HAP SENG

Creating
Value
Together

4th Quarter Ended 31 December 2019 Results

27 February 2020

Scope

1. Group financials
2. Operations review

SECTION 1

Group financials

Consolidated income statement summary

- The Group revenue for 4Q19 at RM1.77 billion was 24% above 4Q18 with higher revenue from Plantation, Property and Automotive Divisions whilst the Group's revenue for FY 2019 at RM7.1 billion was 14% above FY 2018 due to higher revenue from Plantation, Property, Credit Financing and Automotive Divisions.
- The Group operating profit for 4Q19 and FY 2019 at RM304.8 million and RM1.19 billion respectively benefitted from higher contribution from Plantation, Property and Building Materials Divisions. Operating profit for the year also benefitted from higher contribution from Credit Financing Division.
- Group PAT for 4Q19, FY 2019 and FY 2018 benefitted from gain on disposal of subsidiary.
- Excluding the aforementioned gain, the Group PAT for the 4Q19 and FY 2019 were better than last year by 44% and 11% respectively.

(RM' Million)	4Q19	4Q18	Change	2019	2018	Change
Revenue	1,773.9	1,425.9	24%	7,096.1	6,246.5	14%
Gross profit [1]	436.3	274.7	59%	1,721.4	1,481.2	16%
EBITDA	336.8	87.7	284%	1,375.7	1,019.3	35%
Operating profit [2]	304.8	52.8	477%	1,185.1	851.6	39%
Finance expenses	(79.3)	(63.0)	26%	(262.3)	(186.1)	41%
Profit before tax	774.8	197.3	293%	1,476.8	1,394.2	6%
Taxation	(66.5)	(33.3)	99%	(257.4)	(207.3)	24%
Profit after tax	708.3	164.0	332%	1,219.4	1,186.9	3%
- Attributable to Owners of the Company	681.9	156.2	336%	1,162.9	1,145.6	2%
- Attributable to MI	26.4	7.8	240%	56.5	41.3	37%
EPS (sen)	27.39	6.28	336%	46.71	46.01	2%

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 and JV's PAT by MMSB*

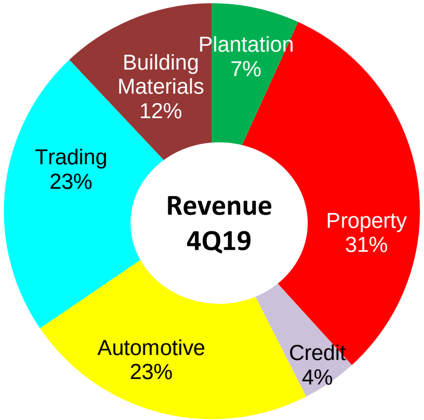
Group segment results

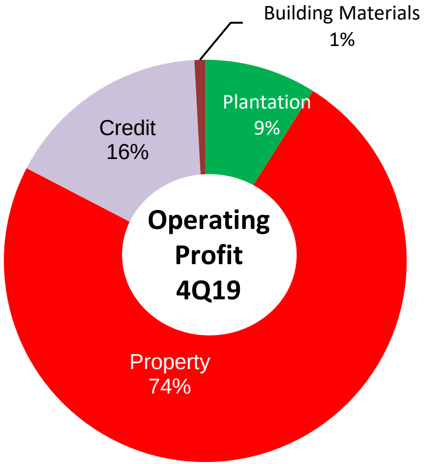
(RM' Million)	REVENUE			OPERATING PROFIT			REVENUE			OPERATING PROFIT		
	4Q19	4Q18	Change	4Q19	4Q18	Change	2019	2018	Change	2019	2018	Change
Plantation	124.9	96.1	30%	32.7	10.0	227%	418.6	390.8	7%	39.4	37.2	6%
Property [1]	576.2	195.2	195%	268.0	86.0	212%	2,068.4	1,171.1	77%	929.2	663.8	40%
Credit Financing	78.0	80.6	(3%)	60.1	69.7	(14%)	315.2	291.8	8%	259.1	246.9	5%
Automotive	420.9	326.4	29%	(20.3)	-	(100%)	1,494.4	1,425.3	5%	(34.4)	19.0	(281%)
Trading	412.3	541.1	(24%)	(3.8)	5.0	(177%)	2,180.3	2,228.6	(2%)	41.6	53.6	(22%)
Building Materials [2]	220.2	249.8	(12%)	3.1	(131.7)	102%	863.0	979.0	(12%)	33.8	(127.8)	126%
Subtotal	1,832.5	1,489.2	23%	339.8	39.0	771%	7,339.9	6,486.6	13%	1,268.7	892.7	42%
Consolidation adjustments & others	(58.6)	(63.3)		(35.0)	13.8		(243.8)	(240.1)		(83.6)	(41.1)	
Group	1,773.9	1,425.9	24%	304.8	52.8	477%	7,096.1	6,246.5	14%	1,185.1	851.6	39%

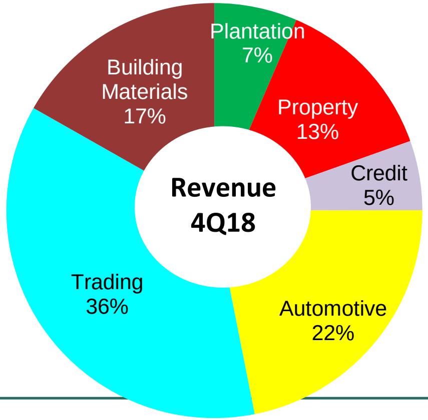
Note:

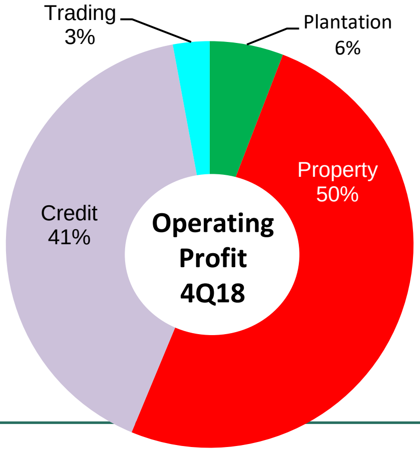
1. *Includes share of Inverfin's PBIT from Menara Citibank*
2. *Includes share of associate and JV's results by Hafary*

Group segment results – 4th Quarter

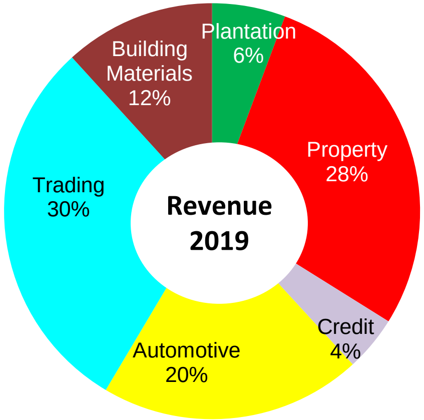


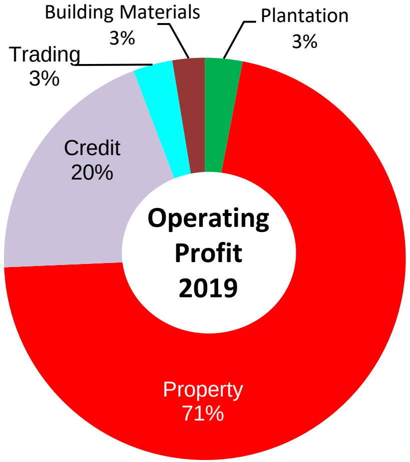


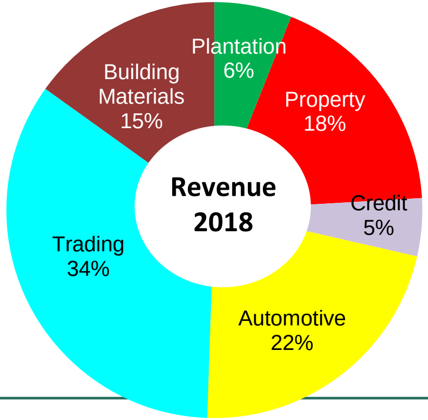


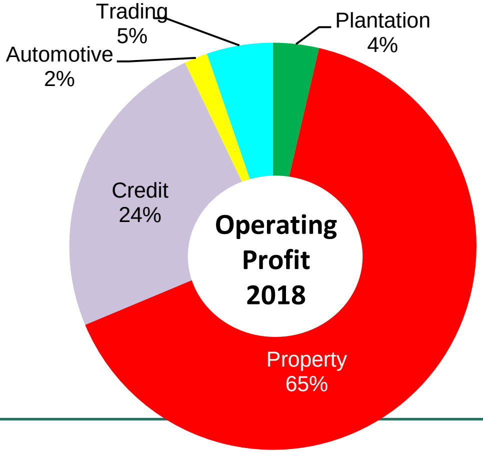


Group segment results – Full Year









SECTION 2

Operations review

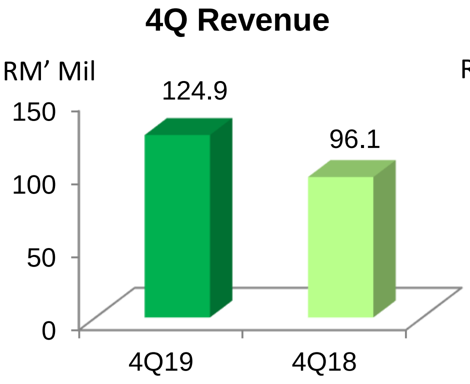
Plantations

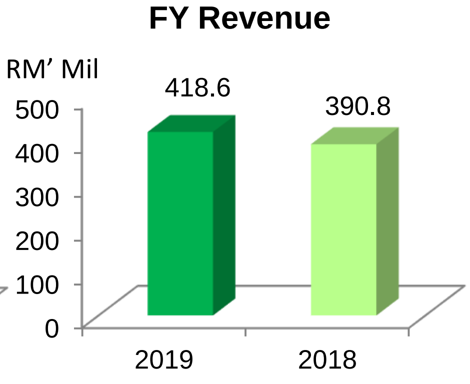
Stronger results in 4Q19 on the back of higher CPO price and sales volume

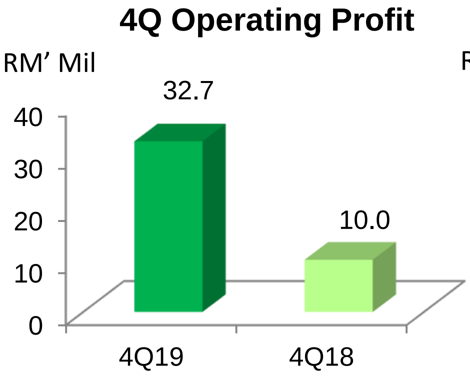
- The 4Q19 results benefitted from higher sales volume and higher average selling prices realized for CPO. Consequently, this helped close the gap for the full year results which were affected by lower average selling prices in previous quarters.

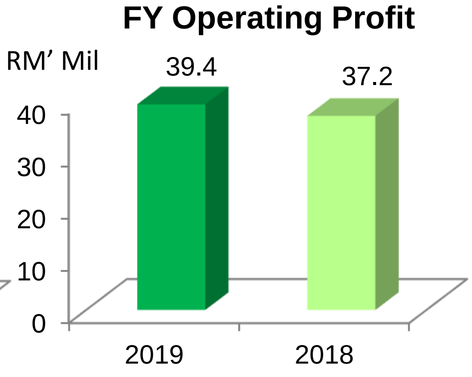
	4Q19	4Q18	FY 2019	FY 2018
Average Prices • CPO • PK	2,376 1,435	1,922 1,485	2,143 1,311	2,300 1,825
Sales Volume • CPO • PK	45,577 10,079	40,230 11,445	170,461 36,051	139,691 34,452

- Production volume of CPO and PK for the year were both 2% higher than last year at 152,017 mt (2018: 148,651 mt) and 35,402 mt (2018: 34,802 mt) respectively arising from higher FFB production by 3% at 675,587 mt (2018: 657,259 mt) with FFB yield of 20.81 mt/Ha (2018: 20.45 mt/Ha), and higher OER at 20.95% (2018: 20.6%) and KER at 4.88% (2018: 4.82%).
- Unit production costs of CPO for the year was marginally higher at RM1,482/mt (2018: RM1,432/mt), mainly due to lower PK credit at RM311/mt (2018: RM423/mt).





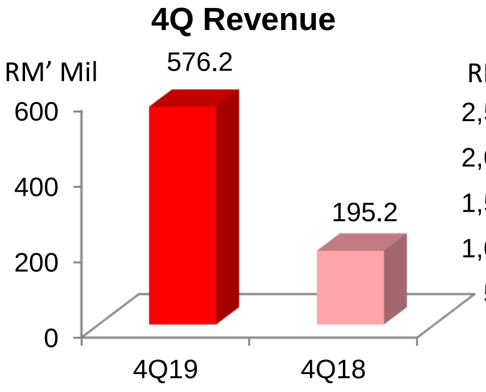


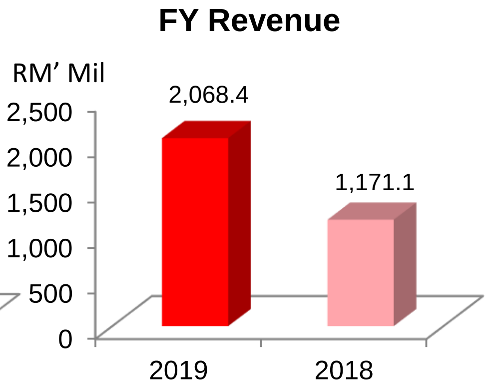


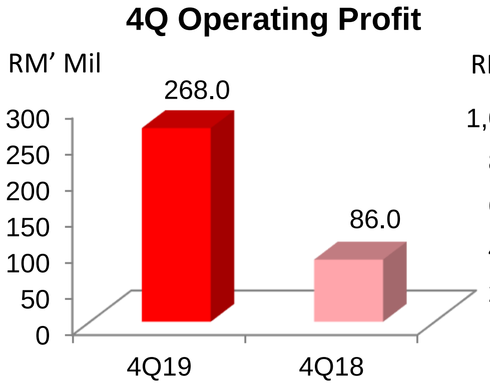
Property Investment and Development

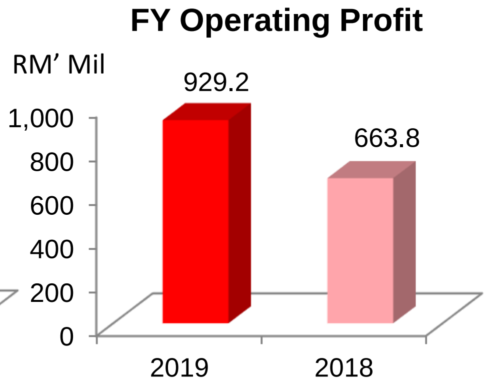
Positive contribution from all segments

- Division's revenue and operating profit for 4Q19 and FY2019 were above last year on the back of higher contribution from project, construction activities, investment properties and sale of non-strategic properties.
- Project revenue for the year benefitted from higher number of units sold and progress completion of its projects in Klang Valley and Sabah.
- Construction revenue were contributed by the progress completion of the Shah Alam Industrial Hub project which is expected to be completed in 3Q20.
- Investment properties in Klang Valley and Sabah contributed positively to the Division's results for 4Q19 and FY2019, maintaining healthy occupancy and rental rates.





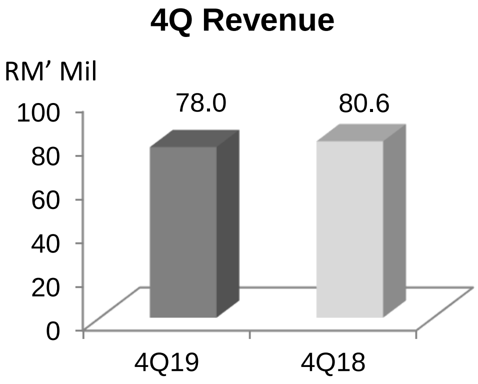


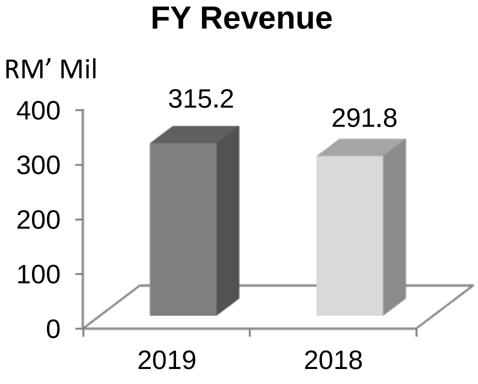


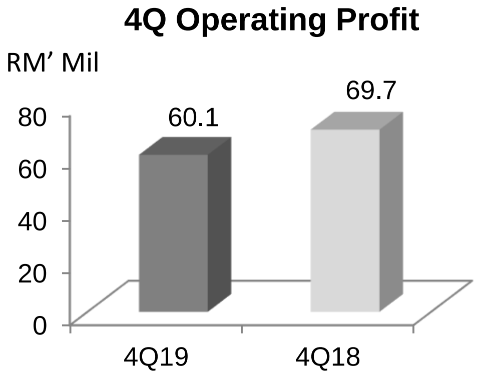
Credit Financing

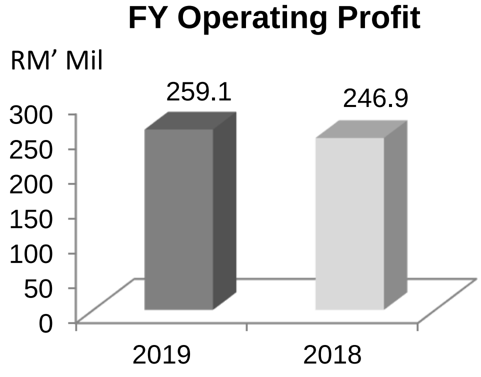
Loan base expanded moderately to RM3.88 billion

- The Division's revenue and operating for 4Q19 were lower than last year due to lower average loan base during the quarter and the divestment of its business in Melbourne Australia.
- Nonetheless, the Division's revenue and operating profit for the year were above last year by 8% and 5% respectively, supported by higher loan base as at end 2019 of RM3.88 billion (December 2018: RM3.64 billion).
- NPL ratio as at end 2019 of 1.34% improved over last year (December 2018: 1.67%).
- The Division commenced operations in Birmingham UK during the 4Q19.





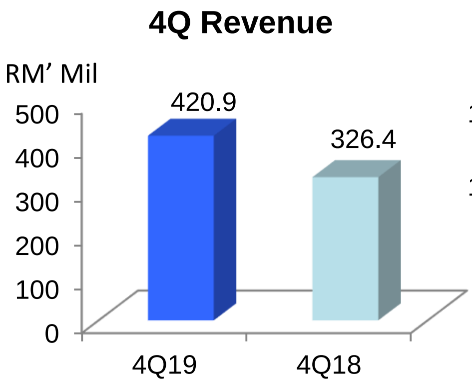


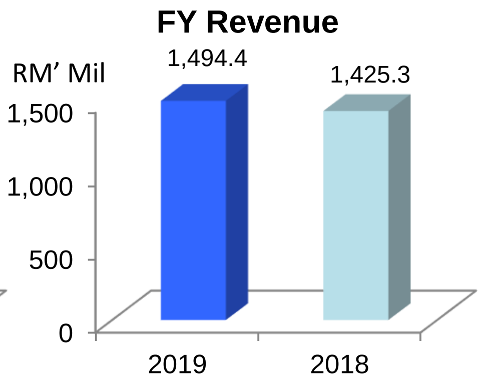


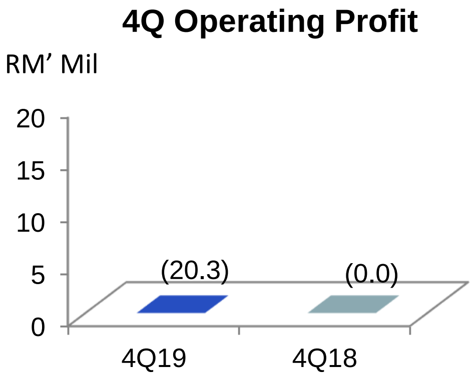
Automotive

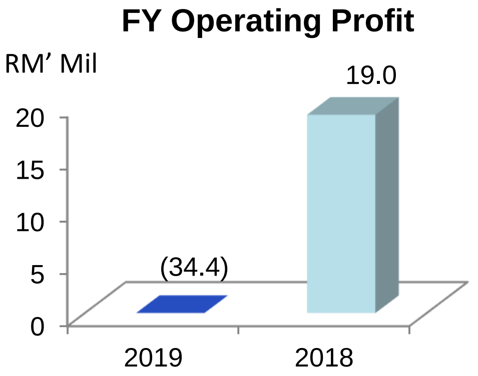
Results affected by lower margin and start-up costs

- Revenue for 4Q19 and FY2019 were higher than last year with higher contribution from the aftersales, and the commercial vehicles ("CV") wholesale distribution and retail businesses which commenced operations in November 2018 and July 2019 respectively.
- The passenger vehicles ("PV") segment also contributed positively to the 4Q19 results with higher revenue and higher sales volume by 6% and 18% respectively. However, the overall sales volume for FY 2019 was lower by 6% due to the softer market conditions during the year.
- The aftersales segment recorded 25% increased in its 4Q19 and FY 2019 revenue with 11% and 20% increase in throughput respectively.
- Operating loss for 4Q19 and FY 2019 were mainly due to lower margins from PV segment and start-up and dealers' network development costs for its CV businesses. FY 2019 results was also affected by lower sales volume for the year for PV.







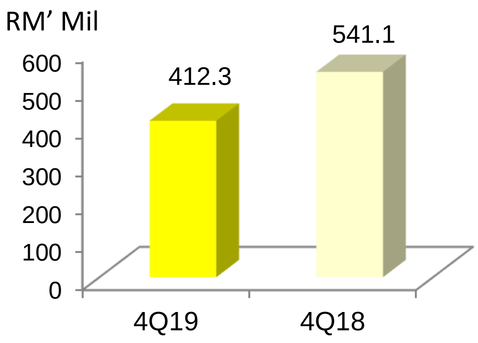


Trading

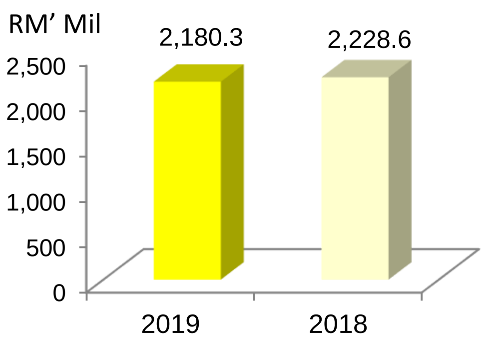
Results affected by lower sales volume and compressed trading margin

- The Division comprises the fertilizers trading and general trading businesses.
- Fertilizers trading's revenue for 4Q19 and FY 2019 were affected by lower sales volume from its operations in Malaysia, Indonesia and China, mitigated by higher average selling prices from its Malaysian and Indonesian operations.
- The general trading's revenue for 4Q19 and FY 2019 were also lower than last year with the slowdown in construction sector.
- The trading market environment continued to be very competitive which eroded the Division's trading margin.
- Consequently operating profit for FY 2019 was lower than last year with an operating loss for 4Q19.

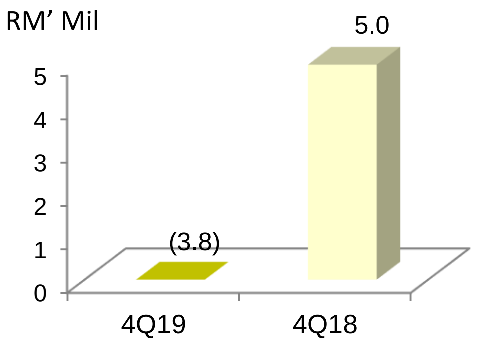
4Q Revenue



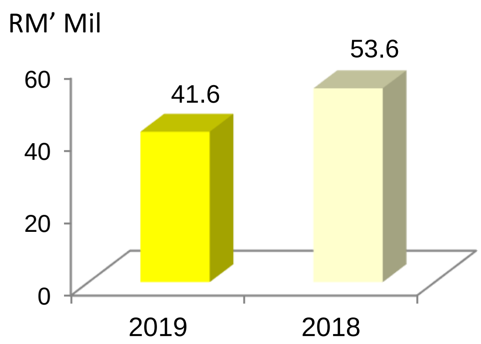
FY Revenue



4Q Operating Profit



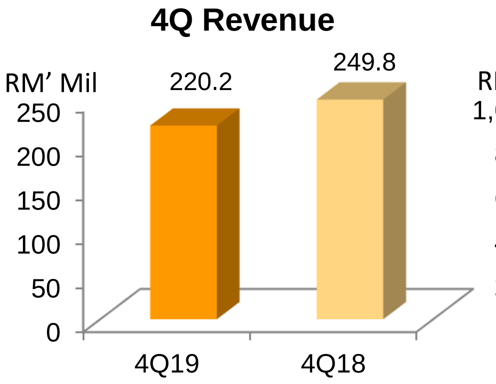
FY Operating Profit

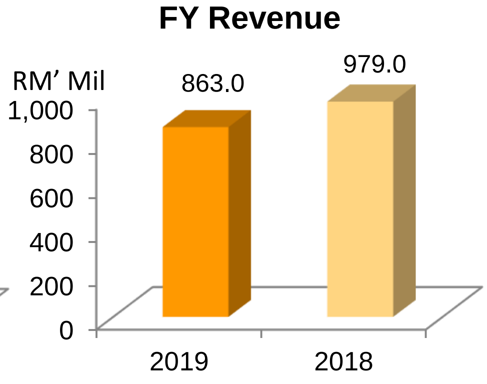


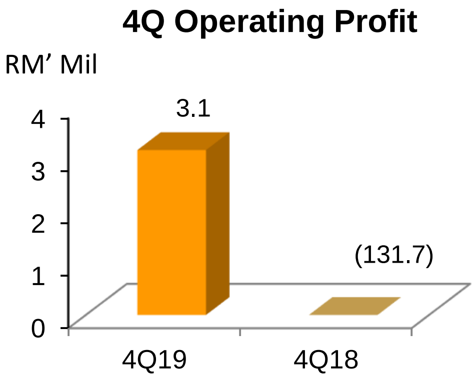
Building Materials

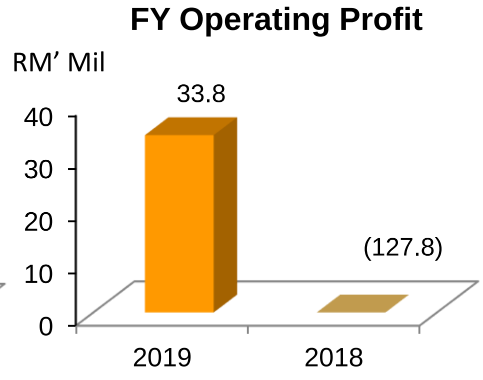
Improved operating profit post rationalization exercise

- The Division comprises the quarry, asphalts and bricks businesses; manufacturing and trading of building materials by MMSB and trading of building materials by Hafary.
- Revenue for 4Q19 and FY 2019 were affected by lower contribution from most businesses due to the soft and competitive market conditions.
- However, operating profit for the 4Q19 and FY 2019 improved over last year, attributed mainly to:
  - ✓ Improved margin and lower expenses for quarry, asphalt, bricks and MMSB businesses subsequent to the rationalization exercise in 2H2018.
  - ✓ Higher share of Hafary's associates and JV results.









Thank You