

# UMW HOLDINGS' PATAMI SURGED TO RM110.3 MILLION IN 3Q19; PAYS 4.0 SEN SPECIAL DIVIDEND

(RM mil)				(Revised)			(Audited)		
	3Q19	3Q18	% YoY	2Q19	% QoQ	9M19	9M18	% YoY	2018
<b>Consolidated PATAMI</b>	<b>110.3</b>	128.1	(13.9)	57.2	92.8	254.0	326.6	(22.2)	344.5

## 3Q19 FINANCIAL HIGHLIGHTS

Group revenue from Continuing Operations of RM2,882.7 million for 3Q19 was 12.4% lower compared to the corresponding quarter of last year. The decrease in revenue was mainly due to intense competition and sluggish demand in the Automotive and Equipment segments. The corresponding quarter benefited from the GST-free period in Malaysia from 1 June to 31 August 2018.

Profit before taxation (PBT) from Continuing Operations of RM150.3 million was lower than the RM177.2 million in the corresponding quarter due to lower contribution from Automotive and Equipment segments, in line with the lower revenue.

Consolidated PATAMI was RM110.3 million, a 13.9% decline compared to the previous corresponding quarter.

The Group has declared a special dividend of 4.0 sen per share in 3Q19

The Group's deposits, cash and bank balances stood at RM917.9 million as at end-September 2019

## 3Q19 OPERATIONAL HIGHLIGHTS

Sales of UMW Toyota Motor was lower y-o-y mainly due to the high-base effect in 3Q18 which benefitted from the zero-GST period.

Perodua achieved higher sales y-o-y driven mainly by contribution from new SUV model Aruz and sustained healthy demand for all its other models.

Equipment segment results was affected by intense competition and sluggish demand in pertinent sectors.

M&E segment is ramping up production and delivery of fan cases.

Dear fund managers and analysts,

"Despite the continued challenging economic and operating environment, the Group continues to deliver healthy and encouraging results.

We are implementing strategic and innovative initiatives across the Group through our transformation agenda which have seen promising results so far in delivering greater value to our shareholders. The Group is also actively implementing cost optimisation initiatives to improve our business performance and operational productivity."

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

# UMW HOLDINGS BERHAD

## Group Financial Statement from Continuing Operations



(RM'000)	3Q19	3Q18	% YoY	2Q19	% QoQ	9M19	9M18	% YoY	FY 2018 (Audited)
Revenue	2,882,665	3,289,820	(12.4)	2,966,016	(2.8)	8,623,484	8,624,449	(0.0)	11,303,649
Share of Profits of Associated Companies	85,205	58,285	46.2	76,140	11.9	226,994	170,597	33.1	270,690
Profit before taxation	150,305	177,190	(15.2)	152,135	(1.2)	443,116	622,008	(28.8)	800,333

### RESULTS

- 3Q19 (y-o-y) • The decline in Group revenue and PBT were mainly due to intense competition and sluggish demand in the Automotive and Equipment segments.
- 9M19 (y-o-y) • Group PBT was lower as there was a one-off reversal of provision amounting to RM207.0 million in the corresponding period. Excluding the reversal of provision in the corresponding period, Group PBT increased to RM443.1 million compared to RM415.0 million in the corresponding period.
- 3Q19 (q-o-q) • The decline in Group PBT was mainly due to lower vehicles sales in the Automotive segment and weaker performance in the Equipment segment.

### PROSPECTS

- The Group will continue to strengthen its three core businesses - Automotive, Equipment, and Manufacturing & Engineering.
- Notwithstanding the uncertainty in the global economy due to trade pressure as well as the exchange rate movements, the Group has embarked on cost optimisation initiatives to improve its business performance and operational productivity.

(RM'000)	3Q19	3Q18	% YoY	2Q19	% QoQ	9M19	9M18	% YoY	FY 2018 (Audited)
Revenue	2,296,944	2,643,401	(13.1)	2,386,426	(3.7)	6,845,905	6,903,125	(0.8)	8,946,735
Profit Before Taxation	140,090	151,257	(7.4)	151,118	(7.3)	415,433	419,637	(1.0)	549,968

## RESULTS

3Q19 / 9M19 (y-o-y)  
& 3Q19 (q-o-q)

- Revenue and PBT was lower due to lesser number of vehicles sold.
- The bigger y-o-y decline in 3Q19 is mainly due to high base. 3Q18 sales was boosted by the GST-free period from 1 June 2018 to 31 August 2018.

UMW Toyota Motor Sdn Bhd  
(51% subsidiary company)

Perusahaan Otomobil Kedua Sdn Bhd  
(38% associate company)

## HIGHLIGHTS

- ❑ Toyota sold 16,357 units in 3Q19 compared to 20,940 units in 3Q18 (YoY: -21.9%) and 17,529 units in 2Q19 (QoQ: -6.7%). Lexus sold 271 units in 3Q19, compared to 430 units in 3Q18 (YoY: -37%) and 129 units in 2Q19 (QoQ: >100%).
- ❑ UMWT's market share in 9M19 was 10.9%.
- ❑ UMWT launched the 12th-generation Toyota Corolla in early October while order taking started from 12 September 2019. The 1.8-litre Corolla comes in two variants, priced at RM128,888 and RM136,888.
- ❑ The top three selling models in 3Q19 was Vios, Hilux and Yaris which accounted for over 70% of Toyota's (excluding Lexus) sales.
- ❑ UMWT's target for 2019 is now 72,000 units

- ❑ Perodua recorded sales of 56,972 units compared with 51,105 units in 3Q18 (YoY: +11.5%) and 61,123 units in 2Q19 (QoQ: -6.8%).
- ❑ Perodua maintained its pole position in 9M19 with a market share of 40.4%.
- ❑ The 2019 Perodua Axia was launched on 20 September. Malaysia's most affordable car is priced from RM24,090 for the Standard E to RM43,190 for the range topping Advance. As at 8 November, the facelifted Axia has accumulated over 20,000 orders in the two months since it was introduced in September, with over 10,400 units having been delivered so far.
- ❑ The Malaysian Ministry of Domestic Trade and Consumer Affairs (KPDNHEP) has purchased 55 units of the Perodua Aruz AV, marking the seven-seater SUV's entry into the government sector and the model's first fleet deal.
- ❑ Perodua's 2019 sales target is 235,000 units.

## PROSPECTS

- The business remains competitive as aggressive marketing and promotions are expected to continue in the last quarter of the year.
- Nevertheless, the recent launch of the all-new Toyota Corolla in 3Q19 as well as enhancements added to Toyota Hilux, Fortuner and Innova are expected to contribute positively to the segment's sales performance in the coming quarters.
- Associated company Perodua is on track to achieve its sales target of 235,000 units for 2019.

(RM'000)	3Q19	3Q18	% YoY	2Q19	% QoQ	9M19	9M18	% YoY	FY 2018 (Audited)
Revenue	353,660	403,413	(12.3)	343,630	2.9	1,080,134	1,142,403	(5.5)	1,539,647
Profit Before Taxation	30,772	43,506	(29.3)	35,467	(13.2)	108,403	126,255	(14.1)	160,135

## RESULTS

- |              |                                                                                                                                                                                                                                                                                              |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3Q19 (y-o-y) | <ul style="list-style-type: none"> <li>Revenue and PBT was lower mainly attributable to intense competition and sluggish demand</li> </ul>                                                                                                                                                   |
| 9M19 (y-o-y) | <ul style="list-style-type: none"> <li>Lower revenue and PBT following a slow down in in construction, manufacturing, mining and logging activities in countries it operates in</li> </ul>                                                                                                   |
| 3Q19 (q-o-q) | <ul style="list-style-type: none"> <li>Higher revenue was mainly attributable to higher sales in the Industrial Equipment sub-segment.</li> <li>However, PBT decreased due to lower margins earned in a challenging market for both of Heavy and Industrial Equipment businesses.</li> </ul> |

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

- HEAVY EQUIPMENT**
- **Malaysia** – intense competition and slowdown in pertinent sectors have impacted results..
  - In **PNG**, the promising gold prices has sustained our mining sector sales. Construction sector is active with more new machines sold for the Highlands Highway project. Revenue grew by more than 20%.
  - In **Singapore**, construction output was supported by public sector construction works
  - **Myanmar** – sale of parts and services continue to contribute positively.

### Highlights

**INDUSTRIAL EQUIPMENT**

Malaysia's industrial equipment operations are on course to achieve its yearly target driven by its improved market share in material handling equipment business albeit shrinking market demand in 3Q19.

The renewal of key rental contracts and securing new rental contracts resulted in the Company's deliveries out-performed the market performance which contracted by 18% in 3Q2019 compared to 3Q2018.

**MARINE & POWER EQUIPMENT**

Secured 2 year service contract extension for the supply of labour and parts to a company's gas compressor operations in offshore Sabah and Sarawak.

Secured contract to supply 33 units of SDEC generator sets.

## PROSPECTS

- The Equipment segment's outlook remains challenging as demand in the construction, manufacturing, mining and logging sectors are likely to be sluggish for the rest of the year.
- However, revival of some major infrastructure projects in Malaysia, improving demand in Singapore and Papua New Guinea, and expansion of product line-up in Vietnam are anticipated to minimise the downward pressures on the segment's performance.

(RM'000)	3Q19	3Q18	% YoY	2Q19	% QoQ	9M19	9M18	% YoY	FY 2018 (Audited)
Revenue	252,403	253,562	(0.5)	244,501	3.2	734,006	600,349	22.3	843,157
Profit Before Taxation	15,360	15,539	(1.2)	13,233	16.1	30,921	12,136	>100	21,535

## RESULTS

3Q19 (y-o-y)	<ul style="list-style-type: none"> <li>The marginal decline in revenue was due to lower contribution from lubricants business.</li> </ul>
9M19 (y-o-y)	<ul style="list-style-type: none"> <li>Revenue was higher due to higher production of fan cases in Aerospace and higher sales of Auto-components products in the current year. Cost optimisation initiatives also helped to improve margins.</li> </ul>
3Q19 (q-o-q)	<ul style="list-style-type: none"> <li>The segment's revenue and PBT was higher mainly due to a higher production of fan cases in its Aerospace sub-segment and higher demand for auto-components products..</li> </ul>

## Highlights

Delivery of fan cases are on track and production ramp-up is progressing well.

Sales for auto components are expected to maintain moving forward due to new model launches for the year such as the Aruz, Axia, Vios and higher consumer demand for 2-wheeler (from Yamaha and Honda).

Lower sales from lubricants segment for the quarter was due to intense competition combined with the importation of lubricants from overseas.

## PROSPECTS

- Demand for auto components and lubricants products is expected to be stable over the near term.
- A steady growth in the Aerospace business, on the back of planned production and delivery of fan cases is expected to underpin the segment's healthy performance for the remainder of the year

# UMW HOLDINGS BERHAD

## Consolidated Balance Sheet

(RM'000)	As at 30 Sept 2019 (Unaudited)	As at 31 Dec 2018 (Audited)	As at 31 Dec 2017 (Audited)
Property, Plant & Equipment	2,780,364	2,820,924	2,658,103
Investment in Associates	1,852,011	1,792,383	1,661,497
Inventories	1,912,546	1,548,507	1,410,746
Deposits, Cash & Bank Balances	917,933	1,311,764	1,169,568
<b>TOTAL ASSETS</b>	<b>10,838,089</b>	<b>10,757,995</b>	<b>10,095,732</b>
Long Term Borrowings	2,129,536	2,298,249	2,069,717
Short Term Borrowings	562,501	534,486	691,857
<b>TOTAL LIABILITIES</b>	<b>4,903,055</b>	<b>5,043,552</b>	<b>5,917,302</b>
<b>TOTAL EQUITY</b>	<b>5,935,034</b>	<b>5,714,443</b>	<b>4,178,430</b>
<b>Net Assets Per Share</b>	<b>RM3.04</b>	<b>RM2.86</b>	<b>RM2.61</b>



# THANK YOU



Nik Azlan Bin Nik Abdul Aziz  
Group Chief Financial Officer



S. Vikneshwaran  
General Manager  
Investor & Media Relations  
Email: vikneshwaran.s@umw.com.my  
Telephone: +603 20252104

Corporate Portal [www.umw.com.my](http://www.umw.com.my)

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