HONG LEONG ASIA LTD

Press Release

Hong Leong Asia Posts Attributable Net Profit of S$54.5 million for FY2022

Singapore, February 24, 2023 – Hong Leong Asia ("HLA" or the **"Group"**), a diversified Asian multinational with core businesses in building materials and transportation, today announced its financial results for the full year ended 31 December 2022 ("FY2022").

- Group revenue declined 21.3% YoY to S$3.9 billion in FY2022. The decline in Group revenue was mainly due to a decline at the Group's diesel engines unit ("Yuchai") but partially offset by revenue growth from the building materials unit ("BMU") in Singapore and Malaysia ("Tasek").

- Attributable net profit to shareholders declined 9.3% YoY to S$54.5 million for FY2022.

- First and final dividend of S$0.02 per share, subject to shareholders' approval.

- Improved economic activities in China should gradually lead to greater growth opportunities for Yuchai. Order books at BMU's Precast and Ready-Mix Concrete segments continue to be strong while Tasek expects demand to pick up as Malaysia's economy recovers.

FY2022 FINANCIAL SUMMARY

	Year ended 31 December 2022	Year ended 31 December 2021	+/-
	S$'000	S$'000	%
Revenue	3,881,141	4,932,589	(21.3%)
Profit before Income Tax from Continuing Operations	123,652	132,495	(6.7%)
Profit from Continuing Operations, Net of Tax	102,917	118,743	(13.3%)
Total Attributable Net Profit	54,538	60,121	(9.3%)
Earnings Per Share (cents)	7.29	8.04	(9.3%)
Dividends Per Share (cents)	2.00	2.00	-

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The Group’s profitability was impacted by lower volume of engine sales in China as well as higher input costs across the BMU in Singapore and Malaysia.

Revenue of Yuchai declined 26.3% YoY to S$3.3 billion, with reportable segment profit after tax of S$67.0 million, representing a decline of 21.8% YoY. Lower sales volume negated improved gross margins and reduced expenses. The total number of engines sold by Yuchai in FY2022 decreased 29.7% to 321,256 units compared with 456,791 units in FY2021, with the rate of decline in engines sold moderating in the second half of 2022. COVID-19 restrictions impacted market conditions in China, which led to weakness in the truck and bus commercial vehicle markets as well as for marine and power generation engines.

The BMU revenue increased 24.3% YoY to S$585.4 million, with reportable segment profit after tax of S$45.6 million, representing a growth of 61.9% YoY as construction activities in Singapore recovered and drove demand for concrete and precast products as well as profit contributions from an associate, BRC Asia Limited (20% equity stake). While the operating environment for Tasek had improved, operations remained challenging with weak concrete volumes as well as higher input costs and tight credit conditions.

Market Outlook

Improved economic activities in China should gradually lead to greater growth opportunities for Yuchai’s portfolio of National VI and Tier 4 compliant powertrains and engines. Yuchai’s R&D programmes continue to improve on its engines and through its new energy solutions subsidiary, Yuchai Xin-Lan New Energy Power Technology Co., Ltd., invest in developing New Energy solutions in hydrogen fuel cells, hybrid powertrains as well as hydrogen engines.

In Singapore, BMU’s order books in the Precast and Ready-Mix Concrete (“RMC”) segments continue to see strong demand in both private and public housing. Amidst this improved situation, the industry continues to digest challenges including escalating labour and energy costs and heightened worksite safety measures which have in some instances slowed-down site progress. New investments to improve productivity such as the Group’s Integrated Construction and Prefabrication Hub (“ICPH”) manufacturing facility which was completed in December 2022 and the upcoming RMC Ecosystem batching plant operations at Jurong Port position the Group for future growth.

In Malaysia, Tasek, with its integrated cement plant and RMC products, expects demand to pick up as Malaysia’s economy recovers. However, conditions remain challenging given higher input, electricity and energy costs, coupled with still tight credit conditions in the construction sector.

Overall, the Group is focused on strengthening its capabilities to execute new growth strategies, improving supply chain resilience and strengthening market position. It is also working closely with partners to develop solutions and increase innovation efforts with customers to address climate change issues. With a conservative balance sheet and net cash position, the Group is cautiously optimistic that its businesses will perform satisfactorily in 2023.

The Group will continue to improve operational resilience, remain a reliable partner to customers and be responsible to all stakeholders.

About Hong Leong Asia:

Hong Leong Asia Ltd. ("HLA") has been listed on the Singapore Exchange since 1998 and is part of Hong Leong Group, a Singapore-based conglomerate. We are a diversified Asian multinational with core businesses in building materials and transportation. We work closely with customers to develop and deliver innovative and sustainable solutions for cities of the future.

For more information, please visit https://www.hlasia.com.sg or follow us on [LinkedIn].

About Hong Leong Group:

Headquartered in Singapore, the Hong Leong Group is a globally-diversified company with gross assets of over S$40 billion, including public companies listed in seven stock exchanges around the world. The Group employs over 40,000 people globally with core businesses comprising property development, hotels, financial services and trade & industry.

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