

UMW ACHIEVES PRETAX PROFIT OF RM246M IN 3Q13



RM million	3Q13	2Q13	Change
Profit Before Taxation	245.6	443.2	-45% QoQ

EXECUTIVE SUMMARY

3Q13 financial highlights

- The Group revenue for 3Q13 was lower than 2Q13 and subsequently, profit before taxation declined by 45%.
- Consequently, net profit attributable to equity holders of the company declined by 59.6%.
- Consolidated cash & deposits stood at RM2.1 billion.

3Q13 highlights

- Toyota registered lower sales due to the run-out of the previous Vios. Perodua on the other hand recorded an increase in vehicle sales.
- Despite a lower revenue, the Equipment Division registered an increase of 7% in profit before taxation.
- The recently-listed UMW Oil & Gas Corporation Berhad reported a net profit of RM57 million.

Prospects for 2013

- We hope to maintain a strong market share in the Malaysian automotive industry.
- Equipment Division's profitability is expected to be sustained resulting from better cost management and increased parts sales.
- For UMW Oil & Gas, there will be a full contribution from all our drilling rigs in 4Q13.
- Manufacturing & Engineering segment is expected to improve with the increasing demand for Repsol and Pennzoil lubricant products.

Dividend

- The Board has declared a second interim single-tier dividend of 30% or 15 sen and a special interim single-tier dividend of 20% or 10 sen per share of RM0.50 each for the year ending 31 December 2013, to be paid on 20 January 2014.

Dear fund managers and analysts,

The Group recorded a lower revenue compared with the previous quarter and this was mainly contributed by the lower sales of the Automotive and Equipment segments.

Intense competition from the new models launched by competitors and the run-out of Vios contributed to the lower revenue in our Automotive segment. However, Perodua recorded an increase in vehicle sales.

UMW Oil & Gas Corporation Berhad was listed on the Main Market of Bursa on 1 November. Its revenue in 3Q13 increased by 22% mainly due to the higher exploration income especially from the new NAGA 4.

Our Equipment Division registered an increase in profit before taxation. The improvement was contributed by better margin and derivative fair value gain.

Manufacturing & Engineering Division recorded a loss. This was mainly contributed by the impairment of assets and weakening of the Indian Rupee which resulted in an unrealised forex loss on the USD loans.

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

UMW HOLDINGS BERHAD

Group Income Statement

	3Q13 RM'000	2Q13 RM'000	3Q12 RM'000 (Restated)	FY 2012 RM'000 (Restated)	FY 2011 RM'000 (Audited)	change Q-o-Q
Revenue	3,456,643	3,499,181	3,957,519	15,798,828	13,535,753	-1.2%
Share of Profits of Associated Companies	62,223	39,403	56,936	126,156	120,889	57.9%
Profit Before Taxation	245,641	443,189	595,780	2,020,277	1,365,251	-44.6%
Net Profit Attributable To Shareholders	101,452	250,987	229,125	994,296	485,818	-59.6%

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. The all-new Toyota Vios was only launched in October.
- We hope to do well in the last quarter of 2013 to maintain our strong market share.

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

- Almost 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

	3Q13 RM'000	2Q13 RM'000	3Q12 RM'000	FY 2012 RM'000	FY 2011 RM'000	change Q-o-Q
Revenue	2,433,336	2,571,362	2,934,892	11,498,096	9,699,027	-5.4%
Profit Before Taxation	294,891	358,110	511,184	1,796,792	1,547,897	-17.7%

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"> Toyota sold 20,329 units in 3Q13 compared with 24,848 units in 3Q12 (-18.2%) and 23,610 units in 2Q13 (-13.9%). For 3Q13, Lexus sold 337 units compared with 287 units in 2Q13 (+17.4%). The decrease in sales of Toyota was due to the run-out of the previous Vios. 	<ul style="list-style-type: none"> Perodua registered sales of 50,525 units for 3Q13 compared with 46,488 units in 3Q12 (8.7%) and 50,177 units in 2Q13 (0.7%) The increase was mainly due to the S-Series variants.
Market share of TIV	<ul style="list-style-type: none"> Market share for Toyota including Lexus as of YTD September was at 13.3%. UMW Toyota has maintained No.1 position in non-national segment for 23 consecutive years. 	<ul style="list-style-type: none"> Market share for Perodua was at 30.2%. Retained No. 1 position for the 7th consecutive years.
3Q13 Highlights	<ul style="list-style-type: none"> Toyota Boshoku UMW Sdn Bhd is expanding its operations with the opening of its third plant in Shah Alam. Lexus Malaysia has launched the new third generation model of the Lexus IS and is targeting to sell 60 units of the luxury car by year-end. Order taking for the all-new Toyota Vios started in July and was launched on 2 October 2013. The response has been very good with more than 16,000 bookings. Lexus Malaysia launched the new ES series on 7 October and has received close to 200 orders. 	<ul style="list-style-type: none"> Perodua plans to build new models with engines made out of aluminium, making the vehicle even lighter and more fuel efficient. The new plant in Rawang will be operational in the third quarter of next year and is expected to boost production by 100,000 units to 300,000 units per year.

BUSINESS SEGMENT – EQUIPMENT

Segmental Reporting

	3Q13 RM'000	2Q13 RM'000	3Q12 RM'000	FY 2012 RM'000	FY 2011 RM'000	change Q-o-Q
Revenue	410,754	444,233	527,697	2,138,469	2,078,894	-7.5%
Profit Before Taxation	55,601	51,920	53,420	183,458	70,510	7.1%

Heavy Equipment

Strong market share

- Overall market share at 26.5% as UMW continues to maintain market leadership in Peninsular Malaysia.
- Market continues to be soft due to the drop in commodity prices that dampened equipment demand in the palm oil, iron ore and mining sectors.

Highlights

- Korean brands are making strong inroad into the construction sector with cheap pricing strategy.
- Chinese brands are very aggressive and marketing on lower price strategy.

Others

- No new mega projects announced in 2014 National budget due to Government's efforts to reign in budget deficit.
- 30% RPGT is expected to impact construction activities in the residential property subsector.

Industrial Equipment

Dominant market share

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

Highlights

- Delivered 36 units of Toyota forklift under new and renewal rental contract with Panasonic Appliances Air-Conditioning (M) Sdn. Bhd.
- Delivered 10 units of Toyota forklift under renewal rental contract with Ayamas Food Corporation Sdn. Bhd.
- Delivered to Syarikat Logistics Petikemas Sdn. Bhd. 11 units of Toyota forklift

Others

- Introduced new Toyota Electric Powered Order Truck 8FBP. The 8FBP is the ultimate in order-picking trucks and is ideal for distribution and storage sites such as food warehouses, logistics centres and wholesalers

Marine & Power Equipment

Recognition

- Received "Market Development Award" for Asia Pacific Region from Cameron Centrifugal Compression.

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

	3Q13 RM'000	2Q13 RM'000	3Q12 RM'000 (Restated)	FY 2012 RM'000 (Restated)	FY 2011 RM'000 Restated	change Q-o-Q
Revenue	205,342	167,756	167,623	846,105	1,109,624	22.4%
Profit Before Taxation	54,452	75,781	13,917	88,210	(245,877)	-28.1%

Results

- UMW Oil & Gas Corp Berhad reported a net profit of RM57.3 million for 3Q13.
- The revenue of RM205.3 million for 3Q13 exceeded the quarterly average of RM176.8 million by RM28.5 million or 16.1%.
- There was a completion of a sale of property in 2Q13, resulting in higher PBT.

Highlights

Drilling Services Segment

- The revenue improvement was mainly attributable to the following:-
 - i. Full quarter revenue contribution from NAGA 4, our new premium jack-up drilling rig which commenced a three year contract with PETRONAS Carigali in April 2013.
 - ii. Higher time charter rate for NAGA 2, operating in Vietnam since June 2013
 - iii. Higher utilisation rates for our hydraulic workover units (HWU), GAIT III and GAIT V which commenced operations in Vietnam and Thailand, respectively in July 2013.

Oilfield Services Segment

- Higher revenue from inspection and repair services from our operations in Turkmenistan and threading of premium connections from our operations in China, offset in part by the lower revenue caused by machine downtime in our Labuan operations, mainly accounted for the slight revenue improvement.

Prospects for 2013

- Revenue contributions from our offshore drilling rigs are expected to improve further in the fourth quarter of 2013 as all four rigs are expected to be operating almost full quarter in the fourth quarter of 2013.
- However, revenue contribution from our HWU is anticipated to reduce as we have GAIT I, GAIT II and GAIT III waiting for contracts to be awarded.
- Financial performance of our Oilfield Services segment is expected to be sustainable for the remaining quarter of 2013.

BUSINESS SEGMENT – MANUFACTURING & ENGINEERING

Segmental Reporting

	3Q13 RM'000	2Q13 RM'000	3Q12 RM'000 (Restated)	FY 2012 RM'000 (Restated)	FY 2011 RM'000	change Q-o-Q
Revenue	188,938	187,863	176,957	680,708	670,433	0.6%
Profit Before Taxation	(31,104)	(2,536)	857	3,604	(11,929)	>-100%

General Performance

- Malaysian automotive market has generally recovered after a weak 1Q13. The TIV for 2013 is expected to improve between 2% and 3%.
- Malaysian market sentiment for Replacement market has also gradually improved after GE13, which help the sales for both auto components and lubricant operations in Malaysia.
- China operations continue to perform better than expected and ahead of internal targets in all areas of operations.
- Unfortunately, the Indian operations continue to struggle with low volume and unrealised forex loss.

Results

- Revenue improved slightly over 2Q13 and by 7% compared with 3Q12.
- However, this segment registered a loss before taxation of RM31.1 million for the quarter. The loss was mainly contributed by the impairment of assets and weakening of the Indian Rupee which resulted in an unrealised forex loss on the USD loans.
- Excluding the Indian operations, all other operating companies registered good results, fuelled by the strong cost management activities.

Prospects for 2013

The operational performance of the Manufacturing & Engineering segment is expected to improve in 2013 with the increasing demand for Repsol and Pennzoil lubricant products.

UMW HOLDINGS BERHAD

Consolidated Balance Sheet

	At 30/9/2013 RM'000	At 31/6/2013 RM'000	Restated 31/12/2012 RM'000	Restated 31/12/2011 RM'000
Investment In Associates	1,691,204	1,628,495	1,554,729	1,414,018
Property, Plant & Equipment	3,846,817	3,764,541	2,997,268	2,863,474
Deposits, Cash & Bank Balances	2,128,033	1,757,155	2,492,582	2,214,825
Inventories	1,666,885	2,182,484	1,768,818	1,466,779
TOTAL ASSETS	11,998,903	12,426,255	11,495,403	10,259,923
Long Term Borrowings	2,085,011	2,119,903	1,633,939	1,638,699
Short Term Borrowings (include ODs)	1,398,875	1,329,317	1,073,674	744,772
TOTAL EQUITY	6,288,427	6,431,721	6,298,417	5,594,072
Net Assets Per Share (RM)	4.30	4.32	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

This material is proprietary and is prepared specifically for the recipient's reference. The information contained herein is not to be distributed without the consent of UMW Holdings Berhad. Any recommendation or views contained in this document do not have regard to specific investment objectives, financial situation and the particular needs of any specific audience. The content furthermore is believed to be correct at the time of the issue of this document, and is not and should not be construed as an offer or a solicitation of any offer to buy or sell any securities. Nor does this document purport to contain all the information a prospective investor may require.