



# HAP SENG CONSOLIDATED BERHAD

**1<sup>st</sup> Quarter Ended 31 March 2015 Results**

26 May 2015

# Scope



1 Group financials

2 Operations review

## SECTION 1

### ● Group financials





# Consolidated income statement summary

- ❑ The Group revenue for 1Q15 at RM1.1 billion was 26% above the corresponding period last year supported by higher revenue from Property, Automotive, Fertilizer Trading, Credit Financing and Trading Divisions.
- ❑ However, the Group operating profit of RM196.1 million was 14% lower than the corresponding period last year mainly due to lower profits from Plantation, Property and Fertilizer Trading Divisions.

(RM' Million)	1Q15	1Q14	Change (%)
Revenue	1,080.5	858.5	26%
Gross profit <sup>1</sup>	272.0	251.7	8%
EBITDA	214.2	241.7	-11%
Operating profit <sup>2</sup>	196.1	227.9	-14%
Finance expenses	(24.1)	(23.1)	4%
Profit before tax	169.4	200.0	-15%
Taxation	(46.0)	(54.1)	-15%
Profit after tax	123.3	145.9	-15%
Attributable to MI	12.4	20.5	-39%
Attributable to shareholders	110.9	125.4	-12%
EPS (sen)	5.18	6.26	-17%

Note:

*1 Includes share of Inverfin's PBIT*

*2 Includes Interest Income, Share of Inverfin's PBIT by Property Division and share of associate PAT by Hafary*



# Group segment results

(RM' Million)	REVENUE			OPERATING PROFIT		
	1Q15	1Q14	Change (%)	1Q15	1Q14	Change (%)
Plantation	113.8	138.4	-18%	29.8	58.1	-49%
Property	288.7	175.4	65%	127.4 <sup>1</sup>	141.7 <sup>1</sup>	-10%
Automotive	211.1	127.6	65%	3.2	1.3	>100%
Fertilizer Trading	229.6	205.2	12%	6.1	9.9	-38%
Credit Financing	38.7	30.2	28%	29.7	23.9	24%
Quarry & Building Materials	85.8	95.4	-10%	4.1	4.1	-
Trading	141.7	112.5	26%	7.1 <sup>2</sup>	3.5	>100%
	1,109.4	884.7	25%	207.3	242.5	-14%
Consolidation adjustments & others	-28.9	-26.2		-11.2	-14.6	
Group	1,080.5	858.5	26%	196.1	227.9	-14%

Note:

<sup>1</sup> Includes share of Inverfin's PBIT from Menara Citibank

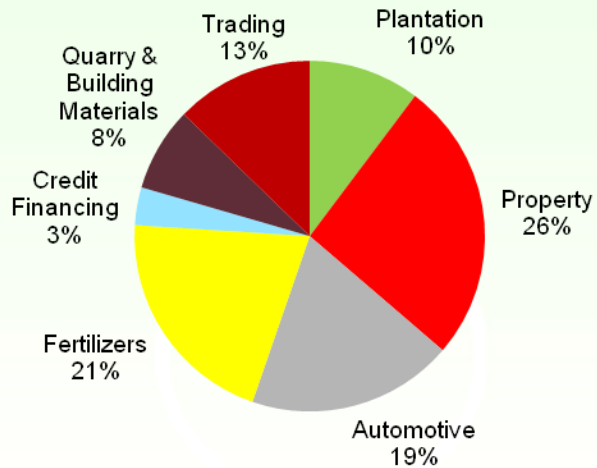
<sup>2</sup> Includes share of associate PAT by Hafary & excluding HSIH's results



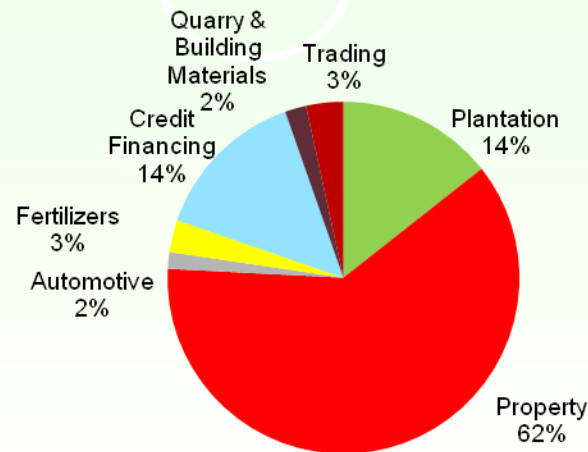


# Group segment results

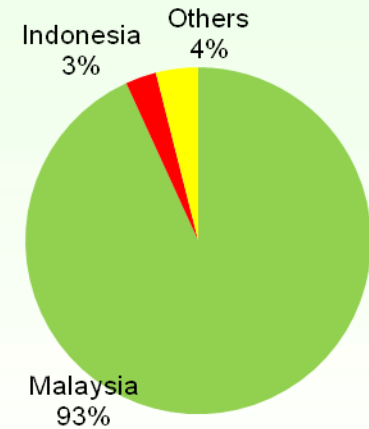
**Revenue**  
**1Q15**



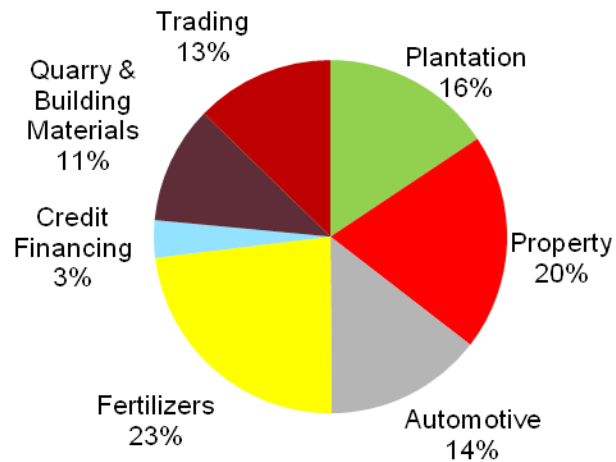
**Operating Profit \***  
**1Q15**



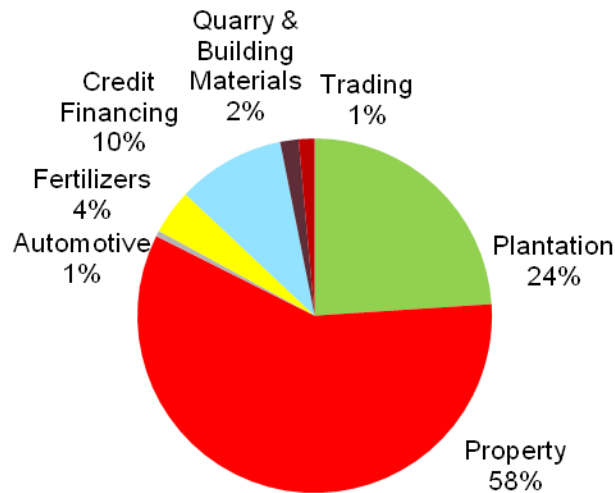
**Geographical Segment**  
**1Q15 Revenue**



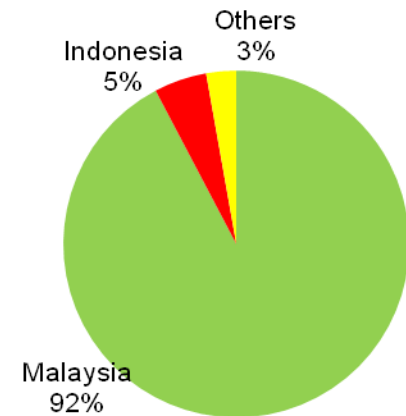
**1Q14**



**1Q14**



**1Q14 Revenue**



\* Include divisions with Operating Profits only.

## SECTION 2

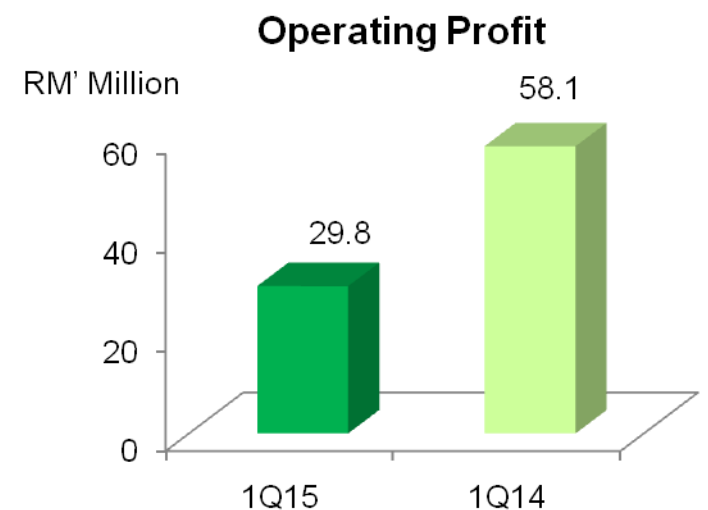
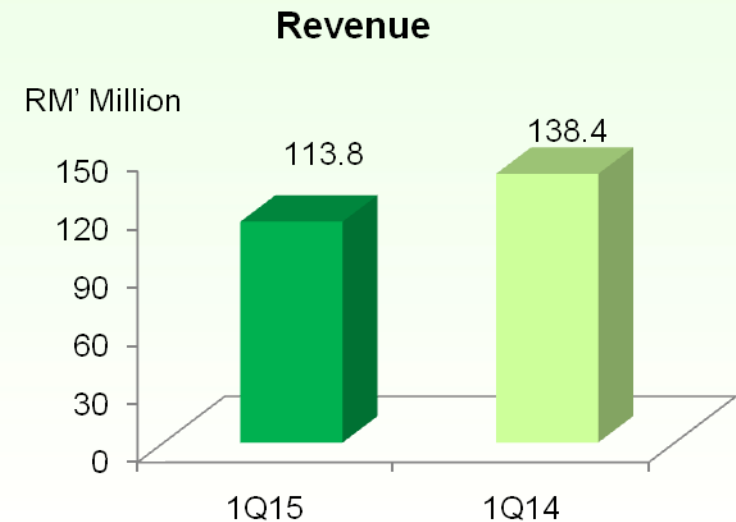
### ● Operations review





## 1Q15 results affected by lower selling prices

- Division's results for 1Q15 were lower than the corresponding period last year, mainly due to:
  - Lower average price realization of CPO and PK at RM2,216/mt (1Q14: RM2,669/mt) and RM1,801/mt (1Q14: RM1,959/mt) respectively.
  - Lower sales volume of PK at 8,653 mt (1Q14: 10,050mt). CPO sales volume at 42,087mt was at similar level as 1Q14.
  - Higher unit production costs at RM1,192/mt (1Q14: RM1,030/mt), affected by lower oil yield, higher estates overheads, field upkeep and manuring costs coupled with lower PK credit of RM419 per mt of CPO (1Q14: RM502/mt).
  - Oil yield was at 1.09mt/ha (1Q14: 1.16mt/ha), affected by lower FFB yield of 4.95mt/ha (1Q14: 5.5mt/ha) which was mitigated by better oil extraction rate of 21.95% (1Q14: 21.04%).

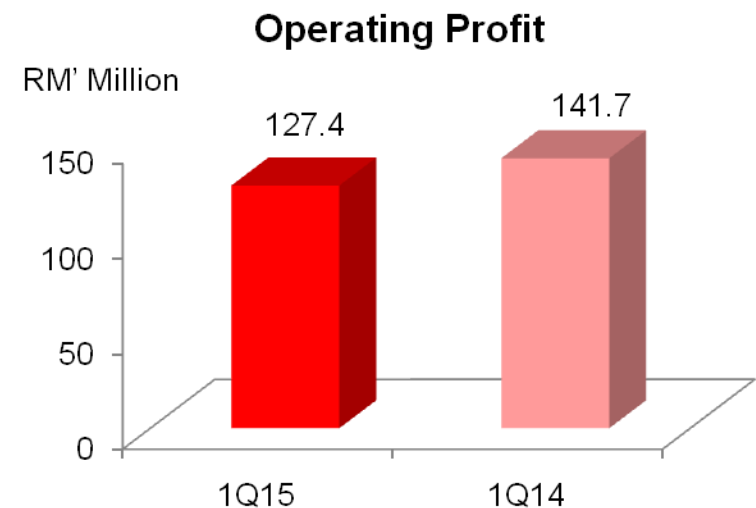
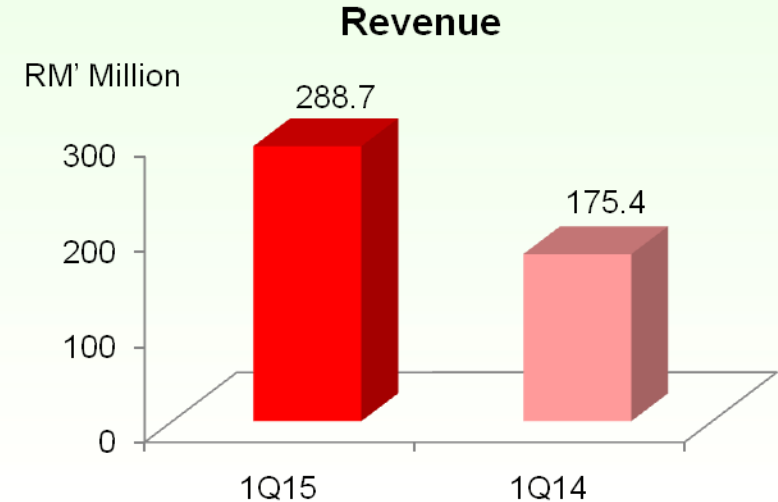






## Higher revenue from projects and investment properties

- ❑ Revenue for 1Q15 were 65% higher than the corresponding period last year with significant contributions from projects developments in both Peninsular Malaysia and East Malaysia.
- ❑ Main contributors for the project developments revenue were:
  - ✓ The Horizon Residence, Nadi Bangsar and D'Alpinia in Peninsular Malaysia
  - ✓ Bandar Sri Indah and Palm Heights in East Malaysia.
- ❑ The two main investment properties, Menara Hap Seng and Menara Citibank continued to enjoy good occupancy and rental rates.
- ❑ Concerted efforts to improve occupancy rate of the newly completed Menara Hap Seng 2 is progressing well.
- ❑ The lower operating profit for 1Q15 was mainly due to:
  - ✓ project sales mix
  - ✓ sale of certain non-strategic properties in 1Q14.

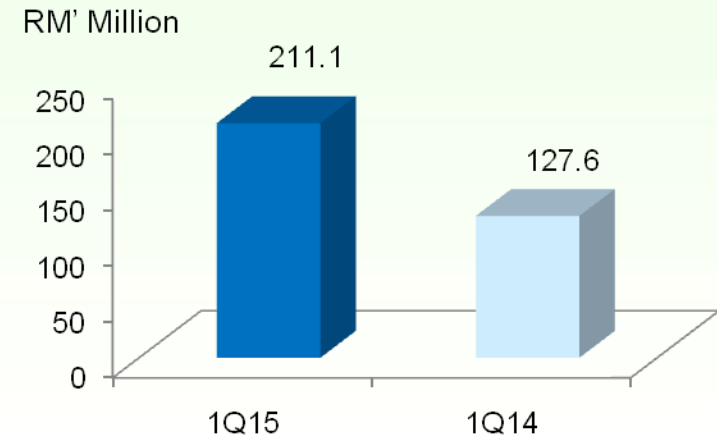




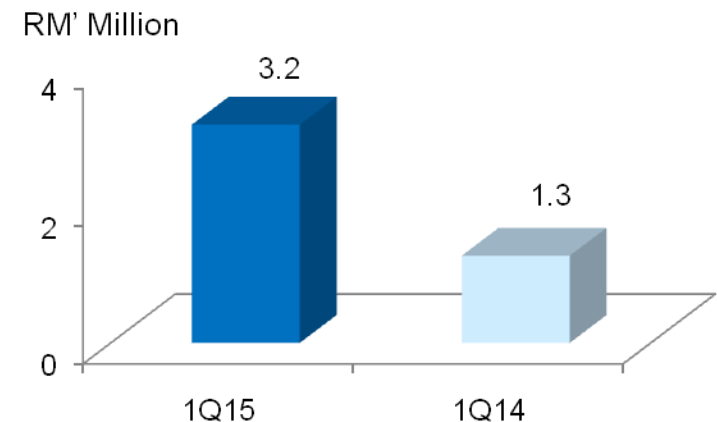
## Strong revenue growth supported by good demand for new models

- ❑ The Division's revenue improved by 65% whilst its operating profit was higher by 150% in 1Q15 as compared to the corresponding period last year.
  - ✓ Passenger vehicle ("PV") sales volume increased by 14% to 580 units, driven by sales of new models launched in second half of 2014 as well as sales of demo and pre-owned cars.
  - ✓ Part and after sales services increased by 20% as compared to 1Q14 following the launch of the new 3S autohaus in Balakong in 2Q14 and re-launched of the upgraded Kinrara autohaus in 3Q14.
- ❑ Order book remains strong particularly for the new models.

### Revenue



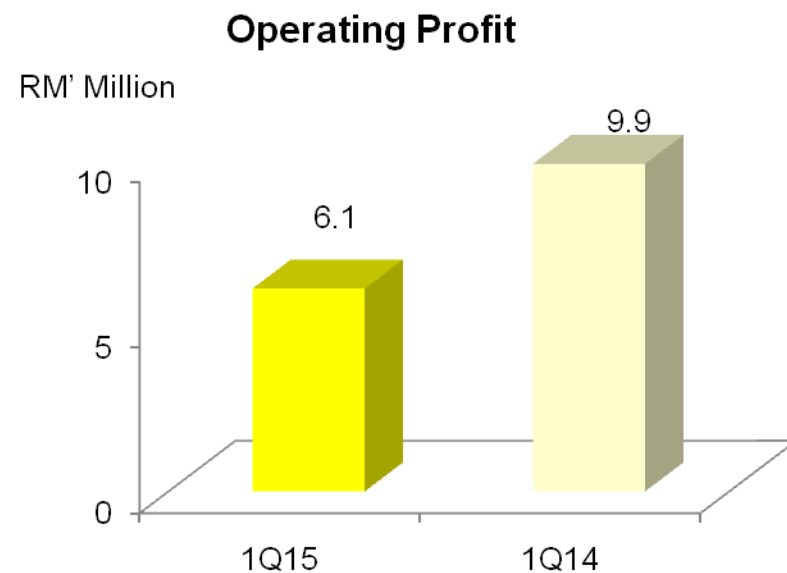
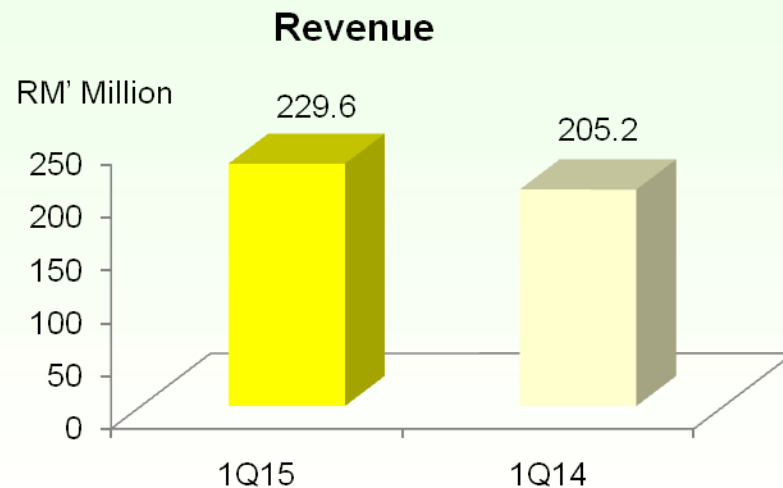
### Operating Profit / (Loss)





## Operating profit affected by lower margin

- ❑ The Division's revenue for 1Q15 was 12% higher than the corresponding period last year with higher sales in the Malaysian operations due to customers stocking up prior to GST implementation on 1 April 2015.
- ❑ The Indonesian operation achieved better operating profit as compared to the corresponding period last year with improvement in margins and reduced trading exposure to the volatility of IDR.
- ❑ Operating profit for 1Q15 were affected by lower profit contributions from the Malaysian operations due to lower average margin arising from sales mix variance and competitive market conditions.

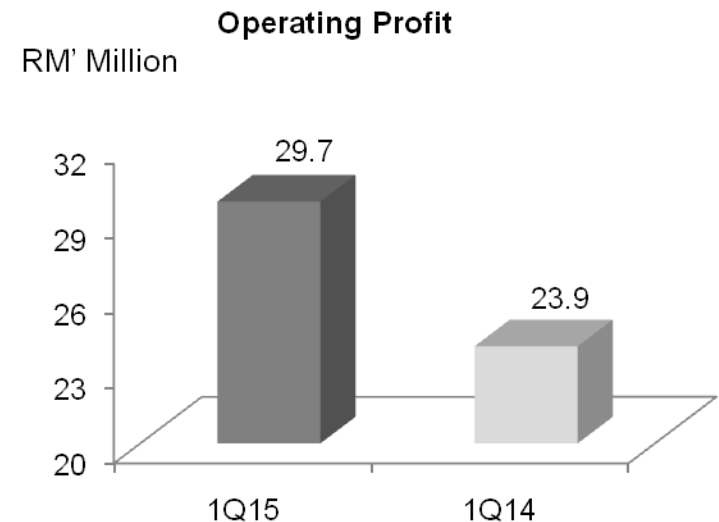
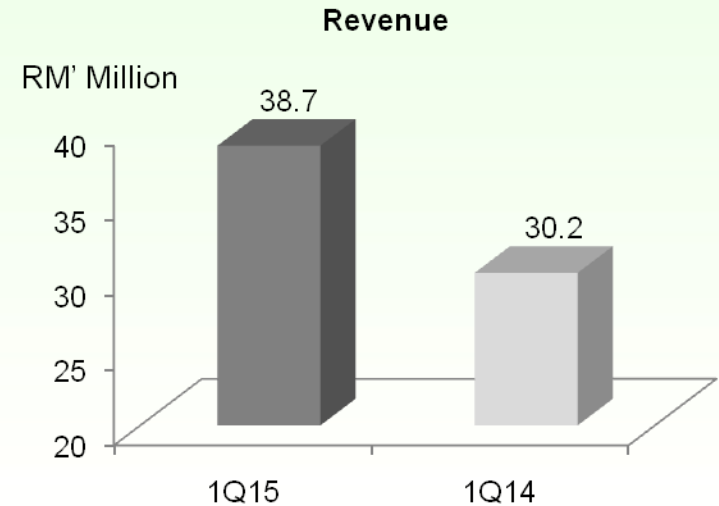




# Credit financing

## Revenue and profit growth in tandem with growth in loan base

- ❑ The Division's revenue and operating profit for 1Q15 grew by 28% and 24% respectively as compared to the corresponding period last year in tandem with higher loan base.
- ❑ As at end of 1Q15, loan base was at RM2.19 billion, 24% above 1Q14's loan base of RM1.77 billion.
- ❑ West Malaysia accounted for 71% of the total loans whilst East Malaysia accounted for 16% and Singapore 13%.
- ❑ NPL ratio was at 0.96% as at end of 1Q15 as compared to 2.01% at the corresponding period last year.

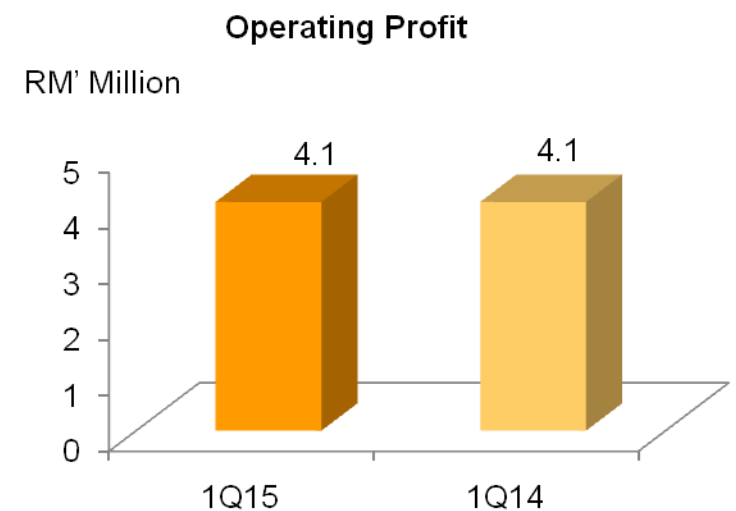
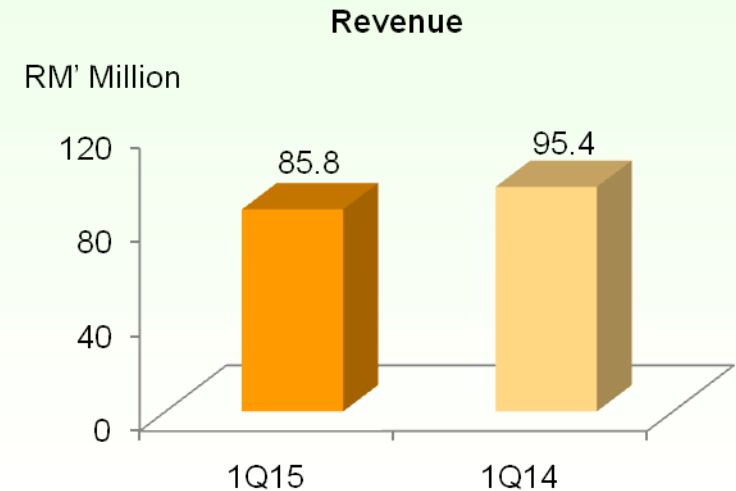




# Quarry and Building Materials

## Revenue dampened by weaker demand for aggregates

- ❑ The Division's revenue for 1Q15 were affected by lower sales of aggregates in both the Malaysian and Singapore market arising from competitive market and slow down in projects, mitigated by higher sales of asphalt.
- ❑ Asphalt sales increased 46% in 1Q15 arising from the road repair works in the East Coast of Peninsular Malaysia after the severe monsoon flood.
- ❑ Sales of aggregates from the quarries at 1.6 million mt and from Singapore aggregate trading at 0.3 million mt were 6% and 35% lower than 1Q14 respectively.

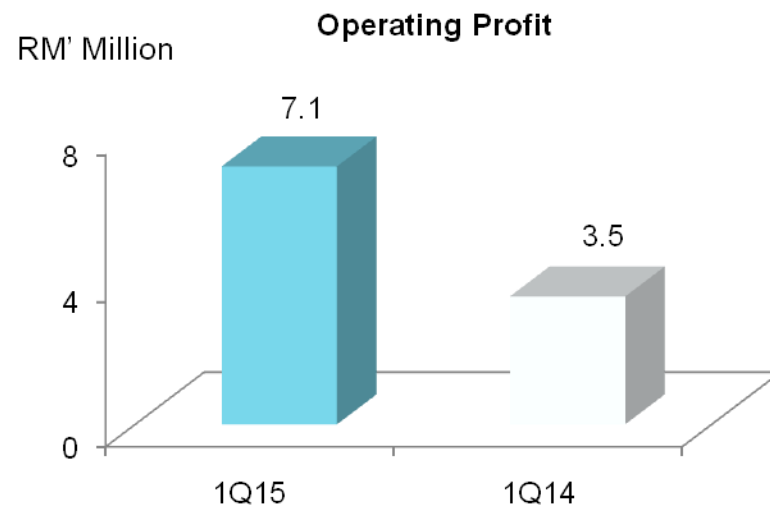
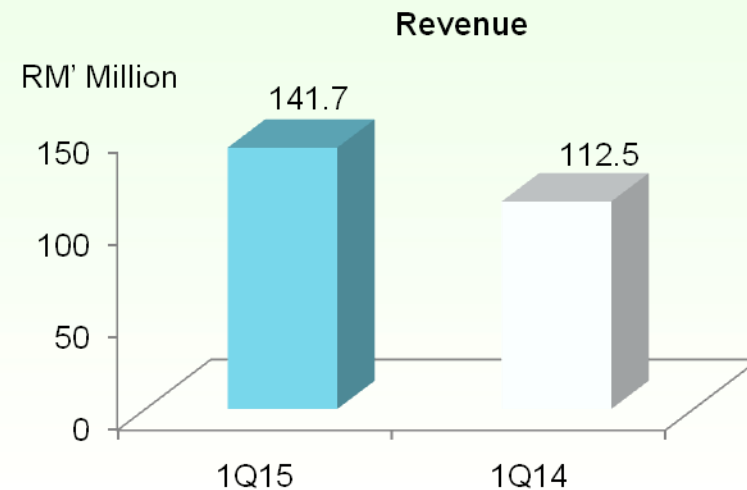






## Results boosted by contributions from Hafary

- ❑ The Division results for 1Q15 included one month's contributions from the newly acquired Hafary Holdings Limited.
- ❑ In Malaysia, revenue for 1Q15 was at RM116.3 million whilst operating profit was at RM3.1 million.
  - ✓ Building material products segment recorded 5% sales growth but maintained operating profits at about the same level as 1Q14.
  - ✓ Operating profit for 1Q15 was affected by lower profit contribution from petroleum products segment.



# Thank You



**HAP SENG CONSOLIDATED BERHAD**