



Hiap Teck Venture Berhad 协德集团

ANALYSTS' BRIEFING

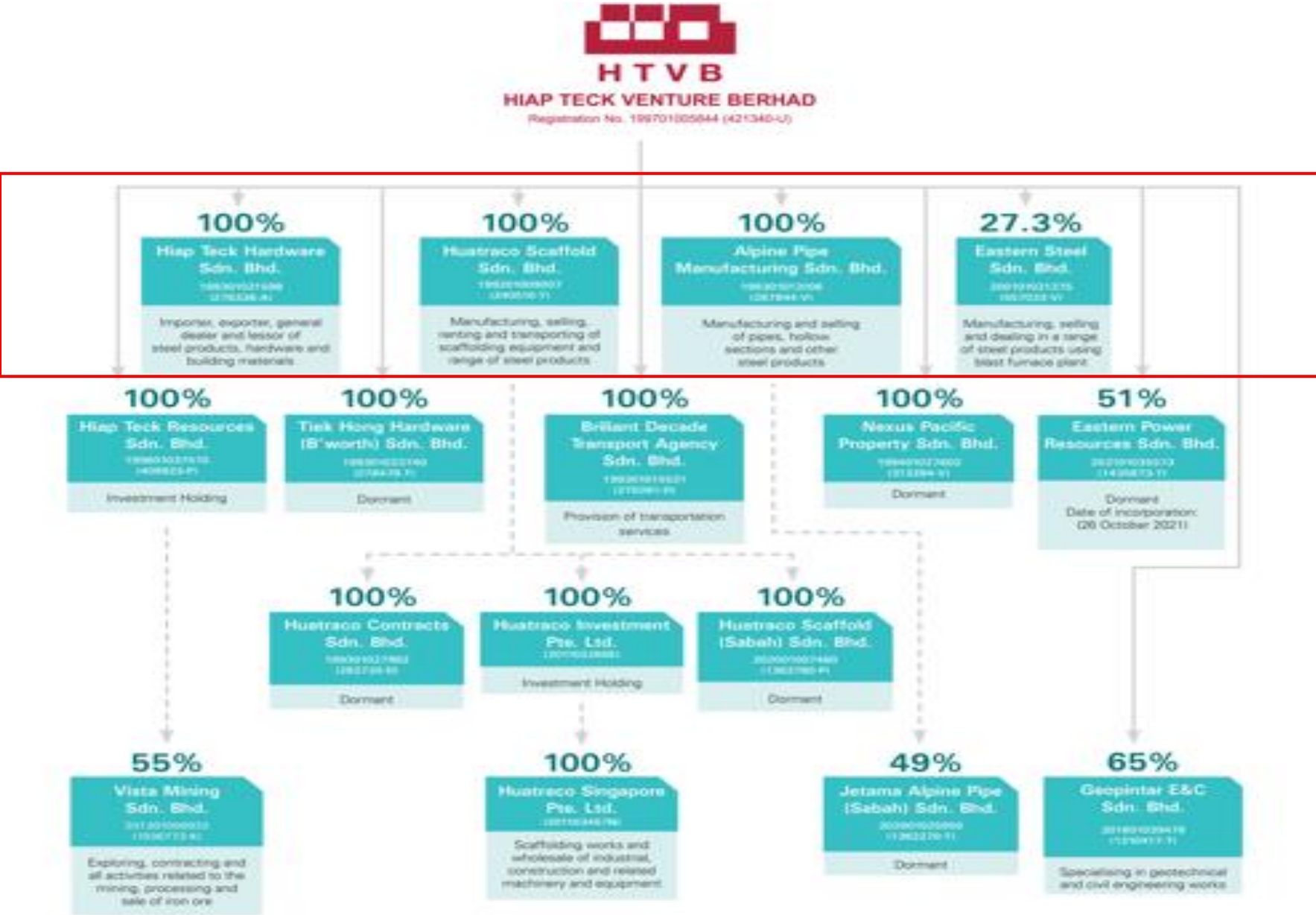
3Q FY2022 PERFORMANCE REVIEW

30 June 2022



CORPORATE STRUCTURE

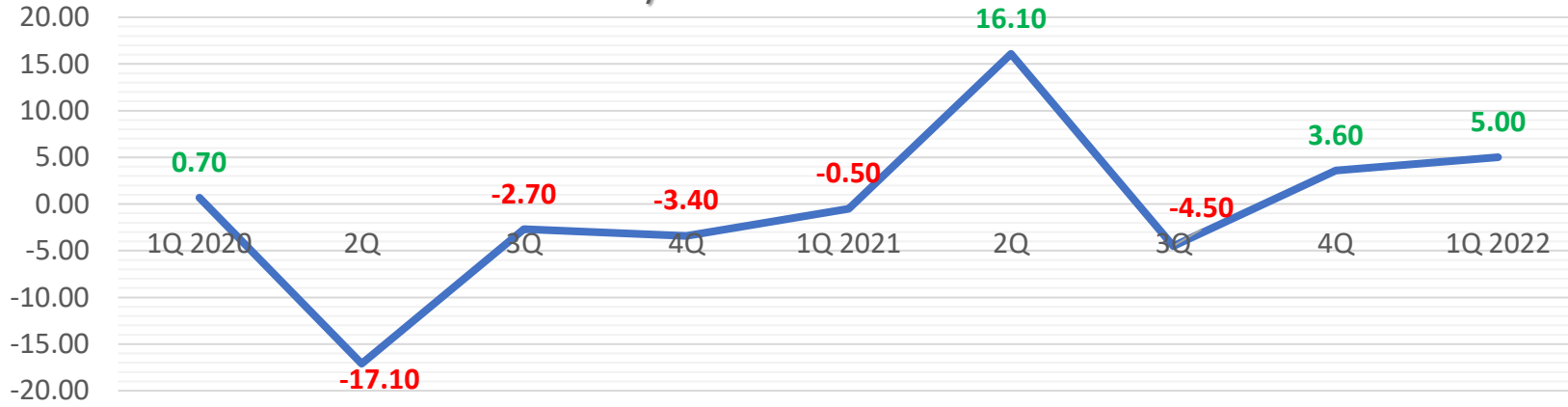
(30 April 2022)



The Macro Environment

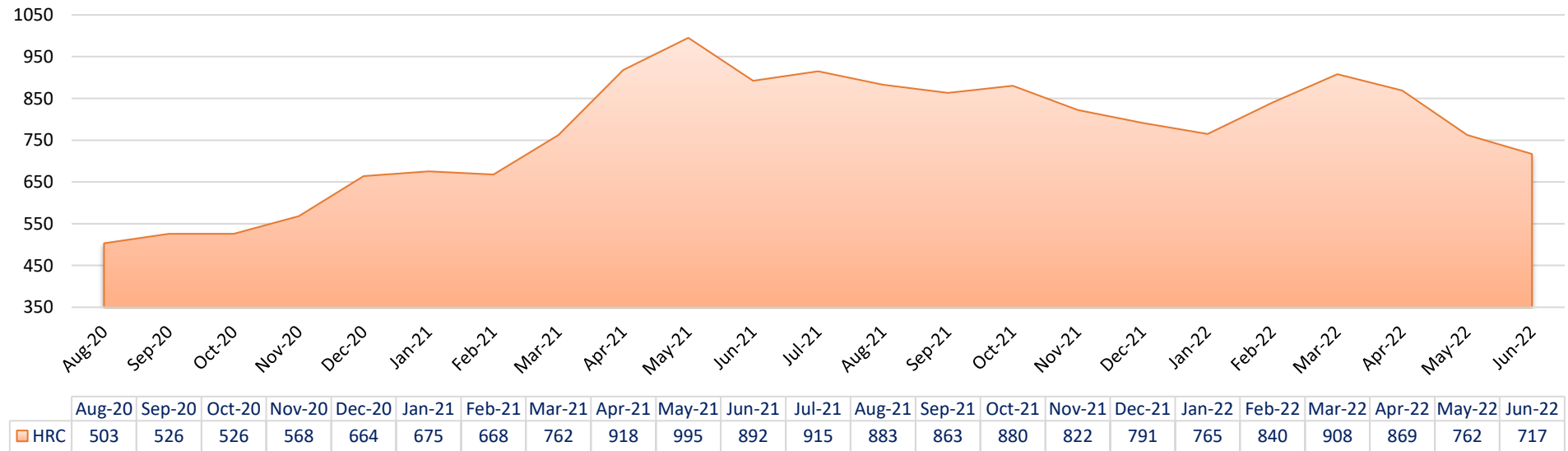


Malaysia Real GDP Growth



Malaysian economy continued its recovery in 1Q 2022 at a nominal growth rate of 5.0% after posting an expansion of 3.6% in 4Q 2021

HRC Price In USD/MT



- Steel prices peaked in May 2021 at USD995 and thereafter started its downtrend.
- With the disruption caused by the Ukraine War, HRC prices resumed its climb to above USD 908 in March, but rapidly declined (21%) thereafter to USD 717 currently.

HTVB Group in 3Q FY22 (Feb 2022 – Apr 2022)



HIGHER SALES VOLUMES BUT DECLINING AVERAGE SELLING PRICE (ASP)

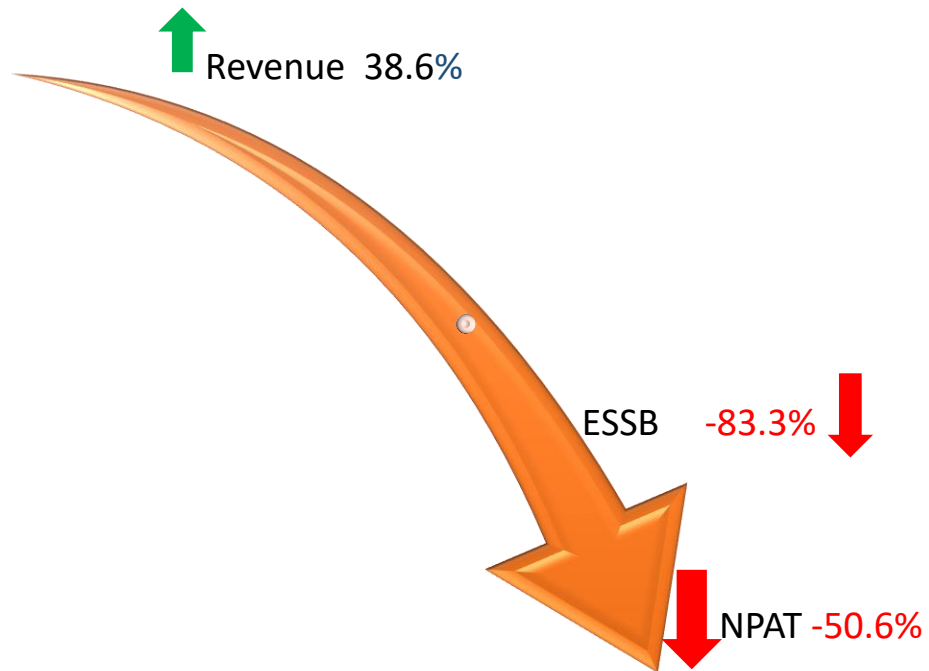
- ❑ Sales volumes picked up in the quarter post festival month with more economic activity when the country began its transition to the endemic phase from 1 April 2022.
- ❑ Steel prices climbed after Chinese New Year but on downtrend towards end of the quarter.
- ❑ Downward trend of ASP coupled with higher cost of materials impacted the margin for both the JV and downstream operating entities.



Performance Review – 3Q FY22 vs 3Q FY21 (corresponding quarter)



The Group's NPAT is lower at RM32.5m mainly due to higher costs of inventories despite higher volume.

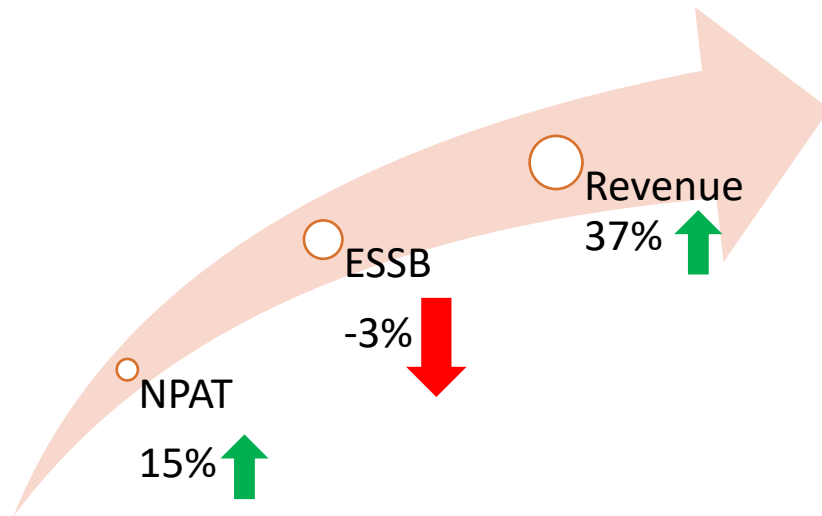


(RM'M)	3Q FY21	3Q FY22	Variance	Remark
Revenue	329.7	457.0	38.6%	Higher volume
Gross Profit	72.6	50.7		
<i>GPM</i>	<i>22.0%</i>	<i>11.1%</i>		<i>Due to higher costs of inventories</i>
PBT	60.4	38.0	-37.1%	
<i>ESSB</i>	<i>19.8</i>	<i>3.3</i>	<i>-83.3%</i>	<i>Due to lower profit margin</i>
NPBT	80.2	41.3	-48.4%	
<i>NPAT</i>	<i>65.9</i>	<i>32.5</i>	<i>-50.6%</i>	
EPS (sen)	4.79	1.85		
NTA (RM)	0.65	0.72		

Performance Review – 3Q FY22 vs 2Q FY22 (preceding quarter)



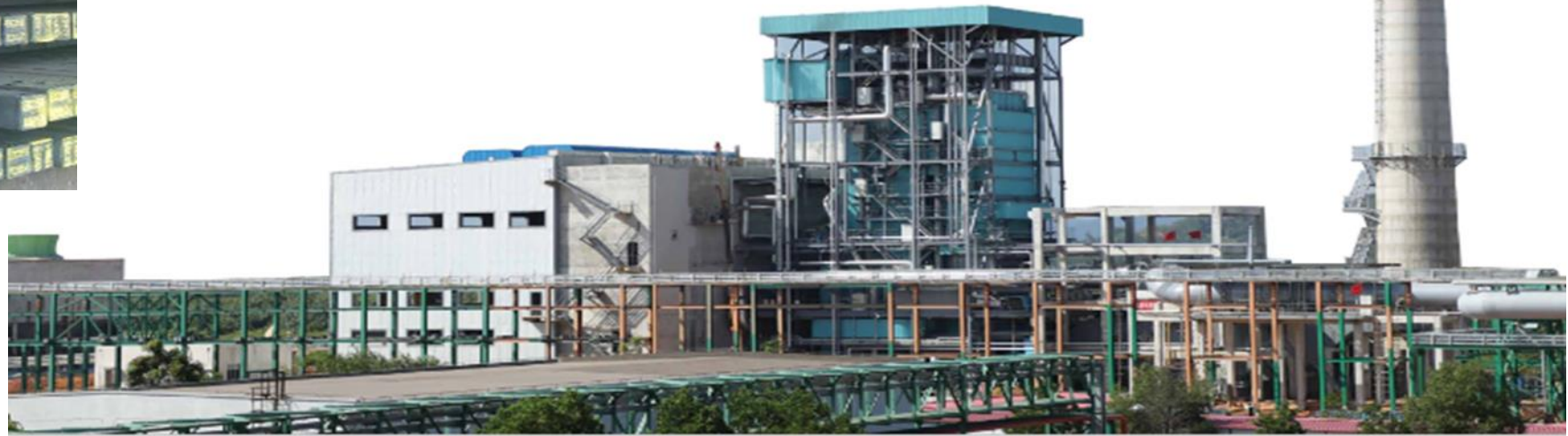
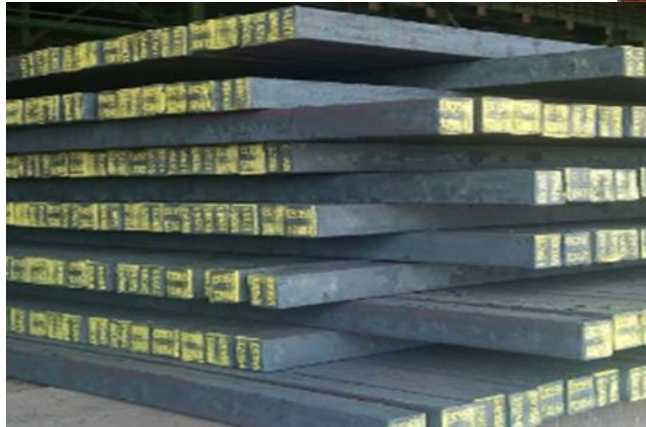
Higher revenue than preceding quarter due to higher sales volume which translated to higher profit.



(RM'M)	2Q FY22	3Q FY22	Variance	Remark
Revenue	333.3	457.0	37%	Higher sales volume
Gross Profit	44.5	50.7		
<i>GPM</i>	<i>13.4%</i>	<i>11.1%</i>		<i>Lower margin as declining steel prices</i>
PBT	33.2	38.0	14%	
ESSB	3.4	3.3	-3%	Due to lower profit margin
NPBT	36.6	41.3	13%	
NPAT	28.3	32.5	15%	Increase volume despite price movement
EPS (sen)	1.63	1.85		
NTA (RM)	0.70	0.72		



Eastern Steel Sdn. Bhd.



ESSB Performance Review – 3Q FY22 vs 2Q FY22 (preceding quarter)

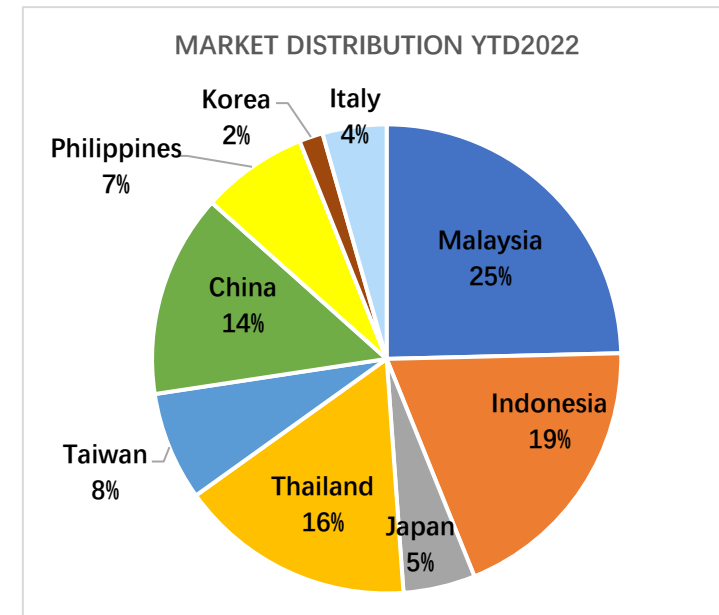
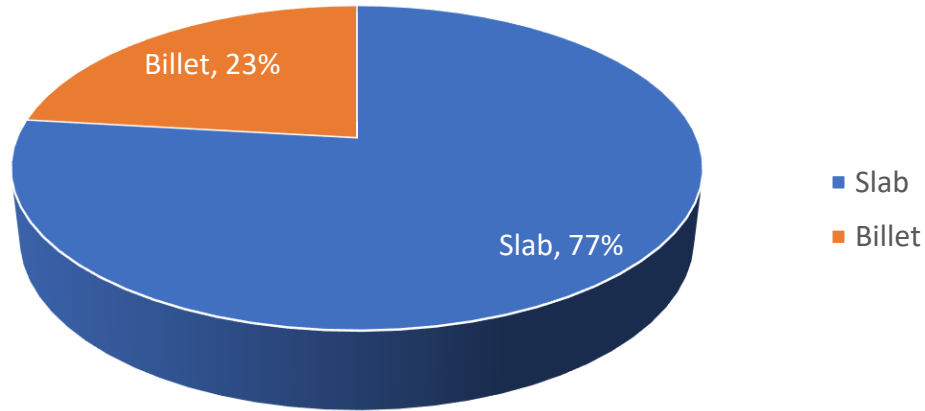


(RM'M)	2QFY22 Nov 21-Jan 22	3QFY22 Feb 22-Apr 22	Variance	Remarks
Volume (MT)	226.0	184.2	-18%	↓ Lower volume due to festive season
Revenue	668.5	575.0	-14%	↓ Dropped in sales volume
Gross Profit	65.0	54.1	-17%	
<i>GPM</i>	<i>9.7%</i>	<i>9.4%</i>		↓ Lower margin due to lower volume
<i>NPBT</i>	<i>30.3</i>	<i>12.3</i>	<i>-59%</i>	
NPM	4.5%	2.1%		
NPAT	30.3	12.2	-59%	
NET ASSETS	1,919	2,031		
NET GEARING	0.02x	0.04x		= Minimal Gearing

ESSB Performance Review – 3Q FY22



Product Mix



Outlook – CAUTIOUSLY OPTIMISTIC



- ✓ GROUP RECORDED A REMARKABLE 9 MONTHS PERFORMANCE TO DATE WITH A NPAT OF **RM131.8 MILLION** A **28%** INCREASED OVER THE PRECEDING YEAR CORRESPONDING PERIOD.
- ✓ OUTLOOK FOR COMING QUARTER REMAINS **CAUTIOUSLY OPTIMISTIC** WITH MARGINS UNDER PRESSURE FROM THE DECLINE IN STEEL PRICES AND HIGHER INVENTORY COSTS.
- ✓ PICK UP IN ECONOMIC ACTIVITIES IS SLOWER THAN EXPECTED AND STEEL PRICES (CURRENTLY REVERSING FROM THE UPWARD TREND) DUE TO UNCERTAINTIES ARISING FROM GLOBAL INFLATIONARY PRESSURES, MAY IMPACT THE GROUP IN SUBSEQUENT QUARTERS.
- ✓ PROJECTED GLOBAL STEEL DEMAND GROWTH AND CHINA'S STEEL PRODUCTION CAPACITY RESTRICTIONS WILL CONTINUE TO PROVIDE OPPORTUNITIES AND SUPPORT FOR STEEL PRICES
- ✓ STRONG BALANCE SHEET





THANK YOU

