Jardine Matheson

Jardine Matheson Holdings Limited
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Announcement

www.jardines.com

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For immediate release

The following announcement was issued today to a Regulatory Information Service approved by the Financial Conduct Authority in the United Kingdom.

Jardine Matheson Holdings Limited
Interim Management Statement

11th November 2021 – Jardine Matheson Holdings Limited (the 'Company') today publishes its Interim Management Statement for the third quarter of 2021.

There was an encouraging improvement in performance in many of the Group's businesses in the third quarter compared with the same period last year, but the Group continues to face challenges caused by the COVID-19 pandemic and the measures taken to control it. Conditions are expected to remain uncertain across the Group's markets for the remainder of the year. Nevertheless, the Group remains resilient and well-positioned to achieve its long-term growth objectives, with a strong balance sheet and liquidity position.

In these challenging times, we are grateful to our colleagues across the Group who continue to respond with professionalism, resilience and dedication in the face of significant uncertainties.

Looking at the individual performances of the Group's businesses, Jardine Pacific reported a lower contribution in the third quarter compared with the same period last year, primarily due to a reduction in government support in the current period, with a number of businesses seeing a fall in profitability. Excluding the impact of prior year government support, however, most businesses delivered improved performances.

Jardine Schindler saw a fall in profitability in the quarter, reflecting lower margins driven by the competitive environment. Gammon and JEC both reported lower profits, reflecting reduced sales which were primarily due to project timing, although margins improved. The results of Jardine Restaurant Group fell as a result of the resurgence of COVID-19 in some markets and rising supply chain costs, but the business saw good profit growth driven by solid delivery sales in Taiwan and the benefits realised from ongoing process re-engineering projects.

HACTL reported a satisfactory performance, with the business benefitting from the increase in air cargo tonnage which has partly resulted from the disruption in sea-freight and associated material cost increases in shipping, although it has also faced pricing pressure. There was a lower contribution from Greatview principally due to rising raw material costs.

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Jardine Motors saw its earnings in the third quarter increase compared with the same period last year, mainly driven by a strong performance on the Chinese mainland. Despite lower sales volume, Zung Fu China and Zhongsheng both saw higher margins and profitability on new car sales due to limited stock supply. However, the dealerships in the United Kingdom reported a small decline as volume was impacted by nationwide supply issues. The transfer of Zung Fu China to Zhongsheng was completed in early October.

Hongkong Land's Central office portfolio continued to perform relatively well due to its high quality and unique positioning, despite rising office vacancies across the city. Although Hong Kong's borders remained closed to visitors, the group's retail sales increased compared to the second quarter of 2021 and were higher than the same period in 2020, resulting from the provision of lower levels of temporary rent relief to tenants. Rental reversions in the group's Singapore office portfolio were positive in the period.

Hongkong Land's Development Properties business saw market sentiment on the Chinese mainland weaken in the quarter relative to the first half of the year, amidst tightened credit conditions for the property sector. Contracted sales at the group's projects, however, remained in line with expectations.

The overall performance of DFI Retail Group ('DFI') in the third quarter continued to be affected by the pandemic as well as underlying losses reported by its key associate, Yonghui, and its results were significantly lower than the same period in 2020, when performance benefitted from both panic buying and government support. Grocery Retail like-for-like sales were lower in the third quarter than in the same period last year, as customer buying behaviours continued to normalise from a high sales base in 2020, but there continues to be encouraging progress in the transformation of the business and there was strong growth in underlying profitability in the quarter compared to the third quarter of 2019, before the onset of the pandemic. The group's Convenience business saw improved like-for-like sales, driven primarily by strong growth in Hong Kong and Macau, and underlying profitability in the third quarter improved relative to the first half.

Like-for-like sales for the group's Health and Beauty businesses improved in the third quarter relative to the first half, driven predominantly by Mannings Hong Kong and Guardian Singapore. However, reduced levels of government support impacted profitability in the quarter compared to the same period last year. More generally, relative to historical trends, profitability continued to be significantly affected by an ongoing lack of tourist custom and reduced footfall in malls in key Southeast Asian markets.

Mandarin Oriental saw trading conditions generally improve towards the end of the second quarter, and this trend continued into the third quarter. Performance did, however, vary by market depending on government actions to curtail the spread of COVID-19. In Asia, most properties were dependent on domestic business with international borders remaining effectively closed, and as a consequence both occupancy levels and room rates remained low. The exception was the Chinese mainland, where operations continued to gain from strong demand in a large domestic market. The operating environment in both Europe and America also improved substantially, with results benefitting from the relaxation of travel and freedom of movement restrictions, and ongoing government support in a number of markets.

Overall, Jardine Cycle & Carriage ('JC&C') performed well in the third quarter, reflecting improvements across all parts of its portfolio. Year-to-date underlying profit recovered substantially, compared to the same period in 2020, although the group's overall results for the first nine months of 2021 were still slightly lower than the same period in 2019, prior to the onset of the pandemic. Astra delivered a significantly improved performance across its divisions, notwithstanding the continuing COVID-19 restrictions during the period. There was a particularly strong contribution from automotive, where car sales volume benefitted from the implementation of temporary luxury car sales incentives; and from a number of Astra's other businesses which benefitted from higher commodity prices. Astra's financial services division benefitted from higher lending volumes and lower loan loss provisions.

JC&C's Direct Motor Interests also delivered an improved performance, with Cycle & Carriage in Singapore achieving higher sales volume and improved margins, particularly for its premium car segment and used car operations, and Cycle & Carriage Bintang in Malaysia continuing to benefit from a reduction in government sales tax and lower operating costs. Tunas Ridean in Indonesia reported higher contributions from its automotive and financial services operations.

JC&C's Other Strategic Interests performed well in the first nine months of the year, although the third quarter performance of some businesses was affected by lockdown measures implemented in Vietnam and Thailand. Many of THACO's automotive showrooms were closed during this period, but they gradually re-opened in October. REE's businesses remained largely operational during the lockdown. Siam City Cement saw lower sales volumes and selling prices as construction and infrastructure activities slowed, and it was also adversely impacted by higher energy costs.

Jardine Matheson is a diversified Asian-based business group with unsurpassed experience in the region. Its interests include Jardine Pacific, Jardine Motors, Hongkong Land, Dairy Farm, Mandarin Oriental, Jardine Cycle & Carriage and Astra. These companies are active in the fields of motor vehicles and related operations, property investment and development, food retailing, health & beauty, home furnishings, engineering and construction, transport services, restaurants, luxury hotels, financial services, heavy equipment, mining and agribusiness.

Jardine Matheson Holdings Limited is incorporated in Bermuda and has a primary listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore. Jardine Matheson Limited operates from Hong Kong and provides management services to Group companies.

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This and other Group announcements can be accessed through the internet at www.jardines.com.