



HAP SENG CONSOLIDATED BERHAD

2nd Quarter Ended 30 June 2014 Results

27 August 2014

Scope



1 Group financials

2 Operations review

SECTION 1

● Group financials





Consolidated income statement summary

- Group's revenue for 2Q14 at RM1.1 billion and YTD at RM1.96 billion were 33% and 21% above the corresponding period last year, driven primarily by higher revenue from Property Holding & Development, Plantation and Automotive Divisions.
- Similarly, the Group registered better operating profit for 2Q14 and YTD at RM372.7 million and RM600.5 million respectively as compared to the corresponding period last year.

(RM' Million)	2Q14	2Q13	Change (%)	YTD-14	YTD-13	Change (%)
Revenue	1,097.4	826.8	33%	1,955.9	1,619.2	21%
Gross profit ¹	434.7	131.8	>100%	687.1	247.2	>100%
EBITDA	389.6	86.5	>100%	631.1	186.6	>100%
Operating profit ^{1,2}	372.7	64.5	>100%	600.5	144.1	>100%
Finance expenses	(20.0)	(18.7)	7%	(43.1)	(39.0)	10%
Profit before tax	351.3	259.2	35%	551.2	394.0	40%
Taxation	(92.5)	(53.9)	72%	(146.6)	(76.7)	91%
Profit after tax	258.8	205.3	26%	404.6	317.3	28%
Attributable to MI	13.6	3.8	>100%	34.0	13.0	>100%
Attributable to shareholders	245.2	201.5	22%	370.6	304.3	22%
EPS (sen)	12.25	9.68	27%	18.50	14.51	27%

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		
	2Q14	2Q13	Change (%)	2Q14	2Q13	Change (%)	YTD-14	YTD-13	Change (%)	YTD-14	YTD-13	Change (%)
Plantation	107.0	84.0	27%	37.4	11.5	>100%	245.4	185.4	32%	95.5	39.6	>100%
Property	387.8	83.6	>100%	289.6 ¹	22.3 ¹	>100%	563.1	140.5	>100%	431.3 ¹	61.9 ¹	>100%
Automotive	157.4	120.0	31%	3.1	-3.4	>100%	285.0	320.0	-11%	4.3	-18.7	>100%
Fertilizer Trading	236.3	344.8	-31%	12.6	14.0	-10%	441.5	627.5	-30%	22.5	19.5	15%
Credit Financing	32.7	28.3	16%	25.8	22.8	13%	63.0	55.1	14%	49.7	43.6	14%
Quarry & Building Materials	97.3	86.2	13%	6.8	4.0	70%	192.7	166.4	16%	10.9	8.1	33%
Trading	109.9	112.2	-2%	2.0	0.7	>100%	222.4	185.3	20%	5.5	1.3	>100%
	1,128.4	859.1	31%	377.3	71.9	>100%	2,013.1	1,680.2	20%	619.7	155.3	>100%
Consolidation adjustments & others	-31.0	-32.3		-4.6	-7.4		-57.2	-61.0		-19.2	-11.2	
Group	1,097.4	826.8	33%	372.7	64.5	>100%	1,955.9	1,619.2	21%	600.5	144.1	>100%

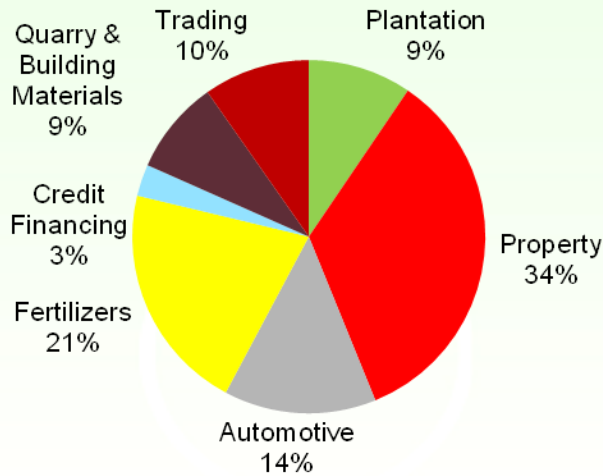
Note:

¹ Includes share of Inverfin's PBIT from Menara Citibank

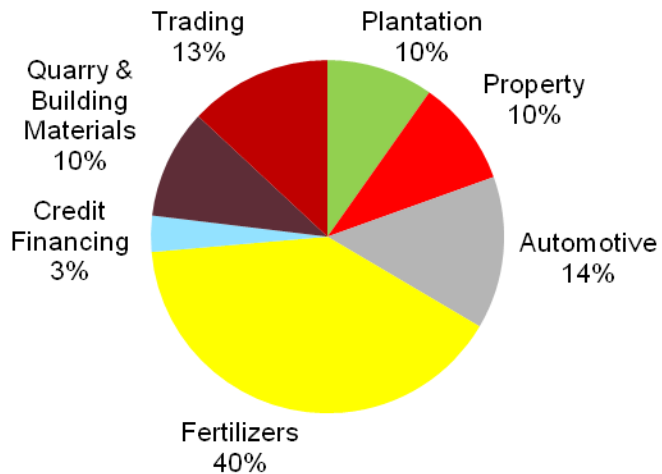


Group segment results

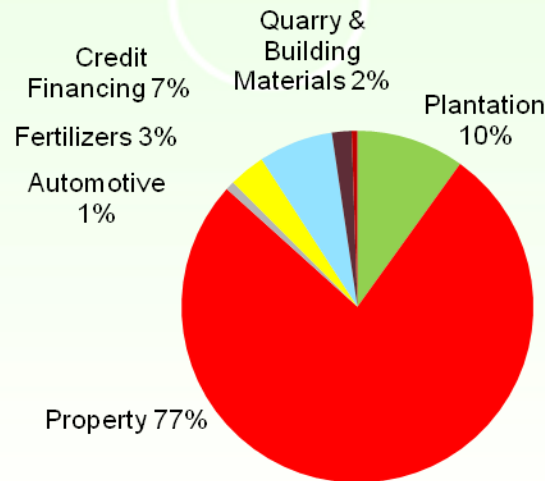
**Revenue
2Q14**



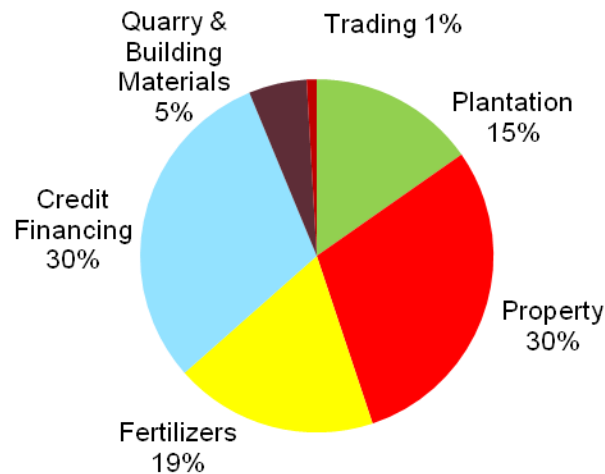
2Q13



**Operating Profit *
2Q14**



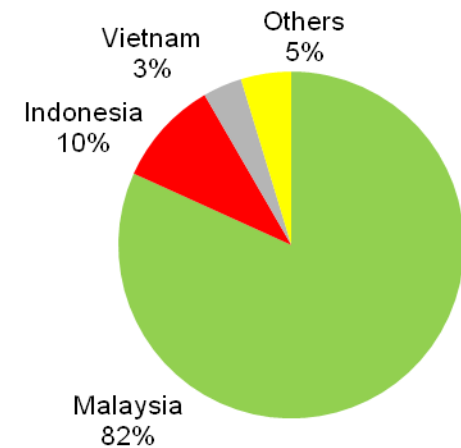
2Q13



**Geographical Segment
2Q14 Revenue**



2Q13 Revenue



* Include divisions with Operating Profits only.

SECTION 2

● Operations review





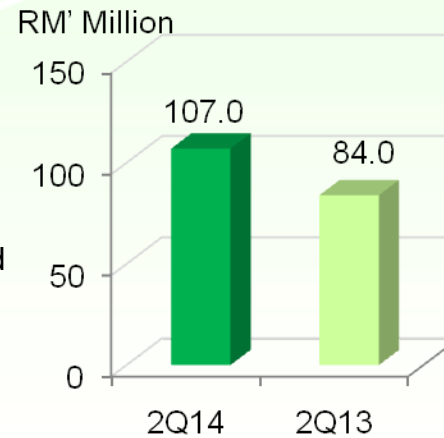
Plantation

Better 2Q14 and YTD results backed by prices and volume, and lower production costs

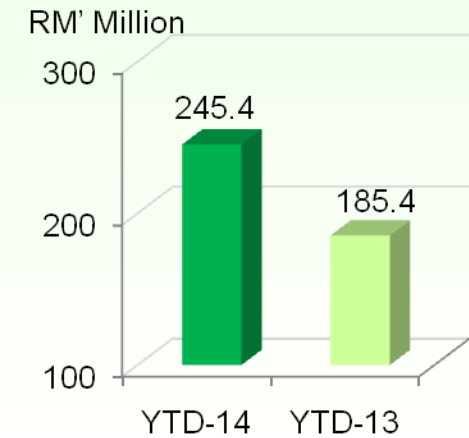
- ❑ The Division registered better results for 2Q14 and YTD, benefitted from the following factors:
 - Higher average selling price realization of CPO for 2Q14 at RM2,600/MT and YTD at RM2,639/MT (2Q13: RM2,284/MT; YTD-13: RM2,259/MT) and higher PK price for 2Q14 at RM1,966/MT and YTD at RM1,962/MT (2Q13: RM1,154/MT; YTD-13: RM1,126/MT)
 - Higher sales volume of CPO for 2Q14 at 32,810 MT (+2%) and YTD at 74,932 MT (+6%) and higher sales volume of PK for 2Q14 at 8,116 MT (+33%) and YTD at 18,166 MT (+17%)
 - Lower unit production costs per MT of CPO at RM1,127 for 2Q14 and RM1,077 for YTD (2Q13: RM1,565; YTD-13: RM1,373), benefitted primarily from higher PK credit and lower manuring costs.

- ❑ Higher production volume for 2Q14 & YTD attributable to:
 - Better FFB yield for 2Q14 at 4.84 MT/ha and YTD at 10.34 MT/ha (2Q13: 3.99 MT/ha, YTD-13: 9.52 MT/ha)
 - Better OER for 2Q14 at 21.96% and 21.48% for YTD (2Q13: 21.44%, YTD-13: 21.37%)
 - Higher KER at 4.63% for 2Q14 and 4.80% for YTD (2Q13: 4.43%, YTD-13: 4.76%)

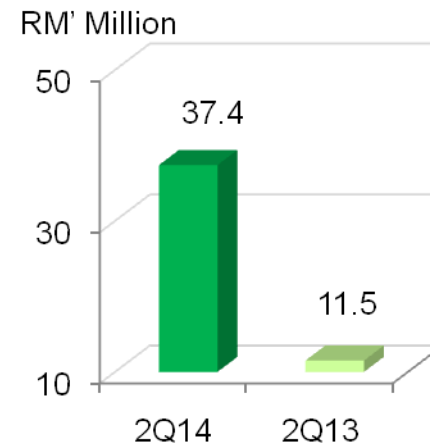
Revenue



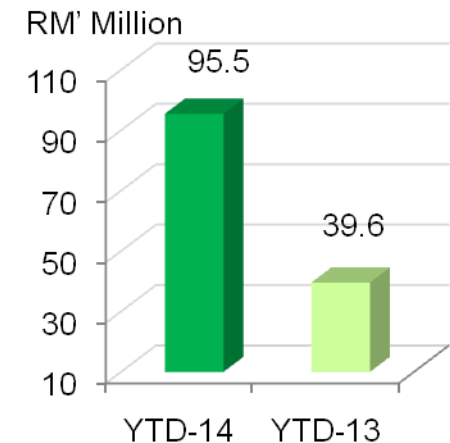
Revenue



Operating Profit



Operating Profit

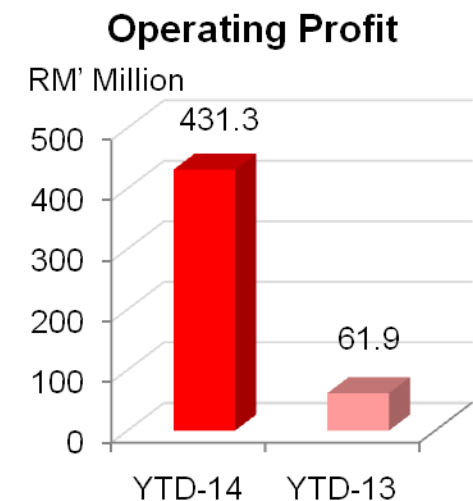
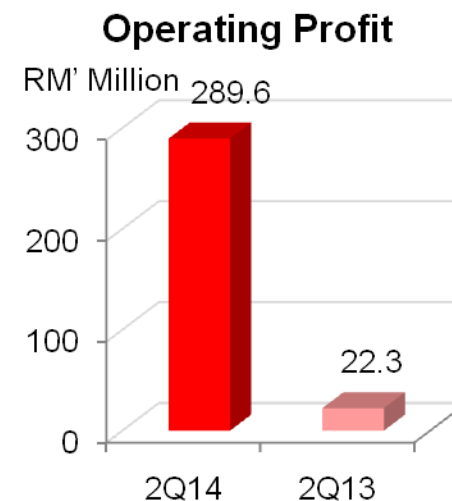
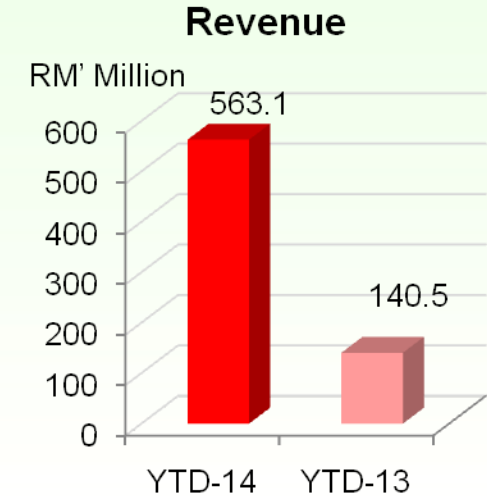
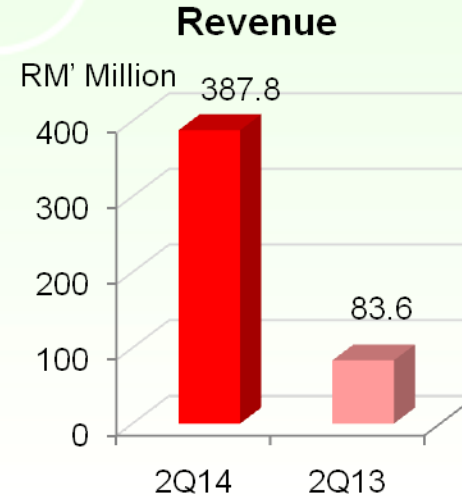




Property

Increase in sales resulting in stronger 2Q14 and YTD

- ❑ Division's revenue and operating profit for 2Q14 and YTD benefitted from:
 - ✓ Higher revenue contribution from ongoing project developments particularly the luxurious condominium projects, "The Horizon Residence" and "Nadi Bangsar" in West Malaysia
 - ✓ 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.
- ❑ Handover to tenants of MHS 2 to commence in 3Q14





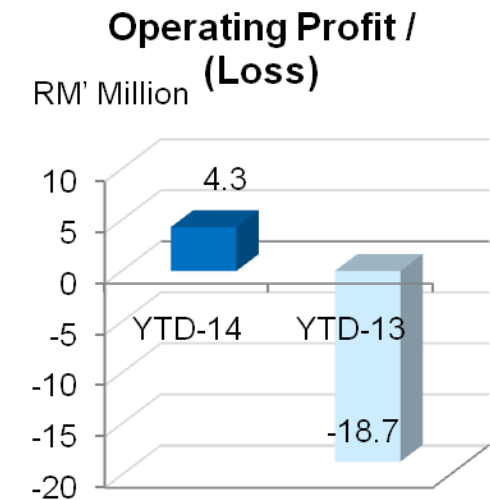
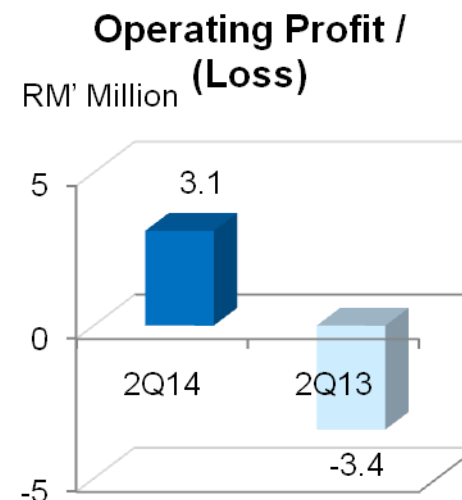
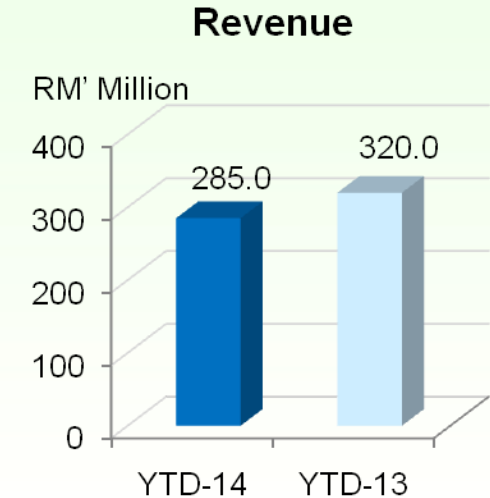
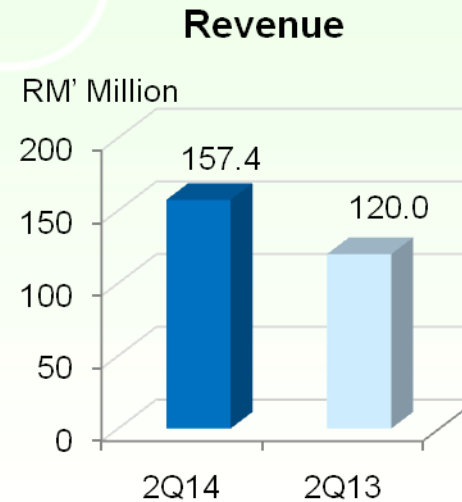
Improvement in profit for 2Q14 & YTD supported by higher revenue with better margin for Malaysian operations

- ❑ The Malaysian operations recorded higher revenue with better average gross profit margin and hence significant improvement in its operating profit for 2Q14 and YTD as compared to the corresponding period last year.

Passenger Vehicles sales volume was at 554 units for 2Q14 and 1,061 units for YTD, above the corresponding period last year by 95% and 23% respectively.

Last year results for Malaysian operations was affected by severe competition in the premium passenger vehicles market.

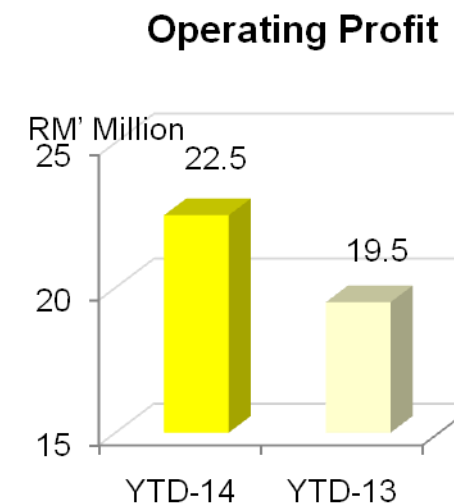
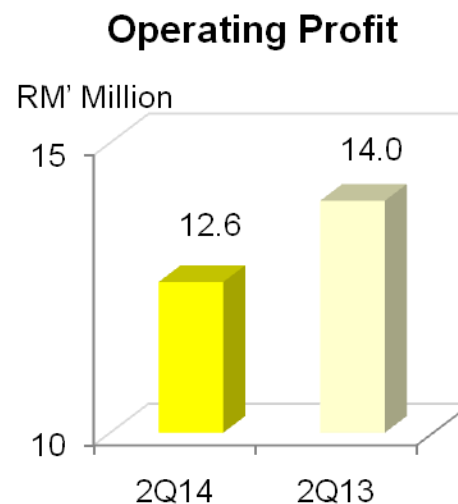
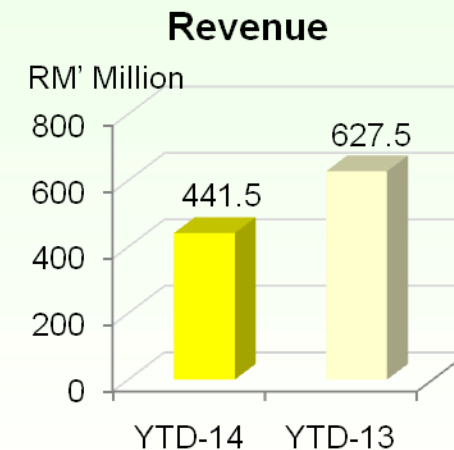
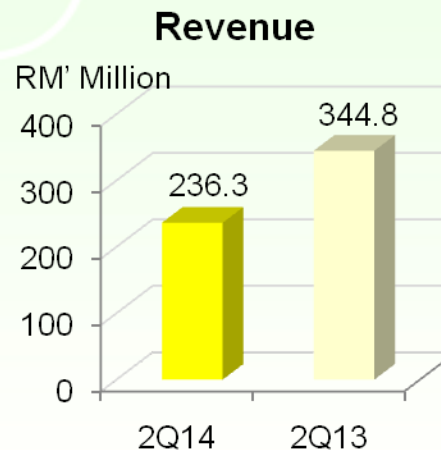
- ❑ The variance in the Division's YTD revenue was mainly due to the disposal of HSSV.
- ❑ Demand was good for S-class and A-class models but sales were limited by supplies.
- ❑ Upcoming new launch for 2014:
 - New C-class





Turnaround of Indonesian business resulted in better YTD operating profit

- ❑ Revenue for 2Q14 and YTD were affected by:
 - Rationalization of the Indonesian operations.
 - Lower average selling prices in both the Malaysian and Indonesian markets arising from lower global fertilizer prices.
- ❑ Nonetheless, the Division's operating profit for YTD was better than the corresponding period last year due to better average gross profit margins achieved in both the Malaysian and Indonesian operations:
 - Improvement in operating profit for Malaysian operations
 - Indonesian operations return to profit from loss in YTD-13 which was affected by volatility of Indonesian Rupiah.

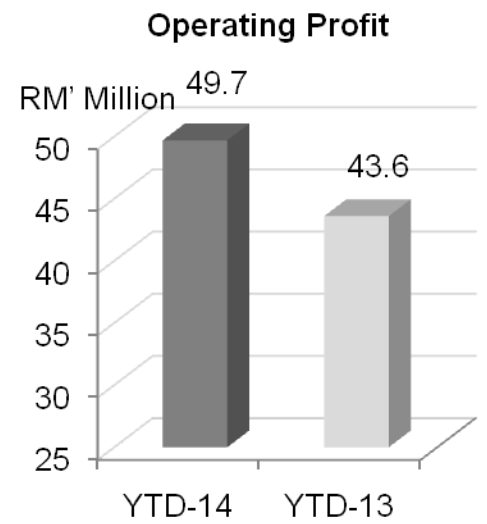
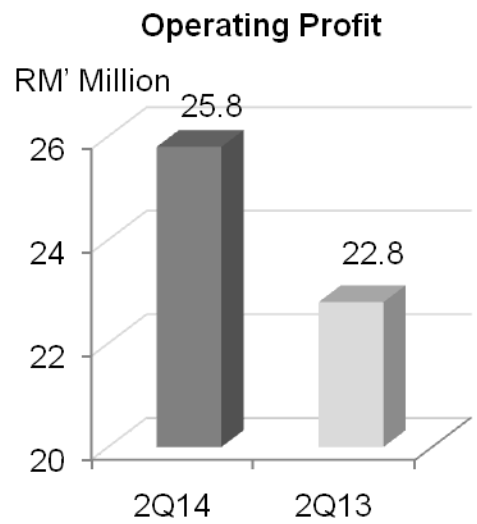
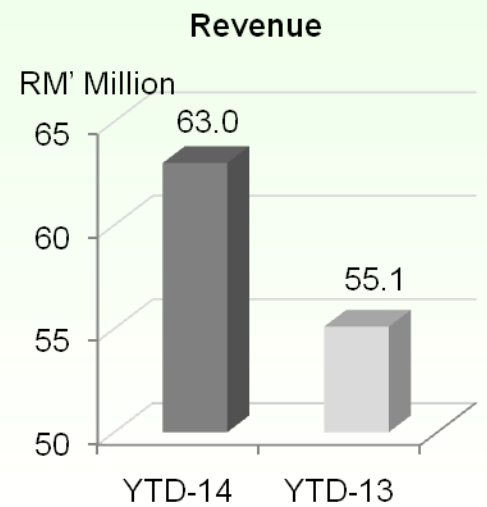




Credit financing

Strong 2Q14 and YTD performance backed by higher loan base and prudent credit risk management

- ❑ The Division registered a strong 2Q14 and YTD performance with loan base expanding 28% to RM1.95 billion from RM1.52 billion in the corresponding period last year.
- ❑ Revenue for 2Q14 and YTD grew by 16% and 14% respectively while the operating profit grew by 13% and 14% respectively.
- ❑ West Malaysia accounted for 84.7% of the total loans whilst East Malaysia accounted for 14.8% and Singapore 0.5%.
- ❑ NPL ratio as at end of 2Q14 was at 1.53% as compared to industry average of 1.8%.

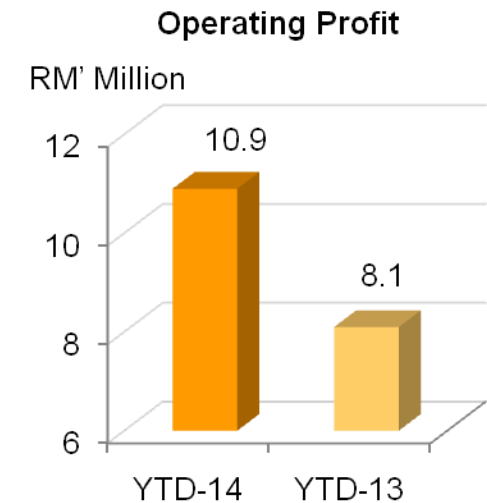
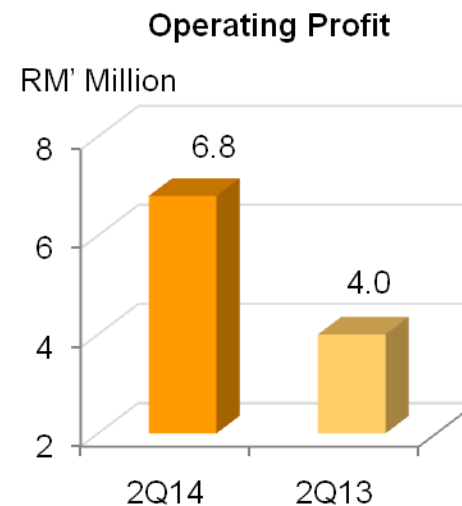
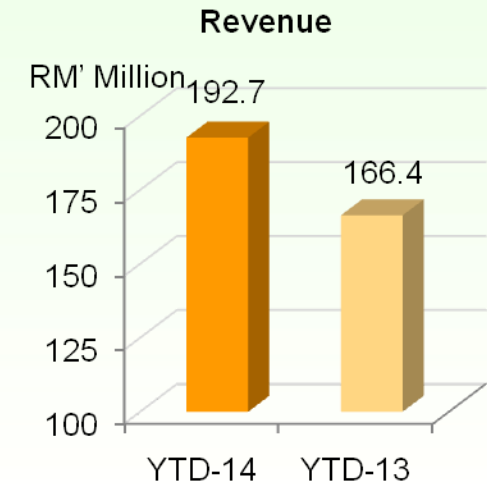
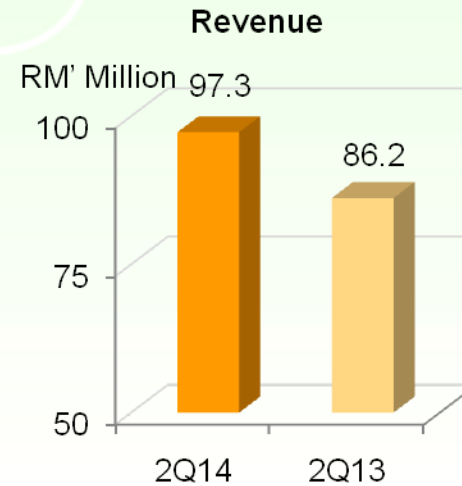




Quarry and Building Materials

Profit driven by strong revenue growth and better margins

- Revenue for 2Q14 and YTD grew by 13% and 16% respectively over the corresponding period last year attributable to higher sales of aggregates and bricks:-
 - Aggregates sales increased by 20% in 2Q14 and 21% for YTD with higher average selling prices and higher sales volume. Sales volume for 2Q14 of 1.8 million MT and YTD of 3.7 million MT were 9% and 7% higher than the corresponding period last year respectively.
 - Bricks sales grew by 38% in 2Q14 and 31% for YTD due to higher sales volume with average selling prices similar to the prices recorded in the corresponding period last year. Sales volume at 54 million pieces for 2Q14 and 102 million pieces for YTD were 38% and 31% above the corresponding period last year.
- The Division registered significantly higher operating profit for 2Q14 and YTD benefitting from stronger overall revenue and better margins.

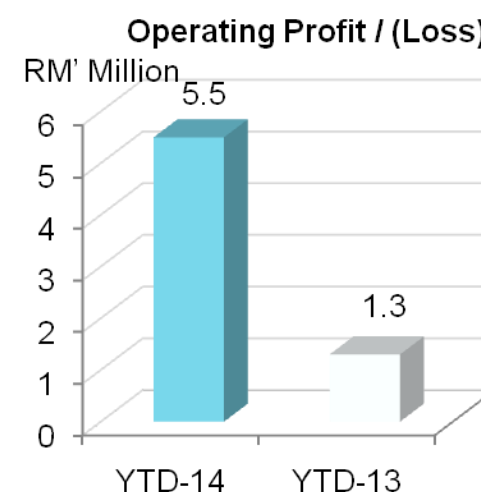
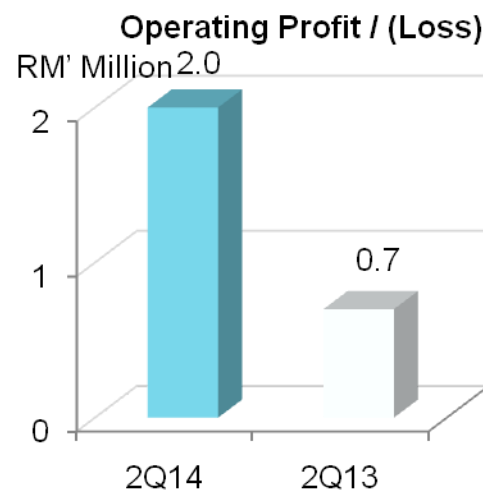
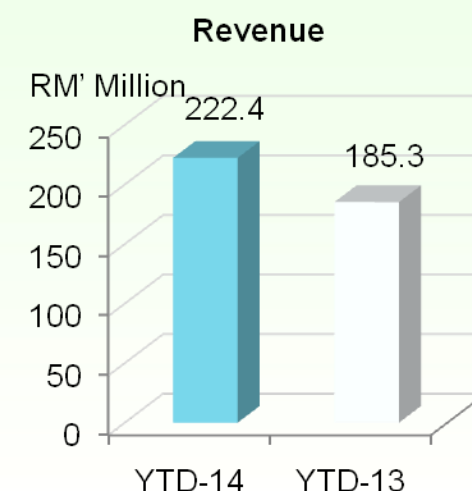
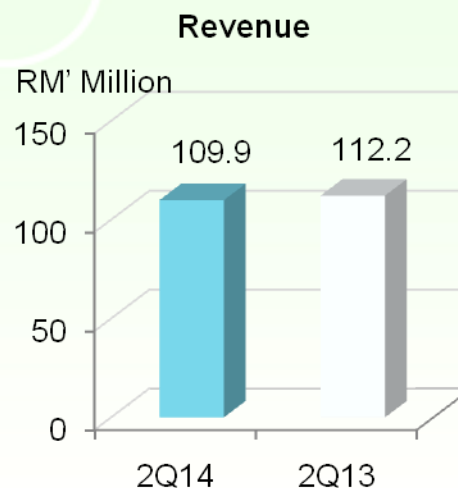




Trading

2Q14 and YTD operating profit backed by better sales and margins for building materials

- ❑ The Division continue to expand its market share in the building materials segment, recording significant sales growth of 34% for 2Q14 and 81% for YTD for this segment whilst maintaining the petroleum products sales at similar level as the corresponding period last year.
- ❑ The drop in the overall revenue for 2Q14 against 2Q13 was mainly due to the revenue from the oils and fats trading business via Aceford Food Industry Pte Ltd included in last year as it was disposed off in August 2013.
- ❑ The Division registered significant improvement in its operating profit for 2Q14 and YTD, benefitted from better sales and margins from the building materials trading segment.



Thank You



HAP SENG CONSOLIDATED BERHAD