



HARMONY AUTO
和諧汽車

2022 中期业绩演示材料

Interim Results Presentation

中国和谐汽车控股有限公司
China Harmony Auto Holding Ltd.



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Business Overview



Financial Analysis



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Business Overview | Highlights of 2022 interim results



	Total Revenue	RMB8.1 billion (incl. commission income) in 2022 1H , down by 15.3% year on year
	Net Profit	RMB309 million (excl. impairment of BYTON) in 2022 1H, contracting by 25.5% year on year
	New cars sale volume	17,190 units in 2021 1H, decreasing by 23.4% from the same period last year, among which, Ferrari, Bentley and Rolls-Royce increased by 365.2%, 10.3% and 2.4% respectively year-on-year
	Revenue from new cars sale	RMB6.9 billion in 2022 1H
	Comprehensive gross profit	RMB880 million in 2022 1H
	Operating cash flow	RMB620 million in 2022 1H, rising by 33.6% compared with the corresponding period last year
	SG&A and financial expense	RMB490 million of SG&A expense in 2022 1H, decreasing by 8.9% year on year RMB60 million of financial expense, a year-on-year decrease of 6.8%
	Financial penetration rate	60.2% , an increase of 1.3% over the same period last year, effectively driving financial commission and leasing income
	Stocks buyback and principle shareholder increased stake	Since 2022, The Company has repurchased over 21 million stocks from the open market Principle shareholder increased stake in the company for 1.03 million stocks

Operating 9 luxury brands



And 5 ultra-luxury brands



Business Overview | Overview of sales network



As of 30 Jun 2022 , a total number of **76** authorized outlets across 16 provinces in 40 cities



We converted **1** store of Maserati into Bentley to improve the sales efficiency and profitability.

- **1** Bentley: located in Beijing



4 stores under construction:

- **2** Ferrari: located in Zhengzhou, and Xi' an
- **1** Lamborghini: located in Tianjin
- **1** Lincoln: located in Wuhan

Business Overview | Network Expansion



Bentley Beijing



Business Overview | Outlets Distribution



- Cover 16 provinces and 40 cities

Business Overview | Awards of our outlets in 2022 1H



Beijing

The best case for campaigning in 2022 1Q
BMW&MINI China After-sales Service
Competition eService Special Competition
Runner-up

Zhengzhou

Excellent general manager of used car finance
business in BMW Finance West District
BMW West District New Energy Competition
Online Competition Individual Group Champion
Top 20 Zhongdebao Sales Consultants swept the
top 5

Wuhan

BMW Corporate Institutional Sales Excellent Case
Award

Luoyang

BMW National Excellent Marketing Case Library
in Q1 2022
The second prize of the MINI sales elite ranking in
the first half of 2022

Nanyang

The first prize of Group D of MINI sales
consultants in the first half of 2022

Shangqiu

2022 1Q, the official certified used car excellent
used car manager in the West District

Huhehaote

2022 BMW Electric Vehicle Sales Competition -
First Place in Inner Mongolia Community



BENTLEY



Wuxi

2021 Maserati Customer Relationship Maintenance
Elite

2021 M&S China Dealer Sales Process Best
Customer Experience Award

Outstanding Financial Manager of Maserati China in
2021

Maserati National Chief Technician

Wenzhou

Excellent Cases of Lamborghini China Market
Activities in Q1 2022-Lamborghini Wenzhou Night



V O L V O



Zhengzhou

2022 Volvo Nationwide Dealership - Four Star
Dealer

Mach to May 2022, Volvo's national dealer Tiktok
dissemination incentive plan ranked top five in
the country

Wuhan

Outstanding General Manager of the Southern
District in the first half of 2022

Shangqiu

Lincoln China Western Region Sales Development
Award in the first half of 2022

Business Overview | NEV layout — NEV Aftersales



Financial
investment

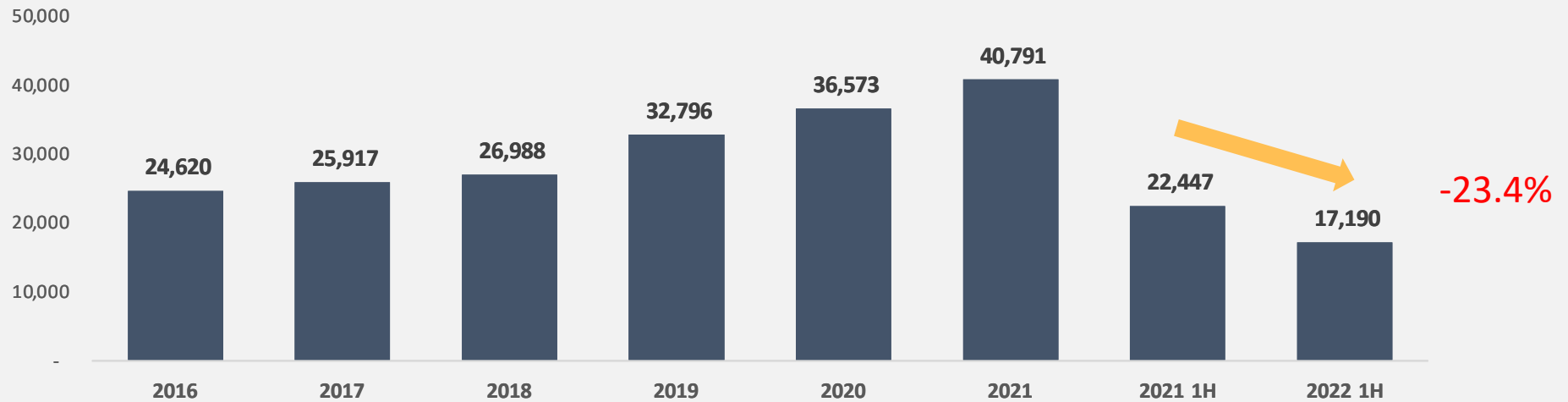


- Navigating the new business model in the world of NEV
- Focus on building up an ecosystem that covers the frontend (sales) to backend demand (aftersales + repair)
- Dangdang New Energy , an O2O platform specializing in NEV sales and aftersales services
- Established strategic partnership with 10 NEV brands, incl. Nio, Xpeng, and Li Auto;

Business Overview | New cars sales business

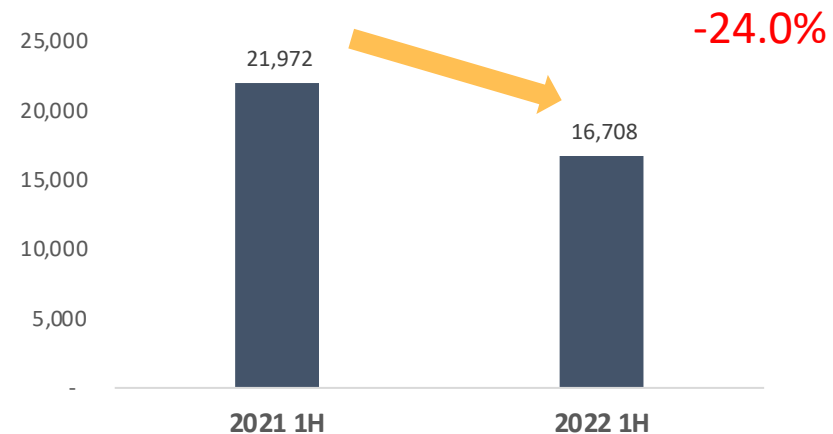
Historical New Car Sales

Unit : car



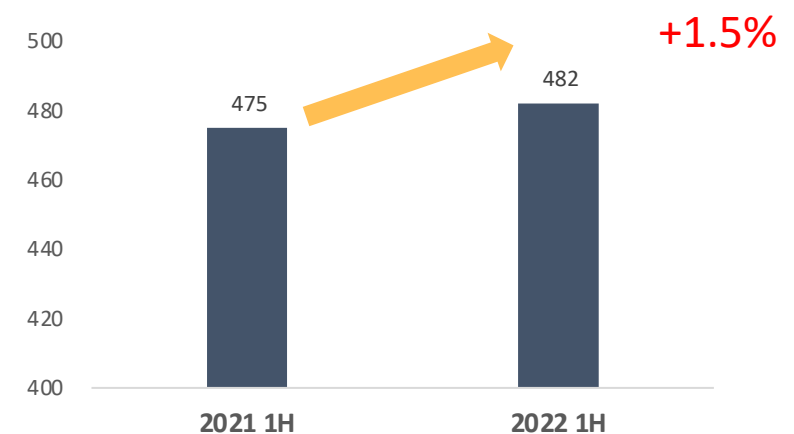
Luxury Brands

Unit : car



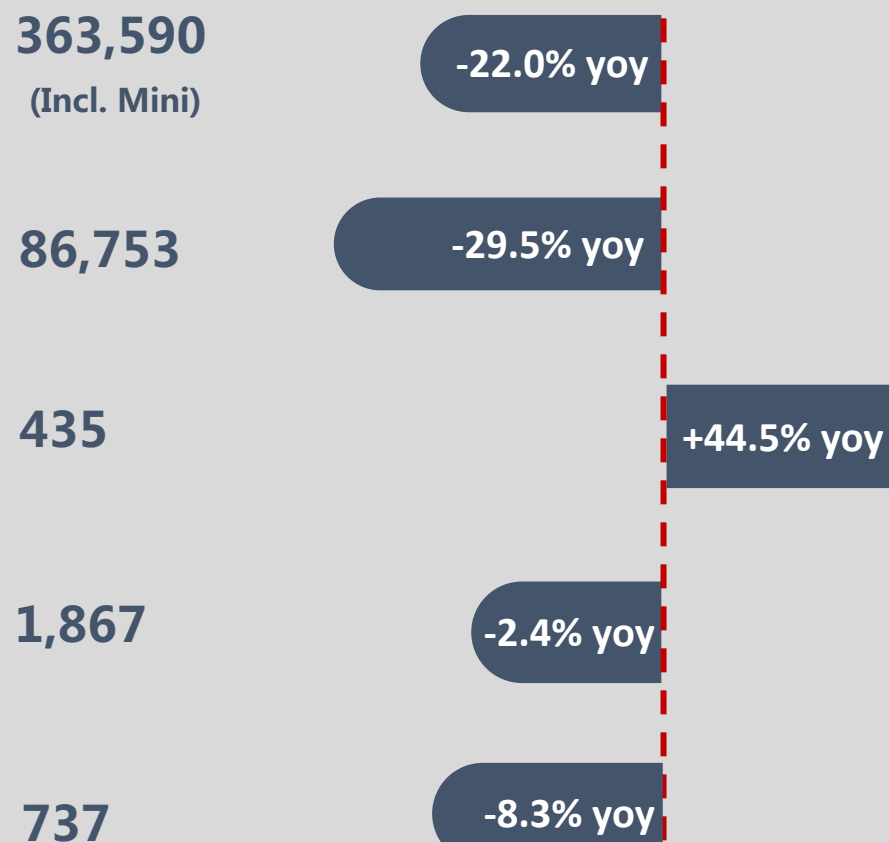
Ultra Luxury Brands

Unit : car

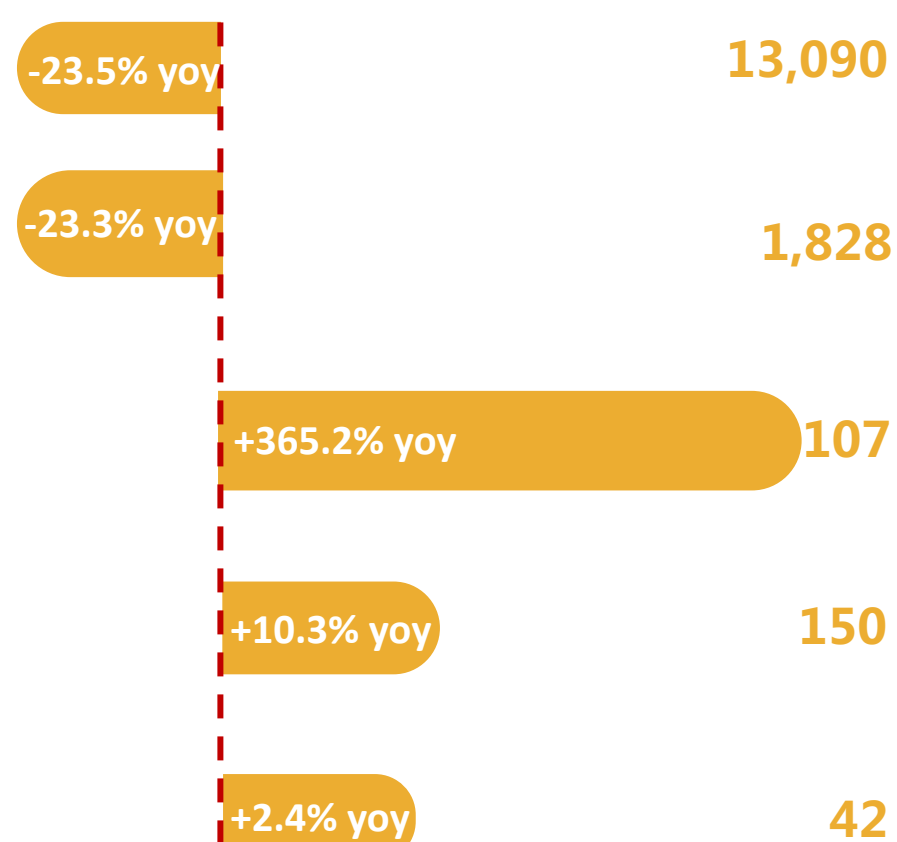


Business Overview | Key brands' volume analysis

Retail volume in China



Harmony's sales volume

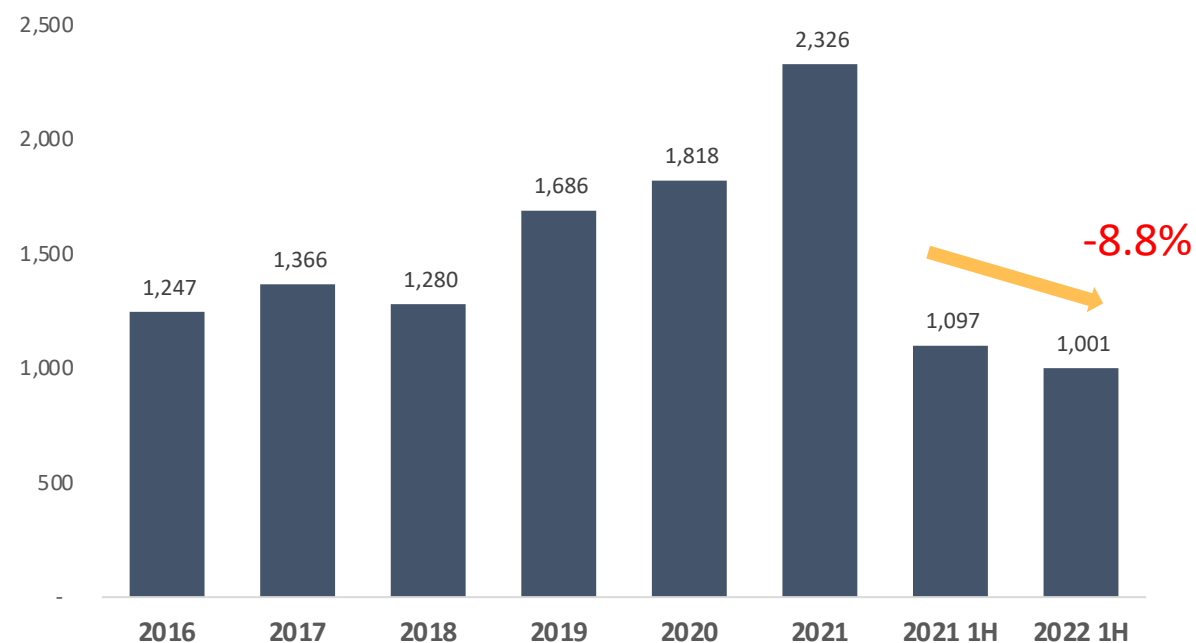


Business Overview | Aftersales Service:



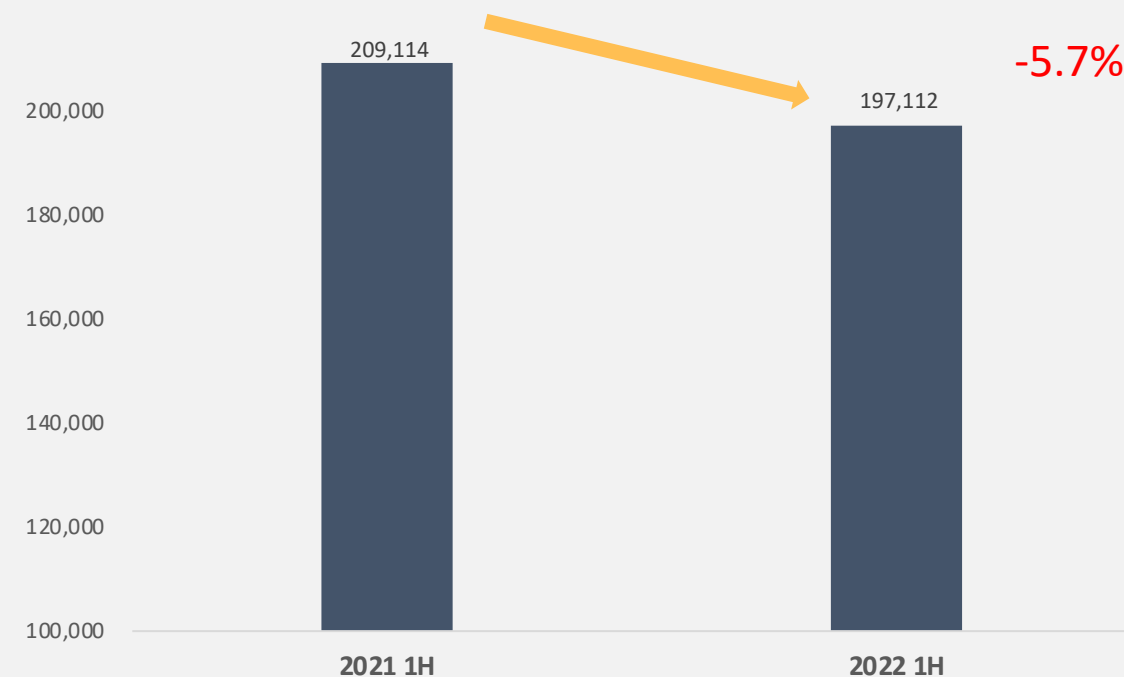
Revenue from aftersales service

Unit: RMB Million



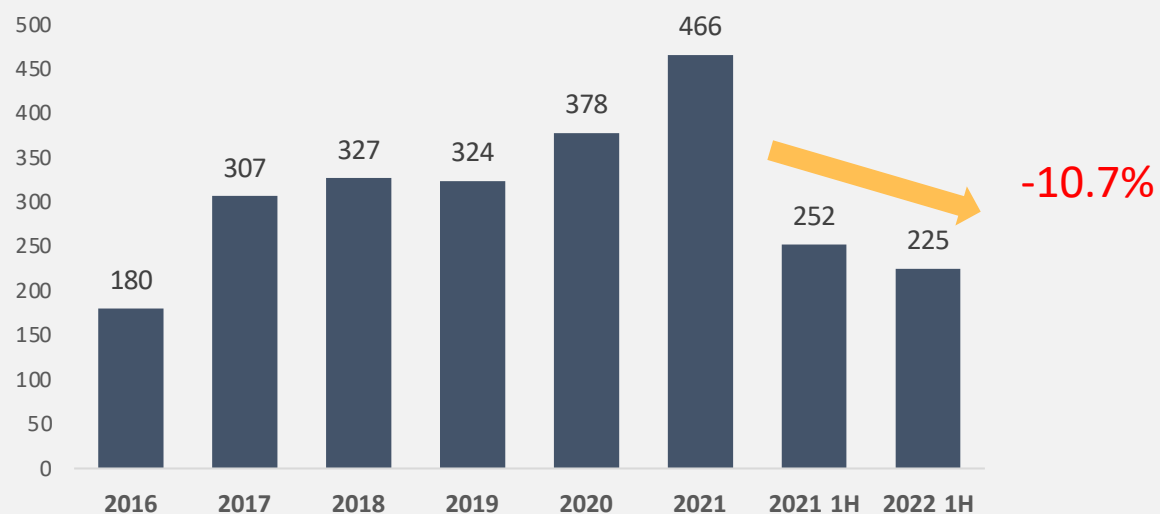
Repaired units

Unit: Car



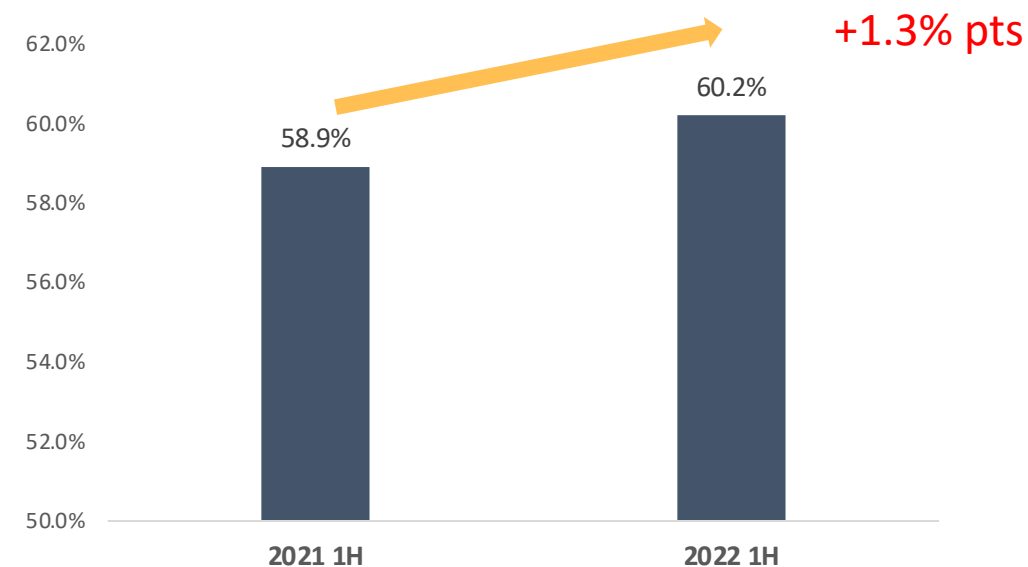
Revenue from value-added service

Unit: RMB Million



* Value-added business include financing leasing, auto financing and car insurance

Penetration of auto financing



I Financial Analysis

- 🎯 Financial performance
- 🎯 Cost management and debt analysis
- 🎯 Breakdown of gross profit
- 🎯 Analysis over key indicators

Financial Analysis | Financial performance

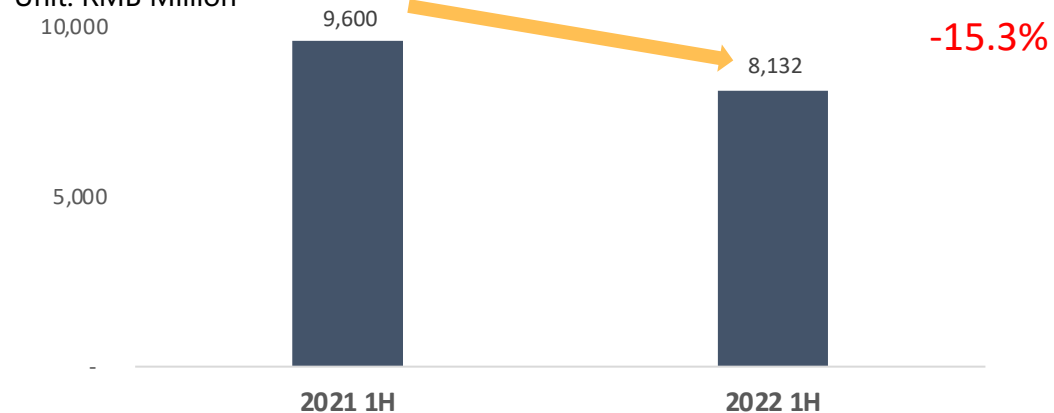


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Comprehensive Revenue

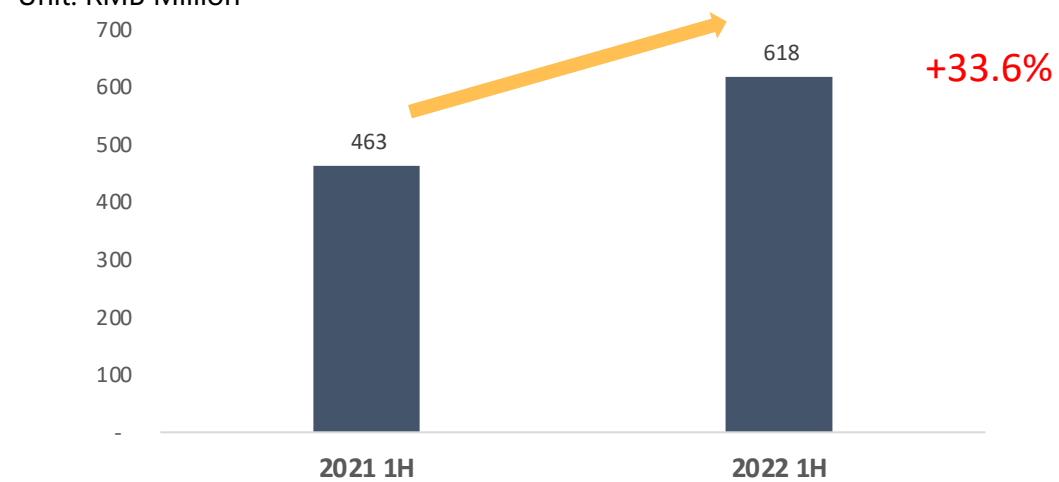
(incl. commission income)

Unit: RMB Million



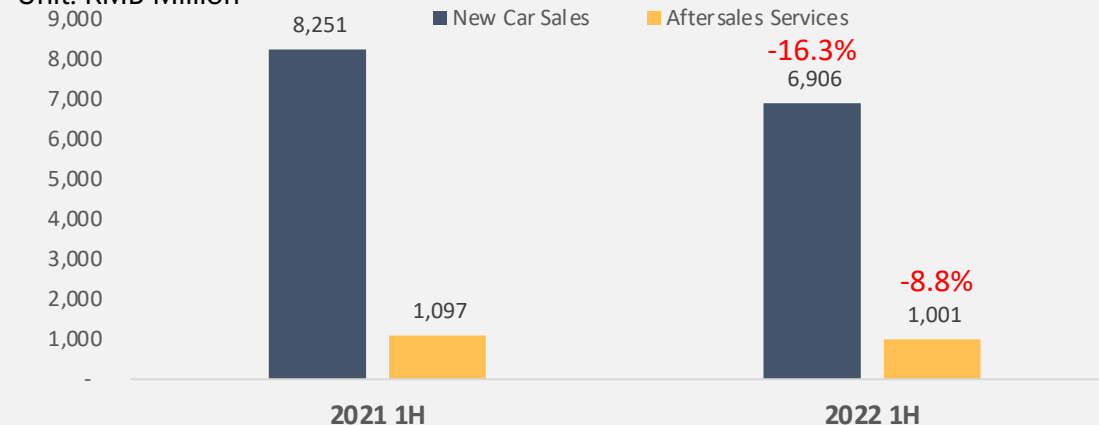
Operating cash flow

Unit: RMB Million

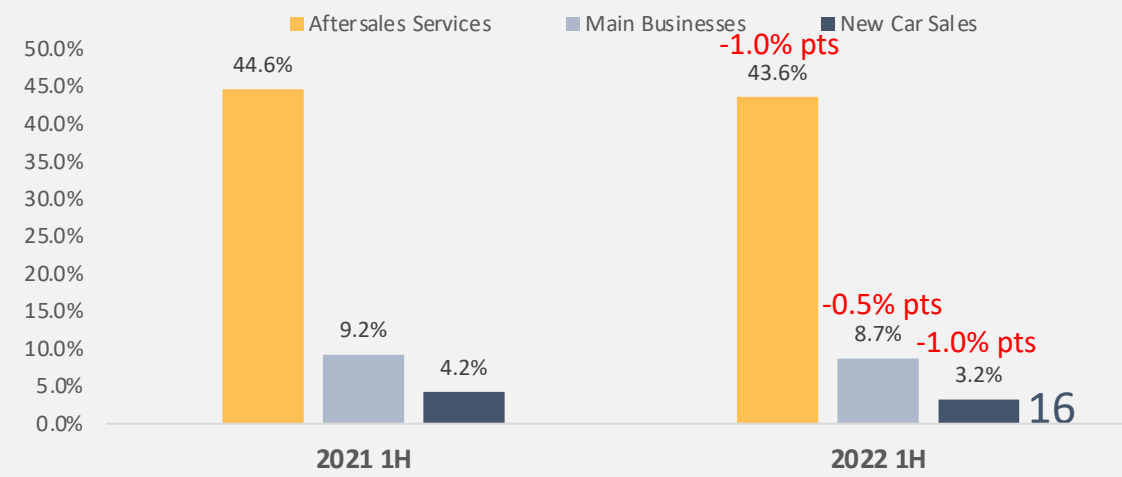


Revenue from new cars sales and aftersales services

Unit: RMB Million



Gross Margin by Business Segment

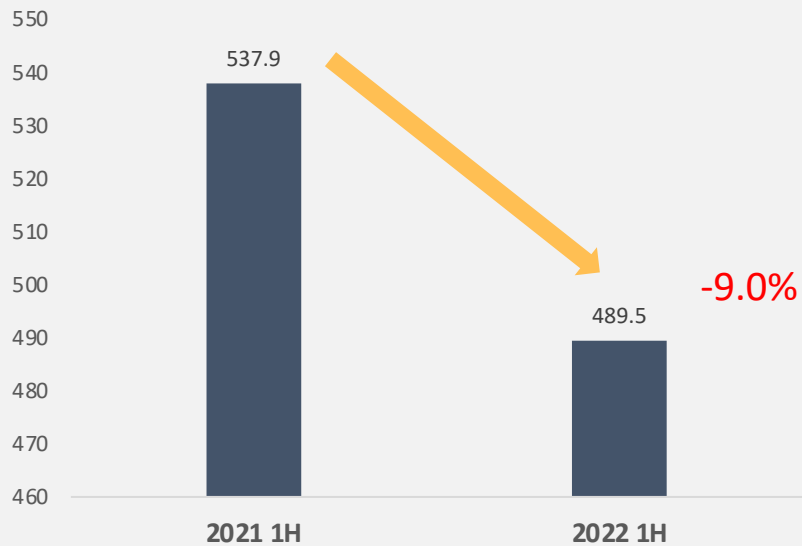


Financial Analysis | Cost management and debt analysis



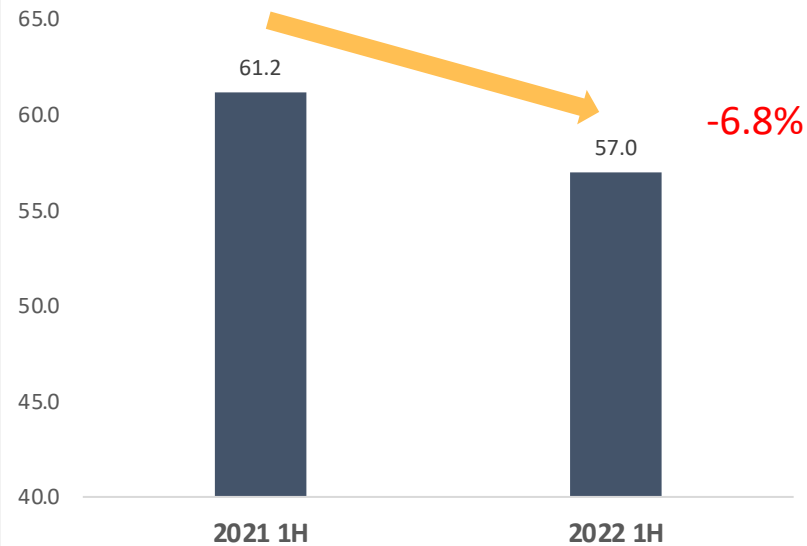
SG&A Expense

Unit: RMB Million

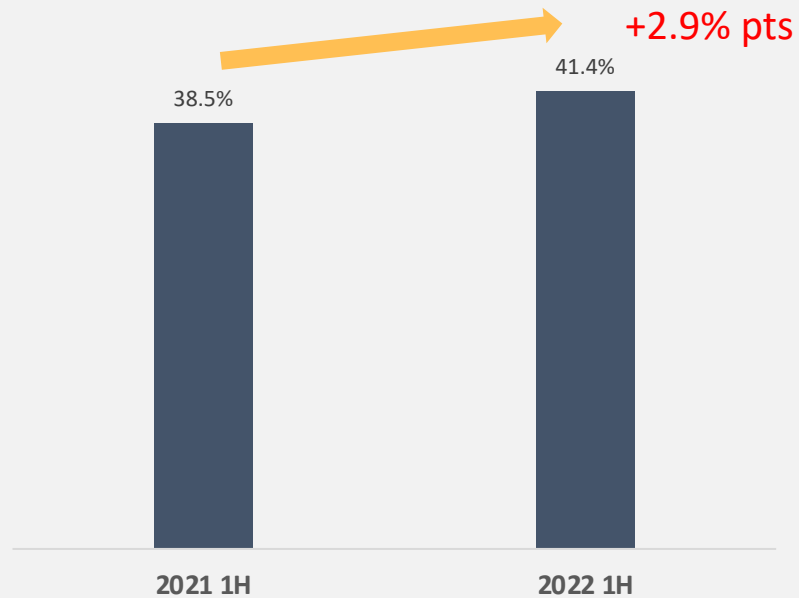


Financial Expense

Unit: RMB Million



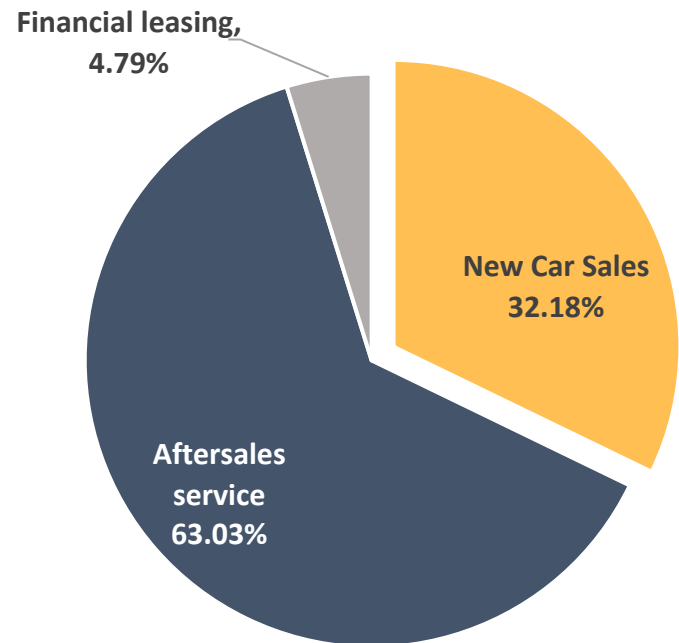
Liability-To-Asset Ratio



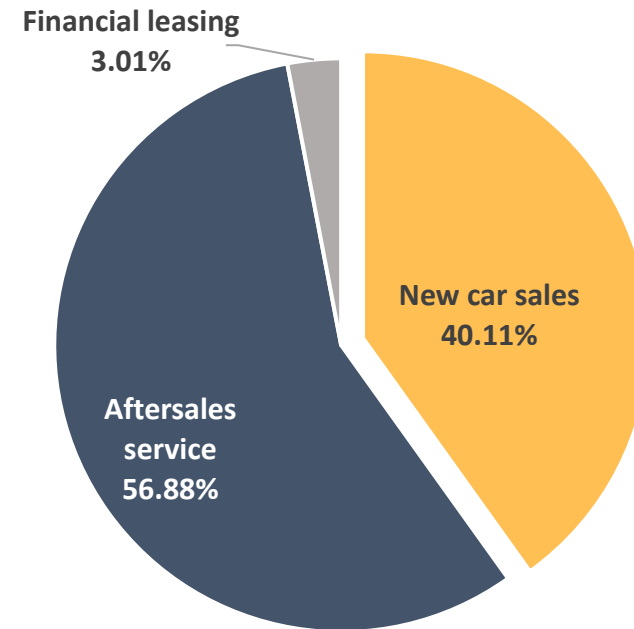
*Affected by the FMC (Byton) project, the asset-liability ratio increased slightly

Financial Analysis | Breakdown of Gross Profit

Breakdown of Gross Profit for 2022 1H



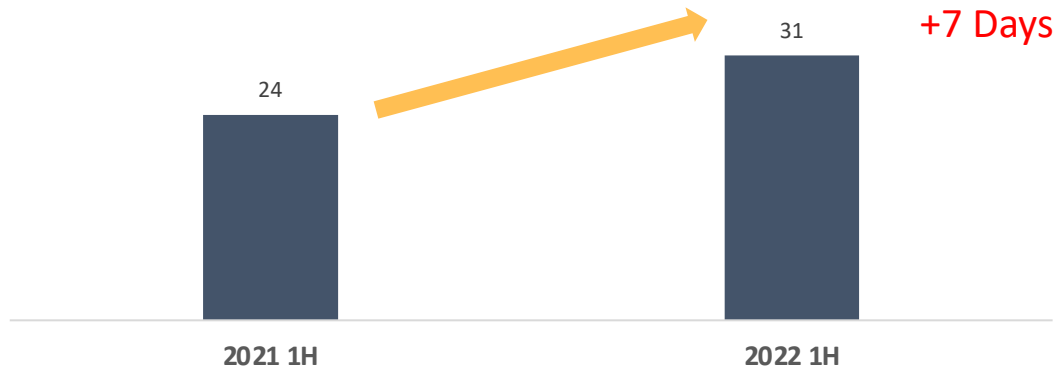
Breakdown of Gross Profit for 2021 1H



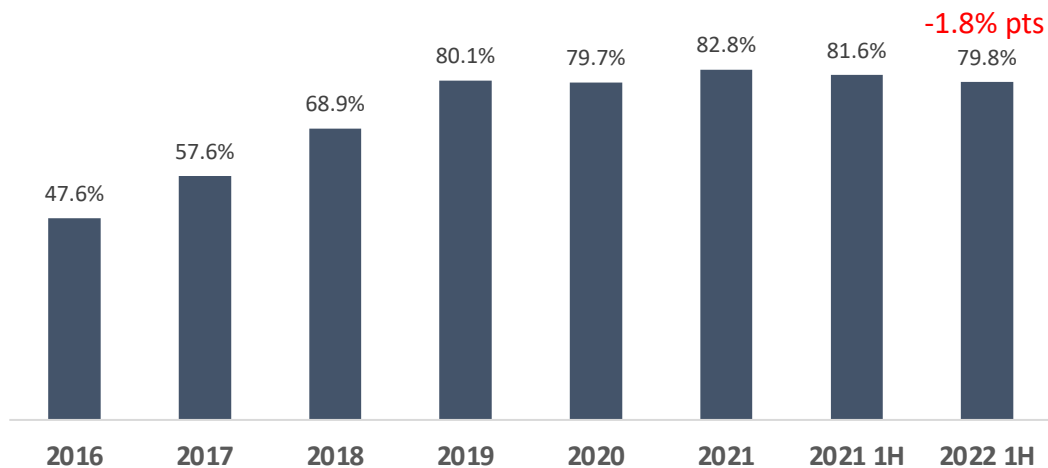
Financial Analysis | Analysis on key indicators

Overall Inventory Days

Unit: Day

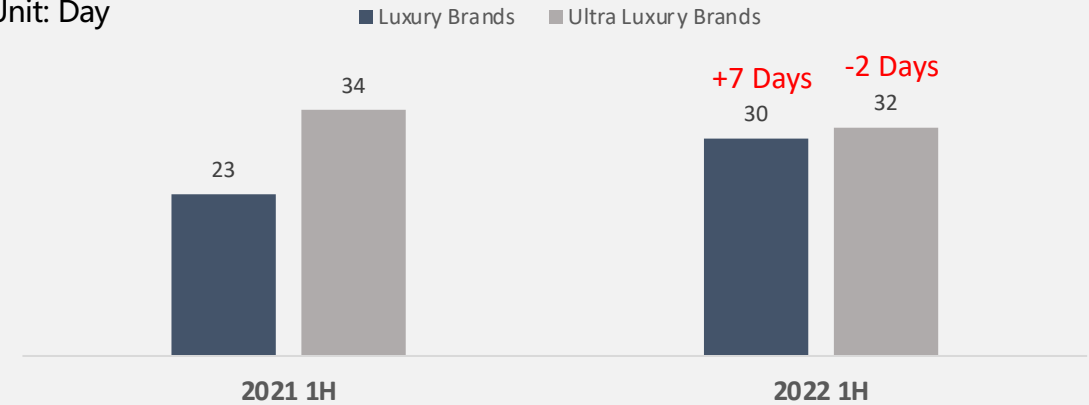


Absorption Ratio



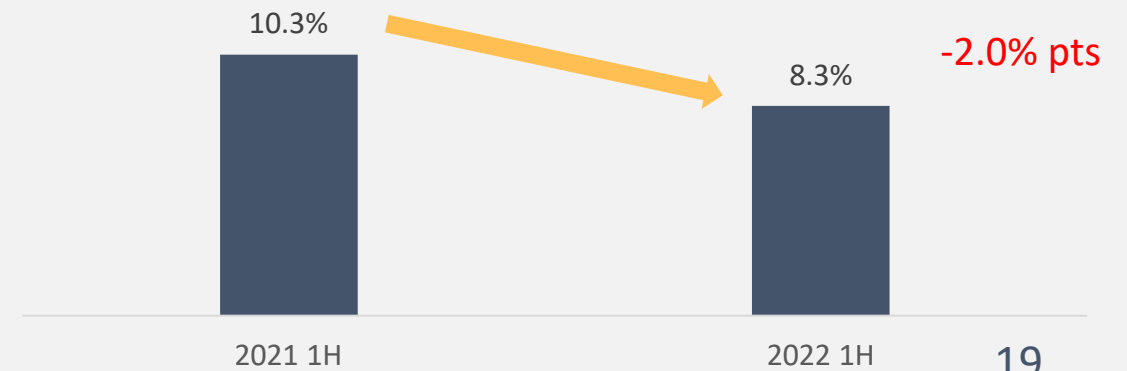
Inventory Days by brands

Unit: Day



Annualized ROE

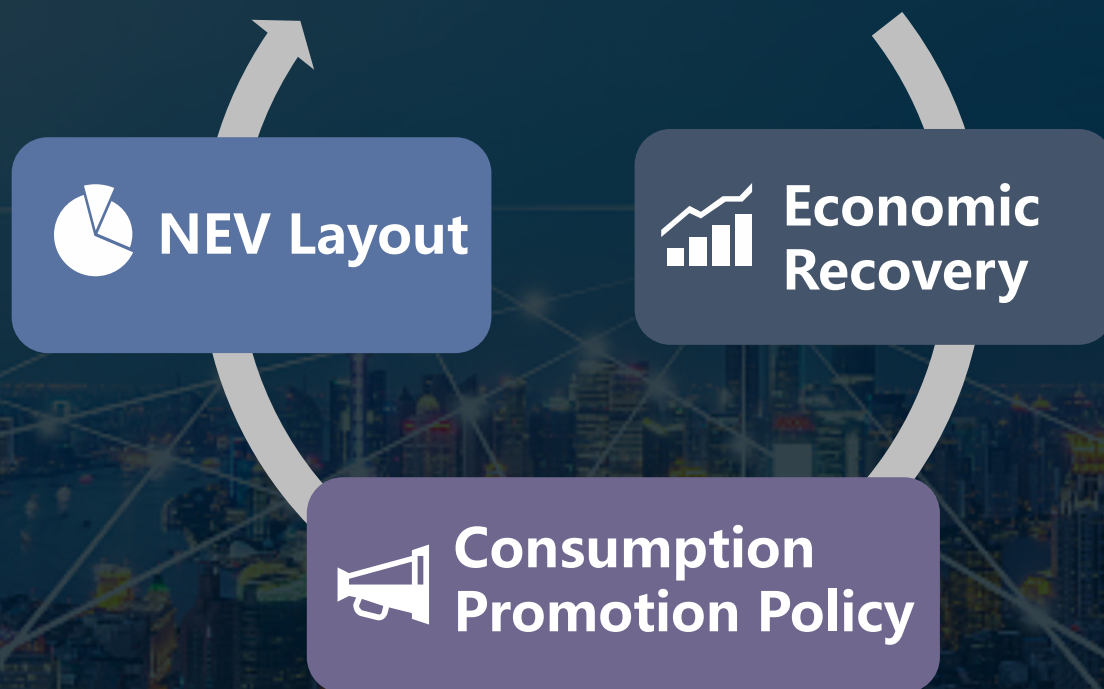
(excluding the impairment of BYTON)



Development Strategies | Industry Outlook

- The macro economy is in a period of bottoming out and recovery, and the trend brought about by consumption upgrades will further drive the demand for luxury and ultra-luxury vehicles.
- Policies such as financial subsidies, reduction of purchase tax and relaxation of car purchase restrictions will boost luxury car consumption.
- Traditional luxury brands are gradually enriching the product portfolio of new energy vehicles, seizing the opportunity of the reconstruction of the new energy vehicle pattern.
- Dealers with brand advantages will seize the opportunity of this round of luxury car demand recovery.

Structral Growth



Development Strategies | Three Focuses



Development strategies | Focus on the core business

Focus on the core business, and spin off NEV business



Focus on the core business



To seek independent financing

Development Strategies | Focus on the key brands

Keep focusing on strategically important brands

Consolidate BMW, Lexus, Ferrari, Bentley,
Rolls Royce



Keep eyes on the network expansion

- Optimize distribution network in the core regions
- Expand the coverage into areas with great potentials



Development Strategies | Focus on efficiency and quality



Concentrate on core business

- Ride on the trend: NEV | Used cars
- Broad-based planning: Scale | Users Experience
- Execution: Management Tools | Talents Development

Go boldly toward digitalization

- Manage every working process by the means of digitalization
- Use data analytics to improve sales channels

Continue to enhance operating efficiency

- **One standard** : Performance-centric
- **Two mindsets** : Capability | Performance
- **Three reforms** : On the basis of the three reforms, the operation is refined to reduce costs and increase efficiency
- **Four cultures** : Simplicity | Efficiency | Happiness | Endeavour



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Thank you !

Hong Kong Investor Relation Office

Email: hk@hexieauto.com