



Beyond Boundaries

UMW Holdings Berhad

Analyst Presentation – 4th Quarter 2017 Results Briefing

March 2nd 2018

AGENDA

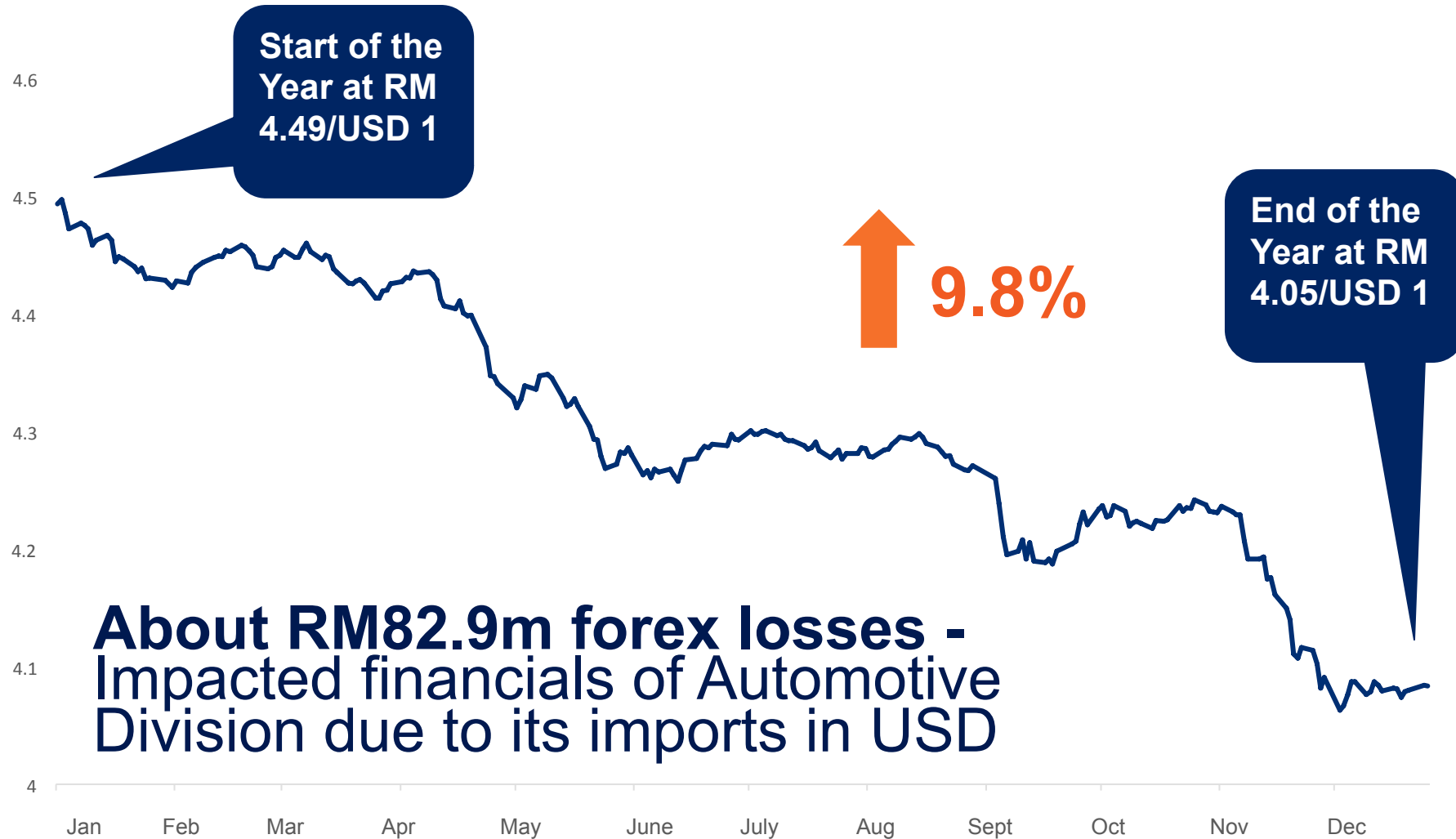
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2. SEGMENTAL RESULTS – CONTINUING OPERATIONS
 - AUTOMOTIVE SEGMENT
 - EQUIPMENT SEGMENT
 - MANUFACTURING & ENGINEERING SEGMENT
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**2017 was a year of
consolidation...**

2017 IN REVIEW

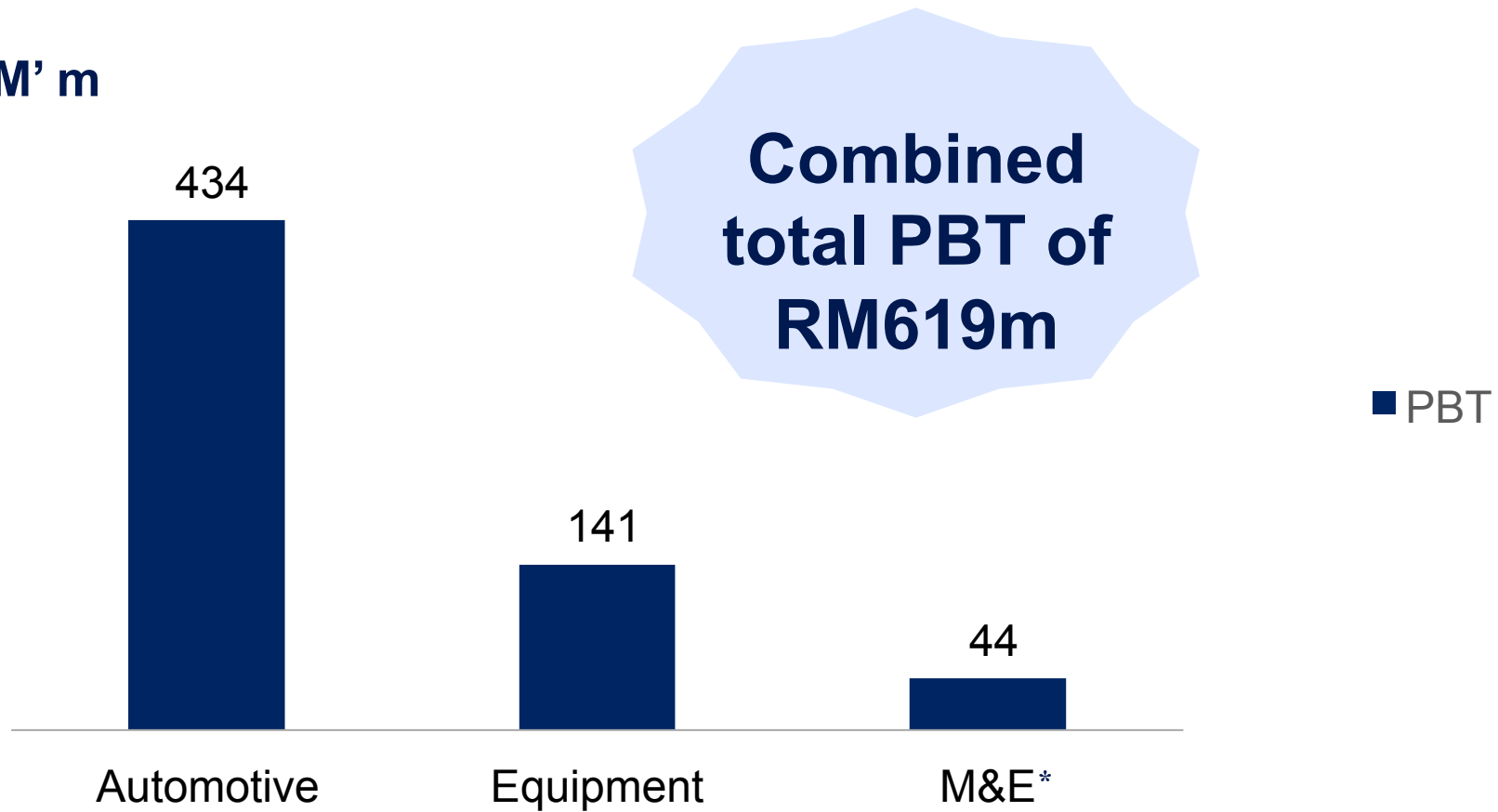
- Group revenue from Continuing Operations increased by 6% in 2017; all three core businesses registered higher revenue.
- Group PBT from Continuing Operations was **RM252.9m** as opposed to a LBT of RM242.5m last year.
- Automotive and Equipment segments continue to be profitable; excluding aerospace pre-operating losses, M&E was also profitable
- Demerger of UMW Oil & Gas Corporation Berhad completed as planned.
- Write down on assets to fair value and a charge on remeasured financial guarantee due to anticipated early settlement from the Unlisted oil & gas segment have affected the results. This is in line with our exit strategy for this segment.
- Foreign exchange in the first half of 2017 and challenging market conditions have impacted earnings.

THE RINGGIT STRENGTHENED GRADUALLY IN 2017



CORE SEGMENTS CONTINUE TO DELIVER HEALTHY RESULTS IN 2017

RM' m

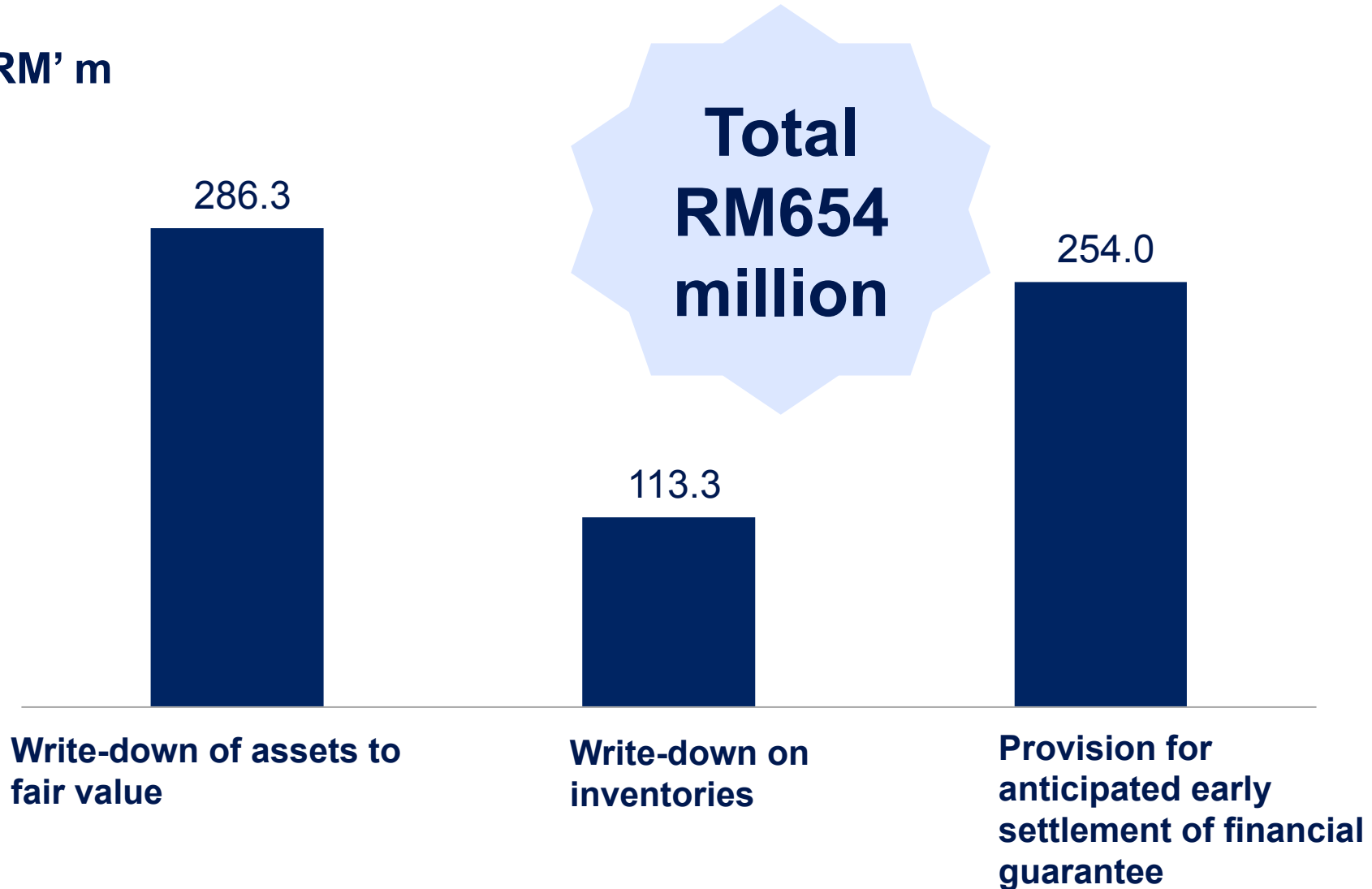


❖ For M&E segment, the PBT displayed is from Auto Components and Lubricants businesses; excluding aerospace unit.

WRITE-DOWN ON INVESTMENTS & PROVISIONS FOR 2017

Part of the exit strategy for the Unlisted oil & gas segment

RM' m



REMAINDER OF THE UNLISTED OIL & GAS SEGMENT

Carrying value following write downs

RM
87m

Associates & JVs

- Remaining carrying value for investments in associates and joint ventures
- We do not expect any further material impact to the Group

RM
68m

Subsidiaries

- Remaining carrying value for subsidiaries
- We do not expect any further material impact to the Group

ANALYSIS OF RESULTS BEFORE AND AFTER WRITE-DOWNS

RM'mil	Actual YTD Dec 2017	Actual YTD Dec 2016
Continuing Operations		
Automotive	433.7	496.9
Equipment	151.5	148.6
Manufacturing & Engineering	(16.3)	24.6
Oil & Gas (Unlisted)	(49.1)	(28.5)
Others	(2.3)	10.9
	517.6	652.5
Write-Downs		
- Others/Equipment	(10.9)	(64.0)
- Others (Provision on FG)	(253.9)	(831.0)
	(264.8)	(895.0)
Profit/(Loss) from Continuing Operations	252.8	(242.5)
Discontinuing Operations		
- Oil & Gas (Listed)	(156.3)	(401.3)
- Oil & Gas (Unlisted)	(120.0)	(142.4)
	(276.3)	(543.7)
Write-Downs		
- Oil & Gas (Listed)	-	(780.0)
- Oil & Gas (Unlisted)	(399.6)	(564.0)
- Loss on demerger	(126.9)	-
	(526.5)	(1,344.0)
Profit/(Loss) from Discontinuing Operations	(802.8)	(1,887.7)
Profit/(Loss) for the GROUP	(550.0)	(2,130.2)
PATAMI	(651.0)	(1,658.0)


GROUP'S CASH AND DEBT POSITION


Our debt to equity ratio eased significantly following the demerger of UMW Oil & Gas Corporation Berhad

RM' mil	FY2017	FY2016
Deposits, Cash and Bank Balances	1,163.4	1,857.4
Short Term Borrowings	691.8	2,639.3
Long Term Borrowings	2,069.7	3,715.8
Total Borrowings	2,761.6	6,355.1
Total Equity	4,175.8	6,864.3
Debt/Equity ratio	66%	93%

Segmental Results *(Continuing Operations)*

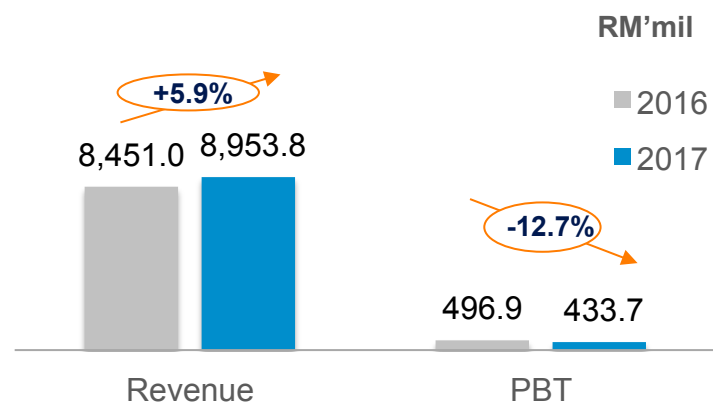
AUTOMOTIVE SEGMENT BEAT THEIR TARGETS ...

UMW TOYOTA MOTOR 	2017 (units)	2017 Target (units)	% achieved above target for 2017	2016 (units)
	70,445	70,000	0.6	65,110

PERODUA 	2017 (units)	2017 Target (units)	% achieved above target for 2017	2016 (units)
	204,887	202,000	1.4	207,110

SEGMENTAL RESULTS - AUTOMOTIVE

2016 vs 2017



Automotive Results

01

The full-year 2017 revenue increased by 6% due to higher number of vehicle sales from UMW Toyota Motor. Higher revenue for the segment was boosted by encouraging sales of Innova, Fortuner and Hilux models.

02

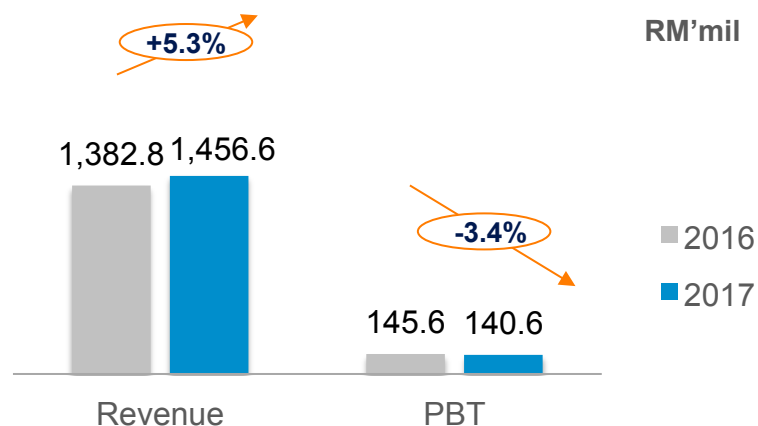
However, PBT declined mainly due to foreign exchange impact (RM 82.9m) in 2017.

03

Consequently, market share for Toyota and Lexus improved from 11.2% in 2016 to 12.2% in 2017.

SEGMENTAL RESULTS - EQUIPMENT

2016 vs 2017



Equipment Results

01

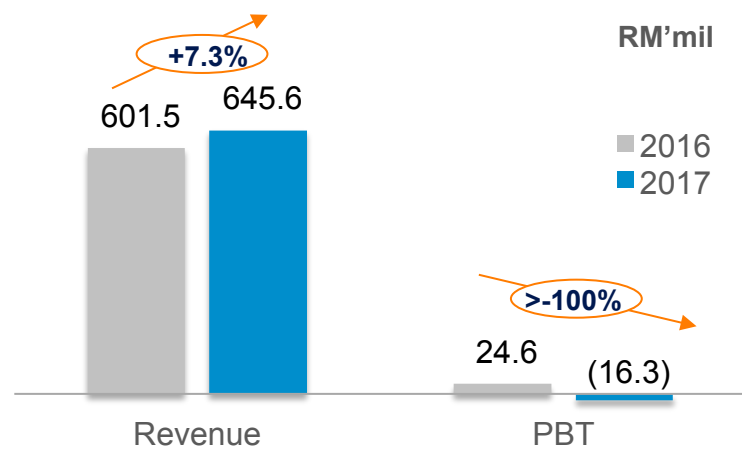
The segment registered 5% higher revenue for the full-year 2017. The better performance was mainly contributed by the heavy equipment business, which has benefited from the strong demand for parts and services.

02

However, PBT for the year reduced by 3% mainly due to the provision of RM11m for slow moving inventories (comprised of old spare parts) in the heavy equipment business.

SEGMENTAL RESULTS – M&E

2016 vs 2017



M&E Results

01

The segment reported 7% increase in revenue in 2017 compared to 2016. The higher revenue was contributed by the auto component business. Demand for shock absorbers was stronger in view of its competitive pricing coupled with new product launch by its customers.

02

Excluding aerospace, the segment recorded a profit before taxation of RM44.1 million from their Auto Components and Lubricants business.

03

The aerospace manufacturing operations which had commenced production in the final quarter of the year reported a loss before taxation of RM60.4 million, compared to RM23.6 million in 2016.

Update on Oil & Gas Segment

UPDATE ON THE OIL & GAS SEGMENT

- LISTED**

Exit of the listed Oil & Gas assets - Completed as planned on 27th June 2017

- UNLISTED**

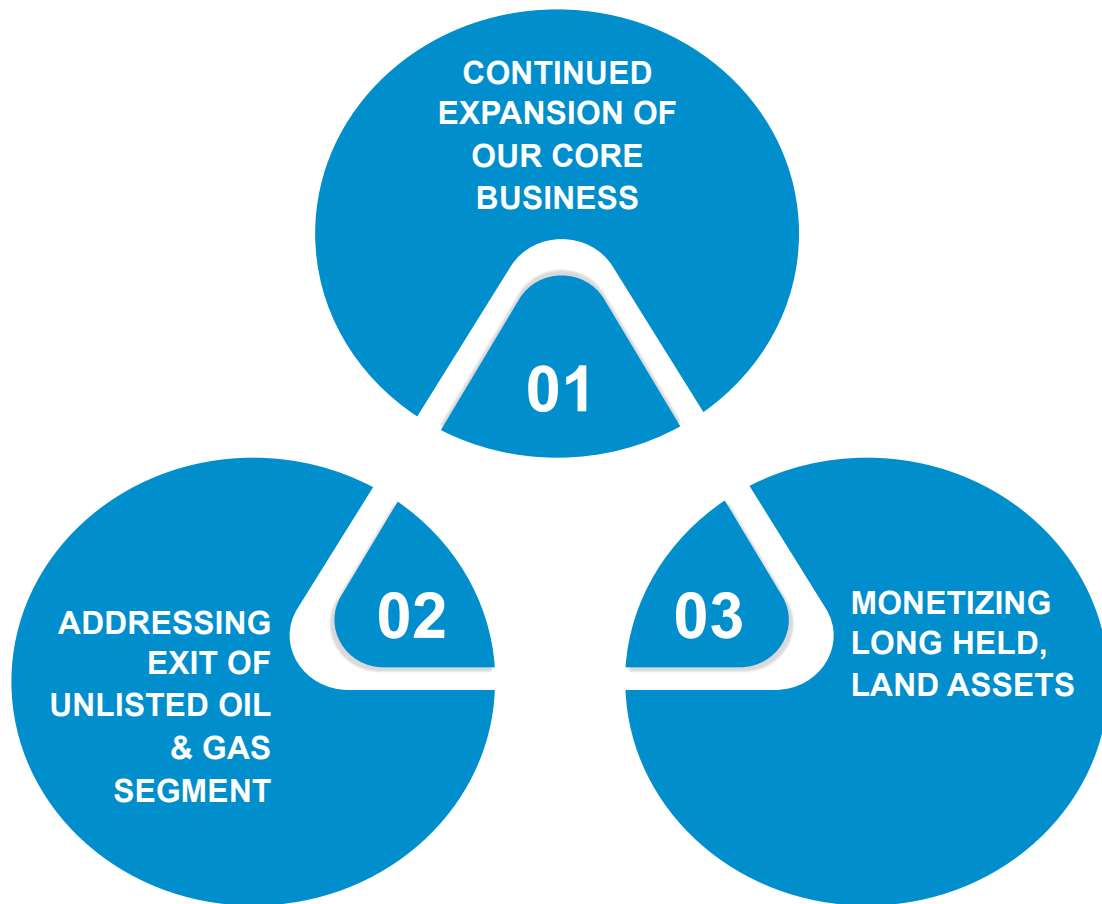
Status as follows:-

No	Company	Status
1	UMW Synergistic Generation Sdn Bhd	✓ COMPLETED rationalisation
2	Sichuan Haihua Petroleum Steelpipe Co. Ltd-Sub	✓ COMPLETED
3	PFP Holdings Pty Ltd	✓ Completed disposal of PFP Taiwan
4	UMW Fabritech Sdn Bhd	✓ Executed SPA, awaiting authorities approval
5	UMW Coating Technologies (Tianjin) Co. Ltd	✓ Executed SPA, awaiting authorities approval
6	Arabian Drilling Services	✓ Ceased operations, finalisation of disposal of assets
7	United Seamless Tubular Pvt Ltd	✓ Ceased operations, under receivership and to proceed with disposal of assets
8	Jaybee Drilling Pvt Ltd	Active negotiations
9	UMW Sher (L) Ltd	
10	Shanghai BSW Petro-pipe Co. Ltd	
11	Zhongyou BSS(Qinhuangdao) Petropipe Co. Ltd	
12	Oil Country Tubular Limited	
13	Tubulars International Pte Ltd	
14	UMW Oilfield International (M) Sdn Bhd / UMW Oilfield International (L) Ltd	
15	Jiangshu Tube-Cote Shuguang Coating Ltd	
16	Shanghai Tube-Cote Petroleum Pipe Coating	

Going Beyond Boundaries

TOWARDS A RESILIENT ORGANIZATION

The broad strategic framework towards managing Group's challenges and future needs



CONTINUED EXPANSION OF OUR BUSINESS

AUTOMOTIVE

Enhancing and optimizing profitability



EQUIPMENT

Strengthening of heavy equipment segment with Komatsu



M&E

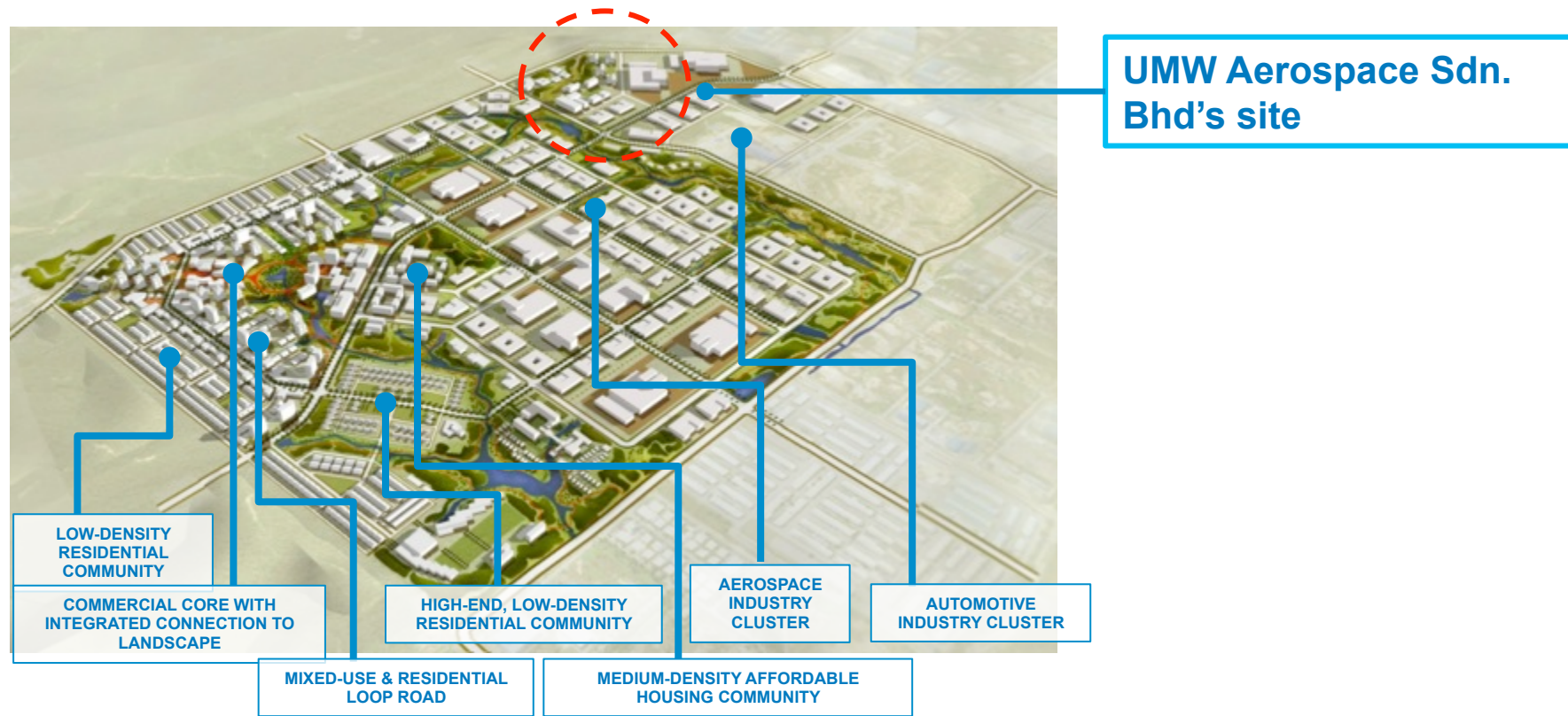
Continued expansion of core business and HVM



MONETISING LONG HELD, LAND ASSETS

UMW High Value Manufacturing Park

- Serendah Land – 861 acres
- Opportunity exist for unlocking of value.
- Part of the land currently housed the Rolls-Royce fan casing project which acts as a catalyst for further development of Serendah.
- Recently sold a plot of land to T7-Kilgour Sdn Bhd



CAPEX for 2018

CAPEX FOR 2018

Segment	RM' million
Automotive	198
Equipment	191
Manufacturing & Engineering	108
Others	103
Total	600

Prospects for 2018

2018 – CURRENT PROSPECTS

Automotive



New models for 2018

- UMW Toyota to launch new car models to boost market share (target sales of more than 70k units)
- Strengthening ringgit would lead to better margins
- Perodua contribution sustainable with continued strong demand in entry level segment (target 209k)

Equipment



Product and market expansion

- Leveraging on Partner's (KOMATSU & TICO) strength to boost product range and market penetration
- Expanding value added services – total solutions provider

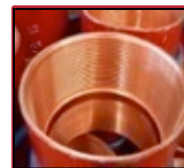
M&E



Growth area

- Increasing market share for lubricants business in existing markets (Malaysia, China Indonesia)
- Aerospace plant commence full operations and ramp up production

Oil & Gas



Focus on divestment of unlisted Oil & Gas assets

- UMW is actively implementing action plans towards exit from this segment
- Target complete disposal by 2018
- Possible write-backs if industry improves

THANK YOU