



HARMONY AUTO
和諧汽車

2021 全年业绩演示材料

Full Year 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 of 2021 results



	Total Revenue	RMB18.4 billion (incl. commission income) in 2021, up by 22.0% year on year
	Net Profit	RMB757 million (excl. non-recurring items) in 2021, expanding by 49.6% year on year
	New cars sale volume	40,791 units in 2021, increasing by 11.5% from the same period last year
	Revenue from new cars sale	RMB15.6 billion in 2021, a year-on-year growth of 21.1%
	Gross margin for new cars sale	In 2021 expanded by 0.8% pts to 4.3% , the highest level in recent years
	Comprehensive gross profit	RMB2.2 billion in 2021, representing a year-on-year growth of 32.3% ;
	Used cars business	A drastic increase in trading volume by 28.9% year over year to 7,388 units
	Dividends	Year-end dividend declared to be 0.21HKD per common share, representing a 40% payout ratio, a year-over-year increase of 165.8%
	Stocks buyback	Since 2021, The Company has repurchased 23.5 million stocks from the open market, showing the confidence over our business development and prospects

Operating 9 luxury brands



And 5 ultra-luxury brands



Business Overview | Overview of sales network



As of 31 Dec 2021, a total number of **76** authorized outlets across 16 provinces in 40 cities



Added **5** outlets in 2021, and proactively merged 4 outlets

- **2** Ferrari: located in Nanjing and Qingdao
- **2** Lexus: located in Cangzhou and Shenyang
- **1** Lamborghini: located in Wenzhou



Authorizations obtained:

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

Business Overview | Network Expansion



Ferrari Qingdao



Ferrari Nanjing



Lexus Cangzhou



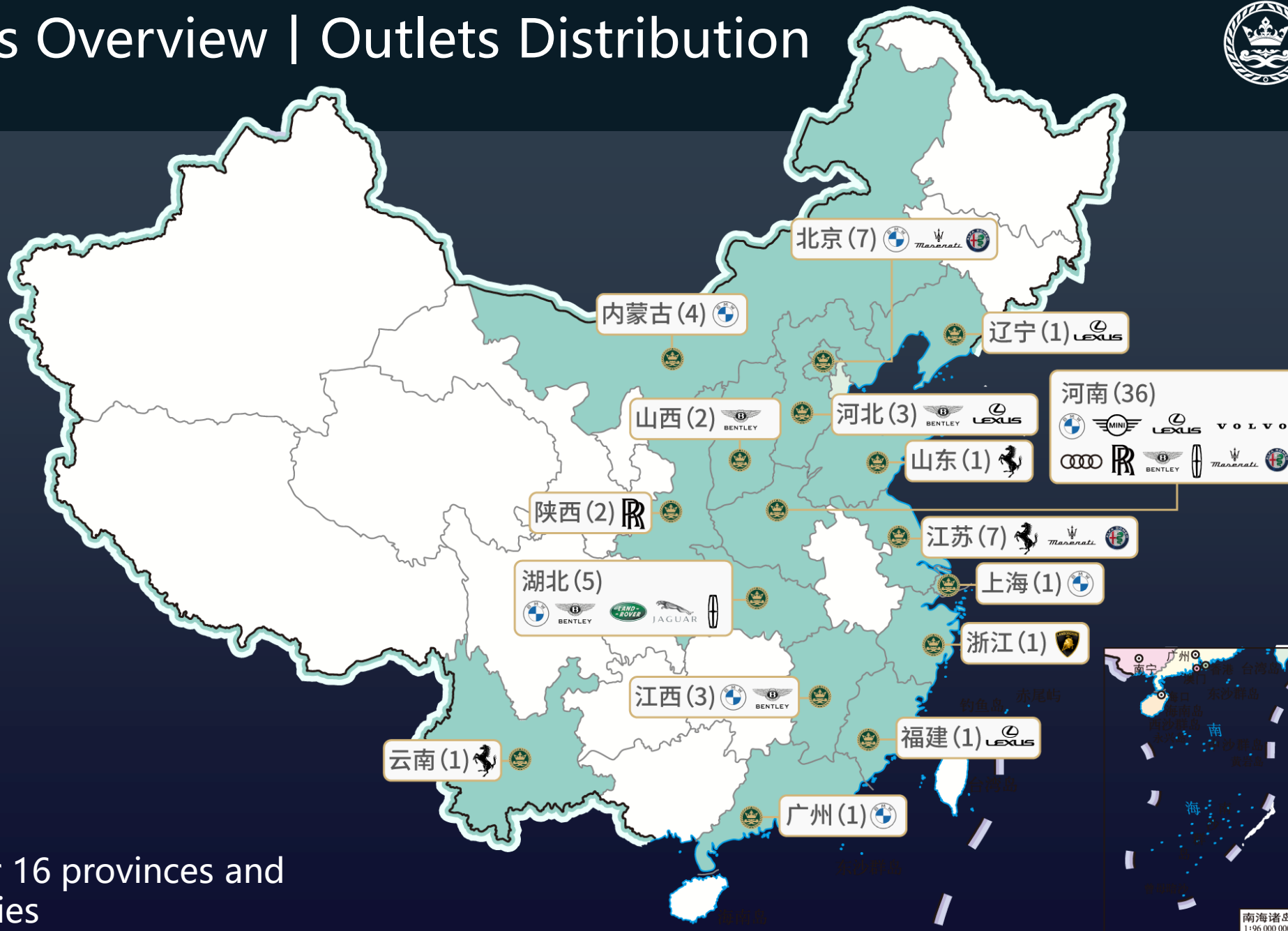
Lexus Shenyang



Lamborghini Wenzhou



Business Overview | Outlets Distribution



- Cover 16 provinces and 40 cities

Business Overview | Awards of our outlets in 2021



Beijing

Excellent Award for coating in 2021
Excellent Award for providing user experience

Zhengzhou Award for excellent management in 2021

Shanghai The best case for promoting iX3, Club3 in 2021

Luoyang The best case for campaigning in 2021

Wuhang Award for best selling skills in 2021

Xinxiang The best case study for BMW UKL model in 2021

Luohe Award for the used cars management in 2021

Shangqiu Award for all-rounded selling skills in 2021

Zhoukou Award for improvement of aftersales in 2021

Jiujiang Award for good ranking in southern district



Zhengzhou

Award for Rolls Royce the best-selling competition in 2021
Award for Rolls Royce best selling Specter in 2020

Xi' an

Award for Rolls Royce best aftersales in 2020

Wuhang

Champion in the Competition of Bentley selling skills in 2021

Qingdao Nanjing

Award for Ferrari the best growth in 2021

Wuxi

Award for Maserati best management in 2021



Zhengzhou The best coating store for Lexus

Xiamen The best selling management for Lexus

Zhengzhou Four-star ranking for Volvo in sales skills

Nanyang The best user experience award for Volvo

Luohe The best Audi growing store

Xinxiang Outstanding store for Lincoln in 2020

Business Overview | NEV layout

NEV manufacturing



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

Financial investment



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Financial investment

NEV aftersales



- 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)
- Dangdang Cars Repair, an O2O platform specializing in NEV aftersales services
- Established strategic partnership with 10 NEV brands, incl. Nio, Xpeng, and Li Auto;

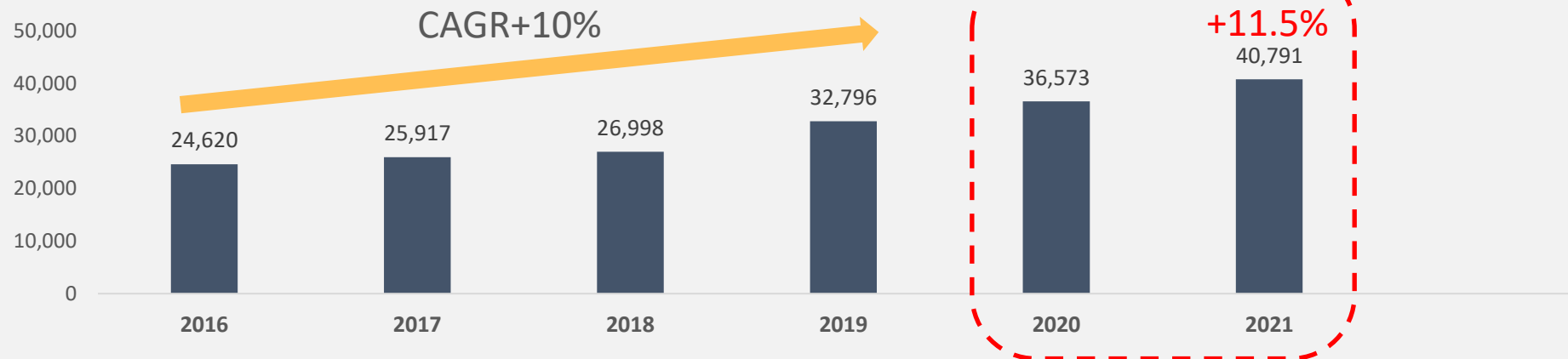
Business Overview | New cars sales business:

Growth engine is continuing in 2021



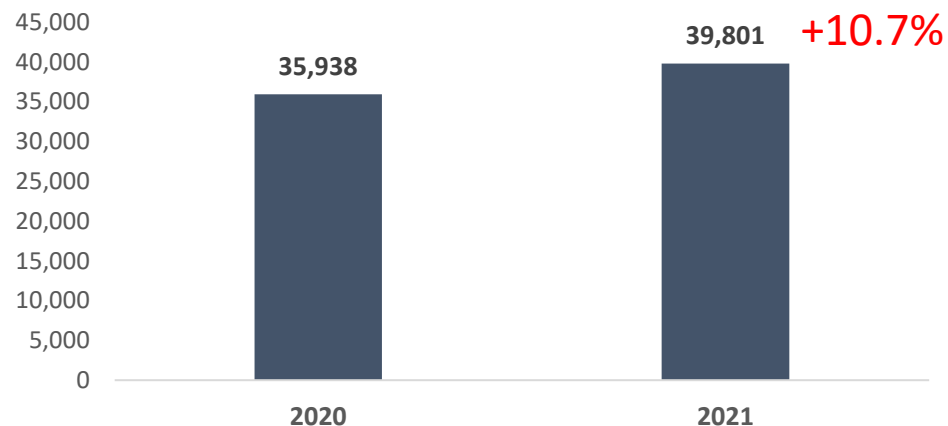
Historical New Car Sales

Unit: car



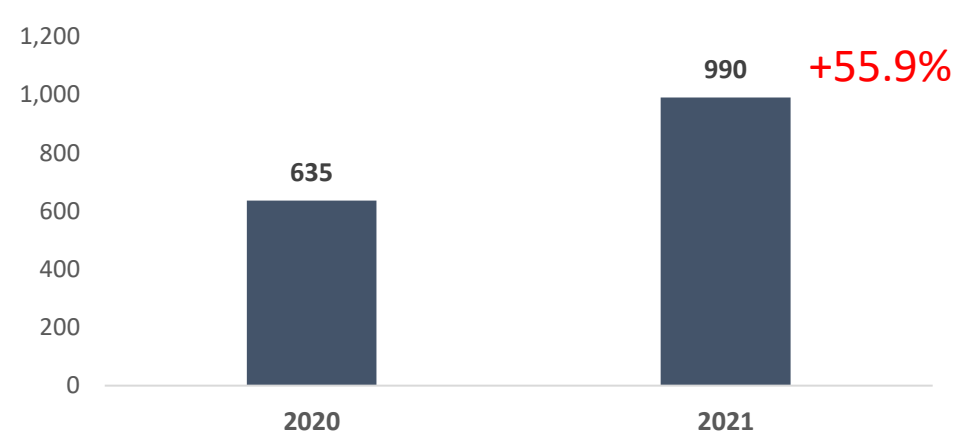
Luxury Brands

Unit: car



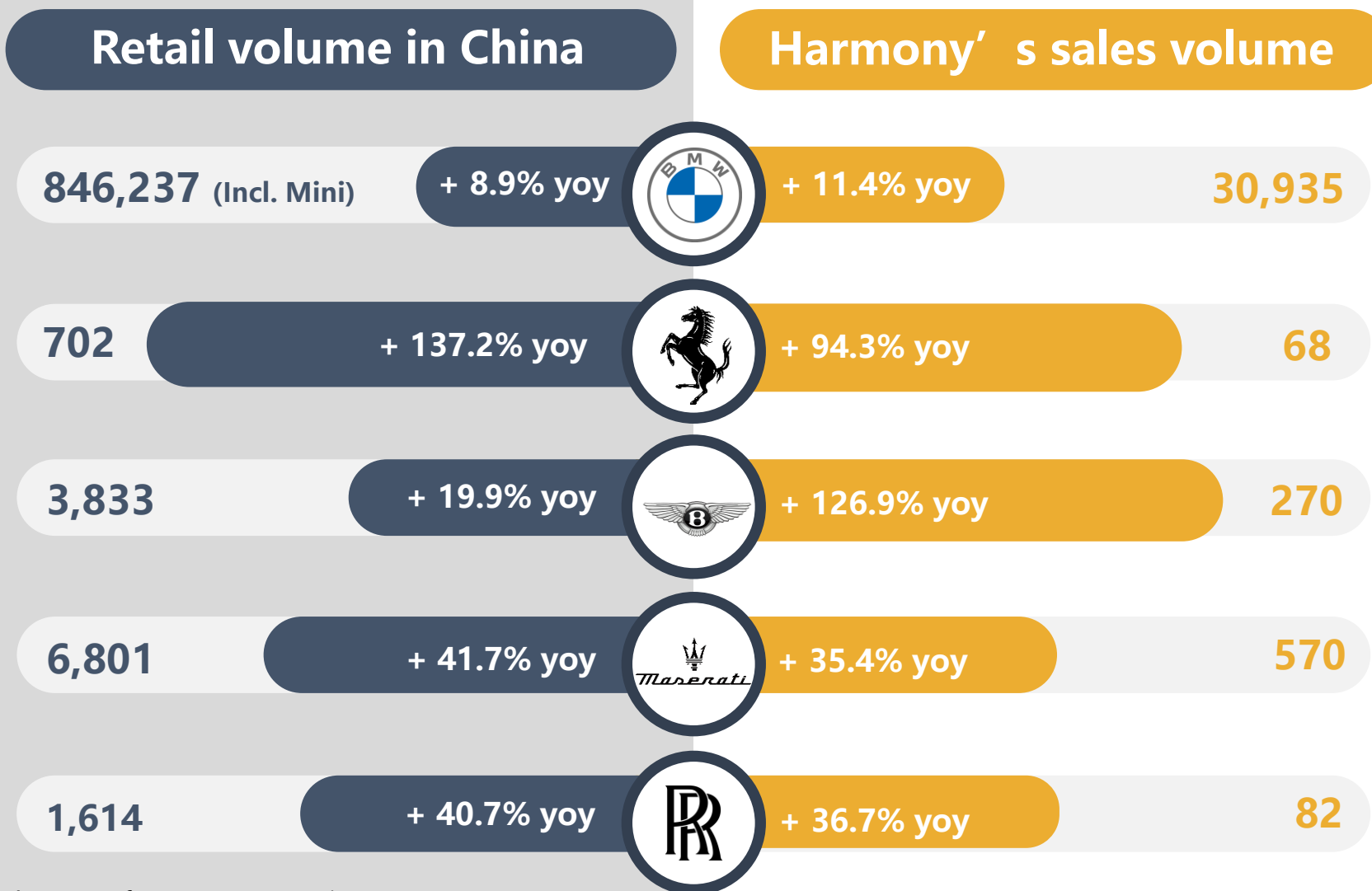
Super Luxury Brands

Unit: car



Business Overview | Key brands' volume analysis

The Group's major luxury and super luxury brands grew on par with their growth in China



Note: data source from Bloomberg as of 31 Dec 2021; Unit: car

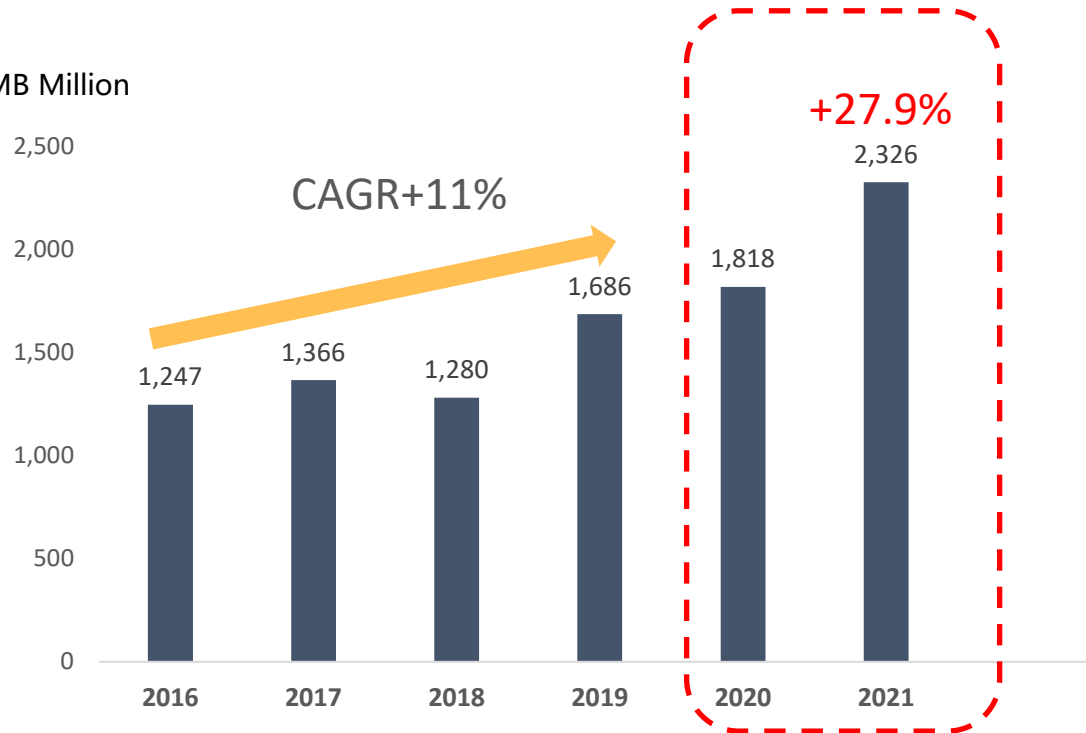
Business Overview | Aftersales Service:

Steady growth sustains



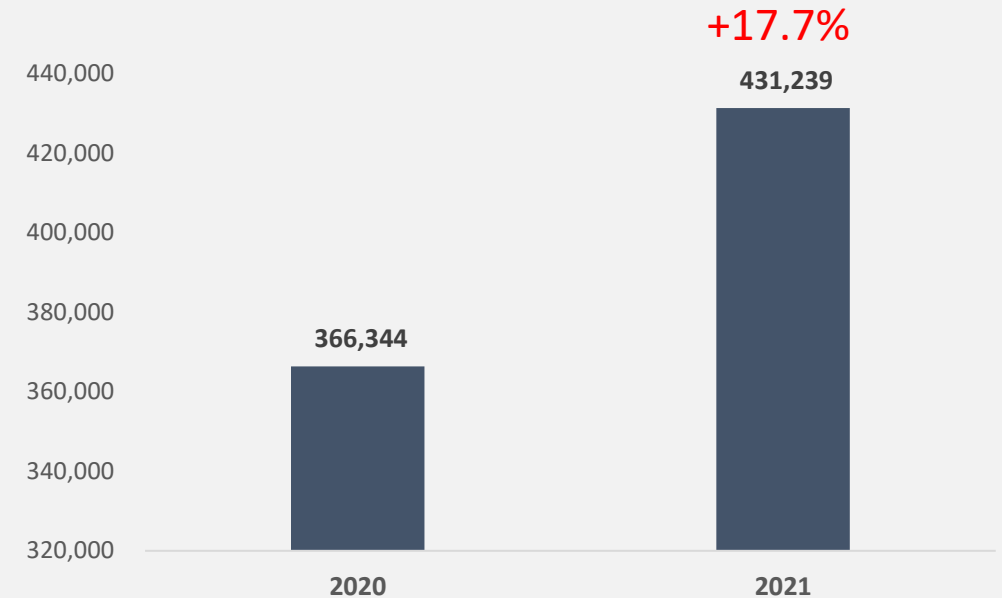
Revenue from aftersales service

Unit: RMB Million



A remarkable increase in repaired units

Unit: Car

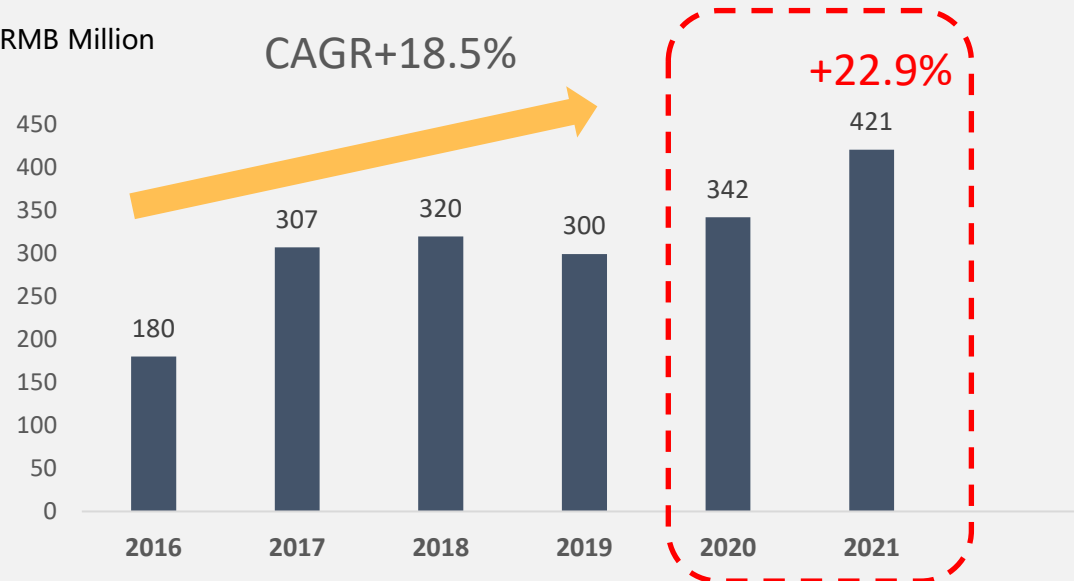


Business Overview | Value-added business: Auto financing to drive commission income growth



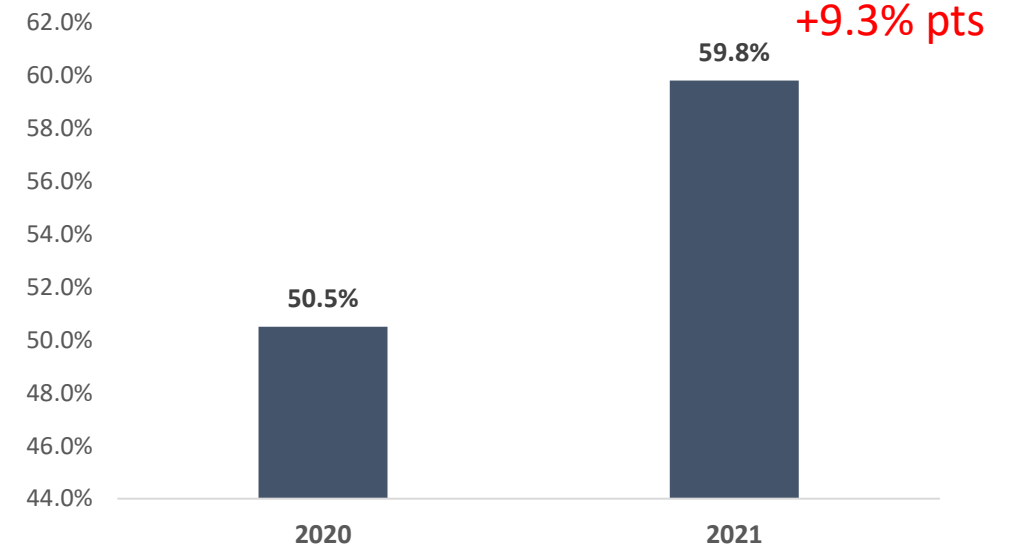
Revenue from Value-added service

Unit: RMB Million



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

Penetration of auto financing



I Financial Analysis

- 🎯 Financial performance
- 🎯 Analysis over operating expenses and liability
- 🎯 Overview of financials
- 🎯 Analysis over key indicators

Financial Analysis | Financial performance

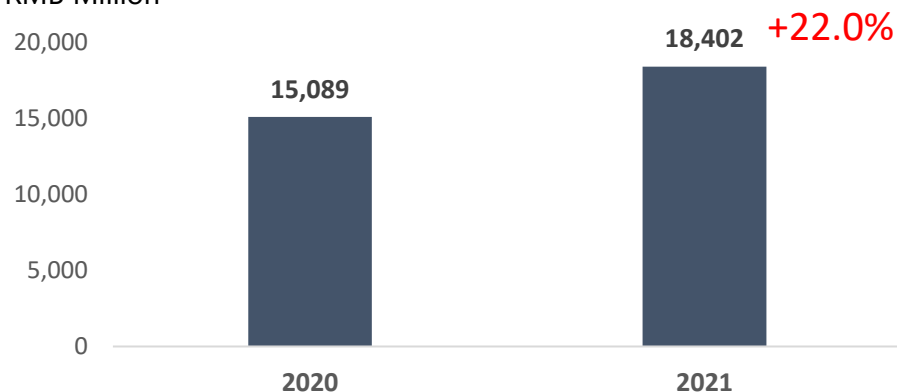


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Comprehensive Revenue

(incl. commission income)

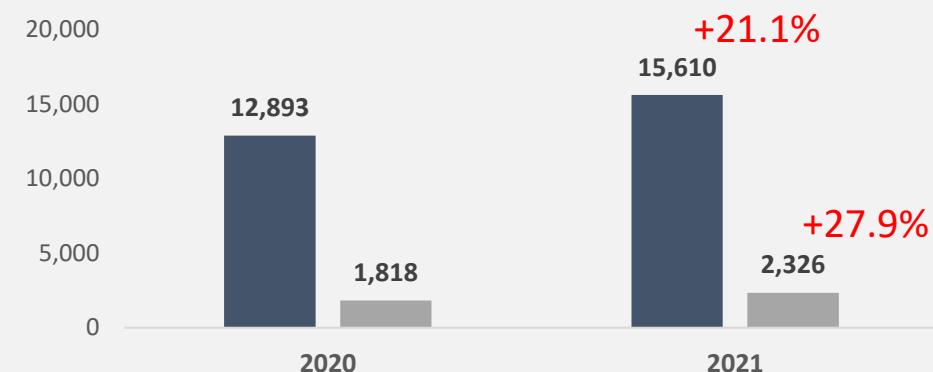
Unit: RMB Million



Revenue from new cars sales and aftersales services

Unit: RMB Million

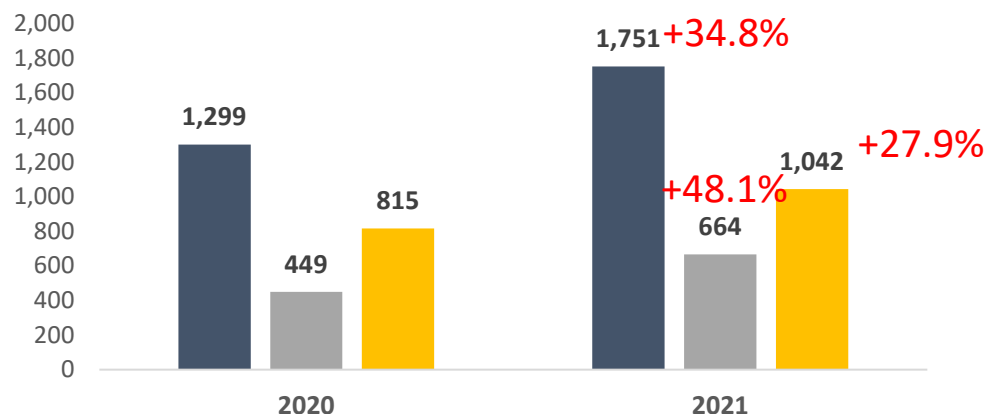
■ New Cars Sales ■ Aftersale Services



Gross profit and its breakdown

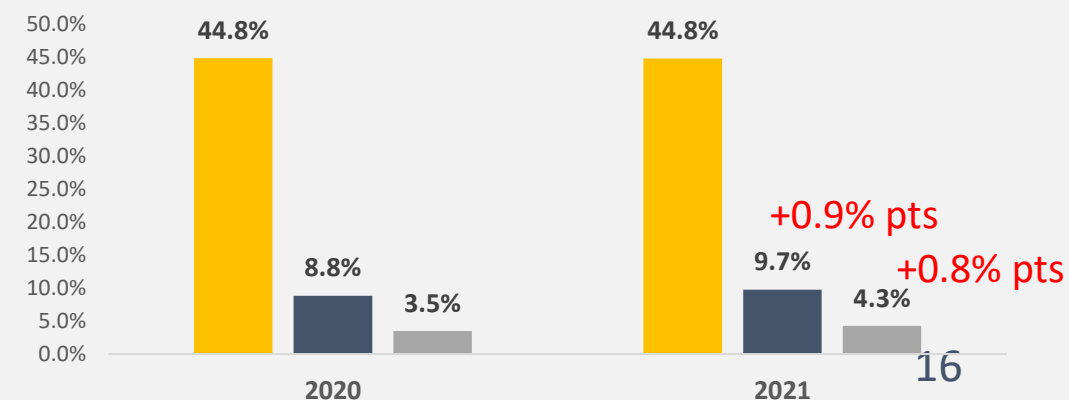
Unit: RMB Million

■ Main Businesses ■ New Cars Sales ■ Aftersales Services



Gross Margin by Business Segment

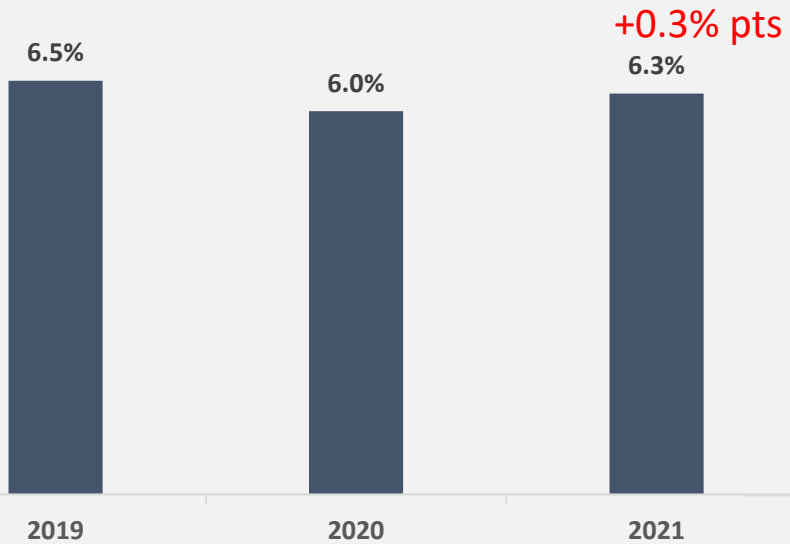
■ Aftersales Services ■ Main Businesses ■ New Cars Sales



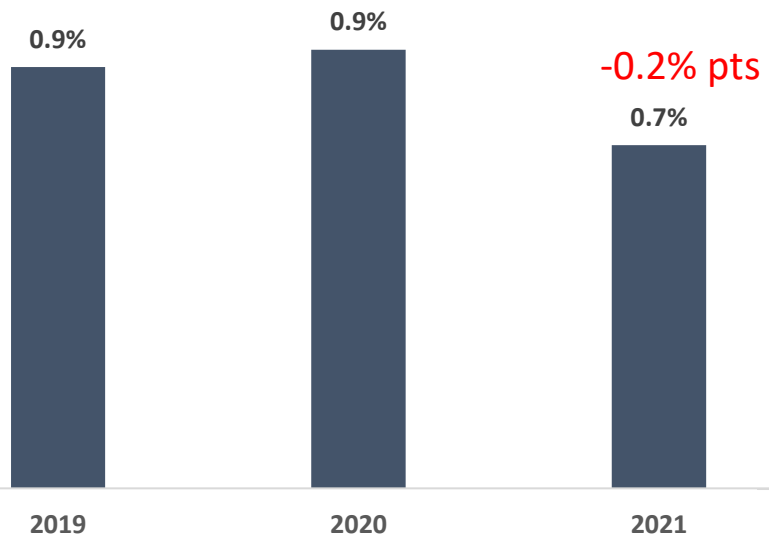
Financial Analysis | Cost management and debt analysis



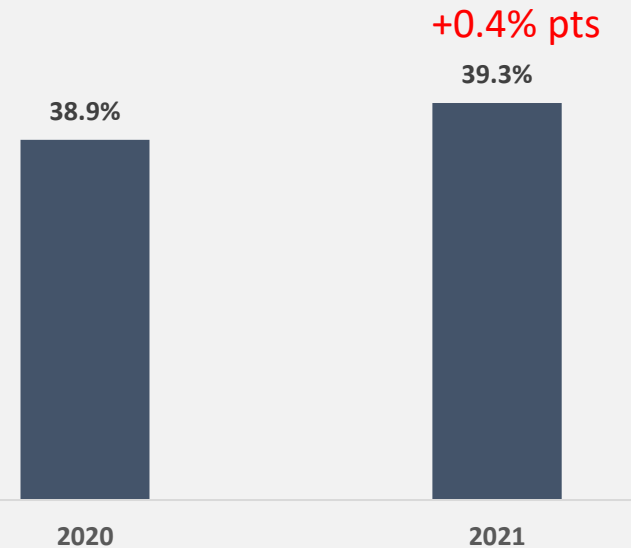
SG&A Expense Ratio



Financial Expense Ratio

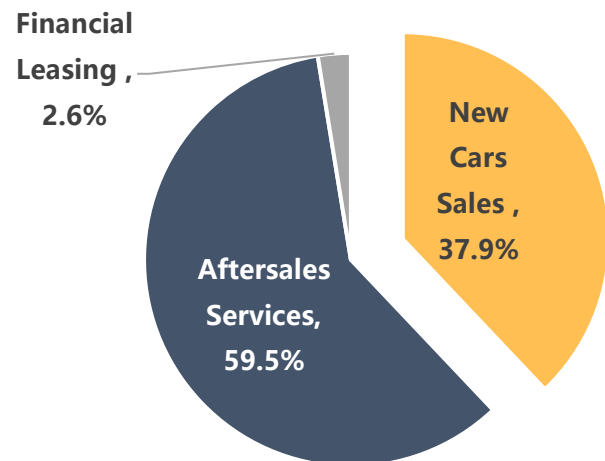


Liability-To-Asset Ratio

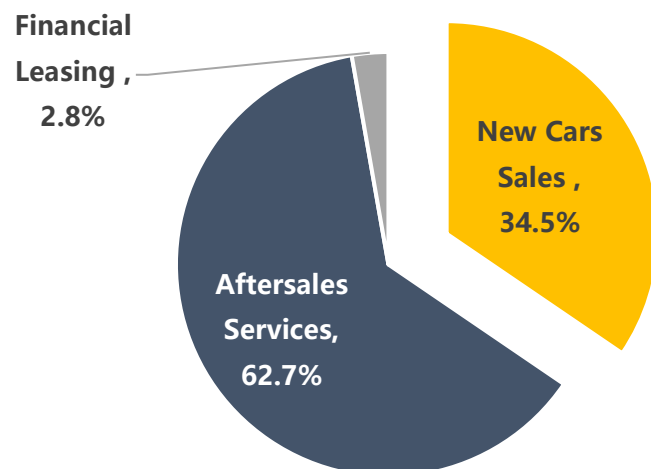


Financial Analysis | Summary of key financials

Breakdown of Gross Profit for 2021



Breakdown of Gross Profit for 2020



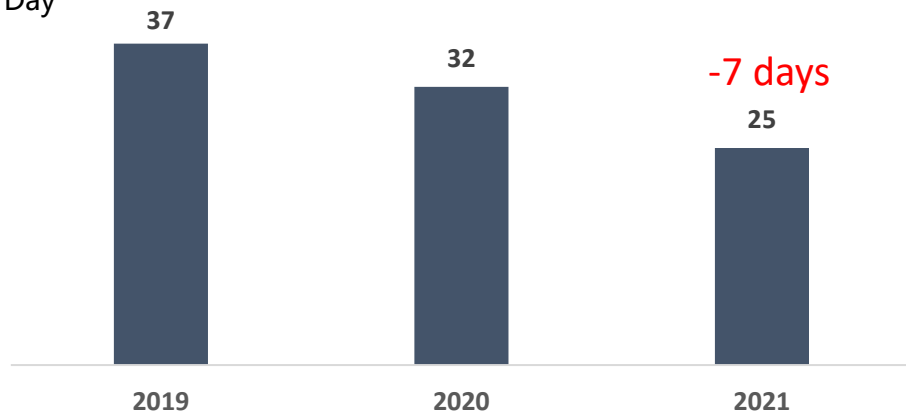
Unit: RMB Million	2020	2021	Year-on-Year Change
Comprehensive Revenue (incl. commission income)	15,089	18,402	22.0%
Gross Profit	1,299	1,751	34.8%
SG&A and Financial Expense	1,022	1,268	24.0%
Net Profit	411	673	63.9%
Inventories	1,094	1,130	3.3%
Total Assets	12,352	13,249	7.3%
Bank Loans and Other Borrowings	2,604	2,630	1.0%
Net Assets	7,547	8,043	6.6%

Financial Analysis | Analysis on key indicators

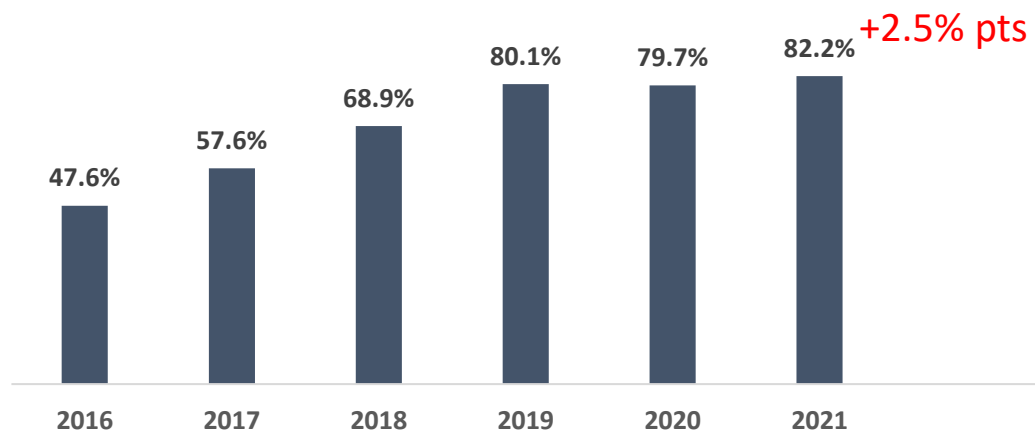


Overall Inventory Days

Unit: Day

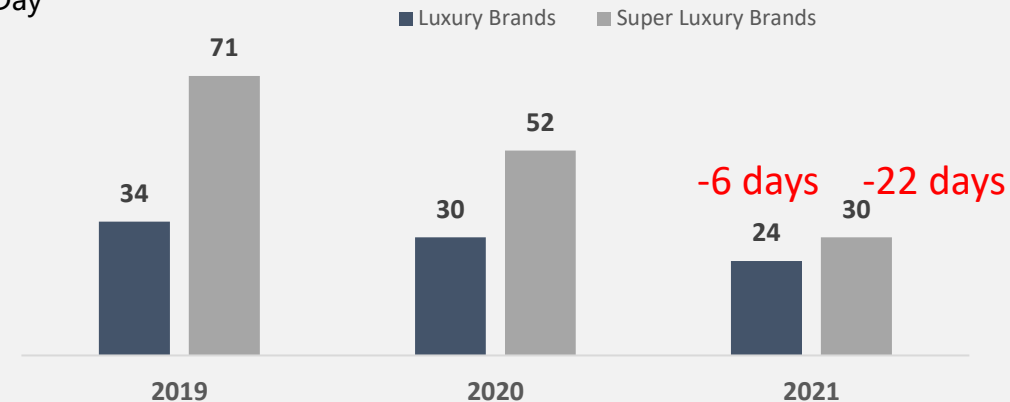


Absorption Ratio

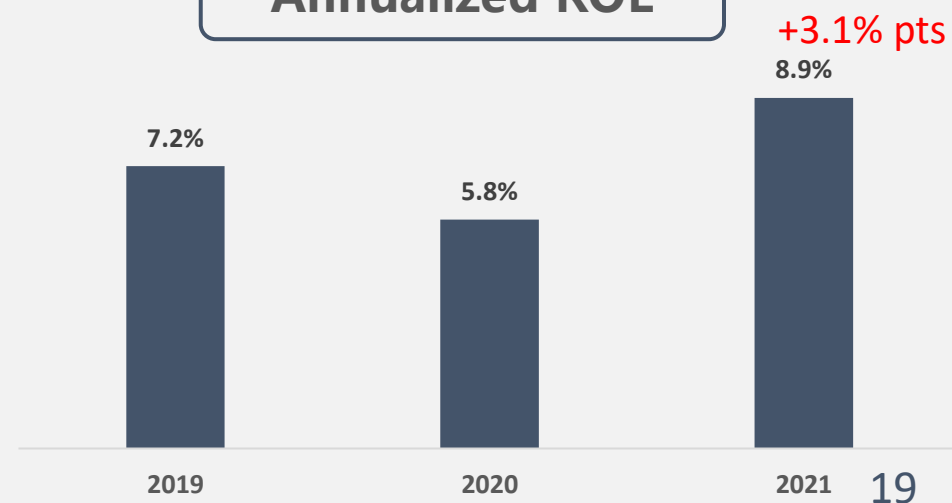


Inventory Days by brands

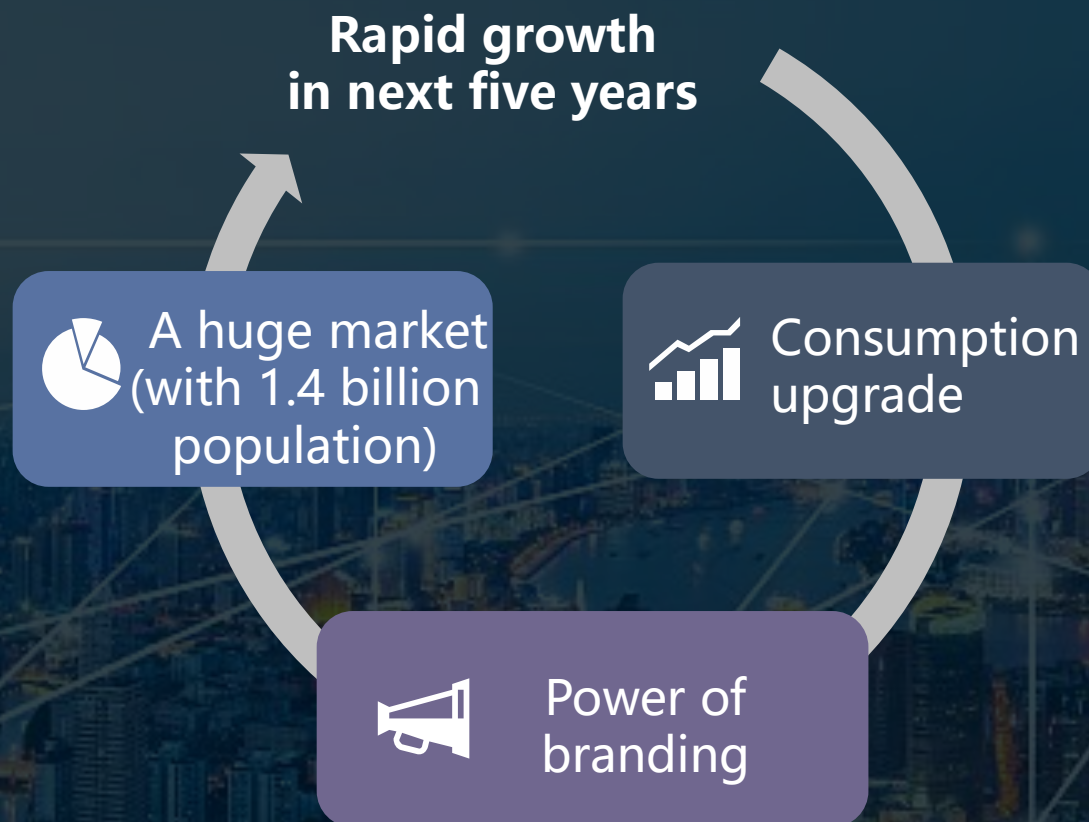
Unit: Day



Annualized ROE



In line with China' s development policies
(Big consumption and “From virtual economy to real economy”)




Development Strategies | "Three Focuses"




Development strategies | Focus on the core business


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



Unlock the value
through independent
financing



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:** Simplify corporate hierarchy | Reform the budgeting | Reform the incentive package
- **Four cultures:** Simplicity | Efficiency | Happiness | Endeavour



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Thank you!

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