



HONG LEONG ASIA LTD

1H 2023 RESULTS PRESENTATION

11 AUGUST 2023 | MR. STEPHEN HO, CEO

1H 2023 FINANCIALS

	1H 2023	1H 2022	Change (%)
Revenue (S\$'000)	2,075,085	2,096,577	(1.0%)
Net Profit (S\$'000)	64,121	64,036	0.1%
Net Profit Excluding Discontinued Operation (S\$'000)	64,254	64,151	0.2%
PATMI (S\$'000) ¹	30,794	42,579	(27.7%)
Earnings Per Share (Cent)	4.12	5.69	(27.6%)
Net Cash Flow Generated from Operating Activities (S\$'000)	75,241	109,323	(31.2%)
	30 Jun 2023	31 Dec 2022	Change (%)
Net Debt ² / Equity Ratio	(0.17)	(0.16)	6.3%
Net Debt ³ / Equity Ratio	2.22	1.81	22.7%

¹ PATMI of the Company was \$30.8 million in 1H 2023 as compared to \$42.6 million in 1H 2022. Adjusting for the \$10.6 million one-off gain on disposal of assets held-for-sale in 1H 2022, profit attributable to the owners for 1H 2023 would have declined 3.7% YoY

² Net Debt is defined as Loans and Borrowings, less Cash and Deposits. The Group is in a Net Cash position of S\$147M (31 Dec 2022: S\$143M)

³ Net Debt is defined as Trade and Other Payables, Other Non-Current Liabilities and Loans and Borrowings, less Cash and Deposits and does not include Trade and Other Receivables. Including Trade and Other Receivables, the Group is in a Net Cash Position of S\$62M (31 Dec 2022: Net Cash Position of S\$33M)

KEY SEGMENT RESULTS

	Unless specified, figures are in S\$'000	1H 2023	1H 2022	Change (%)
Powertrain Solutions	Volume (Units)	165,793	180,911	(8.4%)
	Revenue	1,755,713	1,798,222	(2.4%)
	Profit After Tax	48,070	29,944	60.5%
Building Materials	Revenue	306,270	282,015	8.6%
	Profit After Tax	31,032	28,656	8.3%
Rigid Packaging	Revenue	10,431	13,180	(20.9%)
	(Loss)/Profit After Tax	(1,198)	9,854 ¹	(112.2%)
Corporate and Others	Revenue	2,671	3,160	(15.5%)
	Loss After Tax	(13,650)	(4,303)	217.2%

Note 1: Profit after tax for 1H 2022 included gain on disposal of assets held-for-sale of S\$10.6 million.

KEY HIGHLIGHTS OF CASH FLOW

	1H 2023 (S\$'000)	1H 2022 (S\$'000)
Operating Cash Flow before Working Capital Changes	190,279	182,309
Net Cash Flow Generated from Operating Activities	75,241	109,323
(Less)/Add:		
Capital Expenditure (PPE and Intangible Assets)	(40,911)	(72,745)
Net Cash Inflow from Disposal of Associate, PPE, Right-of-Use Assets, Assets Held-For-Sale and Other Investments	4,411	15,159
Contribution by Non-Controlling Interests	3,835	872
Additional Investment in Associates and Joint Ventures	(1,246)	(674)
Dividends Received from Associate, Joint Ventures and Other investments	6,639	4,931
Dividends Paid to Shareholders of the Company	(14,960)	(14,958)
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	(22,598)
Net Increase/(Decrease) from Borrowings	140,278	(48,934)
Net (Placement)/Release of Deposits with Banks	(53,774)	13,246
Interest Paid, Net	(4,731)	(3,271)
Repayment of Obligations under Lease Liabilities	(6,740)	(5,372)
Net Cash Flow	108,042	(25,021)
Free Cash Flow	34,330	36,578

KEY BUSINESS UPDATES

Business Segment

Business Updates

Powertrain Solutions

- 165,793 engine units sold in 1H 2023, a decrease of 8.4% YoY.
- Lower sales units for truck and agriculture, partially offset by higher sales units in bus, industrial, marine and power generation applications.
- Margins improved from better sales mix and costs reduction efforts.
- Positive contribution from share of results of associates/JVs.
- Continued Research and Development push to develop New Energy powertrains such as e-CVT power-split hybrids, integrated electric drive axles, hydrogen fuel cell systems and hydrogen engines.

Some Key Developments:

- ❖ Xin-Lan New Energy establishes Wuxi, Jiangsu unit for fuel cell research and development (Mar 2023).
- ❖ Guangxi Xing Yun Cloud Technology developed data analytics system for smart and connected solutions for vehicles and machineries (Apr 2023).
- ❖ Xin-Lan New Energy launched fuel saving hybrid powertrain systems for 12 cubic-metre cement mixer trucks for SANY (Jul 2023).

KEY BUSINESS UPDATES

Business Segment

Business Updates

Building Materials

- The Built industry is embracing an increase in safety regulations.
- Challenges faced include shortage of dormitories and higher costs in labour and energy.
- Construction tenders expected to increase in 2H 2023 and into 2024.
- Order books in Precast and Ready Mix Concrete segments remain strong.
- In Malaysia, Tasek is recovering with better volumes and pricing.
- Digitalisation of business processes and automation continues to drive productivity.

Some Key Developments:

- ❖ The Group and Sunway Construction opened Singapore's largest Integrated Construction and Prefabrication Hub, boosts local capacity for precast manufacturing (Jul 2023).
- ❖ The Group's RMC Ecosystem Batching Plant will commence operations at Jurong Port later in 2023. Ready-Mix Concrete unit to further optimise supply chain efficiencies and enabling a greener operational footprint.

SUSTAINABILITY

At HLA, our vision is to develop and deliver sustainable and innovative urban solutions for cities of the future.

In pursuit of this vision, we are committed to integrating sustainability into our business strategy. Empowering our people and driving innovation in low carbon and circular solutions for the built environment and transport sectors are crucial focus areas of our strategy.

Achieving our vision will not be easy. It will require investment, concerted effort and time, but it is an imperative for HLA given the global and local sustainability contexts facing our businesses.

We are committed to achieving the following focus Sustainable Development Goals throughout our operations and in our strategy:



DRIVING INNOVATION FOR A LOW-CARBON AND CIRCULAR ECONOMY

EMPOWERING OUR PEOPLE AND COMMUNITIES

BUILDING RESILIENCE FOR THE LONG-TERM

KEY 1H 2023 UPDATES

- *HLA* – Named a Climate Leader on Nikkei-FT Statista Asia Pacific Climate Leaders 2023 List amongst 275 public-listed companies for transparency in reporting and greatest reduction in carbon emission intensity (Scope 1 & 2) from 2016 to 2021.
- *BMU, Singapore* – Officially launched Integrated Construction and Prefabrication Hub manufacturing facility at Pulau Punggol Barat
- *HLA* – Refreshed performance management framework, training needs analysis and competency framework
- *BMU, Singapore* – Held Stakeholder Engagement workshops
- *BMU, Singapore* – Rebranding launch of Precast segment, newly named R3 Precast to drive sustainability and innovation goals
- *HLA* – Launched HLA Supplier Code of Conduct with ESG criteria and HLA Occupational Health & Safety policy
- *BMU, Singapore* - Achieved ISO45001 Certifications across 100% of sites


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