

UMW ACHIEVES PRETAX PROFIT OF RM430 M IN 3Q14

RM million	3Q14	3Q13	Change
Profit Before Taxation	430.3	245.6	75.2%



EXECUTIVE SUMMARY

3Q14 financial highlights

- Group revenue registered an increase of 7.1% or RM245.9 million compared to the same quarter last year. The improved revenue was mainly contributed by the Automotive and Oil & Gas segments. In tandem with the higher revenue, profit before taxation for the third quarter ended 30th September 2014 registered an increase of 75.2% compared to corresponding quarter last year.
- In line with the increased profit before taxation, net profit attributable to equity holders of the company increased to RM197.0 million.
- Consolidated cash and deposits stood at RM3.2 billion.

3Q14 highlights

- Toyota vehicle sales improved, mainly contributed by the better sales of Vios and Altis.
- For Oil & Gas Division, revenue recorded an increase of 23.9% compared to same quarter last year mainly due to the Drilling Services segment.
- Manufacturing & Engineering Division's revenue was marginally lower compared with the same quarter last year, mainly caused by lower contributions from the local automotive component segment.

Prospects for 4Q14

- The automotive industry is expected to sustain its performance. UMW Toyota Motor is on target to achieve sales of 100,000 units this year. Perodua launched Malaysia's first energy-efficient vehicle, Axia in September and has received strong bookings.
- The Equipment Division is expected to perform better with the contract recently secured to supply Komatsu equipment in Myanmar.
- Oil & Gas Division is expected to continue to generate satisfactory financial performance with the additional new drilling rigs in operation.
- M & E segment is expected to sustain its performance through better sales of lubricant products and automotive components.

Dividend

- The Board has declared a second interim single-tier dividend of 30% or 15.0 sen (2013 – 30% or 15.0 sen) per share of RM0.50 each, amounting to a net dividend payable of approximately RM175.2 million (2013 – RM175.2 million) for the year ending 31st December 2014, to be paid on 20th January 2015.

Dear fund managers and analysts,

The Group registered an increase of 7.1% in revenue compared to 3Q13 while profit before taxation increased by 75.2% compared to the corresponding period in 2013.

Our Automotive Division's revenue and profit before taxation increased by 8.6% and 16.6% respectively, in tandem with higher Toyota car sales, mainly Vios and Corolla Altis.

The Oil & Gas Division registered 39.3% higher profit than the corresponding period in 2013. Higher revenue is attributable to contributions from new jack-up rig, UMW NAGA 5 and hydraulic workover unit UMW GAIT 6. UMW NAGA 3 also achieved higher rig utilisation. Its financial performance is expected to surpass that of 2013.

Equipment Division registered higher revenue but profit before taxation is lower than 3Q13 due to heavy equipment's lower contribution in this quarter.

Manufacturing & Engineering Division's revenue decreased marginally due to lower overall demand in the automotive business. Overall, we expect the division to return to profitability this year.

Datuk Syed Hisham bin Syed Wazir
President & Group CEO
UMW Holdings Berhad

UMW HOLDINGS BERHAD

Group Income Statement

	3Q14 RM'000	2Q14 RM'000	3Q13 RM'000	FY 2013 RM'000 (Audited)	FY 2012 RM'000 (Audited)	% change (QoQ)
Revenue	3,702,528	3,966,828	3,456,643	13,951,460	15,798,828	(6.7)
Share of Profits of Associated Companies	25,612	23,847	62,223	157,537	126,156	7.4
Profit Before Taxation	430,271	422,055	245,641	1,435,673	2,020,277	1.9
Net Profit Attributable To Shareholders	196,996	141,960	101,452	652,926	994,296	38.8

Prospects for 2H14

Automotive Division

- UMW Group's combined total sales is forecasted to be about 293,000 units for 2014.
- The Division is expected to continue to perform well with the introduction of new models.
- We hope to at least maintain our market share.

Equipment Division

- The Malaysia operations is expected to maintain its performance albeit at a lower level in 2H14 as compared to 1H14.
- The lifting of the suspension on jade mining activities effective 1st September 2014 augurs well for Myanmar Operation in 2H14
- 2H14 is expected to be challenging for PNG operation due to continue depressed gold price.
- Focus will be on expanding the industrial equipment leasing business.

Oil & Gas Division

- We have taken delivery of UMW NAGA 6 on 30th September 2014. It won a USD46.5 million contract for four firm wells (about 250 days) with three optional wells (about 55 days) and thereafter, another extension option of 3 wells (estimated at 277 days).
- We will be taking delivery of another premium jack-up drilling rig, NAGA 7 in December this year.

Manufacturing & Engineering Division

- Overall, the Division should return to profitability in 2014 after registering a loss in 2013.

BUSINESS SEGMENT – AUTOMOTIVE

Segmental Reporting

	3Q14 RM'000	2Q14 RM'000	3Q13 RM'000	FY 2013 RM'000	FY 2012 RM'000	% change (QoQ)
Revenue	2,643,372	2,904,419	2,433,336	10,022,984	11,498,096	(9.0)
Profit Before Taxation	343,943	408,547	294,891	1,413,474	1,796,792	(15.8)

Company	UMW Toyota Motor Sdn. Bhd. (51% subsidiary company)	Perusahaan Otomobil Kedua Sdn. Bhd. (38% associated company)
Vehicle sales	<ul style="list-style-type: none"> Toyota sold 23,508 units in 3Q14 compared to 20,329 units in 3Q13 (+15.6%) and 26,937 units in 2Q14 (-12.7%). For 3Q14, Lexus sold 369 units compared with 337 units in 3Q13 (+9.5%) and 367 units in 2Q14 (+0.5%). 	<ul style="list-style-type: none"> Perodua registered sales of 45,837 units for 3Q14 compared to 50,525 units in 3Q13 (-9.3%) and 50,456 units in 2Q14 (-9.2%). The lower sales was mainly due to customers' waiting for the new model launch in mid-September.
Market share of TIV	<ul style="list-style-type: none"> Market share for Toyota, including Lexus for 3Q14 was at 15.0%. UMW Toyota has maintained No.1 position in non-national segment for 24 consecutive years, since 1990. 	<ul style="list-style-type: none"> Market share for Perodua in 3Q14 was at 28.8%. Maintained the No. 1 position in the Malaysian automotive industry since 2006.
3Q14 Highlights	<ul style="list-style-type: none"> Toyota was ranked number one in both Customer Service Index (CSI) & Sales Satisfaction Index (SSI) categories in the J.D. Power Asia Pacific 2014 Malaysia Study. UMW Toyota Motor Sdn. Bhd. unveiled its latest 3S facility in Langkawi, Kedah on 26 September 2014. Lexus started order-taking for the RC 350 and RC F models on 7th September 2014 Lexus opened its seventh outlet in Ipoh, Perak in on 28th August. 	<ul style="list-style-type: none"> Perodua Axia, the nation's first Energy Efficient Vehicle (EEV) was launched on 15 September 2014. The 1-litre car is priced from RM24,600 to RM42,500. As at the end of September 2014, bookings for Perodua Axia have surpassed the 20,000 units milestone.

BUSINESS SEGMENT – EQUIPMENT

Segmental Reporting

	3Q14 RM'000	2Q14 RM'000	3Q13 RM'000	FY 2013 RM'000	FY 2012 RM'000	% change (QoQ)
Revenue	434,750	453,758	410,754	1,705,458	2,138,469	(4.2)
Profit Before Taxation	44,390	55,089	55,601	195,838	183,458	(19.4)

Heavy Equipment

Market share - (Komatsu products covering Malaysia, Singapore, PNG and Myanmar)

- We expect the overall market share to range from 20% to 43% for the countries mentioned above.
- The lower revenue in 3Q14 was due to strong competition and low demand.

Market Environment

- The construction and quarry sectors remain active with the on-going government's economic transformation projects like the LRT & MRT in Malaysia.
- The low prices of gold, copper, nickel, iron ore and coal affected the demand for new equipment from the mining sectors in PNG and Myanmar.

FOREX

- The weakening of Japanese Yen against the Ringgit has been favourable to our business.

Industrial Equipment

Market share

- Toyota forklift strengthened its market leadership position in Malaysia's material handling equipment business

Highlights

- UMW Industries officially launched the new Toyota 8 Series of 3.5 to 8.0 ton forklifts to the market. The launches were held at UMW Industries Shah Alam and its branches in Butterworth, Johor Bahru and Kuantan on 28 August 2014, and subsequently on 3 October 2014 in Kota Kinabalu and Bintulu.
- Delivered 84 units of Toyota forklift and towing tractors under new rental contracts with Perodua Global Manufacturing Sdn Bhd
- Delivered 17 units of Toyota forklift under new rental contract with BASF (Malaysia) Sdn. Bhd.
- Delivered 17 units of Toyota forklift under renewal rental contract with Carlsberg Group
- Delivered 11 units of Toyota forklift to LJ Machinery Sdn. Bhd.

Marine & Power Equipment

Highlights

- Secured contract to supply 3 units of instrument air compressor, air dryer, and nitrogen generator packages to Oil & Gas Terminal, Kertih.
- Secured contract to supply 3 units instrument air compressor and air dryer packages to oil production platform, offshore Terengganu.

BUSINESS SEGMENT – OIL & GAS

Segmental Reporting

	3Q14 RM'000	2Q14 RM'000	3Q13 RM'000	FY 2013 RM'000	FY 2012 RM'000	% change (QoQ)
Revenue	254,321	238,776	205,342	737,752	832,177	6.5
Profit Before Taxation	75,846	66,237	54,452	206,849	74,376	14.5

Results

- Revenue for 3Q2014 was 23.9% higher than the same quarter last year due to higher revenue contributions from the Drilling Services segment which contributed 95.3% of total revenue. The positive variance are mainly due to:
 - Additional revenue contributions from premium offshore jack-up rig, UMW NAGA 5
 - UMW NAGA 3 achieved higher rig utilisation in the third quarter 2014
 - Higher rig utilisation and time charter rates recorded by UMW NAGA 2 after moving to Vietnam in June 2013.
- Overseas operations contributed approximately 64% of the UMWOG revenue in 3Q2014.
- UMWOG achieved profit before taxation (PBT) of RM75.8 million in the third quarter ended 30th September 2014, a 39.1% increase from RM54.5 million PBT recorded in the corresponding quarter in 2013
- Higher profit contributions from the Drilling Services segment as well as additional investment income from the Others segment, accounted for the profit improvement in 3Q2014.

Highlights

- UMWOG took delivery of UMW NAGA 6 on 30th September and was immediately mobilised to Vietnam to render drilling services contracted by PetroVietnam Drilling and Well Services Corporation.

Prospects for 2H14

- NAGA 1, UMW NAGA 2, UMW NAGA 3, UMW NAGA 4 and UMW NAGA 5 as well as hydraulic workover units UMW GAIT 3 and UMW GAIT 6, are expected to be fully utilised in 4Q2014.
- We will be taking delivery of UMW NAGA 7 in December 2014.
- Financial performance of Oilfield Services Segment is expected to improve.

BUSINESS SEGMENT – MANUFACTURING & ENGINEERING

Segmental Reporting

	3Q14 RM'000	2Q14 RM'000	3Q13 RM'000	FY 2013 RM'000	FY 2012 RM'000	% change (QoQ)
Revenue	180,206	188,886	188,938	735,498	680,708	(4.6)
Profit Before Taxation	(1,484)	11,926	(31,104)	(39,164)	3,604	(87.6)

Results

- The Malaysian operations which depend on the national cars struggled with lower demand in automotive components segments, caused by loss of market share by Proton & Perodua.
- Operations in China continue to perform well due to the strong demand for lubricants from FAW Mazda and Hongji.
- The Indian operations continue to struggle with low demand from main customers, GM and VW India.

Highlights

- Revenue for 3Q14 marginally decreased by 0.3% compared to last quarter due to lower overall demand in the automotive business.
- The segment recorded a loss of RM1 million for the current quarter compared to a profit of RM13 million in the previous corresponding quarter. This was mainly due to the CCD interest accounted for in September 2014 by the subsidiaries in India.
- 25th July 2014 – UMW announced proposed disposal of 61.08% equity interest in MK Autocomponents Ltd. (MKAL) and 55% equity interest in MK Automotive Industries Ltd. (MKAIL) to Dato' Muthukumar a/l Ayarpadde. The proposed disposals are expected to result in a loss on approximately RM93 million which is derived before accounting for transaction costs associated with it and the financial position of MKAL and MKAIL at completion date. The proposed disposals are expected to be completed by 31st December 2014. This will result in UMW exiting the auto components manufacturing business in India.

Prospects for 2H14

- The M&E Division is expected to perform better than 2013 with lower loss in India and improving results in China.
- Nevertheless, the Malaysian operations is expected to continue facing a tough market situation in Q4.
- Overall, M&E Division should turn profitable in 2014 after registering a loss in 2013.

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Consolidated Balance Sheet

	At 30/09/2014 RM'000	At 30/06/2014 RM'000	At 31/03/2014 RM'000	Audited 31/12/2013 RM'000
Investment In Associates	1,735,477	1,708,044	1,765,060	1,696,035
Property, Plant & Equipment	5,236,540	4,554,084	4,256,299	3,898,853
Deposits, Cash & Bank Balances	3,161,996	3,005,111	2,823,912	2,557,694
Inventories	1,784,180	2,125,876	1,930,137	1,754,167
TOTAL ASSETS	15,730,461	15,257,751	14,867,413	14,595,147
Long Term Borrowings	1,889,087	1,390,560	1,549,675	1,524,177
Short Term Borrowings (include ODs)	2,129,314	2,104,885	1,697,629	1,464,325
TOTAL EQUITY	9,308,054	9,278,593	9,210,403	8,932,532
Net Assets Per Share (RM)	5.69	5.60	5.49	5.38



THANK YOU



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