

UMW Holdings Berhad 2Q FY2022 Results Briefing

26 August 2022



Group Investor & Media Relations

Table of Contents

1	2Q 2022 Highlights
2	2Q 2022 Results
3	2Q 2022 Segmental Results
4	Operational Update and Outlook
5	Redefining Sustainability

2Q 2022 Highlights

Key Highlights of 2Q 2022 Results

Improved contribution from all three core business segments

RM million	2Q22 vs 2Q21			2Q22 vs 1Q22		1H22 vs 1H21		
	2Q22	2Q21	Y-o-Y	1Q22	Q-o-Q	1H22	1H21	Y-o-Y
Revenue	3,731	2,445	▲ 53%	3,651	▲ 2%	7,382	5,399	▲ 37%
PBTZ	230	33	▲ >100%	216	▲ 6%	446	195	▲ >100%
PAT	174	22	▲ >100%	173	▲ 1%	346	145	▲ >100%
PATAMI *	107	(4)	▲ >100%	101	▲ 6%	208	76	▲ >100%
Basic EPS (sen)	9.2	(0.3)	▲ >100%	8.7	▲ 6%	17.8	6.5	▲ >100%

* After distribution to Perpetual Sukuk holders

2Q 2022

- The strong growth in revenue and profit is attributed to the economic recovery under the National Recovery Plan (“NRP”) as opposed to the FMCO in the corresponding quarter from 1 Jun 2021 to 15 Aug 2021.
- The Group staged a strong recovery beyond the pre-Covid-19 levels.

2Q 2022 Results

Catalysts and Challenges for the Group

Despite the challenges, the Group is taking measures to mitigate the impact and strive to deliver value to our shareholders



Catalysts

Economic Recovery

Malaysia's transition to endemic phase leading to economic recovery



SST Exemption

SST exemption incentives for passenger vehicles booked by 30 June 2022 and registered by 31 March 2023



New models introduction

Mainly the new Toyota Veloz and Perodua Alza



Global mobility

Increased global mobility of goods and people



Challenges



Geopolitical risk

Such as the Russia-Ukraine war – leads to negative impact on global supply chain, causing disruptions to production



Rise in raw material prices

Leads to increase in cost of production



Expensive import

Strengthening of USD due to Federal Reserve rate hikes



Foreign labour shortage

Causing disruptions to production



Expiry of the Sales Tax Exemption on 30 Jun 2022

Impacting new bookings in 2H 2022

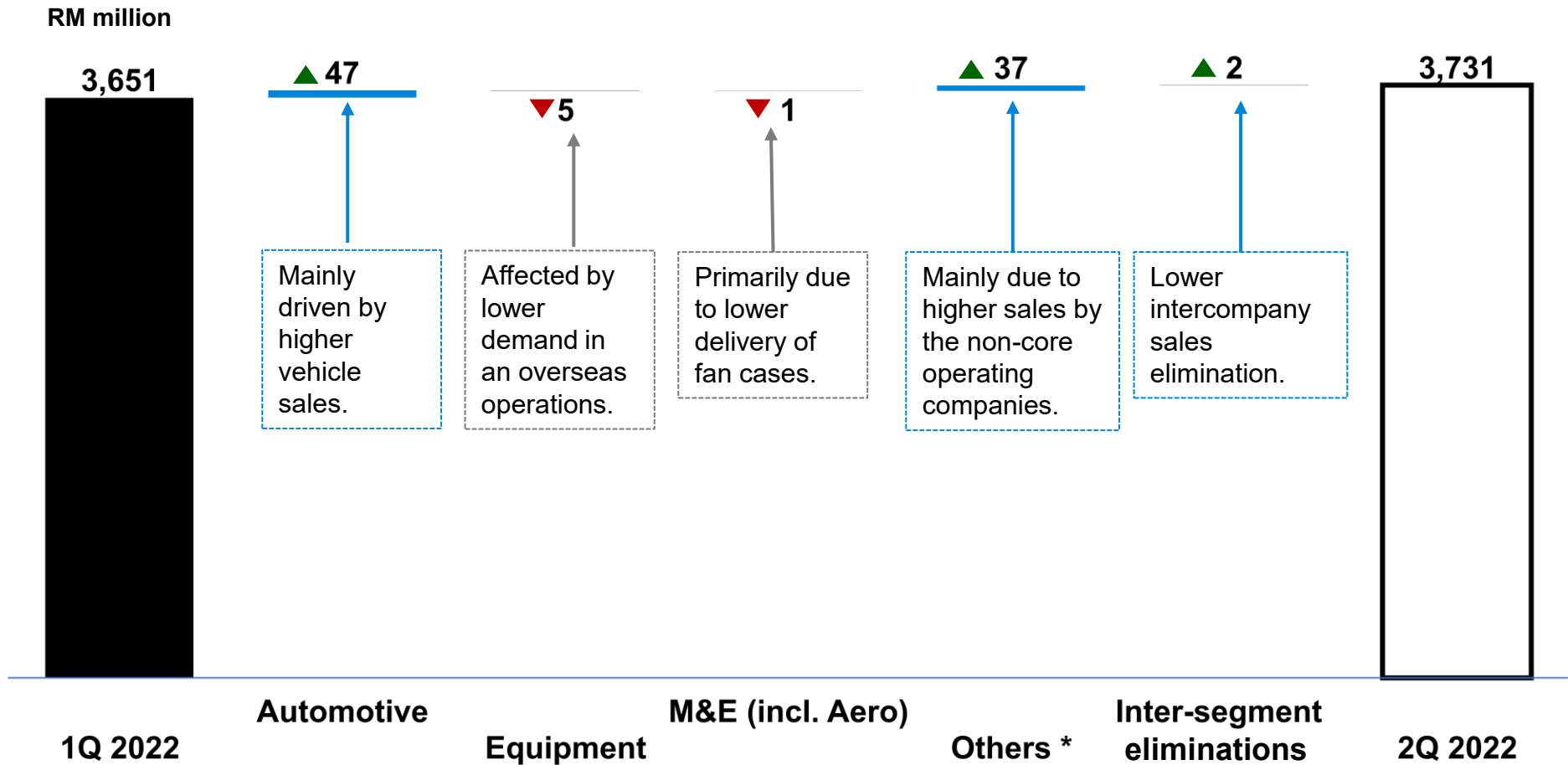


Rising interest rates

Leading to higher borrowing costs

Group Revenue – 2Q 2022 vs 1Q 2022

Mainly driven by improved contribution from the Automotive segment

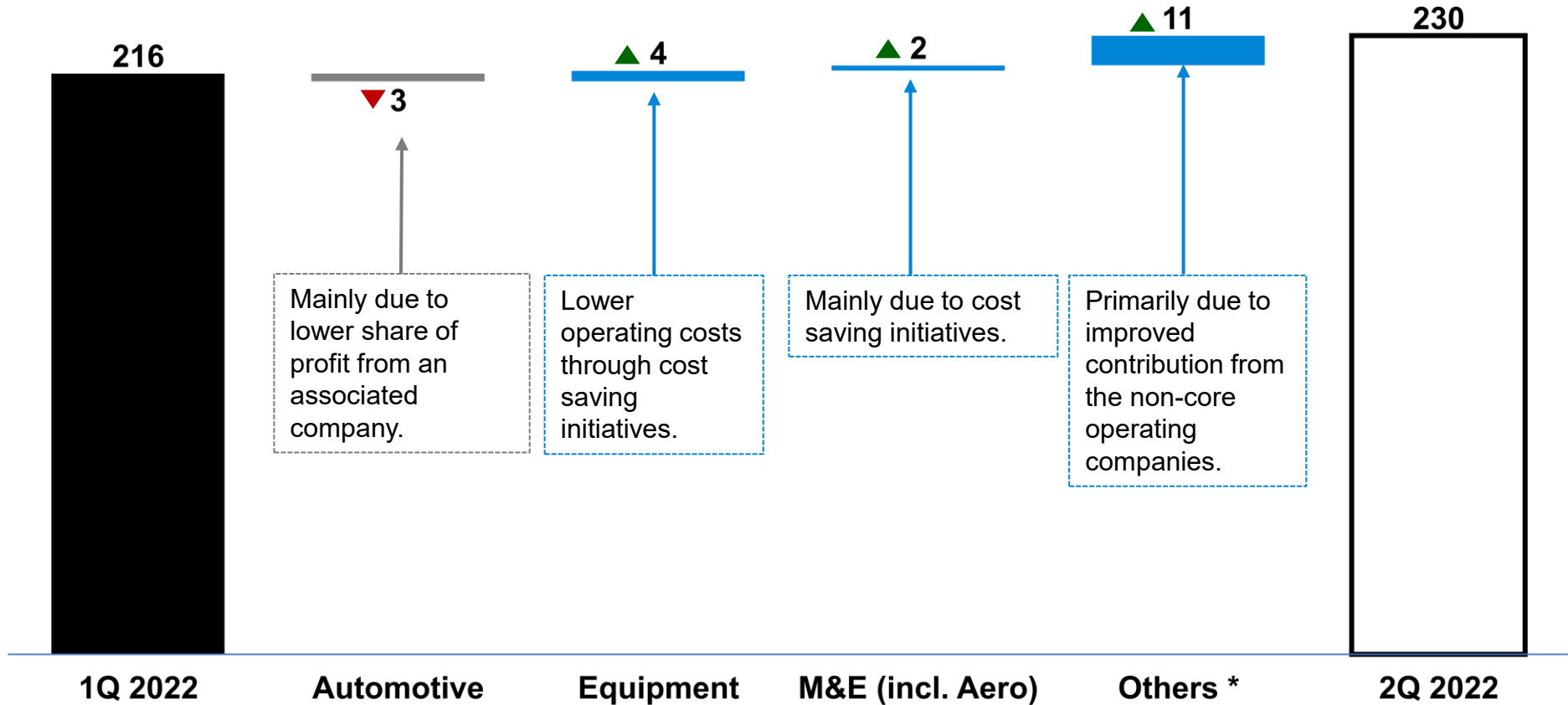


* Others represent HQ, other non-core operating companies, Unlisted O&G and Group adjustments.

Group PBTZ – 2Q 2022 vs 1Q 2022

The improvement was contributed by all segments, excluding Automotive

RM million



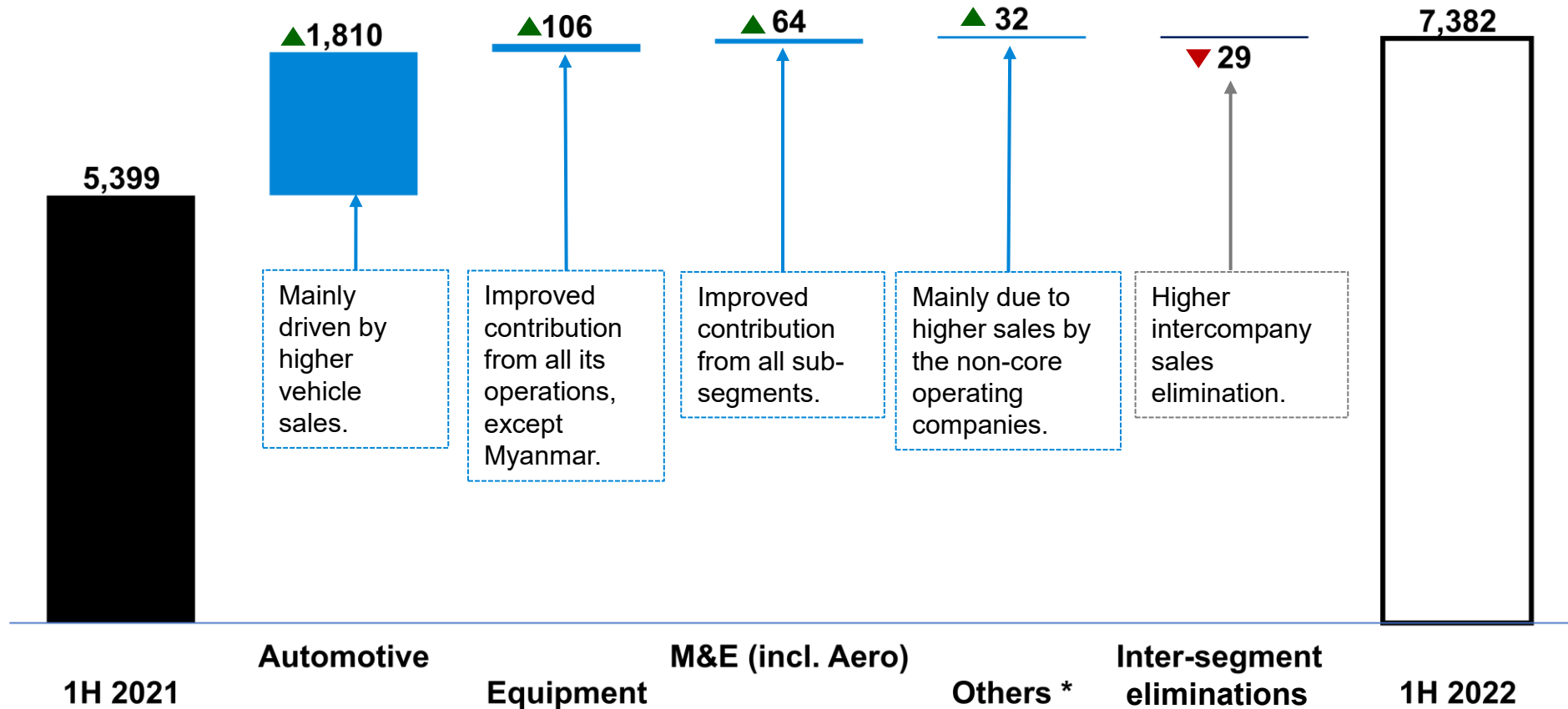
* Others represent HQ, other non-core operating companies, Unlisted O&G and Group adjustments.

Note: Calculation of variance above varies marginally to 2Q 2022 Financial Report in Bursa Malaysia's website due to rounding difference

Group Revenue – 1H 2022 vs 1H 2021

Increased by 37% due to improved contribution from all segments

RM million

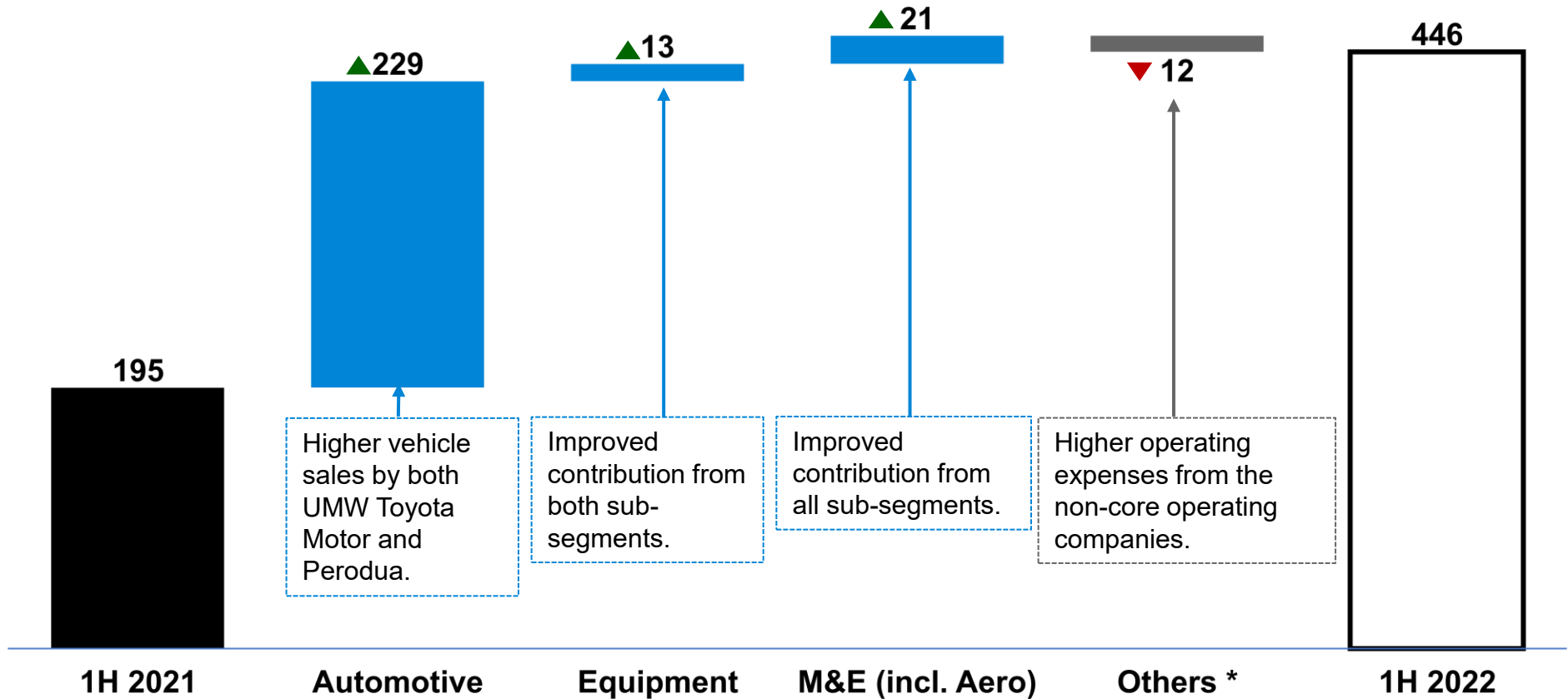


* Others represent HQ, other non-core operating companies, Unlisted O&G and Group adjustments.

Group PBTZ – 1H 2022 vs 1H 2021

Increased by more than 100% due to improved contribution from all core business segments

RM million



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

1H 2022 Core PATAMI

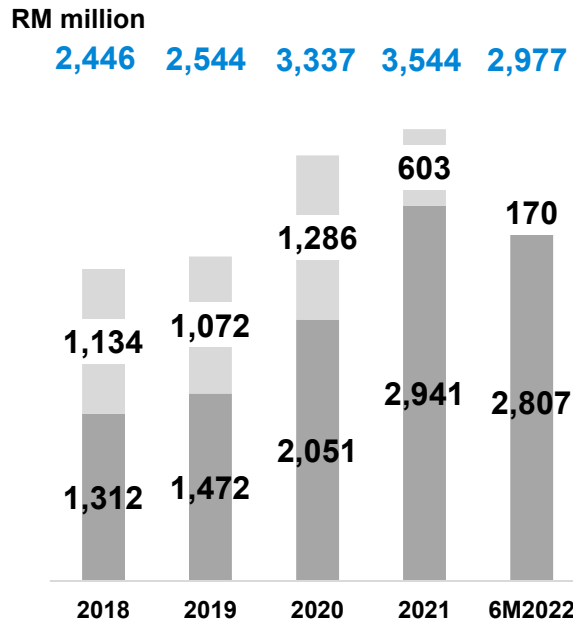
Stripping out exceptional items

	RM million	Remarks
Reported PATAMI	208	
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	215	

Cash and Debt Position

Successfully reduced gearing ratio after redemption of sukuk in April 2022

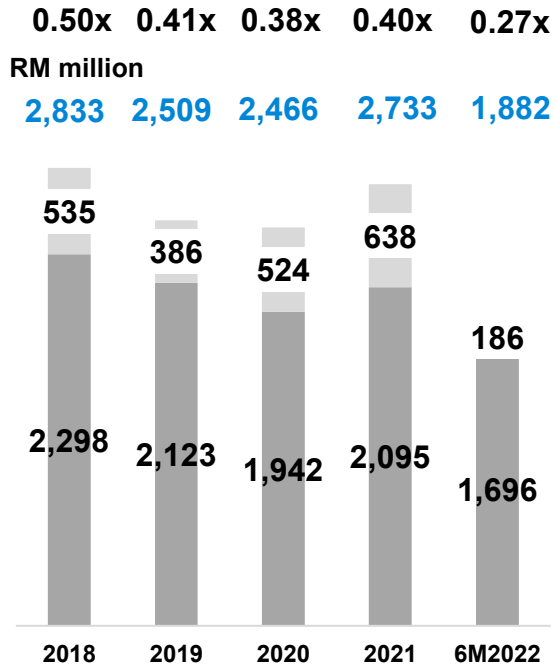
Deposits, cash, bank balances and money-market investments



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

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

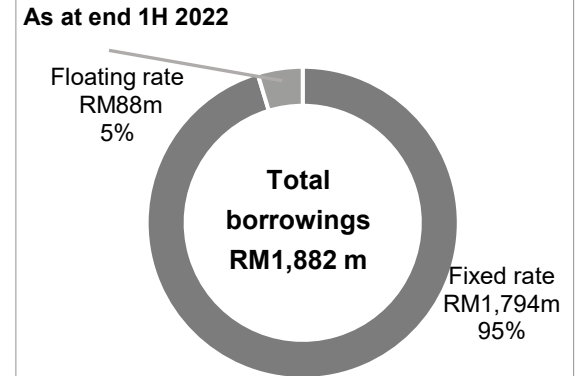
Gross gearing ratio and total borrowings



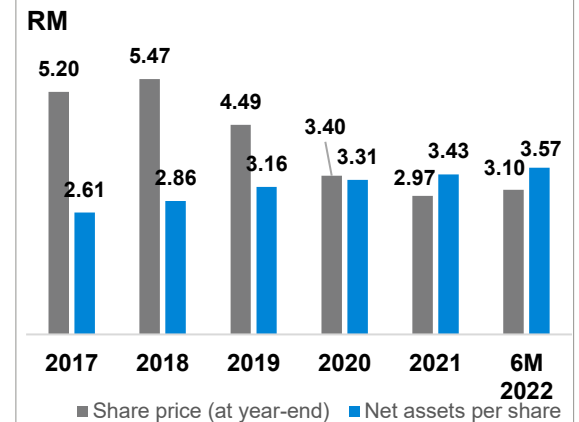
35 871 811 1,095
Improving net cash position

- Short-term borrowings
- Long-term borrowings

Debt profile by fixed / floating rate



Net assets per share

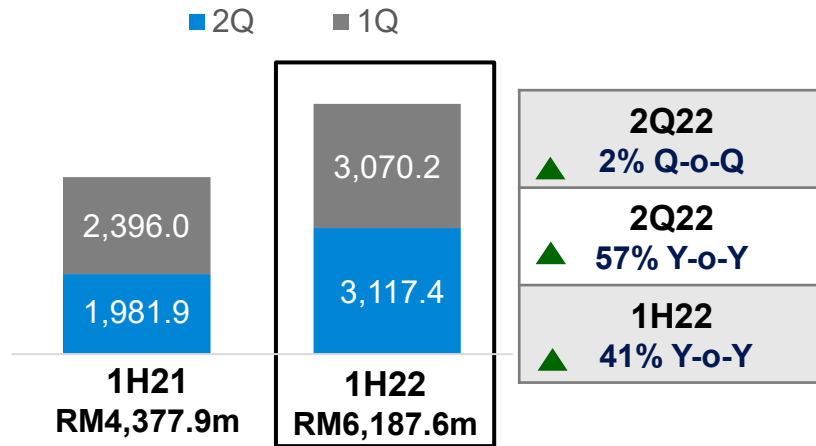


2Q 2022 Segmental Results

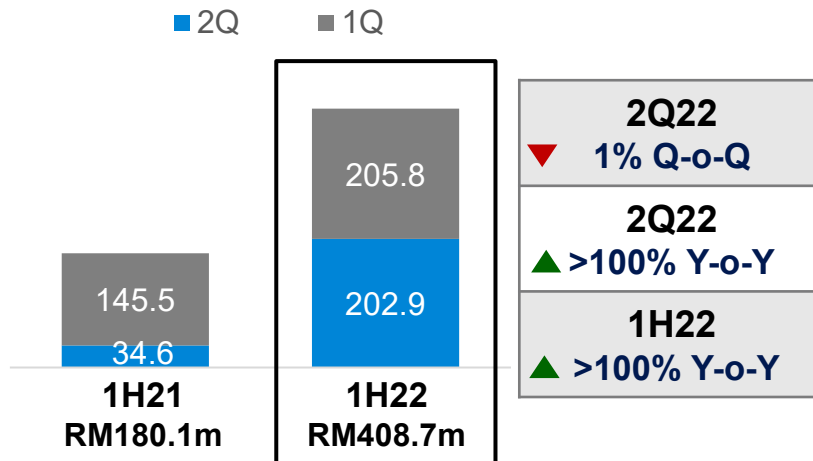
Automotive Segment

Continued strong sales momentum, supported by sales tax exemption

Revenue (RM million)



Profit Before Taxation and Zakat (RM million)



Automotive Results

2Q22 Financial Results

Y-o-Y

- The higher revenue was mainly due to the higher number of vehicles sold.
- PBTZ further improved due to higher share of profit from an associated company.

Q-o-Q

- Revenue increased marginally, mainly attributable to the higher sale of parts in the current quarter.
- Albeit the increase in revenue, PBTZ declined slightly, mainly due to the lower share of profit from an associated company.

1H22 Financial Results

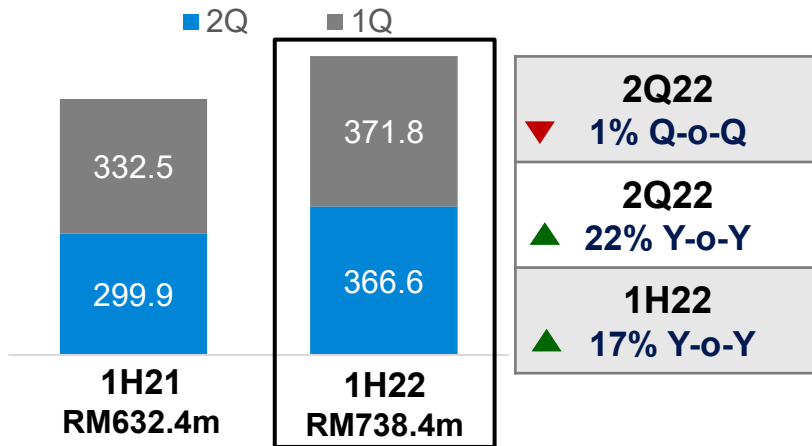
- Improved performance was mainly due to the continued strong sales momentum.

Note: Calculation of variance above varies marginally to 2Q 2022 Financial Report in Bursa Malaysia's website due to rounding difference

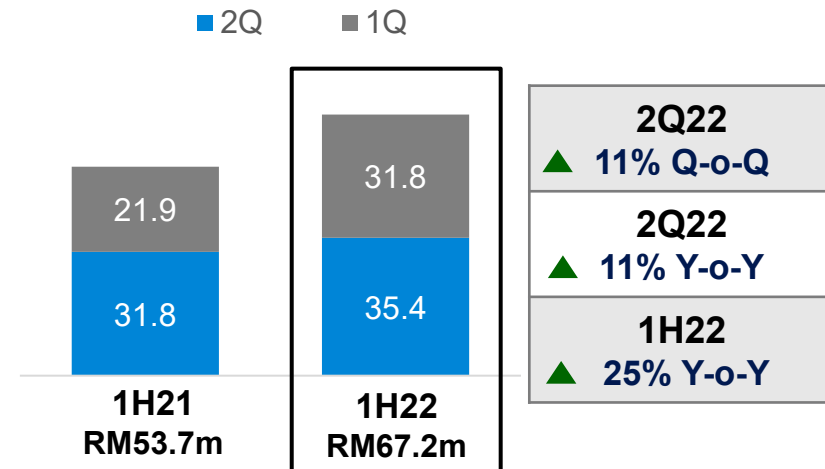
Equipment Segment

Improved demand following reopening of the economy

Revenue (RM million)



Profit Before Taxation and Zakat (RM million)



Equipment Results

2Q22 Financial Results

Y-o-Y

- Revenue and PBTZ increased mainly due to the growing demand for the segment's products and services in the local and overseas markets.

Q-o-Q

- Revenue declined marginally due to lower demand in an overseas operations.
- Nonetheless, PBTZ increased as a result of various cost saving initiatives.

1H22 Financial Results

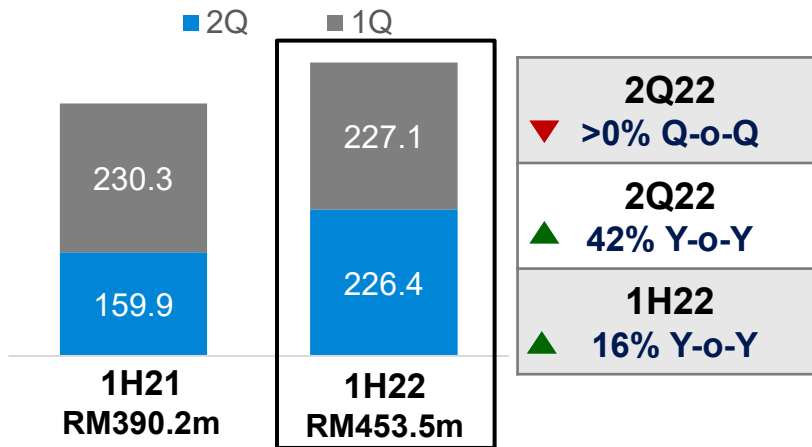
- Improved performance was mainly due to stronger demand for the segment's products and services.
- Myanmar operations continues to be impacted by the political situation.
- Toyota forklift extended its market leadership position in Malaysia's material handling equipment business.
- Komatsu strengthened its market share in Malaysia and Singapore.

Note: Calculation of variance above varies marginally to 2Q 2022 Financial Report in Bursa Malaysia's website due to rounding difference

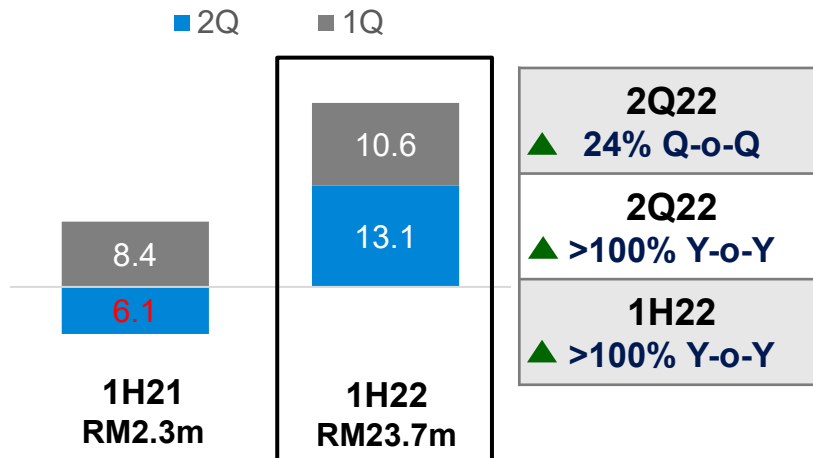
Manufacturing & Engineering and Aerospace Segments

Supported by improved demand from all sub-segments

Revenue (RM million)



Profit Before Taxation and Zakat (RM million)



Manufacturing & Engineering and Aerospace segments

2Q22 Financial Results

Y-o-Y

- Auto Components and Lubricants sub-segments registered higher revenue due to the improved demand in the automotive industry.

Q-o-Q

- Revenue declined marginally due to the lower delivery of fan cases.
- Nevertheless, PBTZ was higher due to various cost saving initiatives.

1H22 Financial Results

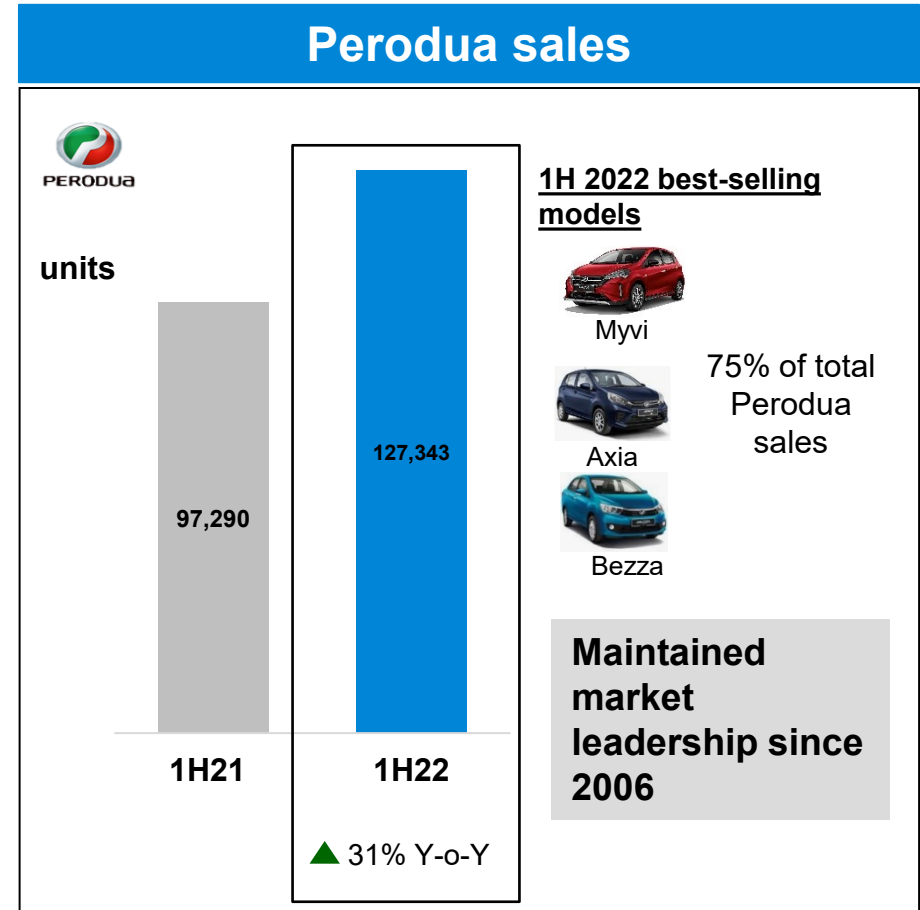
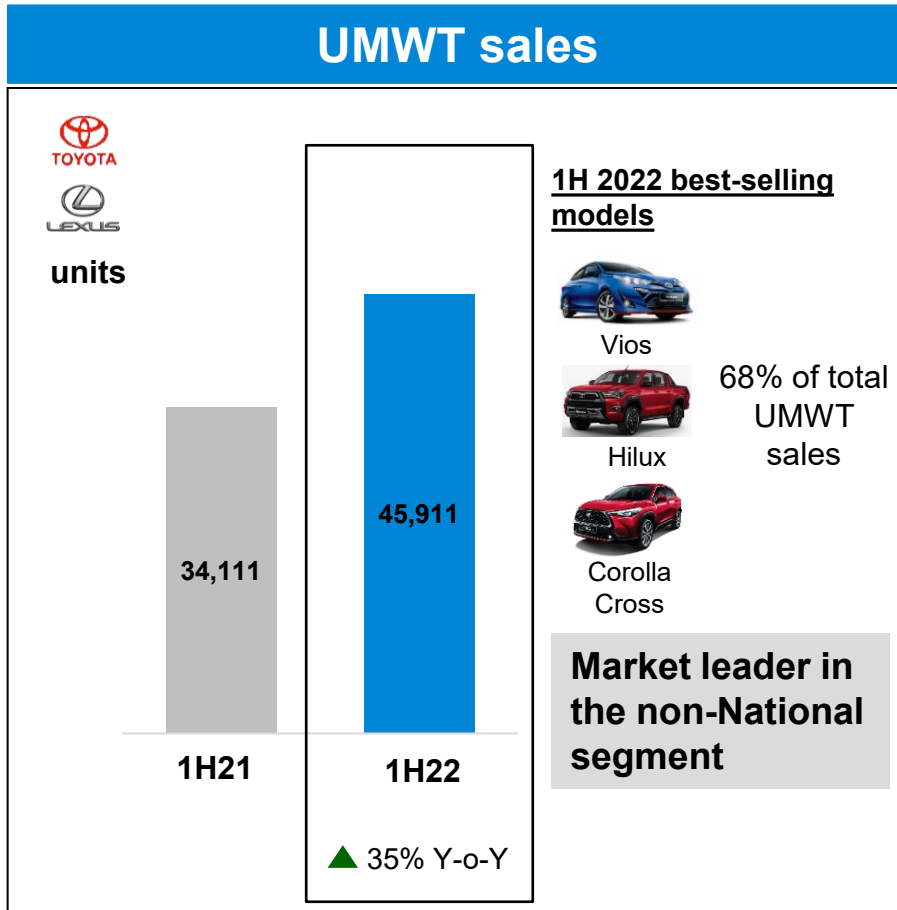

- Auto Components, Lubricants and Aerospace sub-segments registered increased revenue following higher demand for its products.
- PBTZ was higher, in line with the increase in revenue.

Note: Calculation of variance above varies marginally to 2Q 2022 Financial Report in Bursa Malaysia's website due to rounding difference

Operational Update and Outlook

Automotive Segment - Sales Breakdown

Encouraging order book to support sales in 2H 2022

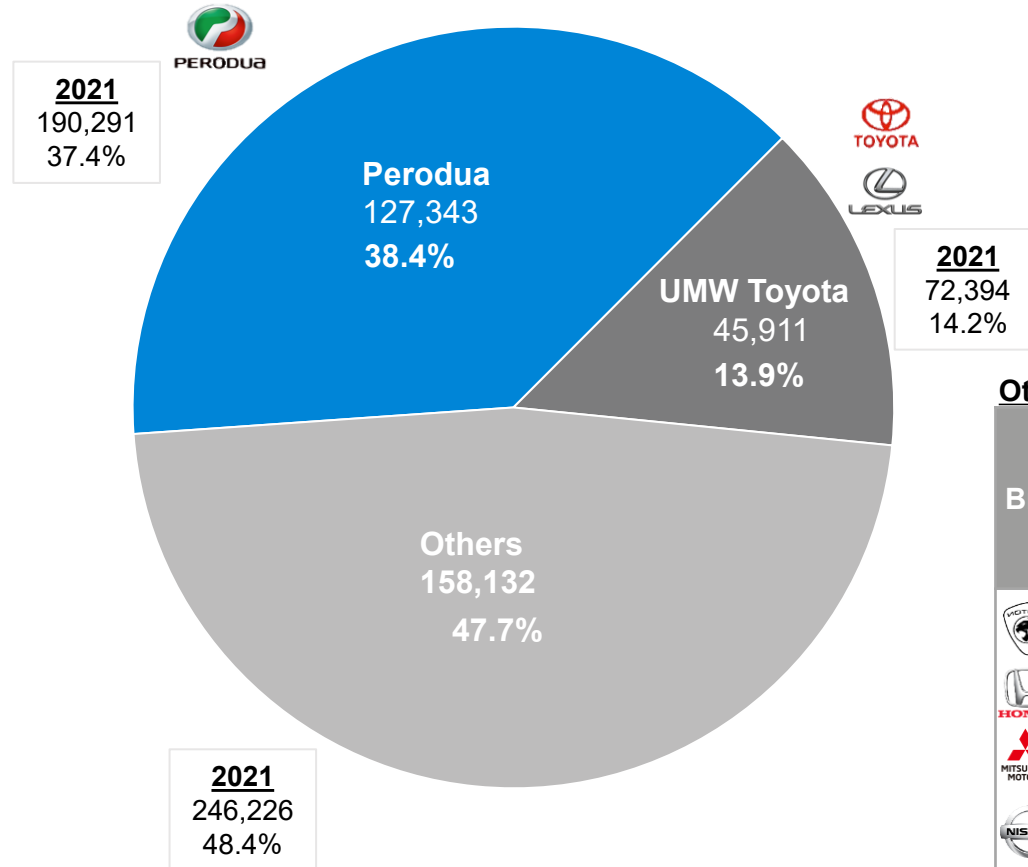
1H 2022 sales
331,386 units
▲ 33% Y-o-Y

Revised 2022 target to 630,000 units
from 600,000 units

Automotive Segment - Market Share

The Group collectively commands the domestic automotive market share

UMW Group's market share for 1H 2022 was 52.3% (2021 – 51.6%).



Other Carmakers' Sales and Market Share

Brand	1H 2022		2021	
	Units	Market Share %	Units	Market Share %
 Proton	57,402	17.3	111,695	21.9
 Honda	39,673	12.0	53,031	10.4
 Mitsubishi	13,218	4.0	18,957	3.7
 Nissan	7,775	2.3	12,286	2.4
 Mazda	7,193	2.2	10,660	2.1
Other brands	32,871	9.9	39,597	7.8
Total TIV	331,386		508,911	

Source: Malaysian Automotive Association

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)



- Order taking for the all-new Toyota Veloz has commenced on 24 Jun 2022.
- The CKD seven-seater MPV replaces the Toyota Avanza.

Outlook

Revised 2022 sales target to 80,000 units (from 73,000 units) – based on encouraging outstanding orders.



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

Year-to-date launches...



Perodua Alza
(20 Jul 2022)

- As at 18 Aug, the all-new Perodua Alza has received over 41,000 bookings since order books opened on 23 Jun 2022, the highest ever in its history.
- Available in 3 variants.

Perodua has a development capability of one full model change (all-new) and two minor changes (facelifts) per year.

Outlook

2022 sales target of 247,800 units supported by healthy outstanding order book and introduction of new and facelifted models – have secured sufficient semiconductor chips to meet its sales target.

Take initiatives towards carbon neutrality with transition into electrification, starting with Hybrid – the Perodua Ativa Hybrid will be introduced, via subscription scheme.

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 outlook

Industrial Equipment

Stand to benefit from diversification and reshaping of global supply chain strategies

According to Knight Frank Malaysia, more multinational companies are setting up new businesses and facilities within the ASEAN region to manage the rising costs and supply chain disruptions.

Improving demand in growth sectors

We observe improved demand in sectors such as manufacturing, food and beverage, and logistics.

Upcoming supply of industrial space will be supportive of material handling equipment sales

Heavy Equipment

Demand to be underpinned by increased construction activities

Increased infrastructure spending to drive demand in Malaysia, Singapore and Papua New Guinea.

Higher commodity prices will be supportive of demand for heavy machineries

- Papua New Guinea operations to be supported by recovery in the mining sector.

Companies are likely to push for utilisation of machineries to offset manpower shortages

Equipment Segment

Growth strategy



Industrial Equipment

Regional expansion of forklift refurbishment

Promotion of '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

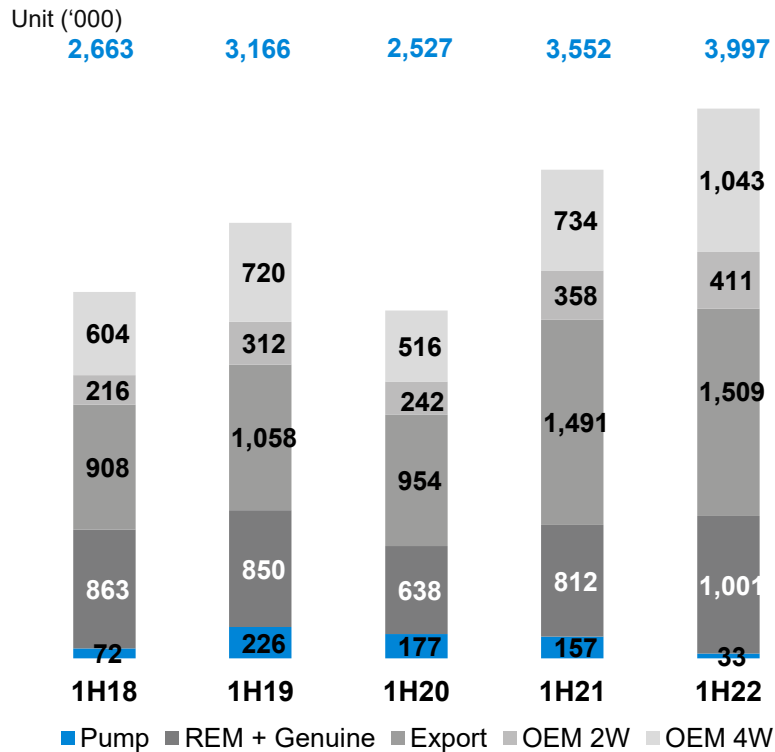
Expansion of parts & service sales

Collaboration with financial institutions

Manufacturing & Engineering Segment

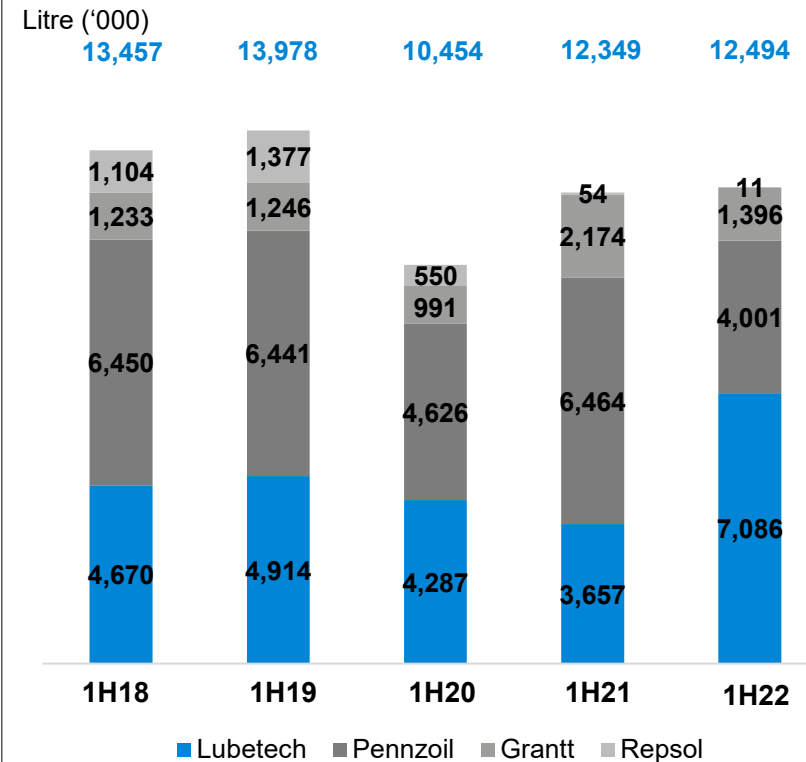
Supported by stronger demand from OEMs

KYB-UMW (units sold)



Overall sales improved by 13% to 4 million units in 1H 2022 as demand for OEM and REM continues to remain strong.

Lube Group (litres sold)



Lubetech's sales almost doubled in 1H 2022, supported by the strong demand from OEMs.

Manufacturing & Engineering Segment

Operational outlook

Auto Components

Demand to be supported by higher forecasted TIV in 2022

The automotive Original Equipment (“OE”) market is expected to rebound while the Replacement Equipment (“RE”) market, both domestic and export, remains high from the backlog of orders.

Lubricants

The reopening of the economy is supportive of demand for lubricants

The Original Equipment (“OE”) and Replacement Equipment (“RE”) markets could drive demand from the projected higher automotive sales. Furthermore, with the reopening of international borders, exports are also expected to improve.

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



Lubricants

Construction of Smart Lubricant plant

Explore opportunities in industrial and commercial lubricant segments

Expansion to ancillary lube (brake fluid and coolant) products

Focus on Bio-lubricants: Bio-hydraulic as entry point (“Green” products)

Aerospace Segment

To be supported by the steady growth in the air passenger and cargo traffics

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

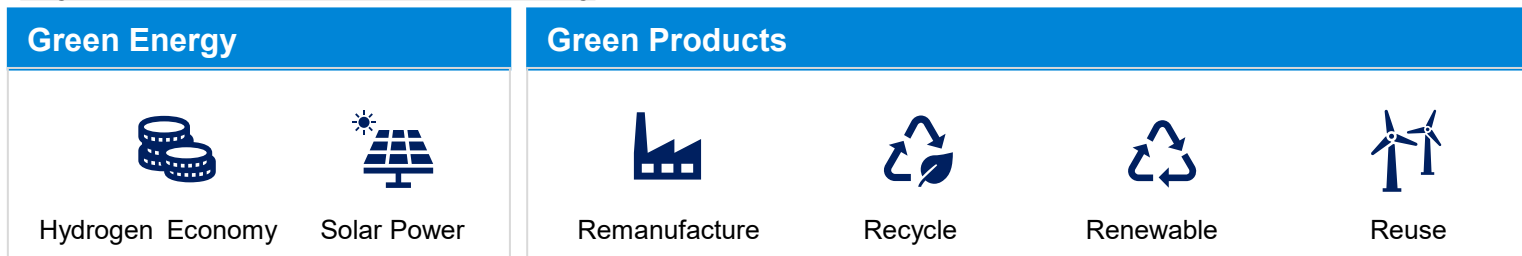
CREST@2021 - Redefining Sustainability

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

46,995 mangrove trees have been planted as of Jul 2022

UMW Bamboo Project (Denai Sungai Kebangsaan by KASA)

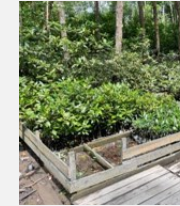
10,000 bamboo trees to be planted by 2022

3,600 bamboo trees have been planted as of 13 Aug 2022

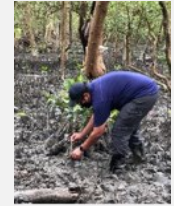
Aligns with United Nations Sustainability Development Goals (“UNSDG”)



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












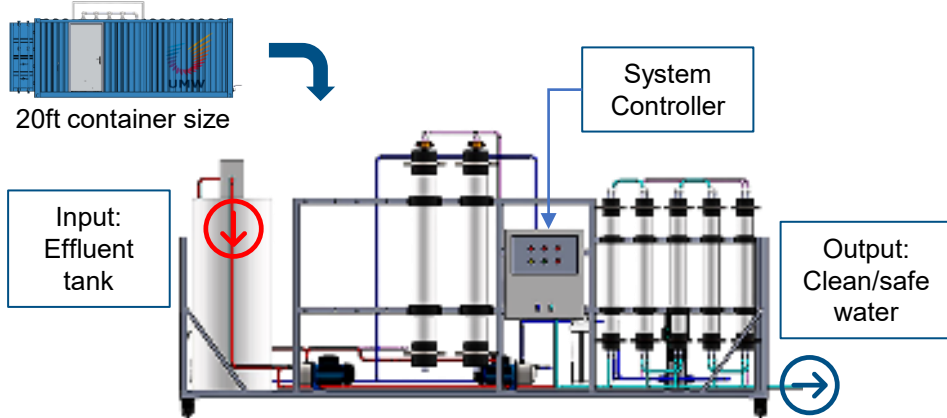



Our Commitment towards Reducing Climate Change Impact

Race to Electric Mobility

	2022	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	Description
<p>1 – Battery Revival Unique Strategy System (BRUSS)</p> 	<p>Battery revival device that can extend battery life using de-sulphation process.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Advantages</p>  <p>Cost saving</p>  <p>High efficiency</p>  <p>Robust and durable</p>  <p>Waste reduction</p> </div> <div style="text-align: center;"> <p>Applications</p>  <p>Transportation vehicle</p>  <p>Industrial machinery</p>  <p>Solar PV system</p>  <p>Uninterrupted Power Supply (UPS)</p>  <p>Telecommunication</p> </div> </div>
<p>2 – Water Reclamation Plant (WRP) using in-house Ultrafiltration Membrane</p> 	<p>UMW's WRP is a compact solution of effluent/industrial water filtration and disinfection system to produce clean and safe 'reclaimed water' for industrial consumption.</p>  <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <p>20ft container size</p> </div> <div style="text-align: center;"> <p>System Controller</p> </div> <div style="text-align: center;"> <p>Input: Effluent tank</p> </div> <div style="text-align: center;"> <p>Output: Clean/safe water</p> </div> </div> <div style="display: flex; justify-content: flex-end; margin-top: 20px;"> <ul style="list-style-type: none"> <li style="margin-bottom: 10px;">  <p>High Performance Membrane</p> <li style="margin-bottom: 10px;">  <p>Long Lifespan</p>  <p>High Mechanical Tensile</p> </div>

Social and People Wellbeing

Created a positive impact and well-being of local communities in 2021

UMW Community Champion

- **250** volunteers
- **1,840** volunteer hours

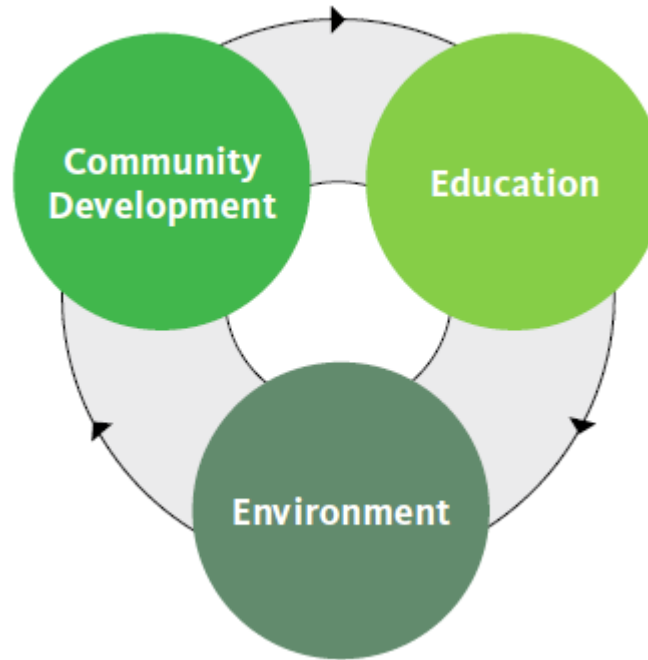
RM10.8m contributed to community investment

RM2.1m contributed to more than 1,500 flood victims

About **RM8.6m** Zakat contribution made

Completed employees and vendors vaccinations under **Program Imunisasi Industri COVID-19 Kerjasama Awam-Swasta (PIKAS)**

Organised the **Perantisan Penjana Kerjaya Programme 2.0** which benefited more than 400 participants



Donated **RM50,000** to the **Worldwide Fund for Nature (WWF)**'s study on the Net Zero Pathway for Malaysia by 2050.

Achieved **45,767 hours** of training, with **7.9 average hours per employee** per year

Rolled out **EnergizeUMW** 24/7 helpline to provide remote therapy sessions for employees

UMW Executive Development Programme (UEDP) for employees strategic and targeted leadership

25% women's representation in Senior Management roles

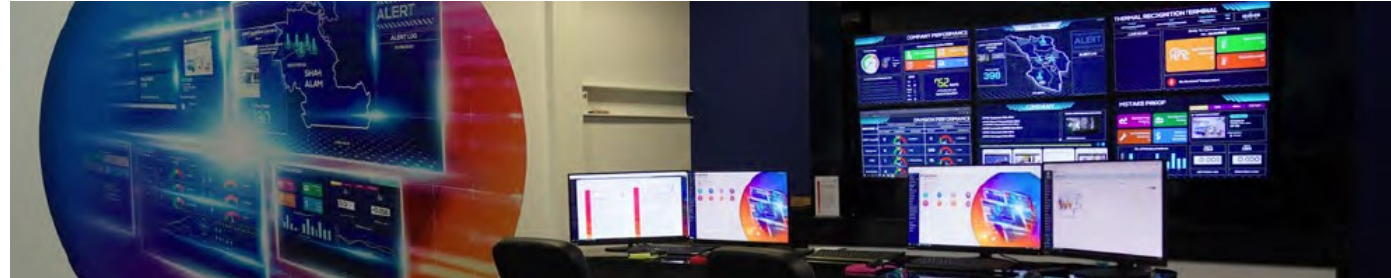
More than **30% female directors**

Flexible Benefits (**Flexi-Ben**) Scheme for employees

Health, Safety, Security and Environment (HSSE) and Governance

Digitalising HSSE as part of CREST@2021 strategic transformation framework

Introduced the HSSE website, namely SafeUhub



- HSSE information accessible via mobile applications.
- Scheduled Waste via the e-Tracking system (SWeT) monitoring.
- Conducted important occupational health and industrial hygiene activities such as audiometric tests, noise risk assessments and chemical exposure monitoring.

UMW undertook a corruption risk assessment to uphold good corporate governance and integrity by:

- Enhanced the Group Anti-Bribery and Corruption Policy (ABCP).
- Enhanced the Group Whistleblowing Policy (GWP).
- Maintained zero corruption convicted case.
- Established the three-year Integrity and Governance Unit (IGU) Blueprint 2021-2023.
- Embarked on ISO 37001 Anti-Bribery Management Systems certification.
- Established the UMW's Sustainable Supply Chain Policy integrated with labour, health and safety compliance including environmental aspects such as energy use, climate change impact, water use, biodiversity, pollution, waste reduction and resource use.

THANK YOU

Corporate Portal
www.umw.com.my

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