HAP SENG

Creating
Value
Together

3rd Quarter Ended 30 September 2019 Results

22 November 2019

Scope

1. Group financials
2. Operations review

SECTION 1

Group financials

Consolidated income statement summary

- The Group revenue for 3Q19 at RM1.83 billion was 4% above 3Q18 with higher revenue from Plantation, Property and Credit Financing Divisions whilst the Group's YTD revenue at RM5.32 billion was 10% above YTD 2018 due to higher revenue from Property, Credit Financing and Trading Divisions.
- The Group operating profit for 3Q19 at RM330.2 million was 13% above 3Q18 with higher contribution from all Divisions except for Automotive and Trading Divisions whilst the YTD operating profit at RM880.4 million benefitted from higher contribution from Property, Credit Financing and Building Materials Divisions.
- Group YTD PBT and PAT at RM702 million and RM511.1 million were lower than last year by 41% and 50% respectively as last year results included gain on disposal of a subsidiary (HSC Sydney Holding Limited).
- Excluding the aforementioned gain, the Group PBT and PAT for the YTD were better than last year by 3% and 1% respectively.

(RM' Million)	3Q19	3Q18	Change	YTD 2019	YTD 2018	Change
Revenue	1,826.6	1,762.9	4%	5,322.2	4,820.6	10%
Gross profit [1]	458.5	402.4	14%	1,285.2	1,206.5	7%
EBITDA	381.5	335.5	14%	1,039.0	931.6	12%
Operating profit [2]	330.2	292.0	13%	880.4	798.8	10%
Finance expenses	(61.7)	(41.6)	48%	(183.0)	(123.1)	49%
Profit before tax	270.8	252.9	7%	702.0	1,196.8	(41%)
Taxation	(67.1)	(47.1)	42%	(190.9)	(173.9)	10%
Profit after tax	203.7	205.8	(1%)	511.1	1,022.9	(50%)
- Attributable to Owners of the Company	193.2	190.7	1%	480.9	989.4	(51%)
- Attributable to MI	10.5	15.1	(30%)	30.2	33.5	(10%)
EPS (sen)	7.76	7.66	1%	19.32	39.74	(51%)

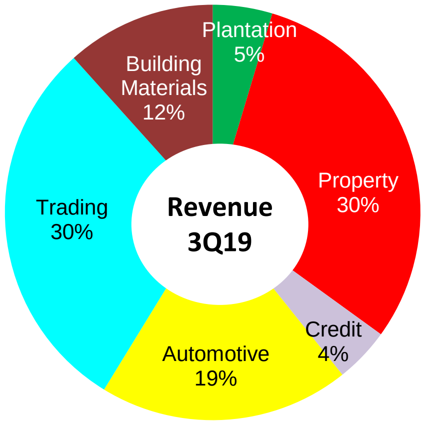
Note:
1. *Includes share of Inverfin's PBIT*
2. *Includes Interest Income, Share of Inverfin's PBIT by Property Division and share of associate and JV's PAT by Hafary*

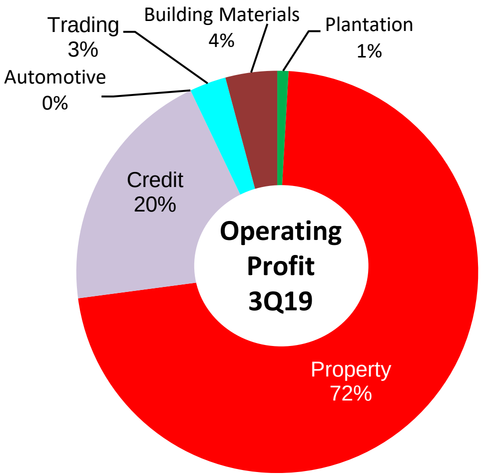
Group segment results

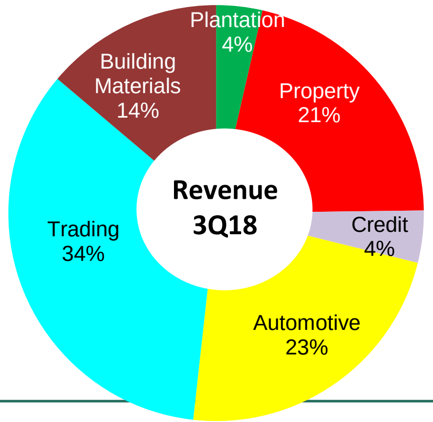
(RM' Million)	REVENUE			OPERATING PROFIT			REVENUE			OPERATING PROFIT		
	3Q19	3Q18	Change	3Q19	3Q18	Change	YTD 2019	YTD 2018	Change	YTD 2019	YTD 2018	Change
Plantation	87.5	65.6	33%	3.1	(2.4)	229%	293.7	294.7	-	6.7	27.2	(75%)
Property [1]	572.3	387.6	48%	245.7	195.4	26%	1,492.3	975.9	53%	661.2	577.8	14%
Credit Financing	80.9	74.0	9%	68.2	64.7	5%	237.3	211.2	12%	199.0	177.2	12%
Automotive	367.6	418.7	(12%)	(16.0)	5.3	(403%)	1,073.5	1,098.9	(2%)	(14.1)	19.0	(174%)
Trading	558.2	628.6	(11%)	10.0	16.6	(40%)	1,768.0	1,687.6	5%	45.4	48.6	(7%)
Building Materials [2]	219.9	252.8	(13%)	14.2	7.6	86%	642.8	729.2	(12%)	30.7	3.9	684%
Subtotal	1,886.4	1,827.3	3%	325.2	287.2	13%	5,507.6	4,997.5	10%	928.9	853.7	9%
Consolidation adjustments & others	(59.8)	(64.4)		5.0	4.8		(185.4)	(176.9)		(48.5)	(54.9)	
Group	1,826.6	1,762.9	4%	330.2	292.0	13%	5,322.2	4,820.6	10%	880.4	798.8	10%

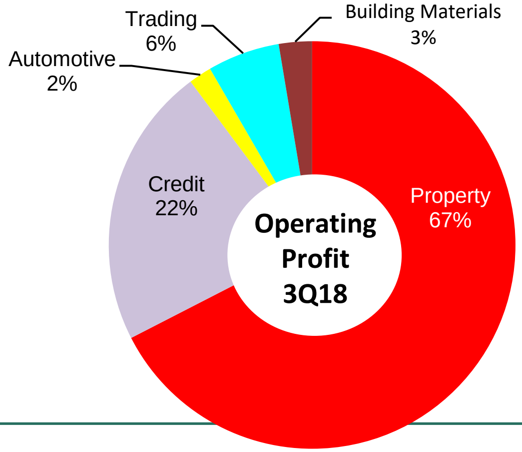
Note:
1. *Includes share of Inverfin's PBIT from Menara Citibank*
2. *Includes share of associate and JV's results by Hafary*

Group segment results – 3rd Quarter

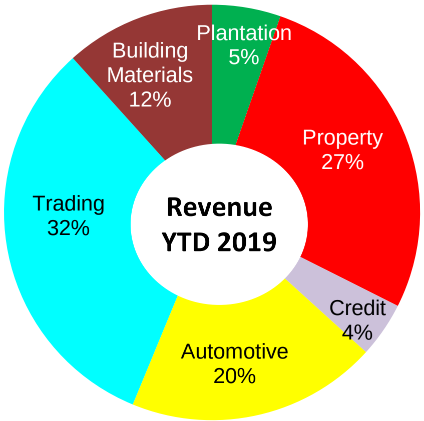


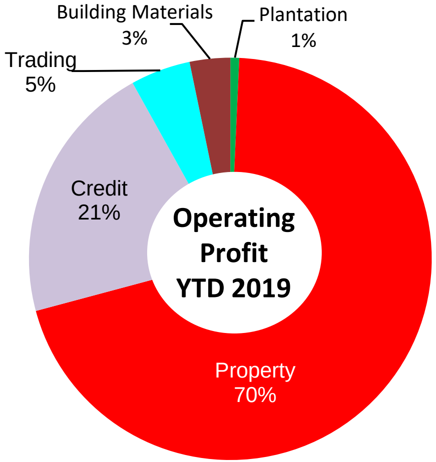


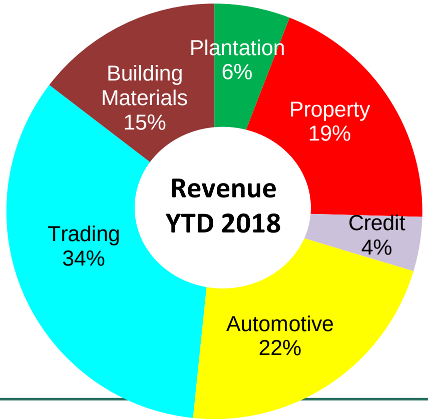


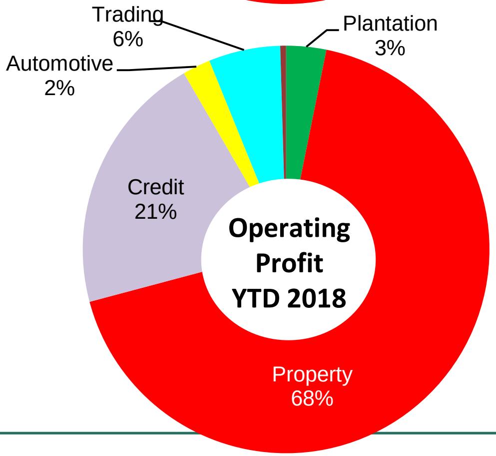


Group segment results – YTD September









SECTION 2

Operations review

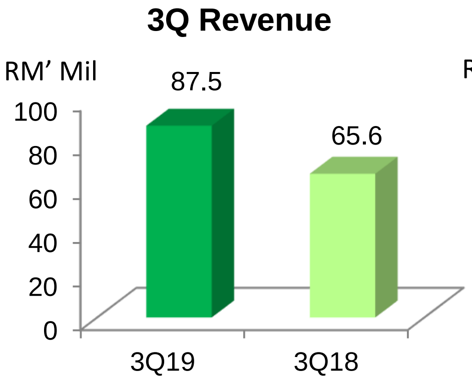
Plantations

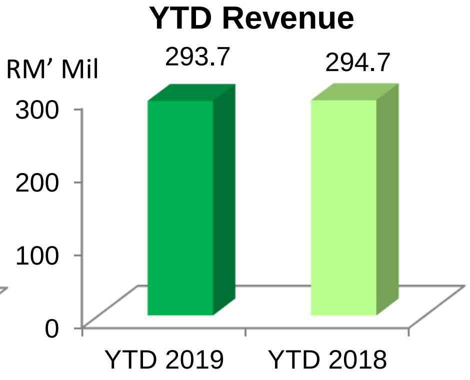
YTD results weighed down by lower average selling prices

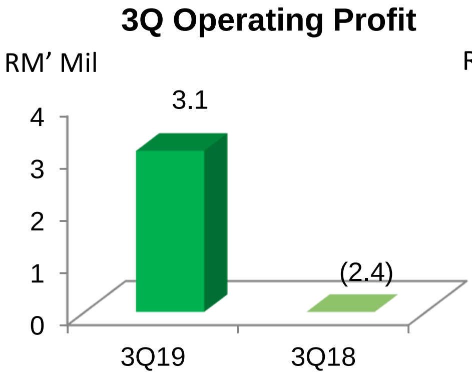
- Revenue and operating profit for 3Q19 improved over last year with higher sales volume of CPO and PK due to higher production volume. However, results were partly negated by lower average selling prices.
- The Division also recorded higher YTD sales volume of CPO and PK, benefitting from higher production volume. However, the overall YTD revenue and operating profit were dampened by lower average selling prices realized for both CPO and PK.

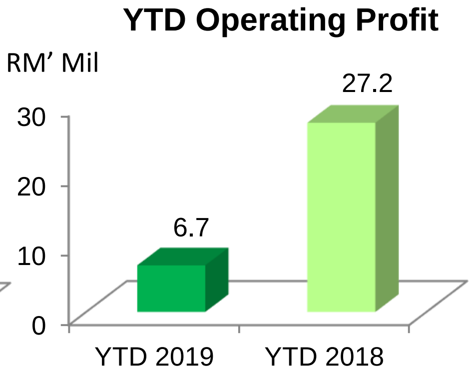
	3Q19	3Q18	YTD 2019	YTD 2018
Average Prices				
• CPO	2,038	2,217	2,058	2,453
• PK	1,198	1,827	1,263	1,994
Sales Volume				
• CPO	37,828	23,279	124,884	99,461
• PK	7,571	6,742	25,972	23,007

- YTD production volume of CPO and PK were 11% and 12% above last year at 111,092 mt (YTD 2018: 100,409 mt) and 25,958 mt (YTD 2018: 23,146 mt) respectively arising from higher FFB production by 11% at 488,459 mt (YTD 2018: 440,408 mt) with FFB yield of 15.05 mt/Ha (YTD 2018: 13.7 mt/Ha), and higher OER at 21.03% (YTD 2018: 20.75%) and KER at 4.91% (YTD 2018: 4.78%).
- Consequently, the YTD unit production costs of CPO at RM1,559/mt was lower by 2% (YTD 2018: RM1,590/mt) despite lower PK credit at RM295/mt (YTD 2018: RM457/mt).





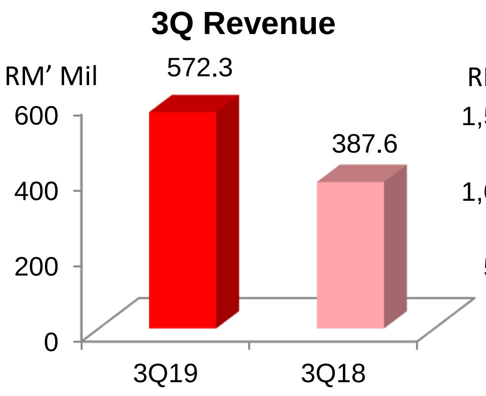


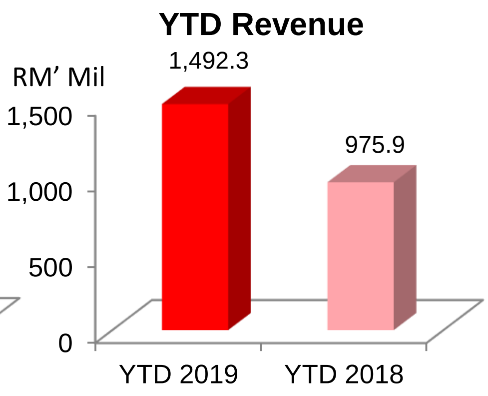


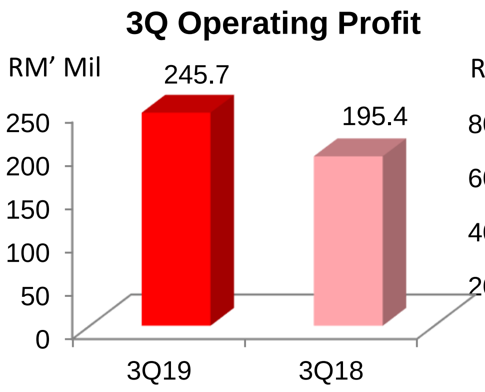
Property Investment and Development

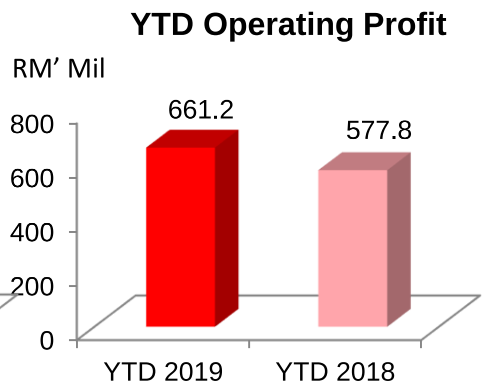
Higher contribution from all segments

- Revenue and Operating Profit for 3Q19 and YTD were higher than last year with higher contribution from project, construction activities, investment properties and sale of non-strategic properties.
- Project revenue for 3Q19 and YTD benefitted from progress completion of its projects in Klang Valley and Sabah and higher revenue from Aria Residence which was completed in 2Q19.
- Construction revenue were contributed by the construction of the Shah Alam Industrial Hub which is expected to be completed by early 2020.
- Investment properties in Klang Valley and Sabah maintained positive contribution with healthy occupancy and rental rates.





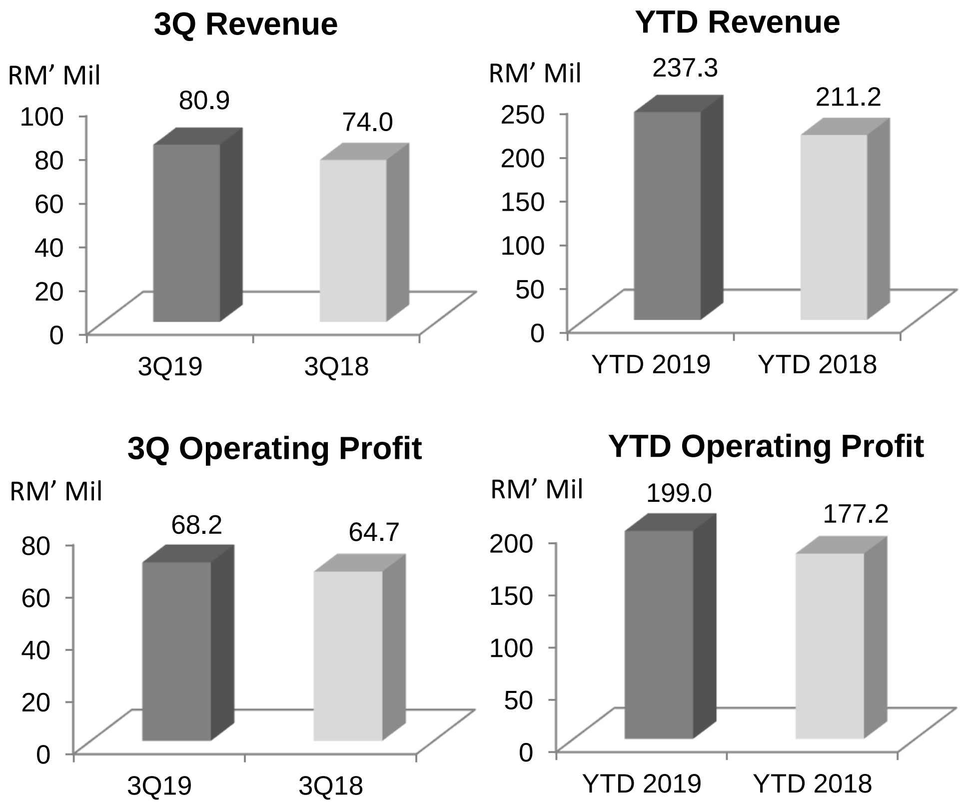




Credit Financing

Results benefitted from stable loan base growth

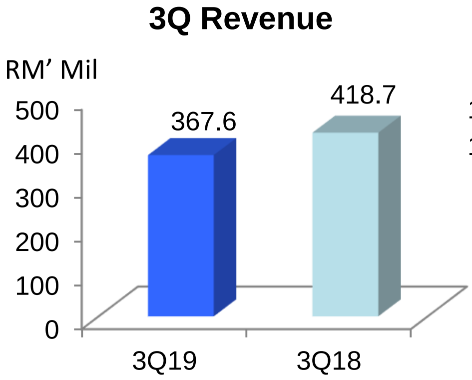
- The Division's revenue for 3Q19 and YTD were 9% and 12% above previous year corresponding period respectively, benefitting from higher loan base at RM3.86 billion (September 2018: RM3.79 billion).
- NPL ratio as at end September 2019 at 1.62% was lower than last year (September 2018: 1.68%).
- Consequently, the Division's operating profit for 3Q19 and YTD were above previous year corresponding period by 5% and 12% respectively.

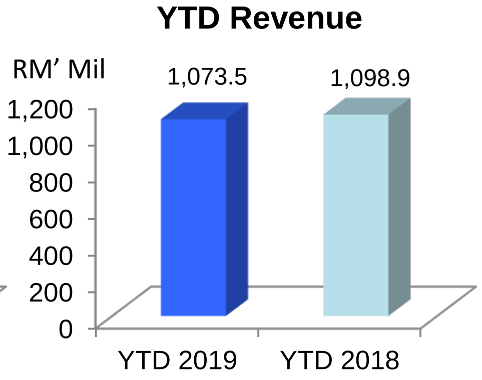


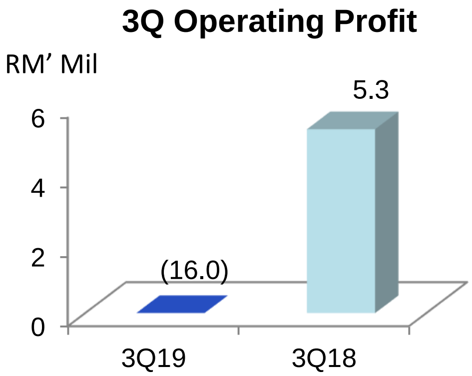
Automotive

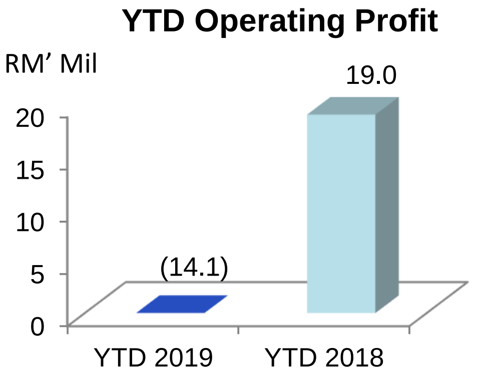
Results affected by lower sales volume of PV and start-up costs of CV

- Revenue for 3Q19 and YTD were affected by lower sales volume of passenger vehicles (“PV”).
- However, the overall revenue were mitigated by higher contribution from the aftersales segment and contribution from the commercial vehicles (“CV”) wholesale distribution and retail businesses which commenced operations in November 2018 and July 2019 respectively.
- Sales volume of PV in 3Q19 and YTD were affected by softer market conditions whilst last year’s results benefitted from the “tax holiday period” between June to August 2019.
- The aftersales segment recorded 19% increase in throughput for 3Q19 and 23% for YTD with corresponding revenue growth of 19% and 25% respectively, benefitting from expanded network of autohauses and improved productivity.
- The operating loss for 3Q19 and YTD were attributed to the lower revenue and margins of PV and start-up costs of the CV businesses.





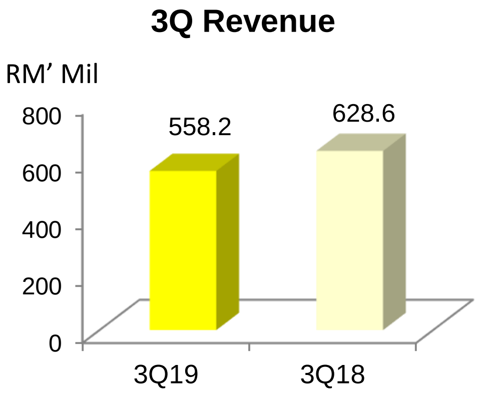


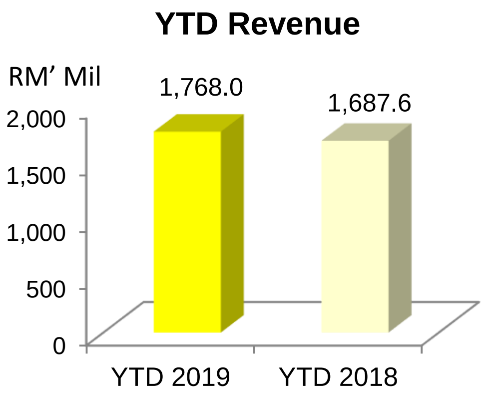


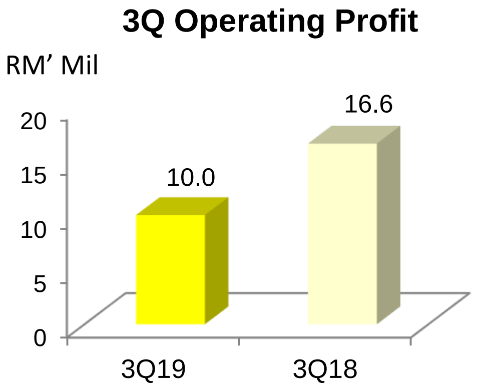
Trading

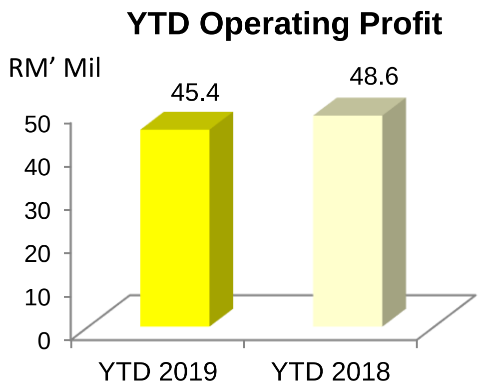
Results dampened by lower sales volume and compressed trading margins

- The Division comprises of the fertilizers trading and general trading businesses.
- Fertilizers trading's revenue for 3Q19 was lower than last year with lower sales volume from its operations in Malaysia, Indonesia and China, impacted by the low CPO prices. The general trading's revenue for 3Q19 was also lower than last year due to slowdown in construction activities. Consequently lower trading margins and lower operating profit were recorded for 3Q19 amid the lower demand and competitive market conditions.
- The Division's YTD revenue benefitted from higher fertilizers trading revenue from its operations in Malaysia and Indonesia due to higher average selling prices.
- However, the Division's YTD revenue and operating profit were dampened somewhat by lower sales volume and margins for fertilizers trading, and lower revenue from the general trading business.





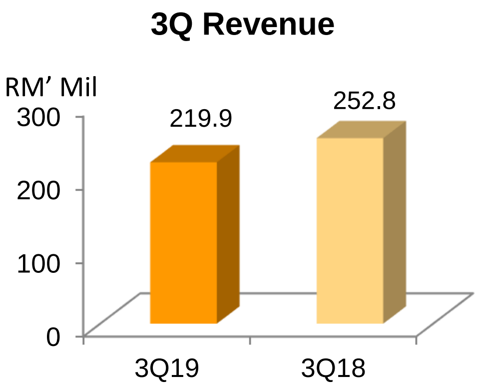


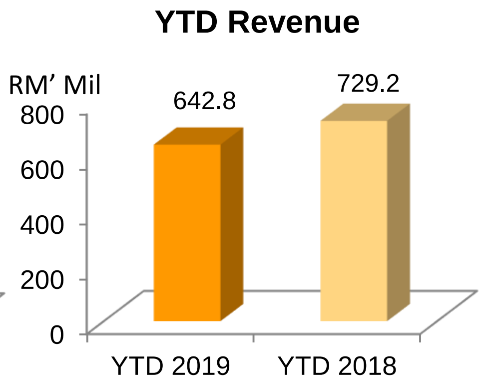


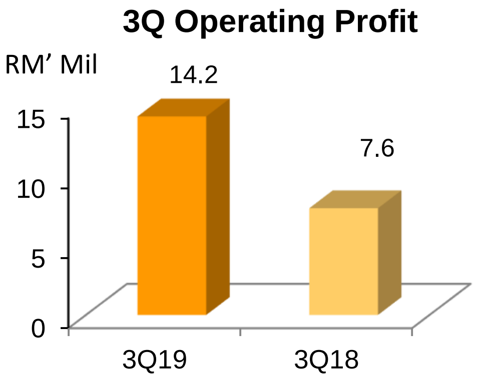
Building Materials

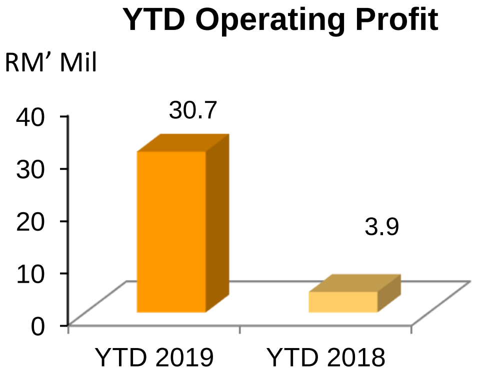
Improved operating profit post rationalization exercise

- 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 3Q19 and YTD were affected by lower contribution from Hafary and MMSB businesses whilst the YTD revenue were also affected by lower sales volume achieved by the quarry, asphalt, bricks businesses due to softer and competitive market conditions.
- However, operating profit for the 3Q19 and YTD 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.









Thank You