



**Tan Chong
Motor
Holdings
Berhad**

FY2014 Second-Quarter Financial Results

28 Aug 2014



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.

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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

2Q14 Sales Performance & Operation Review

Appendices

New Product Launches



Model	OTR with insurance
Teana 2.0XE	RM139,800
Teana 2.0XL	RM149,800
Teana 2.5XV	RM169,900

New Product Launches (*Cont'd*)



Model	OTR without insurance
Fluence	RM115,000

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Key Performance Indicators

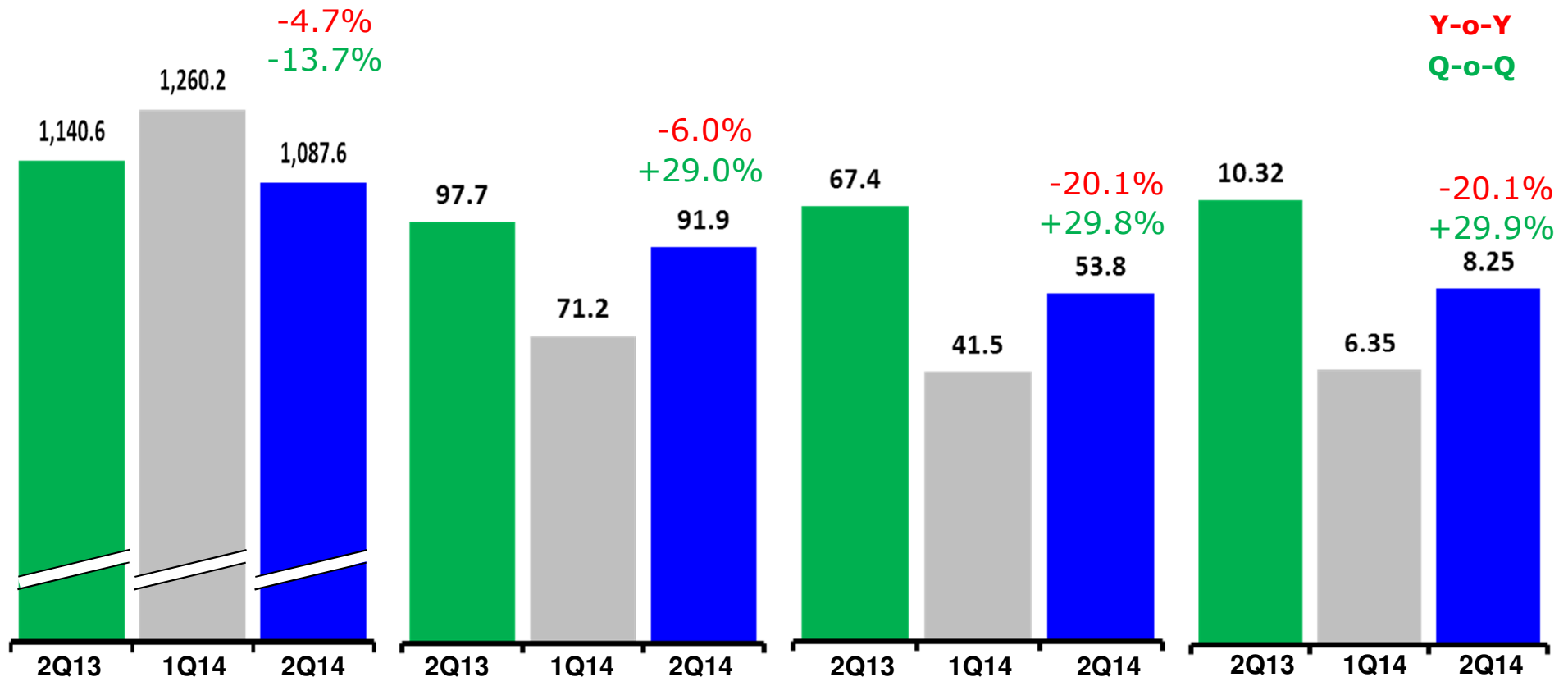
(RM 'million)

Revenue

Operating Profit

Net Profit

Earnings Per Share (Sen)



2Q14 Financials Review

In RM'000, unless stated otherwise

	2Q14	2Q14	1Q14
	Before Extraordinary Item	After Extraordinary Item	
Net Revenue	1,087,551	1,087,551	1,260,193
Operating Profit	35,590	91,858	71,205
Profit Before Tax	25,088	81,356	63,930
Profit Attributable to Owners of the Parent	12,203	53,842	41,474
Earnings per Share (Sen)	1.87	8.25	6.35
Shareholders' Fund	2,724,832	2,766,471	2,752,524
Net Asset per Share (RM)	4.17	4.24	4.22

- Q214 sales momentum slowed whilst import cost rose and more incentives were needed to clear stock.
- Quarter on Quarter (Q-o-Q), top line fell by 13.7% but operating profit increase +29.0%, thanks to a write-back of USD16.98mil or RM56.27mil made in NVL for import duties provision.

1H14 Financials Review

In RM'000 , unless stated otherwise

	1H14	1H13	Changes
Revenue	2,347,744	2,576,981	-8.9%
Operating Profit	163,063	225,191	-27.6%
Profit Before Tax	145,286	214,748	-32.3%
Profit After Tax	108,416	151,360	-28.4%
Profit Attributable to Owners of the Parent	95,316	151,448	-37.1%
EPS (Sen)	14.60	23.20	-37.1%
Net Dividend per Share (Sen)	3.00	11.25*	-73.3%

*(4.50 sen interim + 6.75 sen special)

- Year on year (Y-o-Y), top line fell by 8.9%, due to loss of domestic market share in the Malaysia B Segment, where our key volume driver is.
- Vehicle sales margin under pressure in FY2014 due to price competition.
- The Group has taken steps to cut CKD orders, operating and capital expenditure.
- Dividends to shareholders reduced to conserve cash.

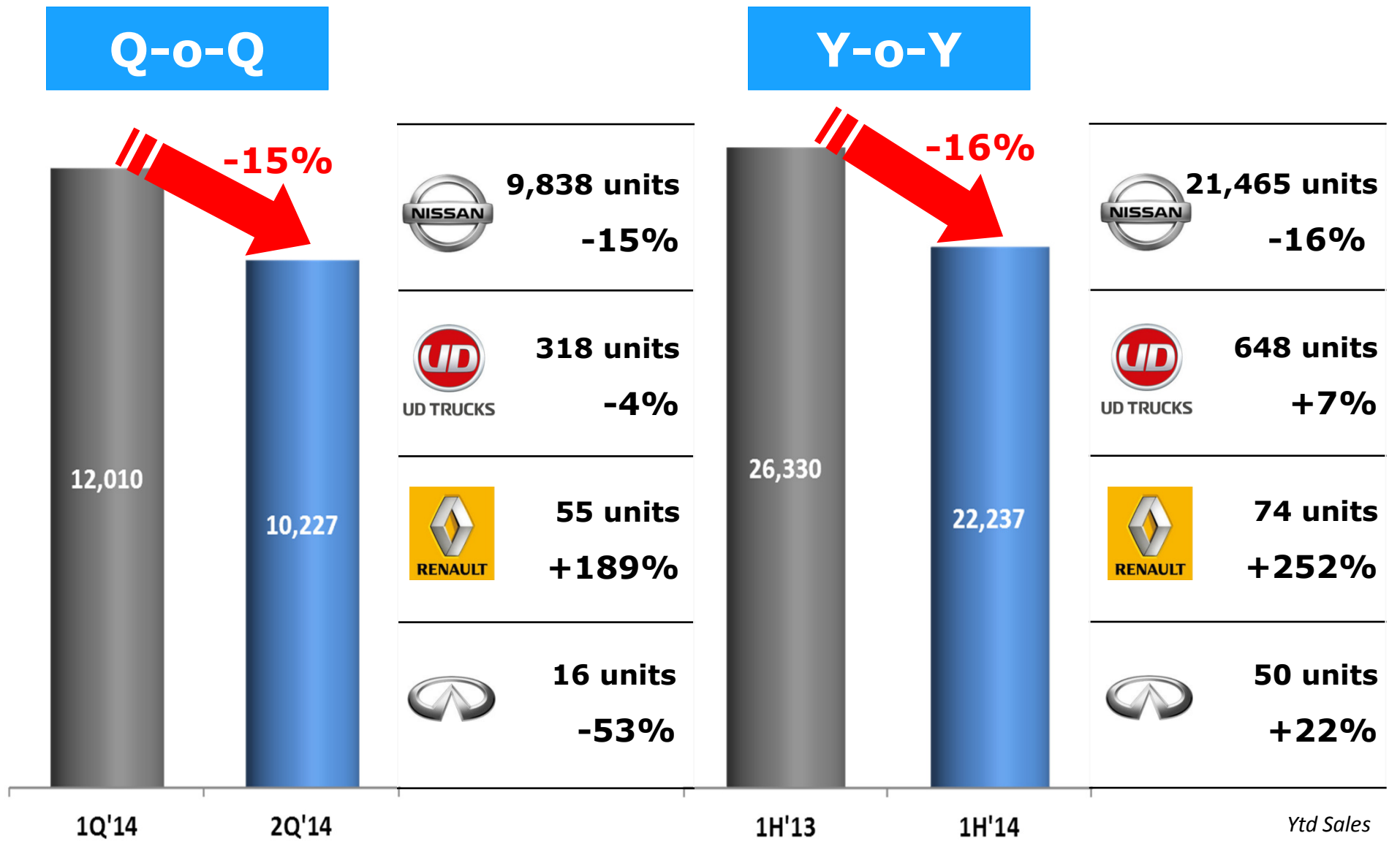
Changes in Capital Expenditure

	Before 2014 - 2015 RM mil	After 2014 - 2015 RM mil
Plant production	40	60
Sales Network Expansion / Enhancement	170	70
New CKD Model Investment	90	45
ASEAN Expansion	140	55
Others	50	30
TOTAL	Approx. 490	Approx. 260

Segmental performance

<i>In RM'000</i>	Before Extraordinary Item 2Q14	After Extraordinary Item 2Q14	2Q13	Change (%)
Sales				
Automobiles	1,072,062	1,072,062	1,128,879	-5.0%
Financial services	12,940	12,940	9,163	+41.2%
Other operations	2,549	2,549	2,600	-2.0%
	1,087,551	1,087,551	1,140,642	-4.7%
EBITDA				
Automobiles	66,129	122,397	117,259	+4.4%
Financial services	3,220	3,220	4,030	-20.1%
Other operations	334	334	(516)	+164.7%
	69,683	125,951	120,773	+4.3%
EBITDA margin				
Automobiles	6.2%	11.4%	10.4%	
Financial services	24.9%	24.9%	44.0%	
Other operations	13.1%	13.1%	(19.8%)	
	6.4%	11.6%	10.6%	

Malaysia Sales Performance



Malaysia Sales Performance (*Cont'd*)

Malaysia

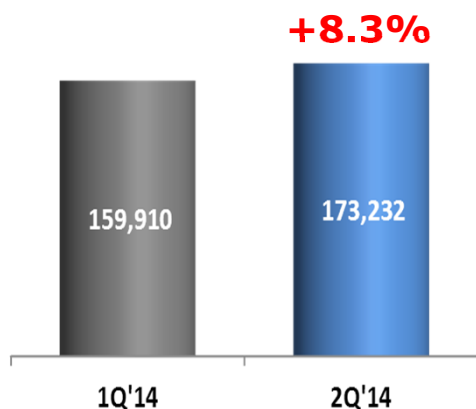
- The auto sector is faced with a price war until the oversupply situation is flushed out.
- Almera, Grand Livina and Navara sales were hit by competing models.
- Y-o-Y sales unit volume is down by 16% but contract assembly unit volume is up by 124.5%.
- Unit sales rebounded in June and July due to festive season after a low period in April and May.
- New products launched during the quarter: Nissan Teana and Renault Fluence.



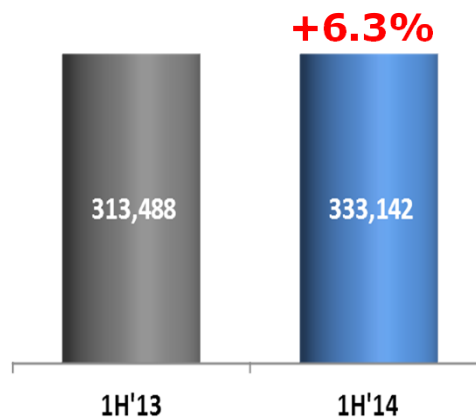
Top 5 manufacturers

TIV

Q-o-Q



Y-o-Y

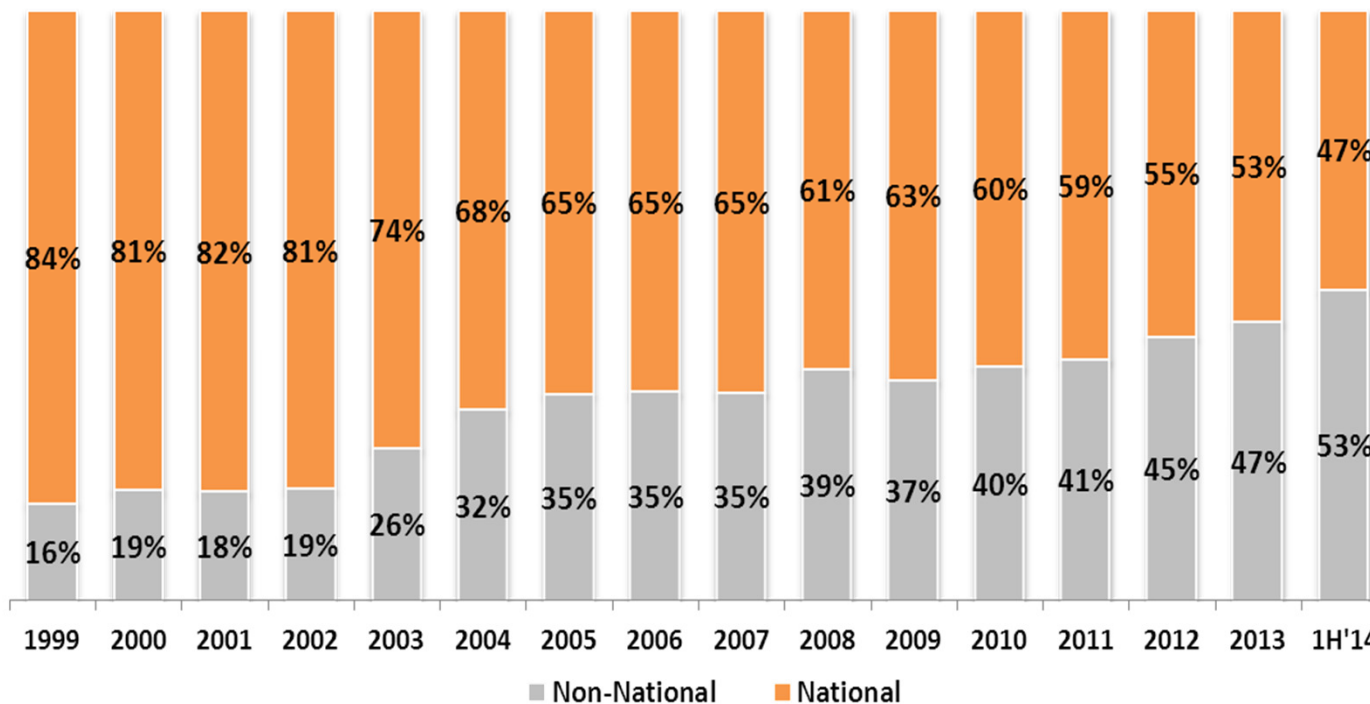


Top 5 manufacturers

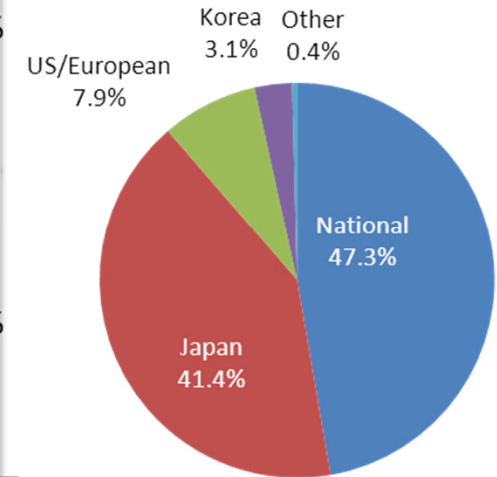
	Units			Market Share		
	2Q'14	1Q'14	Changes	Q2'14	Q1'14	1H'14
Perodua	50,456	44,024	+14.6%	29.3%	27.5%	28.4%
Proton	30,306	32,734	-7.4%	17.3%	20.5%	18.9%
Toyota	26,937	24,185	+11.4%	15.5%	15.1%	15.3%
Honda	21,576	15,627	+38.1%	12.6%	9.8%	11.2%
Nissan	10,156	11,957	-15.1%	5.9%	7.5%	6.6%

Source: MAA

Non-national gaining market share



1H14

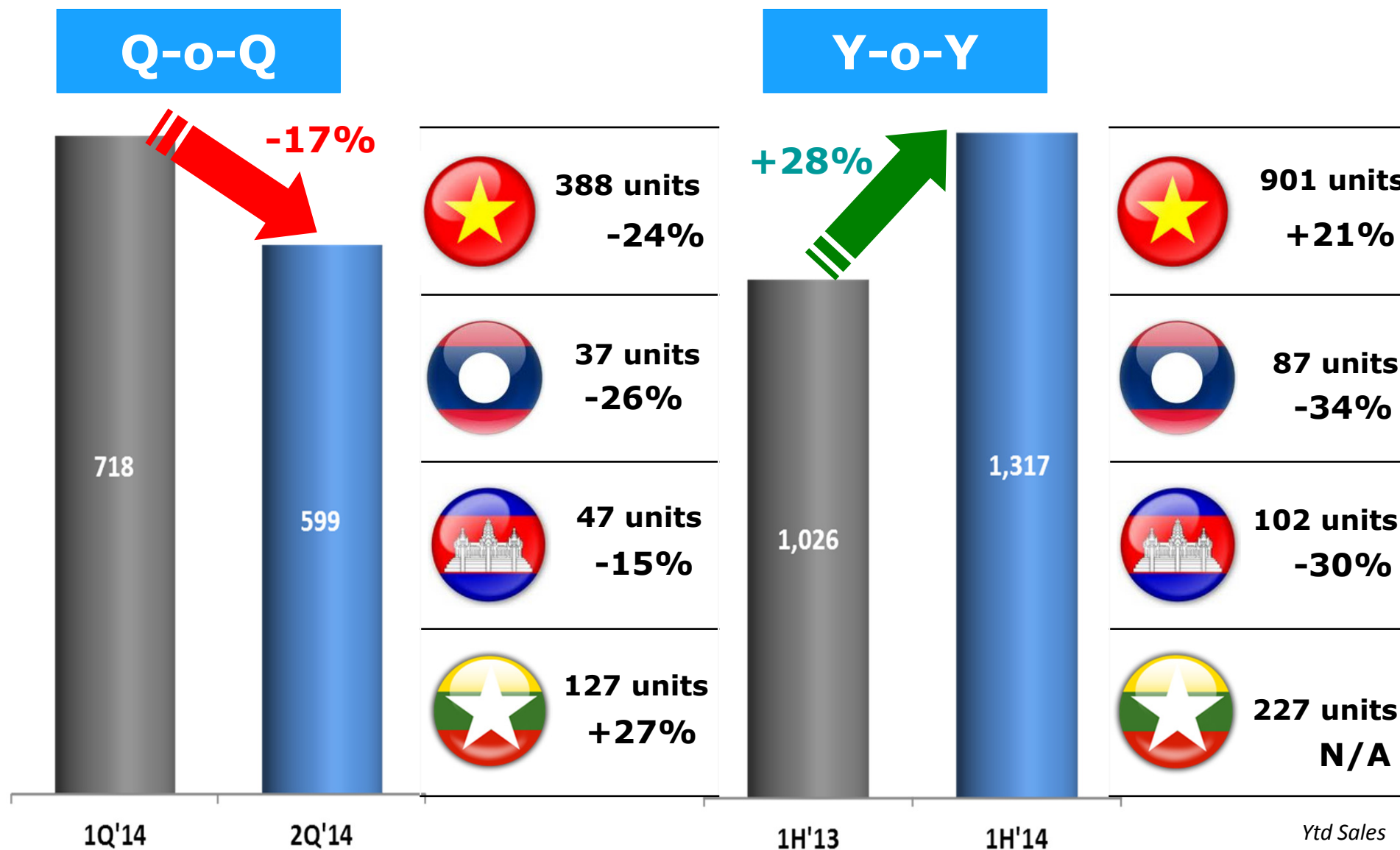


	Y-o-Y %
Perodua	-2.5%
Proton	-2.7%

	Y-o-Y %
Toyota	+16.9%
Nissan	-15.8%
Honda	+70.1%
Mitsubishi	+16.7%
Isuzu	+2.0%
Mazda	+16.3%

	Y-o-Y %
Ford	+24.7%
VW	+25.8%
BMW	+21.1%
Peugeot	+8.5%

Indochina Sales Performance



Indochina Sales Performance (Cont'd)

Indochina

- The overseas assembly plant operation is impacted by negative production variances.
- Slow in Vietnam sales due to import duty issue; CBU stock depleted. Sales will restart in Sep.14 after resolution of import duty issues in Aug.
- Infiniti opened first Infiniti Center showroom in Ho Chi Minh City, Vietnam.
- Encouraging sales in Myanmar - increase 27% Q-o-Q.
- Lower unit sales seen in Cambodia and Laos.



QX70



QX80

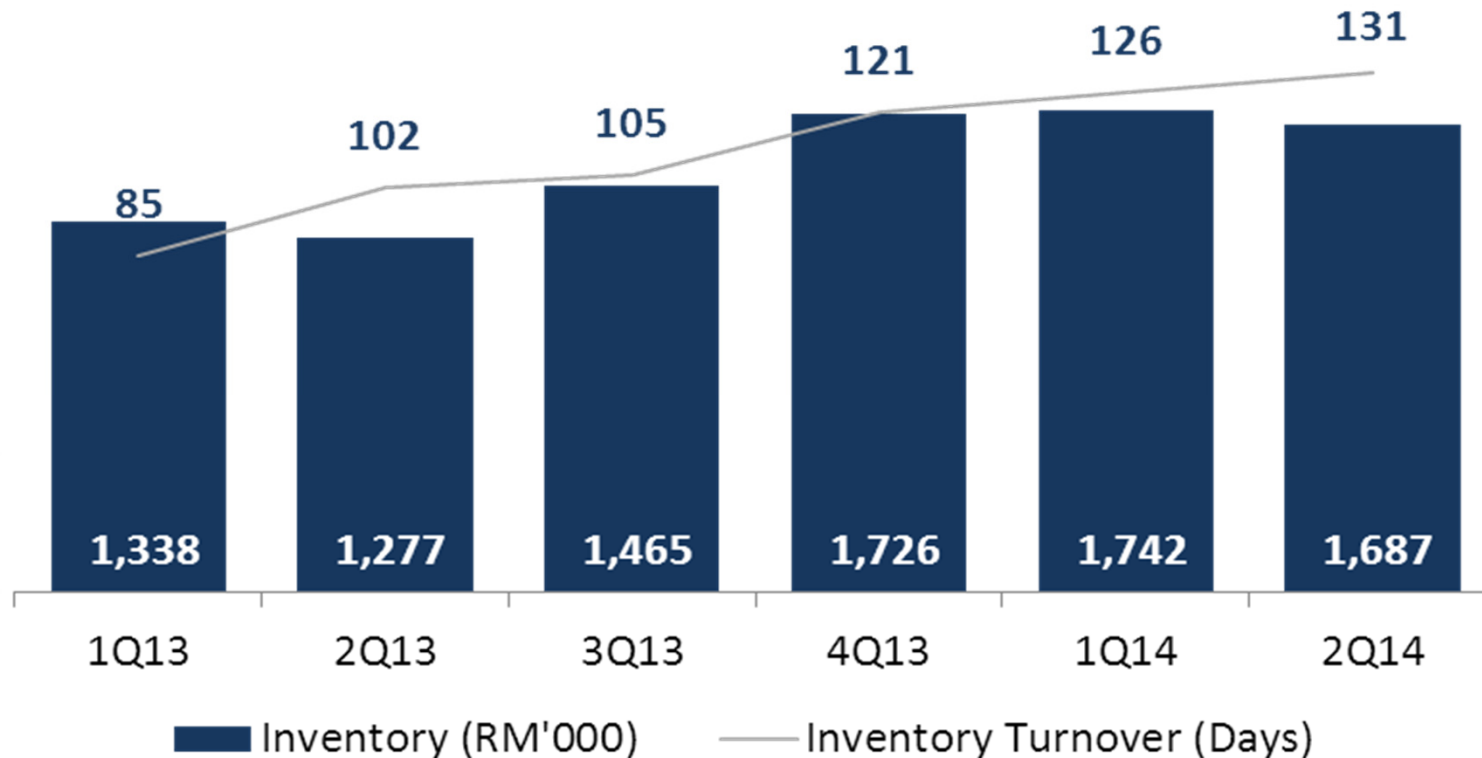


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Inventory Management

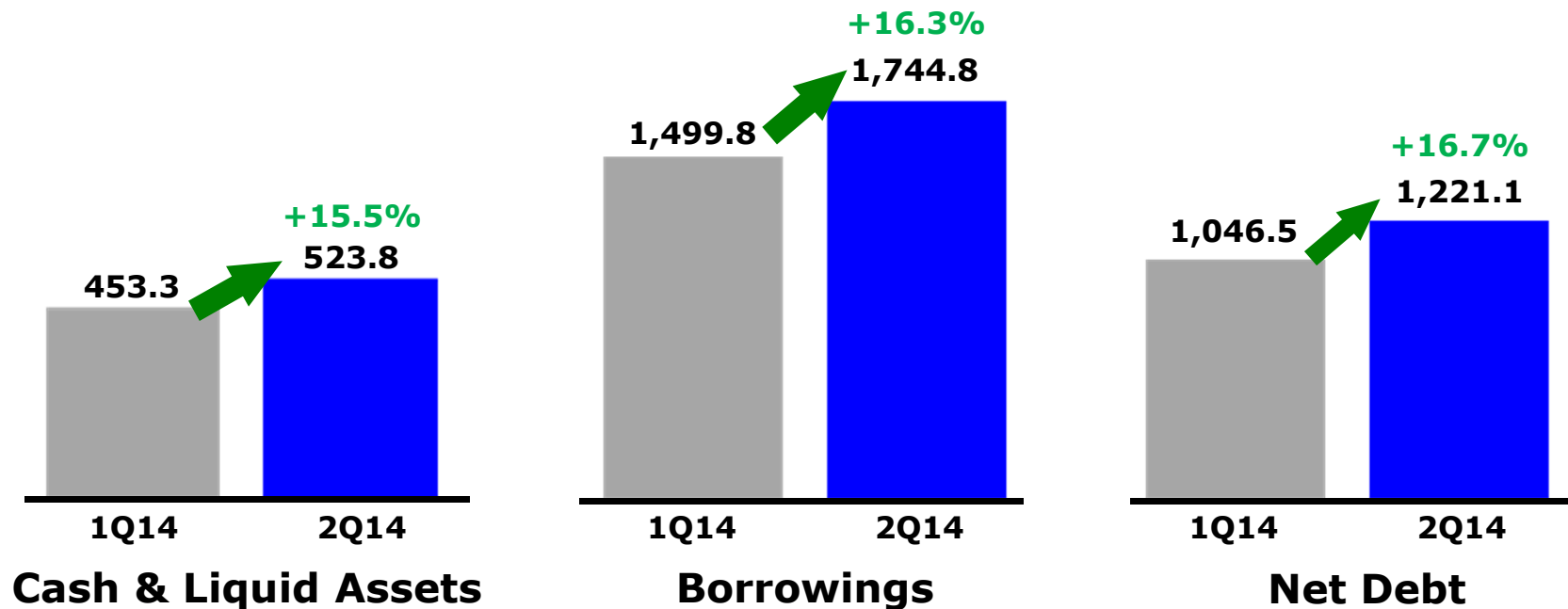


- **Inventory is expected to trend down in 2H14 on stronger sales coupled with attractive promotion activities.**
- **Limit CKD import order until existing stocks cleared and inventory level brought down to RM1.0 – 1.2b range.**

Liquidity Management

Cash Balance & Borrowings

RM 'Mil

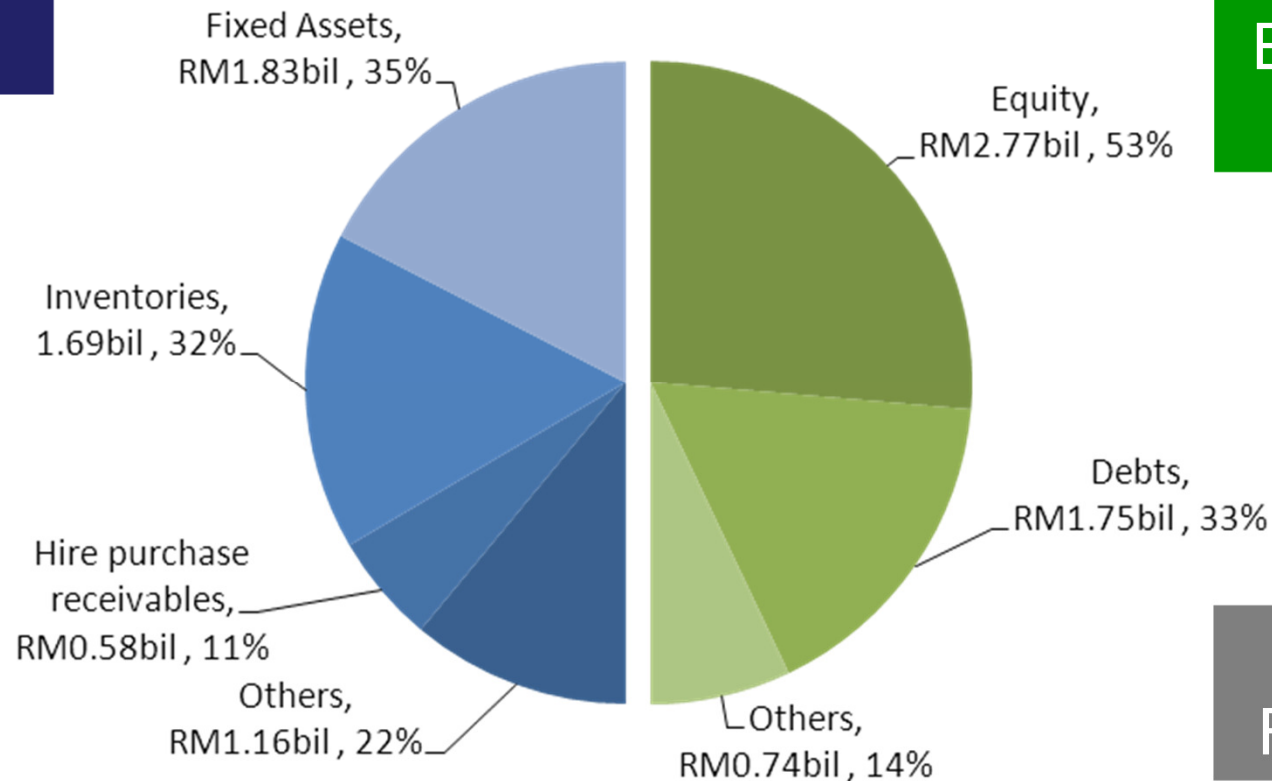


- Higher borrowings to finance working capital requirements.
- Increased HP underwritings under tightening credit environment.
- Net gearing stood at 44.0% of shareholders' equity.

Balance Sheet Management

Balance Sheet as at 30 Jun 2014

Assets



Equity and Liabilities

Total
RM5.26bil

- **Fixed assets, inventories and HP receivables accounted total of 78% of the total assets.**
- **Review business model and make necessary changes for improvement.**

Thank you

A red car is shown from a front-facing perspective, centered in the frame. The car is a hatchback model. Overlaid on the car is the text "Thank You" in a large, bold, dark blue font. The text is positioned such that it covers the front of the car, with the "T" and "Y" being particularly large and prominent. The background of the car image is a light gray with a fine grid pattern.

Thank You