Sime Darby Berhad

Analyst Briefing for the Full Year & Fourth Quarter Ended 30 June 2024

27 August 2024

Sime Darby

Delivering Sustainable Futures

Group Financial Results

FY2024 Financial Results

Reported Profit: Financial year ended 30 June 2024

In RM Million	FY2024	FY2023	YoY %
Revenue	**67,132**	**48,288**	39.0
PBIT	**2,758**	**2,084**	32.3
Finance income	142	70	
Finance costs	(719)	(333)	
Profit before tax	**2,181**	**1,821**	19.8
Taxation	(698)	(484)	
Profit from continuing operations	**1,483**	**1,337**	10.9
Non-controlling interests	(186)	(54)	
Perpetual Sukuk	(39)	-	
Net profit from continuing operations	**1,258**	**1,283**	(1.9)
Net profit from discontinuing/discontinued operations[1]	**2,048**	**175**	
Net profit attributable to owners of the Company	**3,306**	**1,458**	>100.0

1. Relates to Healthcare and Logistics

FY2024 Financial Results

Core Profit: Financial year ended 30 June 2024

In RM Million	FY2024	FY2023	YoY %
Reported PBIT from continuing operations	**2,758**	**2,084**	32.3
Adjustments:			
• Gain on disposal of Malaysia Vision Valley ("MVV") land	(279)	-	
• Gain on disposal of Motors property	-	(179)	
• Fair value gain on financial assets (MES)	(15)	-	
• Forex (gain)/loss on settlement of net investment	(45)	(29)	
• Motors impairments and provisions	229	-	
Core PBIT from continuing operations	**2,648**	**1,876**	41.2
Net finance costs	(577)	(263)	
Taxation[1]	(557)	(454)	
Non-controlling interests	(200)[2]	(54)	
Perpetual Sukuk	(39)	-	
Core Net Profit from continuing operations	**1,275**	**1,105**	15.4
Core Net Profit/ (loss) from discontinuing/discontinued operations	**41**[3]	**49**[4]	
Core Net Profit	**1,316**	**1,154**	14.0

Adjustments:

1. Adjusted for tax effects of one-off items, deferred tax adjustment arising from change in New Zealand tax legislation (RM26m), and additional deferred tax provision on unremitted earnings of RM76m in FY2023
2. Adjusted for NCI portion for the one-off items
3. Excludes net gain on disposal of Ramsay Sime Darby Healthcare ("RSDH") (total of RM2,007 million)
4. 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: Financial year ended 30 June 2024

In RM Million	FY2024			FY2023			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
Continuing operations								
Industrial	1,467	(15)[1]	1,452	1,051	-	1,051	39.6	38.2
Motors	584	229[2]	813	1,052	(179)[2]	873	(44.5)	(6.9)
UMW	480	-	480	-	-	-	-	-
Others	16	-	16	39	-	39	(59.0)	(59.0)
Corporate	(113)	-	(113)	(87)	-	(87)	29.9	29.9
Gain on disposal of MVV land	279	(279)	-	-	-	-	>100.0	-
Forex	45	(45)	-	29	(29)	-	55.2	-
PBIT from continuing operations	**2,758**	**(110)**	**2,648**	**2,084**	**(208)**	**1,876**	**32.3**	**41.2**
PBIT from discontinuing/ discontinued operations	2,060	(2,007)[3]	53	169	(122)[4]	47	>100.0	12.8
PBIT	**4,818**	**(2,117)**	**2,701**	**2,253**	**(330)**	**1,923**	**>100.0**	**40.5**

Adjustments:
1. Fair value gain on financial assets (MES)
2. Impairments and provisions in FY2024; Gain on disposal of properties in FY 2023
3. Net gain on disposal of Ramsay Sime Darby Health ("RSDH")
4. Net gain on disposal of the Weifang port companies and adjustments for impairment and depreciation

FY2024 Financial Results

Reported Profit: Quarter ended 30 June 2024

In RM Million	Q4 FY2024	Q4 FY2023	YoY %
Revenue	**18,793**	**13,286**	41.4
PBIT	**578**	**907**	(36.3)
Finance income	37	23	
Finance costs	(217)	(127)	
Profit before tax	**398**	**803**	(50.4)
Taxation	(253)	(176)	
Profit from continuing operations	**145**	**627**	(76.9)
Non-controlling interests	(44)	(14)	
Perpetual Sukuk	(18)	-	
Net profit from continuing operations	**83**	**613**	(86.5)
Net profit from discontinuing/discontinued operations[1]	**6**	**9**	
Net profit attributable to owners of the Company	**89**	**622**	(85.7)

1. Relates to Healthcare and Logistics

FY2024 Financial Results

Core Profit: Quarter year ended 30 June 2024

In RM Million	Q4 FY2024	Q4 FY2023	YoY %
Reported PBIT from continuing operations	**578**	**907**	(36.3)
Adjustments			
• Gain on disposal of Motors property	-	(179)	
• Fair value gain on financial assets (MES)	(15)	-	
• Motors impairments and provisions	229	-	
• Forex gain on settlement of net investment	(20)	(10)	
Core PBIT from continuing operations	**772**	**718**	7.5
Net finance costs	(180)	(104)	
Taxation[1]	(140)	(146)	
Non-controlling interests	(58)[2]	(14)	
Perpetual Sukuk	(18)	-	
Core Net Profit from continuing operations	**376**	**454**	(17.2)
Core Net Profit/ (loss) from discontinuing/discontinued operations	**6**	**9**	
Core Net Profit	**382**	**463**	(17.5)

Adjustments:

1. Adjusted for tax effects of one-off items, deferred tax adjustment arising from change in New Zealand tax legislation (RM26m), and additional deferred tax provision on unremitted earnings of RM76m in FY2023
2. Adjusted for NCI portion for the one-off items

FY2024 Financial Results

Segmental PBIT: Quarter ended 30 June 2024

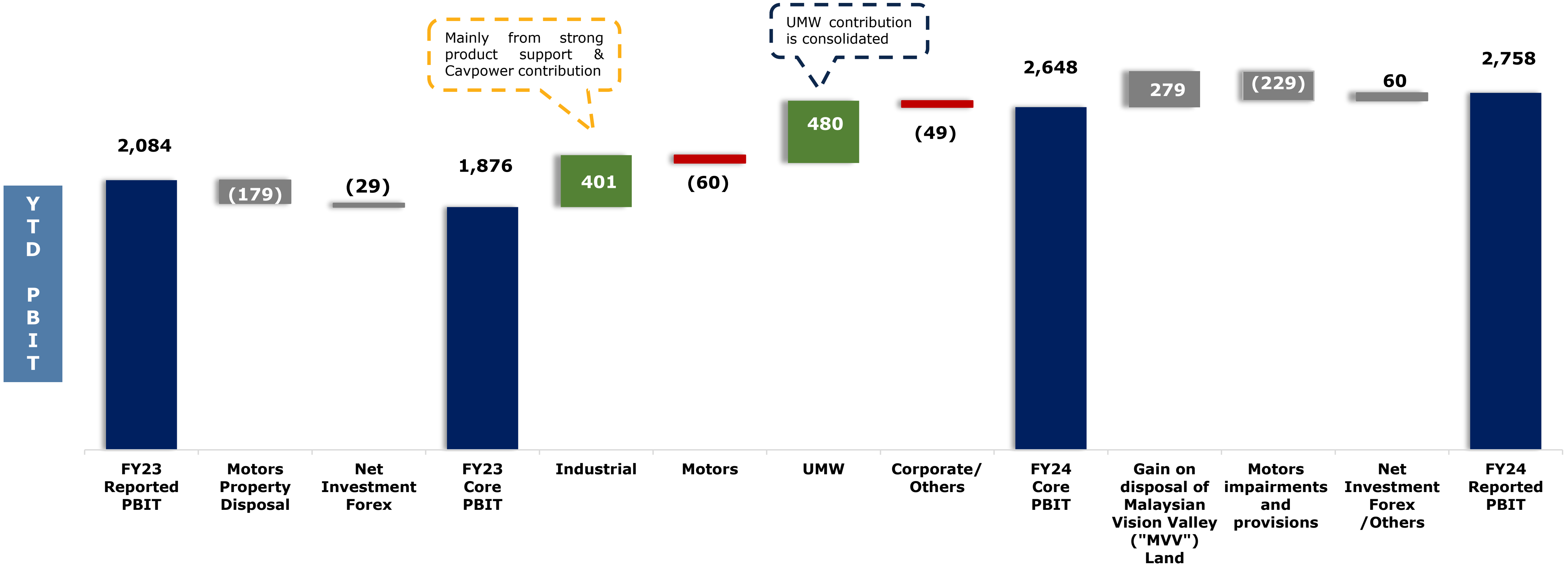
In RM Million	Q4 FY2024			Q4 FY2023			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
Continuing operations								
Industrial	399	(15)[1]	384	375	-	375	6.4	2.4
Motors	9	229[2]	238	555	(179)[2]	376	(98.4)	(36.7)
UMW	171	-	171	-	-	-	-	-
Others	5	-	5	(12)	-	(12)	>100.0	>100.0
Corporate	(26)	-	(26)	(21)	-	(21)	23.8	23.8
Forex	20	(20)	-	10	(10)	-	100.0	-
PBIT from continuing operations	**578**	**194**	**772**	**907**	**(189)**	**718**	**(36.3)**	**7.5**
PBIT from discontinuing/ discontinued operations	14	-	14	9	-	9	55.6	55.6
PBIT	**592**	**194**	**786**	**916**	**(189)**	**727**	**(35.4)**	**8.1**

1. Fair value gain on financial assets (MES)
2. Impairments and provisions in FY2024; Gain on disposal of properties in FY2023

PBIT from continuing operations

YTD Core PBIT from continuing operations was 41.2% higher mainly due to higher profit from Industrial Australasia and profit contribution from UMW.

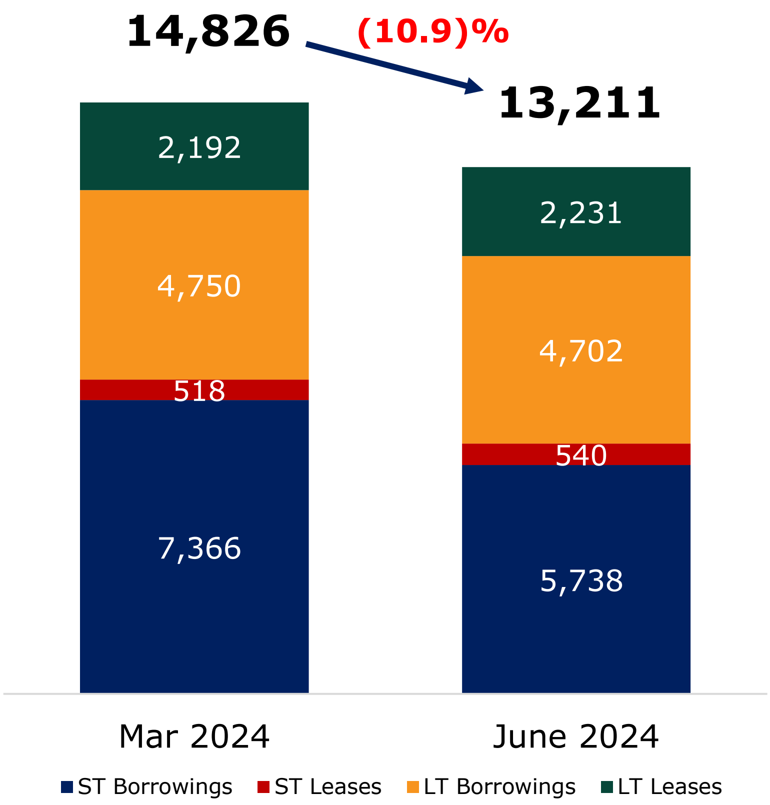
FY2024 vs. FY2023



FY2024 Financial Results

Snapshot of borrowing position as at 30 June 2024

Long Term vs Short Term Debt



Total Debt

RM 13.2bn

As at 30 June 2024

RM23.4bn
Total Equity

0.57x
Debt/Equity Ratio

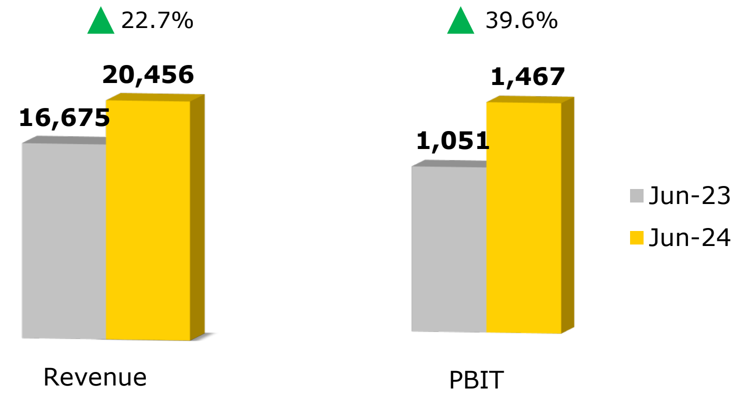
0.45x
Net Gearing

RM2.7bn
Bank balances, deposits and cash

Industrial Division

Industrial Division

Strong performance from the Australasia operations.



In RM Million	FY2023	FY2024
Australasia	12,288	15,824
China	2,649	2,506
Malaysia	972	1,208
Singapore & Others	766	918
Total Revenue	**16,675**	**20,456**
Australasia	910	1,260
China	103	65
Malaysia	1	59
Singapore & Others	37	68
Total Core PBIT	**1,051**	**1,452**
Fair value gain on MES	-	15
Total PBIT	**1,051**	**1,467**
PBIT margin	**6.3%**	**7.2%**
Core PBIT Margin	**6.3%**	**7.1%**
Annualised ROIC	**8.5%**	**9.5%**

Australasia

- The profit increase in Australia was mainly attributed by higher product support and mining equipment revenue.
- Onsite Rental (acquired in April 2023) contributed PBIT of RM188 million and Cavpower Group (acquired in November 2023) contributed PBIT of RM53 million (excluding associates); both after acquisition adjustments.
- New Zealand – PBIT declined to RM3m (FY2023: RM54m) due to the recession resulting in lower equipment sales as well as low margins due to price competition.

China

- Equipment sales were affected by the slowdown in the construction industry.
- However, the impact of the slowdown was partly cushioned by higher parts sales.

Malaysia

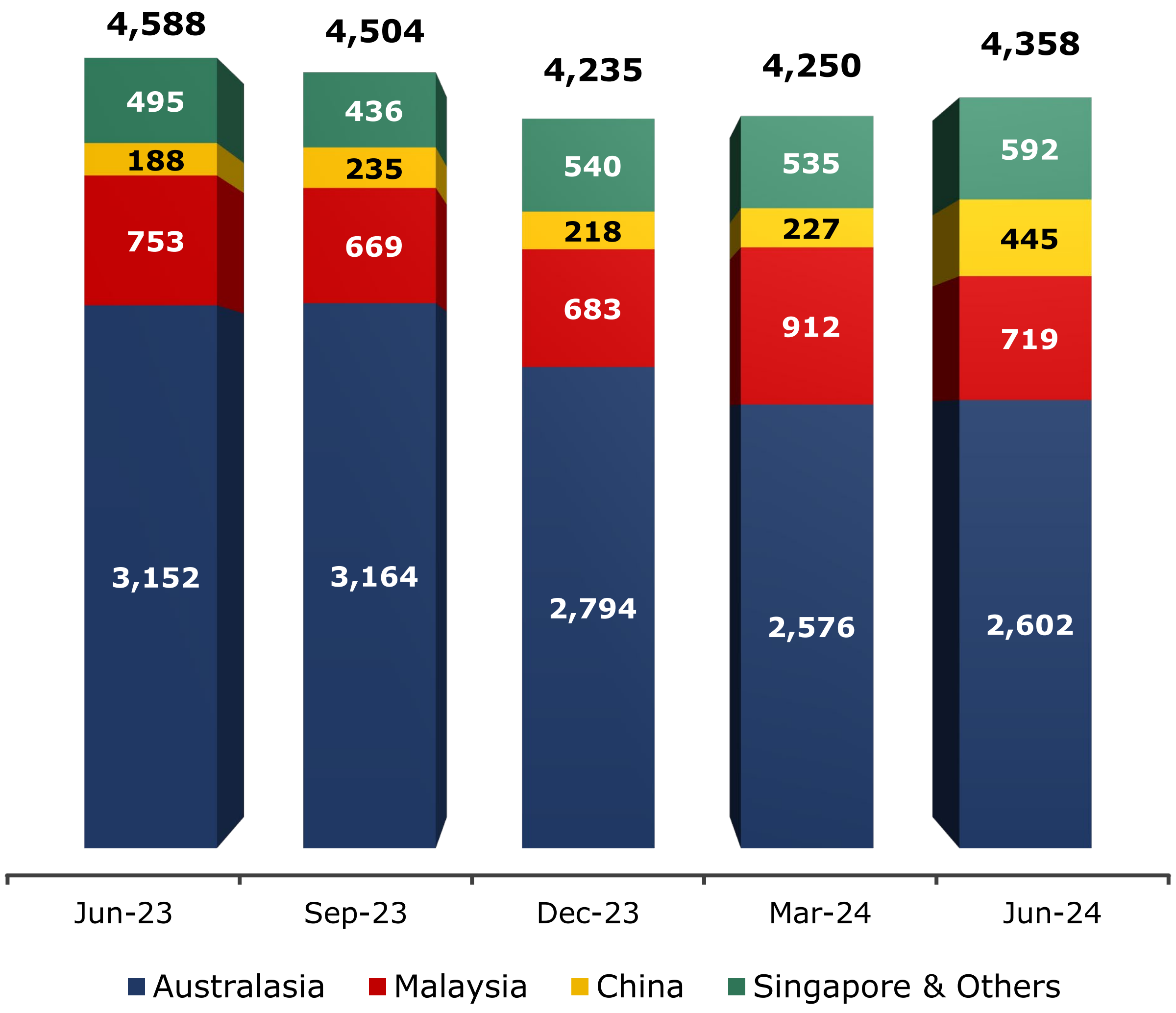
- Profits were driven by improved contribution from equipment and product support for construction activities.
- This was further supported by demand for generators from energy sector and data centres.

Singapore & Others

- Higher profits driven by the product support and engine segments.

Industrial Outlook

Order book remains robust from continued mining demand and growing data centre opportunities.



Note –Order book for Australasia does not include Cavpower

AUSTRALASIA

- A combination of stable met coal demand and slowing global growth sees downward pressure on commodity prices. The mining industry continues to present greater maintenance opportunities while equipment purchases normalises from the peak of prior years.

CHINA

- The China construction market expected to remain challenging due to economic slowdown and high levels of competition; conditions to be assisted by government announcement of additional stimulus measures.
- Growth expected in power system sales driven by the data centre demand.

MALAYSIA

- Ongoing infrastructure projects are expected to support equipment demand but customers in the sector remain cost-conscious.
- The engine segment continues to be supported by growing investments in data centres.

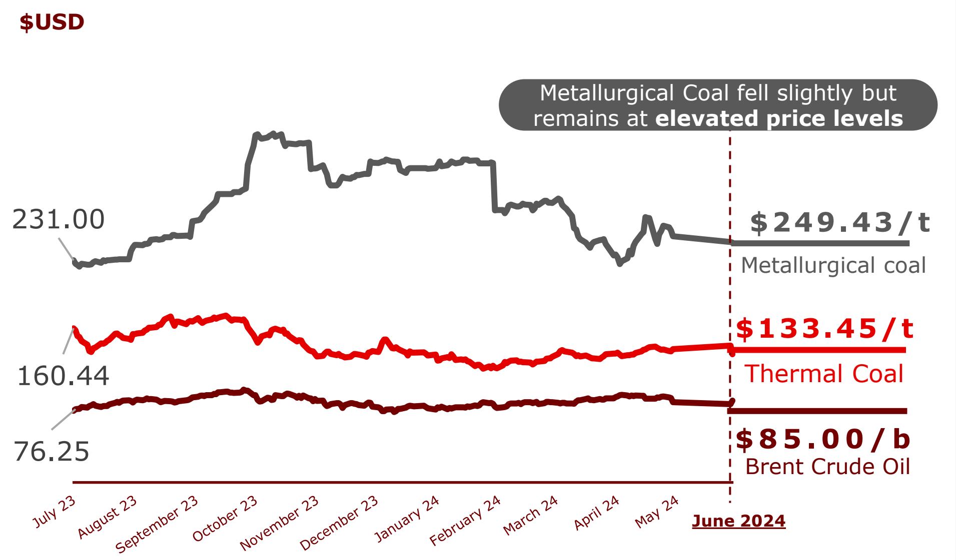
SINGAPORE

- Data centers continue to drive power systems revenue with the marine segment expected to improve from increased oil & gas, and offshore wind activities. Product support activities are expected to increase from marine and oil & gas.
- Construction activities are increasing, but price pressures in the equipment market remains.

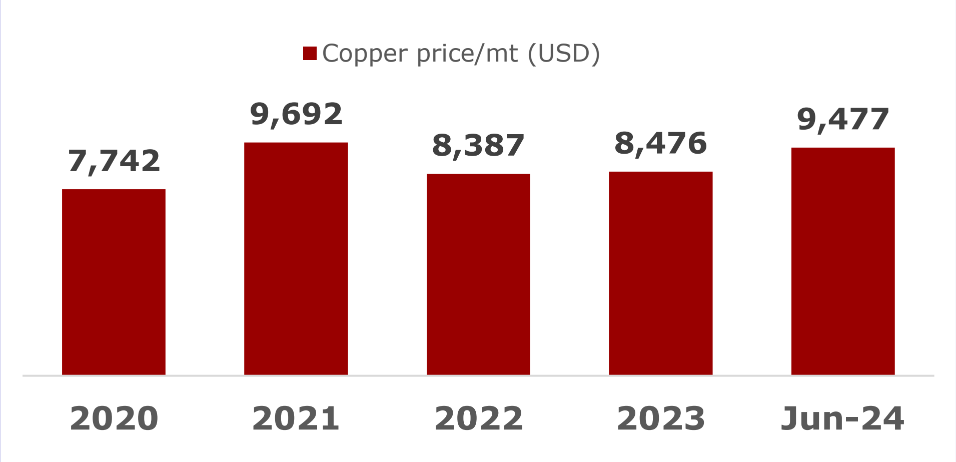
Industrial Division

Strong commodity prices supported our equipment business and there are new growth pathways from the Energy Transition

Robust Commodity Prices



Strong Demand for Copper



- In 2024, Australia's **metallurgical coal** markets have shown **signs of stabilisation** after a period of volatility.
- This was followed by **extreme highs in previous years** due to supply disruptions.
- Seaborne metallurgical coal **import** demand is **expected** to hold steady in 2024 and increase in 2025.

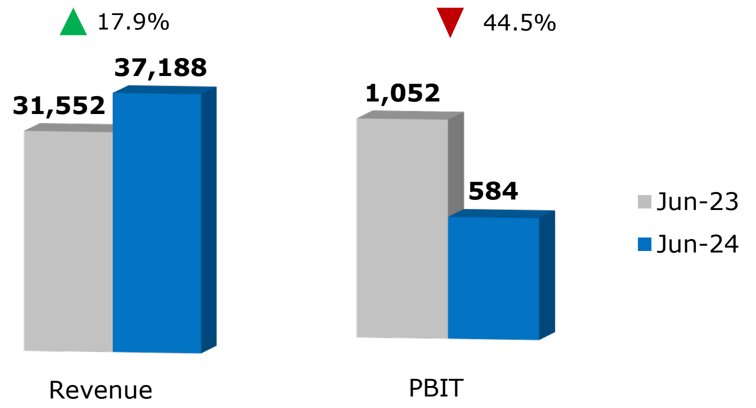
In FY2024, we have benefitted from increased demand from our mining customers

- **Copper** prices have continued to trend **higher** in recent months- **up 14%** since the start of the year.
- The surge in prices reflects strong growth in global demand, due to electrification**.** However, this growth may be **tempered by factors** such as **continued reluctance among Chinese buyers.**

Motors Division

Motors Division

Strong performance from Malaysia and Singapore, partly offset by weaker results from China.



In RM Million	FY2023	FY2024
Malaysia	6,616	8,809
China	14,535	15,064
Australasia	5,574	6,240
Singapore & Others	4,827	7,075
Total Revenue	**31,552**	**37,188**
Malaysia	455	613
China	124	(123)
Australasia	220	183
Singapore & Others	74	140
Total Core PBIT	**873**	**813**
Impairments and provisions	-	(229)
Gain on disposal of property	179	-
Total PBIT	**1,052**	**584**
PBIT margin	**3.3%**	**1.6%**
Core PBIT Margin	**2.8%**	**2.2%**
Annualised ROIC	**10.4%**	**5.4%**

Malaysia

- Higher profits were mainly supported by strong revenue growth, particularly from SD Auto Connexion.
- Higher assembly profit supported by the increase in units assembled.

China

- Mainland China – Aggressive price competition adversely impacted vehicle margins.

Australasia

- New Zealand – Results impacted by the economic downturn.
- Australia - Lower profitability from retail operations due to lower margins.

Singapore & Others

- Singapore – Higher sales of electric vehicles (BYD).

Motors Outlook

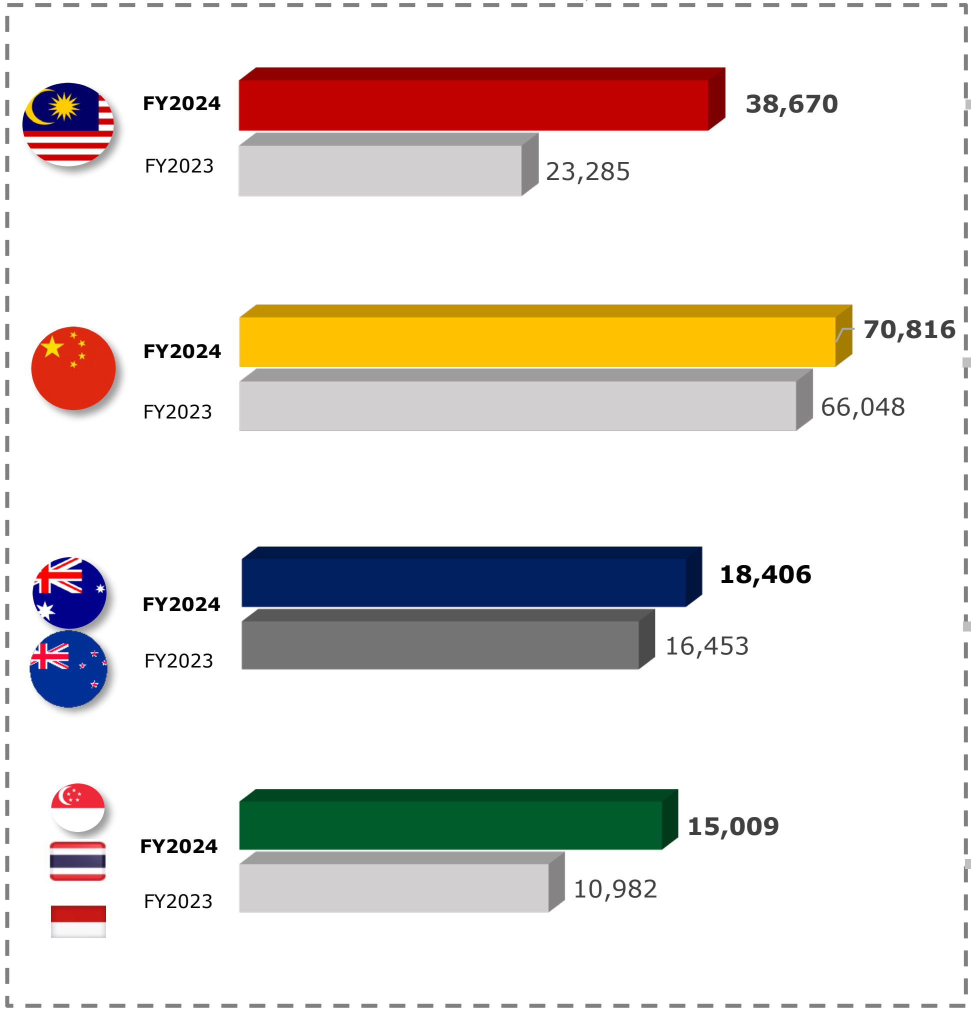
Electric vehicle sales anticipated to benefit from government incentives.

142,901
Units Sold*
(FY2023: 116,768)

52,482
Units Assembled
(FY2023: 32,127)

* Includes cars sold on consignment

Units sold by region



MALAYSIA

- The government tax incentives such as a 2-year extension of the excise duty, sales and import tax exemption for EV components used in locally-assembled (CKD) EVs will continue to support EV adoption.
- Demand for EVs and petrol cars are continued to be supported by the market's low and stable inflation and a steady currency despite the fuel subsidy rationalisation.

CHINA

- Reduced sales targets and production capacity cuts by automakers will reduce overcapacity. However, the price competition is expected to persist as NEV brands strive to capture market share.
- In the long term, Mainland China to experience growth as the government continues to support the transition towards new energy vehicles.

AUSTRALASIA

- The PV segment may face challenges, though some pockets of growth are still expected in EVs and the SUV sub-segment for Australia.
- Growth in CV segment is expected to offset declines in total sales.
- Sales remain to be affected by high interest rates and weak domestic demand.

SINGAPORE & THAILAND

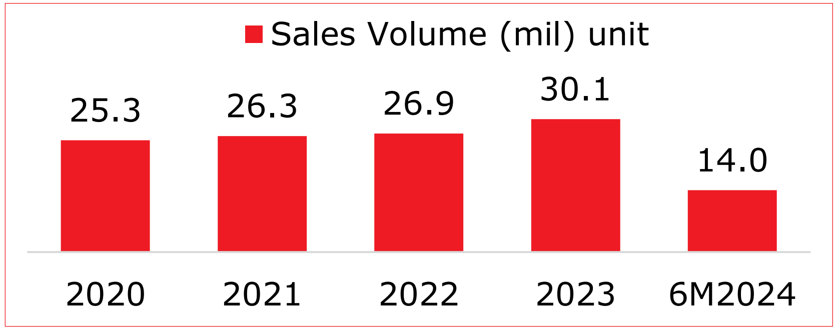
- In Singapore, the Certificate of Entitlement (COE) quota is set to increase for the next quarter (August – October 2024).
- The Singapore's Land Transport Authority announced that the registration of new diesel cars and taxis would be discontinued by 2025.

Motors Division

Vehicle sales continue to grow, but margins are impacted and policy support is underway

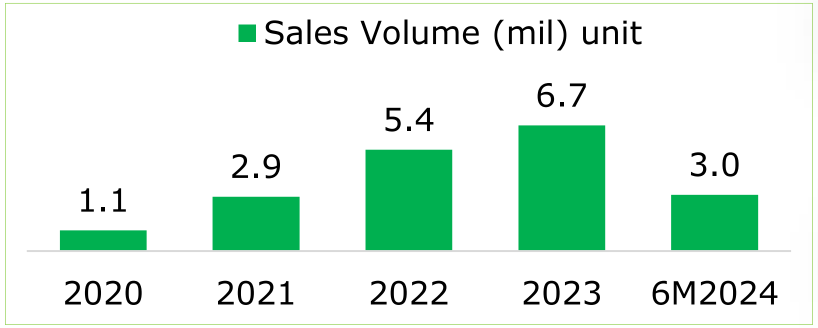
1. Sales continue to improve

China New Vehicle Sales



BEV sales in China

Data from the China Association of Automobile Manufacturers (CAAM)



China car sales are still growing amidst heavy discounting.

BEV and New Energy Vehicles sales continue to grow with BEV sales increasing 11.6%.

2. Government Policy and OEM Support

In FY2024, our Motors China operations were heavily impacted by discounting

Subsidies for Auto Trade-Ins

March 2024

- Under the 'old-for-new' program, **CNY 11.2 bn of subsidies** are allocated **for car** trade-ins in 2024.

Reducing Overcapacity

April 2024

- The state planner -The National Development and Reform Commission (NDRC) has **slowed approvals of new EV production plans** by all automakers.

Car Loan Policy Eased

April 2024

- **Loan limits** on ICE and NEV cars **have been relaxed** from 80-85% to 100%.

BMW China Shifts Course On Discounting

July 2024

- **BMW has reduced sales targets** and will **provide 3% incremental cash subsidy** to dealers for their 2Q 2024 China retail sales of certain models.
- BMW will also **invest RMB 20bn in China** to show **confidence in long term growth.**

Motors Outlook

Exciting new models coming out in the next 12 months

Xpeng X9
Hong Kong/Macau – 2024

Volvo EX30
China – 2024

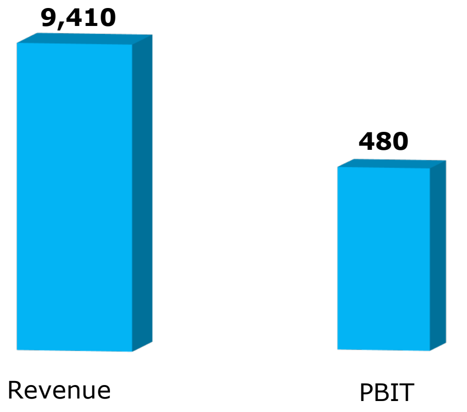
BMW i5 M60
Australia –2024

Volvo XC90
Malaysia – 2025

UMW Division

UMW Division

PBIT largely contributed by its automotive segment.



In RM Million	FY2024
Automotive	8,184
Equipment (continuing)	567
Manufacturing & Engineering	645
Others	14
Total Revenue	**9,410**
Automotive	518
Equipment (continuing)	66
Manufacturing & Engineering	24
Others	(128)
Total PBIT	**480**
PBIT margin	**5.1%**
Annualised ROIC	**9.8%**

Note - no prior year comparatives as consolidated from December 2023 onwards

Automotive

- Sales remained robust in the first half of 2024, with a notable spike from seasonal purchases during the Raya celebration in March 2024.
- Total Industry Volume (TIV) growth remains robust, with the Malaysian Automotive Association (MAA) revising their forecast upwards to 765,000 units for the year. This growth is largely driven by strong sales from Perodua, which continues to dominate the market and significantly contribute to the overall increase in TIV.

Equipment

- The Equipment segment's performance is strong in the first half of the year, predominantly supported by the encouraging demand in Malaysia and Singapore for industrial equipment.

Manufacturing & Engineering

- The auto components sub-segment from Kayaba and Lubricants sub-segment depicted positive performance, supporting the sales in the automotive industry.
- The Aerospace sub-segment is consistent with the production of fan cases for the first six months.

UMW Division

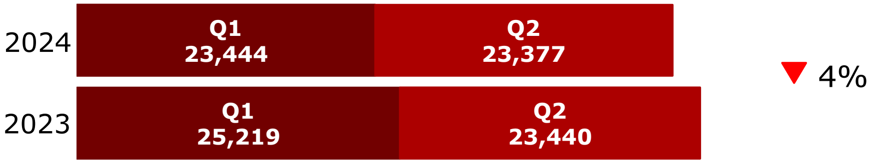
UMW Toyota Motor and Perodua sales & Total Industry Volume

	2019	2020	2021	2022	2023	2024F
TIV	**604,287**	**529,514**	**508,911**	**720,658**	**799,731**	**765,000***

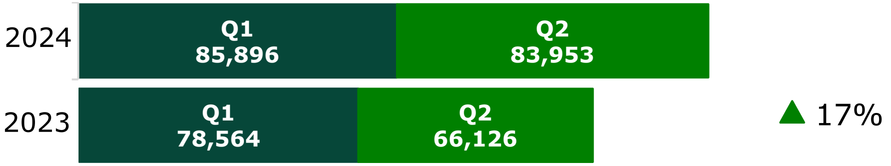
*Revised 2024 sales forecast, from 740,000 units

Quarterly sales

Market leader in the non-National segment



Maintained market leadership since 2006

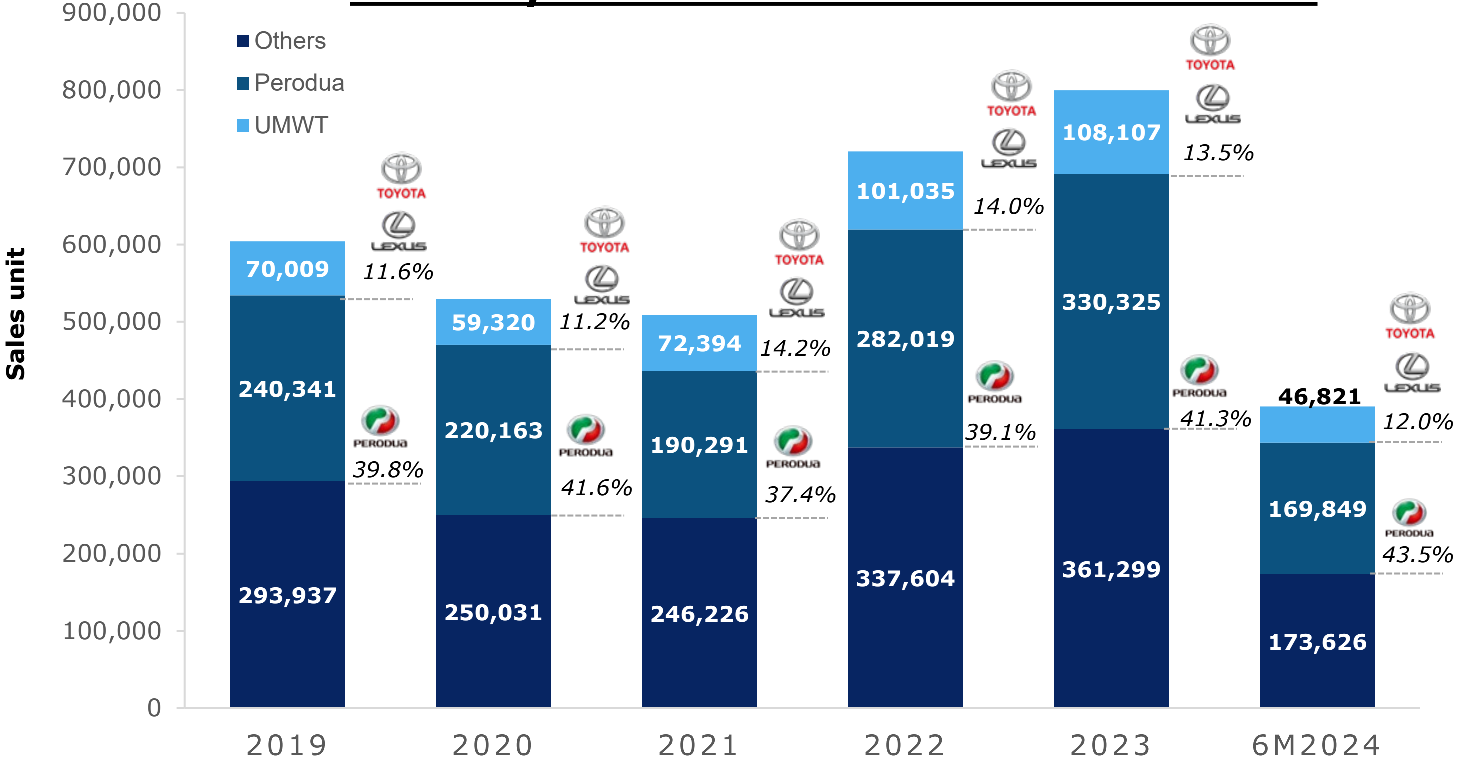


Models launched

9 July 2024
All-New Lexus RZ 450e
from **RM429,888**

23 July 2024
All-New Lexus LBX
from **RM238,888**

UMW Toyota Motor and Perodua market share



MAA

6M2024 sales
390,296 units
▲ 7% Y-o-Y

Thank You

Delivering
Sustainable Futures