



PRESS RELEASE

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Sime Darby Berhad Reports RM820 million in Net Profit for FY2020

Industrial division's strong performance in key markets and Motors division's China operations robust first half of FY2020 buoy earnings

PETALING JAYA, 27 August 2020 – Sime Darby Berhad reported a net profit of RM820 million for the financial year ended 30 June 2020 (FY2020), despite challenging market conditions brought about by the coronavirus outbreak in the second half of the financial year.

The Group saw a 9.5 per cent growth in net profit from underlying business operations (core net profit) of RM1.04 billion for FY2020, compared with RM950 million for the last financial year, as strong performance in the Group's Industrial division in Australia and China, and robust BMW sales performance in its Motors divisions' operations in China in the first half of FY2020, helped mitigate the impact of the coronavirus outbreak and of the impairments made.

Revenue for the Group in FY2020 was largely maintained at RM36.93 billion, compared with RM36.16 billion in FY2019.

"We had a solid first half with both the Industrial and Motors divisions reporting very strong results. The movement restrictions from February to May severely disrupted our operations in the second half of the year but, fortunately, our businesses have seen a strong recovery in sales after movement restrictions were eased."

"The diversity of our operations, both in terms of the different market segments we serve and in terms of geography, worked to our advantage. Our Caterpillar distribution business in Australia performed particularly strongly and covered for the shortfall in other parts of the business affected by lockdowns. The resilient operating performance together with our efforts to improve working capital have resulted in a significant increase in the Group's operating cash flow from RM1.35 billion last year to RM3 billion this year. The strong operating cash flow and relatively low gearing ratio of 0.26x places the Group in a good position to handle the uncertain times ahead."

"I would like to thank all our people who have been outstanding throughout these trying times. They have had to adapt to the new working environment and to the demands of the market and our customers, and have contributed immensely to our success this year," Sime Darby Berhad's Group Chief Executive Officer Dato' Jeffri Salim Davidson said.

The Group made impairments of over RM200 million for the year mainly from Weifang Port Services Co, and its investment in Eastern & Oriental Berhad.

Sime Darby Berhad reported a 14.2 per cent decline in PBIT year-on-year (YoY) to RM315 million in Q4 FY2020, mainly due to the adverse effects of the coronavirus outbreak on revenue and profits, as reflected in the Motors division, and due to impairment on assets. Net profit for Q4 FY2020 was 3.8 per cent lower YoY at RM177 million.

Divisional Performance

Sime Darby Berhad reported a slight increase in PBIT of RM1.41 billion for FY2020, compared with RM1.38 billion for the last financial year FY2019.

The Industrial division's PBIT for FY2020 grew by 21.2 per cent YoY to RM967 million, mainly due to higher profits from its Australia and China operations, with both markets posting strong performance in the first half of FY2020. The Division's Australia operations were mostly spared from the negative impact of the coronavirus outbreak, while its China operations made a strong recovery in the fourth quarter of FY2020, supplemented with incentives from Caterpillar.

The Motors division's PBIT for FY2020 decreased by 8.6 per cent YoY to RM574 million, with several operations having been affected by movement restrictions and overall weak consumer sentiment, as a result of the coronavirus outbreak. The Division's China operations nevertheless delivered higher profits for the financial year, mainly due to the strong performance in the first half of the year and a strong recovery in the fourth quarter.

The Logistics division recorded a loss before interest and tax of RM94 million for the year, mainly attributed to the share of loss from Weifang Port Services (WPS) of RM86 million, impairment of receivables from WPS of RM24 million and share of loss from Weifang Sime Darby Liquid Terminal of RM19 million. Port operations recorded lower throughput during the year as a result of the coronavirus outbreak, environmental restrictions and stiff competition.

The Healthcare division posted a 20 per cent decrease in profits for FY2020 mainly due to impairment of assets and the impact of the coronavirus outbreak in the second half of FY2020.

Dividend

A second interim dividend of 7 sen per share and special dividend of 1 sen per share is declared for FY2020. 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 a 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 RM14.83 billion (USD3.56 billion) as at 26 August 2020. For more information, please visit <http://www.simedarby.com>.