

# UMW ACHIEVES PRETAX PROFIT OF RM289 M IN 4Q14

RM million	4Q14	4Q13	YoY	FY2014	FY2013	YoY
Profit Before Taxation	289.1	314.1	-8.0%	1,620.8	1,435.7	+12.9%



## EXECUTIVE SUMMARY

### 4Q14 financial highlights

- Group revenue registered an increase of 1.9% or RM69.8 million compared to the same quarter last year. The improved revenue was mainly contributed by the Oil & Gas and Equipment segments. In contrast to the higher revenue, profit before taxation for the fourth quarter ended 31<sup>st</sup> December 2014 decreased by 8% compared to corresponding quarter last year. The decrease was mainly attributed by the lower profit of the Automotive Segment.
- Net profit attributable to equity holders of the company is RM83.2 million.
- Consolidated cash and deposits stood at RM3.4 billion.

### 4Q14 highlights

- Higher revenue and profit before taxation mainly contributed by the better sales of Toyota vehicles.
- Improved revenue contributions from both the Drilling Services segment and the Oilfield Services segment resulted in the revenue increase in the fourth quarter of 2014.
- For Manufacturing & Engineering Division, operations in China continue to perform well due to the strong demand for lubricants from FAW Mazda and Hongqi.

### Prospects for 2015

- The Automotive industry expects more intense competition with new model launches from other competitors in 2015.
- Equipment Division is expected to remain challenging if commodity prices continue to be at the current low level.
- The Oil & Gas Division is expected to face challenges in securing high day rates for its drilling rigs and rig utilization rates are expected to be lower than the high levels seen in 2014.
- The Manufacturing & Engineering Division is expected to face intense competition in 2015.

### Dividend

- The Board has declared an interim single-tier dividend of 32% or 16.0 sen (2013 – 18% or 9.0 sen) per share of par value RM0.50 each, amounting to a net dividend payable of approximately RM186.9 million (2013 – RM105.1 million) for the year ended 31<sup>st</sup> December 2014, to be paid on 24<sup>th</sup> April 2015.
- The total single-tier dividend for the financial year ended 31<sup>st</sup> December 2014 would be 82% or 41.0 sen per share of par value RM0.50 each, amounting to a net dividend of approximately RM479.0 million (2013 – 88% or 44.0 sen per share of RM0.50 each, amounting to a net dividend of RM514.0 million).

Dear fund managers and analysts,

For 4Q14, the Group registered an increase of 1.9% in revenue compared to 4Q13. However, profit before taxation reduced by 8% compared to the corresponding period in 2013.

For 2014, our Automotive Division's revenue and profit before taxation increased by 7.5% and 4.2% respectively, mainly due to increased Toyota vehicle sales of 12.0% as compared to the previous year.

The Oil & Gas Division registered 37.8% higher revenue and 37.6% higher profit than the previous year. Higher revenue is attributable to contributions from NAGA 2 and NAGA 3 with higher daily operating rates, full year contribution from NAGA 4, additional contribution from NAGA 5 and NAGA 6, which commenced operations in May and October 2014 and improved utilization rate of GAIT 3.

Equipment Division registered higher revenue and profit before taxation in 2014 mainly due to improved sales in the industrial equipment segment and new heavy equipment orders from Myanmar.

Manufacturing & Engineering Division reported a profit before taxation of RM15.7 million as compared to a loss of RM39.2 million in the previous year due to improved operating margin contribution from our lubricant business in China.

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

# UMW HOLDINGS BERHAD

## Group Income Statement

	4Q14 RM'000	3Q14 RM'000	4Q13 RM'000	FY 2014 RM'000	FY 2013 RM'000 (Audited)	% change (QoQ)
Revenue	<b>3,706,145</b>	3,702,528	3,636,340	14,958,906	13,951,460	+0.1
Share of Profits of Associated Companies	<b>49,387</b>	25,612	17,415	139,522	157,538	+92.8
Profit Before Taxation	<b>289,128</b>	430,271	314,140	1,620,833	1,435,673	-32.8
Net Profit Attributable To Shareholders	<b>83,169</b>	196,996	80,823	657,670	652,926	-57.8

### Prospects for 2015

#### Automotive Division

- UMW Group's combined total sales is forecasted to be about 304,000 units for 2015.
- The Division is expected to continue to perform well with the introduction of new models.
- We hope to at least maintain our market share.

#### Equipment Division

- Malaysian operations is expected to be impacted by the weak commodity, mineral and crude oil prices and implementation of GST on 1st April, 2015.
- The continued slowdown of the mining sector is expected to impact the GDP growth of Papua New Guinea. However, the active construction sector spurred by government spending, augurs well for PNG operation.
- With the strong GDP growth forecasted at 7.8% for Myanmar and with resumption of jade mining activities, Myanmar operation is expected to perform positively.
- The company hopes to maintain its performance for 2015 amidst the anticipated challenging economic concerns. Focus on non-commodity industries to ensure the adverse impact from those risks will be minimized
- Continue to focus on expanding the equipment leasing business

#### Oil & Gas Division

- Revenue from the existing firm contracts and potential future contracts, albeit at lower day rates, together with various cost-cutting initiatives and available reserves, are expected to enable the Company to sail through this challenging time.

#### Manufacturing & Engineering Division

- The Malaysian lubricants market is expected to remain competitive. Similarly, China's lubricant market is also forecasted to be intensely competitive, with major domestic competitors and local independents seeking to increase penetration in the premium automotive lubricants segment which currently is dominated by foreign brands.

# BUSINESS SEGMENT – AUTOMOTIVE

## Segmental Reporting

	4Q14 RM'000	3Q14 RM'000	4Q13 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (QoQ)
Revenue	2,573,505	2,643,372	2,626,197	10,777,731	10,022,984	-2.6
Profit Before Taxation	313,127	343,943	392,418	1,472,184	1,413,474	-9.0

Company	UMW Toyota Motor Sdn. Bhd. (51% subsidiary company)	Perusahaan Otomobil Kedua Sdn. Bhd. (38% associated company)
<b>Vehicle sales</b>	<ul style="list-style-type: none"> <li>Toyota sold 27,405 units in 4Q14 compared to 27,109 units in 4Q13 (+1.1%) and 23,508 units in 3Q14 (+16.6%).</li> <li>For 4Q14, Lexus sold 416 units compared to 483 units in 4Q13 (-13.9%) and 369 units in 3Q14 (+12.7).</li> <li>Toyota sold 102,035 units in 2014 while Lexus registered 1,601 units.</li> </ul>	<ul style="list-style-type: none"> <li>Perodua registered sales of 55,262 units for 4Q14 compared to 48,673 units in 4Q13 (+13.5%) and 45,837 units in 3Q14 (+20.6%).</li> <li>Higher sales was due to the launch of Perodua Axia, Malaysia's first energy-efficient vehicle (EEV).</li> </ul>
<b>Market share of TIV</b>	<ul style="list-style-type: none"> <li>Market share for Toyota including Lexus for 2014 was at 15.6% (actual MAA figure).</li> <li>UMW Toyota has maintained No.1 position in non-national segment since 1990.</li> </ul>	<ul style="list-style-type: none"> <li>Market share for Perodua in 2014 was at 29.3%.</li> <li>Maintained the No. 1 position since 2006.</li> </ul>
<b>4Q14 Highlights</b>	<ul style="list-style-type: none"> <li>A new variant of Toyota Corolla Altis, the 1.8G was introduced on 15 October 2014.</li> <li>In conjunction with the 'Best Deal of the Year', UMW Toyota Motor held its Toyota Nationwide Roadshow at 80 selected malls and outdoor locations from 4th till 23rd November 2014 (Oct'14 ~ 23rd Nov'14).</li> </ul>	<ul style="list-style-type: none"> <li>Perodua and Daihatsu Motor Corporation Ltd of Japan began construction of a new engine manufacturing plant here as part of their business expansion plan in the area of engine, engine components and parts sales.</li> <li>Perodua officiates its first "Hybrid" 3S (sales, service and spare parts) centre in the heart of Rawang commercial district as it strengthens its sales and service network in the Klang Valley.</li> </ul>

# BUSINESS SEGMENT – EQUIPMENT

## Segmental Reporting

	4Q14 RM'000	3Q14 RM'000	4Q13 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (QoQ)
Revenue	445,628	434,750	371,084	1,769,077	1,705,458	+2.5
Profit Before Taxation	78,689	44,390	29,237	217,266	195,838	+77.3

### Heavy Equipment

#### Market share - (Komatsu products covering Malaysia, Singapore, PNG and Myanmar)

- 12% to 15% for Malaysia, Singapore and Myanmar; 58% for Papua New Guinea.
- Lower demand for new equipment was due to depressed commodity pricing and clamping down on illegal logging activities in Sarawak.

#### Market Environment

- Higher demand for new machines in PNG was due to the active construction sector supported by government spending.
- The on-going active construction, quarry and resource mining sectors and lifting of jade mining activities from September, 2014 attributed to the favourable 4Q14.

#### FOREX

- The weakening of Ringgit eroded the sales profit margin and competitive edge of Malaysia operations.
- Weakening of Japanese Yen against USD benefited Myanmar Operations.

### Industrial Equipment

#### Market share

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

#### Highlights

- Delivered 38 units of Toyota forklift under new and renewal rental contracts with Nestle Group.
- Delivered 28 units of Toyota forklift to Sinaran Northport Sdn Bhd.
- Delivered 22 units of Toyota forklift under new and renewal rental contract with Panasonic Group.
- Delivered 19 units of Toyota forklift under renewal rental contract with Malaysia Airlines Kargo Sdn Bhd.

### Marine & Power Equipment

#### Highlights

- Secured extension of Maintenance Contract with Petronas Carigali for another 3 years.
- Appointed as exclusive distributor by DESMI of Denmark to distribute and service Oil Spill Response equipment to the Marine, Ports and Oil & Gas industry.

# BUSINESS SEGMENT – OIL & GAS

## Segmental Reporting

	4Q14 RM'000	3Q14 RM'000	4Q13 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (QoQ)
Revenue	<b>327,660</b>	254,321	207,130	1,016,330	737,752	+28.8
Profit Before Taxation	<b>85,798</b>	75,846	55,994	286,184	206,849	+13.1

### Results

- Group revenue of RM327.7 million for the fourth quarter ended 31st December 2014 exceeded the RM207.1 million registered in the same quarter of 2013 by RM120.6 million or 58.2%.
- Improved revenue contributions from both the Drilling Services segment and the Oilfield Services segment resulted in the revenue increase in the fourth quarter of 2014.

### Highlights

- The Oil & Gas Segment registered a higher revenue of RM1,016.3 million for the year ended 31<sup>st</sup> December 2014, a growth of RM278.5 million or 37.7% from RM737.8 million in the previous year. The revenue improvement was mainly attributed to the following:
  - (a) higher daily operating rates for NAGA 2 and NAGA 3;
  - (b) full year contribution from NAGA 4 which commenced operations on 5<sup>th</sup> April 2013;
  - (c) additional revenue contributions from NAGA 5 and NAGA 6, which commenced operations in May and October 2014, respectively; and
  - (d) improved utilization rate of GAIT 3.

### Prospects for 2015

- Drilling Services segment is expected to face challenges in securing favourable day rates for its drilling rigs in 2015.
- Rig utilisation rates are also expected to be lower than the high levels seen in 2014.
- Revenue and profit contributions from the Oilfield Services segment are projected to maintain at 2014 levels.
- Profitability of the Group for the year 2015 is expected to be affected by the slowdown in the oil and gas industry. However, the impact will reduce progressively as oil price recovers.

# BUSINESS SEGMENT – MANUFACTURING & ENGINEERING

## Segmental Reporting

	4Q14 RM'000	3Q14 RM'000	4Q13 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (QoQ)
Revenue	173,284	180,206	181,566	724,291	735,498	-3.8
Profit Before Taxation	(4,402)	(1,484)	(14,912)	15,661	(39,164)	>-100

### Results

- Revenue for 4Q14 decreased by 4.6% compared with the previous corresponding quarter due to lower overall demand in the automotive business.
- The segment recorded a loss of RM4.4 million for the current quarter compared to a loss of RM1.5 million in the previous corresponding quarter. This was mainly due to lower overall sales, and higher losses incurred by India operations.
- Nevertheless for the full FY2014, the division recorded PBT of RM15.7 million against a loss of RM39.2 million for FY2013.

### Highlights

- The Malaysian operations which depend on the national cars struggled with lower demand in automotive components 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.
- 25th July 2014 – UMW announced proposed disposal of 61.08% equity interest in MK Autocomponents Ltd. (MKAL) and 55% equity interest in MK Automotive Industries Ltd. (MKAIL) to Dato' Muthukumar a/l Ayarpadde. The disposals will be extended up to a maximum of 3 months and expected to be completed by 31 March 2015 with an expected loss of approximately RM93 million. This will result in UMW exiting the auto components manufacturing business in India.

### Prospects for 2015

- 2015 will be a challenging year for automotive component industry:
  - The Malaysian automotive manufacturing sector is expected to be challenging with low demand.
  - Severe competition and OEM drive for cost reduction is affecting the profit margin.
  - Dealers are holding back their purchase to minimize stock holdings, with the expectation of price reduction due to GST implementation on 1 April 2015.
- The Division is expected to sustain and marginally improve its performance through better sales of lubricant products via :
  - the newly launched in-house brand, GRANTT lubricants
  - export program to ASEAN, and
  - further market share improvement in China operation.

# UMW HOLDINGS BERHAD

## Consolidated Balance Sheet

	At 31/12/2014 RM'000	At 30/09/2014 RM'000	Audited 31/12/2013 RM'000	Restated 31/12/2012 RM'000
Investment In Associates	<b>1,796,589</b>	1,735,477	1,696,035	1,554,729
Property, Plant & Equipment	<b>5,646,040</b>	5,236,540	3,898,853	2,997,268
Deposits, Cash & Bank Balances	<b>3,376,418</b>	3,161,996	2,557,694	2,492,582
Inventories	<b>1,834,641</b>	1,784,180	1,754,167	1,768,818
<b>TOTAL ASSETS</b>	<b>16,439,295</b>	15,730,461	14,595,147	11,495,403
Long Term Borrowings	<b>1,914,160</b>	1,889,087	1,524,177	1,633,939
Short Term Borrowings (include ODs)	<b>2,269,252</b>	2,129,314	1,464,325	1,073,674
<b>TOTAL EQUITY</b>	<b>9,442,716</b>	9,308,054	8,932,532	6,298,417
Net Assets Per Share (RM)	<b>5.64</b>	5.69	5.38	4.15



# THANK YOU



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