Sime Darby Berhad

Media & Analyst Briefing for the 1st Half & 2nd Quarter ended 31 December 2023

21 February 2024

Delivering Sustainable Futures

Sime Darby Berhad
Group Results

FY2024 Financial Results

Reported Profit: Quarter ended 31 December 2023

	Q2 FY2024	Q2 FY2023	YoY %
Revenue	**15,548**	**11,292**	37.7
PBIT	**590**	**405**	45.7
Finance income	29	12	
Finance costs	(167)	(68)	
Profit before tax	**452**	**349**	29.5
Taxation	(140)	(103)	
Profit from continuing operations	**312**	**246**	26.8
Perpetual sukuk	(4)	-	
Non-controlling interests	(48)	(7)	
Net profit from continuing operations	**260**	**239**	8.8
Net profit from discontinued operations[1]	**2,028**	**150**	
Net profit attributable to owners of the Company	**2,288**	**389**	>100.0

1. Relates to the Healthcare and Logistics segments.

FY2024 Financial Results

Core Profit: Quarter ended 31 December 2023

In RM Million	Q2 FY2024	Q2 FY2023	YoY %
Reported PBIT from continuing operations	**590**	**405**	45.7
Adjustments:			
• Foreign exchange gain on settlement of net investments	(12)	(12)	
Core PBIT from continuing operations	**578**	**393**	47.1
Net finance costs	(138)	(56)	
Taxation	(140)	(103)	
Perpetual sukuk	(4)	-	
Non controlling interests	(48)	(7)	
Core Net Profit from continuing operations	**248**	**227**	9.3
Core Net Profit/(loss) from discontinued operations	**21**[1]	**24**[2]	
Core Net Profit	**269**	**251**	7.2

Adjustments:

1. Excludes net gain on disposal of Ramsay Sime Darby Healthcare ("RSDH") (total of RM2,007 million)
2. Excludes net gain on disposal of the Weifang port companies and adjustments for depreciation, impairment and deferred tax (total of RM126m)

FY2024 Financial Results

Segmental PBIT: Quarter ended 31 December 2023

In RM Million	Q2 FY2024			Q2 FY2023			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
Continuing operations								
Industrial	351	-	351	224	-	224	56.7	56.7
Motors	192	-	192	151	-	151	27.2	27.2
UMW	46	-	46	-	-	-	-	-
Others	9	-	9	43	-	43	(79.1)	(79.1)
Corporate	(20)	-	(20)	(25)	-	(25)	20.0	20.0
Forex	12	(12)	-	12	(12)	-	-	-
PBIT from continuing operations	**590**	**(12)**	**578**	**405**	**(12)**	**393**	**45.7**	**47.1**
PBIT from discontinued operations	2,028	(2,007)[1]	21	146	(122)[2]	24	>100.0	(12.5)
PBIT	**2,618**	**(2,019)**	**599**	**551**	**(134)**	**417**	**>100.0**	**43.6**

Adjustments:

1. Net gain on disposal of Ramsay Sime Darby Health ("RSDH")
2. Net gain on disposal of the Weifang port companies and adjustments for impairment and depreciation

FY2024 Financial Results

Reported Profit: Half-year ended 31 December 2023

In RM Million	1H FY2024	1H FY2023	YoY %
Revenue	**29,528**	**23,474**	25.8
PBIT	**1,420**	**772**	83.9
Finance income	56	23	
Finance costs	(296)	(125)	
Profit before tax	**1,180**	**670**	76.1
Taxation	(294)	(200)	
Profit from continuing operations	**886**	**470**	88.5
Perpetual sukuk	(4)	-	
Non-controlling interests	(57)	(27)	
Net profit from continuing operations	**825**	**443**	86.2
Net profit from discontinued operations[1]	**2,052**	**153**	
Net profit attributable to owners of the Company	**2,877**	**596**	>100.0

1. Relates to the Healthcare and Logistics segments.

FY2024 Financial Results

Core Profit: Half-year ended 31 December 2023

In RM Million	1H FY2024	1H FY2023	YoY %
Reported PBIT from continuing operations	**1,420**	**772**	83.9
Adjustments:			
• Gain on disposal of Malaysia Vision Valley ("MVV") land	(279)	-	
• Foreign exchange gain on settlement of net investments	(25)	(12)	
Core PBIT from continuing operations	**1,116**	**760**	46.8
Net finance costs	(240)	(102)	
Taxation	(266)[1]	(200)	
Perpetual sukuk	(4)	-	
Non controlling interests	(57)	(27)	
Core Net Profit from continuing operations	**549**	**431**	27.4
Core Net Profit from discontinued operations	**45**[2]	27[3]	
Core Net Profit	**594**	**458**	29.7

Adjustments:

1. Adjusted for tax effects of one-off items.
2. Excludes net gain on disposal of Ramsay Sime Darby Healthcare ("RSDH") (total of RM2,007 million)
3. Excludes net gain on disposal of the Weifang port companies and adjustments for depreciation, impairment and deferred tax (total of RM126m)

FY2024 Financial Results

Segmental PBIT: Half-year ended 31 December 2023

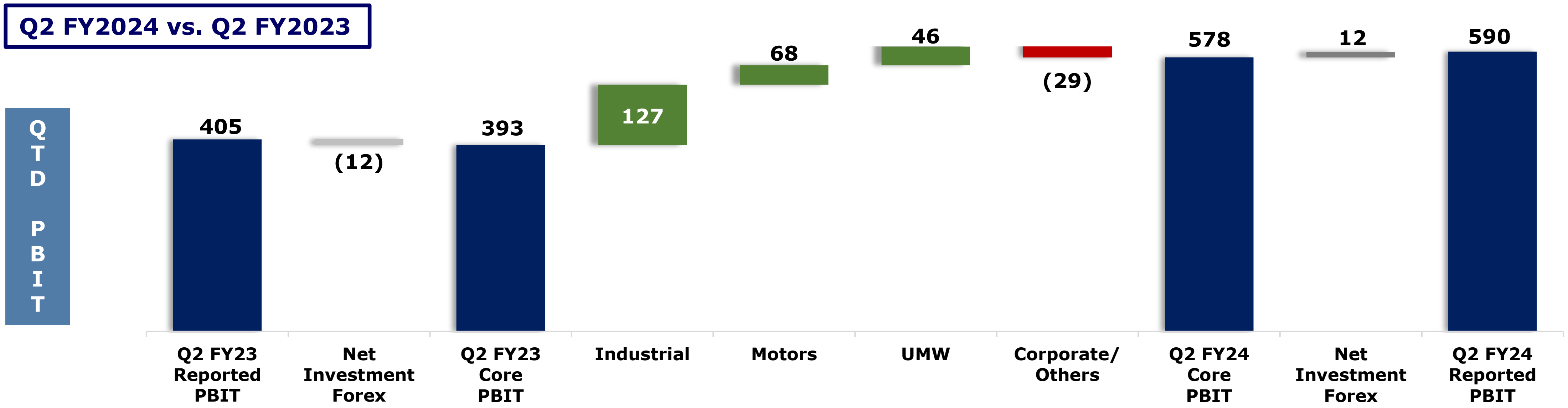
In RM Million	1H FY2024			1H FY2023			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
Continuing operations								
Industrial	709	-	709	440	-	440	61.1	61.1
Motors	395	-	395	327	-	327	20.8	20.8
UMW	46	-	46	-	-	-	-	-
Others	13	-	13	36	-	36	(63.9)	(63.9)
Corporate	(47)	-	(47)	(43)	-	(43)	(9.3)	(9.3)
Gain on disposal of MVV land	279	(279)	-	-	-	-	-	-
Forex	25	(25)	-	12	(12)	-	-	-
PBIT from continuing operations	**1,420**	**(304)**	**1,116**	**772**	**(12)**	**760**	**83.9**	**46.8**
PBIT from discontinued operations	2,052	(2,007) [1]	45	147	(122)[2]	25	>100.0	80.0
PBIT	**3,472**	**(2,311)**	**1,161**	**919**	**(134)**	**785**	**>100.0**	**47.9**

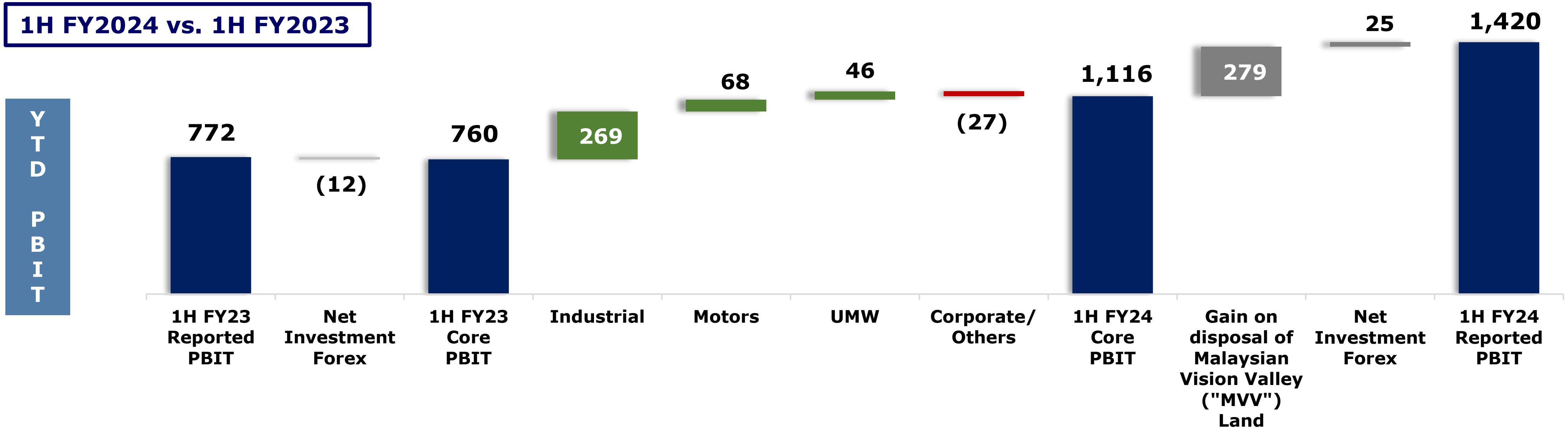
Adjustments:

1. Net gain on disposal of Ramsay Sime Darby Health ("RSDH")
2. Net gain on disposal of the Weifang port companies and adjustments for impairment and depreciation

PBIT from Continuing Operations

Half-year Core PBIT from continuing operations was 46.8% higher mainly due to higher profit from Industrial Australasia and Motors Malaysia

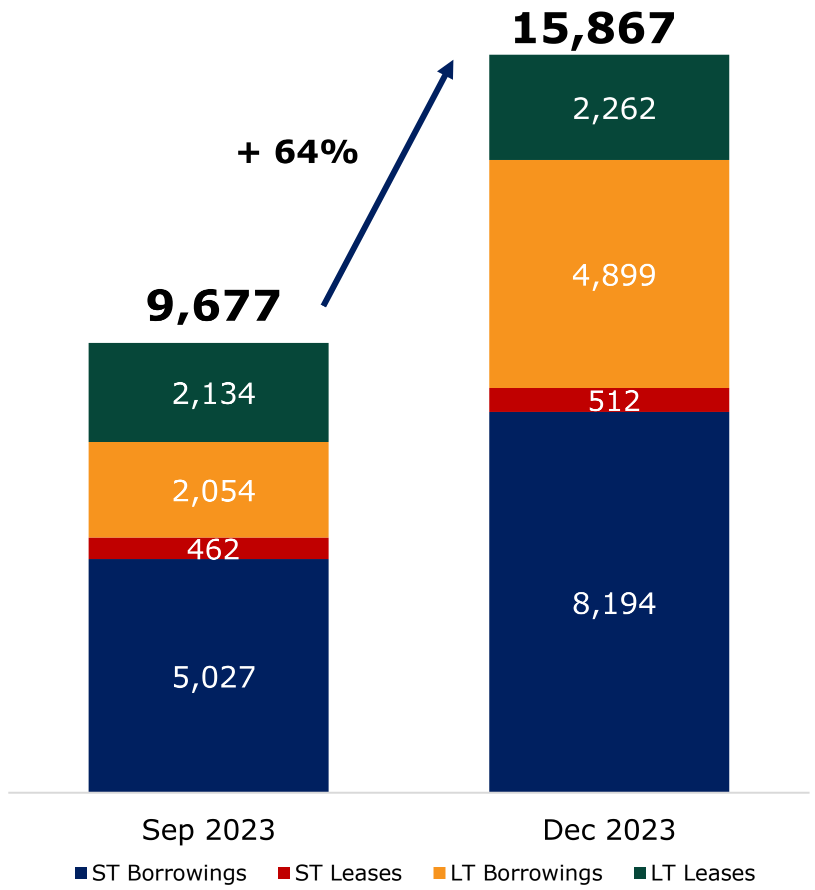




FY2024 Financial Results

Snapshot of borrowing position as at 31 December 2023

Long Term vs Short Term Debt



Total Debt

RM 15.9bn

As at 31 December 2023

RM23.6bn
Total Equity

0.67x
Debt/Equity Ratio

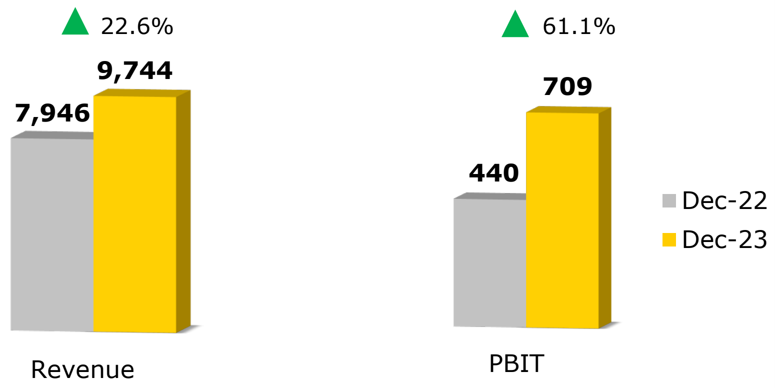
0.37x
Net Gearing

RM7.2bn
Bank balances, deposits and cash

Industrial Division

Industrial Division

Strong performance from the Australasia operations



In RM Million	**1H FY2023**	**1H FY2024**
Australasia	5,627	7,359
China	1,422	1,226
Malaysia	477	652
Singapore & Others	420	507
Total Revenue	**7,946**	**9,744**
Australasia	360	608
China	47	36
Malaysia	6	35
Singapore & Others	27	30
Total PBIT	**440**	**709**
PBIT margin	**5.5%**	**7.3%**
Annualised ROIC	**8.8%**	**9.2%**

Australasia

- The higher profit in Australia was mainly attributed to higher product support and mining equipment revenue.
- Onsite Rental (acquired in April 2023) contributed PBIT of RM80 million and Cavpower Group (acquired in November 2023) contributed PBIT of RM13 million.
- New Zealand – PBIT declined to RM12m (1HFY2023: RM28m) mainly due to lower equipment deliveries and lower margins as a result of price competition.

China

- The current year results were impacted by lower deliveries of new equipment as market sentiment remains weak.
- This was partly offset by better performance from the used equipment and parts segments.

Malaysia

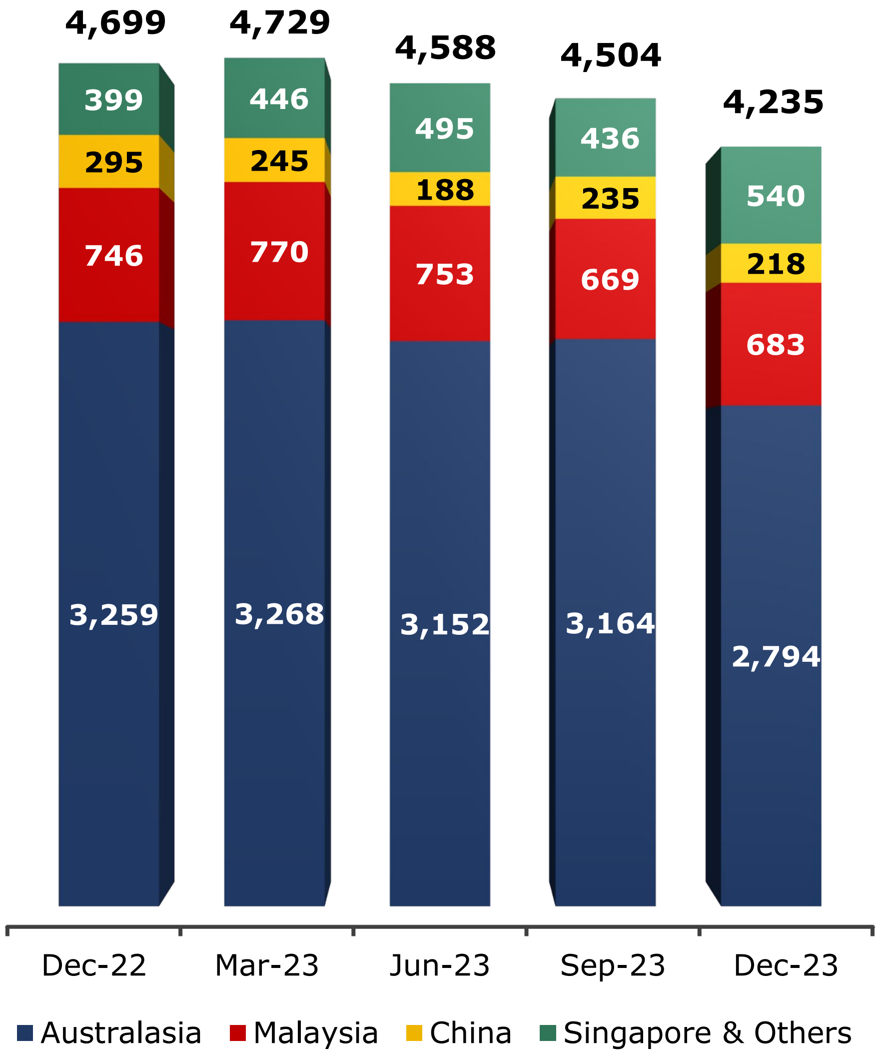
- Higher profits from equipment sales and product support.
- Improved performance from engines and energy segments as prior year results were adversely impacted by cost overruns.

Singapore & Others

- Higher profits driven by product support and engines segments.
- The results were partly offset by share of loss from associates.

Industrial Outlook

Order book mainly from mining projects in Australia



Note – Dec 2023 order book for Australasia does not include Cavpower

AUSTRALASIA

- Order backlog in Australia has declined due to strong mining deliveries in Q2 2024. However, order book remains healthy supported by demand for coal.
- Coal prices continued to edge up amid the supply disruption from Australia due to adverse weather conditions and congestion at Queensland ports.
- In New Zealand, CAT price premiums is impacting margins and lower machine utilisation is expected due to uncertain economic conditions.

CHINA

- China's economy is under pressure in the short term but optimistic in the medium and long term.
- Government is raising the central leverage ratio to help local governments deleverage and resolve debt crises.
- Furthermore, stable coal prices are creating opportunities for mining equipment in Xinjiang.

MALAYSIA

- Increased public infrastructure projects and railroad backed by the government is expected to boost the construction sector.
- The engine segment continues to see a surge driven by foreign direct investments and strategic partnerships to develop data centres.

SINGAPORE

- Anticipated revenue growth in the engines segment is expected due to investments into Singapore's telecommunications data center businesses.
- The construction sector remains weak in the environment of high interest rates and a potential market downturn.

Industrial: Market Outlook

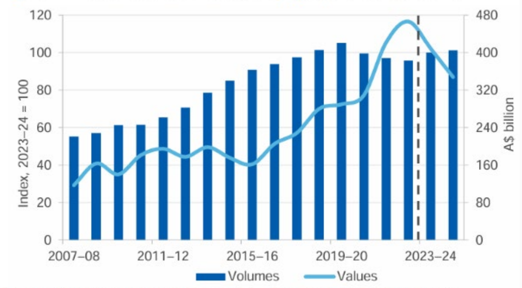
Australian miners continue to spend on CAPEX. Acquisition of Cavpower and Onsite allows Sime Darby to capitalize on these trends.

Australian Government
Department of Industry, Science and Resources
Office of the Chief Economist

Export volumes projected to fall, but mining CAPEX on the rise

Resource commodities rose until 2023, but projected to moderate

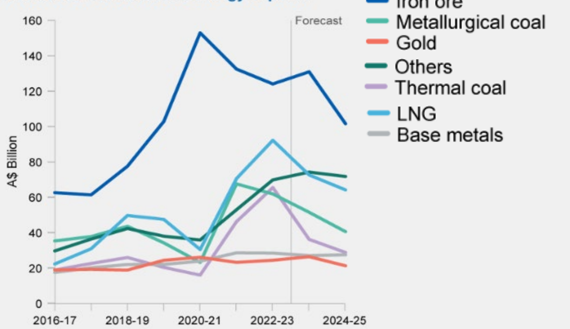
Figure 1.1: Australia's resource and energy export values/volumes



Source: ABS (2023) International Trade in Goods and Services, 5368.0; Department of Industry, Science and Resources (2023)

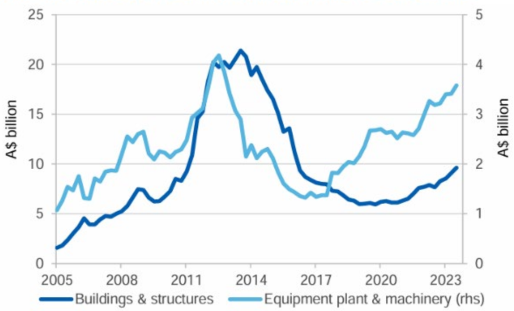
As a result, Australian mining exports forecast to decline after 2023 peak

Australia's resource and energy exports



Despite this, mining sector CAPEX on equipment is rising

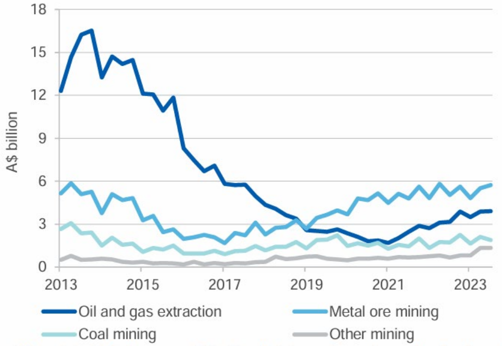
Figure 1.9: Mining industry capital expenditure by type, quarterly



Notes: Chart data is in nominal terms, seasonally adjusted.
Source: ABS (2023) Private New Capital Expenditure and Expected Expenditure, 5625.0

CAPEX is steady for metals & coal

Figure 1.8: Mining capex by commodity, not seasonally adjusted



Notes: Other mining includes non-metallic mineral mining and quarrying and exploration and other mining support services; chart data is in nominal, original terms
Source: ABS (2023) Private New Capital Expenditure and Expected Expenditure, 5625.0

Cavpower CAT — Acquisition of Cavpower

Cavpower is a global leading CAT dealership located in Adelaide.

Servicing clients in the **mining; construction; energy; & transport** business in in **South Australia** and Broken Hill, NSW.

Operates more than 9 branches.

1. Acquisition of market leader adjacent to existing portfolio
2. Grow with energy transition, to service South Australian critical minerals miners
3. Service infrastructure boom in Southern Australia

Onsite Rental Group — Acquisition of Onsite Rental Group

Onsite Rental Group is the 2nd largest B2B rental services company.

Provides **equipment rental solutions** in earthmoving, power, industrial tools, site accommodation, vertical lifts and access

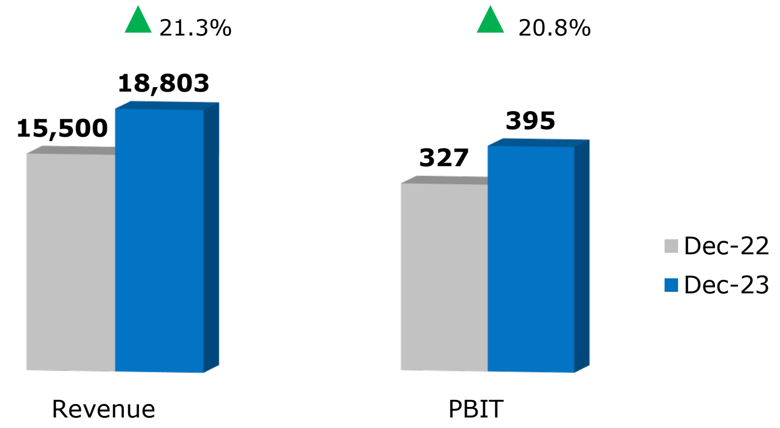
Operates >30 branches across Australia, mainly in Queensland and WA

1. Larger share of wallet for mining value chain, and able to leverage infrastructure boom
2. Onsite is brand agnostic and not bound by geography, enabling easier expansion
3. Expands Sime Darby's presence to the east coast of Australia

Motors Division

Motors Division

Strong performance in Malaysia, partly offset by lower profit from the China operations



In RM Million	1H FY2023	1H FY2024
Malaysia	2,971	4,530
China	7,245	7,974
Australasia	2,742	3,188
Singapore & Others	2,542	3,111
Total Revenue	**15,500**	**18,803**
Malaysia	125	228
China	63	3
Australasia	105	107
Singapore & Others	34	57
Total PBIT	**327**	**395**
PBIT margin	**2.1%**	**2.1%**
Annualised ROIC	**7.2%**	**7.1%**

Malaysia

- The operations recorded higher profit mainly from the higher revenue in general.
- Sime Darby Auto ConneXion and Sime Darby Auto Performance recorded higher profit mainly due to higher revenue.
- Higher assembly profit supported by the increase in units assembled.

China

- Mainland China – Lower vehicle margins due to discounting.
- Taiwan – Higher profits mainly due to higher vehicle and aftersales margins and higher units sold.
- Hong Kong – Current year results were supported by higher units of EVs sold.

Australasia

- Although revenue increased 16%, PBIT was only marginally higher mainly due to lower margins.

Singapore & Others

- Singapore – Higher EV sales.

Motors Outlook

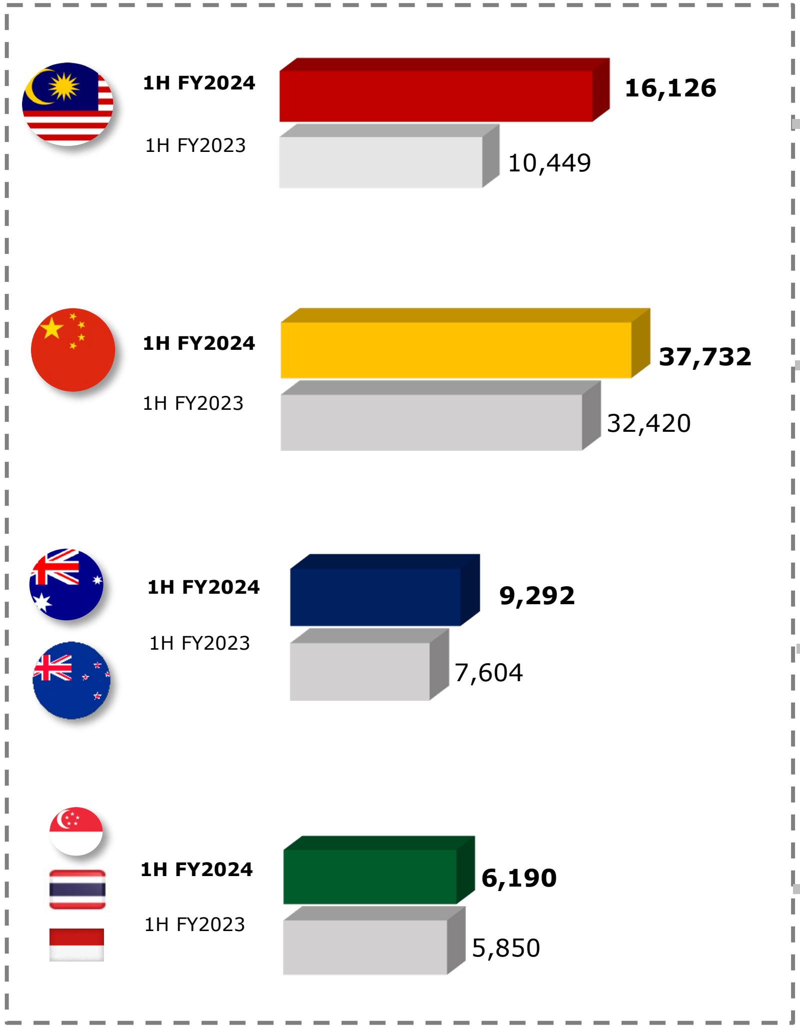
Slowing pace of electric vehicle growth coupled with anticipated implementation of new tax legislations raise significant concerns

69,340 Units Sold*
(1H FY2023: 56,323)

21,701 Units Assembled
(1H FY2023: 14,289)

* Includes cars sold on consignment

Units sold by region



MALAYSIA

- Industry volume is projected to decline in the near future with the higher service tax rate (from 6% to 8%), implementation of proposed high-value goods tax and targeted petrol subsidy rationalisation in the latter half of the year.
- The government's support in welcoming investments for EV charging stations, coupled with extension of tax incentives such as a 2-year extension of the excise duty, sales tax exemption, and import tax exemption for EV components used in locally-assembled (CKD) EVs to Dec 31, 2027.

CHINA

- Slowing pace of EV growth and scheduled model launches is forcing companies to compete on a slew of features such as in-car projectors and driver-assist due to aggressive price cuts by competitors.
- Gradual withdrawal of EV purchase tax incentives is anticipated as government subsidies are phased out.

AUSTRALASIA

- The growth in EV charging stations coupled with the Australian government's plan to introduce a policy on fuel efficiency standards are set to drive the growth of EV sales.
- In Australia, consumer purchasing power will continue to be strained by high interest rates and inflationary pressures.

SINGAPORE & THAILAND

- In Singapore, Certificate of Entitlement (COE) premiums for cars have declined following an increased quota in COE supply, which should support increased car purchases.
- In Thailand, decreased import duties for completely built-up battery electric vehicles (BEVs), and subsidies to local EV manufacturers continue to bolster the demand for EVs.

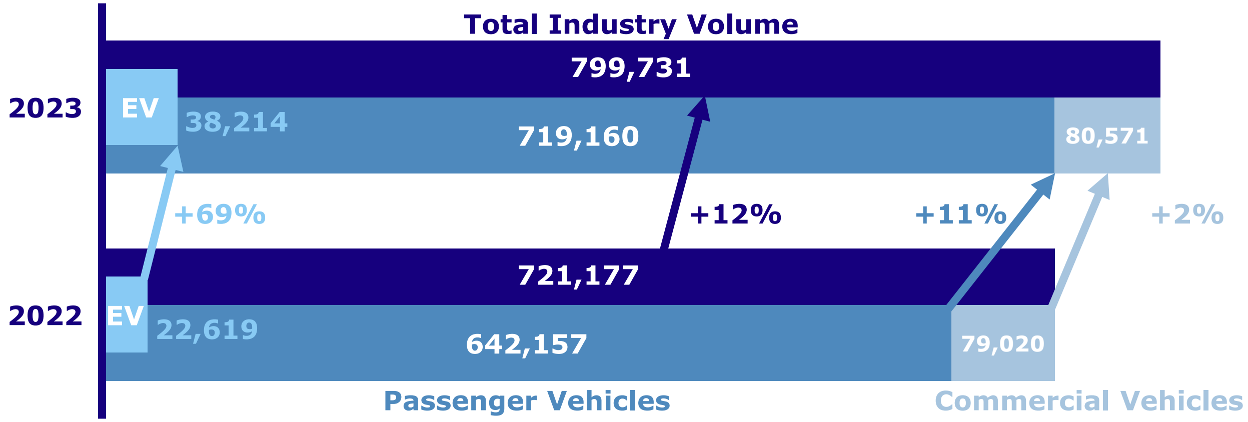
Motors: Market Outlook

Strong performance in Malaysia, to buffer weakness in China market

Record TIV In Malaysia Auto Sales

MALAYSIAN AUTOMOTIVE ASSOCIATION

Malaysia's automotive sales in 2023 **rose +11% to an all-time high,** surpassing the previous peak in 2022.



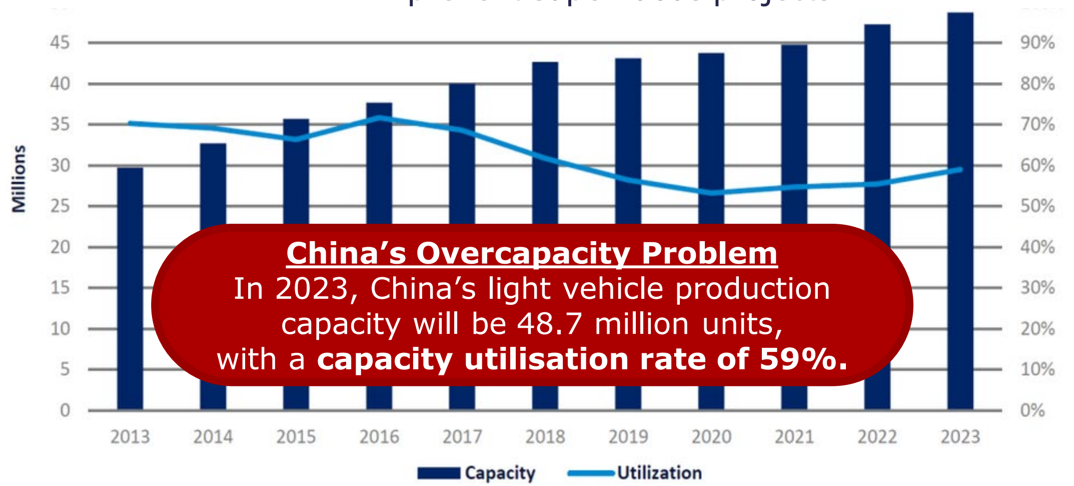
Factors contributing to 2023 performance

- **Fulfilment of tax-exempt cars**
- **Stable sociopolitical environment**
- **Many new model launches**
- **Improved industry supply chain environment**
- **Resilient domestic economy**

Sime Darby's Performance in Malaysia
YTD PBIT of RM228M higher than FY23 by RM100M

Challenges in China

REUTERS® China has admitted its electric-car drive has gone too far, and said that the government will take "forceful measures to prevent superfluous projects."



China's Overcapacity Problem
In 2023, China's light vehicle production capacity will be 48.7 million units, with a **capacity utilisation rate of 59%.**

Increasing competition from China brands

Output of Chinese brands has increased by 20% year-on-year.

ICE vehicle production continues to decline, as China's cars electrify.

SDB YTD PBIT lower than FY23 by RM60M due to lower profit from BMW.
Received Special rebates from BMW China

BMW Discount

Oct	Nov	Dec
-20.1%	-20.6%	-21.4%

Motors Outlook

Exciting new models coming out in the next 12 months

BMW iX1
Hong Kong/Macau – 2024

Mini Cooper MINI Electric
China – 2024

BYD Seal
Malaysia –2024

Volvo EX30
Malaysia – 2024

UMW Holdings Berhad

UMW Acquisition: Privatization & Delisting

Sime Darby secured 98.88% of UMW upon the close of the MGO, proceeding to fully privatize

- Upon the close of the Mandatory General Offer (MGO) on 31 January 2024, Sime Darby has **secured 98.88%** of UMW shares and has successfully **delisted UMW on 19th February 2024.**
- The compulsory acquisition for Sime Darby to secure 100% of UMW is expected to be completed by the **end of March 2024.**

Strategic Rationale

01 – **Strengthen Group's automotive brands**

02 – **Scale up Group's presence across the automotive value chain**

03 – **Achieve greater resilience through geographical diversification**

04 – **Create greater value for stakeholders**

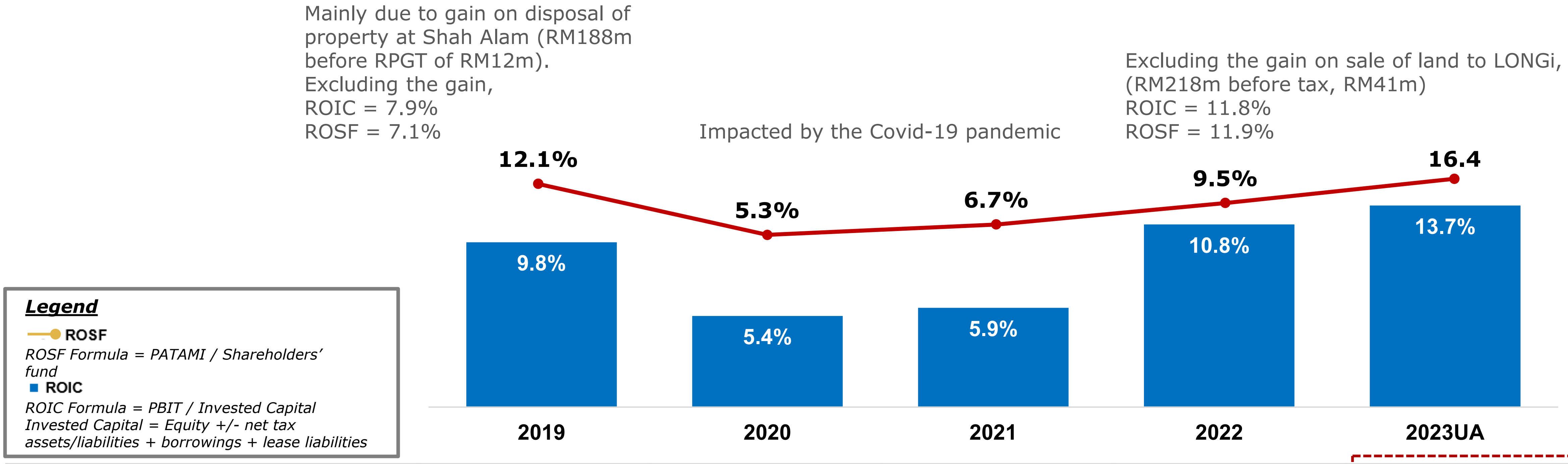
Delisting of UMW Holdings Berhad on **19th February 2024**

UMW to operate as a **Third Core Division** of Sime Darby

Once the integration process is completed, to align **UMW's strategy** to Sime Darby's overall **5 Year Masterplan**

UMW Financials: ROIC and ROSF from 2019 to 2023UA

Robust growth of UWW Group's financial performance in FY23



RM m	2019*	2020	2021	2022	2023UA
Revenue	11,739	9,555	11,061	15,814	18,672
PBIT	844	480	551	936	1,341
PATAMI	447	205	268	415	835
Invested Capital	8,632	8,876	9,365	8,638	9,765
Shareholders' funds	3,696	3,868	4,005	4,350	5,094

Data shown for UMW Group's results for financial year ended 31 December 2023

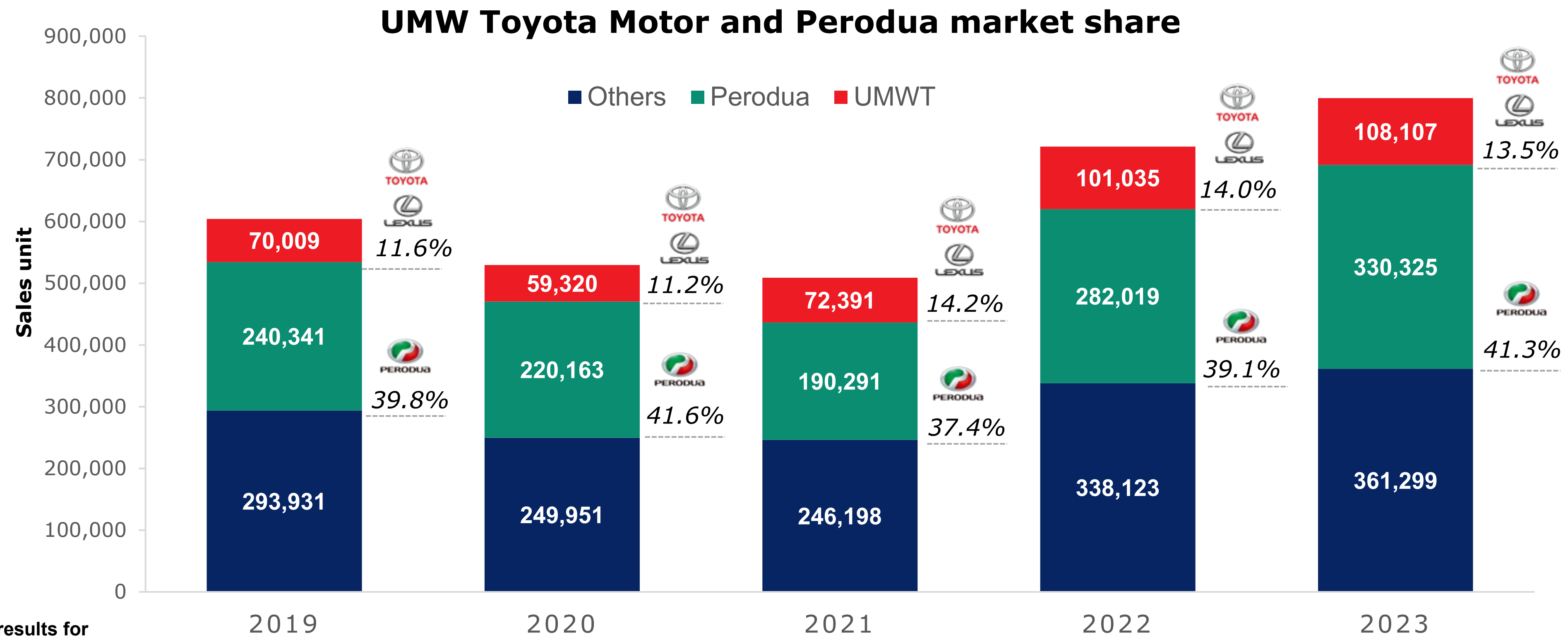
**The financial results above have excluded discontinued operations*

UMW: Automotive Segment

UMW Toyota Motor and Perodua sales & Total Industry Volume

UMW Group	2019	2020	2021	2022	2023
UMW Toyota Motor	70,009	59,320	72,394	101,035	108,107 *
Perodua	240,341	220,154	190,291	282,019	330,325 *
TIV	**604,281**	**529,514**	**508,883**	**721,177**	**799,731 ***
UMW Market Share	51.4%	52.8%	51.6%	53.1%	54.8% *

* Highest-ever sales and market share, and TIV



Data shown for UMW Group's results for financial year ended 31 December 2023

Thank You