



# HAP SENG CONSOLIDATED BERHAD

**4<sup>th</sup> Quarter Ended 31 December 2014 Results**

26 February 2015

# Scope



1 Group financials

2 Operations review

## SECTION 1

### ● Group financials





# Consolidated income statement summary

- ❑ The Group revenue for 4Q14 at RM983.3 million was 5% below 4Q13 with lower revenue mainly from Property, Fertilizer Trading and Trading Divisions, supported by strong revenue growth for Automotive Division.
- ❑ Group operating profit of RM256.8 million was however 2% higher than 4Q13 supported by higher operating profit from almost all Divisions.
- ❑ Nonetheless, the Group revenue for 2014 at RM3.8 billion was 8% above 2013 while the operating profit at RM1.1 billion was significantly better than 2013 with better operating profit from all Divisions.

(RM' Million)	4Q14	4Q13	Change (%)	2014	2013	Change (%)
Revenue	983.3	1,033.3	-5%	3,768.0	3,486.7	8%
Gross profit <sup>1</sup>	217.8	310.0	-30%	1,074.0	716.9	50%
EBITDA	268.2	257.3	4%	1,171.9	531.1	>100%
Operating profit <sup>1,2</sup>	256.8	250.5	2%	1,107.9	464.7	>100%
Finance expenses	(18.0)	(13.9)	30%	(80.0)	(74.6)	7%
Profit before tax	237.1	227.2	4%	1,024.6	801.6	28%
Taxation	(31.4)	(64.9)	-52%	(208.3)	(165.7)	26%
Profit after tax	205.7	162.3	27%	816.3	635.8	28%
Attributable to MI	17.3	19.6	-12%	62.8	47.6	32%
Attributable to shareholders	188.4	142.7	32%	753.5	588.2	28%
EPS (sen)	8.78	7.16	23%	36.67	28.70	28%

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			REVENUE			OPERATING PROFIT		
	4Q14	4Q13	Change (%)	4Q14	4Q13	Change (%)	2014	2013	Change (%)	2014	2013	Change (%)
Plantation	126.7	142.7	-11%	50.6	59.1	-14%	495.6	443.3	12%	178.9	140.6	27%
Property	256.2	285.0	-10%	121.4 <sup>1</sup>	180.5 <sup>1</sup>	-33%	932.1	527.5	77%	723.1 <sup>1</sup>	273.6 <sup>1</sup>	>100%
Automotive	213.9	153.7	39%	4.3	-0.8	>100%	684.0	603.1	13%	10.5	-18.1	>100%
Fertilizer Trading	177.5	212.2	-16%	36.0	-18.0	>100%	833.1	1,108.3	-25%	71.1	- 8.2	>100%
Credit Financing	37.3	30.4	23%	28.8	23.9	20%	133.5	115.1	16%	104.1	91.5	14%
Quarry & Building Materials	87.9	100.8	-13%	4.4	3.8	17%	370.4	364.8	2%	16.9	17.9	-6%
Trading	116.8	140.6	-17%	16.1	2.5	>100%	445.3	449.5	-1%	23.9	6.6	>100%
	1,016.3	1,065.4	-5%	261.6	251.0	4%	3,894.0	3,611.6	8%	1,128.5	503.9	>100%
Consolidation adjustments & others	-33.0	-32.1		-4.8	-0.5		-126.0	-124.9		-20.6	-39.2	
<b>Group</b>	<b>983.3</b>	<b>1,033.3</b>	<b>-5%</b>	<b>256.8</b>	<b>250.5</b>	<b>2%</b>	<b>3,768.0</b>	<b>3,486.7</b>	<b>8%</b>	<b>1,107.9</b>	<b>464.7</b>	<b>&gt;100%</b>

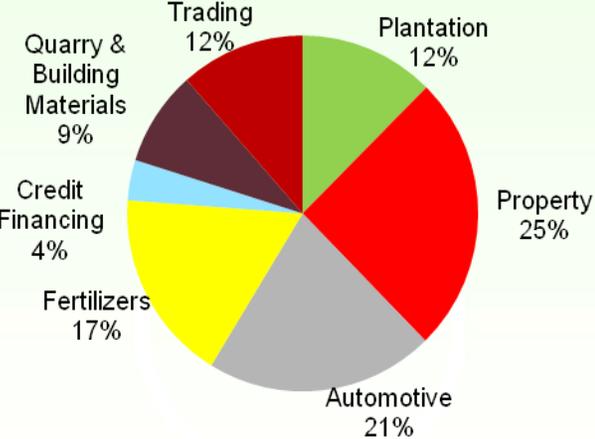
Note:

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

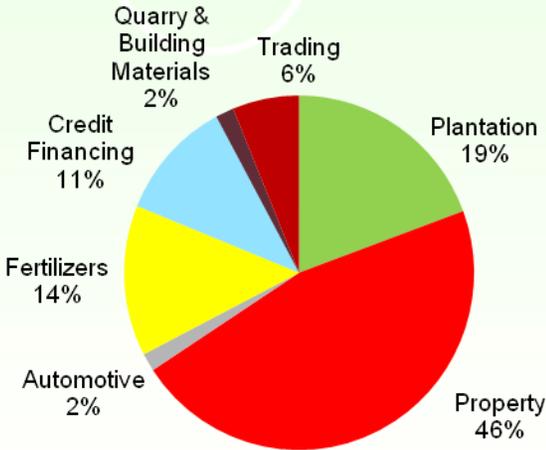


# Group segment results

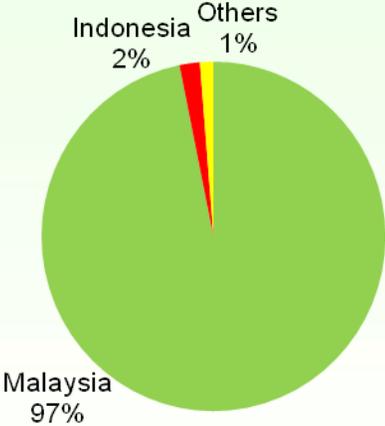
### Revenue 4Q14



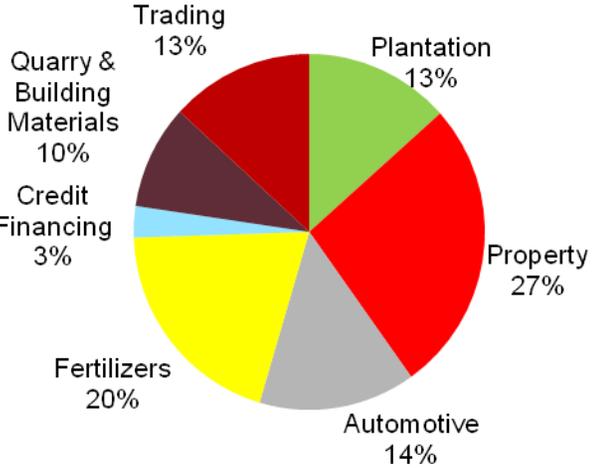
### Operating Profit \* 4Q14



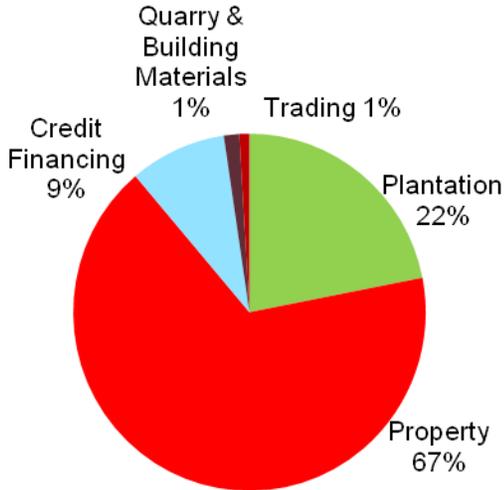
### Geographical Segment 4Q14 Revenue



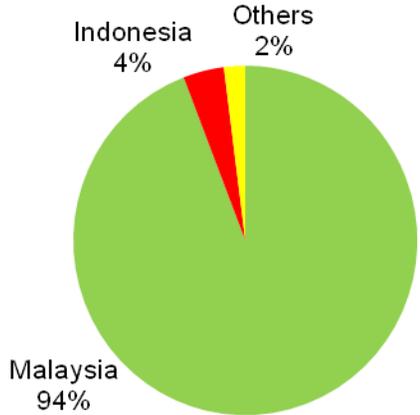
### 4Q13



### 4Q13



### 4Q13 Revenue



\* Include divisions with Operating Profits only.

## SECTION 2

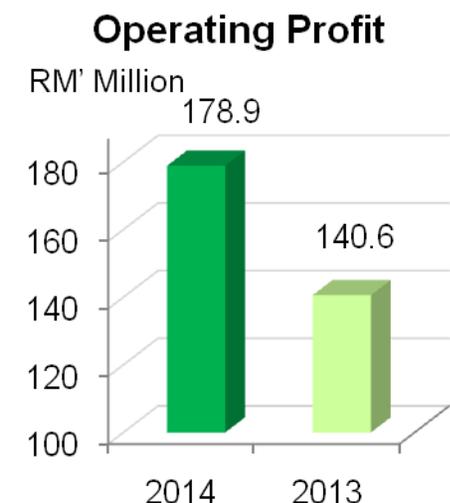
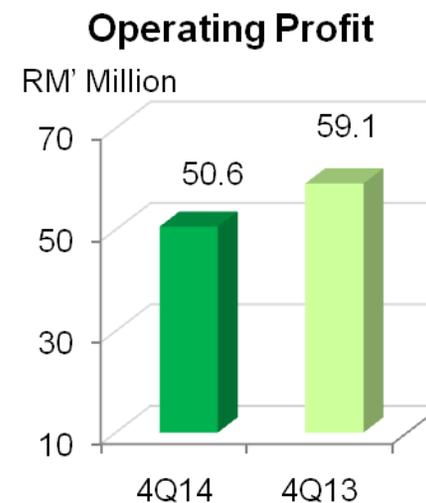
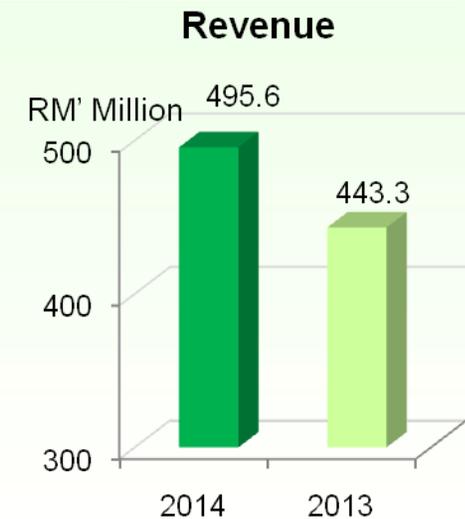
### ● Operations review





## Better 2014 results from higher sales volume & price

- ❑ Division's results for 4Q14 were affected by lower average selling price of CPO for the quarter at RM2,159/mt (4Q13: RM2,469/mt) and PK at RM1,381/mt (4Q13: RM1,542/mt).
- ❑ Nonetheless, the revenue and operating profit for 2014 were better than 2013, benefitted from:
  - Better average price realisation of CPO at RM2,386/mt and PK at RM1,654/mt (2013: CPO at RM2,343/mt, PK at RM1,288/mt).
  - Higher sales volume at 170,506 mt for CPO and 39,703 mt for PK which were 6% and 11% above 2013 respectively attributable to better FFB, CPO and PK production volume with better FFB yield of 23.20/ha (2013 : 22.96/ha), improved oil extraction rate of 21.56% (2013: 21.34%) and higher kernal extraction rate of 4.83% (2013: 4.69%).
  - Lower unit production costs at RM1,064/mt (2013: RM1,178/mt) benefitted mainly from higher PK credit of RM380 per mt of CPO (2013: RM277/mt), higher CPO production volume arising from better FFB yield with improved OER coupled with lower manuring cost due to lower fertilizer purchase cost.

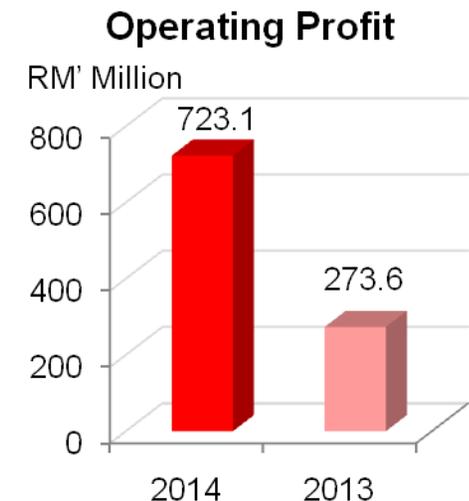
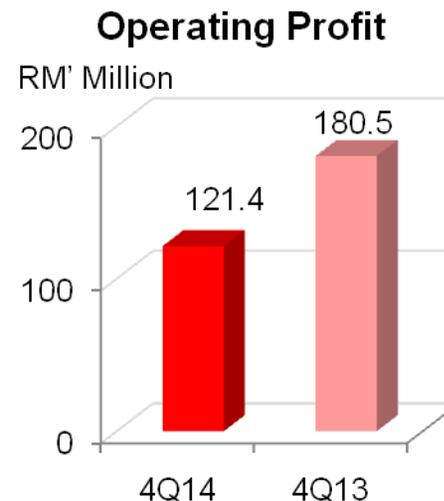




# Property

## Significant improvement in both revenue and operating profit

- ❑ Revenue from projects and investment properties for 4Q14 were better than 4Q13. Despite this, the Division's results for 4Q14 were lower than 4Q13 attributable to the sale of non strategic properties included in 4Q13 results.
- ❑ The Division's revenue and operating profit for 2014 were 77% and 164% above 2013 respectively, benefitted from:
  - ✓ Higher revenue from ongoing project developments particularly from the luxurious condominium projects, "The Horizon Residence" and "Nadi Bangsar", and D'Alpinia in Peninsular Malaysia, and Bandar Sri Indah in Tawau Sabah.
  - ✓ Fair value adjustments.
  - ✓ Sale of non strategic properties
- ❑ The Division's 2 flagship investment properties, Menara Hap Seng & Menara Citibank continue to enjoy good occupancy and rental rates.
- ❑ Menara Hap Seng 2 was officially unveiled in January 2015, with tenants having moved in since 4Q14.





## Strong revenue growth with improved margin

- ❑ The Division registered higher revenue with improved margin for both 4Q14 and 2014, contributing to the improvement in operating profit.
- ❑ Improvement in performance was mainly from:
  - ✓ Higher passenger vehicle (PV) sales with the launch of new models by Mercedes Benz Malaysia. Sales volume of PV from the Malaysian operations was at 702 units for 4Q14 and 2,310 units for 2014 which was 11% and 17% above the corresponding period last year respectively.
  - ✓ Higher services and spare parts sales following the launch of its new 3S autohaus in Balakong in 2Q14 and re-launched of the upgraded Kinrara autohaus in 3Q14.
- ❑ 2013 included the results of Hap Seng Star Vietnam (“HSSV”) which has since been divested in June 2013.

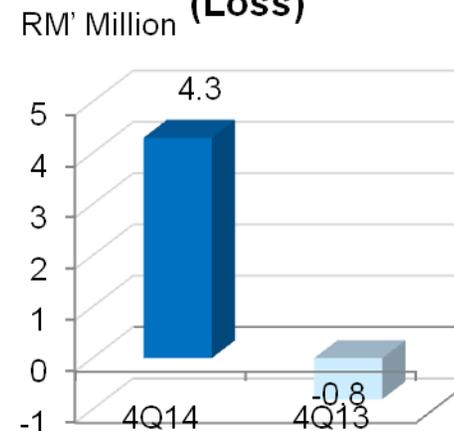
### Revenue



### Revenue



### Operating Profit / (Loss)



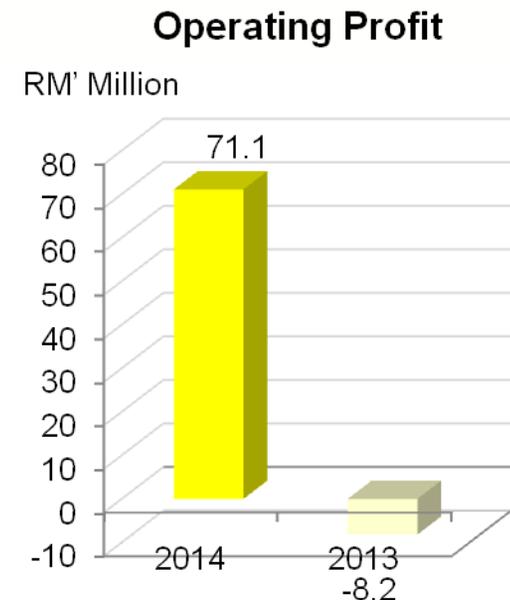
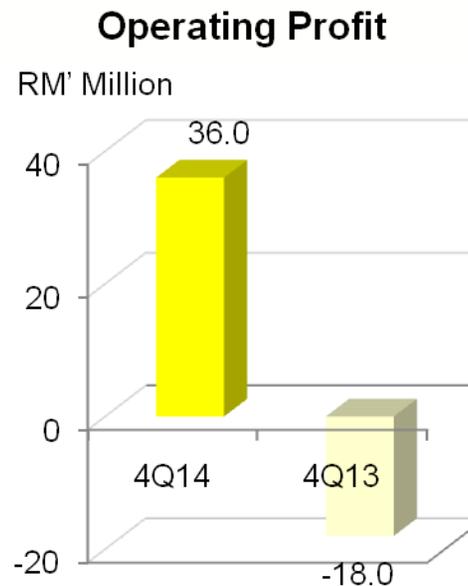
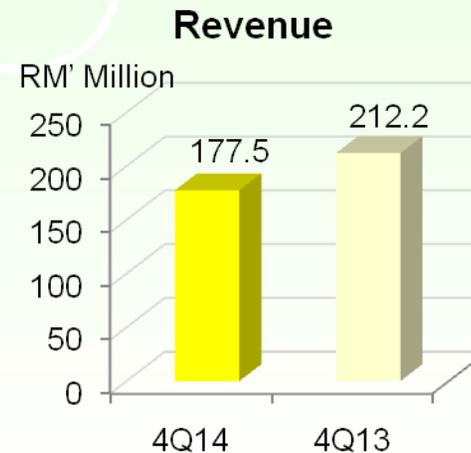
### Operating Profit / (Loss)





## Better operating profit for both Malaysian & Indonesian operations

- ❑ The Division registered lower revenue for 4Q14 and 2014 mainly due to:
  - Lower global fertilizer prices.
  - Lower sales volume.
  
- ❑ Despite the lower revenue, the Division's operating profit improved to RM36 million for 4Q14 and to RM71.1 million for 2014 from losses recorded in 4Q13 and 2013. The Division benefitted from :
  - Better gross profit margin.
  - Gains on disposal of certain fixed assets.

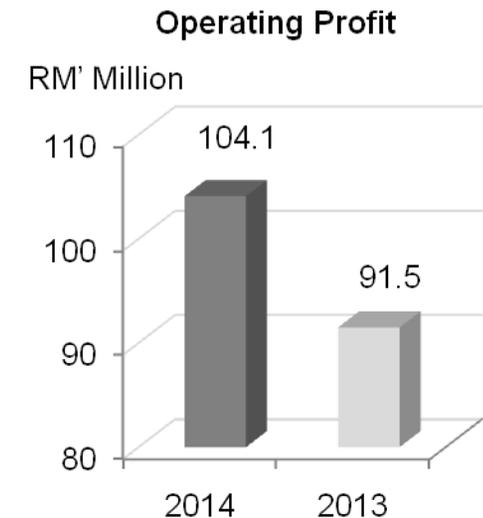
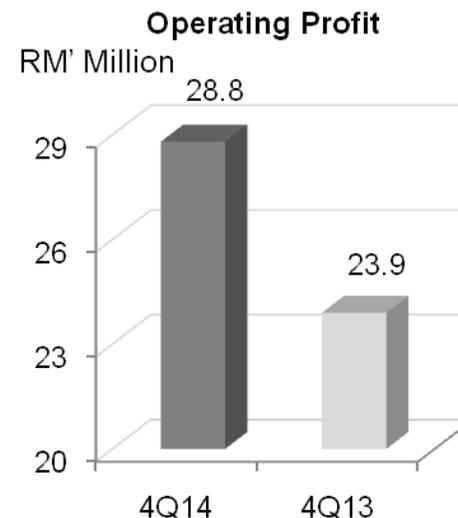




# Credit financing

## Revenue and profit growth supported by higher loan base

- ❑ The Division's revenue grew by 23% for 4Q14 and 16% for 2014 as compared to the corresponding period last year, mainly attributable to higher loan base.
- ❑ The Division's loan base as at end of 2014 at RM1.97 billion was 13% above 2013 loan base of RM1.74 billion.
- ❑ West Malaysia accounted for 78% of the total loans whilst East Malaysia accounted for 16% and Singapore 6%.
- ❑ Consequently, the Division's operating profit also grew by 20% and 14% respectively. Performance was also supported by prudent risk management.
- ❑ NPL ratio as at end of 2014 was 0.91%, which compared favourably against 2013's NPL of 1.44% and the industry average of 1.66%.

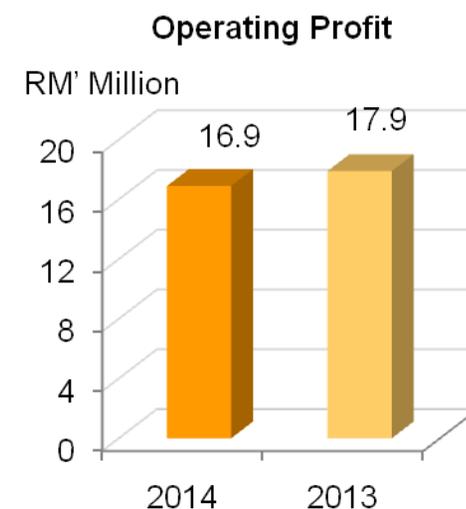
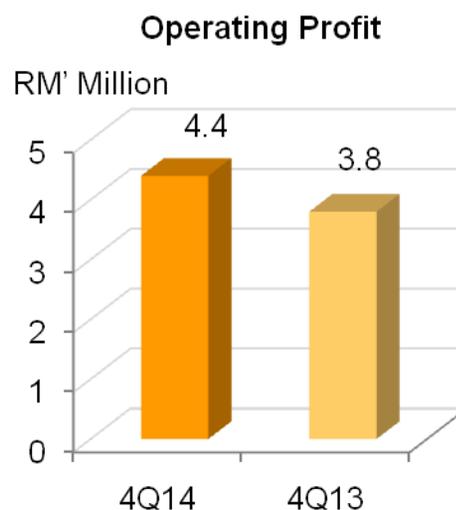




# Quarry and Building Materials

## Soft market demand affected 4Q14 results

- ❑ The Division's revenue for 4Q14 were affected by lower sales from its quarry operations and Singapore aggregate trading business due to slowdown in market demand. However, operating profit for 4Q14 was better as the Division benefitted from lower operating expenses and gains on disposal of certain fixed assets.
- ❑ The revenue for 2014 was better than 2013 with 20% sales growth for its bricks operations attributable to higher sales volume with better average selling price. However, overall revenue was affected by weak market demand for aggregates and asphalts:
  - Sales of aggregates from the quarries at 6.5 million mt and from Singapore aggregate trading at 1.2 million mt were 4% and 3% lower than 2013 respectively.
  - Asphalt sales at 330 mt was 12% below last year as 2013 benefitted from many road resurfacing works.
- ❑ Operating profit for 2014 were affected by higher unit production costs of aggregates due to reduced production volume, higher costs of distant source products for the Singapore aggregate trading, coupled with some stock write down.

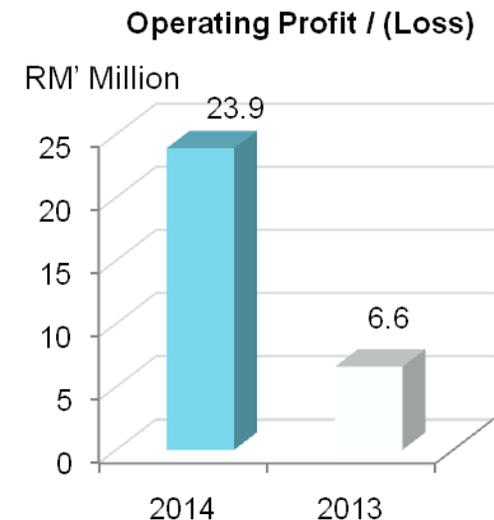
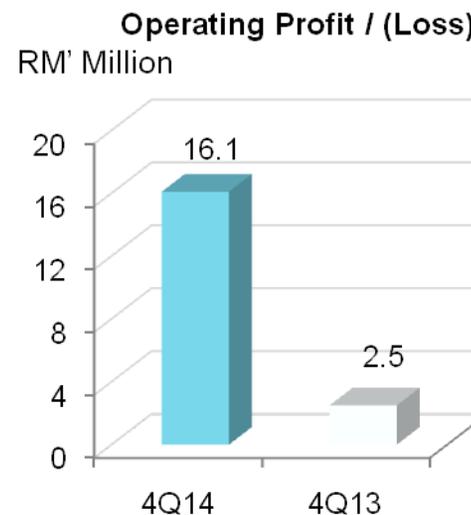




# Trading

## Better 2014 revenue for both building materials and petroleum segments

- ❑ Division's revenue for 4Q14 was 17% below 4Q13 due to lower sales from its building materials segment as the Division focus on products with higher margin.
- ❑ Nonetheless, both building materials and petroleum segments achieved higher sales for 2014. The variance in the 2014 revenue against 2013 was due to the inclusion of the oil and fats trading business via Aceford Food Industry Pte Ltd ("Aceford") in 2013's results. Aceford has since been divested in August 2013.
- ❑ The Division achieved higher operating profits for 4Q14 and 2014 as the Division benefitted from better average margin as well as gains on disposal of certain fixed assets.



# Thank You

