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PRESS RELEASE

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Sime Darby Berhad 1H FY2019 net profit jumps 69%

NOTE: On 30 November 2017, Sime Darby Berhad successfully completed the distribution and the listings of the company's entire shareholdings in Sime Darby Plantation Berhad and Sime Darby Property Berhad on the Main Market of Bursa Malaysia Securities Berhad. Accordingly, the results of the Plantation and Property businesses have been classified as Discontinued Operations and both Sime Darby Plantation Berhad and Sime Darby Property Berhad have been deconsolidated from Sime Darby Berhad, which is now focused on its Industrial, Motors, Logistics and Healthcare businesses (Continuing Operations).

For a like-for-like year-on-year comparison, only the Group's Continuing Operations, namely the Industrial, Motors, Logistics and Healthcare businesses, are relevant.

PETALING JAYA, 21 February 2019 - Sime Darby Berhad's continuing operations posted a 69.4 per cent increase in net profit to RM542 million for the six-month period ended 31 December 2018 (1H FY2019), from RM320 million for the same period last financial year (1H FY2018). The positive result was supported by a strong showing in the Group's Industrial Division.

Revenue for 1H FY2019 stood at RM18.3 billion, representing a 7.7 per cent increase year-on-year (YoY), from RM17.0 billion in 1H FY2018.

Profit before interest and tax (PBIT) for 1H FY2019 surged 36.2 per cent to RM674 million, largely attributed to the strong performance by the Industrial division, led by its Australasian operations.

"Sime Darby Berhad's performance in the first half of FY2019 was pretty solid due largely to our Industrial Division in Australia. Demand for our products and services from the mining and construction sector there have been strong. However, we are seeing a slight softening in the Group's Motors business, particularly in China and Singapore," Sime Darby Berhad's Group Chief Executive Officer Dato' Jeffri Salim Davidson said.

Sime Darby Berhad also reported improved YoY net profit of RM317 million for the quarter ended 31 December 2018. Revenue for Q2 FY2019 was 6.9 per cent higher at RM9.5 billion, while PBIT increased by 135 per cent to RM327 million. The results from Q2 FY2018 included a loss of RM109 million from the Group's discontinued BMW operations in Vietnam.

1HFY2019 vs 1HFY2018

In 1H FY2019, the Group benefited from an upturn in the mining and construction sectors, which translated into higher contribution from equipment deliveries and higher margins from product support for the Industrial Division. This cushioned the impact of waning consumer sentiment amidst a slowing global economy, which affected much of the Group's Motors business.

The Industrial Division achieved a 53 per cent increase in core PBIT YoY at RM348 million, due to higher equipment deliveries in Australia and higher margins from engines and product support in China. The Division's PBIT for 1H FY2019 was 6.9 per cent lower YoY at RM366 million, in the absence of a RM165 million gain from properties disposal recognized in 1H FY2018.

The Motor Division's core PBIT for 1H FY2019 stood at RM225 million, 16.4 per cent lower than in 1H FY2018. This was mainly due to the softening of the automotive industry in most markets the Division operates in, particularly China, which experienced industry-wide steep discounts. The Malaysian operations proved to be the exception, contributing RM70 million to the Division's results, thanks to the zero-rated GST period up to August 2018. The Division reported a PBIT of RM240 million for 1H FY2019, a 77.8 per cent improvement from 1H FY2018 which included a loss of RM184 million for BMW Vietnam.

The Logistics Division, which experienced lower bulk throughput at its Weifang and Jining Ports in 1H FY2019 reported a core PBIT of RM26 million. The Division's PBIT however, recorded a 141.9 per cent improvement at RM104 million for the period due to a RM78 million gain from the sale of Weifang Water.

Ramsay Sime Darby Health Care, Sime Darby Berhad's 50:50 joint venture with Ramsay Health Care achieved a PBIT of RM30 million in 1H FY2019, representing a 20 per cent increase YoY. This was largely due to higher revenue from both the Malaysian and Indonesian operations.

Interim Dividend

The Group announced an interim dividend of two sen per share for the financial year ending 30 June 2019.

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About Sime Darby Berhad

Sime Darby Berhad is the partner of choice for the world's best brands in the Industrial and Motors sectors. We deliver sustainable value to our stakeholders through operational excellence, high performance standards and good corporate governance. Founded in 1910, Sime Darby Berhad today has a workforce of over 20,000 employees in 18 countries and territories across the Asia Pacific region. It is listed on the main market of Bursa Malaysia with a market capitalisation of RM15.57 billion (USD3.83 billion) as at 20 February 2019.

For more information, please visit <http://www.simedarby.com>.