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# GAC Group's 2023 Semi-Annual Performance Report

August 2023  
Guangzhou · China



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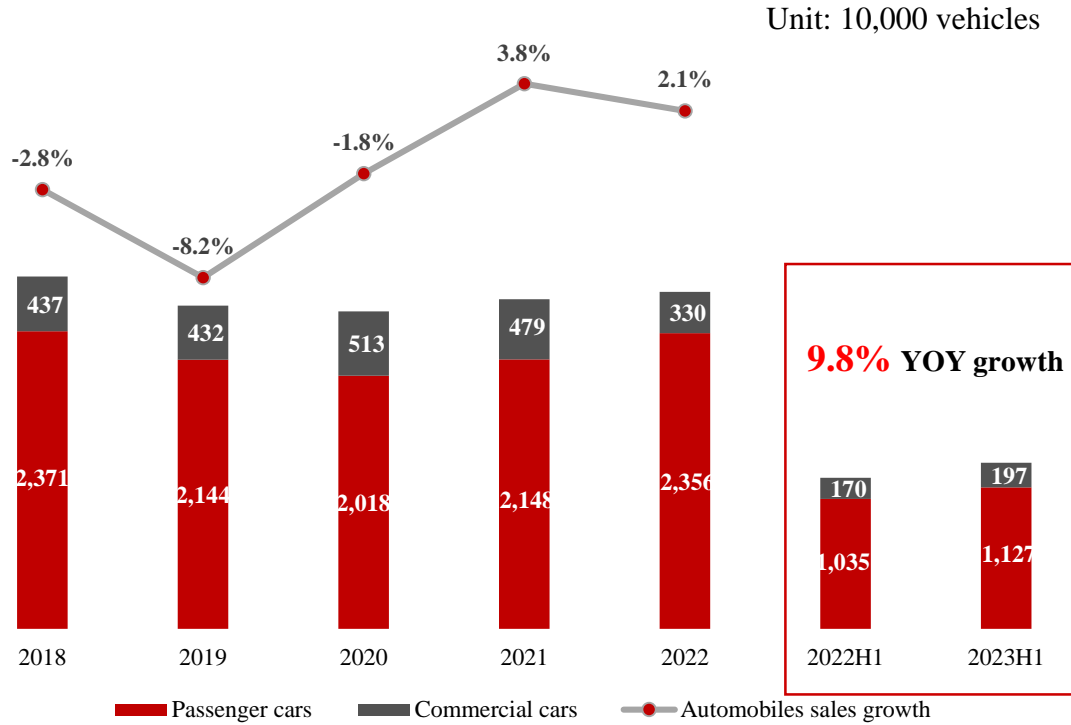
# Part 1

## Industry Overview for 2023 H1

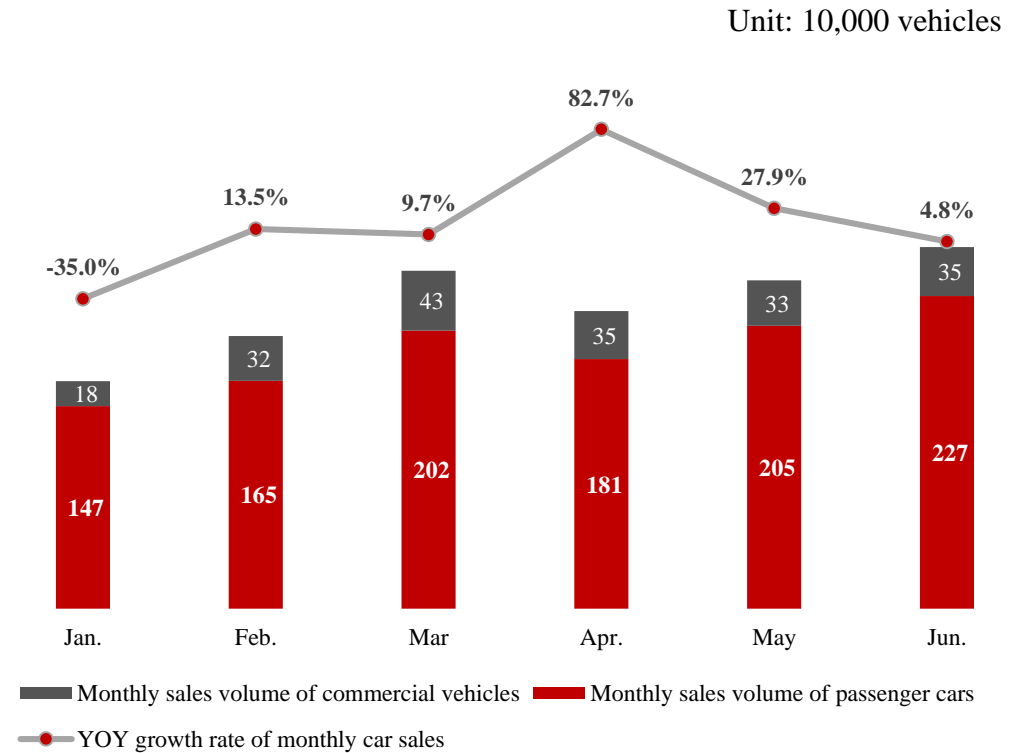


# Automobile sales achieved higher YOY growth in the first half of 2023

## Automobile Sales and Growth Rate in China



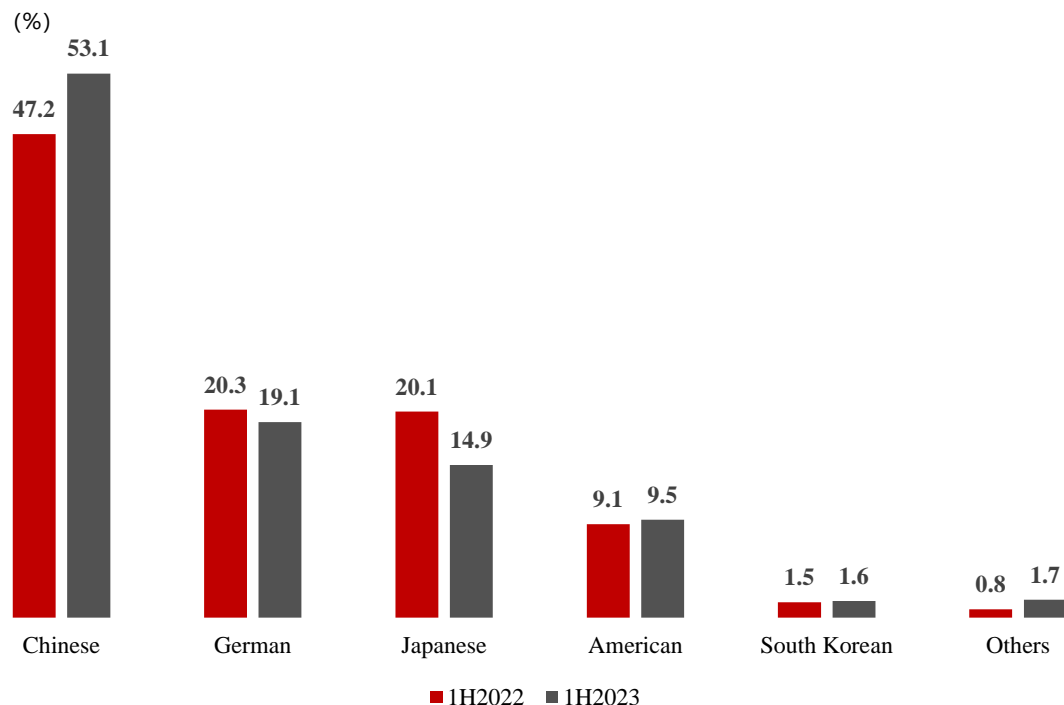
## Monthly Automobile Sales and Growth Rate in China



◆ In the first half of 2023, the production and sales of automobiles were **13.248** million and **13.239** million respectively, up by **9.3%** and **9.8%** YOY, among which the sales of passenger cars increased by **8.8%** YOY, and the sales of commercial vehicles increased by **15.8%** YOY.



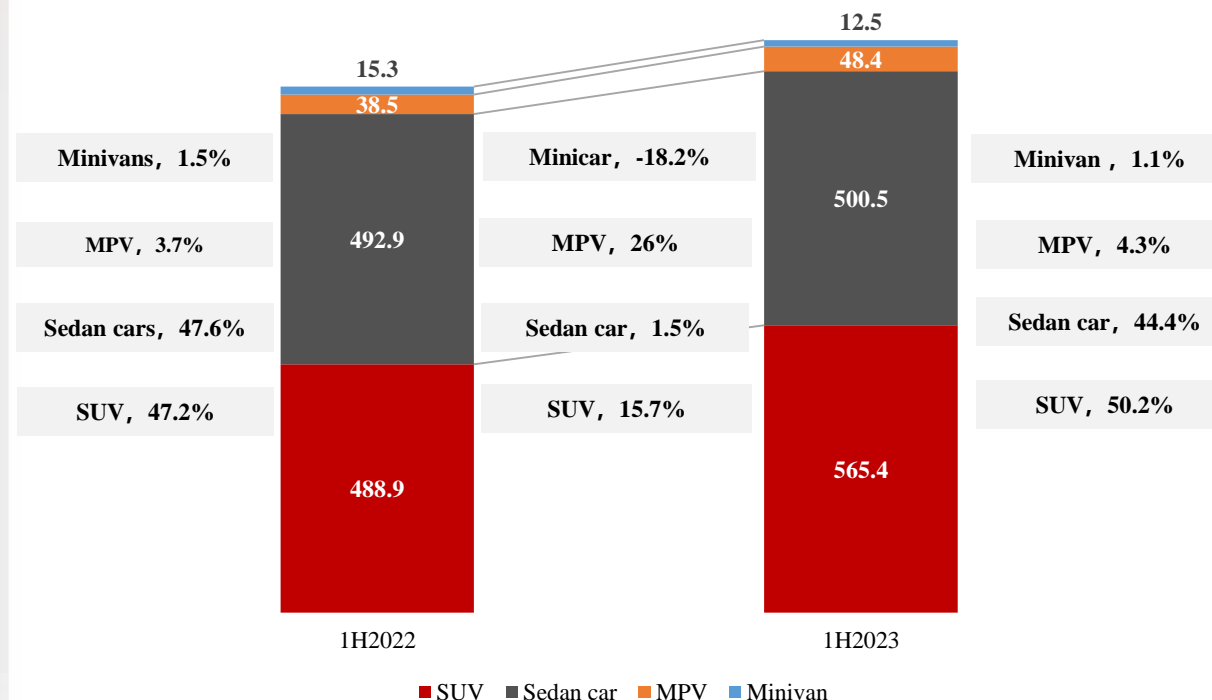
## Changes in Market Shares of Passenger Vehicles by Brand Origins



◆ In the first half of 2023, the market share of Chinese brand passenger vehicles further increased, German, Japanese brands declined, and American, Korean brands rose slightly.

## Sales of China's passenger Vehicles by Market Segments

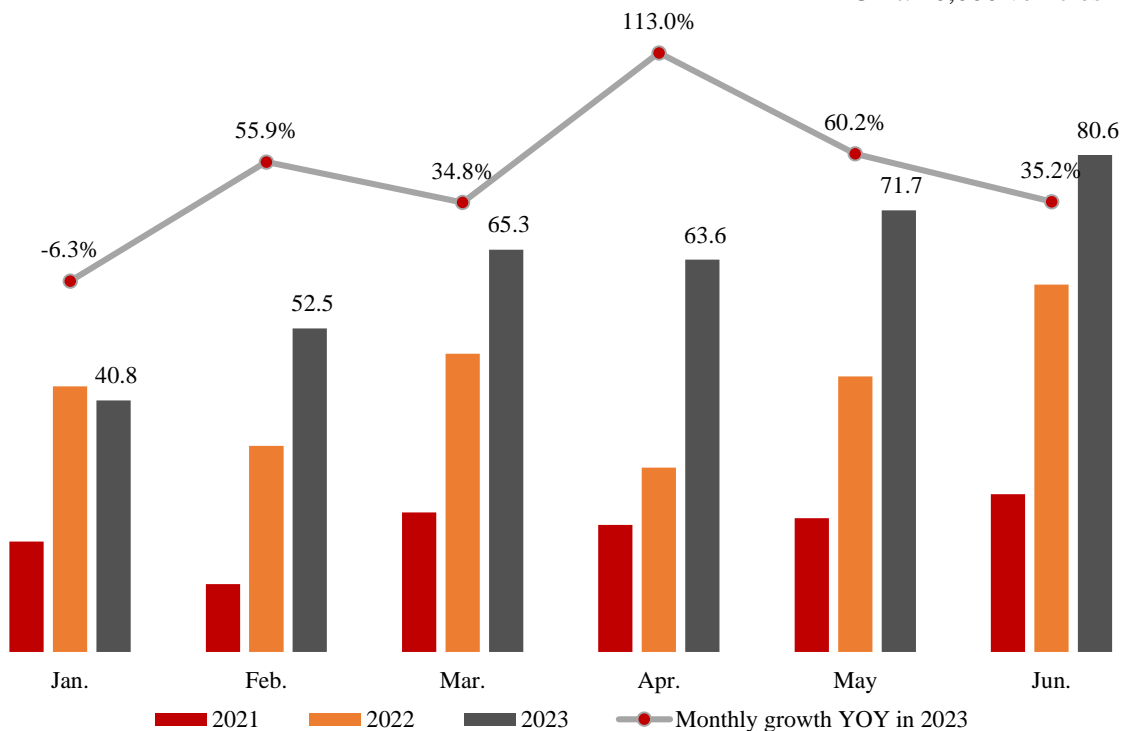
Unit: 10,000 vehicles



◆ In the first half of 2023, the market share of SUVs and MPVs increased, while the market share of Sedan and Minivans decreased.

## Monthly sales and growth rate of new energy vehicles

Unit: 10,000 vehicles



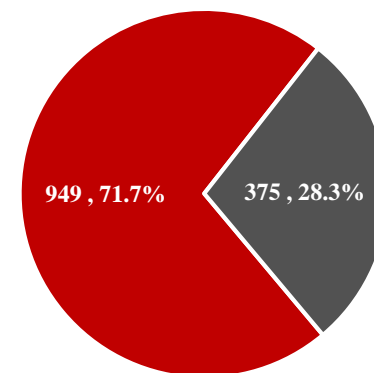
◆ In the first half of 2023, the total sales volume of new energy vehicles reached **3.75 million** units, up **44.1%** YOY, with a market share of **28.3%**.

Source: CAAM

## Automotive Energy Structure in the first half of 2023

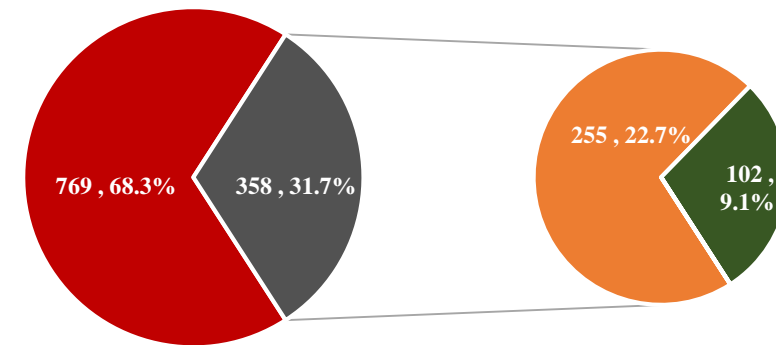
Unit: 10,000 vehicles

### Automotive energy structure in the first half of 2023



■ Traditional energy ■ New energy

### Energy types of passenger cars in the first half of 2023



■ Traditional energy ■ EV ■ PHEV

◆ In the first half 2023, the sales volume of new energy vehicles was **3.58 million** units, accounting for **31.7%** of the market. Among them, the sales volume of pure electric was **2.55 million** units, up **31.1%** YOY, and the sales volume of plug-in hybrid was **1.02 million**, up **91.3%** YOY.

# Part 2

## Business Performance in 2023 H1



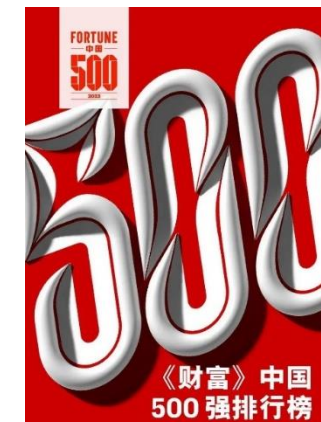


# Group's production & operation achieved steady growth

Fortune magazine released the 2023 ranking of Fortune Global 500. GAC Group has been on the list for **11 consecutive years**, with the latest ranking of **165th**, the best result in history, up **21 places** from 2022.



GAC Group also ranked **50th** in the 2023 Fortune China 500 list released by Fortune.



◆ In the first half of 2023, the scale of production and sales ranked **fifth** among the domestic automobile enterprise groups, with a market share of approximately **8.8%**.

## Production of

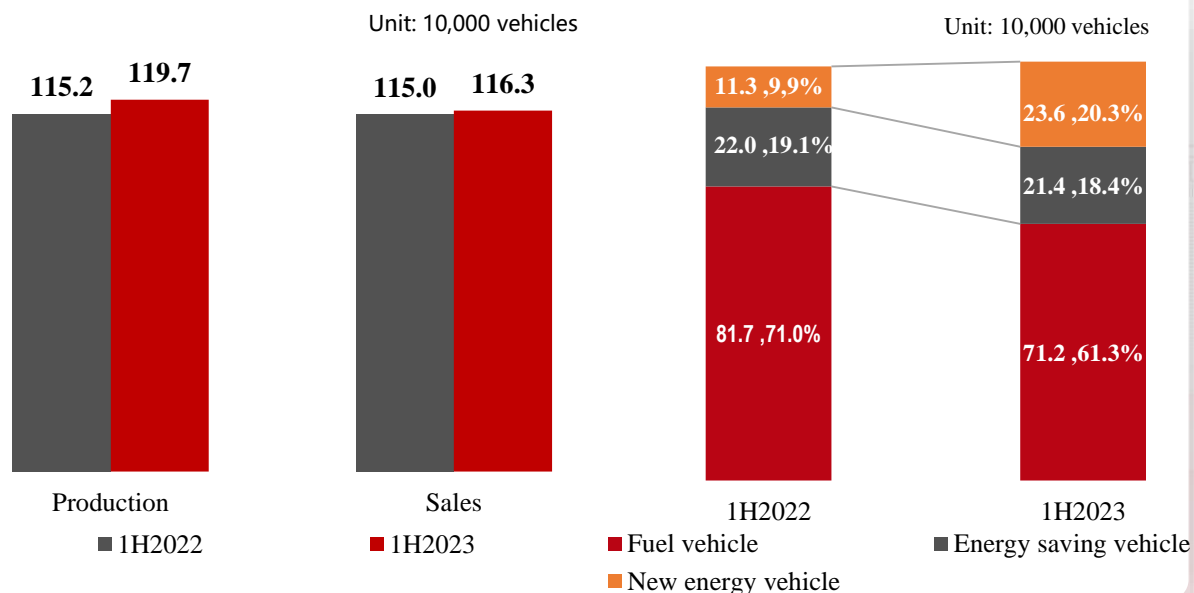
**1.197 million vehicles**

**3.9% YOY increase**

## Sales of

**1.163 million vehicles**

**1.1% YOY increase**



## Total sales of New Energy vehicles

**236,311 units**

**YOY increase 108.5%**

Sales of New Energy car  
accounted for **20.3%**

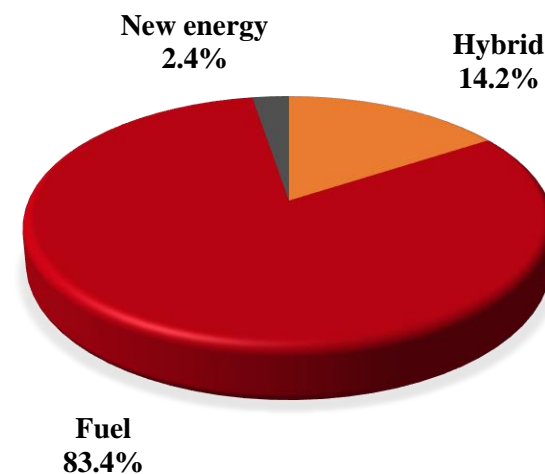
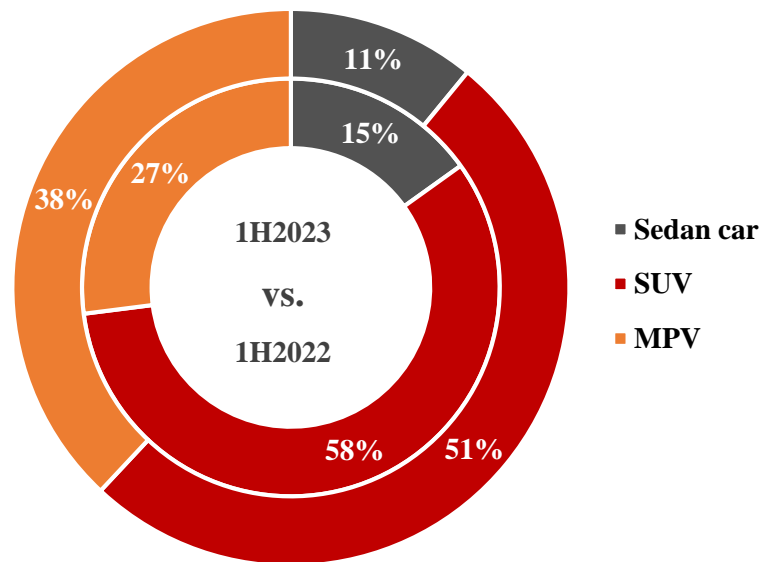
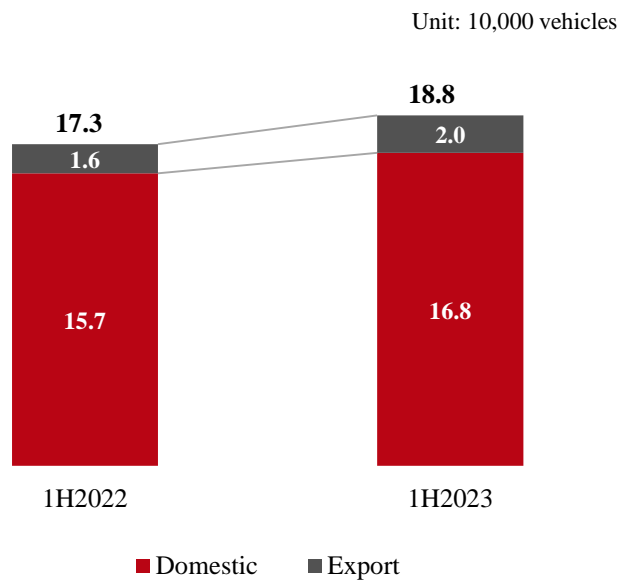
**YOY increase 10 pct.points**

# GAC Motors sales continue to rise

GAC Motor sales increased by **9% YOY** leading the industry

Both M6 and M8 series remained in the top three in terms of segment sales, and the proportion of MPV sales increased to **38%**

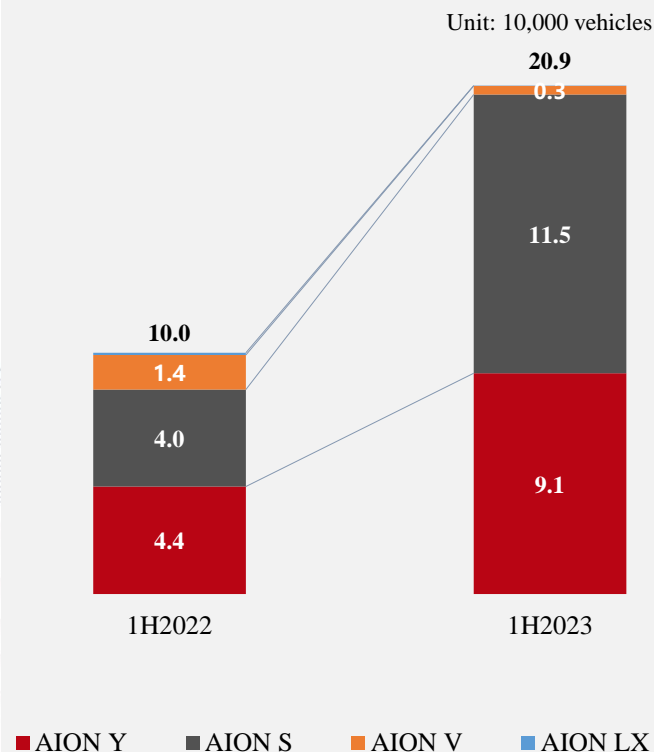
The proportion of hybrid + new energy has further increased to **16.6%**  
2 more PHEV models will be launched in 2H2023



## Entering the high-end new energy vehicle market

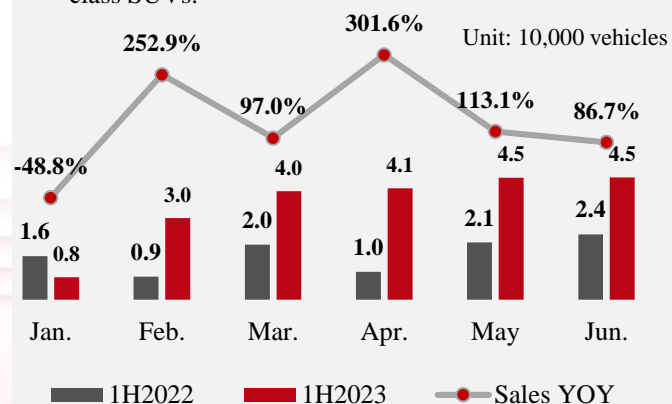
### Sales growth of 109%YOY

- ◆ Significantly **better** than the growth rate of new energy vehicles



### Monthly sales hit record highs

- ◆ GAC AION achieved production and sales of 216,664 and 209,336 vehicles in the first half of 2023, an YOY increase of 117.39% and 108.81% respectively, and its sales stood steadily above 40,000 vehicles for four consecutive months, ranking third in domestic new energy passenger cars.
- ◆ Monthly delivery of AION S series exceeded 20,000 units for the first time, and the sales volume exceeded 110,000 vehicles in the first half of 2023, a YOY increase of 187%.
- ◆ Sales volume of AION Y series in the first half of 2023 exceeded 90,000 vehicles, a YOY increase of 105%, ranking second in domestic pure electric A-class SUVs.



### New high-end brand Hyper

- ◆ The new GT model of Hyper, a high-end intelligent pure electric car brand, was officially launched and delivered.
- ◆ Hyper SSR and B-class SUV will be launched in 2H2023.



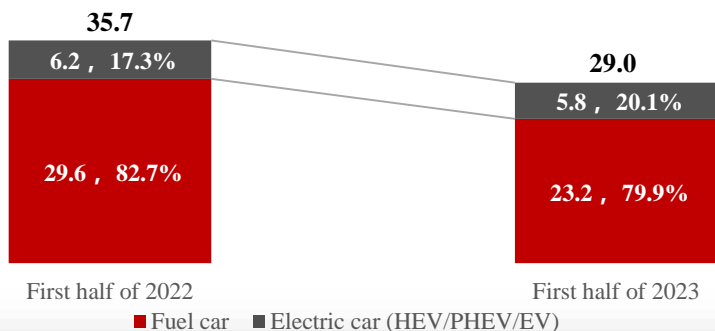
Hyper GT



Hyper SSR

# GAC Honda and GAC Toyota accelerate electrification layout

## GAC Honda



■ Fuel car ■ Electric car (HEV/PHEV/EV)

◆ The first half of 2023 saw the launch of the 11th-generation Accord (fuel/PHEV), Breeze HEV/PHEV replacement, ZR-V HEV, and INTEGRA Hatchback (fuel/HEV), as well as facelifts for Crider, Fit, Avancier, Odyssey and other models.

◆ The 120,000-unit/year EV factory will go into production in 2024.  
 ◆ The e:NP2 will be available in early 2024, and a third pure-electric model (SUV) will be launched in 2024.

◆ A total of five pure-electric models will be launched by 2027. All models on sale will be hybrid and pure EV models in 2027, with no new fuel-powered vehicles to be launched.

◆ pure EVs will account for 100% by 2035.

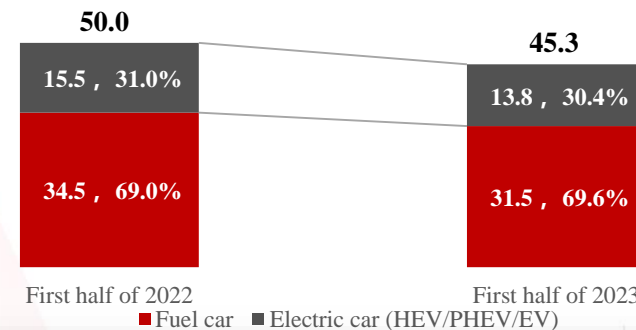


ALL NEW ACCORD e:PHEV



ALL NEW BREEZE e:PHEV

## GAC Toyota



■ Fuel car ■ Electric car (HEV/PHEV/EV)

◆ Sales of electrified models (HEV/PHEV/EV) account for over 30%;  
 ◆ The Levin HEV, Frontlander HEV, and Levin GT HEV equipped with the fifth-generation THS Intelligent Electric Hybrid System will be released in 2023.

◆ Accelerate the introduction of the BZ Pure Electric series, and introduce a new product jointly developed by GAC, Toyota Motor and GAC-Toyota in 2024.

◆ Plans to increase the proportion of electrified models (HEV/PHEV/EV) sales to 60% by 2025.

◆ Achieve **100%** electrification of sales models by 2035.

2023

2024

2025

2027

2035



FRONTLANDER HEV

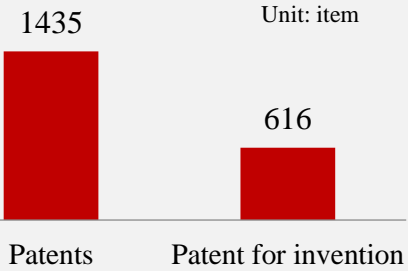


LEVIN HEV

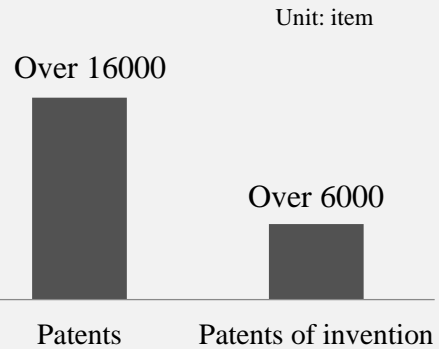


## Patent

### New patents in 1H2023



### Accumulated by 2023

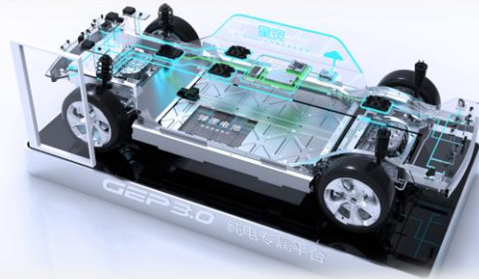


\*The above patents are pending for patent applications

## Platform architecture

### AEP3.0 / EEA3.0 first equipped on **Hyper GT**

Pure electric exclusive platform AEP3.0  
Fast Charging, Fast Exchange, Upgradable



### X-soul EEA3.0

High Computing Power, Fast Transmission,  
Supporting High-Level Autonomous Driving

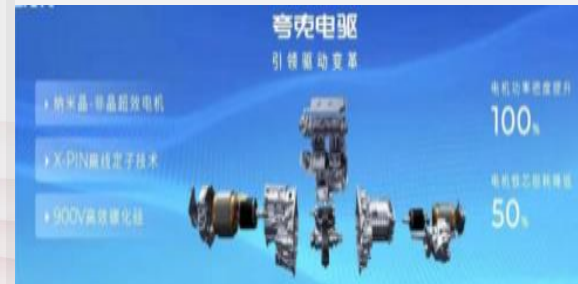


## Battery and electric drive

Safe Magazine NTP battery 2.0, no fire after shooting.



Quark electric drive, power density increased by 100%



## ICV

### L4 Demo operation



Smart transport carrier (flying automobile Gove) debuted.





# Diversified business goes hand in hand

## Parts & components



Give full play to the functions and roles of the R&D system of cascade components, and focus on promoting investment projects in key components such as electrified power systems, electronic control, intelligent networked electronics, intelligent lights, and wire-controlled chassis.

Actively promote the localization of chips or the development of substitutes, complete the localization of 7 chips and the development of substitutes for 2 imported components, and strengthen the availability of core components to maintain a stable chain of supply.

GAC-Sofinco, Urturst Insurance, GAC Finance, GAC Leasing actively customized supporting financial products for each vehicle enterprise of the Group to support the development of the main business;

GAC Capital continues to focus on the automobile chips, intelligent connect, new energy batteries to increase the layout of investment in the three major directions, so as to complete project investments in Univista, Cospowers, Zhongze Technology, and TREX technology.

## Investment & finance



## Business service



Increased sales network development and market layout efforts. In the first half of 2023, the sales from GAC Business exceeded 70,000 units, up by 18.8% YOY; a total of 11 first-level dealers have been completed and opened for business, and the current number of first-level dealers has reached 134.

Accelerated the construction of a vertically integrated new energy industry chain consisting of "lithium mine + basic lithium battery raw material production + battery production + energy storage and charging and swapping services + battery leasing + recycling and cascade utilization arrangement".

GAC Energy has been steadily promoting the construction of charging and exchange network, with 524 charging stations completed in the first half of 2023. The Inpow Battery Factory has completed the roofing of battery workshop phase I and office building, and the first 6GWh production line is scheduled to be completed and put into production by the end of 2023.

## Energy & ecology



## Mobility



ON TIME Mobility entered Huizhou, Xiamen and other cities in the first half of 2023, and its service has covered over 10 cities such as Guangzhou, Foshan, Zhuhai, Shenzhen, and Changsha. The cumulative number of registered users reached 21.61 million, a YOY increase of 38%, and the capacity reached 82,000 vehicles, a YOY increase of 115%.

Completed organizational restructuring of the international business segment.

In the first half of 2023, the independent brands exported about 20,000 vehicles, a YOY increase of about 29%. Accelerate the overseas launch of new products, and models such as Empow, Emkoo the second-generation GS8, and GS3 successively released in the Middle East and other regions. The overseas layout continued to accelerate, with over 125 GAC dealers around the world.

## Internationalization

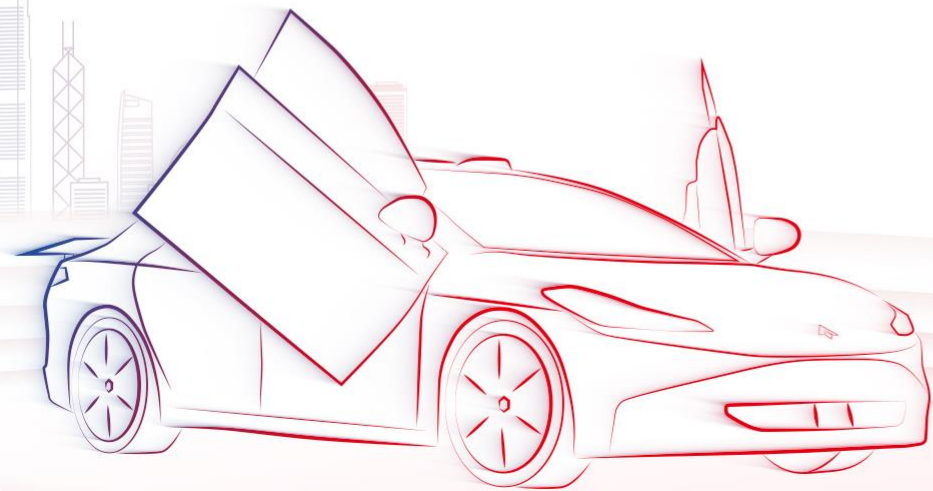


# Part 3

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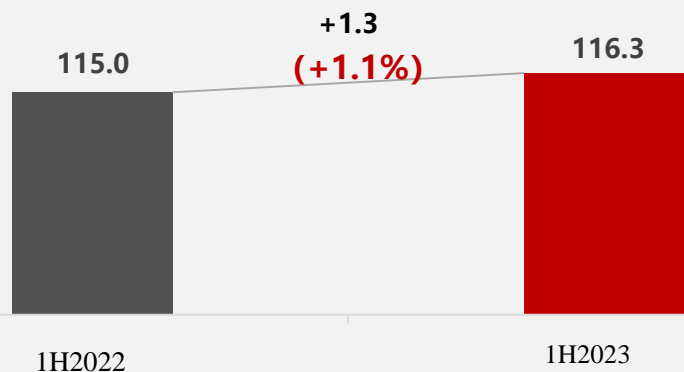
## Financial Position in 2023 H1

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Unit: 10,000 vehicles

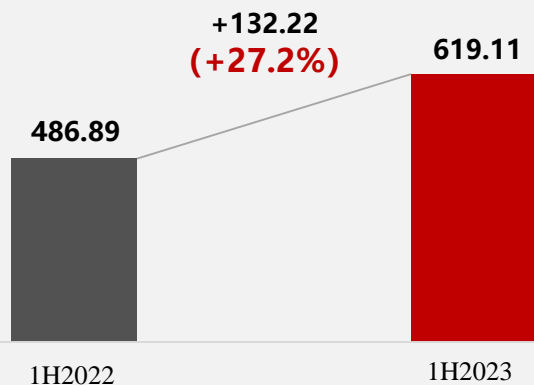
## Sales volume of Vehicles



- Sales increased by **1.1%** YOY, of which: Aion sold 209,300 units, YOY increase of 108.8%; GAC Motor sold 188,000 units, YOY increase of 9.0%; Affected by the intensification of market competition, GAC Honda sales volume was 289,900 units, down 18.9% YOY. GAC Toyota sold 452,800 units, down 9.5% YOY.
- Benefiting from the sales growth of self-owned brand, the total revenue recorded by the consolidated income statement grew by **27.2%**. Net profit distributable to the parent company decreased by **48.4%**. The earnings per share was **0.28 CNY**.

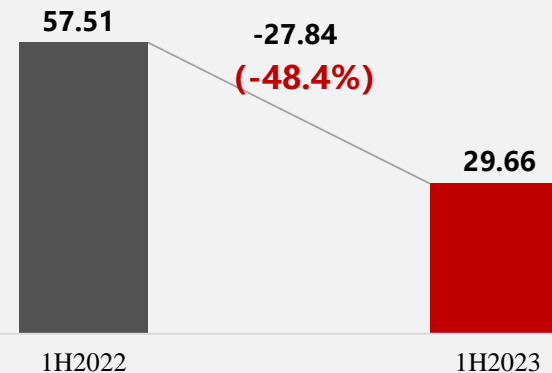
Unit: RMB 100 million

## Revenue



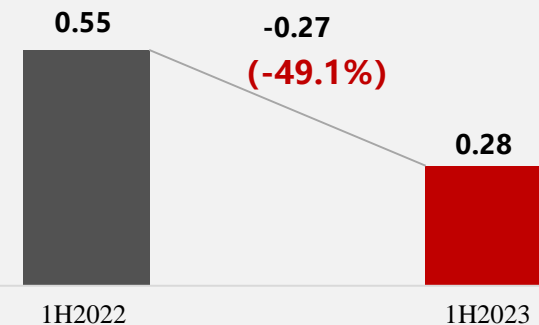
## Net profit attributed to parent company

Unit: RMB 100 million



Unit: Yuan

## Earnings per share



# Consolidated balance sheet

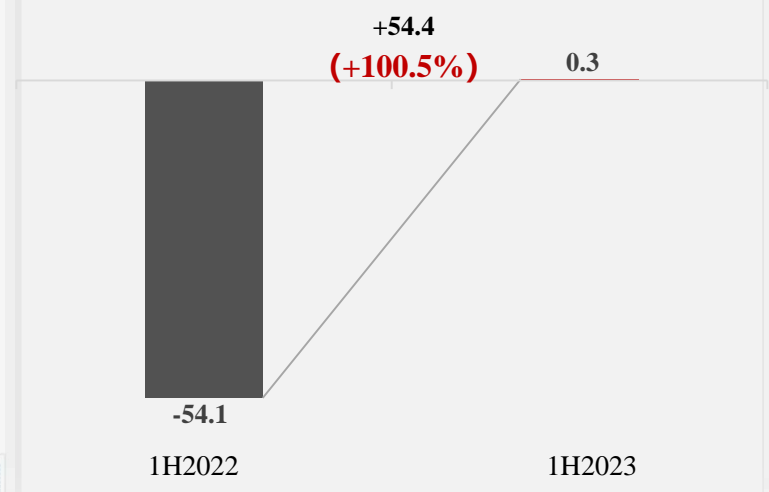
<b>(Unit : RMB 100 million)</b>	<b>As of June 30, 2023</b>	<b>As of December 31, 2022</b>	<b>Change(%)</b>
Total assets	<b>2,019.24</b>	<b>1,900.21</b>	<b>+6.3%</b>
Total liability	<b>788.96</b>	<b>677.72</b>	<b>+16.4%</b>
Total equity	<b>1,230.28</b>	<b>1,222.48</b>	<b>+0.6%</b>

Unit : RMB 100 million, except EPS	1H2023	1H2022	Change(%)
<b>Revenue</b>	<b>619.11</b>	<b>486.89</b>	+27.2%
<b>Cost of operation</b>	584.12	454.57	+28.5%
<b>Gross profit</b>	20.68	21.85	-5.3%
<b>Rate of gross profit</b>	3.3%	4.5%	-1.1%
<b>Sales and distribution expenses</b>	25.69	23.71	+8.4%
<b>Administrative expenses</b>	18.42	20.26	-9.1%
<b>R&amp;D expenses</b>	8.61	5.59	+53.9%
<b>Financial expenses</b>	-1.51	-0.39	-287.9%
<b>Income from investment</b>	54.48	84.98	-35.9%
<b>Net profit attributed to parent company</b>	<b>29.66</b>	<b>57.51</b>	-48.4%
<b>EPS (yuan/per share)</b>	<b>0.28</b>	<b>0.55</b>	-49.1%



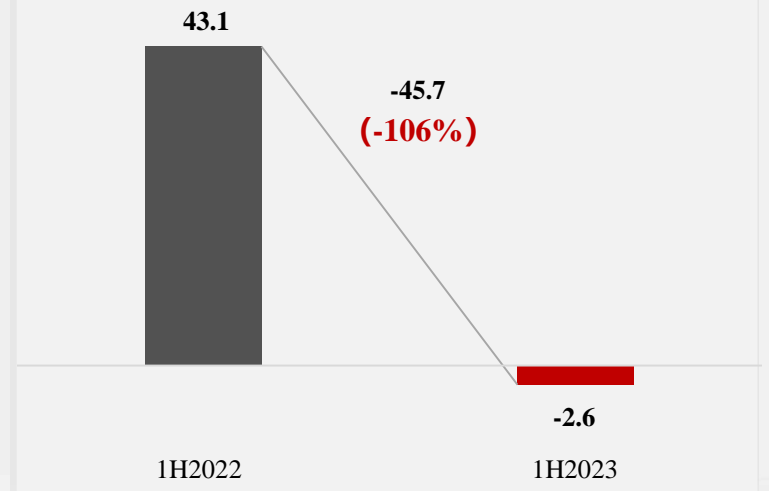
## Net cash flows from **operating** activities

Unit : RMB 100 million



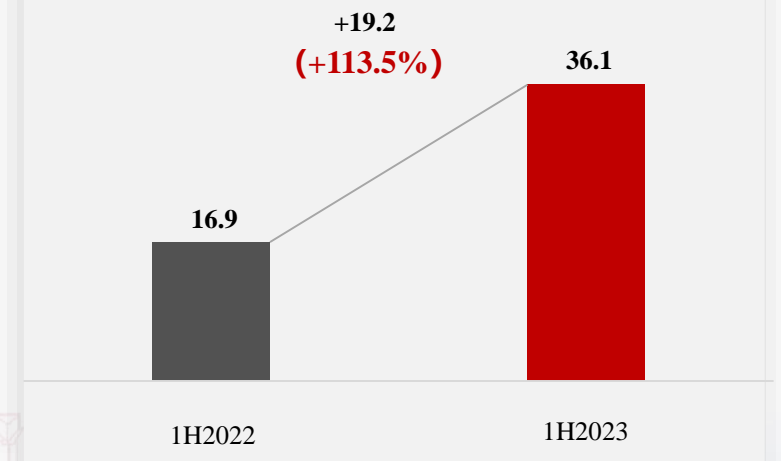
## Net cash flows from **investment** activities

Unit : RMB 100 million



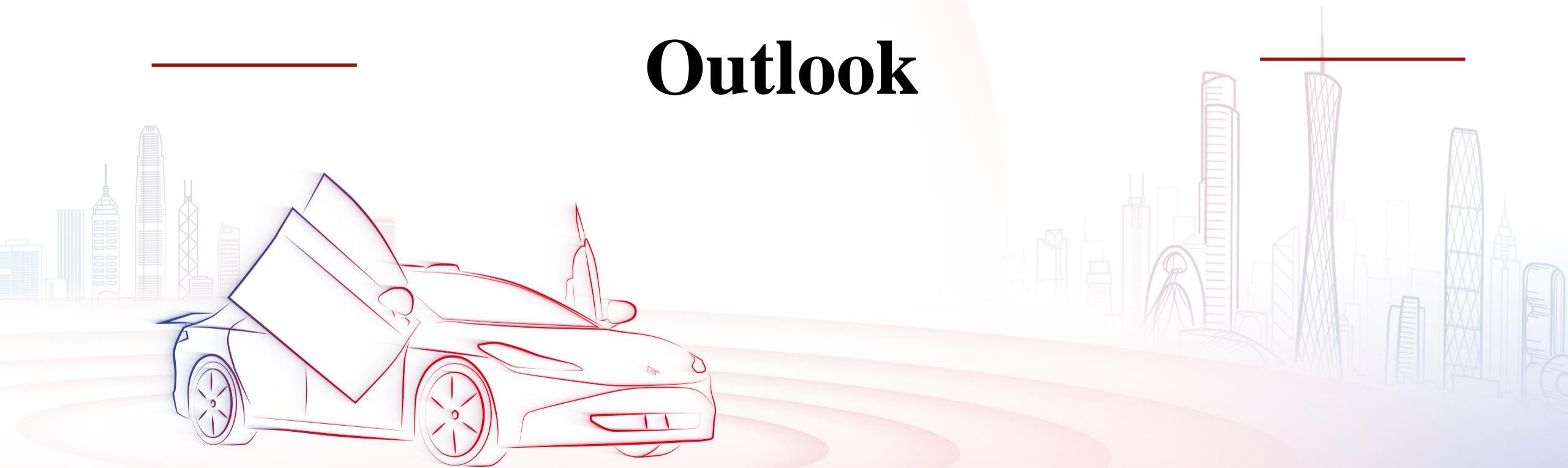
## Net cash flows from **financing** activities

Unit : RMB 100 million



# Part 4

## Outlook



## Opportunities

- ◆ The effects of policies to stabilize and expand automobile consumption continue to emerge
- ◆ New energy vehicles have shifted to market dominance, while the policy continues to favor new energy vehicle consumption, and PHEVs will continue to grow in volume
- ◆ The export of Chinese brand products maintains high growth
- ◆ The cost of upstream raw materials such as lithium carbonate has dropped

## Challenges

- ◆ Consumer demand is still gradually recovering
- ◆ Competition in the automobile industry is very fierce
- ◆ The market share of fuel car continues to shrink
- ◆ Policy support for new energy vehicles is gradually decreasing

## Seven “focus points”

01 

**Anchor on the annual target, focusing on stable growth and profitability**

02 

**Focus on market expansion, striving to promote sales**

03 

**Consolidate independent under-takings, striving to promote all-round growth**

04 

**Improve the industrial layout, striving to build a strong ecological capacity**

05 

**Develop overseas business, focusing on branding and scaling up**

06 

**Promote value creation, focusing on deepening reform and execution**

07 

**Implement strict management of the Party, striving to strengthen the foundation and prevent risks**

# Trillion GAC 1578 Development Guidelines

## Accumulate strength

Achieve **1** goal

Develop **5** areas

Fortify **7** segments

Implement **8** actions

By 2030

Production and sales totaled **4.75 million** vehicles

Revenue **1 trillion** RMB

Tax and profit **100 billion** RMB

Excellent product / Outstanding brand  
 Leading innovation / Modern governance

Vehicle transformation and upgrading

Parts & components supply chain strengthening and extension

Commercialized operations of smart mobility

Energy and ecology empowering

Steady internationalization

advancement

R&D

Vehicle

Parts & components

Trade and mobility

Energy & Ecology

Internationalization

Investment & finance

- System and mechanism reform and deepening

- All-out enhancement of independent brands

- Comprehensive development of energy and ecology

- Breakthrough in prioritized overseas market

- Parallel emphasis on high-tech innovative development and investment

- Structure optimization to strengthen and extend supply chain

- Deepening software business layout

- Innovin smart mobility mode



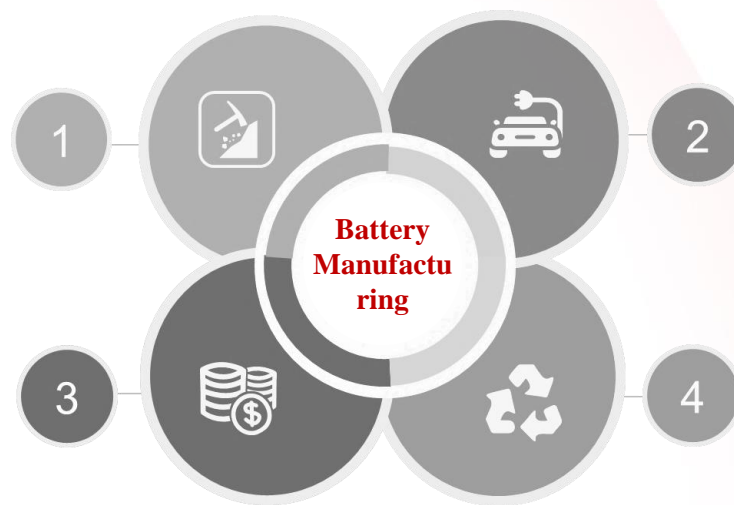
**Establish a vertically integrated new energy industrial chain of "lithium mine + basic lithium battery raw material production + battery production + energy storage and battery charging and swapping services + battery leasing + recycling and cascade utilization arrangement"**

## Battery Upstream

Prioritize the layout of lithium mine resources in consideration of upstream resource utilization and external dependence, as well as the group's technical planning, and progressively explore the layout of other resources.

## Battery Finance

Consistently conduct pilot projects for battery banks in order to improve battery recycling in the future by collecting rent on battery leasing.

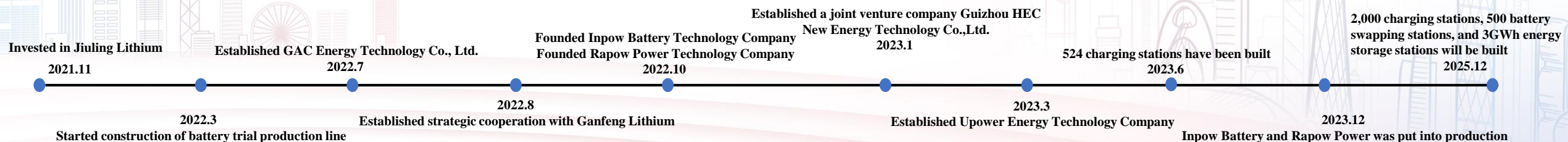


## Battery charging, swapping, and energy storage

Fully utilize the resources in the industry and focus efforts on the establishment of a charging network to lay the foundation for the subsequent development of Aion with adequate facilities.

## Battery Downstream

Comprehensively deploy battery recycling, cascade utilization, wet smelting, and other links to create a closed-loop material industry.



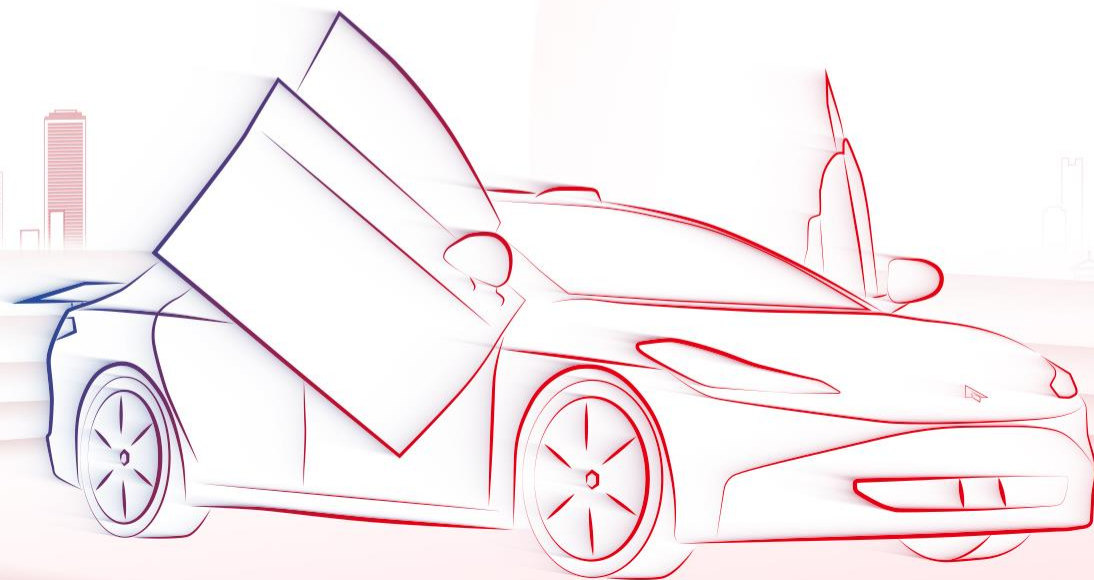


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**Thank you**



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