PRESS RELEASE

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Sime Darby Berhad Reports Net Profit of RM699 million for 3Q FY2016/2017

Improved earnings on better showing from Plantation, Industrial and Motors

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Kuala Lumpur, 31 May 2017 – Sime Darby Berhad recorded a pre-tax profit of RM1 billion and a net profit of RM699 million for the third quarter ended 31 March 2017 (3Q FY2017). The Group's pre-tax profit and net profit for 3Q FY2017 increased by 27 percent and 5 percent respectively, compared to the previous corresponding quarter. Pre-tax profit for the quarter under review was higher due to improved contributions from the Plantation, Industrial and Motors divisions. Net profit growth was capped by higher tax and perpetual sukuk expenses.

For the nine months ended 31 March 2017 (9M FY2017), the Group registered a pre-tax profit of RM2.6 billion and a net profit of RM1.8 billion. The nine-month pre-tax profit and net profit for the financial year rose by 48 percent and 40 percent respectively, against the same period in the last financial year.

Commenting on the overall performance of the Group, Sime Darby President and Group Chief Executive, Tan Sri Dato' Seri Mohd Bakke Salleh said, "The Group's year-to-date results for FY2017 have largely been supported by higher crude palm oil (CPO) prices, averaging at RM2,861/MT in the first nine months compared to RM2,113/MT in the same period last year. Stabilising coal prices as well as increased activity in the construction sector in China and Malaysia served as catalysts for the Industrial Division. Despite tightening regulations and rising import costs, we are encouraged by the Motors Division's performance, driven by higher demand in key markets."

On the company's listing plans for its Plantation and Property divisions, Mohd Bakke said, "The listing of pure plays is on-track. The Group recently received approval from our bondholders to restructure the USD800 million sukuk and Sime Darby Plantation achieved first-time corporate ratings of Baa1 and BBB+ by Moody's and Fitch Ratings respectively, both on stable outlook."

3Q FY2016/2017 versus 3Q FY2015/2016 Year-on-Year (YoY) Comparison

The **Plantation Division** registered a profit before interest and tax (PBIT) of RM732 million for 3Q FY2017 compared to RM92 million in 3Q FY2016. The 8-fold increase in PBIT for the current period was a result of Plantation's continued efforts to drive various initiatives to manage cost and improve its productivity. This achievement was further enhanced by average CPO selling price realised which was 40 percent higher YoY at RM3,088/MT for the current quarter versus RM2,200/MT in the previous corresponding quarter. Fresh fruit bunch production (FFB) across the Division improved significantly by 18 percent YoY in 3Q FY2017 with Malaysia and Indonesia posting an increase of 20 percent and 7 percent, respectively. New Britain Palm Oil Limited performed exceptionally well, with FFB output increasing 26 percent YoY. Overall oil extraction rate (OER) dropped slightly from 22.05% in 3Q FY2016 to 21.41% in 3Q FY2017, mainly due to wet weather conditions and more young areas coming into maturity.

The Midstream and Downstream operations recorded a lower PBIT of RM39 million in the current quarter compared to the previous corresponding quarter of RM61 million. The 36 percent decline was mainly due to lower margins realised in the current period. The Division continues to focus on moving into high margin differentiated products and improving cost efficiency.

The **Property Division** reported a PBIT of RM67 million compared to RM584 million in the previous corresponding quarter. The 89 percent YoY PBIT decline for the current period was mainly due to the gain on disposal of Sime Darby Property (Dunearn) Pte Ltd and Sime Darby Property (Kilang) Pte Ltd of RM406 million in the third quarter of the previous year. In the period under review, the gain on disposal of 403 acres of land in Glengowrie Estate of RM202 million was partially offset by the provision made on unsold stocks as well as the cost incurred to terminate the proposed acquisition of Japan Residential Assets Manager Limited (JRAM) and new units in Saizen Real Estate Investment Trust (Saizen REIT).

The **Industrial Division's** PBIT for the period under review improved by 8 percent to RM82 million from RM76 million in 3Q FY2016, mainly due to higher contributions from Australasia, China/Hong Kong (HK) and Malaysia. Australasian and the China/HK operations posted a PBIT improvement of 19 percent and 8 percent YoY in the current quarter, respectively. In Australasia, higher equipment deliveries and product support sales were registered on the back of improvements in business sentiment as coal prices gradually stabilised. The higher profit in China reflects a significant improvement in equipment sales to a more buoyant construction industry which was partially offset by a slowdown in the sale of engines to the marine industry. Malaysian operations recorded an increase in PBIT of more than 100 percent for the period under review due to higher construction activities, resulting in better performance in the equipment sales and product support segments. The Singapore operations, however, reported a 44 percent decline in profit due to lower engine deliveries to the oil & gas and marine sectors.

The **Motors Division** achieved a PBIT of RM126 million for the third quarter, compared to RM74 million in the same quarter in the last financial year. The PBIT improvement of 70 percent YoY is attributable to higher profits from China/HK and Australia/New Zealand (NZ) by 160 percent and 42 percent respectively in the period under review. The China/HK operations witnessed a surge in demand for the luxury and super luxury segments while Australia/NZ operations registered improved profits from the trucks business. Malaysia operations posted a PBIT of RM25 million in 3Q FY2017 compared to a loss of RM3 million in the previous corresponding quarter. The improved earnings in Malaysia were driven by improved contribution from the mass-vehicle segment due to new model launches. The Division's operations in South East Asia excluding Malaysia recorded a YoY decline in PBIT of 39 percent for the quarter under review. This was principally due to prevailing market challenges and also lower margins experienced in regions such as Singapore.

For the quarter under review, the **Logistics Division** reported a PBIT of RM13 million compared to RM14 million in the previous corresponding period, representing a decline of 7 percent. Higher profits and throughput were recorded by Weifang Port but were offset by reduced profits and throughput at Jining ports.

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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 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 over 120,000 employees in 25 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 RM64 billion (USD15 billion) as at 30 May 2017.