



**HTVB**

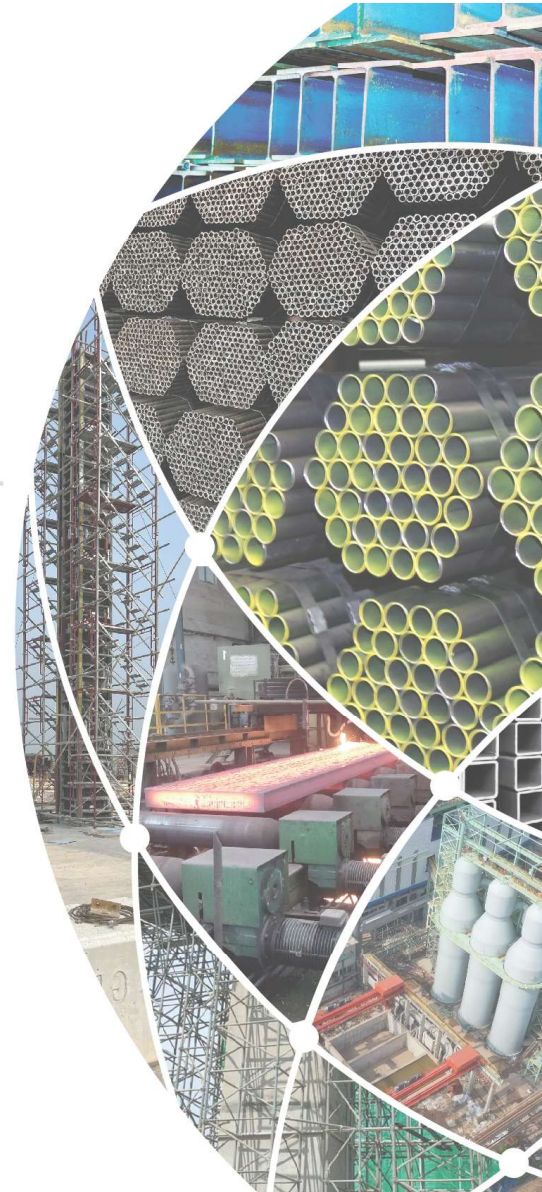
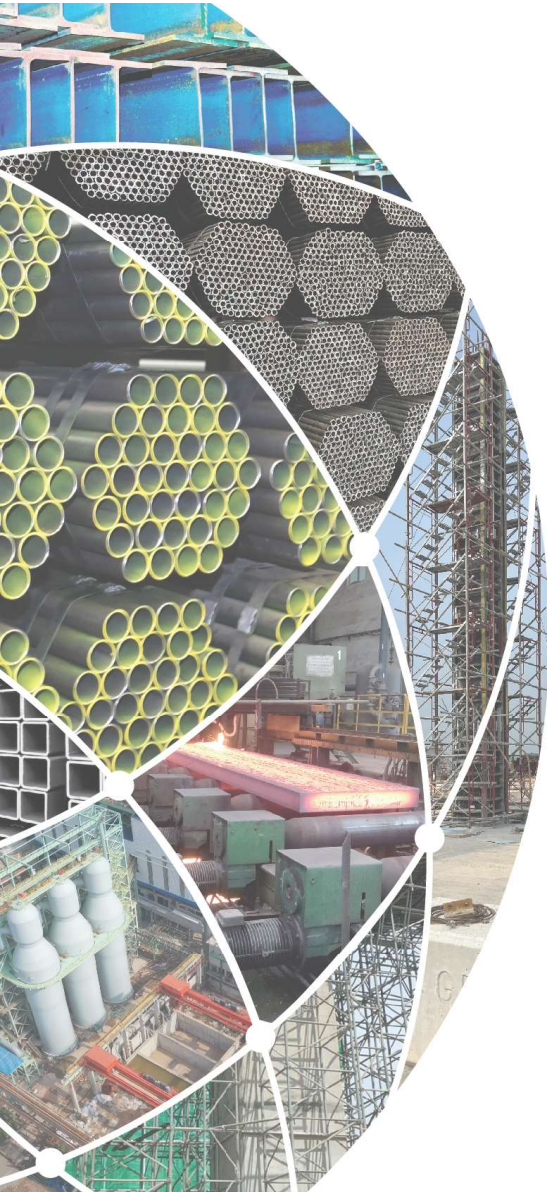
**HIAP TECK VENTURE BERHAD**

Registration No. 199701005844 (421340-U)

**协德集团**

**ANALYSTS' BRIEFING  
Q4 / FY 2024  
PERFORMANCE REVIEW**

**27 SEPTEMBER 2024**

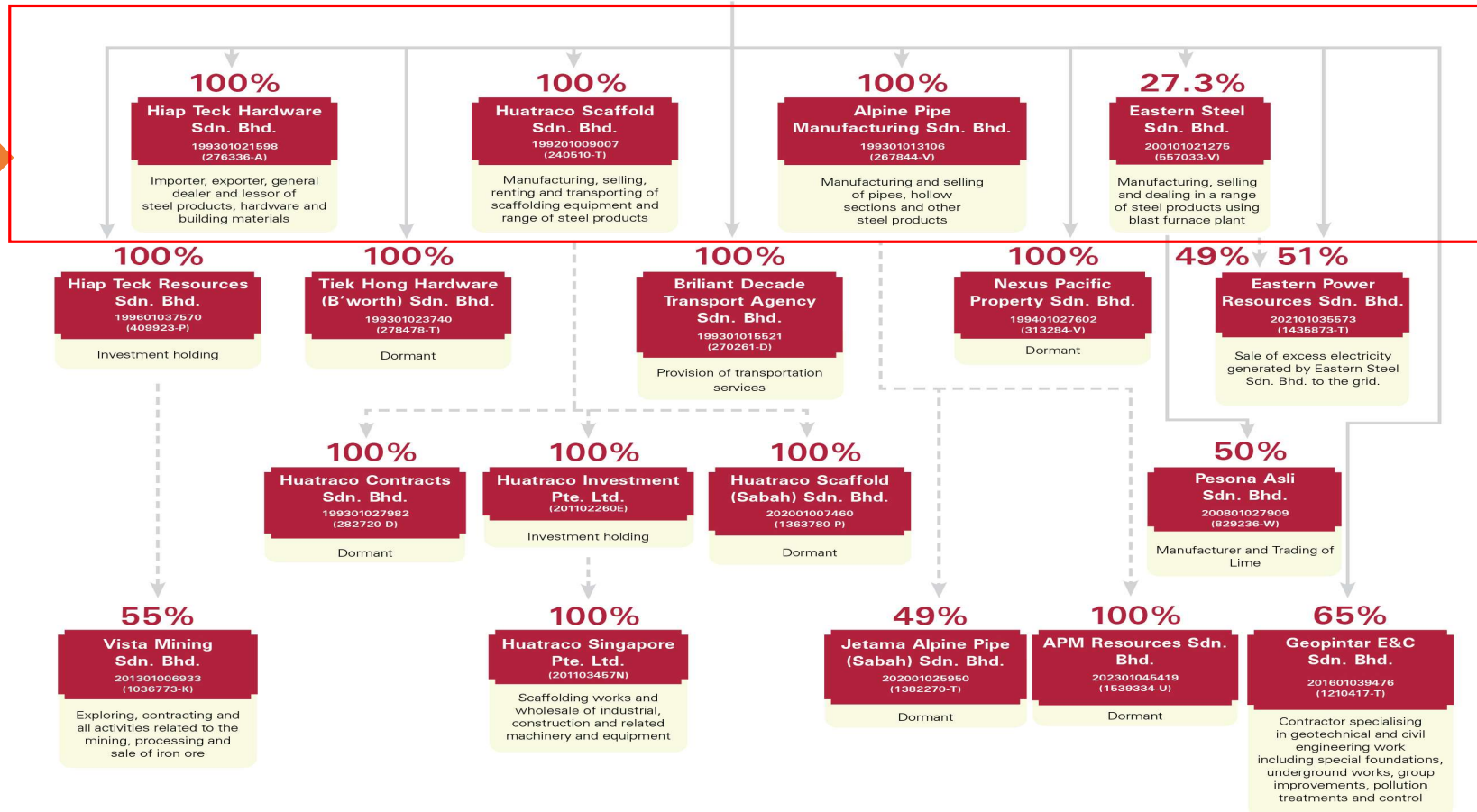


**CORPORATE  
STRUCTURE  
(31 JULY 2024)**

**Key Operating Units**



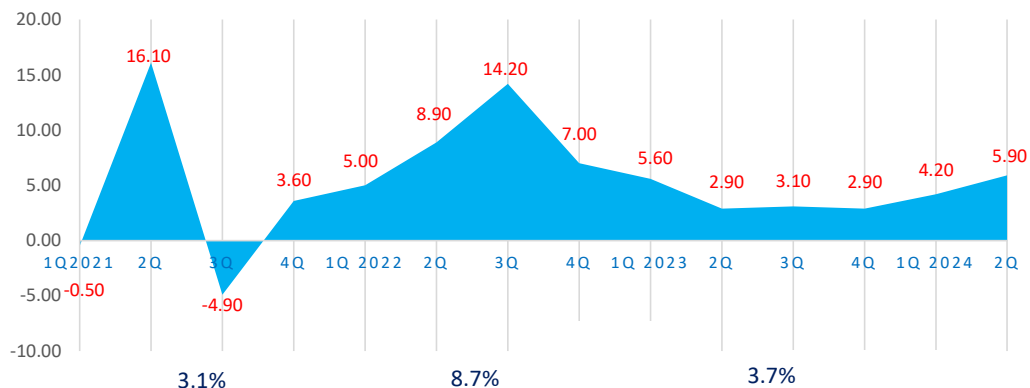
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# THE MACRO ENVIRONMENT



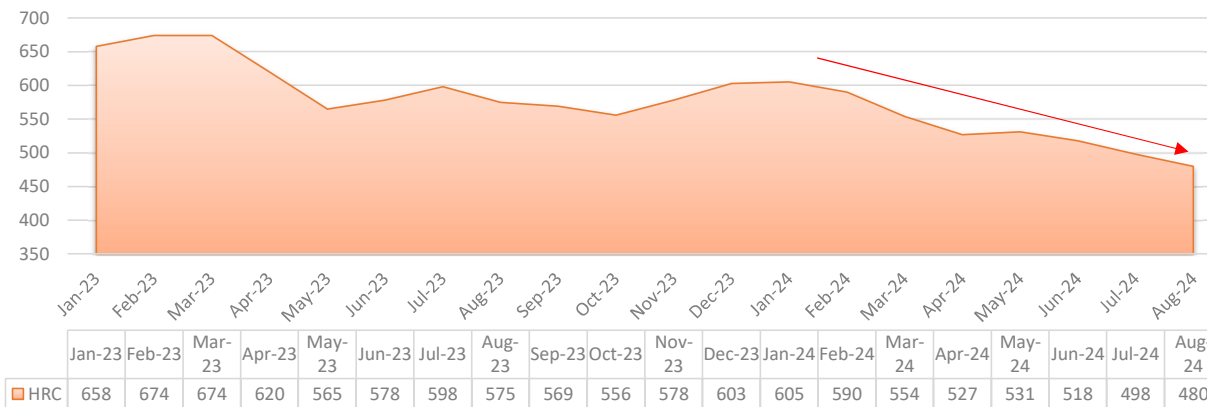
MALAYSIA REAL GDP GROWTH



The Malaysian economy exceeded expectations with a 5.9% growth in 2Q2024, supported by stronger household spending, increased exports, higher tourist arrivals, and robust investments. Growth for the first half of 2024 reached 5.0%, up from 4.1% during the same period last year

Steel prices remained weak, with HRC prices falling below the USD 500 mark, driven by China's sluggish growth amid a prolonged property crisis and weak domestic demand. China Baowu's Chairman cautioned that the industry faces a 'severe winter,' which is expected to further pressure prices.

Indicative HRC Price In USD/MT



## HTVB GROUP PERFORMANCE REVIEW - 4Q FY24 vs 4Q FY23 (corresponding quarter)



(RM'M)	4Q FY24	4Q FY23	Variance
Revenue	416.6	453.8	-8%
<b>Gross Profit</b>	<b>16.4</b>	<b>41.4</b>	<b>-60%</b>
<i>GPM/(GLM)</i>	3.9%	9.1%	
Profit before Interest	6.9	25.7	-73%
Finance Costs	(5.8)	(6.0)	
PBT/(LBT)	1.1	19.6	-95%
<b>ESSB</b>	<b>47.8</b>	<b>17.1</b>	<b>179%</b>
<b>NPBT</b>	<b>48.9</b>	<b>36.8</b>	<b>33%</b>
NPAT	47.6	42.0	13%
Net Gearing Ratio	0.34	0.31	
EPS (sen)	2.73	2.45	
NTA (RM)	0.79	0.74	

- Revenue declined by 8%, mainly due to lower average selling prices.
- Gross profit was lower primarily due to downward trend in steel prices, which compressed profit margins.
- The Group reported a commendable profit of RM48.9 million compared to RM36.8 million, mainly due to a significantly higher share of profit from ESSB.
- The share of profit from ESSB surged to RM 47.8 million, compared to RM 36.8 million. This significant improvement was driven by favourable foreign exchange translation effects and an increase in revenue arising from the additional 2 million MT capacity.



## HTVB GROUP PERFORMANCE REVIEW - 4Q FY2024 vs 3Q FY2024 (preceding quarter)



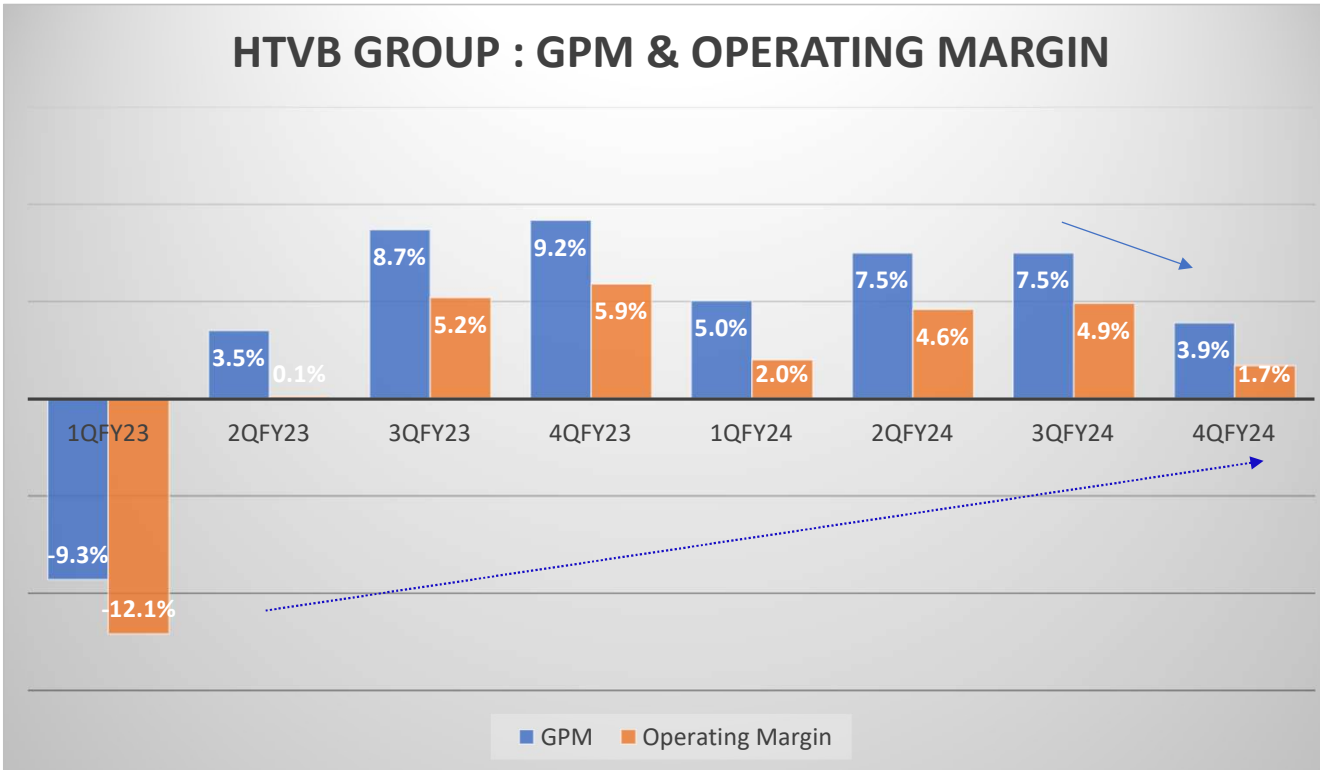
(RM'M)	4Q FY24	3Q FY24	Variance
Revenue	416.6	399.7	4%
Gross Profit	16.4	30.1	-46%
GPM	3.9%	7.5%	
Profit before Interest	6.9	19.7	-65%
Finance Costs	(5.8)	(6.7)	-13%
PBT	1.1	13.0	-92%
ESSB	47.8	37.7	27%
NPBT	48.9	50.7	-4%
NPAT	47.6	47.2	1%
Net Gearing Ratio	0.34	0.46	
EPS (sen)	2.73	2.69	
NTA (RM)	0.79	0.77	

- Revenue increased by 4%, attributed to higher sales volumes.
- Gross profit declined mainly due to the downward trend in steel prices, which significantly depleted profit.
- The change in overall profitability (NPBT) was mainly attributed to a higher share of profit from ESSB.
- The joint venture reported a profit share of RM 47.8 million, up from RM 37.7 million, driven by positive foreign exchange translation effects.
- The balance sheet remains strong, with a net gearing ratio of 0.34x and an NTA per share of RM0.79.

## PERFORMANCE CHART – FY2023 to 4Q FY2024



### HTVB GROUP : GPM & OPERATING MARGIN



- The GPM was **-9.3%** in 1Q FY2023, resulting from higher inventory costs and a RM27.3 million write-down of inventories to NRV.
- Following three quarters of improvement, the GPM dropped to 5.0% in 1Q FY2024 due to sluggish market conditions.
- The GPM rebounded to 7.5% in 2Q FY2024 supported by lower inventory costs and upward price movement and remained stable in 3Q FY2024
- The GPM declined to 3.9% in 4Q FY2024 impacted by a downward trend in prices that compressed the margin.



# Eastern Steel Sdn. Bhd.



## ESSB PERFORMANCE REVIEW – 4Q FY2024 vs 3Q FY2024 (preceding quarter)

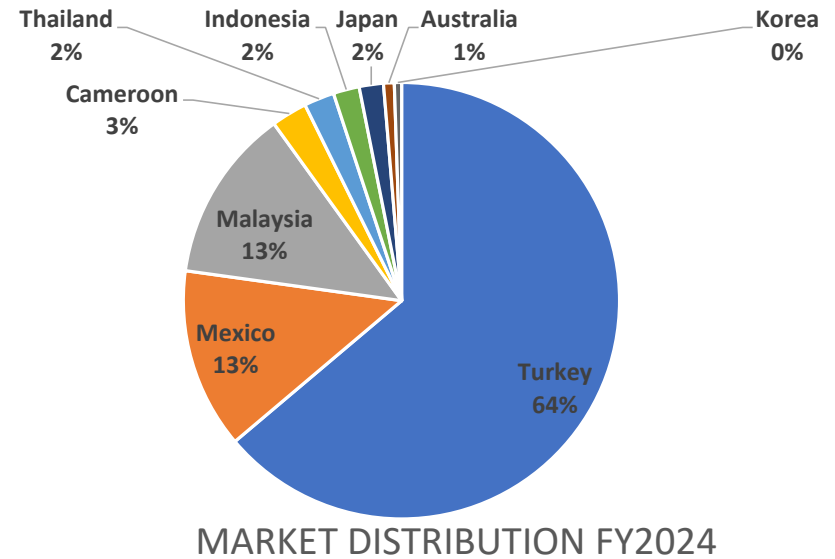
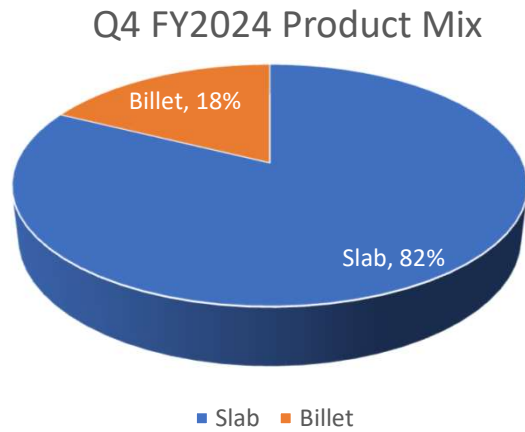


(RM'M)	4Q FY24	3Q FY24	Variance
Volume (kMT)	555.5	621.1	-11%
Revenue	1,404.1	1,743.7	-19%
Gross Profit	160.3	231.8	-31%
GPM	11%	13%	
Profit before Interest/Adjustments	77.5	174.3	-56%
Finance Costs	(50.0)	(23.2)	115%
Unrealized FX	147.4	(13.0)	
Adjustment	-	-	
NPAT/(NLAT)	174.9	138.1	27%

- Revenue fell by 19%, primarily due to reduced sales volumes and lower average selling prices.
- The drop in Gross Profit Margin can be largely attributed to the decrease in average selling prices
- FX translation reported a substantial gain of RM147.4 million, compared to a loss of RM13.0 million in the preceding quarter.
- ESSB's Net Profit After Tax (NPAT) for Q4 FY24 rose to RM174.9 million, up from RM138.1 million in the previous quarter, driven by favorable foreign exchange translation effects.



# ESSB PERFORMANCE REVIEW – 4Q FY2024



## OUTLOOK – MODERATE GROWTH AND REMAIN CAUTIOUS



- The Group's net profit for 4Q FY2024 was **RM47.6 million**, driven by higher profits from ESSB. For the full year, PBT rose by 285% to **RM107.3 million**, up from RM31.8 million, marking a remarkable performance. Downstream businesses turned around from a pre-tax loss of RM14.1 million to a PBT of **RM40.1 million**. The share of profit from the upstream JV entity increased from RM44.5 million to **RM77.3 million**.
- China's weak domestic demand and increased exports are driving global steel price declines, while geopolitical risks and currency fluctuations add market volatility. The recent U.S. rate cut may help stabilize conditions.
- Malaysia's Q2 2024 GDP grew 5.9%. Steel consumption is expected to rise from 7.9 million MT in 2023 to 8.3 million MT in 2024. Some upcoming infrastructure projects like the Penang LRT, Subang Airport Regeneration Plan and MRT3 are set to increase steel demand , benefiting the Group.
- Government initiatives like the New Industrial Master Plan 2030 and a two-year moratorium on new steel investments are set to boost the steel industry. The Group will benefit from these, particularly with the completion of the HRC plant in Q4 2024.
- ESSB's blast furnace runs at over 90% capacity, generating cost savings. Despite steel price challenges, the Group's focus on cost optimization and contributions from its JV and manufacturing units will support upcoming performance.





THANK YOU

