

# 2020 全年业绩演示材料

## Annual Results Presentation

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



股票代码 Stock Code : 03836.HK



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## Content



Business Overview



Financial Analysis



Development Strategies

# Business Overview | Highlights for the year



## New cars sales volume

was **36,573** units in 2020, increasing by **11.5%**



## Revenue from new cars sales

was **RMB12.9 billion** in 2020, a year-on-year growth of **18.2%**



## Gross margin for new cars sales

in 2020 expanded by 0.5% pts to **3.5%**



## Total revenue

was **RMB15.1 billion** (incl. commission income) in 2020, up by **16.8%**



## Sales network expansion

as of 31 Dec 2020, a total number of **75** outlets in operation;  
added **10** outlets, and proactively merged **7** outlets in the year



## Comprehensive gross profit

was **RMB1.6 billion** in 2020, representing a year-on-year growth of **18.3%**;  
comprehensive gross profit margin remained at **11%** in 2020



## Profit after tax

adjusted profit after tax (excl. non-recurring items) was **RMB506 million** in 2020, up by **31.3%**



## Net cash from operation

was about **RMB800 million** in 2020, rising by **238.9%** from 2019



Operating 9 luxury brands



And 4 ultra-luxury brands





As of 31 Dec 2020, a total number of **75** authorized outlets in operation, covering **13** provinces and **37** cities nationwide



**Added 10** outlets in 2020

- **5** BMW: located in Jiujiang, Nanchang, Ordo City, Sanmenxia, and Zhengzhou
- **3** Bentley: located in Nanchang, Wuhan, and Shijiazhuang
- **1** Ferrari: in Kunming
- **1** Lincoln: in Zhengzhou

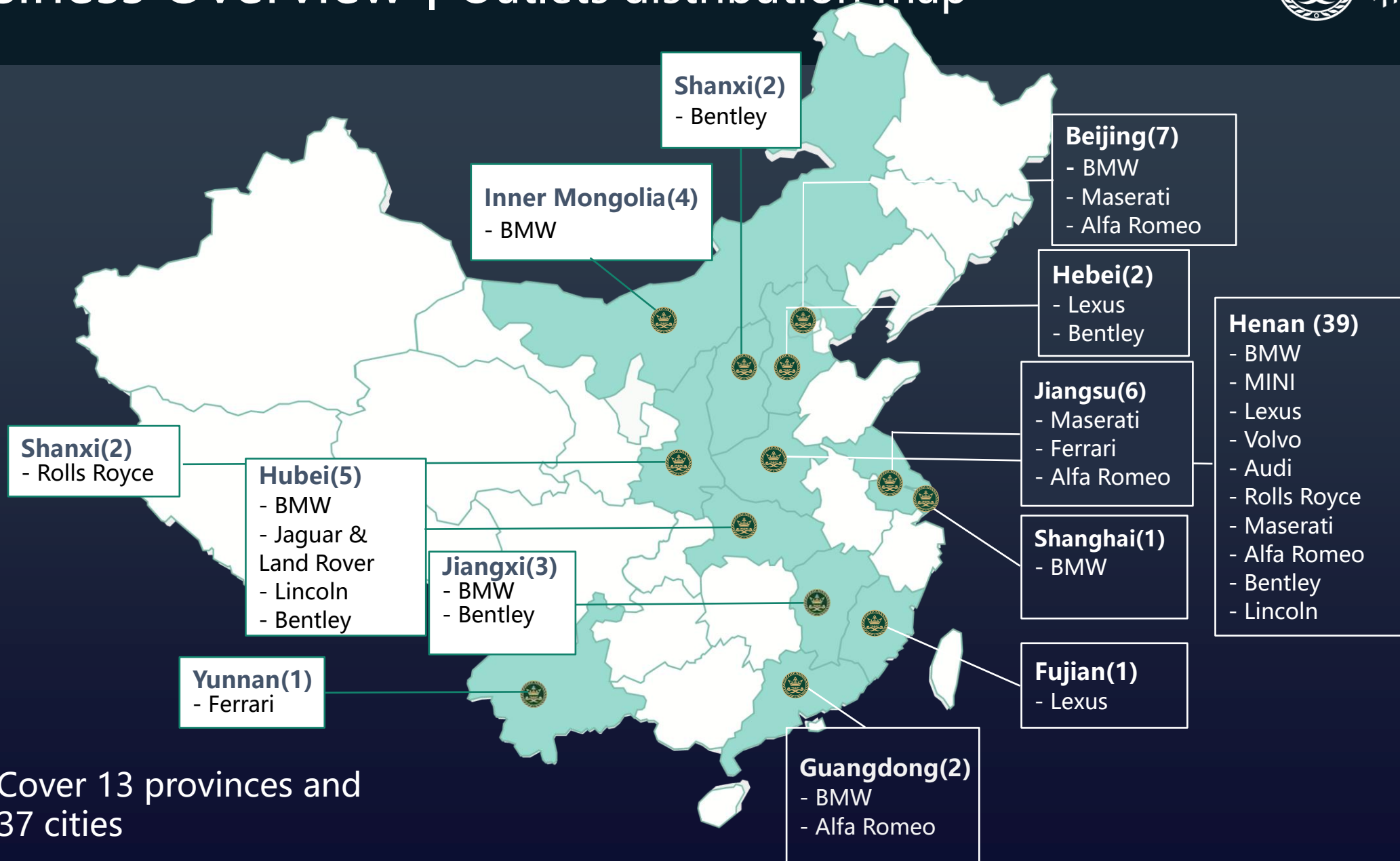


Proactively consolidated and merged **7** outlets with low profitability, in order to improve the Group' s operating efficiency



Keep eyes on M&A targets that are in line with our developing philosophy

# Business Overview | Outlets distribution map



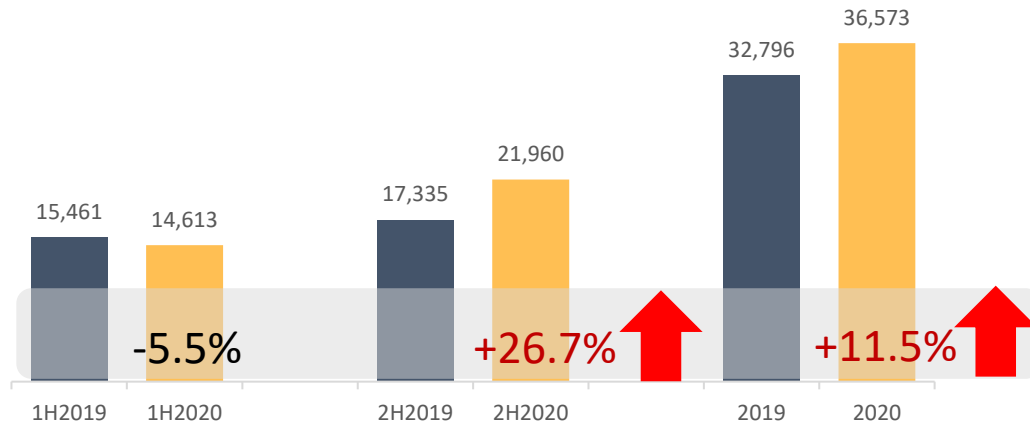
- Cover 13 provinces and 37 cities



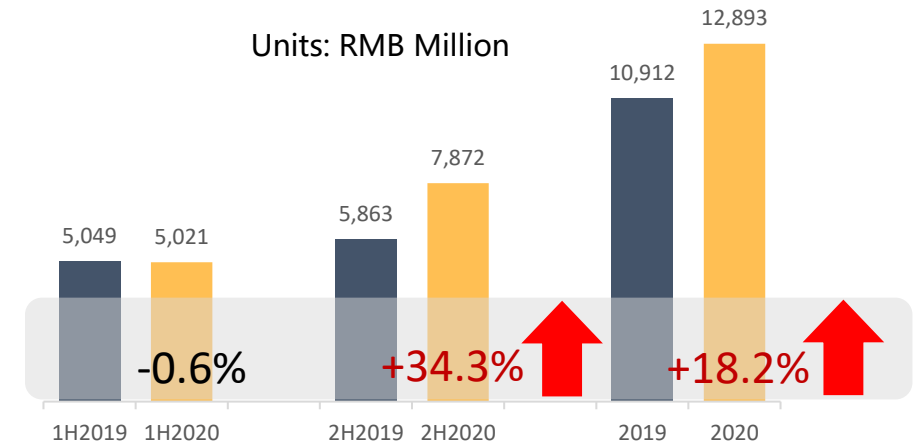
# Business Overview | Strong rebound after the COVID-19 pandemic



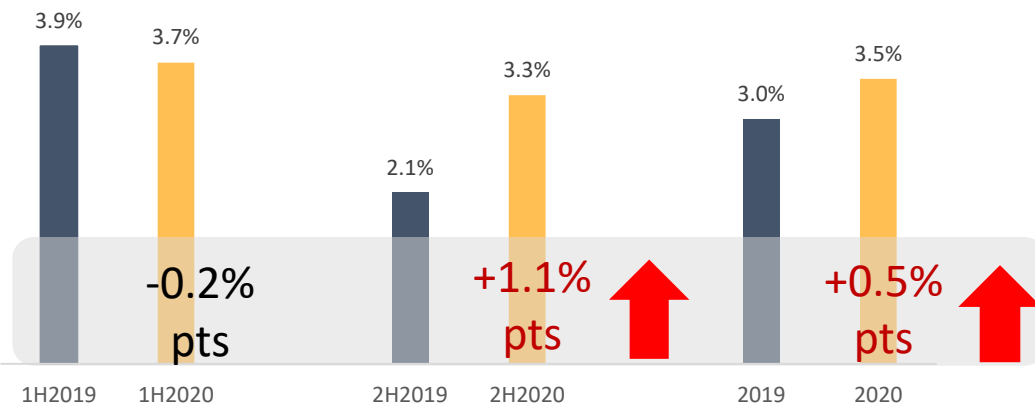
### New cars sales volume



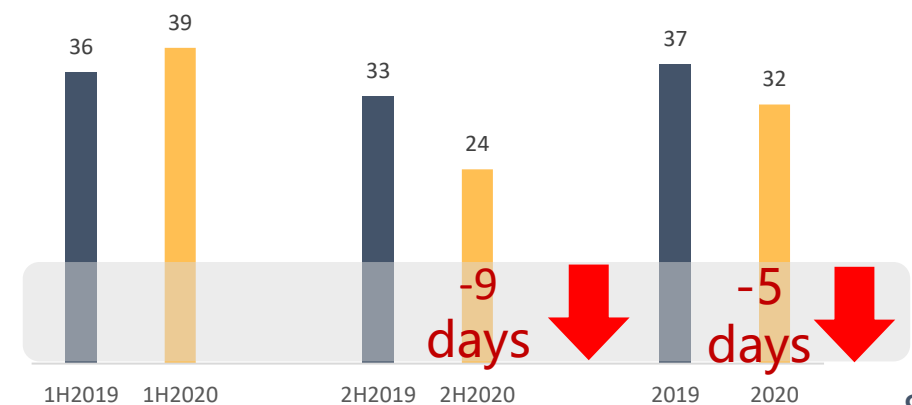
### Revenue from new cars sales



### Gross margin for new cars sales



### Inventory days

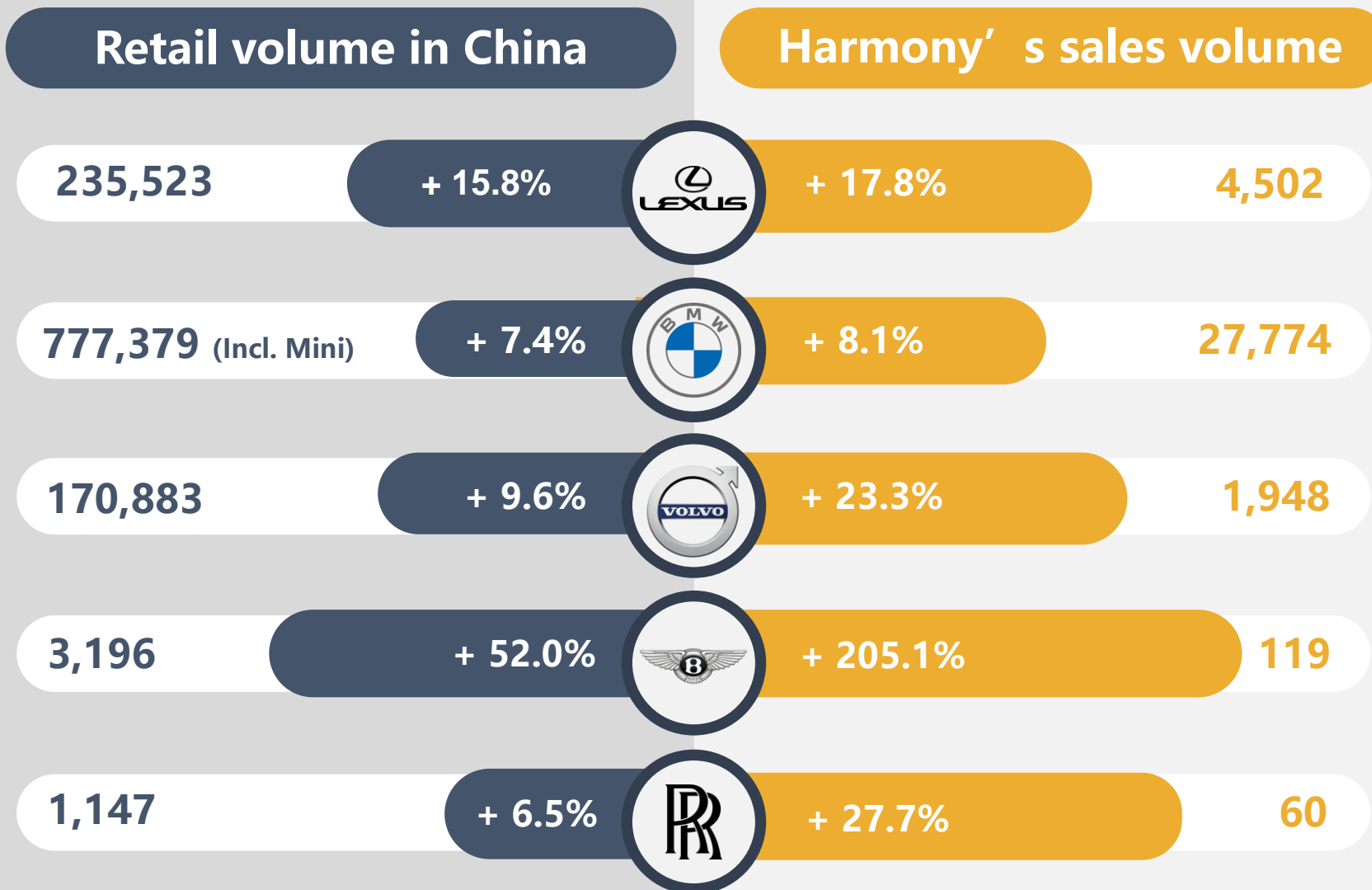




# Business Overview | Key brands' volume analysis



The Group's major luxury brands achieved higher volume growth than the brands' growth in China

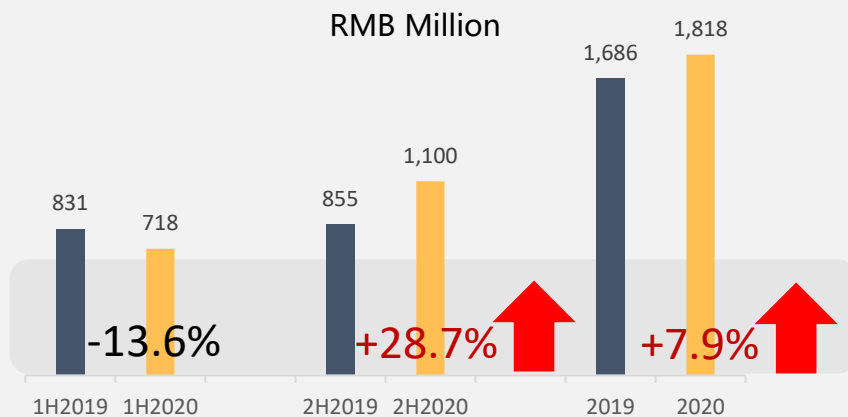


Note: figures for brands' retail volume in China are from their financial reports

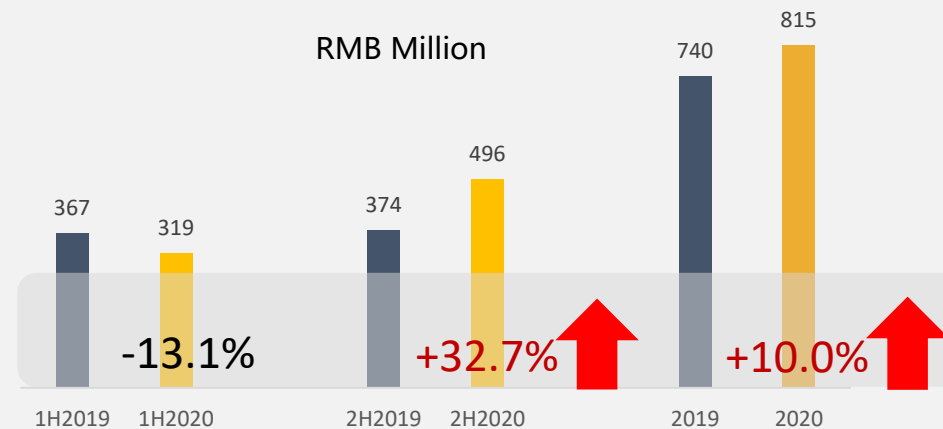
# Business Overview | Aftersales service, finance lease and commission income



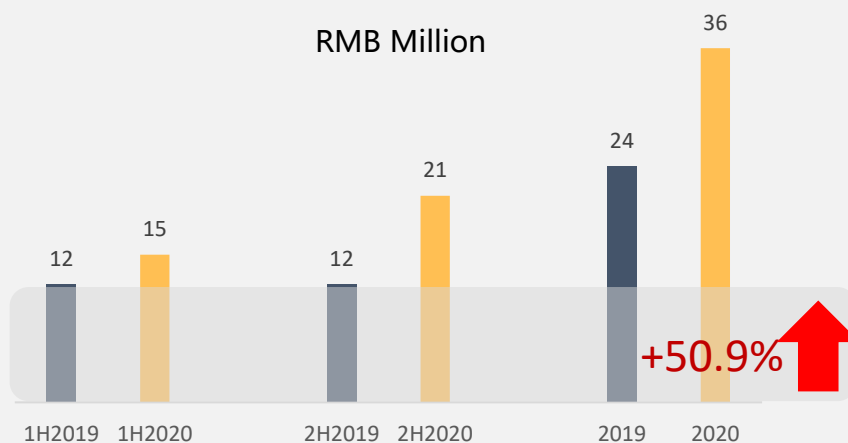
## Revenue from aftersales



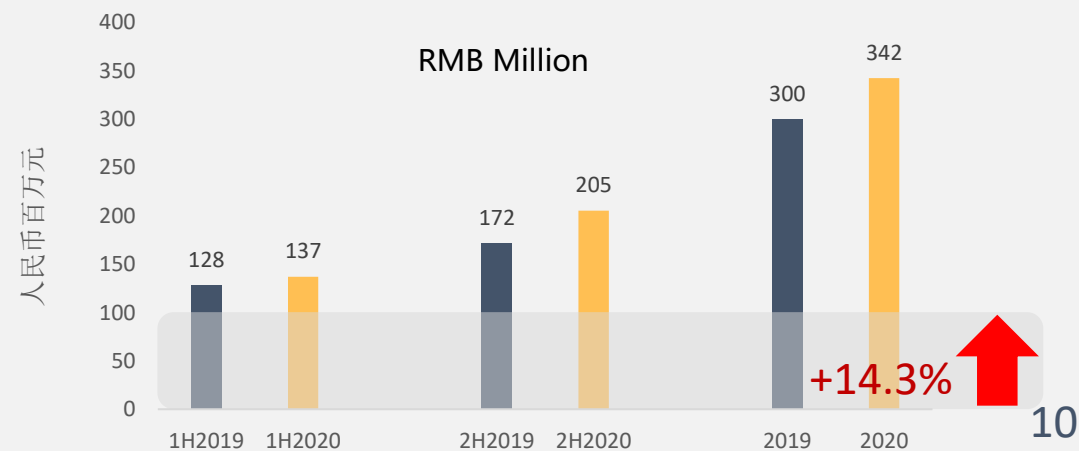
## Gross profit for aftersales



## Revenue from finance lease



## Commission income





## NEV manufacturing



- Byton, a premium brand that focus on "Automation, Connectivity, Electrification, and Shared Mobility"
- "Go Smart" as the key development philosophy

Financial investment



Financial investment

HARMONY AUTO  
和諧汽車

- Navigating the new business model in the world of NEV
- Focus on building up an ecosystem that covers the frontend (manufacturing + sales) to backend demand (aftersales + Repair)

## NEV aftersales



- Dangdang Cars Repair, an O2O platform specializing in NEV aftersales services
- Established strategic partnership 10 NEV brands, incl. Nio, Tesla, Xpeng, and Lixiang; currently have 50 outlets



## Factory overview

- A highly-automated factory with the standard of Manufacturing 4.0 well in place
- Obtained NEV manufacturing permit
- Current capacity of 150k units/year, can be scaled up to 300k units/year
- Modular manufacturing platform that brings flexibility to the production

## Business Model

- Build a smart ecosystem for the users

## Strategic investors

- Byton received strategic investment from 20 renown institutions, including FAW, CATL, Baidu, Lenovo, etc.
- Received \$200 million from Foxconn that is deployed to help achieve the mass production of M-Byte by the end of 2021



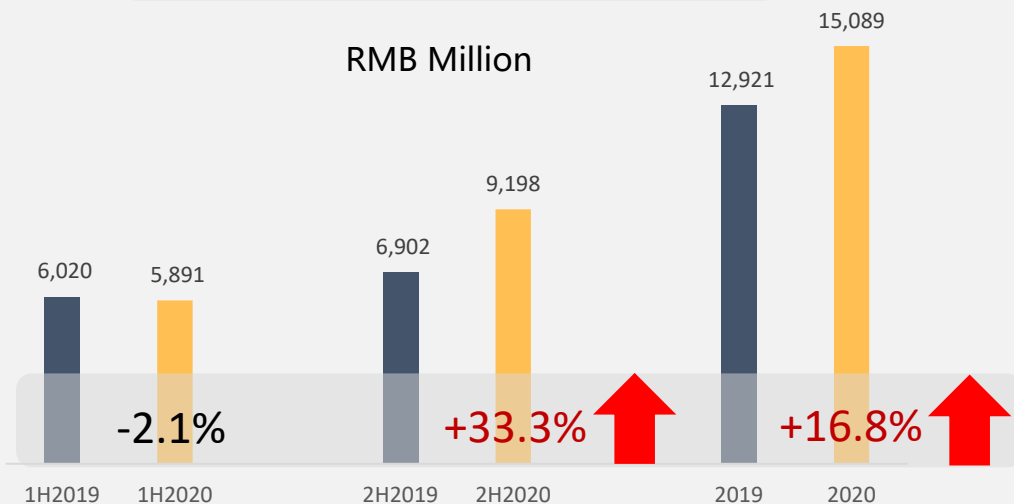
# | Financial Analysis

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

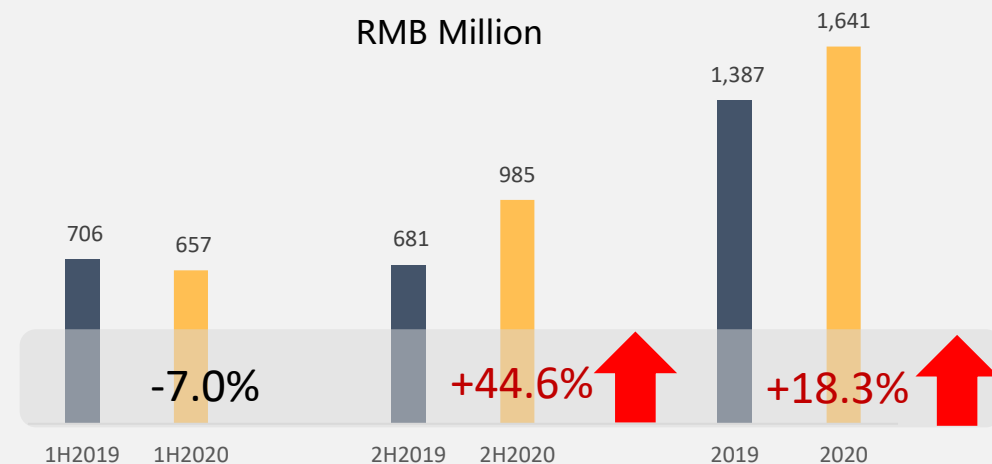
# Financial Analysis | Financial performance



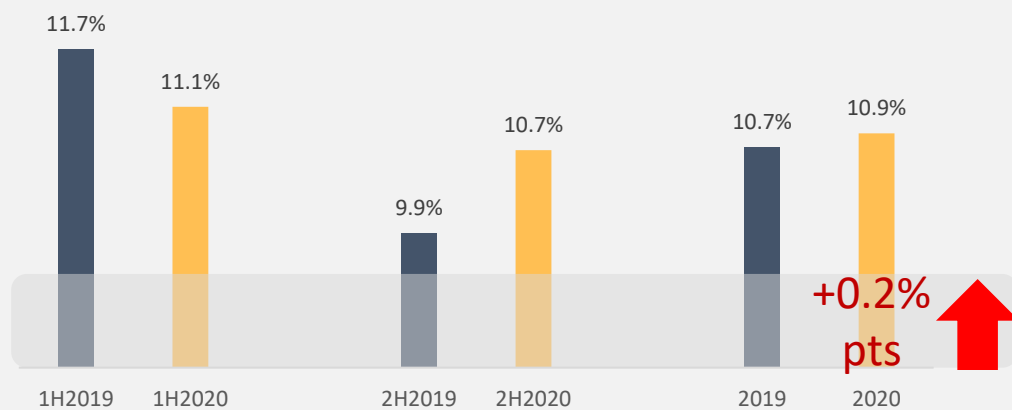
## Comprehensive revenue



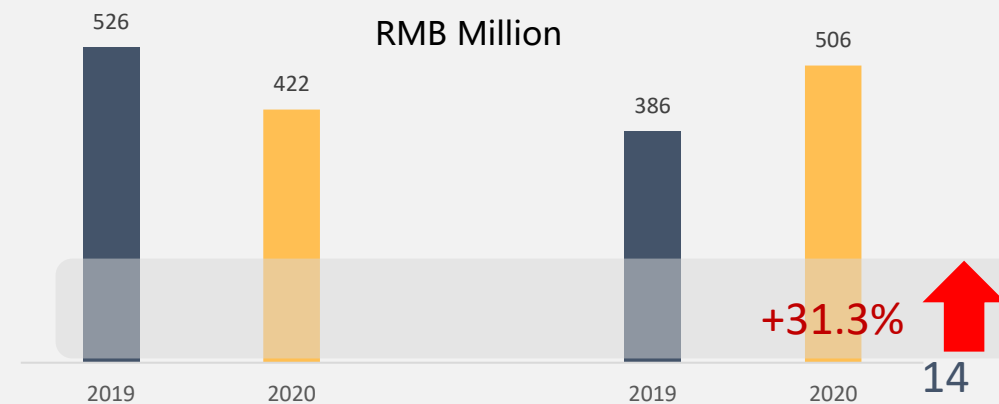
## Comprehensive gross profit



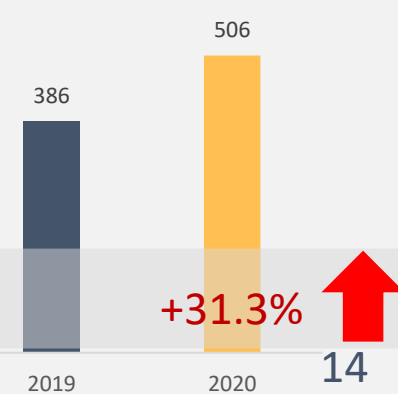
## Comprehensive gross margin



## Profit After Tax



## Adjusted Profit

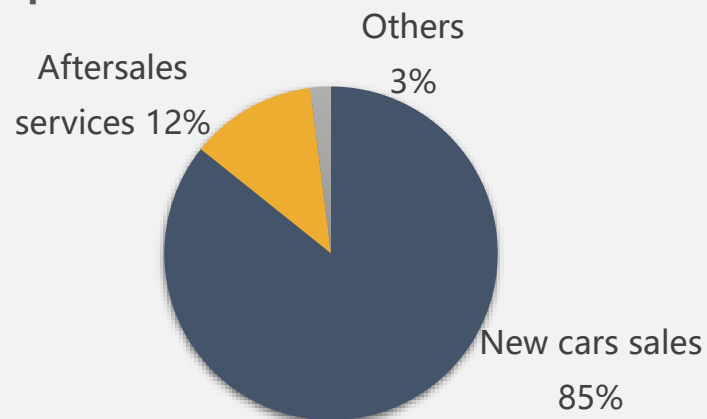




# Financial Analysis | Breakdown of revenue and gross profit



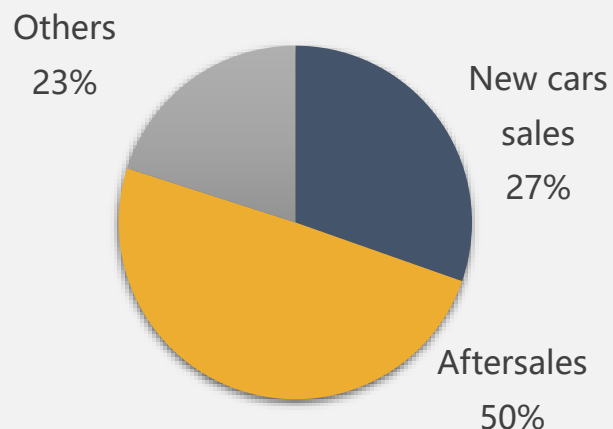
## Breakdown of comprehensive revenue in 2020



	2019	2020	Year-on-Year
<b>Total revenue</b>	<b>12,621,821</b>	<b>14,746,923</b>	<b>+16.8%</b>
From new cars sales	10,912,378	12,893,047	+18.2%
From aftersales services	1,685,770	1,818,155	+7.9%
From finance lease	23,673	35,721	+50.9%
Commission income	299,559	342,261	+14.3%

Units: RMB '000

## Breakdown of comprehensive gross profit

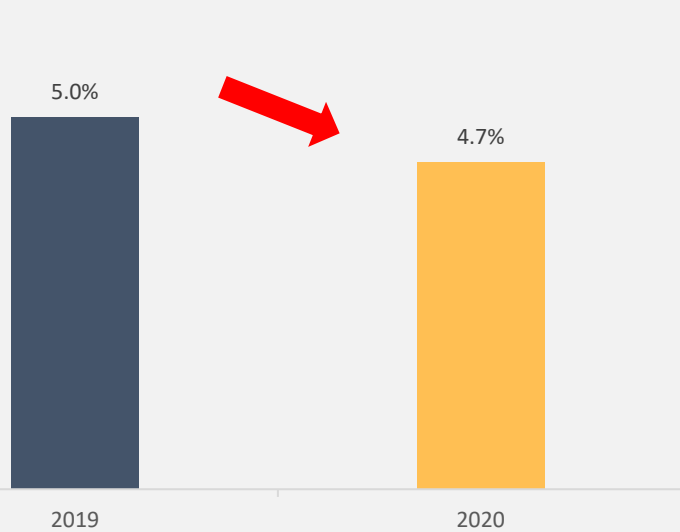


	2019	2020	Year-on-Year
Gross margin for the core business	8.6%	8.8%	+2.3%
Gross margin for new cars sales	3.0%	3.5%	+16.7%
Gross margin for aftersales services	43.9%	44.8%	+2.1%

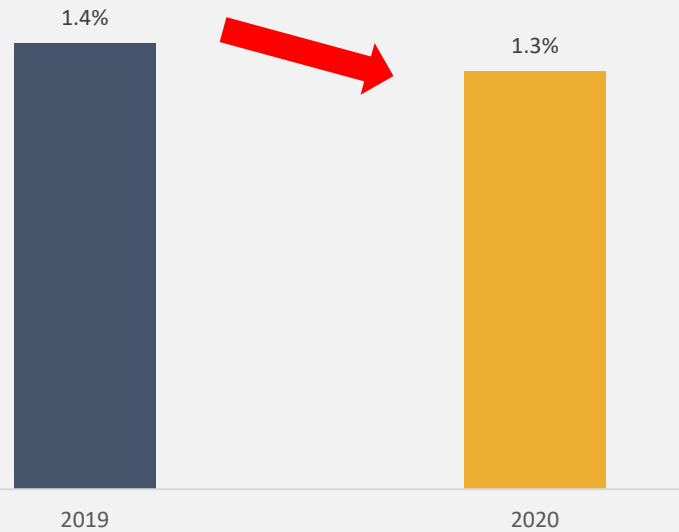
# Financial Analysis | Cost management and debt analysis



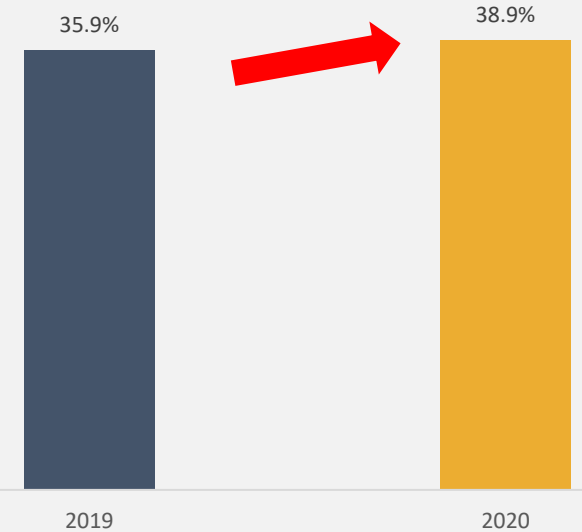
## Selling expenses ratio



## Management expenses ratio



## Liability-To-Asset Ratio





# Financial Analysis | Comprehensive financial overview




RMB Million	2019	2020	Year-on-Year
Comprehensive income	12,921	15,089	16.8%
Commission income	300	342	14.3%
Comprehensive gross margin	10.7%	10.9%	1.9%
Sales, admin and financial expenses	925	1,022	10.5%
Adjusted profit after tax (excl. non-recurring items)	386	506	31.3%
Inventory	1,262	1,094	(-13.3%)
Total assets	11,423	12,352	8.1%
Bank loans and other loans	2,494	2,604	4.4%
Net assets	7,323	7,547	3.1%
Asset-To-Liability Ratio	35.9%	38.9%	8.4%


# Development strategies |

"One Core Two Wings" : focus on the core business, and spin off NEV business




 Unlock the value probably via SPAC



 Focus on the core business



 To seek independent financing



# Development Strategies | 1. Focus on the core business

Focus on the services that span from the life cycle of luxury and ultra luxury brands

- New cars sales
- Aftersales services
- Auto finance, accessories, and insurance products
- Used cars transaction





# Development Strategies | 2. 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
- Annual targets: 15% growth of outlet number





## Go boldly toward digitalization

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

## Continue to enhance efficiency in our day-to-day operation

- **One standard:** performance-centric
- **Two mindsets:** capability and performance
- **Three reforms:** Simplify corporate hierarchy | Reform the budgeting | Reform the incentive package
- **Four cultures:** Simplicity | Efficiency | Happiness | Endeavour



Focus on the core business



Keep  
improving  
return on  
equity

Focus on the  
key brands



Focus on efficiency  
and quality growth



# Q&A session



HARMONY AUTO  
和諧汽車

# Thank you!

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