



FY2019 Results Announcement

Half Year ended 31 December 2018

21 February 2019



Delivering
Sustainable Futures

Sime Darby Berhad Group Results

1H FY2019 Results Announcement



Half Year ended 31 December 2018

In RM Million	1H FY2019	1H FY2018	YoY %
Revenue	18,268	16,959	7.7
PBIT	674	495	36.2
Finance income	27	80*	
Finance costs	(62)	(61)	
Profit before tax	639	514	24.3
Taxation	(64)	(154)	
Profit from continuing operations	575	360	59.7
Non-controlling interests	(33)	(40)	
Net profit from continuing operations	542	320	69.4

*Includes finance income from discontinued operations of RM48m.

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Core Profit of Continuing Operations: Half year ended 31 December 2018

In RM Million	1H FY2019	1H FY2018	YoY %
Reported PBIT	674	495	36.2
Adjustments	(68) ¹	30 ²	
Core PBIT	606	525	15.4
Net finance costs	(35)	(26)	
Taxation	(178) ³	(150)	
Non controlling interests	(33)	(28)	
Core Net Profit	360	321	12.1

Note:

1. Includes gain on disposal of Weifang Water business (RM78m) and Industrial Malaysia property (RM18m), tax and duties refund for Motors Vietnam operations (RM15m) and impairment of equity interest in E&O (RM66m)
2. Includes gain on property disposal in Industrial Australia (RM156m), Industrial Malaysia (RM9m), Motors China (RM41m), Motors Malaysia (RM9m), impairments from exiting Motors Vietnam (RM184m) and net corporate forex gain & YSD of (RM61m)
3. Excludes tax on disposal of Weifang Water (RM13m) and deferred tax credit arising from change in RPGT rate (RM129m)

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Segmental PBIT: Half year ended 31 December 2018

In RM Million	1H FY2019			1H FY2018			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
Industrial	366	(18) ¹	348	393	(165) ⁵	228	(6.9)	52.6
Motors	240	(15) ²	225	145	134 ⁶	269	77.8	(16.4)
Logistics	104	(78) ³	26	43	-	43	141.9	(39.5)
Healthcare	30	-	30	25	-	25	20.0	20.0
Others	(36)	46 ⁴	10	10	-	10	(460.0)	-
Corporate	(33)	-	(33)	(50)	-	(50)	34.0	34.0
Forex	3	(3)	-	24	(24)	-	(87.5)	-
YSD	-	-	-	(85)	85	-	100.0	-
PBIT	674	(68)	606	495	30	525	36.2	15.4

Adjustments :

1. Gain on disposal of property (RM18m)
2. Motors Vietnam tax refund (RM15m)
3. Gain on disposal of Weifang Water (RM78m)
4. Impairment of equity interest in E&O (RM66m), ONGC recovery (RM20m)
5. Gain on disposal of properties
6. Gain on disposal of properties (RM50m) and Vietnam losses (RM184m)

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Quarter ended 31 December 2018

In RM Million	2Q FY2019	2Q FY2018	YoY %
Revenue	9,423	8,815	6.9
PBIT	327	139	135.3
Finance income	13	30*	
Finance costs	(32)	(31)	
Profit before tax	308	138	123.2
Taxation	29	(53)	
Profit from continuing operations	337	85	296.5
Non-controlling interests	(20)	(13)	
Net profit from continuing operations	317	72	340.3

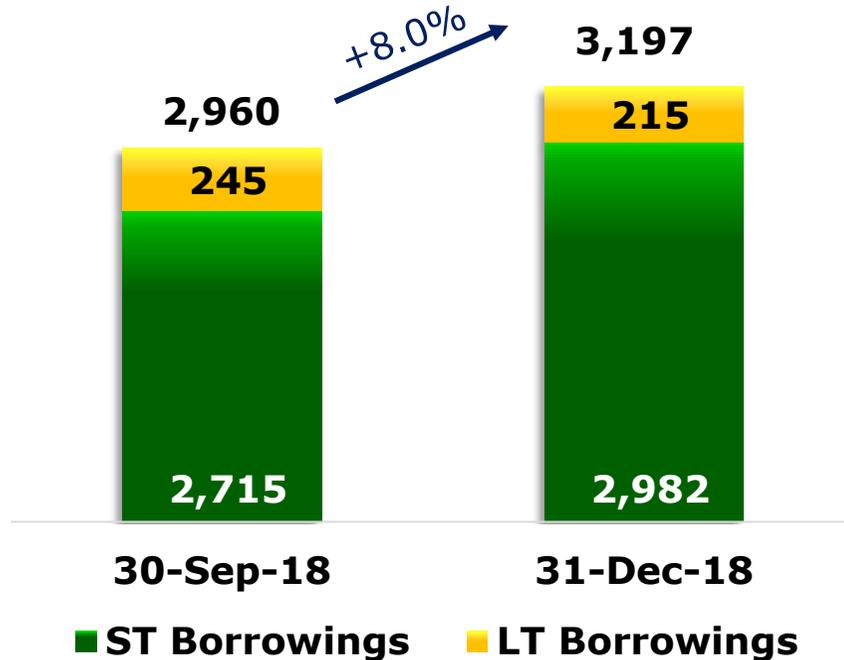
*Includes finance income from discontinued operations of RM11m.

1H FY2019 Results Announcement



Snapshot of borrowings position as at 31 December 2018

Long Term vs Short Term Borrowings



Total Borrowings



RM3.20bn

As at 31 December 2018

RM14.8bn
Total Equity

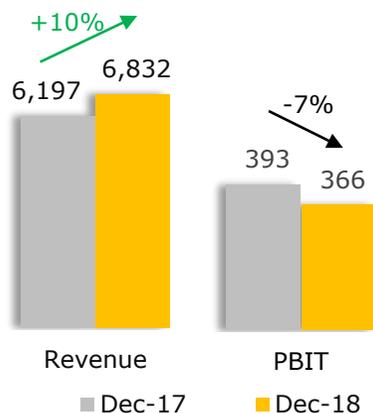
21.6%
Debt/Equity Ratio

RM1.5bn
Bank balances, deposits
and cash

Segmental Results



Rising sales and profits in Australasia



In RM Million	1H FY2018	1H FY2019
Australasia	3,533	4,169
China	1,732	1,710
Malaysia	592	600
Southeast Asia	340	353
Total Revenue	6,197	6,832
Australasia	134	233
China	66	80
Malaysia	28	6
Southeast Asia	-	29
Total Core PBIT	228	348
Disposal of Properties	165	18
Total PBIT	393	366
PBIT margin	6.3%	5.4%
Core PBIT margin	3.7%	5.1%
ROIC	5.0%	4.6%

Australasia

- Higher equipment deliveries to mining and construction sectors
- Higher margins from equipment and parts
- Results partly offset by the weakening of AUD/MYR by 9% from 3.28 to 2.99 and fair value loss on financial assets of RM60m

China

- Lower equipment deliveries to construction sector amid trade war
- Higher margins compensated for the weaker RMB by 5% from 0.634 to 0.603
- Higher engines and product support contribution and CAT subsidy claim

Malaysia

- Lower CAT equipment deliveries to the construction sector compensated by higher contribution from Allied equipment deliveries to the plantation sector, higher billings in the petroleum operations and recognition of sales from milestone cogeneration project
- Improved contribution from parts
- Includes restructuring cost of RM15m and YSD donation of RM5m

Southeast Asia

- Lower equipment deliveries to the construction sector compensated by higher product support sales in Singapore
- RM16m share of losses from associate in 1H FY2018

Property Disposals

- RM18m gain on disposal of a property in Malaysia in 1H FY2019
- RM156m in Australia and RM9m in Malaysia in 1H FY2018



Healthy order book across all regions



AUSTRALASIA

- Increasing demand for coal in Asia will drive miners to increase capital expenditures for equipment replacement cycles and expansion.
- Higher machine utilization levels support strong parts and services sales revenue growth.



MALAYSIA

- On-going projects such as West Coast Expressway and Pan Borneo Highway supporting the construction sector.
- However, review of public infrastructure projects expected to weigh down construction sector.
- Government continues to provide more affordable housing to the low to middle income groups.



CHINA

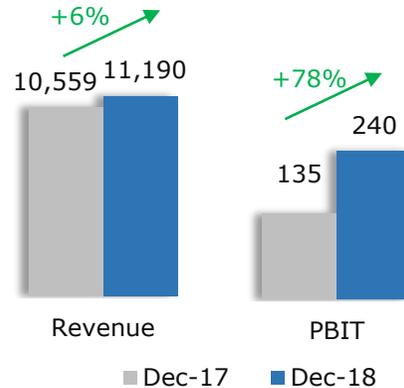
- Government stimulus continues to drive growth in infrastructure spending.
- Nevertheless, more cautious investment approach due to the risk of escalating trade war.
- Shift in equipment model mix towards smaller models which includes rental due to customers' preference to maintain lower operating cost.



SOUTH EAST ASIA

- Public sector construction demand in Singapore supported by infrastructure projects such as the Cross Island MRT Line and Changi Airport T5.
- Product support business have improved with increased 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.

Increasing competition in major markets



In RM Million	1H FY2018	1H FY2019
China, HK, Macau & Taiwan	4,465	5,219
Singapore & Thailand	2,774	2,493
Malaysia	1,805	2,100
Australia & NZ	1,464	1,378
Vietnam	51	-
Total Revenue	10,559	11,190
China, HK, Macau & Taiwan	118	73
Singapore & Thailand	56	35
Malaysia	42	70
Australia & NZ	53	47
Total Core PBIT	269	225
Vietnam	(184)	15
Property disposal/compensation	50	-
Total PBIT	135	240
PBIT margin	1.3%	2.1%
Core PBIT margin	2.6%	2.0%
ROIC	2.4%	3.9%

China, HK, Macau, Taiwan

- Higher units of BMW and Super Luxury vehicles sold in China
- Lower units sold and lower margins from BMW and after-sales in HK due to competition
- Taiwan recorded LBIT (RM11m) in 1HFY2019 vs (RM17m) in 1HFY2018 - Improved margins and lower marketing expenses

Singapore, Thailand

- Lower sales and margins in Singapore due to competitive market
- Lower units of Mazda and Ford vehicles sold in Thailand

Malaysia

- Higher sales volume due to zero rated GST in July and August 2018 (1H FY2019: 9,066 units vs 1H FY2018: 8,378 units)
- Increased contribution from car rental and engine assembly, partly offset by YSD donation of RM5m in 1H FY2019 (1H FY2018 - Nil)

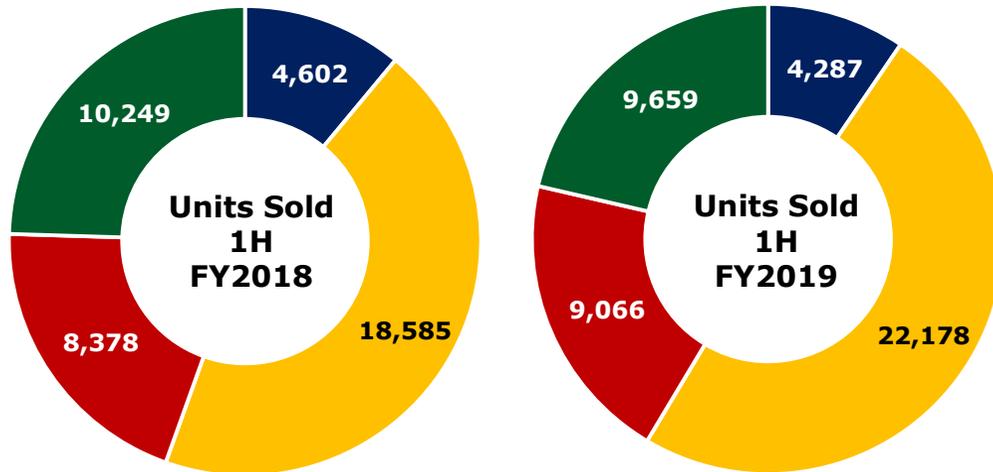
Australia, NZ

- Lower profit in Australia from BMW Brisbane due to lower units sold
- NZ - Lower margins despite higher units sold from commercial vehicles, lower units sold from retail

Vietnam

- Includes tax and duties refund in 1H FY2019
- Impairment of distribution rights (RM61m) and writedown of inventories (RM89m) in 1H FY2018

New models in premium segment to spur growth despite difficult market environment



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

45,190
Units Sold
(1H FY2018: 41,814)

19,496
Units Assembled
(1H FY2018: 11,917)



AUSTRALIA, NZ

- Government investment in infrastructure and e-commerce boom to support commercial vehicle sales in Australia.
- Growing household debts and upcoming elections will dampen passenger car sales in Australia.
- Solid demand from freight transport and construction sector to increase sales of commercial vehicles in NZ.



MALAYSIA

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



SINGAPORE, THAILAND

- Singapore government's intensified push for public transport and tough stance on personal vehicle ownership will affect growth of vehicle sales.
- Low inflation and attractive borrowing costs to bolster growth in vehicle sales in Thailand.



CHINA, HK, MACAU, TAIWAN

- Cooling economic growth, weakening RMB and trade tensions will weigh on consumer confidence and spending on vehicles in China.
- Rising interest rates, softer housing market will dampen consumer spending in Hong Kong.
- New models in premium segment to spur growth.

Upcoming model launches expected to boost sales in 3QFY2019



Porsche Panamera GTS
February 2019



BMW 8 Series
March 2019



Porsche Macan
February 2019



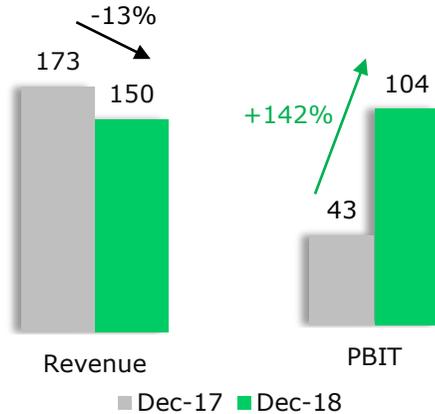
4th Generation Hyundai Santa Fe
2019

Logistics and Healthcare

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



Logistics



Ports

- Weaker performance due to lower throughput at ports caused by severe weather conditions.

Water

- Recorded 3 months contribution prior to disposal in September 2018.
- Gain on disposal of RM 78m.

Forex

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

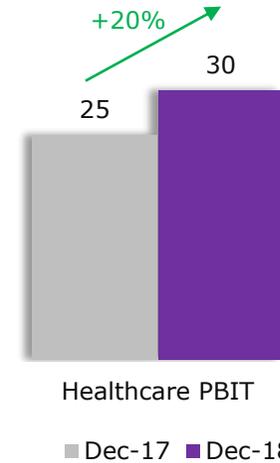
In RM Million	1H FY2018	1H FY2019
Ports	140	131
Water	33	19
Total Revenue	173	150
Ports	24	23
Water	13	9
Forex	6	(6)
Total Core PBIT	43	26
Gain on disposal	-	78
Total PBIT	43	104
Core PBIT margin	24.9%	17.3%
ROIC	1.8%	5.0%

14.7 million MT
General cargo throughput
(1H FY2018: 17 million MT)

148,024 TEU
Container throughput
(1H FY2018: 116,155 TEU)



Healthcare



In RM Million	1H FY2018	1H FY2019
Healthcare PBIT	25	30
Healthcare ROIC	3.6%	3.9%

- Higher revenue from Malaysia and Indonesia operations

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Appendices

1H FY2019 Results Announcement ended 31 December 2018



2Q FY2019 External Revenue by Region

In RM Million	2Q FY2019	2Q FY2018	YoY %
Industrial			
Malaysia	297	307	(3.3)
SE Asia ex Malaysia	196	184	6.5
China/HK	941	957	(1.7)
Australasia	2,182	1,801	21.2
	3,616	3,249	11.3
Motors			
Malaysia	912	923	(1.2)
SE Asia ex Malaysia	1,237	1,444	(14.3)
China/HK/Macau/Taiwan	2,870	2,375	20.8
Australia/NZ	655	687	(4.7)
Vietnam ¹	-	24	(100.0)
	5,674	5,453	4.1
Logistics			
Ports	70	74	(5.4)
Water	-	16	(100.0)
	70	90	(22.2)
Others	63	23	173.9
TOTAL	9,423	8,815	6.9

Note:

1. The Group has exited BMW operations in Vietnam

1H FY2019 Results Announcement ended 31 December 2018



2Q FY2019 PBIT by Region

In RM Million	2Q FY2019	2Q FY2018	YoY %
Industrial			
Malaysia	10	16	(37.5)
SE Asia ex Malaysia	16	6	166.7
China/HK	45	41	9.8
Australasia	98	83	18.1
Disposal of Properties	18	-	
	187	146	28.1
Motors			
Malaysia	31	14	121.4
Singapore/Thailand	23	23	0.0
China/HK/Macau/Taiwan	46	72	(36.1)
Australia/NZ	20	23	(13.0)
Vietnam	15	(109)	113.8
Disposal of Properties	-	-	
	135	23	487.0
Logistics			
Ports	14	16	(12.5)
Water	-	6	(100.0)
Forex	1	3	(66.7)
Gain on disposal	-	-	
	15	25	(40.0)
Healthcare	15	13	15.4
Others	(25)	(68)	63.2
TOTAL	327	139	135.3

Note:

1. The Group has exited BMW operations in Vietnam

Thank you