



Jardine Strategic

Jardine Strategic Holdings Limited
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Press Release

www.jardines.com

To: Business Editor

26th July 2018

For immediate release

PT Astra International Tbk 2018 First Half 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.

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26th July 2018
PT ASTRA INTERNATIONAL TBK
2018 FIRST HALF FINANCIAL STATEMENTS

Highlights

- Net earnings per share up 11% at Rp257
- Strong motorcycle market share maintained, while car market share declined
- Higher coal prices benefited heavy equipment, mining contracting and mining volumes
- Lower crude palm oil prices adversely impacted agribusiness

“The Group’s performance for the rest of the year is expected to be satisfactory, supported by ongoing growth in the Indonesian economy and stable coal prices, although there are concerns over competitive pressures in the car market and weak crude palm oil prices.”

Prijono Sugiarto
 President Director

Group Results

	6 months ended 30th June		
	2018 Rp bn	2017* Rp bn	Change %
Net revenue	112,554	98,031	15
Net income	10,384	9,340	11
	Rp	Rp	
Net earnings per share	257	231	11
	As at 30th June 2018 Rp bn	As at 31st December 2017* Rp bn	Change %
Shareholders' funds	127,721	123,780	3
	Rp	Rp	
Net asset value per share	3,155	3,058	3

* Restated due to implementation of PSAK No. 69: Agriculture

The financial results for the six months ended 30th June 2018 and 2017 as well as the financial position as at 30th June 2018 have been prepared in accordance with Indonesian Financial Accounting Standards and are unaudited. The financial position as at 31st December 2017 has been prepared in accordance with Indonesian Financial Accounting Standards and audited in accordance with the auditing standards established by the Indonesian Institute of Certified Public Accountants.

PRESIDENT DIRECTOR'S STATEMENT

Overview

The Group's net earnings were higher during the first half, particularly due to increased contribution from its heavy equipment and mining businesses and an improved contribution from its financial services division, which more than offset lower contribution from its agribusiness and infrastructure operations.

Performance

The Group's consolidated net revenue for the period increased by 15% to Rp112.6 trillion, with higher revenues achieved mainly in its heavy equipment and mining businesses.

The Group's net income was Rp10.4 trillion, 11% higher compared with the similar period last year.

The net asset value per share was Rp3,155 at 30th June 2018, 3% higher than at the prior year end.

Net debt excluding the Group's financial services subsidiaries was Rp6.6 trillion compared with net cash of Rp2.7 trillion at 31st December 2017, due mainly to the Group's toll road and GO-JEK investments and capital expenditure in its mining contracting business. The Group's financial services subsidiaries had net debt of Rp47.9 trillion, compared with Rp46.1 trillion at the end of 2017.

Business Activities

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

	Net Income Attributable to Astra International		
	6 months ended 30th June		
	2018 Rp bn	2017* Rp bn	Change %
Automotive	4,215	4,200	0
Financial Services	2,142	2,035	5
Heavy Equipment, Mining, Construction and Energy	3,282	2,057	60
Agribusiness	625	815	(23)
Infrastructure and Logistics	4	110	(96)
Information Technology	68	55	24
Property	48	68	(29)
Attributable Net Income	10,384	9,340	11

* Restated due to implementation of PSAK No. 69: Agriculture

Automotive

Net income from the Group's automotive division was flat at Rp4.2 trillion. Increased earnings in the motorcycle operations and automotive components business were more than offset by lower earnings in the car operations.

The wholesale market for cars was 4% higher in the period at 554,000 units. Astra's car sales, however, were 10% lower at 268,000 units as a result of increased competition, which resulted in a decline in market share from 56% to 48%. The Group launched 12 new models and 4 revamped models during the period.

The wholesale market for motorcycles increased by 11% to 3 million units. Astra Honda Motor's domestic sales increased by 11% to 2.2 million units, with its market share maintained at 74%. The Group launched 4 new models and 11 revamped models during the period.

Astra Otoparts, the Group's automotive components business, reported net income 4% higher at Rp206 billion, mainly due to increased revenues from its original equipment manufacturing and replacement market sales.

Financial Services

Net income from the Group's financial services division increased by 5% to Rp2.1 trillion, with an improved contribution from its consumer finance businesses.

During first half of 2018, the Group's consumer finance businesses saw a 6% decrease in the amount financed to Rp39.7 trillion, mainly due to a reduction in amount financed in the low cost car segment. Net income contribution from the Group's car-focused finance companies increased by 2% to Rp512 billion, as a result of lower provisioning. Net income contribution from motorcycle-focused Federal International Finance was 20% higher at Rp1.1 trillion, due to a larger loan portfolio.

The amount financed through the Group's heavy equipment-focused finance operations decreased by 30% to Rp2.2 trillion, mainly due to reduced lending to small and medium-sized companies.

Permata Bank, in which Astra holds a 44.6% interest, reported net income of Rp275 billion compared to Rp621 billion in the equivalent period last year, a decrease of 56%. Permata Bank's results in the first half of 2017 benefited from a one-off gain on the sale of non-performing loans. The bank's gross and net non-performing loan ratios at 30th of June 2018 were 4.3% and 1.5%, respectively.

In May 2018, Permata Bank divested its 25% shareholding in Astra Sedaya Finance to the Group for Rp2.8 trillion, in order to strengthen the bank's capital position and maximize its capital allocation for lending.

Asuransi Astra Buana, the Group's general insurance company, reported net income 2% lower at Rp495 billion, due to lower investment income. During the period, the Group's life insurance joint venture, Astra Aviva Life, acquired more than 138,000 new individual life customers and 507,000 new participants for its corporate employee benefits programmes.

Heavy Equipment, Mining, Construction and Energy

Net income from the Group's heavy equipment, mining, construction and energy division increased by 60% to Rp3.3 trillion.

United Tractors, which is 59.5%-owned, reported net income which was 60% higher at Rp5.5 trillion, mainly due to improved performances in its construction machinery, mining contracting and mining operations, as a result of increased coal prices.

Within United Tractors' construction machinery business, Komatsu heavy equipment sales were up 37% at 2,400 units, while parts and service revenues were also higher. The mining contracting operations of wholly-owned Pamapersada Nusantara recorded 8% higher coal production at 56 million tonnes and 23% higher overburden removal volume at 445 million bank cubic metres. United Tractors' mining subsidiaries reported 22% higher coal sales at 4.4 million tonnes.

During the first half of 2018, Suprabari Mapanindo Mineral, United Tractors' 80.1%-owned coking coal company which became operational in late 2017, achieved coal sales of 342,000 tonnes.

General contractor Acset Indonusa, 50.1% subsidiary of United Tractors, reported a 14% higher net income at Rp73 billion, due to higher revenue arising from an increased project pipeline. Rp300 billion of new construction projects were secured during the period.

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 down 23% at Rp625 billion.

Astra Agro Lestari, which is 79.7%-owned, reported a 23% decline in net income at Rp784 billion. This decline was primarily due to a fall in crude palm oil prices which were 8% lower at Rp7,893/kg compared to the first half of 2017. This more than offset a 19% improvement in crude palm oil and derivatives sales at 992,000 tonnes.

Infrastructure and Logistics

The Group's infrastructure and logistics division reported a net income of Rp4 billion, compared with a net profit Rp110 billion in the first half of 2017. Initial losses from the Cikopo-Palimanan toll road acquired in the first half of 2017 and newly operational

Semarang-Solo toll road more than offset improved earnings from the Tangerang-Merak toll road and Serasi Autoraya.

The Group's portfolio of toll road interests totals 353km, of which 269km is operational. Toll revenue from the mature 72.5km Tangerang-Merak toll road, operated by 79.3%-owned Marga Mandalasakti, increased by 12% to Rp516 billion, while the wholly-owned 40.5km Jombang-Mojokerto toll road, of which 39.6km became fully operational in September 2017, recorded Rp97 billion of toll revenue during the first half of 2018. Toll revenue from the 45%-owned 116.8km Cikopo-Palimanan toll road increased by 13% to Rp686 billion. The 40%-owned 72.6km Semarang-Solo toll road recorded toll revenue of Rp117 billion, a 46% rise from the comparable period last year, with 40.1km now in operation, following the opening of the third section in September 2017.

The Group also has a 40% stake in the 11.2km Kunciran-Serpong toll road and a 25% stake in the 39.8km Serpong-Balaraja toll road, both of which are under development.

Serasi Autoraya's net income increased by 39% to Rp111 billion, primarily due to improved operating margins in its car leasing and rental businesses. Its vehicles under contract rose 4% to 24,000 units.

Information Technology

Net income from the Group's information technology division was 24% higher at Rp68 billion.

Astra Graphia, which is 76.9%-owned, reported a 24% higher net income at Rp88 billion due to increased revenue across its document and information technology solutions and office service businesses.

Property

The Group's property division reported a net profit of Rp48 billion in the first half of 2018 compared to net income of Rp68 billion in the prior year. This decline was due to lower development earnings recognised from its Anandamaya Residences project reflecting lower percentage completion in its final stages of construction.

In April 2018, 50%-owned Astra Land Indonesia purchased a 3-hectare site in Jakarta's Central Business District, for residential and commercial development. Together with the Group's other property development projects, Arumaya in South Jakarta and Asya in East Jakarta, the Group's land for property development now totals 70 hectares.

Prospects

The Group's performance for the rest of the year is expected to be satisfactory, supported by ongoing growth in the Indonesian economy and stable coal prices, although there are concerns over competitive pressures in the car market and weak crude palm oil prices.

Prijono Sugiarto
President Director
26th July 2018

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