

UMW REGISTERS PRE-TAX PROFIT OF RM17.6M IN 4Q17

RM million	4Q17	4Q16	YoY(%)
Profit /(Loss) Before Taxation	17.6	(542.8)	>+100



EXECUTIVE SUMMARY

4Q17 financial highlights

- The Group registered revenue from Continuing Operations of RM2,954.7 million for the current quarter ended 31 December 2017, marginally higher than the RM2,937.9 million reported for the same quarter last year.
- The Group posted a profit before taxation from Continuing Operations of RM17.6 million for the current quarter compared with a loss of RM542.8 million in the same quarter of previous year.
- Consolidated cash and deposits stood at RM1.2 billion.

4Q17 highlights

- UMW Toyota Motor sold 20,517 units in the last quarter of 2017. For FY17, it sold 70,445 units, surpassing its target of 70,000 units.
- Perodua sold a total of 204,887 units in 2017, exceeding its target of 202,000 units. It launched the new Myvi on 16 November 2017. Perodua continues to be the market leader in the Malaysian automotive industry since 2006.
- Equipment segment's revenue surged by 19%, mainly contributed by the heavy equipment business, which benefited from the strong demand in product support sales.
- Manufacturing & Engineering segment recorded 10% higher revenue, largely provided by the auto components business.
- On 29 November 2017, UMW Aerospace Sdn. Bhd. successfully delivered its first fan case to Rolls-Royce.

Prospects for 2018

- The Group targets to sell more than 279,000 units of new vehicles in 2018 and hopes to maintain its 48% overall market share.
- Equipment segment is expected to perform better in 2018 with improved demand for heavy equipment and continued strong contribution from the industrial equipment segment.
- Manufacturing & Engineering segment is forecasted to register better results with increased demand for auto components and lubricants. The ramp-up production of fan cases should taper the operating losses at the aerospace unit.
- Following the completion of the demerger of UMW-OG and exit from the Unlisted oil & gas segment, the Group is in better position to focus on the growth of its remaining three core businesses.

Dividend

- No interim dividend has been recommended for the quarter ended 31 December 2017.

Dear fund managers and analysts,

The Group's revenue from Continuing Operations was marginally higher in 4Q17, as Equipment and Manufacturing & Engineering segments registered improved contribution. Automotive and Equipment segments continued to be profitable.

The Automotive segment recorded PBT of RM141.6 million in 4Q17, a decrease of 3.9% compared to 4Q16, mainly due to lower contribution from the Perodua Group amidst challenging market conditions, intense competition and strict underwriting guideline.

The Equipment segment recorded higher revenue in 4Q17, principally due to the strong demand for product support sales in the heavy equipment operations. However, PBT was affected by provision for slow-moving stock for heavy equipment.

The Manufacturing & Engineering segment recorded improved revenue in the last quarter, mainly contributed by the auto component business. However, it registered a small loss in 4Q17, largely due to start-up operating expenses incurred by the aerospace business.

The assets in the Unlisted oil & gas segment have been written down to fair value in 4Q17. Consequently, we do not expect any adverse material impact to this segment moving forward. Hence, the Group is expected to return to profitability in 2018.

Badrul Feisal Bin Abdul Rahim
President & Group CEO
UMW Holdings Berhad

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Group Income Statement

	4Q17 RM'000	4Q16 RM'000	3Q17 RM'000	FY 2017 RM'000 (Unaudited)	FY 2016 RM'000 (Audited)	% change (YoY)
Consolidated Revenue	2,980,854	3,055,758	2,671,008	11,381,037	10,958,515	-2.5
Share of Profits of Associated Companies	58,302	71,862	29,648	171,724	183,616	-18.9
Profit Before Taxation	(394,760)	(2,074,481)	19,932	(549,935)	(2,130,225)	+81.0
Net (Loss)/Profit Attributable To Shareholders	(432,670)	(1,533,664)	(29,367)	(651,195)	(1,658,039)	+71.8

Current prospects

Automotive Segment

- The Malaysian Automotive Association forecasted Total Industry Volume for 2018 to be 590,000 units, a growth of 2.3% over the 576,635 units sold in 2017.
- The UMW Group targets to sell more than 279,000 units in 2018 and hopes to maintain its 48% overall market share.
- Outlook for the segment is expected to be sustainable in 2018.
- The first half of the year is expected to remain competitive with other automotive players seeking to clear 2017 stocks and capitalizing on the festive promotions.

Equipment Segment

- Malaysia's macro-economy will remain positive in 2018 with forecasted gross domestic product of above 5.3% driven by domestic demand.
- The government's allocation of higher spending for infrastructure projects is expected to increase the demand for heavy equipment.
- For Industrial equipment, growth is expected to sustain with the healthy level of secured orders in hand, albeit stiff competition.

Manufacturing & Engineering Segment

- The automotive component operations is forecasted to improve with new models introduced by its customers.
- Replacement Equipment Manufacturers sales for both domestic and export markets are expected to contribute higher revenue.
- The lubricants business in Malaysia is growing and manufacturing capacity expansion projects are already in place to cater for the increased demand. In addition, lubricant businesses in China and Indonesia are also expected to rise.
- The aerospace business with Rolls-Royce is progressing as per schedule and currently in the ramp-up stage to deliver the fan cases as per contractual agreement.

BUSINESS SEGMENT – AUTOMOTIVE

	4Q17 RM'000	4Q16 RM'000	3Q17 RM'000	FY 2017 RM'000 (Unaudited)	FY 2016 RM'000 (Audited)	% change (YoY)
Revenue	2,386,676	2,454,464	2,115,924	8,953,800	8,450,956	-2.8
Profit Before Taxation	141,602	147,434	106,073	433,713	496,931	-4.0

Company	UMW Toyota Motor Sdn. Bhd. (51% subsidiary company)	Perusahaan Otomobil Kedua Sdn. Bhd. (38% associate company)
Vehicle sales	<ul style="list-style-type: none"> Toyota sold 20,211 units in 4Q17 compared with 19,237 units in 4Q16 (+5.1%) and 15,567 units in 3Q17 (+29.8%). For 4Q17, Lexus sold 306 units compared with 388 units in 4Q16 (-21.1%) and 237 units in 3Q17 (+29.1%). 	<ul style="list-style-type: none"> Perodua registered sales of 53,307 units for 4Q17 compared with 56,221 units in 4Q16 (-5.2%) and 51,905 units in 3Q17 (+2.7%).
Market share of TIV	<ul style="list-style-type: none"> Market share for Toyota including Lexus for 2017 was at 12.2%. 	<ul style="list-style-type: none"> Market share for Perodua for 2017 was at 35.5%. Maintained the No. 1 position since 2006.
4Q17 Highlights	<ul style="list-style-type: none"> According to the J.D. Power 2017 Malaysia Sales Satisfaction Index (SSI) Study, Toyota (and Isuzu) managed to occupy the top spot in the study with a score of 823 points (on a 1,000-point scale). The improved models of Toyota Camry, Corolla Altis, Hilux, Fortuner and Innova were introduced in September 2017. 9 November 2017 - Toyota Harrier Malaysia 2018 prices were announced – 2.0T Premium at RM238,000 and 2.0T Luxury at RM259,900. UMW Toyota Motor has confirmed that the upcoming Toyota C-HR will be launched in early-2018 with an estimated price of RM145,500 (excluding insurance). The offered price is limited only to customers who have pre-registered earlier. Toyota Topmark is being expanded to offer the latest Toyota & Toyota Hybrid Certified Pre-Owned Cars to customers in more areas in Malaysia. 	<ul style="list-style-type: none"> On 6 October 2017, Perodua's first ever hybrid new and retail pre-owned vehicles sales outlet, Perodua KL, costing RM1.7 million to set up, started operations. It's ideal for those looking for the best deal either for a new or pre-owned certified Perodua vehicles. The All-New Myvi was launched on 16 November 2017. It comes in 5 variants and priced from RM44,300 to RM55,300 (on-the-road without insurance). As at 19 January 2018, Perodua has collected 36,000 bookings for the Myvi in less than two and a half months after order books opened on 8 November 2017. Of this, 11,000 units have been delivered.
2018 sales forecast	<ul style="list-style-type: none"> Sales forecast for Toyota including Lexus for 2018 is more than 70,000 units. 	<ul style="list-style-type: none"> Sales forecast for Perodua is 209,000 units.

BUSINESS SEGMENT – EQUIPMENT

	4Q17 RM'000	4Q16 RM'000	3Q17 RM'000	FY 2017 RM'000 (Unaudited)	FY 2016 RM'000 (Audited)	% change (YoY)
Revenue	393,460	330,848	369,334	1,456,579	1,382,815	+18.9
Profit Before Taxation	29,645	29,896	39,251	140,640	145,620	-0.8

Heavy Equipment	Industrial Equipment	Marine & Power Equipment
<p>Updates (Komatsu products covering Malaysia, Singapore, PNG and Myanmar)</p> <ul style="list-style-type: none"> Malaysia - equipment market size for heavy equipment recorded a 35% growth compared to 2016, as work accelerated on infrastructure projects such as Klang Valley Rapid Transit 2, Light Rail Transit 3, Pan Borneo Highway and Balleh Dam. However, market share was limited by stiff competition. For PNG operations, shortage of foreign currency and the lack of government funding before & after the election period had resulted in a major slowdown in sales related to infrastructure development. Myanmar – promising parts sales was registered from the jade & copper mining sectors with the active mining activities and on-going repairs & maintenances carried out for the aging fleet of machineries. 	<p>Market share</p> <ul style="list-style-type: none"> UMW Industries continue to maintain Toyota forklift's leading position in Malaysia's material handling equipment market. <p>Highlights</p> <ul style="list-style-type: none"> Delivered 54 units of Toyota forklift and BT warehouse truck under renewal rental contracts with Nestle Group Delivered 42 units of Toyota towing tractors to TRC International Delivered 30 units of Toyota forklift under new rental contracts with MAB Cargo Sdn. Bhd. Delivered 22 units of Toyota forklift under new and renewal rental contracts with Petronas Dagangan Bhd. Delivered 18 units of Toyota forklift and BT warehouse truck under new and renewal rental contracts with Perodua Group Delivered 16 units of Toyota forklift to LJ Machinery Sdn. Bhd. Delivered 13 units of Toyota forklift to Pascorp Paper Sdn. Bhd. Delivered 10 units of Toyota forklift under new and renewal rental contracts with F&N Beverages Manufacturing Sdn. Bhd. 	<p>Highlights</p> <ul style="list-style-type: none"> Awarded contract by Destini Shipbuilding to supply 2 sets of Desmi Oil Spill Response equipment for the installation on Angkatan Penguatkuasa Maritim Malaysia Offshore Patrol vessels. Secured 4 years maintenance contract from Sarawak Shell for the supply of parts and maintenance services of GE gas compressors.
<p>Current prospects</p> <ul style="list-style-type: none"> Demand for heavy equipment will be supported by the construction sector together with infrastructure development requirements. Industrial equipment growth is expected to sustain with the healthy level of secured orders in hand, albeit stiff competition. This segment is expected to perform better in 2018. 		

BUSINESS SEGMENT – MANUFACTURING & ENGINEERING

	4Q17 RM'000	4Q16 RM'000	3Q17 RM'000	FY 2017 RM'000 (Unaudited)	FY 2016 RM'000 (Audited)	% change (YoY)
Revenue	170,049	154,473	155,818	645,621	601,460	+10.1
Profit Before Taxation	(3,030)	4,663	(6,730)	(16,261)	24,619	>-100

Results	<ul style="list-style-type: none"> The segment recorded higher revenue of 10.1% in 4Q17 compared to the same period last year. The higher revenue was contributed mainly by the auto component business. Auto component and lubricant businesses were profitable. However, the overall result was affected by the early start-up operating expenses incurred by the aerospace business
Performance for the quarter	<ul style="list-style-type: none"> For 4Q17 in comparison with the 4Q16, profitability of the auto component business in Malaysia improved mainly due to cost saving initiatives that have been successfully implemented for the purchase of raw materials and other operating expenses. Despite the challenging business environment with higher base oil price and large number of competitors, lubricants business in China performed better than expected. UMW Aerospace successfully delivered the first fan case on 29 November 2017.
Current prospects	<ul style="list-style-type: none"> The automotive component operations is forecasted to improve with new models introduced by its customers. Replacement Equipment Manufacturers sales for both domestic and export markets are expected to contribute higher revenue. The lubricants business in Malaysia is growing and manufacturing capacity expansion projects are already in place to cater for the increased demand. In addition, lubricant businesses in China and Indonesia are also expected to rise. The aerospace business with Rolls-Royce is progressing as per schedule and currently in the ramp-up stage to deliver the fan cases as per contractual agreement.

BUSINESS SEGMENT – OIL & GAS (UNLISTED)

	4Q17 RM'000	4Q16 RM'000	3Q17 RM'000	FY 2017 RM'000 (Unaudited)	FY 2016 RM'000 (Audited)	% change (YoY)
Revenue	26,196	64,161	37,534	120,371	200,665	-59.2
Profit Before Taxation	(412,344)	(615,913)	(35,592)	(519,625)	(706,471)	+33.1

Results	<ul style="list-style-type: none"> The segment registered 59% lower revenue in the quarter under review compared with the same quarter of 2016. The decrease was primarily resulted from the weak demand of OCTG products and cessation of operations in Oman. Loss before taxation for the segment reported RM412.3 million as compared to RM615.9 million in the last quarter of 2017. Included in the loss was a write-down of assets amounting to RM286.3 million, as part of the Group's exit strategy from this segment.
Prospects for 2018	<ul style="list-style-type: none"> Following the exit of the Oil & Gas segment, the Group do not expect any adverse material impact in 2018.

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Consolidated Balance Sheet

	At 31/12/2017 RM'000 (Unaudited)	At 30/9/2017 RM'000 (Unaudited)	At 31/12/2016 RM'000 (Audited)
Investment In Associates	1,650,864	1,970,225	1,953,223
Property, Plant & Equipment	2,660,583	2,611,923	7,678,533
Deposits, Cash & Bank Balances	1,163,439	1,280,954	1,857,424
Inventories	1,342,703	1,625,295	1,931,189
TOTAL ASSETS	9,941,951	10,446,818	16,263,024
Long Term Borrowings	2,069,717	2,044,232	3,715,777
Short Term Borrowings (include ODs)	691,849	827,148	2,639,329
TOTAL EQUITY	4,175,829	4,656,845	6,864,275
Net Assets Per Share (RM)	2.64	3.01	4.04



THANK YOU



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