



HTVB

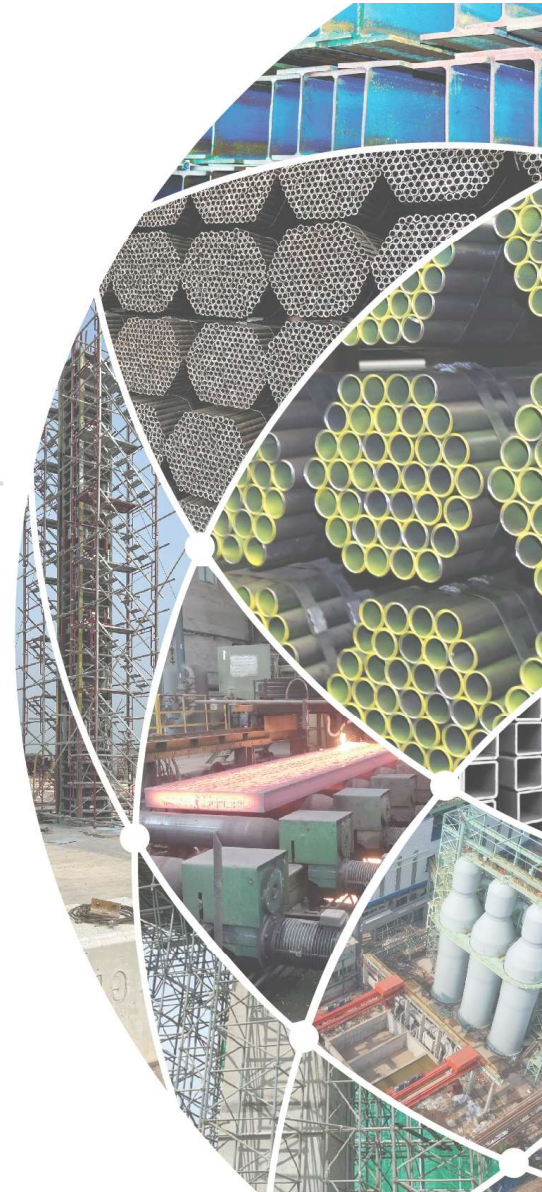
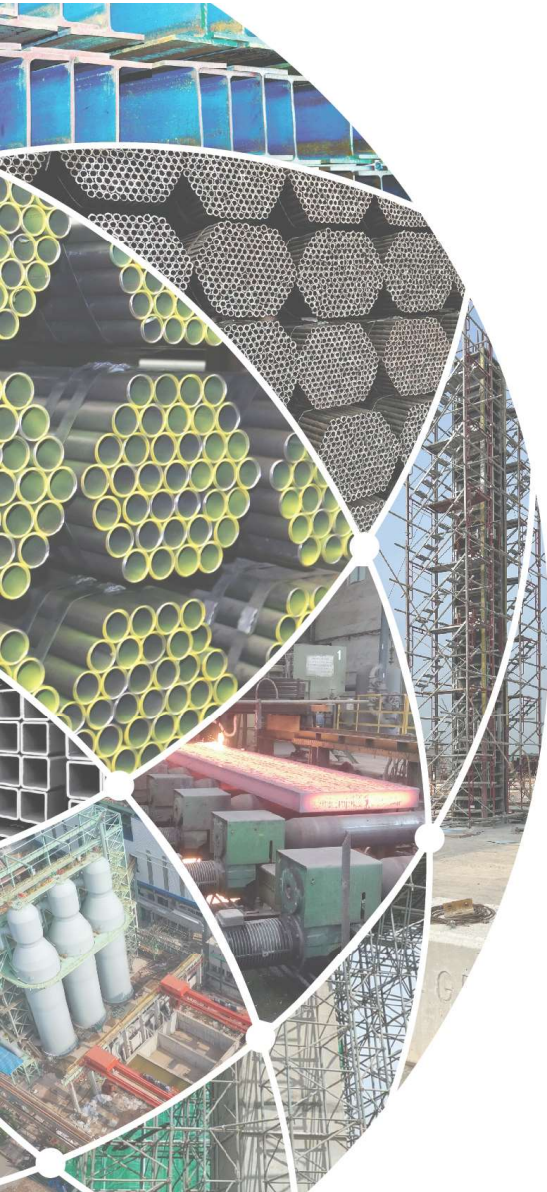
HIAP TECK VENTURE BERHAD

Registration No. 199701005844 (421340-U)

协德集团

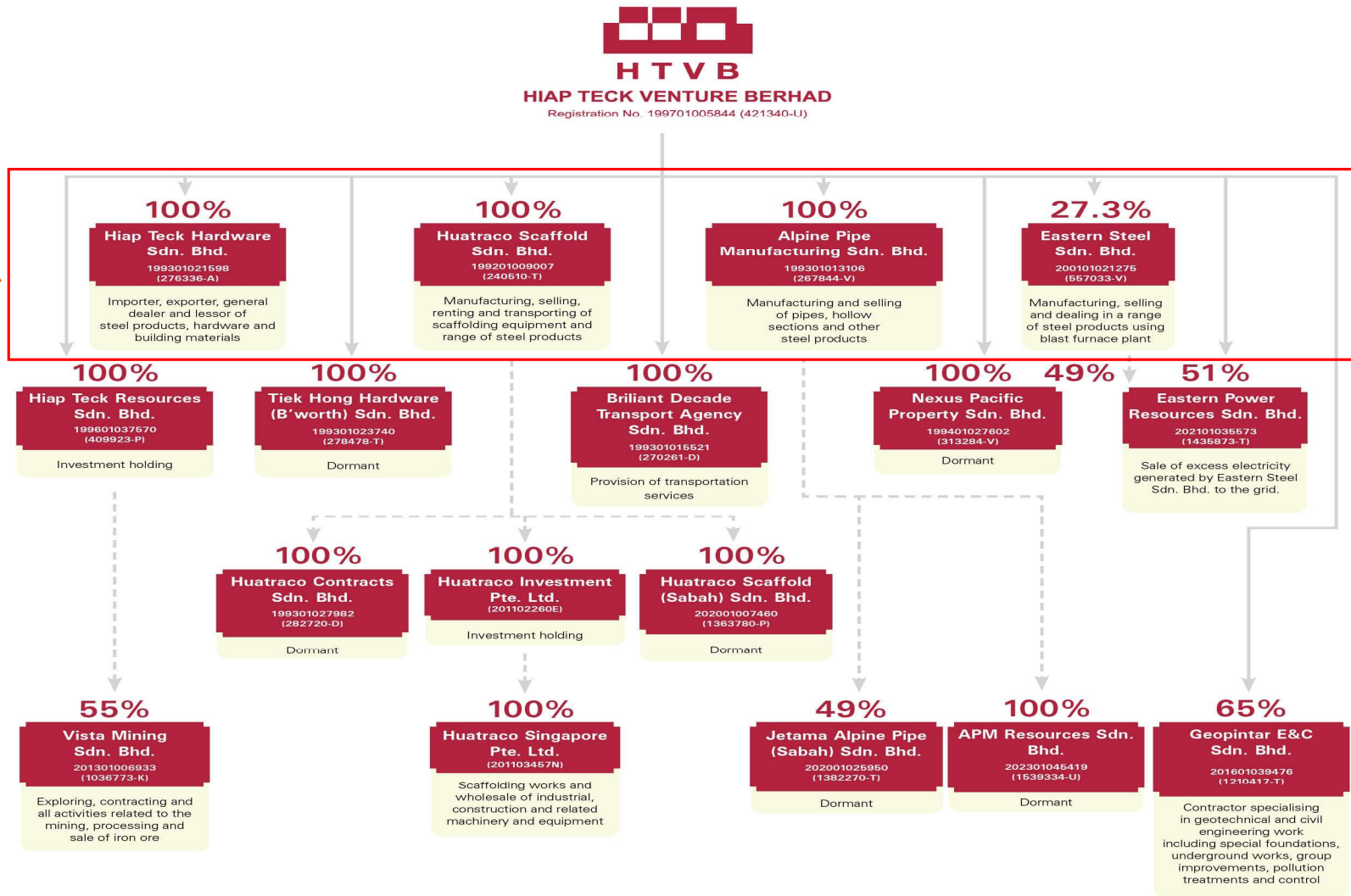
**ANALYSTS' BRIEFING
Q2 / FY 2024
PERFORMANCE REVIEW**

01 APRIL 2024



**CORPORATE
STRUCTURE
(31 JANUARY 2024)**

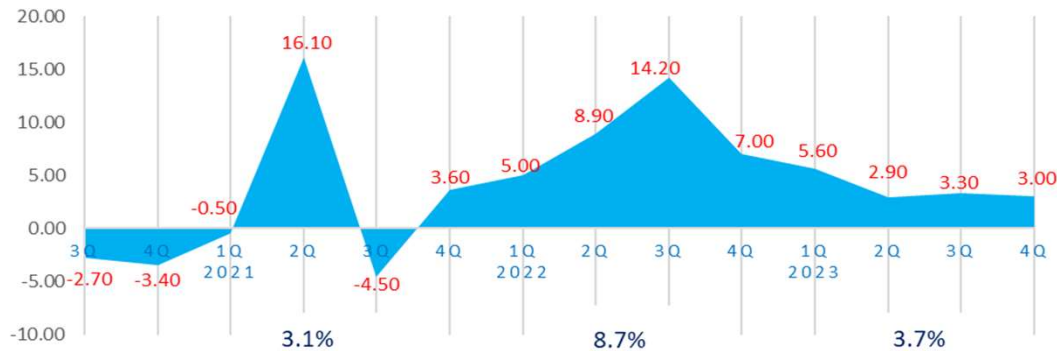
Key Operating Units



THE MACRO ENVIRONMENT



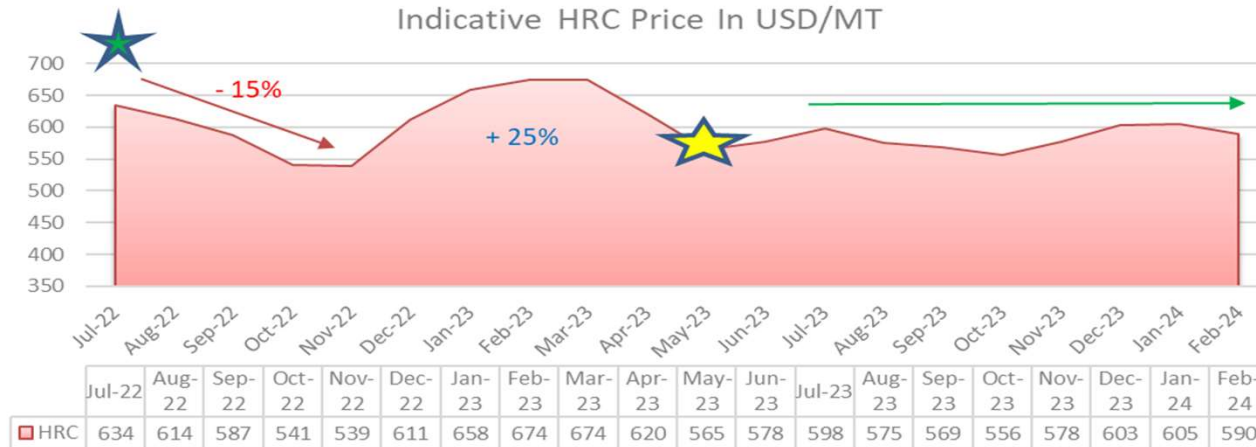
MALAYSIA REAL GDP GROWTH



The Malaysian economy grew at 3.0% in 4Q 2023 slowing from 3.3% in 3Q. Full year 2023 growth normalized to 3.7% from 8.7% in the previous year.

Steel prices have been relatively stable at the USD 600 level in 4Q 2023. It has shown weakness recently with HRC prices dropping to the USD 560 level due to China's lackluster growth (prolonged property crisis and weak domestic demand)

Indicative HRC Price In USD/MT



HTVB GROUP PERFORMANCE REVIEW - 2Q FY24 vs 2Q FY23 (corresponding quarter)



(RM'M)	2Q FY24	2Q FY23	Variance
Revenue	459.5	360.6	27%
Gross Profit	34.4	12.6	173%
GPM/(GLM)	7.5%	3.5%	
Profit before Interest	22.6	1.6	1,357%
Finance Costs	(5.0)	(4.0)	
PBT/(LBT)	17.6	(2.4)	821%
ESSB	8.4	27.5	-69%
NPBT	26.0	25.1	4%
NPAT	21.9	23.1	-5%
Net Gearing Ratio	0.42	0.26	
EPS (sen)	1.23	1.29	
NTA (RM)	0.74	0.71	

- Revenue rose by 27%, driven mainly by an increase in sales volumes despite a drop in average selling prices.
- Gross profit increased by 173% mainly attributed by better profit margins resulting from stabilizing steel prices.
- The Group achieved a commendable profit of RM 26.0 million in the current quarter, compared to RM 25.1 million in the preceding year's same quarter mainly attributed to the improved profit margins from Group's downstream operating subsidiaries.
- The share of profit from the JV entity for the current quarter was lower at RM 8.4 million compared to RM 27.5 million, largely due to higher raw material costs and better performance recorded in the previous year's corresponding quarter due to favorable foreign exchange translation impacts.

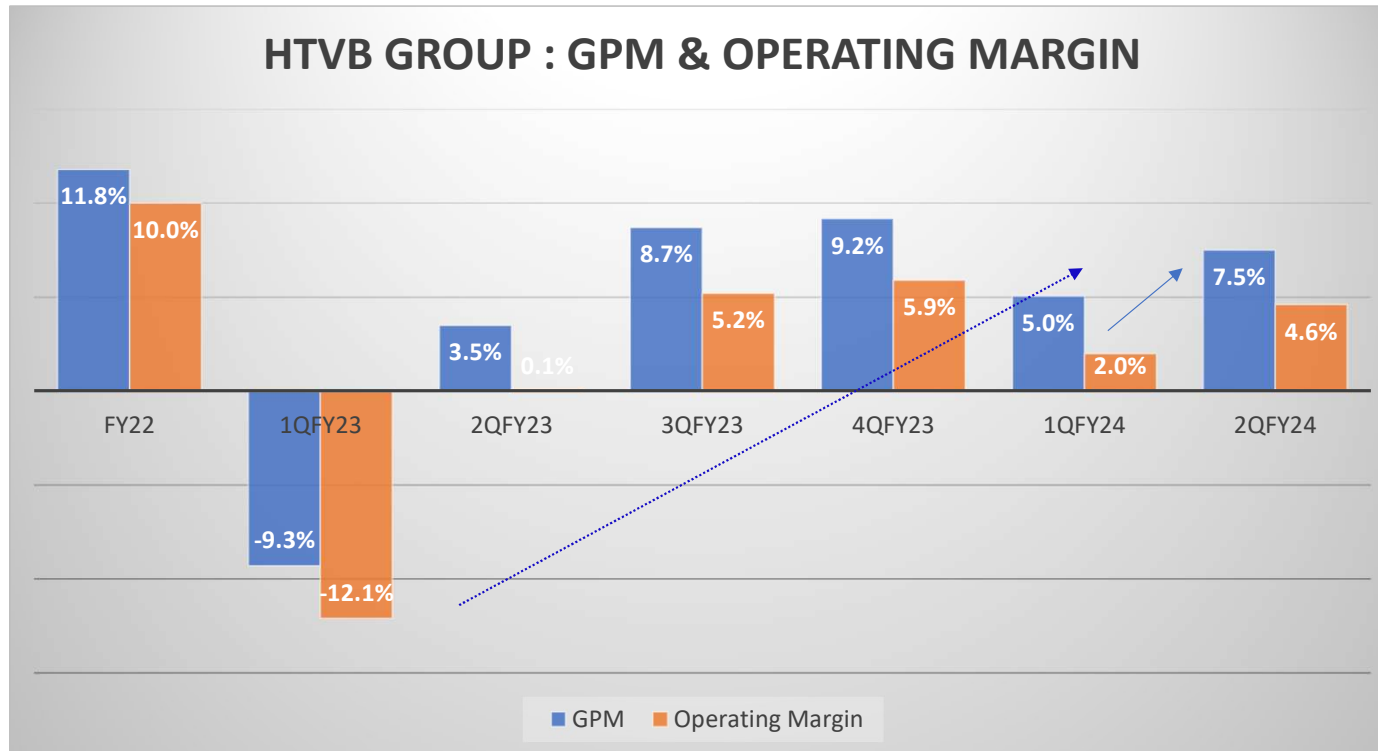
HTVB GROUP PERFORMANCE REVIEW - 2Q FY2024 vs 1Q FY2024 (preceding quarter)



(RM'M)	2Q FY24	1Q FY24	Variance
Revenue	459.5	407.5	13%
Gross Profit	34.4	20.4	69%
GPM	7.5%	5.0%	
Profit before Interest	22.6	13.8	70%
Finance Costs	(5.0)	(5.4)	
PBT	17.6	8.4	110%
ESSB	8.4	(16.6)	
NPBT/(NLBT)	26.0	(8.2)	417%
NPAT/(NLAT)	21.9	(9.4)	333%
Net Gearing Ratio	0.42	0.37	
EPS (sen)	1.23	(0.54)	
NTA (RM)	0.74	0.73	

- Revenue increased by 13% due to higher sales volume.
- Gross profit increased primarily due to improved profit margin from lower costs of inventories.
- The change in overall profitability was mainly attributed to the improved profit margins from Group's downstream operating subsidiaries.
- The JV recorded a share of profit of RM 8.4 million as opposed to a share of loss of RM 16.6 million which was mainly due to adverse foreign exchange translation impacts.
- Despite challenges, the Balance Sheet remains strong, with a Net Gearing Ratio of 0.42X.

PERFORMANCE CHART – FY2022 to 2Q FY2024



- Negative GPM in 1Q FY2023 was due to higher cost of inventory and RM27.3m write-down of inventories to NRV.
- After 3 consecutive quarters of upward trend for GPM, the margin dropped for 1QFY2024 due to sluggish market conditions but it rebounds to 7.5% due to improved profit margins resulting from lower costs of inventories and stabilizing of steel prices.



Eastern Steel Sdn. Bhd.



ESSB PERFORMANCE REVIEW – 2Q FY2024 vs 1Q FY2024 (preceding quarter)



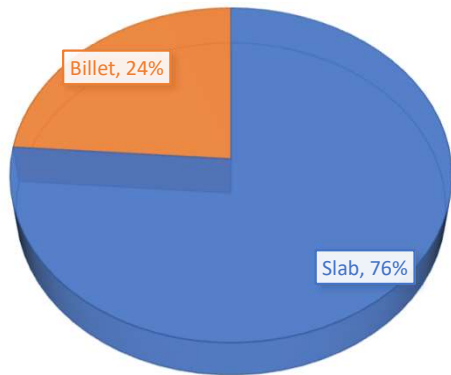
(RM'M)	2Q FY24	1Q FY24	Variance
Volume (kMT)	477.8	237.5	101%
Revenue	1,205.9	611.6	97%
Gross Profit	87.1	73.1	19%
GPM	7%	12%	
Profit before Interest/Adjustments	25	65	-62%
Finance Costs	(9.5)	(2.4)	
Unrealized FX	15.5	(123.4)	
Adjustment	-	-	
NPAT/(NLAT)	30.3	(60.8)	

- 97% revenue increased is linked to increase in sales volume.
- Gross Profit Margin (GPM) declined largely due to higher raw material costs
- FX translation recorded a gain of RM15.5 million, contrasting with a loss of RM123.4 million in the preceding quarter.
- ESSB reported a Net Profit After Tax (NPAT) of RM30.3 million for 2Q FY24, compared to a loss of RM60.8 million in the preceding quarter.

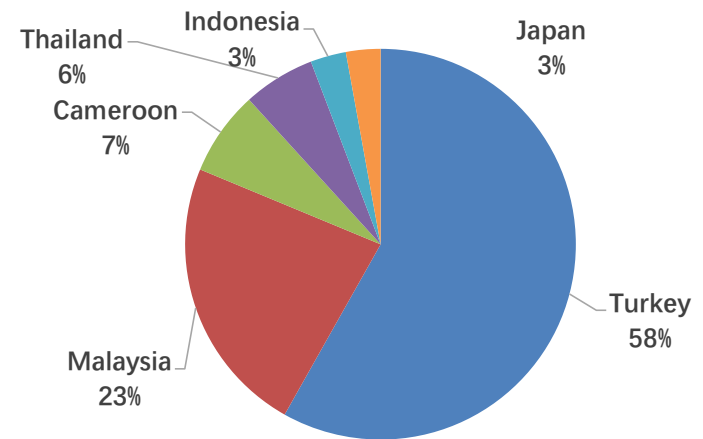
ESSB PERFORMANCE REVIEW – 2Q FY2024



Q2 FY2024 PRODUCT MIX



2024 YTD MARKET DISTRIBUTION



OUTLOOK – CAUTIOUS BUT OPTIMISTIC

- ❑ The Group reported a net profit of RM 21.9 million in 2Q FY2024, mainly attributed to improved profit margins from downstream operating subsidiaries.
- ❑ Despite challenges such as decreased demand in developed economies and China's economic slowdown, the steel industry remains cautiously optimistic about maintaining the growth momentum observed in 2023.
- ❑ Malaysia's economic trajectory shows promise for growth, with resilience displayed despite challenges in external demand.
- ❑ Malaysia's steel sector faces challenges navigating global industry dynamics and economic growth prospects, despite the two-year moratorium on steel investments.
- ❑ The Group prioritizes prudent procurement strategies, effective inventory management, and operational efficiency enhancements to sustain financial performance and demonstrate resilience during challenging periods.
- ❑ With the successful utilization of 80% capacity in the new 2.0 million MT blast furnace since October 2023, coupled with the completion of major auxiliary facilities, we anticipate significant revenue growth and notable cost savings from economies of scale in ESSB.





THANK YOU

