



MEDIA RELEASE

FOR IMMEDIATE RELEASE

DRB-HICOM NETS RM4.74b REVENUE IN 1H2020

Q2 performance impacted by COVID-19 lockdown

SHAH ALAM, Friday, 28 August 2020 – DRB-HICOM Berhad’s (“DRB-HICOM”, “Group”) revenue in the first half of financial year 2020 (“1H2020”) has come in at RM4.74 billion, once again led by the Group’s Automotive Sector. For the period under review, the Group’s loss before tax was RM551.11 million.

In the quarter ended 30 June 2020 (“Q2”), DRB-HICOM’s revenue was RM2.00 billion, while a pre-tax loss of RM365.80 million was registered. These numbers reflect the impact of the COVID-19 movement control order that is now in its fifth month. Specific to Q2, full economic activities only started to resume in mid-May upon the gradual re-opening of the economy announced by the Government.

Apart from the impact of the lesser working days in the quarter, the Group was also affected by the modification loss recorded by Bank Muamalat arising from the financing moratorium that was introduced by the Government to ease the burden of the *rakyat*, apart from impairment loss of certain fixed assets.

There is no year-on-year quarterly comparison for DRB-HICOM in the current financial year, due to the change of its financial year end to December, from March previously.

SECTORAL ANALYSIS

DRB-HICOM’s Automotive Sector revenue in 1H2020 was RM2.87 billion. Automotive sales were boosted by the sales tax exemption announced by the Government in early June, which will be in effect until December 2020. The Group’s automotive brands represent some 33% of the total industry volume in Malaysia.

The Services Sector recorded revenue of RM1.70 billion in 1H2020, with Pos Malaysia boosting their parcel delivery numbers in the period as Malaysians adjusted their shopping habits towards on-line. The national postal company's revenue has also been positively impacted by the revised postal tariff that was implemented beginning February 2020.

At the Properties Sector, the revenue of RM172.24 million recorded in the period reflects the impact of the lower activity in the construction sub-sector as well as lower sales of residential properties. Construction sites across the country remained closed longer due to stricter COVID-19 protocols imposed on foreign workers in the country.

PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

As mentioned above, the MCO impeded economic activities and deeply impacted all businesses, although the Government responded by implementing various fiscal measures to stimulate the domestic economy.

The Group's weaker financial performance reflect the slowdown of business activities in the six months ended 30 June 2020, as mentioned previously. On a fairly positive note, recovery efforts by the Group's individual businesses are currently on-going and this should be reflected in the performance of the second half of 2020.

For DRB-HICOM's automotive businesses, PROTON's sales have continued to rebound, underlined by the national carmaker's July monthly sales of 13,216 units; which was the highest monthly sales since June 2012. With consumer confidence in the brand rising, PROTON will continue to excite the market with revised and new product offerings over the rest of the year.

Reaping the benefits from the sales tax exemption for passenger vehicles until December 2020, the Group's other marques are also expected to boost their sales performance in second half 2020 featuring new or revised models. Volkswagen launched two new models and one new variant; the *Arteon* (two variants), *Tiguan Allspace SUV* (two variants) and the *Passat R-Line* joined the showroom floor in the middle of August, while Audi launched the *Q3 Sportback* at the same time. Honda has previewed their all-new *City*, and is expected to be launched soon.

Despite the challenging environment, Pos Malaysia's on-going transformation efforts will augment the improved tariff rates approved earlier in the year, and the growing demand for e-commerce. Other businesses in the Group will continue to adapt to the so-called "new normal" environment to ensure financial sustainability, against the backdrop of changes in customer and consumer behaviours.

With fears of a resurgence of the COVID-19 pandemic and its expected subsequent waves coupled with the potential of a further weakening economy globally, DRB-HICOM remains cautious on the challenging financial year ending 31 December 2020. Notwithstanding the above, the Group continues to take steps to proactively manage the businesses to ensure that the long-term prospects remain stable. These include on-going cost management and efficiency improvement efforts across all operating companies of the Group.

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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 90 active companies in its stable and over 52,000 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 industrial and commercial developments.

STATEMENT ON 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 socioeconomic changes.*

Potential risks and uncertainties are not limited to the above and DRB-HICOM are 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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