



## 2<sup>nd</sup> Quarter Ended 30 June 2020 Results

28 August 2020

# Scope

1 Group financials

2 Operations review

# **SECTION 1**

## **Group financials**

# Consolidated income statement summary

□ The Group's businesses in the current year were operating on the back of the following scenarios:

- Weak domestic and external demand conditions amid the nationwide and global COVID-19 pandemic containment measures.
- Temporary suspension of businesses in compliance with the Movement Control Order which commenced on 18 March 2020 in Malaysia and Circuit Breaker in Singapore which commenced on 7 April 2020.
- Slow business recovery amid slowdown in global economies which continue to create uncertainties and negatively affect consumer sentiments.

□ Consequently, the Group's results were lower than last year:

- Group revenue for 2Q20 at RM989.6 million and RM2.46 billion for the YTD were 43% and 29% lower than last year respectively with lower YTD revenue from all divisions despite higher revenue from Plantation Division in 2Q20.
- The Group operating profit for 2Q20 at RM160.8 million and RM456.8 million for YTD were lower than last year by 37% and 17% respectively with lower contribution from all divisions except for Plantation Division.

(RM' Million)	2Q20	2Q19	Change	YTD 2020	YTD 2019	Change
Revenue	989.6	1,745.8	(43%)	2,464.6	3,495.7	(29%)
Gross profit <sup>1</sup>	261.0	370.9	(30%)	676.2	826.6	(18%)
EBITDA	200.7	308.9	(35%)	543.6	657.5	(17%)
Operating profit <sup>2</sup>	160.8	256.0	(37%)	456.8	550.2	(17%)
Finance expenses	(65.5)	(65.2)	1%	(129.1)	(121.3)	6%
Profit before tax	92.6	191.9	(52%)	326.9	431.2	(24%)
Taxation	(46.6)	(52.8)	(12%)	(117.3)	(123.8)	(5%)
Profit after tax	46.0	139.1	(67%)	209.6	307.4	(32%)
Attributable to shareholders	44.1	129.8	(66%)	204.4	287.8	(29%)
Attributable to MI	1.9	9.3	(79%)	5.2	19.6	(74%)
EPS (sen)	1.77	5.21	(66%)	8.21	11.56	(29%)

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

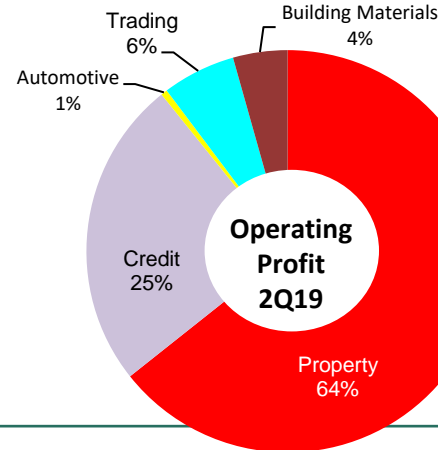
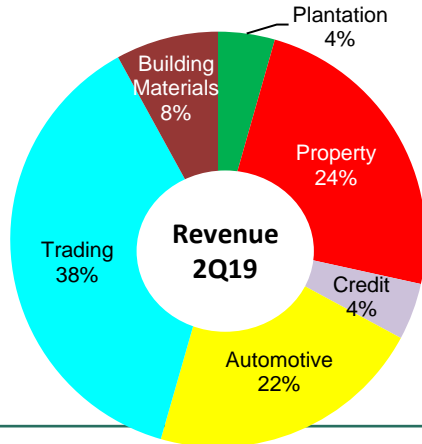
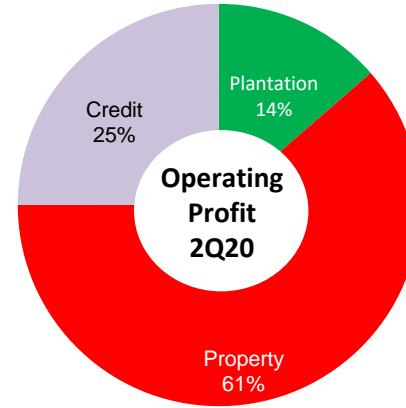
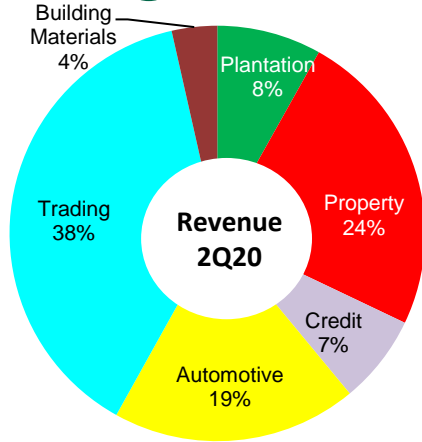
# Group segment results

(RM' Million)	REVENUE			OPERATING PROFIT			REVENUE			OPERATING PROFIT		
	2Q20	2Q19	Change	2Q20	2Q19	Change	YTD 2020	YTD 2019	Change	YTD 2020	YTD 2019	Change
Plantation	83.6	80.0	4%	32.0	(4.1)	887%	185.4	206.2	(10%)	25.6	3.6	611%
Property <sup>1</sup>	246.0	435.5	(44%)	144.4	173.5	(17%)	736.9	920.0	(20%)	397.5	415.5	(4%)
Credit Financing	71.1	80.2	(11%)	58.8	67.2	(13%)	145.5	156.4	(7%)	125.8	130.8	(4%)
Automotive	196.1	390.9	(50%)	(19.2)	1.4	(1479%)	474.0	705.9	(33%)	(29.2)	1.9	(1618%)
Trading	394.4	680.8	(42%)	(15.7)	15.9	(199%)	871.6	1,357.3	(36%)	(0.2)	32.0	(101%)
Building Materials <sup>2</sup>	36.3	144.8	(75%)	(16.6)	11.8	(241%)	156.0	279.4	(44%)	(10.7)	19.8	(154%)
Subtotal	1,027.5	1,812.2	(43%)	183.7	265.7	(31%)	2,569.4	3,625.2	(29%)	508.8	603.6	(16%)
Consolidation adjustments & others	(37.9)	(66.4)		(22.9)	(9.7)		(104.8)	(129.5)		(52.0)	(53.4)	
Group	989.6	1,745.8	(43%)	160.8	256.0	(37%)	2,464.6	3,495.7	(29%)	456.8	550.2	(17%)

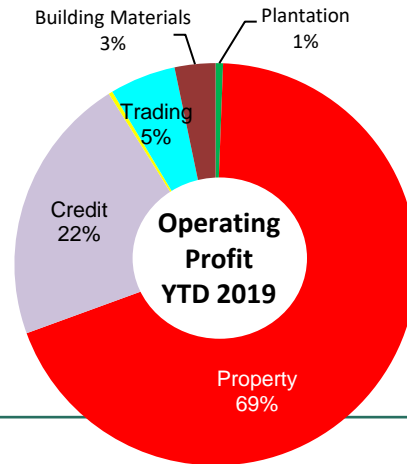
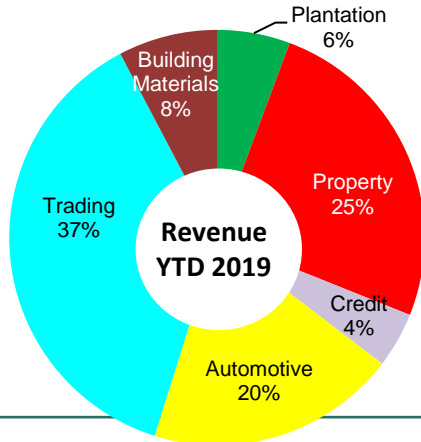
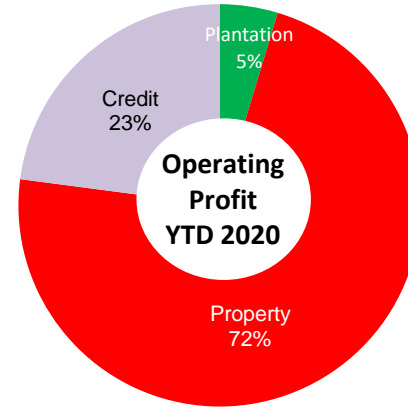
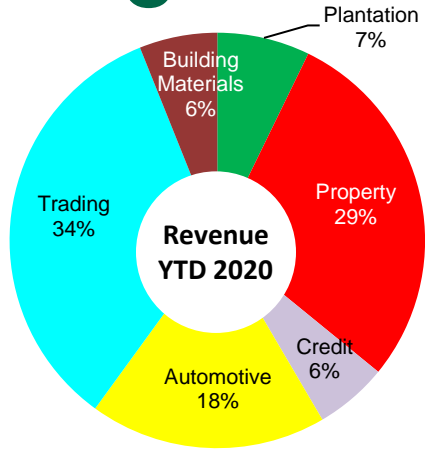
Note:

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

# Group segment results – 2<sup>nd</sup> Quarter



# Group segment results – Year To Date



# **SECTION 2**

## **Operations review**



# Plantations

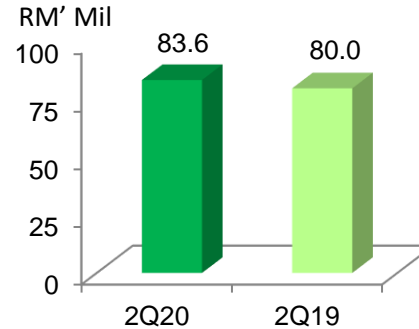
## Operating profit benefitted from higher average selling prices and gain on disposal

- Revenue and Operating Profit for 2Q20 and YTD benefitted from higher average selling prices of CPO and PK but dampened by lower sales volume of CPO for 2Q20 and YTD and lower YTD volume for PK.
- Sales volume of CPO for 2Q20 was affected by timing of deliveries whilst the YTD sales volume of CPO and PK were affected by lower production volume arising from seasonal FFB yield trend and changes in cropping pattern, further aggravated by the suspension of operations from 25 March to 9 April 2020 for plantation sector in Tawau, Lahad Datu and Kinabatangan Sabah, in compliance with the MCO.

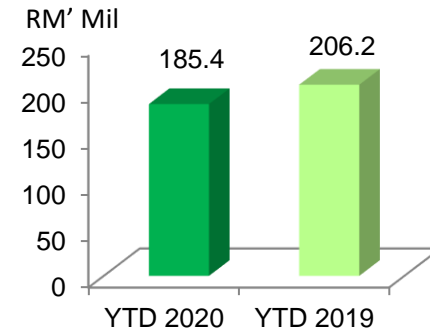
	2Q20	2Q19	YTD 2020	YTD 2019
Average Prices				
• CPO	2,321	2,017	2,569	2,067
• PK	1,382	1,178	1,540	1,291
Sales Volume				
• CPO	30,821	34,647	61,941	87,056
• PK	7,744	7,596	15,329	18,401
Production Vol.				
• FFB	152,708	139,635	284,688	328,524
• CPO	35,545	31,363	66,020	73,946
• PK	7,953	7,049	15,260	17,685

- Consequently, the YTD unit production costs of CPO was higher at RM1,780/mt (YTD 2019: RM1,526/mt) despite higher PK credit at RM358/mt (YTD 2019: RM321/mt).
- Operating profit for 2Q20 & YTD included gain of RM12.9 mil arising from sale of agriculture land & fixtures thereon to Property Division.

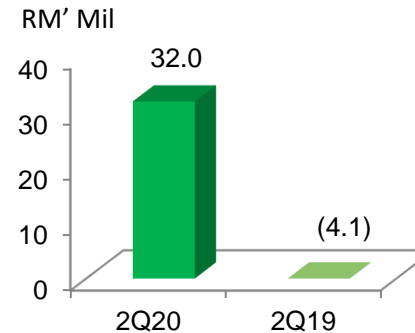
### 2Q Revenue



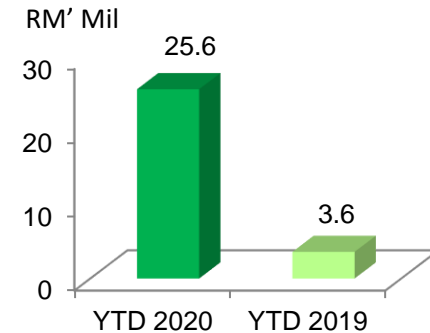
### YTD Revenue



### 2Q Operating Profit



### YTD Operating Profit

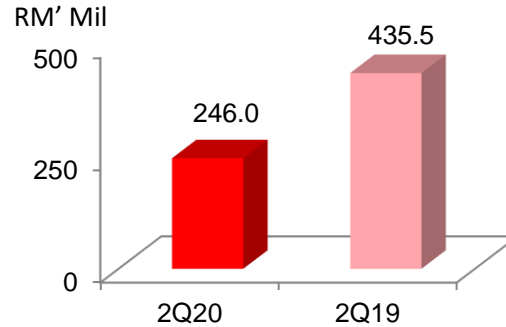


# Property Investment and Development

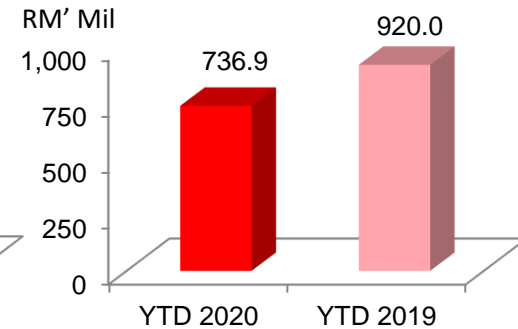
## Results affected by lower contribution from projects and construction activities

- Revenue and Operating profit for 2Q20 and YTD were affected by lower contribution from projects and construction activities but mitigated by higher contribution from sales of non-strategic properties.
- Revenue from project sales and construction were affected by the closure of all showrooms and construction site during the MCO period.
- The Division's IP, Menara Hap Seng and Menara Hap Seng 2 in Klang Valley and Plaza Shell in Sabah maintain healthy occupancy and rental yield, registering comparable results as last year.
- Menara Hap Seng 3 commenced operations in June 2020.

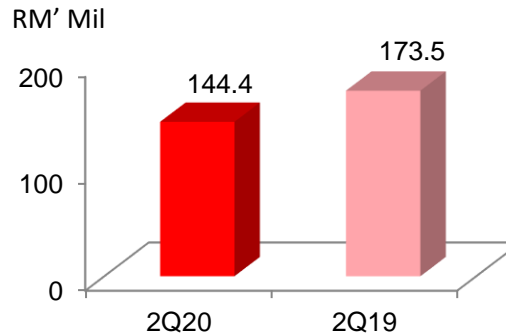
### 2Q Revenue



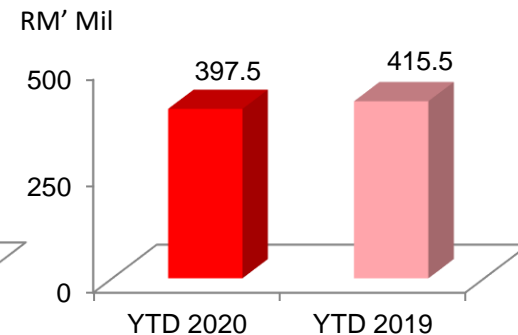
### YTD Revenue



### 2Q Operating Profit



### YTD Operating Profit

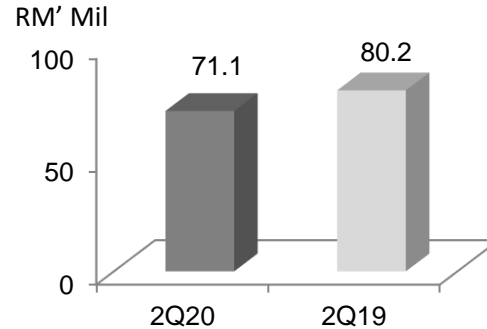


# Credit Financing

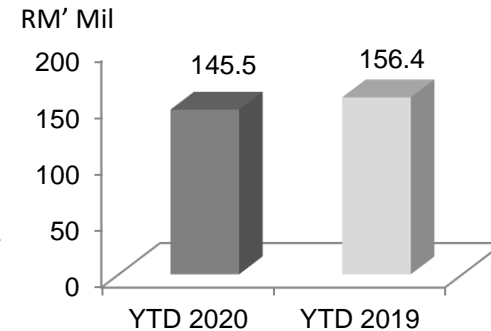
## Lower loan base attributed to prudent & stringent loan approval process

- ❑ The Division's revenue and operating profit for 2Q20 and YTD were lower than last year on the back of lower loan base.
- ❑ Loan base as at end 2Q20 at RM3.66 billion was 7% below last year (2Q19: RM3.96 billion) due to lower loan disbursements as the Division exercised prudent and more stringent credit risks assessment in its loan approval process in view of the current economic uncertainties.
- ❑ NPL ratio as at end June 2020 was at 2.40% (June 2019: 1.65%)

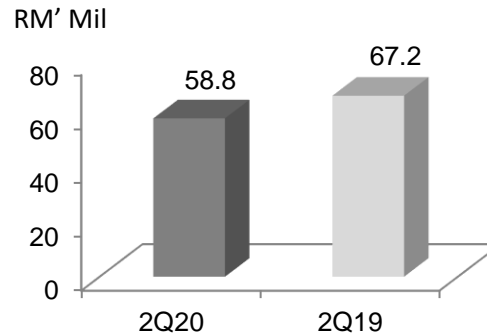
### 2Q Revenue



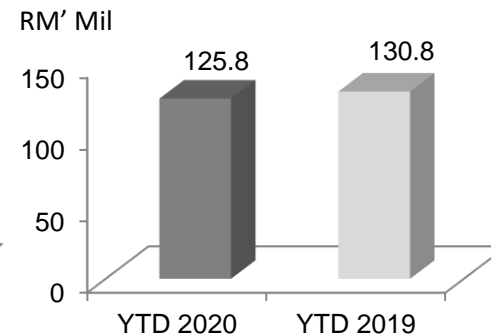
### YTD Revenue



### 2Q Operating Profit

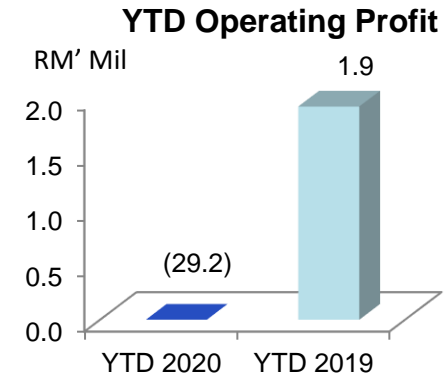
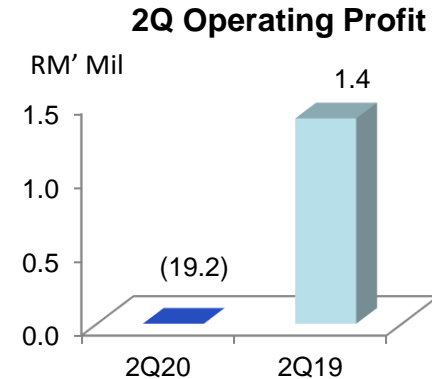
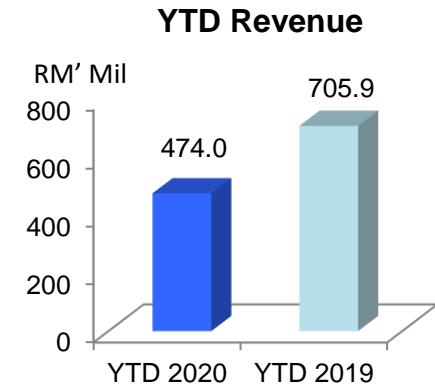
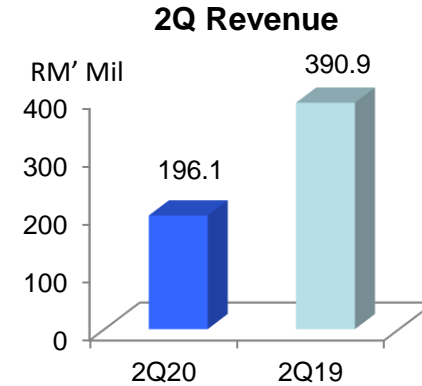


### YTD Operating Profit



## Results affected by lower sales volume and aftersales throughput

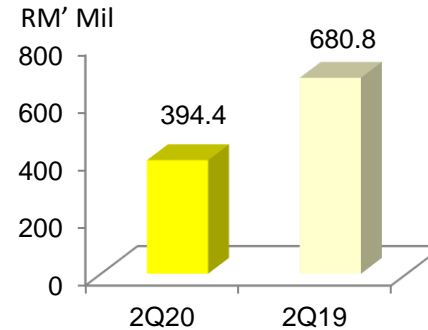
- ❑ The Division's revenue for 2Q20 and YTD were significantly lower than last year due to the suspension of all our operations in compliance with the MCO.
- ❑ Sales of passenger vehicles ("PV") for 2Q20 and YTD were 58% and 37% lower than last year respectively with lower sales volume by 62% and 46% respectively.
- ❑ The after sales segment's revenue for 2Q20 and YTD were also lower than last year by 18% and 9% respectively with 36% and 18% lower throughput respectively.
- ❑ The commercial vehicle ("CV") wholesale distribution and retail businesses contributed 21% and 19% to the Division's 2Q20 and YTD revenue respectively and were lower than last year by 44% and 37% respectively.
- ❑ The PV segment also recorded lower margin due to competitive and challenging market environment whilst the CV segment was affected by start-up and dealers' network development costs.
- ❑ Consequently, operating losses were recorded for 2Q20 and YTD.



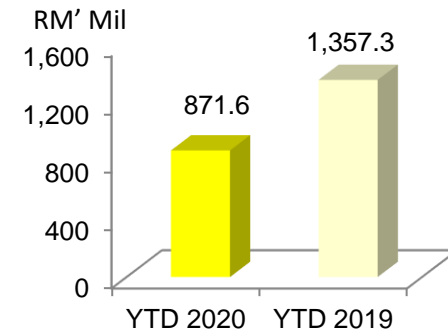
## Results affected by MCO with demand remained weak thereafter

- ❑ The Division's results, which comprise the Fertilizers trading, general trading ("GT"), and ceramic tile business under Malaysian Mosaiques Sdn Bhd ("MMSB"), were affected by lower revenue from all its business segments.
- ❑ Fertilizers trading's revenue at RM322.5 mil for 2Q20 and RM650.4 mil for YTD were 20% and 17% lower than last year respectively due to lower average selling price and lower sales volume achieved, affected by the temporary disruption of operations during the MCO, slowdown in fertilizers application by oil palm planters in 2Q20 and competitive pricing.
- ❑ GT and MMSB businesses were also affected by the suspension of operations during the MCO and weak demand arising from the slowdown in construction sector. GT's revenue at RM47.1 mil for 2Q20 and RM161.3 mil for YTD were 78% and 62% lower than last year respectively whilst MMSB's revenue at RM24.9 mil for 2Q20 and RM59.9 mil for YTD were 63% and 59% below last year respectively.
- ❑ Operating loss for 2Q20 included foreign exchange loss for fertilizers trading, however, the overall operating loss for 2Q20 and YTD were mitigated by lower operating costs.

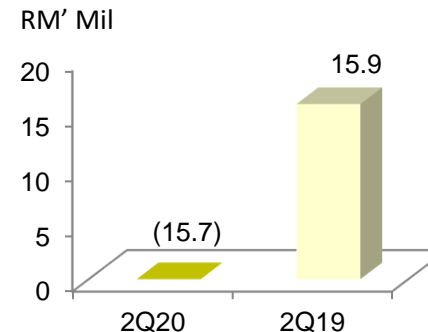
### 2Q Revenue



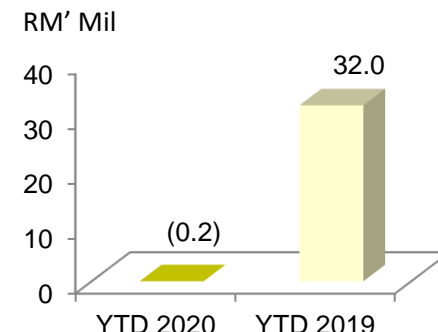
### YTD Revenue



### 2Q Operating Profit



### YTD Operating Profit

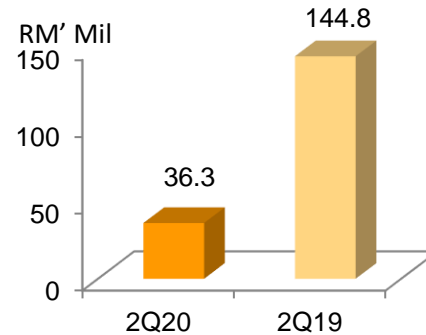


# Building Materials

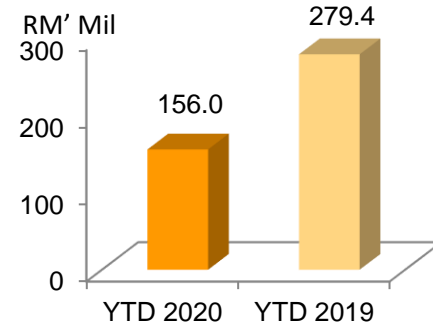
## Results affected by temporary suspension of businesses during MCO / CB

- ❑ The Division comprises the quarry, asphalts and bricks businesses (“QBM”) ; and trading of building materials by Hafary (“Hafary”).
- ❑ Results for 2Q20 and YTD were affected by lower revenue from all businesses, affected by the suspension of operations in compliance with the MCO in Malaysia and the Circuit Breaker (“CB”) in Singapore. QBM were also affected by slow pick-up in construction activities during the CMCO and RMCO.
- ❑ QBM’s revenue at RM19.5 mil for 2Q20 and RM70 mil for YTD were 71% and 45% lower than last year respectively.
- ❑ Hafary’s showrooms in Singapore only reopened for business in mid June 2020. Therefore, Hafary’s revenue at RM16.8 mil for 2Q20 and RM86 mil for YTD were 79% and 43% lower than last year respectively.

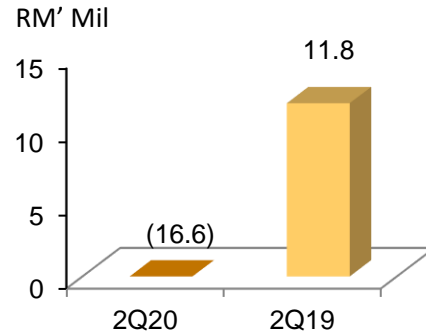
### 2Q Revenue



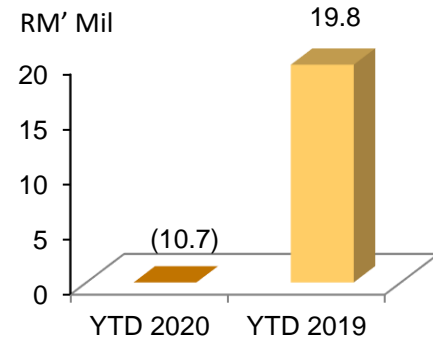
### YTD Revenue



### 2Q Operating Profit



### YTD Operating Profit





# Thank You