

UMW Holdings Berhad



INVEST ASIA 2017

5 May 2017, London



ENHANCING CAPABILITIES

Laying Building Blocks for Excellence



Tier 1 supplier to
Rolls-Royce



35 years with Toyota
24 years with Daihatsu



Founded in 1917



OUR BUSINESS



Automotive



- **Manufacture**
- **Assembly**
- **Distribution**
- **Sales & Service**

Equipment



- **Distribution**
- **Trading**
- **After-sales service**

M&E



- **Blending & Distribution of lubricants**
- **Manufacture of automotive components**
- **Manufacture of fan case**

O&G (Listed)



- **Drilling operations**
- **Oilfield services**

Non-listed O&G Assets



- **Manufacturing**
- **Land Rigs**
- **Trading**

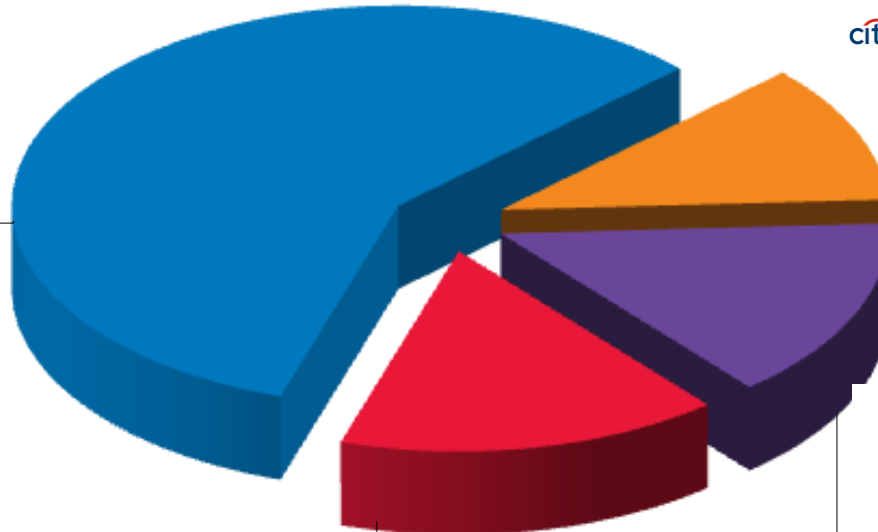
OUR SHAREHOLDERS - (As at 31/03/2017)



Permodalan Nasional Berhad (PNB)/
PNB Managed Unit Trust Funds, **58.19%**



Foreign
Shareholders, **11.24%**



Market Capitalisation
(31/03/2017)
RM7.0 billion



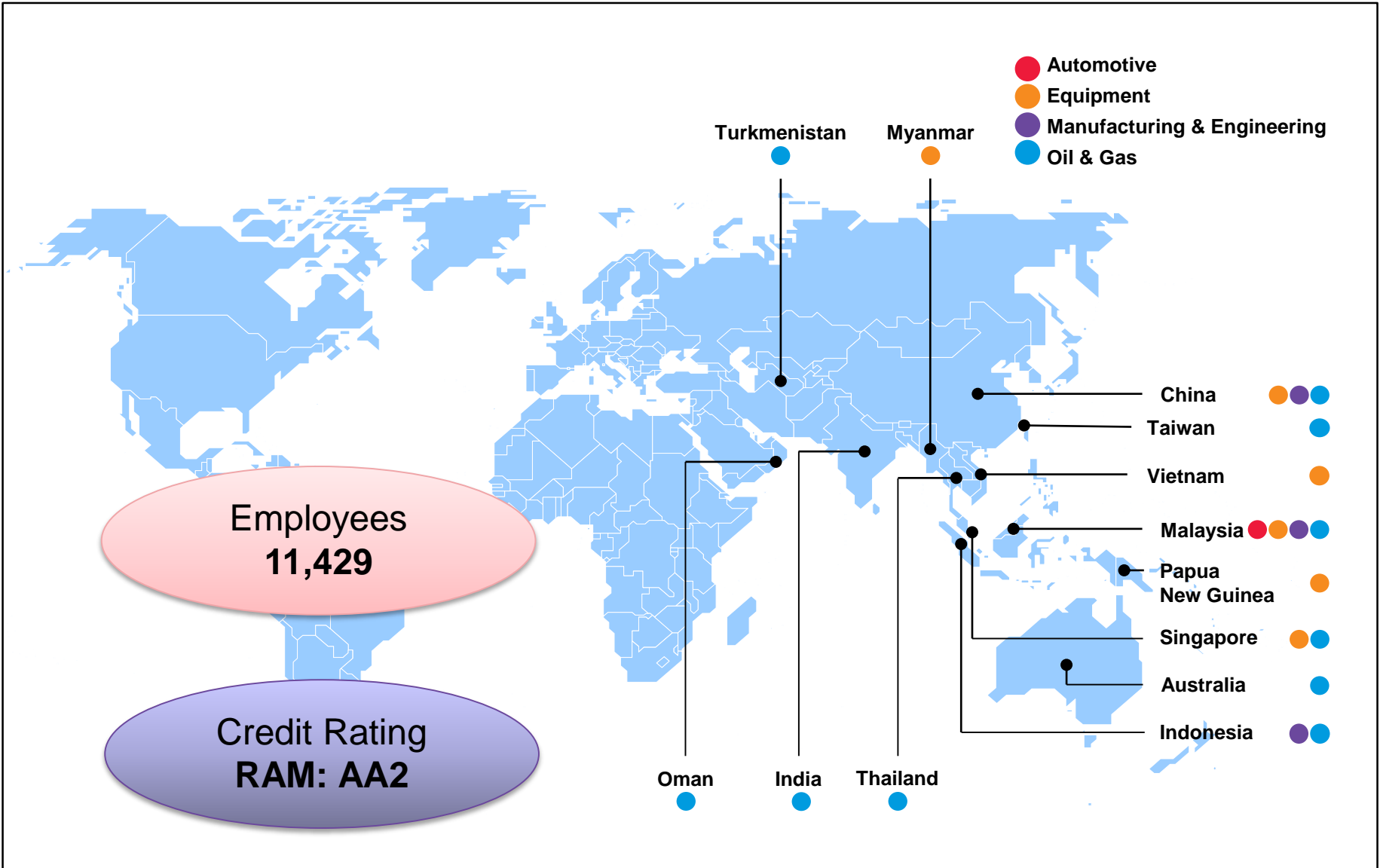
Employees Provident
Fund Board, **13.75%**



Other Local Shareholders,
16.82%

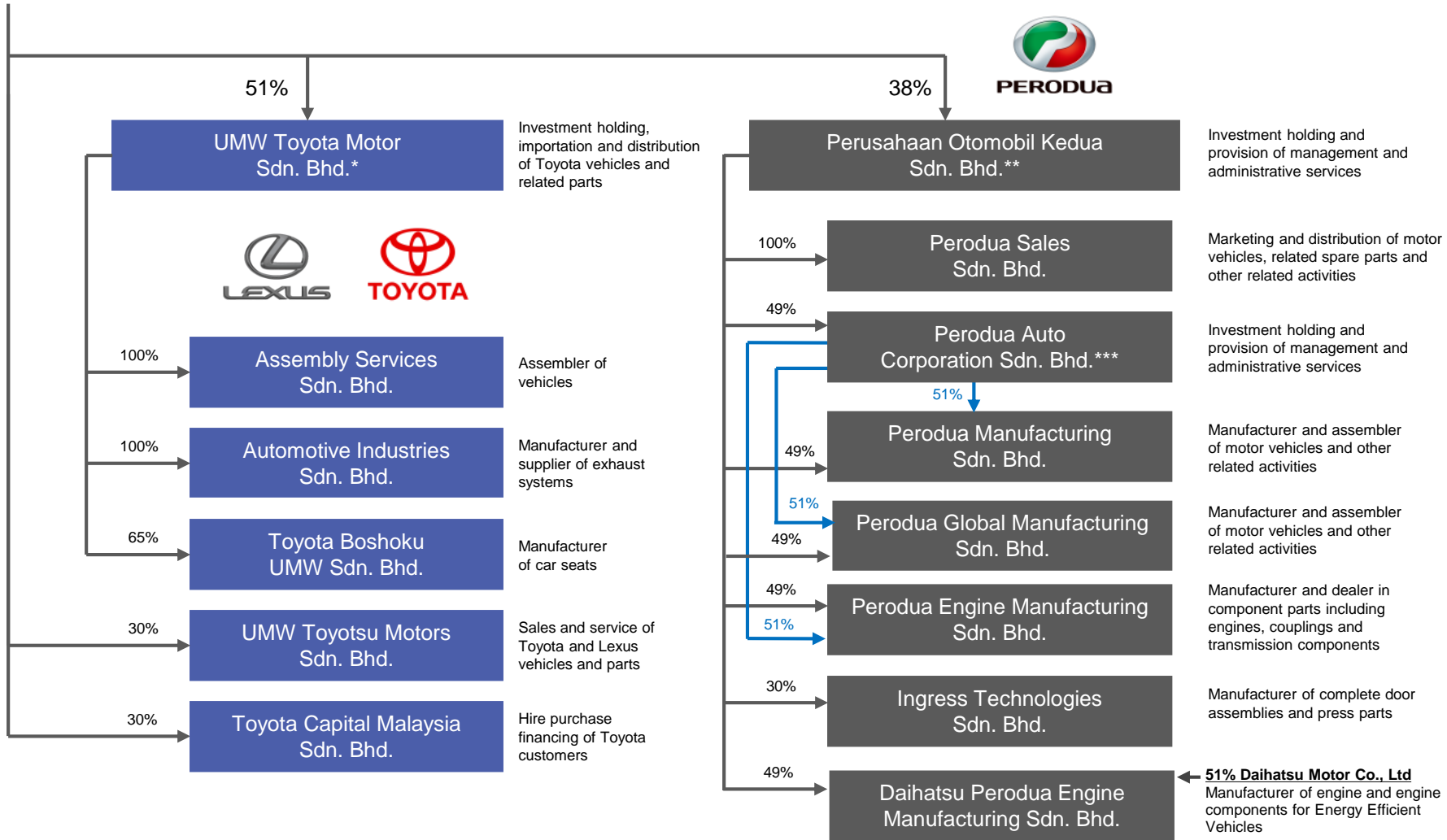
* PNB and EPF shareholdings are based on direct interest and deemed interest

INTERNATIONAL PRESENCE – 13 Countries



AUTOMOTIVE
Segment

UMW AUTOMOTIVE SEGMENT



* 39% Toyota Motor Corporation
10% Toyota Tsusho Corporation

** 20% Daihatsu Motor Co., Ltd
20% MBM Resources Bhd
10% PNB Equity Resource Corporation Sdn Bhd

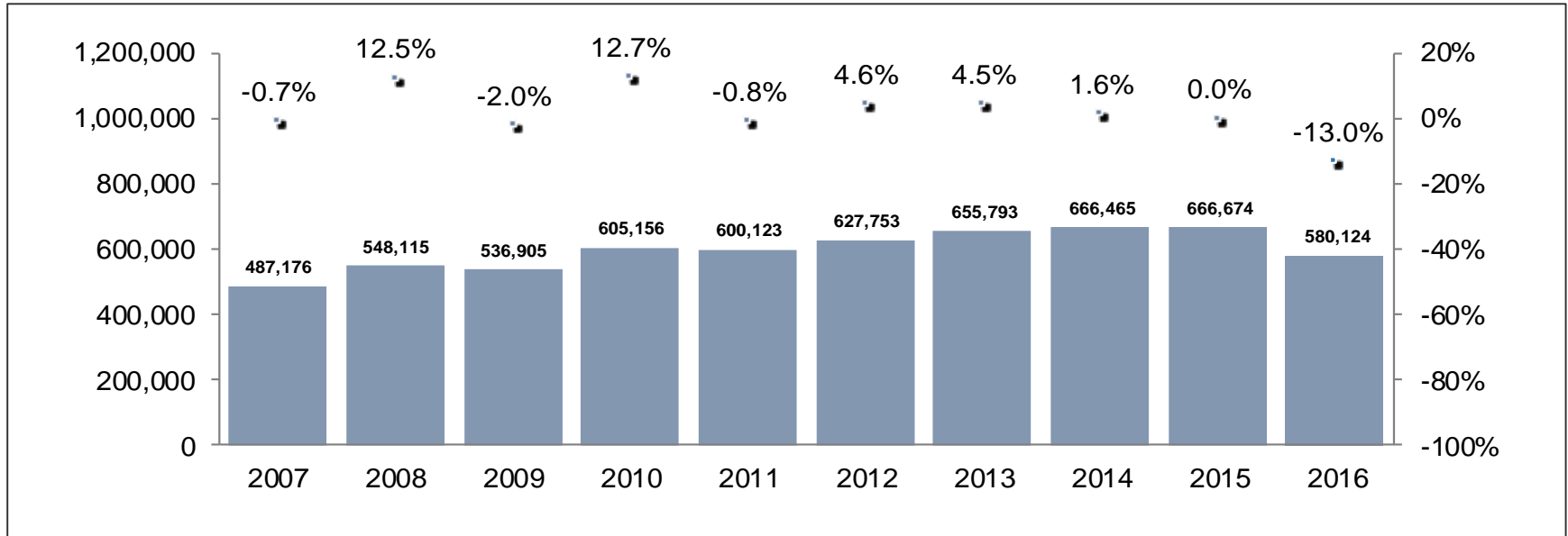
4.2% Mitsui & Co., Ltd
2.8% Mitsui & Co., (Asia Pacific) Pte Ltd
5% Daihatsu (Malaysia) Sdn Bhd

*** 41% Daihatsu Motor Co., Ltd
6% Mitsui Co., Ltd
4% Mitsui & Co., (Asia Pacific) Pte Ltd

TOTAL INDUSTRY VOLUME (TIV)

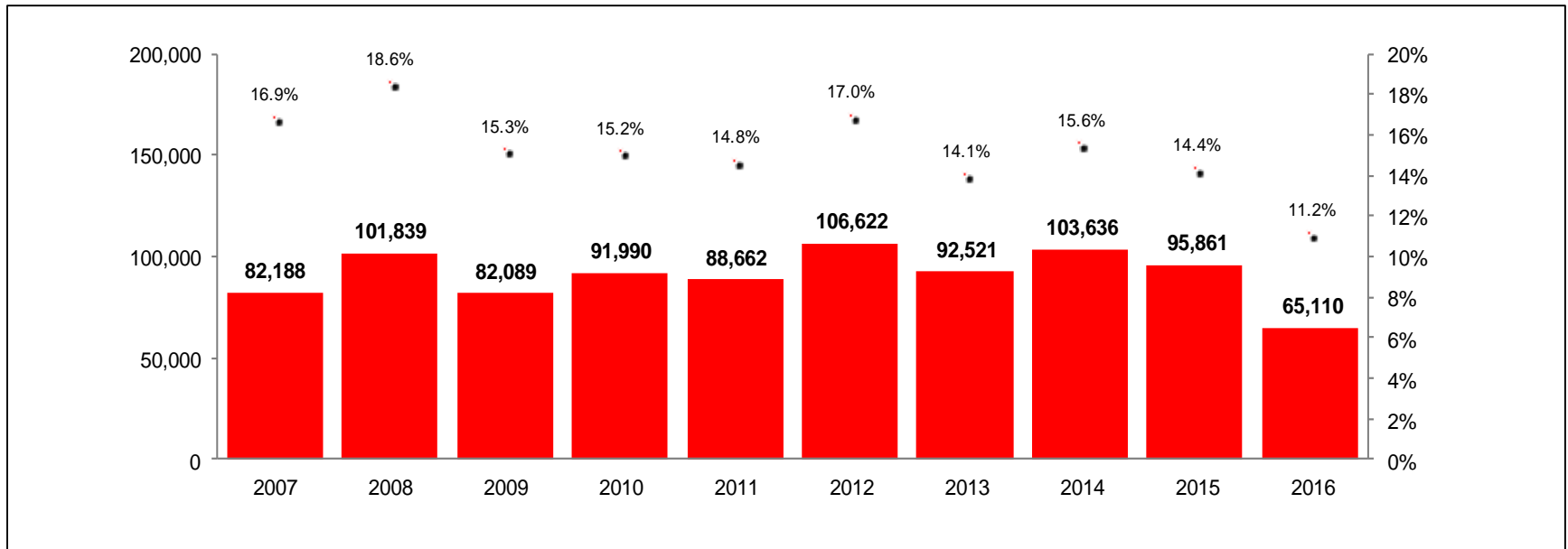
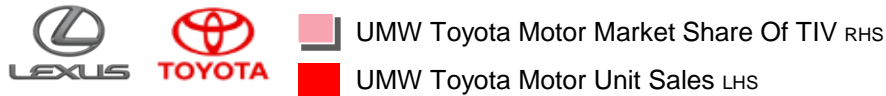


■ TIV % Change Over Previous Year RHS
 ■ Total Industry Volume – Unit Sales LHS



- Lower sales in 2016 were mainly due to weak consumer sentiment and stringent lending guidelines imposed by the financial institutions.
- Target for 2017 is 590,000 units (+1.7% growth)

LEXUS & TOYOTA

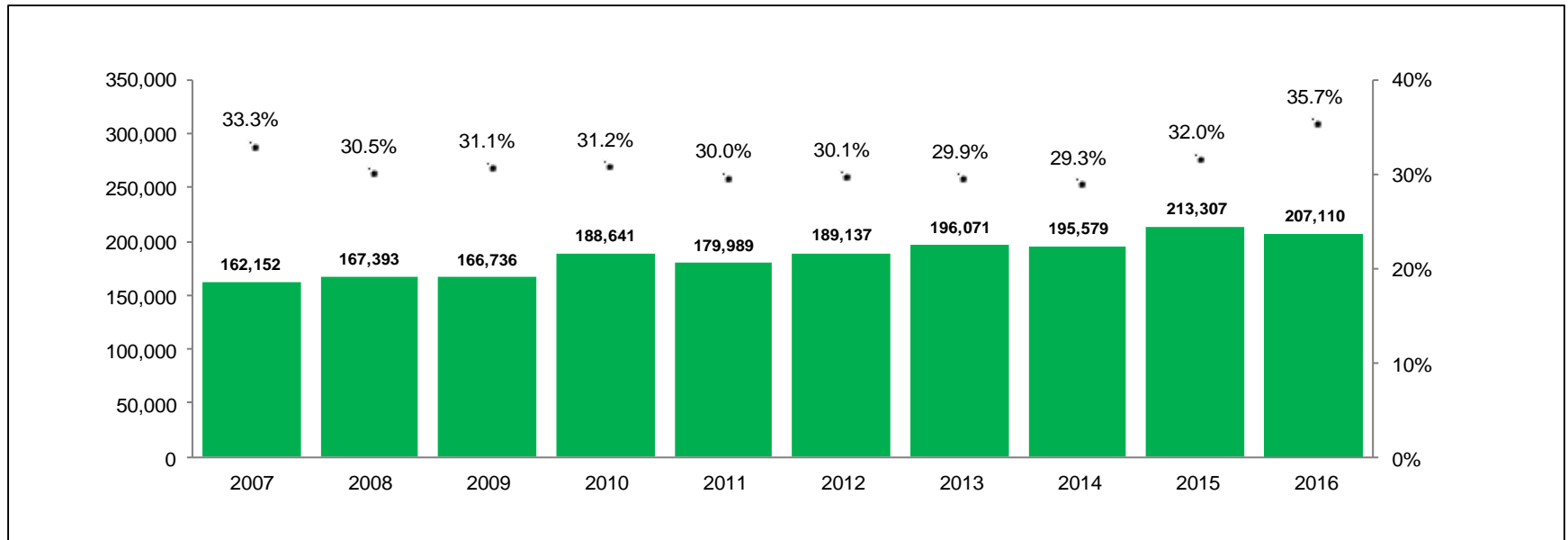


- Vios was the top selling model in 2016 with 38% of total Toyota sales. Hilux was second with 28%.
- The all-new Toyota Innova and face-lift Toyota Vios, Toyota Camry and Toyota Corolla Altis were launched in 4Q16.
- Importation of CBU cars and CKD components are transacted in US Dollar.
- Target for 2017 is 70,000 units.

PERODUA



■ Perodua Market Share Of TIV RHS
■ Perodua Unit Sales LHS

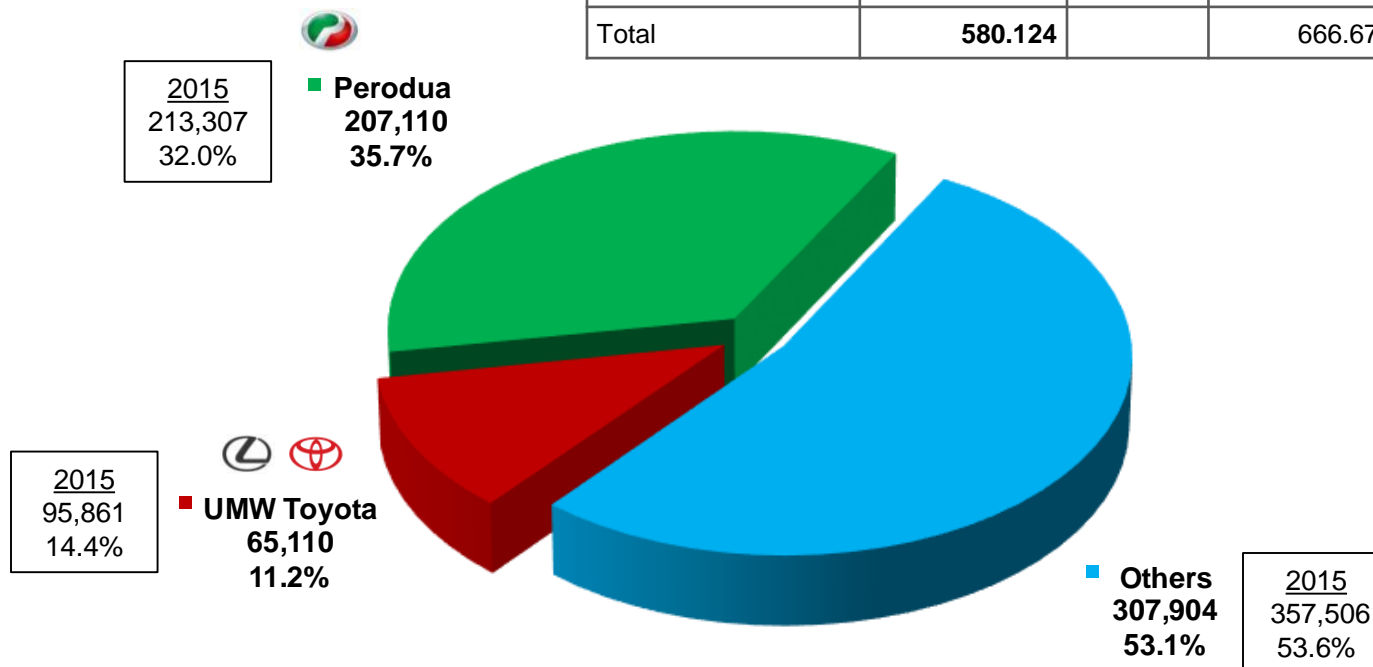


- Perodua maintained the No. 1 position in overall market share since 2006
- Currently exporting to six countries, namely, Indonesia, Singapore, Mauritius, Fiji, Sri Lanka and Brunei.
- Perodua's first sedan, Bezza, was launched on 21 July 2016.
- Target for 2017 is 202,000 units.

UMW GROUP'S MARKET SHARE

Units & Market Share (%)

Brand	2016		2015	
	Units	Market Share %	Units	Market Share %
Honda	91,830	15.8	94,902	14.2
Proton	72,290	12.5	102,174	15.3
Nissan	40,706	7.0	47,235	7.1
Mazda	12,493	2.2	14,325	2.1
Hyundai, Kia	9,470	1.6	10,960	1.6
Others	81,115	14.0	87,910	13.3
Total	580,124		666,674	



- UMW companies sold 272,220 units in 2016 with a market share of **47%**.

EQUIPMENT

Segment

EQUIPMENT SEGMENT

Heavy Equipment



Industrial Equipment



Marine & Power Equipment



UMW represents all of the above principals for some of the world's most recognised products in:-

- Agriculture
- Construction
- Forestry
- Mining
- Industrial and manufacturing
- Industrial cleaning – food and beverage, material handling and logistics
- Industrial and marine power solutions

HEAVY EQUIPMENT



- **Komatsu franchise in Malaysia, Singapore, Myanmar and Papua New Guinea**
 - Has strong presence in Myanmar, supplying equipment to the jade mining and resource mining sectors.



BOMAG

Since 1979



rosenbauer

Since 1996

Delivered 38 units of Rosenbauer Panther Airport Fire Fighting Vehicles to MAHB from 2010-2015

INDUSTRIAL EQUIPMENT TOYOTA FORKLIFT FRANCHISE



Strong market leadership position

- No. 1 position in Malaysia since 1972. Toyota forklift maintained its 50% market share in Malaysia's material handling equipment business.
- Toyota Forklifts – UMW is one of the Top 5 Distributors in the world.
- Globally, UMW is the only *Diamond* member (the highest elite tier) in the Premier Club Recognition Programme, awarded by Toyota Material Handling International (TMHI).
- Also awarded the *Undisputed Performance Award* by Toyota Material Handling International for outstanding performance.
- Have ventured into leasing of Toyota forklifts.

MARINE AND POWER EQUIPMENT

**CompAir
Air Compressor**



**Honda
Power Products**



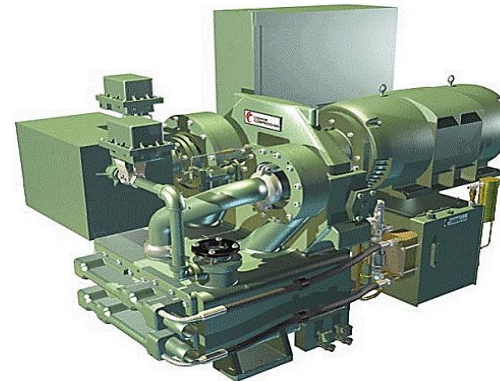
**Mitsubishi
Marine Engines**



Powered by 2 units Mitsubishi 512R - MPTK
Highline Shipping 50th Bhd, Miri, Sarawak

56R2-MPTK2

**Ingersoll Rand
Centrifugal
Compressor**

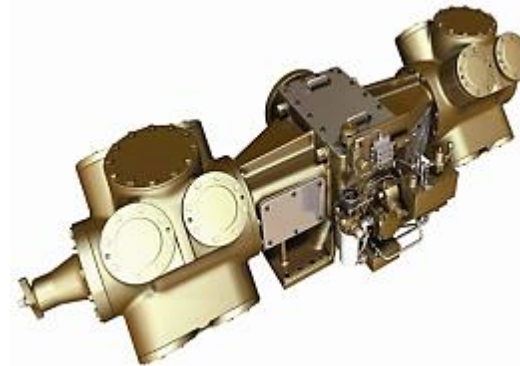


**Mitsubishi
Gen-sets**



SA SERIES (VEE TYPE)

**GE
Reciprocating
Compressor**



MANUFACTURING & ENGINEERING

Segment

KEY PRODUCTS

AEROSPACE COMPONENT

Fan Case



LUBRICANTS

Lubricants & Fluids



Lubricants & Fluids (China)



Fluids & Chemicals



AUTO COMPONENTS

Shock Absorbers & Power Steering



Automotive Components



MANUFACTURE OF AERO ENGINE FAN CASES

UMW AEROSPACE SDN BHD



Rolls-Royce®

UMW is the 1st Malaysian Tier 1 Supplier to Rolls-Royce

- The contract is for the manufacture of fan cases for the Trent 1000 aero engines for 25+5 years (Trent 7000 engines later) for Rolls-Royce.
- Both Trent engines are the most advanced in aero engine technology, with increased fuel efficiency and noise reduction.
- UMW will be the only supplier ('single-source supplier') for fan cases for both the engines.
- The manufacturing plant is located in Serendah, Selangor.
- The first delivery is targeted for late 2017.

Component Part Manufacturing for RR's Most Advanced Passenger Aircraft Engines



Boeing 787 Dreamliner



A330 New Engine Option

Trent 1000



Trent 7000



Be Part of Asian Supply Chain Development

Single Source Final Assembly of the Trent 1000 and Trent 7000 engines in Singapore

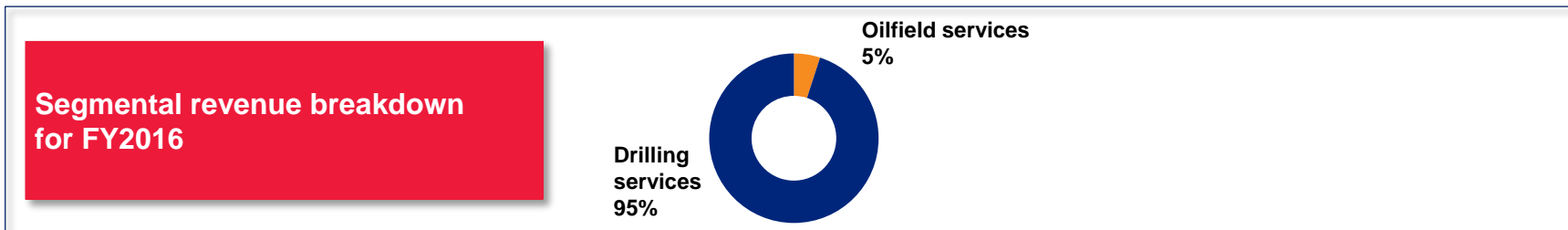
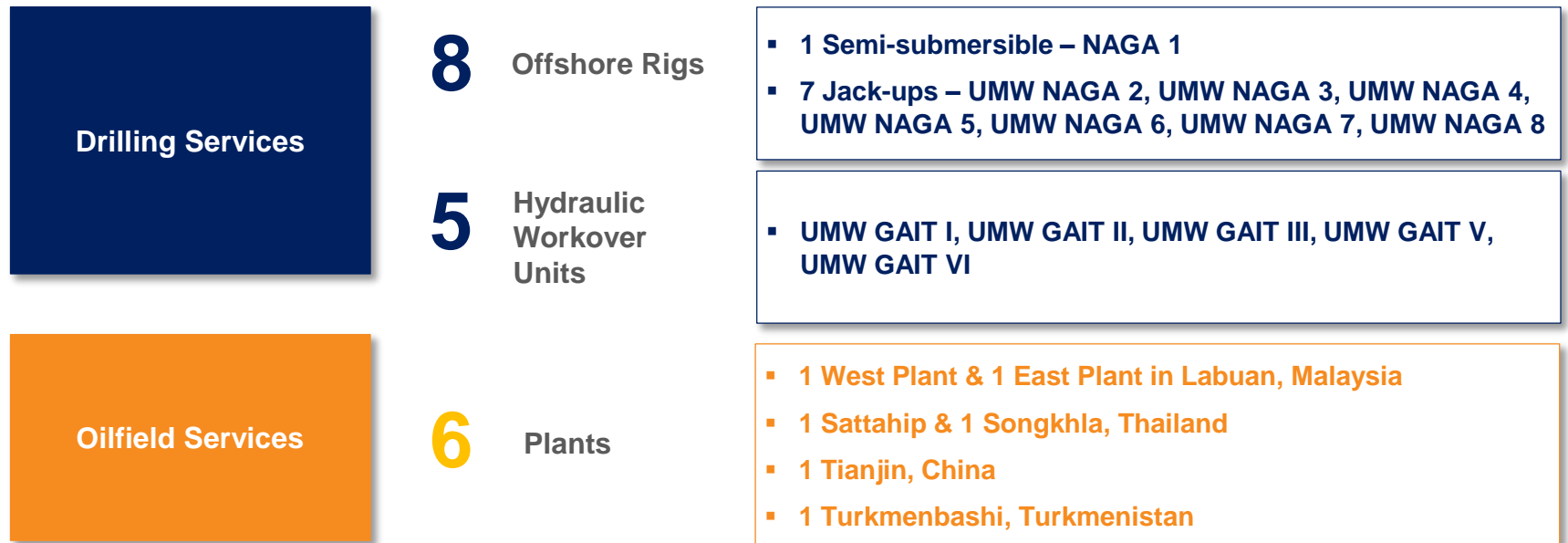


OIL & GAS
Segment

UMW OIL & GAS CORPORATION BERHAD

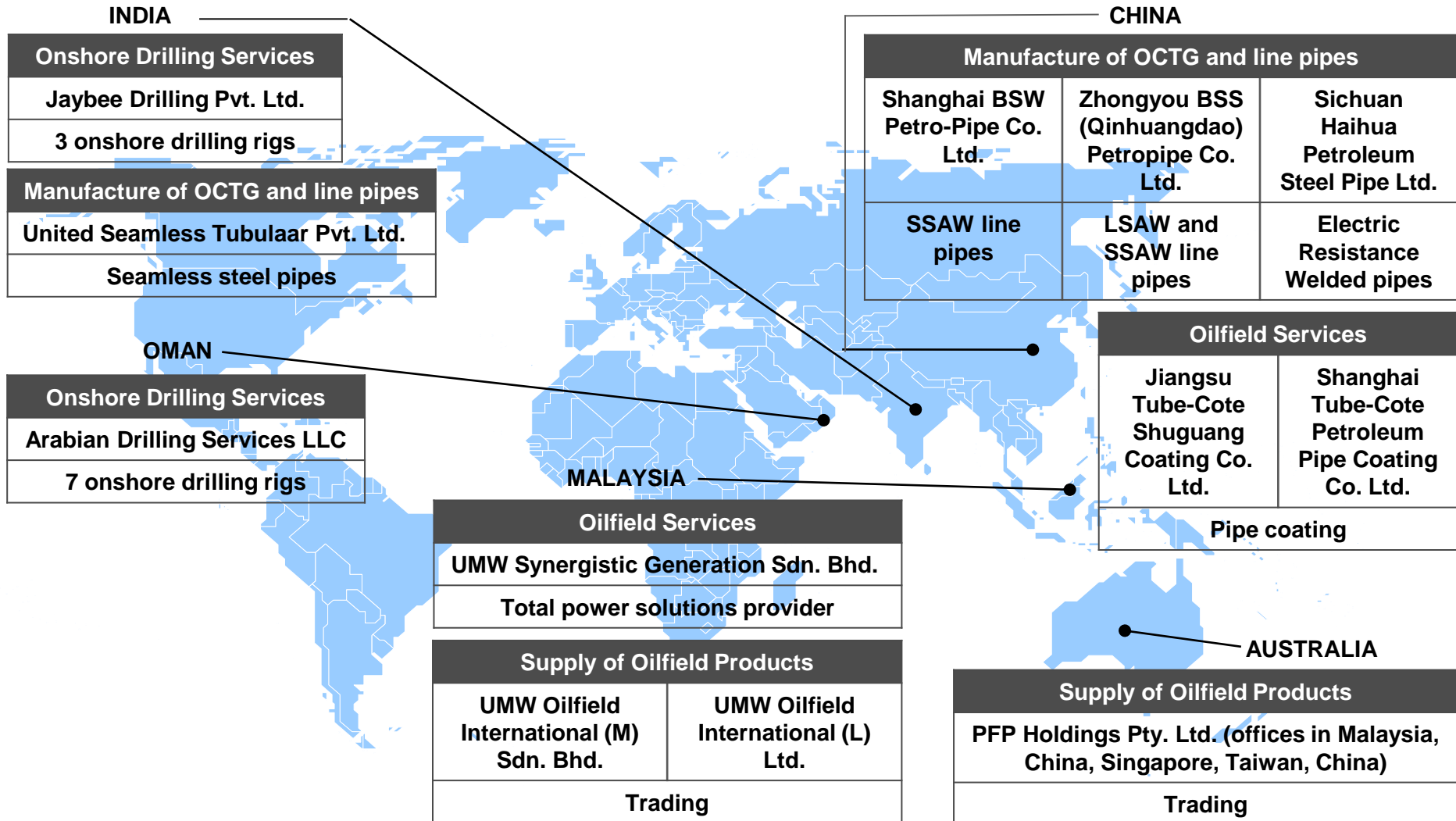
Listed On Bursa Malaysia (55.73% subsidiary)

A Malaysian-based multinational oil & gas (“O&G”) player focused on providing drilling and oilfield services for the upstream sector of the O&G industry.



NON-LISTED OIL & GAS SEGMENT

- companies that are not part of the listed entity.



FINANCIAL INFORMATION

10-YEAR GROUP FINANCIAL HIGHLIGHTS



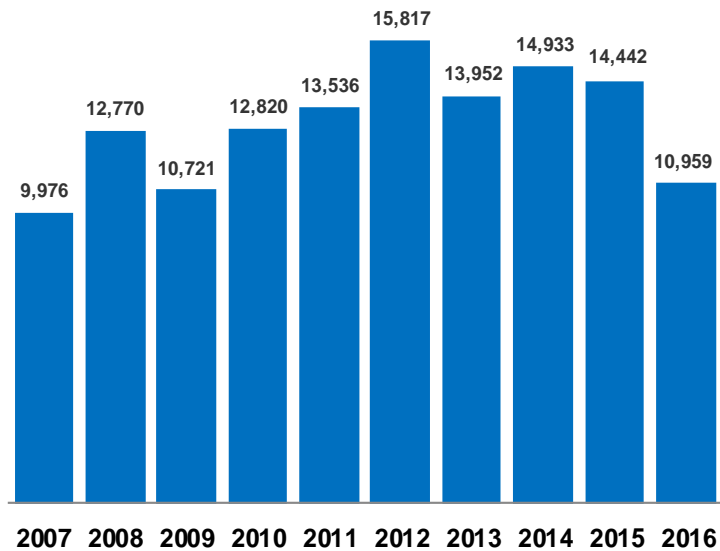
AUTOMOTIVE

EQUIPMENT

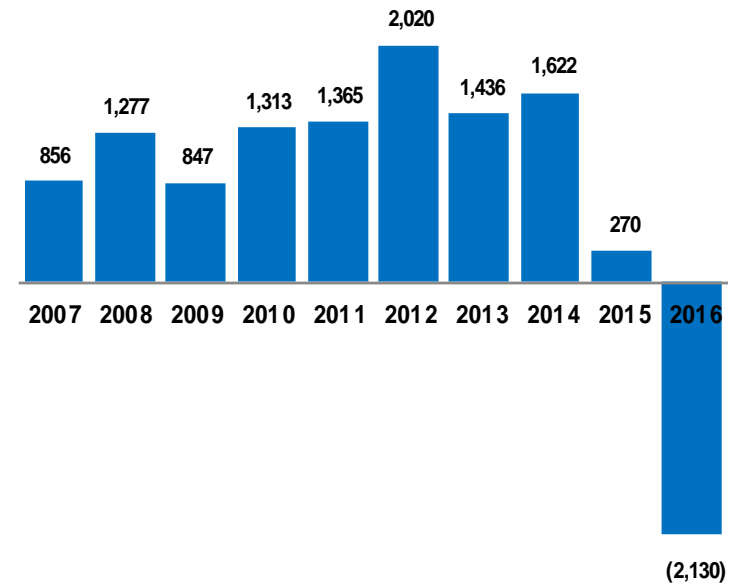
M & E

OIL & GAS

**Revenue
(RM million)**

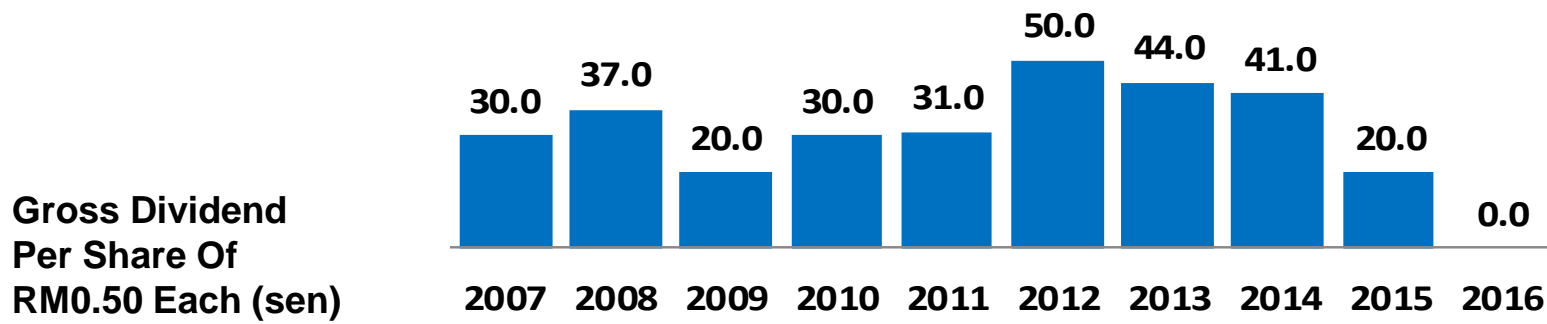
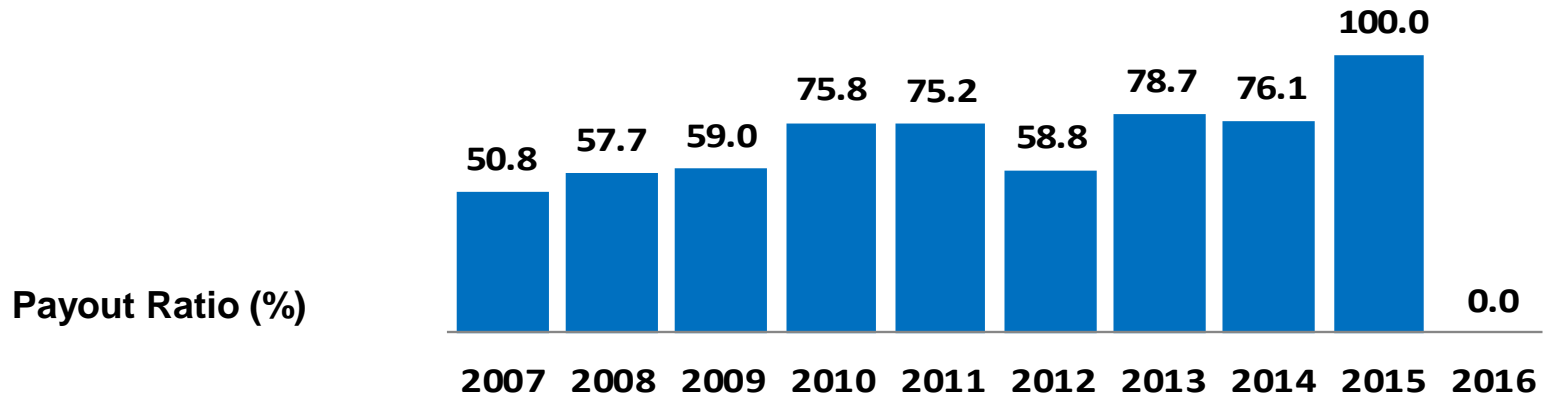


**Profit Before Taxation
(RM million)**



Key Performance Indicators

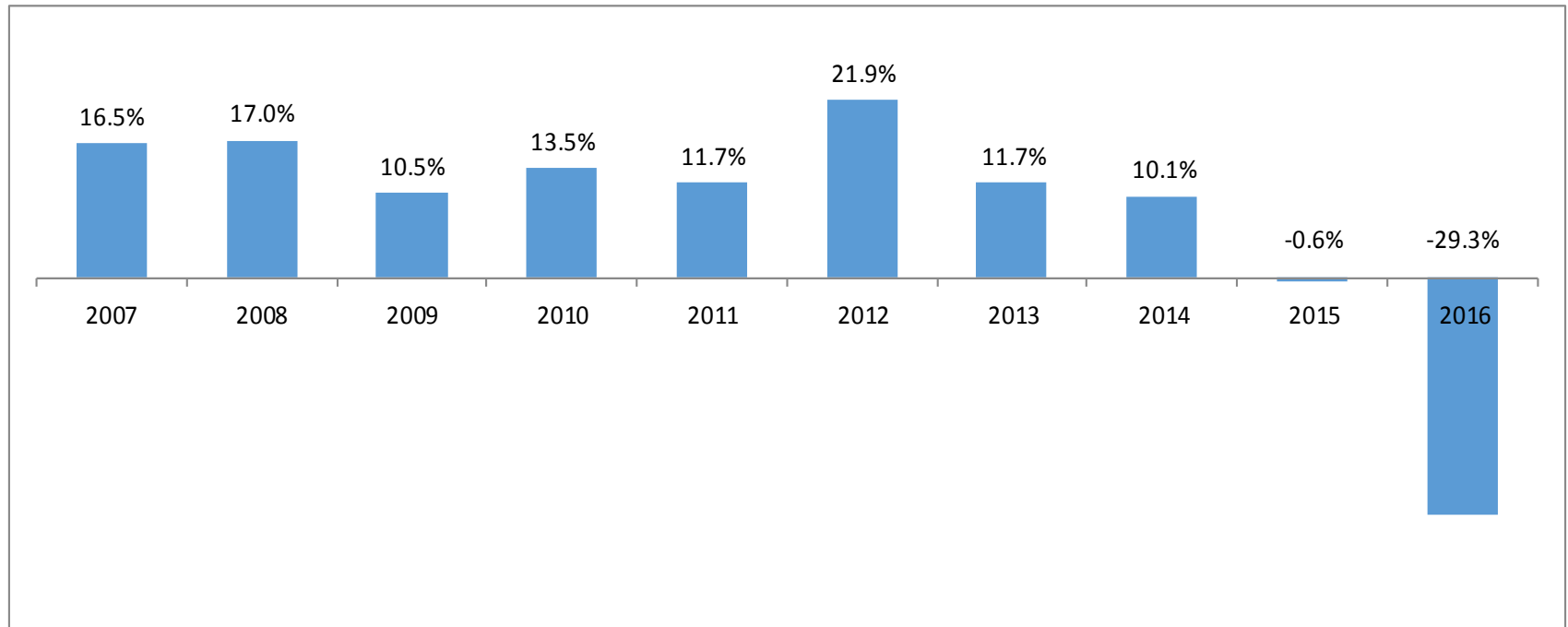
ANNUAL DIVIDEND PAYOUT



March 08
Share Split from
RM1.00 to RM0.50
each

Key Performance Indicators

RETURN ON SHAREHOLDERS' FUNDS



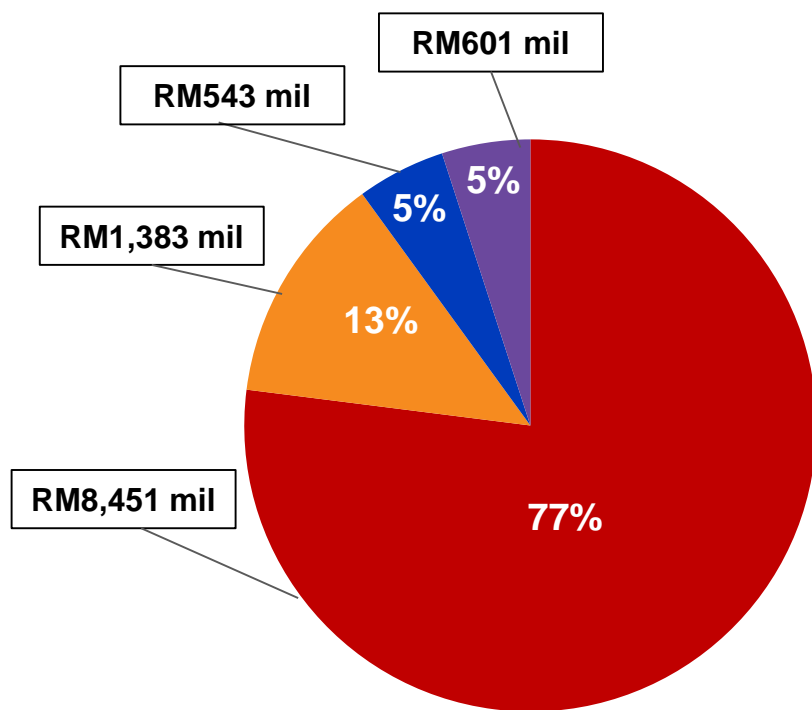
2016 FINANCIAL RESULTS

ANALYSIS OF GROUP RESULTS BEFORE IMPAIRMENTS & PROVISIONS (AUDITED)

RM'mil	Actual YTD Dec 2016	Actual YTD Dec 2015
Automotive	497	861
Equipment	146	226
Manufacturing & Engineering	25	17
Others	12	(108)
	680	996
Oil & Gas (Listed)	(400)	(1)
Oil & Gas (Unlisted)	(171)	(183)
	(571)	(184)
Profit/(Loss) before impairment	109	813
Impairment		
- Oil & Gas (Listed)	780	348
- Oil & Gas (Unlisted)	564	14
Provision		
- Others	895	181
	2,239	543
Profit/(Loss) after impairment	(2,130)	270
PATAMI	(1,658)	(37)

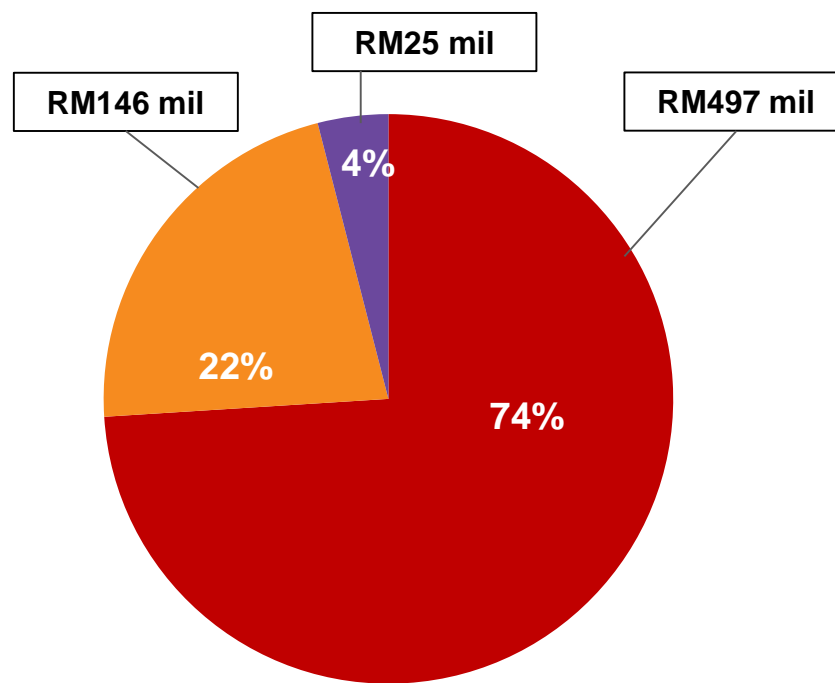
2016 REVENUE & PBT BREAKDOWN (AUDITED)

Revenue

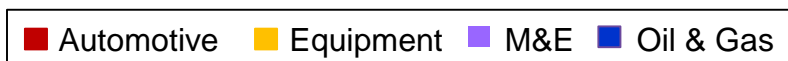


Total - RM10,959 mil

Profit Before Taxation



Total – (RM2,130 mil) due to losses in O&G and, impairments and provisions



STRATEGIC DIRECTION

NEW STRATEGY - ANNOUNCED ON 19 JANUARY 2017

CORE BUSINESSES

Automotive	Equipment	M&E
		
<ul style="list-style-type: none">• Manufacture• Assembly• Distribution• Sales & Service	<ul style="list-style-type: none">• Distribution• Trading• After-sales service	<ul style="list-style-type: none">• Blending & Distribution of lubricants• Manufacture of automotive components• Manufacture of fan case

Planned strategic exit from O&G sector

O&G (Listed)	Non-listed O&G Assets
	
<ul style="list-style-type: none">• Drilling operations• Oilfield services	<ul style="list-style-type: none">• Manufacturing• Land Rigs• Trading
<p>↓</p> <p>Demerge via distribution in specie to the shareholders of UMWH</p>	<p>↓</p> <p>Progressive exit</p>

RATIONALE FOR EXIT FROM THE OIL & GAS SECTOR

- Losses in the Oil & Gas segment have affected the Group's profitability
- Recovery of the oil & gas industry may take much longer than expected
- The slow recovery has resulted in the over supply of drilling rigs – higher competition, reduced margins

BENEFITS TO UMWH FOLLOWING THE STRATEGIC EXIT

1

Stabilizing Our Earnings

- Oil & Gas investments were impacted by the low oil price environment
- This has affected the Group's earnings
- Exiting the oil & gas industry would result in improved profitability

2

Enhancing Financial Flexibility

- Reduced debt at Group level
- Gearing ratio will come down
- Strengthened balance sheet
- Improvement in the Group's financial position allowing for better financial flexibility


3


Optimal Allocation of Resources


- Demerger would reduce constraints on cash flow from oil & gas capex requirement
- Enables the Group to embark on various asset allocation strategy for investments in growth areas

Exit positions UMWH for more sustainable long-term profitability

OUR STRATEGIC PLANS MOVING FORWARD

- 

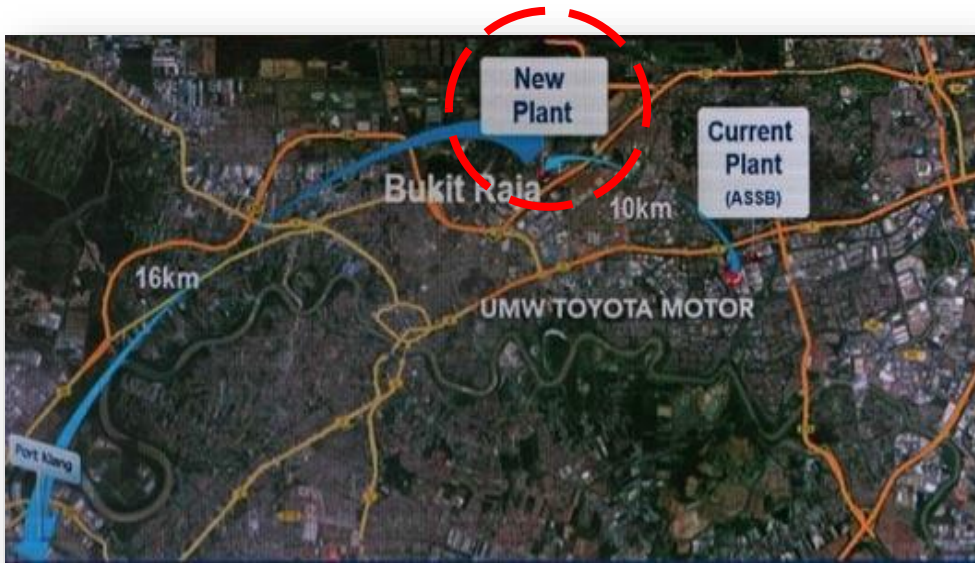
1 Automotive - enhancing returns from our Automotive segment
- 

2 Equipment - expanding market presence and new products
- 

3 M&E - expanding further into high value manufacturing (Aerospace, etc.)

AUTOMOTIVE - ENHANCING VALUE

- Second plant – located in Bukit Raja, Klang
- Strategic location
- High automation
- Focus on passenger vehicles
- Plant & land size - **670,000 m²**.
- Total Investment - RM2 billion
- Annual Capacity - **50,000 units. (Initial)**
- Expected to start operations in early **2019**.



VALUE DRIVERS

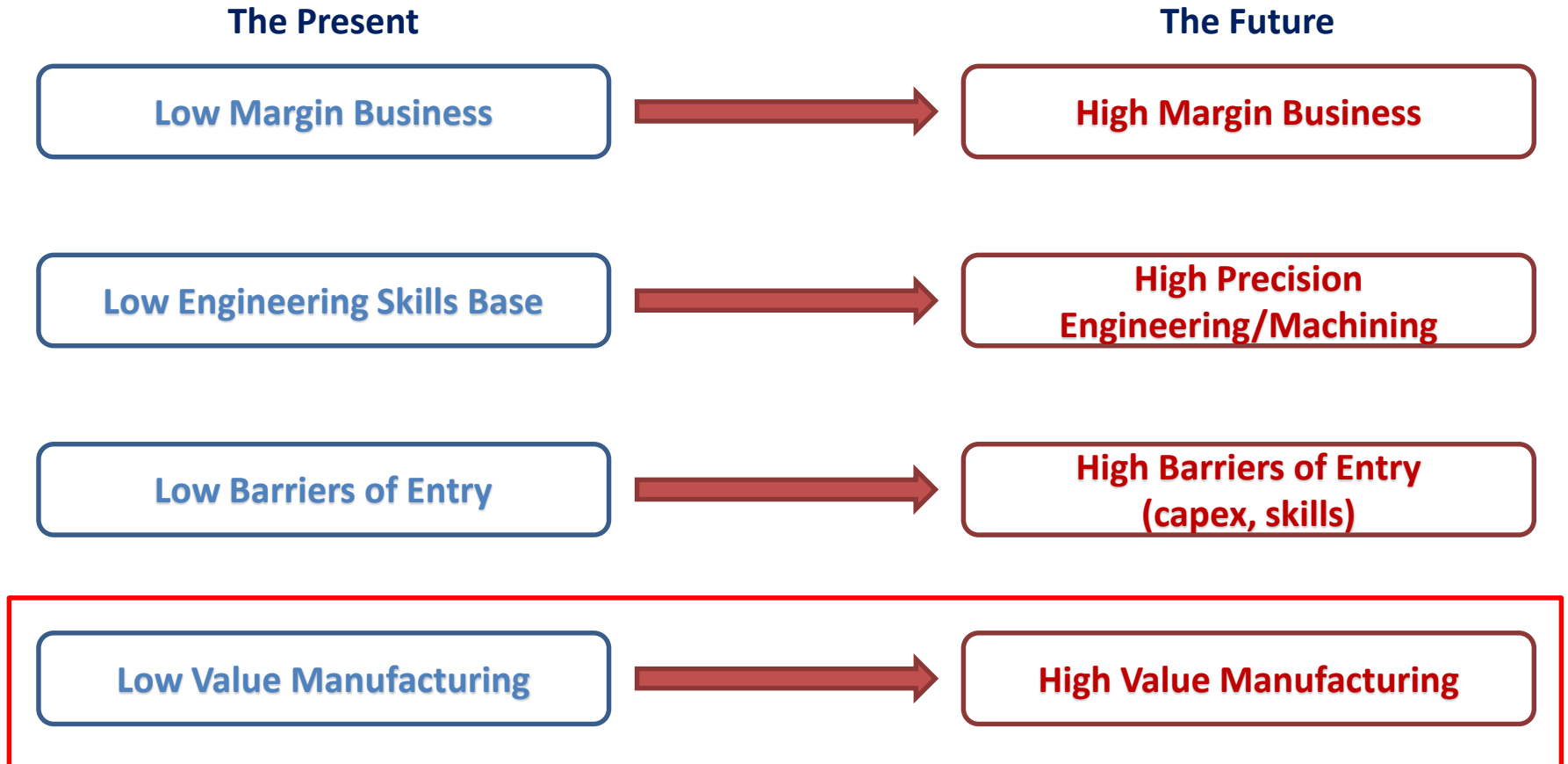
- Boost capacity and capability
- More exciting new locally-assembled (CKD) models
- Promotes localisation
- Competitive pricing
- Meeting market expectations on Energy-Efficient-Vehicles (EEV)

EQUIPMENT – EXPANDING MARKET PRESENCE

- Rich pickings in ASEAN
 - VIETNAM: Government announced master plan for industrial development to 2025, with focus on electronics, telecommunications and industrial processing
 - MYANMAR: According to World Bank, economy will grow an average of 7.1 percent per year in the next three years. Private and public investments in infrastructure services are forecast to rise
 - THAILAND: Strong automotive hub, with greenfield investment in tire manufacturing yielding highest FDI, strong growth despite political unrest
 - INDONESIA: Abundant mineral resources, government policy prioritises infrastructure and industrial manufacturing

MANUFACTURING & ENGINEERING SEGMENT

A Low-to-High Strategic Transformation



OUTLOOK FOR 2017

OUTLOOK FOR 2017

Group

- Demerger to be completed by July 2017
- Following demerger, gearing ratio is expected to improve significantly
- 2017 to be a turnaround and recovery year
- 2018 expected to be a much better year

Automotive

- 272,000 units forecasted for UMW Group (46.1% of TIV)
- Toyota & Lexus – 70,000 units
- Perodua – 202,000 units
- 1 all-new & 3 face-lift models introduced in 4Q16; full-year contribution in 2017
- To launch new models in 2H17
- Perodua contribution sustainable with continued strong demand in entry-level segment.

Equipment

- Over RM550 billion from catalytic mega projects in the pipeline
 - Pan Borneo Highway, LRT3, MRT2, MRT3, TRX, ECRL, HSR, Bandar Malaysia, Merdeka PNB 118, Bukit Bintang City Centre, Batu Kawan, etc.
- Establishing and expanding market presence in ASEAN
- Repositioning heavy equipment to more urbanised sectors
- Expanding products in the Industrial Equipment sector
- Strengthen forklift Fleet Management and rental business
- Focus on export opportunities for used equipment and parts
- To open 1S/2S facilities in outskirts industrial areas in Vietnam

OUTLOOK FOR 2017

Manufacturing & Engineering

- Lubricants business – expansion into new markets in ASEAN, focusing on home-grown GRANTT lubricants
- Continued marketing and positioning of REPSOL brand in China in view of huge opportunities
- Autoparts business - transforming existing KYB plant to increase productivity and diversify product range
- Expanding into high value manufacturing
- Production of aero engine fan case for Rolls-Royce is progressing as scheduled
- Delivery of first fan case is targeted for end-2017

Oil & Gas

- Listed Oil & Gas assets to be reflected for first two quarters of 2017
- Target for disposal of non-listed Oil & Gas assets by end 2018
- Operational losses are expected pending demerger and disposal of non-listed assets



THANK YOU



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