

OUR PERFORMANCE



MANUFACTURING & ENGINEERING

The reopening of economies and borders have improved mobility tremendously, intensifying demand for automotive components and lubricants



UMW Manufacturing & Engineering (M&E) comprises three core businesses - automotive components, lubricants technology and green solutions. It represents renowned brands, develops its own in-house lubricant brand Grantt, and manufactures and assembles market leading suspension system.

The Malaysian manufacturing sector had been showing steady expansion, growing by 8.1% in 2022 as rising global demand and growth in domestic industries further supported production activities. The reopening of borders and normalisation of industrial and business activities have

driven growth in the global mobility of goods and people. In tandem with this growth, the M&E Division registered a surge in demand for shock absorbers and lubricants.



KEY PERFORMANCE HIGHLIGHTS

REVENUE

(RM million)

758.1

2021: 578.7

PROFIT BEFORE TAX (PBT)

(RM million)

75.7

2021: 56.0

2022



Despite the softening of operating conditions across the Malaysian manufacturing sector in the latter part of the year due to rising external headwinds, the M&E Division achieved its highest ever revenue of RM758.1 million in 2022, a 31.0% increase from RM578.7 million previously. Accordingly, the M&E Division recorded PBT of RM75.7 million in 2022, 35.2% higher than RM56.0 million in 2021.

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ACHIEVEMENTS

The M&E Division benchmarks its performance against the best and draws on its decades of experience to continuously enhance Quality, Costs and Delivery (**QCD**) of its products and operations. It also seeks to extract more value from the domestic market by developing new products to meet evolving customer demands. Its partnership with KYB Japan positions the M&E Division as Malaysia’s leading supplier of OEM and REM shock absorbers, with 67% market share. The modernisation of the KYB-UMW plant in Teluk Panglima Garang, Selangor has further increased its capacity to meet rising demand with improved logistics and plant efficiency. Meanwhile, its partnerships with Repsol and Pennzoil in China and Malaysia respectively, have enhanced its capability to offer a range of R&D, blending and distribution services to some of the best known names in lubricants.

To counter the rising costs, the Division undertook significant cost-saving measures. Observing market demand, M&E Division took steps to stock up on inventory when prices were low. Correspondingly, high-volume purchases with similar quality material helped mitigate cost increase, too. As the number of new vehicle purchases at UMW Toyota and Perodua rose, usage of OEM and REM parts and lubricants after warranty increased accordingly.

As part of its commitment to sustainability and in line with growing demand for more eco-friendly solutions, the Division is already spearheading innovative developments of green products in areas such as battery revival system, water reclamation and bio-lubricants.

In October 2022, the Division launched its Grantt Bio VG Hydraulic Oil, its first range of bio-hydraulic lubricants and maiden commercial foray into the green product segment. Grantt Bio VG Hydraulic Oil is produced in two variants, VG46 and VG68, and is available in two sizes, 18-litre pail and 209-litre drum. The higher viscosity index (**VI**) in both variants provides stable viscosity over a wider operating temperature range.

Grantt Bio VG Hydraulic Oil meets various international standards such as ISO 15380: HETG, ISO 20763 and OECD 301, as well as ASTM D943. Both variants have also obtained the MyHijau certification, which is an official green recognition scheme endorsed by the Malaysian Government.

This product is equivalent to, if not better than, conventional lubricants and is produced from locally sourced palm oil. The non-toxic, non-bio accumulative lubricant biodegrades in 28 days and contains additives that provide for excellent lubrication capability. With high thermal and oxidation stability, it provides superior protection against wear, corrosion and rust, with good anti-foam characteristics. These products are aimed at customers looking for affordable and sustainable hydraulic lubricants without compromising performance.



The M&E Division via UMW M&E Sdn Bhd has entered into a memorandum of understanding (**MoU**) with Mitsui & Co. (Malaysia) Sdn Bhd (**Mitsui**). Leveraging the growing demand for sustainable products and services, along with Mitsui’s strong sales and marketing foothold globally, the MoU paves the way for commercialisation of M&E Division’s proprietary green products to generate growth along the green value chain, together with promoting the sustainability agenda.

Employee engagement is key to ensuring a sustainable future for the UMW Group as a whole. The M&E Division continued to implement various CREST@UMW initiatives and engagement programmes to foster strong teamwork and ensure that there is clarity, cohesion and alignment at all levels to the Group’s larger strategic goals.



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AWARDS & CERTIFICATIONS

KYB-UMW Malaysia Sdn Bhd
ISO 45001:2018 (Management of Safety and Health) 14 February 2022 - 13 January 2025 (Re-certification)
ISO 14001:2015 (Management of Environment) 14 February 2022 - 13 January 2025 (Re-certification) Boon Siew Honda Best Supportive Award (Supplier Conference 2019, 2020, 2021)
UMW CREST@2021 Excellence Award - Chairman's Award 2021 - Best Innovation Group 2021 - Best Innovative Company 2021 - Best Return 2021 - Best Return Over 3 Years
BCMS ISO 22301:2019 (Business Continuity Management System) July 2022 - July2025 (Re-certification)
4 th LEANAero SGIA Division Convention 2022 - Champion : Team Sepakat - 1 st Runner-up : Team Toxic Buster - Best Presenter : Team Evolution

UMW M&E Sdn Bhd
Certificate of ISO9001: 2015 (Management of Quality Management System) 2 April 2022 - 2 April 2025
MyHijau for Biolubricant 25 August 2022 - 24 August 2025

Lube Group Malaysia
Approval for Grantt 15W40 CI-4, Reintjes Germany - Reintjes gearboxes
Lab Excellence Awards, Institut Kimia Malaysia - Fourth year running

Lubritech Limited, China
High Technology Company, China Government - lower tax, incentives etc.
Fire Resistance Hydraulic Fluid Approval, FM Global

Borneo Safari International Off-Road Challenge

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CHALLENGES

Raw materials constraint was the biggest challenge for the M&E Division. As the global economy recovered and operations went into full swing, the sudden increase in demand for base oil had caused supply shortage and consequently, price increase. The price of steel used in shock absorbers also rose as a result of the prolonged Russia-Ukraine conflict.

Nonetheless, the M&E Division had the capacity and mitigation measures in place to meet the demand for shock absorbers and lubricants in 2022. It had also intensified process automation and adoption of collaborative intelligent robots (**COBOTs**) to improve productivity.

OUTLOOK

Vehicle sales in 2023 are expected to remain robust despite the absence of sales and service tax (**SST**) exemption. High outstanding bookings and new model launches by OEMs are expected to continue to drive production and deliveries.

The M&E Division will continue to remain competitive by increasing its level of automation to improve efficiency and productivity.

In line with the Industrial Revolution 4.0, COBOTs will be deployed in the new Lube Group plant and in the modernised KYB-UMW plant, deployment of highly automated setup with Automated Guided Vehicles (**AGV**) transporting goods seamlessly throughout the facility will be intensified.

As we continue to invest in automation technology, we anticipate an expanded use of machines, COBOTs and AGVs, to achieve a higher level of process automation in order remain relevant and competitive.