

UMW Holdings Berhad

4th Quarter 2018 Results

Briefing to analysts and fund managers

28 February 2019

Beyond Boundaries



AGENDA

01

2018 in review

02

Segmental review

- Automotive
- Equipment
- Manufacturing & Engineering

03

Update on
Unlisted Oil &
Gas segment

04

Major
developments
in 2018

05

Capital expenditure
for 2019

06

2019 and beyond

07

Q&A

01 We turned around in 2018...

2018 IN REVIEW



Group revenue from Continuing Operations increased by 2.2% to RM11,306.3 million in 2018; mainly contributed by higher sales in Equipment and M&E segments.



Group PBT from Continuing Operations increased almost three-fold, registering RM786.2 million in 2018 compared to a PBT of RM266.6 million in 2017.



All three core segments delivered better results in 2018.



Group PATAMI from Continuing Operations was RM490.6 million in 2018, a substantial improvement from the RM35.3 million registered in 2017.



Divestment of companies in the Unlisted Oil & Gas segment is progressing well. Operating losses from the remaining companies have reduced significantly.



Dividend payout was 7.5 sen for 2018.

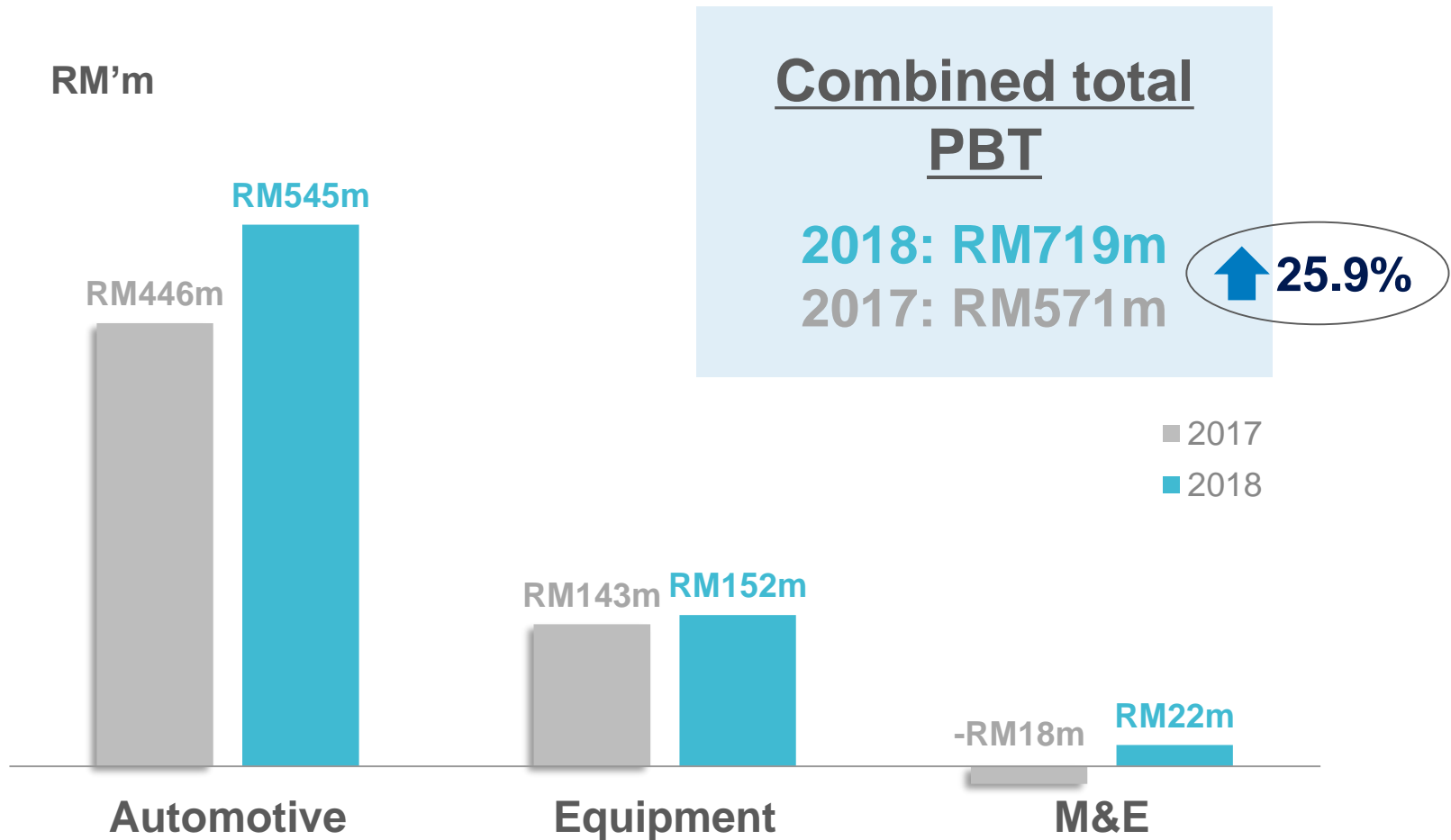
SNAPSHOT OF UMW'S FINANCIAL PERFORMANCE IN 4Q18/FY18

(RM'm)	4Q17	4Q18	FY17	FY18
Revenue from Continuing Operations	2,974.8	2,681.8	11,066.6	11,306.3
PBT from Continuing Operations	30.2	103.9	266.6	786.2
PAT from Continuing Operations	(2.2)	74.1	144.9	643.7
Profit/(Loss) from Discontinued operations	(413.0)	2.0	(805.4)	(162.1)

PATAMI FROM CONTINUING OPERATIONS SURGED IN 2018

(RM'm)	FY17	FY18
Net profit from Continuing Operations	144.9	643.7
Attributable to perpetual sukuk holders	0	(35.4)
Attributable to non-controlling shareholders	(109.6)	(117.7)
PATAMI from Continuing Operations	35.3	490.6
Losses from Discontinued operations	(675.9)	(148.9)
Consolidated PATAMI	(640.6)	341.7

CORE SEGMENTS CONTINUED TO DELIVER HEALTHY RESULTS IN 2018



GROUP'S CASH AND DEBT POSITION

Our debt to equity ratio has eased further

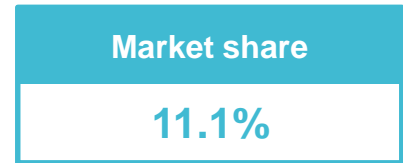
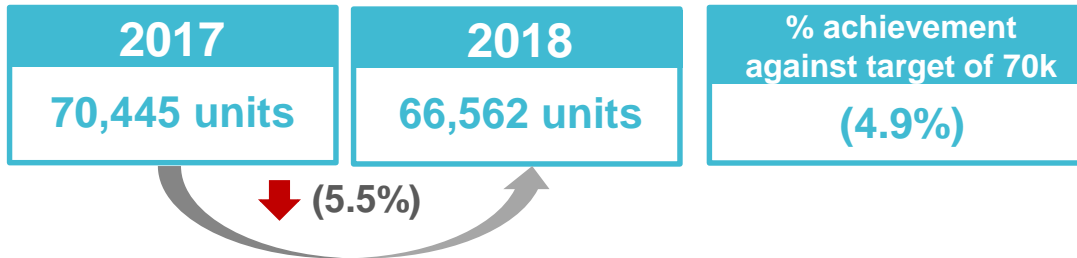
	As at 31 Dec 2017	As at 31 Dec 2018
Deposits, cash and bank balances	RM1,169.6m	RM1,312.0m
Short-term borrowings	RM685.3m	RM534.5m
Long-term borrowings	RM2,069.7m	RM2,298.2m
TOTAL BORROWINGS	RM2,755.0m	RM2,832.7m
TOTAL EQUITY	RM4,178.4m	RM5,695.7m
Debt-to-equity ratio	66%	50%

02

Segmental results

AUTOMOTIVE SALES IN 2018

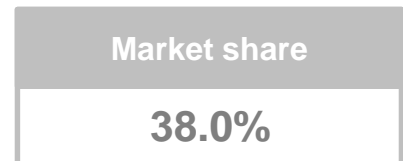
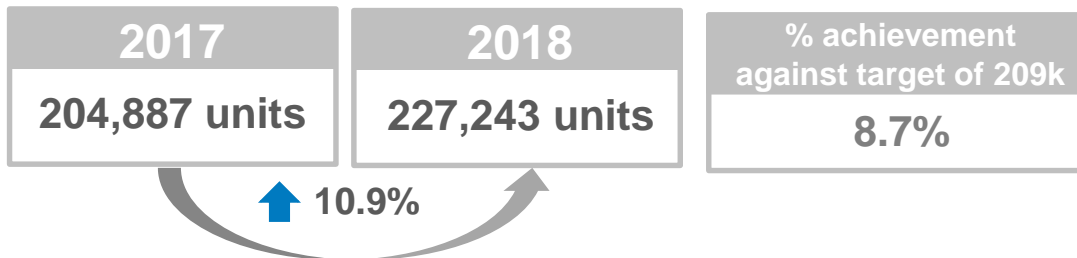
UMW TOYOTA MOTOR



- Lower sales due to **run-out of Toyota Vios** in 4Q18.
- Despite launching in October 2018, the delivery of Toyota Rush only started in February 2019 due to delay in getting government approval for selling price.

**UMW Group
market share
for 2018 -
49.1%**

PERODUA

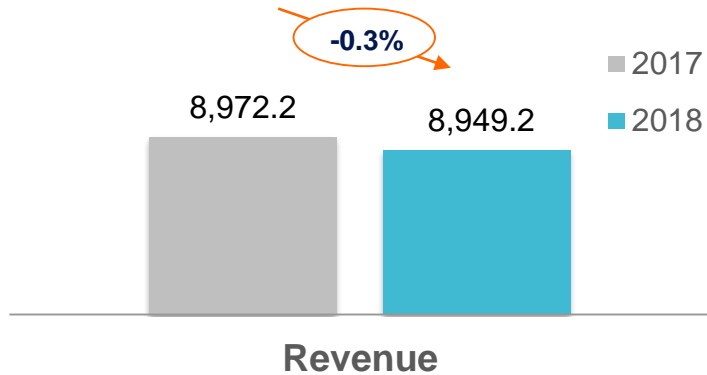


- Perodua registered its highest ever sales in 2018, mainly driven by the **strong demand for Perodua Myvi**, launched in November 2017.

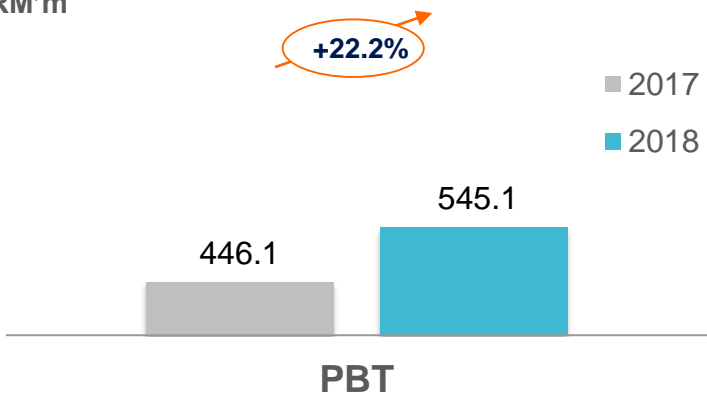
SEGMENTAL RESULTS – AUTOMOTIVE

2018 vs 2017

RM'm



RM'm



Automotive Results

01

The full-year 2018 revenue was marginally lower at RM8,972.2m. UMW Toyota Motor sold a lower number of vehicles in 2018, as a result of the run-out of Toyota Vios in the fourth quarter.

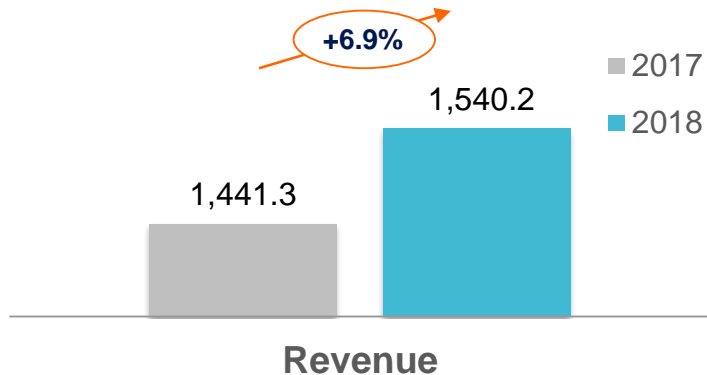
02

However, stronger performance from an associate company as well as improved profit margin from better cost optimisation activities led to a 22.2% jump in PBT to RM545.1m.

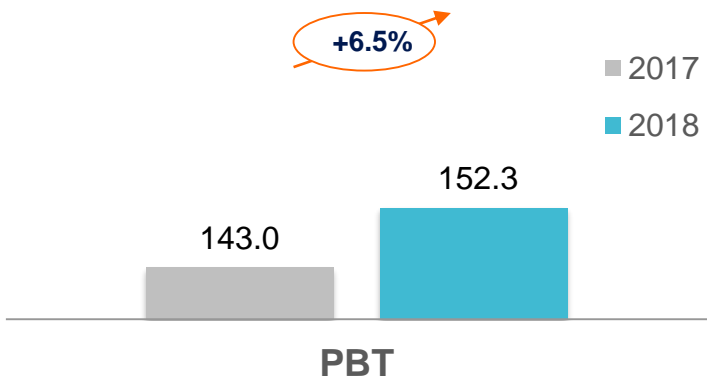
SEGMENTAL RESULTS – EQUIPMENT

2018 vs 2017

RM'm



RM'm



Equipment Results

01

Equipment segment registered 6.9% higher revenue of RM1,540.2m for the full-year 2018. Heavy equipment business drove the improved performance, which saw increased sales in mining and logging industries.

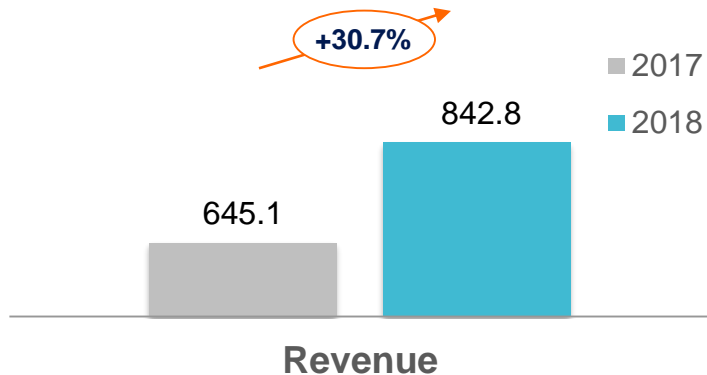
02

Subsequently, PBT grew by 6.5% to RM152.3m. Included in the PBT was a provision for stock obsolescence amounting to RM22m in 4Q18.

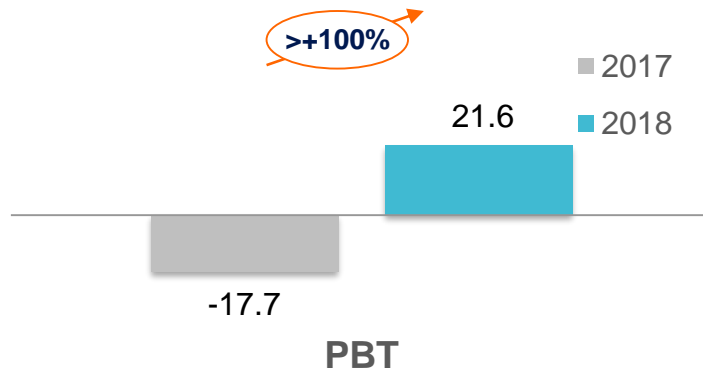
SEGMENTAL RESULTS – M&E

2018 vs 2017

RM'm



RM'm



M&E Results

01

Revenue from the M&E segment was RM842.8m, a 30.7% Y-o-Y increase, primarily due to full-year revenue contribution from the Aerospace business.

02

The M&E segment raked in a PBT of RM21.6m in 2018 compared to a loss of RM18m in 2017. On top of the improved performance from the Aerospace business, better profit margins were earned from cost optimisation initiatives.

03 Update on Unlisted Oil & Gas segment

UNLISTED OIL & GAS SEGMENT

Carrying value

RM
33m

Associates & JVs

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

RM
19m

Subsidiaries

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

- Out of 16 companies, only 6 are remaining
- Efforts are on-going to divest/liquidate the remaining companies

04

Major developments in 2018

MAJOR DEVELOPMENTS IN 2018

Paving the way for improved performance

UMW-KOMATSU Joint Venture

Moving from principal to strategic partnership – the joint venture officially kicked off on 1 Oct 2018.

Monetising land assets in Shah Alam

Entered into SPA for sale of land in Shah Alam totaling 38.8 acres for RM288m.

Narrowing losses in Aerospace business

Losses in aerospace business narrowed, leading to a turnaround in M&E segment in 2018.

Winding-up/liquidation and disposal of unlisted O&G companies

Substantial assets under Unlisted Oil & Gas segment have been addressed.

05

Capital expenditure for 2019

CAPEX FOR 2019

Segment	RM'm
Automotive	174
Equipment	262
Manufacturing & Engineering	118
Others	53
Total	607

06

2019 and beyond...

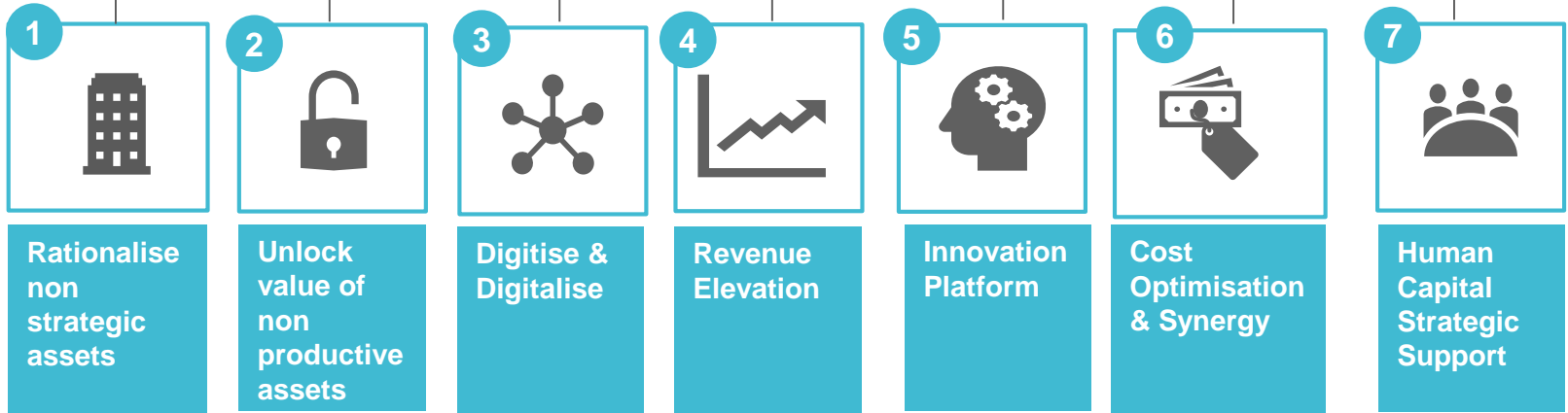
OUR TRANSFORMATION STRATEGY

7 Strategic Pillars of Transformation Framework

TRANSFORMATION STRATEGY

Capstone for strategic planning at UMW

7 Strategic Pillars



Objectives

1. To focus and expand on the Group's core businesses
2. To pursue sustainable growth strategies
3. To unlock value of the Group's assets for further value creation

AUTOMOTIVE STRATEGY – UMW TOYOTA MOTOR

To regain No. 1 position in non-National segment

Strategy

- **Increase localisation** – to improve cost and pricing competitiveness
- Expand CKD model offering, including EEV models



Second plant - Bukit Raja, Klang

- Boost capacity and capability
 - ✓ High automation
 - ✓ Plant & land size - 670,000 m²
 - 2.6x bigger than the Shah Alam plant
 - ✓ Annual capacity – 50,000 units on 1-shift operations
 - ✓ Increase localisation. The all-new Vios has more than 80% local content (previously 58%)
- Total Investment – RM1.8 billion
- Commenced operations in January 2019 with the production of the all-new Toyota Vios



AUTOMOTIVE SEGMENT – TOYOTA

NEW MODEL OFFERINGS IN 2019 TO BOOST SALES



TOYOTA CAMRY

Launched in Nov 2018, full-year contribution in 2019



TOYOTA VIOS

Launched in Jan 2019; target 30,000 unit sales in 2019



TOYOTA C-HR

The model update was introduced in Jan 2019



TOYOTA YARIS

To be launched in 2Q19



2019 TARGET



75,000 units



- Produced from the new Bukit Raja plant
- Volume-driven models to increase sales and market share

AUTOMOTIVE STRATEGY – PERODUA

Defend leading position in the Malaysian automotive market

Strategy

- **Improve model offering** for the entry-level market
 - ✓ To offer models in popular segments at an affordable price

Perodua Aruz caters to the popular SUV-segment



PERODUA ARUZ

Launched in Jan 2019; target
30,000 unit sales in 2019



2019 TARGET



PERODUA

231,000 units

EQUIPMENT STRATEGY

Moving to strategic partnership and innovate new value-added solutions and services to complement product range



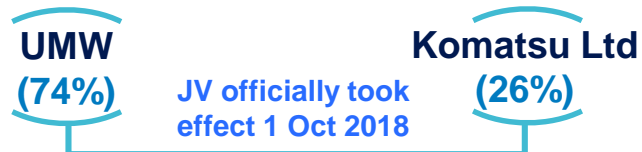
Heavy Equipment

14 JAN 2019 - UMW Launches New Komatsu Hi-efficiency Excavator Model PC210-10M0 in Malaysia



Leveraging on our partnership with Komatsu

- Introduction of more products/models to cater to urbanisation sector
- Opportunity to introduce SMARTCONSTRUCTION: ICT solutions to construction job sites
- Provision of value-added services through competitive product pricing, forex and financing assistance
- Enhancement in rental/leasing business
- Expansion in existing markets, ie: Myanmar



UMW Komatsu Heavy Equipment Sdn Bhd

The entire heavy equipment business is parked under the JV, with the following brands distributed in its respective existing markets

KOMATSU

Since 1965

BOMAG
FAYAT GROUP

Since 1979

ELGIN

LS Mtron

EVERDIGM

EQUIPMENT STRATEGY

Moving to strategic partnership and innovate new value-added solutions and services to complement product range



**Industrial
Equipment**

Diversifying and expanding product and service offering in growth markets, i.e. Vietnam

- Provide improved after-sales services
- To explore new opportunities in various customer segments

Leveraging on Internet of Things (IoT) to enhance service and product offering

Expanding fleet management / rental business

M&E STRATEGY

Further expansion into high-value / advanced manufacturing

Strategy

To expand automotive components business

- Improve synergies with UMWT and Perodua in its efforts to **increase localisation**
- **Increase sales for OEM and REM** in both domestic and foreign markets, from continued expansion of products and services
- **KYB-UMW to commence plant modernisation initiatives** to cater to increasing demand

Explore opportunities in the HVM space

- **Optimising** our **aerospace manufacturing capabilities**
- **Diversify** into **non-aerospace** related projects

To improve margins

- **Higher automation** to optimize operations
- **Material cost reduction** with vendors and global sourcing
- **Lean organization** structure and processes to drive efficiency

MONETISING OUR LAND ASSETS

SERENDAH LAND – 861 acres

- Will be developed into a **High Value Manufacturing Park** – by clusters
- **Signed an MoU with MIDA and Invest Selangor** to collaborate on the park's development to attract potential tenants
- Continuously **working with MATRADE**
- **UMW Aerospace's engine fan case manufacturing facility** is the pioneer tenant – taking up **24 acres**
- **Several other tenants**, including T7 Global **took up 7 acres of land**
- **UMW's operations in Shah Alam** to move to **Serendah** within the next few years
- **There have been strong interest** with several deals in the pipeline



UMW Group

Our goals

SHORT- TO MID-TERM

- **Continued expansion of our core business segments** by venturing into new markets, diversifying product mix and ancillary businesses



- **Continued margin improvements** via business optimisation initiatives
- **Unlock value** of the Group's assets

LONG-TERM

- **Pursuing industrial innovation** in order to generate our own products and services
- **Balanced portfolio** in terms of earnings contribution between Automotive and non-Automotive segments

THANK YOU