

FY2020 Results Announcement

Analyst Briefing: Third Quarter Ended 31 March 2020

21 May 2020



Delivering Sustainable Futures

3Q FY2020 Results Announcement



Speaker List



Dato' Jeffri Salim Davidson
Group Chief Executive Officer



Encik Mustamir Mohamad
Group Chief Financial Officer



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Group Chief Strategy Officer



Sime Darby Berhad Group Results

FY2020 Financial Results



Reported Profit: 9 months ended 31 March 2020

In RM Million	9M FY2020	9M FY2019	YoY %
Revenue	28,113	26,833	4.8
PBIT	1,092	1,016	7.5
Finance income	33	24	
Finance costs	(136)	(93)	
Profit before tax	989	947	4.4
Taxation	(305)	(139)	
Profit after tax	684	808	(15.3)
Non-controlling interests	(41)	(44)	
Net profit attributable to owners of the Company	643	764	(15.8)

FY2020 Financial Results



Core Profit: 9 months ended 31 March 2020

In RM Million	9M FY2020	9M FY2019	YoY %
Reported PBIT	1,092	1,016	7.5
Adjustments			
• Motors Vietnam	-	(16)	
• Gain on disposals	-	(116) ¹	
• Fair value loss on financial assets (MES)	11	48	
• Impairment of equity interest in E&O	62	99	
• ONGC recovery	-	(26)	
• Net corporate forex loss/(gain)	1	(3)	
Core PBIT	1,166	1,002	16.4
Net finance costs	(103)	(69)	
Taxation	(305)	(253) ²	
Non controlling interests	(41)	(44)	
Core Net Profit	717	636	12.7

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

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

FY2020 Financial Results



Segmental PBIT: 9 months ended 31 March 2020

In RM Million	9M FY2020			9M FY2019			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
Industrial	763	11 ¹	774	586	30 ³	616	30.2	25.6
Motors	380	-	380	352	(16) ⁴	336	8.0	13.1
Logistics	7	-	7	115	(78) ⁵	37	(93.9)	(81.1)
Healthcare	45	-	45	42	-	42	7.1	7.1
Others	(62)	62 ²	-	(39)	56 ⁶	17	(59.0)	(100.0)
Corporate	(40)	-	(40)	(43)	(3) ⁷	(46)	7.0	13.0
Forex	(1)	1	-	3	(3)	-	(133.3)	-
PBIT	1,092	74	1,166	1,016	(14)	1,002	7.5	16.4

1. Fair value loss on financial assets (RM11m)

2. Impairment of equity interest in E&O (RM62m)

3. Fair value loss on financial assets (RM48m), Gain on disposal of Industrial Malaysia property (RM18m)

4. Motors Vietnam, including tax refund (RM16m)

5. Gain on disposal of Weifang Water (RM78m)

6. Impairment of equity interest in E&O (RM99m), ONGC recovery (RM26m), Gain on trademark disposal (RM17m)

7. Gain on disposal of bungalows (RM3m)

FY2020 Financial Results



Reported Profit: Quarter ended 31 March 2020

In RM Million	Q3 FY2020	Q3 FY2019	QoQ %
Revenue	8,428	8,565	(1.6)
PBIT	265	332	(20.2)
Finance income	10	7	
Finance costs	(51)	(31)	
Profit before tax	224	308	(27.3)
Taxation	(96)	(75)	
Profit after tax	128	233	(45.1)
Non-controlling interests	(13)	(11)	
Net profit attributable to owners of the Company	115	222	(48.2)

FY2020 Financial Results



Core Profit: Quarter ended 31 March 2020

In RM Million	Q3 FY2020	Q3 FY2019	QoQ %
Reported PBIT	265	332	(20.2)
Adjustments			
• Fair value loss on financial assets (MES)	2	(2)	
• Motors Vietnam	-	(1)	
• ONGC Recovery	-	(6)	
• Impairment of equity interest in E&O	40	33	
• Gain on disposals	-	(20) ¹	
Core PBIT	307	336	(8.6)
Net finance costs	(41)	(24)	
Taxation	(96)	(75)	
Non-controlling interests	(13)	(11)	
Core Net Profit	157	226	(30.5)

1. Disposal of trademark (RM17m) and disposal of holiday bungalows (RM3m)

FY2020 Financial Results



Segmental PBIT: Quarter ended 31 March 2020

In RM Million	Q3 FY2020			Q3 FY2019			Reported PBIT	Core PBIT
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT	YoY %	YoY %
Industrial	216	2 ¹	218	210	(2) ¹	208	2.9	4.8
Motors	103	-	103	112	(1) ³	111	(8.0)	(7.2)
Logistics	(6)	-	(6)	11	-	11	(154.5)	(154.5)
Healthcare	13	-	13	12	-	12	8.3	8.3
Others	(50)	40 ²	(10)	(3)	10 ⁴	7	(1,566.7)	(242.9)
Corporate	(11)	-	(11)	(10)	(3) ⁵	(13)	(10.0)	15.4
Forex	-	-	-	-	-	-	-	-
PBIT	265	42	307	332	4	336	(20.2)	(8.6)

Adjustments :

1. Fair value (gain)/loss on financial assets (RM2m)
2. Impairment of equity interest in E&O (RM40m)
3. Motors Vietnam (RM1m)
4. Impairment of equity interest in E&O (RM33m), ONGC recovery (RM6m), gain on disposal of trademark (RM17m)
5. Gain on disposal of bungalows (RM3m)

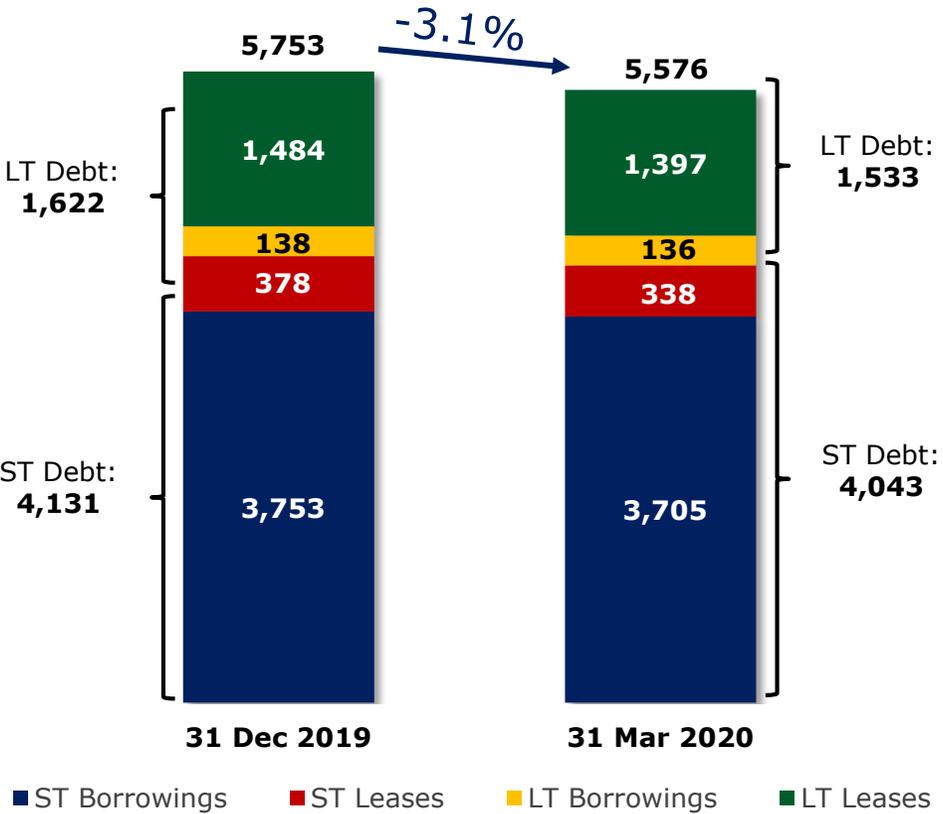
FY2020 Financial Results



Snapshot of borrowings position as at 31 March 2020

Long Term vs Short Term Debt

Total Debt



RM5.6bn
As at 31 March 2020

RM14.8bn
Total Equity

37.8%
Debt/Equity Ratio

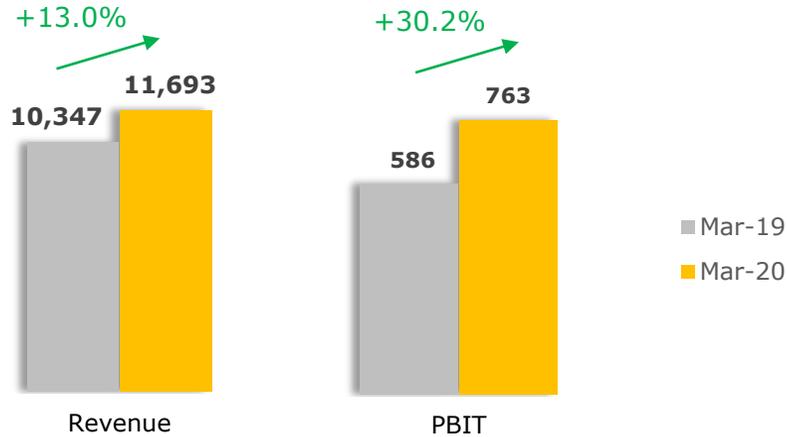
RM2.1bn
Bank balances, deposits and cash

A large, solid red circle on the left side of the slide, partially cut off by the edge.

Segmental Results



Profits supported by strong results from Australasia



In RM Million	9M FY2019	9M FY2020
Australasia	6,191	7,500
China	2,736	2,849
Malaysia	853	760
Asia	567	584
Total Revenue	10,347	11,693
Australasia	423	571
China	135	129
Malaysia	15	23
Asia	43	51
Total Core PBIT	616	774
FV Loss on Financial Asset	(48)	(11)
Disposal of properties	18	-
Total PBIT	586	763
PBIT margin	5.7%	6.5%
Core PBIT margin	6.0%	6.6%
ROIC (Annualised)	9.2%	11.2%

Australasia

- Higher equipment deliveries and parts sales mainly to the mining and construction sectors.
- Profit contribution from Hardchrome – RM19m vs RM10m.
- Profit contribution from Terra Cat (Gough acquisition) of RM2m.
- Results partly offset by the weakening of AUD/RM by 5.1% from 2.97 to 2.82.
- Fair value loss on financial assets of RM11m (FY2019 – loss of RM48m).

China

- Higher equipment sales and product support during the first half of the current financial year supported the higher revenue for 9M FY2020.

Malaysia

- Lower equipment deliveries and parts sales.
- Restructuring cost of RM2m (9M FY2019 – RM16m).

Asia

- Higher product support and non CAT sales.



Order book decreased by 14.9% from December 2019

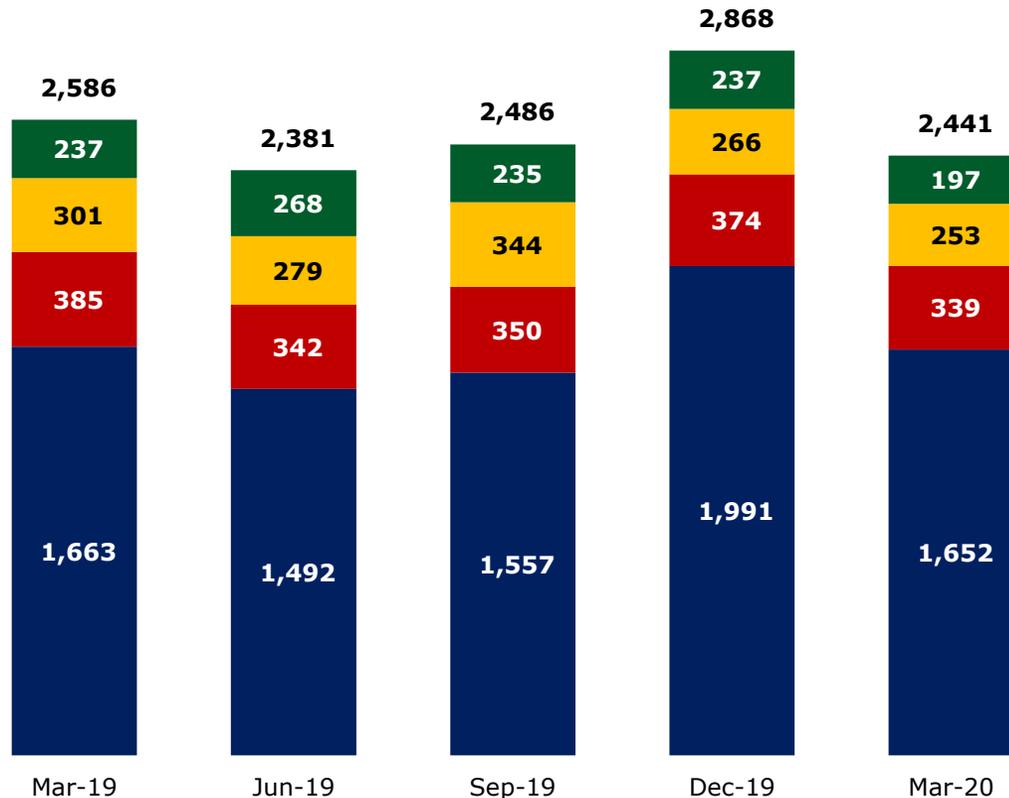
RM2,868m

Order book as at
31 December 2019

-14.9%

RM2,441m

Order book as at
31 March 2020



■ Australasia ■ Malaysia ■ China ■ Asia



MALAYSIA

- Stimulus package announced in Mar 2020 is expected to boost the local construction sector. However, this will be dependent on how fast the government resumes the implementation of large-scale projects such as the East Coal Rail Link (ECRL), Mass Rapid Transit Line 2 and the National Fiberisation and Connectivity Plan post relaxation of movement restrictions.



CHINA

- Construction sector has resume operations following the extended Lunar New Year holidays.
- Government stimulus measures to boost spending on infrastructure has been implemented at local level with stimulus packages expected to be announced by the central government.



ASIA

- Construction work in Singapore is to be temporarily suspended as part of tighter circuit breaker measures to curb coronavirus transmission. It recently announced that critical projects would resume from 2 June with restrictions on workers



AUSTRALASIA

- Besides mining operations being an essential activity, the Australian government continues to fast-track construction projects to create jobs and support Australia's economy.
- Construction operations are expected to resume at a slower pace as the New Zealand government eases lockdown restrictions.

Higher in profits in the Greater China region



In RM Million	9M FY2019	9M FY2020
China, HK, Macau & Taiwan	7,552	7,374
Southeast Asia	3,501	3,618
Malaysia	2,983	2,692
Australasia	2,099	2,526
Total Revenue	16,135	16,210
China, HK, Macau & Taiwan	120	200
Southeast Asia	52	27
Malaysia	93	89
Australasia	71	64
Total Core PBIT	336	380
Vietnam	16	-
Total PBIT	352	380
PBIT margin	2.2%	2.3%
Core PBIT margin	2.1%	2.3%
ROIC (Annualised)	7.6%	6.3%

China, HK, Macau & Taiwan

- Q3FY2020 results were affected by the coronavirus outbreak
- Higher profit at BMW China operations mainly from the strong 1st half results
- HK Rolls Royce and Suzuki recorded higher unit sales.
- Taiwan recorded LBIT (RM11m) vs (RM16m) in 9M FY2019.

Southeast Asia

- Lower margins in Singapore due to the competitive market and price discounting.
- Lower sales of Ford and Mazda in Thailand.

Malaysia

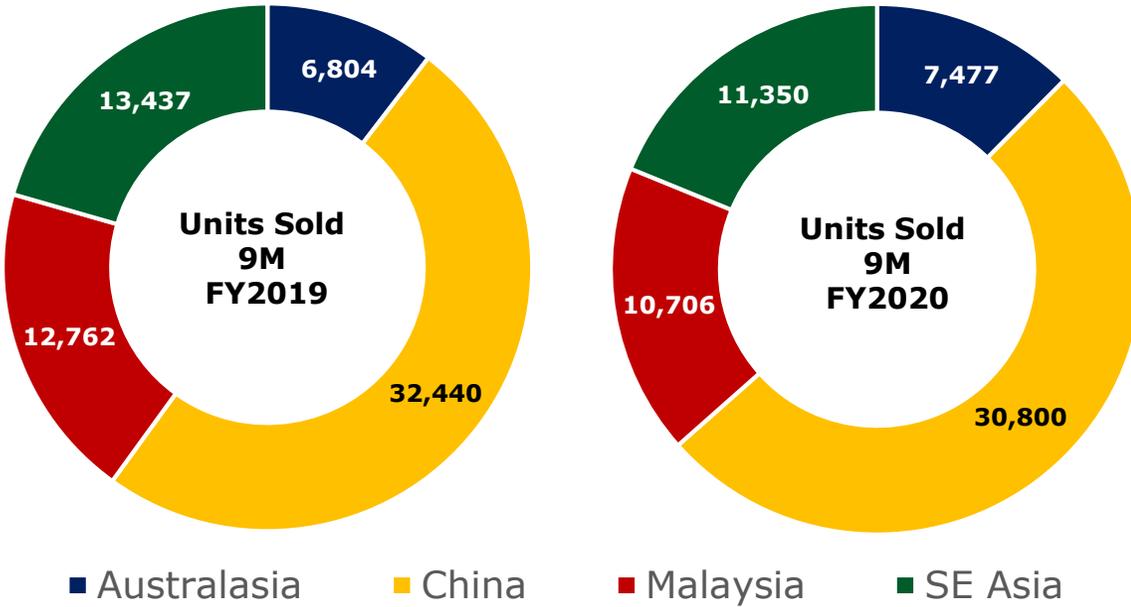
- Sales were affected by the coronavirus outbreak in the later half of Q3FY2020

Australasia

- Higher revenue mainly from newly acquired businesses (RM516m).
- The commercial vehicle operations in New Zealand recorded lower unit sales due to slowdown in the New Zealand economy and coronavirus outbreak in the later half of Q3FY2020.



Sales expected to be significantly affected by the coronavirus outbreak



60,333
Units Sold
(9M FY2019: 65,443)

21,120
Units Assembled
(9M FY2019: 29,699)



MALAYSIA

- TIV expected to fall due to the coronavirus outbreak which has halted car production and caused supply and demand shocks.
- Overall automotive sector is likely to remain under pressure from lower car sales due to the Controlled Movement Control Order and cautionary consumer spending.



CHINA

- Coronavirus outbreak is expected to materially impact car sales while economic contraction in Hong Kong will dampen consumer spending. However, measures to boost auto sales has been put in place by China's commerce ministry.
- In the longer term, the luxury segment is expected to continue growing on the back of increasing higher-income population.



SE ASIA

- Despite a drop in COE premiums, vehicle sales in Singapore is expected to fall as weaker economic outlook will drive consumer to cut down on discretionary spending.
- Thailand is expected to see a fall in vehicle sales due to tightening loan conditions and lower consumer confidence amidst slowing economic environment.



AUSTRALASIA

- Vehicle sales expected to fall as a result of social distancing requirements and economic slowdown.
- In New Zealand, vehicle dealerships are resuming their business operations in a non-contact environment as the government eases Covid-19 restrictions.

Upcoming model launches expected in 4QFY2020



BMW X5M & X6M
Aus & NZ – May 2020



BMW 2 Series Gran Coupe
HK – June 2020



Ford Ranger FX4
Malaysia – June 2020



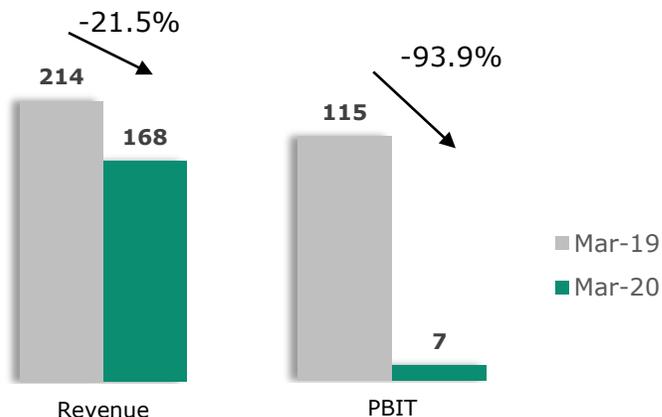
BMW X5 Hybrid
Malaysia – June 2020

Logistics and Healthcare

Logistics recorded lower profit mainly due to share of loss from joint ventures



Logistics



In RM Million	9M FY2019	9M FY2020
Ports	195	168
Water	19	-
Total Revenue	214	168
Ports - Subsidiaries	33	27
Ports – Assoc & JVs	(3)	(17)
Water	9	-
Forex	(2)	(3)
Total Core PBIT	37	7
Gain on disposal	78	-
Total PBIT	115	7
PBIT margin	53.7%	4.2%
Core PBIT margin	17.3%	4.2%
ROIC (Annualised)	7.3%	0.5%

Ports

- Measures and restrictions put in place by China to control the coronavirus outbreak has resulted in reduced container volumes.

Water

- Recorded 3 months contribution prior to disposal in September 2018.
- Gain on disposal of RM78m.

Forex

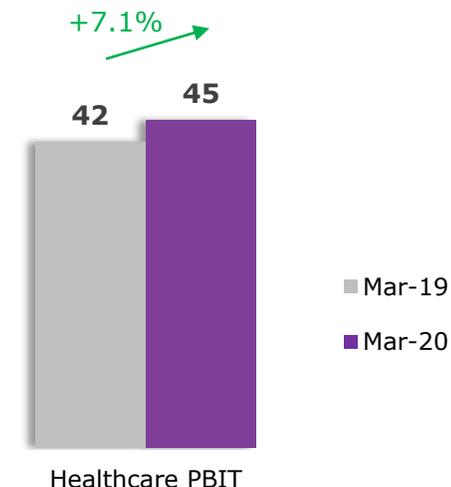
- Mainly from translation of RMB loans given to JVs to HKD.

18.9 million MT
General cargo throughput
(9M FY2019: 22.3 million MT)

131,187 TEU
Container throughput
(9M FY2019: 200,041 TEU)



Healthcare



In RM Million	9M FY2019	9M FY2020
Healthcare PBIT	42	45
Healthcare ROIC (Annualised)	7.2%	9.3%

- Higher revenue from Indonesia and Malaysia operations.

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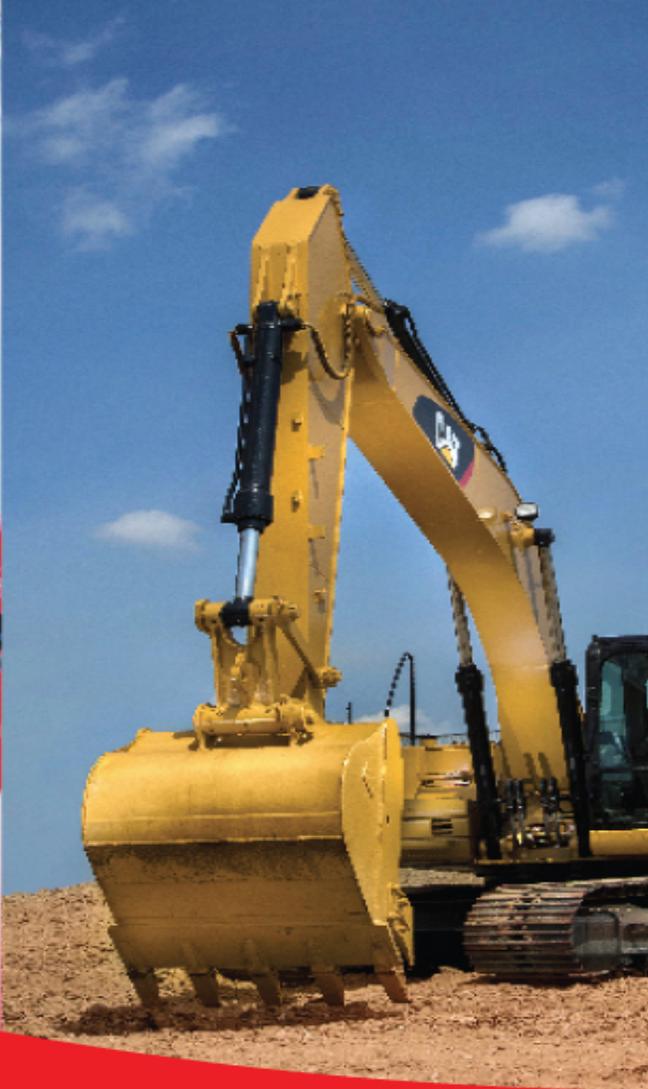
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Thank you



FY2020 Results Announcement

Analyst Briefing: Third Quarter Ended 31 March 2020

21 May 2020



Delivering
Sustainable Futures

Appendices

3Q FY2020 Results Announcement ended 31 March 2020



3Q FY2020 External Revenue by Region

In RM Million	3Q FY2020	3Q FY2019	YoY %
Industrial			
Malaysia	237	253	(6.3%)
SE Asia ex Malaysia	189	214	(11.7%)
China/HK	750	1,026	(26.9%)
Australia/NZ	2,546	2,022	25.9%
	3,722	3,515	5.9%
Motors			
Malaysia	836	883	(5.3%)
SE Asia ex Malaysia	1,057	1,008	4.9%
China/HK/Macau/Taiwan	1,815	2,333	(22.2%)
Australia/NZ	933	721	29.4%
	4,641	4,945	(6.1%)
Logistics			
Ports	49	64	(23.4%)
	49	64	(23.4%)
Others	16	41	(61.0%)
TOTAL	8,428	8,565	(1.6%)

3Q FY2020 Results Announcement ended 31 March 2020



3Q FY2020 PBIT by Region

In RM Million	3Q FY2020	3Q FY2019	YoY %
Industrial			
Malaysia	2	9	(77.8%)
SE Asia ex Malaysia	17	14	21.4%
China/HK	17	55	(69.1%)
Australasia	180	132	36.4%
	216	210	2.9%
Motors			
Malaysia	23	23	0.0%
Singapore/Thailand	28	17	64.7%
China/HK/Macau/Taiwan	37	47	(21.3%)
Australia/NZ	15	24	(37.5%)
	103	112	(8.0%)
Logistics			
Ports	(5)	7	(171.4%)
Forex	(1)	4	(125.0%)
	(6)	11	(154.5%)
Healthcare	13	12	8.3%
Others	(61)	(13)	369.2%
TOTAL	265	332	(20.2%)

Thank you