

UMW RECORDED RM334.3M LOSS IN 4Q15

RM million	4Q15	4Q14	YoY(%)
Profit Before Taxation	(334.3)	289.8	>(100)



EXECUTIVE SUMMARY

4Q15 financial highlights

- The Group revenue increased by 13.1% or RM481.2million compared to the same quarter last year.
- However, the Group recorded a loss before taxation of RM334.3million against a profit before taxation of RM289.8million in the previous year's corresponding quarter.
- As a result, net loss attributable to equity holders of the company was RM38.9 million.
- Consolidated cash and deposits stood at RM2.7billion.

4Q15 highlights

- UMW Toyota Motor officially launched its new Lexus IS 200t range for the Malaysian market and unveiled the fourth generation of its improved best-selling model, the Lexus RX. The latest Toyota Avanza with significant changes was also introduced.
- UMW Oil & Gas Corporation Berhad's unit UMW Malaysian Ventures Sdn. Bhd. clinched a contract for UMW NAGA 8 to provide drilling and associated services for the SapuraKencana Energy Group. It has also secured a spot charter for its UMW NAGA 7 jack-up rig from Petronas Carigali Sdn. Bhd.
- UMW Corporation has completed the disposal of 61.08% equity interest in MK Autocomponents Ltd. ("MKAL") and 55% equity interest in MK Automotive Industries Ltd. ("MKAIL"). Accordingly, MKAL and MKAIL have ceased to be subsidiaries of the UMW Group.

Prospects for 2016

- The Group's combined automotive sales is forecasted to be 303,000 units.
- Equipment segment performance is expected to be challenging in 2016.
- The Oil & Gas segment is expected to remain challenging due to low and volatile oil price in the near future.
- The Manufacturing & Engineering segment's outlook remains challenging with the slowdown in the automotive industry.

Dividend

- The Board declared an interim single-tier dividend of 20% or 10.0 sen (2014 - 32% or 16.0 sen) of RM0.50 each, amounting to a net dividend payable of approximately RM116.8 million (2014 – RM186.9 million) for the year ending 31st December 2015, to be paid on 23rd March 2016.
- The total single-tier dividend for the financial year ended 31st December 2015 would be 40% or 20.0 sen per share of RM0.50 each, amounting to a net dividend of approximately RM233.7 million (2014 – 82% or 41.0 sen per share of RM0.50 each, amounting to a net dividend of RM479.0 million).

Dear fund managers and analysts,

While the Group registered an increase of 13.1% in revenue in the last quarter of 2015, it recorded a loss before taxation of RM334.3 million. The loss was attributable to the asset and goodwill impairment in the Oil & Gas segment provided in the current quarter, as well as the weakening of ringgit against the US dollar.

The Automotive segment's revenue increased by 31.8% but profit before taxation declined by 21.6% compared to the previous year's corresponding quarter.

Equipment segment outperformed its 2014 performance in both revenue and profit before taxation for 2015 due to higher demand for equipment from our overseas subsidiaries.

The Oil & Gas segment revenue was 59.9% lower than the previous year's corresponding quarter. Lower revenue was due to lower time charter rates and lower utilisation of some of the assets during the quarter.

The Manufacturing & Engineering segment recorded 4.8% higher revenue in the current quarter compared to the same quarter of 2014 due to higher demand for lubricants and absorbers.

Badrul Feisal Bin Abdul Rahim
President & Group CEO
UMW Holdings Berhad

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Group Income Statement

	4Q15 RM'000	4Q14 RM'000	3Q15 RM'000	FY 2015 RM'000 (Unaudited)	FY 2014 RM'000 (Audited)	% change (YoY)
Revenue	4,160,904	3,679,729	3,533,179	14,419,750	14,932,490	13.1
Share of Profits of Associated Companies	35,751	49,513	(323)	130,113	139,648	(27.8)
Profit Before Taxation	(334,250)	289,755	72,239	265,630	1,621,460	>(100)
Net Profit Attributable To Shareholders	(286,040)	77,469	13,523	(38,925)	651,970	>(100)

Prospects for 2016

Automotive Segment

- UMW Group's combined total sales is forecasted to be 303,000 units for 2016.
- The industry is expected to be challenging with the introduction of new models and aggressive marketing strategy to boost sales by all players in the market.
- Softening consumer sentiments may affect the demand. The Malaysian Automotive Association expects the total industry volume to reduce by 2.5% to 650,000 units in 2016.
- The persistent weakening of ringgit against major currencies will continue to contribute to the higher cost.

Equipment Segment

- Business communities generally are scaling down capital expenditure and very cautious in operating expenditure in the current low commodity prices.
- With the continued strong GDP growth forecasted for Myanmar and with the resumption of jade mining activities, Myanmar operations is expected to perform satisfactorily.
- Operations in Papua New Guinea is also expected to be reasonably well.
- Industrial Equipment will continue to focus on expanding the equipment rental business.

Oil & Gas Segment

- The oil prices are expected to remain low and continue to be volatile in the near future. This poses uncertainties to the Oil & Gas segment in 2016. However, any recovery in the oil price will positively affect and improve the segment's performance.

Manufacturing & Engineering Segment

- Slower growth in the automotive industry in 2016 will continue to affect the demand for lubricants and auto components.
- The segment will continue to focus more on products with higher profit margin through intensive trade, consumer promotions and brand awareness activities.

BUSINESS SEGMENT – AUTOMOTIVE

	4Q15 RM'000	4Q14 RM'000	3Q15 RM'000	FY 2015 RM'000 (Unaudited)	FY 2014 RM'000 (Audited)	% change (YoY)
Revenue	3,375,858	2,561,783	2,596,144	10,710,222	10,766,009	31.8
Profit Before Taxation	247,882	316,209	113,393	858,168	1,475,266	(21.6)

Company	UMW Toyota Motor Sdn. Bhd. (51% subsidiary company)	Perusahaan Otomobil Kedua Sdn. Bhd. (38% associated company)
Vehicle sales	<ul style="list-style-type: none"> Toyota sold 31,663 units in 4Q15 compared with 27,405 units in 4Q14 (+15.5%) and 23,301 units in 3Q15 (+35.9%). For 4Q15, Lexus sold 735 units compared with 416 units in 4Q14 (+76.7%) and 472 units in 3Q15 (+55.7%). In 2015, Toyota sold 93,760 units, while Lexus achieved a new record with 2,101 units, totaling 95,861 units. 	<ul style="list-style-type: none"> Perodua registered sales of 55,780 units for 4Q15 compared to 55,262 units in 4Q14 (+0.9%) and 49,025 units in 3Q15 (+13.8%). Perodua sold 213,307 units in 2015, a new sales record.
Market share of TIV	<ul style="list-style-type: none"> Market share for Toyota including Lexus for 2015 was at 14.4%. 	<ul style="list-style-type: none"> Market share for Perodua for 2015 was at 32.0%. Maintained the No. 1 position since 2006.
4Q15 Highlights	<ul style="list-style-type: none"> Lexus Malaysia officially launched its New Lexus IS 200t range for the Malaysian market on 7 October 2015. On 8 October 2015, the latest Avanza with significant changes was introduced. UMW Toyota Motor was ranked the highest in the J.D Power 2015 Malaysia Sales Satisfaction Index (SSI) for the third consecutive year. Lexus Malaysia unveiled the fourth generation Lexus RX in November. 	<ul style="list-style-type: none"> Perodua launched Mobile Service Team for Peninsular Malaysia with the objective to reach out to its customers located outside the range of the compact carmaker's service outlets. Perodua will be including an Anti-lock Braking System or ABS for its Axia G variant beginning January 2016 as part of its commitment towards enhancing its product line-up's safety features.
Prospects for 2016	<ul style="list-style-type: none"> Sales forecast for Toyota including Lexus for 2016 is 87,000 units. 	<ul style="list-style-type: none"> Sales forecast for Perodua is 216,000 units.

BUSINESS SEGMENT – EQUIPMENT

	4Q15 RM'000	4Q14 RM'000	3Q15 RM'000	FY 2015 RM'000 (Unaudited)	FY 2014 RM'000	% change (YoY)
Revenue	402,878	443,717	474,782	1,884,296	1,767,166	(9.2)
Profit Before Taxation	27,538	79,654	64,382	224,902	218,231	(65.4)

Heavy Equipment

Highlights –

(Komatsu products covering Malaysia, Singapore, PNG and Myanmar)

- The favourable performance of Myanmar operation was mainly attributed to the strong equipment and parts deliveries to the jade mining and resources mining sectors.
- Low equipment demand in the Malaysian operations was due to the weak ringgit coupled by the on-going slump in commodity prices and economic uncertainties.
- Global demand and pricing for gold, copper, nickel and iron ore continue to be low.

Industrial Equipment

Market share

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

Highlights

- Delivered 28 units of Toyota forklift under new and renewal rental contracts with Monier Malaysia Sdn. Bhd.
- Delivered 14 units of Toyota forklift under new rental contract with Next Logistics Sdn. Bhd.
- Delivered 14 units of Toyota forklift to NSK Trade City Sdn. Bhd.
- Delivered 12 units of Toyota forklift to Press Metal Bintulu Sdn. Bhd.
- Delivered 12 units of Toyota forklift under new rental contract with Bekaert Southern Speciality Wire Sdn. Bhd .

Marine & Power Equipment

Highlights

- Successfully completed and delivered 3 units air compressor package to PETRONAS Carigali Terengganu Gas Terminal.
- Successfully completed and delivered 1 unit steam boiler to JTI Shah Alam.

Prospects for 2016 -

- The sustained business performance in Myanmar and Papua New Guinea is expected to contribute positively to the segment.
- Industrial equipment is expected to remain challenging due to lower commodity prices and the weakening ringgit.
- The market for oil and gas upstream is expected to be slow. The focus is on after market repairs and maintenance which is expected to be stable.

BUSINESS SEGMENT – OIL & GAS

	4Q15 RM'000	4Q14 RM'000	3Q15 RM'000	FY 2015 RM'000 (Unaudited)	FY 2014 RM'000	% change (YoY)
Revenue	130,958	326,234	212,697	839,526	1,014,903	(59.9)
Profit Before Taxation	(411,305)	83,772	11,454	(349,394)	284,156	>(100)

- Results**
- The revenue of RM131.0 million for the fourth quarter ended 31st December 2015 was lower than the RM326.2 million registered in the same quarter of 2014 by RM195.2 million or 59.8%. The revenue reduction was the result of lower revenue contributions from both the Drilling Services and the Oilfield Services segments in the fourth quarter of 2015. Overseas operations contributed approximately 13.4% of the revenue in the fourth quarter of 2015.
 - The loss before tax for the fourth quarter ended 31st December 2015 was RM411.3 million compared to the profit before tax of RM83.8 million achieved in the same quarter of 2014, a reduction of RM495.1 million. A non-cash charge of RM337.7 million associated with impairment of assets and goodwill as well as operating losses registered by both Drilling Services and Oilfield Services segments due to persistent depressed oil prices, contributed to the current quarter performance.
- Highlights**
- The Drilling Services segment contributed revenue of RM124.8 million or 95.3% of the total revenue of RM131.0 million, a decrease of RM189.2 million or 60.3% over the RM314.0 million recorded in the same quarter of 2014. The reduction in revenue was mainly due to deterioration in time charter rates and low utilisation of some of the assets in 4Q15.
 - However, the following positive factors mitigated the revenue reduction:
 - Additional revenue contributions from two new jack-up rigs, UMW NAGA 8 and UMW NAGA 7, which commenced operations in September and November 2015, respectively, and
 - Translation gains from the appreciation of United States Dollar against Ringgit Malaysia
 - Oilfield Services segment contributed revenue of RM6.2 million or 4.7% of the total revenue of RM131.0 million, a reduction of RM6.1 million or 49.6% over the RM12.3 million registered in the same quarter of 2014. Lower revenue recorded by the Group's operations in Labuan, Thailand, China and Turkmenistan resulted in the revenue decrease.
- Prospects for 2016**
- The price of oil is expected to remain low and to continue to be volatile in the near future. This poses continued challenges in terms of both time charter rates and utilisation of drilling rigs and hydraulic workover units. While the time charter rates are lower in line with global market, the reduction in utilisation is being cushioned with the support of PETRONAS and other regular clients.
 - Any recovery in the oil price will positively affect the segment and improve the segment's performance.

BUSINESS SEGMENT – MANUFACTURING & ENGINEERING

	4Q15 RM'000	4Q14 RM'000	3Q15 RM'000	FY 2015 RM'000 (Unaudited)	FY 2014 RM'000	% change (YoY)
Revenue	182,395	174,071	183,807	702,666	725,078	4.8
Profit Before Taxation	13,388	(5,277)	752	16,343	14,786	>100

Results

- The segment recorded 4.8% higher revenue in the last quarter of 2015 as compared to the same quarter of last year. Higher demand for lubricants and absorbers contributed to the higher revenue.
- In line with the higher revenue, profit before taxation also improved in the same corresponding quarter. Successful disposal of the loss-making auto components manufacturing companies in India in November 2015 had also contributed to the segment's better results.
- For the financial year 2015, the segment recorded a 10.5% increase in profit before taxation compared to the previous year. The higher profit was attributable to the better performance by the lubricant segment and cost cutting measures undertaken during the year.

General Performance

- The Malaysian automotive components operations continued to struggle due to lower demand from their main customers.
- In addition, the appreciation of US dollar against Ringgit gave further impacted the Malaysian operations.
- Operations in China continued to perform well due to better performance from the Repsol sales network and increase in sales to FAW VW and Audi.
- The loss-making auto components manufacturing companies in India were fully divested on 20th November 2015.

Prospects for 2016

- Slower growth in the automotive industry in 2016 will continue to affect the demand for lubricants and auto components.
- Domestic REM market is still sluggish due to dealers reducing their stock holding. This is due to stiffer competition with lower priced products.
- The segment will continue to focus more on products with higher profit margin through intensive trade, consumer promotions and brand awareness activities.
- Appreciation of the US dollar against Ringgit will further impact production cost.
- The gloomy outlook of the China economy is expected to continue in the first half of 2016. Manufacturing and export continues to contract and this will have significant impact on demand for lubricants there.

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Consolidated Balance Sheet

	At 31/12/2015 RM'000	At 30/09/2015 RM'000	Audited 31/12/2014 RM'000
Investment In Associates	1,894,503	1,891,242	1,797,456
Property, Plant & Equipment	8,132,654	8,500,785	5,669,692
Deposits, Cash & Bank Balances	2,728,282	2,827,136	3,370,710
Inventories	1,891,596	2,324,997	1,830,408
TOTAL ASSETS	18,080,626	19,129,684	16,519,674
Long Term Borrowings	2,782,516	2,089,243	1,803,038
Short Term Borrowings (include ODs)	3,237,934	4,120,279	2,386,737
TOTAL EQUITY	9,223,931	9,728,648	9,433,057
Net Assets Per Share (RM)	5.48	5.83	5.63



THANK YOU



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