



HTVB

HIAP TECK VENTURE BERHAD

Registration No. 199701005844 (421340-U)

协德集团

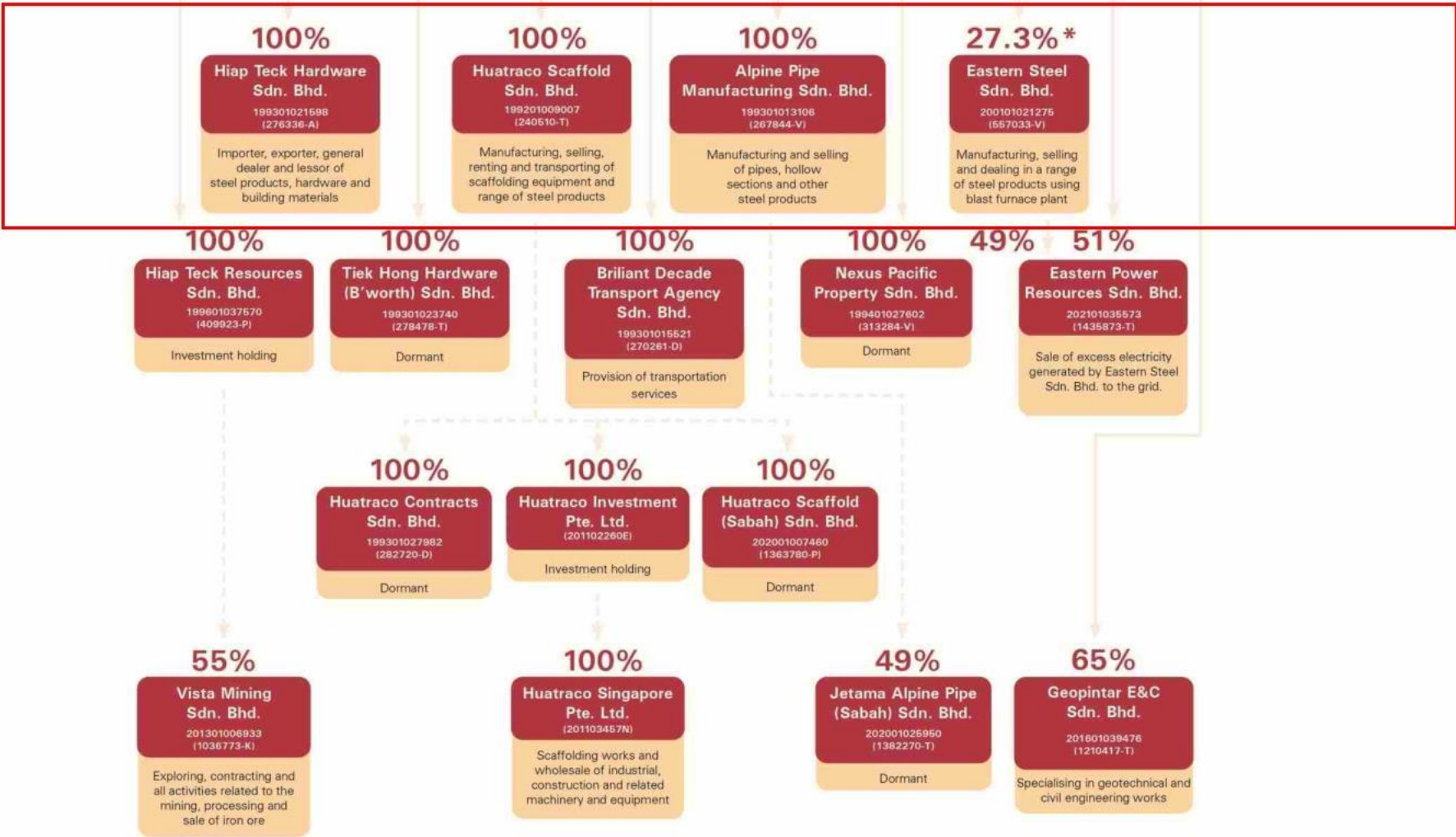
ANALYSTS' BRIEFING Q4 FY2023 PERFORMANCE REVIEW

2 October 2023

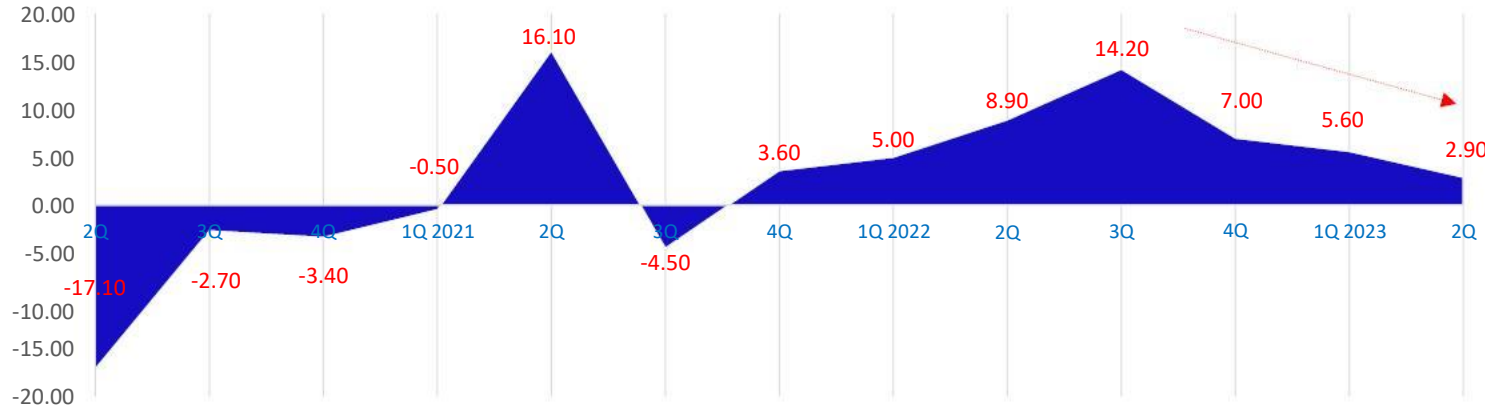


CORPORATE STRUCTURE

(31 July 2023)



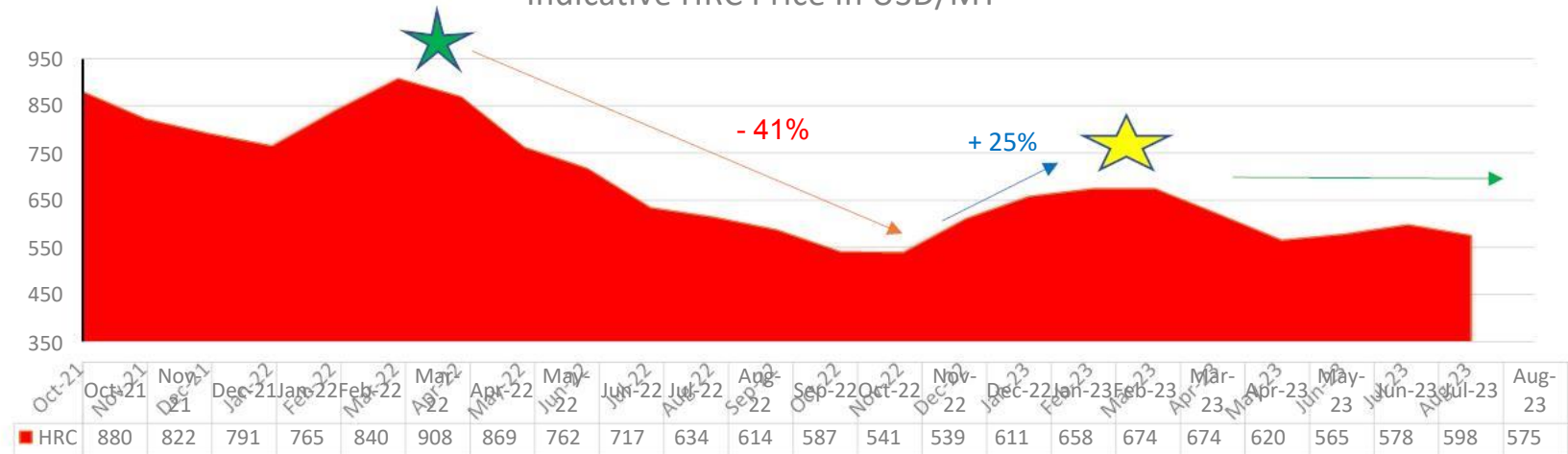
MALAYSIA REAL GDP GROWTH



➤ Malaysia registered slower growth of 2.9% in 2Q 2023 after expanding 5.6% in 1Q due to weaker external demand. BNM projects full year growth to be between 4.0% and 5.0% vs a growth of 8.7% in 2022.

➤ After spiking in March 2022, steel prices 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 stable at the USD 580 level.

Indicative HRC Price In USD/MT



HTVB GROUP PERFORMANCE REVIEW - 4Q FY23 vs 4Q FY22 (corresponding quarter)



(RM'M)	4Q FY23	4Q FY22	Variance
Revenue	453.8	386.5	17%
Gross Profit	41.4	17.0	144%
GPM	9.1%	4.4%	
Profit before Interest	26.2	6.7	291%
Finance Costs	(6.6)	(3.8)	
PBT	19.6	2.9	576%
ESSB	17.1	22.7	-25%
NPBT	36.8	25.6	43%
NPAT	42.0	24.5	71%
Net Gearing Ratio	0.31	0.35	
EPS (sen)	2.45	1.41	
NTA (RM)	0.74	0.73	

- ❑ 17% revenue growth driven by 49% volume growth partly offset by lower ASP
- ❑ Improved margins for all key entities and a reversal of Write Down of Inventories to NRV of RM8.0m in the current quarter vs **RM20.3m** write down in corresponding quarter. Gross profit grew 144% to RM41.4m
- ❑ Higher Finance Costs due to rising interest rate
- ❑ Balance Sheet remained strong with Net Gearing Ratio improving to 0.31

HTVB GROUP PERFORMANCE REVIEW - 4Q FY2023 vs 3Q FY2023 (preceding quarter)

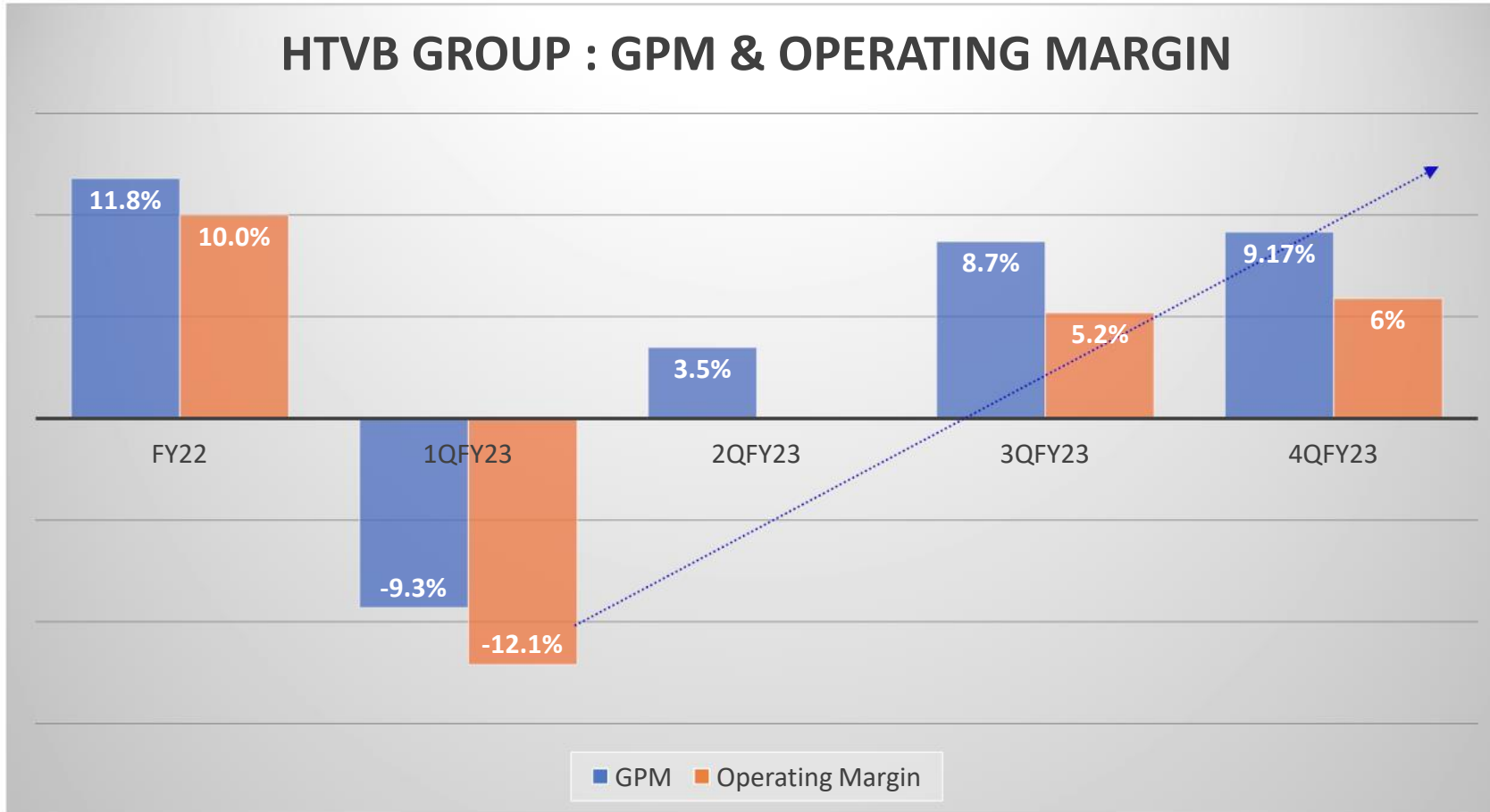


(RM'M)	4Q FY23	3Q FY23	Variance
Revenue	453.8	373.0	22%
Gross Profit	41.4	32.4	28%
GPM	9.1%	8.7%	
Profit before Interest	26.2	22.6	16%
Finance Costs	(6.6)	(4.5)	
PBT	19.6	18.1	8%
ESSB	17.1	(1.5)	
NPBT	36.8	16.6	122%
NPAT	42.0	15.5	171%
Net Gearing Ratio	0.31	0.33	
EPS (sen)	2.45	0.86	
NTA (RM)	0.74	0.71	

- ❑ 22% revenue growth driven by 32% volume growth partly offset by lower ASP
- ❑ Improved margins for all key entities and a Reversal of Write Down of Inventories to NRV of RM8.0m in the current quarter vs RM10.8m in preceding quarter. Gross profit grew 28% to RM41.4m
- ❑ Higher Finance Costs partly due to higher interest rate
- ❑ Balance Sheet remained strong with Net Gearing Ratio improving to 0.31
- ❑ Higher NPAT partially due to Deferred Tax



HTVB GROUP : GPM & OPERATING MARGIN



- ❑ Negative GPM in 1Q FY2023 was due to higher cost of inventory and RM27.3m write-down of inventories to NRV
- ❑ Margins for the last 3 quarters have since continued to improve and normalize



Eastern Steel Sdn. Bhd.



ESSB PERFORMANCE REVIEW - 4Q FY2023 vs 3Q FY2023 (preceding quarter)



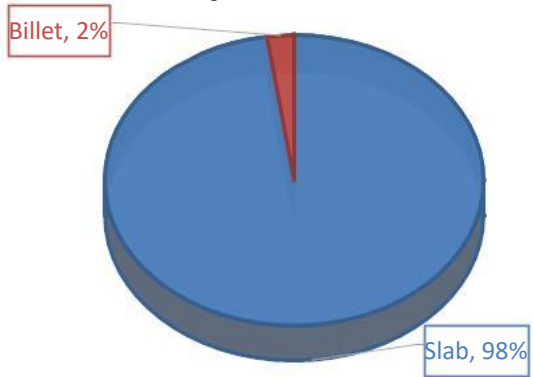
(RM'M)	4Q FY23	3Q FY23	Variance
Volume (kMT)	219.9	200.7	10%
Revenue	673.4	563.2	20%
Gross Profit	136.2	85.8	59%
GPM	20.2%	15.2%	
Profit before Interest/Adjustments	96.8	64.9	49%
Finance Costs	(5.4)	(4.6)	
Unrealized FX	13.9	(65.6)	
Adjustment	(42.5)	0.0	
NPAT	62.8	(5.4)	

- ❑ 20% revenue growth driven by 10% volume growth and higher ASP due to firm demand and higher ASP from new export markets
- ❑ GPM improved to 20.2% to post a 59% increase in Gross Profit to RM136.2m
- ❑ FX Translation gain of RM13.9m vs loss of **RM65.6m** in preceding quarter
- ❑ After adjusting for one-off Deferred Tax expenses, ESSB posted a NPAT of RM62.8m for 4Q FY23 vs a loss in the preceding quarter

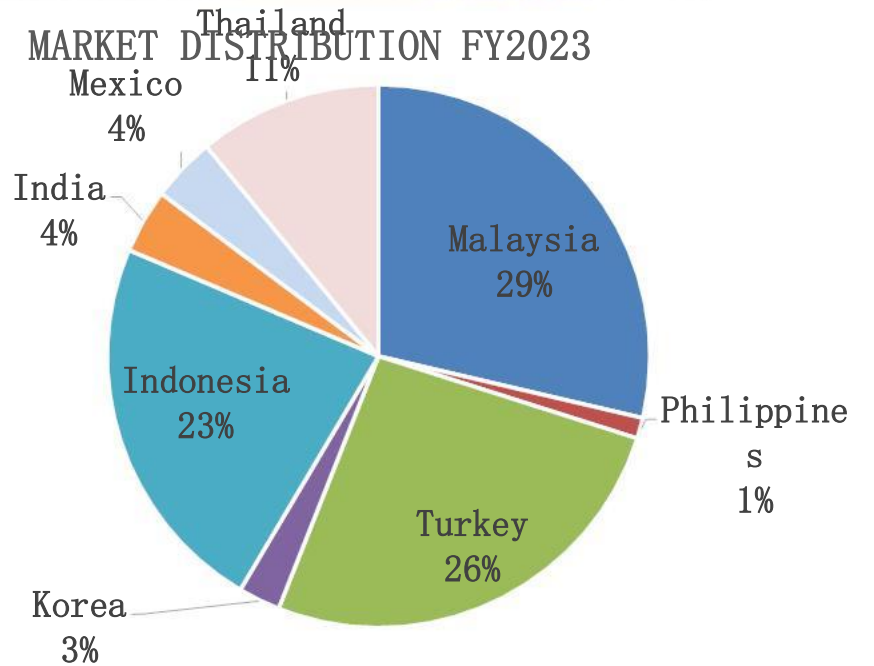
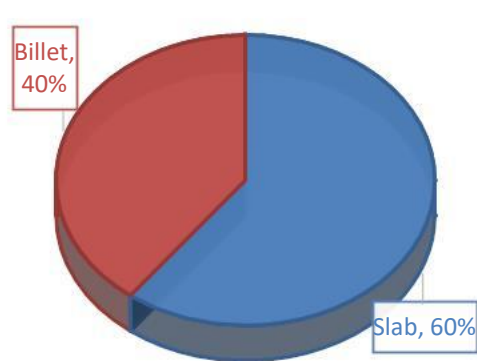
ESSB PERFORMANCE REVIEW – 4Q FY23



4th q Product Mix



YTD Product Mix



- ❑ THE GROUP MAINTAINED POSITIVE OPERATING MARGINS IN 4Q FY2023 TO RECORD A HIGHER PROFIT AFTER TAX OF **RM42 MILLION**.
- ❑ ESSB'S PERFORMANCE IMPROVED AND CONTRIBUTED POSITIVELY TO THE GROUP IN THE QUARTER
- ❑ ESSB ACHIEVED A SIGNIFICANT MILESTONE BY SUCCESSFULLY IGNITING ITS NEW 2.0 MILLION MT BLAST FURNACE IN AUGUST 2023, TAKING RATED CAPACITY FROM 700K MT TO 2.7 MILLION MT PER ANNUM. PRODUCTION WILL COMMENCE EARLY OCTOBER 2023.
- ❑ ESSB'S EXPANSION WILL BRING MULTI-FOLDS (>280%) INCREASE IN REVENUE AND GREATER ECONOMY OF SCALE. THE GROUP LOOKS FORWARD TO A VERY SIGNIFICANT INCREASE IN CONTRIBUTIONS FROM ESSB IN THE IMMEDIATE FUTURE.
- ❑ THE 12TH MALAYSIA PLAN MID-TERM REVIEW'S COMMITMENT TO INCREASE DEVELOPMENT EXPENDITURE WITH **RM90** BILLION ANNUALLY TO BE SPENT FROM YEAR 2023 TO 2025 WILL BOOST THE CONSTRUCTION SECTOR.
- ❑ DESPITE THE BACKDROP OF THE STABLE ECONOMIC OUTLOOK, THE GROUP REMAINS VIGILANT OF ANY EMERGING DEVELOPMENTS PARTICULARLY THE CHALLENGES AND HEIGHTENED VOLATILITY ON STEEL PRICES, FINANCIAL MARKETS AND GEO-POLITICAL TENSIONS.
- ❑ THE GROUP WILL PERSIST IN ADOPTING PRUDENT PROCUREMENT STRATEGIES AND INVENTORY MANAGEMENT PRACTICES TO OPTIMISE FINANCIAL PERFORMANCE AND PRESERVE BALANCE SHEET STRENGTH (GEARING RATIO AS AT QUARTER END : **0.31x**)





THANK YOU

