



Sime Darby Berhad
Quarterly Report for the First Quarter ended 30 September 2023
27th November 2023



Delivering
Sustainable Futures



Sime Darby Berhad Group Results

Q1 FY2024 Financial Results



Reported Profit: First quarter ended 30 September 2023

In RM Million	Q1 FY2024	Q1 FY2023	YoY %
Revenue	13,980	12,182	14.8
PBIT	830	367	>100.0
Finance income	27	11	
Finance costs	(129)	(57)	
Profit before tax	728	321	>100.0
Taxation	(154)	(97)	
Profit from continuing operations	574	224	>100.0
Non-controlling interests	(9)	(20)	
Net profit from continuing operations	565	204	>100.0
Net profit/(loss) from discontinuing operations¹	24	3	
Net profit attributable to owners of the Company	589	207	>100.0

1. Relates to the Healthcare and Logistics segments.

Q1 FY2024 Financial Results



Core Profit: First quarter ended 30 September 2023

In RM Million	Q1 FY2024	Q1 FY2023	YoY %
Reported PBIT from continuing operations	830	367	>100.0
Adjustments:			
• Gain on disposal of Malaysia Vision Valley ("MVV") land	(279)	-	
• Foreign exchange gain on settlement of net investments	(13)	-	
Core PBIT from continuing operations	538	367	46.6
Net finance costs	(102)	(46)	
Taxation	(126) ¹	(97)	
Non controlling interests	(9)	(20)	
Core Net Profit from continuing operations	301	204	47.5
Core Net Profit/(loss) from discontinuing operations	24	3	
Core Net Profit	325	207	57.0

Adjustments:

1. Adjusted for tax effects of one-off items.

FY2024 Financial Results



Segmental PBIT: First quarter ended 30 September 2023

In RM Million	Q1 FY2024			Q1 FY2023			Reported PBIT	Core PBIT
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT	YoY %	YoY %
<u>Continuing operations</u>								
Industrial	358		358	216	-	216	65.7	65.7
Motors	203		203	176	-	176	15.3	15.3
Others	4	-	4	(7)	-	(7)	>100.0	>100.0
Corporate	(27)	-	(27)	(18)	-	(18)	(50.0)	(50.0)
Gain on disposal of MVV land	279	(279)	-	-	-	-	100.0	-
Forex	13	(13)	-	-	-	-	100.0	-
PBIT from continuing operations	830	(292)	538	367	-	367	>100.0	46.6
PBIT from discontinuing operations	24	-	24	1	-	1	>100.0	>100.0
PBIT	854	(292)	562	368	-	368	>100.0	52.7

1. Gain on disposal of Motors property (RM179m before tax)

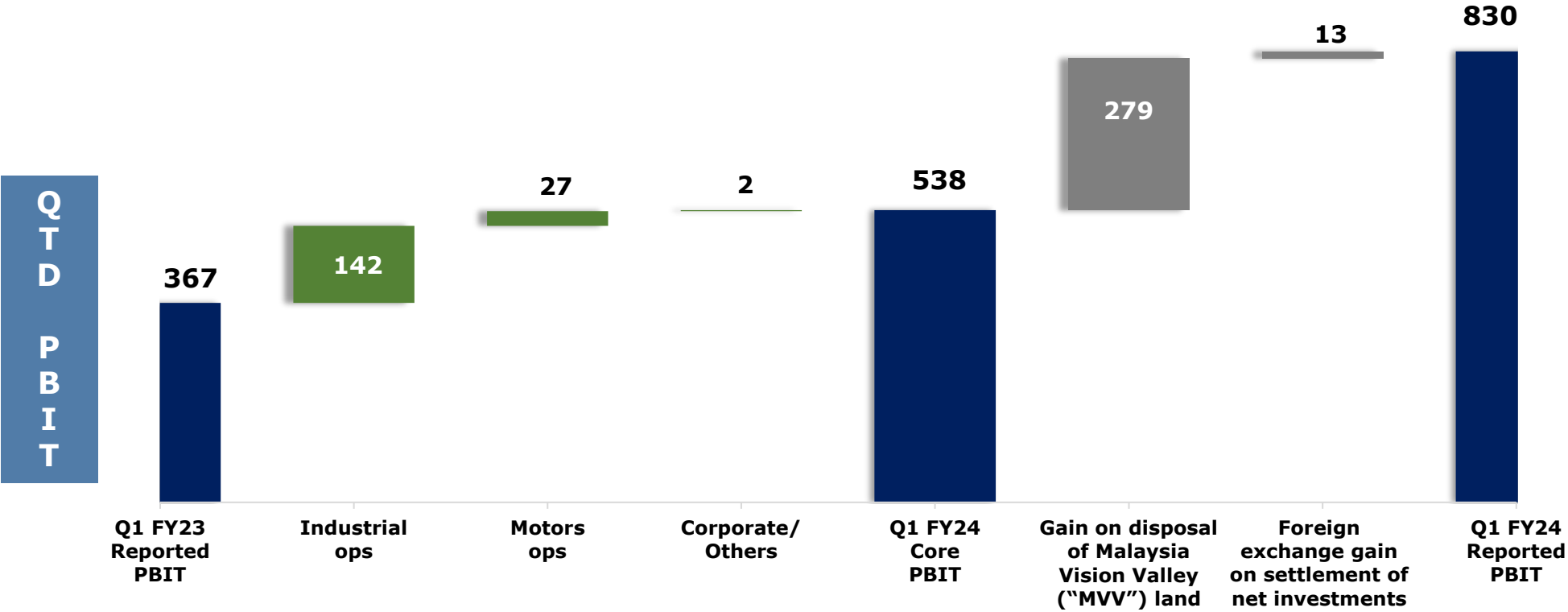
2. Income from legacy corporate exercise (RM12m)

PBIT - from continuing operations



Core PBIT was 46.6% higher than previous year mainly due to higher profits from Industrial Australasia and Motors Malaysia, partly offset by lower profit from Motors China.

Q1 FY2024 vs. Q1 FY2023

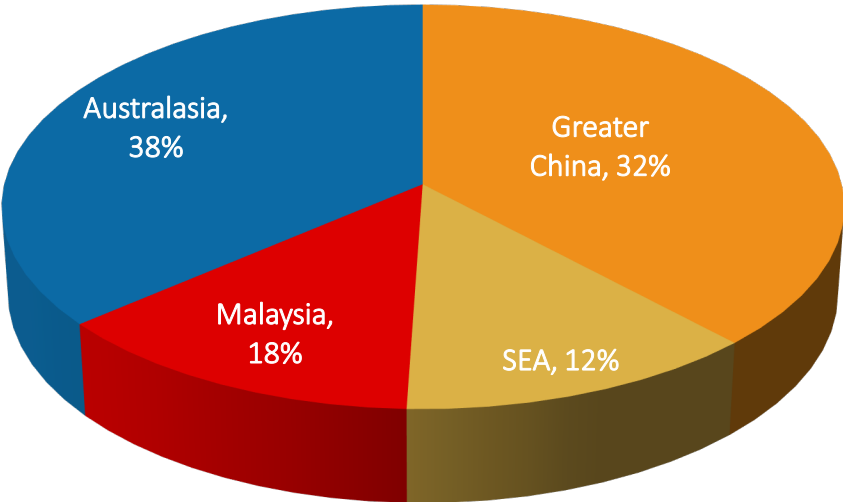


FY2024 Financial Results



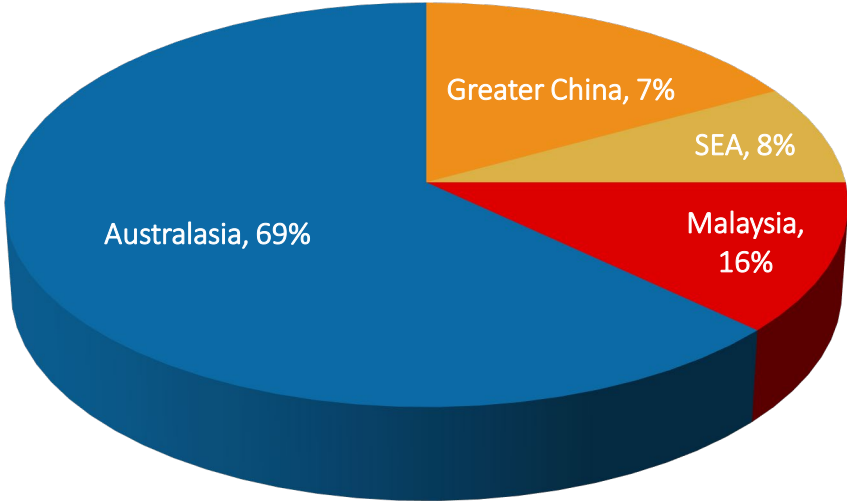
Regional Contribution: Q1 FY2024 ended 30 September 2023

Revenue Breakdown



Greater China SEA Malaysia Australasia

Core PBIT Breakdown



Greater China SEA Malaysia Australasia

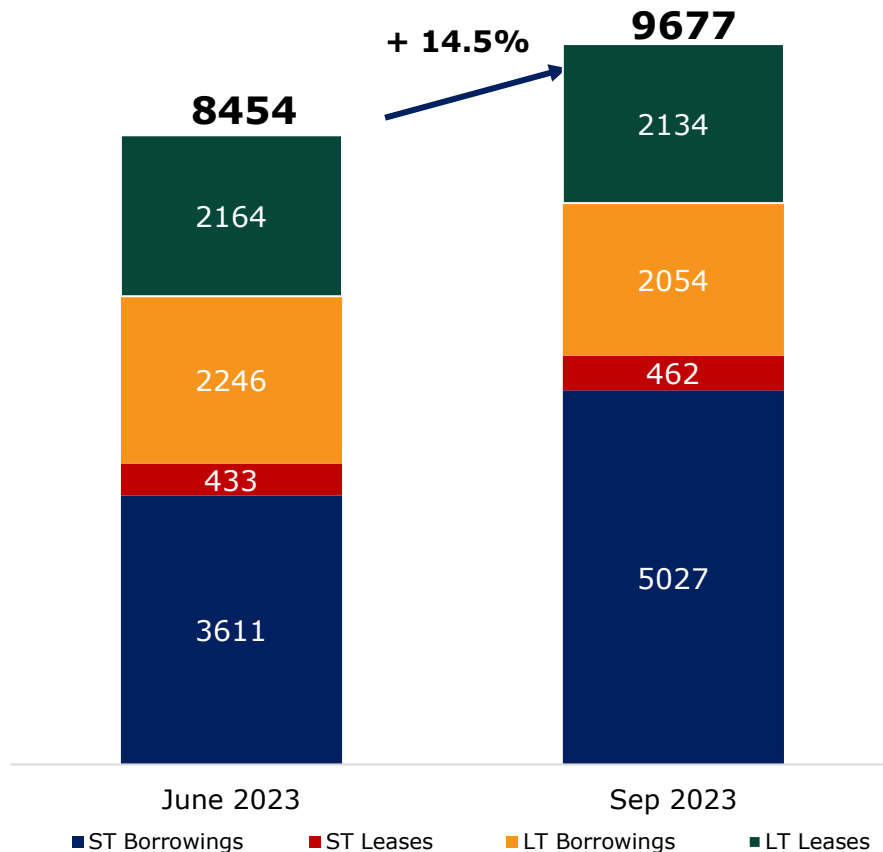
Australasia region is the largest profit contributor.

FY2024 Financial Results



Snapshot of borrowing position as at 30 September 2023

Long Term vs Short Term Debt



Total Debt



RM 9.68bn
As at 30 September 2023

RM17bn
Total Equity

0.57x
Debt/Equity Ratio

0.31x
Net Gearing

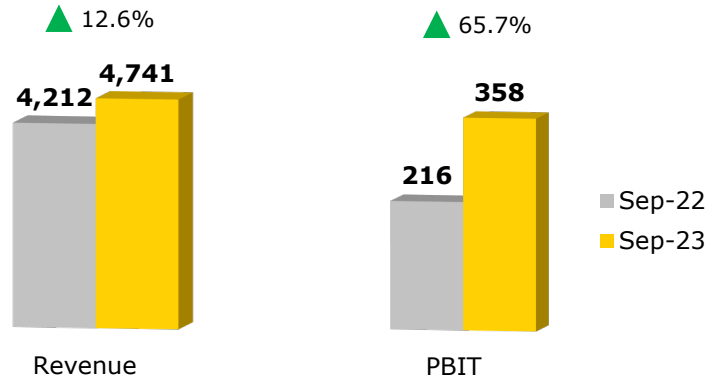
RM2.9bn
Bank balances,
deposits and cash

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Segmental Results

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Industrial Division



In RM Million	Q1 FY2023	Q1 FY2024
Australasia	3,034	3,591
China	714	579
Malaysia	234	311
Singapore & Others	230	260
Total Revenue	4,212	4,741
Australasia	186	309
China	19	18
Malaysia	(1)	11
Singapore & Others	12	20
Total PBIT	216	358
PBIT margin	5.1%	7.6%
Annualised ROIC	9.0%	11.1%

Australasia

- The higher profit was mainly attributed to higher product support revenue.
- New Zealand – PBIT declined to RM1m (Q1FY2024: RM13m) mainly due to lower equipment deliveries and lower margins as a result of price competition.
- Onsite Rental, acquired on 3 April 2023, contributed PBIT of RM38 million.

China

- Market sentiment remains weak with projects still being put on hold.
- Better performance from the used equipment and parts segments.

Malaysia

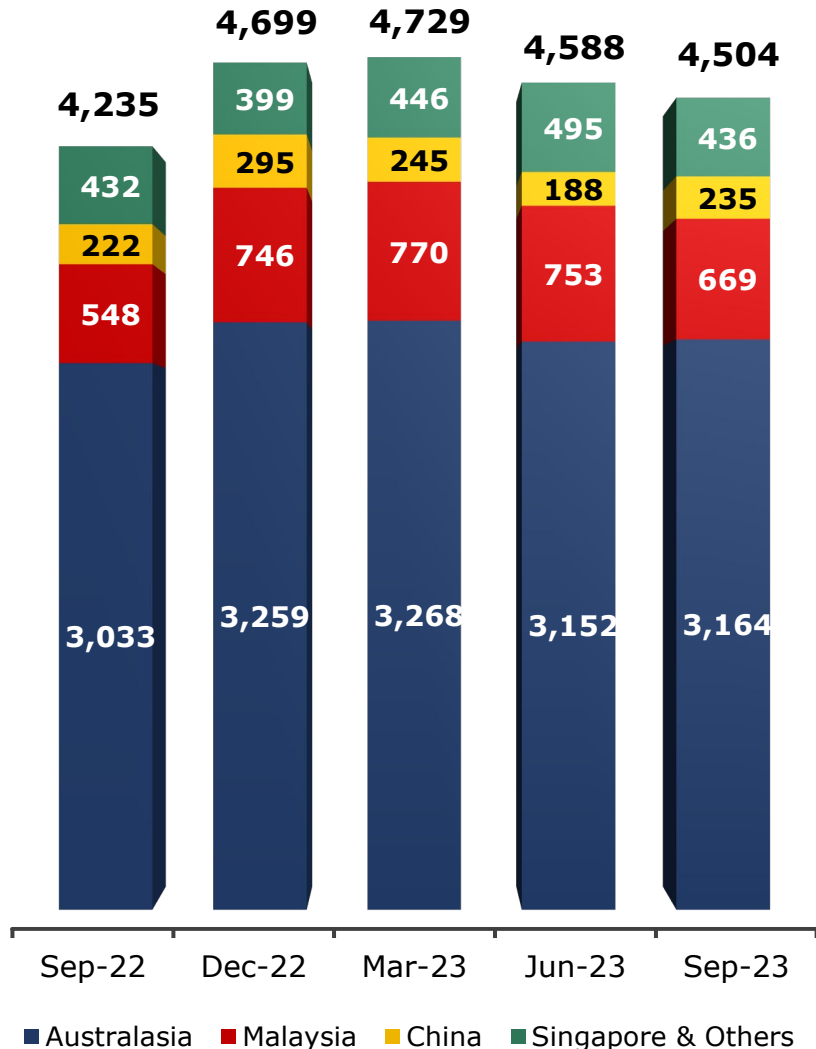
- Improved contribution from CAT equipment and allied businesses.
- The current year results were partly supported by higher revenue from petroleum and energy services.

Singapore & Others

- Higher profits driven by parts sales from the energy segment as well as maintenance work in the oil and gas and marine sectors.



Order book mainly from mining and construction projects in Australia.



AUSTRALASIA

- The strong order book is expected to continue supporting the performance for the financial year.
- A slew of public infrastructure projects continues to support the construction market momentum in Australia.
- In New Zealand, CAT price premiums is impacting margins and expected to adversely impact profits.



CHINA

- The improvement in the purchasing manager's index (PMI) for construction shows positive signs of the economy gradually bottoming out.
- Growth of green energy investments in China (solar farms) provides new opportunities for rental equipment.
- However, slower growth is expected due to weaker consumer confidence, subdued global demand and issues in the property sector.



MALAYSIA

- Budget 2024 allocation for infrastructure projects such as for rail and road transport and flood mitigation programmes is anticipated to have a favourable impact on the construction sector.
- Data centre construction has bolstered the demand for engines.



SINGAPORE

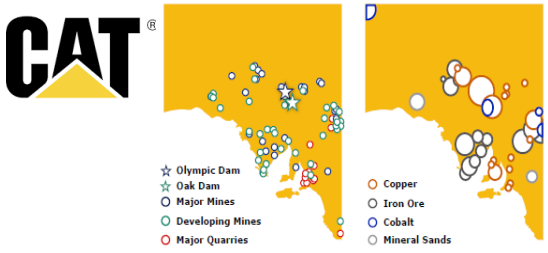
- Growth of data centres, especially since the lifting of the moratorium on new data centre construction, is anticipated to boost both the engines and product support segments.
- Supply chain risk for certain key models and rising CAT prices remains a concern.

Cavpower Acquisition – Completed in November 2023

Acquisition presents a rare opportunity to grow our Caterpillar dealership footprint in Australia

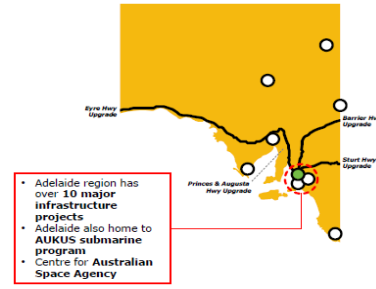
Cavpower Location

Mining: SA¹ is Home to a vast Mining Pipeline



~A\$ 3b multi-decade mining project development pipeline

Infrastructure: SA¹ is of Strategic Significance to AU



~A\$ 21b infrastructure spending committed over the next 4 years

Overview of Business



A global leading CAT dealership

- Established in 1972.
- Headquartered in Adelaide, South Australia.
- Operating a network of 9 branches on a hub and spoke model.



Consistently ranks in the **top two CAT dealerships** across Asia Pacific.



The CAT dealer in South Australia

- Service the Mining, Construction and the Energy & Transportation sectors.
- Major customers including : -



Financial Highlights



A\$ 500m

Purchase Consideration



A\$ 365m

FY22 Revenue



A\$ 23m

FY22 PATAMI



A\$ 244m

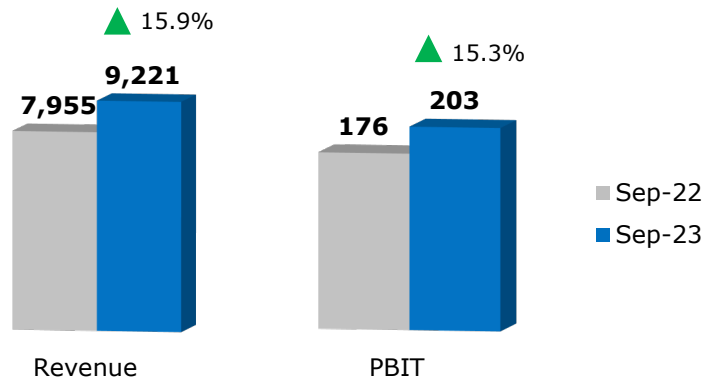
FY22 Net Assets

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Motors Division



Strong performance in Malaysia, partly offset by lower profit from China operations



In RM Million	Q1 FY2023	Q1 FY2024
Malaysia	1,378	2,139
China	3,884	3,919
Australasia	1,393	1,660
Singapore & Others	1,300	1,503
Total Revenue	7,955	9,221
Malaysia	55	99
China	48	19
Australasia	56	61
Singapore & Others	17	24
Total PBIT	176	203
PBIT margin	2.2%	2.2%
Annualised ROIC	8.2%	7.7%

Malaysia

- The operations recorded higher profit mainly from the assembly and strategic segments.
- Sime Darby Auto ConneXion recorded higher profit mainly due to higher revenue.

China

- Mainland China – Profit declined predominantly due to lower vehicle margins.

Australasia

- Higher profit mainly from the transport and commercial segments.

Singapore & Others

- Singapore – higher new car margins.



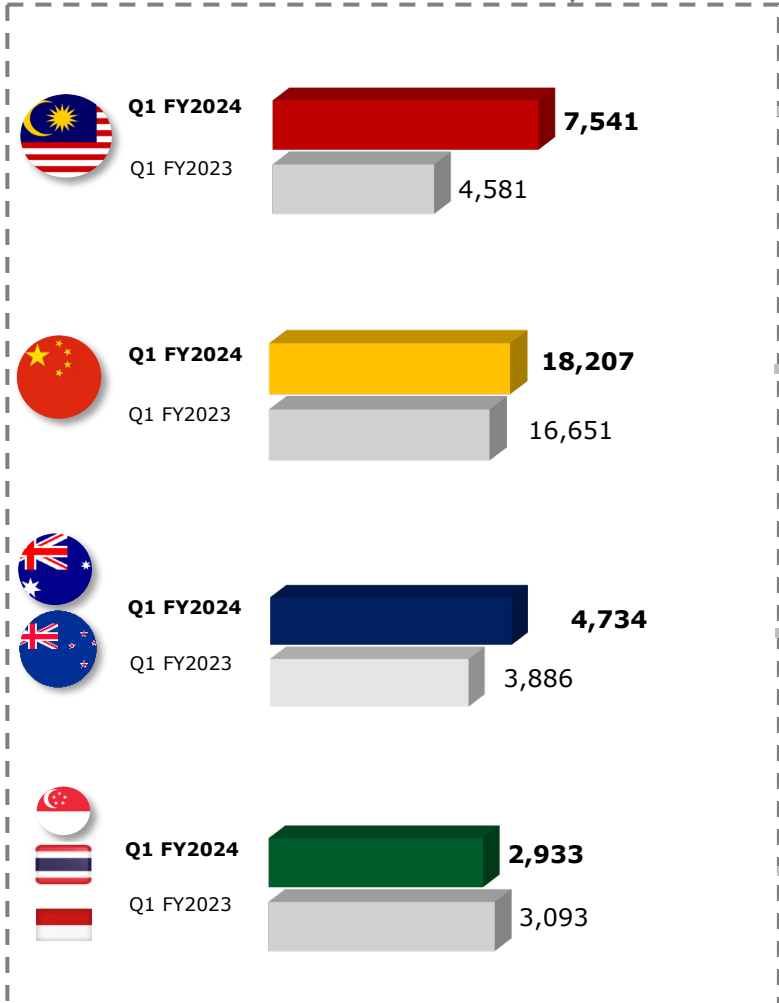
Sales volume were higher in most regions on the back of new model launches and order backlogs.

Units sold
by region

33,415
Units Sold*
(Q1 FY2023: 28,211)

10,467
Units Assembled
(Q1 FY2023: 7,340)

* Includes cars sold on consignment



MALAYSIA

- Strong performance is largely supported by order backlogs post sales tax exemption incentives and is expected to soften.
- EV sales is likely to be supported by the extension of excise duty, full sales tax exemption for CKD EVs until CY2027 and import duty exemption for components used in locally-assembled EVs.
- Resilient demand for launches of new attractive models coupled with extension of tax deductions for EV charging infrastructure is likely to appeal to consumers.

CHINA

- Government subsidies and discounts by vehicle manufacturers continue to boost EV sales. However, price wars continue to affect margins in a saturated market.
- The National Government Offices Administration promotes green car sales by increasing the proportion of EVs in official car fleets.

AUSTRALASIA

- The Australian government is committed to increase EV adoption as it develops its first National EV Strategy. State governments' efforts of introducing discounted registration, upfront rebates, interest-free loans and tax exemptions continue to boost this sector.
- High inflation continues negatively affect consumer sentiment coupled with high costs and lack of public charging infrastructure.

SINGAPORE & OTHERS

- In Thailand, subsidies for EVs have been reduced as sales gain momentum.
- In Singapore, rebates for early EV adoption has been extended by two years. However, the cap for rebates has been reduced for certain cars.

Motors Outlook



Exciting new models coming out in the next 12 months



BMW i5
Malaysia - 2024



Polestar 4
China - 2024



BYD Seal
Malaysia - 2024



Volvo EX30
Malaysia - 2024

UMW Acquisition – Majority Shareholder Approval Obtained



Overwhelming support as 99.7% voted “for” at Extraordinary General Meeting



- On 16th November, Sime Darby Berhad held an EGM to **seek approval** for the acquisition of 61.2% of UMW Holdings Berhad
- Overwhelming support was received with **99.7% voting “for” the transaction** despite PNB and EPF having to abstain from voting.
- SD’s share price on 15th November hit **a high of RM2.41**, indicating excitement in the market regarding the acquisition.

Strategic Rationale

- 1 Strengthen Sime Darby Motors business
- 2 Scale up Sime Darby’s Motors business
- 3 Achieve greater resilience through geographical and portfolio diversification
- 4 Create greater value for stakeholders

Next Steps



Achieved **shareholder approval** to acquire 61.2% of UMW shares
15th Nov 2023



Completion of all condition precedents –
SPA completion
End Nov '23



Launch **Mandatory General Offer** to acquire remaining shares in UMW
Mid Dec to Early Jan '24



Proposed **delisting** of UMW Holdings Berhad
Q1 2024

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Healthcare Division

RSDH Disposal – SPA for Divestment Signed

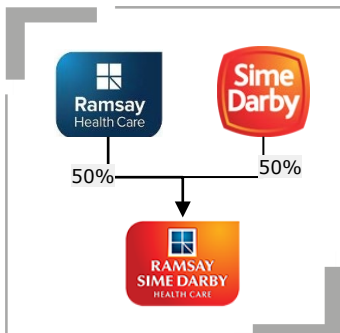
Business Overview & Strategic Rationale



Overview of RSDH



- **Ramsay Sime Darby Health Care Sdn Bhd** (“RSDH”) is a **50:50 joint venture** between Sime Darby and Ramsay
- Principal activities in **hospital management** & provision of **healthcare-related services**
- Operates **4 hospitals in Malaysia** and **3 hospitals in Indonesia**



FY23 Revenue	RM1,293 mn
FY23 PBIT	RM 182 mn
FY23 ROIC	7.5%

Purchaser

- **Columbia Asia Healthcare Sdn Bhd** (“**Columbia Asia**”) is a Malaysia-based international **private healthcare company**.
- Columbia Asia and its subsidiaries have **22 medical facilities across Asia** (14 in Malaysia).



Transaction Overview



Current disposal is at **RM6.05b Enterprise Value**. In comparison, the proposed disposal to IHH was RM5.6b Enterprise Value.

- **On 10th November 2023**, Sime Darby & AH Holdings Health Care Ltd (subsidiary of Ramsay Group) signed a SPA to dispose of 100% of RSDH for RM5.7 billion.
- Sime Darby expects to record a **net gain on disposal** of RM2 billion in FY24.
- Acquisition multiples of **20.1x EV/EBITDA** is competitive and aligned with similar transactions.
 - ✓ Median traded EV/EBITDA of selected Southeast Asia hospital peers is around 16x
- Single condition precedent – **approval of Foreign Investment Review Board (FIRB)** in Australia.
- The transaction is expected to complete by **3rd quarter of FY2024**.



Thank You