

DRB-HICOM RECORDS RM233.16m PBT IN 1H FY2022 DRIVEN BY AUTOMOTIVE DEMAND

Conglomerate reverses RM243.22m pre-tax loss corresponding period in 2021

SHAH ALAM, Thursday, 25 August 2022 – As automotive demand rises amid supportive policies by the Government, DRB-HICOM Berhad (“DRB-HICOM”, “the Group”) has charted a profit before tax (“PBT”) of RM233.16m in the six months to 30 June 2022. In the period, the Group’s revenue came in at RM6.62b (1H2021: RM6.13b), with its Automotive Sector contributing two thirds. This performance enabled DRB-HICOM to reverse the pre-tax loss of RM243.22m recorded in 1H2021.

DRB-HICOM’s PBT in the six-month period to June was also boosted by reduced losses at Pos Malaysia Berhad (“Pos Malaysia”), as the postal delivery and logistics company continues its transformation journey. Pos Malaysia was able to lower its transportation and delivery costs as its cost management initiatives start to impact the bottom line.

For the three-month period to 30 June 2022 (“Q22022”), DRB-HICOM recorded a revenue of RM3.55b (Q22021: RM2.62b), rising 36% against the same period in 2021, when various movement control orders curtailed economic activity. The quarter’s performance was boosted by higher sales at national carmaker PROTON, as well as from the Group’s manufacturing and engineering as well as automotive distribution businesses.

For DRB-HICOM’s Automotive Sector, June revenue was particularly high as car buyers thronged showrooms to take advantage of the sales tax exemption offered by the Government. For the country, total industry volume (“TIV”) in the six months to June was up 33% to 331,386 units, against 249,178 units recorded in the period a year ago.

MIXED BAG HALF-YEAR REVENUE AT GROUP'S OTHER SECTORS

Mid-year revenue at DRB-HICOM's banking unit, Bank Muamalat Malaysia Berhad ("Bank Muamalat") also improved compared to the same period a year ago. Bank Muamalat netted revenue worth RM587.69m (1H2021: RM546.79m) as personal financing and property financing income rose. At the Aerospace & Defence Sector, increased deliveries by defence contractor DEFTECH, and better revenue at CTRM helped the sector chart a revenue of RM309.37m (1H2021: RM292.59m).

Services Sector revenue at the Group benefitted from the increased demand for used vehicles, which saw inspection income rise at PUSPAKOM. Pos Aviation's in-flight catering and ground handling revenue also rose as air travel continues its revival globally. The Sector's revenue came in at RM357.56m (1H2021: RM324.78m).

Postal Sector revenue for the Group fell to RM655.75m in the six-month period to June (1H2021: RM783.92m) against the corresponding period in 2021 as parcel volumes dipped. Major e-commerce players are now turning to in-house delivery to protect its margins. Similarly, lower construction project work progress saw DRB-HICOM's Properties Sector revenue slip, although this was somewhat offset by sales at Proton City and HICOM Pegoh Industrial Park. Revenue at the sector was recorded at RM115.76m (1H2021: RM124.57m)

CONCLUSIONS

Bank Negara Malaysia ("BNM") projects the Gross Domestic Product ("GDP") for 2022 to settle between 5.3% and 6.3% (2021: 3.1%). The U.S. Federal Reserve lifted interest rates four times between March to July this year from 0.25% to 2.50% which was aimed to counter the fastest pace of inflation in the U.S. in more than 40 years. As inflationary pressures have continued to surge domestically, BNM has raised the Overnight Policy Rate ("OPR") twice this year, by 50 basis points from 1.75% to 2.25%, with further rate hikes looking inevitable. The global economic outlook remains tepid amidst geopolitical tensions, global financial market volatility and protracted supply chain disruptions.

Despite the increase in OPR, the Malaysian Automotive Association (“MAA”) has revised the 2022 TIV upwards by 5% to 630,000 units due to pent-up demand for new vehicles. Even though Sales and Services Tax (“SST”) exemption on passenger vehicles ended on 30 June 2022, the government has allowed SST exemption for vehicle registration for orders placed up to 30 June 2022 to be extended until 31 March 2023. This is to allow automotive players to deliver unfulfilled backlog orders.

Following the end of the SST exemption, PROTON is targeting to deliver more than 90,000 units of its existing orders by the first quarter of 2023. Meanwhile, Honda Malaysia and Mitsubishi Motors Malaysia also recorded exceptional bookings as customers took advantage of the SST exemption till 30 June 2022. The introduction of new models, as well as various promotion programmes by all marques within the Group is expected to further boost DRB-HICOM's automotive segment.

As operations begin to normalise, the other businesses within the DRB-HICOM Group will continue to strengthen their positions in their respective markets. The banking segment is expected to grow in its retail financing due to better prospects of the domestic economy. The Group's postal segment will continue its transformation plan by maintaining a market-leading next-day service level, driving cost efficiencies, increasing parcel yields and ensuring optimum customer experience at every touchpoint. Other businesses in defence, aerospace, services and properties segments will continue to adopt prudent cost management strategies while remaining agile to manoeuvre ongoing challenges.

The Group's recovery remains on track, and it anticipates to record better 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.

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