



Sime Darby Berhad
(Company No. 752404-U)

T +603 2691 4122
F +603 2698 0645
W www.simedarby.com

19th Floor, Wisma Sime Darby
Jalan Raja Laut, Kuala Lumpur
50350 Malaysia

PRESS RELEASE

For Immediate Release
Thursday, 26 January 2017

Sime Darby, the next era - Pure plays unlock value

Kuala Lumpur, 26 January 2017 - The Board of Directors of Sime Darby Berhad is pleased to announce a plan to create three iconic stand alone businesses which will be pure plays in the Plantation, Property, and Trading & Logistics sectors. It is expected that the Plantation and Property pure plays will be listed on Bursa Malaysia while the Trading & Logistics businesses will remain under Sime Darby Berhad, which will retain its listed status.

This initiative will enable each business to pursue its distinct aspirations with greater focus and agility, taking advantage of potential growth opportunities to maximise value for all shareholders.

Sime Darby Berhad will be evaluating the implementation measures and indicative timelines to give effect to the Board's decision. Upon receiving final approval of the board following the evaluations, the company shall make appropriate disclosures.

"Our focus was and will always be our shareholders and how best to deliver and create more value," Tan Sri Dato' Seri Mohd Bakke Salleh said. "The Board's decision is the crucial next step we must take in order to achieve the original aspirations of the shareholders in 2007 when the new, enlarged Sime Darby was created with the merger of Golden Hope Plantations Berhad, Kumpulan Guthrie Berhad and Kumpulan Sime Darby Berhad."

Mohd Bakke added that with this move, shareholders will benefit from the growth potential in each of the three entities.

Each business will bear the Sime Darby brand name and will continue the rich heritage of the 106 year old Malaysian icon to develop and nurture Malaysian champions which are capable of competing on the global stage.

Sime Darby Berhad was listed on 30 November 2007, immediately creating the world's largest listed palm oil producer, and Malaysia's largest property developer in terms of land bank. The other major divisions in Sime Darby are the Motors and Industrial Divisions, both of which are today among the largest in their sectors in the Asia Pacific region. Sime Darby Motors is the second largest BMW dealer in the world, and one of the largest automotive dealer groups in the Asia Pacific Region. Sime Darby Industrial is the largest Caterpillar dealer in the Asia Pacific and amongst the largest in the world. Other growth businesses within the Group are the Logistics and Healthcare Divisions. Sime Darby Logistics operates the largest multi-purpose port in Yellow River Delta, in the Shandong Province, and the Healthcare business is one of the leading health care providers in Malaysia.

Incubating growth

Upon its listing in 1980, Kumpulan Sime Darby Berhad was mandated by the Government of Malaysia to develop Malaysian champions, by strategically incubating businesses in key growth sectors. Once a business had achieved critical size and capacity, they were spun off and listed on the stock market. Not only did this benefit shareholders, it allowed the companies to tap into the capital markets for growth. The merger in 2007 renewed this mandate.

"Today, nine years after the merger and several strategic corporate exercises to position our businesses, we are ready to execute the original intention of our shareholders," Mohd Bakke added. "Each Division is now stronger, strategically structured and better equipped to stand alone and be listed as pure plays."

The three new companies

1. Sime Darby Plantation Berhad (currently Sime Darby Plantation Sdn. Bhd.)

At the point of merger in 2007, Sime Darby Plantation had a combined landbank of 633,000 ha, of which 540,000 ha was planted. Total crude palm oil production was 2.4 million tonnes. Not a single unit in the enlarged entity was certified as sustainable.

- Today, Sime Darby Plantation is the world's largest producer of certified sustainable palm oil (CSPO), producing 2.6 million tonnes of CSPO a year, meeting the highest and most stringent standards set by the global market. Sime Darby Plantation accounts for 23% of total global CSPO production. All except one of its 62 strategic operating units are certified and 85% of all the oil it trades is traceable. In today's extremely competitive environment, this achievement has enabled Sime Darby Plantation to enjoy premiums and to forge relationships with the most notable consumer brands in the world.
- The Division's landbank has grown from 633,000 ha to 988,599 ha, while planted hectareage has grown from 540,000 ha to 603,254 ha, making it the largest oil palm plantation company in the world.
- The Indonesian operations have benefitted from an accelerated replanting programme with superior planting materials, also improving overall age profile. At present 16% of the total planted hectareage of 203,300 ha are under three years, which will allow yields to increase significantly in the next few years.
- The acquisition of New Britain Palm Oil has cemented Sime Darby Plantation's position as one of the leading producers of certified edible oil in the world. The potential for further growth in Papua New Guinea can be realised in the next few years.
- Sime Darby Plantation has the world's largest collection of advanced breeding lines, which is further enhanced with its pioneering genome sequencing technology. Commercial planting of genome select palms commenced in 2016.
- The Downstream unit has been strategically reorganised to capitalise on the tremendous growth potential in this area. From a loss making unit, Downstream is now profitable and showing steady growth. At the time of merger, there were eight refineries in the group serving a number of disparate geographies. Today there are 11 refineries, of which seven are differentiated specialty refineries designed to serve key markets.

"Upon the strong foundation we have reinforced in the Upstream sector, Sime Darby Plantation has positioned itself to become a major player in the Downstream sector,

fulfilling the aspirations at the time of the merger to create the world's leading integrated plantation company," Mohd Bakke said.

2. Sime Darby Property Berhad

In 2007, the merger created a Property company with the combined expertise of three players, each with excellent credentials in the development of townships. Since then, Sime Darby Property has evolved into a more integrated developer.

- Sime Darby Property has access to some of the most strategic landbanks in Malaysia. Several areas of high potential and future growth have already been identified by the Government, and Sime Darby Property is strategically positioned to benefit from these plans. Areas around the Malaysia Vision Valley, Carey Island and the High Speed Rail link are examples of such opportunities that lie in the future.
- Sime Darby Property has established itself as one of the leading Property Developers in Malaysia, focusing on operational excellence and building core execution capabilities across the value chain.
- Through strategic joint ventures and partnerships, Sime Darby Property has moved into high rise and high end developments, two key aspects of the business to secure future growth.
- The Battersea Power Station Development in London has positioned Sime Darby Property on the international stage.

3. Sime Darby Berhad

After the listing of Sime Darby Plantation and Sime Darby Property, Sime Darby Berhad will be a more focused company with the steady businesses of Sime Darby Industrial and Sime Darby Motors anchoring its future growth, while the Logistics and Healthcare Divisions offer exciting opportunities in the future.

- In 2008, immediately post-merger, Sime Darby Industrial's revenue was RM7.2 billion while today it stands at RM9.6 billion. Total assets in 2008 amounted to RM4.5 billion compared to RM9.3 billion as at 30 June 2016. It operates in 11 countries and territories.
- Sime Darby Industrial is exploring new opportunities in new energy solutions, while exploring opportunistic expansion in key geographies in its traditional business.
- At the time of merger, Sime Darby Motors operated in eight countries, dealing in 17 marques. Today, Sime Darby Motors represents 28 marques in 10 countries.
- At the end of the last financial year, Sime Darby Motors had a sales volume of about 83,000 units across Asia and Australia and has stamped its position as one of the leading dealer groups in the region.
- Sime Darby Logistics at the time of merger was a tiny part of the Group's China operations, with a total annual throughput of 9.7 million tonnes. Today, Sime Darby Logistics owns and operates five ports with a total throughput of 30.3 million tonnes of general cargo and 215,700 TEU.
- The Healthcare business was a single hospital operation in 2007. Today, it is a 50:50 joint venture with one of the leading players in the healthcare business, Ramsay Health Care. It operates six hospitals in Malaysia and Indonesia and is poised for future growth in the growing markets in the Asia Pacific.

"Sime Darby Berhad will continue to seek out growth opportunities in home markets and beyond. We have already identified new synergistic businesses of high potential to capitalise

on the changing needs of our customers and to fully realise the potential of our existing businesses,” Mohd Bakke added. “Shareholders will have much to look forward to.”

The transaction is not expected to result in any major disruption to the Sime Darby Group’s existing operations. Each business will continue in its day to day operations whilst simultaneously pursuing its more focused value unlocking strategy. The proposed pure-play strategy will enable each business to focus on their respective core activities and pursue their different and distinct aspirations.

Further details of the new corporate structure and implementation will be released at the appropriate time. The creation of the new businesses will be subject to all relevant legal and regulatory requirements, including the final approval of the board, shareholders, and listing requirements and regulatory approvals.

For further information, please contact:

Leela Barrock
Group Head – Communications
Sime Darby Berhad
Tel: 03-2711 1676 (Off), 019-213 2236 (HP)
Email: leela.barrock@simedarby.com

About Sime Darby

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 RM59.2 billion (USD 13.36 billion) as at 25 January 2017.