

DRB-HICOM BERHAD TAKES DRIVER'S SEAT TO STEER PROTON INTO THE FUTURE

SHAH ALAM, 16 Jan 2012 – DRB-HICOM Berhad announced it has signed the Shareholders Sales and Purchase Agreement (SSPA) with Khazanah Nasional Berhad to acquire the latter's strategic stake of 42.74% in Proton Holdings Berhad in its quest to further expand and add value to the Group's automotive portfolio and businesses.

In making the announcement, DRB-HICOM's Group Managing Director Dato' Sri Haji Mohd Khamil Jamil expressed his appreciation to Khazanah Nasional Berhad for the belief that DRB-HICOM is the best fit entity with an acceptable and workable strategic business plan capable of providing the critical impetus to drive Proton forward to greater heights. "I would like to thank the leadership team of Khazanah Nasional Berhad for their confidence in DRB-HICOM to take the primary role to steer Proton into the future", said Mohd Khamil.

Proton has long been in the radar of DRB-HICOM as has been professed by Mohd Khamil earlier. He further reiterated that since 2009, DRB-HICOM has put in many thoughts to study and analyse the position of Proton which subsequently resulted in the generation of a practical and executable Business Plan transcending the entire automotive value chain. This Plan is not a single and one-off effort but a collective endeavour of DRB-HICOM's functional and technical know-how coupled with its multi-brand experiences working with global partners to provide inputs on how to enhance Proton's systems and procedures.

Armed with its wealth of knowledge and extensive network of partnerships, collaborations and joint ventures over the years, DRB-HICOM is in a position to appreciate the automotive industry in the local and global context, hence enabling it to understand the impetus required to steer Proton further forward. This in particular, will strengthen Proton's operations in terms of localisation and vendor development, manufacturing system and distribution network and more importantly, its presence in the regional market as an ASEAN car.

Asked about DRB-HICOM's immediate plans for Proton, Mohd Khamil added, "DRB-HICOM and Proton have over the years accumulated a reservoir of potential waiting to be realised at the right time. The synergy between these 2 entities not only transcends but also enhances the entire automotive eco system. The utmost priority for DRB-HICOM at this juncture is to put into action and realise the workable business model for Proton". In essence, this means that product renewal and enhancement is one of the major agenda lined up by DRB-HICOM. As the automotive technology evolves, green technology has gained momentum as well as the approval of many environmental conscious consumers. As such, hybrid and electric vehicles are one of the main focuses. Proton will continue to strive to cater to its consumers' needs, taste, lifestyle requirements as well as in line with global automotive market trends.

"Over the years, Proton has effectively built up its assets and played a major role in fuelling Malaysia's economy. In doing so, it has a well-trained pool of human resource. Enhancing the development of Proton's current human capital and talents is crucial and it is a significant part of the strategies of DRB-HICOM. Furthermore, with the potential to improve capacity, we look to the competent workforce of Proton to put their best foot forward so that synergies and improvements can be derived", explained Mohd Khamil. In addition, DRB-HICOM's commitment to continuous learning will provide opportunities for the staff of Proton to enhance their competencies.

As both DRB-HICOM and Proton work hand-in-hand to promote performance and diversify its products offerings, it will be crucial for Proton to broaden its talents' capabilities while at the same time, raise the quality of its workforce. This is where the presence of International College of Automotive (ICAM) established by DRB-HICOM can provide one of the best synergies and perhaps the golden key to Proton's core competence to unlock the future for Proton. ICAM being the only local centre of education that offers automotive courses covering both upstream as well as downstream of the total automotive value chain also prides itself with a unique holistic teaching approach enlisting teaching personnel who are also industry professionals. The combination of classroom learning and acquisition of skills through actual on-the-field work setting will accelerate the students' learning

curve. In short, ICAM is established by the industry for the industry. The College has attracted many local and international parties be it learning institutes for twinning programmes as well as interested students to pursue automotive education in Malaysia. With the support of DRB-HICOM's automotive partners, ICAM will generate well-trained and competent knowledge-based professionals as talent supply to Proton. In the longer term, graduates of ICAM are groomed to be future leaders of automotive industry that will eventually assume leadership roles in both DRB-HICOM and Proton.

Mohd Khamil further stressed that the National Automotive Policy introduced by the Government is an excellent move as it has grown Proton tremendously over the years and undoubtedly will continue to provide Proton with the edge to springboard its operations to greater heights and expand its presence to a wider reach. As the Government continues its effort to enlarge the nation's automotive industry, the NAP should also be able reach out and encourage global players to intensify their presence and investments in Malaysia. DRB-HICOM will maintain its intention and interest to safeguard the national car company while at the same time encourage, facilitate, grow and enhance Malaysia's national automotive industry, hence making Malaysia a preferred automotive hub capable of rivalling its neighbours.

This will eventually witness the mushrooming of local automotive manufacturing entrepreneurs venture into this area in the near future. Integral to this plan is the development of local vendors as DRB-HICOM accelerates the localisation programmes. Supporting initiatives such as training and adding value to vendors' work processes to improve quality, cost and delivery will develop our local vendors to be more innovative, efficient and reliable. Together with the new generation of automotive professionals generated by ICAM, these competent and knowledge-based workers will support our OEMs and local vendors in their operations to meet international standards and hence, compete at global level. DRB-HICOM's success and experience in developing local vendors through its various partnerships with international marques speaks volume for itself. As Proton intensifies its production and improves its capacity, it will attain economies of scale and ultimately translate into better performance for its vendors in terms of

production and financials. This reflects DRB-HICOM's Corporate Responsibility commitment which one of the pillars involves growing its partners and stakeholders in the marketplace.

Having smart partnerships across the globe in terms of sharing of expertise, technology and strategies, DRB-HICOM will leverage on these competencies to contribute to the innovation as well as competitiveness of Proton. Driven by the strong entrepreneurial – practical management approach led by Mohd Khamil and his Management team, and coupled with the dedicated support from DRB-HICOM's international OEM partners, the ability of DRB-HICOM to steer Proton and bring in positive winds of change cannot be underestimated.

The 2-prong strategy approach of raising the visibility and competitiveness of Proton, the national car company as well as the national automotive industry is the primary agenda inscribed in the books of DRB-HICOM. In doing so, Mohd Khamil who has led DRB-HICOM to acquire and secure significant projects since helming the Company in 2006 will provide the strong leadership needed to steer Proton to greener pastures whilst realising its competitive edge. Proton, on the other hand will gain the direct support of the DRB-HICOM Group. The presence of Edaran Otomobil Nasional (EON) will provide the much needed thrust to generate fresh and novel marketing strategies and contents to drive Proton forward both in the local as well as global arena. To reinforce Proton's marketing strength, it will leverage on the network of dealerships available to extend Proton's reach to all consumers. Ultimately, Proton's marketing strategy will be of one that is very dealer-centric. DRB-HICOM's presence in the Proton's value chain will undeniably fortify Proton's DNA.

The inking of the deal definitely signifies more exciting times ahead for both DRB-HICOM and Proton. With the many mutual benefits and synergies lined up, Proton is bound to reap these complementing dynamics which will ultimately benefit the consumers and stakeholders in terms of quality, cost and delivery along with customer satisfaction which has long been the operating tenet of DRB-HICOM under the direction of Mohd Khamil.

In executing the business plan in pursuit of Proton's transformation, DRB-HICOM will ensure the welfare of its employees, vendors and dealers are looked after and enhanced. "Without productive and dedicated employees, no organisation will be able to survive, what more to excel" Mohd Khamil said. Mohd Khamil further stressed "I believe that the presence of entrepreneurial leadership, dedicated and productive employees, efficient and reliable vendors and dealers, and the caring and supportive Government through its various market focus and consumer-centric policies, Proton will eventually emerge as a force to be reckoned within the global automotive map, Insya'Allah".

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