

> GROUP MANAGING DIRECTOR'S REVIEW

GROUP REVIEW

The Group achieved an underlying profit growth of 6% in 2023, mainly due to a strong performance in the first half of the year. Growth in the second half of the year slowed to 1% compared to the same period in the previous year, reflecting mainly the decline in commodity prices. The contributions to JC&C's underlying profit attributable to shareholders by business segment were as follows:

Underlying Profit Attributable to Shareholders by Business

	2023 US\$m	2022 US\$m
Astra		
Automotive	341.7	296.8
Financial services	258.1	202.3
Heavy equipment, mining, construction & energy	421.9	423.7
Agribusiness	27.2	49.6
Infrastructure & logistics	32.0	17.7
Information technology	3.6	2.5
Property	5.4	5.4
	1,089.9	998.0
Less: withholding tax on dividend	(70.6)	(85.1)
	1,019.3	912.9
THACO		
Automotive	30.0	97.7
Real estate	1.9	(0.3)
Agriculture	(7.6)	(25.6)
Other businesses	11.5	11.0
	35.8	82.8
Direct Motor Interests		
Singapore	25.1	32.9
Malaysia	8.6	6.9
Myanmar	(3.4)	(3.3)
Indonesia (Tunas Ridean)	39.1	28.1
Less: central overheads	(1.7)	(1.7)
	67.7	62.9
Other Strategic Interests		
REE	31.7	37.7
SCCC	16.6	11.6
Vinamilk	35.5	36.5
	83.8	85.8
Corporate costs		
Central overheads	(27.0)	(23.0)
Dividend income from other investments	5.6	4.8
Net financing charges	(47.1)	(33.9)
Exchange differences	22.0	3.9
	(46.5)	(48.2)
Underlying profit attributable to shareholders	1,160.1	1,096.2

ASTRA

Astra contributed US\$1,019 million to JC&C's underlying profit, 12% higher than the previous year, due to stronger performances from most of its businesses, particularly its automotive and financial services operations. Total unrealised fair value losses of US\$5 million in respect of its GoTo and Hermina investments were reported under JC&C's non-trading items.

Automotive

Net income increased by 18% to US\$750 million, reflecting higher sales volumes in the motorcycle and components businesses.

- The wholesale car market decreased by 4% to 1.0 million units in 2023. Astra's car sales were 2% lower at 561,000 units, while its market share rose from 55% to 56%.

- Two new hybrid electric models ("HEV") and one new battery electric model ("BEV") were launched in the year, bringing the number of BEV car models that Astra sells in Indonesia to six and the number of HEV car models to 13, under the Toyota, Lexus and BMW brands.
- The wholesale market for motorcycles increased by 19% to 6.2 million units in 2023. Astra's Honda motorcycle sales were 22% higher at 4.9 million units. The low base in the previous year was due to production constraints caused by semiconductor supply issues. Astra's market share increased from 77% to 78%.
- Astra launched a new BEV motorcycle model, the EM1 e, during the year.
- Components business, Astra Otoparts, reported a 39% increase in net income to US\$121 million, mainly due to improved operating margins and higher contributions from its associates.

Financial Services

Net income increased by 30% to US\$516 million, due to higher contributions from Astra's consumer finance businesses.

- Consumer finance businesses saw a 15% increase in new amounts financed to US\$7.7 billion. Supported by larger loan portfolios and lower loan loss provisions, the net income contribution from the group's car-focused finance companies increased by 24% to US\$150 million, and the contribution from the motorcycle-focused financing business increased by 29% to US\$269 million.
- General insurance company, Asuransi Astra Buana, reported a 14% increase in net income to US\$92 million, primarily due to higher insurance revenue.



Honda's battery-electric motorcycle, EM1 e

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Heavy Equipment, Mining, Construction & Energy

Net income was stable at US\$832 million, mainly due to improved profits from heavy equipment and mining contracting businesses, which offset lower earnings from its coal and gold mining businesses.

- Komatsu heavy equipment sales were 8% lower at 5,300 units, although revenue from the parts and service businesses was higher.
- Mining contracting operations saw a 21% increase in overburden removal volume at 1,158 million

bank cubic metres, while coal production increased by 11% to 129 million tonnes.

- Coal mining subsidiaries reported a 19% increase in coal sales at 11.8 million tonnes, but revenue declined due to lower coal prices.
- Agincourt Resources reported a 39% decrease in gold sales at 175,000 oz.

Agribusiness

Net income decreased by 39% to US\$55 million, mainly as a result of lower crude palm selling prices, partly offset by higher sales.

Infrastructure & Logistics

Astra's infrastructure & logistics division reported an 85% increase in net profit to US\$64 million, primarily due to improved performance in its toll road businesses, which saw a 7% 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's fruit cultivation business

THACO

THACO contributed a profit of US\$36 million, 57% down from the previous year. Its automotive profits were significantly lower, which reflected the slowdown of Vietnam's economy, weakened consumer sentiment and greater competitive pressure. Unit sales were 28% down, with a market share decline from 23% to 21%. Losses from its agricultural operations were, however, lower than the previous year.

DIRECT MOTOR INTERESTS

The Group's Direct Motor Interests contributed a US\$68 million profit, 8% higher than the previous year.



Rooftop solar at Cycle & Carriage Bintang Ipoh

- Cycle & Carriage Singapore's contribution was 24% down at US\$25 million, due to lower new vehicle and used car sales amidst a tight COE cycle and increased competitive pressure, partly offset by improved aftersales profitability. New passenger car sales volume fell by 3% to 5,603 units, and market share decreased from 19% to 18%.
- In Indonesia, Tunas Ridean contributed US\$39 million profit, 39% higher than the previous year, with higher profits across its automotive, financial services and leasing businesses.
- Cycle & Carriage Bintang in Malaysia contributed a profit of US\$9 million, 25% higher than the previous year, mainly due to improved margins

OTHER STRATEGIC INTERESTS

The Group's Other Strategic Interests contributed a US\$84 million profit, 2% lower than the previous year.

- SCCC's contribution increased by 43% to US\$17 million, as the prior year results included the effect of higher deferred tax liabilities due to an increase in tax rates in Sri Lanka in 2022. Excluding this one-off effect, SCCC's contribution would have been 1% lower than the prior year, as the business continued to

be adversely impacted by lower sales volume, partly offset by lower operating costs.

- REE's contribution declined by 16% to US\$32 million, due to less favourable weather conditions resulting in lower profits from its renewable energy investments.
- The Group's investment in Vinamilk produced a slightly lower dividend income of US\$36 million, compared to US\$37 million in the previous year. Vinamilk reported a 4% increase in net profit, mainly due to lower input costs, partly offset by higher selling and marketing expenses.

CORPORATE COSTS

Corporate costs totalled US\$47 million, compared to US\$48 million in the previous year. The improvement was mainly due to a US\$18 million increase in foreign exchange gains from the translation of foreign currency loans, partly offset by a US\$13 million increase in net financing charges.

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REE's Tra Vinh V1-3 Wind Power Plant

STRATEGIC DEVELOPMENTS

Astra

Astra continued to make good progress in 2023 in strategically deploying capital towards a diversification away from coal. United Tractors completed the acquisition of interests in two nickel mining and processing businesses in the period: a 19.99% interest in Nickel Industries for around US\$616 million and a 90% effective interest in Stargate Pasific Resources and Stargate Mineral Asia, for a total of US\$319 million. United Tractors also acquired a 49.6% interest in Supreme Energy Sriwijaya, which indirectly operates a geothermal project with an existing capacity of 2 X 49 MW, for US\$52 million.

As part of its digital transformation strategy, Astra has acquired Tokobagus, a company operating the leading online used car platform in Indonesia under the OLX brand. Astra has also partnered with Equinix, one of the world's largest

digital infrastructure companies, to develop data centres in Indonesia.

In pursuing its healthcare strategy, Astra invested an additional US\$100 million in Halodoc, a leading digital health ecosystem platform in Indonesia, bringing its total investment to US\$135 million and its ownership to 21.0%.

Direct Motor Interests

In Singapore, the Group completed a sale and leaseback arrangement in respect of its properties for US\$225 million. It also entered into a used car and aftersales partnership with Carro, a leading digital used car platform.

In Malaysia, Cycle & Carriage Bintang's business has transitioned to the Mercedes-Benz agency model, starting from 2024.

Other Strategic Interests

The current operating environment in Vietnam remains challenging, but management remains optimistic that the Group's partners will be able to take advantage of mid-term

growth opportunities under this difficult market. JC&C increased its support for THACO in the near term by investing around US\$350 million through a subscription for a five-year convertible bond. JC&C has also increased its interest in REE from 33.6% to 34.9% through a series of on-market purchases, for around US\$14 million.

SUMMARY

The Group achieved a good set of results in 2023, benefitting from the strength of its market-leading businesses and the performance of its overall portfolio. The Group's businesses remain focused on their strategic priorities to build a solid foundation for long-term growth.

Ben Birks

Group Managing Director