



HONG LEONG ASIA LTD.

FY 2023 RESULTS PRESENTATION

28 FEBRUARY 2024 | MR. STEPHEN HO, CEO

2023 FINANCIALS

	2H 2023	2H 2022	Change (%)	FY 2023	FY 2022	Change (%)
Revenue (S\$'000)	2,006,369	1,784,564	12.4%	4,081,454	3,881,141	5.2%
Net Profit (S\$'000)	55,802	38,556	44.7%	119,923	102,592	16.9%
Net Profit Excluding Discontinued Operation (S\$'000)	55,836	38,766	44.0%	120,090	102,917	16.7%
Net Profit Attributable to Shareholders (S\$'000)	34,085	11,959	185.0%	64,879	54,538	19.0%
Earnings Per Share (Cent)	4.56	1.60	185.0%	8.67	7.29	18.9%
Dividends Per Share (Cent)				2.00	2.00	-
Net Cash Flow Generated from Operating Activities (S\$'000)				362,039	37,649	861.6 %
				31 Dec 2023	31 Dec 2022	Change (%)
Net Debt ¹ / Equity Ratio				(0.39)	(0.16)	143.8%
Net Debt ² / Equity Ratio				1.75	1.81	(3.3%)

¹ Net Debt is defined as Loans and Borrowings, less Cash and Deposits. The Group is in a Net Cash position of S\$346M (31 Dec 2022: S\$143M)

² Net Debt is defined as Trade and Other 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\$252M (31 Dec 2022: Net Cash Position of S\$33M)

KEY SEGMENT RESULTS

	Unless specified, figures are in S\$'000	2H 2023	2H 2022	Change (%)	FY 2023	FY 2022	Change (%)
Powertrain Solutions	Volume (Units)	147,700	140,345	5.2%	313,493	321,256	(2.4%)
	Revenue	1,647,825	1,465,050	12.5%	3,403,538	3,263,272	4.3%
	Profit After Tax	28,384	37,047	(23.4%)	76,454	66,991	14.1%
Building Materials	Revenue	344,326	303,402	13.5%	650,596	585,417	11.1%
	Profit After Tax	45,244	16,970	166.6%	76,276	45,626	67.2%
Rigid Packaging	Revenue	11,020	12,567	(12.3%)	21,451	25,747	(16.7%)
	(Loss)/Profit After Tax	(983)	(1,626)	(39.5%)	(2,181)	8,228 ¹	N.M
Corporate and Others	Revenue	3,198	3,545	(9.8%)	5,869	6,705	(12.5%)
	Loss After Tax	(16,809)	(13,625)	23.4%	(30,459)	(17,928)	69.9%

Note 1: Profit after tax for FY 2022 included gain on disposal of assets held-for-sale of S\$10.5 million.

KEY HIGHLIGHTS OF CASH FLOW

	FY 2023 (S\$'000)	FY 2022 (S\$'000)
Operating Cash Flow before Working Capital Changes	380,177	343,032
Net Cash Flow Generated from Operating Activities	362,039	37,649
(Less)/Add:		
Capital Expenditure (PPE and Intangible Assets)	(100,471)	(149,980)
Net Cash Inflow from Disposal/Liquidation of Subsidiaries, Associate, PPE, Right-of-Use Assets, Assets classified as held-for-sale and Other Investments	4,904	15,353
Contribution by Non-Controlling Interests	3,779	10,913
Additional Investment in Associates and Joint Ventures	(1,228)	(1,072)
Dividends Received from Associates, Joint Ventures and Other investments	10,010	8,729
Dividends Paid to Shareholders of the Company	(14,960)	(14,958)
Dividends Paid to Non-Controlling Interests of Subsidiaries	(15,125)	(33,419)
Net Proceeds from Shares Issue	-	39
Net Increase from Borrowings	31,140	19,065
Net (Placement)/Release of Deposits with Banks	(18,243)	29,386
Interest Paid, Net	(8,726)	(4,075)
Repayment of Obligations under Lease Liabilities	(12,867)	(12,905)
Net Cash Flow	240,252	(95,275)
Free Cash Flow	261,568	(112,331)



KEY BUSINESS UPDATES

Business Segment

Business Updates

Powertrain Solutions

- 313,493 engine units sold in FY 2023, a decrease of 2.4% YoY. Volume growth recovered 2H 2023, with 147,700 engine units sold, an increase of 5.2% YoY.
- Higher gross margins on improved cost reduction efforts, improved sales mix towards marine and power generation markets plus better performance from joint ventures boosted net profit.
- R&D initiatives to develop New Energy powertrains such as hybrids, integrated electric drive axles, hydrogen fuel cell systems and hydrogen powered engines.

Some Key Developments:

- ❖ Tsinghua University R&D partnership to develop high performance fuel cell stacks and systems, with production base in Wuxi High Tech Zone.
- ❖ SANY Group's 12 cubic metre concrete mixer trucks – Significant fuel savings using Yuchai's S06-100kW P1 parallel hybrid powertrain system.
- ❖ Liugong Tractors - a 350-Horsepower Electric Hybrid CVT Powertrain. (large-size hybrid tractor)
- ❖ Xing Yun Cloud Technology Co to develop proprietary operating systems to enable data analytics for smart and connected solutions for both on-road and off-road vehicles and machineries.



KEY BUSINESS UPDATES

Business Segment

Business Updates

Building Materials

- Demand for concrete and related products in Singapore and Malaysia remained strong. Malaysia's improved buildings materials environment saw both higher volumes and improved prices which allowed Tasek to return to a higher profitability compared to pre Covid period.
- BMU's order books in the Precast and RMC segments in Singapore continue to benefit from public and private sector project launches.
- In Malaysia, Tasek (integrated cement plant and RMC) expects demand to continue to be strong given increased development expenditure as per Malaysia's 2024 budget. Tasek will continue to expand its footprint and work to increase use of alternative fuels and alternative raw materials.
- Digitalisation of business processes and automation to help improve efficiency levels.

Some Key Developments:

- ❖ Group's Integrated Construction and Prefabrication Hub manufacturing facility in Punggol and RMC Ecosystem Batching Plant at Jurong Port have both begun commercial production. Higher scale, investments in automation will help position us as leading players in Singapore.
- ❖ Productivity in RMC delivery being improved with greater use of 12 cubic metre trucks.

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 2023 INITIATIVES

- *CYI/GYMCL* – Established 2nd research and development base in Wuxi High Tech Zone, collaborating with Tsinghua University to develop high performance fuel cell stacks and systems.
- *CYI/GYMCL* – Eliminated coal in the blast furnace operations for engine casting of the Yulin plant.
- *CYI/GYMCL* – Established subsidiary, Guangxi Foundry Company Ltd. to tap on GYMCL's engine casting capabilities to produce wind turbine shafts for the Chinese market.
- *BMU, Malaysia* – Surpassed alternative raw materials usage target in the calcination process two years ahead of time by over 25%.
- *HLA* – Completed first Scope 3 emissions data collection exercise.
- *HLA* – Launched the BeyondHLA Impact Programme to drive positive environmental and social impact initiatives and innovative solutions.
- *HLA* – Established a Board Sustainability Committee
- *HLA* – Launched Supplier Code of Conduct policy reflecting ESG criteria and screened 106 high value suppliers.
- *HLA* – Launched Occupational, Health and Safety policy.
- *BMU, Singapore* – All operating sites in Singapore are fully certified to ISO45001.


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