



HTVB

HIAP TECK VENTURE BERHAD

Registration No. 199701005844 (421340-U)

协德集团

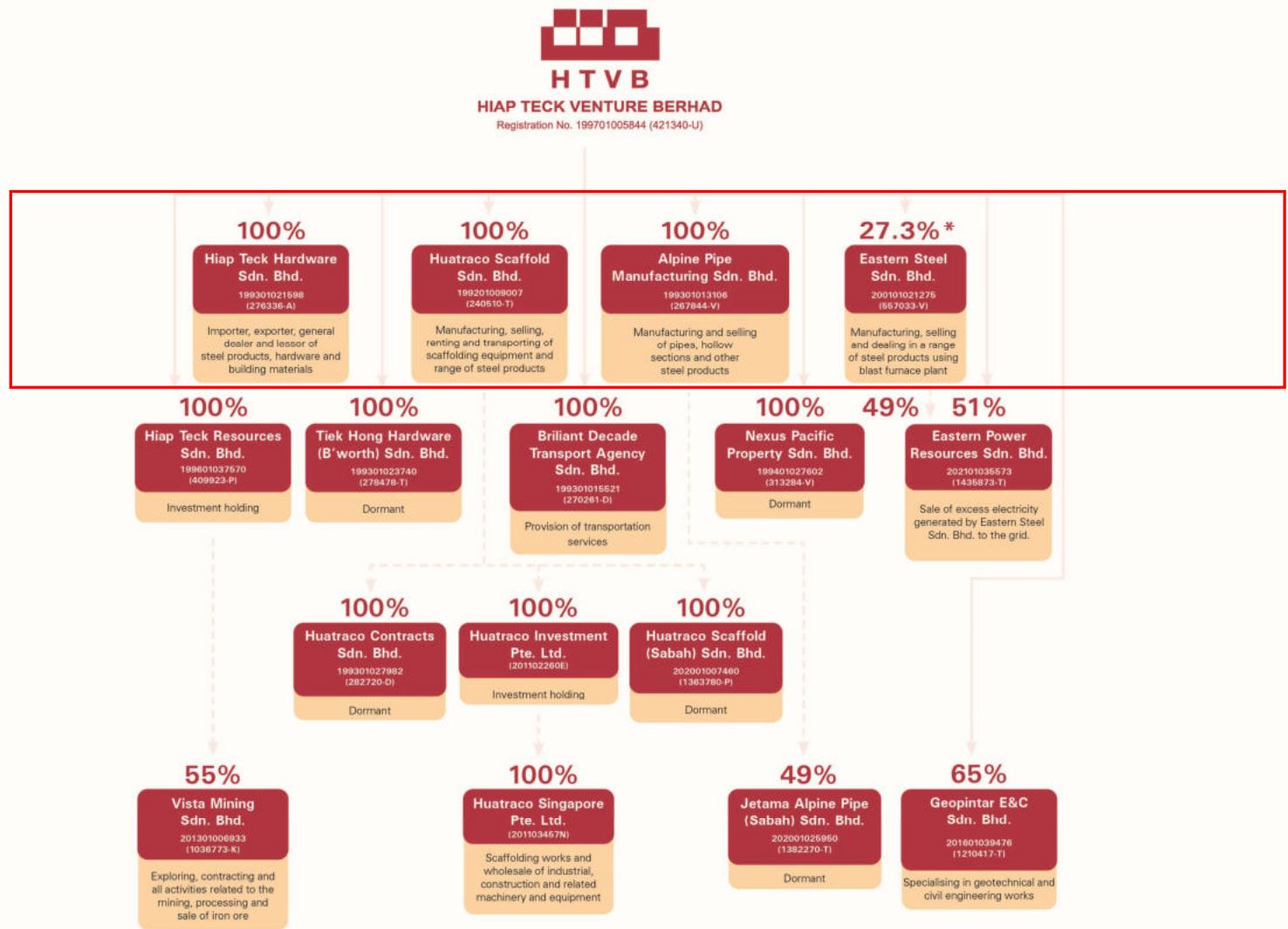
ANALYSTS' BRIEFING Q2 FY2023 PERFORMANCE REVIEW

30 March 2023

CORPORATE STRUCTURE

(31 January 2023)

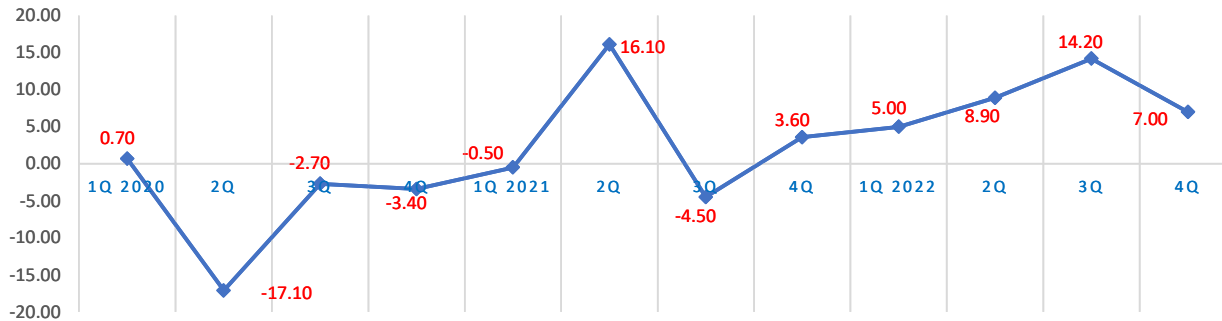
Key Operating Units



The Macro Environment

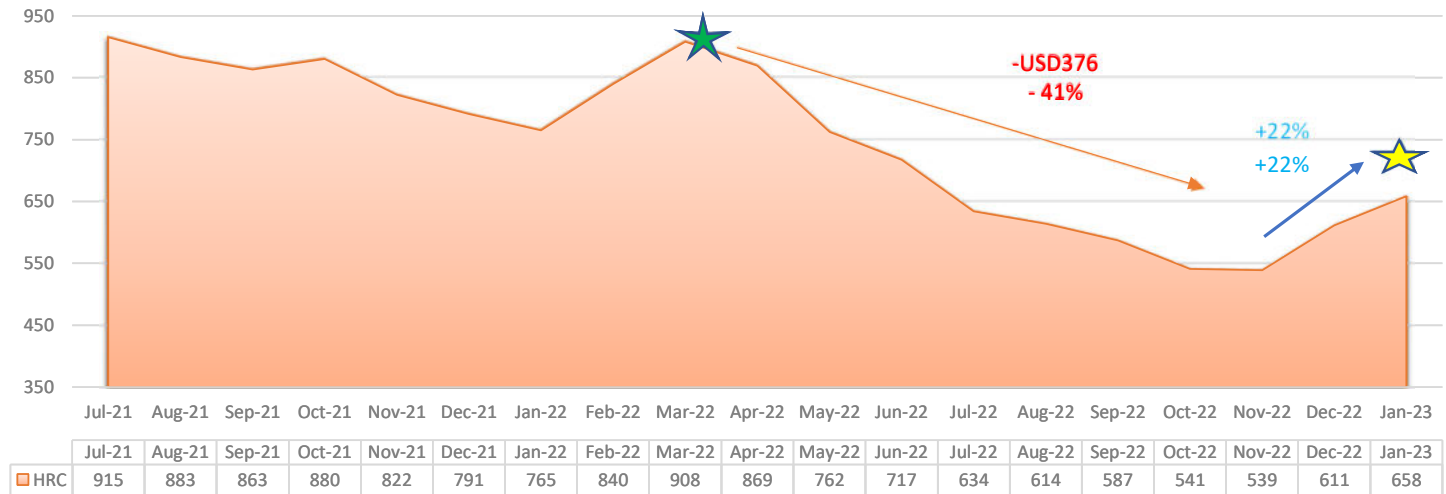


MALAYSIA REAL GDP GROWTH



Coming from a low base y-o-y, the Malaysian economy registered a growth of 7.0% in 4Q 2022 after posting an expansion of 14.2% in the previous quarter. Overall, the economy posted a growth of 8.7% for the full year of 2022 vs 3.1% in 2021.

HRC Price In USD/MT



Steel prices spiked in March 2022 on news of the Ukraine War but couldn't sustain with prices declining sharply by 41% over the next few months. HRC prices appear to have bottomed in November on news of USA peaked inflation and China's opening, and resumed its climb to USD658 in January 2023 with prices currently still on an uptrend and at around the USD700 level.

HTVB Group in 2Q FY2023 (Nov 2022 – Jan 2023)



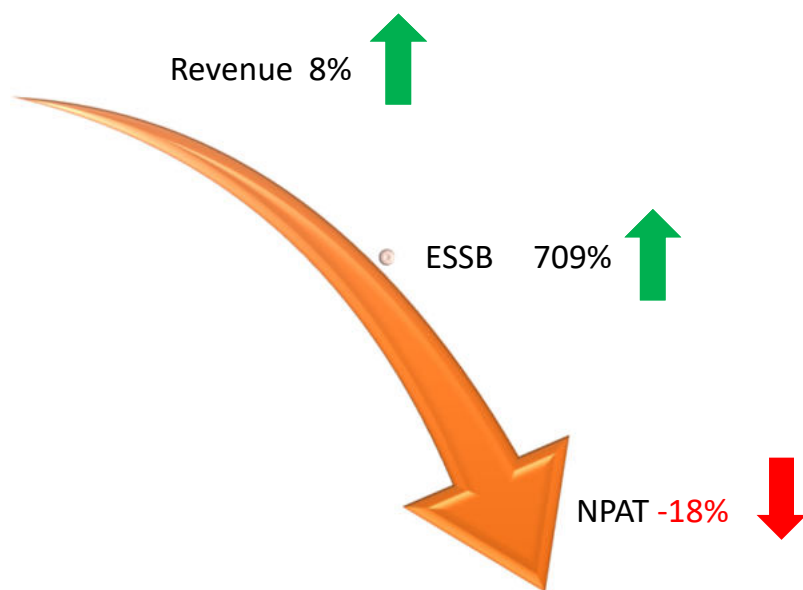
HIGHER SALES VOLUMES BUT LOWER AVERAGE SELLING PRICE (ASP)

- ❑ Higher sales volumes vs corresponding quarter last year which was still under pandemic.
- ❑ Higher cost of inventories impacted the margin for downstream operating entities.
- ❑ Better performance for JV entity due to favorable foreign exchange translation impact.
- ❑ Steel prices rebounded marginally towards the end of the quarter.
- ❑ A reversal of Write down of inventories to NRV of RM12.7m for the quarter under review (1Q FY2023: Write down RM27.4m).



Performance Review – 2Q FY2023 vs 2Q FY2022 (corresponding quarter)

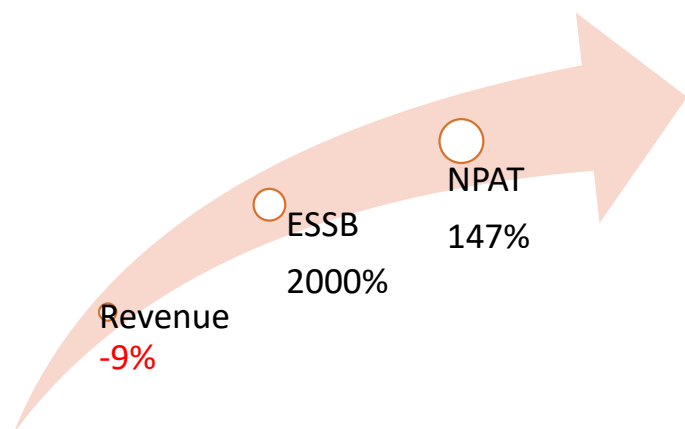
The Group's registered a profit after tax of RM23.1m mainly contributed by JV entity, which recorded better performance due to favorable foreign exchange translation impact.



(RM'M)	2Q FY22	2Q FY23	Variance	Remark
Revenue	333.2	360.6	8%	Higher sales Volume
Gross Profit	44.5	12.6		
GPM	13.4%	3.5%		Due to high costs of inventories.
PBT/(LBT)	33.2	-2.4	-107%	
ESSB	3.4	27.5	709%	Due to favourable foreign exchange translation impact.
NPBT	36.6	25.1	-31%	
NPAT/(NLAT)	28.3	23.1	-18%	
EPS (sen)	1.63	1.29		
NTA (RM)	0.73	0.71		

Performance Review – 2Q FY2023 vs 1Q FY2023 (preceding quarter)

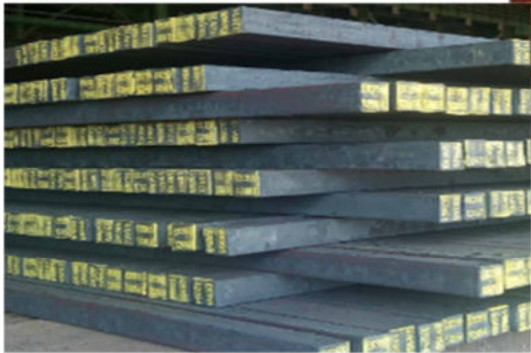
Lower revenue than preceding quarter due to lower sales volume and lower average selling price. Cost of goods sold lower and a reversal of Write-down of Inventories to Net Realisable Value.



(RM'M)	1Q FY23	2Q FY23	Variance	Remark
Revenue	397.9	360.6	-9%	Lower sales volume and average selling price
Gross Profit	-37.1	12.6		
<i>GPM/(GLM)</i>	<i>-9.3%</i>	<i>3.5%</i>		<i>Due to lower costs of goods sold and reversal of write down of inventories to net realizable value</i>
LBT	-49.3	-2.4		
<i>ESSB</i>	<i>1.3</i>	<i>27.5</i>	<i>2000%</i>	<i>Due to favourable foreign exchange translation Impact</i>
NPBT/(NLBT)	-48	25	152%	
<i>NPAT/(NLAT)</i>	<i>-48.8</i>	<i>23.1</i>	<i>147%</i>	
EPS (sen)	-2.82	1.29		
NTA (RM)	0.70	0.71		



Eastern Steel Sdn. Bhd.



ESSB Performance Review – 2Q FY23 vs 1Q FY23 (preceding quarter)

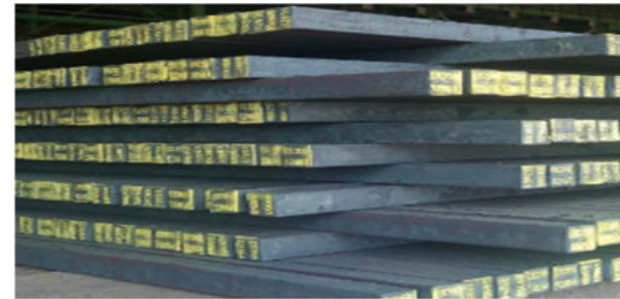
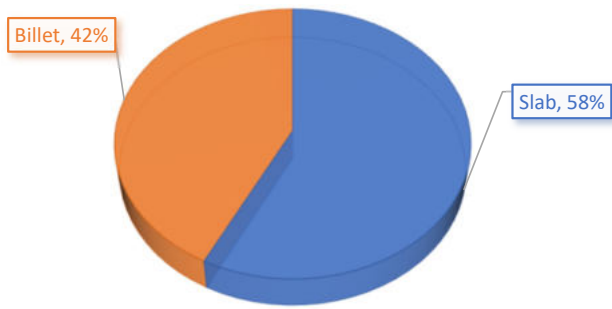


(RM'M)	1QFY23 Aug 22-Oct 22	2QFY23 Nov 22-Jan 22	Variance	Remarks
Volume (MT)	195.2	192.6	-1%	↓ Marginally lower demand from the market
Revenue	491.9	458.6	-7%	↓ Lower Sales volume
Gross Profit	23.0	47.4	106%	
<i>GPM</i>	<i>5%</i>	<i>10%</i>		↑ Higher margin due to increase in selling price and lower raw material costs.
NPBT	4.8	100.8	2000%	Favorable foreign exchange translation
NPM	1.0%	22.0%		
NPAT	4.8	100.8	2000%	
NET ASSETS	2,019	2,120		

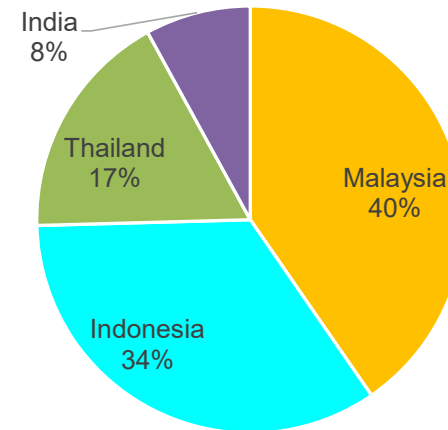
ESSB Performance Review – 2Q FY23



PRODUCT MIX



MARKET DISTRIBUTION YTD2023



OUTLOOK – CAUTIOUSLY OPTIMISTIC



- ✓ GROUP RECORDED A PROFIT AFTER TAX OF RM23.1 MILLION FOR 2Q FY2023 TURNAROUND FROM LOSS POSITION IN PREVIOUS QUARTER.
- ✓ TRADING CONDITIONS REMAIN CHALLENGING AND UNCERTAIN WITH PERSISTENT GLOBAL INFLATIONARY PRESSURES, RISING INTEREST RATES, VOLATILE EXCHANGE RATES, GEO-POLITICS ISSUE AND THE LATEST POTENTIAL GLOBAL BANKING CRISIS.
- ✓ STEEL PRICES APPEAR TO HAVE BOTTOMED AND IS CURRENTLY ON AN UPTREND. CONSTRUCTION SECTOR IS HOPEFUL TO SEE IMPROVEMENT IN YEAR 2023 BASED ON THE RE-TABLED BUDGET.
- ✓ AGAINST THIS BACKDROP, 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 : **0.26x**)
- ✓ MANAGEMENT IS CAUTIOUSLY OPTIMISTIC ON THE GROUP'S PERFORMANCE IN THE COMING QUARTER.





THANK YOU

