

UMW HOLDINGS' 3Q18 NET PROFIT SOARED TO RM128M

(RM mil)	3Q18	3Q17	% YoY	2Q18	% QoQ	9M18	9M17	% YoY
Net profit	128.1	(29.4)	>+100	124.4	+3.0	326.6	(218.5)	>+100

3Q18 FINANCIAL HIGHLIGHTS

The Group's 3Q18 revenue from Continuing Operations was RM3,290.0 million, a 24.7% increase than the RM2,639.2 million registered in the same quarter of last year.

The Group posted a PBT from Continuing Operations of RM233.6 million for the current quarter which was substantially higher than the previous corresponding quarter of RM49.2 million. The improved performance was driven by better performance from all three core segments. Profit margins also improved due to cost optimisation initiatives and favourable foreign exchange.

Discontinued Operations posted a lower loss before taxation of RM17.8 million compared with a loss of RM29.3 million in the previous corresponding quarter.

As a result, net profit attributable to equity holders of the company soared to RM128.1 million.

Consolidated cash and deposits stood at RM1,096.9 million as at end-Sep 2018.

3Q18 OPERATIONAL HIGHLIGHTS

UMW Toyota Motor (including Lexus) sold an impressive 21,370 units (+35% YoY) in the third quarter of the year, the highest in the last 11 quarters – thanks to improved sales during the Goods and Services Tax (GST)-free period.

In 9M18, Perodua sold 168,132 units, and is on track to reach its 2018 target of 209,000 units.

Heavy equipment sub-segment was lifted by higher sales and increased demand in the construction industry whilst industrial equipment continues to benefit from the leasing business.

The Manufacturing & Engineering segment returned to profitability following higher revenue from the Aerospace business as well as better profit margins generated from a comprehensive efficiency improvement and cost optimisation programme.

PROSPECTS

While the reintroduction of the Sales and Service Tax (SST) will likely have an impact on consumer demand in vehicle sales, the Automotive segment is expected to perform satisfactorily based on strong interest received in its newly launched models.

The Industrial Equipment business is expected to continue performing well in the rental sector while infrastructure development for coastal and rural roads may have a positive impact on the Heavy Equipment business.

In the M&E segment, efforts are ongoing to enhance market penetration into other ASEAN countries for its lubricant business whilst the Aerospace business is steadily increasing production to meet the expected orders from Rolls-Royce.

Dear fund managers and analysts,

Our third quarter results positively reflect the continued execution of our strategic initiatives to restore profitability and momentum, following our exit from the Oil & Gas sector.

We are encouraged by our performance and will continue to make strategic moves to keep our core businesses abreast of its changing environment.

As we move forward, the Group will place a sharper focus on driving long-term growth through expansion and fostering innovation across our portfolio, balanced with a disciplined approach to capital investment. We remain committed to delivering value to all our stakeholders

Badrul Feisal bin Abdul Rahim
President & Group CEO
UMW Holdings Berhad

(RM'000)	3Q18	3Q17	% YoY	2Q18	% QoQ	9M18	9M17	% YoY	FY 2017 (Audited)
Revenue	3,299,450	2,671,008	23.5	2,950,451	11.8	8,688,671	8,400,182	3.4	11,066,638
Share of Profits of Associated Companies	57,223	40,231	42.2	54,405	5.2	169,250	113,422	49.2	182,000
Profit Before Taxation	215,816	19,933	>+100	179,432	20.3	518,814	(155,175)	>+100	266,573
Net Profit Attributable To Shareholders	128,130	(29,367)	>+100	124,376	3.0	326,590	(218,504)	>+100	(640,634)

CURRENT PROSPECTS

Automotive

- The Group targets to sell 279,000 units of new vehicles in 2018 and hopes to maintain its overall market share (2017: 48%). Overall market share for the first ten months of 2018 was 49%.
- The reintroduction of Sales and Service Tax ("SST") on 1 September 2018 will likely have an impact in consumer demand in vehicles sales. The segment has remained challenging with intense competition and continuation of strict lending guidelines. Nevertheless, the Automotive segment is expected to perform satisfactorily based on strong interest received for its newly previewed models (Rush, Camry and Vios).

Equipment

- The growth in private consumption and other infrastructure development for coastal and rural roads should provide sales opportunities for heavy equipment segment. Meanwhile, its Myanmar business should continue to benefit from higher parts sales from the existing fleet of machineries for jade & copper mining.
- Industrial equipment is expected to perform well, driven by the rental business in the warehouse and logistics sectors.

M&E

- The Group's lubricants business has presence in Malaysia and China and is growing steadily. Efforts are in progress to enhance the market penetration into other ASEAN countries.
- The Aerospace business is steadily increasing production to meet the expected orders from Rolls-Royce.

(RM'000)	3Q18	3Q17	% YoY	2Q18	% QoQ	9M18	9M17	% YoY	FY 2017 (Audited)
Revenue	2,643,401	2,115,924	24.9	2,382,665	10.9	6,903,125	6,567,123	5.1	8,972,182
Profit Before Taxation	151,257	106,073	42.6	142,439	6.2	419,637	292,112	43.7	446,059

UMW Toyota Motor Sdn Bhd
 (51% subsidiary company)

Perusahaan Otomobil Kedua Sdn Bhd
 (38% associate company)

Vehicle sales

Toyota sold 20,940 units in 3Q18 compared to 15,567 units in 3Q17 (YoY: 34.5%) and 19,026 units in 2Q18 (QoQ: 10.1%).

Lexus sold 430 units in 3Q18 compared to 237 units in 3Q17 (YoY: 81.4%) and 282 units in 2Q18 (QoQ: 52.5%).

Perodua registered sales of 51,105 units for 3Q18 compared with 51,905 units in 3Q17 (-1.5%) and 61,530 units in 2Q18 (-16.9%).

Market share of TIV

Market share for Toyota including Lexus for 9M18 was at 11.8%

Market share for Perodua for 9M18 was at 37.0%.

3Q18 highlights

- ❑ UMW Toyota Motor (UMWT) announced the revised price to reflect the 10% Sales & Services Tax which took effect from 1 Sep 2018. Post-SST implementation from September 2018 onwards, most CKD Toyota models saw price reduction (average at 2%) compared to GST-era pricing
- ❑ Due to the strong sales during the tax-free months of July and August, UMWT sold a total of 21,370 units in 3Q18, which was the highest in the last 11 quarters
- ❑ The top three selling models in 3Q18 was Vios, Hilux and C-HR, which accounted for 67% of Toyota's (excluding Lexus) sales in 3Q18.
- ❑ Experienced a production halt for Myvi in Aug and Sep due to a technical issue at one of its vendors, which has since been rectified. The carmaker is focusing on efforts to reduce its Myvi order backlog of 22,000 units (as at end-Sep)
- ❑ Despite the 3Q18 sales decline, 9M18 sales of 168,203 units was 11% higher YoY, attributed to the positive response for the new Myvi as well as for the other models
- ❑ The Alza facelift (7-seater MPV) model was unveiled on 5 Sep 2018, priced between RM51,490-RM62,690
- ❑ Based on the revised prices to reflect the 10% Sales & Services Tax which took effect from 1 Sep 2018, most models have seen prices decline by up to 3% compared to the GST-era pricing

Sales target

Sales target for Toyota including Lexus for 2018 is 70,000 units

Sales target for Perodua is 209,000 units

(RM'000)	3Q18	3Q17	% YoY	2Q18	% QoQ	9M18	9M17	% YoY	FY 2017 (Audited)
Revenue	403,414	369,334	9.2	365,947	10.2	1,142,403	1,063,117	7.5	1,458,901
Profit Before Taxation	43,506	39,251	10.8	37,813	15.1	126,255	110,995	13.7	141,831

HEAVY EQUIPMENT

Highlights – Komatsu products covering Malaysia, Singapore, PNG & Myanmar

- **Malaysia** - New machines deliveries were less as contractors are cautious of the current market environment. Nevertheless, we registered a higher market share with improved sales in smaller infrastructure projects & export sales to Papua New Guinea and Singapore.
- **PNG** – Although 3Q18 sales in PNG dipped quarter-on-quarter as a result of continued slowdown in business activities, PBT improved mainly due to increased parts & service sales. PNG also recorded a reasonable level of equipment sales to the logging & construction sector.
- **Myanmar** - Parts sales to the jade & copper mining sector remained strong with the active mining activities and on-going repairs & maintenance carried out for the aging fleet of machineries.

INDUSTRIAL EQUIPMENT

Delivered:

- 35 units of Toyota forklift and BT warehouse truck under new and renewal rental contracts with Nestle Group
- 21 units of Toyota forklift and BT warehouse truck under new and renewal rental contracts with Yeo Hiap Seng Group
- 20 units of Toyota forklift under renewal rental contracts with Continental Tyre PJ (M) Sdn Bhd
- 20 units of Toyota forklift and BT warehouse truck under new and renewal rental contracts with MS Supply Chain Solutions (M) Sdn Bhd
- 16 units of Toyota forklift to Acwer Industrial Equipment Sdn Bhd
- 15 units of Toyota forklift under renewal rental contracts with BASF Polyurethane (M) Sdn Bhd
- 15 units of Toyota forklift under new and renewal rental contracts with Etika Beverage Sdn Bhd

Market share - Toyota forklift maintained its market leadership position in Malaysia's material handling equipment business

MARINE & POWER EQUIPMENT

Highlights

Successfully delivered 2 units customized air compressor and dryer packages to Petronas Carigali Sdn Bhd for Baronia wellhead offshore Sarawak platform

Recognitions - Awarded Most Valuable Distributor in South East Asia by our principal Shanghai Diesel Engine Co. Ltd. (SDEC)

Current prospects

- Despite the review of mega projects, the demand in construction sector will continue with the strong growth in private consumption and other infrastructure development for coastal and rural roads, which could provide sales opportunities for the heavy equipment business
- Industrial equipment business is expected to continue performing well with the rental business, especially in the warehouse and logistic sectors

(RM'000)	3Q18	3Q17	% YoY	2Q18	% QoQ	9M18	9M17	% YoY	FY 2017 (Audited)
Revenue	253,562	155,818	62.7	178,321	42.2	600,349	475,572	26.2	645,075
Profit Before Taxation	15,539	(6,730)	>+100	(547)	>+100	12,136	(13,232)	>+100	(17,709)

Results

- The Manufacturing & Engineering segment registered a revenue of RM253.6 million which was higher than the RM155.8 million reported in the previous corresponding quarter.
- Profit before taxation rose to RM15.5 million from a loss of RM6.7 million.

Performance

- The improved performance was contributed by higher revenue from the Aerospace business (which has started to generate revenue from the fourth quarter of 2017) as well as better profit margins generated from a comprehensive efficiency improvement and cost optimisation initiatives

Currents prospects

- For the lubricants business, efforts are in progress to enhance the market penetration into other ASEAN countries as well, beyond the current presence in Malaysia and China.
- The Aerospace business is steadily increasing its production to meet the expected orders from Rolls-Royce.

DISCONTINUED OPERATIONS

OIL & GAS (UNLISTED)

(RM'000)	3Q18	3Q17	% YoY	2Q18	% QoQ	9M18	9M17	% YoY	FY 2017 (Audited)
Revenue	9,474	31,846	(70.3)	31,317	(69.7)	64,222	94,177	(31.8)	120,589
Profit Before Taxation	(17,752)	(29,274)	39.4	(121,907)	85%	(163,393)	(108,383)	(50.8)	(520,203)

R E S U L T S

The Oil & Gas (Unlisted) segment registered a revenue of RM9.5 million and loss before taxation of RM17.8 million which was lower than the previous corresponding quarter. This was due to the winding down of operations in this segment.

P R O S P E C T S

Following the impending divestment of the Oil and Gas (Unlisted) segment, the Group does not expect any adverse material impact in the fourth quarter of 2018.

UMW HOLDINGS BERHAD

Consolidated Balance Sheet

(RM'000)	As at 30 Sep 2018 (Unaudited)	As at 31 Dec 2017 (Audited)	As at 31 Dec 2016 (Audited)
Property, Plant & Equipment	3,122,690	2,658,103	7,678,533
Investment in Associates	1,741,744	1,661,497	1,953,223
Inventories	1,411,263	1,410,746	1,953,223
Deposits, Cash & Bank Balances	1,096,918	1,169,568	1,857,424
TOTAL ASSETS	10,582,302	10,095,732	16,286,440
Long Term Borrowings	2,299,745	2,069,717	3,715,777
Short Term Borrowings (including ODs)	746,856	691,857	2,639,329
TOTAL LIABILITIES	5,020,750	5,917,302	9,398,749
TOTAL EQUITY	5,561,552	4,178,430	6,864,275
Net Assets Per Share	RM2.81	RM2.61	RM4.04



THANK YOU



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