

2Q FY2021 RESULTS BRIEFING

26 August 2021



UMW Holdings Berhad

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2Q 2021 Financial Highlights

Key Highlights of 2Q 2021 Financial Results

RM million	2Q21 vs 2Q20			2Q21 vs 1Q21		1H21 vs 1H20		
	2Q21	2Q20	Y-o-Y	1Q21	Q-o-Q	1H21	1H20	Y-o-Y
Revenue	2,445.1	1,529.7	▲ 59.8%	2,954.2	▼ 17.2%	5,399.3	3,648.9	▲ 48.0%
PBT	32.6	(58.8)	▲ > 100%	162.7	▼ 80.0%	195.3	4.2	▲ > 100%
PAT	21.5	(54.1)	▲ > 100%	123.4	▼ 82.6%	144.9	(5.3)	▲ > 100%
PATAMI *	(21.1)	(78.4)	▲ 73.1%	97.3	▼ >100%	76.2	(34.1)	▲ > 100%
Basic EPS (sen)	(1.81)	(6.71)	▲ 73.0%	8.33	▼ >100%	6.52	(2.92)	▲ > 100%

* After distribution of RM34.8m to Perpetual Sukuk holders in 2Q21 and 2Q20.

2Q21	Impacted by the imposition of Full Movement Control Order (FMCO) from 1 June 2021, which affected most of the Group's businesses.
1H21	Improved results were driven by higher automotive sales supported by the sales tax exemption and increased contribution from the Equipment segment.
1H20	Lower results were mainly due to the Movement Control Order 1.0.

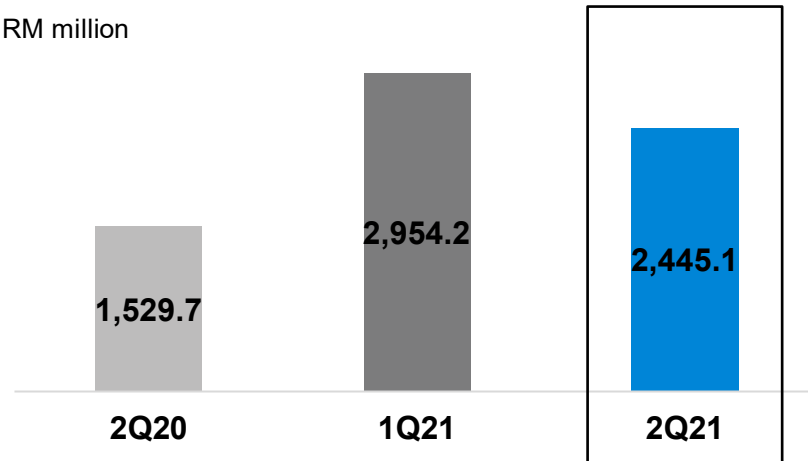
2Q 2021 Financial Results

Revenue & PBT (2Q 2021)

Performance was affected by the imposition of FMCO from 1 June 2021

REVENUE

RM million



▲ **59.8% Y-o-Y**

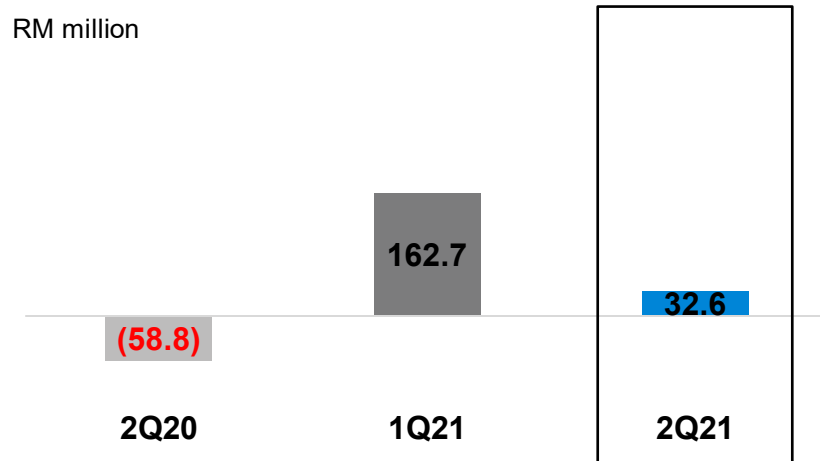
Higher automotive sales supported by the sales tax exemption and improved equipment sales as a result of improving economic activities.

▼ **17.2% Q-o-Q**

Impacted by the imposition of the Full Movement Control Order (FMCO) in the month of June.

PROFIT BEFORE TAXATION

RM million



▲ **>100% Y-o-Y**

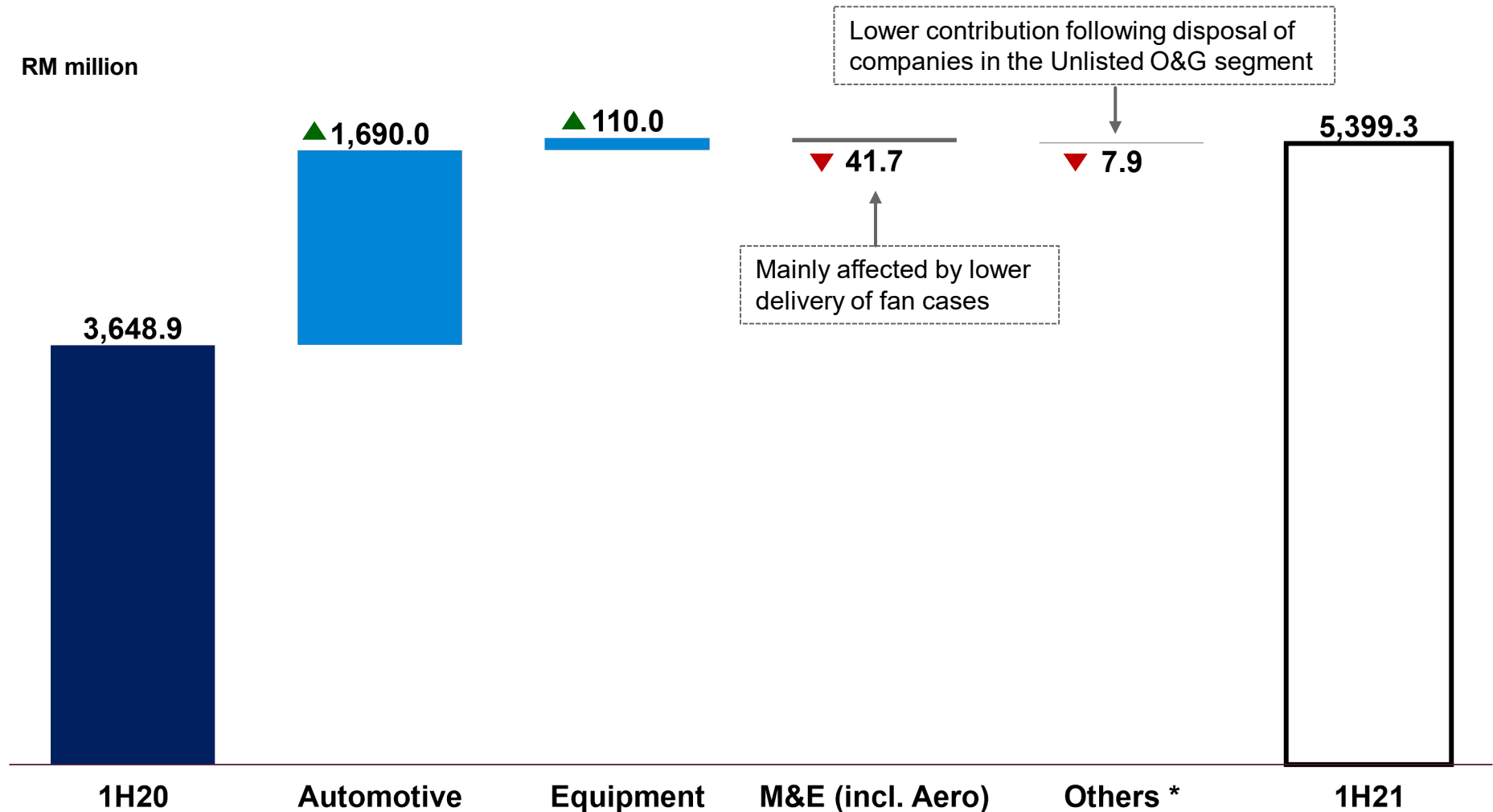
Mainly due to improved profit contribution from the Automotive segment aided by higher share of profit from Perodua, and Equipment segment.

▼ **80.0% Q-o-Q**

Impacted by the FMCO in June.

Group Revenue – 1H 2021 vs 1H 2020

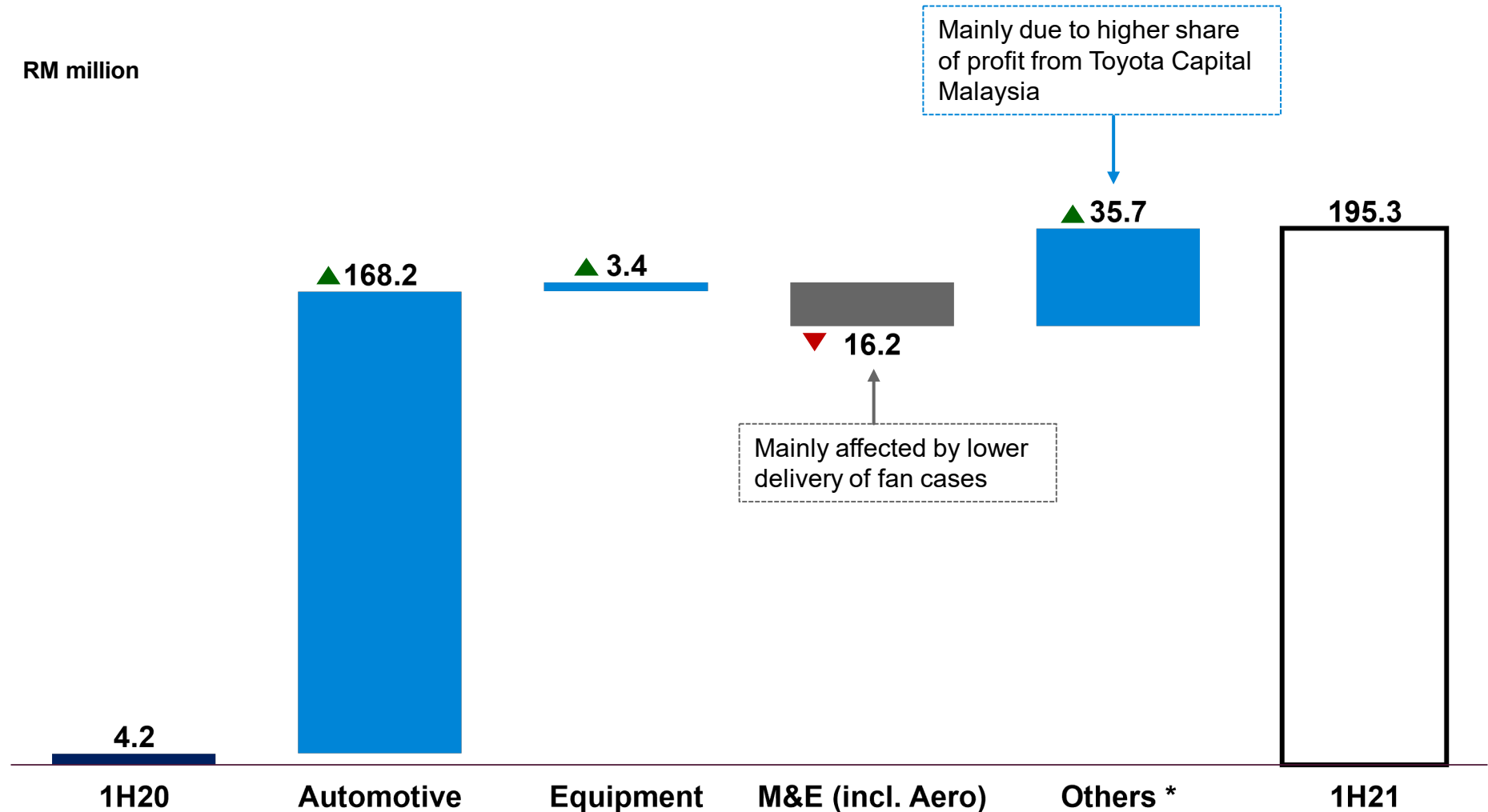
Improved contribution from the Automotive and Equipment segments



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

Group PBT – 1H 2021 vs 1H 2020

Improved contribution from the Automotive, Equipment and Others segments



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

1H 2021 CORE PATAMI

Stripping out exceptional items

	RM million	Remarks
Reported PATAMI	76.2	-
ADJUSTMENTS	Amount recognised in PATAMI	
Forex	7.6	Due to unrealised forex loss in Myanmar.
Net reversal of impairment on receivables	(10.5)	Mainly debt recovery from an earlier investment.
CORE PATAMI	73.3	

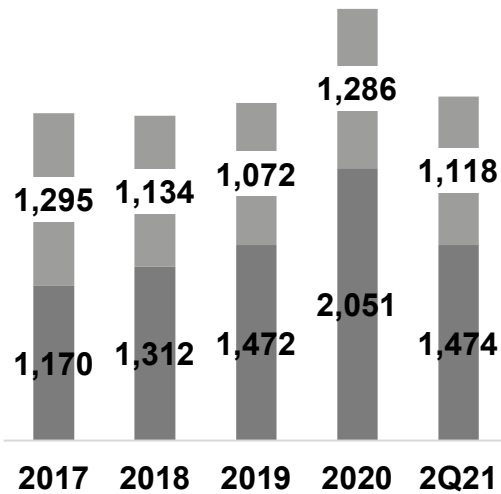
Cash and Debt Position

Continue to improve cash management and reduce gearing

Deposits, cash, bank balances and money market investments

RM million

2,465 2,446 2,544 3,337 2,592

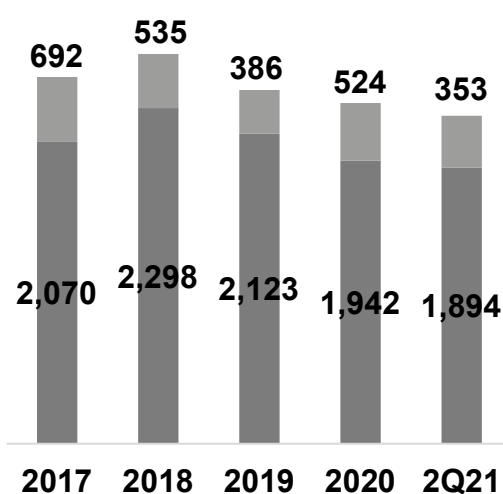


Decreased mainly due to repayment of sukuk, purchase of fixed assets, payment of dividend and perpetual sukuk.

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

Total borrowings & Gross Gearing Ratio

0.66x 0.50x 0.41x 0.38x 0.35x
RM million
2,762 2,833 2,509 2,466 2,247



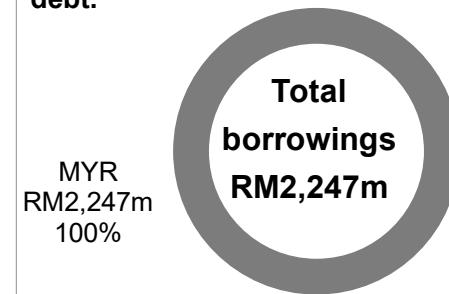
35 871 346

Net cash position

- Short-term borrowings
- Long-term borrowings

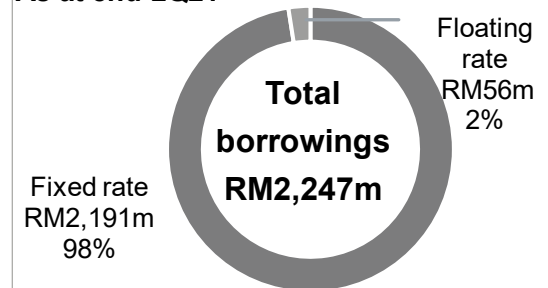
Debt profile by currency

No exposure to foreign-denominated debt.



Debt profile by fixed / floating rate

As at end-2Q21



Net assets per share

▲ RM3.35

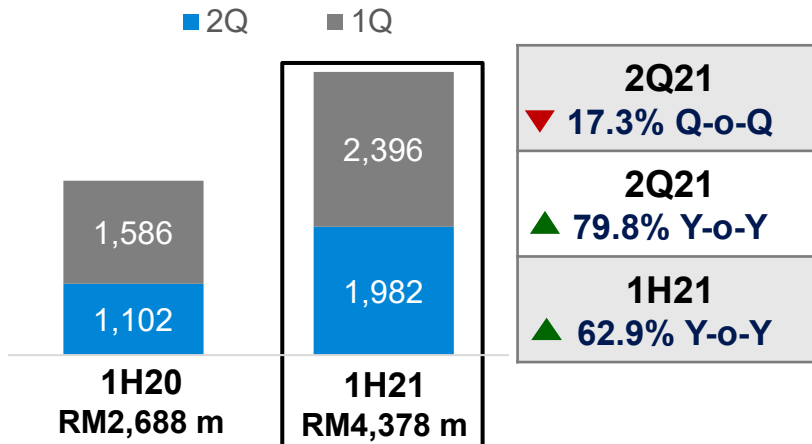
(As at 31 Dec 2020: RM3.31)

2Q 2021 Segmental Results

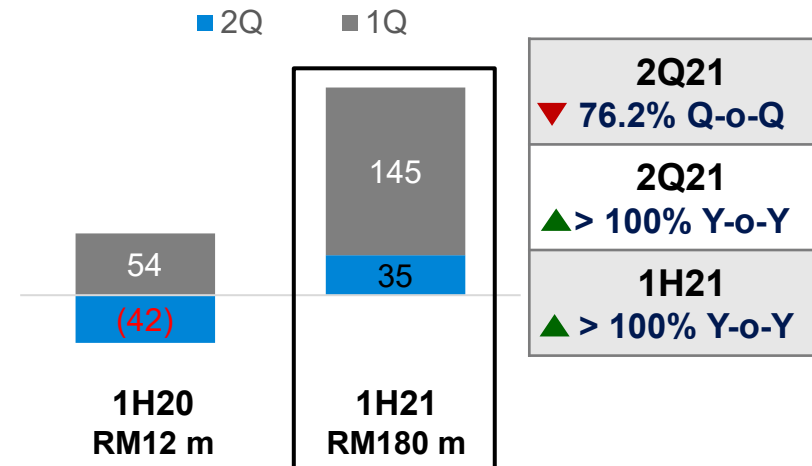
Automotive Segment

Demand supported by the ongoing sales tax exemption and new model launches

Revenue (RM million)



Profit Before Taxation (RM million)



Automotive Results

2Q21 Financial Results

Y-o-Y

- Revenue growth driven by higher vehicle sales following the new model launches and the ongoing sales tax exemption.
- Sales in the same period last year was affected by the imposition of MCO 1.0 from 18 March 2020 until 3 May 2020.
- PBT was further boosted by higher share of profit from an associated company.

Q-o-Q

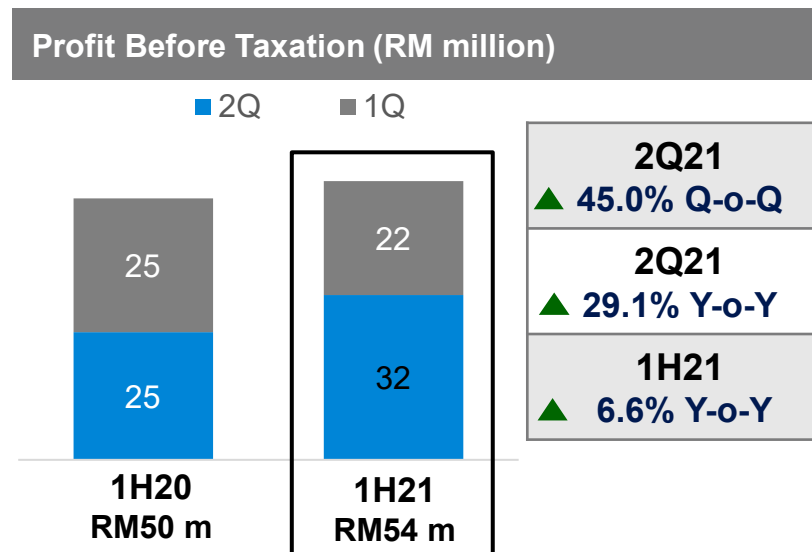
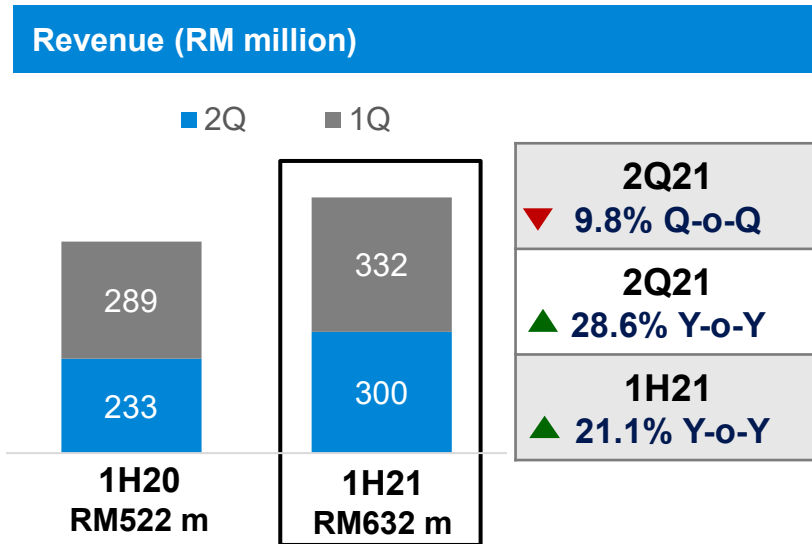
- Revenue and PBT were affected by the imposition of FMCO 3.0 which caused limitations to business operations in June 2021.

1H21 Financial Results

- Revenue and PBT improved in 1H21 due to higher vehicle sales following the extension of sales tax exemption as well as new model launches.

Equipment Segment

Performance buoyed by the Industrial Equipment sub-segment



Equipment Results

2Q21 Financial Results

Y-o-Y

- Revenue and PBT growth was supported by improved demand for the segment's products and services in its local and overseas markets, except for Myanmar, due to the ongoing political fluidity.

Q-o-Q

- Revenue was affected by lower sales from the Heavy Equipment sub-segment due to the disruption in delivery of equipment in the domestic market following the imposition of FMCO from 1 June 2021 as well as the political fluidity in Myanmar.
- However, PBT was buoyed by better performance from the Industrial Equipment sub-segment, cost optimisation exercise undertaken by the segment as well as lower forex losses for the period.

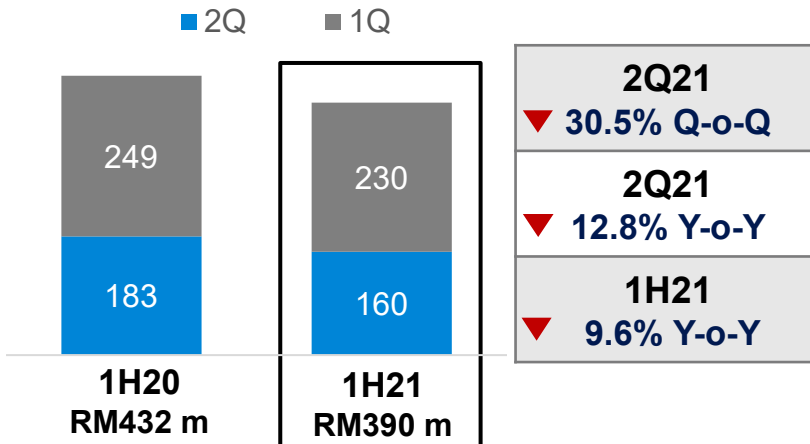
1H21 Financial Results

- Revenue and PBT increased, mainly due to the improved demand for the segment's products and services.
- Heavy Equipment – operations in Malaysia, Singapore and Papua New Guinea registered improved revenue.
- Industrial Equipment – operations in Malaysia, Singapore and China recorded higher revenue.

Manufacturing & Engineering Segment

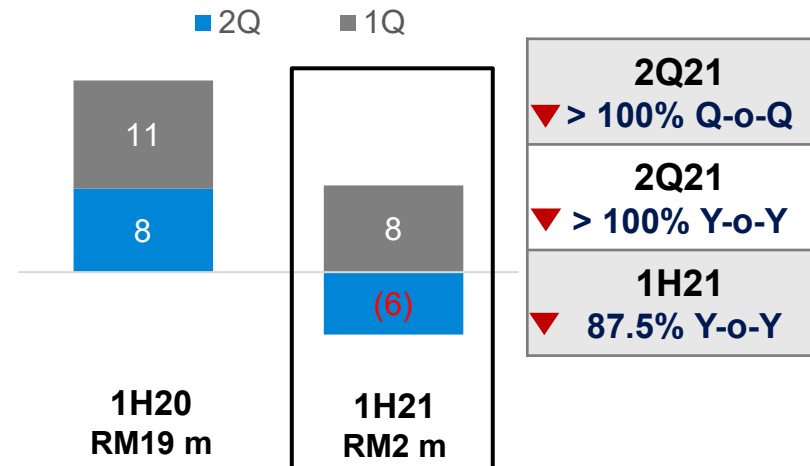
Auto components and Lubricants cushioned the impact from Aerospace

Revenue (RM million)



2Q21	▼ 30.5% Q-o-Q
2Q21	▼ 12.8% Y-o-Y
1H21	▼ 9.6% Y-o-Y

Profit Before Taxation (RM million)



2Q21	▼ > 100% Q-o-Q
2Q21	▼ > 100% Y-o-Y
1H21	▼ 87.5% Y-o-Y

Manufacturing & Engineering Results

2Q21 Financial Results

Y-o-Y

- Revenue and PBT were impacted by lower delivery of fan cases in the Aerospace sub-segment.

Q-o-Q

- The imposition of FMCO in June 2021 led to lower contribution from all sub-segments, affecting both revenue and PBT.

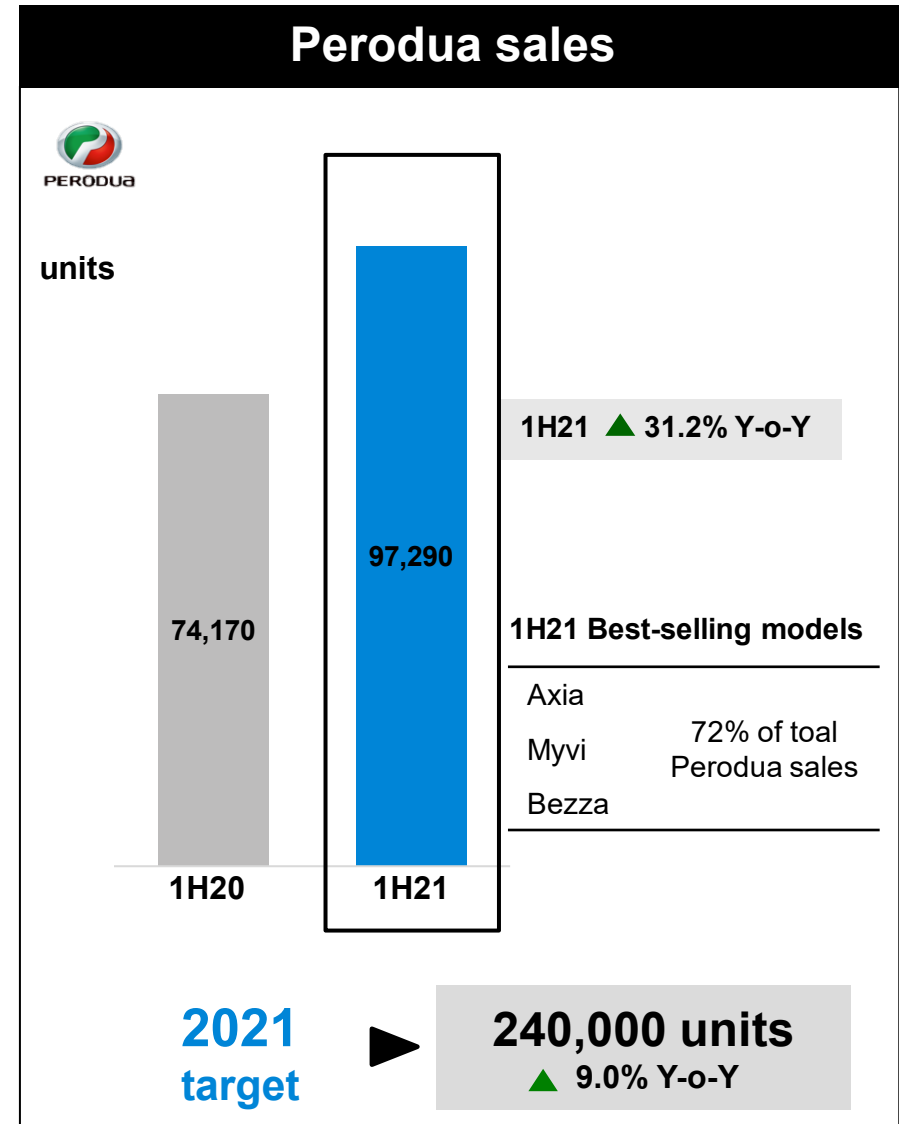
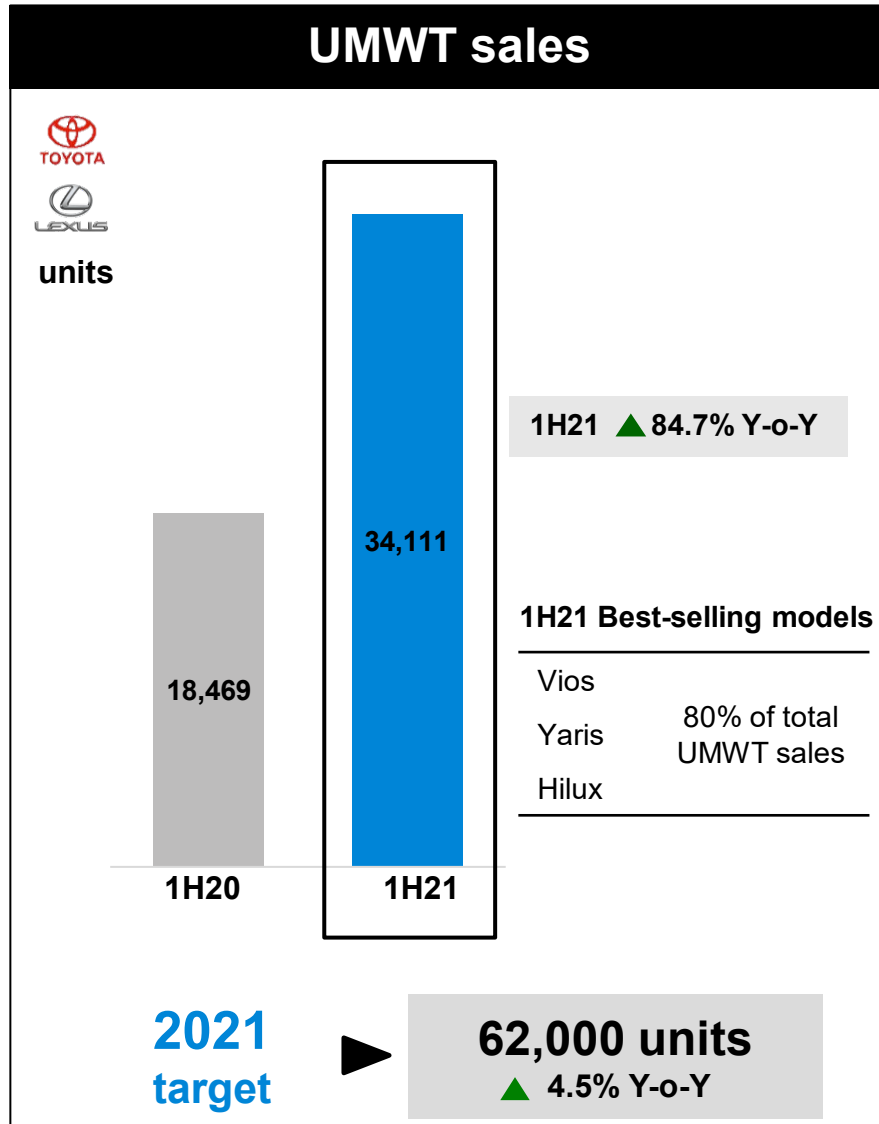
1H21 Financial Results

- Revenue and PBT were impacted by lower delivery of fan cases.
- Auto Components sub-segment's revenue surged by 36%, mainly contributed by KYB-UMW, supported by increased plant capacity.
- Lubricants sub-segment's revenue increased by 31% due to improved demand.

Operational Updates

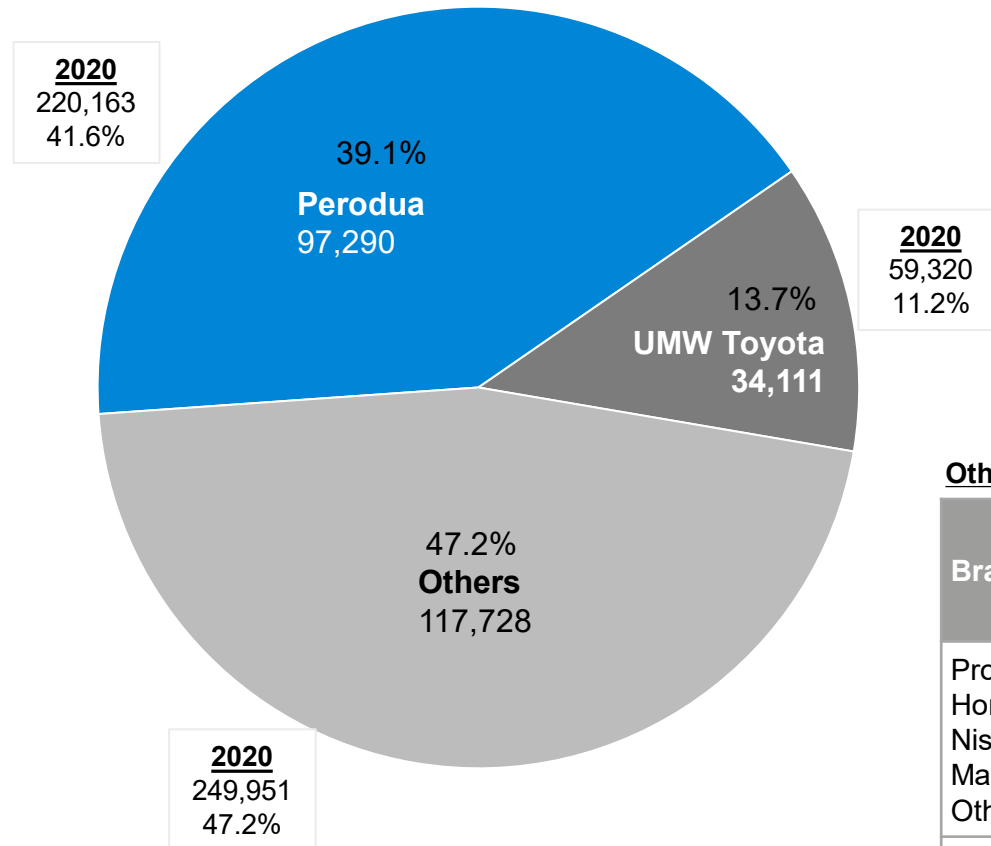
Automotive Segment - Sales Breakdown

Supported by new model launches and ongoing sales tax exemption



Automotive Segment - Market Share

The Group collectively commands the domestic automotive market share



UMW Group sold 131,401 units in 1H21 with a market share of 52.7% (2020 – 52.8%).





Other Carmakers' Sales and Market Share

Brand	1H21		Full-year 2020	
	Units	Market Share %	Units	Market Share %
Proton	56,352	22.7	108,524	20.5
Honda	24,996	10.0	60,468	11.4
Nissan	5,755	2.3	14,160	2.7
Mazda	5,397	2.2	12,141	2.3
Other brands	25,228	10.1	54,658	10.3
Total TIV	249,129		529,434	

Source: Malaysian Automotive Association



Automotive Segment - UMW Toyota Motor

Remain competitive with improved products and services

<p>Continue providing attractive value proposition to customers</p>	<ul style="list-style-type: none"> 2021 launches to-date <div style="display: flex; justify-content: space-around; align-items: flex-start; text-align: center;"> <div data-bbox="706 368 934 544"> <p>Innova (2 Feb 2021)</p>  </div> <div data-bbox="1017 368 1245 544"> <p>Fortuner (2 Feb 2021)</p>  </div> <div data-bbox="1307 268 1680 544"> <p>Local assembly is expected to commence in 4Q21</p> <p>Corolla Cross (25 Mar 2021)</p>  </div> <div data-bbox="1674 368 1866 544"> <p>Harrier (8 Apr 2021)</p>  </div> </div> <ul style="list-style-type: none"> Will be investing RM270 million into local manufacturing of hybrid electric vehicles (“HEV”) in a move to advance its carbon neutrality initiative as well as to offer customers a wider range of vehicles.
<p>Accelerating digitalisation</p>	<ul style="list-style-type: none"> Enhance digitalisation efforts to cater to current market demand. Pivot to digital channels has shown success - 5-fold increase in digital sales leads in 2020 compared with 2019.
<p>Offer innovative mobility solutions</p>	<ul style="list-style-type: none"> Expanding KINTO ONE offering (fixed monthly subscription (rental) program for personal or corporate use).
<p>Widen potential customer base</p>	<ul style="list-style-type: none"> Potentially government fleet and the second-hand market.

Automotive Segment - Perodua

Exploring new technologies and concepts while strengthening business to create long-term value

<p>Continue providing attractive value proposition to customers</p>	<ul style="list-style-type: none"> • Remain competitive in the entry-level segment with introduction of models with the best value. <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>All-new Ativa (3 Mar 2021)</p>  </div> <div style="text-align: center;"> <p>Refreshed Aruz (9 May 2021)</p>  </div> </div> <p style="text-align: right; margin-top: 10px;">Added convenience, new colour, same price</p>
<p>Continue supporting Malaysia's automotive ecosystem</p>	<ul style="list-style-type: none"> • Perodua Smart Build, its first sustainable blueprint to rationalise the gap in quality, cost and delivery within the automotive ecosystem - includes almost the entire Malaysian suppliers and dealers ecosystem.
<p>Explore new technologies and concepts</p>	<ul style="list-style-type: none"> • Particularly Autonomous Vehicles and Mobility Solutions. • While Ativa is equipped with Level 2 autonomous features, discussions are underway with the government on advancing this technology to higher levels, supported by infrastructure improvement and 5G implementation.





Equipment Segment

Operational highlights

Industrial Equipment

- Recovery continued into Q2 with better performance recorded Y-o-Y .
- The imposition of the Full Movement Control Order (FMCO) from 1 June 2021 has affected equipment sales.
- Implementing cost optimisation initiatives, such as:
 - ✓ Operational efficiencies improvement
 - ✓ Process digitalisation
 - ✓ Prioritisation of capital expenditure.
- Continue to leverage on the rising e-commerce adoption.
- Focus on areas of the economy that were less impacted by the pandemic, i.e. essential services sector.
- Launched #WECARE campaign, aimed at assisting customers facing difficulties due to the FMCO. Offerings include flexible short-term rental, special packages on maintenance services and spare parts as well as free online training programmes.
- Malaysia and Singapore operations maintained its leadership positions in the material handling equipment business.

Heavy Equipment

-  **Malaysia**
 - 1H21 performance was mainly supported by public infrastructure projects as well as increase in fleet renewal and replanting by plantation companies.
 - However, the imposition of FMCO have dampened the construction sector as activities are only limited to ongoing infrastructure projects such as LRT, ECRL & PBH.
-  **Papua New Guinea**
 - Driven by sales of parts and services, predominantly to the mining sector.
 - Leveraged on buoyant construction activities as government disbursed more funds for infrastructure developments.
-  **Singapore**
 - Improvement in construction activities, higher parts sales, as well as optimisation of rental business.
 - Faced disruptions from 16 March to 13 June as a result of lockdown measures imposed. However, operations has commenced since.
-  **Myanmar**
 - Faced disruptions in business operations due to political fluidity. Delays in major infrastructure investments and earthwork activities have dampened the construction sector.

Equipment Segment

Fully focused in becoming a total solutions provider

Equipment

Expand our range of automation products and capabilities

Collaborate with financial institutions to expand equipment sales

Provide fleet management solutions



Industrial Equipment

- Development of flexible rental arrangements.
- Leverage on green solution for prime power generation.



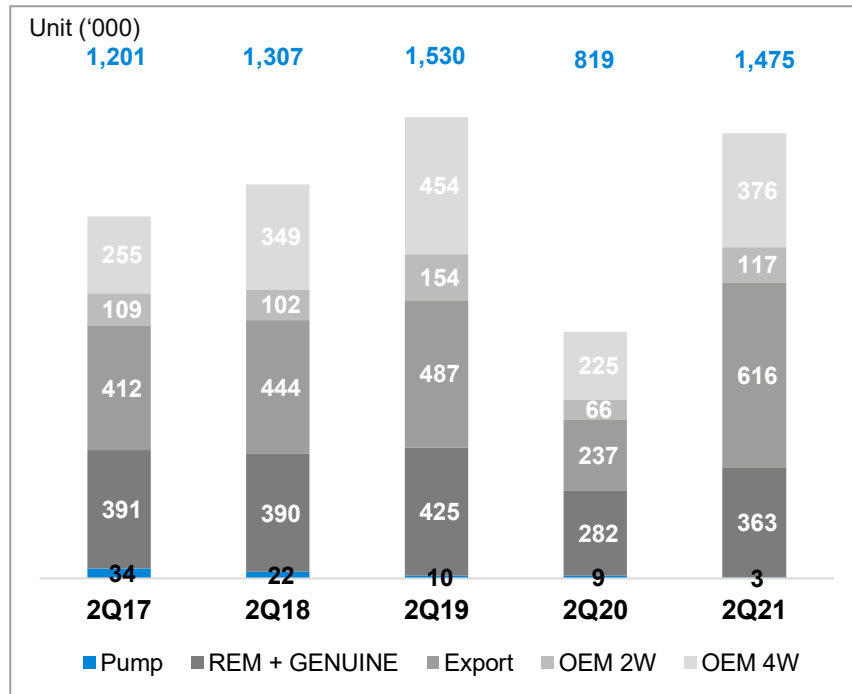
Heavy Equipment

- Secure new offerings from principals.
- Expand product adjacencies.
- Close collaboration with Komatsu for support and to enhance competitiveness.

Manufacturing & Engineering Segment

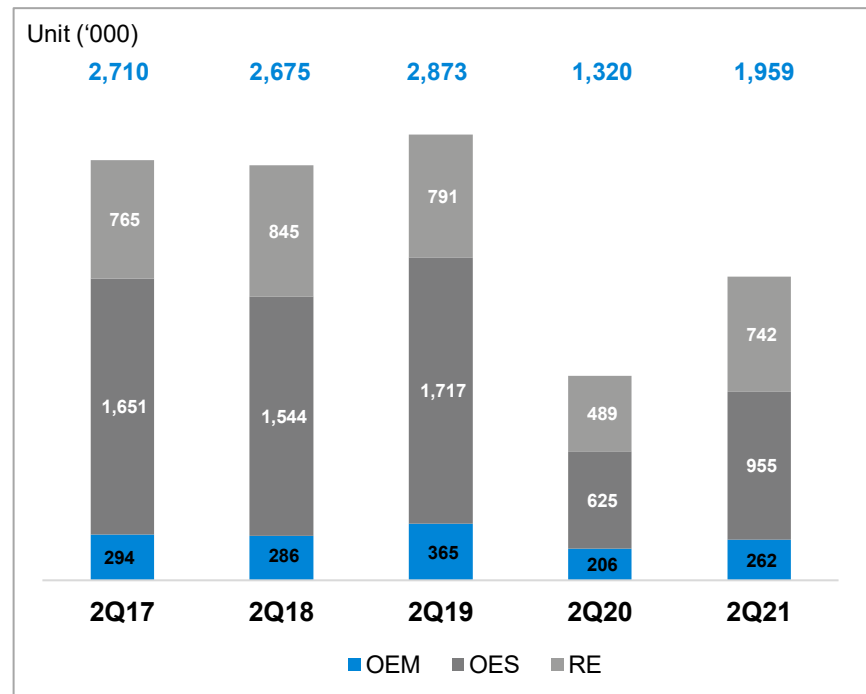
Number of auto parts sold

KYB-UMW



- Increased plant capacity drove export sales, despite the imposition of FMCO from 1 June 2021.
- Parts sold increased by 80% compared with 2Q20.

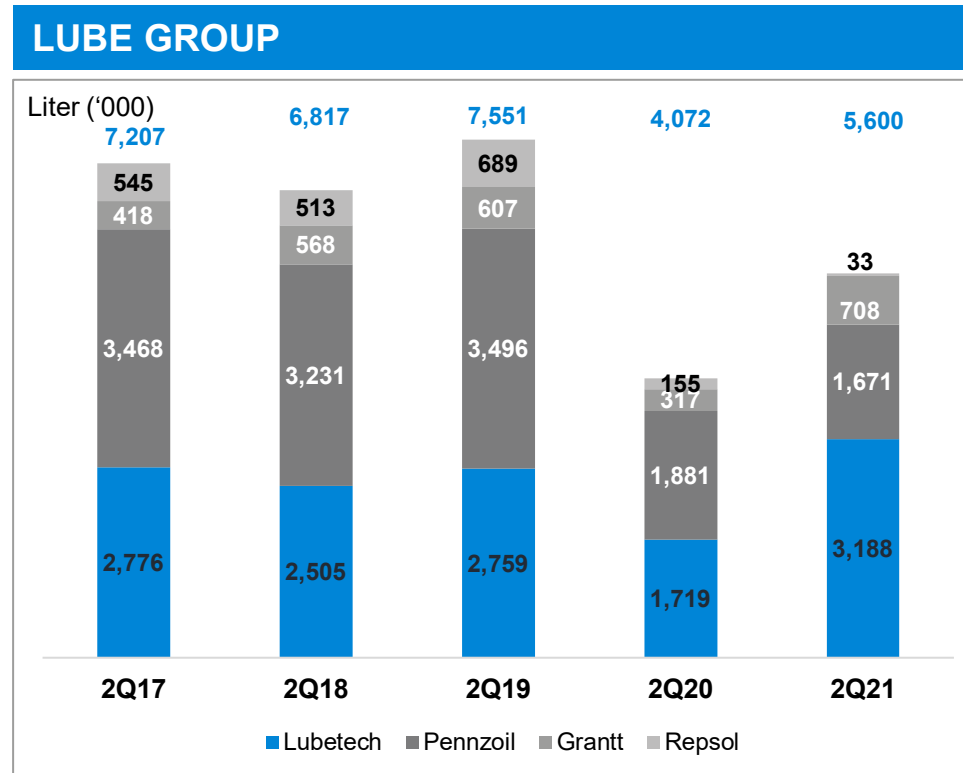
UMW ADVANTECH



- Strong sales in April and May helped to improve overall performance.
- Parts sold increased by 49% compared with 2Q20.

Manufacturing & Engineering Segment

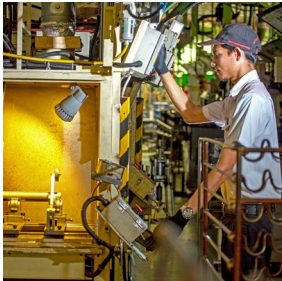
Lubricants sold



- Overall performance was impacted by the partial / full closure of related sectors.
- Lubricants sales improved by 38% compared with 2Q20.

Manufacturing & Engineering Segment

Focus on innovation and research & development



Automotive Components

Leverage on completion of KYB-UMW plant modernisation initiatives to tap into new markets

- Improved capacity and efficiency - reduced logistical and inventory requirements.
- Exports to 39 countries.

Transform product line-up into green-related products with lower emissions and carbon footprints

Innovations that will lead to positive outcomes and value creation potential



Lubricants

Explore opportunities in industrial and commercial lubricant applications

- In anticipation of the increased demand from the ASEAN region.
- Exploring opportunity in bio based and food grade lubricants.

To build a new Smart Lubricant plant, equipped with advanced features

- Industry 4.0 revolution with cutting-edge technology (better productivity & efficiency)

Expanding sales channels into digital platforms for a wider reach

Aerospace Segment

Continue to support the government's initiatives to promote the growth of the aerospace and high-value manufacturing industries



UMW Aerospace was recently included in the 2021 Cohort of Rolls-Royce's High Performing Supplier Group.



Fully utilise existing aerospace capabilities

Expanding existing capabilities involving parts machining into non-aero machining works.

Product and customer diversification

Active on-going discussions with OEMs to manufacture other components.

Collaborate with existing MROs to increase local content

Capability building

To allow for growth into additive manufacturing / chemical milling.

Covid-19: Mitigation plans

Weathering COVID-19

Mitigation plans

Automotive



- ▶ Pivot and shift to digital marketing channels - online showroom, e-commerce platforms.
- ▶ Ensuring sufficient inventory to allow for production ramp-up – UMWT to commence production of Corolla Cross in 4Q21.

Equipment



- ▶ Continue to work closely with principals to get price support, extended credit period.
- ▶ Aggressive marketing and promotions to secure orders.

M&E



- ▶ Continued marketing via digital channels - e-commerce platforms.
- ▶ Management of inventory at optimum level.
- ▶ Technology investment in production system for remote control and monitoring.

Aerospace



- ▶ Continuous engagement with Rolls-Royce to increase orders.
- ▶ Capitalise on position to secure new projects with enhanced capabilities.

- ▶ Aggressive cost rationalisation and optimisation exercise.
- ▶ Reduction / deferment in CAPEX spending.
- ▶ Ensure all our employees and suppliers are vaccinated before they can safely return to work.

THANK YOU

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