

# CHAIRMAN'S STATEMENT

2019 marks 120 years of Southeast Asian partnerships for Jardine Cycle & Carriage. We have grown alongside the development of Southeast Asia with strategic, long-term interests that support the region's urbanisation and emerging middle class. Southeast Asia is projected to be the fourth largest economy in the world by 2030 and the Group remains committed to investing in the continued growth of the region.

**Combined gross revenue\***

**US\$40bn**

**Revenue**

**US\$19bn**

**Underlying profit**

**US\$858m**

## OVERVIEW

The Group achieved good overall results in 2018, with strong growth in Astra and improved performance versus the prior year in its Direct Motor Interests and Other Strategic Interests.

## PERFORMANCE

The Group's revenue for the year increased by 10% to US\$19 billion, due largely to revenue growth in most of Astra's businesses. The Group's underlying profit attributable to shareholders was 12% higher at US\$858 million and underlying profit per share was also 12% higher at US¢217. Profit attributable to shareholders fell by 55% from US\$939 million to US\$420 million, after accounting for net non-trading losses of US\$438 million, principally unrealised fair value losses related to non-current investments.

Astra contributed US\$719 million to the Group's underlying profit, an increase of 15%. The underlying profit from its Direct Motor Interests was 19% higher at US\$145 million, while its Other Strategic Interests contributed an underlying profit of US\$71 million, up from US\$34 million in the previous year.

\* Includes 100% of revenue from associates and joint ventures



The Group's financial position remains strong, with shareholders' funds at US\$6,148 million and net asset value per share at US\$15.56 at the year end, albeit down by 4% from the end of 2017 due to translation losses resulting from the weaker Rupiah. The Group continues to invest, with capital expenditure and investments amounting to US\$3.1 billion in 2018. Consolidated net debt, excluding financial services companies, was US\$2.2 billion at 31st December 2018, representing gearing of 16%.

The Board is recommending a final one-tier tax dividend of US\$69 per share (2017: US\$68 per share) which, together with the interim dividend, will produce a total dividend for the year of US\$87 per share (2017: US\$86 per share).

## STRATEGIC DEVELOPMENTS

The Group continues to pursue expansion in Southeast Asia by supporting the growth of Astra in Indonesia, strengthening its Direct Motor Interests and growing its Other Strategic Interests by investing in market-leading companies which provide exposure to new business sectors in the region.

# US\$250m

Total investment from  
Astra into GOJEK

## CHAIRMAN'S STATEMENT

Shareholders' funds

**US\$6,148m**

Dividend per share

**US¢87**

### ASTRA

Astra continues to seek opportunities in Indonesia to expand its existing activities and move into new sectors.

In 2018, Astra expanded its operations with further investments in toll roads, mining and property, as well as an interest in GOJEK, Indonesia's leading multi-platform technology group.

Astra and WeLab, a leading technology enabler for consumer lending in mainland China and Hong Kong, announced the establishment of Astra WeLab Digital Arta to offer mobile lending products to retail consumers and provide financial technology solutions to enterprise customers. Astra Land Indonesia, a 50%-owned joint venture, purchased a 3-hectare site in Jakarta's Central Business District for residential and commercial development. Astra, through its 59.5%-owned subsidiary, United Tractors, acquired a 95% interest in Agincourt Resources, which operates the Martabe gold mine in Sumatra.

Cycle & Carriage Singapore signed an agreement with BYD to distribute electric forklifts in Singapore



THACO continued investments in automotive and further diversified into agriculture





Strong contributions from REE Corp's power and water investments

## DIRECT MOTOR INTERESTS

The Group's Direct Motor Interests are focused on building customer-centric and innovative organisations across Singapore, Malaysia, Myanmar and Indonesia to strengthen their competitive positions.

Cycle & Carriage Singapore was appointed the exclusive distributor of electric forklifts manufactured by Chinese electric transport and technology company, BYD. A new wholly-owned subsidiary, Cycle & Carriage Leasing, was incorporated in January 2019 to provide vehicle leasing services.

In November 2018, Daimler AG exercised its call option to buy Cycle & Carriage Bintang's ("CCB") 49% interest in Mercedes-Benz Malaysia for US\$16 million, with the disposal to take place at the end of November 2019 after a 12-month notice period. CCB will continue to focus on its dealership operations.

In Vietnam, Truong Hai Auto Corporation continued to invest in its core automotive business, and in August 2018, it further diversified into the agriculture business.

## OTHER STRATEGIC INTERESTS

The diversified businesses of the Group include Other Strategic Interests in Siam City Cement, Refrigeration Electrical Engineering Corporation ("REE Corp") and Vinamilk. The Group gains exposure to key Southeast Asian economies by supporting the long-term growth of these market-leading companies.

## PEOPLE

Our success is attributable to our employees, business partners and shareholders. On behalf of the Board, I would like to thank our more than 250,000 employees across the region for their hard work and dedication, and our business partners and shareholders for their ongoing support.

Mr Chang See Hiang will be retiring as director of the Company at the close of the upcoming Annual General Meeting in April 2019, after more than 21 years on the Board. He has also served as Chairman of the Nominating Committee and as a member of both the Audit Committee and the Remuneration Committee for a number of years. On behalf of the Board, I would like to record our appreciation and thank Mr Chang for his valuable contribution to the Group.

I am delighted to welcome Mr Steven Phan who will join the Board in April 2019 as an independent director. Mr Phan is a chartered accountant with extensive knowledge and experience in auditing, advisory and consulting work.

Mr Adrian Teng is stepping down as Group Finance Director on 31st March 2019 to pursue other interests and opportunities outside the Company. On behalf of the Board, I would like to thank him for his valuable contribution to the Group. Mr Stephen Gore, who is currently the Chief Financial Officer of Jardine Pacific and Jardine Motors, will succeed Mr Teng on 1st April 2019 as Group Finance Director.

## OUTLOOK

The Group achieved good overall results in 2018, but Astra is likely to face a number of macro-economic and commercial headwinds in 2019, while the Group's Direct Motor Interests and Other Strategic Interests may also see slower growth.

**Ben Keswick**

Chairman

27th February 2019