



# Haier Smart Home Co., Ltd

Roadshow Presentation

September 2019

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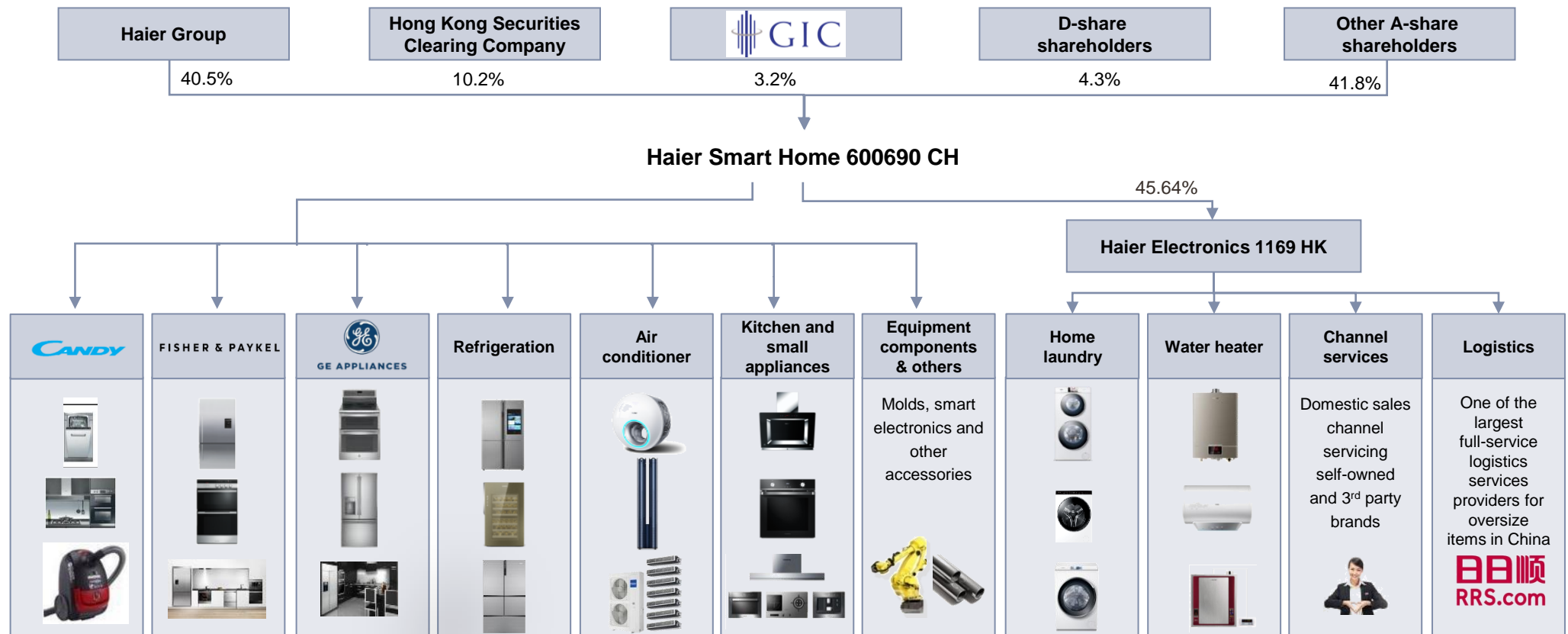
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# Shareholding Structure

Haier



As of 30 June 2019  
Haier Smart Home 1H19

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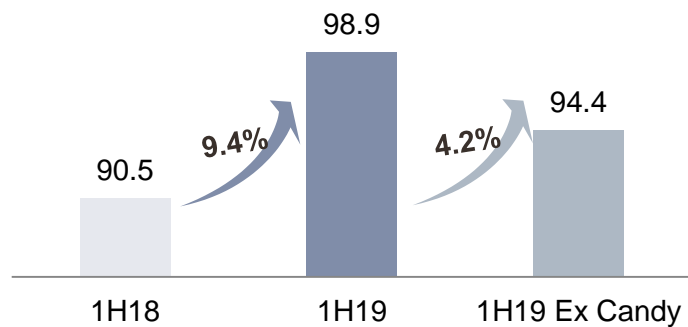
# Haier

## 1H19 Performance Review

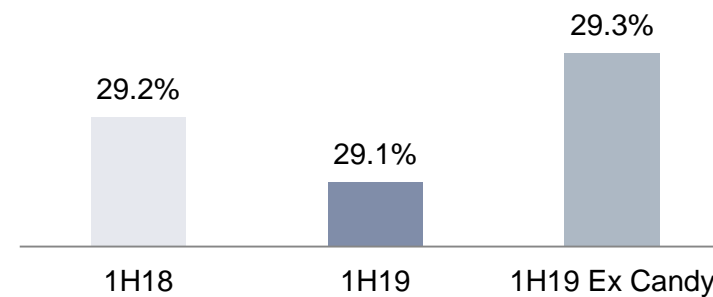
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## Sales revenue

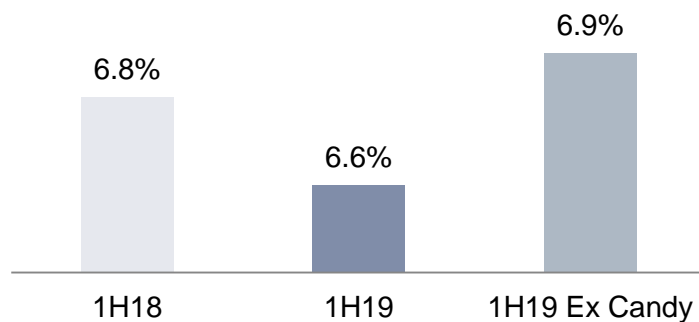
RMB bn



## Gross margin



## Operating margin

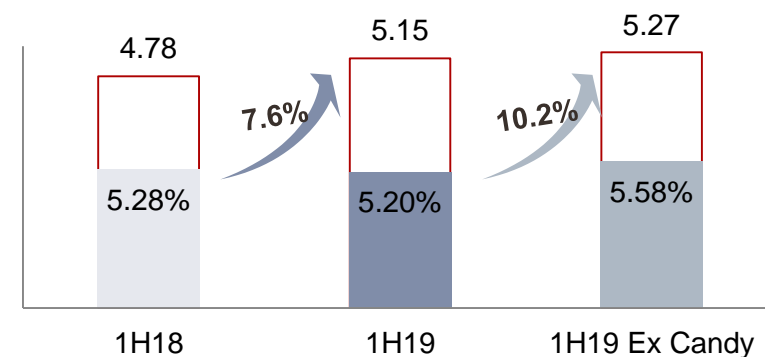


## Net profit & margin

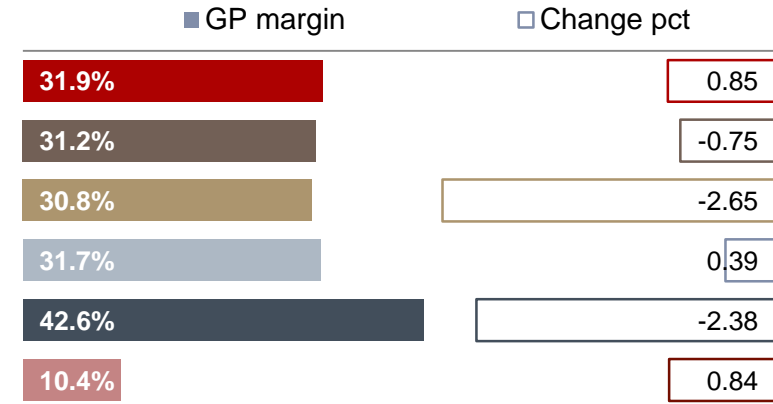
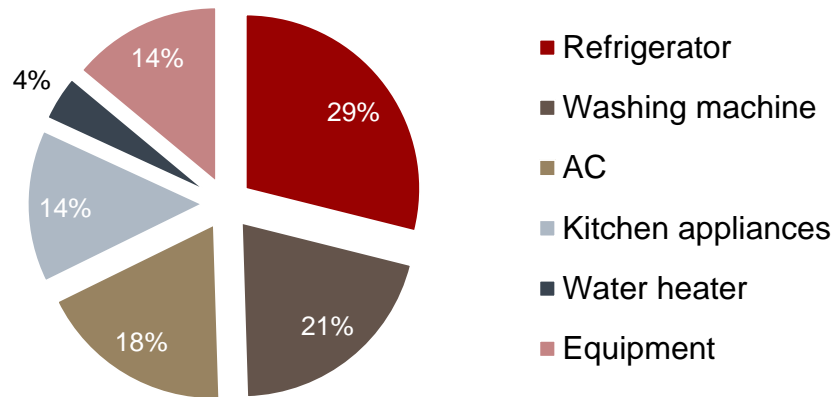
RMB bn

Net profit

Net margin

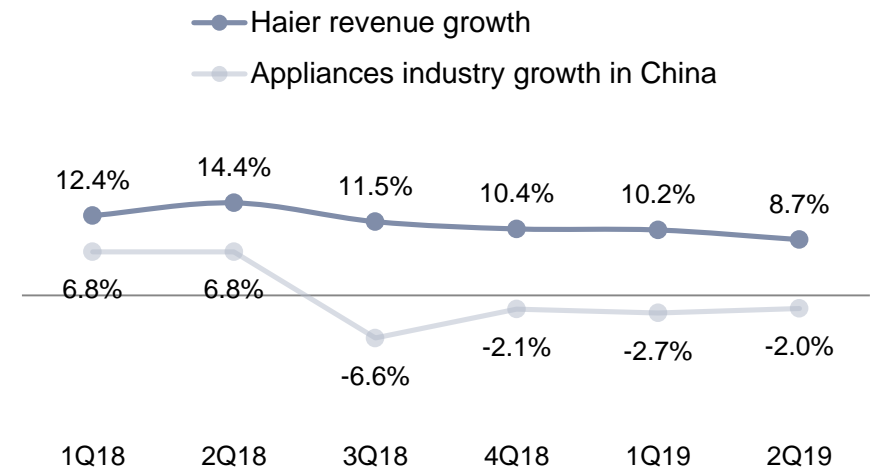
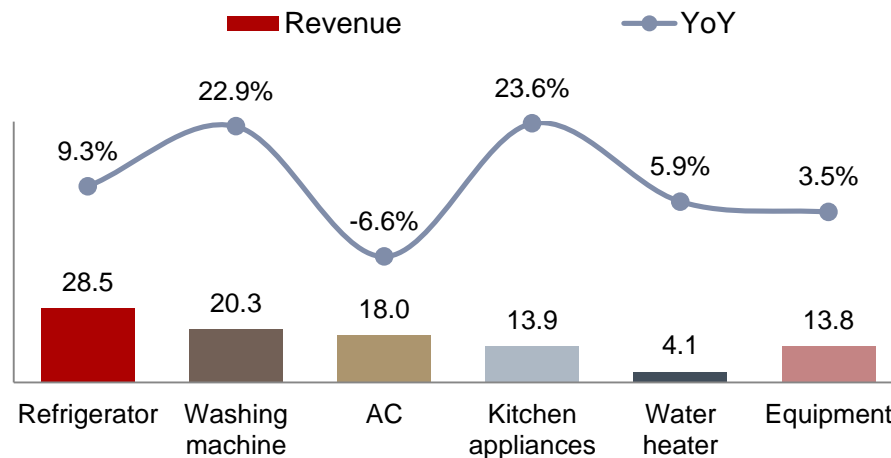


## Revenue by category



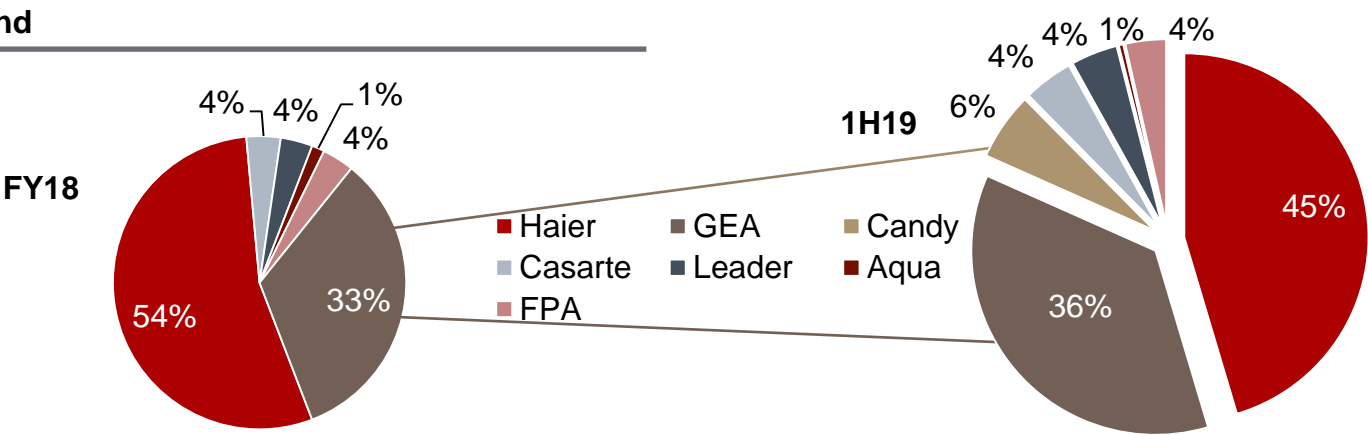
## Revenue growth by category

RMB bn



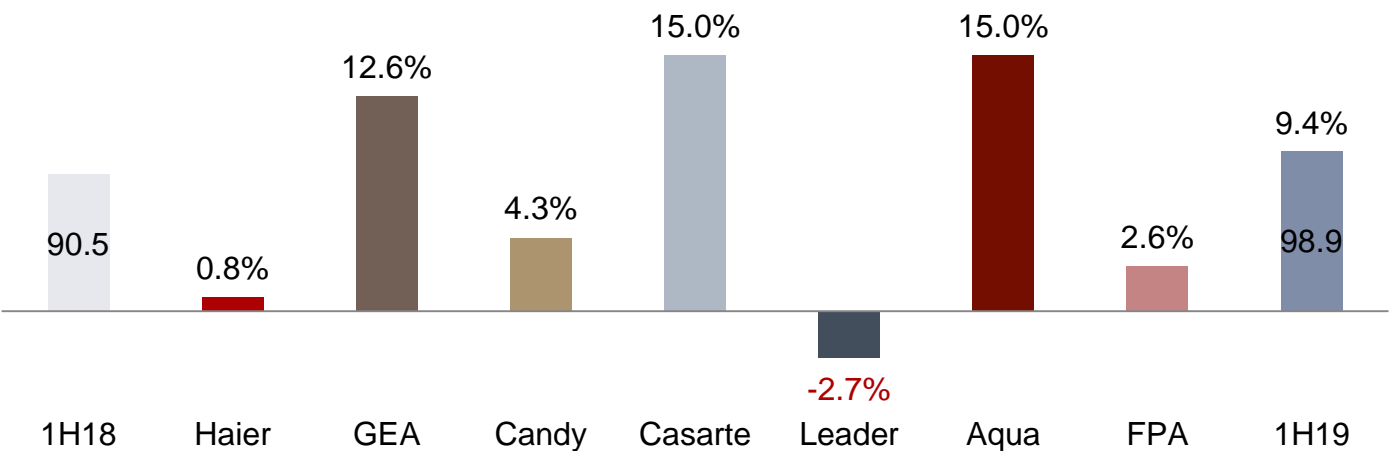
Source: AVC  
Haier Smart Home 1H19

Revenue by brand



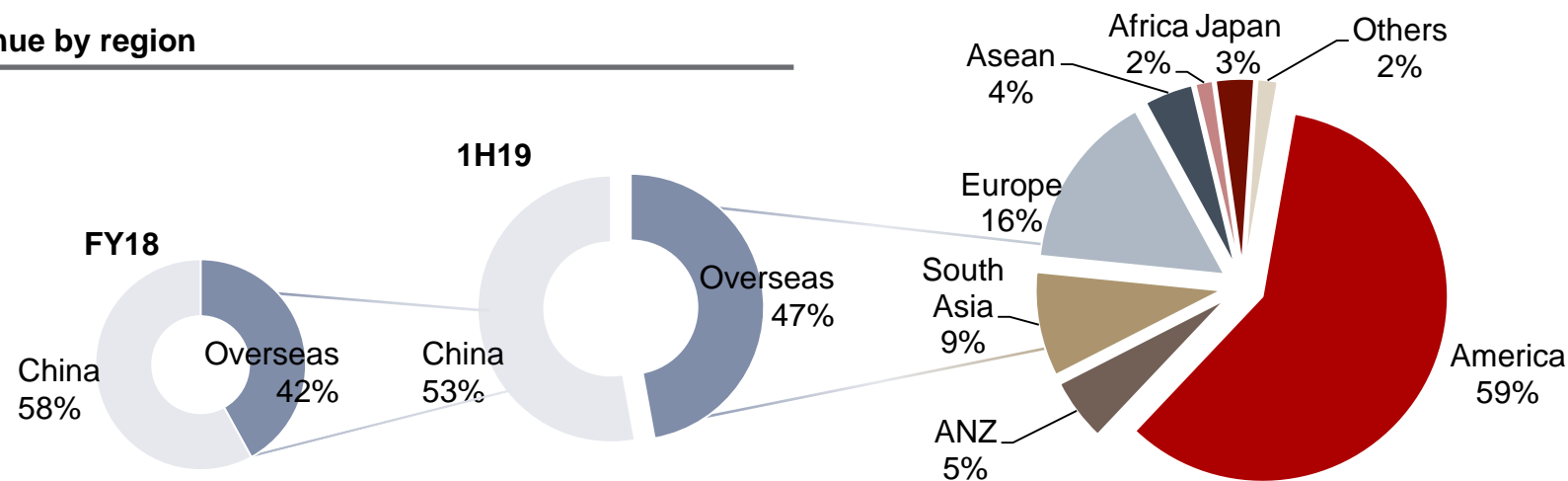
Revenue growth by brand

RMB bn



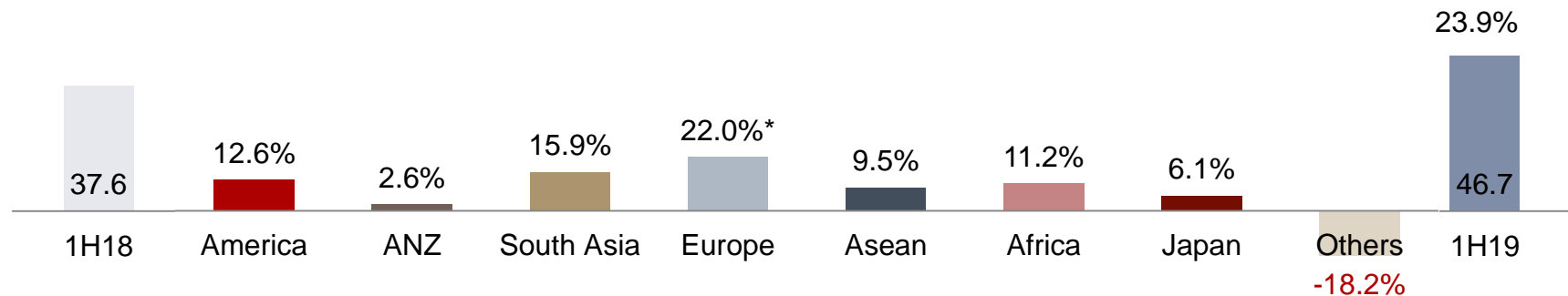


Revenue by region



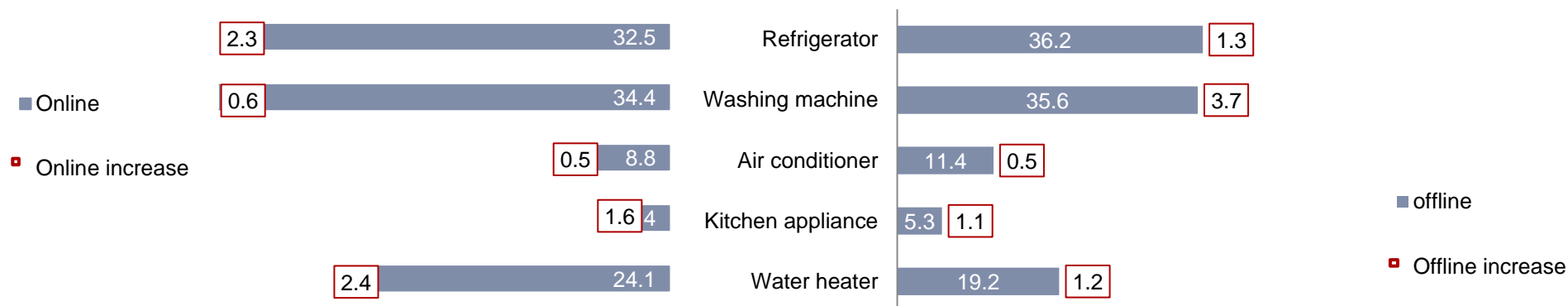
Revenue growth by region

RMB bn

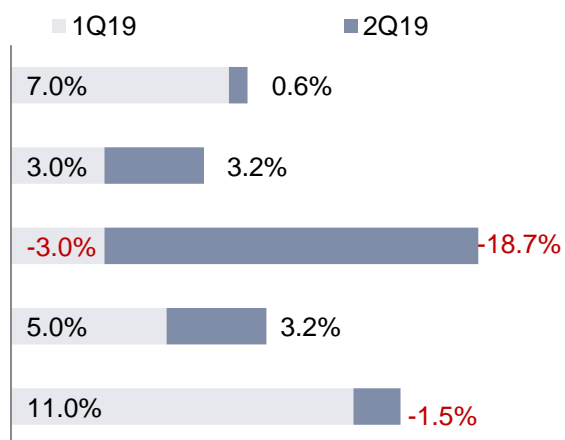


# China Revenue by Category

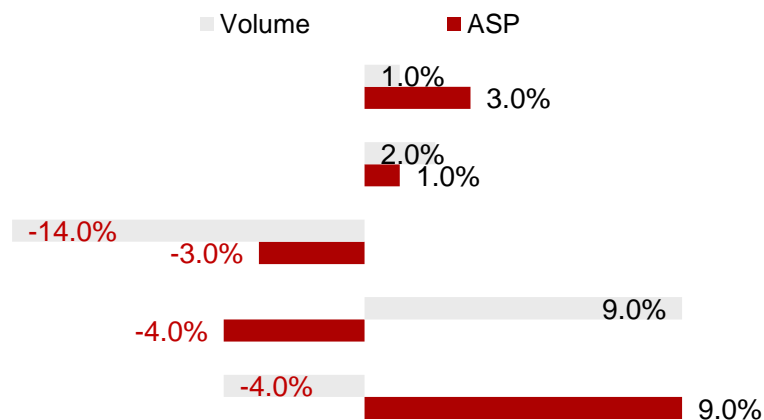
## Market share online/offline



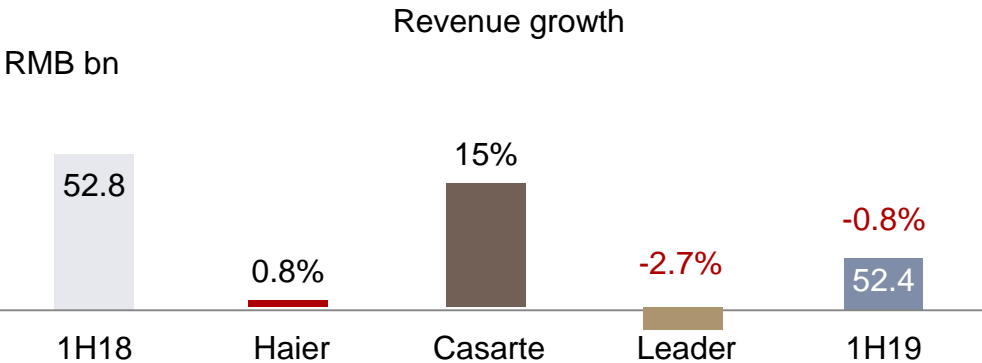
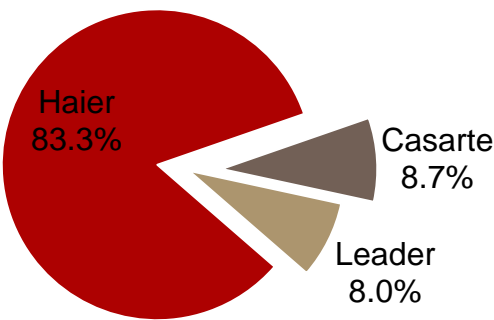
## Revenue growth by quarter



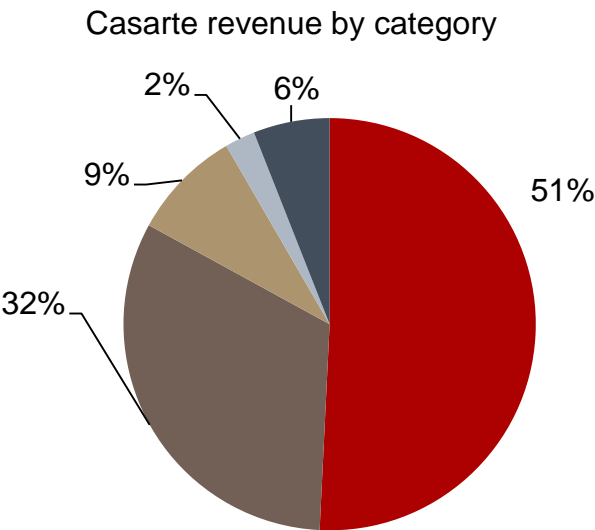
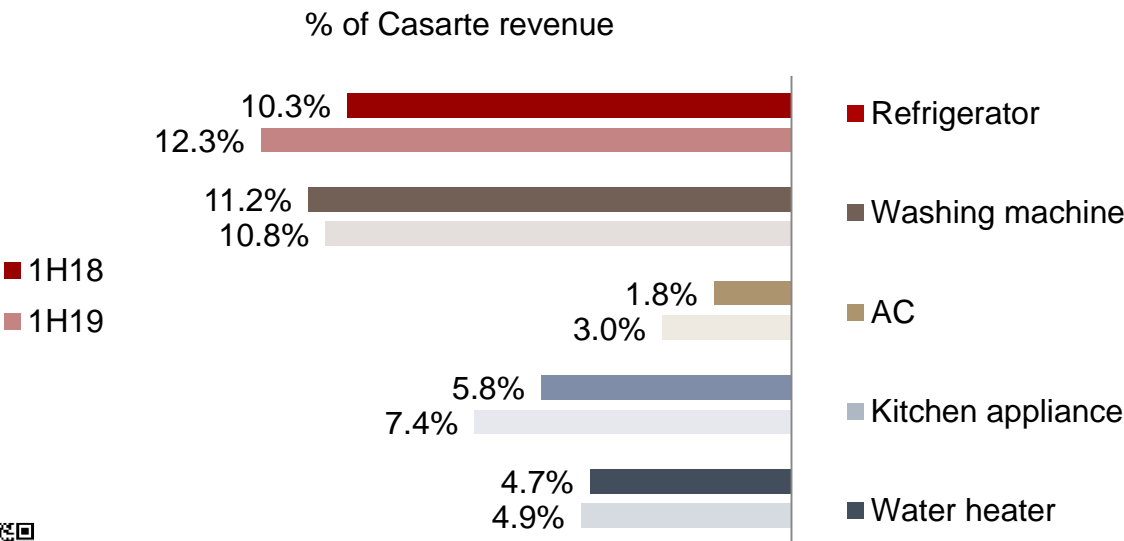
## 1H Revenue growth driver



China revenue by brand



Casarte revenue by category

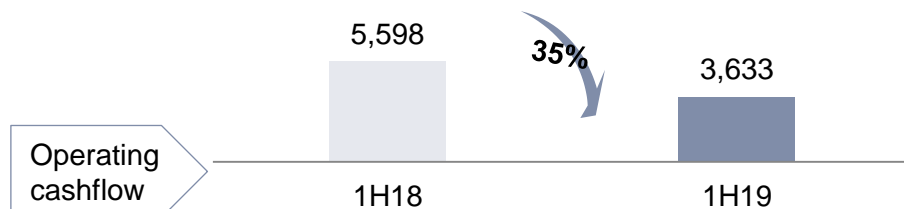


		1H19	Change	Reason
RMB bn				
	<b>Revenue</b>	<b>98,979</b>	<b>9.4%</b>	
	Gross profit Margin	29.1%	-0.11pct	China appliances GM up 0.9 pct overseas GM up 0.6 pct
	Selling expense ratio	14.7%	-0.2pct	GEA & FPA selling expense down Chinese market impacted by weak AC & TV sales
	General & admin expense ratio	4.5%	+0.38pct	
	R&D expense ratio	2.7%	+0.3pct	Ex Candy, admin expense ratio down 0.1 pct
	<b>Operating profit</b>	<b>6,540</b>	<b>5.0%</b>	
	Operating profit margin	6.6%	-0.2pct	

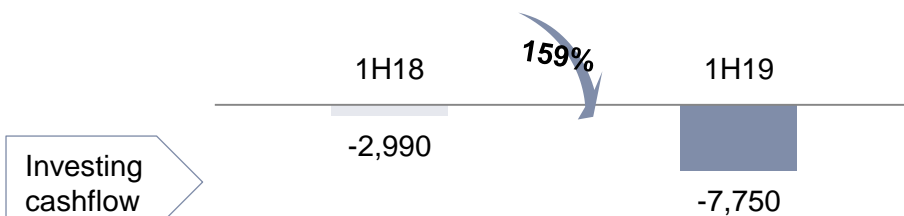


## Cash flow

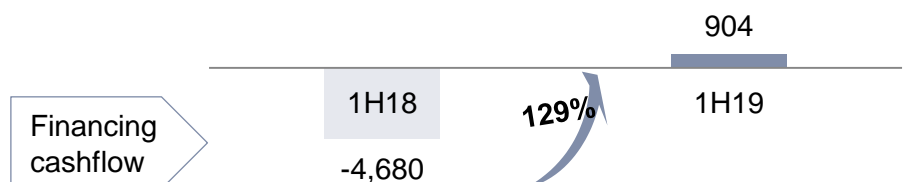
RMB mm



Significant increase in cash flow of Candy is expected in 2H19



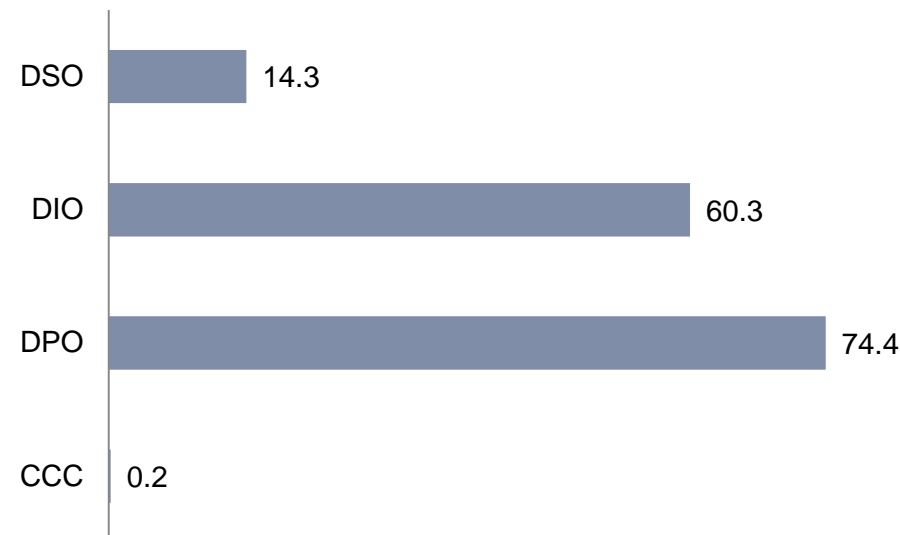
Investment in acquiring Candy caused outflow of cash



Candy acquisition increased borrowing

## Working capital management

days

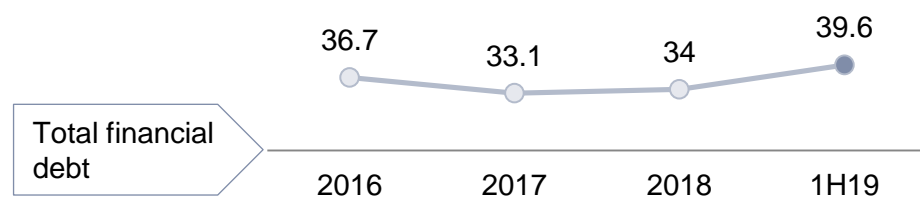


Cash conversion cycle kept at under 1 day

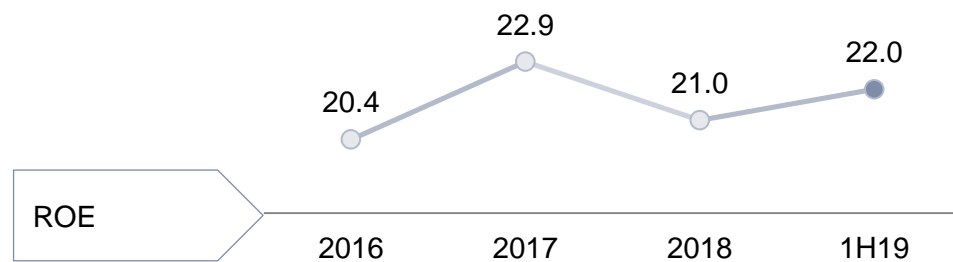


## Borrowing trend

RMB bn

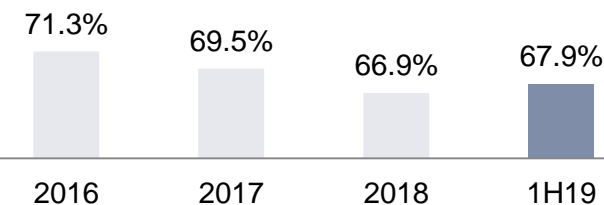


Acquisition of Candy increased borrowing

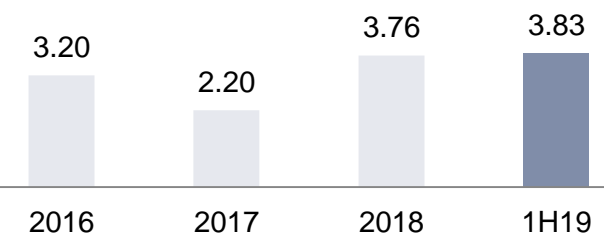


## Credit metrics

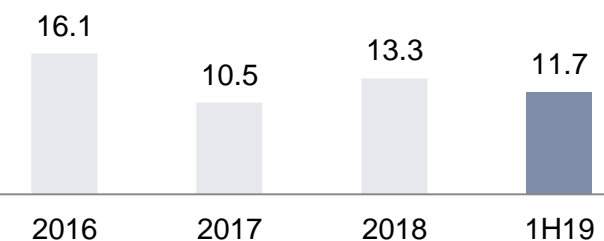
Total liability /  
total assets



Total financial  
debt/ EBITDA



EBITDA/Interest

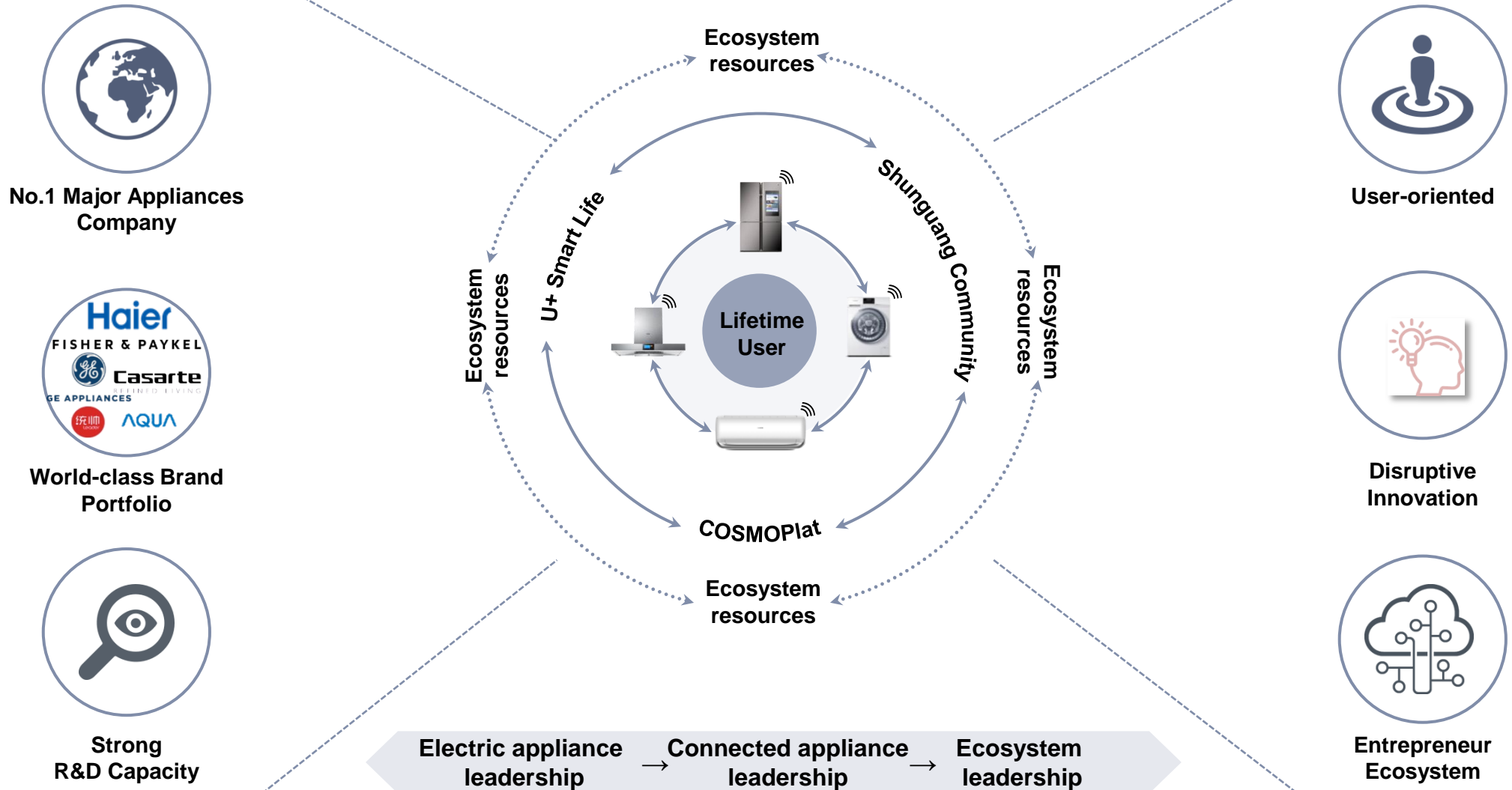


# Haier

## Investment Highlights

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To be the leading smart home solutions provider in the era of Internet of Things





1

Integrated household appliances leader with strong market positions globally and growth across all categories

2

Strong portfolio of brands targeting each consumer segment

3

U+ Smart home: a leading interactive smart home solution provider built on a proprietary platform with widely-compatible connectivity

4

COSMOPlat: transformation to mass customisation through proprietary and user-centric manufacturing systems

5

Shunguang: extensive, fully-integrated, online and offline distribution, retail and services network with enhanced user interactions

6

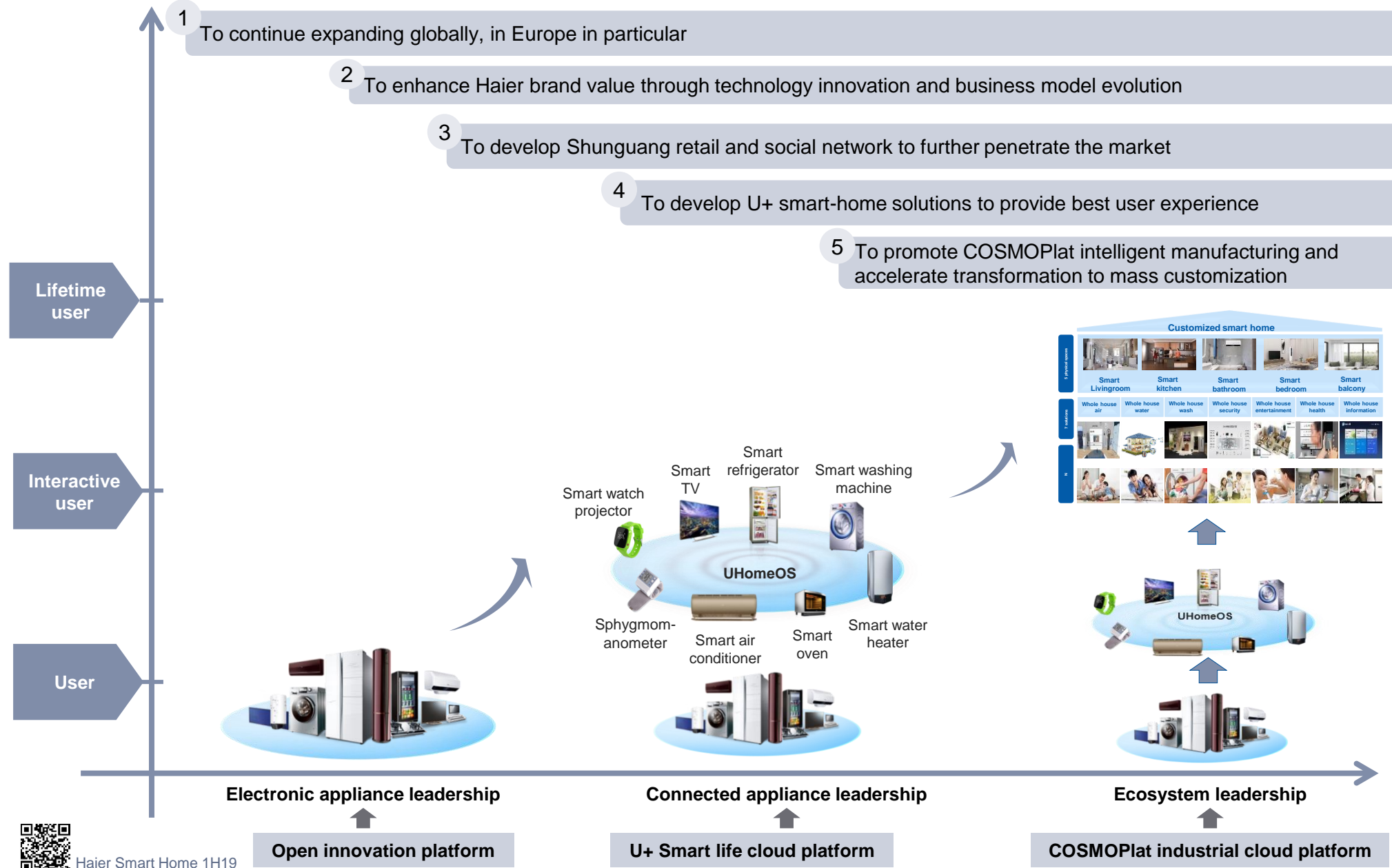
World-class R&D capabilities and open innovation platform lead to innovative products

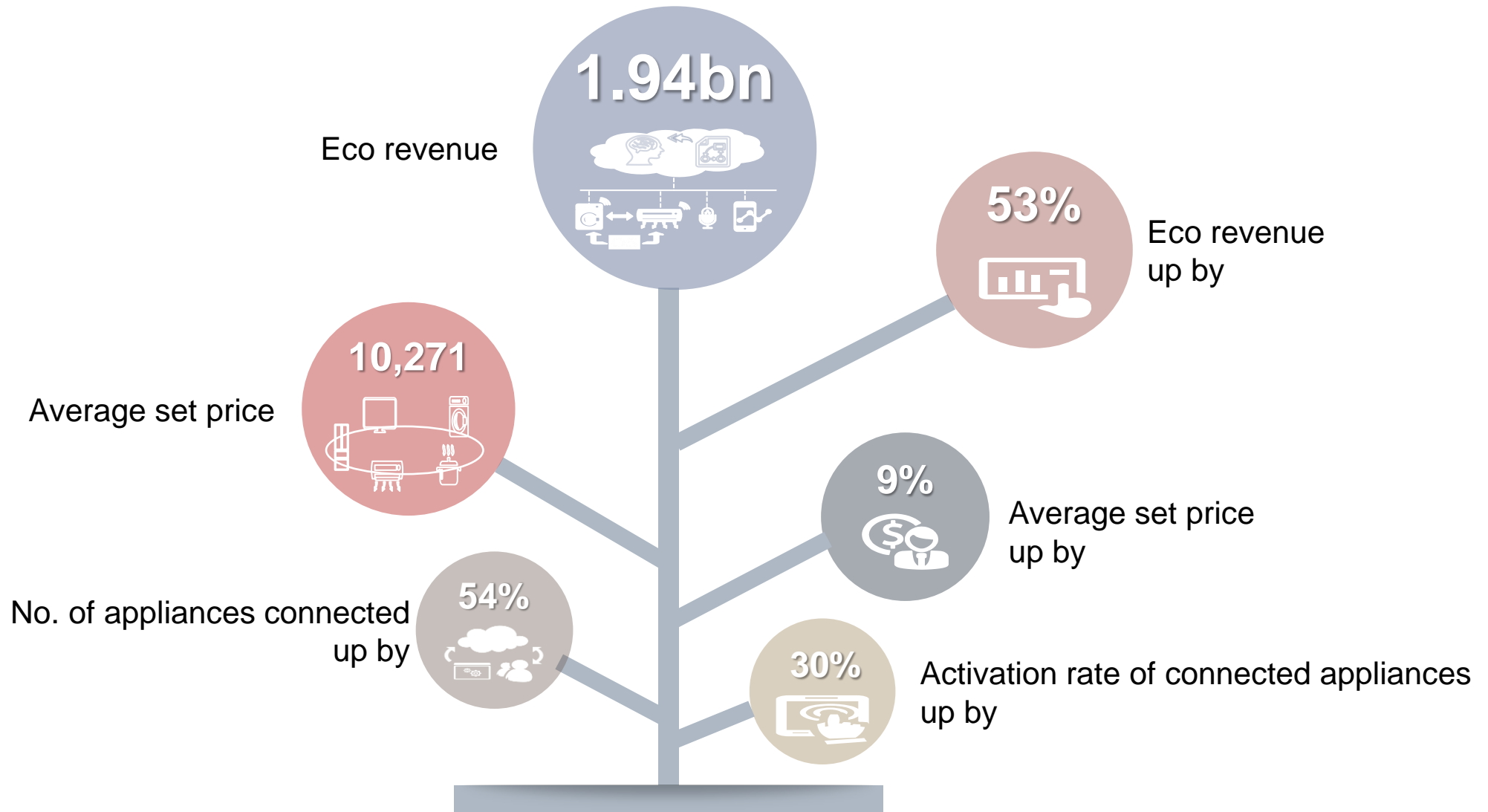
7

Unique “Rendanheyi” Management Model, experienced and visionary management team



- 1 To continue expanding globally, in Europe in particular
- 2 To enhance Haier brand value through technology innovation and business model evolution
- 3 To develop Shunguang retail and social network to further penetrate the market
- 4 To develop U+ smart-home solutions to provide best user experience
- 5 To promote COSMOPlat intelligent manufacturing and accelerate transformation to mass customization





# Haier

## Appendix

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# Consolidated Income Statement

<i>RMB mm</i>	<i>1H19</i>	<i>1H18</i>	<i>1Q19</i>	<i>1Q18</i>
<b>Revenue</b>	98,979	90,488	48,043	43,610
Cost of sales	(70,174)	(64,057)	34,051	(30,999)
<b>Gross profit</b>	28,805	26,430	13,992	12,610
Business tax and surcharges	(400)	(407)	(232)	(224)
Selling and distribution expenses	(14,596)	(13,522)	(7,180)	(6,423)
Administrative and other expenses	(4,525)	(4,033)	(3,403)	(2,953)
<b>Operating profit</b>	6,540	6,216	3,177	3,009
Investment income	756	867	296	243
Net finance income/cost	(508)	(485)	(441)	(518)
Impairment gain/(loss)	(219)	(195)	(282)	(249)
Other expenses and losses	696	431	402	416
<b>Profit before taxation</b>	7,265	6,834	3,152	2,901
Income tax expenses	(1,034)	966	(486)	(461)
<b>Profit for the year</b>	<b>6,230</b>	<b>5,867</b>	<b>2,666</b>	<b>2,440</b>
<b>Attributable to</b>				
Owners of the Company	5,150	4,787	2,136	1,953
Non-controlling interests	(1,080)	(1,079)	(530)	(488)
EPS (RMB)	0.81	0.79		
DPS (RMB)	0.78	0.79		



# Balance Sheet

<i>RMB mm</i>	<i>1H19</i>	<i>1H18</i>
Current assets		
Cash and cash equivalents	33,735	37,456
Inventories	23,867	22,377
Trade and bills receivables	28,941	24,652
<b>Total current assets</b>	<b>98,348</b>	<b>94,260</b>
Non-current assets		
PP&E	18,815	17,319
Goodwill	23,219	21,155
Intangible assets	11,317	9,209
Other Long Term Assets	29,442	20,883
<b>Total Non-current Assets</b>	<b>82,793</b>	<b>72,439</b>
<b>Total assets</b>	<b>181,141</b>	<b>166,699</b>

<i>RMB mm</i>	<i>1H19</i>	<i>1H18</i>
Current liabilities		
Accounts payables	48,174	47,385
Short term debt	8,108	6,298
Other Current Liabilities	35,201	26,398
<b>Total Current Liabilities</b>	<b>91,483</b>	<b>80,081</b>
Non-current liabilities		
Non-current debt	12,260	15,541
Other non-current liabilities	19,335	15,946
<b>Total non-current liabilities</b>	<b>31,595</b>	<b>31,487</b>
<b>Total Liabilities</b>	<b>123,078</b>	<b>111,569</b>

<i>RMB mm</i>	<i>1H19</i>	<i>1H18</i>
Owners equity		
Share capital	6,368	6,368
Retained earnings	35,812	33,034
<b>Total equity attributable to owners of the company</b>	<b>42,180</b>	<b>39,402</b>
Non-controlling interests	15,882	15,727
<b>Total equity</b>	<b>58,063</b>	<b>55,130</b>



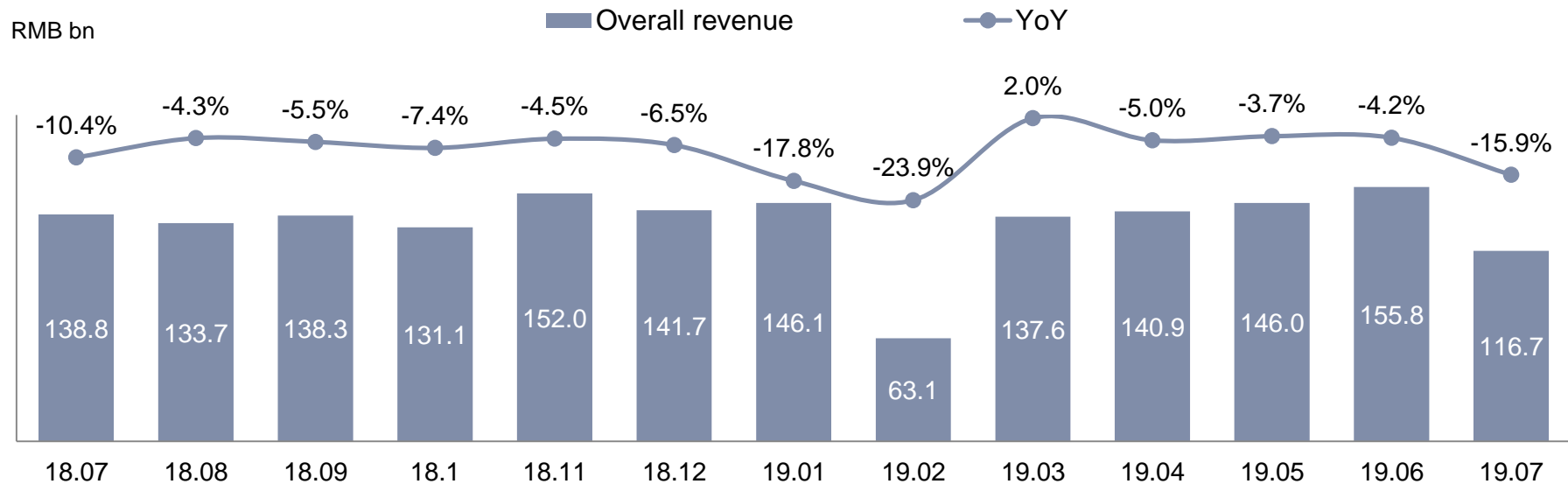
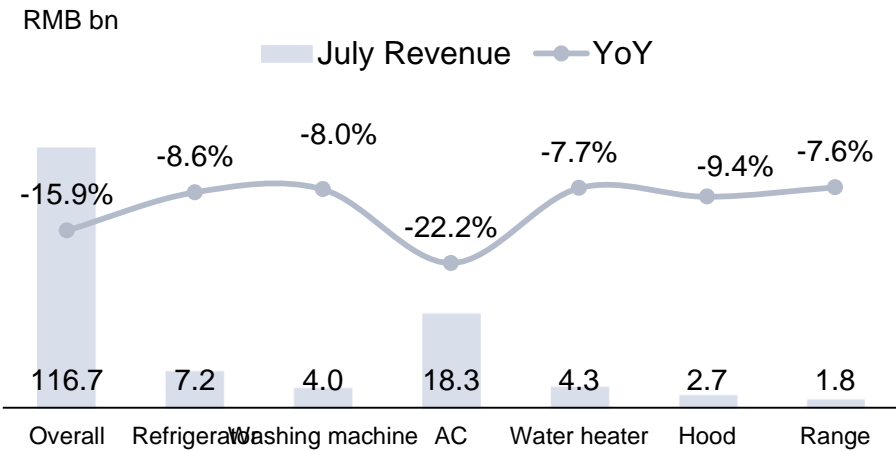
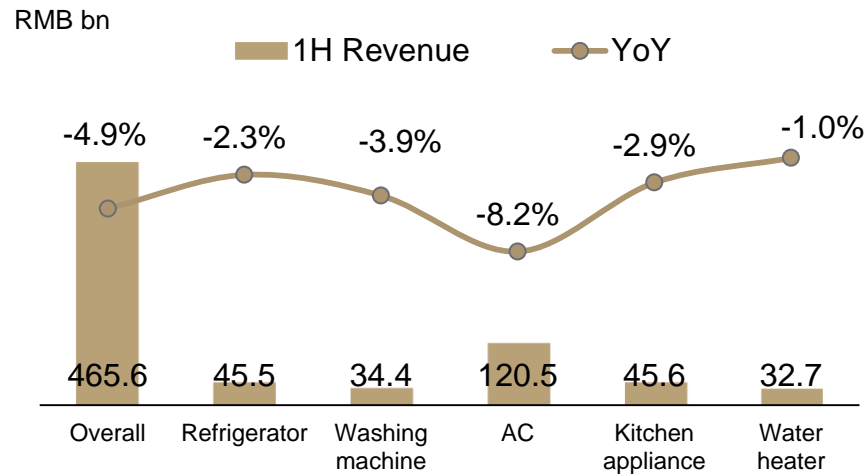
# Cash Flow Statement

<i>For the year ended 30 June (RMB mm)</i>	<i>2019</i>	<i>2018</i>
<b>Cash flows from operating activities</b>		
Net profit	5,150	4,787
Minority interest	1,080	1,079
Depreciation, amortization and impairment	2,187	1,536
Change in working capital	(5,374)	(1,822)
Other	590	18
<b>Net cash flows from operating activities</b>	<b>3,633</b>	<b>5,598</b>
<b>Cash flows from investing activities</b>		
Capital Expenditure	(3,585)	(2,911)
Other	(4,165)	(79)
<b>Net Cash Used in Investing Activities</b>	<b>(7,750)</b>	<b>(2,990)</b>

<i>For the year ended 31 Dec (RMB mm)</i>	<i>2019</i>	<i>2018</i>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	9,175	4,509
Repayment of borrowings	(6,680)	(6,532)
Other	(1,591)	(2,657)
<b>Net cash generated from/(used in) financing activities</b>	<b>904</b>	<b>(4,680)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3,097)</b>	<b>(2,037)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>36,044</b>	<b>34,861</b>
Effect of foreign exchange rate changes	115	34
<b>Cash and cash equivalent at the end of the period</b>	<b>32,947</b>	<b>32,824</b>



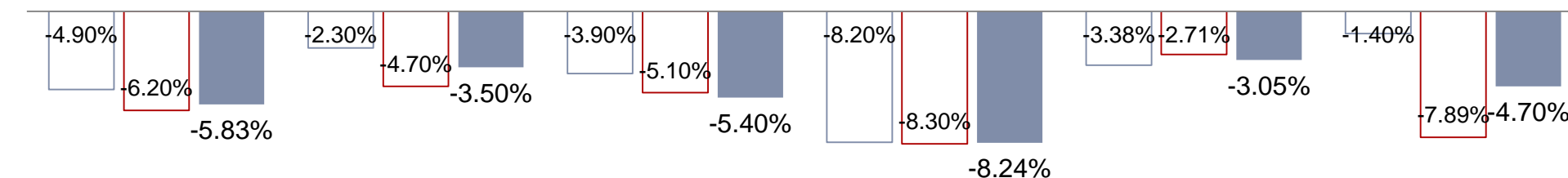
# 1H & July Appliances Industry Revenue Growth in China



Source: CMM  
Haier Smart Home 1H19



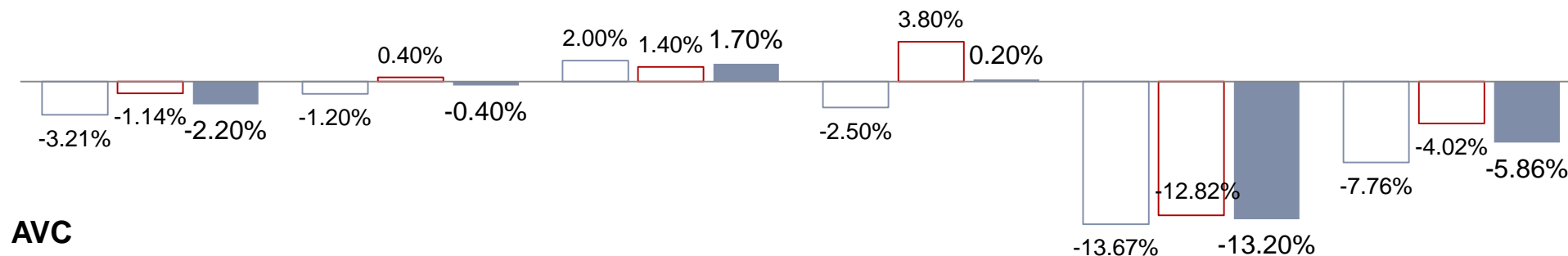
# 2H & FY19 Appliances Industry Revenue Growth in China



**CMM**

□ 1H19    □ 2H19    ■ FY19

Overall    Refrigerator    Washing machine    Air conditioner    Kitchen appliance    Water heater



**AVC**

□ 1H19    □ 2H19    ■ FY19





**Thank You**

