



# HAP SENG CONSOLIDATED BERHAD

**4<sup>th</sup> Quarter Ended 31 December 2015 Results**

24 February 2016

# Scope



1 Group financials

2 Operations review

## SECTION 1

### ● Group financials





# Consolidated income statement summary

- The Group revenue for 4Q15 at RM1.08 billion and 2015 at RM4.39 billion were higher by 10% and 17% respectively as compared to the corresponding period last year with higher revenue from most Divisions.
- Improvements in operating profit from Automotive, Credit Financing and Trading Divisions were offset by lower contributions from other Divisions. Hence, the Group operating profit for 4Q15 at RM143.2 million and for 2015 at RM715.8 million were lower than the corresponding period last year.
- 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 Profit before tax for 2015.

(RM' Million)	4Q15	4Q14	Change (%)	2015	2014	Change (%)
Revenue	1,081.9	983.3	10%	4,393.3	3,768.0	17%
Gross profit <sup>1</sup>	233.3	217.8	7%	1,033.6	1,074.2	-4%
EBITDA	180.0	269.7	-33%	817.9	1,174.9	-30%
Operating profit <sup>2</sup>	143.2	256.8	-44%	715.8	1,107.9	-35%
Finance expenses	(33.3)	(18.0)	85%	(116.8)	(80.0)	46%
Profit before tax	118.2	237.1	-50%	1,117.6	1,024.6	9%
Taxation	(22.2)	(31.4)	-29%	(148.2)	(208.3)	-29%
Profit after tax	96.0	205.7	-53%	969.4	816.3	19%
Attributable to MI	18.6	17.3	7%	60.9	62.8	-3%
Attributable to shareholders	77.4	188.4	-59%	908.5	753.5	21%
EPS (sen)	3.59	8.78	-59%	42.26	36.67	15%

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

	REVENUE						OPERATING PROFIT					
(RM' Million)	4Q15	4Q14	Change (%)	2015	2014	Change (%)	4Q15	4Q14	Change (%)	2015	2014	Change (%)
Plantation	120.2	126.7	-5%	434.9	495.6	-12%	38.7	50.6	-24%	123.1	178.9	-31%
Property	171.8	256.2	-33%	815.9	932.1	-12%	79.6 <sup>1</sup>	121.4 <sup>1</sup>	-34%	380.5 <sup>1</sup>	723.1 <sup>1</sup>	-47%
Automotive	312.1	213.9	46%	1,170.9	684.0	71%	5.8	4.3	34%	24.9	10.5	>100%
Fertilizer Trading	197.0	177.5	11%	894.1	833.1	7%	2.7	36.0	-93%	30.3	71.1	-57%
Credit Financing	43.4	37.3	16%	166.5	133.5	25%	32.4	28.8	13%	129.9	104.1	25%
Quarry & Building Materials	86.3	87.9	-2%	337.2	370.4	-9%	2.0	4.4	-55%	9.3	16.9	-45%
Trading	229.6	116.8	97%	775.8	445.3	74%	16.9 <sup>2</sup>	16.1	5%	54.5 <sup>2</sup>	23.9	>100%
	1,160.4	1,016.3	14%	4,595.3	3,894.0	18%	178.1	261.6	-32%	752.5	1,128.5	-33%
Consolidation adjustments & others	-78.5	-33.0		-202.0	-126.0		-34.9	-4.8		-36.7	-20.6	
Group	1,081.9	983.3	10%	4,393.3	3,768.0	17%	143.2	256.8	-44%	715.8	1,107.9	-35%

Note:

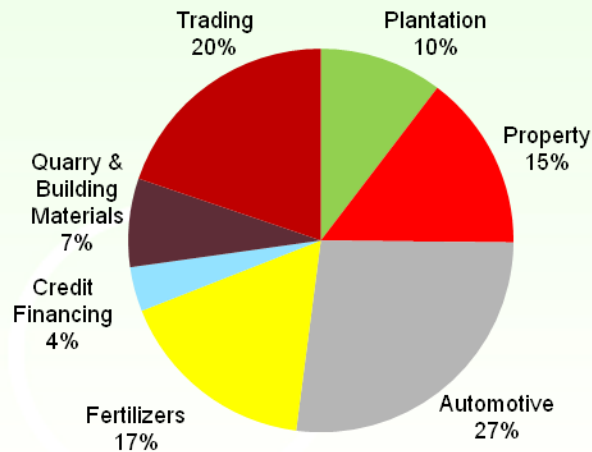
<sup>1</sup> Includes share of Inverfin's PBIT from Menara Citibank

<sup>2</sup> Includes share of associate and JV results by Hafary

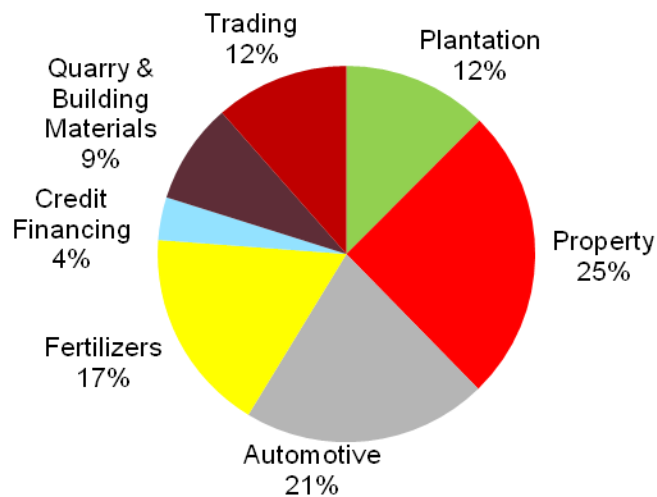


# Group segment results – 4Q15

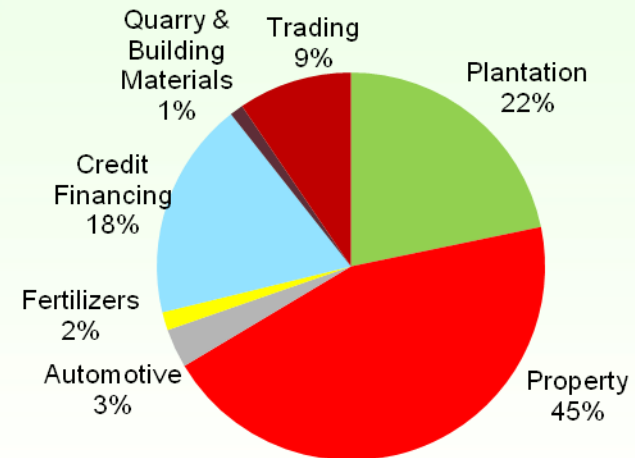
## Revenue 4Q15



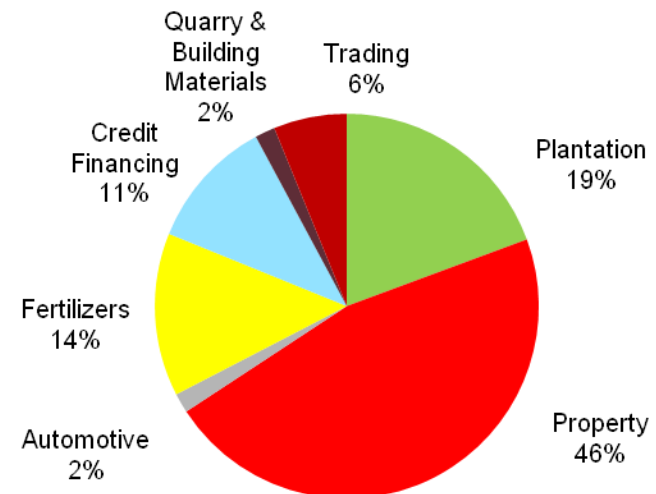
## 4Q14



## Operating Profit \* 4Q15



## 4Q14

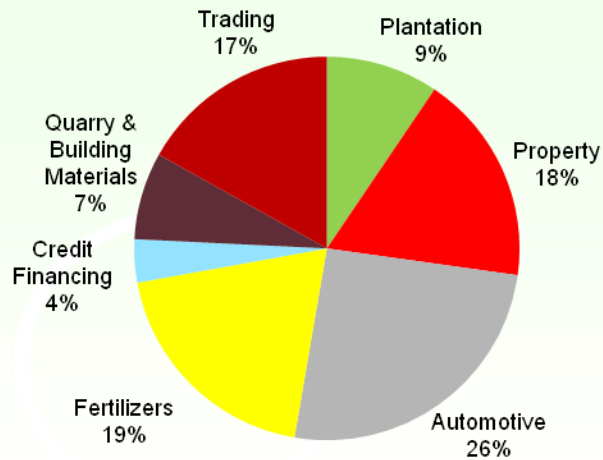


\* Include divisions with Operating Profits only.

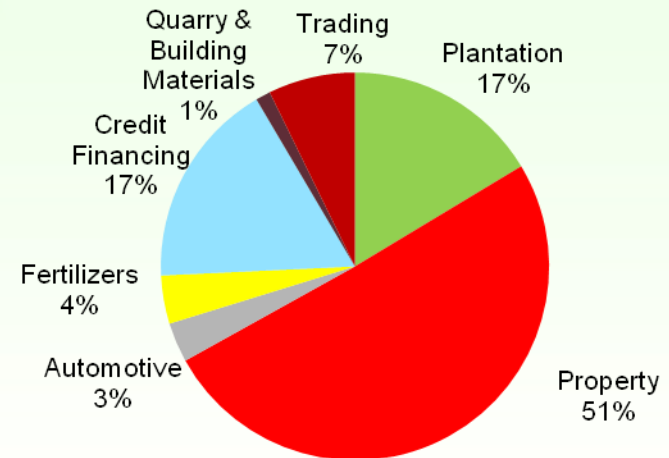
# Group segment results - 2015



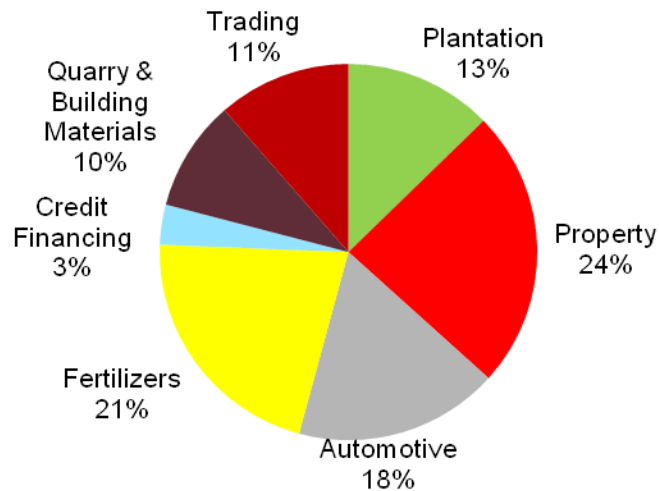
**Revenue**  
**2015**



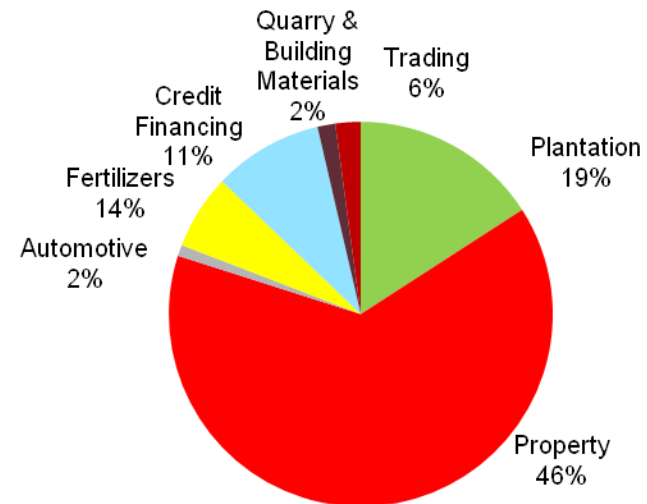
**Operating Profit \***  
**2015**



**2014**



**2014**



\* Include divisions with Operating Profits only.

## SECTION 2

### ● Operations review



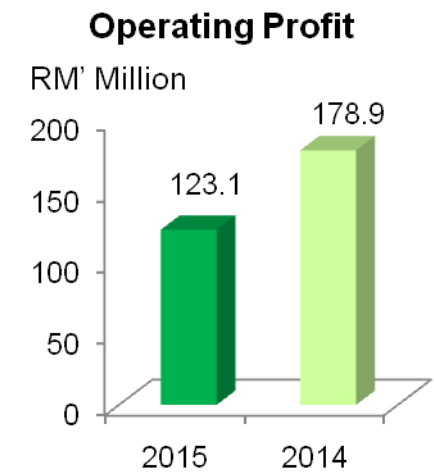
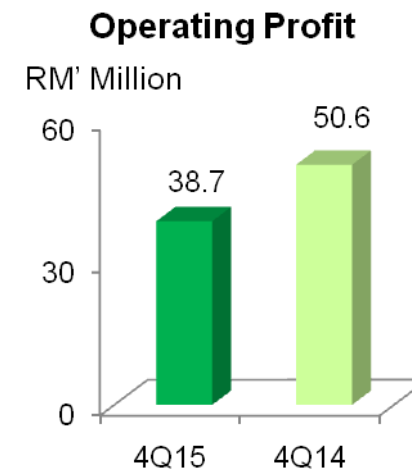
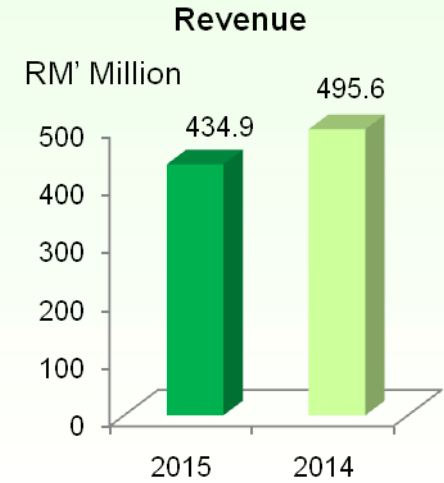
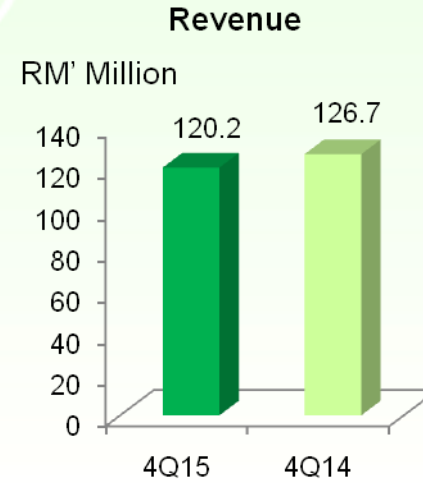




# Plantation

## Results affected by lower selling prices

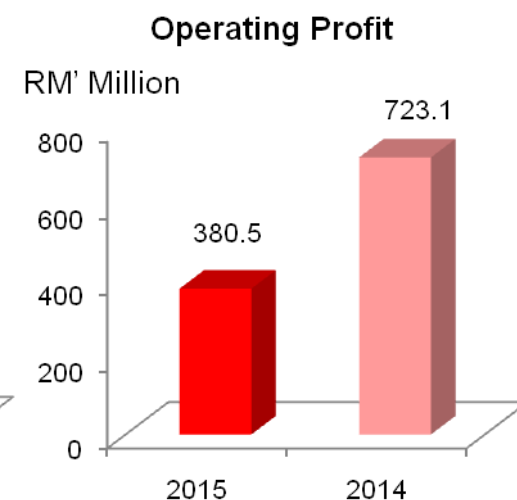
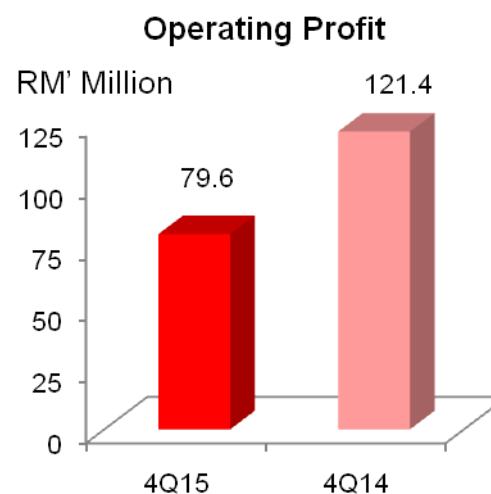
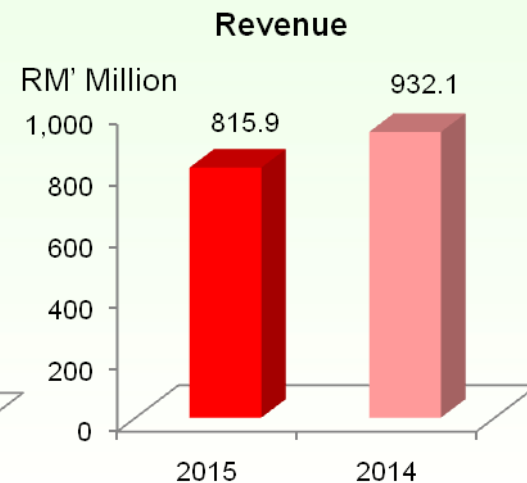
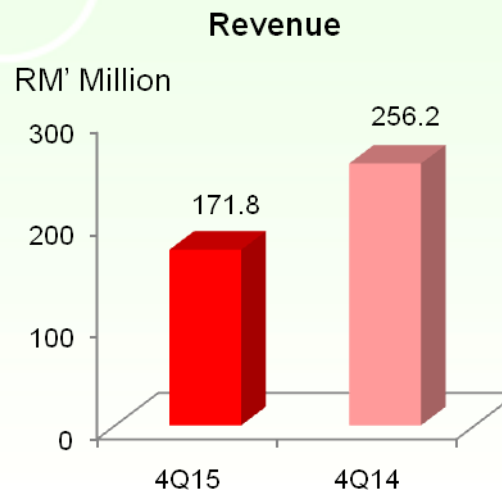
- Division's results for the quarter were affected by lower sales volume and higher unit production costs whilst the results for the year were affected by lower sales volume, lower price realization and higher unit production costs.
- CPO sales volume was at 43,657mt (-9%) for 4Q15 and 163,849mt (-4%) for the year whilst PK sales volume for 4Q15 was at 12,229mt (-3%) and 38,284mt (-4%) for the year.
- Average price realization of CPO and PK for 4Q15 were better than last year at RM2,189/mt (4Q14: RM2,159/mt) and RM1,669/mt (4Q14: RM1,381/mt) respectively but were lower for the year at RM2,168/mt (2014: RM2,386/mt) and RM1,600/mt (2014: RM1,654/mt).
- Unit production costs were higher at RM1,007/mt for 4Q15 and RM1,137/mt for 2015 (4Q14: RM863/mt, 2014: RM1,064/mt) mainly due to higher field upkeep costs, manuring costs and estate overheads.
- The oil yield for 4Q15 and 2015 were lower at 1.41mt/ha and 4.81mt/ha respectively (4Q14:1.47mt/ha, 2014:5.0mt/ha) with lower FFB yield of 6.43mt/ha for the quarter and 21.89mt/ha for 2015 (4Q14:6.81mt/ha, 2014: 23.20mt/ha), mitigated by higher oil extraction rate of 21.87% and 22% for the quarter and 2015 respectively (4Q14:21.66%, 2014: 21.56%).





## Higher 2015 revenue from project developments and investment properties

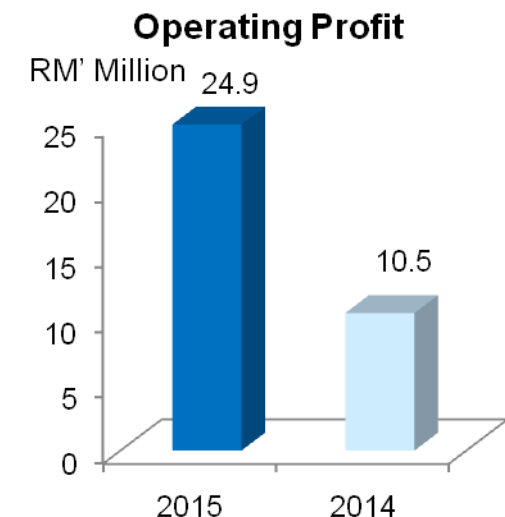
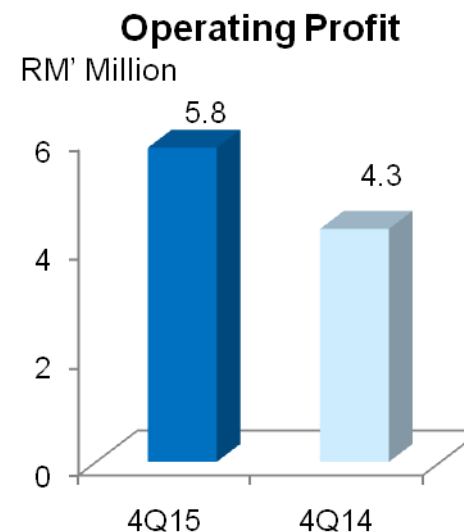
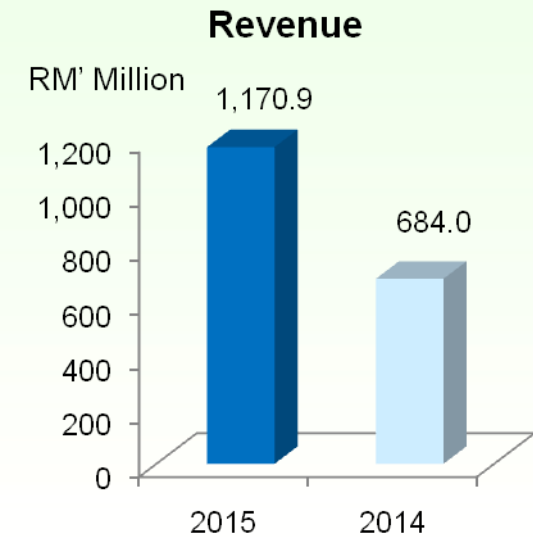
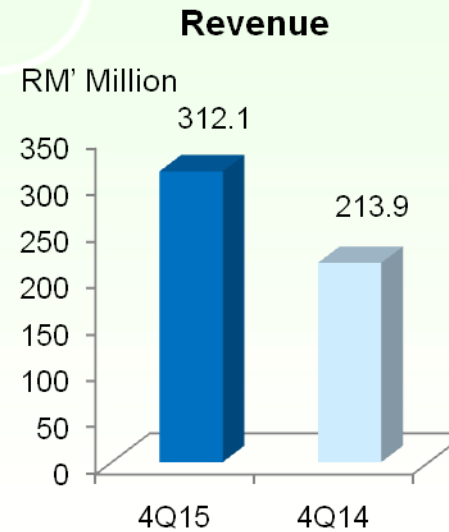
- ❑ The Division's revenue from projects and investment properties for 2015 were higher despite a lower results for the 4Q15 as compared to the corresponding period last year.
- ❑ The variances in the Division's results for the 4Q15 and for 2015 as compared to the corresponding period last year were partly due to lower sales and gains from the disposal of non-strategic properties and lower gains from the fair value adjustments recorded in the current year.
- ❑ Main contributors for the project developments revenue in 2015 were the Horizon Residence, Nadi Bangsar and D'Alpinia in Peninsular Malaysia and Bandar Sri Indah and Astana Heights in East Malaysia.
- ❑ The two main investment properties, Menara Hap Seng and Menara Citibank continued to enjoy good occupancy and rental rates.
- ❑ Take up rate for the newly completed Menara Hap Seng 2 and Plaza Shell are progressing well.
- ❑ New development projects:
  - ✓ Aria KLCC
  - ✓ Kingfisher Inanam and Putatan Sabah





## Higher 2015 sales achieved by all segments

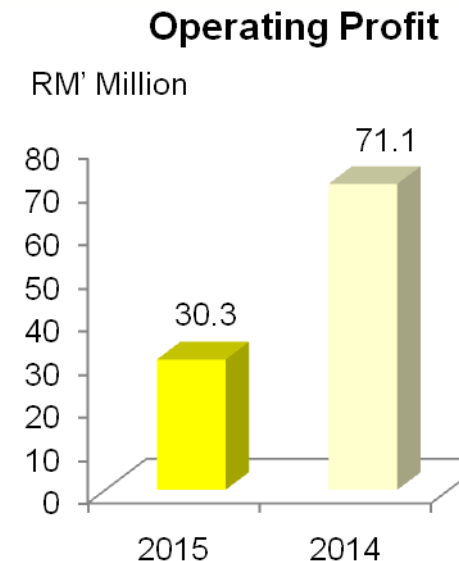
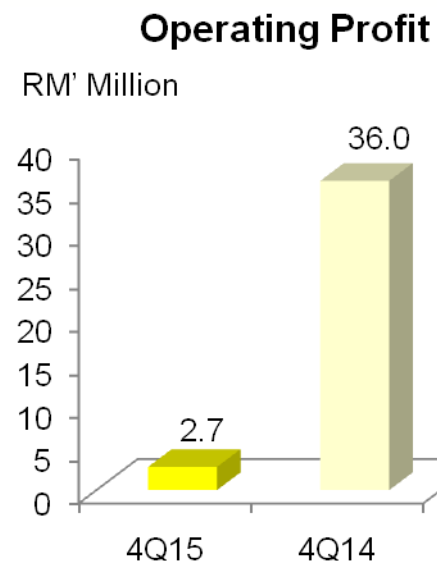
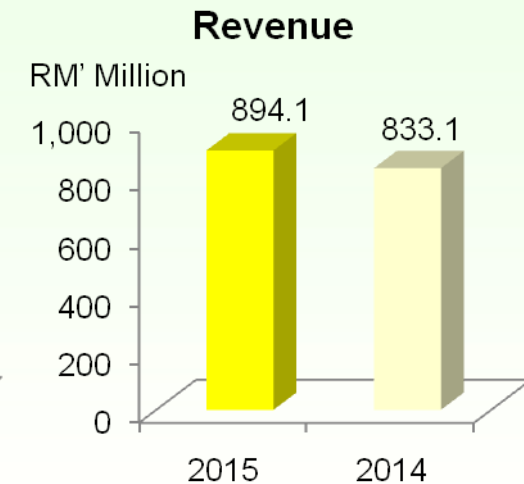
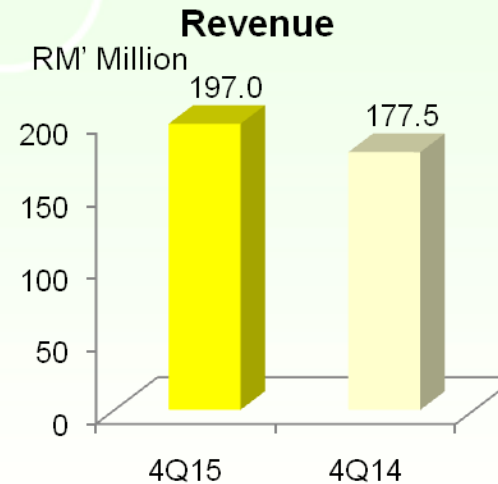
- ❑ The Division recorded better results for 4Q15 and 2015 with higher revenue from passenger vehicles, commercial vehicles and after sales services coupled with improved margin from passenger vehicles and after sales segments.
- ✓ Passenger vehicle (“PV”) sales volume increased by 31% to 923 units in 4Q15 and 61% to 3,515 units for 2015, 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 3% and 8% in 4Q15 and 2015 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 achieved higher revenue for 4Q15 and 2015 as compared to the corresponding period last year with higher sales from both the Malaysian and Indonesian operations.
- ❑ The Indonesian operations recorded better operating profits for both 4Q15 and 2015. The overall operating profit for 4Q15 and 2015 were affected by lower contribution from the Malaysian operations.
- ❑ In Malaysia, profitability was affected by lower average margin due to higher fertilizer purchase costs whilst last year period benefitted from the gain on disposal of certain fixed assets.

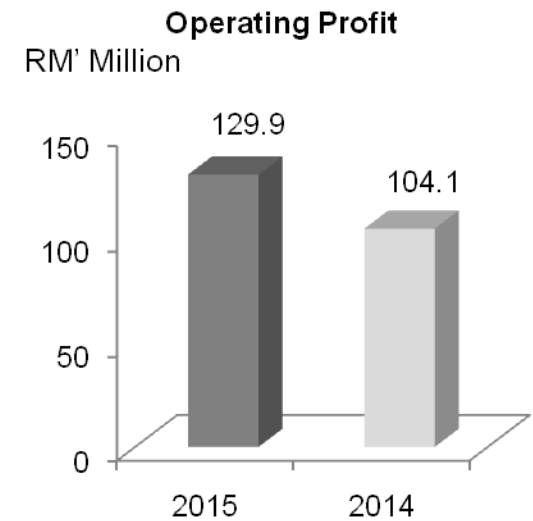
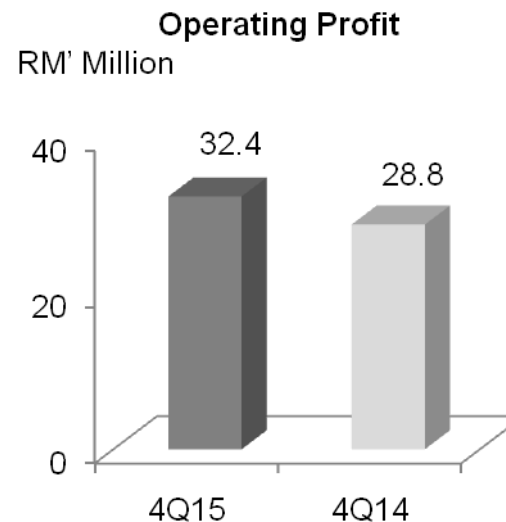
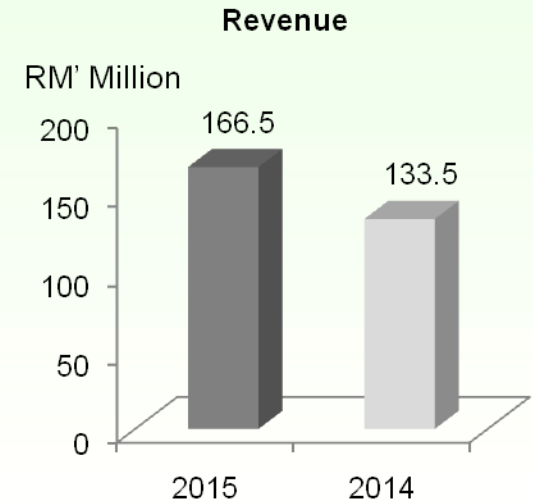
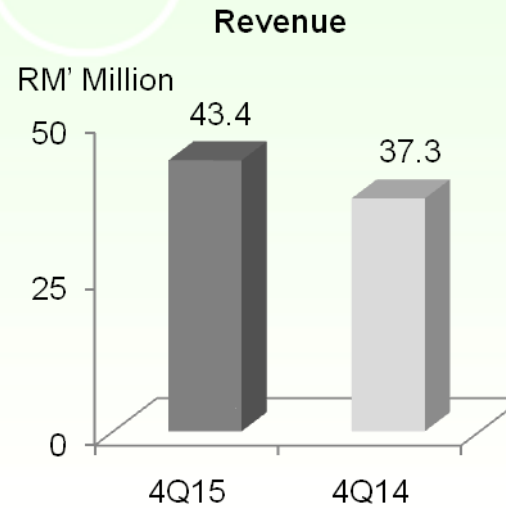




# Credit financing

## Results supported by higher loan base and better margin

- ❑ The Division recorded better results for the 4Q15 and for 2015 as compared to the corresponding period last year supported by higher loan base and better net interest margin.
- ❑ As at end of 2015, loan base was at RM2.08 billion, 6% higher than corresponding period loan base of RM1.97 billion.
- ❑ West Malaysia accounted for 83% of the total loans whilst East Malaysia accounted for 17%.
- ❑ NPL ratio was at 1.05% as at end of 2015 as compared to 0.91% at the corresponding period last year.



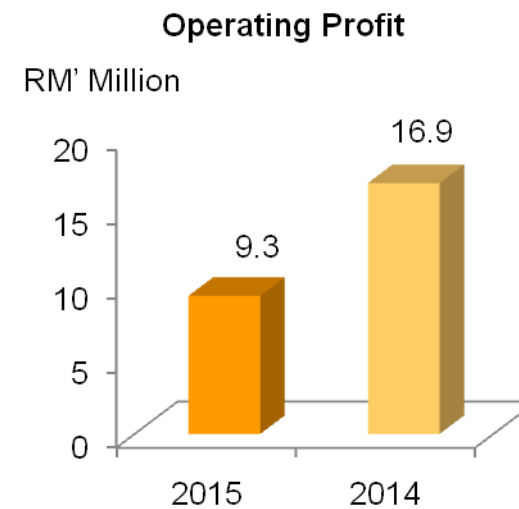
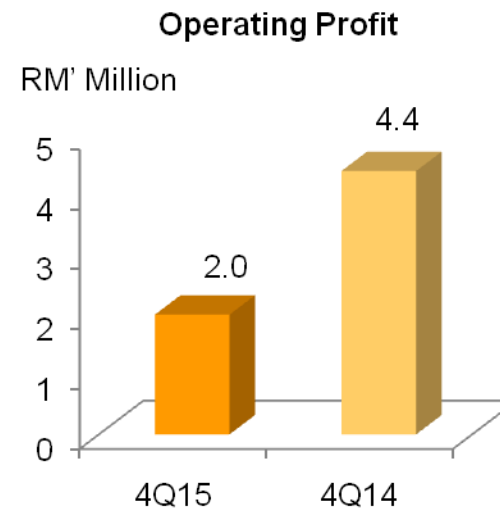
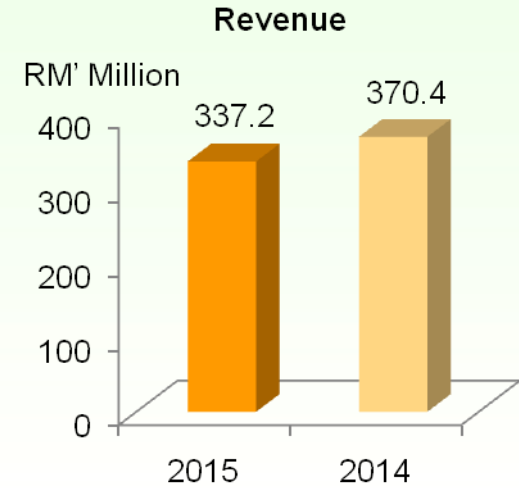
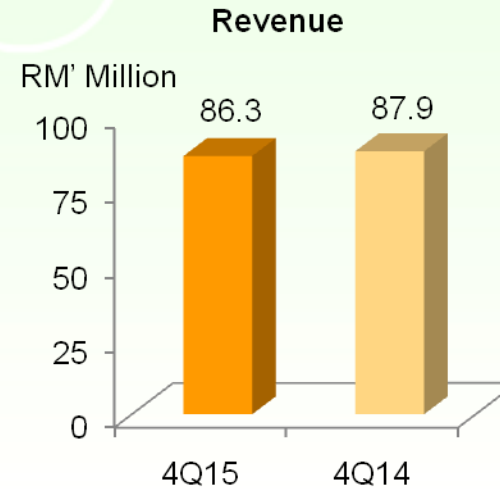




# Quarry and Building Materials

## Results affected by weaker demand and competitive pricing

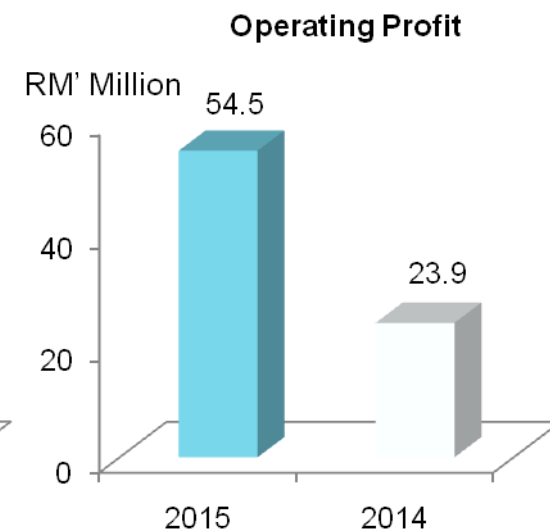
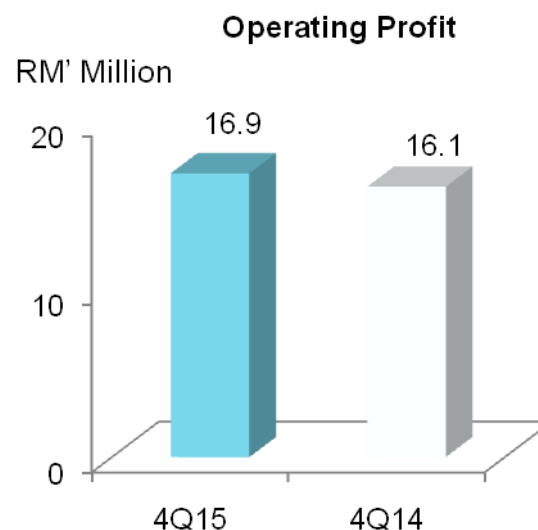
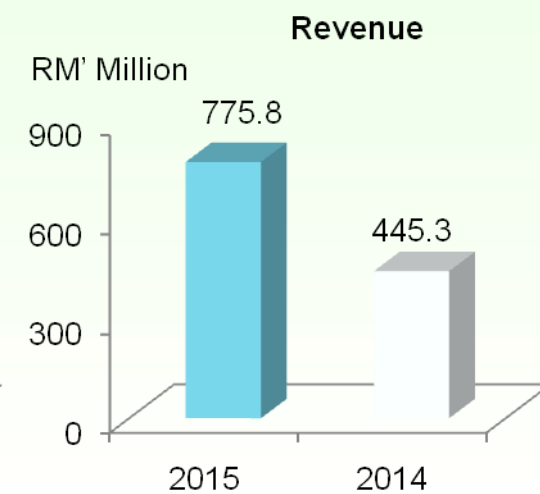
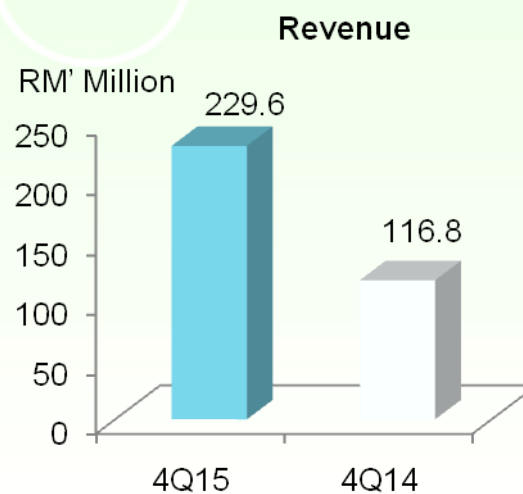
- ❑ The Division's revenue for the quarter was marginally lower than the corresponding period last year. Improvement in sales of aggregates were negated by lower sales of bricks and asphalts.
- ❑ In 2015, the sales of aggregates in both Malaysia and Singapore operations and the sales of brick were affected by lower demand and competitive pricing due to the slow down in development projects.
- ❑ Nonetheless, the average margins for 4Q15 and 2015 for most segments have improved as compared to the corresponding period last year due to lower production costs attributable to improved efficiencies. The variance in operating profits for 4Q15 and 2015 as compared to the corresponding period last year were partly due to the inclusion of gains on disposal of certain non-strategic assets last year.





## Results boosted by contributions from Hafary

- ❑ The Division results for 4Q15 and 2015 included the results from Hafary Holdings Limited.
- ❑ In Malaysia, higher revenue were recorded for 4Q15 and 2015 at RM132.8 million and RM473.7 million respectively with higher revenue from building material product segment. However, operating profits were lower than last year due to lower margin arising from competitive market whilst last year's results included the gains on disposal of certain fixed assets.



# Thank You

