

UMW ACHIEVES PRETAX PROFIT OF RM479M IN 1Q14



RM million	1Q14	4Q13	Change
Profit Before Taxation	479.4	314.1	52.6%

EXECUTIVE SUMMARY

1Q14 financial highlights

- Group revenue registered a marginal decrease of 1.5% compared with the previous quarter. However, profit before taxation increased by 53%.
- Consequently, net profit attributable to equity holders of the company more than doubled to RM236 million.
- Consolidated cash and deposits stood at RM2.8 billion.

1Q14 highlights

- Toyota vehicles sales improved, mainly driven by Vios and Altis full model change.
- Perodua has obtained the EEV license to manufacture and assemble EEV at its new plant in Rawang.
- The Equipment Division did well despite the continued drop in commodity prices and suspension of mining activities.
- For Oil & Gas Division, revenue was 24% higher than 1Q13, while profit before taxation improved by 183% compared to the same quarter last year.
- Manufacturing & Engineering Division registered a marginally higher revenue compared with the last quarter due to better sales from the subsidiaries in India.

Prospects for 2014

- The automotive industry is expected to sustain its performance for 2014.
- The Equipment Division is expected to remain challenging if the drop in commodity prices continues at the current low level.
- Oil & Gas Division is expected to perform much better with the addition of new drilling rigs.
- Manufacturing & Engineering segment is expected to sustain its performance through better sales of lubricant products and automotive components.

Dear fund managers and analysts,

The Group registered a marginally lower revenue compared with the last quarter. However, higher profit before taxation was contributed by the better results from all business segments.

Our Automotive Division's revenue and profit before taxation was higher than the last quarter, mainly driven by the strong sales of the newly launched Toyota Vios and Toyota Corolla Altis. We have announced a higher sales target for 2014.

The Oil & Gas Division registered a healthy profit. We have taken delivery of our fifth drilling rig and have secured a contract for this rig. We have also ordered another three premium jack-up drilling rigs.

Our Equipment Division's revenue came down by 9% due to the lower demand for equipment, mainly due to the continued drop in commodity prices and the suspension of mining activities.

Manufacturing & Engineering Division also did well due to the strong demand for our products. The Division is expected to sustain its performance through better sales of lubricant products.

Datuk Syed Hisham bin Syed Wazir
President & Group CEO
UMW Holdings Berhad

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Group Income Statement

	1Q14 RM'000	4Q13 RM'000	1Q13 RM'000	FY 2013 RM'000 (Audited)	FY 2012 RM'000 (Audited)	% change
Revenue	3,583,405	3,636,340	3,359,296	13,951,460	15,798,828	(1.5%) QoQ
Share of Profits of Associated Companies	40,676	33,635	38,497	157,537	126,156	20.9% QoQ
Profit Before Taxation	479,379	314,140	432,703	1,435,673	2,020,277	52.6% QoQ
Net Profit Attributable To Shareholders	235,545	109,134	219,664	652,926	994,296	>100% QoQ

Prospects for 2014

Automotive Division

- UMW Group's combined total sales is forecasted to be about 295,400 units for 2014.
- The Division is expected to continue to perform well with the introductions of new models.
- We hope to at least maintain our market share as in 2013.

Equipment Division

- Focus will be on expanding the of industrial equipment leasing business.
- The construction sector will be driven by the on-going and new projects under the Government's Economic Transformation Programmes.
- The segment is expected to remain challenging if the drop in commodity prices continues to be at the current level and suspension of mining activities is prolonged.

Oil & Gas Division

- Full-year revenue contributions from NAGA 1, NAGA 2, NAGA 3 and NAGA 4.
- We have taken delivery of NAGA 5 on 29th April 2014. It started working for Nido Petroleum Philippines on 12th May 2014.
- We will be taking delivery of another two premium jack-up drilling rigs in September and December this year.

Manufacturing & Engineering Division

- The segment is expected to sustain its performance through better sales of lubricant products and automotive components, such as shock absorbers and filters.

BUSINESS SEGMENT – AUTOMOTIVE

Segmental Reporting

	1Q14 RM'000	4Q13 RM'000	1Q13 RM'000	FY 2013 RM'000	FY 2012 RM'000	% change
Revenue	2,656,435	2,626,197	2,392,089	10,022,984	11,498,096	1.2% QoQ
Profit Before Taxation	406,567	392,418	368,055	1,413,474	1,796,792	3.6% QoQ

Company	UMW Toyota Motor Sdn. Bhd. (51% subsidiary company)	Perusahaan Otomobil Kedua Sdn. Bhd. (38% associated company)
Vehicle sales	<ul style="list-style-type: none"> Toyota sold 24,185 units in 1Q14 compared with 20,137 units in 1Q13 (+20.1%) and 27,109 units in 4Q13 (-10.8%). For 1Q14, Lexus sold 449 units compared with 229 units in 1Q13 (+96.1%) and 483 units in 4Q13 (-7.0%). The increase in sales of Toyota compared to the same quarter last year was due to the launch of the all-new Toyota Vios in October 2013 and the all-new Corolla Altis in January 2014. 	<ul style="list-style-type: none"> Perodua registered sales of 44,024 units for 1Q14 compared with 46,696 units in 1Q13 (-5.7%) and 48,673 units in 4Q13 (-9.6%).
Market share of TIV	<ul style="list-style-type: none"> Market share for Toyota including Lexus for 1Q14 was at 15.4%. UMW Toyota has maintained the No.1 position in the non-national segment for 24 consecutive years. 	<ul style="list-style-type: none"> Market share for Perodua was at 27.5%. Maintained the No. 1 position in the Malaysian automotive industry since 2006.
1Q14 Highlights	<ul style="list-style-type: none"> The all-new Toyota Corolla Altis was launched on 20 January 2014. A new variant of the Toyota Camry 2.0G X was introduced on 28 March 2014. It provides an additional option for customers who are looking for a different look and feel from the popular 2.0G. UMW Toyota Motor introduced an improved Toyota Innova for 2014 on 28 March 2014. 	<ul style="list-style-type: none"> Perodua started off the new year by introducing the improved New Alza including greater safety features, enhanced audio-visual upgrades as well as a more versatile interior design on 10 January 2014. The company plans to launch a new model in the second half of this year.

BUSINESS SEGMENT – EQUIPMENT

Segmental Reporting

	1Q14 RM'000	4Q13 RM'000	1Q13 RM'000	FY 2013 RM'000	FY 2012 RM'000	% change
Revenue	434,941	371,084	479,387	1,705,458	2,138,469	17.2% QoQ
Profit Before Taxation	39,098	29,237	59,080	195,838	183,458	33.7% QoQ

Heavy Equipment

Strong market share

- Overall market share for 1Q14 was estimated at 30.2% as compared to 25.1% for 2013.
- We continue to face stiff competition from our traditional competitors as well as from Korean and Chinese brands.

Others

- Soft commodity prices, especially that of gold and iron ore, continue to affect the demand for equipment in the mining sector.

Highlights

- The strong USD is eroding our margin as most purchases are in USD.

Industrial Equipment

Dominant market share

- Toyota forklift maintained its market leadership position in Malaysia's material handling equipment business.

Recognition

- Under the 2013 Toyota Material Handling International Award Programme, UMW was awarded the following recognitions:
 - Platinum Club Recognition & President's Award Gold for Malaysia operations
 - President's Award Bronze for Singapore operations
 - Outstanding Efforts Award for Vietnam operations
 - Good Performance Dealers Award for China operations 2012

Highlights

- Delivered 73 units of Toyota forklift and towing tractor under new and renewal rental contracts with the Perodua Group.
- Delivered 22 units of Toyota forklift under renewal rental contract with Tobacco Importers and Manufacturers Sdn. Bhd .
- Delivered 16 units of Toyota forklift under renewal rental contract with Sony Supply Chain Solution (M) Sdn. Bhd.

Marine & Power Equipment

Highlights

- Was awarded a contract to supply 2 units of portable air compressor packages.
- Achieved higher sales and profit before tax for the 1st quarter mainly due to higher parts and service sales.
- Exhibited at Offshore Technology Conference Asia in March 2014 at KLCC

BUSINESS SEGMENT – OIL & GAS

Segmental Reporting

	1Q14 RM'000	4Q13 RM'000	1Q13 RM'000	FY 2013 RM'000	FY 2012 RM'000	% change
Revenue	195,573	207,130	157,524	737,752	832,177	(5.6%) QoQ
Profit Before Taxation	58,303	55,994	20,623	206,849	74,376	4.1% QoQ

Results

Revenue for 1Q14 was 5.6% higher than 4Q13 due to:-

- Lower utilisation of our hydraulic workover unit GAIT 5 and lesser commission income from agency sale of specialised drilling equipment and services.
- Amortisation of deferred income on NAGA 2's mobilisation fees ended in 4Q13.

However, profit before taxation improved by 4.1% over the same period due to:-

- No listing expenses compared to the RM7.3 million charged in 4Q13.

Highlights

- 12 February 2014 – announced the purchase of two more jack-up drilling rigs for a total purchase consideration of USD434 million from Tianjin Haiheng Shipbuilding & Offshore Engineering Service Co., Ltd. The new rigs will be named NAGA 6 and NAGA 7
- 6 February 2014 - entered into an agreement with Keppel FELS Limited for the construction of its newest premium KFELS B Class jack-up drilling rig, for a contract value of USD218 million. It will be named NAGA 8.
- Received a Letter of Intent to Award (“LOI”) from PTTEP International Limited Yangon Branch, for the provision of a hydraulic workover unit services for M9 Drilling Campaign, Myanmar Asset on 27 February. The contract is for about eleven firm wells with options for additional wells with contract valued at approximately USD10 million.

Prospects for 2014

- Full-year revenue contribution from NAGA 1, NAGA 2, NAGA 3 and NAGA 4.
- NAGA 5 will be revenue-generating from May 2014.
- We will be taking delivery of NAGA 6 and NAGA 7 in September and December 2014, respectively.

BUSINESS SEGMENT – MANUFACTURING & ENGINEERING

Segmental Reporting

	1Q14 RM'000	4Q13 RM'000	1Q13 RM'000	FY 2013 RM'000	FY 2012 RM'000	% change
Revenue	181,915	181,566	177,131	735,498	680,708	0.2% QoQ
Profit Before Taxation	9,621	(14,912)	9,388	(39,164)	3,604	>100% QoQ

Results

- Revenue for 1Q14 increased marginally compared with the last quarter due to:
 - Higher overall demand in the lubricants and automotive business.
 - Better sales from the subsidiaries in India.
- The Division registered a healthy profit before taxation.

Highlights

- The Malaysian operations are doing well with strong sales in both automotive components and lubricant segments.
- Operations in China continue to perform well due to the strong demand for lubricants from FAW Mazda and Hongqi.
- The Indian operations continue to struggle with low demand. The sales of passenger vehicles declined by 6% during April 2013-March 2014 compared with the same period a year ago.

Prospects for 2014

- Higher capacity utilisation for our automotive component plants in India and lubricant plant in China.
- Increased sales of Repsol and Pennzoil lubricant products.
- Operations in India is expected to improve in the second half of the year with stronger demand in the automotive industry, following the completion of the general election.

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Consolidated Balance Sheet

	At 31/03/2014 RM'000	At 31/12/2013 RM'000	Restated 31/12/2012 RM'000
Investment In Associates	1,765,060	1,696,035	1,554,728
Property, Plant & Equipment	4,256,299	3,898,853	2,997,268
Deposits, Cash & Bank Balances	2,823,912	2,557,694	2,492,581
Inventories	1,930,137	1,754,167	1,768,818
TOTAL ASSETS	14,867,413	14,595,147	11,491,143
Long Term Borrowings	1,549,675	1,524,177	1,633,939
Short Term Borrowings (include ODs)	1,697,629	1,464,325	1,073,674
TOTAL EQUITY	9,210,403	8,932,532	6,298,416
Net Assets Per Share (RM)	5.49	5.38	4.15



THANK YOU



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