



# HAP SENG CONSOLIDATED BERHAD

**1<sup>st</sup> Quarter Ended 31<sup>st</sup> March 2013 Results**

29<sup>th</sup> May 2013

# Scope



- 1 Group financials
- 2 Operations review

## SECTION 1

### ● Group financials





# Consolidated income statement summary

- ❑ The Group registered satisfactory financial performance for 1Q 2013.
- ❑ Group's revenue is lower by 7% in 1Q 2013 with growth from the Automotive and Quarry & Building Materials Division.
- ❑ Group EBITDA and operating profit are down by 44% and 51% respectively.
- ❑ Property and Plantations Division continues to be the 2 largest contributors of operating profit accounting for 40.0% and 28.4% respectively.

(RM' Million)	1Q 2013	1Q 2012	Change (%)
Revenue	792.5	850.6	-7%
Gross profit <sup>1</sup>	123.7	196.6	-37%
EBITDA	100.2	179.0	-44%
Operating profit <sup>1, 2</sup>	79.6	162.5	-51%
Finance expenses	(20.3)	(26.3)	-23%
Profit before tax	134.7	138.2	-3%
Taxation	(22.7)	(32.4)	-30%
Profit after tax	112.0	105.8	6%
Attributable to MI	9.2	19.6	-53%
Attributable to shareholders	102.8	86.2	19%
EPS (sen)	4.86	3.95	23%

Note:

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

<sup>2</sup> Includes interest income

# Group segment results



(RM' Million)	REVENUE			OPERATING PROFIT		
	1Q 2013	1Q 2012	Change (%)	1Q 2013	1Q 2012	Change (%)
Plantations	101.4	124.0	-18%	28.1	58.8	-52%
Property	56.9	95.2	-40%	39.5 <sup>1</sup>	60.5 <sup>1</sup>	-35%
Automotive	200.0	149.1	34%	-15.3	5.7	>100%
Fertilizers	282.7	320.3	-12%	5.5	14.9	-63%
Credit Financing	26.8	27.0	-1%	20.8	20.9	0%
Quarry & Building Materials	80.4	61.8	30%	4.2	6.2	-33%
Trading	73.1	107.5	-32%	0.7	-2.7	>100%
	821.1	884.8	-7%	83.4	164.4	-49%
Consolidation adjustments & others	-28.7	-34.2		-3.8	-1.8	
<b>Group</b>	<b>792.5</b>	<b>850.6</b>	<b>-7%</b>	<b>79.6</b>	<b>162.5</b>	<b>-51%</b>

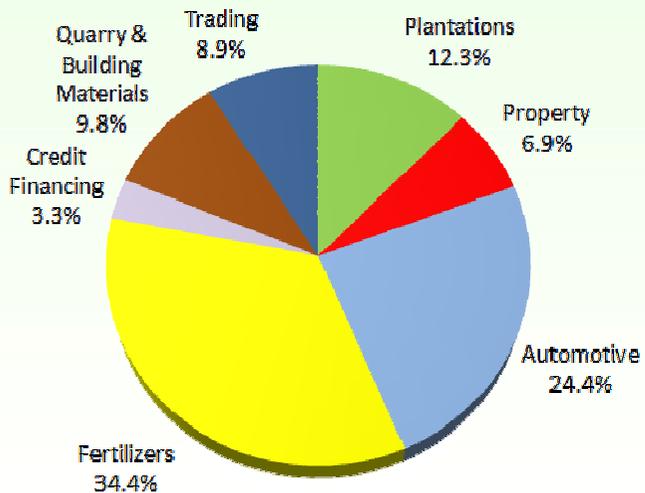
Note:

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

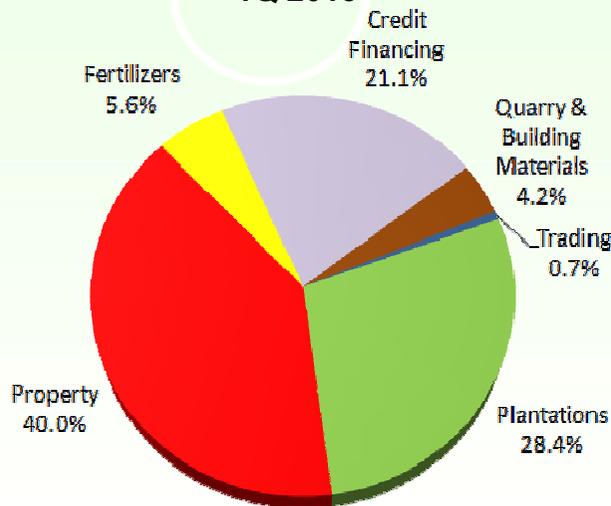


# Group segment results

**Revenue**  
**1Q 2013**



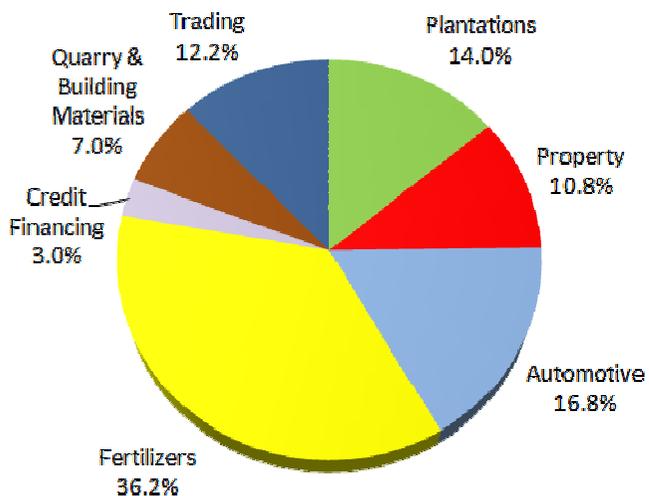
**Operating Profit \***  
**1Q 2013**



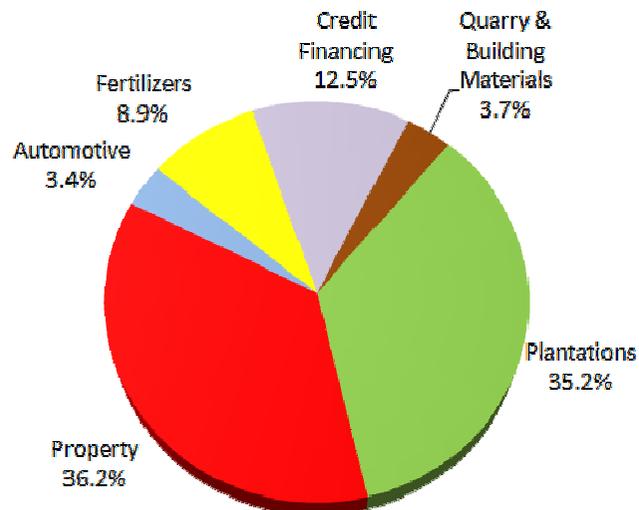
**Geographical Segment**  
**1Q 2013 Revenue**



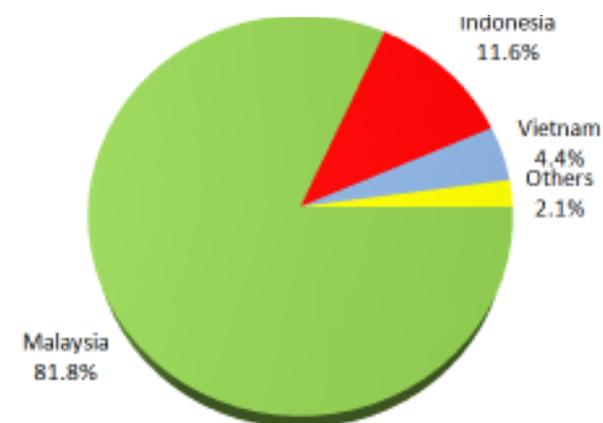
**1Q 2012**



**1Q 2012**



**1Q 2012 Revenue**



\* Include divisions with Operating Profits only.

## SECTION 2

### ● Operations review

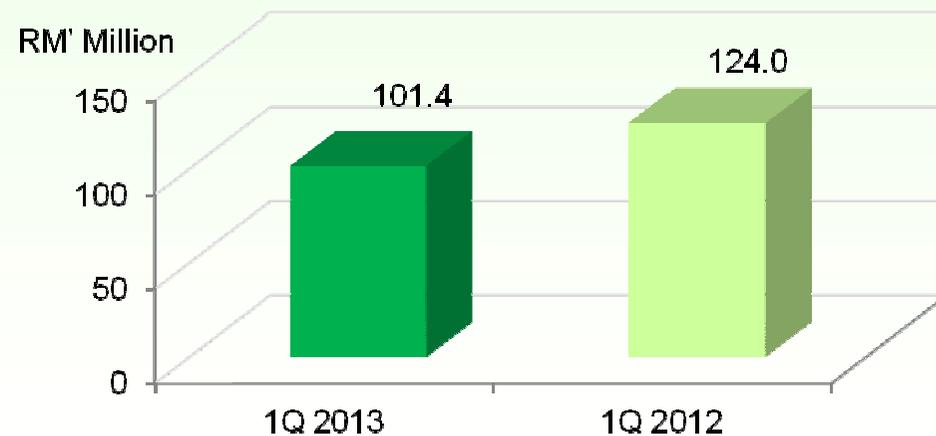




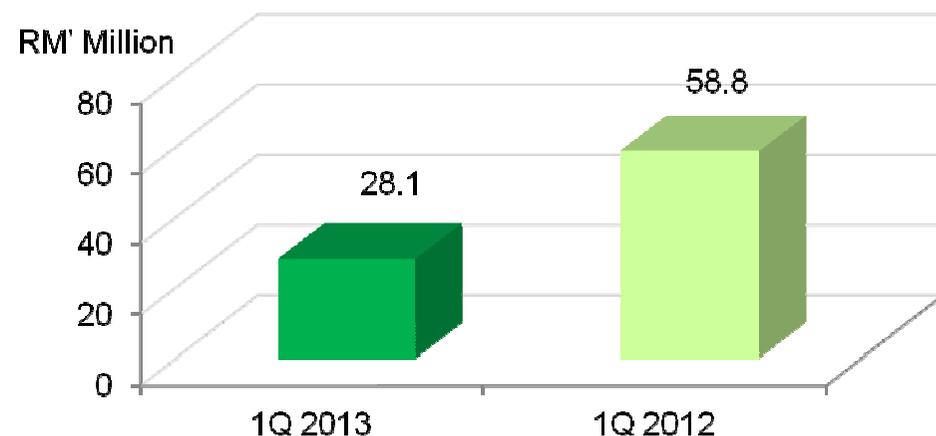
## Improvement in sales and production volume dampened by lower CPO prices

- ❑ 1<sup>st</sup> Quarter revenue declined by 18% on the back of the following:-
  - Softening in average price realisation for CPO, PK and FFB (CPO: RM2,238 /MT vs. RM3,133 /MT; PK: RM1,107 /MT vs. RM1,908 /MT; FFB: RM451 /MT vs. RM652 /MT).
  - Partly mitigated by the increase in CPO, PK and FFB sales volume by 17%, 19% and 12%.
  
- ❑ Consequently, operating profit dropped by 52%.
  - Higher production cost due to the increase in fertilizer costs and labour costs (Minimum Wages Order 2012 that took effect from 1 January 2013).
  - Marginally lower production cost per tonne of CPO (before PK Credit) (RM1,613 /MT vs RM1,695 /MT) due to 20% increase in CPO production.
  
- ❑ Other key performance indicators:
  - Improvement in FFB yield of 5.53 MT per hectare (vs 4.91 MT per hectare in 1Q 2012).
  - Higher CPO production to 39,708 MT (vs 33,010 MT in 1Q 2012).
  - Improvement in OER to 21.32% against 20.60% in 1Q 2012.

**Revenue**



**Operating Profit**

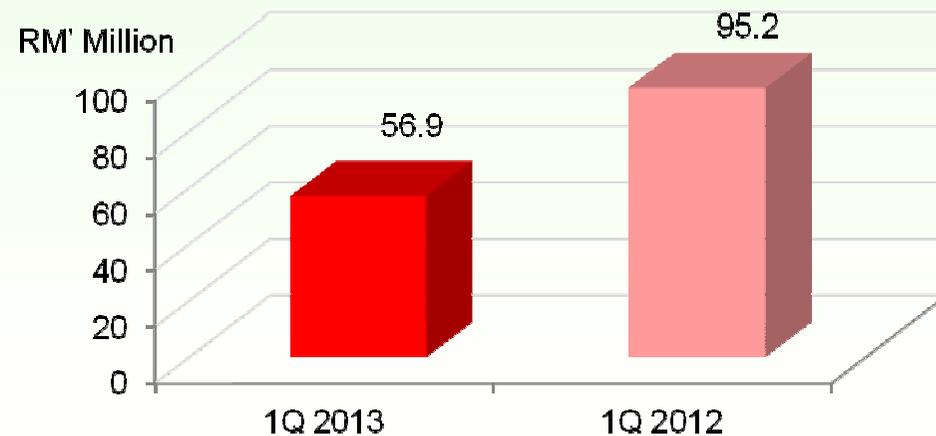




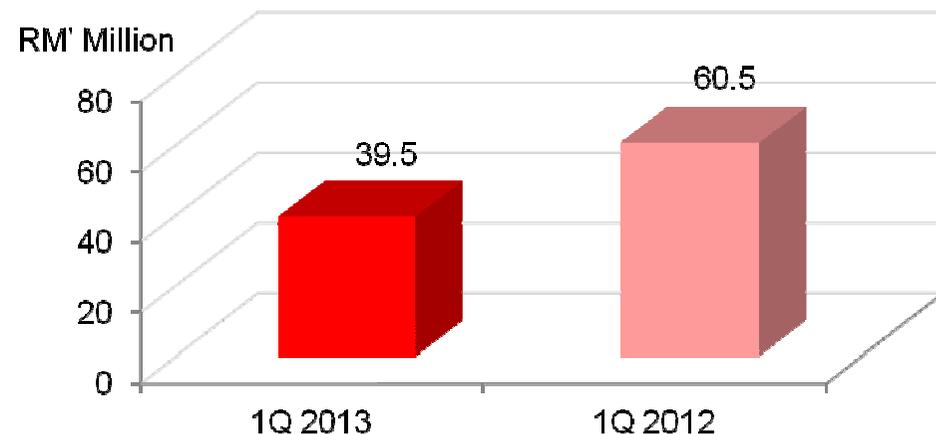
## Revenue supported by encouraging sales in the 1<sup>st</sup> quarter

- ❑ 1<sup>st</sup> Quarter revenue and operating profit declined by 40% and 35% respectively mainly due to the sale of a plot of land held for property development in 1Q 2012.
  - Normalised revenue grew by 15% on the back of encouraging sales.
- ❑ Rental revenue from investment property remains stable, maintaining a high occupancy rate and stable rental rates.
- ❑ Current major developments / launches:-
  - Construction of Menara Hap Seng 2 in progress and schedule for completion in 1Q 2014.
  - The Horizon Residence continues to be well received.
  - New phases for our townships in Sabah.
- ❑ Future projects with GDV of approximately RM1.1 billion in the pipeline in 2013.

### Revenue



### Operating Profit

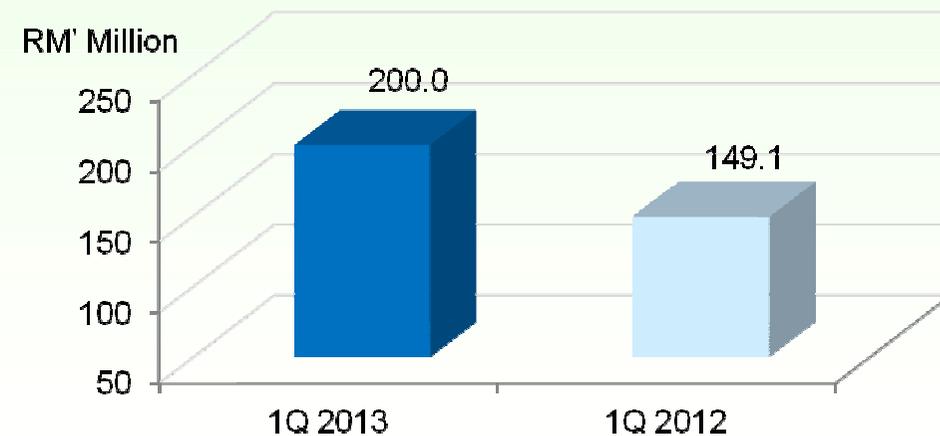




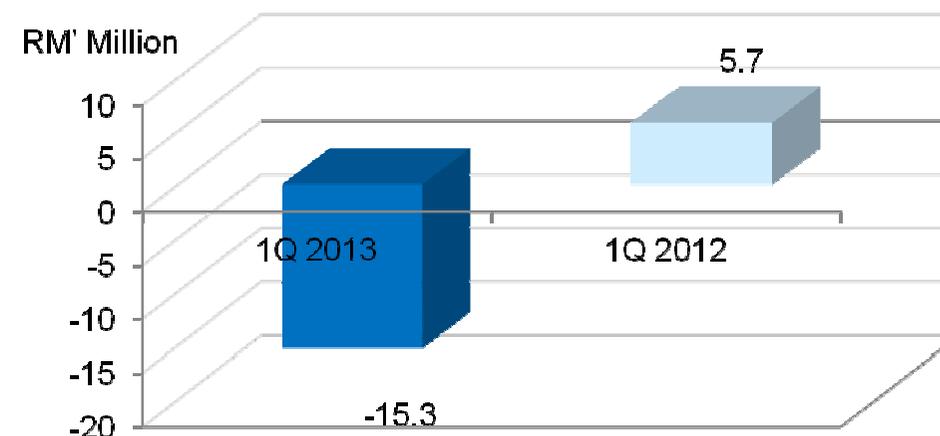
## Expansion of branch network in Malaysia to support growth in customer base

- ❑ Revenue grew by 34% on the back of higher sales of Mercedes-Benz passenger vehicles.
- ❑ Total vehicle sales for the quarter grew by 57% in Malaysia but dropped by 29% in Vietnam.
- ❑ Operating loss was recorded for the quarter under review primarily due to cost of investing into growing customer base for future growth.
  - Adverse margins as a result of the spill-over effect of the severe competition in the premium passenger vehicle market in the previous quarter.
  - Automotive market in Vietnam remains soft in 1Q 2013.
- ❑ Expansion of branch Network in Malaysia:-
  - Balakong Autohaus launched in March 2013.
  - Jalan Ipoh Autohaus launched in April 2013.

**Revenue**



**Operating Profit**

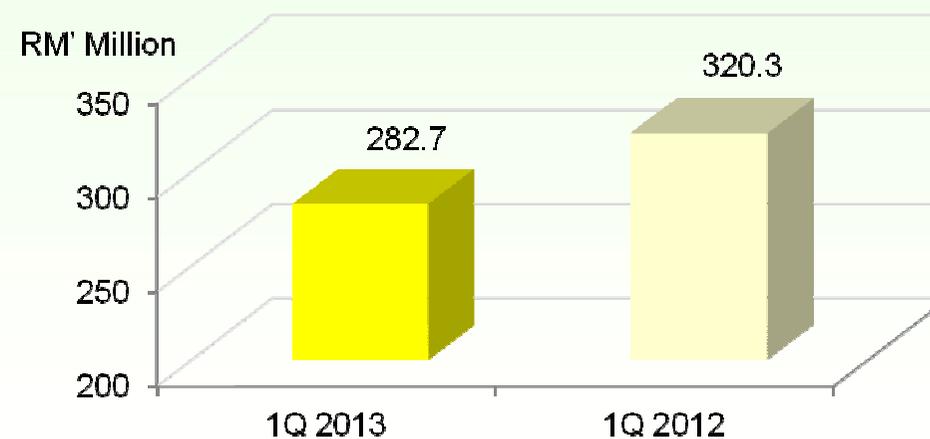




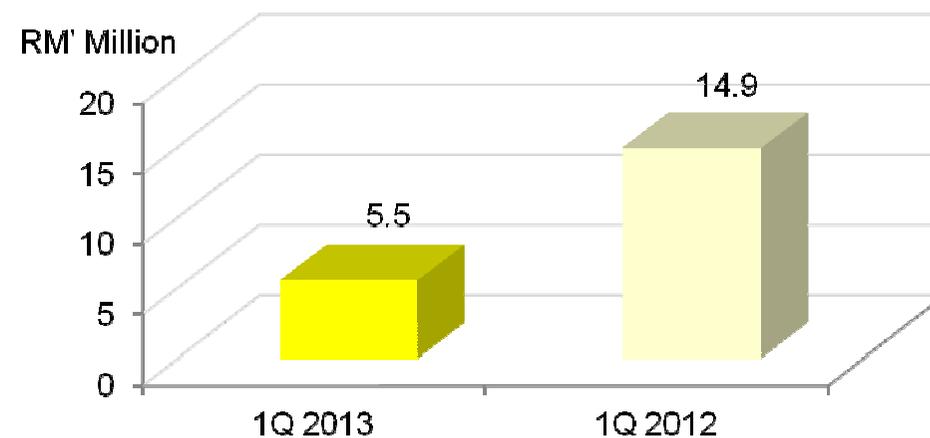
## Challenging conditions in Indonesia continues to affect results

- ❑ 1<sup>st</sup> Quarter revenue reduced by 12% over the same period last year due to lower sales volume in Indonesia and lower selling prices in both the Malaysian and Indonesian market.
- ❑ Consequently, operating profits for the quarter under review declined by RM9.4 million over 1Q last year.
  - Severe competitive environment continues to persist in Indonesia.

### Revenue



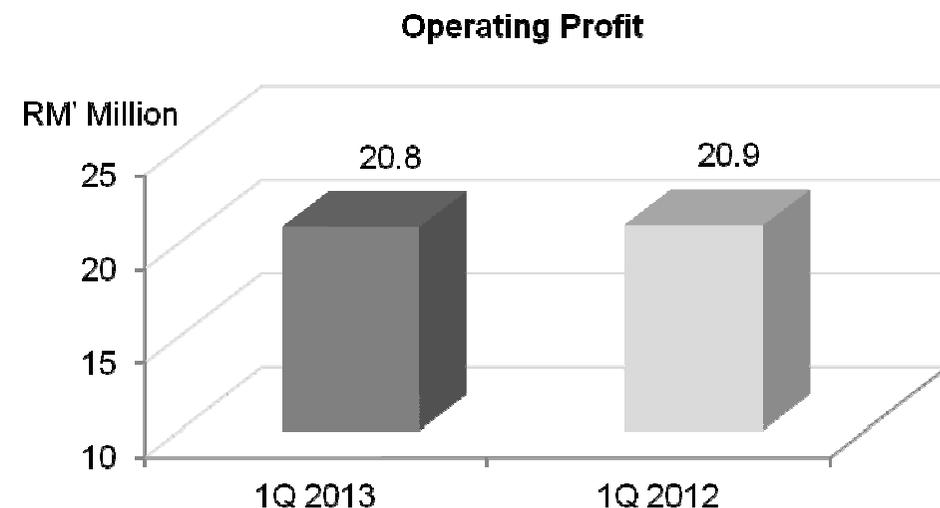
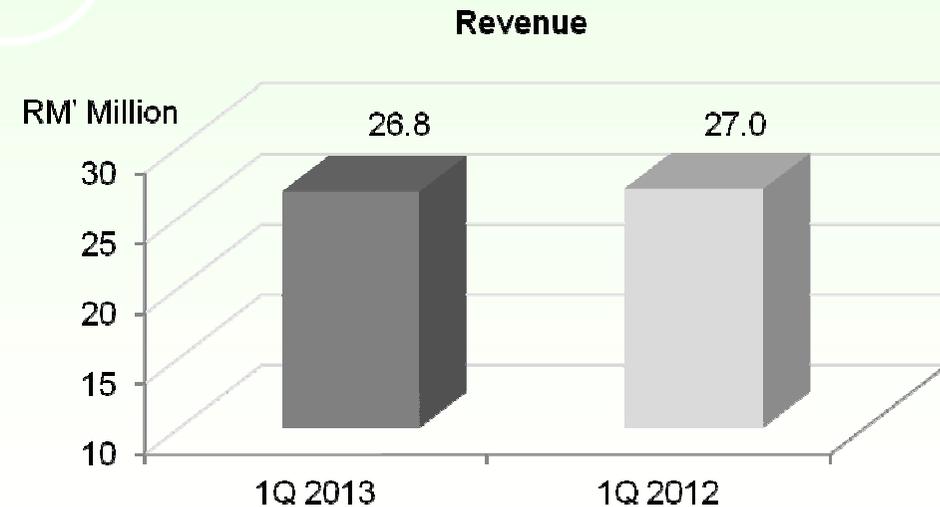
### Operating Profit





## Division continues to remain stable on the back of a high quality loan portfolio

- ❑ Revenue and operating profit for the quarter remained relatively flat on the back of relatively stable loan base and margins.
- ❑ 1<sup>st</sup> Quarter 2013 loan base for the Division stood at RM1.46 billion compared to RM1.48 billion in the same quarter last year.
  - 81% of loans originated from Peninsular Malaysia.
  - Almost 70% of portfolio are hire purchase loans with balance comprising term loan.
- ❑ NPL ratio continued to remain low at 0.78% compared to industry NPL of 1.99% (Q1 2012: 0.75%).



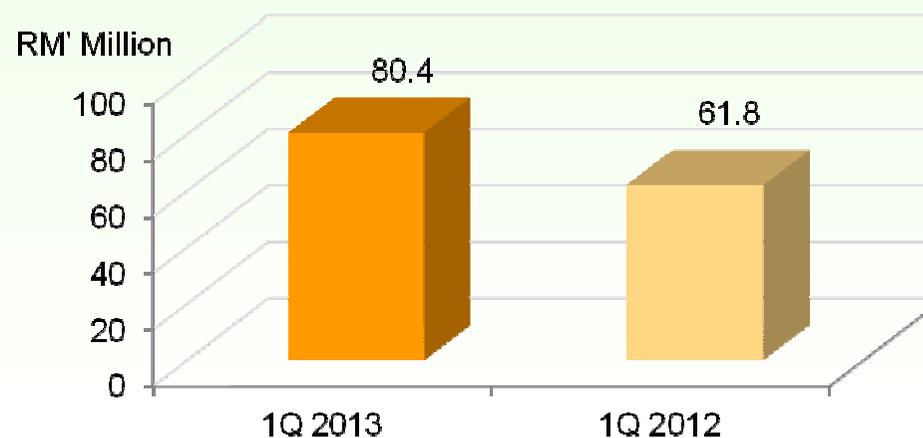


# Quarry and Building Materials

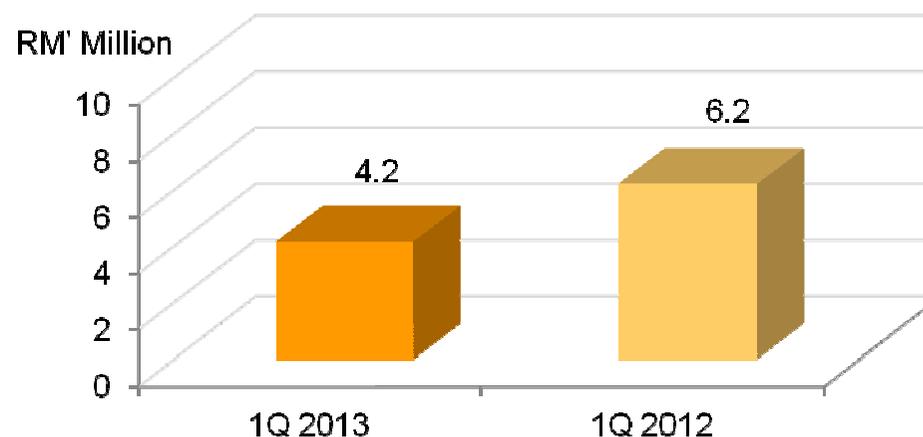
## Growth in revenue supported by improvements in sales volume

- ❑ Revenue for 1Q 2013 increased by 30% over the same quarter last year due to improvements in production and sales:-
  - Aggregate sales volume increased by 4%, to 1.7m MT;
  - Asphalt sales volume increased by 54% to 57k MT; and
  - Bricks sales volume increased by 65% to 39.2m pcs.
- ❑ Operating profit in 1Q 2013 declined by RM2 million over the same quarter last year due to lower margins from the brick operations in both the Peninsular Malaysia and Sabah markets.

**Revenue**



**Operating Profit**

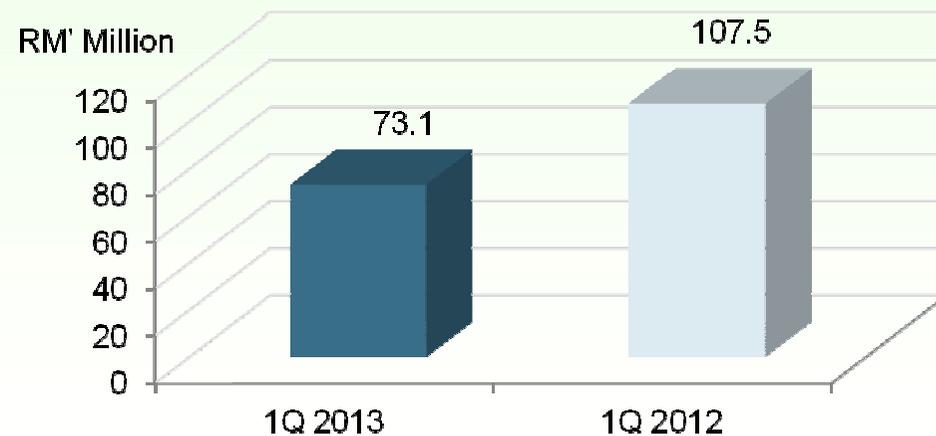




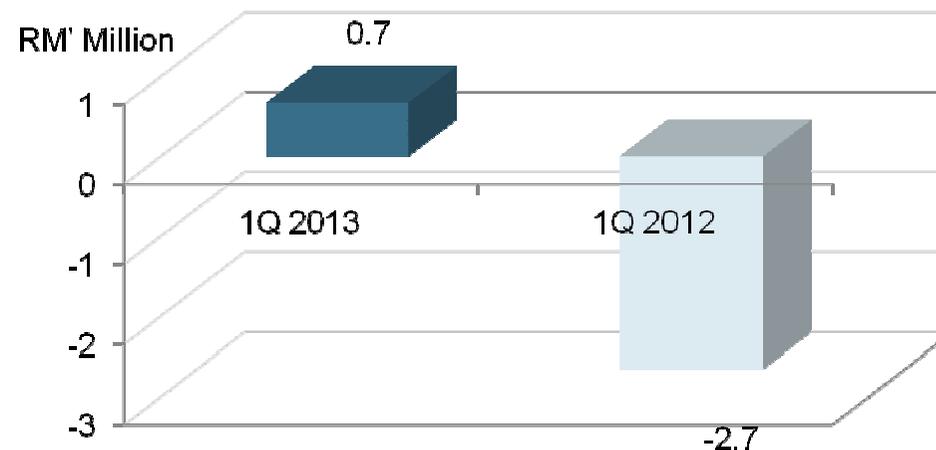
## Improvement in margins supports the operating profit for the quarter

- ❑ Revenue for the quarter was lower by RM34.4 million primarily due to the discontinuation of its tiles distributorship agreement with Malaysian Mosaics Berhad with effect from 1 October 2012.
- ❑ However, the Division turned in an operating profit of RM0.7 million as compared to a loss in the corresponding quarter in 2012.
  - Improvements in margins from its petroleum products and oils and fats businesses.
- ❑ Division is currently building up capabilities to focus on growing the Trading business.

### Revenue



### Operating Profit



**Thank You**

