

# SIME DARBY PROPERTY BERHAD

4QFY2020 Quarterly Results Announcement and Briefing

26 February 2021



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# FY2020 Key Highlights

FY2020 sales achievement of ~RM2.0bn exceeded sales target by ~43%

## Financial Performance Snapshot

- **Revenue:** RM2,062.8m
  - **Reported LBIT:** RM509.9m
  - **Reported LATAMI:** RM478.8m
  - **PBIT excl. major one-offs:** RM110.4m
- Due mainly to share of losses from Battersea & other major impairments / provisions

## Financial Position as at 31 December 2020

Cash & Cash Equivalent  
**RM801.8m**

Cashflow from Operations  
**RM410.4m**


Gross Gearing  
**36.7%**


Net Gearing  
**28.1%**


## Operational Highlights as at 31 December 2020


Effective stimulus measures + successful marketing campaigns = **Exceeded Sales Target**


Revenue visibility for the next 2 years

 YTD launches of **1,668 units** with **RM1.5b** in GDV

 New Launches in FY20 garnered an **average take up rate of 88%** as at 14 Feb 2021

 Unbilled sales remained stable at **RM1.58bn**

 Achieved **~RM2.0bn sales (+43% YoY)** with **2,258 units sold** mainly from residential landed of new launches in townships

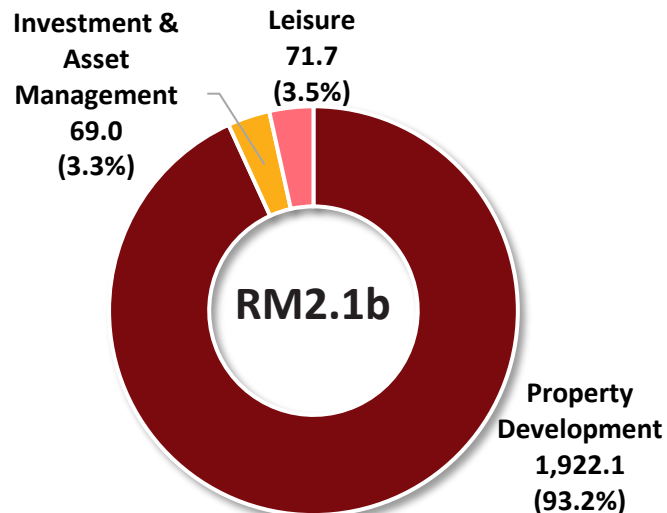
 Total bookings as at **14 Feb 2021** of **RM0.8b**



**Completed 18 projects** and **delivered 3,725 units** of properties

### Segment Revenue

RM mil



# Financial Performance for:

Fourth Quarter & Twelve Months of FY2020 (4QFY2020 & FY2020)

# Profit & Loss Performance

Full year performance was disrupted by the pandemic; Improved QoQ bottom line driven by higher PD revenue and lower share of joint venture losses



Property

RM mil	4QFY20	4QFY19	YoY%	3QFY20	QoQ%
Revenue	705.2	888.9	(20.7)	592.6	19.0
Gross Profit	154.1	208.0	(25.9)	90.8	69.8
Profit before Interest & Tax excl. one-offs	40.1	120.7	(66.7)	94.2	(57.4)
(Loss) / Profit before Interest & Tax	(53.3)	120.6	(144.1)	(342.3)	84.4
(Loss)/ Profit before Tax	(35.0)	143.6	(124.4)	(322.4)	89.1
(LATAMI)/ PATAMI	(55.9)	103.0	(154.3)	(355.3)	84.3
Basic (Loss)/ Earnings Per Share (sen)	(0.8)	1.5	(154.3)	(5.2)	84.3

4QFY20 vs 4QFY19 (YoY) and 3QFY20 (QoQ)	
<b>YoY</b>	<ul style="list-style-type: none"> <li>• Lower revenue and loss in 4QFY20 as performance were impacted by the pandemic and weak market sentiment</li> <li>• Excl. impairments, write-offs/write-downs and provisions (“one-offs”), PBIT for 4QFY20 recorded RM40.1m (-66.7% YoY) due mainly to higher share of joint-venture loss</li> </ul>
<b>QoQ</b>	<ul style="list-style-type: none"> <li>• Improved revenue mainly contributed by Property Development (+21.2%) and Investment &amp; Asset Management (+20.6%)</li> <li>• Excl. one-offs, lower PBIT (-57.4% QoQ) was recorded due mainly to higher share of losses from JV in the current quarter</li> </ul>

RM mil	YTD FY20	YTD FY19	YoY%
Revenue	2,062.8	3,180.0	(35.1)
Gross Profit	289.8	792.3	(63.4)
Profit before Interest & Tax excl. one-offs	110.4	450.6	(75.5)
(Loss) / Profit before Interest & Tax	(509.9)	567.3	(189.9)
(Loss)/ Profit before Tax	(444.7)	665.7	(166.8)
(LATAMI)/ PATAMI	(478.8)	598.5	(180.0)
Basic (Loss)/ Earnings Per Share (sen)	(7.0)	8.8	(180.0)

YTD FY2020 vs YTD FY2019 (YoY)	
•	Revenue declined in FY20 as businesses were disrupted by Covid-19 pandemic
•	Excluding share of losses from Battersea & other one-offs, PBIT for FY20 recorded RM110.4m (-75.5% YoY)
•	Higher finance cost charged out to the income statement rather than being capitalised during MCO period
•	FY2019 performance was enhanced by gains on the disposal of properties (RM245.5m) and land sales (RM138.2m)

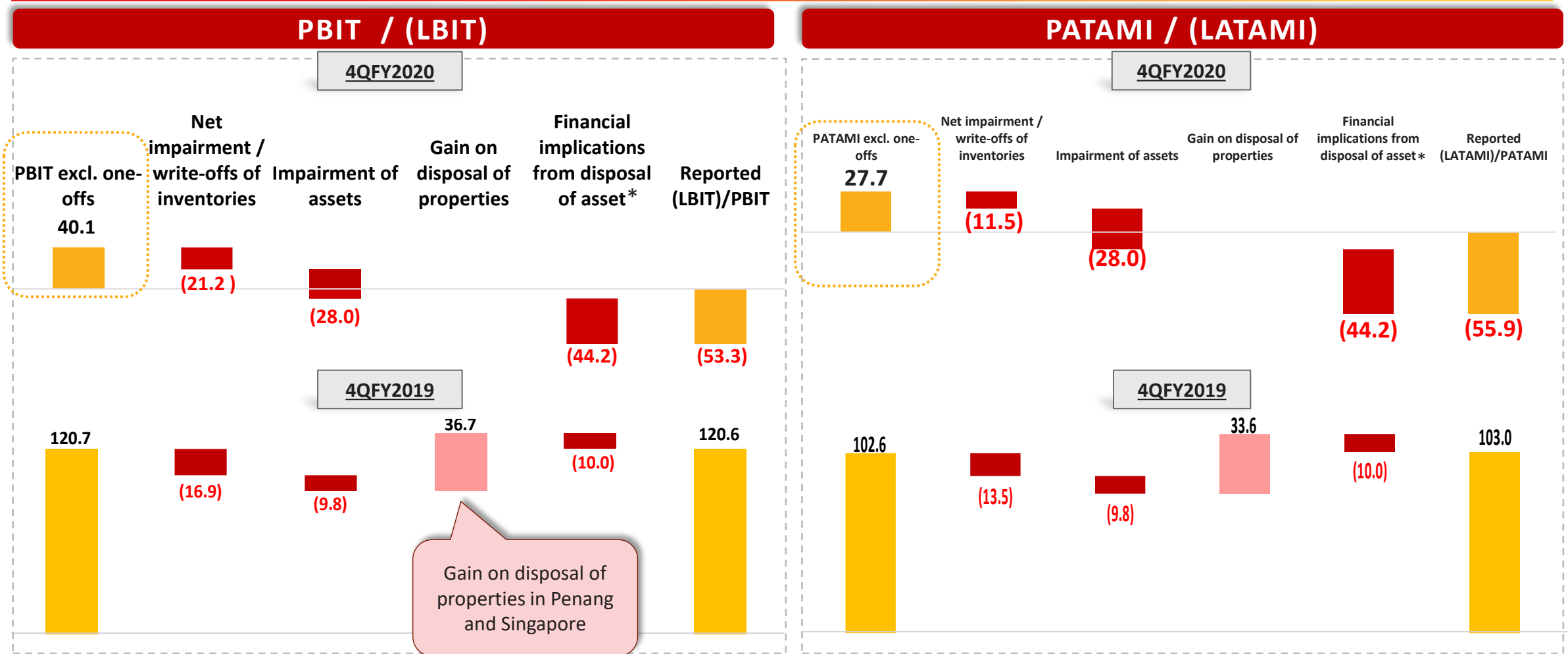
With effective 1 January 2021, once a phase is launched, no further interest is to be capitalized into the property development cost but charged to P&L. SD Prop and all property companies are expected to be impacted by this new accounting treatment.

# Results in 4QFY2020 by excluding one-offs

PBIT and PATAMI excluding one-offs declined by 67% and 73% YoY



Property



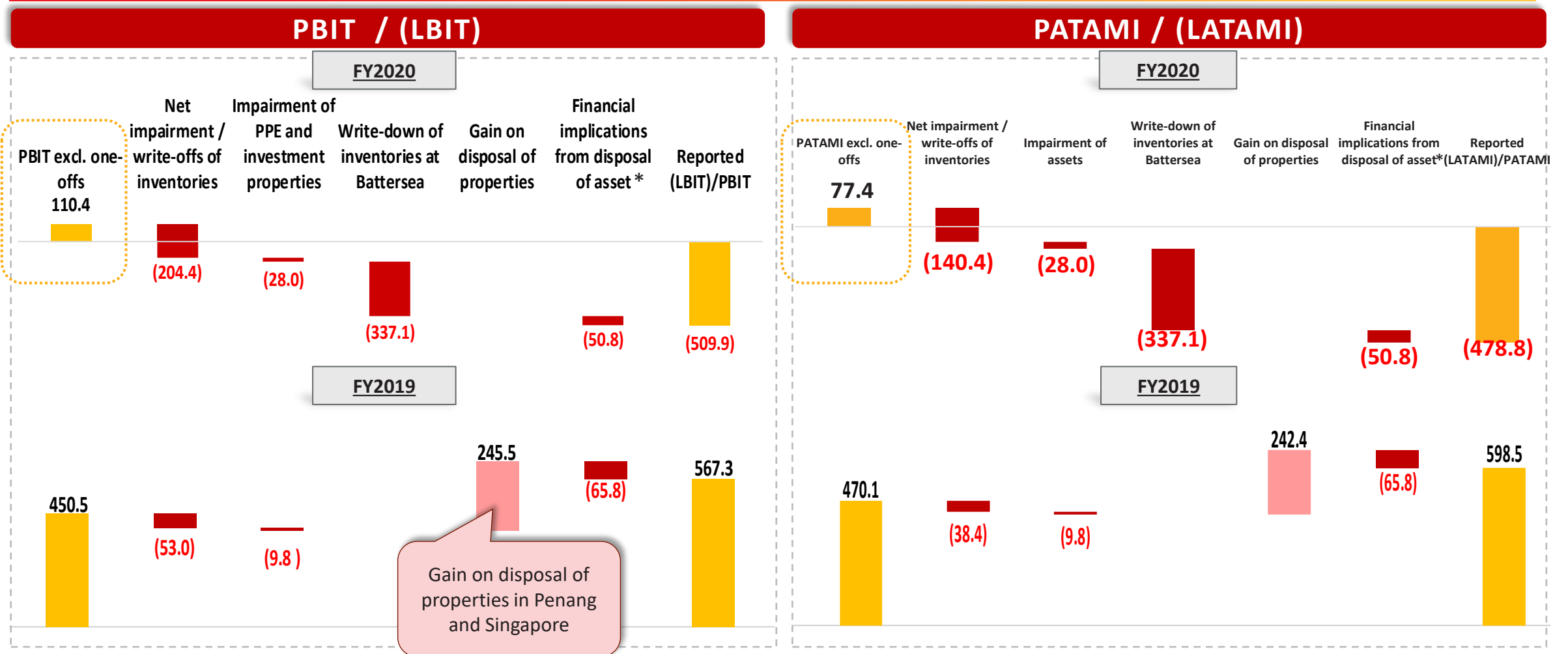
\* Downward adjustment to variable consideration in respect of property disposal in prior year

# Results in FY2020 by excluding one-offs

YTD PBIT and PATAMI declined by 75% and 84% YoY



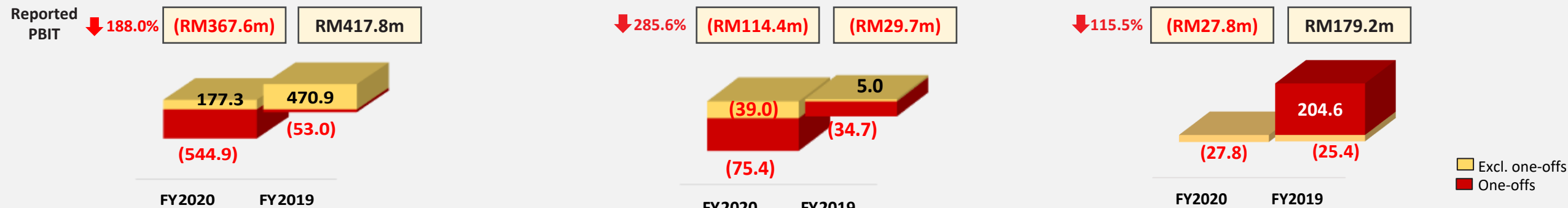
Property



\* Downward adjustment to variable consideration in respect of property disposal in prior year

# Segmental PBIT/ (LBIT) Analysis for FY2020

By excl. one-offs, Property Development remained profitable



## Property Development

- 4QFY20 and full year revenue declined by 19.8% and 36% respectively from the corresponding period last year as performance was impacted by various MCO phases that affected sales and development activities
- FY20 LBIT was registered mainly due to:
  - Higher share of losses from Battersea amounting to RM395.4m (FY19: RM29.1m)
  - Write-down of inventories /write-off of development expenditure totalling RM204.4m (FY19: RM53.0m)
  - Net impairment of assets of RM3.4m (FY19: nil)
- FY19 was also enhanced by land sale gains (RM138.2m)



## Investment & Asset Management

- 4QFY20 and full year revenue declined by 40.5% and 21.9% respectively from the corresponding period last year mainly dragged by the lower revenue from concession business despite higher revenue collected from KL East Mall
- FY20 LBIT was impacted by:
  - Higher pre-opening expense for KL East Mall of RM21.4m (FY19: RM8.8m)
  - Higher share of JV losses from depreciation adjustments and higher rental rebates provided
  - Net impairment of asset of RM24.6m (FY19: nil)
- FY19 included gains on disposal of properties of RM31.1m



## Leisure

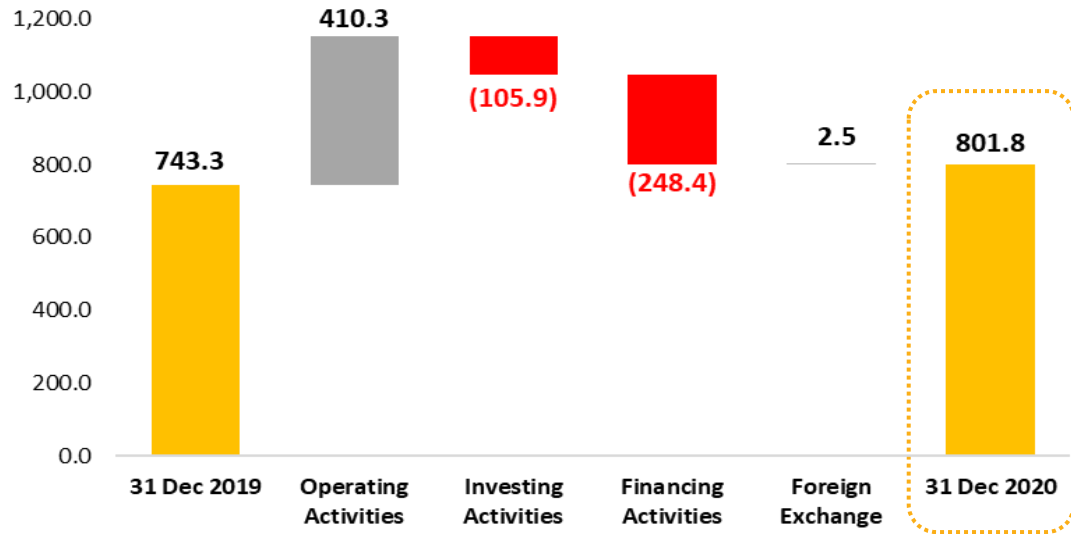
- 4QFY20 and full year revenue declined by 21.6% and 20.9% respectively from the corresponding period last year due to implementation of MCO that caused temporary closure of businesses
- FY19 included gains on disposal of properties of RM214.4m



# Cash and Borrowings as at 31 December 2020

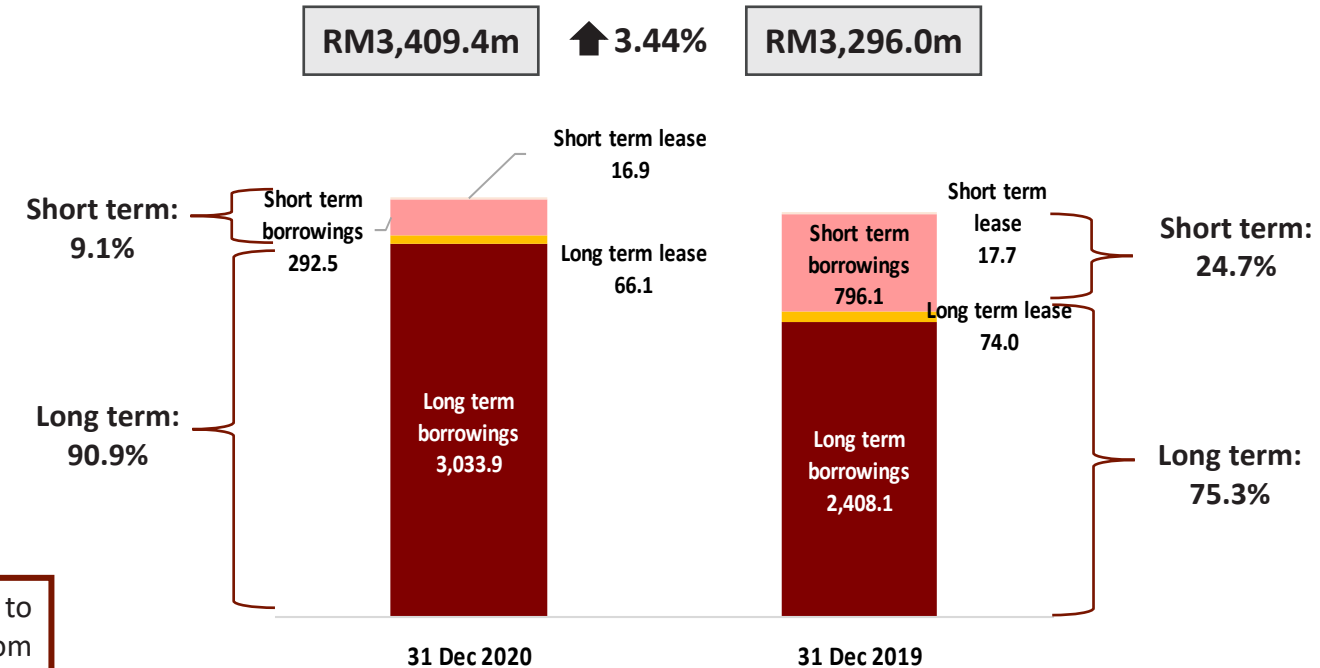
Healthy cash balances on the back of positive operating cashflow, with moderate gearing level

## Cash & Cash Equivalents (RM mil)



- **Positive net cash inflow from operating activities of RM410.3m** due mainly to additional collection received from HOVP of completed projects and proceed from industrial land sales
- **Net cash outflow from investing activities** mainly equity injection into JV companies and shareholder advances
- **Net cash outflow in financing activities** mainly includes dividend payment and finance cost paid as well as repayment of lease liabilities, acquisition of NCI and net drawdown from borrowings

## Group Borrowings (RM mil)



Gross Gearing Ratio  
(31 Dec 2020)

**36.7%**

Net Gearing Ratio  
(31 Dec 2020)

**28.1%**

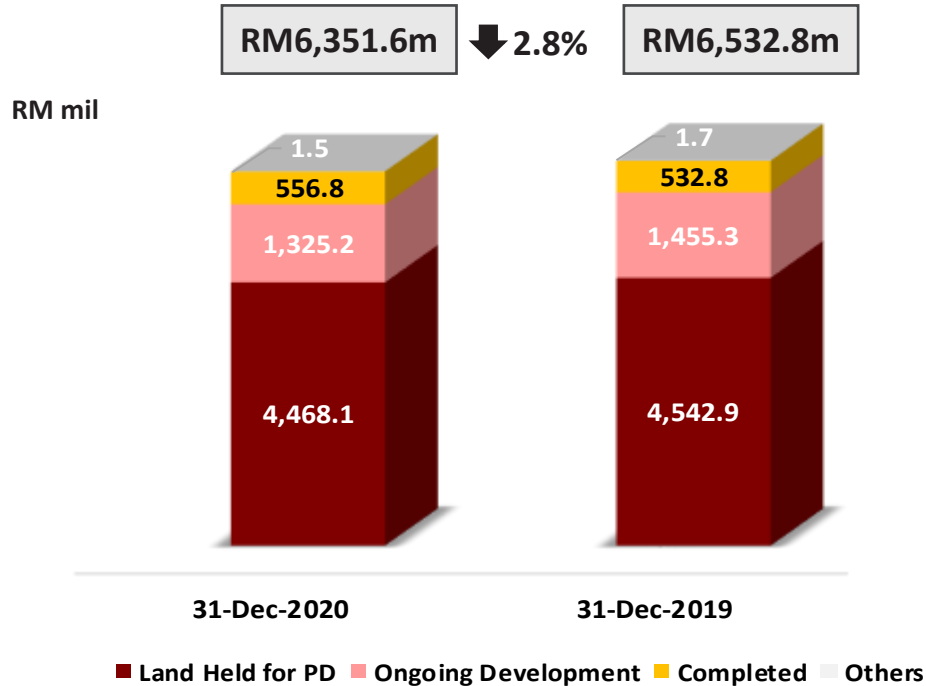
# Property Development Inventories

Completed and ongoing inventories is at manageable level



Property

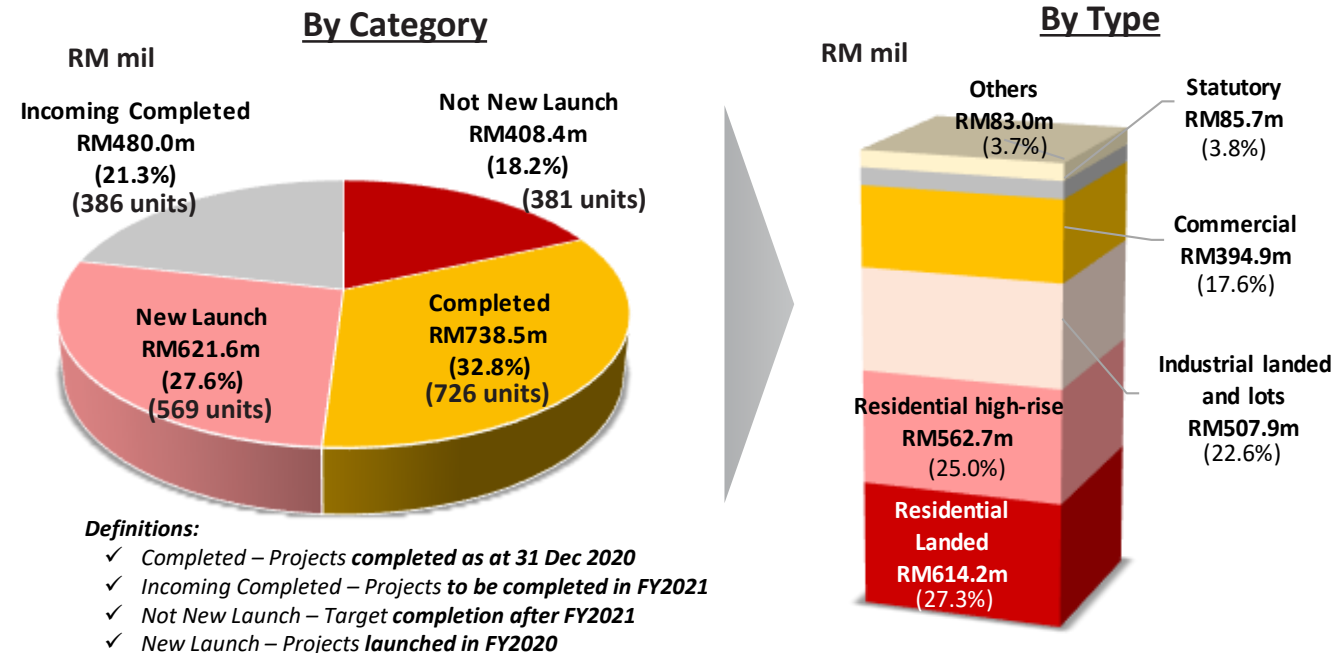
## Total Inventories



Completed inventories increased by 4.5% due to the completion of the ongoing developments in FY2020, mainly from The Ridge in KL East and industrial lots in Elmina East as well commercial units in Ara Damansara

## GDV of Unsold Units: RM2,248.4m

Unsold units: 2,062 units



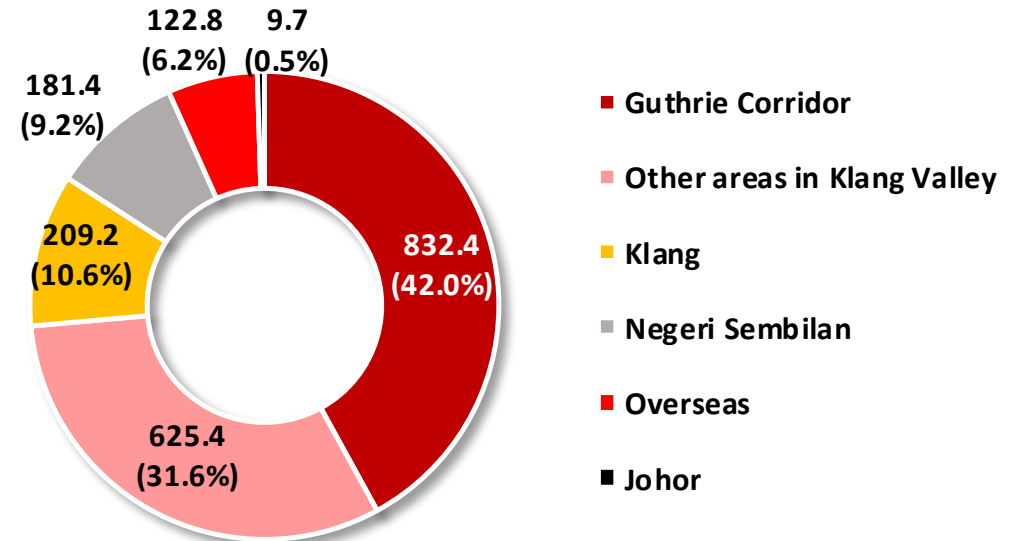
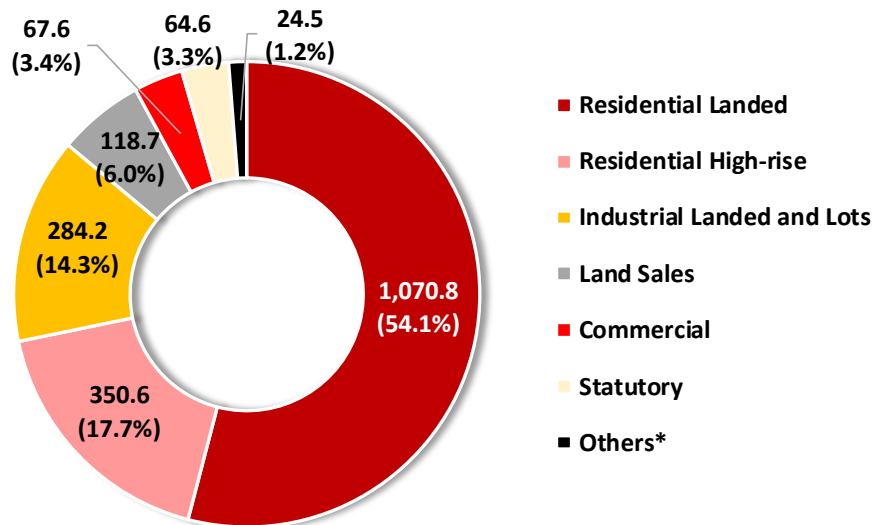
- **Completed (33%);** mainly from industrial lots in Elmina East, East Residence in KLGCC and high rise units in Taman Melawati and KL East
- **New Launch (28%);** mainly from industrial landed products in Elmina Business Park and Hevea in Elmina East which was launched in 29 December 2020

- Mainly residential products at ~52%
- Industrial & commercial products constituted ~40%

# Operational Performance for FY2020

# Sales Achieved by Product Type and Location

Sales achieved in FY2020 mainly contributed by residential landed product in Klang Valley



\* Others represent carparks, SPA price variation, infra work, lots as well as compulsory acquisition lands

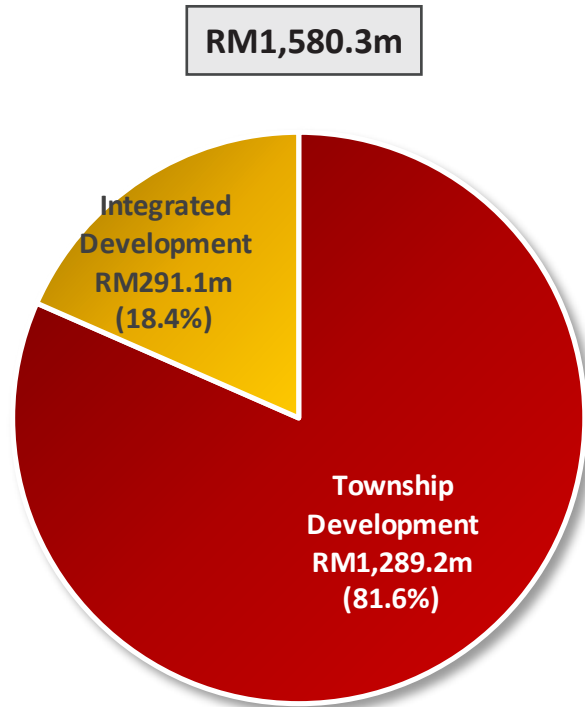
- **Residential Landed (54%):** 67% was derived from **New Launches**, mainly **Ilham Residences in Elmina East** and **Elmina Green in Elmina West**
- **Residential high-rise (18%):** 50% was attributable to sales achieved mainly from **Aurora in SJCC**, **The Ridge in KL East** and **Cantara Residences in Ara Damansara**
- **Industrial (14%):** mainly contributed by sales in XME Business Park, Nilai Impian and industrial lots in Elmina Business Park

- **Negeri Sembilan recorded highest sales increase in full year (+83.4%)** from 9MFY20 followed by **other areas in Klang Valley (+79.3%)**, underpinned by sales in Q4FY20 (RM82.5m and RM276.6m, respectively)
- Total sales achieved in **Klang Valley stood at RM1,667.1m (84.2%)** of total sales:
  - ✓ **Guthrie Corridor (42.0%):** 74.4% was derived from **Elmina West and Elmina East**
  - ✓ **Other areas in Klang Valley (31.6%):** 76.3% was derived from **Integrated Development** while 23.7% came from **Township Development** (particularly Serenia City)
  - ✓ **Klang (10.6%):** 88.5% was derived from **BBR 2 & 3**

# Unbilled Sales as at 31 December 2020

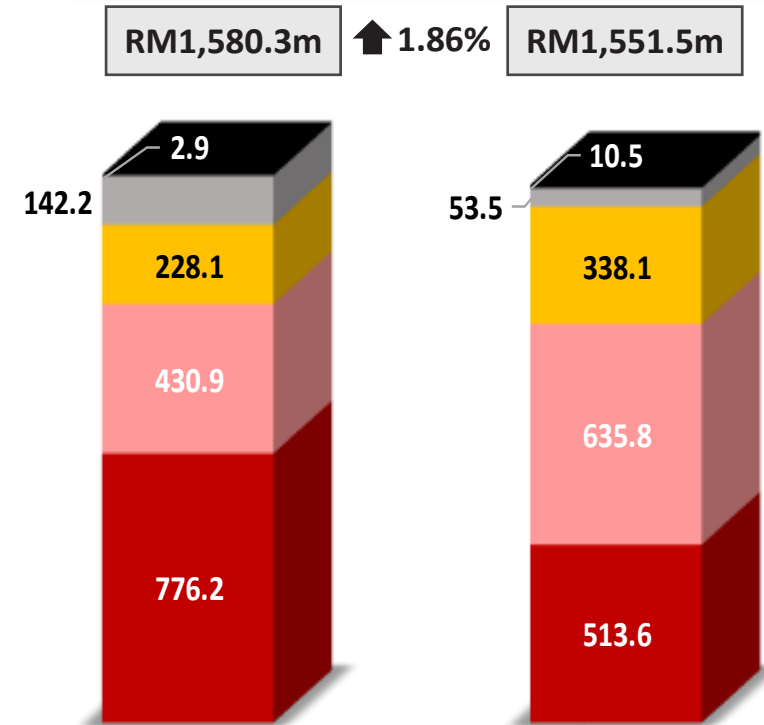
Stable unbilled sales with revenue visibility for the next 2 years

## By PD Development Type



- Unbilled sales level as at 31 Dec 2020 at **RM1.58b** (31 Dec 2019: RM1.55b)
- ~80% of unbilled sales will be recognised by FY2021

## By Location



As at 31 Dec 20

As at 31 Dec 19

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

# Launches in FY2020

Commendable average take-up rate of 88%\* for new launches



Property

## Historical and Future Launches

**FY2019**

**RM2.3bil**  
2,917 units

**FY2020**

**RM1.5bil**  
1,668 units

**GDV launched:**  
-33.3% YoY

**Target FY2021**

**~RM2.5bil**  
4,000 – 4,500 units

**GDV to launch:**  
~+67.0% YoY

## Launched 1,668 units worth RM1,506m GDV

### Year to Date Project Launches

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

No. of Units : 513 units  
Value : RM371 million  
Launch Date : Feb 2020

**95%**  
Take-up rate



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

No. of Units : 70 units  
Value : RM126 million  
Launch Date : Mar 2020

**100%**  
Take-up rate



#### Bandar Bukit Raja 2 (Lumira 1 & 2) (Terrace House)

No. of Units : 232 units  
Value : RM172 million  
Launch Date : May & Aug 2020

**91%**  
Take-up rate



#### Serenia City (Lakeside Square) (Shop/Office/Retail Space)

No. of Units : 14 units  
Value : RM16 million  
Launch Date : Aug 2020

**100%**  
Take-up rate



#### Elmina West (Elmina Green 3A&3B) (Extended Linked Homes)

No. of Units : 412 units  
Value : RM330 million  
Launch Date : Aug 2020

**94%**  
Take-up rate



#### Serenia City (Ariya 1 & 2) (Double Storey Linked Homes)

No. of Units : 202 units  
Value : RM127 million  
Launch Date : Sep 2020

**100%**  
Take-up rate



#### Bandar Ainsdale (Embun 2) (Double Storey Linked Homes)

No. of Units : 113 units  
Value : RM61 million  
Launch Date : Sep 2020

**79%**  
Take-up rate



#### Elmina Business Park (The Twin Factories) (Semi Detached Factory)

No. of Units : 40 units  
Value : RM131 million  
Launch Date : Sep 2020

**100%**  
Take-up rate



#### The Glades, Putra Heights (The Residences III) (3-storey strata Bungalow)

No. of Units : 15 units  
Value : RM70 million  
Launch Date : Sep 2020

**33%**  
Take-up rate



#### Elmina East (Hevea) (Semi Detached Homes)

No. of Units : 57 units  
Value : RM104 million  
Launch Date : Dec 2020

**65%**  
Take-up rate



Note: Take up rate is as at 14 February 2021

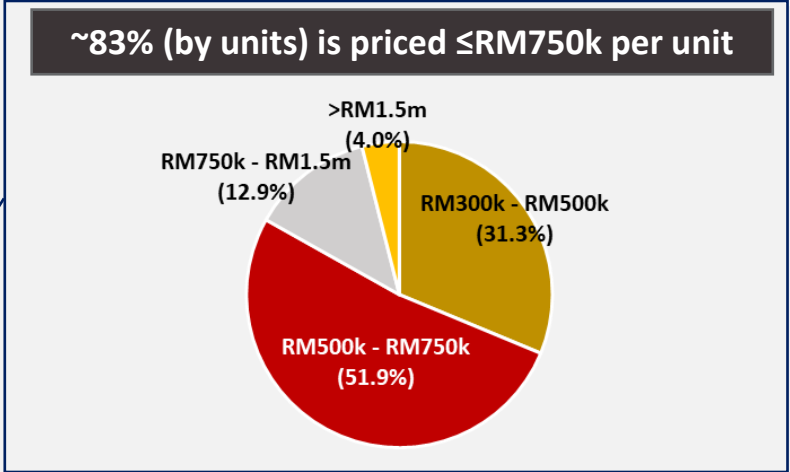
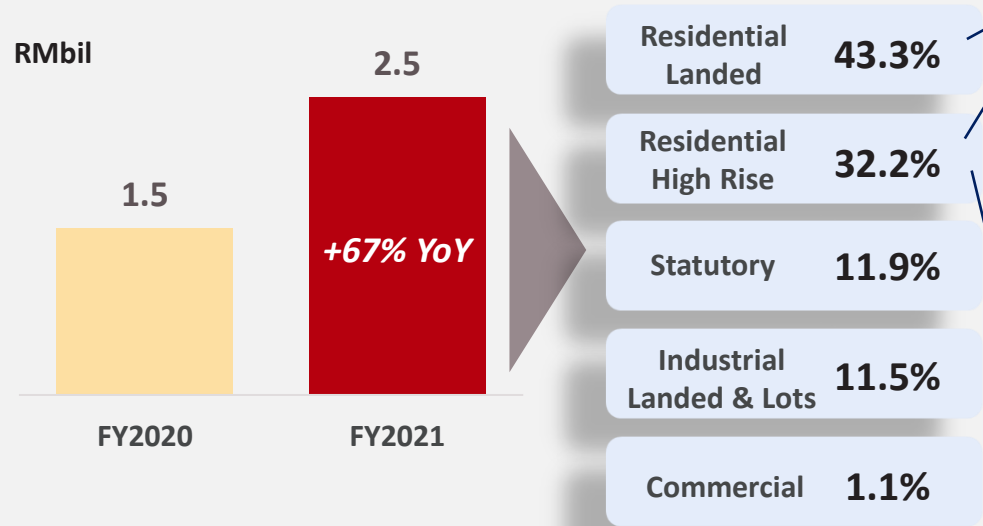
\* as at 14 February 2021

# FY2021 Launch Plan

FY2021 sales target of **RM2.4b**, underpinned by strategic launch plan and healthy product mix

**FY2021 sales target of RM2.4b**  
supported by

## 1 Agile Launch Plan worth ~RM2.5b in FY2021 with Healthy Product Mix



## 2 Positive Market Drivers

- Continue riding on **Home Ownership Campaign (HOC)**
- **Historic low OPR of 1.75%**
- Other concerted initiatives including **stamp duty and RPGT exemptions**

**Strategic high-rise launches in prime areas**

	Target Launch	Estimated GDV (RM mil)
Parcel J at KLGCC	1HFY21	350m – 400m
Ara Damansara		~100m
Putra Heights	2HFY21	350m – 400m

# Strategy Moving Forward



# Property Market Overview

MCO 2.0 and emergency order affect property sales and delay in the recovery of the property market



Source: Malaysia Property Outlook 2021, Henry Butcher Malaysia



## RESIDENTIAL MARKET recovery could likely be delayed to 2022 with 2021 looking flattish

- **Drop in both volume and value** of residential transactions in the first 9M of 2020 (Selangor: -19% & -17% YoY; KL: -11.5% & -10% YoY)
- In Q320, there were **30,926 units of overhang residential properties** with 78% from serviced apartments – mostly not in Klang Valley (i.e. Selangor: 15.2% of total; KL: 10.1% of total)
- **Landed residential properties** should remain in demand
- Buyers may take advantage of the current **low interest rates** (OPR of 1.75%) to purchase dream homes
- **HOC2020-2021** bundled with incentives, rebates, attractive offers and promotions will help sustain demand for residential properties
- **Foreign investors** may return once international borders are lifted

### Government's Measures

- Stamp duty exemption
- 70% margin financing limit for 3<sup>rd</sup> residential property (RM600k & above) uplifted
- Real Property Gains Tax exemption
- Passing of Covid-19 Relief Bill 2020



## Recovery of RETAIL MARKET is highly dependent on the development and availability of the Covid-19 vaccines

- **Occupancy rate dropped** to 76.2% in 1H20 and increased marginally to **77.5% in 3Q20**
- The retail sector in Klang Valley will **continue to see a shakeout** where the poorly designed and inferiorly located malls will be forced to close or be converted to some other alternative
- A **broad-based economic recovery will boost retail spending** as the spillover effects from more economic activities will induce higher take-home pay

### Government's Measures

Assistive measures for SMEs:

- Extension of special tax deduction on renovation & refurbishment costs
- Extension of accelerated capital allowance on eligible capital expenses
- Extended Wage Subsidy Programme for another 3 months



## INDUSTRIAL SECTOR is supported by the rising demand for e-commerce and logistics

- **Transaction value in 3Q20 was 15.4% higher** than 3Q19 despite volume was down by 15.5%
- **Increased demand for warehousing** due to the **changing landscape for e-commerce**
- **Matured and sought-after areas will remain a popular location** for manufacturers or warehouse operators
- Continued political instability and a resurgence of the Covid-19 pandemic may deter foreign as well as local investors

### Government's Measures

- More tax incentives to lure foreign companies to relocate their business operations to Malaysia - greater opportunities for industrial parks segment
- Committed to provide funding for industrial park infrastructure maintenance and improve internet connectivity
- Special incentive package for high value-added technology including for industrial parks

# Enhancing Core Strengths to Create Long-term Value

A sustainable business model is key to stay solid



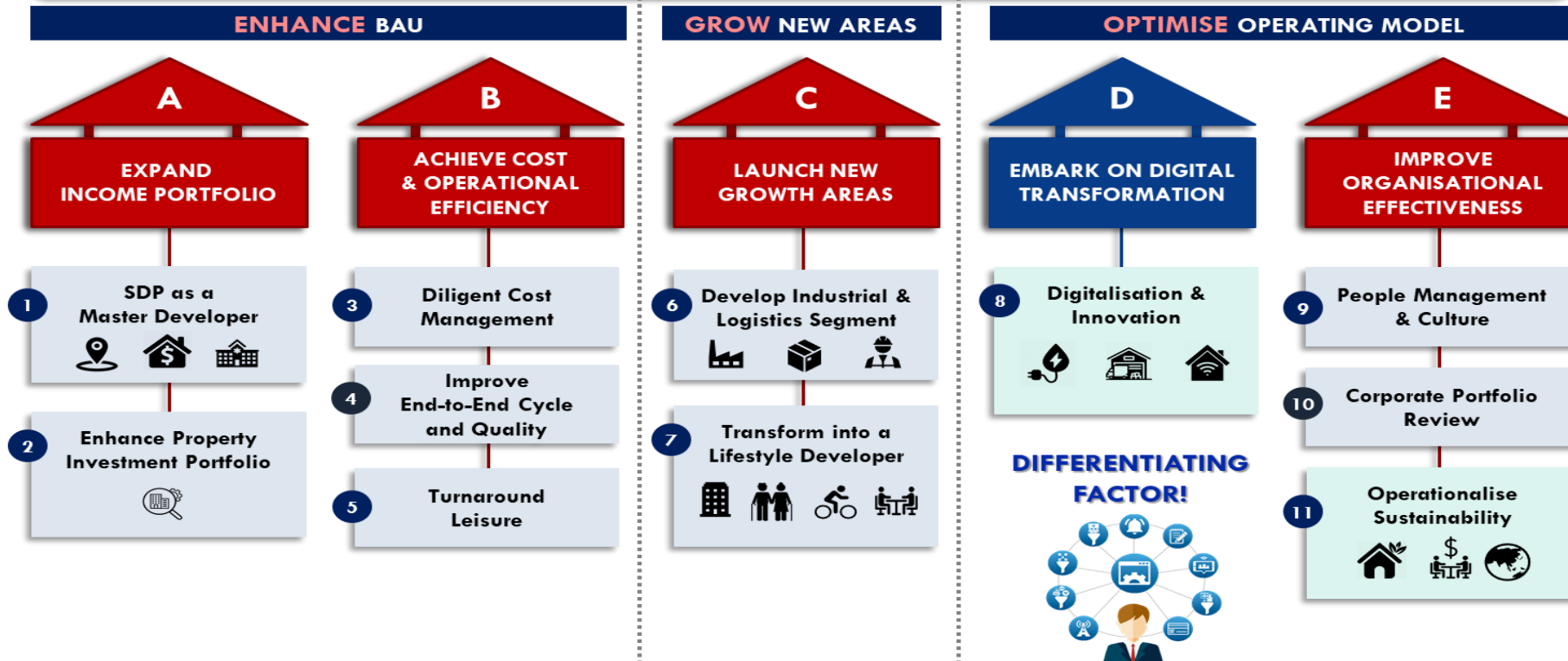
Property



## SHIFT 2.0 TRANSFORMATION PLAN



The 5 Strategic Priorities for FY2020-2023 are to  
**STRENGTHEN OUR FOUNDATION**



# Key Priorities in FY2021

Maintaining sight of a balanced & diversified business portfolio over the longer-term

## Accelerate Diversification of Income Streams

### 1 Industrial & Logistics Development as New Engine Growth

Industrial sales *grew from nil in FY2019 to RM284.2m in FY2020*

#### ELMINA BUSINESS PARK

GDV: RM6.6bn



- Stage 1 has a GDV of **RM1.26 billion** to be launched in 2Q2021

#### XME BUSINESS PARK

GDV: RM520m



- Earthwork for Phase 2 with 74 units of detached Semi-D Cluster in Q1 2021 (target launch in 2022)
- GDV: **RM214 million**

#### BBR INDUSTRIAL GATEWAY

GDV: RM530m



- First built-to-suit facility completed & handed over in end-2020

### 2 Turnaround Complementary Business Segments - Placemaking & Catalytic Components of Townships

#### INVESTMENT & ASSET MANAGEMENT

as part of recurring income strategy:

- ILD
- Retail & Commercial



KL EAST MALL

~1.5 mil visitors (to-date)  
70+% Occupancy rate

**LEISURE** as a value-adding component to developments, namely KLGCC Resort



Repositioning TPCKL as a **lifestyle destination beyond golfing** - family oriented recreational activities, social gatherings and corporate events

### 3 Monetisation Planning

Speed up monetisation efforts to **improve cash flow** and **balance sheet positions**

#### a. Land sales

- Lands identified for monetisation, e.g. those not within SD Prop's township development areas

#### b. Non-core investment assets

- Low yielding and /or non-strategic or scalable investment properties

#### c. Inventories

- Unsold stocks including those with minimal margins

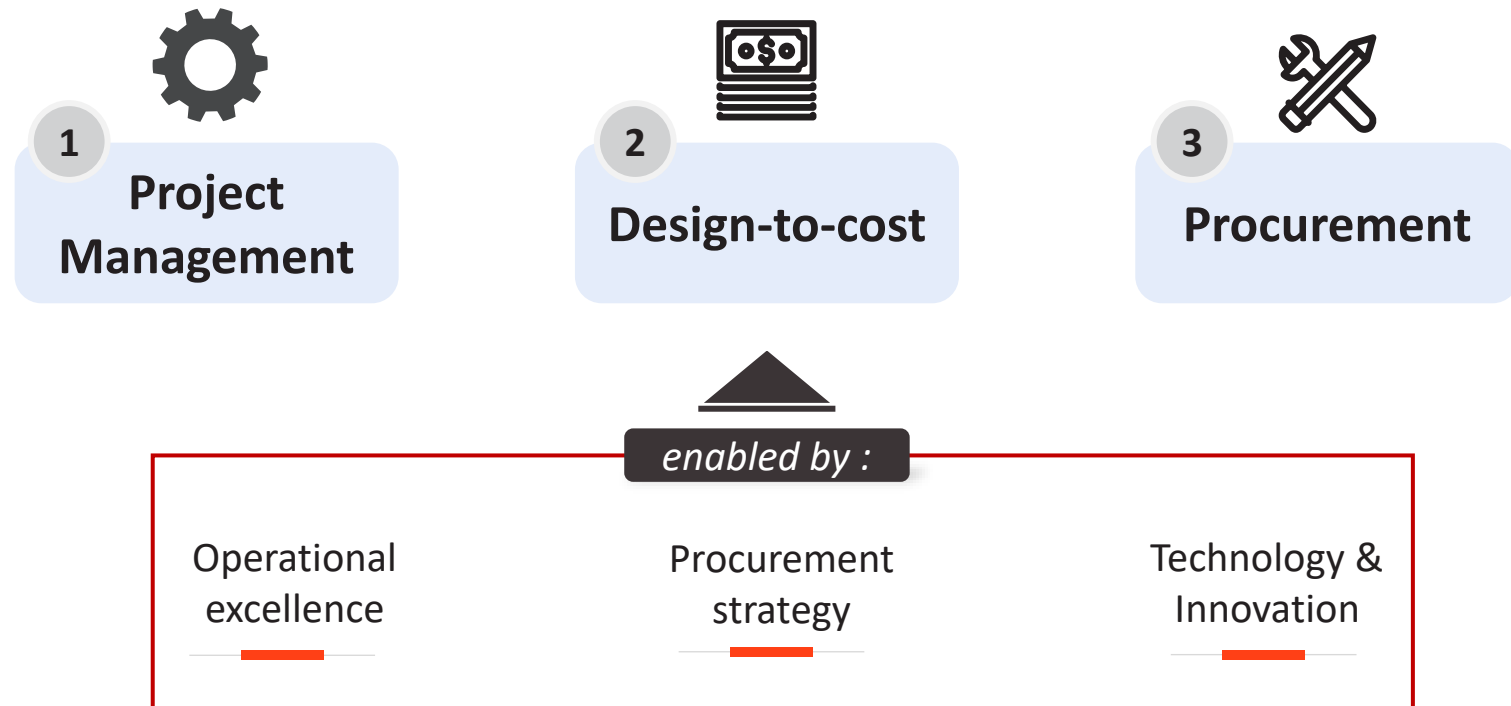
# Key Priorities in FY2021

Focus for 2021 strategy is to deal with uncertainties and make sure company is resilient

**Effective cost management is essential to enable SD Prop stays resilient amid challenging time and in long-term**

**Thorough assessment on cost structure to further optimize and drive cost efficiencies**

Target **~5% cost savings** for projects to be launched in the next 2 years



# Investment Proposition

# Investment Proposition

Strong fundamentals and track records for growth

01

## RESILIENT FINANCIAL POSITION

### Solid balance sheet as at 31 December 2020 :

- **Low net gearing: 0.28x** - one of the lowest amongst peers
- **Healthy cash position: RM801.8m**

### Revenue visibility as at 31 December 2020 :

- **Unbilled sales of RM1.58b**
- **Healthy bookings recorded at RM0.8b** as at 14 February 2021
- **New launches in pipeline** worth up to ~RM2.5b GDV for FY2021 and **FY21 sales target of RM2.4b**
- **Land bank management & monetisation plan**

02

## PROMISING GROWTH POTENTIAL

### Industry long-term prospects remain positive :

- Buoyed by **Government's concerted efforts & low interest rate environment**
- Property is a **long-term investment asset class**
- Demand for **strategic residential landed & industrial properties** are positive amid challenging market

### SD Prop's intrinsic growth fundamentals :

- **>40 years of solid track record** in the market
- **Strategic land bank of ~20k acres** mainly with options for **further 20k acres** (monetisation opportunities)
- Constituents of **FTSE4Good BURSA index and sub-indices** as well as **MSCI ESG Index rated BBB**
- **Rated AA+IS** and **stable outlook** on the RM4.5 billion Sukuk Musharakah programme

03

## STABLE SHAREHOLDERS' RETURN

### Stable returns :

- **Historical pay-out ratios :**
  - FY2018: **53.1%**
  - FP2018: **44.4% (excl. one off)**
  - FY2019: **34.1%**
  - FY2020: **87.9% (excl. one off)**
- Declared **dividend of 1 sen per share** in FY20 amidst challenging environment

### Attractive valuation :

- **Trading at:**
  - ~**62%** discount to book value & GDV
  - **0.4x P/B** (Peers' average: 0.4x)





Property

# THANK YOU



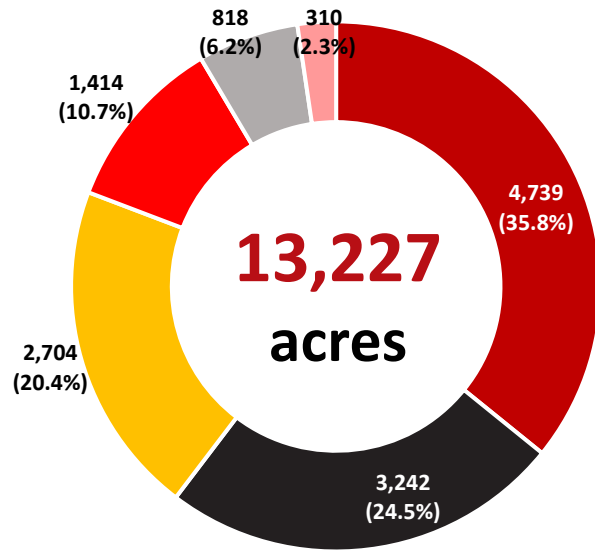
# Appendices



# Remaining Landbank and GDV as at 31 December 2020

Sustainable growth with remaining developable period of 25-30 years

**By Remaining Developable Land**  
(acres)



■ Guthrie Corridor

■ Johor

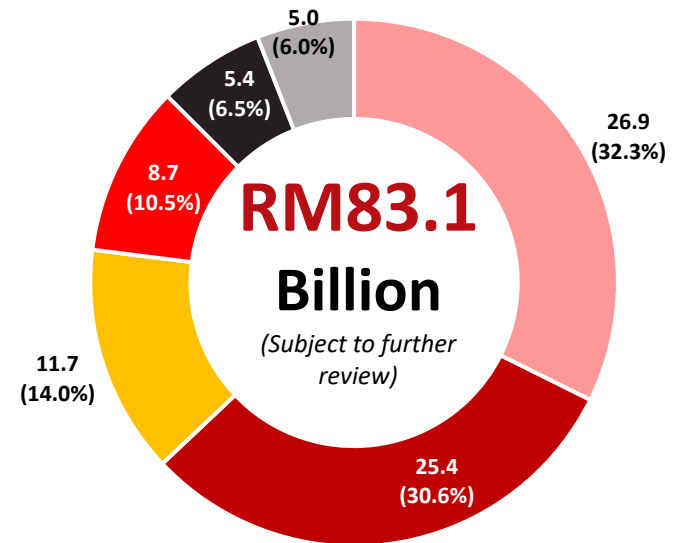
■ Klang

■ Serenia City

■ Negeri Sembilan

■ Other areas in Klang Valley

**By Remaining Gross Development Value (GDV)**  
(RM bn)



❖ 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 Elmina Business Park
- 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