



MEDIA RELEASE

FOR IMMEDIATE RELEASE

DRB-HICOM REGISTERS RM540.1m PBT IN 2020

Better revenue in second half, assets disposal boosts Group performance

SHAH ALAM, Wednesday, 24 February 2021 – Assisted by a moderate business recovery in the second half of 2020 and the completion of an asset disposal exercise, DRB-HICOM Berhad (“DRB-HICOM”, “Group”) recorded a profit for the financial year ended 31 December 2020 (“FY2020”). Profit before tax (“PBT”) for the Group came in at RM540.1 million, on the back of a RM13.2 billion revenue. This was the first full year for DRB-HICOM in a revised financial period, thus no comparable quarterly or annual figures are available.

For the quarter ended 31 December 2020 (“Q4”), the Group’s revenue was RM4.85b, with a PBT of RM948.8m. For both Q4 and FY2020, DRB-HICOM’s revenue were driven by the Automotive Sector as well as the Properties Sector.

SECTORAL ANALYSIS

For the Automotive Sector, DRB-HICOM continued to garner positive impact from the Government’s decision to declare a sales tax holiday for passenger vehicle purchases. Revenue was charted at RM8.0 billion for FY2020, with Q4 recording its best quarter for the 12-month period with RM2.6 billion worth of sales, up 3% from the preceding quarter.

Malaysia’s Total Industry Volume (“TIV”) for FY2020 was significantly affected by the COVID-19 pandemic, as the economy grinded to a halt during the movement control order (“MCO”) between mid-March to mid-May 2020. TIV was 529,434 units for FY2020, lower by 12.4% from the previous year (2019: 604,281 units). Still, the Malaysian Automotive Association (“MAA”) is predicting a moderately-paced recovery over the next four years, with a 8% growth in 2021, and about 3% a year until 2025. More than 95% of this growth is predicted to be from passenger vehicles.

Revenue for the Services Sector came in at RM3.5 billion in FY2020, mainly boosted by the performance of postal and logistics subsidiaries as well as banking operations. For Q4, revenue was RM877.4 million, which was the Sector's second-best performing quarter after Q3 which saw revenue hit RM918.7 million.

At the Properties Sector, revenue was RM1.3 billion, boosted by the completion of the disposals of property assets and investments by the Group. The disposal - first announced in 2018 as part of the re-structuring of DRB-HICOM's property businesses - saw the Group recognise a gain of RM862.6 million. Among the disposals were the Group's residential landbank, with the Properties Sector now focussing more on industrial properties, with their extensive landbank in Kedah, Perak, Melaka, and Johor. It also marks DRB-HICOM's exit from the hospitality industry.

PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021

The Malaysian economy contracted 3.4% in the fourth quarter of 2020, as economic activities were affected due to the COVID-19 pandemic and the MCO implemented in various forms across the country. For the full year 2020, Gross Domestic Product ("GDP") contracted by 5.6%, significantly lower against GDP growth of 4.3% in 2019. However, the Government projects GDP growth in 2021 of between 6.5% and 7.5%, boosted by various stimulus packages that have been rolled out along with the gradual re-opening of business activities. Together with the national COVID-19 vaccination programme, these are expected to mitigate the impact of the pandemic and stimulate growth towards a longer-term economic recovery.

The Automotive Sector will continue as a key growth driver for DRB-HICOM Group. With the extension of sales tax exemption for passenger cars until 30 June 2021, the MAA is optimistic that the local automotive market will rebound in 2021, with projected Total Industry Volume rising to 570,000 units, compared to 529,434 units in 2020. The expected introduction of facelifted variants and aggressive promotional campaigns by various marques under the Group will also boost the Group's automotive businesses in the current financial year.

PROTON's market share grew to 20.5% in 2020 (2019: 16.6%). The Proton X50, launched in October 2020, and the Proton X70 continues to dominate the C-segment and B-segment SUV markets, while the Saga remains a popular A-segment sedan in the country.

Pos Malaysia will continue its transformation initiatives in 2021, as it targets to further improve efficiency, manage costs and capitalise on growth opportunities. The e-commerce sector is booming, as more and more Malaysians embrace home shopping as a safety net in these pandemic times. Thus, the national postal company continues to invest towards strengthening its digital infrastructure which will enable it to serve its customers better and more efficiently.

DRB-HICOM's businesses in the defence, aerospace, banking, services and properties segments will continue to target for operating efficiencies towards optimising their costs while improving productivity.

In this difficult economic landscape, the Group expects another challenging financial year ending 31 December 2021 as the global developments surrounding the containment of COVID-19 remain fluid. Hence, DRB-HICOM will continue to adopt or where necessary, design new prudent cost management approaches, whilst focusing on strengthening its respective core business segments to ensure business continuity.

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ABOUT DRB-HICOM

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 over 50,000 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 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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