

吉利汽車控股有限公司

GEELY AUTOMOBILE HOLDINGS LIMITED

2014 Interim Results

20 August 2014



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Note: Sources of all data contained in this presentation are from Geely Automobile Holdings Ltd. except specified otherwise.

Financial Summary

6M to June (RMB m)	2014	2013	YoY change
Sales volume (units)	187,296	263,544	-29%
Turnover/Revenue	10,158	14,855	-32%
Gross profit margin ratio*	20.3%	19.2%	+6%
Operating margin ratio**	14.4%	12.3%	+17%
Profit after tax	1,126	1,402	-20%
Attributable profit	1,113	1,398	-20%
Diluted EPS (RMB cents)#	12.65	16.16	-22%

	<u>June-2014</u>	<u>Dec-2013</u>	
Shareholders' equity	16,926	16,068	+5%
Net cash##	5,644	4,618	+22%

* Gross profit margin ratio = gross profit / turnover

** Operating margin ratio = (pre-tax margin before net finance costs, share-based payments and share of results of associates and joint venture) / turnover

Diluted EPS = profit attributable to equity holders of the Company (diluted) / weighted average number of ordinary shares (diluted)

Net cash = all cash / bank deposits – all bank borrowings

Results Highlights

- 1H2014 results below our expectations due to weaker exports sales and interruption to domestic sales activities caused by the reshuffle of our sales and distribution system in China
- Net profit down only 20% to RMB1,113 million in 1H2014 due to effort to strengthen cost control and stable subsidies incomes
- Key factors behind the less than satisfactory results included 32% drop in the export sales volume and 26% drop in the overall sales volume of “EC7”

Positives

- Stable product prices and lower component costs, resulting in better gross margin (19.2% in 1H2013 to 20.3% in 1H2014)
- Selling and administrative expenses down 32% and 19% respectively, resulting in an improvement in operating margin ratio (12.3% in 1H2013 to 14.4% in 1H2014)
- Stronger financial position despite lower sales with net cash growing 22% to RMB5.6 billion at the end of 1H2014
- Despite restructuring of dealer network, maintaining good customer satisfaction as indicated by “J.D.Power Asia Pacific 2014 China CSI Studies”

Overall Sales Volume Breakdown

Model (6M to June)	2014	2013	YoY change
EC7	64,046	86,103	-26%
GC7/SC7/Vision	32,540	55,874	-42%
Kingkong	30,657	26,326	+16%
GX7/SX7	29,333	28,244	+4%
Geely Panda	13,748	21,385	-36%
Free Cruiser	9,114	19,507	-53%
SC6	5,363	11,686	-54%
SC3	1,457	7,315	-80%
EC8	1,025	6,239	-84%
Others	13	865	-98%
Total	187,296	263,544	-29%

Domestic Sales Volume Breakdown

Model (6M to June)	2014	2013	YoY change
EC7	47,645	62,733	-24%
GC7/SC7/Vision	31,122	54,054	-42%
Kingkong	29,427	16,030	+84%
GX7/SX7	22,067	26,066	-15%
Geely Panda	11,281	15,387	-27%
Free Cruiser	8,225	16,074	-49%
SC3	1,457	7,315	-80%
EC8	845	2,954	-71%
Others	787	12,493	-94%
Total	152,856	213,106	-28%

Exports Sales Volume Breakdown

Model (6M to June)	2014	2013	YoY change
EC7	16,401	23,370	-30%
GX7	7,266	2,178	+234%
SC6	4,576	9	+50744%
Geely Panda	2,467	5,998	-59%
GC7/SC7/Vision	1,418	1,820	-22%
Kingkong	1,230	10,296	-88%
Free Cruiser	889	3,433	-74%
EC8	180	3,285	-95%
Others	13	49	-73%
Total	34,440	50,438	-32%

YTD Sales Performance

(January – July 2014)

Overall: 207,420 units, -30% YoY

Domestic: 168,863 units -28% YoY

Exports: 38,447 units -39% YoY

Mid-Size Sedans
(EC7+GC7+SC7+Vision)

104,892 units -35% YoY

SUVs (GX7+SX7)

33,336 units +2% YoY



Consolidated Income Statement

6M to June (RMB m)	2014	2013	YoY change
Turnover/(Revenue)	10,158	14,855	-32%
Gross profit	2,066	2,847	-27%
Other Income	562	552	+2%
Selling Expenses	-557	-821	-32%
Admin. Expenses	-606	-747	-19%
Share-based payments	-31	-46	-32%
Finance costs, net	-3	-57	-95%
Taxation	-307	-323	-5%
Net profit*	1,113	1,398	-20%

* Attributable to the equity holders of the Company

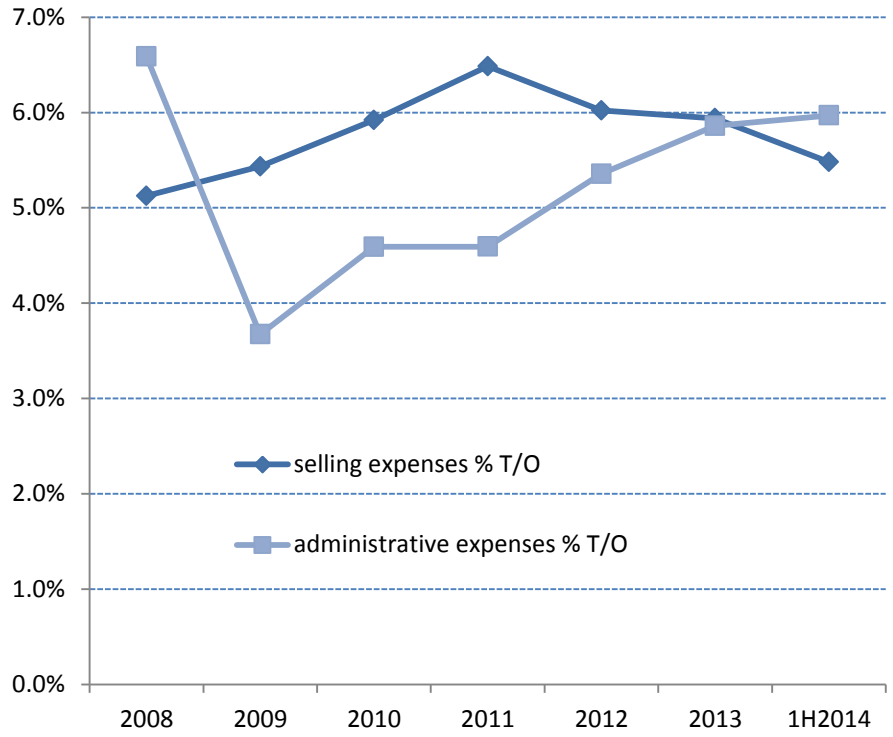
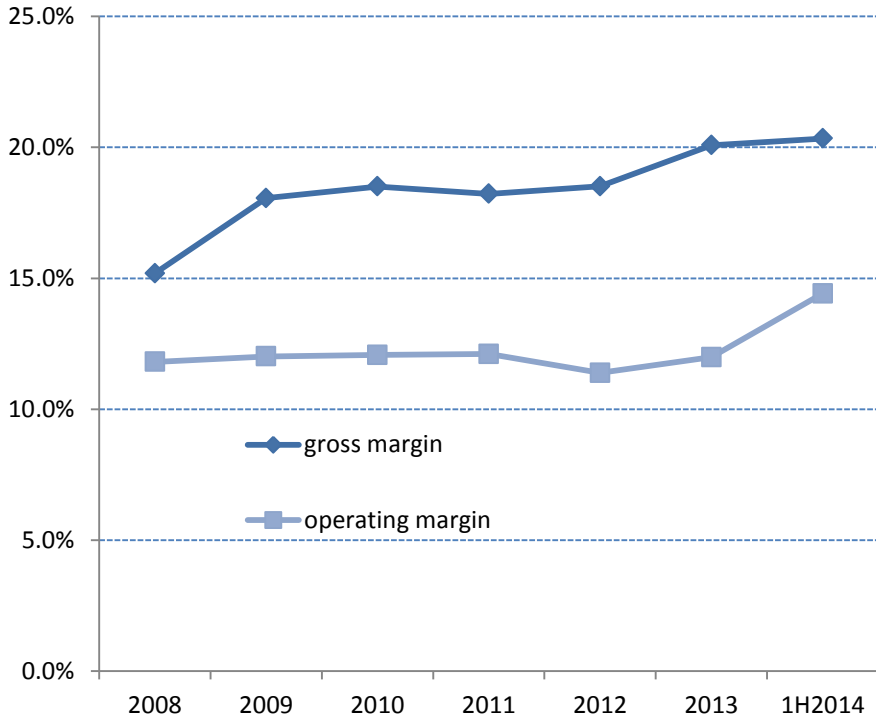
Net Profit down 20%

- The earnings performance in 1H2014 was a result of:
 - 29% fall in overall sales volume
 - 3% decline in average ex-factory price
 - 31% fall in vehicle sales revenue
 - Higher effective tax rate (21.4% vs. 18.7%)

but partly offset by:

- Stable subsidy income
- Improved gross margin ratio
- Falling selling expenses (-32% YoY)
- Falling administrative expenses (-19% YoY)
- Decrease in net finance costs (-95% YoY)

Profitability



Consolidated Statement of Financial Position

(RMB m)	30 June 2014	31 Dec 2013	YoY change
Non-current assets	10,873	11,348	-4%
Inventories	1,878	1,784	+5%
Trade/other receivables	11,758	14,785	-20%
Total cash/bank balance	6,440	5,583	+15%
Trade/other payables	13,222	16,075	-18%
Short-term borrowings	796	966	-18%
Long-term borrowings	0	0	-
Convertible bonds	0	0	-
Shareholders' equity	16,926	16,068	+5%

Financial Analysis

6M to June	2014	2013	YoY change
Sales of vehicles (RMB m)	9,112	13,225	-31%
Average unit price (RMB)	48,652	50,180	-3%
Return on equity*	13.2%	20.0%	-34%
Gross margin ratio**	20.3%	19.2%	+6%
Operating margin ratio***	14.4%	12.3%	+17%
Selling expenses (% of T/O)	5.5%	5.5%	-1%
Admin. expenses (% of T/O)	6.0%	5.0%	+19%

* Annualized

** Gross profit margin ratio = gross profit / turnover

*** Operating margin ratio = (pre-tax margin before net finance costs , share-based payments and share of results of associates and joint venture) / turnover

New Products



Xindihao



GX9



EC9

New Products – Xindihaio



2013 EC7



Xindihaio

Engine:	1.5L, 1.8L petro engines
Transmissions:	5MT, CVT
Dimension:	4635/1789/1470
Wheelbase:	2650
Power:	80/6000(Kw/rpm) (1.5L) 98/6000(Kw/rpm) (1.8L)
Max. Torque:	140/4400 N.m/rpm (1.5L) 170/4400 N.m/rpm (1.8L)
Fuel efficiency:	6.0L/100km (1.5L) 7.2L/100km (1.8L)
MSRP:	RMB71,800-113,800

Engine:	1.3L Turbo engines; 1.5L petro engines
Transmissions:	6MT, CVT
Dimension:	4631/1789/1470
Wheelbase:	2650
Power:	98/5500(Kw/rpm) (1.3T)
Max. Torque:	185/2000-4500 N.m/rpm (1.3T)
Fuel Efficiency:	5.7L/100km (1.3T, 6MT) 5.9L/100km (1.3T, CVT)
MSRP:	RMB69,800-100,800

New Product - Xindihaio



- Enhanced safety & comfort
- New turbo engines with larger power & better fuel efficiency
- New 6-speed manual gearbox
- NVH noise cancellation technology
- Enhanced storage space
- Bosch's V9.0 ABS+EBD
- HHC (Hill Hold Control)
- ESC (Electronic Stability Control)
- G-Netlink infotainment system with voice control
- G-Link mobile connectivity system



Outlook

- Key challenges: rapid changes in economic and regulatory environment in China, fierce competition, increasingly demanding customer expectations, and political and social instability in major export markets
- Positives: enhanced brand image, product quality and service quality, strong financial position, new cycle of product renewal, new export markets, and strong cooperation relationship with Volvo Car
- Restructuring of sales/distribution system in progress and upcoming new product launches expected to further enhance our competitiveness
- Sales target revised to 430,000 units in 2014 (-22% YoY) to account for shortfall in sales volume in 1H2014

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