Sime Darby Berhad
(Company No. 752404-U)

T +603 2691 4122
F +603 2698 0645
W www.simedarby.com

19th Floor, Wisma Sime Darby
Jalan Raja Laut, Kuala Lumpur
50350 Malaysia

PRESS RELEASE

For Immediate Release
Friday, 29 August 2014

Sime Darby Berhad Posts a Pre-Tax Profit of RM1.4 Billion for 4Q FY2013/2014

The Group achieves a net profit of RM3.4 billion for FY2013/2014, surpassing its net profit key performance indicator (KPI) target by 20%

Kuala Lumpur, 29 August 2014 – Sime Darby Berhad registered a pre-tax profit of RM1.4 billion and a net profit of RM1.2 billion for the fourth quarter ended 30 June 2014 (4Q FY2013/2014). The Group's pre-tax profit for 4Q FY2013/2014 rose by 14 percent whilst its net profit declined by 9 percent, compared to the corresponding quarter of the previous financial year.

For the financial year ended 30 June 2014 (FY2013/2014), the Group recorded a pre-tax profit of RM4.0 billion and a net profit of RM3.4 billion. This represents a decline of 8 percent and 9 percent respectively, compared to the previous financial year. Despite the challenging business conditions, the Group exceeded its FY2013/2014 net profit Key Performance Indicator (KPI) of RM2.8 billion by 20 percent. The Return on Average Shareholders' Fund at 12 percent for FY2013/2014 was 2 percentage points higher than the KPI target of 10 percent.

"The Group has been able to withstand a tough market environment in the past financial year and exceeded its net profit Key Performance Indicator (KPI) for the year. The strength of Sime Darby as a conglomerate and our persistent focus on improving operational efficiencies have allowed the Group to meet these market challenges," said Tan Sri Dato' Seri Mohd Bakke Salleh, Sime Darby's President and Group Chief Executive.

Elaborating further, he said, "The Plantation Division was not able to achieve crude palm oil (CPO) sales targets due to a drop in fresh fruit bunch (FFB) production by 7 percent compared to the previous financial year. This decline in FFB production was mainly due to changes in the cropping trend, particularly in Indonesia, which was affected by adverse weather conditions and also the bumper crop experienced in the previous year.

The mining equipment market in Australia has contracted by some 35% over the last two years with the decline in commodity prices. Recovery is expected to take longer than earlier envisaged. Management is cognisant of all the risks and challenges faced by the Group and will continue to focus on improving the business performance across divisions and maintaining a disciplined approach towards capital allocation."

"We have now passed the halfway mark of the Five Year Strategy Blueprint that was outlined three years ago. As part of the strategic decision to consolidate and focus on its core businesses, the Group has exited from the power business through the divestments of its power assets in Malaysia and Thailand. In the Property Division, the collaboration with Eastern & Oriental Berhad through the sale of a 135-acre land in the City of Elmina for the development of the wellness centre is expected to enhance the value of the township in the Klang Valley. As we continue to undertake the initiatives under our Strategy Blueprint, we remain committed to ensure that the Group is on track to achieve the set targets," he added.

4Q FY2013/2014 versus 4Q FY2012/2013 (Year-on-Year Comparison)

The **Plantation Division** achieved a profit before interest and tax (PBIT) of RM657.7 million in 4Q FY2013/2014, an increase of 65 percent compared to RM399.4 million in the same period last financial year. The strong improvement was attributed to higher FFB production of 2.28 million tonnes for the period under review, and an increase of 13 percent from the previous corresponding quarter on the back of higher FFB production in Indonesia. CPO sales volume and average CPO price realised rose by 2 percent and 10 percent respectively, contributing to the better performance in the quarter under review.

The midstream and downstream operations recorded earnings of RM84.6 million in the period under review compared to RM64.7 million in the previous corresponding period. The 31 percent increase was mainly attributable to the improved performance of the Unimills, Morakot and Northport refineries together with the sustained improvement in the performance of other downstream assets as a result of cost savings, operational efficiencies and higher margins from specialty products.

The **Industrial Division**'s PBIT of RM202.5 million in 4Q FY2013/2014 was lower by 45 percent compared to RM369.7 million in 4Q FY2012/2013. The Australasian operations continue to be negatively impacted by unfavourable coal prices which has caused lower equipment deliveries and product support sales to the mining sector. This has resulted in a year-on-year (YoY) PBIT decline of 85 percent to RM34.4 million in the final quarter of FY2014. The lower performance in Australia was mitigated by improved results in other regions with Singapore and China/Hong Kong (HK) registering a YoY PBIT increase of 53 percent and 27 percent respectively in the period under review. In addition to higher engine deliveries to the shipyard sector in both countries, the commendable performance in these regions is a result of improved market conditions, various cost control initiatives as well as volume rebates from achieving Caterpillar targets in China/HK. Notwithstanding the challenging market conditions, the Division's overall order book increased by 12 percent to RM2.9 billion as at 30 June 2014 as compared to RM2.6 billion as at 31 March 2014.

For the quarter under review, the **Motors Division** posted a PBIT of RM231.6 million compared to RM203.9 million in the previous corresponding quarter. The PBIT increase of 14 percent was mainly attributable to the strong performance of the China/HK and Australia/New

Zealand (NZ) operations. The China/HK operations recorded a PBIT of RM86.1 million in 4Q FY2013/2014 from RM40.8 million in 4Q FY2012/2013 due to improved performances from all operations. The Australia/NZ operations posted a profit of RM20.3 million in the fourth quarter of FY2013/2014, compared to a loss of RM12.2 million in the same period in FY2012/2013, on the back of profits from the BMW operations in Australia and Trucks operations in New Zealand. However, the other regions recorded lower profits in 4Q FY2013/2014 as a result of changes in government legislation in Singapore, political uncertainty in Thailand and lower profits from the multi brands in Malaysia.

The **Property Division's** PBIT rose by 18 percent to RM356.5 million in the final quarter of FY2013/2014 from RM301.5 million in the same period in the preceding year. The improved performance was due to higher contribution from Bandar Bukit Raja, Taman Pasir Putih, Putra Heights and profit recognition from the commencement of construction work at the Pagoh Education Hub. For the full financial year, the Division had launched 33 residential and commercial projects with 3,049 units sold, garnering an average take-up rate of 75 percent within the first three months of launching.

The **Energy & Utilities Division**, excluding discontinued operations, registered a PBIT of RM6.9 million for the period under review. The decline of 73 percent compared to the previous corresponding period was largely due to additional provisions made for the previous oil and gas projects. The port and water operations in China recorded an increase in PBIT from RM24.4 million to RM36.6 million mainly attributable to the compensation for closure of operations at the Guozhuang port in Jining to comply with the Government's future plans for development in the surrounding area.

Dividend

A final dividend of 30 sen per share is proposed for FY2013/2014. Together with the earlier interim dividend of 6 sen per share, the total dividend for the year is 36 sen per share.

About Sime Darby

Sime Darby is a Malaysia-based diversified multinational involved in key growth sectors, namely, plantations, industrial equipment, motors, property and energy & utilities. Founded in 1910, its business divisions seek to create positive benefits in the economy, environment and society where it has a presence.

With a workforce of over 100,000 employees in over 20 countries, Sime Darby is committed to building a sustainable future for all its stakeholders. It is one of the largest companies on Bursa Malaysia with a market capitalisation of RM57bn (USD18bn) as of 28 August 2014.