



2020 Interim Results Presentation

China Harmony Auto Holding Ltd.



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HARMONY AUTO
和諧汽車

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Business Overview



Financial Analysis



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Business Overview | Financial Highlights



- Strong Recovery of New Car Sales

Revenue of new car sales

RMB 50.2 billion

1H decrease 20.2%
2H growth 13.8% ↗

- Improved Operational Efficiency

Cash flow from operating activities

RMB 730 million

1H2020 growth 26.9% ↗

- Recovery Growth of Value-added Service

Gross profit from commission

RMB 140 million

1H2020 growth 6.7% ↗

Business Overview | Brand Portfolio



Operating 4 ultra-luxury brands:

Bentley / Maserati / Rolls-Royce / Ferrari



Operating 10 luxury brands:

BMW / MINI / Lexus / Jaguar / Land
Rover

Volvo / Zinoro / Alfa Romeo / Lincoln /
Audi



Business Overview | Network Expansion



As of 30 June 2020*

4 new stores added in 1H2020

1



2



1



Business Overview | Network Expansion



Target of M&A— 4 new added stores acquired in 1H2020



Ferrari Kunming



Bentley Shijiazhuang



BMW Nanchang



BMW Jiujiang

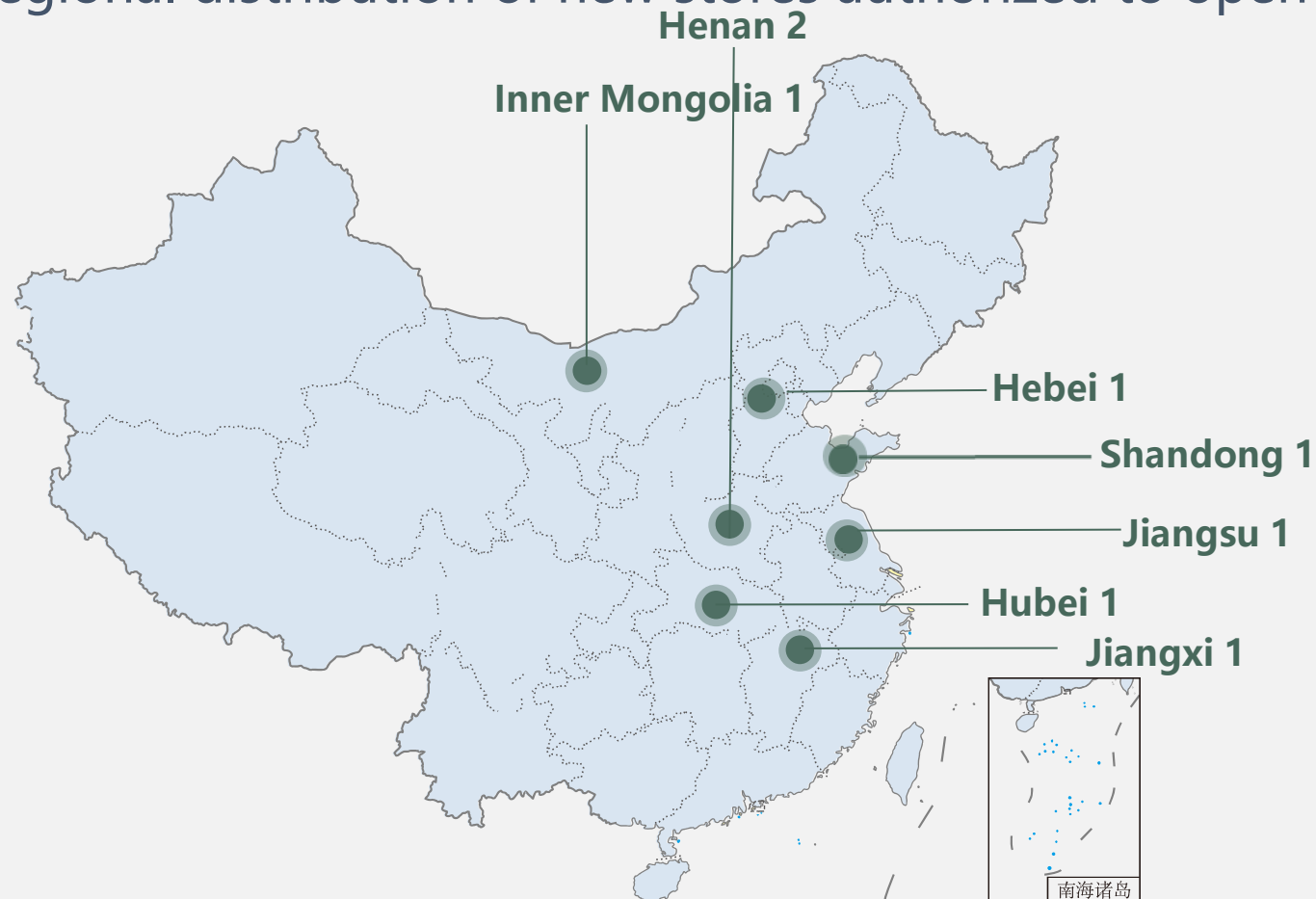


Currently in negotiation with other auto dealers for M&A opportunities, more targets are expected to be acquired in the future.

Business Overview | Network Expansion



Regional distribution of new stores authorized to open



8 new authorizations under construction



3



1

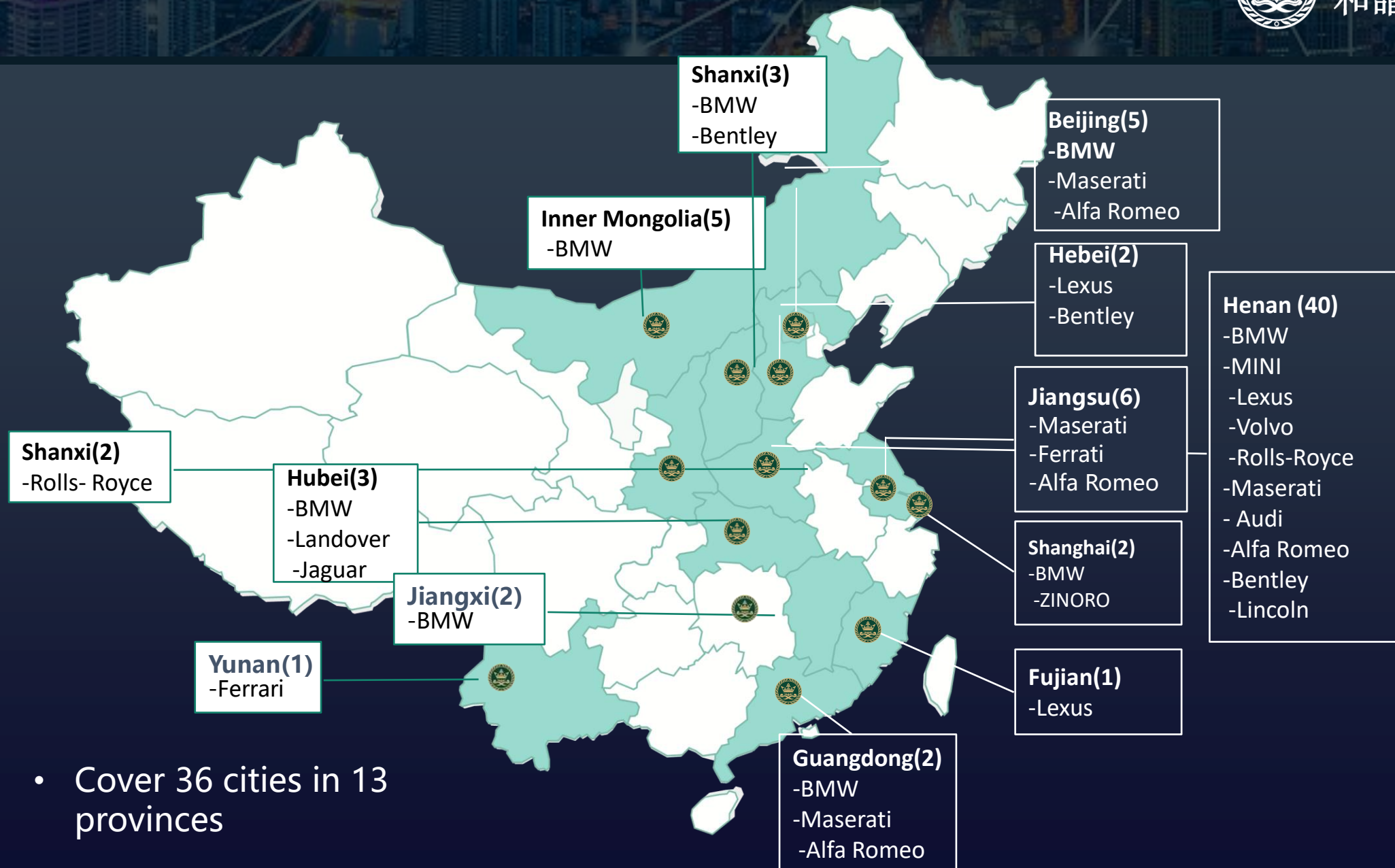


2



2

Business Overview | Network Distribution



- Cover 36 cities in 13 provinces

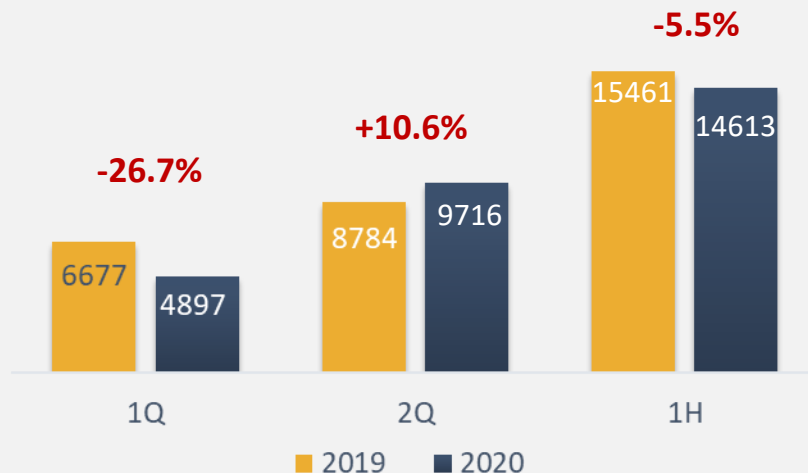
Business Overview |

Rapid Growth of New Car Sales after Covid-19 Epidemic



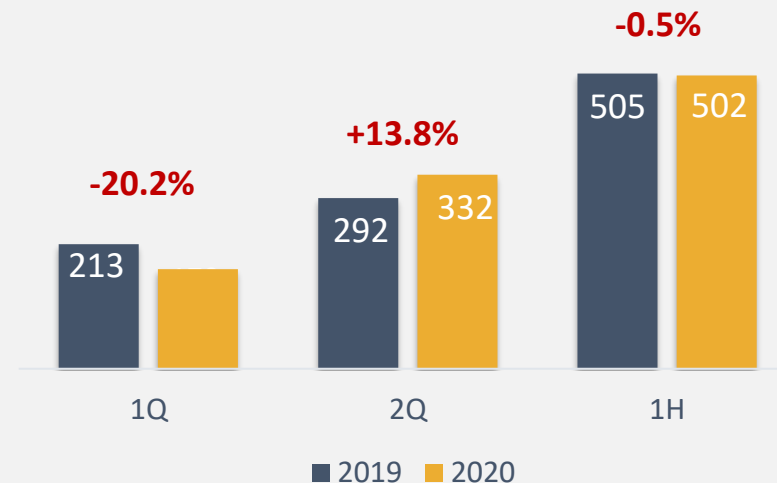
New Car Sales

Unit: vehicles

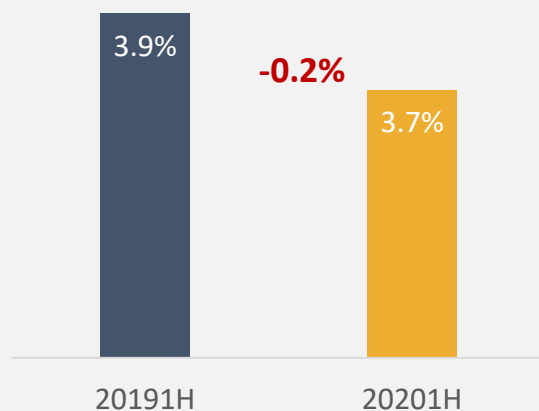


New Car Sales Revenue

unit: millions

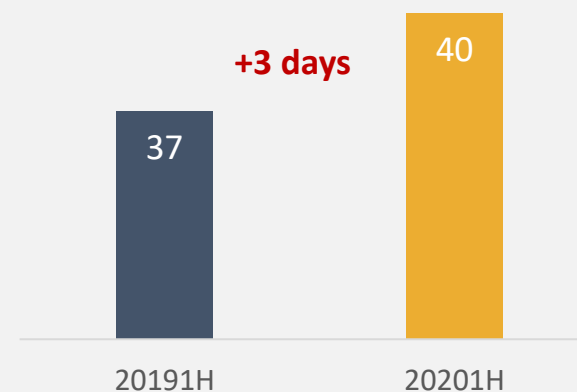


Gross Profit Margin from New Car Sales



Inventory Turnover

Unit: days



Dealership Business | Volume Analysis by Brands



BMW sales in China
(include MINI)

329,000
vehicles

YoY decrease

↘ **5.8%**



BMW Sales from
Harmony (include MINI)

11,318
vehicles

YoY decrease

↘ **5.6%**



Lexus sales in
China

95,000
vehicles

YoY growth

↗ **4.8%**



Lexus sales from
Harmony

1,850 vehicles

YoY growth

↗ **7.4%**



Bentley sales from
Harmony

↗ **150.0%**

YoY growth



Rolls-Royce sales
from Harmony

↗ **21.0%**

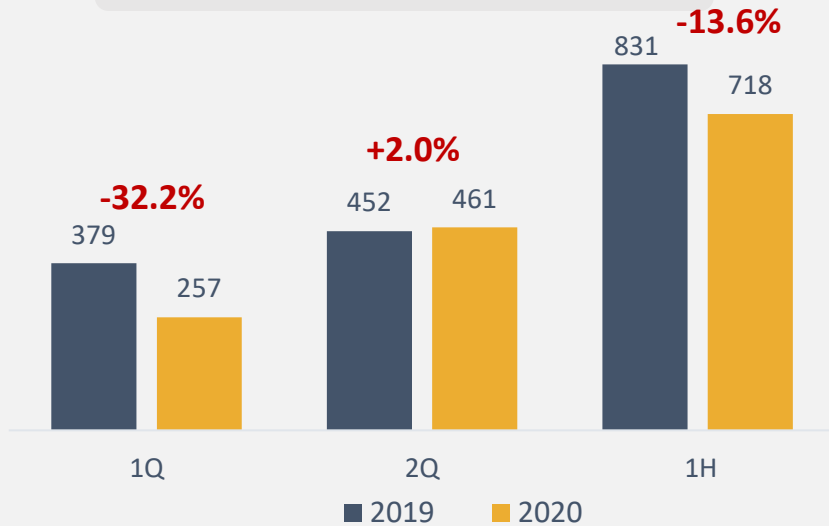
YoY growth

Business Overview | Aftersales services, Financial leasing and Commission Income



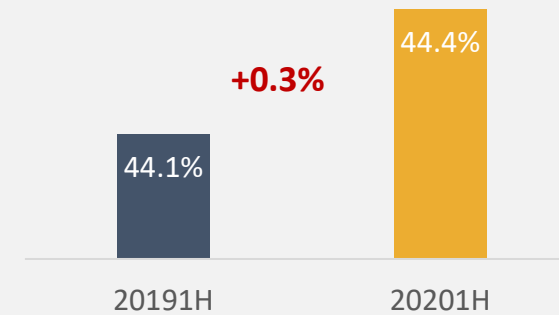
After-sales Revenue

Unit: millions



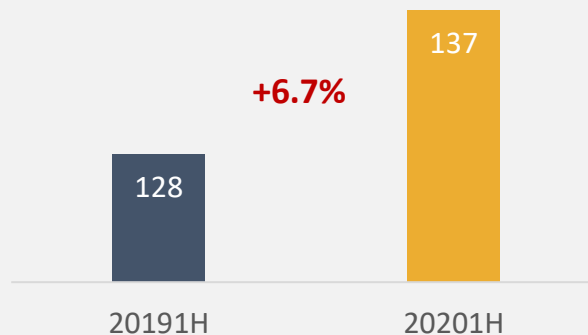
Gross Profit from After-sales Service

Unit: millions



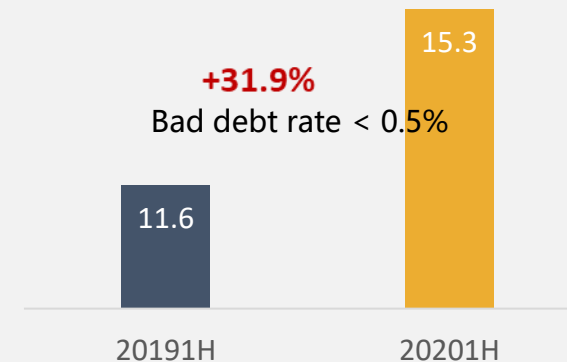
Commission Income

Unit: millions



Financial Leasing

Unit: millions



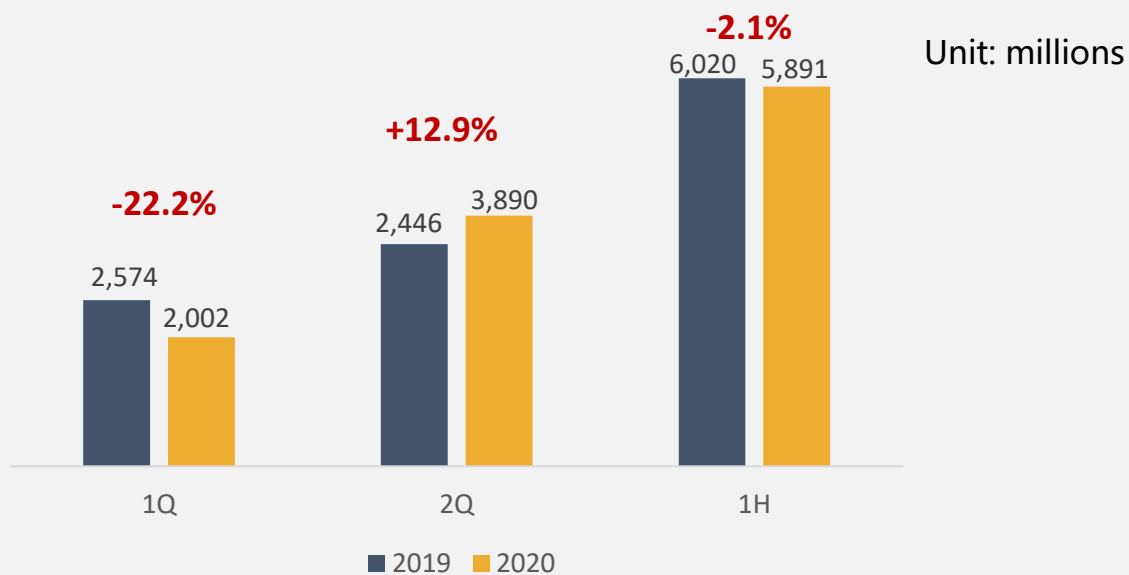
| Financial Analysis

-  Financial Performance
-  Income and Gross Profit Margin
-  Cost management and Debt Analysis
-  Comprehensive Financial Overview

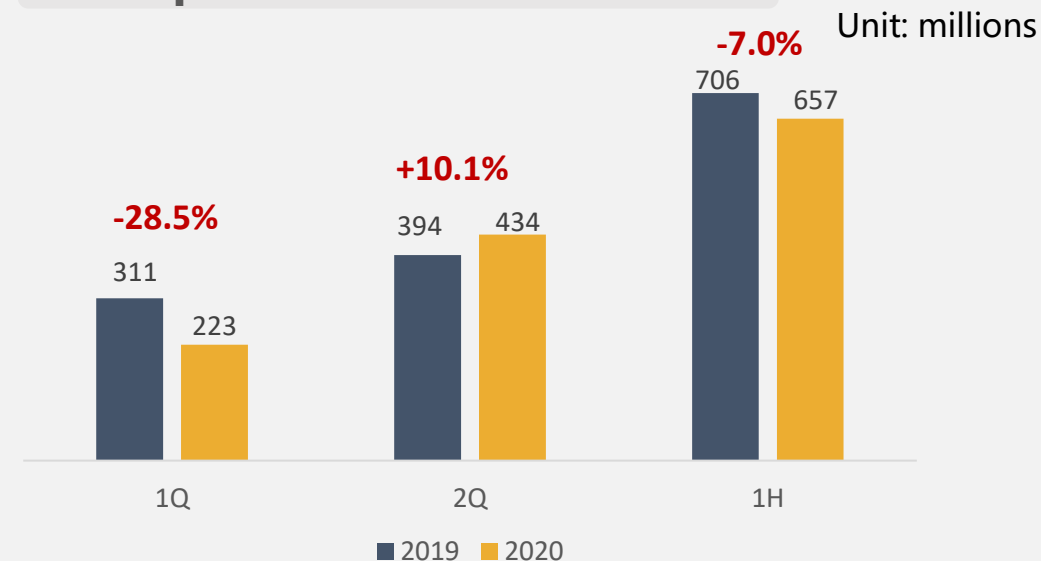
Financial Analysis | Financial Performance



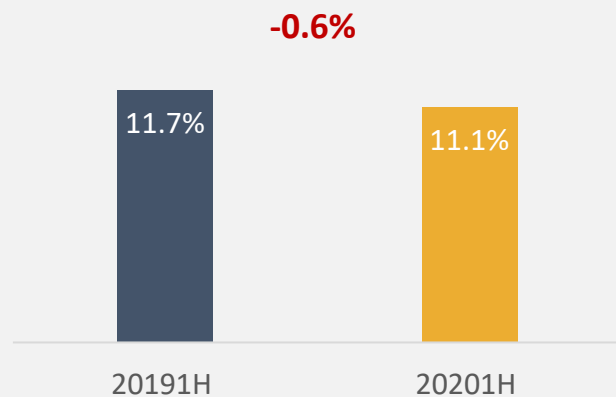
Comprehensive Income



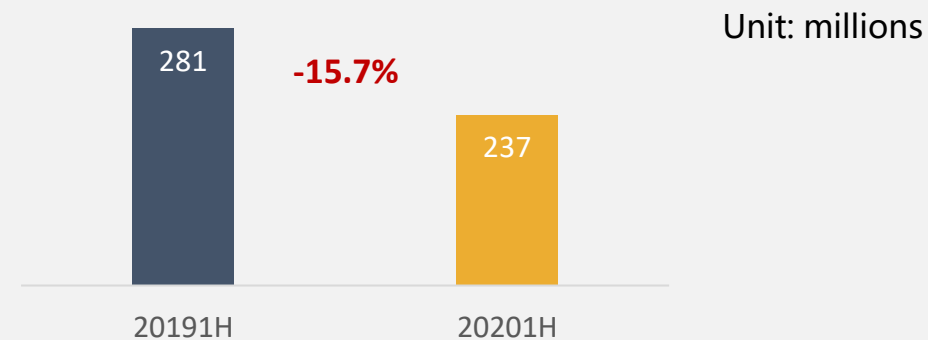
Comprehensive Gross Profit



Comprehensive Gross Profit Margin



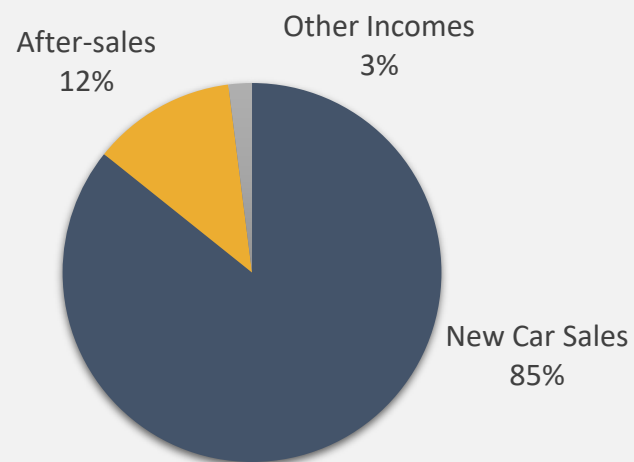
Net Profit Attributed to Owner of Parent Company (Dealership Business)



Financial Analysis | Revenue and Gross Margin Analysis

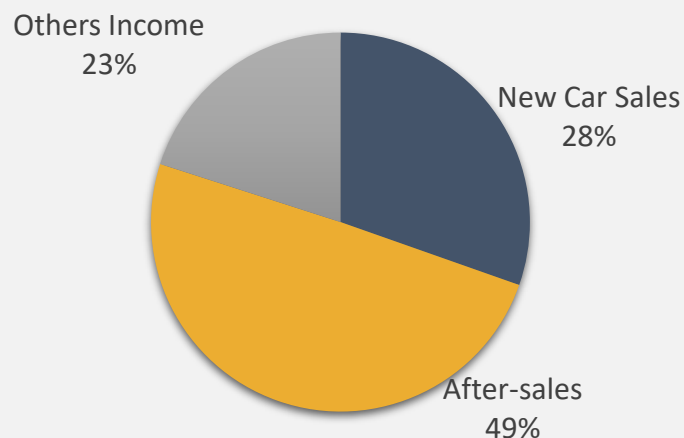


As % of total Revenue in 1H2020



| | 1H2019 | 1H2020 | YoY Growth/Decrease |
|-----------------------------|-----------|-----------|---------------------|
| New car sales revenue | 5,048,817 | 5,021,405 | -0.5% |
| After-sales services income | 831,087 | 717,944 | -13.6% |
| Financial leasing income | 11,617 | 15,326 | +31.9% |
| Commission income | 128,117 | 136,757 | +6.7% |

As % of total Gross Profit in 1H2020



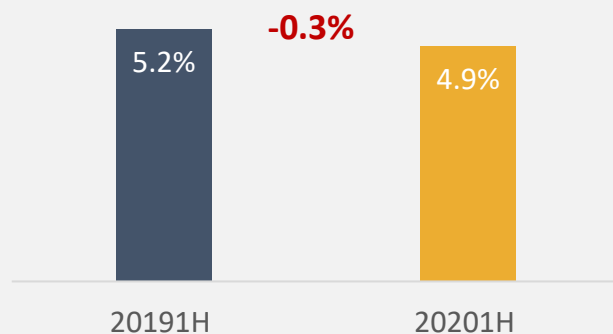
Unit: 1,000 RMB

| | 1H2019 | 1H2020 | YoY Growth/ Decrease |
|-------------------|--------|--------|----------------------|
| Core Business GPM | 9.8% | 9.0% | -0.8% |
| New Car Sales GPM | 3.9% | 3.7% | -0.2% |
| After-sales GPM | 44.1% | 44.4% | +0.3% |

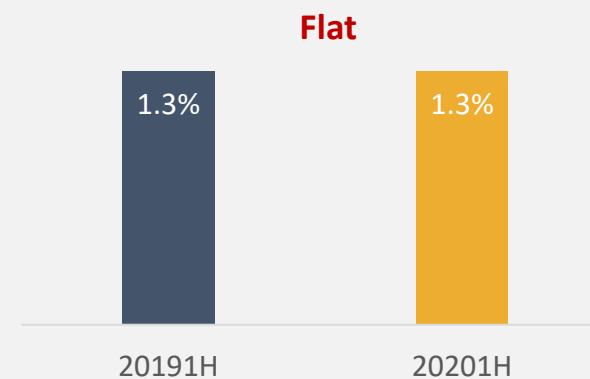
Financial Analysis | Cost Management and Debt Analysis



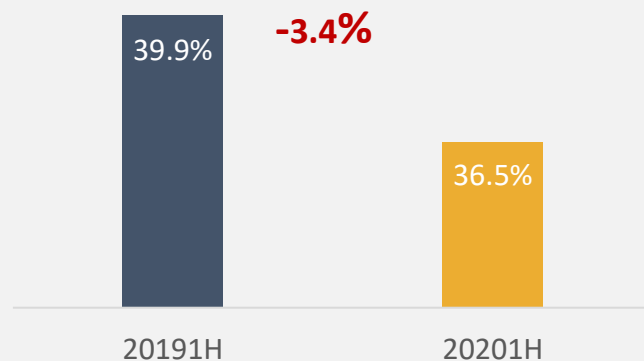
Selling Expense Ratio



Management Expense Ratio



Asset-Liability Ratio



- As of June 30, 2020, the group's asset-liability ratio (total liabilities/total assets) was 36.5%, decrease 3.4% year on year
- Asset-liability ratio is far lower than that of peers.
- In the future, the company will use syndicated loans, bonds and other means to increase leverage ratio for expanding business scale and mergers and acquisitions, thus improving ROE level.

Financial Analysis | Comprehensive Financial Overview



| | 1H2020 | 1H2019 | Growth/(Decrease) |
|---|--------|--------|-------------------|
| Comprehensive | 5,891 | 6,020 | (2.1%) |
| Commission income | 137 | 128 | 6.7% |
| Comprehensive gross margin | 11.1% | 11.7% | (-0.6%) |
| Sales management and Financial expenses | 417 | 439 | (-5.0%) |
| Net profit attributed to parent company (dealer business) | 237 | 281 | (-15.7%) |
| Inventory | 1,025 | 992 | 3.4% |
| Total assets | 11,688 | 11,674 | 0.1% |
| Bank loans and other loans | 2,408 | 1,961 | 22.8% |
| Net assets | 7,427 | 7,015 | 5.9% |
| Asset – liability ratio | 36.5% | 39.9% | (3.4%) |

Note: The comprehensive gross profit includes commission income

Future Outlook & Strategy



🎯 Focus on Core Business, Focus on Dominant Brands, Focus on Efficiency

—— Luxury Brands ——



—— Ultra – Luxury Brands ——



Future Outlook & Strategy



- The annual development goals remain unchanged, 15% growth on distribution network
- Improve data management efficiency and optimize operational efficiency
- Improve new car sales turnover rate and faster inventory turns
- To fully utilize products that can improve customers retention, maintain and enhance existing customer base
- Maintain healthy operating cash flow, pay attention to potential M&A opportunities

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Q & A



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和諧汽車

Thank You!

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