1H and Q2 FY2023 Results Announcement

Analyst Briefing: First Half and Q2 ended 31 December 2022

February 2023

Delivering
Sustainable Futures

Sime Darby Berhad
Group Results

FY2023 Financial Results

Reported Profit: Quarter ended 31 December 2022

In RM Million	Q2 FY2023	Q2 FY2022	YoY %
Revenue	**11,292**	**10,492**	7.6
PBIT	**421**	**494**	(14.8)
Finance income	12	8	
Finance costs	(68)	(33)	
Profit before tax	**365**	**469**	(22.2)
Taxation	(103)	(109)	
Profit from continuing operations	**262**	**360**	(27.2)
Non-controlling interests	(7)	(30)	
Net profit from continuing operations	**255**	**330**	(22.7)
Net profit from discontinued operations	**134**	**15**	
Net profit attributable to owners of the Company	**389**	**345**	12.8

FY2023 Financial Results

Core Profit: Quarter ended 31 December 2022

In RM Million	Q2 FY2023	Q2 FY2022	YoY %
Reported PBIT from continuing operations	**421**	**494**	(14.8)
Adjustment:			
• Forex gain on settlement of net investment	(12)	-	
Core PBIT from continuing operations	**409**	**494**	(17.2)
Net finance costs	(56)	(25)	
Taxation	(103)	(109)	
Non controlling interests	(7)	(30)	
Core Net Profit from continuing operations	**243**	**330**	(26.4)
Core Net Profit from discontinued operations	**8**[1]	**15**	
Core Net Profit	**251**	**345**	(27.2)

Adjustment:

1. Excludes net gain on disposal of the Weifang port companies and adjustments for depreciation, impairment and deferred tax (total of RM126m)

FY2023 Financial Results

Segmental PBIT: Quarter ended 31 December 2022

In RM Million	Q2 FY2023			Q2 FY2022			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
Continuing operations								
Industrial	224	-	224	213	-	213	5.2	5.2
Motors	151	-	151	284	-	284	(46.8)	(46.8)
Healthcare	16	-	16	11	-	11	45.5	45.5
Others	43	-	43	7	-	7	>100.0	>100.0
Corporate	(25)	-	(25)	(21)	-	(21)	(19.0)	(19.0)
Forex	12	(12)	-	-	-	-		
PBIT from continuing operations	**421**	**(12)**	**409**	**494**	**-**	**494**	**(14.8)**	**(17.2)**
PBIT from discontinued operations	130	(122)[1]	8	9	-	9	>100.0	(11.1)
PBIT	**551**	**(134)**	**417**	**503**	**-**	**503**	**9.5**	**(17.1)**

Adjustment:

1. Net gain on disposal of the Weifang port companies and adjustments for impairment and depreciation

FY2023 Financial Results

Reported Profit: Half-year ended 31 December 2022

In RM Million	1H FY2023	1H FY2022	YoY %
Revenue	**23,474**	**21,127**	11.1
PBIT	**807**	**885**	(8.8)
Finance income	23	19	
Finance costs	(125)	(66)	
Profit before tax	**705**	**838**	(15.9)
Taxation	(200)	(215)	
Profit from continuing operations	**505**	**623**	(18.9)
Non-controlling interests	(27)	(61)	
Net profit from continuing operations	**478**	**562**	(14.9)
Net profit from discontinued operations[1]	**118**	**19**	
Net profit attributable to owners of the Company	**596**	**581**	2.6

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: Half-year ended 31 December 2022

In RM Million	1H FY2023	1H FY2022	YoY %
Reported PBIT from continuing operations	**807**	**885**	(8.8)
Adjustment:			
• Forex gain on settlement of net investment	(12)	-	
Core PBIT from continuing operations	**795**	**885**	(10.2)
Net finance costs	(102)	(47)	
Taxation	(200)	(215)	
Non controlling interests	(27)	(61)	
Core Net Profit from continuing operations	**466**	**562**	(17.1)
Core Net (Loss)/Profit from discontinued operations	**(8)**[1]	**19**	
Core Net Profit	**458**	**581**	(21.2)

Adjustment:

1. Excludes net gain on disposal of the Weifang port companies and adjustments for depreciation, impairment and deferred tax (total of RM126m)

FY2023 Financial Results

Segmental PBIT: Half-year ended 31 December 2022

In RM Million	1H FY2023			1H FY2022			Reported PBIT YoY %	Core PBIT YoY %
	Reported PBIT	Adjustments	Core PBIT	Reported PBIT	Adjustments	Core PBIT		
Continuing operations								
Industrial	440	-	440	373	-	373	18.0	18.0
Motors	327	-	327	511	-	511	(36.0)	(36.0)
Healthcare	35	-	35	24	-	24	45.8	45.8
Others	36	-	36	11	-	11	>100.0	>100.0
Corporate	(43)	-	(43)	(34)	-	(34)	(26.5)	(26.5)
Forex	12	(12)	-	-	-	-	-	-
PBIT from continuing operations	**807**	**(12)**	**795**	**885**	**-**	**885**	**(8.8)**	**(10.2)**
PBIT from discontinued operations	112	(122)[1]	(10)	12	-	12	>100.0	<(100.0)
PBIT	**919**	**(134)**	**785**	**897**	**-**	**897**	**2.5**	**(12.5)**

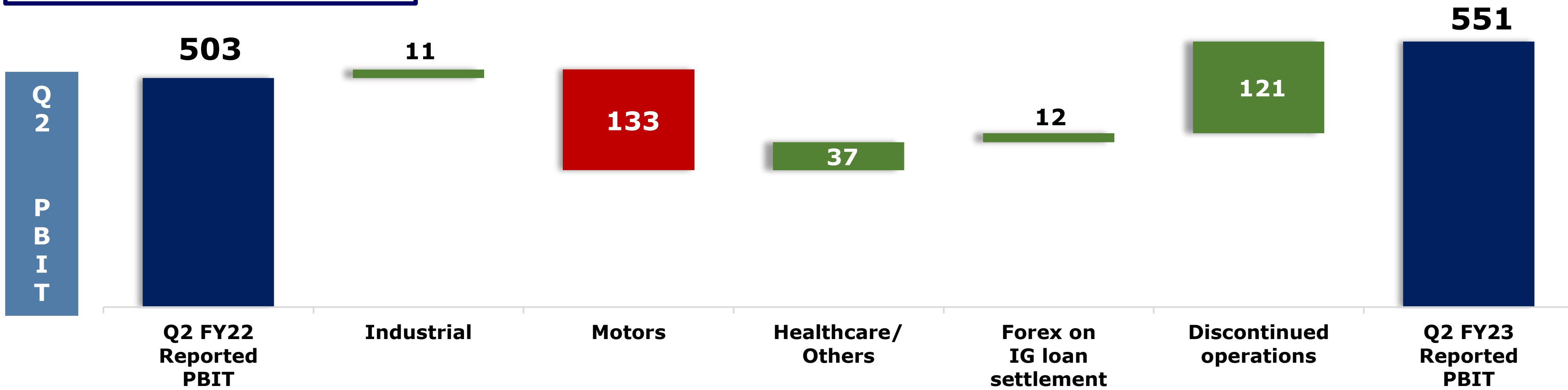
Adjustment:

1. Net gain on disposal of the Weifang port companies and adjustments for impairment and depreciation

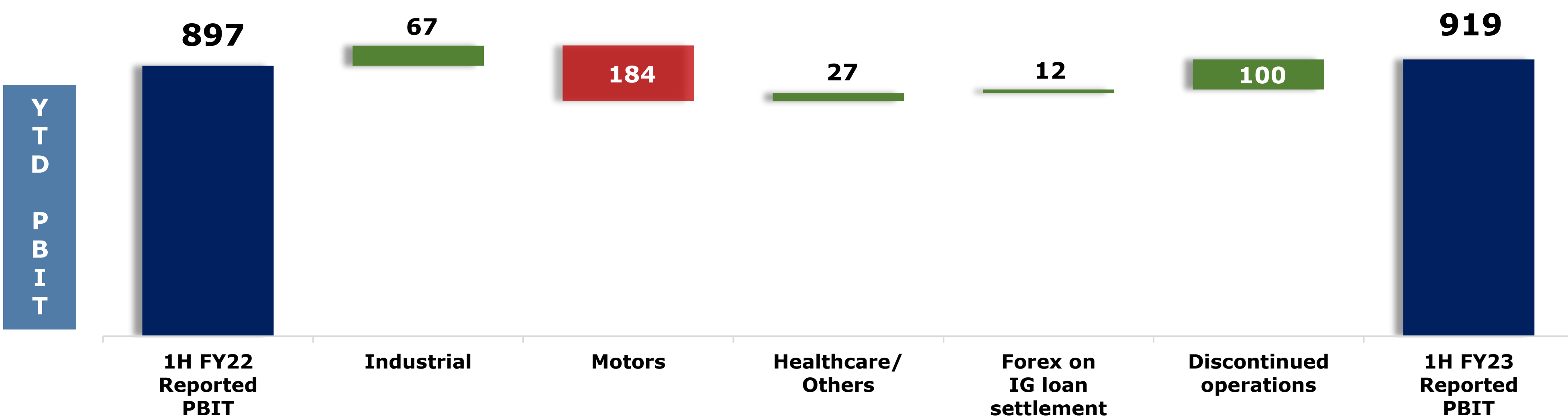
Year on Year Reported PBIT Comparison

One-off gain on disposal of the Weifang Port Companies, but offset by lower profit from Motors China

Q2 FY2023 vs. Q2 FY2022



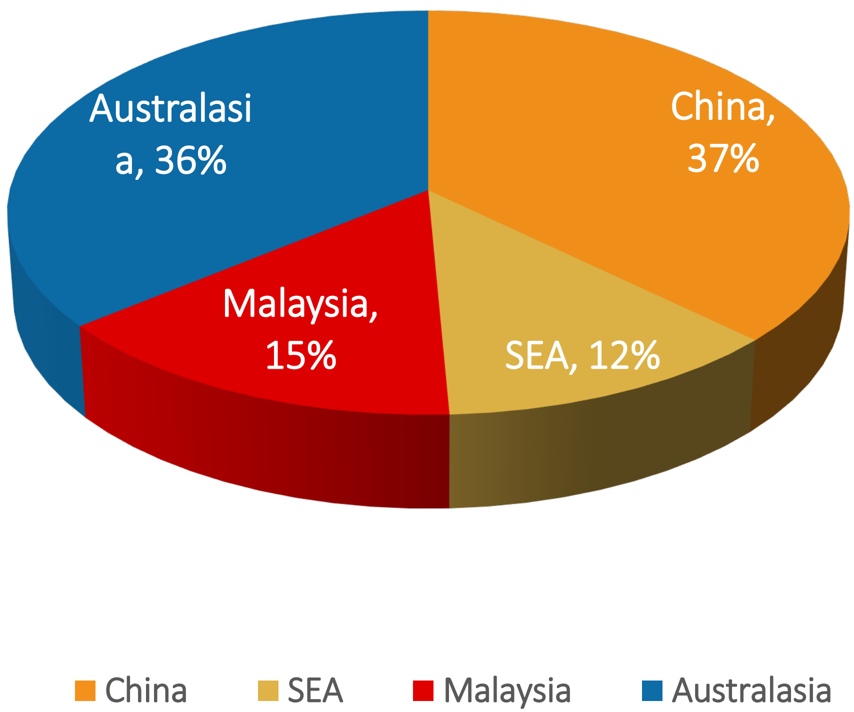
1H FY2023 vs. 1H FY2022



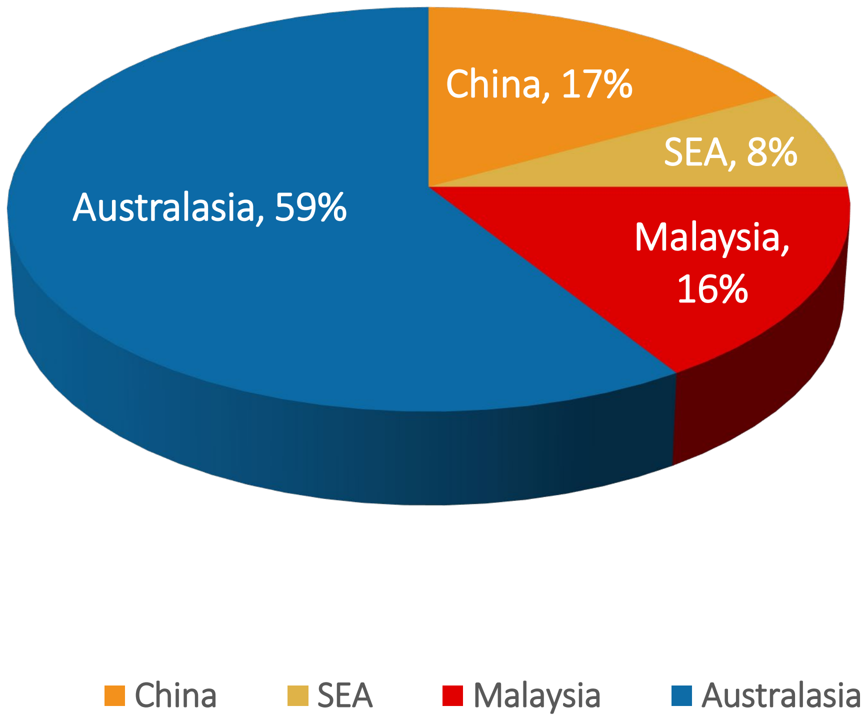
Regional breakdown as of December 2022

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

Revenue Breakdown



Core PBIT Breakdown

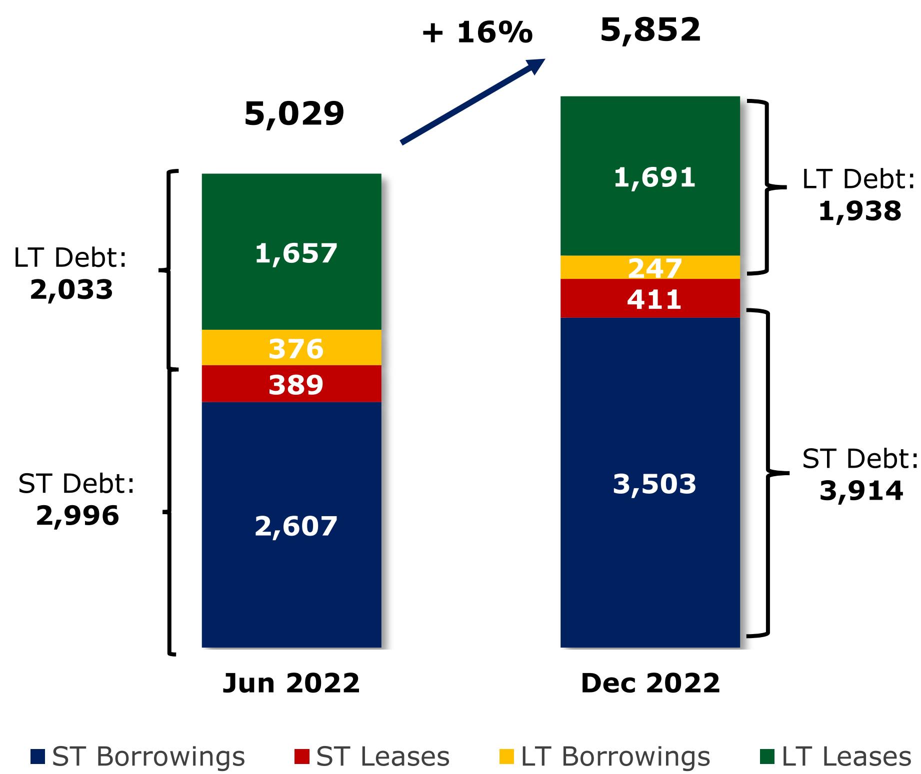


Australasia region is the largest profit contributor.

FY2023 Financial Results

Snapshot of borrowing position as of December 2022

Long Term vs Short Term Debt



Total Debt

RM 5.8bn
As at December 2022

RM16.3bn
Total Equity

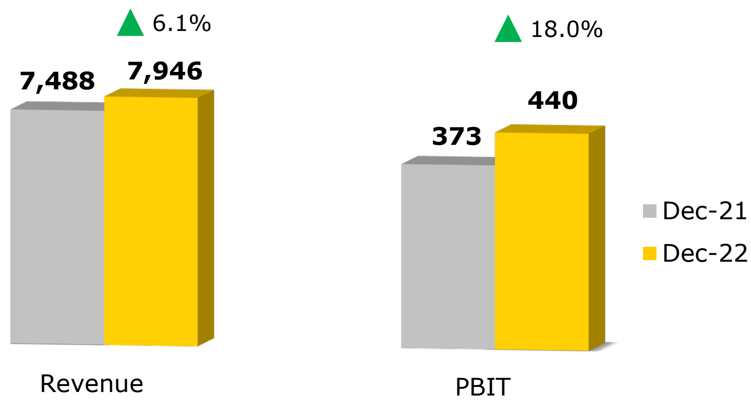
0.36x
Debt/Equity Ratio

RM2.5bn
Bank balances, deposits and cash

Segmental Results

Industrial Division

Results were supported by the higher contribution from Australasia



In RM Million	1H FY2022	1H FY2023
Australasia	5,071	5,627
China	1,588	1,422
Malaysia	472	477
Singapore & Others	357	420
Total Revenue	**7,488**	**7,946**
Australasia	289	360
China	48	47
Malaysia	21	6
Singapore & Others	15	27
Total PBIT	**373**	**440**
PBIT margin	**5.0%**	**5.5%**
Annualised ROIC	**8.4%**	**8.8%**

Australasia

- Higher profits driven by stronger parts sales from Australia.
- Salmon Earthmoving (acquired on 1 October 2021) benefited from favorable weather leading to higher fleet utilisation as well as revenue growth from new mining contracts.

China

- Subdued industry volume for equipment had continued to impact sales.
- Lower expenses through cost discipline.

Malaysia

- Profit was adversely impacted by project cost overruns in the energy services and engines segment.
- This was partly offset by higher profit from equipment sales and share of profits from associates/joint ventures.

Singapore & Others

- Higher profits largely supported by higher product support revenue and power systems deliveries for data center projects.
- Previous year also included some foreign exchange losses.

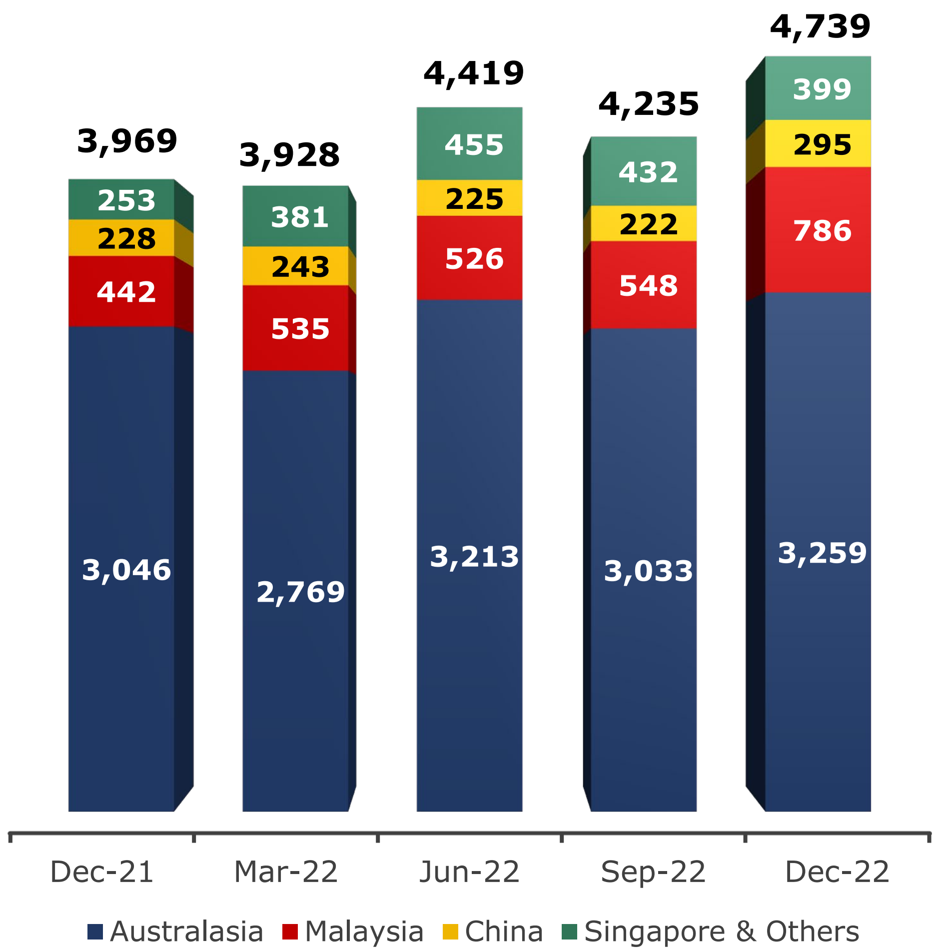
Industrial Outlook

Strong order book attributed to the mining and construction sectors in Australia

RM4,235m
Order book as at
30 September 2022

+11.9%

RM4,739m
Order book as at
31 December 2022



AUSTRALASIA

- Solid order book to drive the sales of equipment and product support in Australia.
- China has recently relaxed certain import restrictions of Australian coal as both countries review their diplomatic relations.
- Queensland Resources Council pushes for reconsideration of the coal royalty tax hike as new investment projects are being put on hold.

CHINA

- The pivot away from the zero-Covid policy has lifted the economic sentiment. However, the recent surge of Covid infections has disrupted logistics activities, impacting lead time for machineries and order deliveries.
- The government has recently signaled that it plans to ease the 'Three Red Lines' property rules to boost economic growth.

MALAYSIA

- Budget 2023 is scheduled to be re-tabled on 24th February. Construction players hope for minimal changes to previously planned mega projects, such as MRT3.
- Higher demand for engines due to increasing partnerships to build data centre facilities.
- On-going supply chain issues could continue to impact contractual deliveries.

SINGAPORE

- Sustained demand for engines attributed to data centre projects.
- Business sentiment in the construction sector is impacted by extended lead times and cost pressures.

Industrial Drivers: Australasia

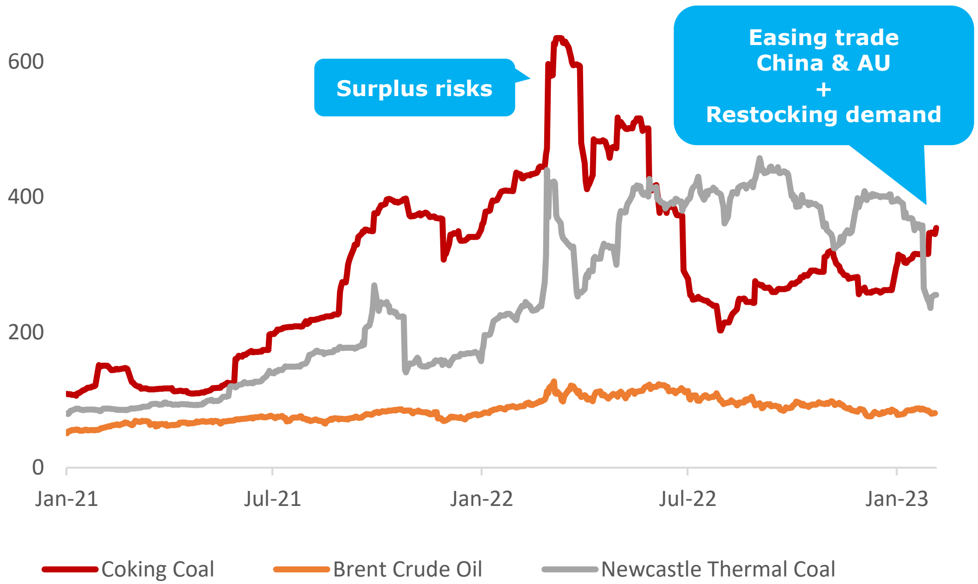
Strong MET coal prices in Q4; Positive turning point to China- Australia trade

Commodity prices held up well

Coking Coal @ Feb 23': **US$350/t**

Newcastle Thermal Coal @ Feb 23: **US$250/t**

Brent Crude Oil @ Feb 23: **US$84/b**



Elevated commodity prices should drive Equipment & product support, which offer higher margin

- ➢ High prices will incentivize customers to **service existing fleet on schedule**
- ➢ While profitable Miners would allocate capital for **new equipment**

Easing trade between China & Australia

China removes ban on Australian coal

Bulk carriers docked at a coal terminal in Newcastle, Australia. Bloomberg

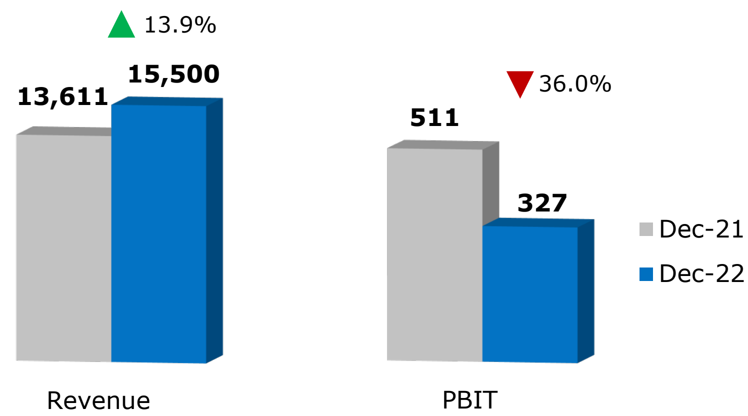
In January 2023, China effectively ended a ban on Australian coal that has been a centerpiece of dispute lasting more than two years

- ➢ **MET coal trade flow** stands the best chance of recovering
- ➢ **As China's coastal steel mills** are likely to demand premium quality Australian MET coal again if allowed

Source: Bloomberg IAC1 – AUS Premium Coking Coal Futures

Motors Division

Profit was lower predominantly due to lower vehicle margins in Mainland China



In RM Million	1H FY2022	1H FY2023
China	6,739	7,245
Singapore & Thailand	2,362	2,542
Malaysia	2,157	2,971
Australasia	2,353	2,742
Total Revenue	**13,611**	**15,500**
China	289	63
Singapore & Thailand	30	34
Malaysia	91	125
Australasia	101	105
Total PBIT	**511**	**327**
PBIT margin	**3.8%**	**2.1%**
Annualised ROIC	**13.4%**	**7.2%**

China

- Profit declined despite higher revenue largely due to lower vehicle margins in Mainland China.

Singapore & Thailand

- Singapore – Improvement in BMW vehicle margins and higher contribution from BYD operations.
- Thailand – Higher revenue offset by lower vehicle margins.

Malaysia

- Unit sales for selected brands were higher attributed to new model launches.
- Strong performance from the aftersales, importation and rental businesses.
- The sales were partially supported by the backlog of orders placed before the expiry of SST exemption in June 2022.

Australasia

- Higher revenue from operations in Australia and the commercial and transport business in New Zealand. The previous corresponding period was partly impacted by Covid-19 restrictions.
- Partly offset by lower vehicle margins in New Zealand.

Motors Outlook

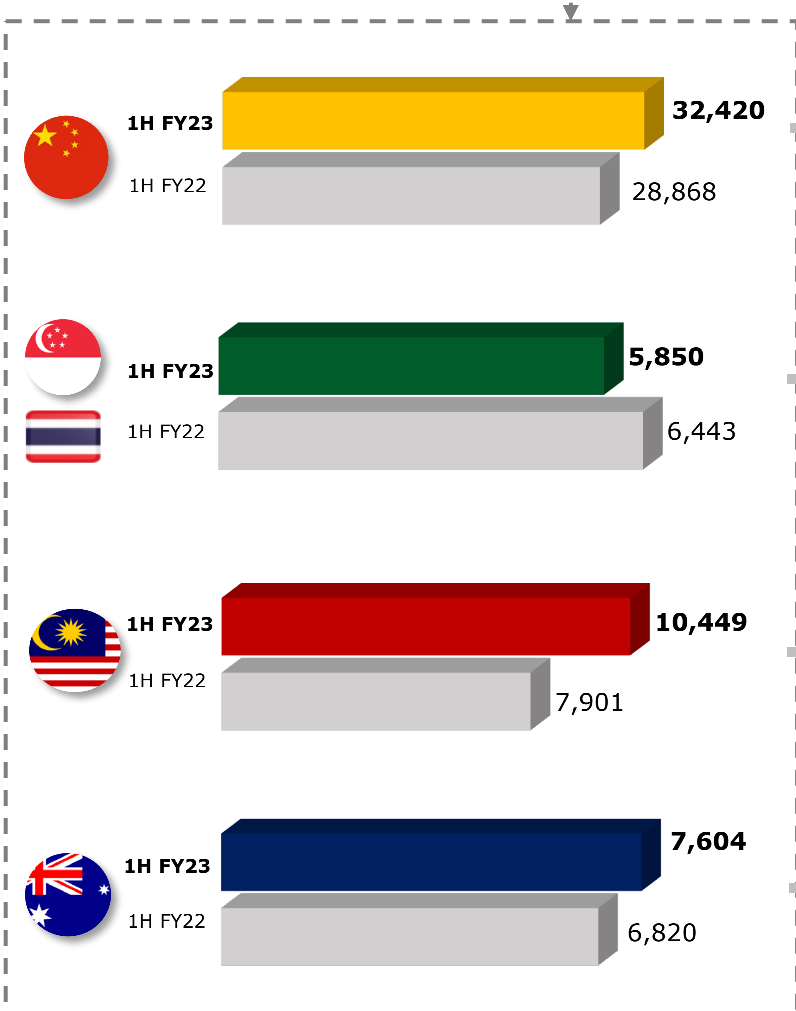
Sales volume held up well but concerns relating to low vehicle margins remain.

56,323 Units Sold* (1H FY2022: 50,032)

14,289 Units Assembled (1H FY2022: 11,360)

* Includes used cars sold on consignment

Units sold by region



CHINA

- Sales likely to be impacted by the changes in consumer spending patterns following the major relaxation of Covid-19 restrictions.
- Sales momentum expected to be sustained by new BMW model launches and the opening of new dealerships.

SINGAPORE & THAILAND

- Strict regulations on car ownership in Singapore will continue to limit Total Industry Volume (TIV) growth although the premium and luxury segments are less heavily impacted. BYD is well-positioned to capture BEV demand in Singapore through recent model launches.
- The Thai car market is expected to recover strongly with BEV sales supported by tax subsidies.

MALAYSIA

- Industry TIV to moderate in tandem with unwinding of order backlogs from the sales and service tax exemption period.
- New model launches across our existing brands and newly-launched BYD are expected to boost sales momentum.

AUSTRALASIA

- Consumer purchasing power will be strained by interest rate hikes and inflationary pressures and TIV is expected to moderate. The return of tourism and business travel will partially moderate this decline.
- Consumer preference for SUVs, light utility vehicles and BEVs shows no sign of abating and will provide baseline support for vehicle sales.

China market outlook and EV Opportunities

Embracing the reopening trade in China; Well positioned for growing EV adoption

Bullish on China's re-opening

Chinese consumer confidence to gradually recover

Earnings expected to "normalise" in 2023 after China's reopening

- Majority of our earnings are driven by a resilient **aftermarket** service business

We should continue to benefit from the premium segment's superior growth.

Strong start to BYD Malaysia

Successful launch of BYD Atto 3

BYD Malaysia captured a positive sales order of 1,500 units to date.

Continue to invest for wide network of BYD showrooms across Malaysia.

Motors Outlook

Exciting new models in 2023

BYD- Seal
Malaysia – 2023

BMW XM
Malaysia – 2023

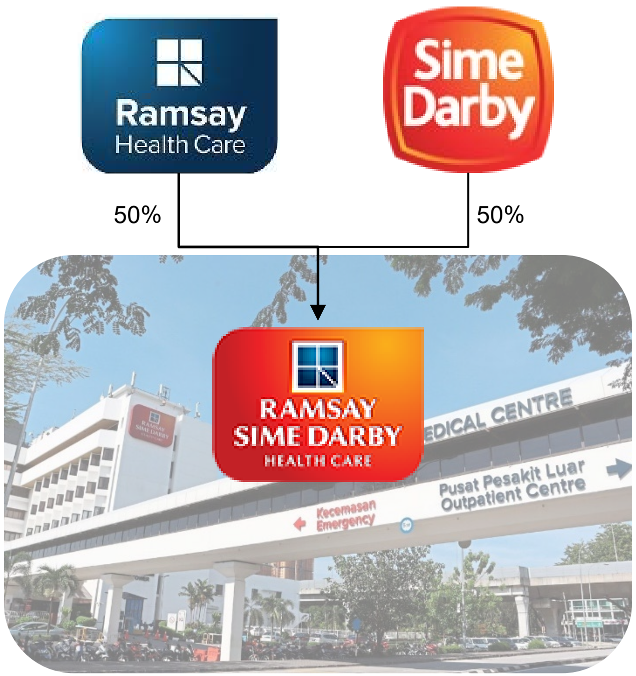
JLR- 5th Generation L640
Malaysia –2023

BMW 5 Series G60
Malaysia/ China – 2023

Healthcare

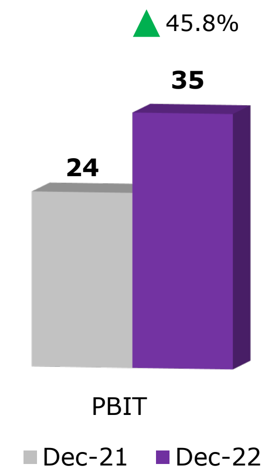
Higher share of profits from RSDH due to higher revenue from Malaysia

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 (1H FY23)



In RM Million	1H FY2022	1H FY2023
PBIT	**24**	**35**
Annualised ROIC	**7.0%**	**9.7%**

- RSDH recorded higher revenue from its Malaysian operations. The previous corresponding period was impacted by Covid-19 restrictions and the recognition of dividend withholding tax.

Thank you