



HTVB

HIAP TECK VENTURE BERHAD

Registration No. 199701005844 (421340-U)

协德集团

ANALYSTS' BRIEFING Q1 FY2023 PERFORMANCE REVIEW

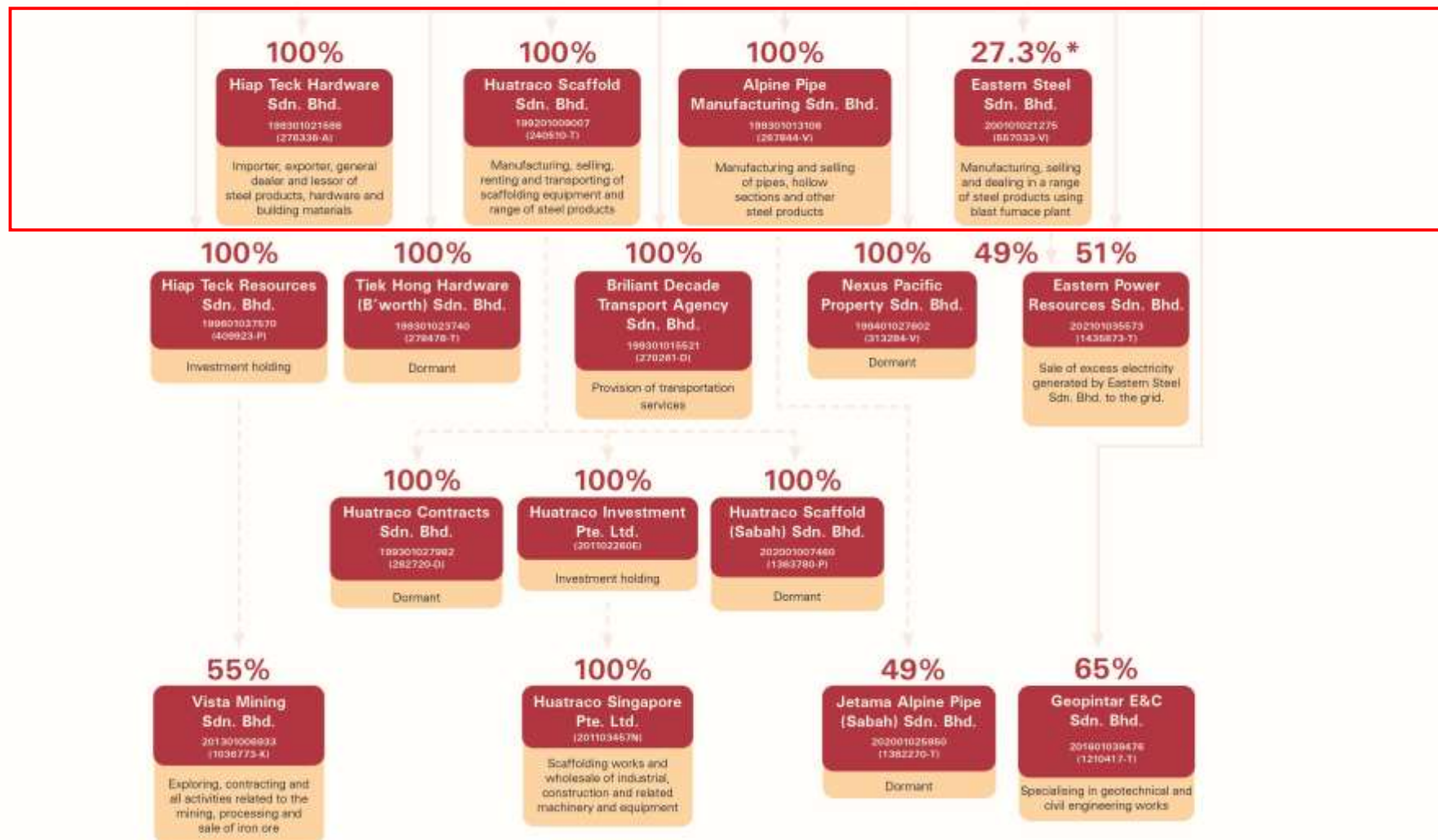
16 December 2022



CORPORATE STRUCTURE

(31 October 2022)

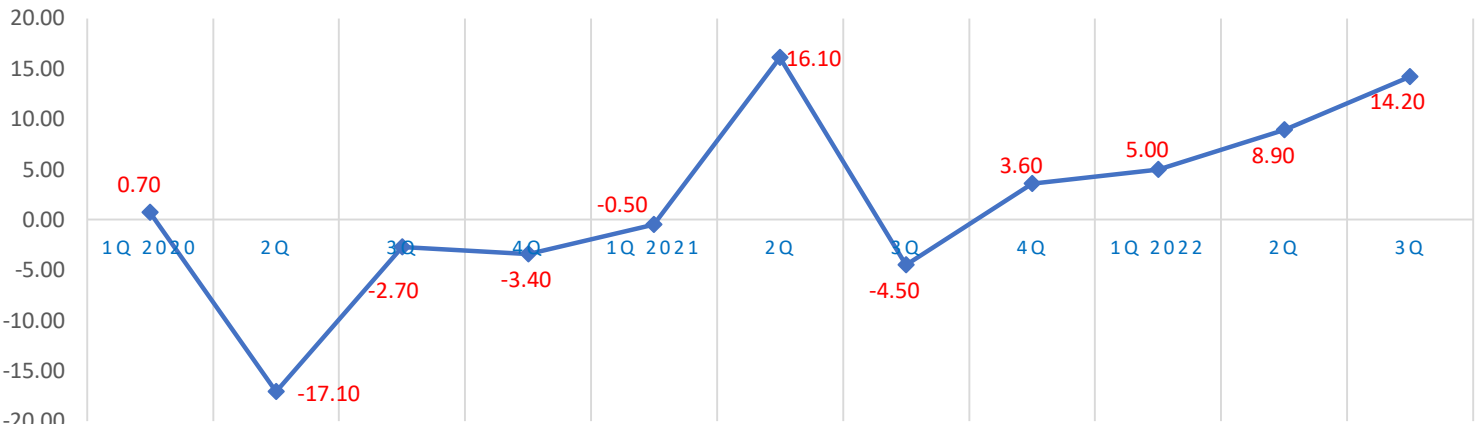
Key Operating Units



The Macro Environment

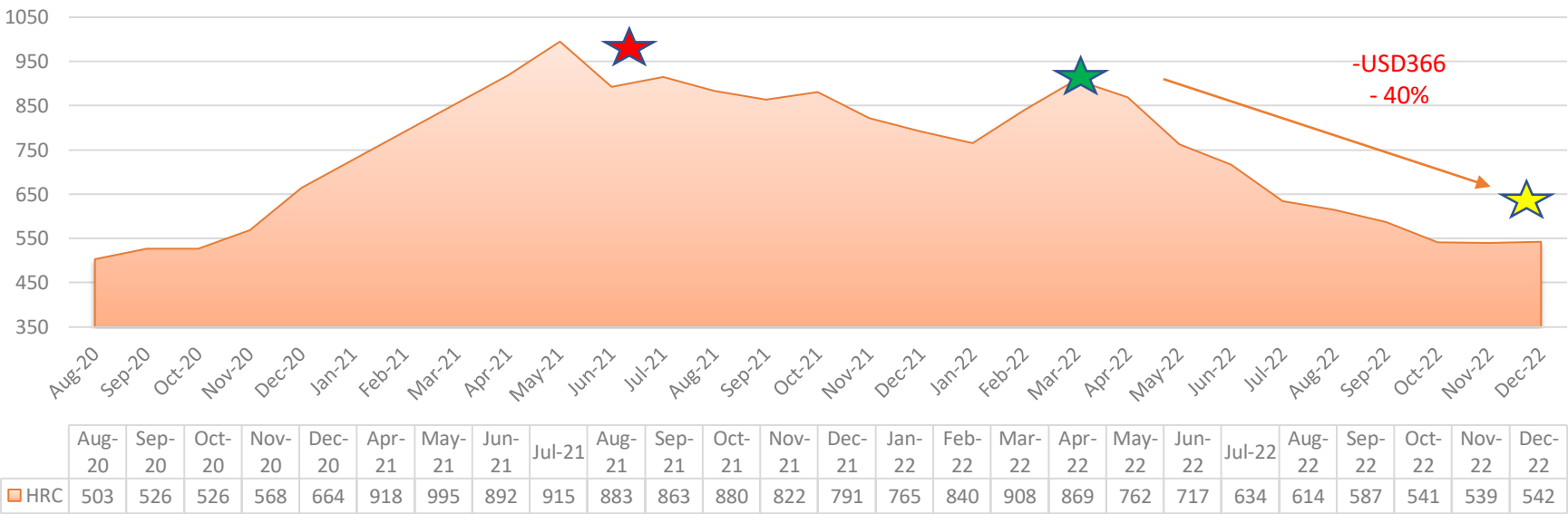


MALAYSIA REAL GDP GROWTH



Coming from a low base y-o-y, the Malaysian economy registered stronger growth of 14.2% in 3Q 2022 after posting an expansion of 8.90% in the previous quarter. Overall, the economy posted a growth of 9.3% for the first three quarters of 2022.

HRC Price In USD/MT



Steel prices remained weak. After peaking in May 2021 at USD 995 (HRC), prices started to decline to reach USD 765 in January 2022. With the disruption caused by the Ukraine War, HRC prices resumed its climb to above USD 908 in March, but rapidly declined (40%) thereafter to USD 542 at the beginning of December.

HTVB Group in 1Q FY23 (Aug 2022 – Oct 2022)



HIGHER SALES VOLUMES BUT DECLINING AVERAGE SELLING PRICE (ASP)

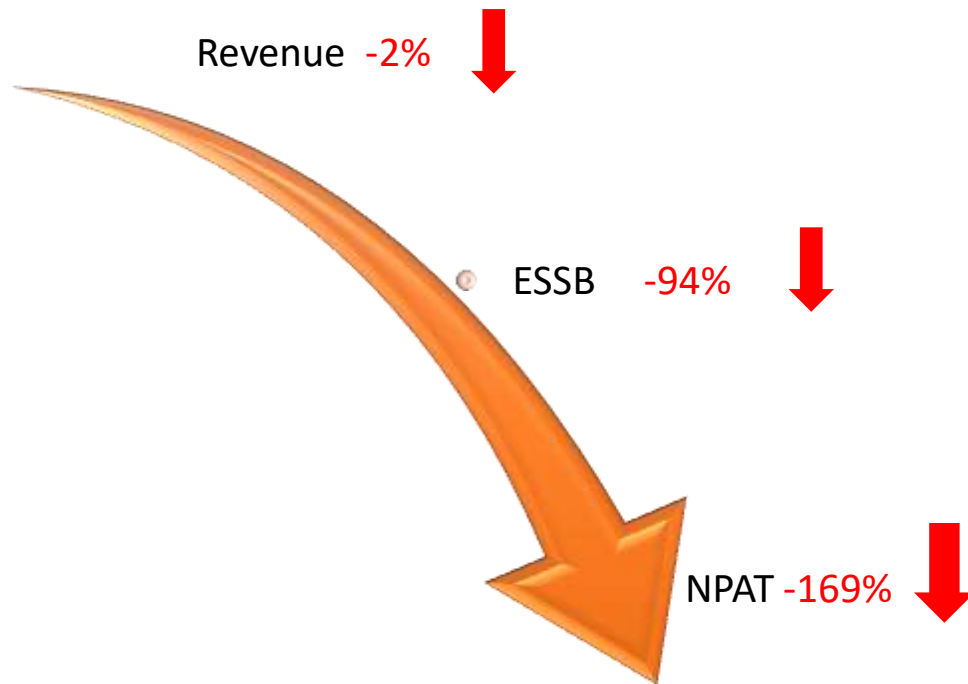
- ❑ Sales volumes is higher in 1Q 2023 vs same quarter last year in line with the resumption of economic activities post pandemic.
- ❑ Downward trend of ASP coupled with higher cost of materials impacted the margin for both the JV and downstream operating entities
- ❑ Steel prices continue to fall during the quarter. The Group further wrote down inventories to NRV by RM27.4m for the quarter under review (4Q FY2022:RM20.3m).



Performance Review – 1Q FY23 vs 1Q FY22 (corresponding quarter)



The Group's suffered a loss after tax of RM48.8m mainly due to low selling price, high costs of inventories, write-down of inventories to net realizable value and lower contribution from JV entity.

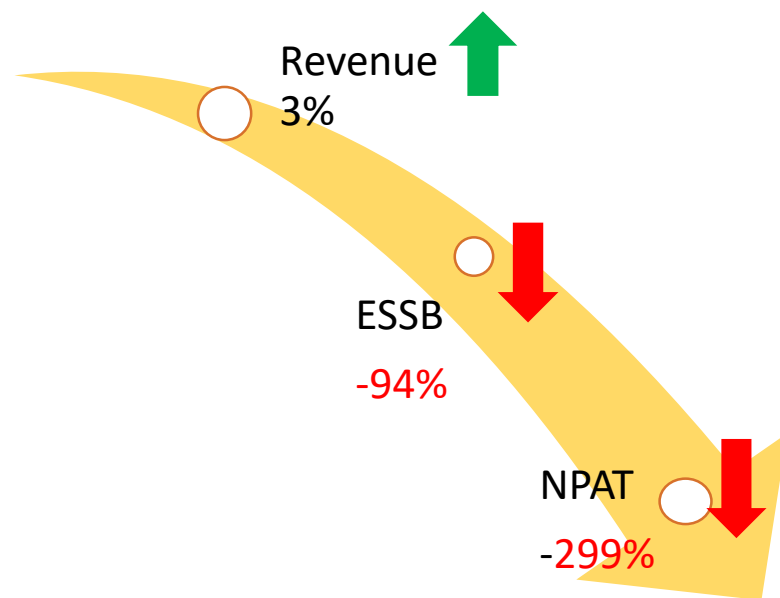


(RM'M)	1Q FY22	1Q FY23	Variance	Remark
Revenue	406.6	397.8	-2%	Lower Average Selling Price
Gross Profit	74.5	-37.1		
<i>GPM</i>	<i>18.3%</i>	<i>-9.3%</i>		<i>Due to high costs of inventories and write down of inventories to net realizable value</i>
PBT	63.1	-49.3	-178%	
<i>ESSB</i>	<i>23.3</i>	<i>1.3</i>	<i>-94%</i>	<i>Due to drop in steel price and higher costs of raw materials</i>
NPBT/(NLBT)	86.3	-48.0	-156%	
<i>NPAT/(NLAT)</i>	<i>71.1</i>	<i>-48.8</i>	<i>-169%</i>	
EPS (sen)	4.11	-2.82		
NTA (RM)	0.73	0.70		

Performance Review – 1Q FY23 vs 4Q FY22 (preceding quarter)



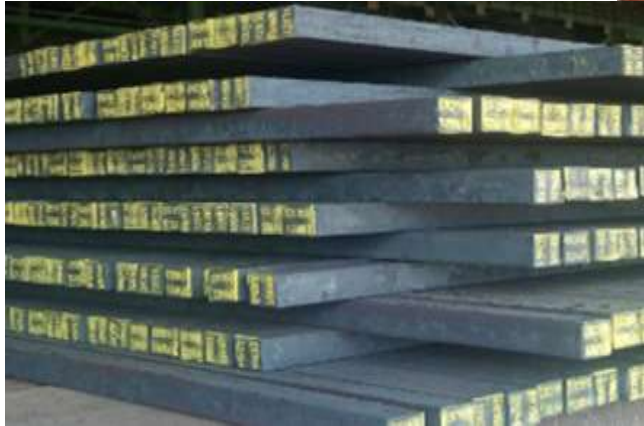
Higher revenue than preceding quarter due to higher sales volume though partly offset by lower selling price. Costs of goods sold was higher due to high costs of inventories and write-down of inventories to net realisable value.



(RM'M)	4Q FY22	1Q FY23	Variance	Remark
Revenue	386.5	397.9	3%	Higher sales volume
Gross Profit	17.0	-37.1		
<i>GPM</i>	<i>4.4%</i>	<i>-9.3%</i>		<i>Due to high costs of inventories and write down of inventories to net realizable value</i>
PBT	2.9	-49.3	-106%	
<i>ESSB</i>	<i>22.7</i>	<i>1.3</i>	<i>-94%</i>	<i>Due to declining selling prices and higher raw material costs.</i>
NPBT/(NLBT)	25.6	-48	-287%	
<i>NPAT/(NLAT)</i>	<i>24.5</i>	<i>-48.8</i>	<i>-299%</i>	<i>Lower selling price, high costs of inventories and the write-down of inventories to net realisable value</i>
EPS (sen)	1.41	-2.82		
NTA (RM)	0.73	0.70		



Eastern Steel Sdn. Bhd.



ESSB Performance Review – 1Q FY23 vs 4Q FY22 (preceding quarter)

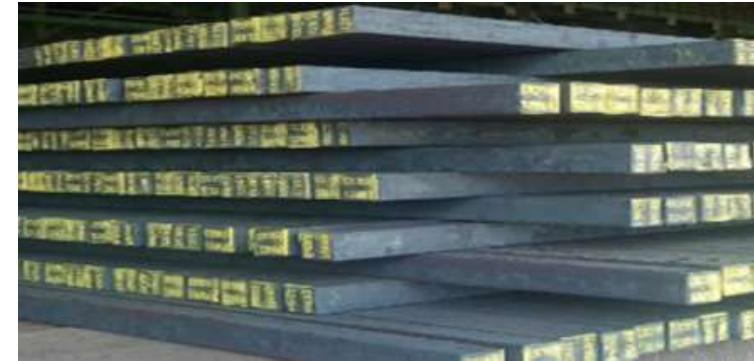
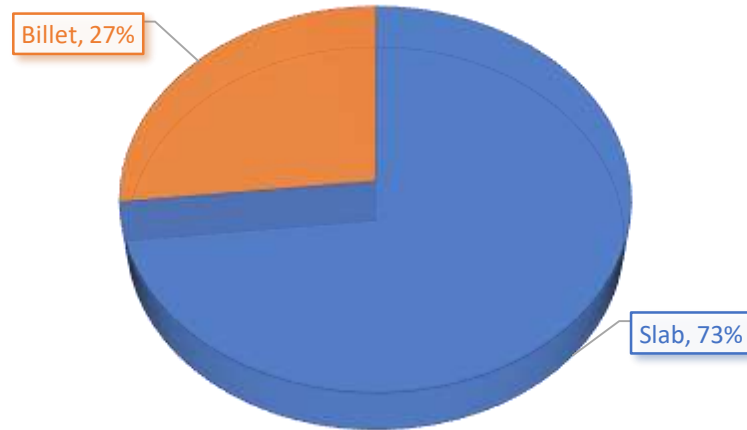


(RM'M)	4QFY22 May 22-Jul 22	1QFY23 Aug 22-Oct 22	Variance	Remarks
Volume (MT)	182.6	195.2	2%	↑ Higher demand from the market
Revenue	609.2	491.9	-19%	↓ Lower ASP
Gross Profit	25.2	9.7	-62%	
<i>GPM</i>	<i>4%</i>	<i>2%</i>		↓ Lower margin due to declining selling price and high raw material costs.
<i>NPBT</i>	<i>83.3</i>	<i>4.8</i>	<i>577%</i>	Reversal of impairment loss on PPE (RM100 million) in 4Q FY22
NPM	13.7%	1.0%		
NPAT	83.3	4.8	-94%	
NET ASSETS	2,014	2,019		

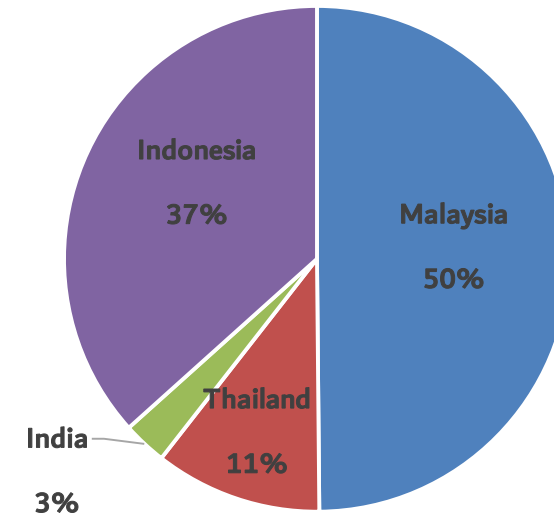
ESSB Performance Review – 1Q FY23



PRODUCT MIX



MARKET DISTRIBUTION YTD2023



OUTLOOK – CAUTIOUSLY OPTIMISTIC



- ✓ GROUP INCURRED A LOSS AFTER TAX OF RM48.8 MILLION FOR 1Q FY2023, A FIRST LOSS SINCE 2Q FY 2020
- ✓ THE GROUP TAKES COGNIZANCE OF THE CHALLENGES AND HEIGHTENED VOLATILITY IN STEEL PRICES AND FINANCIAL MARKETS.
- ✓ THE GROUP WILL CONTINUE TO ADOPT PRUDENT PROCUREMENT STRATEGIES AND INVENTORY MANAGEMENT TO OPTIMISE FINANCIAL PERFORMANCE AND PRESERVE BALANCE SHEET STRENGTH (GEARING RATIO AS AT QUARTER END : **0.31x**)
- ✓ IN LIGHT OF RECENT POSITIVE NEWS NAMELY, THE FORMATION OF THE NEW GOVERNMENT IN OUR COUNTRY, PEAKED INFLATION, SLOWER INTEREST RATE HIKES AND RELAXATION OF CHINA'S LOCKDOWN POLICY, THE OUTLOOK FOR THE GROUP'S BUSINESSES IN THE COMING QUARTERS CAN BE EXPECTED TO IMPROVE.





THANK YOU

