

A decorative graphic on the left side of the slide features three bees, each positioned next to a hexagonal shape. The hexagons are arranged in a vertical line, with the top one being white, the middle one being orange, and the bottom one being white. The bees are also arranged vertically, with the top one being white, the middle one being orange, and the bottom one being white. The background of the slide is a light gray with a pattern of hexagons.

DRB-HICOM

Annual General Meeting

Queries & Answers for
Minority Shareholder Watch Group
(MSWG)

12 September 2019

Strategic & Financial Matters

Question 1:

As stated on Page 112 (Operational Review), the carmaker has invested in a new RM1.2 billion plant within the existing Tanjung Malim facility. PROTON also made headway in plans to build its international sales. In August 2018, a deal was signed with Geely for the export of PROTON to China, while another agreement was penned with ALHAJ Automotive, appointing it to establish a PROTON assembly plant in Karachi, Pakistan to tap the currently underserved Pakistani car market.

Question 1 (*cont'd*):

- (a) What is the capacity and utilisation rate of the Tanjung Malim facility?

The overall capacity of Tanjung Malim plant is expected to increase from 150,000 units to 250,000 units and currently involved in the production of Persona, Iriz and the upcoming assembly of SUV X70 completely-knocked-down (“CKD”). The expansion of plant is also cater for the future PROTON models for domestic and export market.

Question 1 (*cont'd*):

(b) What is the capacity of the assembly plant in Karachi and the prospect in the Pakistani car market?

The production facilities aim to have a capacity of 25,000 units per annum. The establishment of assembly plant abroad is essential to expand PROTON businesses beyond domestic market. There is high growth potential with current ratio of 17 cars for every 1,000 people in Pakistan market. This will provide huge opportunity for PROTON businesses in the longer term. Prior to the completion of the manufacturing plant, PROTON will export its complete-built-up (“CBU”) models from Malaysia.

Question 1 (*cont'd*):

- (c) What is the current and targeted international sales as a percentage of the Group's total auto sales?

PROTON currently exports its vehicles mainly to Egypt, Brunei and Bangladesh with targeted 1,400 units by end of this year. In addition, PROTON is looking to other ASEAN region, Middle East and Northern Africa countries as key potential export markets in the coming years. We envisage a range at around 20% will come from international sales at end of the 10 year plan.

Question 1 (*cont'd*):

(d) Please elaborate on the export of PROTON to China in terms of actual sales volume and target?

PROTON is currently undertaking a comprehensive review to establish proper business model to export its vehicles to China.

Question 2:

As reported on Page 116 (MD&A), full completion and handover of the ICQS facility in Bukit Kayu Hitam will see the 28-year leasing concession of the facilities kick in. Northern Gateway Infrastructure Sdn. Bhd., a subsidiary of the Group was awarded the concession for the rights to design, finance, develop, construct, complete and lease the facilities and infrastructure and to carry out the asset management services for the ICQS Complex.

Question 2 (*cont'd*):

- (a) What is the total cost of constructing the facilities and infrastructure?

The total construction cost of the Integrated Immigration, Custom, Quarantine & Security (“ICQS”) is RM385 million.

Question 2 (*cont'd*):

(b) What is the expected estimated yearly revenue from the leasing concession?

Phase 1 & 2 of ICQS has commenced operations since November 2017 and June 2019 respectively. The revenue from the Maintenance Services Charges and Asset Management Program is expected to be around RM13.5 million per annum.

Question 3:

As stated on Page 129 (Business Review), DRB-HICOM Defence Technologies Sdn. Bhd. (“DEFTECH”) recorded a comfortable revenue of RM908.3 million and PBT of RM229.9 million for FY2018/19.

What is the total outstanding value of contracts or orderbook and total value of tenders submitted for the military and non-military segments respectively?

Answer 3:

The on-going AV-8 Gempita project remains the key contributor to DEFTECH businesses. As at 31 March 2019, DEFTECH had successfully delivered 161 units of AV-8 and expected to deliver the remaining 98 units by the end of 2020. The balance of orderbook is approximately RM1.5 billion. The company has also submitted various tenders for the maintenance, repair and operations (“MRO”) of existing army vehicles, new military vehicles and spare parts supply to the Government.

Question 4:

As reported on Page 130 (Business Review), Composites Technology Research Malaysia Sdn. Bhd. (“CTRM”) increased its revenue by 3.3% to RM953.2 million. The increase in revenue, together with cost optimisation from reduced material consumption and purchase prices, competitive bidding and commercial negotiations with suppliers, led to a 26.9% increase in PBT to RM60.3 million.

Question 4 (*cont'd*):

- (a) Can the good financial performance of CTRM sustain and if so, what are the justifications?

CTRM is a leading composites aero structure manufacturer in Asia Pacific and is part of the global supply chain for major aircraft manufacturers like Airbus and Boeing, and Tier 1 suppliers like Spirit AeroSystems and Collins Aerospace. CTRM will continue to increase its production and sales volume and expand its product ranges and secure new customers. Moving forward, one of CTRM's aspirations is to venture into sub-assembly of composites components and parts, which could yield higher profit margin in order to further improve its good financial performance.

Question 4 (*cont'd*):

- (b) What is the total outstanding value of contracts or orderbook and total value of tenders submitted for this segment?**

The current outstanding value of contracts is not static as it is subjected to customers' annual production and order schedule planning.

As we upgrade our capabilities, we continuously submit tenders to existing and new customers in both aero structure and non-aero structure industries.

Question 5:

On Page 139 (Business Review), it is stated that although the Group also owns and manages hotels and a golf club, these are being phased out under an agreement to dispose of land parcels and leisure assets. The objective is to focus on industrial properties.

Question 5 (*cont'd*):

- (a) What is the status of the disposal of land parcels and leisure assets and targeted timeline?

The proposed disposal of the property assets is pending certain conditions approvals from the relevant state authorities and expected to be concluded within the next few months.

Question 5 (*cont'd*):

(b) What is the status of the acquisition of industrial properties and plans for residential properties including current gross development value?

The acquisition of the industrial properties is part of the proposed disposal consideration of the Group's non-residential property assets.

As we shift the focus on industrial properties, the remaining residential properties are relatively smaller in size and number and these include affordable homes and apartments in Proton City and Glenmarie Johor. The estimated gross development value is approximately RM248 million.



THANK YOU
