



Q1 FY2023 Results Announcement

Analyst Briefing: First Quarter ended 30 September 2022
24 November 2022



A thick, solid red vertical bar positioned to the left of the main title.

Sime Darby Berhad Group Results

FY2023 Financial Results



Reported Profit: First quarter ended 30 September 2022

In RM Million	Q1 FY2023	Q1 FY2022	YoY %
Revenue	12,182	10,635	14.5
PBIT	386	391	(1.3)
Finance income	11	11	
Finance costs	(57)	(33)	
Profit before tax	340	369	(7.9)
Taxation	(97)	(106)	
Profit from continuing operations	243	263	(7.6)
Non-controlling interests	(20)	(31)	
Net profit from continuing operations	223	232	(3.9)
Net profit from discontinuing operations¹	(16)	4	
Net profit attributable to owners of the Company	207	236	(12.3)

1. The Logistics segment is classified as discontinuing operations following the proposed divestment of the Weifang Port companies.

FY2023 Financial Results



Segmental PBIT: First quarter ended 30 September 2022

In RM Million	Q1 FY2023	Q1 FY2022	YoY %
	PBIT – Reported/ Core	PBIT – Reported/ Core	
<u>Continuing operations</u>			
Industrial	216	160	35.0
Motors	176	227	(22.5)
Healthcare	19	13	46.2
Others	(7)	4	<(100.0)
Corporate	(18)	(13)	
PBIT from continuing operations	386	391	(1.3)
PBIT from discontinuing operations	(18)	3	
PBIT	368	394	(6.6)

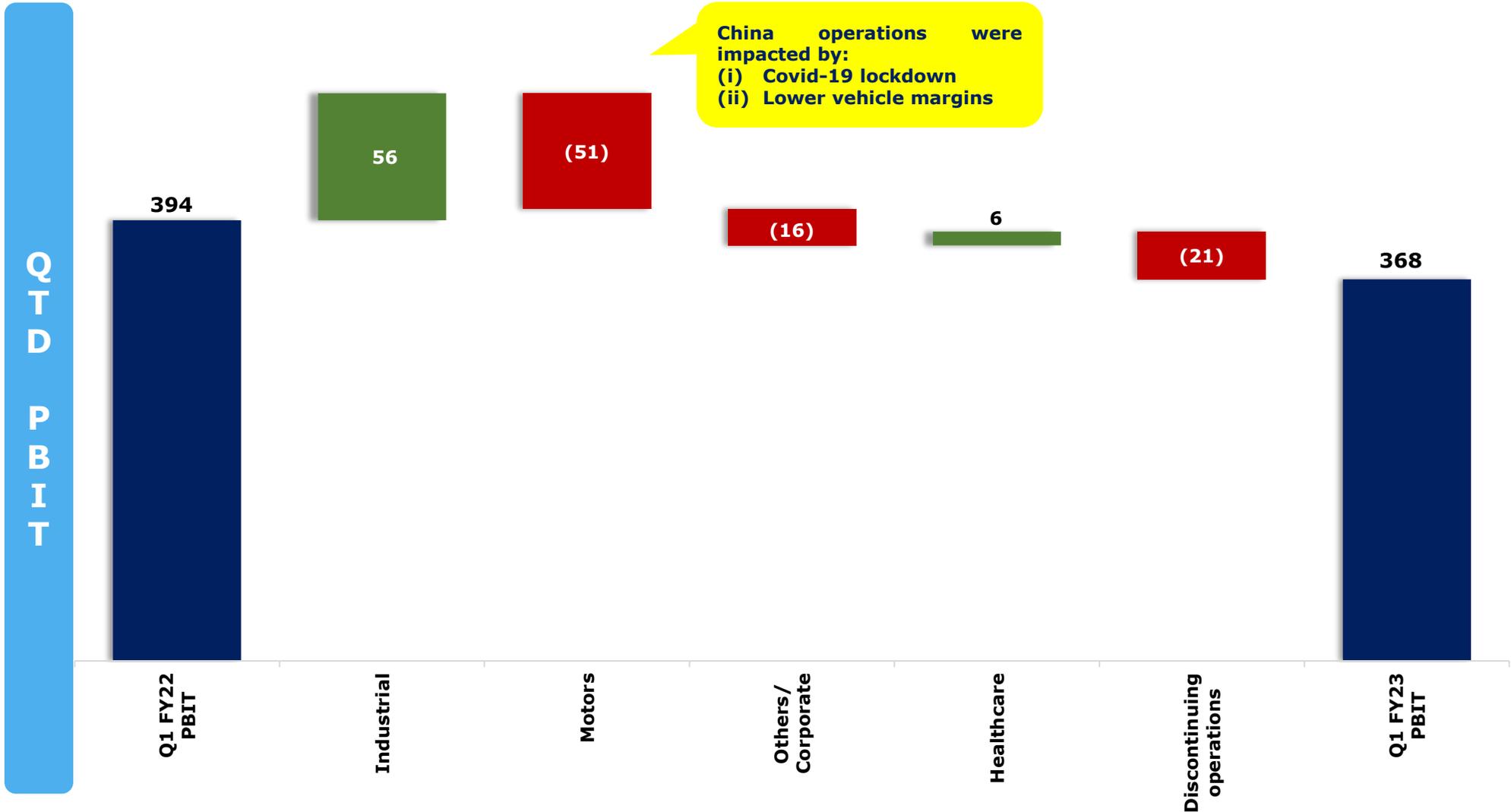
- Healthcare – Share of profit from RSDH improved mainly due to higher revenue from the Malaysian operations.
- Logistics (discontinuing operations) – Loss was mainly due to forex loss of RM14m arising from the weakening of the RMB against the HKD

Core and Reported PBIT



Lower Q1 PBIT mainly from lower contributions from Motors

Q1 FY2022 vs. Q1 FY2023

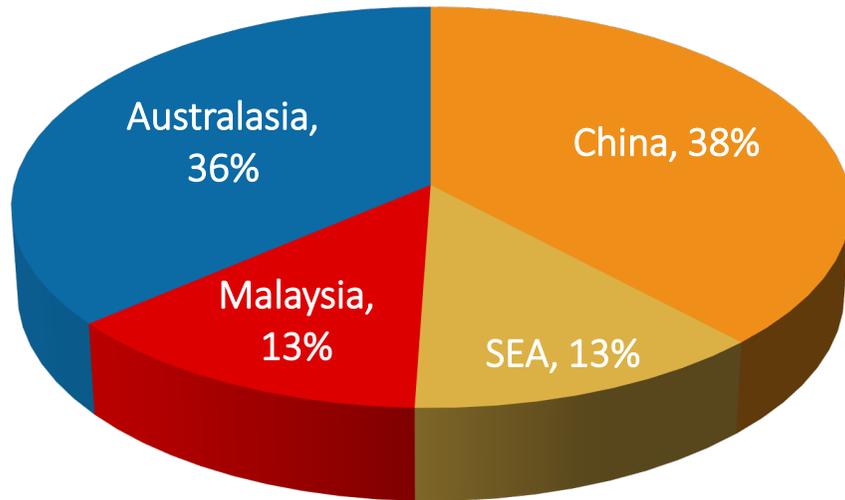


FY2023 Financial Results



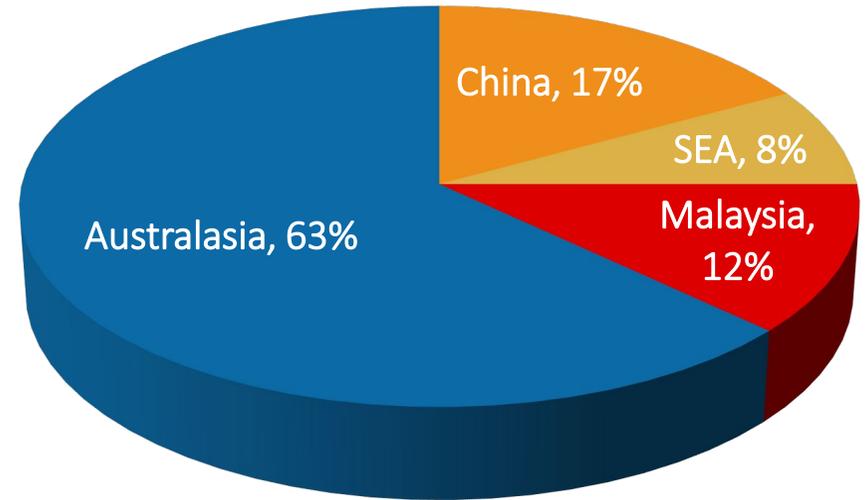
Regional Contribution: Q1 FY2023 ended 30 September 2022

Revenue Breakdown



China SEA Malaysia Australasia

Core PBIT Breakdown



China SEA Malaysia Australasia

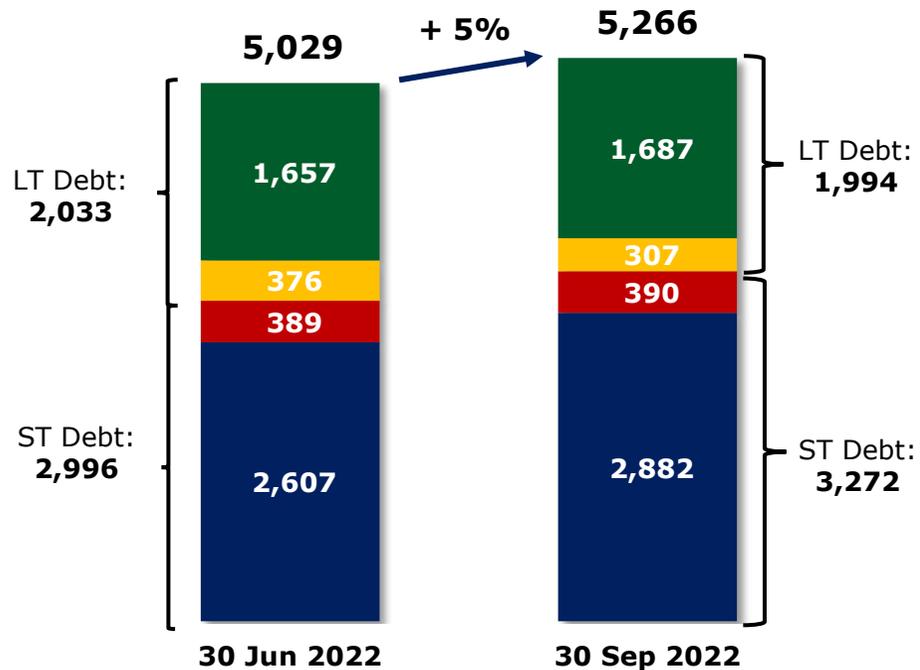
Australasia region is the largest profit contributor.

FY2023 Financial Results



Snapshot of borrowing position as at 30 September 2022

Long Term vs Short Term Debt



■ ST Borrowings ■ ST Leases ■ LT Borrowings ■ LT Leases

Total Debt



RM 5.2bn

As at 30 September 2022

RM16.1bn
Total Equity

0.3x
Debt/Equity Ratio

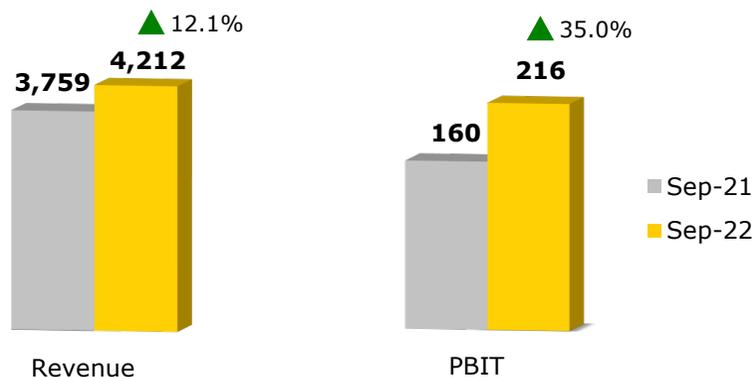
RM1.5bn
Bank balances,
deposits and cash

A thick, solid red vertical bar positioned to the left of the section header.

Segmental Results



Higher profits predominantly attributed to higher parts revenue in Australasia



In RM Million	Q1 FY2022	Q1 FY2023
Australasia	2,549	3,034
China	791	714
Malaysia	228	234
Singapore & Others	191	230
Total Revenue	3,759	4,212
Australasia	130	186
China	16	19
Malaysia	4	(1)
Singapore & Others	10	12
Total PBIT	160	216
PBIT margin	4.3%	5.1%
Annualised ROIC	7.5%	9.0%

Australasia

- Higher profit mainly attributed to higher revenue from the parts segment.
- The mining equipment business also registered higher revenue but at lower gross margins.
- Salmon Earthmoving profit contribution – RM17m (acquired in Oct 2021).

China

- Weak market volume continued to impact revenue.
- Lower expenses from cost control initiatives.

Malaysia

- Lower profit from the engines segment and absence of major infrastructure projects.

Singapore & Others

- Mainly attributed to higher revenue from the power systems operations.



Order book held up well; large mining projects in Australia deliver sales opportunities at varying margins

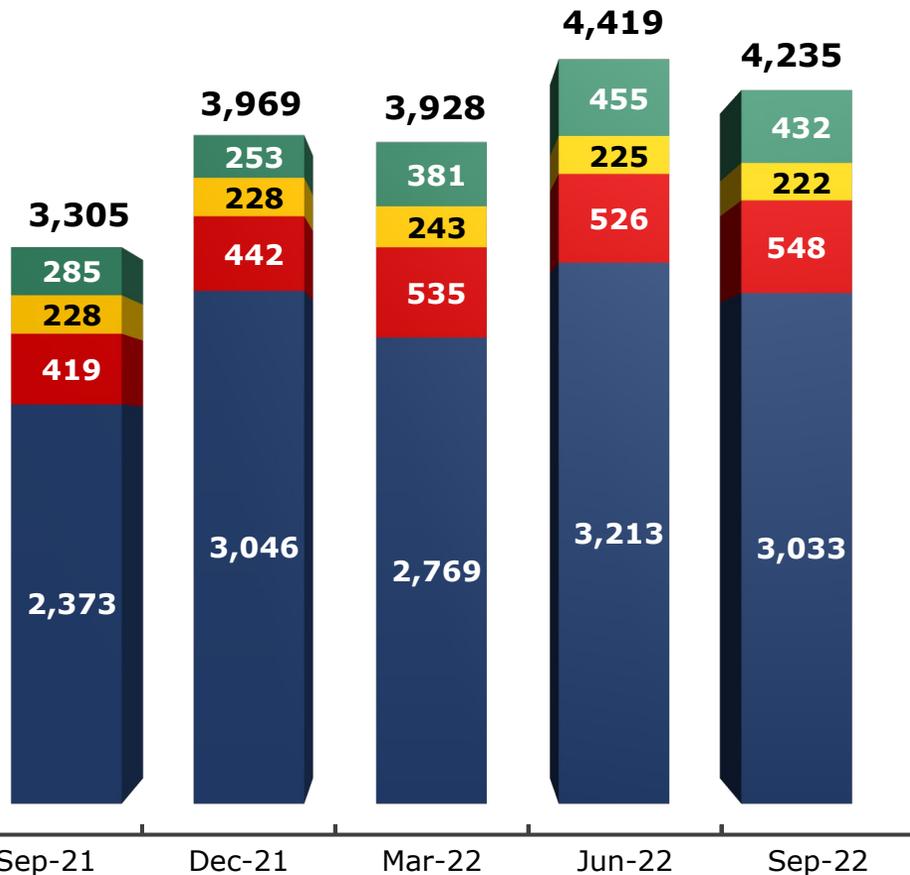
RM4,419m

Order book as at
30 June 2022

▼ 4.2%

RM4,235m

Order book as at
30 September 2022



■ Australasia ■ Malaysia ■ China ■ Singapore & Others



AUSTRALASIA

- High order backlog in Australia from both the mining and construction sectors. Margins for mining equipment vary based on project mix.
- The parts segment is subject to Caterpillar pricing review, with a recent upward adjustment in the parts price.
- Inflationary pressures and labour shortages could impact cost and project commencement.



CHINA

- Recovery of the excavator market volume remains uncertain. Equipment deliveries in Q1 FY2023 were impacted by lockdowns in Xinjiang.
- Supply chain challenges persist for certain key machine models.
- In the recent China's 20th Party Congress, emphasis was made on urban infrastructure improvement, expansion of trade network infrastructure and modernisation of industrial systems.



MALAYSIA

- Fund allocation for infrastructure development under Budget 2023 was mainly for previously approved projects. Budget is subject to review after the General Elections.
- Risk of project delays and cost overrun due to supply chain and inflationary pressures.



SINGAPORE

- High order book from the power system operations. Supply chain risk remains a concern.
- The construction market remains lackluster as contractors are concerned with ongoing inflation threat and cash flow planning.

Healthy MET coal prices; A turning point to China construction sector

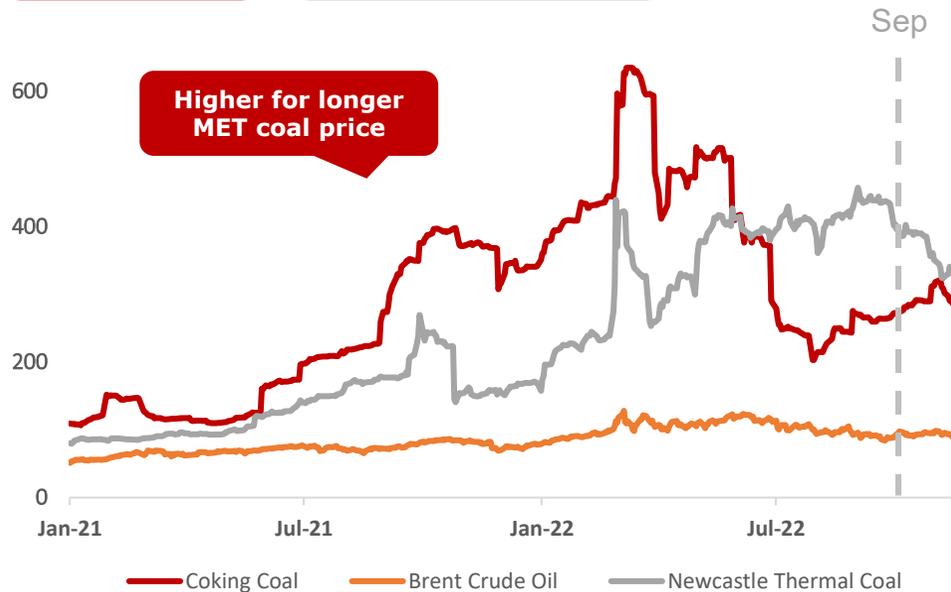


Commodity prices held up well

Coking Coal
@ Nov 2022:
US\$285/t

Newcastle Thermal Coal
@ Nov 2022:
US\$343/t

Brent Crude Oil
@ Nov 2022:
US\$87/b



Healthy commodity prices should drive Aftersales and product support, which offer higher margin

- Healthy prices will incentivize customers to **service existing fleet on schedule**
- Profitable Miners would still allocate capital for **new equipment**

Source: Bloomberg IAC1 – AUS Premium Coking Coal Futures



Property: Government Stimulus

A turning point to China construction sector

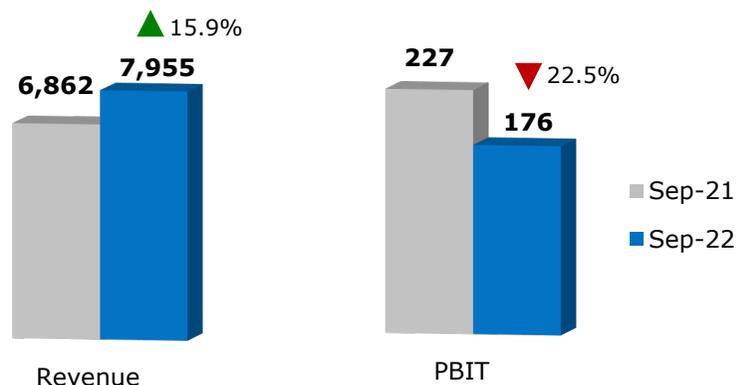


Chinese authorities have unveiled sweeping measures to “rescue” the property sector.

- This should support **construction machinery demand**.
- **Our Industrial China business** have exposure to the construction sector and will benefit from improved liquidity among the constructors.



Results were largely offset by lower vehicle margins in Mainland China



In RM Million	Q1 FY2022	Q1 FY2023
China	3,675	3,884
Singapore & Thailand	1,255	1,300
Malaysia	845	1,378
Australasia	1,087	1,393
Total Revenue	6,862	7,955
China	133	48
Singapore & Thailand	17	17
Malaysia	41	55
Australasia	36	56
Total PBIT	227	176
PBIT margin	3.3%	2.2%
Annualised ROIC	12.3%	8.2%

China

- Profit was lower despite higher revenue as the results were largely impacted by lower vehicle margins in Mainland China (higher discounting).

Singapore & Thailand

- Singapore – lower revenue from the used car operations.
- Thailand – higher revenue partly offset by lower vehicle margins.

Malaysia

- Higher new vehicles sold as the previous corresponding quarter was impacted by Covid-19 restrictions. The sales were also partly supported by backlog of orders placed before the expiry of SST exemption in June 2022.
- However, this was partly offset by lower new vehicle margins. The previous corresponding period also included reversal of inventory provision.
- The aftersales segment and rental business recorded higher profits.

Australasia

- Higher revenue as the previous corresponding quarter was affected by Covid-19 restrictions.



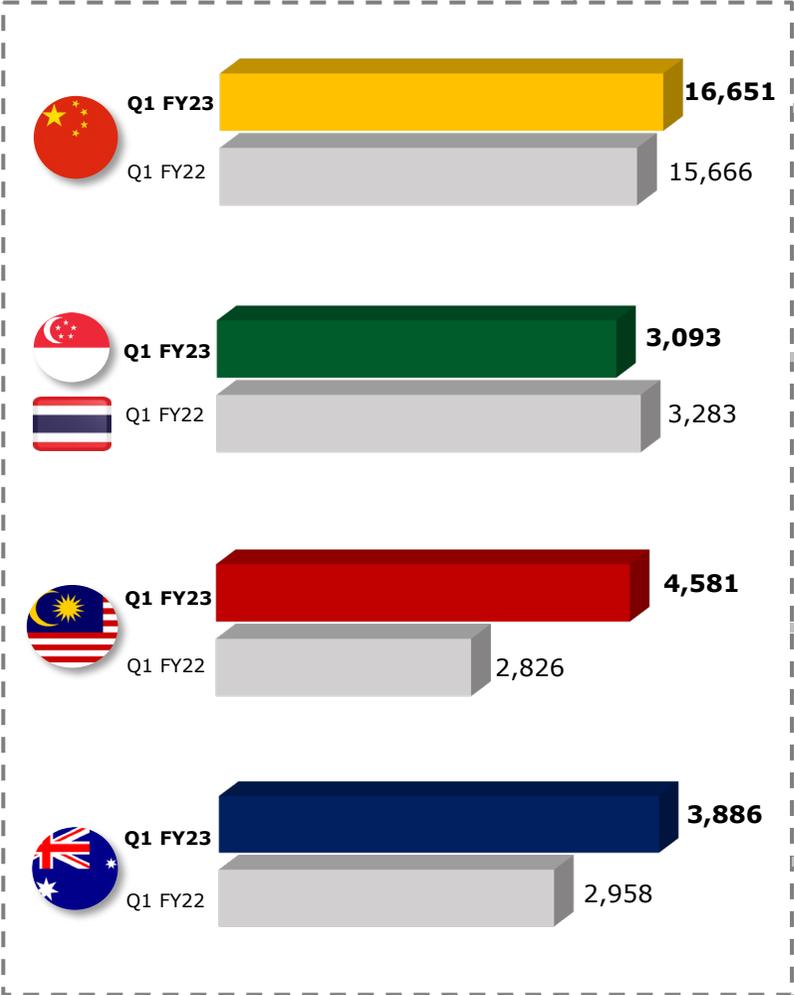
Results were pressured by low vehicle margins despite higher sales volume

28,211
Units Sold *
(Q1 FY2022: 24,733)

7,340
Units Assembled
(Q1 FY2022: 2,334)

* Includes used cars sold on consignment

Units sold by region



CHINA

- Concerns relating to low vehicle margins due to higher discounting – pressure on profitability despite higher units sold.
- The government pledged to accelerate transition to a low-carbon economy in the recent China’s 20th Party Congress through fiscal policies and R&D initiatives.

SINGAPORE & THAILAND

- Inflationary pressures would continue to strain consumer purchasing power.
- The theme of green economy and EV-related incentives have been actively featured in Singapore and Thailand.

MALAYSIA

- Units sold were higher in the current quarter as the previous corresponding quarter was impacted by Covid-19 restrictions and due to backlog of orders placed before the expiry of SST exemption in June 2022.
- Concerns for decline in vehicle margins following the end of SST exemption.

AUSTRALASIA

- The current quarter registered higher sales as the previous corresponding quarter was affected by lockdowns. Consumption in Australia and New Zealand would be adversely impacted as interest rates increase.
- Commitment for EV adoption has been actively reiterated in Australia in line with its environment sustainability initiatives.

Electric Vehicles: New Market Opportunities



Our strong brand portfolio is well positioned to ride on growing EV popularity

Significant business opportunities

Partnering with the world best selling EV brand

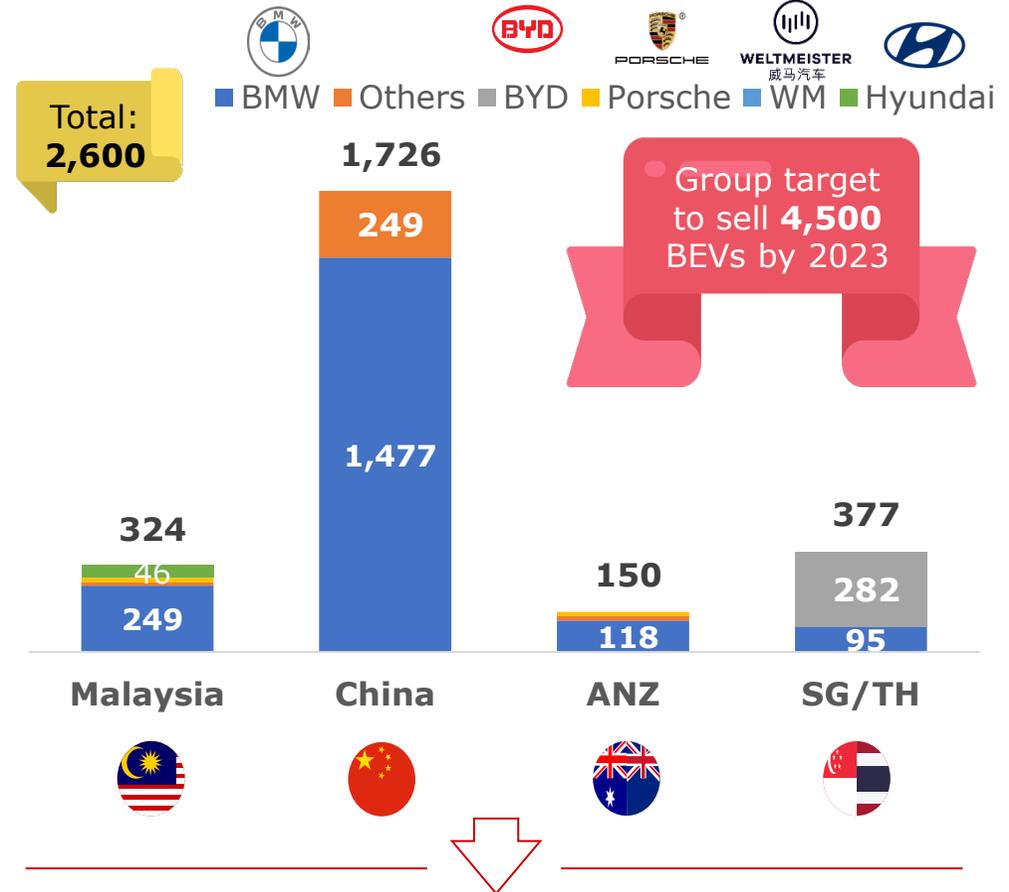


Leveraging our capabilities as a Tier-1 dealership group in Malaysia, we have secured the **distribution rights for BYD EVs in Malaysia.**



First showroom to be ready by January 2023.

As we transition to an EV world



Well on track to achieve EV target

➤ As of September 2022, EVs are ~13% of total units sold (new car)

Motors Outlook



Exciting new models coming out in the next 12 months



BMW i7 (First All Electric 7 Series)
Malaysia/ China - 2023



BMW XM
Malaysia - 2023



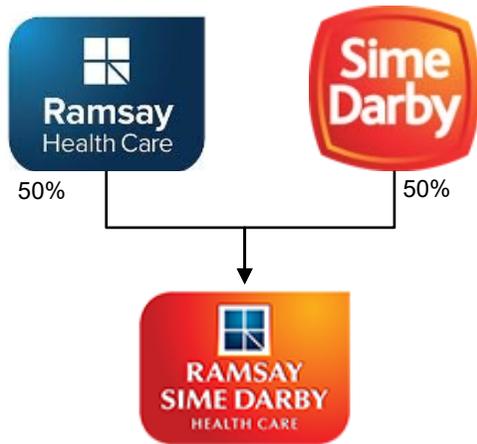
BMW M2 Coupe
Malaysia/ China - 2023



BMW i5
Malaysia/ China - 2022/ 2023₁₄

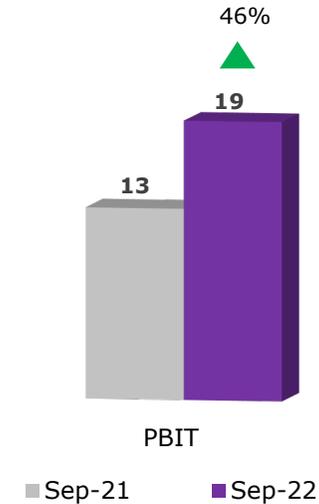
Higher share of profits from RSDH because higher revenue from Malaysia

Joint Venture with Ramsay Healthcare



- Joint venture with Ramsay Health Care since FY2014
- Asia-focused portfolio
- 7 hospitals in Malaysia and Indonesia
- > 1,500 licensed beds.

Financials (Q1 FY23)



In RM Million	Q1 FY2022	Q1 FY2023
PBIT	13	19
ROIC	7.7%	10.6%

- Share of results from RSDH improved as RSDH recorded higher revenue from the Malaysian operations.



Thank you