



FY19 Financial Results

Briefing to analysts and fund managers

27 February 2020



FY19 IN REVIEW

Crystallisation of asset monetisation and turn-around of Aerospace business ahead of schedule

CONSOLIDATED REVENUE

RM11,760.2m

3.4% y-o-y

- Higher sales in the Automotive and Manufacturing & Engineering segments

CONSOLIDATED PBT

RM741.2m

18.6% y-o-y

- M&E segment's PBT more than doubled as Aerospace business turned profitable
- Gain from land sale of RM188.1m

CONSOLIDATED PATAMI

RM454.4m

31.9% y-o-y

- Net of payment of RM70m to Perpetual Sukuk holders

SUKUK PAYMENT

RM350.0m

- Paid RM200m in 1Q19 and RM150m in 4Q19
- Balance of senior sukuk is RM1.65b

DIVIDEND

6.0 sen per share

- Declared a final dividend of 2.0 sen per share in 4Q19, proposed to be payable on 31 March 2020
- Special dividend of 4.0 sen was paid on 23 December 2019

4Q19 & FY19 : FINANCIAL PERFORMANCE SNAPSHOT

	(RM'm)	4Q19	4Q18	y-o-y	FY19	FY18	y-o-y
01	Revenue from Continuing Operations	3,115.7	2,679.4	16.3%	11,739.1	11,303.6	3.9%
02	PBT from Continuing Operations	*311.7	151.2	>100%	*754.8	**800.3	(5.7%)
03	PATAMI from Continuing Operations	*208.1	81.0	>100%	*447.2	**515.4	(13.2%)
04	PATAMI/(LATAMI) from Discontinued operations	(7.7)	(63.1)	87.8%	7.2	(170.9)	>100%
05	Consolidated PATAMI	*200.5	17.9	>100%	*454.4	**344.5	31.9%

* Include one-off gain for land sale amounting to RM188.1m in 4Q19

** Include reversal of provision amounting to RM207.0m made in 2Q18

CASH AND DEBT POSITION

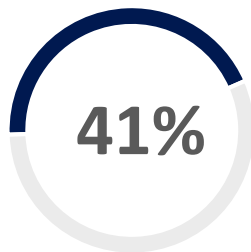
Our debt to equity ratio has improved further

GROSS DEBT-TO-EQUITY RATIO

As at
31 Dec 2018



As at
31 Dec 2019



	As at 31 Dec 2019	As at 31 Dec 2018
Deposits, cash, bank balances and money market investments	RM2,544.0m	RM2,445.6m
Short-term borrowings	RM386.4m	RM534.5m
Long-term borrowings	RM2,123.4m	RM2,298.2m
Total Borrowings	RM2,509.8m	RM2,832.7m
Total Equity	RM6,094.4m	RM5,714.4m



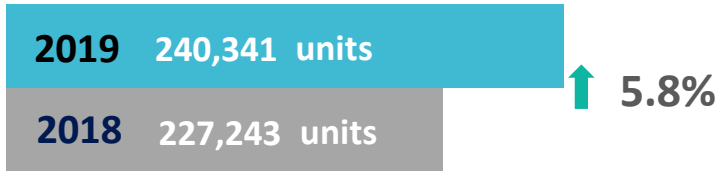
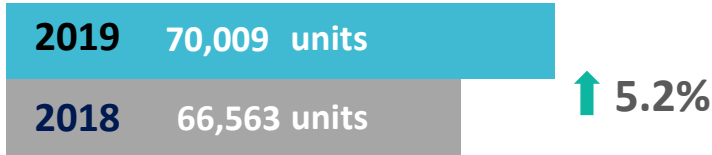
**SEGMENTAL
ANALYSIS**

AUTOMOTIVE



AUTOMOTIVE SALES

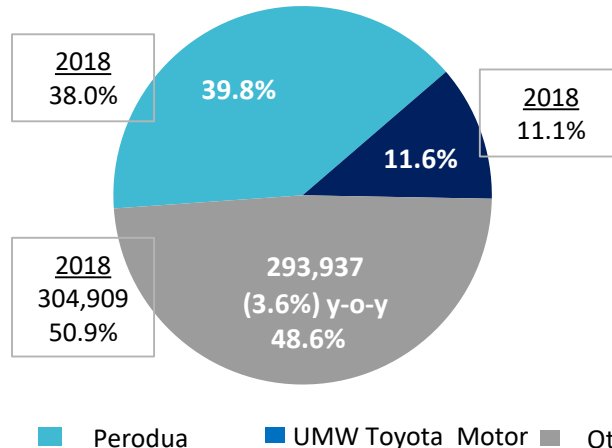
Better sales by UMWT and Perodua led to UMW Group's improved market share to 51.4%



- Higher sales was driven by launch of all-new models – Vios, Yaris and Corolla Altis.
- The best-selling models in 2019 were **Vios, Hilux and Yaris** which accounted for over 70% of Toyota's (excluding Lexus) sales.
- Lexus' sales were mainly contributed by the RX, NX and ES models.
- Higher sales, mainly driven by its best-selling model **Myvi**, and supported by its newly-launched model **Aruz**.
- Aruz was the best-selling SUV in Malaysia with 30,115 units sold in 2019.

Market share

UMW Group sold **310,350 units** in **2019**. UMW Group's market share grew to **51.4%** (2018 – 49.1%)



Brand	2019			
	Units	(y-o-y)	Market Share %	%-points (p.p)
Proton	100,183	54.7%	16.6	5.8p.p
Honda	85,418	(16.5%)	14.1	(2.7p.p)
Nissan	21,239	(25.8%)	3.5	(1.3p.p)
Mazda	11,651	(27.4%)	1.9	(0.8p.p)
Others	75,446	(18.9%)	12.5	(3.1p.p)
TIV	604,287	0.95%		

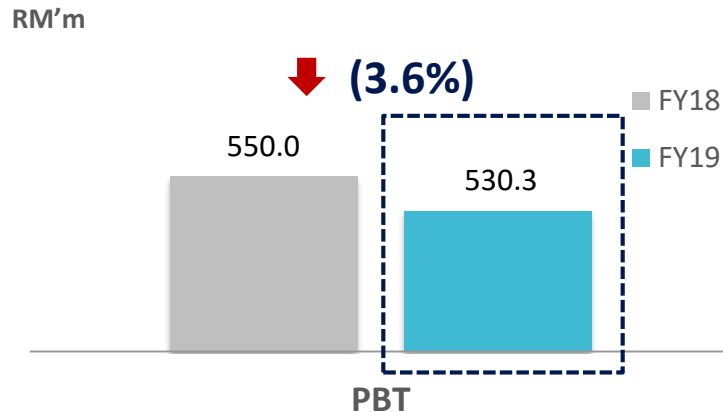
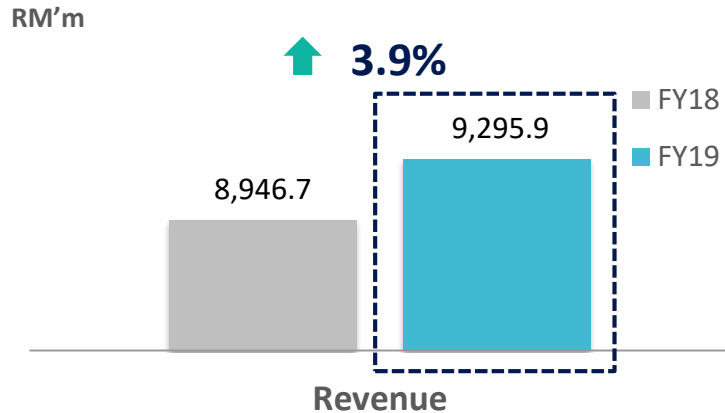
Source: Malaysian Automotive Association



AUTOMOTIVE SEGMENT

Higher vehicle sales cushioned the impact of higher depreciation cost

FY19 vs FY18



Automotive Results

01

- FY19 revenue of RM9,295.9 million was higher by 3.9% y-o-y, mainly due to higher number of vehicles sold, as UMWT launched a number of new models in FY19.

02

- Sales of parts more than doubled in FY19 arising from the extended warranty period (5 years/unlimited mileage) offered on Toyota models.

03

- However, PBT was lower by 3.6% y-o-y mainly due to higher depreciation cost following the commencement of the new Bukit Raja plant at the end of 2018.

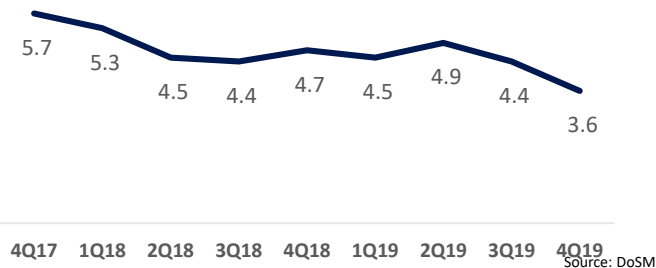


AUTOMOTIVE INDUSTRY OUTLOOK

MAA is expecting a marginal TIV growth in 2020

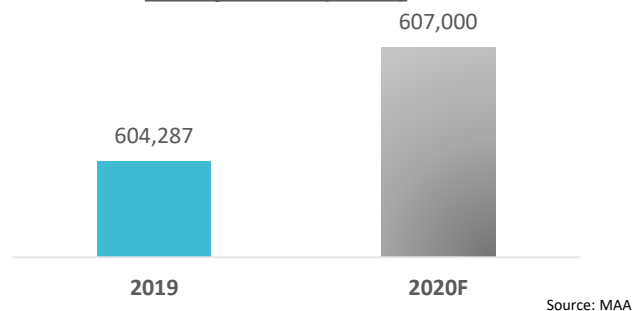
INDICATORS

Gross Domestic Product, GDP
(% y-o-y)



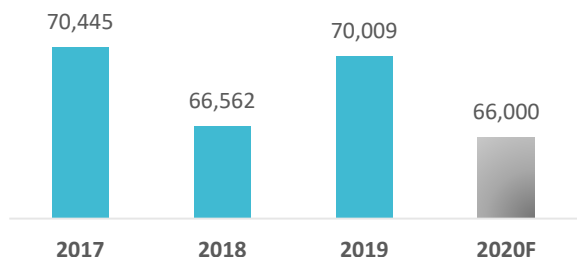
- GDP grew by 4.3% in 2019, the slowest since 2009 and stood below street's estimates. This was a reflection of the weaker global economy following a lackluster growth in global trade, supply-side disruption and falling business capex. These took place against a backdrop of increasing uncertainties – US-China trade tensions and rising geopolitical risks. Notwithstanding this, Malaysia's private consumption supported the economy in 2019.
- According to MARC, a slowdown in global economic activity will most likely affect Malaysia's growth in 2020 considering it being an open economy.

Malaysia TIV (units)



- For 2020, MAA revised its earlier forecast of 612,000 units to 607,000 (+0.4% y-o-y) units, having factored in economic and environmental considerations.
- Apart from economic factors that may adversely impact the industry, MAA cited that unexpected changes in automotive policies and taxes will impact vehicle sales in Malaysia. However, introduction of new models with latest specifications, exciting design and at competitive prices can sustain buying interest on top of aggressive promotional campaigns by automakers to maintain market share.

UMW Toyota Motor (units)



- Taking into account the macroeconomic and external headwinds as well as softening consumer sentiment, UMWT's sales target for 2020 is 66,000 units.



AUTOMOTIVE SEGMENT – UMW TOYOTA MOTOR

Focus on margin improvements to cushion the impact of higher depreciation

Improve Competitiveness

- 1 Expansion of model line-up
- 2 Attractive financing packages – in partnership with Toyota Capital
- 3 Collaboration with dealers to boost after-sales

Cost optimisation

- 1 Higher localisation
- 2 Highly-efficient Bukit Raja plant
- 3 Network rationalisation



- 66,000 units sales target
- 4 new SUV models



ATMOTIVE – UMW TOYOTA MOTOR

Attractive step-up financing packages to entice customers

TOYOTA EZ BELI CAMPAIGN

- 9-year financing plan – 3-tier step-up
- After 6 years, customers can opt to continue with the financing plan, or trade-in for a new Toyota
- Currently for Yaris, Vios, Avanza, Hilux, Rush and Innova – with plans for other models

PLANS OFFERED UNDER THE CAMPAIGN

ALL-NEW YARIS			
Variant	1.5G (AT)	1.5E (AT)	1.5J (AT)
OTR Price without insurance	83,888	76,888	70,888
Down Payment	8,488	7,788	7,688
Loan Amount	75,400	69,100	63,200
Tier 1 (1 st -3 rd years)	642	588	538
Tier 2 (4 th -6 th years)	969	888	813
Tier 3 (7 th -9 th years)	1,297	1,188	1,087

VIOS			
Variant	1.5G (AT)	1.5E (AT)	1.5J (AT)
OTR Price without insurance	87,300	81,200	77,200
Down Payment	8,800	8,200	7,800
Loan Amount	78,500	73,000	69,400
Tier 1 (1 st -3 rd years)	666	619	588
Tier 2 (4 th -6 th years)	1,005	935	888
Tier 3 (7 th -9 th years)	1,344	1,250	1,188

AVANZA			
Variant	1.5S+ (AT)	1.5S (AT)	1.5E (AT)
OTR Price without insurance	87,888	83,888	80,888
Down Payment	8,888	8,488	8,188
Loan Amount	79,000	75,400	72,700
Tier 1 (1 st -3 rd years)	683	652	628
Tier 2 (4 th -6 th years)	1,009	963	928
Tier 3 (7 th -9 th years)	1,335	1,274	1,228

HILUX						
Variant	D/C 2.8 Black Edition (AT) 4x4	D/C 2.4 L-Edition (AT) 4x4	D/C 2.4G (AT) 4x4	D/C 2.4G (MT) 4x4	D/C 2.4STD (MT) 4x4	S/C 2.4 (MT) 4x4
OTR Price without insurance	139,888	124,888	118,100	110,000	100,000	90,000
10% D/P	14,088	12,588	11,900	11,000	10,000	9,100
Loan Amount	125,800	112,300	106,200	99,000	90,000	80,900
Tier 1 (1 st -3 rd years)	1,205	1,076	1,017	948	862	775
Tier 2 (4 th -6 th years)	1,586	1,416	1,339	1,248	1,135	1,020
Tier 3 (7 th -9 th years)	1,968	1,756	1,661	1,548	1,408	1,265

ALL-NEW Rush		
Variant	1.5S (AT)	1.5G (AT)
OTR Price without insurance	97,000	93,000
10% D/P	9,700	9,300
Loan Amount	87,300	83,700
Tier 1 (1 st -3 rd years)	811	777
Tier 2 (4 th -6 th years)	1,072	1,027
Tier 3 (7 th -9 th years)	1,468	1,407

INNOVA			
Variant	2.0X (AT)	2.0G (AT)	2.0E (AT)
OTR Price without insurance	132,400	123,400	115,280
10% D/P	13,300	12,400	11,580
Loan Amount	119,100	111,000	103,700
Tier 1 (1 st -3 rd years)	1,148	1,070	999
Tier 2 (4 th -6 th years)	1,561	1,455	1,359
Tier 3 (7 th -9 th years)	1,929	1,798	1,679

Terms & conditions apply. Pricing for Peninsular Malaysia



AUTOMOTIVE SEGMENT – PERODUA

Leverage on Perodua's excellent brand perception for entry-level segment

1 Strategic planning of future car models

- To ensure it can compete effectively against its direct competitors

2 Ride on Perodua's success in the entry-level segment

- Perodua's all-new SUV model, Aruz was Malaysia's best-selling SUV in 2019, selling 30,115 units



- Enhanced Perodua Axia was introduced in September 2019



2020



- **240,000 units sales target**
- Facelift Perodua Bezza launched in January 2020

**SEGMENTAL
ANALYSIS**

EQUIPMENT



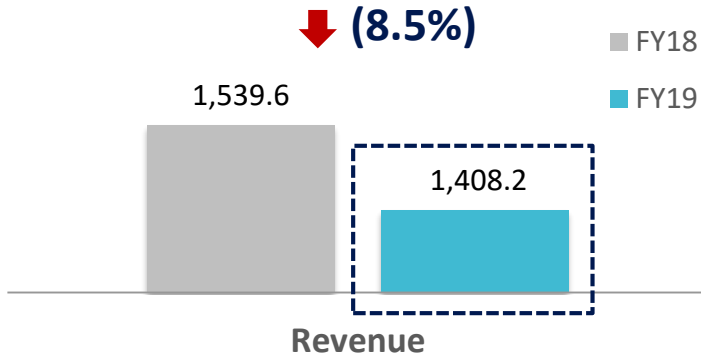


EQUIPMENT SEGMENT

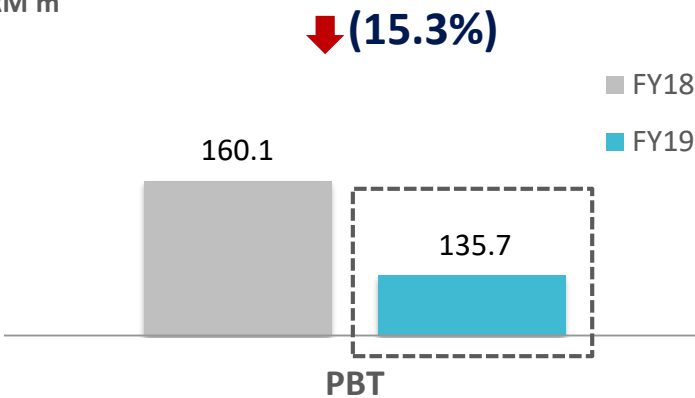
Performance affected by intense competition and sluggish demand

FY19 vs FY18

RM'm



RM'm



Equipment Results

01 FINANCIAL RESULTS

- Revenue of RM1,408.2 million was lower by 8.5% y-o-y, impacted by sluggish demand mainly in Malaysia and Myanmar.
- PBT declined by 15.3% y-o-y to RM135.7m due to narrowing margins as pricing competition persists.

02 HEAVY EQUIPMENT

- Better performance from Papua New Guinea arising from increasing demand in construction and mining sectors.
- PNG recorded 11.4% growth in revenue.

03 INDUSTRIAL EQUIPMENT

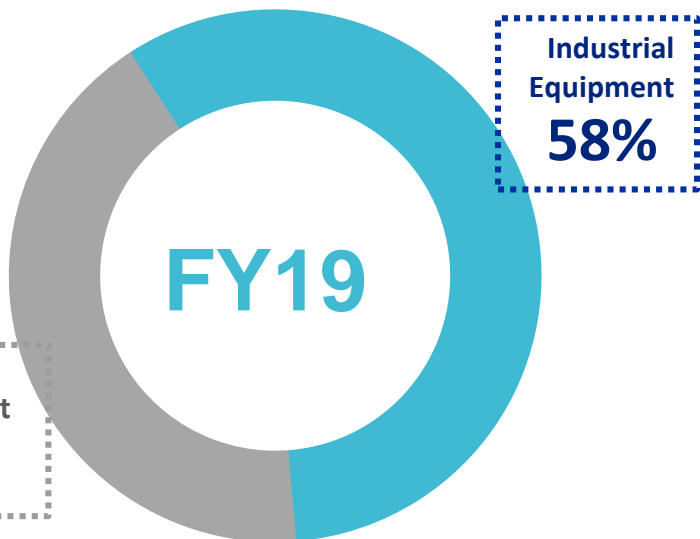
- The industrial equipment operations in Malaysia and Vietnam maintained their growth momentum, mainly driven by renewal of key contracts and securing new contracts.



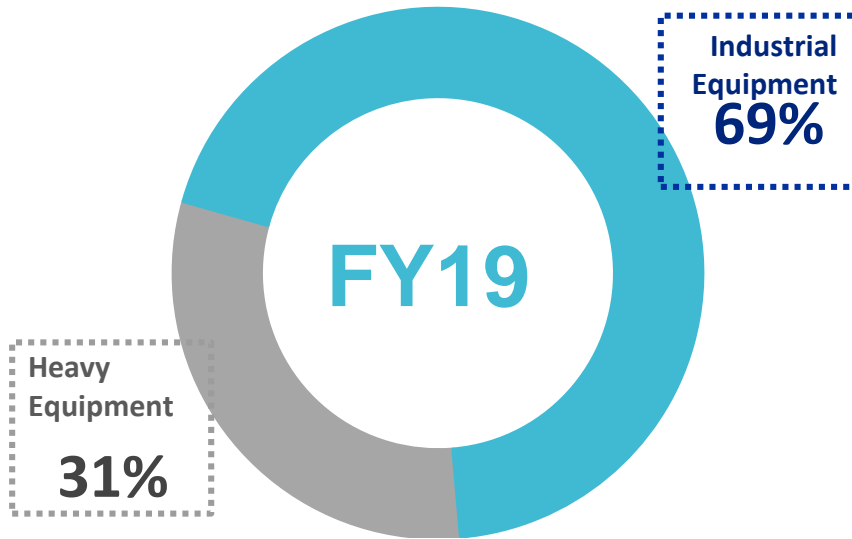
EQUIPMENT SEGMENT BREAKDOWN

Industrial equipment business has increasingly been the higher contributor to the segment

REVENUE CONTRIBUTION



PBT CONTRIBUTION





HEAVY EQUIPMENT INDUSTRY OUTLOOK

Pockets of opportunities – near-term upside remains limited

M
Y



- The higher allocation in development expenditure during Budget 2020 and the revival of large-scale infrastructure projects could stimulate the construction sector.
- Affin-Hwang Research expects government to accelerate infrastructure spending in 2020 to support economic growth.

Potential large-scale infrastructure projects to kick-off in 2020-21

Project	Cost (RMbn)	Project	Cost (RMbn)
Penang Transport Master Plan	32	Sarawak Coastal Highway	5
Bandar Malaysia infrastructure	21	Sarawak Second Trunk Road	6
Klang Valley MRT Line 3 – Circle Line	21	Labuan Bridge	4
KL-Singapore High Speed Rail	20	JB-Singapore Rapid Transit System	3
Pan Borneo Highway Sabah	13	Johor BRT	3
East Coast Rail Link subcontracts	8	Papar Dam, Sabah	2
Sarawak Water Grid Phase 1	8	Total	146

Source: Affin Hwang, various media sources

M
M



- Agriculture, manufacturing and infrastructure are the key investment sectors in Myanmar. The government's effort to improve Myanmar's infrastructure to sustain growth in the manufacturing sector and expand municipal utilities will contribute to the growth in construction spending.
- *Japan announced that it will be providing funding for 4 infrastructure projects in Myanmar*
- *Myanmar signed 33 bilateral agreements with China, which include rail and deep-sea port projects*

P
N
G



- PNG's economy has been driven by mining and resource industries. The government recently introduced a fiscal stimulus program, aimed at supporting domestic demand by investing in physical infrastructure for better connectivity by roads, ports, and telecommunications paving the way for infrastructure projects.
- *The 20-year National Road Network Strategy to improve road conditions for accessibility*
- *LNG project with Total and Exxon worth USD10 billion (largest in 10 years) are in final stages of approval*

S
G



- The Building and Construction Authority (BCA) projects total construction demand to remain strong in 2020 with sustained public sector construction demand. Total construction demand is expected to range between SGD28 billion and SGD33 billion. However, slower economic growth projected in the near-term could dampen demand.



INDUSTRIAL EQUIPMENT INDUSTRY OUTLOOK

Pockets of opportunities – near-term upside remains limited

Barring prolonging outbreak of the COVID-19 coronavirus, the US-China trade conflict could provide opportunities for ASEAN countries, especially in the manufacturing sector.

M
Y



- According to BNM, the Malaysian economy continued to be supported by “resilient private sector spending” and “the expansion in the services and manufacturing sectors” in 2019. This should support demand from manufacturing and logistics sector.
- Ride on the preference of the leasing business model by the customers

S
G



- Outward-oriented sectors, such as manufacturing and wholesale trade, will be hit by weaker growth in Singapore’s major demand markets, including China.

V
N



- Vietnam expects economy to grow by 7% in 2020 with relatively high levels of investment
- As a result of the US-China trade deal tensions, many companies and start-ups have set up their businesses and manufacturing hubs in Vietnam

C
N



- Business exposure in China is relatively small



EQUIPMENT SEGMENT

Focus on growth sectors, supported by leasing and other value-added services

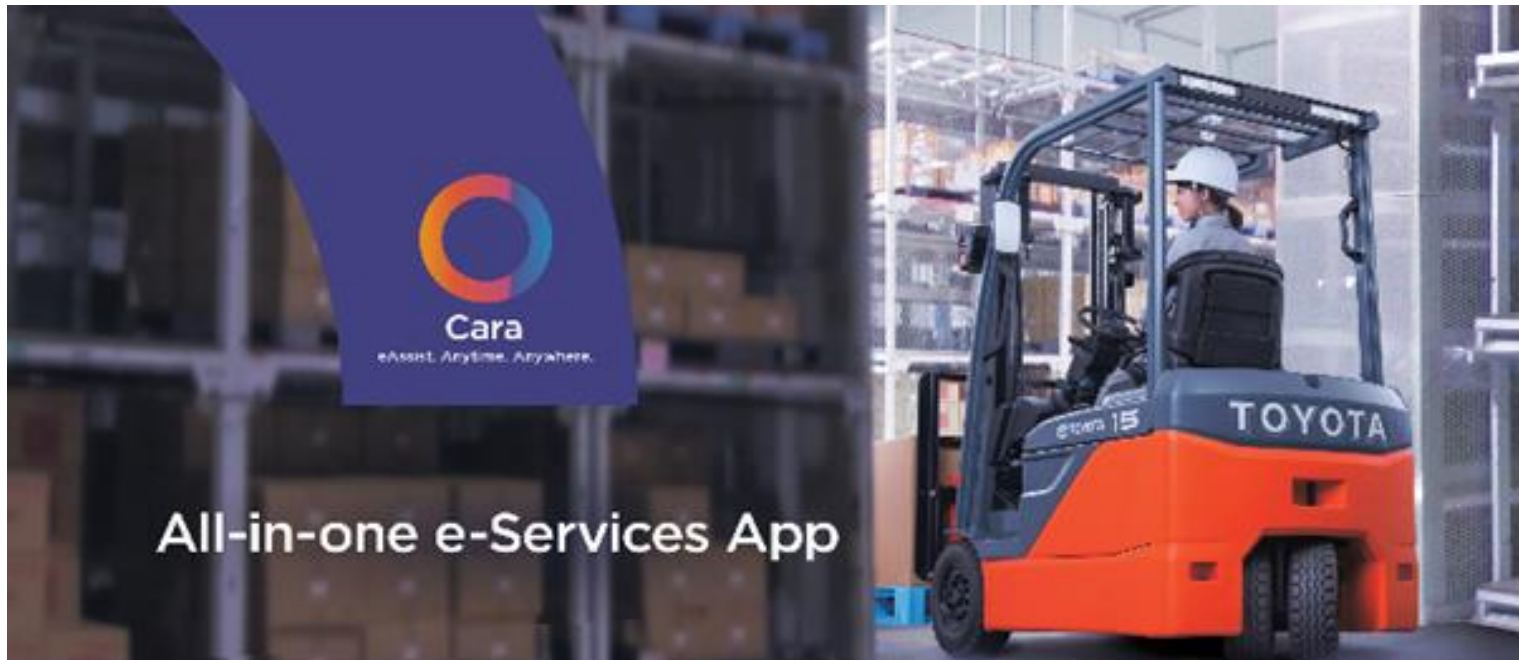
HEAVY EQUIPMENT

- 1 **Focus on more urbanised sectors – construction & mega infrastructure projects in countries it operates in**
- 2 **Leverage on Papua New Guinea's gold mining and construction sectors**
- 3 **Wider product line-up**
- 4 **Provision of value-added services**
- 5 **Implement extended warranty programme and maintenance service contract**

INDUSTRIAL EQUIPMENT

- 1 **Further expansion into the leasing business model**
- 2 **Formulation of new digital business model to complement traditional business**
- 3 **Diversify product base**

- 1 **Increasing wallet share of existing customers,**
 - Through Trade In Schemes etc
 - Enhance value chain business (e.g.: parts sales and service maintenance contract)
- 2 **End-user financing**
 - To facilitate equipment sales



CARA – all-in-one forklift e-services solution

WHAT?

Digitalisation of forklift maintenance and services via mobile app

WHY?

Expected to improve customer satisfaction, enhance efficiency and contribute to higher services penetration rate and revenue

SEGMENTAL ANALYSIS

M&E

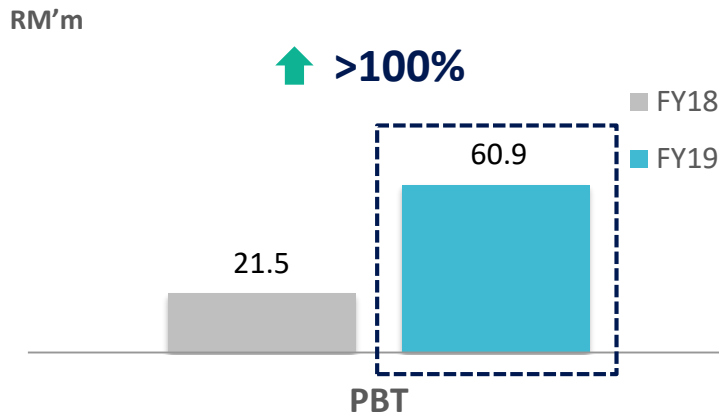
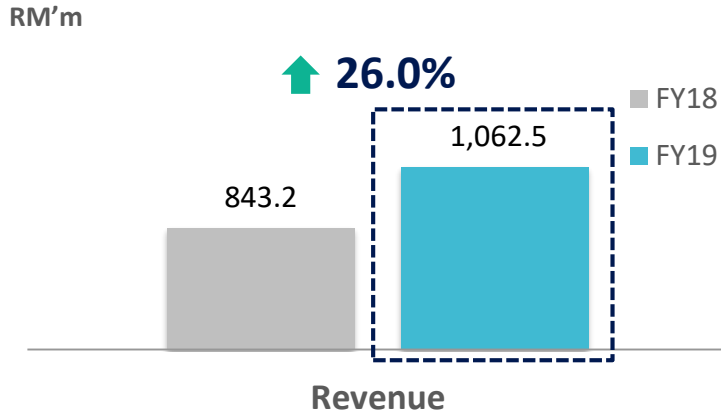




MANUFACTURING & ENGINEERING SEGMENT

Turn around in Aerospace and higher demand for KYB products drove the segment

FY19 vs FY18



M&E Results

01 FINANCIAL RESULTS

- Revenue of RM1,062.5 million in FY19 was higher by 26.0% y-o-y while PBT more than doubled to RM60.9 million from RM21.5 million.

02 AEROSPACE

- As a result of higher number of fan cases delivered as well as better cost management, the business has started contributing positively to the Group.
- Improved plant utilisation as the business ramps up production to meet orders from Rolls-Royce.

03 AUTO COMPONENTS & LUBRICANTS

- Increased export volumes as well as higher domestic demand for its major products drove sales.
- Higher sales of lubricant products due to aggressive marketing strategy to attract more customers.
- The modernization of the KYB-UMW plant is expected to be completed by 4Q20.



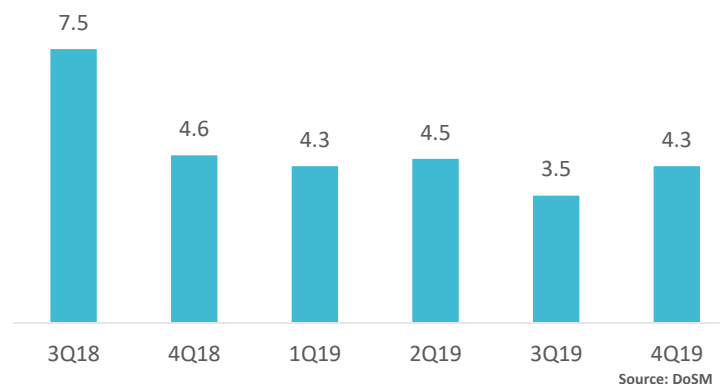
AEROSPACE

- According to media reports, Boeing Co. and other major international aircraft makers are moving to build manufacturing bases in Southeast Asia, which bodes well with government's aspiration for the aerospace industry as well as for the Group to expand.
- The volume of airline passenger transportation in the Asia-Pacific region surpassed that in North America and Europe in 2017, according to the Japan Aircraft Development Corporation. Airbus and others believe about 40,000 airplanes will be needed in the next 20 years, most of which will be supplied to the Asia-Pacific region.
- Production ramp-up is progressing as planned as per orders from Rolls-Royce. Production of Trent 7000 fan case scheduled to commence in 4Q20.

AUTO COMPONENTS

Local indicators suggest continued stable demand for auto parts in Malaysia, underpinned by healthy private consumption and growth in TIV.

Sale of Motor Vehicle Parts & Accessories in Malaysia (% y-o-y)





MANUFACTURING & ENGINEERING SEGMENT

Explore opportunities to improve segment margins and build in-house capabilities

01

Modernization & capability building - Modernization of processes and building capabilities via strategic partnership

02

Pursue High-Value Manufacturing sectors - Continuously seek to expand & diversify into precision engineering and machining, and remanufacturing

03

Continuous cost management efforts

04

Revamping lubricant market strategies – Accelerate penetration into ASEAN-6 and China

05

Fully utilize aerospace investment

**UNLOCKING
VALUE**

LAND



2019

**RM287.7 million
(proceeds of sale)**

Sale of Shah Alam Land completed



**Operations to move to UMW
High Value Manufacturing
Park in Serendah in the next
few years.**



861 acres of land in Serendah



- Close to **40 acres** of UMW's land in Serendah has been taken up so far

Company	Acreage
UMW Aerospace	24.0 acres
Multi-Code Electronics Industries (M) Bhd	8.25 acres
Private local company	5.3 acres
T7 Kilgour Sdn Bhd	2.0 acres

- We are actively negotiating with interested parties and hope to close some deals soon

THANK YOU

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