



PPB GROUP BERHAD

Press and Analyst Briefing Unaudited FY2016 Results

3 March 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
- Developments for 2017

5-Year PBT Track Record

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">• flour milling• animal feed manufacturing• wheat & maize trading• production of day-old-chicks, eggs & related downstream activities• oil palm plantations	<ul style="list-style-type: none">• marketing & distribution of edible oils & consumer products• production, marketing & distribution of frozen food & bakery products• manufacturing of toiletry requisites & household products	<ul style="list-style-type: none">• exhibition & distribution of cinematograph films	<ul style="list-style-type: none">• construction works specialising in water & environmental industries• provision of waste management services	<ul style="list-style-type: none">• letting of commercial properties• development of residential & commercial properties	<ul style="list-style-type: none">• investments in quoted & unquoted shares• chemicals trading & manufacturing• packaging• investment holding• others

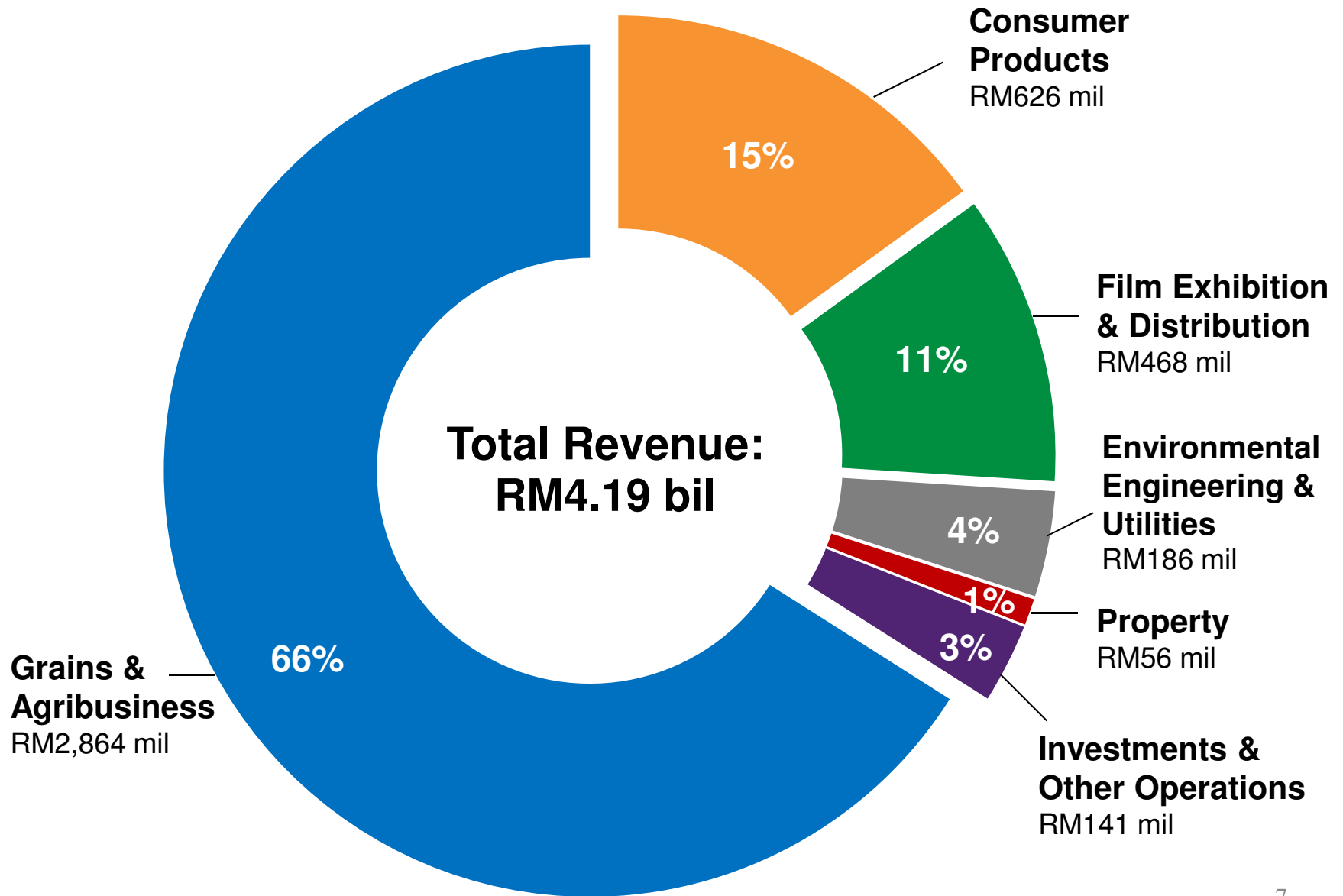


Group Financial Highlights

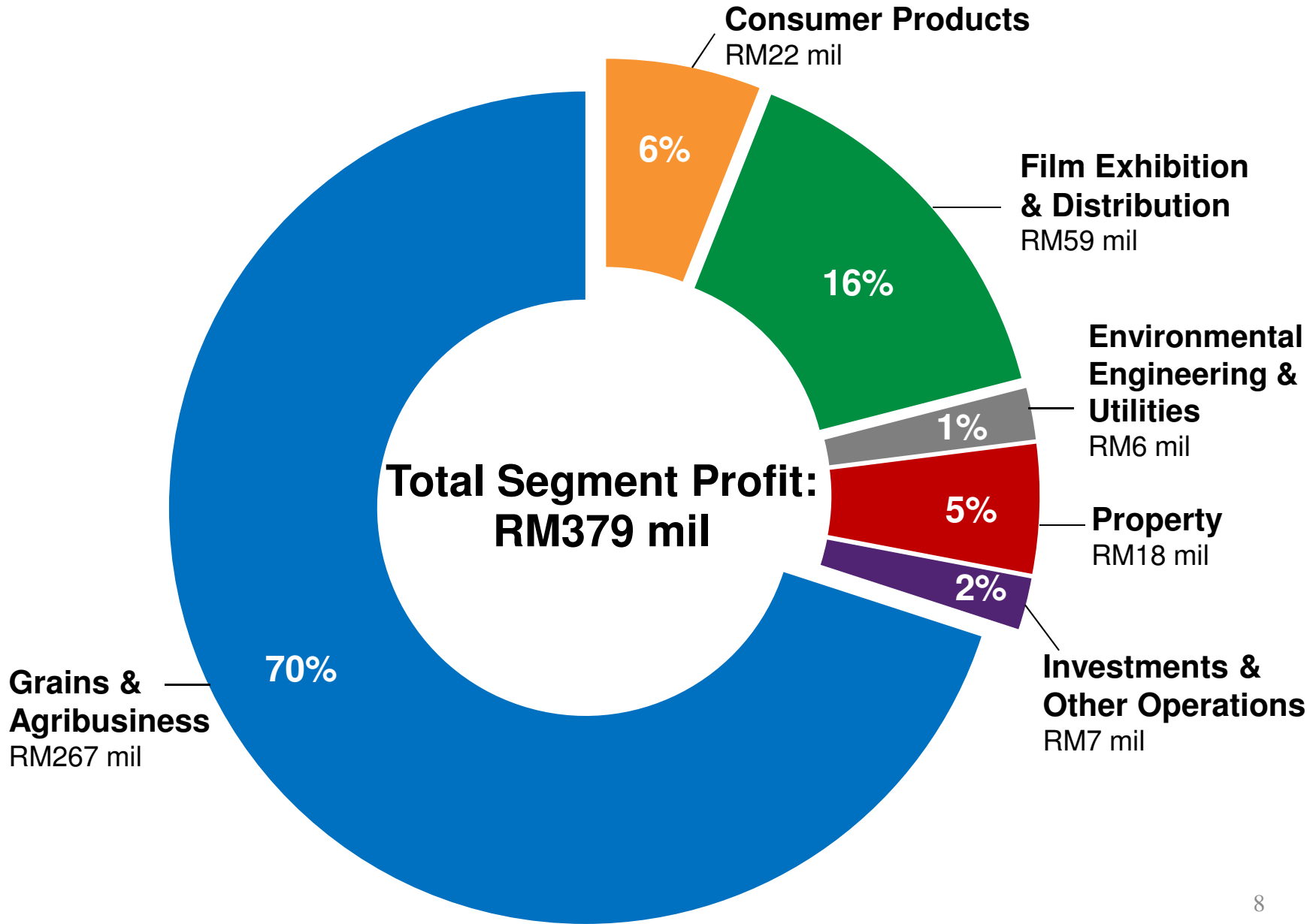
Financial Results FOR THE YEAR ENDED 31 DEC 2016

(Figures in RM)	2016	2015	Change
Revenue	4.19 bil	4.05 bil	▲ 3%
Operating Expenses	3.96 bil	3.84 bil	▲ 3%
Share of Wilmar's Profit	0.75 bil	0.77 bil	▼ 2%
PBT	1.21 bil	1.18 bil	▲ 3%
Profit for the Year	1.11 bil	1.08 bil	▲ 3%
EPS	88.15 sen	88.68 sen	▼ 1%
Net Assets Per Share Attributable to Owners of the Parent	17.69	16.80	▲ 5%

Segmental Information FOR THE YEAR ENDED 31 DEC 2016



Segmental Information FOR THE YEAR ENDED 31 DEC 2016





Review of Major Operations



- Financial Performance**
 - Key Events**
 - Developments for 2017**
-

Grains & Agribusiness

Financial Performance

+ 6%	
Revenue	
FY16	RM2,864 mil
FY15	RM2,711 mil

+ 3%	
Segment Profit	
FY16	RM267 mil
FY15	RM260 mil

-  The higher revenue was primarily due to increase in flour sales volume in Vietnam with a full year contribution from the flour mill in northern Vietnam, coupled with increase in both selling prices and sales volume in Indonesia despite lower revenue from flour mills in Malaysia.
-  Segment profit increased with the better performance from the Indonesia and Vietnam flour mills which offset in part by lower profits from the flour mills in Malaysia and lower net foreign exchange translation gain.

Grains & Agribusiness

Developments in 2017

-  Commissioning of additional 500 mt/day wheat flour mill each in Pasir Gudang, Johor Bahru and Vietnam.

Consumer Products

Financial Performance



The revenue growth was contributed by:-

- (i) the distribution of new agency products;
- (ii) improved sales of existing in-house products; and
- (iii) higher sales volume and selling prices of bakery products.



Segment profit reduced with the higher staff costs and higher sales of lower margin products.

Consumer Products

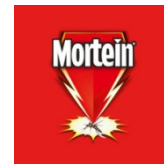
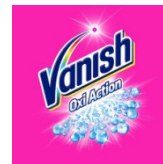
Key Events in 2016

Consumer Products

- In February 2016, FMSB was given the distribution rights for Reckitt Benckiser (Malaysia) Sdn Bhd for the Northern region covering states of Penang, Kedah and Perlis.
- The coverage was subsequently extended to Perak state effective May the same year.
- Key brands under Reckitt Benckiser include Dettol, Strepsils, Durex, Gaviscon, Harpic, Vanish, Optrex and Shieldtox.



Strepsils



Consumer Products

Key Events in 2016

Food Processing

- In September 2016, FFM Bhd entered into a joint venture agreement with Brazilian food giant, BRF SA, in which BRF's unit, BRF Foods GmbH, took up 70% stake in FFM Further Processing Sdn Bhd whilst FFM owns the remaining 30%.

Bakery

- FFM Marketing successfully launched two new products, namely, Fine Wholemeal Loaf in March 2016 and Pandan Coconut flavour Chiffon in A Cup in November 2016.
- The baking plant has successfully implemented the ERP system for the manufacturing environment to improve the supply chain management.



Film Exhibition & Distribution

Financial Performance



The higher revenue was mainly due to:-

- (i) contribution from new cinemas opened in 2015;
- (ii) improved cinema collections from strong local, blockbuster and Chinese New Year movie releases; and
- (iii) higher concession sales.



The lower segment profit was due to lower contribution from film distribution and foreign exchange translation loss on USD-denominated loans.

Film Exhibition & Distribution

Key Events in 2016

- Galaxy Studio JSC in Vietnam, in which the Group has 40% equity interest opened three new cinemas in 2016:-

New Location	No. of screens	Opening Date
Ben Tre	5	Jan 2016
Mipec Hanoi	7	Jul 2016
Danang	7	Sep 2016
	19	

Location	Additional screens	Opening Date
Nguyen Du	2	Jul 2016
Total New Screen	21	

Location	No. of screens	Closure Date
Nguyen Trai	(3)	Aug 2016

- Todate, Galaxy Studio JSC has a total of 43 screens in seven locations in Vietnam.

Film Exhibition & Distribution

Key Events in 2016

- 🌟 GSC opened an additional four screens in GSC Mid Valley, increasing its total to 21 screens in July 2016. To date, GSC has a total of 306 screens in 33 locations.




Film Exhibition & Distribution

Developments in 2017

 GSC plans to open three new cinemas in 2017:-

New Location	No. of screens	Opening Date
MyTOWN Shopping Centre, Cheras	13	May 2017
Melawati Mall, Melawati	10	May 2017
Paradigm Mall Johor Bahru	16	Oct 2017
	39	

Location	Additional screens	Opening Date
GSC Summit, USJ	3	4Q2017
Total New Screen	42	

 Galaxy Studio is scheduled to open six new locations adding 38 screens to its circuit.

Environmental Engineering & Utilities

Financial Performance

- 27%

Revenue

FY16	RM186 mil
FY15	RM255 mil

- 42%

Segment Profit

FY16	RM 6 mil
FY15	RM11 mil



The lower revenue was due to:-

- (i) progressive completion of engineering projects secured;
- (ii) fewer projects secured in 2016; and
- (iii) newly-secured projects are at their initial stages and have yet to contribute in the period under review.



Segment profit reduced in tandem with lower revenue.

Environmental Engineering & Utilities


Key Events in 2016

- 🌿 Successfully completed 18 sewage treatment plants under the Greater KL Sewage Scheme with a combined contract sum of RM96 mil.
- 🌿 Secured 11 sewage network pump station projects valued at RM93 mil in total.
- 🌿 Commissioned and delivered 260,000 m³/day of raw water supply under the Projek Air Mentah RAPID Scheme.



Environmental Engineering & Utilities

Developments in 2017



-  The Group is currently pursuing water and sewage treatment projects with an estimated value of RM600 mil.

Property

Financial Performance

- 15%	
Revenue	
FY16	RM56 mil
FY15	RM65 mil

- 28%	
Segment Profit	
FY16	RM18 mil
FY15	RM25 mil

-  The decrease in revenue was due to lower progress billings recognised in 2016 and reduced rental income from lower occupancy rates.
-  Segment profit reduced in line with the lower revenue.

Property



Key Events in 2016

- PPB Hartabina Sdn Bhd, a wholly owned subsidiary, has completed and successfully handed over vacant possession of 11 units bungalows in Taman Tanah Aman, Bukit Tengah, Seberang Jaya to the purchasers in mid-March 2016. The total GDV for the 14 completed bungalow units is RM36.8 mil.
- PPB Hartabina Sdn Bhd acquired two pieces of freehold land measuring 5.818 acres in Penang. This land is proposed for residential development comprising affordable housing and mid-high end condominiums.



Property

Developments in 2017


-  Plans to launch Taman Megah development in Petaling Jaya.
-  Building of a link bridge to MRT station which will improve access and increase lettable space in Cheras LeisureMall.


Investments & Other Operations

Financial Performance

-	
Revenue	
FY16	RM141 mil
FY15	RM141 mil

- 41%	
Segment Profit	
FY16	RM 7 mil
FY15	RM12 mil

 The Chemical trading and manufacturing business contributed higher revenue to the combined segment riding on higher sales which was partly offset by lower dividend income received and lesser sales in the packaging division.

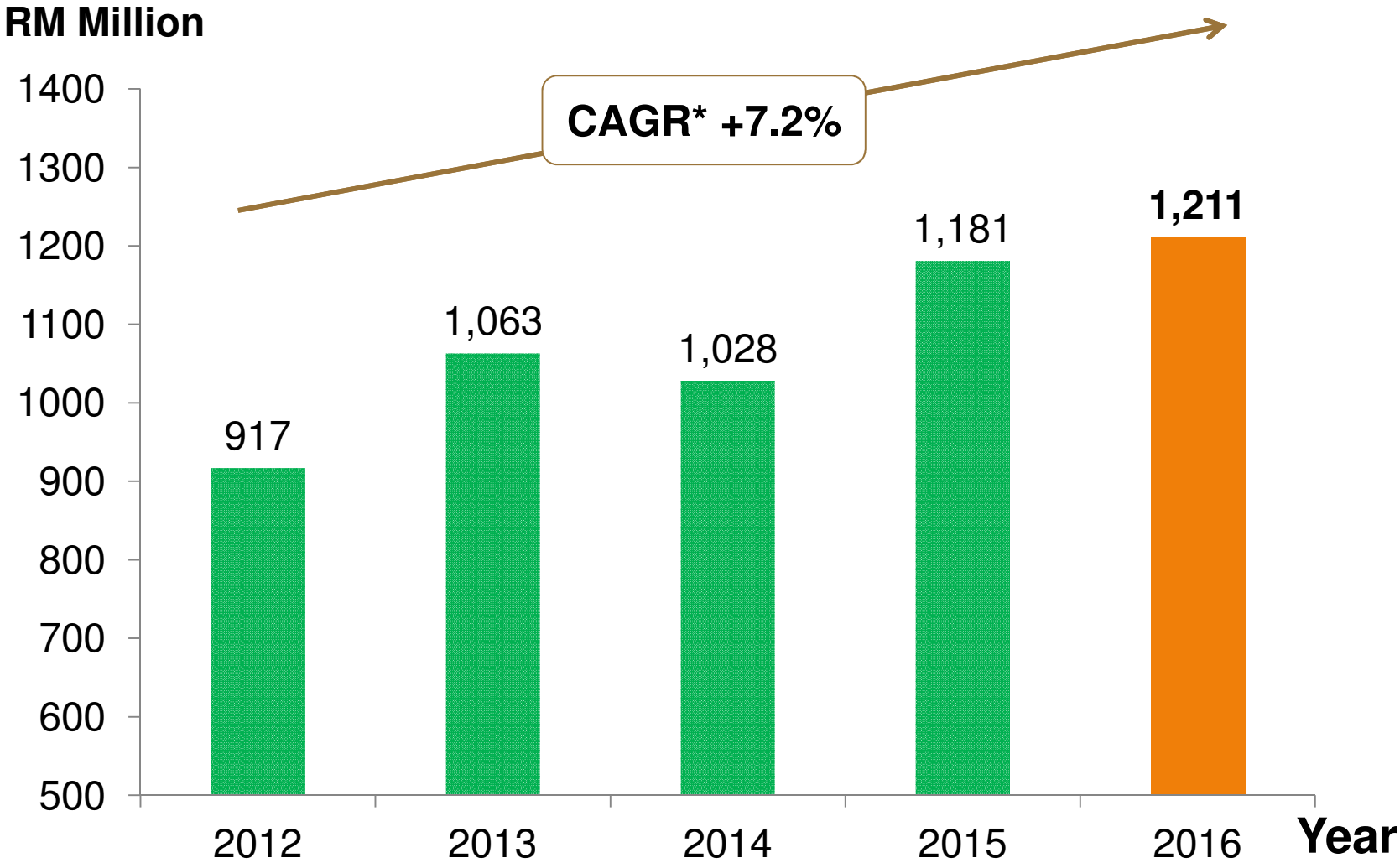
 Combined segment profit was lower due to:-

- (i) a one-off gain on liquidation of a subsidiary in FY2015 of RM5.4 mil;
- (ii) lower dividend income received; and
- (iii) losses in the packaging division.



5-Year PBT Track Record

5-Year PBT of PPB Group

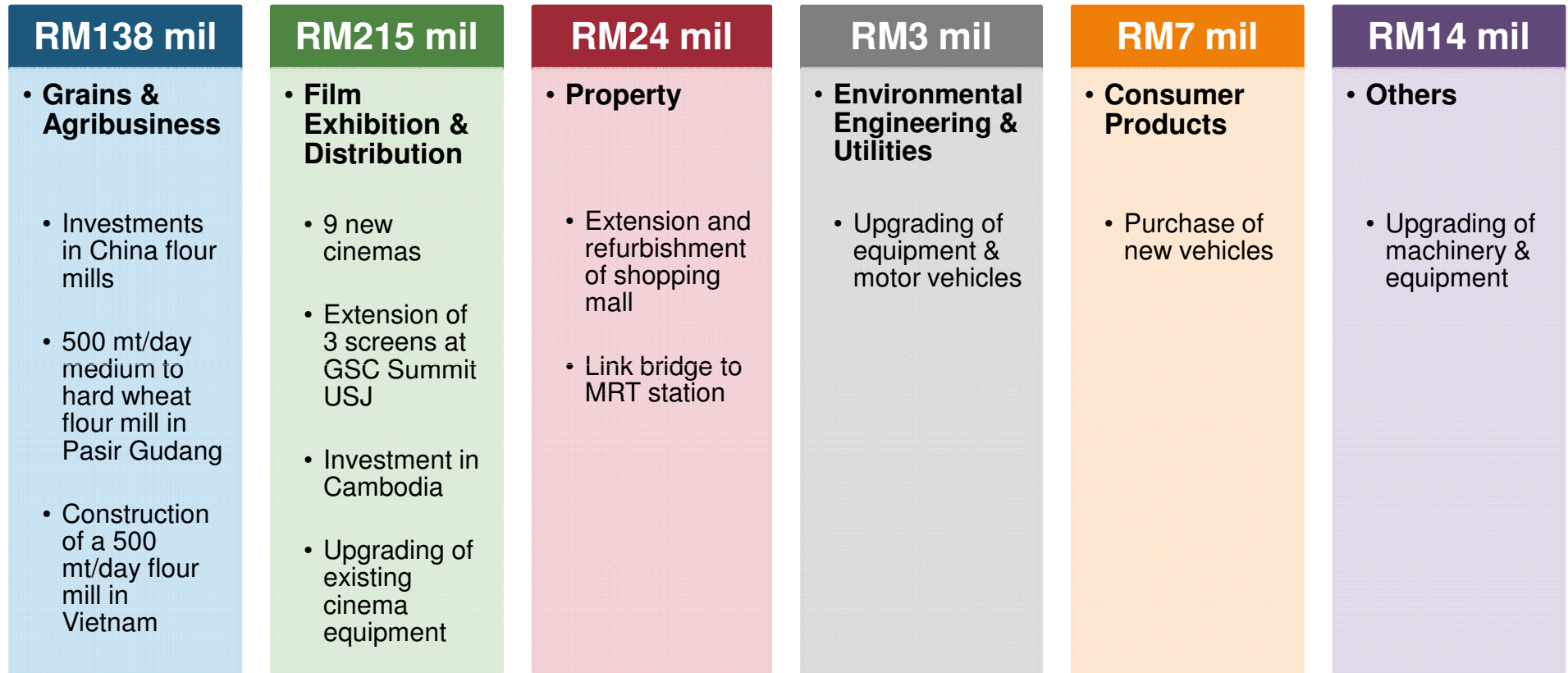


* CAGR = Compound Annual Growth Rate



Capital Commitments

Capital Commitments by Segments



TOTAL CAPITAL COMMITMENTS : RM401 mil



Dividend Record

Dividend Record

Year	Single Tier	Net Dividend	Net	Payout Ratio	
	Dividend Per Share (sen)	Paid/ Payable (RM Million)	Dividend Yield (%)	Group (%)	Company (%)
2016					
- Interim	8	95			
- Final*	<u>17</u>	<u>201</u>	1.6[#]	28.4	80.5
	<u>25</u>	<u>296</u>			
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
2012	20	237	1.7	28.2	63.0

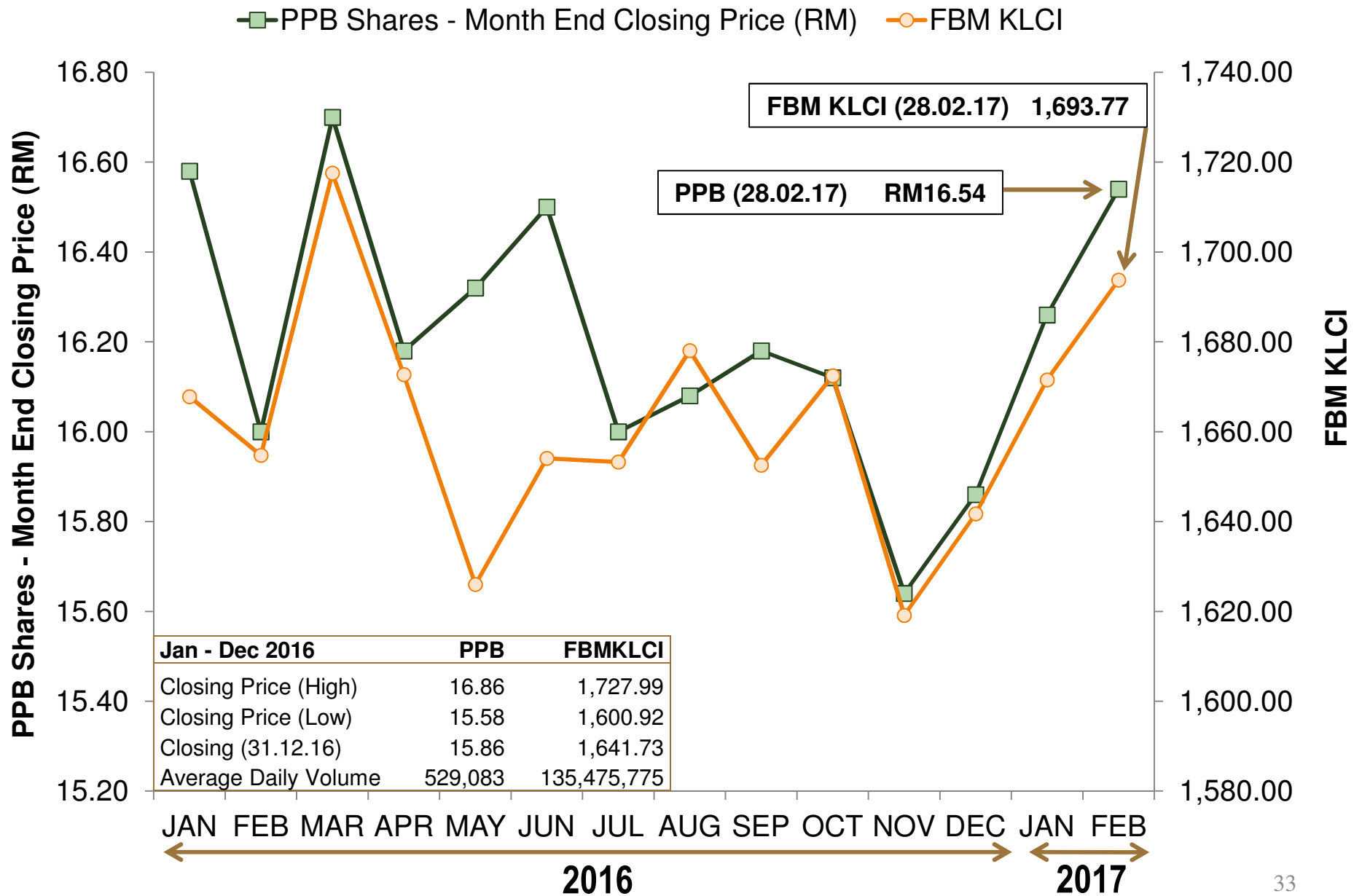
* PPB Board has recommended a final single tier dividend of 17 sen per share for the financial year ended 31 December 2016 payable on 25 May 2017.

Dividend yield was based on PPB share price of RM15.86 as at 31 December 2016.



Share Price Performance

Share Performance





Prospects for 2017

Prospects for 2017

The operating environment in 2017 is expected to be challenging for the Group's core businesses.

Intense competition will continue in the flour markets in Malaysia, Indonesia and Vietnam, while the feed market in Malaysia will be uncertain with the rapidly evolving industry landscape. However, the Group is confident of maintaining its strong position in the **Grains and Agribusiness segment** with its industry knowledge and experience.

While the weaker Ringgit and economic uncertainty are expected to weigh on consumer confidence and affect spending, the Group expects the performance of the **Consumer Products segment** to continue to be satisfactory.

Prospects for 2017

The **Film Exhibition and Distribution segment** will be supported by the opening of three new cinemas and strong line-up of movies in 2017.

The **Environmental Engineering and Utilities segment** is well-positioned to participate in Government projects to upgrade and renew the water and sewage infrastructure. The **Property segment** is planning to launch a new development project in a strategic location, and will continue to focus on improving the yield of its investment properties.

While the Group's main business segments are expected to perform satisfactorily, Wilmar's performance will continue to contribute substantially to the Group's overall financial results for 2017.



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 25 November 2016.

