HAP SENG

Creating
Value
Together

1st Quarter Ended 31 March 2019 Results

3 June 2019

Scope

1. Group financials
2. Operations review

SECTION 1

Group financials

Consolidated income statement summary

- The Group revenue for 1Q19 at RM1.75 billion was 15% higher than last year with higher contribution from Plantation, Property, Credit Financing and Trading Divisions.
- The Group operating profit at RM294.2 million was 8% above last year with higher contribution from all Divisions except for Plantation and Automotive Divisions.
- EPS for 1Q19 at 6.35 sen was above last year by 2%.

(RM' Million)	1Q19	1Q18	Change
Revenue	1,749.8	1,528.2	15%
Gross profit [1]	455.7	418.3	9%
EBITDA	348.6	316.7	10%
Operating profit [2]	294.2	272.0	8%
Finance expenses	(56.2)	(41.1)	37%
Profit before tax	239.3	230.8	4%
Taxation	(71.0)	(67.1)	6%
Profit after tax	168.3	163.7	3%
Attributable to MI	10.3	9.2	12%
Attributable to shareholders	158.0	154.5	2%
EPS (sen)	6.35	6.20	2%

Note:

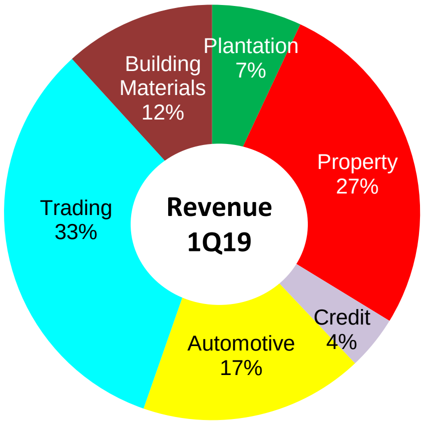
1. *Includes share of Inverfin's PBIT*
2. *Includes Interest Income, Share of Inverfin's PBIT by Property Division and share of associate and JV's PAT by Hafary*

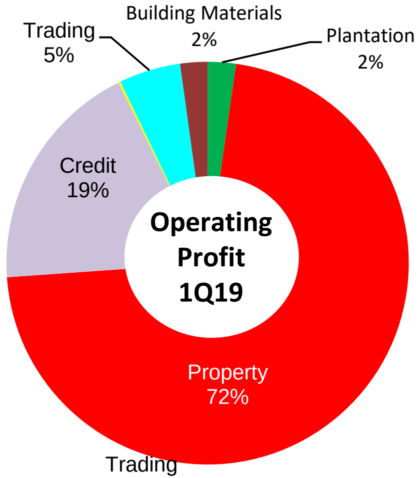
Group segment results

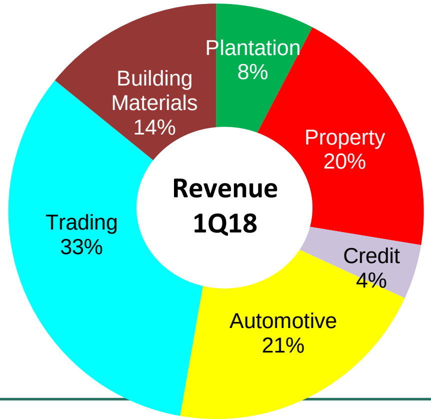
(RM' Million)	REVENUE			OPERATING PROFIT		
	1Q19	1Q18	Change	1Q19	1Q18	Change
Plantation	126.3	121.2	4%	7.7	22.4	(66%)
Property [1]	484.4	314.4	54%	241.9	214.6	13%
Credit Financing	76.1	67.3	13%	63.6	53.3	19%
Automotive	315.0	330.1	(5%)	0.5	6.0	(91%)
Trading	595.5	522.3	14%	16.7	13.0	29%
Building Materials [2]	213.0	223.2	(5%)	7.4	(8.1)	191%
Subtotal	1,810.3	1,578.5	15%	337.8	301.2	12%
Consolidation adjustments & others	(60.5)	(50.3)		(43.6)	(29.2)	
Group	1,749.8	1,528.2	15%	294.2	272.0	8%

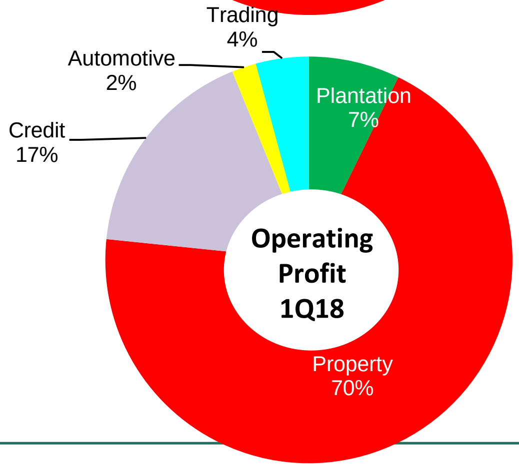
Note:
1. *Includes share of Inverfin's PBIT from Menara Citibank*
2. *Includes share of associate and JV's results by Hafary*

Group segment results – 1st Quarter









SECTION 2

Operations review

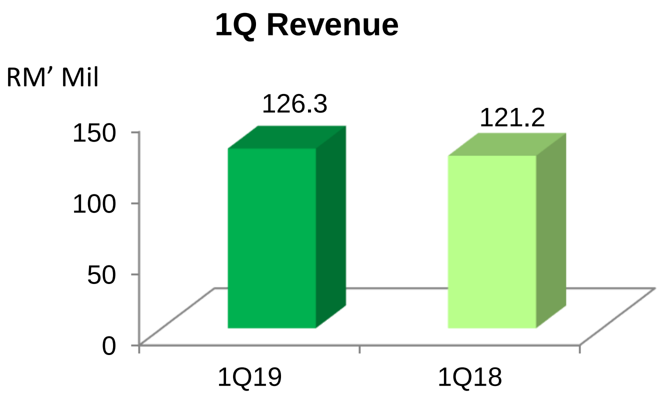
Plantations

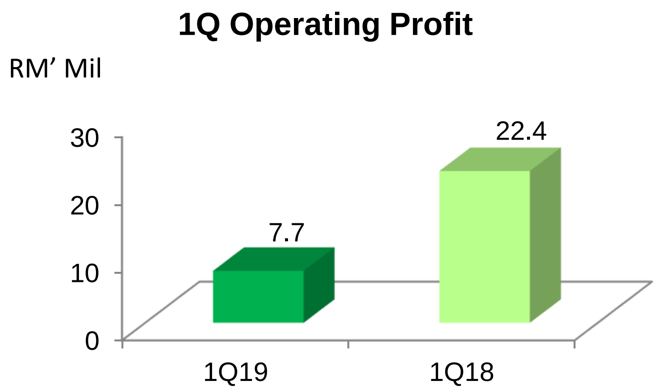
Results weighed down by lower average selling prices

- Revenue for 1Q19 was 4% higher than last year with higher sales volume of CPO and PK, benefitting from higher production volume.

	1Q19	1Q18
Average Prices		
• CPO	2,099	2,590
• PK	1,370	2,262
Sales Volume		
• CPO	52,409	38,391
• PK	10,805	8,874

- CPO production volume at 42,583 mt was higher by 17% (1Q18: 36,472 mt) due to 15% higher FFB yield (1Q19: 5.82 mt/Ha, 1Q18: 5.05 mt/Ha) and higher OER at 20.57% (1Q18: 20.22%).
- Consequently, the CPO unit production costs for 1Q19 at RM1,424/mt was lower by 2% (1Q18: RM1,451/mt) despite lower PK credit by 37% (1Q19: RM348/mt, 1Q18: RM550/mt).
- However, the overall revenue and operating profit were dampened by lower average selling prices realized for both CPO and PK.

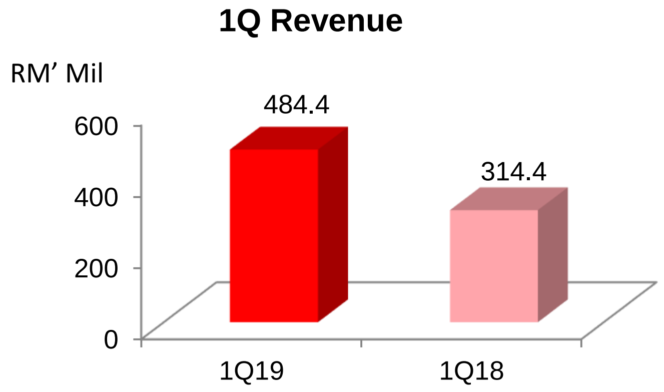


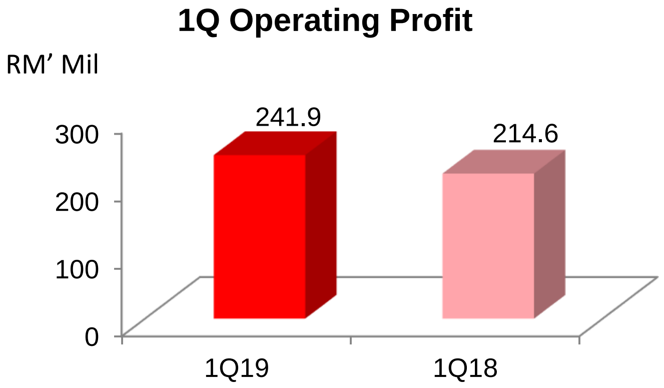


Property Investment and Development

Higher contribution from projects, construction activities & sales of non-strategic properties

- Revenue and operating profit for 1Q19 benefitted from higher contribution from projects, construction activities and sales of non-strategic properties.
- Investment properties in Klang Valley and Sabah maintain healthy occupancy and rental rates.
- Project revenue for 1Q19 benefitted from higher number of unit sold and progress completion of its projects in Klang Valley and Sabah.
- The main contributors to project revenue for 1Q19 were Aria Residence, Akasa and Rumah Selangorku projects in West Malaysia and Bandar Sri Indah Tawau, Ria Heights Tawau, Kingfisher Inanam and Kingfisher Putatan projects in Sabah.

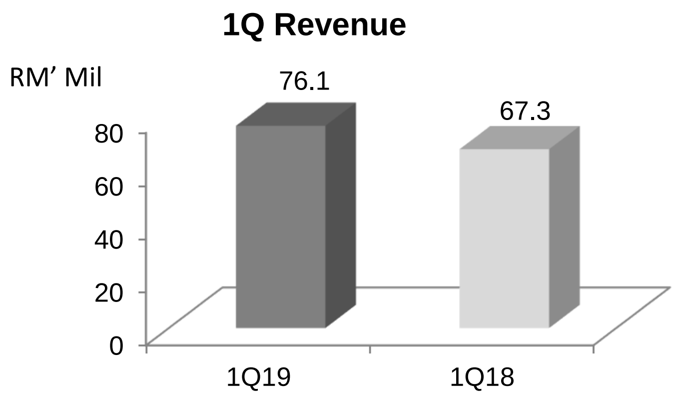


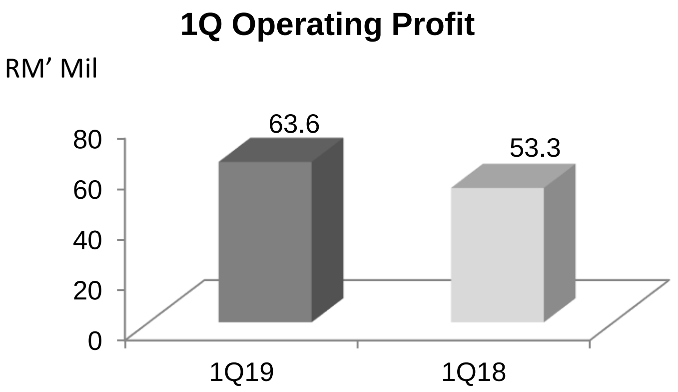


Credit Financing

Loan base expanded to RM4 billion

- The Division's revenue and operating profit for 1Q19 were 13% and 19% above last year on the back of higher loan base.
- Loan base as at end 1Q19 was at RM4 billion, 22% above last year (1Q18: RM3.3 billion) with growth from both term loan and industrial hire purchase portfolios.
- NPL ratio as at March 2019 improved to 1.58% from 1.67% as at end 2018 and 1.89% as at end of March 2018.
- West Malaysia and East Malaysia accounted for 75% and 20% of the total loan base respectively with HS Credit Melbourne contributed the remaining 5%.



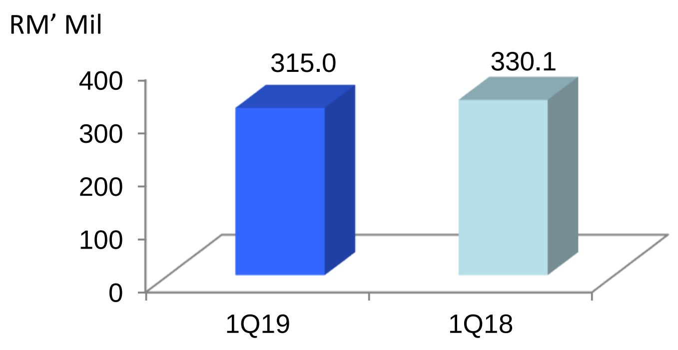


Automotive

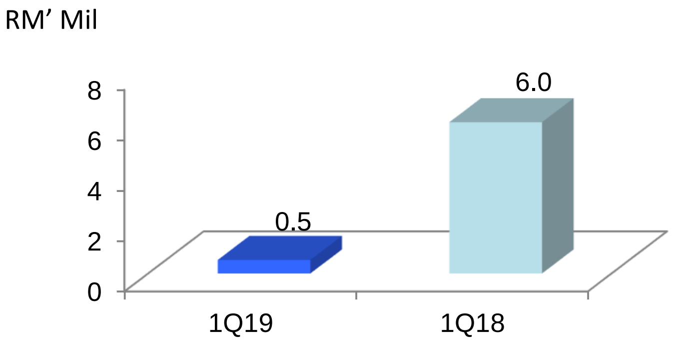
1Q19 results affected by weaker market demand of passenger vehicles

- Revenue and operating profit for 1Q19 were affected by lower sales volume of passenger vehicles due to the generally weak market demand.
- However, the overall revenue for 1Q19 was mitigated by:
  - ✓ 26% higher revenue from the after sales segment with 20% increase in throughput as compared to 1Q18, benefitting from service excellence and expanded network of autohauses.
  - ✓ Contribution from commercial vehicle wholesale distribution business which commenced business in November 2018.

1Q Revenue



1Q Operating Profit

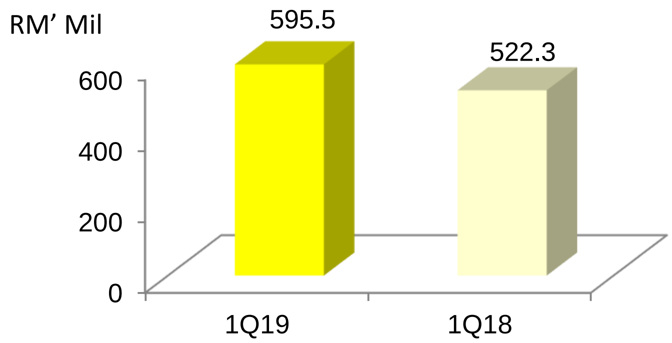


Trading

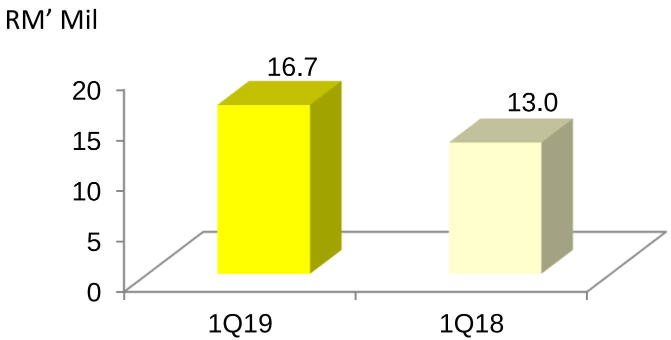
Higher contribution from fertilizers trading business

- The Division comprises of the fertilizers trading and general trading businesses.
- Revenue and operating profit for the 1Q19 benefitted mainly from higher contribution from its fertilizers trading business due to higher sales volume and higher average selling prices.
- The general trading business experienced contraction in revenue in 1Q19 as compared to last year due to slowdown in the construction and property industries. However, operating profits improved over last year due to higher average margin.

1Q Revenue



1Q Operating Profit

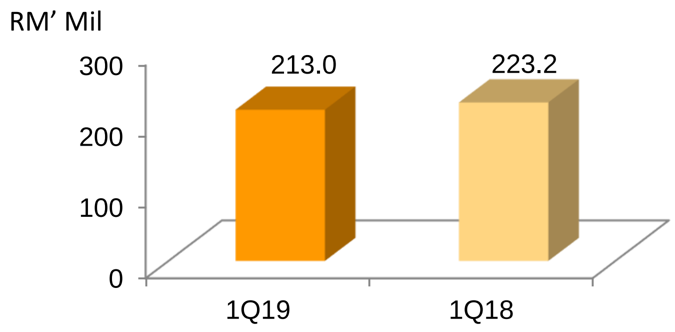


Building Materials

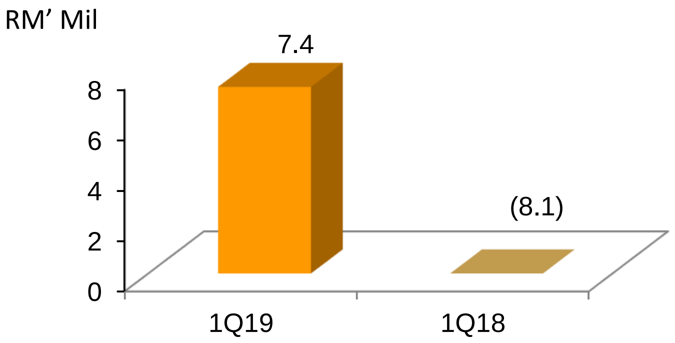
Improved operating profit post rationalization exercise

- Revenue for 1Q19 was affected mainly by lower sales volume achieved by the quarry, asphalt and MMSB businesses.
- Hafary's revenue was marginally lower than last year, affected by slower demand from the construction sector in Singapore.
- However, operating profit for the 1Q19 improved over last year's losses due to:
  - ✓ Improved results from quarry, asphalt, bricks and MMSB businesses subsequent to the rationalization exercise in 2H2018.
  - ✓ Higher share of profit from Hafary's associated companies.

1Q Revenue



1Q Operating Profit



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