APM Automotive Holdings Berhad

# FY2017 Fourth-quarter financial results

## Cautionary Statement with Respect to Forward-Looking Statements

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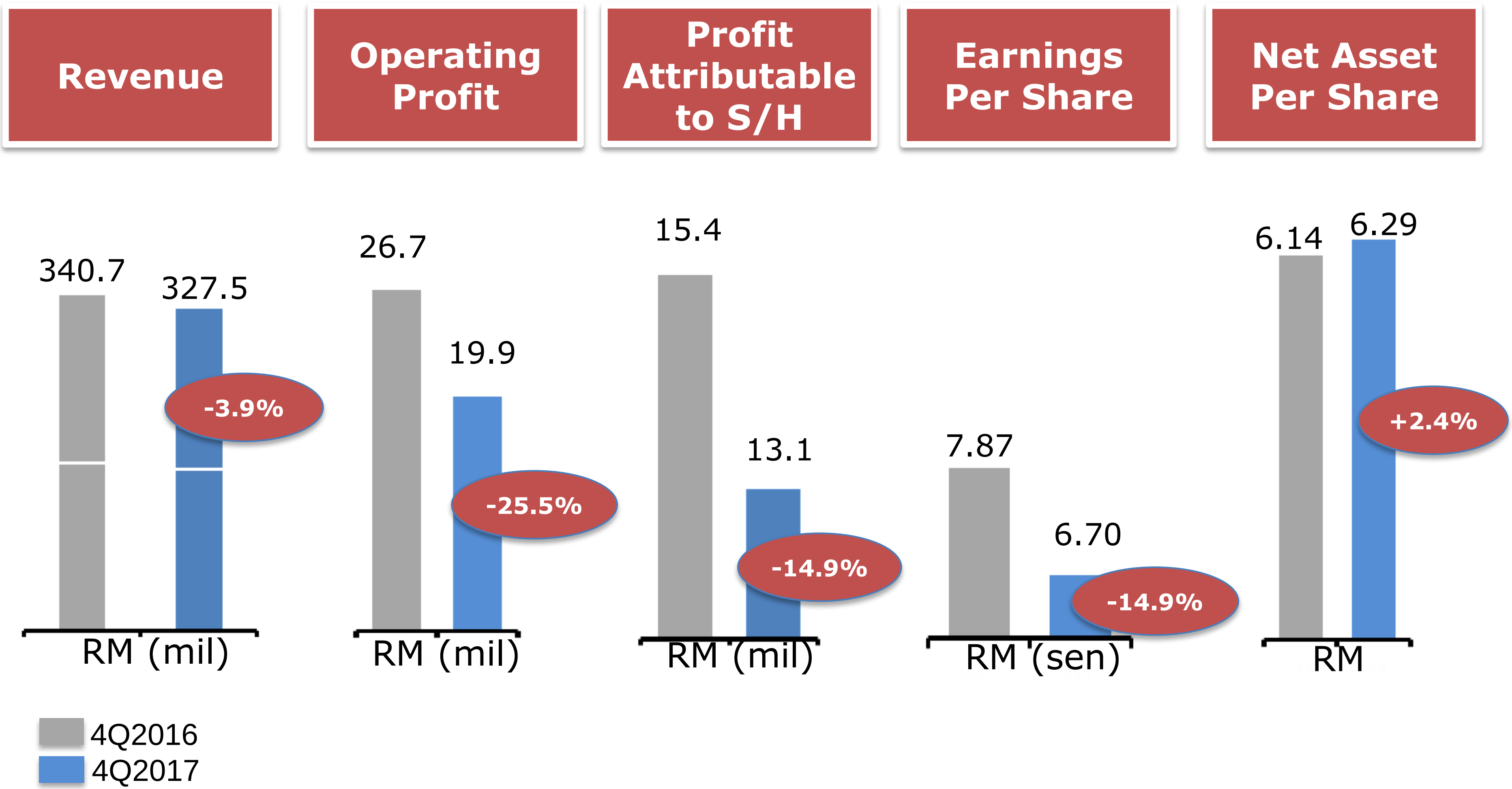
Statements or comments made during this presentation that are not historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to differ materially from that anticipated in these statements.

These factors include (i) changes in economic conditions, currency exchange rates, the laws, regulations, government policies, or political instability in the market place, (ii) circumstances relating to our ability to introduce, in a timely manner, and achieve market acceptance of new products, and (iii) shortage of fuel or interruptions in transportation systems, labor strikes, work stoppages, or other interruptions to or difficulties in the employment of labor in the major markets where we purchase materials, components, and supplies for the production of our products or where our products are produced, distributed, or sold.

# Key performance indicators




**Lower revenue (YoY) due to decrease in OEM sales demand**

# 4Q17 Operation & Financial Review

## Business Update

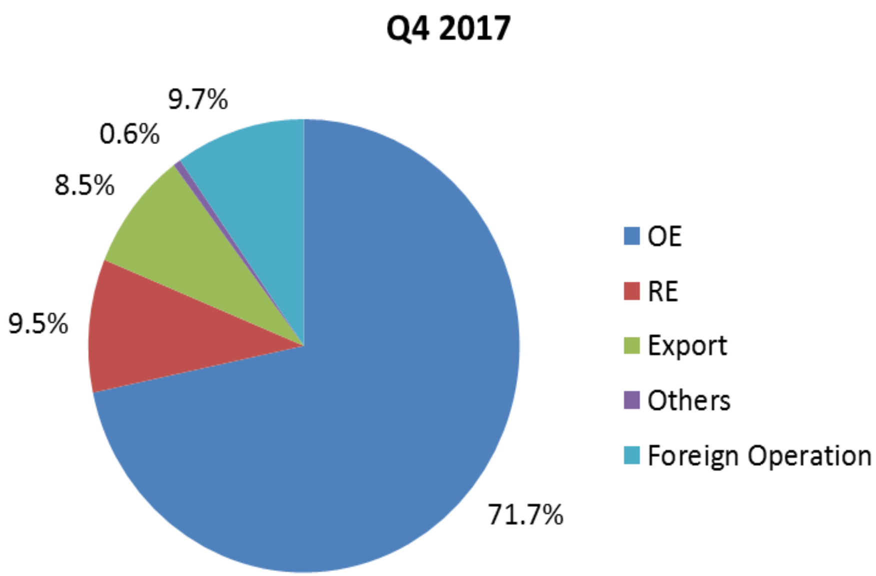
# 4Q17 financial review

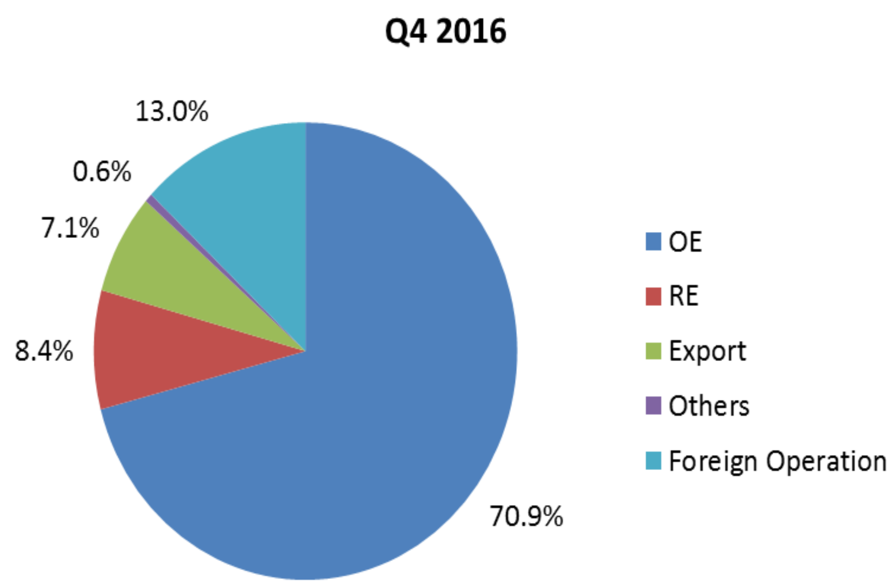
| RM'000 | 4Q17 | 3Q17 | 4Q16 | QoQ<br>4Q17 vs 3Q17 | YoY<br>4Q17 vs 4Q16 |
|---|---|---|---|---|---|
| Net revenues | 327,538 | 291,370 | 340,713 | 12.4% | -3.9% |
| Profit before tax | 21,877 | 20,329 | 36,388 | 7.6% | -39.9% |
| Net Income | 18,147 | 14,756 | 18,791 | 23.0% | -3.4% |
| Profits Attributable to Shareholders | 13,098 | 12,934 | 15,406 | 1.3% | -15.0% |
| EPS (Sen) | 6.7 | 6.61 | 7.87 | 1.4% | -14.9% |
| Net assets per share | 6.29 | 6.14 | 6.14 | 2.4% | 2.4% |
| Return on equity (annualised) | 4.26% | 4.31% | 5.83% | | |
| Net Dividend per share (sen) | 8.5 | - | 10 | | |
| Dividend yield | 2.37% | - | 2.89% | | |
| Net Profit Margin | 5.54% | 5.06% | 5.52% | | |

**While lower revenue (YoY) due to decrease in OEM sales demand, higher revenue (QoQ) primarily driven by new model launches in Q3 2017**

# Segmental sales

| | Q4 2017 | % | Q4 2016 | % |
|---|---|---|---|---|
| OE | 234,794 | 71.7% | 241,545 | 70.9% |
| RE | 31,161 | 9.5% | 28,479 | 8.4% |
| Export | 27,793 | 8.5% | 24,036 | 7.1% |
| Others | 1,911 | 0.6% | 2,116 | 0.6% |
| Foreign Operation | 31,879 | 9.7% | 44,537 | 13.0% |
| **TOTAL REVENUE** | **327,538** | **100%** | **340,713** | **100%** |




**Decrease in revenue due to lower demand from OEM market**

# Segmental performance

| REVENUE (RM'000) | Q4 2017 | Q4 2016 | Change |
|---|---|---|---|
| Suspension | 18,792 | 18,918 | -0.7% |
| Interior & Plastics | 193,623 | 185,732 | 4.2% |
| Electrical & Heat Exchange | 27,901 | 40,444 | -31.0% |
| Marketing | 52,468 | 48,400 | 8.4% |
| Others | 2,875 | 2,682 | 7.2% |
| **Malaysia Operation** | **251,571** | **274,065** | **-8.2%** |
| **Operations outside Malaysia** | **31,879** | **44,537** | **-28.4%** |
| **TOTAL REVENUE** | **327,538** | **340,713** | **-3.9%** |

**Decreased in revenue due to lower demand from OEM market**

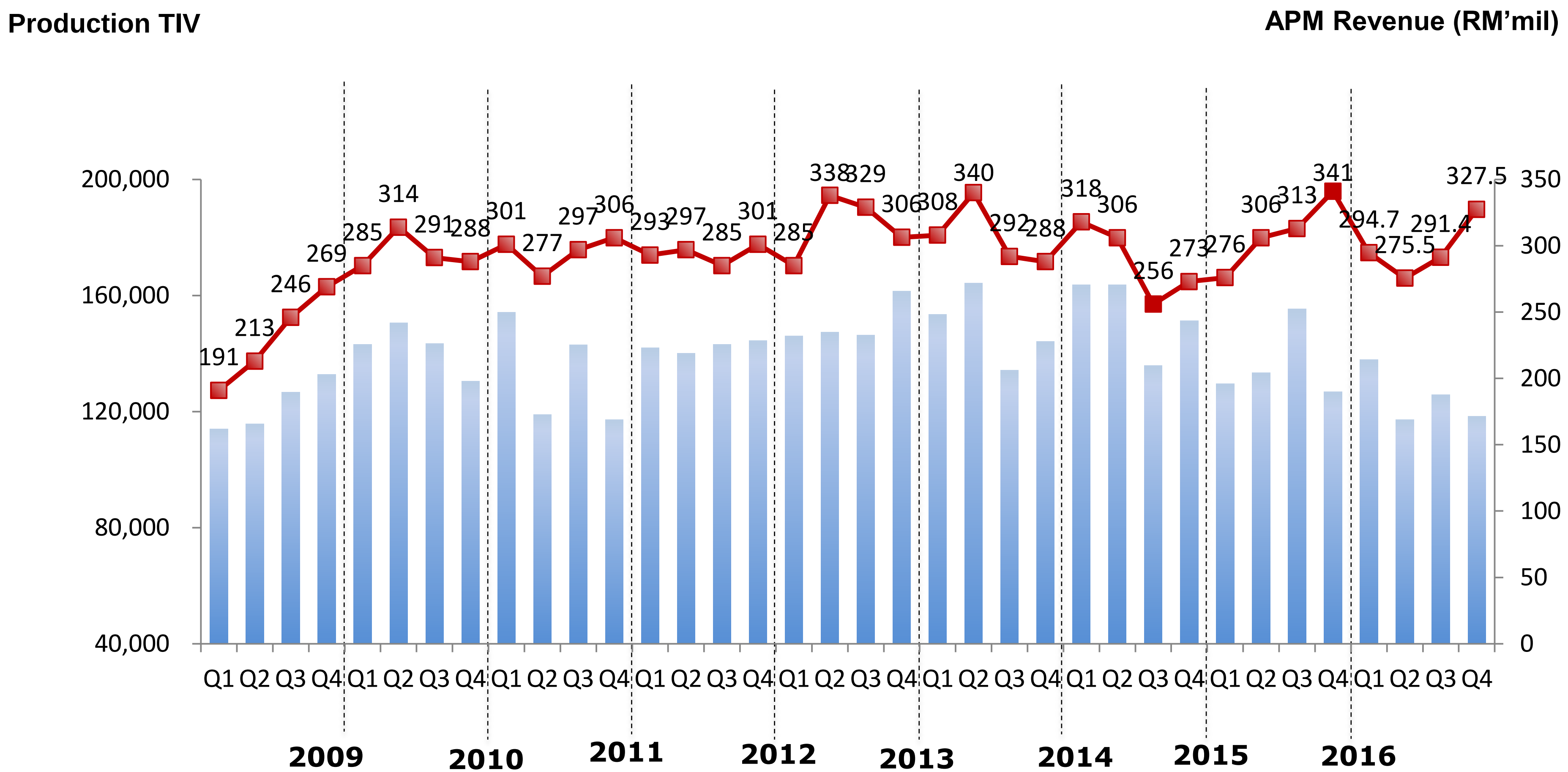


APM

4Q17 Operation & Financial Review

## Business Update

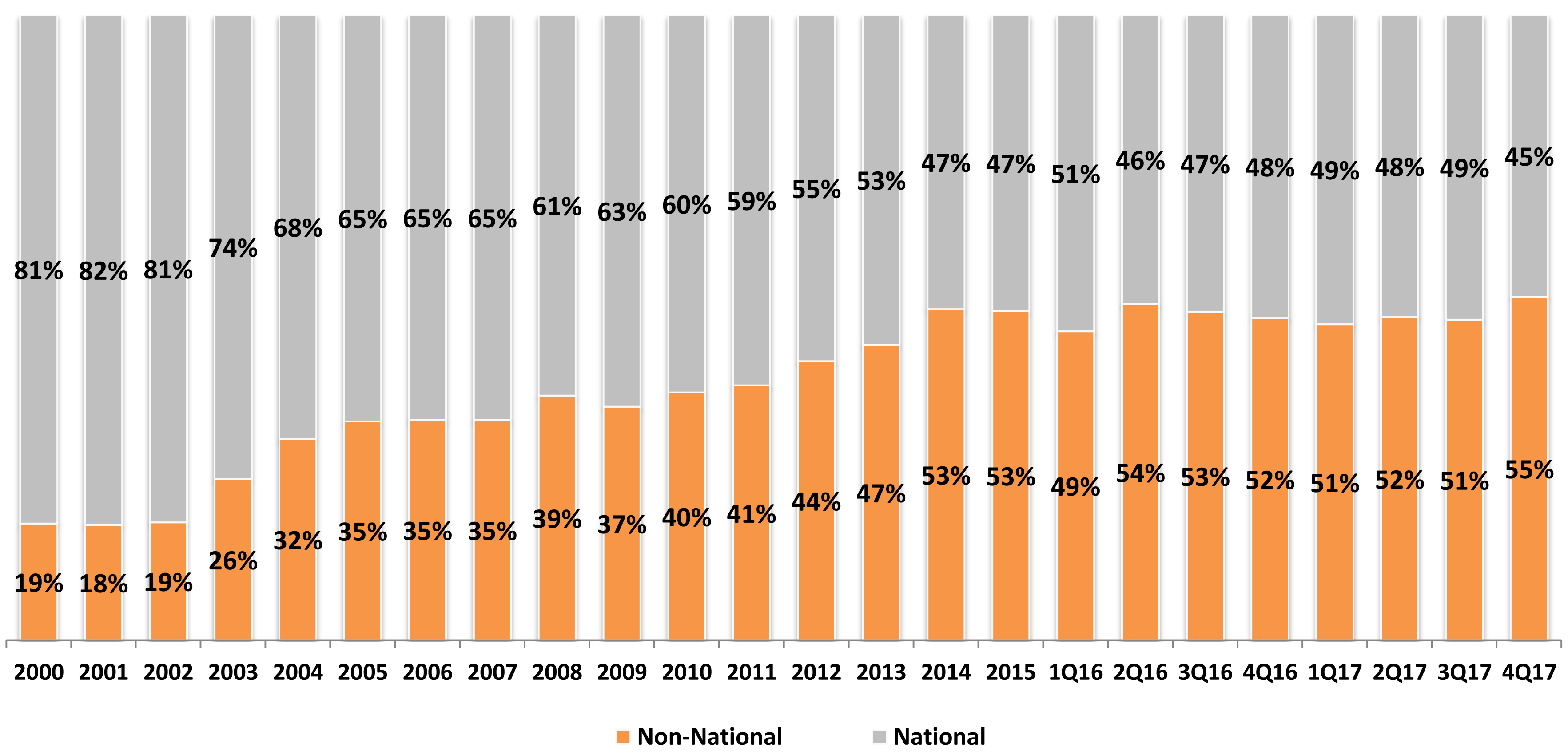
# Production TIV




***Source: MAA (as for Production TIV)***

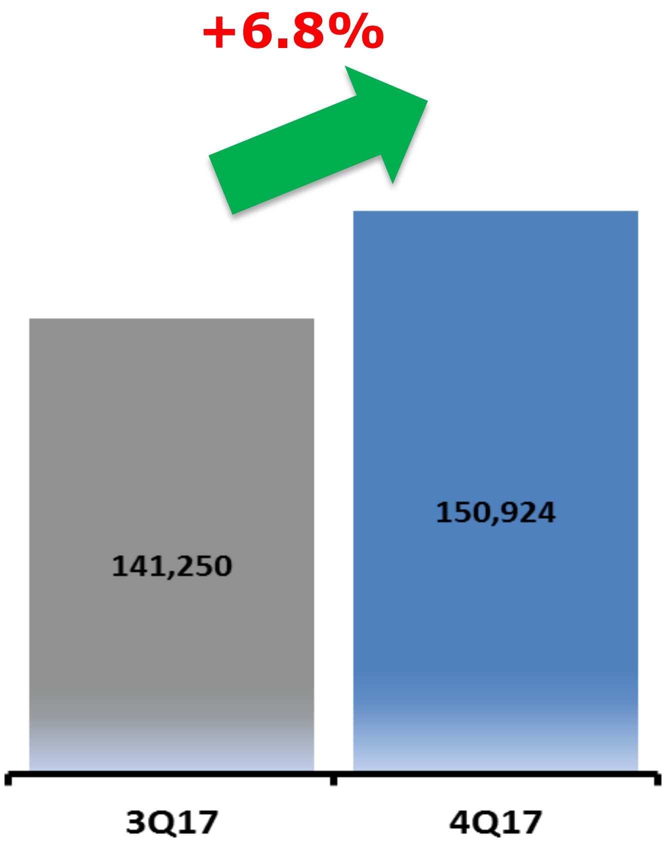
**Revenues increase primarily driven by new model launches in Q3 2017**

# National & Non-national Market Share




**Non-national brands regaining market share**

# 4Q17 TIV




| | Q-o-Q % |
|---|---|
| Perodua | 2.70% |
| Proton | -13.10% |

| | Q-o-Q % |
|---|---|
| Toyota | 29.30% |
| Nissan | **-11.50%** |
| Honda | 17.40% |
| Mitsubishi | 41.30% |
| Isuzu | 8.70% |
| Mazda | 22.30% |

| | Q-o-Q % |
|---|---|
| Ford | -2.40% |
| VW | 2.30% |
| BMW | 6.00% |
| Mercedes | 14.40% |

**TIV increased mainly due to aggressive year-end promotions**

# FY17 business update

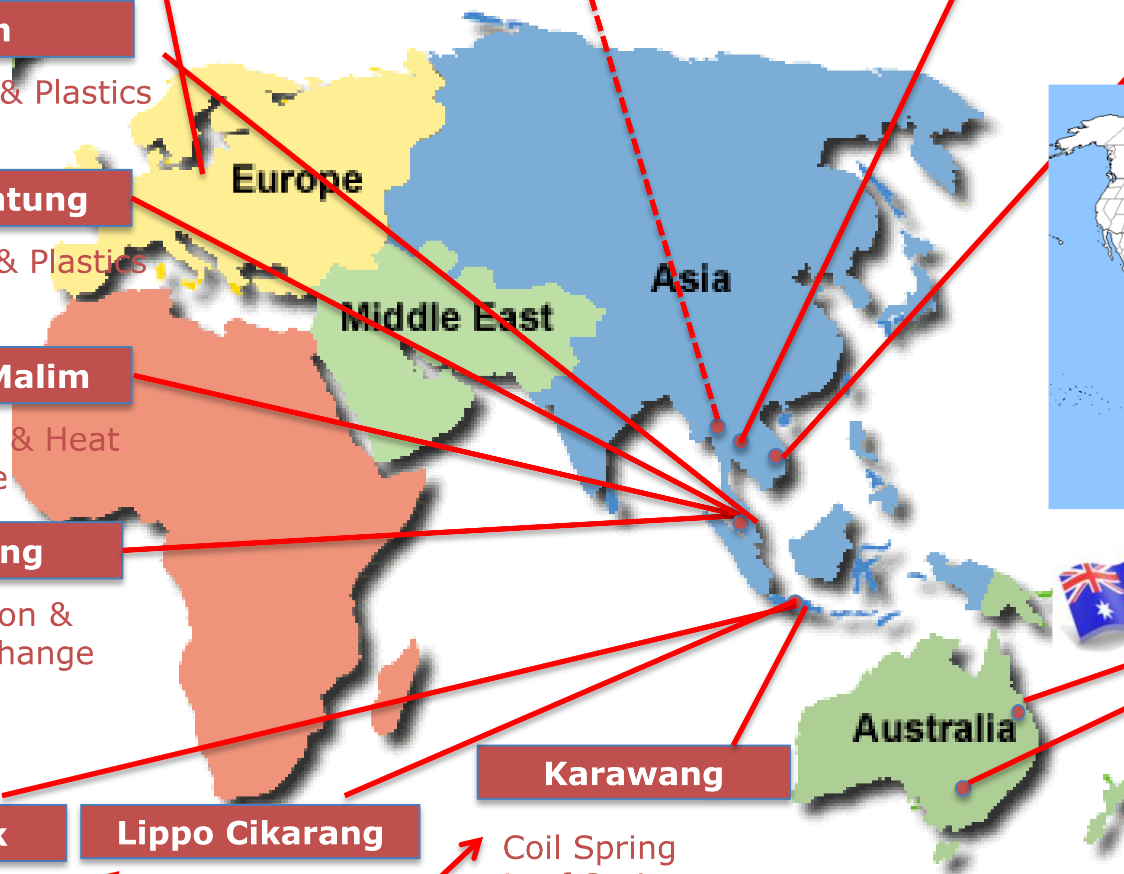
- 4Q17 TIV 150.1K; +6.8% QoQ. 12M17 TIV 576.6K; -0.6% YoY
- YoY able to maintain similar TIV compare to prior year, QoQ increased mainly due to aggressive year-end promotions.
- Counter measures include:
  - Expansion of new business  - new products / segment
  - Intensify the development of parts for replacement markets
  - Consolidate certain operations to reduce overhead costs
  - Expansion into new products via JV or acquisition of business
  - Study of other sources of supply to reduce material costs

# M&A Opportunities

| | | | | |
|---|---|---|---|---|
| **Strategic Purpose** | Our Vision | | Our Strategy | |
| **Environment** | Global Market Review | Asia Pacific Market Review | Malaysia Market Review | |
| **Market Assessment** | Economy & Environment | Tier 1 Competition | Local Supplier | Lessons Learned |
| **Target Opportunities** | Targeted Research | | | |
| **Growth Opportunities** | M&A Opportunities | Tier 1 Supplier | Tier 2 Supplier | |
| **Risk Management** | Due Diligence | IP Production | Legal & HR Partnerships | Detailed Planning |
| **Implementation Plan** | JV | Local Resources | Quotation & Proposals | Supplier/Tool Resource |

# Moving Forward

# Geographical Diversification




**Netherlands**
Springs, absorbers and coil-overs

**Bago**
Interior & Plastics

**Rayong**
Plastics & Components

**Binh Duong**
Suspension & Seats

**Kulim**
Interior & Plastics

**Bkt Beruntung**
Interior & Plastics

**Tanjong Malim**
Electrical & Heat Exchange

**Port Klang**
Suspension & Heat Exchange

**Indianapolis**

**New Jersey**
NJ and Indiana Distribution Centre

**Brisbane**

**North Coburg**
Seats

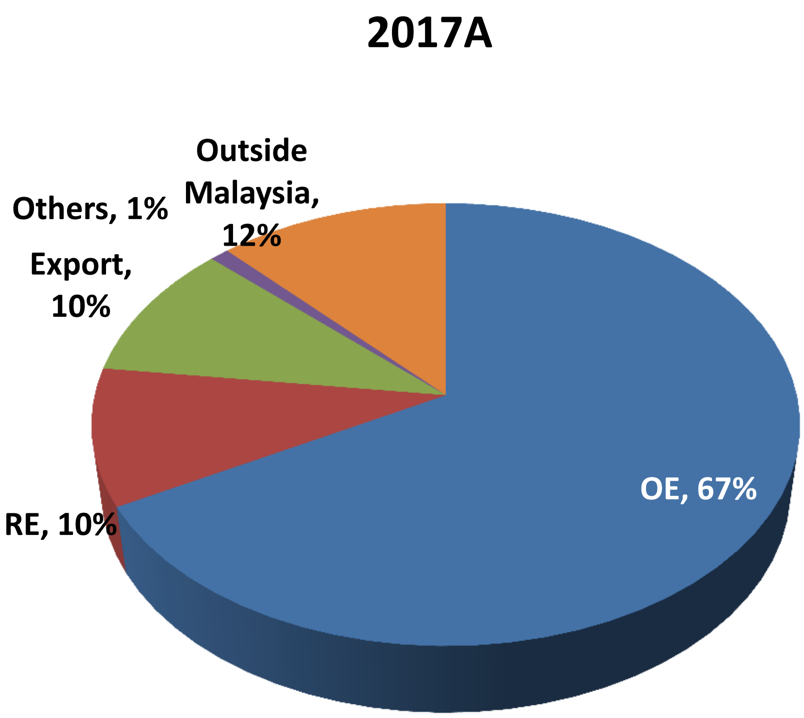
**Cikampek**
Seats

**Lippo Cikarang**
Interior & Plastics

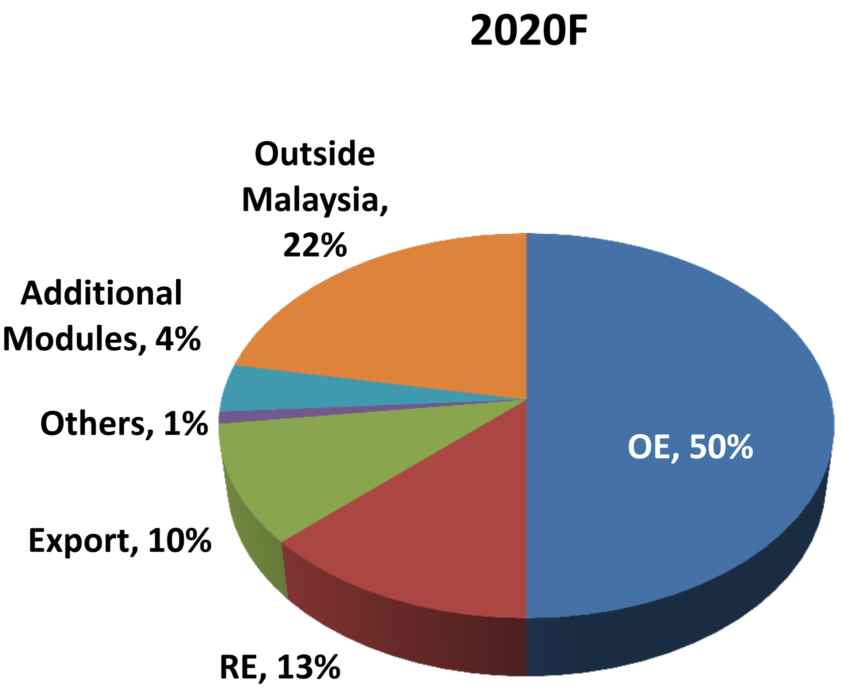
**Karawang**
Coil Spring
Leaf Spring
Shock Absorber

Plant
Propose plant set up

# Sales Guidance through Balance & Diversity



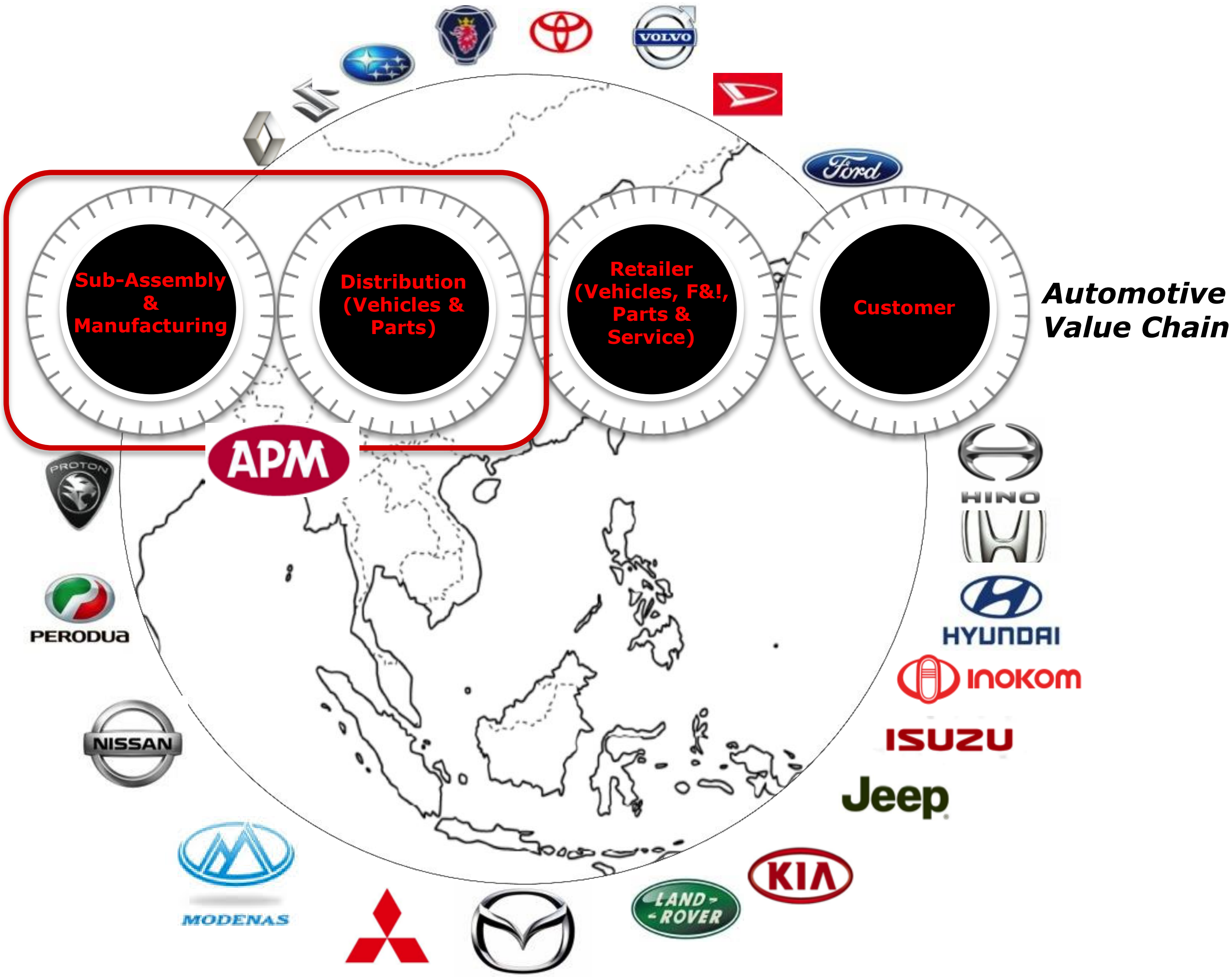

Turnover: RM 1.2b




Turnover: RM 2.0b

**RM2b sales target (RM1b existing OE & RM1b exports, overseas & others)**

# Integral Player within Local Automotive Eco-systems



# Auto Cycle Investing

## Global OEM

- Brand owner
- Patent rights
- Product development
- Technology provider

Cost Plus

High risk high return – product acceptance vs. model development cost

## Localization Partner

- Manufacturing & assembly capability
- Parts supplier & integrator
- Ensure quality compliance
- Made to order. Guaranteed Off-taker

Cost Plus

High barriers to entry for CBU. Minimum local content. Optimal risk-adjusted returns.

## Distributor

- Managing Principal Relationship
- Sourcing & Localization
- Quality assurance
- Managing sell-through process
- SSI
- Sales mgmt
- After-sales mgmt
- Inventory mgmt

Cyclical returns. Working capital risk. Margin volatility – boom-bust cycles (FX, Rates, GDP, $\pi$).

Consumers

# Thank You