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和諧汽車

# 二零一七全年业绩演示材料

2017 Annual Results Presentation



中国和谐新能源汽车控股有限公司

China Harmony New Energy Auto Holdings Ltd.

股票代码 Stock Code : 3836.HK

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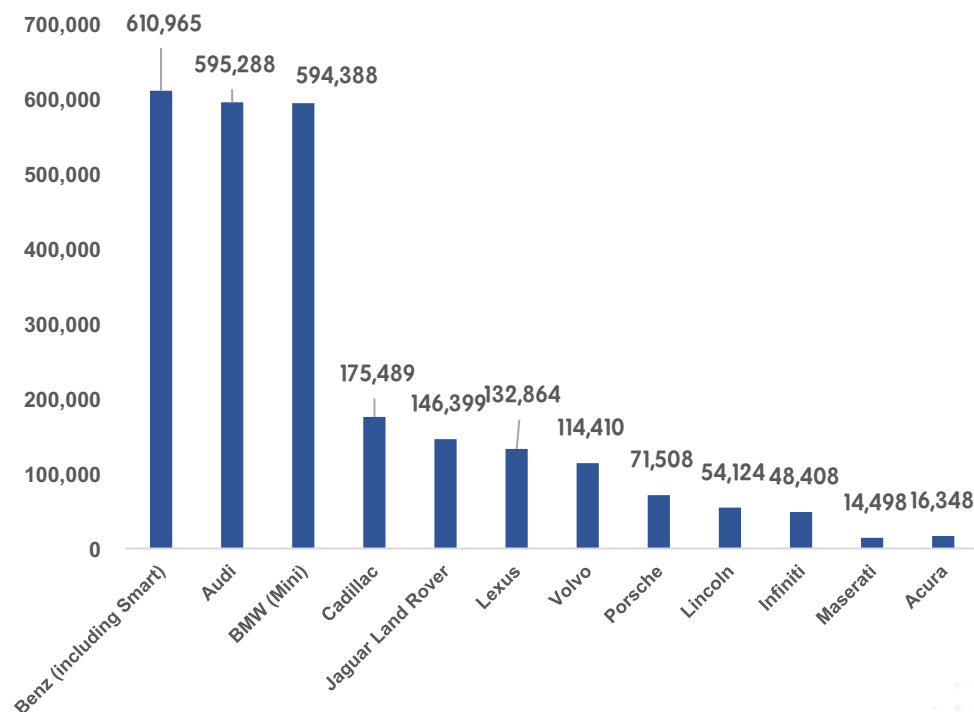
03

Financial Highlights

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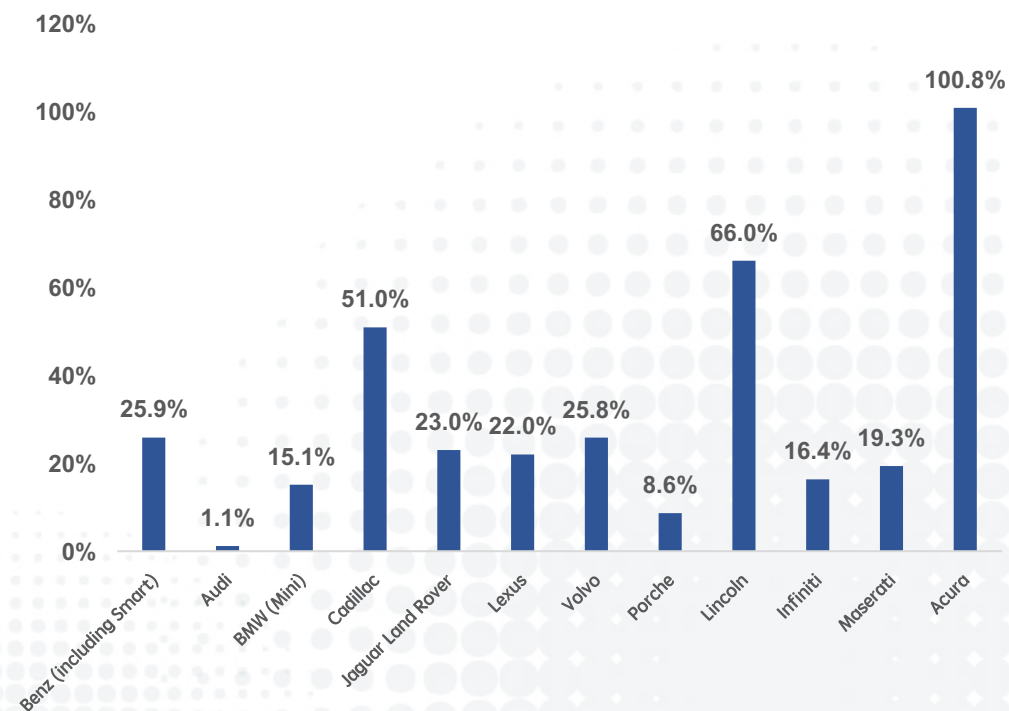
Development Strategies

### Sales Volume of 12 Luxury Brands in the PRC



Source: CPCA

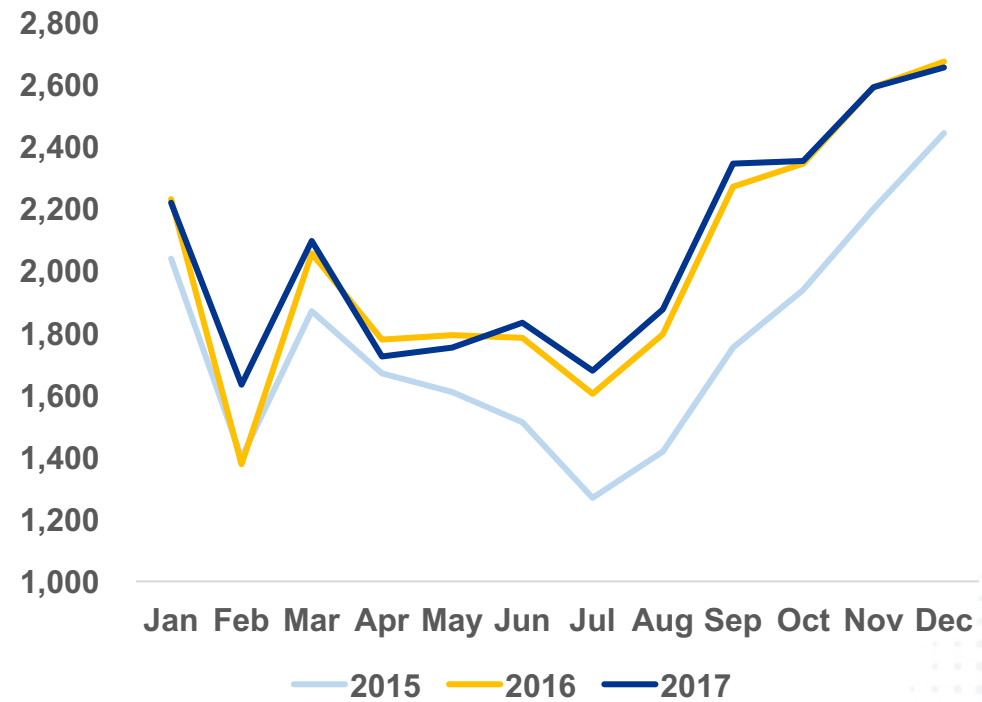
### Sales Growth of 12 Luxury Brands in the PRC (%)



Source: CPCA

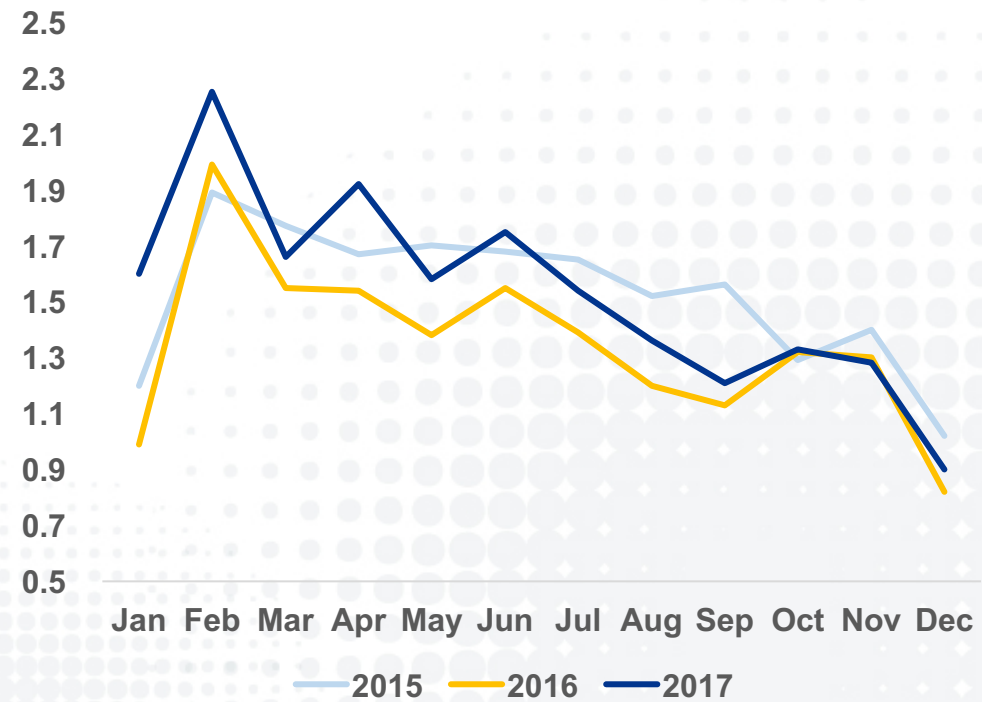
- In 2017, the sales volume of 12 luxury brands in the PRC amounted to 2.575 million, representing a year-on-year increase of 18.4%, accounting for 10.8% of the national automobile-related consumption in terms of market share.
- The ultra-luxury and luxury brands represented by the Group, namely BMW, Lexus and Maserati, recorded rapid growth.

**Monthly Sales Volume of Passenger Vehicles in the PRC ('000)**



Source: China Association of Automobile Manufacturers

**Inventory of Automobile Dealership in the PRC**



Source: China Association of Automobile Manufacturers



- Operating five ultra-luxury brands: Bentley, Maserati, Aston Martin, Rolls-Royce and Ferrari



- Cooperation with Tesla and NIO on after-sales services

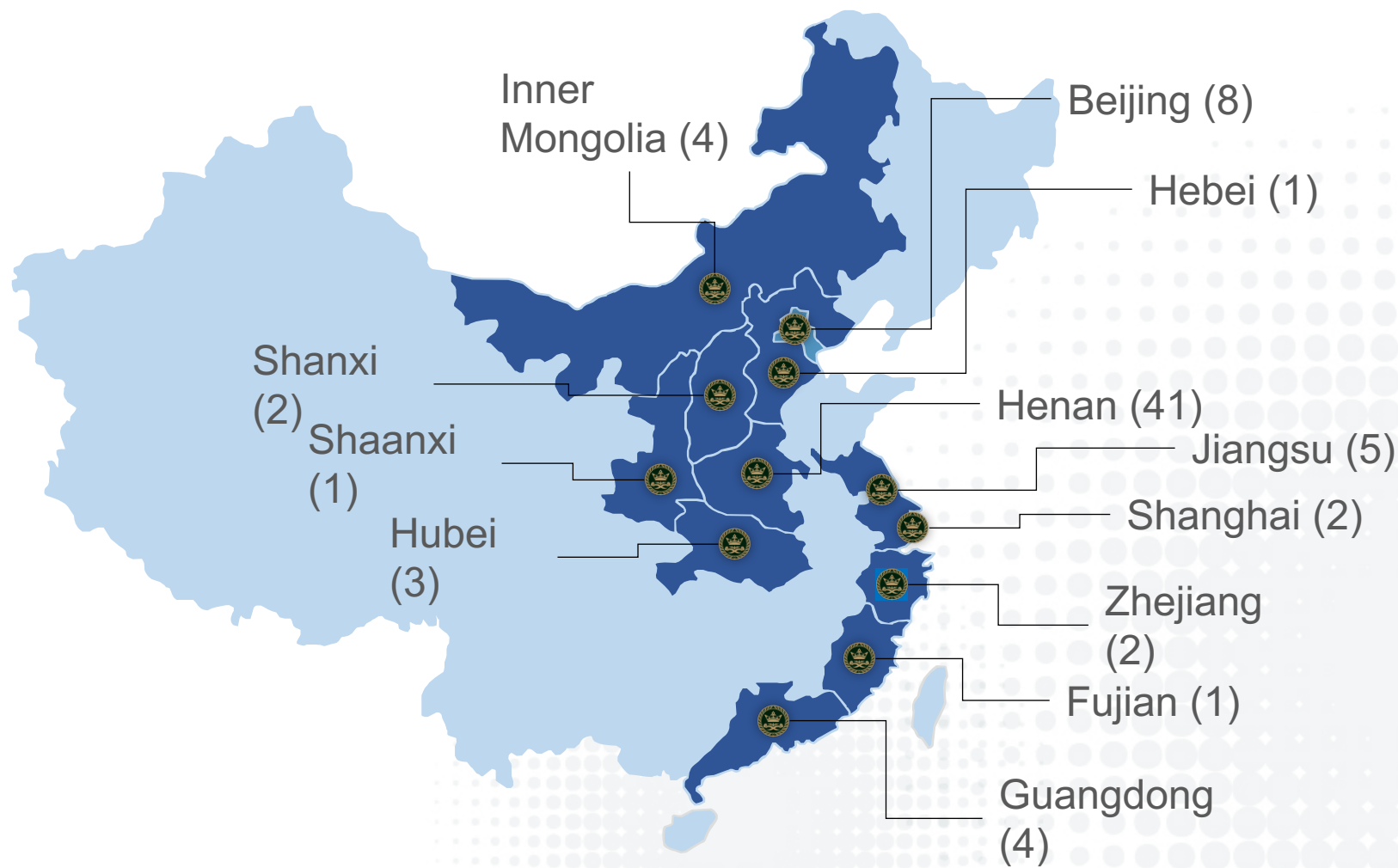


- Operating nine luxury brands: BMW, MINI, Lexus, Jaguar, Land Rover, Volvo, Zinoro, Alfa Romeo and Lincoln



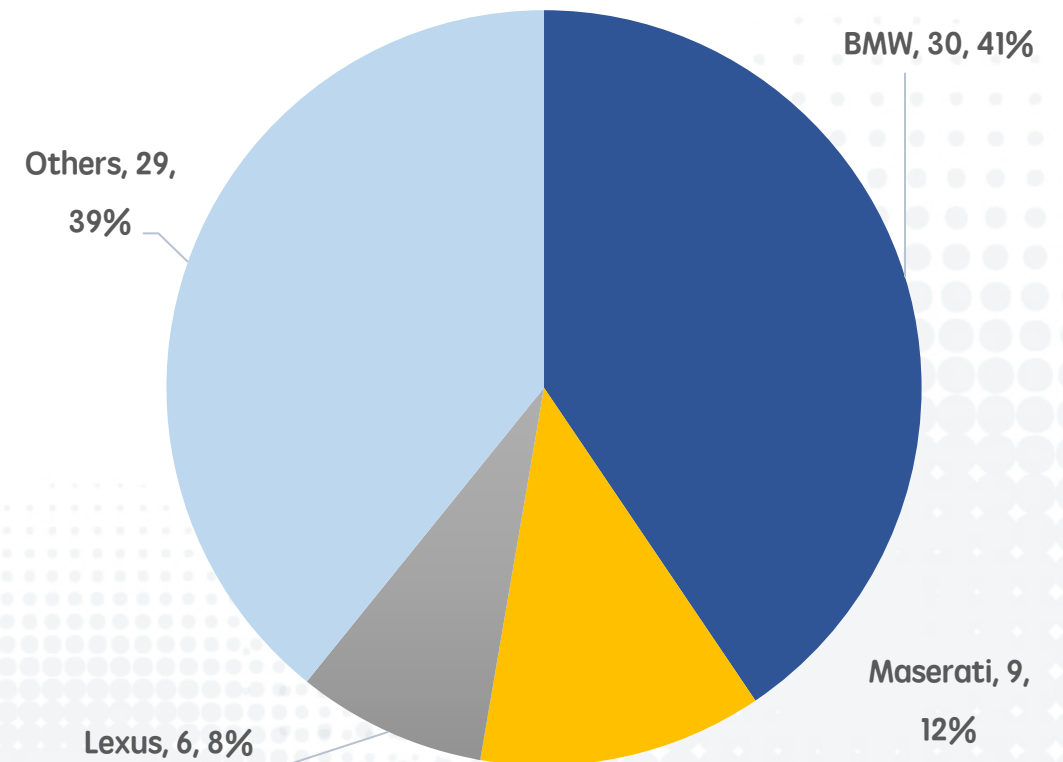
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# Outlet Network

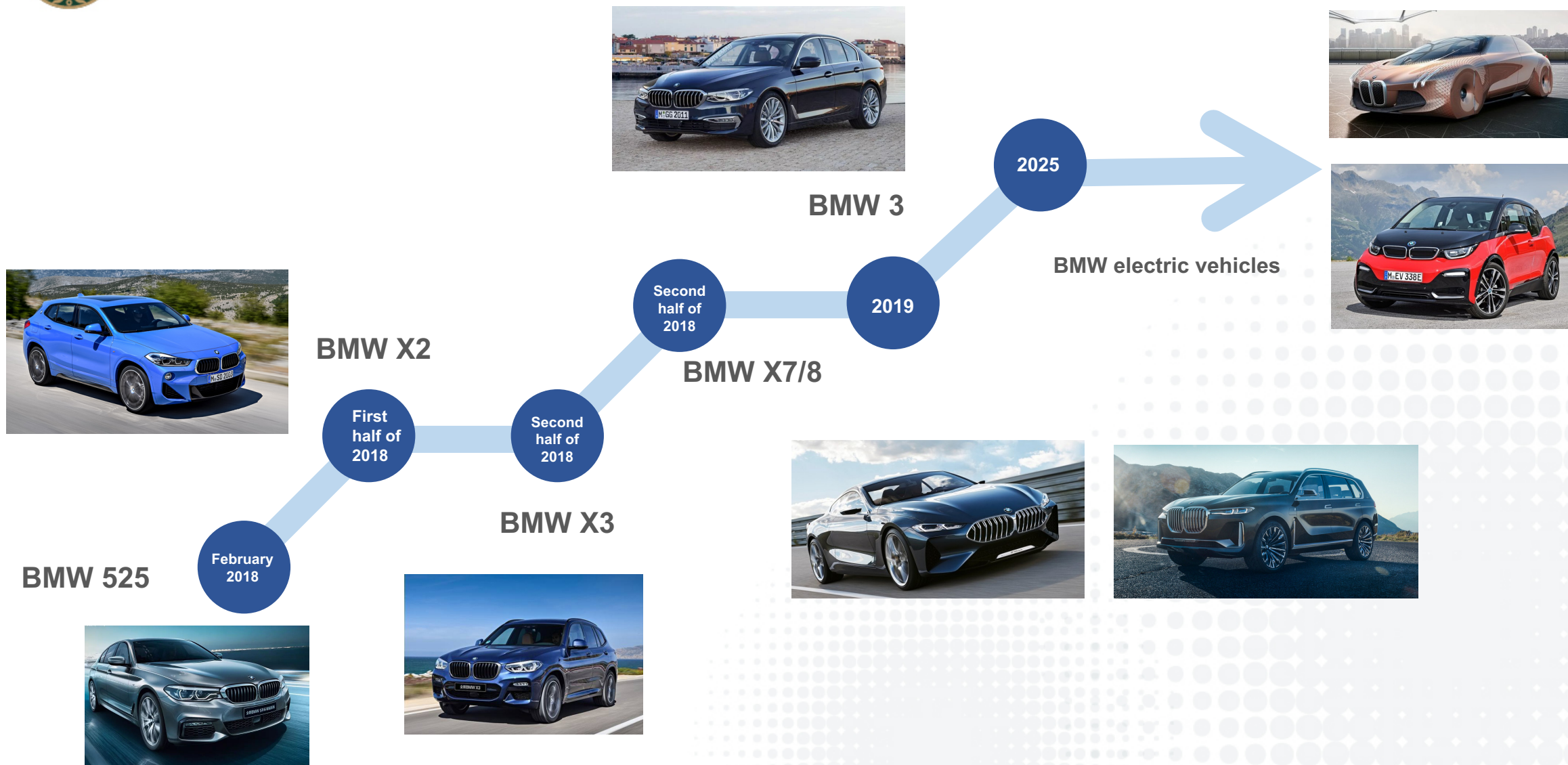


	In Operation	To be Opened	Total
Authorized outlets of ultra-luxury brands	15	4	19
Authorized outlets of luxury brands	38	17	55
<b>Total authorized outlets</b>	<b>53</b>	<b>21</b>	<b>74</b>

Authorized Outlets in 2017 (by brand)









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- FMC
- Independent after-sales service business
- Finance lease



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Display of Byton





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Competitiveness



**Outstanding performance**  
Maximum speed of 180 km/h  
Capability of 0-100 acceleration only takes 5.5 seconds  
Maximum continuous mileage of 500 km  
Charging speed of 12km/min



**Developed in Germany**  
Driven by dual-motors and four-wheels  
Maximum electric power of 350kW  
Maximum capacity of battery of 90 kWh  
Low drag co-efficient



**Stylistic design**  
Innovative: inventive design of themes and features  
Bright: outshining brand commitment with clear ideas  
Luxurious: grand, exquisite and elegant  
Simple: aerodynamics, light and harmonious



**Basic parameters**  
5-seat configuration  
Length: 4,860 mm  
Width: 1,960 mm  
Wheelbase: 2,945 mm  
Weight: 2,090kg – 2,350kg



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Competitiveness



### Network connection

Over The Air Update  
4.5/ 5G multi-route Internet  
Dedicated internal and external Wifi  
Bluetooth 4.2 with 8 ports  
Cloud storage  
Enhanced safety



### Intelligence

AI back-end support  
AI assistant  
Biometric authentication and smartphone unlock technology  
Intelligent route-planning  
Emotion-cognition



### Autopilot

5 outer cameras, 5 radars, 2 laser-radars  
Prepared for the comprehensive sensor configuration of L4/5  
Autopilot  
Supporting mass data transmission of Giga Bit Ethernet



Steering wheel touch screen  
HD touch screen  
No rotation of screen when the steering wheel rotates  
Button design on two sides of the screen  
Internal safety airbag



Sharing screen in the automobile  
1.25m built-in HD sharing touch screen  
Sharing among users  
Multi-control measures  
Sharing of portable installation contents



Hand gestures and voice control  
Hand gesture authenticating camera  
AI back-end supporting assistant  
Natural voice authentication and imitation



Handrail touch screen design  
High precision touch screen  
Intuitive control; user-friendly

## The FMC project is the key construction project in Jiangsu province



- In 2017, the Company completed the A round financing of USD 240 million, which was invested by leading private enterprises in Jiangsu.
- The construction of the headquarter and plants of the Company has gained strong support from the local government and syndicates.
- Additional A-round funding support from Nanjing Government on R&D and innovation
- At present, the Company is building a world-class automobile manufacturing plant in Nanjing, with an annual capacity of 300,000 automobiles upon completion.
- Full support from the municipal and provincial governments for the NEV license application
- Fast track response from local authorities to ensure on-time project progress

**2019  
D Premium SUV**



**SUV**

The fastest growing sub-segment in China

↑ **41.5%**  
Compound annual growth  
In 2011-2016

The benchmarking automobile models:  
Tesla Model X / BMW X3

**2021  
D Premium Sedan**



**Sedan**

The largest sub-market of automobile in China

↑ **3.2%**  
Compound annual growth  
In 2011-2016

The benchmarking automobile models:  
Tesla Model S / Audi A6

**2022  
E Premium MPV**



**MPV**

The niche market with increasing demand in China

↑ **41.5%**  
Compound annual growth  
In 2011-2016

The benchmarking automobile models:  
Toyota Alphard



- Component carry over for Sedan and MPV are ca. 60% of bill of material (BoM) value
- Highly variable platform in length and wheelbase for further models



### Electric motor

- Dual-motor design
- 150KW front and 200KW rear axle propulsion
- Customized solution from Bosch



### Battery management system

- Battery software: in-house development
- BMS hardware: Co-developed with partners

### Battery Solution

- Standard module used by VW Group, PSA, and Volvo
- Module is flexible for many cell types from leading Korea and Chinese suppliers



### Charging

- Standard charging: using cost effective off the shelf solution
- Speed-charging: up to 12km/min with advanced battery solution
- Compatible with all public charging facilities

➤ **Online sales**

- One BYTON account for life
- World-class “Build-to-order” system ensure shortest delivery from factory to home
- Customized automobile functions and pre-installed software
- Reducing inventory and prevent misappropriation of liquidity

**Co-operating with strong e-commerce platforms in local market, such as**



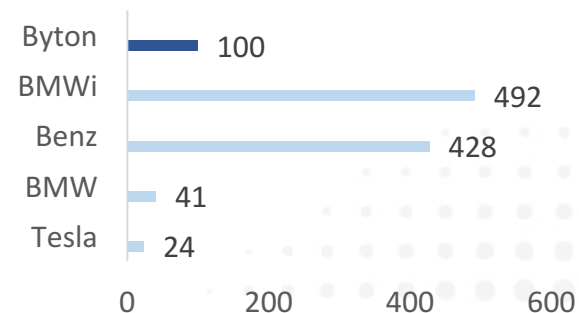
➤ **Off-line services**

- Setting showrooms for the brand in financial hubs of major cities globally
- Various service, maintenance and repair centres
- Seamless after-sales services from customers to manufacturers
- Smooth users’ experience

Franchised stores with top dealer in each market, same experience as brand store, such as



➤ **Number of outlets in the PRC in 2017 (Byton’s 2023 projection)**





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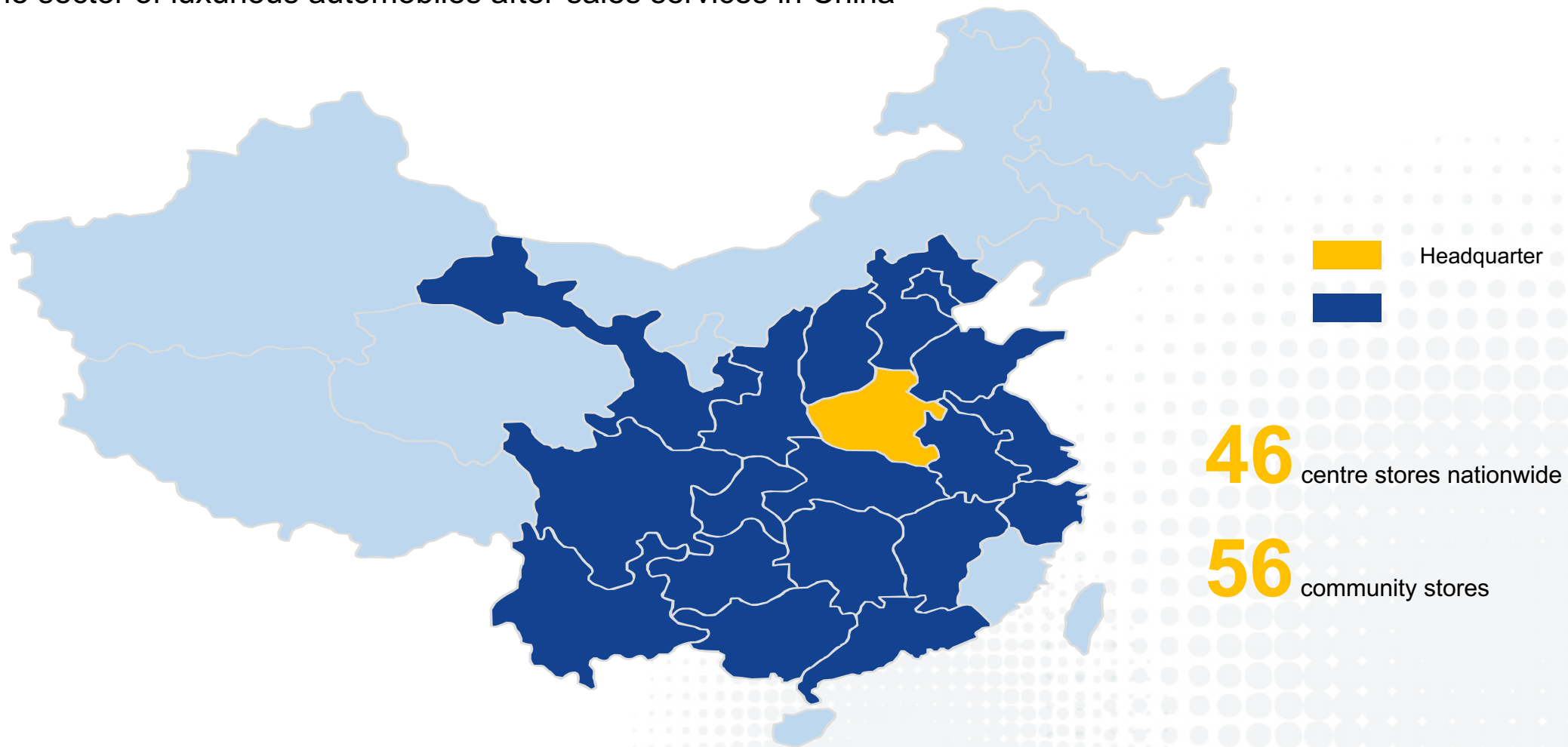
- Independent after-sales service business

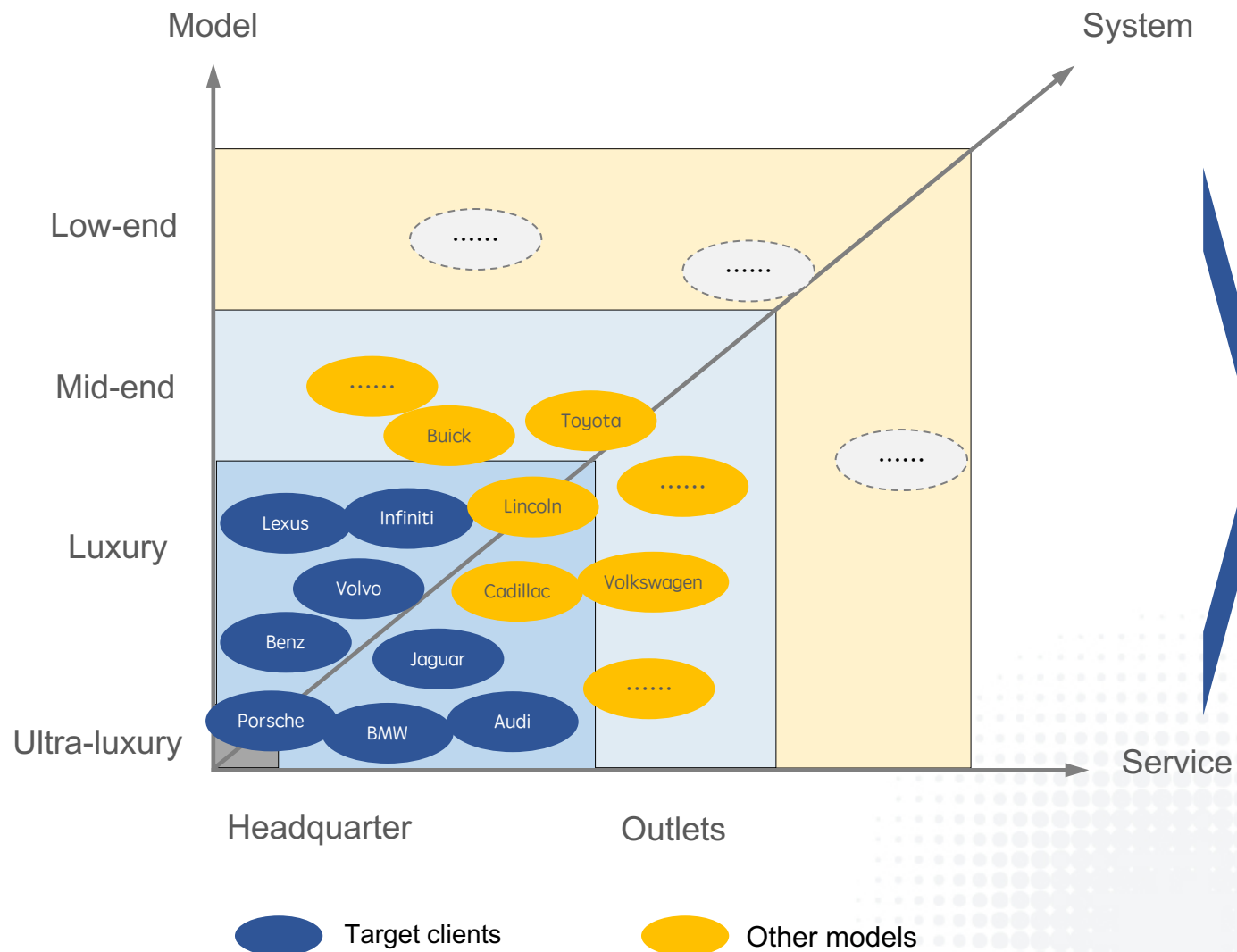
- Finance lease



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As a leading provider of after-sales services for luxury automobiles in Henan, the Company aims to be number one brand in the sector of luxurious automobiles after-sales services in China





### Positioning of chain brands

- Exclusive after-sales services to luxury automobiles
- Fixed price across the country

### One-stop service branding

- First class global service in stores, including tyre, maintenance, battery, lightings and insurance services
- Trainings, systems, pricing, services, component supplies, store image and after-sales services are standardized across the country.
- Catering the needs of users and setting up membership services: offering convenience, safety, personalization, high-quality, uniqueness and openings of outlets.

From “direct chain stores” to “franchise chain stores”, the Company grows rapidly



**Community stores provide strong support to centre stores**

**Daily maintenance**

Clients' everyday needs

**Insurance business**

Strengthening client's loyalty and enhancing the relationship with insurance company

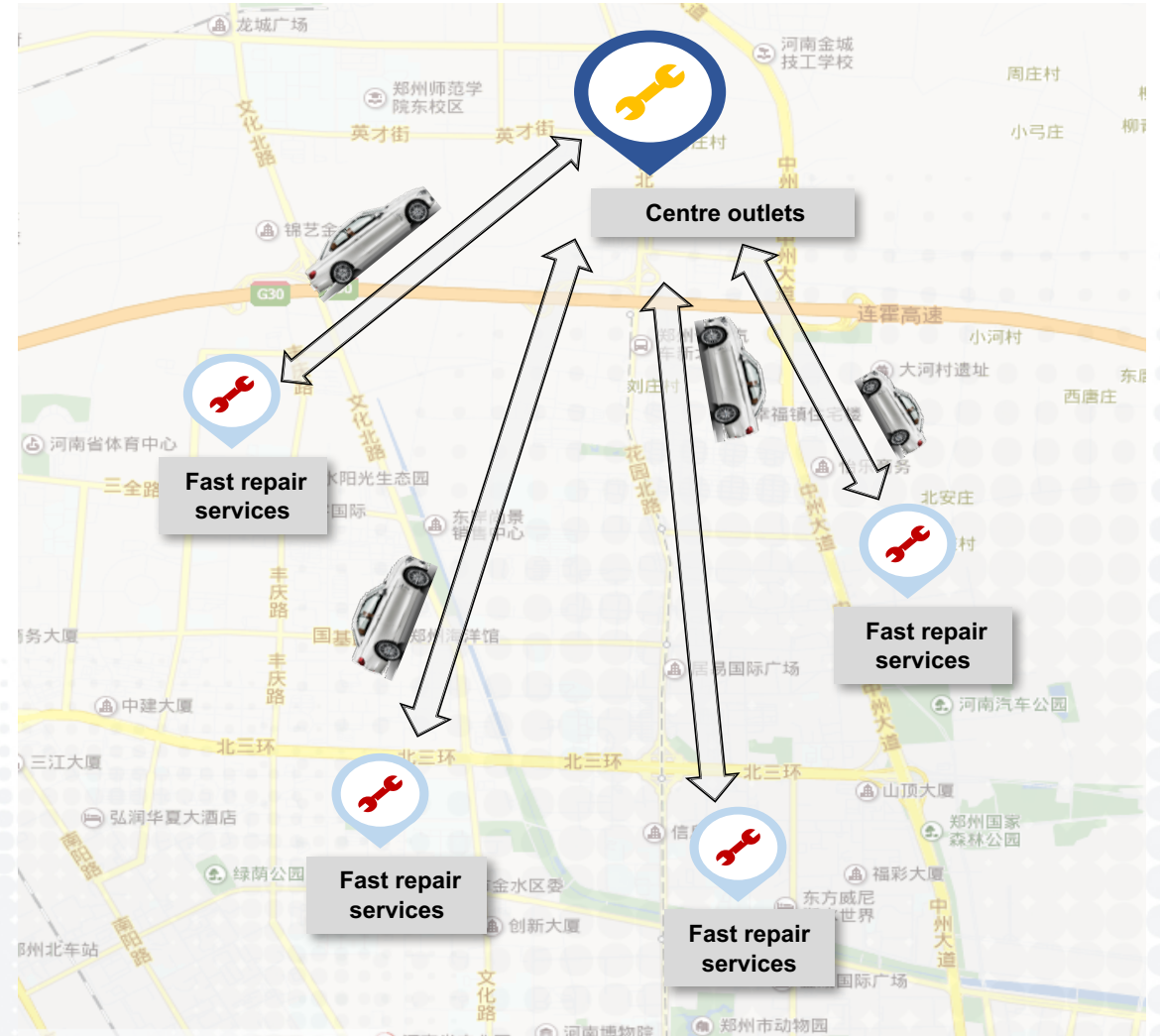
**Pre-paid Membership**

Strong cash flow

**Channeling**

Actively recognizing demands, channeling customers to centre stores

**The comprehensive network serves millions of customers**



## Enhancing development of services

## Strengthening relationship with clients



### Channeling

Channeling effective automobile resources to centre stores, satisfying clients' demands for automobile and boosting production of centre stores

### Insurance business

Enhancing clients' loyalty and  
Providing full insurance for clients



Brand loyalty



### Repair and maintenance business

Further developing clients' demands for repairing and maintenance  
and providing thorough services to ensure clients' safety

Service recognition

### Beauty business

Recognizing clients' demands for car beauty in the course of car-washing  
business and  
providing high-quality services



Trust establishment



### Car-washing business

Collecting clients' information from the frequently-used car-washing services and  
establishing channels to communicate with and serve the clients







Supply chain of centralized procurement

Suppliers of equipment

Business partners



- China Harmony Repair (Beijing Branch) has become the authorized vehicle spray centre and franchised electromechanical centre of NIO on 1 January 2018, and carried out comprehensive cooperation with NIO.
- In 2018, NIO will be opened in a total of 22 cities, among which Harmony Auto has established centre outlets in 16 cities and will establish centre outlets in six cities.



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Vehicle Purchase



Quality Life

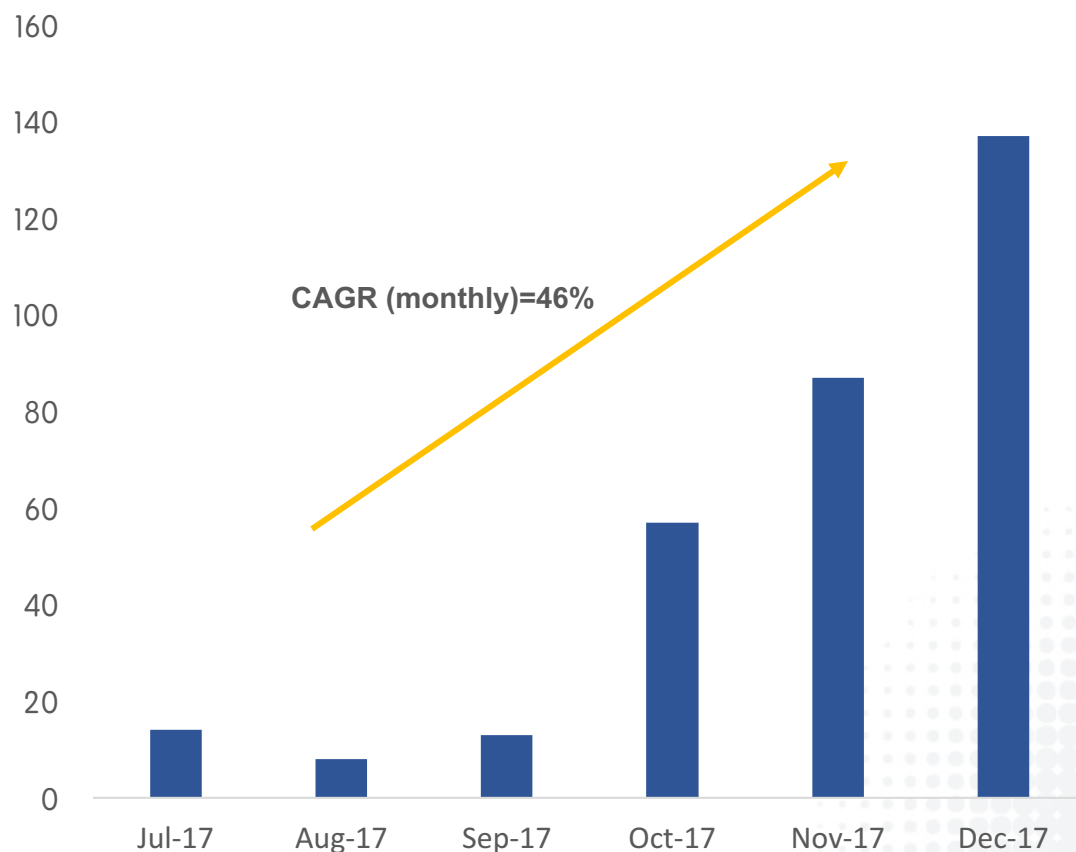


Vehicle Leasing



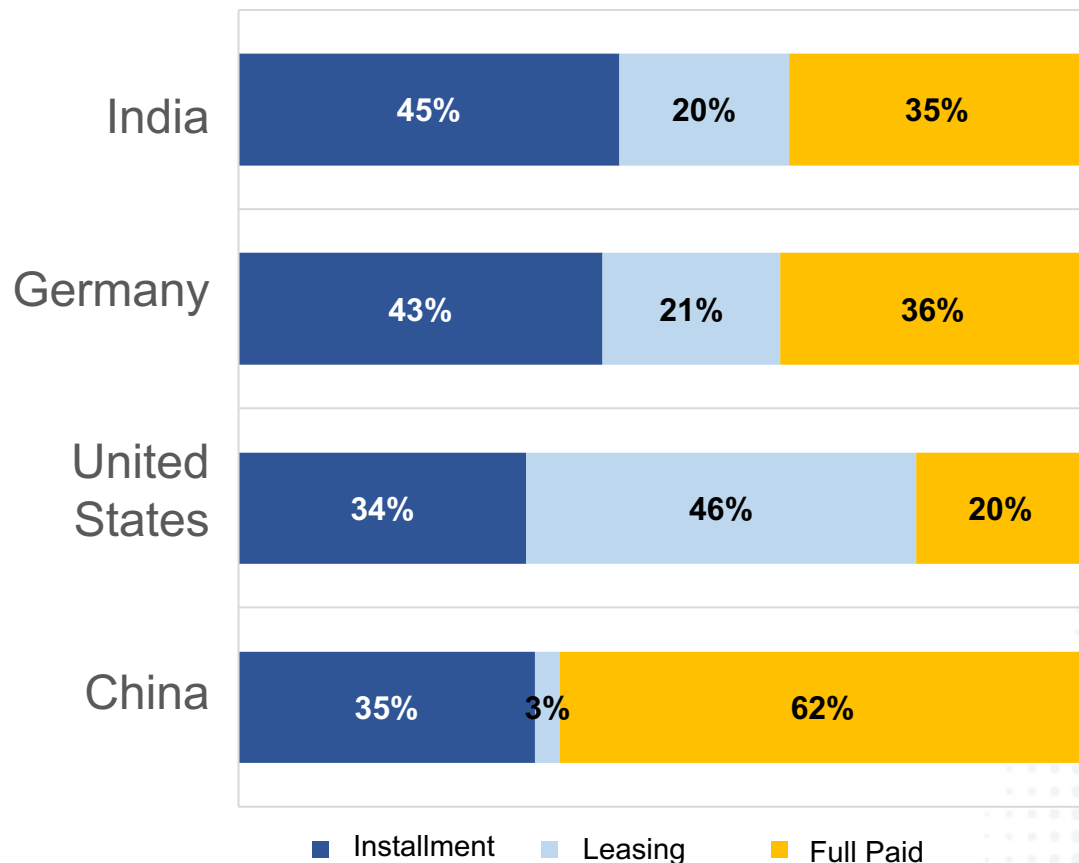
Coupon for Fuel Charging

Monthly Issuance of Loans (number of vehicles)

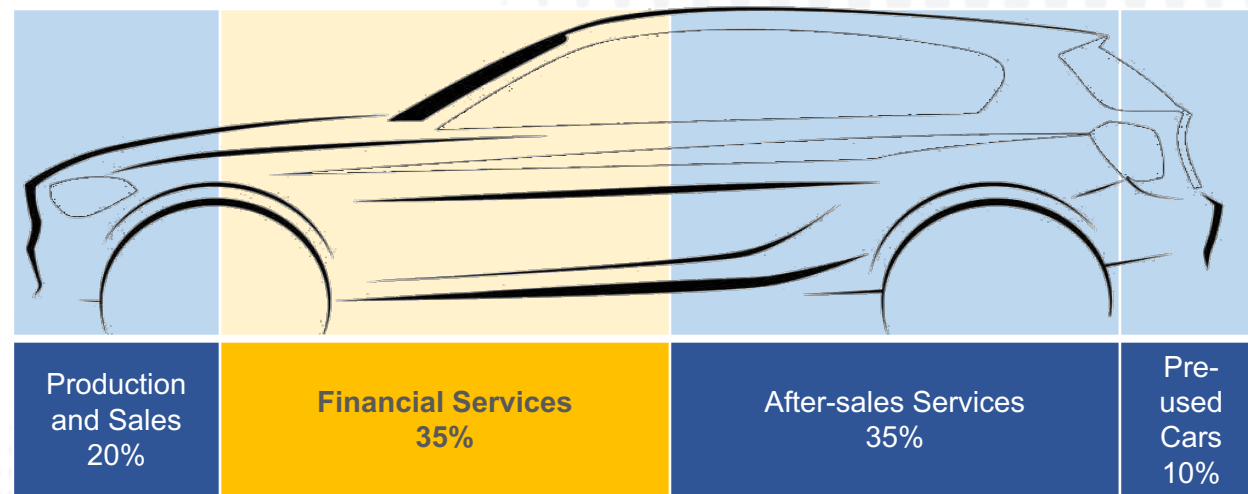


- In 2017, Harmony Leasing issued loans to more than 300 vehicles in aggregate
- Issuance of loans amounted to around 100 million in aggregate
- The business has achieved profits after having been operated for only half a year
- Bad debt rate was 0%

## Analysis on Vehicle Purchase



- In developed countries in Europe and North America, 80% of the profits in the automobile industrial chain is derived from the post-production stage, in which financial services account for a large portion
- With the continuous development of the automobile market in the PRC, financial services will also become the focus of profit increase in the automobile industrial chain







The 2.0 version of the new era of automobile finance has come. The development of Internet, sharing economy, new retail and new energy has brought more opportunities to the automobile leasing industry. Although the leasing industry in the PRC is still in an early development stage with low penetration rate, it has great potential in the future. In addition, the improvement of credit system and relevant laws and policies will inject positive impetus to the development of the industry.



As the younger generation are more attracted to purchase vehicles, and the concept of advanced consumption has been popularized, vehicle purchase by way of finance lease is rather convenient with simple formalities, which is beneficial for the customers to use capital effectively and improve the efficiency of vehicle purchase by consumers. Meanwhile, vehicle finance lease tailors to the difference of customers in order to truly satisfy their demand for individualized financial services.



The industry trend has been stabilized, and the turning point of the market has come. As the leading dealership group of luxury vehicles in the PRC, we shall grasp the opportunity for the future development of the automobile industry to achieve absolute success. For future development, we need to have adequate and stable capital and be equipped with good capabilities for foresight and planning, and improve professional capability so as to achieve further development in the future leasing industry!



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RMB in Thousand	From 1 January to 31 December 2017	From 1 January to 31 December 2016	Increase/(Decrease)
Comprehensive Income	11,148	10,876	2.5%
Commission Income	307	180	70.6%
Comprehensive Gross Profit Margin (%)	11.9%	8.7%	3.2ppts
Gross Profit Margin for Sales of New Cars (%)	3.7%	2.2%	1.5ppts
Gross Profit Margin for After-sales Services and Accessories (%)	42.5%	41.1%	1.4ppts
Net Profit of Attributable to Owners of the Parent	1,009	(371)	N/A
Net Profit from Dealership Business	552	(371)	N/A

**Note:**

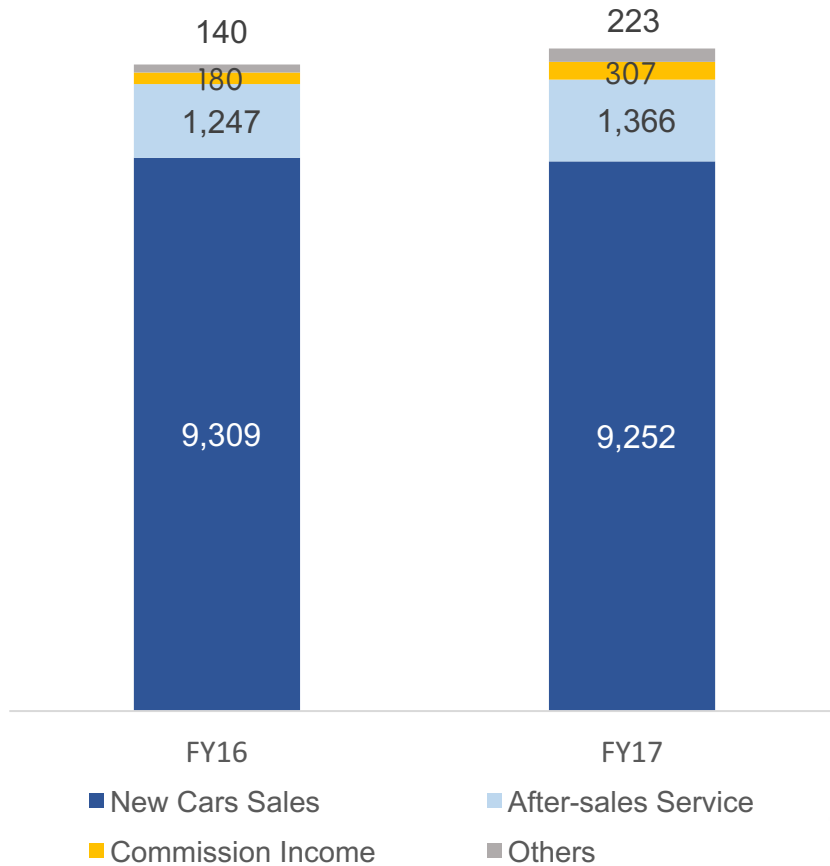
Commission income is included in consolidated income

Commission income is included in consolidated gross profit margin



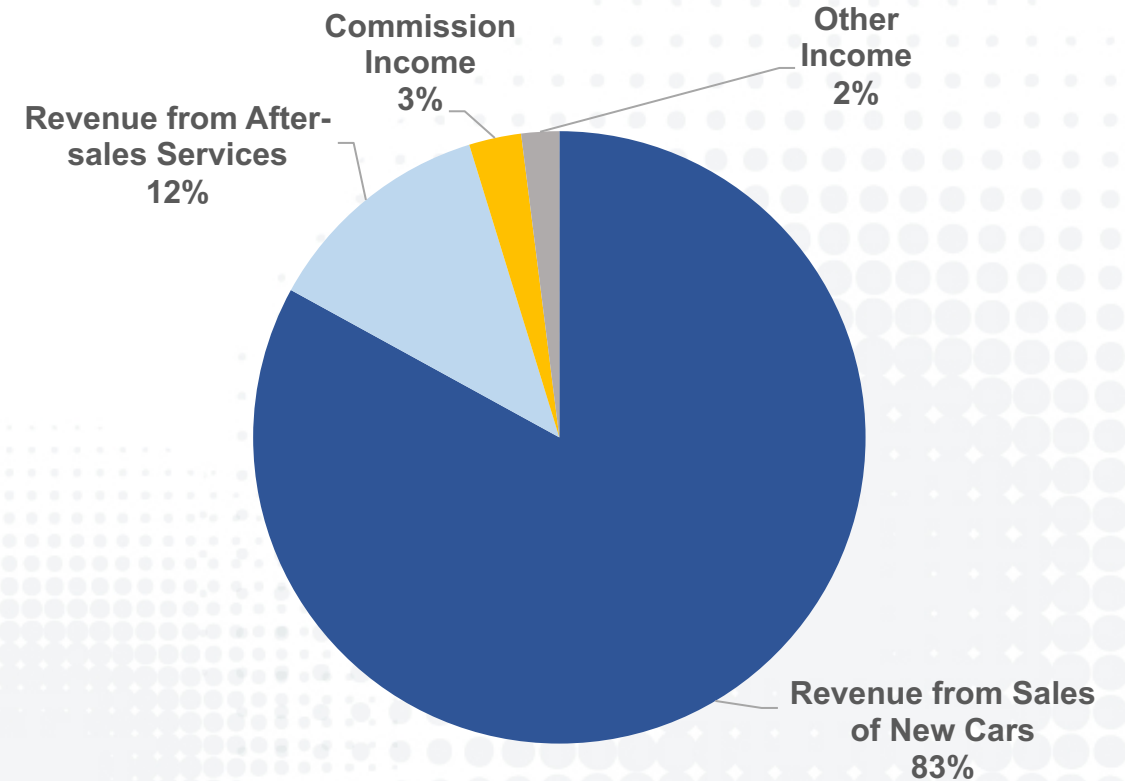
Steady Increase in Comprehensive Income

(RMB million)



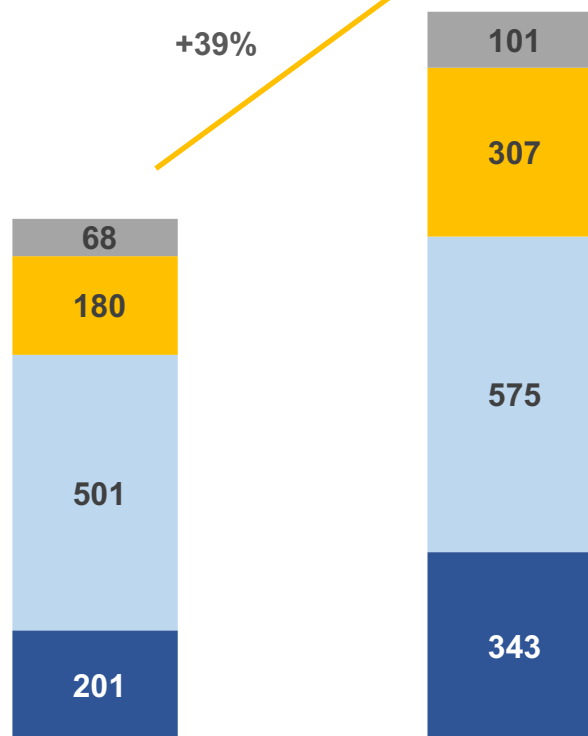
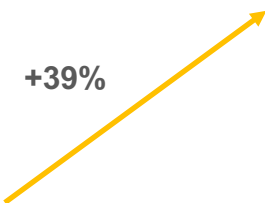
Comprehensive Income Breakdown By Segment in 2017

(%)



**Steady Increase in Comprehensive Gross Profit**

(RMB million)



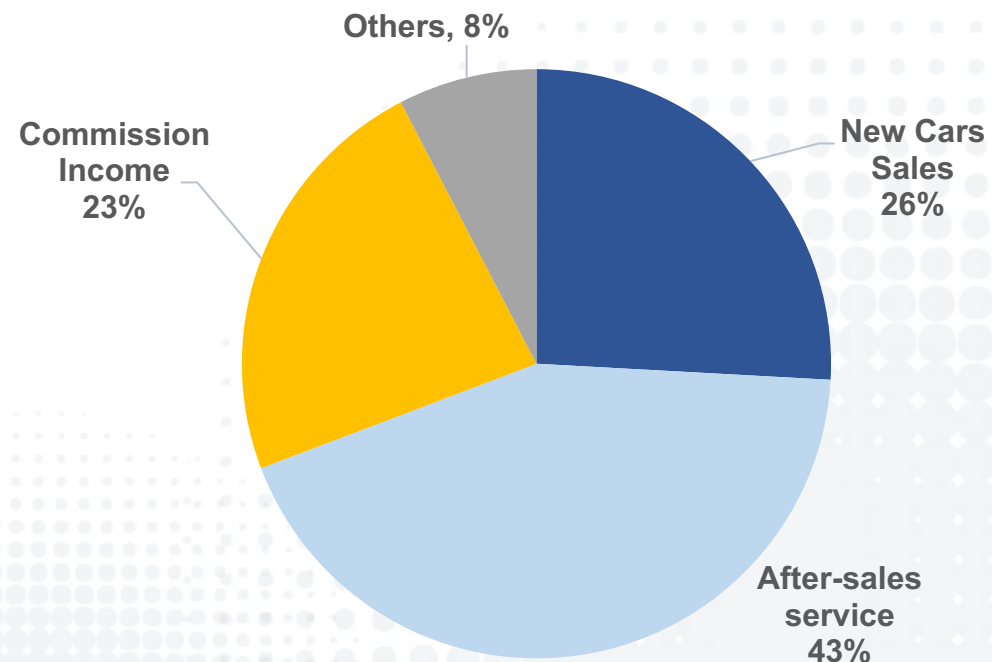
FY16

FY17

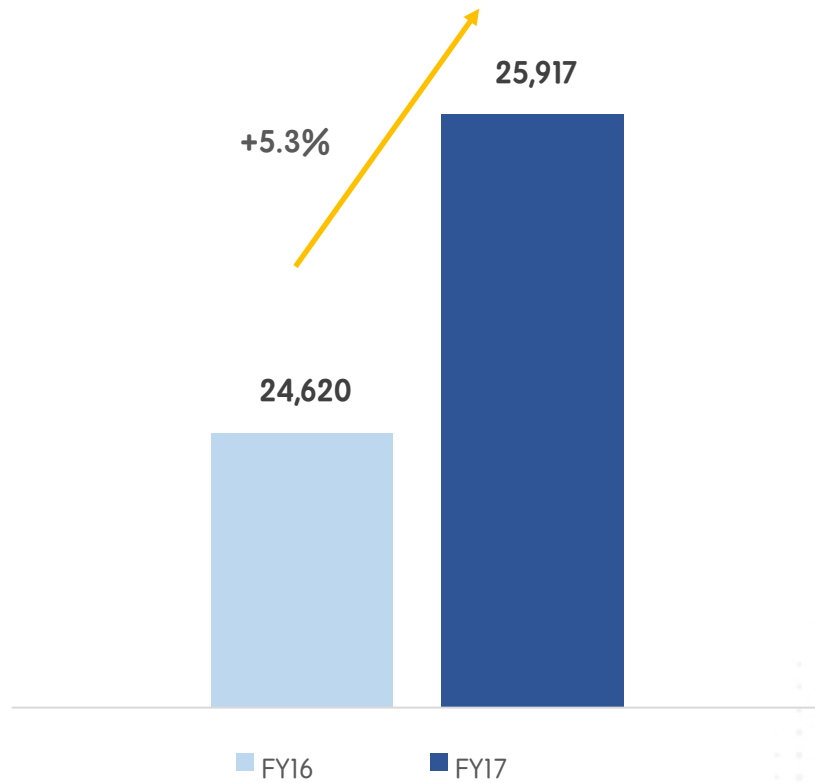
- Sales of New Cars
- After-sales Services
- Commission Income
- Others

**Comprehensive Gross Profit breakdown by Segment**

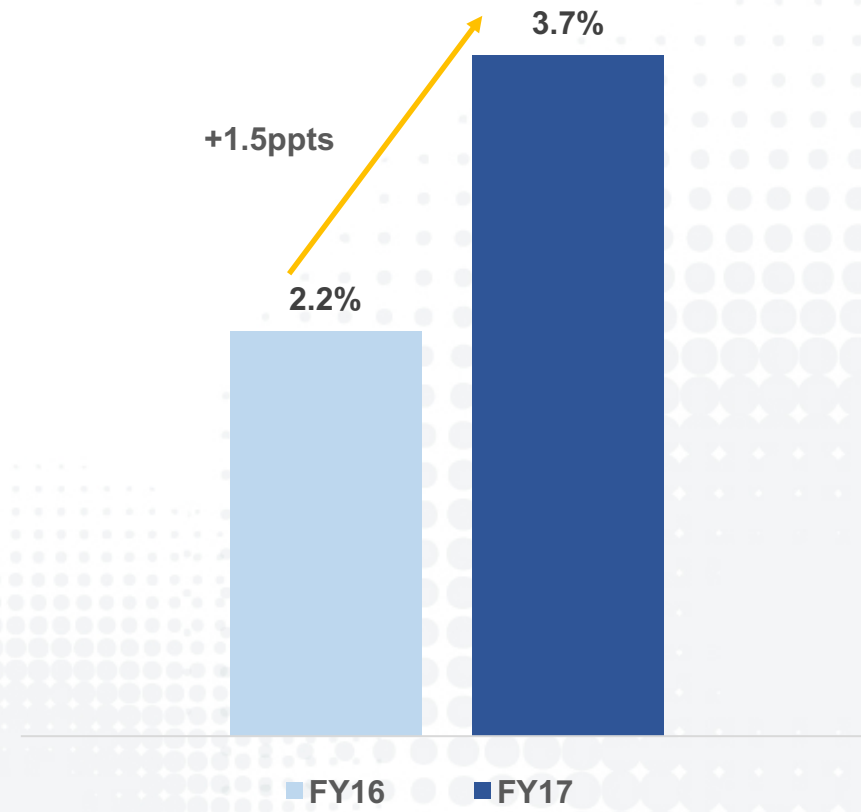
(%)



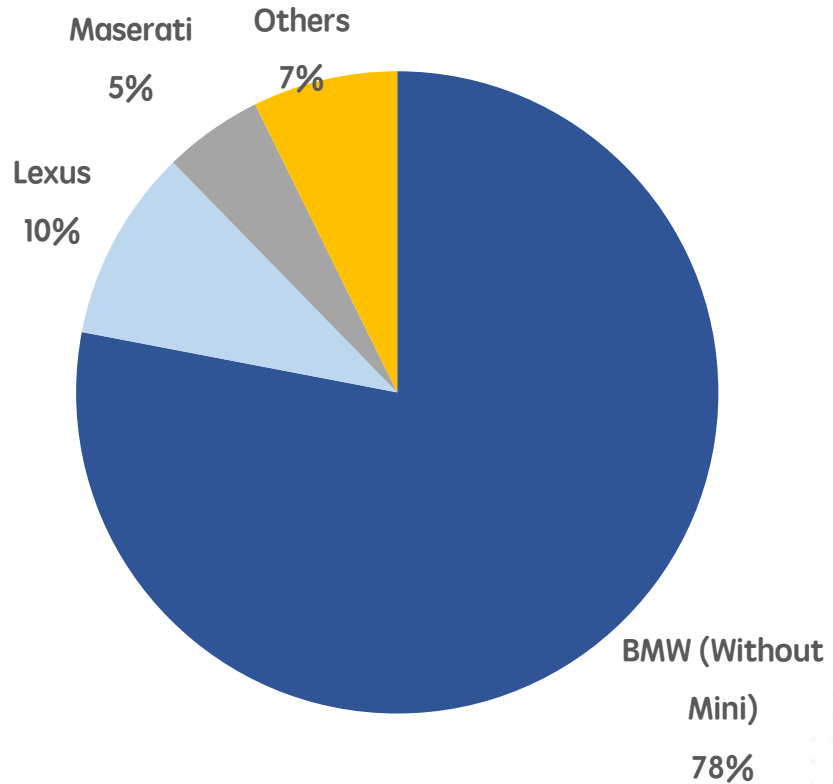
Sales Vol. of New Cars



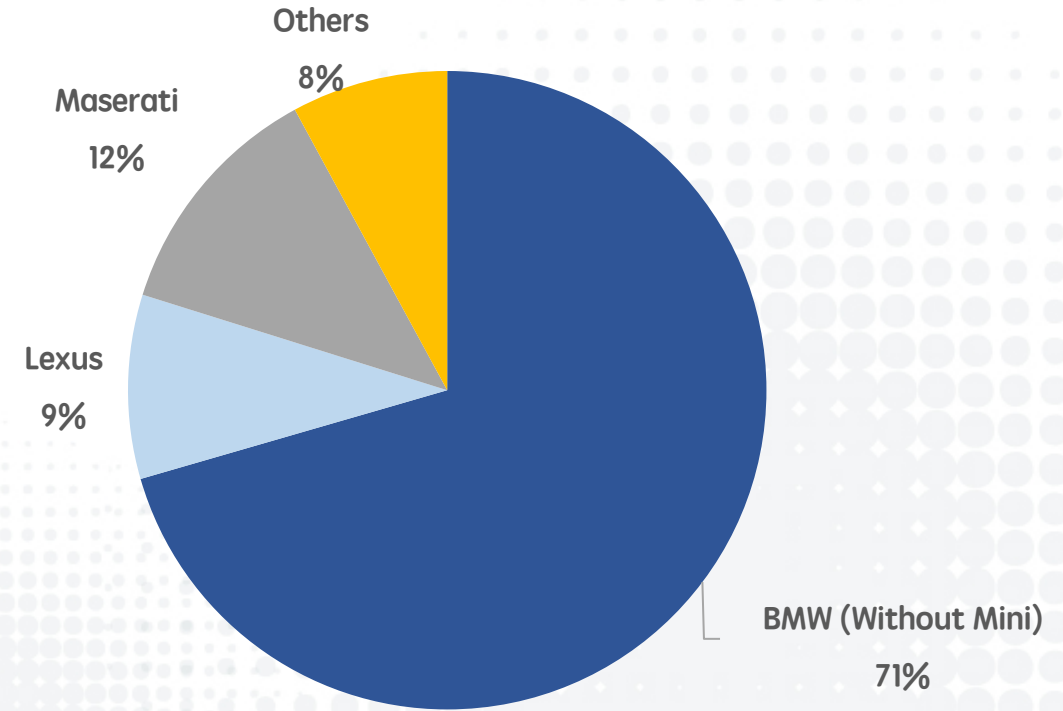
Gross profit Margin from New Cars Sales



Sales Vol. Breakdown by Brand in 2017



Revenue breakdown by Brand in 2017





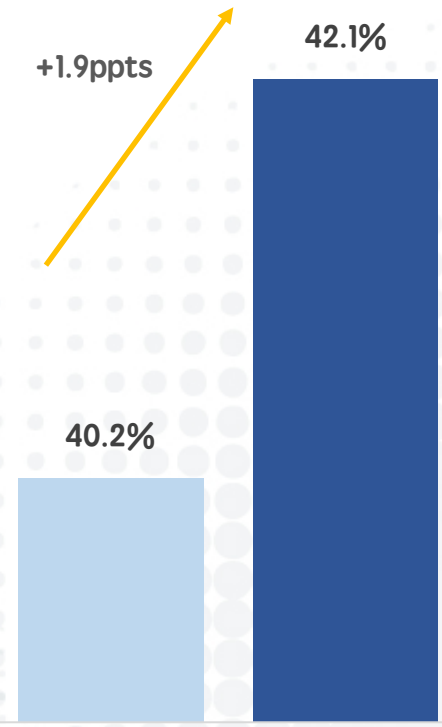
### Revenue from After-sales Services Business

(RMB million)



■ FY16 ■ FY17

### Gross Profit Margin from After-sales Services Business

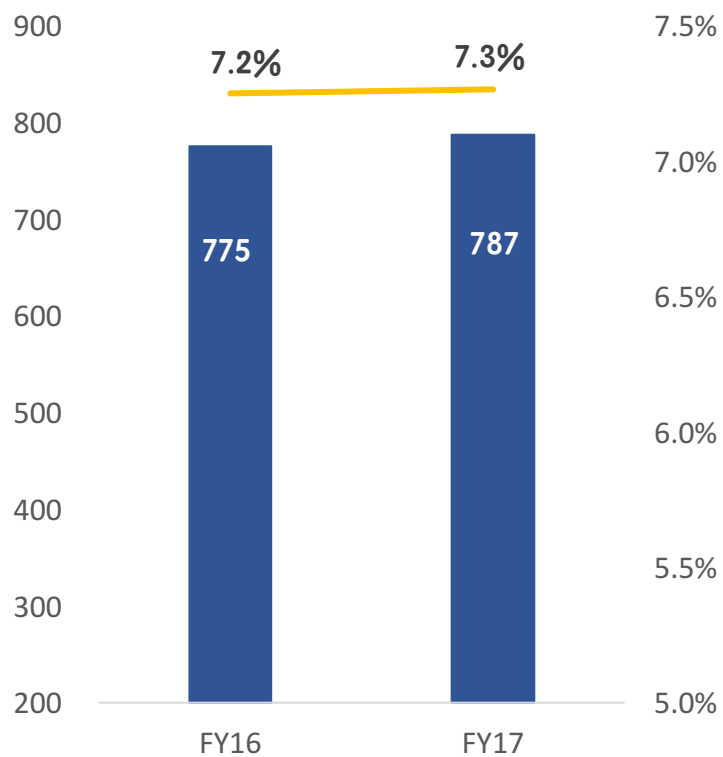


■ FY16 ■ FY17



### Selling & Distribution Expenses

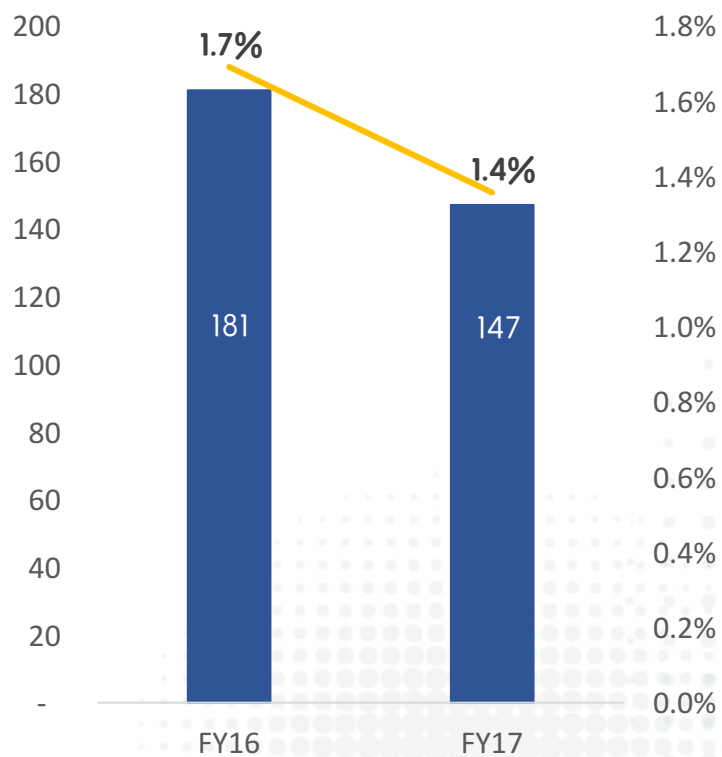
(RMB million)



■ Selling & Distribution Expenses  
— Selling & Distribution Expenses Ratio

### Administrative Expenses

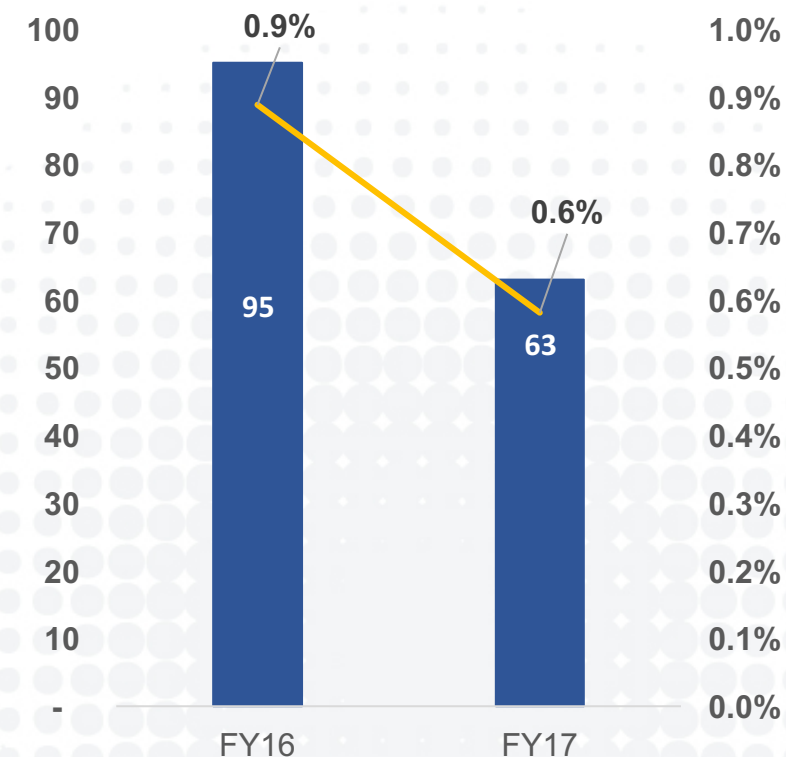
(RMB million)



■ Administrative Expenses Ratio  
— Administrative Expenses

### Finance Costs

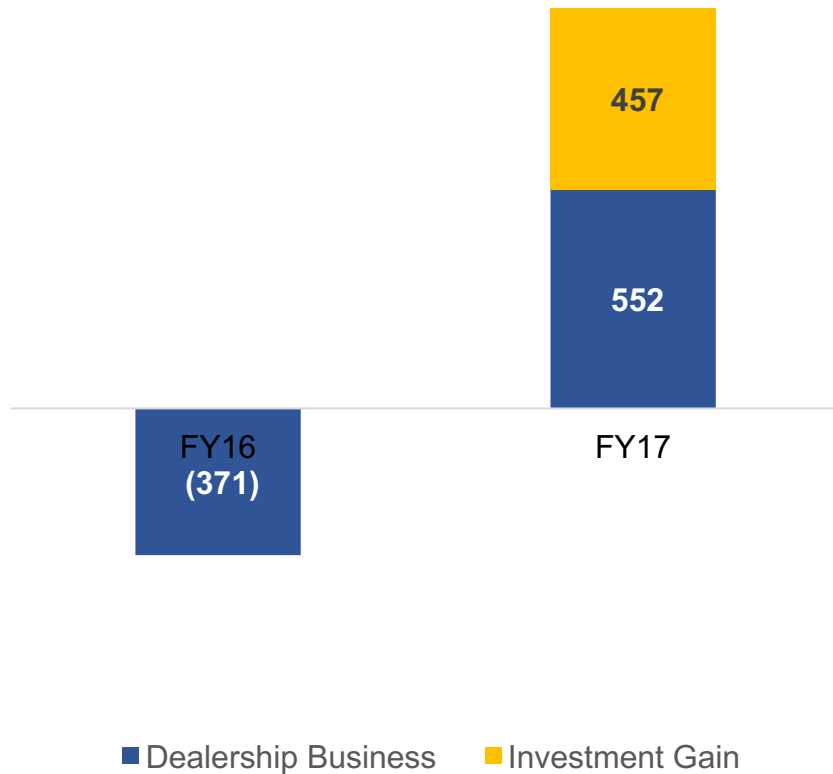
(RMB million)



■ Finance Costs  
— Finance Costs Ratio

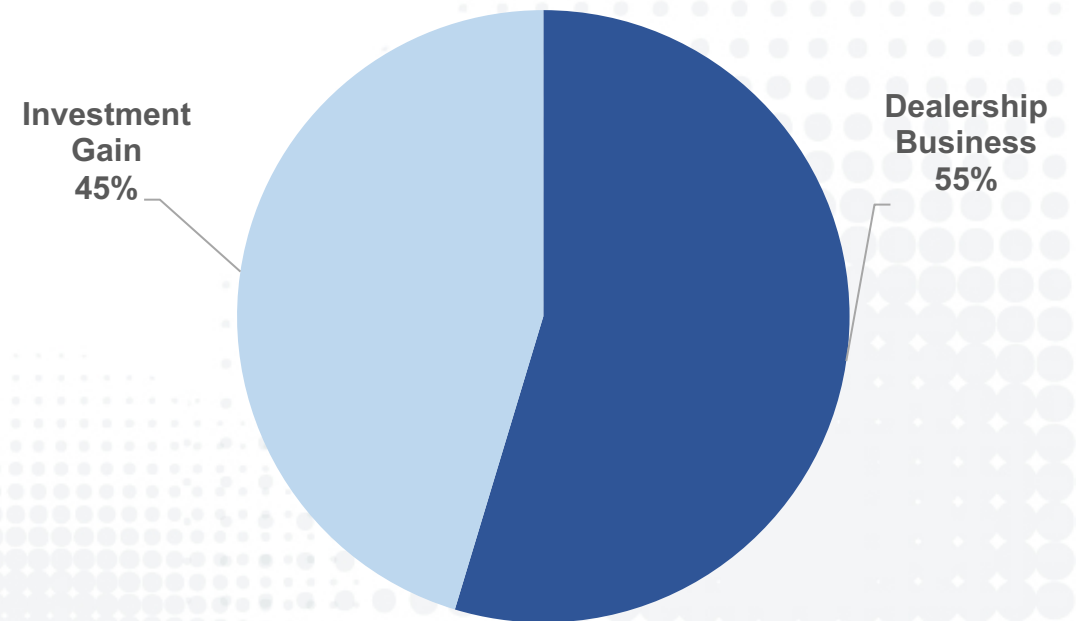
**Net Profit Turnaround in 2017**

(RMB million)



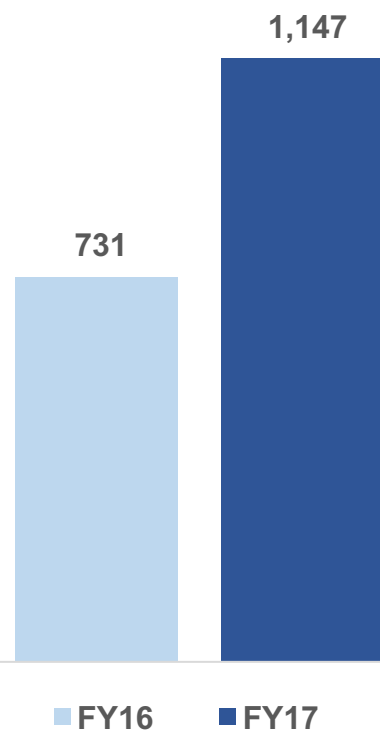
**Net Profit Composition in 2017**

(%)



### Inventory Amount of New Cars

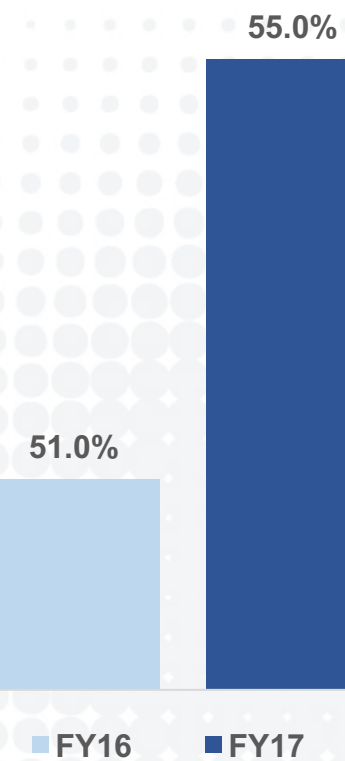
(RMB million)



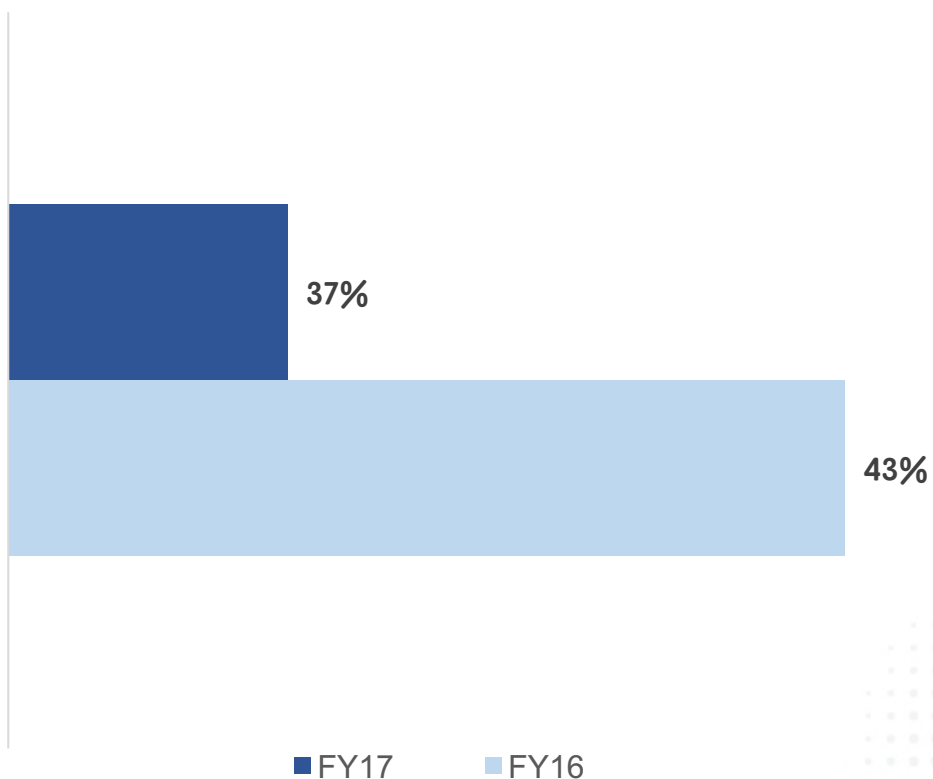
### Inventory Turnover Days of New Cars



### Auto Finance Penetration Rate



## Gearing Ratio



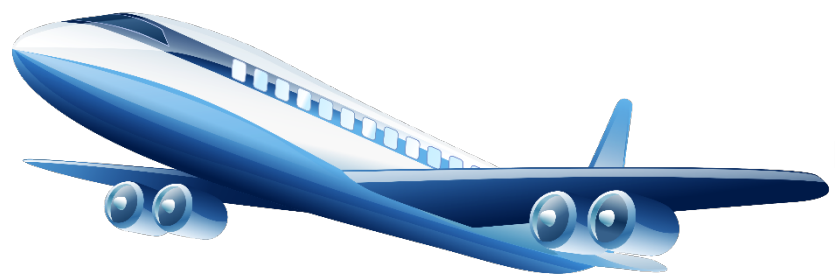
- As of 31 December 2017, the gearing ratio (total liabilities/total assets) of the Group was 37%, representing a decrease of 6ppts as compared to the end of 2016.
- The gearing ratio is far below benchmark of the industry (approximately 70%)
- In the future, the Company will increase the gearing ratio by ways of syndicated loan, bonds, etc. to expand business scale and conduct merger and acquisition



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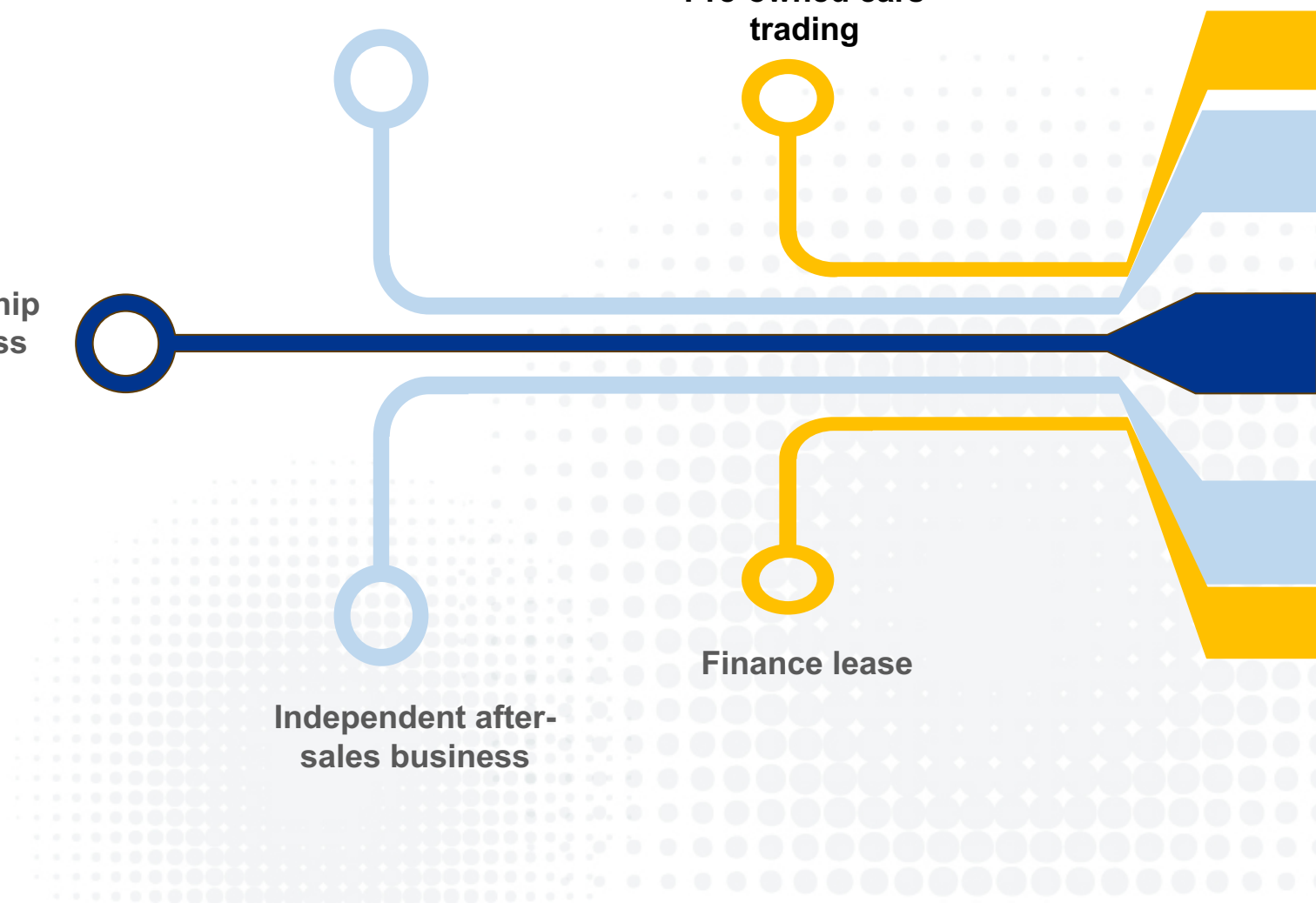
Dealership  
business

NEV (FMC)

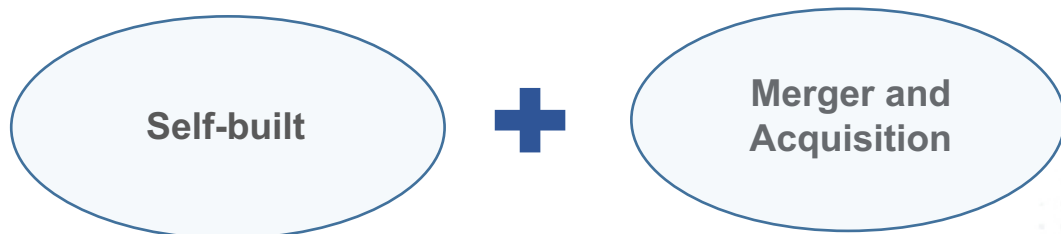
Pre-owned cars  
trading

Independent after-  
sales business

Finance lease



We will continue to consolidate regional strengths with national layout, focus on mid-west and coastal regions, and expand the variety of brands by ways of self-built and merger and acquisition, so as to be the largest dealership group of luxury and ultra-luxury brands.





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**Thank You !**