Tan Chong Motor Holdings Berhad

FY2017 Second-Quarter Financial Results

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

2Q17 Sales Performance & Operation Review

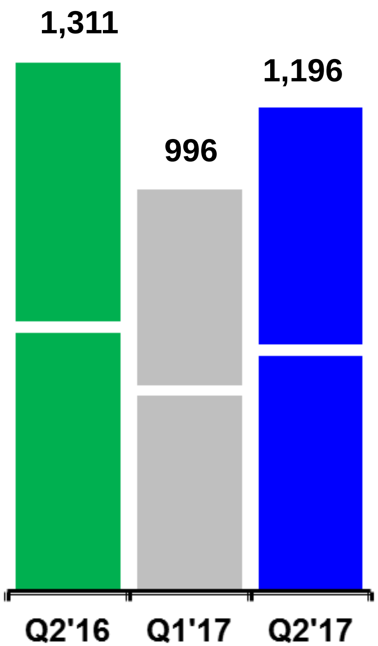
Key Performance Indicators

(RM'million, unless otherwise stated)

Y-o-Y
Q-o-Q

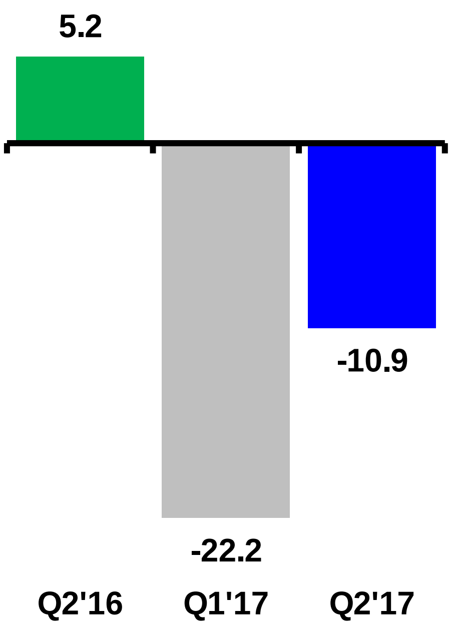
Revenue

-8.7%
20.2%



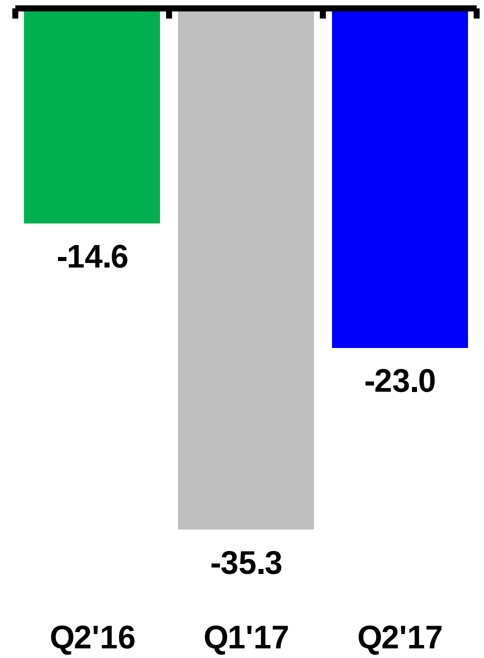
Operating (Loss)/ Profit

-100.0%
50.7%



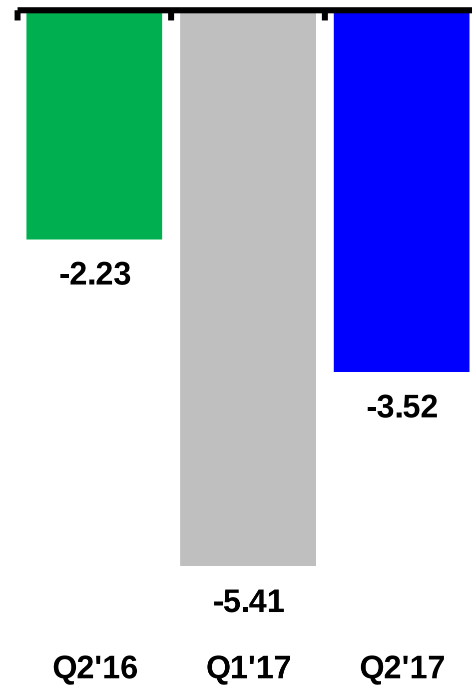
Loss Attributable to Owners of the Company

-57.7%
34.9%



Loss Per Share (Sen)

-57.8%
34.9%



QoQ Financials Review

In RM'000, unless stated otherwise	1Q17	2Q17	Changes
Net Revenue	**995,652**	**1,196,358**	**20.2%**
Operating Loss	**(22,195)**	**(10,949)**	**50.7%**
Loss Before Tax	**(35,543)**	**(22,713)**	**36.1%**
Loss Attributable to Owners of the Company	**(35,322)**	**(22,999)**	**34.9%**
Loss per Share (Sen)	**(5.41)**	**(3.52)**	**34.9%**
Shareholders' Fund	**2,842,800**	**2,816,799**	**-0.9%**
Net Asset per Share (RM)	**4.36**	**4.32**	**-0.9%**

- **Increased in revenue due to improved sales model mix and festivities-driven sales campaigns.**
- **Profitability improved due to better margin sales model mix.**

YoY Financials Review

In RM'000 , unless stated otherwise	30-Jun-16	30-Jun-17	Changes
Revenue	2,726,723	2,192,010	-19.6%
Operating Loss	(16,049)	(33,144)	-106.5%
Loss Before Tax	(48,227)	(58,256)	-20.8%
Loss After Tax	(53,767)	(63,457)	-18.0%
Loss Attributable to Owners of the Company	(51,795)	(58,321)	-12.6%
LPS (Sen)	(7.94)	(8.94)	-12.6%

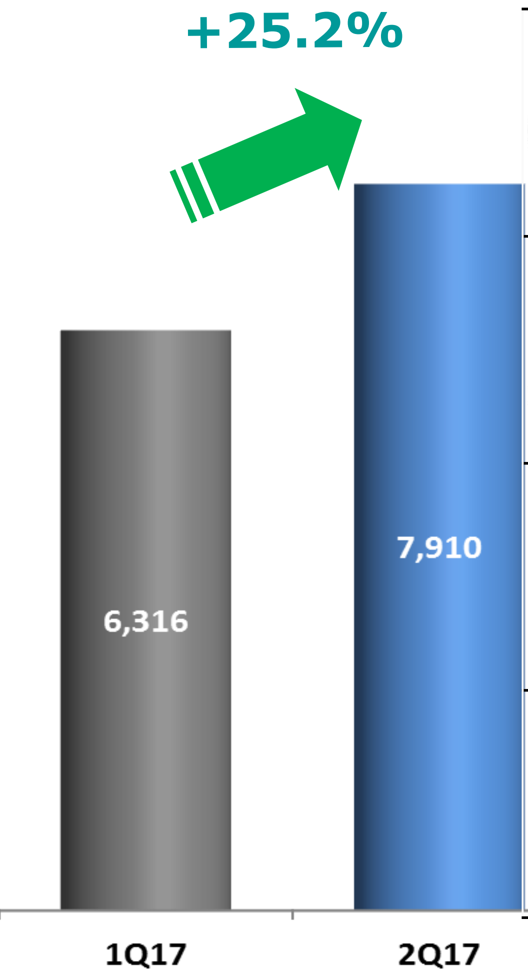
- **Revenue decreased YoY mainly due to slower demand in vehicles.**

Segmental Performance

In RM'000	1Q17	2Q17	Change (%)
Sales			
Automobiles	976,591	1,176,851	20.5%
Financial services	16,806	17,469	3.9%
Other operations	2,255	2,038	-9.6%
	995,652	**1,196,358**	**20.2%**
EBITDA			
Automobiles	10,634	20,672	94.4%
Financial services	6,491	3,771	-41.9%
Other operations	(1,094)	2,624	339.9%
	16,031	**27,067**	**68.8%**
EBITDA margin			
Automobiles	1.1%	1.8%	
Financial services	38.6%	21.6%	
Other operations	-48.5%	128.8%	
	1.6%	**2.3%**	

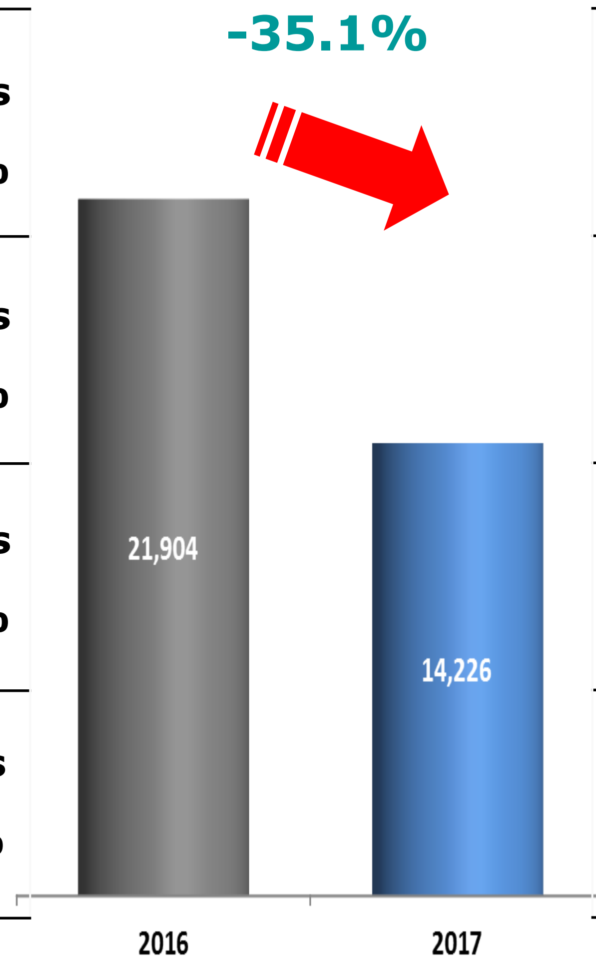
Malaysia Sales Performance

Q-o-Q



NISSAN	7,548 units	+26%
UD TRUCKS	194 units	+5%
RENAULT	156 units	+12%
	12 units	+200%

Y-o-Y



NISSAN	13,537 units	-36%
UD TRUCKS	378 units	-19%
RENAULT	295 units	+31%
	16 units	-75%

Source: MAA

Malaysia Sales Performance *(Cont'd)*

Malaysia

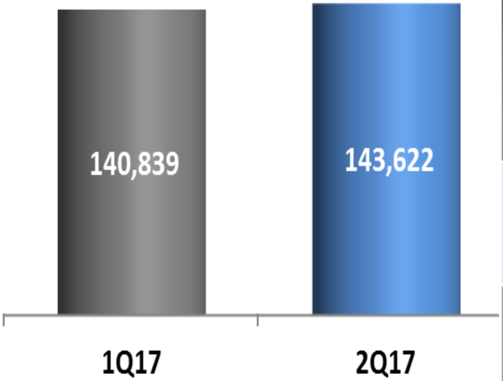
- **YoY –35.1% : Due to price increase and weak consumer demand.**
- **QoQ +25.2% : Due to aggressive festivities promotion.**
- **To compensate for new car sales, TCMH has been able to sell more trade-in used cars through MUV. (Sales unit: Q2'2015 – 572 units, Q2'2016 – 1,574 units, Q2'2017 – 1,190 units)**

Top 5 manufacturers

TIV

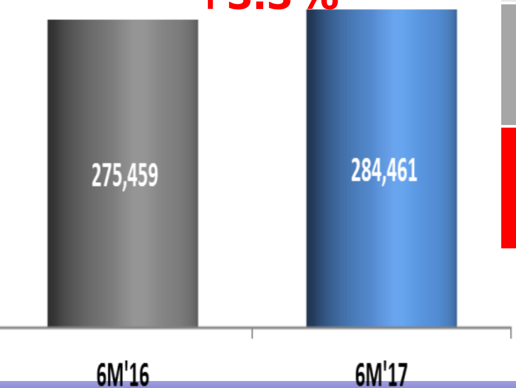
Q-o-Q

+2.0%



Y-o-Y

+3.3%

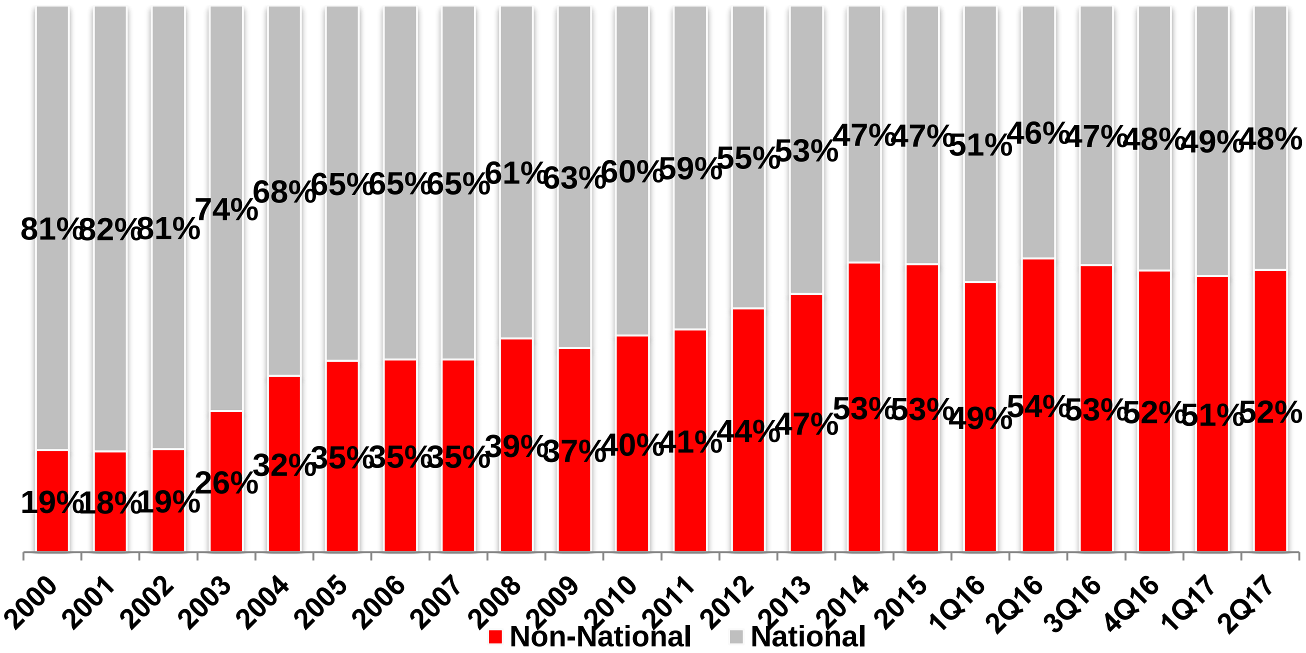


Top 5 manufacturers

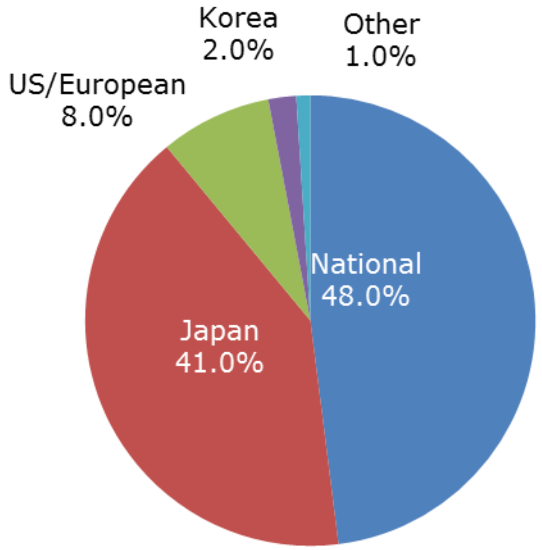
	Units			Market Share		
	2Q'17	1Q'17	Changes	2Q'17	1Q'17	2017
Perodua	49,410	50,265	-1.7%	34.4%	35.7%	39.0%
Proton	20,017	19,376	+3.3%	13.9%	13.8%	15.4%
Honda	25,244	27,283	-7.5%	17.6%	19.4%	20.5%
Toyota	17,220	16,503	+4.3%	12.0%	11.7%	13.2%
Nissan	7,548	5,989	+26.0%	5.3%	4.3%	5.3%

Source: MAA

Non- National brands regaining market share



2Q'17



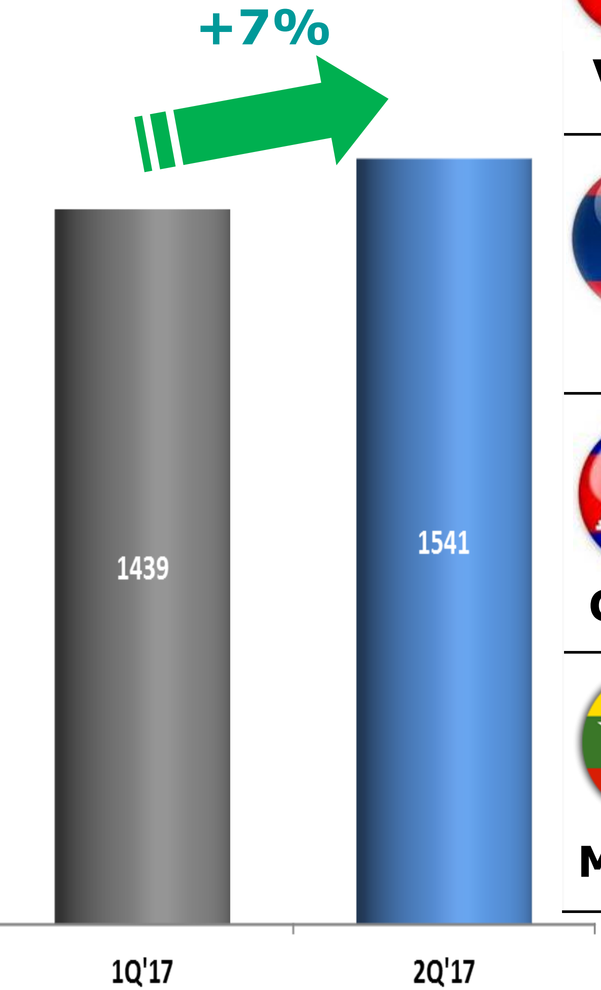
	Q-o-Q %
Perodua	-1.7%
Proton	+3.3%

	Q-o-Q %
Toyota	+4.3%
Nissan	**+26.0%**
Honda	-7.5%
Mitsubishi	-32.0%
Isuzu	+6.6%
Mazda	+29.2%

	Q-o-Q %
Ford	+6.1%
VW	+48.6%
BMW	+5.4%
Mercedes	-1.7%

Indochina Sales Performance

Q-o-Q



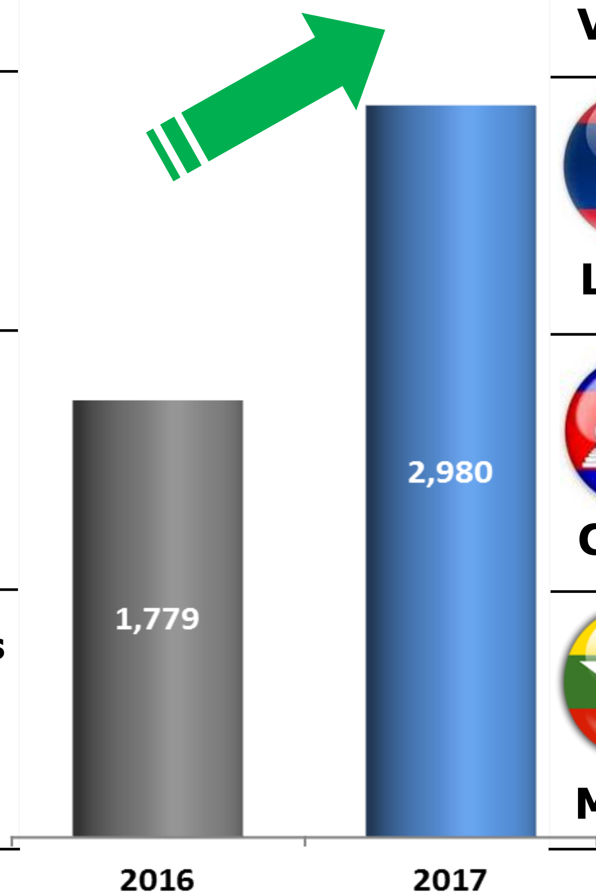
Vietnam – 1,194units, +8%

Laos – 98 units, -8%

Cambodia – 39 units, -20%

Myanmar – 210 units, +20%

Y-o-Y



Vietnam – 2,303 units, +43%

Laos – 204 units, +51%

Cambodia – 88 units, >100%

Myanmar – 385 units, >100%

Ytd Sales

Indochina Sales Performance *(Cont'd)*

Indochina

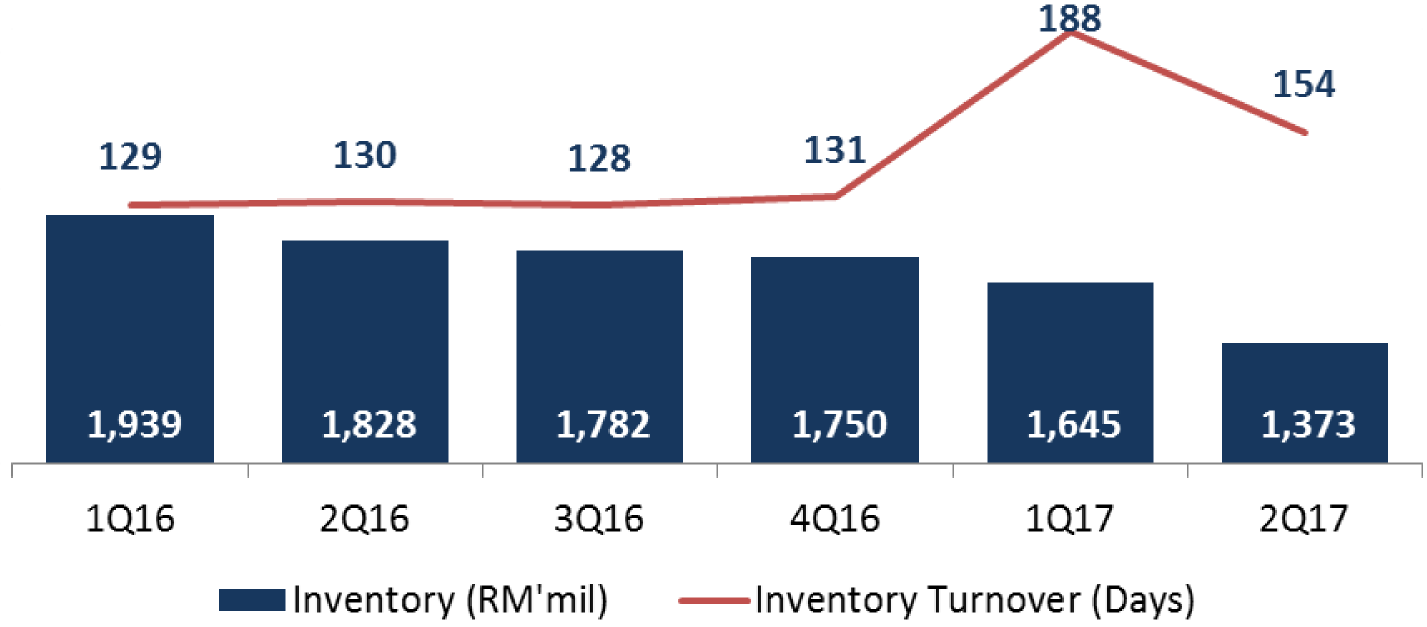
- **Y-o-Y, sales in Indochina increased by 68% due to launch of new X-trail in Vietnam and new Sunny in Myanmar.**
- **Higher unit sales Q-o-Q in Vietnam was due to improved sales of Navara and X-trail models.**
- **Danang assembly plant still impacted by negative production variances.**
- **TC Motorcycle Vietnam which has exclusive distribution of Kawasaki is profitable with scalable potential. (Sales units: Q2 2017 – 385 units, Q1 2017 – 398 units)**

Business Review

2Q17 Sales Performance & Operation Review

Appendices

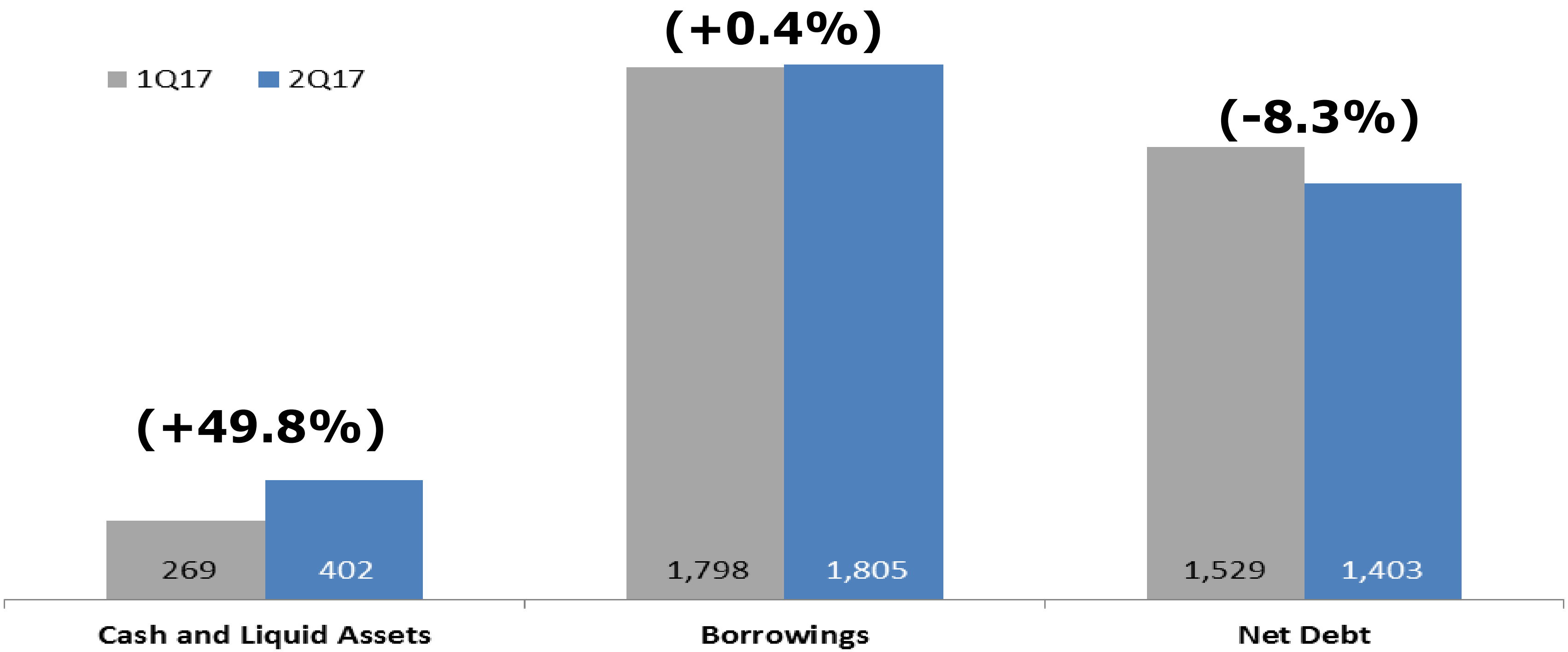
Inventory Management



- **Significant decrease in turnover days was due to improved sales model mix and festivities-driven sales campaigns.**

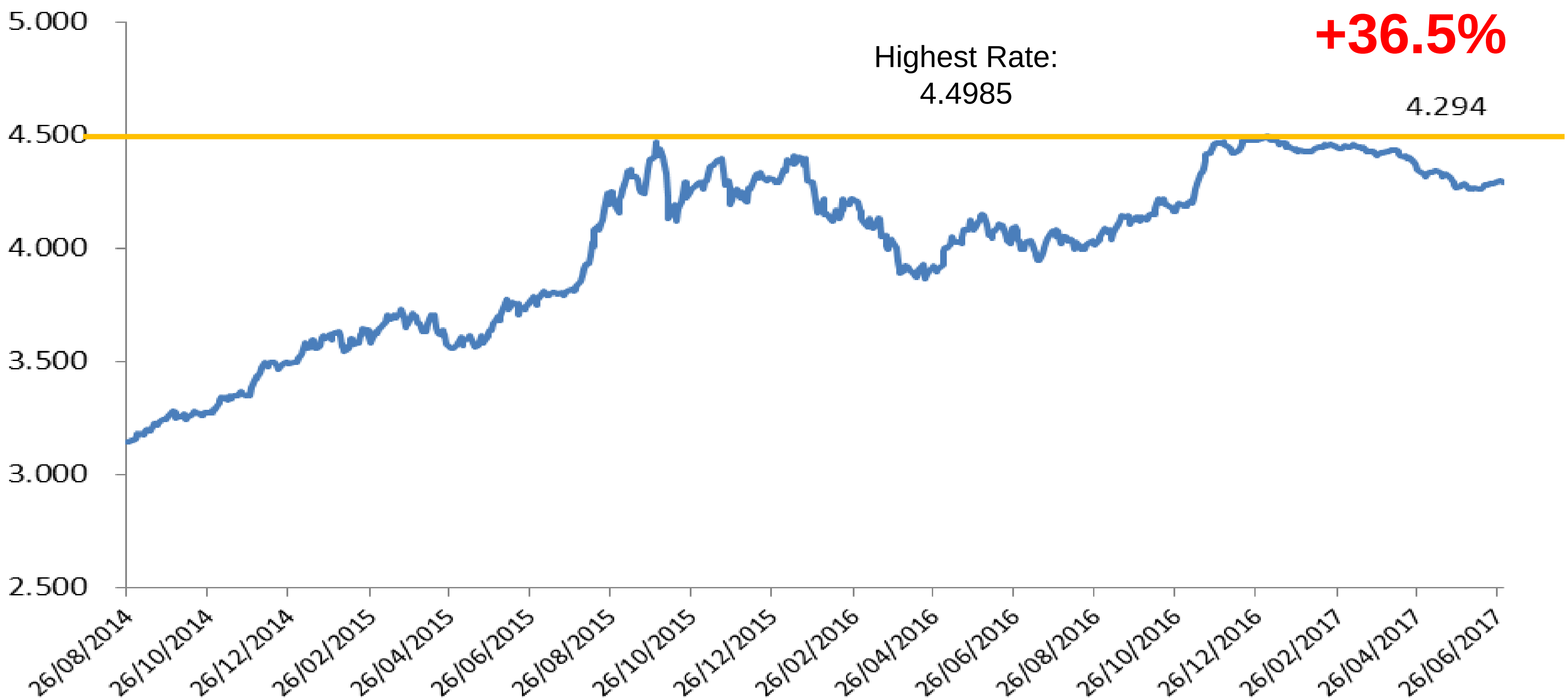
Liquidity Management

Cash Balance & Borrowings (RM'mil)



- **Total borrowings slightly increased due to drawdown of loan for operational purposes. However, net gearing significantly reduced compared to previous quarter.**
- **Net gearing stood at 49.8%.**

Foreign Exchange Management



Source: Bloomberg

- **Ringgit vs U.S. Dollar fluctuated and devalued towards the last year end. It remains consistent and is stable since then.**
- **We will take diligent steps to monitor the foreign currency risk and continue to exercise our hedging activities.**


Thank You
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NAVARA