

DRB-HICOM Q2 REVENUE RISES 31% AGAINST 2020

Company also trims year-on-year Q2 & first half losses

SHAH ALAM, Tuesday, 17 August 2021 – Conglomerate DRB-HICOM Berhad (“DRB-HICOM”, “the Group”) has charted revenue worth RM2.62 billion in the three months to 30 June 2021 (“Q2 21”), a 30.8% rise against the corresponding period in the previous financial year (“FY2020”). For the six-month period ended 30 June 2021 (“H1 21”), revenue rose 29.4% against the same period in 2020, to RM6.13 billion.

The Group recorded a loss before tax of RM279.53 million for Q2 21, while for H1 21 the pre-tax loss was RM243.22 million. This was an improvement against larger losses for the same periods in FY2020, at RM365.80 million and RM511.11 million respectively.

SECTORAL ANALYSIS

Despite sales pressure as a result of the various movement control orders (“MCO”) imposed to curb the spread of the COVID-19 pandemic, DRB-HICOM’s Automotive Sector’s revenue for H1 21 rose 52% against 2020, to RM4.35 billion (H1 20: RM2.87 billion).

This was largely due to sales of vehicles by national automotive company PROTON and other marques under the Group, as well as revenue from manufacturing and engineering companies such as PHN Industry Sdn Bhd and HICOM-Teck See Manufacturing Malaysia Sdn Bhd. Revenue came in at RM1.78 billion for Q2 21, rising by RM721 million or 68% against the same period in 2020.

Still, the prolonged MCO is expected to impact full year sales as showrooms for PROTON, Honda, Mitsubishi, Volkswagen, Isuzu and TATA remain closed in some states despite the recent re-opening of 11 economic sectors. Even as the HICOM

Automotive Complex in Pekan, Pahang obtained permission to operate as the east coast state moved into Phase 2 of the National Recovery Plan (“NRP”), vendors and suppliers based in the Klang Valley were closed, halting component supply.

In late July, the Malaysian Automotive Association (“MAA”) revised downwards their target Total Industry Volume (“TIV”) for Malaysia by 12% from 570,000 units to 500,000 (2020 TIV: 529,434 units).

At the Services Sector, Q2 21 revenue slipped 9% year-on-year to RM791.83 million, as revenue from Pos Malaysia dropped. For H1 21, revenue for this sector was RM1.66 billion (H1 20: RM1.70 billion).

Lower contribution from its property development projects saw DRB-HICOM’s Properties Sector revenue also falling 28% against the same period in 2020. For Q2 21, revenue was 54.91 million (Q2 20: RM78.90 million) while for 1H 21, the Sector brought in RM124.57 million (1H 20: RM172.24 million). DRB-HICOM’s property portfolio now excludes retail property as well as hospitality following a corporate transaction that was concluded in December 2020 to exit from these businesses.

PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021

The re-imposition of various lockdowns to curb the rise in COVID-19 cases had dampened the growth momentum of the economy. Bank Negara Malaysia (“BNM”) has revised the full year 2021 Gross Domestic Product (“GDP”) growth forecast to between 3% to 4%. As mentioned, the MAA has reduced its 2021 TIV forecast to 500,000 units. However, the various policy support packages introduced by the Government, alongside the rapid progress of the domestic vaccination programme is expected to provide sustenance towards growth recovery in the near future.

The automotive sector remains the backbone of DRB-HICOM’s businesses. With the implementation of the Full MCO that halted vehicle sales, PROTON and other marques within the Group will focus on re-strategising its sales plan. For the remainder of 2021, the Group is taking necessary steps to reshape its business to remain competitive in an unpredictable environment. The Government’s decision to extend

sales tax exemption for passenger vehicles until 31 December 2021 is expected to lift overall demand in 2021.

DRB-HICOM's other businesses in the defence, aerospace, banking, services and properties segments will continue to focus on prudent cash management to stay afloat amidst the challenging business landscape arising from the pandemic.

Based on the aforementioned, the Group remains cautious of its financial performance for the year ending 31 December 2021 given the heightened uncertainties over the full economic impact of the prolonged COVID-19 pandemic.

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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 46,000 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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