

GAC's 2021 Half Year Results Presentation



August 2021, Guangzhou



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Part 1. Industry Development Overview



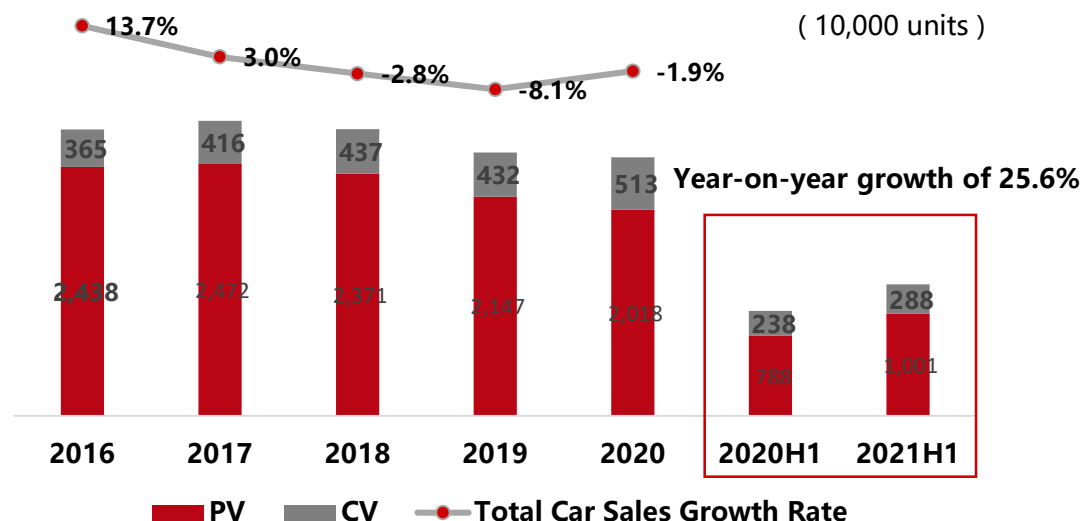
The domestic auto market stopped falling and rebounded



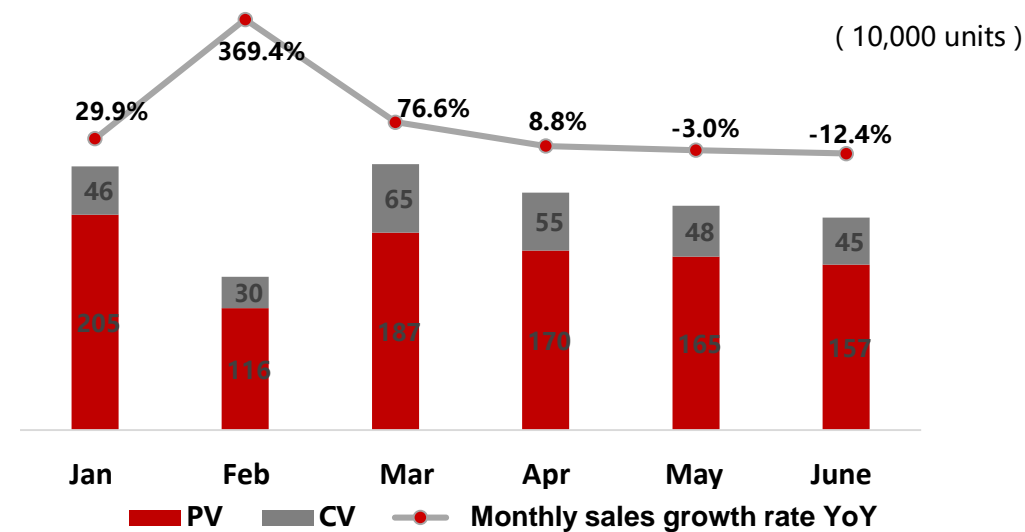
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Sales and growth rate of China's auto market over the years



Monthly sales and growth rate of China's auto market in 2021H1

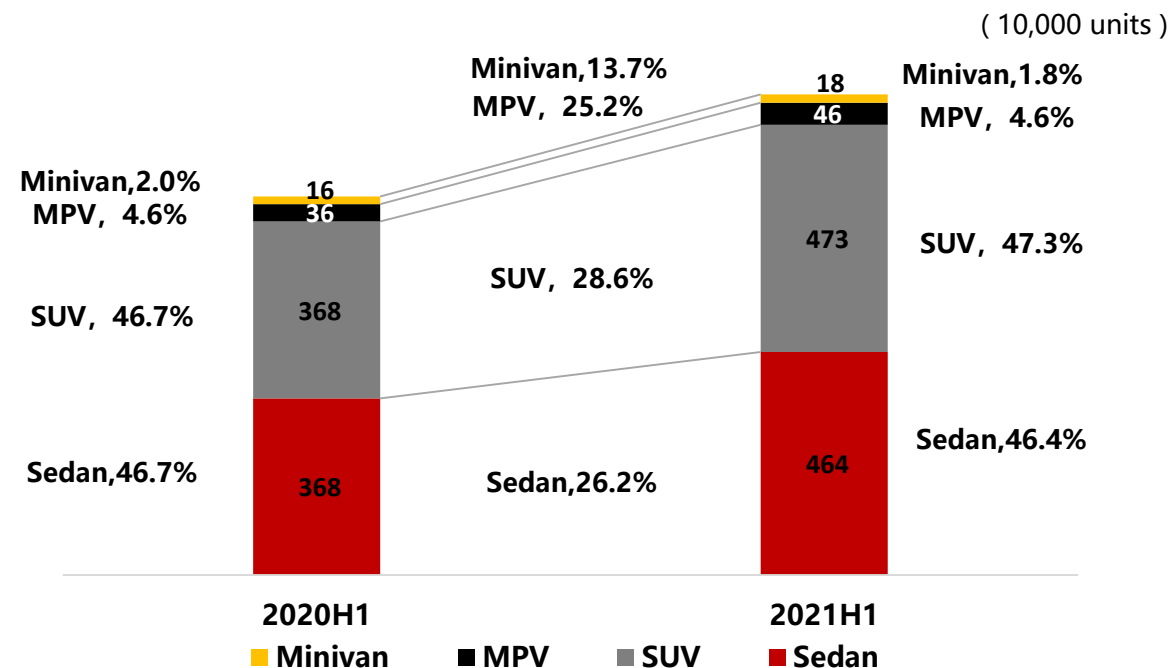


- ◆ Domestic **production demand continued to recover** in the first half of 2021, and sales in the first quarter increased significantly year-on-year. Since May, affected by factors such as insufficient supply of chips , the sales of passenger vehicles have **declined compared with the previous month**.
- ◆ Besides the shortage of chips, the automotive industry is also facing pressure from **substantial increases in raw material prices**.
- ◆ From January to June 2021, the **cumulative sale volume of automobiles was 12.891 million**, a year-on-year **increase of 25.6%**; of which, passenger car sale volume was 10.007 million, up by 27.0% year-on-year; commercial vehicle sale volume was 2.884 million, raised by 20.9% year-on-year.

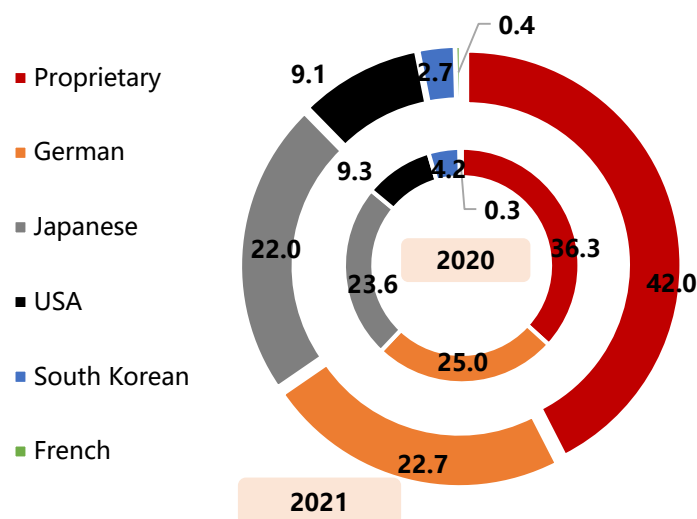
The scale of SUV production and sales continued to surpass that of sedans, and market share of Chinese brand PV increased significantly

- ◆ In the first half of 2021, the sales volume of various passenger car segments showed a **double-digit growth trend**. The year-on-year growth rate of sales in the sedan, SUV, and MPV segments were **26.2%, 28.6%, and 25.2%** respectively; the market share of SUV segment increased by **0.6%**, becoming the largest segment, and the market share of sedan, MPV, and Minivan all declined slightly;

China's PV sales by segment in 2021H1



Market share of China's PV market by brand in 2021H1



- ◆ The market share of proprietary brands **increased by 5.7%**, the market share of French brands **raised by 0.1%**, and the rest of the brands all declined to varying degrees, with the **German brands having the largest decline**. Proprietary brands, German brands and Japanese brands continued to occupy the top three market shares.

New energy vehicle production and sales hit a record high in 2021H1

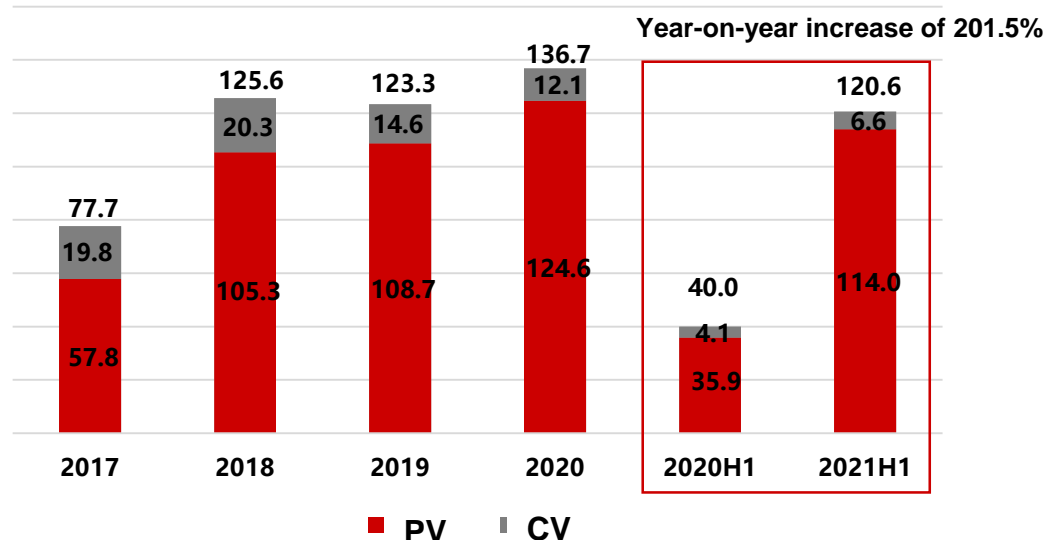


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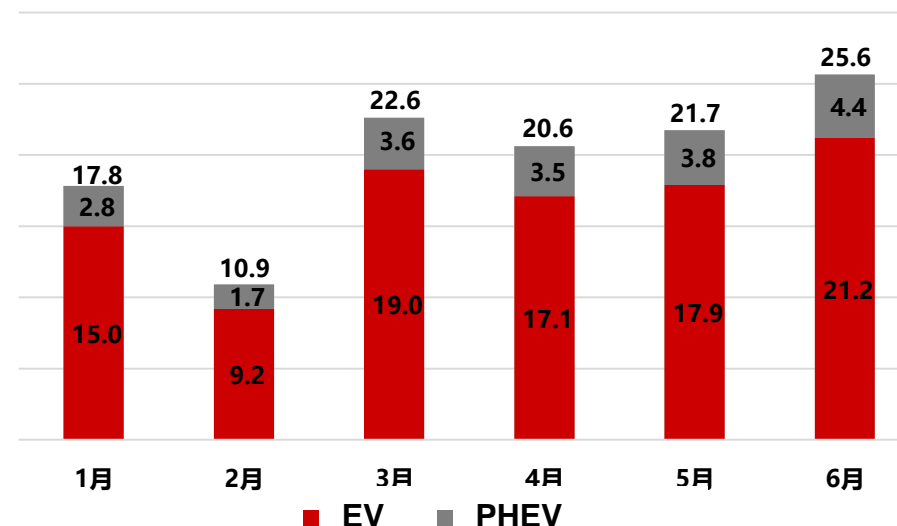
China's new energy vehicle market sales

(10,000 units)



Monthly sales of China's new energy vehicle market in 2021H1

(10,000 units)



- ◆ In the first half of 2021, the sales volume of the new energy vehicle (NEV) market maintained a rapid year-on-year growth. In the first half of 2021, the sales volume was **1.206 million**, a year-on-year **increase of 201.5%**. Among them, the sales of new energy passenger vehicles were **1.140 million**, a year-on-year **increase of 217.5%**; the sales of new energy commercial vehicles were **65,889**, a year-on-year increase of **61.5%**;
- ◆ For the mix of total vehicle volume, the proportion of new energy vehicles in total vehicle sales continued to increase. In the first half of 2021, new energy vehicles accounted for 9.4% of total vehicle sales.
- ◆ From the perspective of the sales structure of new energy vehicles, the proportion of passenger vehicles in the sales of new energy vehicles has continued to increase. In the first half of 2021, passenger vehicles accounted for **94.5%** of the sales of new energy vehicles. The proportion of pure electric cars in the sales of new energy vehicles continued to increase. In 2021, pure electric vehicles account for **83.4%** of the sales of new energy vehicles.



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Part 2.

Operation Results Overview



Main operating results of the group in 2021H1



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Combating the epidemic situation, ensuring supply, grasping production, grabbing orders, devoted in R & D and promoting transformation



The production and sales of automobiles both exceeded **1 million**, with a **year-on-year increase of 25.61% and 24.49%** respectively, an increase of 5.62% and 2.70% respectively compared with the same period in 2019, and the domestic passenger car market share reached **10.24%**.

For the **ninth** consecutive year, we were shortlisted in the Fortune Global 500, ranking **176th**, up **30 places** over the previous year, creating the best performance over the years.

GAC Motor EMPOW, GS4 plus, GAC AION Y, AION S PLUS, the 4th generation Highlander of GAC Toyota, GAC Honda EA6 and other popular models were launched.

On the 2021 GAC technology day, we released the **"Binary star strategy"** of power battery technology strategy focusing on electrification, and deeply carried out independent R & D and industrial application of **power batteries and cells**.

The **"GLASS plan"** was released at the Shanghai auto show in 2021, which will realize sustainable development through green and low-carbon development action, help carbon peak, carbon neutralization and make the world cleaner and more beautiful.

Main operations of the group in 2021H1

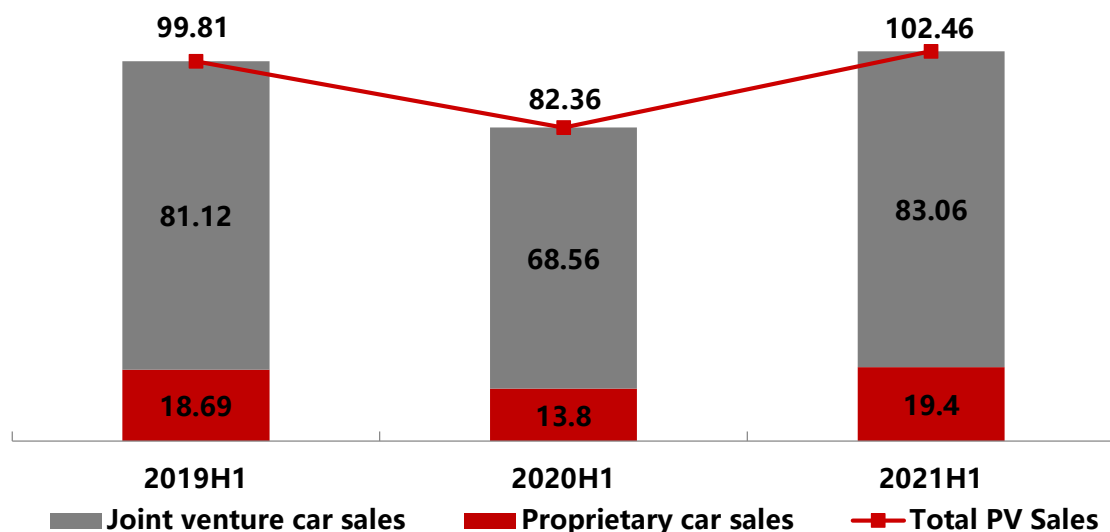


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01 Good momentum of steady growth in production and operation

Production and sales have achieved positive growth compared with the same period in 2020 and 2019

(10,000 units)



◆ In the face of global chip shortage, repeated epidemic and other adverse factors, the Group paid close attention to supply and epidemic prevention, and worked hard to minimize the adverse impact. In the first half of the year, the production achieved **1.014 million vehicles**, a year-on-year **increase of 25.61%**, and the growth rate was higher than the overall level of the automotive industry; The sales volume reached **1.0265 million**, a year-on-year **increase of 24.49%**, including **1.0246 million passenger cars**, accounting for **10.24%** of the domestic market.

The production and sales of its main auto enterprises are in good shape

(10,000 units)

Automobile Enterprise	Sales Volumes	Year on year growth rate
GAC MOTOR	15.10	28.29%
GAC AION	4.30	112.03%
GAC HONDA	37.16	16.68%
GAC TOYOTA	41.72	30.02%
GAC FCA	1.18	-33.09%
GAC MITSUBISHI	3.00	4.65%

◆ GAC MOTOR achieved positive year-on-year sales growth for **12 consecutive months**, with a year-on-year **increase of 28.29%**; GAC AION's sales volume maintained a high-speed growth trend, with a sales volume of **43000 vehicles**, a year-on-year **increase of 112.03%**; GAC Honda and GAC Toyota continued their growth trend last year and performed well.

Main operating results of the group in 2021H1



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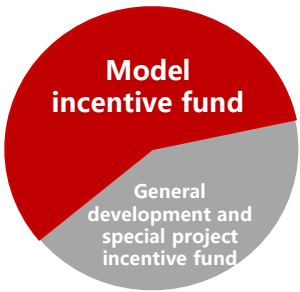
02

Independent brands are poised to stabilize

1.Research, production and marketing integration and collaboration efficiency improved

- ◆ Give further play to the business decision-making role of the independent brand management committee. In order to stimulate the entrepreneurial passion of the directors' team, innovation and reform of the incentive mechanism are carried out. By establishing an incentive mechanism similar to the follow-up investment of project partners, the model success is deeply bound with the team incentive to realize risk sharing and benefit sharing.

Total incentive package



Relevance with project	Reward and punishment scheme	object	system
Strong relevance	high reward for success, and punish failure	Model core team members, products, strongly related fields and main fields	risk pooling
General relevance	general reward for success, no punishment for failure	Project support team, main construction field	Income sharing
Weak relevance	After the project succeed, part of the income will be distributed	Project weak connection team, company operation support team	General income distribution

2.Product focus has achieved initial results



M6 Pro



M8 4 seats/ premium version



GS4 Plus Shaking Wing/ Star Wing version



EMPOW



Aion Y



Aion S Plus

- ◆ In the first half of the year, GAC motor launched M6 pro and M8 four seats/ premium models, boosting the sales of MPV exceed 50000, with a year-on-year increase of 126.5%, occupying the top three in the domestic MPV segment market;. It also launched GS4 plus model, realizing super sensitive intelligent interactive intelligent cockpit for the first time and released first sports smart car EMPOW in GPMA architecture. From pre-sale on June 18 to official launch on August 1, the cumulative orders exceeded 15000.
- ◆ GAC AION successively launched two new products, AION Y and AION S PLUS, to further improve the product matrix in the core market of new energy vehicles of RMB 100000-350000. AION s is firmly the champion of class A pure electric car segment.

Main operating results of the group in 2021H1



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The project investment is advancing steadily

1. Overcome the shortage of chip supply and stabilize capacity utilization

Affiliates	Capacity utilization in 2020	Capacity utilization in the first half of 2021
GAC MOTOR	39.61%	39.04%
GAC AION	60.73%	85.31%
GAC HONDA	104.62%	95.76%
GAC TOYOTA	127.50%	136.53%
GAC FCA	11.78%	4.71%
GAC MITSUBISHI	38.05%	30.65%
Total	74.73%	73.57%

* Note: capacity utilization in the first half of 2021 = output in the first half of 2021 / (annual standard capacity in 2021 / 2)

2. Planned capacity expansion project



GAC Toyota new energy vehicle capacity expansion project phase I



CATL GAC power battery project

- ◆ GAC Toyota new energy capacity project phase I was officially put into operation in July 2021, with an estimated capacity of **200000 vehicles / year**;
- ◆ The capacity expansion project of self owned brand passenger cars and new energy vehicles (phase II) has been started. After completion, GAC AION will **add capacity by 100000 vehicles / year**;
- ◆ CATL power battery project is expected to be put into **operation in September**, which will fill the gap in the field of power battery production and manufacturing of GAC group.

Main operating results of the group in 2021H1



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04

Accelerating the transformations responding to auto industry trend

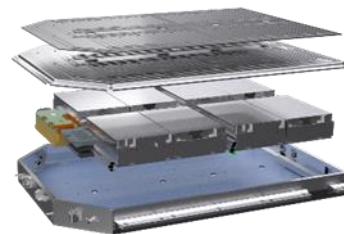
1. Tackling key technologies of electrification:

On the 2021 GAC technology day, the Group officially released the power battery technology strategy "neutron star strategy" focusing on electrification, which will deeply carry out independent research and industrial application of power batteries and cells



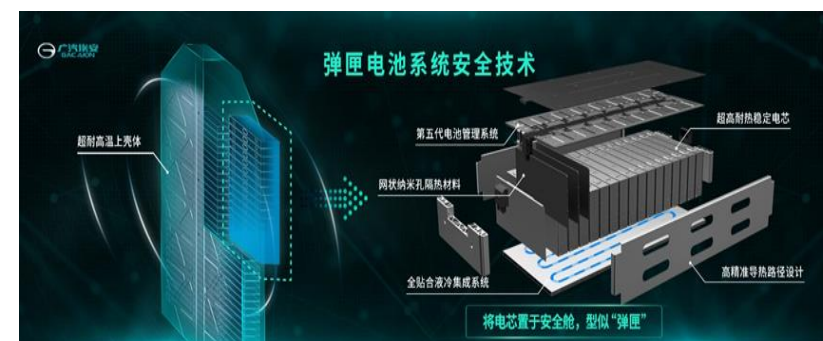
Sponge silicon negative plate battery

- ◆ The independently developed sponge silicon negative plate battery has successfully reduced the size of lithium battery by 20% and weight by 14%. AION LX equipped with the sponge silicon negative plate battery can achieve a maximum NEDC range of 1000 km. It has finished two rounds of high temperature and cold test with good performance results.



Super fast charging battery

- ◆ Super fast charging battery technology uses new conductive agent to build an efficient three-dimensional conductive network and improve the conductivity of the cell; Coated ceramic diaphragm and new high-power electrolyte are adopted to improve the rate performance and thermal stability of the battery. 6C rate charging can achieve 80% charging in 8 minutes. It is planned to be applied on AION V model in 2021.



Magazine battery system

- ◆ The safety technology of magazine battery system is a complete set of safety technology from intrinsic safety improvement of battery cell, passive safety enhancement of the whole package, and then active safety prevention and control. The so-called "magazine" is an intelligent security technology with integration of software and hardware and ultra-high defense capability. The magazine battery has four core technologies: ultra-high heat-resistant and stable cell, super insulated battery safety cabin, rapid cooling system, and full-time control of the fifth generation battery management system. The safety technology of magazine battery system realizes that the whole package of ternary lithium battery does not catch fire for the first time, and has been applied on AION Y.

Main operating results of the group in 2021H1



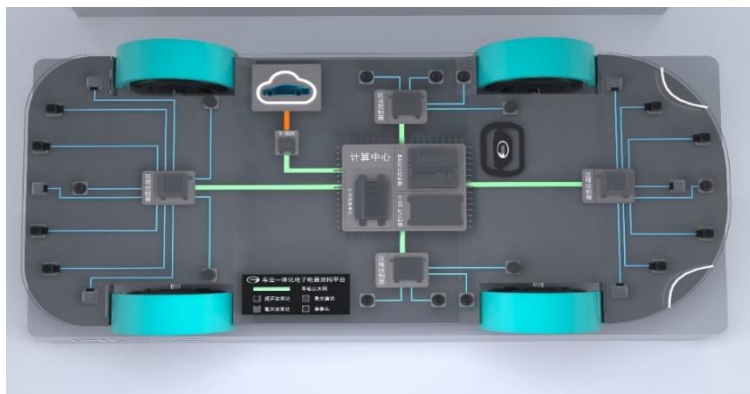
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Accelerating the transformations responding to auto industry trend

2.Improve the level of intelligence and connectivity:

Continuously increase research investment in the field of intelligence and connectivity, steadily promote the research and development of various frontier technologies, and have made phased progress in vehicle-cloud integrated electronic and electrical architecture, smart driving, ADiGO smart IoT system, etc.



Car cloud integrated electronic and electrical architecture



NDA(Navigate Driver Assistance System)



ADiGO Intelligent IOT system

◆ The vehicle cloud integrated electronic and electrical architecture is a hybrid electronic and electrical architecture of vehicle cloud integration based on domain control + centralized computing, which is constructed by digital mirror cloud + 3 core domain controllers + 4 regional controllers, coupled with high-speed Ethernet + 5g and other technologies. It will support the landing of "software defined vehicles" and personalized vehicles.

◆ NDA System is equipped with high-performance sensors and large computing power computing platform to support automatic assisted driving according to the set navigation path, and its functions include single lane cruise on the main road and ramp, automatic up and down ramp, automatic lane change, automatic overtaking, automatic obstacle overtaking, etc.

◆ The ADiGO Intelligent IoT system was launched in 2019. After iteration, it has now entered version 4.0 with a full range of 14.6 inch/15.6 inch screens. The ADiGO 4.0 Intelligent IoT System realizes the four-screen connection of the smart cockpit, applies the dual-open and four-tone area smart voice interaction functions, and it will be applied on AION Y, AION S Plus and other models for mass production this year.

Main operating results of the group in 2021H1



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04

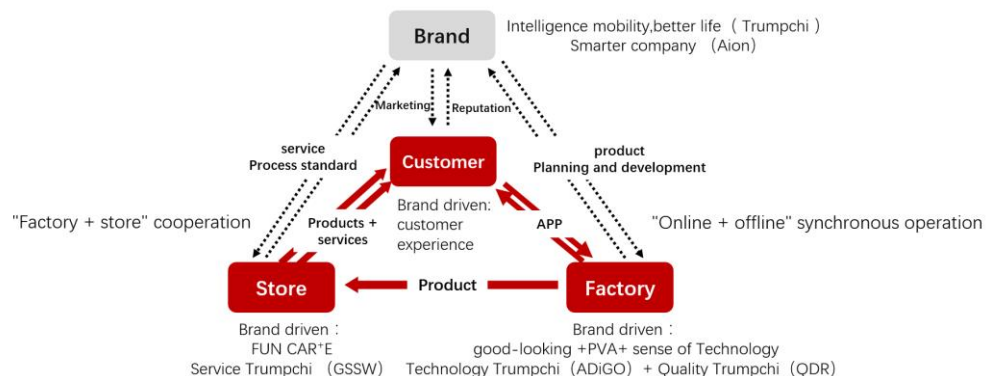
Accelerating the transformations responding to auto industry trend

3. Accelerate the Digital Transformation

4. Explore Promoting Ride Sharing

Digital marketing tools matrix

Customer	ONE APP		
	DMS	SCRM	GIS
Store	Intelligent IDCC	BDM	Smart after-sales
	Intelligence supply and demand	Precise solicitation	Remote store inspection
Factory	Play control	BI screen	Data center



◆ Vigorously promote the establishment of digital marketing system, strengthen brand operation, construct the "Golden Triangle of Customer-Dealer-OEM Marketing" system in the digitized era, with the goal of user's full life cycle operation, develop the global flow operation of OEMs directly connecting users, use digital marketing means to turn fans to divers to car owners, and explore sowing, cultivating, Harvested private user operations, continuous innovation of digital tools such as digital showrooms, smart cloud outdoor calls, and so on, empower distributors and enhance customer stickiness. As the only benchmarking project in Guangdong Province, the digitized transformation project of Guangzhou Auto Group (Plan G) has been selected as the benchmarking action of the State-owned key enterprise management of the State-owned SAC under the State Council.

◆ ON TIME centering around Guangzhou, replicated its operation and service management and control system to other surrounding areas. It was launched in Zhu Hai and Shenzhen in 2021H1, and its market share in Guangzhou and Foshan has achieved the 2nd place. In June 2021, the order compliance rate of ON TIME ranked the top among all the ride hailing platforms with more than 300 thousand orders.



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Part 3. Financial results overview

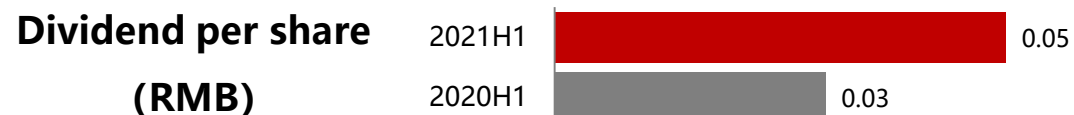
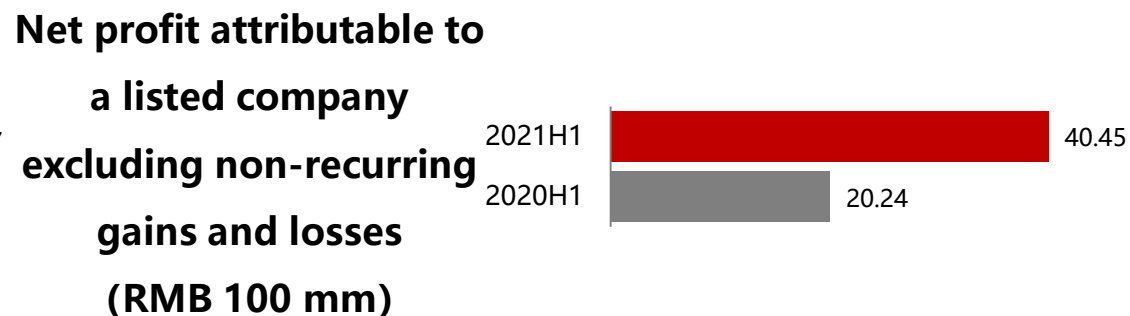
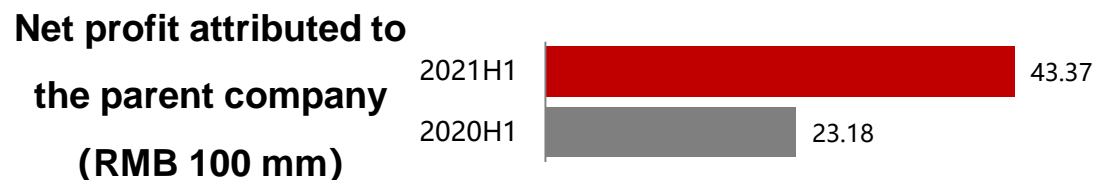
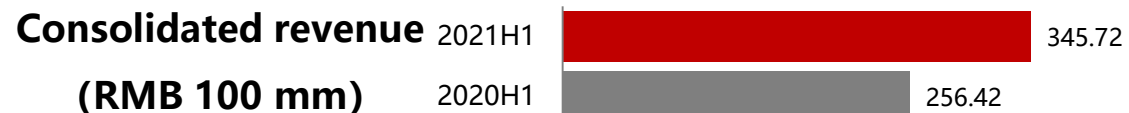


2021H1 Key Financial Indicators



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2021H1 Financial Indicators (Consolidated)



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Summary of Comprehensive Income

(RMB 100 mm, except EPS)	2021H1	2020H1	Variance (%)
Revenue	345.72	256.42	34.83%
Cost of operation	320.67	240.84	33.15%
Sales and distribution expenses	19.42	14.30	35.80%
Administrative expenses	17.29	14.25	21.33%
R&D expenses	5.23	3.92	33.42%
Financial expenses	0.71	-0.63	212.70%
Income from investment	65.03	41.15	58.03%
Net profit attributed to the parent company	43.37	23.18	87.10%
Earnings per share (RMB)	0.42	0.23	82.61%

2021H1 Financial Indicators (Consolidated)



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Summary of Balance Sheet

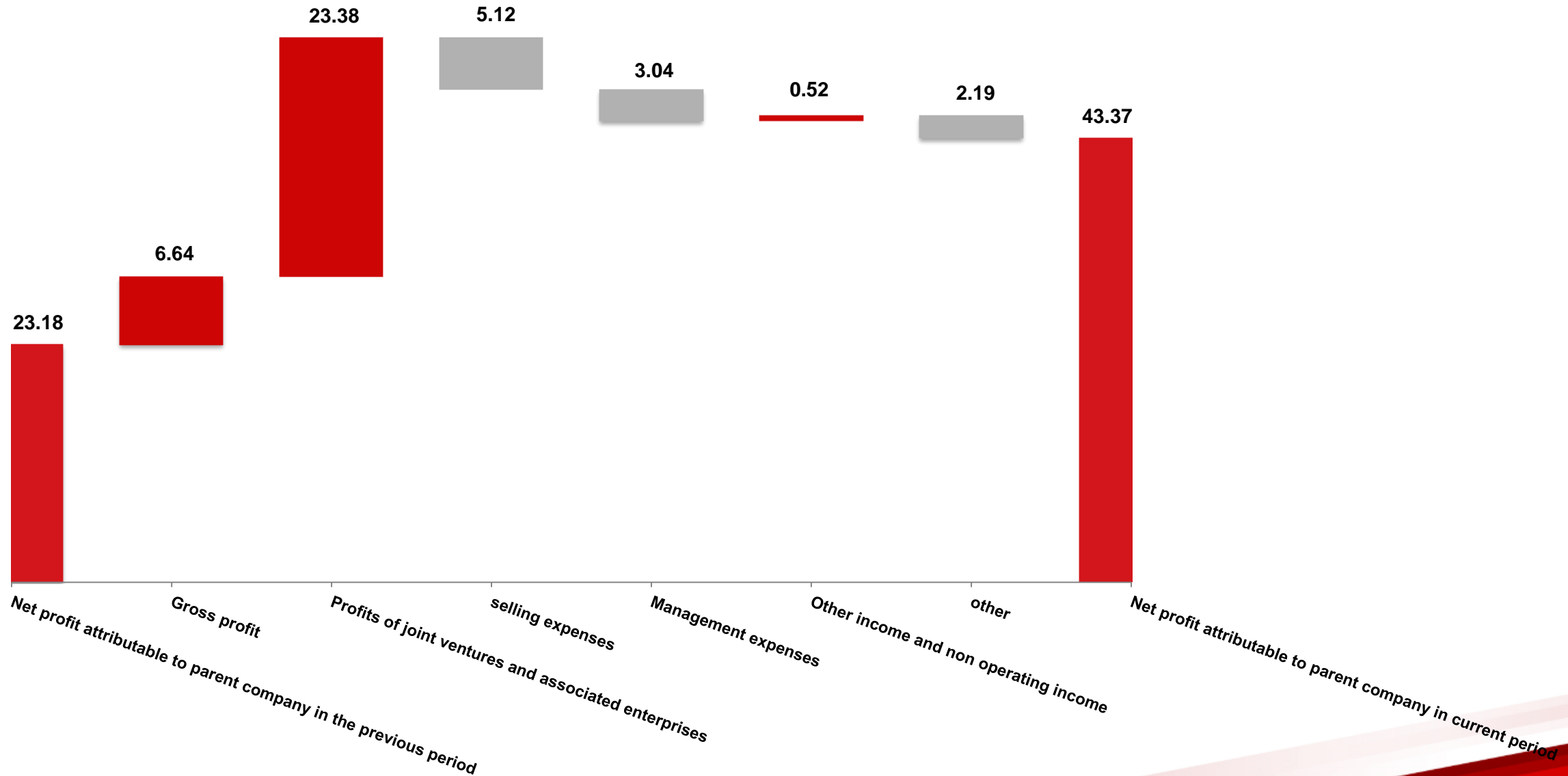
(RMB 100mm)	30-06-2021	31-12-2020	Variance (%)
Total assets	1412.12	1428.07	-1.12%
Total liabilities	511.97	561.47	-8.82%
Total equity	900.14	866.60	3.87%

Summary of Cash Flow

(RMB 100 mm)	2021H1	2020H1	Variance (%)
Net cash flows from operating activities	-75.71	-63.66	-18.92%
Net cash flows from investment activities	20.18	-2.77	828.52%
Net cash flow from financing activities	-2.57	-36.34	92.93%
Net increase in cash and cash equivalents	-58.34	-102.64	43.16%
Ending cash and cash equivalents	204.57	203.01	0.77%

Analysis on Profit Variance

(RMB 100 mm)





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Part 4.

Prospects for 2021H2



Outlook for the second half of the year: industry opportunities and challenges

The domestic economy continued to recover growth

- ◆ The national economy was restored, and production and supply continued to grow rapidly. However, since global liquidity continues to be loose and China's economic recovery exceeds expectations and other factors, commodity prices continue to rise.



Domestic

Opportunities and challenges coexist in the automotive market—Challenges

- ◆ The repeated occurrence of epidemic, and uncertainty in economic recovery;
- ◆ The chip supply shortage in the supply chain still exists;
- ◆ The rising cost of commodities has led to increased cost pressures for companies.



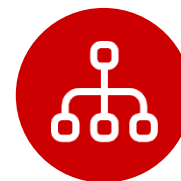
Challenges



Global

The global economy is complex and there are risks of imbalance and uncertainty in economic recovery

- ◆ The global epidemic has repeated, and it's hard to predict when it will get over. The tension in international relations has not been effectively eased, which leads to risk of imbalance and uncertainty in the economic recovery.



Opportunities

Opportunities and challenges coexist in the automotive market—Opportunities

- ◆ The domestic economy recovers, and automobile production and sales maintain growth;
- ◆ Automotive consumption has entered the era of individualization, and the demand for differentiated products has continued to increase;
- ◆ The development of CASE has ushered in an important window period.

Prospects for the second half of the year: heavy new models will be launched



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First half of the year

Second half of the year

GAC Motor



GS4 PLUS



EMPOW



New generation GS8

AION



AION Y



AION S PLUS



**AION V Super fast
charging version**



**AION LX Long range
version**

GAC TOYOTA



Levin



Highlander



MPV

GAC HONDA



EA6



Breeze PHEV

Focus in the second half of 2021

1. Effectively guarantee supply and increase production, and go all out to ensure stable growth.

3. Adhere to integrity and innovation, and strengthen our own brands in all directions.

5. Deeply open and integrate, and improve the development level of the whole chain.



2. Promote efficiency and profitability, and comprehensively promote high-quality development.

4. Strengthen the investment of resources, and promote the transformation responding to the CASE trend of the industry at full speed.

6. Deepen the reform of state-owned enterprises and improve corporate governance capabilities.

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