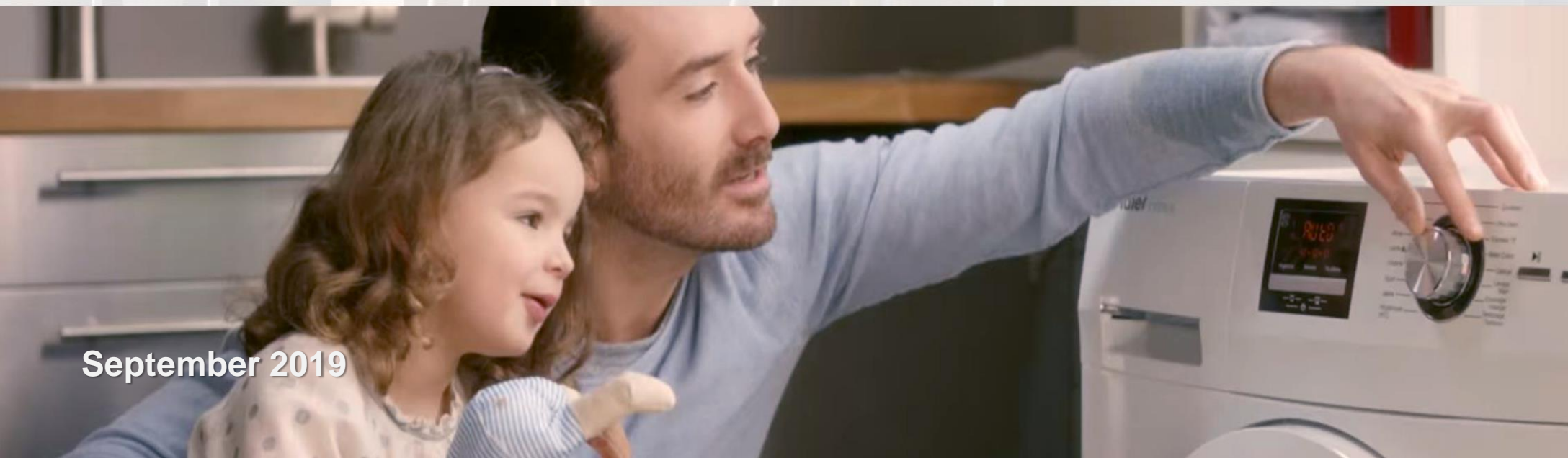




Qingdao Haier Co., Ltd
Roadshow Presentation

Haier



September 2019



September 2019

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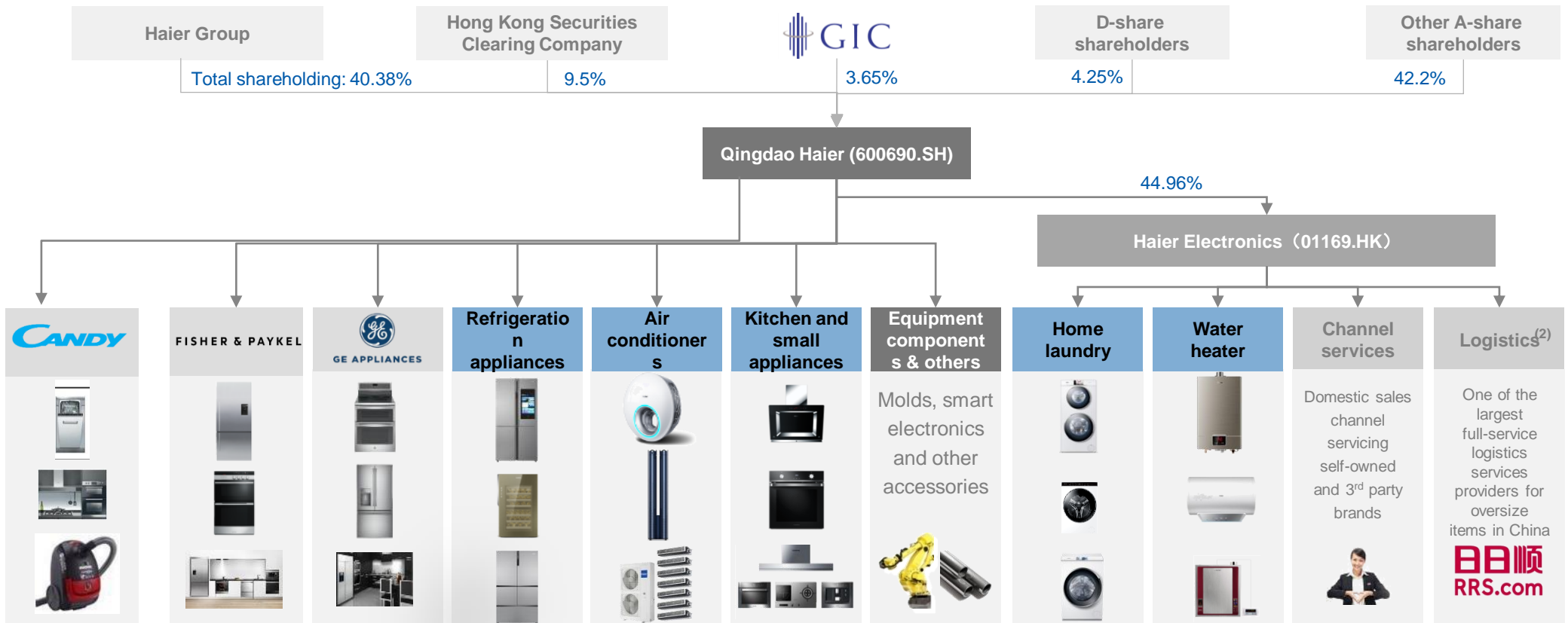
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Shareholding Structure

Haier



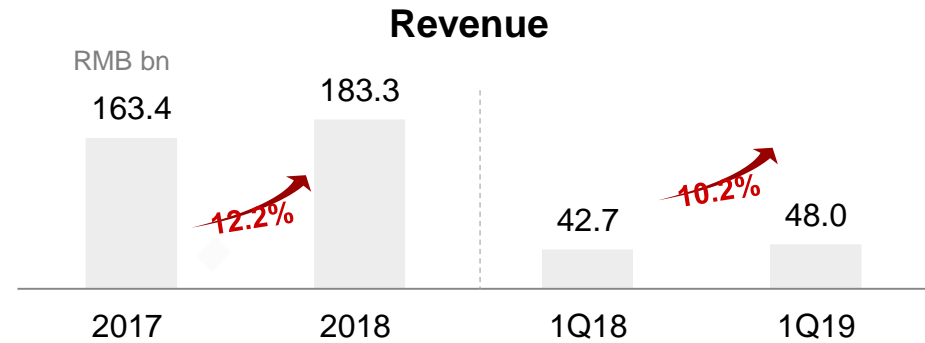
As of 31 March 2019

1	FY18 & 1Q19 Performance Review	1
2	Investment Highlights	16
3	D Shares	18
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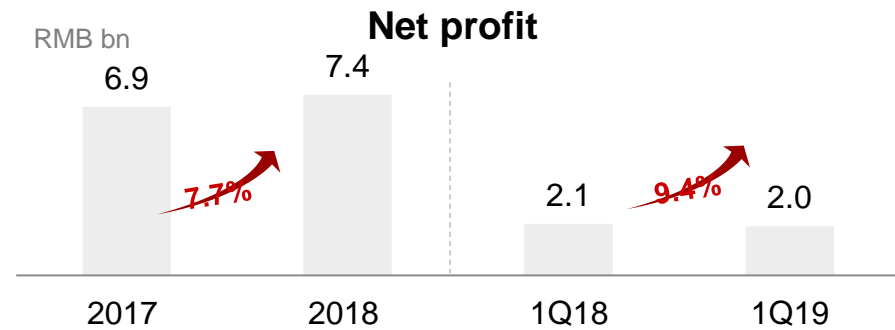
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1H19 Performance Review

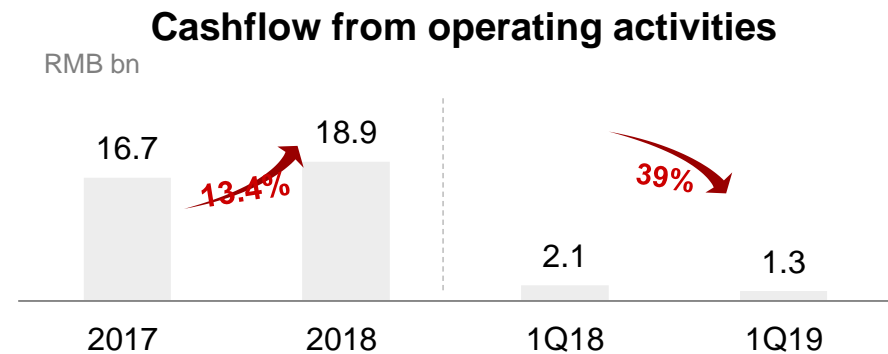
Solid revenue growth driven by consumption upgrade global consolidation



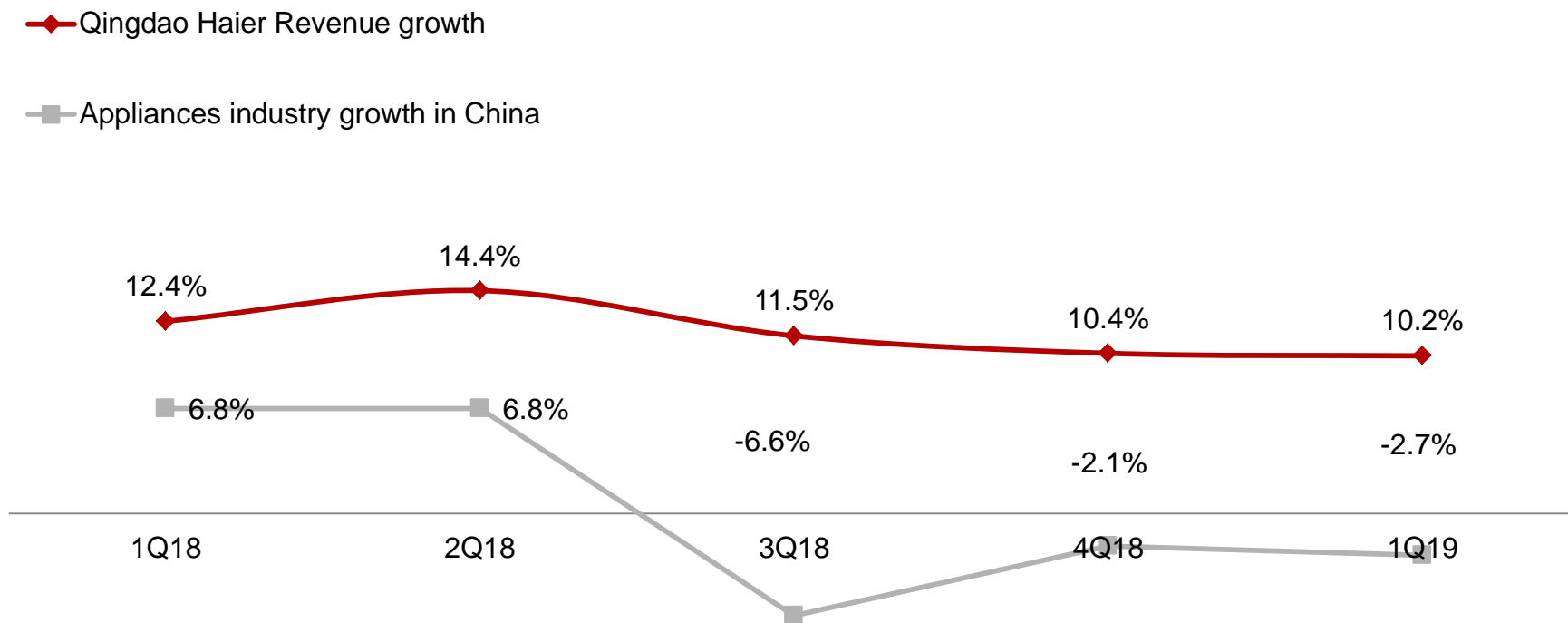
All-time record profitability



Strong cash flow

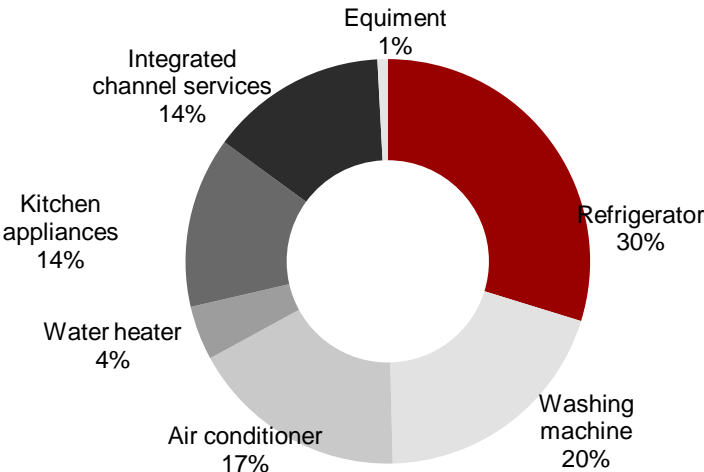


Mix upgrade + Globalization = Sustainable Growth



Source: AVC

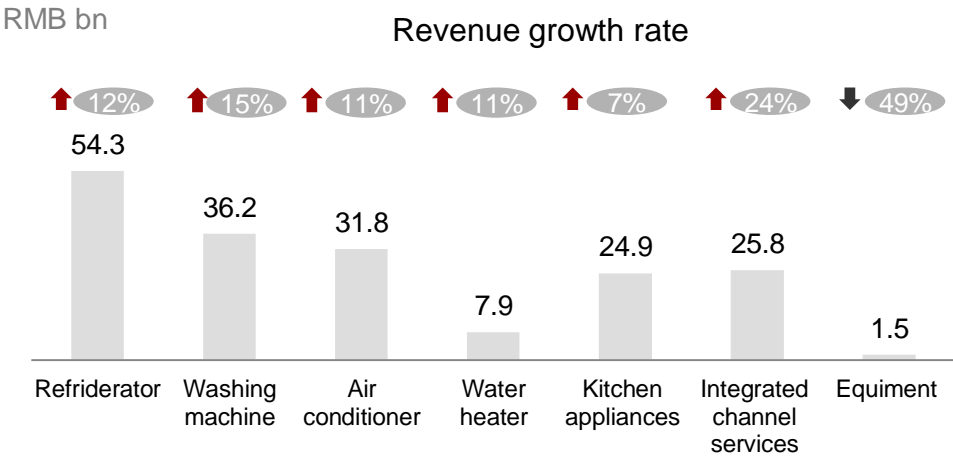
Revenue by category



Refrigerator continues to be the most significant contributor.

Revenue growth by category

Solid growth in all appliance categories









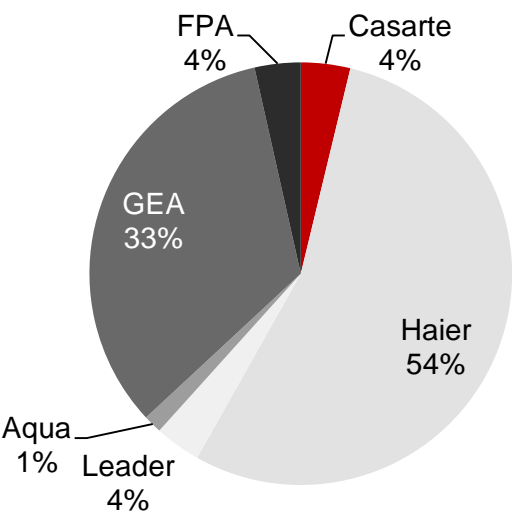
Global Revenue Breakdown by Brand



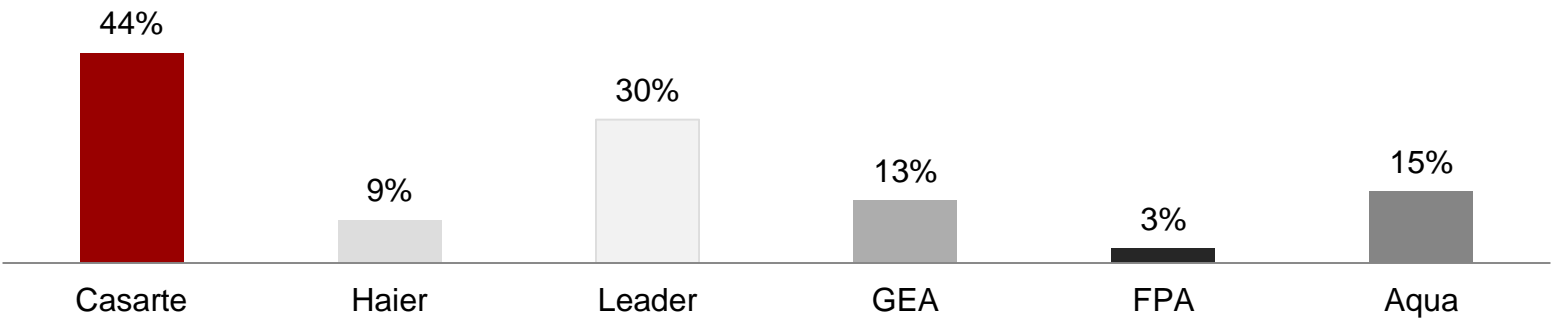
Revenue breakdown by brand

RMB bn

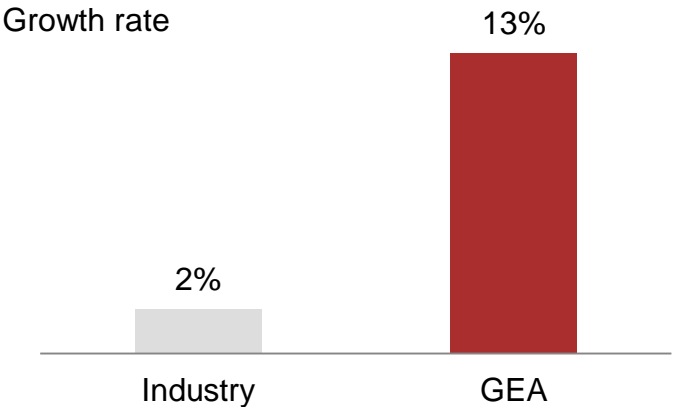
	5.9
	85
	5.5
 GE Appliances	52.2
	5.5
	2.2



Revenue growth by brand



Significantly outperform industry



Synergy effect

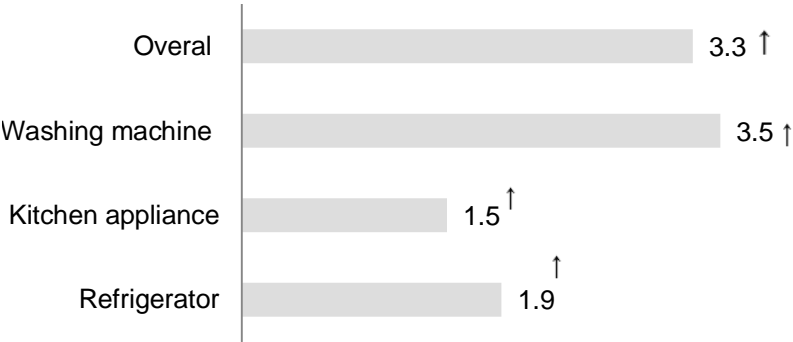


Identified synergy projects totaling \$79 million

20 GEA stores opened in China



Market share expansion



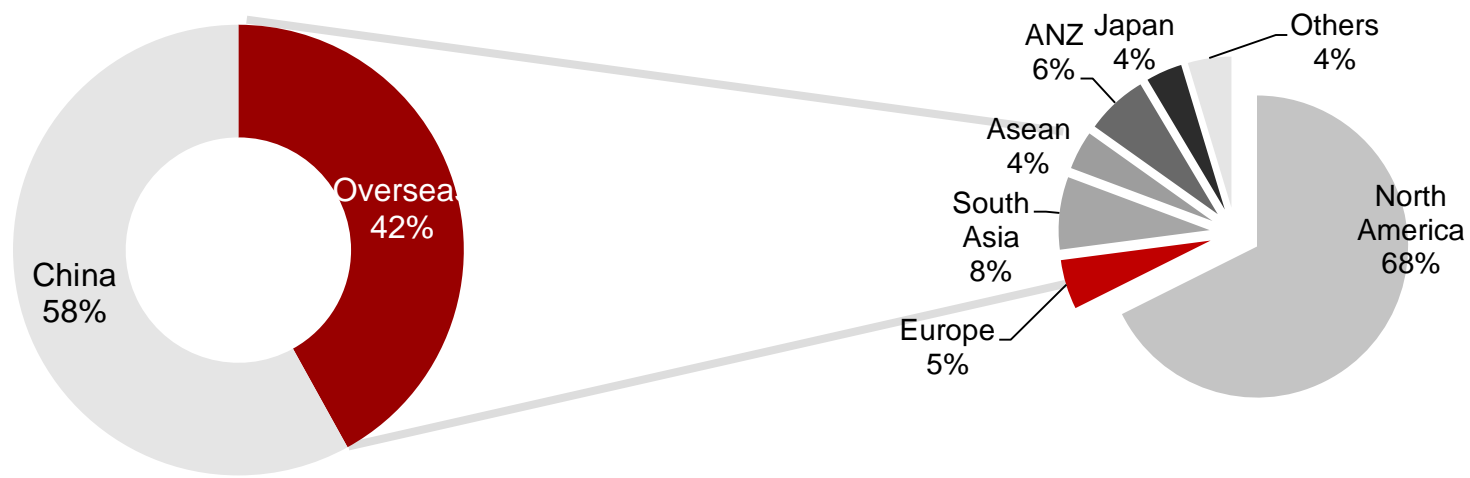
Wide recognition

10 Major Appliance Movers & Shakers



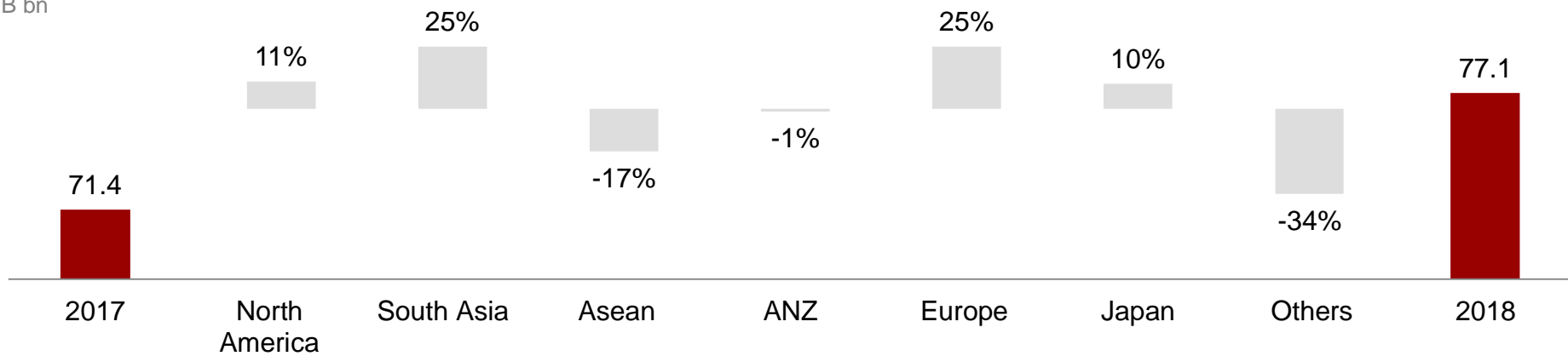
Source: AHAM

Revenue breakdown by region



Revenue growth by region

RMB bn



China Revenue Breakdown by Brand

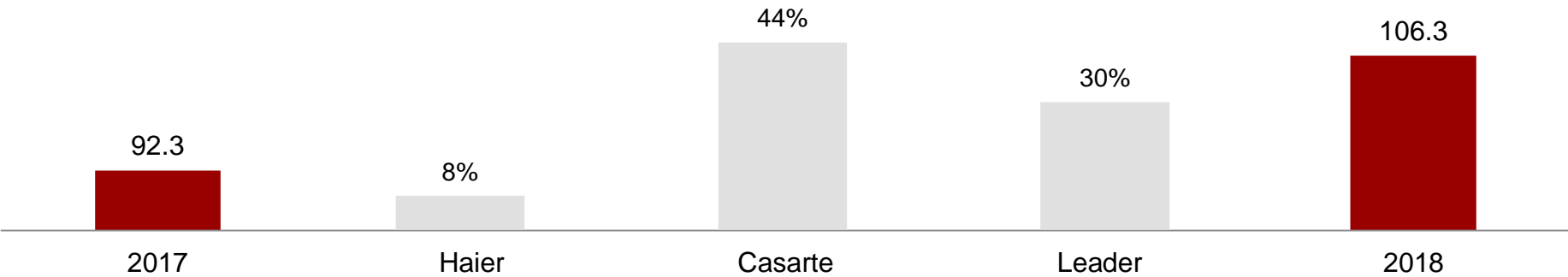


Revenue breakdown by brand

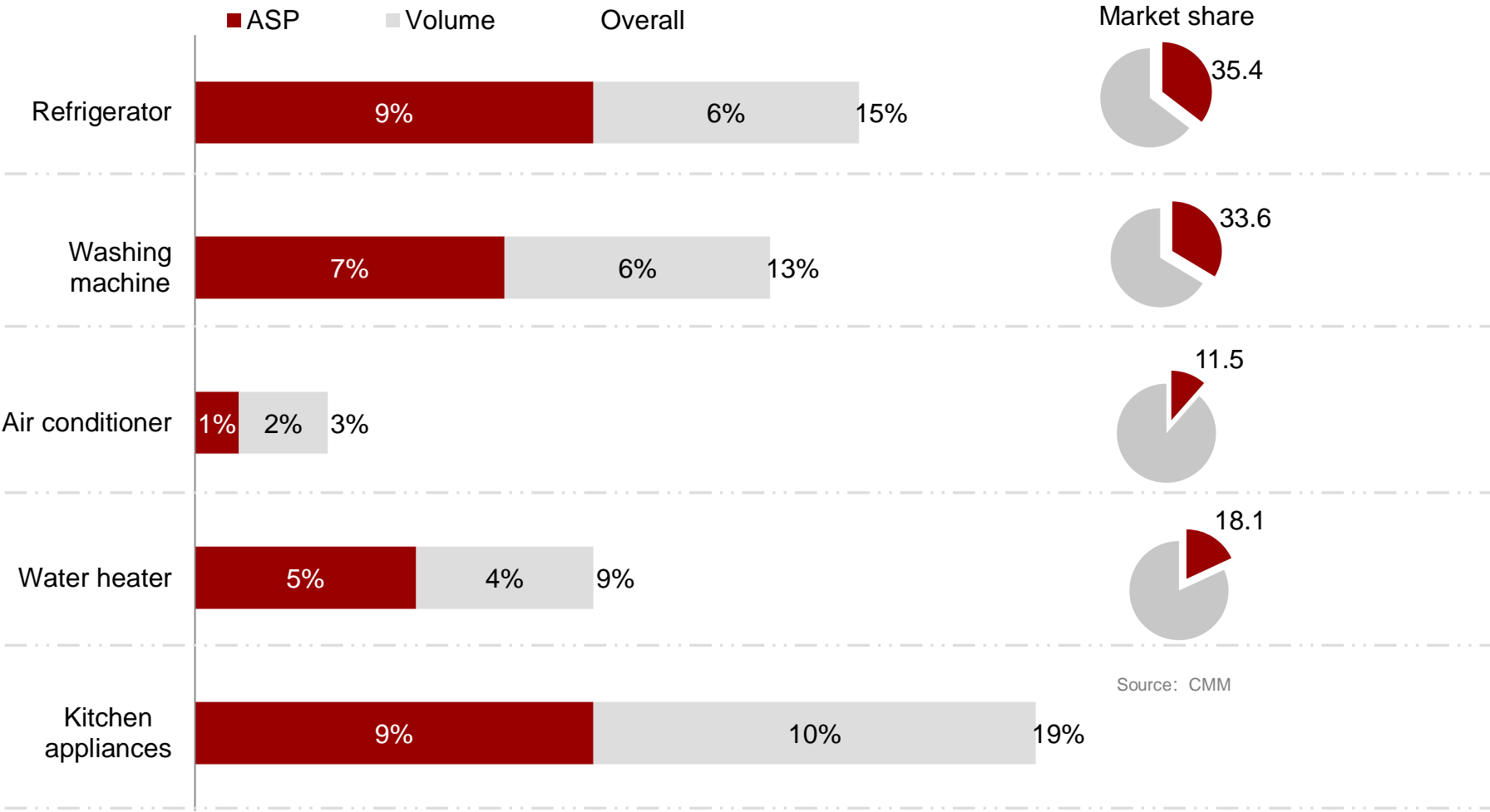


Revenue growth by brand

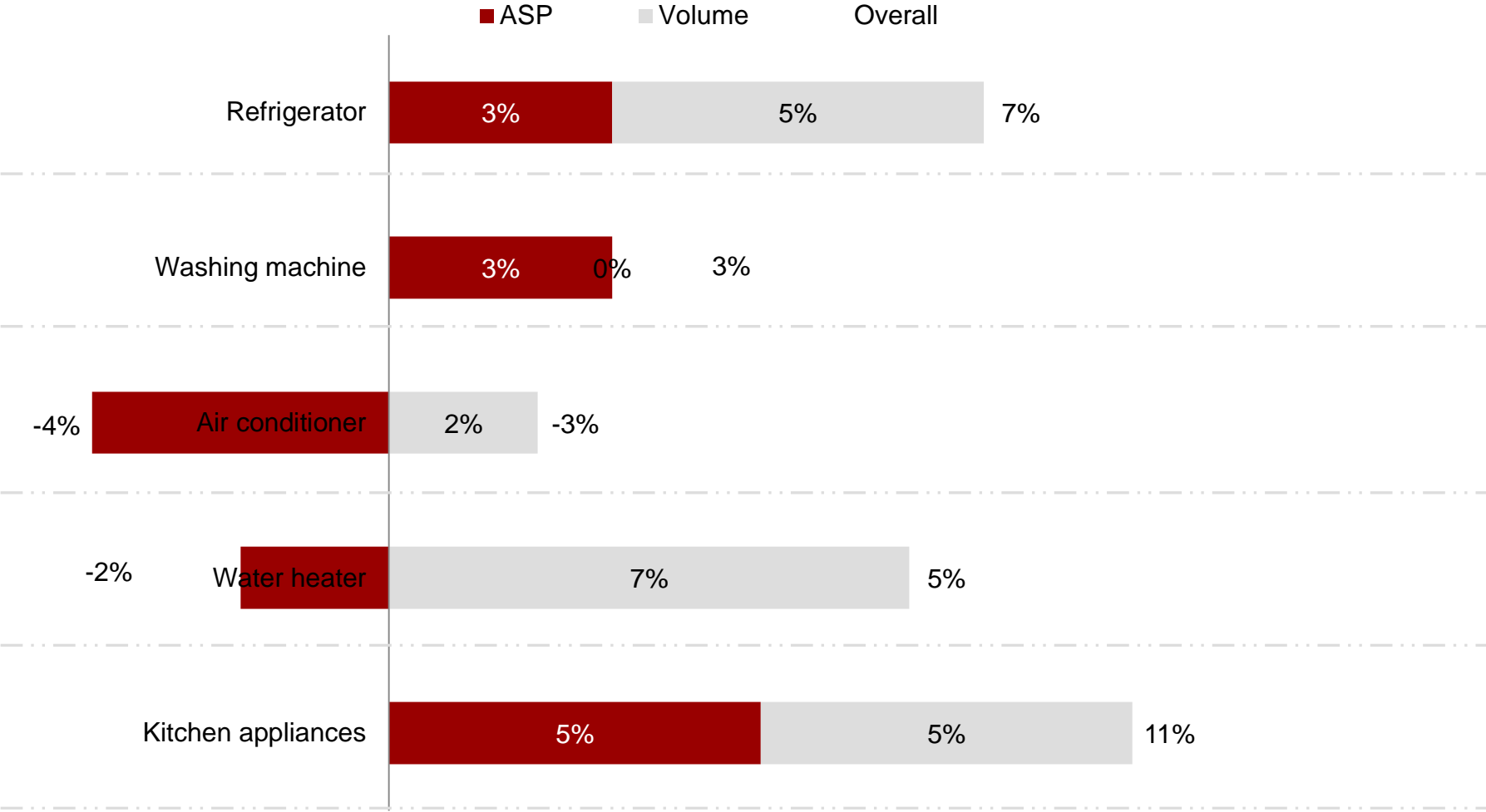
RMB bn



China Revenue Breakdown by Category FY18

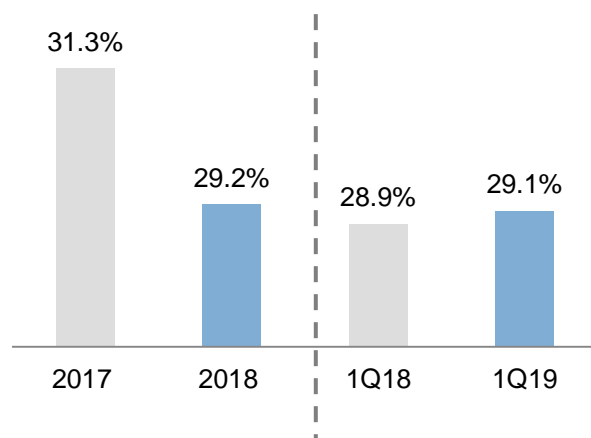


China Revenue Breakdown by Category 1Q19



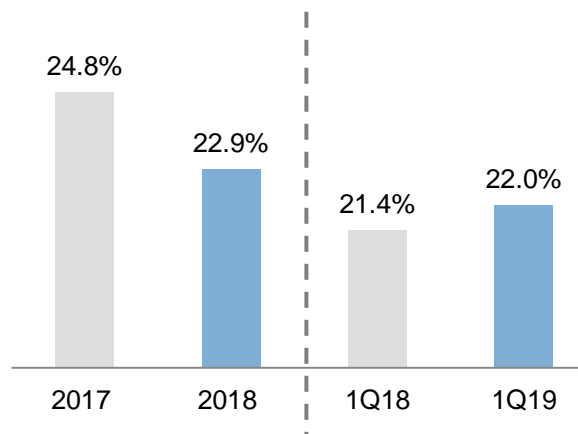
	FY18	Change	LFL change* Logistics expense recategorized	Reason
Revenue	183,317	12.2%		
Gross profit Margin	29.0%	-2.1pct	-0.4pct	GEA impacted by raw material inflation
Selling expense ratio	15.6%	-2.1pct	-0.4pct	Efficiency improvement of GEA
General & admin expense Ratio	7.3%	+0.2pct	+0.2pct	
Operation profit	10,247	8.5%		
Operating profit margin	5.6%	-0.1pct		

Gross profit margin



- Gross profit margin decreased by 2.1 pct pt to 29.2%, caused by recategorizing of logistics expenses
- 1Q19 gross profit margin increased by 0.2 pct pt

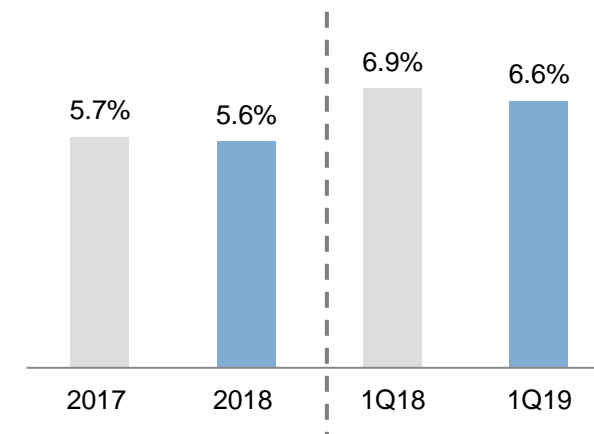
Opex ratio



- SG&A ratio decreased by 2 pct pt to 22.9% in 2018
- 1Q19 SG&A ratio increased slightly by 0.6 pct pt

Operating profit margin

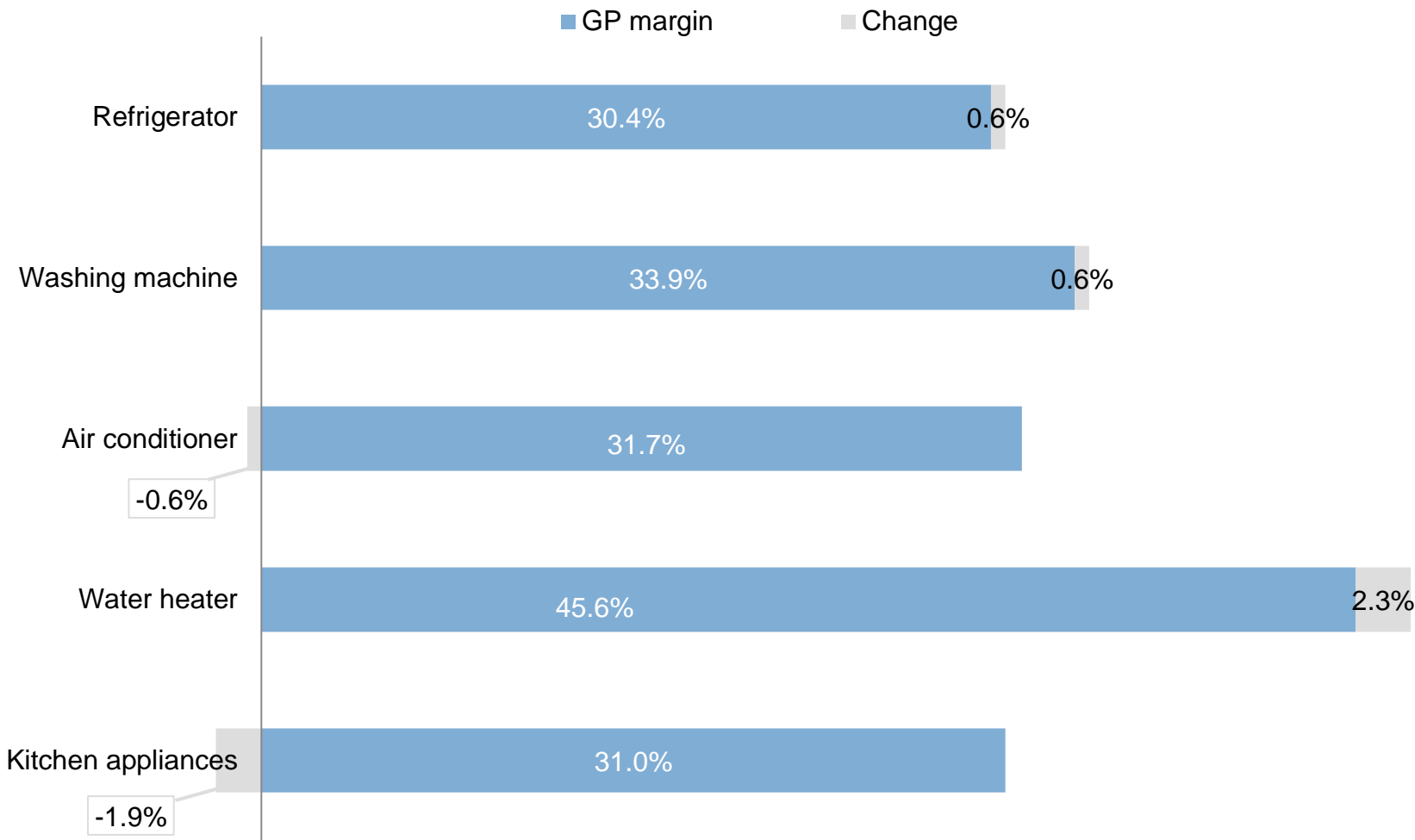
RMB m



- Operating margin decreased by 0.1 pct pt in 2018 and 0.3 pct pt in 1Q19

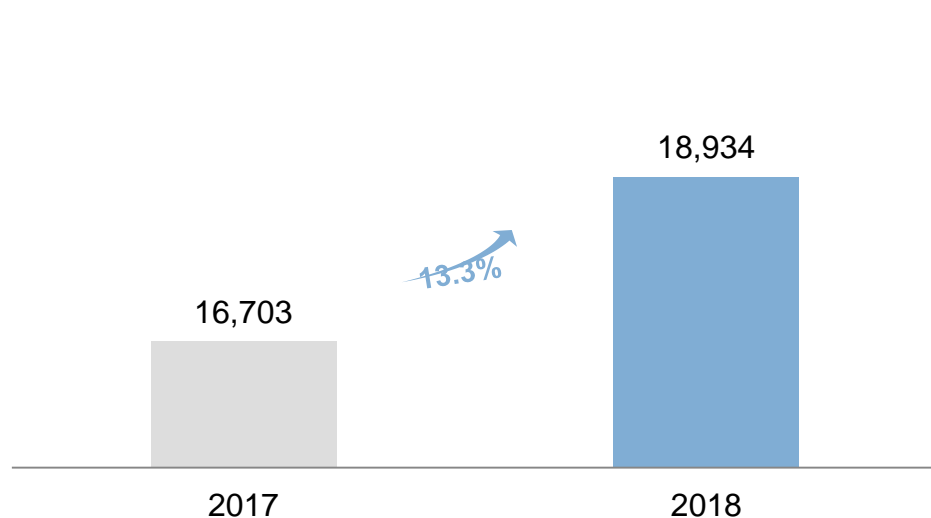
GP Margin by Category

Gross profit margin by category



Strong cash flow from operating activities

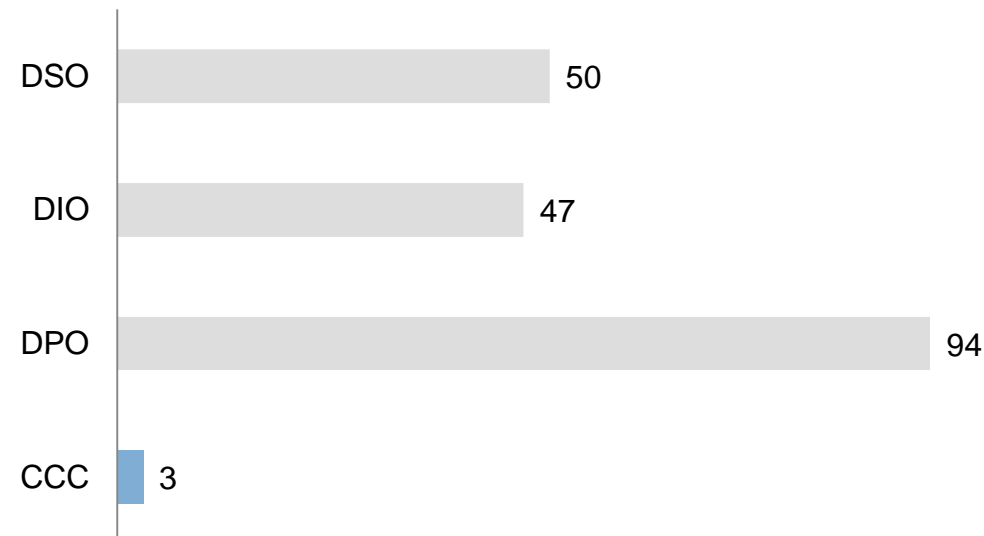
RMB mm



- Strong operating profit growth and declining working capital contributed to a strong increase in cash flow from operating activities.
- The growth rate and amount of cash flow from operating activities are prominently higher than profits, reflecting good growth quality.

Efficient working capital management

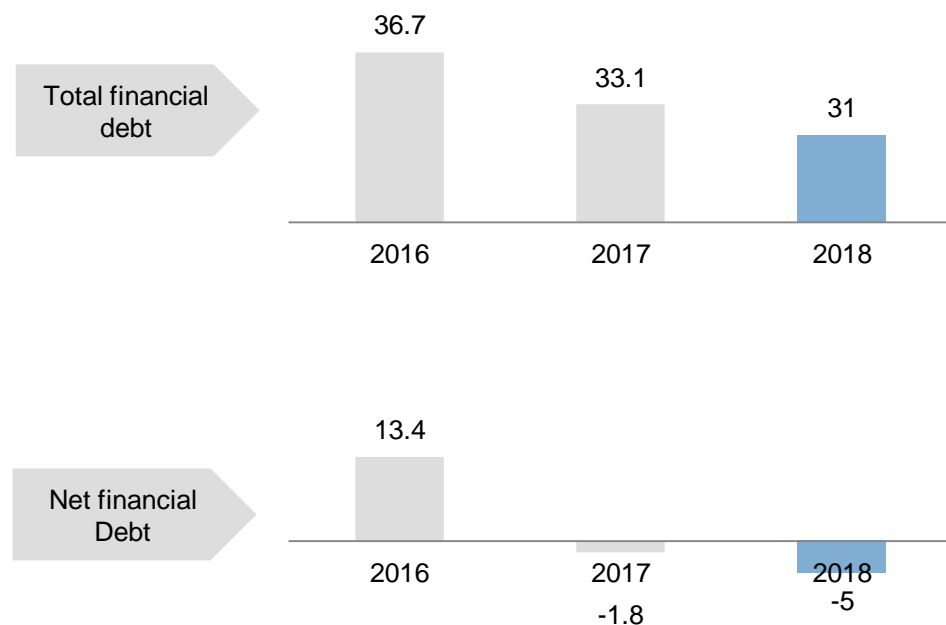
days



- Effective working capital management with cash conversion cycle days controlled at 3 days

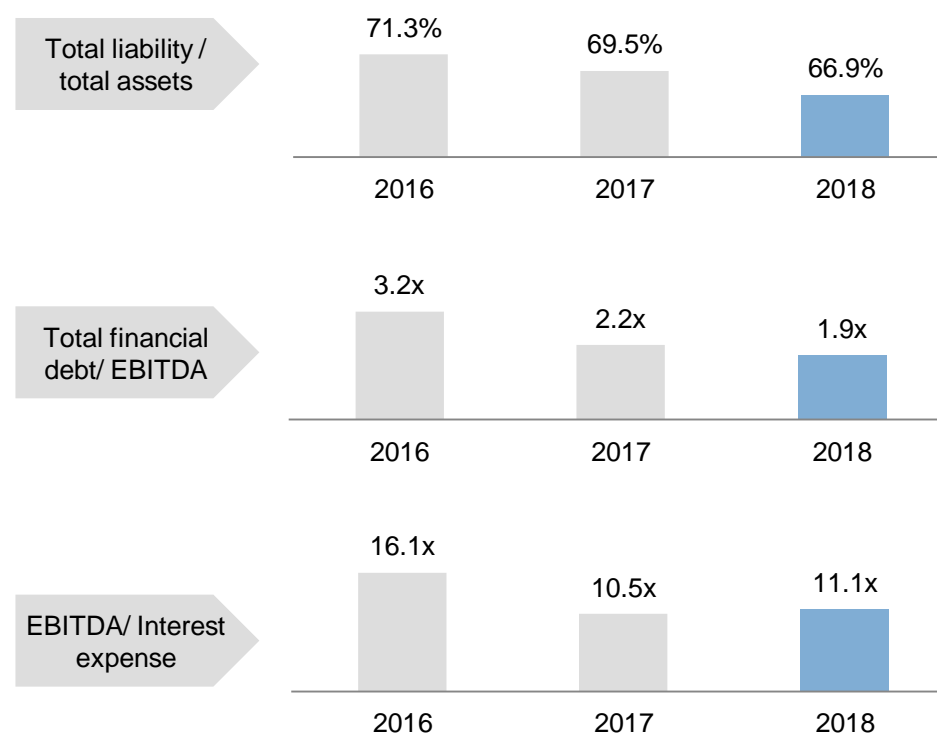
Borrowing trend

RMB bn



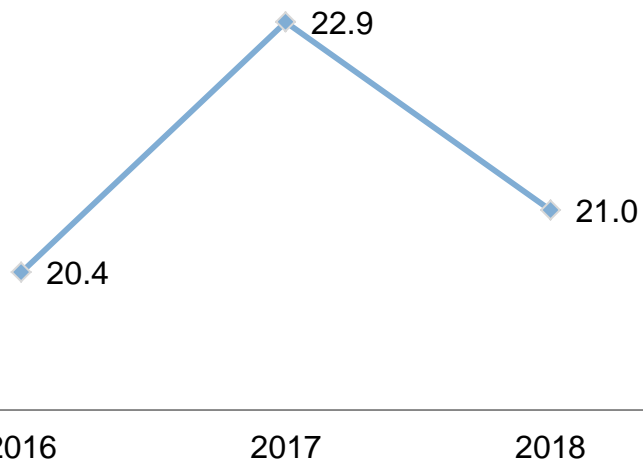
- The significant increase in borrowings in 2016 was due to debt financing for the acquisition of GE Appliances
- Total debt dropped in 2018 as a result of repayment of borrowings due to strong operating cash flow

Credit metrics overview



- Major credit metrics in 2017 and 2018 showed a clear optimization trend

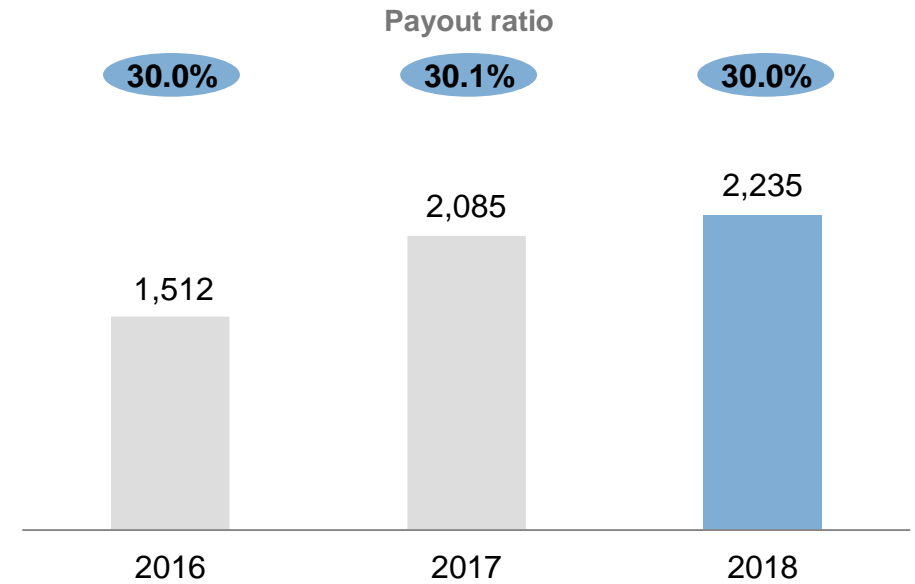
Continuously increasing return on equity (ROE)



- Average ROE has been increasing over the years

Active dividend payout policy

RMB mm

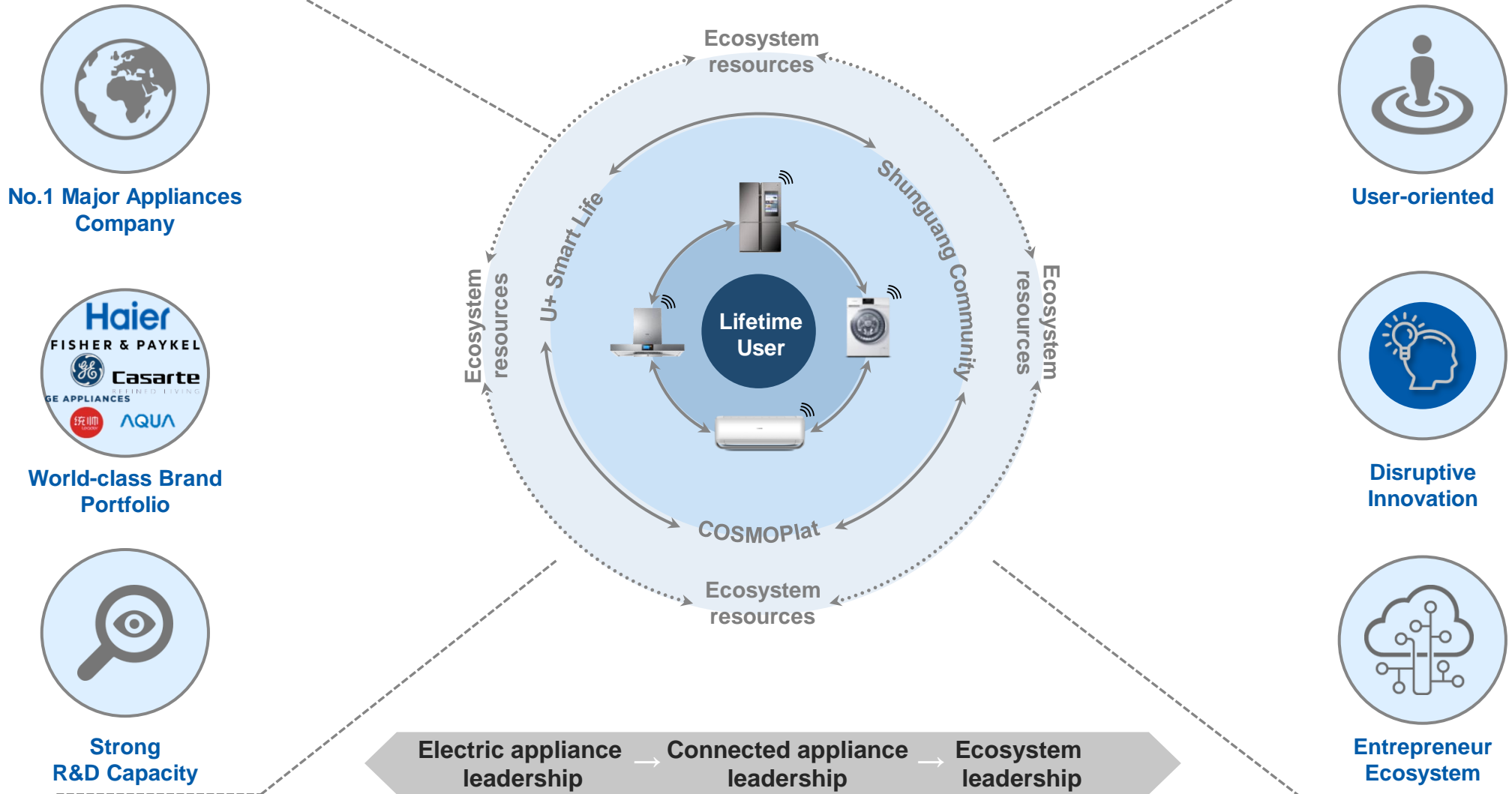


- In recent 3 years, ratio of cash dividend / attributable net profit for the year all exceeded 30%

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Investment Highlights

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

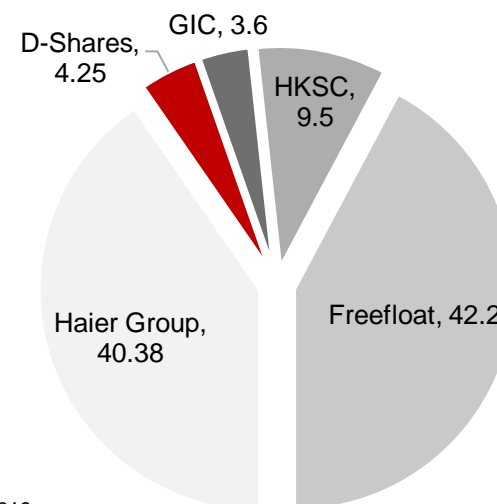
Unique “Rendanheyi” Management Model, experienced and visionary management team

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D-Shares



Shareholder structure after D-share listing



As of 31 March 2019

Share information

	A-Shares	D-Shares
Bloomberg symbol	600690:CH	690D:GR
ISIN	CNE000000CG9	CNE1000031C1
Stock Exchange	Shanghai	Xetra, Frankfurt, Stuttgart, Berlin, Dusseldorf, Munich, Tradegate
Market Segment	n/a	Prime Standard
Designated Sponsor	n/a	Baader Bank AG
Index	SSE180	Prime all shares
Registered shares	6.1 bn	271 m

- The first and only Chinese Company prime listed in Germany with A+D model
- Pre-IPO distribution preferred long-term investors
- Chinese and German regulations both applicable
- Maximal transparency to international investors
- Directly available for all international investors
- Trading in EURO
- Equal rights for dividend and voting for D-shareholder

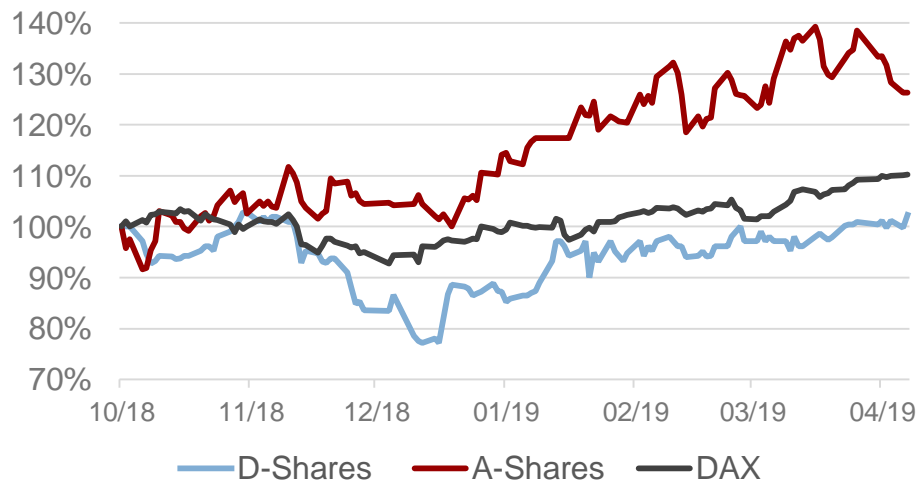
Haier D share price since IPO



D-Shares potential

- **Market Cap EUR 286.2 Mn.**
- as of 30/04/19: **Closing price EUR 1.08**
- **P/E ratio 6.6 D-Share** (14.2 A-Share)
- Attractive **D share dividend yield** of **4.8 %**
- Shareholder-friendly **dividend policy** with **payout ratio** of over **30 %**

Performance Comparison



To close the price gap

- Less brand recognition
➔ Brand forging synergy with business operation
- No fungibility btw. A- and D-share
➔ Increasing opening up of the Chinese capital market
- Smaller Share capital and less trading volume
➔ Intensive activities within the IR and PR scope

1 Key pillar of strategy to become the top 2 players in the European market

2 Ability to raise direct funds in Euros offshore to pursue European development strategy

3 Improve brand recognition in European market

4 Raise funds as M&A currency for future growth

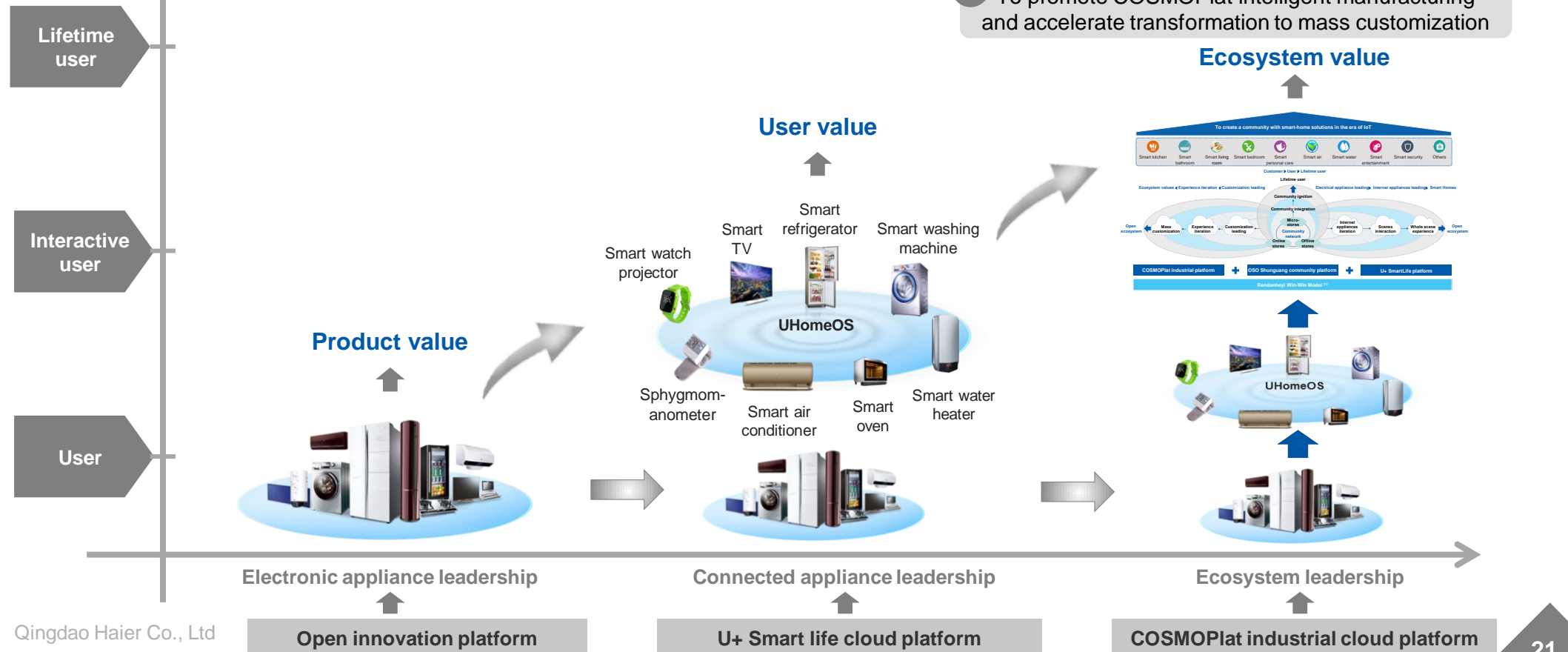
5 Build A+D capital market platform to promote the globalization strategy especially expansion in Germany

6 Offshore employee incentive platform

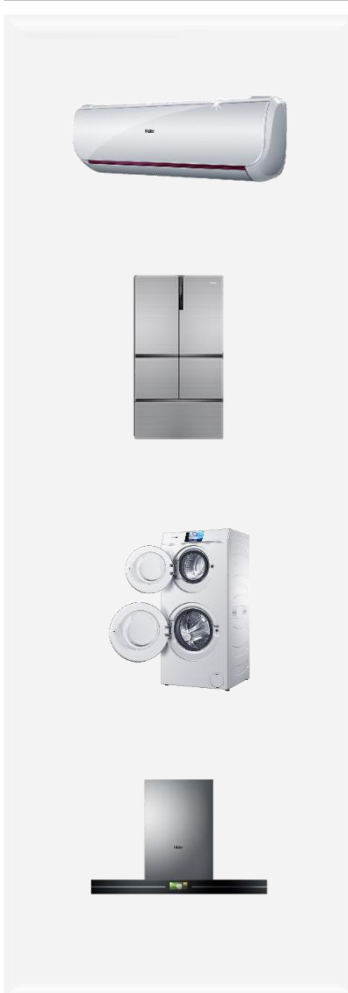
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Growth Strategies

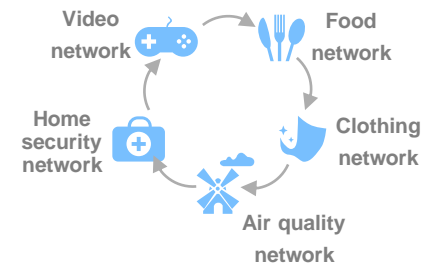
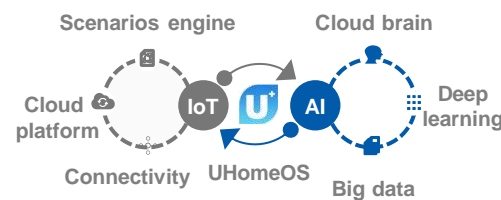
- 1 To continue expanding globally, in Europe in particular
- 2 To enhance Haier brand value through technology innovation and business model evolution
- 3 To develop Shunguang retail and social network to further penetrate the market
- 4 To develop U+ smart-home solutions to provide best user experience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



Single product-centric
consumption



The best customized consumer
experience, making users become lifelong Haier users



The core of COSMOPlat is to realize lifetime value for users through a user-centric mass customization model

- A shift from physical space to a user-interactive cyberspace, rather than a simple replacement of person by machines
- A transformation from producing for inventory to producing for users, with 1 product under 1 user

1

Key focus

- User-centric mass customization platform

2

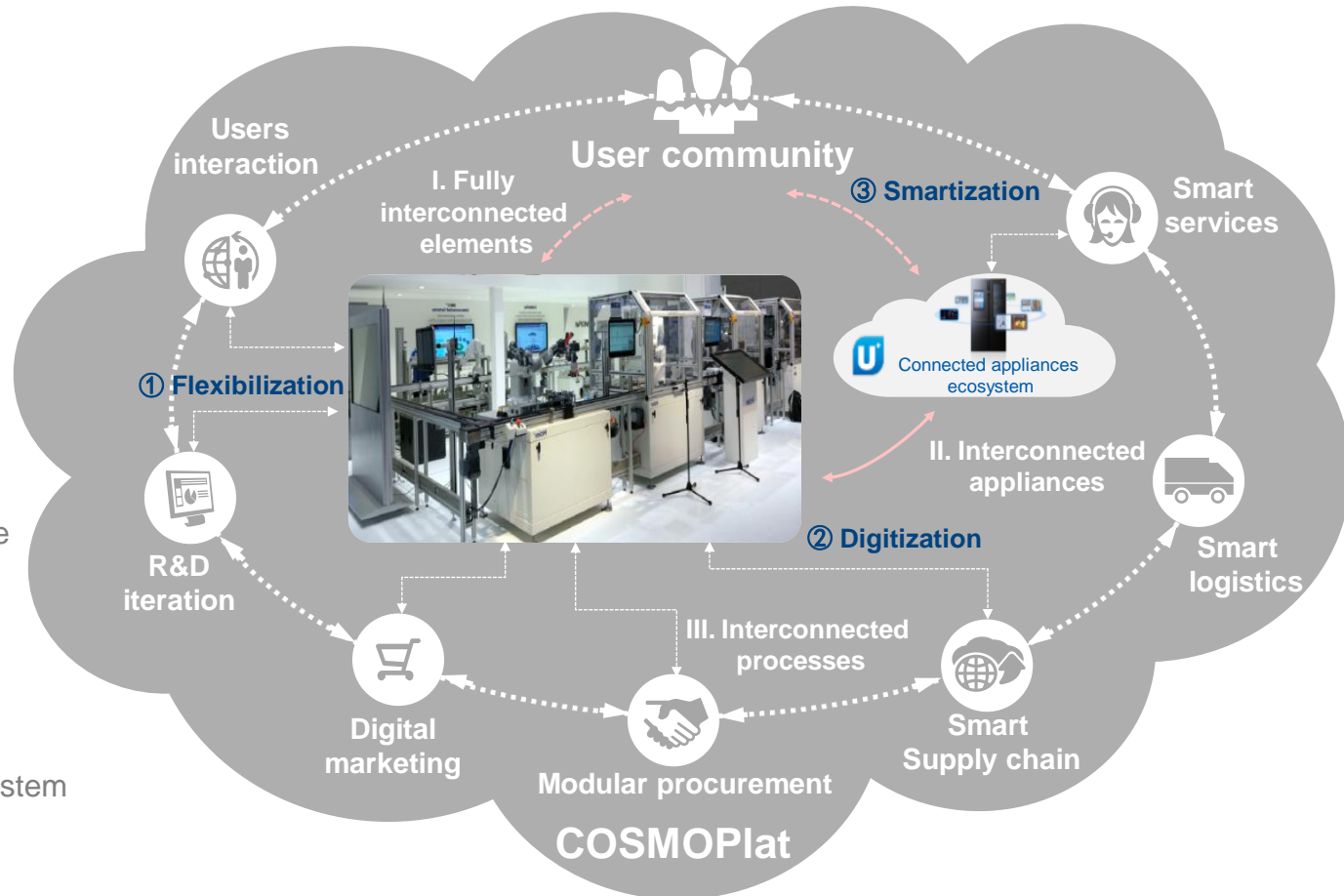
Differentiations

- High-efficiency under high-accuracy guidance
 - The core is interconnected users
- Small data based on big data
 - The core is iterative experience

3

Features

- Full-cycle, Full-process, Full-ecosystem



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9 interconnected factories



Increasing manufacturing efficiency



Delivery lead time decreasing



Improving product competitiveness



Platform revenue of RMB7bn in 2018



Users participation



Many products in China shipped directly to distributors and users without going into warehouse



Standard setting



Lead the standard setting for mass customization



Lead the standard setting for mass customization



Proprietary and the world's leading manufacturing platform with full-process participation by users



NDRC – First national “China 2025” IOT model platform (2018)



“Gartner” Supply Chainnovators Award (2017)

Henning Kagermann, the German physicist and businessman known as a main proponent of the concept of Industry 4.0, which applies increased digitization to industrial production, **marveled at the creativity of COSMOPlat** at the industrial fair.

Detlef Zuehlke, the Executive Chairman of SmartFactory KL e.V. commented “**it is a big tendency to combine IoT technology and business models for mass production, that's why we need an industrial network to connect all the global leading manufacturing suppliers and users, and Haier's COSMOPlat is the one.**”

COSMOPlat represents a new business model that digitally integrates all operations in factory processes and the supply chain, paving the way to an entirely new vision and new way of treating the average user.

In recognition of its role in driving innovation and transformation of industrial supply-chains, Gartner, the world's leading research and advisory company, granted COSMOPlat the Gartner Supply Chainnovator Award in 2017, making Haier the only company in the Asia Pacific region to have won this accolade.

April 25, 2018

Haier

Appendix



China and Asia are expected to continue to be the primary growth engine of global home appliances industry given strong economy growth and increasing consumption power



Consumption upgrade in China is expected to continue to drive rapid industry growth across all major categories as living condition improves



Attractive growth opportunities in selected categories in the western countries, such as air-conditioners and refrigerators in Europe, and refrigerators and laundry appliances in the US



Compared with the US and China market, Europe remains relatively fragmented and provides opportunities for new comers to close the gap and potentially consolidate



Transformation of “made in China” to “brand from China”, while Chinese players’ expansion in Europe (Eastern-and-mid Europe in particular) and Southeast Asia will benefit from “Belt and Road” initiative



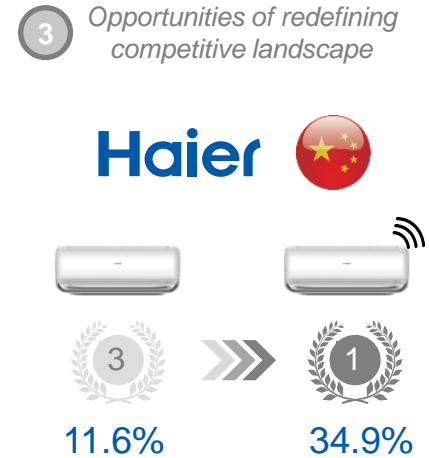
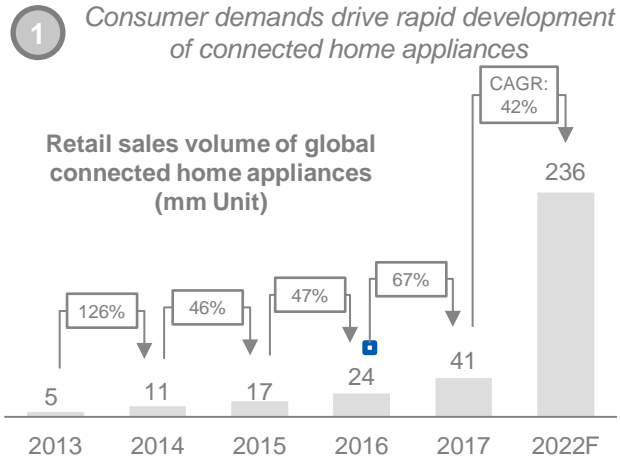
Opportunities unfolded for companies with Internet thinking to reshape the industry landscape in the age of Internet of Things



Development of smart appliances segment is in the midst of transitioning from single product-centric focus towards interactive smart home experience for all scenarios

Convenience
Personalization
Intelligence

One-stop
Diversified-
scenarios
Customization



④ Diversity and uncertainty of user demands under different scenarios



⑤ Intelligent full-house experience, catering to consumer needs



(1) Includes laundry and laundry dryer appliances
(2) Includes dishwashers, microwave and ovens
Source: Company information and Euromonitor