

Haier Smart Home Co., Ltd

Roadshow Presentation



This presentation comprises certain written materials/slides prepared by Haier Smart Home Co., Ltd. (the "Company"). This presentation does not constitute or form part of any advertisement or marketing material, any offer or invitation to sell or issue, any offer or inducement or invitation or commitment to purchase or subscribe for, or any solicitation of any offer to purchase or subscribe for, any shares in the Company or securities in any other entity nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision in relation thereto. This presentation, any presentation made in connection herewith and any accompanying materials are made available solely for discussion and feedback purposes and do not, and are not intended to, constitute any sort of recommendation, invitation or solicitation regarding any investment in the shares or other securities of the Company. The information contained herein is only preliminary and indicative and does not purport to contain the information that would be required to evaluate the Company, its financial position and/or any investment decision. This document is not intended to provide, and should not be relied upon for, accounting, legal or tax advice nor does it constitute any recommendation. Accordingly, by attending any presentation in which this document is made available or by receiving this document through any other means, you represent that you are able to receive this document without contravention of any legal or regulatory restrictions applicable to you and will not use this information in relation to any investment decisions (if any). This document is given in conjunction with an oral presentation and should not be taken out of context.

No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness. Details included in this presentation are subject to updating, revision, further verification and amendment. The Company is under no obligation to update or keep current the information contained in this presentation. No representation or warranty, express or implied, is given by or on behalf of the Company or its subsidiary undertakings, affiliates, agents or advisers or any of such persons' affiliates, directors, officers or employees or any other person as to the fairness, accuracy, completeness or verification of the information or the opinions contained in this presentation and no liability is accepted for any such information or opinions. The Company and its directors, officers, employees or affiliates or any other person disclaim all and any responsibility and liability whatsoever, whether arising in tort, contract or otherwise, for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred howsoever arising, directly or indirectly, from any use of this presentation or its contents or otherwise in connection with this presentation. Persons reading this document must make all trading and investment decisions in reliance on their own judgement. No statement in this presentation is intended to be nor may be construed as a profit forecast.

Certain information contained in this document has been obtained from published and non-published sources prepared by other parties, which in certain cases have not been updated to the date hereof. While such information is believed to be reliable for the purpose used in this document, the Company does not assume any responsibility for the accuracy or completeness of such information and such information has not been independently verified by the Company. Except where otherwise indicated herein, the information provided in this document is based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof.

This presentation does not constitute an offer of securities for sale and is not for transmission to, publication or distribution or release in the United States of America (including its territories and possessions, any state of the United States of America and the District of Columbia) ("United States"), Canada, Australia or Japan, or to any other country where such distribution may lead to a breach of any law or regulatory requirement. This presentation is only addressed and directed at (a) persons in member states of the European Economic Area ("Member States") who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC as amended (including amendments by Directive 2010/73/EU) ("Qualified Investors"); (b) within the United Kingdom, this presentation is intended for distribution only to persons who (i) have professional experience in matters relating to investments and who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or are high net worth companies, unincorporated associations or partnerships or trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) and investment personnel of any of the foregoing (each within the meaning of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005) and (ii) are "qualified investors" as defined in section 86 of the Financial Services and Markets Act 2000, as amended; (c) outside the United States in compliance with and in reliance upon Regulation S under the US Securities Act of 1933, as amended (the "Securities Act") (d) in the United States to persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the Securities Act; and (e) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). This document must not be made available (i) in the United Kingdom, to persons who are not Relevant Persons, and (ii) in any Member State other than the United Kingdom, to persons who are not Qualified Investors. No person should act or rely on this document and persons distributing this document must satisfy themselves that it is lawful to do so. By accepting this document you represent, warrant and agree that (i) if you are in the United Kingdom, you are a Relevant Person, and (ii) if you are in any Member State other than the United Kingdom, you are a Qualified Investor. Any securities referred to in this presentation have not been and will not be registered under the Securities Act, or under any applicable securities laws of any state or other jurisdiction of the United States. Subject to certain exceptions, none of the securities of the Company may be offered, sold, taken up, resold, transferred or delivered, directly or indirectly, into or within the United States unless registered under the Securities Act or pursuant to an exemption from or in a transaction not subject to such registration requirements and in accordance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of securities of the Company in the United States. Distribution of this document may be prohibited in the United States. You are required to inform yourself or, and comply with, all such restrictions or prohibitions and neither the Company or any other person accepts liability to any person in relation thereto.

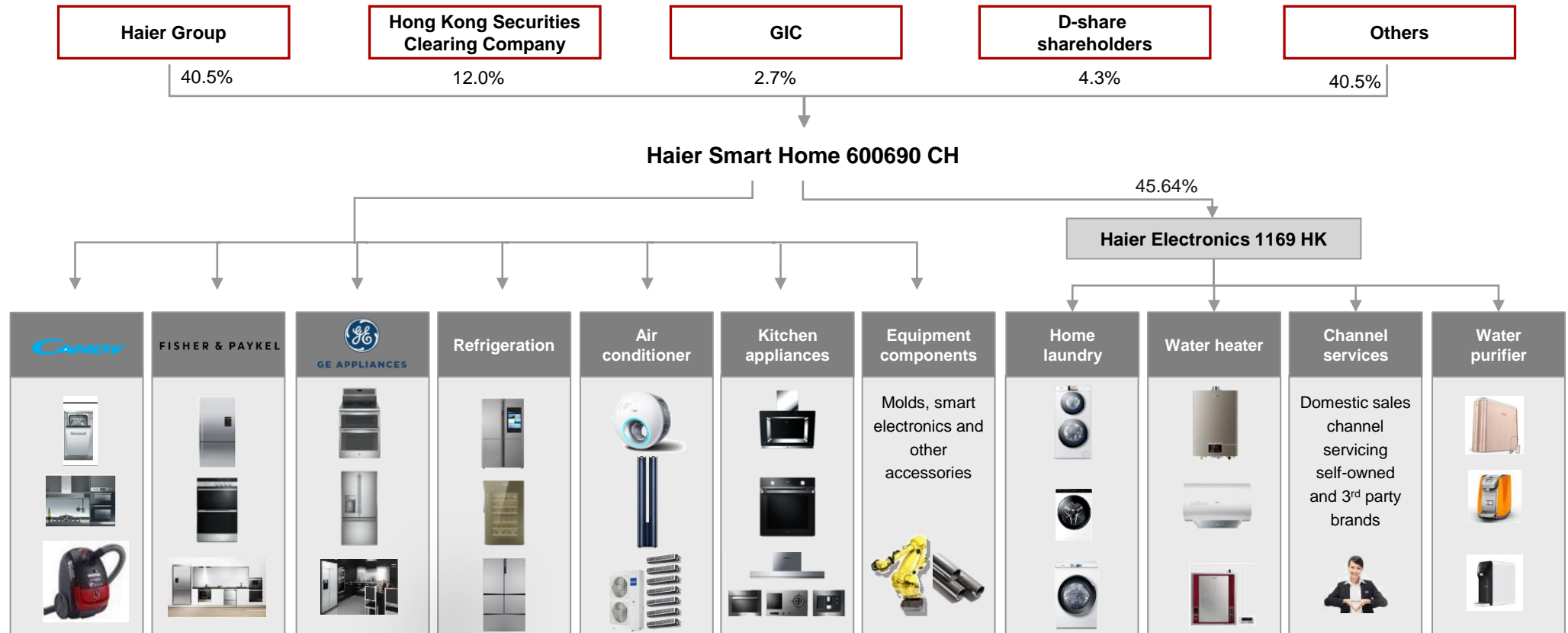
Certain statements in this presentation constitute forward-looking statements. All statements that address expectations or projections about the future, including statements about operating performance, market position, industry trends, general economic conditions, expected expenditures and financial results, are forward-looking statements. Some of the forward-looking statements may be identified by words like "expects", "anticipates", "plans", "intends", "projects", "indicates" and similar expressions. Any statements contained herein that are not statements of historical fact are forward-looking statements. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Accordingly, actual results or the performance of the Company or its subsidiaries may differ significantly, positively or negatively, from forward-looking statements made herein. Unanticipated events and circumstances are likely to occur. Due to various risks and uncertainties, actual events or results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. As a result, you should not rely on such forward-looking statements in making any investment decision. No representation or warranty is made as to the achievement or reasonableness of and no reliance should be placed on such forward-looking statements.

By attending this presentation and/or accepting or reading a copy of this presentation, you agree to be bound by the foregoing limitations and conditions and, in particular, will be taken to have represented, warranted and undertaken that you have read and agree to comply with the contents of this notice.



Shareholding Structure

Haier



9M19 Performance Review

1

Investment Highlights

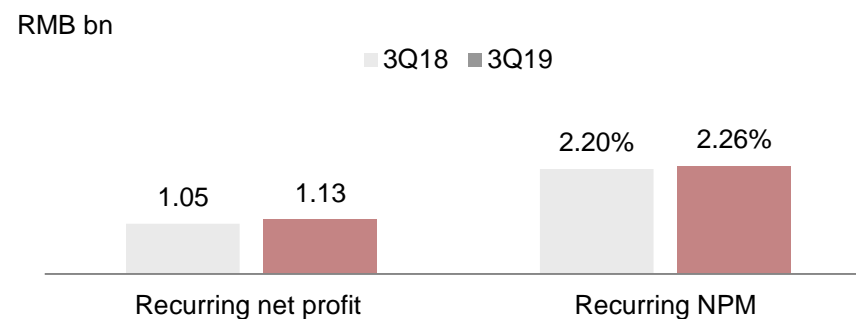
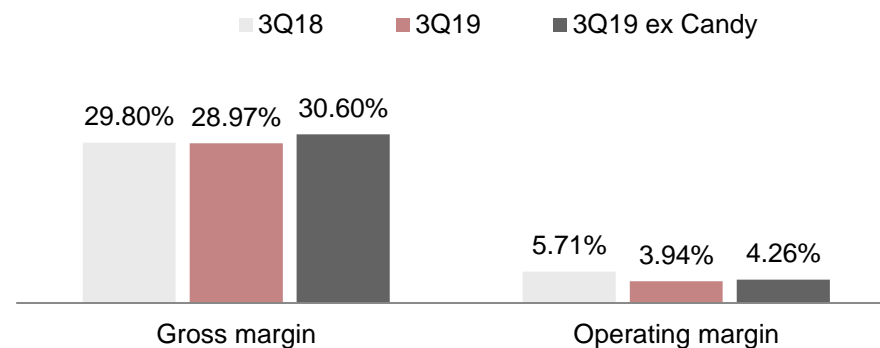
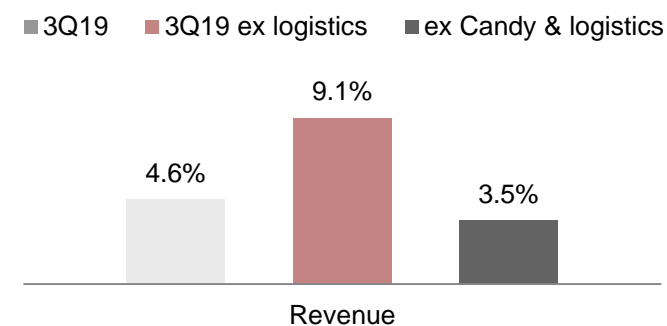
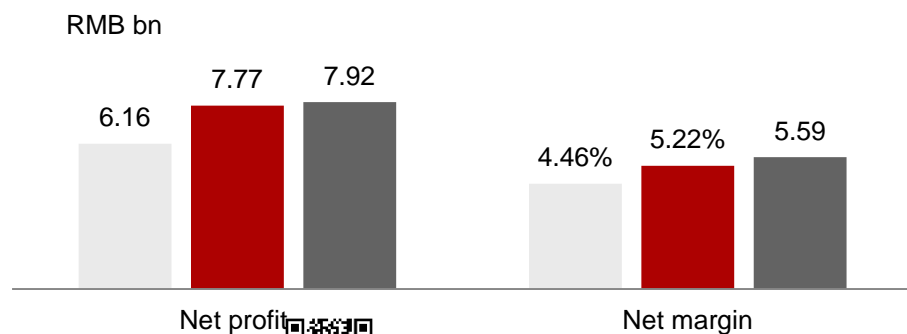
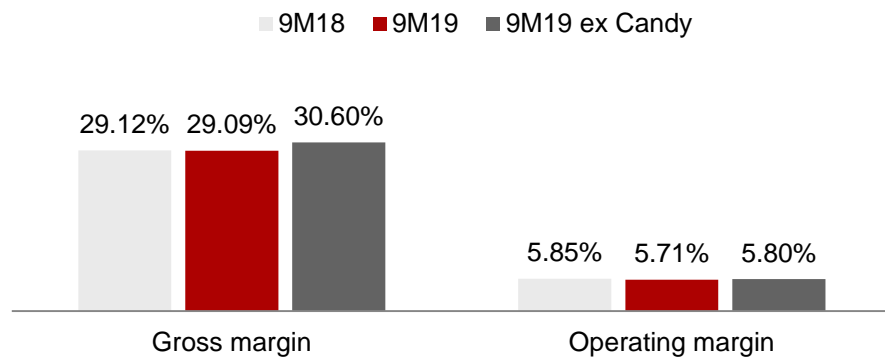
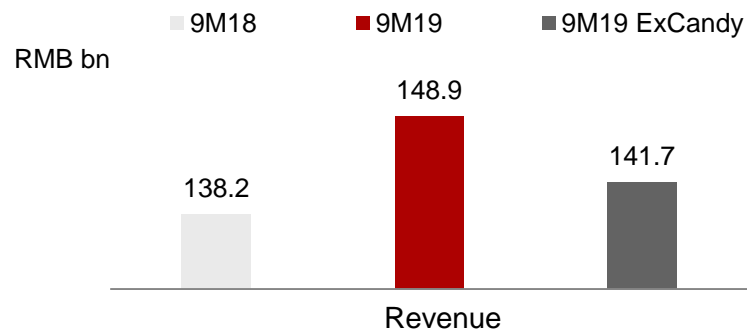
13

Appendix

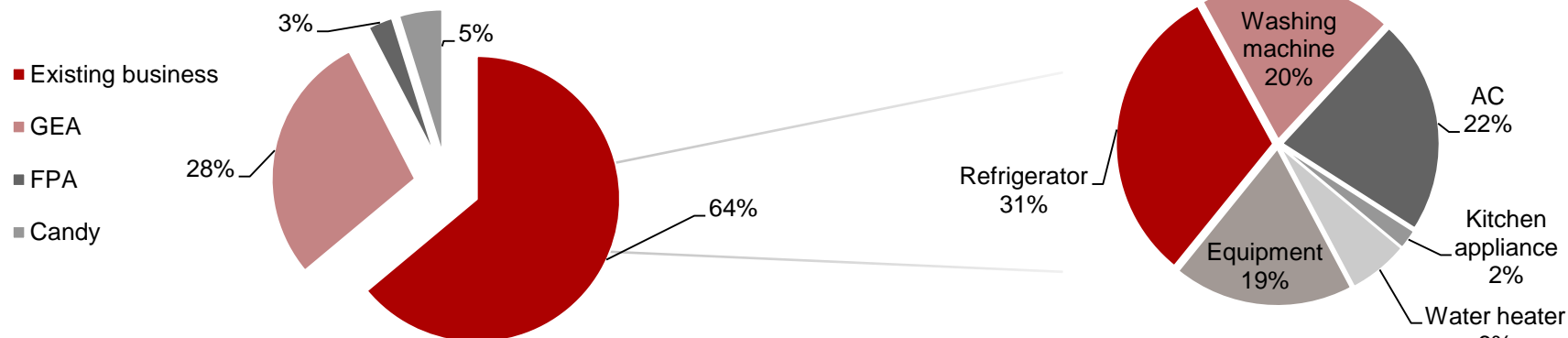
17



9M19 Earnings Review

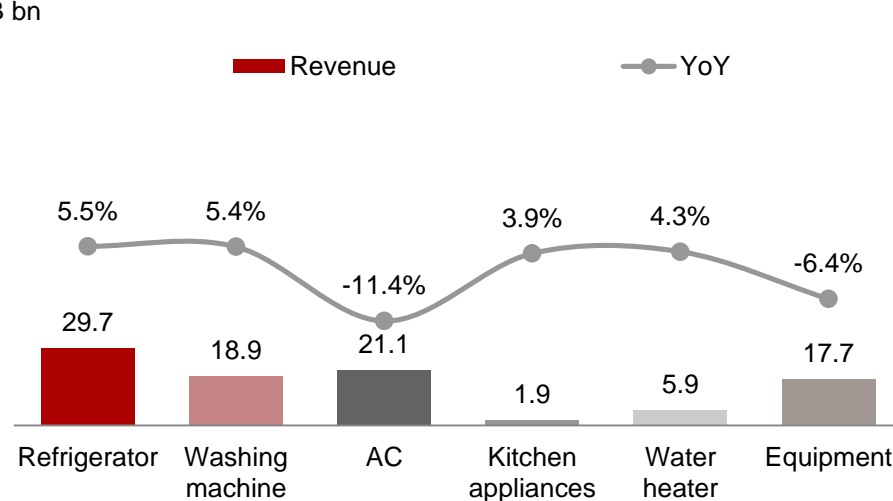


Global revenue by segment

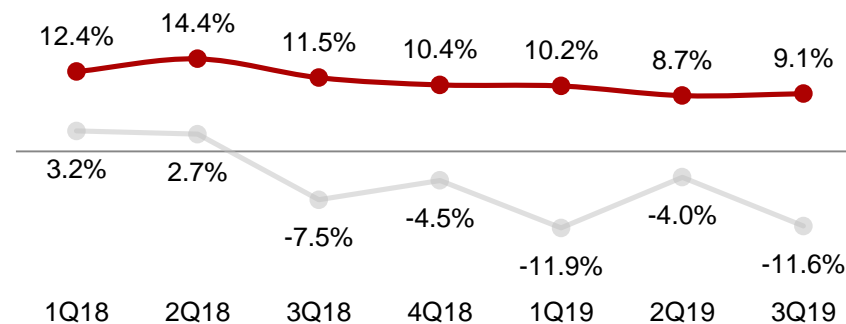


China revenue & growth by category

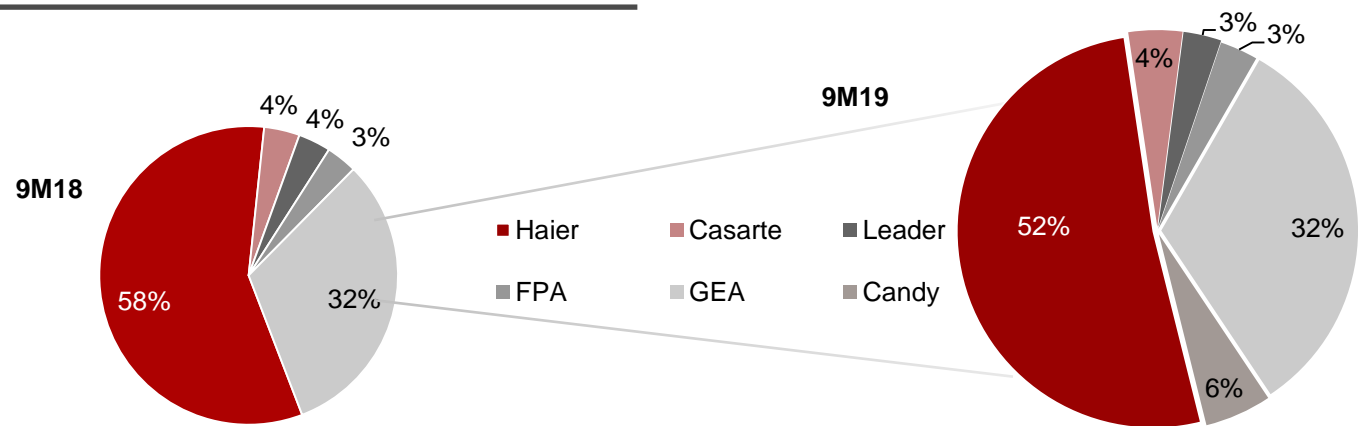
RMB bn



● Haier revenue growth
● Appliances industry growth in China

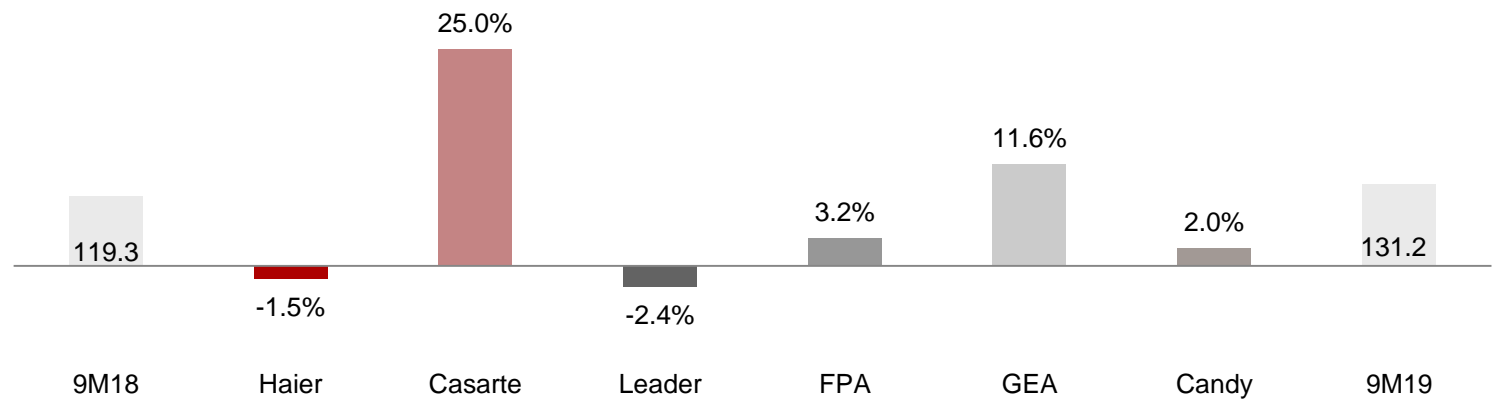


Revenue by brand

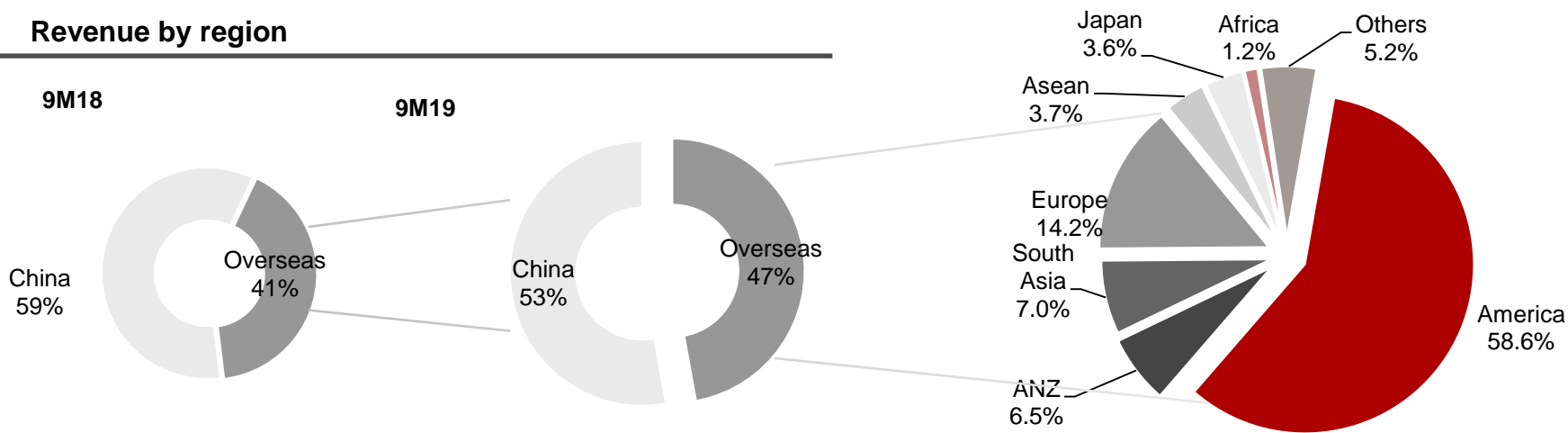


Revenue growth by brand

RMB bn

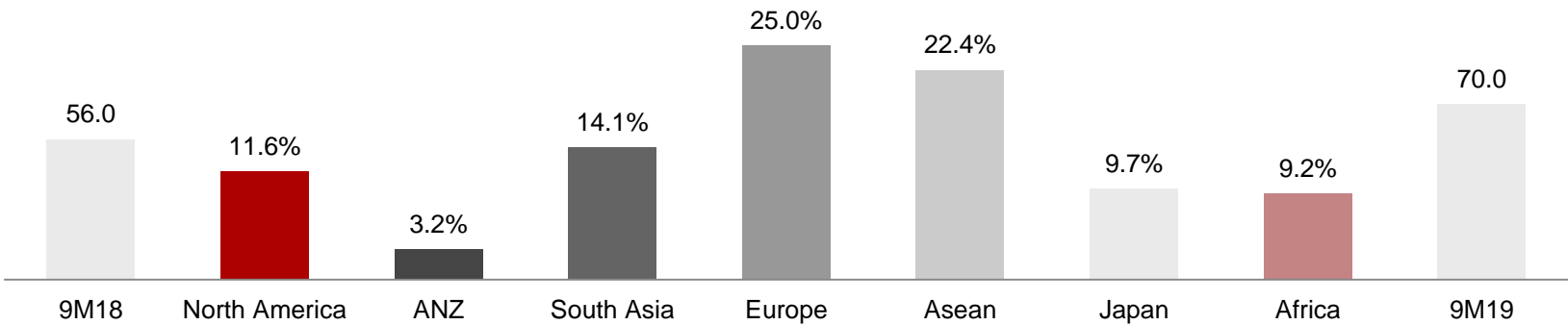


Revenue by region



Revenue growth by region

RMB bn

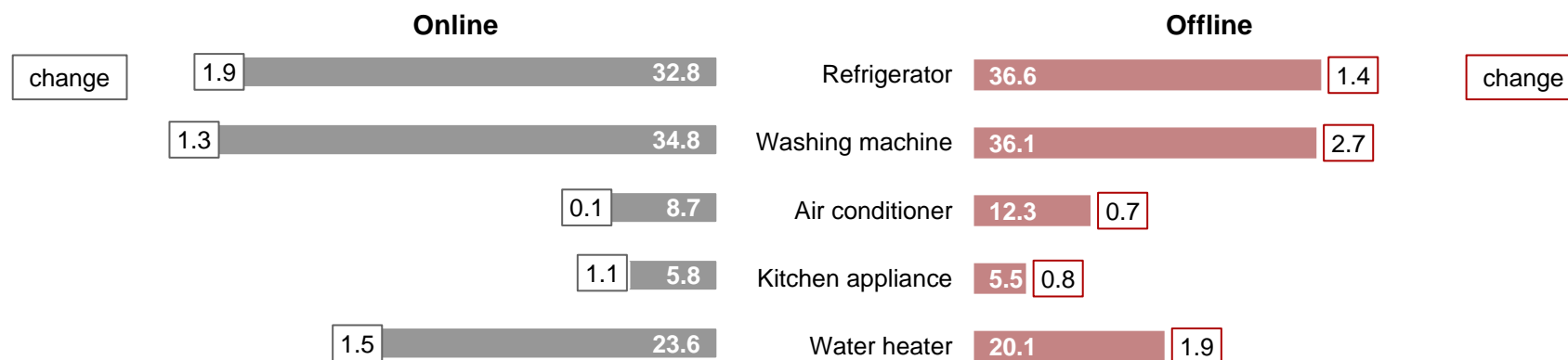


* Ex Candy
Haier Smart Home 9M19

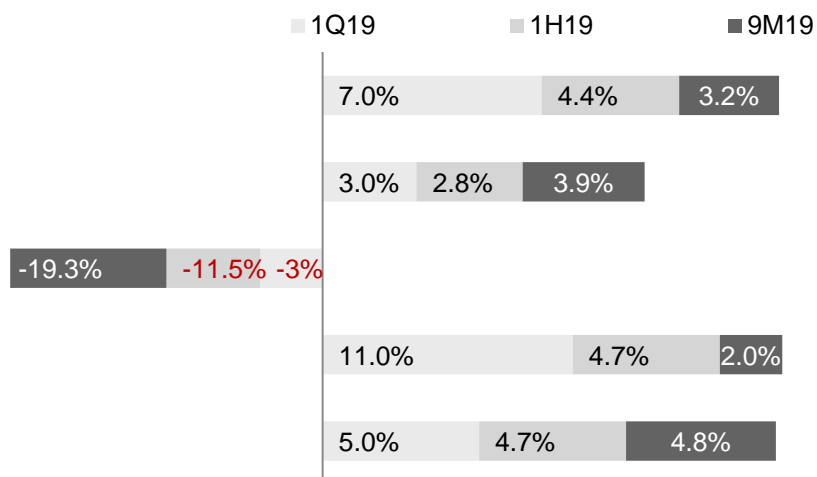


China Revenue by Category

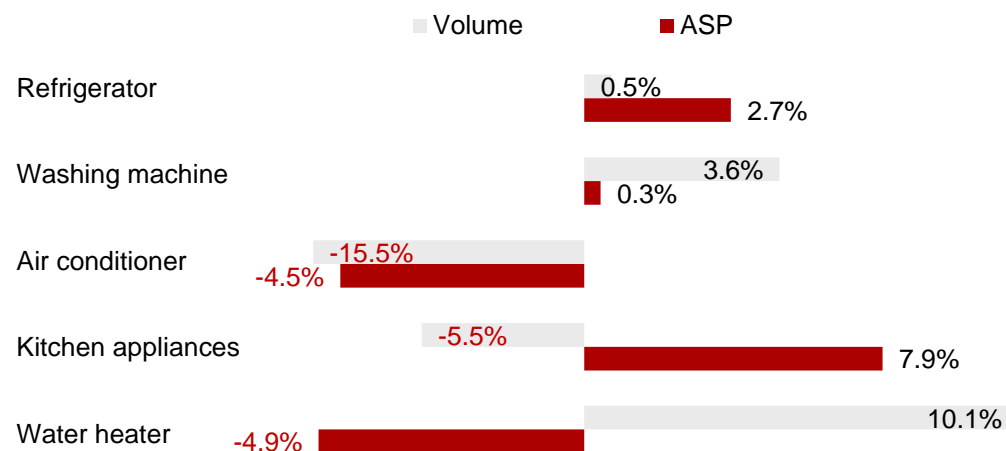
Market share



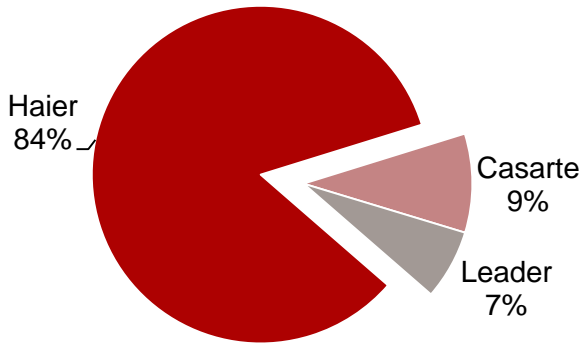
Revenue growth by quarter



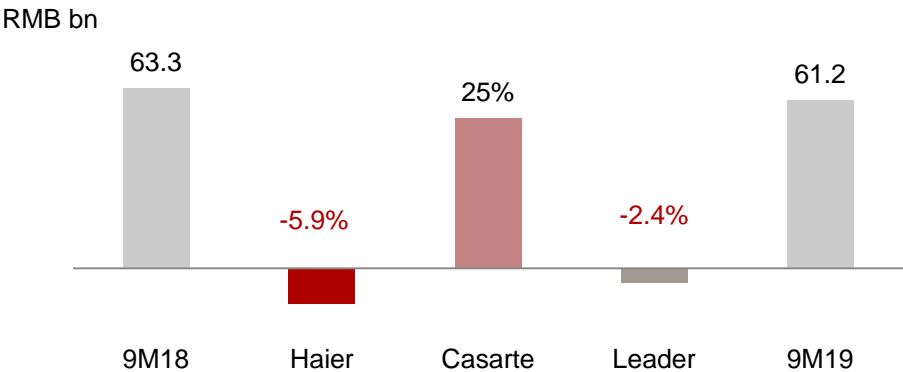
Revenue growth driver



China revenue by brand

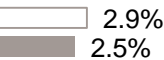
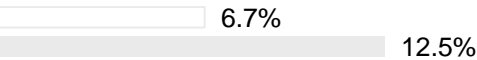
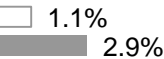


Revenue growth

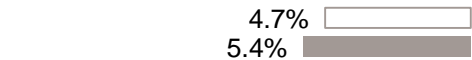
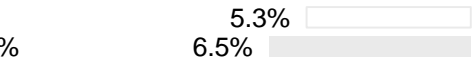
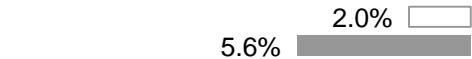


Casarte revenue by category

% of Volume

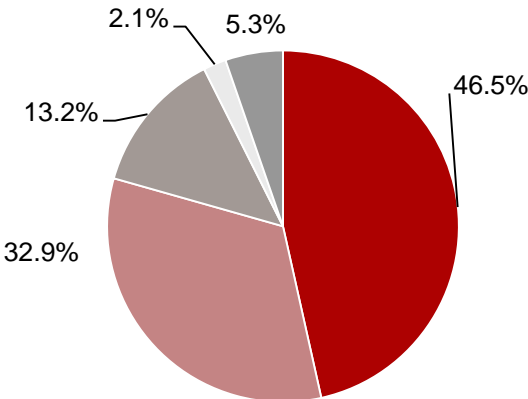


% of Revenue



- Refrigerator
- Washing machine
- AC
- Kitchen appliance
- Water heater

Casarte revenue by category

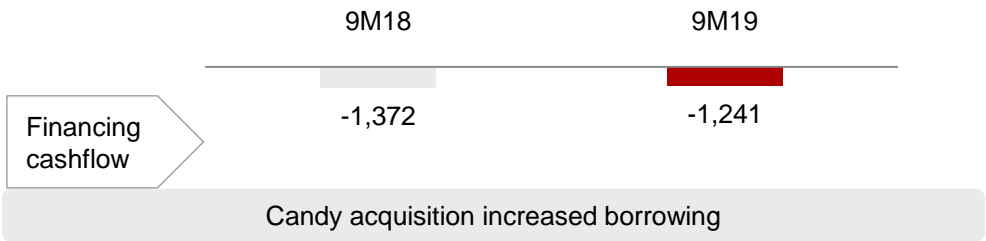
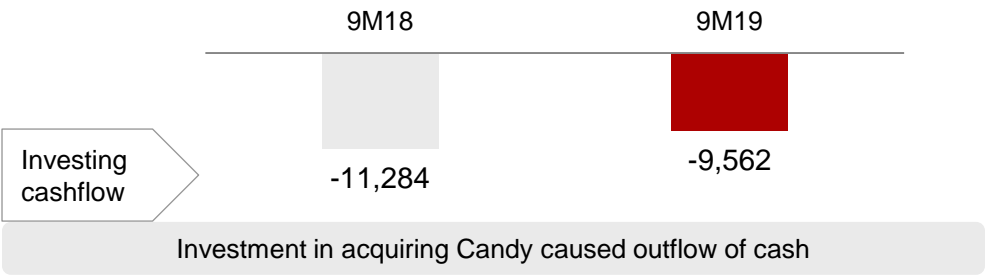
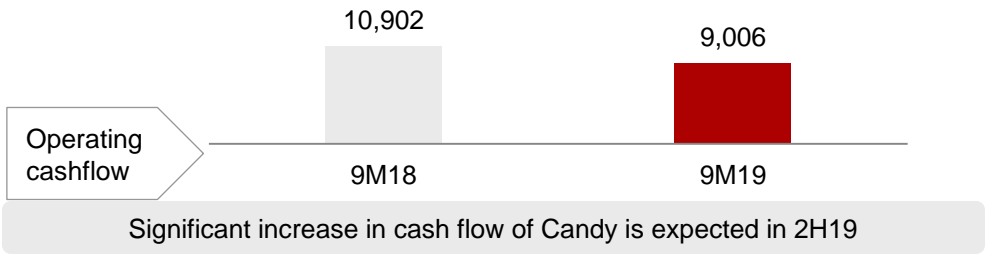


		9M19	Change	Reason
RMB bn				
	Revenue	148.9	7.7%	
	Gross profit Margin	29.1%	-0.03pct	Ex Candy GM up 0.6 pct 3Q GM up 0.8 pct
	Selling expense ratio	15.3%	-0.2pct	
	General & admin expense ratio	4.6%	+0.38pct	
	R&D expense ratio	3.0%	+0.3pct	Consolidation of Candy with higher admin expense ratio
	Operating profit	8.5	5.2%	
	Operating profit margin	5.7%	-0.1pct	Ex Candy, op margin would be 5.74%



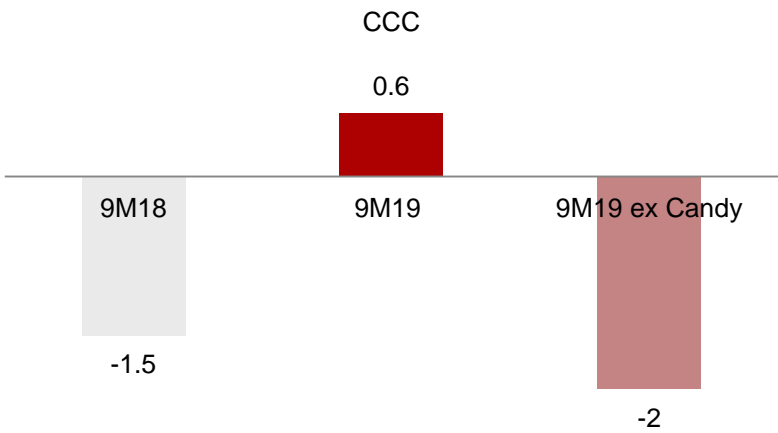
Cash flow

RMB mm



Working capital management

days

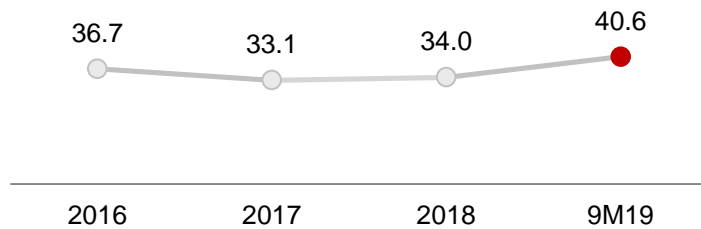


Cash conversion cycle reduced ex Candy

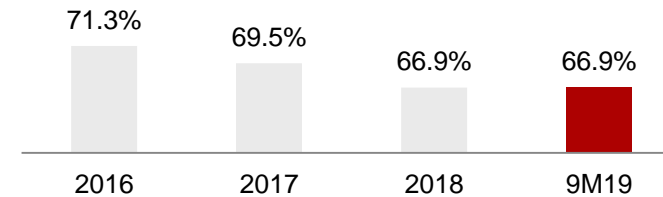


Borrowing trend

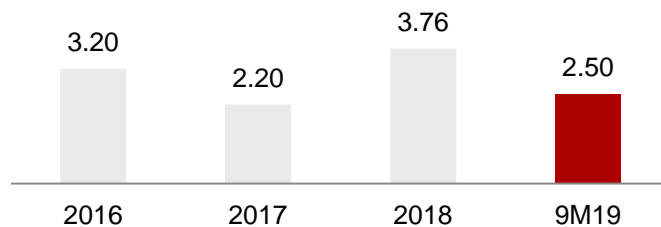
RMB bn



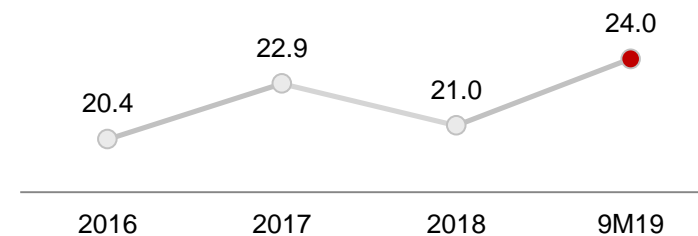
Total liability ratio



Leverage ratio



ROE



9M19 Performance Review

1

Investment Highlights

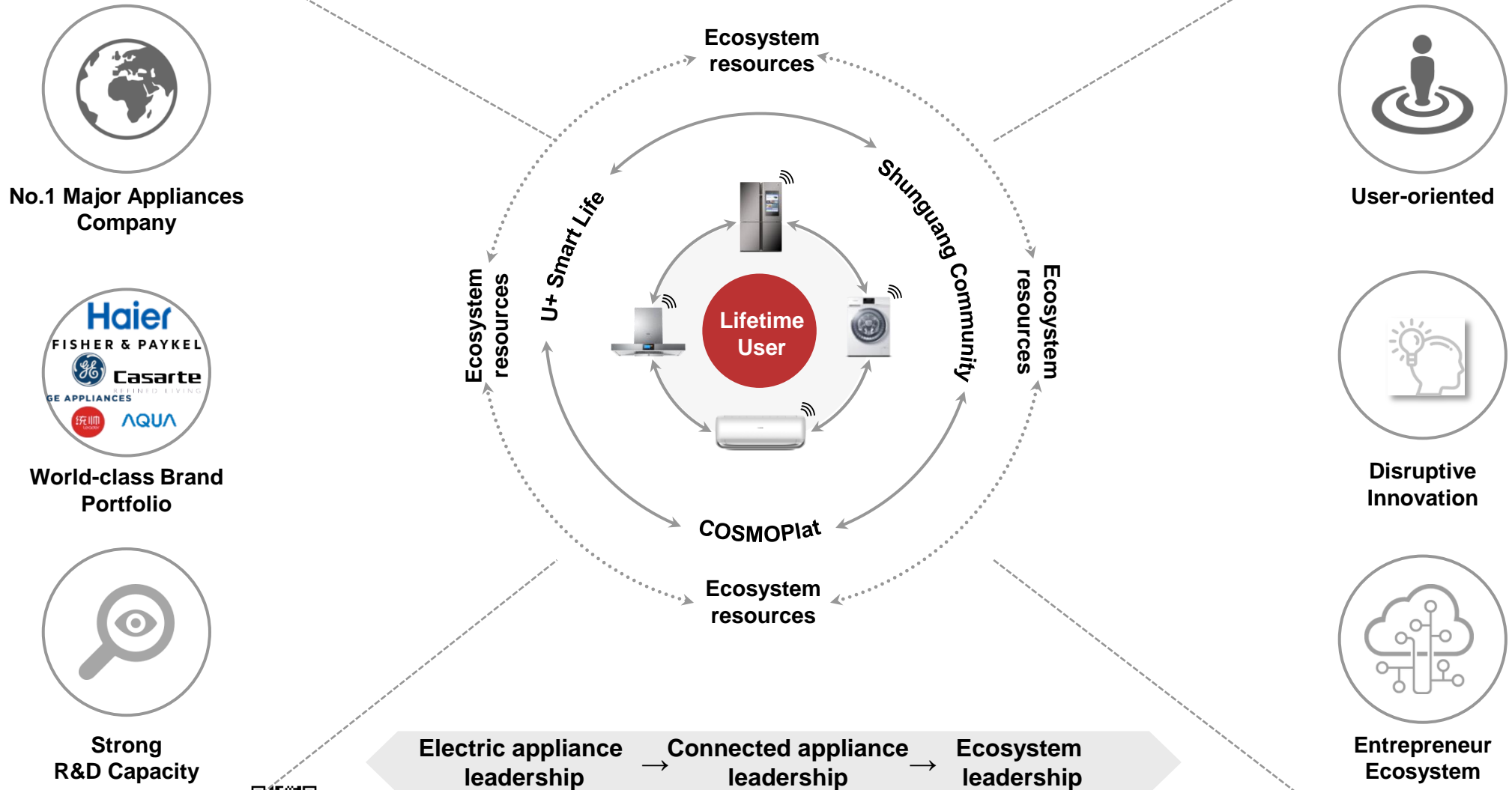
13

Appendix

17



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 & mass customization

Lifetime user

Interactive user

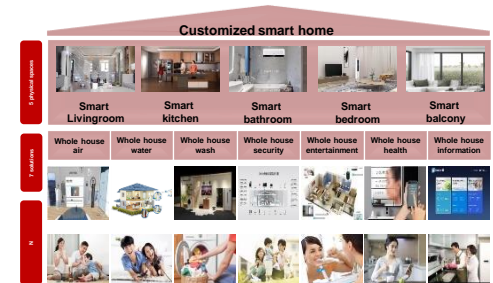
User



Electronic appliance leadership

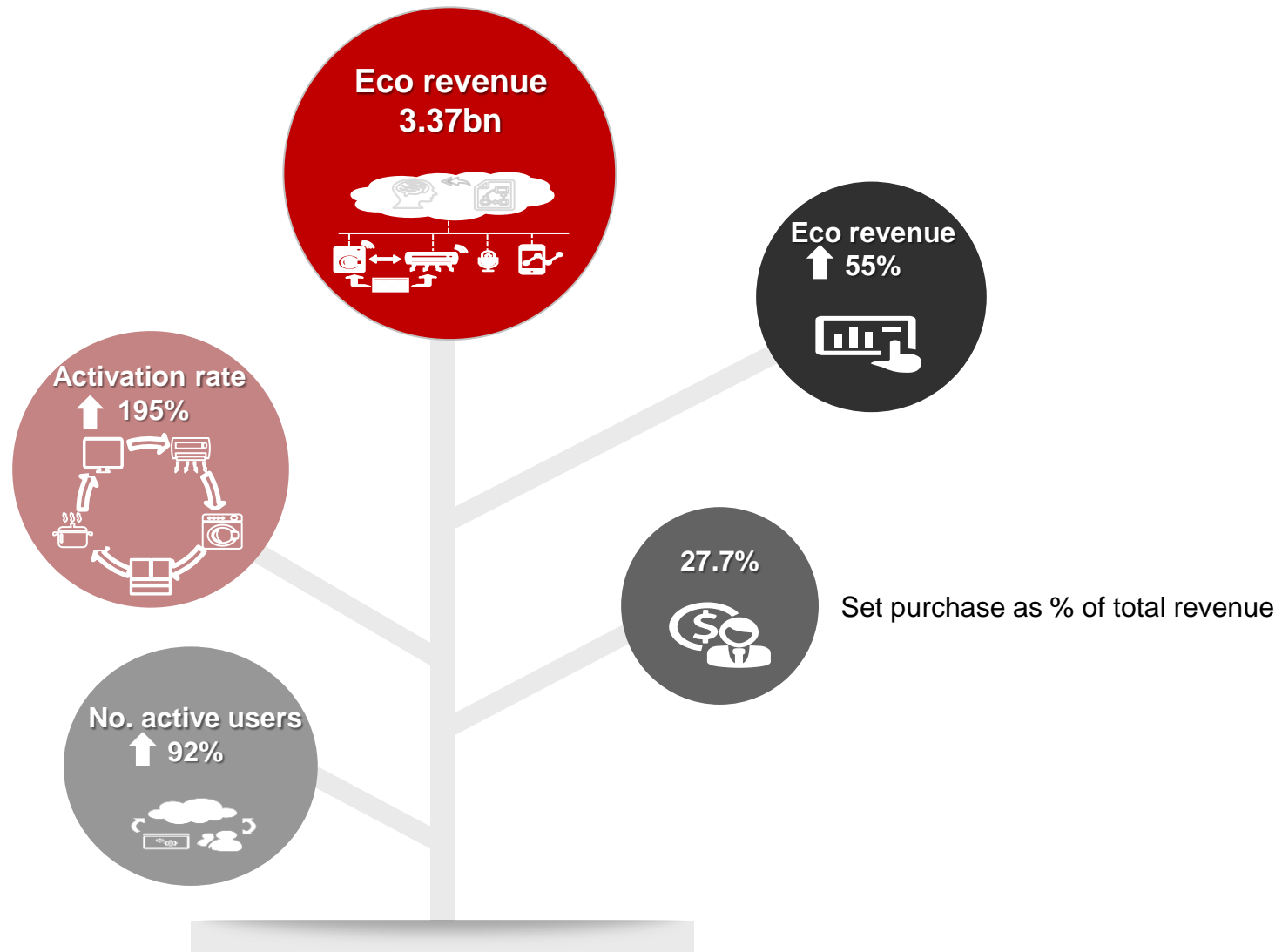


Connected appliance leadership



Ecosystem leadership





9M19 Performance Review

1

Investment Highlights

13

Appendix

17



Consolidated Income Statement

<i>RMB mm</i>	<i>9M19</i>	<i>9M18</i>	<i>1H19</i>	<i>1H18</i>
Revenue	148,896	138,227	98,979	90,488
Cost of sales	(105,584)	(97,969)	(70,174)	(64,057)
Gross profit	43,312	40,258	28,805	26,430
Business tax and surcharges	(683)	(654)	(400)	(407)
Selling and distribution expenses	(22,783)	(21,533)	(14,596)	(13,522)
Administrative and other expenses	(6,875)	(6,171)	(4,525)	(4,033)
Operating profit	8,509	8,090	6,540	6,216
Investment income	4,987	1,327	756	867
Impairment gain/(loss)	(293)	(269)	(219)	(195)
Other expenses and losses	19	(1)	696	431
Profit before taxation	13,222	9,147	7,265	6,834
Income tax expenses	(1,954)	(1,249)	(1,034)	966
Profit for the year	11,268	7,898	6,230	5,867
Attributable to				
Owners of the Company	7,773	6,161	5,150	4,787
Non-controlling interests	(3,495)	(1,737)	(1,080)	(1,079)



Balance Sheet

<i>RMB mm</i>	<i>As of 30th Sep</i>	<i>As of 31st Dec</i>
Current assets		
Cash and cash equivalents	35,856	38,158
Inventories	25,080	22,404
Trade and bills receivables	27,854	24,716
Total current assets	97,353	95,059
Non-current assets		
PP&E	19,036	17,321
Goodwill	23,572	21,238
Intangible assets	10,648	9,245
Other Long Term Assets	33,664	24,760
Total Non-current Assets	86,920	72,564
Total assets	184,273	167,623

<i>RMB mm</i>	<i>As of 30th Sep</i>	<i>As of 31st Dec</i>
Current liabilities		
Accounts payables	48,167	47,385
Short term debt	9,055	6,298
Other Current Liabilities	35,532	26,884
Total Current Liabilities	92,754	80,567
Non-current liabilities		
Non-current debt	12,259	15,541
Other non-current liabilities	18,327	15,953
Total non-current liabilities	30,586	31,494
Total Liabilities	123,340	112,062

<i>RMB mm</i>	<i>As of 30th Sep</i>	<i>As of 31st Dec</i>
Owners equity		
Share capital	6,368	6,368
Retained earnings	32,336	26,938
Total equity attributable to owners of the company	44,881	39,527
Non-controlling interests	16,052	16,034
Total equity	60,933	55,561



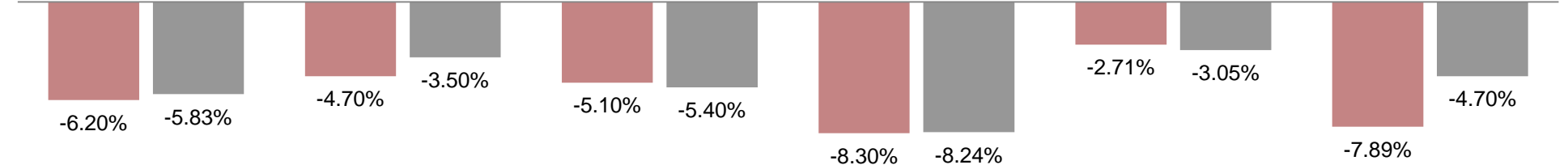
Cash Flow Statement

<i>For the year ended 30 Sep (RMB mm)</i>	<i>2019</i>	<i>2018</i>
Cash flows from operating activities		
Net profit	7,772	4,787
Minority interest	3,494	1,079
Other	590	18
Net cash flows from operating activities	9,006	10,902
Cash flows from investing activities		
Capital Expenditure	(4,579)	(4,448)
Other	(4,983)	(6,836)
Net Cash Used in Investing Activities	(9,562)	(11,284)

<i>For the year ended 30 Sep (RMB mm)</i>	<i>2019</i>	<i>2018</i>
Cash flows from financing activities		
Proceeds from borrowings	12,084	12,010
Repayment of borrowings	(9,252)	(10,654)
Other	(4,073)	(2,728)
Net cash generated from/(used in) financing activities	(1,241)	(1,372)
Net increase/(decrease) in cash and cash equivalents	(3,097)	(2,037)
Cash and cash equivalents at the beginning of the period	36,044	35,094
Effect of foreign exchange rate changes	(1,210)	(1,381)
Cash and cash equivalent at the end of the period	34,834	33,712



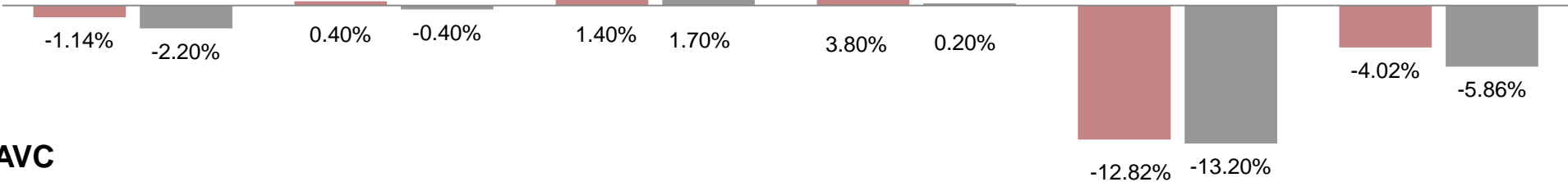
2H & FY19 Appliances Industry Revenue Growth in China



CMM

2H19 FY19

Overall Refrigerator Washing machine Air conditioner Kitchen appliance Water heater



AVC

2H19 FY19





Thank You

