FY2022 Results Announcement

Analyst Briefing: Q1 FY2022 for period ended 30 September 2021

29 November 2021

Delivering Sustainable Futures

Sime Darby Berhad
Group Results

FY2022 Financial Results

Reported Profit: Quarter ended 30 September 2021

In RM Million	Q1 FY2022	Q1 FY2021	YoY %
Revenue	**10,673**	**10,877**	(1.9)
PBIT	**394**	**447**	(11.9)
Finance income	**13**	12	
Finance costs	**(33)**	(33)	
Profit before tax	**374**	**426**	(12.2)
Taxation	**(107)**	(120)	
Profit after tax	**267**	**306**	(12.7)
Non-controlling interests	**(31)**	(25)	
Net profit attributable to owners of the Company	**236**	**281**	(16.0)

FY2022 Financial Results

Core Profit: Quarter ended 30 September 2021

In RM Million	Q1 FY2022	Q1 FY2021	YoY %
Reported PBIT	**394**	**447**	(11.9)
Adjustments			
• Fair value loss on financial assets (MES)	-	1	
• Net forex gain on settlement of net investment	-	(10)	
Core PBIT	**394**	**438**	(10.0)
Net finance costs	(20)	(21)	
Taxation	(107)	(120)	
Non controlling interests	(31)	(25)	
Core Net Profit	**236**	**272**	(13.2)

FY2022 Financial Results

Segmental PBIT: Quarter ended 30 September 2021

In RM Million	Q1 FY2022			Q1 FY2021			Reported PBIT	Core PBIT
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT	YoY %	YoY %
Industrial	160	-	160	196	1[1]	197	(18.4)	(18.8)
Motors	227	-	227	223	-	223	1.8	1.8
Logistics	3	-	3	6	-	6	(50.0)	(50.0)
Healthcare	13	-	13	14	-	14	(7.1)	(7.1)
Others	4	-	4	13	-	13	(69.2)	(69.2)
Corporate	(13)	-	(13)	(15)	-	(15)	13.3	13.3
Forex	-	-	-	10	(10)	-	>(100.0)	-
PBIT	**394**	**-**	**394**	**447**	**(9)**	**438**	**(11.9)**	**(10.0)**

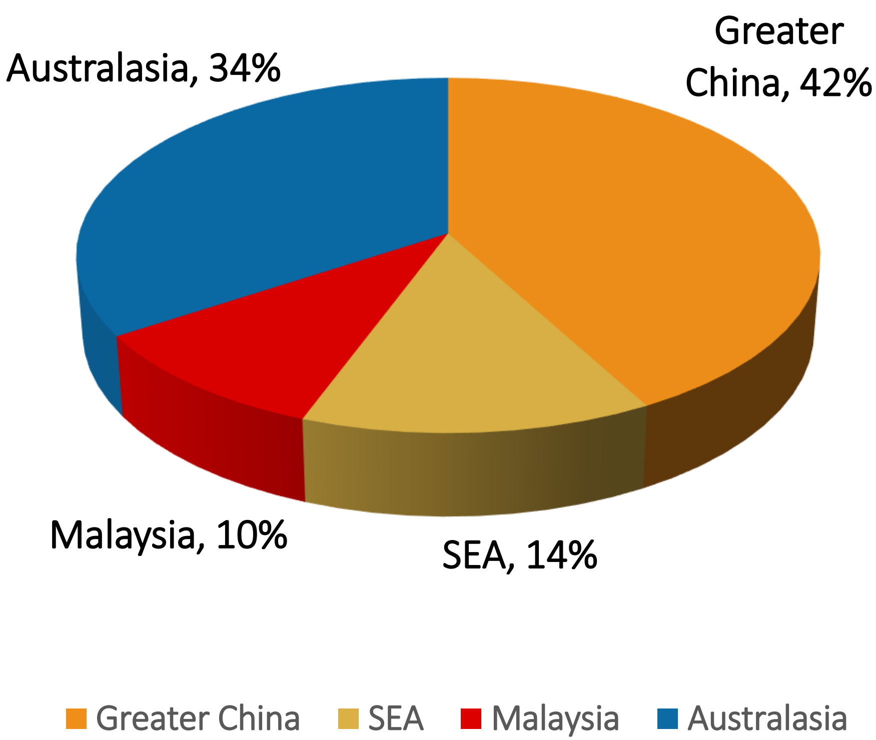
Adjustments :

1. Fair value loss on financial assets (RM1m in Q1FY2021)

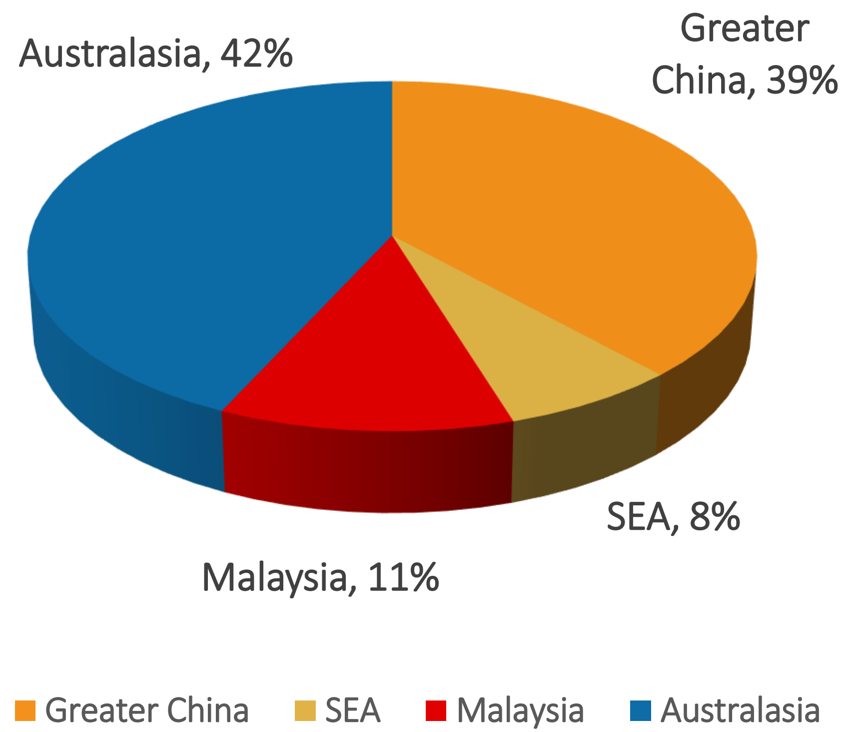
FY2022 Financial Results

Regional Contribution: 1Q FY2022 ended 30 September 2021

Revenue Breakdown



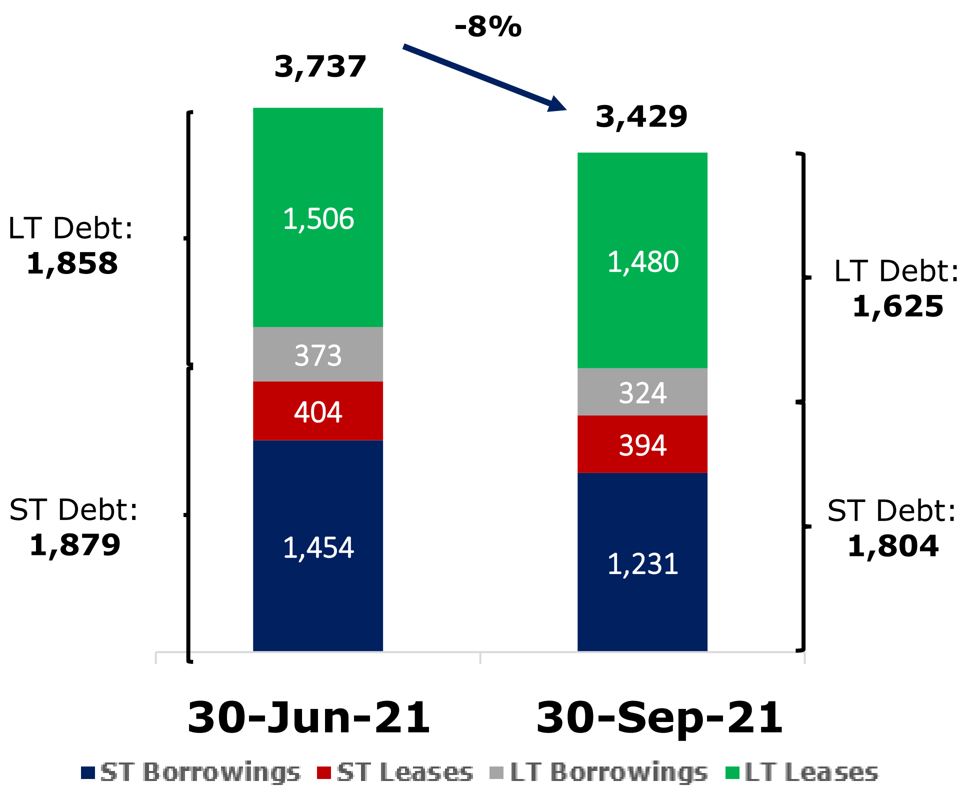
Core PBIT Breakdown



FY2022 Financial Results

Snapshot of borrowing position as at 30 September 2021

Long Term vs Short Term Debt



Total Debt

RM 3.4bn

As at 30 September 2021

RM15.8bn
Total Equity

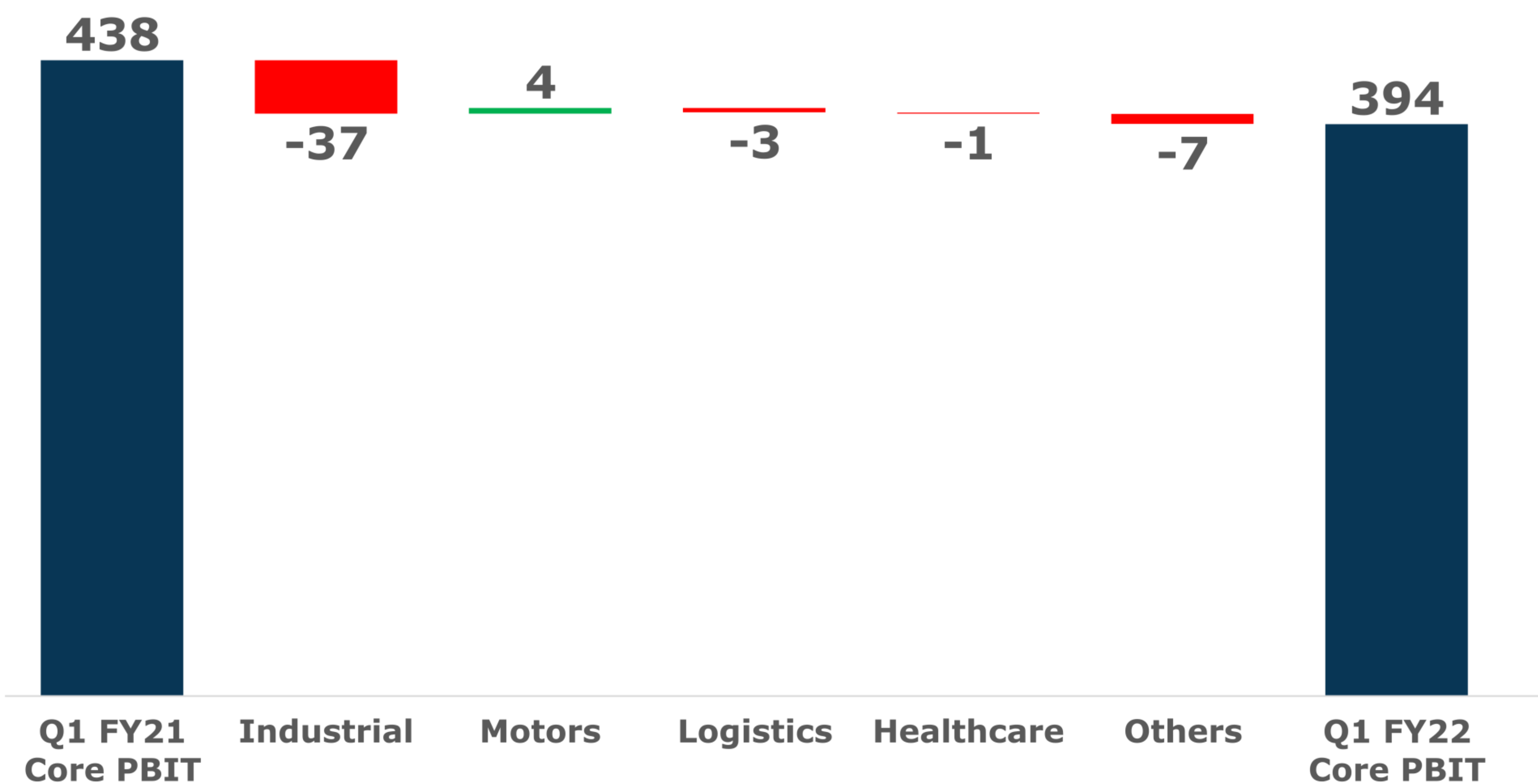
0.22x
Debt/Equity Ratio

RM1.7bn
Bank balances, deposits and cash

Core and Reported PBIT

Motors' performance remain resilient; Lower profits contribution from Industrial China

Q1 FY2021 vs Q1 FY2022

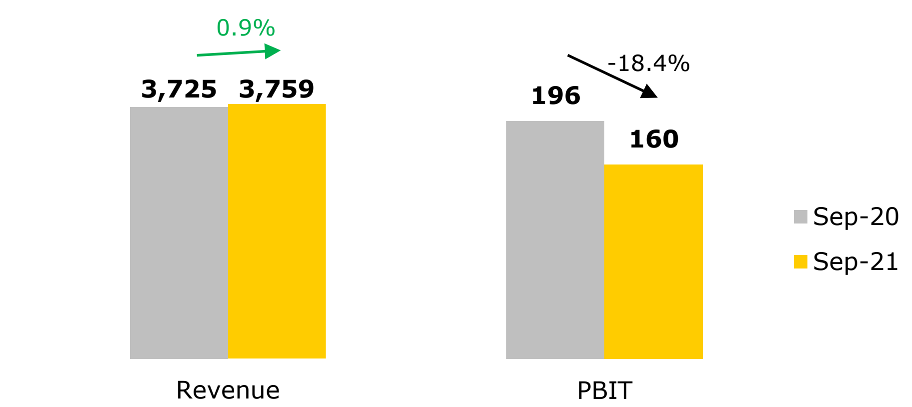


Core/ Reported PBIT are the same for Q1 FY2022

Segmental Results

Industrial Division

Profits declined mainly due to lower revenue from the China operations and lower margins



In RM Million	Q1 FY2021	Q1 FY2022
Australasia	2,223	2,549
China	1,129	791
Malaysia	230	228
Singapore & Others	143	191
Total Revenue	**3,725**	**3,759**
Australasia	127	130
China	58	16
Malaysia	5	4
Singapore & Others	7	10
Total Core PBIT	**197**	**160**
FV Loss on Financial Asset	(1)	-
Total PBIT	**196**	**160**
PBIT margin	**5.3%**	**4.3%**
Core PBIT margin	**5.3%**	**4.3%**
Annualised ROIC	**9.5%**	**7.5%**

Australasia

- Higher equipment revenue from both mining and construction sectors in Australia.
- However, profitability was impacted by weaker parts margins.
- Terra CAT profit contribution – 1Q FY2022: RM8m vs. 1Q FY2021: RM2m.

China

- Lower revenue mainly due to contraction in market size.
- Weaker margins from the rental business, with lower utilisation rate.

Malaysia

- Slow recovery in sales after the recent movement restrictions.
- Included YSD donation of RM5m in the current period (nil in previous corresponding period).

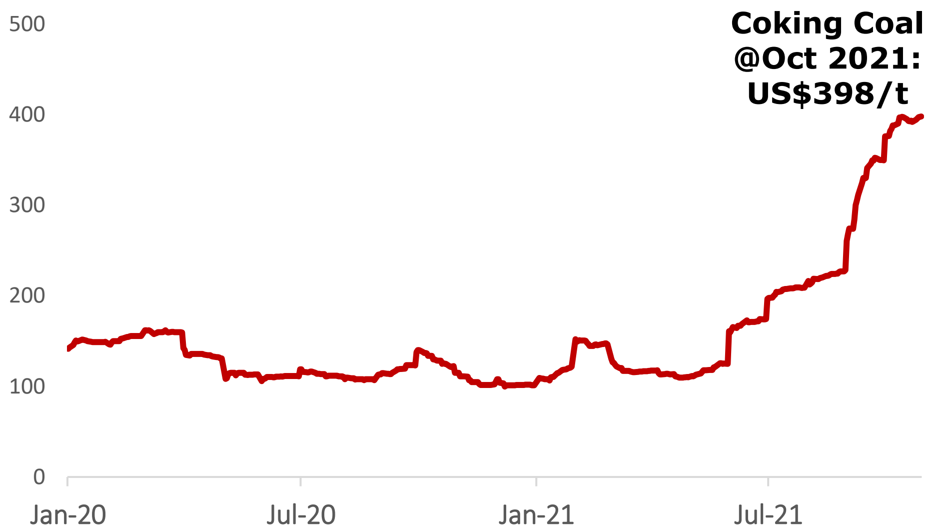
Singapore & Others

- Higher engines deliveries due to sustained demand for cloud storage and data centre services.
- Continued labour shortage in Singapore slowed the resumption of construction activities.

Industrial Drivers

MET coal prices bull-run benefiting our Australasia operations; Short term headwinds in China

Industrial Australia: MET Coal tailwind



Source: Bloomberg IAC1 – AUS Premium Coking Coal Futures

Current Price > Miner's Cost

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

Industrial China: Short term headwinds

Slowdown of demand in China

- Fewer infrastructure activities and real estate contraction
- Rising competition within China from local OEMs

Confident on long-term potential

- Expect Infrastructure investment to improve given a more supportive fiscal policy in 2022

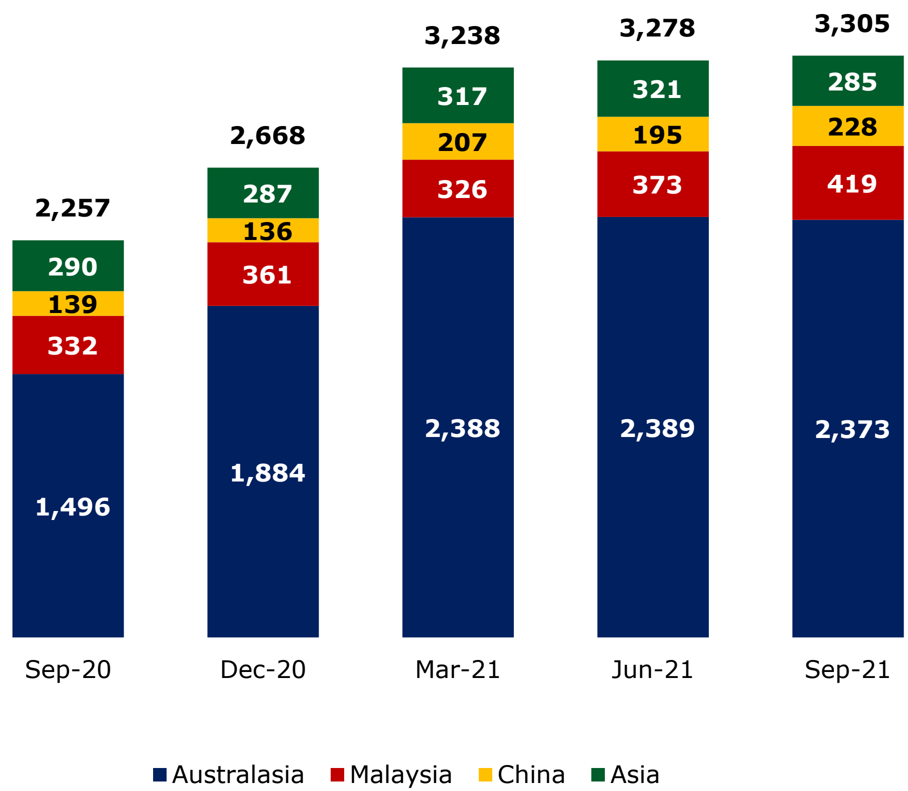
Industrial Outlook

Order book remains strong

RM3,278m
Order book as at 30 June 2021

+1%

RM3,305m
Order book as at 30 September 2021



AUSTRALASIA

- Direct impact from trade tensions with China on the mining sector in Australia likely to be manageable due to the robust coal demand from alternative markets in South Korea, Japan and elsewhere.
- Outlook for construction industry in New Zealand remains positive due to pent-up demand.

CHINA

- Economic growth recently affected by spillover effects from the property debt crisis.
- However, fiscal stimulus to boost infrastructure investment is expected to be rolled out in the near term to counter the recent economic challenges.

MALAYSIA

- Order book for petroleum services is supported by pent-up demand and healthy commodity price.
- Recovery of the construction sector expected to be muted

SINGAPORE

- Impacted by deferment in construction tenders due to continued labour shortage.
- Demand for engines from data centre services remains healthy.

Acquisition of Salmon Earthmoving Holdings ("Salmon")

Expands on adjacency and into new segment (Construction)

Strategic Rationale

Strengthen and complements SDI in Australia and **reinforces** SDI's footprint in Asia Pacific.

Multi-aspect **diversification** including:

- **Industry exposure** for SDI's rental equipment offering to **civil construction market.**
- SDI's **geographic footprint** into NSW.
- Salmon offers **diversification of other OEM brands** including Hitachi, Komatsu, Mack and Isuzu equipment.
- Salmon's **equipment rental fleet** includes light vehicles and dewatering equipment. Salmon's **heavy haulage fleet** and its capability is also of strategic interest.

Customer Base Expansion: Salmon has strong existing relationships with civil contractors, experience in running civil construction projects & broad product fleet.

Description of Business

- Salmon is a dry-hire earthmoving equipment business
- Salmon rents and supports Caterpillar machinery in the mining and construction sectors
- Operating in Australia (mainly Queensland and New South Wales)

Details of Acquisition

SPA: signed on July 2021.

Completion: Acquisition was completed on 1 October 2021.

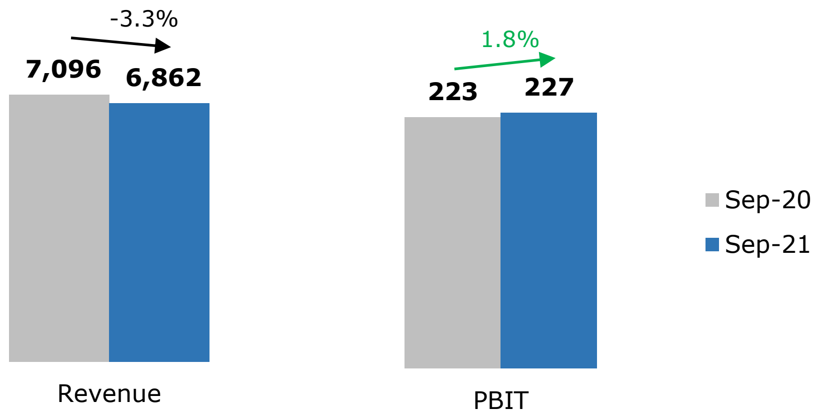
On-boarding, **integration, transition** process underway.

Financials

- **Acquisition price** = **AUD$ 115 million** (RM 346 million) (cash free debt free basis)
- Expected Revenue contribution of **RM 150- 180m** per year

Motors Division

Profits were sustained in China and Malaysia but Australasia was affected by COVID-19 restrictions



In RM Million	Q1 FY2021	Q1 FY2022
China, HK, Macau & Taiwan	3,507	3,675
Southeast Asia	1,268	1,255
Malaysia	1,259	845
Australasia	1,062	1,087
Total Revenue	**7,096**	**6,862**
China, HK, Macau & Taiwan	130	133
Southeast Asia	26	17
Malaysia	26	41
Australasia	41	36
Total PBIT	**223**	**227**
PBIT margin	**3.1%**	**3.3%**
Core PBIT margin	**3.1%**	**3.3%**
Annualised ROIC	**12.5%**	**12.3%**

China, HK, Macau & Taiwan

- Strong sales and profitability from super luxury segment in China.
- Lower profit in the HK/Macau operations mainly due to wage subsidies and a large delivery of super luxury vehicles in the previous year

Southeast Asia

- Adversely impacted by lower margins in the Singapore operations

Malaysia

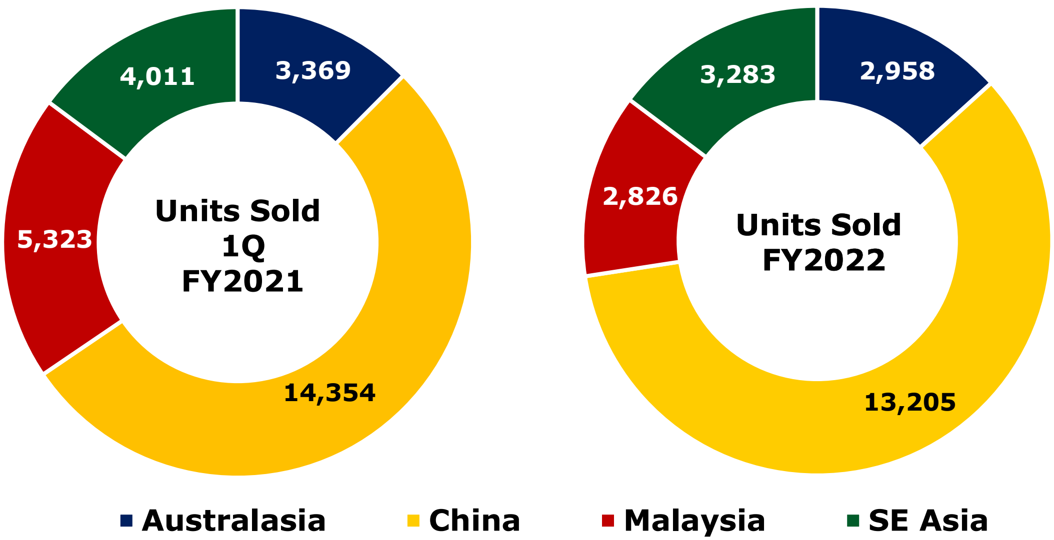
- Sales in current period affected by the COVID-19 restrictions.
- However, profit was higher mainly due to higher vehicle margins, higher profit contribution from assembly operations and reversal of stock provision.

Australasia

- Profitability was impacted by COVID-19 restrictions in Sydney and New Zealand.
- The commercial vehicle and transport operations recorded higher revenue and profits

Motors Outlook

Sales were affected by supply constraints and COVID-19 restrictions



22,272
Units Sold
(Q1 FY2021: 27,057)

2,334
Units Assembled
(Q1 FY2021: 3,499)

MALAYSIA

- Sales impacted by COVID-19 restrictions in 1Q FY2022. However, the recent extension of sales tax exemption until 30 June 2022 could support sales.
- The EV industry is expected to benefit from a series of tax incentives announced in the recent Budget 2022.

SE ASIA

- In Singapore, growing environmental concerns act as catalyst to increase the demand for electric vehicles.
- In Thailand, the movement restrictions imposed in Q1FY2022 have been recently eased and should help vehicle sales recover.

CHINA

- Resilient demand for luxury remains strong.
- Supply constraints could impact sales in the near term.

AUSTRALASIA

- Automotive sales expected to pick up as the government recently unveiled fiscal stimulus to encourage consumption.
- Supply constraints, particularly for commercial vehicles, could impact sales.

Motors Outlook

New model launches expected in FY2022

Hyundai KONA Electric
Malaysia – Q4 2021/ Q1 2022

Porsche Cayenne
Malaysia – Q1 2022

BMW iX
China/ Malaysia – Q1 2022

BMW i4
Malaysia – Q1 2022

EV & Mobility Strategies

Committed to grow EV portfolio; Mobility to learn how autos is evolving

Sime Darby

Electric Vehicle

1 **Leverage on EV line up of existing Principals**

BMW, PORSCHE, HYUNDAI

2 **Secure partnerships with new EV OEMs**

BYD, NIO, WELTMEISTER

3 **Enter the Ecosystem with Aftersales & Fleet**

4 **Assembly of EV (RHD) and batteries for the region**

5 **Distribution and rollout of EV charging infrastructure**

ABB

Strategy

Future Proofing Motors Division

Autonomous

Connected

Electrification

Shared

Mobility

1 **Venture Capital**

RM 40m investments in start-up

SOCAR, CARRO

2 **Fleet Management**

SOCAR, PETRONAS

Aftersales for SOCAR
Petronas fleet in Pengerang

3 **E-Commerce**

Lazada, BMW

Online sales with Lazada & BMW Digital showroom

4 **Omnichannel Transformation**

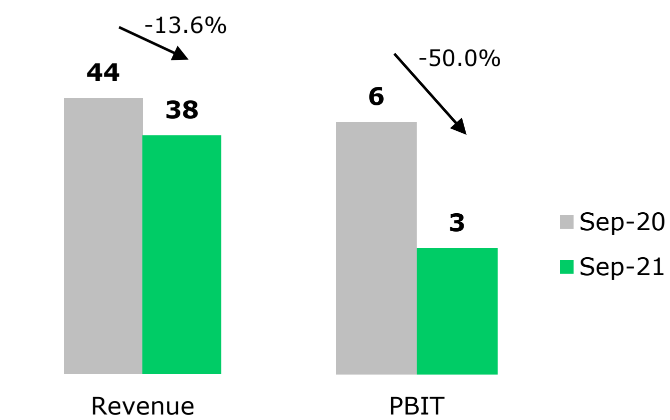
accenture

Collaboration with Accenture to re-define customer journey

Logistics and Healthcare

Logistics – Improvement in ports operations was offset by lower foreign exchange gains

Logistics



Ports

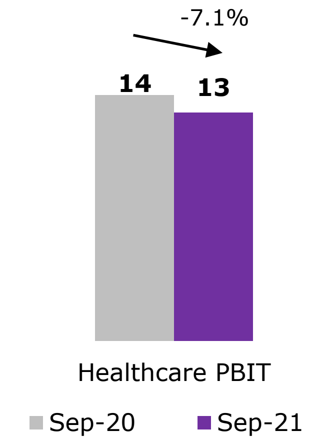
- Profitability improved following the divestment of Jining Ports in December 2020 (loss recorded in Q1FY2021) and fair value gain on Jining investment.
- Lower contribution from the liquid terminal joint venture.

In RM Million	Q1 FY2021	Q1 FY2022
Total Revenue	**44**	**38**
Ports - Subsidiaries	-	3
Ports – Assoc & JVs	1	-
Forex	5	-
Total PBIT	**6**	**3**
PBIT margin	**13.6%**	**7.9%**
Core PBIT margin	**13.6%**	**7.9%**
Annualised ROIC	**1.3%**	**0.7%**

3.46 million MT
General cargo throughput
(Q1 FY2021: 4.63 million MT)

21,769 TEU
Container throughput
(Q1 FY2021: 33,300 TEU)

Healthcare



In RM Million	Q1 FY2021	Q1 FY2022
Healthcare PBIT	**14**	**13**
Healthcare Annualised ROIC	**8.5%**	**7.7%**

- Higher revenue and operating profit were offset by higher effective tax rate

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