



# FY2019 Results Announcement

Analyst Briefing: Half Year ended 31 December 2018

21 February 2019



Delivering  
Sustainable Futures

# **Sime Darby Berhad Group Results**

# 1H FY2019 Results Announcement



Half Year ended 31 December 2018

In RM Million	1H FY2019	1H FY2018	YoY %
<b>Revenue</b>	<b>18,268</b>	<b>16,959</b>	7.7
<b>PBIT</b>	<b>674</b>	<b>495</b>	36.2
Finance income	27	80*	
Finance costs	(62)	(61)	
<b>Profit before tax</b>	<b>639</b>	<b>514</b>	24.3
Taxation	(64)	(154)	
<b>Profit from continuing operations</b>	<b>575</b>	<b>360</b>	59.7
Non-controlling interests	(33)	(40)	
<b>Net profit from continuing operations</b>	<b>542</b>	<b>320</b>	69.4
<b>Net profit from discontinued operations</b>	<b>-</b>	<b>1,301</b>	(100.0)
<b>Net profit attributable to owners of the Company</b>	<b>542</b>	<b>1,621</b>	(66.6)

\*Includes finance income from discontinued operations of RM48m.

# 1H FY2019 Results Announcement



Core Profit of Continuing Operations: Half year ended 31 December 2018

In RM Million	1H FY2019	1H FY2018	YoY %
<b>Reported PBIT</b>	<b>674</b>	<b>495</b>	36.2
<b>Adjustments</b>			
• Motors Vietnam	(15)	184	
• Gain on disposals	(96) <sup>1</sup>	(215) <sup>2</sup>	
• Impairment of equity interest in E&O	66	-	
• ONGC recovery	(20)	-	
• Net corporate forex gain & YSD	(3)	61	
<b>Core PBIT</b>	<b>606</b>	<b>525</b>	15.4
Net finance costs	(35)	(26)	
Taxation	(178) <sup>3</sup>	(150)	
Non controlling interests	(33)	(28)	
<b>Core Net Profit</b>	<b>360</b>	<b>321</b>	12.1

Note:

1. Gain on disposal of Weifang Water business (RM78m) and Industrial Malaysia property (RM18m)
2. Gain on property disposal in Industrial Australia (RM156m), Industrial Malaysia (RM9m), Motors China (RM41m), Motors Malaysia (RM9m)
3. Excludes tax on disposal of Weifang Water (RM13m) and deferred tax credit arising from change in RPGT rate (RM129m)

# 1H FY2019 Results Announcement



Segmental PBIT: Half year ended 31 December 2018

In RM Million	1H FY2019			1H FY2018			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
<b>Industrial</b>	366	(18) <sup>1</sup>	348	393	(165) <sup>5</sup>	228	(6.9)	52.6
<b>Motors</b>	240	(15) <sup>2</sup>	225	145	134 <sup>6</sup>	269	77.8	(16.4)
<b>Logistics</b>	104	(78) <sup>3</sup>	26	43	-	43	141.9	(39.5)
<b>Healthcare</b>	30	-	30	25	-	25	20.0	20.0
<b>Others</b>	(36)	46 <sup>4</sup>	10	10	-	10	(460.0)	-
<b>Corporate</b>	(33)	-	(33)	(50)	-	(50)	34.0	34.0
<b>Forex</b>	3	(3)	-	24	(24)	-	(87.5)	-
<b>YSD</b>	-	-	-	(85)	85	-	100.0	-
<b>PBIT</b>	<b>674</b>	<b>(68)</b>	<b>606</b>	<b>495</b>	<b>30</b>	<b>525</b>	<b>36.2</b>	<b>15.4</b>

Adjustments :

1. Gain on disposal of property (RM18m)
2. Motors Vietnam tax refund (RM15m)
3. Gain on disposal of Weifang Water (RM78m)
4. Impairment of equity interest in E&O (RM66m), ONGC recovery (RM20m)
5. Gain on disposal of properties
6. Gain on disposal of properties (RM50m) and Vietnam losses (RM184m)

# 1H FY2019 Results Announcement



Quarter ended 31 December 2018

In RM Million	2Q FY2019	2Q FY2018	YoY %
<b>Revenue</b>	<b>9,423</b>	<b>8,815</b>	6.9
<b>PBIT</b>	<b>327</b>	<b>139</b>	135.3
Finance income	13	30*	
Finance costs	(32)	(31)	
<b>Profit before tax</b>	<b>308</b>	<b>138</b>	123.2
Taxation	29	(53)	
<b>Profit from continuing operations</b>	<b>337</b>	<b>85</b>	296.5
Non-controlling interests	(20)	(13)	
<b>Net profit from continuing operations</b>	<b>317</b>	<b>72</b>	340.3
<b>Net profit from discontinued operations</b>	<b>-</b>	<b>233</b>	(100.0)
<b>Net profit attributable to owners of the Company</b>	<b>317</b>	<b>305</b>	3.9

\*Includes finance income from discontinued operations of RM11m.

# 1H FY2019 Results Announcement



Core Profit of Continuing Operations: Quarter ended 31 December 2018

In RM Million	2Q FY2019	2Q FY2018	YoY %
<b>Reported PBIT</b>	<b>327</b>	<b>139</b>	135.3
<b>Adjustments</b>			
• Motors Vietnam	(15)	109	
• Gain on disposals	(18) <sup>1</sup>	-	
• Impairment of equity interest in E&O	31	-	
• ONGC Recovery	(20)	-	
• Net corporate forex gain & YSD	-	68	
<b>Core PBIT</b>	<b>305</b>	<b>316</b>	(3.5)
Net finance costs	(19)	(11)	
Taxation	(98) <sup>2</sup>	(71)	
Non controlling interests	(20)	(13)	
<b>Core Net Profit</b>	<b>168</b>	<b>221</b>	(24.0)

1. Gain on disposal of Industrial Malaysia property

2. Excludes deferred tax credit arising from change in RPGT rate (RM129m)

# 1H FY2019 Results Announcement



Segmental PBIT: Quarter ended 31 December 2018

In RM Million	2Q FY2019			2Q FY2018			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
<b>Industrial</b>	187	(18) <sup>1</sup>	169	146	-	146	28.1	15.8
<b>Motors</b>	135	(15) <sup>2</sup>	120	23	109 <sup>4</sup>	132	487.0	(9.1)
<b>Logistics</b>	15	-	15	25	-	25	(40.0)	(40.0)
<b>Healthcare</b>	15	-	15	13	-	13	15.4	15.4
<b>Others</b>	(6)	11 <sup>3</sup>	5	10	-	10	(160.0)	(50.0)
<b>Corporate</b>	(19)	-	(19)	(10)	-	(10)	(90.0)	(90.0)
<b>Forex</b>	-	-	-	(3)	3	-	100.0	-
<b>YSD</b>	-	-	-	(65)	65	-	100.0	-
<b>PBIT</b>	<b>327</b>	<b>(22)</b>	<b>305</b>	<b>139</b>	<b>177</b>	<b>316</b>	<b>135.3</b>	<b>(3.5)</b>

Adjustments :

1. Gain on disposal of Malaysia property (RM18m)
2. Motors Vietnam, including tax refund (RM15m)
3. Impairment of equity interest in E&O (RM31m), ONGC recovery (RM20m)
4. Vietnam losses (RM109m)

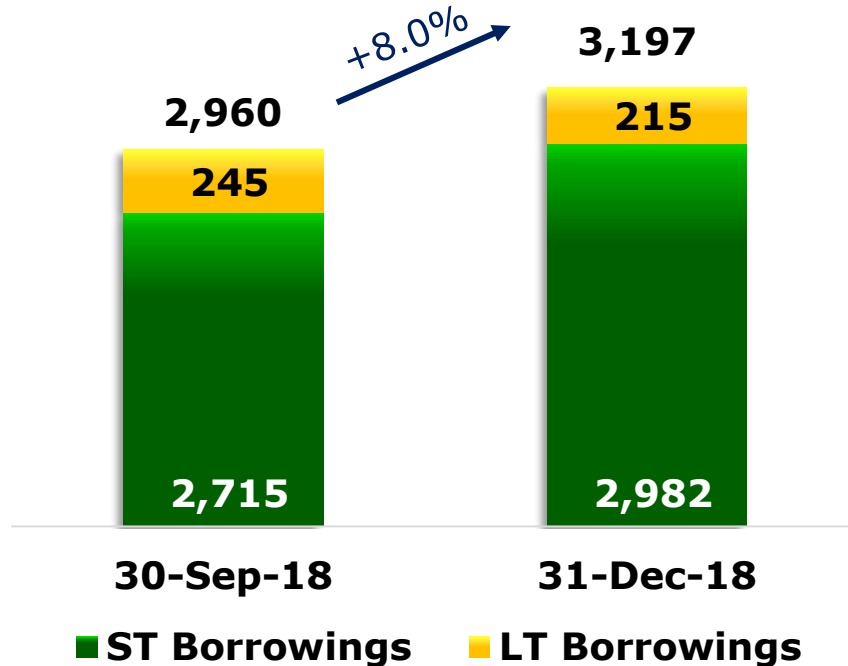


# 1H FY2019 Results Announcement



Snapshot of borrowings position as at 31 December 2018

## Long Term vs Short Term Borrowings



## Total Borrowings



# RM3.20bn

As at 31 December 2018

**RM14.8bn**  
Total Equity

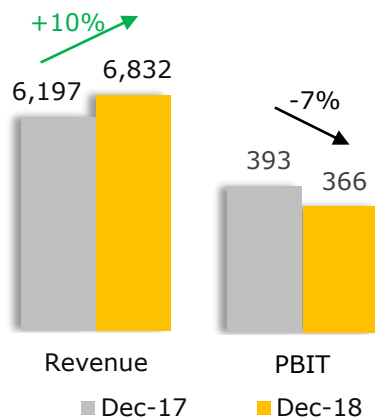
**21.6%**  
Debt/Equity Ratio

**RM1.5bn**  
Bank balances, deposits  
and cash

# Segmental Results



## Rising sales and profits in Australasia



In RM Million	1H FY2018	1H FY2019
Australasia	3,533	4,169
China	1,732	1,710
Malaysia	592	600
Southeast Asia	340	353
<b>Total Revenue</b>	<b>6,197</b>	<b>6,832</b>
Australasia	134	233
China	66	80
Malaysia	28	6
Southeast Asia	-	29
<b>Total Core PBIT</b>	<b>228</b>	<b>348</b>
Disposal of Properties	165	18
<b>Total PBIT</b>	<b>393</b>	<b>366</b>
<b>PBIT margin</b>	<b>6.3%</b>	<b>5.4%</b>
<b>Core PBIT margin</b>	<b>3.7%</b>	<b>5.1%</b>
<b>ROIC</b>	<b>5.0%</b>	<b>4.6%</b>

### Australasia

- Higher equipment deliveries to the mining and construction sectors
- Higher margins from equipment and parts
- Results partly offset by the weakening of AUD/MYR by 9% from 3.28 to 2.99 and fair value loss on financial assets of RM60 million

### China

- Lower equipment deliveries to construction sector amid trade war
- Higher margins compensated for the weaker RMB by 5% from 0.634 to 0.603
- Higher engines and product support contribution and CAT subsidy claim

### Malaysia

- Lower CAT equipment deliveries to the construction sector compensated by higher contribution from Allied equipment deliveries to the plantation sector, higher billings in the petroleum operations and recognition of sales from milestone cogeneration project
- Improved contribution from parts
- Includes restructuring cost of RM15m and YSD donation of RM5m

### South East Asia

- Lower equipment deliveries to the construction sector compensated by higher product support sales in Singapore
- RM16m share of losses from associate in 1H FY2018

### Property Disposals

- RM18m gain on disposal of a property in Malaysia in 1H FY2019
- RM156m in Australia and RM9m in Malaysia in 1H FY2018



Healthy order book across all regions

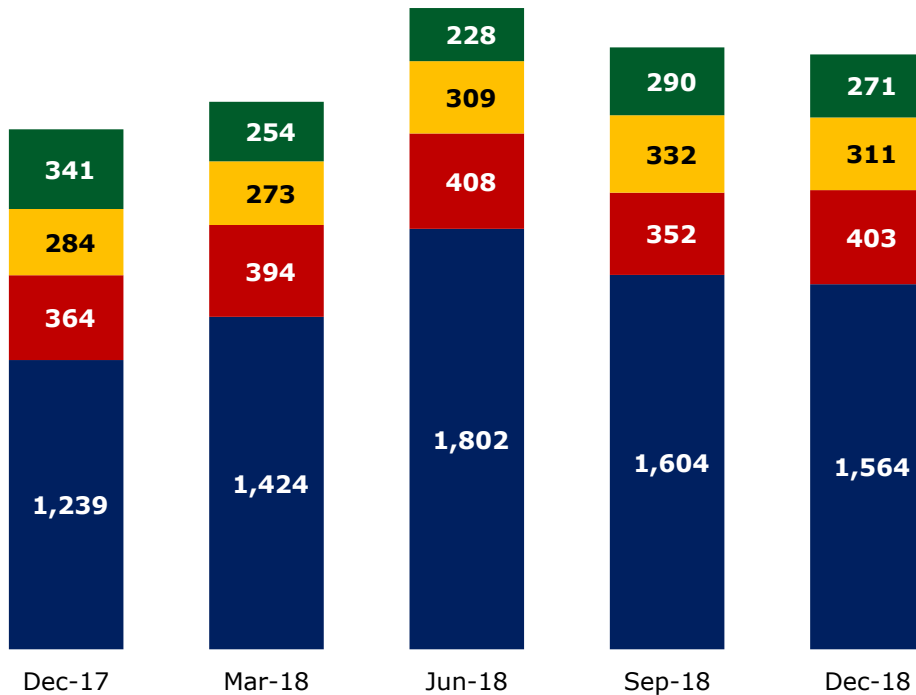
**RM2,228m**

Order book as at 31 December 2017

**+14%**

**RM2,549m**

Order book as at 31 December 2018



■ Australasia ■ Malaysia ■ China ■ Southeast Asia



## AUSTRALASIA

- Increasing demand for coal in Asia will drive miners to increase capital expenditures for both equipment replacement cycles and expansions.
- Higher machine utilisation levels support strong parts and services sales revenue growth.



## MALAYSIA

- On-going projects such as West Coast Expressway and Pan Borneo Highway supporting the construction sector.
- However, review of public infrastructure projects expected to weigh down construction sector.
- Government continues to provide more affordable housing to the low to middle income groups.



## CHINA

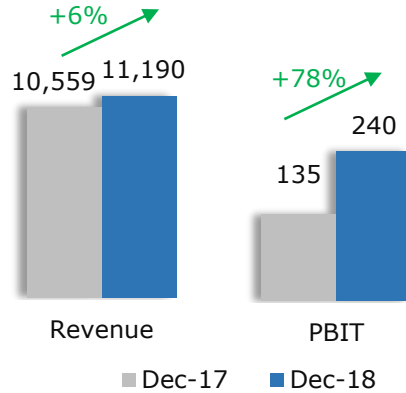
- Government stimulus continues to drive growth in infrastructure spending.
- Nevertheless, more cautious investment approach due to the risk of escalating trade war.
- Shift in equipment model mix towards smaller models which includes rental due to customers' preference to maintain lower operating cost.



## SOUTH EAST ASIA

- Public sector construction demand in Singapore supported by infrastructure projects such as the Cross Island MRT Line and Changi Airport T5.
- Product support business have recovered slightly with maintenance works in marine offshore and construction sector.
- Electric power segment set to be positive as standby generator sets demand increase to support data centers.

## Increasing competition in major markets



In RM Million	1H FY2018	1H FY2019
China, HK, Macau & Taiwan	4,465	5,219
Singapore & Thailand	2,774	2,493
Malaysia	1,805	2,100
Australia & NZ	1,464	1,378
Vietnam	51	-
<b>Total Revenue</b>	<b>10,559</b>	<b>11,190</b>
China, HK, Macau & Taiwan	118	73
Singapore & Thailand	56	35
Malaysia	42	70
Australia & NZ	53	47
<b>Total Core PBIT</b>	<b>269</b>	<b>225</b>
Vietnam	(184)	15
Property disposal/compensation	50	-
<b>Total PBIT</b>	<b>135</b>	<b>240</b>
<b>PBIT margin</b>	<b>1.3%</b>	<b>2.1%</b>
<b>Core PBIT margin</b>	<b>2.6%</b>	<b>2.0%</b>
<b>ROIC</b>	<b>2.4%</b>	<b>3.9%</b>

### China, HK, Macau, Taiwan

- Higher units of BMW and Super Luxury vehicles sold in China
- Lower units sold and lower margins from BMW and after-sales in HK due to competition
- Taiwan recorded LBIT (RM11m) in 1HFY2019 vs (RM17m) in 1HFY2018 - Improved margins and lower marketing expenses

### Singapore, Thailand

- Lower sales and margins in Singapore due to competitive market
- Lower units of Mazda and Ford vehicles sold in Thailand

### Malaysia

- Higher sales volume due to zero rated GST in July and August 2018 (1H FY2019: 9,066 units vs 1H FY2018: 8,378 units)
- Increased contribution from car rental and engine assembly, partly offset by YSD donation of RM5m in 1H FY2019 (1H FY2018 - Nil)

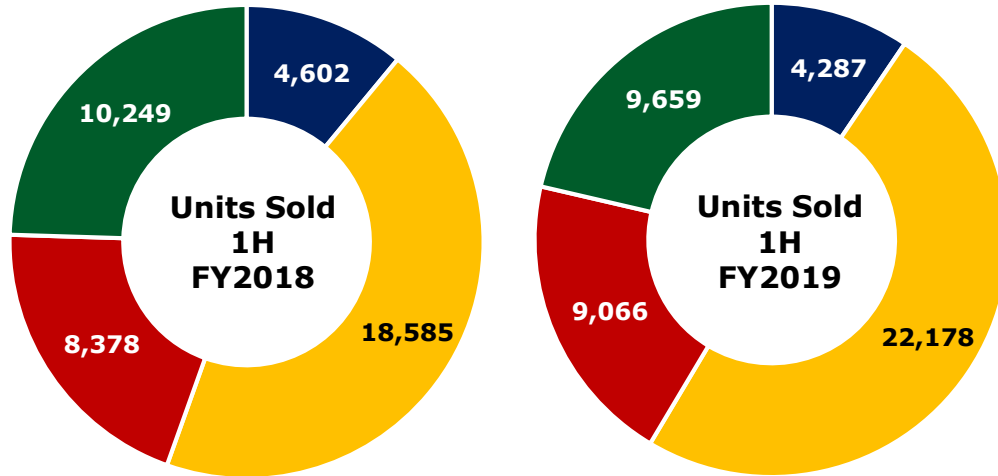
### Australia, NZ

- Lower profit in Australia from BMW Brisbane due to lower units sold
- NZ - Lower margins despite higher units sold from commercial vehicles, lower units sold from retail

### Vietnam

- Includes tax and duties refund in 1H FY2019
- Impairment of distribution rights (RM61m) and writedown of inventories (RM89m) in 1H FY2018

New models in premium segment to spur growth despite difficult market environment



■ Australia & NZ ■ China, HK, Macau, Taiwan ■ Malaysia ■ Singapore, Thailand & Vietnam

**45,190**  
Units Sold  
(1H FY2018: 41,814)

**19,496**  
Units Assembled  
(1H FY2018: 11,917)



## AUSTRALIA, NZ

- Government investment in infrastructure and e-commerce boom to support commercial vehicle sales in Australia.
- Growing household debts and upcoming elections will dampen passenger car sales in Australia.
- Solid demand from freight transport and construction sector to increase sales of commercial vehicles in NZ.



## MALAYSIA

- Global trade tensions affecting sentiment and stringent hire purchase lending rules weighing on vehicle purchases.



## SINGAPORE, THAILAND

- Singapore government's intensified push for public transport and tough personal vehicle stance will affect growth of vehicle sales.
- Low inflation and attractive borrowing costs to bolster growth in vehicle sales in Thailand.



## CHINA, HK, MACAU, TAIWAN

- Cooling economic growth, weakening yuan and trade tensions will weigh on consumer confidence and spending on vehicles in China.
- Rising interest rates, softer housing market will dampen consumer spending in Hong Kong.
- New models in premium segment to spur growth.

Upcoming model launches expected to boost sales in 3QFY2019



**Porsche Panamera GTS**  
February 2019



**BMW 8 Series**  
March 2019



**Porsche Macan**  
February 2019



**4<sup>th</sup> Generation Hyundai Santa Fe**  
2019

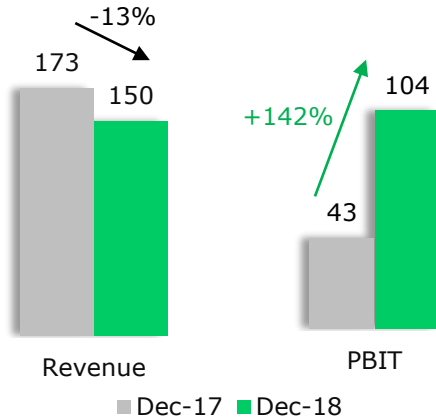


# Logistics and Healthcare

Higher profit from disposal of Weifang Water; higher profit from Healthcare



## Logistics



### Ports

- Weaker performance due to lower throughput at ports caused by severe weather conditions.

### Water

- Recorded 3 months contribution prior to disposal in September 2018.
- Gain on disposal of RM 78m.

### Forex

- Mainly from translation of RMB loans given to JVs to HKD

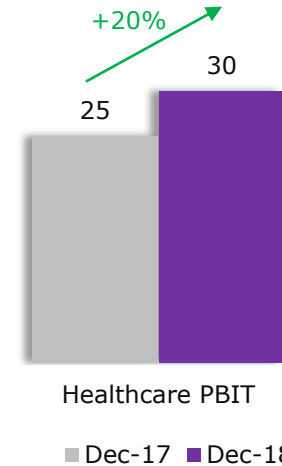
In RM Million	1H FY2018	1H FY2019
Ports	140	131
Water	33	19
<b>Total Revenue</b>	<b>173</b>	<b>150</b>
Ports	24	23
Water	13	9
Forex	6	(6)
<b>Total Core PBIT</b>	<b>43</b>	<b>26</b>
Gain on disposal	-	78
<b>Total PBIT</b>	<b>43</b>	<b>104</b>
<b>Core PBIT margin</b>	<b>24.9%</b>	<b>17.3%</b>
<b>ROIC</b>	<b>1.8%</b>	<b>5.0%</b>

**14.7 million MT**  
General cargo throughput  
(1H FY2018: 17 million MT)

**148,024 TEU**  
Container throughput  
(1H FY2018: 116,155 TEU)



## Healthcare



In RM Million	1H FY2018	1H FY2019
<b>Healthcare PBIT</b>	<b>25</b>	<b>30</b>
<b>Healthcare ROIC</b>	<b>3.6%</b>	<b>3.9%</b>

- Higher revenue from Malaysia and Indonesia operations



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# Appendices

# 1H FY2019 Results Announcement ended 31 December 2018



## 2Q FY2019 External Revenue by Region

In RM Million	2Q FY2019	2Q FY2018	YoY %
<b>Industrial</b>			
Malaysia	297	307	(3.3)
SE Asia ex Malaysia	196	184	6.5
China/HK	941	957	(1.7)
Australasia	2,182	1,801	21.2
	<b>3,616</b>	<b>3,249</b>	<b>11.3</b>
<b>Motors</b>			
Malaysia	912	923	(1.2)
SE Asia ex Malaysia	1,237	1,444	(14.3)
China/HK/Macau/Taiwan	2,870	2,375	20.8
Australia/NZ	655	687	(4.7)
Vietnam <sup>1</sup>	-	24	(100.0)
	<b>5,674</b>	<b>5,453</b>	<b>4.1</b>
<b>Logistics</b>			
Ports	70	74	(5.4)
Water	-	16	(100.0)
	<b>70</b>	<b>90</b>	<b>(22.2)</b>
<b>Others</b>	<b>63</b>	<b>23</b>	<b>173.9</b>
<b>TOTAL</b>	<b>9,423</b>	<b>8,815</b>	<b>6.9</b>

Note:

1. The Group has exited BMW operations in Vietnam

# 1H FY2019 Results Announcement ended 31 December 2018



## 2Q FY2019 PBIT by Region

In RM Million	2Q FY2019	2Q FY2018	YoY %
<b>Industrial</b>			
Malaysia	10	16	(37.5)
SE Asia ex Malaysia	16	6	166.7
China/HK	45	41	9.8
Australasia	98	83	18.1
Disposal of Properties	18	-	
	<b>187</b>	<b>146</b>	<b>28.1</b>
<b>Motors</b>			
Malaysia	31	14	121.4
Singapore/Thailand	23	23	0.0
China/HK/Macau/Taiwan	46	72	(36.1)
Australia/NZ	20	23	(13.0)
Vietnam	15	(109)	113.8
Disposal of Properties	-	-	
	<b>135</b>	<b>23</b>	<b>487.0</b>
<b>Logistics</b>			
Ports	14	16	(12.5)
Water	-	6	(100.0)
Forex	1	3	(66.7)
Gain on disposal	-	-	
	<b>15</b>	<b>25</b>	<b>(40.0)</b>
<b>Healthcare</b>	15	13	<b>15.4</b>
<b>Others</b>	(25)	(68)	<b>63.2</b>
<b>TOTAL</b>	<b>327</b>	<b>139</b>	<b>135.3</b>

Note:

1. The Group has exited BMW operations in Vietnam

**Thank you**