HAP SENG

Creating
Value
Together







3rd Quarter Ended 30 September 2022 Results

25 November 2022

Scope

1 Group Financials

2 Operations Review

SECTION 1

Group Financials

Consolidated income statement summary

- The Group's 3Q22 and YTD revenue were above last year with higher contribution from Plantation, Automotive, Trading and Building Materials Divisions.
- The Group's 3Q22 and YTD operating profit were lower than last year, affected mainly by lower 3Q22 contribution from Plantation and Property Divisions and lower YTD contribution from Property Division.
- The Group's 3Q22 and YTD PBT and PAT included net gain from the disposal of Hap Seng Credit (Birmingham) Ltd of RM425.1 million.
- Consequently, the Group's PAT and EPS for 3Q22 were 46% and 48% above last year respectively and the Group's YTD PAT and EPS were 40% and 42% higher than last year respectively.

(RM' Million)	3Q22	3Q21	Change	YTD 2022	YTD 2021	Change
Revenue	1,973.2	1,633.5	21%	5,319.5	4,173.4	27%
Gross profit [1]	372.3	736.2	(49%)	1,222.2	1,471.2	(17%)
EBITDA	298.3	640.8	(53%)	969.8	1,199.9	(19%)
Operating profit [2]	260.2	593.8	(56%)	841.6	1,059.8	(21%)
Finance expenses	(37.4)	(37.5)	-	(124.8)	(133.8)	(7%)
Profit before tax	647.3	561.5	15%	1,145.4	935.4	22%
Taxation	(55.4)	(155.5)	(64%)	(204.9)	(265.6)	(23%)
Profit after tax	591.9	406.0	46%	940.5	669.8	40%
Attributable to shareholders	563.7	381.6	48%	852.6	599.9	42%
Attributable to MI	28.2	24.4	15%	87.9	69.9	26%
EPS (sen)	22.64	15.33	48%	34.25	24.10	42%

Note:
1. *Includes share of Inverfin and Sunrise Strategy's PBIT*
2. *Includes Interest Income, Share of Inverfin and Sunrise Strategy's PBIT by Property Division and share of associate and JV's PAT by Hafary.*

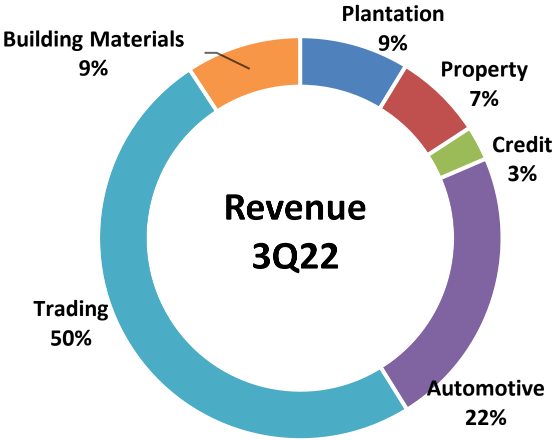
Group segment results

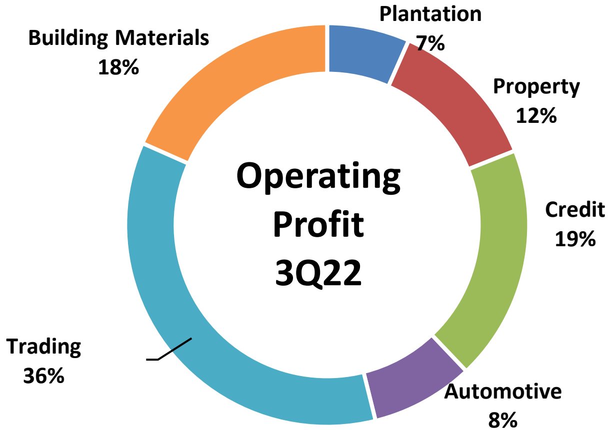
(RM' Million)	REVENUE			OPERATING PROFIT			REVENUE			OPERATING PROFIT		
	3Q22	3Q21	Change	3Q22	3Q21	Change	YTD 2022	YTD 2021	Change	YTD 2022	YTD 2021	Change
Plantation	182.0	173.6	5%	18.0	70.6	(75%)	671.0	476.0	41%	238.4	173.8	37%
Property [1]	146.9	566.9	(74%)	33.7	445.9	(92%)	399.9	1,036.4	(61%)	122.9	672.9	(82%)
Credit Financing	57.3	71.0	(19%)	51.4	52.7	(2%)	178.9	218.2	(18%)	151.7	159.8	(5%)
Automotive	470.4	264.4	78%	22.4	1.5	1441%	1,248.4	841.4	48%	48.0	0.3	15687%
Trading	1,033.0	491.6	110%	96.6	24.8	290%	2,624.5	1,391.7	89%	244.2	67.0	265%
Building Materials [2]	192.3	133.0	45%	49.9	19.4	157%	495.1	386.8	28%	102.2	46.0	122%
Subtotal	2,081.9	1,700.5	22%	272.0	614.9	(56%)	5,617.8	4,350.5	29%	907.4	1,119.8	(19%)
Consolidation adjustments & others	(108.7)	(67.0)		(11.8)	(21.1)		(298.3)	(177.1)		(65.8)	(60.0)	
Group	1,973.2	1,633.5	21%	260.2	593.8	(56%)	5,319.5	4,173.4	27%	841.6	1,059.8	(21%)

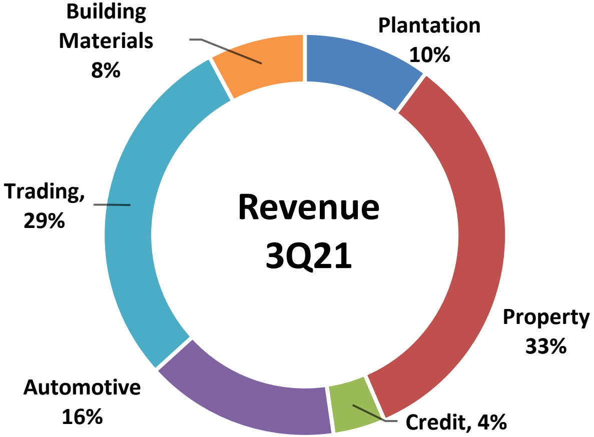
Note:

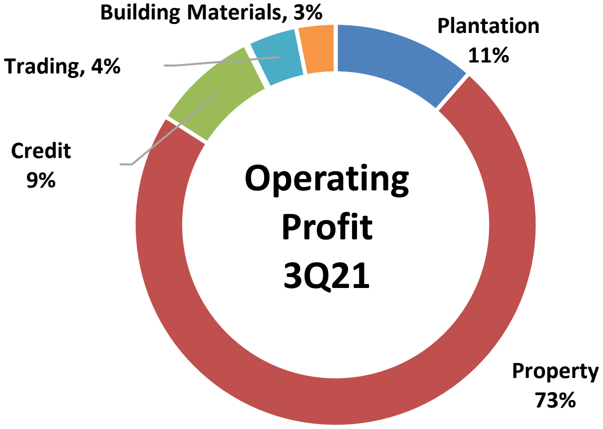
1. *Includes share of Inverfin and Sunrise Strategy's PBIT*
2. *Includes share of associate and JV's results by Hafary*

Group segment results – 3rd Quarter

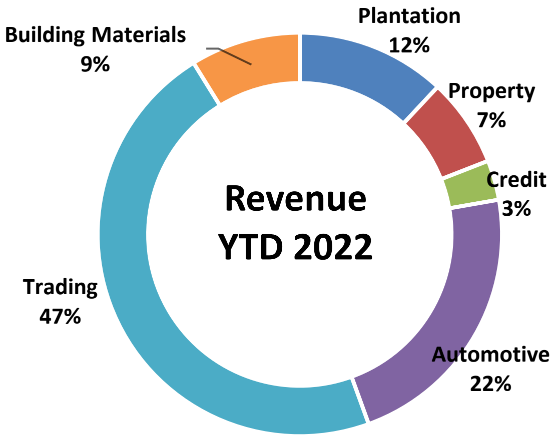


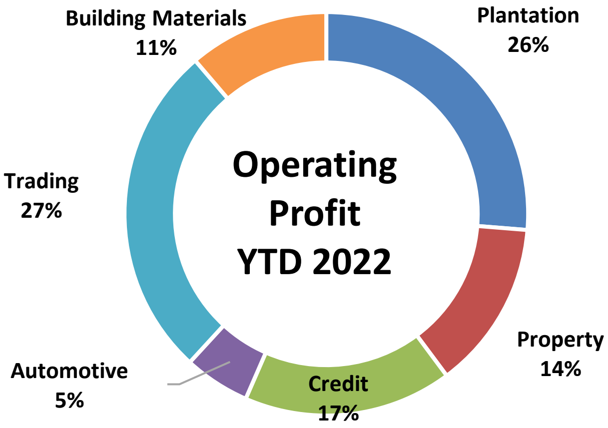


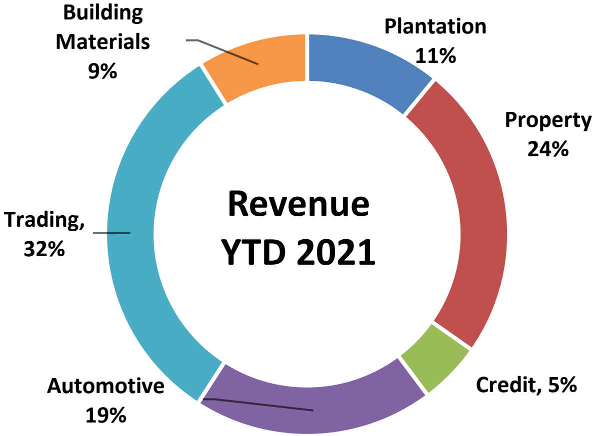


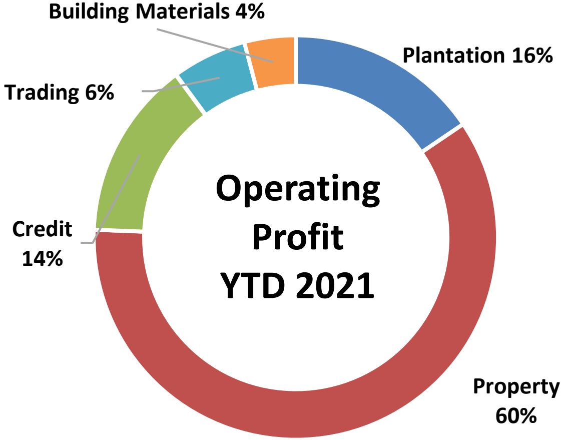


Group segment results – Year To Date









SECTION 2

Operations Review

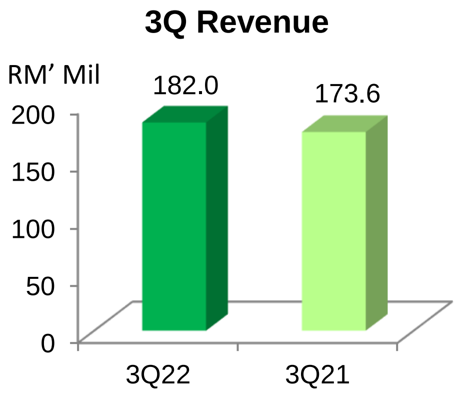
Plantations

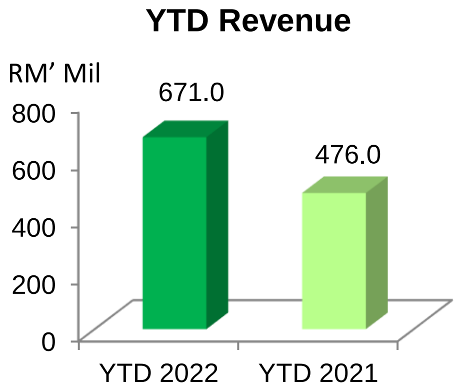
YTD Results benefitted from higher price realization

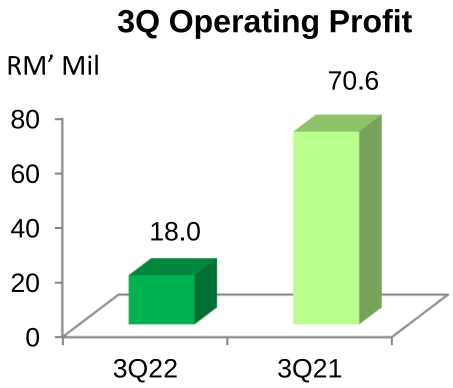
- 3Q22 and YTD Revenue were 5% and 41% above last year respectively with higher 3Q22 average selling price of CPO and higher YTD average selling prices of all palm products. However, revenue were dampened by lower sales volume with lower 3Q22 sales volume of all palm products and lower YTD PK sales volume, in tandem with lower production volume.

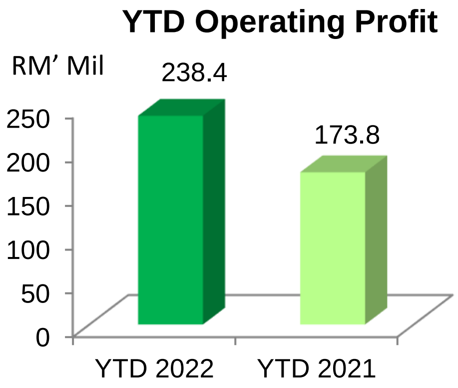
	3Q22	3Q21	YTD 2022	YTD 2021
Average Prices • CPO • PK	 5,219 2,543	 4,341 2,615	 5,999 3,712	 4,217 2,640
Sales Volume • CPO • PK	 31,129 6,524	 34,753 7,163	 96,780 20,690	 96,754 21,877
Production Vol. • FFB • CPO • PK	 141,301 31,384 6,786	 149,280 34,055 7,356	 406,782 89,967 20,803	 428,314 96,643 21,958

- The YTD Operating profit was 37% higher than last year, benefitted from the higher average selling prices and gain on disposal of estate land of RM18.8 million. However, the 3Q22 and YTD results were dampened by higher production costs due to higher fertilizer and diesel costs, increase in minimum wage, and loss from 3Q22 and YTD fair value adjustments of biological assets of RM24.2 million and RM16.1 million respectively as compared to gain of RM2.6 million and RM4.4 million in the corresponding quarter last year.
- 3Q22 and YTD CPO and PK production volume were lower than last year due to lower FFB production and lower FFB purchased. FFB yield were affected by seasonal yield trend, changes in cropping patterns and wet weather conditions.
- YTD Production costs of CPO was at RM2,556/mt (YTD 2021: RM1,872/mt) due to the lower production volume and the aforementioned costs increases.





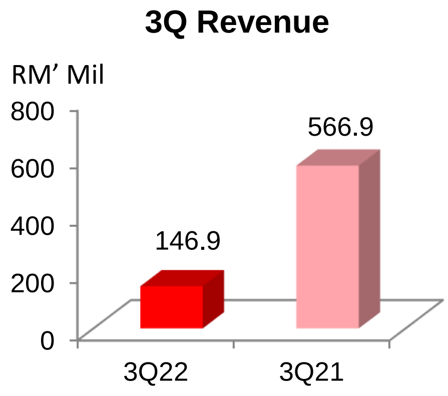


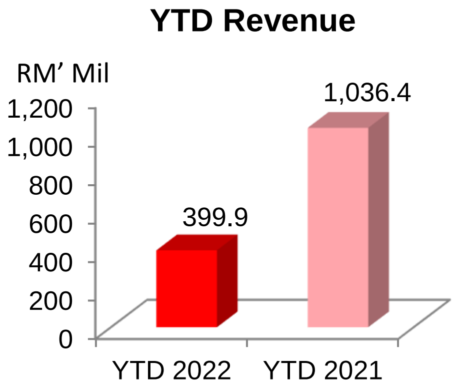


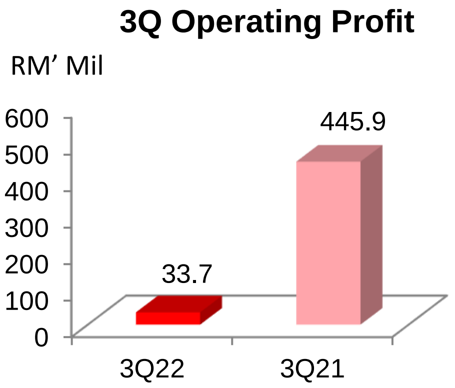
Property Investment and Development

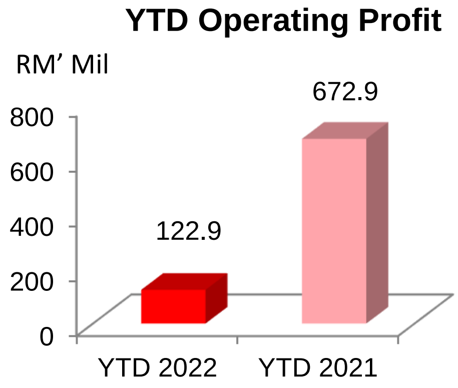
Improvements in property sales and rental dampened by lower non-strategic land sales

- The Division's property development and investment properties segments registered improved 3Q22 and YTD performance.
- The property development segment benefited from higher units sold and higher progress completion in its residential property development projects in East Malaysia.
- The investment properties segment continued to generate stable rental revenue with improvement in occupancy and rental rates from most of its major investment properties in Kuala Lumpur City Centre, Kota Kinabalu and Labuan.
- The lower 3Q22 and YTD Revenue and Operating Profit were mainly due to lower non-strategic land sales.





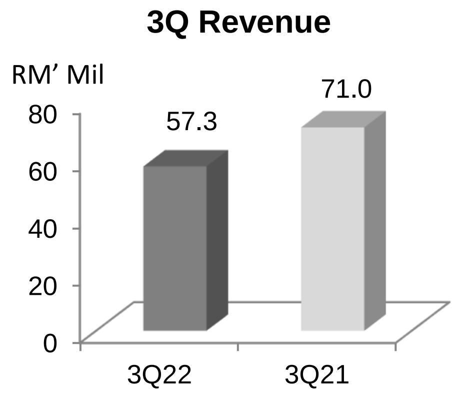


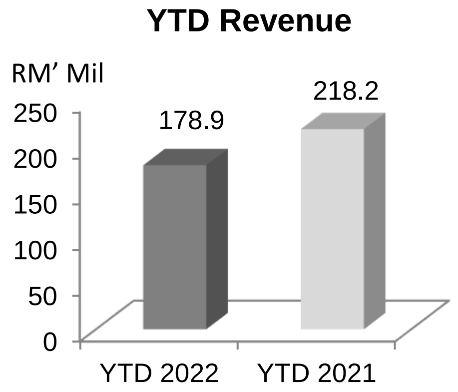


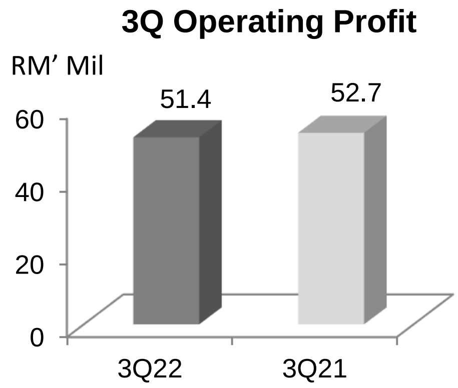
Credit Financing

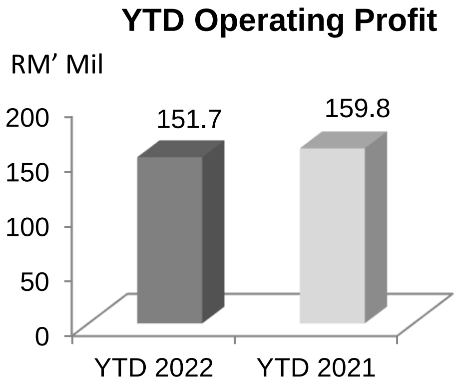
Continues to focus on cautious lending practices and credit control

- The Division's 3Q22 and YTD revenue and operating profit were lower than last year mainly due to lower contribution from its Malaysian operations.
- Malaysian operations results were affected by lower loan base at RM2.76 billion (2021: RM3.43 billion) due to early loans redemption in the previous quarter coupled with lower loan disbursements as the division takes a cautious approach in its business amid the uncertainties in the domestic financing landscape.
- The UK Manchester operations commenced in April 2022 while the Birmingham operations was disposed off in August 2022.
- The Division's loan base as at end 3Q22 at RM2.87 billion was lower by 19% (3Q21: RM3.56 billion).
- NPL ratio as at end 3Q22 was higher at 2.32% (3Q21: 2.11%).
- 3Q22 and YTD Operating profit were mitigated by favourable adjustments to provision for loan impairments.





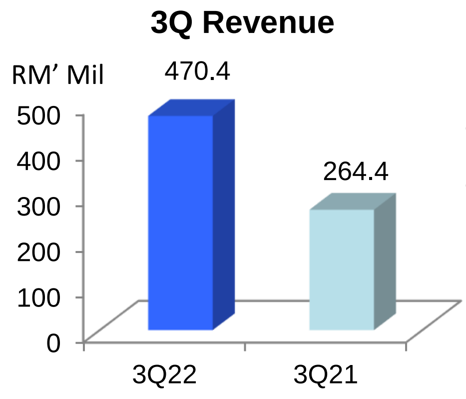


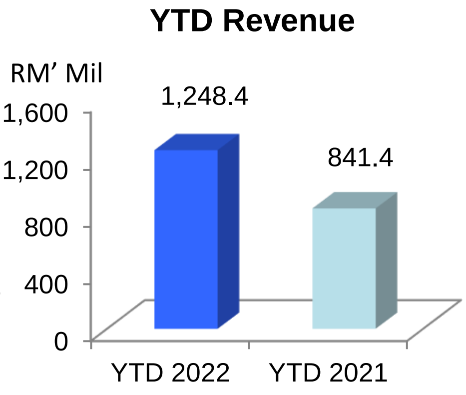


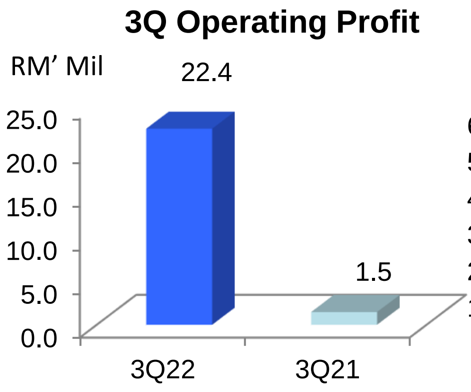
Automotive

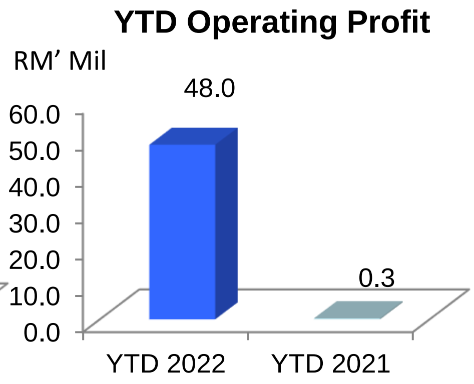
Higher contribution from both PV and CV segments

- The Division's 3Q22 and YTD revenue and operating profit registered significant improvement over last year with higher contribution from both passenger vehicles ("PV") and commercial vehicles ("CV") segments.
- The PV segment's 3Q22 and YTD revenue were 88% and 53% higher than last year, supported by:
  - ✓ Higher 3Q22 and YTD sales volume by 95% and 50% respectively, boosted by backlog deliveries of stocks from the principal and fulfilment of some orders received prior to the expiry of the sales tax exemption.
  - ✓ Higher 3Q22 and YTD revenue from the aftersales segment by 55% and 32% respectively with 52% and 31% increase in throughput respectively in tandem with higher vehicles usage as the economic activities normalize.
- The CV segment's 3Q22 and YTD revenue were 45% and 33% above last year respectively, benefitted mainly from higher sales volume and higher average selling prices of Actros and Fuso trucks.







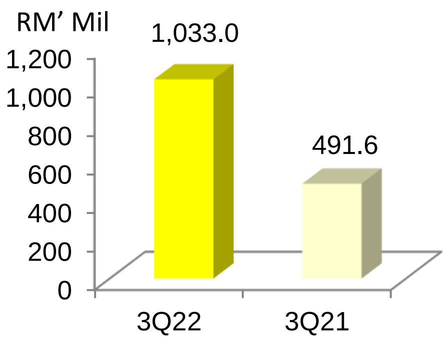


Trading

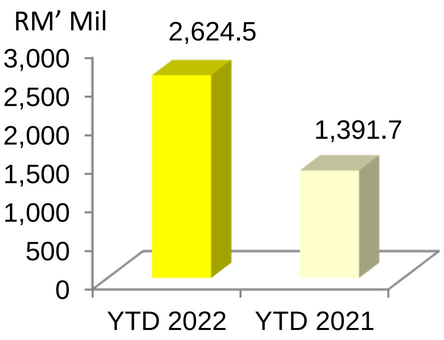
Improved results from all businesses

- The Division comprises the fertilizers trading ("FT") , general trading ("GT"), and ceramic tiles business under Malaysian Mosaics Sdn Bhd ("MMSB").
- Division's 3Q22 and YTD revenue were significantly higher than last year with higher contribution from all its businesses.
- FT's 3Q22 and YTD revenue were 124% and 101% higher than last year respectively with both its Malaysia and Indonesia markets registered higher revenue attributable to higher average selling prices. Fertilizer prices remain elevated as the pro-longed geopolitical tension in Europe continued to affect global supply of fertilizers.
- 3Q22 and YTD Revenue from GT segment increased by 55% and 54% respectively while the MMSB's revenue were 86% and 48% above last year respectively as activities in the property development and construction sectors normalize towards the pre COVID-19 pandemic level with the improvement in the labour supply situation.
- Consequently, the Division's 3Q22 and YTD operating profit were more than tripled over that of last year.

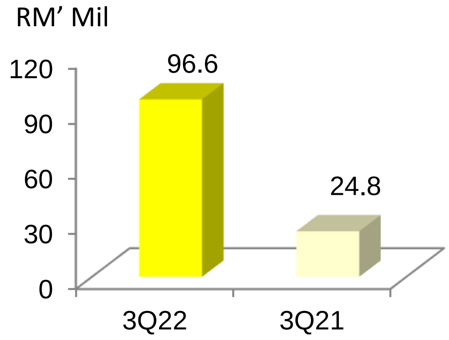
3Q Revenue



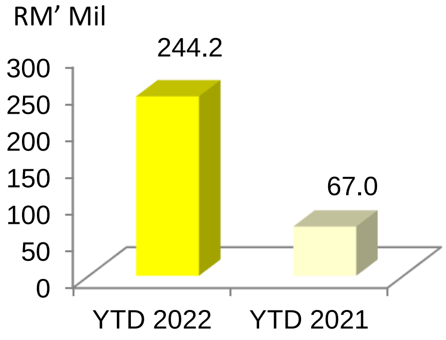
YTD Revenue



3Q Operating Profit



YTD Operating Profit

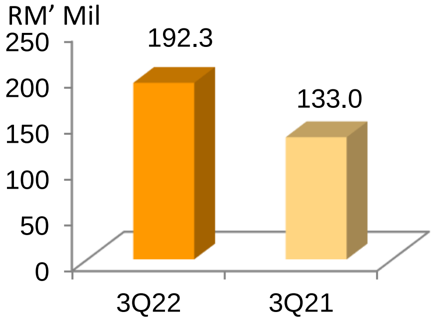


Building Materials

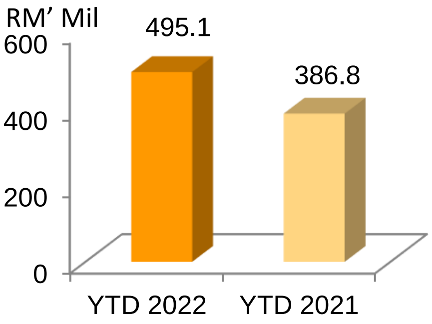
Stronger demand from the construction sector supports growth in 3Q22 Operating profit

- The Division comprises the quarry, asphalts and bricks businesses ("QBM"); and trading of building materials by Hafary ("Hafary").
- 3Q22 and YTD Revenue were 45% and 28% higher than last year respectively with higher contribution from both business segments.
- QBM's 3Q22 and YTD revenue increased by 27% and 14% respectively, mainly from higher sales of aggregates which benefitted from the increase in activities in the Malaysian construction sector.
- Hafary's 3Q22 and YTD revenue grew by 50% and 33% above last year respectively with higher sales from both its project and general sectors, benefitted from the increase in construction and renovation activities in Singapore.
- The Division's results also benefitted from improved operating margin.
- Consequently, the Division's 3Q22 and YTD operating profit were 157% and 122% above last year respectively.

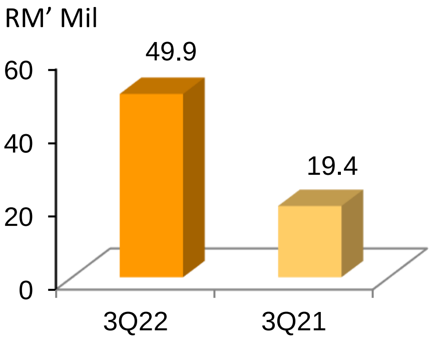
3Q Revenue



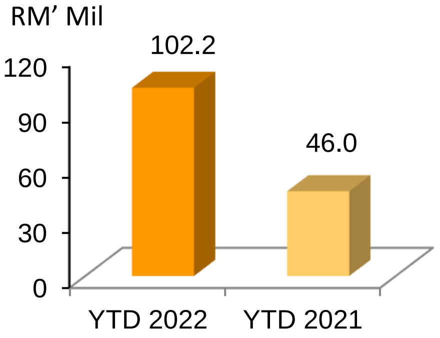
YTD Revenue



3Q Operating Profit



YTD Operating Profit



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