



AUTOMOTIVE



Perodua, Malaysia's largest automotive manufacturer, continues to advance the nation's automotive industry and remains deeply committed to producing safe, affordable, practical and fuel-efficient vehicles for all.

The quality and value of our vehicles have enabled us to continue to record strong and consistent performance, resulting in Perodua being the No. 1 car company in terms of sales volume every year for the past 16 years.

KEY PERFORMANCE HIGHLIGHTS

PERODUA SALES VOLUME (Units)

190,291

2021 190,291

2020 220,163

PERODUA PRODUCTION VOLUME (Units)

193,400

2021 193,400

2020 220,968



Scan here for more information:
www.umw.com.my/ja/perusahaan-otomobil-kedua-perodua



OUR
PERFORMANCE

A REVIEW OF A CHALLENGING YEAR



Going into 2021, Perodua was on track to achieve our sales target of 240,000 vehicles, fuelled by strong demand as consumers took advantage of the sales tax exemption that had been extended to the end of the year. However, production was derailed following the implementation of the Full Movement Control Order (**FMCO**) to contain the second wave of the pandemic in Malaysia. The 11-week shutdown of the economy, longer than the nine-week shutdown due to the MCO in 2020, led us to reduce our sales target by 10% to 216,000 vehicles.

While we were certainly impacted, the group that was most affected by the lockdown was our vendors. Dependent on an industry that was then unable to produce a single car, we stepped up to support our vendors by continuing to purchase parts at normal business volumes throughout the lockdown. In addition, we accelerated payments to our vendors, and for our smaller vendors, afforded them a modest temporary upward price adjustment. This support was important for the overall sustainability of the vendor ecosystem as it ensured that the vendors could retain their employees and be fully prepared to assist us when business resumed. During this time, we also focused on fully vaccinating our employees and communities, and obtained approval to set up our own vaccination centre in July 2021.

When operations resumed in the middle of August 2021, we concentrated on catching up on our targets, both in terms of sales and production. This led to Perodua's highest-ever vehicle sales and production in October 2021 with 27,858 vehicles sold and

29,803 units produced. In comparison, the number of vehicles sold in October alone was higher than what we sold in the entire third quarter when we were most affected by the lockdown.

We were fully aware of our capabilities and made the necessary preparations to ramp up production to meet surging demand as consumers continued to take advantage of the tax exemption. We were, however, affected by other production-related challenges in 2021. These included the rise in the price of raw materials such as steel and rare earths due to supply chain disruptions, as well as the global shortage of semiconductors, a critical component in all vehicles. Other than a slight margin compression due to higher raw material costs, which we mitigated to some extent with the support of our vendors and price management strategies, we were also adversely affected by the semiconductor shortage, which limited our ability to fully meet the rise in demand.

Towards the end of the year, we faced another challenge in the form of the massive flooding that hit parts of Malaysia in December 2021, including Shah Alam, Selangor, where many of our vendors operate. The floods impacted many surrounding communities and affected the operations of two of our vendors, which led us to suspend production for a week. We acted swiftly with contingency plans to ensure that production could continue, one of which was supporting our vendors with a team of Perodua personnel to help with the recovery. For flood victims, we offered a 50% discount on spare parts, towing service rebates and free vehicle inspections.

OUR
PERFORMANCE

ADVANCING SUSTAINABILITY WITHIN THE AUTOMOTIVE INDUSTRY

Given our position as the top national carmaker, we continue to work closely with the government in advancing standards and regulations in the industry. A key achievement in the year under review was the government's approval and endorsement of the Malaysian Driving Cycle (**MDC**), the national standard for measuring fuel economy. The MDC will enable car manufacturers who send their cars for the requisite emissions tests to inform consumers that their cars' fuel consumption ratings have been benchmarked for Malaysian roads, terrain and environmental conditions.

Perodua is also keen on contributing to the conversation on hybrid and electric vehicles, especially given the growing urgency among nations around the world to achieve carbon neutrality. We believe that the challenge lies in making these vehicles affordable, and therefore, our strategy will prioritise the infrastructural needs of such vehicles as we embark on this journey. In this context, we will continue to advance our discussions with energy providers like PETRONAS and Tenaga Nasional Berhad to ensure a smooth transition.

OUTLOOK & PROSPECTS

We remain optimistic about our prospects going into 2022 given our strong order book of over 70,000 vehicles as of end-2021. However, with surging demand in light of the upcoming deadline of the sales tax exemption in June 2022, compounded by the shortfall in production in 2021, the downside risk is our ability to make timely delivery of our orders in 2022. While we are fully prepared to take on this challenge, we are also hopeful that the government will extend the sales tax exemption one final time beyond June to enable the industry to make up for the lost capacity in 2021.

With this scenario being the backdrop of our operating environment, we have set our 2022 sales target at 247,800 vehicles, which essentially takes into account the shortfall that we were unable to meet the previous year. Barring further disruptions, we believe this target can be exceeded, especially with the launch of a new model this year, which will further drive up volume.

Looking further ahead, it is crucial that we lay the groundwork for future growth, as we intend to scale up beyond our present size and capabilities. Thus, in 2022, we plan to invest RM1.3 billion of capital expenditure in creating the next line-up of models, further embedding digitalisation in the business and deepening our research and development capabilities. The year 2022 will indeed be important for us as we strive to remain competitive by improving our economies of scale to provide a strong foundation for the eventual transition to affordable hybrid or electric vehicles.

AWARDS

Putra Brand Awards 2021

The People's Choice
(Automotive category)

Gold

2021 Carlist.my Car of the Year Award

MPV category
Gold

Perodua Aruz

B-Segment SUV
Bronze

Perodua Ativa

Best Entry Level Sedan/Hatch

Gold

Perodua Myvi

Bronze

Perodua Axia

Newcomer of the Year

Perodua Ativa