



**吉利汽車控股有限公司**  
**GEELY AUTOMOBILE HOLDINGS LIMITED**

# **2009 Interim Results**

8 September 2009

# Results Highlights

- Respectable 1H2009 results despite challenging market conditions
- Net profit up 145% to RMB596 million in 1H2008 (Diluted EPS up 115% to RMB 8.93 cents)
- On pro forma basis, excluding the impact from the acquisitions of additional stakes in vehicle manufacturing operations in mid-2008, total revenue was up 35% to RMB5.9 billion, net profit was up 21% from 1H2008



# Results Highlights

- The strong earnings performance in 1H2009 was mainly due to:
  - Acquisition of additional stakes in vehicle manufacturing operations (from 46.8% to 91% effective 1 July 2008)
  - 29% growth in sales volume, stable product prices and production costs during the period

## and despite:

- Startup Losses at 51%-owned Shanghai LTI of RMB12 million
- 69% YoY decline in export sales volume
- Higher effective tax rates due to expiration of tax incentives and unification of tax rates in China

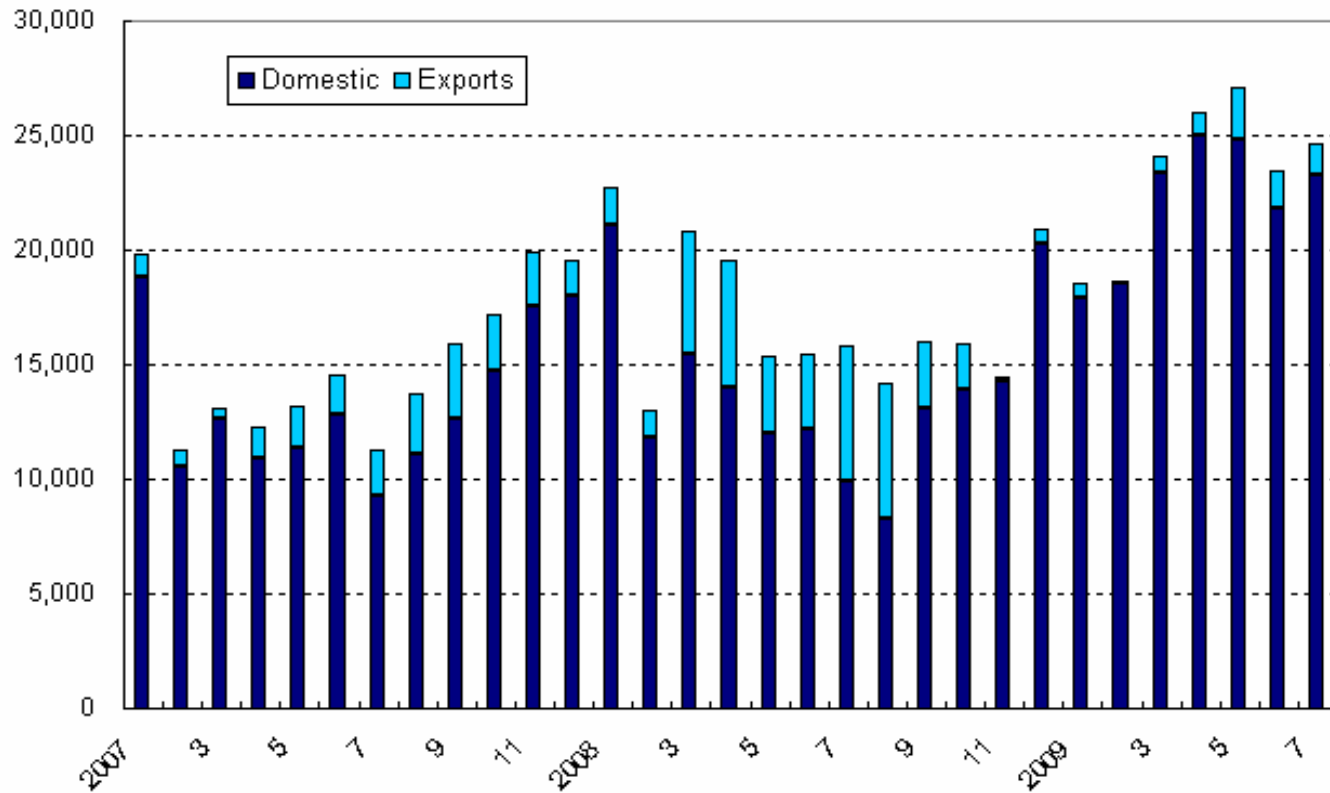


# Achievements in 1H2009

- Completion of acquisition of the assets of DSI in Australia, significantly enhancing the Group's technological and manufacturing capabilities in the area of automatic transmissions
- Stable product prices, reflecting Geely's improved brand image
- 52% growth in domestic sales volume, more than offsetting the sharp drop in exports sales volume
- Strengthening financial position with net cash increasing to RMB1.5 billion at the end of 1H2008 (RMB670m at the end of 2008)
- Relatively stable ASP and margins despite shift of demand to smaller cars
- Successful launches of three new brands and their sales networks



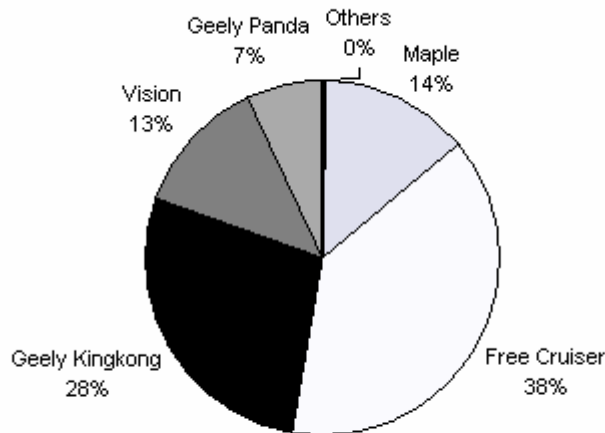
# Monthly Vehicle Sales Performance



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# Vehicle Sales Volume Breakdown

Sales Volume Breakdown (6M to June)			
	2009	2008	+/- % ch.
Ulion/Others	523	8,822	-94%
Mybo	190	222	-14%
Maple	18,847	21,168	-11%
Free Cruiser	52,768	33,426	58%
Geely Kingkong	38,396	29,342	31%
Vision	17,328	13,968	24%
Geely Panda	9,706	-	-
Total	137,758	106,948	29%



- Production of Ulion and other old models was terminated at the end of 2008
- Demand shifts towards lower-priced and smaller size cars as a result of the government tax incentives for vehicles with 1.6L engines or below
- “Free Cruiser” was the fastest growing and the best selling models in terms of sales volume
- Exports accounted for 5% of total sales volume in 1H2009 vs. 19% in 2008 and 12% in 2007



# Consolidated Income Statement

Income Statement (RMB m, 6M to June)	2009	2008	YoY %
Revenue	5,948.7	67.1	8769%
Cost of sales	-4,819.1	-63.3	7508%
Gross profit	1,129.6	3.7	30184%
Other income	248.4	8.9	2703%
Distribution and selling expenses	-318.3	-1.8	17922%
Administrative expenses	-250.5	-44.1	468%
Finance costs	-33.4	-6.6	410%
Fair value gain on embedded derivative	0.0	16.3	-
Loss on early redemption of CBs	-16.0	0.0	-
Share of results of associates	-1.9	267.7	-
Gain on deemed disposal of int. in associate	5.2	0.0	-
Profit before taxation	763.2	244.2	212%
Taxation	-109.0	-5.7	1818%
Profit after taxation	654.1	238.5	174%
Minority interests	-58.2	4.3	-
Profit attributable to shareholders	595.9	242.8	145%
Basic EPS (RMB cents)	9.00	4.67	93%
Diluted EPS (RMB cents)	8.93	4.15	115%

- Other income included RMB149m subsidy income from government
- Net loss at Shanghai LTI amounted to RMB11.7m
- Share of loss at MBH amounted to RMB1.89m in 1H2009
- On pro forma basis, revenue was up 35% and net profit was up 21% in 1H2009
- Effective tax rate increased to 14% from 6% in 2008 due to expiration of tax incentives and unification of tax rates



# Consolidated Balance Sheet

<b>Consolidated Balance Sheet (RMB m)</b>	<b>30/6/2009</b>	<b>31/12/2008</b>
Property, plant & equipment	3,520.7	3,289.3
Intangible assets	790.2	657.2
Interests in associates	31.4	42.2
Land lease prepayment	1,038.5	1,051.7
Deferred tax assets	6.0	0.0
	<b>5,386.9</b>	<b>5,040.4</b>
Prepaid land lease prepayment	26.6	26.6
Inventories	532.0	486.7
Trade and other receivables	2,453.6	1,139.1
Note receivable	1,979.1	1,196.7
Amounts due from related parties	326.6	504.4
Financial assets at fair value via P&L	11.5	10.5
Tax recoverable	0.0	3.2
Pledged bank deposits	1,056.5	853.9
Bank balances and cash	1,879.6	889.4
Current assets	<b>8,265.5</b>	<b>5,110.6</b>
Trade and other payables	3,491.2	2,326.4
Notes payable	2,107.9	1,834.2
Amounts due to related parties	447.8	69.0
Taxation	111.3	57.6
Convertible bonds - embedded derivatives	0.0	12.4
Bank borrowings, secured	844.7	685.6
Convertible bonds	0.0	288.3
Current liabilities	<b>7,003.0</b>	<b>5,273.5</b>
Net current assets	<b>1,262.6</b>	<b>-162.9</b>
	<b>6,649.5</b>	<b>4,877.5</b>
Financed by:		
Share capital	132.6	122.5
Reserves	5,216.8	4,075.3
Shareholders' equity	<b>5,349.4</b>	<b>4,197.9</b>
Long-term bank borrowings, secured	637.0	87.0
Deferred tax liability	20.2	8.0
Minority interests	642.8	584.6
	<b>6,649.5</b>	<b>4,877.5</b>

- Total cash balance increased 68% to RMB2.9bn at the end of 1H2009. Net cash more than doubled to RMB1.5bn
- All outstanding CBs were redeemed on 10 April 2009
- Trade receivables from 3<sup>rd</sup> parties was only RMB287m
- Trade payables included RMB1.3bn trade payables to 3<sup>rd</sup> parties





# Financial Analysis

Financial Analysis (6M to June)	2009	2008	YoY %
Sales of motor vehicles (RMB m)	5,412.4	4,361.6	24%
Average unit ex-factory price (RMB)	39,289	40,782	-4%
ROE	22.3%	16.5%	35%
	1H2009	FY2008	
Gross margin	19%	20%	
Operating margin	14%	15%	
Distribution/selling expenses/turnover	5%	6%	
Administrative expenses/turnover	4%	4%	

- Average sales price was affected by shift of demand to smaller size and thus cheaper vehicles
- Return on equity was lifted by acquisitions of additional stakes in vehicle manufacturing operations in mid-2008
- Despite slightly lower ASP, operating margins were maintained at healthy levels as administrative, distribution and selling expenses were well controlled at less than 10% of revenues



# New Products

## LAUNCHED

- GLEAGLE: “Geely Panda” (1.3L, AT)
- 2<sup>nd</sup> Generation of Geely Kingkong (1.5L)
- ENGLON: “TX-4” taxi vehicle (2.4L, 2.5L diesel)
- Geely Vision (1.5L)
- Maple: “SC618” Haijin (1.8L)

## TO BE LAUNCHED

- EMGRAND: “EC718” (1.8L)
- EMGRAND: “EC718-RV” (1.8L)
- EMGRAND: “EC825” (2.5L)
- GLEAGLE: “Geely Panda” (1.0L, AT and MT)



# New Products – EMGRAND EC718



帝豪  
EMGRAND



<b>Engine size:</b>	1.8L D-CVVT (5 speed M/T)
<b>Dimension:</b>	4635/1789/1470
<b>Wheelbase:</b>	2650
<b>Maximum output:</b>	102Kw/6,000rpm
<b>Top speed:</b>	185 km/hour
<b>Engine:</b>	GETEC JLy4G18
<b>Fuel Efficiency:</b>	6.5L/100km
<b>Emission:</b>	Guo IV
<b>Retail prices:</b>	RMB82,800 – 111,800



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# Outlook

- Produces and sell 250,000 units of vehicles in 2009, up 22% from 2008 (sales volume up 32% to 162,361 units in their first seven months of 2009, achieving 65% of full year target)
- Expect demand for sedans in China to remain strong, and the Group's export sales to improve further in 2H2009
- Growth to speed up in 2H2009 due to lower base for comparisons
- ASP to improve due to introduction of higher priced models like TX-4 and EC718
- Effective tax rates to stabilize in 2H2009

