

## UMW ACHIEVES PRETAX PROFIT OF RM510.2 M IN 2Q12



RM million	2Q12	1Q12	QoQ
Profit Before Taxation	510.2	433.3	17.7%

### EXECUTIVE SUMMARY

#### 2Q12 financial highlights

- Group revenue registered an increase of 12% compared with the first quarter of this year.
- Group profit before taxation increased by 17.7% to RM510.2 million.
- Net profit attributable to equity holders of the Company increased by 1.9% compared with the first quarter of 2012.
- Consolidated cash and deposits stands at RM2.6 billion.

#### 2Q12 highlights

- Automotive segment recorded strong revenue (+22%) and PBT (+32%) compared with 1Q12, due to higher unit sales.
- Our market share in the automotive segment for the first half of the year was at 48.2%.
- The Oil & Gas Division entered into an agreement to purchase a jack-up drilling rig for a total consideration of USD214.0m (or RM683.9m). The rig is expected to be delivered to us in February 2013.

#### Prospects for 2012

- Due to the strong demand, the Automotive Division is expected to register higher sales than the original target of 281,000 units.
- With the strong first half results, the Equipment Division is expected to record another good year.
- The Oil & Gas Division's revenue and operating profit is expected to improve.

#### Dividend

- The Board has declared an interim single-tier dividend of 20% or 10 sen (2011 - 20% or 10 sen) per share for the year ending 31 December 2012, to be paid on 8 October 2012.

Dear fund managers and analysts,

The Automotive Division continues to be the biggest contributor to the Group's revenue and profit. Despite the stringent hire purchase financing guidelines, the sales have been very encouraging. UMW Toyota Motor has sold 52,331 units for the first 6 months and increased its market share to 17.4%. Perodua sold 92,923 units to capture a market share of 30.9%. Combined, the UMW Group's market share has increased to 48.2% compared with 44.8% registered for the whole of 2011.

We have restructured our Oil & Gas Division's businesses. Moving forward, we will be focusing and expanding our drilling operations and oilfield services. In line with that, we recently purchased another jack-up drilling rig which will be delivered to us in February next year.

Due to the strong demand for heavy and industrial equipment, our Equipment Division is expected to outperform its 2012 internal targets.

The Manufacturing & Engineering Division is expected to be profitable in 2012. However, unfavourable movement in Indian Rupee, Japanese Yen and base oil prices may affect the profitability of this segment.

**Datuk Syed Hisham bin Syed Wazir**  
**President and Group CEO**  
**UMW Holdings Berhad**

# UMW HOLDINGS BERHAD

## Group Income Statement

	2Q12 RM'000	1Q12 RM'000	2Q11 RM'000 (Restated)	FY 2011 RM'000 (Audited) Restated*	FY 2010 RM'000	% change for 2Q
Revenue	4,139,834	3,695,797	3,166,475	13,535,753	12,820,229	+12.0% QoQ
Share of Profits of Associated Companies	33,130	36,425	19,827	120,889	113,806	-9.0% QoQ
Profit Before Taxation	510,247	433,327	283,781	*1,365,251	1,313,219	+17.8% QoQ
Net Profit Attributable To Shareholders	224,245	220,034	102,978	*485,818	526,903	+1.9% QoQ

\* Restated to take into account the effect of transition from FRS to MFRS of RM16.235m

### Prospects for 2012

#### Automotive Division

- UMW Group's combined total sales is forecasted to be more than 281,000 units for 2012.
- The Division is expected to continue to perform well with the introductions of new models.
- We hope to increase or at least maintain our market share at 45% to 46%.

#### Equipment Division

- Capitalising on Komatsu brand's strong presence and demand.
- Revenue expected to increase due to continued strong demand for mining equipment.
- Construction sector growth should be strong due to the many projects announced by the Government under the various initiatives.

#### Oil & Gas Division

- Full year revenue contribution from NAGA 3, with a higher day-rate from the second quarter of 2012.
- The proposed privatisation of WSP will negate the need for impairment losses.
- Higher contribution from land rigs and additional contribution from Garraf Power Plant Phase 1 project.

#### Manufacturing & Engineering Division

- Higher capacity utilisation for our automotive component plants in India.
- Increased plant utilisation for our new lubricant blending plant in Xinhui, China.
- Higher sales of lubricant products.
- Full-year production at Sathya Auto's third plant in India.

# BUSINESS SEGMENT – AUTOMOTIVE

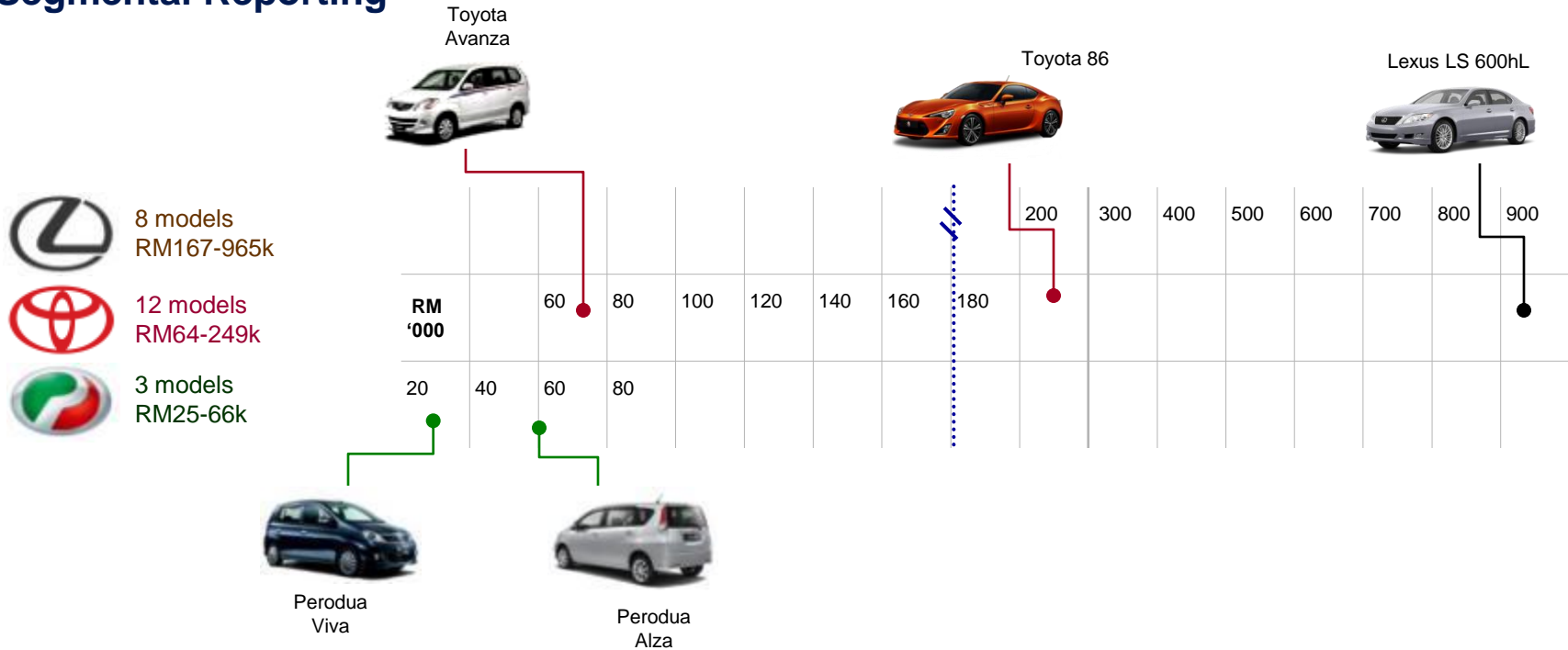
## Segmental Reporting

	2Q12 RM'000	1Q12 RM'000	2Q11 RM'000	FY 2011 RM'000	FY 2010 RM'000	% change for 2Q
Revenue	3,036,657	2,497,339	2,232,586	9,699,027	9,942,836	+21.6% QoQ
Associated Companies	40,541	44,461	22,692	156,126	166,264	-8.8% QoQ
Profit Before Taxation	490,347	370,697	303,874	1,547,897	1,378,019	+32.3% QoQ

Company	UMW Toyota Motor Sdn. Bhd. (51% subsidiary company)	Perusahaan Otomobil Kedua Sdn. Bhd. (38% associated company)
Vehicle sales	<p><b>Vehicle Sales</b></p> <ul style="list-style-type: none"> <li>Toyota sold 29,027 units in 2Q12 compared with 22,540 units in 1Q12, an increase of 28.8 %.</li> <li>Lexus sold 412 units in 2Q12, an increase of 17% compared with 1Q12 sales of 352 units.</li> </ul>	<p><b>Vehicle Sales</b></p> <ul style="list-style-type: none"> <li>Perodua registered sales of 48,180 units for 2Q12, compared with 44,743 units in 1Q12.</li> <li>This represents an increase of 7.7%.</li> </ul>
Market share of TIV	<p><b>Market share</b></p> <ul style="list-style-type: none"> <li>Market share for Toyota including Lexus was at 17.4% for 1H12.</li> <li>UMW Toyota has maintained No.1 position in non-national segment for 22 consecutive year.</li> </ul>	<p><b>Market share</b></p> <ul style="list-style-type: none"> <li>Market share was at 30.9% for 1H12.</li> <li>Set to retain No. 1 position for 7th consecutive year in 2012.</li> </ul>
2Q12 Highlights	<p><b>Production</b></p> <ul style="list-style-type: none"> <li>The All-new Toyota Camry was launched on 1st June 2012, and is targeted to sell about 9,000 units for 2012.</li> <li>As of June 2012, UMW Toyota Motor has collected more than 5,000 orders for the All-new Toyota Camry since 2nd April 2012.</li> <li>The All-new Toyota 86 was also launched on 1st June 2012 with a target of 140 units for the year.</li> <li>Since 9 April 2012, there are 57 orders for the All-New Toyota 86.</li> </ul>	<p><b>Production</b></p> <ul style="list-style-type: none"> <li>Perodua is producing 204,790 units (including export) for this year to support sales demand.</li> <li>Perodua has unveiled it's New Alza Advanced Version as part of the product line-up to capture higher sales.</li> </ul>

# BUSINESS SEGMENT – AUTOMOTIVE

## Segmental Reporting



### Prospects for 2012

#### UMW Toyota Motor

- Toyota being a premium brand is not affected by the recent loan restrictions imposed in Malaysia.
- Sales of Toyota including Lexus for 2012 is expected to surpass the original target of 93,000 units.

#### Perodua

- 2012 is expected to be a challenging year following the recent loan restrictions.
- Perodua has set a sales target of 188,000 units for 2012.
- Perodua is putting aside RM200.5 million for capex in 2012 to improve existing production lines, products, sales and after-sales services.
- A portion of capex will be spent on new flagship 3S centre located in Section 19, Petaling Jaya and is expected to commence operation in second half of 2013.

# BUSINESS SEGMENT – EQUIPMENT

## Segmental Reporting

	2Q12 RM'000	1Q12 RM'000	2Q11 RM'000	FY 2011 RM'000	FY 2010 RM'000	% change for 2Q
Revenue	560,175	614,802	472,465	2,078,894	1,593,050	-8.9% QoQ
Profit Before Taxation	56,720	54,071	38,233	70,510	103,899	+4.9% QoQ

### Heavy Equipment

#### Strong market share

- Overall market share in Malaysia for 1H12 was at 30%.
- UMW continues to be the No. 1 in the overall heavy equipment market.
- We maintained our leadership positions in the iron ore and gold mining sub-sectors.

#### Highlights

- Construction sector was very active due to the various initiatives and projects implemented by the Government.
- Demand from the mining sub-sectors continue to be strong despite the softening prices.
- Strong palm oil price continues to stimulate demand for agriculture tractors.

#### Others

- Malaysia's domestic consumption and government spending will support growth as overseas demand eases.

### Prospects for 2012

- Given the strong activities in the various sectors we are involved and barring any unforeseen circumstances, 2012 should be another good year for our Equipment Division.
- The demand for air and gas compressor in the oil & gas sector is expected to be buoyant.
- Active oil & gas sector with continuous upstream exploration and development activities; downstream expansion and revamp of gas and petrochemical plants.

### Industrial Equipment

#### Dominant market share

- Toyota forklift maintained its 50% market share in Malaysia's material handling equipment business.

#### Recognition

- Received Tennant SEAT Export Distributor of the Year for 2011 Award from Tennant Company

#### Highlights

- Delivered 31 units of Toyota diesel forklift under new rental contract with Continental Sime Tyres AS Sdn. Bhd.
- Delivered 12 units of Toyota battery forklift to Coca-Cola Bottlers (M) Sdn. Bhd. under new rental contract
- Delivered 10 units of Toyota gasoline forklift to Integrated Logistics Solution Sdn. Bhd. under new rental contract
- Delivered 11 units of Tennant walk-behind scrubber to Alam Flora Sdn. Bhd.

### Marine & Power Equipment

#### Highlights

- Secured contract to supply 1 unit of instrument air compressor and dryer package to a Fabrication Yard in Johor. End client is a FPSO vessel owner.
- Delivered 2 units of instrument air compressor and dryer packages to a Fabrication Yard in Johor.

# BUSINESS SEGMENT – OIL & GAS

## Segmental Reporting

	2Q12 RM'000	1Q12 RM'000	2Q11 RM'000 (Restated)	FY 2011 RM'000 Restated *	FY 2010 RM'000	% change for 2Q
Revenue	371,915	430,708	286,016	1,109,624	633,489	-13.7% QoQ
Associated Companies	(726)	(11,373)	(6,855)	(35,752)	(63,726)	+93.6% QoQ
Profit Before Taxation	1,606	29,880	(51,504)	*(245,877)	(180,428)	-94.6% QoQ

\* Restated to take into account the effect of transition from FRS to MFRS of RM16.235m

### General Performance

- NAGA 1 has commenced its deep-dish installation project to enhance its life span and capability. Expected to be back in operations by 4th Quarter 2012.
- NAGA2 - currently in Ujung Pangkah, platform WHP B for HESS operations. Completed 13 wells, balance 7 wells. Manhours since last lost-time-incident (LTI) is 37,092.
- NAGA 3 - currently in location in Sepat Block, Terengganu - expect to complete by 1st Quarter 2013. Achieved 456 days without LTI.

Lower PBT due to:-

- Dry-docking of NAGA 1 for deep-dish installation.
- Significant exchange losses suffered by USTPL as a result of major depreciation of the Indian Rupee against the US Dollar.

### Highlights

- UMW Drilling 4 (L) Ltd signed an agreement to purchase a jack-up drilling rig for USD214 million from S.D.Drilling Pte. Ltd.
- The rig is currently being constructed in Keppel Fels and is expected to be completed and delivered by February 2013.
- UMW Oil & Gas signed a MoU with Institut Teknologi Petroleum PETRONAS (INSTEP) for the establishment of a drilling academy to build local capabilities in the oil & gas industry.

### Prospects for 2012

- There will be a full-year revenue contribution from NAGA 3, coupled with an increase in day-rate with effect from the second quarter of 2012.
- Both NAGA 2 and NAGA 3 are operating at an efficiency rate of more than 95%.
- Gait I, a work-over rig, secured a contract in Indonesia and has been income-generating since end July 2012.
- Higher profit contributions are expected from some of our overseas associated companies.

# BUSINESS SEGMENT – MANUFACTURING & ENGINEERING

## Segmental Reporting

	2Q12 RM'000	1Q12 RM'000	2Q11 RM'000	FY 2011 RM'000	FY 2010 RM'000	% change for 2Q
Revenue	182,044	161,419	174,304	670,433	673,081	+12.8% QoQ
Profit Before Taxation	71	4,104	3,678	(11,929)	39,099	-98.3% QoQ

### General Performance

- Revenue from REPSOL lubricants is improving as it gains market acceptance.
- GRANTT lubricants has appointed two major distributors since local production commenced with the brand's introduction in 2Q12.
- Higher capacity utilisation at our new automotive component plants in India.
- Lubricant plant in China also recorded a higher capacity utilisation.
- Lubetech has started supplying PERODUA the contracted products such as brake fluids, coolants and battery water.
- Stiff competition in the Malaysian lubricant market and lower production of certain Perodua and Proton models have adversely affected demand for our products.

### Results

- Revenue for 2Q12 was 12.8%% higher than 1Q12 due to:-
  - higher capacity utilisation by our new automotive component plants in India and lubricant plant in China.
- The Division's profit before tax for 2Q12 was 98% lower than 2Q11 due to:-
  - weak Indian Rupee against the United States Dollar.
  - higher cost of base oil.

### Prospects for 2012

- Higher capacity utilisation for our automotive component plants in India.
- Increased plant utilisation for our new lubricant blending plant in Xinhui, China.
- Higher sales of Grantt, Repsol and Pennzoil lubricant products.
- Higher demand for shock absorbers expected for the second half of the year.

# UMW HOLDINGS BERHAD

## Consolidated Balance Sheet

	June 2012 RM'000	Mar 2012 RM'000	Dec 2011 RM'000	Sep 2011 RM'000
Investment In Associates	1,440,957	1,460,917	1,424,444	1,471,547
Property, Plant & Equipment	3,088,278	3,029,389	3,077,195	3,032,010
Deposits, Cash & Bank Balances	2,553,335	2,252,283	2,219,430	2,280,976
Inventories	1,859,848	1,787,858	1,518,883	1,463,643
<b>TOTAL ASSETS</b>	<b>11,690,132</b>	<b>11,057,444</b>	<b>10,540,957</b>	<b>10,568,696</b>
Long Term Liabilities	2,027,676	1,719,537	1,743,296	1,924,293
Short Term Borrowings (include ODs)	811,812	918,635	850,708	628,635
<b>TOTAL EQUITY</b>	<b>5,968,764</b>	<b>5,923,032</b>	<b>5,578,068</b>	<b>5,516,137</b>
Net Assets Per Share (RM)	3.94	3.82	3.64	3.69





# THANK YOU



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