

# FY2021 Results Announcement

Analyst Briefing: Full Year 2021 Ended 30 June 2021

25 Aug 2021



Delivering  
Sustainable Futures

# **Sime Darby Berhad Group Results**

# FY2021 Financial Results



Reported Profit: Financial year ended 30 June 2021

In RM Million	FY2021	FY2020	YoY %
<b>Revenue</b>	<b>44,483</b>	<b>36,934</b>	20.4
<b>PBIT</b>	<b>2,181</b>	<b>1,407</b>	55.0
Finance income	<b>46</b>	51	
Finance costs	<b>(122)</b>	(183)	
<b>Profit before tax</b>	<b>2,105</b>	<b>1,275</b>	65.1
Taxation	<b>(575)</b>	(402)	
<b>Profit after tax</b>	<b>1,530</b>	<b>873</b>	75.3
Non-controlling interests	<b>(105)</b>	(53)	
<b>Net profit attributable to owners of the Company</b>	<b>1,425</b>	<b>820</b>	73.8

# FY2021 Financial Results



Core Profit: Financial year ended 30 June 2021

In RM Million	FY2021	FY2020	YoY %
<b>Reported PBIT</b>	<b>2,181</b>	<b>1,407</b>	55.0
<b>Adjustments</b>			
• Fair value loss on financial assets (MES)	2	72	
• Logistics & Land impairments	176 <sup>1</sup>	153 <sup>2</sup>	
• Gain on disposal	(332) <sup>3</sup>	(18) <sup>4</sup>	
• Singapore Motors GST refund	(39)	-	
• Share of results / loss on disposal of E&O	(33)	58	
• Others	13 <sup>5</sup>	(54) <sup>6</sup>	
<b>Core PBIT</b>	<b>1,968</b>	<b>1,618</b>	21.6
Net finance costs	(76)	(132)	
Taxation	(539) <sup>7</sup>	(393) <sup>7</sup>	
Non controlling interests	(105)	(53) <sup>7</sup>	
<b>Core Net Profit</b>	<b>1,248</b>	<b>1,040</b>	20.0

Adjustments :

1. Motors impairment of leasehold land RM 89m, Logistics impairment RM 85m and Loss on disposal of Jining Ports RM 2m
2. Motors impairment of leasehold land RM 26m and Logistics impairment RM 127m
3. Gain on disposal of Tesco RM 294m, Gain on disposal of Motors properties RM 38m
4. Gain on disposal of Logistics sea-use-rights (SUR)
5. Forex loss on settlement of net investment RM 13m
6. Forex gain on settlement of net investment RM 7m, Reversal of impairment on PNG assets RM 32m and QP legal case settlement RM 15m
7. Adjusted for tax and non-controlling interest (NCI) effects of one-off items

# FY2021 Financial Results



Segmental PBIT: Financial year ended 30 June 2021

In RM Million	FY2021			FY2020			Reported PBIT	Core PBIT
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT	YoY %	YoY %
<b>Industrial</b>	909	2 <sup>1</sup>	911	967	40 <sup>5</sup>	1,007	(6.0)	(9.5)
<b>Motors</b>	1,050	12 <sup>2</sup>	1,062	574	26 <sup>2</sup>	600	82.9	77.0
<b>Logistics</b>	(64)	87 <sup>3</sup>	23	(94)	109 <sup>3</sup>	15	31.9	53.3
<b>Healthcare</b>	15	-	15	39	-	39	(61.5)	(61.5)
<b>Others</b>	357	(327) <sup>4</sup>	30	(36)	43 <sup>6</sup>	7	>100.0	>100.0
<b>Corporate</b>	(73)	-	(73)	(50)	-	(50)	(46.0)	(46.0)
<b>Forex</b>	(13)	13	-	7	(7)	-	>(100.0)	-
<b>PBIT</b>	<b>2,181</b>	<b>(213)</b>	<b>1,968</b>	<b>1,407</b>	<b>211</b>	<b>1,618</b>	<b>55.0</b>	<b>21.6</b>

Adjustments :

1. Fair value loss on financial assets (RM2m)
2. Motors net impairment of leasehold land (RM89m in FY2021, RM26m in FY2020), Singapore Motors GST refund (RM39m), gain on disposal of properties (RM38m)
3. Logistics impairments/share of loss (RM85m in FY2021, RM109m in FY2020), Loss on disposal of Jining ports (RM2m)
4. Gain on disposal of Tesco (RM294m), Share of results/loss on disposal of E&O (RM33m)
5. Fair value loss on financial assets (RM72m), Reversal of impairment on Papua New Guinea (PNG) assets (RM32m)
6. Impairment of equity interest in E&O (RM58m), QP legal case settlement/ONGC recovery (RM15m)

# FY2021 Financial Results



Reported Profit: Quarter ended 30 June 2021

In RM Million	Q4 FY2021	Q4 FY2020	YoY %
<b>Revenue</b>	<b>11,342</b>	<b>8,821</b>	28.6
<b>PBIT</b>	<b>428</b>	<b>315</b>	35.9
Finance income	14	18	
Finance costs	(33)	(47)	
<b>Profit before tax</b>	<b>409</b>	<b>286</b>	43.0
Taxation	(178)	(97)	
<b>Profit after tax</b>	<b>231</b>	<b>189</b>	22.2
Non-controlling interests	(20)	(12)	
<b>Net profit attributable to owners of the Company</b>	<b>211</b>	<b>177</b>	19.2

# FY2021 Financial Results



Core Profit: Quarter ended 30 June 2021

In RM Million	Q4 FY2021	Q4 FY2020	YoY %
<b>Reported PBIT</b>	<b>428</b>	<b>315</b>	35.9
<b>Adjustments</b>			
• Fair value loss on financial assets (MES)	-	61	
• Logistics & Land impairments / share of loss	174 <sup>1</sup>	153 <sup>2</sup>	
• Gain on disposal of fixed assets	(38) <sup>3</sup>	(18) <sup>4</sup>	
• Share of results/loss on disposal of E&O	-	(4)	
• Others	15 <sup>5</sup>	(55) <sup>6</sup>	
<b>Core PBIT</b>	<b>579</b>	<b>452</b>	28.1
Net finance costs	(19)	(29)	
Taxation	(165)	(88)	
Non controlling interests	(20)	(12)	
<b>Core Net Profit</b>	<b>375</b>	<b>323</b>	16.1

Adjustments:

1. Motors impairment of leasehold land RM 89m, Logistics impairment RM 85m
2. Motors impairment of leasehold land RM 26m and Logistics impairment RM 127m
3. Gain on disposal of Motors properties RM 38m
4. Gain on disposal of Logistics SUR RM 18m
5. Forex loss on settlement of net investment RM 15m
6. Forex gain on settlement of net investment RM 8m, Reversal of impairment on PNG assets RM 32m and QP legal case settlement RM 15m

# FY2021 Financial Results



Segmental PBIT: Quarter ended 30 June 2021

In RM Million	Q4 FY2021			Q4 FY2020			Reported PBIT	Core PBIT
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT	YoY %	YoY %
<b>Industrial</b>	246	-	246	204	29 <sup>2</sup>	233	20.6	5.6
<b>Motors</b>	295	51 <sup>1</sup>	346	194	26 <sup>1</sup>	220	52.1	57.3
<b>Logistics</b>	(73)	85	12	(101)	109	8	27.7	50.0
<b>Healthcare</b>	(4)	-	(4)	(6)	-	(6)	33.3	33.3
<b>Others</b>	3	-	3	26	(19) <sup>3</sup>	7	(88.5)	(57.1)
<b>Corporate</b>	(24)	-	(24)	(10)	-	(10)	>(100.0)	>(100.0)
<b>Forex</b>	(15)	15	-	8	(8)	-	>(100.0)	-
<b>PBIT</b>	<b>428</b>	<b>151</b>	<b>579</b>	<b>315</b>	<b>137</b>	<b>452</b>	<b>35.9</b>	<b>28.1</b>

Adjustments :

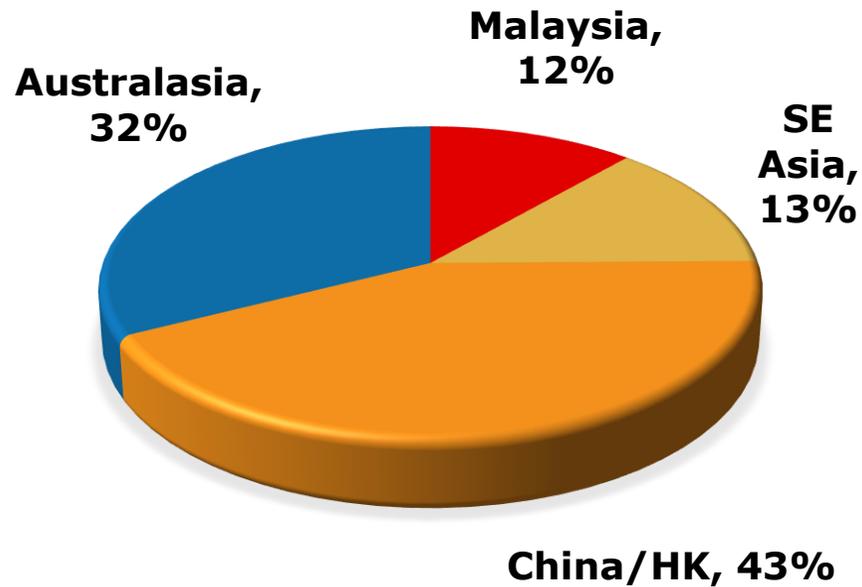
1. Motors net impairment of leasehold land (RM89m in FY2021, RM26m in FY2020), gain on disposal of properties (RM38m)
2. Fair value loss on financial assets (RM61m), Reversal of impairment on PNG assets (RM32m)
3. Reversal of impairment of equity interest in E&O (RM4m), QP legal case settlement (RM15m)

# FY2021 Financial Results



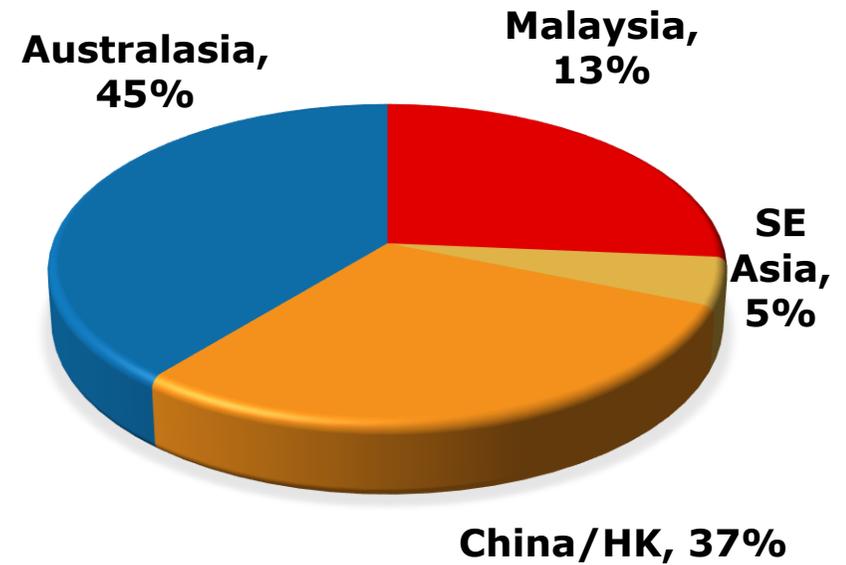
Regional Contribution: FY2021 ended 30 June 2021

## Revenue Breakdown



- Malaysia
- SE Asia ex Malaysia
- China/HK
- Australasia

## Core PBIT Breakdown



- Malaysia
- SE Asia ex Malaysia
- China/HK
- Australasia

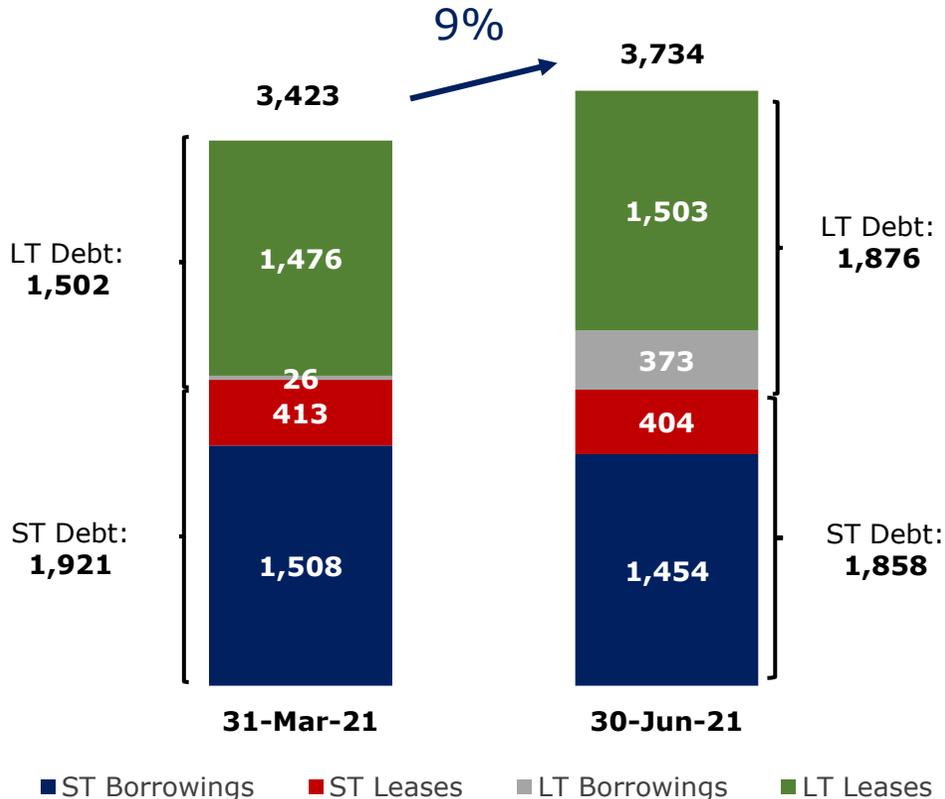
# FY2021 Financial Results



Snapshot of borrowing position as at 30 June 2021

## Long Term vs Short Term Debt

## Total Debt



**RM 3.7bn**  
As at 30 June 2021

**RM16.3bn**  
Total Equity

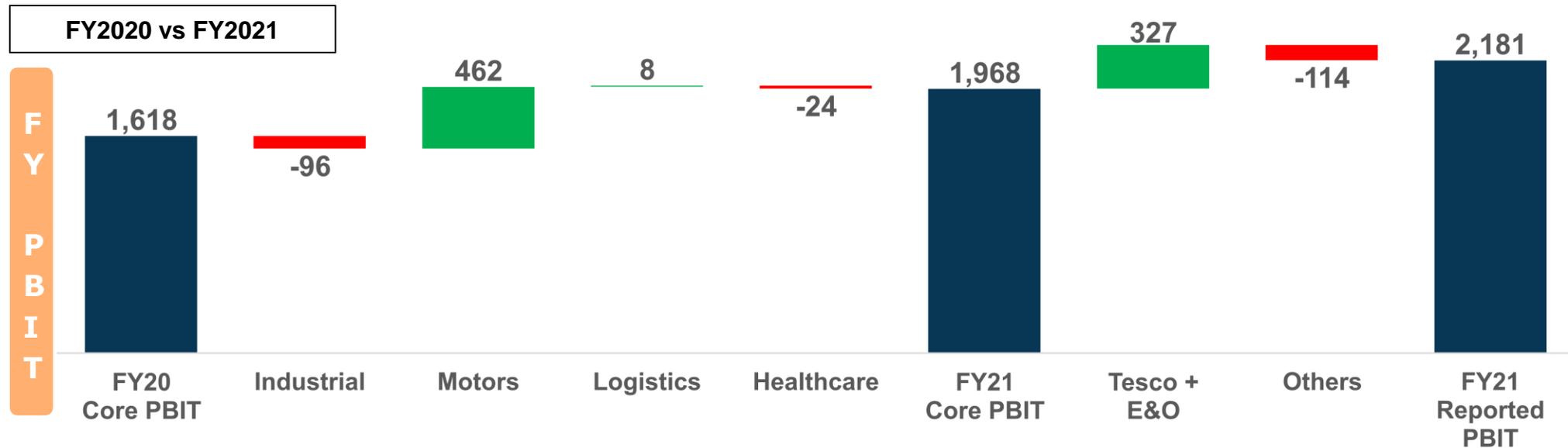
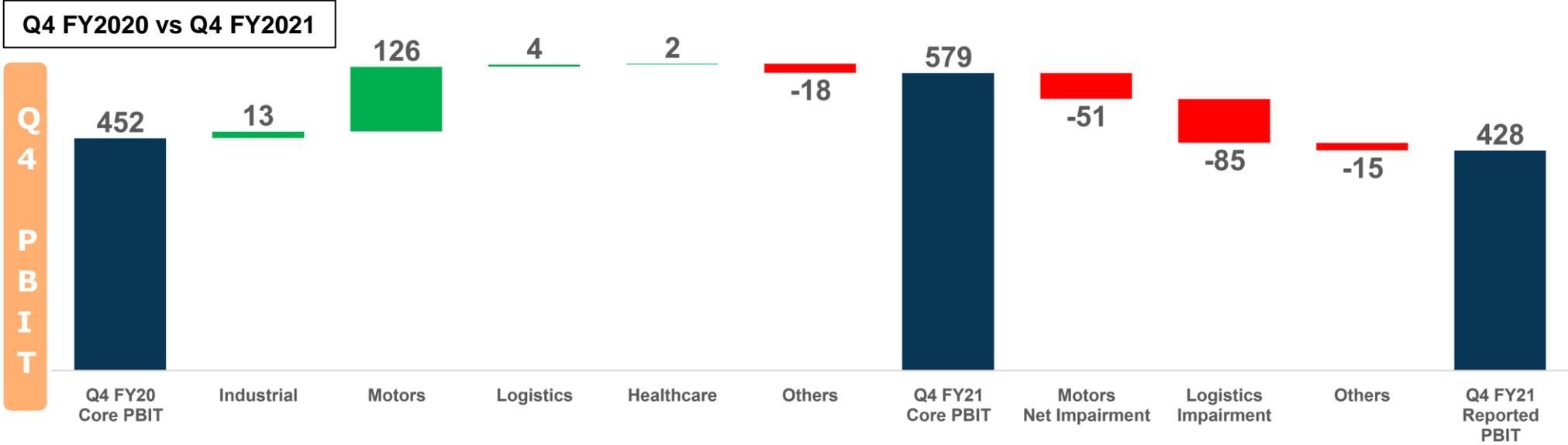
**0.23x**  
Debt/Equity Ratio

**RM2.5bn**  
Bank balances,  
deposits and cash

# Core and Reported PBIT



Higher profits driven by record-high performance from Motors



# Financial Position: Stronger & Leaner



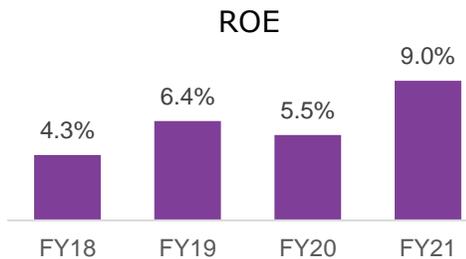
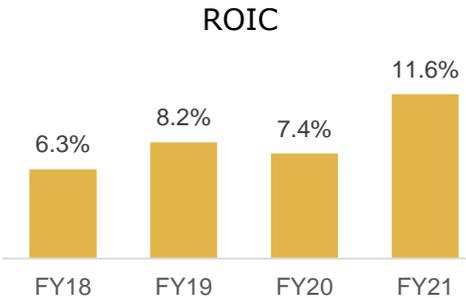
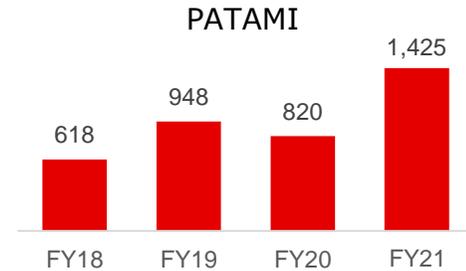
Profits, returns, cash generation, working capital improvement



## Key Achievements

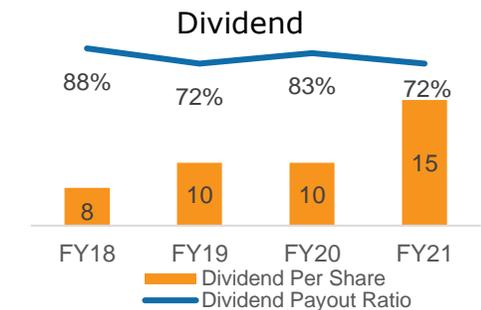
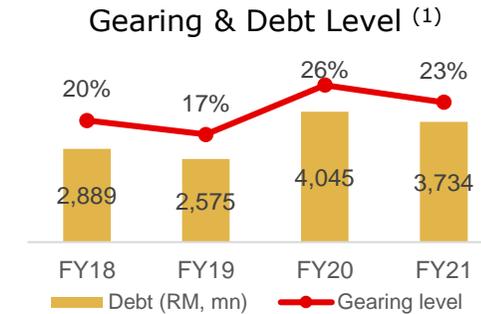
1. Steady growing profit levels
2. Improving returns
3. Strong cash flows and low gearing
4. Healthy dividends
5. Significantly improved working capital
6. Cleaned up legacy issues

### Key Financials



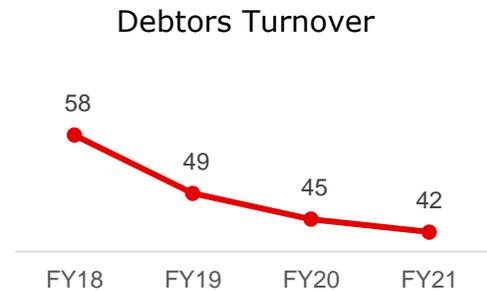
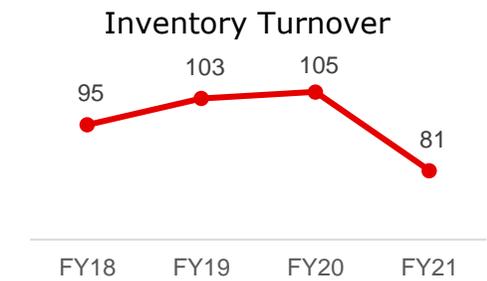
**ROIC:  
11.6%**

### Balance Sheet



**Cash  
RM2.4bn**

### Working Capital

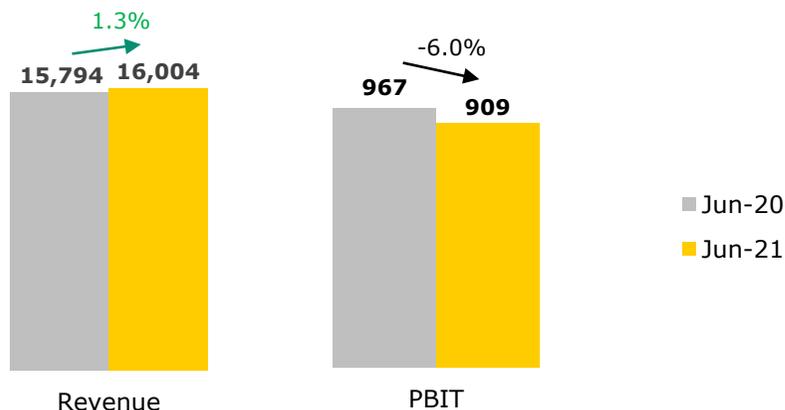


**Inventory  
Turnover  
81 days**

# Segmental Results



Profits dipped mainly due to lower revenue in Australasia and weaker margins in China



In RM Million	FY2020	FY2021
Australasia	9,914	9,619
China	4,255	4,810
Malaysia	913	945
Singapore & Others	712	630
<b>Total Revenue</b>	<b>15,794</b>	<b>16,004</b>
Australasia	717	670
China	212	171
Malaysia	17	31
Singapore & Others	61	39
<b>Total Core PBIT</b>	<b>1,007</b>	<b>911</b>
FV Loss on Financial Asset	(72)	(2)
Reversal of impairment on PNG assets	32	-
<b>Total PBIT</b>	<b>967</b>	<b>909</b>
<b>PBIT margin</b>	<b>6.1%</b>	<b>5.7%</b>
<b>Core PBIT margin</b>	<b>6.4%</b>	<b>5.7%</b>
<b>ROIC</b>	<b>11.2%</b>	<b>10.1%</b>

## Australasia

- Lower revenue from the mining equipment and parts segments.
- Partly mitigated by Terra CAT profit contribution – FY2021: RM22m vs. FY2020: loss of RM12m (acquired in Sep 2019).
- Results partially offset by the stronger AUD – 3.08 vs 2.82.
- Fair value loss on financial assets of RM2m (FY2020: loss of RM72m).

## China

- Higher equipment revenue supported by government infrastructure investments.
- However, the margins were adversely impacted by the strong competition from local equipment suppliers.

## Malaysia

- Revenue increased on the back of higher revenue from used equipment and petroleum services.
- Recovery in the used and rental equipment operations and lower overheads.

## Singapore & Others

- Slow recovery in the sales amidst COVID-19 labour crunch in Singapore.
- Includes loss of RM11m from Chubb Singapore in FY2021 due to contract loss provision.



## Orderbook continues to hold strong

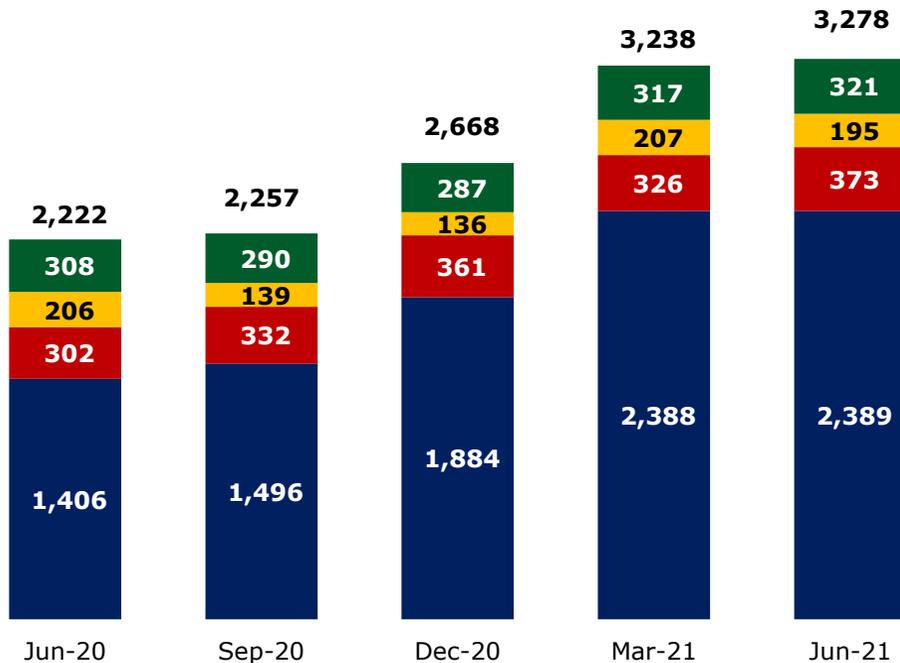
**RM3,238m**

Order book as at  
31 March 2021

**+1.2%**

**RM3,278m**

Order book as at  
30 June 2021



■ Australasia ■ Malaysia ■ China ■ Asia

\* Jun 2021 includes Terra CAT order book of RM244m.



### AUSTRALASIA

- Mining sector in Australia continues to face headwinds from on-going diplomatic disputes with China.
- The parts segment is subject to Caterpillar pricing adjustment due to currency fluctuations.
- Optimistic outlook for the construction industry in New Zealand due to pent-up demand and economic recovery.



### CHINA

- Renewed optimism for the construction market following the recent pledge by the government to implement massive infrastructure bills.
- Brief lockdowns reimposed to contain Covid-19 outbreaks could slow economic productivity.



### MALAYSIA

- The construction sector activity is expected to increase following the relaxation of movement restrictions. Nonetheless, uncertainties remain amidst the fear of new Covid-19 variants.
- Slow resumption of mega projects expected due to the prolonged lockdown impact on government's finances and political uncertainties.

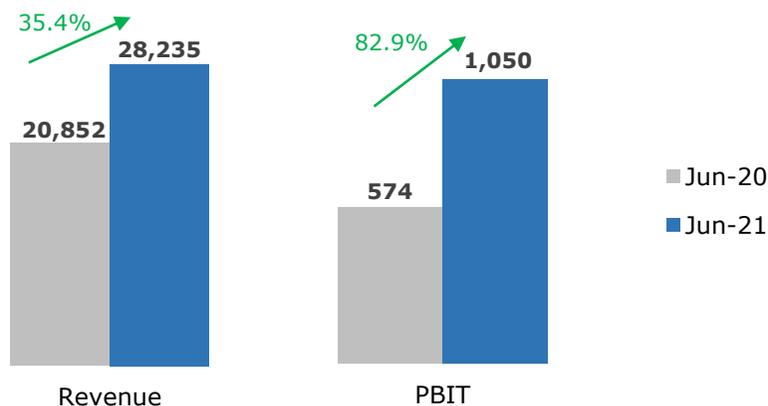


### SINGAPORE

- Phased recovery of the construction sector is supported by the healthy pipeline of public sector projects.
- While labour shortage persists, the government has recently launched a pilot scheme to facilitate steady inflow of migrant labour.



Strong operational performance across all regions, particularly in China



In RM Million	FY2020	FY2021
China, HK, Macau & Taiwan	10,308	14,057
Southeast Asia	3,885	5,295
Malaysia	3,256	4,129
Australasia	3,403	4,754
<b>Total Revenue</b>	<b>20,852</b>	<b>28,235</b>
China, HK, Macau & Taiwan	277	551
Southeast Asia	21	51
Malaysia	212	252
Australasia	90	208
<b>Total Core PBIT</b>	<b>600</b>	<b>1,062</b>
GST refund	-	39
Fanling land impairment	(26)	(89)
Property disposals	-	38
<b>Total PBIT</b>	<b>574</b>	<b>1,050</b>
<b>PBIT margin</b>	<b>2.8%</b>	<b>3.7%</b>
<b>Core PBIT margin</b>	<b>2.9%</b>	<b>3.8%</b>
<b>ROIC</b>	<b>7.5%</b>	<b>14.3%</b>

## China, HK, Macau & Taiwan

- Operations in China exhibited stellar performance on the back of strong BMW vehicle sales.
- Higher margins and increased sales volume in the super luxury segment.

## Southeast Asia

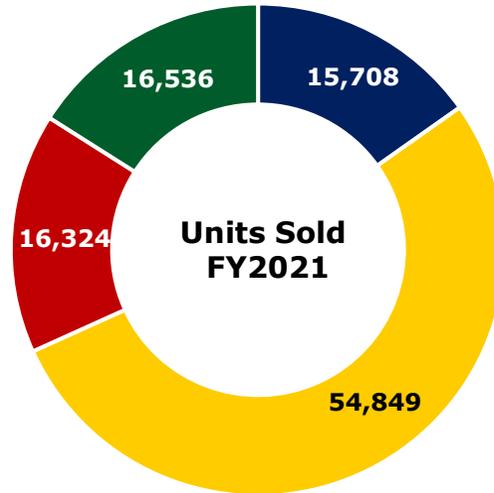
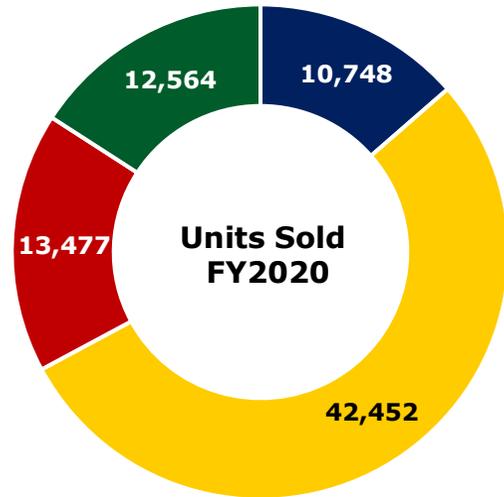
- Higher units sold, coupled with improved margins in the used and rental vehicle segments.

## Malaysia

- Higher contribution from the retail operations due to stronger margins and sales volume supported by the sales-tax exemption.
- Higher assembly claims from customers.

## Australasia

- Strong profits in the Australian operations due to higher sales volume and profit contribution from the passenger and rental vehicle segments.
- New Zealand recorded higher profitability from the passenger vehicle operations.
- Transport PBIT contribution – FY2021: RM12m vs. FY2020: loss of RM6m



**103,417**  
Units Sold  
(FY2020: 79,241)

**17,141**  
Units Assembled  
(FY2020: 23,831)

■ Australasia ■ China ■ Malaysia ■ SE Asia



### MALAYSIA

- TIV is expected to decrease from 2020 due to disruptions caused by the prolonged Movement Control Order (MCO).
- Sales and aftersales facilities are now allowed to operate under all phases of the National Recovery Plan (NRP), however consumer sentiment remains weak on the back of economic uncertainty.



### SE ASIA

- The EV industry in Singapore is envisaged to benefit from tax incentives and stricter emission regulations.
- The automotive industry in Thailand is expected to recover in line with an improving global and domestic economic outlook.



### CHINA

- Consumption upgrade continues to sustain the growth momentum for luxury cars.
- Nonetheless, government mobility restrictions caused by Delta outbreak might curtail consumption activity.



### AUSTRALASIA

- Sales growth in both passenger and commercial vehicles are spurred by recovering economy and stronger consumer sentiment.
- However, the industry continues to be challenged by global chips shortage.



Upcoming model launches expected in FY2022



**BMW iX3 LCI**

China - Q4 2021/ Q1 2022



**BMW X3 LCI**

Malaysia - Q4 2021/ Q1 2022



**BMW iX**

China/ Malaysia - Q1 2022



**BMW i4**

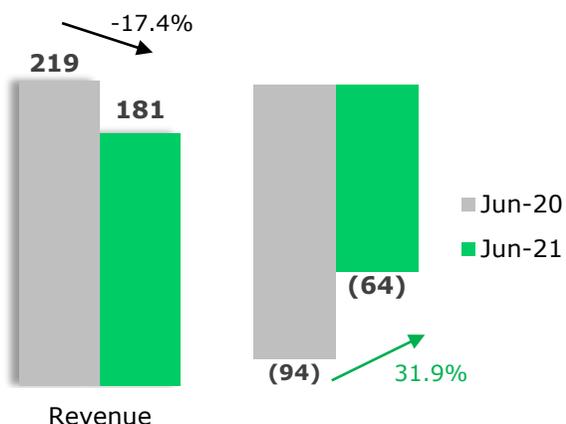
Malaysia - Q1 2022<sub>7</sub>

# Logistics and Healthcare

Losses for Logistics due to lower throughput and impairments



## Logistics



### Ports

- Weifang Port operations registered lower bulk and container throughput by 26.3% and 32.2% respectively mainly due to stiff competition.

### Forex

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

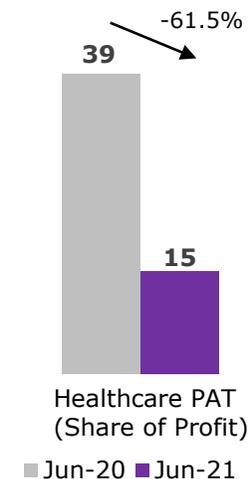
In RM Million	FY2020	FY2021
<b>Total Revenue</b>	<b>219</b>	<b>181</b>
Ports - Subsidiaries	33	9
Ports - Assoc & JVs	(13)	1
Forex	(5)	13
<b>Total Core PBIT</b>	<b>15</b>	<b>23</b>
Gain on disposals	18	-
Impairments	(127)	(85)
Loss on disposal of Jining ports	-	(2)
<b>Total PBIT</b>	<b>(94)</b>	<b>(64)</b>
<b>PBIT margin</b>	<b>(42.9)%</b>	<b>(35.4)%</b>
<b>Core PBIT margin</b>	<b>6.8%</b>	<b>12.7%</b>
<b>ROIC</b>	<b>(5.1)%</b>	<b>(3.7)%</b>

**14.9 million MT**  
General cargo throughput  
(FY2020: 24.2 million MT)

**106,147 TEU**  
Container throughput  
(FY2020: 156,662 TEU)



## Healthcare



In RM Million	FY2020	FY2021
<b>Healthcare PAT</b>	<b>39</b>	<b>15</b>
<b>Healthcare ROIC</b>	<b>6.0%</b>	<b>2.3%</b>

- Results included write-down of deferred tax assets, impairment of assets and dividend withholding tax

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**Thank you**