



HAP SENG CONSOLIDATED BERHAD

2nd Quarter Ended 30 June 2015 Results

26 August 2015

Scope



1 Group financials

2 Operations review

SECTION 1

● Group financials





Consolidated income statement summary

- ❑ The Group revenue for 2Q15 at RM1.1 billion and YTD at 2.2 billion were better than the corresponding period last year.
- ❑ However, operating profit for the quarter and YTD were lower than the corresponding period last year, mainly due to lower profits from Plantation, Quarry and Building Materials and Property Divisions. Last year's profit for Property Division included gain on disposal of certain non-strategic properties.
- ❑ The disposal of Hap Seng Capital Pte Ltd was completed on 16 June 2015 and a gain of RM508.8 million arising from this was included in the Group Profit before tax for 2Q15 & YTD. Accordingly, Profit after tax for 2Q15 and YTD were higher than last year corresponding period.

(RM' Million)	2Q15	2Q14	Change (%)	YTD-15	YTD-14	Change (%)
Revenue	1,097.7	1,097.4	-	2,178.2	1,955.9	11%
Gross profit ¹	216.6	434.3	-50%	488.7	686.1	-29%
EBITDA	148.8	389.8	-62%	363.0	631.4	-43%
Operating profit ²	125.2	372.7	-66%	321.3	600.5	-46%
Finance expenses	(33.3)	(20.0)	66%	(57.4)	(43.1)	33%
Profit before tax	601.6	351.3	71%	771.0	551.2	40%
Taxation	(29.8)	(92.5)	-68%	(75.9)	(146.6)	-48%
Profit after tax	571.8	258.8	>100%	695.1	404.6	72%
Attributable to MI	14.8	13.6	9%	27.2	34.0	-20%
Attributable to shareholders	557.0	245.2	>100%	667.9	370.6	80%
EPS (sen)	25.91	12.25	>100%	31.12	18.50	68%

Note:

¹ Includes share of Inverfin's PBIT

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

Group segment results



(RM' Million)	REVENUE						OPERATING PROFIT					
	2Q15	2Q14	Change (%)	YTD-15	YTD-14	Change (%)	2Q15	2Q14	Change (%)	YTD-15	YTD-14	Change (%)
Plantation	98.1	107.0	-8%	211.9	245.4	-14%	23.8	37.4	-36%	53.6	95.5	-44%
Property	114.8	387.8	-70%	403.5	563.1	-28%	35.7 ¹	289.6 ¹	-88%	163.0 ¹	431.3 ¹	-62%
Automotive	330.8	157.4	>100%	541.8	285.0	90%	8.0	3.1	>100%	11.2	4.3	>100%
Fertilizer Trading	236.1	236.3	-	465.7	441.5	5%	15.7	12.6	24%	21.8	22.5	-3%
Credit Financing	43.9	32.7	34%	82.6	63.0	31%	36.1	25.8	40%	65.9	49.7	33%
Quarry & Building Materials	86.0	97.3	-12%	171.9	192.7	-11%	2.6	6.8	-62%	6.6	10.9	-39%
Trading	226.8	109.9	>100%	368.5	222.4	66%	17.7 ²	2.0	>100%	24.8 ²	5.5	>100%
	1,136.5	1,128.4	1%	2,245.9	2,013.1	12%	139.6	377.3	-63%	346.9	619.7	-44%
Consolidation adjustments & others	-38.8	-31.0		-67.7	-57.2		-14.4	-4.6		-25.6	-19.2	
Group	1,097.7	1,097.4	-	2,178.2	1,955.9	11%	125.2	372.7	-66%	321.3	600.5	-46%

Note:

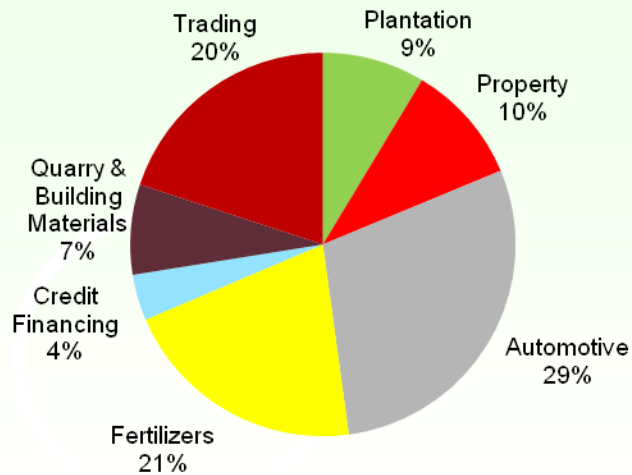
¹ Includes share of Inverfin's PBIT from Menara Citibank

² Includes share of associate PAT by Hafary & excluding HSIH's results

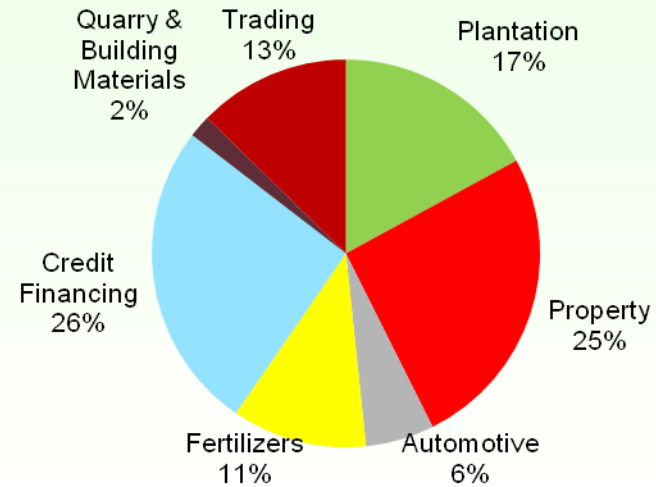


Group segment results

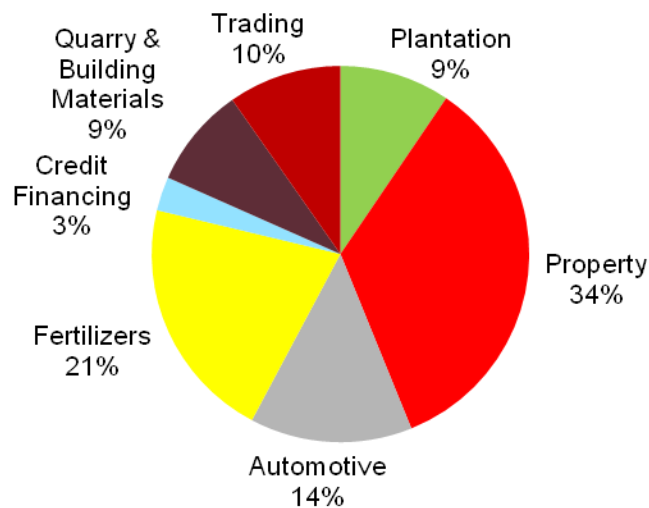
Revenue 2Q15



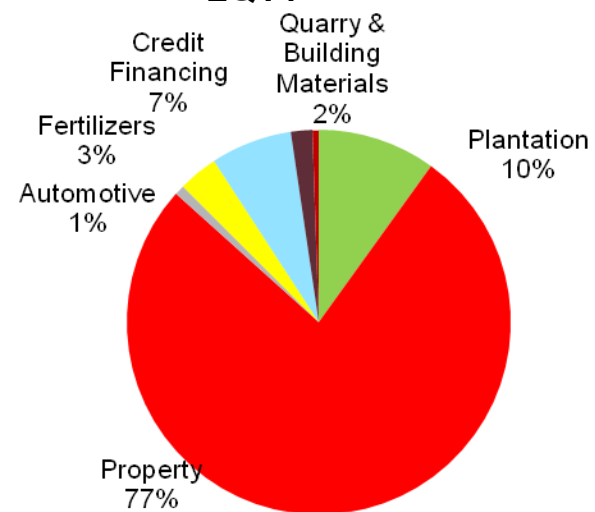
Operating Profit * 2Q15



2Q14



2Q14



* Include divisions with Operating Profits only.

SECTION 2

● Operations review

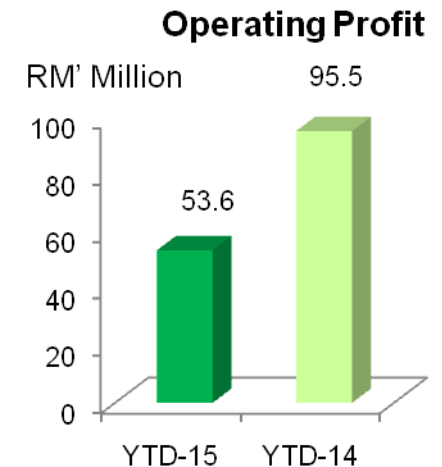
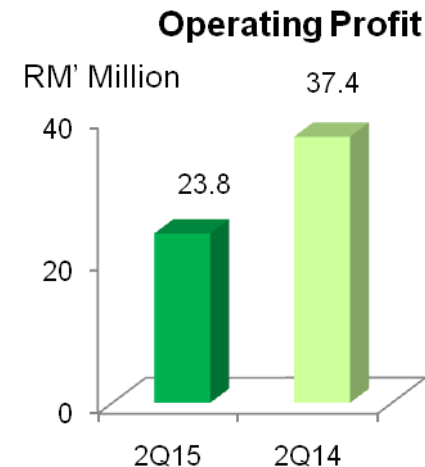
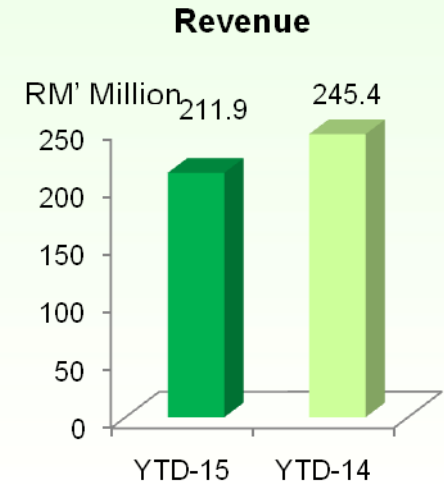
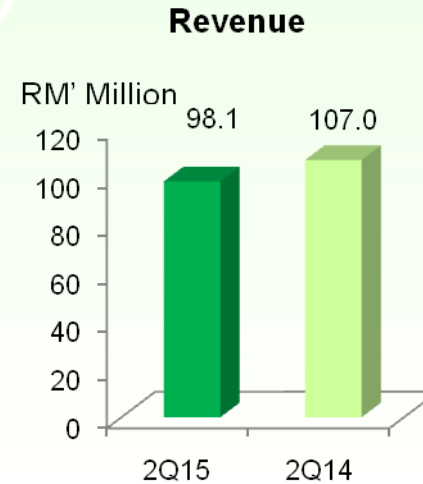




Plantation

2Q15 and YTD results affected by lower selling prices

- ❑ Division's results for 2Q15 and YTD were mainly affected by lower average price realization of CPO and PK but mitigated by higher CPO sales volume at 37,048mt (+13%) for 2Q15 and 79,135mt (6%) for YTD.
- ❑ Average selling price of CPO and PK:
 - CPO - 2Q15: RM2,180/mt , YTD: RM2,199/mt (2Q14: RM2,600/mt, YTD-14: RM2,639/mt)
 - PK - 2Q15: RM1,534/mt , YTD: RM1,672/mt (2Q14: RM1,966/mt, YTD-14: RM1,962/mt).
- ❑ Oil yield was at 1.08mt/ha for 2Q15 and 2.16mt/ha for YTD (2Q14: 1.06mt/ha, YTD-14: 2.22mt/ha). YTD oil yield was affected by lower FFB yield of 9.78mt/ha (YTD-14: 10.34mt/ha), mitigated by better OER of 22.12% (YTD-21.48%).
- ❑ Unit production costs for 2Q15 and YTD were at RM1,268/mt and RM1,231/mt respectively (2Q14: RM1,127/mt, YTD-14: RM1,077/mt), affected mainly by lower PK credit.

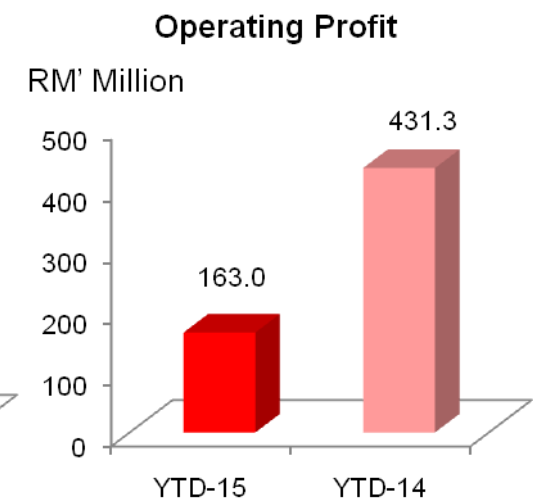
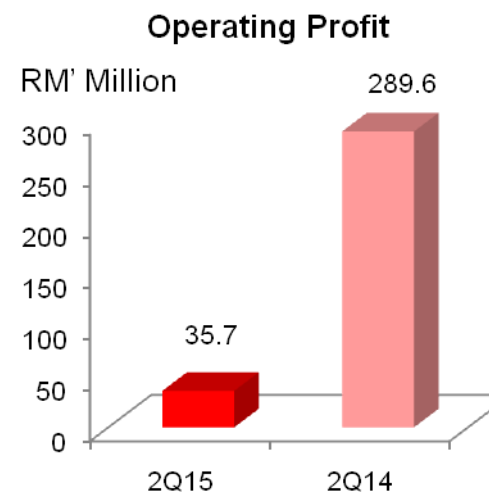
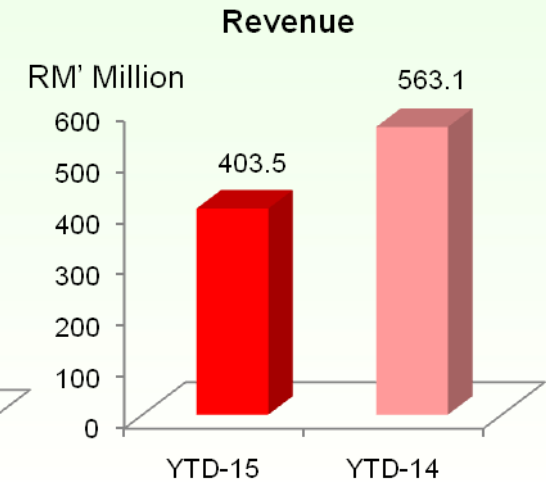
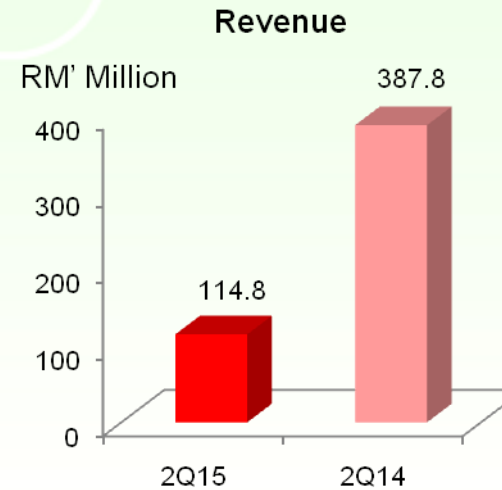




Property

Better results from project developments and investment properties

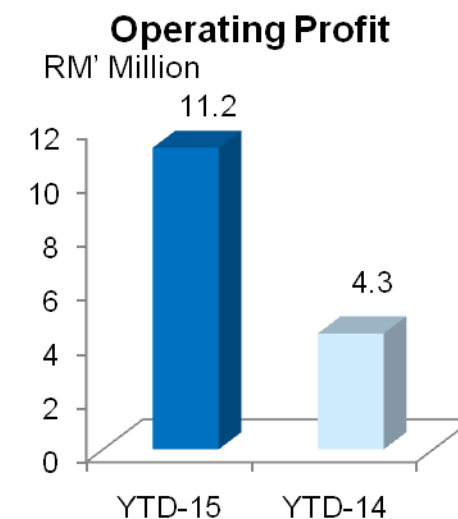
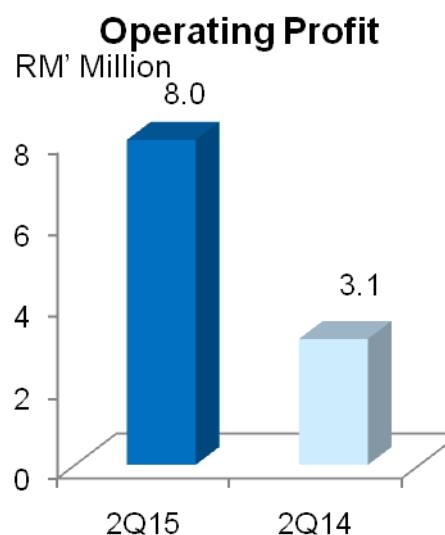
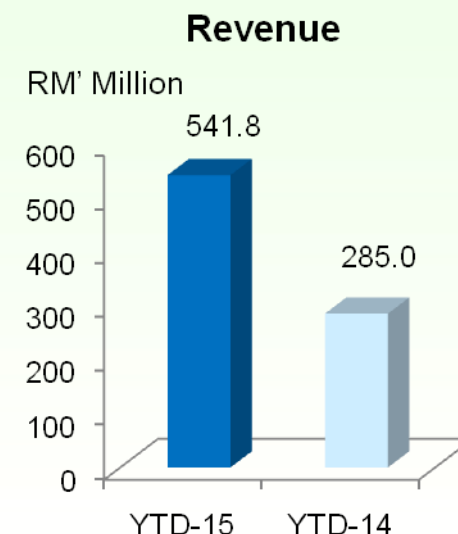
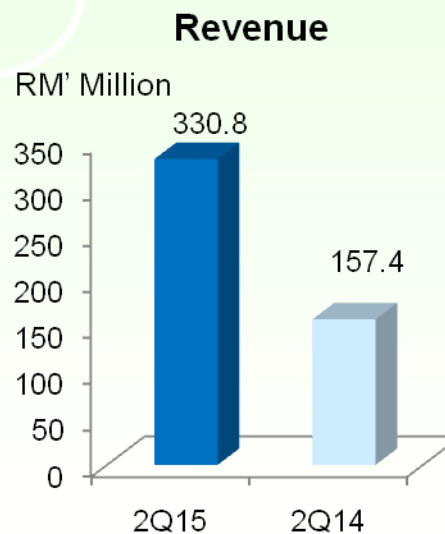
- ❑ The Division registered better results from its project developments and investment properties in 2Q15 and YTD as compared to the corresponding period last year.
- ❑ Main contributors for the project developments revenue were:
 - ✓ The Horizon Residence, Nadi Bangsar and D'Alpinia in Peninsular Malaysia
 - ✓ Bandar Sri Indah, Astana Heights 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.
- ❑ Occupancy rate of the newly completed Menara Hap Seng 2 is progressing well.





Results supported by strong demand for new models

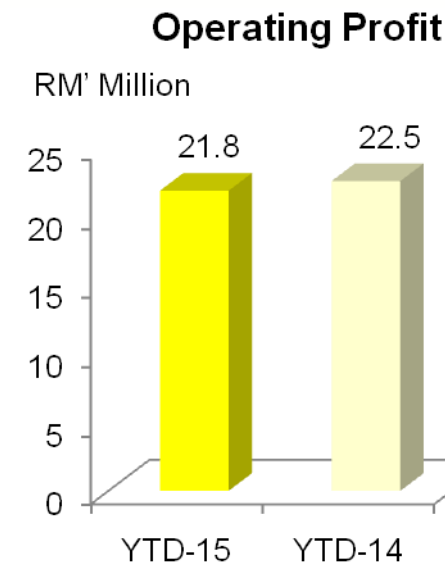
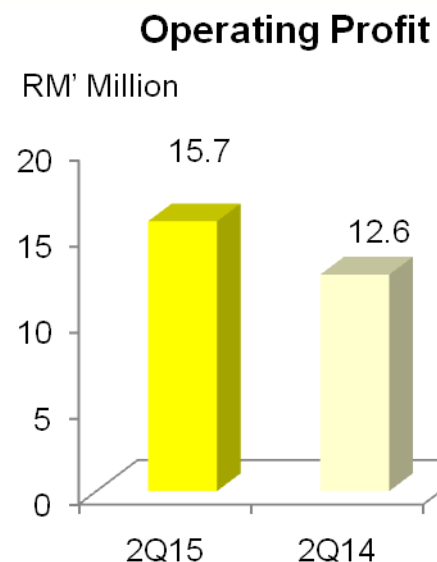
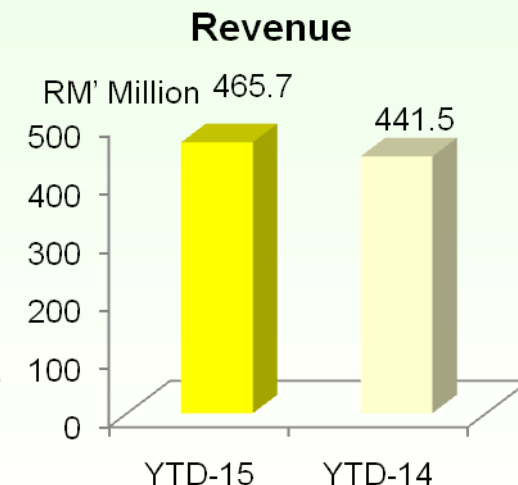
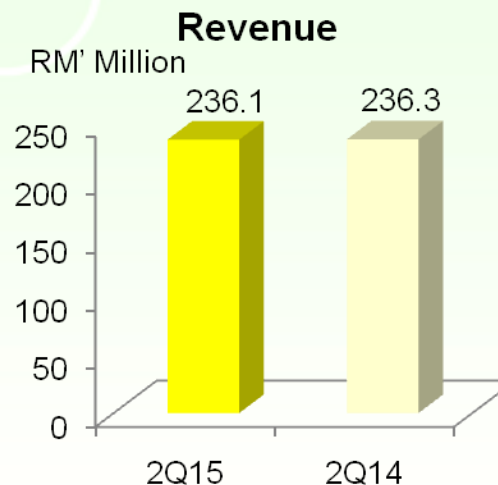
- ❑ The Division's revenue improved by 110% in 2Q15 and 90% for YTD whilst its operating profit were higher by 163% and 159% in 2Q15 and YTD respectively as compared to the corresponding period last year.
- ✓ Passenger vehicle ("PV") sales volume increased by 94% to 1,075 units in 2Q15 and 56% to 1,655 for YTD, 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 also increased by 5% in 2Q15 and 12% for YTD as compared to the corresponding period last year 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 C-class, E-class and S-class models.





Better results from Indonesian operation

- ❑ The Division's revenue for 2Q15 was marginally lower than last year with lower sales in the Malaysian operations as customers had stocked-up at the end of 1Q15 prior to GST implementation on 1 April 2015.
- ❑ Nonetheless, better operating profit was recorded for 2Q15 as compared to the corresponding period last year due to better margins achieved by both the Malaysian and Indonesian operations.
- ❑ The YTD revenue were better than the corresponding period last year with both the Malaysian and Indonesian operations recorded higher sales.
- ❑ The Indonesian operation recorded better operating profit for YTD but overall profit was affected by lower profit from the Malaysian operations due to lower average margin.

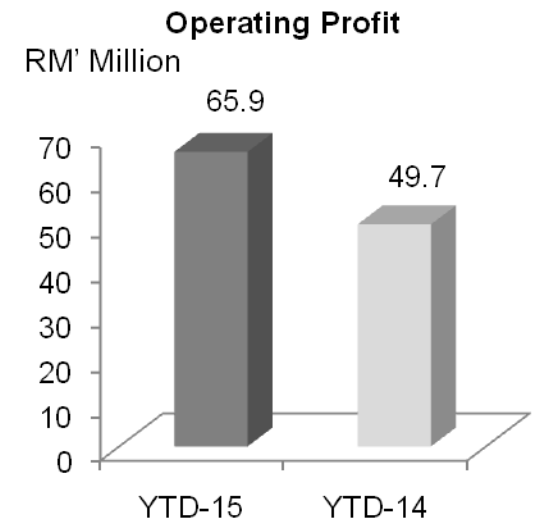
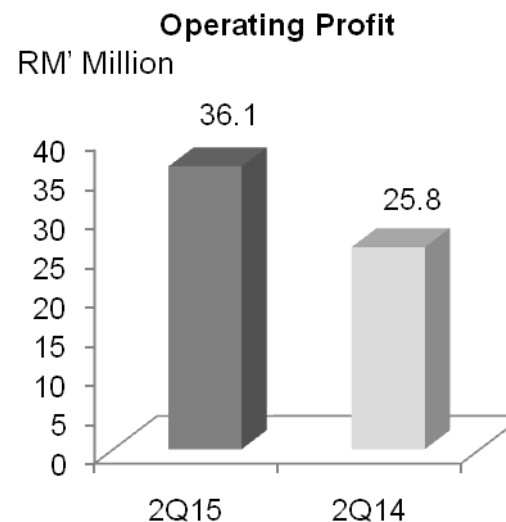
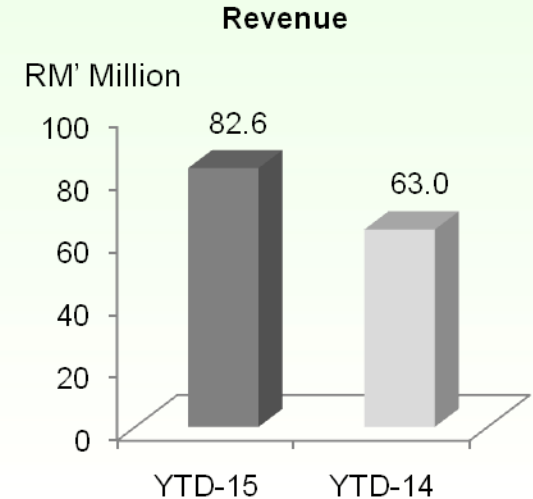
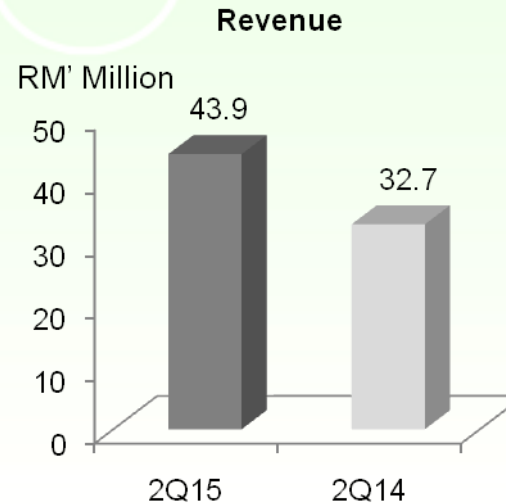




Credit financing

Revenue and profit growth supported by higher loan base and better margin

- ❑ The Division's revenue for 2Q15 and YTD grew by 34% and 31% respectively as compared to the corresponding period last year, benefitted from higher loan base and better net interest margin.
- ❑ As at end of 2Q15, loan base was at RM2 billion, 3% higher than corresponding period loan base of RM1.95 billion.
- ❑ West Malaysia accounted for 82% of the total loans whilst East Malaysia accounted for 18%.
- ❑ NPL ratio was at 1.32% as at end of 2Q15 as compared to 1.53% at the corresponding period last year.
- ❑ The disposal of Singapore operations (Hap Seng Capital Pte Ltd) was completed on 16 June 2015.

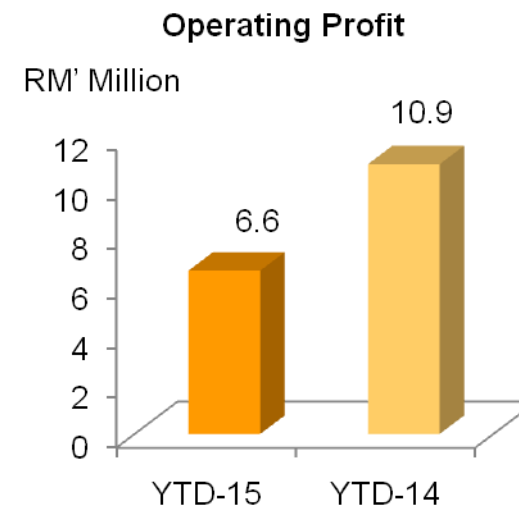
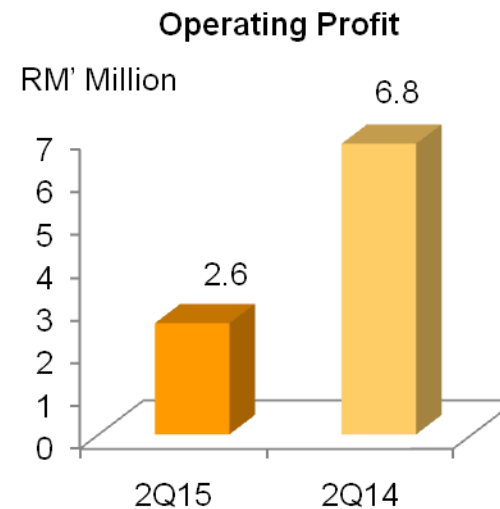
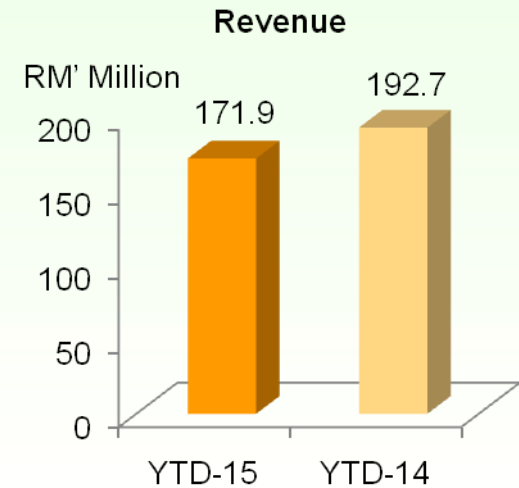
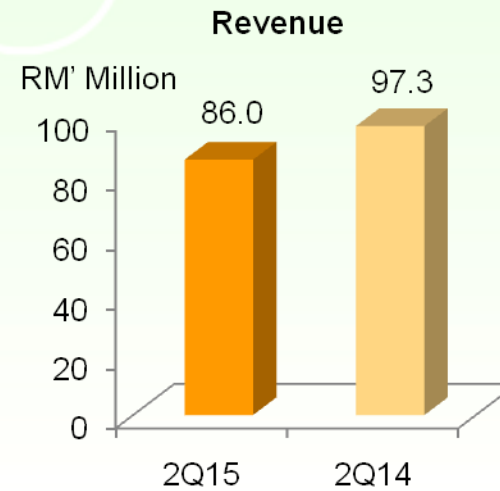




Quarry and Building Materials

Results dampened by weaker demand for aggregates and bricks

- ❑ The Division's results for 2Q15 and YTD were affected by lower sales of aggregates and bricks in both Malaysia and Singapore due to competitive market and slow down in development projects. However, this was mitigated by higher sales of asphalt.
- ❑ Asphalt sales increased 7% in 2Q15 and 23% for YTD, benefitted from road repair works particularly in the East Coast of Peninsular Malaysia after the severe monsoon flood.

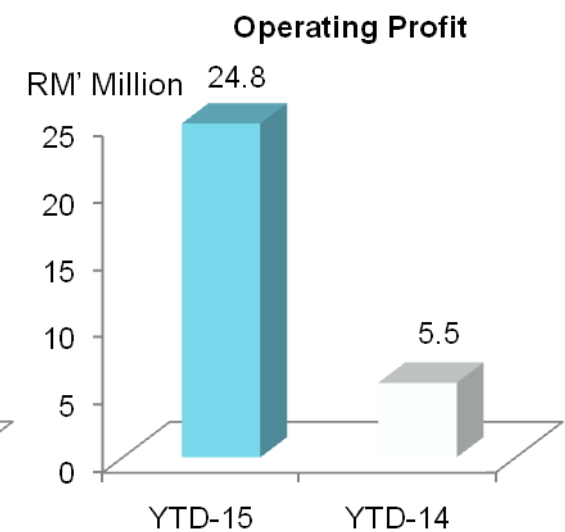
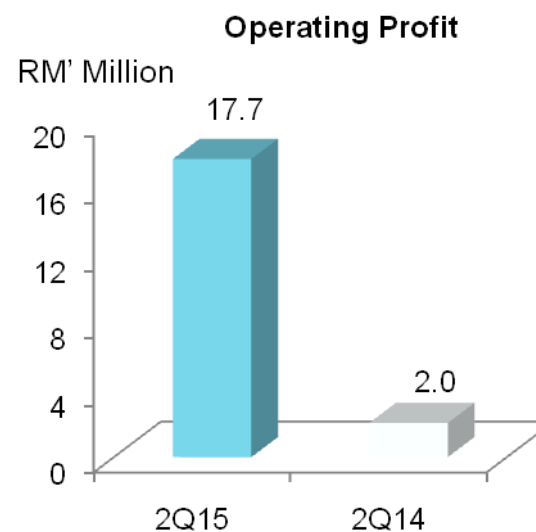
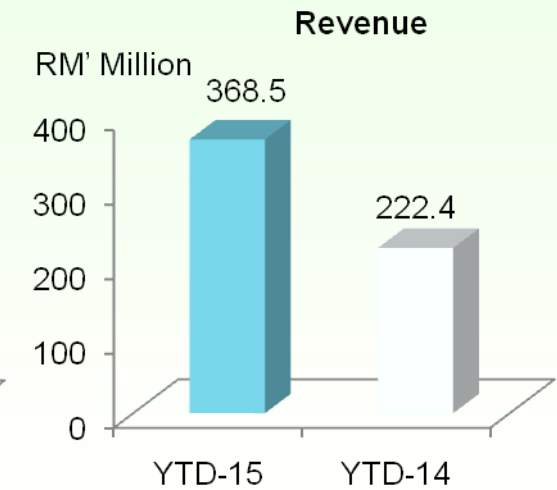
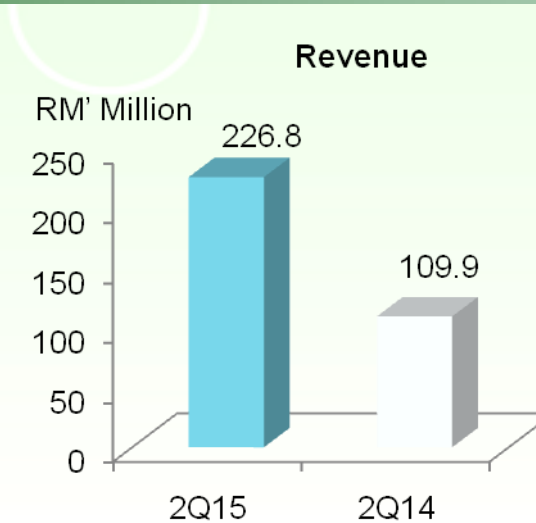




Trading

Results boosted by contributions from Hafary

- ❑ The Division results for 2Q15 and YTD included the results from the newly acquired Hafary Holdings Limited.
- ❑ In Malaysia, higher revenue were recorded for 2Q15 and YTD at RM134.1 million and RM250.4 million respectively with higher revenue from building material product segment. However, operating profits were affected by lower margin due to competitive market in both the building material product and petroleum product segments.



Thank You



HAP SENG CONSOLIDATED BERHAD