



FY2019 Results Announcement

Analyst Briefing: Fourth Quarter ended 30 June 2019

27 Aug 2019



Delivering
Sustainable Futures

Sime Darby Berhad Group Results

FY2019 Financial Results



Reported Profit: Financial year ended 30 June 2019

| In RM Million | FY2019 | FY2018 | YoY % |
|---|---------------|---------------|---------|
| Revenue | 36,156 | 33,828 | 6.9 |
| PBIT | 1,383 | 1,074 | 28.8 |
| Finance income | 32 | 104* | |
| Finance costs | (124) | (113) | |
| Profit before tax | 1,291 | 1,065 | 21.2 |
| Taxation | (281) | (380) | |
| Profit from continuing operations | 1,010 | 685 | 47.4 |
| Non-controlling interests | (62) | (67) | |
| Net profit from continuing operations | 948 | 618 | 53.4 |
| Net profit from discontinued operations | - | 1,301 | (100.0) |
| Net profit attributable to owners of the Company | 948 | 1,919 | (50.6) |

*Includes finance income from discontinued operations of RM48m.

FY2019 Financial Results



Core Profit of Continuing Operations: Financial year ended 30 June 2019

| In RM Million | FY2019 | FY2018 | YoY % |
|---|--------------------|--------------------|-------|
| Reported PBIT | 1,383 | 1,074 | 28.8 |
| Adjustments | | | |
| • Motors Vietnam | (12) | 199 | |
| • Gain on disposals | (126) ¹ | (238) ² | |
| • Fair value loss on financial assets (MES) | 47 | - | |
| • Share of loss of WPS | 119 | - | |
| • Share of loss /impairment of equity interest in E&O | 117 | 103 | |
| • Oil & gas | (26) ³ | 28 ⁴ | |
| • Net corporate forex gain & YSD | (3) | 62 | |
| Core PBIT | 1,499 | 1,228 | 22.1 |
| Net finance costs | (92) | (56) | |
| Taxation | (395) ⁵ | (282) | |
| Non controlling interests | (62) | (55) | |
| Core Net Profit | 950 | 835 | 13.8 |

1. Gain on disposal of Weifang Water business (RM78m), Industrial Malaysia property (RM18m), disposal of trademark (RM17m), disposal of bungalows (RM3m), disposal of Sime Kubota (RM10m)

2. Gain on property disposal in Industrial Australia (RM169m), Industrial Malaysia (RM9m), Motors China (RM41m), Motors Malaysia (RM9m), disposal of bungalows (RM10m)

3. ONGC Wellhead arbitration recovery

4. Impairment of oil & gas accrued billings

5. Excludes tax on disposal of Weifang Water (RM13m) and deferred tax credit arising from change in RPGT rate (RM129m)

FY2019 Financial Results



Segmental PBIT: Financial year ended 30 June 2019

| In RM Million | FY2019 | | | FY2018 | | | Reported PBIT YoY % | Core PBIT YoY % |
|-------------------|---------------|-------------------|--------------|---------------|--------------------|--------------|---------------------|-----------------|
| | Reported PBIT | Adjustments | Core PBIT | Reported PBIT | Adjustments | Core PBIT | | |
| Industrial | 798 | 19 ¹ | 817 | 612 | (178) ⁶ | 434 | 30.4 | 88.2 |
| Motors | 628 | (12) ² | 616 | 543 | 149 ⁷ | 692 | 15.7 | (11.0) |
| Logistics | 2 | 41 ³ | 43 | 74 | - | 74 | (97.3) | (41.9) |
| Healthcare | 49 | - | 49 | 57 | - | 57 | (14.0) | (14.0) |
| Others | (51) | 74 ⁴ | 23 | (98) | 131 ⁸ | 33 | 48.0 | (30.3) |
| Corporate | (46) | (3) ⁵ | (49) | (52) | (10) | (62) | 11.5 | 21.0 |
| Forex | 3 | (3) | - | 23 | (23) | - | (87.0) | - |
| YSD | - | - | - | (85) | 85 ⁹ | - | 100.0 | - |
| PBIT | 1,383 | 116 | 1,499 | 1,074 | 154 | 1,228 | 28.8 | 22.1 |

Adjustments :

1. Gain on disposal of property (RM18m), fair value loss on financial asset (RM47m), gain on disposal of Sime Kubota (RM10m)
2. Profit from Motors Vietnam (RM12m)
3. Gain on disposal of Weifang Water (RM78m), Share of losses of Weifang Port Services (RM119m)
4. Share of losses of E&O (RM117m), ONGC recovery (RM26m), gain on trademark disposal (RM17m)
5. Gain on disposal of bungalows (RM3m)
6. Gain on disposal of properties (RM178m)
7. Gain on disposal of properties (RM50m) and Vietnam losses (RM199m)
8. Impairment of Oil & Gas accrued billings (RM28m) and impairment of E&O (RM103m)
9. Includes writedown of YSD assets (RM61m), expenses (RM37m) and reversal of accruals (RM13m)

Q4 FY2019 Financial Results



Quarter ended 30 June 2019

| In RM Million | Q4 FY2019 | Q4 FY2018 | YoY % |
|---|--------------|--------------|-------|
| Revenue | 9,323 | 8,575 | 8.7 |
| PBIT | 367 | 354 | 3.7 |
| Finance income | 8 | 13 | |
| Finance costs | (31) | (26) | |
| Profit before tax | 344 | 341 | 0.9 |
| Taxation | (142) | (164) | |
| Profit after tax | 202 | 177 | 14.1 |
| Non-controlling interests | (18) | (14) | |
| Net profit attributable to owners of the Company | 184 | 163 | 12.9 |

Q4 FY2019 Financial Results



Core Profit of Continuing Operations: Quarter ended 30 June 2019

| In RM Million | Q4 FY2019 | Q4 FY2018 | YoY % |
|---|-------------------|-------------------|-------|
| Reported PBIT | 367 | 354 | 3.7 |
| Adjustments | | | |
| • Motors Vietnam | 4 | 6 | |
| • Gain on disposals | (10) ¹ | (23) ² | |
| • Share of loss of WPS | 119 | - | |
| • Share of loss/ impairment of equity interest in E&O | 18 | 103 | |
| Core PBIT | 498 | 440 | 13.2 |
| Net finance costs | (23) | (14) | |
| Taxation | (142) | (92) | |
| Non controlling interests | (18) | (14) | |
| Core Net Profit | 315 | 320 | (1.6) |

1. Gain on disposal of Sime Kubota (RM10m)

2. Disposal of properties (RM13m) and disposal of holiday bungalows (RM10m)

Q4 FY2019 Financial Results



Segmental PBIT: Quarter ended 30 June 2019

| In RM Million | Q4 FY2019 | | | Q4 FY2018 | | | Reported PBIT YoY % | Core PBIT YoY % |
|-------------------|---------------|-------------------|------------|---------------|-------------------|------------|---------------------|-----------------|
| | Reported PBIT | Adjustments | Core PBIT | Reported PBIT | Adjustments | Core PBIT | | |
| Industrial | 212 | (10) ¹ | 202 | 142 | (13) ⁵ | 129 | 49.3 | 56.6 |
| Motors | 276 | 4 ² | 280 | 275 | 6 ⁶ | 281 | 0.4 | (0.4) |
| Logistics | (113) | 119 ³ | 6 | 13 | - | 13 | (969.2) | (53.8) |
| Healthcare | 7 | - | 7 | 14 | - | 14 | (50.0) | (50.0) |
| Others | (12) | 18 ⁴ | 6 | (95) | 103 ⁷ | 8 | 87.4 | (25.0) |
| Corporate | (3) | - | (3) | 5 | (10) ⁸ | (5) | (160.0) | 40.0 |
| PBIT | 367 | 131 | 498 | 354 | 86 | 440 | 3.7 | 13.2 |

Adjustments :

1. Gain on disposal of Sime Kubota (RM10m)
2. Motors Vietnam losses (RM4m)
3. Share of losses of Weifang Port Services (RM119m)
4. Share of losses of E&O (RM18m)
5. Gain on disposal of Australia property (RM13m)
6. Motors Vietnam losses (RM6m)
7. Impairment of equity interest in E&O (RM103m)
8. Gain on disposal of bungalows (RM10m)

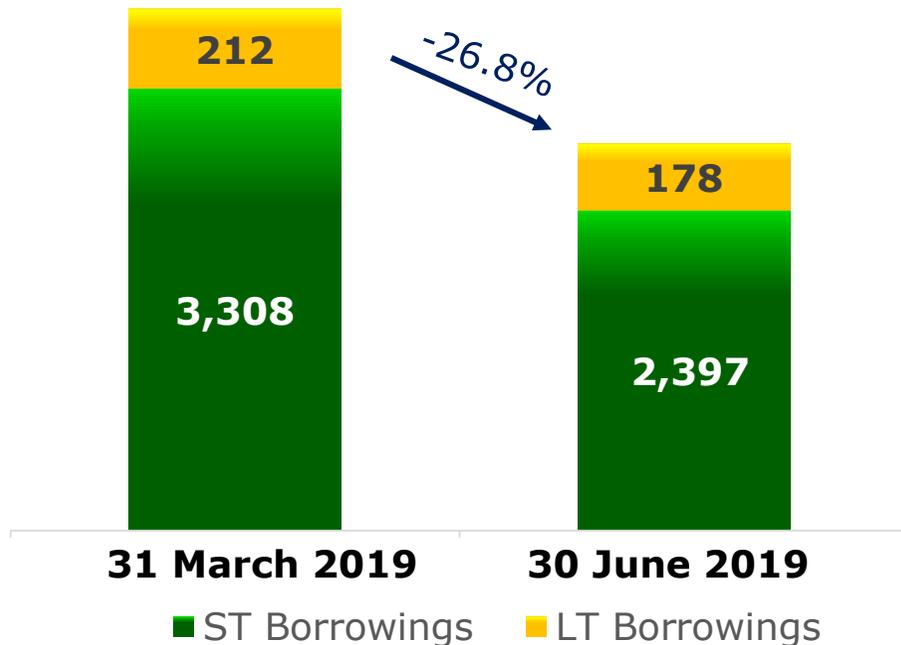
FY2019 Results Announcement



Snapshot of borrowings position as at 30 June 2019

Long Term vs Short Term Borrowings

Total Borrowings



RM2.6bn

As at 30 June 2019

RM15.1bn
Total Equity

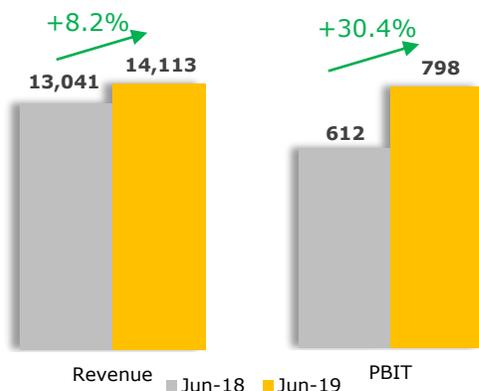
17.03%
Debt/Equity Ratio

RM1.7bn
Bank balances, deposits
and cash

Segmental Results



Increased sales and profits in Australasia



| In RM Million | FY2018 | FY2019 |
|--------------------------------------|---------------|---------------|
| Australasia | 7,166 | 8,459 |
| China | 3,944 | 3,810 |
| Malaysia | 1,184 | 1,121 |
| Southeast Asia | 747 | 723 |
| Total Revenue | 13,041 | 14,113 |
| Australasia | 209 | 545 |
| China | 161 | 188 |
| Malaysia | 37 | 24 |
| Southeast Asia | 27 | 60 |
| Total Core PBIT | 434 | 817 |
| Disposal of properties & Sime Kubota | 178 | 28 |
| FV loss on Financial Asset | - | (47) |
| Total PBIT | 612 | 798 |
| PBIT margin | 4.7% | 5.7% |
| Core PBIT margin | 3.3% | 5.8% |
| ROIC | 7.9% | 10.5% |

Australasia

- Higher equipment deliveries to both mining and construction sectors
- Higher margins from parts and services
- Contribution from Hardchrome since Dec 2018 - RM15m
- Results partly offset by the weakening of AUD/MYR by 7% from 3.16 to 2.95 and fair value loss on financial assets of RM47 million

China

- Higher margins compensated for the weaker RMB by 3% from 0.626 to 0.605
- Better margin realization from engines and product support and CAT subsidy claim

Malaysia

- Lower CAT equipment deliveries to the construction sector
- Improved contribution from power systems and services
- Includes restructuring cost of RM12m (FY2018 - RM3m) and YSD donation of RM10m (FY2018 - RM5m)

South East Asia

- Lower equipment deliveries to the construction sector compensated by higher product support sales with better margins in Singapore
- Share of losses from associates of RM1m (FY2018 - RM17m)

Property Disposals

- RM18m gain on disposal of a property in Malaysia in FY2019
- RM169m in Australia and RM9m in Malaysia in FY2018



Outlook remains positive despite slight reduction in order book

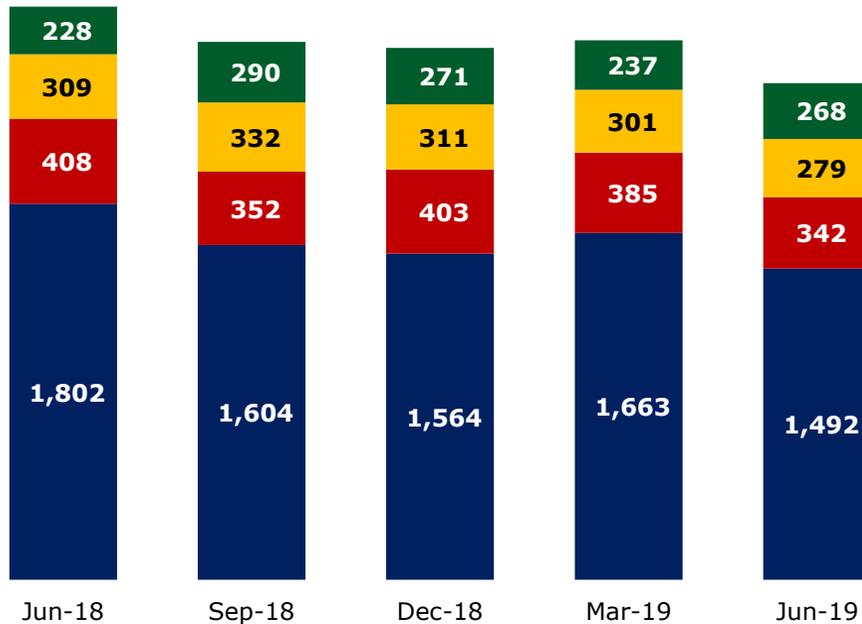
RM2,747m

Order book as at
30 June 2018

-13%

RM2,381m

Order book as at
30 June 2019



■ Australasia ■ Malaysia ■ China ■ Southeast Asia



AUSTRALASIA

- Growth in mining industry in Asia Pacific region propelling demand for both mining equipment replacement cycles and expansions
- Higher machine utilization levels to spur parts and services sales revenue growth



MALAYSIA

- On-going projects such as Pan Borneo Highway supporting the construction sector
- Revival of ECRL and continuation of infrastructure projects such as MRT 2 and LRT 3 to boost construction sector
- Government continues to focus on affordable housing to the low to middle income groups



CHINA

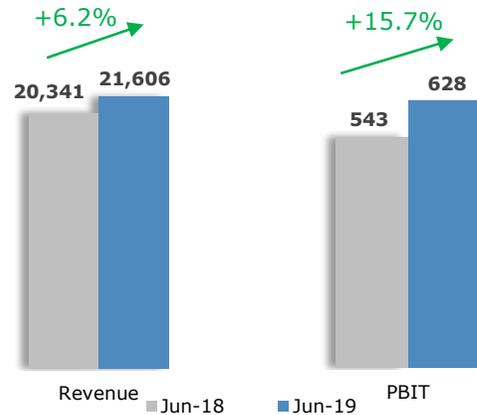
- Government stimulus through infrastructure spending to stabilize economy growth
- Nevertheless, more cautious investment approach due to the ongoing trade tension
- Increase trend towards rental and used equipment as customers spend lower capital expenditure for mining and construction activities owing to capital constraints



SOUTH EAST ASIA

- Large pipeline of mega-projects such as Changi Airport Terminal 5 and North-South Corridor Expressway to support the construction sector
- Product support business have recovered slightly with maintenance works in marine offshore
- Electric power segment set to be positive as standby generator sets demand increase to support data centers

Intensifying competition in major markets



| In RM Million | FY2018 | FY2019 |
|--------------------------------|---------------|---------------|
| China, HK, Macau & Taiwan | 8,672 | 10,398 |
| Singapore & Thailand | 5,127 | 4,493 |
| Malaysia | 3,576 | 3,935 |
| Australia & NZ | 2,897 | 2,779 |
| Vietnam | 69 | 1 |
| Total Revenue | 20,341 | 21,606 |
| China, HK, Macau & Taiwan | 236 | 235 |
| Singapore & Thailand | 121 | 36 |
| Malaysia | 210 | 247 |
| Australia & NZ | 125 | 98 |
| Total Core PBIT | 692 | 616 |
| Vietnam | (199) | 12 |
| Property disposal/compensation | 50 | - |
| Total PBIT | 543 | 628 |
| PBIT margin | 2.7% | 2.9% |
| Core PBIT margin | 3.4% | 2.9% |
| ROIC | 9.2% | 10.1% |

China, HK, Macau, Taiwan

- Higher units of BMW and Super Luxury vehicles sold in China, however margins for BMW operations were lower due to competitive market.
- Lower margins from after-sales operations from BMW and multi-franchise operations in HK
- Taiwan recorded LBIT (RM26m) in FY2019 vs (RM29m) in FY2018 - Improved margins and lower marketing expenses

Singapore, Thailand

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

Malaysia

- Higher sales volume from BMW and Ford (FY2019: 16,872 units vs FY2018: 16,611 units)
- Increased contribution from car rental and engine assembly, partly offset by YSD donation of RM10m in FY2019 (FY2018 - RM5m)

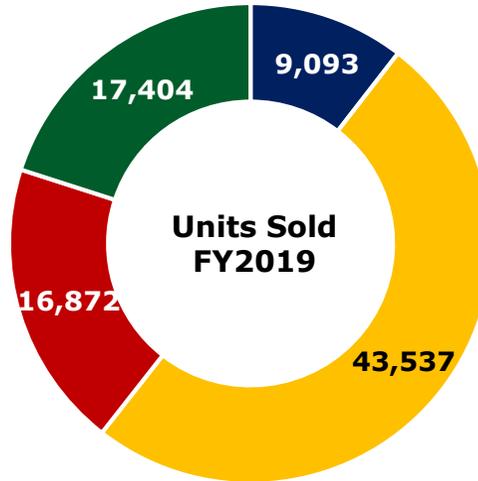
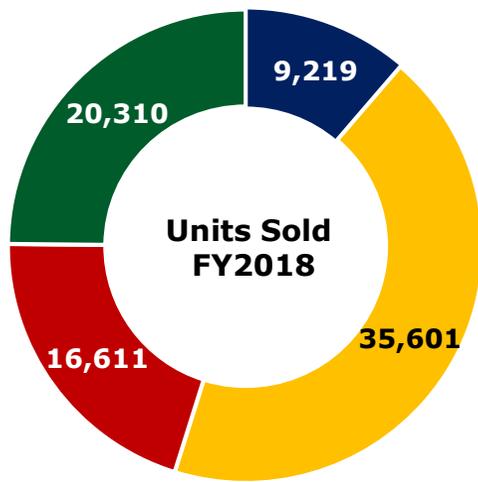
Australia, NZ

- Aus - Lower sales and margins from BMW Brisbane
- NZ - Lower units sold and margins from retail operations

Vietnam

- Includes tax and duties refund in FY2019
- Impairment of distribution rights (RM61m) and write-down of inventories (RM89m) in FY2018

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



86,906
Units Sold
(FY2018: 81,741)

37,210
Units Assembled
(FY2018: 29,896)

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



AUSTRALIA, NZ

- Tight financial lending and increasing luxury car tax
- However commercial vehicle sales expected to be boosted by agribusiness, mining and infrastructure growth.
- Steady market expected in NZ for commercial vehicles with demand from agriculture and freight transport sector and low domestic interest rate environment.



MALAYSIA

- TIV growth expected to be muted due to slowing economy amid trade tensions, added with the high level of indebtedness in the household sector



SINGAPORE, THAILAND

- Singapore government's intensified push for public transport and tough personal vehicle stance 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 and trade tensions weighing on consumer spending in China.
- However, China's growing middle class and new models continue to drive growth in the premium segment.
- Ongoing protests against extradition bill and trade tensions to dampen consumer spending in Hong Kong.

Upcoming model launches expected to boost sales in 1QFY2020



BMW Z4
July 2019



2019 Mini 60 Years Edition
August 2019



BMW X3M & X4M
September 2019



Porsche 911 Cabriolet
September 2019

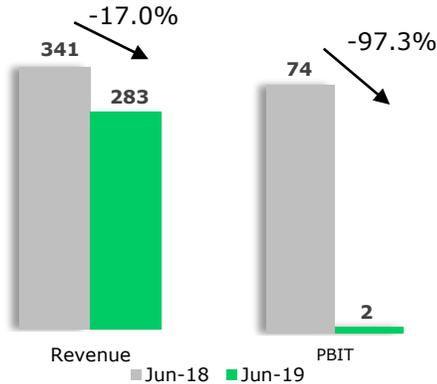
Logistics and Healthcare



Logistics results weighted down by impairment; modest growth from healthcare operations



Logistics



Ports

- Weaker performance due to lower throughput at ports
- Weifang Port Services share of loss of RM119m

Water

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

Forex

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

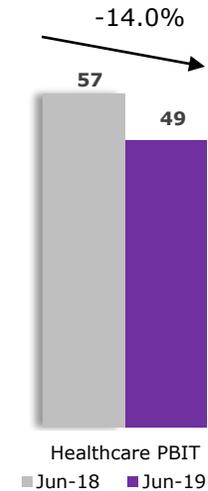
30.3 million MT
General cargo throughput
(FY2018: 32.6 million MT)

272,435 TEU
Container throughput
(FY2018: 240,536 TEU)

| In RM Million | FY2018 | FY2019 |
|-------------------------|--------------|--------------|
| Ports | 275 | 264 |
| Water | 66 | 19 |
| Total Revenue | 341 | 283 |
| Ports | 44 | 41 |
| Water | 28 | 9 |
| Forex | 2 | (7) |
| Total Core PBIT | 74 | 43 |
| Gain on disposal | - | 78 |
| Share of loss of WPS | - | (119) |
| Total PBIT | 74 | 2 |
| Core PBIT margin | 21.7% | 15.2% |
| ROIC | 3.2% | 0.1% |



Healthcare



| In RM Million | FY2018 | FY2019 |
|------------------------|-------------|-------------|
| Healthcare PBIT | 57 | 49 |
| Healthcare ROIC | 7.8% | 6.3% |

- Current period includes higher tax expense
- Higher revenue from Malaysia and Indonesia operations

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Thank you

Appendices

4Q FY2019 Results Announcement ended 30 June 2019



4Q FY2019 External Revenue by Region

| In RM Million | 4Q FY2019 | 4Q FY2018 | YoY % |
|-----------------------|--------------|--------------|---------------|
| Industrial | | | |
| Malaysia | 268 | 297 | (9.8) |
| SE Asia ex Malaysia | 156 | 175 | (10.9) |
| China/HK | 1,074 | 1,231 | (12.8) |
| Australasia | 2,268 | 1,824 | 24.3 |
| | 3,766 | 3,527 | 6.8 |
| Motors | | | |
| Malaysia | 952 | 900 | 5.8 |
| SE Asia ex Malaysia | 992 | 1,140 | (13.0) |
| China/HK/Macau/Taiwan | 2,846 | 2,168 | 31.3 |
| Australia/NZ | 680 | 712 | (4.5) |
| Vietnam ¹ | 1 | 1 | - |
| | 5,471 | 4,921 | 11.2 |
| Logistics | | | |
| Ports | 69 | 73 | (5.5) |
| Water | 0 | 18 | (100.0) |
| | 69 | 91 | (24.2) |
| Others | 17 | 36 | (52.8) |
| TOTAL | 9,323 | 8,575 | 8.7% |

Note:

1. The Group has exited BMW operations in Vietnam

4Q FY2019 Results Announcement ended 30 June 2019



4Q FY2019 PBIT by Region

| In RM Million | 4Q FY2019 | 4Q FY2018 | YoY % |
|---|--------------|-------------|----------------|
| Industrial | | | |
| Malaysia | 9 | 4 | 125.0 |
| SE Asia ex Malaysia | 17 | 22 | (22.7) |
| China/HK | 53 | 55 | (3.6) |
| Australasia | 123 | 61 | 101.6 |
| Gain on disposal/Impairment/FV loss on financial assets | 10 | - | - |
| | 212 | 142 | 49.3 |
| Motors | | | |
| Malaysia | 154 | 158 | (2.5) |
| Singapore/Thailand | (16) | 35 | (145.7) |
| China/HK/Macau/Taiwan | 115 | 51 | 125.5 |
| Australia/NZ | 27 | 37 | (27.0) |
| Vietnam ¹ | (4) | (6) | 33.3 |
| YSD Contribution | - | - | - |
| | 276 | 275 | 0.4 |
| Logistics | | | |
| Ports | 11 | 11 | - |
| Water | - | 11 | (100.0) |
| Forex | (5) | (9) | 44.4 |
| Gain on disposal | (119) | - | - |
| | (113) | 13 | (969.2) |
| Healthcare | 7 | 14 | (50.0) |
| Others | (15) | (90) | 83.3 |
| TOTAL | 367 | 354 | 3.7 |

Thank you