



HARMONY AUTO
和諧汽車

2023 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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Content



Business Overview



Financial Analysis



Development Strategies

Business Overview | Highlights of 2023 interim results



	Total Revenue	RMB 8.3 billion (incl. commission income) in 2023 1H , increased by 2.3% compared with the corresponding period last year
	Net Profit	RMB 208 million in 2023 1H, down by 32.5% compared with the corresponding period last year (excl. non-recurring items in 2022 1H)
	New cars sale volume	17,571 units in 2023 1H, increased by 2.2% from the same period last year, among which, ultra-luxury automobiles increased by 2.9%
	Revenue from new cars sale	RMB 6.8 billion in 2023 1H
	Revenue from financial and insurance services	RMB 211.3 million in 2023 1H, increased by 10.0% compared with the corresponding period last year
	Comprehensive gross profit	RMB 792.7 million in 2023 1H
	Used car sale volume	3,799 units in 2023 1H, increased by 24.0% from the same period last year
	Financial penetration rate	70.7% , an increase of 10.5 PTS over the same period last year, effectively driving financial commission income
	Shop Absorption Rate	89.1% , an increase of 10.5 PTS over the same period last year, effectively driving the revenue of provision of after-sales services

Operating 9 luxury brands



And 5 ultra-luxury brands



Business Overview | Overview of sales network



As of 30 Jun 2023, a total number of **79** authorized outlets across 16 provinces in 40 cities



Open **2** stores

- **2** Bentley: located in Zhengzhou and Xi' an



1 stores under construction:

- **1** Lamborghini: located in Tianjin

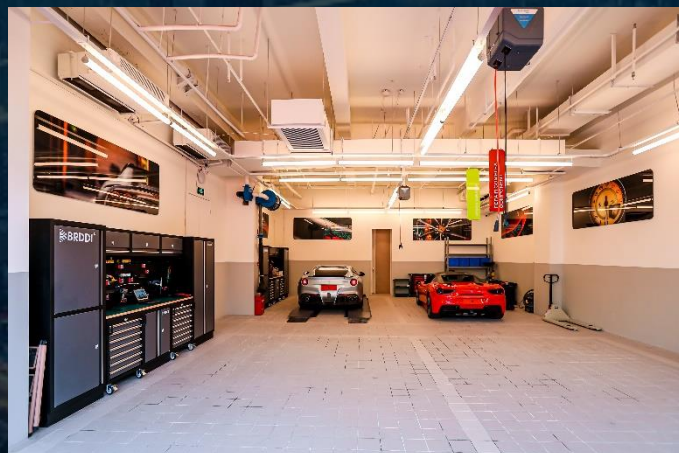
Business Overview | Network Expansion



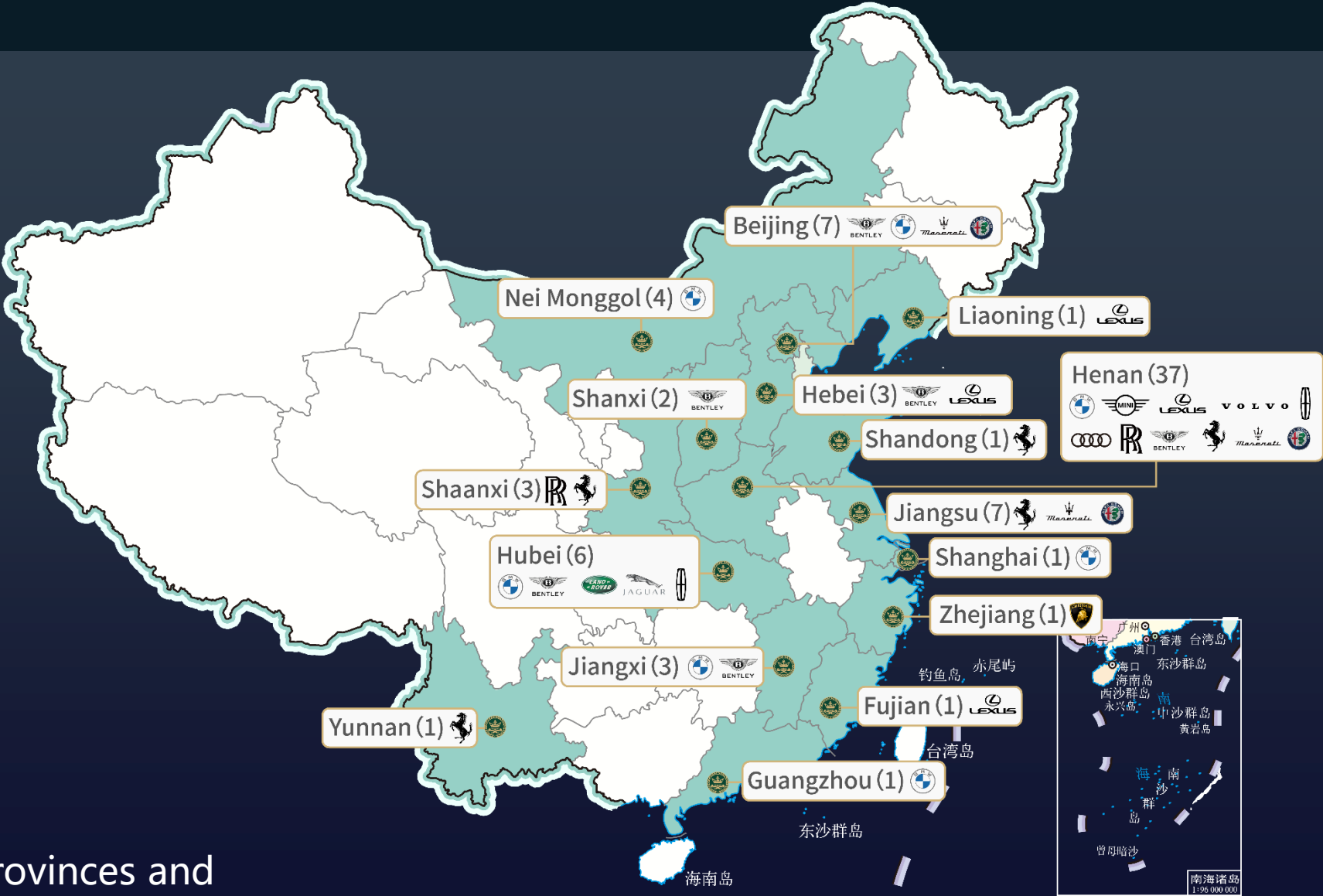
Ferrari Zhengzhou



Ferrari Xi' an



Business Overview | Outlets Distribution



- Cover 16 provinces and 40 cities

Business Overview | Awards of our outlets in 2022 1H



Nanchang

BMW South Region Dealer Excellence Awards for 1st Quarter 2023
 BMW South Region Outstanding Key Account Manager for 1st Quarter 2023

Outstanding Award of BMW Financial Shake Talk Challenge
 2023 BMW After-sales Service Competition West Region Parts Manager First Prize

Zhengzhou

2023 BMW After-sales Service Competition Western Region First Prize of After-sales Management Team
 2023 First Half Year BMW Financial West Region Used Car Excellent General Manager Management Award

Excellent Private Enterprise in Guancheng Hui District
 2022 Zhengzhou Motor Vehicle Repair Industry Quality Service Advanced Company

HeNan

BMW Financial West Region Used Car Excellent General Manager Management Award for the first half of 2023
 BMW Oil Conversion Rate Excellence Performance Award

WuHan

MINI West Region Outstanding General Manager, 2nd Quarter 2023
 MINI West Outstanding Store Manager, Q2 2023
 BMW Financial Dealer Best Idea Award

LuoYang

2022 Advanced Company of the Year in Work Safety in Luoyang City
 2023 BMW West Q2 Outstanding After Sales Manager
 2023 MINI West Q2 Outstanding Marketing Manager
 2023 MINI Western District Q2 Outstanding Marketing Events



Wuhan

2022 Outstanding Data Quality Award

WuXi

2022 Best Global After Sales Service Award
 Maserati 2023 Technician of the Month

Beijing

2023 Q2 Maserati China Best Marketing Campaigns
 2023 Q1 Best Loyalty Campaign for Maserati China
 2023 Q2 Best KOC Operation in Maserati China



Xinxiang

Lincoln China West Region Excellence in Lincoln Way Experience Award

Wuhan

Lincoln China South Region Marketing Excellence Award
 Lincoln China South Region Sales Contribution Award

Shangqiu

Lincoln China Outstanding Training Manager

ZhengZhou

Lincoln China Southern Region Sales Development Award

Wuhan

Lincoln China Southern Region Sales Development Award

Business Overview | NEV layout — NEV Aftersales

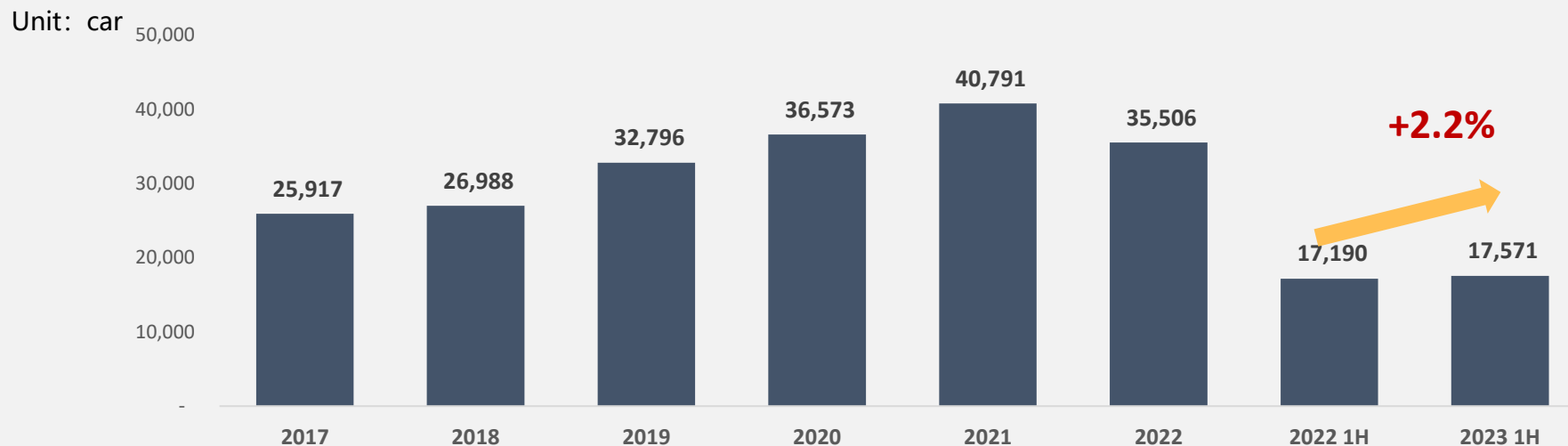


Financial
investment

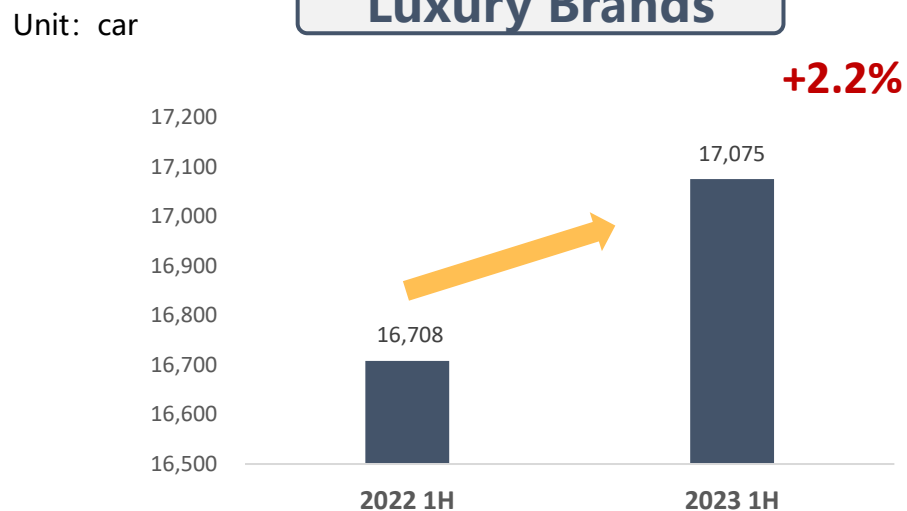


- Navigating the new business model in the world of NEV
- Focus on building up an ecosystem that covers the frontend (sales) to backend demand (aftersales + repair)
- Dangdang New Energy, an O2O platform specializing in NEV sales and aftersales services
- Established strategic partnership with 8 NEV brands, incl. Nio, Xpeng, Aion and Li Auto;

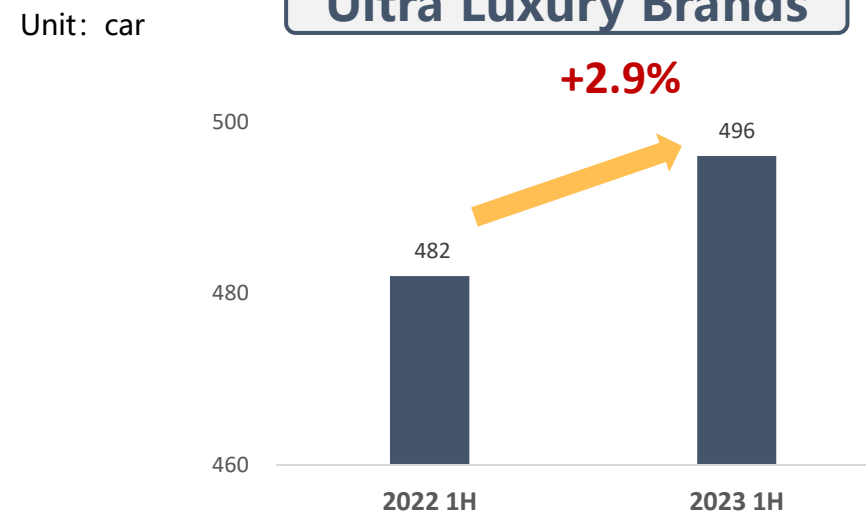
Historical New Car Sales



Luxury Brands



Ultra Luxury Brands



Business Overview | Key brands' volume analysis

Retail volume in China

384,528
(Incl. Mini)

+5.76% yoy



70,544

-18.68% yoy



616

+41.61% yoy



1,861

-0.32% yoy



658

-10.72% yoy



Harmony's sales volume

+3.07% yoy

13,492

-16.08% yoy

1,534

+20.56% yoy

129

-12.00% yoy

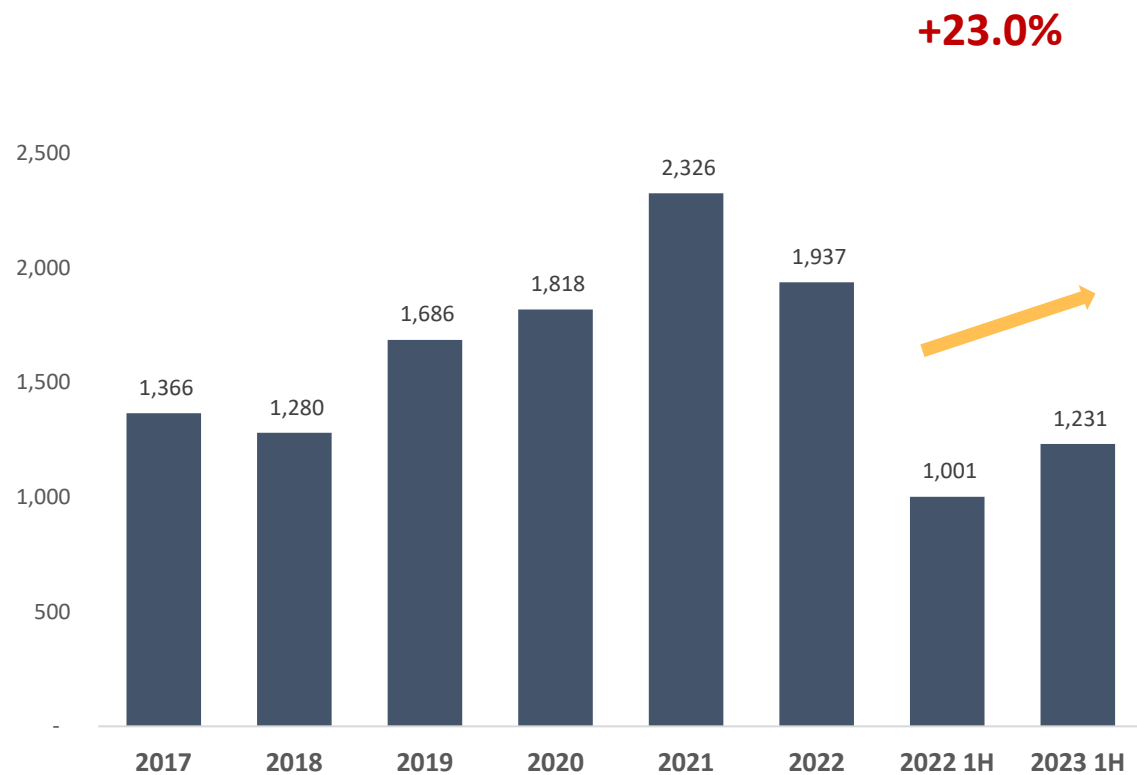
132

-9.52% yoy

38

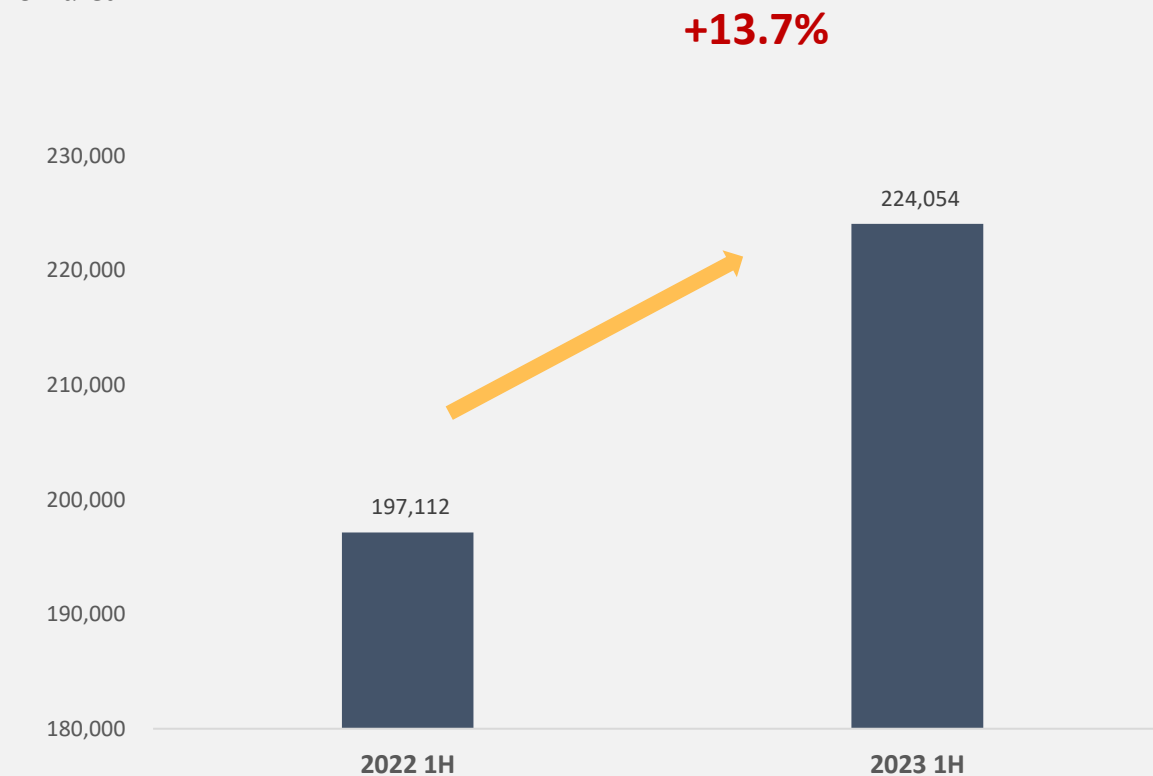
Revenue from aftersales service

Unit: RMB Million



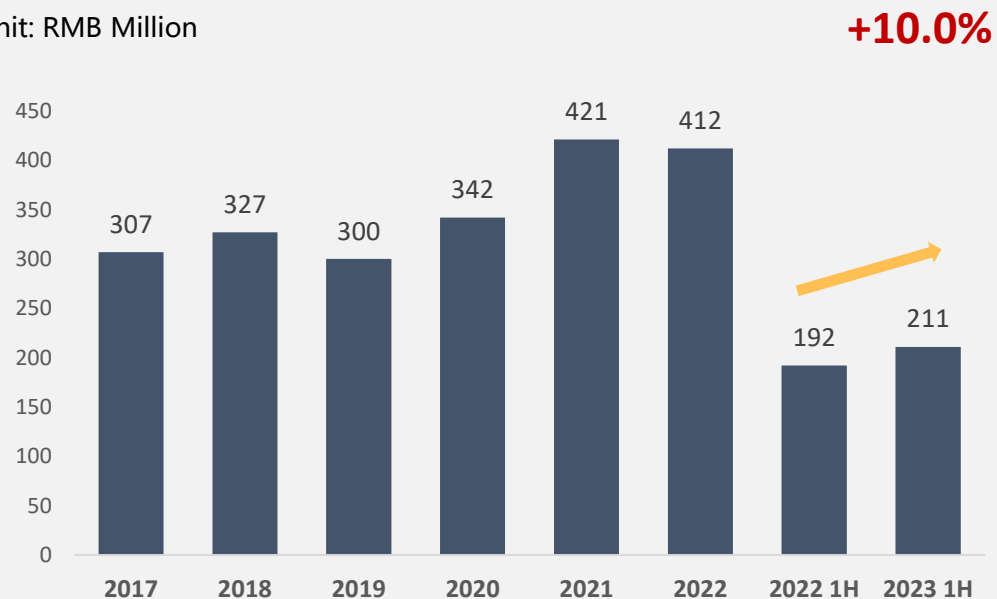
Repaired units

Unit: Car



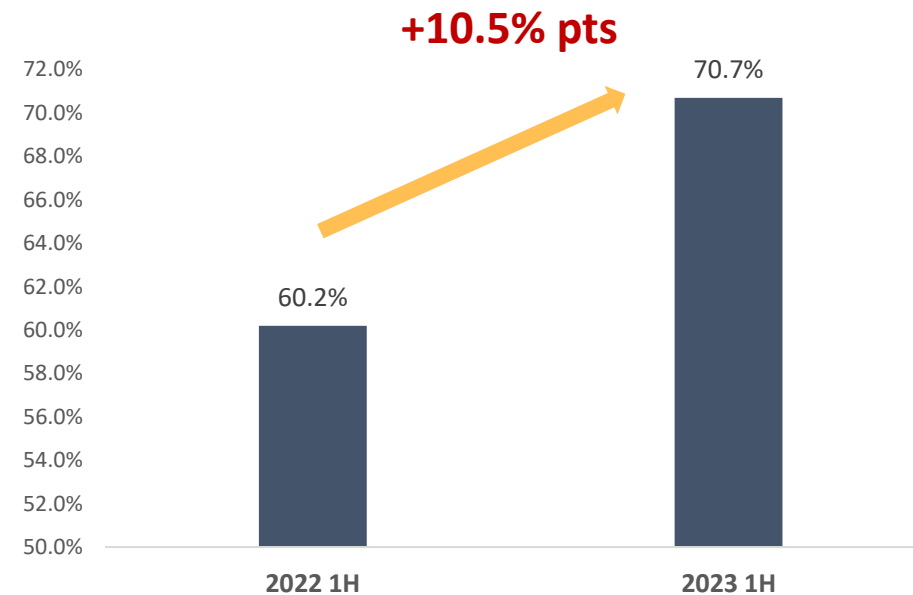
Revenue from value-added service

Unit: RMB Million



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

Penetration of auto financing



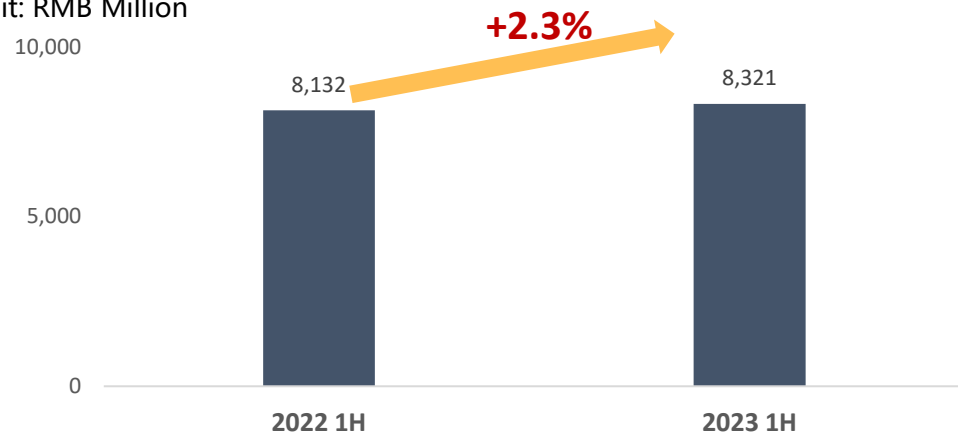
Financial Analysis

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

Financial Analysis | Financial performance

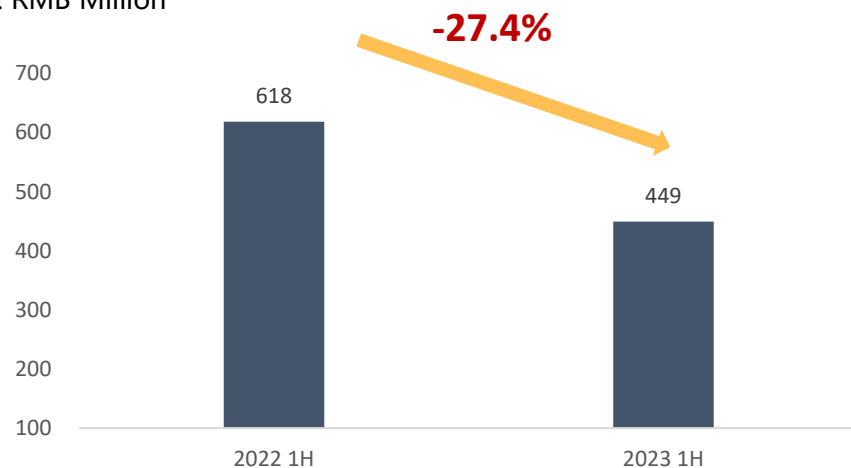
Comprehensive Revenue (incl. commission income)

Unit: RMB Million



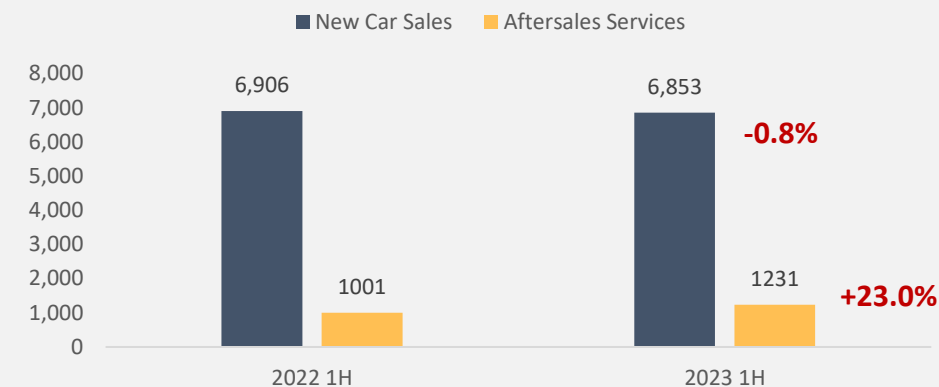
Operating cash flow

Unit: RMB Million

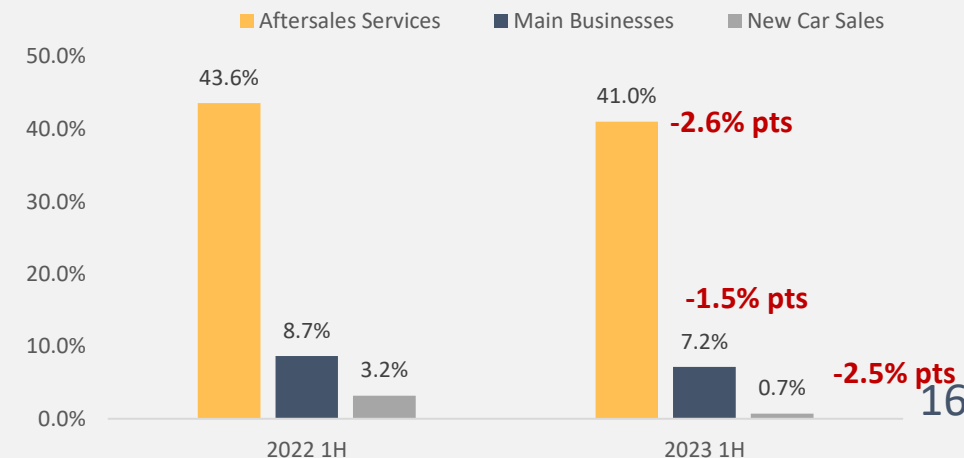


Revenue from new cars sales and aftersales services

Unit: RMB Million



Gross Margin by Business Segment



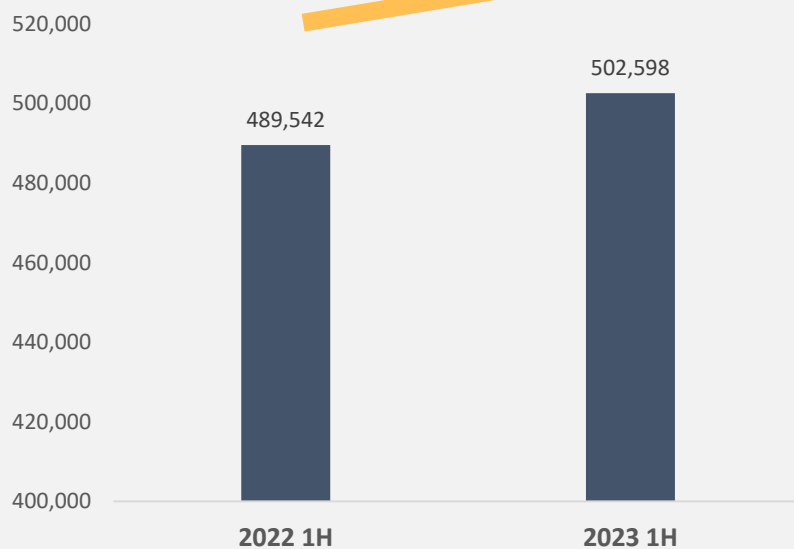
Financial Analysis | Cost management and debt analysis



SG&A Expense

Unit: RMB Million

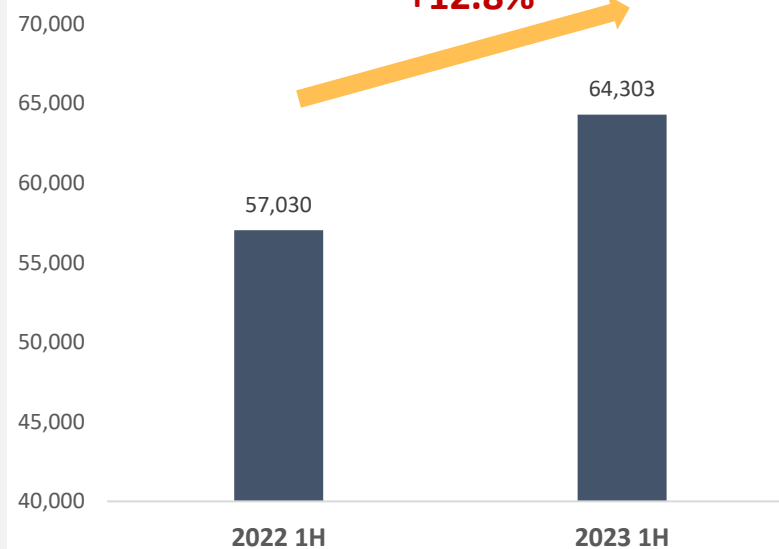
+2.7%



Financial Expense

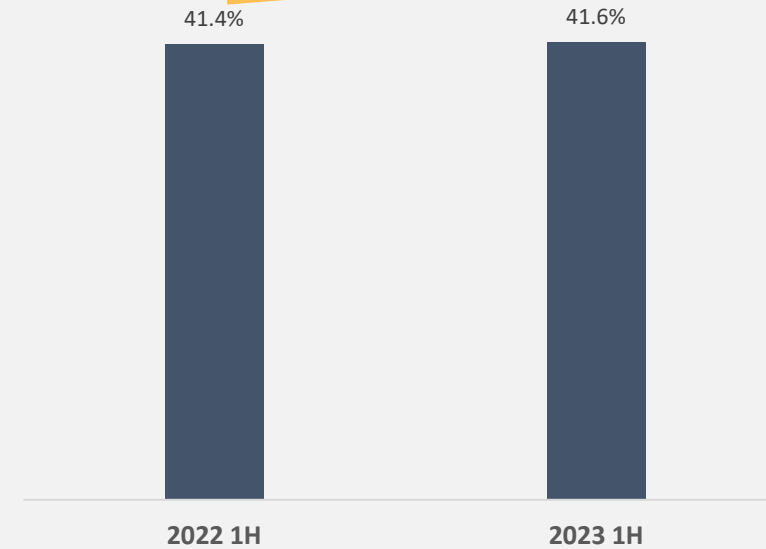
Unit: RMB Million

+12.8%



Liability-To-Asset Ratio

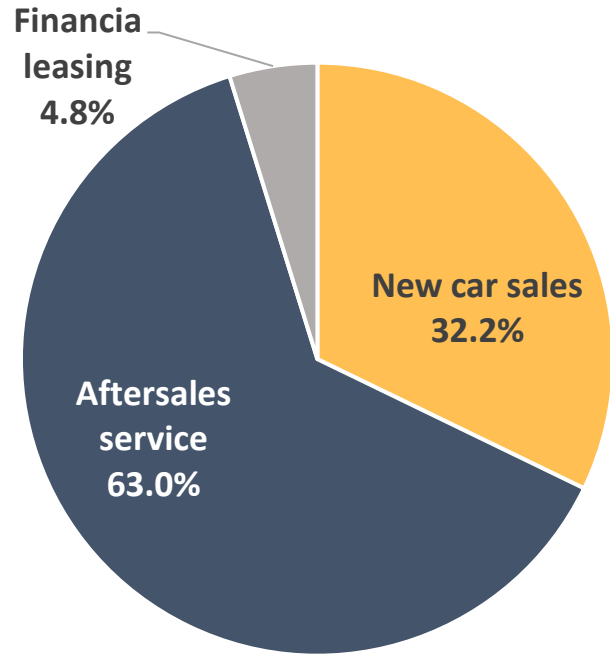
+0.2% pts



Financial Analysis | Breakdown of Gross Profit

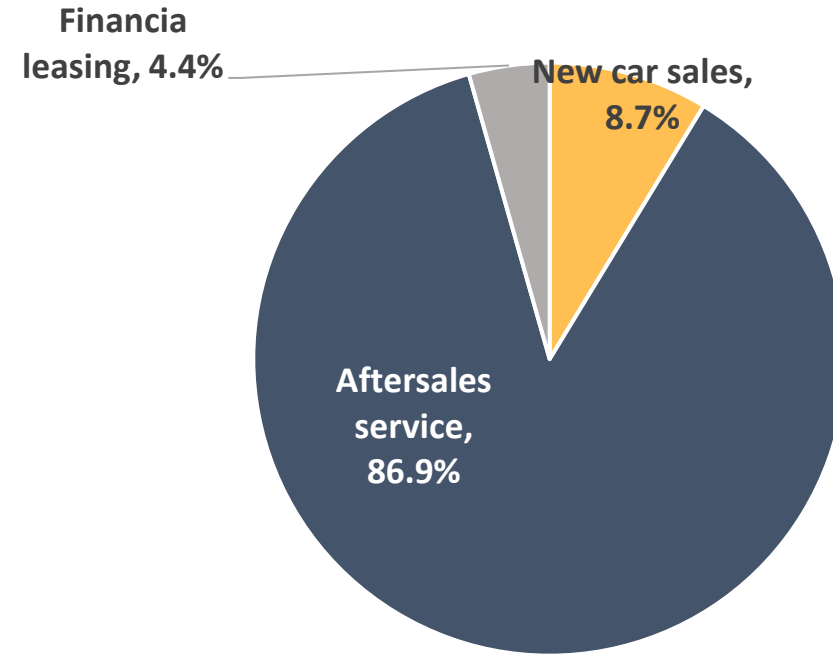


Breakdown of Gross Profit for 2022



■ New car sales ■ Aftersales service ■ Financia leasing

Breakdown of Gross Profit for 2023



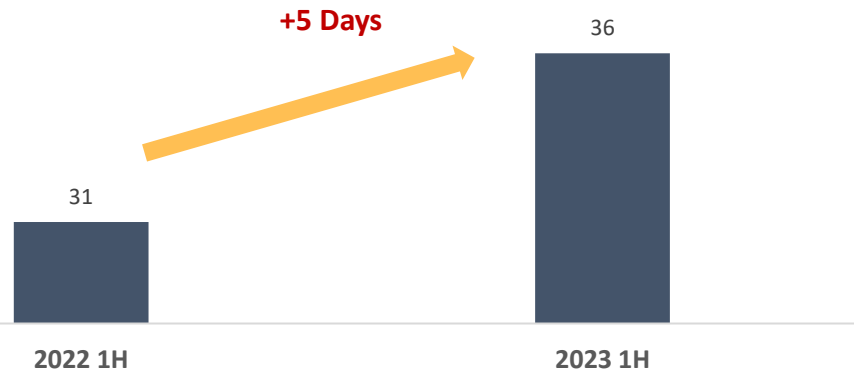
■ New car sales ■ Aftersales service ■ Financia leasing

Financial Analysis | Analysis on key indicators



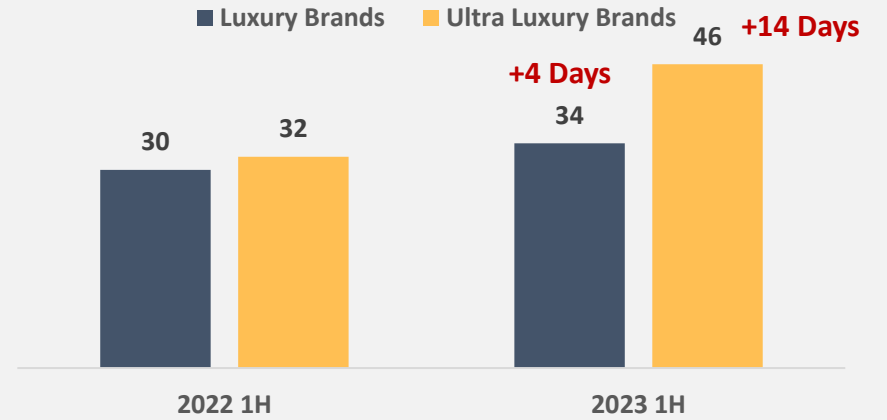
Overall Inventory Days

Unit: Day

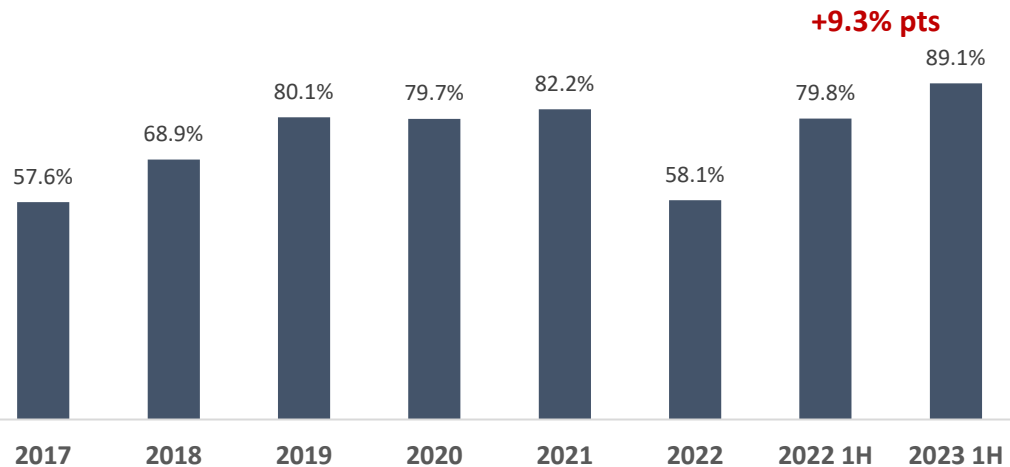


Inventory Days by brands

Unit: Day

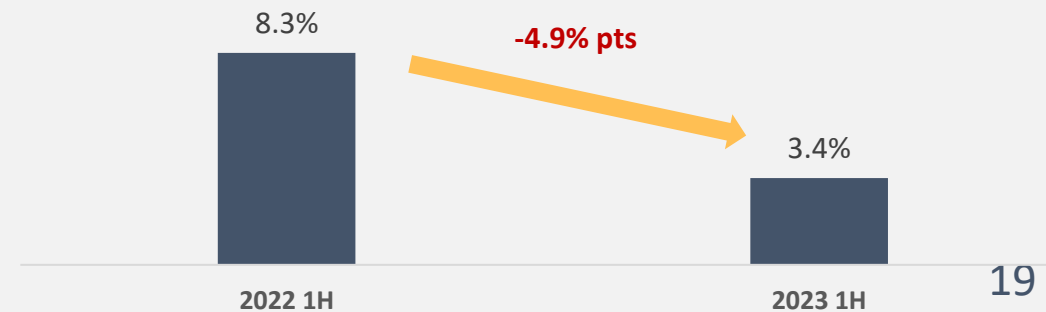


Absorption Ratio



Annualized ROE

(excluding the impairment of the major non-recurring items in 2022 1H)



Development Strategies | Three Focuses



Development strategies | Focus on the core business

Steady development of luxury automobile brands
Actively develop ultra-luxury automobile brands
Vigorously develop new energy automobile brands



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



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



HARMONY AUTO
和諧汽車

Thank you!

Hong Kong Investor Relation Office

Email: hk@hexieauto.com