

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**”), including International Accounting Standards (“**IAS**”) and Interpretations as issued by the International Accounting Standards Boards (“**IASB**”), 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 2023, the Group has adopted the new or amended 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.

The Group adopted IFRS 17 Insurance Contracts when it became effective from 1st January 2023. The adoption of this new standard did not have a material effect on the financial statements, but certain restatements to the comparative financial statements have been made. The adoption of other new or amended 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 2023, the Group’s revenue increased by 3% to US\$22.2 billion, mainly due to improvement in Astra’s automotive and financial services, mainly driven by higher motorcycle sales and consumer financing. Astra’s heavy equipment and contract mining operations also saw an increase in revenue, but were partly offset by lower revenue from its coal and gold mining 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, was relatively stable at US\$45.1 billion.

	2023			2022 Restated		
	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	22,235	–	22,235	21,566	–	21,566
Operating profit	3,089	15	3,104	2,994	(284)	2,710
Net financing charges	(123)	–	(123)	(58)	–	(58)
Share of associates’ and joint ventures’ results after tax	731	2	733	688	(113)	575
Profit before tax	3,697	17	3,714	3,624	(397)	3,227
Tax	(754)	17	(737)	(769)	(2)	(771)
Profit after tax	2,943	34	2,977	2,855	(399)	2,456
Attributable to:						
Shareholders of the Company	1,160	55	1,215	1,096	(356)	740
Non-controlling interests	1,783	(21)	1,762	1,759	(43)	1,716
	2,943	34	2,977	2,855	(399)	2,456

> GROUP FINANCE DIRECTOR'S REVIEW

Underlying operating profit from the Group's parent company and subsidiaries of US\$3,089 million was 3% higher than the previous year. Astra's underlying operating profit increased by 3% to US\$2,996 million compared to the previous year, largely contributed by the automotive operations and financial services, partially offset by lower profits from its owned mining businesses. The Group's Direct Motor Interests reported a 3% increase in underlying operating profit mainly due to higher earnings by Cycle & Carriage Bintang, partly offset by lower contribution from the used car operations in Singapore following the sell-down of business interest. Dividends from Vinamilk contributed US\$36 million. Corporate costs excluding net financing charges were lower, mainly due to higher foreign exchange gains arising from the translation of foreign currency loans compared to the previous year.

Net financing charges, excluding those relating to the Group's consumer finance and leasing activities, increased to US\$123 million, mainly due to deployment of capital by

Astra's heavy equipment, mining, construction & energy operations in new nickel businesses. Higher interest rates at the Group's parent company also contributed to the increase. The Group interest cover* excluding the financial services companies decreased to 27 times (2022: 53 times), as a result of the higher net financing charges.

The Group's share of associates' and joint ventures' underlying results after tax increased by 6% to US\$731 million. Contributions from Astra's associates and joint ventures increased by 15% mainly due to improved performances by its automotive businesses. THACO reported a 57% decline in contribution, mainly due to the slowdown of Vietnam's economy, weakened consumer sentiment and greater competitive pressure. The contribution from Direct Motor Interests' joint ventures increased by 42% mainly due to higher profits in Tunas Ridean. In Other Strategic Interests, the contribution from REE was 16% lower than the previous year due to less favourable weather conditions which impacted the contribution from its renewable energy investments.

The underlying effective tax rate of the Group in 2023, excluding associates and joint ventures, was 25%.

The Group's underlying profit attributable to shareholders for the year was 6% higher at US\$1,160 million.

NON-TRADING ITEMS

In 2023, the Group had net non-trading gains of US\$55 million compared to losses of US\$356 million in 2022. The non-trading items recorded in the year mainly comprised an US\$81 million gain from the sale and leaseback of properties under Cycle & Carriage Singapore, partly offset by unrealised fair value losses of US\$20 million related to non-current investments. The non-trading items in 2022 included an impairment loss of US\$114 million in respect of the Group's investment in SCCC, and unrealised fair value losses of US\$238 million related to non-current investments.

* 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.



REE's Thac Ba Hydropower Plant

DIVIDENDS

The Board is recommending a final one-tier tax exempt dividend of US¢90 per share (2022: US¢83 per share) which together with the interim dividend, will produce total dividend for the year of US¢118 per share (2022: US¢111 per share). The final dividend will be payable on 18th June 2024, subject to approval at the Annual General Meeting to be held on 29th April 2024, to those persons registered as shareholders, on 30th May 2024. 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\$2.5 billion, although this was US\$0.4 billion lower than the previous year, mainly due to higher net financing charges and income taxes paid.

Cash outflow from investing activities before disposals

amounted to US\$3.5 billion, and mostly included the following:

- US\$78 million for the addition of intangible assets, which included mainly US\$45 million for the mining exploration costs in Astra's mining business;
- US\$1,422 million of property, plant and equipment which included mainly US\$1,208 million of heavy equipment and machinery for Astra's heavy equipment, mining, construction & energy businesses, US\$82 million of equipment and network development for its automotive businesses and US\$44 million for its agribusiness;
- US\$34 million for additions to bearer plants in Astra;
- US\$496 million for acquisitions of various subsidiaries, which included US\$319 million for United Tractors' 90% effective interest in Stargate Mineral Asia and Stargate Pasific Resources, companies which operate nickel mining and processing businesses, and US\$67 million for Astra's 100% interest in Tokobagus, a leading online used car platform in Indonesia;
- US\$820 million for acquisitions and capital injections into various associates and joint ventures, which included US\$616 million for United Tractors' 20% interest in Nickel Industries, an Australia-listed nickel mining and processing company with assets in Indonesia, US\$52 million for United Tractors' 49.6% interest in Supreme Energy Sriwijaya, which indirectly operates a geothermal project, US\$100 million for Astra's additional 14% interest in Halodoc, a digital health ecosystem platform in Indonesia, and US\$14 million to increase JC&C's interest in REE from 33.6% to 34.9%; and
- US\$645 million for investments mainly by Astra's insurance business and the Group's parent company's subscription to THACO's convertible bonds of around US\$350 million.

The contribution to the Group's cash flow from disposals for the year amounted to US\$0.4 billion, which arose mainly from the sale and leaseback of the properties in Singapore and sale of investments by Astra's insurance business.

Summarised Cash Flow

	2023 US\$m	2022 US\$m
Operating cash flow	1,965	2,355
Dividends from associates and joint ventures	506	496
Cash flow from operating activities	2,471	2,851
Capital expenditure and investments	(3,454)	(1,789)
Disposals	415	265
Cash flow from investing activities	(3,039)	(1,524)
Cash flow before financing activities	(568)	1,327

> GROUP FINANCE DIRECTOR'S REVIEW

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 101 to 106.

FUNDING

The Group's consolidated net debt position, excluding the net borrowings within Astra's financial services subsidiaries, was US\$1.1 billion at the end of 2023, compared to a net cash position of US\$900 million at the end of 2022. This increase was mainly due to the deployment of capital at Astra in a number of strategic projects as well as continued investment in the organic capital expenditure needs of its ongoing businesses, and enhanced dividends paid in 2023 at Astra. Net debt within Astra's financial services subsidiaries increased from US\$2.8 billion to US\$3.4 billion. JC&C corporate net debt was US\$1.3 billion.

At the year-end, the Group had undrawn committed facilities of some US\$3.1 billion. In addition, the Group had available liquid funds of US\$2.8 billion.

79% 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 67% of the Group's borrowings, exclusive of Astra's financial services companies, were at floating rates and the remaining 33% were at fixed rates including those hedged with derivative instruments with major creditworthy financial institutions. For Astra's financial services companies, 91% of their borrowings were at fixed rates.

SHAREHOLDERS' FUNDS

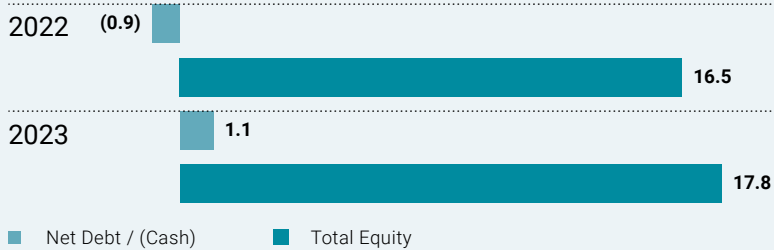
Shareholders' funds as at 31st December 2023 are analysed by business. There were no significant changes from the prior year.

RISK MANAGEMENT REVIEW

A review of the major risks facing the Group is set out on pages 47 to 50.

Amy Hsu
Group Finance Director

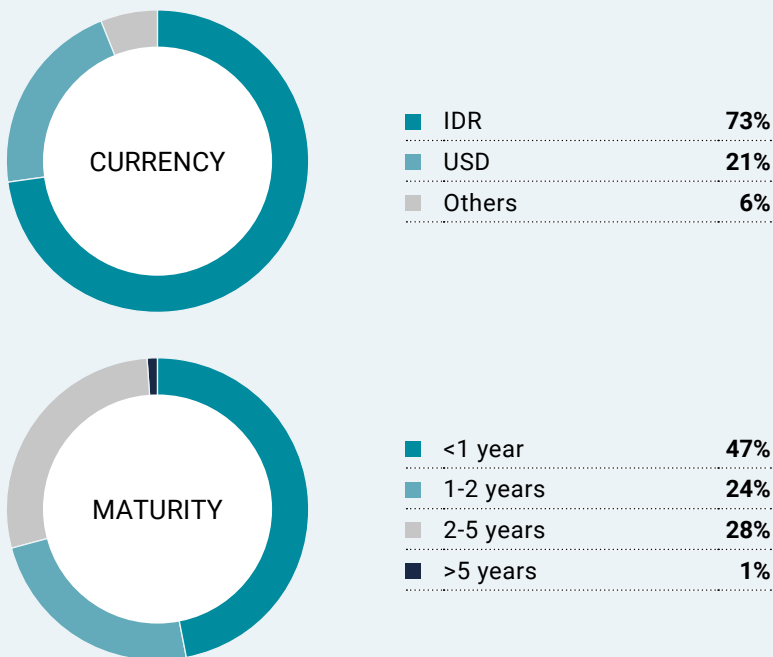
Net Debt* and Total Equity (US\$ billion)



■ Net Debt / (Cash) ■ Total Equity

* Excluding net debt of Astra's financial services companies

Debt Profile as at 31st December 2023



Shareholders' Funds as at 31st December 2023

