

Conversation with Group Finance Director



Q With the ongoing pandemic, how has JC&C performed in 2021?

A We are pleased with the improvements witnessed across all three of JC&C's business pillars in 2021. The Group reported an underlying profit of US\$786 million for 2021, up 83% from 2020. The recovery in 2021 was encouraging, with underlying profit returning close to pre-pandemic levels, down just 9% from 2019.

Our key markets of Indonesia and Vietnam performed well. Astra's overall recovery was encouraging, led by automotive and consumer finance as well as at United Tractors and Astra Agro Lestari which were supported by strong coal and palm oil prices respectively.

The Truong Hai Group Corporation ("THACO") automotive business also showed resilience and a strong market share performance. Our other businesses in Vietnam were also steady

throughout the pandemic, which has supported the resilience in JC&C's overall performance.

At the start of the pandemic, we reacted quickly to mitigate the impact. We examined our businesses' financing and liquidity positions as well as supply chain arrangements. We also analysed ways to manage cost and capital expenditure to drive more efficiencies and conserve cash in working capital and operating expenses. These measures continue to be deployed today.

Q How did the shape of the JC&C portfolio help to weather the impact of COVID-19?

A JC&C is the Southeast Asian investment arm of Jardines. Our strategy is to build a strong and diversified portfolio across the region, through investing in market-leading businesses with growth potential, strong earnings and good governance.

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The portfolio is built along the themes of Southeast Asia's urbanisation and the emerging consumer class, which positions the businesses well to grow alongside the region's positive trajectory. This strategy of diversification enabled JC&C to demonstrate resilience during the pandemic.

Many of our consumer-facing businesses were severely impacted by the pandemic in 2020: primarily these were our automotive businesses. However, in 2021, these businesses demonstrated strong recoveries. In addition, businesses which demonstrated resilience in 2020, for example, Refrigeration Electrical Engineering Corporation (“REE”), Siam City Cement and Vinamilk, continued on a steady path through 2021.

The recovery across the portfolio in 2021 attests to its resilience. We will continue to review the shape of our portfolio to deliver higher growth rates over the long term.

Q How is JC&C managing the financial impact of climate change?

A Climate action will support the long-term returns of our businesses, enabling them to be future-ready

in a low-carbon economy. We will start publishing our climate report according to the TCFD framework in 2022. This will enhance engagement with our shareholders and aid capital market stakeholders in their understanding of JC&C's investment proposition and future strategies.

In 2021, we performed a scientifically-based scenario analysis to identify and evaluate the financial impact of climate change on our portfolio. Based on the analysis, the key risks for JC&C include the electric vehicle transition in the automotive industry and the long-term phasing out of coal-fired power generation. This motivates us to accelerate the timely shift towards electric and hybrid vehicles to capture growth and maintain our leadership position in this sector. It also drives our continued diversification strategy away from thermal coal and into other business lines.

The climate analysis identified opportunities for JC&C as well. Future installed energy capacity in Southeast Asia is expected to be dominated by renewables. JC&C currently has investments in renewables such as solar and hydro at Astra as well as solar, hydro and wind at REE. We will continue to support our portfolio businesses to strengthen their capabilities in this area.

We now have a clearer understanding of where our climate-related risks and opportunities lie and will continually factor them into our strategy and capital allocation plans.

Stephen Gore
Group Finance Director