# Managing Director's Review

**John Witt**
Group Managing Director

2020 has brought major challenges to our teams and businesses, but also demonstrated once again the Group's ability to adapt, perhaps best exemplified by last week's Group restructuring announcement. High levels of uncertainty remain in respect of this year, however, given the continuing impact of the pandemic.

The Group's performance in the first part of 2021 is expected to be affected in particular by the continuing headwinds faced by our businesses in Southeast Asia and the ongoing low levels of Chinese mainland and other visitors to Hong Kong. There is continued robust economic activity on the Chinese mainland, but it is uncertain whether this will be maintained. It remains too soon to predict what the impact of the pandemic will be on the Group's performance for the full year. However, we remain confident in our long-term strategy, rooted in the growth markets of Asia, and we will continue to focus on our core priorities of driving operational excellence, evolving the Group's portfolio and finding new growth opportunities, in order to deliver long-term value.

I was excited to become Group Managing Director in June 2020 and to lead Jardines at this important time, as we build on nearly 190 years of success, make ourselves ever more relevant for our customers and position the Group for future success. Taking up the role when the business has needed to respond to the challenges of the global pandemic has reinforced my admiration for our people. I would like to thank each of them for their hard work and dedication over the past year, often in very challenging circumstances.

Protecting and ensuring the wellbeing of our colleagues has been a top priority throughout the year. We have taken extensive actions in this regard, including giving colleagues access to support and resources to address mental health concerns, encouraging flexible working practices and making health and safety a high priority. Our businesses have also been taking action to support suppliers, partners and the communities we operate in, to help them weather the crisis. This has included working with suppliers to help them develop more efficient ways of working, providing rent relief to tenants in our retail portfolios, particularly in Hong Kong and Singapore, and extensive corporate social responsibility support in our communities.

My first nine months in the role have strengthened my conviction that pace, innovation and adaptability are all more important than ever if Jardines is to stay nimble and achieve further success. We have shown great resilience in the past year while making notable progress in modernising the core of our business and changing how we do business to reflect the evolving environment in which we find ourselves. The pace of change in each of our markets has, however, only accelerated over the past year, and we need to drive forward our strategic priorities with conviction and a heightened sense of urgency in the coming year.

***Evolving the Group Portfolio***

We will build on our proven track record of actively managing our portfolio to be in the more attractive markets of Asia and in businesses where we can achieve market leading positions, in order to sustain growth and create long-term sustainable value. The healthy geographic diversification we have with presence in China and Southeast Asia, as well as our balance of businesses across sectors has underpinned our resilient performance against challenging market conditions.

We have separately announced on 8th March an offer by the Company to acquire the remaining c.15% minority stake holding in Jardine Strategic Holdings Limited ('JSH') that it does not already own, for US$33 per share in cash. Part of the consideration will be met by existing cash resources of the Group, with the remainder funded by committed debt facilities. On a proforma basis, this would take our 2020 year-end gearing from 6% to 16%.

Our capital allocation framework, which prioritises new organic project investments in our businesses, strategic growth initiatives, and support for the dividend, together with the Group's commitment to strong investment grade metrics, remains unchanged. Accordingly, in the near term, we expect to prioritise debt reduction ahead of further, material new inorganic investments. As debt levels are reduced, both through continued organic cash generation from our strong underlying assets and diversified portfolio, and further active portfolio management, we will deploy capital towards new strategic growth areas.

Throughout, we will continue to seek mutually beneficial and enduring partnerships with local leaders to support our growth plans in priority markets. We recently announced a strategic co-operation with Hillhouse Capital, a leading Asian private equity firm, that deploys technology to drive innovation in its portfolio companies, with sustainable, long-term growth as its primary goal. The strategic co-operation will enable both of our companies to partner on mutually beneficial investment and business development opportunities predominantly in China, as well as Southeast Asia. There is also expected to be close collaboration between the Jardines and Hillhouse investment and value creation teams and their portfolio companies, in particular in the areas of consumer technology and digital enablement.

We are rising to the challenge of digital – finding new inorganic growth opportunities which complement our current businesses or enable our wider participation in the digital economy. We are actively seeking partnership and investment opportunities to evolve our portfolio to increase exposure to the digital economy, emerging industries and new geographies. We have begun to form new partnerships – including joint ventures with Gojek and WeLAB in Indonesia and with Bank of China and JD Technology in Hong Kong to form the livi virtual bank. We need to build on the progress we have made so far to develop more new partnerships in this space.

At the same time as we look for investment and partnership opportunities, we will continue to regularly review our business portfolio and prune assets which are no longer seen as being aligned with our Group strategy, or where we believe there are better owners of the assets than Jardines. This was exemplified by the disposals this year of our stake in Permata Bank and our technology business JTH, as well as the sale of our interest in JLT in 2019. In 2020, we also sold our Wellcome Taiwan business, and combined our interest in Rose Pharmacy with Robinsons Retail's pharmacy business in the Philippines.

The Group is focused on developing and implementing its portfolio strategy and on increasing its decision-making agility, so we can act with speed to seize opportunities when they arise and maximise our portfolio value.

***Driving Operational Excellence***

Our management teams are focused on driving operational excellence in our businesses and in new ventures we undertake. A key priority in this context is for our existing businesses to accelerate the pace at which they adopt technology and embrace digital ways of working. This will enable our businesses to adapt to, and meet the challenges and opportunities of, the rapidly changing competitive environment in which they operate, which is increasingly dominated by new economy businesses. Digital techniques and tools have the power to transform the way we interact with our customers and maintain competitive leadership. Dairy Farm's launch of *yuu* – Hong Kong's most innovative and comprehensive rewards platform – is already completely changing the way we engage with customers and helping us move beyond a transactional focus to drive new ways of meeting and anticipating individual customer needs and preferences.

Our other businesses are also forging new partnerships with digital innovators, including JD Technology and Gojek, to enter adjacent areas and to develop innovative products and services.

We are also seeing impressive progress being made in a number of our businesses, including the transformation programme in Dairy Farm and the business improvement initiatives being carried out in JEC and Jardine Restaurants. The increased efficiencies which these initiatives have created are helping our businesses navigate the challenges posed by the pandemic. There is still more to do, however, in many of our businesses to set them up for future success.

***Enhancing Leadership and Entrepreneurialism***

Another key priority is attracting, developing and retaining leadership talent in our teams and supporting our businesses' management teams to do the same in their organisations.

We must provide our colleagues with appropriate training and other support to equip them with the right skills to navigate the challenges and opportunities they face, both in the short term in the context of COVID-19 and for the longer-term. In this context we have made great progress in the past year in developing a comprehensive programme of online learning and academies across the Group, which has seen high levels of participation and demonstrates our commitment to supporting our colleagues in acquiring the new skills they need.

As we grow, it is essential that we maintain a high pace of change and foster a greater level of entrepreneurialism among both current and future leaders.

***Progressing Sustainability***

We are committed to integrating sustainability into the strategy and business models of our Group companies. Real value can be realised from sustainable businesses – this is not merely a stakeholder management and check-box exercise but rather our objective is that sustainability should be at the core of our strategies and decision-making.

Many of our businesses are already actively pursuing sustainability strategies. This year, we will drive a more aligned, focused approach to sustainability across all our Group companies to maximise the impact we have in our communities and on the environment. We aim to actively share the positive actions our diverse businesses are taking in this area, by reporting more effectively on environmental, social and governance (ESG) issues, with a Group sustainability report to be published in 2022.

Our businesses will also this year launch programmes to enable colleagues to actively engage in support of our corporate sustainability priorities.

## Summary of Performance

The Group's underlying net profit for the year fell by 32% to US$1,085 million, with underlying earnings per share down 30% to US$2.95.

The reduction in profit was primarily driven by the weaker performances of the Group's Southeast Asian businesses in Astra and Jardine Cycle & Carriage ('JC&C'), as well as by the severe impact of the pandemic on the Group's hotel business. Astra's business in Indonesia saw lower profit contributions from most of its divisions, as did JC&C's motor and other interests across Southeast Asia. Mandarin Oriental was significantly impacted by the pandemic and the resulting travel reduction.

The performances of Hongkong Land, Dairy Farm, Jardine Pacific and the Group's Motors business were, however, resilient. Group results benefitted in a number of markets from government support relating to COVID-19, which totalled US$282 million attributable to the Group and supported the continuing employment of the Group's employees.

Hongkong Land delivered a solid performance in its Investment Properties business and benefitted from a recovery in sentiment in its Development Properties business on the Chinese mainland in the second half. Dairy Farm saw strong performance from its Grocery Retail and Home Furnishings businesses, and its transformation programme continued to deliver benefits. Its Health and Beauty and Convenience businesses, however, as well as the restaurants business of its associate Maxim's, all suffered due to the impact of the pandemic.

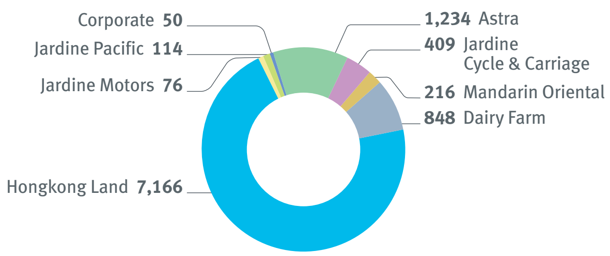
After taking account of decreases in property valuations totalling some US$1.4 billion, the Group recorded a net loss of US$394 million.

Jardine Matheson is a diversified group of market-leading businesses focused principally on two of the regions that are driving global growth: China and Southeast Asia. In 2020, 73% of the Group's underlying profit came from China compared to 56% in 2019 – with a stronger performance both from the Chinese mainland and Hong Kong – and 34% from Southeast Asia, compared with 42% in 2019.

The Group's balance sheet remains strong with gearing of 6%, down from 7% at the end of December 2019. The Group will take on an additional debt in order to acquire the c.15% of JSH shares it does not already own, and its gearing will increase from 6% at the end of 2020 to 16% immediately after the completion of the acquisition.

The Group's capital investment, including expenditure on properties for sale, was US$7.6 billion in 2020, and capital investment at its associates and joint ventures was US$2.5 billion. Excluding the investment in the West Bund project in Hongkong Land, there was some scaling down of investments in the year in response to a decline in demand by consumers, but the Group continues to invest for the long-term and ensure that its businesses have the resources to drive future growth.

**Total Capital Investment of US$10.1 billion (US$ million)**




## Outlook

High levels of uncertainty remain in respect of this year, given the continuing impact of the pandemic. The Group's performance in the first part of 2021 is expected to be affected in particular by the continuing headwinds faced by our businesses in Southeast Asia and the ongoing low levels of Chinese mainland and other visitors to Hong Kong. There is continued robust economic activity on the Chinese mainland, but it is uncertain whether this will be maintained. It remains too soon to predict what the impact of the pandemic will be on the Group's performance for the full year. However, we remain confident in our long-term strategy, rooted in the growth markets of Asia, and we will continue to focus on our core priorities of driving operational excellence, evolving the Group's portfolio and finding new growth opportunities, in order to deliver long-term value.

# Jardine Pacific

- **Jardine Pacific produced an underlying profit of US$182 million, 11% higher than 2019**
- **Extensive focus on driving operational improvements**
- **Net profit after net non-trading gains was US$514 million**

| | **2020** | 2019 | Change (%) |
|---|---|---|---|
| Gross revenue (including 100% of associates and joint ventures) (US$ billion) | **6.2** | 6.8 | (9) |
| Underlying profit attributable to shareholders (US$ million) | **182** | 164 | 11 |

Jardine Pacific produced an underlying net profit of US$182 million, 11% higher than 2019. Net profit after net non-trading gains was US$514 million. There was an extensive focus in the year across Jardine Pacific's businesses on driving operational improvements. These initiatives required significant investment but the benefits are beginning to be seen in improved business performance and Jardine Pacific is well set for future growth.

Jardine Restaurants saw profits rise by US$19 million, with a better performance from Pizza Hut in Hong Kong and Taiwan driven by strong delivery sales, partly offset by asset impairment on loss-making stores. There were weaker performances by other banners which were more affected by COVID-19. JEC delivered good profit growth. Its Hong Kong operations saw stable performance, but some of the regional businesses had a difficult year. Gammon had a good year, with a profit contribution of US$38 million, 7% higher than last year, mainly due to the timing of project completions. The order book remains healthy, boosted by securing some large civil projects at Hong Kong International Airport. HACTL's performance was better than last year, due to an 8% increase in cargo throughput and productivity improvements.

Jardine Schindler saw lower profits, with underperformance in most countries, in particular softer sales and margins in its New Installation business. Jardine Aviation Services delivered an overall loss. Its performance was impacted by the very low flight volumes resulting from the ongoing challenges to the aviation sector, and the business also incurred operational efficiency costs.

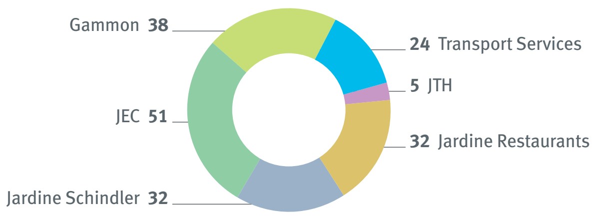
All Jardine Pacific businesses benefitted from the receipt of government support, which enabled them to take steps to preserve employment.

Under other interests, Greatview reported good sales growth. Its China business remained resilient, while its international business benefitted from the group's ongoing market and customer rationalisation strategy. The disposal of JTH was completed with the sale of Innovix in September 2020.

**Gross Revenue (US$ billion)**


**Underlying Profit Attributable to Shareholders (US$ million)**


**Underlying Profit by Business (excluding Corporate & Other Interests) (US$ million)**



# Jardine Motors

- **Jardine Motors produced higher underlying net profit in 2020 of US$214 million**
- **Higher contributions from the investment in Zhongsheng and Zung Fu on the Chinese mainland**
- **The Hong Kong business saw a lower underlying performance**
- **Difficult market conditions continued in the United Kingdom as a result of the pandemic, which led to the temporary closure of dealerships and lower demand**

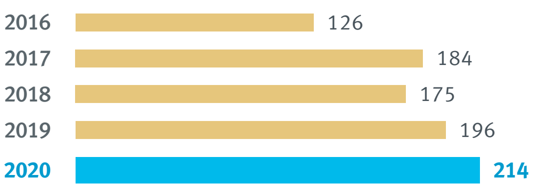
| | 2020 | 2019 | Change (%) |
|---|---|---|---|
| Revenue* (US$ billion) | 5.0 | 5.7 | (12) |
| Underlying profit attributable to shareholders* (US$ million) | 214 | 196 | 9 |

The Group's Motors business produced higher underlying net profit in 2020 of US$214 million, a 9% increase, benefitting from a higher contribution from the investment in Zhongsheng in respect of the second half of 2019 and the first half of 2020. There was also a higher contribution from Zung Fu on the Chinese mainland, which delivered better performance in car sales – benefitting from a rapid recovery in demand from the second quarter onwards – and also implemented cost mitigation measures.

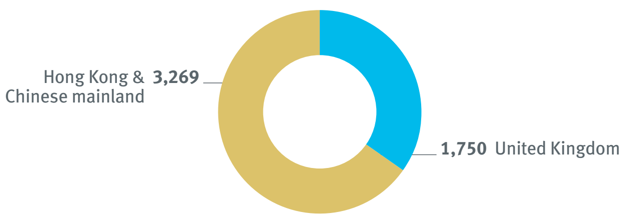
The Hong Kong business saw a lower underlying performance and difficult market conditions continued in the United Kingdom as a result of the pandemic, which led to the temporary closure of dealerships and lower demand.

Revenue* (US$ billion)

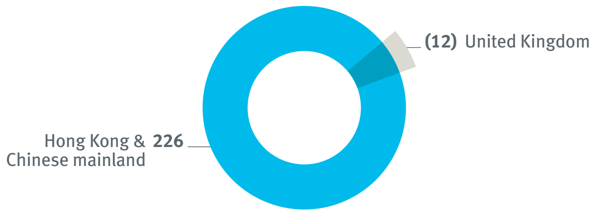

Underlying Profit Attributable to Shareholders* (US$ million)




Revenue by Geographical Location* (US$ million)




Underlying Profit/(Loss) by Geographical Location* (US$ million)




* Excluding results of automotive interests held through Jardine Cycle & Carriage.

# Hongkong Land

- **Underlying profit of US$963 million, down 11%**
- **Net asset value per share down 7% on lower capital values**
- **Dividend level maintained**
- **43% interest retained in the prime West Bund project in Shanghai**
- **Balance sheet and funding position remain strong**

| | **2020** | 2019 | Change (%) |
|---|---|---|---|
| Underlying profit attributable to shareholders (US$ million) | **963** | 1,076 | (10.5) |
| Gross assets (US$ billion) | **40.3** | 41.9 | (3.8) |
| Net asset value per share (US$) | **15.30** | 16.39 | (6.7) |

Hongkong Land delivered underlying profit of US$963 million, 11% lower than the prior year. Performance was negatively impacted by COVID-19, particularly in relation to retail rent relief in the Investment Properties business and a lower contribution from Development Properties as a result of fewer planned residential completions. On the Chinese mainland, however, sentiment in the group's markets has recovered to pre-pandemic levels.

There was a loss attributable to shareholders of US$2,647 million, reflecting net losses of US$3,611 million due to lower valuations of Investment Properties. This compares to a profit attributable to shareholders of US$198 million in 2019, which included net revaluation losses of US$878 million.

The group's balance sheet remains strong and it remains well-financed, with net debt of US$4.6 billion at the year end, up from US$3.6 billion at the end of 2019 – primarily due to the acquisition of the West Bund site – and with net gearing of 13% at the year end, up from 9% at the end of 2019.

## Investment Properties

In Hong Kong, office leasing activity in Central was largely subdued as a result of economic uncertainties brought about by the pandemic. However, as a result of the group's active lease management in recent years, the group's Central office portfolio performed relatively well amidst the current market downturn. Rental reversions were broadly neutral, and average rents rose slightly. Singapore saw lower vacancy, positive rental reversions and increased rents.

Retail market sentiment in Hong Kong was severely impacted by the pandemic and resulting travel restrictions, although there were modest improvements in the second half of the year. The contribution from the group's retail portfolio was lower, mainly due to the provision of rent relief. In Beijing, WF CENTRAL experienced a significant decline in tenant sales and footfall in the first half of the year due to the pandemic, but trading performance in the second half of the year recovered to pre-pandemic levels buoyed by the strong recovery in luxury retail spending on the Chinese mainland.

## Development Properties

The Development Properties division was impacted by varying levels of disruption across the Chinese mainland due to the temporary suspension of sales and development activities, with full year performance affected by construction delays which led to fewer planned residential completions. There were also construction delays in Singapore. Sentiment on the Chinese mainland has, however, recovered to pre-pandemic levels.

Planning and development of the West Bund site in Shanghai are proceeding on schedule. The acquisition provides an attractive opportunity to develop and operate a commercial complex of scale in line with Hongkong Land's long-term strategy. The project mainly comprises office and retail space, with a developable area of 1.1 million sq. m. and will be developed in five phases to 2027.

The project will be jointly developed with a strategic investor headquartered on the Chinese mainland and a government-held special purpose vehicle. The group will maintain a 43% interest in the joint venture.

Hongkong Land participated in a number of land auctions on the Chinese mainland during the year, but it remained difficult to secure new sites due to a highly competitive primary land market. The group did, however, secure a wholly-owned, predominantly residential project in Chongqing.

During the year the group continued to focus on addressing changes in customer behaviours, and the need to adapt and align to new situations resulting from COVID-19, and it is continuing to add to its suite of digital services and flexible spaces that are available to tenants and customers.

In November 2020, the group launched its multi-year Hongkong Land HOME FUND, which was initiated to focus on creating initiatives that benefit younger generations and the

# 1.2 million sq. m.

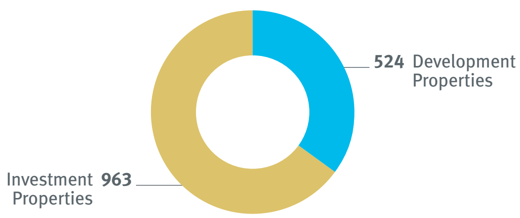
**Area of operational commercial investment portfolio under management** (including 100% of joint ventures)

group's aspiration to foster a more inclusive society. Initiatives financed by the Fund will be launched in the coming months. The group received the 'Sustainability Achievement of the Year' award at the RICS Awards 2020 in Hong Kong in relation to its management of the Hong Kong Central Portfolio.

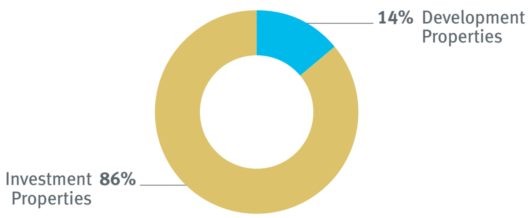
### Underlying Profit Attributable to Shareholders (US$ million)


### Net Asset Value per Share (US$)

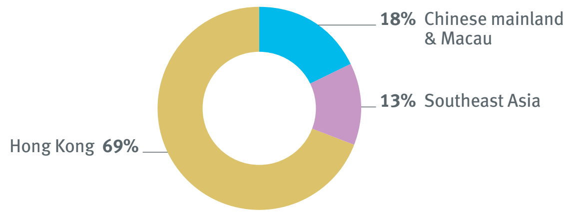

### Underlying Operating Profit by Activity (before corporate costs) (US$ million)




### Gross Assets by Activity




### Gross Assets by Location




# Dairy Farm

- **Underlying profit of US$276 million, down 14%**
- **Substantial sales and profit growth in Grocery Retail**
- **Solid trading in Home Furnishings**
- **Health and Beauty, Convenience and Maxim's significantly impacted by COVID-19**

| | 2020 | 2019 | Change (%) |
|---|---|---|---|
| Revenue including 100% of associates & joint ventures (US$ billion) | 28.2 | 27.7 | 2 |
| Revenue (US$ billion) | 10.3 | 11.2 | (8) |
| Underlying profit attributable to shareholders (US$ million) | 276 | 321 | (14) |

Dairy Farm's underlying profit for the year was US$276 million, 14% lower than last year.

## Grocery Retail
There was a good performance by Grocery Retail, which saw higher contributions from Hong Kong, Singapore, Malaysia and Taiwan. Profit growth was driven by the benefits realised from improvement programmes, strong like-for-like sales growth and government support. The performance of the business in Indonesia was significantly impacted by pandemic-related movement restrictions, which reduced hypermarket custom.

## Home Furnishings
IKEA delivered good profit growth, mainly in Hong Kong and Taiwan, with new store openings and strong e-commerce growth offsetting pandemic-related disruptions. The business also benefitted from lower cost of goods, strong cost controls, reduced pre-opening expenses and government support. IKEA has a strong development pipeline, with two new stores to open in 2021.

## Health and Beauty
There was a significantly lower contribution from Dairy Farm's Health and Beauty business, with Mannings in North Asia severely impacted by low tourist traffic. The business has implemented price investment and cost management initiatives in order to address the challenges it faces.

## Convenience
The group's Convenience business saw profits reduced by lower sales and a sales mix shift to lower margin products.

## Associates
The performance of 50%-owned Maxim's was badly impacted by pandemic-related restrictions, which led to reduced visits to stores and some store closures.

Dairy Farm's 20.1%-owned associate Yonghui performed well, with strong sales and profit growth in the first half.

The launch of the *yuu* rewards programme at the end of July 2020 represents a critical milestone in driving Dairy Farm's modernisation and digital transformation. *yuu* will support a more customer-centric approach across all the Dairy Farm banners and drive an enhanced level of customer engagement.

During the period, Dairy Farm also launched Meadows, its new own-brand offering, in Hong Kong, Singapore and Malaysia. Over 600 items have already been launched across banners and markets at lower prices. There has been a very positive reaction from customers. The future growth of the group's own-brand offering will allow it to leverage scale and help it to gain competitive advantage.

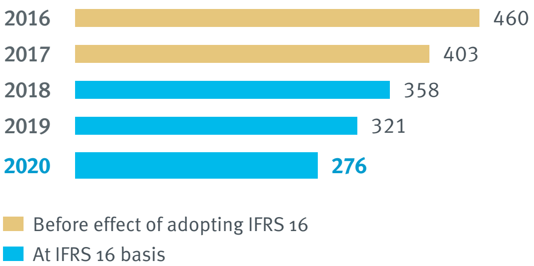
Dairy Farm's multi-year transformation programme to reshape and reorganise the business, adapting to the changing needs of customers, continued to gain momentum during 2020. Opportunities continue to be unlocked across the group as the business seeks to leverage its scale effectively and develop a more coherent approach to improving its customer proposition, both by banner and at a country level. The group's space optimisation plan, new store formats and improvement programmes generated greater efficiencies and delivered tangible benefits in the year.

**12**
Asian countries and territories

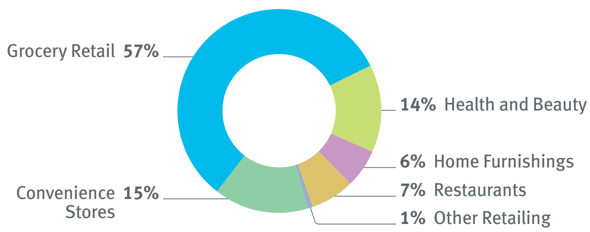
Some
**10,000**
Outlets

**11.5 million sq. m.**
Gross trading area

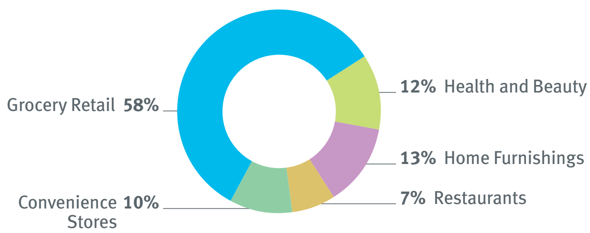
### Underlying Profit Attributable to Shareholders (US$ million)



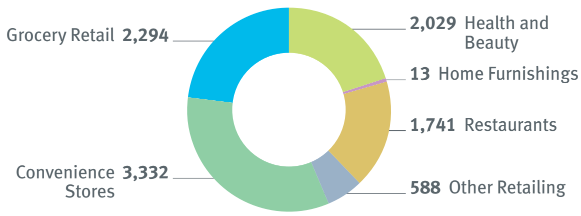

### Sales Mix by Format*




### Profit Mix by Format#




### Retail Outlet Numbers by Format†




* Including share of associates and joint ventures.

# Based on operating profit before effect of adopting IFRS 16 and share of results of associates and joint ventures, and excluding selling, general and administrative expenses and non-trading items.

† Including 100% of associates and joint ventures.

# Mandarin Oriental

- **Underlying loss of US$206 million**
- **COVID-19 travel restrictions dramatically reduced demand**
- **Extensive cost reduction measures implemented across the business**
- **Robust liquidity and funding position**
- **Development pipeline remains solid and four new management contracts signed**
- **No dividend proposed for 2020**

| | 2020 US$m | 2019 US$m | Change (%) |
|---|---|---|---|
| Combined total revenue of hotels under management | **593** | 1,325 | (55) |
| Underlying (loss)/profit attributable to shareholders | **(206)** | 41 | n/a |

Mandarin Oriental moved from an underlying profit of US$41 million in 2019 to an underlying loss of US$206 million in 2020, as all hotels were severely impacted by COVID-19.

Government actions to curtail the pandemic drastically reduced both international and domestic travel in 2020. Many countries imposed significant restrictions on freedom of movement and on hospitality operations.

Against this background, combined total revenue of the group's hotels under management fell by 55% in 2020 compared to 2019 and the group's profitability was severely impacted.

A US$31 million impairment of the carrying value of the Geneva hotel occurred during the year, following a significant decrease in the market value of the leasehold interest. In addition, there was a 15% decrease in the valuation of the Causeway Bay redevelopment (previously the site of The Excelsior hotel in Hong Kong). The redevelopment, net of future construction costs, was valued at some US$2.5 billion, a decrease of US$475 million during the year.

Extensive cost reductions were implemented from early in the year, including a 33% reduction in payroll costs through a combination of measures, including furlough, unpaid leave, reduced pay and redundancies. Substantial reductions in non-payroll costs were also achieved. Many of these measures are continuing. Results benefitted from government financial support in some countries.

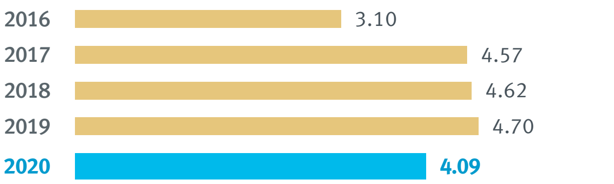
Trading conditions remain extremely challenging and the group's performance will not substantially improve until travel restrictions are relaxed. An underlying loss is expected to be reported for the first half of 2021.

In Asia, most hotels were able to remain operational through the year, albeit with sharply reduced occupancy due to constraints on travel. There was, however, a recovery in the second half of the year for hotels on the Chinese mainland. In Europe and America, hotels closed for much of the second quarter, with most reopening thereafter. The relaxation of restrictions on travel allowed some recovery in business levels. A resurgence in COVID-19 cases towards the end of the year, however, brought back many, even stricter, restrictions. The group's managed hotels in resort locations, such as Dubai and Bodrum, performed well when travel conditions permitted.

The group's development pipeline remains strong, with many projects at an advanced stage. The group took over the management of the Emirates Palace in Abu Dhabi at the beginning of 2020 and the Al-Faisaliah in Riyadh in March 2021, increasing the total number of hotels under operation to 34. New management contracts were signed and announced in 2020 in respect of Zurich and Vienna. In 2021, a new resort location was announced in Da Nang, Vietnam. The recently restored Mandarin Oriental Ritz, Madrid, in which the group has a 50% interest, and the Mandarin Oriental Bosphorus, Istanbul are expected to open in the first half of this year.

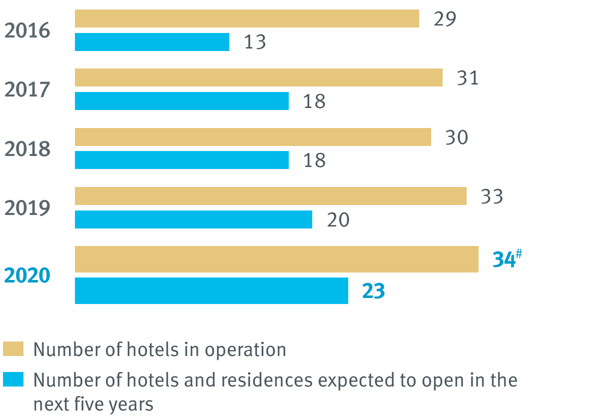
### Underlying (Loss)/Profit Attributable to Shareholders (US$ million)


### Net Asset Value per Share* (US$)



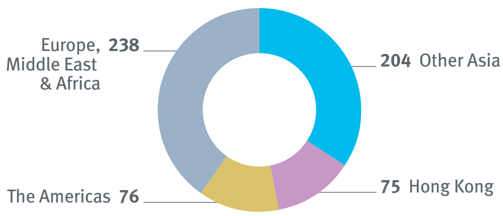

* With freehold and leasehold properties at valuation.

### Hotel and Residences Portfolio




# Number of hotels in operation is representative as of 11th March 2021.

### Combined Total Revenue of US$593 million of Hotels under Management by Geographical Area (US$ million)



# Jardine Cycle & Carriage

- **Underlying profit 50% lower at US$429 million**
- **Significantly weaker performances from Astra's automotive, financial services and heavy equipment and mining operations**
- **Direct Motor Interests performance affected by lower profitability in Cycle & Carriage Singapore and Tunas Ridean**
- **Other Strategic Interests performance relatively stable**
- **Proposed final dividend of US¢34 per share, total dividend of US¢43 per share for the year, 51% lower than 2019**

| | 2020 | 2019 | Change (%) |
|---|---|---|---|
| Revenue (US$ billion) | 13.2 | 18.6 | (29) |
| Underlying profit attributable to shareholders (US$ million) | 429 | 863 | (50) |

Jardine Cycle & Carriage's ('JC&C') underlying profit attributable to shareholders was 50% lower than the same period last year at US$429 million. After accounting for non-trading items, profit attributable to shareholders was US$540 million, 39% lower than the same period last year. Non-trading items in 2020 included a US$188 million gain on the disposal of Astra's investment in Permata Bank and US$109 million unrealised fair value gains related to non-current investments. These were partly offset by an impairment loss of US$182 million in respect of the group's investment in Siam City Cement, reflecting several years of challenging market conditions.

Astra's contribution to the group's underlying profit of US$309 million was 57% down from the previous year. There were weaker performances from its automotive, financial services, and heavy equipment and mining divisions.

The underlying profit from Direct Motor Interests was 78% lower at US$14 million, mainly due to lower contributions from Cycle & Carriage Singapore and Tunas Ridean in Indonesia.

Other Strategic Interests contributed an underlying profit of US$120 million, down 5% from the previous year.

## Direct Motor Interests

Direct Motor Interests faced challenging trading conditions during the year. Cycle & Carriage Singapore saw lower sales and weaker margins. Passenger car sales and market share both fell. In Indonesia, Tunas Ridean's automotive business saw reduced sales, while its consumer finance operations were adversely impacted by lower lending volumes and increased loan provisioning. Cycle & Carriage Bintang in Malaysia contributed a lower loss than the prior year, with improved sales in the second half of the year due to a sales tax reduction, as well as cost savings initiatives.

## Other Strategic Interests

Under Other Strategic Interests, Thaco saw a lower underlying performance than last year. Its automotive business provided a lower contribution due to reduced margins, attributable mainly to difficult market conditions in the first half of the year as a result of the pandemic, partly offset by higher unit sales. Thaco's real estate business saw better performance than the previous year, as sales resumed on the back of a market recovery, while its new venture in the agriculture sector contributed a loss.

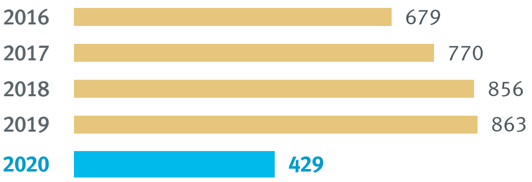
Siam City Cement's contribution was higher than the previous year, with margins benefitting from improved operational efficiencies, which helped to offset a decline in sales.

There was a higher contribution from REE, due to a stronger performance by the real estate business and the effect of an increase in JC&C's shareholding to 29.8%, partly offset by weaker performances from its hydropower investments and its M&E business.

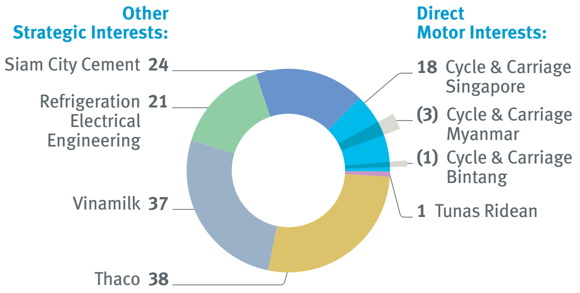
The group's investment in Vinamilk delivered slightly higher dividend income of US$37 million. Vinamilk's export business continued to grow while its domestic dairy segment remained relatively stable.

### Revenue (US$ billion)


### Underlying Profit Attributable to Shareholders (US$ million)




### Underlying Profit (excluding Astra, DMI central overheads and Corporate) of US$135 million by Business (US$ million)



# Astra

- Net earnings per share down 53% (before the gain on sale of investment in Permata Bank)
- Car sales down 50% with a slight decline in market share, while motorcycle sales down 41% with increased market share
- Increased loan loss provisions in the financial services business
- Lower coal prices impacted heavy equipment sales and mining contracting volumes
- Agribusiness benefitted from higher crude palm oil prices
- Strong balance sheet and funding position

| | 2020 | 2019 | Change* (%) |
|---|---|---|---|
| Net revenue# (US$ billion) | 12.0 | 16.8 | (26) |
| Profit attributable to shareholders*† (US$ million) | 702 | 1,536 | (53) |

* Based on the change in Indonesian rupiah, being the reporting currency of Astra.
\# Reported under Indonesian GAAP.
† Before the gain on sale of investment in Permata Bank.

Astra's net profit for 2020 under Indonesian accounting standards, including the gain from the sale of the group's investment in Permata Bank, was Rp16.2 trillion, equivalent to US$1.1 billion, 26% lower than 2019. Excluding this one-off gain, the group's net income would have decreased by 53% to Rp10.3 trillion (equivalent to US$0.7 billion), primarily due to weaker performances by its automotive, heavy equipment and mining, and financial services divisions, as a result of the impact of the pandemic and related containment measures.

## Automotive

Net income from Astra's automotive division decreased by 68% to US$185 million, reflecting a significant drop in sales volume. After suffering a net loss in the second quarter, the automotive division saw a return to profitability in the second half of the year following the partial easing of pandemic containment measures. The wholesale market for cars declined by 48% in 2020 and Astra's car sales were 50% lower, reflecting a slight decline in its market share.

The wholesale market for motorcycles declined by 44% and Astra Honda Motor's sales decreased by 41%, with an increased market share. Astra Otoparts saw a decrease in net income, mainly due to lower revenues from the original equipment manufacturer, replacement market and export segments.

## Financial Services

Net income from the group's financial services division decreased by 44% to US$226 million in 2020, primarily due to increased provisions to cover higher non-performing loans in the consumer and heavy equipment-focused finance businesses. The consumer finance businesses saw a 23% decrease in new amounts financed. There was a 46% decrease in the contribution from the group's car-focused finance companies and a fall of 42% in the contribution from its motorcycle-focused business.

Astra's heavy equipment-focused finance operations saw a 17% decrease in new amounts financed to US$246 million. The net income contribution from this segment decreased by 59%.

General insurance company Asuransi Astra Buana reported a 16% decrease in net income, mainly caused by lower underwriting income. In November, the group acquired a further 49.99% of PT Astra Aviva Life (now PT Asuransi Jiwa Astra) from Aviva International Holdings Limited, bringing its ownership to 99.99%.

Astra completed the sale of Permata Bank in May 2020 for a consideration of US$1.1 billion.

## Heavy Equipment, Mining and Construction

Net income from Astra's heavy equipment, mining and construction division decreased by 49% to US$234 million, mainly due to lower heavy equipment sales and mining contracting volume caused by weaker coal prices for most of the year. Komatsu heavy equipment sales fell by 47%, while parts and service revenues were also lower.

Mining contractor Pamapersada Nusantara recorded 17% lower overburden removal volume and 13% lower coal production. United Tractors' coal mining subsidiaries achieved 9% higher coal sales, but their performance was

**51%**
2020 New motor car market share

**79%**
2020 New motorcycles market share

**US$4.6bn**
2020 New consumer financing

**US$246m**
2020 New heavy equipment financing

affected by lower coal prices. Agincourt Resources reported 22% lower gold sales at 320,000 oz.

General contractor Acset Indonusa reported a net loss of US$90 million, mainly due to the slowdown of several ongoing projects and reduced project opportunities during the pandemic. In September 2020, the company raised US$102 million from a rights issue to reduce debt and strengthen its capital structure. United Tractors' ownership of Acset increased from 50.1% to 64.8% as a result.

## Agribusiness

Net income from the group's agribusiness division was US$45 million, significantly higher than 2019, mainly due to higher crude palm oil prices, which rose by 28%. Crude palm oil and derivatives sales fell by 14%.

## Infrastructure and Logistics

Astra's infrastructure and logistics division saw its net income fall significantly from US$21 million to US$3 million in 2020, due to lower toll road revenues and lower operating margin in Serasi Autoraya. The group's toll road concessions experienced a 12% fall in traffic volume. Serasi Autoraya's net income decreased by 55%, mainly due to lower operating margins in its car rental business and lower used car sales, despite a slight increase in the number of vehicles under contract.

In November, the group acquired Jakarta Marga Jaya, which owns a 35% stake in Marga Lingkar Jakarta, the operator of the 7.7 km Kebon Jeruk-Ulujami toll road, part of the Jakarta Outer Ring Road I.

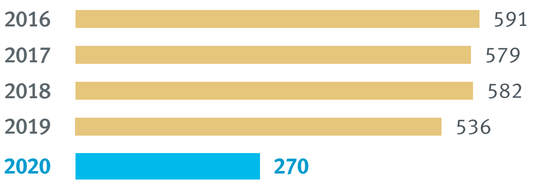
## Information Technology

Net income from the group's information technology division was 81% lower at US$2 million, primarily due to lower revenues in the document solution and office service businesses of Astra Graphia.

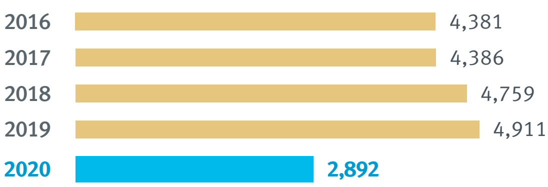
## Property

Net income from the group's property division increased slightly to US$6 million, mainly as a result of higher occupancy at Menara Astra and earnings recognised from its Asya Residences development project.

**Motor Vehicle Sales including Associates and Joint Ventures (thousand units)**




**Motorcycle Sales including Associates and Joint Ventures (thousand units)**




**Profit Attributable to Shareholders of US$702 million by Business (US$ million)**