

# UMW ACHIEVES PRETAX PROFIT OF RM316 m IN 4Q11



RM million	4Q11	4Q10	QoQ	FY2011	FY2010	YoY
Profit Before Taxation	315.6	224.9	+40%	1,381.2	1,313.2	5%

## EXECUTIVE SUMMARY

### 4Q11 financial highlights

- Group PBT increased by 40% QoQ to RM315.6 million.
- The Division achieved considerably higher profit due to favourable USD exchange rate, lower selling and distribution expenses for run-out models and improved profit contributions from Perodua.
- Higher revenue was recorded from Equipment and Oil & Gas Divisions.
- Consolidated cash and deposits stand at RM2.2 billion.
- Our total assets now stand at RM10.4 billion.

### 4Q11 highlights

- Automotive Division's overall market share for 2011 was 45%.
- Continued strong demand for our heavy and industrial equipment, both locally and overseas.
- As a result of the higher revenue, the operating results of the Oil & Gas segment showed a turnaround, from a loss of RM50 million incurred in 4Q10 to a profit of RM7 million in 4Q11.

### Prospects for 2012

- Automotive Division aims to maintain its market share with the introduction of new models.
- Equipment Division expects strong demand to continue from construction, timber and mining sub-sectors.
- Revenue & operating profit of the Oil & Gas Division is expected to improve significantly.
- Manufacturing & Engineering Division is also expected to record higher revenue & profit.

### Dividend policy

- The Board declared a final single-tier dividend of 15% or 7.5 sen per share for the year ended 31<sup>st</sup> December 2011.
- Dividend payout of 72.7% of our 2011's net profit was above our announced policy of 50%.

Dear fund managers and analysts,

I am very pleased to report that the Group has, once again, registered a record revenue and profit before tax for 2011.

Despite the natural disasters in Japan and Thailand, our Automotive Division continued to retain its market share and achieved record profits. We expect the Division to continue to perform well in 2012.

Our Oil & Gas Division has turned around operationally. However, impairments and fair value losses affected the final bottom line of the Division. With the recent developments and upward trends, we look forward to a profitable year for Oil & Gas Division in 2012.

Equipment Division also did very well but its results were impacted by a substantial loss incurred in a maintenance contract in Papua New Guinea. Moving forward, we see considerably improved performance in 2012.

Manufacturing & Engineering Division also registered a positive growth in revenue. However, its results were affected by the increase in cost of base oil and the new plants in India and China operating below breakeven capacity. The Division is expected to deliver better results in 2012.

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

# UMW HOLDINGS BERHAD

## Group Income Statement

	4Q11 RM'000	3Q11 RM'000	4Q10 RM'000	FY 2011 RM'000 (Audited)	FY 2010 RM'000	% change for 4Q
Revenue	3,477,333	3,691,437	3,417,721	13,556,405	12,820,229	-6% QoQ
Share of Profits of Associated Companies	47,812	21,056	(6,709)	125,656	113,806	>+100% QoQ
Profit Before Taxation	315,568	414,154	224,937	1,381,241	1,313,219	-24% QoQ
Net Profit Attributable To Shareholders	50,807	169,169	32,956	502,986	526,903	-70% QoQ

### Prospects for 2012

#### Automotive Division

- UMW Group's combined total sales is forecasted to be 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

- Revenue expected to be maintained 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.
- No further losses from maintenance contract in Papua New Guinea anticipated for 2012. (Please refer to slide number 5 for details).

#### 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 Repsol and Pennzoil lubricant products.
- Full-year production at Sathya Auto's third plant in India.

#### Oil & Gas Division

- Full year revenue contribution from NAGA 3.
- The privatisation of WSP will negate the need for impairment losses.
- Capacity utilisation at USTPL expected to increase

# BUSINESS SEGMENT – AUTOMOTIVE

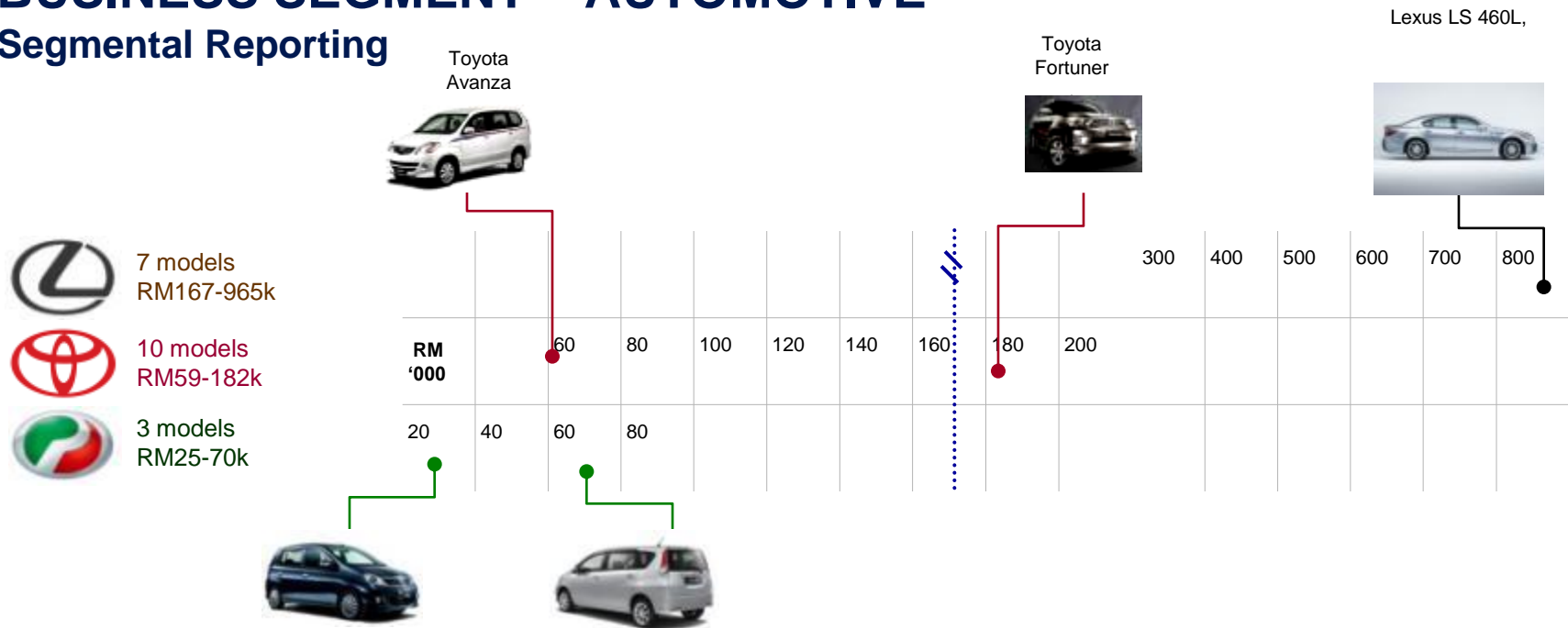
## Segmental Reporting

	4Q11 RM'000	3Q11 RM'000	4Q10 RM'000	FY 2011 RM'000	FY 2010 RM'000	% change for 4Q
Revenue	2,418,267	2,616,123	2,611,978	9,700,890	9,942,836	-8% QoQ
Associated Companies	45,558	44,288	38,948	156,149	166,264	+3% QoQ
Profit Before Taxation	480,093	437,131	329,580	1,551,298	1,378,019	+10% QoQ

Company	UMW Toyota Motor Sdn Bhd (51% subsidiary company)	Perusahaan Otomobil Kedua Sdn Bhd (38% associated company)
Vehicle sales	<p>Sales</p> <ul style="list-style-type: none"> <li>4Q11 sales (Toyota &amp; Lexus) registered 22,748 units compared with 3Q11 of 23,794 units (-1,046 units)</li> <li>Toyota Prius sales improved significantly from 526 units in 3Q11 to 1,004 units in 4Q11. Total units sold for the year 2011 was 2,457 units.</li> <li>Lexus sold 715 units in 4Q11, an increase of 151 units compared with 3Q11 (564 units). Total units sold for the year 2011 was 1,711 units.</li> </ul>	<p>Sales</p> <ul style="list-style-type: none"> <li>Perodua registered sales of 52,803 units for 4Q11, compared with 47,719 units in 3Q11. Total units sold for the year is 179,989 units.</li> </ul>
Market share of TIV	<p>Market share</p> <ul style="list-style-type: none"> <li>UMW Toyota sold 88,662 units in 2011</li> <li>Market share for Toyota including Lexus was at 14.8% for 2011.</li> <li>UMW Toyota has maintained No.1 position in non-National segment for 22 consecutive years.</li> </ul>	<p>Market share</p> <ul style="list-style-type: none"> <li>Market share was at 30% for 2011.</li> <li>Retained No. 1 position for 6th consecutive year in 2011.</li> </ul>
4Q11 Highlights	<ul style="list-style-type: none"> <li>The company's performance is commendable considering the challenges they had to face due to the earthquake and tsunami in Japan and floods in Thailand.</li> <li>Toyota launched the new Hilux, Fortuner and Innova.</li> </ul>	<ul style="list-style-type: none"> <li>Despite the earthquake and tsunami in Japan and the floods in Thailand, Perodua managed to retain its no.1 position with a market share of 30%.</li> <li>Perodua doubled its exports to 8,000 vehicles in 2011. It currently exports to seven countries, Singapore, Brunei, Mauritius, Fiji, Sri Lanka, the UK and Nepal.</li> </ul>

# BUSINESS SEGMENT – AUTOMOTIVE

## Segmental Reporting



### Prospects for 2012

#### UMW Toyota Motor

- Toyota being a premium brand is not expected to be adversely affected by the recent loan restrictions imposed in Malaysia.
- Sales forecast for Toyota including Lexus for 2012 is at 93,000 units
- Toyota unveiled the new Avanza on 11 Jan 2012 which is targeted to sell about 8,800 units which accounts for 9.5% of its targeted sales for 2012. We already have outstanding orders of 2,500 units.
- The new Toyota Prius C was launched on 20 February 2012. We have received total bookings of 539 units as at 15 February 2012.
- The new Toyota Camry will make its debut sometime in June-July 2012.

#### Perodua

- 2012 is expected to be a tough year following the recent loan restrictions.
- Perodua has set a sales target of 188,000 units for 2012.
- Launched the new Alza SR on 2 February 2012. Sales is expected to reach some 400 units monthly.
- Perodua is putting aside RM200.5 million for capex in 2012 to improve existing production lines, products, sales and after-sales services.
- Part 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

	4Q11 RM'000	3Q11 RM'000	4Q10 RM'000	FY 2011 RM'000	FY 2010 RM'000	% change for 4Q
Revenue	531,468	631,416	426,425	2,073,099	1,593,050	-16% QoQ
Profit Before Taxation	(44,717)	35,579	(1,667)	63,215	103,899	>-100% QoQ

### Heavy Equipment

#### Strong market share

- Registered a 30% revenue growth in 2011.
- Overall market share at 35%
- Our positioning in the iron ore and gold mining sub-sectors continues to be No.1

#### Highlights

- Construction and the mining sub-sectors continue to be strong.
- Demand for agriculture tractors continue to be strong due to the good palm oil prices.
- Demand from logging sector has been sustained.

#### Others – Background on maintenance contract in Papua New Guinea

- Signed a contract worth USD136 million for the supply of mining equipment and maintenance services in Papua New Guinea in 2006.
- We employed consultants and mining experts to advise us as we did not have the requisite expertise in the mining sector.
- Due to high turnover of mining staff, there was no continuity, leading to lack of monitoring and management of the contract.
- As a result, the Division has a total loss of approximately RM100 million, which includes provisions for any potential losses until the expiry of this contract in June 2012

### Industrial Equipment

#### Leading market share

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

#### Highlights

- Delivered 46 units of Toyota battery forklift under new and renewal rental contract with Nestle Group of Companies
- Renewed rental contract with Malaysia Airlines Cargo Sdn Bhd for 22 units of Toyota diesel forklift
- Delivered to TS forklift Sdn Bhd 23 units of Toyota diesel forklift

### Marine & Power Equipment

#### Highlights

- Secured contract to supply 2 units instrument air compressor and dryer packages to Oil & Gas fabricator for installation on FPSO
- Successfully completed installation and commissioning of 2 units gas compressor packages on offshore platform Terengganu

### Prospects for 2012

- Construction sector growth should be strong due to the many projects announced by the Government under the various initiatives.
- The Euro debt crisis will be a drag on growth of the overall economy.
- UMW Industries will intensify efforts to preserve our key accounts and continue to focus and support the anticipated growth sectors like retail, logistics and food & beverage.
- The demand for air and gas compressor in the oil & gas sector is expected to be buoyant.
- No further losses are expected from the maintenance contract in Papua New Guinea.
- The Equipment Division is expected to do well in 2012.

# BUSINESS SEGMENT – MANUFACTURING & ENGINEERING

## Segmental Reporting

	4Q11 RM'000	3Q11 RM'000	4Q10 RM'000	FY 2011 RM'000	FY 2010 RM'000	% change for 4Q
Revenue	172,351	163,668	184,141	670,890	641,057	+5% QoQ
Profit Before Taxation	3,919	(7,552)	(3,633)	4,994	39,099	>+100% QoQ

### General Performance

- Revenue for FY2011 was 5% higher than FY2010 due to the following:-
  - Higher revenue due to additional revenue contributions from our new plants in India and China, coupled with higher sales of lubricant products.
  - Lubritech secured toll blending contract and started blending for Petronas in China.
  - Lubritech commenced local production and packaging of Repsol in April with further market penetration into West and Central China.
  - UMW Dongshin Motech secured further orders from VW, Tata and GM. Production ramp up is in progress on confirmed orders.
  - UMW Dongshin Motech received GM's "Supplier of the Year" award for the second time.
  - Sathya Auto's third plant in Chennai, India has commenced operations in 3Q11.

### Results

The Division registered a lower profit before tax for FY2011 compared with FY2010 due to:

- Substantial increase in the cost of base oil.
- Newly completed plants in India and China were still in the initial stages of operating below breakeven capacity.
- Higher unrealised foreign exchange losses in our autoparts manufacturing companies due to the weakening Indian rupee against the US dollar.

### 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 Repsol and Pennzoil lubricant products.
- Full-year production at Sathya Auto's third plant.

# BUSINESS SEGMENT – OIL & GAS

## Segmental Reporting

	4Q11 RM'000	3Q11 RM'000	4Q10 RM'000	FY 2011 RM'000	FY 2010 RM'000	% change for 4Q
Revenue	351,240	295,067	209,754	1,126,329	665,513	+19% QoQ
Associated Companies	(3,762)	(13,120)	(45,708)	(31,009)	(63,726)	+71% QoQ
Profit Before Taxation	(189,857)	(22,220)	(129,075)	(234,847)	(180,428)	>-100% QoQ

### General Performance

- Revenue for the year increased by 69% in FY2011 over FY2010.
- Operating results in Oil & Gas Division returned to profitability in 2011.
- However, losses in some of our associate companies and unfavourable fair value movements and asset impairment losses, resulted in an overall loss of RM235 million for the Oil & Gas Division.

### Major contributors to Oil & Gas losses

#### USTPL

- Our plant in Hyderabad, India saw its first year of operations in 2011. Naturally, there were initial problems resulting in low plant utilisation.
- We expect the plant utilisation levels to increase in the coming year.

#### OCTL

- Share price of OCTL, a public-listed company in which we have a 14.9% stake, was below our entry price.
- Due to unfavourable fair value movements, we had to make an impairment of RM25 million.
- However, the current share price is higher and therefore, we do not foresee further impairment in this regard.

#### WSP

- Our portion of WSP's loss for the year is estimated at RM44 million compared with RM80 million in 2010.
- Impairment amounted to RM89 million due to unfavourable fair value movements.
- With the impending privatisation of WSP, we do not see major impairment in the future.
- This privatisation exercise is currently under negotiations and we hope to reach a conclusion in April 2012, after which an announcement will be made.

#### HILONG

- Impairment amounted to RM37 million for the year based on the share price.
- Hilong's share price has improved considerably in 2012 and if the trend continues, we do not foresee further impairment, going forward.

### Prospects for 2012

- There will be a full year revenue contribution from NAGA 3.
- Capacity utilisation at USTPL is expected to increase in 2012.
- The privatisation of WSP will considerably reduce any possible impairment losses.
- The trend of higher share price of HILONG will negate the need for impairment.

# UMW HOLDINGS BERHAD

## Consolidated Balance Sheet

	Dec 2011 RM'000	Sep 2011 RM'000	Dec 2010 RM'000	Dec 2009 RM'000
Investment In Associates	1,414,565	1,471,547	1,453,059	1,453,676
Property, Plant & Equipment	3,078,809	3,032,010	2,852,305	2,714,904
Deposits, Cash & Bank Balances	2,208,535	2,280,976	2,195,051	1,733,290
Inventories	1,474,299	1,463,643	1,396,135	1,303,573
<b>TOTAL ASSETS</b>	<b>10,476,742</b>	<b>10,568,696</b>	<b>10,023,818</b>	<b>8,825,696</b>
Long Term Liabilities	1,910,418	1,924,293	1,858,199	1,850,598
Short Term Borrowings (include ODs)	658,235	628,635	825,236	294,144
<b>TOTAL EQUITY</b>	<b>5,584,182</b>	<b>5,516,137</b>	<b>5,267,011</b>	<b>4,919,768</b>
Net Assets Per Share (RM)	3.65	3.69	3.49	3.37





# THANK YOU

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