HAP SENG CONSOLIDATED BERHAD

3rd Quarter Ended 30 September 2014 Results

26 November 2014

Scope

1 Group financials

2 Operations review

SECTION 1

Group financials

Consolidated income statement summary

- Group revenue for 3Q14 at RM828.9 million was comparable to the corresponding period last year whilst the operating profit at RM250.6 million was 258% better than last year with better contribution from Property, Credit Financing, Fertilizer Trading and Automotive Divisions.

- The Group achieved revenue of RM2.8 billion and operating profit of RM851.1 million for YTD which were 14% and 298% above the corresponding period last year with better profit contribution from most Divisions.

(RM' Million)	3Q14	3Q13	Change (%)	YTD-14	YTD-13	Change (%)
Revenue	828.9	829.5	-	2,784.8	2,453.4	14%
Gross profit [1]	170.3	160.4	6%	856.3	406.9	>100%
EBITDA	272.6	87.2	>100%	903.7	273.8	>100%
Operating profit [1, 2]	250.6	70.0	>100%	851.1	214.1	>100%
Finance expenses	(18.8)	(21.7)	-13%	(61.9)	(60.7)	2%
Profit before tax	236.3	180.4	31%	787.5	574.4	37%
Taxation	(30.3)	(24.2)	25%	(176.9)	(100.8)	75%
Profit after tax	206.0	156.2	32%	610.6	473.6	29%
Attributable to MI	11.6	15.0	-23%	45.6	28.0	63%
Attributable to shareholders	194.4	141.2	38%	565.0	445.6	27%
EPS (sen)	9.42	7.02	34%	27.92	21.54	30%

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

Group segment results

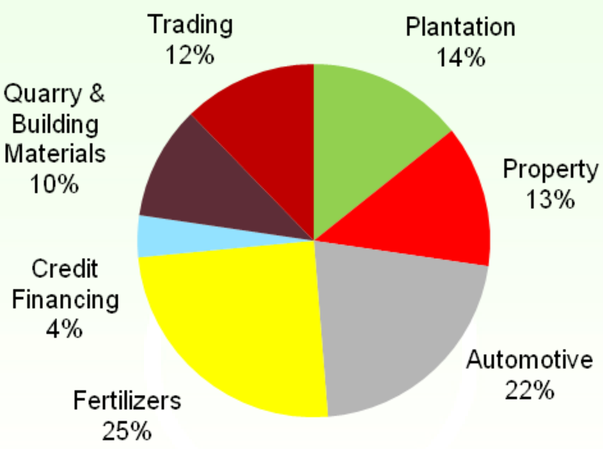
(RM' Million)	REVENUE			OPERATING PROFIT			REVENUE			OPERATING PROFIT		
	3Q14	3Q13	Change (%)	3Q14	3Q13	Change (%)	YTD-14	YTD-13	Change (%)	YTD-14	YTD-13	Change (%)
Plantation	123.4	115.2	7%	32.9	41.9	-22%	368.8	300.5	23%	128.3	81.5	58%
Property	112.7	102.0	11%	170.4[1]	31.2[1]	>100%	675.9	242.5	>100%	601.7[1]	93.1[1]	>100%
Automotive	185.2	129.4	43%	1.9	1.4	35%	470.2	449.4	5%	6.2	-17.3	>100%
Fertilizer Trading	214.1	268.7	-20%	12.6	-9.8	>100%	655.6	896.1	-27%	35.1	9.7	>100%
Credit Financing	33.2	29.7	12%	25.6	23.9	7%	96.1	84.8	13%	75.3	67.6	11%
Quarry & Building Materials	89.9	97.5	-8%	1.6	6.0	-73%	282.6	264.0	7%	12.5	14.1	-12%
Trading	106.2	123.5	-14%	2.2	2.8	-21%	328.5	308.9	6%	7.8	4.1	87%
	864.7	866.0	-0.1%	247.2	97.4	>100%	2,877.7	2,546.2	13%	866.9	252.8	>100%
Consolidation adjustments & others	-35.8	-36.5		3.4	-27.4		-92.9	-92.8		-15.8	-38.7	
Group	828.9	829.5	-	250.6	70.0	>100%	2,784.8	2,453.4	14%	851.1	214.1	>100%

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

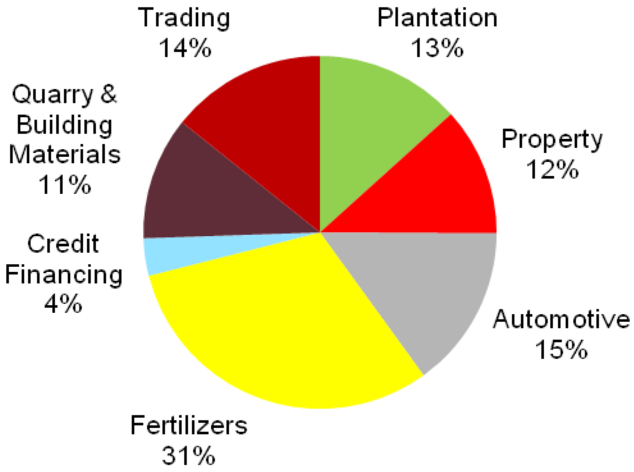
Group segment results

Revenue

3Q14

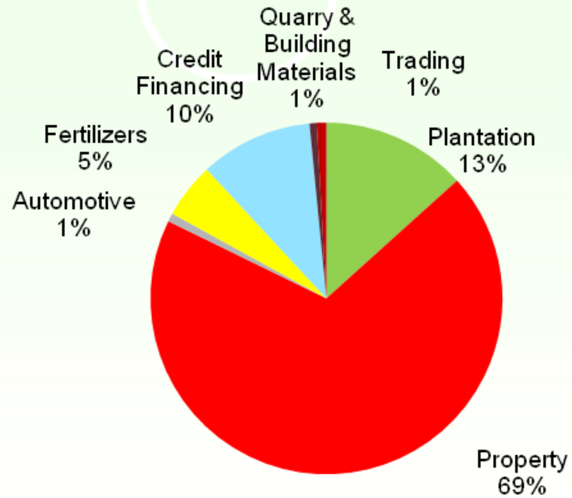


3Q13

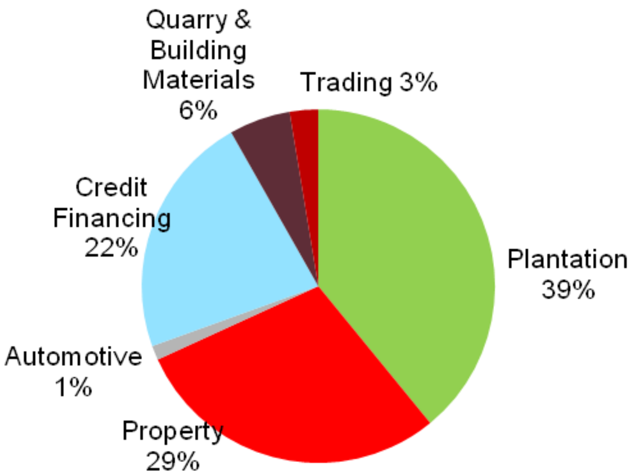


Operating Profit *

3Q14



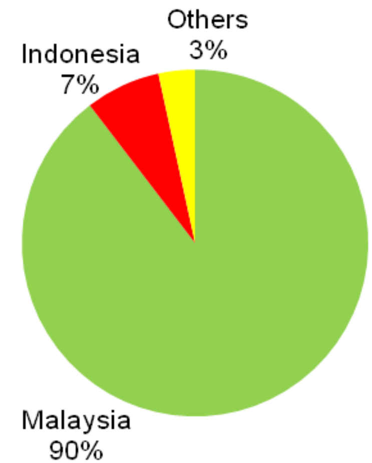
3Q13



Geographical Segment

3Q14 Revenue

3Q13 Revenue



** Include divisions with Operating Profits only.*

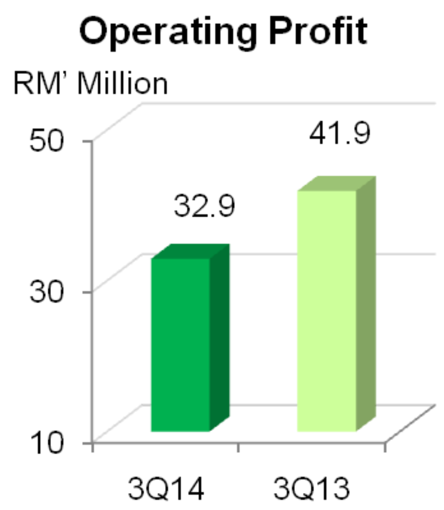
SECTION 2

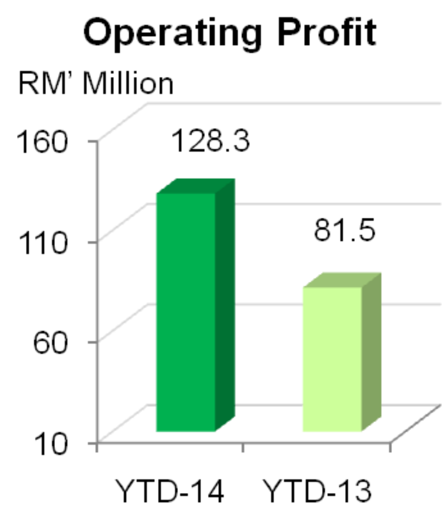
Operations review

Plantation

Stronger sales volume in 3Q14 mitigated CPO price drop and higher production cost

- Higher revenue for 3Q14 at RM123.4 million mainly attributable to higher CPO sales volume. However, operating profit for 3Q14 was affected by lower average selling price of CPO and higher production costs.
  - CPO sales volume was 13% at 47,636mt whilst PK sales volume was 7% lower at 8,935mt due to timing of deliveries.
  - Average selling price of CPO and PK were at RM2,215/mt (3Q13: RM2,340/mt) and RM1,412/mt (3Q13: RM1,271/mt) respectively.
- Nonetheless, YTD revenue and operating profits were both better with higher average selling prices and sales volume for all palm products coupled with lower unit production costs.
  - The average selling price realisation of CPO at RM2,474/mt and PK at RM1,780/mt were 8% and 51% higher than last year respectively (CPO: RM2,289/mt, PK: RM1,181/mt).
  - Sales volume for YTD was at 122,568 mt for CPO and 27,101 mt for PK which were 9% and 8% above the corresponding period last year respectively attributable to better FFB, CPO and PK production volume with better FFB yield of 16.4/ha (YTD-13 : 15.7/ha), higher oil extraction rate of 21.51% (YTD-13: 21.40%) and higher kernal extraction rate of 4.77% (YTD-13: 4.67%).
  - Lower unit production cost at RM1,148/mt (YTD-13: RM1,260/mt) benefitted mainly from higher PK credit of RM396 per mt of CPO (YTD-13: RM259/mt), higher CPO production volume coupled with lower manuring cost due to lower fertilizer purchase cost.

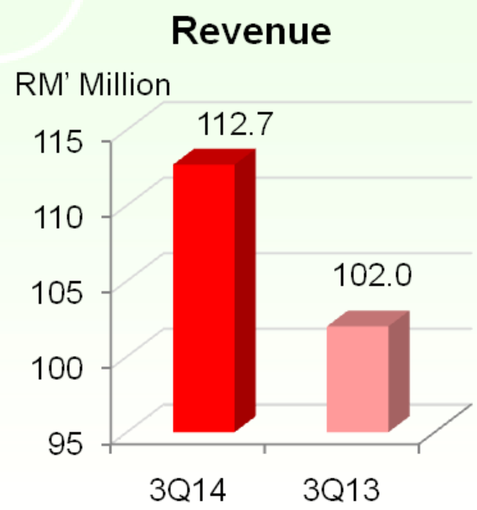


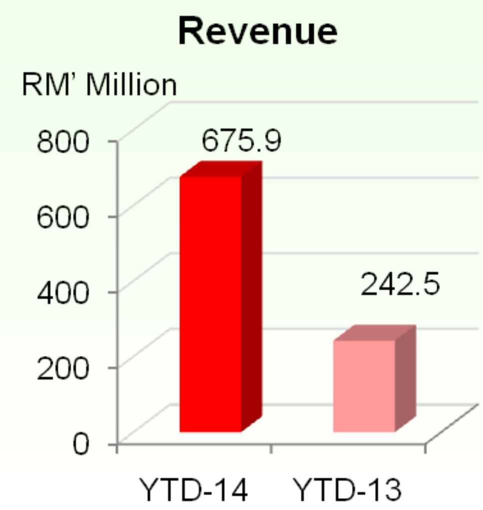


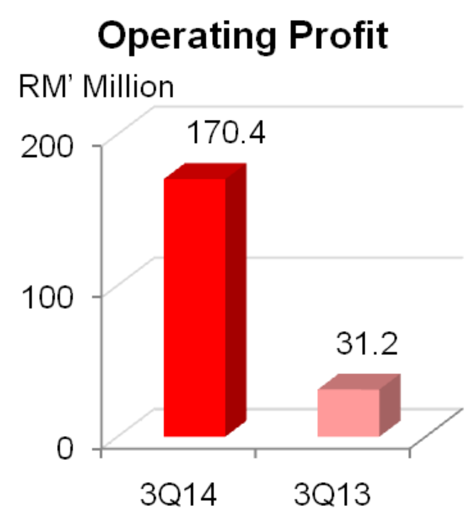
Property

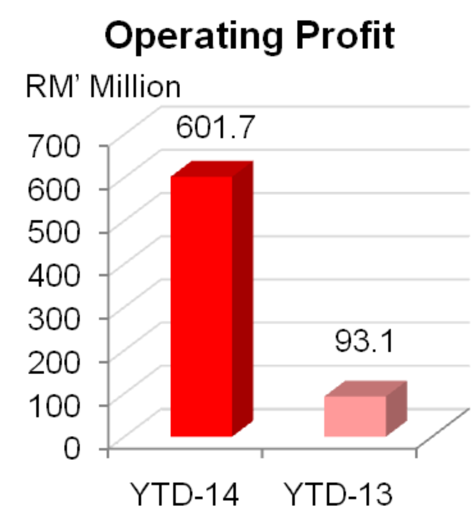
Significant improvement in both revenue and operating profit

- The Division recorded better results for 3Q14 and YTD, benefitted from:
  - ✓ Higher revenue from ongoing project developments particularly from the luxurious condominium projects, "The Horizon Residence" and "Nadi Bangsar" in Peninsular Malaysia and Bandar Sri Indah in Tawau Sabah.
  - ✓ Fair value adjustments.
  - ✓ The YTD results also benefitted from 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 whilst the tenants of MHS 2 have started moving-in in November 2014.
- Andana@D'Alpinia (Garden Villa and Condo) was officially launched on 27 Sept 2014 with encouraging response.





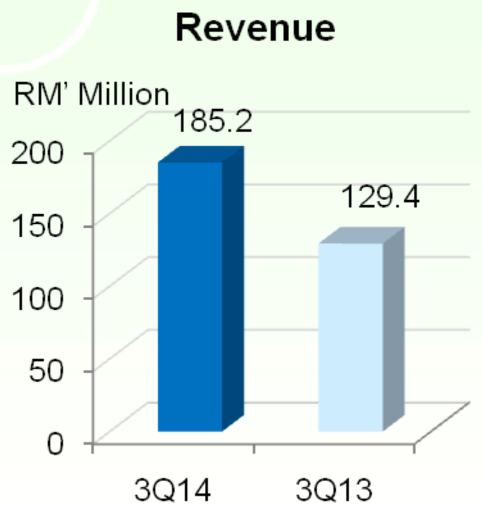


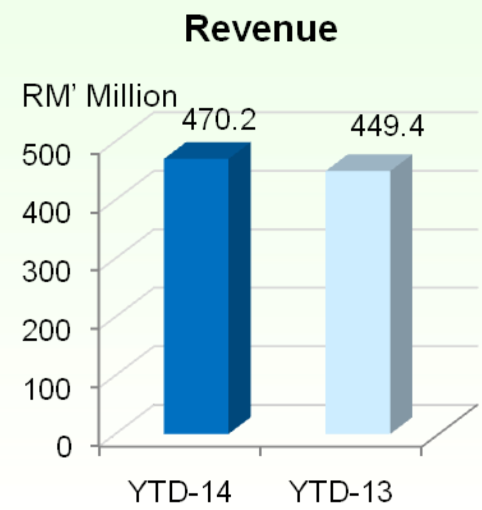


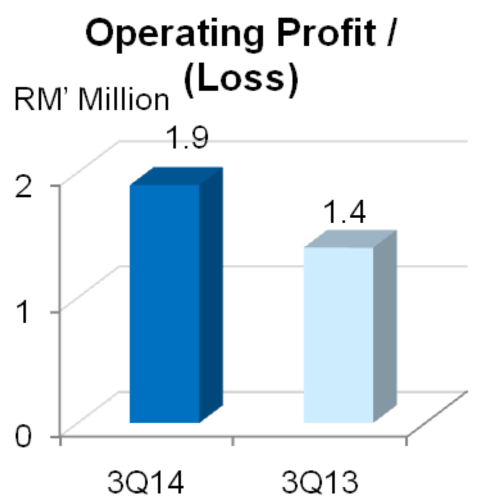
Automotive

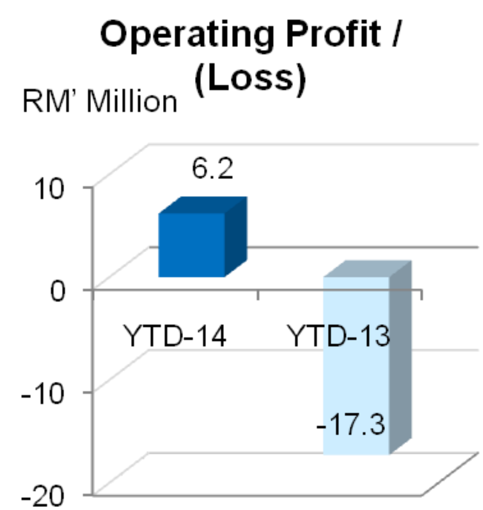
Strong revenue growth from all segments with improved margin

- The Automotive Division's revenue and operating profit for 3Q14 were higher than last year by 43% and 35% respectively with higher sales and better margin achieved in all segments, namely the passenger vehicle, commercial vehicle and aftersales segments.
- Last year's YTD included the results of Hap Seng Star Vietnam ("HSSV") which has since been divested in June 2013.
- The Malaysian operations also registered higher YTD revenue from all segments with improved margins for the passenger vehicle and aftersales segments. Consequently, the Division registered significant improvement in its profit position as compared to operating loss in YTD last year which was affected by the severe competition in the premium passenger vehicles market then.
- Sales volume of passenger vehicles from the Malaysian operations was at 547 units for 3Q14 and 1,608 units for YTD, above the corresponding period last year by 14% and 20% respectively.





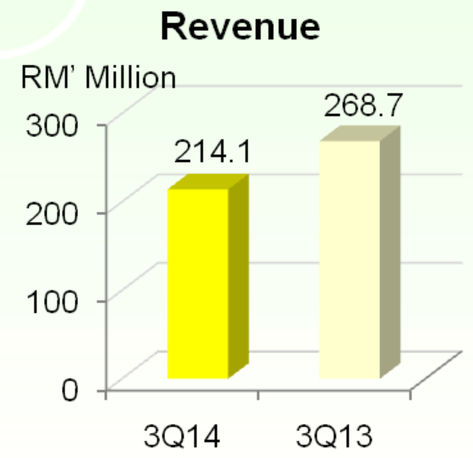


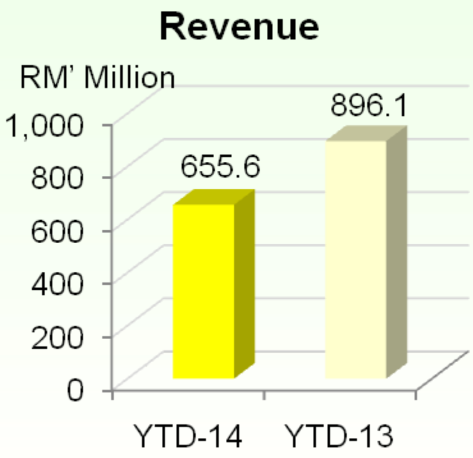


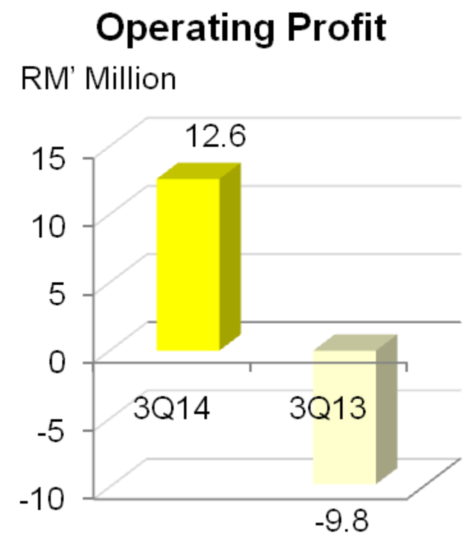
Fertilizer

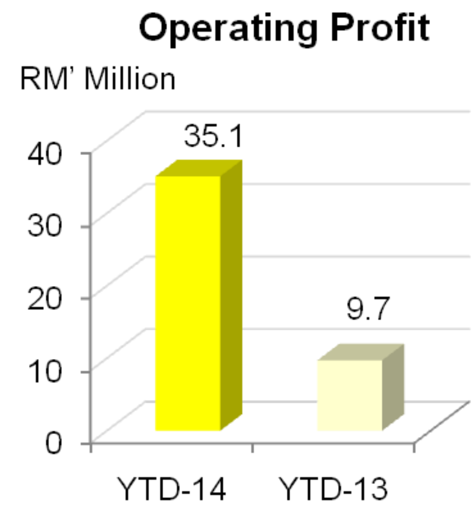
Better operating profit for both Malaysian & Indonesian operations

- Revenue for 3Q14 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.
- In spite of lower revenue the Division's operating profit for 3Q14 and YTD were better than the corresponding period last year due to better average gross profit margins achieved in both the Malaysian and Indonesian operations, resulting in:
  - Improved operating profit for Malaysian operations
  - Indonesian operations return to profit from loss in 3Q13 and YTD-13 which were affected by volatility of Indonesian Rupiah and low margin due to very competitive market.





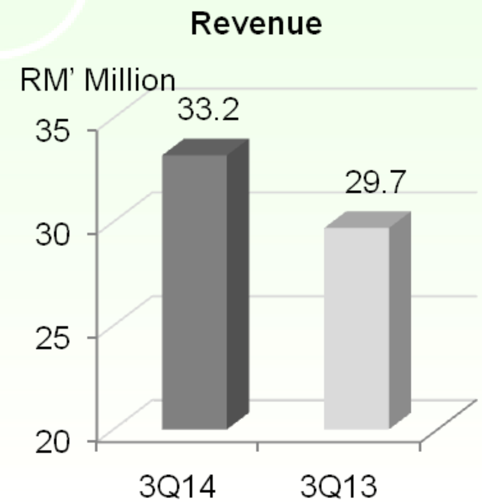


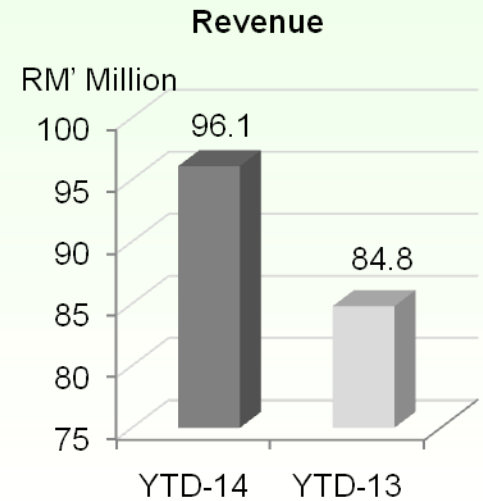


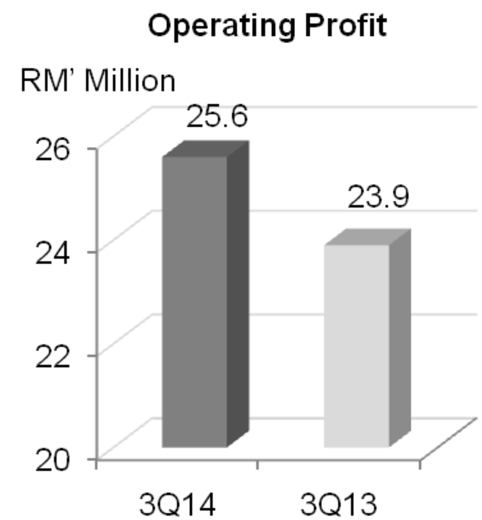
Credit financing

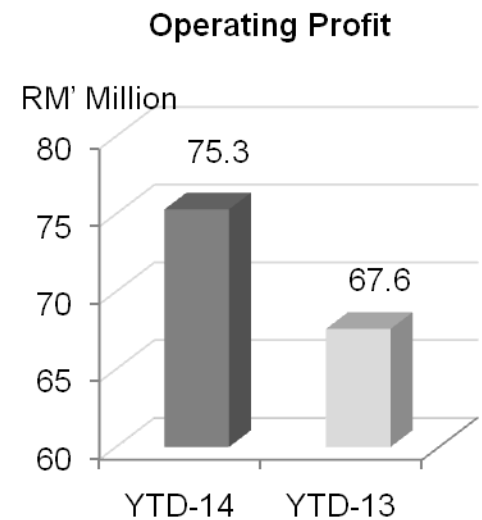
Stable revenue and profit growth backed by higher loan base and prudent credit risk management

- The Division's loan base expanded by 11% to RM1.72 billion from RM1.55 billion in the corresponding period last year.
- Consequently, revenue for 3Q14 and YTD grew by 12% and 13% respectively while the operating profit grew by 7% and 11% respectively.
- West Malaysia accounted for 82% of the total loans whilst East Malaysia accounted for 17% and Singapore 1%.
- NPL ratio as at end of 3Q14 was at 2.01%.





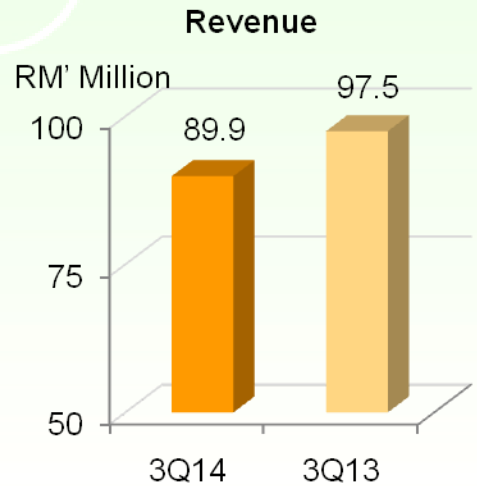


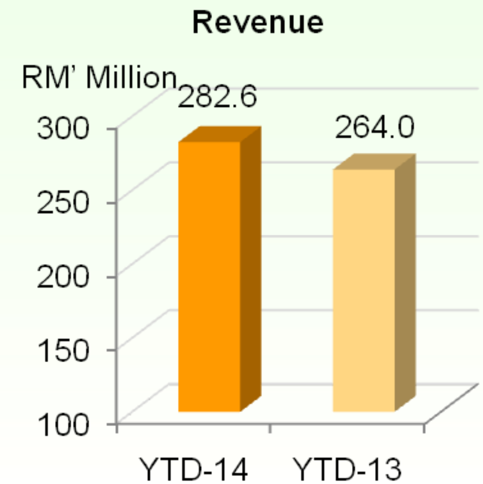


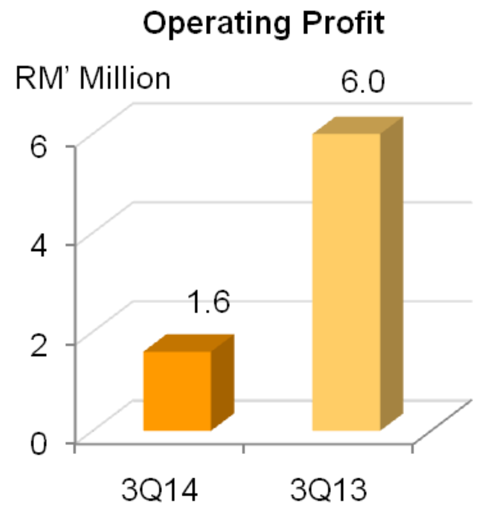
Quarry and Building Materials

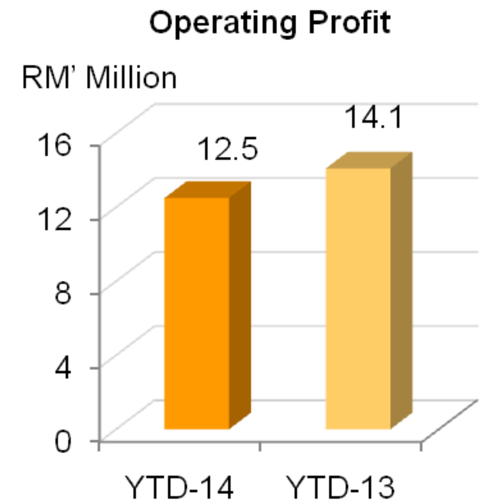
Soft market demand affected 3Q14 results

- The Division's revenue for 3Q14 were affected mainly by lower sales from its quarry operations and Singapore aggregate trading business amid slowdown in the constructions activities.
- The overall sales for YTD was better than the corresponding period last year although sales of asphalt was lower :
  - The quarries recorded higher sales of aggregates despite lower sales volume at 5 million MT (-10%).
  - Sales from Singapore aggregate trading was higher by 14%, primarily due to higher volume at 1 mil MT (+12%).
  - Bricks posted sales growth of 27% attributable to higher sales volume at 153 million pieces (+27%) with average selling price maintained as last year.
- Operating profit for the 3Q14 and YTD were affected by higher unit production cost due to higher maintenance, electricity and fuel costs.





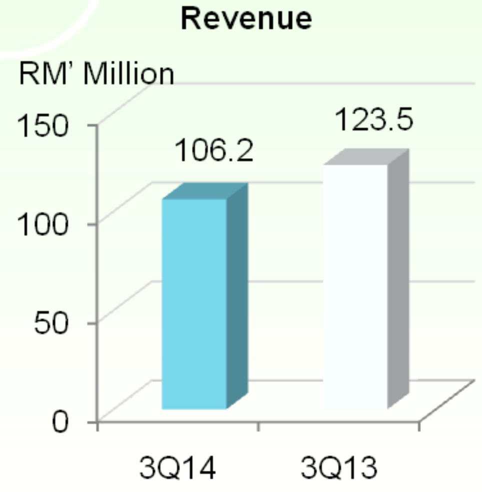


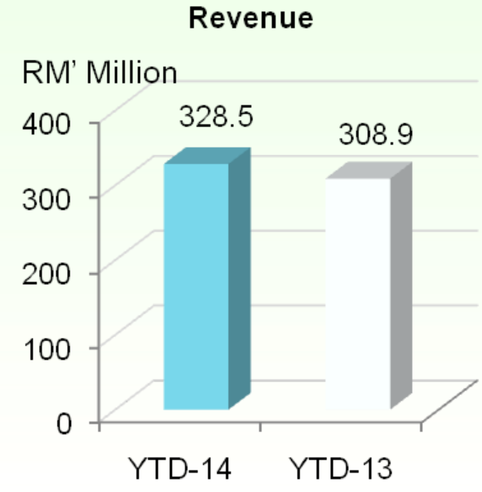


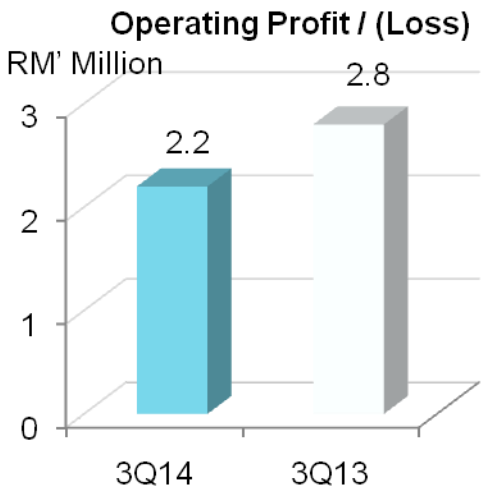
Trading

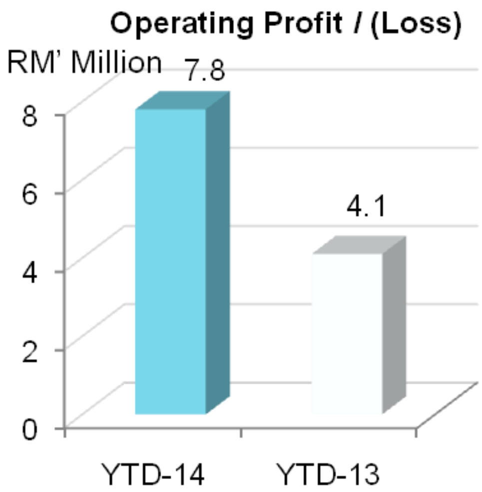
YTD results backed by higher sales with improved margin for building materials

- The Trading Division's 3Q14 revenue was 14% lower than the corresponding period last year mainly due to lower sales from its building materials segment as the Division focus on higher margin products. Higher profit contribution was achieved by the building materials segment from improved margin, mitigating the shortfall in profit contribution from the petroleum segments which was affected by competitive pricing.
- Last year's quarter and YTD included the results for the oils and fats trading business via Aceford Food Industry Pte Ltd ("Aceford") which has since been divested in August 2013.
- In spite of the divestment of Aceford, the Division's revenue and operating profit for YTD were better than the corresponding period last year. Sales of building materials was 40% above the corresponding period last year, achieving better margin whilst the petroleum products segment achieved similar sales level as last year.









Thank You