



# FY2019 Results Announcement

Analyst Briefing: First Quarter ended 30 September 2018

21 November 2018



Delivering  
Sustainable Futures

# **Sime Darby Berhad Group Results**

# FY2019 Financial Results



Reported Profit: Quarter ended 30 September 2018

In RM Million	Q1 FY2019	Q1 FY2018	YoY %
<b>Revenue</b>	<b>8,845</b>	<b>8,144</b>	8.6
<b>PBIT</b>	<b>347</b>	<b>356</b>	(2.5)
Finance income	14	50*	
Finance costs	(30)	(30)	
<b>Profit before tax</b>	<b>331</b>	<b>376</b>	(12.0)
Taxation	(93)	(101)	
<b>Profit from continuing operations</b>	<b>238</b>	<b>275</b>	(13.5)
Non-controlling interests	(13)	(27)	
<b>Net profit from continuing operations</b>	<b>225</b>	<b>248</b>	(9.3)
<b>Net profit from discontinued operations</b>	<b>-</b>	<b>1,068</b>	(100.0)
<b>Net profit attributable to owners of the Company</b>	<b>225</b>	<b>1,316</b>	(82.9)

Note:

\*Includes finance income from discontinued operations of RM37m.

# FY2019 Financial Results



Core Profit of Continuing Operations: Quarter ended 30 September 2018

In RM Million	Q1 FY2019	Q1 FY2018	YoY %
<b>Reported PBIT</b>	<b>347</b>	<b>356</b>	(2.5)
<b>Adjustments</b>			
• Motors Vietnam	-	75	
• Gain on disposals	(78) <sup>1</sup>	(215) <sup>2</sup>	
• Impairment of equity interest in E&O	35	-	
• Net corporate forex gain & YSD	(3)	(7)	
<b>Core PBIT</b>	<b>301</b>	<b>209</b>	44.0
Net finance costs	(16)	(15)	
Taxation	(80)	(57)	
Non controlling interests	(13)	(15)	
<b>Core Net Profit</b>	<b>192</b>	<b>122</b>	57.4

Note:

- Gain on disposal of Weifang Water business
- Gain on property disposal in Industrial Australia (RM156m), Industrial Malaysia (RM9m), Motors China (RM41m), Motors Malaysia (RM9m)

# FY2019 Results Announcement



Segmental PBIT: Quarter ended 30 September 2018

In RM Million	Q1 FY2019			Q1 FY2018			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
<b>Industrial</b>	179	-	179	247	(165) <sup>3</sup>	82	(27.5)	118.3
<b>Motors</b>	105	-	105	112	25 <sup>4</sup>	137	(6.3)	(23.4)
<b>Logistics</b>	89	(78) <sup>1</sup>	11	18	-	18	394.4	(38.9)
<b>Healthcare</b>	15	-	15	12	-	12	25.0	25.0
<b>Others</b>	(30)	35 <sup>2</sup>	5	-	-	-	-	-
<b>Corporate</b>	(14)	-	(14)	(40)	-	(40)	65.0	65.0
<b>Forex</b>	3	(3)	-	27	(27)	-	(88.9)	-
<b>YSD</b>	-	-	-	(20)	20	-	100.0	-
<b>PBIT</b>	<b>347</b>	<b>(46)</b>	<b>301</b>	<b>356</b>	<b>(147)</b>	<b>209</b>	<b>(2.5)</b>	<b>44.0</b>

## Adjustments :

1. Gain on disposal of Weifang Water (RM78m)
2. Impairment of equity interest in E&O (RM35m)
3. Gain on disposal of properties
4. Gain on disposal of properties (RM50m) and Vietnam losses (RM75m)

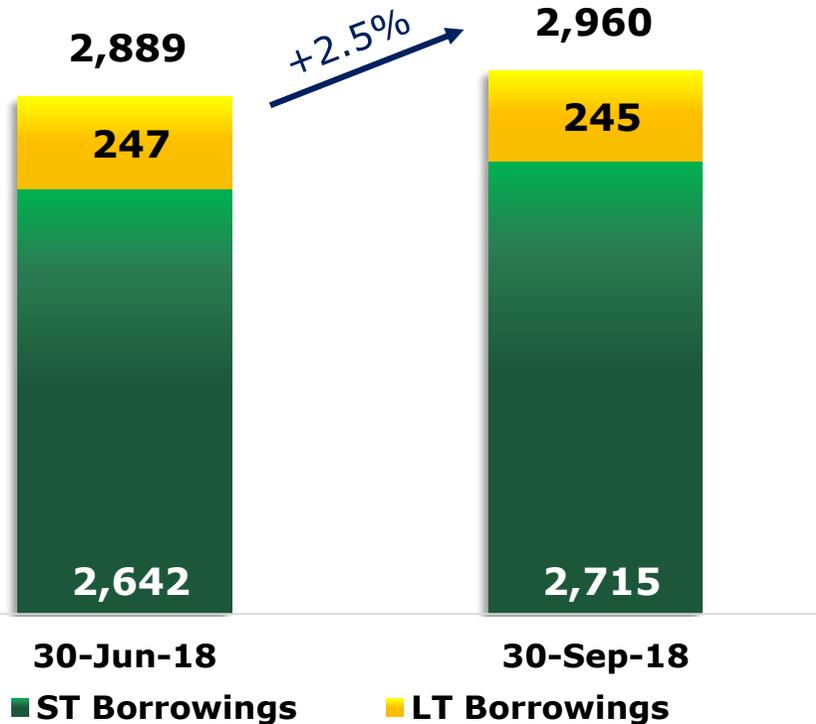
# FY2019 Results Announcement



Snapshot of borrowings position as at 30 September 2018

## Long Term vs Short Term Borrowings

## Total Borrowings



# RM 2.96bn

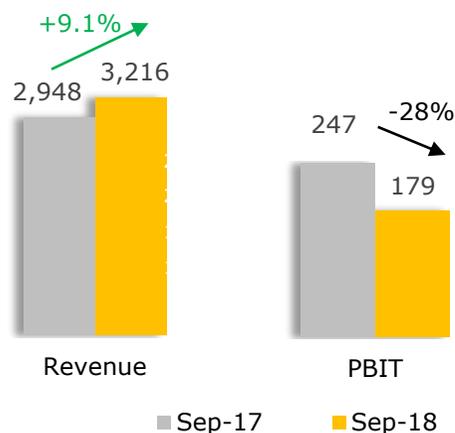
As at 30 September 2018

**RM14.6bn**  
Total Equity

**20.3%**  
Debt/Equity Ratio

**RM1.8bn**  
Bank balances, deposits  
and cash

# Segmental Results



In RM Million	Q1 FY2018	Q1 FY2019
Australasia	1,732	1,987
China	775	769
Malaysia	285	303
Southeast Asia	156	157
<b>Total Revenue</b>	<b>2,948</b>	<b>3,216</b>
Australasia	51	135
China	25	35
Malaysia	12	(4)
Southeast Asia	(6)	13
<b>Total Core PBIT</b>	<b>82</b>	<b>179</b>
Disposal of Properties	165	-
<b>Total PBIT</b>	<b>247</b>	<b>179</b>
<b>PBIT margin</b>	<b>8.4%</b>	<b>5.6%</b>
<b>Core PBIT margin</b>	<b>2.8%</b>	<b>5.6%</b>
<b>ROIC</b>	<b>3.1%</b>	<b>2.2%</b>

### Australasia

- Higher equipment deliveries to the mining and construction sectors
- Higher margins from both equipment and parts
- Results partly offset by the weakening of AUD/MYR by 11% from 3.36 to 2.99

### China

- Higher margins compensated for the weaker RMB by 6% from 0.639 to 0.603
- Higher product support contribution and CAT subsidy claim

### Malaysia

- Lower CAT equipment deliveries to the construction sector
- Restructuring cost of RM15m and YSD donation of RM5m incurred in the quarter

### South East Asia

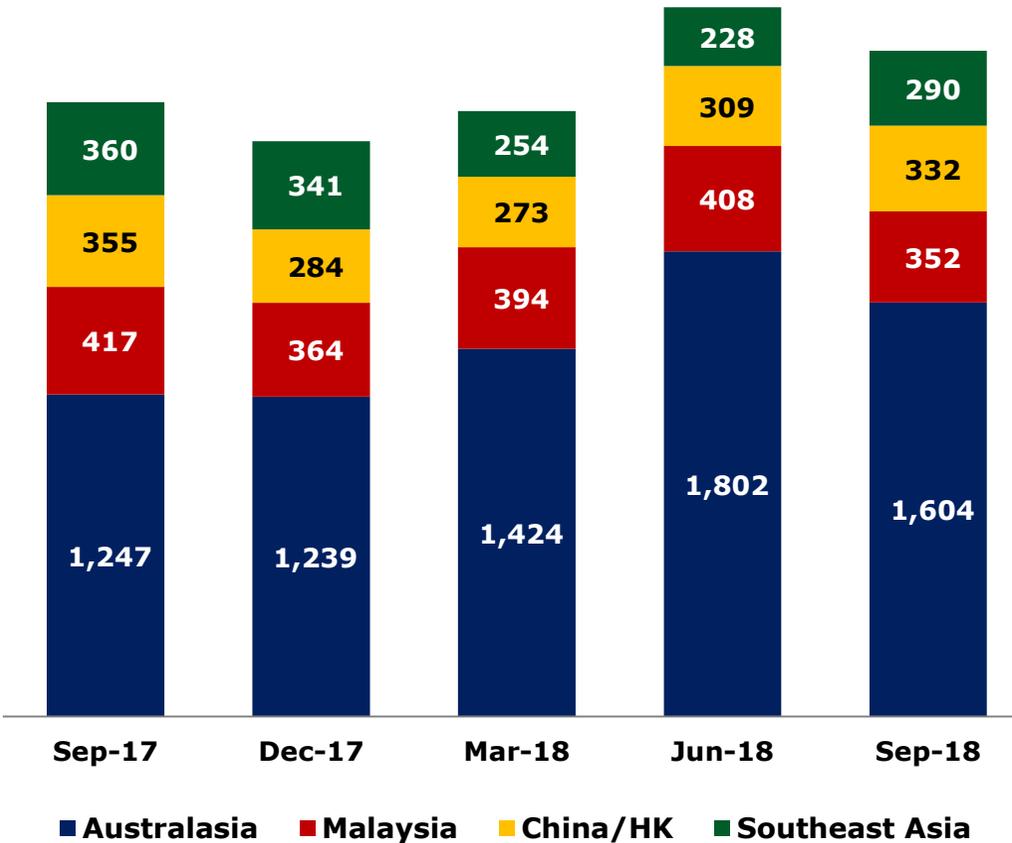
- Higher margins despite deferment in engine deliveries due to slowdown in the marine sector
- RM15m share of losses from associate in Q1 FY2018

### Property Disposals

- RM156m in Australia and RM9m in Malaysia in Q1 FY2018



Strong order book mainly from mining industry in Australasia



## AUSTRALASIA

- Favourable commodity price levels will drive miners to increase capital expenditures for both equipment replacement cycles and expansions.
- Higher machine utilisation levels support strong parts and services sales revenue growth.



## MALAYSIA

- Deferment of major projects due to rationalisation of government spending. However, ongoing West Coast Expressway and Pan Borneo Highway will proceed as planned.
- Construction to focus on rural infrastructure, airports and affordable housing in line with 11<sup>th</sup> Malaysia Plan.



## CHINA

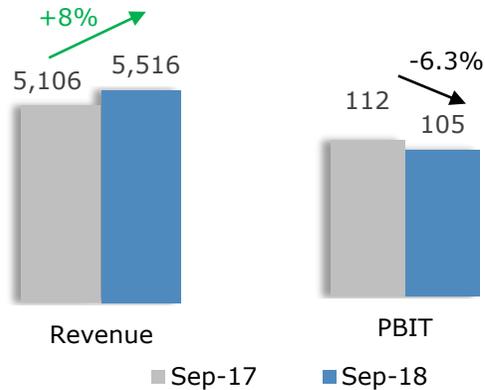
- Infrastructure construction continues to be supported by proactive fiscal policy.
- Nevertheless, more cautious investment approach due to uncertainties surrounding trade tariffs.
- Shift in equipment model mix towards smaller models which includes rental due to customers' preference to maintain lower operating cost.



## SOUTH EAST ASIA

- Singapore supported by public sector construction demand- MRT, land redevelopment, Tuas Mega Port and Changi Airport T5.
- Product support business have recovered slightly with maintenance works in marine offshore and construction sector.
- Electric power segment set to be positive as standby generator sets demand increase to support data centers.

## Higher sales in Malaysia, lower margins in China, HK and Singapore



In RM Million	Q1 FY2018	Q1 FY2019
China, HK, Macau & Taiwan	2,090	2,349
Singapore & Thailand	1,330	1,256
Malaysia	882	1,188
Australia & NZ	777	723
Vietnam	27	-
<b>Total Revenue</b>	<b>5,106</b>	<b>5,516</b>
China, HK, Macau & Taiwan	46	27
Singapore, Thailand & Vietnam	33	12
Malaysia	28	39
Australia & NZ	30	27
<b>Total Core PBIT</b>	<b>137</b>	<b>105</b>
Vietnam	(75)	-
Property disposal/compensation	50	-
<b>Total PBIT</b>	<b>112</b>	<b>105</b>
<b>PBIT margin</b>	<b>2.2%</b>	<b>1.9%</b>
<b>Core PBIT margin</b>	<b>2.7%</b>	<b>1.9%</b>
<b>ROIC</b>	<b>2.0%</b>	<b>1.8%</b>

### China, HK, Macau, Taiwan

- Higher units sold in China but margins declined due to competitive discounting in the market
- Lower margins from after-sales in HK and Macau due to competition and higher labour costs
- Lower BMW and MINI vehicles sold in HK
- Taiwan recorded LBIT (RM4m) in Q1FY2019 vs (RM8m) in Q1FY2018 - Higher revenue and improved margins

### Singapore, Thailand

- Lower sales and margins in Singapore due to competitive market and sales volume target demanded by BMW
- Margins also declined in Thailand due to competition with other dealers

### Malaysia

- Higher sales volume due to zero rated GST in July and August 2018 (Q1 FY2019: 5,056 units vs Q1 FY2018: 4,176 units)
- Partly offset by YSD donation of RM5m in Q1 FY2019 (Q1 FY2018 - Nil)

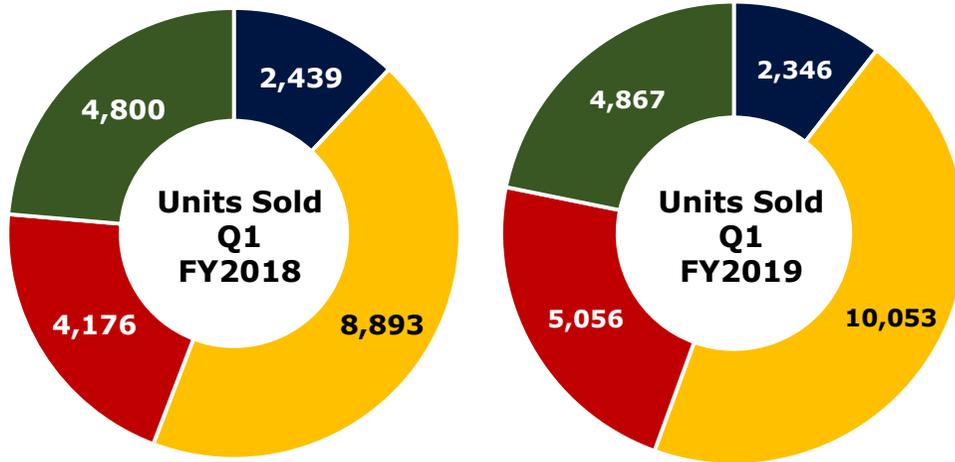
### Australia, NZ

- Lower profit in Australia from BMW franchise due to lower units sold
- NZ - Higher units sold and contribution from commercial vehicles, compensate for lower retail units sold and contribution

### Vietnam

- Impairment of distribution rights (RM61m) in Q1 FY2018

Economic uncertainty affecting demand and leading to pricing pressure in some markets



■ Australia & NZ ■ China, HK, Macau, Taiwan ■ Malaysia ■ Singapore, Thailand & Vietnam

**22,322**  
Units Sold  
(Q1 FY2018: 20,308)

**10,251**  
Units Assembled  
(Q1 FY2018: 4,499)



## AUSTRALIA, NZ

- Government investment in infrastructure to support commercial vehicle sales in Australia.
- Growing household debts will dampen passenger car sales in Australia.
- Growth in NZ is slowing down amidst slow economic growth and higher fuel price.



## SINGAPORE, THAILAND

- Higher COE supply in the next quarter likely to keep premiums low.
- Strong growth in household spending, improving business environment, and expiry of the 5 year lock-up period under the first-time car buyer scheme to support sales in Thailand.



## MALAYSIA

- Global trade tensions affecting sentiment and stringent hire purchase lending rules weighing on vehicle purchases.



## CHINA, HK, MACAU, TAIWAN

- On-going trade tensions between China and US coupled with tightened controls on bank lending affecting sales growth.
- Rising interest rates, softer housing market will dampen consumer spending in Hong Kong.



Upcoming model launches expected to boost sales in 2QFY2019



**BMW 7 Series**  
October 2018



**Ford Ranger**  
October 2018



**Hyundai Tucson**  
October 2018



**BMW X5**  
November 2018

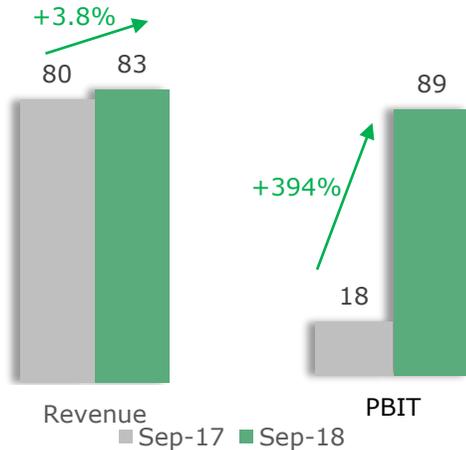
# Logistics and Healthcare



Higher profit from disposal of Weifang Water; higher profit from healthcare



## Logistics



### Ports

- Higher profit in Q1FY2019 mainly due to improved performance of Liquid Terminal JV
- Lower throughput due to severe weather conditions

### Water

- Higher profit mainly due to cessation of depreciation and amortisation following classification as a disposal group

### Forex

- Mainly from translation of RMB loans given to JVs to HKD

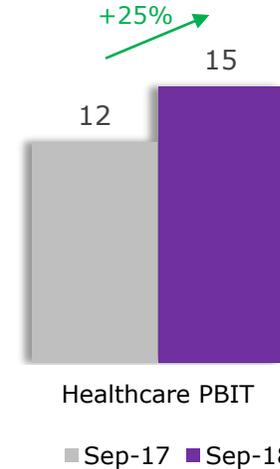
**6.98 million MT**  
General cargo throughput  
(Q1 FY2018: 8.2 million MT)

**75,037 TEU**  
Container throughput  
(Q1 FY2018: 59,553 TEU)

In RM Million	Q1 FY2018	Q1 FY2019
Ports	66	61
Water	17	19
<b>Total Revenue</b>	<b>83</b>	<b>80</b>
Ports	8	9
Water	7	9
Forex	3	(7)
<b>Total Core PBIT</b>	<b>18</b>	<b>11</b>
Gain on disposal	-	78
<b>Total PBIT</b>	<b>18</b>	<b>89</b>
<b>Core PBIT margin</b>	<b>21.7%</b>	<b>13.8%</b>
<b>ROIC</b>	<b>0.8%</b>	<b>3.8%</b>



## Healthcare



In RM Million	Q1 FY2018	Q1 FY2019
<b>Healthcare PBIT</b>	<b>12</b>	<b>15</b>
<b>Healthcare ROIC</b>	<b>2.0%</b>	<b>2.0%</b>

- Higher revenue from Malaysia and Indonesia operations

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# Appendices

# 1Q FY2019 Results Announcement ended 30 September 2018



## 1Q FY2019 External Revenue by Region

In RM Million	1Q FY2019	1Q FY2018	YoY %
<b>Industrial</b>			
Malaysia	303	285	6.3
SE Asia ex Malaysia	157	156	0.6
China/HK	769	775	(0.8)
Australasia	1,987	1,732	14.7
	<b>3,216</b>	<b>2,948</b>	<b>9.1</b>
<b>Motors</b>			
Malaysia	1,188	882	34.7
SE Asia ex Malaysia	1,256	1,330	(5.6)
China/HK/Macau/Taiwan	2,349	2,090	12.4
Australia/NZ	723	777	(6.9)
Vietnam <sup>1</sup>	-	27	(100.0)
	<b>5,516</b>	<b>5,106</b>	<b>8.0</b>
<b>Logistics</b>			
Ports	61	66	(7.6)
Water	19	17	11.8
	<b>80</b>	<b>83</b>	<b>(3.6)</b>
<b>Others</b>	<b>33</b>	<b>7</b>	<b>371.4</b>
<b>TOTAL</b>	<b>8,845</b>	<b>8,144</b>	<b>8.6</b>

Note:

1. The Group has exited BMW operations in Vietnam

# 1Q FY2019 Results Announcement ended 30 September 2018



## 1Q FY2019 PBIT by Region

In RM Million	1Q FY2019	1Q FY2018	YoY %
<b>Industrial</b>			
Malaysia	(4)	12	(133.3)
SE Asia ex Malaysia	13	(6)	316.7
China/HK	35	25	40.0
Australasia	135	51	164.7
Disposal of Properties	-	165	(100.0)
	<b>179</b>	<b>247</b>	<b>(27.5)</b>
<b>Motors</b>			
Malaysia	39	28	39.3
Singapore/Thailand/Vietnam	12	33	(63.6)
China/HK/Macau/Taiwan	27	46	(41.3)
Australia/NZ	27	30	(10.0)
Vietnam <sup>1</sup>	-	(75)	100.0
Disposal of Properties	-	50	(100.0)
	<b>105</b>	<b>112</b>	<b>(6.3)</b>
<b>Logistics</b>			
Ports	9	8	12.5
Water	9	7	28.6
Forex	(7)	3	(333.3)
Gain on disposal	78	-	
	<b>89</b>	<b>18</b>	<b>394.4</b>
<b>Healthcare</b>	<b>15</b>	<b>12</b>	<b>25.0</b>
<b>Others</b>	<b>(41)</b>	<b>(33)</b>	<b>(24.2)</b>
<b>TOTAL</b>	<b>347</b>	<b>356</b>	<b>(2.5)</b>

Note:

1. The Group has exited BMW operations in Vietnam

**Thank you**