

FY2020 Results Announcement

Analyst Briefing: Half Year Ended 31 December 2019

26 Feb 2020



Delivering
Sustainable Futures



Sime Darby Berhad Group Results

FY2020 Financial Results



Reported Profit: 6 months ended 31 December 2019

In RM Million	1H FY2020	1H FY2019	YoY %
Revenue	19,685	18,268	7.8
PBIT	827	684	20.9
Finance income	23	17	
Finance costs	(85)	(62)	
Profit before tax	765	639	19.7
Taxation	(209)	(64)	
Profit after tax	556	575	(3.3)
Non-controlling interests	(28)	(33)	
Net profit attributable to owners of the Company	528	542	(2.6)

FY2020 Financial Results



Core Profit: 6 months ended 31 December 2019

In RM Million	1H FY2020	1H FY2019	YoY %
Reported PBIT	827	684	20.9
Adjustments			
• Motors Vietnam	-	(15)	
• Gain on disposals	-	(96) ¹	
• Fair value loss on financial assets (MES)	9	50	
• Impairment of equity interest in E&O	22	66	
• ONGC recovery	-	(20)	
• Net corporate forex loss/(gain)	1	(3)	
Core PBIT	859	666	29.0
Net finance costs	(62)	(45)	
Taxation	(209)	(178) ²	
Non controlling interests	(28)	(33)	
Core Net Profit	560	410	36.6

1. Gain on disposal of Weifang Water business (RM78m) and Industrial Malaysia property (RM18m)

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

FY2020 Financial Results



Segmental PBIT: 6 months ended 31 December 2019

In RM Million	1H FY2020			1H FY2019			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
Industrial	547	9 ¹	556	376	32 ³	408	45.5	36.3
Motors	277	-	277	240	(15) ⁴	225	15.4	23.1
Logistics	13	-	13	104	(78) ⁵	26	(87.5)	(50.0)
Healthcare	32	-	32	30	-	30	6.7	6.7
Others	(12)	22 ²	10	(36)	46 ⁶	10	66.7	-
Corporate	(29)	-	(29)	(33)	-	(33)	12.1	12.1
Forex	(1)	1	-	3	(3)	-	(133.3)	-
PBIT	827	32	859	684	(18)	666	20.9	29.0

Adjustments :

1. Fair value loss on financial assets (RM9m)
2. Impairment of equity interest in E&O (RM22m)
3. Fair value loss on financial assets (RM50m), Gain on disposal of Industrial Malaysia property (RM18m)
4. Motors Vietnam, including tax refund (RM15m)
5. Gain on disposal of Weifang Water (RM78m)
6. Impairment of equity interest in E&O (RM66m), ONGC recovery (RM20m)

FY2020 Financial Results



Reported Profit: Quarter ended 31 December 2019

In RM Million	Q2 FY2020	Q2 FY2019	QoQ %
Revenue	10,209	9,423	8.3
PBIT	447	332	34.6
Finance income	12	8	
Finance costs	(46)	(32)	
Profit before tax	413	308	34.1
Taxation	(116)	29	
Profit after tax	297	337	(11.9)
Non-controlling interests	(15)	(20)	
Net profit attributable to owners of the Company	282	317	(11.0)

FY2020 Financial Results



Core Profit: Quarter ended 31 December 2019

In RM Million	Q2 FY2020	Q2 FY2019	QoQ %
Reported PBIT	447	332	34.6
Adjustments			
• Fair value loss on financial assets (MES)	5	53	
• Motors Vietnam	-	(15)	
• ONGC Recovery	-	(20)	
• Impairment of equity interest in E&O	6	31	
• Gain on disposal of Industrial Malaysia Property	-	(18)	
• Net corporate forex gain	(3)	-	
Core PBIT	455	363	25.3
Net finance costs	(34)	(24)	
Taxation	(116)	(98) ¹	
Non-controlling interests	(15)	(20)	
Core Net Profit	290	221	31.2

1. Excludes deferred tax credit arising from change in RPGT rate (RM129m)

FY2020 Financial Results



Segmental PBIT: Quarter ended 31 December 2019

In RM Million	Q2 FY2020			Q2 FY2019			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
Industrial	287	5 ¹	292	192	35 ³	227	49.5	28.6
Motors	143	-	143	135	(15) ⁴	120	5.9	19.2
Logistics	7	-	7	15	-	15	(53.3)	(53.3)
Healthcare	17	-	17	15	-	15	13.3	13.3
Others	4	6 ²	10	(6)	11 ⁵	5	166.7	100.0
Corporate	(14)	-	(14)	(19)	-	(19)	26.3	26.3
Forex	3	(3)	-	-	-	-	-	-
PBIT	447	8	455	332	31	363	34.6	25.3

Adjustments :

1. Fair value loss on financial assets (RM5m)
2. Impairment of equity interest in E&O (RM6m)
3. Fair value loss on financial assets (RM53m), Gain on disposal of Industrial Malaysia property (RM18m)
4. Motors Vietnam, including tax refund (RM15m)
5. Impairment of equity interest in E&O (RM31m), ONGC recovery (RM20m)

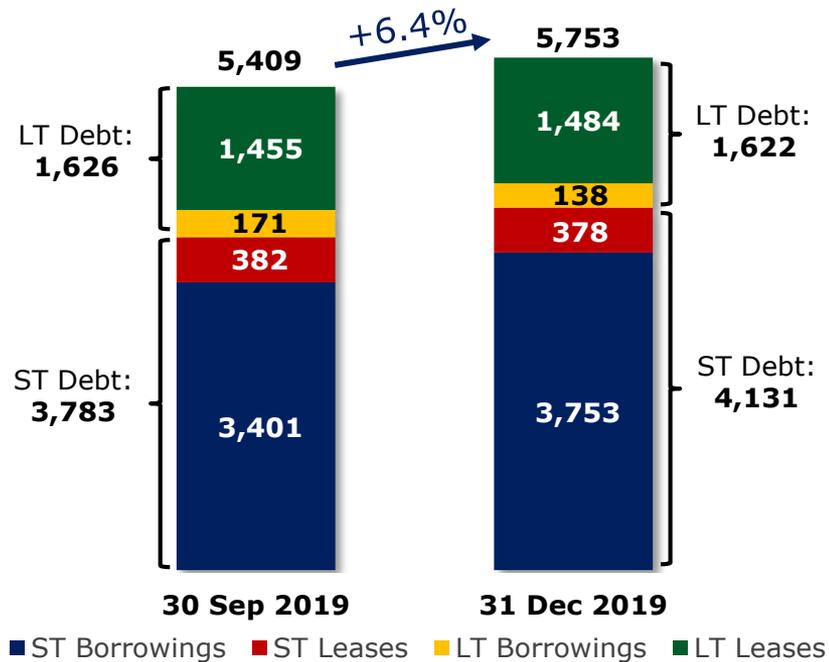
FY2020 Financial Results



Snapshot of borrowings position as at 31 December 2019

Long Term vs Short Term Debt

Total Debt



RM5.7bn

As at 31 December 2019

RM14.9bn
Total Equity

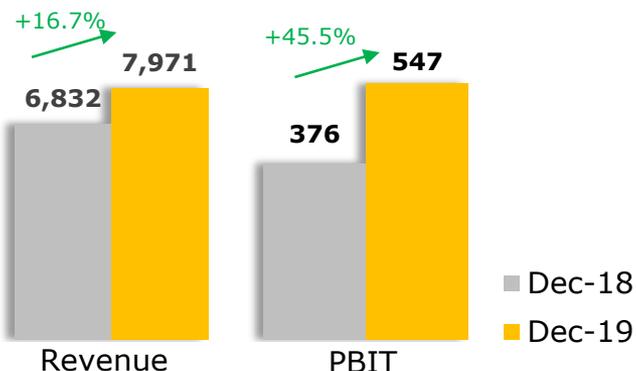
38.5%
Debt/Equity Ratio

RM1.9bn
Bank balances, deposits
and cash

Segmental Results



Margin improvement in all regions with strongest result from Australasia



In RM Million	1H FY2019	1H FY2020
Australasia	4,169	4,954
China	1,710	2,099
Malaysia	600	523
Asia	353	395
Total Revenue	6,832	7,971
Australasia	293	389
China	80	112
Malaysia	6	21
Asia	29	34
Total Core PBIT	408	556
FV Loss on Financial Asset	(50)	(9)
Disposal of properties	18	-
Total PBIT	376	547
PBIT margin	5.5%	6.9%
Core PBIT margin	6.0%	7.0%
ROIC	4.7%	6.2%

Australasia

- Higher equipment deliveries to both mining and construction sectors.
- Profit contribution from Hardchrome Dec 2019 – RM12.5m vs Q2 FY2019 – RM2m (acquired in Dec 2018).
- Profit contribution from Terra Cat (Gough acquisition) of RM1.7m for Q2.
- Results partly offset by the weakening of AUD/MYR by 4.6% from 2.99 to 2.85.
- Fair value loss on financial assets of RM9 million (Q2 FY2019 – loss of RM50m).

China

- Higher equipment sales and product support as trade war impact softening.
- Higher margins partly due to reversal of provisions and accruals.
- Higher margin compensated for the weaker RMB/MYR by 1.6% from 0.60 to 0.59.

Malaysia

- Lower equipment deliveries and parts sales.
- Restructuring cost of RM2m in 1H FY2020 (1H FY2019 – RM15m).

Asia

- Higher product support and non CAT (Caterpillar) sales.
- Includes reversal of impairment of associate of RM2m.

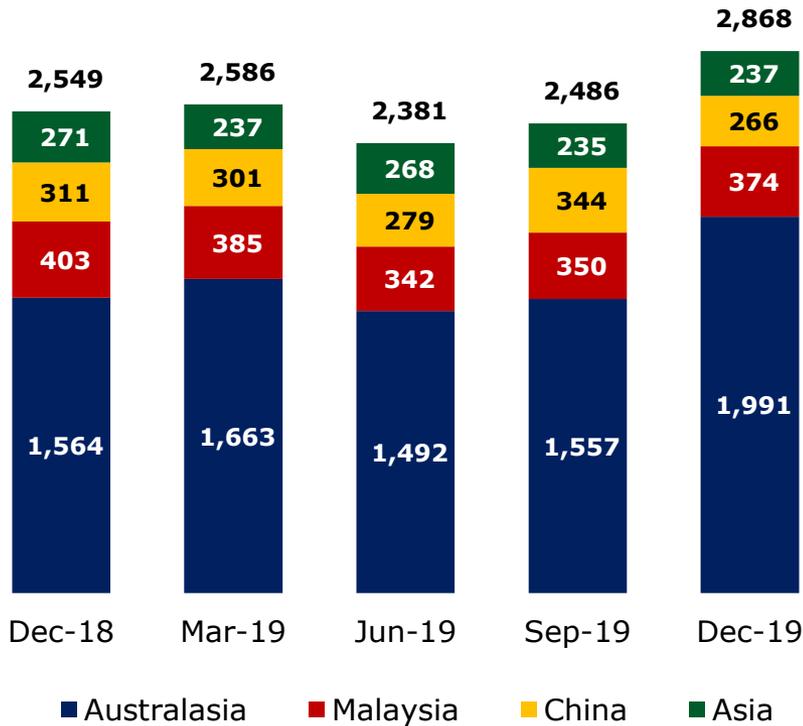


Order book increased 15.4% from Sept 2019

RM2,486m
Order book as at
30 September 2019

+15.4%

RM2,868m
Order book as at
31 December 2019



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.

CHINA



- Coronavirus outbreak expected to have an impact on sales.
- Estimated impact cannot be accurately estimated, depending on when the outbreak is contained.
- Government stimulus measures to boost spending on infrastructure expected to be implemented once the virus spread is better controlled.

ASIA



- Construction sector expected to slow down due to possible supply chain disruptions.
- Large pipeline of mega-projects such as Changi Airport Terminal 5 and North-South Corridor Expressway to support the construction sector.

AUSTRALASIA



- Growth in mining industry in Asia Pacific region propelling demand for both mining equipment replacement cycles and expansions.
- Higher machine utilisation levels to spur parts and services sales revenue growth.
- Coronavirus outbreak expected to impact the supply of certain construction equipment and parts. Impact can't be accurately quantified at the moment.



Increase in revenue and profits in the Greater China region



In RM Million	1H FY2019	1H FY2020
China, HK, Macau & Taiwan	5,219	5,559
Southeast Asia	2,493	2,561
Malaysia	2,100	1,856
Australasia	1,378	1,593
Total Revenue	11,190	11,569
China, HK, Macau & Taiwan	73	163
Southeast Asia	35	(1)
Malaysia	70	66
Australasia	47	49
Total Core PBIT	225	277
Vietnam	15	-
Total PBIT	240	277
PBIT margin	2.1%	2.4%
Core PBIT margin	2.0%	2.4%
ROIC	3.8%	3.3%

China, HK, Macau & Taiwan

- Higher revenue and improved margin at BMW China operations.
- HK Rolls Royce and Suzuki recorded higher unit sales
- Taiwan recorded LBIT (RM7m) in in 1H FY2020 vs (RM11m) in in 1H FY2019.

Southeast Asia

- Lower margin in Singapore due to the competitive market and discounting.
- Lower sales in Thailand partly due to stringent loan approval and higher down payment requirements for mass market brands.

Malaysia

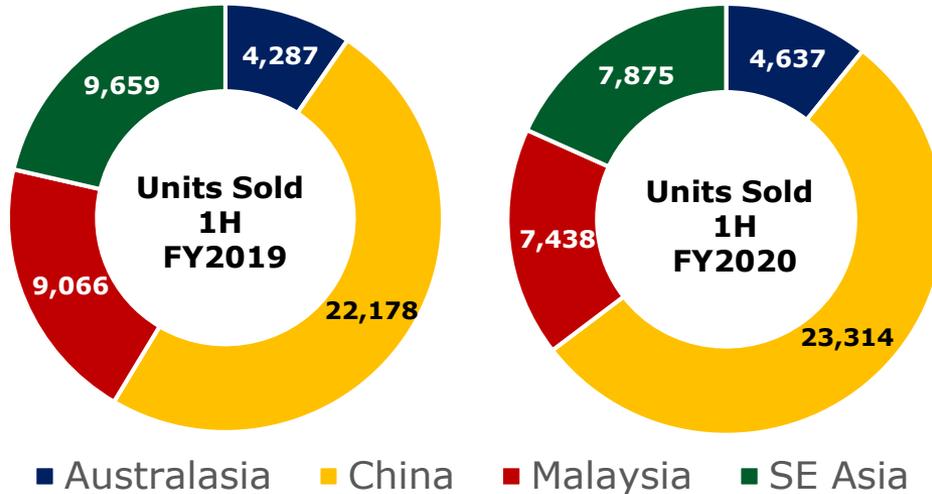
- Lower BMW units sold and unit assembled by Inokom as previous half-year ended benefitted from higher sales due to zero rating of GST in July and August 2018.
- Increased profit contribution from the car rental business.

Australasia

- Higher revenue mainly due to revenue from newly acquired businesses (RM201m).
- The New Zealand passenger vehicle operations improved due to higher margin despite lower units sold.
- The commercial vehicle operations recorded lower unit sales due to the slowdown in the New Zealand economy.



Sales in China expected to be significantly affected by the coronavirus outbreak



43,264
Units Sold
(1H FY2019: 45,190)

12,394
Units Assembled
(1H FY2019: 19,496)



MALAYSIA

- TIV growth expected to be muted due to subdued economy growth, compounded by the high level of indebtedness in the household sector.
- NAP 2020 expected to contribute to growth in local production volume as more opportunities arise from the development of Industrial Revolution 4.0 and Mobility as a Service.



SE ASIA

- Tightening COE quota will continue to affect growth of vehicle sales in Singapore.
- Thailand is expected to see flat growth due to tightening loan conditions and lower consumer confidence.



CHINA

- Coronavirus outbreak is expected to impact car sales while economic contraction in Hong Kong will dampen consumer spending.
- In the longer term, luxury segment expected to continue growing on the back of increasing higher-income population.



AUSTRALASIA

- Weak consumption affecting vehicle sales growth.
- Steady market expected in New Zealand for commercial vehicles with anticipated demand from agriculture and freight transport sector and low domestic interest rate environment.



Upcoming model launches expected to boost sales in 3QFY2020



BMW X1
Malaysia - Jan 2020



Porsche Macan GTS
Aus/NZ - Feb 2020



BMW X6
Malaysia - Mar 2020



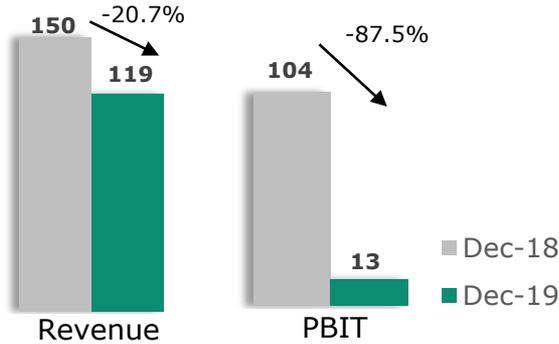
MINI BEV
Malaysia - Mar 2020

Logistics and Healthcare

Logistics recorded lower profit mainly due to share of loss from joint ventures



Logistics



Ports

- Lower cargo throughput at Weifang and Jining ports due to environmental stoppages and competition.
- Despite the lower throughput, profit of subsidiaries were higher mainly due to lower overheads and reversal of accruals.

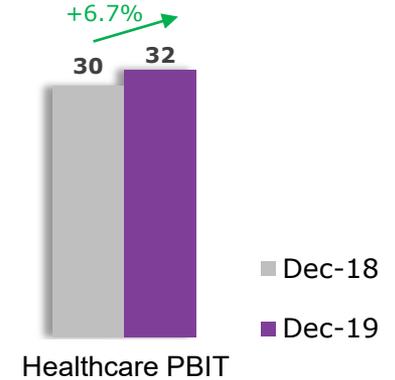
In RM Million	1H FY2019	1H FY2020
Ports	131	119
Water	19	-
Total Revenue	150	119
Ports - Subsidiaries	23	27
Ports - Assoc & JVs	-	(12)
Water	9	-
Forex	(6)	(2)
Total Core PBIT	26	13
Gain on disposal	78	-
Total PBIT	104	13
PBIT margin	69.3%	10.9%
Core PBIT margin	17.3%	10.9%
ROIC	5.0%	0.7%

13.6 million MT
General cargo throughput
(1H FY2019: 14.7 million MT)

105,935 TEU
Container throughput
(1H FY2019: 148,024 TEU)



Healthcare



In RM Million	1H FY2019	1H FY2020
Healthcare PBIT	30	32
Healthcare ROIC	3.9%	5.0%

- Higher revenue from Indonesia and Malaysia operations.

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Thank you

Appendices

1H FY2020 Results Announcement ended 31 December 2019



2Q FY2020 External Revenue by Region

In RM Million	2Q FY2020	2Q FY2019	YoY %
Industrial			
Malaysia	259	297	(12.8)
SE Asia ex Malaysia	195	196	(0.5%)
China/HK	1,015	947	7.9
Australia/NZ	2,506	2,182	14.8
	3,975	3,616	9.9
Motors			
Malaysia	996	912	9.2
SE Asia ex Malaysia	1,248	1,237	0.9
China/HK/Macau/Taiwan	3,034	2,870	5.7
Australia/NZ	883	655	34.8
	6,161	5,674	8.6
Logistics			
Ports	57	70	(18.6)
	57	70	(18.6)
Others	16	63	(74.6)
TOTAL	10,209	9,423	8.3

1H FY2020 Results Announcement ended 31 December 2019



2Q FY2020 PBIT by Region

In RM Million	2Q FY2020	2Q FY2019	YoY %
Industrial			
Malaysia	9	28	(67.9)
SE Asia ex Malaysia	16	16	-
China/HK	70	45	55.6
Australasia	192	103	86.4
	287	192	49.5
Motors			
Malaysia	35	31	12.9
Singapore/Thailand	(2)	38	(105.3)
China/HK/Macau/Taiwan	90	46	95.7
Australia/NZ	20	20	0
	143	135	5.9
Logistics			
Ports	6	14	(57.1)
Forex	1	1	0
	7	15	(53.3)
Healthcare	17	15	13.3
Others	(7)	(25)	72
TOTAL	447	332	34.6

Thank you