



# Sime Darby Berhad

Quarterly Report for the Full Year & Fourth Quarter Ended 30 June 2023

24 August 2023



Delivering  
Sustainable Futures



# **Sime Darby Berhad Group Results**

# FY2023 Financial Results



Reported Profit: Financial year ended 30 June 2023

In RM Million	FY2023	FY2022	YoY %
<b>Revenue</b>	<b>48,288</b>	<b>42,502</b>	13.6
<b>PBIT</b>	<b>2,141</b>	<b>1,841</b>	16.3
Finance income	70	39	
Finance costs	(333)	(148)	
<b>Profit before tax</b>	<b>1,878</b>	<b>1,732</b>	8.4
Taxation	(484)	(474)	
<b>Profit from continuing operations</b>	<b>1,394</b>	<b>1,258</b>	10.8
Non-controlling interests	(54)	(86)	
<b>Net profit from continuing operations</b>	<b>1,340</b>	<b>1,172</b>	14.3
<b>Net profit from discontinued operations<sup>1</sup></b>	<b>118</b>	<b>(69)</b>	
<b>Net profit attributable to owners of the Company</b>	<b>1,458</b>	<b>1,103</b>	32.2

1. The Logistics segment is classified as discontinued operations up to the completion of the Group's divestment of the entire equity interest in the Weifang port companies on 7 November 2022.

# FY2023 Financial Results



Core Profit: Financial year ended 30 June 2023

In RM Million	FY2023	FY2022	YoY %
<b>Reported PBIT from continuing operations</b>	<b>2,141</b>	<b>1,841</b>	16.3
<b>Adjustments:</b>			
• Gain on disposal of Motors property	(179)	-	
• Forex gain on settlement of net investment	(29)	(6)	
• Income from legacy corporate exercise	-	(12)	
<b>Core PBIT from continuing operations</b>	<b>1,933</b>	<b>1,823</b>	6.0
Net finance costs	(263)	(109)	
Taxation	(454) <sup>1</sup>	(471)	
Non controlling interests	(54)	(86)	
<b>Core Net Profit from continuing operations</b>	<b>1,162</b>	<b>1,157</b>	0.4
<b>Core Net (Loss)/Profit from discontinued operations</b>	<b>(8)<sup>2</sup></b>	<b>38<sup>2</sup></b>	
<b>Core Net Profit</b>	<b>1,154</b>	<b>1,195</b>	(3.4)

Adjustments:

- Adjusted for tax effects of one-off items and provision for India withholding tax of RM28m in FY2023
- FY2023 – Excludes net gain on disposal of the Weifang port companies and adjustments for depreciation, impairment and deferred tax (total of RM126m); FY2022 – Excludes Logistics impairment (RM71m) and accrual of deferred tax liabilities (RM36m)

# FY2023 Financial Results



Segmental PBIT: Financial year ended 30 June 2023

In RM Million	FY2023			FY2022			Reported PBIT	Core PBIT
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT	YoY %	YoY %
<b><u>Continuing operations</u></b>								
<b>Industrial</b>	1,051	-	1,051	803	-	803	30.9	30.9
<b>Motors</b>	1,052	(179) <sup>1</sup>	873	1,020	-	1,020	3.1	(14.4)
<b>Healthcare</b>	57	-	57	45	-	45	26.7	26.7
<b>Others</b>	39	-	39	23	(12) <sup>2</sup>	11	69.6	>100.0
<b>Corporate</b>	(87)	-	(87)	(56)	-	(56)	(55.4)	(55.4)
<b>Forex</b>	29	(29)	-	6	(6)	-	-	-
<b>PBIT from continuing operations</b>	<b>2,141</b>	<b>(208)</b>	<b>1,933</b>	<b>1,841</b>	<b>(18)</b>	<b>1,823</b>	<b>16.3</b>	<b>6.0</b>
PBIT from discontinued operations	112	(122) <sup>3</sup>	(10)	(40)	71 <sup>3</sup>	31		
<b>PBIT</b>	<b>2,253</b>	<b>(330)</b>	<b>1,923</b>	<b>1,801</b>	<b>53</b>	<b>1,854</b>	<b>25.1</b>	<b>3.7</b>

Adjustments:

1. Gain on disposal of Motors property (RM179m before tax)
2. Income from legacy corporate exercise (RM12m)
3. FY2023 – Net gain on disposal of the Weifang port companies and adjustments for impairment and depreciation (total of RM122m); FY2022 – Logistics impairment (RM71m)

# FY2023 Financial Results



Reported Profit: Quarter ended 30 June 2023

In RM Million	Q4 FY2023	Q4 FY2022	YoY %
<b>Revenue</b>	<b>13,286</b>	<b>10,851</b>	22.4
<b>PBIT</b>	<b>916</b>	<b>554</b>	65.3
Finance income	23	11	
Finance costs	(127)	(46)	
<b>Profit before tax</b>	<b>812</b>	<b>519</b>	56.5
Taxation	(176)	(138)	
<b>Profit from continuing operations</b>	<b>636</b>	<b>381</b>	66.9
Non-controlling interests	(14)	(5)	
<b>Net profit from continuing operations</b>	<b>622</b>	<b>376</b>	65.4
<b>Net profit from discontinued operations</b>	<b>-</b>	<b>(98)</b>	
<b>Net profit attributable to owners of the Company</b>	<b>622</b>	<b>278</b>	>100.0

# FY2023 Financial Results



Core Profit: Quarter ended 30 June 2023

In RM Million	Q4 FY2023	Q4 FY2022	YoY %
<b>Reported PBIT from continuing operations</b>	<b>916</b>	<b>554</b>	65.3
<b>Adjustments:</b>			
• Gain on disposal of Motors property	(179)	-	
• Forex gain on settlement of net investment	(10)	(6)	
<b>Core PBIT from continuing operations</b>	<b>727</b>	<b>548</b>	32.7
Net finance costs	(104)	(35)	
Taxation	(146) <sup>1</sup>	(138)	
Non controlling interests	(14)	(5)	
<b>Core Net Profit from continuing operations</b>	<b>463</b>	<b>370</b>	25.1
<b>Core Net Profit from discontinued operations</b>	<b>-</b>	<b>9<sup>2</sup></b>	
<b>Core Net Profit</b>	<b>463</b>	<b>379</b>	22.2

Adjustments:

- Adjusted for tax effects of one-off items and provision for India withholding tax of RM28m in Q4 FY2023
- Q4 FY2022 – Excludes Logistics impairment (RM71m) and accrual of deferred tax liabilities (RM36m)

# FY2023 Financial Results



Segmental PBIT: Quarter ended 30 June 2023

In RM Million	Q4 FY2023			Q4 FY2022			Reported PBIT	Core PBIT
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT	YoY %	YoY %
<b><u>Continuing operations</u></b>								
<b>Industrial</b>	375	-	375	280	-	280	33.9	33.9
<b>Motors</b>	555	(179) <sup>1</sup>	376	272	-	272	>100.0	38.2
<b>Healthcare</b>	9	-	9	8	-	8	12.5	12.5
<b>Others</b>	(12)	-	(12)	(7)	-	(7)	(71.4)	(71.4)
<b>Corporate</b>	(21)	-	(21)	(5)	-	(5)	<(100.0)	<(100.0)
<b>Forex</b>	10	(10)	-	6	(6)	-	-	-
<b>PBIT from continuing operations</b>	<b>916</b>	<b>(189)</b>	<b>727</b>	<b>554</b>	<b>(6)</b>	<b>548</b>	<b>65.3</b>	<b>32.7</b>
PBIT from discontinued operations	-	-	-	(60)	71 <sup>2</sup>	11		
<b>PBIT</b>	<b>916</b>	<b>(189)</b>	<b>727</b>	<b>494</b>	<b>65</b>	<b>559</b>	<b>85.4</b>	<b>30.1</b>

Adjustments:

1. Gain on disposal of Motors property (RM179m before tax)
2. Logistics impairment (RM71m)

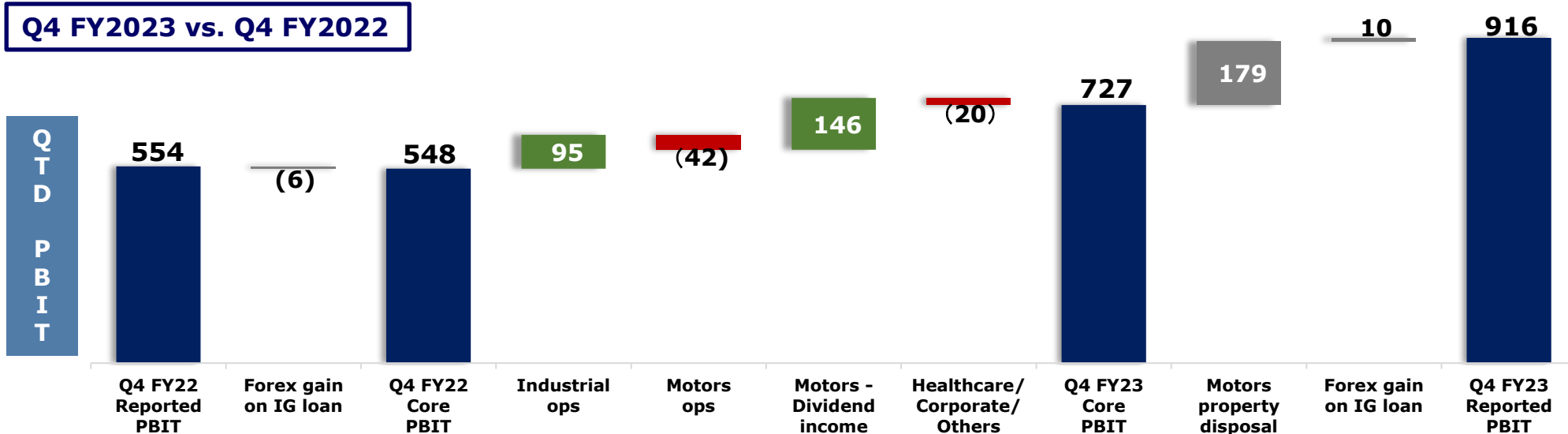


# PBIT - from continuing operations

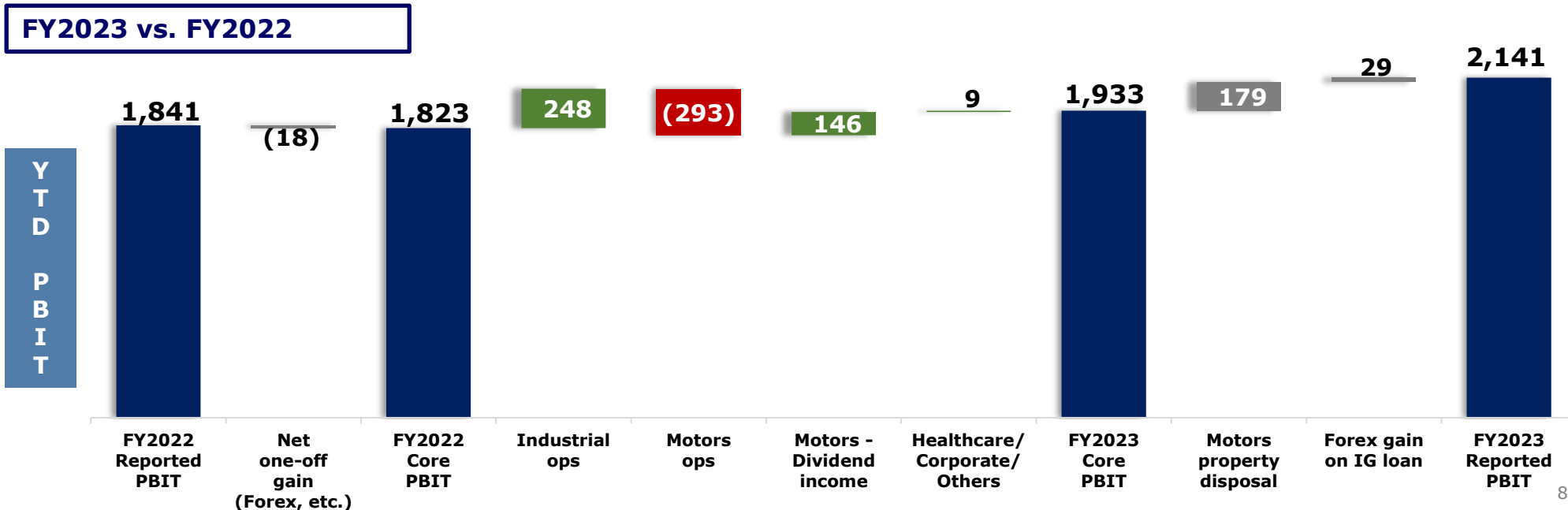


Full Year Core PBIT from continuing operations was 6% higher than previous year mainly due to higher profit from Industrial Australasia and higher dividend income, partly offset by lower profit from Motors China.

## Q4 FY2023 vs. Q4 FY2022



## FY2023 vs. FY2022

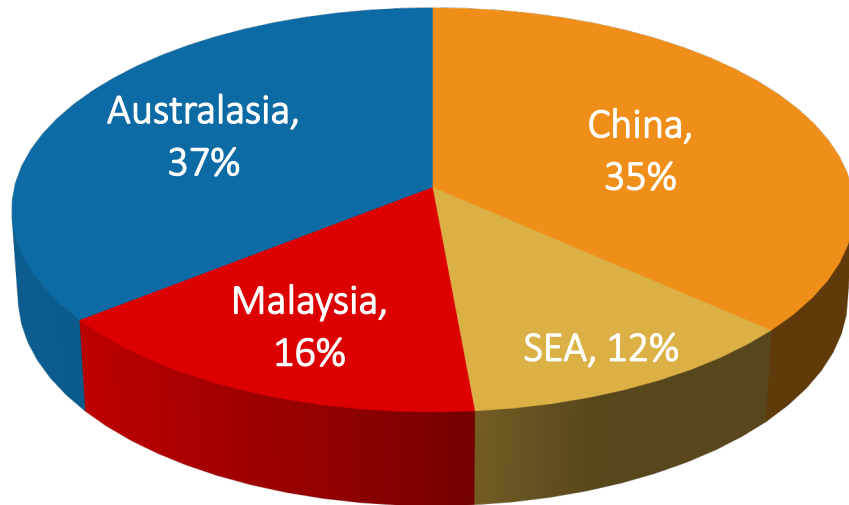


# Regional breakdown as of 30 June 2023



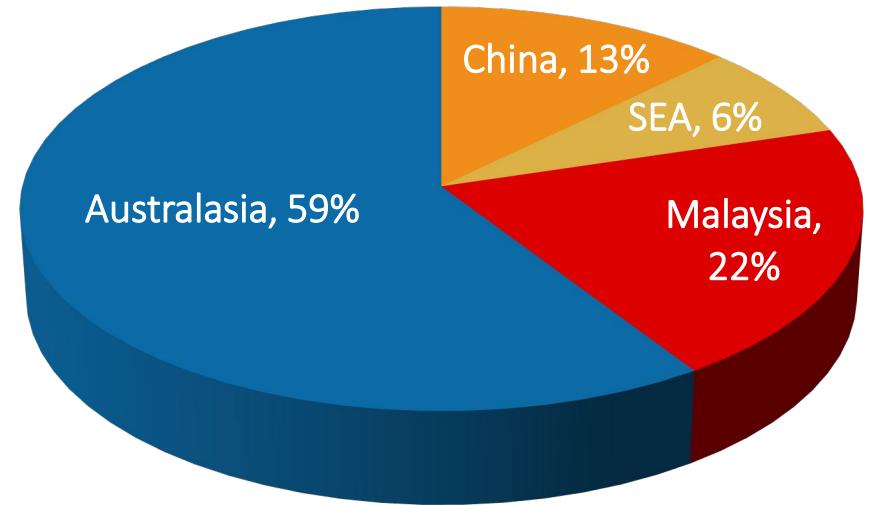
Our geographical spread across the Asia Pacific region broadens our earnings base

## Revenue Breakdown



China SEA Malaysia Australasia

## Core PBIT Breakdown



China SEA Malaysia Australasia

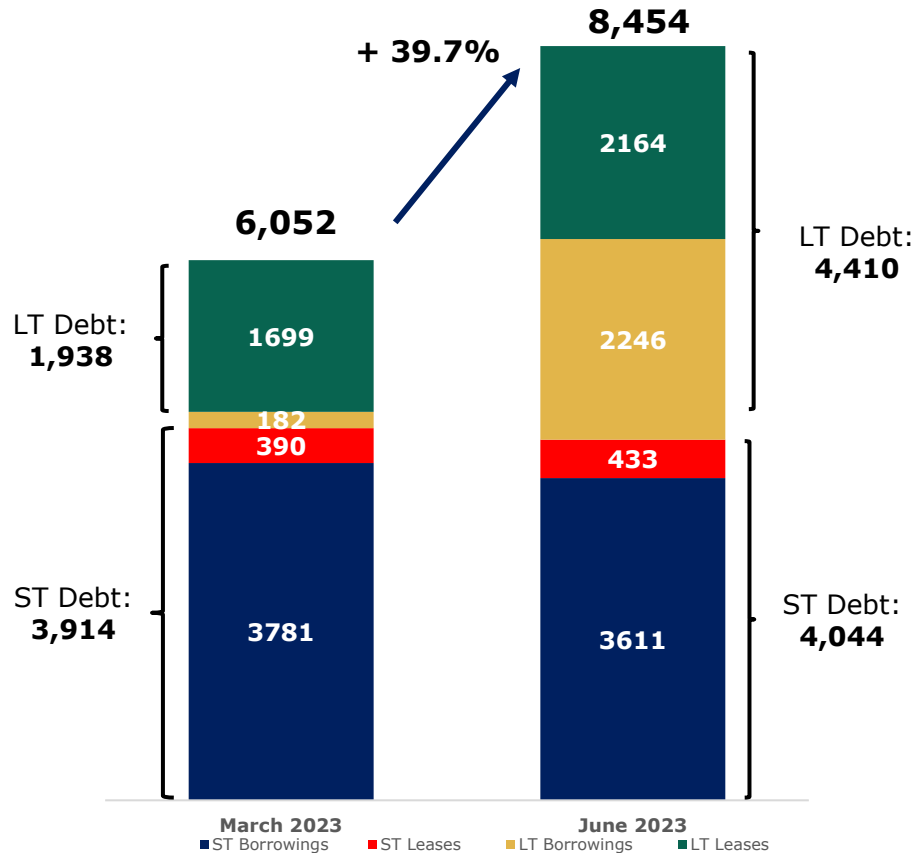
**Australasia region is the largest profit contributor.**

# FY2023 Financial Results



Snapshot of borrowing position as of 30 June 2023

## Long Term vs Short Term Debt



## Total Debt



**RM 8.5bn**  
As at June 2023

**RM17.3bn**  
Total Equity

**0.49x**  
Debt/Equity Ratio

**0.31x**  
Net Gearing

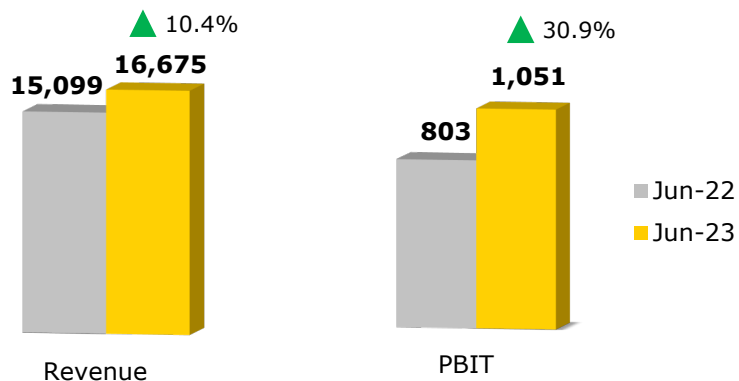
**RM3.1bn**  
Bank balances,  
deposits and cash

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# Segmental Results



Strong performance in Australasia mainly attributed to higher parts revenue.



In RM Million	FY2022	FY2023
Australasia	10,610	12,288
China	2,926	2,649
Malaysia	921	972
Singapore & Others	642	766
<b>Total Revenue</b>	<b>15,099</b>	<b>16,675</b>
Australasia	675	910
China	94	103
Malaysia	(2)	1
Singapore & Others	36	37
<b>Total PBIT</b>	<b>803</b>	<b>1,051</b>
<b>PBIT margin</b>	<b>5.3%</b>	<b>6.3%</b>
<b>ROIC</b>	<b>8.3%</b>	<b>8.5%</b>

## Australasia

- The higher profit was mainly attributed to higher parts revenue, supported by parts price increases and maintenance work for mining equipment.
- Salmon Earthmoving registered higher revenue on the back of new mining contracts.
- Onsite Rental, acquired on 3 April 2023, contributed PBIT of RM20 million (net of acquisition cost).

## China

- Slow recovery in the industry volume.
- The result was partly offset by lower expenses through cost discipline.

## Malaysia

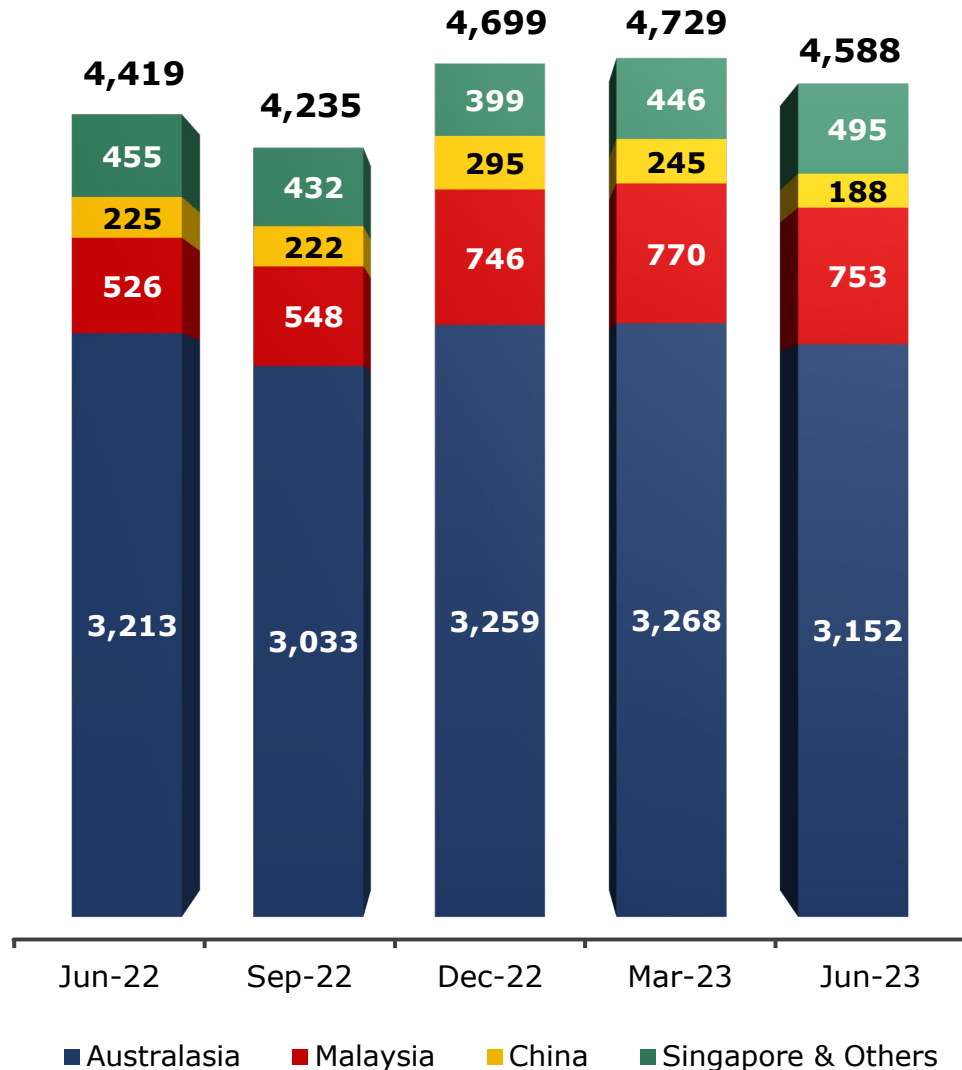
- The results in FY22 and FY23 were impacted by losses from our energy & engines segment.
- The current year result was partly supported by higher share of profits from associates/joint ventures.

## Singapore & Others

- Profit increased mainly due to higher product support and engines segments, partly offset by share of loss from an associate.
- Previous year included foreign exchange loss of RM5 million.



High order backlogs mainly from the mining and construction projects in Australia.



## AUSTRALASIA

- Coal prices are expected to remain above the break-even points for miners, which should sustain the demand for equipment and product support.
- Pipeline of public infrastructure projects continues to support the construction market momentum in Australia.
- The recent approval by the Fair Work Commission for an increase in the national minimum wage places cost pressure on labour-intensive businesses.



## CHINA

- The National Development and Reform Commission has recently unveiled measures to spur private investments in infrastructures, as part of its commitment to accelerate economic recovery.
- The infrastructure projects are likely to commence at a slow pace until funding is allocated as contractors remain concerned with liquidity.



## MALAYSIA

- Construction players expect an acceleration in the review and roll-out of mega projects after the state elections, such as the MRT3 and flood mitigation projects.
- Multinational investments to build data centre facilities have supported the demand for engines.
- Risk of extended lead time for engines delivery.



## SINGAPORE

- Sustained demand for engines and product support for data centre projects. Supply chain risk remains a concern for certain key models.
- Construction market sentiment is adversely impacted by cost pressures.

# Cavpower: Business Overview



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

## Cavpower Location



Expansion into South Australia



Established in 1972, Cavpower is a global leading CAT dealership headquartered in Adelaide, South Australia.



The CAT dealer in **South Australia**, operating a network of 9 branches on a hub and spoke model.



Services the Mining, Construction and the Energy & Transportation sectors.

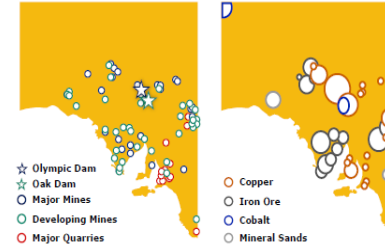


Consistently ranks in the **top two CAT dealerships** across Asia Pacific.

## Overview of Business



**Mining:** SA<sup>1</sup> is Home to a vast Mining Pipeline

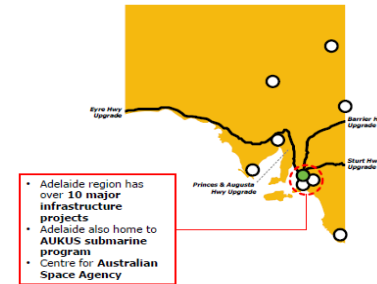


~A\$ 3b multi-decade mining project development pipeline

This region is rich in copper, uranium, lithium, nickel, iron ore, coal and rare earths needed for the Clean Energy Transition



**Infrastructure:** SA<sup>1</sup> is of Strategic Significance to AU



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

- Adelaide region has over 10 major infrastructure projects
- Adelaide also home to AUKUS submarine program
- Centre for Australian Space Agency

## Financial Highlights



A\$ 500m

Purchase Consideration



A\$ 365m

FY22 Revenue



A\$ 23m

FY22 PATAMI



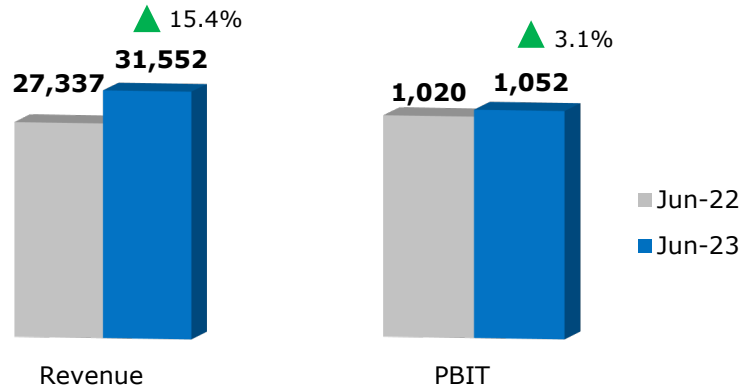
A\$ 244m

FY22 Net Assets

# Motors Division



FY2023 included gain on disposal of property and higher dividend income. Partly offset by lower profit from China mainly due to lower vehicle margins.



In RM Million	FY2022	FY2023
China	13,298	14,535
Singapore & Others	4,362	4,827
Malaysia	4,717	6,616
Australasia	4,960	5,574
<b>Total Revenue</b>	<b>27,337</b>	<b>31,552</b>
China	458	124
Singapore & Others	48	74
Malaysia	279	455
Australasia	235	220
<b>Total Core PBIT</b>	<b>1,020</b>	<b>873</b>
Gain on disposal of property	-	179
<b>Total PBIT</b>	<b>1,020</b>	<b>1,052</b>
<b>PBIT margin</b>	<b>3.7%</b>	<b>3.3%</b>
<b>Core PBIT margin</b>	<b>3.7%</b>	<b>2.8%</b>
<b>ROIC</b>	<b>12.4%</b>	<b>10.4%</b>

## China

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

## Singapore & Others

- Singapore – Improvement in BMW vehicle margins and higher contribution from the BYD operations.

## Malaysia

- Higher dividend income (RM194m in FY2023 vs. RM48m in FY2022).
- The operations recorded higher profits mainly from the aftersales and importation segments.
- Sales volume were also higher partly driven by new model launches.
- Result was partly offset by lower vehicle margins.

## Australasia

- Australia – Profit was lower despite higher revenue mainly due to lower vehicle margins.
- New Zealand – Higher profit mainly from the aftersales operations.



# Motors Outlook



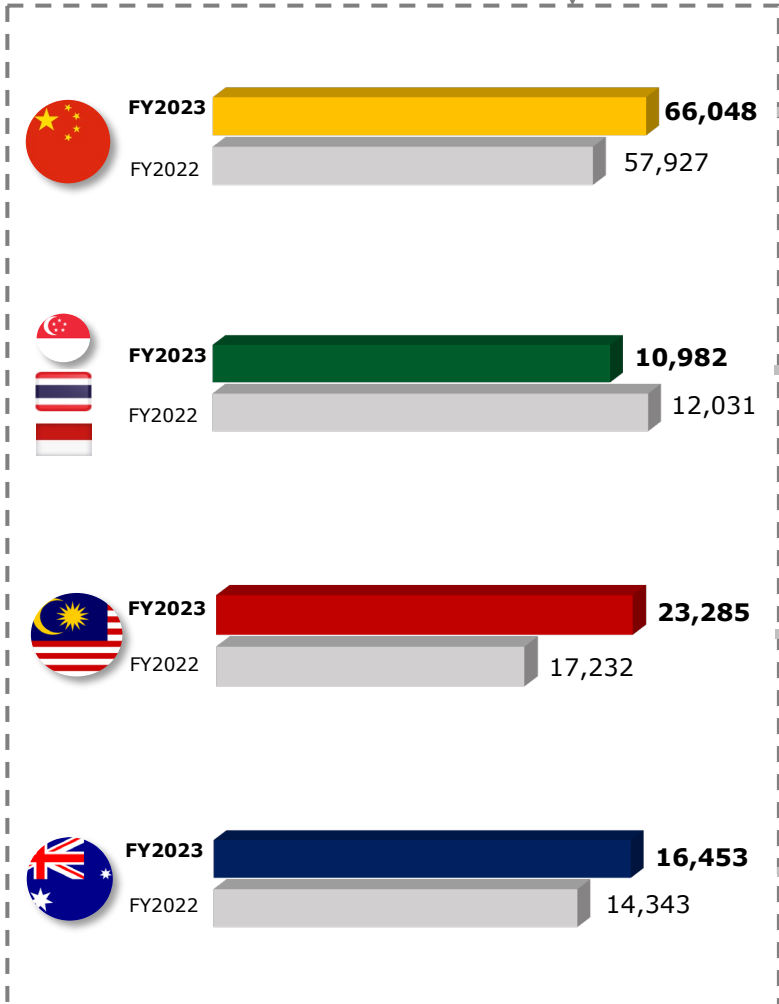
Sales volume in the current year were higher in most regions on the back of new model launches and easing supply chains.

**116,768**  
Units Sold\*  
(FY2022: 101,533)

**32,127**  
Units Assembled  
(FY2022: 25,248)

\* Includes used cars sold on consignment

Units sold  
by region



## CHINA

- The National Development and Reform Commission has recently outlined measures to boost consumption, such as extending tax breaks for EV buyers and lower costs for EV charging.
- While price competition in the EV market remains a concern, local authorities are exploring initiatives to help alleviate the price war.

## SINGAPORE & OTHERS

- The commitment to a low-carbon economy and tax incentives for EVs have been actively reiterated in Singapore and Thailand.
- In Singapore, the recent hikes in the Certificate of Entitlement (COE) premiums and stringent car ownership regulations continue to challenge the growth in industry volume. Nonetheless, the luxury vehicle segment is expected to be more resilient.

## MALAYSIA

- The sales of EVs are supported by the extension of excise duty and sales tax exemption up to CY2025 for CBU and CY2027 for CKD.
- The operations are well-positioned to capture EV market share through recent model launches across various brands.
- The high-margin aftersales business continues to be supported by the strong vehicle sales from the past sales and service tax exemption period.

## AUSTRALASIA

- The Australian government is committed to increase EV adoption, with funds allocated for EV charging infrastructure development and cuts in import tariffs.
- Mortgages locked in at record low rates in 2020 and 2021 are nearing the end of the fixed-rate terms. The impending need for refinancing at higher rates exerts pressure on consumer purchasing power.

# Motors Outlook



Upcoming exciting new models



**BYD – Seal**  
Malaysia – 2023



**Kia – EV5**  
China – 2023



**Rolls-Royce – Spectre**  
China – 2023



**BMW – i5 Full Electric**  
Malaysia – 2023<sub>17</sub>

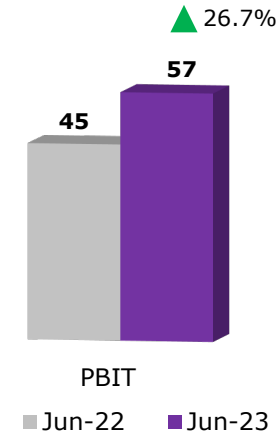


Share of profit was higher as RSDH recorded higher revenue from its operations in Malaysia

## 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.



In RM Million	FY2022	FY2023
<b>PBIT</b>	<b>45</b>	<b>57</b>
<b>ROIC</b>	<b>6.4%</b>	<b>7.5%</b>

- Higher share of profit as RSDH recorded higher revenue from its operations in Malaysia. The previous corresponding period was partly impacted by Covid-19 restrictions.

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## **Special Briefing:**

Acquisition of 61.2% Stake in  
UMW Holdings Berhad

# Corporate Profile of UMW

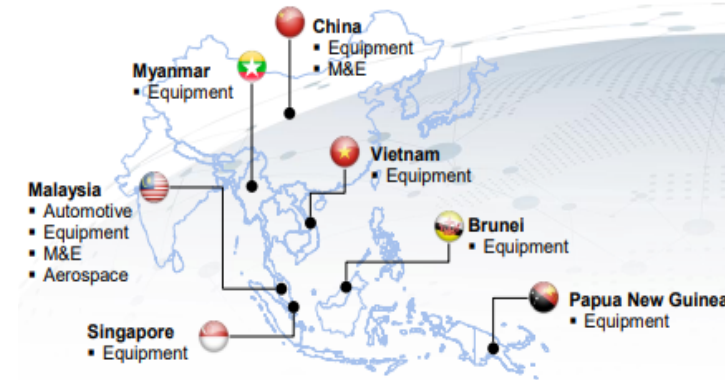


Leading Autos & Industrial Conglomerate with Partnerships with Global Players

## Overview of Business

- UMW** is a RM 15 bn annual turnover with a strong footprint in the automotive sector in Malaysia.
- Autos:** ~52% market share in auto volumes in Malaysia through Toyota and Perodua
- Industrial:** Leading regional distributor in heavy equipment, manufacturing & engineering through Toyota forklifts (60% market share), Komatsu, Rolls Royce and Lubricants (Pennzoil, Repsol)

## Regional Footprint



FY22 Revenue:  
**RM15.8bn**

FY22 PATMI:  
**RM415mn**

Market Cap:  
**RM5.0bn**

FY22 Total Assets:  
**RM12.4bn**

**6,313**  
employees

## Key Business Segments



- AUTOMOTIVE**
  - Market leader in Malaysia's automotive sector through:
    - Toyota** : #1 non-national brand
    - Perodua** : #1 national brand
  - Imports, assembles and distributes passenger and commercial vehicles with **>50% market share** as of 2022
- EQUIPMENT**
  - Market leader in **Industrial, Heavy, Marine & Power equipment**
  - Long term partnerships** with globally renowned brands such as **Komatsu, Bomag, Toyota**, and other heavy equipment **original equipment manufacturer ("OEM")**
- MANUFACTURING & ENGINEERING ("M&E")**
  - Manufactures automotive components and is a leading supplier to **OEMs and replacement market ("REM")** players with exports to **39 countries** globally
  - Blends and distributes lubricants to **7 countries** in the region
- AEROSPACE**
  - Single source manufacturer of bespoke **fan cases** and the **1<sup>st</sup> Malaysian company** to become a **Tier 1** engine component manufacturer for Rolls-Royce
- SERENDAH LANDBANK**
  - Development of >800 acres of industrial land in Selangor into Malaysia's first **high-value manufacturing park**



# Strategic Rationale

Compelling deal logic, supported by 5 key propositions



## Greater resilience with diversified geographical and business portfolio

- Strengthen SD's auto footprint in Malaysia
- Revenue contribution by region will be approximately [30:30:30] (Malaysia, Australia and China)



## Full and complete automotive spectrum

- Adding two high-volume mass market brands to complement our premium portfolio
- SD will become the leading automotive player in Malaysia, capturing >50% of Malaysia's TIV



## Entry into Toyota ecosystem

- Access into Toyota ecosystem via a cornerstone asset within a world class franchise
- The relationship should result in fresh opportunities to grow the brand



## Builds capabilities along the value chain

- Strengthen other high margin business segments i.e., Used Car, Multi-brand Aftersales & Assembly
- Creates resilience against changing retail models and market dynamics



## Exposure to materials handling

- Create exposure to high-growth Material Handling business, fueled by e-commerce growth
- Complement our mining and construction expertise

# The deal will create presence across the auto spectrum



Broaden our product offerings with widely popular mass market brands

Entry Level

Mid-market

Luxury

Super Luxury



Favored by young professionals

Favored by middle-class families

For middle-aged wealthy professionals

Favored by High-Net-Worth Individuals



Axia

Bezza

Vios

Corolla Cross

BMW 3-series

Lexus LS

Jaguar F-Pace Porsche Taycan



BMW iX

● UMW's brands

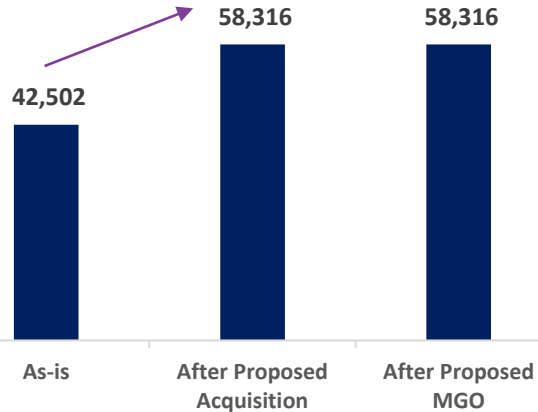
● Sime Darby's brands

# Proforma Financial Effects based on historical figures

“Moves the Needle” in terms of Revenue Expansion and Income Growth

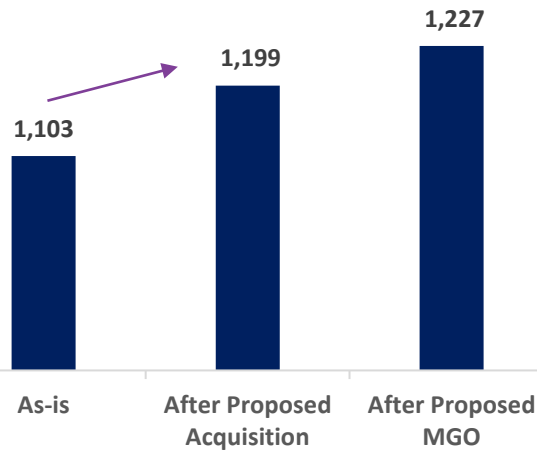
*Note: Based on FY22 Financials*

## REVENUE (RM million)



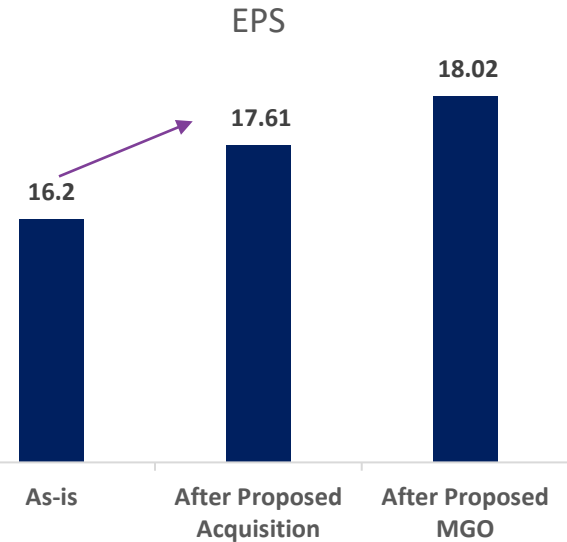
**Increase of 37% in Revenue**

## PATAMI (RM million)



**Increase of 9% in Earnings**

## EARNINGS PER SHARE (sen)





# Valuation: Implied adjusted PER and PBR



High Quality Business within the Range of Automotive Peer Multiples

	Implied adjusted PER	Implied adjusted PBR
	RM million	RM million
Total Consideration after adjustment <sup>(1)</sup>	5,272.9	5,272.9
Divided by: Adjusted PATAMI and NA of UMW Group	391.2 <sup>(2)</sup>	4,187.1 <sup>(3)</sup>
Implied adjusted PER and PBR of the Total Consideration (times)	<b>13.5x</b>	<b>1.3x</b>

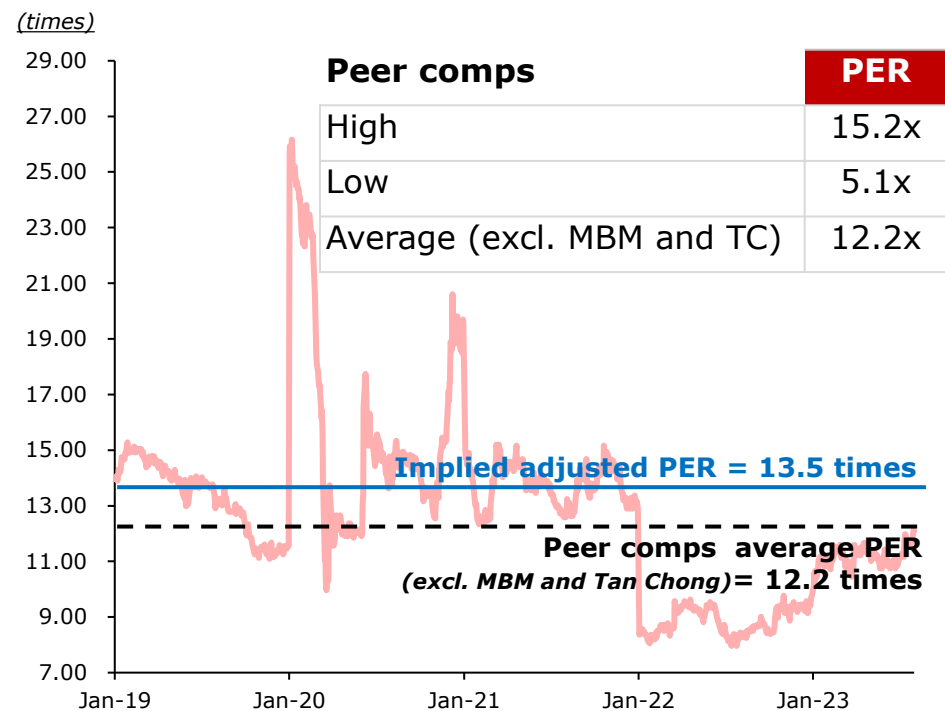
Notes:

(1) Derived based on the Total Consideration of RM5,841.5 million less the estimated net realisable value of HVM Park of RM568.6 million.

(2) Derived based on the FY22 PATAMI of UMW Group of RM415.1 million less the FY22 PATAMI of UMW Development of RM23.9 million.

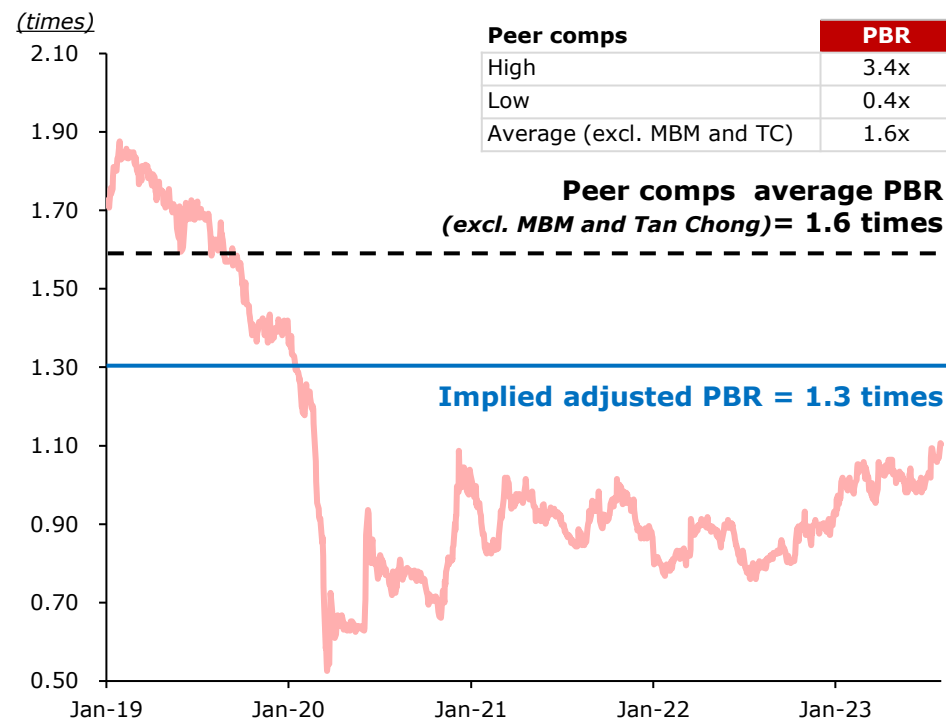
(3) Derived based on the FY22 NA of UMW Group of RM4,350.0 million less the FY22 current and non-current inventory of UMW Development of RM162.9 million.

## 5-year PER band chart



Source: Audited financial statements of UMW (for 2019-2022) and Bloomberg forecast (for 2023)

## 5-year PBR band chart



Source: Audited financial statements of UMW (for 2019-2022) and Bloomberg forecast for (2023)

# Financial strength of UMW Toyota and Perodua

Key Subsidiaries & Associates have Strong Balance Sheet and Earnings Potential



UMW Toyota and Perodua (along with its key associate groups) are entities with **strong financial health**, given their **considerable net cash position** as at 31 December 2022



**UMW Toyota**  
(51% subsidiary of UMW)

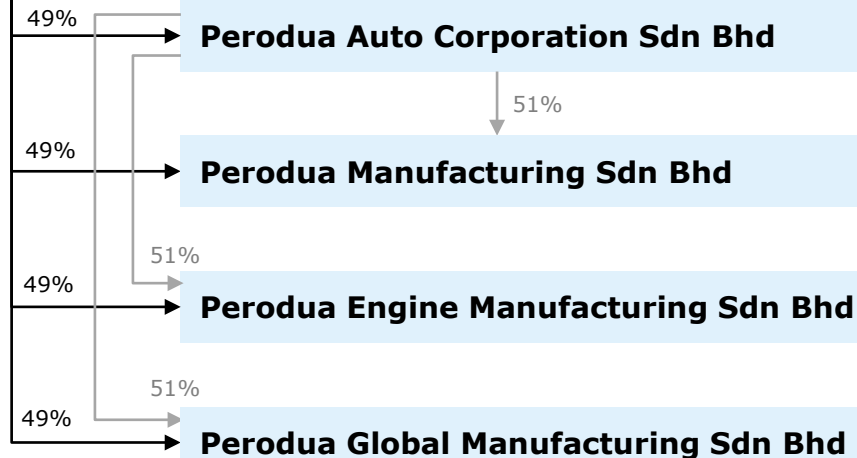
**Net Cash**  
**as at 31 December 2022**  
(RM million)

**1,489**



**Perusahaan Otomobil Kedua Sdn Bhd**  
(38% associate of UMW)

**1,522**



**1,876**

**1,260**

**524**

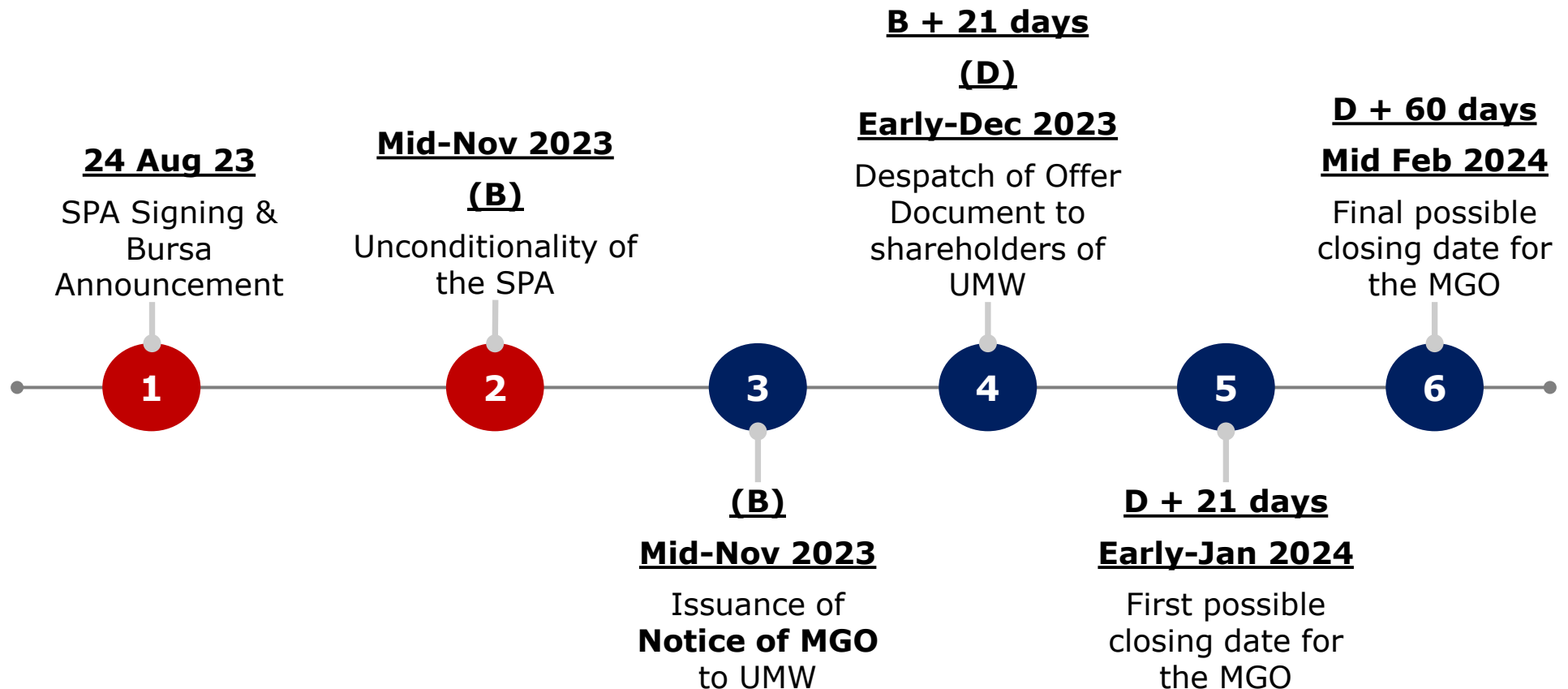
**92**

# Indicative Timeline



## PROPOSED ACQUISITION

## PROPOSED MGO



- Conclusion of Sime Darby EGM ("B")
- Offer Documents to UMW shareholders ("D")

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**Thank you**