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PRESS RELEASE

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Sime Darby Berhad Registers Net Profit of RM1.14 billion for 4Q FY2015/2016

The Group achieves a net profit of RM2.4 billion for FY2015/2016, surpassing its net profit key performance indicator (KPI) target by 20%

Kuala Lumpur, 23 Aug 2016 – Sime Darby Berhad posted a pre-tax profit of RM1.09 billion and a net profit of RM1.14 billion for the fourth quarter ended 30 June 2016 (4Q FY2016). The Group's pre-tax profit declined by 5 percent for 4Q FY2016 but its net profit rose by 13 percent, compared with the same period last financial year mainly due to the recognition of an Indonesian special tax incentive.

For the financial year ended 30 June 2016 (FY2016), the Group registered a pre-tax profit of RM2.8 billion and a net profit of RM2.4 billion. This represents a decline of 11 percent and 1 percent respectively, compared to the previous financial year. The Group exceeded its FY2016 net profit Key Performance Indicator (KPI) target of RM2.0 billion by 20 percent. The Return on Average Shareholders' Equity (ROASE) at 7.6 percent for FY2016 was 1.3 percentage points higher than the ROASE KPI target of 6.3 percent.

"Despite the prolonged period of uncertainties created by volatility in commodity prices and the economic situation in our key markets, the Group has been able to withstand the challenging market conditions and exceed its KPI targets for the financial year 2016," said Tan Sri Dato' Seri Mohd Bakke Salleh, Sime Darby's President and Group Chief Executive.

The Company continues to place itself for future growth by driving results and improving cash flow generation via capital discipline, group-wide productivity improvements and cost reduction measures. This includes reduction in cost of palm production and boosting Certified Sustainable Palm Oil (CSPO) oil yields in the Plantation Division and steering operational excellence through Caterpillar Production Systems and the Business Transformation Project in the Industrial Division. Along with these are the Motor Division's expansion of the Inokom vehicle assembly capacity, the Property Division's balancing of its property development portfolio between premium and affordable offerings as well as continued cost improvements for the ports in China under the Logistics Division.

"Sime Darby has also been actively undertaking several deleveraging measures, beginning with the issuance of RM2.2 billion Sukuk Wakalah earlier this year followed by the deconsolidation of two of its Singapore commercial properties as part of its asset monetisation exercise. On 12th of August 2016, the Group entered into a framework agreement with Saizen Real Estate Investment Trust to sell and leaseback certain of our industrial properties located in Australia. With all these measures in place, the Group remains well-positioned to boost its financial position while pivoting the company to face external headwinds," he added.

4Q FY2016 versus 4Q FY2015 Year-on-Year (YoY) Comparison

The **Plantation Division** registered a PBIT of RM499.3 million for 4Q FY2016, higher by 2 percent compared with RM489.4 million in 4Q FY2015. This was mainly due to the higher average CPO price realised of RM2,636/MT for the quarter under review versus RM2,242/MT in the previous corresponding quarter. However, the Division's fresh fruit bunch (FFB) production in Malaysia, Indonesia and Papua New Guinea & Solomon Islands dropped by 29 percent, 37 percent and 9 percent respectively, against the same quarter last year. The same trend could also be seen industry-wide in Malaysia and Indonesia, with double-digit declines for the period under review. This was largely due to the prolonged dry season, exacerbated by the effects of the Super El-Nino phenomenon especially in Sabah, parts of Peninsular Malaysia and Kalimantan. New Britain Palm Oil Limited contributed an FFB production of 1.6 mn MT for the financial year 2016. The Division's oil extraction rate decreased marginally from 21.52 percent in 4Q FY2015 to 21.47 percent in 4Q FY2016.

Going forward, in addition to accelerated replanting with high-yielding Genome planting materials, the Division will also be implementing innovative water and fertilizer management, investing in precision agriculture technologies and carrying out new milling processes to enhance internal CSPO oil yields.

The Division's improved performance was supported by the stronger Midstream and Downstream segment which reported a PBIT of RM77.2 million in the current quarter under review compared with RM49.9 million in the previous corresponding period. The 55 percent improvement in earnings was primarily due to the continued efforts by the Division to strengthen its supply chain and distribution network, leading to higher sales of differentiated products and better refinery utilization.

The **Industrial Division**'s PBIT for the period under review improved by 3 percent to RM129.0 million in 4Q FY2016 from RM125.8 million in the same period last year. This was largely due to a cost benefit realisation on completion of projects mainly in China and a gain on disposal of a Malaysian property amounting to RM10.0 million. PBIT of China/Hong Kong (HK) operations rose by 38 percent in the current quarter compared to 4Q FY2015 due to higher delivery of engines. The Australasia operations improved by 9 percent in the period under review due to cost initiatives implemented during the year. The operations in Malaysia and Singapore continue to face lower equipment deliveries and product support sales together with reduction in margins due to the contraction of the machine industry size and lower demand as a result of soft market conditions. However, requirements for machines in both these countries are expected to remain strong on the back of infrastructure projects in the pipeline such as the Pan Borneo Highway in Malaysia as well as the Changi Airport Terminal 5 Phase 3 and the Tuas port reclamation in Singapore.

The **Motors Division** posted a PBIT of RM197.1 million for the quarter under review compared with RM142.4 million in the previous corresponding quarter. The YoY PBIT improvement of 38 percent was driven by higher profit in all regions except Malaysia and Taiwan. The Division registered strong performance in the luxury segment in Australia, New Zealand, Vietnam, Hong Kong and China, mass vehicle segment in Singapore, Trucks operations in New Zealand and Super Luxury segment in China. However, the Malaysia operations remain impacted by tight lending conditions and higher cost of imports as a consequence of the weaker Ringgit against most major currencies. In light of this, the Division will continue to closely monitor working capital requirements. Focus will also be given to expanding the Inokom vehicle assembly facility to cater for the domestic and regional markets.

For the quarter under review, the **Property Division** reported a PBIT of RM293.6 million compared with RM416.4 million in the last quarter of FY2015. The 29 percent decline in the current quarter was mainly due to a gain on disposal of the 50 percent equity interest in Sime Darby Sunsuria Development Sdn. Bhd. amounting to RM157.2 million registered in the same period last year. The drop was partially mitigated by the adjustment to the gain on deconsolidation of two subsidiaries in Singapore of RM40.8 million, the gain on disposal of Syarikat Malacca Straits Inn Sdn Bhd of RM39.4 million and the gain on disposal of land in Semenyih of RM184.5 million during the current quarter. Excluding all these gains, the Division's PBIT was lower by 89 percent due to lower construction progress at Bandar Bukit Raja and deferred launches in other townships. For the full financial year of 2015/2016, the Division had launched 22 projects with 1,895 units sold and its unbilled sales stood at RM1.3 billion as at 30th June 2016. On the international front, Phase 1 of the Battersea Power Station regeneration project is expected to be completed by March 2017.

The **Energy & Utilities Division** posted a PBIT of RM37.4 million for 4Q FY2016 against RM37.3 million in 4Q FY2015. The sustained PBIT was mainly due to higher profit from the water and ports operations in China offset by lower profit from the engineering services. China Utilities achieved a PBIT of RM28.6 million in the quarter under review compared to a loss of RM3.1 million in the same period last year, as a result of a gain on disposal of 50 percent equity interest in Weifang Sime Darby Liquid Terminal amounting to RM18.3 million and higher throughput.

Dividend

A final dividend of 21 sen per share is proposed for FY2016. Together with the earlier interim dividend of 6 sen per share, the total dividend for the year is 27 sen per share.

About Sime Darby

Sime Darby is a Malaysia-based diversified multinational involved in key growth sectors, namely, plantation, industrial equipment, motors, property and logistics. 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 RM52 billion (USD 13 billion) as at 22 August 2016.