

DRB-HICOM NETS RM142.42m PBT in Q3

Re-opening of economy provides boost to Group companies

SHAH ALAM, Thursday, 26 November 2020 – Boosted by the re-opening of the economy late in the second quarter as the nation began the Recovery Movement Control Order (“RMCO”), DRB-HICOM Berhad (“DRB-HICOM”, “Group”) charted a profit before tax (“PBT”) of RM142.42 million in the three months to 30 September 2020 (“Q3 2020”). Revenue for the period under review was RM3.56 billion. DRB-HICOM’s Automotive, Services and Properties Sectors all recorded their best quarterly performance in the financial year in Q3. This, as the Group’s subsidiaries including joint-venture and associate companies all performed better in the quarter under review.

For the nine-month period to 30 September 2020, DRB-HICOM recorded a loss before tax of RM408.68 million, against a revenue of RM8.31 billion. The loss is attributed to the significant impact of the MCO, as well as the modification loss recognised due to the moratorium extended to banking customers during the period.

SECTORAL ANALYSIS

The Government’s decision to declare a sales tax holiday for passenger vehicle purchases until the end of the year boosted the Automotive Sector in Q3, including for component manufacturing. Revenue for the sector was RM2.54 billion in the three-month period, up 140.91% from the preceding quarter.

The Services Sector recorded revenue of RM918.67 million in Q3, up 5.4% against Q2, led by banking and postal services.

The Properties Sector was impacted as the construction sub-sector was one of the last to re-open fully after the MCO. Still, revenue was RM104.32 million in Q3, up 32.2% from the previous quarter, mainly from construction-related projects.

PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

After a steep 17% decline in the second quarter of 2020 (Q2), Malaysia's Gross Domestic Product ("GDP") registered a smaller contraction in Q3, at -2.7%. This was boosted by domestic demand and improvements in the external markets. The sustainability of this recovery is the challenge that the economy faces, as the third wave of the COVID-19 pandemic forced the Government to re-institute the Conditional MCO across most states.

In tandem with the improved economic performance, the Group recorded a pre-tax profit of RM142.42 million in the quarter ended 30 September 2020. Led by strong demand for automobiles following the sales tax holiday for passenger cars announced by the Government, Malaysian Automotive Association ("MAA") data showed a total of 166,796 units of vehicles were sold in the quarter. This is a 145% increase of total industry volume from 68,147 units in Q2. There is an expectation that automotive sales will continue positively in the fourth quarter of 2020, as the sales tax holiday will end on 31 December 2020.

National carmaker PROTON Holdings launched its second SUV, the X50, in late October and public response has been tremendous with more than 20,000 bookings secured. The other SUV, the larger X70, and the Saga and the Persona have also remained popular with Malaysian buyers. These models should enable the carmaker to sustain its upward momentum and maintain its growing market share that has risen to 22% in the nine months to September 2020.

Other brands in the DRB-HICOM stable have also launched new models. Volkswagen launched the D-segment Arteon and the 7-seater SUV Tiguan Allspace, whereas Honda Malaysia and Mitsubishi Motors Malaysia recently launched the all-new B-segment City and the 7-seater mini-MPV Xpander, respectively. These new models should continue to boost the Group's Automotive Sector.

DRB-HICOM's postal and logistic businesses continues to thrive in the new normal, with digitalisation becoming integral for the business. The on-going pandemic has created a robust e-commerce demand, and will bode well for the courier segment. The Group's other businesses in aerospace, defence, education, concession and property will keep focusing on strengthening their core business segments, while improving its business performance and operational productivity in this challenging time through disciplined and prudent cost management.

With COVID-19 remaining a potent threat, the business environment domestically and globally remains challenging. The Group is continuously assessing strategies and initiatives to mitigate its adverse impact. Still, factoring the impact of the COVID-19 pandemic that began in March this year, DRB-HICOM's full year operating performance is expected to be lower than the previous financial period.

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ABOUT DRB-HICOM BERHAD

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 and commercial 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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