

Strong Q1 for Sime Darby Property

Industrial Segment Drives Growth

- Sime Darby Property Berhad reported a 43% higher YoY revenue at RM685.3 million in Q1 FY2023;
- PBT and PATAMI up 18% YoY and 17% YoY respectively;
- The industrial segment recorded a significant increase in sales, accounting for 55% or RM376.0 million of total sales achieved for the quarter, while the residential segment also remained strong.

ARA DAMANSARA, 25 MAY 2023: Sime Darby Property Berhad (“Sime Darby Property” or “Group”) concluded its first financial quarter ended 31 March 2023 (“Q1 FY2023”) with a 43% higher revenue of RM685.3 million, as compared to last year’s RM480.3 million. Profit before tax (“PBT”) stood at RM97.9 million, achieving an impressive 18% Year-on-Year (“YoY”) growth compared with Q1 FY2022 of RM83.2 million. Profit after tax and minority interest (“PATAMI”) strengthened by 17% to RM60.7 million against last year’s RM51.8 million.

The Group recorded sales totalling RM688.5 million. The industrial segment’s contribution surpassed residential as the key contributor with 55% or RM376.0 million of total sales achieved for the quarter under review. This achievement is attributed to the Group’s continuous success in capitalising on the industrial segment as a new avenue for growth, while keeping residential sales strong.

Gross profit margin stood above the Group’s expectations at 30% with all lines of business, namely Property Development, Investment & Asset Management (“IAM”) and Leisure, registering profit at PBT level in Q1 FY2023.

“We are pleased to kick off Q1 FY2023 on a strong note. Indeed, our strategies and plans are yielding significant results, especially given our ability to meet the evolving needs of our homeowners and investors. Our ability to respond to market conditions and proactively seize opportunities has enabled us to post a solid performance for the quarter through a well-executed plan. It is also a testament to our strategy to expand the industrial segment, in line with our plan to diversify the product mix of our Engine 1 core business,” said Sime Darby Property’s Group Managing Director, Dato’ Azmir Merican.

Q1 FY2023 YoY by segment

The Property Development segment remained the major revenue contributor, accounting for 93% of the Group’s earnings for the quarter. Revenue contribution from this segment stood at RM636.8 million, 46.1% higher as compared to the same period last year, on the back of higher site progress in major townships such as Bandar Bukit Raja, City of Elmina, Nilai Impian, Elmina Business Park and Hamilton Nilai City. PBT improved by 59.6% to RM92.4 million as compared to RM57.9 million in the same corresponding quarter last year.

The IAM segment revenue improved by 3.9% YoY at RM26.2 million. Its PBT was lower at RM3.6 million from RM17.2 million previously mainly due to share of losses from joint ventures as opposed to share of profit recorded in Q1 FY2022. Leisure's revenue improved 15.5% YoY to RM22.3 million while PBT was lower at RM1.9 million as compared to last year's RM8.1 million which includes the gain on disposal of a leisure property in Vietnam amounting to RM8.9 million.

Q1 FY2023 Launches and Sales

As a pioneering property developer, Sime Darby Property continued to leverage on its successful townships which are strategically located to provide well-curated products with practical layouts and good amenities in excellent neighbourhoods. The Group launched diversified new projects in Q1 FY2023 and met the market's needs with RM1.0 billion worth of products comprising residential landed properties (58%), residential high-rise components (29%) and industrial offerings (13%).

Residential landed products recorded an average take-up rate of 79% as at 7 May 2023, with the Emilia 1 double-storey linked homes in Nilai Impian taken at 100%; Serenia Anisa 1 in Serenia City at 87%; and Nadira 3 in Bandar Bukit Raja at 75%. Notably, all 507 units of Serasi Residences' Tower One in Putra Heights were snapped up within minutes of the official launch in February.

The Group's industrial offerings achieved an average take-up rate of 69% as at 7 May 2023, with contributions mainly from products located in Bandar Universiti Pagoh and the mixed industrial units in Nilai Impian.

Financial and Operational Achievements

The Group's completed inventories were stable at RM274.1 million as at 31 March 2023. Meanwhile, its registered cash balances were strong at RM945.0 million. Net gearing ratio remained low at 20.4%, providing funding bandwidth for expansion plans that are value accretive and synergistic to Sime Darby Property.

Sime Darby Property's sales achievement of RM688.5 million for the quarter encompassed 30% of the Group's sales target of RM2.3 billion for FY2023. 73% of sales achieved of RM500.9 million are attributable to projects launched prior to FY2023.

The industrial segment's contribution increased significantly to 55% of total quarterly sales as compared to 31% in Q1 FY2022, while residential landed and residential high-rise properties remained strong, accounting for 25% and 19% of products sold, respectively.

The Group retained strong unbilled sales of RM3.6 billion as of 31 March 2023, ensuring revenue visibility for the next three years. Meanwhile, current bookings stood at RM1.6 billion as at 7 May 2023.

Outlook for FY2023

The Group anticipates the property market to remain steady overall in 2023, with indications of healthy demand for landed residential and industrial products. The recovery of the foreign labour market will augur well for the Group in sustaining its strong momentum throughout FY2023.

Dato' Azmir said: "We are bullish about 2023, particularly given our diversified launch pipeline of RM3 billion in GDV, that includes residential high-rise and landed properties, as well as industrial properties. The Group is delivering more than 4,000 units of vacant possession in 2023, as a result of our robust performance in recent years. We will therefore focus our efforts on product delivery, project execution and management, and prudent cost control. We are confident in our ability to achieve our operational and financial goals for the year."

-END OF PRESS RELEASE-

About Sime Darby Property Berhad

Sime Darby Property is a leading property developer with a strong success rate of developing sustainable communities for 50 years. With 25 active townships/developments, Sime Darby Property has a wide reach that encompasses assets and operations across the country. It marks its presence in the UK as part of a Malaysian consortium to develop the iconic Battersea Power Station Project in central London.

As a responsible corporate player, Sime Darby Property and its philanthropic arm, Yayasan Sime Darby (YSD) actively implement various initiatives to assist underprivileged communities living within and nearby its townships. A multi award-winning property group with numerous international and local accolades, Sime Darby Property is a constituent of the MSCI ACWI Small Cap Index with MSCI ESG Rating of BBB and is rated by the Carbon Disclosure Project.

Sime Darby Property is honoured to be recognised with numerous real estate industry awards throughout the years. In 2021, the Group continues to be recognised as a top property developer in 'The Edge Malaysia's Top Property Developers Awards', achieving the feat for the tenth year running. The Group was also named as 'EdgeProp Malaysia's Responsible Developer: Building Sustainable Development Award 2021', as well as the winner in PwC's 'Building Trust Awards 2021' under the FBM Mid 70 Index category.

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