

DRB-HICOM Q1 REVENUE AT RM3.07b, PRE-TAX PROFIT OF RM4.0m

SHAH ALAM, Thursday, 26 May 2022 – DRB-HICOM Berhad (“DRB-HICOM”, “the Group”) has managed to record a profit before tax (“PBT”) for the three months to 31 March 2022 (“Q12022”), despite a challenging period especially for its core sectors. The PBT of RM4.0 million was recorded on the back of revenue worth RM3.07 billion, with revenue from the Automotive Sector and Postal Sector both slipping year-on-year (“YoY”) to RM2.07 billion and RM306.6 million respectively. Overall, DRB-HICOM’s revenue declined by 12.6% YoY (Q12021: RM3.51 billion).

SECTORAL ANALYSIS

In the quarter under review, the Banking and Aerospace & Defence sectors charted positive YoY revenue growth, whereas the remaining four sectors recorded lower revenue. For the Automotive Sector, apart from the global microchip shortages due to supply chain issues, the major flood that crippled Klang Valley in mid-December 2021 also impacted national carmaker PROTON.

The following is a brief revenue analysis for the Group:

i. Automotive

Despite the on-going sales tax exemption, in Q12022 car manufacturers continued to face supply challenges as a result of microchip shortages as well as the severe flooding that inundated the Klang Valley in late 2021. Revenue in the quarter thus slipped 15.3% to RM2.07 billion (Q12021: RM2.44b).

Including exports, PROTON’s sales slipped almost 18.6% YoY to 26,706 units (Q12021: 32,826 units), although its three most popular models, the Saga, X50 and X70 have reaffirmed their leading positions in their

respective segments. PROTON however has a new vigour in export markets which augurs well for the carmaker. It was recently announced that the Saga was the best-selling sedan in the Kenyan market in 2021, one of 13 countries where PROTON currently exports to. PROTON is hopeful it will grow its exports in the coming years with its X-series as well as the locally-developed models.

Other carmakers under the Group's umbrella also faced the same challenges. However, Honda, Mitsubishi, and Isuzu reported higher sales in the current quarter than in the previous quarter. Mitsubishi was a bright spark with their mini-MPV Xpander, which was the best-selling non-national MPV in 2021, with almost half of the Japanese carmaker's 2021 sales contributed by the family car.

ii. Aerospace & Defence

The Group's Aerospace and Defence Sector benefitted from the resumption of international air travel over the past eight months, with higher revenue posted from increased delivery of single-aisle aircraft parts as well as the resumption of delivery of aircraft parts. Sales of defence components to its customers also resumed. As a result, revenue for the sector jumped 15.9% YoY to RM160.3 million (Q12021: RM138.3m).

iii. Postal

At the Postal Sector, revenue slipped 24.3% to RM306.6 million (Q12021: RM404.9m) largely as a result of lower contribution from the courier business. The opening of the economy saw parcel volumes drop as consumers reverted to physical shopping after adopting on-line shopping over the last 24 months.

iv. Banking

The Group's Bank Muamalat Malaysia Berhad was the other Sector that posted YoY revenue growth. Higher financing income helped revenue to grow 4.5% to RM285.0 million (Q12021: RM272.8m) at the bank.

v. Services

DRB-HICOM's Services Sector (covering automotive inspection, education, aviation services, and logistics among others) saw revenue coming in slightly lower YoY, as freight forwarding activity fell due to a decrease in shipments. Still, higher revenue from Pos Aviation's in-flight catering business and ground handling services, as well as from PUSPAKOM helped to offset the revenue loss, with the Sector revenue slipping marginally to RM184.8 million (Q12021: RM186.0m).

vi. Properties

In the Properties Sector, revenue fell 6.2% to RM 65.4 million in the quarter (Q12021: RM69.7m), again as revenue recognised from construction projects varies with stages of project progress.

PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

Malaysia has transitioned to the endemic phase of COVID-19 as of 1 April 2022, removing its restrictions on business activities imposed during the pandemic, and has reopened its international borders. Malaysia's Gross Domestic Product ("GDP") registered a positive growth of 5.0% in the first quarter of 2022 (4Q 2021: 3.6%). The World Bank has predicted the Malaysian economy will grow by 5.5% in 2022 driven by the recovery in domestic demand and expansion in exports. This is in line with Bank Negara Malaysia's ("BNM") own forecast growth of between 5.3% and 6.3% (2021: 3.1%).

The Malaysian Automotive Association ("MAA") has announced a projected total industry volume ("TIV") of 600,000 units for 2022, leveraging on the sales tax exemption for passenger vehicles that is valid until June 2022. The introduction of new models, facelifted variants and aggressive promotional campaigns by marques under the Group such as PROTON, Honda, Mitsubishi, Volkswagen, and Isuzu, as well as bike maker MODENAS will further boost the Group's automotive businesses. The Group however is cautious in view of the global supply chain challenges affecting the overall production.

As announced in April, the development of Automotive Hi-Tech Valley (“AHTV”) in Tanjong Malim is intended to provide the impetus in uplifting the automotive industry to the next level. The total estimated investment of RM32 billion is to be derived from various resources including vendors and potential investors over the next 10 years. Envisioned to be a high technology automotive hub for the ASEAN region, AHTV is planned to be an integrated Automotive City comprising of a full-fledged high technology research & development (“R&D”) centre, a manufacturing cluster, as well as commercial and residential pockets. It will also encompass a supporting ecosystem including logistics, a research institute as well as training and learning institutions. AHTV is anticipated to create 370,000 jobs during construction and another 160,000 jobs in Phase 1 of its operations.

As the global economy re-opens, DRB-HICOM’s businesses are gradually gaining momentum. For example, key contracts for aircraft assembly works under the aerospace segment were secured for the period until 2034. In addition, the postal segment expects improved performance with the on-going turnaround and transformation initiatives aimed at improving service levels and cost efficiencies. Other businesses in defence, banking, services and property will continue to build resilience and seize the emerging opportunities from the recovery.

The Group's business operations are expected to recover particularly with the continued strong demand, new products, new markets and countermeasures against supply chain issues. With the opening of all business sectors, the Group anticipates a greater performance for the financial year ending 31 December 2022 compared to the previous financial year.

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DRB-HICOM

ABOUT DRB-HICOM

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DRB-HICOM Berhad (“DRB-HICOM”) is one of Malaysia’s leading conglomerates with core businesses in the Automotive, Aerospace & Defence, Banking, Postal, Services, and Property sectors. With 82 active companies in its stable and more than 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 Aerospace and Defence, DRB-HICOM is involved through its subsidiaries CTRM and DEFTECH, while it is represented in the postal segment through its subsidiaries Pos Malaysia, and banking through Bank Muamalat. In the Services segment, DRB-HICOM is involved in various businesses, including concession, education, aviation and logistics and investment holdings whereas in Property, DRB-HICOM is involved in the development of industrial properties.

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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