



HAP SENG CONSOLIDATED BERHAD

1st Quarter Ended 31st March 2014 Results

28th May 2014

Scope



1 Group financials

2 Operations review

SECTION 1

● Group financials





Consolidated income statement summary

□ Group's revenue for 1Q14 at RM858.5 million was 8% above 1Q13 driven primarily by higher revenue from Plantation, Property Holding & Development and Trading Divisions.

□ The Group's operating profit for 1Q14 was at RM227.9 million was significantly higher than 1Q13 with improved contribution from all Divisions except Quarry and Building Materials Division which recorded similar profit level as last year.

(RM' Million)	1Q14	1Q13	Change (%)
Revenue	858.5	792.5	8%
Gross profit ¹	256.5	123.7	>100%
EBITDA	241.5	100.2	>100%
Operating profit ^{1, 2}	227.9	79.6	>100%
Finance expenses	(23.1)	(20.3)	14%
Profit before tax	200.0	134.7	48%
Taxation	(54.1)	(22.7)	>100%
Profit after tax	145.9	112.0	30%
Attributable to MI	20.5	9.2	>100%
Attributable to shareholders	125.4	102.8	22%
EPS (sen)	6.26	4.86	29%

Note:

¹ Includes share of Inverfin's PBIT from Menara Citibank

² Includes interest income



Group segment results

(RM' Million)	REVENUE			OPERATING PROFIT		
	1Q14	1Q13	Change (%)	1Q14	1Q13	Change (%)
Plantation	138.4	101.3	37%	58.1	28.1	>100%
Property	175.4	56.9	>100%	141.7 ¹	39.5 ¹	>100%
Automotive	127.6	200.0	-36%	1.3	- 15.3	>100%
Fertilizer Trading	205.2	282.7	-27%	9.9	5.5	80%
Credit Financing	30.2	26.8	13%	23.9	20.8	15%
Quarry & Building Materials	95.4	80.3	19%	4.1	4.1	-
Trading	112.5	73.1	54%	3.5	0.7	>100%
	884.7	821.1	8%	242.5	83.4	>100%
Consolidation adjustments & others	-26.2	-28.6		-14.6	-3.8	
Group	858.5	792.5	8%	227.9	79.6	>100%

Note:

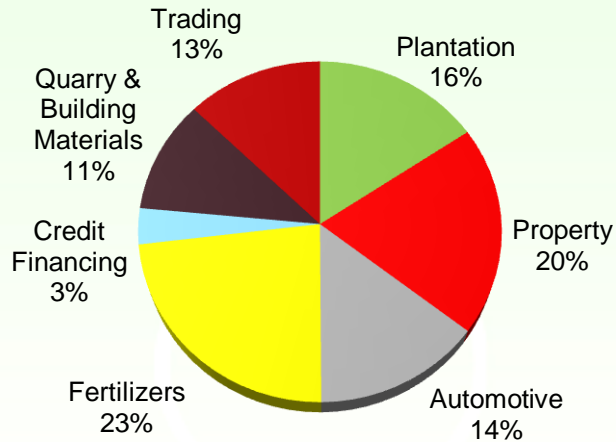
¹ Includes share of Inverfin's PBIT from Menara Citibank



Group segment results

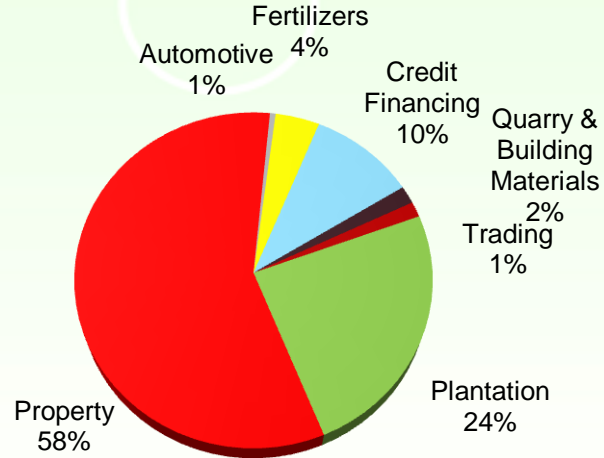
Revenue

1Q14



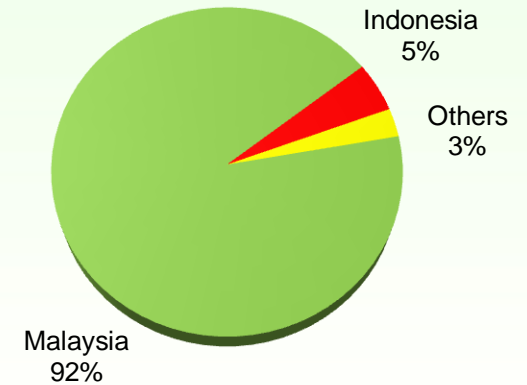
Operating Profit *

1Q14

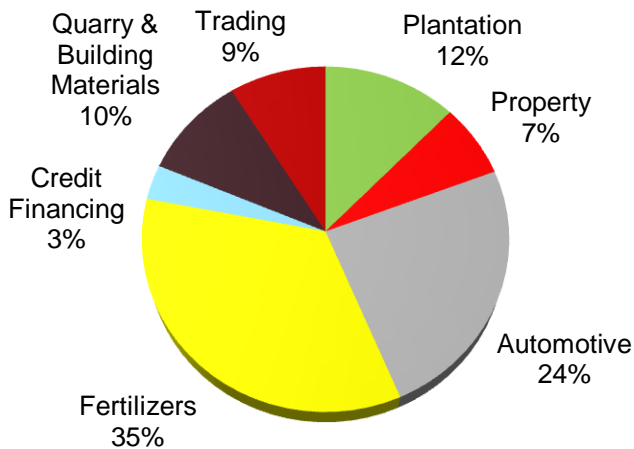


Geographical Segment

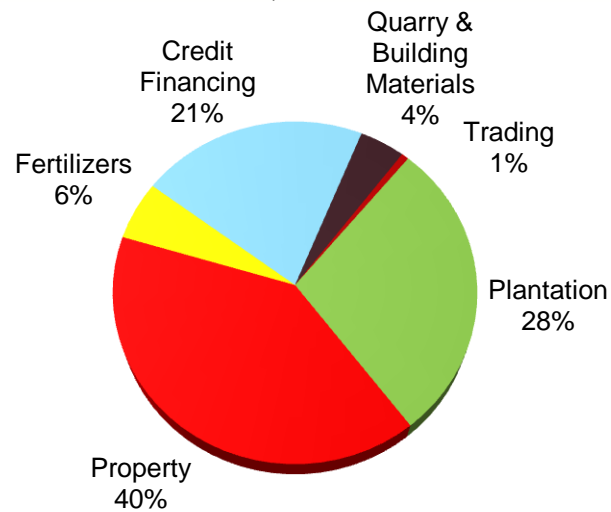
1Q14 Revenue



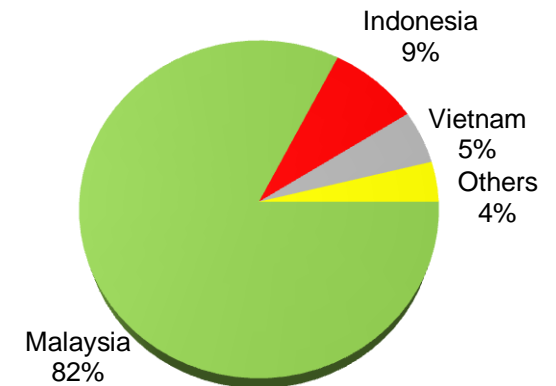
1Q13



1Q13



1Q13 Revenue



SECTION 2

● Operations review



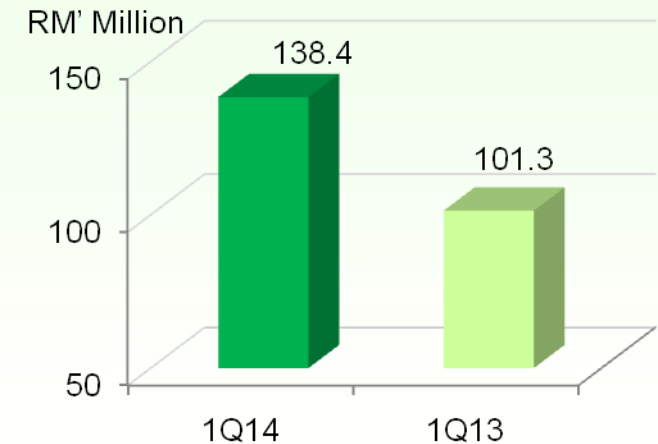


Plantation

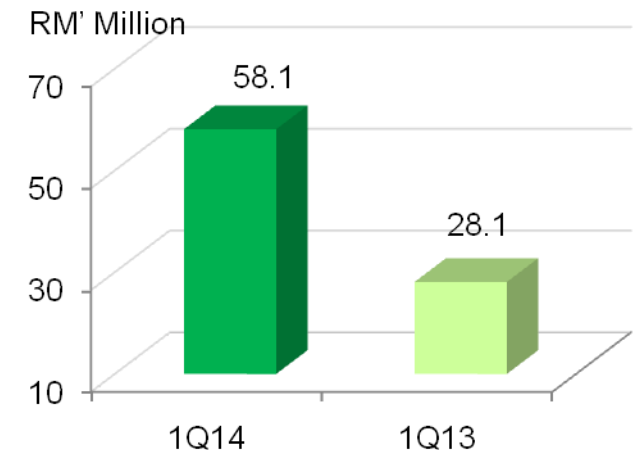
Better 1Q14 results backed by higher selling prices, higher sales volume and lower production costs

- ❑ The Division performed better in 1Q14 as compared to the corresponding period last year with 37% higher revenue and 107% improvement in operating profit. Division benefitted from:
 - Higher average selling price realization of CPO & PK:
CPO : RM2,669 /MT vs. RM2,238 /MT (+19%)
PK : RM1,959 /MT vs. RM1,107 /MT (+77%)
 - Lower unit production cost at RM1,030 (-16%) per tonne of CPO, benefitted from higher PK credit coupled with lower manuring cost and estates overheads.
 - Higher sales volume, mainly attributable to fulfilment of 4Q13 orders which were affected by congestion at the refineries and PK crushing plants :
CPO : 42,122 MT (+10%)
PK : 10,050 MT (+7%)
- ❑ FFB yield at 5.50 MT/ha, OER at 21.04% and KER at 4.95% for 1Q14 were marginally lower, affected by seasonal yield trend and young palms coming into maturity.
- ❑ The Division sold 11,766 MT of Segregated Certified Sustainable Palm Oil with premium of USD30/MT and 10,073 MT of Mass Balance CSPO with premium of USD20/MT in 1Q14.

Revenue



Operating Profit



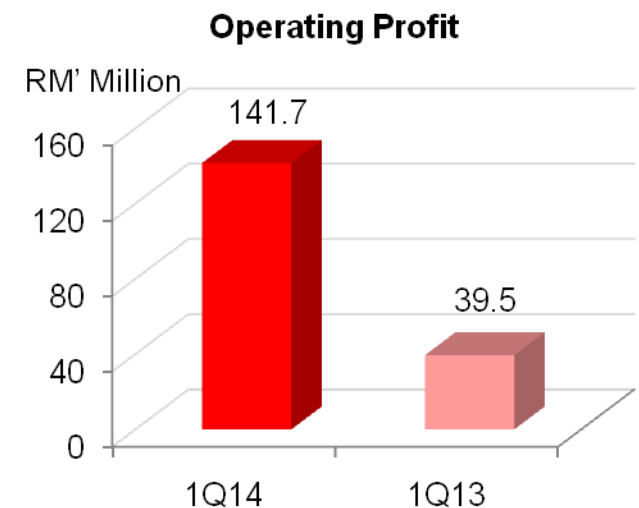
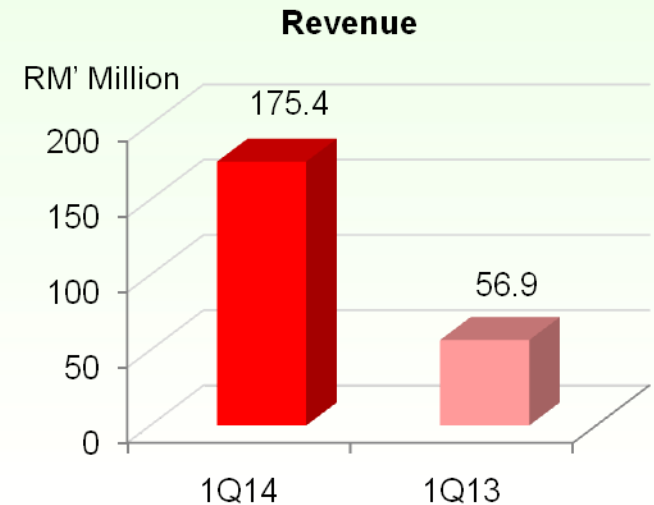


Performance supported by project sales growth

- ❑ Division registered higher revenue and operating profit for 1Q14 as compared to 1Q13 attributable to :
 - ✓ Higher revenue contribution from ongoing project developments particularly the luxurious condominium projects, “The Horizon Residence” and “Nadi Bangsar” in West Malaysia
 - ✓ Sale of certain non strategic properties

- ❑ The Division’s 2 flagship investment properties, Menara Hap Seng & Menara Citibank continue to enjoy good occupancy and rental rates.

- ❑ Upcoming key projects for 2014 onwards :
 - JTR 2
 - Balakong mixed development

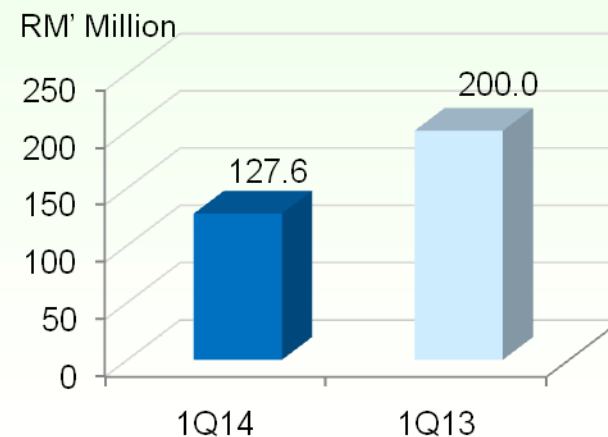




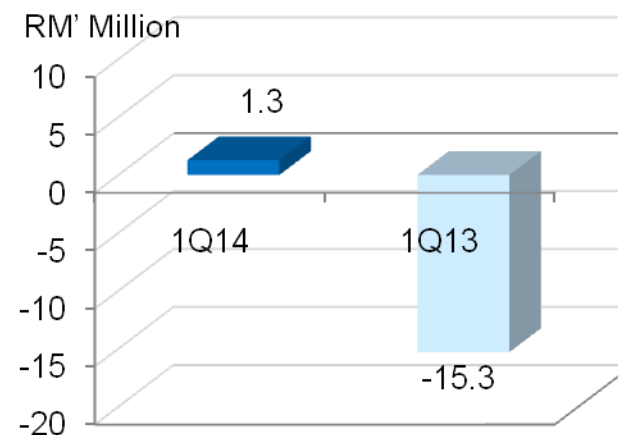
Improvement in profit supported by better margin

- ❑ The Division registered lower revenue in 1Q14 compared to last year due to the disposal of HSSV and lower sales from the Malaysian operations.
- ❑ Good demand for the new A-class but revenue for 1Q14 was affected by insufficient supply to fulfill orders on hand whilst 1Q13 benefitted from spill-over of orders from 2012 aggressive sales campaign.
- ❑ Despite lower revenue, operating profit position in 1Q14 improved significantly due to better average gross profit margin. 1Q13 loss was due the aggressive sales campaign to capture market share.
- ❑ 2 new models were launched in 1Q14:
 - New S-class
 - New CLA
- ❑ Upcoming new launch for 2014:
 - New C-class

Revenue



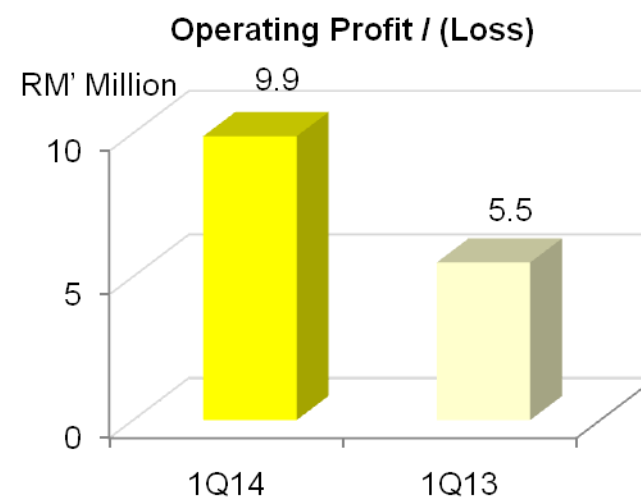
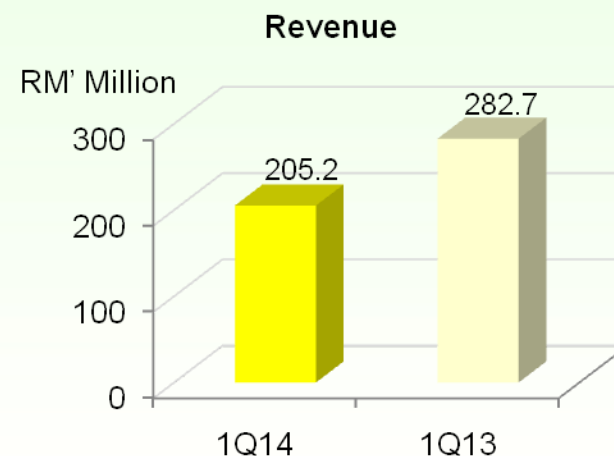
Operating Loss





Better profit despite lower revenue

- ❑ Revenue for 1Q14 were affected by:
 - lower sales volume in the Malaysian operations, affected by delayed shipments due to inclement weather condition.
 - lower average selling prices in both the Malaysian and Indonesian markets in tandem with the lower global fertilizer prices.
- ❑ Despite lower revenue, the Division's operating profit was significantly higher due to better average gross profit margins achieved in both the Malaysian and Indonesian operations:
 - 27% improvement in operating profit for Malaysian operations
 - Indonesian operations return to profit from loss in 1Q13 which was affected by volatility of Indonesian Rupiah.

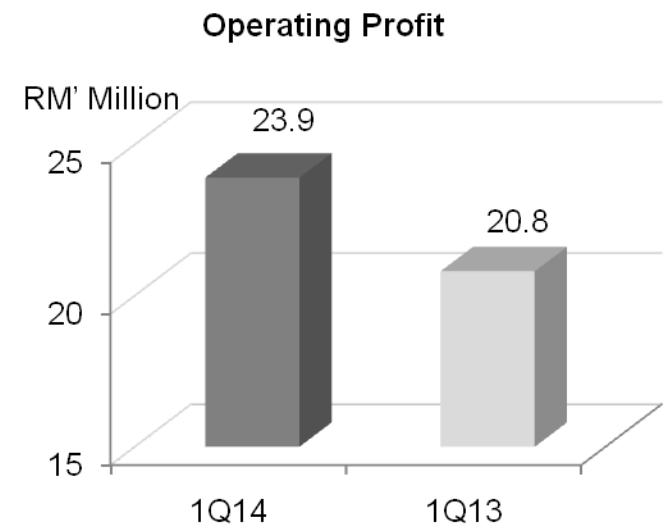
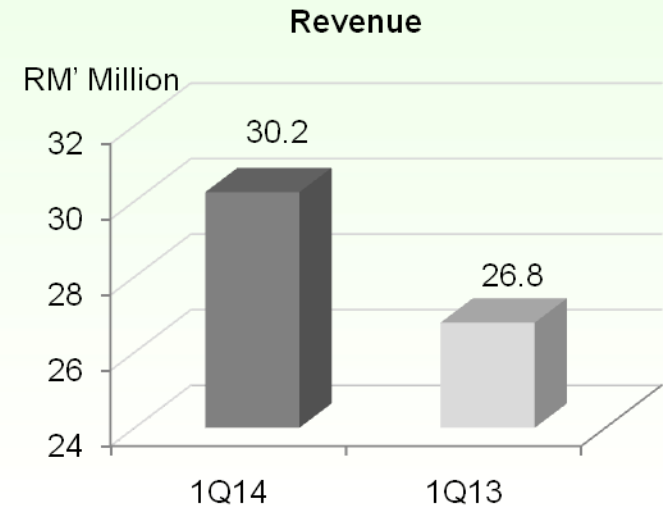




Credit financing

Stable performance backed by growing loan base and prudent credit risk management

- ❑ The Division registered consistent growth of its revenue and operating profit backed by stable growth in its loan base.
- ❑ As at end 1Q14, the loan base was at RM1.77 billion, 22% above 1Q13's loan base of RM1.46 billion.
- ❑ West Malaysia accounted for 83% of the total loans whilst East Malaysia accounted for the remaining 17%.
- ❑ Manageable NPL ratio of 2.01% as at end of 1Q14.

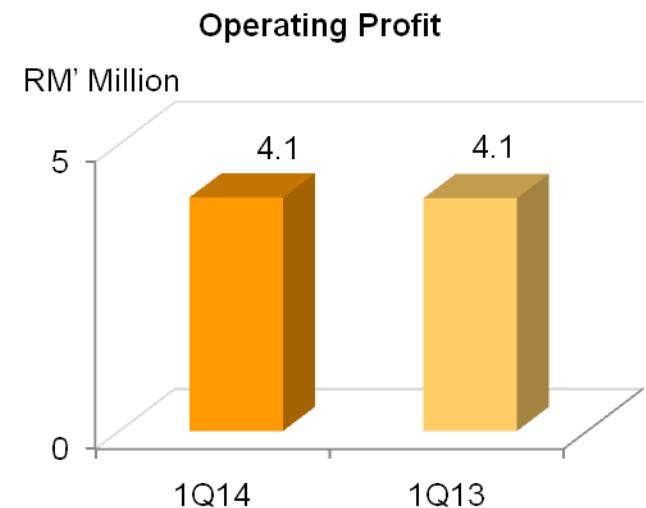
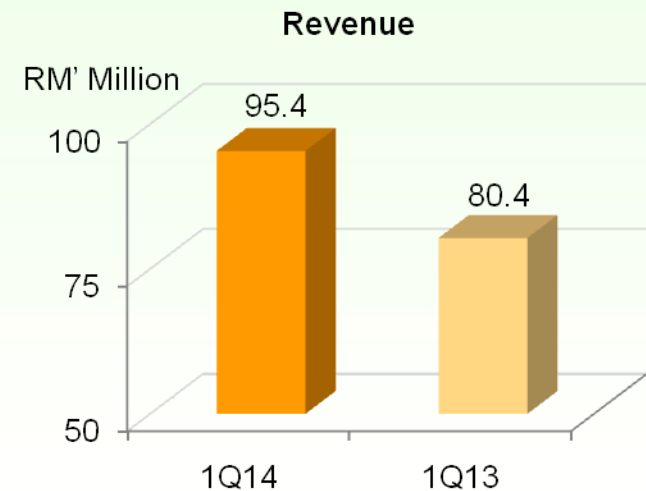




Quarry and Building Materials

Strong revenue growth but profit dampened by higher unit production costs

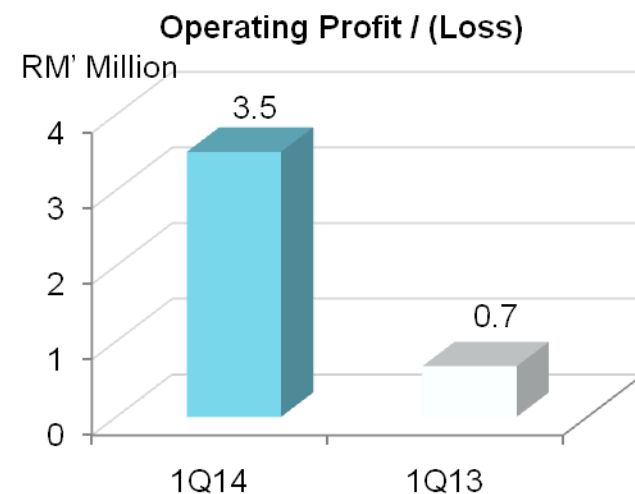
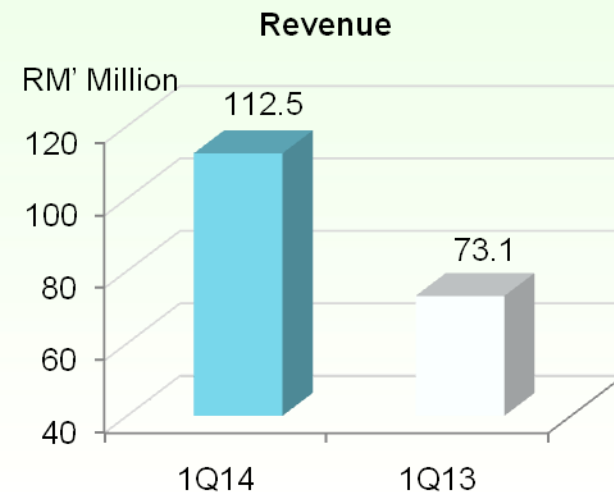
- ❑ Revenue for 1Q14 grew by 19% over 1Q13 attributable to higher sales of aggregates and bricks:-
 - Aggregates sales increased by 21% in 1Q14 with higher average selling prices and higher sales volume. Sales volume in 1Q14 was at 1.8 million MT, 4% above 1Q13 sales volume.
 - Bricks sales grew by 25% in 1Q14 due to higher sales volume and higher average selling price. Sales volume for 1Q14 was at 48 million pieces, 23% above 1Q13 sales volume.
- ❑ Operating profit for 1Q14 were affected by higher unit production costs at some quarries arising from lower production volume and higher unit production costs at its Kuantan brick factory which has not reached optimum production capacity.
- ❑ New quarries under development in 2014:-
 - Seri Alam, Masai Johor – commenced operations in April 2014
 - Batu Pahat, Johor
 - Jesselton Hill, Kota Kinabalu Sabah





Strong 1Q14 results backed by expansion in market network and market share

- ❑ The Division registered significant increase in revenue for 1Q14, driven by strong sales growth for building materials (+170%) and petroleum products (+8%) as the Division continues to expand its market network and market share.
- ❑ Higher sales and better margin contributed to the improvement in operating profit for 1Q14.



Thank You



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