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Sime Darby Property Q2 net profit increased to RM205.3 million

Ara Damansara, 28 August 2019 – An improved performance from the property development segment has boosted Sime Darby Property Berhad’s net profit by more than fourfold to RM205.3 million for the second quarter period ended 30 June 2019.

The positive showing was also supported by lower losses in its Leisure and Hospitality segment and the disposal of land in Selarong, Kedah, for RM81.1 million as part of its non-core asset monetisation plan.

The better performance was achieved on the back of RM865.9 million in revenue for the second quarter period, a 40 percent increase from a year ago.

“We are seeing healthy demand for our products especially landed homes at the right price points. There continues to be underlying demand for properties in strategic locations and this is well supported by the government’s Home Ownership Campaign,” said Acting Group Chief Executive Officer Dato’ Wan Hashimi AlBakri Wan Amin Jaffri.

Sime Darby Property recorded RM1.4 billion in sales, following the Group’s commitment to reduce inventories from completed and ongoing developments. The sales achievement was also supported by two marketing campaigns, namely Primetime 8 and Pop Raya, which ran for 14 weeks from March this year.



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	YOY	2QFY2019	YOY	1HFY2019
	%	RM'mn	%	RM'mn
Revenue	40	865.9	22	1,441.0
Operating Profit	265	189.6	174	259.7
PBT	143	179.5	312	480.9
PATAMI	341	205.3	486	470.3

- Improved operating profits due to higher sales and development activities contributed by Bandar Bukit Raja, Bukit Jelutong, City of Elmina and Nilai Impian.
- Other gains in the First Half of FY2019 (1HFY19) included the gain on disposal of investment properties in Singapore totalling RM208.8 million from Darby Park Executive Suites and Orion Apartment of RM203.4 million and RM5.4 million, respectively whilst prior year result included the gain on disposal of properties in United Kingdom of RM9.4 million.
- The Group achieved Sales of RM1.4 billion in 1HFY19, an increase of 20.3 percent year-on-year.
- Total unbilled sales was RM1.5 billion, an improvement of 3.6 percent year-on-year.
- In the first six months of FY2019, the Group launched a total of 2,082 units with a combined GDV of RM1.2 billion, mainly in City of Elmina and Bandar Bukit Raja in Selangor, KL East in Kuala Lumpur and Bandar Universiti Pagoh in Johor.

First six-month period review

The Property Development segment's profit contribution jumped by 410 percent to RM248.6 million for the first six months. Excluding one off items such as the Kedah land disposal, the segment's profit was driven by higher sales and development activities in Bandar Bukit Raja, Bukit Jelutong, City of Elmina, Nilai Impian and Cantara Residences in Ara Damansara, partially offset by lower contributions from Bandar Universiti Pagoh township.

The Group's share of losses from joint ventures and associates halved to RM12.0 million from RM25.2 million in the corresponding period a year ago. The improvement was mainly due to lower share of losses from the Battersea and Sime Darby Sunrise joint ventures. The higher loss in the previous year was mainly due to the Group's share of RM12.0 million impairment losses in Sime Darby Sunrise.

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The Property Investment segment registered a lower profit of RM8.4 million compared with RM37.3 million in the same period last year, which included RM29.6 million contribution from the supply of teaching equipment under the concession arrangement.

The Group continues to benefit from the improvement of Melawati Mall as its share of results in the joint venture recorded a profit of RM1.5 million from a loss of RM0.1 million a year ago. The mall had a higher occupancy rate of 86 percent as at 30 June 2019 compared with 79 percent in the same period last year.

The Leisure and hospitality segment recorded a lower loss of RM8.6 million as against RM13.4 million in the corresponding period before. This was mainly due to higher revenue recorded by TPC Kuala Lumpur.

Outlook for the rest of FY2019

Moving forward, the Group's future prospects are underpinned by its continuous commitment to grow core profit, reduce inventories, and maintain its sales momentum amidst a challenging business environment for the property market.

The Group targets to launch new properties from the Affordable Collection (below RM500,000 per unit) and mid-range priced products (RM500,000 to RM800,000 per unit) via the ongoing Spotlight 8 Campaign which runs for 12 consecutive weeks from 13 July 2019 to 28 September 2019, where the underlying demand for properties in strategic locations and at the right pricing points remains strong.

The Group is committed to its SHIFT20 transformation plan to expand into the key growth sector of industrial and logistics development to increase its profit and recurring income base in the future. This will focus on build-to-suit and lease assets as well as managed industrial parks in City of Elmina, Bandar Bukit Raja, Serenia City, Malaysia Vision Valley 2.0 and Kota Elmina.

"We are committed to reduce our inventories, particularly the completed unsold products through active sales promotions such as the Spotlight 8 Campaign. We are also continuing efforts to expand into the key growth sector of managed industrial and logistic parks in Bandar Bukit Raja, City of Elmina, Serenia City and Malaysia Vision Valley 2.0 in order to grow recurring income," said Wan Hashimi.

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Barring unforeseen circumstances, the Group expects the results for the financial year ending 31 December 2019 to be satisfactory.

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About Sime Darby Property Berhad

Sime Darby Property is Malaysia's largest property developer in terms of land bank with 20,067 acres of remaining developable land, equivalent to Gross Development Value of RM87.4 billion. On the back of a successful 46-year track record of developing sustainable communities, Sime Darby Property has to date built 23 active townships/developments with a global reach that encompasses assets and operations across the Asia Pacific region and the United Kingdom. In the UK, as part of a Malaysian consortium, Sime Darby Property is the developer of the iconic Battersea Power Station project in central London.

Sime Darby Property is a multiple award-winning property group with numerous local and international accolades. It is the first Malaysian property developer to be awarded the International FIABCI Prix d'Excellence Awards twice for its Subang Jaya and UEP Subang Jaya townships. The company bagged its 9th consecutive Gold at the Putra Brand Awards 2018 and its 6th consecutive Top 10 Developers Awards at the BCI Asia 2015. Sime Darby Property has also been recognised as among the top developers in Malaysia in the annual The Edge Top Property Developers Awards, a recognition which the company consistently receives since 2009.

The company has a market capitalisation of RM5.4 billion as at 28 Aug 2019.

For more information, log on to www.simedarbyproperty.com

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