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Unaudited FY2017 Results

27 February 2018

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4Q2017 Results

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4Q2017 vs 4Q2016 Financial Results

		4Q2017	4Q2016	+/-	%
Revenue	RM'Mil	239.7	179.7	60.0	33%
Profit before tax	RM'Mil	37.7	37.8	(0.1)	0%
EBITDA	RM'Mil	52.4	45.4	7.0	15%
Profit net of tax	RM'Mil	26.8	31.9	(5.1)	-16%
Profit attributable to ordinary equity holders of the company	RM'Mil	24.7	30.3	(5.6)	-18%
Earnings per share	Sen	5.82	7.15	(1.33)	-19%
Dividend per share	Sen	13.50	6.00	7.50	125%

Higher Group revenue, by 33%, with higher contribution from both the property and education divisions.

Group PBT maintained at 37.7 million due to lower PBT from the education division.

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FY2017 vs FY2016 Financial Results

		FY2017	FY2016	+/-	%
Revenue	RM'Mil	758.3	573.1	185.2	32%
Profit before tax	RM'Mil	182.2	112.5	69.7	62%
EBITDA	RM'Mil	226.1	140.9	85.2	60%
Profit net of tax	RM'Mil	150.3	88.7	61.6	69%
Profit attributable to ordinary equity holders of the Company	RM'Mil	133.4	75.0	58.4	78%
Earnings per share	Sen	31.46	17.74	13.72	77%
Dividend per share	Sen	16.00	8.50	7.50	88%
Net asset per share	RM	2.44	2.21	0.23	10%
Shareholders' funds	RM'Mil	1,036.8	934.6	102.2	11%
ROE	%	14.3	8.4	5.9	70%
Gearing ratio	Times	0.63	0.52	0.11	21%

Higher Group revenue, by 32%, with higher contribution from both the property and education divisions.

Higher Group PBT, by 62%, due to a gain of RM77.8 million recognised on the disposal of Sri KDU campus in FY2017.

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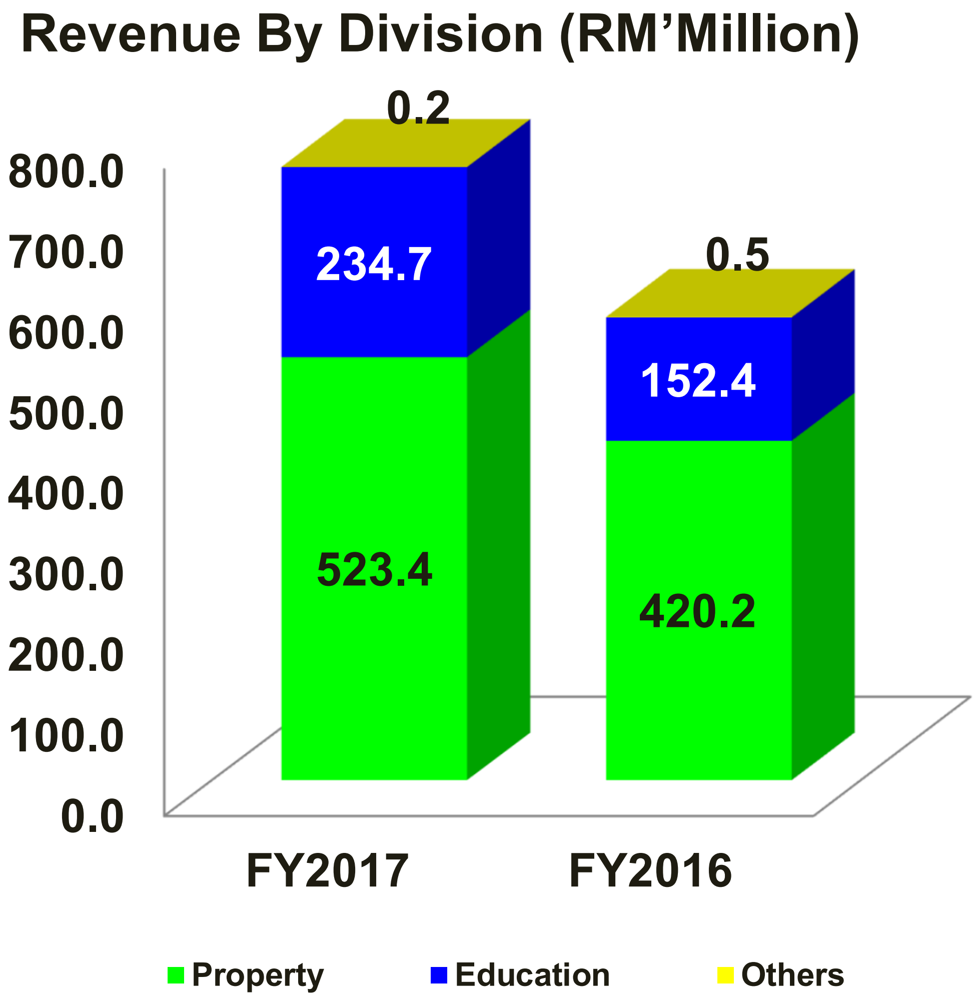
Revenue



Property Division	Higher revenue, by 25%, due to: Å Higher sales and progressive billings from the Utropolis Batu Kawan, Sejati Residences and Greenwoods Salak Perdana developments.
Education Division	Higher revenue, by 54% due to: Å New stream of income from REAL Education which contributed RM79.1 million to Group revenue; Å Higher revenue from Sri KDU and KDU University College, Glenmarie, stemming from higher new student enrolments.

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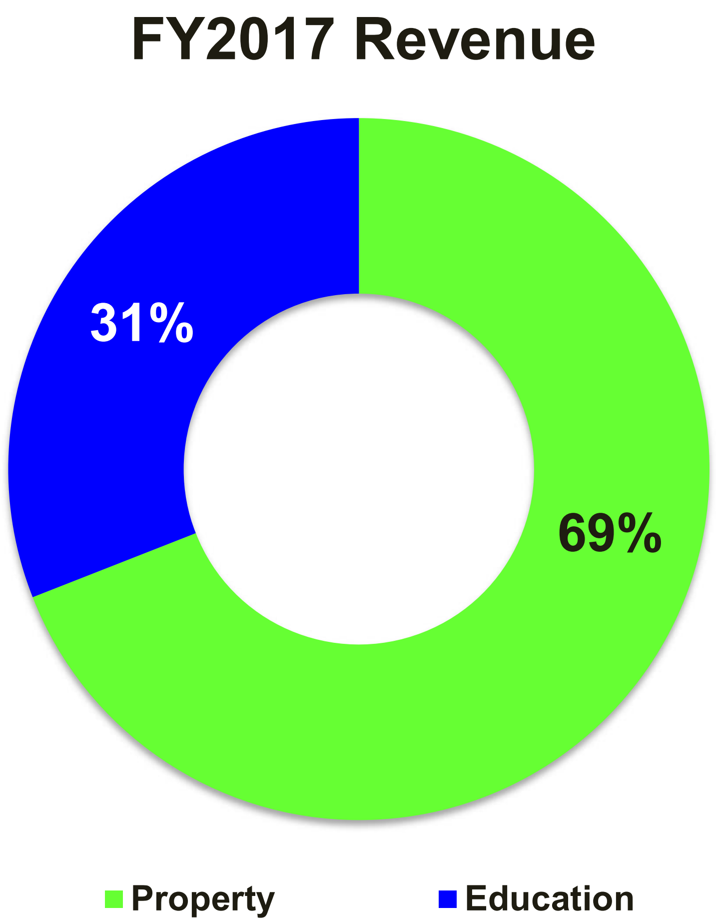
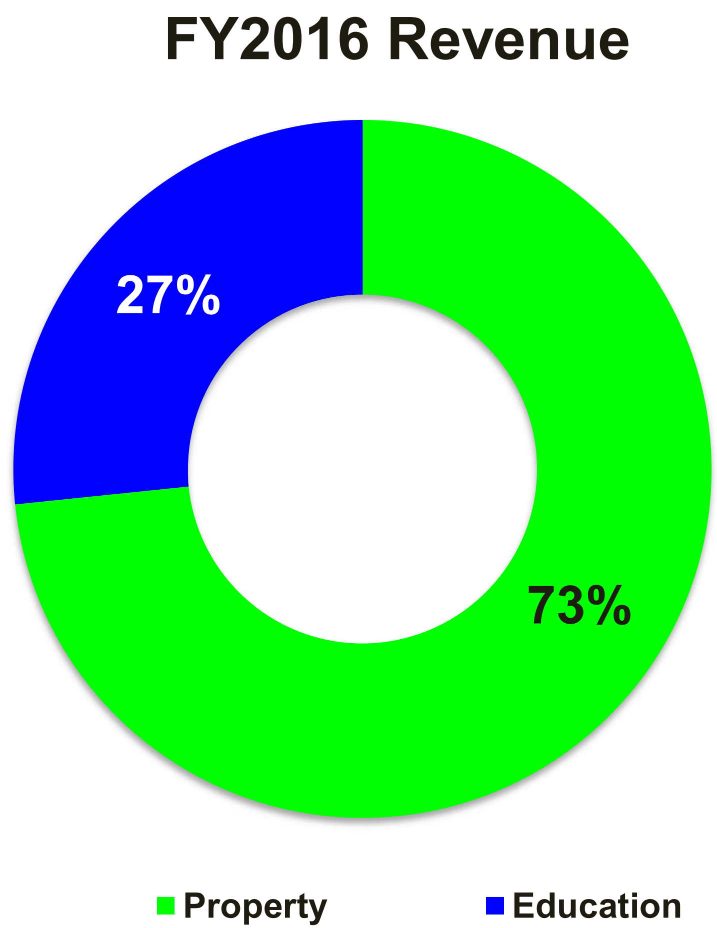
Revenue - Contribution By Division





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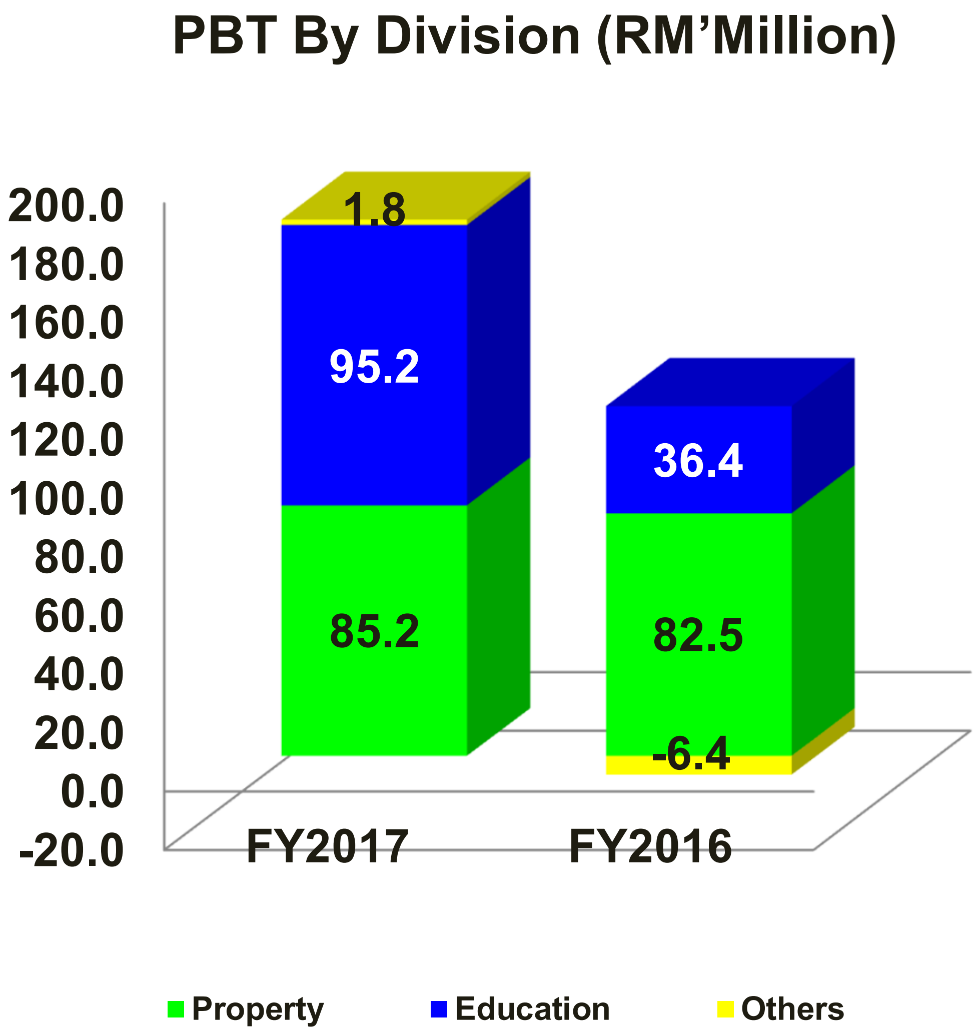
PBT



Property Division	Higher PBT, by 3%, due to: Å Higher PBT from the Utropolis Batu Kawan, Sejati Residences and Greenwoods Salak Perdana developments, offset by, Å Higher losses incurred by the retail mall, Utropolis Marketplace; and Å Lower contribution from the construction business.
Education Division	Higher PBT, by 162%, due to: Å Non-recurring gains of RM56.3 million recorded on the disposal of Sri KDU campus, Å New stream of income from REAL Education, which contributed RM14.2 million to the Group PBT, and; Å Lower losses from KDU University College in Glenmarie.

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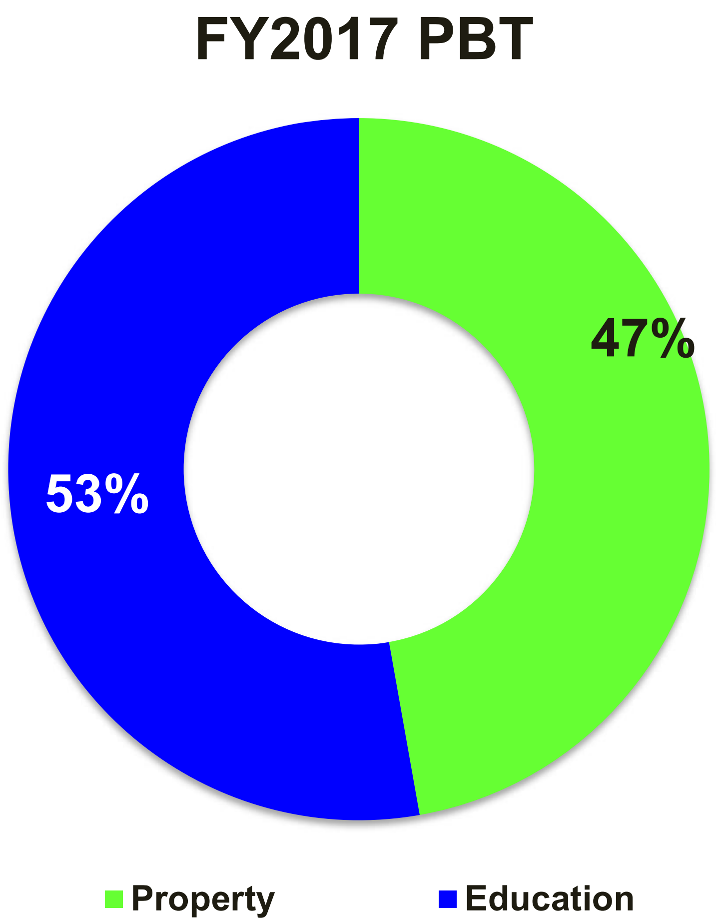
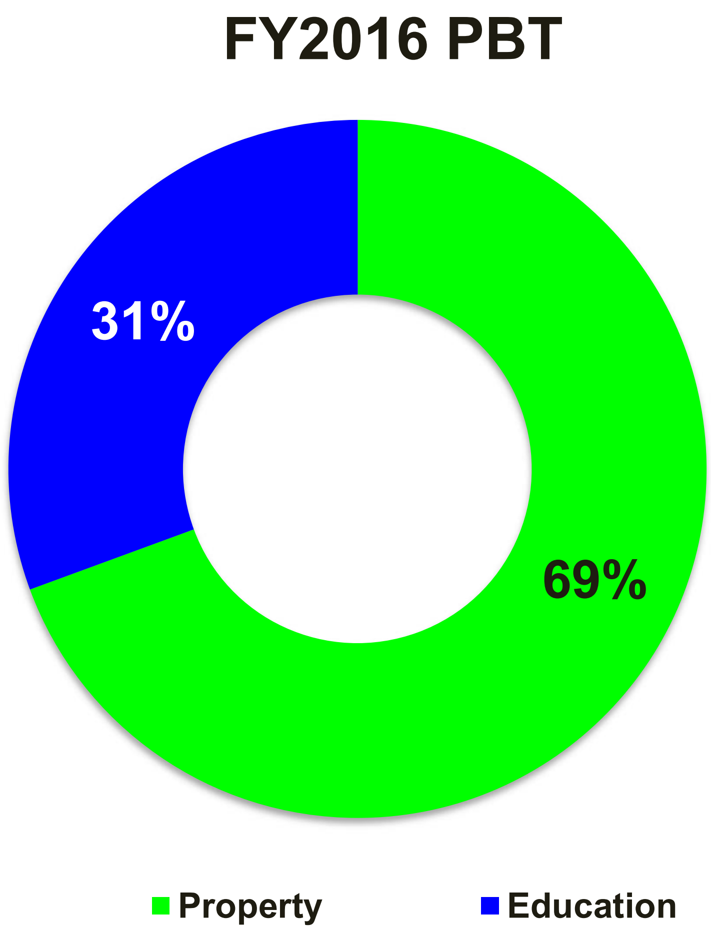
PBT – Contribution By Division





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Statement of Financial Position

RM'000	31/12/2017	31/12/2016
Non-current assets	1,826,146	1,533,793
Current assets	691,954	484,918
Total assets	2,518,100	2,018,711
Current liabilities	515,580	450,695
Net current assets	176,374	34,223
Non-current liabilities	690,945	433,593
Total liabilities	1,206,525	884,288
Total equity	1,311,575	1,134,423
Total equity and liabilities	2,518,100	2,018,711

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Debt/Equity Ratio

	31/12/2017	31/12/2016
	RM'Mil	RM'Mil
Borrowings	823.8	636.6
Cash & bank balances	141.4	149.2
Total equity*	1,311.6	1,134.4
	31/12/2017	**31/12/2016**
Gross D/E ratio	0.63	0.56
Net D/E ratio	0.52	0.43

*Included Private Debt Securities of RM200 million

Gross D/E Ratio = Total Borrowings/Total Equity

Net D/E Ratio = (Total Borrowings-Cash & Bank Balances)/Total Equity

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5-Year Financial Highlights

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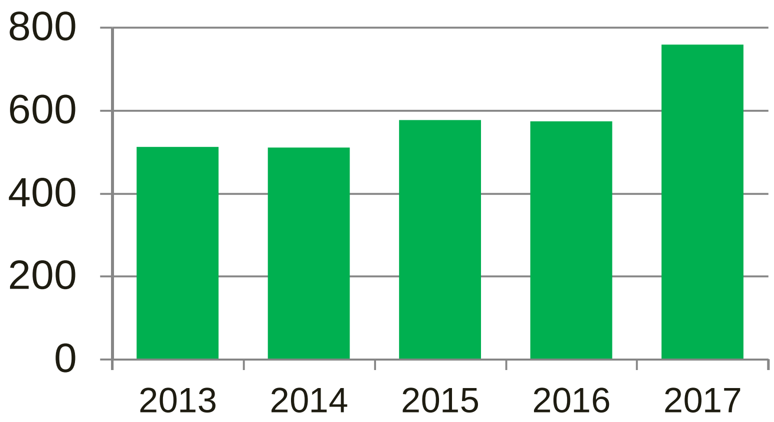
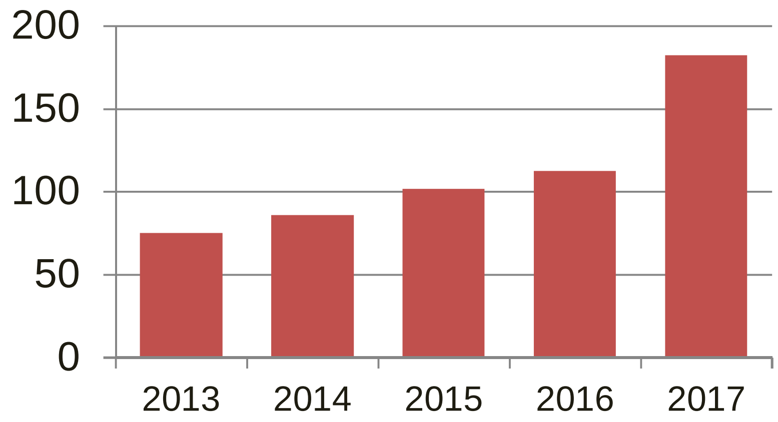
5-Year Financial Highlights

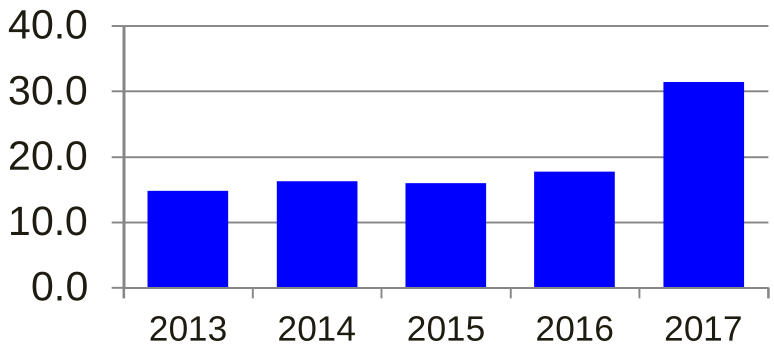
Revenue (RM'Mil)



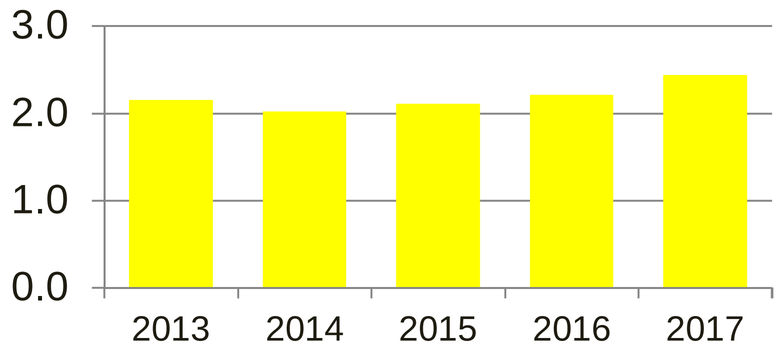
PBT (RM'Mil)



Earnings Per Share (Sen)



Net Assets Per Share (RM)



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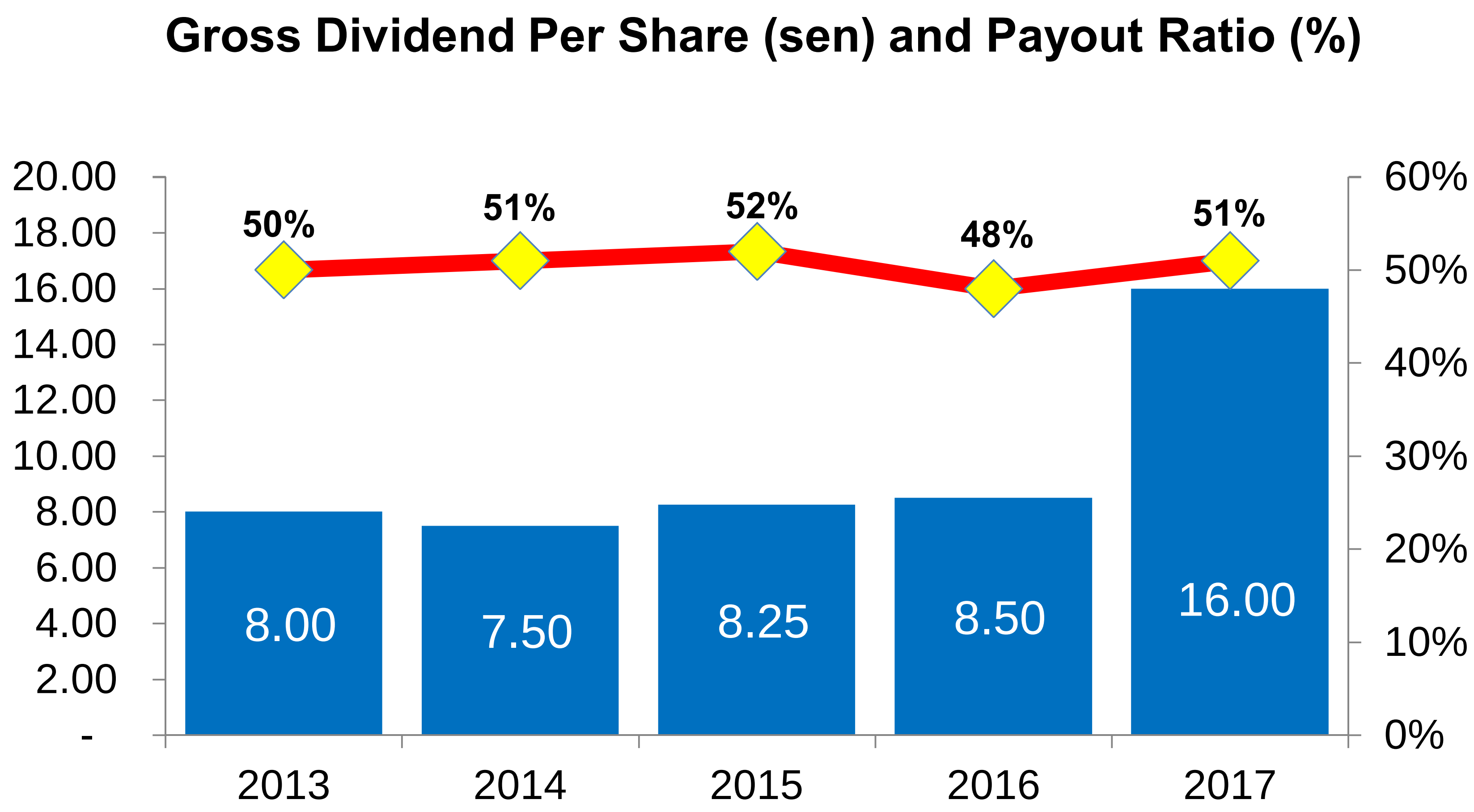
5-Year Financial Highlights



Note:
A single tier special dividend of 7.50 sen per share was declared on 27 February 2018 and will be paid on 28 March 2018; and
A single tier final dividend of 6.00 sen has been proposed and is subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on a date to be announced.

FY2017 Highlights

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FY2017 Highlights

Property Division

- Strong property sales of 1,287 units with a sales value of RM816 million surpassing the 2016 sales of RM402 million;
- Unbilled sales of RM611 million as at 31 December 2017.

Education Division

- New stream of income from REAL Education Group which contributed revenue and PBT of RM79.1 million and RM14.2 million, respectively;
- KDU UC and Sri KDU registering higher new student enrolments;
- KDU UC registering a positive EBITDA of RM4.34 million.
- Completion of disposal of Sri KDU campus to Alpha REIT

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Total landbank & GDV

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Total Landbank & GDV

Project	Original Land Size (Acre)	Remaining GDV (Million)	Development Period	
			Start	End
On going Developments				
Paramount Utropolis, Glenmarie	11.8	330	2013	2023
Sekitar26, Shah Alam	16.8	554	2017	2020
Bukit Banyan, Sungai Petani	520	719	2012	2027
Sejati Residences, Cyberjaya	50	513	2013	2021
Greenwoods, Salak Perdana	238	1,005	2015	2023
Batu Kawan, Penang	28.7	1,422	2016	2026
Total		**4,543**		

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Total Landbank & GDV

Project	Land Size (Acre)	GDV (Million)	Development Period	
			Start	End
Projects in the Pipeline				
Section 13, Petaling Jaya	5.2	608	2018	2020
Jalan Goh Hock Huat, Klang	29.16	1,379	2018	2026
Future Projects		1,987		
Machang Bubuk, Penang	65	324		
Lots 7&9, Kota Damansara*	9.4	870		
Total		**3,181**		
Grand Total		**7,724**		

Prospect for 2018

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Prospects

Å As the Malaysia economy continues to recover, GDP growth is expected to moderate between 5%-5.5% in 2018, mainly driven by domestic demand and continued strength in global trade which is likely to expand by 5.3% year-on-year. Headline inflation is expected to decline to the 3%-3.5% range due to the lower impact from global oil prices. Foreign direct inflows are expected to remain on an uptrend and the overall Malaysian economy displaying resilience.

Å The improved property market is expected to persist in 2018. However, while overall market conditions may be better, there are still various challenges that continue to dampen overall consumer sentiment. This includes an overhang in supply of high-rise properties, tight financing, potential hike of interest rate and unaffordability issues.

Å In the education segment, market competition remains a key factor, with slow market growth and high market penetration for the tertiary segment. The K-12 segment is expected to see continued mushrooming of new entrants into the market.

Å In 2018, we will continue to adopt a pro-active stance reflected via our property and education divisions.

Å Our property division underpinned by strong lock-in sales fromlaunches such as Utropolis Batu Kawan, Sejati Residences and Urbano (Utropolis Glenmarie) as well as Bukit Banyan in 2017, will continue to see the benefits of revenue recognition and unbilled sales going forward into 2018.

Å We look forward to the launch of two new developments - Atwater Section 13 and our Klang project at Jalan Goh Hock Huat. The former will leverage on the integrated development and senior friendly living concepts. The latter will be anchored by our Sri KDU schools and residential as well as retail components.

Å Our entry into the senior living segment will hold us in good stead as we diversify to offer a broader spectrum of property offerings to meet all stages in the consumer lifecycle.

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Prospects (cont’d)

Å In line with our asset light strategy, we will continue to pursue sales & leaseback and joint venture development if such opportunities arise. We expect to complete the disposal of our Lot 7&9, Kota Damansara land in second half of 2018.

Å Responding to market conditions, the tertiary education segment will increase its marketing efforts to reach new markets within Malaysia, whilst also enhancing strategies for international marketing and relationship building with recruitment agencies.

Å The Division will also focus on developing Unique Selling Propositions to raise the profiles of selected flagship schools, as well as improve the value and quality of programmes offered. Internally, considerable efforts were made to harness greater operational efficiency via cost management and consolidation.

Å We will maintain existing business strategies ï tapping the Bumiputera, UEC and outstations sub groups. With that, we foresee improved enrolment and efficiencies derived from cost optimisation.

Å 2018 will see the full yearõs recognition of results for R.E.A.L Education Group, which will contribute strongly to our financial performance. Certainly, there is plenty of potential in the kindergarten and enrichment centre segment. We see synergies and opportunities for student continuity and retention, with R.E.A.L Kids kindergarten students moving to R.E.A.L Schools or Sri KDU national and international schools, and R.E.A.L School students moving to KDU University Colleges.

Å Barring any unforeseen circumstances, the Group is expected to deliver a better operating performance for 2018.

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Disclaimer

Statement Regarding Unaudited Financial Information

The unaudited financial information set forth above is preliminary and subject to adjustments and modifications.

Disclaimer on Forward-Looking Statements

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those we expected. We therefore caution against placing undue reliance on the forward-looking statements contained in this presentation, which are based on current view of management on future events.

Thank You