

UMW HOLDINGS REGISTERS PROFIT BEFORE TAXATION OF RM4.2 MILLION FOR THE FIRST HALF OF 2020



(RM'000)	2Q20	2Q19	% YoY	1Q20	% QoQ	1H20	1H19	% YoY
Revenue	1,529,733	2,971,241	(48.5)	2,119,193	(27.8)	3,648,926	5,751,153	(36.6)
Share of Profits of Associated Companies	(26,943)	71,140	>(100)	29,185	>(100)	2,242	131,789	(98.3)
Profit before taxation	(58,825)	150,354	>(100)	63,046	>(100)	4,221	290,890	(98.5)
PATAMI	(78,439)	57,189	>(100)	44,317	>(100)	(34,122)	143,691	>(100)

2Q20 FINANCIAL HIGHLIGHTS

Group revenue of RM1,529.7 million was lower than the RM2,971.2 million reported in the quarter ended 30 June 2019 (“corresponding quarter”).

The decrease in revenue was mainly due to lower sales in all of its core business segments, following disruptions caused by the implementation of lockdowns/MCO to combat the COVID-19 pandemic in the current quarter.

Furthermore, one of its associate companies recorded a substantial loss before taxation in the quarter due to present value impact of loan moratorium and unfavourable mark-to-market valuation of interest rate swaps.

Subsequently, the Group reported a loss before tax (“LBT”) of RM58.8 million in the current quarter from a profit before tax (“PBT”) of RM150.4 million in the corresponding quarter.

The Group’s deposits, cash and bank balances, including money-market investments stood at RM1,873.3 million as at end-June 2020.

The Group’s borrowings totaled to RM2,217.3 million as at end-June 2020. Its Gross Debt-to-Equity ratio stood at 37%.

“The Group was severely impacted by disruptions caused by the implementation of MCO/lockdowns to combat the Covid-19 pandemic. All three core business segments recorded lower revenue in the first six months of 2020. On a more positive note, sales are gradually improving since the relaxation of the MCO/lockdown, spearheaded by our automotive segment. Both UMW Toyota Motor (UMWT) and Perodua staged a strong upturn in July following disruptions to sales earlier this year. As the economy progressively recovers and demand improves, we are confident of staging a healthy recovery in the second half of the year.”

Acting President and Group CEO, Azmin Che Yusoff

(RM'000)	2Q20	2Q19	% YoY	1Q20	% QoQ	1H20	1H19	% YoY
Revenue	1,102,045	2,386,426	(53.8)	1,585,885	(30.5)	2,687,930	4,548,961	(40.9)
Profit Before Taxation	(41,711)	151,118	>(100)	53,701	>(100)	11,990	275,343	(95.6)

RESULTS

2Q20 & 1H20 (y-o-y),
& 2Q20 (q-o-q)

- The decline in revenue was mainly due to the impact of the MCO following the COVID-19 pandemic which affected sales in respect of vehicle, parts and services in the current quarter. The segment reported a LBT due to decrease in revenue and a lower share of results from an associated company.

SEGMENTAL
HIGHLIGHTS
UMW TOYOTA MOTOR HIGHLIGHTS

- Toyota sold 7,784 units in 2Q20 compared to 17,529 units in 2Q19 (YoY: -55.6%) and 10,415 units in 1Q20 (QoQ: -25.3%). Lexus sold 102 units in 2Q20, compared to 129 units in 2Q19 (YoY: -20.9%) and 168 units in 1Q20 (QoQ: -39.3%). 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 and the whole of April 2020.
- UMWT's market share in 1H20 was 10.6%.
- The top three selling models in 2Q20 were Vios, Yaris and Hilux, which accounted for about 78% of Toyota's (excluding Lexus) sales. Lexus' sales were mainly contributed by the RX, NX and UX models.
- Authorised Toyota and Lexus Sales and Service outlets have commenced operations from 4 May 2020, while Assembly Services Sdn Bhd (ASSB), UMW Toyota Motor Sdn Bhd's subsidiary involved in assembling Toyota vehicles, has resumed operations from 11 May 2020 onwards.
- On 18 June 2020, UMW Toyota Motor (UMWT) added the latest fifth generation of Toyota's highly successful RAV4 to its range of imported offerings. The SUV comes in two variants.
- Starting 30 June 2020, UMW Toyota Motor (UMWT) launched its online stores at two of Malaysia's popular e-commerce platforms - Lazada and Shopee – where car-buyers can find special deals on selected Toyota models.
- Target for 2020 is 45,000 units.

PERODUA HIGHLIGHTS

- In 2Q20, Perodua recorded sales of 29,193 units compared with 61,123 units in 2Q19 (-52.2%) and 44,977 units in 1Q20 (-35.1%) .
- 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 and the full month of April 2020.
- Perodua maintained its pole position in 1H20 with a market share of 42.5%
- The best-selling model for Perodua in 2Q20 was Myvi constituting about 43% of total Perodua sales.
- Perodua has officially resumed operations at all 182 sales, 202 service and 68 Body & Paint outlets nationwide, starting 19 May 2020, after a two-month Movement Control Order (MCO) closure.
- Perodua Myvi, has recently received a significant safety boost which are more advanced version, ASA 2.0, is standard on variants 1.5 AV and 1.5 H, and optional on the 1.3 X and a striking new body colour for 2020.
- Target for 2020 is 210,000 units.

BUSINESS SEGMENT EQUIPMENT

(RM'000)	2Q20	2Q19	% YoY	1Q20	% QoQ	1H20	1H19	% YoY
Revenue	233,243	343,631	(32.1)	289,154	(19.3)	522,397	726,473	(28.1)
Profit Before Taxation	24,639	35,467	(30.5)	25,767	(4.4)	50,406	77,631	(35.1)

RESULTS

2Q20 (q-o-q) & (y-o-y)

- The decline in revenue and PBT was mainly due to the economic impact of lockdowns/MCO and COVID-19 to heavy and industrial equipment sub-segments. On a quarter-on-quarter basis, cost saving initiatives undertaken by the segment mitigated the decline in revenue in 2Q20.

1H20 (y-o-y)

- Revenue and PBT were lower mainly due to slow down in construction, manufacturing, mining and logging activities following the implementation of lockdowns/MCO in territories that the segment operates in.

HEAVY EQUIPMENT HIGHLIGHTS

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

- Malaysia** - Impacted by market slowdown which is unfavourable to the customers as well as MCO imposed due to the Covid-19 pandemic.
- PNG** - Despite the disruption in operations due to the State of Emergency imposed by the government, PNG still registered a promising performance.
- Singapore** – Impacted by suspension of works, shortage of manpower and disruption of materials supply due to the Covid-19 pandemic and the Circuit Breaker implementation.
- Myanmar** – Although it registered lower sales of parts and services to the jade mining industry, the construction sector remains buoyant as the country works to address gaps in transportation and energy, as well as affordable housing shortage.

INDUSTRIAL EQUIPMENT HIGHLIGHTS

Market Share

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

Highlights

- To mitigate the financial impact from the Movement Control Order, the business have proactively engaged in cost containment measures across all of our businesses, process improvement and digitalization.
- The Industrial Equipment business continues to focus on supporting its customers with sales promotion programmes, which provide many packages from flexible short-term rental to special discount on maintenance services and spare parts to alleviate customer's operating cost as business re-opened under the recovery movement control order.

MARINE & POWER EQUIPMENT HIGHLIGHTS

Highlights

- Secured a contract to supply 15 units SDEC generator sets for government Water Treatment Plants in Sarawak
- Secured a contract to supply 2 units SME generator set for a government Hospital in Kelantan.
- Signed 2 years Price Agreement to supply compressor parts and service for a Gas Processing Plant in Terengganu.

BUSINESS SEGMENT

MANUFACTURING & ENGINEERING



(RM'000)	2Q20	2Q19	% YoY	1Q20	% QoQ	1H20	1H19	% YoY
Revenue	183,323	244,502	(25.0)	248,534	(26.2)	431,857	481,601	(10.3)
Profit Before Taxation	8,027	13,233	(39.3)	10,480	(23.4)	18,507	15,562	18.9

RESULTS

- 2Q20 (y-o-y)**
 - Revenue and PBT were lower mainly due to reduced revenue in its Lubricants and Auto-components businesses following the implementation of MCO in the current quarter. Despite the MCO, the Aerospace business recorded a higher revenue from increased volume of fan cases delivered in the current quarter.
- 2Q20 (q-o-q)**
 - Revenue and PBT were lower mainly due to operational disruptions under the strict MCO, affecting all sub-segments.
- 1H20 (y-o-y)**
 - Revenue was slightly lower due to lower sales in its Auto-components and Lubricants businesses. However, PBT was higher mainly due to cost optimization efforts.

AEROSPACE HIGHLIGHTS

In line with the planned ramp-up in production, the Aerospace business delivered higher number of fan cases in 1H20 compared to 1H19. Furthermore, cost containment initiatives resulted in the improved performance of the business.

While the Group expects the Aerospace sub-segment to be impacted negatively following the outbreak of Covid-19, it is partially cushioned by fan case orders that have been received for the rest of the year.

AUTO COMPONENTS & LUBRICANTS HIGHLIGHTS

The Auto-components and Lubricants businesses were significantly impacted by the MCO, which commenced on 18 March 2020, while operations in April 2020 and May 2020 were minimal. Full operations only commenced from June 2020 onwards, with easing of MCO restrictions.

The domestic sales of auto-components is projected to gradually increase following the recent announcement of sales tax exemption as well as lower interest rates, which is expected to spur the local automotive market.

The lubricants sub-segment will continue to leverage on its OEM partners and strengthen its domestic sales and export to ASEAN countries.



THANK YOU



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