



SIME DARBY BERHAD

Affin Hwang Auto Virtual Conference: Investor Presentation

11 August 2020



Delivering
Sustainable Futures



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Table of Contents

Section	Page
1. Group Overview	3
2. Motors Division	12
3. Industrial Division	17
4. Logistics Division	22
5. Healthcare Division	25
6. Appendices	28



Group Overview

Sime Darby Berhad



Leading trading company in Asia Pacific with strong partnerships with premium brands

18 Countries & Territories⁽¹⁾

19,909 Employees⁽²⁾



One of the **largest BMW** dealers in the world



One of the **largest CAT** dealers globally



6 hospitals in Malaysia & Indonesia



4 ports in China

FY19 Financials



Revenue
RM36.2bn



PATAMI
RM948mn

PBIT
RM1,383mn



Shareholder's
Funds
RM14.7bn



● Industrial ● Motors ● Logistics ● Healthcare

(1) Geographical footprint defined as locations in which Sime Darby Berhad has assets or employees, and includes JV's operations (i.e. Ramsay Sime Darby Health Care operates in Indonesia); (2) As at 30 June 2019. Includes Group Head Office, Industrial, Motors, Logistics and other businesses. Excludes employees of Ramsay Sime Darby Health Care.

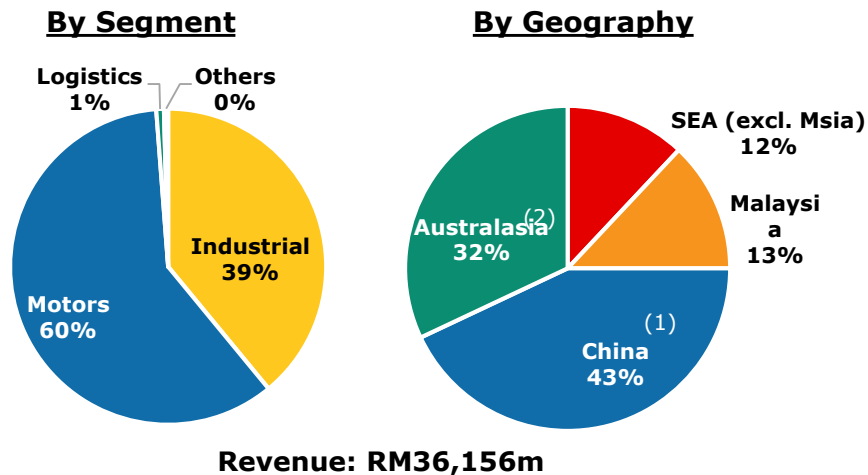


Segmental Information

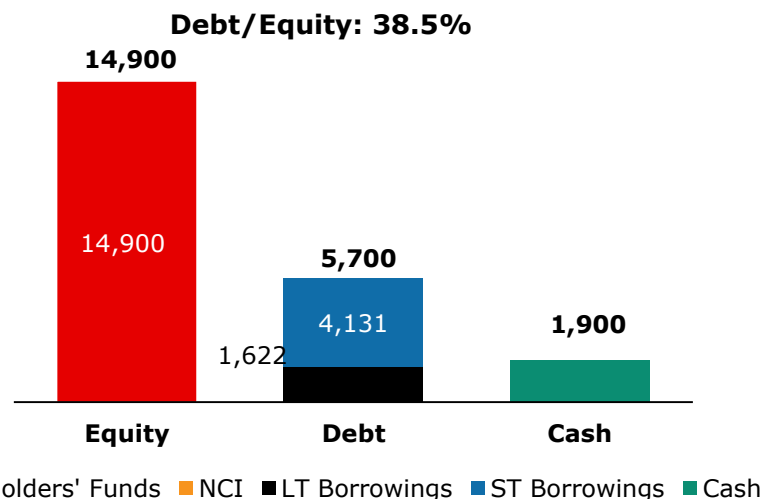
Diversified exposure across segments and geographies, low gearing for expansion

(Financial Year Ended 30 June 2019; RM million)

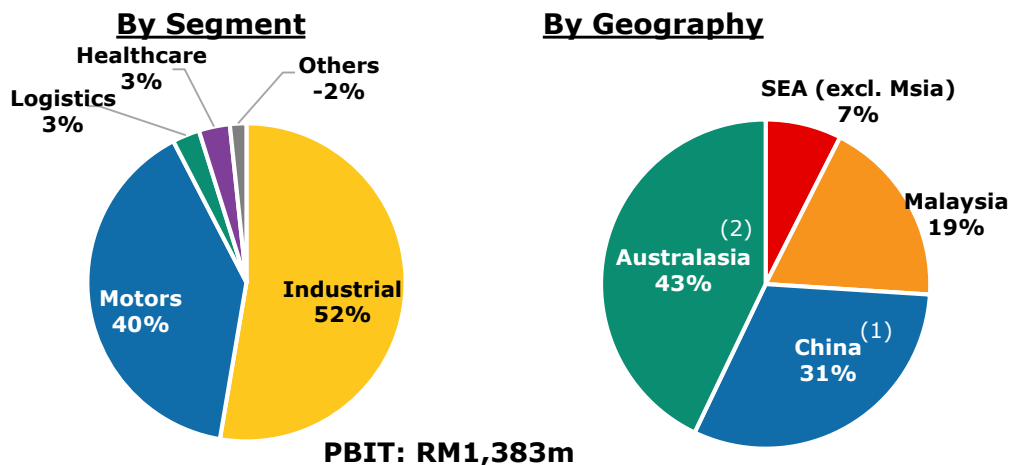
Total Revenue (FY2019)



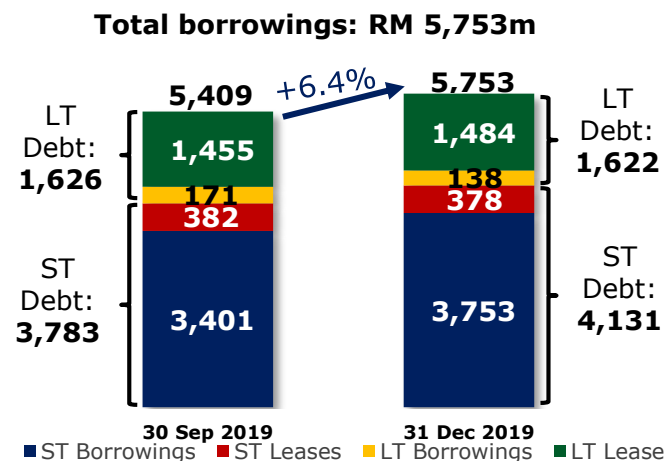
Capital Structure (1HFY20)



Total PBIT (FY2019)



Total Borrowings (By maturity) (1HFY20)



(1) China consists of China, Hong Kong, Macau & Taiwan; (2) Australasia consists of Australia, New Caledonia, New Zealand, Papua New Guinea & Solomon Islands

All figures are based on management accounts (unaudited results)

Our Core Characteristics

High volume, slim margin trading business with broad footprint across Asia; world class partners



Exposure to megatrends

- Business rides on megatrends:
 - **Commodity price cycle** for Industrials
 - **Growing Asian affluence** for Motors & Healthcare
- Also a proxy to Covid 19 recovery due to **pent up consumer demand** and **infrastructure spend**



Geographical Diversification

- **Established network** and strong **"know how"** in the **Asia Pacific region**
- Our wide footprint across Asia Pacific gives us the ability to **leverage on different markets** to gain exposure to a broader earnings base.



High volume, slim margins

- Characterized by **high unit sales** & good trading margins and good cash flow (due to credit terms)



Long-standing partnership with premium brands

- **Partner of choice** for world leading brands who want to expand in Asia

CAT since **1929**



since **1972**



Low gearing, debt capacity for expansion

- **Ample debt headroom** for strategic expansion & M&As

38.5%

Debt to equity ratio

As of 31 December 2019



Valuable Healthcare component

- **Premium hospitals** in Indonesia & Malaysia
- Significant **expansion opportunities in other Asian markets**, leveraging on brand





FY2020 Financial Results

Reported Profit: 9 months ended 31 March 2020

In RM Million	9M FY2020	9M FY2019	YoY %
Revenue	28,113	26,833	4.8
PBIT	1,092	1,016	7.5
Finance income	33	24	
Finance costs	(136)	(93)	
Profit before tax	989	947	4.4
Taxation	(305)	(139)	
Profit after tax	684	808	(15.3)
Non-controlling interests	(41)	(44)	
Net profit attributable to owners of the Company	643	764	(15.8)



FY2020 Financial Results

Core Profit: 9 months ended 31 March 2020

In RM Million	9M FY2020	9M FY2019	YoY %
Reported PBIT	1,092	1,016	7.5
Adjustments			
• Motors Vietnam	-	(16)	
• Gain on disposals	-	(116) ¹	
• Fair value loss on financial assets (MES)	11	48	
• Impairment of equity interest in E&O	62	99	
• ONGC recovery	-	(26)	
• Net corporate forex loss/(gain)	1	(3)	
Core PBIT	1,166	1,002	16.4
Net finance costs	(103)	(69)	
Taxation	(305)	(253) ²	
Non controlling interests	(41)	(44)	
Core Net Profit	717	636	12.7

1. Gain on disposal of Weifang Water business (RM78m), Industrial Malaysia property (RM18m), disposal of trademark (RM17m) and disposal of holiday bungalows (RM3m)

2. Excludes tax on disposal of Weifang Water (RM13m) and deferred tax credit arising from change in RPGT rate (RM129m)

Covid-19 Outbreak: Black Swan Event

Covid-19 is a global pandemic, geographical diversification is a key strength



China



- China is our **most important market** (40% revenue)
- Sime Darby **does not** have any operations directly in **Hubei Province**
- The Central Govt moved swiftly to stem the spread of the virus by **extending the Lunar New Year Holidays** to mid Feb 2020
- Our branches are now all open and operations are **recovering well**



Australia



- Mining is categorized as an **essential industry** in Australia, hence **operations will remain open**



Malaysia



- Broadly, all **showrooms and branches were closed during MCO** and reopened on 4 May
- However, Malaysia only contributes **15% of revenues**

Sime Darby Berhad: Key Pillars of Value

Geographical diversification is our key strength, products are a proxy to recovery

Geographical Diversification



- **Main markets** are **China 40% revenue** and **Australia 30% revenue**
- When China was hit (Jan & Feb 2020), **Australia** was **strong** and **carried the earnings**
- Now as the rest of world is hit, **China has recovered** and is ready to support the Group

Proxy to Recovery








- **BMW: Catch up spending** from consumers once outbreak has subsided
- **CAT: Fiscal spending by Governments** to stimulate economies may flow to demand for **construction equipment. Infra spending** may also feed into **demand for steel**, thus supporting **met coal prices**.

5-Year Value Creation Plan

Blueprint intact; Enhanced focus on Operational Improvement and ROIC

To be the leading Motors & Industrial multi-national in Asia Pacific

	Revenue enhancement	Cost optimisation	Monetisation of non core assets	Synergistic M&A	Organic Business expansion	Expand Healthcare
Industrial 	<ul style="list-style-type: none"> Leverage on mining recovery Focus on digital 	<ul style="list-style-type: none"> Operational excellence 		<ul style="list-style-type: none"> Expansion into other geographies Integrating Gough 	<ul style="list-style-type: none"> Adjacent businesses (Asset management, Rental) 	
Motors 	<ul style="list-style-type: none"> New models Used cars Aftersales 	<ul style="list-style-type: none"> Turnaround of under-performing marques 	<ul style="list-style-type: none"> Continuous asset rationalisation 	<ul style="list-style-type: none"> Expansion of dealerships in key markets Integrating recent acquisitions Mobility initiatives (Omnichannel sales, EV Distributorships, Fleet Management, Used car platform) 	<ul style="list-style-type: none"> Assembly for new marques 	
Logistics 	<ul style="list-style-type: none"> Grow throughput Build relationship with govt 	<ul style="list-style-type: none"> Continue ops, minimal capex Fix legacy issues 				
Healthcare 	<ul style="list-style-type: none"> Increase total patient days 	<ul style="list-style-type: none"> Continuous process improvement 				<ul style="list-style-type: none"> Expansion of healthcare with Ramsay
GHO 			<ul style="list-style-type: none"> Continuous portfolio rationalisation 	<ul style="list-style-type: none"> Strategic transactions 		



Key enablers:

- Governance:** Compliance, JV management, Safety
- People:** Talent, Leadership, Succession planning

Revenue enhancement, cost management & business expansion are key drivers



Motors Division

Sime Darby Motors

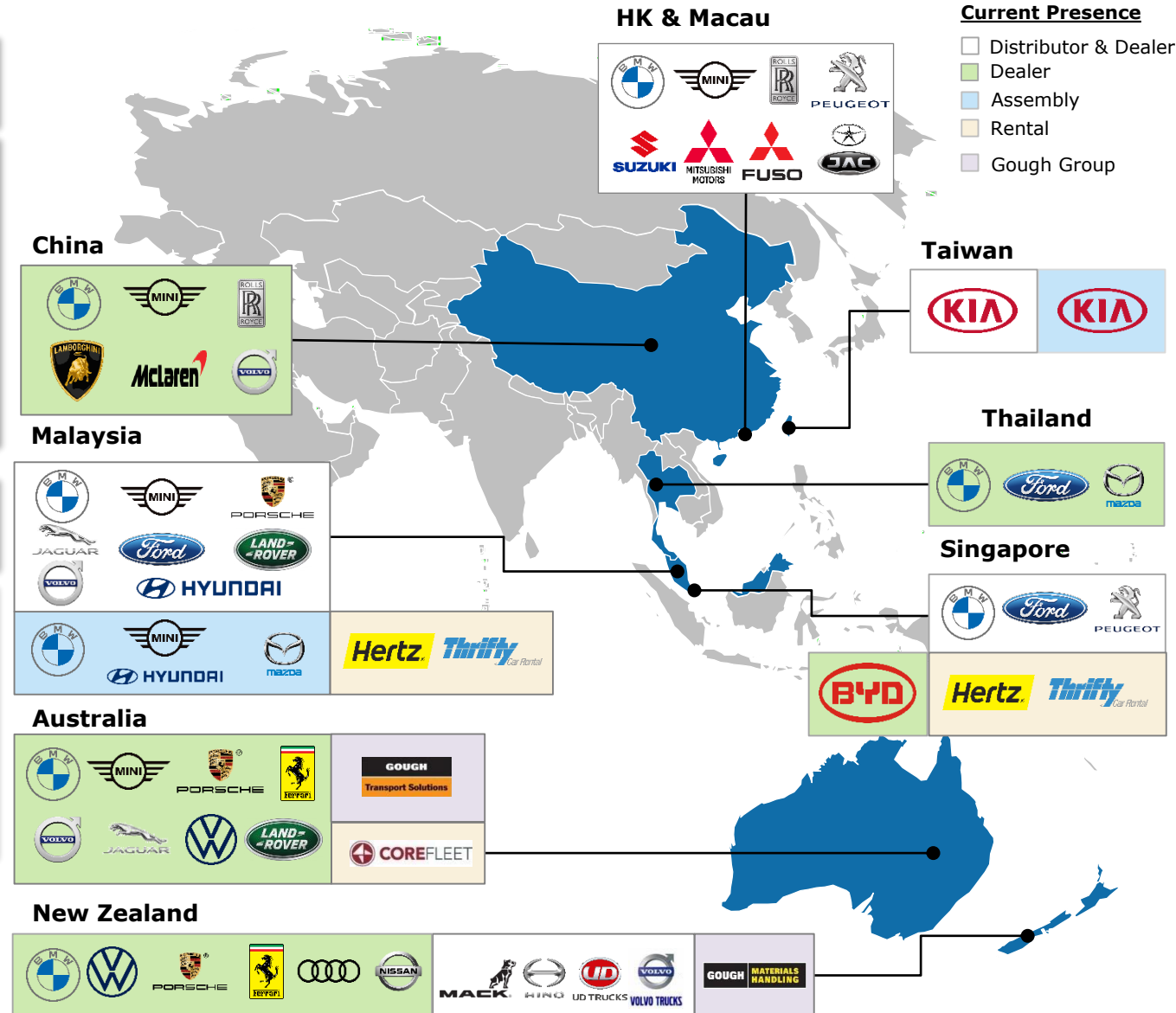
Focused on Expansion in Asia Pacific

Countries & Achievements

- One of the **largest** BMW dealer globally
- One of **Top** Rolls Royce dealers in Asia Pacific
- A **leading** Distribution group in Malaysia
- A **leading** Commercial Vehicle Distributor in NZ

Key Strategic Partners




























- BMW (44 years) – Seven markets
- Ford (37 years) – Singapore, Thailand and Malaysia
- Porsche (30 years) – Malaysia, Australia and New Zealand
- Hyundai (14 years) – Malaysia



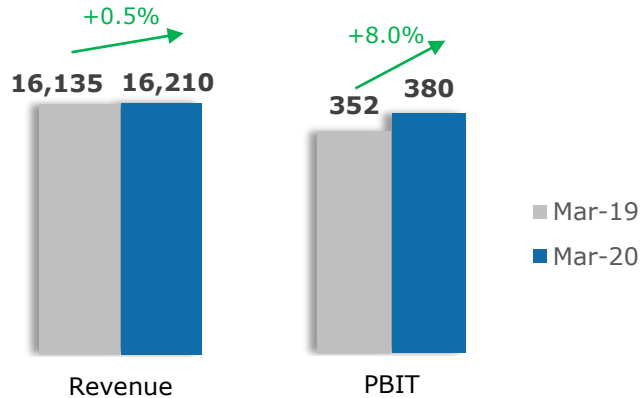


Sime Darby Motors

We represent strong luxury and mass market brands across APAC

 Malaysia	 Singapore	 Thailand	 Australia	 New Zealand	 Hong Kong	 Macau	 China	 Taiwan
Distributor & Dealer  Assembly (Inokom) 	Distributor & Dealer  Dealer 	Dealer 	Dealer 	Distributor & Dealer  Dealer 	Distributor & Dealer 	Distributor & Dealer 	Dealer 	Distributor & Dealer  Assembly 
Rental 	Rental 		Rental  	Rental 				

Higher in profits in the Greater China region



In RM Million	9M FY2019	9M FY2020
China, HK, Macau & Taiwan	7,552	7,374
Southeast Asia	3,501	3,618
Malaysia	2,983	2,692
Australasia	2,099	2,526
Total Revenue	16,135	16,210
China, HK, Macau & Taiwan	120	200
Southeast Asia	52	27
Malaysia	93	89
Australasia	71	64
Total Core PBIT	336	380
Vietnam	16	-
Total PBIT	352	380
PBIT margin	2.2%	2.3%
Core PBIT margin	2.1%	2.3%
ROIC (Annualised)	7.6%	6.3%

China, HK, Macau & Taiwan

- Q3FY2020 results were affected by the coronavirus outbreak
- Higher profit at BMW China operations mainly from the strong 1st half results
- HK Rolls Royce and Suzuki recorded higher unit sales.
- Taiwan recorded LBIT (RM11m) vs (RM16m) in 9M FY2019.

Southeast Asia

- Lower margins in Singapore due to the competitive market and discounting.
- Lower sales of Ford and Mazda in Thailand.

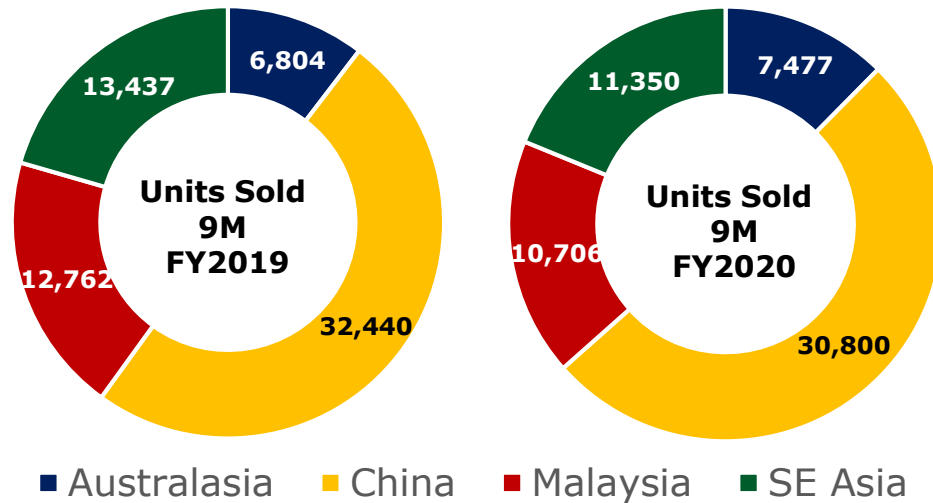
Malaysia

- Sales were affected by the coronavirus outbreak in the later half of Q3FY2020

Australasia

- Higher revenue mainly due to revenue from newly acquired businesses (RM516m).
- The commercial vehicle operations in New Zealand recorded lower unit sales due to the slowdown in the New Zealand economy and the coronavirus outbreak in the later half of Q3FY2020.

Sales expected to be significantly affected by the coronavirus outbreak



60,333
Units Sold
(9M FY2019: 65,443)

21,120
Units Assembled
(9M FY2019: 29,699)



MALAYSIA

- TIV expected to fall due to the coronavirus outbreak which has halted car production and caused supply and demand shocks.
- Overall automotive sector is likely to remain under pressure from lower car sales due to the Movement Control Order and cautionary consumer spending.



CHINA

- Coronavirus outbreak is expected to materially impact car sales while economic contraction in Hong Kong will dampen consumer spending. However, measures to boost auto sales has been put in place by China's commerce ministry.
- In the longer term, the luxury segment is expected to continue growing on the back of increasing higher-income population.



SE ASIA

- Despite a drop in COE premiums, vehicle sales in Singapore is expected to fall as weaker economic outlook will drive consumer to cut down on discretionary spending.
- Thailand is expected to see a fall in vehicle sales due to tightening loan conditions and lower consumer confidence amidst slowing economic environment.



AUSTRALASIA

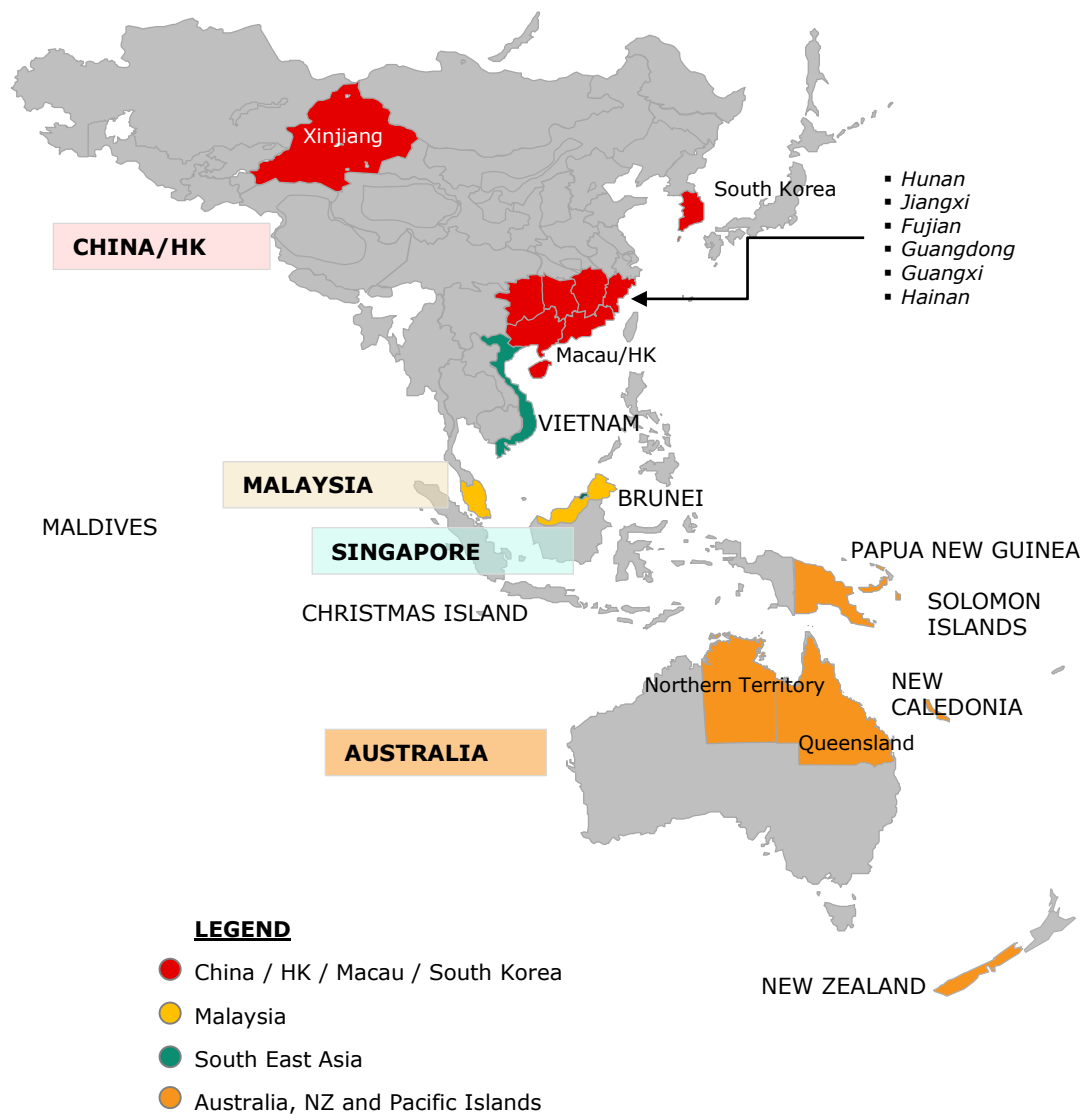
- Vehicle sales expected to fall as a result of social distancing requirements and economic slowdown.
- In New Zealand, vehicle dealerships are resuming their business operations in a non-contact environment as the government eases Covid-19 restrictions.



Industrial Division

Sime Darby Industrial

Regional Presence Across 18 Countries and Territories, Supported by a Network of Branches



- Principal activities
 - Sale, rental and used equipment of Caterpillar equipment and engine
 - Sale of parts, service maintenance, equipment monitoring system and technology equipment's
- Regional presence: **18 countries & territories**⁽¹⁾
- No. of branches: **139**⁽²⁾
- Orderbook: **RM2.5 bn** (as at 30 Sep 2019)
- Total no. of employees: **8,111** (as at 30 June 2019)

Regional industry presence	No. of branches ⁽¹⁾	Construction	Forestry	Mining	Quarry	Power Systems
China & HK, Macau	70	✓		✓	✓	✓
South East Asia	23 (4 depot & 7 CAT rental stores)	✓	✓			✓
Australasia	23	✓		✓		
New Zealand	23	✓	✓	✓		

Note: (1) Regional presence defined as locations in which Sime Darby Industrial has assets or employees; (2) Refers to Caterpillar branches only



Sime Darby Industrial

Strong brands and comprehensive market reach across APAC



Industrial

CAT Dealer Operations

	Malaysia, Brunei
	Singapore, Maldives, Christmas Island
	Hong Kong, Macau
	Southeast China (Province of Guangdong, Guangxi, Hainan, Fujian, Hunan, Jiangxi) and Xinjiang
	Australia (Queensland & Northern Territory), PNG & SI
	New Caledonia
	New Zealand

Allied Brands Group

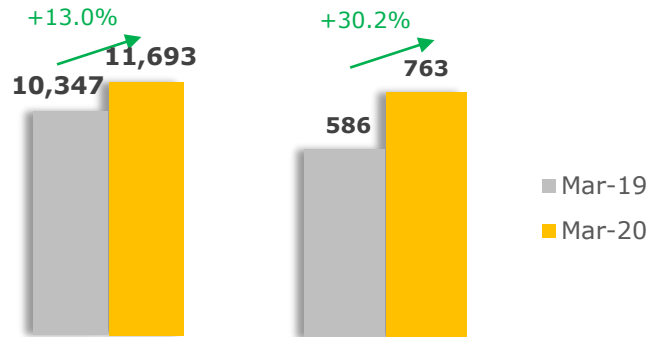
	Malaysia (via JV with Kubota Corp)		HK& Macau, China
	Asia Pacific region (JV with Terberg Benschop)		Hong Kong & Macau
	Malaysia, Christmas Island (Indian Ocean), SG		
			China
	Malaysia		
	Malaysia, HK, Macau, China, South Korea		Australia, China & Malaysia
	Singapore		Vietnam
	Australia, Malaysia & SG		
			Christmas Island (Indian Ocean), SG, Maldives

Energy Solutions Group

Mecomb Group: Singapore, Malaysia and Thailand	
Engineering & Technical Services: Malaysia	



Profits supported by strong results from Australasia



In RM Million	Revenue	PBIT	9M FY2019	9M FY2020
Australasia			6,191	7,500
China			2,736	2,849
Malaysia			853	760
Asia			567	584
Total Revenue			10,347	11,693
Australasia			423	571
China			135	129
Malaysia			15	23
Asia			43	51
Total Core PBIT			616	774
FV Loss on Financial Asset			(48)	(11)
Disposal of properties			18	-
Total PBIT			586	763
PBIT margin			5.7%	6.5%
Core PBIT margin			6.0%	6.6%
ROIC (Annualised)			9.2%	11.2%

Australasia

- Higher equipment deliveries and parts sales mainly to the mining and construction sectors.
- Profit contribution from Hardchrome – RM19m vs RM10m (acquired in Dec 2018).
- Profit contribution from Terra Cat (Gough acquisition) of RM2m.
- Results partly offset by the weakening of AUD/RM by 5.1% from 2.97 to 2.82.
- Fair value loss on financial assets of RM11m (FY2019 – loss of RM48m).

China

- Higher equipment sales and product support during the first half of the current financial year supported the higher revenue for 9M FY2020.

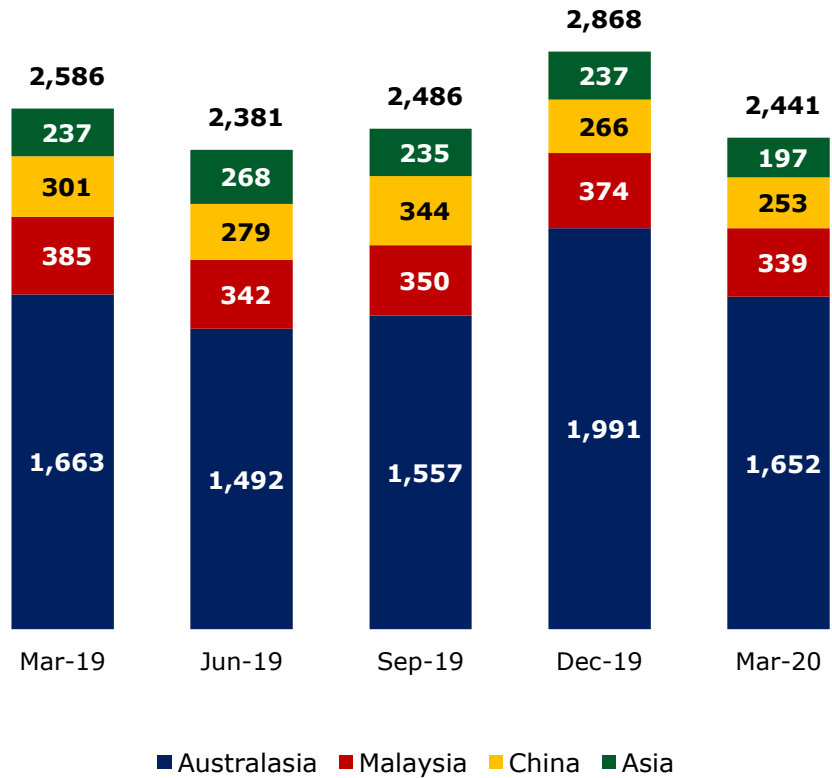
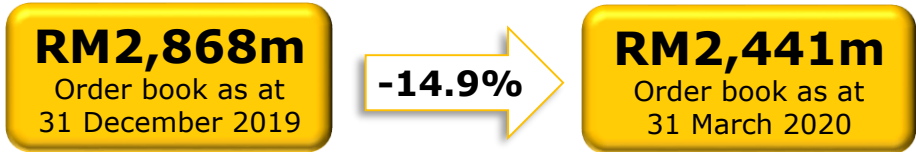
Malaysia

- Lower equipment deliveries and parts sales.
- Restructuring cost of RM2m (9M FY2019 – RM16m).

Asia

- Higher product support and non CAT sales.

Order book decreased by 14.9% from December 2019



MALAYSIA

- Stimulus package announced in Mar 2020 is expected to boost the construction sector however this will be dependent on how fast the government will resume the implementation of large-scale projects such as the East Coal Rail Link (ECRL), Mass Rapid Transit Line 2 and the National Fibreisation and Connectivity Plan post-Movement Control Order.



CHINA

- Construction sector has resume operations following the extended Lunar New Year holidays.
- Government stimulus measures to boost spending on infrastructure has been implemented at local level with stimulus packages expected to be announced by the central government.



ASIA

- Construction work in Singapore is to be temporarily suspended as part of tighter circuit breaker measures to curb the coronavirus transmission.



AUSTRALASIA

- Besides the mining operations being an essential activity, the Australian government continues to fast-track construction projects to create jobs and support Australia's economy.
- Construction operations are expected to resume at a slower pace as the New Zealand government eases lockdown restrictions.



Logistics Division

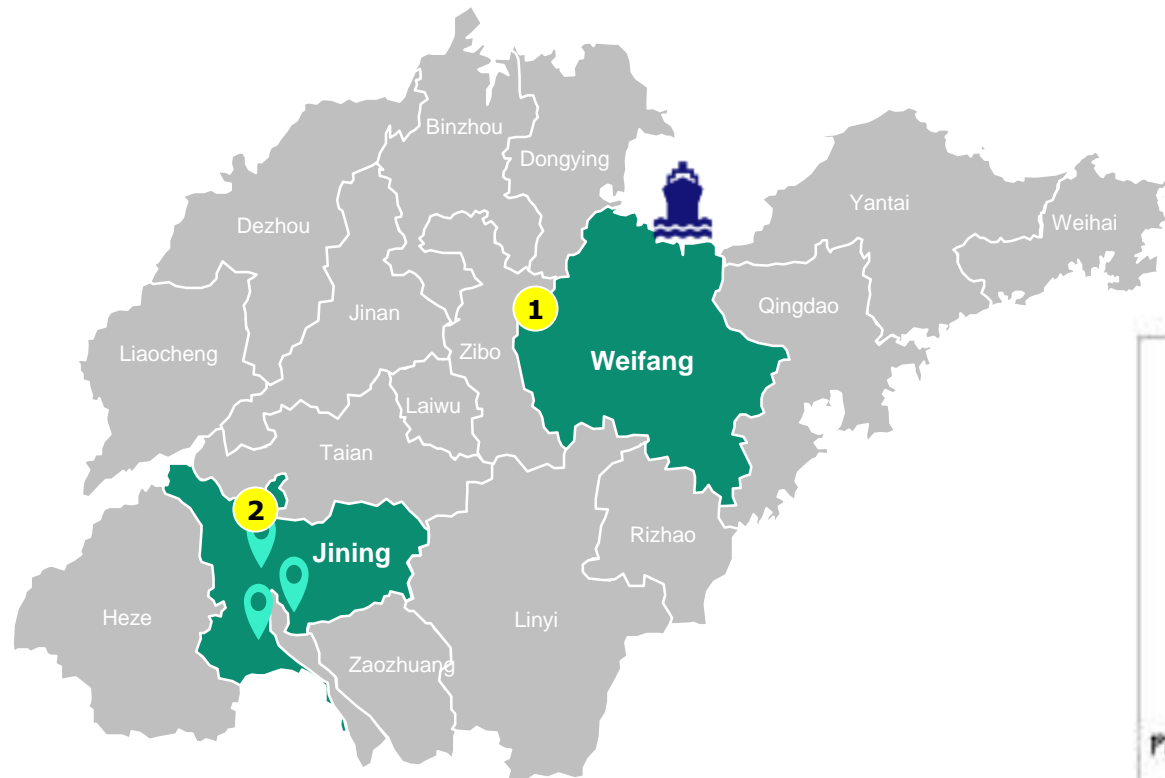
Business Overview

Well-connected major multipurpose port in the Yellow Delta River

- Sime Darby Logistics is the primary operator of Weifang Port, of which operations cover dry bulk, break bulk, liquid bulk, general cargo and container handling services.
- The Division also operates three river ports located in Jining, Shandong Province. The Jining Ports provide basic port related services such as stevedoring and storage services primarily for coal and coal-related products
- In September 2018, successfully disposed of Weifang Water for RM270m, locking in an RM70m profit.

Annual Throughput & Capacity

Ports	Capacity	Throughput
	FY 2019 m MT	FY 2019 m MT
Weifang Ports	48.6	26.4
Jining Ports	16.4	9.4
Total	65.0	35.8

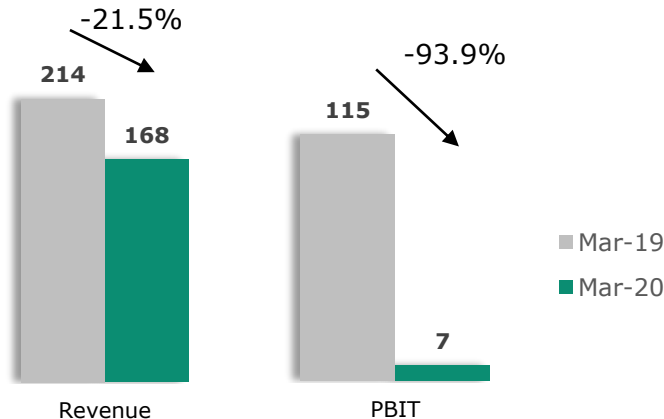


Sime Darby Logistics

Logistics recorded lower profit mainly due to share of loss from joint ventures



Logistics



In RM Million	9M FY2019	9M FY2020
Ports	195	168
Water	19	-
Total Revenue	214	168
Ports - Subsidiaries	33	27
Ports - Assoc & JVs	(3)	(17)
Water	9	-
Forex	(2)	(3)
Total Core PBIT	37	7
Gain on disposal	78	-
Total PBIT	115	7
PBIT margin	53.7%	4.2%
Core PBIT margin	17.3%	4.2%
ROIC (Annualised)	7.3%	0.5%

Ports

- Measures and restrictions put in place by China to control the coronavirus outbreak has resulted in reduced container volumes.

Water

- Recorded 3 months contribution prior to disposal in September 2018.
- Gain on disposal of RM78m.

Forex

- Mainly from translation of RMB loans to HKD given to JVs.

18.9 million MT
General cargo throughput
 (9M FY2019: 22.3 million MT)

131,187 TEU
Container throughput
 (9M FY2019: 200,041 TEU)

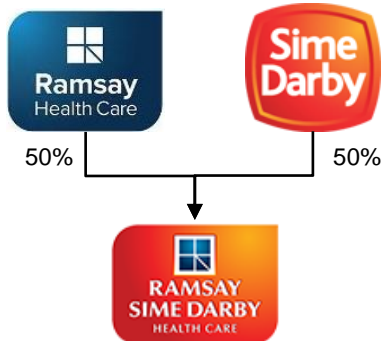


Healthcare Division

Ramsay Sime Darby Health Care

Premium hospitals in Malaysia and Indonesia ranging from primary to quaternary care

Joint Venture with Ramsay



- Joint venture with Ramsay Health Care since FY2014
- Asia-focused portfolio
- 1,577 capacity beds
- 1,249 active beds

Subang Jaya Medical Centre



- Opening date: 1985
- Bed capacity: 395
- Accreditation MSQH, ISO 15189
- COEs: Cancer, Blood Diseases and Digestive & Liver Health

Ara Damansara Medical Centre



- Opening date: 2012
- Bed capacity: 220
- Accreditation MSQH
- COEs: Brain, Heart and Spine & Joints

Park City Medical Centre



- Opening date: 2012
- Bed capacity: 300
- Accreditation MSQH
- COEs: Children, Women and Elderly health

RS Premier Jatinegara



- Opening date: 1989
- Bed capacity: 280
- Accreditation: JCI
- COEs: Cardiac, Digestive Centre, Stroke Unit and Urology Centre

RS Premier Bintaro



- Opening date: 1998
- Bed capacity: 205
- Accreditation: JCI
- COEs: Orthopaedic (Spine, Hand, Arthroplasty, Sport Clinic) and Vascular

RS Premier Surabaya



- Opening date: 1998
- Bed capacity: 177
- Accreditation: JCI
- COEs: Cardiac, Stroke Unit, Brain Tumor Clinic and Orthopaedic

Other Assets

Malaysia

- Mediplex Wellness Centre (Subang Jaya)
- RSDH College

Hong Kong

- The Central Surgery (day surgery)

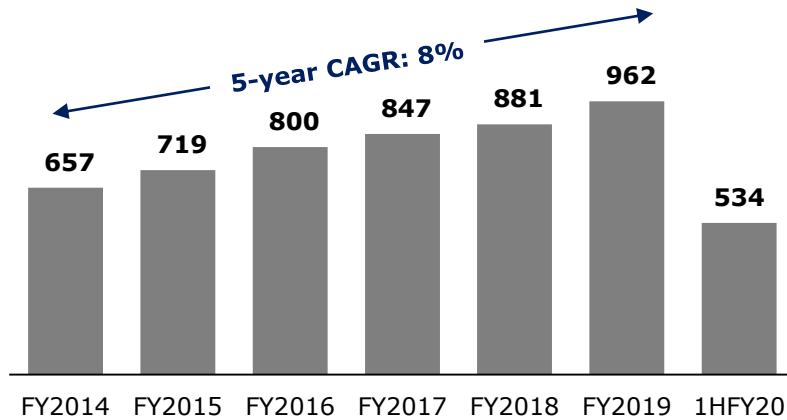
Ramsay Sime Darby Health Care

Significant earnings growth since inception of JV; strong growth in Asia expected to continue

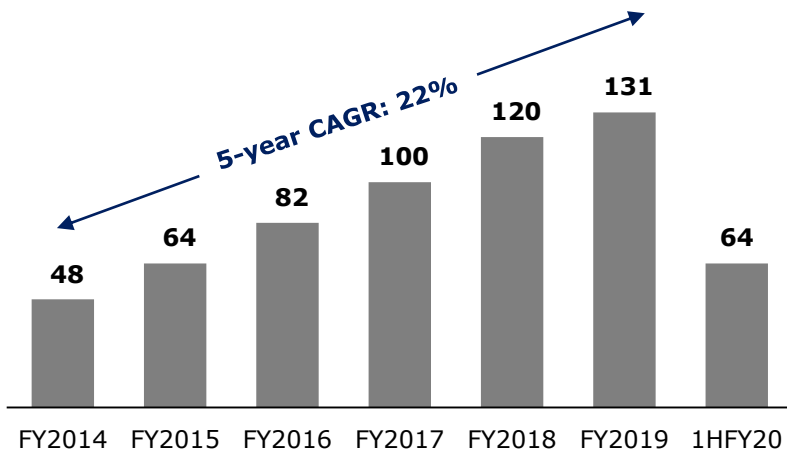


RSDH Financials

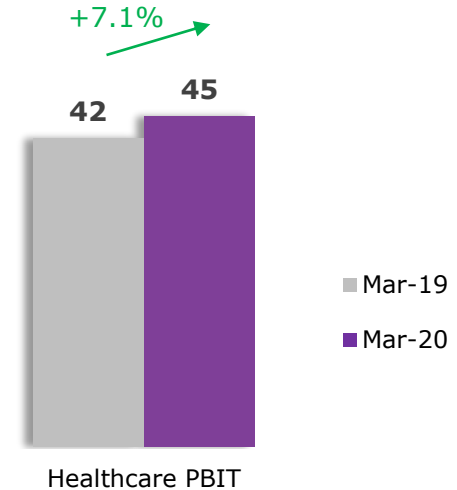
Revenue (RM million)



PBIT (RM million)



Healthcare



In RM Million	9M FY2019	9M FY2020
Healthcare PBIT	42	45
Healthcare ROIC (Annualised)	7.2%	9.3%

- Higher revenue from Indonesia and Malaysia operations.



Appendices

Executive Leadership

Qualified & Experienced Management Team



**DATO' JEFFRI SALIM
DAVIDSON**
Group Chief Executive
Officer



MUSTAMIR MOHAMAD
Group Chief Financial
Officer



DATUK THOMAS LEONG
Group Chief Strategy
Officer



ROSELAINI FAIZ
Group Chief Human Resource
Officer



NOOR ZITA HASSAN
Group Secretary



DEAN MEHMET
Managing Director,
Industrial Division,
Australasia



SHIU CHI YAN
Managing Director,
Industrial Division,
Asia



ANDREW BASHAM
Managing Director,
Motors Division



TIMOTHY LEE CHI TIM
Managing Director,
Logistics Division



PETER HONG
Managing Director,
Healthcare Division



PEOW GOH
Group Chief Information & Digital
Officer



GLENN SHEAHAN
Group Chief Safety & Sustainability
Officer

Malaysia Vision Valley Land

~8,800 acres of land – Option to sell to SD Property

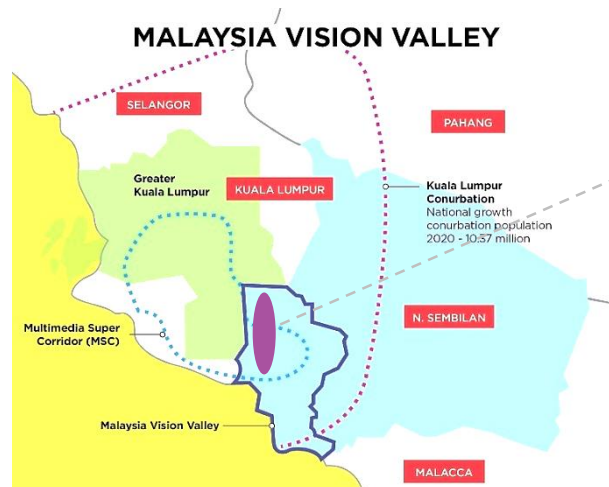
Highlights of MVV

MVV is a large scale project announced by the Malaysian Prime Minister during his 2016 Budget speech, and is a component of the Government's 11th Malaysia Plan and the National Transformation Plan.

Tenure of development
30-year project

Total development area
379,000 acres

Coverage area
Seremban and Port Dickson in Negeri Sembilan



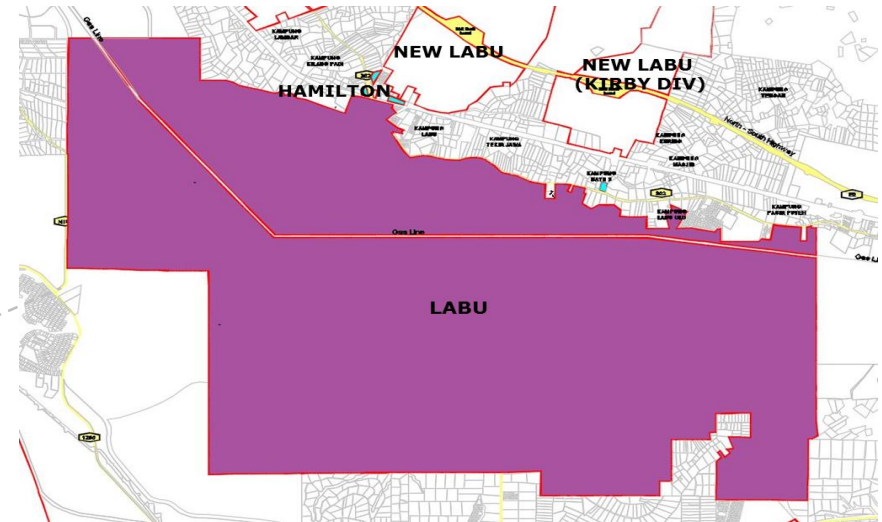
The area is intended to focus on **4 key development drivers**:

- High-technology manufacturing
- Tourism
- Skill-based education and research
- Specialised services

MVV development is expected to:

- ✓ **Attract investments of RM290bn by 2045**
- ✓ **Create 1.38 million new job opportunities**

Option to sell ~8,800 acres



- Sime Darby Berhad holds c.**8,800** acres of land in MVV area, acquired for **RM2.5 bn** in FY17
- Signed **29 option agreements** with SD Property for the potential sale of 29 parcels
- The options are valid for a **5-year period** (plus 3 years extension option)
- The timing of exercise of the option by Property will be dependent on the MVV development plan which is currently being developed
- Transfer value will be based on market price at the point of exercise

Tesco Disposal

Expected to result in a Net Gain on Disposal of RM270 million



Description of the Deal



- On 22 April 2020, Sime Darby entered into conditional agreements with C.P. Retail Development Company Limited, Tesco Holdings B.V. and Tesco PLC to **divest our 30% stake** in Tesco Stores (Malaysia) Sdn Bhd for a **total consideration of RM300m**
- The disposal is part of a larger deal between Tesco PLC and C. P. Group, for Tesco PLC to **sell its Thai and Malaysian businesses to CP Group**
- The disposal is also aligned to Sime Darby's **non-core asset rationalisation** program



Purchase Consideration



- The RM300m offer represents an **Enterprise Value of RM3.69bn** implying an **EV/FY20 EBITDA of 9.1x** (pre-IFRS 16) and **EV/FY20 Sales of 0.8x**
- The offer is: (i) **within the valuation range of precedent retail/hypermarket transactions** in the region and is also (ii) **broadly in-line with the independent valuation** undertaken by our financial adviser



Gain on Disposal



- Expected to result in a **Net Gain on Disposal of RM270m** for the Group.

Condition Precedent



- The broader transaction is conditional upon receiving approval from (i) **Thailand Trade Competition Commission**, (ii) **Malaysian Ministry of Domestic Trade and Consumer Affairs**, and (iii) **Tesco PLC's shareholders**



Charoen Pokphand Group of Thailand



- Thailand's **largest conglomerate**
- Mr **Dhanin Chearavanont**, the senior chairman is Thailand's wealthiest man (net worth US\$17bn)

Deal Process

22 Apr 2020

Signed **SPA** between **SDAP, CP & Tesco Plc**



2H 2020

Approvals from **MDTCA** for Malaysia, **OTCC** in Thailand and **Tesco PLC's** shareholders



2H 2020

Estimated **Completion Date**





Thank You
