



HAP SENG CONSOLIDATED BERHAD

3rd Quarter Ended 30 September 2015 Results

26 November 2015

Scope



1 Group financials

2 Operations review

SECTION 1

● Group financials





Consolidated income statement summary

- The Group revenue for 3Q15 at RM1.16 billion and YTD at RM3.34 billion were higher by 40% and 20% respectively as compared to the corresponding period last year with higher revenue from most Divisions.
- The Group operating profit for 3Q15 at RM251.2 million was higher than last year but lower for YTD at RM572.5 million as compared to the corresponding period last year. Improvements in operating profit from Automotive, Credit Financing and Trading Divisions were negated by lower contributions from other Divisions.
- 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's YTD Profit before tax.

| (RM' Million) | 3Q15 | 3Q14 | Change (%) | YTD-15 | YTD-14 | Change (%) |
|-------------------------------|---------|--------|------------|---------|---------|------------|
| Revenue | 1,164.0 | 828.9 | 40% | 3,342.2 | 2,784.8 | 20% |
| Gross profit ¹ | 311.8 | 170.3 | 83% | 800.5 | 856.4 | -7% |
| EBITDA | 274.9 | 273.8 | - | 637.9 | 905.2 | -30% |
| Operating profit ² | 251.2 | 250.6 | - | 572.5 | 851.1 | -33% |
| Finance expenses | (26.1) | (18.8) | 38% | (83.5) | (61.9) | 35% |
| Profit before tax | 228.3 | 236.3 | -3% | 999.4 | 787.5 | 27% |
| Taxation | (50.1) | (30.3) | 65% | (126.0) | (176.9) | -29% |
| Profit after tax | 178.2 | 206.0 | -13% | 873.4 | 610.6 | 43% |
| Attributable to MI | 15.1 | 11.6 | 31% | 42.4 | 45.6 | -7% |
| Attributable to shareholders | 163.1 | 194.4 | -16% | 831.0 | 565.0 | 47% |
| EPS (sen) | 7.58 | 9.42 | -20% | 38.69 | 28.18 | 37% |

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 | | | | | |
|------------------------------------|---------|-------|------------|---------|---------|------------|--------------------|--------------------|------------|--------------------|--------------------|------------|
| | 3Q15 | 3Q14 | Change (%) | YTD-15 | YTD-14 | Change (%) | 3Q15 | 3Q14 | Change (%) | YTD-15 | YTD-14 | Change (%) |
| Plantation | 102.8 | 123.4 | -17% | 314.7 | 368.8 | -15% | 30.8 | 32.9 | -6% | 84.4 | 128.3 | -34% |
| Property | 240.6 | 112.7 | >100% | 644.1 | 675.9 | -5% | 137.9 ¹ | 170.4 ¹ | -19% | 300.9 ¹ | 601.7 ¹ | -50% |
| Automotive | 316.9 | 185.1 | 71% | 858.7 | 470.2 | 83% | 7.8 | 1.9 | >100% | 19.0 | 6.2 | >100% |
| Fertilizer Trading | 231.4 | 214.1 | 8% | 697.1 | 655.6 | 6% | 5.8 | 12.6 | -54% | 27.6 | 35.1 | -21% |
| Credit Financing | 40.4 | 33.1 | 22% | 123.1 | 96.1 | 28% | 31.6 | 25.6 | 23% | 97.5 | 75.3 | 29% |
| Quarry & Building Materials | 79.1 | 89.9 | -12% | 250.9 | 282.6 | -11% | 0.7 | 1.6 | -58% | 7.3 | 12.5 | -41% |
| Trading | 208.5 | 106.2 | 96% | 577.0 | 328.5 | 76% | 12.8 ² | 2.2 | >100% | 37.6 ² | 7.8 | >100% |
| | 1,219.7 | 864.5 | 41% | 3,465.6 | 2,877.7 | 20% | 227.4 | 247.2 | -8% | 574.3 | 866.9 | -34% |
| Consolidation adjustments & others | -55.7 | -35.6 | | -123.4 | -92.9 | | 23.8 | 3.4 | | -1.8 | -15.8 | |
| Group | 1,164.0 | 828.9 | 40% | 3,342.2 | 2,784.8 | 20% | 251.2 | 250.6 | - | 572.5 | 851.1 | -33% |

Note:

¹ Includes share of Inverfin's PBIT from Menara Citibank

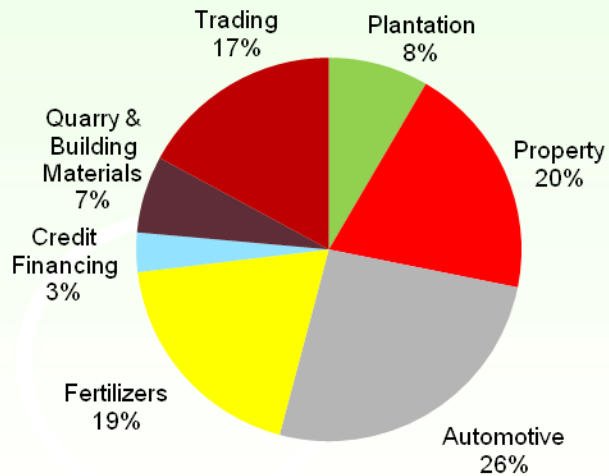
² Includes share of associate PAT by Hafary & excluding HSIH's results



Group segment results

Revenue

3Q15

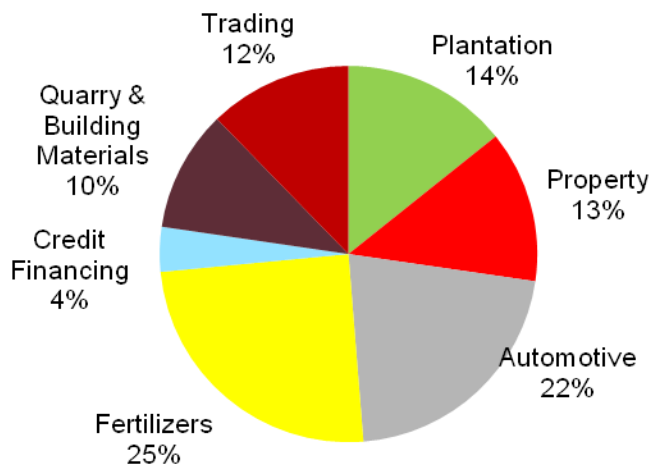


Operating Profit *

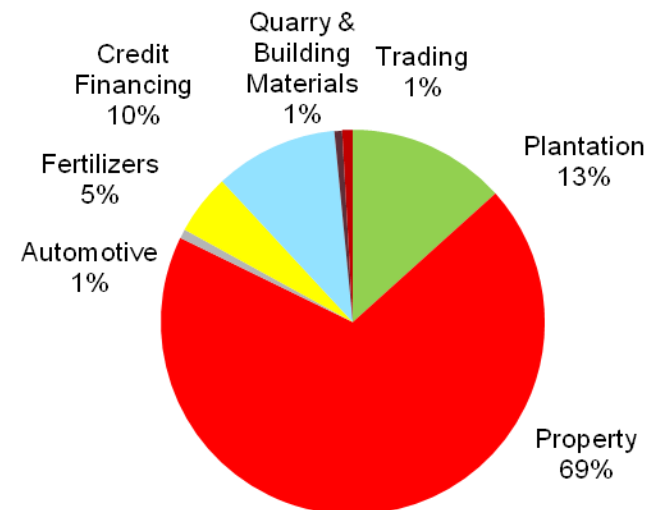
3Q15



3Q14



3Q14



* Include divisions with Operating Profits only.

SECTION 2

● Operations review



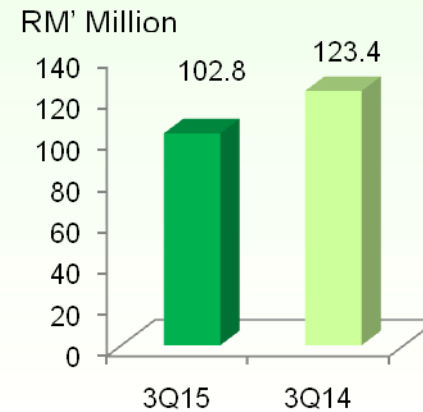


Plantation

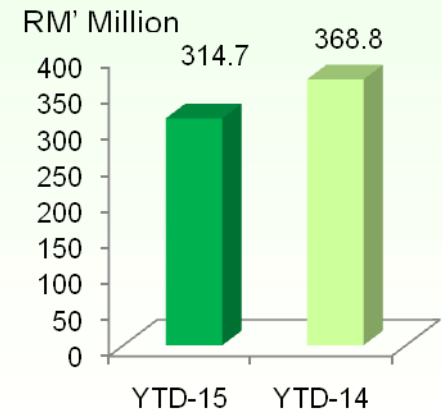
Results affected by lower selling prices

- ❑ Division's results for 3Q15 and YTD were affected by lower sales volume and average price realization of CPO. 3Q15 result were however mitigated by lower unit production costs.
- ❑ Sales volume for CPO was at 41,057mt (-14%) for 3Q15 and 120,192mt (-2%) for YTD whilst PK sales volume for 3Q15 was at 9,239mt (+3%) and 26,055mt (-4%) for YTD.
- ❑ Average selling price of CPO and PK:
 - CPO - 3Q15: RM2,086/mt , YTD: RM2,160/mt (3Q14: RM2,215/mt, YTD-14: RM2,474/mt)
 - PK - 3Q15: RM1,379/mt , YTD: RM1,568/mt (3Q14: RM1,412/mt, YTD-14: RM1,780/mt).
- ❑ Unit production costs for 3Q15 was lower at RM1,123/mt (3Q14: RM1,266/mt) mainly due to lower manuring costs but higher for YTD at RM1,191/mt (YTD-14: RM1,148/mt).
- ❑ The YTD oil yield was at 3.41mt/ha (YTD-14: 3.53mt/ha) arising from lower YTD FFB yield of 15.45mt/ha (YTD-14:16.4mt/ha), mitigated by higher YTD oil extraction rate of 22.05% (YTD-14: 21.51%).

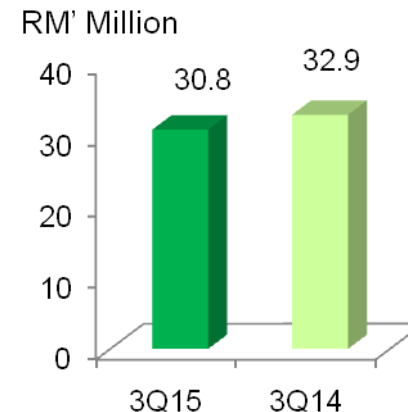
Revenue



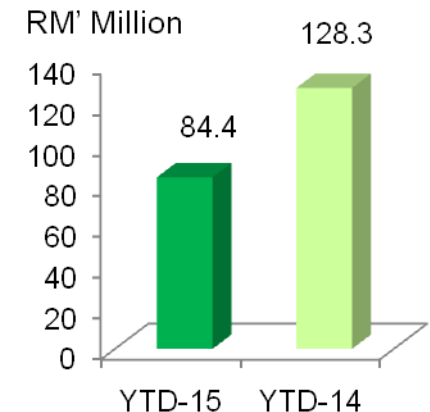
Revenue



Operating Profit



Operating Profit

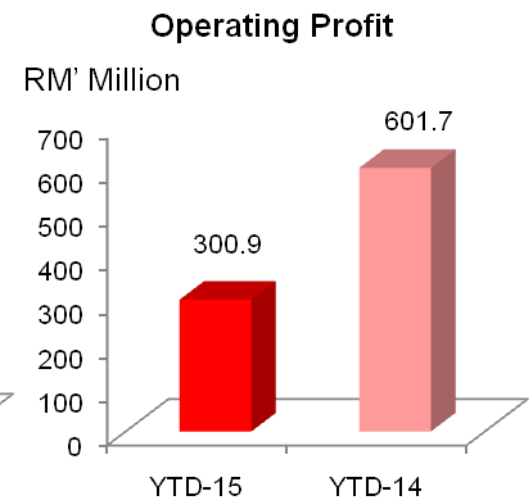
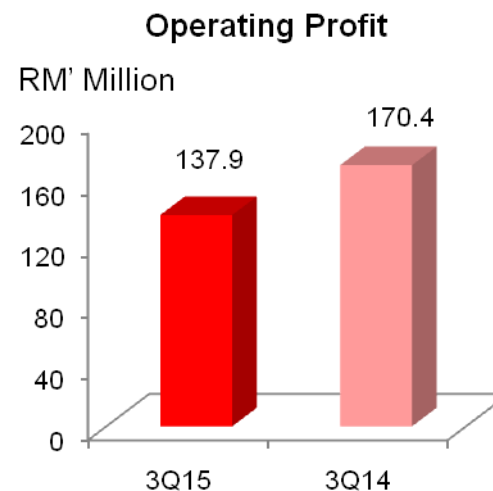
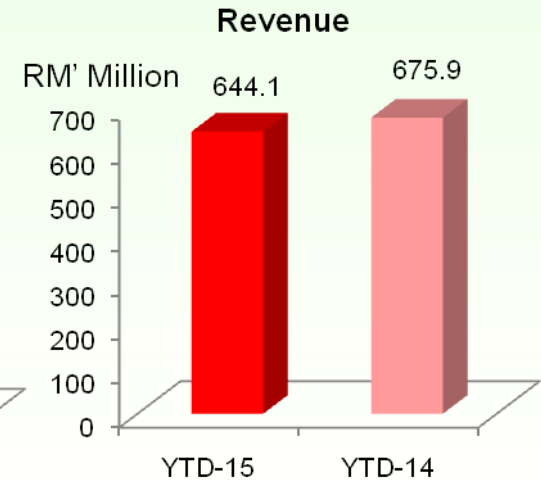
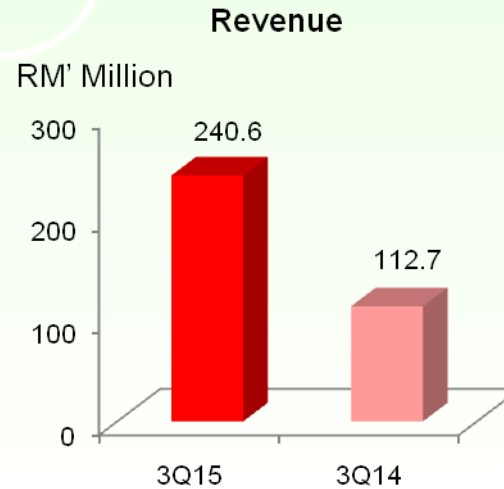




Property

Better YTD results from project developments and investment properties

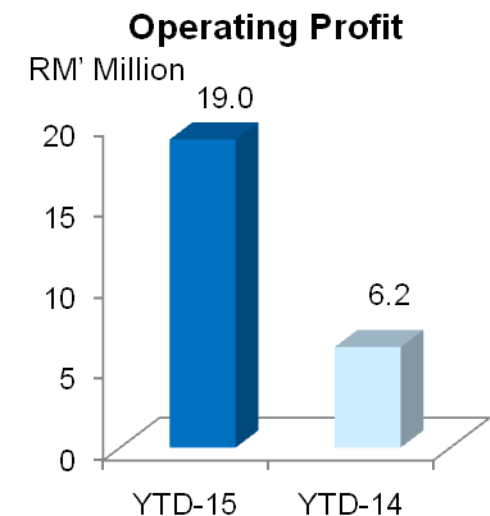
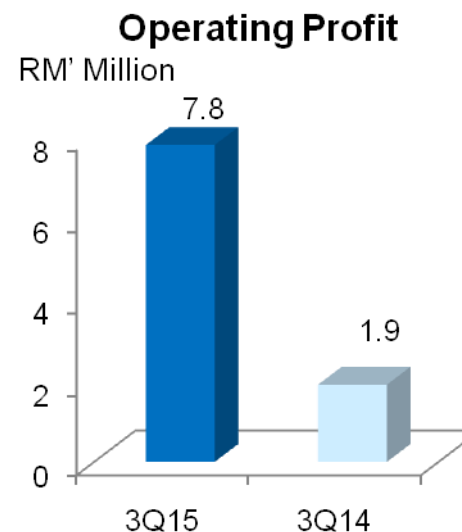
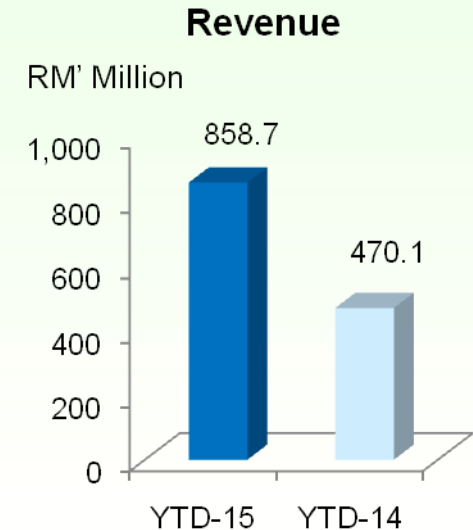
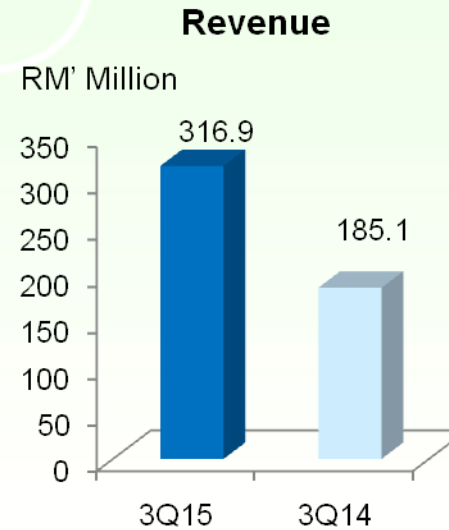
- ❑ The Division registered better YTD results from its project developments and investment properties as compared to the corresponding period last year.
- ❑ Main contributors for the project developments revenue in YTD were:
 - ✓ The Horizon Residence, Nadi Bangsar and D'Alpinia in Peninsular Malaysia
 - ✓ 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.





Significant improvement from passenger vehicle segment

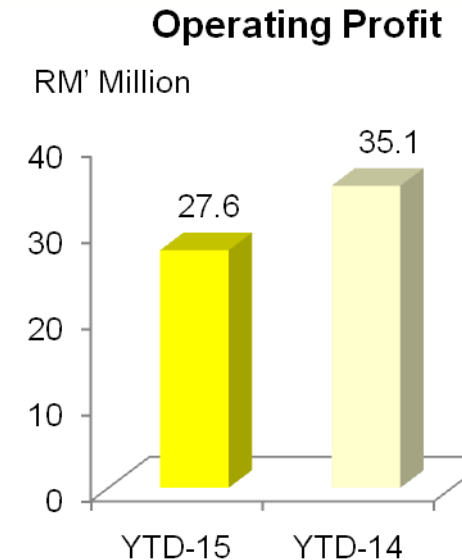
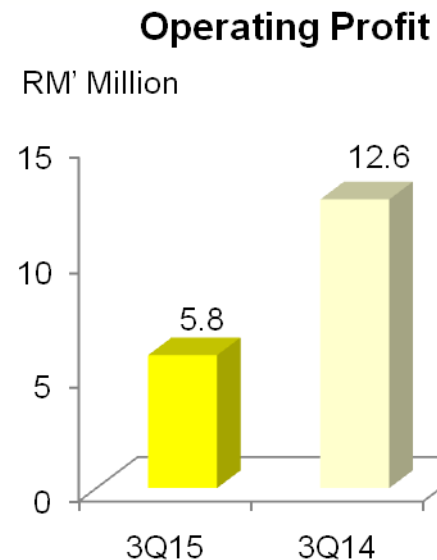
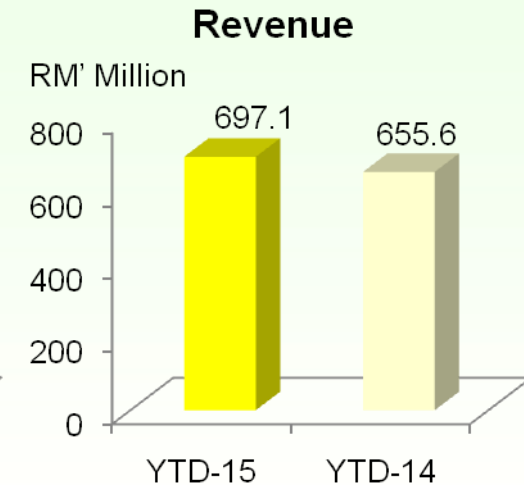
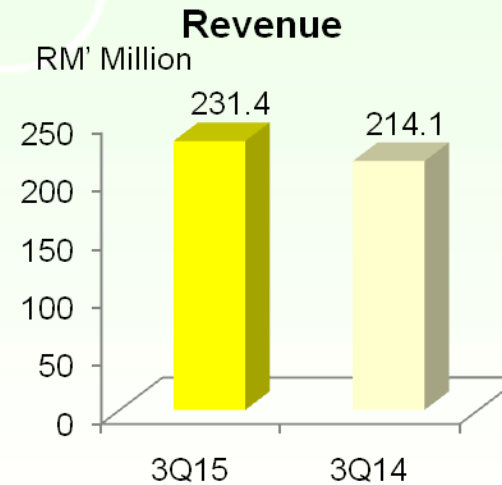
- ❑ The Division recorded significantly better results for 3Q15 and YTD due to better sales and improved margin from passenger vehicles and after sales segments.
 - ✓ Passenger vehicle (“PV”) sales volume increased by 71% to 937 units in 3Q15 and 61% to 2,592 units for YTD, driven by sales of new models launched in second half of 2014 as well as sales of demo and pre-owned cars.
 - ✓ Parts and after sales services also increased by 4% and 9% in 3Q15 and YTD respectively 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 operations

- ❑ The Division's revenue for 3Q15 and YTD were higher than the corresponding period last year with higher sales from both the Malaysian and Indonesian operations.
- ❑ The Indonesian operations maintained its profitability for 3Q15 and performed better for YTD. Overall operating profit for 3Q15 and YTD were affected by lower contribution from the Malaysian operations.
- ❑ Malaysia operations was affected by lower average margin due to competitive trading environment and higher fertilizer purchase costs.

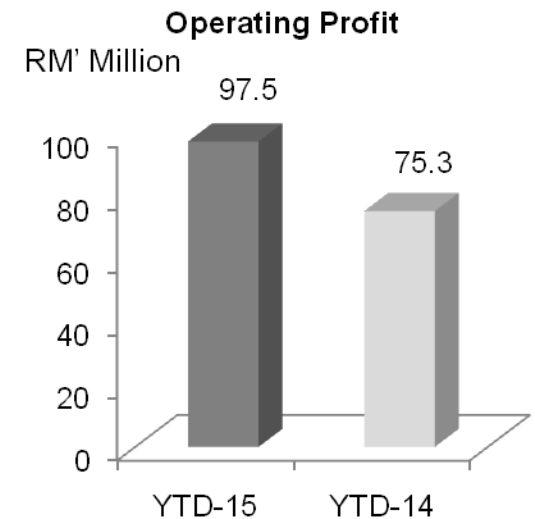
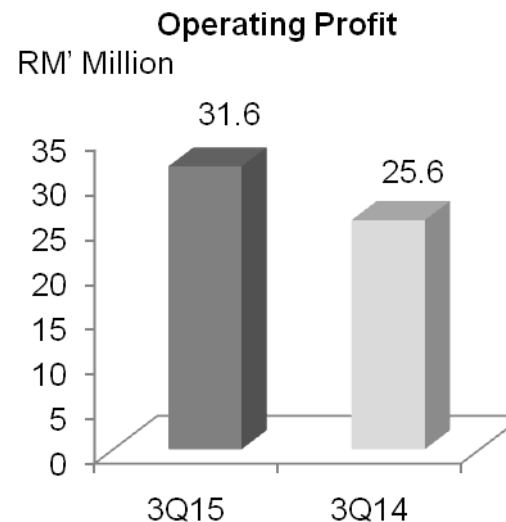
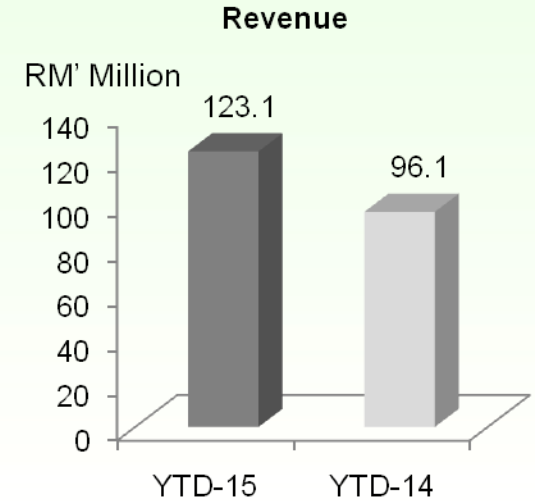
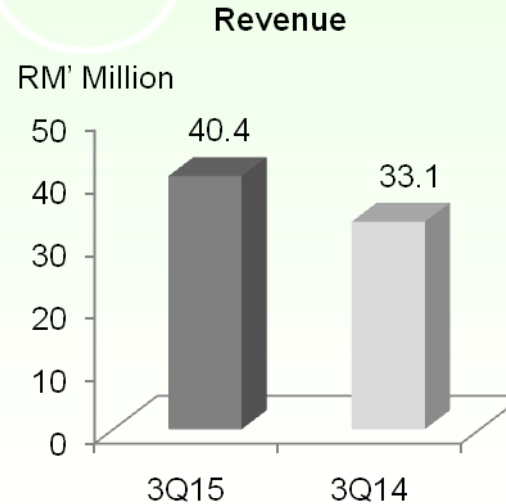




Credit financing

Improved results supported by higher loan base, better margin & lower NPL

- ❑ The Division's results for 3Q15 and YTD continue to grow as compared to the corresponding period last year with higher loan base and better net interest margin.
- ❑ As at end of 3Q15, loan base was at RM2.1 billion, 21% higher than corresponding period loan base of RM1.7 billion.
- ❑ West Malaysia accounted for 82% of the total loans whilst East Malaysia accounted for 18%.
- ❑ NPL ratio was at 0.94% as at end of 3Q15 as compared to 2.01% at the corresponding period last year.

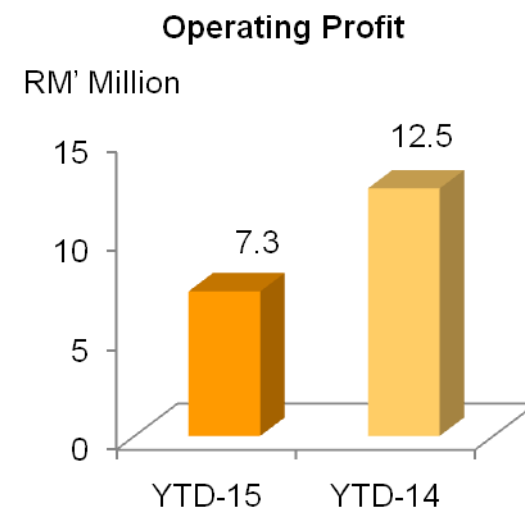
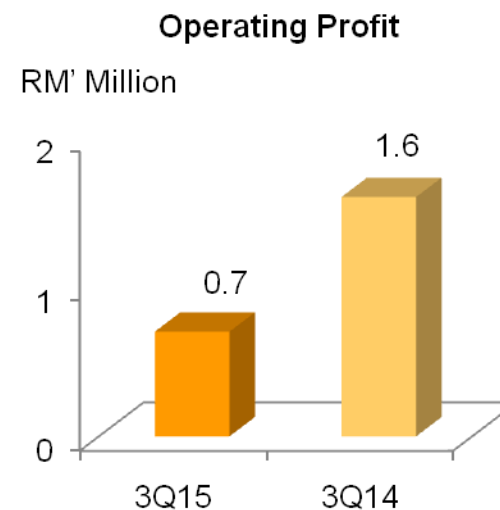
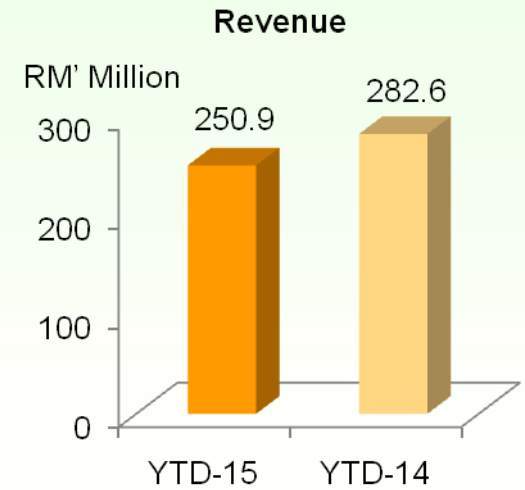
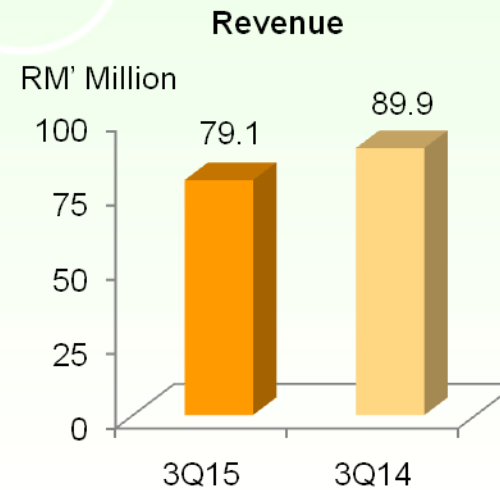




Quarry and Building Materials

Aggregates and bricks affected by weaker market demand and competitive pricing

- ❑ The Division's results for 3Q15 and YTD were affected by lower sales of aggregates and bricks in Malaysia due to competitive pricing and slow down in development projects. The YTD results were also affected by lower demand of aggregates from the Singapore market, mitigated by better results from asphalt operations.
- ❑ Asphalt sales for YTD increased 11%, benefitted from road repair works in 1Q15 particularly in the East Coast of Peninsular Malaysia after the severe monsoon flood.

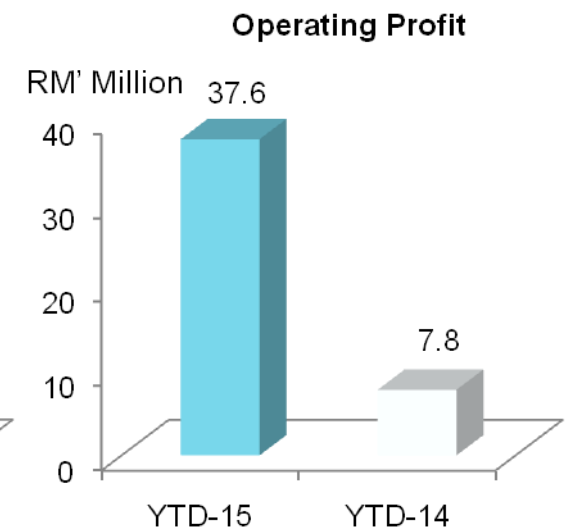
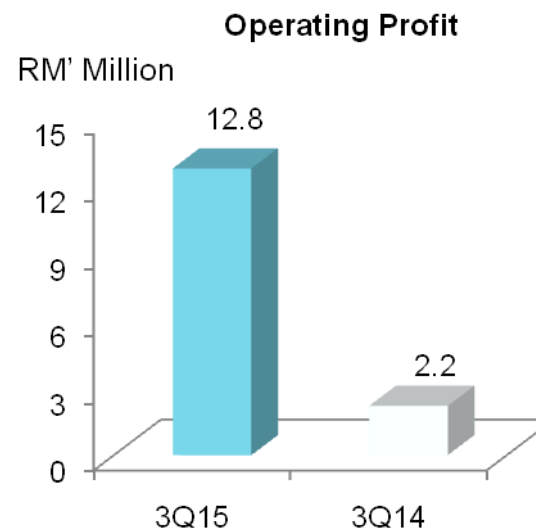
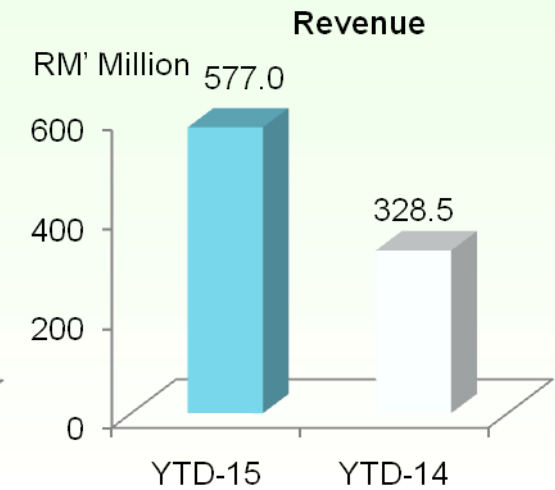
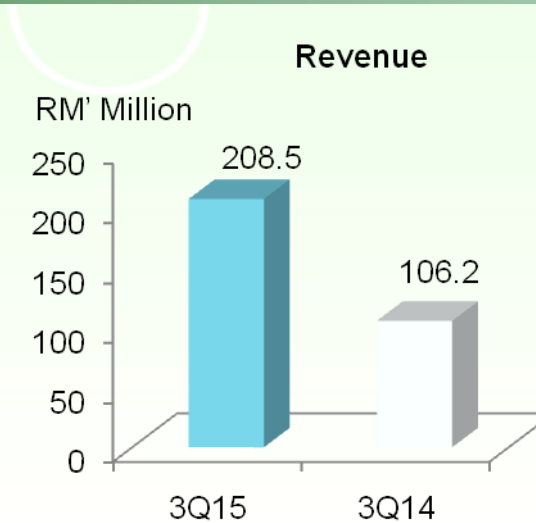




Trading

Results boosted by contributions from Hafary

- ❑ The Division results for 3Q15 and YTD included the results from Hafary Holdings Limited.
- ❑ In Malaysia, higher revenue were recorded for 3Q15 and YTD at RM121.3 million and RM371.7 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