

DRB-HICOM TRIMS LOSSES BY 73% FOR 12-MONTHS ENDED 31 MARCH 2017

Services sector contribution helps maintain revenue levels

SHAH ALAM, Tuesday 30 May 2017 – DRB-HICOM Berhad (DRB-HICOM Group) has trimmed its pre-tax loss for the year ended 31 March 2017 to RM222.18m, compared to RM822.13m the previous year. The Group managed to keep similar revenue levels during the year, coming in at RM12.06b against RM12.17b the previous year.

SECTOR PERFORMANCE

The services sector continued to boost revenue for the Group during the year, as the national automotive sector saw a volume shrinkage in calendar year 2016. The services sector recorded a 41% increase to RM3.55b against RM2.51b in the previous cycle.

Pos Malaysia Berhad's (Pos Malaysia) was a major boost for the Group as it became a subsidiary during the year under review. In September 2016, DRB-HICOM completed the disposal of its 100% equity in airport services provider KL Airport Services Sdn Bhd (KLAS) Group to Pos Malaysia. Pos Aviation Sdn Bhd (formerly KLAS Group) now includes Pos Logistics Berhad (formerly Konsortium Logistik Berhad) and Pos Asia Cargo Express Sdn Bhd. Pos Malaysia is now a 53.5% percent owned subsidiary. The Group previously held 32.2% of the postal and logistics services company.

The property sector boosted revenue by 45% to RM427.31m in the year. The sector also saw a gain of RM398.11m following the disposal of its entire 90% equity in Corwin Holding Pte Ltd in Singapore in November 2016, by subsidiary HICOM Megah Sdn Bhd.

The automotive sector saw revenue slip by 14% to RM8.08b largely due to lower sales, as the industry recorded a contraction in calendar year 2016. 2015's Total Industry Volume's (TIV) record high of 666,677 units declined by 13% to 580,124 units in calendar year 2016, and this affected all the brands under the Group, including national car PROTON.

LOOKING AHEAD

Malaysia's economy charted a Gross Domestic Product growth of 5.6% in the first quarter of 2017, boosted by strong domestic demand, higher private sector investment, improved net exports and stabilisation of Ringgit Malaysia. In-line with economic growth, the Group's business sectors are expected to follow this trend as well.

Pos Malaysia's logistics and aviation businesses will be a key growth driver for the Group, with e-commerce expected to further improve earnings at the company.

The Group's aviation business, under the auspices of Composite Technology Research Malaysia Sdn. Bhd. is expected to grow further as robust demand for aircrafts globally will add to the company's already strong order book.

The Group's search for a foreign strategic partner (FSP) for national carmaker PROTON Holdings Berhad (PROTON) has also been concluded. DRB-HICOM signed a Heads of Agreement with Zhejiang Geely Holding Group Co., Ltd. (Geely) on 24 May 2017, which will see the Chinese carmaker acquire 49.9% equity in PROTON. Geely's extensive range of platforms and powertrains will now be accessible to PROTON. A definitive agreement between both parties is expected to be signed in the third quarter of 2017.

The agreement with Geely is also expected to create business synergies and opportunities for the Group in the automotive sector.

Further, DRB-HICOM's collaboration with India's Bajaj Auto Limited (BAL) via subsidiary Motosikal dan Enjin Nasional Sdn Bhd (MODENAS) is also expected to

improve the Group's performance. MODENAS has launched four new two-wheelers including its first street bikes recently. The bikes have received good response from the Malaysian public and this will be supported with a range of advertising and promotional activities over the next 24 months.

As the economic activities continue to gain momentum, the Group's performance for the financial year ending 31 March 2018 is expected to improve accordingly.

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DRB-HICOM Berhad ("DRB-HICOM") is one of Malaysia's leading conglomerates with core businesses in the Automotive, Services and Property, Asset and Construction sectors. With more than 90 active companies in its stable and over 59,000 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, Asset & Construction, DRB-HICOM is involved in residential and commercial developments.

For media inquiries, kindly contact:

Mahmood Abdul Razak

Group Head, Strategic Communications, DRB-HICOM Berhad

Tel: 03-2052 8238

mahmood.razak@drb-hicom.com