



EQUIPMENT



The Equipment Division comprises the Industrial Equipment and Heavy Equipment segments.

The Industrial Equipment segment specialises in material handling and industrial power products.

The Heavy Equipment segment specialises in equipment for mining, forestry, agriculture, quarry and construction.

Our main products across both segments include some of the world's most recognised names as we seek to enhance our customers' businesses and operations.



KEY PERFORMANCE HIGHLIGHTS

REVENUE (RM million)

1,313.4

2021 () 1,313.4

2020 () 1,137.3

PROFIT BEFORE TAX (RM million)

107.0

2021 () 107.0

2020 () 102.9



Scan here for more information:
www.umw.com.my/web/guest/equipment

OUR PERFORMANCE



KEY INITIATIVES IN 2021

In 2021, the Equipment Division remained focused on implementing its business growth, digitalisation and operational efficiency strategies amid a challenging operating environment due to the resurgence of the pandemic. Although both our Industrial and Heavy Equipment segments were impacted by the lockdowns implemented in the countries that we operate in, we were still able to launch new products, penetrate new business sectors and contribute to the Group's sustainability journey. The Heavy Equipment segment, however, was impacted by political uncertainty in Myanmar that severely disrupted operations.



Industrial Equipment

The Industrial Equipment segment delivered a significant milestone for the Group in 2021 with the completion and commissioning of a combined heat and power (CHP) plant for a glove manufacturer with a generation capacity of 13 MW. The CHP or cogeneration plant utilises cleaner natural gas as its fuel source and recovers exhaust waste heat to produce hot water, therefore reducing carbon emissions and improving thermal efficiency.

The segment also launched new models to help increase its market share in growth sectors such as warehousing & logistics, food & beverage and manufacturing. These included the new improved BT Reflex REO Series reach truck, the upgraded Toyota engine-powered forklift FDZN/FGZN series and the new Tennant S16 battery ride-on sweeper. In addition, we adapted the business to address the cash flow constraint faced by our customers by offering options such as forklift refurbishments and flexible rental arrangements for our equipment.

The COVID-19 pandemic increased the adoption of automation for industries to remain resilient and efficient. To capitalise on this trend, we offer automated solutions that bring flexibility and productivity to our customers' operations such as collaborative robots (COBOTS), automated guided vehicles (AGVs) and automated storage & retrieval systems (ASRS). To further support our customers, we offer flexible ownership and rental packages to mitigate customers' operational costs. Our CARA app that was launched in 2020 for customers' service and maintenance needs has been upgraded to enable sales processes under our digitalisation initiatives.



Heavy Equipment

The Heavy Equipment segment has generally seen a rebound in demand across the countries it operates in. In Malaysia, we leveraged our strong partnership with Komatsu to drive new product launches and help us achieve the No. 2 position in market share. There was strong acceptance from the forestry, palm oil and construction sectors of our PC130-10M0, PC200-10M0 CE and PC135F-10M0 models and we are confident that these models will help uplift our sales and market share going forward. We also introduced the Equipment Deferred Payment Scheme, which requires lower capital outlay, to enable our customers to continue purchasing the equipment they need.

In Papua New Guinea, the expansion and upgrading of highways and the airport outside Port Moresby, coupled with increased activities in the fisheries, agriculture and mining industries, contributed to a large increase in our sales. We also introduced and secured sales for remanufactured HD785 trucks from gold-mining customers who were renewing their hauling fleets.

We have been able to offer strong aftersales support to our customers by leveraging IR4.0 technologies to effectively manage equipment and parts inventory and availability. Komatsu's machine tracking system (KOMTRAX™) has also been particularly effective in helping customers reduce machine downtime and lowering their operating costs.

KEY CHALLENGES IN 2021

With the experience gained from what was an unprecedented operating environment in 2020, the Division was far better prepared to navigate the multitude of events that occurred this year. These included the pandemic, rising competition from lower-priced brands, geopolitics and increasing costs due to supply chain disruptions. Our ability to stay resilient was mainly due to steps we had taken in the previous year, on which we continued to focus during the year. These included our disciplined approach to managing our costs while adapting our business strategies to support our customers during a time of tight cash flows and turning our sales focus to essential sectors that remained open during the lockdowns.

The Heavy Equipment segment was, however, impacted by the ongoing political uncertainty in Myanmar, which was a situation that was beyond our control. We have taken steps to mitigate the impact by not conducting any more transactions with entities identified under the Specially Designated Nationals and Blocked Persons List (SDN) as their assets are blocked. In addition, together with Komatsu, we are conducting monthly systematic Know-Your-Client (KYC) screenings to ensure we do not conduct business transactions with sanctioned companies.

To align ourselves with ESG concerns, we have stopped the sales of new equipment to jade mines since 2016 and have shifted our focus to supporting other industries.

The Industrial Equipment segment, meanwhile, experienced margin pressure as a result of increased costs due to rising raw material prices and supply chain disruptions.

OUR PERFORMANCE

AWARDS & CERTIFICATIONS

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| <p>UMW Industries (1985) Sdn Bhd
Toyota Material Handling International (TMHI) Award Program - President Award (Gold)
Toyota Material Handling International (TMHI) Award Program - Diamond Club Award</p> | <p>UMW Equipment Sdn Bhd
Komatsu Facebook Live Sales Pioneer Award
Komatsu CSR Activities Award
Komatsu Best Activity Award</p> |
| <p>UMW Engineering and Equipment Pte. Ltd.
Toyota Material Handling International (TMHI) Award Program - Sales Award</p> | <p>UMW (East Malaysia) Sdn Bhd
Komatsu Facebook Live Sales Pioneer Award
Komatsu CSR Activities Award
Komatsu Best Activity Award</p> |
| <p>UMW Material Handling Shanghai
Toyota Material Handling Shanghai (TMHS) Award Program - New Sales Record Award
Toyota Material Handling Shanghai (TMHS) Award Program - Excellent Dealer Award</p> | <p>UMW Engineering Services Limited
Komatsu CSR Activities Award</p> |
| | <p>UMW Niugini Limited
Komatsu Certified Full Reman (KCFR) Sales Award
Komatsu Certified Machine Rebuilt (KCMR) Sales Award</p> |

ISO 45001: 2018 Occupational Health and Safety Management System
For five locations: Shah Alam, Bukit Minyak, Johor Bahru, Kuantan & Ipoh

OUTLOOK & PROSPECTS

Going forward, the Division notes the improved business sentiment heading into 2022, and we are quite confident that business performance will be better than in 2021. Greater numbers of people are being vaccinated and returning to work, therefore spurring economic recovery. The effects of the pump-priming initiated by governments around the world and in the region will also help support our business, and we are well positioned to capture these opportunities across both our equipment segments.

In the short term, we will continue to strengthen relationships with our principals, growing the business by adapting to customer needs and capturing new market segments. Over the medium term, the focus will be on contributing to the nation's low-carbon economy transition by offering more green solutions for prime power generation and energy storage with products such as gas gensets and batteries. Further ahead, and with the track record we have established, the Division will be able to undertake the engineering, procurement and construction of power projects. There may also be a need to grow inorganically through acquisitions if we are to meet the aspirations of the CREST@2021 strategy.