

HONG LEONG ASIA LTD

AGM Presentation

25 April 2014

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Chief Financial Officer



MACROECONOMIC ENVIRONMENT IN PERSPECTIVE



Macroeconomic Factors

2013

- ◆ **Global economic grew 3% in 2013 with US growth at 1.9% and Euro Zone at -0.4%**
- ◆ **China GDP maintained at 7.7%**
- ◆ **Singapore GDP grew 4.1%**

2014

- ◆ **2014 Global economic is projected to grow 3.7% with US growth at 2.8% and Euro Zone at 1.0%**
- ◆ **China GDP slowed to 7.5%**
- ◆ **Singapore GDP slow to 3.8%**

Macroeconomic Factors

◆ Impact on HLA

- ◆ Diesel engines is likely to grow moderately.
- ◆ White Goods Industry continues to be highly competitive with over capacity and low consumers demand.
- ◆ Construction in both Singapore and Malaysia remained to be supported by infrastructure and government sector projects.
- ◆ Air-conditioning industry is huge in China but very competitive.

Macroeconomic Factors

💧 Challenges

- 💧 **Highly competitive industries (White Goods, Industry Packaging and Air-conditioning).**
- 💧 **Slow down in the China economy – affecting consumer demand.**
- 💧 **Cost escalation – minimum wages continue to increase, affecting operating costs.**

💧 Opportunities

- 💧 **Yuchai and BMU to continue to perform well.**

GROUP FINANCIAL HIGHLIGHTS

Frestec 新飞



AAT



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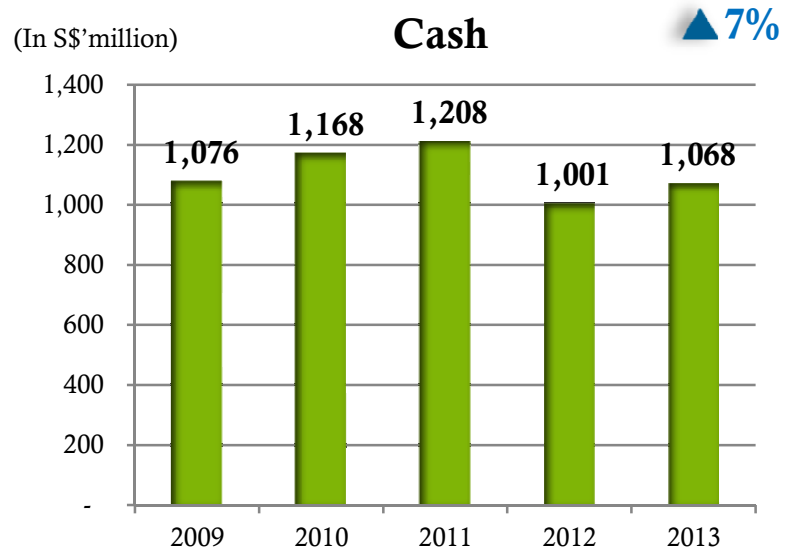
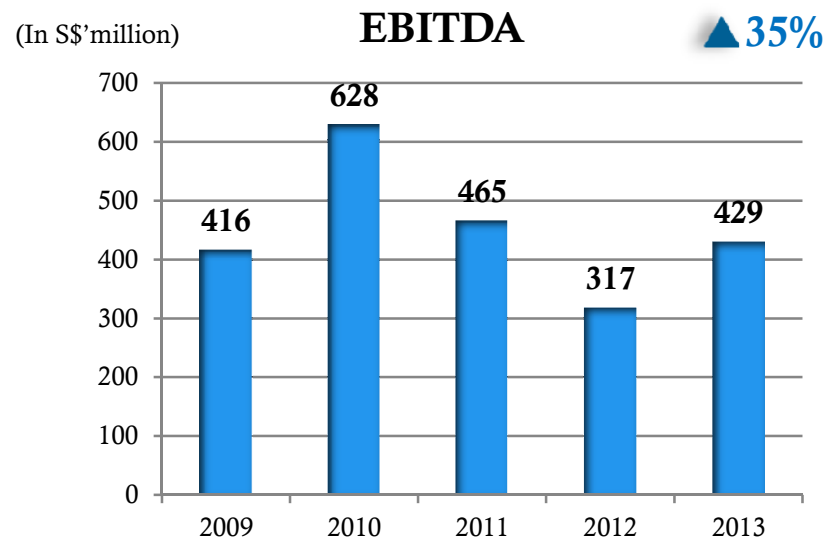
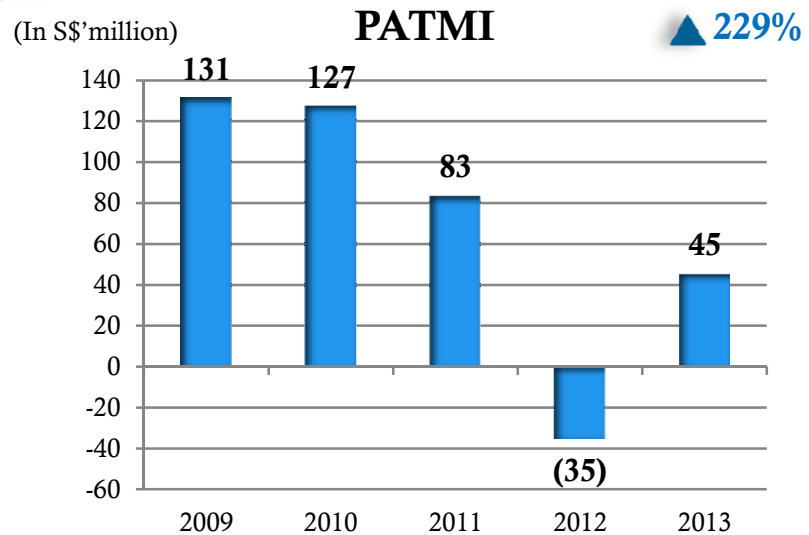
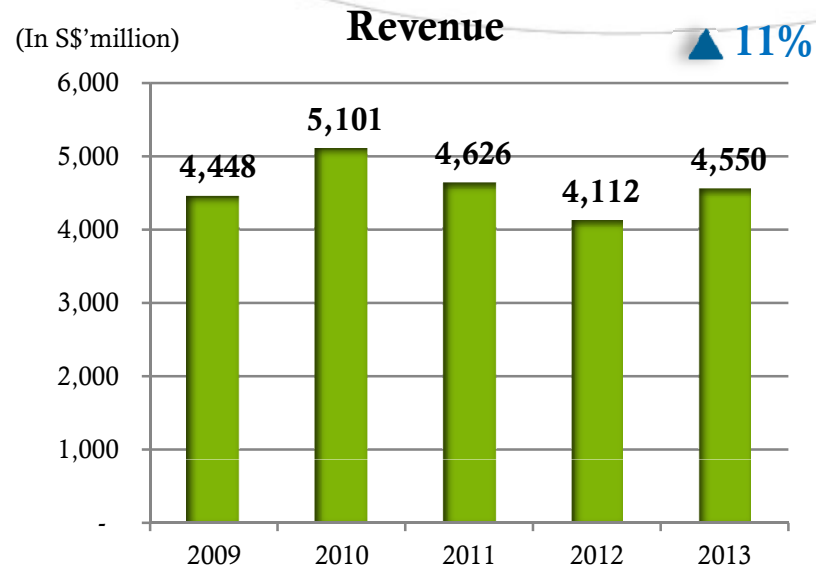
SINCE 1896

SINCE 1832

REX
KEY



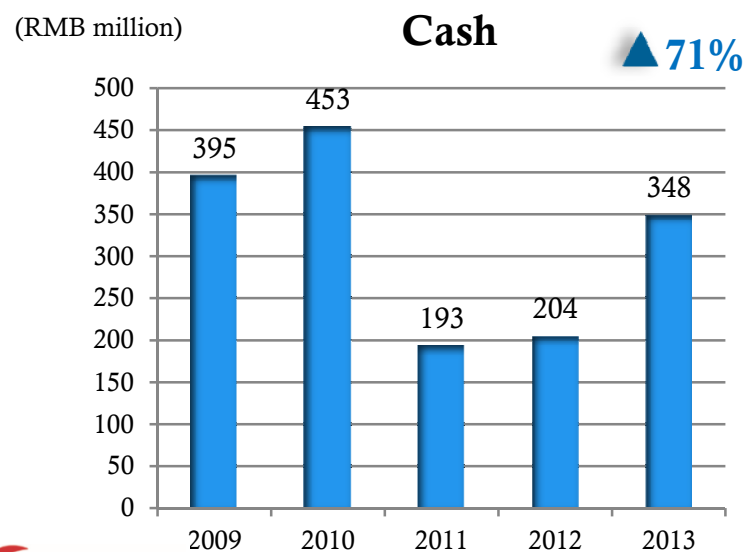
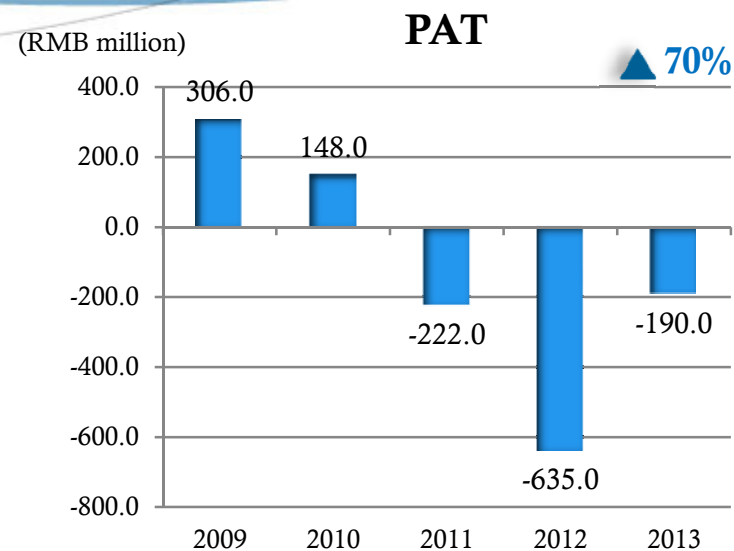
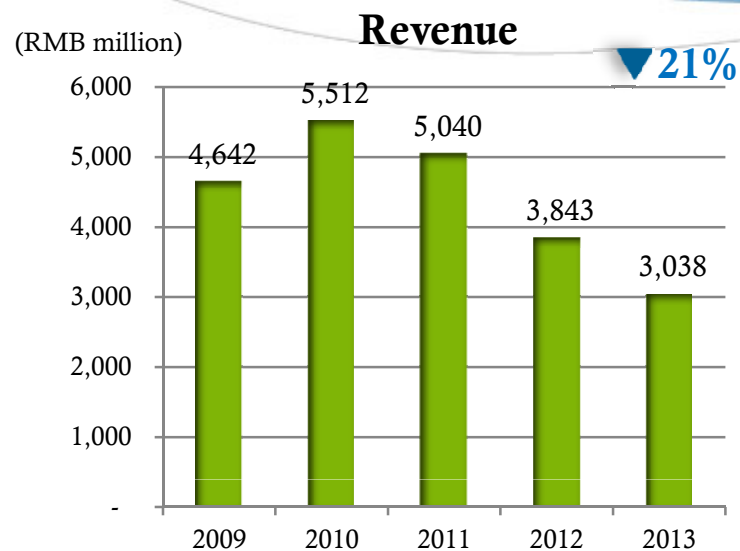
HLA Group Financials





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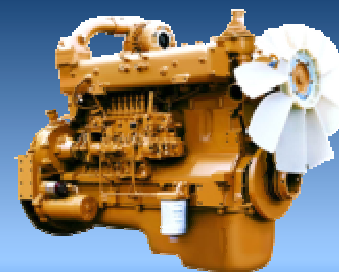
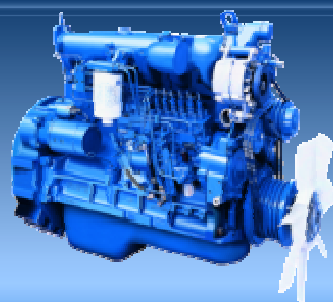
Financial Highlights



New Models



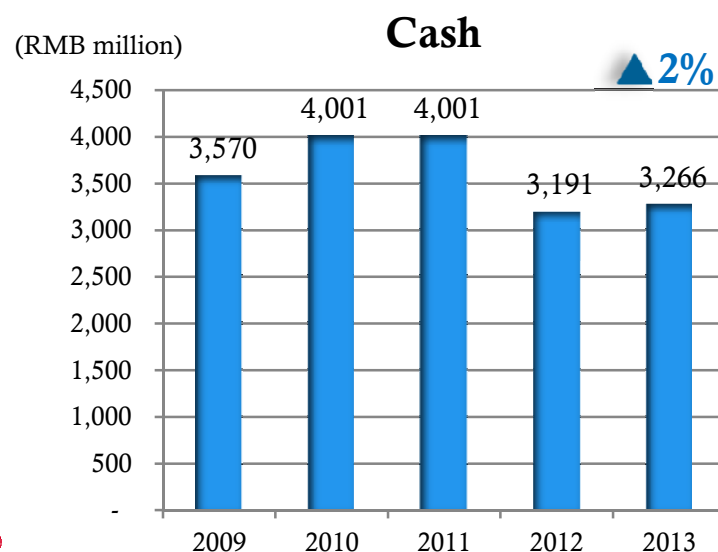
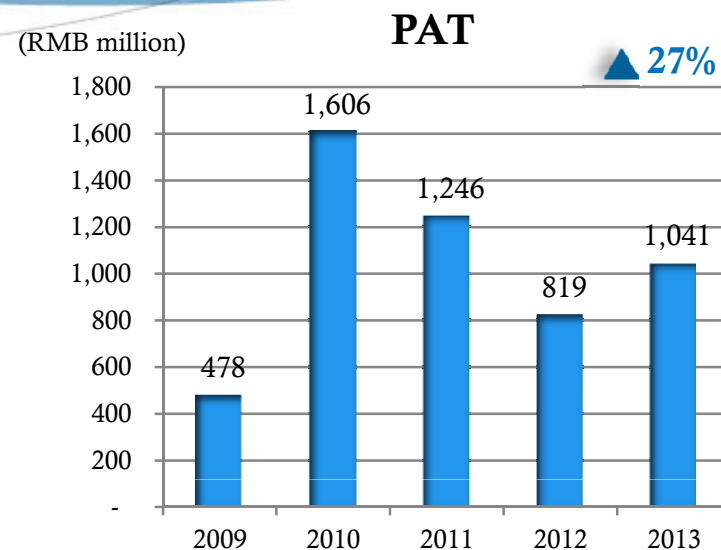
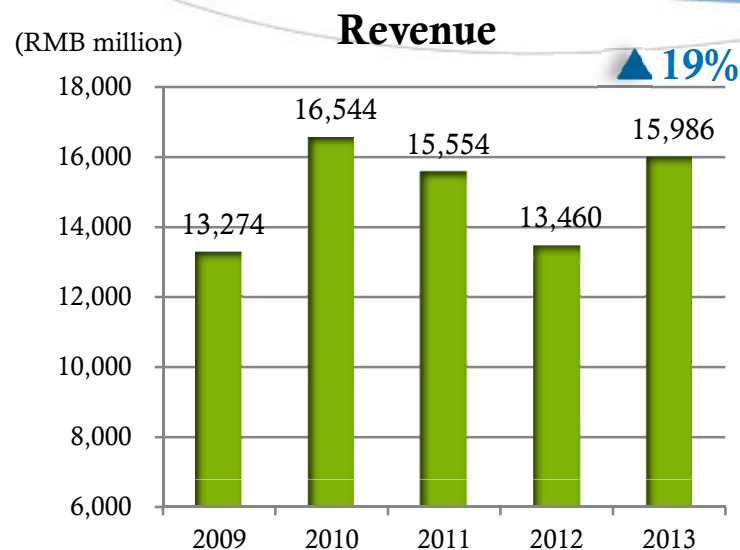
- ◆ **Extended product lines from Libra 1.0 to Libra 2.0**
- ◆ **Launched sophisticated design and large capacity refrigerators to meet growing demand with urbanization in China.**
- ◆ **Continued to expand Frestec to the International markets.**



YUCHAI



Financial Highlights



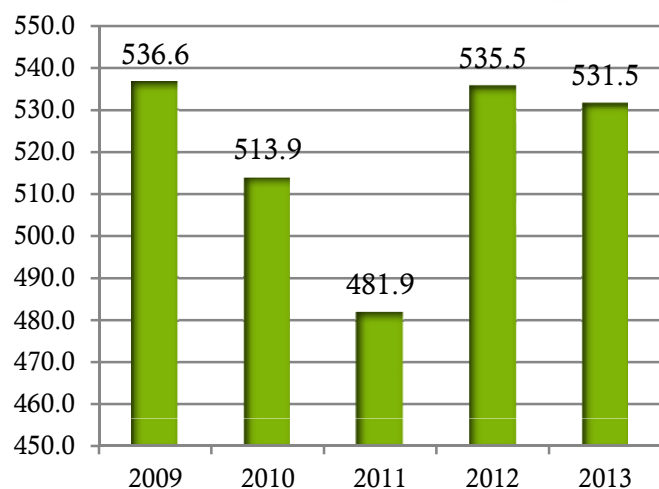


BUILDING MATERIALS

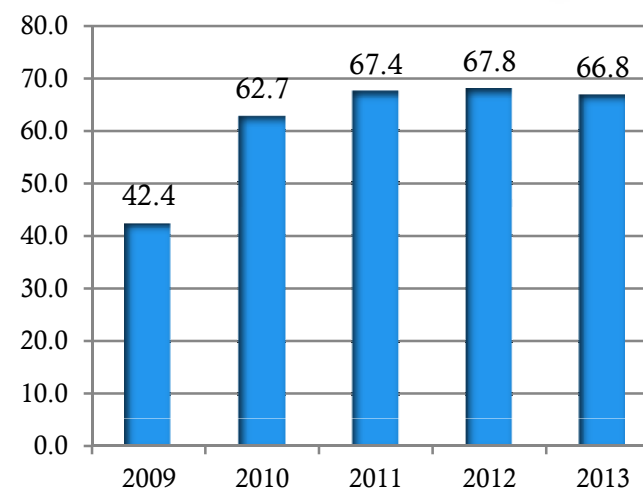


Financial Highlights

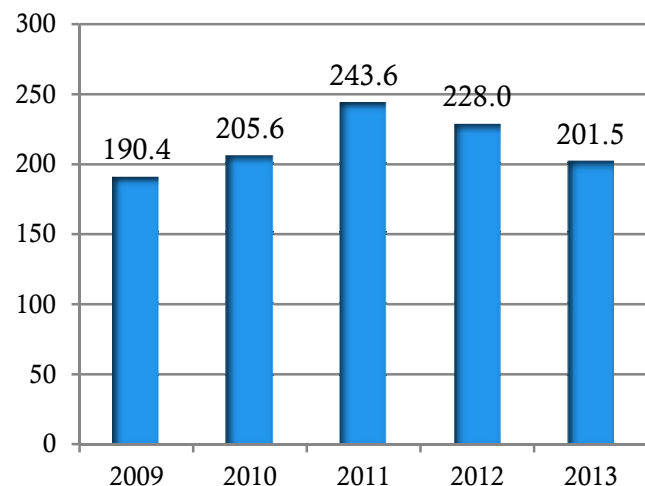
(S\$ million) **Revenue** ▼ 1%



(S\$ million) **PAT** ▼ 1%

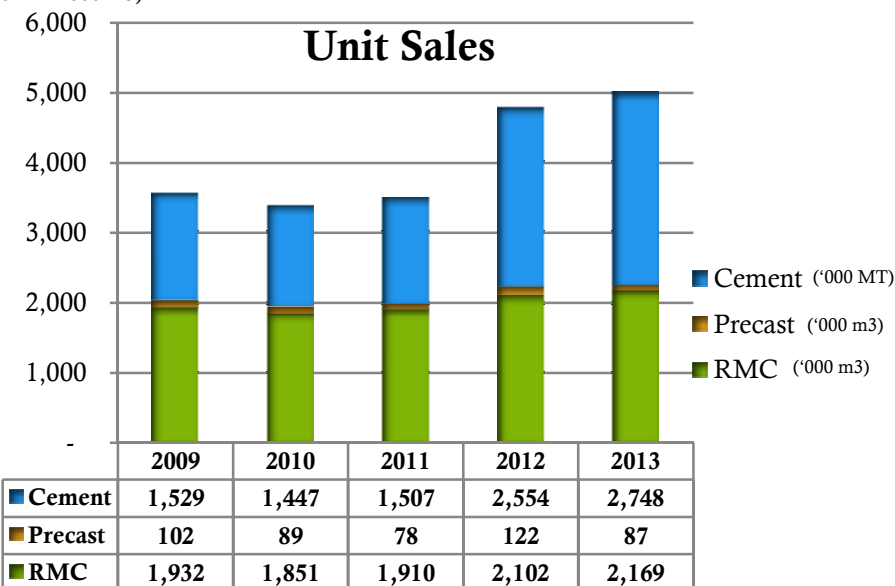


(S\$ million) **Cash** ▼ 12%



('000 MT/'000 m3)

Unit Sales



Key Investment Highlights

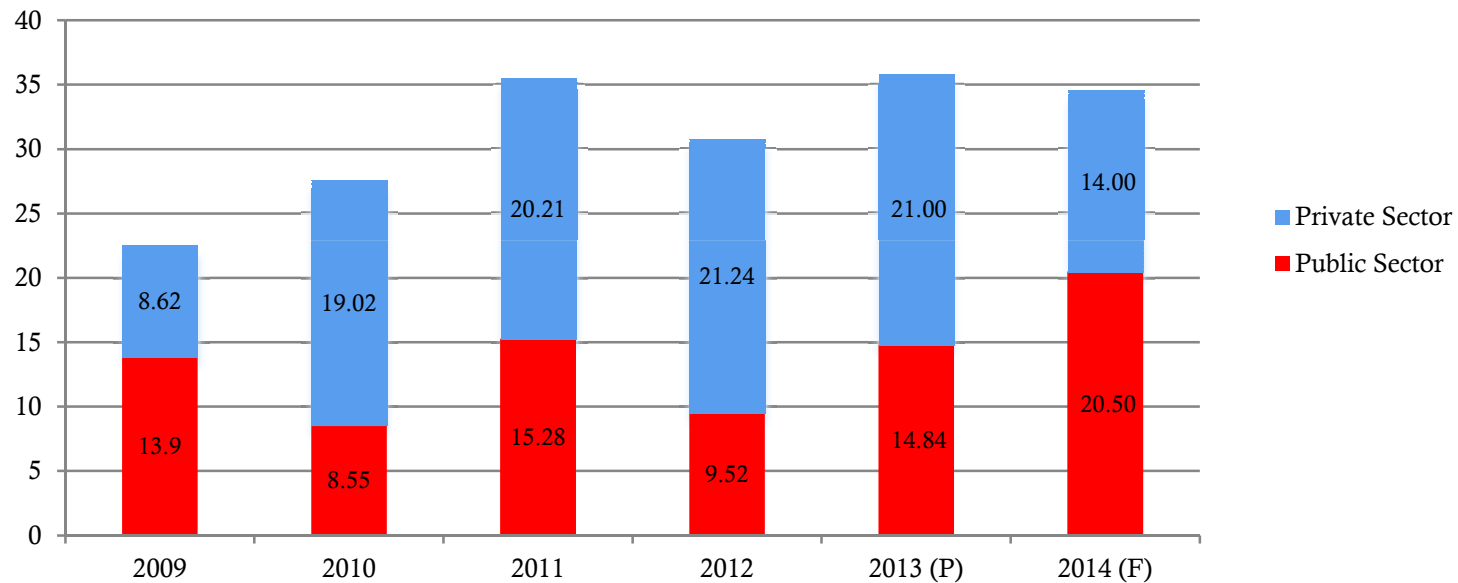
- ◆ **Pre-Cast Division** – Largest precaster in Singapore mainly towards HDB public housing projects.
- ◆ **Ready-Mixed Concrete** – Strong positioning in the industry as the second largest in Singapore.
- ◆ **Tasek Corporation Bhd** – Strong cement demand in Malaysia arising from private sector construction projects and, MRT and LRT projects, led to moderate growth in the construction industry. Has about 11% market share in Malaysia.



Value of Construction Activities

Contracts Awarded-Singapore

SGD Billion



2013: Preliminary Actual

2014 BCA Forecast is \$31-38 billion. Average is \$34.5 billion (shown above).

Source: BCA Media Release: Public sector projects to boost construction demand in 2013

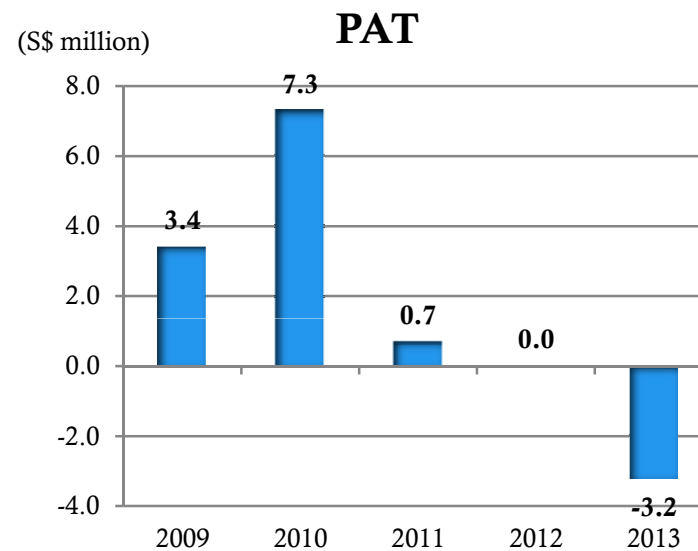
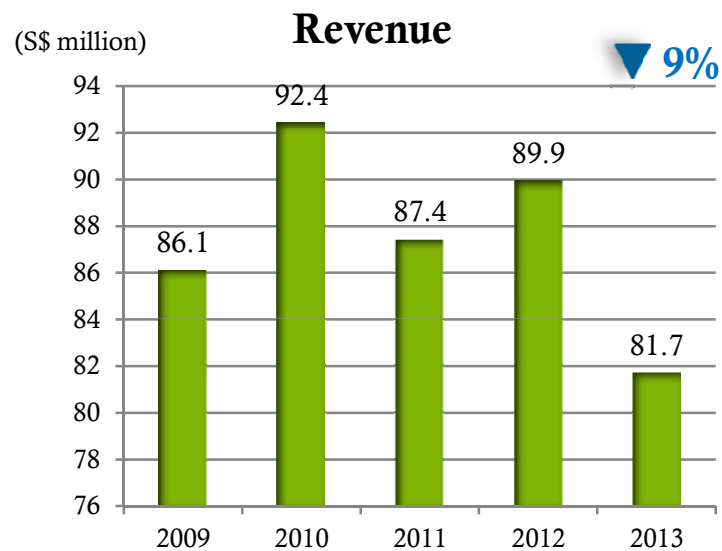




REX



Financial Highlights



Key Investment Highlights

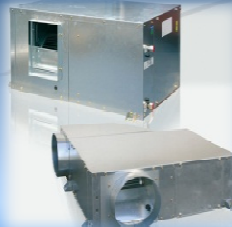
- ◆ **Serves high profile customers**
- ◆ **Low margins due to competition**
- ◆ **Good geographical spread**
- ◆ **Higher raw material costs/increase labour costs in China**
- ◆ **Low barrier to entry**

High Profile Customers



Wide Product Range





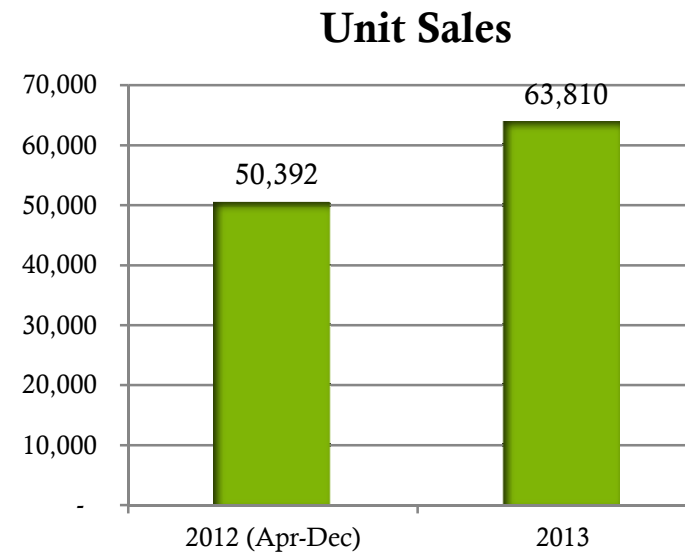
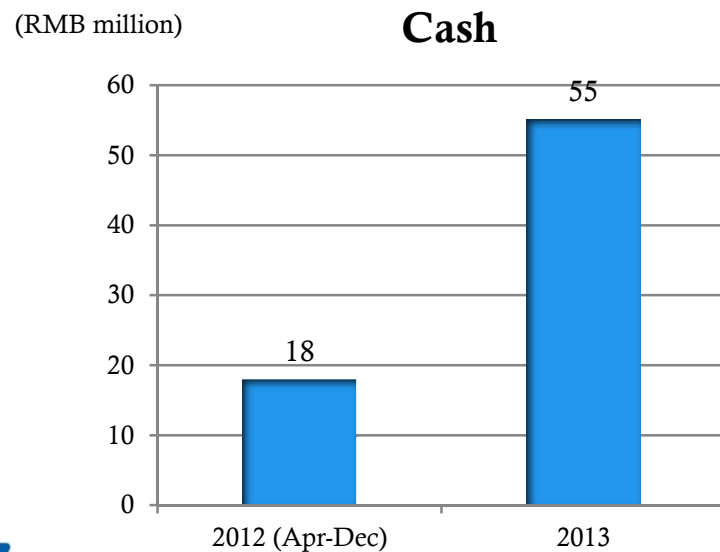
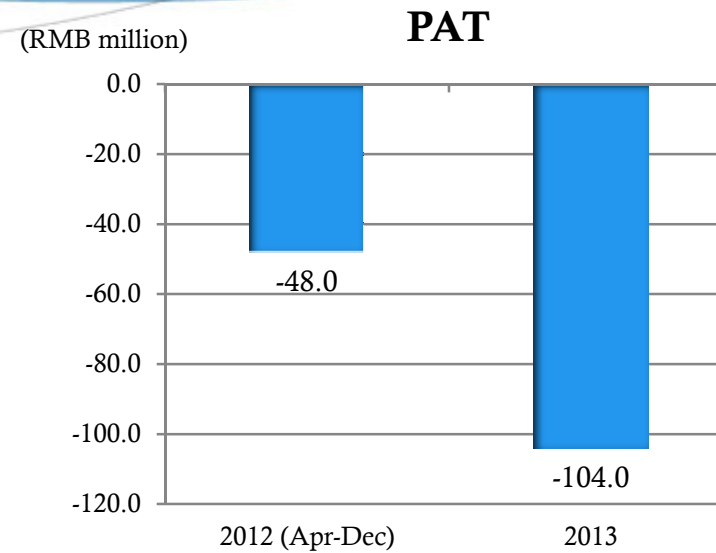
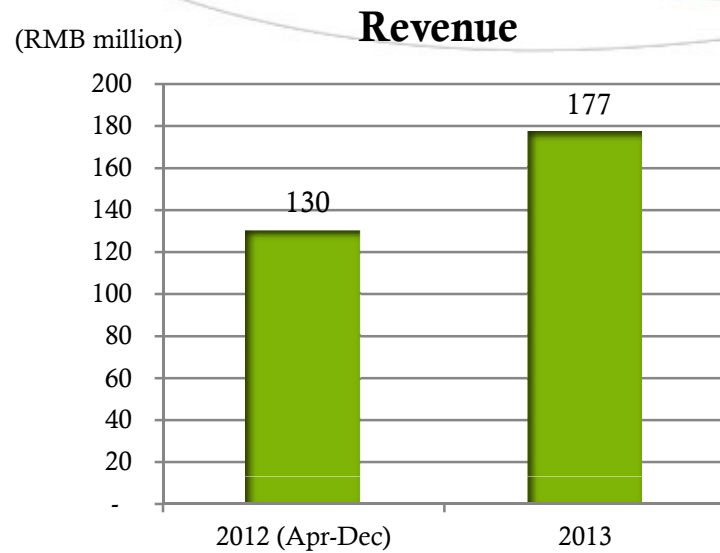
Airwell Air-conditioning Technology
(China) Co., Ltd.



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Financial Highlights



Ongoing Initiatives

AIRWELL

- ◆ **Expand local sales channels and dealers.**
- ◆ **Brand building and marketing activities.**
- ◆ **Re-organize product range to maximize profit margins.**



Thank You

Q&A