

**Tan Chong  
Motor  
Holdings  
Berhad**

# **FY2016 First-Quarter Financial Results**



# New Facelifted Product



Model	OTR without insurance
Almera 1.5 E (M)	RM64,960
Almera 1.5 E	RM67,882
Almera 1.5 V	RM74,700
Almera 1.5 VL	RM77,622

## Cautionary Statement with Respect to Forward-Looking Statements

Information contained in this presentation is intended solely for your reference. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning the Company. We do not make representation regarding, and assumes no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information contained herein.

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.

## Business Review

# 1Q16 Sales Performance & Operation Review

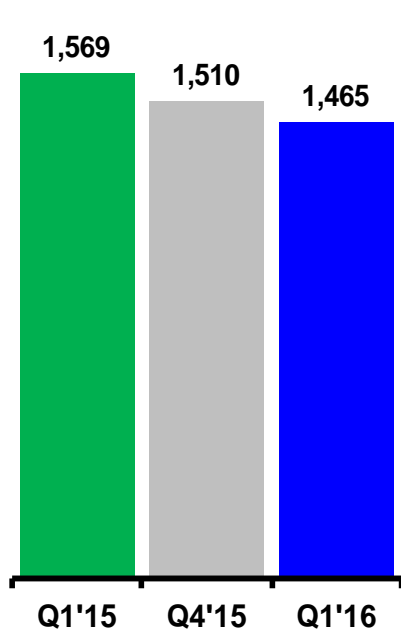
# Key Performance Indicators

(RM'million, unless otherwise stated)

Y-o-Y  
Q-o-Q

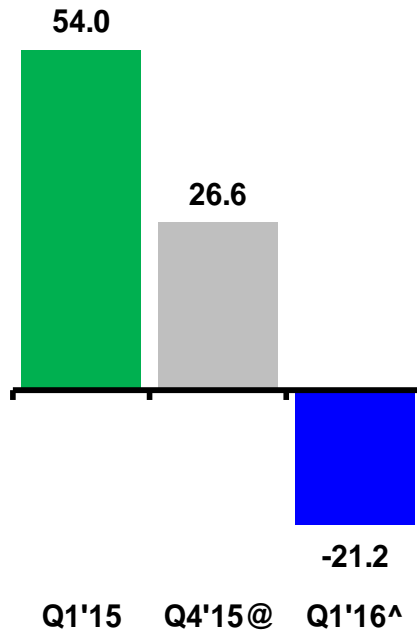
## Revenue

-6.6%  
-3.0%



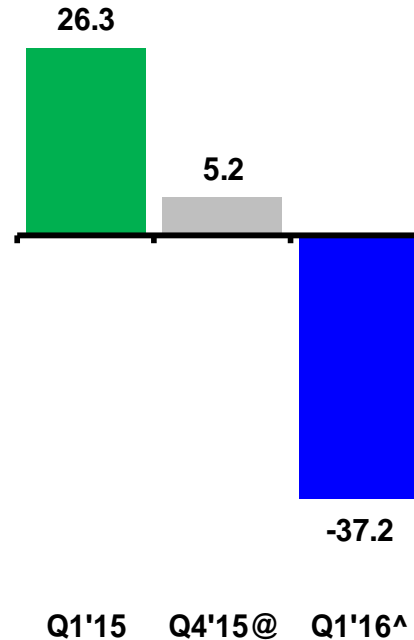
## Operating Profit/ (Loss)

-139.3%  
-179.7%



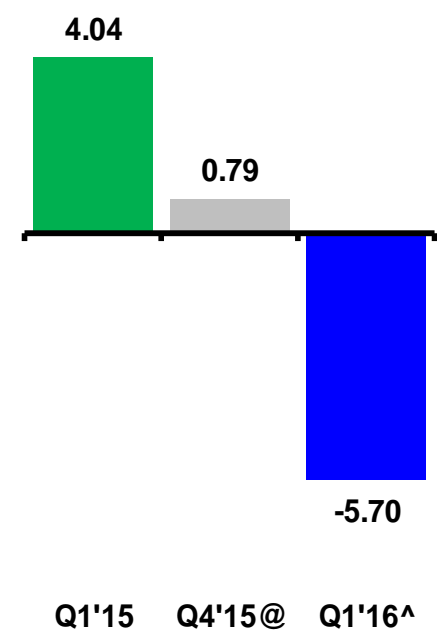
## Profit/ (Loss) Attributable to Owners of the Company

-241.2%  
-818.7%



## Earning/ (Loss) Per Share (Sen)

-241.1%  
-821.5%



@ include net unrealised forex gain of RM1.4mil, revaluation gain on investment properties of RM6.8mil (at gross) or RM6.0mil (net of deferred tax) and provision of aging stocks of RM7.8mil.

^ include provision/write off of receivables of RM5.3mil and net unrealised forex losses of RM8.3mil.

# QoQ Financials Review

<i>In RM'000, unless stated otherwise</i>	<b>4Q15@</b>	<b>1Q16^</b>	<b>Changes</b>
<b>Net Revenue</b>	<b>1,510,331</b>	<b>1,465,123</b>	<b>-3.0%</b>
<b>Operating Profit/ (Loss)</b>	<b>26,617</b>	<b>(21,210)</b>	<b>-179.7%</b>
<b>Profit/ (Loss) Before Tax</b>	<b>10,972</b>	<b>(36,744)</b>	<b>-434.9%</b>
<b>Profit/ (Loss) Attributable to Owners of the Company</b>	<b>5,177</b>	<b>(37,208)</b>	<b>-818.7%</b>
<b>Earning/ (Loss) per Share (Sen)</b>	<b>0.79</b>	<b>(5.70)</b>	<b>-821.5%</b>
<b>Shareholders' Fund</b>	<b>2,793,620</b>	<b>2,739,935</b>	<b>-1.9%</b>
<b>Net Asset per Share (RM)</b>	<b>4.28</b>	<b>4.20</b>	<b>-1.9%</b>

- **4Q15 saw pre-price hike buying which induced higher revenue compare to 1Q16.**
- **Profitability affected by higher CKD cost arising from unfavourable forex rates.**

@ include net unrealised forex gain of RM1.4mil, revaluation gain on investment properties of RM6.8mil (at gross) or RM6.0mil (net of deferred tax) and provision of aging stocks of RM7.8mil.

^ include provision/write off of receivables of RM5.3mil and net unrealised forex losses of RM8.3mil.

# YoY Financials Review

*In RM'000 , unless stated otherwise*

	31-Mac-15	31-Mac-16 <sup>^</sup>	Changes
<b>Revenue</b>	1,569,060	1,465,123	-6.6%
<b>Operating Profit/ (Loss)</b>	53,980	(21,210)	-139.3%
<b>Profit/ (Loss) Before Tax</b>	43,778	(36,744)	-183.9%
<b>Profit/ (Loss) After Tax</b>	25,704	(38,433)	-249.5%
<b>Profit/ (Loss) Attributable to Owners of the Company</b>	26,348	(37,208)	-241.2%
<b>EPS/ (LPS) (Sen)</b>	4.04	(5.70)	-241.1%

- 1Q15 saw pre-GST buying which induced higher revenue compare to 1Q16.
- Profitability is largely a function of forex direction.

<sup>^</sup> include provision/write off of receivables of RM5.3mil and net unrealised forex losses of RM8.3mil.

# Segmental Performance

<i>In RM'000</i>	<b>4Q15</b>	<b>1Q16</b>	<b>Change (%)</b>
<b>Sales</b>			
Automobiles	1,492,942	1,448,575	-3.0%
Financial services	14,956	13,821	-7.6%
Other operations	2,433	2,727	12.1%
	<b>1,510,331</b>	<b>1,465,123</b>	<b>-3.0%</b>
<b>EBITDA</b>			
Automobiles	38,450*	13,517^	-64.8%
Financial services	4,258	3,202	-24.8%
Other operations	15,343@	(3,003)	-119.6%
	<b>58,051</b>	<b>13,716</b>	<b>-76.4%</b>
<b>EBITDA margin</b>			
Automobiles	2.6%	0.9%	
Financial services	28.5%	23.2%	
Other operations	630.6%	-110.1%	
	<b>3.8%</b>	<b>0.9%</b>	

^ include provision/write off of receivables of RM5.3mil and net unrealised forex losses of RM8.3mil.

\* include net unrealised forex gain of RM1.4mil and provision of aging stocks of RM7.8mil.

@ revaluation gain on investment properties of RM6.8mil (at gross) or RM6.0mil (net of deferred tax)



# Malaysia Sales Performance

**Q-o-Q**

**-13.6%**



12,923

4Q'15

11,160

1Q'16



**10,773 units**

**-14%**



**234 units**

**+6%**



**109 units**

**-40%**



**44 units**

**0%**

**Y-o-Y**

**-18.8%**



13,739

1Q'15

11,160

1Q'16



**10,773 units**

**-19%**



**234 units**

**-35%**



**109 units**

**+24%**



**44 units**

**-30%**

# Malaysia Sales Performance (Cont'd)

## Malaysia

- **YoY -18.8% : Pre-GST buying**
- **QoQ -13.6% : Pre-price hike buying**
- **Notwithstanding the soft market, Nissan market share increased to 8.2% in Q1 from 6.9% in Q4.**



# Top 5 manufacturers

**TIV**

**Q-o-Q**

**-27.6%**

181,247

131,267

4Q'15

1Q'16

**Y-o-Y**

**-22.0%**

168,306

131,267

1Q'15

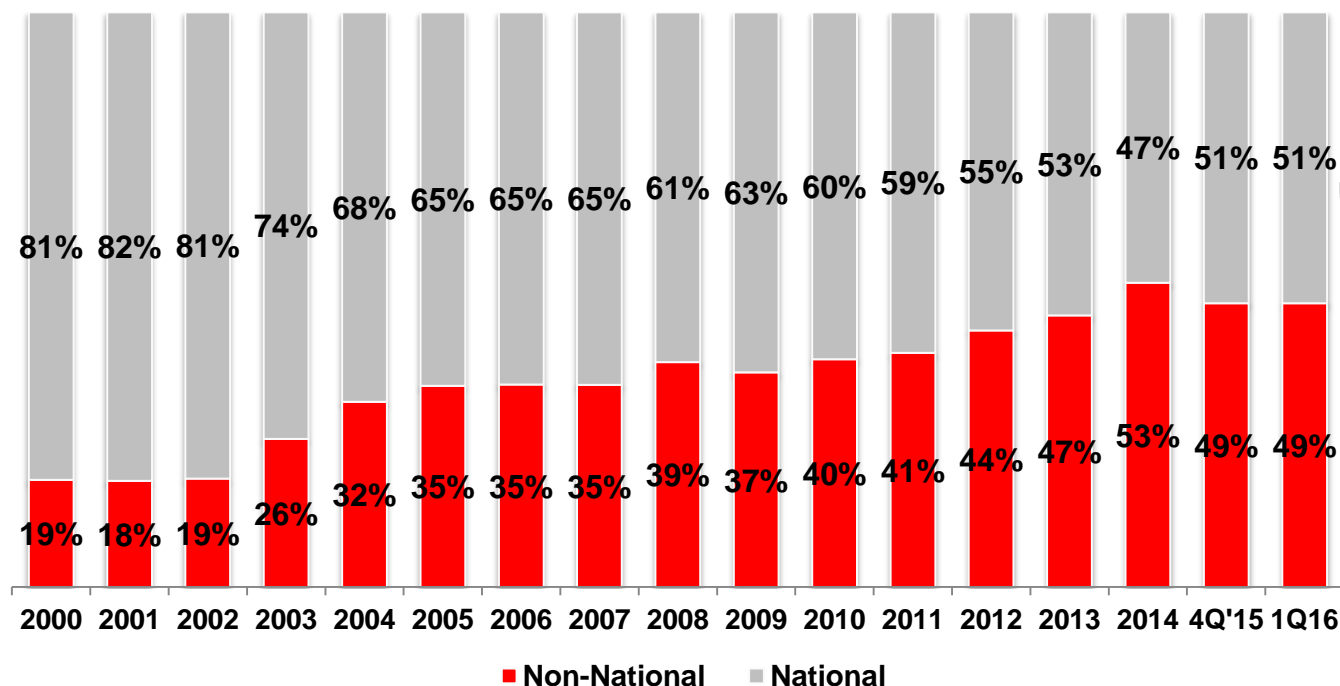
1Q'16

## Top 5 manufacturers

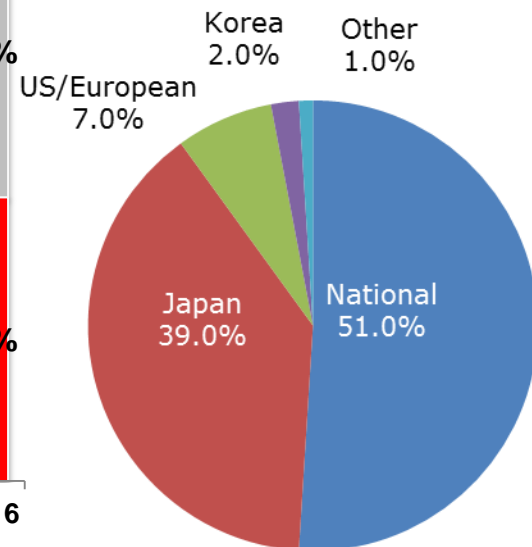
	Units			Market Share		
	1Q'16	4Q'15	Changes	1Q'16	4Q'15	FY'16
<b>Perodua</b>	47,181	55,240	-14.6%	35.9%	30.5%	35.9%
<b>Proton</b>	19,225	23,339	-17.6%	14.6%	12.9%	14.6%
<b>Honda</b>	18,777	28,491	-34.1%	14.3%	15.7%	14.3%
<b>Nissan</b>	10,773	12,476	-13.7%	8.2%	6.9%	8.2%
<b>Toyota</b>	10,216	31,663	-67.7%	7.8%	17.5%	7.8%

Source: MAA

# National brands regaining market share



**1Q'16**



	Q-o-Q %
Perodua	-14.6%
Proton	-17.6%

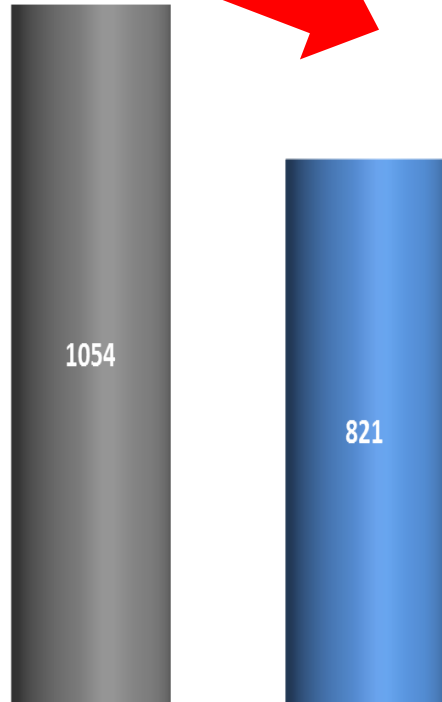
	Q-o-Q %
Toyota	-67.7%
<b>Nissan</b>	<b>-13.7%</b>
Honda	-34.1%
Mitsubishi	-2.8%
Isuzu	-30.0%
Mazda	-9.8%

	Q-o-Q %
Ford	-30.2%
VW	+42.6%
BMW	-20.9%
Peugeot	-34.7%

# Indochina Sales Performance

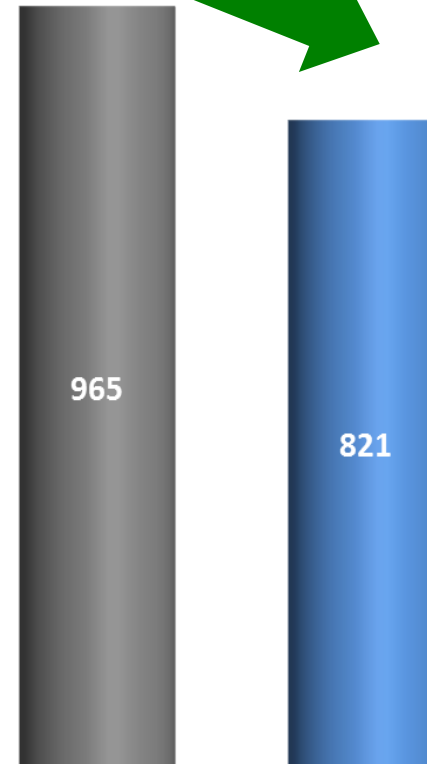
**Q-o-Q**

**-22%**



**Y-o-Y**

**-15%**



**714 units  
-23%**



**79 units  
+3%**



**8 units  
+>100%**



**20 units  
-58%**



**714 units  
-13%**



**79 units  
-8%**



**8 units  
+>100%**



**20 units  
-62%**

*Ytd Sales*

# Indochina Sales Performance (Cont'd)

## Indochina

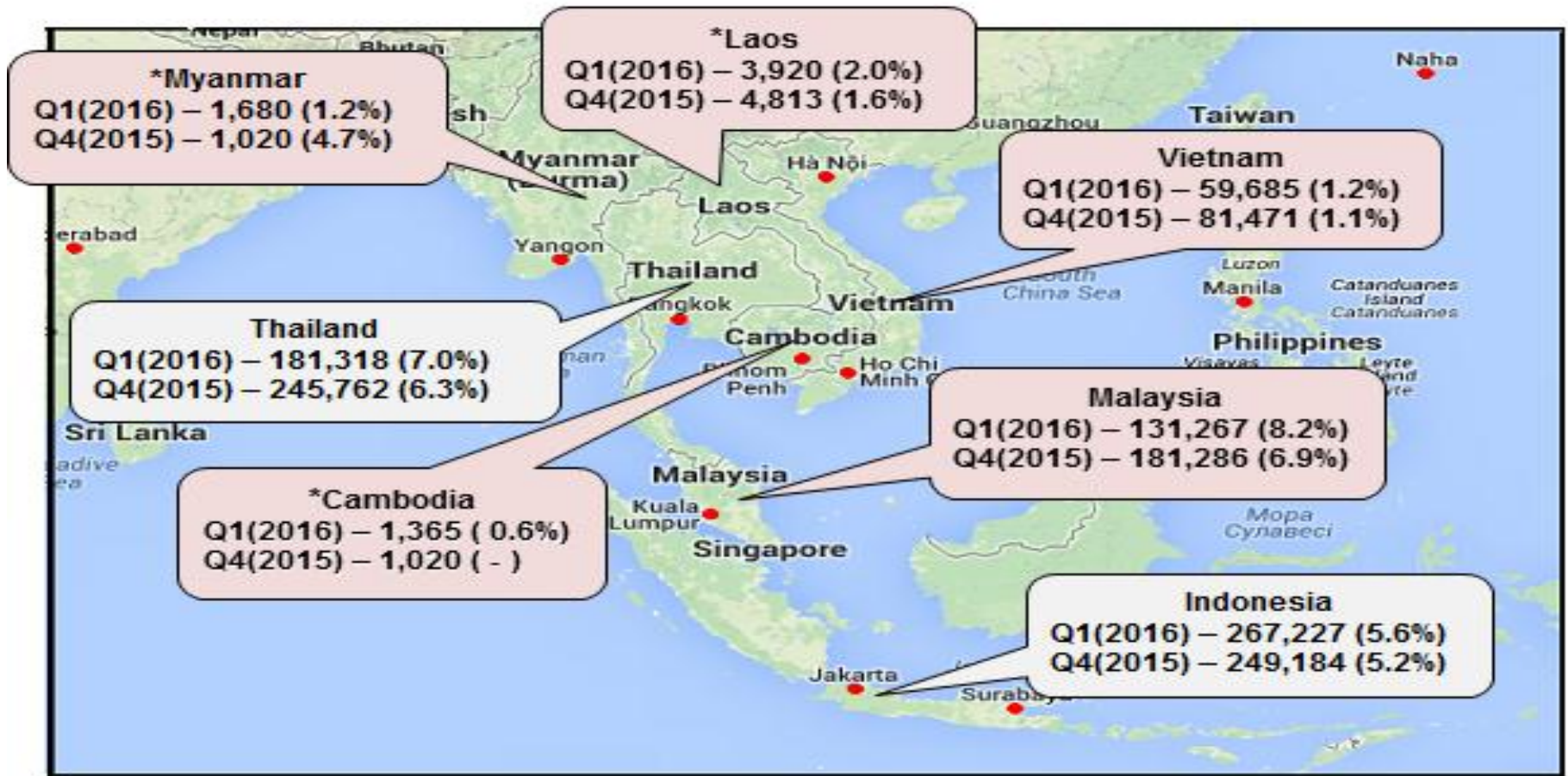
- Y-o-Y, sales in Indochina decreased by 15% was due to the unattractive model line-up in Vietnam compared to the competition.
- Higher unit sales Q-o-Q seen in Laos was due to the launch of new Navara in previous quarter and generating consistent demand.
- The overseas assembly plant operation was impacted by negative production variances.
- However, on the motorcycle side, Kawasaki turned profitable in Vietnam. (Sales units: Q1 2016 – 398 units, Q4 2015 – 164 units)





# Nissan Penetration in the Region

## Total Industry Volume By Country



\* Management best estimate, no official TIV

# 2016 Regional Automotive Performance

## Vietnam Down 27%

- Vietnam's economy is expected to continue growing at a solid pace.
- TIV lower due to introduction of special consumption tax effective Jan 2016
- 2016 Q1 actual TIV is 59,685 [2015 Q4 – 81,471].
- GDP forecast 6.7% in 2016.

## Myanmar Up 65%

- Despite fundamental economic and political challenges, it is expected that Myanmar will maintain its fast pace of expansion
- Automotive, manufacturing, agriculture, mining, energy sector remain untapped.
- 2016 Q1 actual TIV is 1,680 [2015 Q4 – 1,020].
- GDP forecast 8.1% in 2016.

## Laos Down 19%

- Growth this year is expected to be sustained by strong investment.
- The pace will depend upon how resilient Laos' economy is to the slowdown in China.
- 2016 Q1 actual TIV is 3,920 [2015 Q4 – 4,813].
- GDP forecast 7.4% in 2016.

## Cambodia Up 34%

- The economy is expected to continue showing robust growth.
- 2016 Q1 actual TIV is 1,365 [2015 Q4 – 1,020].
- GDP forecast 7.1% in 2016.

## Thailand Down 26%

- Weak export affected the manufacturing sector.
- Government announced fiscal stimulus measures to boost local consumption.
- 2016 Q1 actual TIV is 181,318 [2015 Q4 – 245,762].
- GDP forecast 3.1% in 2016

## Indonesia Up 7%

- Government increase expenditure on large infrastructure projects to stimulate the economy.
- 2016 Q1 actual TIV is 267,227 [2015 Q4 – 249,181].
- GDP forecast 5.1% in 2016.

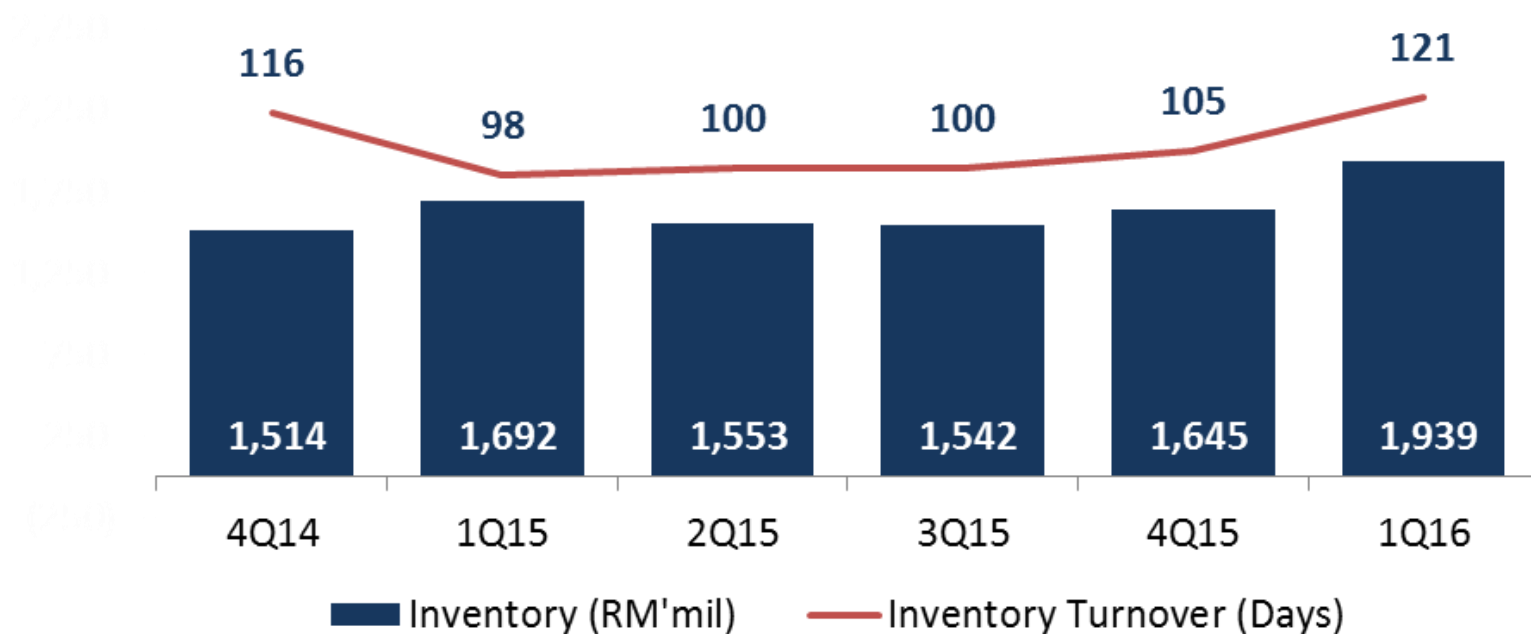


**Business Review**

**1Q16 Sales Performance & Operation Review**

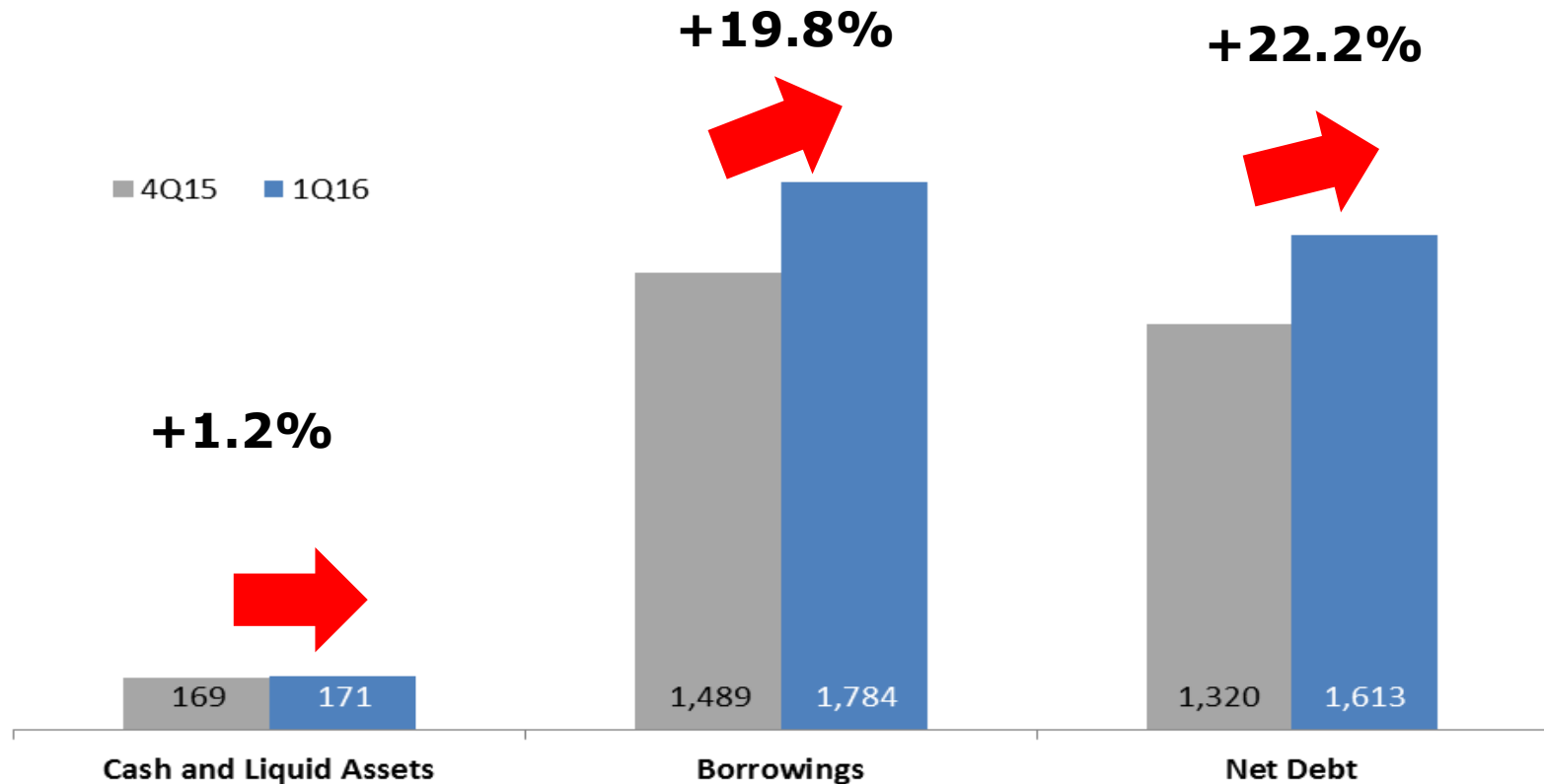
**Appendices**

# Inventory Management



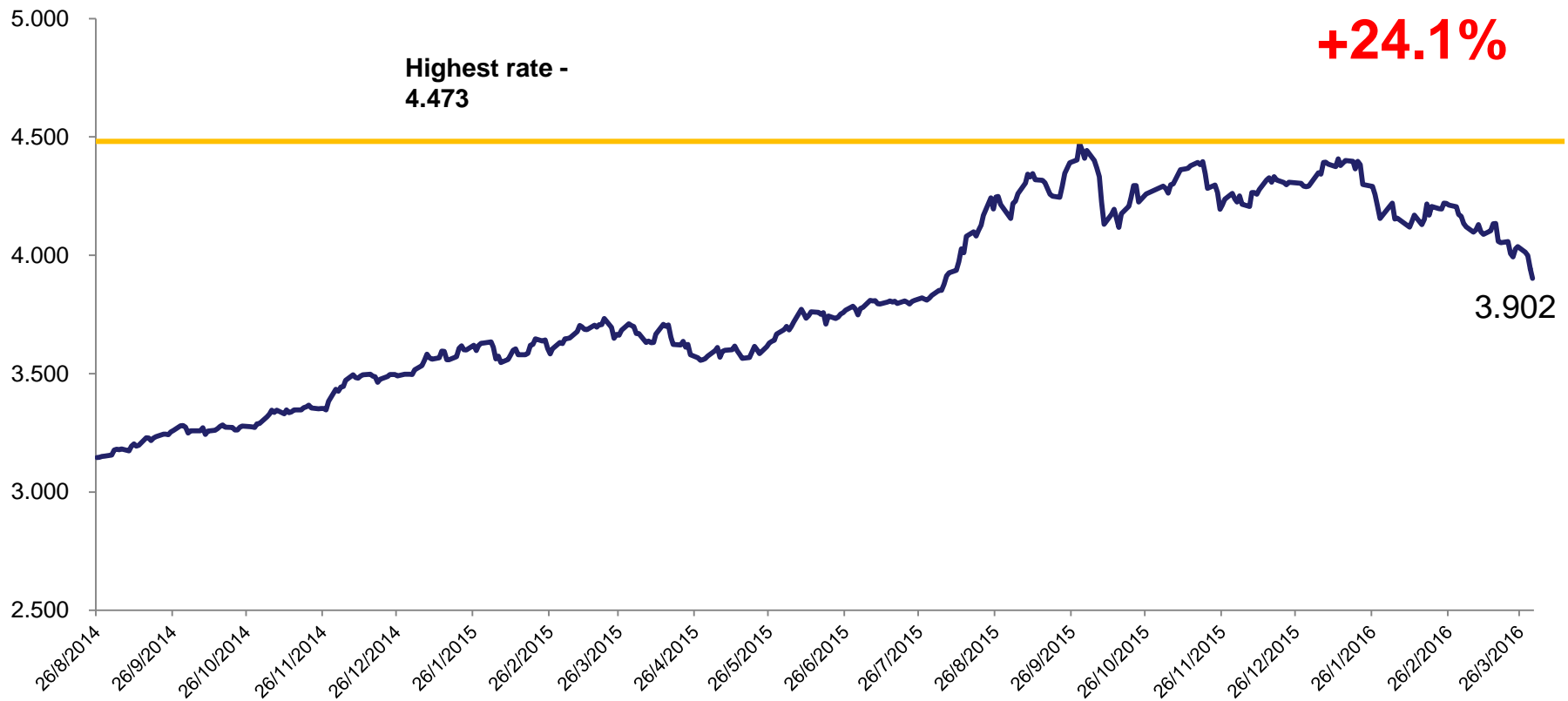
- Stock-up of the newly launched Navara CBU model.
- Increased in turnover days due to the decrease in revenue during the first quarter.

## Cash Balance & Borrowings (RM'mil)



- Borrowings level increased due to high level of inventories purchased.
- Net gearing stood at 58.9%.

# Foreign Exchange Management



- Ringgit started to recover in March 2016 from 4.205 to 3.902.
- We will take diligent steps to monitor the foreign currency risk and continues to forward hedge on any weakness in the USD.

Source: Bloomberg

