



# HAP SENG CONSOLIDATED BERHAD

3<sup>rd</sup> Quarter Ended 30<sup>th</sup> September 2011 Results

25<sup>th</sup> November 2011

# Scope



1 Group financials

2 Operations review

## SECTION 1

### ● Group financials





# Consolidated income statement summary

- Overall, the Group posted strong financial performance in 3Q 2011 against 2010's corresponding quarter.
- Group's revenue rose 30% to RM944m with three divisions (Plantations, Fertilizers and Credit Financing) delivering strong double-digit growth in revenue (ranging from 35 to 47%) while the remaining three divisions also achieved positive growth.
- Group EBITDA of RM194m and operating profit of RM177m grew by 61% and 72% respectively in 3Q 2011 as compared to RM120m and RM103m respectively, in the same quarter in 2010.
- Five divisions registered an increase in their operating profits notably with Fertilizers Division showing a 209% jump.
- The Plantations Division continued to be the key profit contributor, accounting for 50% of the Group's operating profit.
- Basic EPS was 4.37 sen in 3Q 2011 as compared to 2.64 sen in the same quarter last year.

(RM'million)	3Q 2011	3Q 2010	Change (%)	YTD 3Q 2011	YTD 3Q 2010	Change (%)
Revenue	944	727	30%	2,654	1,979	34%
Gross profit <sup>1</sup>	219	153	43%	667	435	53%
EBITDA	194	120	61%	584	328	78%
Operating profit <sup>1,2</sup>	177	103	72%	536	285	88%
Finance expense	(29)	(14)	104%	(71)	(46)	54%
Profit before tax	154	89	72%	470	333	41%
Taxation	(32)	(20)	59%	(113)	(55)	107%
Profit after tax	122	69	76%	357	278	28%
Attributable to MI	30	21	43%	93	58	60%
Attributable to shareholders	91	48	90%	264	220	20%
EPS (sen)	4.37	2.64	65%	13.68	12.13	13%

Note:

1 Includes share of Inverfin's PBIT from Menara Citibank

2 Includes interest income



# Group segment results

(RM'million)	Revenue			Operating Profit			Revenue			Operating Profit		
	3Q 2011	3Q 2010	Change (%)	3Q 2011	3Q 2010	Change (%)	YTD 3Q 2011	YTD 3Q 2010	Change (%)	YTD 3Q 2011	YTD 3Q 2010	Change (%)
Plantations	167	114	47%	89	55	64%	494	316	56%	271	155	75%
Property	75	66	13%	48 <sup>1</sup>	20 <sup>1</sup>	142%	242	183	32%	136 <sup>1</sup>	55 <sup>1</sup>	146%
Automotive	212	187	13%	5	3	30%	584	401	45%	17	10	76%
Fertilizers	325	223	46%	14	5	209%	866	680	27%	52	16	224%
Credit Financing	25	19	35%	21	19	9%	70	55	29%	57	46	26%
Quarry and Building Materials	141	120	17%	2	4	-50%	402	352	14%	14	15	-7%
	945	729	30%	179	106	69%	2,658	1,987	34%	547	297	84%
Consolidation adjustments and others	(1)	(2)	-	(2)	(3)		(4)	(8)	-	(11)	(12)	
<b>GROUP</b>	<b>944</b>	<b>727</b>	<b>30%</b>	<b>177</b>	<b>103</b>	<b>72%</b>	<b>2,654</b>	<b>1,979</b>	<b>34%</b>	<b>536</b>	<b>285</b>	<b>88%</b>

Note:

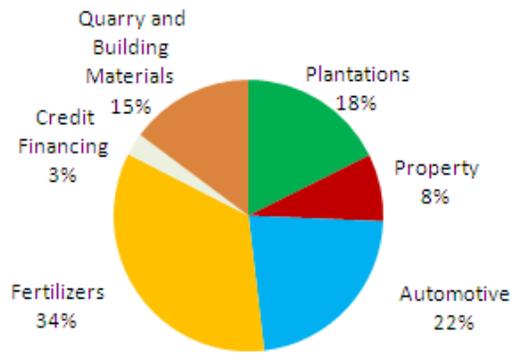
<sup>1</sup> Includes share of Inverfin's PBIT from Menara Citibank



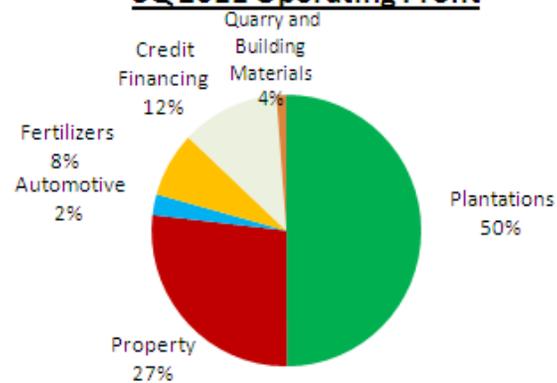
# Group segment results

## CURRENT QUARTER :

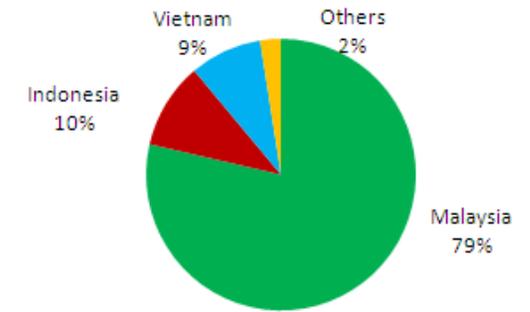
### 3Q 2011 Revenue



### 3Q 2011 Operating Profit

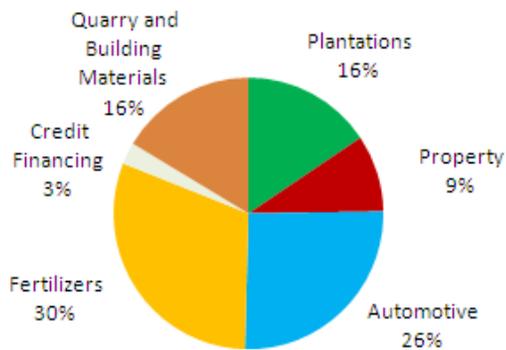


### 3Q 2011 Revenue - Geographical segment

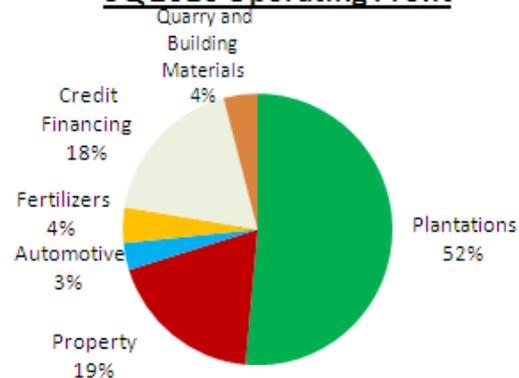


## CORRESPONDING QUARTER LAST YEAR :

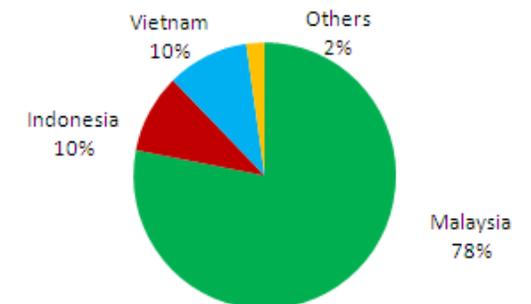
### 3Q 2010 Revenue



### 3Q 2010 Operating Profit



### 3Q 2010 Revenue - Geographical segment



## SECTION 2

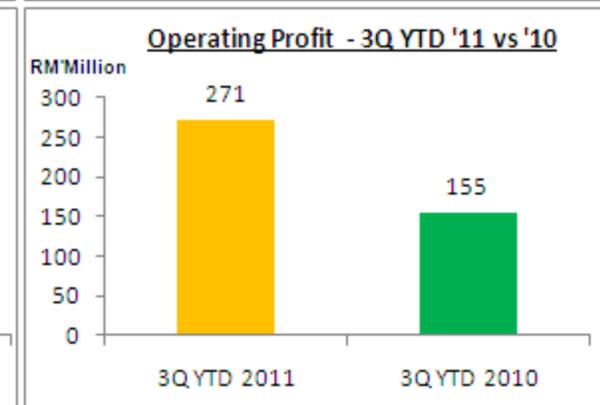
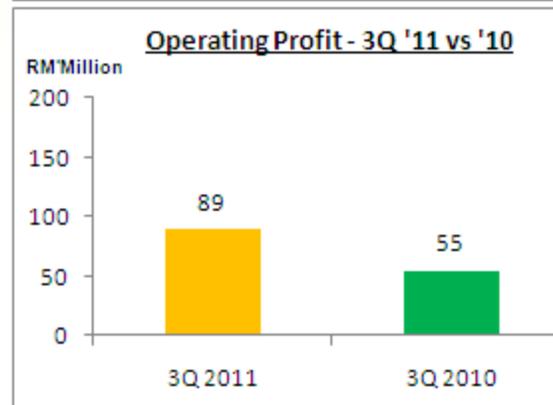
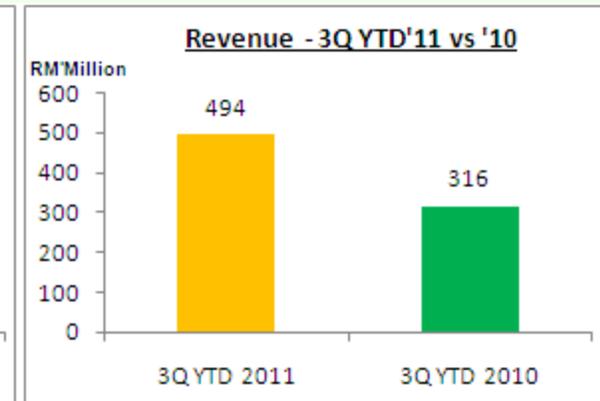
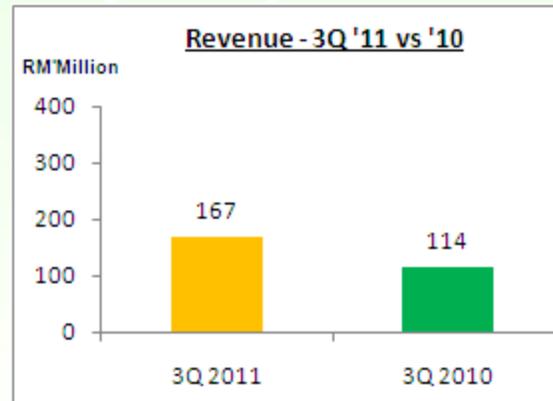
### ● Operations review





## CPO prices remained positive, improved yields and FFB production

- ❑ Revenue in the quarter under review increased by 47% to RM167m driven mainly by the following :-
  - better CPO selling prices (RM3,117 /MT vs RM2,487 /MT) as well as better PK selling prices (RM1,828 /MT vs RM1,575 /MT)
  - higher CPO sales volume (46,102MT vs 37,796MT)
  
- ❑ Operating profit achieved of RM89m was 64% higher than that of the same quarter in 2010.
  
- ❑ Contributing to this better profit performance were :
  - higher FFB yield of 5.96 MT per hectare in 3Q 2011 (vs 5.56 MT per hectare in 3Q 2010)
  - increase in CPO production by 11% to 44,305 MT.
  - OER improved to 21.94% for 3Q 2011 (against 21.13%).
  
- ❑ The mechanization programme undertaken by the Division is currently on-going at various stages of implementation.





## Sustained strong sales from residential and commercial development projects

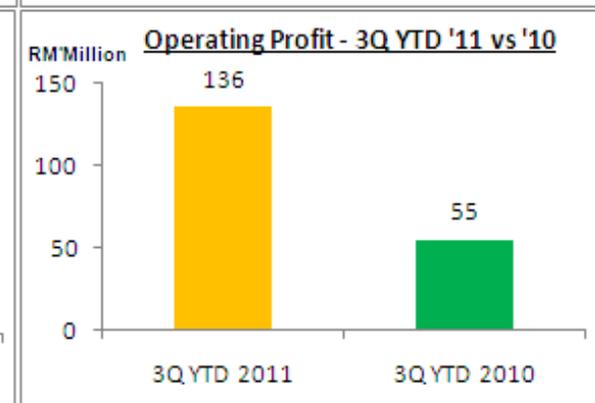
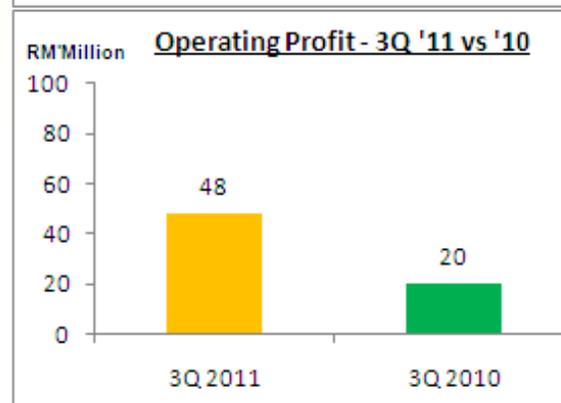
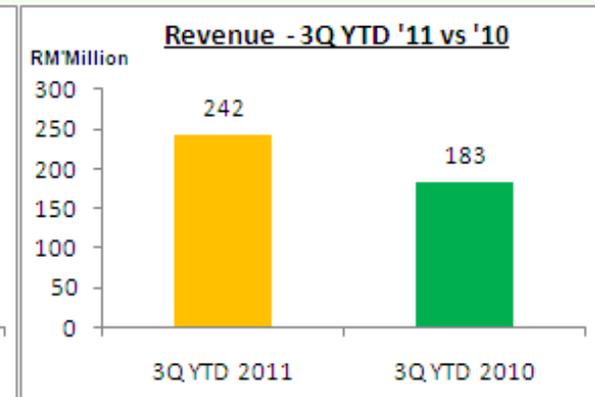
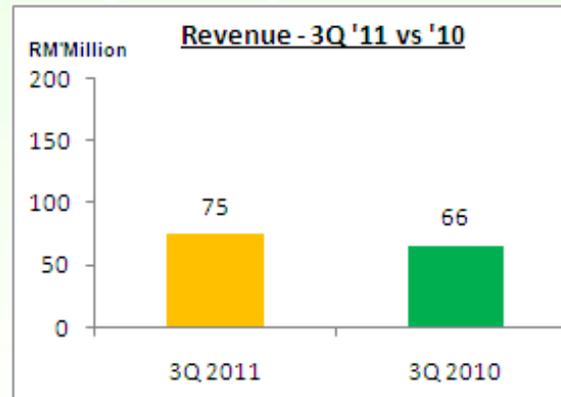
Revenue registered an increase of 13% in 3Q 2011 to RM75m while operating profit rose by 142% to RM48m. The better performance was attributable to higher margin properties sold during the quarter.

Launching of Phase 5 (Stage 1, 2 & 4) of Bandar Sri Indah, Tawau with GDV of RM40m comprising 167 units of single storey terrace houses.

Launching of Phase 2 of D'Alpinia, Puchong with GDV of RM120m comprising 64 units of link bungalows and detached bungalows.

Launching of Phase 3 (Stage 1) of Palm Heights, Lahad Datu with GDV of RM27m comprising 76 units of double storey terrace houses and semi detached bungalows.

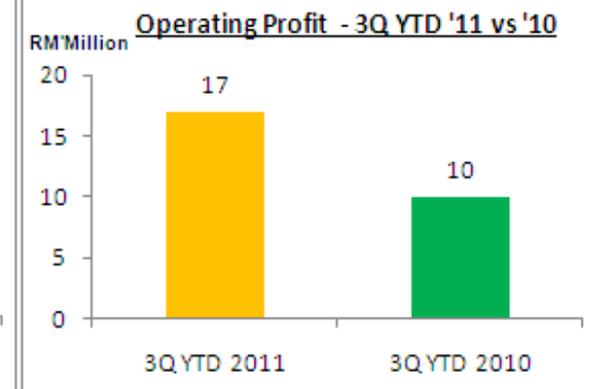
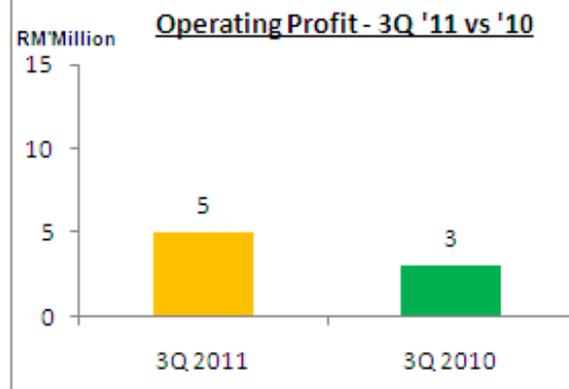
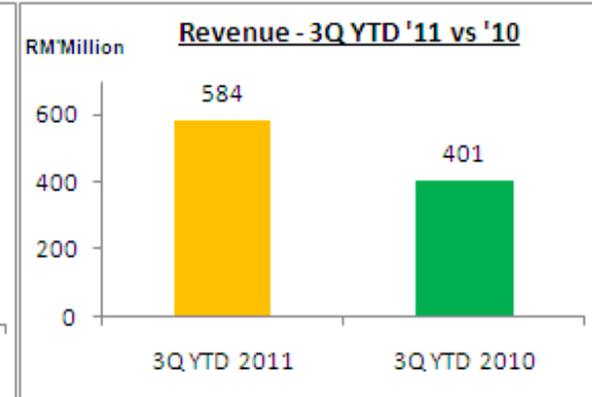
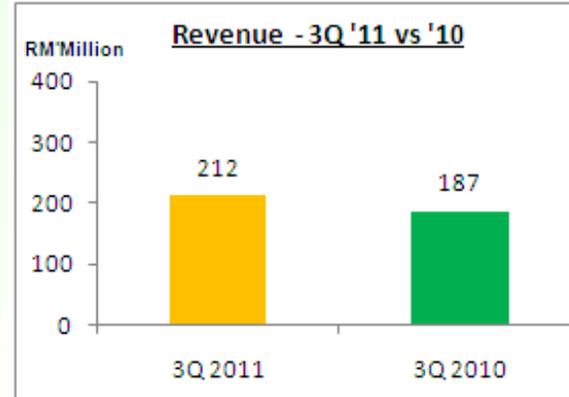
The construction of Menara Hap Seng 2 is progressing well with the super-structure parcel expected to commence work in 4Q 2011.





## Resilient sales contributed to improvement in overall performance

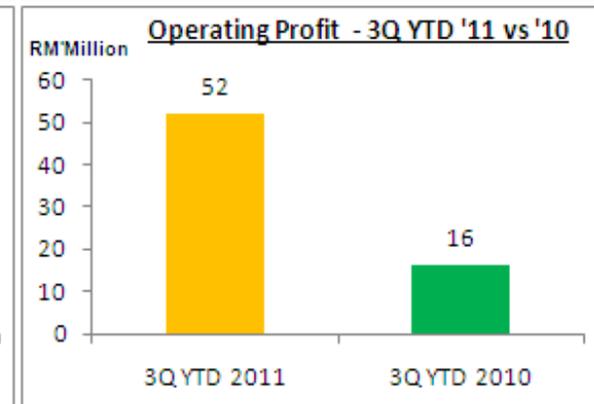
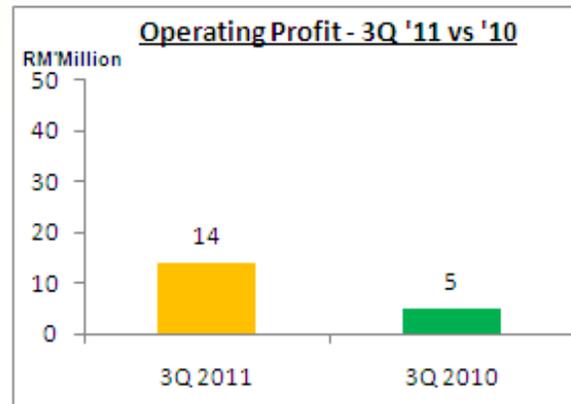
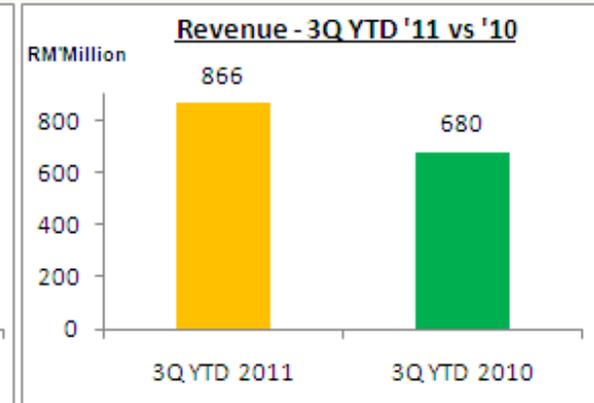
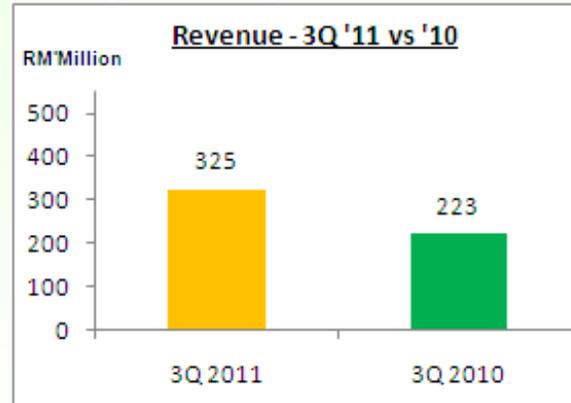
- Revenue increased by 13% in 3Q 2011 to RM212m with continued strong demand for Mercedes Benz passenger cars namely the E- Class and face-lift C - Class models.
  
- Operating profit showed an increase of 30% mainly attributable to the Malaysia operations.
  
- Kinrara Service Centre expansion project is progressing and is now scheduled for completion in 1Q 2012. Once completed it will be the largest Mercedes-Benz after-sales service centre in South East Asia and will contribute positively in terms of throughput units.
  
- The Division won the “Best Service Experience 2010” award by Mercedes-Benz Malaysia.
  
- The construction of a new Autohaus for Vietnam Star in District 7, Ho Chi Minh City is on schedule and expected to be completed by 1Q 2012.





## Strong growth in sales volume as market continue to recover

- ❑ Revenue achieved in 3Q 2011 was RM325m, an increase of 46% compared to RM223m in the corresponding quarter of 2010, primarily driven by higher sales volume and stable selling prices resulting from strong demand and sustained CPO prices.
- ❑ Operating profit nearly tripled to RM14m.
- ❑ The Division continued to be well positioned in its current inventory level, particularly Malaysia to benefit from the recovery of fertilizers prices.

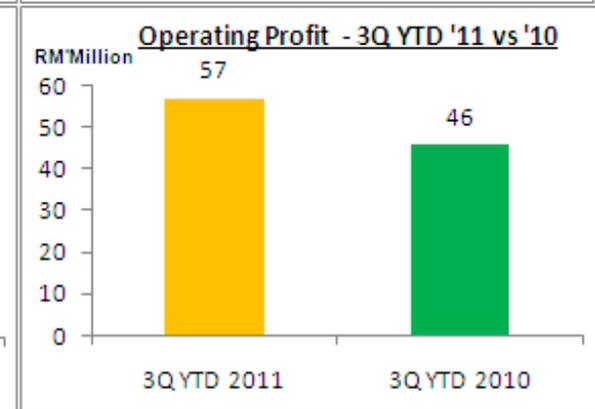
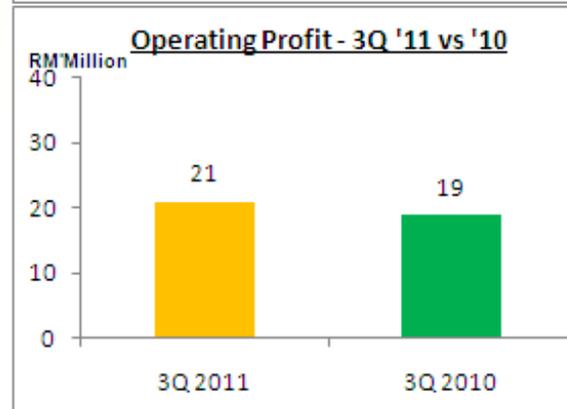
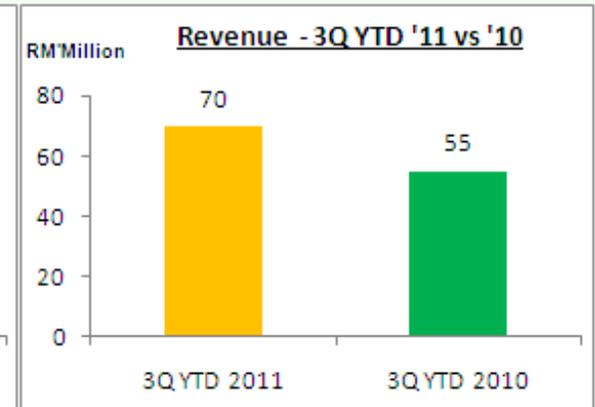
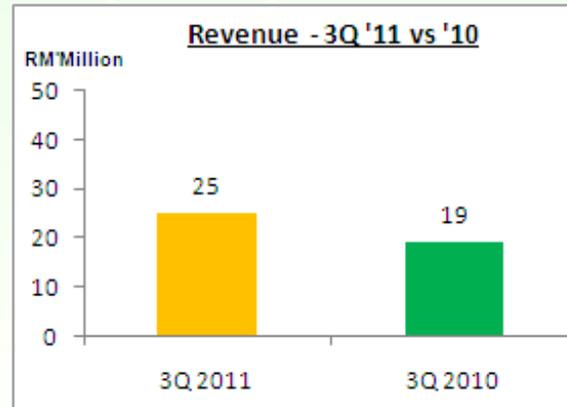




# Credit financing

## Higher revenue supported by healthy loan growth and improved NPL ratio

- Revenue and operating profit in 3Q 2011 increased by 35% and 9% to RM25m and RM21m respectively, driven by :-
  - an increase in loan base by 35% from RM1.05b in 3Q 2010 to RM1.421b in the quarter under review
  - higher loans disbursed (3Q 2011 : RM289m vs 3Q 2010 : RM199m)
- NPL ratio dropped significantly from 3.6% to 1.1% due to good recovery of NPLs and quality loan assets.
- This Division continued to see consistent level of enquiries for financing from pre-selected loan sectors.





# Quarry and Building Materials

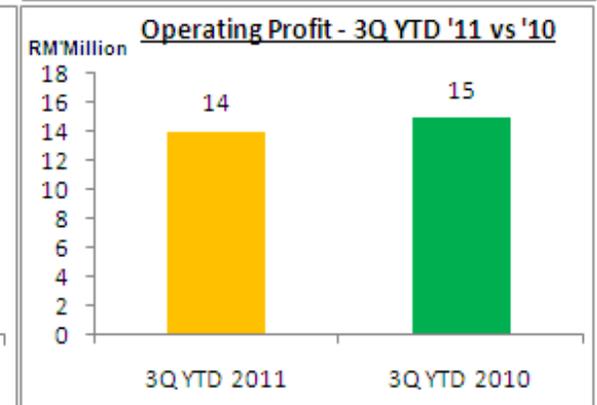
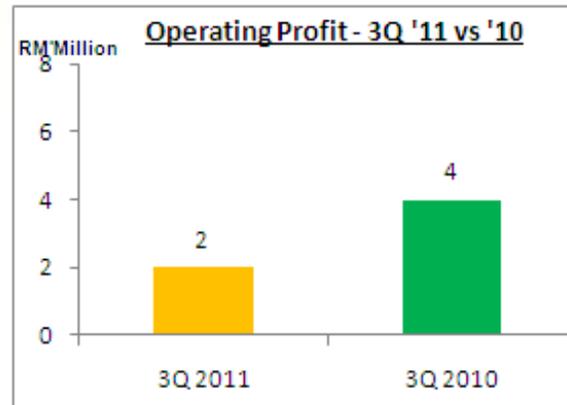
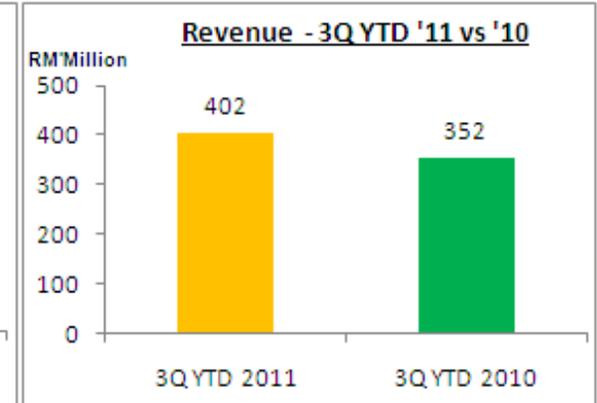
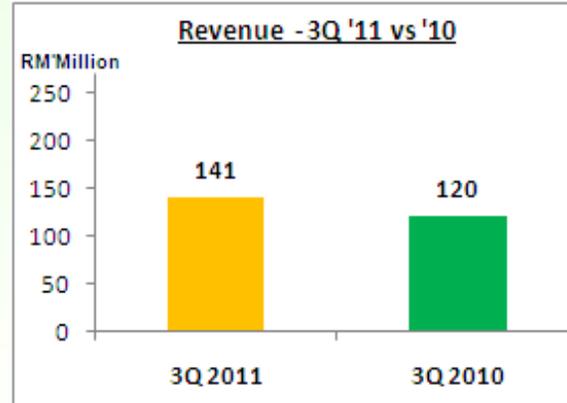
## Improving sales revenue with new quarries ramping up production

Revenue increased by 17% to RM141m compared to RM120m in 3Q 2010. This was attributable to higher sales volumes of aggregates (1.4m MT vs 0.9m MT), bricks (34.0m pcs vs 10.5m pcs) and asphalt (39k MT vs 20k MT).

Operating profit was RM2m (compared to RM4m in the corresponding quarter) mainly impacted by additional direct / indirect expenses associated with new project start-ups still in their gestation period while others are undergoing fine tuning to ramp up production volume towards designed capacity.

Projects that were commissioned in 3Q 2011 include :-

- Bukit Jerus Quarry, Kelantan
- Papar Asphalt Plant, Sabah



**Thank You**



**HAP SENG CONSOLIDATED BERHAD**