

DRB-HICOM RECORDS RM281.86m FULL YEAR PROFIT BEFORE TAX (PBT)

- First full year of operating profit in three years

SHAH ALAM, Thursday, 30 May 2019 – DRB-HICOM Berhad (“DRB-HICOM”, “The Group”) has recorded its first full year of operating profit, the first time it has achieved this in three years. For the year ended 31 March 2019, the Group charted an operating profit of RM342m, against an operating loss of RM817m (excluding the RM1.1b research and development (R&D) grant) the year before. The Group’s full year PBT came in at RM281.60m against RM283.8m in the same period last year.

Full year revenue at DRB-HICOM was higher compared to a year ago, coming in at RM12.48b for the year, against the RM12.25b recorded in the previous financial year.

In the final quarter of the financial year, DRB-HICOM’s revenue rose 16.4% year-on-year, at RM3.47b against RM2.98b in the corresponding quarter a year ago. Full year net profit for the Group stood at RM122.87m for the year under review; in the previous year, the net profit had included the R&D grant mentioned earlier.

SECTOR REVIEW

In the 12 months to 31 March 2019, DRB-HICOM’s Automotive Sector revenue was at RM7.36b, as sales of PROTON cars as well as models from other marques under the Group rose.

In calendar year 2018, total industry volume rose as a result of the zero goods and services tax policy that stayed between June and August 2018. In that period, only Audi, Honda and PROTON saw some contraction in terms of volume, while Isuzu, Mitsubishi, Volkswagen and Tata all saw numbers increasing compared to the 2017 calendar year.

PROTON's sales was boosted in the final quarter of the financial year following the launch of its first-ever sports utility vehicle (SUV), the X70 December 2018. The SUV is now the undisputed best-selling SUV in Malaysia for 2019, with 30,000 orders received at more than 14,000 have been delivered. With the updated models of the Iriz, Persona and Exora already in the market, PROTON should see improved sales in 2019.

In the Services Sector, despite the pressures on postal services as a group, the sector's RM4.58b revenue in the year was still higher compared to the previous financial year. This was boosted by increased revenue from banking and waste management businesses.

The Property Sector however recorded revenue lower than the previous year, coming in at RM540m, against RM863m previously. This sector was impacted by smaller revenue from on-going construction projects.

PROSPECTS FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2020

The Group's automotive businesses, which encompass the full spectrum of the sector's ecosystem from R&D, engineering, manufacturing, assembly as well as retail distribution, will continue its growth via launches of new models by marques within the Group. Positively, PROTON has continued its upward momentum following the launch of the X70 which has led to a strong sales performance at the national carmaker.

This reflects the return of consumer confidence towards the brand on the back of the quality improvements, and is expected to be sustained with the recent launches of the facelifted Iriz, Persona and Exora models. This will also be boosted by the impending launch of their updated iconic model, the Proton Saga, and the roll-out of the locally-assembled version of X70 during the current financial year. The on-going retail outlet revamp to grow the number of PROTON 3S/4S centres nationwide will also help to ensure customers will enjoy a higher level of customer service experience with the brand.

The Group's other businesses in aerospace, defence, banking, postal and logistics, concession and property will continue to expand and broaden their customer base in order to remain competitive in the current challenging market conditions.

At Pos Malaysia, the contraction of traditional mail continues to put pressure on earnings, while in the parcel delivery business, Pos Laju faces challenges from new entrants, including e-hailing parcel services. However, Pos Laju remains the market leader in this segment.

Pos Malaysia continues to engage regulators to seek a tariff revision for regulated services, given that the growth of postal service areas places immense pressure on the operating costs. The Group is hopeful to yield a positive outcome with the regulators. To improve operational efficiencies and cost optimisation, investments are being undertaken towards automation of the operations as well as using digital technology.

DRB-HICOM Group will continue to strive towards cost optimisation through prudent management practices across its various businesses. The Group expects to deliver satisfactory performance for the financial year ending 31 March 2020.

-ENDS-

ABOUT DRB-HICOM BERHAD

www.drb-hicom.com

DRB-HICOM Berhad ("DRB-HICOM") is one of Malaysia's leading conglomerates with core businesses in the Automotive, Services, and Property sectors. With more than 70 active companies in its stable and an over 56,000 employees group-wide, DRB-HICOM's aim is to continue adding value and propelling the nation's development. In the Automotive sector, DRB-HICOM is involved in the manufacturing, assembly and distribution of passenger and commercial vehicles, including the national motorcycle. In Services, DRB-HICOM is involved in various businesses, including concession and financial-related services. In Property DRB-HICOM is involved in the development of industrial properties.

FORWARD-LOOKING DISCLOSURES

All statements herein, other than historical facts, contain forward-looking statements and are based on DRB-HICOM's current forecasts, expectations, targets, plans, and evaluations. Any forecasted value is calculated or obtained based on certain assumptions. Forward-looking statements involve inherent risks and uncertainties.

A number of significant factors could therefore cause actual results to differ from those contained in any forward-looking statement. Significant risk factors include:

- *Feasibility of each target and initiative as laid out in this news release;*
- *Fluctuations in interest rates, exchange rates and oil prices;*
- *Changes in laws, regulations and government policies; and*
- *Regional and / or global socio economic changes.*

Potential risks and uncertainties are not limited to the above and DRB-HICOM is not under any obligation to update the information in this news release to reflect any developments or events in the future.

If you are interested in investing in DRB-HICOM, your investment decision is at your own risk, taking the foregoing into consideration. Please note that neither DRB-HICOM nor any third party providing information shall be responsible for any loss or damage that may result from your investment in DRB-HICOM based on the information presented in this news release.

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