



HAP SENG CONSOLIDATED BERHAD

4th Quarter Ended 31st December 2013 Results

27th February 2014

Scope



1 Group financials

2 Operations review

SECTION 1

● Group financials





Consolidated income statement summary

- Group's revenue for 4Q13 and for 2013 were affected by lower revenue from Automotive and Fertilizer Trading Divisions.
- Revenue for 2013 were also impacted by lower contribution from Plantations and Property Divisions.
- Plantation and Trading Divisions performed better in terms of revenue and operating profit in 4Q13 whilst Automotive registered lower operating loss despite lower revenue. These contributed to the 14% increase in profit attributable to shareholders in 4Q13.
- Profit attributable to shareholders for the year included the gains from restructuring in relation to disposal of certain investments.

(RM' Million)	4Q13	4Q12	Change (%)	2013	2012	Change (%)
Revenue	1,033.3	1,131.5	-9%	3,486.7	3,958.9	-12%
Gross profit ¹	308.9	241.2	28%	735.2	908.9	-19%
EBITDA	257.3	253.7	1%	531.1	843.6	-37%
Operating profit ^{1, 2}	250.6	234.6	7%	464.7	767.4	-39%
Finance expenses	(13.9)	(21.8)	-36%	(74.6)	(94.0)	-21%
Profit before tax	227.2	214.3	6%	801.6	681.6	18%
Taxation	(64.9)	(75.0)	-13%	(165.8)	(190.7)	-13%
Profit after tax	162.3	139.3	16%	635.8	490.9	30%
Attributable to MI	19.6	13.6	44%	47.5	63.8	-25%
Attributable to shareholders	142.7	125.7	14%	588.3	427.1	38%
EPS (sen)	7.16	5.89	21%	28.70	19.79	45%

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		
	4Q13	4Q12	Change (%)	4Q13	4Q12	Change (%)	2013	2012	Change (%)	2013	2012	Change (%)
Plantation	142.8	135.7	5%	59.1	43.0	37%	443.3	526.5	-16%	140.6	193.6	-27%
Property	285.0	252.3	13%	180.5 ¹	217.8 ¹	-17%	527.5	645.0	-18%	273.6 ¹	487.7 ¹	-44%
Automotive	153.7	280.9	-45%	-0.8	-13.6	94%	603.1	762.8	-21%	-18.1	-7.3	>-100%
Fertilizer Trading	212.2	285.2	-26%	-18.0	-14.1	-28%	1,108.3	1,321.3	-16%	-8.2	22.8	>100%
Credit Financing	30.4	27.2	12%	23.9	23.1	4%	115.1	111.3	3%	91.5	90.6	1%
Quarry & Building Materials	100.8	94.4	7%	3.8	6.7	-44%	364.8	306.4	19%	17.9	27.6	-35%
Trading	140.6	88.7	58%	2.5	-21.6	>100%	449.5	420.9	7%	6.6	-30.7	>100%
	1,065.5	1,164.4	-9%	251.0	241.3	4%	3,611.6	4,094.2	-12%	503.9	784.3	-36%
Consolidation adjustments & others	-32.2	-32.9		-0.4	-6.7		-124.9	-135.3		-39.2	-16.9	
Group	1,033.3	1,131.5	-9%	250.6	234.6	7%	3,486.7	3,958.9	-12%	464.7	767.4	-39%

Note:

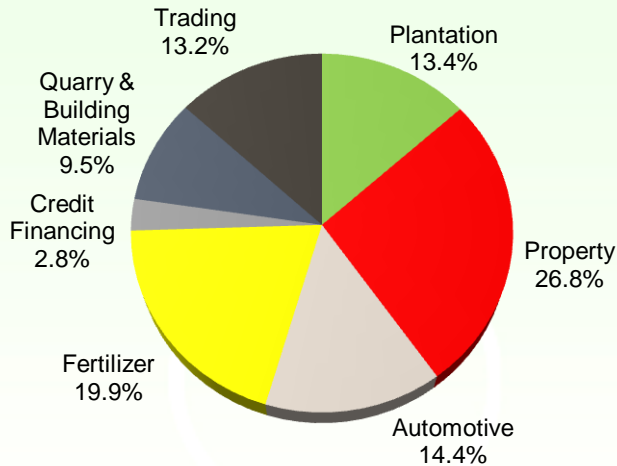
¹ Includes share of Inverfin's PBIT from Menara Citibank



Group segment results

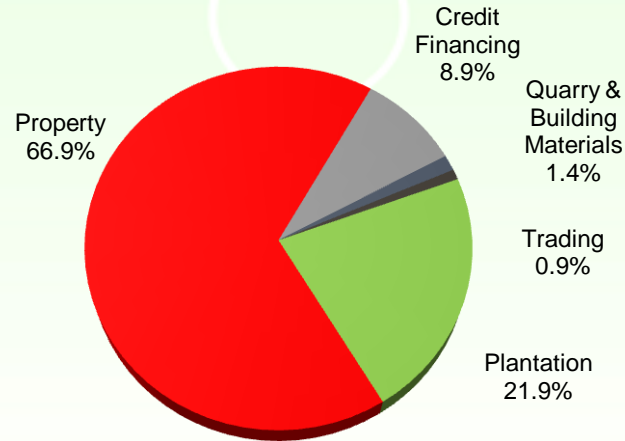
Revenue

4Q13



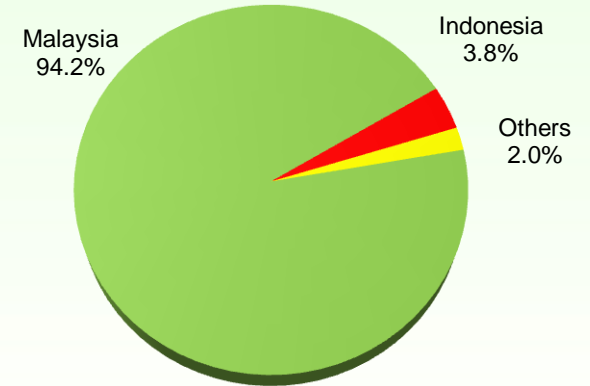
Operating Profit *

4Q13

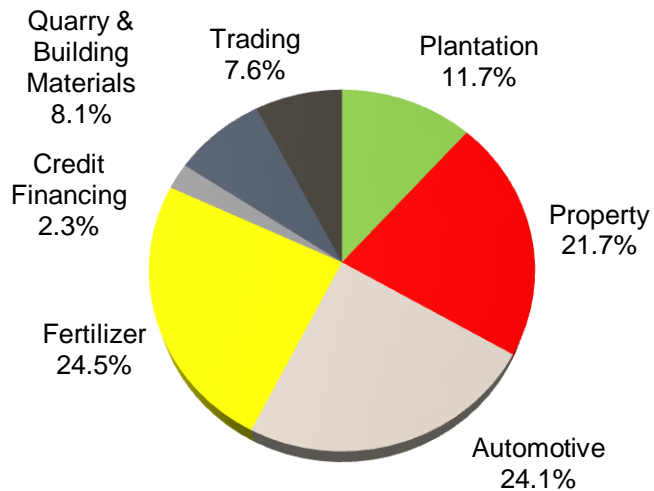


Geographical Segment

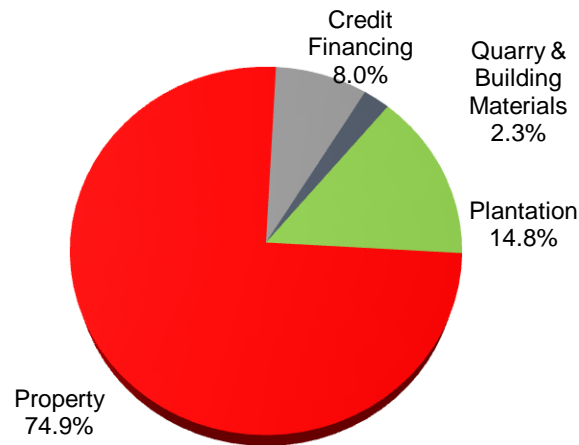
4Q13 Revenue



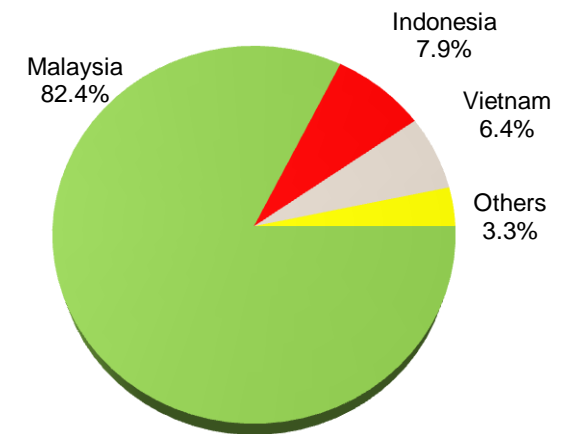
4Q12



4Q12



4Q12 Revenue



SECTION 2

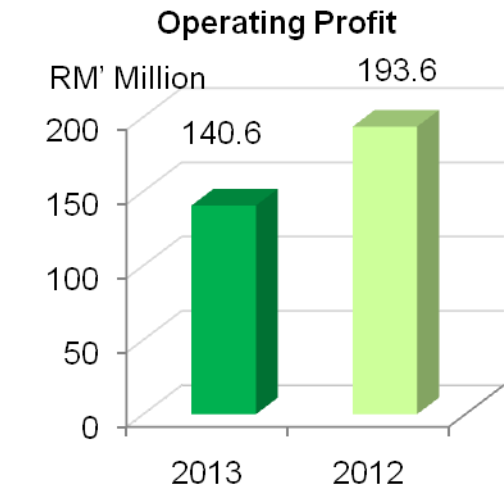
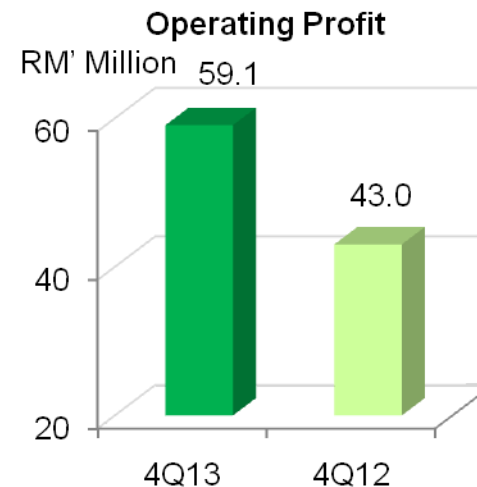
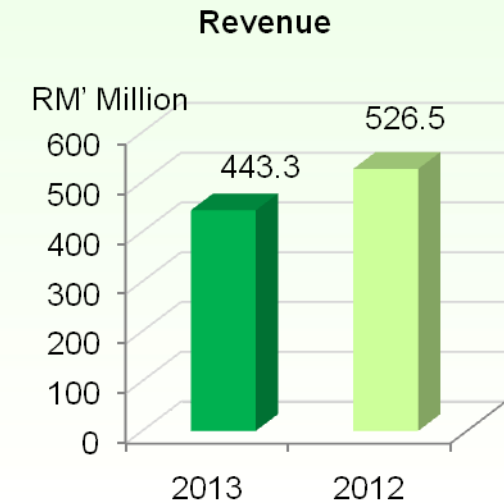
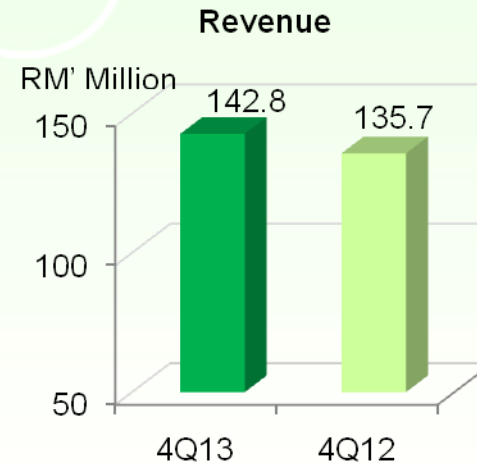
● Operations review





Better 4Q13 performance backed by higher selling prices & lower production costs

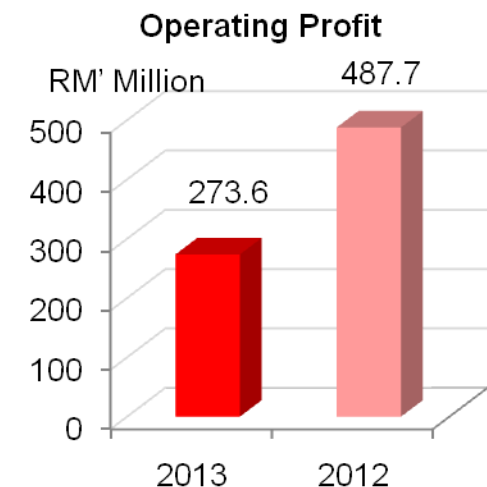
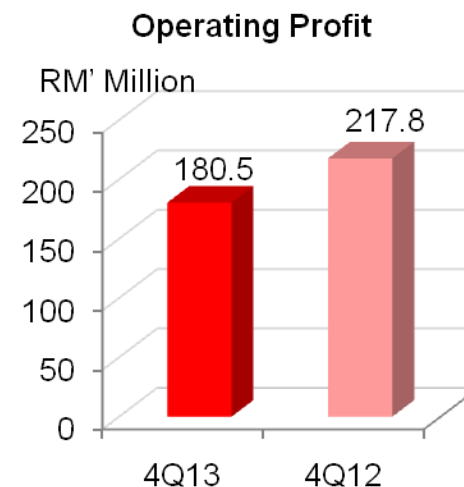
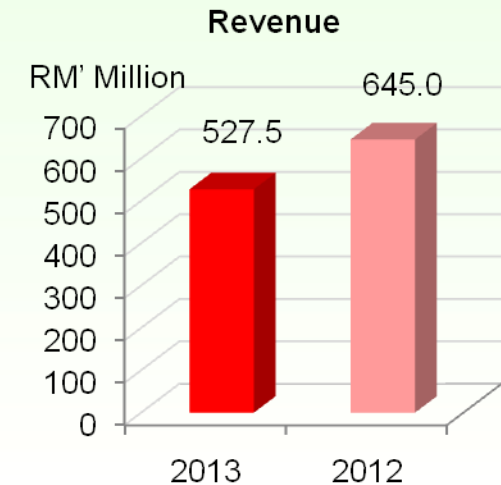
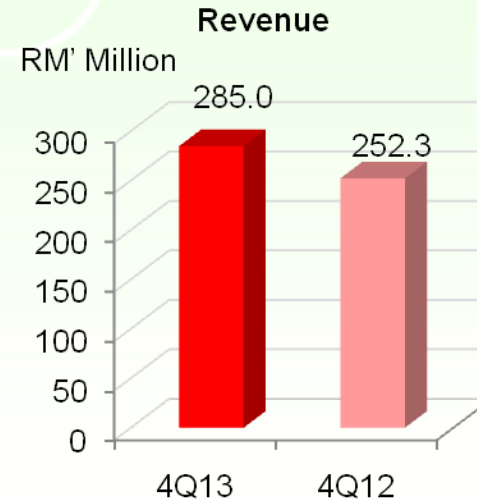
- ❑ The Division performed better in 4Q13 with 5% increase in revenue and 37% improvement in operating profit. Division benefitted from:
 - Higher average selling price realization of CPO & PK:
 - CPO : RM2,469 /MT vs. RM2,204 /MT
 - PK : RM1,542 /MT vs. RM1,029 /MT
 - Lower production cost at RM999 (-11%) per tonne of CPO attributable to lower estate overheads.
- ❑ Revenue and operating profit for 2013 were affected primarily by lower average prices of palm products:
 - CPO : RM2,343 /MT vs. RM2,773 /MT
 - PK : RM1,288 /MT vs. RM1,494 /MT
 - CPO sales volume marginally lower by 1% at 161,170 MT but PK sales volume 3% better at 35,707MT
 - Production cost for 2013 was lower by 2.5% to RM1,178/MT due to better FFB yield and OER.
- ❑ FFB yield at 22.96 MT/ha and OER at 21.34% for 2013 were better by 5% and 0.2% respectively
- ❑ The Division sold 9,950 MT of Certified Sustainable Palm Oil (CSPO) with premium of around USD30/MT in 2013.





Performance supported by project sales growth

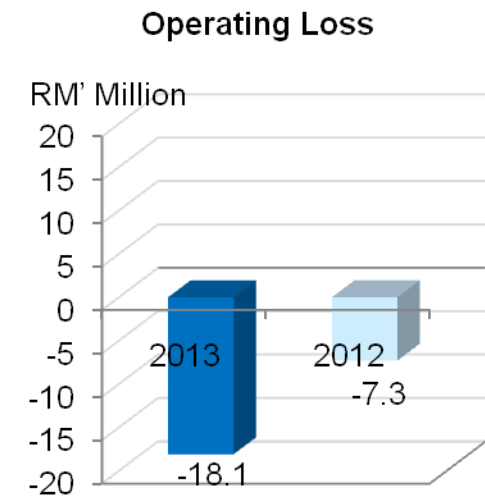
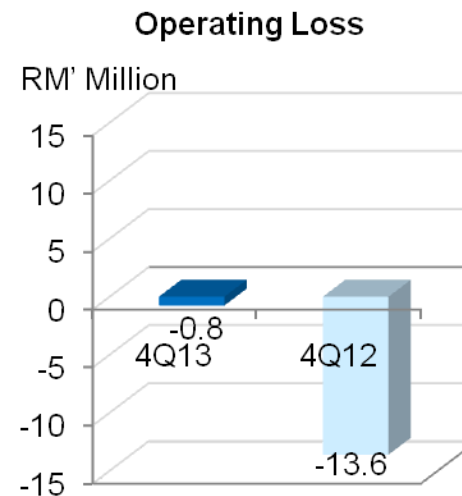
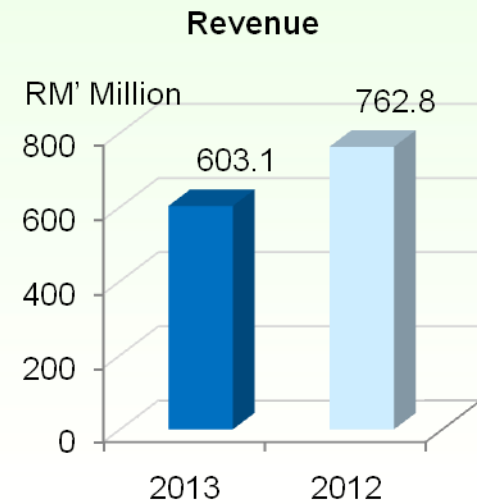
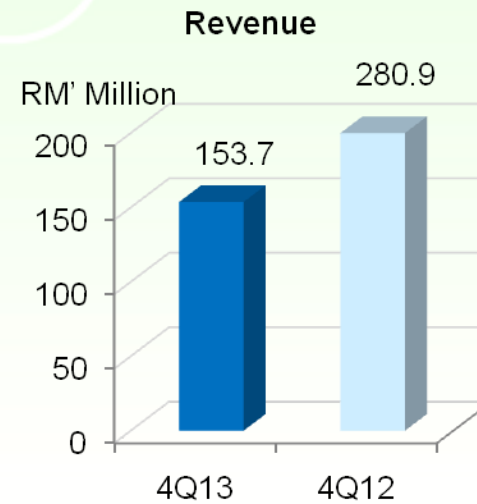
- ❑ Good take up rate of ongoing projects, namely “The Horizon Residence” and “Nadi Bangsar” in West Malaysia; Bandar Sri Indah and Bandar Sri Perdana in East Malaysia contributed to the increase in revenue for 4Q13 and for 2013.
- ❑ The Division’s 2 flagship investment properties, Menara Hap Seng & Menara Citibank continue to record good occupancy and rental rates.
- ❑ The variance in revenue for 2013 was mainly due to higher revenue from sale of non-strategic land held for development in 2012.
- ❑ The variances in operating profit for 4Q13 and 2013 were mainly attributable to higher profit from the sale of non-strategic land held for development and fair value adjustments included in 2012’s profit.
- ❑ Upcoming key projects for 2014 onwards :
 - JTR 2
 - Balakong mixed development





Division continues on an expansion mode to support customer base

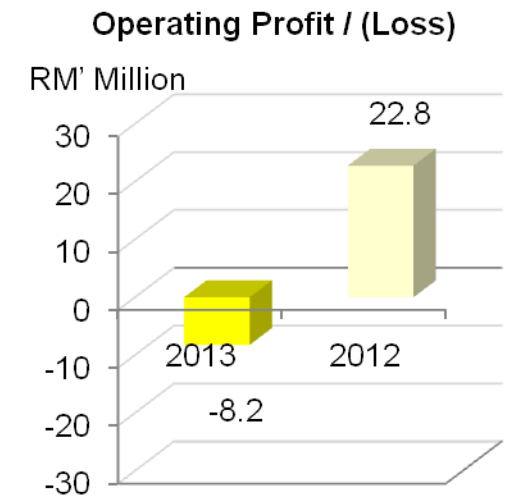
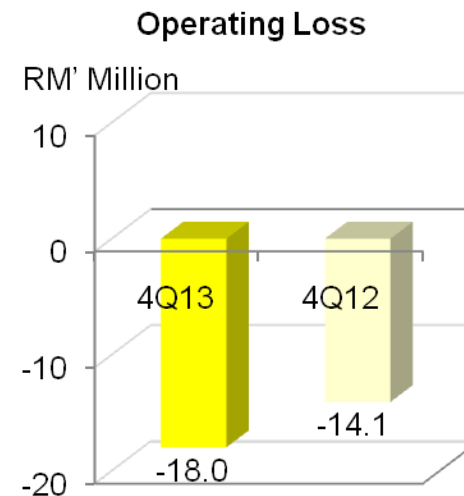
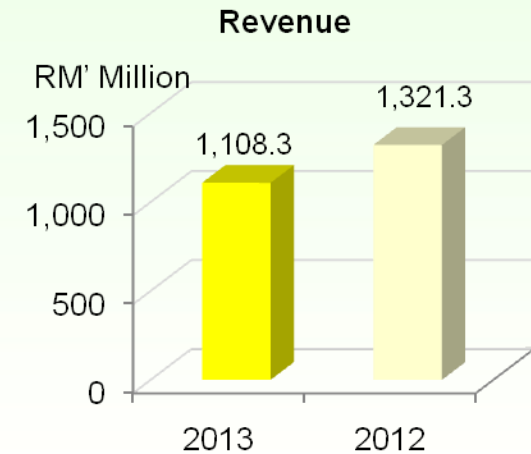
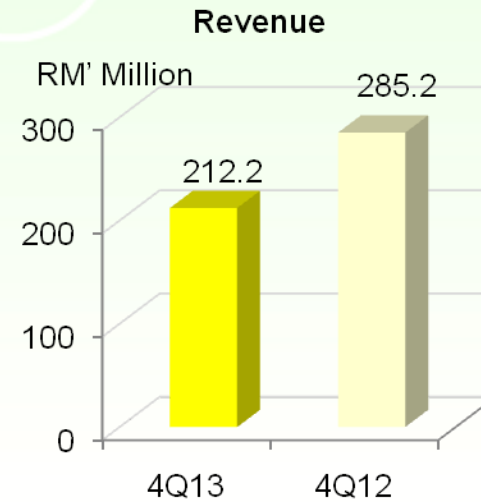
- ❑ Revenue for 4Q13 and 2013 were lower than the corresponding period last year due to the disposal of HSSV and lower sales from the Malaysian operations.
- ❑ However, sales volume of passenger vehicles for 2013 in the Malaysian operations improved by 9% to 1,976 units from 1,808 units in 2012 with higher sales recorded in the earlier period of the year. This represents a total market share in Mercedes-Benz passenger vehicle in Malaysia of 31%.
- ❑ Operating loss for 2013 was due to investment in market share and competitive market.
- ❑ New 3S autohaus in Balakong commenced operation in January 2014.
- ❑ Upcoming new launches for 2014:
 - New S-class
 - CLA
 - C-class





Results impacted by volatile global fertilizer prices and foreign currencies

- ❑ Revenue for 4Q13 and for 2013 were affected by lower sales volume in the Indonesian market and lower average selling prices in both the Malaysian and Indonesian markets due to the very competitive market conditions and volatile global fertilizer prices.
- ❑ The Malaysian operations remained profitable but operating profit declined by 39% in 4Q13 and 48% for 2013.
- ❑ Operations in Indonesia experienced adverse trading conditions and weaker IDR against USD.

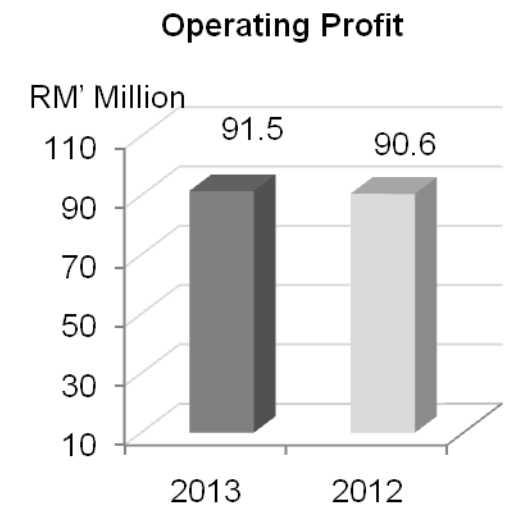
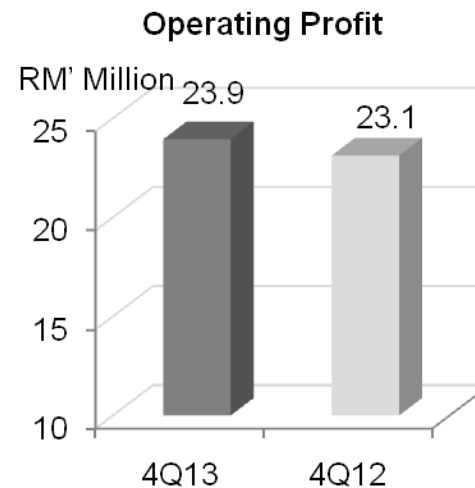
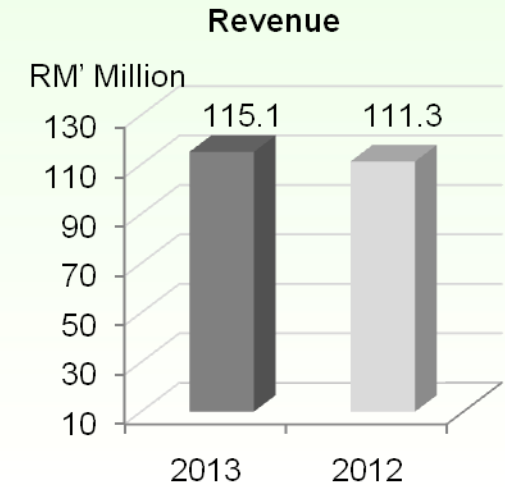
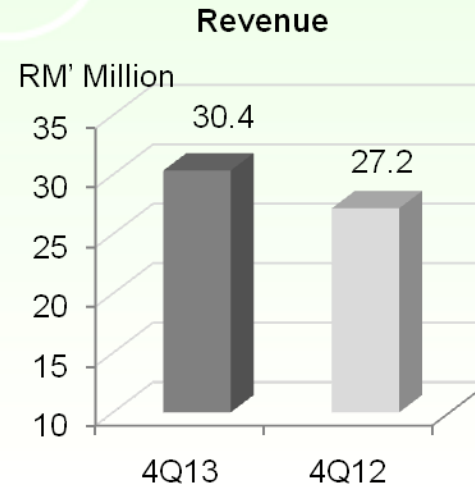




Credit financing

Growing loan base whilst managing credit risk

- ❑ The Division continues to grow its loan base resulting in higher revenue and operating profit for both 4Q13 and for 2013.
- ❑ By end 2013, the loan base was at RM1.74 billion, 15% above last year's loan base of RM1.51 billion.
- ❑ NPL ratio at end of 2013 was at 1.44%, marginally higher than 2012 ratio of 0.87% but remain below industry average of 1.85%.
- ❑ Loan base : 83% from West Malaysia and 17% from East Malaysia.

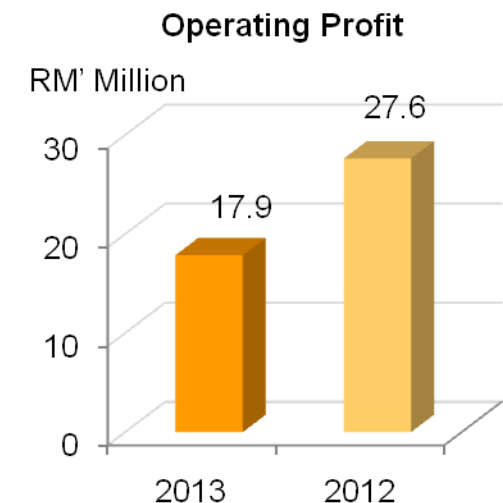
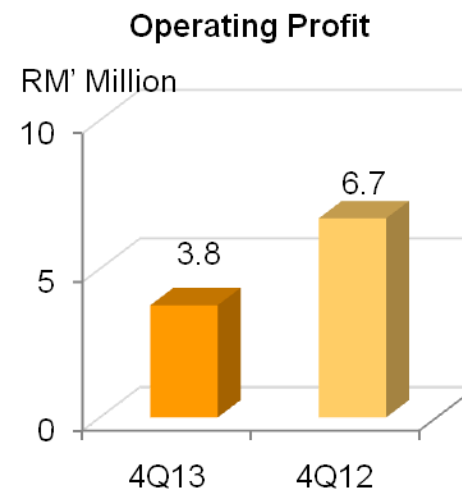
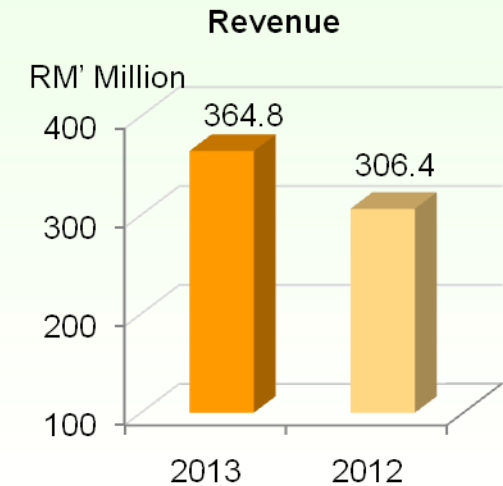
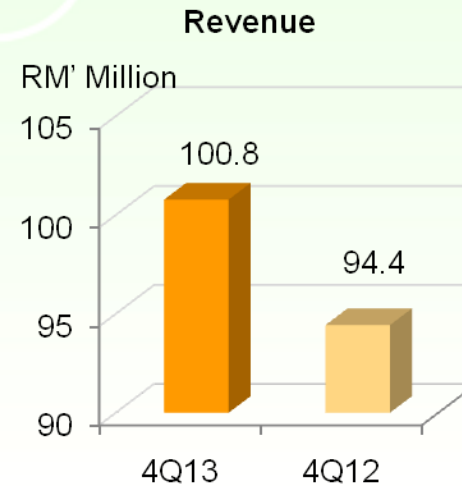




Quarry and Building Materials

Strong revenue growth but profit dampened by lower margin from Quarry

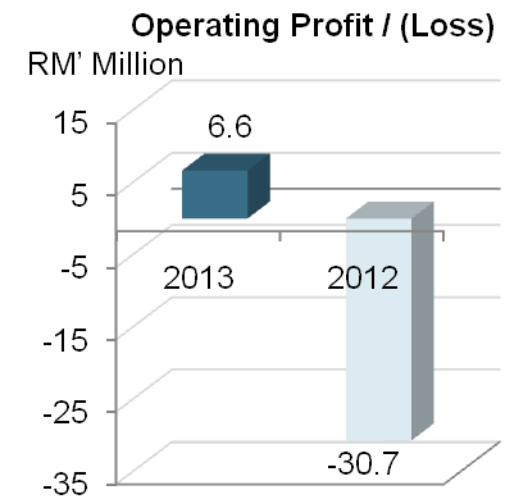
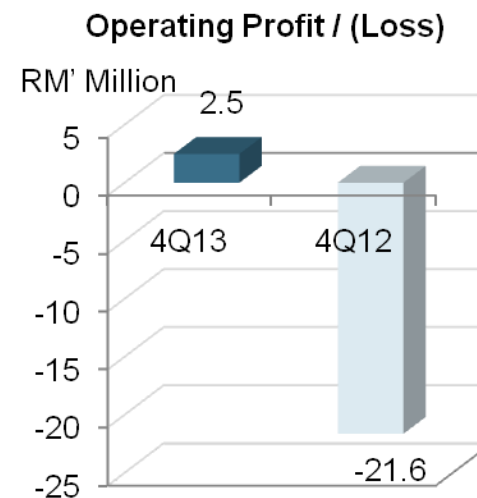
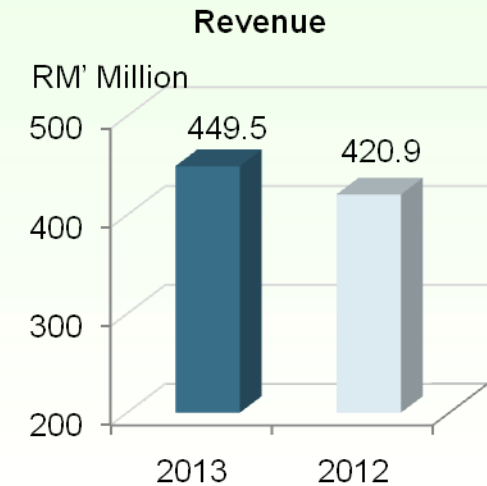
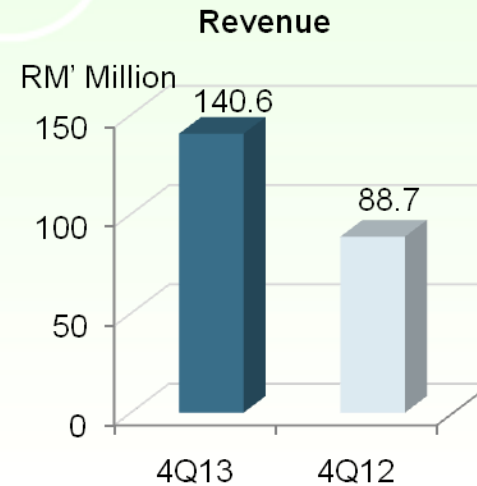
- Revenue for 4Q13 and for 2013 were higher attributable to higher sales of aggregates and bricks:-
 - Aggregates sales increased by 3% in 4Q3 and 15% for 2013, mainly due to higher average selling prices. Sales volume in 2013 was at 7.1 million MT, in line with 2012 sales volume.
 - Bricks sales grew by 24% in 4Q13 and 23% for 2013, mainly due to higher sales volume. Total sales volume for 2013 was at 169.1 million pieces, 33% above 2012 sales volume.
 - Asphalt sales for 2013 increased by 29%, driven by both higher sales volume and higher average selling prices.
- Operating profit for 4Q13 and for 2013 were impacted mainly by lower average gross margin for sales of aggregates due to generally higher production costs arising from lower production volume as well as soft market conditions.
- New quarries under development in 2014:-
 - Seri Alam, Masai Johor
 - Batu Pahat, Johor
 - Jesselton Hill, Kota Kinabalu Sabah





Better sales and operating profit backed by expansion in market share

- ❑ The Division registered better revenue for both 4Q13 and for 2013, driven by sales growth for building materials products as the Division continues to expand its market network and market share.
- ❑ The increase in revenue for 2013 was despite the discontinuation of MML tiles distributorship effective October 2012.
- ❑ Operating profit increases in 4Q13 and 2013 were due to improvements in margins.



Thank You



HAP SENG CONSOLIDATED BERHAD