

# Company Guide

# UMW Holdings



Version 11 | Bloomberg: UMWH MK | Reuters: UMWS.KL  
Refer to important disclosures at the end of this report

AllianceDBS Research, Malaysia Equity

3 Dec 2018

## HOLD

Last Traded Price ( 30 Nov 2018): RM5.05 (KLCI : 1,679.86)  
Price Target 12-mth: RM5.56 (10% upside) (Prev RM6.19)

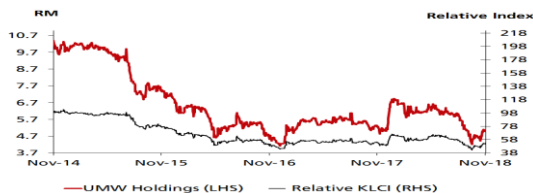
### Analyst

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### What's New

- 3QFY18 earnings stronger y-o-y but below expectations
- Manufacturing & engineering division turned profitable
- Cut earnings by 10-12% for FY18F-20F
- Maintain HOLD with lower TP of RM5.56

### Price Relative



### Forecasts and Valuation

FY Dec (RMm)	2017A	2018F	2019F	2020F
Revenue	11,067	11,207	11,361	11,615
EBITDA	389	1,027	1,166	1,257
Pre-tax Profit	(539)	712	796	813
Net Profit	(641)	439	491	503
Net Pft (Pre Ex.)	165	439	491	503
Net Pft Gth (Pre-ex) (%)	(16.0)	166.6	11.8	2.4
EPS (sen)	(54.8)	37.6	42.0	43.0
EPS Pre Ex. (sen)	14.1	37.6	42.0	43.0
EPS Gth Pre Ex (%)	(16)	167	12	2
Diluted EPS (sen)	14.1	37.6	42.0	43.0
Net DPS (sen)	0.0	5.00	5.59	5.72
BV Per Share (sen)	261	293	330	367
PE (X)	nm	13.4	12.0	11.7
PE Pre Ex. (X)	35.8	13.4	12.0	11.7
P/Cash Flow (X)	5.2	6.2	6.2	5.9
EV/EBITDA (X)	22.2	8.7	7.9	7.6
Net Div Yield (%)	0.0	1.0	1.1	1.1
P/Book Value (X)	1.9	1.7	1.5	1.4
Net Debt/Equity (X)	0.4	0.4	0.4	0.4
ROAE (%)	(16.5)	13.6	13.5	12.4
<b>Earnings Rev (%):</b>		(12)	(10)	(10)
<b>Consensus EPS (sen):</b>		32.9	39.9	45.5
<b>Other Broker Recs:</b>		B: 11	S: 1	H: 5

Source of all data on this page: Company, AllianceDBS, Bloomberg Finance L.P

## Stronger core performance

**Maintain HOLD.** We maintain our HOLD call with a lower SOP-based TP of RM5.56. We believe earnings will be supported by: 1) better margins from new Toyota plant, 2) the launch of the new Toyota Vios, and 3) potential earnings upside from the aerospace business which has started making profits. However, we are wary on the current exchange rate which could dampen margin expansion. Thus, we maintain our HOLD call.

### Where we differ: Relatively higher vehicle sales assumptions.

We factor in better sales volume and profit margins for the group as we believe earnings should improve going forward with the added boost of the sales and services tax holiday.

**Potential catalyst: Higher-than-expected auto sales.** Exciting launches (Toyota Camry, Toyota Vios), improved customer sentiment and margins could boost auto sales and earnings. In addition, stronger contributions from the aerospace segment will lift earnings.

### Valuation:

Our TP of RM5.56 is SOP-based. We have factored in a multiple of 13x FY19 earnings for both its Toyota and Perodua businesses.

### Key Risks to Our View:

**Slower auto sales; weaker margins.** Significantly slower Toyota vehicle unit sales and higher manufacturing costs could depress earnings.

### At A Glance

Issued Capital (m shrs)	1,168
Mkt. Cap (RMm/US\$m)	5,900 / 1,411
Major Shareholders (%)	
Skim Amanah Saham Bumiputera	43.4
Permodalan Nasional Bhd	12.6
Employees Provident Fund	6.7
Free Float (%)	
3m Avg. Daily Val (US\$m)	2.9

ICB Industry : Consumer Goods / Automobiles & Parts



## UMW Holdings

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### WHAT'S NEW

#### Tax holiday boosted numbers

UMWH recorded a headline net profit of RM128.1m in 3QFY18. Stripping out losses of RM26.9m from discontinued operations, core net profit came to RM155.0m. This brings 9MFY18 core net profit to RM353.6m. The result is below ours but above consensus expectations.

#### Core business improving

**Auto segment** revenue came in at RM2,643.4m (+24.9% y-o-y; +10.9% q-o-q). This is in line with higher sales volume for Toyota (+35.2% y-o-y; +10.7% q-o-q). Perodua, on the other hand, secured lower volumes of 51,034 units (-1.7% y-o-y; -17.1% q-o-q) as it faced some technical issues with the Myvi production at one of its vendors.

In line with the higher revenue, PBT improved y-o-y to RM151.3m (+42.6% y-o-y; +6.2% q-o-q) in 3Q18. This is mainly contributed by the higher Toyota volumes. A further boost was foreign exchange gains from the strengthening of the ringgit against USD.

The **equipment segment** recorded revenue of RM403.4m (+9.2% y-o-y; +10.2% q-o-q) due to higher export sales of Komatsu equipment as well as increased demand in the construction industry. Profit before tax improved to RM43.5m (+10.8% y-o-y; +15.1% q-o-q), in line with the higher revenue.

**Manufacturing and engineering segment** flipped to profitability during the quarter with a PBT of RM15.5m. This was driven by stronger revenue from the aerospace business. It has also registered better profit margins from comprehensive efficiency improvement and cost optimisation.

#### Outlook

**Earnings to come from core business.** New launches by UMW such as the Toyota Camry and Toyota Vios will help support volume in the coming quarters. These have been previewed during the KLIMS18 and has generated interested with bookings of up to 1000.

The aerospace business with Rolls-Royce is progressing as scheduled, in terms of the delivery of expected engine orders from Rolls-Royce. Going forward, it expects to deliver 80 units and 160 units for FY18F and FY19F respectively.

**Perodua shareholding remains status quo:** It was announced that the proposed takeover of MBM Resources by UMW Holdings which will result in a higher stake in Perodua has fallen through. This is following the lapse of the takeover period which ended on 31 Oct.

To provide a recap of the takeover bid, UMW offered to acquire a 50.7% stake in MBM Resources (MBMR) held by Med-Bumikar Mara Sdn Bhd (49.5%) and Central Shore Sdn Bhd (0.57%) for RM501.04m cash or RM2.56 per share back on 9 March 2018. This was initially rejected by Med-Bumikar Mara and Central Shore Sdn Bhd on 26 March 2018 and the takeover offer was extended to 31 October 2018.

This has no effect on our forecasts as we have not included any potential earnings from a higher stake in Perodua into our forecasts.

**Selling land to unlock value.** UMW has proposed to sell its industrial land in Shah Alam for RM288m. It has entered into a sale and purchase agreement with Strategic Sonata Sdn Bhd (wholly owned subsidiary of Mappletree) for the disposal of leasehold industrial land measuring up to 38.8 acres. The disposal is expected to complete in 2QFY19.

UMW believes the disposal will unlock the land value as well as facilitate the planned relocation of the ongoing business operations in Shah Alam to UMW High Manufacturing Park in Serendah.

Expected gains from the disposal stand at RM171.4m, after deducting expenses as well as tax related to the disposal. As the proceeds would be utilised to meet working capital requirements, this would be recognised as a one-off gain and we do not expect any special dividends.

**Cut earnings to reflect lower volume and margins:** We are cutting our forecasts by 12%/10%/10% for FY18F/19F/20F. We have lowered our sales volume growth from 1.5%/2%/2% to -1.5%/1.5%/1.5%. We expect volumes to be low in 4Q18 with the implementation of SST.

Other than that, we have also lowered our auto margins in view of the weakening ringgit. This could impact margins adversely as c.30% of costs are transacted in USD, particularly the imports of CKD kits and CBU units for Toyota. We believe margins could improve in FY19 as it starts production in the new plant which will have better efficiency on the back of higher automation.

We have also made adjustments to the manufacturing segment from loss- to profit-making as the segment turned profitable during the quarter.

**Maintain HOLD with lower TP of RM5.56.** Following our earnings cut, our TP is reduced to RM5.56. We are maintaining our HOLD call as we believe stock offers limited upside at this juncture. Earnings will be supported by 1) better margins from

## UMW Holdings

the new Toyota plant which will kick in 1Q19, 2) the new Toyota Vios helping to support volumes, and 3) potential upside from the aerospace business ramp-up. Any gains from land sale will also positive for the group, as such gains will be utilised for working capital.

### Quarterly Income Statement (RMm)

FY Dec	3Q2017	2Q2018	3Q2018	% chg yoy	% chg qoq
Revenue	2,671	2,919	3,290	23.2	12.7
Other Oper. (Exp)/Inc	(2,682)	(2,678)	(3,118)	16.3	16.5
<b>Operating Profit</b>	<b>(10.8)</b>	<b>241</b>	<b>172</b>	<b>nm</b>	<b>(28.9)</b>
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	nm	nm
Associates & JV Inc	29.7	54.4	57.2	93.0	5.2
Net Interest (Exp)/Inc	1.13	5.48	4.74	320.2	(13.6)
Exceptional Gain/(Loss)	0.0	(105)	(26.9)	nm	(74.3)
<b>Pre-tax Profit</b>	<b>19.9</b>	<b>197</b>	<b>207</b>	<b>937.0</b>	<b>5.1</b>
Tax	(29.8)	(39.6)	(43.5)	46.1	9.8
Minority Interest	(19.5)	(32.7)	(35.1)	(79.5)	7.3
<b>Net Profit</b>	<b>(29.4)</b>	<b>124</b>	<b>128</b>	<b>nm</b>	<b>3.0</b>
Net profit bef Except.	(29.4)	229	155	nm	(32.3)
EBITDA	37.3	291	221	491.5	(24.1)
<b>Margins (%)</b>					
Opg Profit Margins	(0.4)	8.3	5.2		
Net Profit Margins	(1.1)	4.3	3.9		

Source of all data: Company, AllianceDBS

### SOP valuation

Division	Stake	Valuation	Value (RM m)	Per share
Automotive				
Toyota	51.0%	PE 13x	2,046.57	1.75
Perodua	38.0%	PE 13x	2,282.08	1.95
Equipment	100.0%	PE 12x	1,493.85	1.28
Manufacturing & engineering	100.0%	PE 12x	404.46	0.35
Serendah Land		50% discount to market value	271.16	0.23
<b>Total</b>			<b>6,498.13</b>	<b>5.56</b>

Source of all data: AllianceDBS

**UMW Holdings**

**CRITICAL DATA POINTS TO WATCH**

**Toyota sales volume flattish.** UMWH’s assembly and distribution operations for Toyota and Lexus cars contributed 81.6% of group revenue in FY17. UMWH recorded sales of 70,445 units (+8.0% y-o-y) in FY17 backed by new launches in 4Q17 such as the Toyota Camry, Corolla Altis, Hilux, Fortuner, Innova and the Toyota Harrier. FY17 Toyota’s market share came in at 12.3%, making it the second bestselling non-national car marque after Honda with a 19.0% market share. We expect FY18 sales volume to come down slightly by 1.5% as it runs out old models of the Camry in anticipation of new models. Thereafter, volumes could improve marginally for FY19F/20F backed by new model launches.

**Resilient Perodua volume.** UMWH has a 38% stake in Perodua which has done well in the past few quarters with impressive sales figures for new models. Perodua’s 35.4% market share in FY17 was above Proton’s 12.3%. Perodua is attracting buyers by offering a solid value proposition with reasonable pricing for the Myvi and Axia models. We forecast Perodua’s sales at 209k/213k units for FY18F/19F.

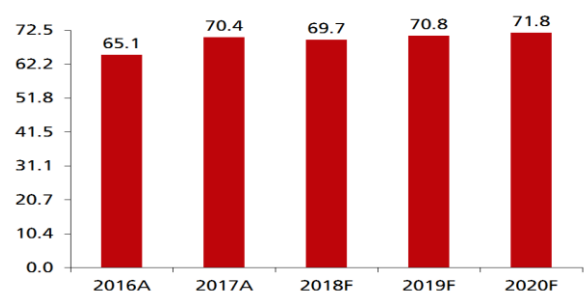
**Expansion of manufacturing plant.** UMWH Toyota is in the midst of expanding its manufacturing plant located in Bukit Raja Industrial Estate, Klang. The plant is expected to start operations in early 2019 with an annual capacity of 50k units. With an investment of up to RM2bn, this plant will focus more on the production of passenger vehicles, namely the Vios and Camry.

**Margins to improve.** We believe auto margins should improve going forward as we see the ringgit strengthening against USD at RM4.10/USD currently vs RM4.30/USD in FY17. However, the group has to manage promotions during festive seasons as these could pressure margins. We expect better margins in FY19F, backed by better efficiency from the new Toyota manufacturing plant.

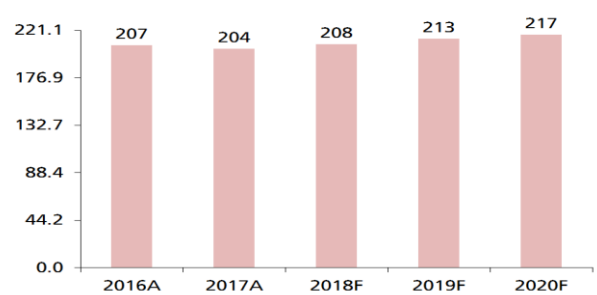
**New aerospace venture.** UMWH has entered into an agreement with Rolls Royce to manufacture and assemble fan cases for Trent 1000 engines. This potential new earnings stream is conceptually positive and allows the group to reduce its dependence on the auto businesses. We expect the business to contribute materially in FY20F. It recently completed the Rolls-Royce plant in Serendah, Selangor. The group has allocated RM750m capital expenditure (capex) for the next 2.5 years. It expects to deliver 80 units and 160 units for FY18F and FY19F respectively.

**Unlocking value from Serendah Land.** UMWH has 830 acres of land remaining in Serendah, excluding the aerospace plant. It plans to lease or dispose the land to other manufacturing players to create a high value manufacturing park. However, future plans may take time to realise as management has guided that it may take 15-20 years to fully dispose of the land. Based on the market value of RM15/sqft for industrial land in the vicinity, UMWH’s Serendah land is estimated to be worth RM542m vs its cost of RM74m.

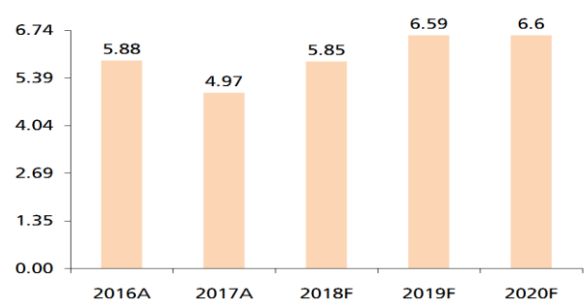
**Toyota sales (k units)**



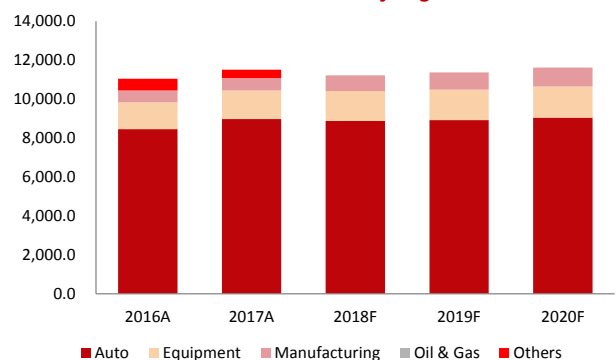
**Perodua sales (k units)**



**Auto PBT Margin %**



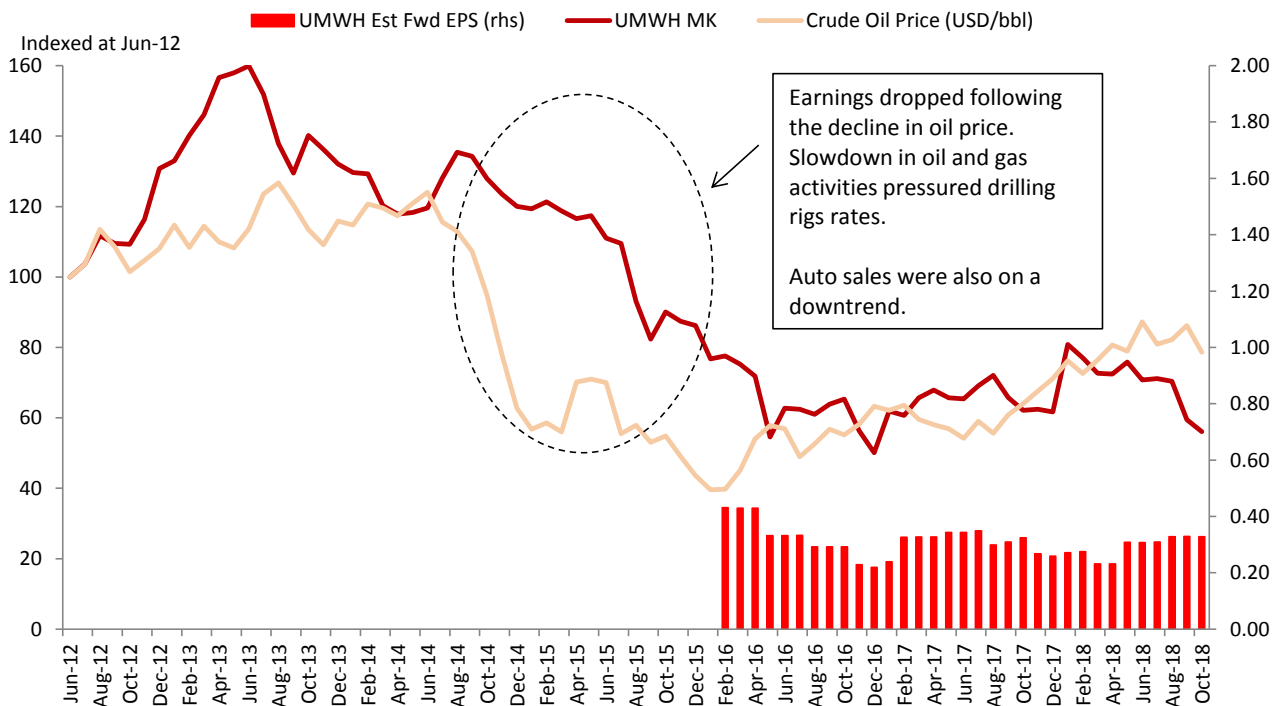
**Revenue breakdown by segment**



Source: Company, AllianceDBS

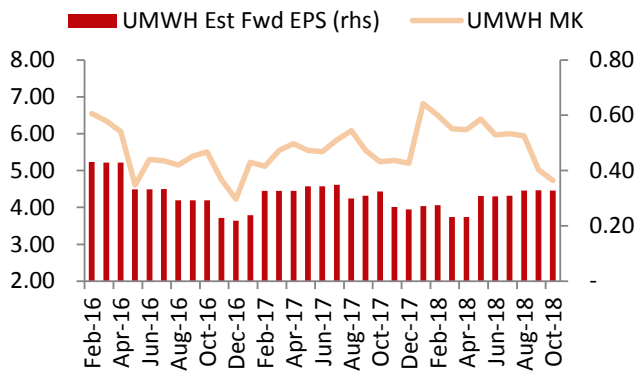
UMW Holdings

Appendix 1: Factors driving historical share price performance



\*UMWH forward EPS is based on consensus  
Source: Company, AllianceDBS, Bloomberg Finance L.P

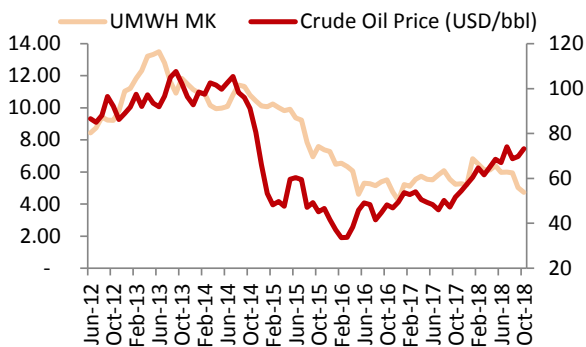
UMWH's share price versus forward EPS



Remarks

Share price has a relatively low correlation of 0.28 with the forward EPS. Share price may have reacted according to potentially higher stake in Perodua which could be earnings accretive. Going forward, we expect share price to correlate with forward EPS as they did before the takeover announcement.

UMWH's share price versus crude oil price



Remarks

From Jun 2012 to Dec 2016, UMWH's share price had a high correlation of 0.77 with the crude oil price trend, as it owns 55% of UMW Oil and Gas. However, post announcement on the demerger of its listed oil & gas business, the correlation between UMWH's share price and crude oil price trend dropped to 0.21 from Jan 2017 to Oct 2018.

Source: Company, AllianceDBS, Bloomberg Finance L.P

**UMW Holdings**

**Balance Sheet:**

**Lighter without oil & gas.** Net debt to total equity stood at 0.38x as at end-FY17. Total debt amounted to RM2.8bn and was mostly denominated in USD. Capex was RM935m in FY17. As the demerger from UMW Oil & Gas is now completed, net gearing has improved significantly as borrowings from the listed oil & gas unit are expunged.

**Share Price Drivers:**

**Stronger auto sales and margins.** In the past, the stock price has fallen along with slower auto sales and a more competitive auto industry. A recovery in Toyota unit sales and margins would be a key earnings and share price driver.

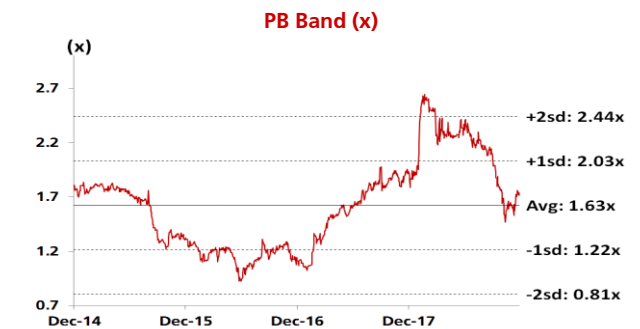
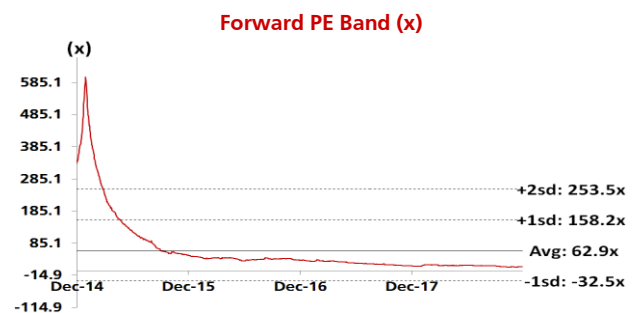
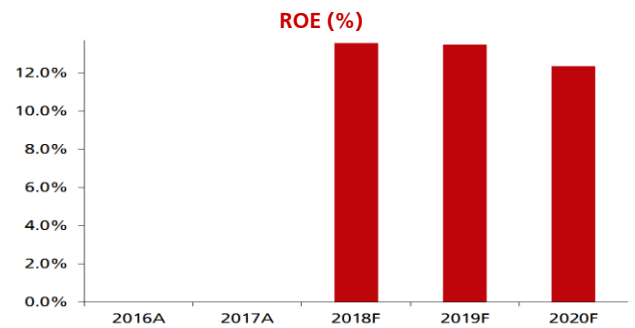
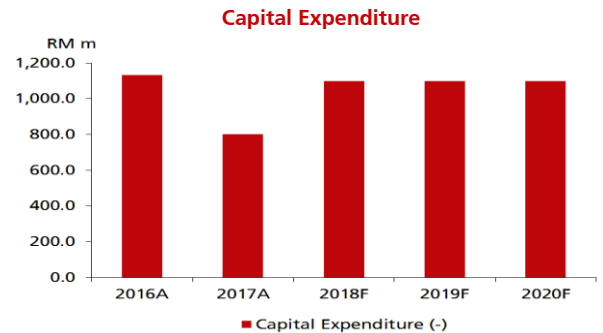
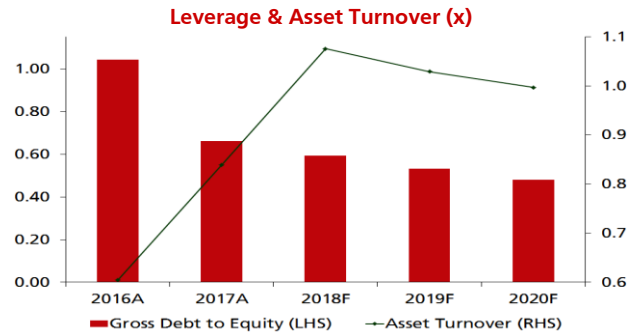
**Key Risks:**

**Slower auto sales, weaker margins.** Significantly slower Toyota vehicle unit sales and higher manufacturing costs could depress earnings.

**Ringgit depreciation.** The increase in car prices will help manufacturers cover part of the increase in import costs (arising from the ringgit's depreciation). However, further weakening of the ringgit would be a risk for manufacturers.

**Company Background**

UMWH is the sole assembler and distributor of Toyota and Lexus vehicles in Malaysia. Its role includes marketing, sales services and auto parts trading. It is also the single largest shareholder in Perodua with a 38% stake. Its other business segments are Equipment (trading of industrial heavy equipment) and Manufacturing & Engineering (trading of lubricants).



Source: Company, AllianceDBS

## UMW Holdings

### Key Assumptions

FY Dec	2016A	2017A	2018F	2019F	2020F
Toyota sales (k units)	65.1	70.5	69.7	70.8	71.8
Perodua sales (k units)	207	204	208	213	217
Auto PBT Margin %	5.88	4.97	5.85	6.59	6.60

### Segmental Breakdown

FY Dec	2016A	2017A	2018F	2019F	2020F
<b>Revenues (RMm)</b>					
Auto	8,451	8,972	8,871	8,914	9,048
Equipment	1,383	1,459	1,529	1,560	1,591
Manufacturing	601	645	806	887	976
Oil & Gas	0.0	0.0	0.0	0.0	0.0
Others	1.57	(9.5)	0.0	0.0	0.0
<b>Total</b>	<b>10,437</b>	<b>11,067</b>	<b>11,207</b>	<b>11,361</b>	<b>11,615</b>
<b>PBT (RMm)*</b>					
Auto	497	446	519	588	598
Equipment	146	142	161	164	167
Manufacturing	24.6	(17.7)	32.3	44.4	48.8
Oil & Gas	0.0	0.0	0.0	0.0	0.0
Others	(949)	(304)	0.0	0.0	0.0
<b>Total</b>	<b>(282)</b>	<b>267</b>	<b>712</b>	<b>796</b>	<b>813</b>
<b>PBT Margins (%)</b>					
Auto	5.9	5.0	5.8	6.6	6.6
Equipment	10.5	9.7	10.5	10.5	10.5
Manufacturing	4.1	(2.7)	4.0	5.0	5.0
Oil & Gas	N/A	N/A	N/A	N/A	N/A
Others	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>(2.7)</b>	<b>2.4</b>	<b>6.4</b>	<b>7.0</b>	<b>7.0</b>

\*PBT excludes exceptional items

### Income Statement (RMm)

FY Dec	2016A	2017A	2018F	2019F	2020F
Revenue	10,437	11,067	11,207	11,361	11,615
Cost of Goods Sold	(8,417)	(8,965)	(9,079)	(9,204)	(9,410)
<b>Gross Profit</b>	<b>2,019</b>	<b>2,101</b>	<b>2,128</b>	<b>2,157</b>	<b>2,205</b>
Other Opng (Exp)/Inc	(2,603)	(2,106)	(2,133)	(2,162)	(2,210)
<b>Operating Profit</b>	<b>(485)</b>	<b>124</b>	<b>540</b>	<b>606</b>	<b>634</b>
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	184	182	211	243	247
Net Interest (Exp)/Inc	18.8	(39.1)	(39.1)	(53.3)	(68.2)
Exceptional Gain/(Loss)	(1,854)	(805)	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>(2,136)</b>	<b>(539)</b>	<b>712</b>	<b>796</b>	<b>813</b>
Tax	(134)	(122)	(171)	(191)	(195)
Minority Interest	612	19.8	(102)	(114)	(115)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>(1,658)</b>	<b>(641)</b>	<b>439</b>	<b>491</b>	<b>503</b>
Net Profit before Except.	196	165	439	491	503
EBITDA	(255)	389	1,027	1,166	1,257
<b>Growth</b>					
Revenue Gth (%)	(27.7)	6.0	1.3	1.4	2.2
EBITDA Gth (%)	nm	nm	164.0	13.5	7.8
Opg Profit Gth (%)	(351.8)	(125.5)	336.4	12.3	4.6
Net Profit Gth (Pre-ex) (%)	897.2	(16.0)	166.6	11.8	2.4
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	19.3	19.0	19.0	19.0	19.0
Opg Profit Margin (%)	(4.6)	1.1	4.8	5.3	5.5
Net Profit Margin (%)	(15.9)	(5.8)	3.9	4.3	4.3
ROAE (%)	(29.3)	(16.5)	13.6	13.5	12.4
ROA (%)	(9.6)	(4.9)	4.2	4.4	4.3
ROCE (%)	(3.3)	1.2	5.6	5.8	5.7
Div Payout Ratio (%)	N/A	N/A	13.3	13.3	13.3
Net Interest Cover (x)	NM	3.2	13.8	11.4	9.3

Source: Company, AllianceDBS

## UMW Holdings

### Quarterly / Interim Income Statement (RMm)

FY Dec	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018
Revenue	2,671	2,955	2,415	2,919	3,290
Other Oper. (Exp)/Inc	(2,682)	(2,939)	(2,324)	(2,678)	(3,118)
<b>Operating Profit</b>	<b>(10.8)</b>	<b>16.1</b>	<b>91.7</b>	<b>241</b>	<b>172</b>
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	29.7	58.3	57.6	54.4	57.2
Net Interest (Exp)/Inc	1.13	(56.8)	(2.0)	5.48	4.74
Exceptional Gain/(Loss)	0.0	(382)	(17.1)	(105)	(26.9)
<b>Pre-tax Profit</b>	<b>19.9</b>	<b>(365)</b>	<b>130</b>	<b>197</b>	<b>207</b>
Tax	(29.8)	(33.0)	(29.6)	(39.6)	(43.5)
Minority Interest	(19.5)	(34.7)	(26.6)	(32.7)	(35.1)
<b>Net Profit</b>	<b>(29.4)</b>	<b>(433)</b>	<b>74.1</b>	<b>124</b>	<b>128</b>
Net profit bef Except.	(29.4)	204	91.2	229	155
EBITDA	37.3	80.7	142	291	221

### Growth

Revenue Gth (%)	(3.1)	10.6	(18.3)	20.9	12.7
EBITDA Gth (%)	(69.4)	116.4	76.4	104.1	(24.1)
Opg Profit Gth (%)	(202.0)	(248.5)	469.3	163.4	(28.9)
Net Profit Gth (Pre-ex) (%)	163.6	(793.9)	(55.3)	151.3	(32.3)

### Margins

Opg Profit Margins (%)	(0.4)	0.5	3.8	8.3	5.2
Net Profit Margins (%)	(1.1)	(14.6)	3.1	4.3	3.9

### Balance Sheet (RMm)

FY Dec	2016A	2017A	2018F	2019F	2020F
Net Fixed Assets	7,679	2,658	3,271	3,812	4,289
Invt in Associates & JVs	2,008	1,713	1,924	2,167	2,414
Other LT Assets	815	462	462	462	462
Cash & ST Invt	1,857	1,170	962	743	582
Inventory	1,931	1,411	1,429	1,448	1,481
Debtors	988	1,021	1,034	1,048	1,072
Other Current Assets	1,008	1,660	1,660	1,660	1,660
<b>Total Assets</b>	<b>16,286</b>	<b>10,096</b>	<b>10,743</b>	<b>11,341</b>	<b>11,961</b>
ST Debt	2,639	692	692	692	692
Creditor	1,879	2,796	2,831	2,870	2,934
Other Current Liab	234	165	294	315	319
LT Debt	4,520	2,070	2,070	2,070	2,070
Other LT Liabilities	151	195	195	195	195
Shareholder's Equity	4,719	3,047	3,428	3,854	4,290
Minority Interests	2,146	1,131	1,233	1,346	1,462
<b>Total Cap. &amp; Liab.</b>	<b>16,286</b>	<b>10,096</b>	<b>10,743</b>	<b>11,341</b>	<b>11,961</b>
Non-Cash Wkg. Capital	1,815	1,131	998	973	960
Net Cash/(Debt)	(5,301)	(1,592)	(1,800)	(2,018)	(2,179)
Debtors Turn (avg days)	49.3	33.1	33.5	33.5	33.3
Creditors Turn (avg days)	91.8	98.0	119.5	120.4	120.5
Inventory Turn (avg days)	85.2	70.1	60.3	60.7	60.8
Asset Turnover (x)	0.6	0.8	1.1	1.0	1.0
Current Ratio (x)	1.2	1.4	1.3	1.3	1.2
Quick Ratio (x)	0.6	0.6	0.5	0.5	0.4
Net Debt/Equity (X)	0.8	0.4	0.4	0.4	0.4
Net Debt/Equity ex MI (X)	1.1	0.5	0.5	0.5	0.5
Capex to Debt (%)	15.8	29.0	39.8	39.8	39.8
Z-Score (X)	2.0	2.0	2.0	2.0	2.0

Source: Company, AllianceDBS



## UMW Holdings

### Cash Flow Statement (RMm)

FY Dec	2016A	2017A	2018F	2019F	2020F
Pre-Tax Profit	(2,130)	267	712	796	813
Dep. & Amort.	552	406	487	559	623
Tax Paid	(210)	(132)	(41.9)	(171)	(191)
Assoc. & JV Inc/(loss)	(156)	(151)	(211)	(243)	(247)
Chg in Wkg.Cap.	201	1,099	4.62	5.07	8.33
Other Operating CF	2,034	(359)	0.0	0.0	0.0
<b>Net Operating CF</b>	<b>291</b>	<b>1,129</b>	<b>951</b>	<b>947</b>	<b>1,006</b>
Capital Exp.(net)	(1,134)	(801)	(1,100)	(1,100)	(1,100)
Other Invts.(net)	196	(299)	0.0	0.0	0.0
Invts in Assoc. & JV	(4.2)	0.0	0.0	0.0	0.0
Div from Assoc & JV	83.8	97.9	0.0	0.0	0.0
Other Investing CF	86.5	(849)	0.0	0.0	0.0
<b>Net Investing CF</b>	<b>(772)</b>	<b>(1,851)</b>	<b>(1,100)</b>	<b>(1,100)</b>	<b>(1,100)</b>
Div Paid	0.0	0.0	(58.4)	(65.3)	(66.9)
Chg in Gross Debt	1,014	195	0.0	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(1,405)	(75.9)	0.0	0.0	0.0
<b>Net Financing CF</b>	<b>(391)</b>	<b>119</b>	<b>(58.4)</b>	<b>(65.3)</b>	<b>(66.9)</b>
Currency Adjustments	(141)	177	0.0	0.0	0.0
Chg in Cash	(1,014)	(426)	(208)	(219)	(161)
Opg CFPS (sen)	7.70	2.57	81.0	80.6	85.4
Free CFPS (sen)	(72.2)	28.1	(12.8)	(13.1)	(8.0)

Source: Company, AllianceDBS

### Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions.

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	28 Feb 18	6.50	4.49	FULLY VALUED
2:	01 Mar 18	6.02	4.49	FULLY VALUED
3:	12 Mar 18	6.35	4.82	FULLY VALUED
4:	13 Mar 18	6.49	4.82	FULLY VALUED
5:	14 Mar 18	5.90	4.82	FULLY VALUED
6:	27 Mar 18	6.19	4.82	FULLY VALUED
7:	18 May 18	6.27	4.82	FULLY VALUED
8:	23 May 18	6.40	5.29	FULLY VALUED
9:	30 Aug 18	5.94	6.19	HOLD

Source: AllianceDBS

Analyst: Siti Ruzanna Mohd Faruk

## UMW Holdings

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### DISCLOSURE

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#### Stock rating definitions

STRONG BUY	-	> 20% total return over the next 3 months, with identifiable share price catalysts within this time frame
BUY	-	> 15% total return over the next 12 months for small caps, >10% for large caps
HOLD	-	-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps
FULLY VALUED	-	negative total return > -10% over the next 12 months
SELL	-	negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame

#### Commonly used abbreviations

Adex = advertising expenditure	EPS = earnings per share	PBT = profit before tax
bn = billion	EV = enterprise value	P/B = price / book ratio
BV = book value	FCF = free cash flow	P/E = price / earnings ratio
CF = cash flow	FV = fair value	PEG = P/E ratio to growth ratio
CAGR = compounded annual growth rate	FY = financial year	q-o-q = quarter-on-quarter
Capex = capital expenditure	m = million	RM = Ringgit
CY = calendar year	M-o-m = month-on-month	ROA = return on assets
Div yld = dividend yield	NAV = net assets value	ROE = return on equity
DCF = discounted cash flow	NM = not meaningful	TP = target price
DDM = dividend discount model	NTA = net tangible assets	trn = trillion
DPS = dividend per share	NR = not rated	WACC = weighted average cost of capital
EBIT = earnings before interest & tax	p.a. = per annum	y-o-y = year-on-year
EBITDA = EBIT before depreciation and amortisation	PAT = profit after tax	YTD = year-to-date

## UMW Holdings

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Wong Ming Tek, Executive Director

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