

1Q FY2022 Results Briefing

24 May 2022



UMW Holdings Berhad

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1Q 2022 Highlights

Key Highlights of 1Q 2022 Results

The Group reported improved results following economic recovery

RM million	1Q22 vs 1Q21			1Q22 vs 4Q21	
	1Q22	1Q21	Y-o-Y	4Q21	Q-o-Q
Revenue	3,651	2,954	▲ 24%	3,645	▲ < 1%
PBTZ	216	163	▲ 33%	271	▼ 20%
PAT	173	123	▲ 41%	380	▼ 54%
PATAMI	101	80	▲ 26%	240	▼ 58%
Basic EPS (sen)	8.6	6.8	▲ 26%	20.5	▼ 58%

Y-o-Y

- All 3 core business segments delivered improved PBTZ, driven by the continued strong sales momentum following economic recovery under the National Recovery Plan (“NRP”).

Q-o-Q

- Affected by lower share of profit from an associated company, which was affected by the supply chain disruptions in the automotive industry.
- The Group also recognised deferred tax assets (“DTA”) of RM140m in relation to investment tax allowance (“ITA”) in 4Q 2021.

Catalyst

- Transition to endemicity leading to intensified economic activities
- Sales and service tax exemption until 30 June 2022
- Introduction of new and facelift models

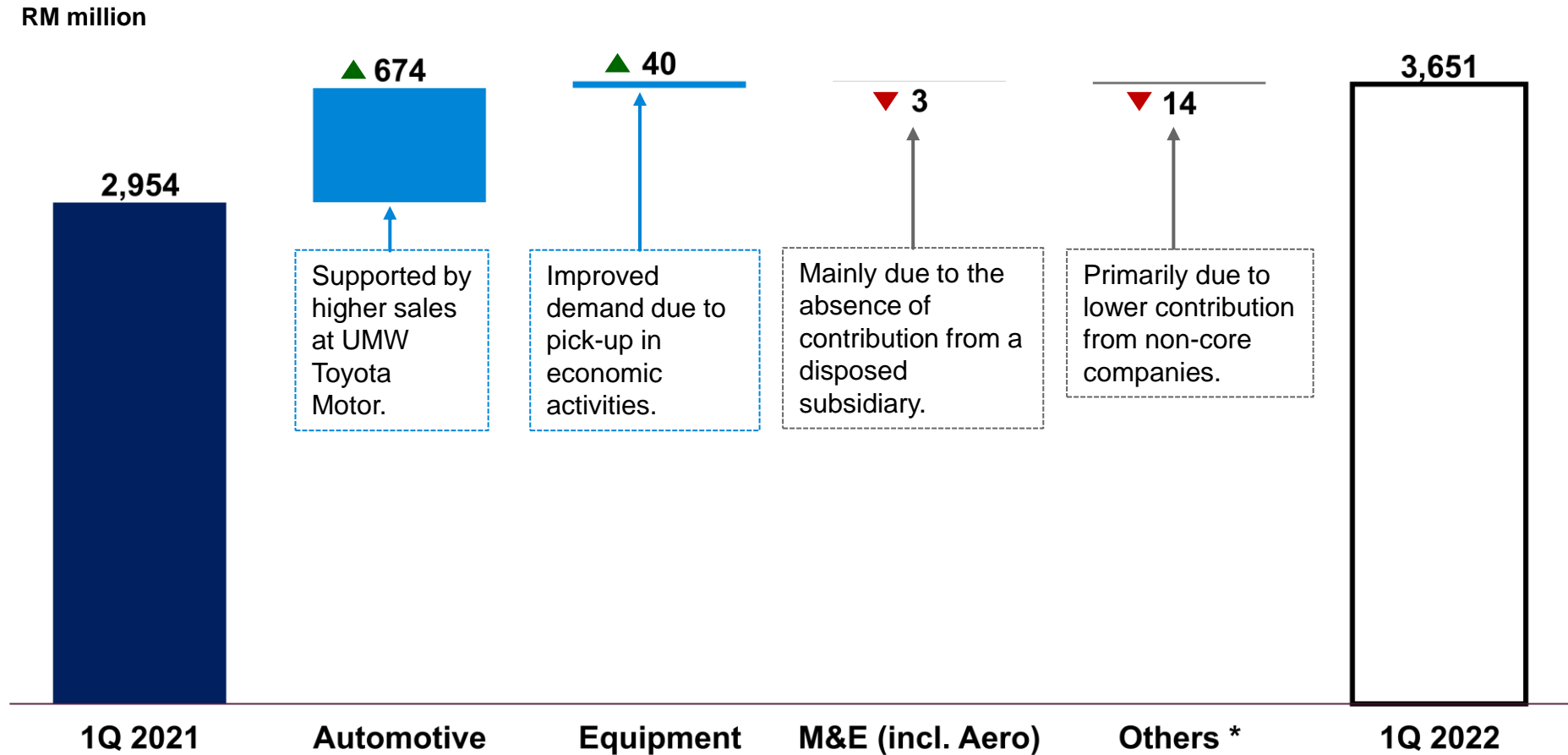
Challenges

- Lingering threat of Covid-19
- Supply chain disruptions / shortages
- Further escalation of geopolitical conflicts

1Q 2022 Results

Group Revenue – 1Q 2022 vs 1Q 2021

Driven by strong automotive sales and improved equipment sales

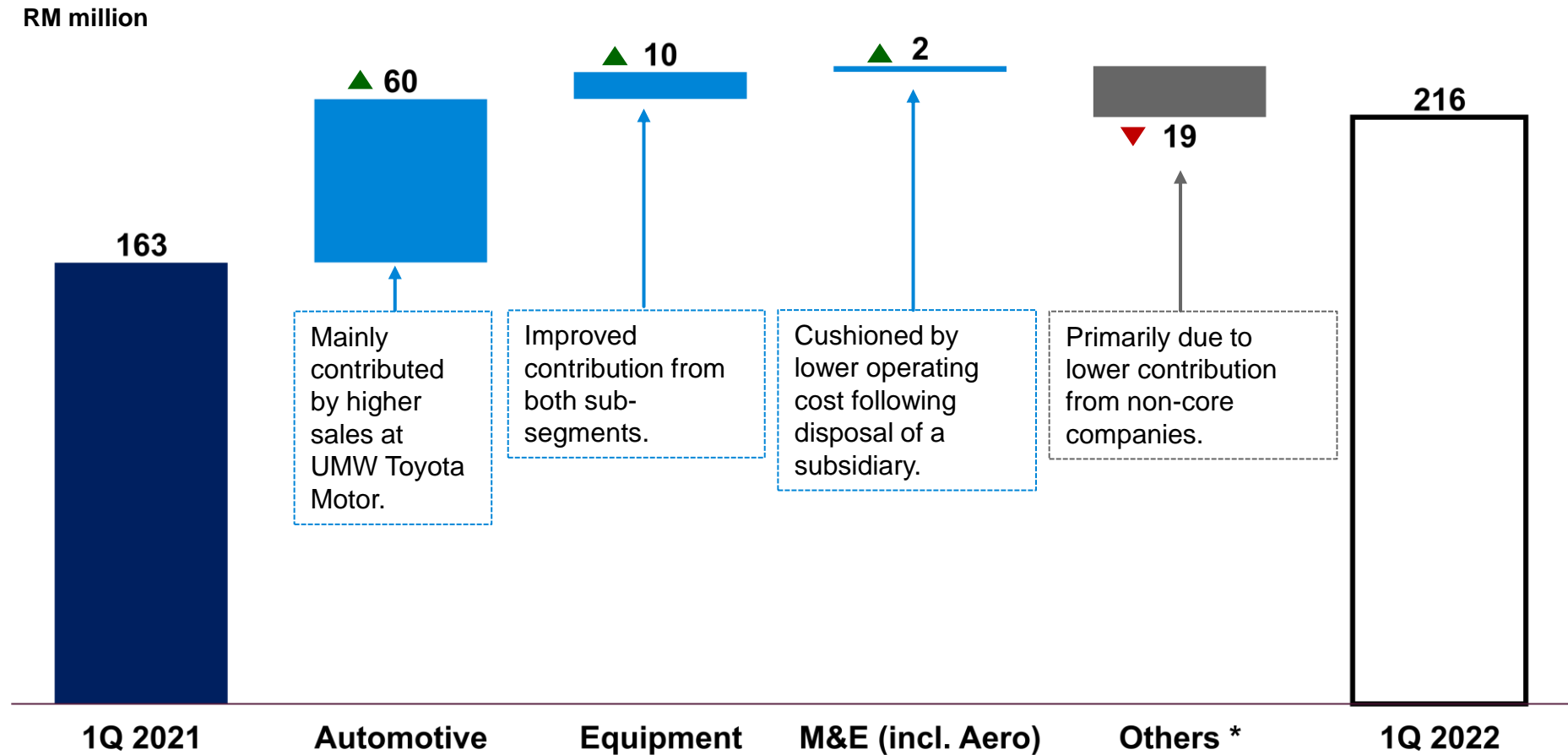


* Others represent HQ, other non-core operating companies, Unlisted O&G, inter-segment eliminations and Group adjustments.

Note: Calculation of variance above varies marginally to 1Q 2022 Financial Report in Bursa Malaysia's website due to rounding difference

Group PBTZ – 1Q 2022 vs 1Q 2021

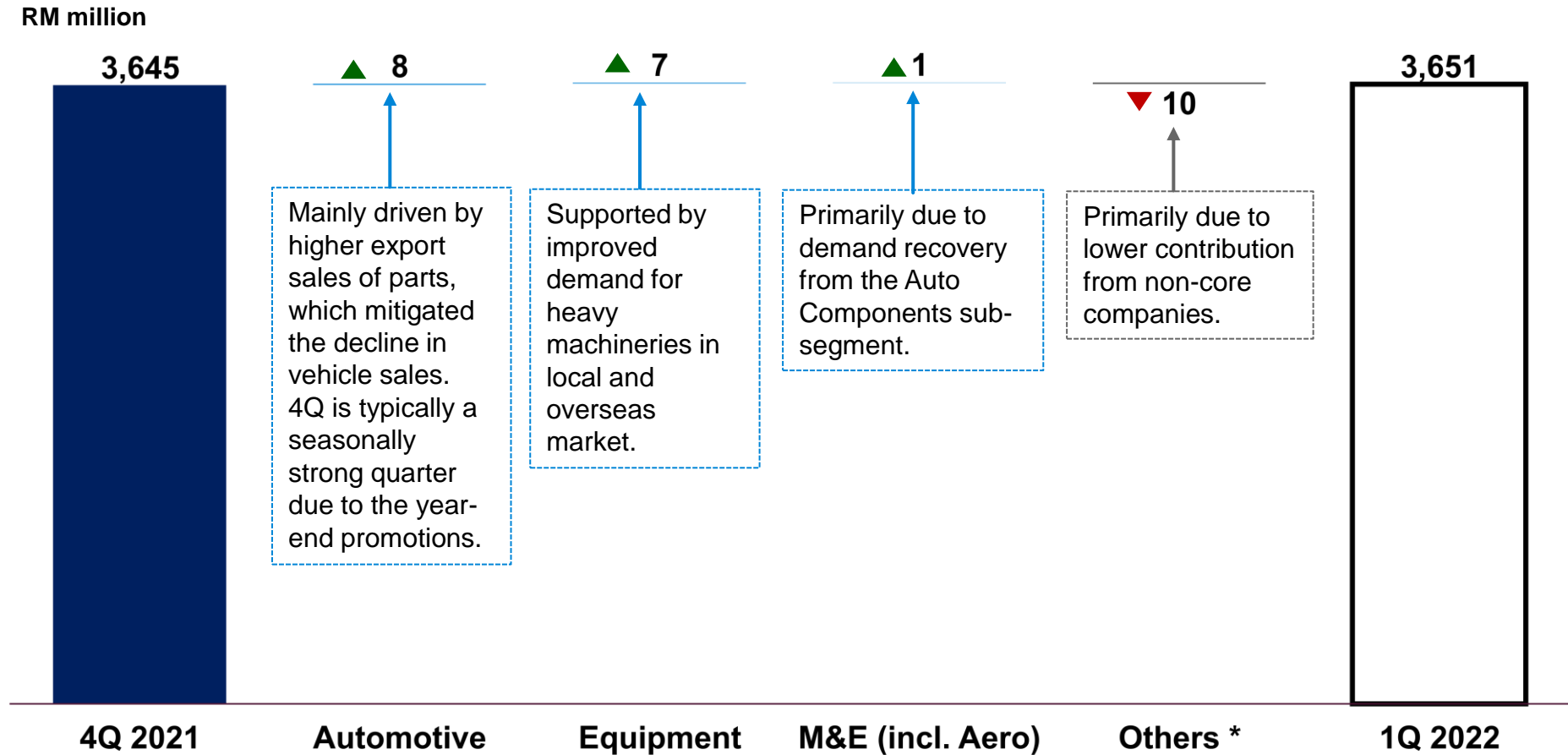
Driven by improved contribution from all 3 core business segments



* Others represent HQ, other non-core operating companies, Unlisted O&G, inter-segment eliminations and Group adjustments.

Group Revenue – 1Q 2022 vs 4Q 2021

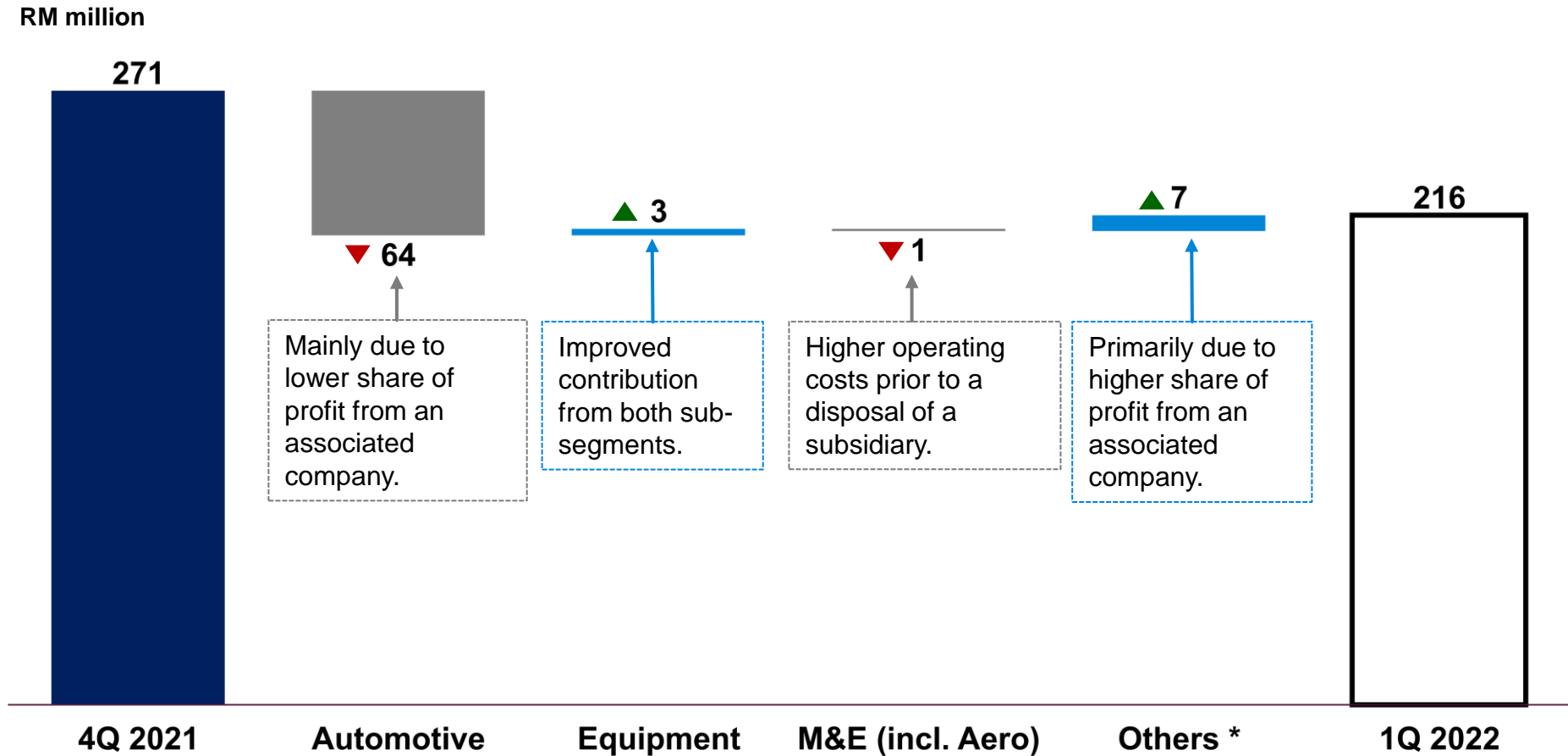
Slight improvement from all core business segments



* Others represent HQ, other non-core operating companies, Unlisted O&G, inter-segment eliminations and Group adjustments.

Group PBTZ – 1Q 2022 vs 4Q 2021

Mainly affected by lower contribution from the Automotive segment



* Others represent HQ, other non-core operating companies, Unlisted O&G, inter-segment eliminations and Group adjustments.

1Q 2022 Core PATAMI

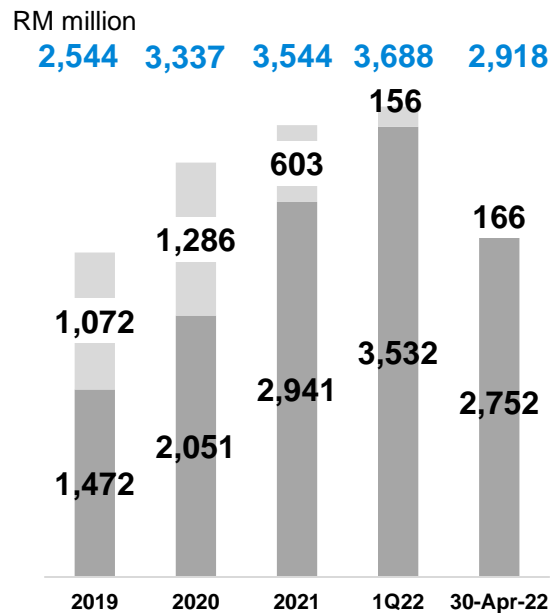
Stripping out exceptional items

	RM million	Remarks
Reported PATAMI	101	
ADJUSTMENTS	Amount recognised in PATAMI	
Net loss on disposal of investment	7	Mainly relating to the crystallisation of forex loss on liquidation of a subsidiary.
CORE PATAMI	108	

Cash and Debt Position

Successfully reduced gearing ratio after redemption of sukuk in April 2022

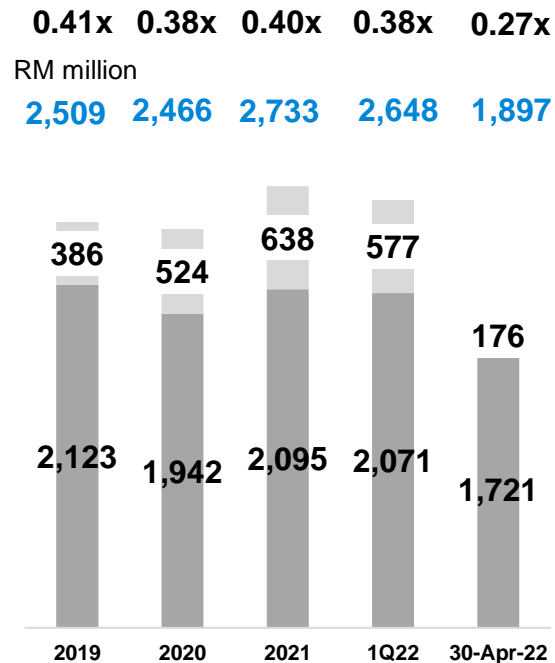
Deposits, cash, bank balances and money-market investments



Decrease mainly due to redemption of sukuk, to further improve the Group's capital structure

- Money-market investments
- Deposits, cash and bank balances

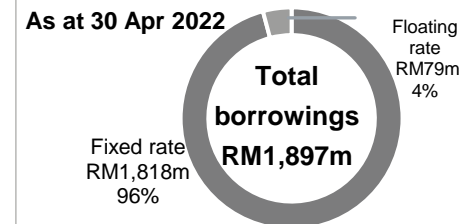
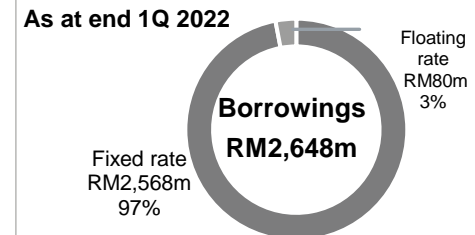
Gross gearing ratio and total borrowings



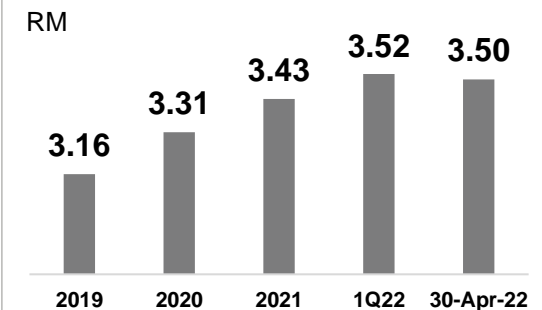
871 811 1,040 1,021
Improving net cash position

- Short-term borrowings
- Long-term borrowings

Debt profile by fixed / floating rate



Net assets per share

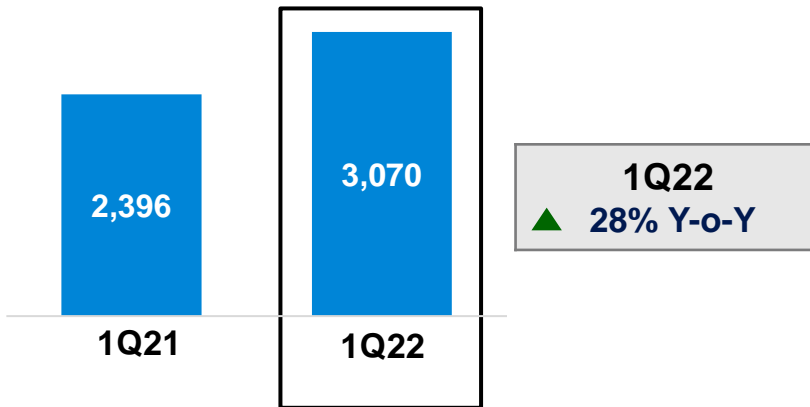


1Q 2022 Segmental Results

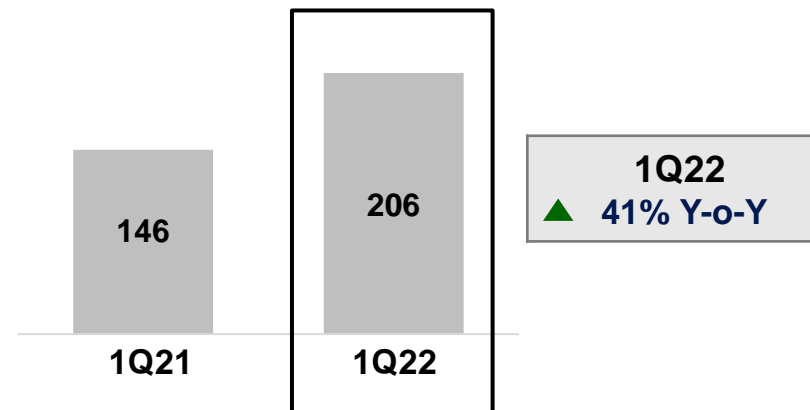
Automotive Segment

Strong performance driven by the sales tax exemption & introduction of new models

Revenue (RM million)



Profit Before Taxation and Zakat (RM million)



Automotive Results

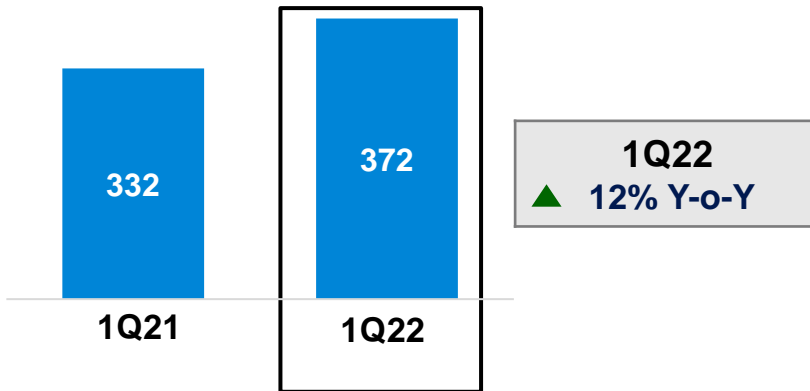
1Q 2022 Financial Results

- Revenue increase of 28% were mainly due to the higher number of vehicles sold in the current quarter.
- PBTZ further improved due to a higher share of profit from an associated company.

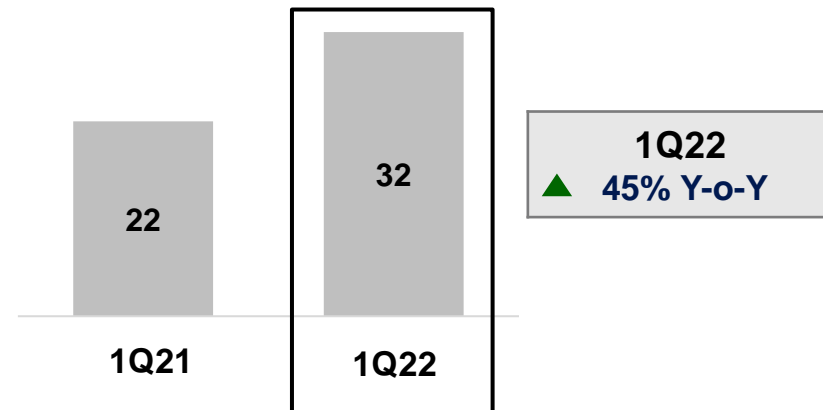
Equipment Segment

Higher demand following general business recovery

Revenue (RM million)



Profit Before Taxation and Zakat (RM million)



Equipment Results

1Q 2022 Financial Results

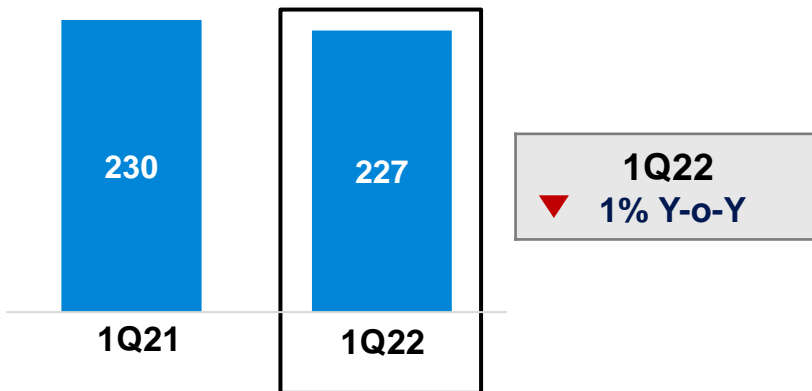
- Revenue improved mainly due to the higher demand for the segment's products and services in the local and overseas markets as businesses gain momentum due to the expected transition into the endemic phase.
- The increased PBTZ was supported by the cost optimisation activities and lower unrealised forex losses from Myanmar operations.

Note: Calculation of variance above varies marginally to 1Q 2022 Financial Report in Bursa Malaysia's website due to rounding difference

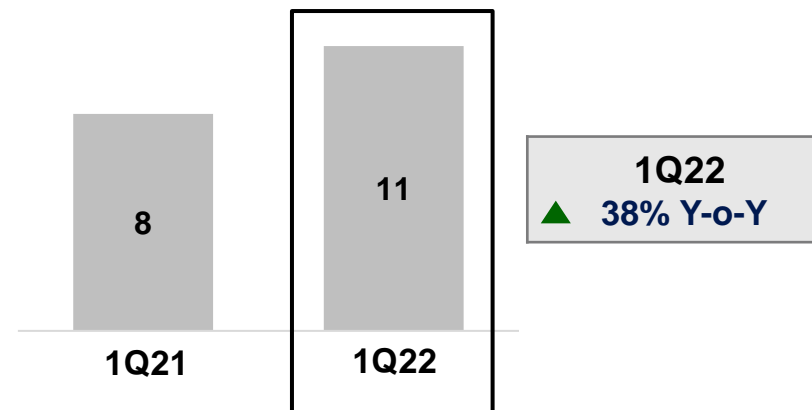
Manufacturing & Engineering and Aerospace Segments

Improved results due to lower operating cost

Revenue (RM million)



Profit Before Taxation and Zakat (RM million)



Manufacturing & Engineering and Aerospace segments

1Q 2022 Financial Results

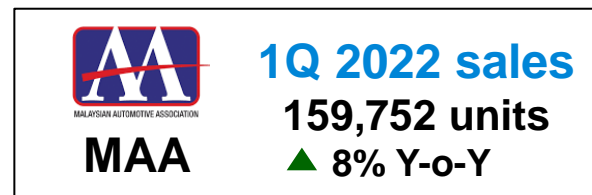
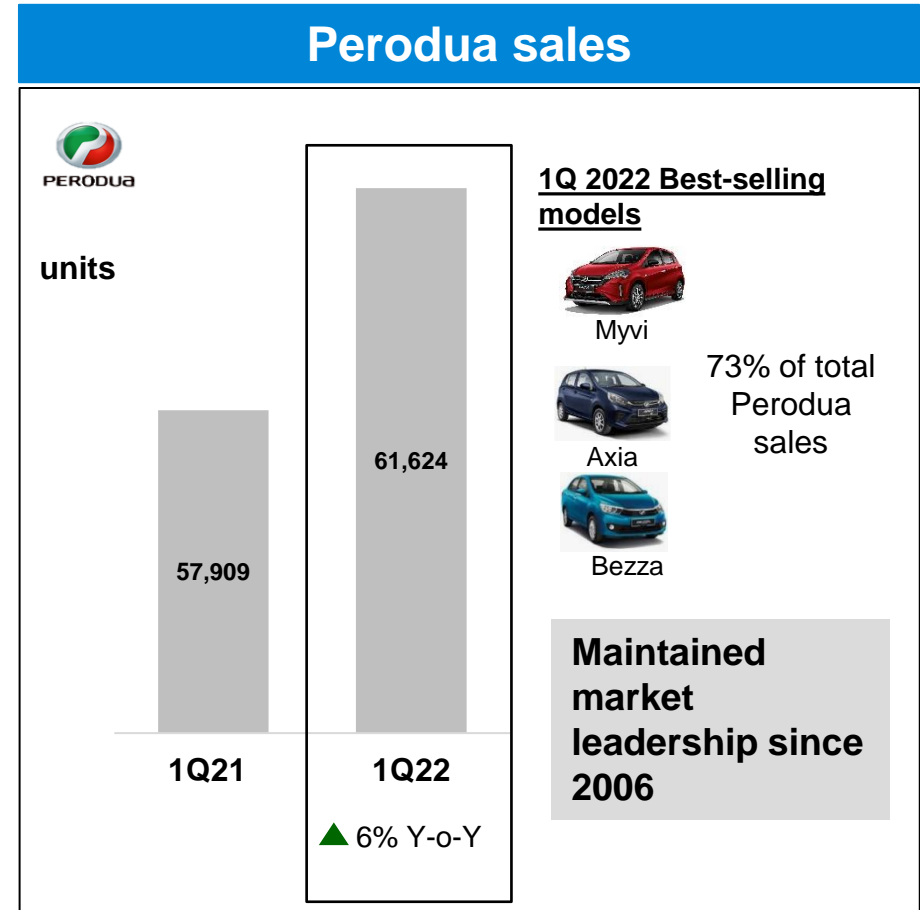
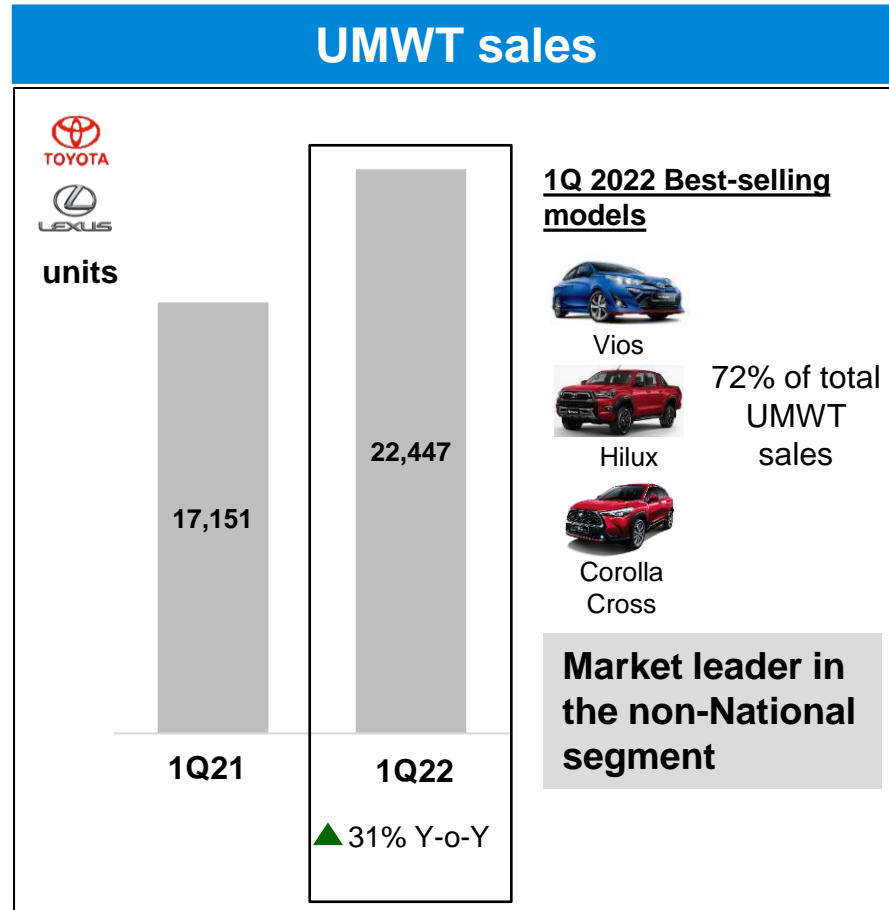
- Revenue was slightly lower due to the lower contribution from the Auto Components sub-segment following the disposal of a subsidiary in prior year as well as lower demand for the Lubricant sub-segment.
- Excluding the revenue contribution from the disposed subsidiary in the corresponding quarter, the current quarter's revenue would have been higher by 10%.
- Nonetheless, PBTZ improved due to the lower operating cost.

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Operational Update and Outlook

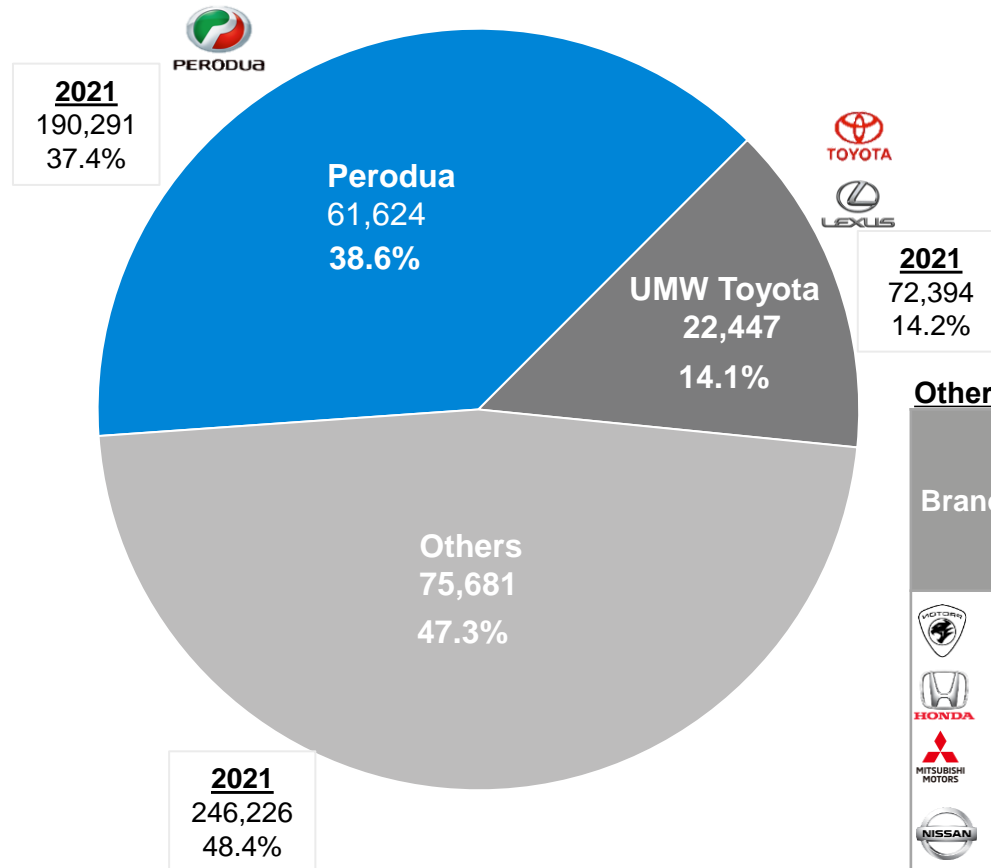
Automotive Segment - Sales Breakdown

Encouraging orderbook to support sales in 2022



Automotive Segment - Market Share

The Group collectively commands the domestic automotive market share



UMW Group's market share for 1Q 2022 was 52.7% (2021 – 51.6%).

Other Carmakers' Sales and Market Share

Brand	1Q22		2021	
	Units	Market Share %	Units	Market Share %
 Proton	25,589	16.0	111,695	21.9
 Honda	20,443	12.8	53,031	10.4
 Mitsubishi	6,229	3.9	18,957	3.7
 Nissan	3,766	2.4	12,286	2.4
 Mazda	3,542	2.2	10,660	2.1
Other brands	16,112	10.1	39,597	7.8
Total TIV	159,752		508,911	

Source: Malaysian Automotive Association

2022 Market outlook

Automotive segment

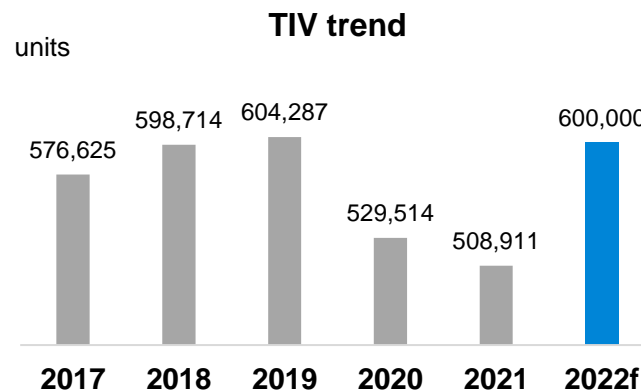
Our Presence



Malaysia

Analysis

- Total Industry Volume (“TIV”) declined for the second consecutive year in 2021.
- 2021 TIV declined by 4% compared with 2020, which is a smaller contraction than the decline of 12% in 2020.



Outlook

- **Total Industry Volume (“TIV”) forecasted to increase by 18% to 600,000 units.**
- Demand to be driven by **extension of the sales tax exemption to 30 June 2022, introduction of new models, coupled with sales promotion campaigns.**
- **Global semiconductor chips shortage** will challenge the ability to deliver orders in a timely manner.
 - Managing the impact by working closely with principals, suppliers and stakeholders.

Automotive segment – UMW Toyota Motor

Remain competitive with improved products and services

Year-to-date launches...



Toyota Corolla Cross
Hybrid Electric Vehicle
(14 Jan 2022)



Toyota Camry facelift
(17 Feb 2022)

...with several launches planned for the rest of the year.

Outlook

2022 sales target of 73,000 units factors in potential supply disruption of semiconductor chips – potential upside to the target.



Transition into electrification via introduction of more hybrid electric vehicles (“HEVs”)

Expansion of Toyota Financing Package, in cooperation with Toyota Capital Malaysia – “Green Financing” for hybrid vehicles.

Automotive segment – Perodua

Sustain market leadership position with best value model offering

Several launches expected in 2022

Development capability of one full model change (all-new) and two minor changes (facelifts) per year.

Expects **component purchase** amounting to **RM7.5 billion** in 2022 on the back of its production target of 265,900 vehicles.

Outlook

2022 sales target of 247,800 units supported by healthy outstanding order book and introduction of new and facelifted models.

Take initiatives towards carbon neutrality with transition into electrification, starting with Hybrid.

Enhancement of value chain – considering export of traded-in cars.

Solidify vendors capabilities and resilience, given that Perodua's high local content supports Malaysia's automotive ecosystem.

Equipment Segment

Operational highlights

Industrial Equipment

Continued recovery in 1Q 2022

Performance was steered by higher demand for equipment as economy reopens.

Toyota forklift – Malaysia’s market leader

Extended its market leadership position in Malaysia’s material handling equipment business.

Winner of various awards in the 2021 Toyota Material Handling International Award Programme

- President’s Award – Gold
- Diamond Club Recognition – UMW Industries remain the only distributor outside Japan in this category
- Sales Award - Singapore

Continue to strengthen the automation and forklift refurbishment businesses

Heavy Equipment

Continued demand recovery in 1Q 2022

All business operations performed as planned, except for Myanmar.

Supported by the reopening of the economy in countries we operate

Increase in public infrastructure projects as well as increase in fleet renewal and replanting of oil palm by plantation companies.

Improved market share in Malaysia and Singapore despite the challenging business environment

2022 Market outlook

Equipment segment

Our Presence



Malaysia



Singapore



Vietnam



China



Papua New Guinea



Myanmar

Analysis

- Demand for material handling equipment to be underpinned by steady expansion in the manufacturing sector in 2022. Expected rebound in the construction sector to drive demand for heavy equipment.
- Upcoming supply of industrial space will be supportive of material handling equipment sales.
- Resilient investment activities, including higher FDI inflows in 2022, likely to support growth of material handling equipment sales this year.
- Industrial sector growth in China was steady in 1Q 2022, with expected gradual increase in demand for the year.
- Demand is expected to be supported by strong recovery in the mining sector and higher infrastructure spending in 2022.
- Construction and mining activities are likely to continue to face headwinds from Covid-19 disruption and the political unrest.

Outlook

- **Gradual recovery of businesses in line with projected economic growth** in most countries we operate in.
 - Healthy outstanding order book.
- **Pump priming initiated by governments around the world will support demand** - Malaysia has allocated more than RM3b in Budget 2022 for large-scale road infrastructure projects.

Equipment segment

Growth strategy



Industrial Equipment

Regional expansion of forklift refurbishment

Promote 'Go Green' programme

Expansion of automation business and system integration

Expansion of flexible rental arrangements



Heavy Equipment

Further expansion in agriculture sector

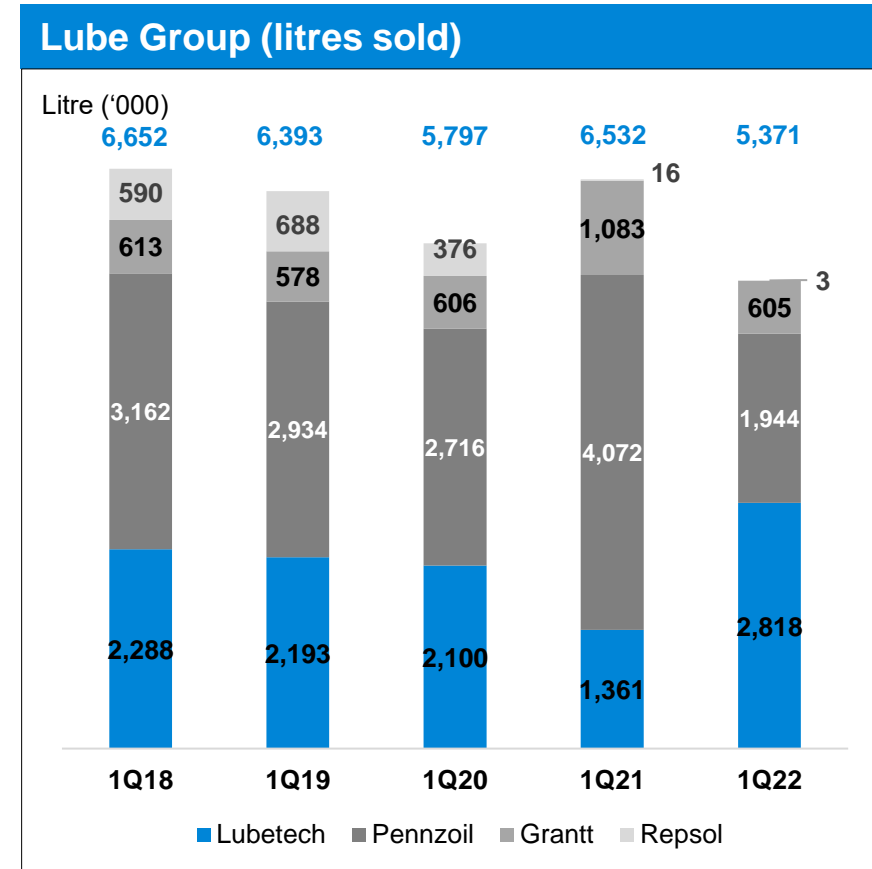
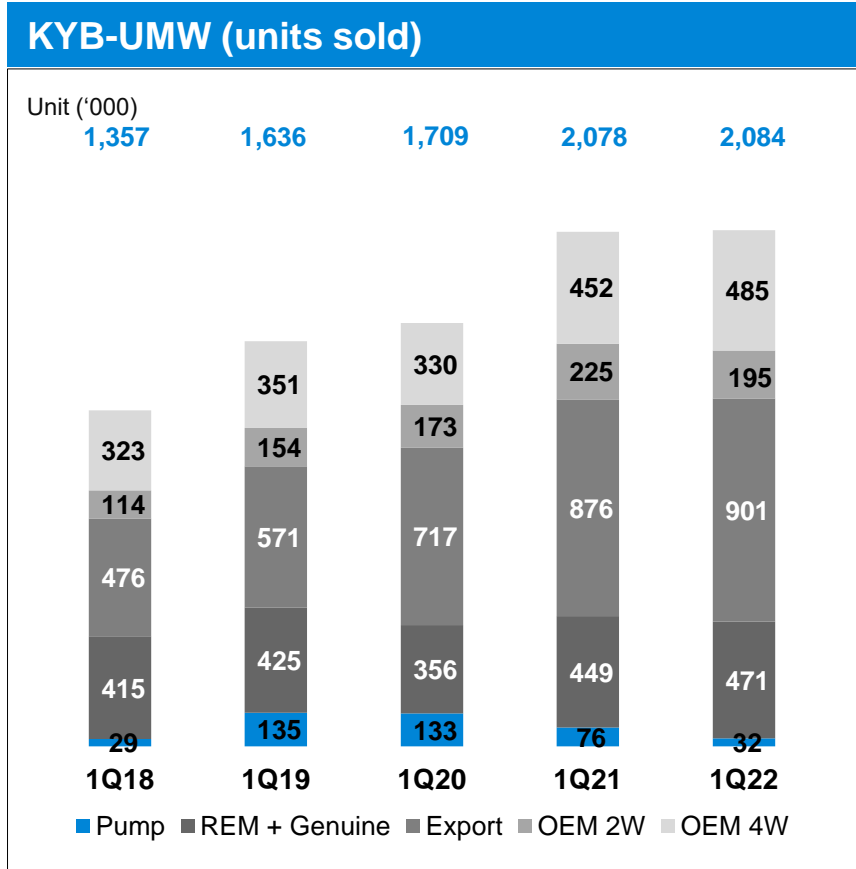
Promotion of new equipment

Expansion of parts & service sales

Collaboration with financial institutions

Manufacturing & Engineering Segment

Supported by stronger demand from OEMs



- The REM +Genuine, OEM 4W and Export market achieved higher sales in 1Q22.
- Overall sales improved marginally year-on-year.

- Lubetech's sales more than doubled in 1Q22, supported by strong demand from OEMs.
- Sales of lubricants is expected to improve with the reopening of the economy.

2022 Market outlook

Manufacturing & Engineering segment – Auto components & Lubricants

Our Presence



Malaysia



Indonesia



China
(Lubricant)

Analysis

Steady growth

- The transition to endemicity is expected to drive demand for automotive parts and lubricants.

Robust automotive sector

- The automotive sector remained robust in 1Q 2022, with monthly production of above 100k units which is likely to support OEM demand for lubricants.

Flattish automotive sector

- Automotive sales in China inched up by 0.2% y-o-y in 1Q 2022 to 6.5m units.

Outlook

- **Extension of the sales tax exemption** and the fulfilment of backlog orders will have a positive impact.
- **Higher TIV will result in higher demand** for lubricants and automotive parts.
 - Expect rebound in original equipment (“OE”) and replacement equipment (“RE”) markets.

Manufacturing & Engineering segment

Growth through innovation and research & development



Auto Components

Expansion of product offering and market access

Expansion of exports

Focus on innovative, “Green” products

- **BRUSS:** Focus on Go-To Market for starter battery
- **Membrane Technology:** Water Reclamation Plant and Rainwater Harvesting
- **Bio-lubricants:** Bio-hydraulic as entry point



Lubricants

Construction of Smart Lubricant plant

Explore opportunities in industrial and commercial lubricant segments

Expansion to ancillary lube (brake fluid and coolant) products

2022 Market outlook

Manufacturing & Engineering segment - Aerospace

Our Presence



Malaysia

Analysis

Positive Outlook

- The 12th Malaysia Plan (“12MP”) highlighted aerospace as a strategic industry to elevate the country into the high technology trajectory.
- Target industry revenue of RM30b by 2025 and RM55.2b by 2030 (2020: RM11.6b).
- Industry development to focus on four clusters: aerospace manufacturing, systems integration, MRO, engineering & design services.
- Enhanced incentives to support recovery post-Covid-19 - to accelerate R&D, innovation and high value-added investments.

Outlook

- **U-shaped recovery in the next 2-3 years** as international borders reopen and demand for air travel & new aircrafts increases.

Aerospace segment

Capitalise on recognitions by Rolls-Royce to secure new contracts

Achievements



UMW Aerospace was recently awarded with the “Supplier Best Practice Award”

After its induction into the 2021 Cohort of Rolls-Royce’s High Performing Supplier Group, UMW Aerospace successfully retained its position in 2022.

Affords more opportunities for UMW Aerospace to participate in Rolls-Royce’s future projects as well as explore other opportunities in the aerospace industry.



Fully utilise existing aerospace capabilities

Increase plant utilisation

Customer and product diversification

Capability building

Redefining Sustainability

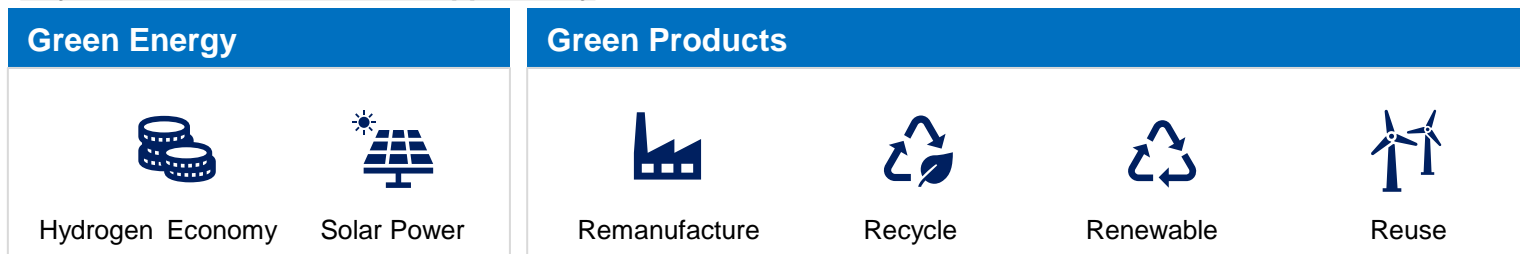
CREST@2021 - Redefining Sustainability

Redefining Sustainability within the Broader Framework of Innovising Mobility



In accordance with the Government's pledge to reduce 45% by 2030 and 100% by 2050

Key Potential Value Creation Opportunity



Investing in Nature-Based Solution for Carbon Sequestration

Reforestation – UMW Green Shoots Initiatives and UMW Bamboo Project

UMW Green Shoots Initiative

300,000 mangrove trees to be planted by 2023

150,000 mangrove trees to be planted by end of 2022

15,170 mangrove trees have been planted as of April 2022

UMW Bamboo Project (Denai Sungai Kebangsaan by KASA)

10,000 bamboo trees to be planted by 2022

1,150 bamboo trees have been planted as of December 2021

Aligns with United Nations Sustainability Development Goals (“UNSDG”)



Pulau Kukup,
Johor



Tanjung Piai,
Johor



Sg Aceh,
Penang



Kuala Selangor
Nature Park






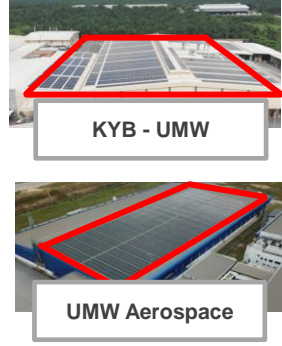


MNS EcoCare,
Kerteh



Denai Sungai Langat, Selangor

Addressing Climate Change

Our Renewable Energy Journey

	2016	2019/2020	2021/2022	Total
Solar panel 	 ASSB Shah Alam	 ASSB Bukit Raja	 KYB - UMW UMW Aerospace	
Capacity (MWac) 	0.15	2.00	2.00	4.15
Renewable Energy (Gj) 	713.17	6,727.45	7,907.76	15,725.54*

*Estimated value

Moving Forward

The Group intends to increase our renewable energy source by installing additional solar panels at our existing Toyota plants and at our newly constructed Lubricant plant in Pulau Indah.










Notes:

1. The figures of energy consumed (Gj) from 2016-2018 are collected from solar panels generated in ASSB Shah Alam only.
2. The figures of energy consumed (Gj) from 2019-2021 are collected from solar panels generated in ASSB Shah Alam and ASSB Bukit Raja.

Transitioning into a Low Carbon Economy





Our Commitment towards Reducing Climate Change Impact

Race to Electric Mobility

	2021	2024
 TOYOTA	 <ul style="list-style-type: none"> • Toyota Corolla Cross Hybrid launched in January 2022 	 <ul style="list-style-type: none"> • BEV model to be introduced
 PERODUA	 <ul style="list-style-type: none"> • Hybrid model under market study 	 <ul style="list-style-type: none"> • Hybrid model production
 UMW EQUIPMENT	 <ul style="list-style-type: none"> • Promote usage of electric forklift 	 <ul style="list-style-type: none"> • Expansion of automation business

Green Products as Enablers

Focusing on Value Generating Green Initiatives

Sustainability Initiatives	Current Status	Remarks
<p>1 – BRUSS</p> 	<ul style="list-style-type: none"> • Rev: RM2.8m (2022 target) • Rev: RM5.8k (current) 	<ul style="list-style-type: none"> • 2022 target : Go-To-Market for starter and traction battery
<p>2 – Membrane</p> 	<ul style="list-style-type: none"> • Rev: RM6.4m (2022 target) • Rev: nil (current) 	<ul style="list-style-type: none"> • Ongoing upgrade at KYB • Quality monitoring by SIRIM competed • Manufacturing facility setup in Serendah
<p>3- Bio-Lube</p> 	<ul style="list-style-type: none"> • Field testing • Packaging material development • Rev: nil (current) 	<ul style="list-style-type: none"> • Mass production is in 2023 • Completed formulation • Ongoing field testing by phases
<p>4 – Forklift Refurbishment</p> 	<ul style="list-style-type: none"> • Planning on refurbishing schedule and cost involved • Rev: RM2.1m (current) 	<ul style="list-style-type: none"> • 2022 revenue target: RM14m

THANK YOU

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www.umw.com.my

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