



# FY2022 Results Announcement

Analyst Briefing: Q2 FY2022 for period ended 31 December 2021  
16 February 2022



Delivering  
Sustainable Futures

# **Sime Darby Berhad Group Results**

# FY2022 Financial Results



Core Profit: Quarter ended 31 December 2021

In RM Million	Q2 FY2022	Q2 FY2021	YoY %
<b>Reported PBIT</b>	<b>503</b>	<b>843</b>	(40.3)
<b>Adjustments</b>			
• Fair value loss on financial assets (MES)	-	1	
• Loss on disposal of Jining ports	-	2	
• Gain on disposal of Tesco	-	(294)	
• Reversal of impairment of equity interest in E&O	-	(12)	
• Net forex loss on settlement of net investment	-	8	
<b>Core PBIT</b>	<b>503</b>	<b>548</b>	(8.2)
Net finance costs	(22)	(19)	
Taxation	(106)	(133) <sup>1</sup>	
Non controlling interests	(30)	(35)	
<b>Core Net Profit</b>	<b>345</b>	<b>361</b>	(4.4)

Adjustments :

1. Tax adjustments: Disposal of Tesco (RM22m), Disposal of Jining ports (RM1m)

# FY2022 Financial Results



Reported Profit: Quarter ended 31 December 2021

In RM Million	Q2 FY2022	Q2 FY2021	YoY %
<b>Revenue</b>	<b>10,536</b>	<b>11,243</b>	(6.3)
<b>PBIT</b>	<b>503</b>	<b>843</b>	(40.3)
Finance income	11	9	
Finance costs	(33)	(28)	
<b>Profit before tax</b>	<b>481</b>	<b>824</b>	(41.6)
Taxation	(106)	(156)	
<b>Profit after tax</b>	<b>375</b>	<b>668</b>	(43.9)
Non-controlling interests	(30)	(35)	
<b>Net profit attributable to owners of the Company</b>	<b>345</b>	<b>633</b>	(45.5)

# FY2022 Financial Results



Segmental PBIT: Quarter ended 31 December 2021

In RM Million	Q2 FY2022			Q2 FY2021			Reported PBIT	Core PBIT
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT	YoY %	YoY %
<b>Industrial</b>	213	-	213	256	1 <sup>1</sup>	257	(16.8)	(17.1)
<b>Motors</b>	284	-	284	282	-	282	0.7	0.7
<b>Logistics</b>	9	-	9	3	2 <sup>2</sup>	5	>100.0	80.0
<b>Healthcare</b>	11	-	11	11	-	11	-	-
<b>Others</b>	7	-	7	319	(306) <sup>3</sup>	13	(97.8)	(46.2)
<b>Corporate</b>	(21)	-	(21)	(20)	-	(20)	(5.0)	(5.0)
<b>Forex</b>	-	-	-	(8)	8	-	-	-
<b>PBIT</b>	<b>503</b>	<b>-</b>	<b>503</b>	<b>843</b>	<b>(295)</b>	<b>548</b>	<b>(40.3)</b>	<b>(8.2)</b>

Adjustments :

1. Fair value loss on financial assets (RM1m)
2. Loss on disposal of Jining ports (RM2m)
3. Gain on disposal of Tesco (RM294m) and reversal of impairment of equity interest in E&O (RM12m)

# FY2022 Financial Results



Reported Profit: Half-year ended 31 December 2021

In RM Million	1H FY2022	1H FY2021	YoY %
<b>Revenue</b>	<b>21,209</b>	<b>22,120</b>	(4.1)
<b>PBIT</b>	<b>897</b>	<b>1,290</b>	(30.5)
Finance income	24	21	
Finance costs	(66)	(61)	
<b>Profit before tax</b>	<b>855</b>	<b>1,250</b>	(31.6)
Taxation	(213)	(276)	
<b>Profit after tax</b>	<b>642</b>	<b>974</b>	(34.1)
Non-controlling interests	(61)	(60)	
<b>Net profit attributable to owners of the Company</b>	<b>581</b>	<b>914</b>	(36.4)

# FY2022 Financial Results



Core Profit: Half-year ended 31 December 2021

In RM Million	1H FY2022	1H FY2021	YoY %
<b>Reported PBIT</b>	<b>897</b>	<b>1,290</b>	(30.5)
<b>Adjustments</b>			
• Fair value loss on financial assets (MES)	-	2	
• Loss on disposal of Jining ports	-	2	
• Gain on disposal of Tesco	-	(294)	
• Reversal of impairment of equity interest in E&O	-	(12)	
• Forex gain on settlement of net investment	-	(2)	
<b>Core PBIT</b>	<b>897</b>	<b>986</b>	(9.0)
Net finance costs	(42)	(40)	
Taxation	(213)	(253) <sup>1</sup>	
Non controlling interests	(61)	(60)	
<b>Core Net Profit</b>	<b>581</b>	<b>633</b>	(8.2)

Adjustments :

1. Tax adjustments: Disposal of Tesco (RM22m), Disposal of Jining ports (RM1m)

# FY2022 Financial Results



Segmental PBIT: Half-year ended 31 December 2021

In RM Million	1H FY2022			1H FY2021			Reported PBIT	Core PBIT
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT	YoY %	YoY %
<b>Industrial</b>	373	-	373	452	2 <sup>1</sup>	454	(17.5)	(17.8)
<b>Motors</b>	511	-	511	505	-	505	1.2	1.2
<b>Logistics</b>	12	-	12	9	2 <sup>2</sup>	11	33.3	9.1
<b>Healthcare</b>	24	-	24	25	-	25	(4.0)	(4.0)
<b>Others</b>	11	-	11	332	(306) <sup>3</sup>	26	(96.7)	(57.7)
<b>Corporate</b>	(34)	-	(34)	(35)	-	(35)	2.9	2.9
<b>Forex</b>	-	-	-	2	(2)	-	-	-
<b>PBIT</b>	<b>897</b>	-	<b>897</b>	<b>1,290</b>	<b>(304)</b>	<b>986</b>	<b>(30.5)</b>	<b>(9.0)</b>

Adjustments :

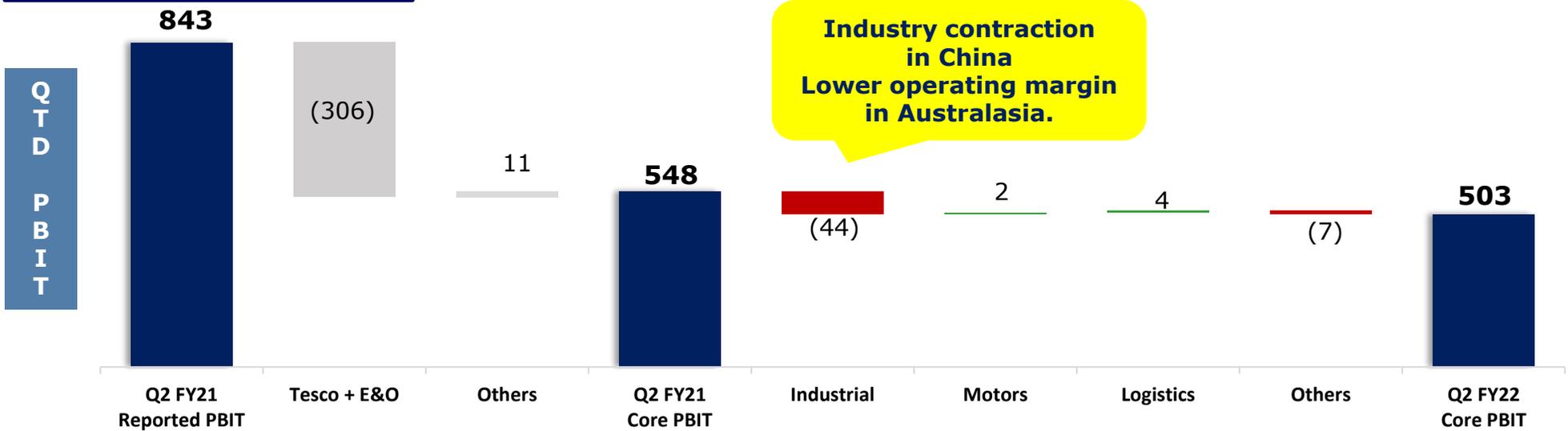
1. Fair value loss on financial assets (RM2m)
2. Loss on disposal of Jining ports (RM2m)
3. Gain on disposal of Tesco (RM294m) and reversal of impairment of equity interest in E&O (RM12m)

# Core and Reported PBIT

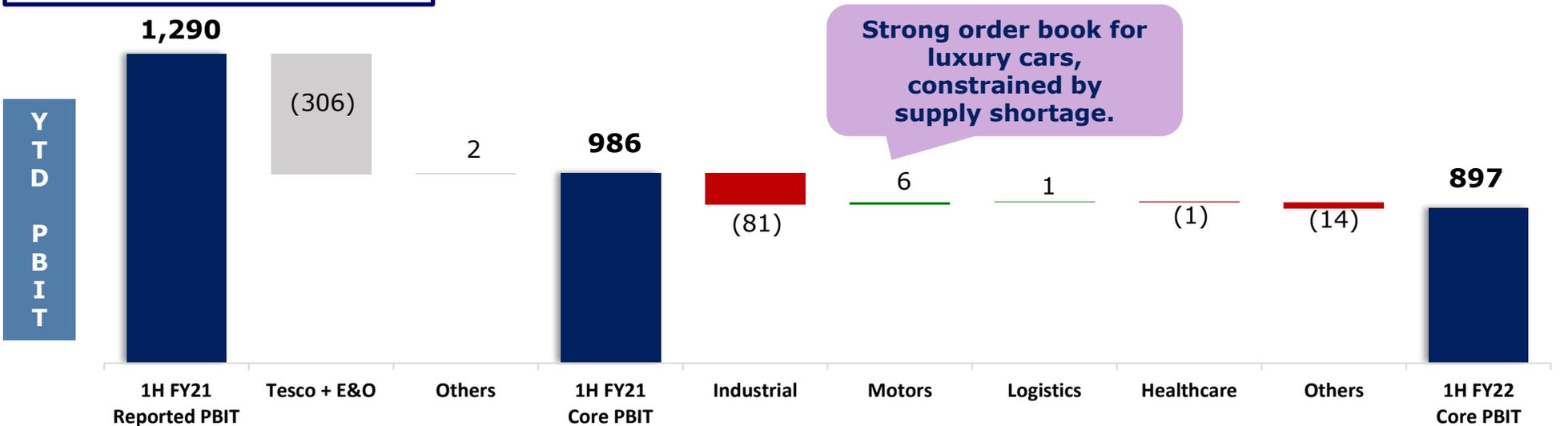


Lower core profits mainly from the Industrial operations

## Q2 FY2022 vs. Q2 FY2021



## 1H FY2022 vs. 1H FY2021

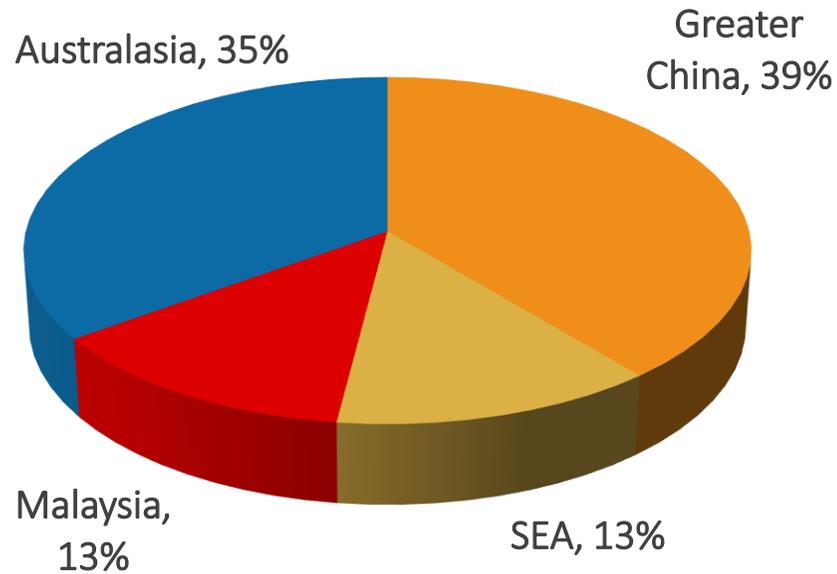


# FY2022 Financial Results



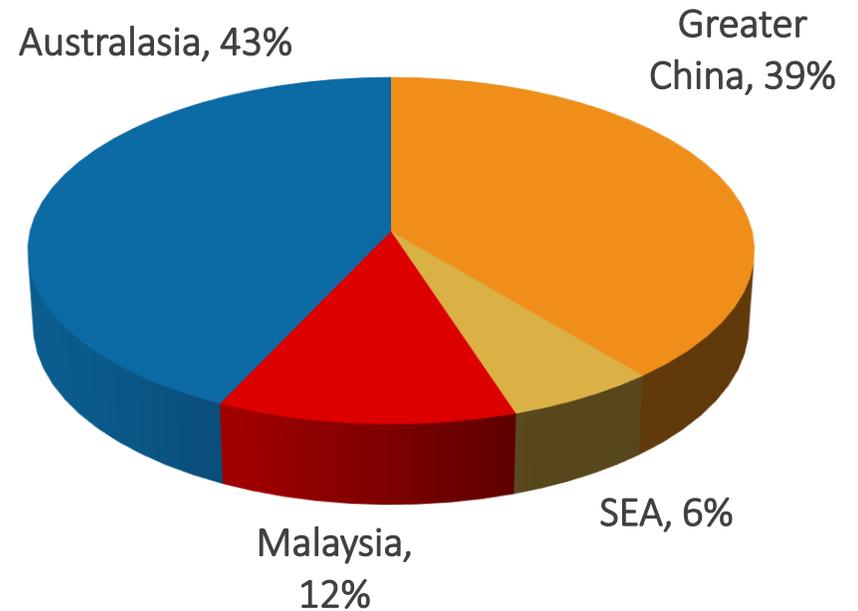
Regional Contribution: 1H FY2022 ended 31 December 2021

## Revenue Breakdown



Greater China SEA Malaysia Australasia

## Core PBIT Breakdown



Greater China SEA Malaysia Australasia

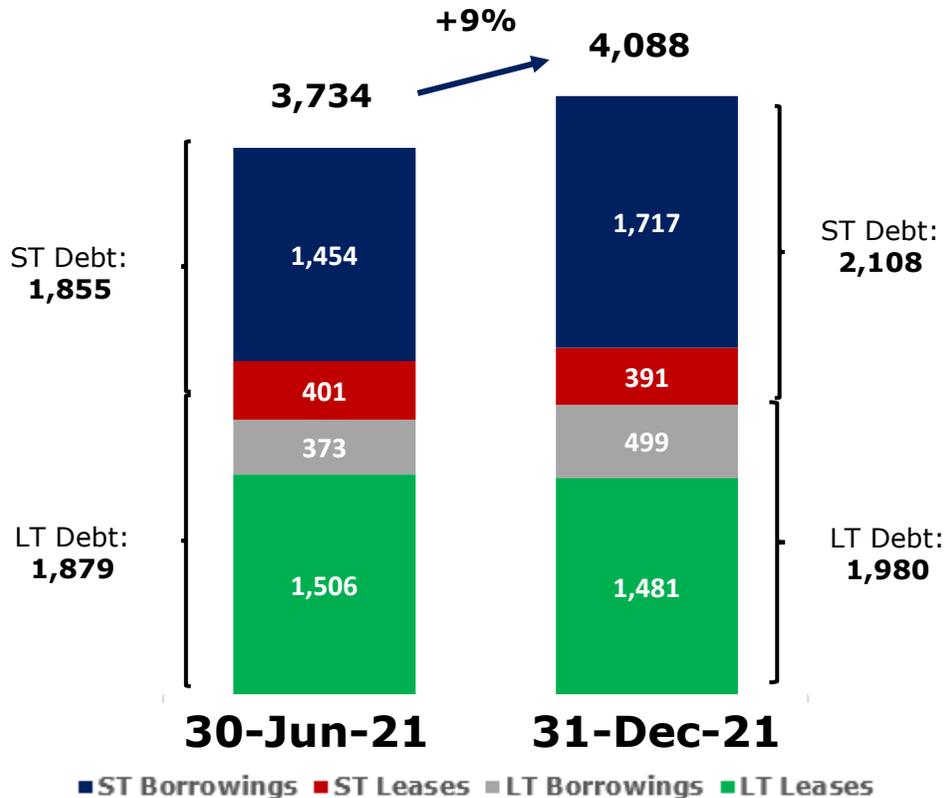
# FY2022 Financial Results



Snapshot of borrowing position as at 31 December 2021

## Long Term vs Short Term Debt

## Total Debt



# RM 4.1bn

As at 31 December 2021

**RM16.1bn**  
Total Equity

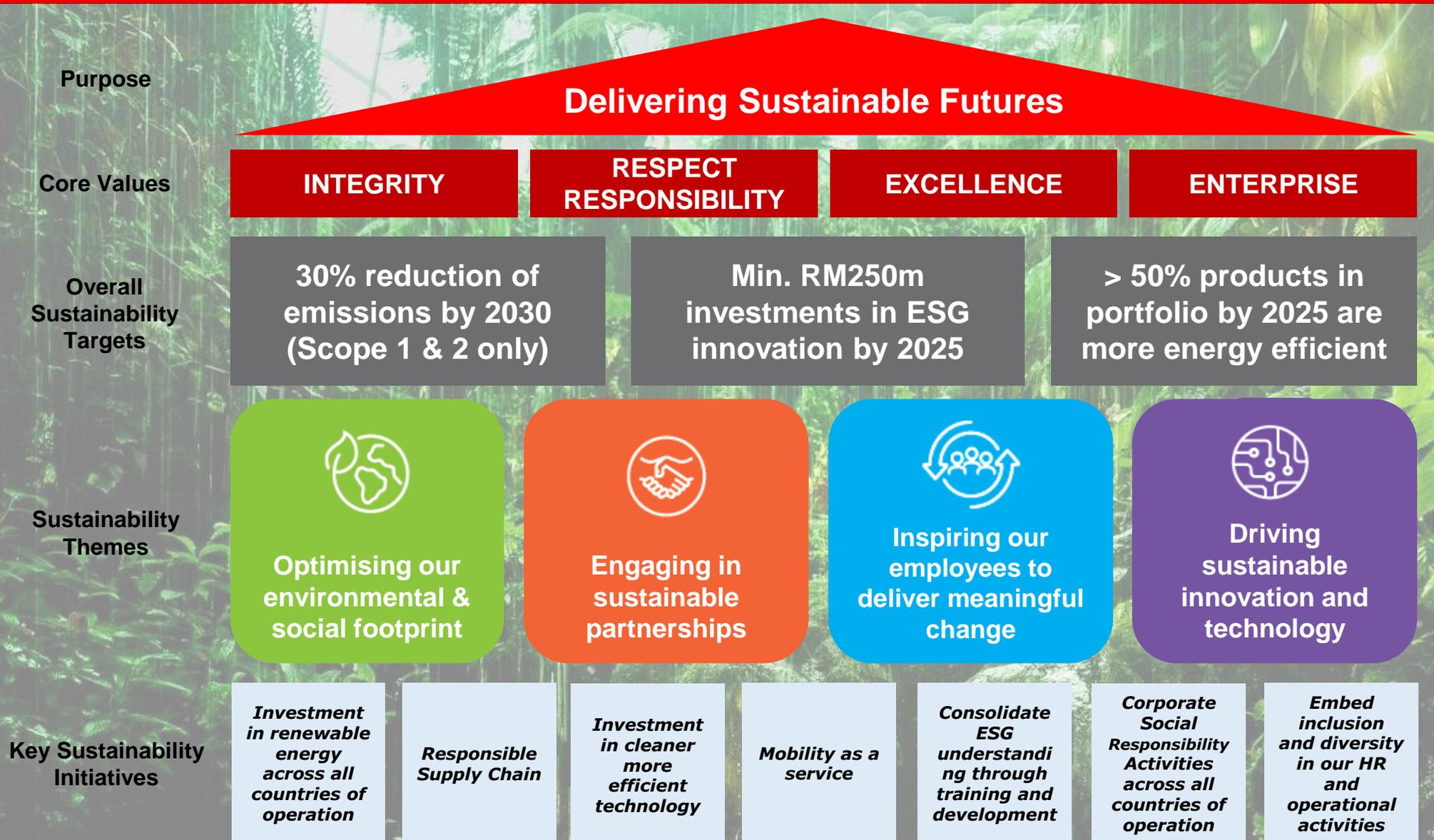
**0.25x**  
Debt/Equity Ratio

**RM2.0bn**  
Bank balances,  
deposits and cash

# ESG Framework



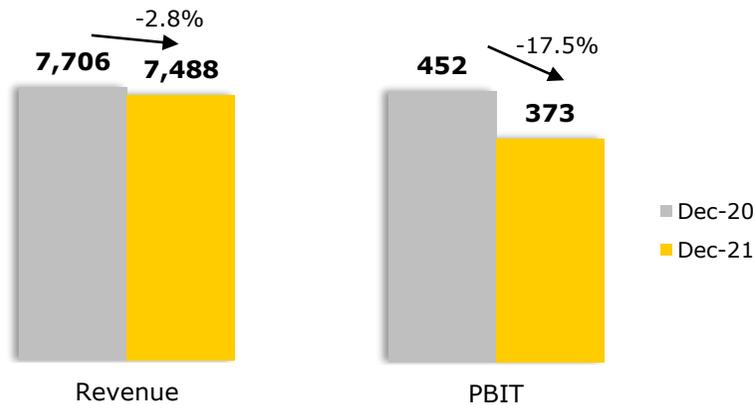
Key themes around Environment, Customer Journey and Technology & Innovation



# Segmental Results



Results affected by slowdown in China construction activities and lower margins



In RM Million	1H FY2021	1H FY2022
Australasia	4,470	5,071
China	2,443	1,588
Malaysia	497	472
Singapore & Others	296	357
<b>Total Revenue</b>	<b>7,706</b>	<b>7,488</b>
Australasia	305	289
China	113	48
Malaysia	12	21
Singapore & Others	24	15
<b>Total Core PBIT</b>	<b>454</b>	<b>373</b>
FV Loss on Financial Asset	(2)	-
<b>Total PBIT</b>	<b>452</b>	<b>373</b>
<b>PBIT margin</b>	<b>5.9%</b>	<b>5.0%</b>
<b>Core PBIT margin</b>	<b>5.9%</b>	<b>5.0%</b>
<b>Annualised ROIC</b>	<b>10.6%</b>	<b>8.4%</b>

## Australasia

- Higher revenue attributed to strong deliveries for mining and construction equipment in Australia.
- However, profits declined mainly due to lower operating margins.
- Higher contribution from Terra CAT (RM23m vs RM8m) driven by strong equipment sales.
- Salmon Earthmoving profit contribution – RM7m (acquired in Oct 2021).

## China

- Lower equipment sales volume amidst the slowdown in construction activities.
- The market slowdown had resulted in low rental utilisation thus impacting profitability.

## Malaysia

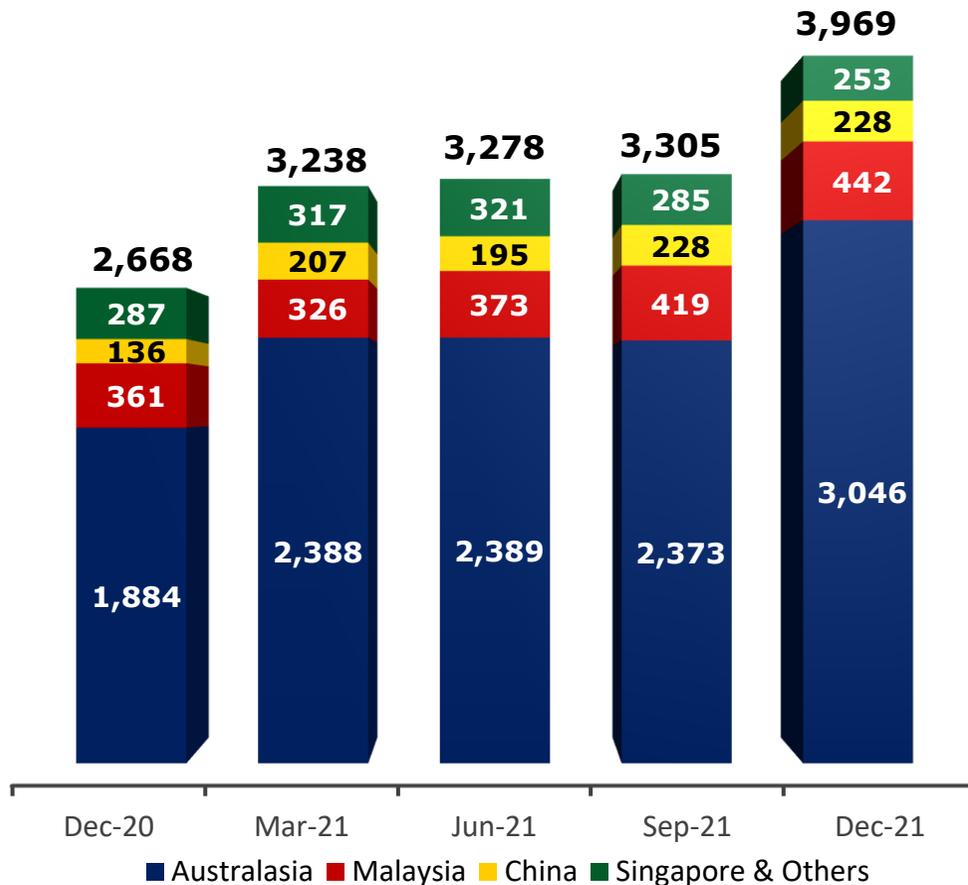
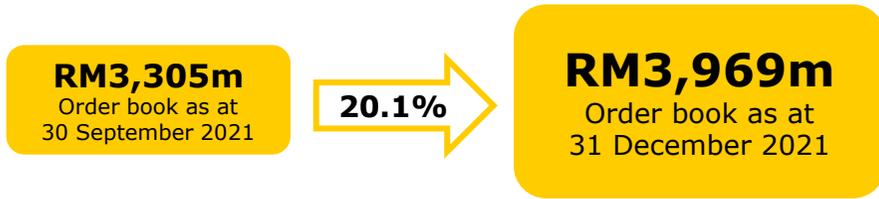
- Higher profits mainly due to the reduction in overheads. The previous corresponding period also included restructuring costs.

## Singapore & Others

- Higher engine deliveries for data centre projects.
- Profits affected by forex loss on inter company balances and recognition of wage subsidies in the previous corresponding period.



Order book increased by 20% from September 2021 mainly from Australasia



## AUSTRALASIA

- Strong order book mainly anchored by the mining equipment segment in Australia.
- Healthy demand for construction equipment in New Zealand.
- The parts segment is subject to supply constraints and pricing adjustments.



## CHINA

- Industry volume for excavators continues to face pressure.
- Key machine models and parts are subject to supply chain pressures and extended lead time.



## MALAYSIA

- Construction activities are expected to pick up, but sentiment remains cautious amidst the slow revival of mega projects.
- Sustained order book for petroleum services.



## SINGAPORE

- The construction sector remains concerned with labour shortages and rising material costs.
- Continued healthy demand for engines from data centre projects.



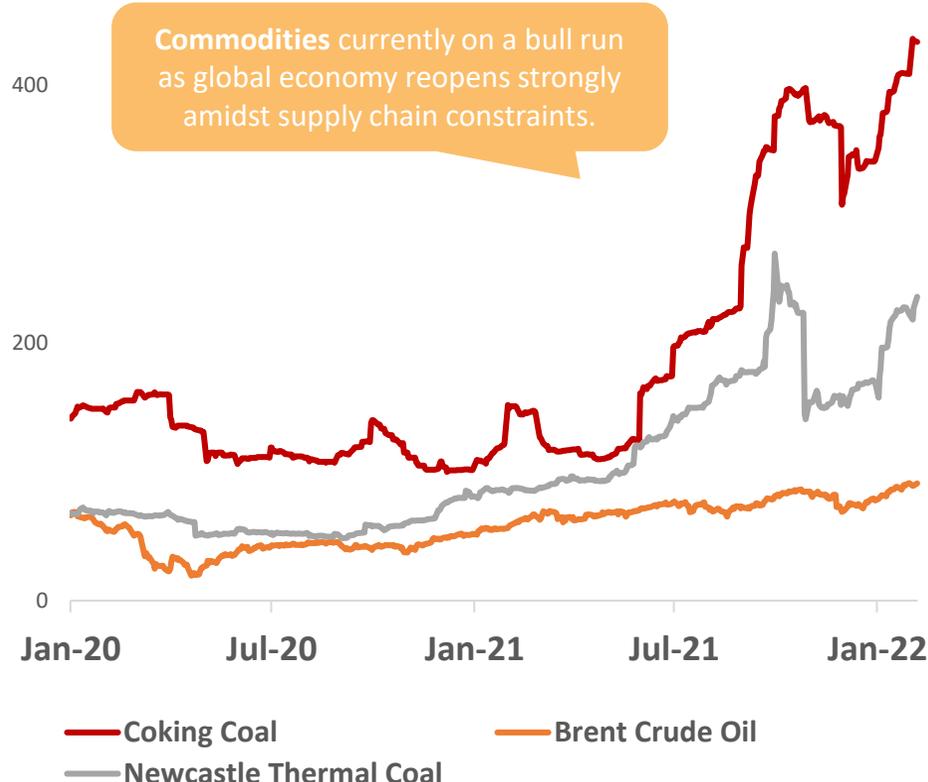
Commodities uptrend to continue as economies reopen

## Commodities Upcycle

**Coking Coal**  
@ Feb 2022:  
**US\$433/t**

**Newcastle Thermal Coal**  
@ Feb 2022:  
**US\$230/t**

**Brent Crude Oil**  
@ Feb 2022:  
**US\$92/b**



Source: Bloomberg IAC1 – AUS Premium Coking Coal Futures

## Positive momentum for Equipment Spend



### MET Coal Prices to stay elevated

- Expect a slow unwind of global MET coal prices given supply tightness and a healthy spot demand

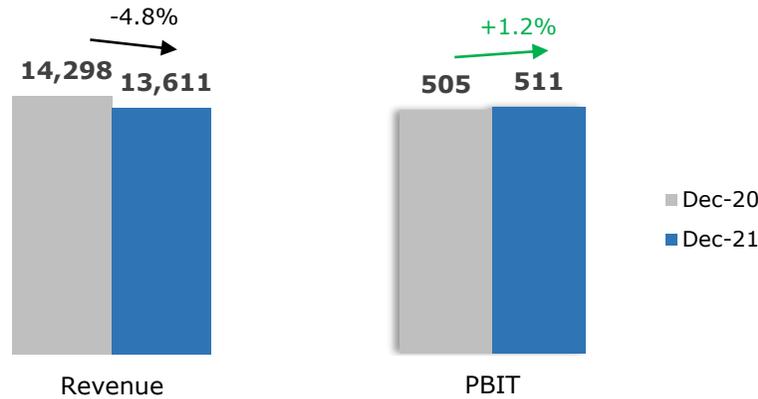


### Above Miner's Breakeven Curve

- Current prices are way above Miners' breakeven cost curve ~US\$ 80/ tonne, should spur higher equipment spend



## Stronger profits in Malaysia and Australasia



In RM Million	1H FY2021	1H FY2022
China, HK, Macau & Taiwan	7,034	6,739
Southeast Asia	2,657	2,362
Malaysia	2,406	2,157
Australasia	2,201	2,353
<b>Total Revenue</b>	<b>14,298</b>	<b>13,611</b>
China, HK, Macau & Taiwan	316	289
Southeast Asia	41	30
Malaysia	64	91
Australasia	84	101
<b>Total PBIT</b>	<b>505</b>	<b>511</b>
<b>PBIT margin</b>	<b>3.5%</b>	<b>3.8%</b>
<b>Annualised ROIC</b>	<b>14.1%</b>	<b>13.4%</b>

### China, HK, Macau & Taiwan

- The China operations more or less maintained their profitability, with lower unit sales (due to shortage of stocks) offset by higher margins.
- HK recorded lower profits mainly due to the recognition of wage subsidies in the previous corresponding period.

### Southeast Asia

- Singapore recorded lower profits mainly due to lower passenger vehicle deliveries and recognition of wage subsidies in the previous corresponding period.
- Lower unit sales in Thailand as it was affected by Covid-19 restrictions earlier in the financial year.

### Malaysia

- Lower sales volume from selected brands.
- Despite the lower revenue, profits were higher mainly due to strong results from the assembly and retail operations, higher vehicle margins and reversal of stock provision.

### Australasia

- Strong performance from the commercial vehicle and transport operations in New Zealand.
- The Australian operations were impacted by Covid-19 restrictions earlier in the financial year.

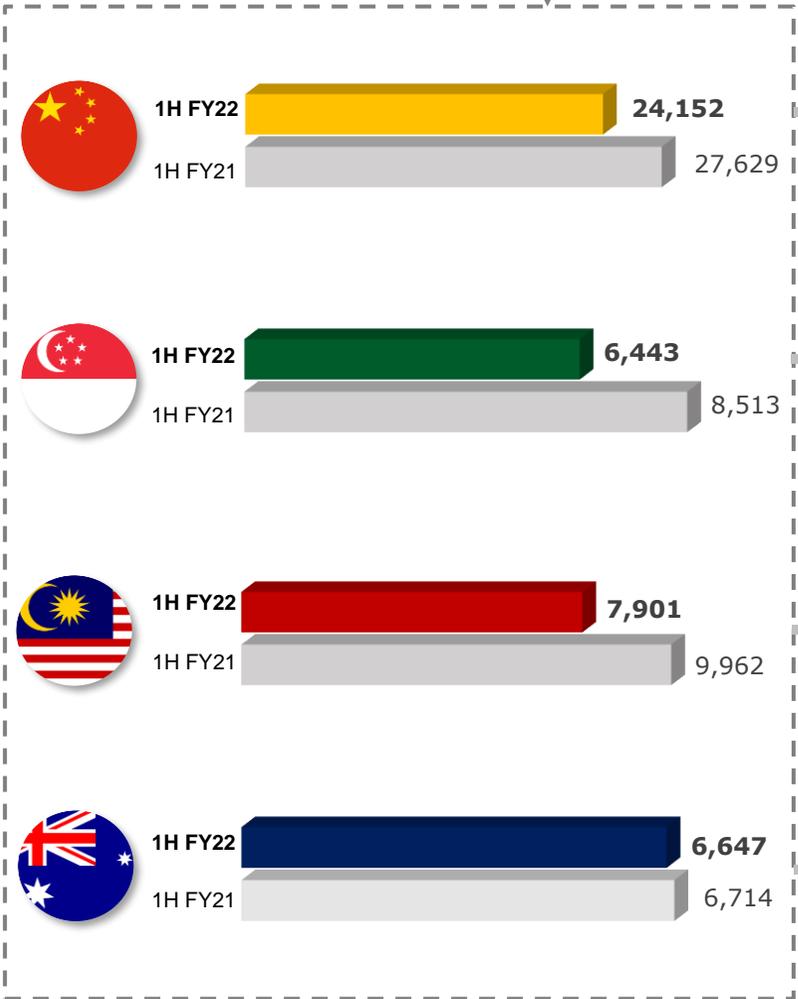


## Supply chain constraints pose challenges amidst rising demand

Units sold by region

**45,143**  
Units Sold  
(1H FY2021: 52,818)

**11,360**  
Units Assembled  
(1H FY2021: 8,002)



**CHINA**

- Supply chain constraints could impact sales in the near term.
- The super luxury segment continues to reflect high volume demand and high margins.

**SE ASIA**

- The automotive sector in Singapore is on a slow recovery. For the EV industry growth, tax incentives act as catalyst to encourage wider adoption of EVs in the coming years.
- Sales volume in Thailand expected to recover in line with improving economic outlook.

**MALAYSIA**

- SST-exemption is on-going until June 2022, with new launches anticipated ahead including model launches that were deferred from 2021. EV sales expected to be fueled by various tax incentives.

**AUSTRALASIA**

- Automotive sales in Australia expected to pick up amidst positive consumer sentiment backed by government fiscal efforts to boost consumption.
- The sector is subject to delay in scheduled vehicle production due to supply chain bottlenecks.

# Motors: Strong Order Bank

Favorable new car sales momentum as reflected by solid order backlog

## Order bank has been increasing MoM

FY2021  
unit sales  
**100,000**

YTD FY2022  
unit sales  
**45,000**

New Vehicle Order (2021)



## Inventory constraint should improve



### Easing auto semi shortage

- Production has been ramping up
- Vehicle inventory supply may increase notably in coming quarters



### Exciting EV models (*more to come*)

- We sold ~1,000 BEV<sup>1</sup> in China

1) BEV represents Battery Electric Vehicles, unit sales as of January 2022



**BMW 3 Series Electric**  
China, Malaysia - 2022



**Volvo XC40 BEV**  
Malaysia - 2022



**BMW iX**  
China, Malaysia - 2022



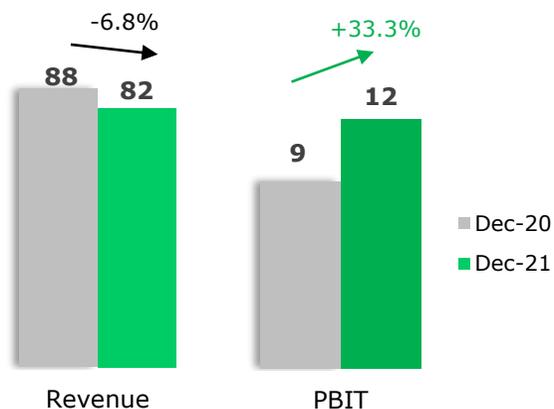
**BMW i4**  
China, Malaysia - 2022<sub>9</sub>

# Logistics and Healthcare

Logistics – Higher profits from ports operations partly offset by lower foreign exchange gains



## Logistics



### Ports

- Improved profitability following the divestment of Jining ports in December 2020 (losses recorded in 1H FY2021).

### Forex

- Mainly from translation of RMB financial assets to HKD.

In RM Million	1H FY2021	1H FY2022
<b>Total Revenue</b>	<b>88</b>	<b>82</b>
Ports - Subsidiaries	-	9
Ports – Assoc & JVs	(1)	(2)
Forex	12	5
<b>Total PBIT</b>	<b>11</b>	<b>12</b>
Loss on disposal of Jining ports	(2)	-
<b>Total PBIT</b>	<b>9</b>	<b>12</b>
<b>PBIT margin</b>	<b>10.2%</b>	<b>14.6%</b>
<b>Core PBIT margin</b>	<b>12.5%</b>	<b>14.6%</b>
<b>Annualised ROIC</b>	<b>1.0%</b>	<b>1.3%</b>

**7.6 million MT**

**General cargo throughput**

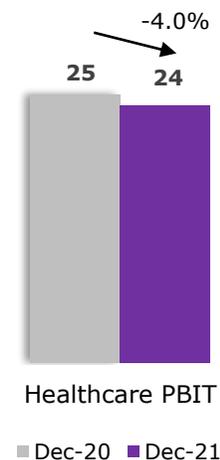
(1H FY2021: 8.8 million MT)  
(6.2 million MT excluding Jining ports)

**42,875 TEU**

**Container throughput**  
(1H FY2021: 63,092 TEU)



## Healthcare



In RM Million	1H FY2021	1H FY2022
<b>Healthcare PBIT</b>	<b>25</b>	<b>24</b>
<b>Healthcare Annualised ROIC</b>	<b>7.5%</b>	<b>7.0%</b>

- Lower share of results mainly due to recognition of dividend withholding taxes by RSDH.

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**Thank you**