



**Financial Year Ending 31 December 2020**  
**Results Announcement for the First**  
**Quarter Ended 31 March 2020 (1QFY2020)**  
**22 May 2020**

MEMBER OF  
**Dow Jones**  
**Sustainability Indices**  
In collaboration with  **SAM**  
a RobecoSAM brand



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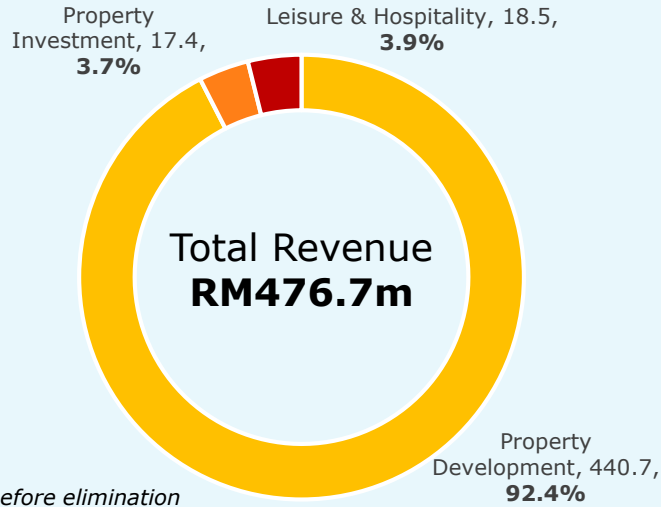
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# 1QFY2020 Highlights

## Segment Revenue



**92.4%**  
contribution to the Group  
revenue by the Property  
Development segment

**PATAMI**  
**RM14.2m**

Cash  
Position



**RM925.5**  
million

Gross  
Gearing  
Ratio



**35.2%**

Net  
Gearing  
Ratio

**25.7%**



**583** units launched, with a combined gross development value of **RM496.6million** with commendable take-up rate



**RM344.6 million** sales achieved



Total unbilled sales stood at **RM1.5 billion** as at 31 March 2020



# **Financial Performance for First Quarter of FY2020 (1QFY2020)**



# First Quarter Ended 31 December 2020 (1QFY2020)

<i>In RM mil</i>	1QFY2020 (Jan - Mar 2020)	1QFY2019 (Jan - Mar 2019)	YoY(%)
Revenue	476.7	575.1	(17.1)
(Loss)/Profit before interest and tax	(5.4)	278.0	(101.9)
Profit before tax	10.9	301.5	(96.4)
PATAMI	14.2	265.1	(94.7)
Basic EPS (sen)	0.2	3.9	(94.7)

## COMMENTARY

- ❖ **Property sales decreased to RM344.6m from RM403.1m**, due to lower sales of completed and on-going projects
- ❖ Property Development segment result declined:
  - Impacted by the **weak performance** of business units in **Negeri Sembilan and Johor and integrated townships**
  - Due to **low margin in land sales** of 1.3% or RM1.5m
  - Margin being impacted by **liquidated and ascertained damages RM10.4m** and **impairment / provision**
- ❖ **No development activities** in the 14 days in the current quarter within Movement Control Order (MCO) period
- ❖ Result further impacted by share of **joint venture losses** totalling RM11.5m
- ❖ Included in previous year's result was a gain on disposal of asset in Singapore of RM203.4m

# Core Financial Performance

## REVENUE

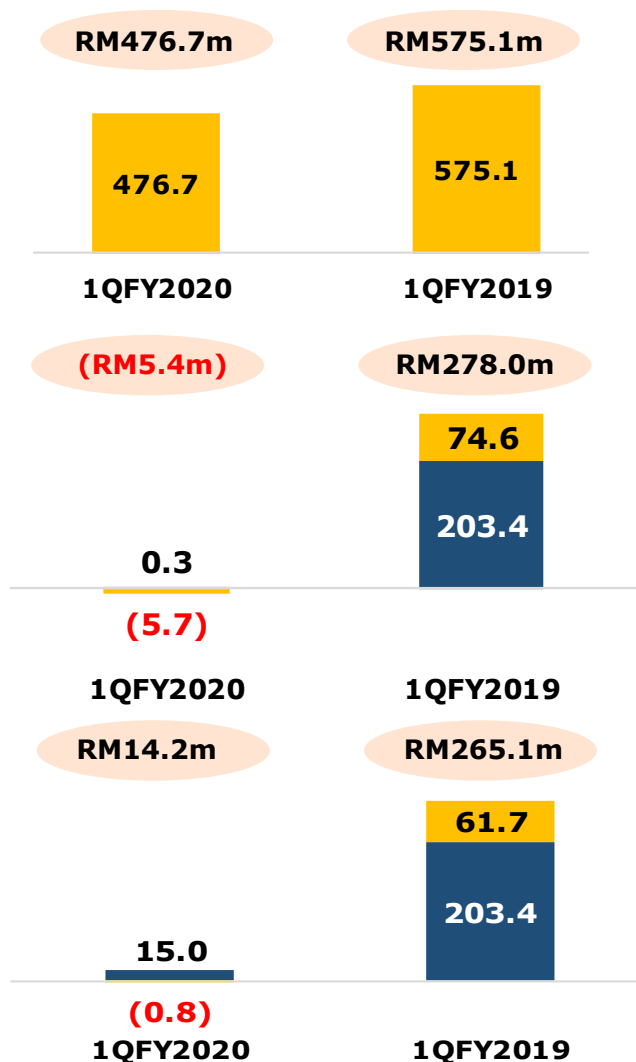
In RM mil	1QFY2020	1QFY2019		%
<b>Reported Revenue</b>	<b>476.7</b>	<b>575.1</b>	↓	<b>17.1</b>
Non-core land sales	-	-		
<b>Core Revenue</b>	<b>476.7</b>	<b>575.1</b>	↓	<b>17.1</b>

## PBIT / (LBIT)

In RM mil	1QFY2020	1QFY2019		%
<b>Reported PBIT/(LBIT)</b>	<b>(5.4)</b>	<b>278.0</b>	↓	<b>101.9</b>
One-off Items	0.3	203.4		
<b>Core (LBIT)/PBIT</b>	<b>(5.7)</b>	<b>74.6</b>	↓	<b>107.6</b>

## PATAMI

In RM mil	1QFY2020	1QFY2019		%
<b>Reported PATAMI</b>	<b>14.2</b>	<b>265.1</b>	↓	<b>94.7</b>
One-off Items	15.0	203.4		
<b>Core (LATAMI)/PATAMI</b>	<b>(0.8)</b>	<b>61.7</b>	↓	<b>101.4</b>



- The reported revenue of RM476.7m was solely core businesses including a core land sale in Gold Coast of RM118.7m
- The drop in the reported revenue was mainly caused by the lower sales and development activities of Property Development segment in which the segment accounted for 92.4% of the Company's total revenue

■ Non-core ■ Core



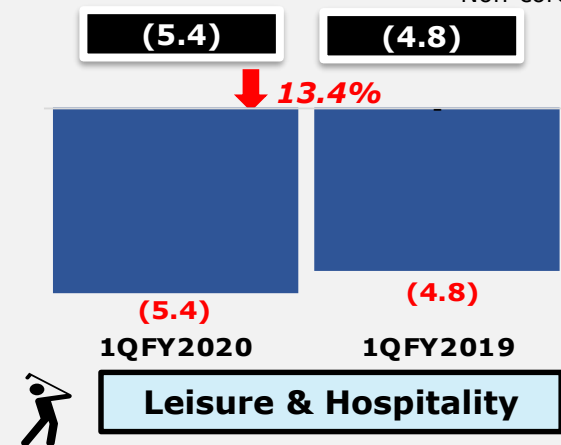
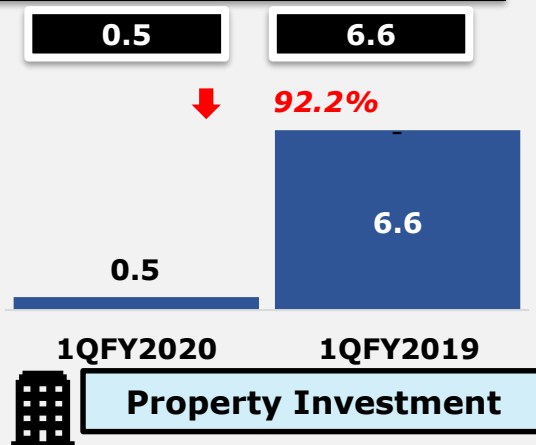
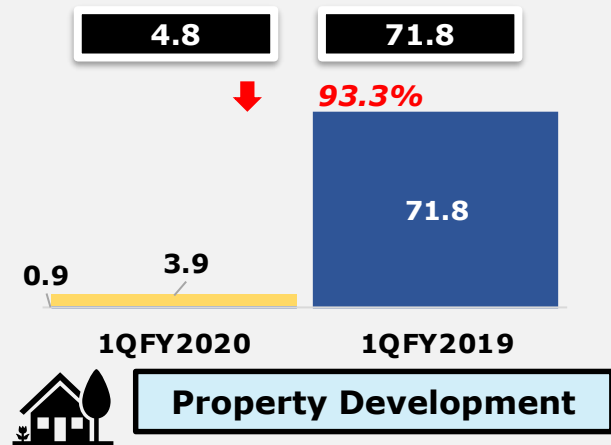


# Segment Results for 1QFY2020

In RM mil

## 1QFY2020 vs 1QFY2019

■ Core  
■ Non-core



- **Property sales decreased from the corresponding period in the previous year RM403.1m to current year RM344.6m, due to:**
  - Poor market sentiment and the expiry of Home Ownership Campaign (HOC)
  - Sales of completed / high staged progress projects KLGCC Resort, The Ridge, Cantara, Serini are below target
  - With the enforcement of the Movement Control Order (MCO), it has impacted the registration of new sales in the current quarter
- **Lower segment result:**
  - Impacted by the **weak performance** of business units in **Negeri Sembilan and Johor and integrated townships**
  - Due to low margin in land sales of 1.3% or RM1.5m
  - Margin being impacted by liquidated and ascertained damages of RM10.4m and impairment/provision

- Lower segment result:
  - **Higher operating loss of RM2.3m** registered by KL East Mall pre-opening expenditure
  - **Lower contribution from concession arrangement** of RM1.1m due to higher operation costs.
  - **Higher share of losses from Melawati Mall of RM0.7m and Sime Darby Property MIT Development Sdn Bhd of RM0.9m**

- Higher loss was mainly impacted by lower contribution from cancellation of events and functions following the pandemic and enforcement of Movement Control Order (MCO)
- Partially mitigated by the non-occurrence of operational overheads following the divestment of the loss-making overseas hospitality assets

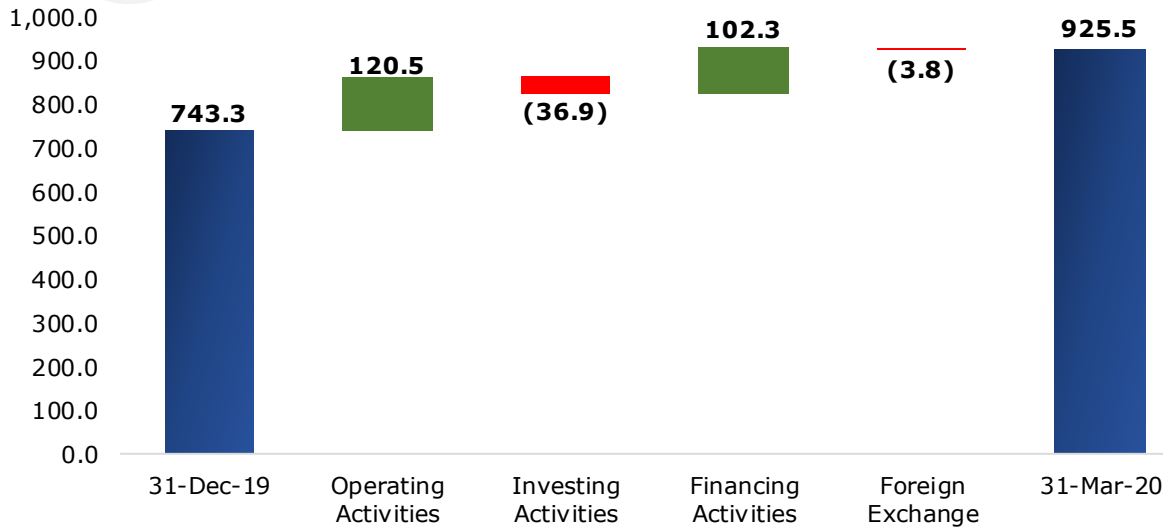


# Cash and Borrowings as at 31 March 2020



## Cash & Cash Equivalents

(In RM'm)

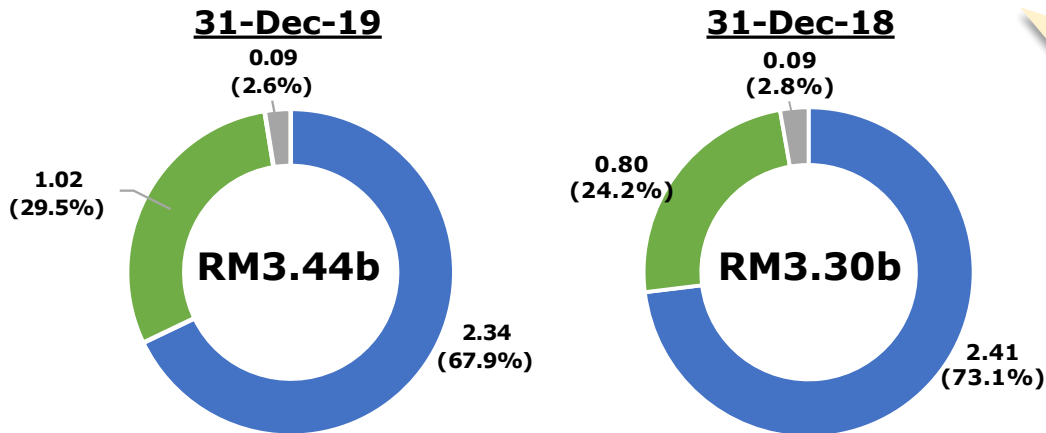


- **Higher net cash inflow from operating activities of RM120.5m** mainly due to progress billing from on going phases in Bandar Bukit Raja, Serenia City, City of Elmina, the Glades township and KL East, Taman Melawati
- **Net cash outflow from investing activities** mainly for equity injection to JVs for on-going projects
- **Net cash inflow in financing activities** shows net drawdown of revolving credits and term loan net of finance costs and lease liabilities



## Group Borrowings

(In RM bn)



### Gross D/E Ratio

**35.2%**

(31 Dec 19: 33.1%)

### Net D/E Ratio

**25.7%**

(31 Dec 19: 25.7%)

■ Long term borrowings ■ Short term borrowings ■ Lease liabilities



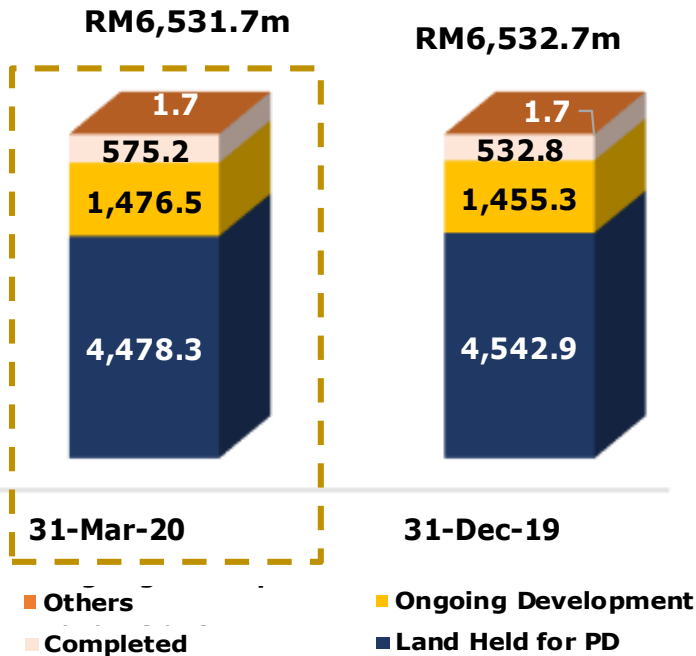


# Property Development Inventories

## Total Inventories

In RM mil

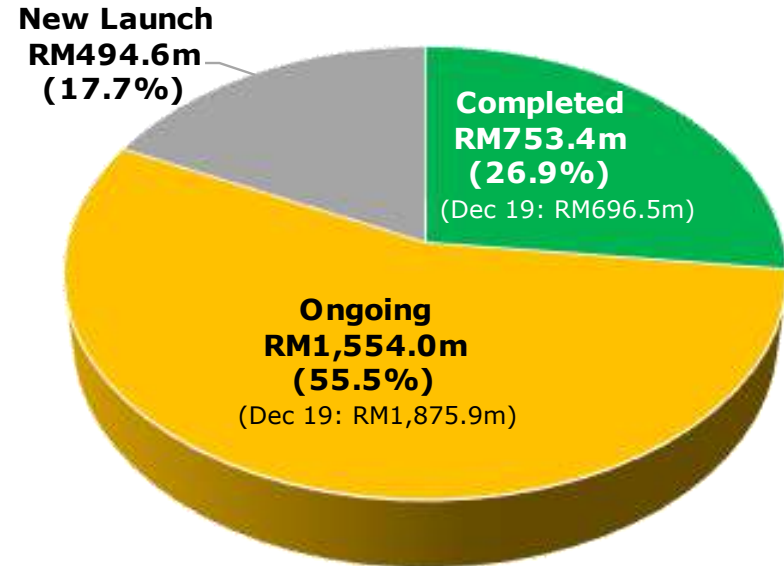
-0.01%



## GDV of Unsold Units

**GDV: RM2,802.0m**

Units: 3,072



- Land Held for Property Development decreased slightly by **RM64.6m** or **1.4%** when compared to 31 December 2019. This refers to sales launches at Elmina (Ilham and Temu) in Q1 are now classified under on-going inventories
- Completed and ongoing inventories **increased** by **RM63.6m** or **3.2% YoY** from 31 December 2019

- Value of **ongoing unsold units decreased** by **RM321.9m** from 31 December 2019

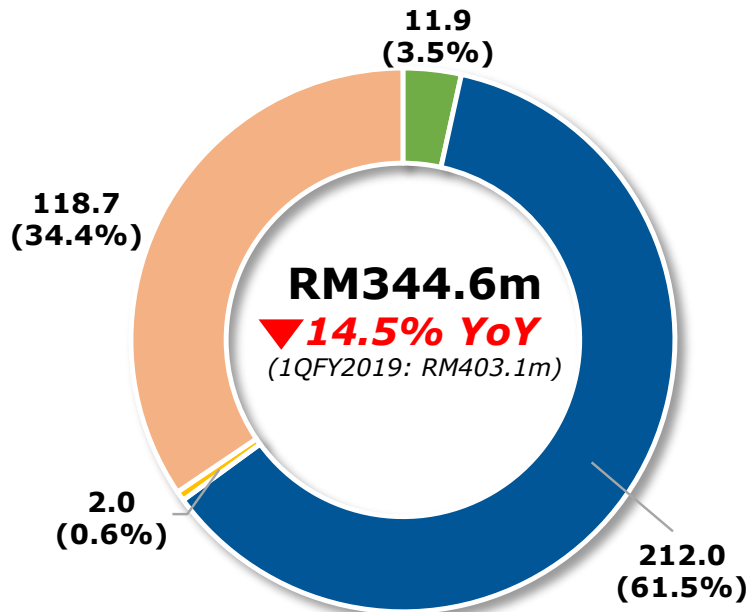
# **Operational Performance for 1QFY2020**



# Sales Achieved and Units Sold

## Sales Achieved

(In RM mil)



■ Completed units

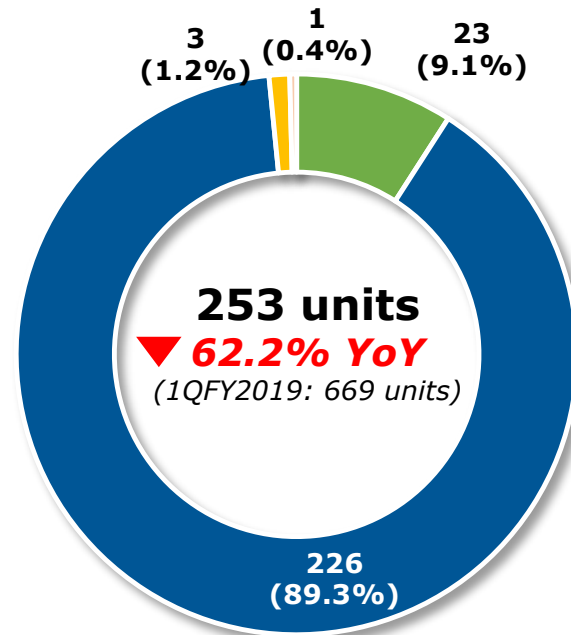
■ Ongoing

■ New Launch

■ Land Sales

## Units Sold

(In units)



- ❑ For **on-going projects**, **sales achieved** are mainly from Kota Elmina, City of Elmina and Bandar Bukit Raja townships
- ❑ **RM118.7m of sales achieved in 1QFY2020 is from a core land sale in Serenity Cove**
- ❑ Completed units sold in 1QFY2020 is **57.4% less than** the completed units sold in 1QFY2019
- ❑ **Total bookings of approximately RM900m** have been secured and we remain focused on converting it to sales



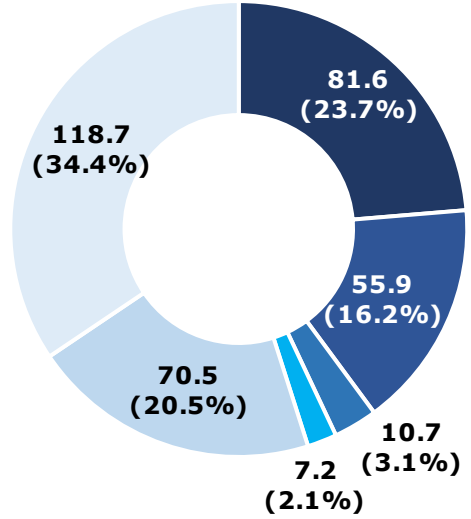
# Sales Achieved by Product Type and Location

YTD 31 March 2020

**Sales Achieved: RM344.6 million**

## By Product Type

In RM'm

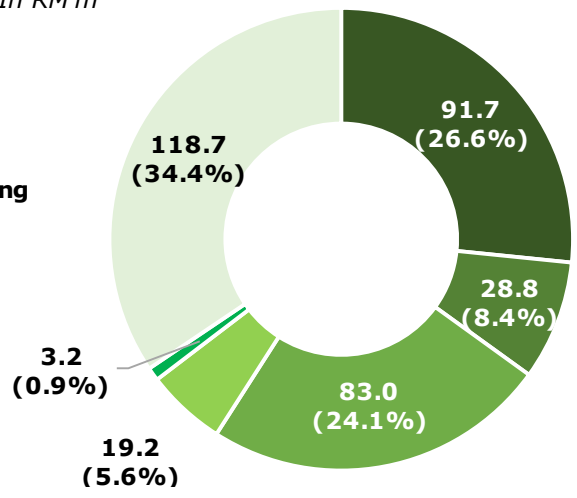


- Landed residential
- High rise residential
- Statutory
- Commercial (retail & office)
- Industrial
- Land Sales

## By Location

In RM'm

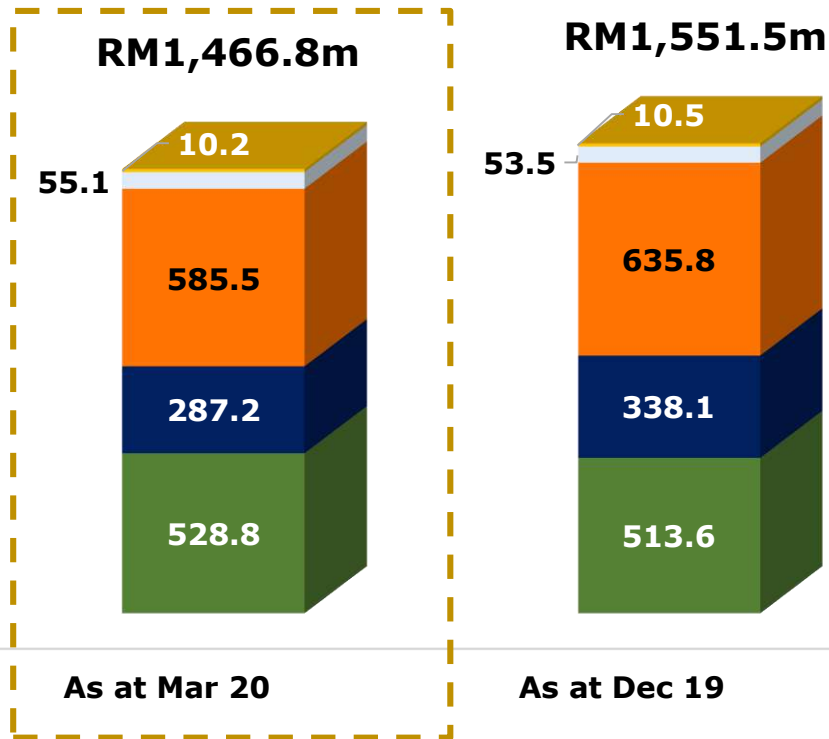
- Guthrie Corridor
- Klang
- Other areas in Klang Valley
- Negeri Sembilan
- Johor
- Overseas



# Unbilled Sales

As at 31 March 2020

↓ 5.5%



■ Guthrie Corridor  
■ Other areas in Klang Valley  
■ Johor

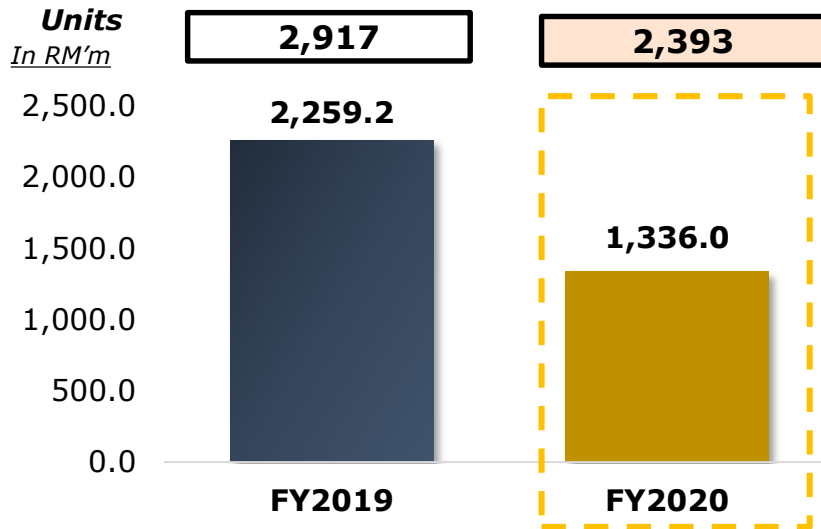
■ Klang  
■ Negeri Sembilan

- 69.1% of Unbilled sales was derived from township development, out of which 81.8% derived from **Sime Darby Property's flagship townships (Elmina West, Bandar Bukit Raja and Serenia City)**
- 91.4% of unbilled sales for integrated development comes mainly from **Lot 15 in SJCC, Senada in KLGCC and Harmoni 1 in Putra Heights**



# Launches in FY2019 and 1QFY2020

## GDV & Units of Launches in FY2019 & FY2020



### FY2019

- ✓ Launched **2,917 units** with **GDV of RM2,259.2m**

### 1QFY2020

- ✓ Launched **583 units** with **GDV of RM496.6m**

## 1QFY2020 Launches

### Elmina East (Ilham Residences) (Linked Homes)

No. of Units	: 513 units
Value	: RM370.6 million
Launch Date	: Feb – 2020
Take-up rate	: 78%



### Elmina East (Temu) (Shop/Office/Retail Space)

No. of Units	: 70 units
Value	: RM126.0million
Launch Date	: Mar – 2020
Take-up rate	: 64%

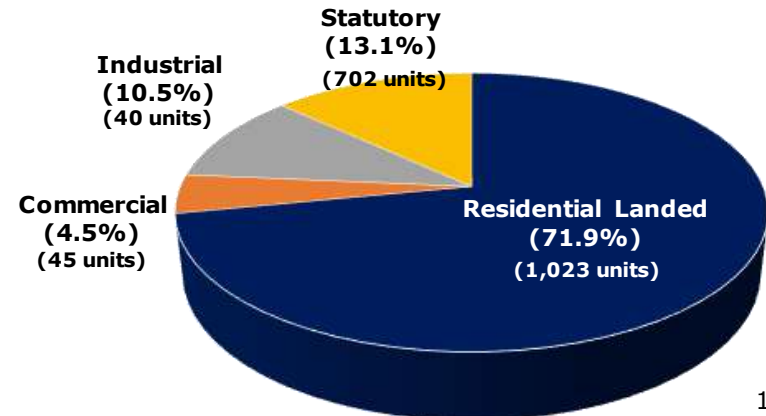


*Note: Take-up rate is based on the bookings + units sold as at 19 April 2020*

## Remaining Launches in FY2020

**Units : 1,810**

**GDV : ~RM900.0m**





# Strategy Moving Forward



# Property Market Overview

## PROPERTY MARKET LANDSCAPE – COVID-19 PANDEMIC IMPACT

With buyer sentiments running low, **residential** purchases and non-essential **retailing** will decrease. **Office** oversupply will continue and **Industrial** demand is expected to be stable

### KEY CONCERNS SURROUNDING PROPERTY MARKET

#### Disruption in econ. activities..

- Reduced global trade volume
- Rise in unemployment
- Hold back investment activity

#### ...weak buyer sentiments..

- Private consumption may contract
- Priority for households to spend on necessity items.

#### ...oversupply amplified

- Weakening consumption amidst the prevailing overhang situation
- Fear of oil and gas industry downturn may impact the office sector

## COVID-19 PANDEMIC IMPACT ON PROPERTY MARKET (1Q2020 - KLANG VALLEY)



### RESIDENTIAL

Significant **reduction in launches** and some reduced sales rate

- New launches for landed housing reduced by ~50% in 1Q20.
- Sales rate of monitored stocks reduced to 16% in 1Q20 (4Q19: 23%)

- **New launches** may be **deferred**.
- Developers to offer **discounted prices** (possible price war)
- **Higher density stratified** properties viewed **negatively**.



### OFFICE

**Oversupply continues** and expected to worsen although average occupancy remained resilient

- Increase in Net Lettable Area of 1.486 mil sf in 1Q20
- 11.988 mil sf expected to complete by end 2022
- Average occupancy remained at 74% (4Q19:74%)

- Rise in **remote working** arrangements - **demand** for more **flexible office space**



### RETAIL

Badly hit with **existing supply will increase** and occupancy decrease

- Existing supply of retail space increased to 80.37 mil sf (4Q19: 79.294 mil sf).
- Average occupancy rate decreased to 76.9% (4Q19: 77.2%)

- **E-commerce** – retailers are exploring offline sale
- Move toward **flexible omni-channel retail model** and sustainable fulfilment



### INDUSTRIAL

**Stable long term demand** for industrial products rise in e-commerce

- **Temporary slowdown** due to disruption in global trade and supply chain
- **Pharmaceuticals, medical supplies** and **equipment** poised to spark e-commerce and 3PLs and **warehousing**

- Stable demand for **e-commerce** and **logistics real estate**

# WHERE WE ARE AND MOVING FORWARD.... COVID-19 PANDEMIC

SDP has assessed the impact of the pandemic and identified initiatives to reduce the impact

1

## Immediate priorities due to COVID-19

### Financial Impact

**Assessment:** Identified essential critical expenses for next few months, prudent working capital management



completed

### Scenario Planning :

Determine impact on profit & loss and cashflow position for FY2020 post COVID-19



completed



**Identify Impact** of COVID 19 on SDP projects and supply chain

ongoing

2

## Adapting to changes post-MCO

### New ways of working:

Resumptions of work at corporate office, restarted operations at project site and sales gallery while ensuring well-being of our people



completed



ongoing

### Executing initiatives ensuing from scenario planning to improve financials

3

## Revisit strategy & re-define priorities for the Organisation



ongoing

### Strategy Blueprint review:

Re-define priorities of the Organisation post COVID-19 operating environment

### Revenue Initiatives:

- Continued focus on **sales via digital channels during MCO period**
- Focus to convert bookings into sales;** lock in SPAs following conditional MCO in effect from 4 May
- Reopening sales galleries** from 13 May onwards

### Cost Management Initiatives:

- Ongoing efforts by **Cost Management Taskforce** to review projects
- Review and defer non-critical spends**
- Ongoing efforts to **optimize corporate overheads**

### Cashflow Initiatives:

- Working capital management.;** focus on conversions & collections and inventory reduction
- Review upcoming development launches** and minimise cash outflow
- Explore new sources of funding** with falling interest rates

# THANK YOU

## SIME DARBY PROPERTY INVESTOR RELATIONS

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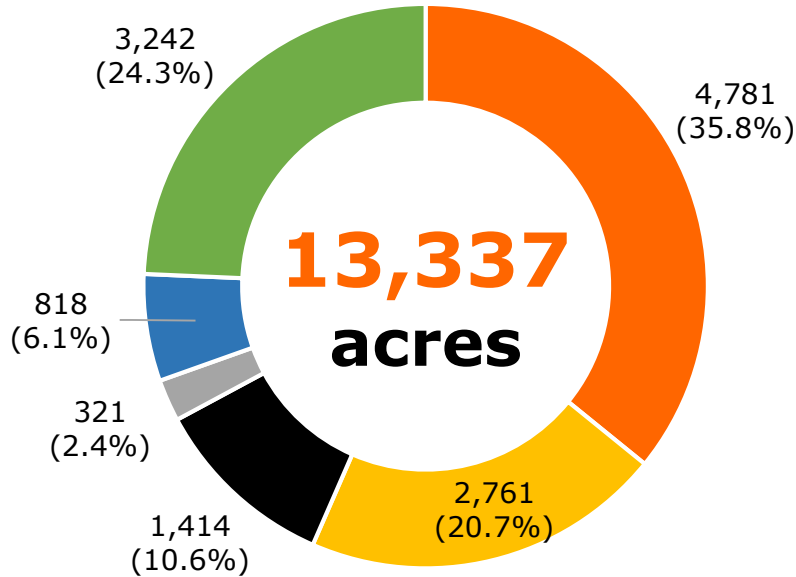
# APPENDIX



# Sustainable Growth with Remaining Developable Period of 25 to 30 years

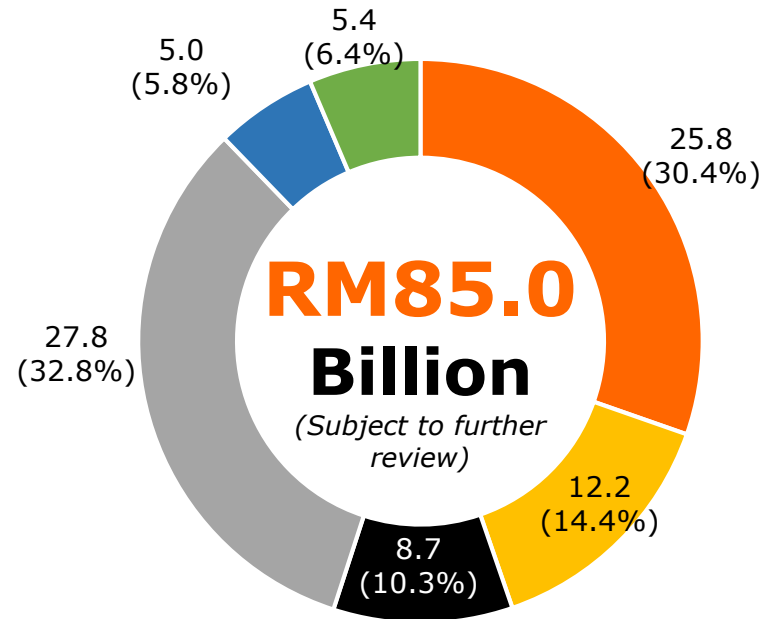
As at 31 March 2020

## By Remaining Developable Land



■ Guthrie Corridor 
 ■ Klang 
 ■ Serenia City 
 ■ Other areas in Klang Valley 
 ■ Negeri Sembilan 
 ■ Johor

## By Remaining Gross Development Value (GDV)



❖ Remaining developable **area for future developments** i.e MVV, Planters' Haven West, Lagong and others amount to **6,584 acres**

### Notes:

#### Township categorisation:

- Guthrie Corridor: Elmina West, Elmina East, Denai Alam & Bukit Subang, Bukit Jelutong and Kota Elmina
- Negeri Sembilan: Nilai, Bandar Ainsdale, Planters' Haven & Chemara
- Johor: Bandar Universiti Pagoh and Taman Pasir Putih
- Other Areas in Klang Valley: Ara Damansara, KLGCC Resort, Putra Heights, KL East, USJ Heights, Taman Melawati, Saujana Impian, SJCC and SJ7

