FY2023 Results Announcement

Analyst Briefing: Third Quarter ended 31 March 2023

24 May 2023

Sime Darby

Delivering Sustainable Futures

Sime Darby Berhad
Group Results

FY2023 Financial Results

Reported Profit: 9 months ended 31 March 2023

In RM Million	9M FY2023	9M FY2022	YoY %
Revenue	**35,002**	**31,651**	10.6
PBIT	**1,225**	**1,287**	(4.8)
Finance income	47	28	
Finance costs	(206)	(102)	
Profit before tax	**1,066**	**1,213**	(12.1)
Taxation	(308)	(336)	
Profit from continuing operations	**758**	**877**	(13.6)
Non-controlling interests	(40)	(81)	
Net profit from continuing operations	**718**	**796**	(9.8)
Net profit from discontinued operations[1]	**118**	**29**	
Net profit attributable to owners of the Company	**836**	**825**	1.3

1. The Logistics segment is classified as discontinued operations up to the completion of the Group's divestment of the entire equity interest in the Weifang port companies on 7 November 2022.

FY2023 Financial Results

Core Profit: 9 months ended 31 March 2023

In RM Million	9M FY2023	9M FY2022	YoY %
Reported PBIT from continuing operations	**1,225**	**1,287**	(4.8)
Adjustments:			
• Forex gain on settlement of net investment	(19)	-	
• Income from legacy corporate exercise	-	(12)	
Core PBIT from continuing operations	**1,206**	**1,275**	(5.4)
Net finance costs	(159)	(74)	
Taxation	(308)	(333)	
Non controlling interests	(40)	(81)	
Core Net Profit from continuing operations	**699**	**787**	(11.2)
Core Net (Loss)/Profit from discontinued operations	**(8)**[1]	**29**	
Core Net Profit	**691**	**816**	(15.3)

Adjustment:

1. Excludes net gain on disposal of the Weifang port companies and adjustments for depreciation, impairment and deferred tax (total of RM126m)

FY2023 Financial Results

Segmental PBIT: 9 months ended 31 March 2023

In RM Million	9M FY2023			9M FY2022			Reported PBIT	Core PBIT
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT	YoY %	YoY %
Continuing operations								
Industrial	676	-	676	523	-	523	29.3	29.3
Motors	497	-	497	748	-	748	(33.6)	(33.6)
Healthcare	48	-	48	37	-	37	29.7	29.7
Others	51	-	51	30	(12)	18	70.0	>100.0
Corporate	(66)	-	(66)	(51)	-	(51)	(29.4)	(29.4)
Forex	19	(19)	-	-	-	-	-	-
PBIT from continuing operations	**1,225**	**(19)**	**1,206**	**1,287**	**(12)**	**1,275**	**(4.8)**	**(5.4)**
PBIT from discontinued operations	112	(122)[1]	(10)	20	-	20		
PBIT	**1,337**	**(141)**	**1,196**	**1,307**	**(12)**	**1,295**	**2.3**	**(7.6)**

Adjustment:

1. Net gain on disposal of the Weifang port companies and adjustments for impairment and depreciation

FY2023 Financial Results

Reported Profit: Quarter ended 31 March 2023

In RM Million	Q3 FY2023	Q3 FY2022	YoY %
Revenue	**11,528**	**10,524**	9.5
PBIT	**418**	**402**	4.0
Finance income	24	9	
Finance costs	(81)	(36)	
Profit before tax	**361**	**375**	(3.7)
Taxation	(108)	(121)	
Profit from continuing operations	**253**	**254**	(0.4)
Non-controlling interests	(13)	(20)	
Net profit from continuing operations	**240**	**234**	2.6
Net profit from discontinued operations	**-**	**10**	
Net profit attributable to owners of the Company	**240**	**244**	(1.6)

FY2023 Financial Results

Core Profit: Quarter ended 31 March 2023

In RM Million	Q3 FY2023	Q3 FY2022	YoY %
Reported PBIT from continuing operations	**418**	**402**	4.0
Adjustment:			
• Forex gain on settlement of net investment	(7)	-	
• Income from legacy corporate exercise	-	(12)	
Core PBIT from continuing operations	**411**	**390**	5.4
Net finance costs	(57)	(27)	
Taxation	(108)	(118)	
Non controlling interests	(13)	(20)	
Core Net Profit from continuing operations	**233**	**225**	3.6
Core Net Profit from discontinued operations	**-**	**10**	
Core Net Profit	**233**	**235**	(0.9)

FY2023 Financial Results

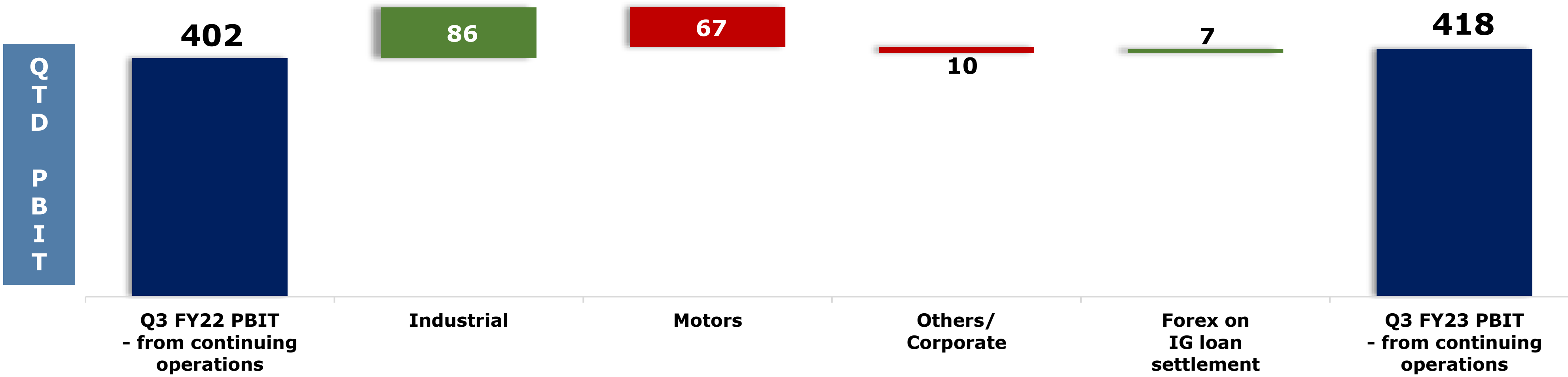
Segmental PBIT: Quarter ended 31 March 2023

In RM Million	Q3 FY2023			Q3 FY2022			Reported PBIT	Core PBIT
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT	YoY %	YoY %
Continuing operations								
Industrial	236	-	236	150	-	150	57.3	57.3
Motors	170	-	170	237	-	237	(28.3)	(28.3)
Healthcare	13	-	13	13	-	13	-	-
Others	15	-	15	19	(12)	7	(21.1)	>100.0
Corporate	(23)	-	(23)	(17)	-	(17)	(35.3)	(35.3)
Forex	7	(7)	-	-	-	-		
PBIT from continuing operations	**418**	**(7)**	**411**	**402**	**(12)**	**390**	**4.0**	**5.4**
PBIT from discontinued operations	-	-	-	8	-	8		
PBIT	**418**	**(7)**	**411**	**410**	**(12)**	**398**	**2.0**	**3.3**

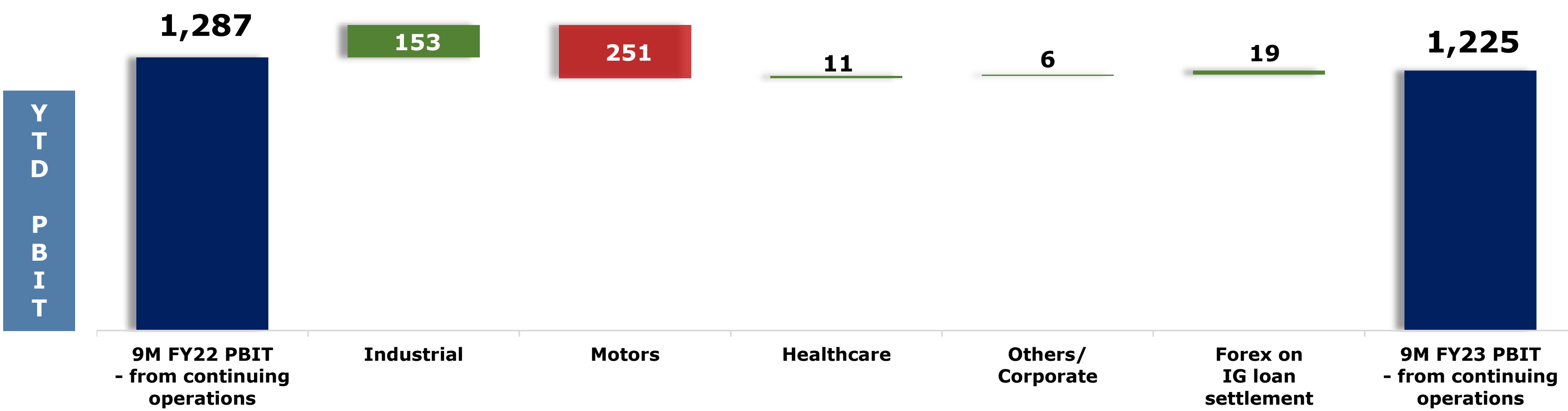
PBIT - from continuing operations

YTD profit from continuing operations was 5% lower than previous year mainly due to lower profit from Motors China, partly offset by higher profit from Industrial Australasia

Q3 FY2023 vs. Q3 FY2022



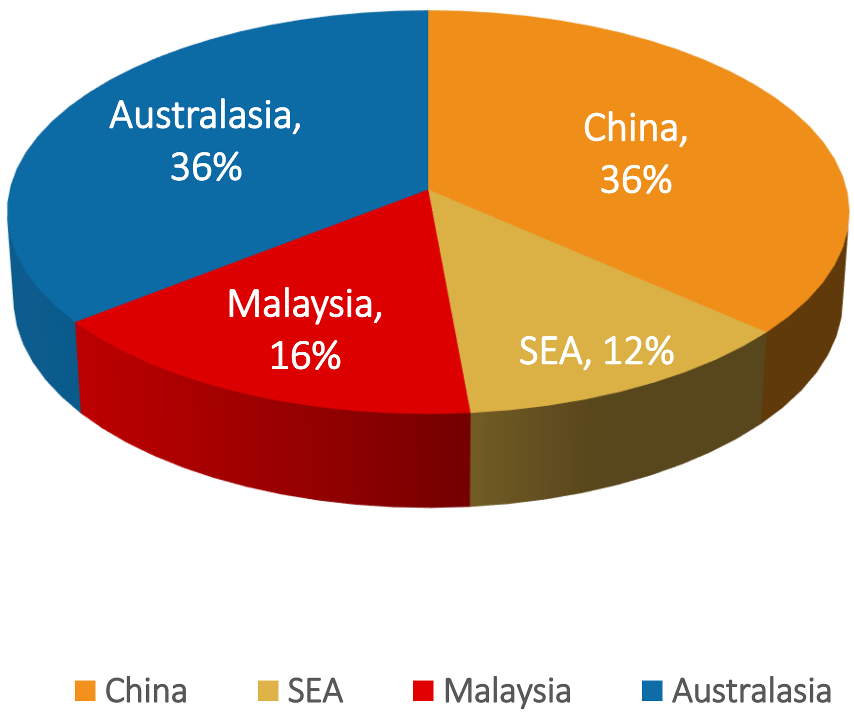
9M FY2023 vs. 9M FY2022



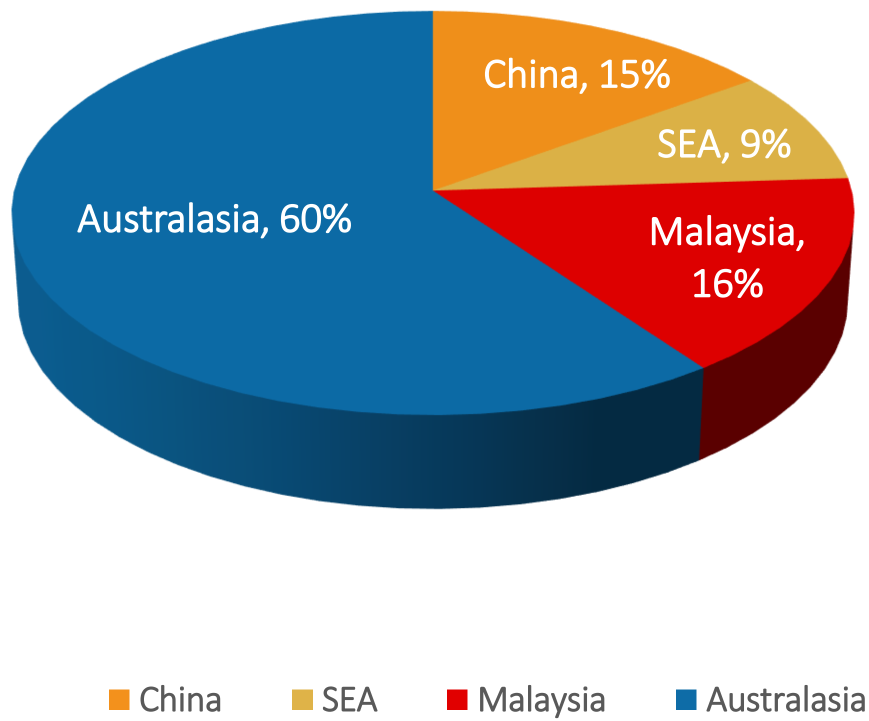
Regional breakdown as of March 2023

Our geographical spread across the Asia Pacific region broadens our earnings base

Revenue Breakdown



Core PBIT Breakdown

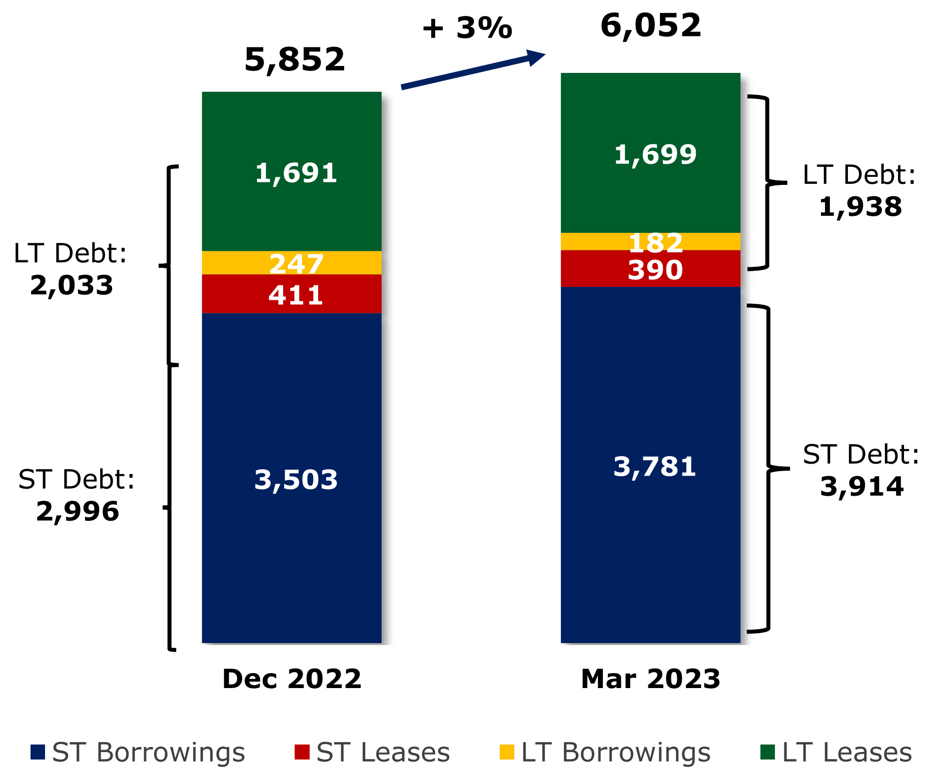


Australasia region is the largest profit contributor.

FY2023 Financial Results

Snapshot of borrowing position as of March 2023

Long Term vs Short Term Debt



Total Debt

RM 6.0bn

As at December 2022

RM16.2bn
Total Equity

0.37x
Debt/Equity Ratio

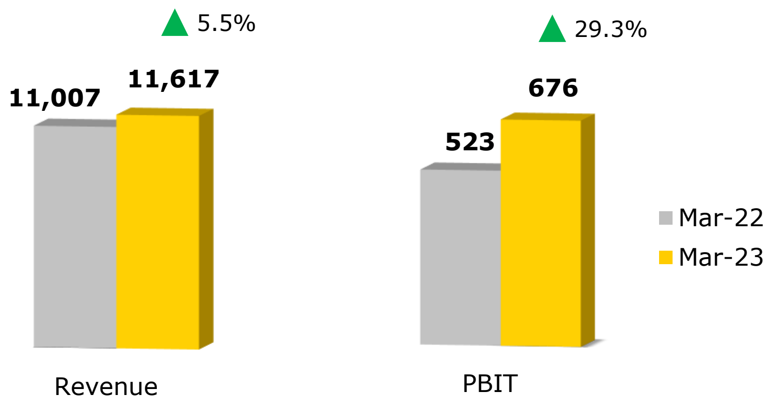
0.23x
Net Gearing

RM2.2bn
Bank balances, deposits and cash

Segmental Results

Industrial Division

Higher profits largely attributed to higher parts revenue in Australia



In RM Million	9M FY2022	9M FY2023
Australasia	7,605	8,281
China	2,227	2,002
Malaysia	684	735
Singapore & Others	491	599
Total Revenue	**11,007**	**11,617**
Australasia	410	572
China	71	68
Malaysia	20	-
Singapore & Others	22	36
Total PBIT	**523**	**676**
PBIT margin	**4.8%**	**5.8%**
Annualised ROIC	**7.4%**	**8.2%**

Australasia

- Profit was higher mainly due to higher parts revenue, supported by parts price increases and maintenance work for mining equipment.
- Salmon Earthmoving (acquired on 1 October 2021) recorded higher rental fleet utilisation on the back of new contracts secured.

China

- Subdued market volume continued to impact revenue.
- Partly offset by lower expenses through cost control initiatives.

Malaysia

- Results were adversely impacted by project cost overruns in the engine and energy services segments.
- Partly offset by higher share of profits from associates/joint ventures.

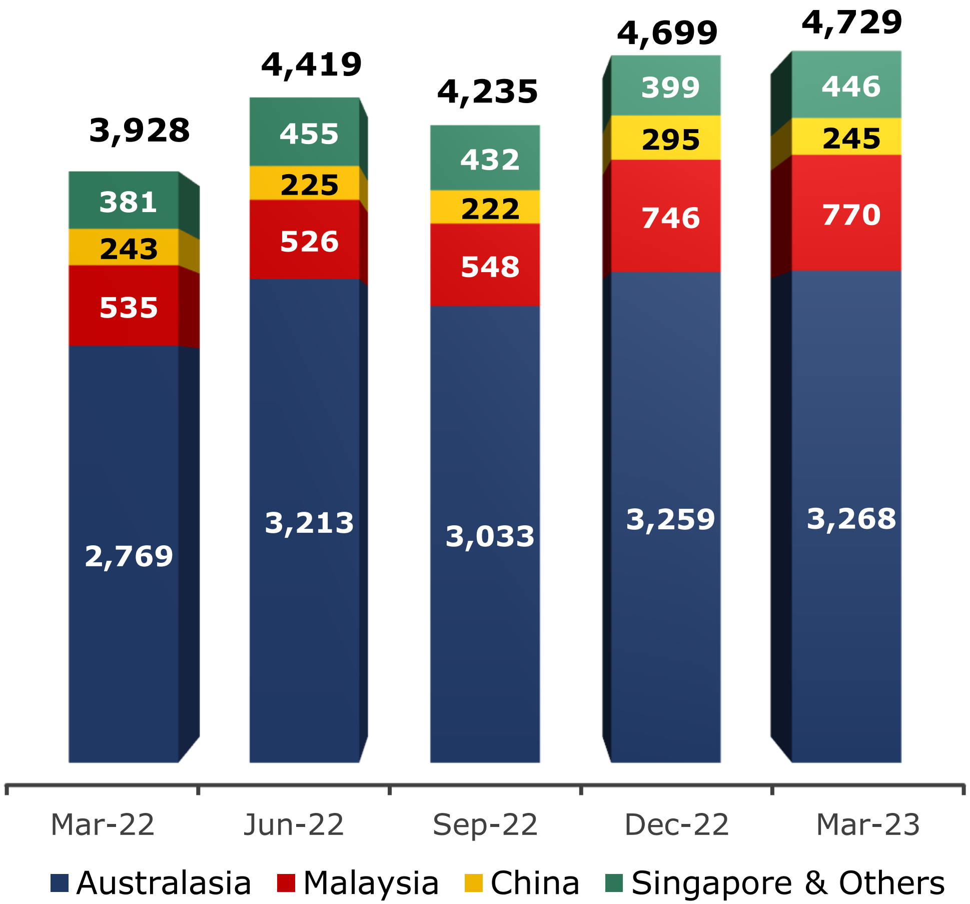
Singapore & Others

- Higher profit mainly attributed to higher product support and engines revenue.
- Previous year also included foreign exchange loss of RM5 million.

Industrial Outlook

Order book held up well, supported by the demand from mining and construction projects in Australia

RM4,699m Order book as at 31 December 2022 → **+1%** → **RM4,729m** Order book as at 31 March 2023



AUSTRALASIA

- The demand for coal is likely to be sustained by the resumption of coal exports to China and urbanisation projects in Asia.
- This in turn, should support the sales of equipment and product support for mining projects in Australia.
- The Australian Council of Trade Unions had recently called for a 7% increase in the national minimum wages, subject to review and approval by the Fair Work Commission.

CHINA

- The project commencement rate in the construction sector has been slow despite the full re-opening of the economy.
- In the recent China's 'Two Sessions', the government unveiled stimulus plans for infrastructure development. Nonetheless, the demand for equipment is likely to remain subdued until government funding is allocated to the construction players.

MALAYSIA

- In the re-tabled Budget 2023, the development allocation was for the continuation of previously introduced projects. The project cost for MRT3 is also under further review.
- The demand for engines is supported by data centre projects.
- There are risks of delay in contractual deliveries and project cost overruns due to supply chain threats and inflation.

SINGAPORE

- The order book is mainly supported by the demand for engines in data centres.
- Contractors remain concerned with cash flow planning and costs pressures in the construction sector.

Acquisition of Onsite Rental Group ("Onsite")

The Onsite acquisition will strengthen Sime Darby's leadership in equipment rental services business.

Building a rental platform across AU

Potential revenue synergy with our recently acquired rental business, Salmon Earthmoving will support long term outgrowth.

Onsite offers rental services products that are complementary to Salmon's **heavy** machinery fleet.

Established strong branch presence in Western Australia

Key Customers:

RioTinto | BHP | lendlease

Transaction Overview

Financials

Onsite Rental Group

Enterprise Value

AUD 635 million

Revenue FY22	AUD 302m
PAT FY22	AUD 33m

Strategic rationale: In pursuit of strategic growth

Expansion across Mining & Construction value chain

Leveraging on Infrastructure Boom

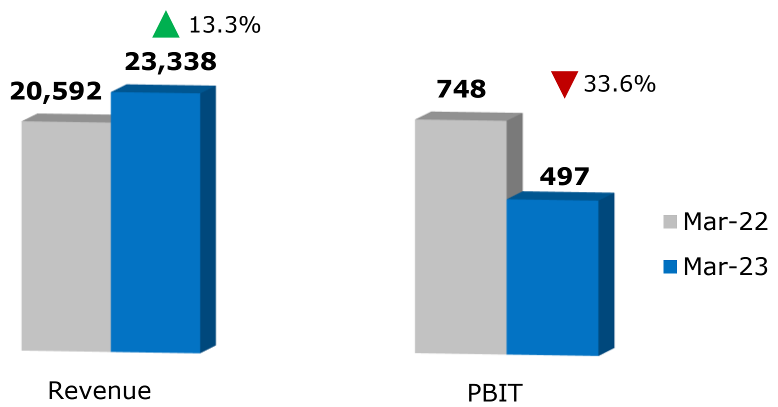
Enhanced end-market exposure in the East Coast AU.

Geographical expansion to Western Australia

Gain exposure to "New Minerals"

Motors Division

Profit declined mainly due to lower vehicle margins in Mainland China



In RM Million	9M FY2022	9M FY2023
China	10,156	10,738
Singapore & Thailand	3,490	3,682
Malaysia	3,329	4,777
Australasia	3,617	4,141
Total Revenue	**20,592**	**23,338**
China	404	87
Singapore & Thailand	29	57
Malaysia	153	202
Australasia	162	151
Total PBIT	**748**	**497**
PBIT margin	**3.6%**	**2.1%**
Annualised ROIC	**12.4%**	**6.9%**

China

- Mainland China – Lower profit largely due to lower vehicle margins.
- Hong Kong – Higher revenue mainly from the BMW operations.

Singapore & Thailand

- Singapore – Improvement in BMW vehicle margins and higher BYD contribution.

Malaysia

- Higher profits mainly from the aftersales and importation segments.
- Higher sales volume partly driven by new model launches.

Australasia

- Despite higher revenue, the operations in Australia and New Zealand recorded lower PBIT due to lower margins and higher expenses.

Motors Outlook

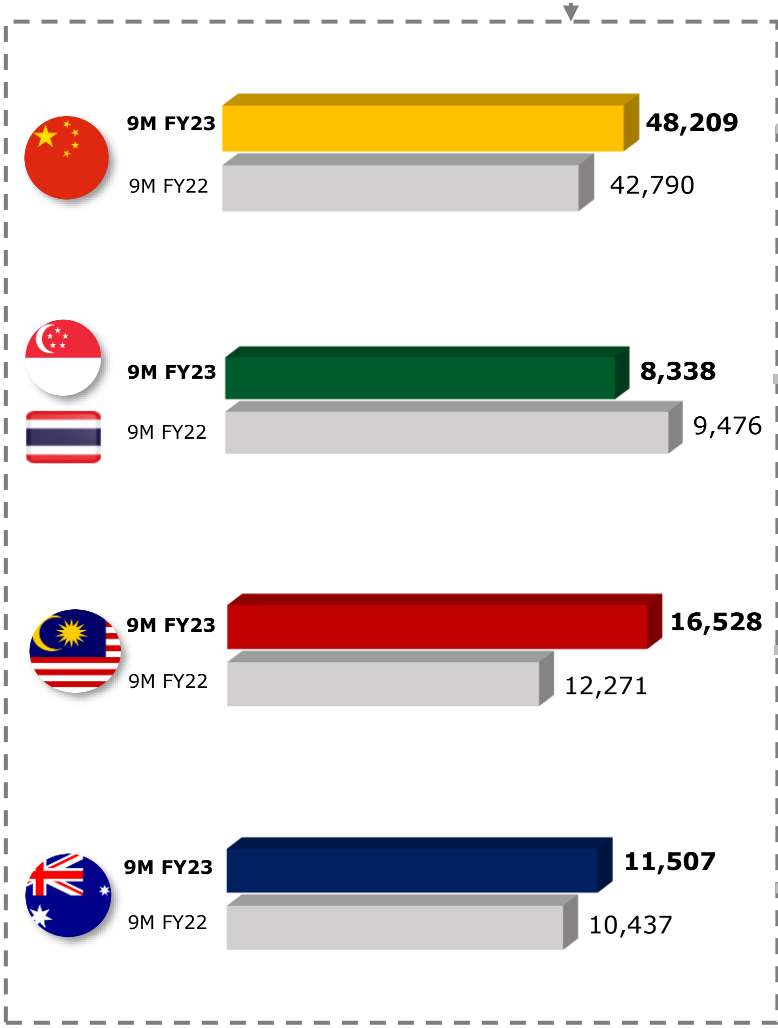
Continued support for EV adoption in various regions

84,582 Units Sold*
(9M FY2022: 74,974)

23,988 Units Assembled
(9M FY2022: 19,445)

* Includes used cars sold on consignment

Units sold by region



CHINA

- The EV segment is expected to benefit from the extension of purchase tax exemption until end of 2023.
- Nonetheless, there is increasing competition from multiple brands that are actively launching new EV models.
- Continued focus on growing BMW and EV dealerships.

SINGAPORE & THAILAND

- The Singapore government outlined in Budget 2023 that higher Additional Registration Fee (ARF) rates will be imposed on luxury vehicles. However, there is a rebate on the ARF for electric vehicles.
- Certificate of Entitlement (COE) quota in Singapore to increase in 2023 which may reduce supply volatility.
- The demand for EV in Thailand is supported by various government incentives such as corporate tax exemptions for EV charging infrastructure.

MALAYSIA

- The aftersales segment is likely to benefit from higher demand driven by a period of strong vehicle sales from the past sales and service tax exemption.
- The Ministry of Investment, Trade and Industry has recently unveiled the BEV Global Leaders program to attract foreign EV investments and fuel EV adoption.
- Car loan approvals are expected to be more stringent following interest rate hikes.

AUSTRALASIA

- The industry volume is expected to grow with rising demand for BEVs supported by tax incentives.
- Challenges around supply chain constraints and impact of inflationary pressures on consumption persist.

Expanding into Indonesia while capitalizing on more Assembly opportunities in Malaysia

We have expanded into Indonesia

Growing our network with BMW Group in Indonesia

Strategic partner: A joint venture with Galeon Group, a local real estate & automotive player.

Springboard for more expansion with an immediate presence in Jakarta and Medan, via two dealerships (BMW & MINI).

Expanding our local assembly

Partnership with leading China OEM

Chery Automobile Co Ltd and Sime Darby Berhad entered into a partnership to assemble Chery vehicles in MY.

Expected to begin in Q3 2023.

Motors Outlook

Exciting new models in 2023

BYD- Seal
Malaysia – 2023

BMW XM
Malaysia – 2023

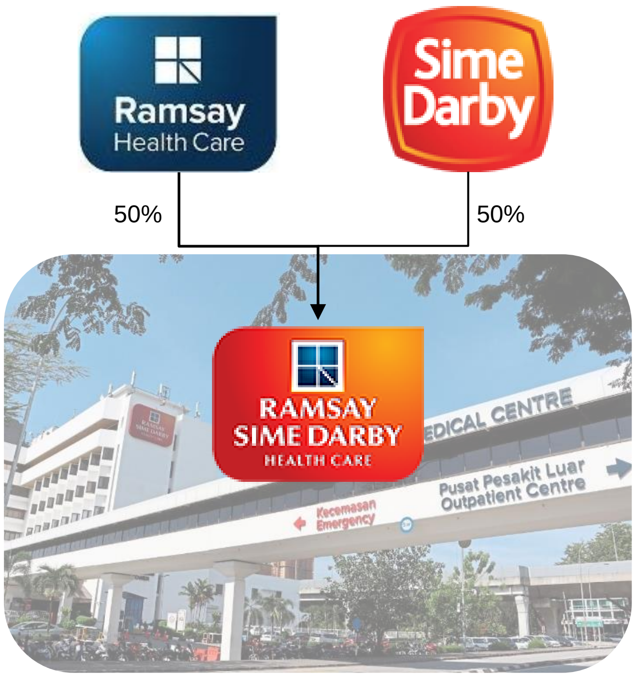
BMW i7 M70L
Malaysia –2023

BMW i5 Full Electric
Malaysia – 2023

Healthcare

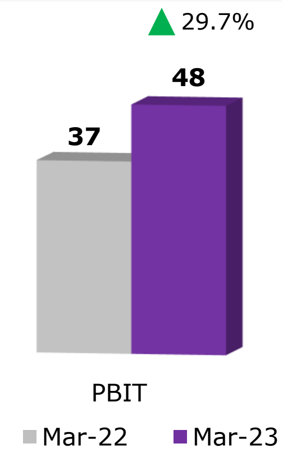
Higher share of profit as RSDH recorded higher revenue from Malaysia

Joint Venture with Ramsay Healthcare



- Joint venture with Ramsay Health Care since FY2014
- Asia-focused portfolio
- 7 hospitals in Malaysia and Indonesia
- > 1,500 licensed beds.

Financials (9M FY23)



In RM Million	9M FY2022	9M FY2023
PBIT	**37**	**48**
Annualised ROIC	**7.1%**	**8.6%**

- Higher share of profit as RSDH recorded higher revenue from the Malaysian operations. The previous corresponding period was partly impacted by Covid-19 restrictions.

Thank you