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PRESS RELEASE

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*NOTE: On 26 January 2017, Sime Darby Berhad ("Company") announced that the Board of Directors of the Company has approved in-principle the proposed distribution and the subsequent 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 ("the Proposal"). The Proposal is progressing on schedule and is expected to be completed end of November 2017. Accordingly, the results of the Plantation and Property businesses have been classified as **Discontinuing Operations** and, upon completion of the Proposal, both Sime Darby Plantation Berhad and Sime Darby Property Berhad would be deconsolidated from the Sime Darby Berhad Group. Going forward, the Group's businesses would be Industrial, Motors, Logistics and Others (**Continuing Operations**).*

Sime Darby Q1 Consolidated Net Earnings increase 152 percent

Strong profits from the Plantation, Property and Industrial Divisions

Kuala Lumpur, 16 Nov 2017 – For the first quarter of its financial year ending 30 June 2018 (1Q FY2018), Sime Darby Berhad posted consolidated Net Earnings from both its Continuing and Discontinuing Operations of RM1,316 million. This is an increase of 152 percent compared to the previous corresponding period, the highest ever reported quarterly Net Earnings for the Sime Darby Group. The diversified multinational, which is undergoing one of the largest demergers in Malaysian corporate history, earned a Profit Before Tax of RM376 million from its Continuing Operations, an increase of 21 percent compared to 1Q FY2017.

"The Group, in our final quarterly report under the current structure, has performed well overall," Sime Darby's President and Group Chief Executive Tan Sri Dato' Seri Mohd Bakke Salleh said. "At the Plantation Division, higher fresh fruit bunch (FFB) production supported by higher crude palm oil (CPO) prices realised increased earnings while recognition of share of profits from the Battersea development project enhanced the Property Division's performance. We are also able to report on higher heavy equipment deliveries in Australia and China. The Group also recognised gains on disposal of properties and investments and reversal of depreciation and amortisation of Discontinuing Operations."

"This performance augurs well for the Divisions as we step into the final days leading up to the listings of the pure plays, embarking on a new journey to unlock value," Mohd Bakke added.

Sime Darby is expecting to list its Plantation and Property arms at the end of this month. The Group has obtained the relevant approvals from the authorities, namely the Securities Commission and Bursa Malaysia Securities Bhd, having ensured full compliance with the main market listing requirements. A circular to shareholders was released on 4 November 2017, giving notice for an Extraordinary General Meeting (EGM) to be held on 20 November 2017 and detailing the listing reference price range for Sime Darby Plantation and Sime Darby Property together with the corresponding market capitalisation.

1Q FY2018 versus 1Q FY2017 Year-on-Year (YoY) Comparison

Continuing Operations

The **Industrial Division** achieved a profit before interest and tax (PBIT) of RM247 million for the quarter under review, compared to the PBIT of RM51 million in the previous corresponding quarter. The almost five-fold PBIT increase was due in part to a gain on disposal of three properties in Australia of RM156 million, under a sale and leaseback arrangement. Excluding this gain, the Division's PBIT was 78 percent higher YoY on the back of higher equipment deliveries and product support sales to the construction and mining sectors in Australia and China. Australasia and China posted a 1Q FY2018 PBIT of RM51 million and RM25 million respectively, representing a YoY increase of 143 percent and 47 percent for the respective regions.

The **Motors Division** posted a PBIT of RM112 million in the current quarter compared to the RM130 million chalked up in 1Q FY2017. The 14 percent YoY decline was mainly due to the impairment of the distribution rights in Vietnam of RM61 million following the decision to exit the market. The quarter's earnings also include the gain from land compensation in China of RM41 million whilst 1Q FY2017 included the gain on disposal of property in Hong Kong(HK) of RM30 million. Excluding these items, the Division's PBIT was higher by 32 percent, driven by higher sales in China/HK, Malaysia and Singapore.

China/HK operations (excluding disposal gains) achieved a PBIT of RM46 million for the current quarter compared to RM26 million in the previous corresponding quarter, representing a 77 percent YoY increase. The luxury and super-luxury segments contributed towards the higher earnings in China/HK.

The Malaysia operation's PBIT of RM37 million, an 85 percent increase from the previous corresponding quarter, was due to higher assembly income from Inokom and stronger earnings from the mass-vehicle segment. Better sales from the luxury segment pushed Singapore operation's PBIT from RM26 million in 1Q FY2017 to RM30 million in the current quarter. Australia/New Zealand operations improved by 36 percent to RM30 million in the quarter under review due to improved contributions as a result of the cessation of the Peugeot and Citroen operations in Australia and the strong performance by the Trucks segment in New Zealand.

The **Logistics Division** recorded a PBIT of RM18 million in 1Q FY2018 against RM12 million in 1Q FY2017, representing a 50 percent YoY increase. This was mainly attributable to a

foreign exchange gain on a joint-venture loan, higher general cargo throughput at Weifang Port and higher water sales volume. Port throughput increased by 7 percent YoY to 8.2 million MT in the current quarter while container throughput of 59,553 twenty-foot equivalent units (TEUs) for 1Q FY2018 was 11 percent higher compared to the previous corresponding quarter.

Discontinuing Operations

The **Plantation Division** registered a PBIT of RM1,284 million for 1Q FY2018 compared with RM329 million in 1Q FY2017. The almost four-fold increase was due to a number of factors, namely, the gain on sale of land to Sime Darby Property, higher earnings from the Upstream operations, a one-off reversal of accruals and lower finance costs. Excluding the disposal gain of RM676 million and one-off reversal of accruals of RM95 million, the Division's PBIT was higher by 56 percent YoY. The Division's overall FFB production improved from 2.15 million MT in 1Q FY2017 to 2.70 million MT in 1Q FY2018 due to focused efforts on the ground to improve operational performance. Average CPO price realised was higher at RM2,693/MT in the current quarter, versus RM2,592/MT in the previous corresponding quarter.

Upstream operations posted higher earnings of RM1,208 million in the period under review compared to RM263 million in the previous corresponding quarter, arising from the recovery of FFB production from the effects of El Niño. Malaysia, Indonesia and Papua New Guinea registered higher FFB production of 23 percent YoY, 26 percent YoY and 27 percent YoY respectively for the current quarter. Liberia operations reported higher losses in 1Q FY2018 due to the increase in mature area which led to higher amortisation, as compared to the previous year.

Downstream operations registered a PBIT of RM70 million, lower by 5 percent compared to RM74 million in the previous corresponding period. This was mainly attributable to lower profits generated by the Division's refineries in Malaysia and Europe due to reduced sales volume as well as thinner margins due to higher feedstock costs. The lower performance was partially mitigated by the favourable showing of the Division's Indonesian refinery on the back of higher sales volume and increased margins.

For the period under review, the **Property Division** reported a PBIT of RM420 million compared with RM184 million in the first quarter of FY2017, representing more than a two-fold increase. The Division's performance includes the gains on disposal of its 40 percent equity stake in Seriemas Development Sdn Bhd of RM278 million and the disposal of Malaysia Land Development Company Berhad of RM41 million. The previous corresponding quarter's PBIT included a gain on disposal of Sime Darby Property (Alexandra) Pte Ltd of RM130 million. Excluding these gains, the Division's PBIT for 1Q FY2018 was RM101 million against RM54 million in 1Q FY2017, representing an 87 percent increase.

The Property Development segment registered a PBIT of RM115 million in the current period, excluding the disposal gain of RM278 million. The almost three-fold increase compared to the previous period was mainly due to the share of profits of RM87 million from the Battersea Power Station project development and higher contribution from the Elmina West and Elmina East townships, and a project on the Australian Gold Coast known as Serenity Cove.

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About Sime Darby Berhad

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 RM61 billion (USD15 billion) as at 15 November 2017.

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