



# PPB GROUP BERHAD

## **Press and Analyst Briefing Unaudited 1H2017 Results**

**29 August 2017**

---

**Disclaimer:**

The contents of this presentation include materials which may be capable of being interpreted as forward-looking statements. Such statements are merely estimates and targets, based on circumstances and reasonable assumptions which apply only at the date of such statements. Accordingly, no reliance should be placed on any forward-looking statements, express or implied, contained in this presentation.

# Agenda

**Business Segments**

**Group Financial Highlights**

**Review of Major Operations**

- Financial Performance
- Key Events in 1H2017
- Developments in 2H2017

**Capital Commitments**

**Dividend Record**

**Share Price Performance**

**Prospects for 2017**

**Status of Shariah-compliance**



# Business Segments

---

# Business Segments

Grains & Agribusiness	Consumer Products	Film Exhibition & Distribution	Environmental Engineering & Utilities	Property	Investments & Other Operations
<ul style="list-style-type: none"><li>• flour milling</li><li>• animal feed manufacturing</li><li>• wheat &amp; maize trading</li><li>• production of day-old-chicks, eggs &amp; related downstream activities</li><li>• oil palm plantations</li></ul>	<ul style="list-style-type: none"><li>• marketing &amp; distribution of edible oils &amp; consumer products</li><li>• production &amp; distribution of bakery products &amp; frozen food</li><li>• manufacturing of toiletry requisites &amp; household products</li></ul>	<ul style="list-style-type: none"><li>• exhibition &amp; distribution of movies and content</li></ul>	<ul style="list-style-type: none"><li>• construction works specialising in water &amp; environmental industries</li><li>• provision of waste management services</li></ul>	<ul style="list-style-type: none"><li>• letting of commercial properties</li><li>• development of residential &amp; commercial properties</li></ul>	<ul style="list-style-type: none"><li>• investments in quoted &amp; unquoted shares</li><li>• chemicals trading &amp; manufacturing</li><li>• packaging</li><li>• investment holding</li><li>• others</li></ul>



# Group Financial Highlights

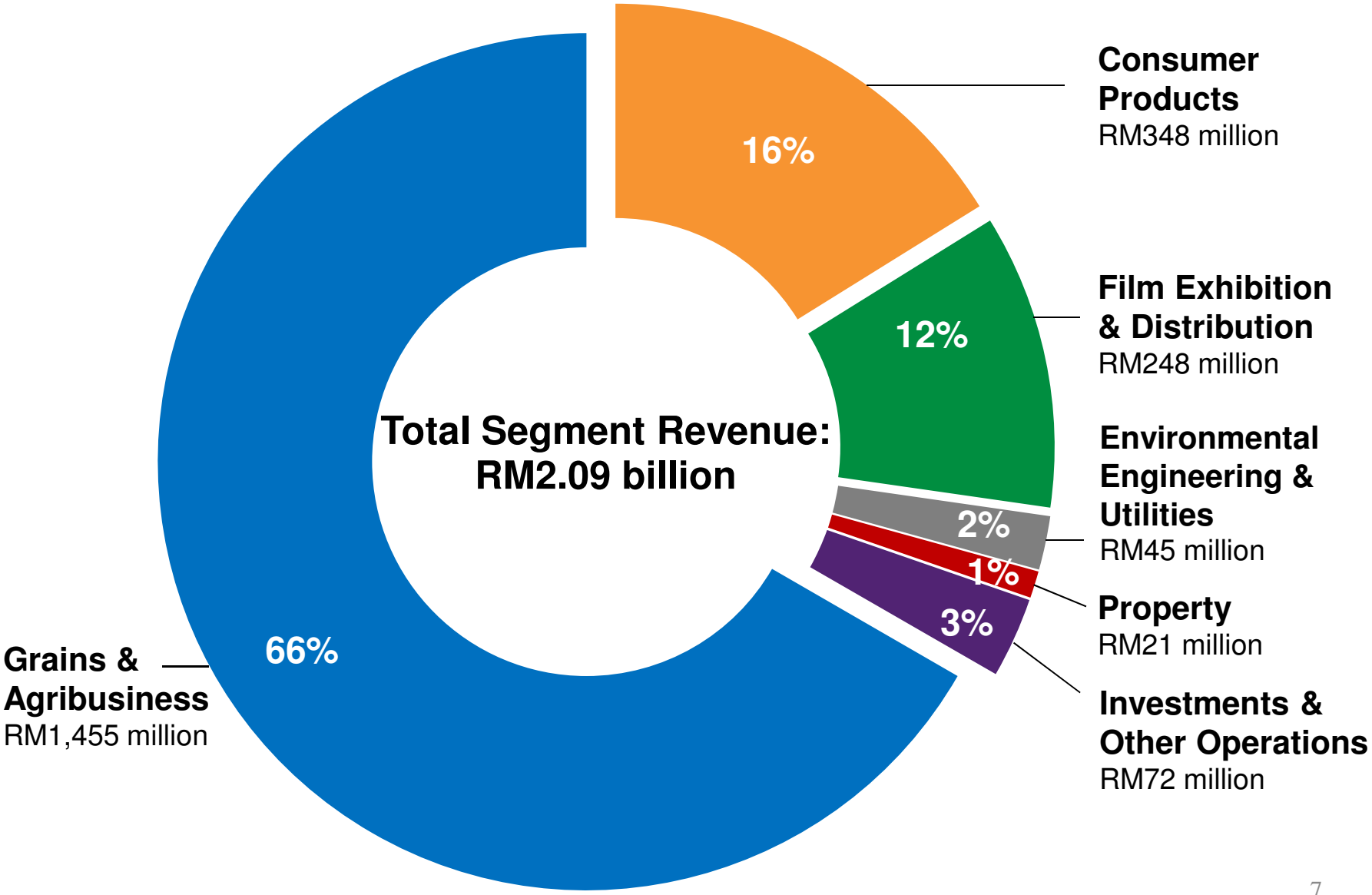
---

# Financial Results FOR THE 6 MONTHS ENDED 30 JUNE 2017

<b>(Figures in RM)</b>	<b>1H2017</b>	<b>1H2016</b>	<b>Change</b>	
Revenue	2.09 bil	2.18 bil	▼	4%
Operating Expenses	2.03 bil	2.07 bil	▼	2%
Share of Wilmar's Profit	339 mil	11 mil	▲	>100%
PBT	496 mil	255 mil	▲	95%
Profit for the Period	459 mil	200 mil	▲	>100%
EPS	37.75 sen	14.13 sen	▲	>100%
Net Assets Per Share Attributable to Owners of the Parent	RM17.66	RM15.78	▲	12%

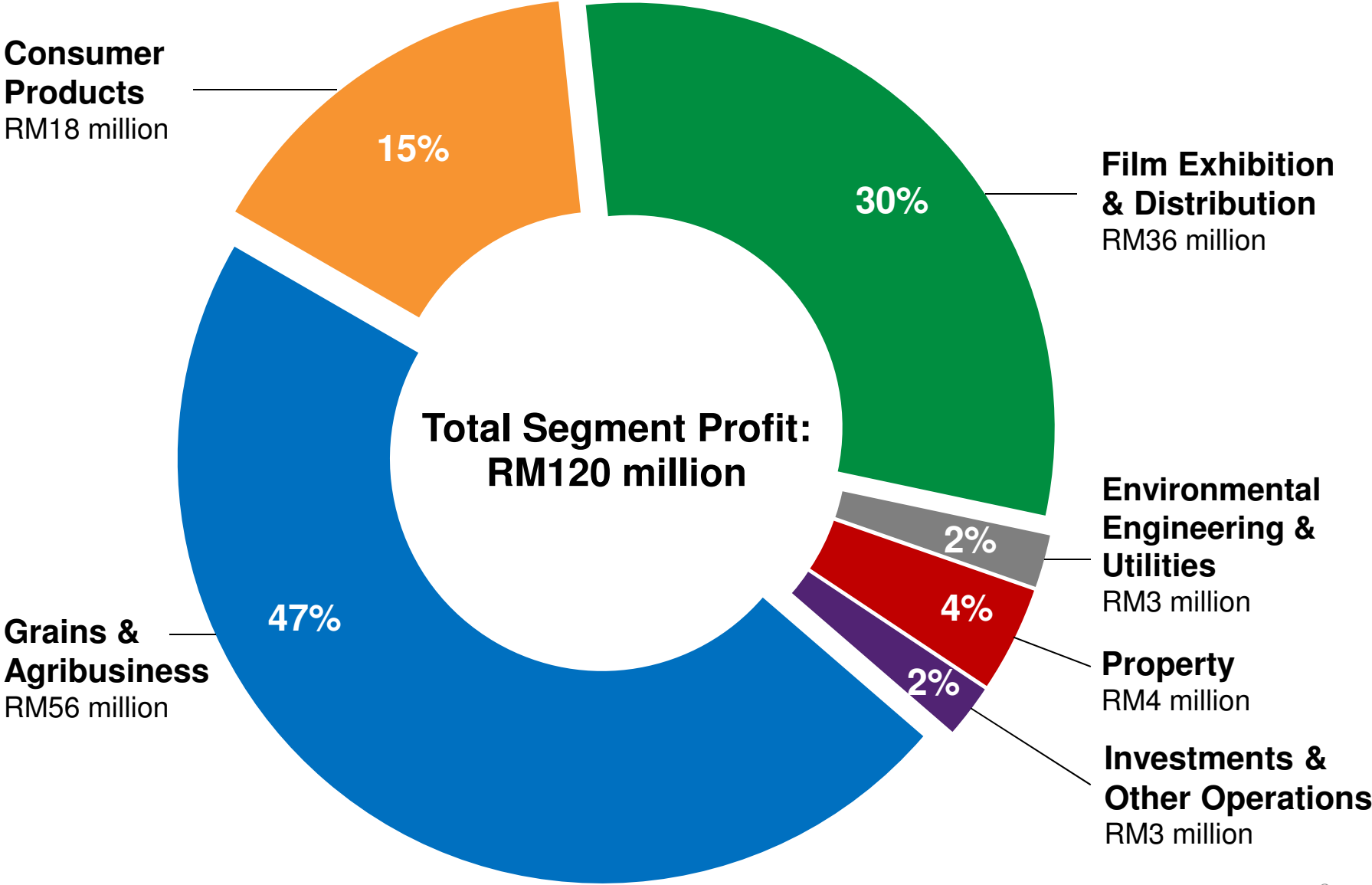
# Segmental Information

FOR THE 6 MONTHS ENDED 30 JUNE 2017



# Segmental Information

FOR THE 6 MONTHS ENDED 30 JUNE 2017







# **Review of Major Operations**

- Financial Performance**
  - Key Events in 1H2017**
  - Developments in 2H2017**
-

# Grains & Agribusiness

## Financial Performance

-



**Segment Revenue**

1H17	RM1,455 million
1H16	RM1,456 million

- 52%


**Segment Profit**

1H17	RM 56 million
1H16	RM117 million


-  Segment revenue remained unchanged as higher feed revenue was offset by lower revenue from flour.
-  Segment profit was lower due to higher raw material costs, lower sales volume and selling prices mainly by FFM's flour mill in Indonesia.

# Grains & Agribusiness

## Key Events in 1H2017

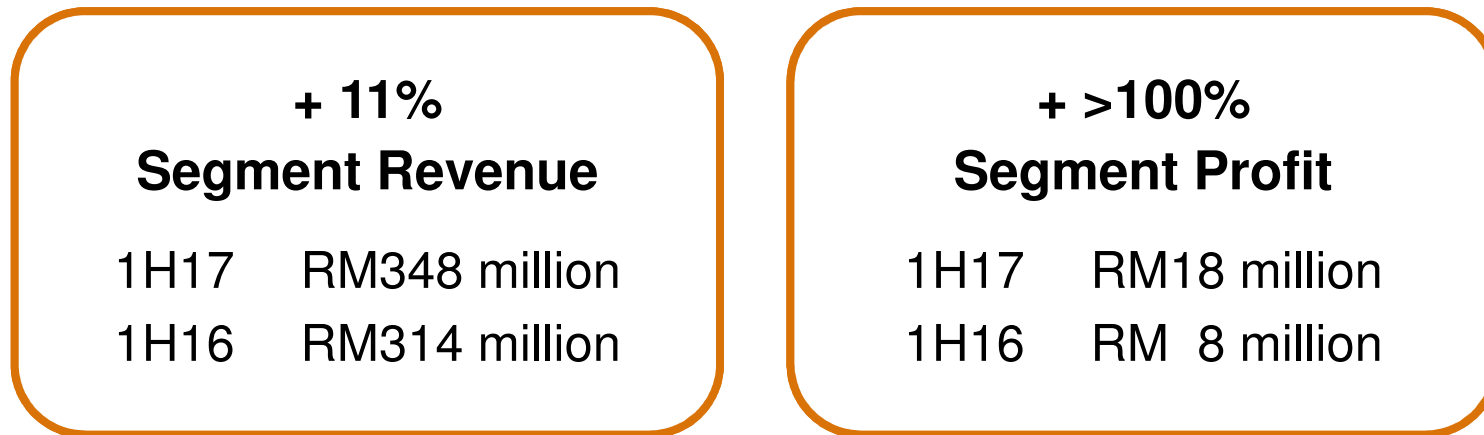
-  Additional 500 mt/day wheat flour mill in South Vietnam was commissioned in June 2017.

## Developments in 2H2017

-  Additional 500 mt/day wheat flour mill in Pasir Gudang is scheduled to be commissioned in 4Q2017.

# Consumer Products

## Financial Performance



The revenue growth was contributed by:-

- (i) increase in sales volume and improved selling prices of edible oils; and
- (ii) higher revenue from the bakery division.



The increase in the segment profit was largely due to a gain of RM8 million from the sale of land and building and improved results of the bakery division.

# Consumer Products

## Key Events in 1H2017

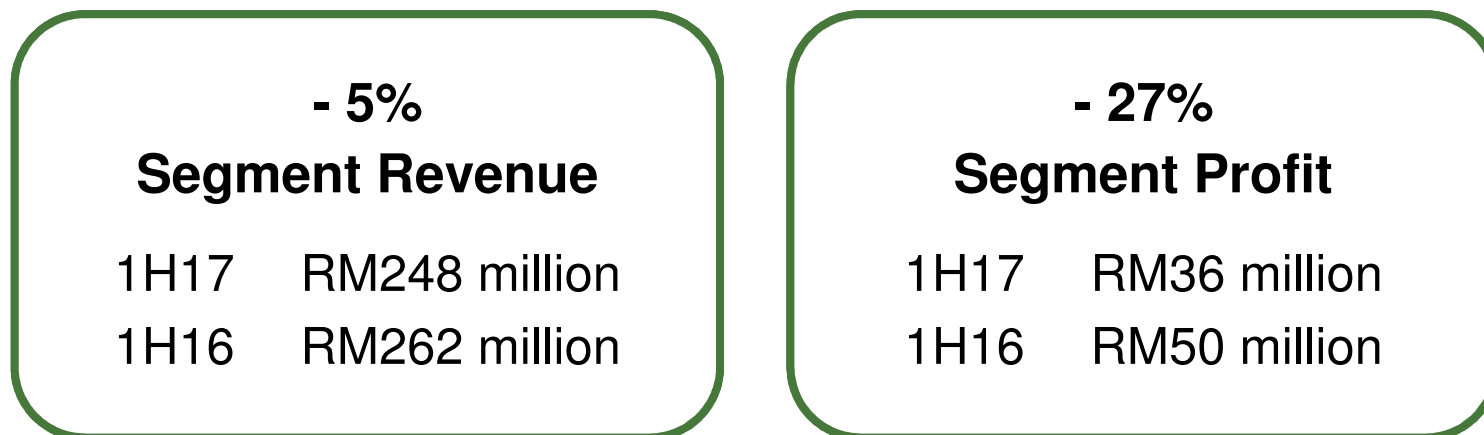
 FFM Marketing Sdn Bhd launched the following products:-



Product	Date of launch
Massimo Chiffon in a Cup - Cheese flavour	3 April 2017
Kart's Wholemeal Pau with Wheat Germ	15 April 2017
Kart's Puffy Pie	15 April 2017
V-Soy Golden Grain	15 May 2017

---

# Film Exhibition & Distribution

## Financial Performance



-  The decline in segment revenue was due to lower revenue from the Chinese New Year and local movies released in 1H2017.
-  The lower segment profit was mainly due to lower revenue and higher operating cost.

# Film Exhibition & Distribution

## Key Events in 1H2017

 New cinemas opened in 1H2017:-


Location	No. of screens	Opening date
<u>GSC, Malaysia</u>		
MyTOWN, Cheras	13	May 2017
	<b>13</b>	
<u>Galaxy Studio JSC, Vietnam</u>		
Sense City Ca Mau, Ca Mau	6	May 2017
District 12, HCMC	7	Jun 2017
	<b>13</b>	

# Film Exhibition & Distribution

## Developments in 2H2017

 New cinemas scheduled for opening in 2H2017:-

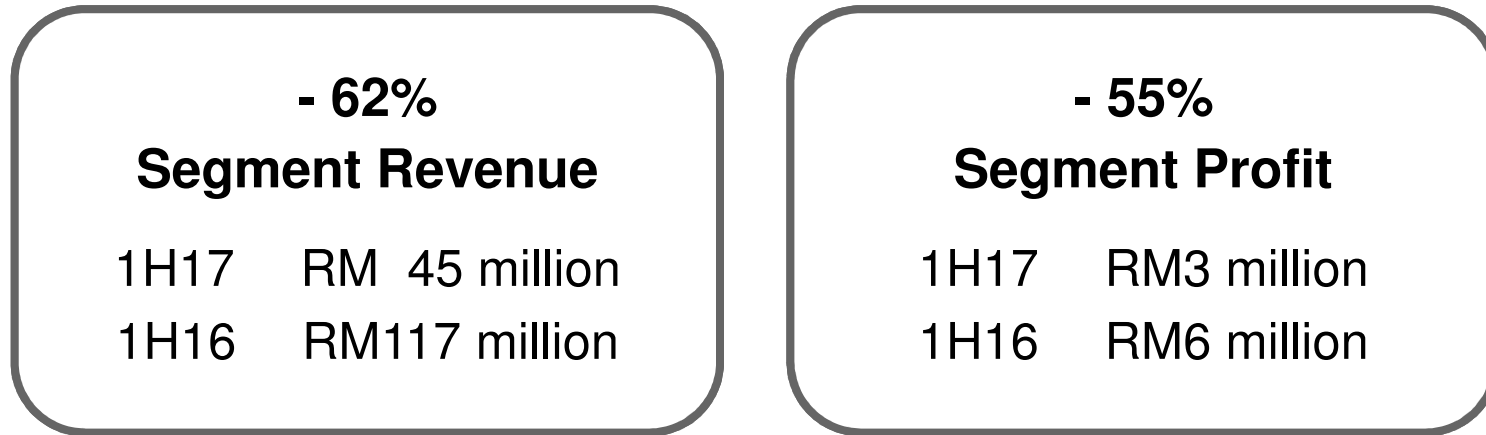
Location	No. of screens	Opening date
<u>GSC, Malaysia</u>		
Melawati Mall, Melawati	10	24 Aug 2017
Paradigm Mall Johor Bahru	16	4Q2017
	<b>26</b>	
<u>Galaxy Studio JSC, Vietnam</u>		
Pham Van Chi D6, HCMC	6	21 Aug 2017
Vinh City, North, Vinh	5	} 4Q2017
Co.op Huynh Tan Phat, D7, HCMC	6	
Nguten Kim Shopping Centre, Hai Phong	6	
	<b>23</b>	

 Todate, GSC has a total of 328 screens in 35 locations in Malaysia whilst Galaxy Studio JSC has 62 screens in 10 locations in Vietnam.



# Environmental Engineering & Utilities

## Financial Performance



The lower revenue was due to:-




- (i) completion of most of the environmental engineering projects in 2016; and
- (ii) projects secured in 2017 have yet to contribute significantly.



The decrease in segment profit was in line with lower revenue.

# Environmental Engineering & Utilities

## Key Events in 1H2017

-  Completed two water and sewage projects with a combined contract value of RM35 million.
-  Secured three water and sewage projects valued at RM230 million in total.
-  Existing order book of RM350 million as at 30 June 2017.

## Developments in 2H2017

-  Pursuing five water and sewage treatment projects in various states with an estimated value of RM500 million.

# Property

## Financial Performance

**- 35%**

### **Segment Revenue**

1H17	RM21 million
1H16	RM32 million

**- 73%**

### **Segment Profit**

1H17	RM 4 million
1H16	RM15 million



Lower revenue was mainly due to:-

- (i) the completion of the Taman Tanah Aman project in 2016;
- (ii) lower occupancy rate for investment properties as extension and refurbishment works are currently in progress; and
- (iii) lower project management fee income.



The decrease in segment profit was in tandem with the lower revenue.

# Property

## Key Events in 1H2017

 Embarked on an upgrading exercise as follows:-

(i) Cheras LeisureMall (CLM), Kuala Lumpur

- Refurbishment of existing Mall (*Expected completion: Oct 2017*)
- Building an extension with a link bridge to the newly opened Taman Mutiara MRT Station, will increase lettable area and access to CLM. (*Expected completion: Nov 2017*)

(ii) New World Park (NWP), Georgetown Penang

- Refurbishment of NWP to enhance facilities provided to existing tenants and visitors. (*Expected completion: Nov 2017*)

## Developments in 2H2017



 To launch Taman Megah mixed development project in Petaling Jaya by 4Q2017.

# Investments & Other Operations

## Financial Performance

<b>- 6%</b>	
<b>Segment Revenue</b>	
1H17	RM72 million
1H16	RM76 million

<b>- 85%</b>	
<b>Segment Profit</b>	
1H17	RM 3 million
1H16	RM18 million

-  The combined segment revenue decreased mainly due to lower contribution from chemicals trading and manufacturing division.
-  Lower segment profit was mainly due to:-
  - a one-off gain on disposal of factory land and building of RM7.3 million recorded in 2016;
  - lower sales of higher profit margin products; and
  - higher raw material costs at the chemicals trading and manufacturing division.



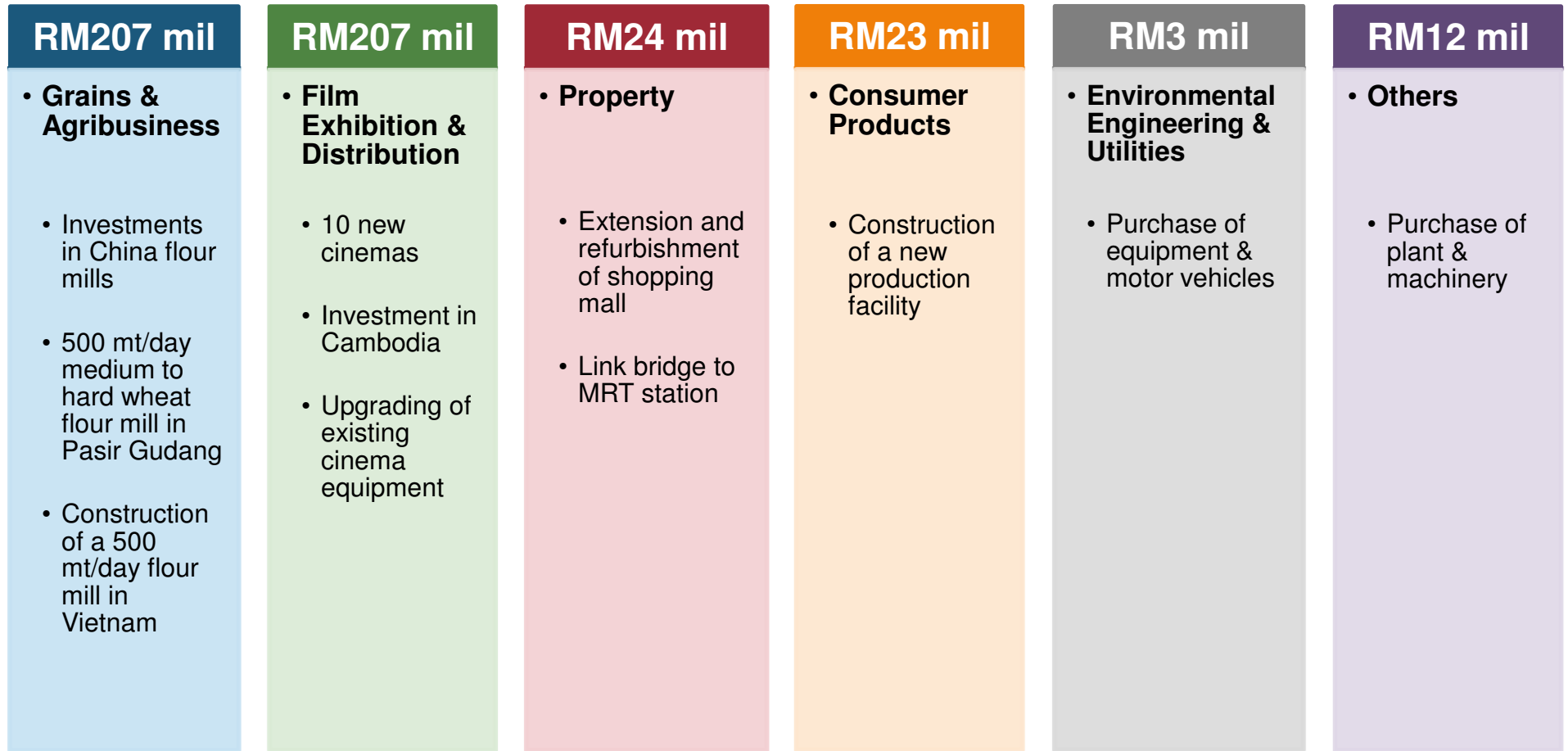
# Capital Commitments

---

# Capital Commitments AS AT 30 JUNE 2017

<b>(All figures in RM million)</b>	<b>2017</b>
As reported previously (3 March 2017)	401
Additions/ Project Revision	164
	<hr/>
	565
Amount Spent	(89)
	<hr/>
Balance to be Spent	<b>476</b>

# Capital Commitments by Segments



**TOTAL CAPITAL COMMITMENTS : RM476 mil**





# Dividend Record

---

# Dividend Record

Year	Single Tier Dividend Per Share (sen)	Dividend Paid/ Payable (RM million)	Dividend Yield (%)	Payout Ratio	
				Group (%)	Company (%)
<b>2017 - Interim*</b>	<b>8</b>	<b>95</b>	<b>0.5</b>	<b>21.2</b>	<b>42.2</b>
2016	25	296	1.6	28.4	80.5
2015	25	296	1.6	28.2	80.0
2014	23	273	1.6	29.7	96.4
2013	25	296	1.6	30.2	155.2

\* The interim single tier dividend of 8 sen per share is payable on 28 September 2017.

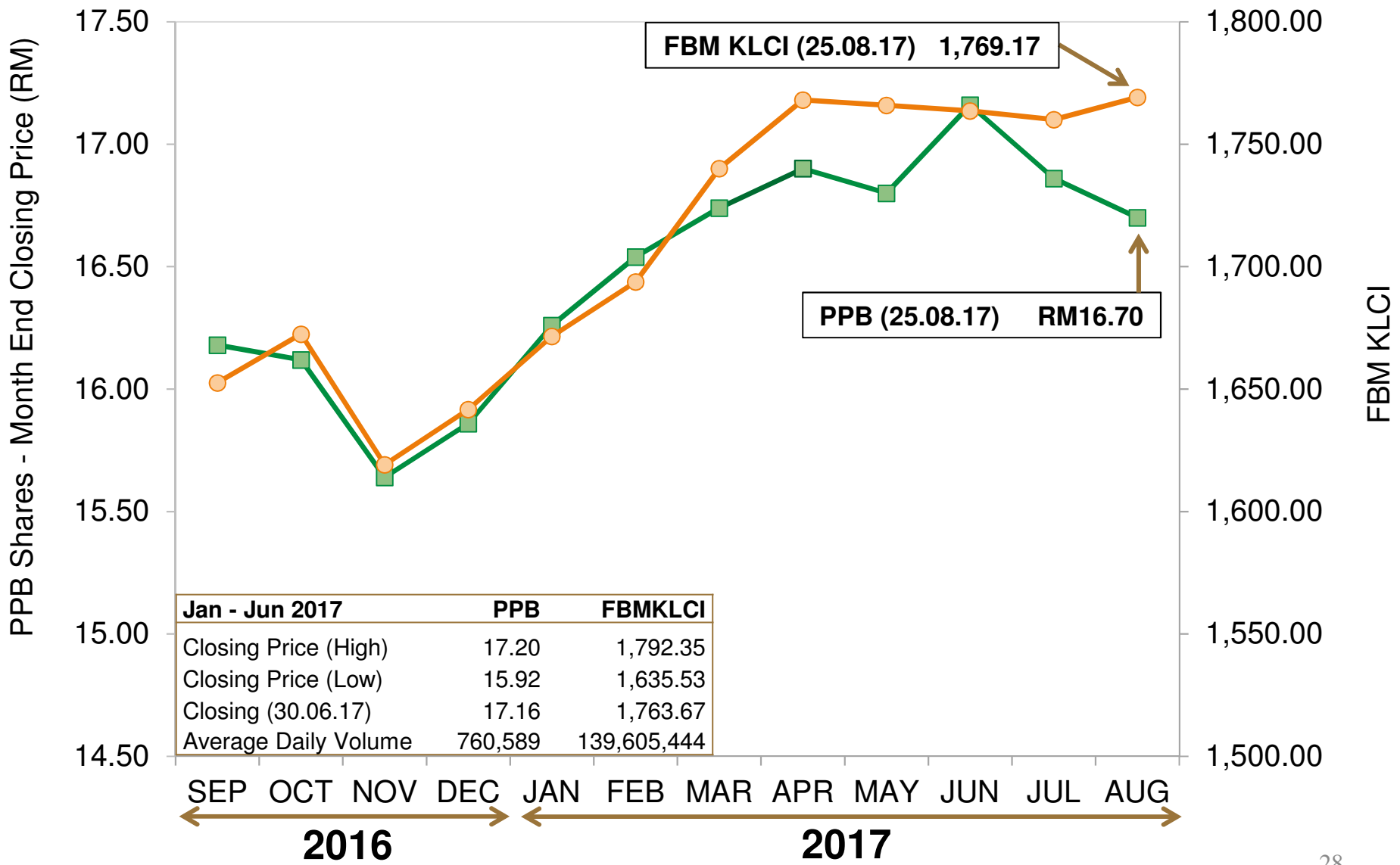


# Share Price Performance

---

# Share Performance

■ PPB Shares - Month End Closing Price (RM) ● FBM KLCI





# Prospects for 2017

---

# Prospects for 2017

## Grains and Agribusiness

- Outlook for the flour business is expected to be challenging on the back of the volatile world prices for wheat.
- Stronger flour demand in the 2H2017 would mitigate the margin erosion pressure.
- Animal feed business is expected to maintain its performance given a bullish broiler market.

## Consumer Products

- To perform satisfactorily with strategic promotional activities and campaigns.

## Film Exhibition and Distribution

Performance will be supported by:-

- the opening of new cinemas in Malaysia and Vietnam; and
- the line-up of blockbuster movies for the rest of the year.

# Prospects for 2017

## **Environmental Engineering and Utilities**

- To focus on timely completion of on-going projects and securing new projects to augment its order book.

## **Property segment**

- To focus on launching a mixed development project in Taman Megah, Petaling Jaya in the fourth quarter of the year.

PPB Group's main business segments are expected to perform satisfactorily for the current financial year. However, the overall financial results of PPB Group would depend substantially on the business performance of Wilmar.



# Status of Shariah-compliance

---



# Status of Shariah-compliance

PPB is classified as shariah-compliant based on an updated list of shariah-compliant securities by the Securities Commission's Shariah Advisory Council dated 26 May 2017.

