

# UMW ACHIEVED NET PROFIT OF RM84.2 MILLION IN 2Q19 ; IMPROVED RESULTS FROM AUTOMOTIVE AND M&E SEGMENTS



INVESTOR UPDATES

(RM mil)	2Q19	2Q18	% YoY	1Q19	% QoQ	1H19	1H18	% YoY	(Audited) 2018
<b>Consolidated Net profit</b>	<b>84.2*</b>	<b>124.4</b>	<b>(32.3)</b>	<b>86.5</b>	<b>(2.7)</b>	<b>170.7</b>	<b>198.5</b>	<b>(14.0)</b>	<b>344.5</b>

\*Net of payment to minority shareholders and perpetual sukuk holders

## 2Q19 FINANCIAL HIGHLIGHTS

2Q19 consolidated revenue of RM2,971.2 million was relatively flat y-o-y. Higher sales in Automotive and M&E segment was offset by lower revenue in Discontinued Operations.

Consolidated profit before taxation (PBT) was slightly lower at RM177.4 million as compared to RM179.2 million PBT in the corresponding quarter.

PBT from Continuing Operations declined 43.6% y-o-y due to high base effect as a result of reversal of provisions amounting to RM207 million reported in 2Q18. Excluding the corresponding quarter's reversal of provisions, 2Q19 PBT of RM179.1 million would have been higher than the RM110.7 million reported in 2Q18.

However, the significantly lower loss before tax of RM1.8 million from Discontinued Operations in 2Q19 (2Q18 LBT: RM138.5 million) cushioned the impact to the consolidated PBT in 2Q19.

Consolidated net profit attributable to equity holders was RM84.2 million, a 32.3% decline compared to the previous corresponding quarter. Payment to perpetual sukuk holders amounting to RM34.8 million was also made during the quarter.

Consolidated cash and deposits stood at RM944.9 million as at end-June 2019

## 2Q19 OPERATIONAL HIGHLIGHTS

Toyota sold 17,529 units in 2Q19 compared to 19,026 units in 2Q18 (YoY: -7.9%) and 13,722 units in 1Q19 (QoQ: +27.7%). Lexus sold 129 units in 2Q19, compared to 282 units in 2Q18 (YoY: -54.3%) and 143 units in 1Q19 (QoQ: -9.8%). UMW's market share in 1H19 was 10.6%.

In 2Q19, Perodua recorded sales of 61,123 units compared with 61,530 units in 2Q18 (YoY: -0.7%) and 60,659 units in 1Q19 (QoQ: +0.8%). Perodua is progressing well to achieve its 2019 target of 235,000 units. Perodua maintained its pole position in 1H19 with a market share of 41.1%.

Equipment segment was affected by lower demand from the Heavy Equipment business. On the other hand, the industrial equipment business in Malaysia and Vietnam maintained its growth momentum.

M&E segment's revenue was higher for the quarter mainly due to higher volume of fan cases delivered by the Aerospace business and higher sales of other major products.

Dear fund managers and analysts,

"Our second quarter operational results have been encouraging despite the challenging business environment.

While we continue to implement strategic initiatives to propel the Group to greater heights, a key focus area will be to enhance operational efficiencies through cost optimisation initiatives and business synergies to adapt to the changing business environment.

We are confident the Group will continue to deliver value to our shareholders"

**Badrul Feisal bin Abdul Rahim**  
President & Group CEO  
UMW Holdings Berhad

# UMW HOLDINGS BERHAD

## Group Financial Statement from Continuing Operations



(RM'000)	2Q19	2Q18	% YoY	1Q19	% QoQ	1H19	1H18	% YoY	FY 2018 (Audited)
Revenue	<b>2,966,016</b>	2,919,134	1.6	<b>2,774,803</b>	6.9	5,740,819	5,334,473	7.6	<b>11,303,649</b>
Share of Profits of Associated Companies	<b>76,140</b>	55,749	36.6	<b>65,649</b>	16.0	141,789	112,027	26.6	<b>270,690</b>
Profit before taxation	<b>179,135</b>	317,676	(43.6)	<b>140,676</b>	27.3	319,811	471,957	(32.2)	<b>800,333</b>

### RESULTS

2Q19 / 1H19  
(y-o-y)

- Higher sales in Automotive and M&E segments lifted Revenue from Continuing Operations
- On the other hand, decline in PBT was mainly due to high base effect as the Group reported reversal of provisions amounting to RM207 million in 2Q18
- Excluding the reversal of provisions amounting to RM207 million reported in 2Q18, PBT would have been higher in 2Q19 (61.8% y-o-y) as well as 1H19 (20.7% y-o-y)

2Q19 (q-o-q)

- On top of higher sales from Automotive and M&E segments which lifted Revenue from Continuing Operations, PBT from Continuing Operations were further boosted by an increase in share of profit from an associated company.

### PROSPECTS

- The Group will continue to strengthen its three core businesses - Automotive, Equipment, and M&E.
- Notwithstanding the uncertainty in the global economy due to trade tensions as well as the exchange rate movements, the Group is continuing its cost optimisation initiatives to improve its business performance.

(RM'000)	2Q19	2Q18	% YoY	1Q19	% QoQ	1H19	1H18	% YoY	FY 2018 (Audited)
Revenue	2,386,426	2,382,665	0.2	2,162,535	10.4	4,548,961	4,259,724	6.8	8,946,735
Profit Before Taxation	151,118	142,439	6.1	124,225	21.6	275,343	268,380	2.6	549,968

## RESULTS

- |              |   |
|--------------|---|
| 2Q19 (y-o-y) | <ul style="list-style-type: none"> <li>Higher profit before tax as a result higher share of profit from an associated company following higher vehicle sales</li> </ul>                               |
| 2Q19 (q-o-q) | <ul style="list-style-type: none"> <li>Increase in revenue was mainly due to higher vehicle sales while profit before tax was boosted by higher share of profit from an associated company</li> </ul> |
| 1H19 (y-o-y) | <ul style="list-style-type: none"> <li>Higher sales of parts lifted revenue while an increase in share of profit from an associated company contributed to the higher profit</li> </ul>               |

**UMW Toyota Motor Sdn Bhd**  
(51% subsidiary company)

**Perusahaan Otomobil Kedua Sdn Bhd**  
(38% associate company)

## HIGHLIGHTS

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>☐ Sales of UMWT in 2Q19 is lower y-o-y mainly due to the higher base from accelerated purchases during the zero-goods and services tax (GST) or 'tax holiday' period in 2018.</li> <li>☐ Higher q-o-q sales in 2Q19 was buoyed by new launches by UMWT. The all-new Vios started delivery in the second half of January while Yaris was launched in April.</li> <li>☐ The top three selling models in 2Q19 was Vios, Hilux and Yaris, which accounted for 74% of Toyota's (excluding Lexus) sales.</li> <li>☐ UMWT's 2019 sales target is 75,000 units.</li> </ul> | <ul style="list-style-type: none"> <li>☐ Perodua maintained strong sales performance in 2Q19 buoyed by the sales of the new Aruz SUV and sustained healthy demand for all its other models despite the lower y-o-y sales.</li> <li>☐ In June, Perodua began exports to the Seychelles with the official introduction of its Perodua Axia. The popularity of this market as a tourist destination might potentially open more export opportunities for Perodua through brand exposure.</li> <li>☐ Perodua is also working with the Daihatsu Motor Company of Japan to further develop its component suppliers to explore markets beyond Malaysia. This forms part of the company's commitment to build Malaysia's automotive support industries.</li> <li>☐ Perodua raised its 2019 sales target to 235,000 units.</li> </ul> |
|---|--|

## PROSPECTS

- The businesses remain competitive due to wider customers' choice and prudent spending by both consumers and businesses.
- However, with a line-up of new models with competitive pricing and the recent reduction in banks' base lending rates, the segment's sales outlook is projected to be stable for the second half of this year.

# BUSINESS SEGMENT EQUIPMENT

(RM'000)	2Q19	2Q18	% YoY	1Q19	% QoQ	1H19	1H18	% YoY	FY 2018 (Audited)
Revenue	343,630	365,947	(6.1)	382,843	(10.2)	726,473	738,990	(1.7)	1,539,647
Profit Before Taxation	35,467	37,813	(6.2)	42,164	(15.9)	77,631	82,749	(6.2)	160,135

## RESULTS

2Q19 / 1H19  
(y-o-y)  
&  
2Q19  
(q-o-q)

- Revenue and profit before taxation were affected by lower demand in the heavy equipment business.

### Highlights – Komatsu products covering Malaysia, Singapore, PNG & Myanmar

- HEAVY EQUIPMENT**
- Malaysia** coal mining activities remained low due to the increase in coal export tax by 10 to RM37/MT by the Sarawak Gov't. Subdued plantation sector as CPO prices remain low.
  - PNG** market registered a strong performance due to the promising Gold prices & infrastructure development & PGK 3 billion Highlands Highway project in the construction sector.
  - Myanmar** operations continue to be supported by strong parts sales to jade & copper mining sector, for active mining activities and on-going repairs & maintenance carried out for the aging fleet of machineries.

### Highlights

Delivered:

- INDUSTRIAL EQUIPMENT**
- 32 units of Toyota forklift and BT warehouse truck under new and renewal contract with Panasonic Appliance Air-Cond Malaysia Sdn Bhd
  - 11 units of Toyota forklift under new rental contract with Padiberas Nasional Berhad
  - 9 units of Toyota forklift and towing tractor under new rental contract with Perodua Manufacturing
  - 8 units of Toyota forklift under new rental contract with F&B Nutrition Sdn Bhd

### Others:-

The company launched new warehouse truck BT LPE200B in April 2019. This model will help to increase market share for anticipated growth sectors like warehousing & logistics, food & beverage

### Highlights

- MARINE & POWER EQUIPMENT**
- Successfully penetrate Government sectors with China SDEC generator sets
  - 2 units to Ministry of Defense
  - 14 units to Jabatan Bekalan Air Luar Bandar, Sarawak

## PROSPECTS

- Revival of major infrastructure projects by the Malaysian Government has brought back interest in the construction sector, leading to an anticipated increase in demand for the segment.
- In addition, expansion of the overseas market is expected to contribute to higher sales in the second half of this year.
- Productivity improvements and cost management initiatives will help to cushion the impact from rising competition.

(RM'000)	2Q19	2Q18	% YoY	1Q19	% QoQ	1H19	1H18	% YoY	FY 2018 (Audited)
Revenue	244,501	178,321	37.1	237,100	3.1	481,601	346,787	38.9	843,157
Profit Before Taxation	13,233	(521)	>100%	2,329	>100	15,562	(3,402)	>100	21,535

## RESULTS

2Q19 / 1H19  
(y-o-y)

- The segment was boosted by higher volume of fan cases delivered by Aerospace business and higher sales of other major products.

2Q19 (q-o-q)

- Higher sales from lubricant business and higher volume of fan cases delivered by Aerospace business supported the growth in segment revenue and profit before taxation.

## Highlights

Aerospace delivered higher number of fan cases during the period as compared to the same period last year.

KYB-UMW recorded higher sales due to the launching of new models coupled with an increase of deliveries in the export market.

Despite slightly lower revenue from Lubricants and Advantech, effective cost management has managed to mitigate the effect on bottom-line

## PROSPECTS

- General outlook for manufacturing & engineering businesses remains positive with higher vehicle sales and parts replacements in the second half of the year.
- Additionally, production and delivery of fan cases are also expected to increase for the remainder of the year.

# DISCONTINUED OPERATIONS

## OIL & GAS (UNLISTED)

(RM'000)	2Q19	2Q18	% YoY	1Q19	% QoQ	1H19	1H18	% YoY	FY 2018 (Audited)
Revenue	5,225	31,315	(83.3)	5,109	2.3	10,334	54,747	(81.1)	72,391
Profit Before Taxation	(1,781)	(138,522)	98.7	(140)	>(100)	(1,921)	(168,959)	98.9	(175,270)

### RESULTS

2Q19 / 1H19  
(y-o-y)

- Following divestments made over the last one year, the segment reported lower revenue as well as narrowing loss before tax

2Q19 (q-o-q)

- Higher LBT in line with the Group's exit plans for the segment

### PROSPECTS

- Following the ongoing divestment of the Oil and Gas (Unlisted) assets, the Group does not expect any adverse material impact from this segment in 2019.

# UMW HOLDINGS BERHAD

## Consolidated Balance Sheet

(RM'000)	As at 30 June 2019 (Unaudited)	As at 31 Dec 2018 (Audited)	As at 31 Dec 2017 (Audited)
Property, Plant & Equipment	2,841,434	2,820,924	2,658,103
Investment in Associates	1,869,212	1,792,383	1,661,497
Inventories	1,690,847	1,548,507	1,410,746
Deposits, Cash & Bank Balances	944,934	1,311,764	1,169,568
<b>TOTAL ASSETS</b>	<b>10,595,295</b>	<b>10,757,995</b>	<b>10,095,732</b>
Long Term Borrowings	1,995,358	2,298,249	2,069,717
Short Term Borrowings	575,435	534,486	691,857
<b>TOTAL LIABILITIES</b>	<b>4,740,642</b>	<b>5,043,552</b>	<b>5,917,302</b>
<b>TOTAL EQUITY</b>	<b>5,854,653</b>	<b>5,714,443</b>	<b>4,178,430</b>
<b>Net Assets Per Share</b>	<b>RM2.98</b>	<b>RM2.86</b>	<b>RM2.61</b>



# THANK YOU



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