



# SIME DARBY BERHAD

Investor Presentation (KL Non-Deal Road Show)

September 2018



Developing  
Sustainable Futures

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# Company overview

# Sime Darby Berhad: Latest Developments (1/2)



## FY18 results

- Sime Darby Berhad reported a strong set of numbers for FY2018
- **Revenue** – RM33.8bn | **PBIT** – RM1,074m | **Net Profit** – RM618m | **Core net profit** – RM835m (36% increase YoY)
- Largely attributed to mining recovery in Aus & increased infrastructure spend in China
- Motors was impacted by the losses from the exit of the BMW business in Vietnam (RM199m)
- Order book increase of 94% from RM1.4bn to RM2.7bn due to Australia mining

## Monetisation of non-core assets

- **Weifang Water:** Completion targeted for Sept 2018 for sale price of RM275m (vs. book value RM201m)
- **Ports:** Sale process underway
- **Review of non-core and non-strategic businesses** within Motors and Industrial completed. Management to work on rationalisation.

## BMW Engine Assembly

- In May 2018, SDB officiated the opening of new BMW engine assembly facility in Kulim, Kedah
- Plant produces **~10,000 engines** a year and increases the **local content** of our cars, making them more cost competitive
- Plant is the **second BMW engine plant in the region** after Thailand.
- Assembly is a key component in our strategy - looking to assemble more marques

## Changing political landscape in Malaysia

- New government under Dr M came into power following the 9 May elections. Impact as follows:
  - Tax: Removal of GST **drove motor sales** during the tax holiday. SST began on 1 Sept; CKD BMW prices have been **lower due to tax structure**, but prices expected to normalize
  - Review of infra projects: Expected delay/cancellation of large projects (ECRL, HSR) may lead to **lower equipment sales**
- Dr Mahathir's visit to China received mixed reviews and ECRL was postponed following the visit. However, Beijing has reaffirmed friendly ties with Malaysia



**Impact of US-China Trade War**  
 Key market – 40% revenues originate from China.  
 Hence, we are monitoring this closely.

	Motors	Industrial
<b>Direct Impact</b>	<ul style="list-style-type: none"> <li>• <b>75% of BMWs sold in China are manufactured locally</b>, hence, impact minimised.</li> <li>• Bestselling models in China: 3 series, 5 series, 7 series and X5, which <b>represent 50% of sales</b>. Of these, only BMW X5 is a CBU product from the US and may be affected in terms of supply (11% of sales).</li> </ul>	<ul style="list-style-type: none"> <li>• Our CAT equipment are sourced from China, Indonesia, India, Thailand, Brazil, UK.</li> <li>• For Sime, <b>~95% of machine sales are from factories in China</b>. Hence, minimal impact.</li> <li>• Some parts are from US, but if China imposes tariffs on them, CAT will be able to source these parts from Korea or Japan.</li> </ul>
<b>Indirect Impact</b>	<ul style="list-style-type: none"> <li>• <i>Delayed purchases</i>: BMW cars are “nice to have” but not “must have” products, hence, customers may hold back purchases <b>if consumer sentiment is weak</b>.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Negative sentiments</i>: So far, China team has <b>not seen negative sentiment for CAT products</b> as they are still preferred by customers for being best in class.</li> <li>• <i>Infra spending</i>: Understand that China plans to put <b>more money into infrastructure projects</b> to help soften the blow to the economy from the China-US trade war. This could spur equipment sales.</li> </ul>

# Sime Darby Berhad



■ Leading trading company in APAC with strong partnerships with premium brands



**#2** BMW dealer globally



**#3** Caterpillar dealer globally



**4** ports in China



**6** hospitals in Malaysia & Indonesia

● Motors ● Industrial ● Logistics ● Healthcare



## FY18 Financial Snapshot



**Revenue**  
RM33,828m



**PBIT**  
RM1,074m



**EBITDA**  
RM1,738m



**PATAMI**  
RM618m



**Total Assets**  
RM24,857m



**Shareholders' Funds**  
RM14,370m

**18** Countries & Territories<sup>(1)</sup>

**20,266** Employees<sup>(2)</sup>

(1) Geographical footprint defined as locations in which Sime Darby Berhad has assets or employees, and includes JV's operations (i.e. Ramsay Sime Darby Health Care operates in Indonesia); (2) As at 31 May 2018. Excludes employees of Ramsay Sime Darby Healthcare;

# Business Overview



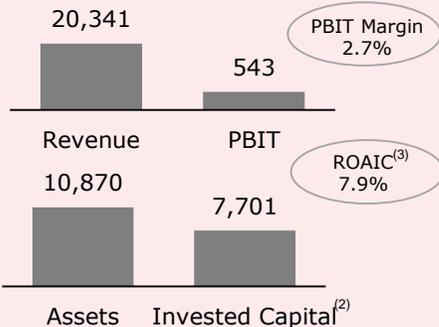
■ Diversified trading and logistics company; valuable healthcare component

## Motors



- Retail, distribution and assembly businesses
- Presence in 10 countries & territories across APAC, over 40 years experience
- Represents 31 brands, ranging from luxury brands (e.g. BMW, Porsche, Rolls Royce) to mass market brands (e.g. Ford, Hyundai), as well as trucking names (e.g. Hino and Mack)
- BMW dealer since 1972 and is the second largest BMW dealer group globally

(FY18; RM m)

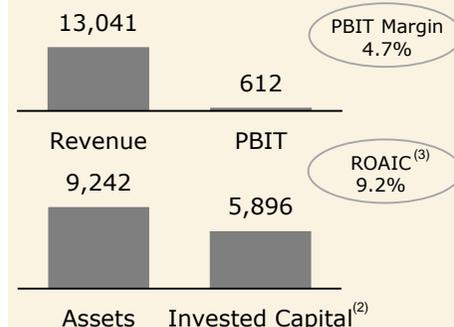


## Industrial



- Comprehensive range of equipment and services i.e. new and used machine and engine sales, rental and full range of product support services
- Network of more than 109 branches throughout APAC
- Balanced sectoral exposure in mining, construction, forestry, marine and energy
- Also provides comprehensive range of industrial solutions via Allied Brands and Energy Solutions
- CAT dealer since 1929 and is the third largest CAT dealer globally

(FY18; RM m)

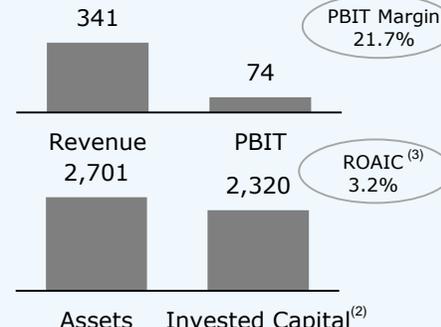


## Logistics



- Ports & Logistics and Water Management in Shandong, Eastern China
- Entered Shandong in 2005 and is currently the largest multi-purpose port in Yellow Delta River, Shandong
- Weifang Port – dry bulk, break bulk, liquid bulk, general cargo & container
- Jining Ports (3 ports) – Stevedoring & storage services for coal & coal related products
- Water treatment plants (2 plants) – supplies clean water to residential, commercial and industrial users in the BEDA area<sup>(1)</sup> [pending disposal]

(FY18; RM m)

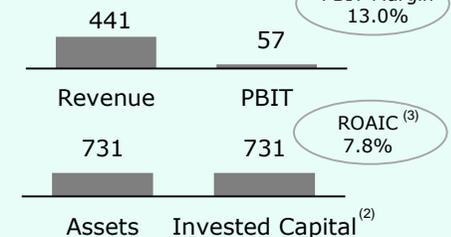


## Healthcare



- 50:50 JV with Ramsay Healthcare for the management of hospitals and provision of healthcare services

(FY18; RM m)



## Others



- 12% stake in Eastern & Oriental
- Owns c.8,800 acres of land in the Malaysia Vision Valley region and 4 corporate towers in Ara Damansara
- 30% stake in Tesco Malaysia
- Provision of shared services to all Sime Darby pure plays
- Insurance broking services in Malaysia, Singapore and Hong Kong
- Holder of SIME DARBY trademarks

Notes: (1) BEDA - Binhai Economic-Technological Development Area (2) Invested capital is total assets (excluding tax assets and intercompany balances) less operating liabilities (i.e. all liabilities except borrowings, intercompany balances, leases and tax liabilities) (3) ROAIC is PBIT divided by average invested capital

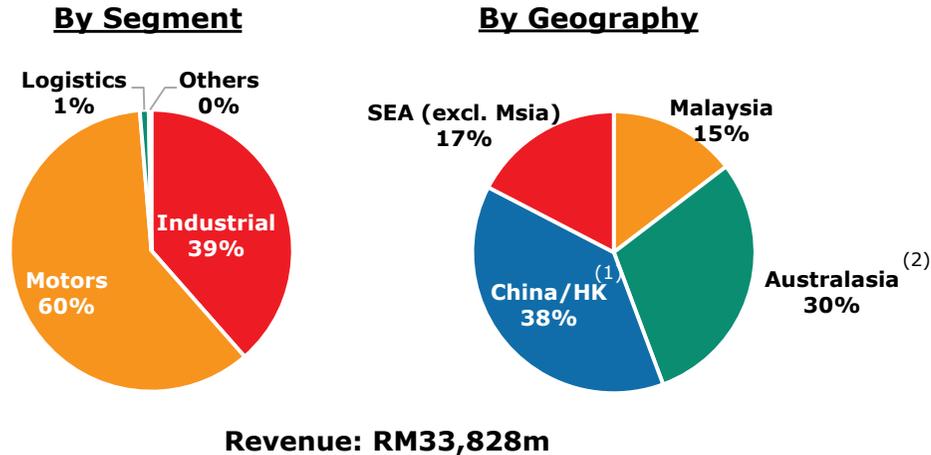
# FY2018: Segmental Information



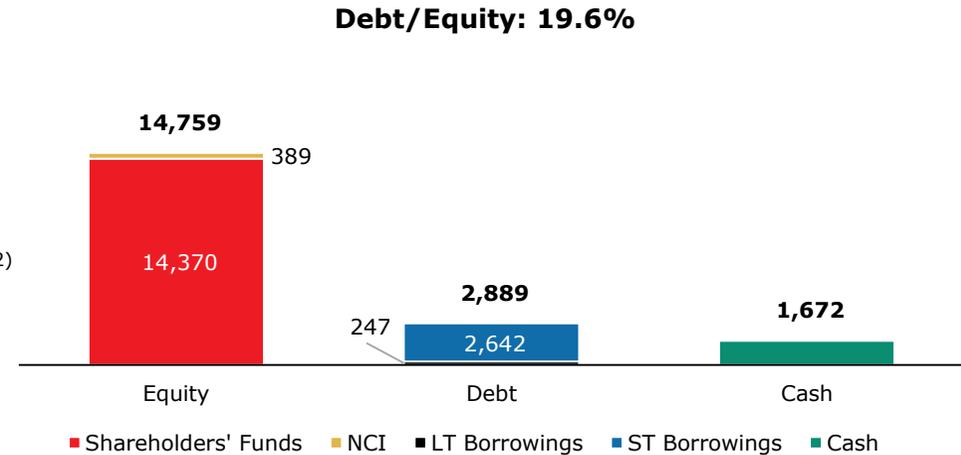
■ Diversified exposure across segments and geographies, low gearing for expansion

(FYE June 2018; RM mm)

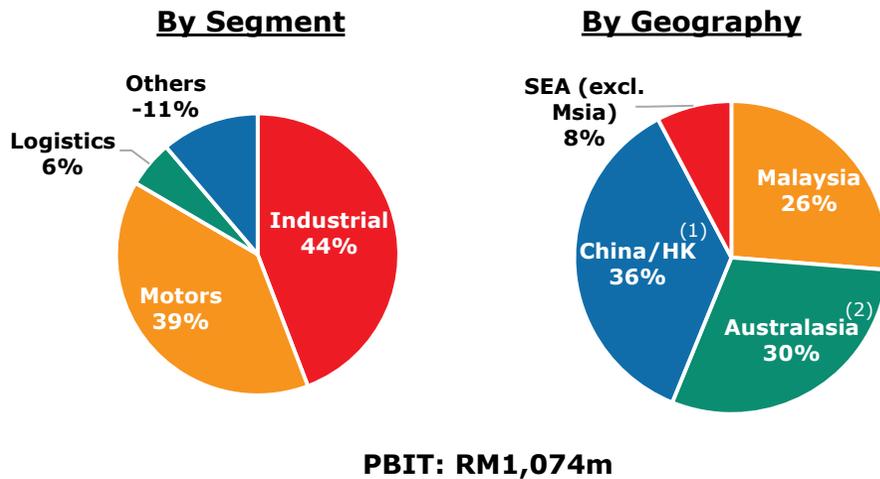
## Total Revenue



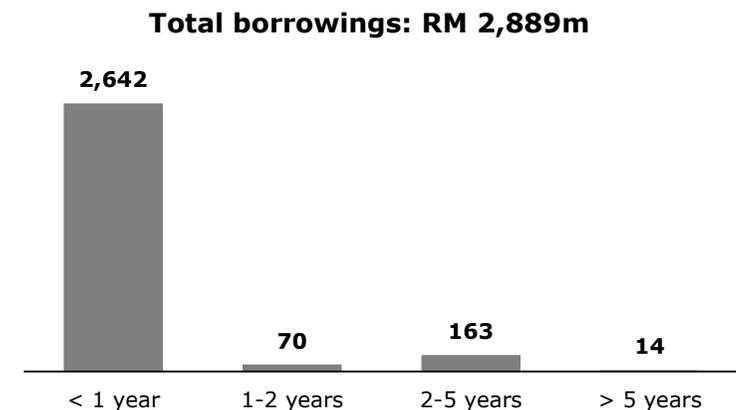
## Capital Structure



## Total PBIT



## Total Borrowings (By maturity)



Notes:

(1) China consists of China, Hong Kong, Macau & Taiwan; (2) Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea & Solomon Islands

# FY2018 Financial Results



■ Reported Profit: 12 Months ended 30 June 2018

In RM Million	FY2018	FY2017	YoY %
<b>Revenue</b>	<b>33,828</b>	<b>31,087</b>	<b>8.8</b>
<b>PBIT</b>	<b>1,074</b>	<b>784</b>	<b>37.0</b>
Finance income <sup>1</sup>	104	512	
Finance costs	(113)	(289)	
<b>Profit before tax</b>	<b>1,065</b>	<b>1,007</b>	<b>5.8</b>
Taxation	(380)	(212)	
<b>Profit from continuing operations</b>	<b>685</b>	<b>795</b>	<b>(13.8)</b>
Non-controlling interests & Perpetual	(67)	(180)	
<b>Net profit from continuing operations</b>	<b>618</b>	<b>615</b>	<b>0.5</b>
<b>Net profit from discontinued operations (Plantation &amp; Property)</b>	<b>1,301</b>	<b>1,823</b>	
<b>Net profit attributable to owners of the Company</b>	<b>1,919</b>	<b>2,438</b>	

Notes:

1. Includes finance income from discontinued operations of RM48m (FY2018) and RM465m (FY2017)

# FY2018 Financial Results



■ Core Net Profit: 12 Months ended 30 June 2018

In RM Million	FY2018	FY2017	YoY %
<b>Reported PBIT</b>	<b>1,074</b>	<b>784</b>	<b>37.0</b>
<b>Adjustments</b>			
• Disposal of/compensation from properties	(238)	(30)	
• Bucyrus impairment	-	257	
• Motors Vietnam	199 <sup>1</sup>	66	
• Impairment of equity in E&O	103	-	
• Disposal of E&O shares/warrants	-	(35)	
• Yayasan Sime Darby – deconsolidated in Q3	85 <sup>2</sup>	27	
• ONGC Provision	28	-	
• Net corporate forex gain	(23)	(120)	
<b>Core PBIT</b>	<b>1,228</b>	<b>949</b>	<b>29.4</b>
Net finance costs	(56)	(137)	
Tax expense	(282)	(140)	
Non controlling interests	(55)	(59)	
<b>Core Net Profit</b>	<b>835</b>	<b>613</b>	<b>36.2</b>

Notes:

1. Includes impairment of distribution rights (RM61m) and write-down of inventories (RM89m)

2. Includes writedown of assets (RM61m), expenses (RM37m) and reversal of accruals (RM13m)

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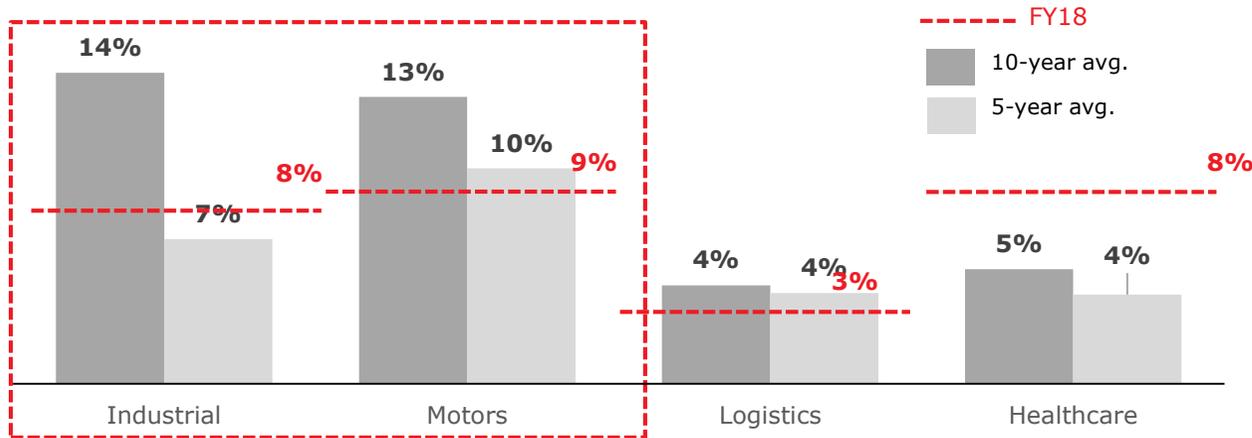
# Segmental Financials



■ Core businesses of Motors and Industrial provide good ROAIC

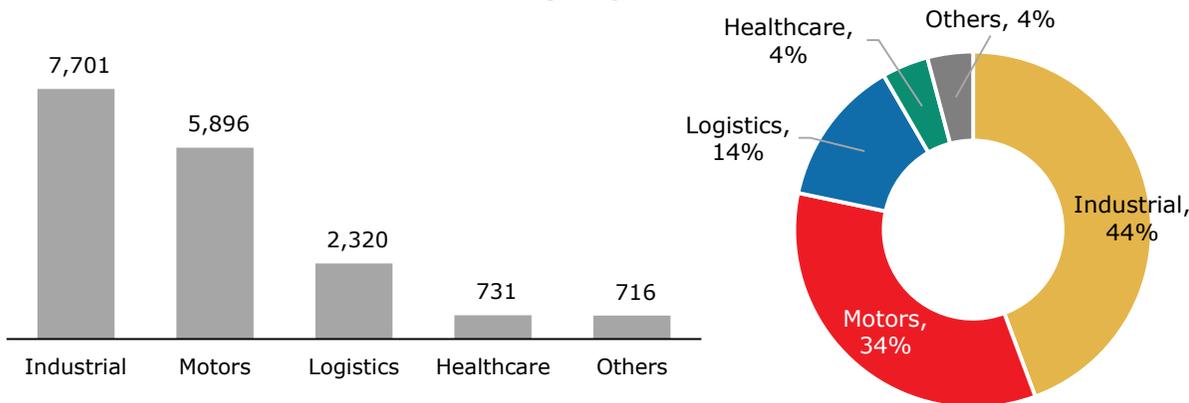
## Historical ROAIC (FY18 ROAIC vs 10-year and 5-year average)

### By Segment



## Invested Capital as at 30 June 2018

### By Segment



Total Invested Capital: RM 17,364m

- **Core businesses:** Motors and Industrial core businesses provide the highest ROAIC for Sime Darby Berhad, historically
- Healthcare's ROAIC has improved due to better performance from the Malaysian operations
- Logistics' ROAIC is significantly lower due to its asset-heavy capital structure

# Value Creation Plan

■ Strategic Plans to Deliver Returns and Growth



## To be the leading Motors & Industrial multi-national in Asia Pacific

### OPERATIONAL EXCELLENCE

- **Optimise cost structure** via operational excellence
- **Strengthen resilience** to down cycles
- **Turnaround** of poor performing businesses

### ACCELERATING GROWTH

- Leverage on **mining recovery, infra spend, new model launches**
- **New markets and new brands** via M&A
- **Expand adjacencies** (assembly, asset management)
- **Digital** as key enabler

### RATIONALISING NON-CORE BUSINESSES

- **Re-deploy capital** towards our core businesses and key projects

# Business Characteristics



- High volume, low margin business with large footprint across Asia; strong partnerships

## Cyclical business

Business dependent on **commodity cycle** (coal, O&G) for Industrials and **model cycle** for Motors

BMW sales expected to pick up with **popular new models**



BMW X3 2018

Industrial benefiting from **pick up in coal prices**

**22%**

Coal % of world energy consumption by 2040<sup>(1)</sup>

## Broad footprint across Asia Pacific

- Large network and strong "know how" in the **Asia Pacific region**
- Diversified operational footprint with **exposure to emerging markets and developed economies**

- Proxy to key macro trends** i.e. growing Asian affluence (BMW), demographics (Healthcare) and commodity upcycle (Industrial)

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(1) Source: Wood Mackenzie

## High volume, low margin business

Business is characterized by **high unit sales and low trading margins (~3%)**. However, if working capital is managed well, cash flows are significant and ROIC can be high.



## Capital requirement not strenuous

Undemanding capex requirements which largely revolve around showroom upgrades and warehouses

## Long-standing partnership with premium brands

Partner of choice for MNCs who wish to expand in Asia



## Healthcare a hidden gem



- Premium hospitals in Indonesia and Malaysia tap into growing affluence in the region
- Significant **expansion opportunities in other Asian markets**, by leveraging on brand
- Asian healthcare business supported by **strong valuations**

## Low gearing, room for expansion

**19.6%**

Debt to equity ratio

Ample **debt headroom for strategic expansion** and M&As

# Executive Leadership



## ■ Qualified & Experienced Management Team



**Jeffri Salim Davidson**

**Group Chief Executive Officer**

- Appointed Deputy Group CFO in 2016 and previously Senior Vice President of Industrial Division (China, Singapore & Power Systems)
- Held various senior leadership positions in Sime Darby Berhad including the Finance Director of Tractors Malaysia Sdn Bhd and Managing Director of China Engineers Limited
- Holds a BSc in Geology from University College London (United Kingdom), and a Chartered Accountant (ICAEW) by profession



**Andrew Basham**

**Managing Director, Sime Darby Motors**

- Appointed as Managing Director of Motors Division in March 2018, with over 20 years experience in the motors distribution business.
- Prior to joining Sime Darby, Andrew was the Managing Director for Lei Shing Hong Automotive in Hong Kong, overseeing the retail and importation of Mercedes-Benz and Porsche vehicles in Korea, Australia, Vietnam, England, Germany and Cambodia.
- Andrew is a member of the Institute of Chartered Accountants in Australia.



**Mustamir Mohamad**

**Group Chief Financial Officer**

- Appointed as Head of Group Finance for Sime Darby Group in 2014
- Previously served in various senior positions in Sime Darby, including Head of Strategy & Business Development in Sime Darby Plantation; Head of EVP Office, Sime Darby Plantation; and Senior Manager of Value Management in Group Strategy, Sime Darby Berhad
- He holds a degree in Accounting and Finance from the London School of Economics and Political Science, is a Fellow of ICAEW and a member of the Malaysian Institute of Accountants (MIA)



**Scott William Cameron**

**Managing Director, Sime Darby Industrial**

- Appointed as Managing Director of Industrial Division in 2007
- 25 years of experience in the Caterpillar family. Began his career with Price Waterhouse in Brisbane, Sydney and New York before joining Hastings Deering (Australia) Limited as the Finance Director in 1992. Currently the Dealer Principal of the Hastings Deering Group
- Holds a degree in Commerce from University of Queensland. He is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors



**Datuk Thomas Leong Yew Hong**

**Group Chief Strategy Officer**

- Appointed as Head of Strategy and Corporate Finance for Sime Darby Group in 2016
- Previously Executive Vice President of Maybank's Group Strategy & Business Development and has held senior positions in Accenture and Deloitte Consulting, based in Australia, Hong Kong and Malaysia
- Holds a BSc in Software Engineering from Australian National University, and an MBA (International Corporate Finance) from University of Sydney



**Timothy Lee Chi Tim**

**Managing Director, Sime Darby Logistics**

- Appointed as Managing Director of Logistic Division in 2011
- Over 20 years of operational experience in the ports and container terminal management industry in Hong Kong
- Previously the Operations Manager of the Hong Kong Business Unit for Modern Terminals Limited (the second largest port operator in Hong Kong) prior to joining Sime Darby

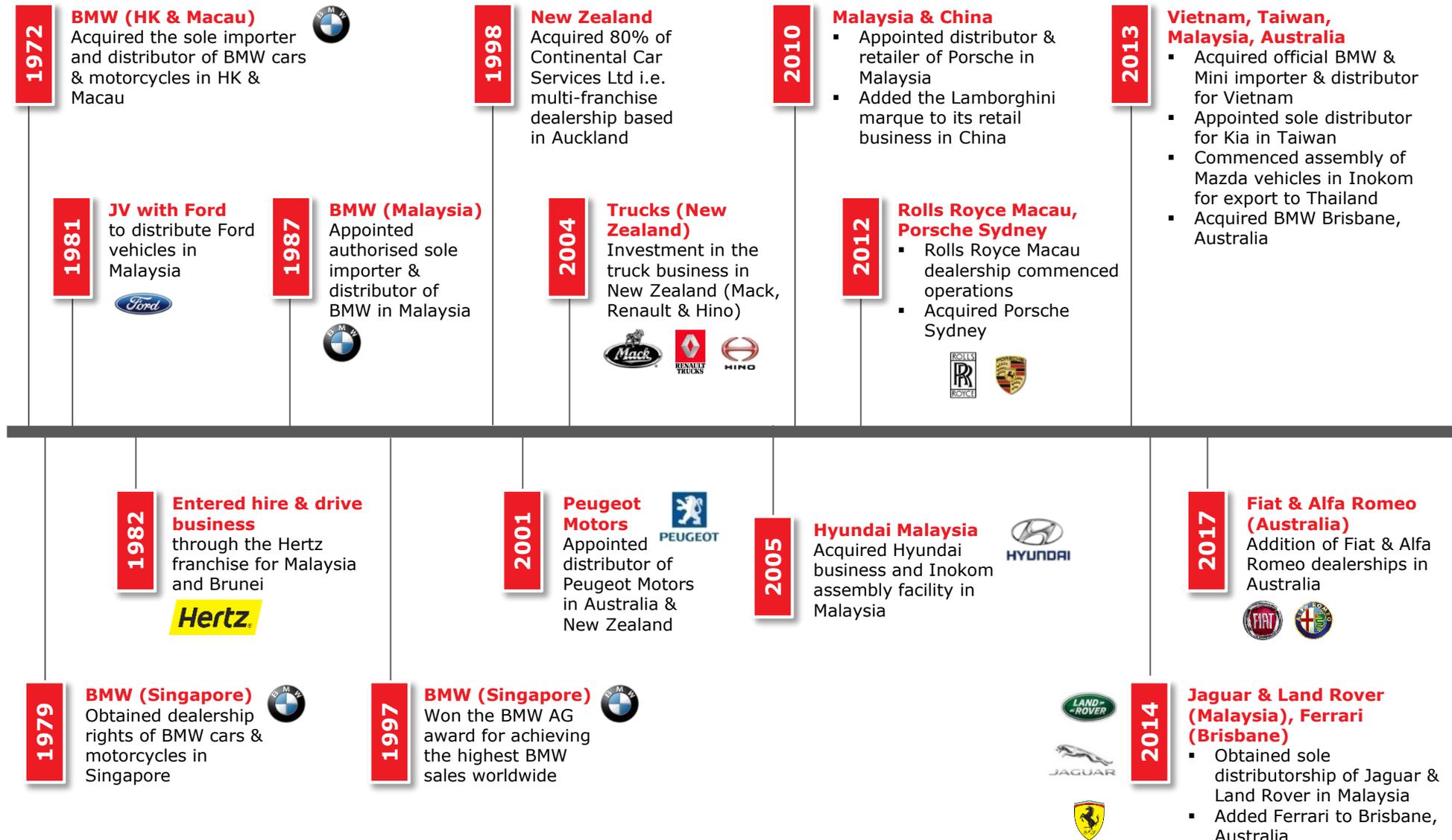
# Motors Division

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# History & Key Milestones



## ■ Solid Track Record Across 9 Markets in the Asia Pacific Region



# Sime Darby Motors



■ We represent strong luxury and mass market brands across APAC

 Malaysia	 Singapore	 Thailand	 Australia	 New Zealand	 Hong Kong	 Macau	 China	 Taiwan
<b>Distributor &amp; Dealer</b>        <b>Assembly (Inokom)</b>    	<b>Distributor &amp; Dealer</b>   	<b>Dealer</b>   	<b>Dealer</b>       	<b>Distributor &amp; Dealer</b>      <b>Dealer</b>      	<b>Distributor &amp; Dealer</b>        	<b>Distributor &amp; Dealer</b>        	<b>Dealer</b>     	<b>Distributor &amp; Dealer</b>  <b>Assembly</b> 
<b>Rental</b>  	<b>Rental</b>  		<b>Rental</b> 					

# Sime Darby Motors



■ Focused on Expansion across Asia Pacific

SDM represents 31 strong luxury, mass market and trucking brands across 9 markets in Asia Pacific.

## Countries & Achievements

- #2 BMW dealer globally
- One of Top Rolls Royce dealers in Asia Pacific
- A leading Distribution group in Malaysia
- A leading Commercial Vehicle Distributor in NZ

## Key Strategic Partners

- BMW (44 years) – Eight markets
- Ford (37 years) – Singapore and Malaysia
- Porsche (30 years) – Malaysia, Australia and New Zealand
- Hyundai (14 years) – Malaysia and Taiwan

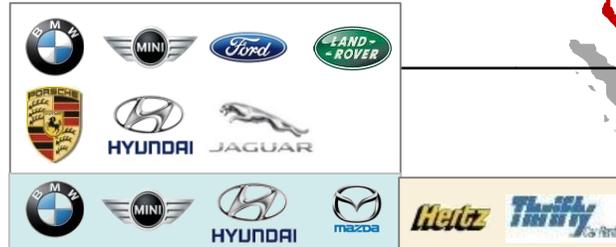
### China



### Hong Kong



### Malaysia



### Australia



### New Zealand



### Taiwan



### Thailand



### Singapore



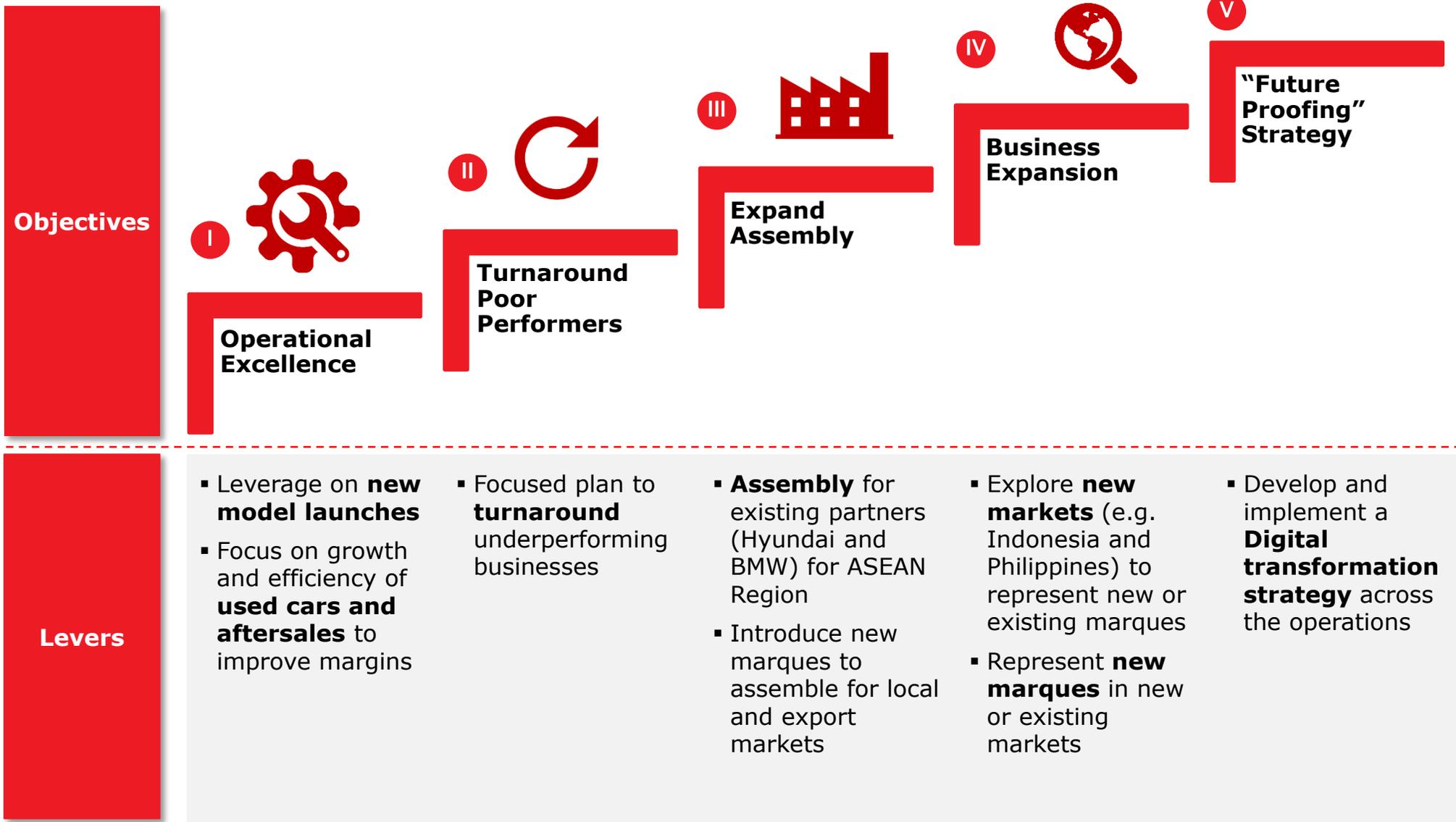
### Current Presence

- Distributor & Dealer
- Dealer
- Assembly
- Rental

# Sime Darby Motors



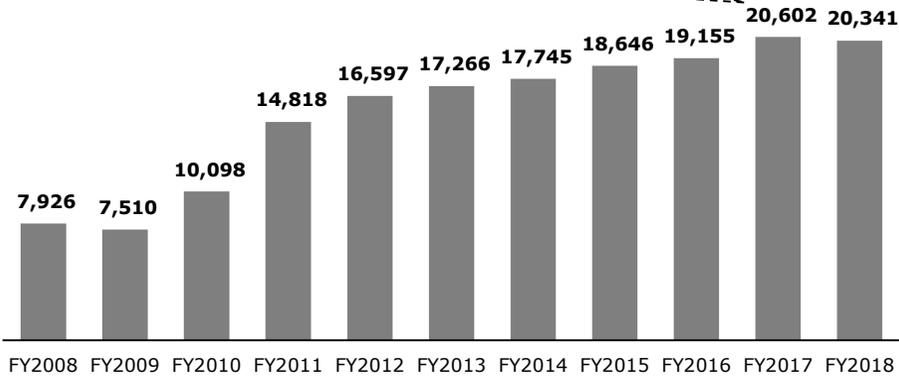
- Focus on new model launches, expand assembly, M&A for new territories and marques



## Key Financial Highlights

### Revenue (RM mm)

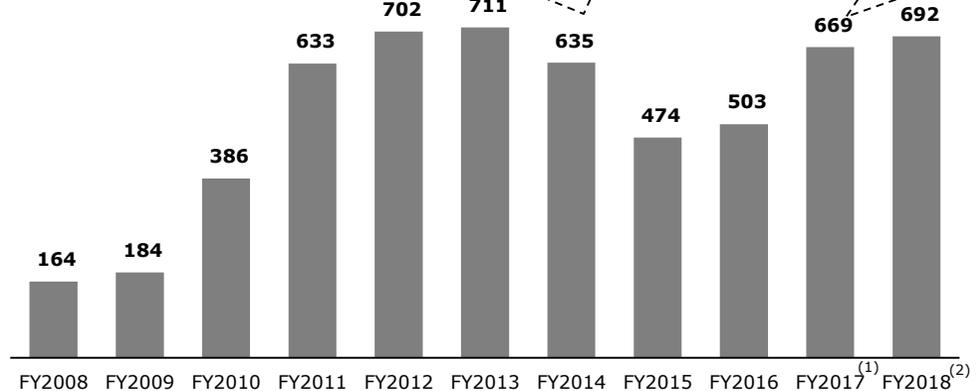
Record sales of the trucking business across all brands in NZ, higher sales volume in China and increased COE quota & timely launches of new BMW models in Singapore



### PBIT (RM m)

Impacted by GST in Malaysia and government policy in China

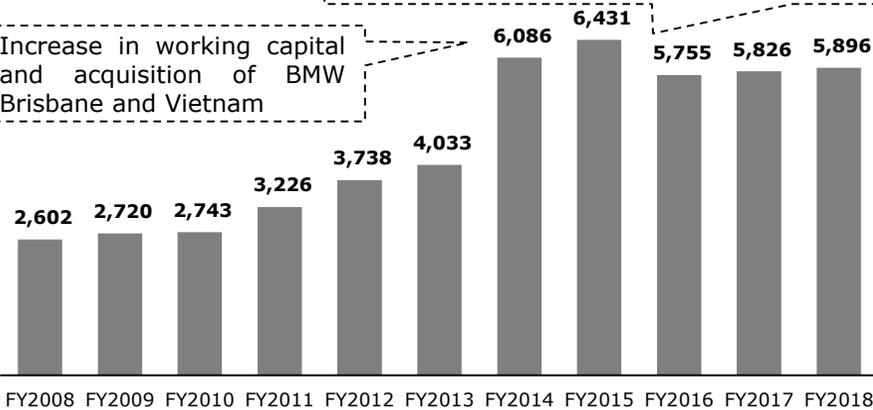
Stronger contributions from Malaysia and China operations



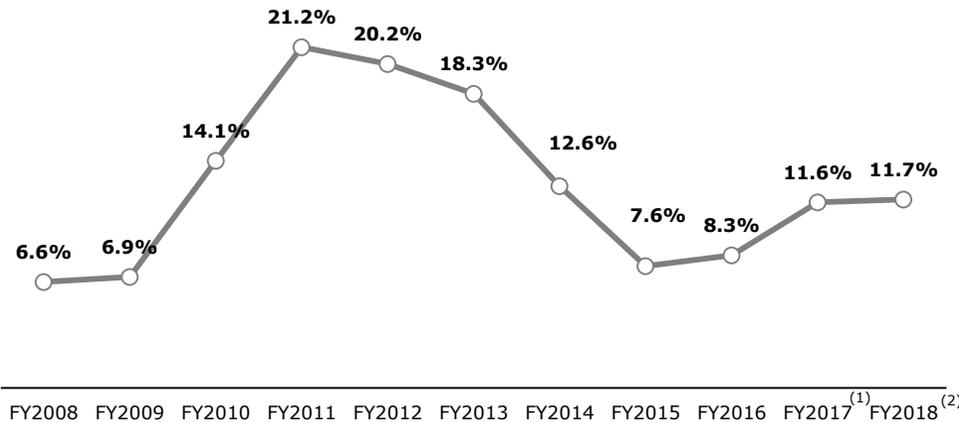
### Invested Capital<sup>(3)</sup> (RM mm)

Reduction in working capital - inventories, receivables and cash balances

Increase in working capital and acquisition of BMW Brisbane and Vietnam



### ROAIC<sup>(4)</sup> (%)



Notes:

(1) Excludes losses on Vietnam operations (RM66m) and gains on property disposals (RM30m)

(2) Excludes impairments of RM199m relating to Vietnam and gains on property disposal of RM50m

(3) Invested capital is calculated as total assets (excluding tax assets and intercompany balances) less operating liabilities (i.e. all liabilities except borrowings, intercompany balances, leases and tax liabilities)

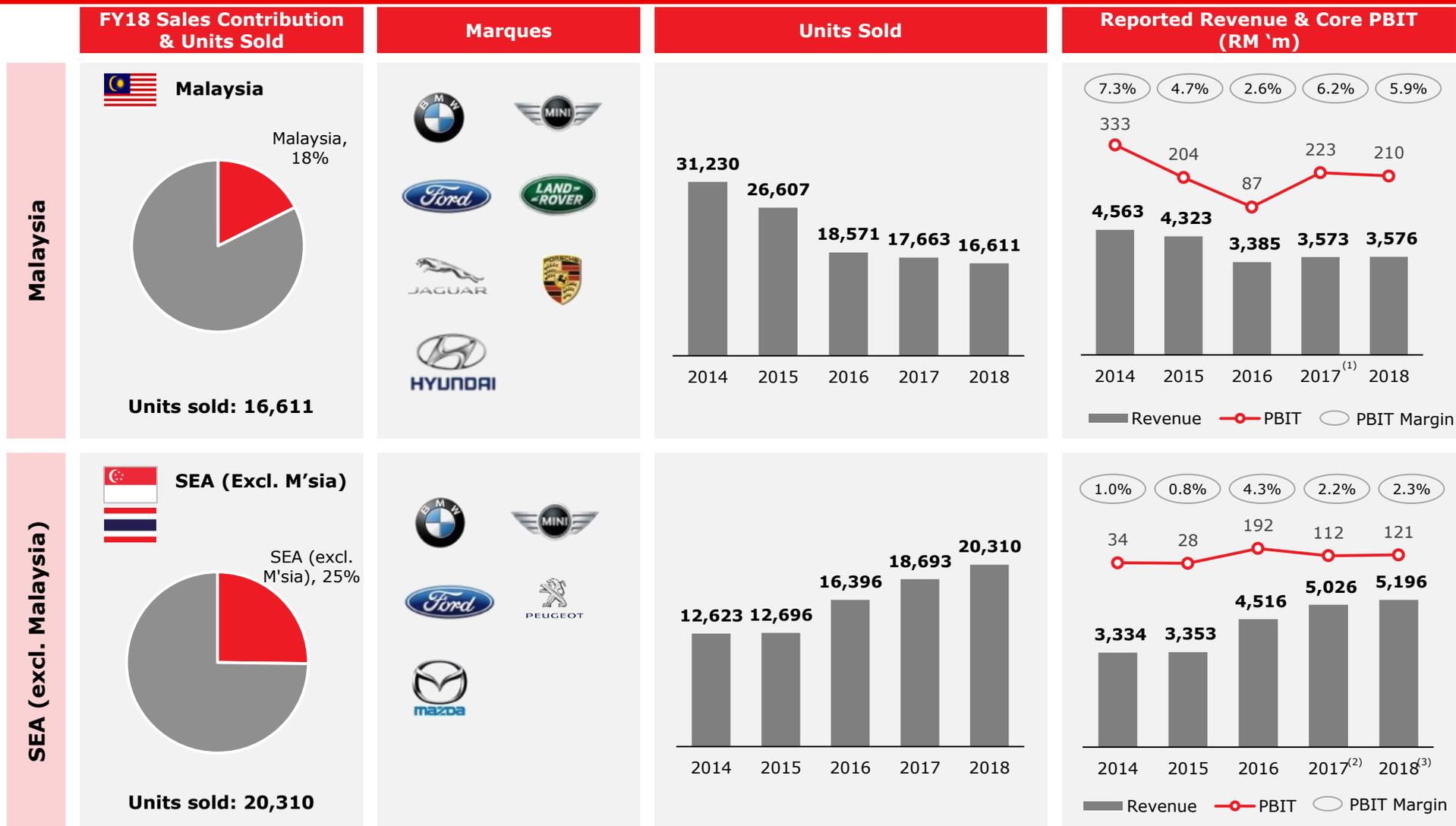
(4) ROAIC is calculated as PBIT divided by average invested capital

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# Sime Darby Motors



## Units Sold, Revenue & PBIT by Region (1/2)



**Note:**

(1) Excludes land compensation of RM9m

(2) Excludes a goodwill impairment of RM19m and provision on inventories of RM18m in Vietnam

(3) Excludes impairment of distribution rights or RM61m and writedown of inventories amounting RM89m in Vietnam

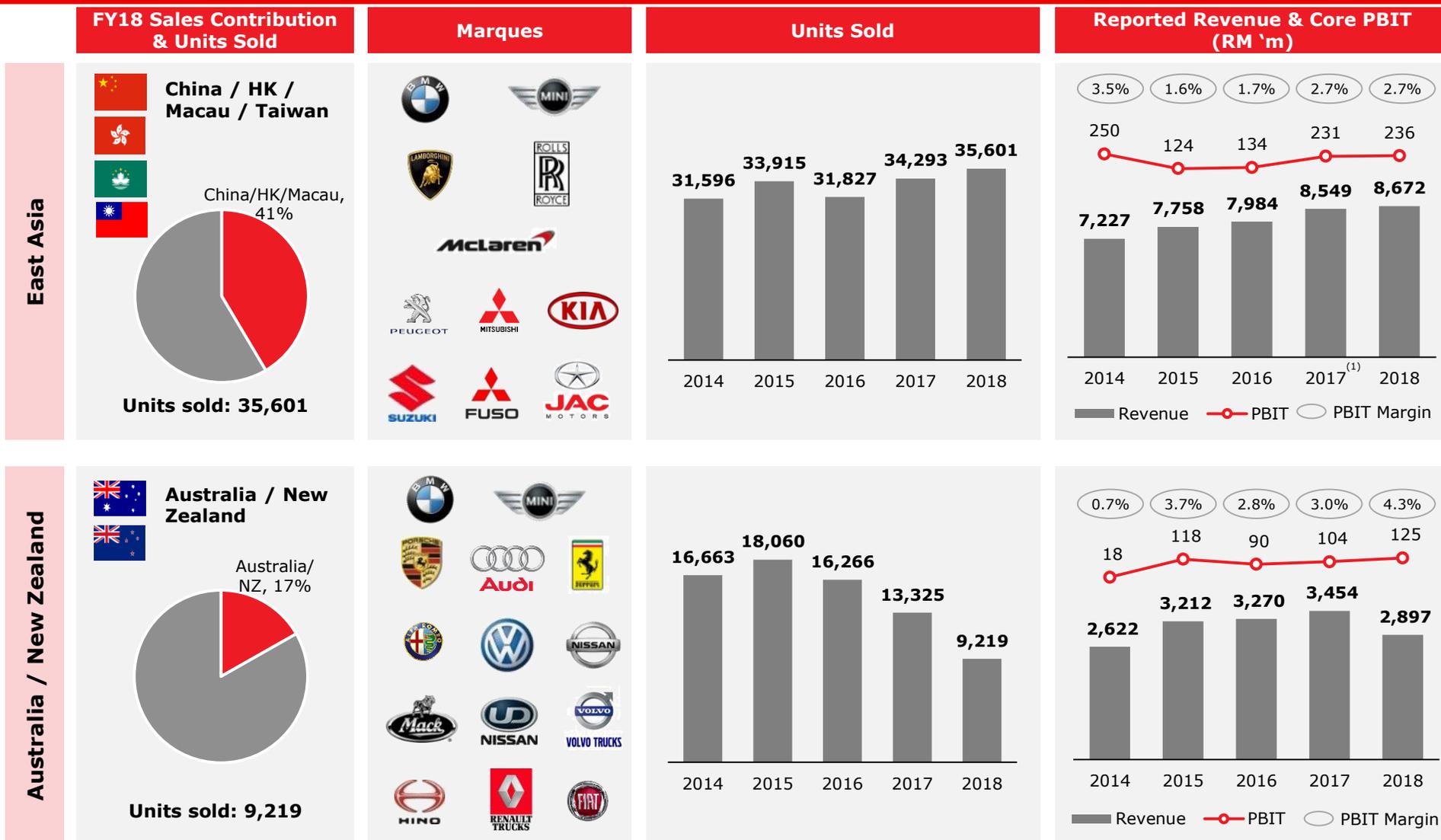
Source: Audited accounts, Corporate presentation

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# Sime Darby Motors



## Units Sold, Revenue & PBIT by Region (2/2)

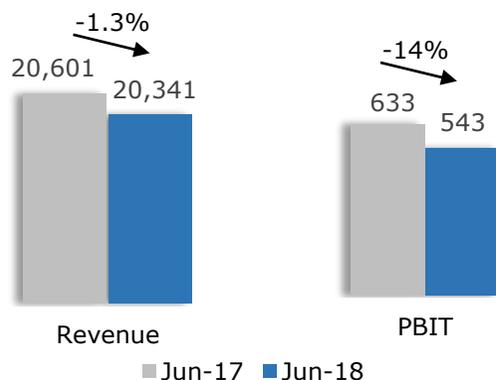


Note:  
 (1) Excludes land compensation of RM41m  
 Source: Audited accounts, Corporate presentation

# Sime Darby Motors



## ■ Improved performance in China region



In RM Million	FY2017	FY2018
China, HK, Macau & Taiwan	8,550	8,672
Singapore & Thailand	4,548	5,127
Malaysia	3,571	3,576
Australia & NZ	3,454	2,897
Vietnam	478	69
<b>Total Revenue</b>	<b>20,601</b>	<b>20,341</b>
China, HK, Macau & Taiwan	201	236
Singapore & Thailand	141	121
Malaysia	223	210
Australia & NZ	104	125
<b>Total Core PBIT</b>	<b>669</b>	<b>692</b>
Vietnam	(66)	(199)
Property disposal/compensation	30	50
<b>Total PBIT</b>	<b>633</b>	<b>543</b>
<b>PBIT margin</b>	<b>3.1%</b>	<b>2.7%</b>
<b>Core PBIT margin</b>	<b>3.3%</b>	<b>3.4%</b>
<b>ROIC</b>	<b>10.9%</b>	<b>9.2%</b>

### China, HK, Macau, Taiwan

- Higher volume from luxury cars in Hong Kong
- Financial performance in Taiwan improved due to new models being launched and growing dealer network

### Singapore, Thailand

- Includes share of loss from associate (Munich Auto) of RM10m

### Malaysia

- Higher corporate costs despite higher sales volume due to zero-rated GST in June 2018

### Australia, NZ

- Higher profit after the divestment of loss-making operations and improved light commercial rental business due to mining recovery

### Vietnam

- Impairment of distribution rights (RM61m) and write-down of inventories (RM89m)

### Property Disposal

- Land/property compensation: China (RM41m) and Malaysia (RM9m)
- FY2017: Disposal of property in Hong Kong

# Sime Darby Motors



■ Upcoming Model launches expected to boost sales in 1QFY2019



**Lamborghini Urus**  
August 2018



**BMW i8 Coupe**  
August 2018



**BMW 6 Series GT**  
September 2018



**Jaguar F-Type**  
September 2018

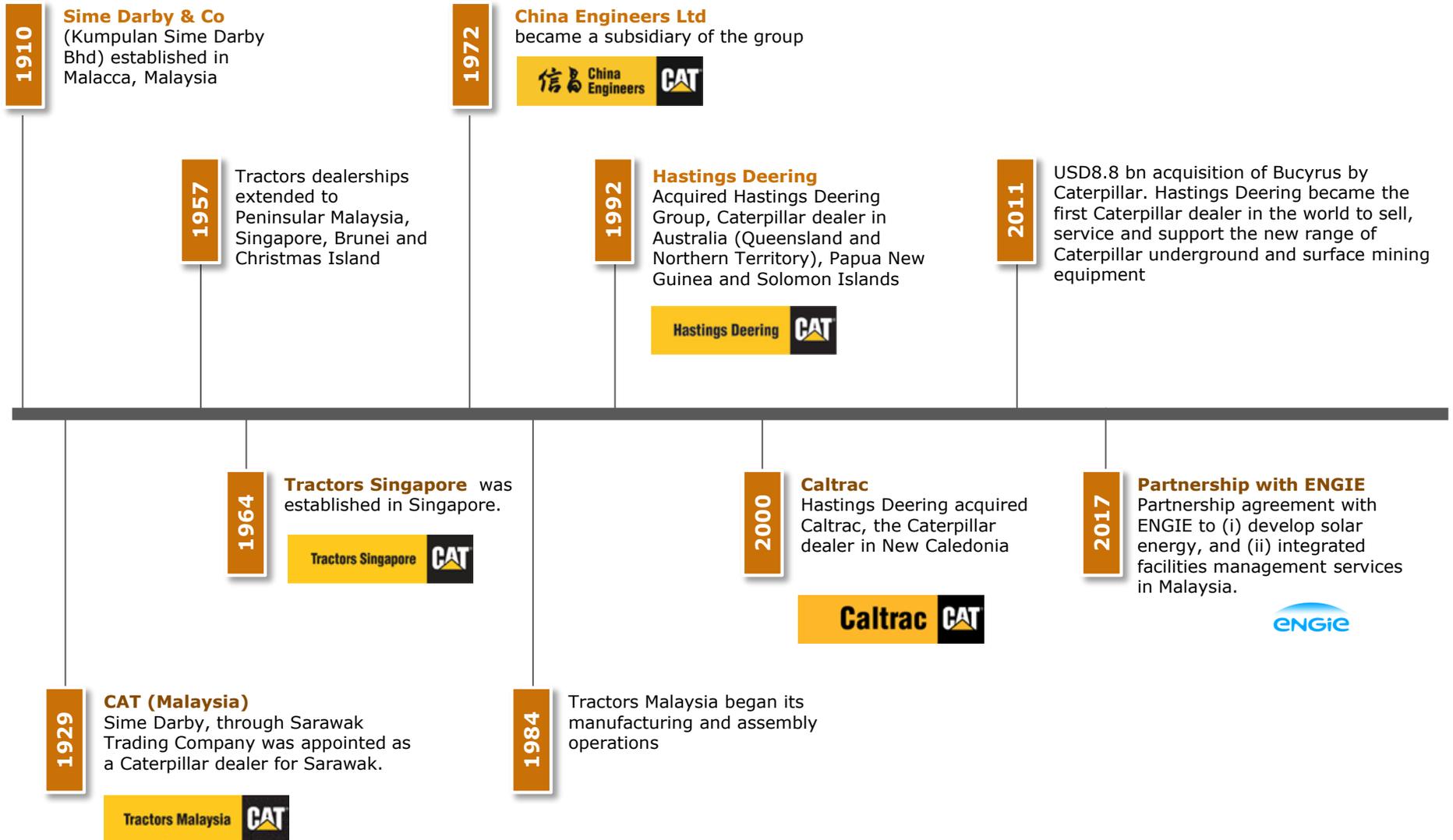
# Industrial Division

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# History & Key Milestones



## ■ Long-standing Partnership with Caterpillar Since 1929



# Sime Darby Industrial



■ Strong brands and comprehensive market reach across APAC



Industrial

## CAT Dealer Operations

	Malaysia, Brunei
	Singapore, Maldives, Christmas Island
	Hong Kong, Macau
	Southeast China (Province of Guangdong, Guangxi, Hainan, Fujian, Hunan, Jiangxi) and Xinjiang
	Australia (Queensland & Northern Territory), PNG & SI
	New Caledonia

## Allied Brands Group

	Malaysia (via JV with Kubota Corp & Marubeni Corp)		Hong Kong & Macau, China
	Asia Pacific region (JV with Terberg Benschop)		Hong Kong & Macau
	Malaysia, Christmas Island (Indian Ocean), Singapore		China
	Malaysia		Australia
	Malaysia, Hong Kong, Macau, China, South Korea		Australia, China & Malaysia
	Singapore		Vietnam
	Australia, Malaysia & Singapore		Christmas Island (Indian Ocean), Singapore, Maldives

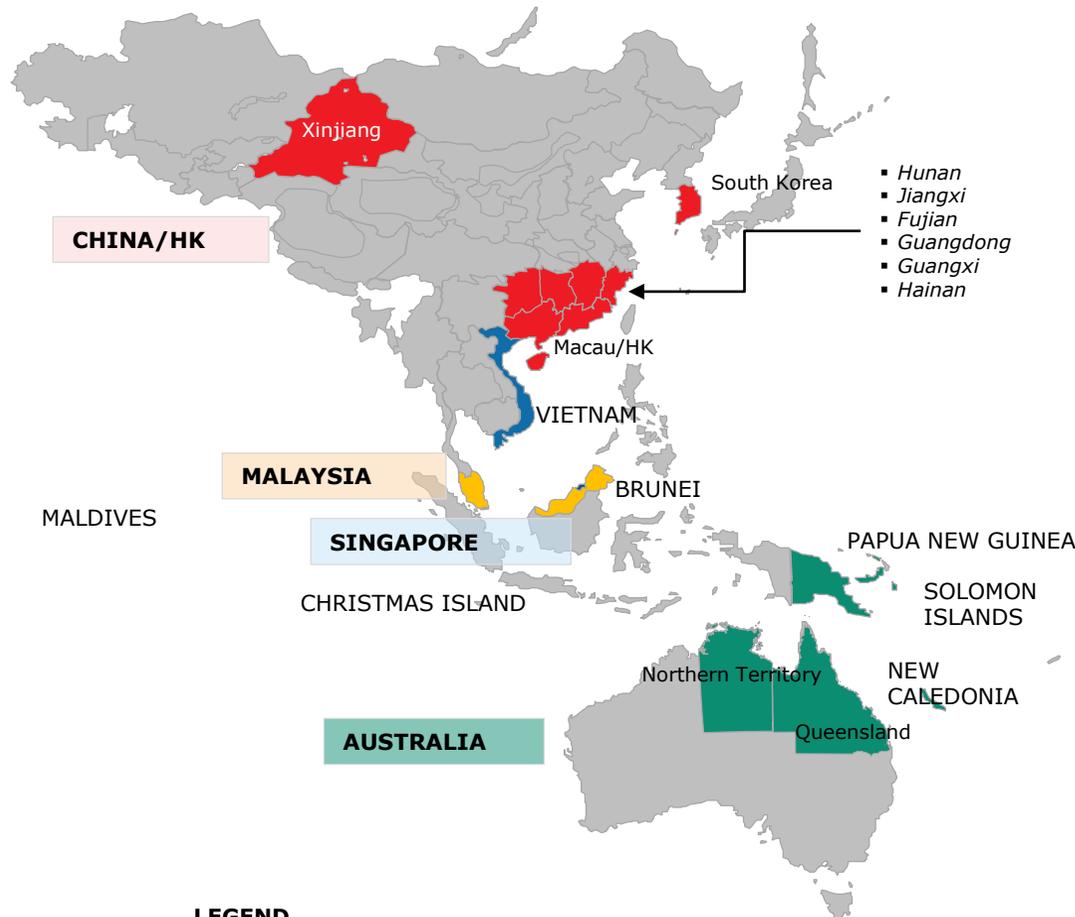
## Energy Solutions Group

Mecomb Group: Singapore, Malaysia and Thailand	
Engineering & Technical Services: Malaysia	

# Sime Darby Industrial



## Regional Presence Across 17 Countries and Territories, Supported by a Network of Branches



### LEGEND

- China / HK / Macau / South Korea
- Malaysia
- South East Asia
- Australia and Pacific Islands

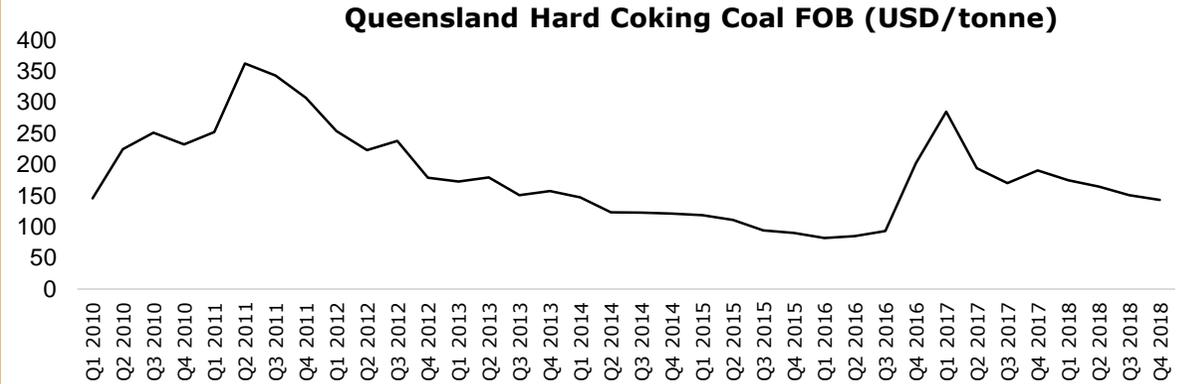
- Principal activities
  - Sale, rental and used equipment of Caterpillar equipment and engine
  - Sale of parts, service maintenance, equipment monitoring system and technology equipment's
- Regional presence: **14 countries & territories**<sup>(1)</sup>
- No. of branches: **109**<sup>(2)</sup>
- Orderbook: **RM2.74 bn** (as at 30 June 2018)
- Total no. of employees: **8,151** (as at 31 May 2018)

Regional industry presence	No. of branches <sup>(1)</sup>	Construction	Forestry	Mining	Quarry	Power Systems
China & HK, Macau	63	✓		✓	✓	✓
South East Asia	23 <i>(4 depot &amp; 7 CAT rental stores)</i>	✓	✓			✓
Australasia	23	✓		✓		

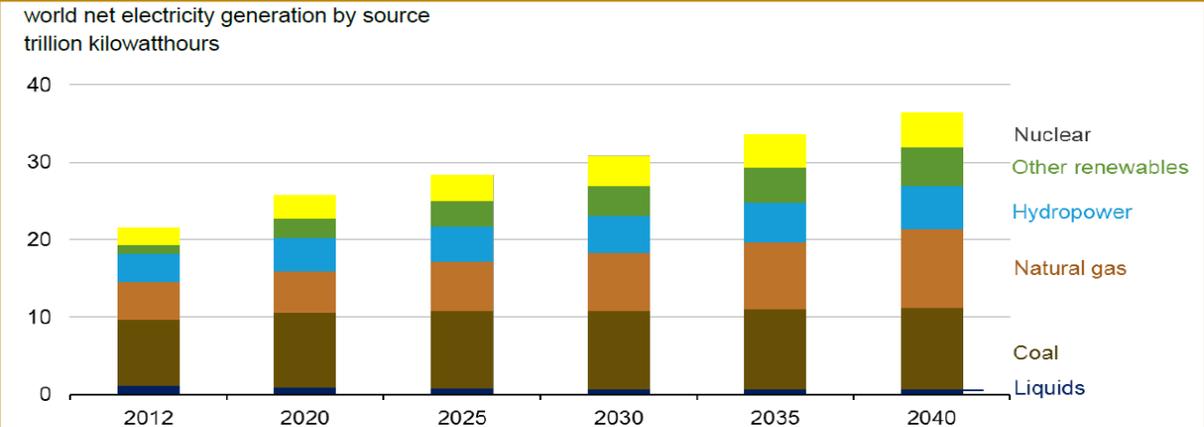
Note: (1) Regional presence defined as locations in which Sime Darby Industrial has assets or employees; (2) Refers to Caterpillar branches only

## ■ Key Industry Highlights

- **Metallurgical coal prices have stabilised** around **USD200/tonne** vs. average FOB cost for Queensland producers of USD100/tonne.
- The return to profitability has sparked **renewed capital investment** by BHP Billiton

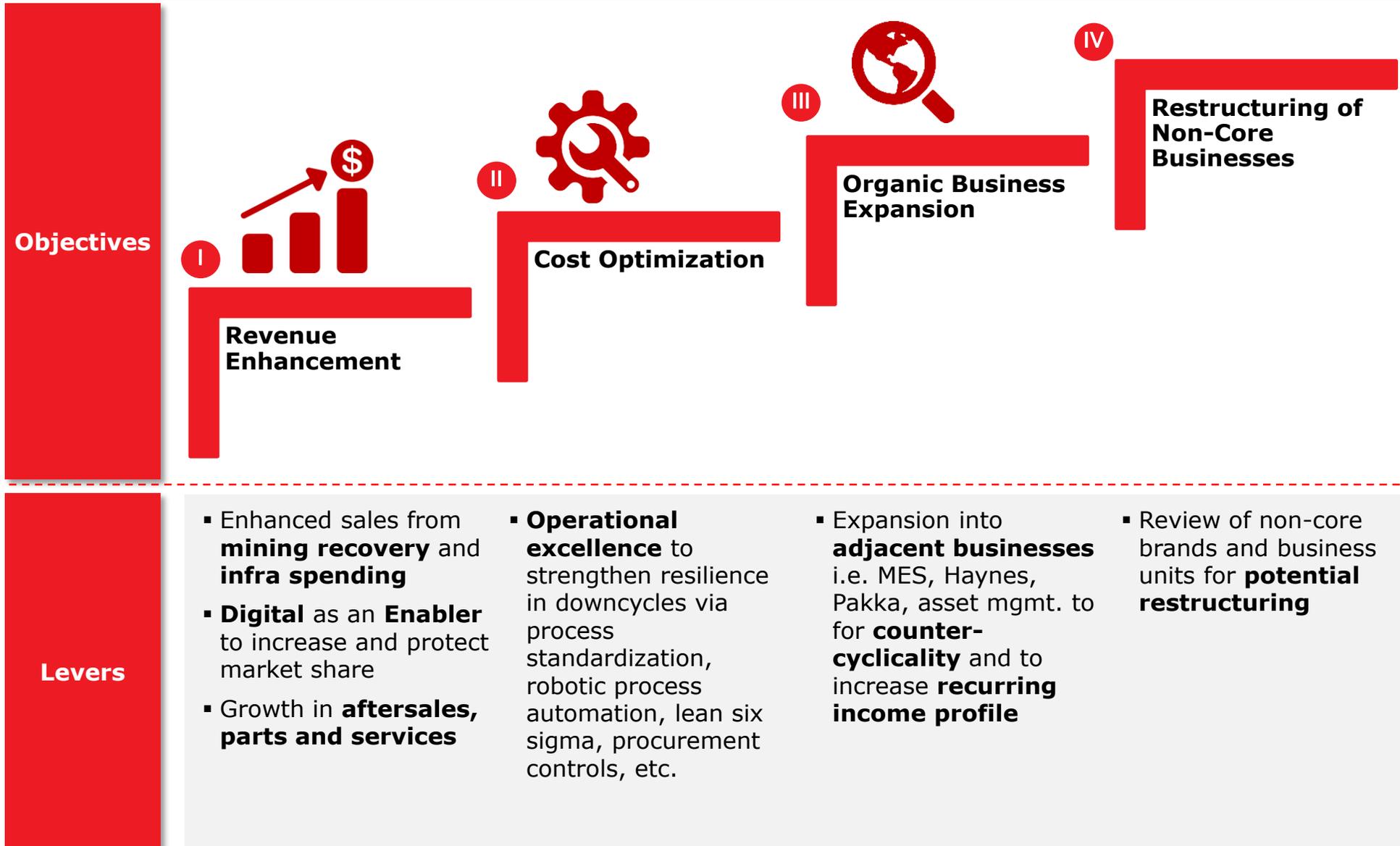


- Coal will continue to remain **relevant as a source of power** for the next two decades.
- Utilisation is projected to remain constant at 10 trillion kilowatt hours, ~30% of fuel requirements.



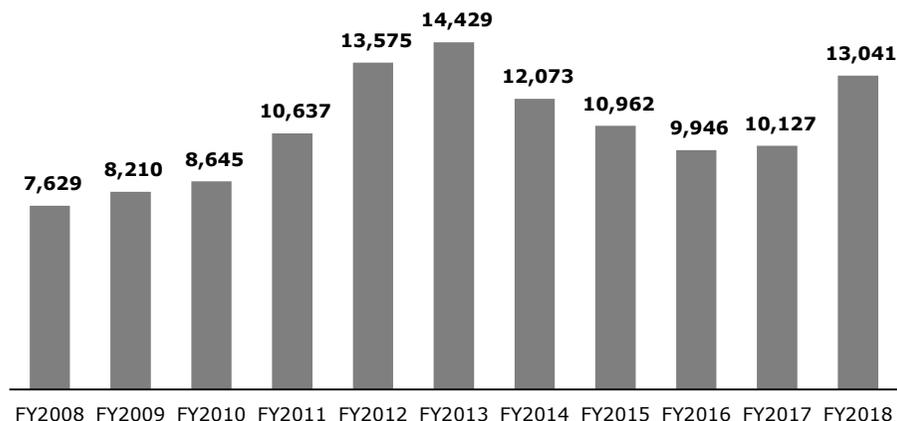
Source : EIA International Energy Outlook 2016

- Leverage on commodity upswing, digital as key enabler, enhance recurring income profile

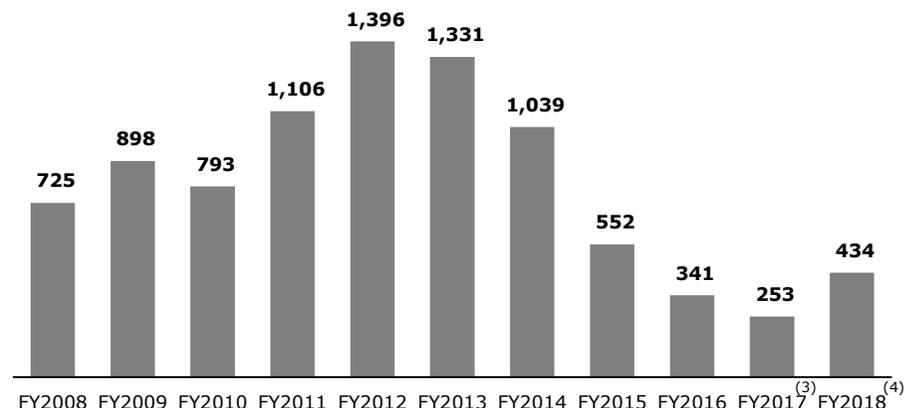


## ■ Key Financial Highlights

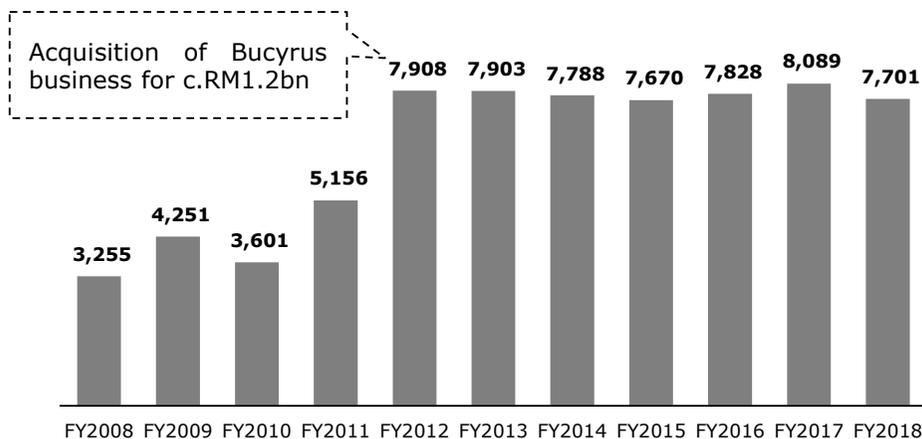
### Revenue (RM m)



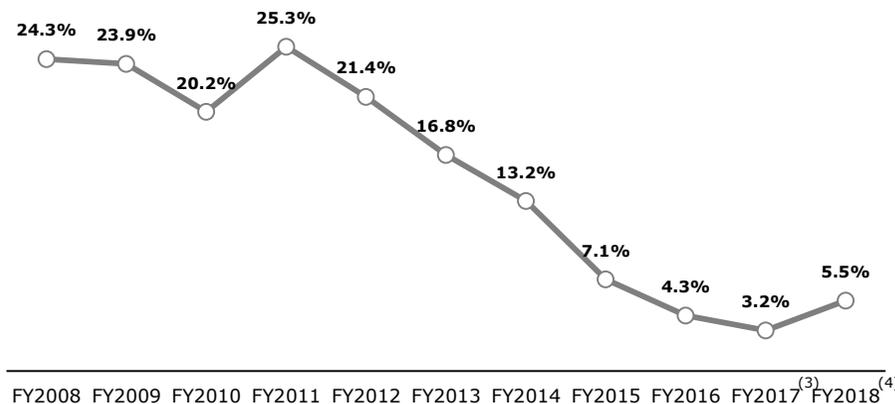
### PBIT (RM m)



### Invested Capital<sup>(1)</sup> (RM m)



### ROAIC<sup>(2)</sup> (%)



**Note:**

(1) Invested capital is calculated as total assets (excluding tax assets and intercompany balances) less operating liabilities (i.e. all liabilities except borrowings, intercompany balances, leases and tax liabilities)

(2) ROAIC is calculated as PBIT divided by invested capital

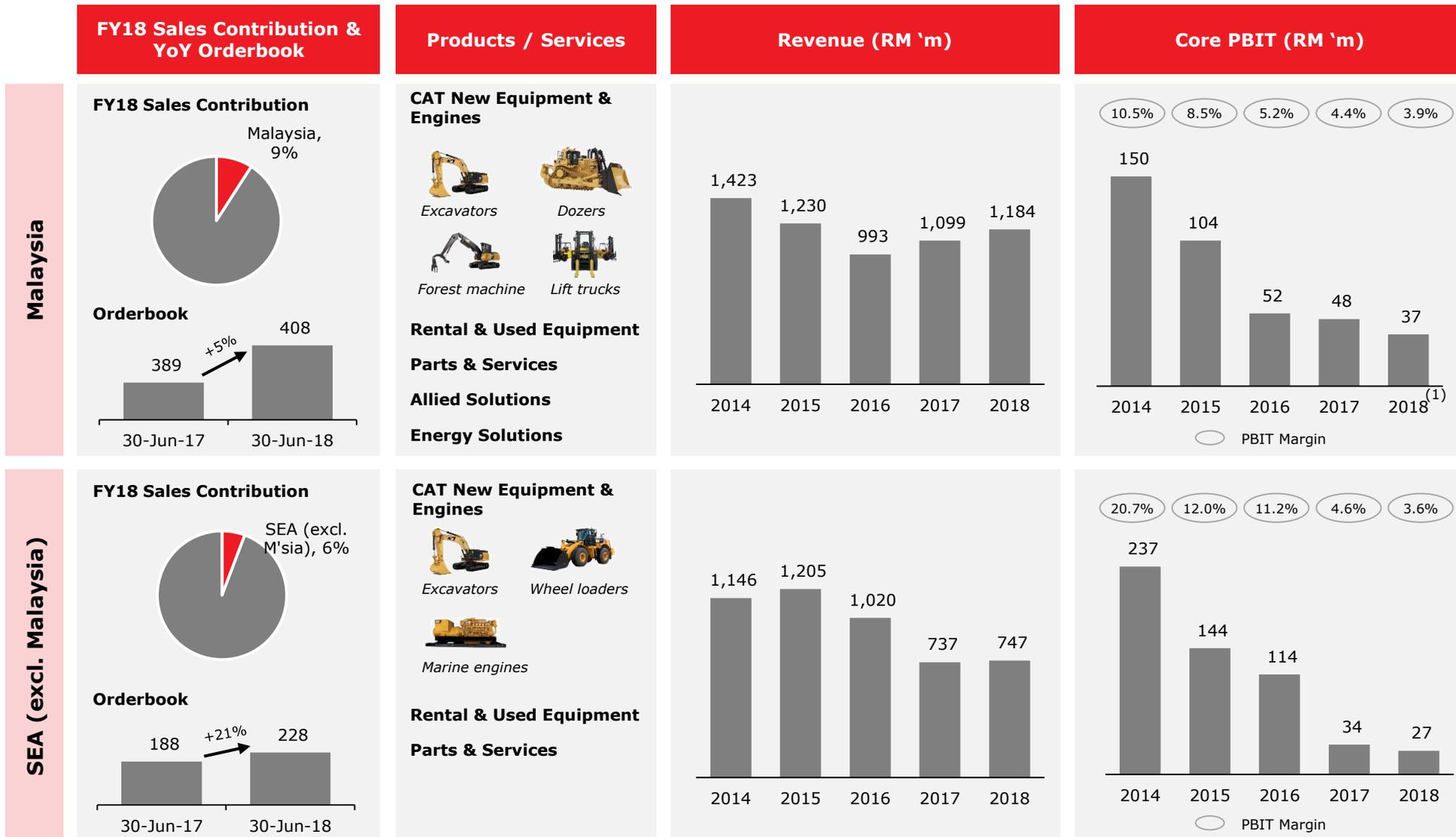
(3) Excludes impairments and provisions of RM257m related to Bucyrus

(4) Excludes RM178m gain on property disposal

# Sime Darby Industrial



## ■ Revenue & PBIT by Region (1/2)



Note:

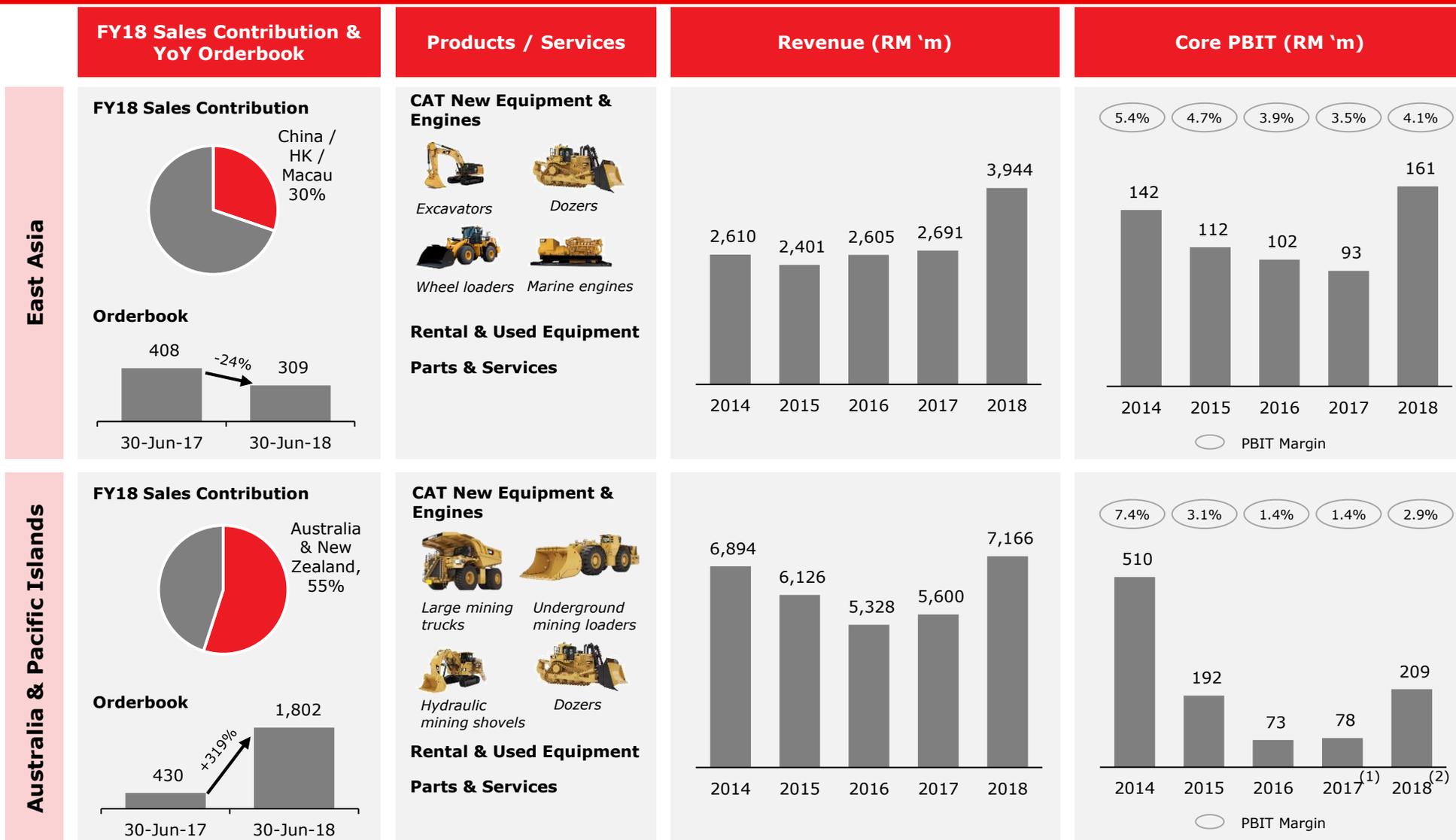
(1) Excludes gain on property disposal of RM9m

Strictly Private & Confidential

# Sime Darby Industrial



## Revenue & PBIT by Region (2/2)



Note:

(1) Excludes impairments and provisions of RM257m related to Bucyrus

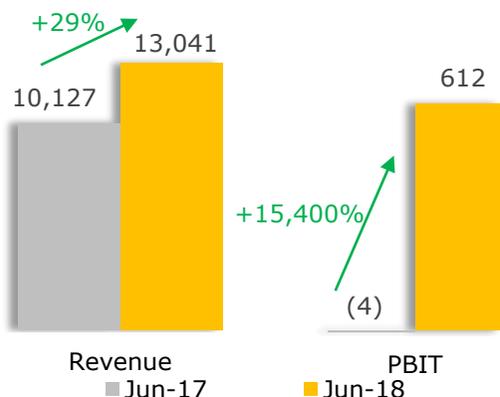
(2) Excludes gain on property disposal of RM169m

Strictly Private & Confidential

# Sime Darby Industrial



## ■ Strong demand from Australia mining and China infrastructure spending



In RM Million	FY2017	FY2018
Australasia	5,600	7,166
China	2,691	3,944
Malaysia	1,120	1,184
Southeast Asia	715	747
<b>Total Revenue</b>	<b>10,127</b>	<b>13,041</b>
Australasia	78	209
China	93	161
Malaysia	48	37
South East Asia	34	27
<b>Total Core PBIT</b>	<b>253</b>	<b>434</b>
Disposal of Properties	-	178
Bucyrus Impairment	(257)	-
<b>Total PBIT</b>	<b>(4)</b>	<b>612</b>
<b>PBIT margin</b>	-	<b>4.7%</b>
<b>Core PBIT margin</b>	<b>2.5%</b>	<b>3.3%</b>
<b>ROIC</b>	-	<b>7.9%</b>

### Australasia

- Improved contribution from equipment deliveries to both mining and construction sectors
- Product support business segment (mainly parts) attributed to higher sales from increased mining activities

### China

- Higher deliveries of new equipment and improved contribution from product support in growing construction sector and initiatives in infrastructure developments

### Malaysia

- Weaker results mainly from lower product support sales and low milestone billings from ongoing projects

### South East Asia

- RM20m share of losses from associate (APAC Energy Rental) (FY2017: RM14m)

### Property Disposal

- Gains from disposal of properties amounting to RM169m in Australia and RM9m in Malaysia

# Logistics Division

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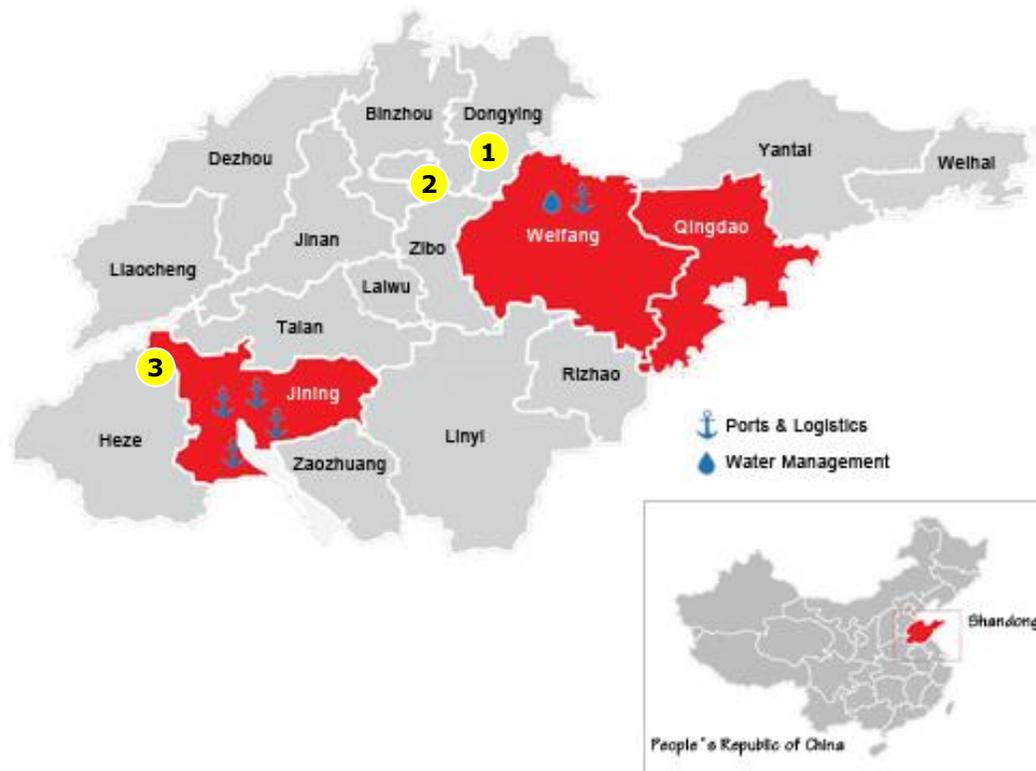
# Business Overview



## Well-connected major multipurpose port in the Yellow Delta River

- Sime Darby Logistics is the primary operator of Weifang Port, of which operations cover dry bulk, break bulk, liquid bulk, general cargo and container handling services.
- The Division also operates three river ports located in Jining, Shandong Province. The Jining Ports provide basic port related services such as stevedoring and storage services primarily for coal and coal-related products
- The two water treatment plants operated by the Division are located in the Binhai Economic-Technological Development Area (“**BEDA**”) adjacent to Weifang Port and supplies clean water to residential, commercial and industrial users in BEDA [pending disposal]

### Location of Assets



### Annual Throughput & Capacity

1 Weifang Port (Sea Port)	
	FY2018
Throughput - bulk	21.7 mm MT
Throughput - container	240.5 k TEU
Capacity - bulk	20.0 mm MT
Capacity - container	463.2 k TEU
Target Capacity - bulk (FY2020)	40.6 mm MT

2 Jining Ports (River Port)	
	FY2018
Throughput	10.9 mm MT
Capacity	16.4 mm MT
Target Capacity (FY2020)	18.7 mm MT

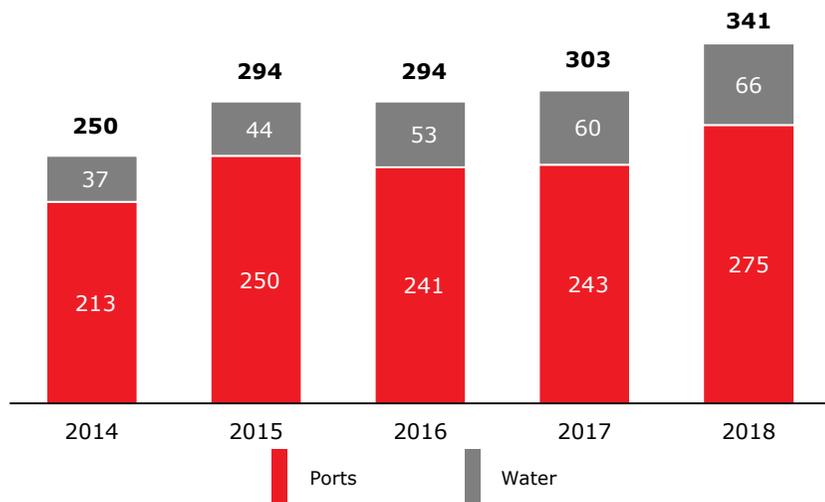
  

3 Weifang Water [pending disposal]	
	FY2018
Throughput	40.0 mm m <sup>3</sup>
Capacity	51.1 mm m <sup>3</sup>

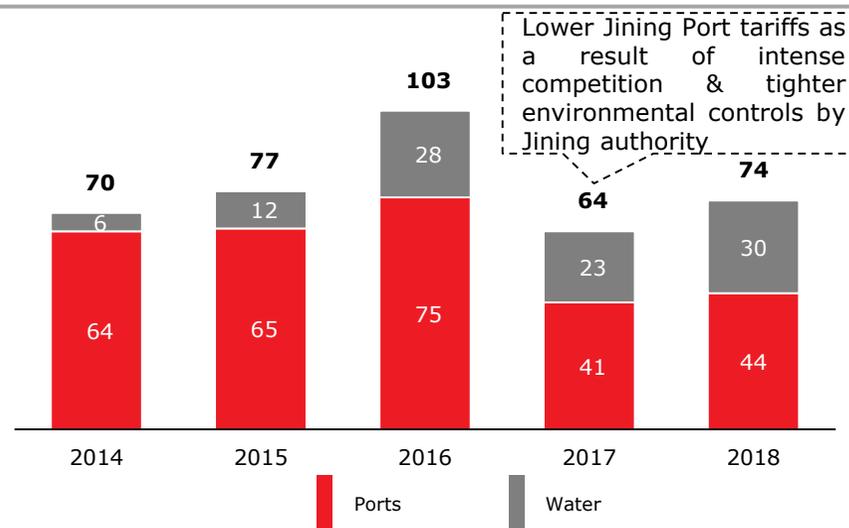
# Key Financial and Operational Highlights



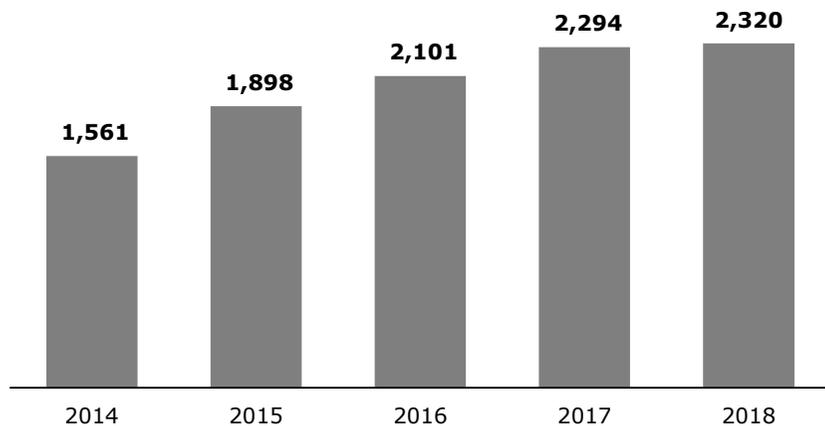
## Revenue (RM 'm)



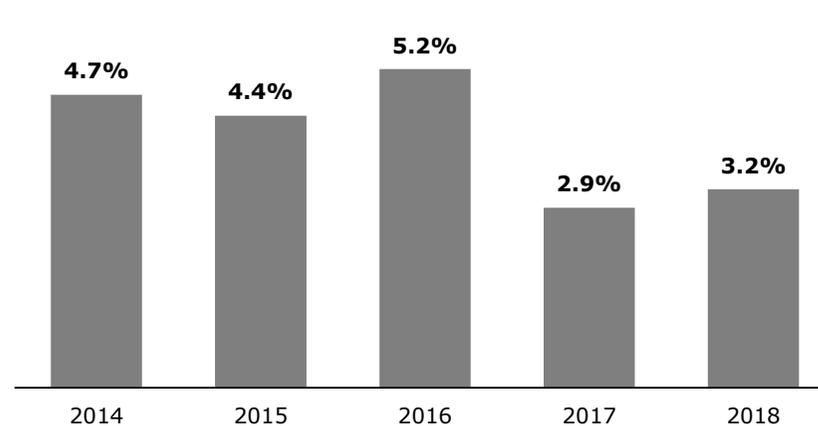
## PBIT (RM 'm)



## Invested Capital<sup>(1)</sup> (RM 'm)



## ROAIC<sup>(2)</sup> (%)



Notes:

- (1) Invested capital is calculated as total assets (excluding tax assets and intercompany balances) less operating liabilities (i.e. all liabilities except borrowings, intercompany balances, leases and tax liabilities)
- (2) ROAIC is calculated as PBIT divided by average invested capital

# Others

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# Ramsay Sime Darby Health Care



■ Premium hospitals in Malaysia and Indonesia with good earnings growth

Active Beds: 1,152

Bed Capacity: 1,541



50%



50%



## Assets in Malaysia



Subang Jaya Medical Centre



Ara Damansara Medical Centre



ParkCity Medical Centre



MEDIPLEX Wellness Centre



RSDH College

## Assets in Indonesia



RS Premier Jatinegara



RS Premier Bintaro



RS Premier Surabaya

## Asia-focused Portfolio



## Positive Prospects

### Demographic Trends

- Fast growing sector in Asian emerging markets due to **population growth & increasing life expectancy**
- **Rising affluence** in Asia

### Organic Growth

- Driving **cost reduction** and attaining **operational excellence** will also drive profit growth

### Availability of Opportunities

- **Strategic partnerships** in Asia



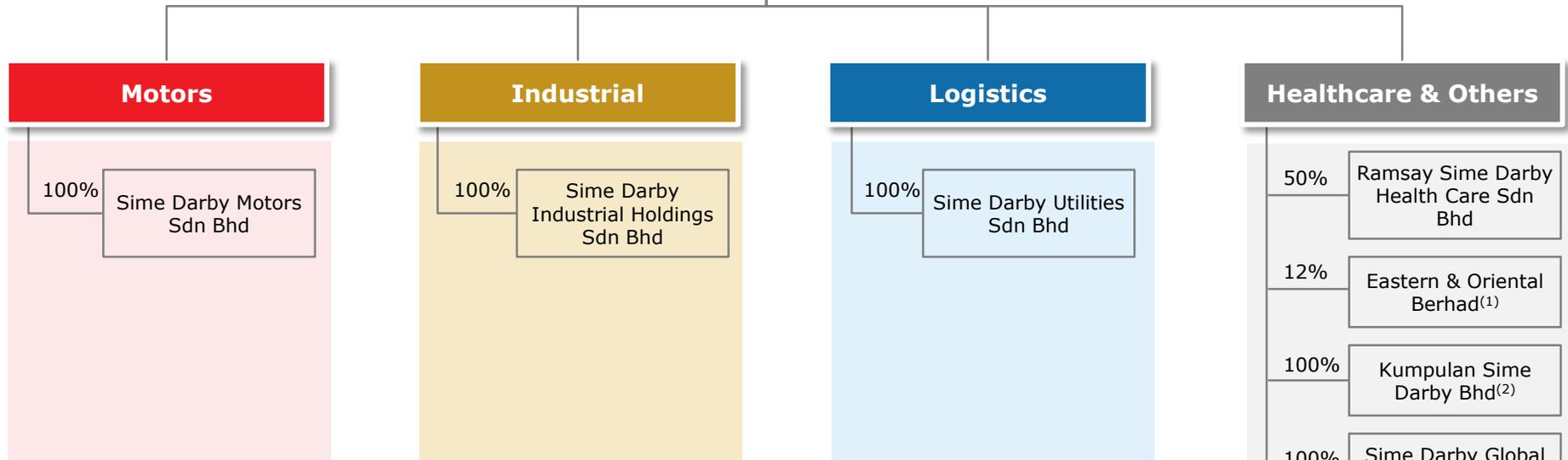
# Appendices

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(RM million)

30-Jun-18	Motors	Industrial	Logistics	Others	Group
<b>External Debt</b>	1,048	1,483	316	42	2,889
<b>Cash</b>	605	480	227	360	1,672
<b>Revenue</b>	20,341	13,041	341	105	33,828
<b>PBIT</b>	543	612	74	(155)	1,074



**Notes:**

- (1) Principal activities – hotel ownership & management, property development and property investment
- (2) Existing owner of 8,793 acres of land located at Labu, Negeri Sembilan, which are earmarked for the Malaysia Vision Valley Project. Sime Darby Property Bhd (“SD Property”) is granted call options to purchase these lands at any time during the option period (5 years with an option to extend for another 3 years)
- (3) Principal activities – Provision of support services to group companies, including Sime Darby Plantation Bhd (“SD Plantation”) and SD Property. Entered into master services agreements with SD Plantation and SD Property to continue to provide shared services for a period of 3 years
- (4) Principal activities – insurance and reinsurance brokers, insurance advisory and consultancy services. Malaysia – 60% owned Sime Darby Lockton, Singapore and Hong Kong – 100% owned
- (5) Principal activities – holding of trademarks (SIME DARBY mark, logo and tagline). Entered into trademark and brand license agreement with SD Plantation and SD Property for the licence of the trademarks for a period of 4 years

## ■ FY2018 Balance Sheet

(FYE June 2018; RM million)	Motors	Industrial	Logistics	Healthcare & Others	Total
Fixed Assets	3,291	2,735	1,715	23	7,764
Assocs, JVs & Investments	336	100	424	979	1,839
Inventories	3,762	3,447	1	-	7,210
Receivables	2,627	2,319	300	467	5,713
Tax Assets	249	161	34	215	659
Cash	605	480	227	360	1,672
<b>Total Assets</b>	<b>10,870</b>	<b>9,242</b>	<b>2,701</b>	<b>2,044</b>	<b>24,857</b>
<b>Shareholders' Equity</b>	4,462	3,179	708	6,021	14,370
Non Controlling Interests	18	266	103	2	389
<b>Total Equity</b>	<b>4,480</b>	<b>3,445</b>	<b>811</b>	<b>6,023</b>	<b>14,759</b>
Payables	2,924	3,182	347	381	6,834
IG balances	2,178	1,008	1,222	(4,408)	-
Borrowings & Leases	1,048	1,483	316	42	2,889
Tax Liabilities	240	124	5	6	375
<b>Total Liabilities</b>	<b>6,390</b>	<b>5,797</b>	<b>1,890</b>	<b>(3,979)</b>	<b>10,098</b>
<b>Total Equity &amp; Liabilities</b>	<b>10,870</b>	<b>9,242</b>	<b>2,701</b>	<b>2,044</b>	<b>24,857</b>
<b>Invested Capital<sup>1</sup></b>	<b>7,700</b>	<b>5,896</b>	<b>2,320</b>	<b>1,448</b>	<b>17,364</b>
<b>Debt/Equity (%)</b>	<b>23.4%</b>	<b>43.0%</b>	<b>39.0%</b>	<b>0.7%</b>	<b>19.6%</b>

Notes:

(1) Invested capital is total assets (excluding tax assets and intercompany balances) less operating liabilities (i.e. all liabilities except borrowings, intercompany balances, leases and tax liabilities)

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# Thank You

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