

Media Release

MeGroup remains profitable despite global pandemic

- Declares an interim and special dividend of RM0.012 and RM0.008 per share
- Tapping into renewable energy in manufacturing plant to reduce overhead costs
- Completes construction of new 3S facilities at Honda (Kuala Selangor) one-stop automotive centre

Singapore, 28 May 2021 – 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 2021 (“**FY2021**”).

In RM million except otherwise stated	FY2021	FY2020	% Change
Revenue	208.9	245.8	(15.0)
Gross Profit	22.2	26.5	(16.3)
EBITDA	11.7	12.2	(4.1)
Net Profit attributable to equity holders	0.6	1.2	(55.0)

The Group’s revenue decreased by approximately RM36.9 million or 15.0%, from RM245.8 million in the 12 months that ended 31 March 2020 (“**FY2020**”) to RM208.9 million in FY2021. The decrease was mainly attributable to the decrease in revenue from both of the Group’s manufacturing and dealership businesses, where production lines and showrooms and service centres had to be temporarily closed due to Malaysia’s implementation of the Movement Control Order (“**MCO**”) to curb the spread of Covid-19 in the country.

Gross profit for the period under review similarly decreased by approximately RM4.3 million or 16.3%, from RM26.5 million in FY2020 to RM22.2 million in FY2021. This decrease is in tandem with the lower revenue recorded over the same period. Due to an increase in raw material cost and overseas shipping cost during the pandemic, gross profit margin for the manufacturing business reduced slightly from 28.1% in FY2020 to 26.3% in FY2021. On the other hand, gross profit margin for the dealership business marginally increased from 7.5% in FY2020 to 8.0% in FY2021, mainly due to the increase in revenue from after-sales services. Overall, the Group's gross profit margin for FY2021 decreased marginally to 10.6%, as compared to 10.8% in FY2020.

Other income increased from RM0.6 million in FY2020 to RM1.2 million in FY2021 mainly due to the Malaysian government's Wage Subsidy Program, to assist companies who are impacted by the pandemic, to continue operations and keep their workforce employed. The Group also reported a net gain of RM0.2 million in the period under review due to the disposal of vehicles in the dealership business and realised foreign exchange gains.

Selling and distribution expenses decreased approximately RM0.4 million or 8.5% to RM4.2 million in FY2021 mainly due to a decrease in staff remunerations, advertising, and promotional expenses. Similarly, administrative expenses also decreased by approximately RM1.8 million or 10.4% to RM15.4 million in FY2021 due to a decrease in directors' remuneration, staff costs and entertainment expenses. Finance expenses decreased approximately RM0.8 million or 29.1% largely due to the decrease in interest expenses on lease liabilities, floor stock interest, bank overdraft interest, and term loan interest.

Earnings before interest, tax, depreciation and amortisation ("**EBITDA**") was RM11.7 million. Profit before income tax was RM2.0 million in FY2021 compared to RM2.3 million in FY2020. The 12.4% decrease was mainly due to the lower revenue recorded as a result of the MCO which saw the Group halting its manufacturing projects as well as the temporary closure of all the dealership showrooms and service centres.

As a result, the net profit attributable to equity holders of the Company for FY2021 stood at RM0.6 million, a 55.0% decrease from RM1.2 million in FY2020.

Interim and Special Dividends

In appreciation of the support and faith for the Group's shareholders, the Board of Directors of MeGroup has declared an interim dividend of RM0.012 or 1.2 Sen, and a special dividend of RM0.008 or 0.8 Sen per ordinary share to all shareholders.

The interim and special dividends will be distributed to shareholders on 30 June 2021.

Business Outlook

The Group has embarked on its green initiative and is currently in the midst of installing solar panels in its main manufacturing plant. This is after the Group had conducted a study on the potential savings in electricity usage and costs that can be achieved through the use of solar energy. This initiative into the renewable energy space is testament to the Group's commitment in reducing its carbon footprint and to continue manufacturing components in a sustainable and environmentally friendly manner. It will also contribute towards reducing production overhead expenses.

On the dealership front, the Group has completed construction of the new 3S facilities for its Honda dealership outlet at Kuala Selangor. Business operations have commenced, and with the new and bigger facility, the outlet is able to receive more customers for after-sales services, transforming it into a one-stop centre for automobile retail and service centre. The Group's first Mitsubishi outlet commenced its showroom operations in August 2020 with its after-sales service centre operational in March 2021. It has subsequently been awarded to operate a second Mitsubishi 3S dealership which is expected to commence operations in 1QFY2022.

The launch of new automobile models in 2021 by the Group's respective brand principals is expected to contribute positively to the sales of the retail dealership segment.

According to the Malaysian Automotive Association (MAA), there was an increase of 80.2% in the production of passenger vehicles from January to April 2021 (198,476 units) as compared to the same corresponding period in 2020 (101,747 units). The sales of passenger vehicles had also increased by 86.8% with total sales units from January to April 2021 (176,096 units) as compared to the same corresponding period in 2020 (95,876 units).

However, the Covid-19 outbreak continues to affect many businesses including the automotive sector. The Group has managed to partially mitigate this with the initiative and support from the Malaysian government such as the moratorium on repayment of bank borrowings for six months ending 30 September 2020, sales tax exemption of up to 100% for completely-knocked down passenger vehicles and 50% on completely build up cars from 15 June 2020 to 30 June 2021, and the Wage Subsidy Programs.

The outlook of the automotive sector remains challenging as the Covid-19 situation continues to be fluid. The Group has planned and strategised ahead to minimise any impacts should it be adversely affected by the pandemic. It is also continuously looking at opportunities to expand its product offerings in the automotive sector.

Overall, MeGroup is cautiously optimistic about its business performance with the existing and new projects awarded in the manufacturing segment, and the existing and new automobile models that will be launched by the brand principals in the dealership segment.

Mr Wong Cheong Chee (黄昌智), Executive Chairman and CEO of MeGroup Ltd. commented:

“As the nation continues its fight against Covid-19, we are also working hard in ensuring our businesses remain sustainable. We continue to seek opportunities and implement new processes to reduce costs while still maintaining the production of top-quality products. Despite the construction delays we faced due to the MCO, we successfully opened our first Mitsubishi dealership outlet and later, our second Mitsubishi outlet. Additionally, our Honda Kuala Selangor outlet had also completed construction of its new 3S facilities which can now cater to a larger pool of customers.

“Notwithstanding a less than ideal year faced by operational challenges coupled with a global pandemic, we have not forgotten the faith and support our shareholders have in us. As a token of appreciation, we would be declaring an interim and special dividend of RM0.012 and RM0.008 per share to all our shareholders. Together, we will overcome the headwinds and emerge stronger.”

End.

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. It had also diversified into supplying NVH components to Johnson Controls Hitachi, a heating, ventilation and air-conditioning ("**HVAC**") manufacturer.

Under the Group's Dealership business, MeGroup owns and operates i) three Peugeot dealerships; ii) two Honda dealerships; iii) one Mazda dealership; iv) one Hyundai dealership; v) one Ford dealership; and vi) two Mitsubishi Motors dealerships in Malaysia.

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

ISSUED ON BEHALF OF	:	MeGroup Ltd.
BY	:	Citigate Dewe Rogerson Singapore Pte Ltd 105 Cecil Street #09-01, The Octagon Singapore 069534
CONTACT	:	Ms Dolores Phua / Ms Melissa Sim
DURING OFFICE HOURS	:	6589-2383 / 6589-2379
EMAIL	:	MeGroup@citigatedewerogerson.com

*This press release has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad ("**Sponsor**") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01, Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.