

GROUP FINANCE DIRECTOR'S REVIEW

ACCOUNTING POLICIES

The Company and Group accounts have been prepared under the dual compliance framework of both Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"), collectively referred to as "IFRSs". The Directors continue to review the appropriateness of the accounting policies adopted by the Group, having regard to developments in IFRSs. From 1st January 2022, the Group has adopted the new or amended IFRSs and Interpretations of IFRSs that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs and Interpretations of IFRSs.

The adoption of these new or amended IFRSs and Interpretations of IFRSs did not result in substantial changes to the Group's accounting

policies and had no material effect on the amounts reported for the current or prior financial years.

RESULTS

In 2022, the Group's revenue increased by 23% to US\$21.8 billion, mainly due to improvement in Astra's automotive, financial services, heavy equipment, mining, construction & energy businesses, which benefitted from Indonesia's strong economic recovery and high commodity prices. Direct Motor Interests also reported higher revenue in Malaysia and Singapore, particularly in Singapore's premium and used car operations. The Group's gross revenue, including 100% of revenue from associates and joint ventures, which is a measure of the full extent of the Group's operations, increased by 22% to US\$45.2 billion, with higher revenue mainly from the automotive businesses under Astra's associates and joint ventures, and THACO.

Underlying operating profit from the Group's parent company and

subsidiaries of US\$2,994 million was 63% higher than the previous year. Astra's underlying operating profit increased by 63% to US\$2,916 million compared to the previous year, largely contributed by its automotive, financial services, heavy equipment, mining, construction & energy businesses. The Group's Direct Motor Interests reported a 22% increase in profit mainly due to higher earnings by Cycle & Carriage Singapore and Cycle & Carriage Bintang. Dividends from Vinamilk contributed US\$37 million. Corporate costs excluding net financing charges were lower mainly due to an exchange gain arising from the translation of foreign currency loans compared to an exchange loss in the previous year.

Net financing charges, excluding those relating to the Group's consumer finance and leasing activities, increased by 11% to US\$58 million, mainly due to higher interest rates at the Group's parent company but was partially offset by improved funding positions at Astra's parent company as well as

	2022			2021		
	Underlying profit US\$m	Non-trading items US\$m	Total US\$m	Underlying profit US\$m	Non-trading items US\$m	Total US\$m
Revenue	21,793	–	21,793	17,668	–	17,668
Operating profit	2,994	(284)	2,710	1,831	(136)	1,695
Net financing charges	(58)	–	(58)	(52)	–	(52)
Share of results of associates and joint ventures	688	(113)	575	580	10	590
Profit before tax	3,624	(397)	3,227	2,359	(126)	2,233
Tax	(769)	(2)	(771)	(514)	(1)	(515)
Profit after tax	2,855	(399)	2,456	1,845	(127)	1,718
Attributable to:						
Shareholders of the Company	1,096	(356)	740	786	(125)	661
Non-controlling interests	1,759	(43)	1,716	1,059	(2)	1,057
	2,855	(399)	2,456	1,845	(127)	1,718



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Astra's heavy equipment, mining, construction & energy operations. Interest cover* excluding the financial services companies increased significantly to 53 times (2021: 38 times), as a result of higher profit.

The Group's share of underlying results of associates and joint ventures increased by 19% to US\$688 million. Contributions from Astra's associates and joint ventures increased by 17% mainly due to improved performances by its automotive and toll road businesses. THACO reported 34% higher profit than the previous year, mainly due to stronger automotive results. The contribution from Direct Motor Interests' joint ventures

increased by US\$13 million mainly due to higher profits in Tunas Ridean. In Other Strategic Interests, the contribution from REE was higher than the previous year due to improved performances from its renewable energy investments as a result of favourable hydrology and an increase in renewable wind capacity.

The underlying effective tax rate of the Group in 2022, excluding associates and joint ventures was 26%.

The Group's underlying profit attributable to shareholders for the year was 39% higher at US\$1,096 million.

* Calculated as underlying operating profit before the deduction of amortisation/depreciation of right-of-use assets, net of actual lease payments, and share of results of associates and joint ventures divided by net financing charges excluding interest on lease liabilities

GROUP FINANCE DIRECTOR'S REVIEW

NON-TRADING ITEMS

In 2022, the Group had net non-trading losses of US\$356 million compared to losses of US\$125 million in 2021. These non-trading items in 2022 comprised mainly the unrealised fair value losses related to non-current investments, as well as an impairment loss of US\$114 million in respect of the Group's investment in SCCC.

DIVIDENDS

The Board is recommending a final one-tier tax exempt dividend of US¢83 per share (2021: US¢62 per share), which together with the interim dividend, will produce a total dividend for the year of US¢111 per share (2021: US¢80 per share). The final dividend will be payable on 30th June 2023, to those persons registered as shareholders on 31st May 2023, subject to approval at the Annual General Meeting to be held on 28th April 2023. Dividends are usually declared on a semi-annual basis for every six-month period ending 30th June (in respect of an interim dividend) and 31st December (in respect of a final dividend).

CASH FLOW

Cash inflow from the Group's operating activities was strong at US\$2.9 billion, although this was US\$0.1 billion lower than the previous year, mainly due to higher outflow from working capital changes, partly offset by higher dividends received from associates and joint ventures.

Cash outflow from investing activities before disposals amounted to US\$1.8 billion, and this included the following:

- US\$119 million for the addition of intangible assets, which mainly included US\$38 million for the acquisition costs of contracts in Astra's general insurance business and US\$60 million for the mining exploration costs in Astra's mining business;
- US\$727 million of property, plant and equipment which mainly included US\$565 million of heavy equipment and machinery for Astra's heavy equipment, mining, construction & energy businesses, US\$57 million of equipment and network development for its automotive businesses, and US\$53 million for its agribusiness;
- US\$39 million for additions to bearer plants in Astra;
- US\$398 million for acquisitions and capital injections into various subsidiaries, associates and joint ventures, which included US\$260 million for Astra's 49.6% interest in Bank Jasa Jakarta; and
- US\$481 million for investments mainly by Astra's insurance business as well as Astra's 7.4% interest in Medikaloka Hermina.

The contribution to the Group's cash flow from disposals for the year amounted to US\$0.3 billion, which arose mainly from the sale of investments by Astra's insurance business.

TREASURY POLICY

The Group manages its exposure to financial risks using a variety of techniques and instruments. The main objectives are to limit foreign exchange and interest rate risks to provide a degree of certainty about costs. The investment of the Group's cash resources is managed so as to minimise risk, while seeking to enhance yield. Appropriate credit guidelines are in place to manage counterparty risk.

When economically sensible to do so, borrowings are taken in local currency to minimise foreign exchange exposures on investments. A portion of borrowings is denominated in fixed rates. Adequate headroom in committed facilities is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties. Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt from banks and capital markets, both short- and long-term in tenor, to give flexibility to develop the business.

The Group's treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

The Group's financial risk factors are set out on pages 96 to 101.

Summarised Cash Flow

	2022 US\$m	2021 US\$m
Operating cash flow	2,355	2,684
Dividends from associates and joint ventures	496	344
Cash flow from operating activities	2,851	3,028
Capital expenditure and investments	(1,789)	(966)
Disposals	265	278
Cash flow from investing activities	(1,524)	(688)
Cash flow before financing activities	1,327	2,340

FUNDING

The Group is well-financed with strong liquidity. The Group's consolidated net cash, excluding Astra's financial services subsidiaries, was US\$0.9 billion at the end of December 2022, as compared to net cash of US\$0.8 billion at the end of 2021. Net debt within Astra's financial services subsidiaries increased from US\$2.7 billion to US\$2.8 billion. JC&C corporate net debt was US\$1.5 billion, similar to the previous year-end.

At the year-end, the Group had undrawn committed facilities of some US\$2.0 billion. In addition, the Group had available liquid funds of US\$4.0 billion.

78% of the Group's borrowings were non-US dollar denominated and directly related to the Group's businesses in the countries of the currencies concerned. At the year-end, approximately 44% of the Group's borrowings, exclusive of Astra's financial services companies, were at floating rates and the remaining 56% were at fixed rates including those hedges with derivative instruments with major creditworthy financial institutions. For Astra's financial services companies, 93% of their borrowings were at fixed rates.

SHAREHOLDERS' FUNDS

Shareholders' funds as at 31st December 2022 are analysed by business. There were no significant changes from the prior year.

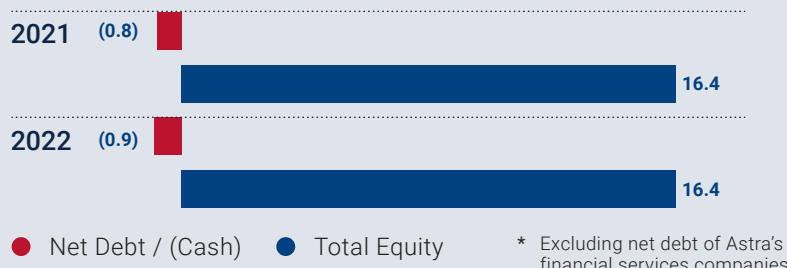
RISK MANAGEMENT REVIEW

A review of the major risks facing the Group is set out on pages 44 to 47.

Amy Hsu

Group Finance Director

Net Debt* and Total Equity (US\$ billion)



Debt Profile as at 31st December 2022



Shareholders' Funds as at 31st December 2022

