

# UMW HOLDINGS' NET PROFIT FROM CONTINUING OPERATIONS ROSE TO RM490.6 MILLION IN 2018; ANNOUNCES A FINAL SINGLE-TIER DIVIDEND OF 2.5 SEN IN 4Q18



INVESTOR UPDATES

(RM mil)	4Q18	4Q17	% YoY	3Q18	% QoQ	2018	2017	% YoY
<b>Net profit from Continuing Operations</b>	15.4*	(40.4)	>+100	155.1	(90.1)	490.6	35.3	>+100

\*Net of payment to minority shareholders and perpetual sukuk holders

## 4Q18 FINANCIAL HIGHLIGHTS

4Q18 revenue from Continuing Operations was RM2,681.8 million, a 9.8% decrease compared to the same quarter of last year which resulted from lower number of vehicles sold.

The M&E segment returned to profitability with the positive contribution driven by higher revenue, while Automotive and Equipment segments registered lower PBT in the final quarter of 2018.

Consequently, net profit attributable to equity holders was RM15.4 million, a turn around from the net loss attributable to equity holders of RM40.4 million in the previous corresponding quarter.

UMW announced a final single-tier dividend of 2.5 sen in 4Q18.

Consolidated cash and deposits stood at RM1,312 million as at end-December 2018.

## 4Q18 OPERATIONAL HIGHLIGHTS

UMW Toyota Motor (including Lexus) sold 13,058 units (-36.4% YoY) in 4Q18. It sold 66,562 units in 2018, lower than its target of 70,000 units- due to the run-out of Toyota Vios in 4Q18.

Perodua exceeded its 2018 target by 8.7% YoY, having sold a record breaking 227,243 units, attributed to the zero-GST period and the overwhelming response for the new Myvi.

Equipment segment's PBT was affected by the a provision of stock obsolescence for the heavy equipment segment.

Manufacturing & Engineering segment 's PBT of RM9.5m was underpinned by higher revenue from the Aerospace business as well as better profit margin generated from cost optimisation initiatives.

Dear fund managers and analysts,

"For the financial year 2018, the Group has achieved a robust recovery and registered a healthy profit.

The commendable results of our three core businesses coupled with strategic initiatives to boost growth put the Group in a firm position to achieve greater heights and emerge as a leading industrial conglomerate in the region.

We have also embarked on a vigorous Group-wide transformation programme to drive long-term growth through expansion of products and services and nurturing innovation across the organisation in order to remain relevant in the ever-changing business environment."

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

(RM'000)	4Q18	4Q17	% YoY	3Q18	% QoQ	2018	2017	% YoY
Revenue	2,689,998	3,001,233	(10.4)	3,299,293	(18.5)	11,378,668	11,401,413	(0.2)
Share of Profits of Associated Companies	96,322	68,578	40.5	57,223	68.3	265,572	182,000	45.9
Profit Before Taxation	106,248	(381,663)	>+100	215,816	(50.8)	625,062	(536,834)	>+100

### CURRENT PROSPECTS

#### Automotive

- UMW Toyota targets to sell 75, 000 units of vehicles in 2019 (including Lexus) while Perodua targets to achieve a record-breaking sales of 231,000 units in 2019.
- The reintroduction of Sales and Service Tax ("SST") on 1 Sep 2018 had impacted the the consumer demand in vehicle sales. Coupled with a strict lending guideline, the segment is expected to remain challenging and competitive. Nevertheless, the commencement of new plant operations and the launching of new models (such as Vios and Yaris) shall provide a strong a firm foundation for the segment to perform satisfactorily.

#### Equipment

- The segment will continue to face lower domestic demand as a result of the slower growth in the construction sector and reviews on mega projects. Nevertheless, encouraging demand in the mining and logging industries as well as strong performance in rental equipment business will drive the growth of the segment.

#### M&E

- Efforts are in progress to enhance the market penetration into other ASEAN countries for lubricant business whilst Aerospace business is expected to increase significantly due to the ramp up in its production to deliver to Rolls-Royce.

(RM'000)	4Q18	4Q17	% YoY	3Q18	% QoQ	2018	2017	% YoY
Revenue	2,046,080	2,405,059	(14.9)	2,643,401	(22.6)	8,949,204	8,972,182	(0.3)
Profit Before Taxation	125,506	153,947	(18.5)	151,257	(17.0)	545,143	446,059	22.2

**UMW Toyota Motor Sdn Bhd**  
(51% subsidiary company)

**Perusahaan Otomobil Kedua Sdn Bhd**  
(38% associate company)

**Vehicle sales**

Toyota sold 12,902 units in 4Q18 compared to 20,211 units in 4Q17 (YoY: -36.2%) and 20,940 units in 3Q18 (QoQ: -38.4%).

Lexus sold 156 units in 4Q18 compared to 306 units in 4Q17 (YoY: -49.0%) and 430 units in 3Q18 (QoQ: -63.7%).

Perodua recorded sales of 59,040 units for 4Q18 as compared to 54,307 units in 4Q17 (YoY: +10.8%) and 51,105 units in 3Q18 (QoQ: +15.5%).

Perodua exceeded its 2018 target with a record-breaking sales of 227,243 units in 2018.

**Market share of TIV**

Market share for Toyota including Lexus was 11.1% in 2018.

Market share for Perodua in 2018 was 38.0%.

**4Q18 highlights**

- ❑ As a result of the run-out of Toyota Vios in the last quarter, UMWT sold 66,562 units in 2018, lower than its target of 70,000 units.
- ❑ Delivery of the all-new Toyota Camry commenced in December 2018. 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.
- ❑ Both production and delivery of the all-new Toyota Vios have commenced since early January 2019 from the new Bukit Raja plant. Vios sales target is averaged at 2,500 units/ month.
- ❑ The top three selling models in 2018 was Hilux, Vios and Innova, which accounted for 66% of Toyota's sales, excluding Lexus'.

- ❑ Perodua attributed its positive sales record to the three months zero-GST period and the overwhelming response for the new Myvi that was launched in November 2017.
- ❑ Myvi was the carmaker's best-selling model in 2018, making up 36% of total sales.
- ❑ Following a production halt for Myvi, assembly lines for the model resumed production in early-October 2018.
- ❑ Perodua commenced order taking for its latest three-row seven-seater compact SUV, Perodua Aruz on 3 January 2019. The SUV comes in two variants of 1.5X (RM72,900) and 1.5 AV (RM77,900). Perodua is targeting 2,000 units monthly sales for Aruz in 2019.

**Sales target**

Sales target for Toyota including Lexus for 2019 is 75,000 units.

Sales target for Perodua in 2019 is 231,000 units

(RM'000)	4Q18	4Q17	% YoY	3Q18	% QoQ	2018	2017	% YoY
Revenue	397,760	395,783	0.5	403,413	(1.4)	1,540,162	1,441,344	6.9
Profit Before Taxation	26,039	30,821	(15.5)	43,506	(40.1)	152,294	143,001	6.5

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

- **Malaysia** - As a result of an increase in market coverage with competitive price support and extended warranty term from Komatsu, we have managed to deliver more machines to infrastructure projects.
- **PNG** - Increase in sales mainly came from the mining and construction sectors while PBT was further ameliorated by increased mining parts and service sales. The provincial government had awarded numerous infrastructure works and airport upgrades to the small contractors in PNG.
- **Myanmar** - Performance was buoyed by strong parts sales to the jade & copper mining sector. This was mainly for active mining activities and on-going repairs & maintenance carried out for the aging fleet of machineries.

#### HEAVY 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

#### INDUSTRIAL EQUIPMENT

### Highlights

- Successfully delivered 1 unit Centrifugal air compressor to Petronas Fertilizer Kedah
- Awarded 2+1 year service contract to provide maintenance of 22 units of air compressors for Petronas Gas Processing plants in Kerteh and Gebeng
- Secured 1+1 contract to lease and provide maintenance of oil spill equipment for Westport

#### MARINE & POWER EQUIPMENT

### Current prospects

- Despite the uncertainties and risks surrounding the construction sector as well as mega projects review which leads to lower domestic demand, the heavy equipment business will be buoyed by encouraging demand in the mining and logging industries. Meanwhile, the gold mining activities in PNG is expected to remain strong.
- The rental equipment business will continue to buoy the growth in the industrial equipment business.

(RM'000)	4Q18	4Q17	% YoY	3Q18	% QoQ	2018	2017	% YoY
Revenue	242,451	169,504	43.0	253,562	(4.4)	842,800	645,076	30.7
Profit Before Taxation	9,469	(4,477)	>+100	15,539	(39.1)	21,605	(17,709)	>+100

## Results

- In 4Q18, the Manufacturing & Engineering segment registered a revenue of RM242.5 million which was 43% higher than the RM169.5 million reported in the previous corresponding quarter.
- Profit before taxation rose to RM9.5 million from a loss of RM4.5 million in 4Q18.

## 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).
- Better profit margins generated from comprehensive efficiency improvement and cost optimisation initiatives.

## Currents prospects

- The automotive components will continue to do well, especially from the REM business for domestic and export markets while efforts are in progress to enhance market penetration into other ASEAN countries.
- The Aerospace business is steadily increasing its production to meet the expected orders from Rolls-Royce.

# DISCONTINUED OPERATIONS

## OIL & GAS (UNLISTED)

(RM'000)	4Q18	4Q17	% YoY	3Q18	% QoQ	2018	2017	% YoY
Revenue	8,170	26,414	(69.1)	9,474	(13.8)	72,391	120,589	(40.0)
Profit Before Taxation	2,302	(411,824)	>+100	(17,752)	>+100	(161,091)	(520,203)	69.0

### R E S U L T S

The lower 4Q18 revenue for the Oil & Gas (Unlisted) segment of RM8.2 million, compared to the RM26.4m in the previous corresponding quarter was due to the winding down of operations which are being carried out in stages.

However, the segment managed to report a profit before taxation of RM2.3 million, a turnaround from the loss before taxation of RM411.8 million in 4Q17, which included provisions.

### 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 from this segment.

# 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	3,188,976	2,658,103	7,678,533
Investment in Associates	1,843,902	1,661,497	1,953,223
Inventories	1,531,604	1,410,746	1,953,223
Deposits, Cash & Bank Balances	1,311,984	1,169,568	1,857,424
<b>TOTAL ASSETS</b>	<b>10,690,670</b>	<b>10,095,732</b>	<b>16,286,440</b>
Long Term Borrowings	2,298,249	2,069,717	3,715,777
Short Term Borrowings	534,486	685,320	2,639,329
<b>TOTAL LIABILITIES</b>	<b>4,995,007</b>	<b>5,917,302</b>	<b>9,398,749</b>
<b>TOTAL EQUITY</b>	<b>5,695,663</b>	<b>4,178,430</b>	<b>6,864,275</b>
<b>Net Assets Per Share</b>	<b>RM2.85</b>	<b>RM2.61</b>	<b>RM4.04</b>



# THANK YOU



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