

FY2019 Results Announcement

Analyst Briefing: Third Quarter ended 31 March 2019

29 March 2019



Delivering
Sustainable Futures

Sime Darby Berhad Group Results

FY2019 Results Announcement



Reported Profit: 9 months ended 31 March 2019

In RM Million	9M FY2019	9M FY2018	YoY %
Revenue	26,833	25,253	6.3
PBIT	1,005	720	39.6
Finance income	35	91*	
Finance costs	(93)	(87)	
Profit before tax	947	724	30.8
Taxation	(139)	(216)	
Profit from continuing operations	808	508	59.1
Non-controlling interests	(44)	(53)	
Net profit from continuing operations	764	455	67.9
Net profit from discontinued operations	-	1,301	(100.0)
Net profit attributable to owners of the Company	764	1,756	(56.5)

*Includes finance income from discontinued operations of RM48m.

FY2019 Financial Results



Core Profit of Continuing Operations – 9 months ended 31 March 2019

In RM Million	9M FY2019	9M FY2018	YoY %
Reported PBIT	1,005	720	39.6
Adjustments			
• Motors Vietnam	(16)	193	
• Gain on disposals	(116) ¹	(215) ²	
• Fair value loss on financial assets (MES)	59		
• Impairment of equity interest in E&O	99	-	
• Oil & gas	(26) ³	28 ⁴	
• Net corporate forex gain & YSD	(3)	62	
Core PBIT	1,002	788	27.2
Net finance costs	(58)	(42)	
Taxation	(253) ⁵	(190)	
Non controlling interests	(44)	(41)	
Core Net Profit	647	515	25.6

1. Gain on disposal of Weifang Water business (RM78m), Industrial Malaysia property (RM18m), disposal of trademark (RM17m), disposal of holiday bungalows (RM3m)

2. Gain on property disposal in Industrial Australia (RM156m), Industrial Malaysia (RM9m), Motors China (RM41m), Motors Malaysia (RM9m)

3. ONGC Wellhead arbitration recovery

4. Impairment of oil & gas accrued billings

5. Excludes tax on disposal of Weifang Water (RM13m) and deferred tax credit arising from change in RPGT rate (RM129m)

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Segmental PBIT: 9 months ended 31 March 2019 Segment PBIT

In RM Million	9M FY2019			9M FY2018			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
Industrial	575	41 ¹	616	470	(165) ⁶	305	22.3	102.0
Motors	352	(16) ²	336	268	143 ⁷	411	31.3	(18.2)
Logistics	115	(78) ³	37	61	-	61	88.5	(39.3)
Healthcare	42	-	42	43	-	43	(2.3)	(2.3)
Others	(39)	56 ⁴	17	(3)	28 ⁸	25	(1,200.0)	(32.0)
Corporate	(43)	(3) ⁵	(46)	(57)	-	(57)	24.6	19.3
Forex	3	(3)	-	23	(23)	-	(87.0)	-
YSD	-	-	-	(85)	85 ⁹	-	100.0	-
PBIT	1,005	(3)	1,002	720	68	788	39.6	27.2

Adjustments :

1. Gain on disposal of property (RM18m), fair value loss on financial asset (RM59m)
2. Motors Vietnam, including tax refund (RM16m)
3. Gain on disposal of Weifang Water (RM78m)
4. Impairment of equity interest in E&O (RM99m), ONGC recovery (RM26m), gain on trademark disposal (RM17m)
5. Gain on disposal of bungalows (RM3m)
6. Gain on disposal of properties (RM165m)
7. Gain on disposal of properties (RM50m) and Vietnam losses (RM193m)
8. Impairment of Oil & Gas accrued billings (RM28m)
9. Includes writedown of YSD assets (RM61m)

FY2019 Financial Results



Quarter ended 31 March 2019

In RM Million	Q3 FY2019	Q3 FY2018	YoY %
Revenue	8,565	8,294	3.3
PBIT	331	225	47.1
Finance income	8	11	
Finance costs	(31)	(26)	
Profit before tax	308	210	46.7
Taxation	(75)	(62)	
Profit after tax	233	148	57.4
Non-controlling interests	(11)	(13)	
Net profit attributable to owners of the Company	222	135	64.4

FY2019 Financial Results



Core Profit of Continuing Operations - Quarter ended 31 March 2019

In RM Million	Q3 FY2019	Q3 FY2018	YoY %
Reported PBIT	331	225	47.1
Adjustments			
• Motors Vietnam	(1)	9 ³	
• Gain on disposals	(20) ¹	-	
• Impairment of equity interest in E&O	33	-	
• Oil & Gas	(6) ²	28 ⁴	
• Net corporate forex gain & YSD	-	1	
Core PBIT	337	263	28.1
Net finance costs	(23)	(16)	
Taxation	(75)	(62)	
Non controlling interests	(11)	(13)	
Core Net Profit	228	172	32.6

1. Gain on disposal of trademark (RM17m), disposal of holiday bungalows (RM3m)

2. ONGC recovery (RM6m)

3. Motors Vietnam losses (RM9m)

4. Impairment of Oil & Gas accrued billings (RM28m)

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Segmental PBIT: Quarter ended 31 March 2019 Segment PBIT

In RM Million	Q3 FY2019			Q3 FY2018			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
Industrial	201	-	209	77	-	77	171.4	171.4
Motors	112	(1) ¹	111	133	9 ¹	142	(15.8)	(21.8)
Logistics	11	-	11	18	-	18	(38.9)	(38.9)
Healthcare	12	-	12	18	-	18	(33.3)	(33.3)
Others	(3)	10 ²	7	(13)	28 ⁴	15	76.9	(53.3)
Corporate	(10)	(3) ³	(13)	(7)	-	(7)	(42.9)	(85.7)
Forex	-	-	-	(1)	1	-	100.0	-
PBIT	331	6	337	225	38	263	47.1	28.1

Adjustments :

1. Motors Vietnam
2. Gain on disposal of trademark (RM17m), ONGC recovery (RM6m), impairment of equity interest in E&O (RM33m)
3. Gain on disposal of bungalows (RM3m)
4. Impairment of Oil & Gas accrued billings (RM28m)

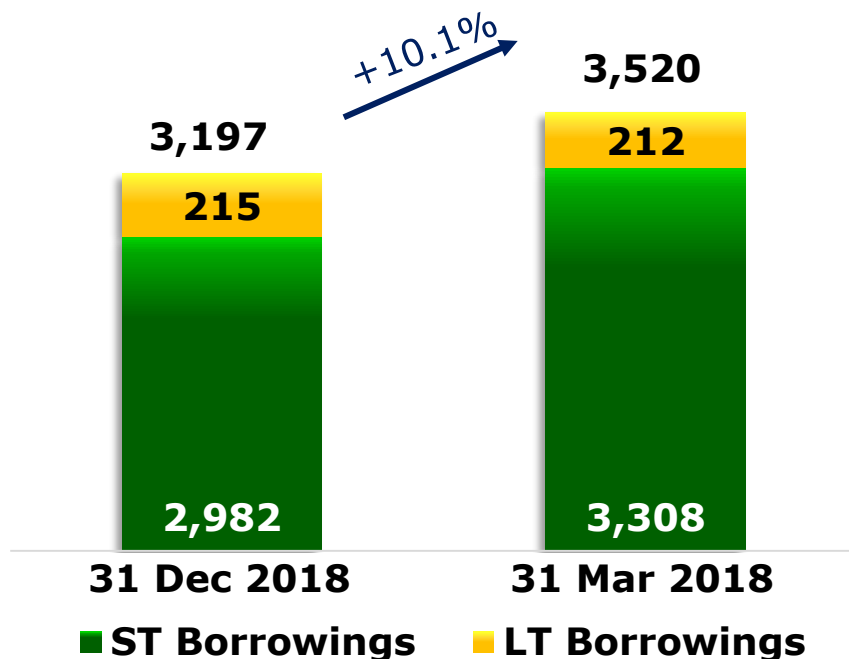
FY2019 Results Announcement



Snapshot of borrowings position as at 31 March 2019

Long Term vs Short Term Borrowings

Total Borrowings



RM3.5bn

As at 31 March 2019

RM14.9bn
Total Equity

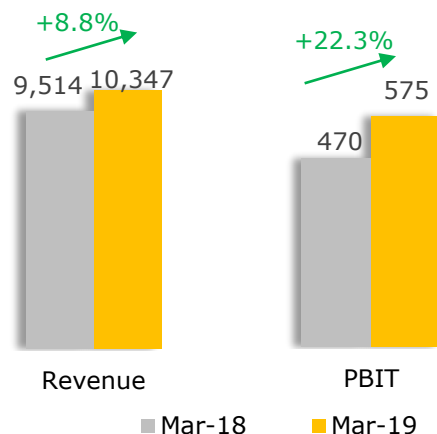
23.7%
Debt/Equity Ratio

RM1.6bn
Bank balances, deposits
and cash

Segmental Results



Rising sales and profits in Australasia



In RM Million	9M FY2018	9M FY2019
Australasia	5,342	6,191
China	2,713	2,736
Malaysia	887	853
Southeast Asia	572	567
Total Revenue	9,514	10,347
Australasia	161	423
China	106	135
Malaysia	34	15
Southeast Asia	4	43
Total Core PBIT	305	616
Disposal of Properties	165	18
FV loss of Financial Asset	-	(59)
Total PBIT	470	575
PBIT margin	4.9%	5.6%
Core PBIT margin	3.2%	5.9%
ROIC	6.1%	6.7%

Australasia

- Higher equipment deliveries to the mining and construction sectors
- Higher margins from equipment and parts
- Contribution of Hardchrome since Dec 2018 - RM10m
- Results partly offset by the weakening of AUD/MYR by 8% from 3.22 to 2.97 and fair value loss on financial assets of RM59 million

China

- Higher margins compensated for the weaker RMB by 4% from 0.628 to 0.604
- Higher engines and product support contribution and CAT subsidy claim (RM14m higher)

Malaysia

- Lower CAT equipment deliveries to the construction sector
- Improved contribution from parts
- Includes restructuring cost of RM16m (9M FY18 – nil) and YSD donation of RM10m (9M FY18 – RM5m)

South East Asia

- Lower equipment deliveries to the construction sector compensated by higher engines and product support sales in Singapore
- RM22m share of losses from associate in 9M FY2018

Property Disposals

- RM18m gain on disposal of a property in Malaysia in 9M FY2019
- RM156m in Australia and RM9m in Malaysia in 9M FY2018



Healthy order book across all regions

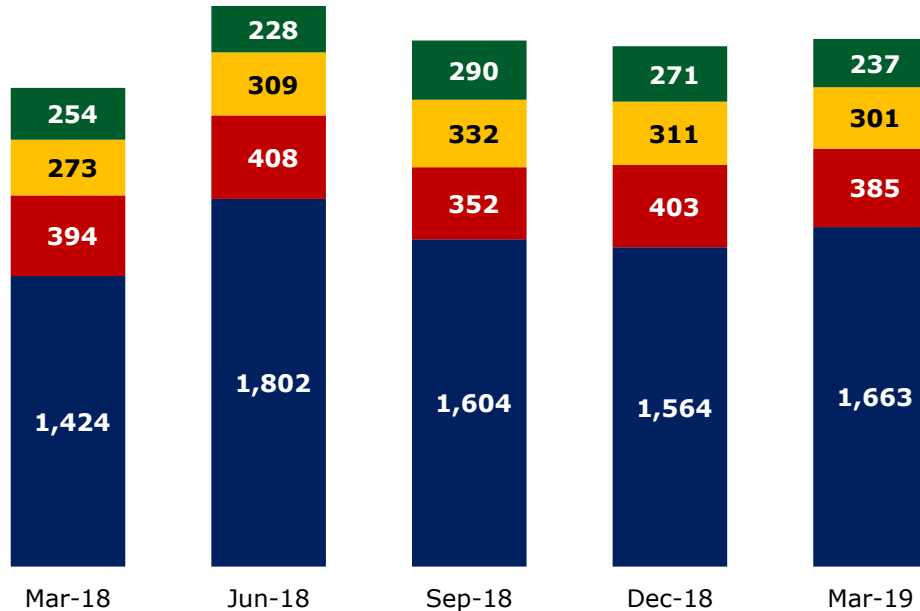
RM2,345m

Order book as at 31 March 2018

+10%

RM2,586m

Order book as at 31 March 2019



■ 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 Pan Borneo Highway supporting the construction sector.
- Revival of ECRL and continuation of infrastructure projects such as MRT 2 and LRT 3 to boost construction sector.
- Government continues to focus on affordable housing to the low to middle income groups.



CHINA

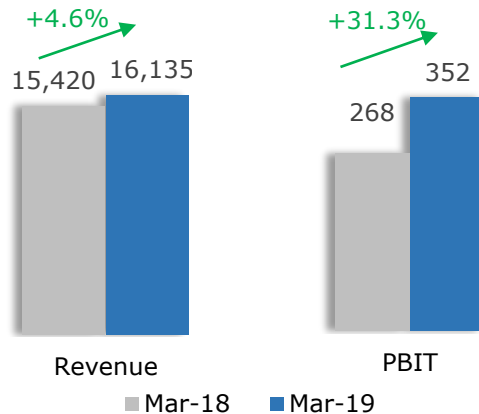
- Government stimulus continues to drive growth in infrastructure spending.
- Nevertheless, more cautious investment approach due to the ongoing trade tension.
- Shift in equipment model mix towards smaller models which includes rental due to customers' preference to maintain lower operating cost.



SOUTH EAST ASIA

- Public sector construction demand in Singapore supported by infrastructure projects such as MRT lines, land redevelopment and Tuas Mega Port.
- 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	9M FY2018	9M FY2019
China, HK, Macau & Taiwan	6,504	7,552
Singapore & Thailand	3,987	3,501
Malaysia	2,677	2,983
Australia & NZ	2,184	2,099
Vietnam	68	-
Total Revenue	15,420	16,135
China, HK, Macau & Taiwan	184	120
Singapore & Thailand	87	52
Malaysia	52	93
Australia & NZ	88	71
Total Core PBIT	411	336
Vietnam	(193)	16
Property disposal/compensation	50	-
Total PBIT	268	352
PBIT margin	1.7%	2.2%
Core PBIT margin	2.7%	2.1%
ROIC	4.8%	5.7%

China, HK, Macau, Taiwan

- Higher units of BMW and Super Luxury vehicles sold in China, however margins for BMW operations were lower due to the competitive market
- Lower units sold and lower margins from BMW and after-sales in HK
- Taiwan recorded LBIT (RM16m) in 9M FY2019 vs (RM23m) in 9M FY2018 - Improved margins and lower marketing expenses

Singapore, Thailand

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

Malaysia

- Higher sales volume from BMW and Ford (9M FY2019: 12,762 units vs 9M FY2018: 12,285 units)
- Increased contribution from car rental and engine assembly, partly offset by YSD donation of RM10m in 9M FY2019 (9M FY2018 - RM5m)

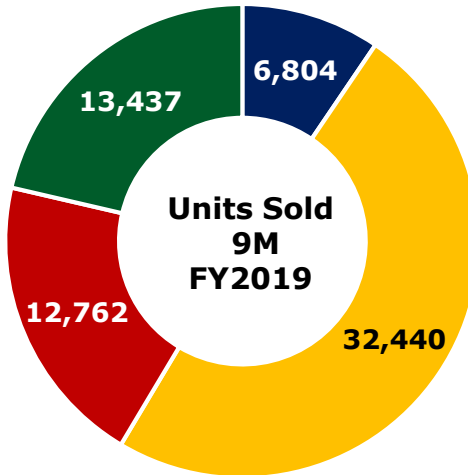
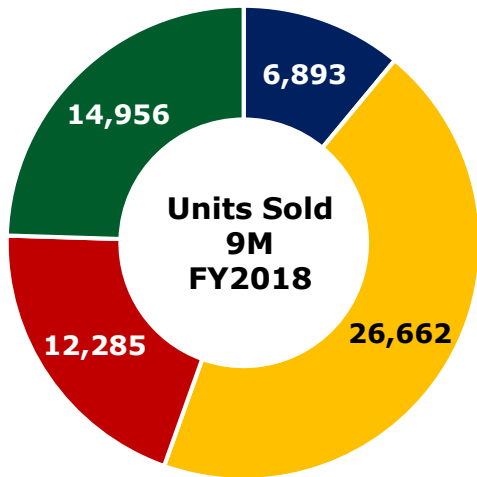
Australia, NZ

- Aus - Lower sales and margins from BMW Brisbane
- NZ - Lower units sold and margins from retail

Vietnam

- Includes tax and duties refund in 9M FY2019
- Impairment of distribution rights (RM61m) and writedown of inventories (RM89m) in 9M FY2018

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



65,443
Units Sold
(9M FY2018: 60,796)

29,699
Units Assembled
(9M FY2018: 22,690)

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



AUSTRALIA, NZ

- Commercial vehicle sales expected to be driven by agribusiness, mining and infrastructure growth.
- Tighter lending and upcoming elections will dampen passenger car sales in Australia.
- Steady market expected in NZ for commercial vehicles with demand from agriculture and freight transport sector.



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 and trade tensions weighing on consumer spending in China.
- However, China's growing middle class and new models continue to drive growth in the premium segment.
- Rising interest rates and softer housing market will dampen consumer spending in Hong Kong.



Upcoming model launches expected to boost sales in 4QFY2019



BMW 3 Series
March 2019



Porsche 911
April 2019



BMW X7
May 2019



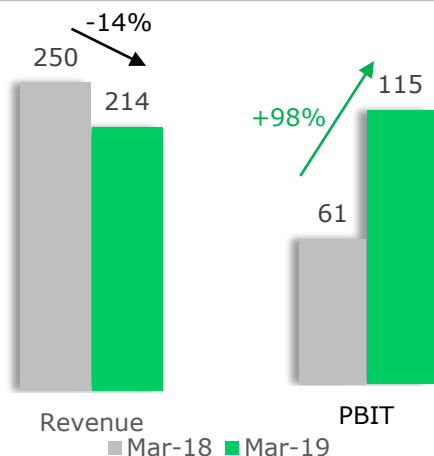
Hyundai Santa Fe
May 2019

Logistics and Healthcare

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



Logistics



Ports

- Weaker performance due to lower throughput at ports

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

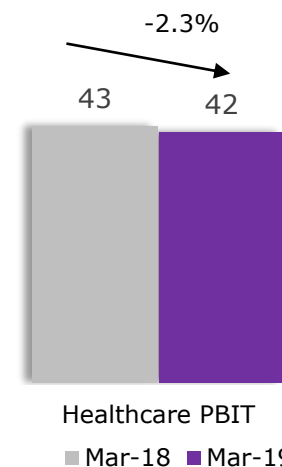
In RM Million	9M FY2018	9M FY2019
Ports	202	195
Water	48	19
Total Revenue	250	214
Ports	33	30
Water	17	9
Forex	11	(2)
Total Core PBIT	61	37
Gain on disposal	-	78
Total PBIT	61	115
Core PBIT margin	24.4%	17.3%
ROIC	2.7%	5.5%

22.3 million MT
General cargo throughput
(9M FY2018: 24.1 million MT)

200,041 TEU
Container throughput
(9M FY2018: 165,575 TEU)



Healthcare



In RM Million	9M FY2018	9M FY2019
Healthcare PBIT	43	42
Healthcare ROIC	6.0%	5.4%

- Previous period includes tax adjustments
- Higher revenue from Malaysia and Indonesia operations

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Appendices

3Q FY2019 Results Announcement ended 31 March 2019



3Q FY2019 External Revenue by Region

In RM Million	3Q FY2019	3Q FY2018	YoY %
Industrial			
Malaysia	252	295	(14.6)
SE Asia ex Malaysia	213	232	(8.2)
China/HK	1,026	981	4.6
Australasia	2,024	1,809	11.9
	3,515	3,317	6.0
Motors			
Malaysia	883	872	1.3
SE Asia ex Malaysia	1,008	1,213	(16.9)
China/HK/Macau/Taiwan	2,333	2,039	14.4
Australia/NZ	721	720	0.1
Vietnam ¹	0	17	(100.0)
	4,945	4,861	1.7
Logistics			
Ports	64	62	3.2
Water	0	15	(100.0)
	64	77	(16.9)
Others	41	39	5.1
TOTAL	8,565	8,294	3.3

Note:

1. The Group has exited BMW operations in Vietnam

3Q FY2019 Results Announcement ended 31 March 2019



3Q FY2019 PBIT by Region

In RM Million	3Q FY2019	3Q FY2018	YoY %
Industrial			
Malaysia	13	11	18.2
SE Asia ex Malaysia	14	10	40.0
China/HK	55	40	37.5
Australasia	131	29	351.7
YSD Contribution/Impairment	(4)	(13)	69.2
	209	77	171.4
Motors			
Malaysia	28	15	86.7
Singapore/Thailand	17	30	(43.3)
China/HK/Macau/Taiwan	47	67	(29.9)
Australia/NZ	24	35	(31.4)
Vietnam ¹	1	(9)	111.1
YSD Contribution	(5)	(5)	0.0
	112	133	(15.8)
Logistics			
Ports	7	9	(22.2)
Water		4	(100.0)
Forex	4	5	(20.0)
Gain on disposal			
	11	18	(38.9)
Healthcare	12	18	33.3
Others	(13)	(21)	38.1
TOTAL	331	225	47.1

Note:

1. The Group has exited BMW operations in Vietnam

Thank you