

1Q Revenue



1Q Operating Profit

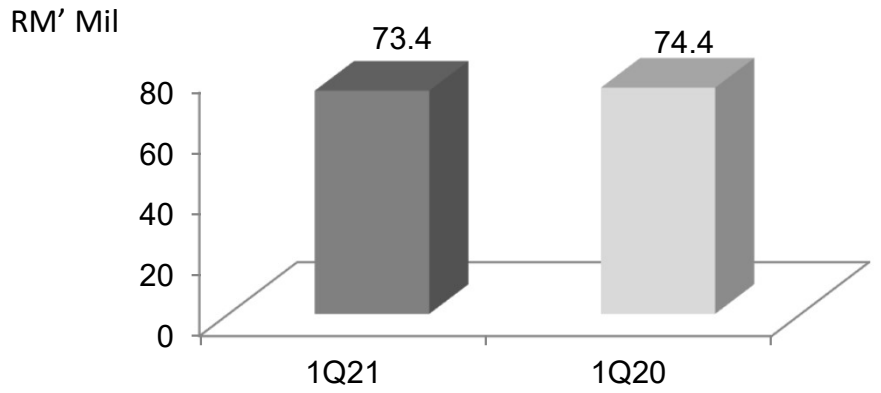


Credit Financing

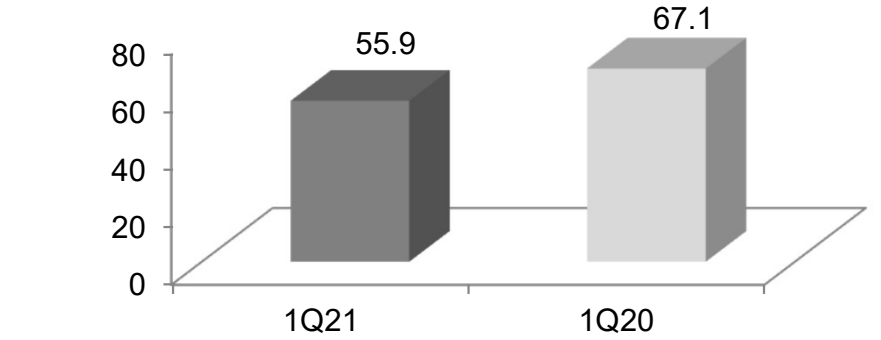
Operating profit affected by higher provision for impairment

- The Division's revenue for 1Q21 was marginally lower than last year, mainly due to lower loan base.
- Loan base as at end 1Q21 at RM3.81 billion was 2% below last year (1Q20: RM3.87 billion).
- NPL ratio as at end 1Q21 of 2.30% was higher than the corresponding period last year but marginally better than as of December 2020 (1Q20: 1.48%; December 2020: 2.35%). Certain sectors in the Division's loan portfolio were negatively affected by the COVID-19 pandemic, resulting in higher provision for impairment.
- Consequently, the Division's operating profit for 1Q21 was lower than last year.

1Q Revenue



1Q Operating Profit

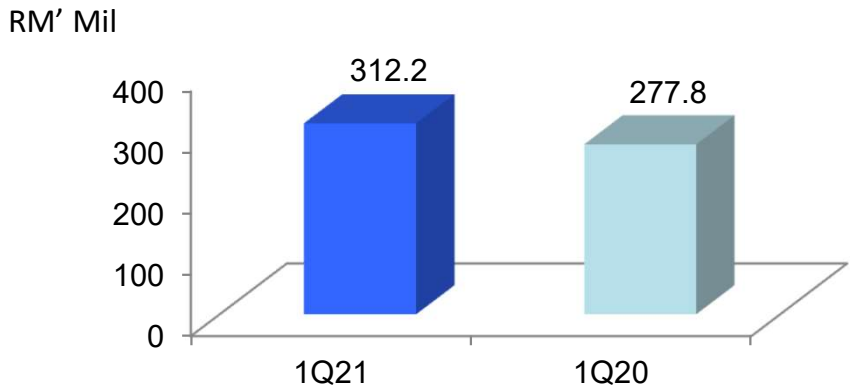


Automotive

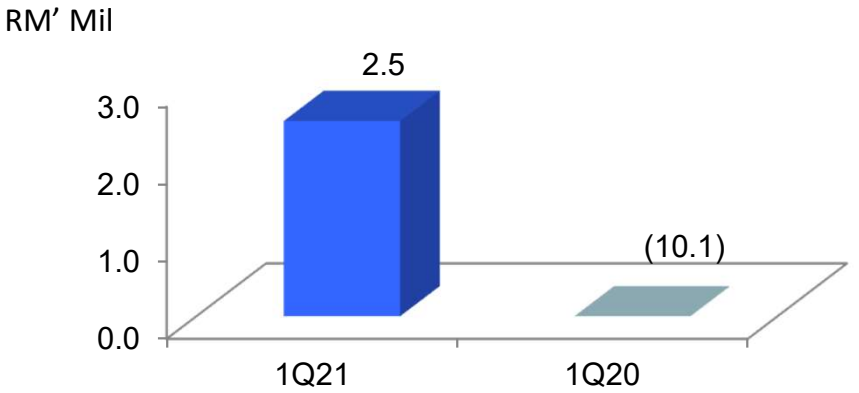
Improved results from both PV & CV

- The Division's operating profit for 1Q21 improved over last year with higher revenue and better average gross profit margin from both the passenger vehicle ("PV") and commercial vehicle ("CV") businesses.
- Revenue from sales of PV in 1Q21 was higher than last year by 12% with 13% higher sales volume, benefitted from the sales tax exemption. However, the overall revenue for the passenger vehicle business was dampened by a 20% decrease in revenue from aftersales segment. Aftersales throughput was lower by 19% as customers delay their car servicing due to reduced car usage during the movement control orders.
- The CV businesses recorded higher revenue by 51% for 1Q21 with higher volume of trucks sold.

1Q Revenue



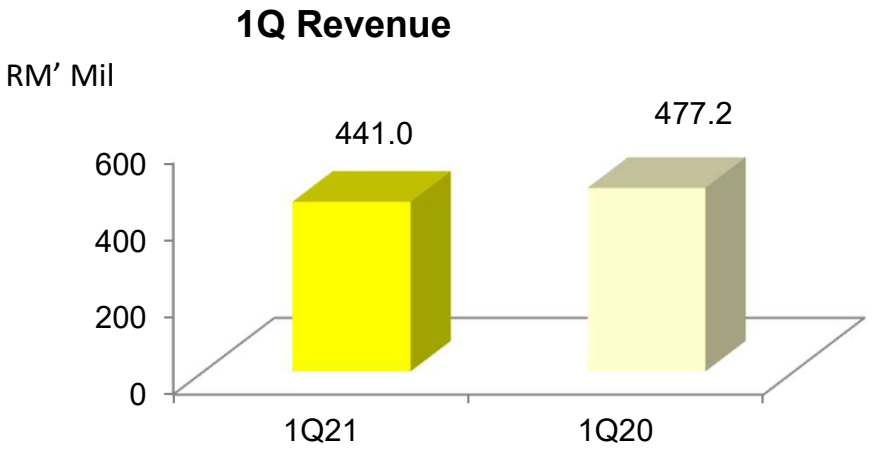
1Q Operating Profit

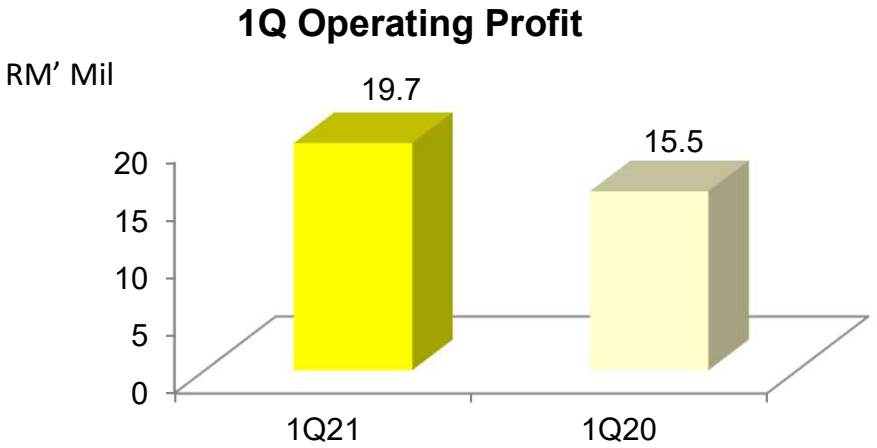


Trading

Operating profit benefitted from better margin and lower operating expenses

- The Division comprises the fertilizers trading (“FT”) , general trading (“GT”), and ceramic tiles business under Malaysian Mosaics Sdn Bhd (“MMSB”).
- Division’s revenue for 1Q21 was lower than last year with lower contribution from FT and GT, mitigated by higher revenue from MMSB.
- FT’s revenue was 7% lower at RM306.5 mil due to lower sales volume which was affected by timing of deliveries to customers as shipments from suppliers were delayed by the global shortage of shipping containers.
- GT at RM81 mil was 29% lower than last year, affected by the slowdown in property development and construction activities.
- However, MMSB’s revenue at RM53.5 mil was 52% above last year with higher revenue from its export markets and overseas operations.
- All businesses registered higher profit margin benefitting from higher average selling prices and lower operating expenses from improved operational efficiency. Consequently, Operating profit for 1Q21 was higher than last year.



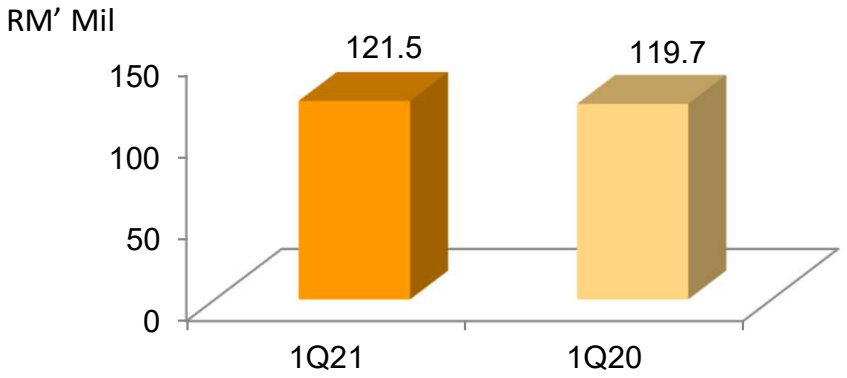


Building Materials

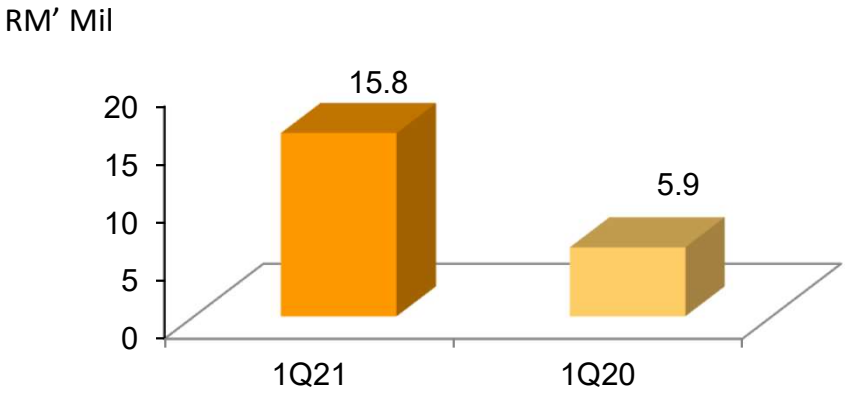
Higher operating profit from both QBM & Hafary despite lower QBM's revenue

- The Division comprises the quarry, asphalts and bricks businesses ("QBM"); and trading of building materials by Hafary ("Hafary").
- Revenue for 1Q21 was marginally higher than last year with higher revenue from Hafary but offset by lower contribution from QBM.
- Hafary's revenue at RM82.6 mil was 19% above last year with higher general sector sales from increased renovation activities in Singapore.
- QBM's revenue at RM38.9 mil was 23% lower than last year, affected by the slowdown in construction activities.
- However, the Division's operating profit for 1Q21 was significantly higher than last year with better margin achieved by all businesses due to better sales mix from Hafary and lower production costs from QBM arising from its cost optimization efforts.

1Q Revenue



1Q Operating Profit



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Thank You