

GROUP CHAIRMAN'S MESSAGE



Dear Valued Shareholders,

The Group demonstrated resilience during the unprecedented and eventful 2021, delivering a good set of results while successfully navigating through the challenges confronting the Group during the year.

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The events that unfolded in 2021 and the way they impacted our business were certainly a test of our resilience as an organisation.

REMAINING STEADFAST WITHIN A TURBULENT ENVIRONMENT

From a global perspective, the shortage of semiconductors and rising raw material prices affected our Automotive business, while the resurgence of the pandemic and the subsequent lockdowns halted production altogether for almost three months. Regionally, a portion of our business operations was impacted by the political unrest in Myanmar, while domestically, the unprecedented flooding in parts of Malaysia towards the end of the year disrupted our vehicles production.

Against this backdrop, we adapted, responded with agility and leveraged our past experience to deal with the pandemic and deliver a commendable set of results.

For the year under review, the Group recorded revenue of RM11.1 billion (FY2020: RM9.6 billion) and profit before tax of RM482.8 million (FY2020: RM400.7 million). The Board declared a final dividend of 5.8 sen (FY2020: 4.0 sen) per share.

The year also saw the Group fully setting in motion its CREST@2021 strategy and I am proud to say that our people have met most of the targets set to be achieved in its first year.

PREPARING FOR A SUSTAINABILITY-CENTRED EVOLUTION

With the completion of the first year of the 10-year CREST@2021 strategy, the Group has essentially begun the important work of laying a strong foundation for future value creation. I believe that the Management has chosen a practical path with this strategy. It has set ambitious but achievable targets and is further bolstered by the strong integration of the elements of sustainability into our operations, elements that are crucial for our long-term viability.

The strategy also acknowledges the bigger picture of where our organisation currently stands and outlines a future orientation that will not only benefit our stakeholders and principals, but also the nation, as we strive to attract greater amounts of investment and transfers of technology. In the year under review, our business divisions have rolled out a number of green business initiatives that will serve as important building blocks for our ongoing evolution to add value to everything we do.

Beyond this, we are aware of the position of strength we are in, given the leading positions we occupy in the markets we operate in. We do not take these positions for granted, and this is why I consistently maintain that a portfolio approach to our businesses is critical to ensure we are always growing and obtaining the best returns on our investments. Whether or not we continue with a business must be viewed through this lens, as we exist to deliver sustainable returns to our shareholders. In tandem, we are cognisant that further diversification will need to take place to enable the Group to develop greater resilience in withstanding unexpected business conditions.

I am also pleased with the position the Group has taken in support of the transition to a low-carbon economy, with the development of a Sustainability Roadmap to achieve net-zero carbon emissions by 2050. While this

may appear ambitious, the Board is fully supportive of this action to get the ball rolling, especially with the increasingly urgent and growing calls for all corporate citizens to play their part in reducing emissions.

SUPPORTING OUR COMMUNITIES

As the world continues to grapple with the impact of the COVID-19 pandemic, UMW stands with the global community to help limit the spread of the virus and ease the related hardships faced by the communities in which we live and work.

Collaborated with Yayasan Hasanah to contribute **RM4 million** to sponsor laptops and SIM cards under the government's CERDIK programme

Zakat contributions of **RM3.76 million** to the *asnaf* in Malaysia

Successfully trained a total of **416 trainees** in 2021 under SOCSO's Apprenticeship 2.0 programme, at a cost of **RM2.5 million**

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With economic recovery gaining stronger momentum compared with the previous year, the Group will be ready to seize the opportunities and continue strengthening our businesses, leveraging our CREST@2021 strategic framework.

In 2021, we contributed a total of RM378,700 towards the purchase of medical equipment and supplies for hospitals, meals for volunteers at COVID-19 vaccination centres, special house-to-house vaccination services for cancer patients and virtual learning equipment for underprivileged youths, as well as food and daily necessities for those who had been adversely affected by the economic impact of COVID-19.

To help ease the plight of students in Malaysia during the lockdown, we collaborated with Yayasan Hasanah to contribute RM4 million to sponsor laptops and SIM cards under the Government's CERDIK programme. The programme aimed to support about 150,000 students from lower-income families across the country in coping with online learning during school closures amid lockdown periods. The Group also recognised that the most vulnerable segments of society continued to be affected by the lockdowns. To this end, in 2021, we contributed more

than RM8 million to approved zakat councils, of which RM3.76 million was channelled to the *asnaf* in Malaysia, as well as donations of approximately RM420,000 to various charitable organisations and non-governmental organisations. To support the career development of our youths, UMW successfully trained a total of 416 trainees in 2021 under SOCSO's Apprenticeship 2.0 programme, at a total cost of RM2.5 million.

Towards the end of 2021, many parts of Malaysia were hit by the massive flooding that damaged the homes and livelihoods of many communities, including our WoWrriors. As a Group, we disbursed financial assistance amounting to RM1.8 million and distributed almost 1,500 food boxes to employees while assisting with general post-flood clean-up efforts. Through UMW Toyota and Perodua, we extended a helping hand to the public by providing discounts for vehicle spare parts and free towing services and vehicle inspections. Volunteers were also deployed to help with clean-up operations in affected areas and in Perodua's case, to help its vendors with clean-up and recovery operations.

GOVERNANCE

The UMW Group has consistently endeavoured to be ahead of the curve in terms of good corporate governance practices as they are a crucial component of the value creation process. Thus, because of our sustained efforts over the years, many of the amendments introduced in the recently updated Malaysian Code on Corporate Governance in 2021 have already been adopted by the Group. For instance, the 30% requirement for female directors has long been met by the Group, whereby 40% of our Directors are female. We adopt the best-fit approach to our recruitment of Directors, where competency, experience and skill sets are the most important criteria.

With respect to sustainability, the Board continues to have an oversight on the Group's sustainability direction and related matters. In 2021, this was further bolstered with the

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establishment of a Management Sustainability Committee (MSC) that comprises Senior Management, with the guidance and support of a subject matter expert, Dato' Seri Prof. Dr. Ir. Zaini Ujang. The MSC will support the Board and be accountable for developing, implementing and monitoring the Group's Sustainability Roadmap.

OUTLOOK AND PROSPECTS

The road ahead for the eventual recovery of businesses and economies to the pre-pandemic levels remains uncertain given the persistence of the pandemic, which continues to menace with the emergence of new variants. However, as the greater number of the population has been fully vaccinated, business and consumer sentiments have also gained more confidence and returned to positive territory. With economic recovery gaining stronger momentum compared with the previous year, the Group will be ready to seize the opportunities and continue strengthening our businesses, leveraging on our CREST@2021 strategic framework.

As Group Chairman, I hold our people to high standards, benchmarking them against the top global brands they represent. It is therefore natural to expect higher productivity, customer excellence and constant innovation in our products and services to achieve

long-term sustainable growth. In addition, the period of softer economic growth that we have experienced in the past two years has given us the time to reflect on the new opportunities we should capitalise on to catalyse our growth when our business returns to normalcy. In this context, we see exciting potential in the hybrid and electric vehicles and the aerospace sectors, as well as in the various adjacencies related to our Manufacturing & Engineering and Equipment businesses.



ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to convey my heartfelt thanks and appreciation to all UMW employees for their dedication and diligence and, above all, perseverance. Your resilience in the face of unprecedented challenges has been most encouraging. I would like to also express my appreciation to the Management Team for taking charge in laying the foundation for the UMW Group to achieve our CREST@2021 aspirations. To my fellow members of the Board, thank you for your wise counsel as we journey together to steer the Group to greater heights.

In closing, I would like to commend the efforts of our President & Group Chief Executive Officer, Dato' Ahmad Fuaad Kenali, in navigating the Group through these challenging times, while also marking his first full year at the helm. It has indeed been an exciting journey, and we look forward to greater achievements for the Group in 2022 and beyond.

Tan Sri Dato' Sri Hamad Kama Piah Che Othman
Group Chairman