

# BURSA INSTI SECTORIAL SERIES

## AUTOMOTIVE VIRTUAL CONFERENCE

The Affin Automotive Virtual Conference had featured some of the key industry players to discuss the Malaysian automotive industry. Here are some of the key takeaways from the session.

### National Automotive Policy 2020 (NAP): National Automotive Vision by Mohd Shahrulnizam, Chief Technology Officer, MARii, MITI

- NAP 2020 aims to transform Malaysia into a regional leader in manufacturing, engineering, technology and sustainable development in the automotive sector. The National Automotive Vision will support the establishment and development of existing projects and Malaysian Vehicle Project.
- NAP20 has incorporated three new elements, namely i) Next Generation Vehicle (NxGV), ii) Mobility as a Service (Maas; an efficient centralised mobility service) and iii) Industrial Revolution 4.0 (i.e. IoT, Big Data Analytics and AI).
- Targets for NAP20 by 2030 are as follows:
  - GDP contribution of RM104.2bn
  - Total Production Vol of 1.47m units (from NAP14's 1.35m units)
  - Total Industry Vol of 1.22m units (from NAP14's 1.0m units)
  - Exports of CBU vehicles: RM12.3b
  - Exports of new automotive parts and components: RM28.3b (from NAP14's RM10b)
  - Exports of Remanufactured Automotive Parts & components: RM10b (from NAP14's RM2b)
  - Supplier development: 1,285 suppliers
  - New System Integrator: 350 robotics company and 380 IoT companies
  - Technological development: Establishment of Electric Vehicle Interoperability Center, NxGV Testbed, Additive Manufacturing Design Center, Robotics & AI centre, BDA centre, Digital Twin Center, and Technology Academy.

### Challenges and Opportunities for Malaysian Automotive Industry: Post Covid-19 by Datuk Aishah Ahmad, President of Malaysia Automotive Association (MAA)

- 2020 started with headwinds on the Open Market Value (OMV) methodology, which resulted in delays of new car launches and an increase in car prices for selected models. The Total Industry Volume (TIV) was further dampened by COVID-19 as sales dropped to 143 units from over 40k units in Jan and February 2020.
- Most ASEAN countries are also suffering from the negative impact of the COVID-19 pandemic. YTD 6M20 TIV and Total Industry Production (TIP) fell by 41% YoY and 41% YoY to 993.6k units and 1,233.3k units respectively.
- Malaysia lost its market share vs its ASEAN peers: YTD 6M20 market share was diluted to 18% (vs 2000 TIV market share of 31%). For ITP, Thailand remains the market leader with a market share of 49%, being the regional hub for pick-up trucks production in South East Asia.
- MAA forecasted 2020 TIV of 470k units and raised its 2021 and 2022 TIV forecasts to 550k units and 600k units respectively.

2020 TIV trend by month



## Sime Darby Berhad

- Sime Darby is one of the leading automotive trading companies in the Asia Pacific with strong partnerships with BMW and CAT. Aside from that, it has six hospitals in Malaysia and Indonesia and four ports in China.
- It has a diversified exposure across various segments, but its main earnings contribution comes from Motor (40%) and Industrial (52%) divisions.
- For the Motor division, it will focus on its expansion to the Asia Pacific. Management foresees sales to be affected by COVID-19; however, we have seen some recovery post lockdowns.
- For the Industrial division, its order book has decreased by 14.9% from Dec 2019, due to delivery of equipment. However, profits are supported by strong results from Australasia due to the robust mining and construction work. Going forward, the government stimulus packages are expected to boost infrastructure spending in China and Malaysia.

## UMW Holdings Berhad

- UMW has three core business segments: automotive, equipment and manufacturing & engineering. It is the leading automotive player in Malaysia with 51.4% in 2019 market share through the Toyota, Lexus and Perodua brands.
- YTD sales trend has improved due to the easing of MCO and temporary sales tax exemption. July'20 recorded the highest monthly sales of 7,509 units for Toyota and Lexus and 23,203 units for Perodua. Various marketing efforts to boost sales, e.g. Toyota EZ Beli, new model line-ups and expanding sales network into e-commerce.