

HOW WE HAVE PERFORMED
MANUFACTURING & ENGINEERING

AUTOMOTIVE
EQUIPMENT
MANUFACTURING & ENGINEERING
OTHERS

MANUFACTURING & ENGINEERING



LUBRICANTS



AUTOMOTIVE PARTS



AEROSPACE



OUR PERFORMANCE

REVENUE
RM918.3
 MILLION

PROFIT BEFORE TAX
RM61.6
 MILLION



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The Manufacturing & Engineering (M&E) Division has businesses in lubricants, automotive parts and aerospace components. The Division works with some of the world's most renowned brands to blend, market and distribute lubricants. Through our partnership with KYB Japan, we are the leading supplier for original equipment (OEM) and replacement market (REM) products in Malaysia, manufacturing high-quality shock absorbers and motorcycle suspension systems. In addition, we continue to create value for the Group and the country as the first Malaysian company to be appointed as a Tier-1 supplier to Rolls Royce.



NAVIGATING THE COVID-19 CHALLENGE



The pandemic has impacted the M&E Division in different ways due to the diverse businesses in our portfolio which required tailor-made strategies to respond to an evolving and dynamic situation. Due to our actions, the Division has been able to continue delivering profits and creating value for our stakeholders despite the wide-ranging disruptions caused by the pandemic.

In the context of our Automotive Parts and Lubricants businesses, a V-shaped type of recovery is underway, mainly due to the government's determination to support the overall automotive industry. The full exemption of sales tax of up to 100% for locally-assembled vehicles and 50% for fully-imported cars has been a boon to the industry and has helped our Automotive Parts business to remain robust.

In the aerospace industry, however, a U-shaped recovery is underway as orders that were locked-in prior to the pandemic continue to be fulfilled, albeit at slightly lower numbers. Despite this, the Aerospace segment remained profitable in the year under review. Moving forward, we acknowledge that 2021 will remain a challenging year, but we foresee prospects of a recovery in travel as the rollout of the COVID-19 vaccine gains momentum, leading to the reopening of international borders.

HOW WE HAVE PERFORMED

MANUFACTURING & ENGINEERING

PROGRESSING OUR KEY STRATEGIC PRIORITIES

As a division, we have executed our strategies with diligence and dedication, undertaking cost optimisation exercise while driving innovation and digitalisation to unlock further value.

LUBRICANTS

Our Lubricants business has exciting potential and continues its expansion into the industrial and commercial sectors that make up two-thirds of the entire lubricants industry.

We are the market leader in hydraulic lubricants in Malaysia and will be leveraging on our own brand, Grantt, to explore the opportunities in industrial and commercial lubricant applications. Grantt is currently marketed in eight countries in the ASEAN Region and also in China.

In terms of digitalisation, the Division will be launching the Sistem Aplikasi Pengedar (SIAP) application for our lubricants dealers. This app will help to track orders, rebates and stock-holdings of our dealers in real-time, thus improving our inventory management and efficiency.

AUTOMOTIVE PARTS

For our KYB business, the Division has completed its plant modernisation initiative. The consolidation of two plants into one integrated plant has resulted in improved efficiency as it has reduced our logistical and inventory requirements, while adding 20% more capacity. Our product is well regarded by the industry with exports to 38 countries valued at 25% of the total business.

For our automotive components business, the Division is in the midst of restructuring the commoditised segment of the business to focus on transforming our product line-up into green-related products that have lower emissions and carbon footprints.

AEROSPACE

Despite the challenges posed by the pandemic to the aerospace industry, we have continued fulfilling orders for Rolls-Royce in our role as the single-source Tier-1 supplier for Trent 1000 fan cases. The most significant milestone for us was our maiden delivery in October 2020 of the fan case for the Trent 7000 engine which is used exclusively in the Airbus A330neo aircraft.

In addition to this, the aerospace segment continues to receive requests for proposals and we are exploring the possibility of working with potential new customers. Many aerospace engine OEMs are taking this opportunity to reset their supply chains, and for us, this step offers us the chance to diversify our customer base, together with our capabilities and products.

AWARDS

<p>JAN 2020</p> <p>Award Provider: FAW-Volkswagen</p> <p>OUTSTANDING SPARE PARTS AWARD (PROCUREMENT)</p> <p>Received by: Lubritech Limited</p>	<p>JUL 2020</p> <p>Award Provider: Malaysia Productivity Corporation (MPC) Wilayah Tengah</p> <p>MINI TEAM EXCELLENCE MPC (WILAYAH TENGAH) MTEX CHALLENGE CONVENTION (TEAM DOUBLE LINE TEAM 1 - GOLD AWARD)</p> <p>Received by: KYB-UMW Malaysia Sdn Bhd</p>
<p>JUL 2020</p> <p>Award Provider: Malaysia Productivity Corporation (MPC) Wilayah Tengah</p> <p>MINI TEAM EXCELLENCE MPC (WILAYAH TENGAH) MTEX CHALLENGE CONVENTION (TEAM INSPIRA - GOLD AWARD)</p> <p>Received by: KYB-UMW Malaysia Sdn Bhd</p>	<p>DEC 2020</p> <p>Award Provider: FAW-Volkswagen</p> <p>BEST BUSINESS COLLABORATION AWARD FOR PARTS (PRODUCTION)</p> <p>Received by: Lubritech Limited</p>

ACCREDITATIONS

<p>JUL 2020</p> <p>Certified by: SIRIM QAS International Sdn Bhd</p> <p>ISO 45001:2018 CERTIFICATION</p> <p>Received by: Lubetech Sdn Bhd</p>	<p>AUG 2020</p> <p>Certified by: SIRIM QAS International Sdn Bhd</p> <p>ISO 45001:2018 CERTIFICATION</p> <p>Received by: UMW Aerospace Sdn Bhd</p>	<p>OCT 2020</p> <p>Certified by: SIRIM QAS International Sdn Bhd</p> <p>ISO 45001:2018 CERTIFICATION</p> <p>Received by: UMW Advantech Sdn Bhd</p>
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OUTLOOK AND PROSPECTS

Going forward, the Division is fully cognisant that business challenges will persist, mainly due to the economic impact of the pandemic, but we remain well-positioned to take part and benefit from the expected recovery. Strength in diversity is what makes this possible, by drawing on the advantages of our diverse businesses and their regional presence.

In the automotive parts sector, our business structure continues to lend us a competitive advantage, as does our strong commitment to research and development. With a majority of our products serving the REM, as opposed to OEM, and with 12 million vehicles on the road nationwide, the Division's income is expected to remain stable.

For lubricants, our business expansion will continue unabated, leveraging on our strong domestic and regional presence. By taking advantage of the non-exclusive dealer market structure, the Division can promote multiple brands, including our own in-house brand, Grantt to expand our market share.

The aerospace segment, meanwhile, is likely to recover once the COVID-19 vaccine is widely deployed and people regain their confidence to travel. Moving ahead, the Division will continue to support the government's initiatives to promote the growth of the aerospace and high-value manufacturing industries via the Malaysia Aerospace Industry Blueprint 2030 and the 2021 Budget. The initiatives under the soon-to-be-announced 12th Malaysia Plan are also expected to benefit both these industries.

As we advance the business, the Division remains passionate about innovation and research & development, with a strong desire to obtain results that create significant value for our stakeholders. In this context, our innovations have led to positive outcomes and exciting value creation potential for the Group. We look forward to the various innovations that the UMW Innovation and R&D Centre Sdn Bhd will be able to commercialise to generate sustainable growth for the Group.