

Media Release

## **MeGroup posts record performance for revenue and net profit in FY2024**

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**37.5% surge in net profit to RM9.0 million on 8.8% increase in revenue to RM458.6 million**

- **Strong performance by Manufacturing and Dealership businesses with robust demand for new and existing models**
  - **Revenue from Manufacturing business increased by 49.7% while Dealership business rose by 2.8%**
- **Appointment of MJN Automart Sdn. Bhd. as Jaecoo 3S dealer by Chery Auto Malaysia Sdn. Bhd., targeted to commence operations by 15 June 2024**
- **To tap strong demand with expansion of existing manufacturing facilities at Balakong, Selangor Darul Ehsan**
- **Entry into the EV market in February 2024 marks a vast opportunity to capture growth in this new area of technology**
- **Declares one-tier tax exempt second interim cash dividend of RM0.004 per share for the current financial period ended 31 March 2024**

**Singapore, 28 May 2024** – SGX-Catalist listed **MeGroup Ltd.** (“**MeGroup**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) today announced its financial results for the full year ended 31 March 2024 (“**FY2024**”).

The Group achieved a record net profit of RM9.0 million in FY2024, a 37.5% surge compared to RM6.5 million in the preceding financial year (“**FY2023**”). This was achieved mainly on the back of an 8.8% increase in revenue to a record high of RM458.6 million for FY2024, up RM37.1 million as compared to RM421.5 million in FY2023. The increase in revenue was mainly driven by a significant increase in the Group’s Manufacturing business, with the launch of new models and high sales demand for both new and existing models.

For the six-month period ended 31 March 2024 (“**2H2024**”), the Group’s net profit rose 49.5% to RM5.7 million, up from RM3.8 million in the six-month period ended 31 March 2023 (“**2H2023**”), on the back of a 10.9% increase in revenue to RM241.0 million, from RM217.4 million in 2H2023.

Commenting on the latest earnings, **Mr Wong Cheong Chee (黄昌智), Executive Chairman and CEO of MeGroup Ltd.** said: “Our solid performance was driven by both our Manufacturing and Dealership business pillars. In line with an all-time industry high of new motor vehicle sales in 2023, we have likewise witnessed robust demand for new and existing models.

“We continue to break new strides, expanding our Dealership business into the EV market with our appointment as the MG Dealer for the Setia Alam, Selangor area. We are also pleased to be awarded the Jaecoo 3S dealership by Chery Auto Malaysia Sdn. Bhd., which is targeted to commence operations by 15 June 2024, at the same location at Setia Alam.

“Meanwhile, our factory at Kulim Hi-tech Park, equipped with the latest technology advancements to support the mass production of various car models, and the expansion of our existing manufacturing facilities at Balakong, Selangor Darul Ehsan, places us well to capture growth in this new area of technology in the coming years.”

At present, the Group operates a manufacturing plant, an assembly plant, a thermobonded felt plant and a warehouse at Balakong, Selangor, Malaysia. In addition, the Group operates an assembly plant in Kulim District, Kedah, Malaysia and a warehouse at Alor Gajah, Malacca, Malaysia.

In February 2024, the Group announced the appointment of its subsidiary, Menang Nusantara Holdings Sdn. Bhd., as the MG Dealer for the Setia Alam, Selangor area. This appointment marks the Group's first foray into the Electric Vehicle ("EV") space. The Group is also pleased to announce the appointment of MJN Automart Sdn. Bhd. as Jaecoo 3S dealer by Chery Auto Malaysia Sdn. Bhd., with target date to commence operations by 15 June 2024. The new Jaecoo 3S dealership will be located on two lots of two-storey commercial lot at Setia Alam.

**Ms Carol Wong, Executive Director of MeGroup Ltd.** added: "The appointment of MG brands is an excellent progress for the growth of our Dealership portfolio. The EV space is an exciting one to be in and we are looking forward to meeting the ever-changing demands of our customers. We previously secured our fifth license to operate the Body & Paint business from Mitsubishi Motors after Honda, Mazda, Peugeot, and Proton. Operation of the new Mitsubishi Motors' facility in Klang Valley, being the first Body & Paint centre that uses Mitsubishi Motors Malaysia's latest corporate design and facility requirements, has since commenced operations as of the fourth quarter of 2023.

"The Group will continue to evaluate sustainable growth opportunities, while maintaining our focus on innovation and differentiation. We are committed to growing our suite of offerings that will enhance our customers' needs for a seamless sales and after-sales experience. At the same time, we strive to continue creating value for our shareholders and stakeholders."

## **Financial Review**

On a segmental level, overall revenue from the Manufacturing business has significantly increased by RM26.7 million, or 49.7%, to RM80.5 million in FY2024 from RM53.8 million in FY2023. The significant increase was due to the launch of new models in the market, which led to high sales demand from customers and an increase in sales orders for existing models.

The Dealership business experienced an increase of RM10.4 million or 2.8% to RM378.1 million in FY2024 from RM367.7 million in FY2023. The increase was primarily due to the greater availability of ready stock for new vehicles, which enabled the company to meet the high market demand.

In a news release published by the Malaysian Automotive Association (“**MAA**”) on 16 January 2024<sup>1</sup>, sales of new motor vehicles in 2023 rose 11% to a new all-time high, propelled mainly by passenger cars sub-segment, amid a resilient domestic economy and a very much stable socio-political environment. Total Industry Volume (“**TIV**”) or vehicle registrations increased to 799,731 units in 2023, surpassing the previous highest sales result of 721,177 units achieved in 2022. The industry’s sales growth in 2023 marked the second annual gain since the downturn in 2020-2021 caused by the Covid-19 pandemic crisis. It was also the second consecutive year the TIV exceeded the 700,000 units mark.

In line with higher revenue, gross profit increased by approximately RM9.4 million or 24.3% to RM48.3 million in FY2024, from RM38.9 million in FY2023. Overall gross profit margin increased by 1.3 percentage points from 9.2% in FY2023 to 10.5% in FY2024.

The gross profit margin of the Manufacturing business increased by 4.0 percentage points from 21.4% in FY2023 to 25.4% in FY2024. This was primarily driven by internal cost control measures and an increased supply of higher-margin products. The gross profit margin of Dealership business maintained at 7.4% in FY2023 and FY2024.

Other gains and losses increased by approximately RM2.9 million or 194.1% from RM1.5 million in FY2023 to RM4.4 million in FY2024. The significant increase in FY2024 was mainly due to the increase in gain on disposal of property, plant and equipment amounting to RM4.4 million.

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<sup>1</sup> Malaysian Automotive Association, 16 January 2024 – Another Record Sales; TIV 2023 Surpassed Previous Year High!

Meanwhile, other income increased by RM0.1 million or 10.7% from RM0.7 million in FY2023 to RM0.8 million in FY2024. The increase in FY2024 was mainly due to increase in bank interest income, scrap of metal, incentive received from principal on the increase of sales in automobiles, government grant income, marketing income, storage service income and finance lease income in relation to sub-tenancy of partial retail space in a showroom.

Current assets had increased by approximately RM17.3 million or 24.7% from RM69.8 million as at 31 March 2023 to RM87.1 million as at 31 March 2024. This was mainly due to the increase in trade and other receivables by approximately RM2.7 million, the increase in inventories by approximately RM11.1 million, and the increase in cash and cash equivalents by approximately RM3.9 million. The increase is offset by the decrease in tax recoverable by RM0.4 million.

The Group maintains a healthy balance sheet, with net assets of RM53.1 million and cash and cash equivalents of RM15.8 million as at 31 March 2024.

### **Second Interim Dividend**

After considering the Group's financial performance as well as MeGroup's business expansion needs, the Board of Directors of MeGroup has declared a one-tier tax exempt second interim cash dividend of RM 0.004 per share, and payable on 28 June 2024.

### **Business Outlook**

According to the Bank Negara Malaysia under the subject of Economic and Financial Developments in Malaysia, the Malaysian economy grew at a higher rate of 4.2% in the first quarter of 2024, compared to 2.9% in the fourth quarter of 2023. For households, outstanding loan growth was higher across most loan purposes, reflecting continued demand for loans, particularly for the purchase of housing and cars<sup>2</sup>.

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<sup>2</sup> Bank Negara Malaysia, 17 May 2024 - Economic and Financial Developments in Malaysia in the First Quarter of 2024

The MAA had via its press release on 16 January 2024 revised its forecasted TIV for 2024. The MAA expects TIV to decline by 59,731 units or 7.5% to 740,000 units, mainly attributable to factors such as uncertainty in the global economy outlook from conflicts and geopolitical tensions in the Middle Eastern and Eastern Europe countries, the expected slowdown in the global economy and local consumer spending due to concerns over the introduction of several new taxes.

Meanwhile, the automotive sector is expected to continue to register growth albeit at a slower pace due to factors such as inflationary pressures, uncertainties in geopolitical conflicts and weaker global growth, which will have an adverse impact on the overall local economy. The launching of new and/or new facelift models by the Group's manufacturing customers and retail dealership brand principals are still very much dependent on the market sentiments and economic conditions then.

Premised on the foregoing, the Board is cautiously optimistic about the Group's business performance with the existing and new orders in the Manufacturing segment and the new product line-up by the brand principals in the Dealership segment. The Group will continuously look at opportunities to expand its product offerings in the automotive sector.

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**Note: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.**

## About MeGroup (<https://me-grp.com/>)

MeGroup Ltd. is a trusted component manufacturer and dealer in the automotive industry.

Under its Manufacturing business, MeGroup specialises in manufacturing 'noise, vibration and harshness' ("NVH") and non-NVH components primarily for the automotive industry in Malaysia.

Under the Group's Dealership business, MeGroup owns and operates 11 dealership outlets under seven brands, namely; i) two Peugeot dealerships; ii) two Honda dealerships; iii) one Mazda dealership; iv) one MG dealership; v) one Ford dealership; vi) three Mitsubishi Motors dealerships; and vii) one Proton dealership in Malaysia.

MeGroup maintains long-standing partnerships with its manufacturing customers and is an Approved Supplier to Honda, Johnson Controls Hitachi, Kia, Mazda, Mitsubishi, Perodua, Peugeot, Proton and Toyota. The Group also has established relationships with its dealership principals.

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ISSUED ON BEHALF OF	:	<b>MeGroup Ltd.</b>
BY	:	Citigate Dewe Rogerson Singapore Pte Ltd 158 Cecil Street #05-01 Singapore 069545
CONTACT	:	Ms Dolores Phua / Ms Jeanne Mah
DURING OFFICE HOURS	:	6534-5122
EMAIL	:	<a href="mailto:MeGroup@citigatedewerogerson.com">MeGroup@citigatedewerogerson.com</a>

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*This press release has been reviewed by the Company's Sponsor, UOB Kay Hian Private Limited (the "Sponsor").*

*This press release has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.*

*The contact person for the Sponsor is Mr. Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone: (65) 6590 6881.*

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