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GAC's 2020 Annual Results Presentation

March, 2021
GUANG ZHOU

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Part 1. Industry Development Overview

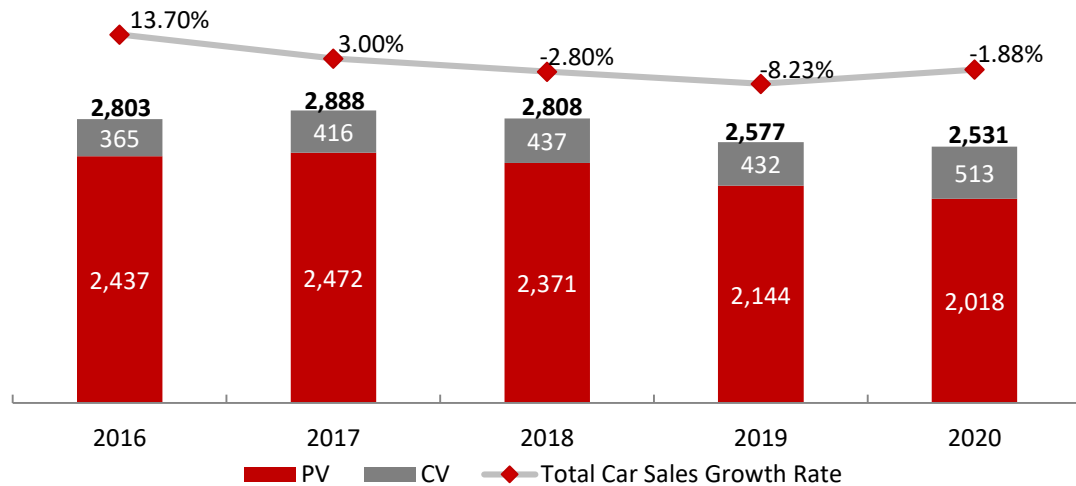
Overcame impact of the epidemic and rebounded rapidly; growth of automobile production and sales slightly decreased



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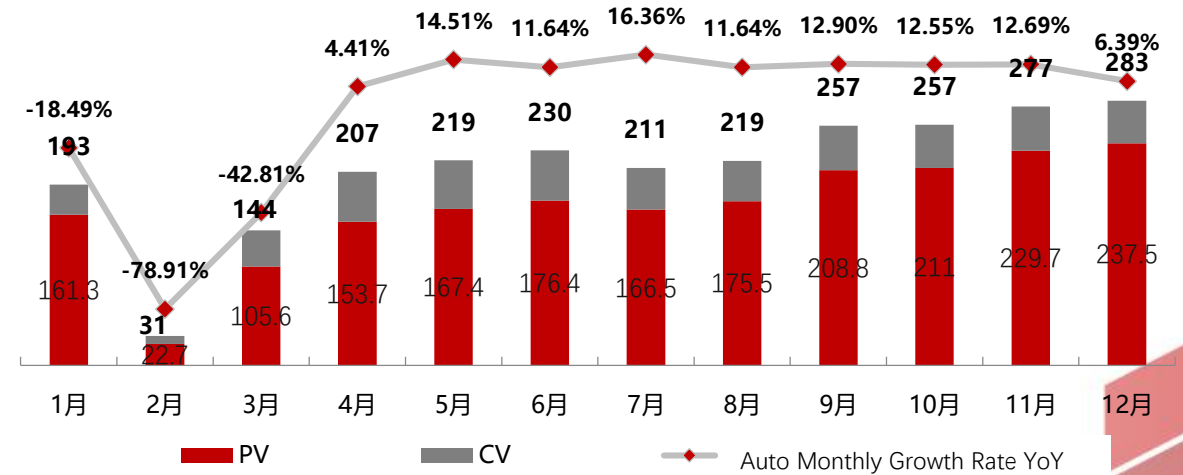
Sales and growth rate of China auto market in five years

(10,000 units)



Sales and growth rate of China auto market in 2020

(10,000 units)

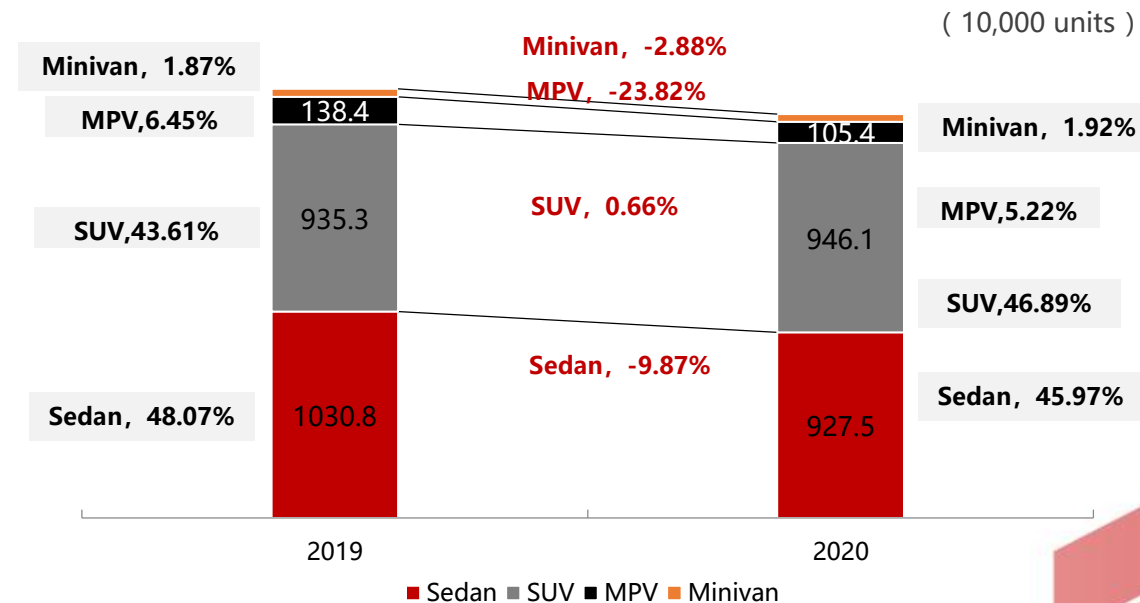


- ◆ In 2020, auto sales showed a development trend of **decrease first and then increase**. The production and sales of automobiles fell sharply in the first quarter affected by the Covid-19 epidemic. With the domestic epidemic gradually under control, work and production were gradually resumed, and the state and local governments timely launched a series of policies to stimulate automobile consumption. As a result, market demand gradually recovered, the industrial cycle continued to improve, and the consumer market recovered steadily. The domestic **auto industry began to upturn in April**. Monthly sales continued to **grow year on year**, the year-on-year **decline in cumulative sales continued to narrow**.
- ◆ In 2020, the production and sales of automobiles reached **25.2252 million and 25.3111 million**, decreased by **2.04%** and **1.88%** year-on-year respectively, and the decrease narrowed by **5.5 percentage points** and **6.3 percentage points** compared with the previous year. The production and sales maintained its ranking of **first place in the world**.

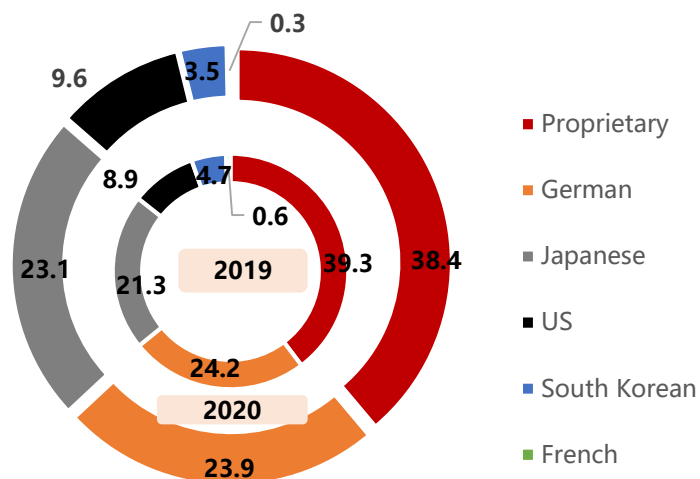
PV market: performance varied in different segment and SUV's market share topped for the first time

- ◆ Among the main categories of PV, **SUV** surpassed sedan for the first time to have **the largest market share**, with production and sales rose by **0.06%** and **0.66%** y-o-y respectively;
- ◆ The production and sales of **sedan** decreased by **10.04%** and **9.87%**, y-o-y respectively;
- ◆ The production and sales of **MPV** decreased by **26.75%** and **23.82%**, y-o-y respectively;
- ◆ The production and sales of **Minivan** decreased by **1.69%** and **2.88%** y-o-y respectively.

China's PV market sales by segment in 2020



Market share by brand in 2020



- ◆ A total of **7.749 million** Chinese-brand PV were sold, **down by 8.1%** y-o-y, accounting for **38.4%** of the total sales of PV, with the market share **decreased** by about **0.9 percentage point** over the same period of last year.
- ◆ Among the major foreign brands, compared with the previous year, the market share of **Japanese and American brands increased slightly**, while that of **German, Korean and French brands decreased**.

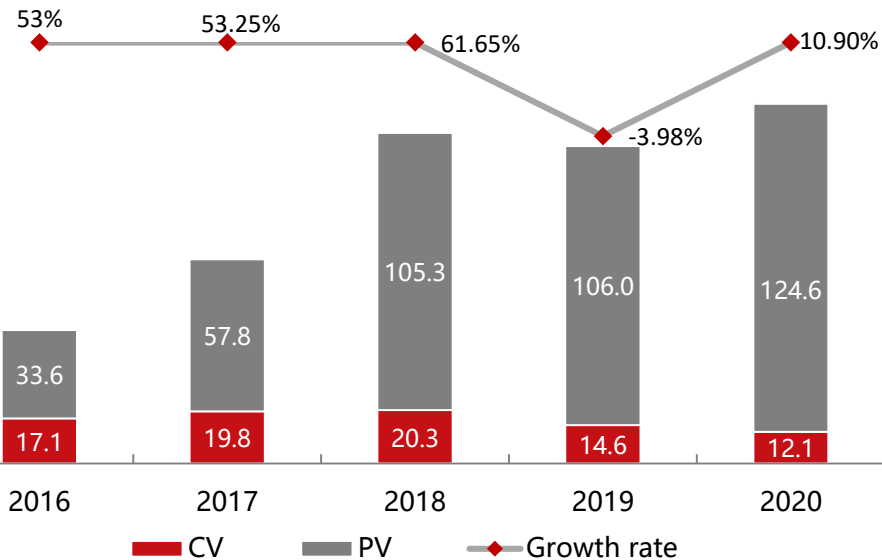
NEV market: production and sales grew, market share continued to expand



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NEV sales volume in recent years in China

(10,000 units)

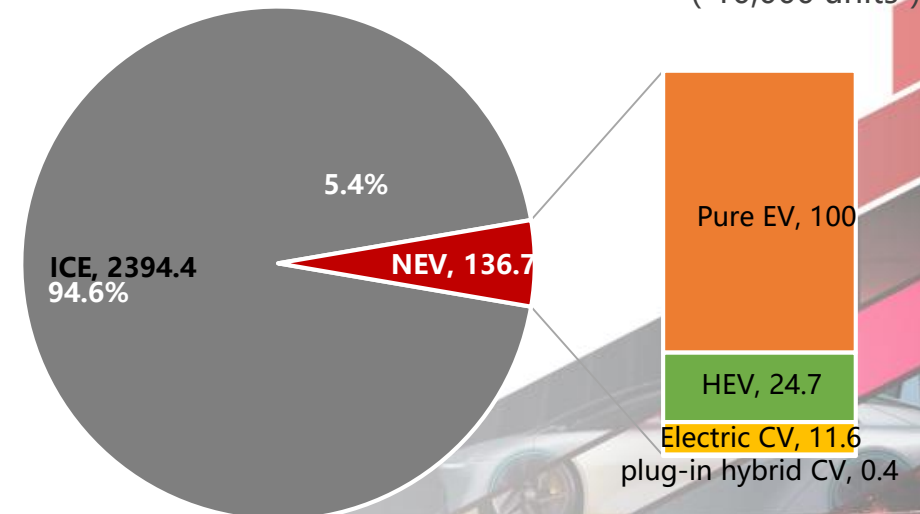


- ◆ In 2020, the ratio of NEVs sales to the total volume further expanded to **5.4%**, which was **0.72 percentage points higher** than the same period last year;
- ◆ Among the NEVs, the growth rate of pure EV was particularly obvious, with sales volume approaching **1 million units**, up by **16.1%** year on year.

- ◆ Mainly benefited from “**bringing the NEVs to the countryside**” campaign, the monthly sales of the NEVs **increased gradually since July**, and the monthly production and sales of NEVs have **refreshed historical record in the following months**, and reached a **record high in December**;
- ◆ In 2020, the production and sales of NEVs reached **1.366 million units** and **1.367 million units**, up by **7.5%** and **10.9%** y-o-y respectively, and the **growth rate turned from negative to positive** compared with last year.

Market Share of NEV in China

(10,000 units)





Part 2.

Operation Results Overview

Main operating results in 2020



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In spite of the dual challenges arising from impact of the epidemic and the continued downturn of the industry, the “13th Five-Year Plan” came to a successful conclusion!

Strengthened the drive of **technological innovation**, accelerated the layout of the **electrification, connectivity, ride-sharing and digitalization**.



Automobile production and sales were **2.0348 million and 2.0438 million** units, outperforming the industry's y-o-y growth. The annual sales ranking rose **to the fourth place** in the industry, and the market share continued to increase to **8.07%**.



GAC Group has been listed in the Fortune Global 500 for **eight** consecutive years, and in 2020 it was ranked **No. 206th**.



GAC Motor has been ranked **No. 1** in Initial Quality Survey (IQS) of the J.D. Power among Chinese brand for **eight years in a row**. The joint venture sales have led the industry **by a significant amount**, and star models achieved the **No. 1** position in many segments.



Aion **operated as an independent brand** and developed to a high-end EV brand equipped with high-tech in an all-round way. The annual sales volume of Aion S ranked among the **top three** in the domestic new energy market.



Internal incubation of high-tech projects such as **Juwan technology research** and **Xinghe intelligent connectivity**, and completed investment in **electrification, connectivity, ride-sharing and digitalization** such as **Horizon** and **AVIC Lithium**; “On Time” firmly ranked the **second** in Guangzhou's online car-hailing market.

Main operating achievements in 2020

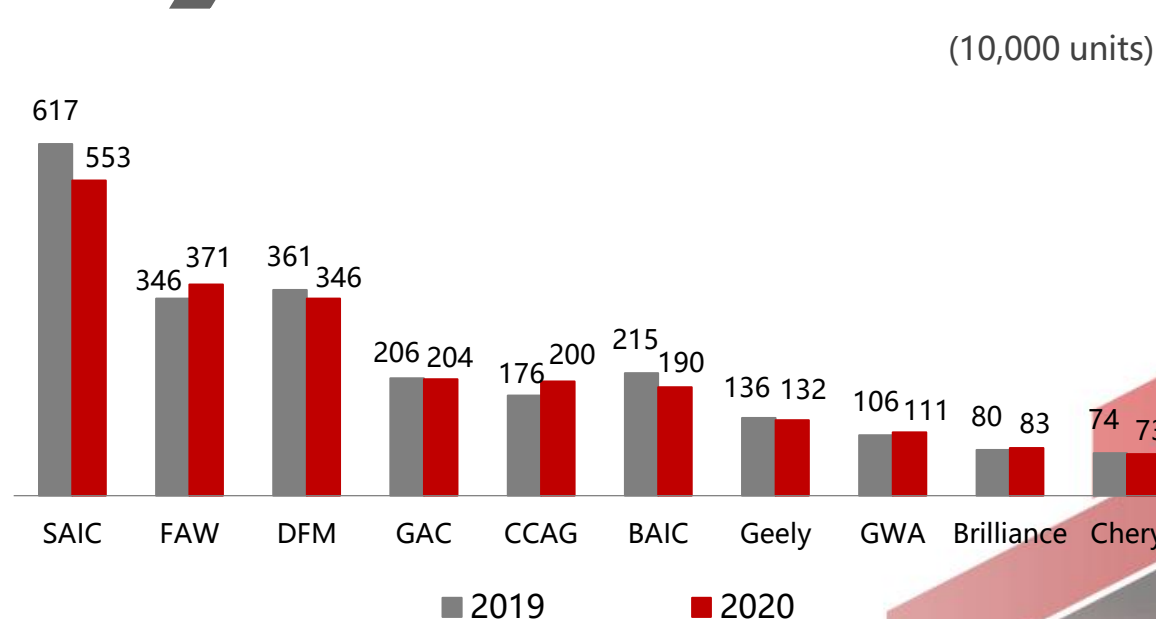
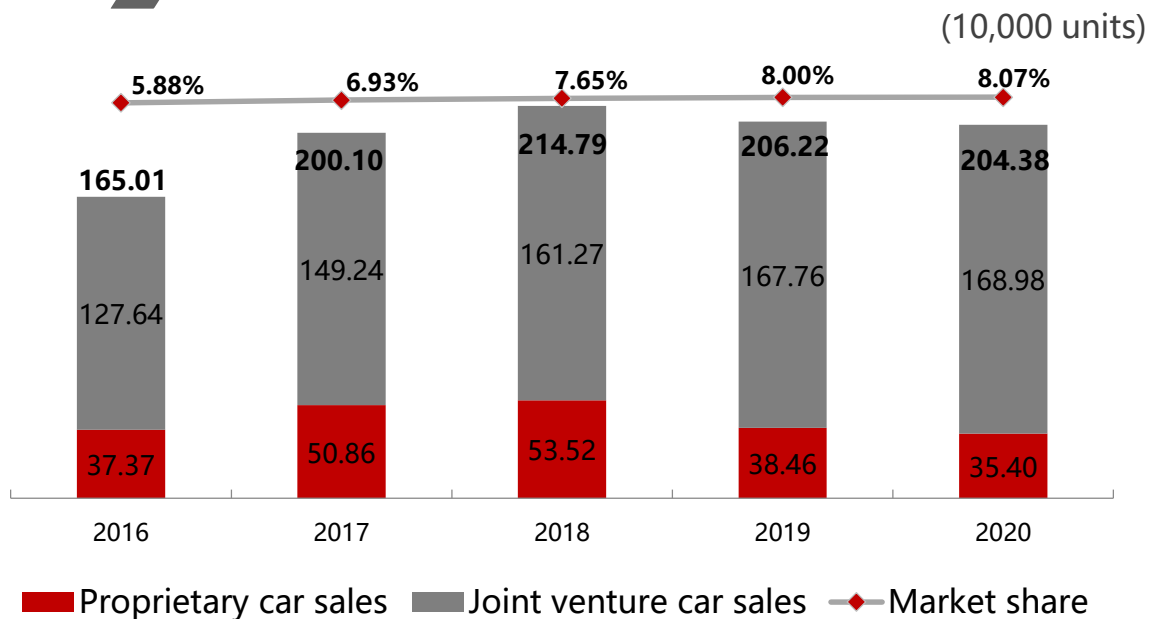


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01 Gradually strengthened scale effect

Market share increased gradually during the 13th Five-Year Plan period

Ranking of production and sales scale in 2020 was lifted up to the fourth place in the industry



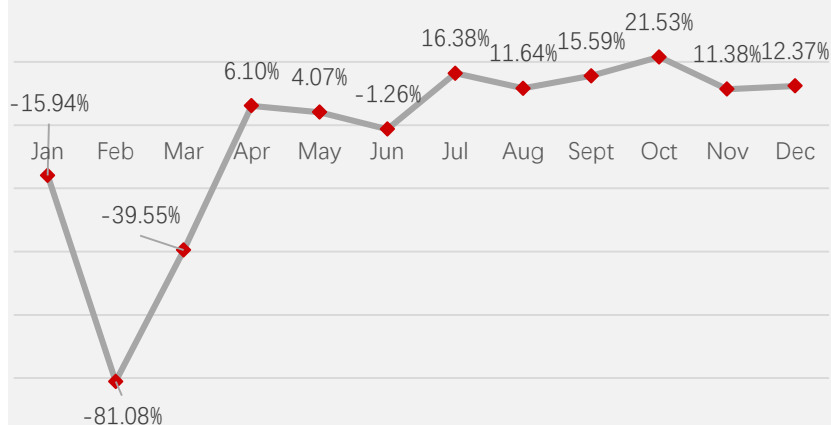
- ◆ From 2016 to 2020, GAC's automobile market rate has steadily increased from 5.88% in 2016 to **8.07% in 2020**;
- ◆ In 2020, GAC's ranking of annual production and sales scale among China's major automobile groups was promoted to the **fourth place** in the industry.

02

Market development was steady and progressive

Auto production and sales went against the trend

- ◆ In the face of a severe situation that has not been encountered before, GAC actively promoted the resumption of work and production under the premise of preventing and controlling the epidemic, and spared no efforts to increase production to recover losses. Automobile production and sales have **rebounded** since April. Since July, the sales growth rate remained **above 10% for 6 consecutive months**.



Product improvement as the key point

- ◆ Building star models in various market segments vigorously. In 2020, **14** traditional gasoline vehicles (including MCA, new generation and hybrid) were launched, including GS4 Coupe, all-new Fit, and Wildlander etc. **4** new energy vehicles were launched, including Aion V and HYCAN 007.



GS4 COUPE



M8 Master Edition



All-New Fit



Wildlander



GS4 PHEV



AION V



C-HR EV



HYCAN 007

Promotion of marketing service strength as the support point

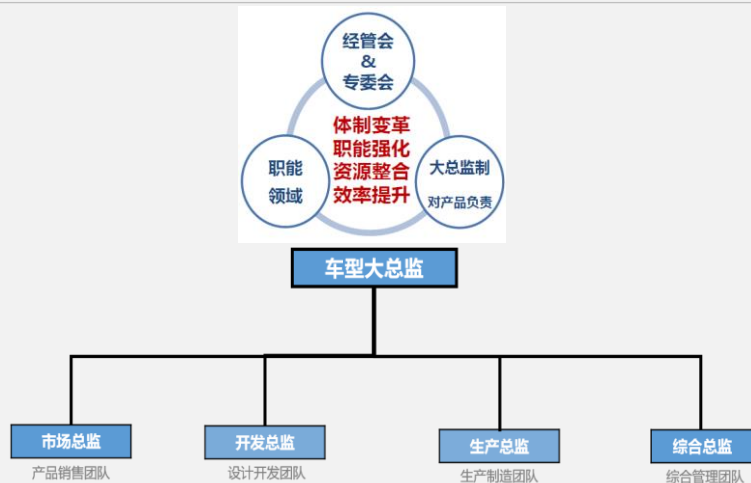
- ◆ Promoting the upgrade of customer experience with the "e-TIME" action, and building the core competitiveness of the Company;
- ◆ GAC Motor released the service brand "Fun Car+e" to create a characteristic service system of "Ten Service Commitment"; GAC Honda fully implemented the "Fun Link" service brand; GAC Toyota launched the mini program for online customer care, etc.



03 Proprietary brands stopped falling and stabilized

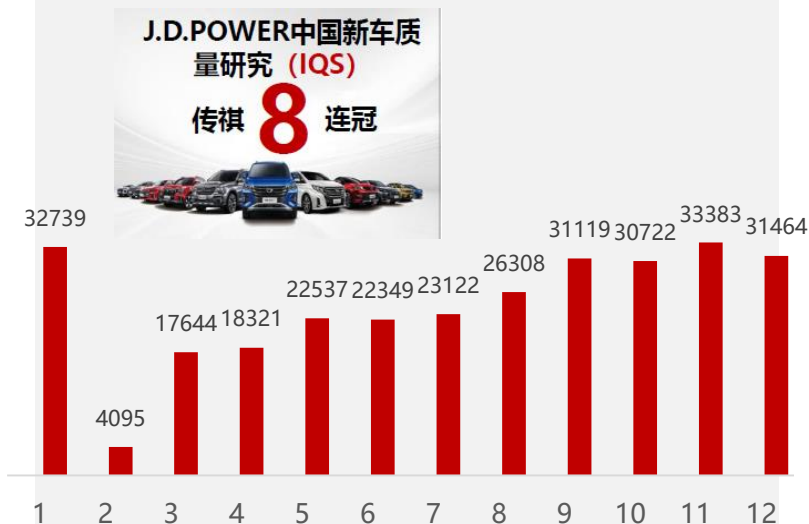
Established an integrated management and decision-making mechanism

- ◆ The Company set up an **operational management committee** as the management decision-making body of **proprietary brands sector** to establish an integrated management and decision-making mechanism, and continuously optimized the coordination mechanisms such as the product committee. We fully implemented **the model responsible mechanism**, and strengthened the functions of the Cost and benefits committee to minimize the cost of vehicle models and promote platform-based and modularized cost reduction, thereby boosting cost control in all fields.



Stuck to market orientation to continuously enhance the product power

- ◆ Implementing the leading strategy of "**appearance + PVA**" and further focusing on resources, to meet consumers' demand for innovation and change. The monthly sales volume has **exceeded 30,000 units** consecutively since September 2020;
- ◆ Comprehensively promoted the **QDR project** and the quality training reform of new products, and achieve a substantial enhancement in all quality indicators of GAC Motor. The brand has been ranked **No. 1 in Initial Quality Survey (IQS) of the J.D. Power among Chinese brand for eight years in a row.**



Brand renewal, empowering new marketing strategy

- ◆ GAC Motor takes "**fun, quality and closeness**" as its core values, puts forward a new brand slogan of "**Smarter drive, better life**", and releases the "**GAC Motor Evolution**" brand marketing strategy which focused on adding value to products, technology and service.;
- ◆ GAC Aion has achieved **independent brand operation** and has fully built itself into a high-end EV brand with high technology.



Main operating achievements in 2020



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04

Continuous improvement of independent research and development capabilities

New upgrade of GPMA platform architecture

- Completed the **GPMA architecture platform** design. The GPMA platform architecture is a comprehensive upgrade of GAC's car-making concept, marking that GAC Motor has entered a new era of **platform-based and modularized car-making**. The platform-based modular architecture developed by GPMA for major global automotive markets includes R and L sub-platforms, covering cars, SUVs, MPVs, PHEVs, HEVs and other models. The power system includes traditional ICE, PHEVs, HEVs and other hybrids.



Engine thermal efficiency level set a new record

- Released a new generation of powertrain platform brand "**Mega Wave Power**". The thermal efficiency of the fourth-generation 2.0ATK engine reached **42.1%**, refreshing the published certification record of the China Automobile Center.

钜浪动力
MEGA WAVE POWER

发动机 Engine 变速器 Transmission

1.5L平台 2.0L平台 DHE 混动专用发动机 DHT 混动专用变速器 8AT WDCT

广汽第四代发动机
热效率超过 **42%** 代表目前世界汽油机产品
热效率顶尖水平

Scientific and technological innovation results continue to emerge

- Self-developed seven-speed wet dual-clutch automatic transmission 7WF35 won the title of "**World Top Ten Transmission**";
- In 2020, there were **1961** new patent applications, including **823** invention patents, making an accumulative total of **8,040** patent applications, including **2,753** invention patents.



05 Deepened technological transformation

Electrification achieved new breakthroughs

- ◆ GAC R&D Center has completed **battery cell development**, mastered independent development and trial production of advantageous technologies such as **silicon anode**, and promoted projects such as **integrated electric drive IDU, fuel cell vehicle development, and new energy integrated controllers**. Among them, the graphene-based super fast charge battery combined with high-power overcharge equipment can **charge up to 80% in 8 minutes**, and the silicon anode battery can achieve a **comprehensive mileage (NEDC) of up to 1,000 kilometers**. Both are expected to be equipped with existing models in 2021.



Intelligence connectivity made new progress

- ◆ The **ADiGO 3.0 intelligent driving ecosystem** was newly upgraded in three aspects: autonomous driving system, intelligent IoT system, and artificial intelligence. The world's first self-developed **5G V-BOX in-vehicle intelligent communication system** was equipped on AION V for mass production;
- ◆ Actively built an ecosystem of open cooperation, integration and innovation, and fully cooperate with **Baidu and Huawei** in the fields of **intelligent driving and connectivity**. Externally, through GAC Capital, GAC invested in strategic projects such as **Horizon** and **AVIC lithium battery**. Internally, it promoted **Juwan technology research and Xinghe intelligent connectivity**. Technological innovation companies were incubated, new steps have been taken in the industrial application of core technologies, and the layout of the intelligent and connected new energy field has been continuously improved.



Digitalization and ride-sharing promoted a new leap

- ◆ In April 2020, GAC Group officially launched the **GAC Digital Accelerator (GDA) project**. By building a big data platform and operating platform, it can achieve personalized marketing, large supply chain intelligence, product development synergy, and transparency in governance and control to build a full value chain Intelligent operation system to create a **"digital GAC"**;
- ◆ On the basis of cultivating the Guangzhou market, On time successfully launched in Foshan, and initiated a new ride-hailing business. The market share increased steadily and ranked the **second** in Guangzhou.



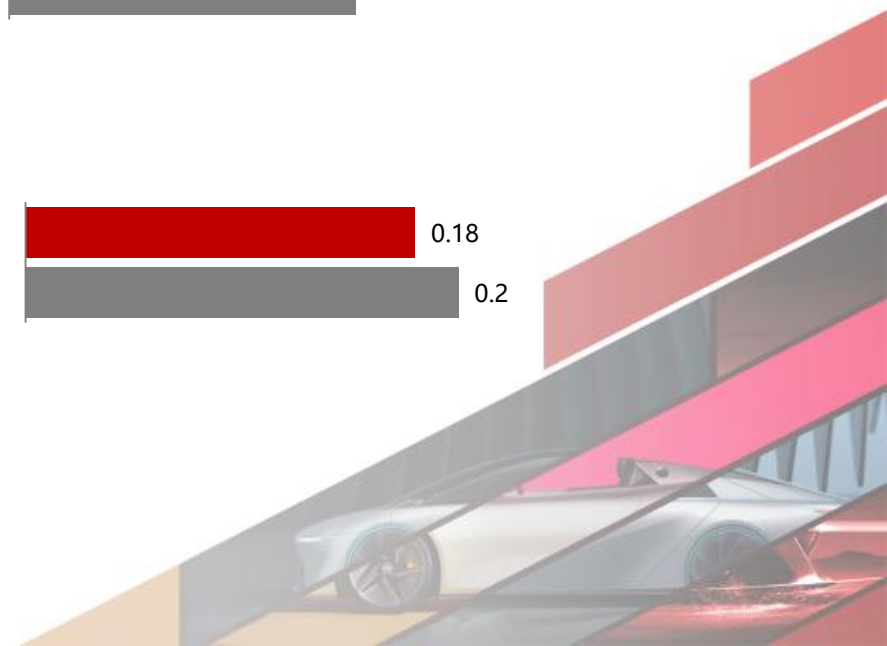
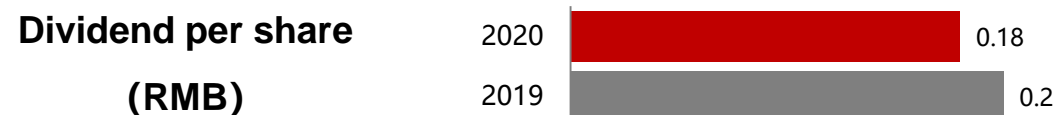
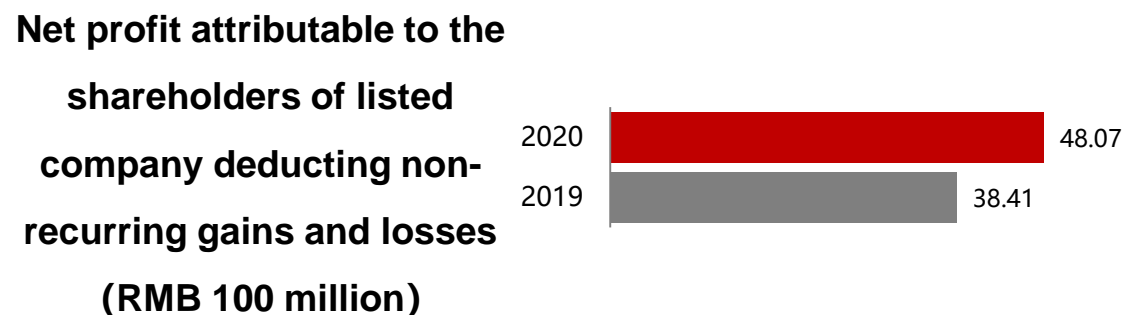
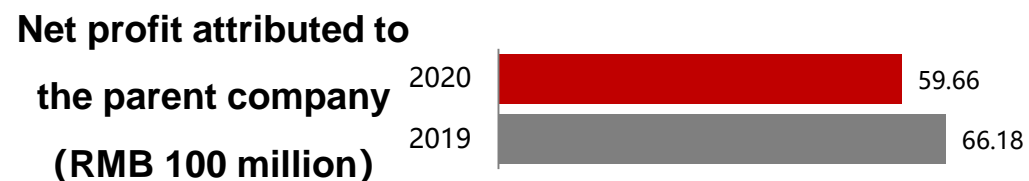
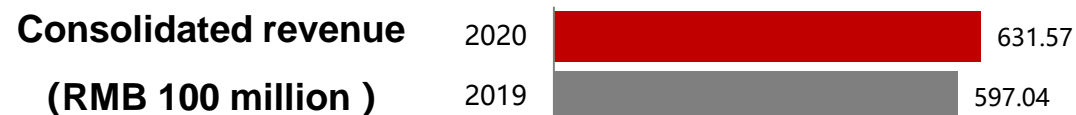


Part 3. Financial results overview

2020 Key Financial Indicators



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2020 Financial Indicators (Consolidated)



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Summary of Comprehensive Income

(RMB 100 million, except EPS)	2020	2019	Change(%)
Consolidated Revenue	631.57	597.04	5.78%
Cost of operation	586.59	551.48	6.37%
Sales and distribution expenses	36.41	45.53	-20.03%
Administrative expenses	33.56	32.44	3.46%
R&D expenses	9.76	10.02	-2.60%
Financial expenses –net amount	0.35	0.26	32.51%
Income from investment	99.11	96.26	2.96%
Net profit attributed to the parent company	59.66	66.18	-9.85%
Earnings per share (RMB)	0.58	0.65	-10.77%

2020 Financial Indicators (Consolidated)



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Summary of Balance Sheet

(RMB 100 million)	31-12-2020	31-12-2019	Change(%)
Total assets	1428.07	1374.10	3.93%
Total liabilities	561.47	549.55	2.17%
Total equity	866.60	824.54	5.10%

Summary of Cash Flow

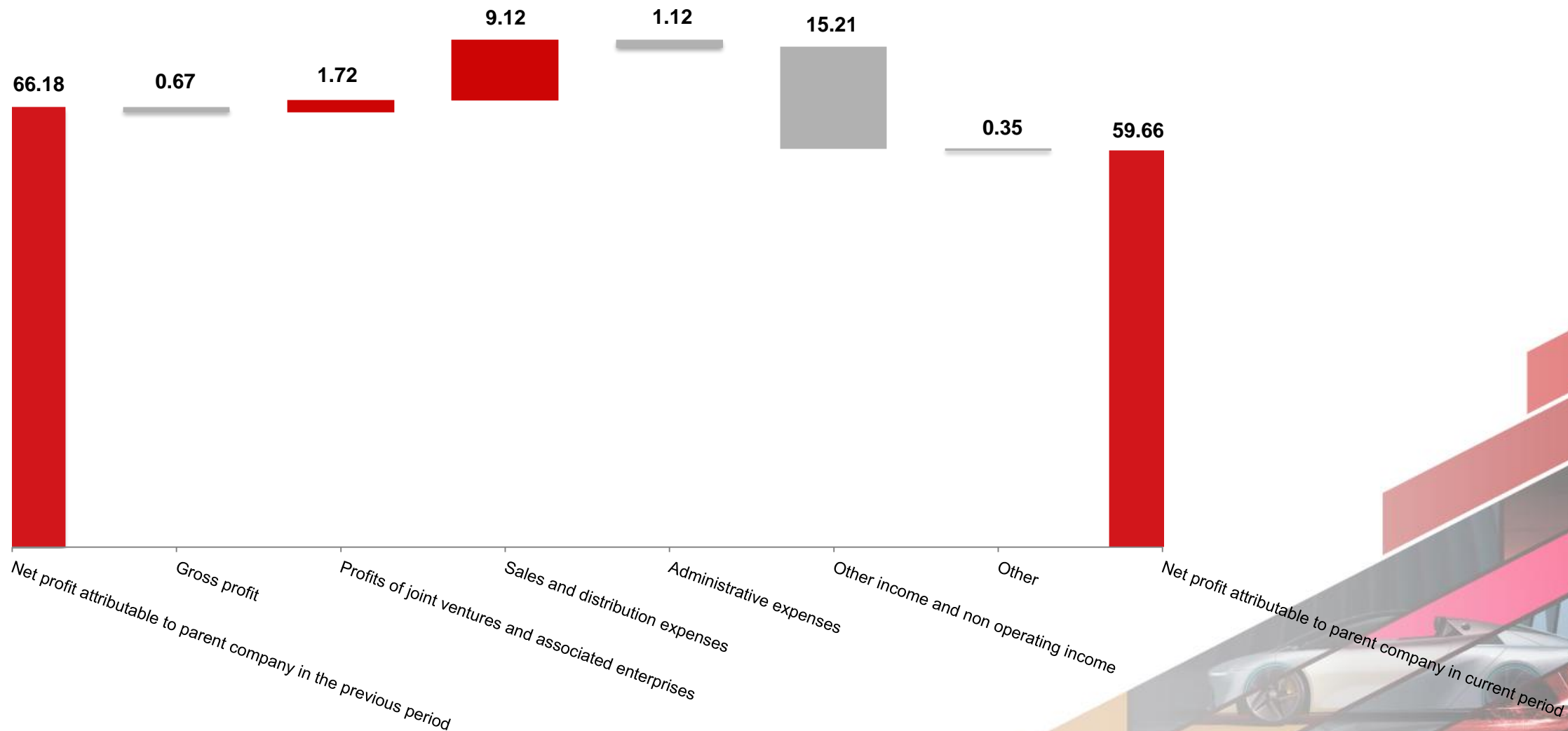
(RMB 100 million)	2020	2019	Change (%)
Net cash flows from operating activities	-28.87	-3.81	-658.66%
Net cash flows from investment activities	4.69	-48.26	109.71%
Net cash flow from financing activities	-17.94	-23.25	22.84%
Net increase in cash and cash equivalents	-42.74	-75.01	43.03%
Ending cash and cash equivalents	262.91	305.65	-13.98%

Analysis on Profit Change



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(RMB 100 million)





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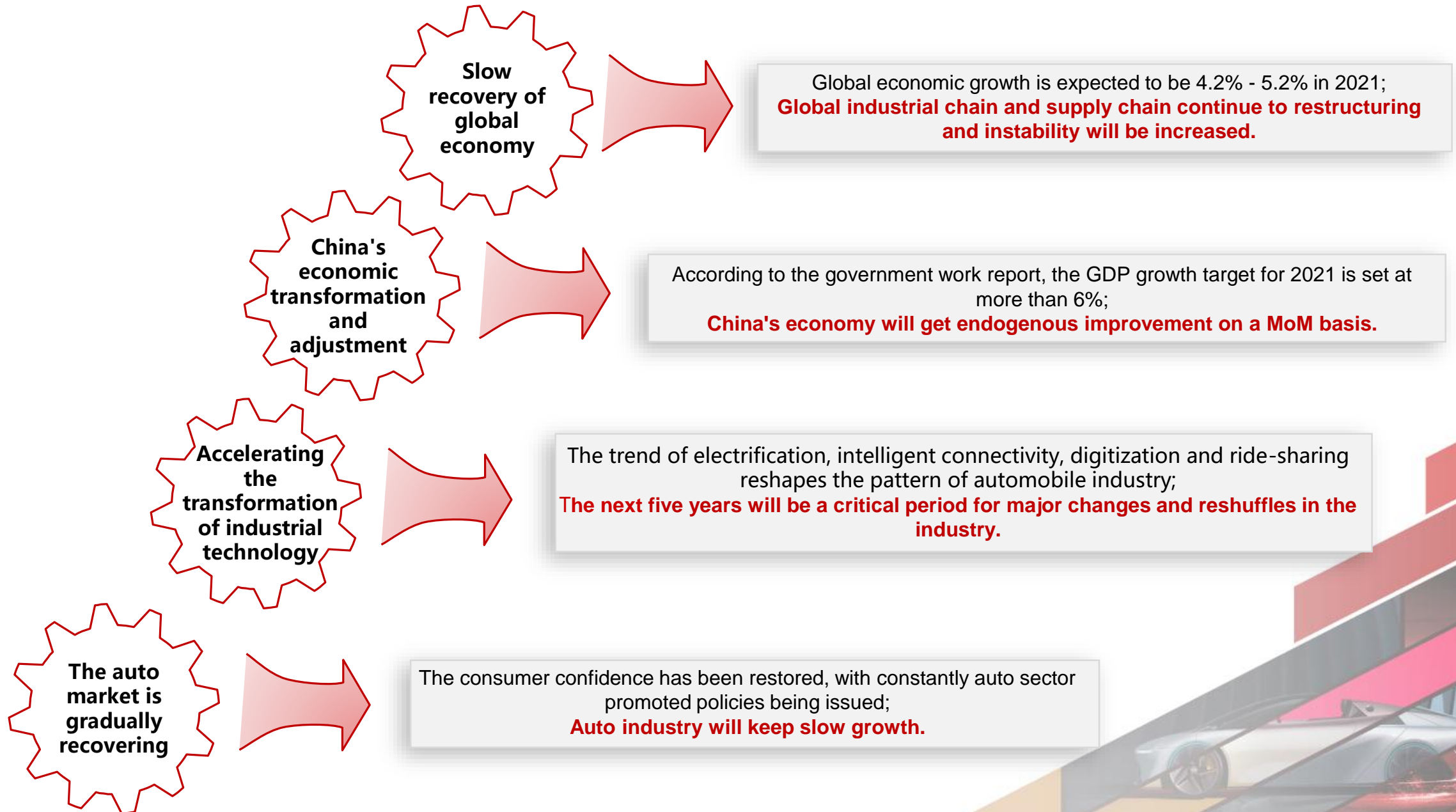


Part 4. Prospects for 2021

Economy and Auto Sector Outlook



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Fully implement the "1615" strategy

1 Goal

- » Striving for production and sales of **3.5 million**;
- » Annual compound growth rate over **10%**;
- » The total operating revenue exceeded RMB **600 billion**;
- » Total profits before taxes exceed RMB **66 billion**;
- » NEVs products account for more than **20%** of the total auto production and sales.

1 Focus

- » Comprehensively enhance the ability of **independent innovation** and realize the high quality development of the Group.

6 Sectors

- » R&D
- » Manufacture of vehicles and motorcycles
- » Parts and components
- » Commercial services
- » Financial services
- » Mobility services

5 Enhancements

- » Connectivity
- » Electrification
- » Ride-sharing
- » Internationalization
- » Digitization

Key work in 2021



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“Stabilizing growth, improving performance, exercising strict benchmarking, ensuring supply, strengthening proprietary brands, seeking development and fostering brand”

1

Overall promotion of normalized epidemic prevention and control, production management; Challenge the target of annual production and sales **growth of 10%**; Push the “14th Five Year Plan” to get off to a good start.

2

Action plans for **promoting world class management and three year action plan** for SOE reform; Continuous improvement of corporate governance; Accelerate the reform of mixed ownership; Strengthen the system of encouragement; Revitalize the enterprise.

3

Accelerate the localization of critical core parts, strengthen the **weakness of core technology**, form an independent, controllable and safe supply chain.

4

Carry out and practice the five strategies of “**High appearance value, Leading technology, Leading PVA (perceived value), Step-up brand and Characteristic service**”; Focus on resources to create star models favored by consumers; Efficient implementation of “**GAC Motor Evolution**” marketing strategy; Improve the ability of sales system; Build strong characteristic service brand; Realize the second take off of energy storage for independent brand.

5

Strengthen the core technology of **electrification and connectivity**; Further promote **digital transformation**; Explore the **ride-sharing** business model; Strengthen industry cooperation and cross-border cooperation; Form an ecological system of common existance and prosperity; Occupy a new round of global industrial innovation highland.



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Thank you!

