



FY2016/2017 Results Announcement

First Quarter ended 30 September 2016

25 November 2016



Developing Sustainable Futures

First Quarter ended 30 September 2016



(RM'mn)

	<u>YOY%</u>	<u>1QFY2017</u>	<u>1QFY2016</u>
REVENUE	↓ 1%	10,099	10,173
PBIT	↑ 11%	673	607
PBT	↑ 36%	629	461
PATAMI	↑ 37%	443	323
BASIC EPS (sen)	↑ 35%	7.0	5.2

1QFY2017 Divisional PBIT



1QFY2017*

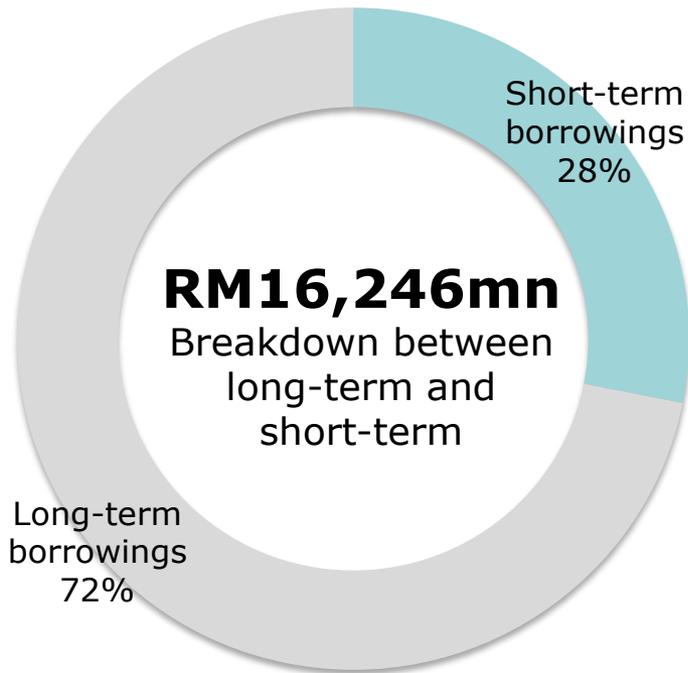
Commentary

Plantation	RM273mn (-10% YoY) 1QFY16: RM302mn	<ul style="list-style-type: none"> • Weaker FFB production of -24% YoY mitigated by higher average CPO price realised of RM2,592/MT (+24% YoY) • Higher profit from the Midstream & Downstream operations (+19% YoY)
Industrial	RM51mn (-19% YoY) 1QFY16: RM63mn	<ul style="list-style-type: none"> • Lower equipment deliveries and product support sales in Malaysia, Singapore and China/HK • Higher profit of RM21mn from the Australasian operations as a result of improvement in the parts and services segment as well as savings from cost reduction initiatives
Motors	RM130mn (+53% YoY) 1QFY16: RM85mn	<ul style="list-style-type: none"> • Higher contribution from Malaysia, Singapore, Thailand, China/HK and NZ • Gain of RM30mn on disposal of an investment property in HK
Property	RM172mn (+69% YoY) 1QFY16: RM102mn	<ul style="list-style-type: none"> • Gain on disposals: <ul style="list-style-type: none"> • Entire equity interest in Sime Darby Property (Alexandra) Pte Ltd (Singapore) of RM131mn to Aster Investment Holding Ltd • 10% equity interest and warrants in Eastern & Oriental Bhd (E&O) of RM35mn
Logistics	RM12mn (-29% YoY) 1QFY16: RM17mn	<ul style="list-style-type: none"> • Higher throughput at Weifang Port following the commencement of operations of the new 3x30,000 MT berths in Aug'16 • Higher water consumption
Others	RM10mn (+67% YoY) 1QFY16: RM6mn	<ul style="list-style-type: none"> • Commendable profit from Ramsay Sime Darby Health Care of RM9mn, +80% YoY

* Excludes corporate expenses

Snapshot of Borrowings Position

As at 30 September 2016
(1QFY16)



44%
Debt/Equity (D/E) ratio

As at 31 October 2016
(Post private placement)

~RM16.0bn
Estimated total borrowings

~41%
D/E ratio

~RM5.7bn
Bank and cash balances

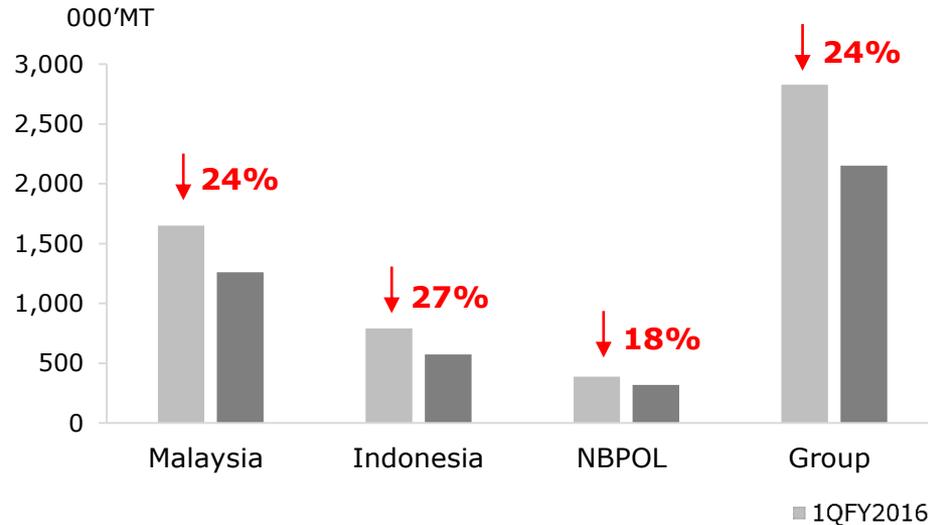
Lower FFB production mitigated by higher average CPO price realised

1QFY2017

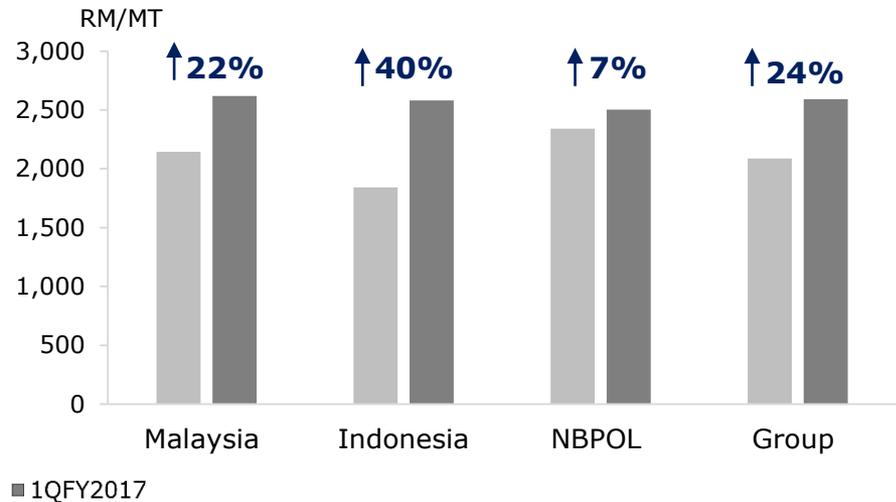
External Revenue	RM2,791mn (+5% YoY) 1QFY16: RM2,660mn
PBIT	RM273mn (-10% YoY) 1QFY16: RM302mn
Upstream & Others	RM235mn, -13% YoY (1QFY16: RM270mn)
	FFB production 2.15mn MT, -24% YoY (1QFY16: 2.83mn MT)
	OER 21.3%, -0.7% points YoY (1QFY16: 22.0%)
	Average CPO price realised RM2,592/MT, +24% YoY (1QFY16: RM2,088/MT)
Midstream & Downstream	RM38mn, +19% YoY (1QFY16: RM32mn)
	<ul style="list-style-type: none"> Higher contribution attributable to an increase in sales volume of specialty products from the overseas operations, higher selling price and lower overhead costs

Operational statistics for three months ended 30 September 2016

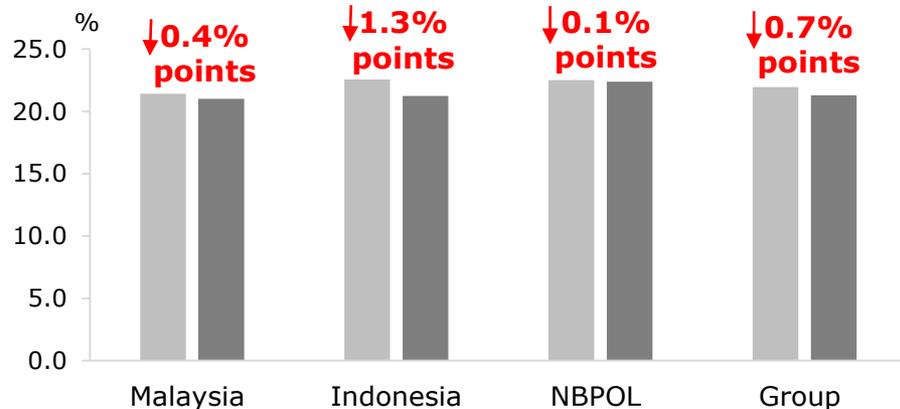
FFB Production (YoY)



Average CPO Price Realised (YoY)



Oil Extraction Rate (YoY)



Downstream Segment

- **Average utilisation rate of 72% in 1QFY17 vs 69% in 1QFY16**
- Jomalina, GH Nhabé, Unimills, Hudson & Knight and New Britain Oil refineries recorded utilisation rate of above 80%

Plantation Division

Lower FFB production due to weather impact and accelerated replanting activities

Sime Darby Plantation Malaysia, -24%



Industry Average, -14%

Jul'16 to Sep'16 (YoY)

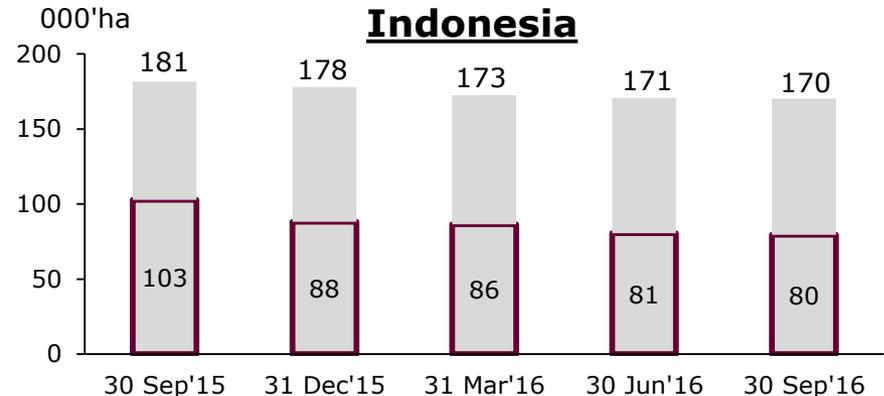
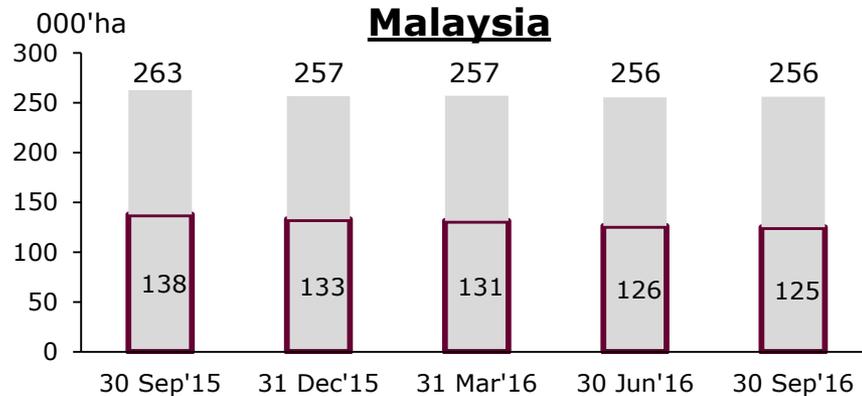
Sime Darby Plantation Indonesia, -27%



Industry Average, -15%

Jul'16 to Sep'16 (YoY)

Mainly attributable to a drop in mature hectareage



■ Prime Age Area (9 to 18 years) ■ Total Mature Hectareage

- The increase in replanting activities in Malaysia and Indonesia have resulted in reduced mature hectareage
- Total replanted area in 1QFY17 was ~8.4k ha, +23% YoY (6.1k ha - Malaysia, 2.0k ha - Indonesia & 0.3k ha - PNG/SI)
- In FY2017, the FFB production may decline due to laggard effect of the Super El Nino. In the long term, the Division is expected to reap positive returns as the estates replanted with higher yielding planting materials come into maturity



CPO price outlook for CY2017

Key CPO price catalysts:

Bullish

- Slower recovery in FFB yield and production volume in CY2017
- Low levels of CPO inventory ahead of low production season
- Indonesia's success in raising biodiesel usage in 2016

Bearish

- High global soybean stocks and supplies

CPO price predictions from global CPO experts at the Malaysian Palm Oil Trade Fair on 13-14 Oct'16

Dorab Mistry ~RM2,200/MT by Dec'16

Thomas Mielke ~RM2,900-3,000/MT in early-2017

Dr. James Fry ~RM2,474-2,560/MT by Dec'16 & ~RM2,200/MT in 1HCY17

MPOB'S CURRENT CPO PRICE: RM2,995/MT

Lower profit due to decline in engine sales

1QFY2017

External Revenue	RM2,164mn (-9% YoY) 1QFY16: RM2,385mn
PBIT	RM51mn (-19% YoY) 1QFY16: RM63mn
Malaysia	RM15mn, 0% YoY (1QFY16: RM15mn) <ul style="list-style-type: none"> • Flattish earnings despite being affected by lower margins as a result of the depreciation of the Ringgit against the US Dollar
South East Asia ex. M'sia	RM-2mn, <-100% YoY (1QFY16: RM31mn) <ul style="list-style-type: none"> • Slowdown and project delays in the marine and shipyard sectors in Singapore • Restructuring cost of RM2mn in Singapore
China/HK	RM17mn, -23% YoY (1QFY16: RM22mn) <ul style="list-style-type: none"> • Lower demand for new equipment and product support sales from the construction and mining sectors • Partially offset by an improvement in the rental business
Australasia	RM21mn, >+100% YoY (1QFY16: RM-5mn) <ul style="list-style-type: none"> • Turnaround due to higher profit from the parts and services segment and improved margins arising from cost savings and manpower efficiency • 1QFY16 included an impairment of an associate of RM11mn

AUSTRALASIA

- Construction of Adani's Carmichael Mine in Galilee Basin to begin in 3QCY2017
- Coal prices are expected to stabilise at new levels
 - ~USD71/MT¹ for thermal coal and ~USD178/MT² for coking coal (2017 Forecast)

MALAYSIA

- Well supported by mega infrastructure projects
- Securing more orders from infrastructure projects in East Malaysia



**Order book of
RM1.45bn as at
30 Sep'16**



CHINA

- Stronger growth momentum in construction contracts from 'One Belt One Road' and China's urbanization policy
- To capitalise on higher demand for rental and used equipment

SINGAPORE

- Weaker demand for jack-up drilling rig orders and offshore support vessels in the offshore oil & gas sector mainly due to low vessel charter rates and utilisation rates

¹ Source: Deutsche Bank Research as at 17 Nov'16

² Source: ANZ Research as at 15 Nov'16

Improvement in Malaysia, China/HK and NZ

1QFY2017

External Revenue	RM4,629mn (+5% YoY) 1QFY16: RM4,411mn
PBIT	RM130mn (+53% YoY) 1QFY16: RM85mn
Malaysia	RM20mn, >+100% YoY (1QFY16: RM7mn) <ul style="list-style-type: none"> Improved profit from the mass vehicle segment and the car rental business
South East Asia ex. M'sia	RM32mn, 0% YoY (1QFY16: RM32mn) <ul style="list-style-type: none"> Better performance in Singapore and Thailand driven by the luxury market segment Vietnam was impacted by the changes to the new Special Consumption Tax
China/HK/Macau/Taiwan	RM56mn, +93% YoY (1QFY16: RM29mn) <ul style="list-style-type: none"> Improvement in sales of the super luxury segment Gain of RM30mn on disposal of an investment property in HK
Australia/NZ	RM22mn, +29% YoY (1QFY16: RM17mn) <ul style="list-style-type: none"> Higher profit from the Commercial Vehicle operations in NZ despite a weaker contribution from the luxury segment in Australia

Key highlights in 1QFY17 and outlook in FY2017

Units Sold in 1QFY17

20,213
+5% YoY

Driven by higher number of units sold in Singapore, Thailand, Vietnam, China, and Taiwan

Upcoming New Launches in 2QFY17

Hyundai Ioniq Hybrid



MINI Cooper Seven Edition



BMW 1-Series Sedan

Outlook In Key Markets



Oct'16 TIV fell 14% MoM and a slower growth is expected due to stringent hire purchase loan approvals and cautious consumer sentiment



Certificates of Entitlement contraction for the second consecutive quarter (Nov'16–Jan'17)



Record low interest rates of 1.5%, recently announced tax cuts and increased sales promotions are expected to boost the business environment



Competitive landscape, slowdown in economy & anti-corruption measures affecting the luxury & super luxury markets



Slow recovery underpinned by government stimulus measures



Higher imported car taxes leading to a slowing in growth in the luxury car segment

Higher profit due to gain on disposals

1QFY2017

External Revenue	RM434mn (-31% YoY) 1QFY16: RM632mn
PBIT	RM172mn (+69% YoY) 1QFY16: RM102mn
Property Development	<div style="border: 1px solid black; padding: 5px; text-align: center;"> RM26mn, -74% YoY (1QFY16: RM100mn) </div> <ul style="list-style-type: none"> Included a gain on disposal of 10% equity interest and warrants in E&O of RM35mn. Excluding this gain, the Property Development segment recorded a loss of RM9mn attributable to lower completion progress and deferment of launches in several townships in Selangor and Negeri Sembilan.
Property Investment	<div style="border: 1px solid black; padding: 5px; text-align: center;"> RM146mn, >+100% YoY (1QFY16: RM2mn) </div> <ul style="list-style-type: none"> Attributable to a gain on disposal of 100% equity interest in Sime Darby Property (Alexandra) Pte. Ltd. in Singapore of RM131mn to Aster Investment Holding Pte. Ltd.

1QFY17 Highlights

RM436mn

Gross Sales Value (GSV)
as at 30 Sep'16
(vs RM150mn as at 30 Sep'15)

435 units

Total Units Sold
+51% YoY

RM1.2bn

Unbilled Sales
as at 30 Sep'16

36%

Take-up Rate
for the launches in 1QFY17

Upcoming Launches in 2QFY17



**Phase EV4a,
Elmina West**
Est. launch in Nov'16
129 units
Est. GDV of RM100mn



**Phase BR17b RSKU,
Bandar Bukit Raja**
Est. launch in Nov'16
570 units
Est. GDV of RM146mn



**Phase R07A,
Bandar Bukit Raja 2&3**
Est. launch in Nov'16
230 units
Est. GDV of RM151mn

Outlook in FY2017

- 3QCY16 Consumer Confidence of 73.6 points vs 2QCY16 of 78.5 points
- Expected weak property market throughout 2017
- The Division will be launching more affordable homes given that the demand for this segment remains strong

Phase 1 of the Battersea Power Station Development Project - Circus West

Circus West Apartments



Project Name	No. of units	Handover Date
Bessborough (A)	88	Jan'17
Scott (B)	102	Jan'17
Ambrose (C)	83	Mar'17
Dawson (D)	132	Apr'17
Pearce (E)	126	Apr'17
Fladgate (F)	164	Jun'17
Halliday (G)	58	Jun'17
Faraday (H)	23	Jan'17
Faraday (I, J)	45	Feb'17
Faraday (K, L)	45	Apr'17

862 units sold

99% take-up rate as at 30 Oct'16

£771mn

GSV as at 30 Oct'16

Note:

- ① Temporary jetty
- ② Actual jetty location

FY2017

Full recognition of Phase 1's profit

By Jun'17

Expected full completion

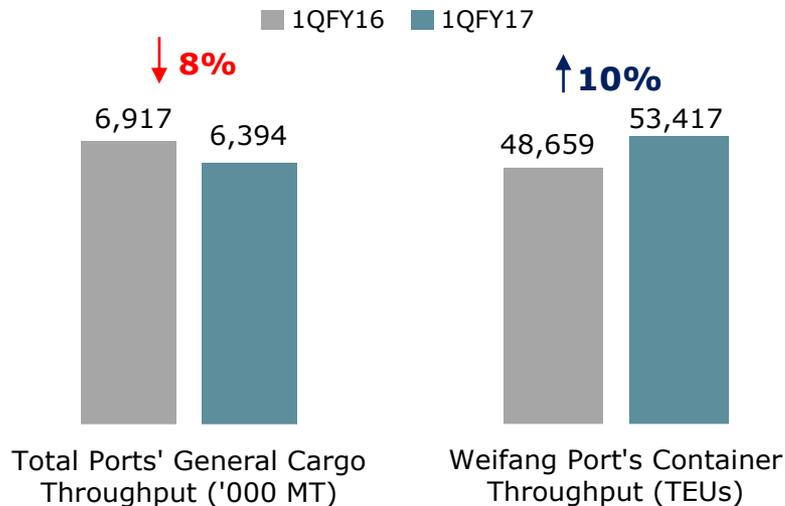
Earnings affected by lower average tariff rates for the ports operations

1QFY2017

External Revenue	RM70mn (-1% YoY) 1QFY16: RM71mn
PBIT	RM12mn (-29% YoY) 1QFY16: RM17mn
Weifang and Jining Ports	<p style="text-align: center;">RM6mn, -50% YoY (1QFY16: RM12mn)</p> <ul style="list-style-type: none"> • Higher throughput at Weifang Port on the back of increasing container business as well as the commencement of operations for the 3X30,000 MT berths beginning Aug'16 • Lower throughputs at Jining Ports as a result of tighter environmental controls and also increased competition from neighbouring ports
Weifang Water Management	<p style="text-align: center;">RM6mn, +20% YoY (1QFY16: RM5mn)</p> <ul style="list-style-type: none"> • Higher water consumption at 10.4mn m³ compared to 9.6mn m³ in 1QFY16

1QFY17 Highlights and Weifang Port Development Update

Breakdown of Total Ports' Throughput



- Lower general cargo throughputs at Jining Port and Taiping Port by -20% YoY and -27% YoY, respectively due to an economic downturn in China
- Near-term outlook remains challenging attributable to:
 - China's economic slowdown
 - Cheaper cost of alternate modes of transportation which will impact Weifang Port's throughput volume

Expansion Plan On-Track



- Ships are now allowed to moor at the newly completed 3x30,000 DWT multipurpose terminal and 3x30,000 DWT dry bulk terminal
- 2x50,000 DWT liquid terminal and tank facilities are at 90% completion
- The Division has completed the dredging of 35,000 DWT sea channel class in Sep'16 and obtained the necessary trial run permit in Oct'16

Other Businesses



Recorded higher profit from Ramsay Sime Darby Health Care

1QFY2017

External Revenue	RM9mn (-25% YoY) 1QFY16: RM12mn
PBIT	RM10mn (+67% YoY) 1QFY16: RM6mn
Tesco M'sia Sdn Bhd	RM-1mn, +80% YoY (1QFY16: RM-5mn) <ul style="list-style-type: none"> • Lower share of loss of RM1mn
Insurance Broking	RM2mn, -67% YoY (1QFY16: RM6mn) <ul style="list-style-type: none"> • Lower contribution due to cautious consumer sentiment in Malaysia and Singapore
Ramsay Sime Darby Health Care	RM9mn, +80% YoY (1QFY16: RM5mn) <ul style="list-style-type: none"> • Attributable to higher patient days in Subang Jaya Medical Centre, ParkCity Medical Centre and Ramsay Health Care Indonesia coupled with better cost management

FY2016/2017 Headline Key Performance Indicator (KPI) Targets

RM2.2bn

NET EARNINGS TARGET

6.4%

**RETURN ON AVERAGE
SHAREHOLDERS' EQUITY
TARGET**

Key Parameters

- ❑ Average CPO price of RM2,650/MT
- ❑ Subdued demand for engines from the oil & gas, marine and shipyard sectors
- ❑ Weaker Ringgit Malaysia resulting in higher cost of imported inputs
- ❑ Strict lending policies and cautious consumer sentiment

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SIME DARBY INVESTOR RELATIONS

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Appendix: Breakdown of External Revenue



In RM'mn	1QFY2017	1QFY2016	%
Plantation			
Upstream & Others	1,117	1,232	-9%
Midstream & Downstream	1,674	1,428	17%
	2,791	2,660	5%
Industrial			
Malaysia	322	254	27%
SE Asia ex Malaysia	129	269	-52%
China/HK	486	543	-11%
Australasia	1,227	1,319	-7%
	2,164	2,385	-9%
Motors			
Malaysia	721	747	-4%
SE Asia ex Malaysia	1,206	1,013	19%
China/HK	1,888	1,822	4%
Australasia/NZ	814	829	-2%
	4,629	4,411	5%
Property			
Property Development	394	575	-32%
Property Investment	40	57	-30%
	434	632	-31%
Logistics			
Ports	55	57	-4%
Water	15	14	7%
	70	71	-1%
Others	9	12	-25%
Elimination/Corporate expense	2	2	
TOTAL	10,099	10,173	-1%

Appendix: Plantation Operational Statistics



	MALAYSIA		INDONESIA		PNG	LIBERIA	TOTAL	
	1QFY17	1QFY16	1QFY17	1QFY16	1QFY17	1QFY17	1QFY17	1QFY16
FFB Production (mn MT)	1.26	1.65	0.57	0.79	0.32	0.00	2.15	2.83
FFB yield per mature ha (MT/ha)	4.88	6.24	3.35	4.31	4.25	0.83	4.24	5.42
CPO Production (mn MT)	0.28	0.37	0.15	0.22	0.09	681	0.52	0.71
PK Production (mn MT)	0.07	0.09	0.03	0.05	0.02	-	0.12	0.17
CPO Extraction Rate (%)	21.01	21.41	21.25	22.56	22.39	20.21	21.3	22.00
PK Extraction Rate (%)	4.94	5.16	4.47	4.64	5.74	-	4.93	5.11
Average CPO selling price (RM)	2,618	2,145	2,582	1,842	2,503	1,924	2,592	2,088
Average PK selling price (RM)	2,555	1,353	1,940	994	-	-	2,442	1,262

Plantation Landbank as at 30 September 2016

As at 30/09/16	Malaysia	Indonesia	Liberia	PNG	Solomon Islands	Group
Total Land bank (ha)	348,364	283,591	220,000	128,617	8,304	988,876
Total Oil Palm Planted Area (ha)	305,024	203,289	10,411	77,398	6,764	602,886
Total Rubber Planted Area (ha)	10,517	715	107	-	-	11,339