Jardine Strategic

Jardine Strategic Holdings Limited
Jardine House, Reid Street
Hamilton, Bermuda

Press Release

www.jardines.com

To: Business Editor

27th February 2018

For immediate release

PT Astra International Tbk
2017 Full Year Financial Statements

The following announcement was issued today by the Company's 75%-owned subsidiary, Jardine Cycle & Carriage Limited, which holds 50.1% of PT Astra International Tbk.

For further information, please contact:

Jardine Matheson Limited
Neil M McNamara (852) 2843 8227

Brunswick Group Limited
Karin Wong (852) 3512 5077

ASTRA international

satu Indonesia
Semangat Astra Terpadu Untuk Indonesia

PRESS RELEASE

27th February 2018
PT ASTRA INTERNATIONAL TBK
2017 FULL YEAR FINANCIAL STATEMENTS

Highlights

- Net earnings per share up 25% at Rp466
- Higher market share for motorcycles but lower for cars in challenging markets
- Return to profitability at Permata Bank
- Sustained higher commodity prices benefited heavy equipment and mining businesses, as well as agribusiness

"After a satisfactory overall result in 2017, the Group should continue to benefit from improving economic conditions and stable commodity prices, although competition seen in the car market is expected to intensify."

Prijono Sugiarto
President Director

Group Results

	For the year ended 31st December		
	2017 Rp bn	**2016 Rp bn**	**Change %**
Net revenue	206,057	181,084	14
Net income*	18,881	15,156	25
	Rp	**Rp**	
Net earnings per share	466	374	25
	As at 31st December 2017 Rp bn	**As at 31st December 2016 Rp bn**	**Change %**
Shareholders' funds**	123,645	111,951	10
	Rp	**Rp**	
Net asset value per share**	3,054	2,765	10

**   Net income is profit attributable to owners of the parent, i.e. Astra International shareholders.*
*** Shareholders' funds and net asset value per share are based on equity attributable to owners of the parent.*
The financial results for the year ended 31st December 2017 and 2016 as well as the financial position as at 31st December 2017 and 2016 have been prepared in accordance with Indonesian Financial Accounting Standards and are audited in accordance with the auditing standards established by the Indonesian Institute of Certified Public Accountants.

PRESIDENT DIRECTOR'S STATEMENT

Overview

The Group's results benefited significantly from the return to profitability at Permata Bank and higher profits from the heavy equipment and mining businesses due to sustained higher commodity prices, which also positively affected trading performances from the agribusiness activities. The contribution from the automotive businesses, however, was modestly lower due to the impact of increasing competition in the car market, which showed no overall growth. The performance of the motorcycle operations was stable against the backdrop of a relatively soft market.

Performance

The Group's consolidated net revenue for the year at Rp206.1 trillion was 14% higher than 2016, with higher revenues achieved in most business segments.

The Group's net income rose to Rp18.9 trillion, a 25% increase compared to the previous year.

The net asset value per share was Rp3,054 at 31st December 2017, 10% higher than at the end of 2016.

Net cash, excluding the Group's financial services subsidiaries, was Rp2.7 trillion at the end of 2017 compared with net cash of Rp6.2 trillion at 31st December 2016. The decrease was due mainly to new investments in toll roads, property and power plants. Correspondingly, at the Group's parent company, Astra International, net debt rose to Rp9.2 trillion compared with net debt of Rp7.1 trillion at the end of 2016. The Group's financial services subsidiaries had net debt of Rp46.1 trillion at the end of 2017, compared with Rp47.7 trillion at the end of 2016.

A final dividend of Rp130 per share (2016: Rp113 per share) will be proposed at the Annual General Meeting to be held in April 2018. The proposed final dividend together with the interim dividend of Rp55 per share (2016: Rp55 per share) will bring the total dividend for the year to Rp185 per share (2016: Rp168 per share). The proposed final dividend takes into consideration the increased debt at Astra International and its investment plans going forward.

Business Activities

Net income attributable to shareholders by business segment was as follows:

	Net Income Attributable to Astra International		
	For the year ended 31st December		
	2017 Rp bn	**2016 Rp bn**	**Change %**
Automotive	8,868	9,166	(3)
Financial Services	3,752	789	376
Heavy Equipment, Mining, Construction and Energy	4,469	3,032	47
Agribusiness	1,602	1,599	0
Infrastructure and Logistics	(231)	263	(188)
Information Technology	198	196	1
Property	223	111	101
Attributable Net Income	18,881	15,156	25

Automotive

Net income from the Group's automotive division was down by 3% at Rp8.9 trillion. Improved earnings in the components business were more than offset by a decline in the car business following lower sales and discounting pressure arising from increasing competition. Results from the motorcycle business were relatively flat.

The wholesale market for cars was little changed at 1.1 million units. Astra's car sales were 2% lower at 579,000 units, with its market share decreasing from 55% to 54%. The Group launched 11 new models and 11 revamped models during the year.

The wholesale market for motorcycles decreased by 1% at 5.9 million units. Astra Honda Motor's domestic sales were maintained at 4.4 million units, resulting in its market share improving from 74% to 75%. The Group launched eight new models and 18 revamped models during the year.

Astra Otoparts, the Group's components business, reported net income up 32% to Rp551 billion due mainly to an increase in revenues arising from higher replacement market sales and improved contributions from its joint venture and associate companies.

Financial Services

Net income from the Group's financial services division increased to Rp3.8 trillion from Rp789 billion in the prior year due to a return to profitability at Permata Bank and improved earnings contributions from Astra Sedaya Finance, Federal International Finance and Asuransi Astra Buana.

The Group's consumer finance businesses saw a 3% increase in the amount financed, including amounts financed through joint bank financing without recourse to Rp81.7 trillion.

Car-focused Astra Sedaya Finance reported a 2% increase in net income at Rp957 billion. Toyota Astra Financial Services, however, recorded a 95% decrease in net income to Rp18 billion as a result of increased loan loss provisions, mainly in the low cost car segment. Motorcycle-focused Federal International Finance's net income was up 11% at Rp2.0 trillion, as it benefited from Honda's improved market share as well as loan product diversification.

The amount financed through the Group's heavy equipment-focused finance operations increased by 25% to Rp5.9 trillion. There was, however, a significant increase in loan loss provisions relating to small and medium sized borrowers.

Permata Bank, in which Astra holds a 44.6% interest, reported net income of Rp748 billion for the year, compared with a net loss of Rp6.5 trillion in 2016. The bank's gross non-performing loan ratio improved to 4.6% at the end of 2017 compared with 8.8% at the end of 2016, while its net non-performing loan ratio improved to 1.7% from 2.2%. Permata Bank's return to profitability was mainly driven by an improvement in its asset quality, good underlying credit growth in the second half of the year and recoveries from non-performing loans. To strengthen its capital base, Permata Bank completed a further Rp3.0 trillion rights issue in June 2017, which was fully subscribed.

Net income at Asuransi Astra Buana, the Group's general insurance company, was 9% higher at Rp1.0 trillion, primarily due to increased investment income. During the year, the Group's life insurance joint venture, Astra Aviva Life, acquired more than 259,000 new individual life customers and 373,000 new participants for its corporate employee benefits programmes, bringing the respective totals of people insured at the end of December 2017 to 390,000 and 896,000.

Heavy Equipment, Mining, Construction and Energy

Net income from the Group's heavy equipment, mining, construction and energy division increased by 47% to Rp4.5 trillion.

United Tractors, which is 59.5%-owned, reported net income 48% higher at Rp7.4 trillion. The increase was mainly due to significantly stronger coal prices that led to improved performances in its construction machinery and mining contracting businesses, as well as its mining operations.

In its construction machinery business, Komatsu heavy equipment sales were up 74% at 3,788 units, while parts and service revenues were also higher. The mining contracting operations of Pamapersada Nusantara recorded a 3% increase in coal production at 113 million tonnes, while overburden removal was up 14% at 801 million bank cubic metres. United Tractors' mining subsidiaries, however, reported coal sales down 8% at 6.3 million tonnes due to lower volumes in its coal trading business.

Suprabari Mapanindo Mineral, the coking coal company in Central Kalimantan which is 80.1%-owned by United Tractors, started production at the end of 2017.

General contractor Acset Indonusa, a 50.1% subsidiary of United Tractors, reported net income up 126% at Rp154 billion. New contracts worth Rp8.4 trillion were secured during 2017, compared with Rp3.8 trillion secured in the previous year.

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Bhumi Jati Power, 25%-owned by United Tractors, is in the process of constructing two 1,000MW power plants in Central Java, which are scheduled to start commercial operations in 2021.

Agribusiness

Net income from the Group's agribusiness division was flat at Rp1.6 trillion.

Astra Agro Lestari, which is 79.7%-owned, reported net income of Rp2.0 trillion. Despite improved revenue from higher crude palm oil prices and sales volumes, the result was little changed from 2016, which had benefited from significant foreign exchange translation gains. Excluding the impact of foreign exchange in both years, net income would have been 8% higher. Average crude palm oil prices achieved were 6% higher at Rp8,271/kg, while sales of crude palm oil and its derivatives were 12% higher at 1.7 million tonnes compared with 2016.

Infrastructure and Logistics

The Group's infrastructure and logistics division reported a net loss of Rp231 billion, compared with a net profit Rp263 billion in 2016. This was due mainly to initial losses on the newly opened Cikopo-Palimanan toll road, in which the Group acquired a 45% interest earlier in the year, and the loss on the disposal of the Group's 49% interest in PAM Lyonnaise Jaya, a water concession with five years left to run.

The Group's portfolio of toll road interests expanded during the year from 236km to 353km, of which 269km is operational. At the mature 72.5km Tangerang-Merak toll road, operated by 79.3%-owned Marga Mandalasakti, traffic volumes increased by 4% to 50 million vehicles. The wholly-owned 40.5km Jombang-Mojokerto toll road is now fully constructed with the final two sections completed in the fourth quarter of the year. At the 116.8km Cikopo-Palimanan toll road, traffic volumes increased by 13% to 17 million vehicles, while at the 40% owned 72.6km Semarang-Solo toll road, 40.1km is now in operation with traffic volumes increased by 3% to 12 million vehicles.

Serasi Autoraya's net income increased by 101% to Rp201 billion, due to higher net margins in its car leasing and rental, as well as logistics businesses, despite a 2% decline in its vehicles under contract and 18% lower used car sales.

Information Technology

Net income from the Group's information technology division was 1% higher at Rp198 billion.

Astra Graphia, which is 76.9%-owned, reported net income modestly higher at Rp257 billion, mainly due to increased revenues from its office services business.

Property

Net income from the Group's property division was up 101% at Rp223 billion, primarily due to higher development earnings recognised on its Anandamaya Residences project. Anandamaya Residences and Menara Astra are scheduled for completion in 2018.

50%-owned Astra Land Indonesia, which owns 67% of Astra Modern Land, is in the process of developing a 67-hectare site in East Jakarta.

Recent Corporate Action

In February 2018, the Group invested US$150 million for a minority stake in GO-JEK, Indonesia's leading multi-platform technology group, providing access to a wide range of services from transportation and payments to food delivery, logistics and other on-demand services. It is hoped that the investment will create value and accelerate digital initiatives within the Group's businesses.

Prospects

After a satisfactory overall result in 2017, the Group should continue to benefit in 2018 from improving economic conditions and stable commodity prices, although competition seen in the car market is expected to intensify.

Prijono Sugiarto
President Director
27th February 2018

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For further information, please contact:
PT Astra International Tbk
Pongki Pamungkas, Chief of Corporate Communication, Social Responsibility & Security
Tel: + 62 – 21 – 6530 4956