HAP SENG CONSOLIDATED BERHAD

2nd Quarter Ended 30th June 2013 Results

19th August 2013

Scope

1. Group financials
2. Operations review

SECTION 1

Group financials



HAP SENG CONSOLIDATED BERHAD

Consolidated income statement summary

- Group's revenue was lower by 14% in 2Q 2013 over the same quarter in 2012 partly due to the following:-
  - Lower contribution from Plantation Division due to lower average selling prices for CPO & PK and lower FFB production
  - 2Q2012 benefitted from gains on disposal of certain non strategic properties in 2Q 2012 & fair value adjustments of some investment properties
  - Lower average selling prices for fertilizers
  - Slowdown in passenger vehicles sales
- Group EBITDA and operating profit are down by 57% and 64% respectively.
- PATMI for 2Q 2013 is higher by 96% mainly due to the gains from disposal of our Vietnam Automotive business.

(RM' Million)	2Q 2013	2Q 2012	Change (%)	YTD 1H 2013	YTD 1H 2012	Change (%)
Revenue	826.8	962.5	-14%	1,619.2	1,813.0	-11%
Gross profit [1]	135.7	240.1	-43%	259.4	436.7	-41%
EBITDA	86.5	200.9	-57%	186.6	379.8	-51%
Operating profit [1, 2]	64.5	177.8	-64%	144.1	340.4	-58%
Finance expenses	(18.7)	(23.8)	-21%	(39.0)	(50.1)	-22%
Profit before tax	259.2	159.5	63%	394.0	297.7	32%
Taxation	(53.9)	(42.3)	27%	(76.7)	(74.7)	3%
Profit after tax	205.3	117.2	75%	317.3	223.0	42%
Attributable to MI	3.8	14.3	-74%	13.0	34.0	-62%
Attributable to shareholders	201.5	102.9	96%	304.3	189.0	61%
EPS (sen)	9.68	4.74	104%	14.51	8.69	67%

Note:
1 Includes share of Inverfin's PBIT from Menara Citibank
2 Includes interest income

Group segment results

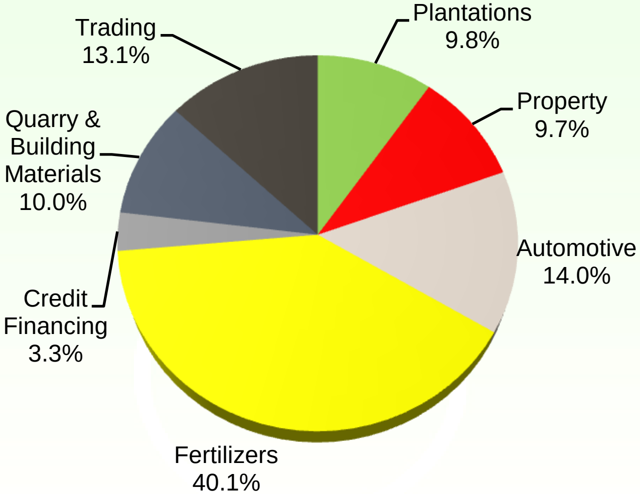
(RM' Million)	REVENUE			OPERATING PROFIT			REVENUE			OPERATING PROFIT		
	2Q 2013	2Q 2012	Change (%)	2Q 2013	2Q 2012	Change (%)	1H 2013	1H 2012	Change (%)	1H 2013	2H 2012	Change (%)
Plantations	84.0	117.5	-28%	11.5	43.9	-74%	185.4	241.5	-23%	39.6	102.7	-61%
Property	83.6	136.6	-39%	22.3[1]	90.4[1]	-75%	140.5	231.7	-39%	61.9[1]	150.9[1]	-59%
Automotive	120.0	156.5	-23%	-3.4	1.3	>-100%	320.0	305.6	5%	-18.7	7.1	>-100%
Fertilizers	344.8	366.9	-6%	14.0	18.0	-22%	627.5	687.2	-9%	19.5	32.9	-41%
Credit Financing	28.3	29.2	-3%	22.8	23.6	-3%	55.1	56.2	-2%	43.6	44.5	-2%
Quarry & Building Materials	86.2	69.0	25%	4.0	6.8	-42%	166.4	130.7	27%	8.1	13.0	-38%
Trading	112.2	119.2	-6%	0.7	-1.9	>100%	185.3	226.7	-18%	1.3	-4.6	>100%
	859.1	994.9	-14%	71.9	182.1	-61%	1,680.2	1,879.6	-11%	155.3	346.5	-55%
Consolidation adjustments & others	-32.3	-32.4		-7.4	-4.3		-61.0	-66.6		-11.2	-6.1	
Group	826.8	962.5	-14%	64.5	177.8	-64%	1,619.2	1,813.0	-11%	144.1	340.4	-58%

Note:
[1] *Includes share of Inverfin's PBIT from Menara Citibank*

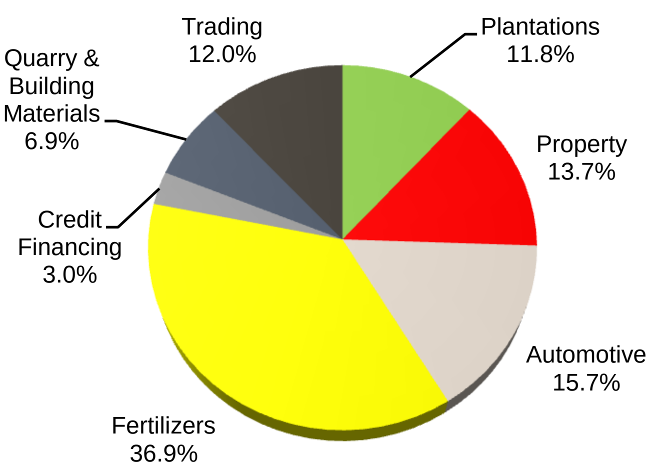
Group segment results

Revenue

2Q 2013

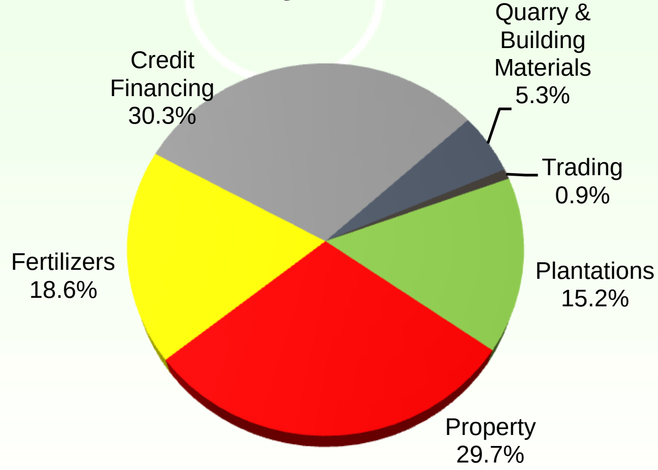


2Q 2012

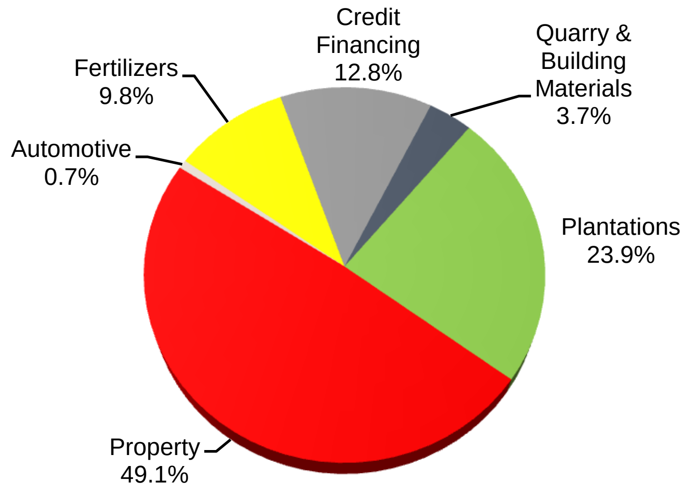


Operating Profit *

2Q 2013

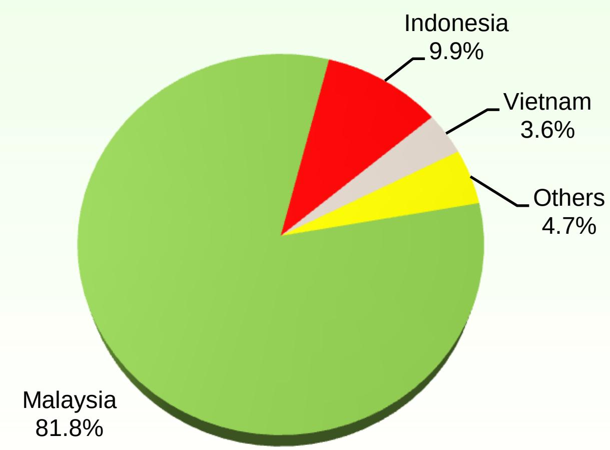


2Q 2012

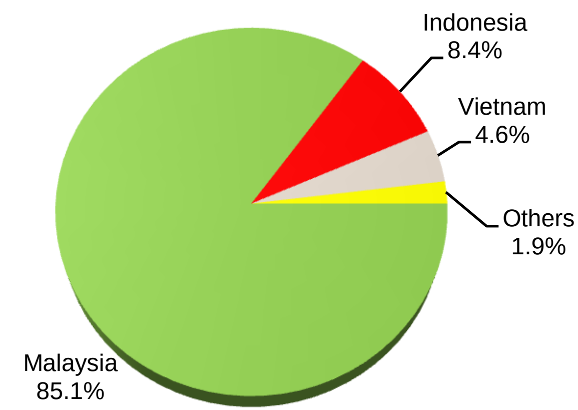


Geographical Segment

2Q 2013 Revenue



2Q 2012 Revenue



** Include divisions with Operating Profits only.*

SECTION 2

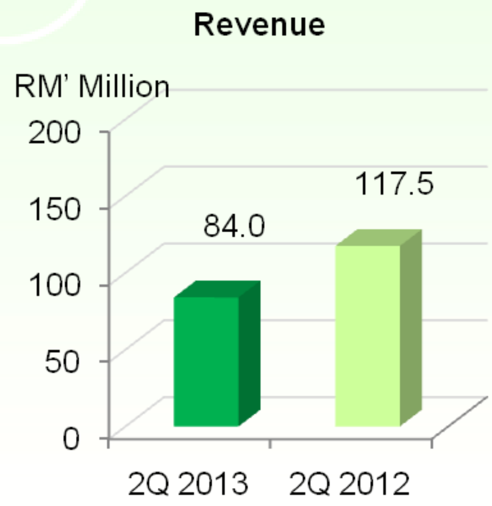
Operations review

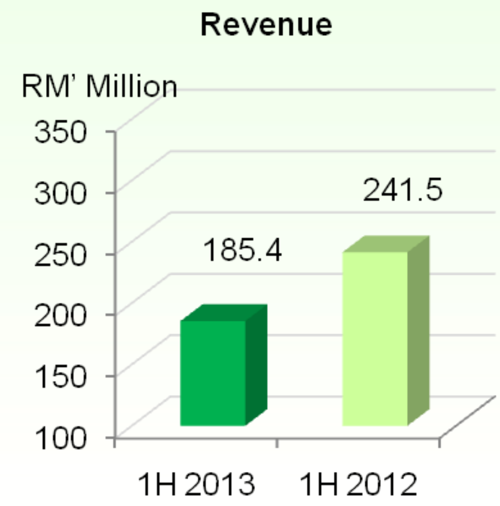
HAP SENG CONSOLIDATED BERHAD

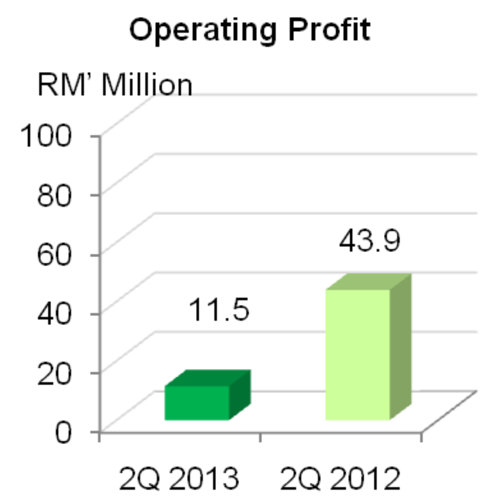
Plantations

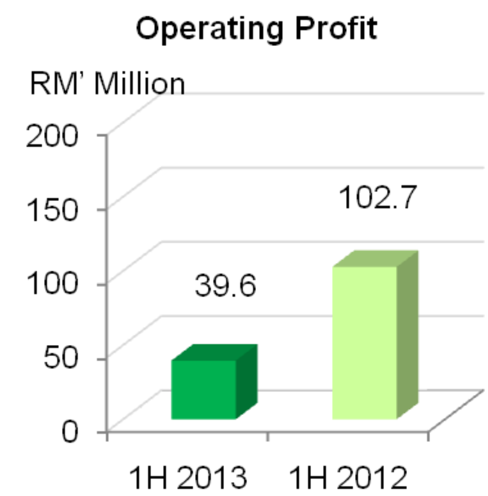
Performance a reflection of low production cycle period and low CPO prices

- Revenue in the 2nd Quarter of 2013 declined by 28% on the back of the following factors:-
  - Softening in average price realisation for CPO and PK (CPO: RM2,284 /MT vs. RM3,208 /MT; PK: RM1,154 /MT vs. RM1,852 /MT).
  - Partly mitigated by the increase in CPO sales volume by 4.2%
- As a result, operating profit dropped by 74% for the quarter under review.
  - Higher production cost per tonne of CPO (before PK Credit) (RM2,007 /MT vs RM1,913 /MT) due to higher upkeep costs and higher labour costs (Minimum Wages Order 2012 that took effect from 1 January 2013)
- Other key performance indicators:
  - Lower FFB yield of 3.99 MT per hectare (vs 4.37 MT per hectare in 2Q 2012) due to
  - Lower CPO production by 5% to 29,274 MT (vs 30,688 MT in 2Q 2012)
  - Lower FFB yield mitigated by better oil extraction rate (OER) of 21.44% against 21.32% in 2Q 2012.









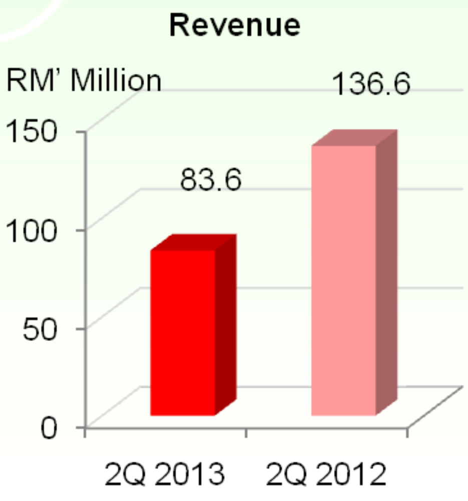
Property

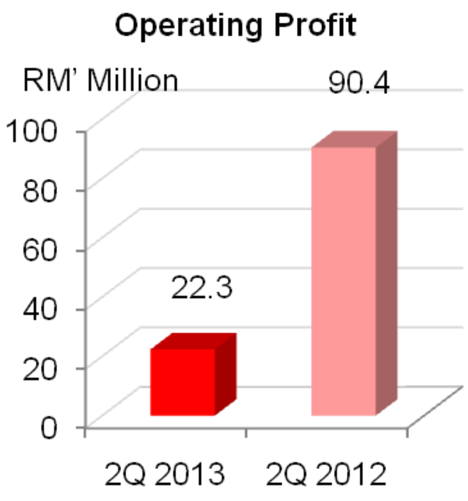
Stable project sales supported by new projects in the pipeline

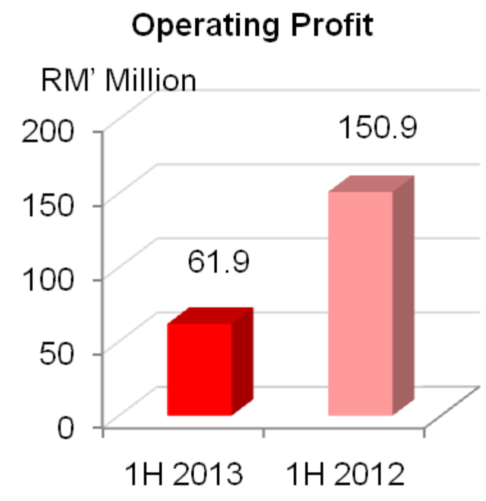
- Revenue and operating profit for the quarter under review declined by 39% and 75% respectively mainly due to the sale of certain non-strategic lproperties in 2Q 2012.
  - Normalised revenue continues to grow by 39.5% on the back of higher project sales, with normalised operating profit remaining flat

- Rental revenue from investment property continued to be stable with high occupancy rate and stable rental rates.

- New launches planned for 2013 in West Malaysia:-
  - High-rise residential development in Bangsar





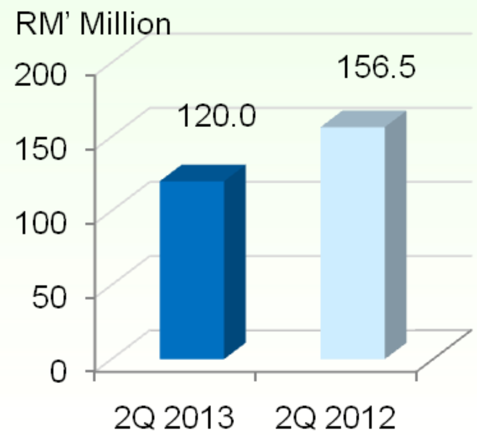


Automotive

Division continues on an expansion mode to support customer base

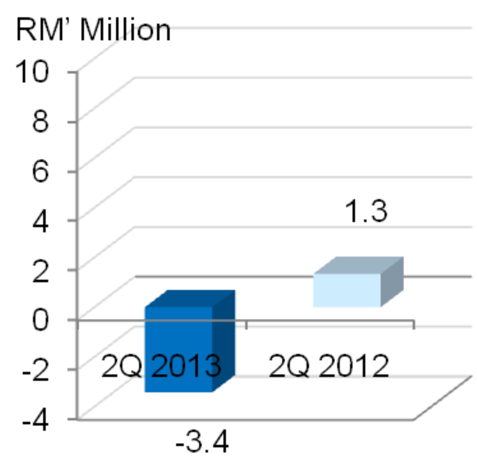
- Revenue for 2Q 2013 declined by 23% on the back of lower sales of Mercedes-Benz passenger vehicles.
- Total vehicle sales volume for the quarter under review declined by 33% due to lower sales in Malaysia.
- However, sales of parts and services for Malaysian operations has increased by 10% in 2Q 2013, reflecting the Division's service quality and growth in customer base.
- Sales Margin continued to be affected by severe competition in the premium passenger market as the Division continues to invest in growing its customer base. As a result, an operating loss was recorded for 2Q 2013.
- Branch network in Malaysia grew in 2Q 2013 with the establishment of a commercial vehicle branch in Kinrara which was launched in June 2013.
- Outlook for 2H 2013 remains positive with the launch of several new Mercedes-Benz models and the targeted completion of the Division's newest Autohaus in Balakong in the 4th quarter of 2013.

Revenue

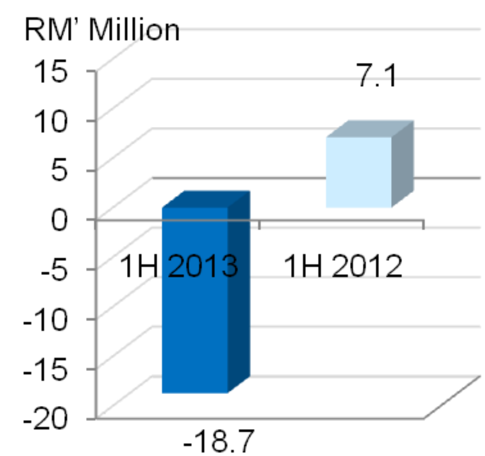


Revenue

Operating Profit



Operating Profit

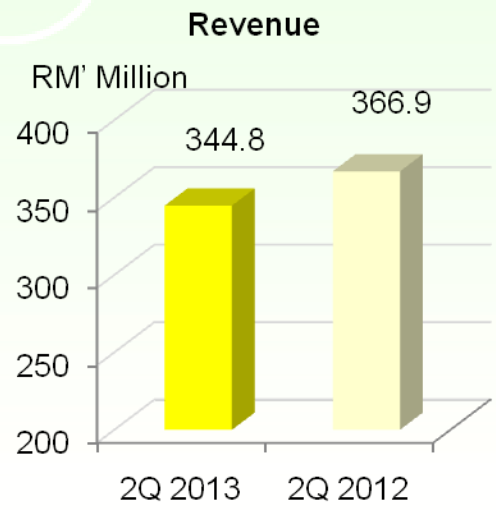


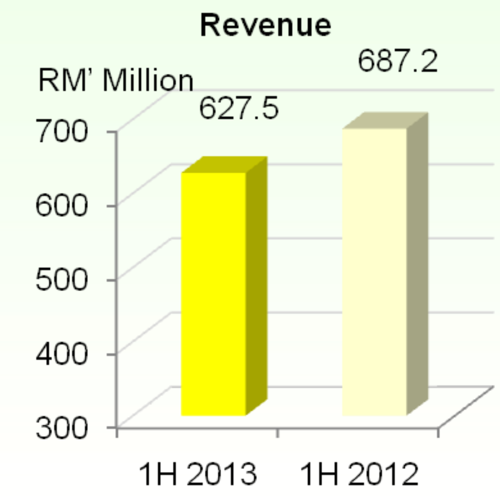
Fertilizers

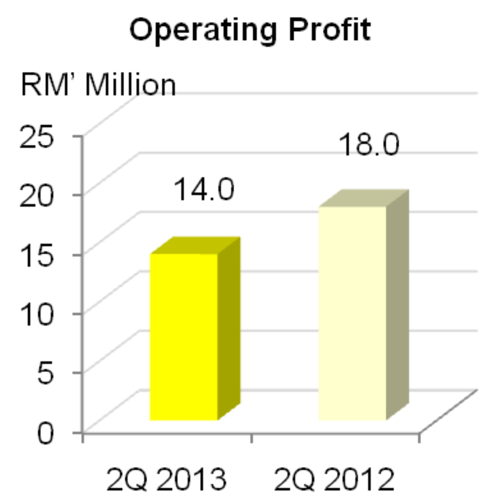
Improvement in volume offsets impact of dampened fertilizer prices

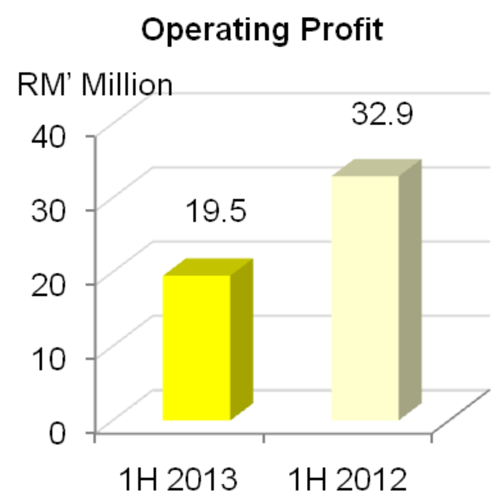
- Revenue in the 2nd quarter is marginally lower by 6% due to lower selling prices in both the Malaysian and Indonesian market. Sales volume for the quarter under review has however increased by 6% and 1% in Malaysia and Indonesia respectively.

- 2Q 2013 operating profits declined by RM4.0 million over the same period last year primarily due to lower selling prices and lower margins from the Malaysian operations
  - Indonesian operations has improved with sales recording positive margins compared to the same quarter last year





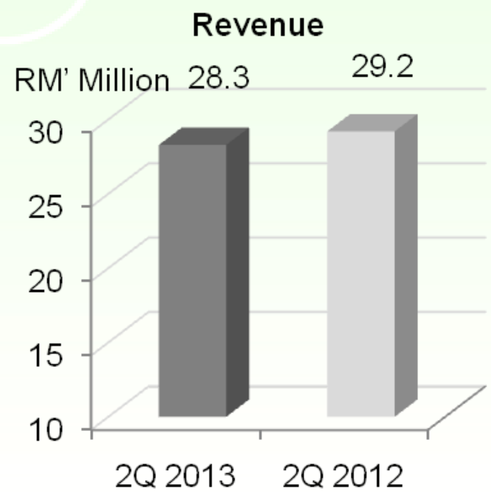


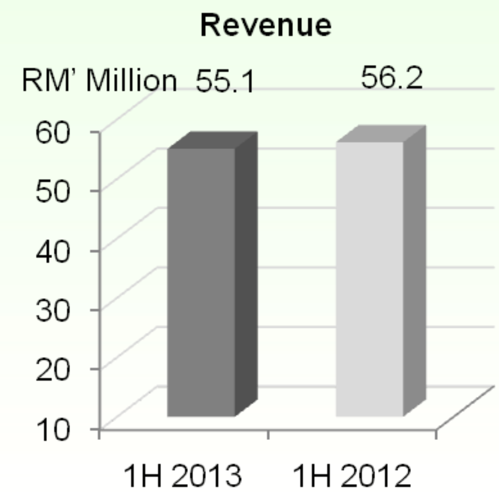


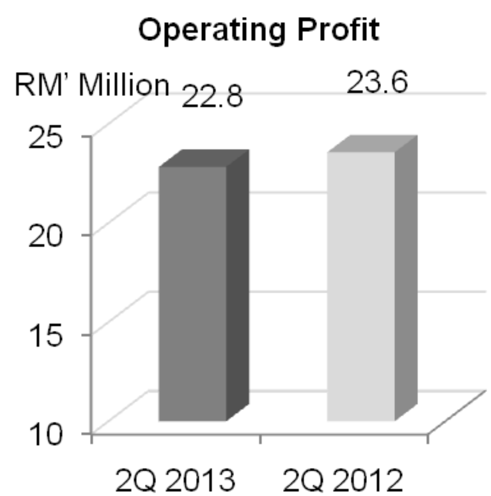
Credit financing

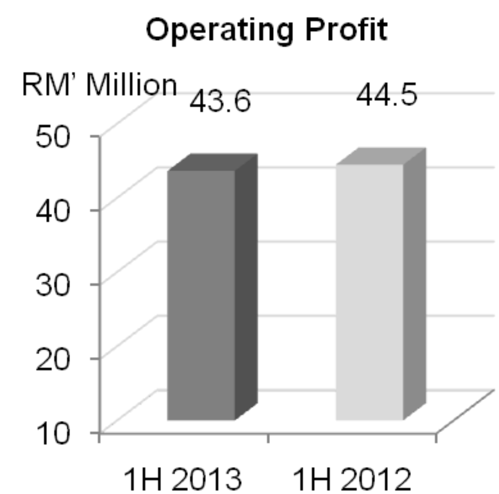
Stable performance backed by robust credit risk management

- Revenue and operating profit for the quarter under review declined marginally by RM0.9 million and RM0.8 million respectively.
  - Marginally lower average net interest margin partly due to a shift in loan composition
- Loan base for the quarter increased from RM1.50 billion in 2Q 2012 to RM1.52 billion in 2Q 2013
  - Peninsular Malaysia continued to contribute 81% of total loans.
  - hire purchase loan composition increase to 69% in 2Q 2013 from 64% in the previous year with balance comprising term loan.
- NPL was higher but remains well managed with NPL ratio for the quarter at 1.07% (Q2 2012: 0.73%).







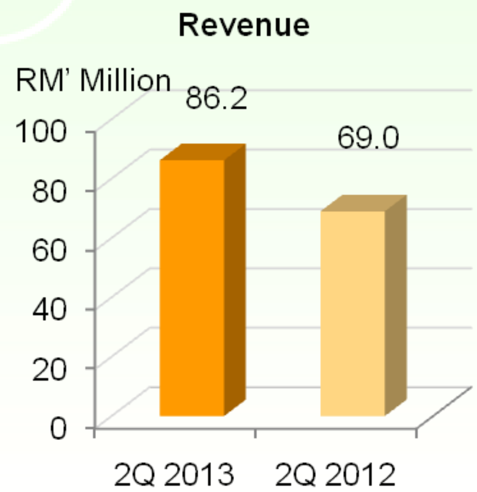


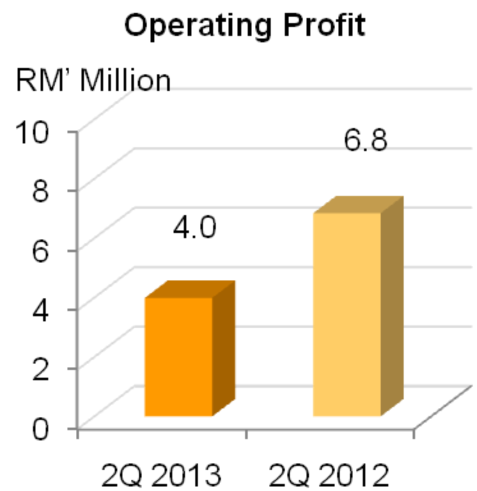
Quarry and Building Materials

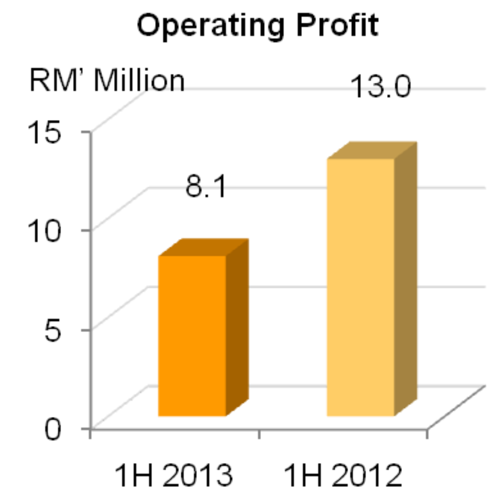
Improvements in sales volume and price dampened by lower margins

- 2Q 2013 revenue continued to grow by 25% as a result of growth in sales volume and average selling price:-
  - Aggregates sales increased by 28%, to RM60.6 million due to higher selling prices, on the back of sales volume of 1,654k MT
  - Asphalt sales volume increased by 52% to 102k MT; and
  - Bricks sales volume increased by 53% to 38.9m pcs.

- Operating profit in 2Q 2013 was however lower by RM2.8 million compared to 2Q 2012 primarily due to :-
  - Lower margins for sales of aggregates and bricks due to higher unit cost and lower selling price respectively.
  - Increase in employment cost due to business expansion







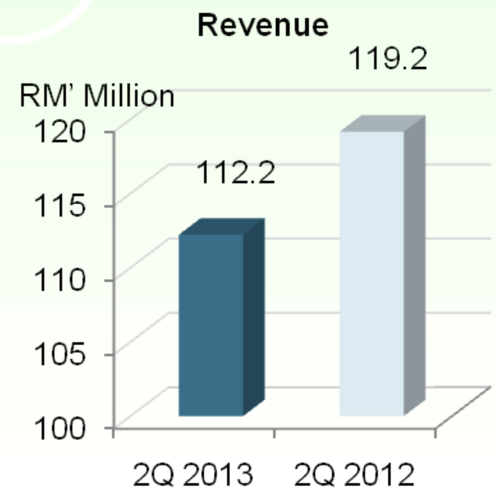
Trading

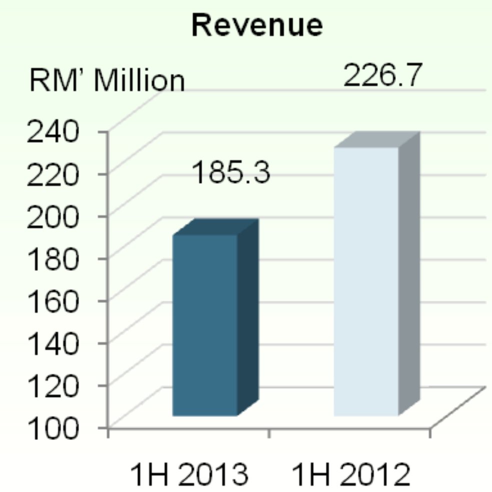
Improvement in sales resulted in continuous growth in operating profits

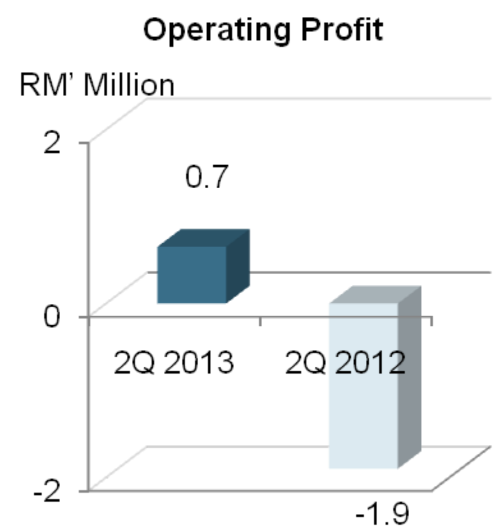
- Revenue for 2Q 2013 was marginally lower by 6% as a result of the discontinuation of its tiles distributorship in the last quarter of 2012. However, sales excluding MML tiles grew by 33% in 2Q 2013.
  - Building material sales increased by 67%
  - Petroleum sales decreased by 4%
  - Oil & fats sales increase by 24%

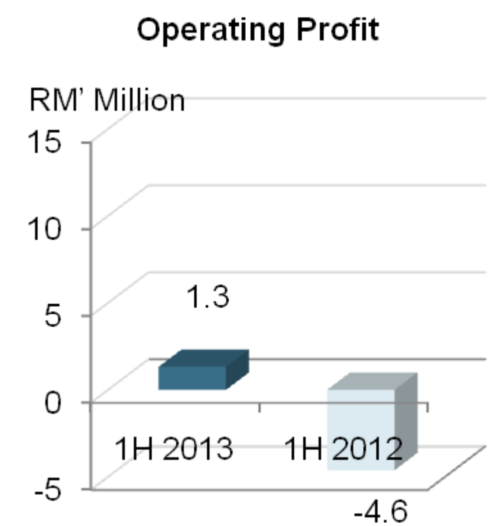
- Consequently, the Division achieved an operating profit for the quarter under review of RM0.7 million as compared to a loss of RM1.9 million in 2Q 2012

- The Division continues to grow its presence in the building material market segment.
  - Strengthened sales and marketing team
  - Synergies created across the Group's operations









Thank You

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