

**27th February 2017**  
**PT ASTRA INTERNATIONAL TBK**  
**2016 FULL YEAR FINANCIAL STATEMENTS**

*PRESS RELEASE*

**Highlights**

- Net earnings per share up 5% at Rp374
- Increased market shares for cars and motorcycles
- Heavy equipment and mining result up due to non-recurrence of impairment charge
- Agribusiness benefited from improved prices
- Significant increase in loan-loss provisions by Permata Bank

“The Group’s underlying trading results for the year were satisfactory with steady progress seen in a number of areas. The outlook for 2017 appears positive with improving economic conditions and the benefit of higher coal prices.”

Prijono Sugiarto  
 President Director

**Group Results**

	For the year ended 31st December		
	2016 Rp bn	2015 Rp bn	Change %
Net revenue	181,084	184,196	(2)
Net income*	15,156	14,464	5
	<b>Rp</b>	<b>Rp</b>	
Net earnings per share	374	357	5
	<b>As at 31st December 2016 Rp bn</b>	<b>As at 31st December 2015 Rp bn</b>	<b>Change %</b>
Shareholders' funds**	111,951	102,043	10
	<b>Rp</b>	<b>Rp</b>	
Net asset value per share**	2,765	2,521	10

\* Net income is profit attributable to owners of the parent, i.e. Astra International shareholders.

\*\* Shareholders' funds and net asset value per share are based on equity attributable to owners of the parent.

The financial results for the year ended 31st December 2016 and 2015 as well as the financial position as at 31st December 2016 and 2015 have been prepared in accordance with Indonesian Financial Accounting Standards and are audited in accordance with the auditing standards established by the Indonesian Institute of Certified Public Accountants.

## **PRESIDENT DIRECTOR'S STATEMENT**

### **Overview**

During 2016 the Group's automotive businesses performed well, achieving good growth in market share for both cars and motorcycles. The trading performance of heavy equipment and mining was adversely impacted by low coal prices for most of the year, however the situation improved in the final quarter. Agribusiness benefited from an improvement in crude palm oil prices, although the impact of poor weather conditions limited production and sales in the first half. While most of the Group's financial services businesses performed well, Permata Bank recorded a significant increase in loan loss provisions leading to a Rp3.0 trillion reduction in its contribution.

### **Performance**

The Group's consolidated net revenue in 2016 was down 2% at Rp181.1 trillion, with lower revenue within heavy equipment and mining coupled with a reduced revenue contribution from Astra's Toyota sales operations following the introduction of a two-tiered distribution model at the beginning of the year.

The Group's net income for the year was 5% higher at Rp15.2 trillion, with improved results in automotive, heavy equipment and mining, agribusiness, and infrastructure and logistics being partially offset by lower contributions from financial services, information technology and property.

The net asset value per share of Rp2,765 at 31st December 2016 was 10% higher than at the end of 2015.

Net cash, excluding the Group's financial services subsidiaries, was Rp6.2 trillion at the end of 2016, compared to net cash of Rp1.0 trillion at the end of 2015. The Group's financial services subsidiaries had net debt of Rp47.7 trillion, compared to Rp44.6 trillion at the end of 2015.

A final dividend of Rp113 per share (2015: Rp113 per share) will be proposed at the Annual General Meeting to be held in April 2017. The proposed final dividend together with the interim dividend of Rp55 per share (2015: Rp64 per share) will bring the total dividend for the year to Rp168 per share (2015: Rp177 per share), representing a dividend payout ratio of 45% (2015: 50%, or 45% excluding the profit impact of the impairment charge).

### Business Activities

Net income attributable to Astra International's shareholders by business segment for the year was as follows:

	Net Income Attributable to Astra International		
	For the year ended 31st December		
	2016 Rp bn	2015 Rp bn	Change %
Automotive	9,166	7,464	23
Financial Services	789	3,555	(78)
Heavy Equipment and Mining	3,032	2,342	30
Agribusiness	1,599	493	224
Infrastructure and Logistics	263	195	35
Information Technology	196	204	(4)
Property	111	211	(47)
Attributable Net Income	15,156	14,464	5

#### **Automotive**

Net income from the Group's automotive businesses increased by 23% to Rp9.2 trillion, largely due to successful new model introductions and their positive effect on margins.

The wholesale market for cars increased by 5% to 1.1 million units. Astra's car sales were 16% higher at 591,000 units, resulting in an increase in market share from 50% to 56%. The Group launched 14 new models and nine revamped models during the year.

The wholesale market for motorcycles decreased by 8% to 5.9 million units. Astra Honda Motor's domestic sales were 2% lower at 4.4 million units, although its market share increased from 69% to 74%, supported by the launch of seven new models and eight revamped models in 2016.

Net income at Astra Otoparts, the Group's component business, increased 31% to Rp418 billion, with higher revenues from its OEM and aftermarket segments combined with higher earnings contributions from its associated companies.

#### **Financial Services**

Net income from the Group's financial services businesses in 2016 declined 78% to Rp789 billion. Improved contributions from Federal International Finance, Toyota Astra Financial Services and Asuransi Astra Buana, were more than offset by declines in the Group's other financial services businesses, mainly Permata Bank which recorded a significant increase in loan-loss provisions primarily in its commercial loan book.

The consumer finance businesses saw a 21% increase in the aggregate amount financed, which rose to Rp74.0 trillion, including balances financed through joint bank financing without recourse. The car-focused Astra Sedaya Finance reported net income 4% lower at Rp934 billion following a reduction in used car financing, whereas Toyota Astra Financial Services recorded net income up 15% at Rp351 billion. Motorcycle-focused Federal International Finance's net income was up 20% at Rp1.8 trillion, benefiting from loan product diversification.

The aggregate amount financed through the Group's heavy equipment-focused finance operations increased by 20% to Rp4.7 trillion. Surya Artha Nusantara Finance, which specialises in small and medium heavy equipment financing, reported net income 26% lower at Rp81 billion.

Astra's 44.6%-held joint venture, Permata Bank, reported a net loss of Rp6.5 trillion compared with net income of Rp247 billion in 2015. The loss was due to a significant increase in loan-loss provisions amounting to Rp12.3 trillion, which saw the bank's gross non-performing loan ratio rise from 2.7% at the end of 2015 to 8.8% at the end of 2016, while its net non-performing loan ratio rose from 1.4% to 2.2%. In order to further strengthen its capital base, a Rp3.0 trillion rights issue is expected to be completed in the first half of 2017, of which Rp1.5 trillion has already been injected as capital advance by Astra and Standard Chartered Bank, its two major shareholders. Combined with the Rp5.5 trillion rights issue completed in June 2016, this results in Rp8.5 trillion of new capital.

Net Income at Asuransi Astra Buana, the Group's general insurance company, was slightly higher at Rp923 billion, primarily due to increased investment income.

During the year, the Group's life insurance joint venture, Astra Aviva Life, acquired more than 158,000 individual life customers and 133,000 participants for its corporate employee benefits programmes, bringing the respective totals to 228,000 and 596,000 at the end of 2016.

### ***Heavy Equipment and Mining***

The net income contribution from heavy equipment and mining businesses to the Group increased by 30% to Rp3.0 trillion in 2016. Most of the activities were adversely impacted by low coal prices for a large part of the year, although the situation improved in the final quarter.

United Tractors, which is 59.5%-owned, reported net income 30% higher at Rp5.0 trillion due to the absence of an impairment charge on the carrying value of its coal mining properties which affected its 2015 result. Excluding the impact of this impairment charge, the 2016 net income would have been 22% lower than the prior year. United Tractors recorded lower mining contracting revenue, caused largely by relatively weak coal prices for much of the year. It also recognised a foreign exchange translation loss on its US dollar monetary assets.

In its construction machinery business, Komatsu heavy equipment sales were up 3% to 2,181 units, while parts and service revenues declined. The mining contracting operations of Pamapersada Nusantara recorded coal production little changed at 109 million tonnes, while

overburden removal was 8% lower at 702 million bank cubic metres. United Tractors' mining subsidiaries reported 48% higher coal sales at 6.8 million tonnes.

General contractor Acset Indonusa, a 50.1% subsidiary of United Tractors, reported net income up 63% at Rp68 billion. Acset secured new contracts worth Rp3.8 trillion during the year, compared with Rp3.1 trillion in 2015. To support its business growth, Acset completed a Rp600 billion rights issue in June 2016.

### ***Agribusiness***

Net income from the Group's agribusiness division increased significantly to Rp1.6 trillion from Rp493 billion.

Astra Agro Lestari, which is 79.7%-owned, reported net income of Rp2.0 trillion, up from Rp619 billion, due to improved revenue from higher crude palm oil prices and the benefit of the stronger rupiah on the translation of its US dollar monetary liabilities. Crude palm oil sales were 3% lower at 1.0 million tonnes, while average crude palm oil prices were 11% higher at Rp7,768/kg. Olein sales were 22% lower at 320,000 tonnes. To strengthen its balance sheet, Astra Agro Lestari completed a Rp4.0 trillion rights issue in June 2016.

### ***Infrastructure and Logistics***

Higher earnings from the Group's infrastructure and logistics businesses led to a 35% increase in net income to Rp263 billion.

The 72km Tangerang-Merak toll road, operated by 79.3%-owned Marga Mandalasakti, saw traffic volumes increase by 3% to 48 million vehicles. Construction continues at the wholly-owned 41km Jombang-Mojokerto toll road, where 20km is already operational. At the 73km Semarang-Solo toll road, in which the Group has a 25% interest, 23km is now in operation.

In January 2017, the Group completed the acquisition of an initial 40% interest in PT Baskhara Utama Sedaya, which owns 45% of the operator of the fully operational 116km Cikopo-Palimanan toll road, and has subsequently conditionally agreed to acquire the remaining 60% interest.

Along with its 40% stake in the 11km Kunciran-Serpong toll road and a 25% stake in the 30km Serpong-Balaraja toll road, both of which are greenfield, the Group's total interest in toll roads amounts to 343km.

PAM Lyonnaise Jaya, which operates the western Jakarta water utility system, experienced a 1% increase in sales volume to 162 million cubic metres.

Serasi Autoraya's net income increased by 96% to Rp100 billion, due to higher net margins in its car leasing and rental, used vehicle sales and logistics businesses, despite a 3% decline in contracted vehicles in its car leasing and rental business.

### ***Information Technology***

Net income from the Group's information technology division decreased by 4% to Rp196 billion.

Astra Graphia, which is 76.9%-owned, reported a 4% decline in net income to Rp255 billion, despite an increase in revenue mainly due to lower net margins.

### ***Property***

Net income from the Group's new property division at Rp111 billion was lower than the Rp211 billion achieved in 2015, mainly due to a lower revaluation gain on the Group's Grade A office tower development, Menara Astra.

Construction continues to progress at the 93%-sold Anandamaya Residences, the Group's 60%-owned luxury residential development in Jakarta's Central Business District which, together with the adjacent Menara Astra, are on schedule for completion in 2018.

In October, PT Astra Land Indonesia, owned 50% by Astra and 50% by Hongkong Land, signed an agreement with a subsidiary of PT Modernland Realty Tbk to acquire and jointly develop a 67-hectare site in Cakung, East Jakarta.

### ***Prospects***

The Group's underlying trading results for the year were satisfactory with steady progress seen in a number of areas. The outlook for 2017 appears positive with improving economic conditions and the benefit of higher coal prices.

Prijono Sugiarto  
President Director  
27th February 2017

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