

UMW HOLDINGS' NET PROFIT SURGED TO RM74M IN 1Q18; PAYS 5 SEN DIVIDEND

RM million	1Q18	1Q17	YoY(%)
Net profit	74.1	20.2	>+100

EXECUTIVE SUMMARY

1Q18 financial highlights

- The Group registered a revenue from Continuing Operations of RM2,415.3 million for the current quarter ended 31 March 2018, 10% lower than the RM2,695.2 million reported in the previous corresponding quarter.
- However, the Group posted a profit before taxation (PBT) from Continuing Operations of RM147.3 million for the current quarter, 6% higher than the PBT of RM138.9 million in the previous corresponding quarter.
- Automotive segment's PBT rose by 45%.
- Consolidated cash and deposits stood at RM818 million.

1Q18 highlights

- UMW Toyota Motor has started delivery of Toyota Harrier and Toyota C-HR.
- Perodua's market share increased to 41.1% due to the overwhelming demand for the new Myvi launched in November 2017.
- Heavy equipment business was lifted by higher export sales of Komatsu equipment whilst the industrial equipment was bolstered by a major customer order on renewal of the entire fleet of older equipment.
- Automotive components manufacturing business contributed to the higher revenue for the Manufacturing & Engineering segment.

Prospects for 2018

- The Group targets to sell more than 279,000 units of new vehicles in 2018 and hopes to maintain its 48% overall market share.
- Equipment segment is expected to perform better in 2018 with improved demand for heavy equipment and continued strong contribution from the industrial equipment segment.
- Manufacturing & Engineering segment is forecast to register better results with increased demand for auto components and lubricants. The ramp-up production of fan cases should taper the operating losses at the aerospace unit.
- Following the exit from the listed Oil & Gas segment, the Group will now focus on the growth of its remaining three core businesses.

Dividend

- The Board is pleased to declare a single-tier dividend of 5.0 sen per share (2017 – nil), amounting to a net dividend payable of approximately RM58.4 million (2017 – nil) for the financial year ending 31 December 2018, to be paid on 21 June 2018 to shareholders whose name appears in the Record of Depositors at the close of business on 6 June 2018.



Dear fund managers and analysts,

The Group revenue from Continuing Operations came down by 10% due to challenging operating conditions. However, profit before taxation (PBT) increased by 6% mainly contributed by the Automotive segment.

Although the Automotive segment faced intense competition and strict lending guidelines enforced by financial institutions, its PBT surged 45%. In addition, the Equipment segment registered 9% increase in revenue and achieved 14% higher PBT compared to a year ago. Similarly, revenue of the Manufacturing & Engineering segment also grew by 2% year-on-year.

Subsequent to the result, we have declared an interim single-tier dividend of 5.0 sen per share.

Following the exit from the listed oil & gas segment, the Group is now well-positioned with improved earnings visibility and growth. Moving forward, we are confident of the long-term prospect of our three core businesses as demonstrated by our on-going investments in Automotive, Equipment and Manufacturing and Engineering businesses. Our growth strategy will be underpinned by continued expansion in these three core segments to deliver value to our shareholders.

Badrul Feisal Abdul Rahim
President & Group CEO
UMW Holdings Berhad

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Group Income Statement

	1Q18 RM'000	1Q17 RM'000	4Q17 RM'000	FY 2017 RM'000 (Audited)	FY 2016 RM'000 (Restated)	% change (YoY)
Revenue	2,438,769	2,803,585	3,001,233	11,066,638	10,436,797	-13.0
Share of Profits of Associated Companies	57,622	41,263	58,302	182,000	183,615	+39.6
Profit Before Taxation	123,565	14,388	(381,661)	(536,834)	(2,130,225)	>+100
Net Profit Attributable To Shareholders	74,084	20,165	(432,670)	(640,634)	(1,658,039)	>+100

Current prospects

Automotive Segment

- The Malaysian Automotive Association (MAA) forecast the Total Industry Volume for 2018 to be 590,000 units, a growth of 2.3% over the 576,635 units sold in 2017.
- The UMW Group targets to sell more than 279,000 units in 2018 and hopes to maintain its 48% overall market share.
- Outlook for the segment is expected to be sustainable in 2018.
- The first half of the year is expected to remain competitive with other automotive players seeking to clear 2017 stocks and capitalizing on the festive promotions.

Equipment Segment

- Malaysia's macro-economy will remain positive in 2018 with forecasted gross domestic product (GDP) of above 5.3% driven by domestic demand.
- The government's allocation of higher spending for infrastructure projects is expected to increase the demand for heavy equipment.
- Industrial equipment operations are also expecting a strong growth potential in Malaysia, Singapore and Vietnam driven by improved market demand.

Manufacturing & Engineering Segment

- The automotive components manufacturing operations is forecast to improve with new models introduced by its customers.
- Replacement Equipment Manufacturers sales for both domestic and export markets are expected to contribute higher revenue.
- The lubricants business in Malaysia is growing and manufacturing capacity expansion projects are already in place to cater for the increased demand. In addition, sales of lubricants in China and Indonesia are also expected to rise.
- The aerospace business is progressing as per schedule and currently is in the ramp-up stage to deliver the fan cases as per contractual agreement to Rolls-Royce.

BUSINESS SEGMENT – AUTOMOTIVE

	1Q18 RM'000	1Q17 RM'000	4Q17 RM'000	FY 2017 RM'000 (Audited)	FY 2016 RM'000 (Audited)	% change (YoY)
Revenue	1,877,059	2,190,856	2,405,059	8,972,182	8,450,956	-14.3
Profit Before Taxation	125,941	87,071	153,948	446,059	496,931	+45.0

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 12,683 units in 1Q18 compared with 16,503 units in 1Q17 (-23.1%) and 20,211 units in 4Q17 (-37.2%). For 1Q18, Lexus sold 143 units compared with 191 units in 1Q17 (-25.1%) and 306 units in 4Q17 (+53.3%). 	<ul style="list-style-type: none"> Perodua registered sales of 55,568 units for 1Q18 compared with 50,265 units in 1Q17 (+10.6%) and 53,307 units in 4Q17 (+4.2%).
Market share of TIV	<ul style="list-style-type: none"> Market share for Toyota including Lexus for 1Q18 was at 9.5%. 	<ul style="list-style-type: none"> Market share for Perodua for 1Q18 was at 41.1%. Maintained the No. 1 position since 2006.
1Q18 Highlights	<ul style="list-style-type: none"> Delivery of the all-new Toyota Harrier started on 23 January. UMW Toyota Motor introduced 2 new variants for Toyota Hilux and upgraded accessories for Toyota Sienta on 15 March. The all-new Lexus LS 500 was launched on 15 March. First 13 customers took delivery of their all-new Toyota C-HR on 22 March. UMW Toyota Motor introduced the upgraded 2018 Toyota Alphard and Toyota Vellfire on 16 March. 	<ul style="list-style-type: none"> Perodua GearUp Smart Bluetooth TPMS was introduced to monitor tyre pressure via Tyre Pressure Monitoring System Accessory, for all Perodua cars. On 13 April 2018, Perodua opened new parts production line for the second-generation Myvi. On 26 April 2018, Perodua launched Bezza GXtra – new 1.0 variants that replaced the 1.0 Standard G in the popular Bezza Sedan range. Bookings for the new Myvi reached 70,000 units at the end of April, with 38,000 units delivered.
2018 sales forecast	<ul style="list-style-type: none"> Sales target for Toyota including Lexus for 2018 is more than 70,000 units. 	<ul style="list-style-type: none"> Sales target for Perodua is 209,000 units.

BUSINESS SEGMENT – EQUIPMENT

	1Q18 RM'000	1Q17 RM'000	4Q17 RM'000	FY 2017 RM'000 (Audited)	FY 2016 RM'000 (Audited)	% change (YoY)
Revenue	373,042	342,433	395,783	1,458,901	1,382,815	+9.0
Profit Before Taxation	44,936	39,548	30,821	141,831	145,620	+13.6

Heavy Equipment	Industrial Equipment	Marine & Power Equipment
<p>Highlights – (Komatsu products covering Malaysia, Singapore, PNG and Myanmar)</p> <ul style="list-style-type: none"> Heavy equipment business was lifted by higher export sales of Komatsu equipment. Promising parts sales was registered for the jade mining sectors with active mining activities from the on-going repairs & maintenances carried out for the aging fleet of machineries. 	<p>Market share</p> <ul style="list-style-type: none"> Toyota forklift maintained its market leadership position in Malaysia's material handling equipment business <p>Highlights</p> <ul style="list-style-type: none"> Delivered 87 units of Toyota towing tractors to TCR International NV Delivered 26 units of Toyota forklift and BT warehouse truck under renewal rental contract with Panasonic Group Delivered 22 units of Toyota forklift to Syarikat Logistik Petikemas Sdn Bhd Delivered 19 units of Toyota forklift under renewal rental contract with GS Paperboard & packaging Sdn Bhd Delivered 18 units of Toyota forklift under new and renewal rental contract with NSK Group Delivered 16 units of Toyota forklift under renewal rental contract with Rockwool (M) Sdn Bhd Delivered 13 units of Toyota forklift under new and renewal rental contract with Perodua Group Delivered 12 units of Toyota forklift to Integrated Material Handling Sdn Bhd Delivered 11 units of Toyota forklift to LJ Machinery Sdn Bhd Delivered 11 units of Toyota forklift to Meico Manufacturing Sdn Bhd <p>Recognition</p> <p>Under the 2017 Toyota Material Handling International Award Programme, UMW Industries was awarded the following recognitions:</p> <ul style="list-style-type: none"> Platinum Club Recognition President's Award - Bronze 	<p>Highlights</p> <ul style="list-style-type: none"> Awarded contract by Malaysia Marine and Heavy Engineering to supply one unit gas-engine driven gas compressor package for Petronas Carigali Bokor Centralized Production Platform project.
<p>Current prospects</p> <ul style="list-style-type: none"> With the anticipated growth in the construction sector together with infrastructure development requirements in the Malaysian market, firm demand for heavy equipment is expected. Industrial equipment operations are also projecting a strong growth potential in Malaysia, Singapore and Vietnam driven by improved market demand albeit intense competition. 		

BUSINESS SEGMENT – MANUFACTURING & ENGINEERING

	1Q18 RM'000	1Q17 RM'000	4Q17 RM'000	FY 2017 RM'000 (Unaudited)	FY 2016 RM'000 (Audited)	% change (YoY)
Revenue	168,466	165,883	169,504	645,075	601,460	+1.6
Profit Before Taxation	(2,855)	3,098	(4,478)	(17,709)	24,619	>-100

Results	<ul style="list-style-type: none"> The segment recorded higher revenue of 1.6% in 1Q18 compared to the same period last year. Auto components manufacturing and lubricants businesses were profitable. However, the overall result was affected by the start-up operating loss in the aerospace business.
Performance for the quarter	<ul style="list-style-type: none"> The higher revenue was contributed mainly by the auto-components business. Sales of lubricants was adversely affected by slow demand due to higher stock-up by customers at the end of 2017.
Current prospects	<ul style="list-style-type: none"> Replacement Equipment Manufacturers sales for both domestic and export markets are expected to contribute higher revenue. The lubricants business has presence in Malaysia, China and Indonesia and is growing. Efforts are in progress to enhance the market penetration into other ASEAN countries as well. The aerospace business with Rolls-Royce is progressing as per schedule and currently in the ramp-up stage to deliver the fan cases as per contractual agreement.

BUSINESS SEGMENT – OIL & GAS (UNLISTED)

	1Q18 RM'000	1Q17 RM'000	4Q17 RM'000	FY 2017 RM'000 (Audited)	FY 2016 RM'000 (Restated)	% change (YoY)
Revenue	23,430	34,157	26,196	120,589	200,665	-31.4
Profit Before Taxation	(23,735)	(19,560)	(412,344)	(520,203)	(666,865)	-21.3

Results	<ul style="list-style-type: none"> The segment registered a revenue of RM23.4 million in the first quarter as compared with the RM34.2 million recorded in the previous corresponding quarter. The decrease was in line with the exit strategy as some operations have been ceased and scaled down. The segment reported a loss before taxation of RM23.7 million due to lower revenue contribution.
Prospects for 2018	<ul style="list-style-type: none"> Following the impending exit of the Oil and Gas segment, the Group does not expect any adverse material impact in remaining quarters of 2018.

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Consolidated Balance Sheet

	At 31/3/2018 RM'000 (Unaudited)	At 31/12/2017 RM'000 (Audited)	At 31/12/2016 RM'000 (Audited)
Investment In Associates	1,717,211	1,661,497	1,953,223
Property, Plant & Equipment	2,924,484	2,658,103	7,678,533
Deposits, Cash & Bank Balances	817,858	1,169,568	1,857,424
Inventories	1,639,542	1,410,746	1,931,189
TOTAL ASSETS	10,176,071	10,095,732	16,286,440
Long Term Borrowings	2,294,449	2,069,717	3,715,777
Short Term Borrowings (include ODs)	611,934	691,857	2,639,329
TOTAL EQUITY	4,295,525	4,178,430	6,864,275
Net Assets Per Share (RM)	2.68	2.61	4.04



THANK YOU



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