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PRESS RELEASE

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Sime Darby Berhad Reports Net Profit of RM664 million for 3Q FY2015/2016

Higher earnings in the quarter on the recognition of gains from the asset monetisation exercise

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Kuala Lumpur, 25 May 2016 – Sime Darby Berhad recorded a pre-tax profit of RM791.7 million and a net profit of RM663.5 million for the third quarter ended 31 March 2016 (3Q FY2016). Both the Group's pre-tax profit and net profit for 3Q FY2016 increased by 26 percent and 60 percent respectively, compared to the previous corresponding quarter.

For the nine months ended 31 March 2016 (9M FY2016), the Group registered a pre-tax profit of RM1.7 billion and a net profit of RM1.3 billion. The nine-month pre-tax profit and net profit for the financial year declined by 13 percent and 11 percent respectively, against the same period in the last financial year.

Commenting on the overall performance of the Group, Sime Darby's President and Group Chief Executive, Tan Sri Dato' Seri Mohd Bakke Salleh said, "The Group reported improved year-on-year earnings in the third quarter of the current financial year, mainly attributable to gains from the asset monetisation exercise. However, strong headwinds continued to weigh down the Divisional performance. In the Plantation Division, the adverse weather experienced last year has persistently hampered fresh fruit bunch (FFB) production in the period under review. The Industrial Division remains challenged by lower deliveries and reduced margins as a result of weak coal prices while subdued consumer sentiment has affected the other businesses."

The Group continues to undertake deleveraging measures to improve its liquidity profile. In addition to carrying out the first fund raising exercise under the Perpetual Subordinated Sukuk Programme with proceeds of RM2.2 billion, the Group also completed the deconsolidation of two of its Singapore commercial properties for RM600.8 million as part of the Group's asset monetisation exercise. "Operationally, we continue to focus on productivity enhancements and innovative processes across the Divisions. Recently, Sime Darby Plantation commenced its first large scale planting of Genome Select high yielding oil palms which is capable of delivering at least 15% increase in oil yield over current planting materials. By 2023, the Division will have enough genome materials to meet all of its Malaysian replanting requirements," said Mohd Bakke.

3Q FY2015/2016 versus 3Q FY2014/2015 Year-on-Year (YoY) Comparison

The **Plantation Division** registered a profit before interest and tax (PBIT) of RM91.9 million for 3Q FY2016, lower by 32 percent compared to RM134.7 million in 3Q FY2015. The decline in profit during the quarter under review is consistent with industry trends which continued to feel the impact of unfavourable weather conditions brought by the Super El-Nino phenomenon. FFB production in Malaysia and Indonesia declined by 13 percent and 5 percent respectively, against the same quarter last year. Nonetheless, the Division's FFB production increased by 3 percent for 3Q FY2016 against the previous year's corresponding quarter with New Britain Palm Oil Limited contributing an FFB production of 0.4 million MT. Average crude palm oil (CPO) price realised of RM2,200/MT in the current period was marginally lower compared with RM2,209/MT in the previous corresponding quarter.

On a positive note, the midstream and downstream operations continued its strong performance by registering a PBIT of RM46.7 million for the current financial year's third quarter. The YoY PBIT improvement of 18 percent compared to the third quarter of FY2015 was mainly due to higher sales and refinery utilisation, particularly at the Division's refineries in Thailand, Indonesia and South Africa.

The **Industrial Division's** PBIT for the period under review dropped by 6 percent to RM74.6 million, from RM 79.2 million in 3Q FY2015 despite improved performance from Australia and China. This was mainly due to lower equipment deliveries and product support sales in Malaysia coupled with reduction in margins due to the depreciation of the Ringgit, resulting in a PBIT decline of 91 percent in 3Q FY2016. However, the Australasian operations achieved a YoY PBIT improvement of 87 percent in the quarter under review. The better performance was steered by savings from cost reduction initiatives, product margin improvements due to a weaker Australian Dollar compared to the US Dollar and foreign exchange gains due to the weaker Ringgit exchange rate against the Australian Dollar. China/Hong Kong(HK) operations too improved by 46 percent in PBIT to RM25.3 million for 3Q FY2016 on the back of better equipment deliveries to the construction and mining sectors, higher margin from the rental business segment as well as other cost saving initiatives.

The **Motors Division** reported a PBIT of RM74.3 million for the current period compared to RM83.0 million in the same period last financial year. The 11 percent drop was primarily attributable to a loss of RM3.1 million in the Division's Malaysian operations for the period under review as a result of lower performance in the mass-market vehicle segment. The weaker Ringgit against major currencies also impacted competitiveness and margins in Malaysia. In addition, China/HK and Australia/NZ posted reduced earnings due to intense competition in the luxury segment and lower contributions from the Trucks operations, respectively. On a positive note, Singapore, Thailand and Vietnam achieved a four-fold PBIT increase to RM38 million collectively for 3Q FY2016, driven by improved performance in the luxury segment.

For the quarter under review, the **Property Division** achieved a PBIT of RM584.1 million compared to RM273.8 million in the previous corresponding quarter. The two-fold PBIT increase was due to gain on deconsolidation of the Division's two subsidiaries in Singapore of

RM406.3 million coupled with gain on compulsory land acquisition for the Damansara – Shah Alam Elevated Expressway and West Coast Expressway of RM138.7 million. The deconsolidation of the two Singapore subsidiaries is part of the Group's de-gearing efforts while unlocking the value of its commercial properties. Excluding these gains, profit from operations declined compared to the previous corresponding quarter, attributable to lesser units sold at several townships, namely Bandar Bukit Raja, Denai Alam and KL East.

The **Energy & Utilities Division** reported a PBIT of RM25.6 million for 3Q FY2016 against RM19.0 million in the previous year's corresponding quarter. The 35 percent PBIT increase was primarily due to an unrealised exchange gain of RM6.8 million in respect of a legacy oil & gas project. China operations posted a marginal decline in PBIT due to lower container throughput at Weifang Port resulting from the slowdown in China's economic growth.

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About Sime Darby

Sime Darby is a Malaysia-based diversified multinational involved in key growth sectors, namely, plantation, 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 132,000 employees in 26 countries and 4 territories, 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 RM47 billion (USD 11 billion) as at 24 May 2016.