



Press Release

Hong Leong Asia's Attributable Net Profit Up 4.5% YoY in 1H 2022 to S\$42.6 million

Singapore, Aug 11 2022 – Hong Leong Asia Ltd (“HLA” or the “Group”), the listed trading and manufacturing arm of the Hong Leong Group, is pleased to announce that attributable net profit to shareholders rose 4.5% YoY to S\$42.6 million for the Half Year ended 30 June 2022 (“1H 2022”) with group revenue declining 26.1% YoY to S\$2.1 billion.

The Group's key business segment in diesel engines in China recorded lower volume sales and lower revenue for 1H 2022.

Revenue of the diesel engines unit (“Yuchai”) declined 30.9% YoY to S\$1.8 billion with 180,911 engine units sold, a decline of 36.6% YoY. A steeper decline of 56.8% YoY was recorded in engines for on-road commercial applications vs a 12.7% YoY decline in engines for off-road applications. This was attributed to renewed COVID-19 related lockdowns in cities across China which had impacted commercial vehicles demand. Reportable segment profit after tax was S\$29.9 million, compared with S\$74.4 million for 1H 2021 due to lower sales volumes.

The building materials unit (“BMU”) revenue increased 26.5% YoY to S\$282.0 million with reportable segment profit after tax of S\$28.7 million, compared with S\$10.7 million 1H 2021 as construction activities in Singapore and Malaysia continued to recover and drove demand for concrete and related products. The BMU segment includes the results of our 20% stake in BRC Asia Limited. BMU Singapore performed satisfactorily, led by the ready mix concrete business and the supply for precast products recovering. While the operating environment for BMU Malaysia has improved, the construction-related segment remains challenging given higher input costs, a shortage of labour and tighter credit conditions.

1H 2022 FINANCIAL SUMMARY

	Half year ended 30 June 2022	Half year ended 30 June 2021	+/-
	S\$'000	S\$'000	%
Revenue	2,096,577	2,838,742	(26.1)
Profit before Income Tax from Continuing Operations	80,944	111,443	(27.4)
Profit from Continuing Operations, Net of Tax	64,151	90,338	(29.0)
Total Attributable Net Profit	42,579	40,737	4.5
Earnings per share (cents)	5.69	5.45	4.4

- Attributable net profit to shareholders grew 4.5% YoY to S\$42.6 million for 1H 2022.
- Revenue for the Group declined 26.1% YoY to S\$2.1 billion in 1H 2022.
- The decline in revenue was mainly due to lower revenue recorded by Yuchai. 180,911 engine units were sold, a decline of 36.6% YoY, with much of the decline due to weaker sale of truck engines in China as economic growth slowed. Yuchai's R&D programmes continue to develop New Energy solutions.
- Demand for concrete and related products for BMU Singapore continued to benefit from a pickup in construction activities. While BMU Malaysia's operating environment has improved, the construction related segment remains challenging given higher input and energy costs as well as tight credit conditions.

Market Outlook

We are cautiously optimistic that our main business units will continue to demonstrate their resilience in a difficult operating environment in the second half of 2022.

While challenges such as higher input costs and energy costs and issues with global supply chains are expected to linger, our push towards innovation and productivity improvements with automation and digitalisation will help to mitigate some of these pressures.

In China, the diesel engines market conditions remain challenging. However, Yuchai is focused on making available its portfolio of Tier-4 compliant off-road engines for implementation as China transitions towards a more stringent emissions standard in late 2022 as well as to develop New Energy solutions, with its hydrogen engine development and range extender ventures as recent examples.

BMU Singapore's order books in the Precast and Ready Mix Concrete segments remain healthy given the government's push to ramp up housing supply. The construction of the Group's Integrated Construction and Prefabrication Hub manufacturing facility remains on track for completion in the second half of 2022. The facility will introduce higher automation and help improve productivity for our precast business. We expect modest improvement at BMU Malaysia as Malaysia's economy continues to recover.

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About Hong Leong Asia:

Hong Leong Asia Ltd ("HLA") is part of Hong Leong Group, a Singapore-based conglomerate and has been listed on the Singapore Exchange since 1998. We are a diversified Asian multinational with core businesses in construction and transport. 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/>.

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