

## PRESS RELEASE

For Immediate Release  
27 August 2019

### Industrial Business Lifts Sime Darby Berhad FY2019 Profits 53 per cent

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*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, 27 August 2019** - Sime Darby Berhad reported a net profit of RM948 million for the financial year ended 30 June 2019 (FY2019), a 53.4 per cent jump from its previous financial year (FY2018), driven by the strong performance of the Industrial Division on the back of a recovery in the mining and construction sectors in Australia and construction, specifically, in China.

Revenue for the financial year stood at RM36.2 billion, beating FY2018's results by 6.9 per cent, while profit before interest and tax (PBIT) was 28.8 per cent higher year-on-year (YoY) at RM1.38 billion. Excluding one-off gains, impairments and provisions, the Group's core PBIT for FY2019 rose 22.1 per cent to RM1.5 billion YoY, while its core net profit saw a 13.8 per cent hike YoY to RM950 million.

The Group's positive results in key markets for the Industrial Division helped compensate for the softness in the Motors Division's profits in Singapore, Hong Kong and Australia.

"Our Industrial operations in Australia and China were the clear winners in FY2019, as we benefitted from an upcycle in the mining and construction sectors, while growth in the Motors Division decelerated in an environment of intense competition. Early signs show that the Industrial Division will continue to take the lead in FY2020. However, the pipeline of new models coming in from our stable of automotive brands are expected to generate some excitement in the market," Sime Darby Berhad's Group Chief Executive Officer Dato' Jeffri Salim Davidson said.

#### 12M FY2019 vs 12M FY2018

"We made meaningful strides in business expansion for FY2019. Our Industrial Division acquired Australia's Heavy Maintenance Group Pty Ltd, an industrial equipment specialist that complements and adds capacity to Austchrome, our existing cylinder refurbishment

and chroming business, as part of our strategy to provide value-added services to our customers. We also expanded our Motors operations in China by adding two new dealerships to our stable. Our continuing efforts to streamline our portfolio led to the divestment of our Global Services Centre to DXC Technology.”

“Our acquisition of New Zealand’s Gough Group Limited, expected to be completed by September 30, would place us on a strong footing to build on our strengths and to continue delivering additional profits to our shareholders. The transaction provides a rare opportunity for us to acquire one of Caterpillar’s oldest dealerships, reinforcing Sime Darby Industrial’s leadership position in Asia Pacific. Gough Group’s transport and material handling business, which represents premium global brands in New Zealand and Australia, is complementary to Sime Darby Motors’ existing commercial truck business in New Zealand and opens up new growth avenues for us in the region,” Jeffri said.

The Industrial Division achieved a 30.4 per cent increase in PBIT YoY in FY2019 at RM798 million, brought in by higher margins from product support, as well as improved contribution from equipment deliveries in key markets of Australia, China and Singapore. Excluding one-off items, its core PBIT stood at RM817 million, representing an 88.2 per cent hike YoY.

The Motors Division reported a PBIT of RM628 million in FY2019, 15.7 per cent higher YoY. The previous corresponding period included RM199 million in losses from its Vietnam operations. Stripping out one-off items, the Motors Division’s core PBIT is 11 per cent lower YoY, due to lower margins as a result of overall competitive market conditions, mainly in Singapore and Hong Kong. This was partly mitigated by higher sales and profits in Malaysia following the zero-rating of the Goods and Services Tax in July and August 2018, and higher contribution from sales of luxury cars in China.

The Logistics Division reported a PBIT of RM2 million compared with RM74 million in the previous year. The lower PBIT was due to our share of loss and impairment for Weifang Port Services (a 37% owned joint venture) of RM119 million. The impairment was mainly due to lower throughput projected as a result of trade tensions and uncertainties surrounding the port consolidation exercise. This was partly mitigated by a RM78 million gain on the disposal of Weifang Water. Excluding one-off items, the Division’s core PBIT was RM43 million, 41.9 per cent lower YoY, mainly due to lower throughput at Jining ports and foreign exchange losses.

Ramsay Sime Darby Health Care, Sime Darby Berhad’s 50:50 joint venture with Ramsay Health Care posted a lower share of profit YoY at RM49 million in FY2019, mainly due to higher tax expense.

The Group’s results for the period also included a RM117 million share of loss of the Group’s investment in Eastern & Oriental Berhad, and a deferred tax credit of RM129 million from the change in Real Property Gains Tax rates.

#### **Q4 FY2019 vs Q4 FY2018**

Sime Darby Berhad reported a net profit of RM184 million for the quarter ended 30 June 2019 (Q4 FY2019), a 12.9 per cent increase from the corresponding quarter in FY2018.

Revenue for Q4 FY2019 was 8.7 per cent higher YoY at RM9.3 billion, while PBIT was up 3.7 per cent YoY to RM367 million. Excluding one-off gains, impairments and provisions, the Group’s core PBIT for the quarter rose 13.2 per cent to RM 498 million YoY while its core net profit saw a 1.6 per cent YoY decline to RM315 million.

## **Dividend**

A second interim dividend of 7 sen per share and a special dividend of 1 sen, is declared for FY2019. Together with the earlier interim dividend of 2 sen per share, the total dividend for the year is 10 sen per share.

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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 approximately 20,000 employees and a presence 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 RM14.214 billion (USD3.38 billion) as at 26 August 2019.*

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