

UMW HOLDINGS REGISTERS NET PROFIT OF RM44.3 MILLION IN 1Q20



(RM mil)	1Q20	1Q19	% YoY	4Q19	% QoQ	2019	2018	% YoY
PATAMI	44.3	86.5	(48.8)	200.5*	(77.9)	454.4	344.5	31.9

* Includes RM188.1m gain on disposal of Shah Alam land

1Q20 FINANCIAL HIGHLIGHTS

Group revenue of RM2,119.2 million for 1Q20 was 23.8% lower compared to the corresponding quarter of last year. The decrease in revenue was mainly due to lower sales in the Automotive and Equipment businesses, following disruptions caused by the Covid-19 pandemic.

The Manufacturing & Engineering (M&E) segment achieved a revenue increase of 4.8% and a strong growth in profit before taxation (PBT).

Group PBT was RM63.0 million, a decrease of 55.1% compared to the RM140.5 million recorded in the previous corresponding quarter.

The Group's deposits, cash and bank balances, including money-market investments stood at RM2,477.2 million as at end-March 2020

No interim dividend has been recommended for the quarter ended 31 March 2020 (2019 – Nil).

1Q20 OPERATIONAL HIGHLIGHTS

As a result of the Movement Control Order (MCO) announced by the government to contain the spread of Covid-19, sales of motor vehicles was put to a halt. This has consequently affected sales in the second half of March 2020. Sales volume for UMW Toyota Motor fell 23.7% YoY while Perodua's dropped 25.9% YoY in 1Q20.

Sluggish demand for both Heavy Equipment and Industrial Equipment sub-segments was due to challenging market conditions and the implementation of Movement Control Order (MCO) or lockdowns in countries it operates in.

For M&E, higher sales from the Aerospace sub-segment was offset by lower revenue from the Auto Components and Lubricants sub-segments.

Dear fund managers and analysts,

We will continue to implement bold and strategic initiatives to remain resilient to face the unprecedented challenges caused by the Covid-19 pandemic. Amidst the challenging business environment, the Group will strive to maintain its performance in 2020.

Although the business environment will continue to be challenging in 2020 due to exogenous factors, with policies set in place by the government to support performance across sectors, we are confident of delivering value for our shareholders.

Azmin bin Che Yusoff
Acting President & Group CEO,
 UMW Holdings Berhad

(RM'000)	1Q20	1Q19	% YoY	4Q19	% QoQ	2019	2018	% YoY
Revenue	2,119,193	2,779,912	(23.8)	3,123,925	(32.2)	11,760,204	11,376,040	3.4
Share of Profits of Associated Companies	29,185	60,649	(51.9)	64,590	(54.8)	*275,735	*210,659	30.9
Profit before taxation	63,046	140,536	(55.1)	297,836	(78.8)	741,227	625,063	18.6

*Consolidated

RESULTS

1Q20 (y-o-y)
& (q-o-q)

- The decrease in Group revenue was mainly due to lower sales in the Automotive and Equipment businesses, following disruptions caused by the Covid-19 pandemic.
- Consequently, Group profit before taxation was lower. Included in the preceding quarter's results is a one-off gain on land disposals amounting to RM188.1 million.

PROSPECTS

- The Group will continue to focus on strengthening its core business segments and strategic cost optimisation initiatives to improve its business performance and operational productivity.
- Amidst the unprecedented challenging business environment, the Group will strive to maintain its performance in 2020.

(RM'000)	1Q20	1Q19	% YoY	4Q19	% QoQ	2019	2018	% YoY
Revenue	1,585,885	2,162,535	(26.7)	2,449,969	(35.3)	9,295,874	8,946,735	3.9
Profit Before Taxation	53,701	124,225	(56.8)	114,869	(53.3)	530,302	549,968	(3.6)

RESULTS

1Q20 (y-o-y)
& (q-o-q)

- As a result of the Movement Control Order (MCO) announced by the government to contain the spread of Covid-19, sales of motor vehicles was put to a halt. This has consequently affected sales in the second half of March 2020. With lower number of vehicles sold, revenue from the Automotive segment saw a decline.
- As a result of lower revenue as well as lower share of profit from an associate company, PBT slid further during the quarter.

UMW Toyota Motor Sdn Bhd
(51% subsidiary company)Perusahaan Otomobil Kedua Sdn Bhd
(38% associate company)

HIGHLIGHTS

- Toyota sold 10,415 units in 1Q20 compared to 13,722 units in 1Q19 (YoY: -24.1%) and 21,483 units in 4Q19 (QoQ: -51.6%). Lexus sold 168 units in 1Q20, compared to 143 units in 1Q19 (YoY: +17.4%) and 375 units in 4Q19 (QoQ: -55.2%).
- UMWT's market share in 1Q20 was 9.9%.
- The top three selling models in 1Q20 were Vios, Hilux and Yaris, which accounted for close to 80% of Toyota's (excluding Lexus) sales. Lexus' sales were mainly contributed by the RX, NX and ES models.
- Under Phase 3 of the MCO, UMWT reopened selected authorised service centres in the country after gaining approval from the ministry of international trade and industry (MITI). The resumption of operations were only done at a minimum capacity to meet emergency service and urgent service requirements and follows the conditions set by MITI.
- All Toyota and Lexus vehicles sold by UMWT with a warranty expiring during the duration of the MCO will be given a 30-day warranty extension calculated from the last day of the MCO.
- On 4th February, UMWT announced the upgrading of Toyota Alphard and Toyota Vellfire premium MPV models for 2020. The new models are on sale with prices starting from RM383,000 for the Vellfire (one variant) and RM465,000 for the Alphard (two variants).
- In 1Q20, Perodua recorded sales of 44,977 units compared with 60,659 units in 1Q19 (YoY: -25.9%) and 61,587 units in 4Q19 (38.2%) (QoQ: -27.0%).
- Perodua maintained its pole position in 1Q20 with a market share of 42.6%.
- The best-selling model for Perodua in 1Q20 was Axia, constituting 31.6% of total Perodua sales.
- Perodua service centres operations were generally suspended under Phase 3 MCO in compliance with the ruling announced by the government. In the unfortunate circumstances of accident happening during this period, Perodua Smart Assist was to be activated and be made available to Perodua customers. Perodua also assigned 1 or 2 service centres to be on standby based on region to handle such issue.
- It was announced that any Perodua models with a warranty expiring during the duration of the MCO will be given a 30-day warranty extension calculated from the last day of the MCO.

PROSPECTS

- In light of the ongoing Covid-19 pandemic and the implementation of MCO, there would be negative impact to consumer sentiment, which is expected to lead to a decline in vehicle sales. This is supported by the downward revision of total industry volume, from 607,000 units to 400,000 units, forecasted by the Malaysian Automotive Association in April 2020.
- Despite the subdued market environment, the Group is cautiously optimistic of improving demand from customers post-MCO. The segment should also benefit from the recent announcement of 100% sales tax exemption on CKD vehicles and 50% exemption for CBU vehicles effective from 15 June 2020 to 31 December 2020.

BUSINESS SEGMENT EQUIPMENT



(RM'000)	1Q20	1Q19	% YoY	4Q19	% QoQ	2019	2018	% YoY
Revenue	289,154	382,843	(24.5)	328,031	(11.9)	1,408,164	1,539,647	(8.5)
Profit Before Taxation	25,767	42,164	(38.9)	27,274	(5.5)	135,677	160,135	(15.3)

RESULTS

1Q20 (q-o-q) & (y-o-y)

- The decline in revenue and PBT was mainly due to sluggish demand arising from challenging market conditions in the current quarter.

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

- Malaysia** - Impacted by the market slowdown which is unfavourable to the customers as well as MCO imposed due to Covid-19 pandemic.
- PNG** - Despite active gold mining activities and more machines sold for the Highlands Highway project and the national road network, operations were temporarily disrupted by restrictions imposed to contain the Covid-19 pandemic. Market share remains strong at 56%.
- Singapore** - All ongoing construction works have been impacted by the global pandemic which has resulted in the suspension of works, shortage of manpower and disruption of materials supply.
- Myanmar** - Construction activity has increased significantly as the country works to address gaps in transportation and energy, as well as an affordable housing shortage.

HEAVY EQUIPMENT

Market Share

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

Highlights

The operations was impacted by economic challenges brought about by the unprecedented COVID-19 pandemic outbreak. To mitigate the financial impact from the COVID-19 pandemic, it is proactively engaging in cost containment measures primarily in the discretionary operating and capital expenditure reductions.

The operation continued to provide support to existing customers during the Movement Control Order period. This was done through our front line employees and sales promotion programmes like Short Term Rental to ensure our customers can continue to function during this challenging period.

INDUSTRIAL EQUIPMENT

Highlights

Receive 2nd approval and certification from JKR for higher range (1000-2250 KVA) SDEC package genset using Mitsubishi engine branded as SME (Shanghai Mitsubishi Engine) and has penetrated into government and private projects.

Secured a contract to supply one unit gas booster compressor package for a local glove manufacturer.

Signed authorised distributor agreement with a premium genset brand from USA to target the data centre market.

MARINE & POWER EQUIPMENT

PROSPECTS

- The Heavy Equipment sub-segment may face sluggish domestic demand due to the delay in implementation of projects caused by the Covid-19 pandemic and slowdown in some sectors it operates in. Nevertheless, encouraging demand in mining and construction sectors in its overseas operations could help to soften the impact. The Government's commitment to roll out major infrastructure projects to boost the Malaysian economy could boost local demand.
- The Industrial Equipment sub-segment will continue to focus on expanding its equipment rental business while extending recovery packages to its customers, especially those in the small and medium enterprises to cushion the impact of Covid-19 on their businesses.

BUSINESS SEGMENT

MANUFACTURING & ENGINEERING



(RM'000)	1Q20	1Q19	% YoY	4Q19	% QoQ	2019	2018	% YoY
Revenue	248,533	237,100	4.8	328,543	(24.4)	1,062,549	843,157	26.0
Profit Before Taxation	10,480	2,329	>100	30,001	(65.1)	60,922	21,535	>100

RESULTS

1Q20 (y-o-y)

- Revenue was higher mainly due to a higher volume of fan cases delivered by its Aerospace sub-segment.
- Increase in profit before taxation were due to the increase in Aerospace revenue and a higher contribution from the Lubricants sub-segment.

1Q20 (q-o-q)

- Revenue was lower due to lower contribution from all sub-segment and subsequently PBT reduced.

Highlights

Ramping-up of fan cases production remained on track, despite the halt in production as a result of the Movement Control Order. The plant is now running a 24-hour operations to mitigate the halt in production in the first two phases of MCO which caused disruption to Rolls-Royce's global supply-chain.

Performance for the auto components and lubricants sub-segment was affected by the implementation of MCO.

PROSPECTS

- While new vehicle sales is projected to decline this year, the demand for auto components in the after-sales and overseas markets is expected to be sustainable.
- The lubricants sub-segment will continue to leverage on its OEM partners and strengthen its domestic sales and export to ASEAN countries.
- While it is expecting a downward impact to the Aerospace sub-segment following the Covid-19 pandemic, the Group is partially sheltered by firm fan case orders received for the rest of the year.

UMW HOLDINGS BERHAD

Consolidated Balance Sheet

(RM'000)	As at 31 Mar 2020 (Unaudited)	As at 31 Dec 2019 (Audited)	As at 31 Dec 2018 (Audited)
Property, Plant & Equipment	2,679,523	2,701,692	2,820,924
Investment in Associates & Joint Ventures	1,952,447	1,921,382	1,841,010
Inventories	1,708,453	1,589,567	1,548,507
Deposits, Cash, Bank Balances	1,368,016	1,472,111	1,311,764
TOTAL ASSETS	10,808,199	11,134,673	10,757,995
Long Term Borrowings	2,056,188	2,123,422	2,298,249
Short Term Borrowings	465,514	386,361	534,486
TOTAL LIABILITIES	4,675,909	5,036,588	5,043,552
TOTAL EQUITY	6,132,290	6,098,085	5,714,443
Net Assets Per Share	RM3.20	RM3.16	RM2.86



THANK YOU



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