



2QFY2020 Financial Results

Briefing to analysts and fund managers

27 August 2020



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UMW
MENARA UMW

UMW

1H20 FINANCIAL PERFORMANCE SNAPSHOT

	(RM' m)	1H20	1H19	y-o-y
01	Revenue	3,648.9	5,751.2	(36.6%)
02	Profit before taxation	4.2	290.9	(98.5%)
03	Taxation and zakat	(9.5)	(66.3)	(85.7%)
04	(Loss)/Profit after taxation	(5.3)	224.6	>(100%)
05	(-) (Loss)/Profit attributable to non-controlling interests	(6.0)	46.1	>(100%)
06	(-) Profit attributable to holders of perpetual sukuk	34.8	34.8	0.0%
07	(LATAMI)/PATAMI	(34.1)	143.7	>(100%)

1H20: SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

(RM' m)	1H20	1H19	y-o-y
Share Of Results Of Associates And Joint Ventures	2.2	131.8	(98.3%)

The decline was a result of:

- Lower contribution from Perodua mainly due to the impact of the MCO following the COVID-19 pandemic which affected vehicle, parts and services sales in 2Q20. Contribution from Perodua is expected to improve as demand for vehicles recover in 2H20.
- Our share of losses in Toyota Capital Malaysia (our 30% associate) of RM44.1 million in 1H20 due to present value impact of loan moratorium and unfavourable mark-to-market value of interest rate swaps. The provision of the impact of loan moratorium was made up to 30 September 2020.
- Excluding the share of losses from Toyota Capital Malaysia, the Group would have registered a PBT of RM48.3 million.

1H20 CORE PATAMI

Stripping out items not pertaining to normal business operations

	RM' m	Remarks
Reported LATAMI	(34.1)	Includes distribution to Perpetual Sukuk holders of RM34.8m in April 2020
*ADJUSTMENTS	Amount recognised in PATAMI/(LATAMI)	
Reversal of impairment on receivables	(20.0)	Debt recovery from an earlier investment
Loss on sale on investment (net)	27.7	Crystallisation of forex loss on an investment in Unlisted O&G, in which we no longer hold any stake in
Gain on disposal of PPE not relating to business operations	(2.1)	-
Share of results from Toyota Capital Malaysia (TCM)	44.1	TCM has historically been profitable. The losses were due to present value impact of loan moratorium and unfavourable mark-to-market value of interest rate swaps. The provision of the impact of loan moratorium has been made up to 30 September 2020.
CORE PATAMI	15.6	

Note:

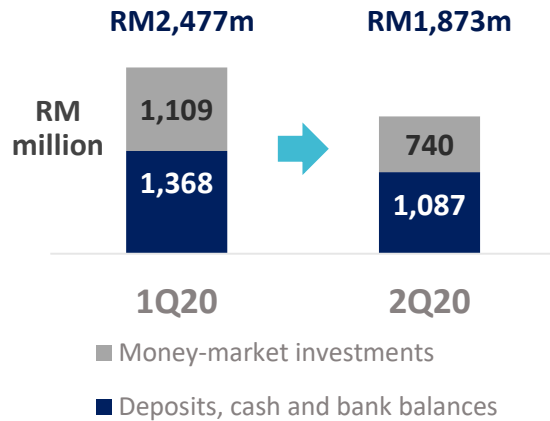
* One-off/Exceptional items that are non-operational in nature

- Gain on disposal of PPE of RM6.6m is mainly due to sale of leased asset, which is part of our business operations under Equipment business

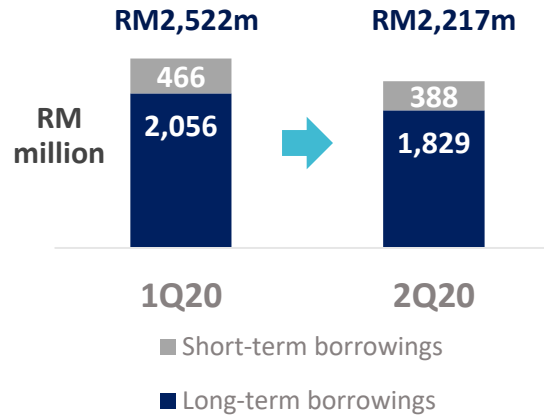
CASH AND DEBT POSITION

Despite the challenging market conditions, we continue to pare down borrowings

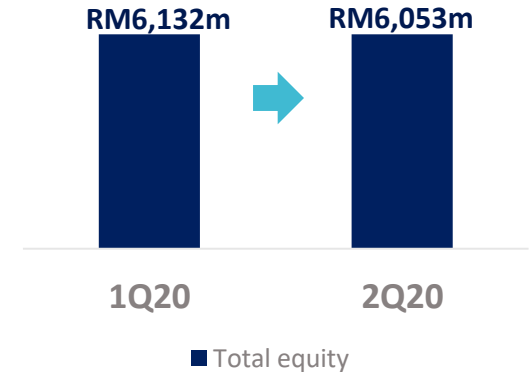
Deposits, cash, bank balances and money market investments



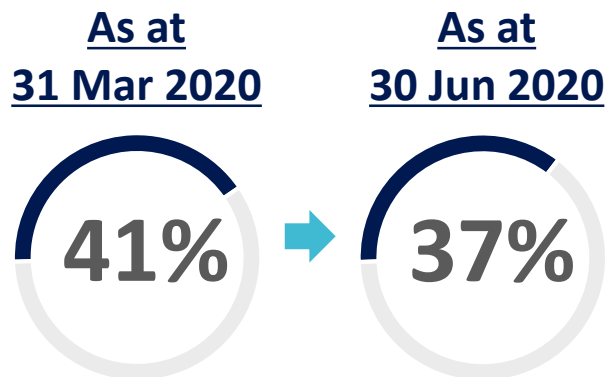
Total borrowings



Total equity



GROSS DEBT-TO-EQUITY RATIO



SUKUK REPAYMENTS

- Year 2019 – paid RM350m for two (2) maturing sukuk
- June 2020 – paid RM300m for a maturing sukuk

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AUTOMOTIVE SALES

UMW Group commanded more than half of the automotive industry's market share in 1H20

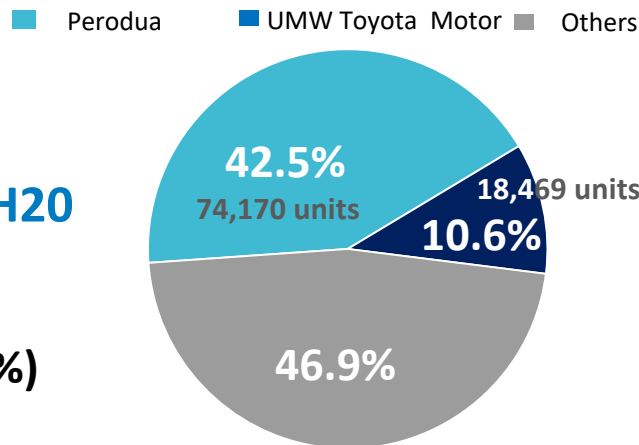
Sales were affected by the Movement Control Order (MCO) implemented from 18 March.

	<p>1H20 18,469 units</p> <p>1H19 31,523 units</p>	<p>↓(41.4%)</p>	<ul style="list-style-type: none"> As a result of the Movement Control Order (MCO), sales of motor vehicles was put to a halt which affected sales in the second half of March and the whole of April 2020. The top three selling models for Toyota in 1H20 were Vios, Yaris and Hilux, accounting for about 78% of Toyota's (excluding Lexus) sales. Lexus' sales were mainly of the ES models. The all-new Toyota RAV4 was launched on 18 June. Market share for 1H20 was 10.6%.
	<p>1H20 74,170 units</p> <p>1H19 121,782 units</p>	<p>↓(39.1%)</p>	<ul style="list-style-type: none"> The top three selling models for Perodua in 1H20 was Myvi, Axia and Bezza, constituting about 86% of total Perodua sales. Market share for 1H20 was 42.5%.

Market share

UMW Group sold **92,639 units** in 1H20

market share grew to **53.0%** (2019 – 51.4%)



Brand	1H20		
	Units	(y-o-y)	Market Share %
Proton	37,078	(14.8)%	21.2
Honda	17,124	(61.3)%	9.8
Nissan	4,382	(57.8)%	2.5
Mazda	4,228	(34.9)%	2.4
Others	19,224	(49.9)%	11.0
TIV	174,675	(41.1)%	

Source: Malaysian Automotive Association

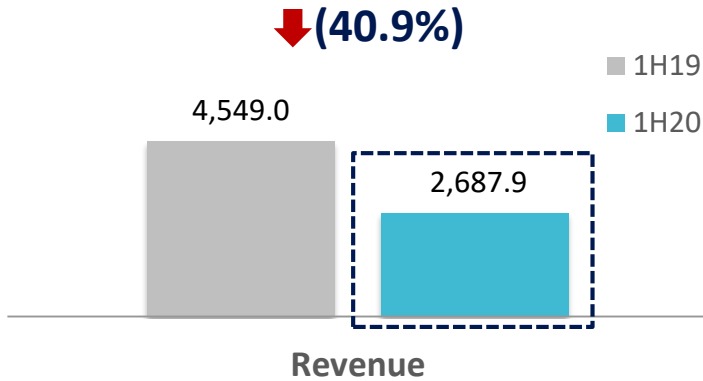


AUTOMOTIVE SEGMENT

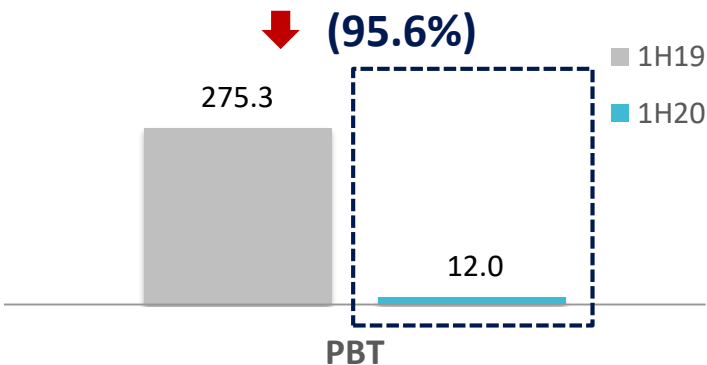
Bearing the full impact of restrictions of operations during the MCO

1H20 vs 1H19

RM million



RM million



Automotive Results

01 REVENUE

- 1H20 revenue of RM2,687.9 million was 40.9% lower y-o-y, mainly due to lower sales of vehicle, parts and services following the implementation of MCO, which took effect on 18 March.

02 PROFIT BEFORE TAXATION

- PBT declined to RM12.0 million in 1H20 from RM275.3 million in 1H19, mainly due to lower revenue coupled with lower share of results from an associate company arising from the MCO.

03 OPERATIONAL HIGHLIGHTS

- The losses at UMWT was further dragged down by depreciation and amortisation cost as well as finance cost. UMWT was profitable at the EBITDA level.
- Perodua is expected to produce 25,000 cars per month from August to December 2020, which is almost at its full capacity.

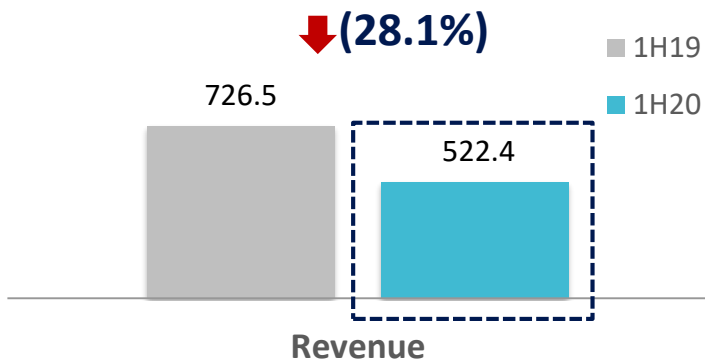


EQUIPMENT SEGMENT

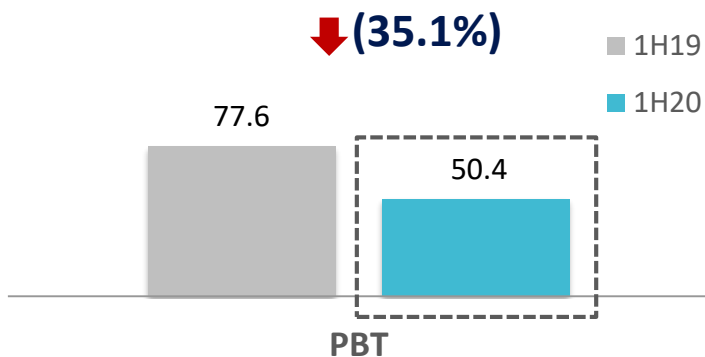
Challenging market conditions and restrictions in operations affected performance

1H20 vs 1H19

RM million



RM million



Equipment Results

01 FINANCIAL RESULTS

- Revenue of RM522.4 million was lower by 28.1% y-o-y, mainly due to slow down in construction, manufacturing, mining and logging activities following the implementation of lockdowns/MCO in countries that the segment operates in.
- PBT declined by 35.1% y-o-y to RM50.4 million as a result of lower revenue coupled with narrowing margins as pricing competition persists.

02 OPERATIONAL HIGHLIGHTS

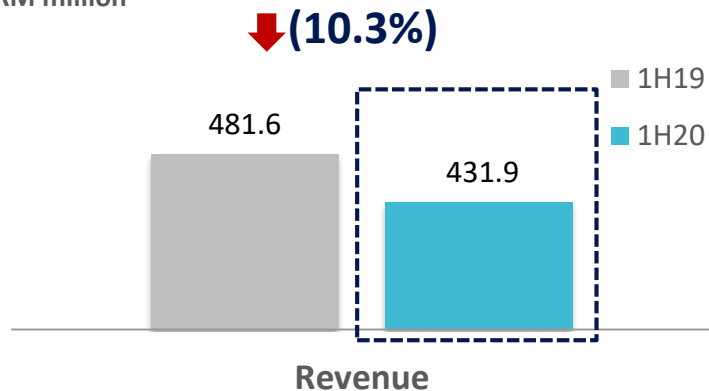
- The overall Heavy Equipment demand in the region has declined due to the Covid-19 pandemic and political developments.
- In line with the drop in market size, the Heavy Equipment business reported lower revenue. However, we managed to record higher market share with the support of our principal, Komatsu.
- The Industrial Equipment business reported a slight drop in PBT despite the implementation of lockdowns/MCO arising from the Covid-19 pandemic.
- To mitigate the financial impact from the Movement Control Order, the Equipment segment has proactively engaged in cost containment measures across its businesses, process improvement and digitalization.

MANUFACTURING & ENGINEERING SEGMENT

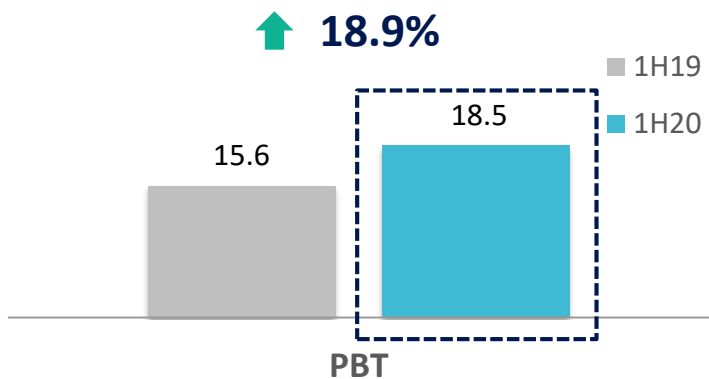
Aerospace business cushioned the impact of MCO to the segment

1H20 vs 1H19

RM million



RM million



M&E Results

01 FINANCIAL RESULTS

- Revenue of RM431.9 million was lower by 10.3% y-o-y as the Auto-components and Lubricants businesses registered lower sales.
- However, PBT grew by 18.9% y-o-y to RM18.5 million supported by the segment's cost optimization efforts.

02 AEROSPACE

- As production of fan cases ramps up, the aerospace business registered higher revenue for the first half of the year.
- Furthermore, the business has managed to lower its operating expenses despite running 24/7 operations since May.

03 AUTO COMPONENTS & LUBRICANTS

- Demand for both Auto Components & Lubricants was affected by the decline in automotive sales during the period.

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The Group will focus on strengthening our core business segments and strategic cost optimisation initiatives

23:35:60
Business Strategy
Innovation
Branding
Solution
Marketing
Analysis
Ideas
Success
Management

23:35:60



Automotive Segment

Year-to-date 2020 Unit Sales

Sales improving upon easing of MCO as well as the sales tax exemption until end of the year – expecting better performance in the second-half of the year

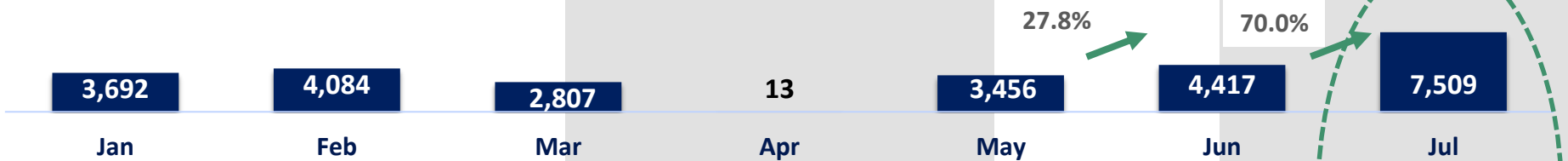
Total Industry Volume (TIV)

← Enforcement of MCO →

← Sales tax exemption →

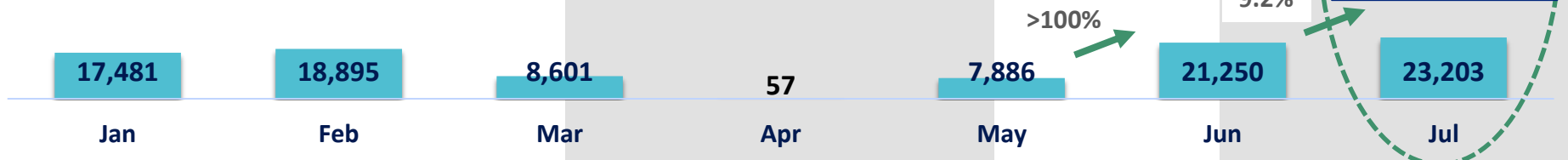


UMW Toyota Motor - target of 45,000 units for 2020



Highest monthly sales & record market share of 53.3%

Perodua – target of 210,000 units for 2020



July Market share
UMWT : 13.0%
Perodua : 40.3%



AUTOMOTIVE SEGMENT

Boosting efforts to drive sales

1

Expansion of model line-up – to appeal to a wider audience

- Improved Alphard and Vellfire were introduced on 9 March
- Lexus UX 200 was launched on 4 March
- Toyota RAV4 was introduced on 18 June
- Order taking for the improved Hilux opened on 3 August
- More new models planned for 2020 and 2021

LEXUS UX 200



TOYOTA RAV4



2

Provide financing packages to potential customers

- In partnership with Toyota Capital and other financial institutions - Toyota EzBeli, Special Term Financing For Graduates with Maybank Islamic Berhad, BR Malaysia 2020 financing package with Bank Rakyat

3

Expansion of sales network into e-commerce

- Toyota Malaysia Flagship Stores via Lazada and Shopee – which will ease purchase of vehicles as well as great-money saving deals.

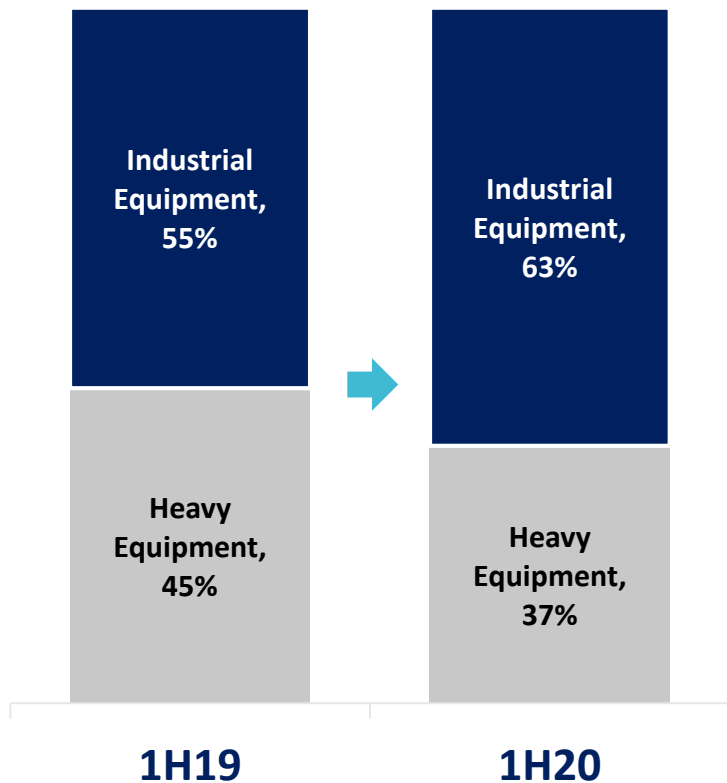


EQUIPMENT SEGMENT BREAKDOWN

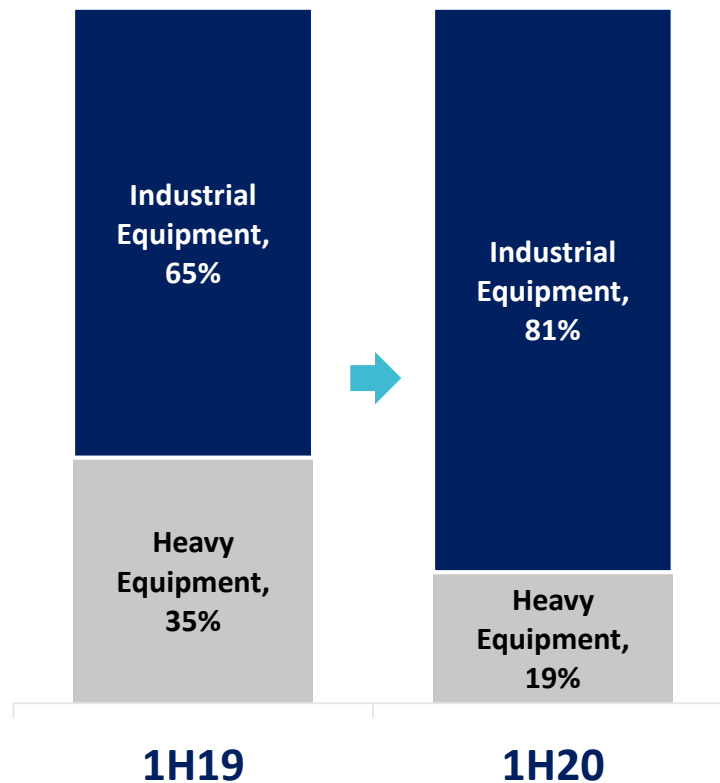
Heavy Equipment business has been increasingly affected by subdued market and weak commodity prices

Industrial Equipment segment will focus on growth sectors with attractive recovery promotions and programs to meet the market demand.

REVENUE CONTRIBUTION



PBT CONTRIBUTION





EQUIPMENT SEGMENT

The gradual restart of economy post-MCO/lockdowns to improve demand



INDUSTRIAL EQUIPMENT

- Diversification of product base
 - ❑ Now an exclusive distributor of premium Kohler generator sets in Malaysia.
 - ❑ Distributor of world-renowned collaborative robot (“Cobots”) by Universal Robot A/S.
- Continue to focus on supporting customers with sales promotions to reduce their operating cost as businesses re-opened under the recovery MCO
 - ❑ Provide many packages from flexible short-term rental to special discount on maintenance services and spare parts



HEAVY EQUIPMENT

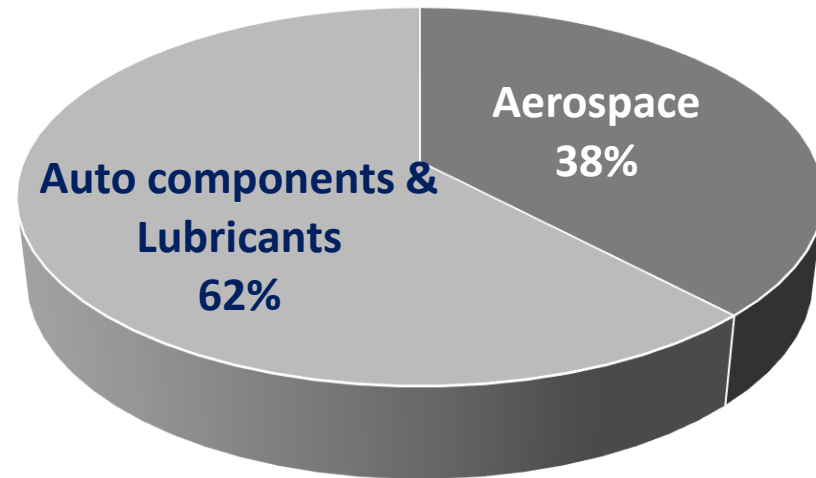
- Expecting a gradual pick-up with Recovery MCO in place, with restart of activities as well as revival of some infrastructure projects. Furthermore, introduction of new government initiatives and stimulus packages could help to drive demand.
- Leverage on strong gold price and active construction sector focusing on infrastructure projects as the economy restarts.
- Greater focus on construction sector through various marketing programs.



MANUFACTURING & ENGINEERING SEGMENT

Improved contribution from Aerospace business

1H20 PBT BREAKDOWN



Aerospace

- Aerospace business registered its maiden profit in 2019.
- Currently operating 24/7 to deliver outstanding orders to Rolls-Royce.
- Continues to receive orders for fan cases albeit slightly lower numbers.
- Maiden delivery of fan case for Trent 7000 engine is targeted for October 2020.
- The aerospace industry, impacted by the Covid-19 pandemic, is looking to reset its supply chain and source for “Best Cost Country” to remain competitive.

Auto components & Lubricants

- Consistent with expected increase in vehicle sales following sales tax “holiday” as well as low interest rates, we are seeing rising demand for auto-components and lubricants from both the OEM and REM markets.
- KYB-UMW to complete plant expansion in 4Q20 – increased capacity and efficiency.

Over and above the Group's planned cost saving initiatives for the year, the Group is also aggressively embarking further on cost containment / optimisation initiatives.



Reviewing, reducing, optimising operational expenditures.



Deferral of non-critical operational and capital expenditures.

THANK YOU

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