

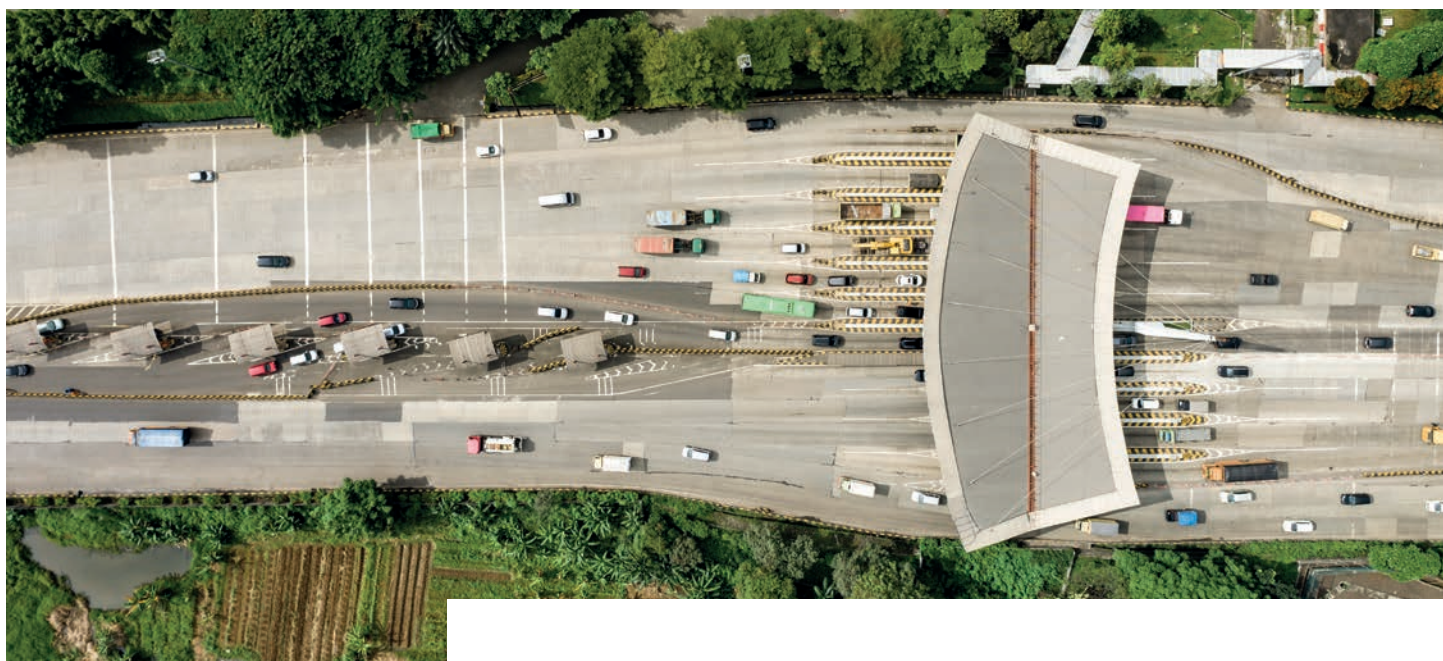
# GROUP MANAGING DIRECTOR'S REVIEW

## GROUP REVIEW

The contributions to JC&C's underlying profit attributable to shareholders by business segment were as follows:

### Underlying Profit Attributable to Shareholders by Business

	2022 US\$m	2021 US\$m
<b>Astra</b>		
Automotive	296.8	232.4
Financial services	202.3	172.5
Heavy equipment, mining, construction & energy	423.7	216.9
Agribusiness	49.6	53.9
Infrastructure & logistics	17.7	2.4
Information technology	2.5	2.3
Property	5.4	5.7
	998.0	686.1
Less: withholding tax on dividend	(85.1)	(31.3)
	912.9	654.8
<b>THACO</b>		
Automotive	97.7	54.4
Real estate	(0.3)	4.7
Agriculture	(25.6)	(3.0)
Other businesses	11.0	5.8
	82.8	61.9
<b>Direct Motor Interests</b>		
Singapore	32.9	29.1
Malaysia	6.9	0.8
Myanmar	(3.3)	(5.3)
Indonesia (Tunas Ridean)	28.1	16.4
Less: central overheads	(1.7)	(2.2)
	62.9	38.8
<b>Other Strategic Interests</b>		
REE	37.7	22.2
SCCC	11.6	28.5
Vinamilk	36.5	38.9
	85.8	89.6
<b>Corporate costs</b>		
Central overheads	(23.0)	(20.4)
Dividend income from other investments	4.8	5.6
Net financing charges	(33.9)	(16.9)
Exchange differences	3.9	(27.5)
	(48.2)	(59.2)
<b>Underlying profit attributable to shareholders</b>	<b>1,096.2</b>	<b>785.9</b>



## ASTRA

Astra contributed US\$913 million to JC&C's underlying profit, 39% higher than the previous year, led by stronger performances from most of its businesses, particularly its automotive, financial services, heavy equipment and mining operations. Total unrealised fair value losses of US\$52 million in respect of its GoTo and Hermina investments were reported under JC&C's non-trading items.

### Automotive

Net income increased by 33% to US\$648 million, reflecting higher sales volumes.

- The wholesale car market increased by 18% to 1.0 million units in 2022. Astra's car sales were 17% higher at 574,000 units, with its market share relatively stable at 55%.
- The wholesale market for motorcycles increased by 3% to 5.2 million units in 2022. Astra's Honda motorcycle sales were 2% higher at 4.0 million units, which led to a slight decrease in market share from 78% to 77%.
- Components business, Astra Otoparts, reported an increase in

net income from US\$43 million to US\$87 million, mainly due to higher revenues from the original equipment manufacturer and replacement market segments.

### Financial Services

Net income for the Financial Services division increased by 22% to US\$404 million, due to higher contributions from the consumer finance businesses on the back of the strong automotive performance.

- Consumer finance businesses saw a 21% increase in the amounts financed to US\$6.8 billion. The net income contribution

from the group's car-focused finance companies increased by 35% to US\$121 million, and the contribution from the motorcycle-focused financing business increased by 29% to US\$214 million, due to larger loan portfolios and lower loss rates.

- General insurance company, Asuransi Astra Buana, reported a 12% increase in net income to US\$80 million, primarily as a result of higher underwriting income and investment income.

“Astra's car sales were 17% higher at 574,000 units, with its market share relatively stable at 55%.”

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### Heavy Equipment, Mining, Construction & Energy

Net income from Heavy Equipment, Mining, Construction & Energy increased significantly from US\$427 million to US\$850 million, mainly due to improved profits from heavy equipment sales, mining contracting and coal mining, all of which benefitted from higher coal prices.

- Komatsu heavy equipment sales were 86% higher at 5,750 units, while revenue from the parts and service businesses was also higher.
- Mining contracting operations saw a 12% increase in overburden removal volume at 954 million bank cubic metres, while coal production was stable at 116 million tonnes.
- Coal mining subsidiaries reported a 10% increase in coal sales at 9.9 million tonnes, including 2.4 million tonnes of metallurgical coal.
- Agincourt Resources reported a 13% decrease in gold sales at 286,000 oz.
- General contractor, Acset Indonusa, reported a lower net loss of US\$30 million compared to US\$49 million last year. The company continued to be impacted by the slowdown of ongoing projects and reduced construction project opportunities.

### Agribusiness

Net income from Agribusiness decreased by 12% to US\$92 million, mainly due to lower crude palm oil sales and production, which offset an increase in selling prices.

### Infrastructure & Logistics

Astra's Infrastructure & Logistics division reported an increase in net profit from US\$5 million to US\$35 million, due to improved performance in its toll road businesses, which saw a 29% increase in toll road revenues. Astra has 396km of operational toll roads along the Trans-Java network and in the Jakarta Outer Ring Road.

### THACO

THACO contributed a profit of US\$83 million, 34% higher than the previous year. The profit from its automotive business continued to grow, supported by strong production levels and a temporary reduction in registration fees for locally-assembled vehicles. Its unit sales were 30% higher, with market share increasing from 22% to 23%. Margins benefitted from strong demand and an improved sales mix. The group continues to expand its investment in agriculture and, as a result, saw an increase in losses from this business as substantial pre-production costs were incurred.



### DIRECT MOTOR INTERESTS

The Group's Direct Motor Interests contributed a US\$63 million profit, 62% up compared to the previous year.

- Cycle & Carriage Singapore's contribution was 13% higher at US\$33 million, due to increased profits from its premium and used car operations. New passenger car sales volume, however, fell by 15% to 5,761 units, particularly in respect of its mass market models, which were adversely impacted by the tightened COE cycle. Nevertheless, overall market share in Singapore has increased from 15% to 19%.
- Cycle & Carriage Bintang in Malaysia contributed a profit of US\$7 million, compared to US\$1 million in the previous year, mainly due to improved sales volumes and margins backed by a larger order book, arising from a temporary reduction in government sales tax.
- In Indonesia, Tunas Ridean contributed US\$28 million, 71% higher than the previous year, with higher profits across its automotive, financial services and leasing businesses.







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## OTHER STRATEGIC INTERESTS

The Group's Other Strategic Interests contributed a US\$86 million profit, 4% down compared to the previous year.

- REE's contribution of US\$38 million was 70% higher than the previous year, mainly due to an improved performance from its renewable energy investments as a result of favourable hydrology and an increase in renewable wind capacity.
- SCCC's contribution fell by 59% to US\$12 million, as the business was adversely impacted by higher energy costs and inflationary pressure, as well as increased tax rates in Sri Lanka and the depreciation of the rupee, which offset improved cement volumes and prices in most of its markets.

- The Group's investment in Vinamilk produced a slightly lower dividend income of US\$37 million, compared to US\$39 million in the previous year. Vinamilk reported a 20% decrease in net profit, mainly due to higher raw material costs.

## CORPORATE COSTS

Corporate costs were US\$48 million, compared to US\$59 million in the previous year, improving the overall underlying profit of the Group. This was primarily due to a foreign exchange gain of US\$4 million recorded on the translation of foreign currency loans in 2022, compared to a loss of US\$28 million in the previous year. This foreign exchange impact more than offset an increase in net financing charges of US\$17 million.

## SUMMARY

The Group achieved a strong set of results in 2022. The Group expects continuing uncertainties around the global economic outlook, but we remain confident in JC&C's prospects and our abilities to achieve sustainable growth.

### Ben Birks

Group Managing Director