

UMW ACHIEVES PRETAX PROFIT OF RM443.2 M IN 2Q13



RM million	2Q13	1Q13	Change
Profit Before Taxation	443.2	432.7	2.4% QoQ

EXECUTIVE SUMMARY

2Q13 financial highlights

- Group revenue registered an increase of 4.2% compared with the previous quarter. Profit before taxation increased by 2.4%.
- Subsequently, net profit attributable to equity holders of the Company increased by 14% compared with 1Q13.
- Consolidated cash and deposits stood at RM1.8 billion.

2Q13 highlights

- UMW Toyota Motor has opened its latest 3S (sales, service and spare-parts) and Body & Paint Centre in Alor Setar at a cost of RM21.4 million.
- Launched the all-new Lexus IS250 in June.
- We entered into an agreement to purchase another premium jack-up drilling rig. We expect to take delivery of the drilling rig by May 2014.
- We announced plans to list our Oil & Gas Division in 4Q13.

Prospects for 2013

- We hope to achieve a market share of at least 45% in the Malaysian automotive industry.
- Equipment Division's profitability is expected to be sustained resulting from better cost management and increased parts sales.
- For Oil & Gas Division, there will be a full-year revenue contribution from NAGA 1 and new contribution from NAGA 4.
- Manufacturing & Engineering segment is expected to improve for the second half of 2013 with the increasing demand for Repsol and Pennzoil lubricant products.

Dividend

- The Board has declared an interim single-tier dividend of 20% or 10 sen (2012 - 20% or 10 sen) per share of RM0.50 each for the year ending 31 December 2013, to be paid on 8 October 2013.

Dear fund managers and analysts,

The Group registered a higher revenue compared with the last quarter. This was due to higher contributions from the Automotive, Oil & Gas and M&E segments.

Despite the intense competition, our Automotive Division registered higher sales in 2Q13, compared with the previous quarter. We hope to do well in the second half of 2013 to maintain our strong market share.

The Oil & Gas Division registered a healthy profit. We have taken delivery of our fourth drilling rig and have also secured a contract for this rig. We have also announced our plans to list the Oil & Gas Division later this year.

Our Equipment Division registered lower revenue due to the softer construction sector and lower commodity prices that dampened equipment demand.

Manufacturing & Engineering Division's revenue was higher than the last quarter but registered a loss mainly due to the weakening of the Indian Rupee which resulted in an unrealised forex loss.

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

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Group Income Statement

	2Q13 RM'000	1Q13 RM'000	2Q12 RM '000 (Restated)	FY 2012 RM'000 (Restated)	FY 2011 RM'000 (Audited)	change Q-o-Q
Revenue	3,499,181	3,359,296	4,108,917	15,798,828	13,535,753	+4.2%
Share of Profits of Associated Companies	39,403	38,497	12,381	126,156	120,889	+2.4%
Profit Before Taxation	443,189	432,703	516,784	2,020,277	1,365,251	+2.4%
Net Profit Attributable To Shareholders	250,987	219,664	224,245	994,296	485,818	+14.3%

Prospects for 2013

Automotive Division

- UMW Group's combined total sales is forecasted to be about 284,000 units for 2013.
- UMW Toyota Motor is expected to register lower sales due to lack of new models. The all-new Toyota Vios is only targeted for October launch.
- We hope to achieve a market share of at least 45%.

Equipment Division

- The construction sector will continue to be driven by projects under the government's Economic Transformation Programmes.
- Recovery of the mining sector hinges on improving commodity prices.
- Profitability of the Division is expected to be sustained due to better cost management and increased parts sales.
- Good prospects for air & gas compression packages in view of the continuous demand for new equipment in oil & gas industry.

Oil & Gas Division

- Full-year revenue contribution from NAGA 1.
- NAGA 4 is revenue-generating commencing April 2013.
- Additional contribution from UP GAIT III and UP GAIT V from the third quarter of 2013.

Manufacturing & Engineering Division

- Higher capacity utilisation for our automotive component plants in India and lubricant plant in China.
- Increased sales of Repsol and Pennzoil lubricant products.

BUSINESS SEGMENT – AUTOMOTIVE

Segmental Reporting

	2Q13 RM'000	1Q13 RM'000	2Q12 RM'000	FY 2012 RM'000	FY 2011 RM'000	change Q-o-Q
Revenue	2,571,362	2,392,089	3,036,657	11,498,096	9,699,027	+7.5%
Profit Before Taxation	358,110	368,055	490,347	1,796,792	1,547,897	-2.7%

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"> Lexus & Toyota sold 23,897 units in 2Q13 compared with 29,423 units in 2Q12 (-18.8%) and 20,366 units in 1Q13 (+17.3%). For 1H13, Lexus & Toyota sold 44,263 units compared with 52,315 units in 1H12 (-15.4%) 	<ul style="list-style-type: none"> Perodua registered sales of 50,177 units for 2Q13, compared with 48,180 units in 2Q12 (+4.1%) and 46,696 units in 1Q13 (+7.5%) For 1H13, Perodua sold 96,873 units compared with 92,923 units in 1H12 (+4.3%)
Market share of TIV	<ul style="list-style-type: none"> For 1H13, market share for Toyota including Lexus was at 14.1%. UMW Toyota has maintained the No.1 position in the non-National segment for 23 consecutive years. 	<ul style="list-style-type: none"> Market share for 1H13 was at 30.9%. Retained the No. 1 position in the Malaysian automotive industry for the 7th consecutive year in 2012.
2Q13 Highlights	<ul style="list-style-type: none"> Launched the all-new Lexus IS250 in June. Targets to sell 60 units this year. UMW Toyota Motor has opened its latest full fledged comprehensive 3S (sales, service and spare-parts) and Body & Paint Centre in Alor Setar at a cost of RM21.4 million. It is equipped with a spacious showroom and an after-sales centre that can service up to 75 vehicles daily. It also has a Body and Paint Centre which can service up to 7 vehicles a day. 	<ul style="list-style-type: none"> The bookings for the Perodua S-Series reached 51,700 units, while a total of 37,700 units or 73% have been registered in 1H13 since the launch of the variants on 13 March 2013. Formally opened its second body & paint hub (B&P hub) in Balakong, Sri Kembangan on 5 June 2013, equipped with 4 bays, which can repair up to 130 units of Perodua cars a month. The hub also has 3 specialised 'ovens' that can service 130 number of paint jobs per month.

BUSINESS SEGMENT – EQUIPMENT

Segmental Reporting

	2Q13 RM'000	1Q13 RM'000	2Q12 RM '000	FY 2012 RM'000	FY 2011 RM'000	change Q-o-Q
Revenue	444,233	479,387	560,175	2,138,469	2,078,894	-7.3%
Profit Before Taxation	51,920	59,080	56,720	183,458	70,510	-12.1%

Heavy Equipment

Strong market share

- Overall market share estimated at 27% with UMW continues to be the market leader in Peninsular Malaysia.
- Market was soft due to uncertainties leading up to the General Elections 2013, with overall market size shrinking by 30%.

Highlights

- Korean brands are recording strong penetration into construction sector with much cheaper product pricing.

Others

- The weakening Ringgit is expected to have an impact on the bottom line as purchases from Thailand and Indonesia are in USD.
- Commodity prices, especially that of palm oil, gold and iron ore, continue to be weak.

Industrial Equipment

Dominant market share

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

Highlights

- Sold 10 units of Toyota forklift to SCM Forklift Services Sdn. Bhd.
- Delivered 27 units of Toyota forklift under new and renewal rental contract with Kerry Ingredients (M) Sdn. Bhd.
- Delivered 13 units of Toyota forklift under new rental contract with Recron (M) Sdn. Bhd.
- Delivered 18 units of Toyota forklift to Southern Steel Mesh Sdn. Bhd. under new rental contract.

Others

- Launched new Tennant T12 Rider Scrubber on 4 July 2013. The new T12 offers improved productivity and finds its application in wide variety of markets like Auto, Aviation, Food & Beverage, Manufacturing, Retail, Transportation and Parking.

Marine & Power Equipment

Highlights

- Secured extension to Long Term Service Contracts with Petronas Carigali Sdn. Bhd.
- Finalising distributorship rights for gas compressor with PDC of USA.

BUSINESS SEGMENT – OIL & GAS

Segmental Reporting

	2Q13 RM'000	1Q13 RM'000	2Q12 RM '000 (Restated)	FY 2012 RM'000 (Restated)	FY 2011 RM'000 Restated	change Q-o-Q
Revenue	167,756	157,524	186,643	846,105	1,109,624	+6.5%
Profit Before Taxation	75,781	20,623	18,525	88,210	(245,877)	+>100%

Results

- Higher revenue from the drilling services mainly from the commencement of operations of NAGA 4 and full quarter operations of NAGA 1.

Highlights

- NAGA 2's new contract with Petrovietnam Drilling and Well Services Corporation for operations in offshore Vietnam commenced in May 2013 following the completion of NAGA 2's contract with HESS (Indonesia Pangkah) in Indonesia in April 2013.
- NAGA 4 which was delivered in February 2013, commenced operations in April 2013 under a 3-year contract from PETRONAS Carigali Sdn. Bhd. in offshore Terengganu, Malaysia.
- In May 2013, we entered into an agreement that includes the acquisition of another premium jack-up drilling rig, which is currently under construction. We expect to take delivery of the drilling rig by May 2014.
- In April 2013, PTT Exploration and Production Public Company Ltd, Thailand issued a Letter of Intent to Award for the deployment of UP GAIT V for a 3-year call-out contract with firm 110 days per year with an option for further extension. UP GAIT V was mobilized in June 2013.
- In June 2013, PETRONAS Carigali issued a Letter of Award for the deployment of UP GAIT II for workover operations of two wells, which is expected to commence in direct continuation from the completion of workover operations under the existing contract.
- UP GAIT III secured a 3-well contract with PVD Trading and Technical Services Joint Stock Company for the provision of Hydraulic Workover Unit and Services in support of workover operations for Su Tu Vang field, offshore Vietnam in June 2013.

Prospects for 2013

- Full-year revenue contribution from NAGA 1.
- NAGA 4 is revenue-generating commencing April 2013.
- Additional contribution from UP GAIT III and UP GAIT V from the third quarter of 2013.

BUSINESS SEGMENT – MANUFACTURING & ENGINEERING

Segmental Reporting

	2Q13 RM'000	1Q13 RM'000	2Q12 RM '000 (Restated)	FY 2012 RM'000 (Restated)	FY 2011 RM'000	change Q-o-Q
Revenue	187,863	177,131	176,992	680,708	670,433	+6.1%
Profit Before Taxation	(2,536)	9,388	71	3,604	(11,929)	->100.0%

General Performance

- Overall, better performance for 1H13 compared with 1H12.
- The auto component operations in both Malaysia and India were adversely affected by the lower than forecast OEM customers' production volume.
- Indian-based operations were the hardest hit as the currency exchange rate depreciated by 28% and financing rate has increased, while the plants were running below the optimum capacity.
- Lubricant operations have shown much improvement. Bottom line results improved with increased sales and cost management activities.

Results

- Although OE market is soft, KYB-UMW Malaysia Sdn. Bhd. performed well due to improved business from the replacement market and cost savings activities.
- Lubritech (China) is expected to perform better after securing new businesses from FAW Mazda.
- The loss was mainly contributed by the weakening of the Indian Rupee which resulted in an unrealised forex loss on the USD loans of the subsidiaries in India.

Prospects for 2013

- Expecting a better result for 2H2013 with greater stability in OEM production volume.
- The performance of this segment is expected to improve for the second half of 2013 with the increasing demand for Repsol and Pennzoil lubricant products.

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Consolidated Balance Sheet

	At 31/6/2013 RM'000	At 31/3/2013 RM'000	Restated 31/12/2012 RM'000	Restated 31/12/2011 RM'000
Investment In Associates	1,628,495	1,618,297	1,554,729	1,414,018
Property, Plant & Equipment	3,764,541	3,472,143	2,997,268	2,863,474
Deposits, Cash & Bank Balances	1,757,155	2,306,415	2,492,582	2,214,825
Inventories	2,182,484	2,059,660	1,768,818	1,466,779
TOTAL ASSETS	12,426,255	11,955,730	11,495,403	10,259,923
Long Term Borrowings	2,119,903	2,149,652	1,633,939	1,638,699
Short Term Borrowings (include ODs)	1,329,317	1,006,512	1,073,674	744,772
TOTAL EQUITY	6,431,721	6,629,781	6,298,417	5,594,072
Net Assets Per Share (RM)	4.32	4.34	4.15	3.63



THANK YOU



Dr Wafi Nazrin Abdul Hamid
Executive Director, UMW Corporation
Head of Group Management Services
Email: wafi@umw.com.my



S. Vikneshwaran
Head, Investor & Media Relations
Email: vikneshwaran.s@umw.com.my
Telephone: +603 5163 5044

Corporate Portal www.umw.com.my

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