HAP SENG

Creating
Value
Together

4th Quarter Ended 31 December 2017 Results

1 March 2018

Scope

1. Group financials
2. Operations review

SECTION 1

Group financials

Consolidated income statement summary

- The Group revenue of RM1.4b for the 4Q17 and RM5.3b for FY2017 were 16% and 8% above last year corresponding period respectively.
- All Divisions recorded improved revenue for the 4Q17. With the exception of Property Division, all Divisions also contributed higher revenue for FY2017.
- Consequently, the Group operating profit at RM206.5 million for 4Q17 and RM1b for FY2017 were 38% and 20% above last year corresponding period.
- Consequently, the EPS for the 4Q17 and for FY2017 were higher than last year.

(RM' Million)	4Q17	4Q16	Change	FY2017	FY2016	Change
Revenue	1,408.3	1,208.8	16%	5,288.7	4,891.7	8%
Gross profit [1]	362.0	306.3	18%	1,446.6	1,247.7	16%
EBITDA	240.9	245.0	(2%)	1,139.6	1,015.6	12%
Operating profit [2]	206.5	149.9	38%	1,001.3	835.4	20%
Finance expenses	(34.5)	(33.6)	3%	(146.3)	(130.9)	12%
Profit before tax	209.9	140.7	49%	1,395.4	1,244.9	12%
Taxation	(40.5)	(37.3)	9%	(213.0)	(179.5)	19%
Profit after tax	169.4	103.4	64%	1,182.4	1,065.4	11%
Attributable to MI	25.2	15.8	59%	78.5	64.4	22%
Attributable to shareholders	144.2	87.6	65%	1,103.9	1,001.0	10%
EPS (sen)	5.79	3.52	65%	44.34	42.36	5%

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's PAT by Hafary*

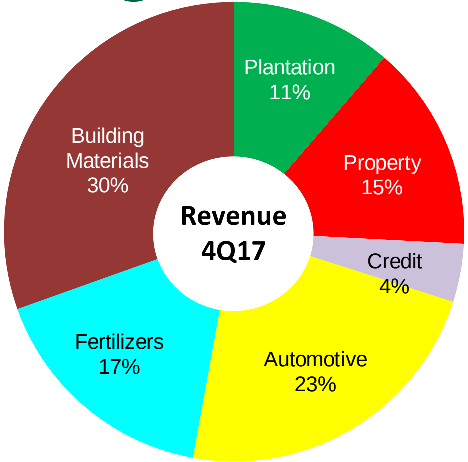
Group segment results

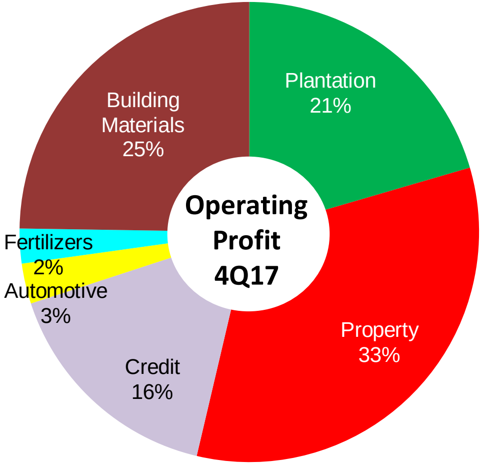
(RM' Million)	REVENUE			OPERATING PROFIT			REVENUE			OPERATING PROFIT		
	4Q17	4Q16	Change	4Q17	4Q16	Change	FY2017	FY2016	Change	FY2017	FY2016	Change
Plantation	163.9	128.5	27%	59.8	60.1	-	555.1	503.4	10%	181.5	170.0	7%
Property [1]	209.8	188.9	11%	97.0	31.6	207%	938.4	1,041.8	(10%)	536.6	380.1	41%
Credit Financing	59.3	44.7	33%	47.6	32.3	47%	198.7	177.3	12%	166.1	140.3	18%
Automotive	331.8	266.4	25%	8.3	4.3	93%	1,153.4	1,099.1	5%	27.3	25.2	8%
Fertilizers Trading	241.2	206.6	17%	7.1	6.5	10%	1,018.7	1,011.7	1%	35.9	30.7	17%
Building Materials [2]	440.5	403.5	9%	72.3	17.6	311%	1,563.0	1,329.2	18%	174.7	151.2	16%
Subtotal	1,446.5	1,238.6	17%	292.1	152.4	92%	5,427.3	5,162.5	5%	1,122.1	897.5	25%
Consolidation adjustments & others	(38.2)	(29.8)		(85.6)	(2.5)		(138.6)	(270.8)		(120.8)	(62.1)	
Group	1,408.3	1,208.8	16%	206.5	149.9	38%	5,288.7	4,891.7	8%	1,001.3	835.4	20%

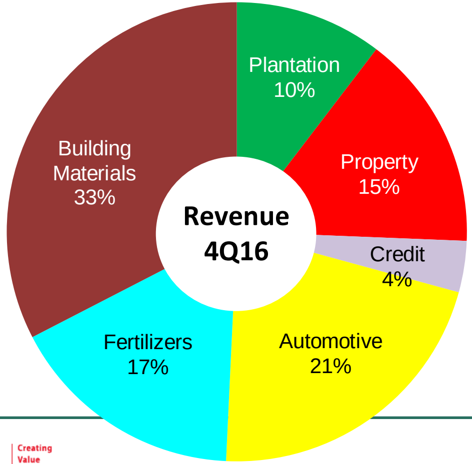
Note:

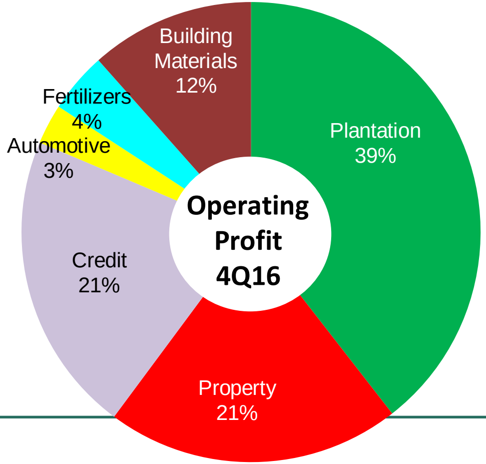
1. *Includes share of Inverfin's PBIT from Menara Citibank*
2. *Includes share of associate and JV's results by Hafary*

Group segment results – 4th Quarter

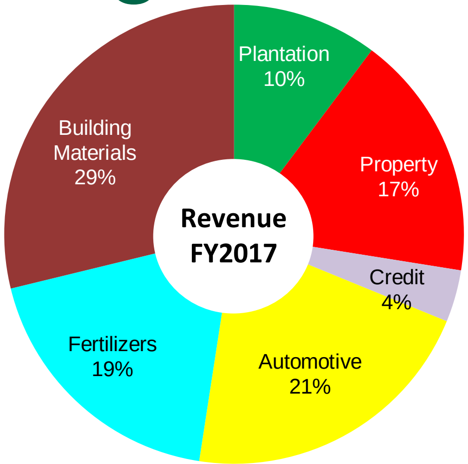


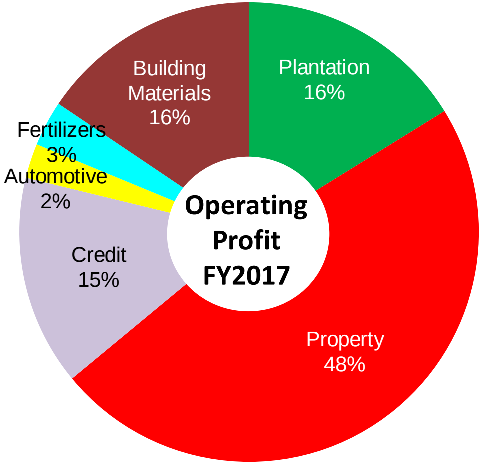


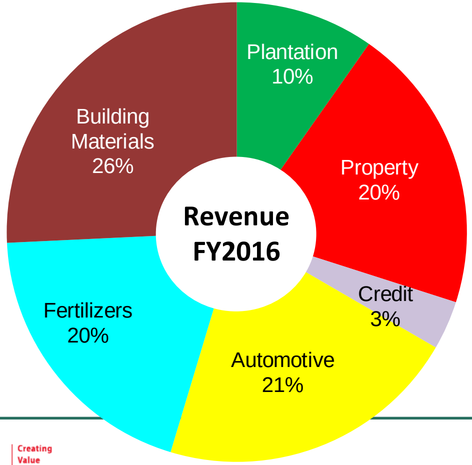


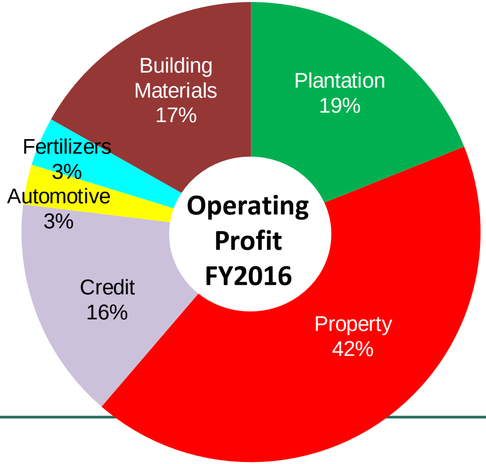


Group segment results – Full Year









SECTION 2

Operations review

Plantations

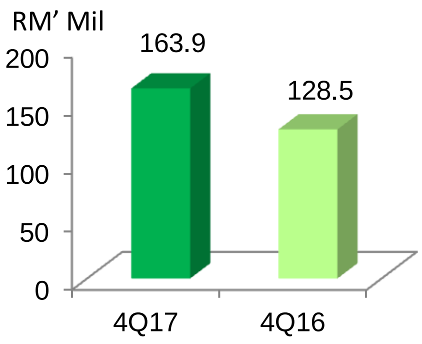
Higher CPO sales volume and price for FY2017

- Revenue for 4Q17 benefitted from higher CPO & PK sales volumes, but negated somewhat by lower average price realization of both CPO and PK. Consequently, the operating profit for the 4Q17 was marginally lower than last year.
- Nonetheless, the Division recorded higher revenue and operating profit for the year with higher sales volume and price realization of CPO.
- The average price realization and sales volume of CPO and PK:

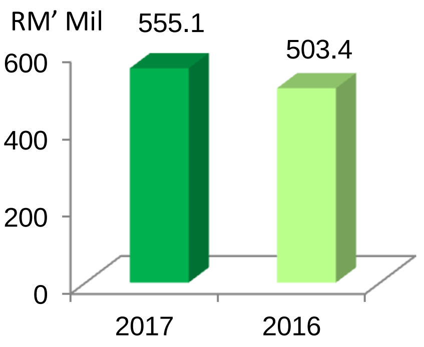
	4Q17	4Q16	FY2017	FY2016
Price • CPO • PK	 2,676 2,595	 2,924 2,956	 2,885 2,560	 2,643 2,564
Sales Volume • CPO • PK	 49,907 10,718	 32,799 10,077	 158,567 34,925	 151,895 35,917

- CPO production costs for 4Q17 was at RM1,202/mt (4Q16: RM876/mt) and RM1,318/mt for FY2017 (FY2016: RM1,159/mt). Production costs for the year was affected by :
  - Lower CPO production volume with lower OER of 20.8% (FY2016: 21.0%) due to lingering effects of El Nino.
  - Higher employment costs and higher fuel purchase costs.

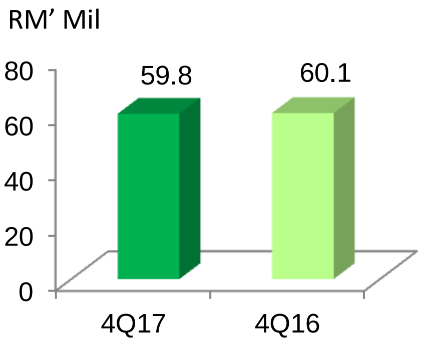
4Q Revenue



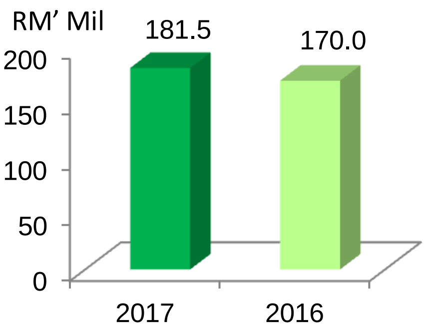
FY Revenue



4Q Operating Profit



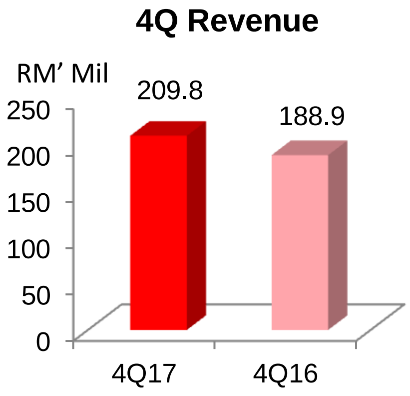
FY Operating Profit

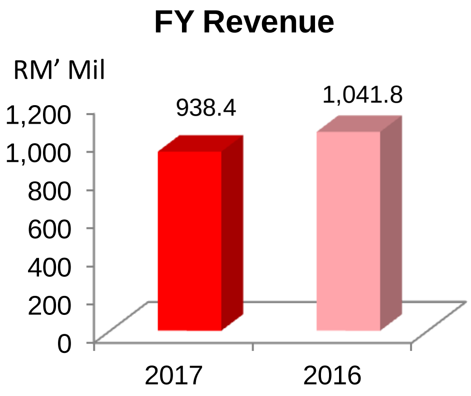


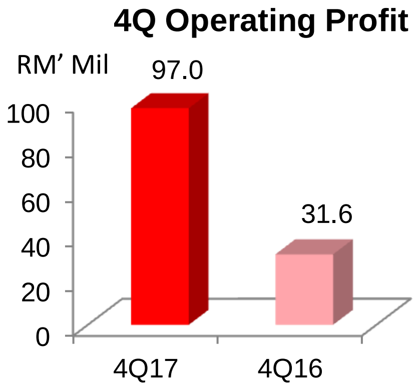
Property Investment and Development

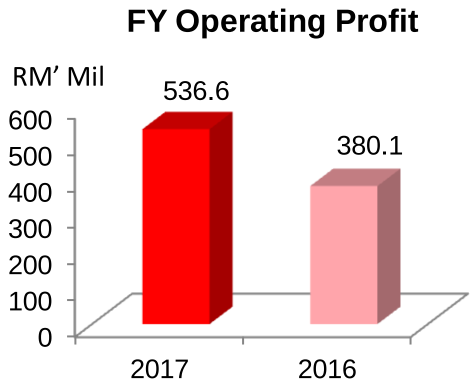
Improved revenue from investment properties

- Revenue for 4Q17 and FY2017 benefitted from higher contribution from investment properties and sales of non-strategic properties.
- Investment properties ("IP") recorded higher occupancy rates for Plaza Shell in Kota Kinabalu and Menara Hap Seng 2 in Kuala Lumpur.
- Project revenue for 4Q17 and FY2017 were affected by timing of projects completion. Main contributors to the 2017 project revenue were Aria Residence in Kuala Lumpur, Bandar Sri Indah and Ria Heights in Tawau, Astana heights in Sandakan and Kingfisher Putatan in Kota Kinabalu.
- Operating profit for 4Q17 and FY2017 were significantly higher than last year due to contribution from sales of non-strategic properties whilst last year's results were affected by movements in fair value of its investment properties.





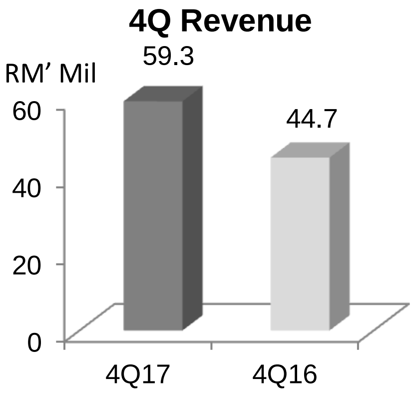


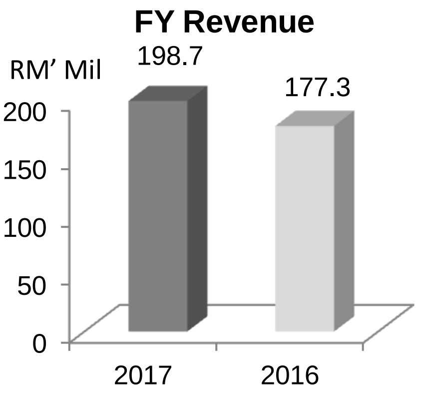


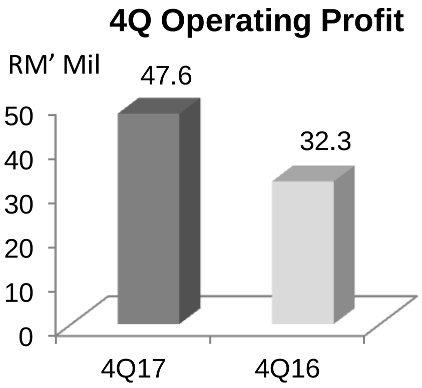
Credit Financing

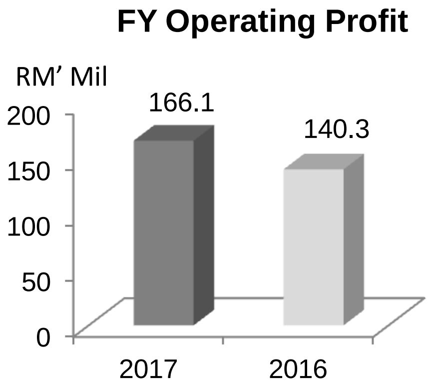
Higher loan base of RM3.1 billion

- Total loan base as at end of 2017 expanded by 35% to RM3.1 billion (2016: RM2.3 billion).
- NPL ratio as at end 2017 improved to 1.38% as compared to 1.89% in the corresponding period last year.
- Consequently, the Division's revenue and operating profit for 4Q17 were above last year by 33% and 47% respectively whilst the Division's revenue and operating profit for FY2017 were 12% and 18% higher than last year.
- West Malaysia accounted for 74% of the total loans and East Malaysia accounted for 21%. Australia operations which commenced in 2Q17 contributed 5% of the total loan base.







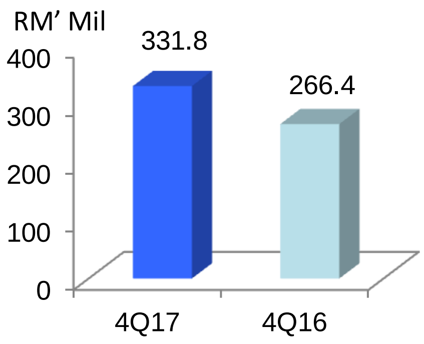


Automotive

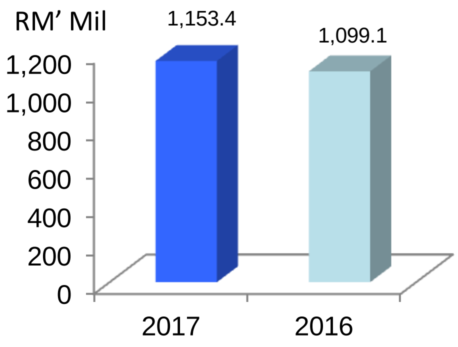
Higher sales volume of PV and after sales throughput

- Results for 4Q17 and FY2017 benefitted from improved revenue and margins for both vehicle and after sales segments whilst FY2016 results included results from commercial vehicles.
- Sales volume of passenger vehicles (“PV”) for 4Q17 and FY2017 were above last year corresponding period by 28% and 19% respectively.
- After sales throughput for 4Q17 and FY2017 increased by 44% and 33% respectively.
- Improvement in revenue were partly due to network expansion in 2017:
  - Bukit Tinggi Klang
  - Iskandar Johor
  - Puchong South (under renovation)
- Market share for MBM passenger cars as of December 2017 was at 36.9% (December 2016: 33.3%).

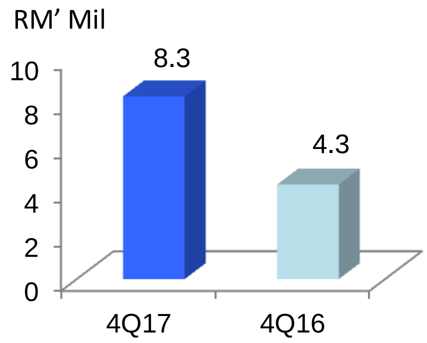
4Q Revenue



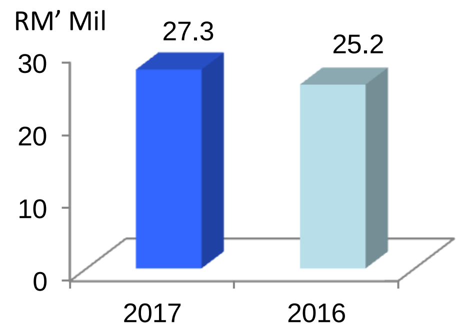
FY Revenue



4Q Operating Profit



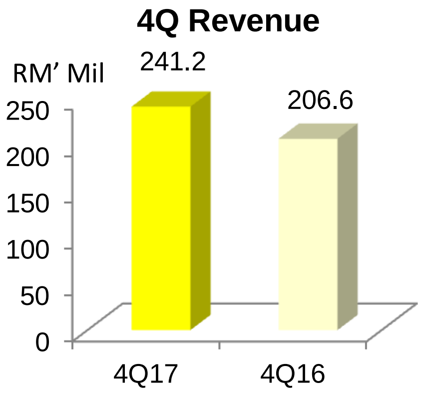
FY Operating Profit

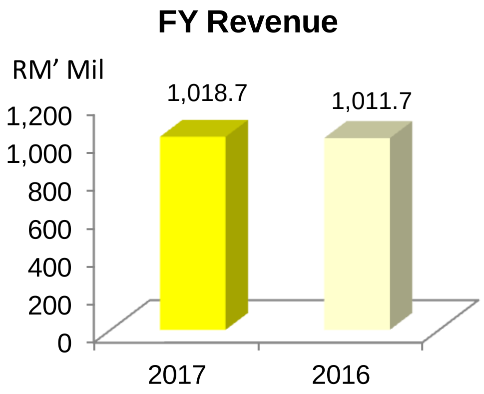


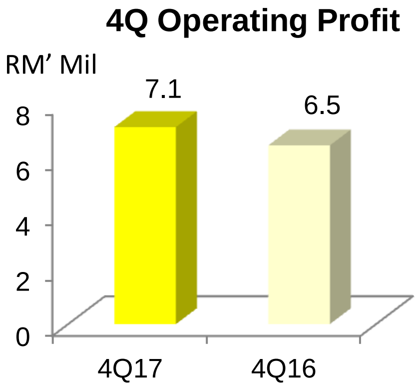
Fertilizers Trading

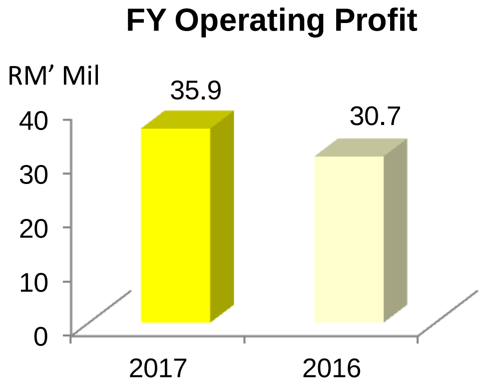
Profit supported by improved margin from Malaysian market

- The Division recorded improved revenue for 4Q17 with higher margin from the Malaysian market and higher revenue contribution from the China market.
- Sales volume for the year improved by 2% due to market expansion in China. This offset the lower sales volume from the Malaysian market.
- Results from the Indonesian market was affected by competitive pricing which adversely affected its sales volume and margin.
- Nonetheless, the Division's operating profit for the 4Q17 and FY2017 were higher than last year due to improved margin from the Malaysian market.







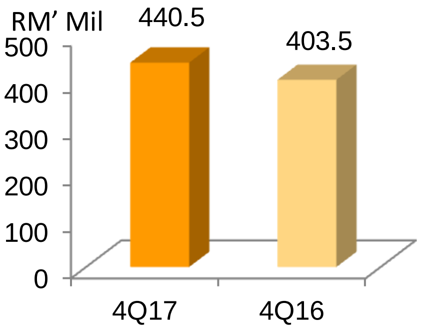


Building Materials

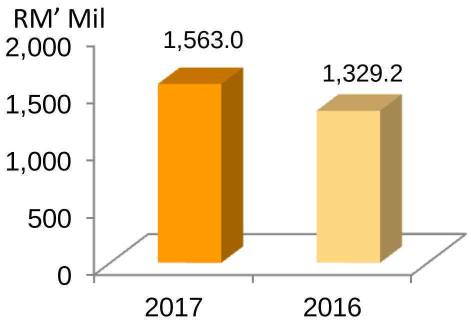
Higher revenue from most segments for FY2017

- The Division's revenue for FY2017 was higher than last year by 18% with higher contribution from the building materials trading, quarry, Singapore Aggregates Trading, Hafary and MMSB.
- Operating profit for 4Q17 and FY2017 reflect the gain arising from disposal of certain assets. However, the overall operating profit for the 4Q17 and FY2017 were somewhat negated by compressed margin arising from competitive pricing.

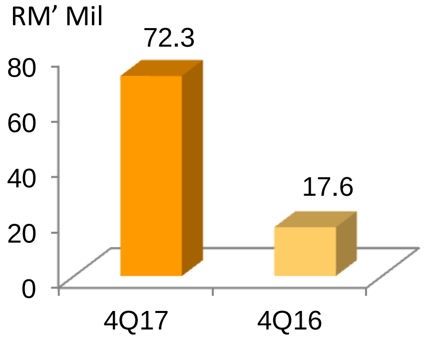
4Q Revenue



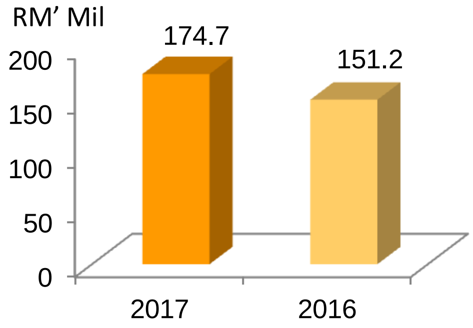
FY Revenue



4Q Operating Profit



FY Operating Profit



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Thank You