



# MANUFACTURING & ENGINEERING

The Manufacturing & Engineering (M&E) Division has businesses in lubricants and automotive parts.

We represent some of the world's most renowned brands, providing a comprehensive and ideal product mix of heavy-duty and high-performance shock absorbers, suspension kits and pumps and a wide range of lubricants, coolants, etc. Through our partnership with KYB Japan, we are the leading supplier of original equipment (OEM) and replacement market (REM) products in Malaysia, manufacturing high-quality shock absorbers and motorcycle suspension systems.

Currently, we have established presence in Malaysia, ASEAN and China.



KEY PERFORMANCE HIGHLIGHTS

REVENUE (RM million)

**578.7**

2021 578.7

2020 606.0

PROFIT BEFORE TAX (RM million)

**56.0**

2021 56.0

2020 59.9



Scan here for more information:  
[www.umw.com.my/web/guest/manufacturing-engineering1](http://www.umw.com.my/web/guest/manufacturing-engineering1)

## OUR PERFORMANCE

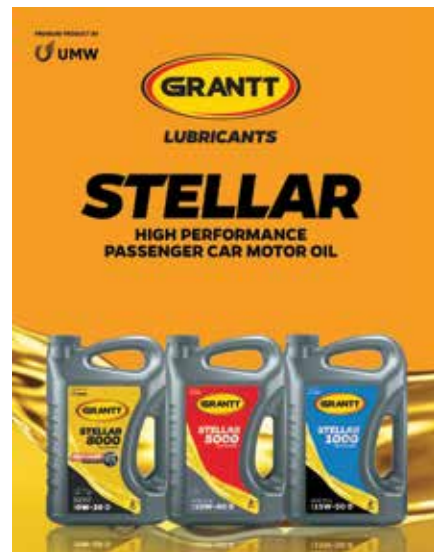


### KEY INITIATIVES IN 2021

In the year under review, the M&E Division continued to strengthen its position as a “one-stop centre” for lubricants and automotive parts for our customers. Amid a challenging operating environment, we launched 15 new products that matched evolving market needs, ranging from shock absorbers and automatic transmission fluids to coolants and green products, to ensure that our business remained relevant and competitive.

While our Automotive Parts segment caters to original equipment manufacturers (OEMs), it is the replacement market (REM) that accounts for the majority of our revenue. Nevertheless, we continued to pay close attention to the needs of the OEM market’s lubricant demands, especially with the growing interest in electric and hybrid vehicles, which require different lubricant products.

The Lubricants segment also saw an encouraging response to our Sistem Aplikasi Penedar (SIAP) application that was launched in July 2021. The SIAP application enables us to share information on promotions, recommendations and product launches with our dealers and distributors, while also enabling them to submit and track orders. The application has onboarded more than 200 users and is expected to grow by 40% annually, which will help us to improve our inventory management and efficiency.



During the year under review, we also made our first foray into online sales by placing our lubricant products on established online shopping platforms such as Shopee and Lazada to further increase our sales.

The M&E Division has also built its green credentials through multiple approaches. For instance, our KYB-UMW plant is in the midst of commissioning a water reclamation plant using special membrane technology that will enable us to recycle wastewater and safely reuse it in our operations. The KYB-UMW plant also completed the installation of solar panels in December 2021 and started generating solar power for its operations from January 2022. In addition, the Division’s innovation efforts resulted in the commercialisation of our battery revival services, which can extend the lifespan of vehicle batteries by up to three (3) years.

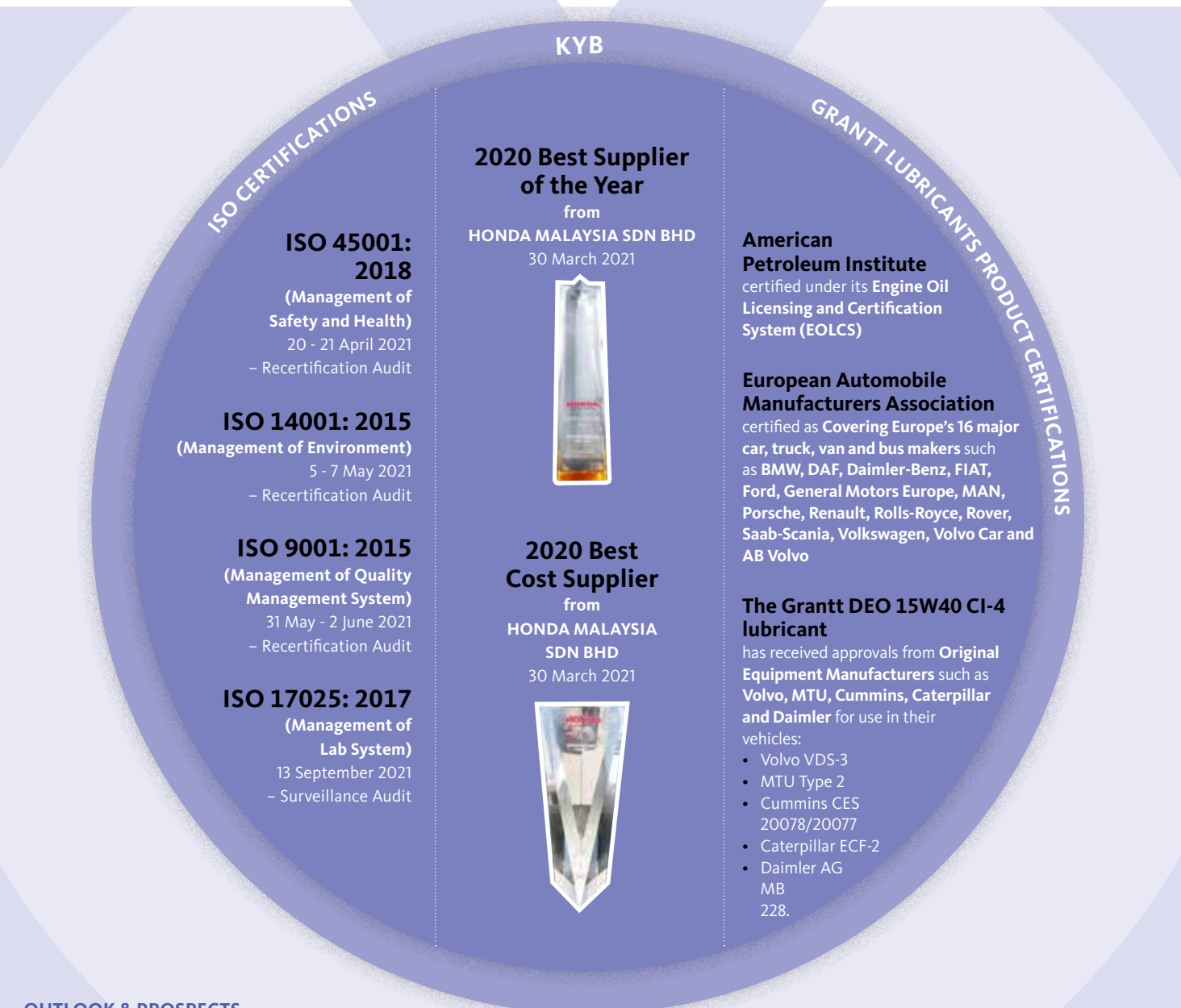
### KEY CHALLENGES IN 2021

The pandemic continued to impact our business in a number of ways. On top of a halt to plant operations during the reimposition of the FMCO, demand for replacement automotive parts and lubricants also reduced, as vehicles experienced less wear and tear. Compounding our challenges were the supply chain disruptions that led to shortages and subsequent price increases in raw materials, which impacted our cost of production.

In response, the M&E Division implemented a range of cost-saving and cost-optimisation initiatives, including more cost-effective procurement practices and more efficient logistical arrangements. This exercise not only enabled the M&E Division to be more resilient, but also taught us that even with these changes, we could still deliver products to the standards our customers expect. We will continue to improve such practices going forward, even as we begin to exit this extraordinary period.



## OUR PERFORMANCE



### OUTLOOK & PROSPECTS

In 2022, our modernised KYB-UMW plant will be able to fully deliver the operational efficiencies it is designed for. We are also building a new smart plant for our Lubricants segment, equipped with Industry 4.0 technologies. The new smart plant, scheduled to be operational in 2023, will allow us to increase production capacity by 70%, with improved efficiency and lower operating costs.

In the area of green products, the M&E Division will be introducing palm oil-based biolubricants to the market in the year ahead. As biolubricants generally have higher levels of biodegradability and lower toxicity than their mineral-oil based counterparts, they pose far less risk to the environment in the event of spillage. The Division will continue to invest in automation and cutting-edge technology and explore green products to future-proof its business and create long-term sustainable value for its stakeholders.

With this wide range of products, we also expect to strengthen our position in the overseas markets, mainly in ASEAN and China.