

## UMW ACHIEVES PRETAX PROFIT OF RM224.7 M IN 4Q10

RM million	4Q10	4Q09	QoQ	FY2010	FY2009	YoY
Profit Before Taxation	224.7	249.1	-9.8%	1,312.9	846.5	+55.1%



### EXECUTIVE SUMMARY

#### 4Q10 financial highlights

- Group PBT increased by 55.1% YoY to RM1,312.9million
- Much improved YoY and also QoQ profits at Automotive, Equipment and Manufacturing & Engineering Divisions
- Consolidated cash and deposits stands at RM2.2billion
- O&G poised for recovery after temporary set-back.

#### 4Q10 highlights

- Automotive Division's market share at 47%
- UMW Toyota sold 92,070 units in 2010, 12.2% higher than 2009.
- WSP Holdings awarded \$91.8 Million in new orders from Venezuela's State-owned Oil Company
- UMW signed a principal agency agreement with Repsol YPF Lubricantes Y Especialidades, SA to distribute Repsol lubricants throughout Asia.

#### Prospects for 1Q11

- The group is looking to consolidate its businesses as to achieve operational strength. We also want to leverage on our international presence to increase revenue.
- Automotive Division aiming to maintain its market share
  - Toyota/Perodua to have exciting new/facelift/variant models
- Oil & Gas Division on the road to making positive contributions to Group Profits in 2011
  - Naga 3 is expected to be operational by the end of the first quarter of 2011.

#### ROSF / Dividend

- Company achieved an annual return on shareholders' funds of approximately 13.1% , i.e. 3.1% above its KPI of a minimum of 10%.
- Dividend payout of 76.2% of PAT against KPI of a minimum of 50% i.e. total 30 sen per share.

Dear fund managers and analysts,

I hope it's not too late to extend my sincere wishes for a happy, healthy and productive new year to all of you.

I am pleased to report that our Automotive Division continued to retain its market share and achieve commendable results, spurred by good sales numbers and favourable foreign exchange rates. We expect that 2011 will be another good year for our Automotive Division.

Our Oil & Gas Division is poised for recovery in 2011 from its temporary set-back in the last few quarters. Our Naga 3 is expected to be operational by 1<sup>st</sup> quarter of 2011. WSP, which was affected by the imposition of countervailing anti-dumping duties in United States, has successfully found new export opportunities, major ones being in Venezuela.

Our Equipment Division continued to show strong results, benefiting from a high level of infrastructure and construction activities. This Division expected to register another year of growth in 2011.

Our Manufacturing & Engineering Division also achieved good results in 2010 and is expected to grow in 2011, with all our new automotive parts plants in India being in full production.

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

# UMW HOLDINGS BERHAD

## Group Income Statement

	4Q10 RM'000	3Q10 RM'000	4Q09 RM'000	FY 2010 RM'000	FY 2009 RM'000	% Change for YoY
Revenue	3,438,131	3,087,276	2,992,338	12,840,639	10,720,861	+19.8% YoY
Share of Profits of Associated Companies	10,897	40,927	(19,361)	131,412	70,638	+86.0% YoY
Profit Before Taxation	224,656	340,922	249,125	1,312,938	846,504	+55.1% YoY
Net Profit Attributable To Shareholders	18,451	149,394	111,068	512,398	382,395	+34.0% YoY

### Group profit improved

#### Strong contributions from subsidiaries

- Strong economic recovery and improved consumer confidence resulted in high demand for all Group products and services in the Automotive, Equipment and Manufacturing & Engineering segments.

#### Improved Overall contributions by associated companies

- Perusahaan Otomobil Kedua Sdn Bhd achieved significantly higher profit levels, both YoY and QoQ

### Prospects for 1Q11

#### Automotive Division

- UMW Toyota will launch Lexus CT 200h in February 2011
- Healthy level of orders for Toyota Prius due to the enhanced exemption of import and excise duty from 50% to 100% from 1 January 2011 to 31 December 2011, as announced in the last National Budget.
- Perodua will launch 500 units of the Alza Exclusive Edition, a special version of the Alza Advanced Version, to commemorate former Prime Minister Tun Dr Mahathir Mohamad's visit to the plant in January 2011.

#### Oil & Gas Division

- UMW has taken delivery of NAGA 3 and is now in final negotiations with a potential client
- Naga 3 expected to be operational in 1<sup>st</sup> Quarter 2011
- O&G Division expects turnaround in 2011 due to following:
  - Extension of Naga 1 contract for 5 years
  - Full year revenue from Naga 2
  - Commencement of operations of Naga 3 from March 2011
  - Improvement in WSP's performance
  - Commencement of production by USTPL, our green pipe manufacturing plant in Hyderabad

# BUSINESS SEGMENT – AUTOMOTIVE

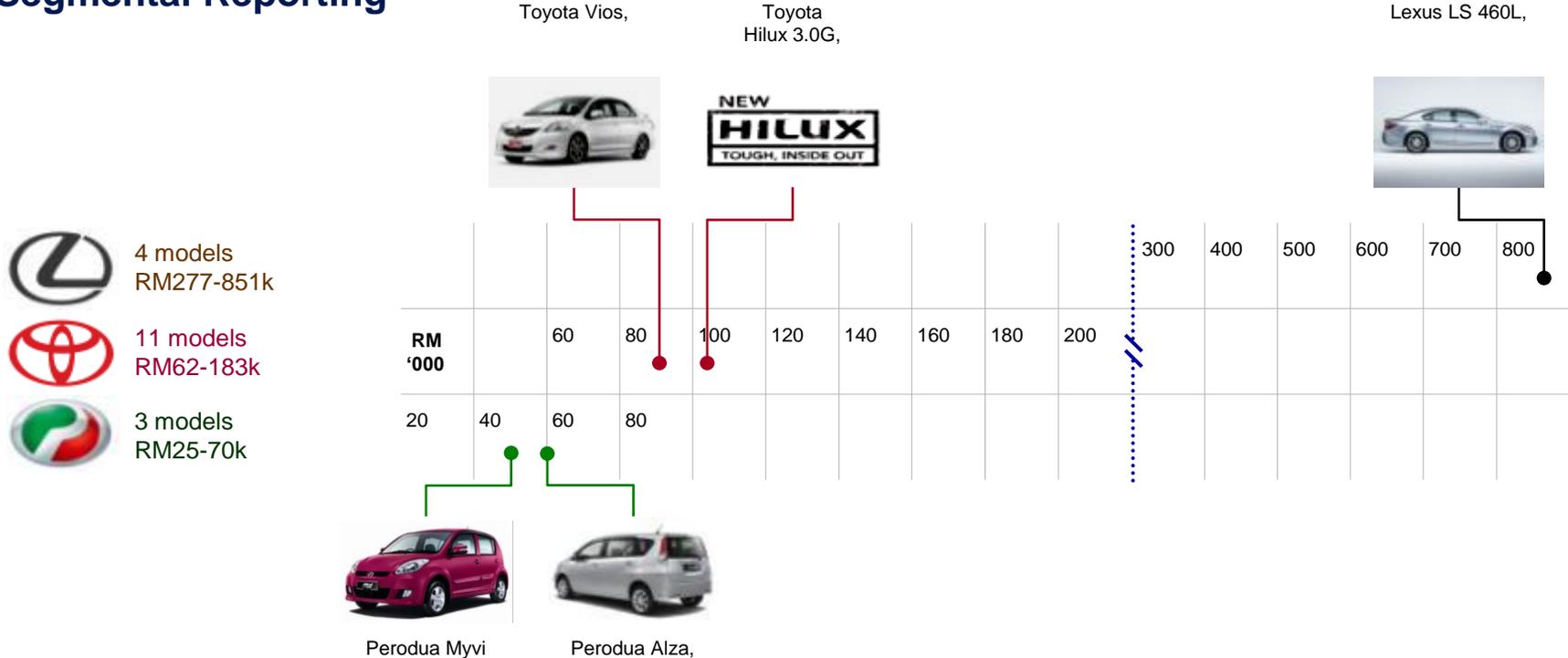
## Segmental Reporting

	4Q10 RM'000	3Q10 RM'000	4Q09 RM'000	FY 2010 RM'000	FY 2009 RM'000	% Change for YoY
Revenue	2,610,685	2,368,797	2,374,147	9,941,543	8,351,365	+19.0% YoY
Associated Companies	36,935	36,109	24,992	164,251	86,146	+90.7% YoY
Profit Before Taxation	332,178	329,134	243,170	1,380,617	738,247	+87.0% YoY

Company	UMW Toyota Motor Sdn Bhd (51% subsidiary company)	Perusahaan Otomobil Kedua Sdn Bhd (38% associated company)
<b>Vehicle sales</b>	<p><b>Improved</b></p> <ul style="list-style-type: none"> <li>• 4Q10 sales registered 24,750 units (4Q09 : 22,539 units).</li> <li>• YTD Dec 2010 sales of 92,070 units. This is 12.2% higher compared to same period last year (YTD Dec'09 : 82,090 units).</li> <li>• Toyota Vios contributed 36.6% of UMW Toyota's total sales.</li> <li>• Toyota Camry sales increased by 32% YoY due to continued popular demand.</li> <li>• YTD Dec10 Lexus sales improved 41.3% YoY mainly contributed by RX350 (2010 : 431 units vs. 2009 : 305 units)</li> </ul>	<p><b>Outperformed TIV</b></p> <ul style="list-style-type: none"> <li>• In 2010 Perodua sold 188,641 units, a new record for Perodua.</li> <li>• Sales target for 2011 is 195,000 units</li> <li>• All the 3 Perodua models are top 5 sales volume drivers in the country</li> </ul>
<b>Market share of TIV</b>	<p><b>Maintained market share</b></p> <ul style="list-style-type: none"> <li>• Market share maintained at 15.2%.</li> <li>• Toyota Vios, Camry, Hilux, Prius and Lexus RX350 remained No. 1 in their respective segments.</li> <li>• Hilux market share is expected to register highest level in 4Q10 (50.5%) due to introduction of additional variant Hilux 3.0L</li> </ul>	<p><b>Improved YoY</b></p> <ul style="list-style-type: none"> <li>• Leader in the passenger car market with 31.2% market share of TIV</li> <li>• Forecasted to retain No.1 position for 6th consecutive year in 2011</li> </ul>
<b>4Q10 pretax profit</b>	<p><b>YoY and QoQ improved profitability</b></p> <ul style="list-style-type: none"> <li>• +87% YoY increase in PBT</li> <li>• Effective control of selling and general administration costs</li> <li>• More favorable exchange rates and will continue current hedging policies for all future currency requirements.</li> </ul>	<p><b>YoY improved profitability</b></p> <ul style="list-style-type: none"> <li>• Higher sales volume and better model mix</li> <li>• Improved contributions from associated manufacturing companies</li> </ul>

# BUSINESS SEGMENT – AUTOMOTIVE

## Segmental Reporting



### Prospects for 2011

#### Invest for the future

- Enhance components localisation to capture greater cost efficiencies and raise overall capabilities of local vendors
- Invest in plant upgrade to increase assembly quality, testing capabilities and optimise future output capacity
- Ongoing upgrading of outlets, accessory-sales centres and human resources to better serve our growing customer-base

#### New/variant/facelift models

- Competition expected to remain intense as consumers increasingly have broader product choices, especially in the non-national segment. New smaller vehicles imported from ASEAN markets could also pose greater competition for Perodua
- Promotional packages to ease financing cost may be considered as hire purchase rates have increased. Fluctuating currencies could also affect overall profit margins
- UMW Toyota/Perodua will continue to introduce new/variant/facelift models to enhance model line-up and sustain orders

# BUSINESS SEGMENT – EQUIPMENT

## Segmental Reporting

	4Q10 RM'000	3Q10 RM'000	4Q09 RM'000	FY 2010 RM'000	FY 2009 RM'000	% Change for YoY
Revenue	422,936	409,454	310,824	1,589,561	1,191,019	+33.5 % YoY
Profit Before Taxation	(9,561)	35,734	20,155	96,005	83,543	+14.9 % YoY

### Heavy Equipment

#### Strong market share

- Overall market share is estimated at 35%.
- 2010 is a record year for UMW Equipment.

#### Highlights

- 2011 will be another positive year for UMW Equipment. The feel-good factor is back, on rising public and private investments resulting from the Government New Economic Model, Government Transformation Programme, 10th Malaysia Plan, Economic Transformation Programme and the expected impending General Election.

### Industrial Equipment

#### Dominant market share

- Our Toyota Forklifts continued to command market share of more than 60% in Malaysia

#### Highlights

- Renewed fleet management contract with F&N Beverages Marketing for 48 units of forklifts and reach trucks
- Renewed fleet management contract for 25 units of forklifts with BP Malaysia
- Secured additional order of 15 units battery forklifts from Nippon Express

### Marine & Power Equipment

#### Highlights

- Signed 2 price agreements for maintenance services for Cameron reciprocating compressors for offshore applications
- Submitted bids for 2 units offshore gas compressors and 4 units onshore instrument air compressors and dryer package

### Prospects for 2011

#### Equipment Division performance expected to improve

- Outlook for Equipment Division in 2011 is expected to remain positive in line with the economic growth of the country. Key initiatives under the ETP augur well for the sector with increased FDI and domestic investments.

# BUSINESS SEGMENT – MANUFACTURING & ENGINEERING

## Segmental Reporting

	4Q10 RM'000	3Q10 RM'000	4Q09 RM'000	FY 2010 RM'000	FY 2009 RM'000	% Change for YoY
Revenue	184,317	147,459	154,303	641,233	509,951	+25.7 % YoY
Profit Before Taxation	3,985	13,577	12,708	46,717	23,066	+102.5 % YoY
Pennzoil	KYB			Auto Components		

### Performance & On-going promotions

- UMW Pennzoil Distributors Sdn Bhd and Lubetech Sdn Bhd is now 100% owned by UMW.
- UMW Lubricants International Sdn Bhd has secured an exclusive agency to manufacture / distribute 'REPSOL' brand from Spain.
- Sponsorship of team to compete in PETRONAS Sprinta Cub Pix to expand Pennzoil exposure.
- New MCO product range launched – "Fastrac Racing" Ester technology.

### National MPVs ride on KYB

- Continued favourable results with the national MPVs, Perodua Alza, Proton Exora, as well as recently-launched Proton Inspira which uses KYB shock absorber components and steering pumps. KYB also supplies power steering pump requirements of Perodua and Proton.

### OEM mainstay

- Overall positive growth in revenue in line with increase in TIV from Perodua and Proton.
- Sole OEM CKD filtration supplier to both Proton and Perodua except for Savvy and Avanza models.
- Main supplier of engineered plastic products such as engine cam cover for Proton and Perodua together with air cleaner for VIVA model.

### Prospects for 2011

#### Production Ramp-Up in 4H10

- Automotive components sector in India
  - JV with Dongshin Motech of Korea
    - Received orders of 52 parts from VW India, 6 parts from Tata Nano, and 9 parts from GM.
    - Expected future order of 12 parts for Tata Nano in 1Q11.
    - In order to fulfill these orders, company has invested a further USD6.5m in plant and equipment.
  - Sathya Auto manufactures mechanical jacks, radiator caps, sheet metal components and forgings. Company has secured orders from VW (Polo), and Toyota, and most recently orders from Nissan (Micra) for jacks. Plant-1 and Plant-2 are operational. Plant 3 is undergoing commissioning and trial runs are in progress with factory completion expected in 1Q11.
  - Castwel Autoparts manufactures pressure die castings, aluminium gravity die castings and aluminium alloy auto components
    - Expanded Plant-B has been completed in 4Q2010 and is currently operational.
    - Received increased orders from multi-nationals like Valeo, Bosch, Sona Steering, and Kayaba.
- Lubricant market in China
  - JV with Dah Chong Hong (Motor Service Centre) Limited is involved in manufacturing/processing of lubricants. Plant in China (Xinhui, Guangdong Province) has an initial annual output capacity of 50 million litres. Operations started in late Dec 2010 ahead of schedule and 13% below cost. Lubritech GEP brand sales commenced during the commissioning with toll blending solutions for manufacture. Sale of Repsol brand in China is expected by end of 1Q2011.

# BUSINESS SEGMENT – OIL & GAS

## Segmental Reporting

	4Q10 RM'000	3Q10 RM'000	4Q09 RM'000	FY 2010 RM'000	FY 2009 RM'000	% Change for YoY
Revenue	223,538	162,310	179,187	679,277	711,007	-4.5 % YoY
Associated Companies	(26,089)	(2,035)	(40,700)	(44,107)	2,061	>-100%YoY
Profit Before Taxation	(139,585)	(12,803)	(33,032)	(190,938)	37,696	>-100% YoY

### General Performance

2010 was not a good year for our O&G Division, mainly due to:

- Poor performance of WSP due to imposition of countervailing and antidumping.
- Naga 2 did not commence operations till last quarter.
- Negotiations were still in progress on Naga 3

However, the Division is poised for recovery in 2011 from its temporary set-back in the last few quarters.

### On subsidiaries

#### NAGA 1 & NAGA 2

- NAGA 1 (semi-submersible rig), contract with PETRONAS Carigali Sdn Bhd was extended for another 5-years. The contract value is approximately USD250 million
- Naga 2 (jack-up rig) is already working and will generate full-year revenue in 2011. The total contract value approximately USD183.12 million with HESS (Indonesia-Pangkajene) Limited.

#### NAGA 3

- In final negotiation stage with potential partner for the leasing of Naga 3. Expected to be in operation in the first quarter of 2011

### On associates

#### WSP

- Although WSP's profitability is still affected by the imposition by United States of countervailing and anti-dumping duties on seamless pipes made in China, the company continues to pursue new export opportunities to broaden its customer base and to achieve improvement in overall margins.
- In December 2010, WSP was awarded \$91.8 Million in new orders from Venezuela's State-owned Oil Company

### Prospects for 2011

#### United Seamless Tubular Pte Ltd

- New OCTG plant in India is expected to achieve up to 60% capacity utilization in 2011.

# UMW HOLDINGS BERHAD

## Consolidated Balance Sheet

	Dec 2010 RM'000	Sep 2010 RM'000	Dec 2009 RM'000	Dec 2008 RM'000
Investment In Associates	1,432,418	1,559,957	1,453,676	1,468,121
Property, Plant & Equipment	2,902,759	2,799,760	2,780,553	1,792,362
Deposits, Cash & Bank Balances	2,174,607	1,822,946	1,733,290	1,537,802
Inventories	1,395,708	1,424,064	1,303,573	1,453,830
<b>TOTAL ASSETS</b>	<b>9,995,380</b>	<b>9,630,868</b>	<b>8,825,696</b>	<b>7,828,041</b>
Long Term Liabilities	2,024,963	1,846,161	1,850,598	719,517
Short Term Borrowings (include ODs)	646,818	451,121	294,144	527,954
<b>TOTAL EQUITY</b>	<b>5,261,748</b>	<b>5,277,707</b>	<b>4,919,768</b>	<b>4,605,420</b>
Net Assets Per Share (RM)	3.49	3.59	3.37	3.23

### AAA rated

#### Issued RM610 million of ICP/IMTN, UMW rated AAA

- UMW issued RM500 million Islamic Medium Term Notes (IMTN) and RM110 million Islamic Commercial Papers/Islamic Medium Term Notes (ICP/IMTN) with a tenure of 5 years each.
  - Balance of another RM190 million (total facility approved is RM800 million of IMTN and ICP/IMTN with tenure up to 10 years)
  - No collateral or security pledged for ICP/IMTN Programme
- In June 2010, Malaysian Rating Corporation Berhad has reviewed and affirmed its 'AAA' Corporate Credit Rating

### Strong balance sheet

#### Sizable investments are now largely completed

- Increase in long term liabilities due to drawdown of pre-approved facilities to finance especially Oil & Gas investments
  - Rate of increase of long term liabilities to taper off as most sizable Oil & Gas projects are being completed by 3Q10
- Well-managed overall level of inventories
- YTD, net assets per share RM3.49
- Record dividend payout for 2010, total of 30 sen per share representing a 76.2% payout of PAT



# THANK YOU

Investor Relations Contact  
Telephone: +603 5163 5112



Ms Suseela Menon  
Executive Director, UMW Corporation  
Email: [suseela.menon@umw.com.my](mailto:suseela.menon@umw.com.my)

Corporate Portal [www.umw.com.my](http://www.umw.com.my)

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