

PRESS RELEASE

For Immediate Release
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Sime Darby Berhad Registers a Pre-Tax Profit of RM674.9 million for 1Q FY2014/15

The Group sets a Key Performance Indicator (KPI) Net Earnings target of RM2.5 billion and a Return on Average Shareholders' Equity target of 8.5% for FY2014/15

Kuala Lumpur, 28 November 2014 – Sime Darby Berhad recorded a pre-tax profit of RM674.9 million and a net profit of RM500.7 million for the first quarter ended 30 September 2014 (1Q FY2014/15), representing a slight increase of 1 percent and 2 percent respectively, compared to the same period in the last financial year.

The Group posted a resilient financial performance in the quarter under review despite the highly challenging operating environment. The Plantation Division was the biggest contributor to profit on the back of improvements in fresh fruit bunches (FFB) production and oil extraction rate (OER). The Motors and Property Divisions also achieved improved earnings due to better vehicle sales in Australia, New Zealand and Vietnam and higher profit from recently launched property development projects, respectively.

“In the first three months of the current financial year, we continued to face significant challenges to the Group, particularly lower average crude palm oil (CPO) price realised and falling coal prices. However, our ability to drive operational improvements across the Group and undertake stringent capital management has allowed us to achieve a satisfactory performance. The strength and depth of the Group’s diversified portfolio remains crucial in withstanding the ever changing market conditions,” said Tan Sri Dato’ Seri Mohd Bakke Salleh, Sime Darby’s President and Group Chief Executive.

1Q FY2014/15 versus 1Q FY2013/14 (Year-on-Year Comparison)

The **Plantation Division** achieved a profit before interest and tax (PBIT) of RM289.3 million in the period under review compared to RM254.6 million in the same period last financial year. The PBIT increase of 14 percent was attributable to improved profit from the Upstream segment, which achieved higher sales volume and lower operating cost in addition to the improvement in operational efficiencies. This helped to offset the lower average CPO price realised of RM2,187 per tonne in 1Q FY2014/15 compared to RM2,331 per tonne in 1Q FY2013/14. The Group’s FFB production was higher at 2.52 million tonnes in the first quarter of the current financial year compared to 2.47 million tonnes in the first quarter of the previous

financial year. Indonesian FFB production improved by 11 percent YoY. However, Malaysian operations registered lower FFB production by 2 percent YoY, for the quarter under review. Overall OER also improved by 0.26 percentage point from 21.39% in the first quarter of FY2013/14 to 21.65% in the first quarter of FY2014/15.

The midstream and downstream operations recorded a loss of RM18.9 million for the current quarter compared to a profit of RM11.0 million previously. The loss was largely due to unfavourable sales mix from the company's refineries in Europe and Indonesia.

The **Industrial Division** recorded a PBIT of RM190.1 million in 1Q FY2014/15, a drop of 42 percent compared to RM327.2 million in 1Q FY2013/14. Cost cutting pressure from key mining customers as a response to persistently low coal prices and resultant lower margins continue to adversely impact the Australasian operations. Consequently, the results in Australia have been negatively impacted by lower equipment deliveries and lower product support sales. However, China operations posted a YoY PBIT improvement of 22 percent due to better margin realisation from engine deliveries. In Malaysia, despite the softening market conditions, profit contribution for the period under review rose by 24 percent to RM27 million as a result of the various cost saving measures and project finalisation.

The **Motors Division's** PBIT increased by 3 percent from RM106.6 million in the first quarter of the last financial year to RM110.0 million in the first quarter of the current financial year. This improvement was mainly driven by higher PBIT from Australia and New Zealand, which increased 7 fold to RM21.4 million, on the back of contributions from the newly acquired BMW operations in Brisbane and also the Trucks operations in New Zealand. BMW operations in Vietnam continued its commendable performance in its third quarter of operations, post-acquisition. China/HK and Malaysia, however, reported a decline of 37 percent and 12 percent respectively. The China/HK operations continue to face margin pressures due to stiff competition in the luxury segment while the Malaysian operations are faced with supply issues and the tightening of consumer credit.

For the quarter under review, the **Property Division** posted a PBIT of RM137.1 million, an increase of more than 100 percent compared to RM65.5 million in the same quarter last financial year. The improved performance was partly the result of a gain on the disposal of a 9.9% equity interest in Eastern & Oriental Berhad amounting to RM55.5 million. Excluding this gain, the Division achieved a PBIT increase of 25 percent in view of higher profits from the Elmina East project and contributions from the construction works at the Pagoh Education Hub. The Division has unbilled sales of RM2.2 billion as at 30th September 2014.

The **Energy & Utilities Division** recorded a PBIT of RM21.7 million for 1Q FY2014/15. The increase of 67 percent from RM13.0 million in 1Q FY2013/14 was largely due to higher profit from the ports and water operations in China, reflecting the positive impact of an increase in throughput and higher average tariff achieved.

Headline Key Performance Indicators (KPIs)

The Group also announced its KPIs for the financial year ending 30 June 2015, with a Net Earnings target of RM2.5 billion and a Return on Average Shareholders' Equity target of 8.5 percent.

About Sime Darby

Sime Darby is a Malaysia-based diversified multinational involved in key growth sectors, namely, plantations, property, motors, industrial equipment 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 RM59bn (USD17bn) as of 27 November 2014.