



HTVB

HIAP TECK VENTURE BERHAD

Registration No. 199701005844 (421340-U)

协德集团

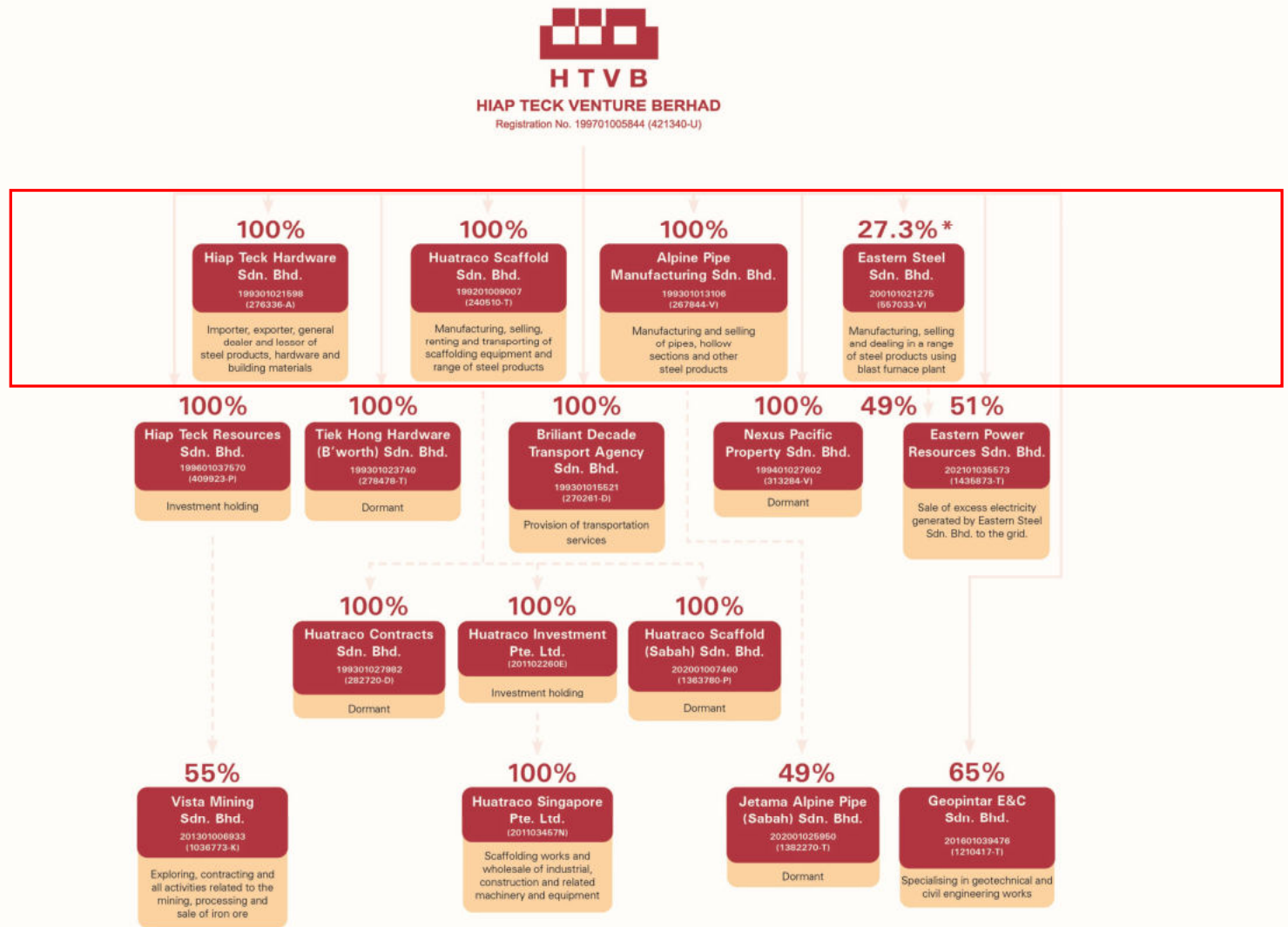
ANALYSTS' BRIEFING Q3 FY2023 PERFORMANCE REVIEW

03 July 2023

CORPORATE STRUCTURE

(30 April 2023)

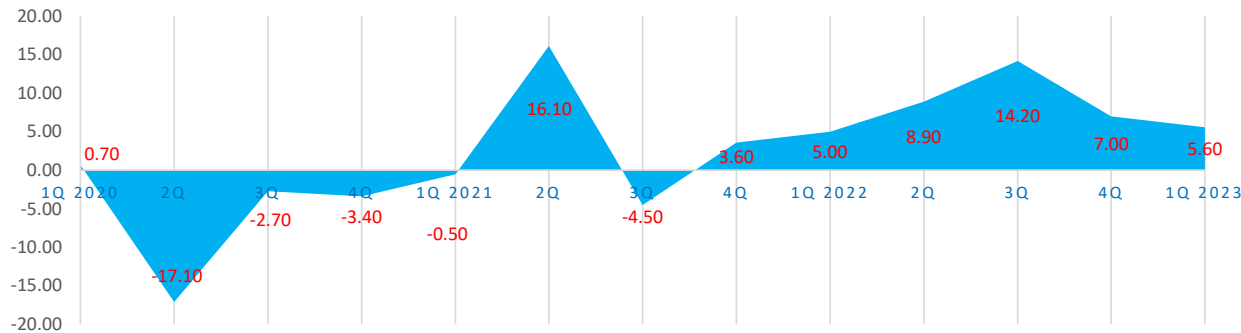
Key Operating Units



The Macro Environment



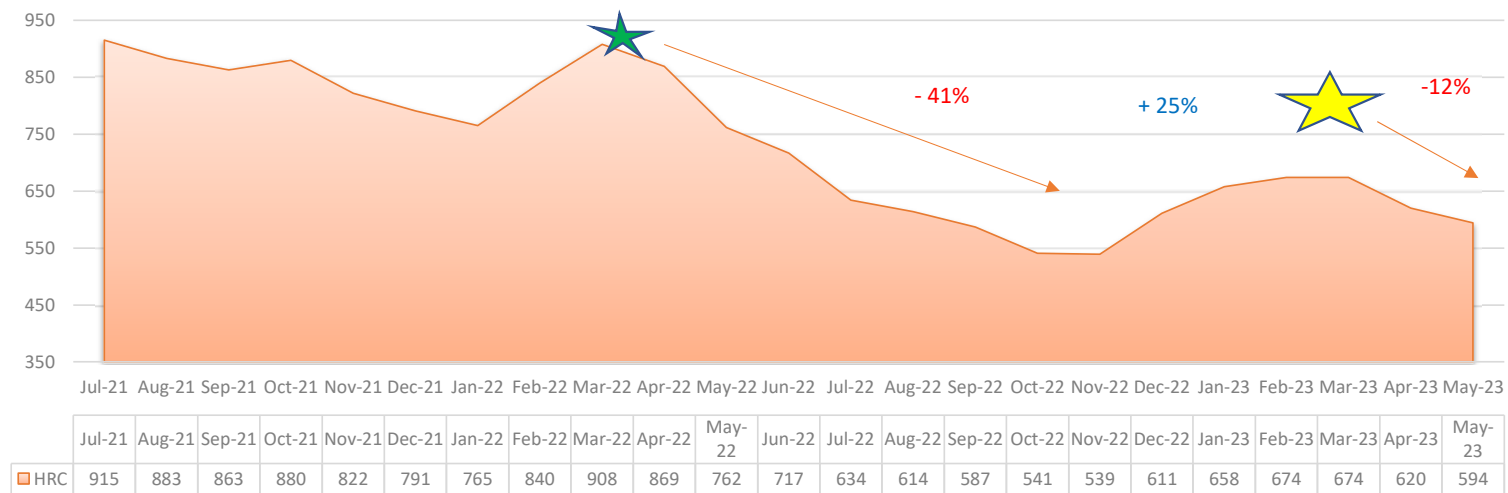
MALAYSIA REAL GDP GROWTH



The Malaysian economy registered growth of 5.6% in 1Q 2023 after posting a full year expansion of 8.7% in 2022. For the whole of 2023, BNM has forecasted GDP growth to be in the range of between 4.0% and 5.0% supported by strong consumer spending.

HRC prices remained volatile. After spiking in March 2022 on news of the Ukraine War, prices could not sustain and declined 41% till Nov 2022. Thereafter, on news of USA peaked inflation and China's opening, prices rebounded to reach USD674 in March 2023 but reversed its trend on China's lack luster growth, with prices currently at the USD 570 level.

Indicative HRC Price In USD/MT



HTVB Group in 3Q FY2023 (Feb 2023 – Apr 2023)



SALES VOLUME AND AVERAGE SELLING PRICE (ASP) IMPROVED MARGINALLY

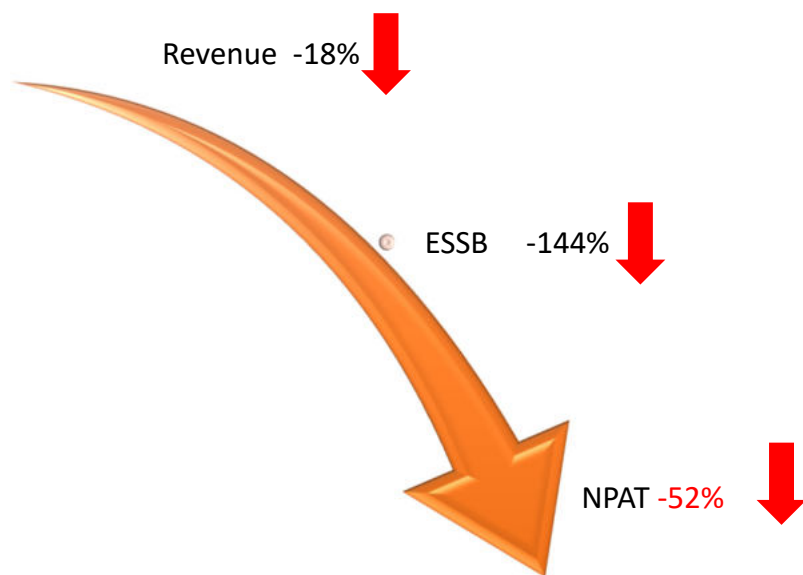
- Sales volume was relatively flat due to the Hari Raya holidays and the delay in rollout of mega infrastructure projects pending review.
- Profit margins for all key entities continued to improve in the current quarter.
- JV entity posted strong operating profit but was offset by adverse foreign exchange translation impact.
- Steel prices were on upward trend but experienced a correction towards the end of the quarter.
- A reversal of Write down of inventories to NRV of RM10.8m for the quarter under review.



Performance Review – 3Q FY2023 vs 3Q FY2022 (corresponding quarter)



The Group's registered a profit after tax of **RM15.5m** primarily driven by the reversal of Write-down of Inventory to Net Realisable Value.

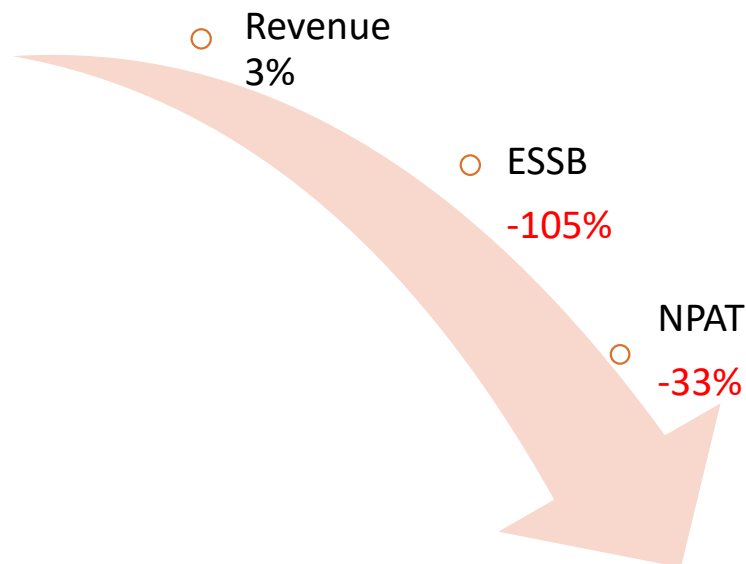


(RM'M)	3Q FY23	3Q FY22	Variance	Remark
Revenue	373.0	457.0	-18%	Lower sales Volume and Average Selling Price
Gross Profit	32.4	50.7		
<i>GPM</i>	<i>8.7%</i>	<i>11.1%</i>		<i>Due to higher costs of goods sold.</i>
PBT	18.1	38.0	-52%	
ESSB	(1.5)	3.3	-144%	Due to adverse foreign exchange translation impact.
NPBT	16.6	41.3	-60%	
NPAT	15.5	32.5	-52%	
EPS (sen)	0.86	1.85		
NTA (RM)	0.71	0.73		

Performance Review – 3Q FY2023 vs 2Q FY2023 (preceding quarter)



Higher revenue than preceding quarter due to marginally higher volume and average selling price. Margins continued to improve from start of year with a reversal of Write-down of Inventories to Net Realisable Value RM10.8 million. JV entity suffered a loss as operating profit offset by negative FX translation impact.



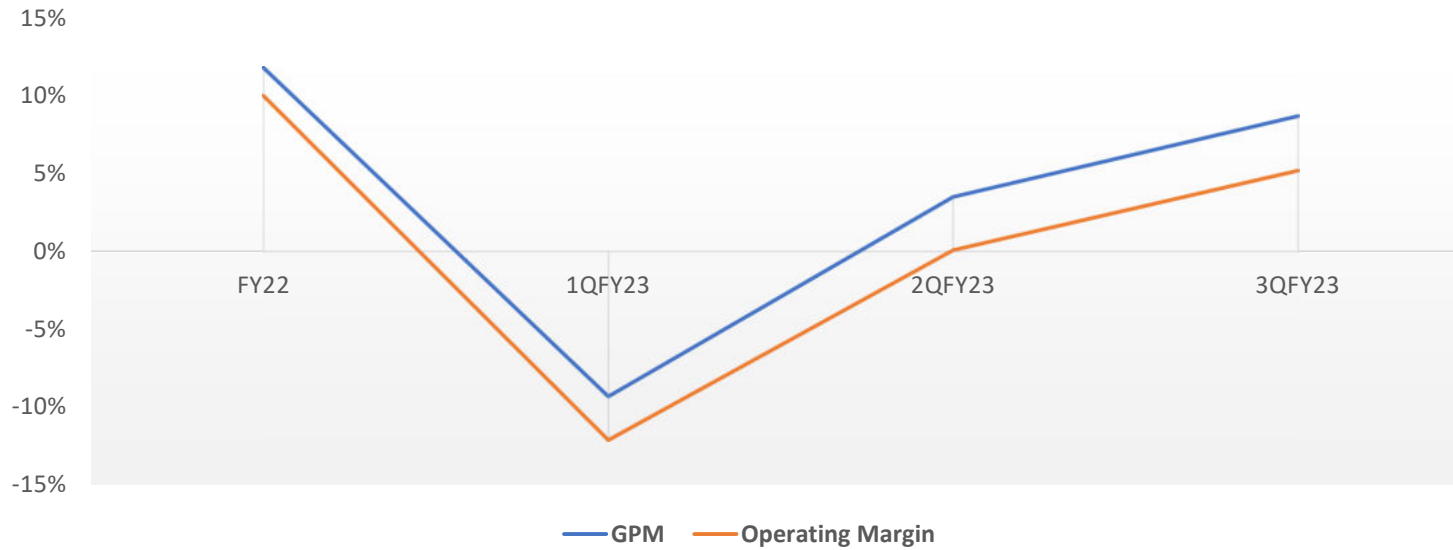
(RM'M)	3Q FY23	2Q FY23	Variance	Remark
Revenue	373.0	360.6	3%	Higher average selling price (ASP)
Gross Profit	32.4	12.6		
<i>GPM</i>	<i>8.75%</i>	<i>3.5%</i>		<i>Due to improved ASP and reversal of write down of inventories to net realizable value</i>
PBT/(LBT)	18.1	-2.4		
ESSB	(1.5)	27.5	-105%	Due to adverse foreign exchange translation Impact
NPBT	16.6	25	-34%	
NPAT	15.5	23.1	-33%	
EPS (sen)	0.86	1.29		
NTA (RM)	0.71	0.71		

Performance Chart – FY2022 to 3Q FY2023



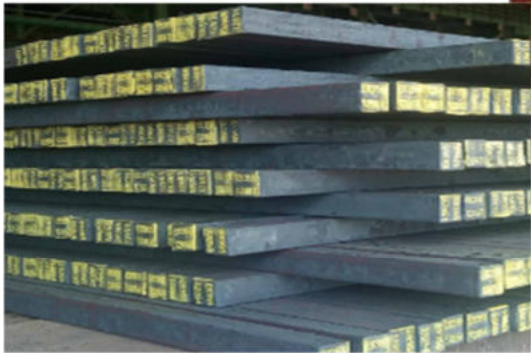
☐ Improving Margins in last 2 quarters.

HTVB GROUP : GPM & OPERATING MARGIN





Eastern Steel Sdn. Bhd.



ESSB Performance Review – 3Q FY23 vs 2Q FY23 (preceding quarter)

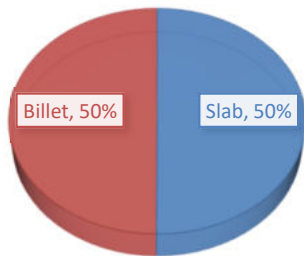


(RM'M)	3QFY23 Feb 23-Apr 23	2QFY23 Nov 22-Jan 23	Variance	Remarks
Volume (MT)	200.7	192.6	4%	↑ Slightly higher demand from the market
Revenue	557.5	458.6	22%	↑ Higher Sales volume and selling price
Gross Profit	85.8	47.4	81%	
<i>GPM</i>	<i>15%</i>	<i>10%</i>		↑ Higher margin due to increase in selling price and lower raw material costs.
NPBT/(NLBT)	(5.4)	100.8	-105%	Adverse foreign exchange translation impact.
NPM/(NLM)	-0.7%	22.0%		
NPAT/(NLAT)	(5.4)	100.8	-105%	
NET ASSETS	2,114	2,120		

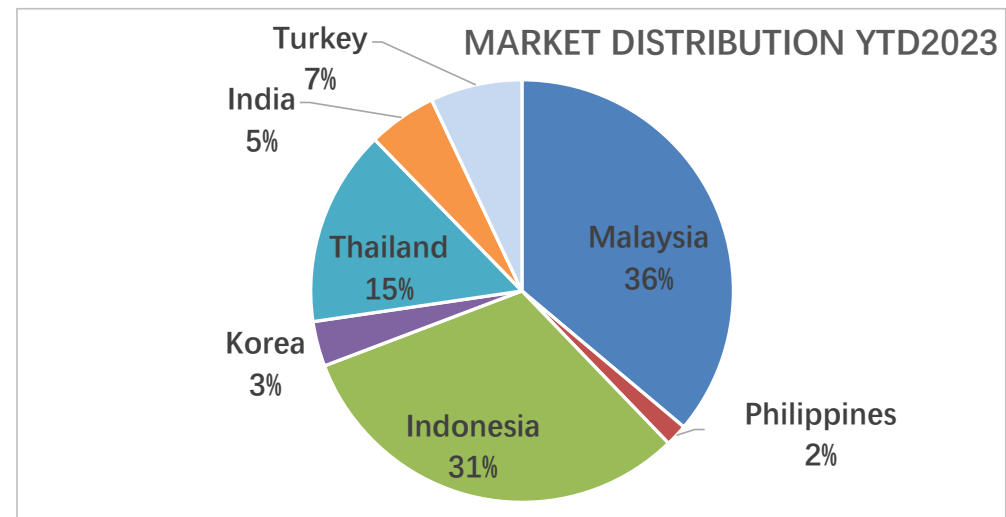
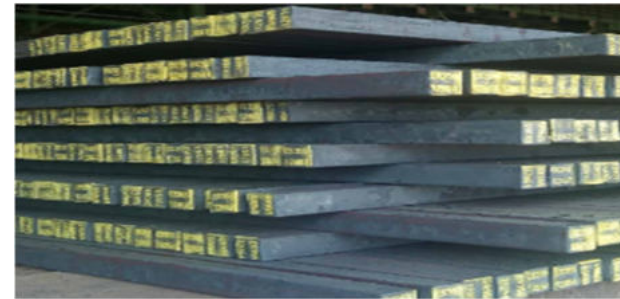
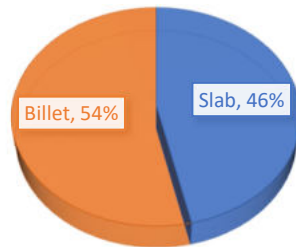
ESSB Performance Review – 3Q FY23



3Q PRODUCT MIX



YTD PRODUCT MIX



OUTLOOK – REMAIN CAUTIOUS

- GROUP OPERATING MARGINS CONTINUED TO IMPROVE IN 3Q FY2023 BUT RECORDED A LOWER PROFIT AFTER TAX OF **RM15.5 MILLION** DUE TO ADVERSE FOREIGN CURRENCY TRANSLATION IMPACT AT JV ENTITY.
- PERSISTENT INFLATION AND HIGH INTEREST RATE IN MOST ECONOMIES ARE EXPECTED TO HINDER THE RECOVERY OF STEEL DEMAND IN 2023. DOMESTIC DEMAND FOR STEEL REMAINS STAGNANT AS THE ROLLOUT OF MEGA INFRASTRUCTURE PROJECTS IS DELAYED PENDING REVIEW.
- STEEL PRICES SHOWED A REBOUND IN Q1 OF 2023 BUT SINCE EXPERIENCED A DOWNWARD TREND DUE TO VOLATILE AND UNCERTAIN MARKET CONDITIONS.
- 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 : **0.33x**)
- GIVEN THE RECENT CORRECTION IN STEEL PRICES AND THE WEAKENING OF RINGGIT AGAINST MAJOR CURRENCIES, THE MANAGEMENT REMAINS CAUTIOUS ON THE GROUP'S PERFORMANCE IN THE COMING QUARTER.





THANK YOU

