



**HTVB**

**HIAP TECK VENTURE BERHAD**

Registration No. 199701005844 (421340-U)

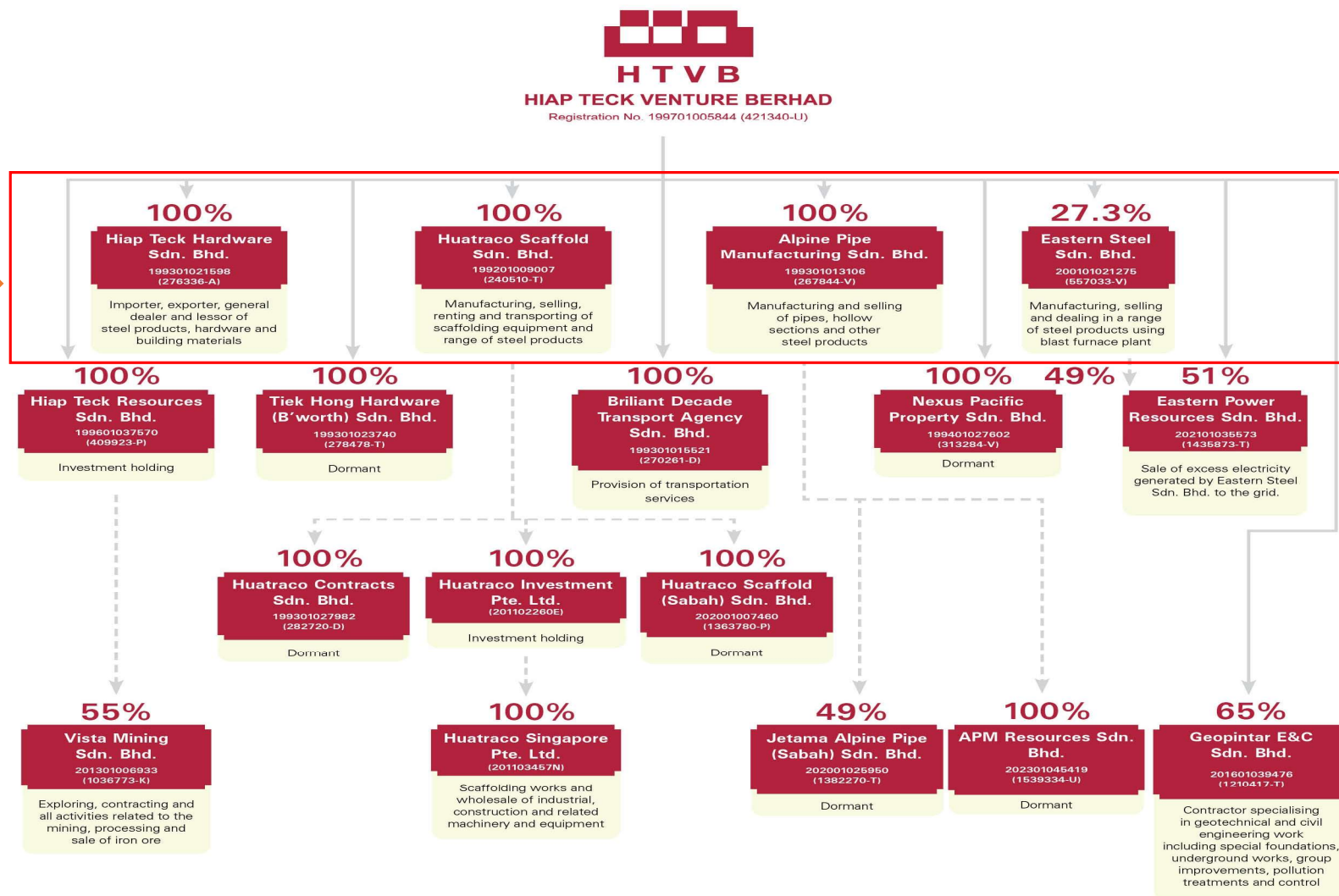
**协德集团**

# **ANALYSTS' BRIEFING Q3 / FY 2024 PERFORMANCE REVIEW**

***01 JULY 2024***

# CORPORATE STRUCTURE (30 APRIL 2024)

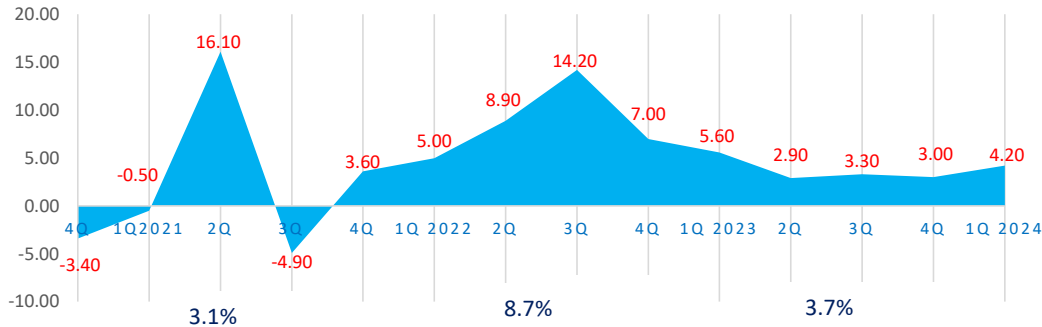
Key Operating Units



# THE MACRO ENVIRONMENT



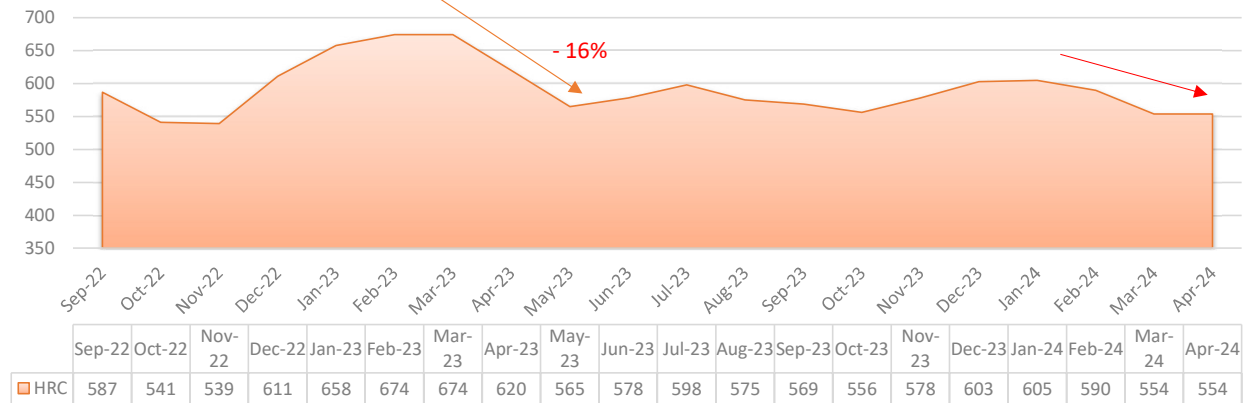
MALAYSIA REAL GDP GROWTH



The Malaysian economy expanded by 4.2% in the 1Q 2024, surpassing expectations. The growth forecast for the entire year of 2024 is projected to be between 4% and 5%, an increase from 3.7% in the previous year.

Steel prices have weakened, with HRC prices falling to around USD 550 due to China's lackluster growth, prolonged property crisis, and weak domestic demand.

Indicative HRC Price In USD/MT



## HTVB GROUP PERFORMANCE REVIEW - 3Q FY24 vs 3Q FY23 (corresponding quarter)



(RM'M)	3Q FY24	3Q FY23	Variance
Revenue	399.7	373.0	7%
Gross Profit	30.1	32.4	-7%
GPM/(GLM)	7.5%	8.7%	
Profit before Interest	19.7	22.1	-11%
Finance Costs	(6.7)	(4.0)	
PBT/(LBT)	13.0	18.1	-28%
ESSB	37.7	-1.5	2,681%
NPBT	50.7	16.6	205%
NPAT	47.2	15.5	204%
Net Gearing Ratio	0.46	0.33	
EPS (sen)	2.69	0.86	
NTA (RM)	0.77	0.74	

- Revenue rose by 7%, driven mainly by an increase in sales volumes despite a drop in average selling prices.
- Gross profit decreased by 7%, primarily due to lower average selling prices and higher costs of goods sold.
- The Group reported a commendable profit of RM 50.7 million in the current quarter, compared to RM 16.6 million in the same quarter of the previous year, mainly due to a significantly higher share of profit from ESSB.
- The share of profit from ESSB for the current quarter surged to RM 37.7 million, compared to a loss of RM 1.5 million in the previous year. This significant improvement was driven by higher profit margins and increased sales.

## HTVB GROUP PERFORMANCE REVIEW - 3Q FY2024 vs 2Q FY2024 (preceding quarter)



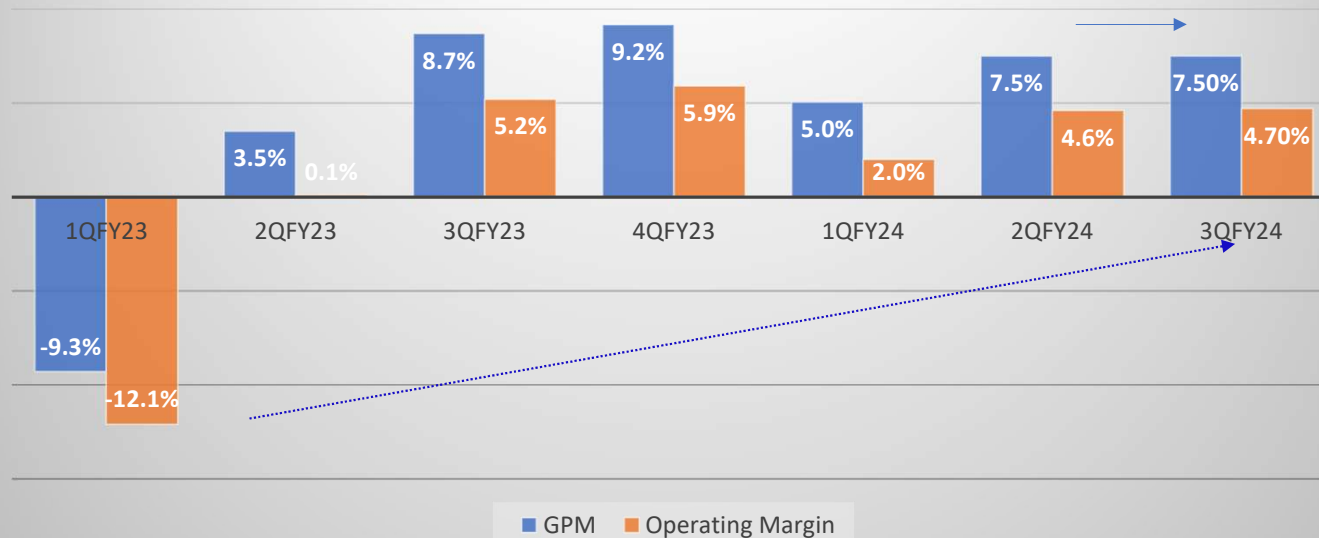
(RM'M)	3Q FY24	2Q FY24	Variance
Revenue	399.7	459.5	-13%
Gross Profit	30.1	34.4	-12%
GPM	7.5%	7.5%	
Profit before Interest	19.7	22.6	-13%
Finance Costs	(6.7)	(5.0)	-34%
PBT	13.0	17.6	-26%
ESSB	37.7	8.4	347%
NPBT	50.7	26.0	95%
NPAT	47.2	21.9	116%
Net Gearing Ratio	0.46	0.42	
EPS (sen)	2.69	1.23	
NTA (RM)	0.77	0.74	

- Revenue decreased by 13%, attributed to lower sales volumes during the Chinese New Year and Hari Raya festival seasons.
- Gross profit decreased primarily due to lower sales volume.
- The change in overall profitability (NPBT) was mainly attributed to a higher share of profit from ESSB.
- The JV recorded a share of profit of RM 37.7 million compared to RM 8.4 million in last quarter driven by better profit margin and increased sales.
- The Balance Sheet remains strong, with a Net Gearing Ratio of 0.46X.

## PERFORMANCE CHART – FY2023 to 3Q FY2024



### HTVB GROUP : GPM & OPERATING MARGIN



- The negative Gross Profit Margin (GPM) in 1Q FY2023 was due to higher inventory costs and a RM27.3 million write-down of inventories to Net Realisable Value (NRV).
- After three consecutive quarters of an upward trend, the GPM dropped in 1Q FY2024 due to sluggish market conditions.
- The GPM rebounded to 7.5% in 2Q FY2024 and remained stable at the same level in 3Q FY2024. This improvement was driven by better profit margins resulting from lower inventory costs and stabilising steel prices.



# Eastern Steel Sdn. Bhd.



## ESSB PERFORMANCE REVIEW – 3Q FY2024 vs 2Q FY2024 (preceding quarter)



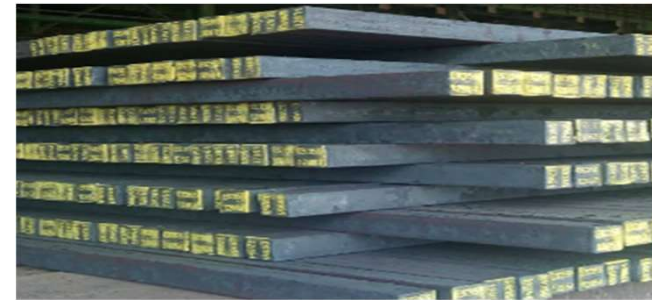
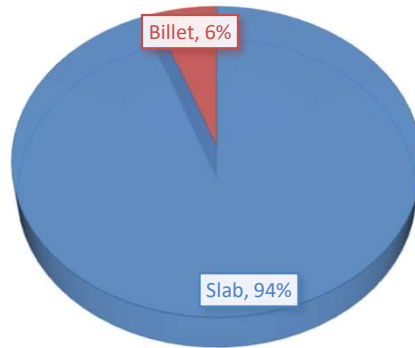
(RM'M)	3Q FY24	2Q FY24	Variance
Volume (kMT)	621.1	477.8	30%
Revenue	1,743.7	1,205.9	45%
Gross Profit	231.8	87.1	166%
GPM	13%	7%	
Profit before Interest/Adjustments	174.3	24.3	617%
Finance Costs	(23.2)	(9.5)	-144%
Unrealized FX	(13.0)	15.5	
Adjustment	-	-	
NPAT/(NLAT)	138.1	30.3	356%

- Revenue increased by 45%, driven by a rise in sales volumes (30%).
- Gross Profit Margin (GPM) increased largely due to lower raw material costs
- FX translation recorded a loss of RM13.0 million, compared to a profit of RM15.5 million in the preceding quarter.
- ESSB reported a Net Profit After Tax (NPAT) of RM138.1 million for 3Q FY24, up from RM30.3 million in the preceding quarter.

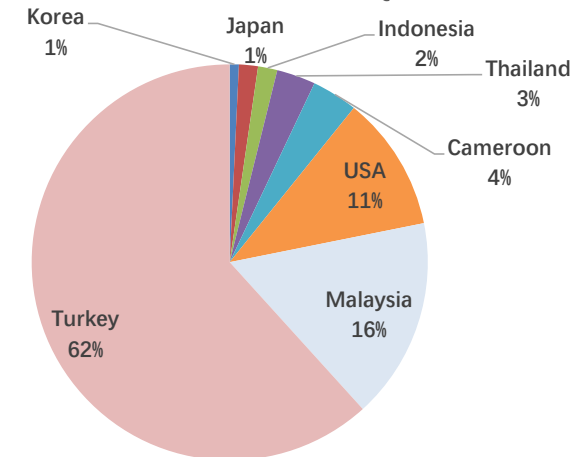
## ESSB PERFORMANCE REVIEW – 3Q FY2024



Q3 FY2024 PRODUCT MIX



MARKET DISTRIBUTION YTD 3Q2024



## OUTLOOK – CAUTIOUS BUT OPTIMISTIC

- ❑ The Group reported a net profit of RM 47.2 million in 3Q FY2024, a commendable improvement, mainly attributed to a higher share of profit from ESSB.
- ❑ Despite challenges from high interest rates and China's economic slowdown, the steel industry is cautiously optimistic due to expected recoveries in manufacturing, automotive, and infrastructure sectors driving demand.
- ❑ Malaysia's economy grew robustly by 4.2% in Q1 2024, up from 3.0% in Q4 2023, driven by stronger exports and domestic demand. The government anticipates GDP growth within 4% to 5%, supported by initiatives like the National Energy Transition Roadmap and New Industrial Master Plan 2030, which are expected to boost steel demand through increased investments.
- ❑ Against this backdrop, our Group maintains its commitment to strategic resilience, focusing on effective procurement strategies, efficient inventory management, and continuous operational improvement.
- ❑ By quarter-end, we successfully utilised 90% of our new 2.0 million MT blast furnace capacity and completed other auxiliary facilities. As a result, we anticipate significant revenue growth and notable cost savings from economies of scale in ESSB, expecting more positive outcomes in the coming quarters barring unforeseen circumstances.





THANK YOU

