



**北京汽车**  
BAIC MOTOR



# BAIC Motor 2019 1H Results Presentation

August 2019



# DISCLAIMER



This PPT and the information contained herein do not constitute a suggestion to deal in any securities of BAIC Motor Corporation Limited (the “Company”) or an offer to deal in any securities of the Company, and do not constitute the base or basis of any contract or undertaking. We do not make any explicit or implicit statement or guarantee over the fairness, accuracy, completeness or correctness of the information or opinions contained in this PPT, and therefore the above information or opinions shall not be relied upon. The Company and any advisers or representatives of the Company will be neither liable for nor obliged to the losses of whatsoever nature relating to this PPT arising from the use of this PPT or its contents or due to any other reasons (whether or not due to omission or other reasons). The information contained in this PPT that relates to the financial conditions, operating results and businesses of the Company as well as the forward-looking statements of the management of the Company as to some plans and objectives involves foreseeable and unforeseeable risks, uncertainties and other factors that may cause the future actual results and performance of the Company to deviate materially from the results and performance explicitly or implicitly stated in the above forward-looking statements. The above forward-looking statements are based on the current and future business strategies of the Company and are made based on various assumptions made according to the political and economic environment where the Company conducts its future businesses. The above forecasted statements reflect the opinions of the management of the Company as at the date on which the data is released. Any person shall not place reliance upon the above forecasted statements. The Company does not guarantee that the above forecasted statements are consistent with the future results and events of the Company. The information contained in this PPTC provided by us to you shall be kept confidential and the above information shall not be offered or disclosed to any other person or otherwise copied.

# 1 Overview of the 2019 1H Results

- 2 Industry development in 2019 1H
- 3 Operating Performance of the Group in 2019 1H
- 4 Data from Consolidated Financial Statements
- 5 Development Outlook

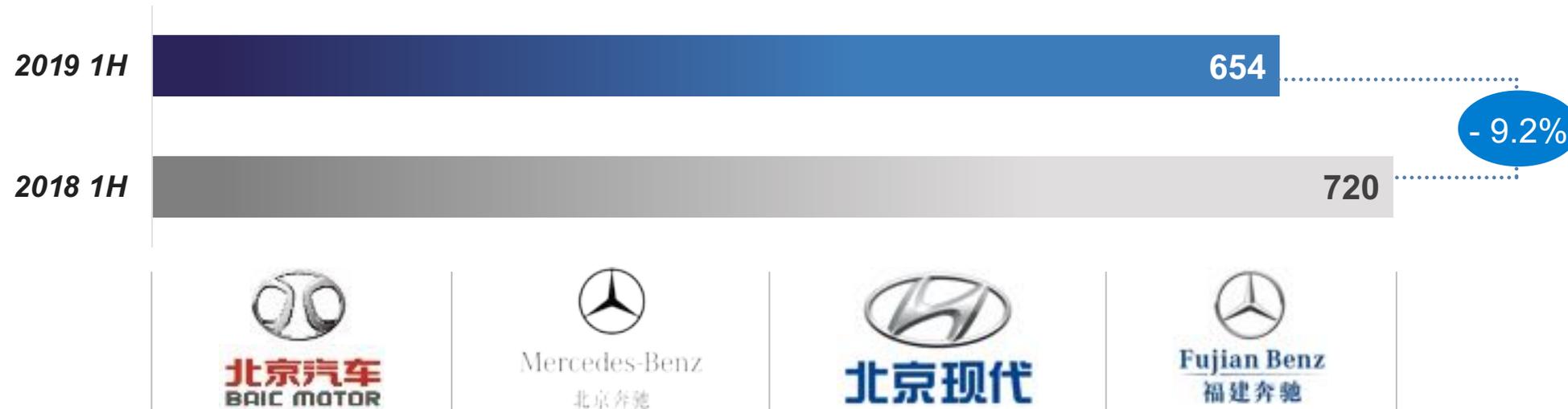


# 1

## 2019 1H Results of Operations: Sales Volume

In 2019 1H, the sales volume of China's passenger vehicles dropped by 14% by and large. Confronting with pressure and challenges, the Group achieved relatively stable operating performance. Total sales volume of 654 thousand units, representing a year-on-year decrease of 9.2%, which outperformed the whole industry.

The Group's Sales Volume in 2019 1H ( thousand units )





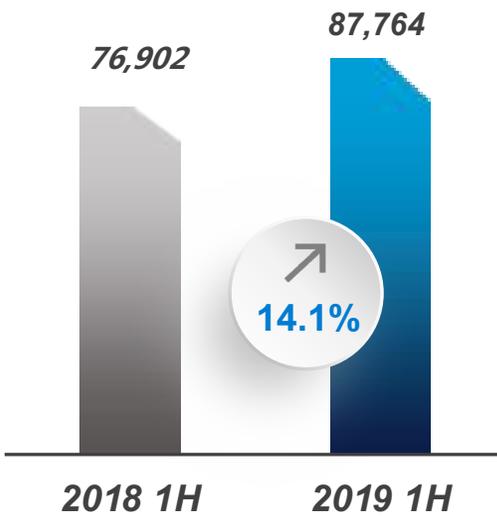
# 2019 1H Results of Operations: Profitability



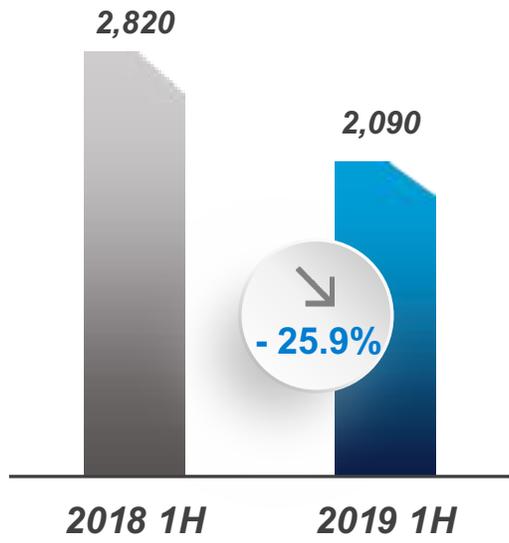
In 2019 1H, the consolidated revenue of the Group was RMB 87.76bn (+14.1% yoy), NP attributable to equity holders was RMB 2.09bn (-25.9% yoy) and the basic EPS was RMB 0.25, which have demonstrated that the Group has achieved relatively stable operating performance amidst the competition and challenges in the industry.

Key Financial Data of the Group in 2019 1H ( RMB million )

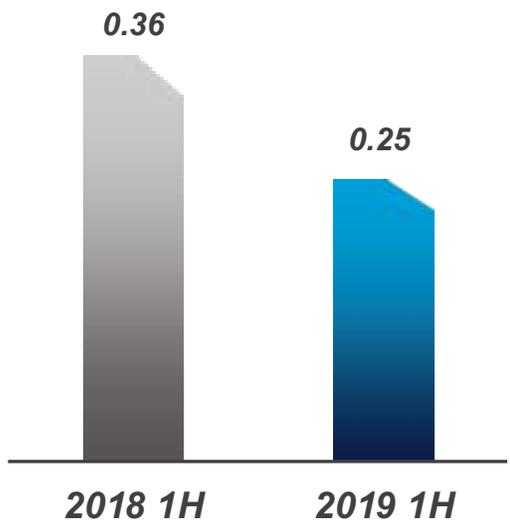
### Revenue



### Net profit



### Basic EPS



Note: The Company completed the H share placement and share capital changes in April 2018; the estimated number of shares of the company's basic earnings per share in 2018 1H was 7.731 billion shares, and 2019 1H was 8.015 billion shares. Source: reviewed report under the IFRS

# 2019 1H Results of Operations: Focus on “High, New and Special”

In 2019 1H, the Group focused on the “high, new and special” development

“High” ——Quality first , adhere to high-end manufacturing and products, and create value-added products

“New” ——Drive by innovation, strength the pace of comprehensive NEV, independent research

“Special” ——Strengthen the deep accumulation of BJ brand; develop the spirit in working and business

**High**  
Adhering to the high-end route of Beijing Benz and promoted high-end adjustment of the overall capacity



**New**  
Accelerating the comprehensive utilization of NEV in Beijing Brand, Beijing Benz and Beijing Hyundai and applying new technologies including intelligentization and networking



**Special**  
strengthen the deep brand accumulation of off-road, and starting a business with the spirit of working hard and bravely



# 2019 1H Results of Operations: Success with Strategic Partners

In July 2019, BAIC Group announced that it would hold a 5% stake in Daimler and deepen the strategic cooperation between BAIC and Daimler furtherly. As an important link between the two parties, the Group will continue to benefit from the strategic partnership under the new situation. Together with Hyundai, we continue to promote the localization and new energy process centered on Beijing Hyundai.



## BAIC Group invests in Daimler



**Investment by BAIC Group**

July 23, 2019 - Daimler welcomes investment by BAIC Group

- Ola Killenius, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars: "We are very pleased that our long-standing partner BAIC is now a long-term investor in Daimler"
- Daimler and BAIC are linked in a long-term partnership
- Daimler has been shareholder of BAIC Motor since 2013

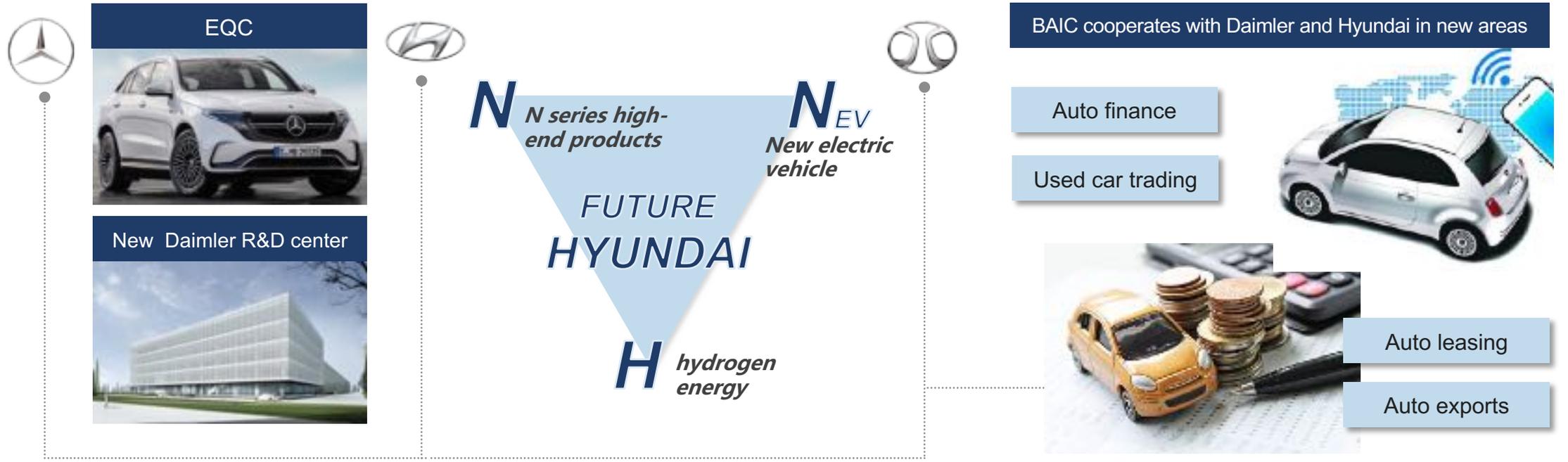
## The localization and new energy process of Beijing Hyundai



PHEV, BEV

# 2019 1H Results of Operations: Continue to Promote Industry and Cooperation Upgrade

The passenger car industry is facing profound changes. The Group will adopt a forward-looking strategy to meet and lead the industry change and work closely with its partners: together with Daimler, we actively promote the electricization strategy based on Beijing Benz; we work with Korea Hyundai to strengthen the research and development and introduction of NEV, hydrogen energy and N series high-performance vehicles; we work with all parties to strengthen business cooperation in China's automotive R&D, finance, and aftermarket.



1 Overview of the 2019 1H Results

**2 Industry Development in 2019 1H**

3 Operating Performance of the Group in 2019 1H

4 Data from Consolidated Financial Statements

5 Development Outlook



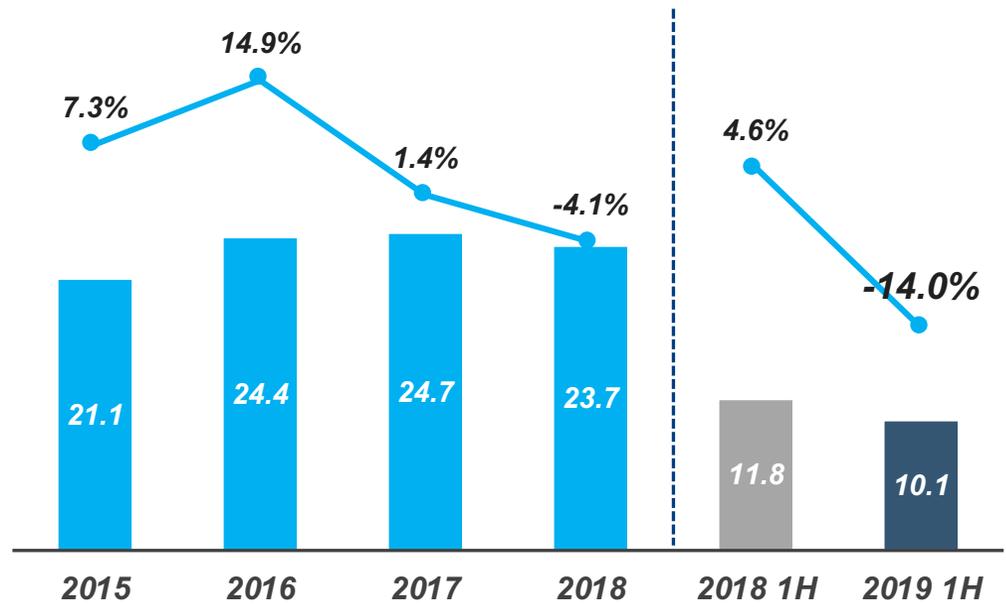


# Development of Passenger Vehicle Industry

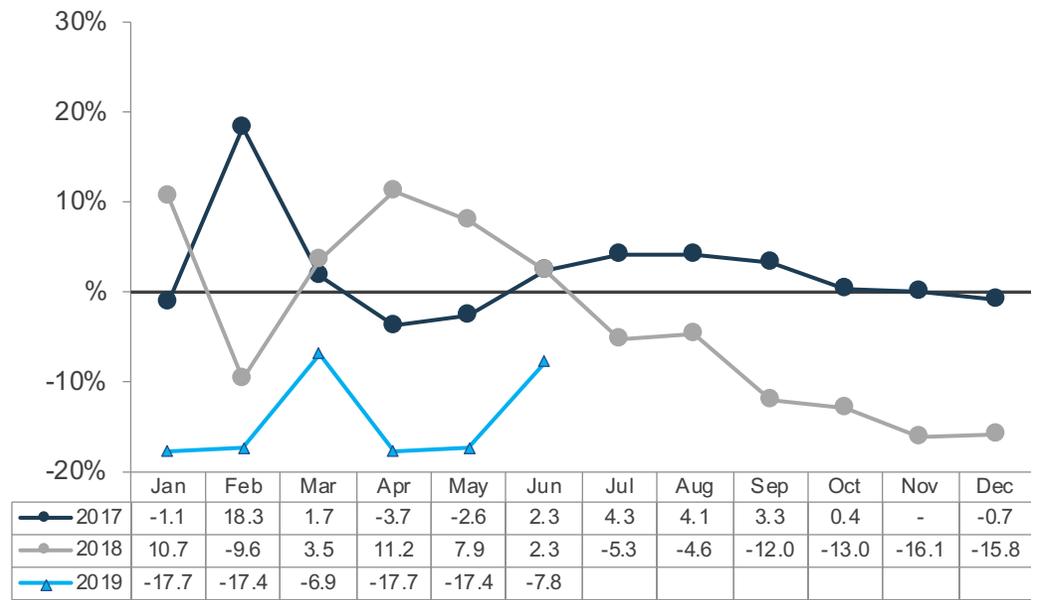


In 2019 1H, in the passenger vehicle market in China, 10.1 million units of vehicles were sold, representing a year-on-year decrease of 14.0%, and the growth rate was lower than that for the same period last year, mainly due to the combination of the slowdown in macroeconomic growth, the Sino-US trade conflicts, the decreasing consumer demands and the de-stocking under the China V.

Annual Sales Volume and Growth Rate of the Passenger Vehicle Market in China (million units)



Monthly Sales volume Growth Rate of the Passenger Vehicle Market in China (%)

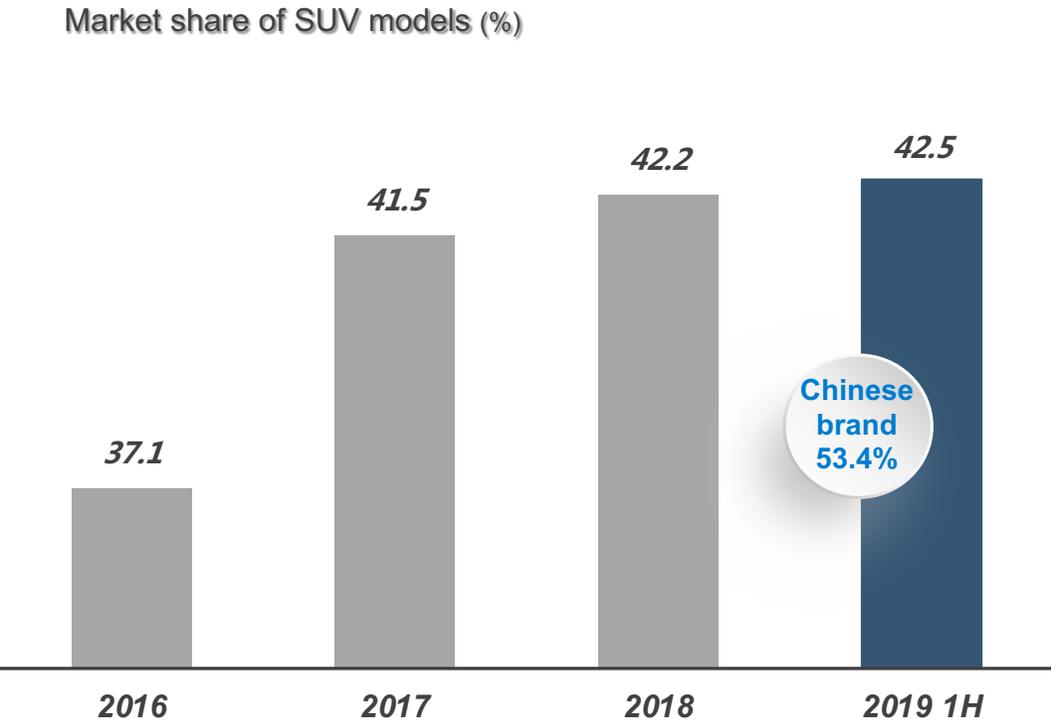
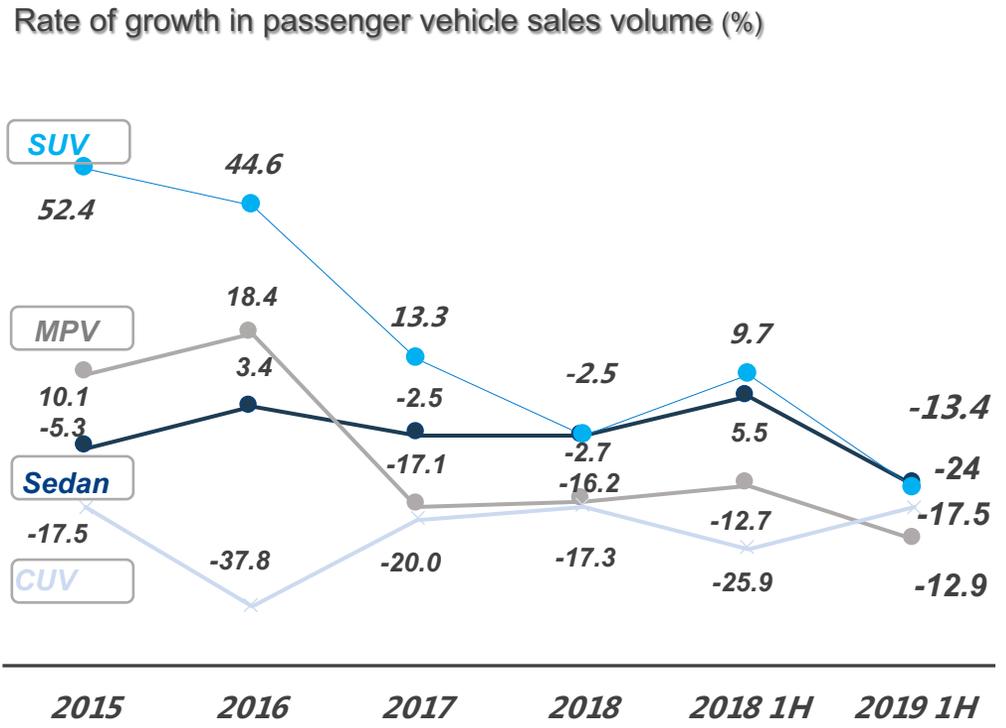


# 2

## Development of Passenger Vehicle Market in Segment



In 2019 1H, there was a negative growth in the sales volumes of the four major types of passenger vehicles and a greater decrease in the sales volumes of MPVs and CUVs; the market share of SUV models further increased to 42.5%, while the sales volume of SUV products under Chinese brands increased by -23.3%, accounting for 53.4% of the total sales volume of SUVs, with a decrease in the market share.



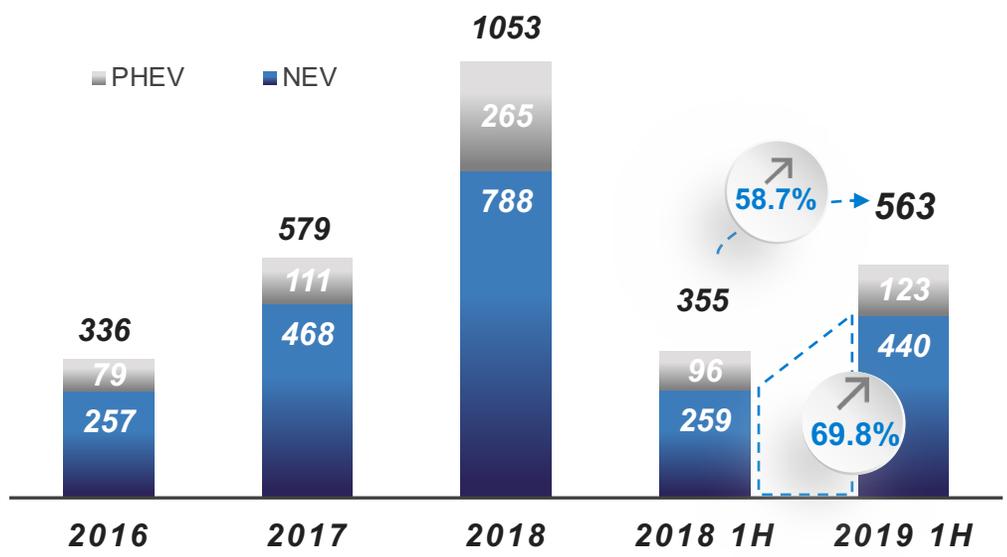
# 3

## Development of Passenger Vehicle Market in Segment



In 2019 1H, the market of new energy passenger vehicles maintained rapid growth, with the total sales volume of 563 thousand units, up by 58.7% year-on-year; the sales volume of battery electric passenger vehicles reached 440 thousand units, up by 69.8% year-on-year. In July 2019, Beijing issued a policy to encourage taxis to upgrade NEV, which effectively promoted the comprehensive electrification of taxis and helped the further popularization of NEV.

Sales and growth of the new energy passenger vehicles (thousand units)



Beijing's fund incentive policy for taxis to be upgraded to BEV

<b>Target groups</b>	Taxi operator	
<b>Standards</b>	Referred to the vehicle battery price ( The maximum is ¥ 73,800 )	
<b>Qualifications</b>	<b>Scope of incentives</b>	Vehicles that are due to expire
		Vehicles purchased using vehicle reward indicators
		Other vehicle updates approved by the city government
	<b>Technical conditions</b>	The cruising range of the vehicle is not less than 300 km in principle.
		Vehicle battery for 8 years or 600,000 km warranty.
The battery can match with the charging and replacing power station technology.		
	Meet the local standards for taxis in Beijing.	

# 4

## Adjustment of Industry Regulatory Policies



Since 2018, the industry regulation policy has been further adjusted, which has presented challenges and opportunities for the industry: the “dual-credit scheme” was implemented on April 1, which promoted the transformation of vehicle enterprises to new energy vehicle enterprises at the policy level. The removal of the restriction on shareholding percentages of foreign entities, the publication of the Provisions on the Administration of Investment in the Automotive Industry, and the reduction in import tariff, promoted the profound industry reform. The shift to “China VI”, the publication of new subsidy policies for new energy and stricter environmental protection requirements showed a clearer trend of energy saving and emission reduction. Tax reductions and fees cutting energized enterprise development.

### 2018

- Permission for foreign investment** At the Boao Forum, there was a signal of the removal of restriction on shareholding percentages of foreign entities; NDRC confirmed the timetable
- New energy** The “dual-credit scheme” was implemented; and subsidy policies were adjusted
- Tariff adjustment** The tariff rate on vehicles and parts was reduced to 15%
- Tax reduction** The value-added tax rate for the manufacturing industry was reduced to 16%

### 2019

- Tax reductions and fees cutting** The value-added tax rate for the manufacturing industry decreased to 13%; Social insurance tax rate reduced by 3%
- Stricter environmental protection requirements** The implementation of “China VI” emission standards was promoted continuously
- Promoting consumption** Measures were taken to promote consumption involving vehicle scrapping, subsidy for new energy, used-vehicle and so on
- New energy** Subsidy policies for new energy were further adjusted

1 Overview of the 2019 1H Results

2 Industry Development in 2019 1H

**3 Operating Performance of the Group in 2019 1H**

- *Beijing Brand*
- *Beijing Benz*
- *Beijing Hyundai*
- *Fujian Benz*

4 Data from Consolidated Financial Statements

5 Development Outlook

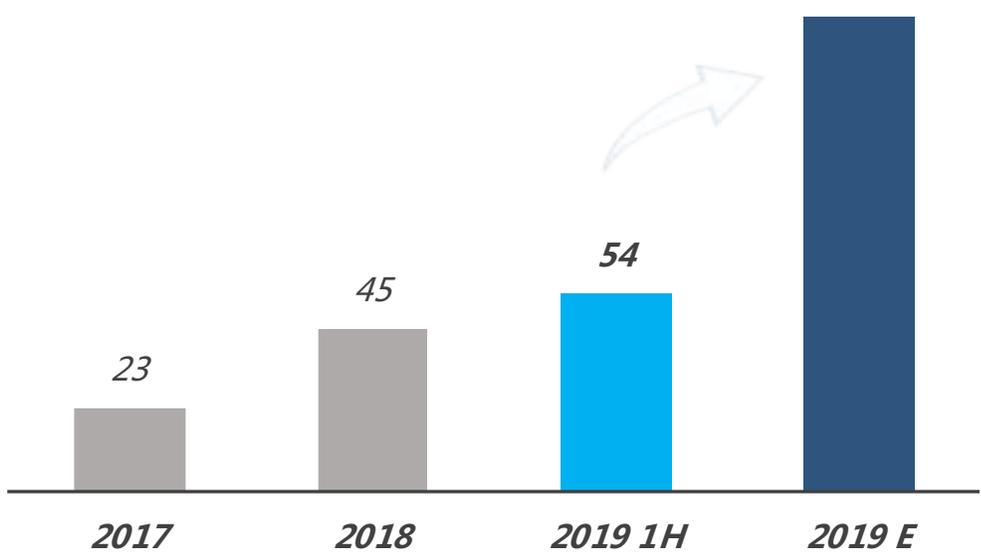




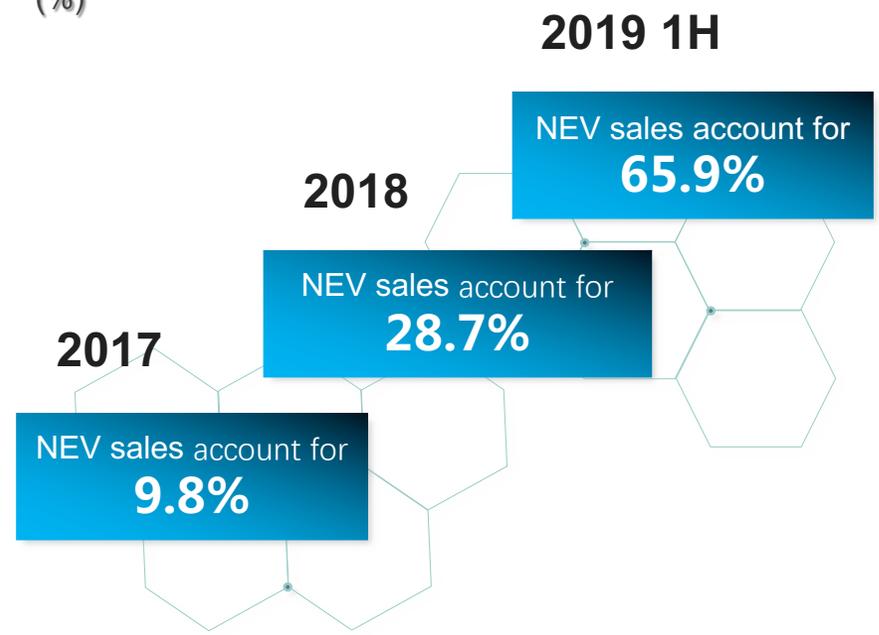
# 1 Beijing Brand: Continuous Optimization of the Product Mix

In 2019 1H, we continued to adjust the product mix of Beijing Brand, promoted the dual-driver strategy of “new energy & intelligence”, sized the business opportunities in the niche market and enhance the NEV launching efforts. The wholesales volume of NEV was 54 thousand units, accounting for 65.9% of the total Beijing Brand sales volume.

Sales volume of NEV in self-owned Business  
(thousand units)



Percentage of the sales volume of NEV in Beijing Brand  
(%)



# 1 Beijing Brand: Leading the Industry in the BEV Field

For the comprehensive working status, the driving distance of EU5 BEV compact sedan can reach 460 km, and continuously taking the lead in the technological iteration and product upgrading of new electric passenger vehicles in China. This product recorded a sales volume of 47 thousand units in 2019 1H. The sales volume of single vehicle model accounts for approximately 13% of the total sales volume over the whole BEV market of China.

EU5 BEV Sedan

EX5 BEV SUV

2019 1H 47 thousand units



## Beijing Brand: Intelligence System of Traditional Fuel Vehicle Formed

Following the launch of two 2.0 edition traditional fuel vehicle, namely Zhixing (智行) and Zhidao (智道), Beijing Brand has once again launched Zhida X3 (智达) which is a compact SUV products. The three vehicle models have multiple Intelligent functions and forms the “Mastermind” lineup, which can meet the demand of different consumers.

### Zhidao U7 (智道)



### Zhida X3 (智达)



### Zhixing X5 (智行)

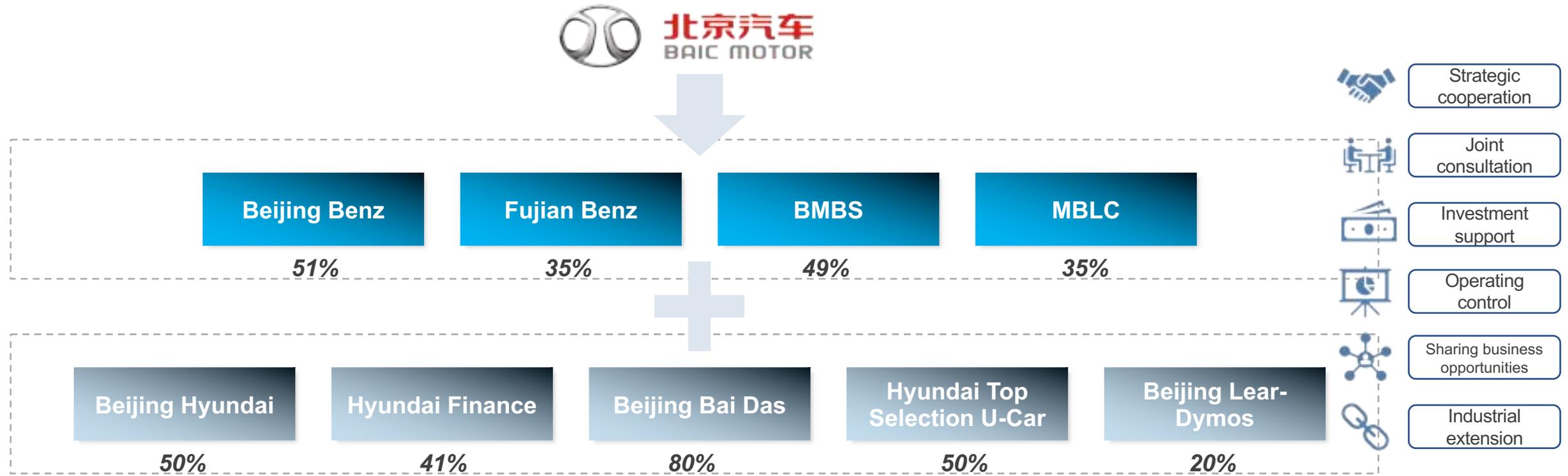


# 1

## Beijing Brand: Function of Strategic Cooperation



As the subject of the listed company, while the Beijing Brand conducts the vehicle research and production, it also performs the functions of comprehensive strategic cooperation and industrial integration. Now, it has formed a multidimensional strategic cooperation landscape with two major international auto enterprises, Daimler and Hyundai. The Beijing Brand continues to invest in and manage joint venture companies and seeks for strategic integration to extend new cooperative relationship.

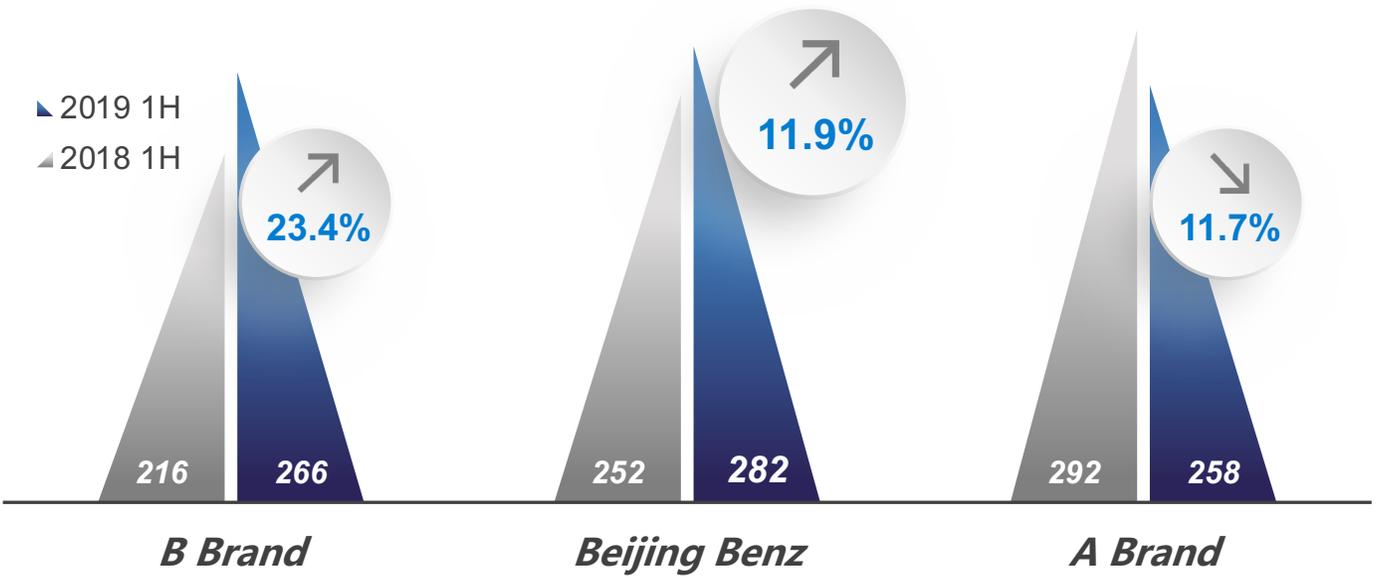




# Beijing Benz : Racking the No. 1 Luxury Brand Auto Manufacturer in China

After years of rapid development, in 2019 1H, Beijing Benz, for the first time, ranked No. 1 among domestic luxury brands in terms of both sales volume and profit; with the efforts of the joint venture parties, Beijing Benz has developed into a model for the industrial corporate management and intelligent manufacturing in China.

Sales volume and growth rate of domestically-made luxury passenger vehicles (thousands units)



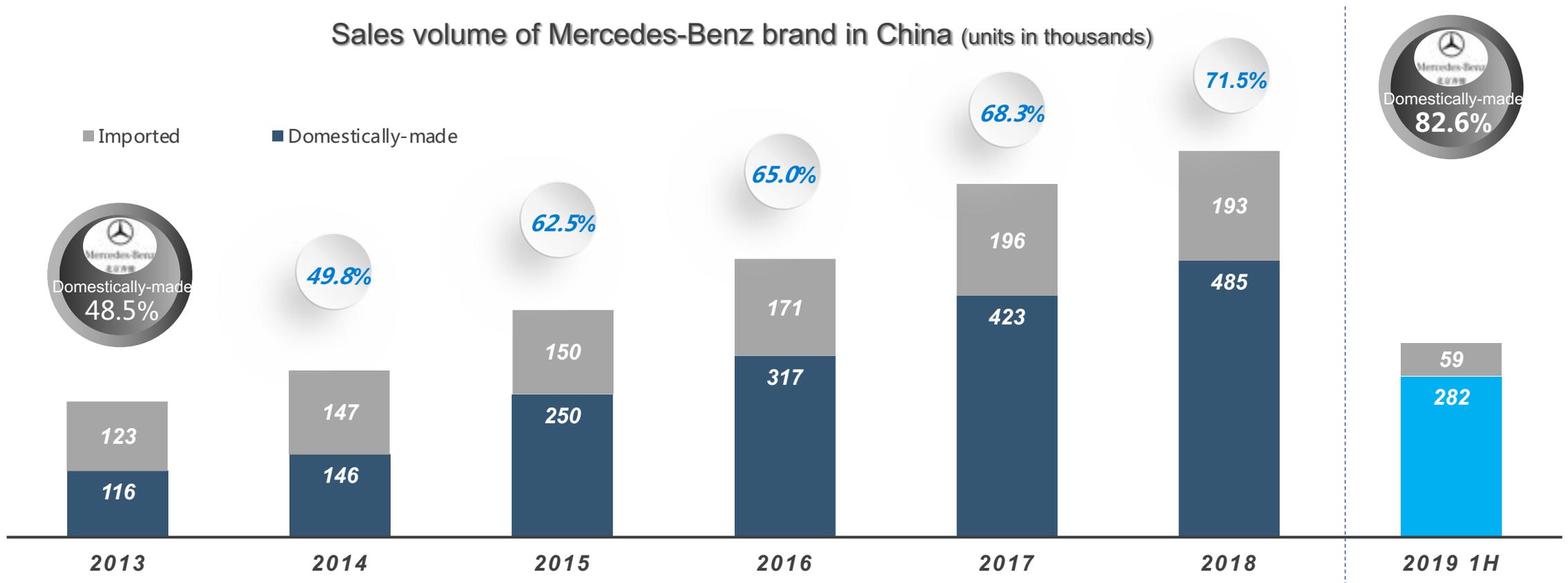
**1** Rank No. 1 in terms of profit

**1** Rank No. 1 in terms of sales

# Beijing Benz: Driving the growth of sales volume of Daimler in China

The high-speed growth of sales volume of Beijing Benz has driven the spiraling growth of sales volume of Daimler in China. The increasing domestication of Mercedes-Benz helped demonstrate the important position of Beijing Benz. In 2019 1H, Beijing Benz became the only entity of Mercedes-Benz brand with growing sales in the worldwide.

Sales volume of Mercedes-Benz brand in China (units in thousands)



# Beijing Benz: Further Improving the Construction of Production Capacity

In 2019, Beijing Benz planned to complete the construction of the power battery plant, the engine plant II and the assembly plant in Shunyi. At present, all construction plans are progressing as scheduled and the power battery plant has been constructed and put into production. The construction of production capacity as mentioned above has placed solid foundation for the development of the NEV business of Beijing Benz.



# Beijing Hyundai: Flagship Product Launched in Succession

In April 2019, SANTA FE, the fourth-generation flagship model of Beijing Hyundai, was launched, which was recognized by consumers with its intelligent scientific equipment and perceptual sports design concept. Meanwhile, Beijing Hyundai has increased the launch of NEV products, and will promote the ENCINO EV, LA FESTA EV and other blockbuster models in 2019.

## Beijing Hyundai SANTA FE 4th

- Sensuous Sportiness
- Hyundai Smart Sense
- 4930/1910/1720 mm , wheelbase 2865mm
- 6/7 seats
- Intelligent networking system
- Powerful fingerprint recognition system

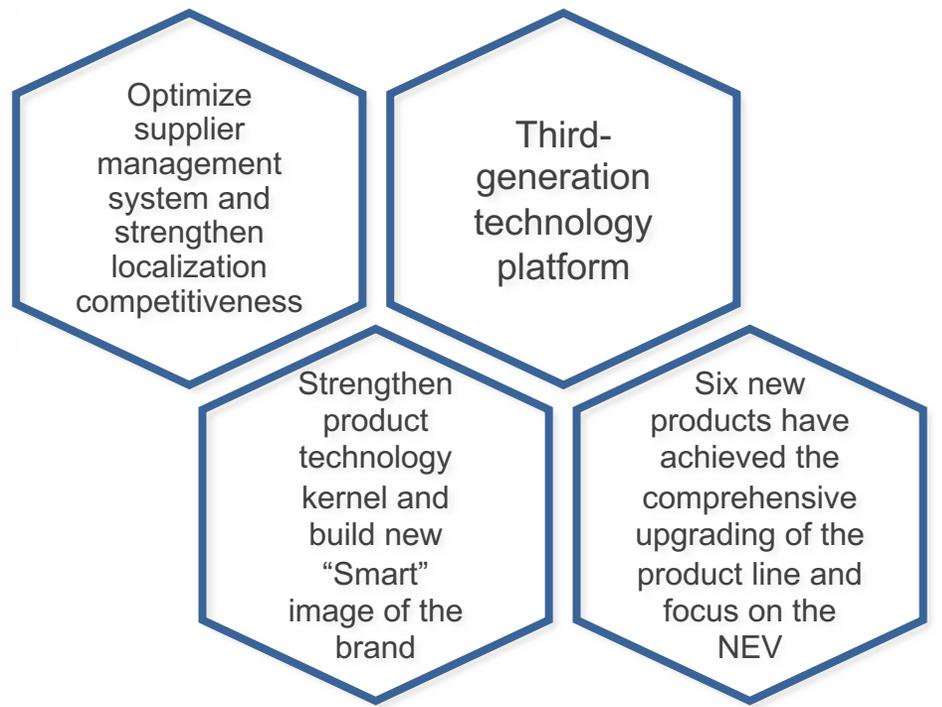


Breakthrough in hybrid technology  
ELANTRA-Lingdong PHEV

# Beijing Hyundai: Continuous Optimization of Technology and Operations

Benefited from close cooperation between the two parties, Beijing Hyundai will also introduce a third-generation technology platform to enhance the design, safety and performance of vehicle. SONATA 10th, which will be launched in late 2019, will be the first to use the new technology. Engine technology will also be upgraded, with new technologies that can save fuel consumption by 5% and reduce emissions by 12%.

Strengthen the development of domestic models      Introduce a third-generation technology platform



- 1 Overview of the 2019 1H Results
- 2 Industry Development in 2019 1H
- 3 Operation of the Group in 2019 1H
- 4 Data of the Consolidated Financial Statements**
- 5 Development Outlook





# Interim Condensed Consolidated Financial Data



Unit: RMB in millions

ITEM	2019 1H	2018 1H	YOY
Revenue	87,764.0	76,902.2	14.1%
Gross profit	20,608.6	20,436.8	0.8%
Selling and distribution expenses	6,215.2	6,334.2	-1.9%
General and administrative expenses	3,141.9	2,766.4	13.6%
Finance costs, net	47.0	237.3	-80.2%
Share of (loss)/profit of investments accounted for using equity method	-364.9	582.3	-162.7%
Profit before income tax	10,734.2	11,732.0	-8.5%
Profit for the period	7,229.1	8,045.6	-10.1%
Profit attributable to: Equity holders of the Company	2,090.2	2,820.3	-25.9%
Basic and diluted earnings per share ( RMB )	0.25	0.36	-30.6%
Capital expenditure	2,398.0	2,622.5	-8.6%
R&D expenditure	1,211.3	1,109.2	9.2%

- 1 Overview of the 2019 1H Results
- 2 Industry Development in 2019 1H
- 3 Operation of the Group in 2019 1H
- 4 Data of the Consolidated Financial Statements

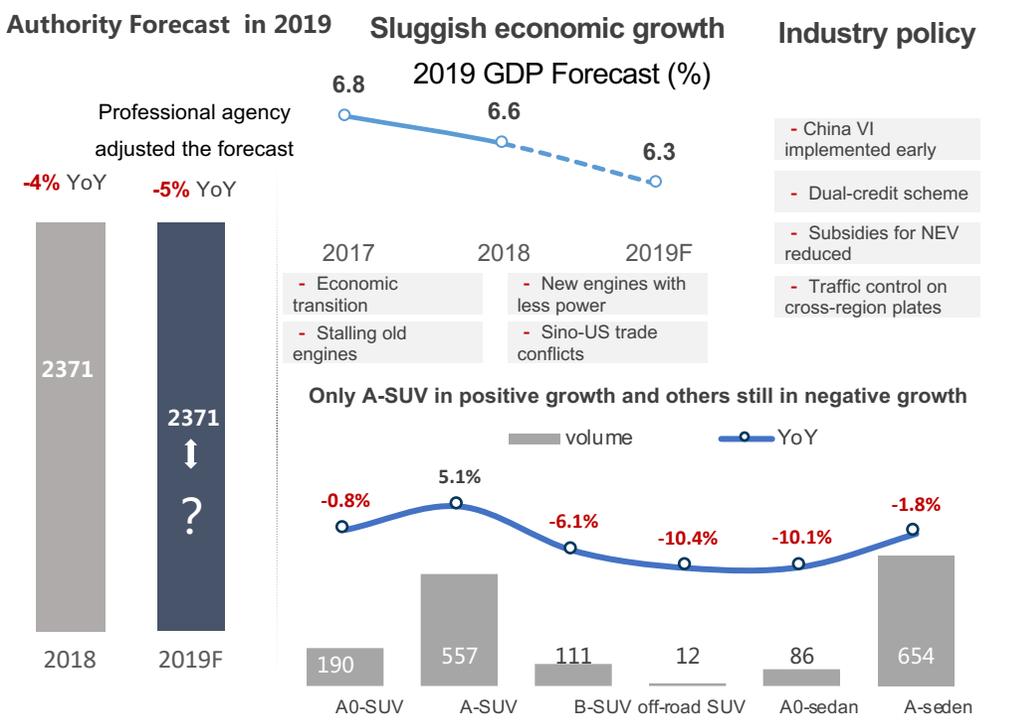
## 5 **Development Outlook**



# Forecast of the Market Trend in 2019

According to the analysis of CAAM, in the full year of 2019, the sales volume of passenger vehicles is expected to be around 22.44 million units, down roughly 5.4% YoY. The sales volume of NEV is expected to be 1.50 million units, up roughly 19.4% YoY.

## Challenges



## Opportunities

### Low car ownership per 1,000 people

The current car ownership per 1,000 people is around 173, and the development potential is huge

### High-speed growth of the new energy market

The rich experience of the Company in the new energy field will enable itself to benefit from the high-speed development of the new energy market

### A series of economic stimulation policies

#### More tax and charge reduction initiatives

- The VAT rate for the manufacturing industry lowered to 13%
- The social security insurance premium rate lowered by 3%

↓

The tax and social insurance premium liabilities of nearly RMB2 will be reduced for enterprises in the full year

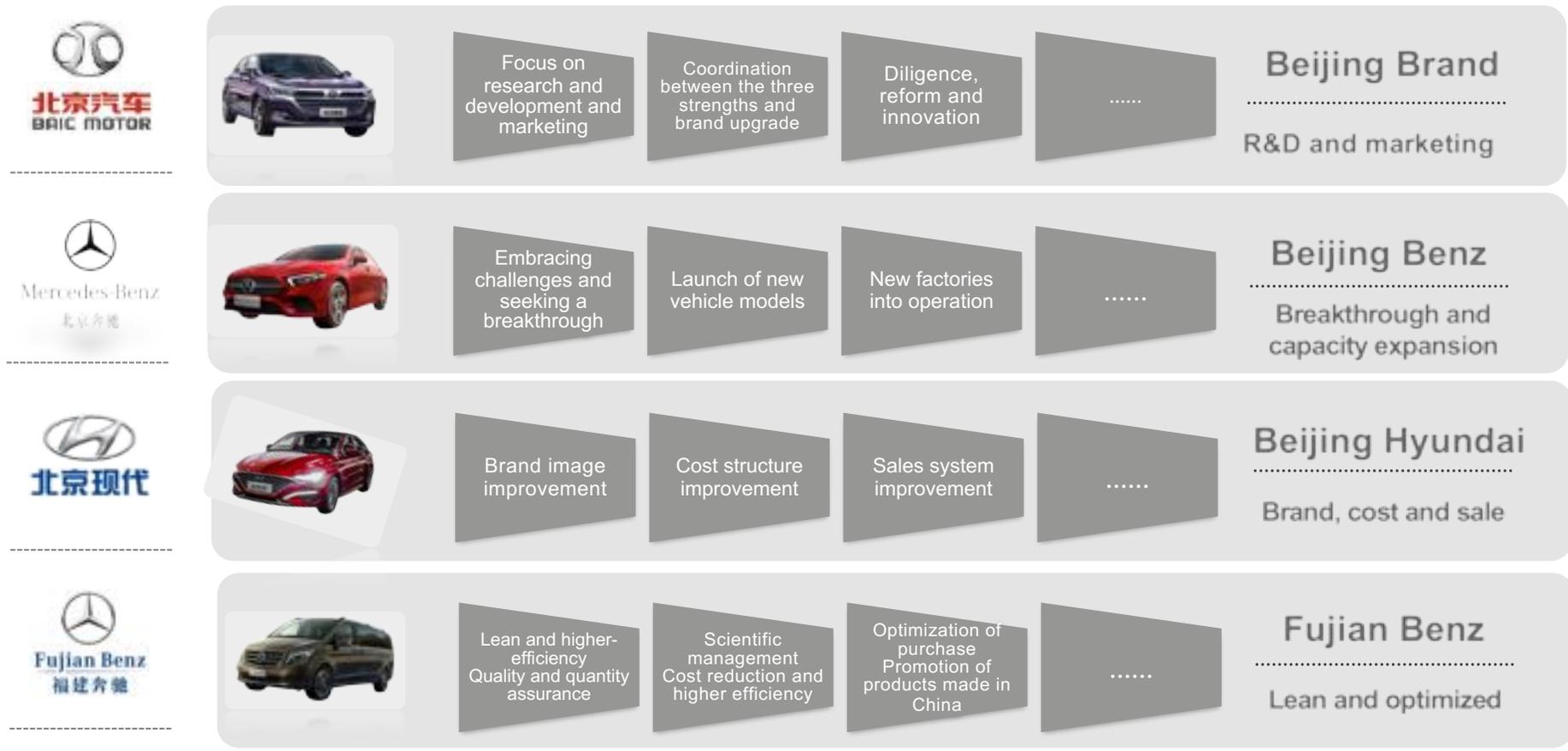
#### Consumption stimulation policy

- Promotion of the supply-side reform on vehicle plates
- Continuous optimization of the structure of the subsidies for new energy vehicles
- Promotion of the replacement and upgrading of rural vehicles
- Acceleration of the flourishing of the pre-owned vehicle market
- Optimization of the local governmental motor vehicle management measures

# 2

## Development Strategies

The macro economy, industry trend and policy orientation promote a profound change in the passenger vehicle industry. In 2019, the Group will make full use of its advantage, overcome disadvantages and embrace future challenges.



3

# New Models Launching Plan in 2019



D50 Annual Section



EC5 BEV



Zhida X3 (智达X3)



EU7 BEV



New GLC L



EQC



GLB SUV



A35-L AMG



SANTAFE 4th (第四代胜达)



ELANTRA (领动)



ELANTRA PHEV (领动 PHEV)



ENCINO EV (昂希诺EV)



SONATA 10th (第十代索纳塔)



New VERNA (新款悦纳)



LA FESTA EV (菲斯塔 EV)



New ix25



Welcome to visit our website: [www.baicmotor.com](http://www.baicmotor.com)

Our inquiry channels for investors:

Tel: +86 10 5676 1958 (Beijing)

Email: [ir@baicmotor.com](mailto:ir@baicmotor.com)

