

北京汽车股份有限公司
2017年上半年业绩推介材料

BAIC Motor 2017 Interim Results Announcement

2017.08

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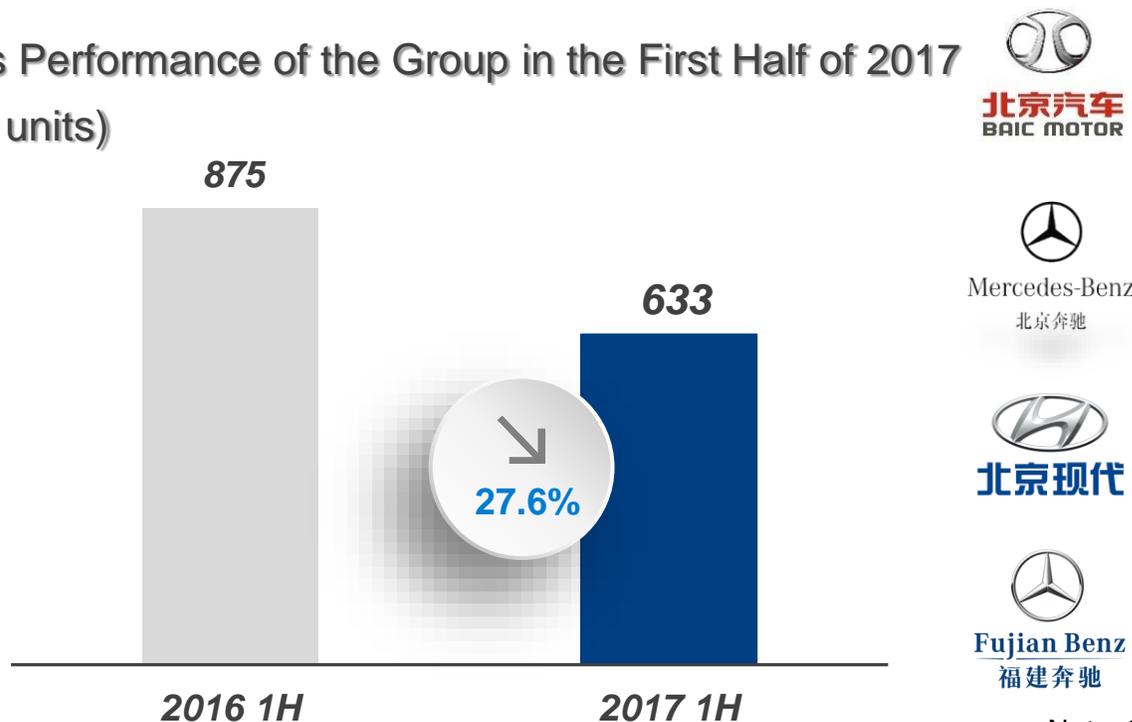
1 Summary of 2017 Interim Business Results

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Overall Sales Performance in the first half of 2017

In the first half of 2017, the growth of passenger vehicle market in China experienced an obvious slowdown. Influenced by the factors including the slowdown of industry growth, intensifying competition and increasing pressure faced by Korean vehicle business, the overall sales performance of the Group declined. Beijing brand, Beijing Benz, Beijing Hyundai and Fujian Benz of the Group recorded total sales volume of 633,000 units for entire vehicles, with a year-on-year decrease of 27.6%

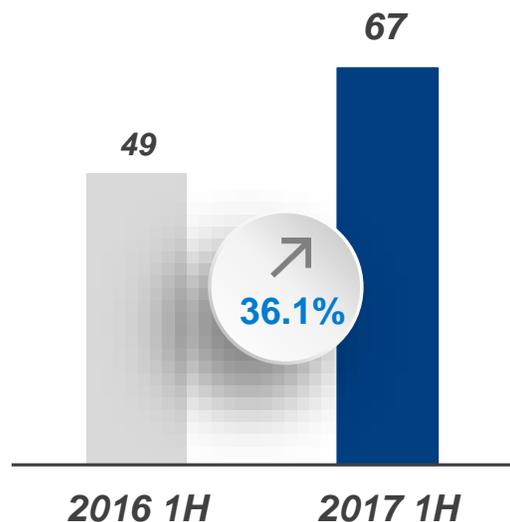
Sales Performance of the Group in the First Half of 2017
('000 units)



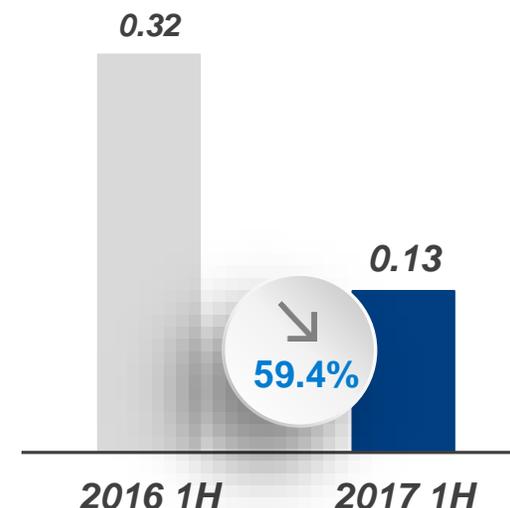
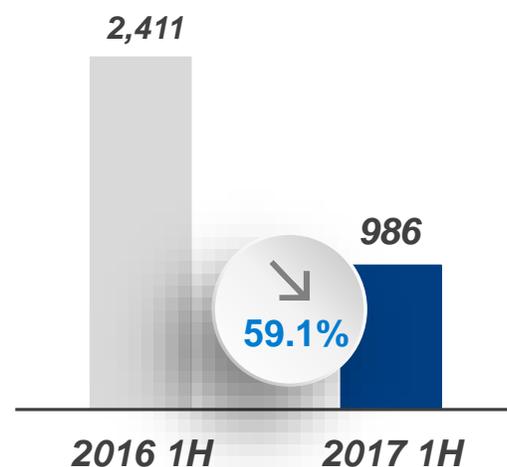
Overall Interim Business Result of 2017

In the reporting period, the Group recorded consolidated operating revenue of RMB66.74 billion, net profit of RMB5.05 billion, net profit attributable to equity holders of RMB0.99 billion, basic earnings per share of RMB0.13

Operating revenue (RMB billion)

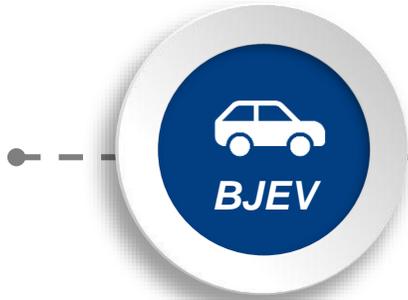


Net profit attributable to equity holders (RMB million) Basic earnings per share (RMB)



Business Expansion in the First Half of 2017

The Group strengthened coverage in the new industry and deepened the strategic cooperation with strategic partners, in order to further develop its new energy and finance business, and be prepared for business upgrade



Capital increase BJEV

Subscribe and increase BJEV's new registered capital, increase the shareholding of BJEV to 8.15%



Further cooperation with Daimler

By signing the framework agreement, Beijing Benz introduced the Daimler pure electric vehicle models and built battery plants



Strengthening the positioning in car financing

Capital increase to MBLC and BAIC Finance, strengthening positioning in car financing business





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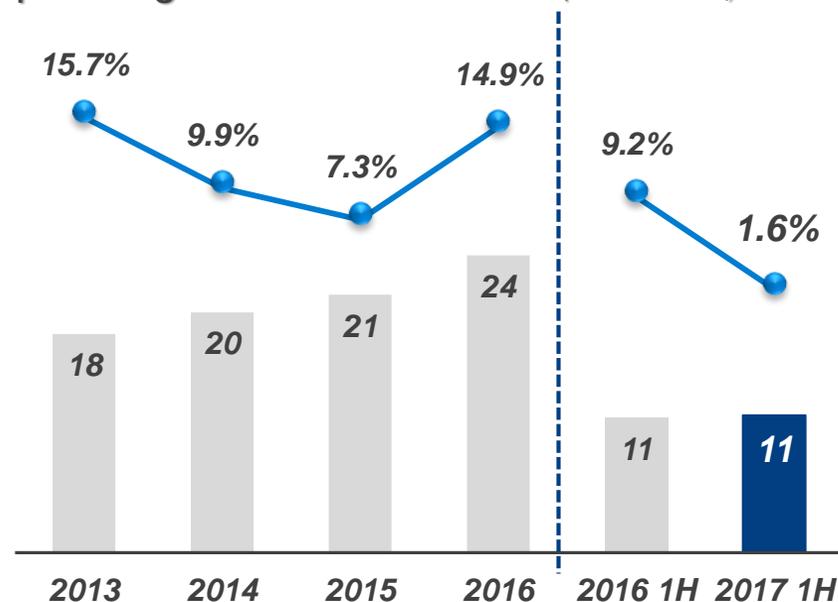
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Overall Development of Passenger Vehicle Industry

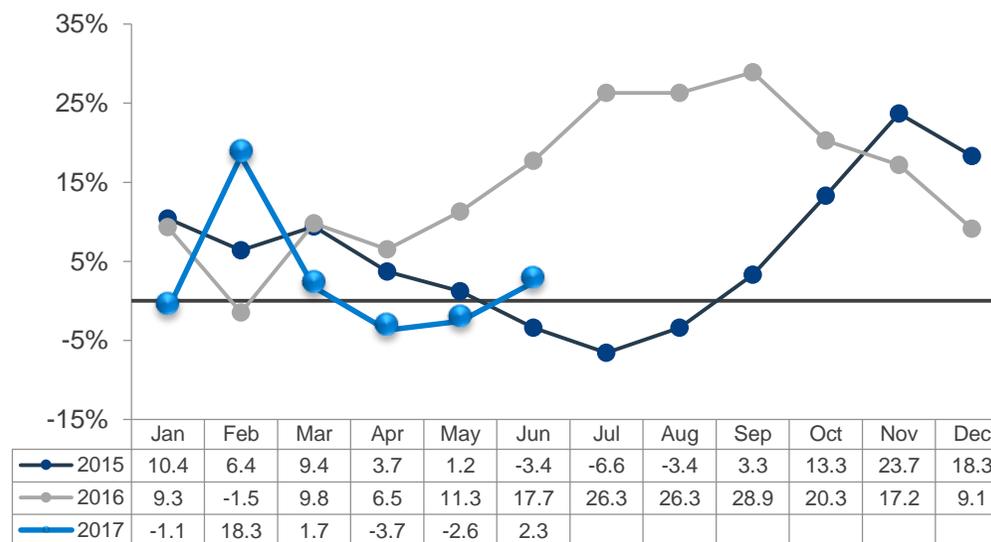
Under various factors including macroeconomic policies, adjustment of purchase tax reduction policy and the high base of last year, the wholesale sales volume of passenger vehicles in China achieved 11.253 million vehicles, with a year-on-year increase of 1.6%, the lowest growth of recent years. Furthermore, the sales volume and growth rate recorded a declining trend by month

Yearly sales volume and growth rate of passenger vehicles in China (Unit million)



■ Stock Code: 1958.HK

Monthly sales growth rate of the passenger vehicle market in China



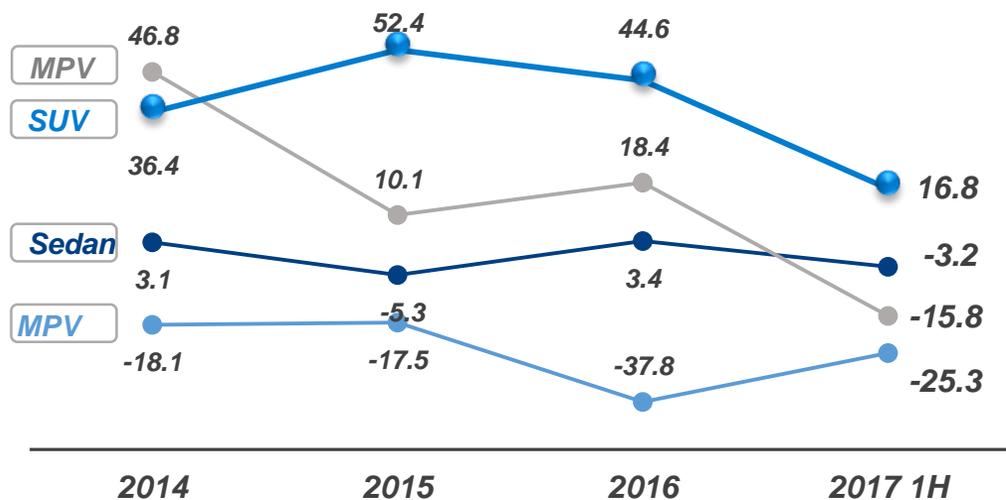
Data source: China Association of Automobile Manufacturers (hereinafter referred to as "CAAM")



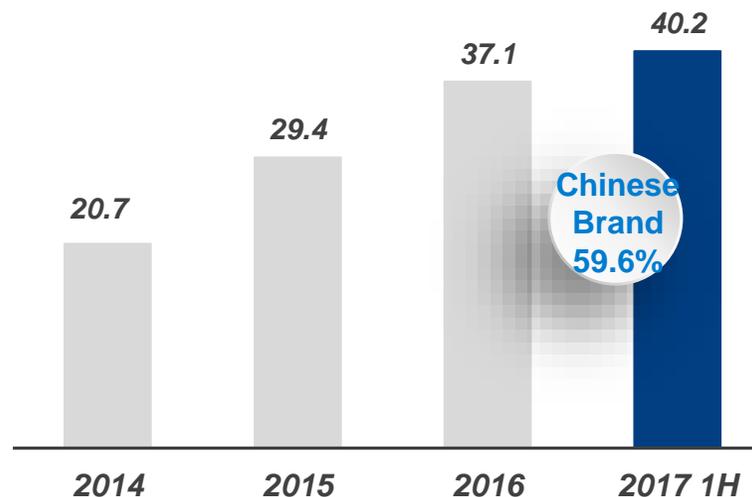
Development of the Passenger Vehicle Niche Market

The sales volume of passenger vehicle types (excluding SUV models) experienced negative growth, while the growth rate of the MPV models changed from positive to negative; the sales growth of SUV models slowed down to 16.8%, while the market share further increased to 40.2%, of which the growth rate of Chinese brand SUVs reached 24.4% and the sales volume accounted for an increased proportion of 59.6% in the total SUV sales volume

Growth in sales volume of the models of passenger vehicles (%)



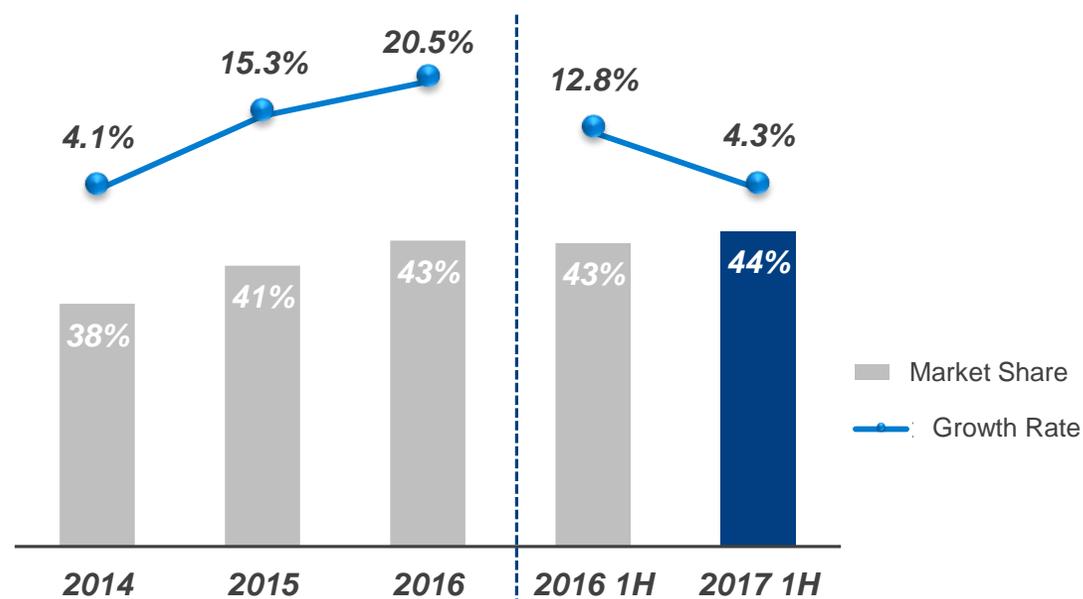
Market share of SUV models (%)



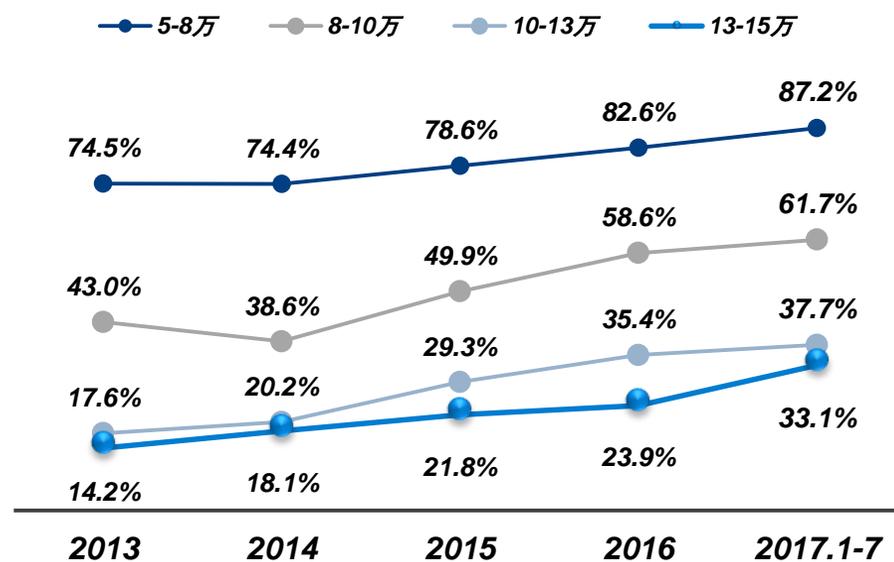
Development of Passenger Vehicles Segment Market

As for segment market, the sales volume of passenger vehicles of the Chinese brand recorded 4.94 million vehicles with a year-on-year increase of 4.3%, keeping its faster growth trend than the overall market, while the market share rose 1.1 percentage points to 43.9%; Chinese brand maintained an overall upward trend in terms of market share, product quality and product price

Chinese brand market share and sales growth



Chinese brand market share by segmented price range



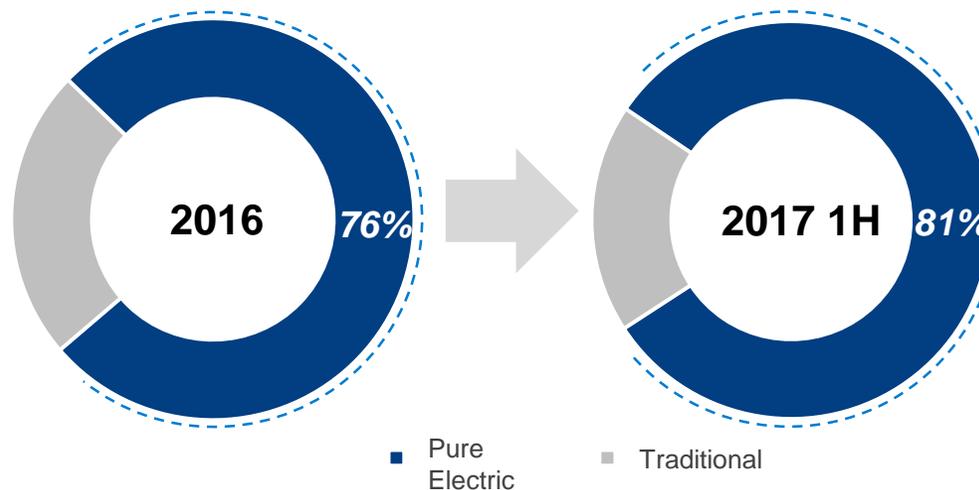
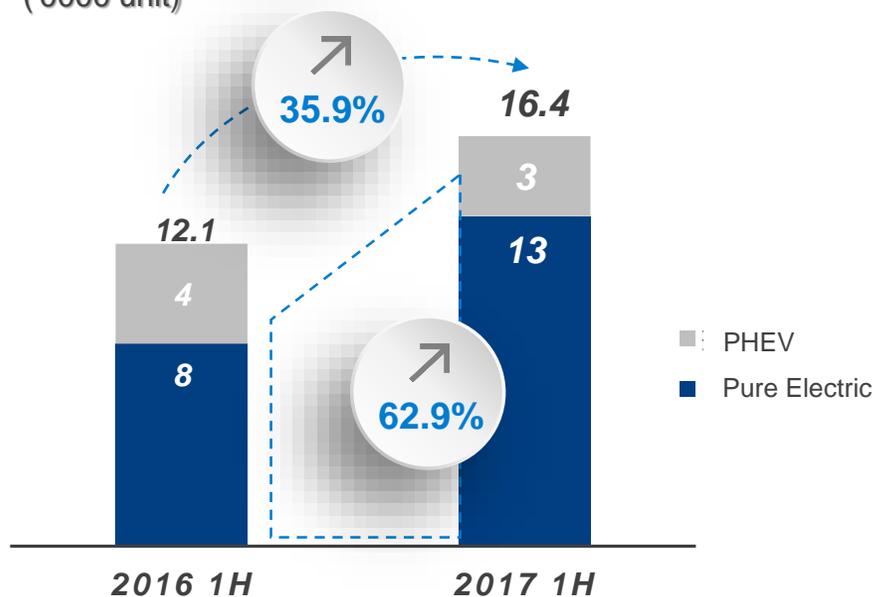
Note: Sales volume for each price range: 100%= JV+domestic; source: CPCA



Development of the New Energy Passenger Vehicles

The new energy passenger vehicles market maintained its growth rate, achieving sales volume of 164,000 vehicles with a year-on-year increase of 35.9%; pure electric passenger vehicles recorded sales volume of 134,000 vehicles with a year-on-year increase of 62.9%, accounting for 80.5%, which a higher proportion, of new energy passenger vehicles

Sales and growth of new energy passenger vehicles ('0000 unit) Proportion of pure electric new energy passenger vehicles in the sales volume



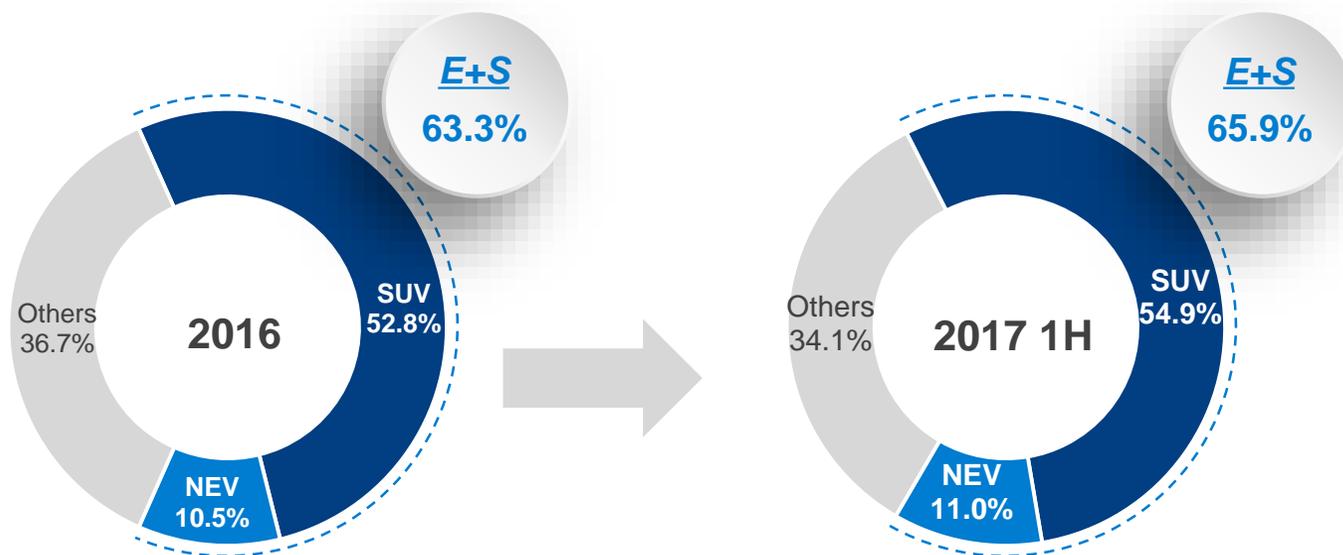


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 - *Beijing Brand*
 - *Beijing Benz*
 - *Beijing Hyundai*
 - *Fujian Benz*
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Beijing Brand: Product Structure Optimization

Although the overall sales was under a pressure , its brand structure was further optimized and upgraded in reporting period, the proportion of "E + S" increased to 65.9%, SUV product sales accounted for 54.9%

Changes of category product sales structure



Beijing Brand: New Energy Products Upgrade

In the first half of 2017, Beijing Brand has launched three high-end pure electric new energy vehicles, including the EX260, EH300 and EU400s, and further led the technical iteration and product upgrades of domestic new energy products; the comprehensive status endurance mileage of EU400 vehicle increased to 360km, which met user needs in a greater degree

EU400

Pure electric
compact
vehicle



EX260

Pure electric
compact SUV



EH300

Pure electric
B-grade
business sedan



Beijing Brand: Highlighted Advantages of SUV

The SUV of Beijing Brand has won the market favor and recognition, which will help the Company to promote the differentiated development path; in the first half of 2017, Beijing Brand(BJ) 80 model became a parade dedicated car, increasing the market score of the Beijing Brand products "SUV family"

北京 (BJ) 80



北京 (BJ) 40

北京 (BJ) 20



Beijing Brand: Green Factory Intelligent Manufacturing

In the first half of 2017, in order to further expand NEVs' capacity and improve manufacture technology, Beijing Brand finished establishment of two intelligent factories, which are Beijing Base second phase and Zhuzhou Base No.2 Factory, providing assurance to 2.0 Era products



2017 July, Beijing Base

- Second phase finished, NEV capacity achieved 150,000 units
- Won "Green Factory"

■ Stock Code: 1958.HK



2017 May , Zhuzhou Base

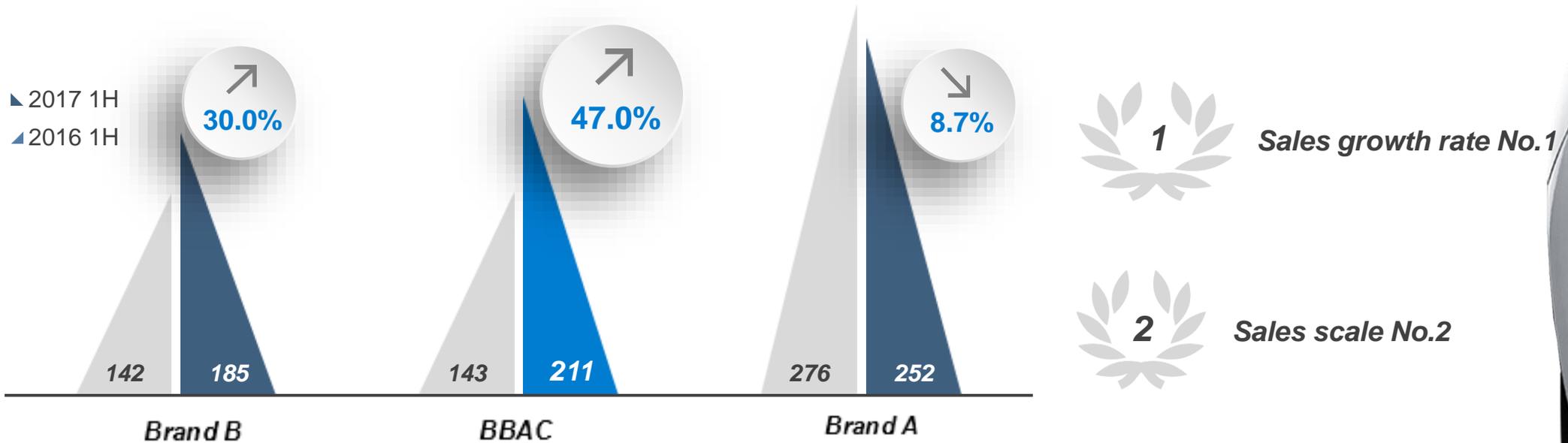
- No.2 Factory completed
- Intelligent Manufacturing is the core standard



Beijing Benz: Industry Ranking Rising

Since it jumped to the second largest luxury passenger vehicle manufacturer, Beijing Benz's sales growth performance is better than its competing enterprises, it also continues to take the leading position in the domestic luxury vehicle market while developing rapidly

Sales and growth rate of domestic luxury passenger vehicle brands
(‘000)



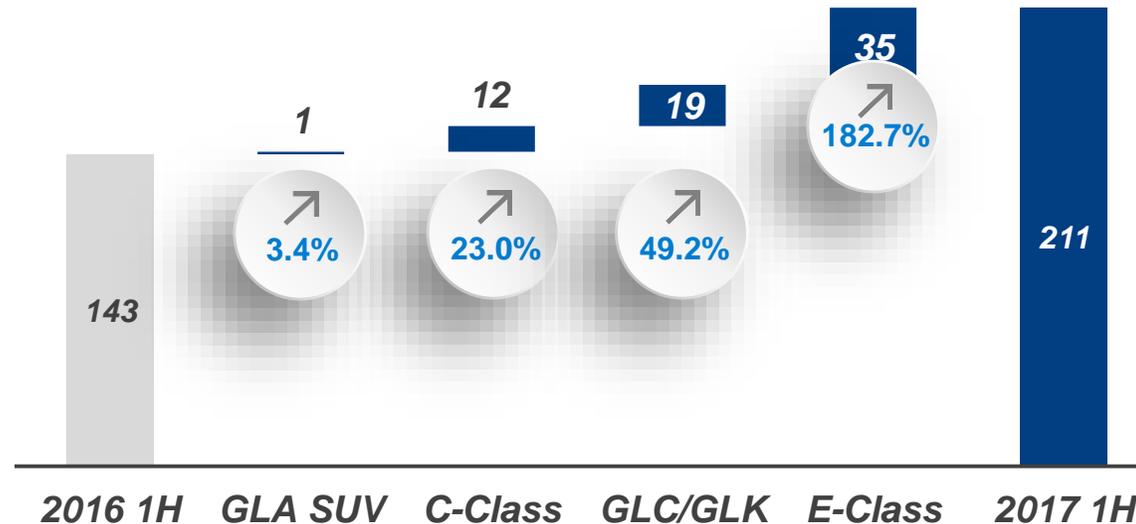
Beijing Benz: Sales Performance of each Vehicle

In reporting period, Beijing Benz series of products were recognized by the market, the brand new E-class vehicle sales grew by 182.7%, and its monthly peak sales reached 10,000 vehicles; in 2017 June, GLA-class SUV mid-term models came into the market, the lengthened body was more popular among the Chinese market consumers

In June 2017, GLA mid-term facelift model came into the market



Segment vehicle sales contribution and sales growth ('000)



Beijing Benz: Promote the Production Layout

Beijing Benz has advanced production facilities and the Daimler global factory system level technology, and vigorously promotes the expansion of construction, and continuously enhances the production capacity of the vehicle and engine factory

MRA Factory

The largest capacity of assembly shop for overseas production



Engine Factory

The first overseas passenger vehicle engine factory of Daimler
Start the second factory construction work in 2017



MFA Factory

The most advanced faucet factory of Daimler
Complete the coating, stamping, welding production line construction and break capacity bottlenecks

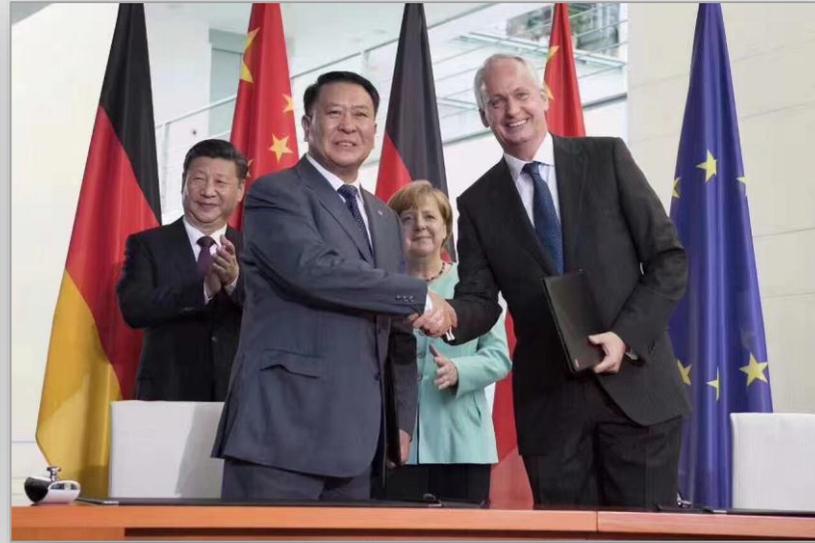


Beijing Benz: March Towards the New Energy Sector

During June-July 2017, witnessed by the leaders of both China and Germany, BAIC and Daimler signed two agreements, in which cleared strategic planning of the introduction of new energy products and the battery plant project of Beijing Benz; Beijing Benz has begun to promote the project construction work, and plans to complete the release of the first electric vehicle model by 2020



On 1 June, under the joint witness of Chinese Premier Li Keqiang and German Chancellor Angela Merkel, BAIC signed a framework agreement with Daimler to further strengthen its strategic cooperation through investment in new energy vehicles in China



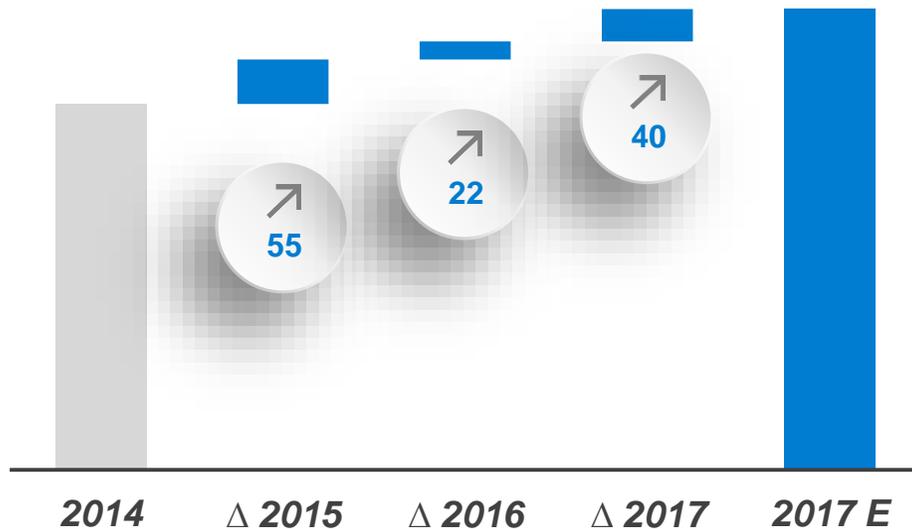
On 5 July, under the common witness of Chinese President Xi Jinping and German Chancellor Angela Merkel, BAIC signed a new framework agreement with Daimler to jointly invest RMB5 billion to establish a pure electric vehicle production base and Power battery factory in Beijing Benz, and introduce the pure electric products of Mercedes-Benz



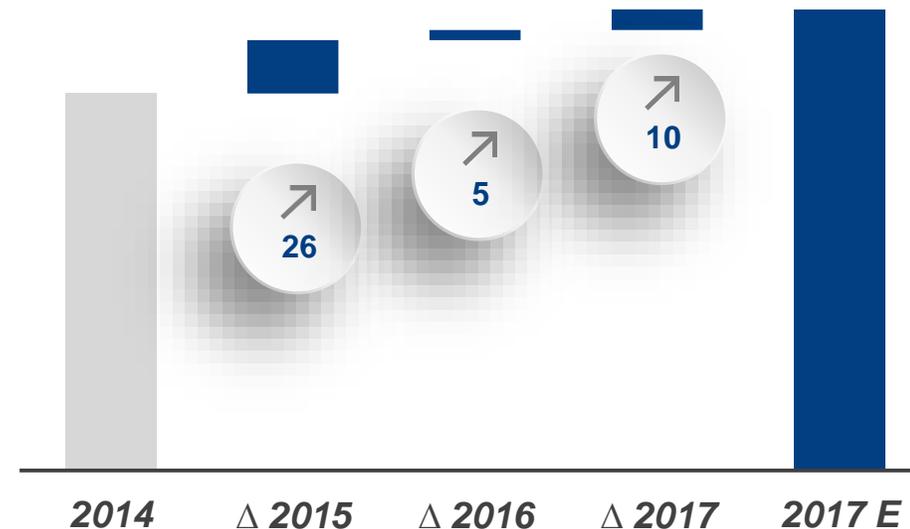
Beijing Benz: Sales Network Expansion

The number of dealer outlets and city coverage of Mercedes-Benz have reached the industry-leading level in China through the joint venture company-Mercedes-Benz sales management company's strong integration, as of the end of June 2017, the dealers and coverage cities have reached nearly 540 and 220, respectively

Number and growth of Mercedes-Benz dealer network
(As of 30 June 2017)



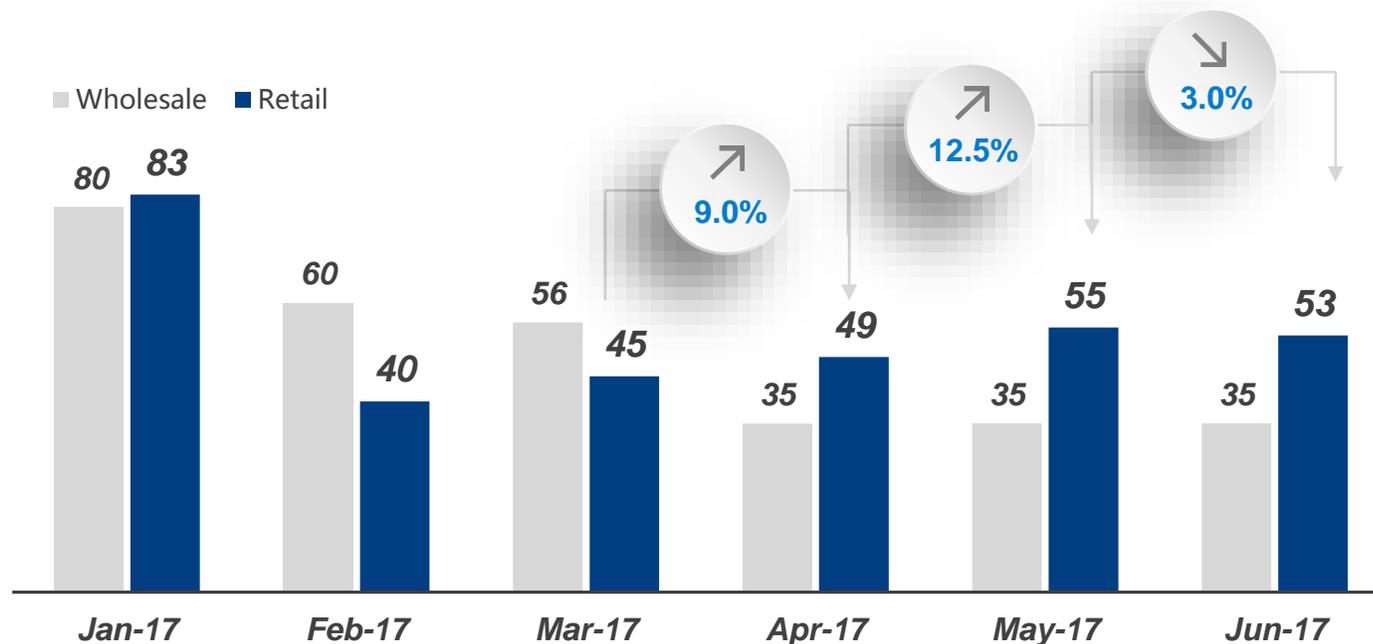
City coverage and growth of Mercedes-Benz sales network
(As of 30 June 2017)



Beijing Hyundai: Sale Improvement and Annual Target

After positive measures taken, the terminal sales volume rebounded since March 2017, the inventory fell to a reasonable level, which laid the foundation for recovery and recover in the second half. In August 2017, considering market situations, Beijing Hyundai determined the 2017 annual sales target

Monthly Sales ('000)



2017
800,000
vehicles

Annual sales target



Beijing Hyundai : New Energy Strategy

In 2016, Beijing Hyundai announced a new energy plan - NEW plan, will launch 9 blockbuster-level new energy models before 2020 clearly, and will released the first pure electric products- the new Elantra EV in 2017 August, to further the meet market demand

2017

New Elantra EV

**Miles per charge
270 Km**
(comprehensive
operating
status)

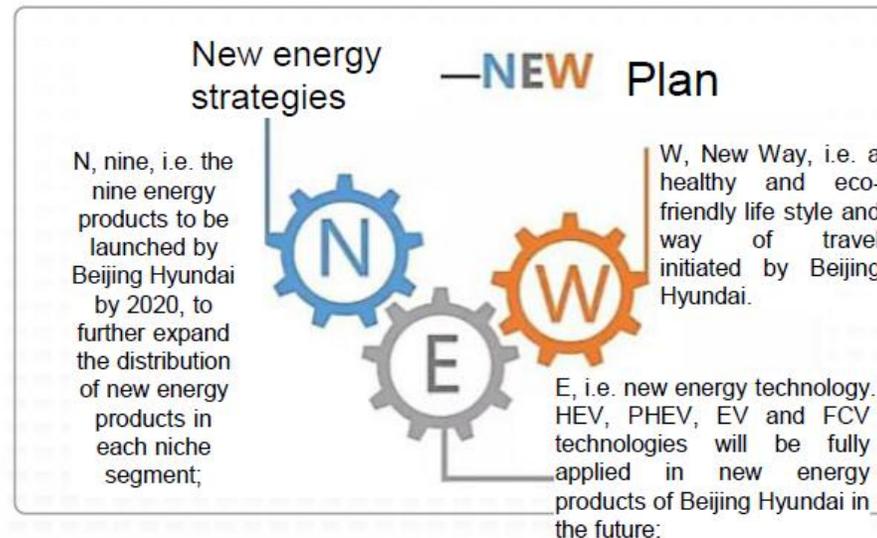


2016

**9th Sonata
Hybrid electric
vehicle**



Beijing Hyundai New Energy Strategy



Beijing Hyundai : Satisfaction Index Rising

Beijing Hyundai Motor got the Ranking No. 1 from the Sales Satisfaction Index(SSI) Study and Customer Service Index (CSI) made by JD Power in 2017. It proves our products quality and high reputation in the market



SSI – 665 Scores
Industry Segment No.1



CSI – 744 Scores
Industry Segment No.1



Beijing Hyundai : New Factory Construction

In August 2017, Beijing Hyundai's fifth factory -Chongqing factory was built up and put into operation, the five factories came into joint forces synergistically, which laid a foundation for the follow-up competition



1st factory,
Beijing



2nd factory,
Beijing



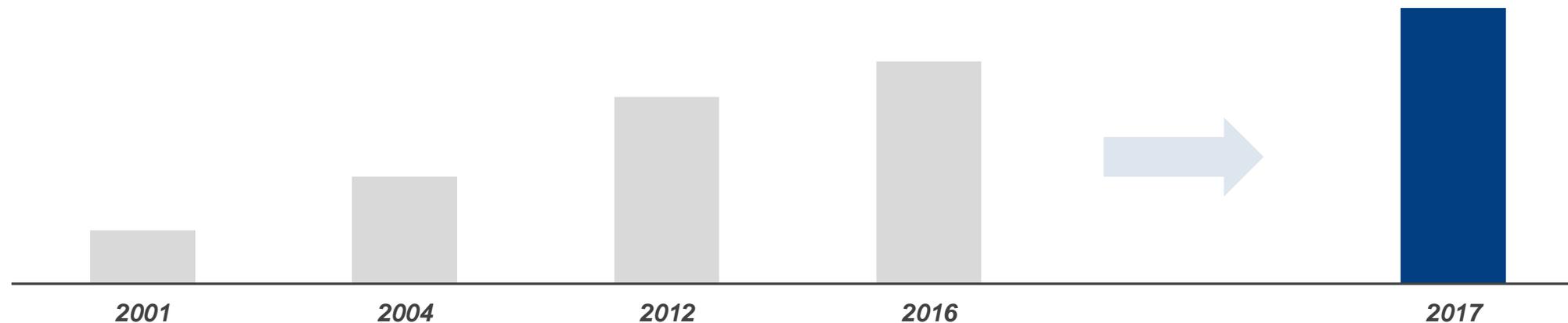
3rd factory,
Beijing



4th factory,
Cangzhou



5th factory, Chongqing



■ Stock Code: 1958.HK

Source : company information



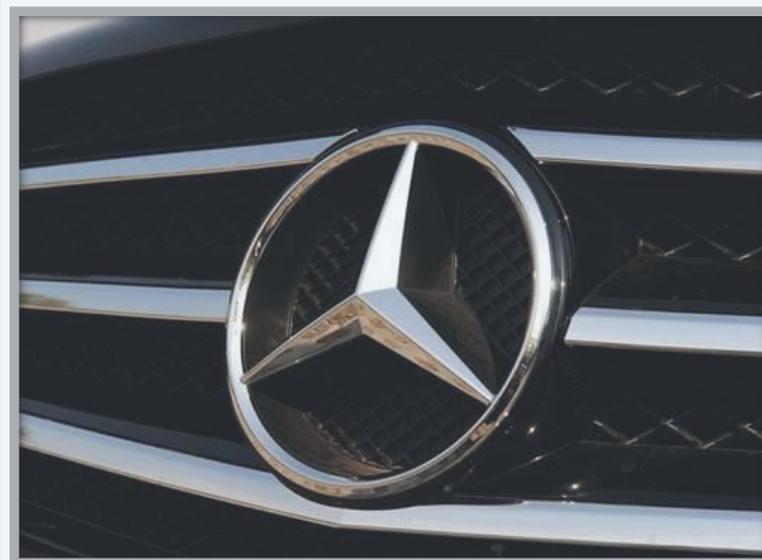
Fujian Benz: Product and marketing innovation

In the first half of 2017, Fujian Benz introduced two V-Class models of the year. Further enhance the market share of high-end commercial vehicles ; Joint venture shareholders are also actively promoting Fujian Benz and Beijing Mercedes Benz sales channels integration work

Launch two V-Class models in 2017



Promote Benz sales channels integration





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Key Financial Data (Consolidated)

Items	2017 1H	2016 1H	YOY
Revenue	66,737.1	49,038.8	36.1%
Gross profits	17,490.7	10,754.4	62.6%
Selling and Distribution expenses	6,218.7	4,554.4	36.5%
General and Administrative expenses	2,123.3	1,923.5	10.4%
other gains /(losses) - net	-808.9	-246.8	Less 562.1
Financial costs - net	325.8	254.7	27.9%
Share of investment income from joint ventures	-132.3	1,978.8	Less 2,111.1
Pretax profits	7,881.7	5,753.8	37.0%
Annual profits	5,047.9	4,420.3	14.2%
Net profits attributable to equity holders of the Company	985.7	2,411.3	-59.1%
Non-controlling interests	4,062.2	2,009.0	102.2%





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Management Strategy for 2H 2017



Boost Sales
Reduce
Inventories

Reform and
Innovate to
Achieve
Business
Breakthrough

Follow the
Trend and
Launch
Facelifts

Focus Advant
ageous Resou
rces to
Guarantee
Success of
D50

Beijing Brand
.....
Product & Capacity



Mercedes-Benz
北京奔驰



Guarantee
Production
and
Guarantee
Benefit

Expand
Capacity
Constantly

Improve
Production Eff
iciency
Continuously

Promote
preparation
of NEVs
manufactur
e

Beijing Benz
.....
Production & Benefit



北京现代



Adjust
Product
Start from
Strategy

Improve
Management
Continuously

Promote Cost
Reduction

Achieve Sales
Goal in all
Efforts

Beijing Hyundai
.....
Strategy & Adjustment



Fujian Benz
福建奔驰



Accelerate
Technology
Upgrade

Deepen
Channel
Integration

Seize
Opportunity
Grow Rapidly

Further
improve
production
capacity

Fujian Benz
.....
Channel & Product

New Vehicle Model Announcement Plan of 1H 2017



Senova



Brand New Senova D50
X25、X35 Annual Models

Beijing Brand



BJ20 Facelift

Wevan



407EV (Electric logistics vehicle)



Brand New Verna



Brand New 9th Sonata



New generation IX35



Beijing Brand: Comprehensively Business Promotion

The operation and development of the vehicle business are facing new challenges and pressures with the new trend and the new "normal" of the development of the industry, Beijing Brand has developed a comprehensive business promotion strategy, and strived to complete the transformation as soon as possible and restore the rapid development trend



Consumption upgrade fast



Regulations are becoming more stringent



Competition is getting hot

Q1

Whether there are differentiated **product advantages**
—Insight into consumer demand and promote commodity promotion

Q2

Whether there is the **ability to meet the cost of competition**
—Gross profit turns positive, maximize the unit marginal contribution

Q3

Whether it has completed the high-end **branding building**
—Senova is holding high hit, and the brand premium is rising

Whether there is a strong **R&D system**
—2.0 era products on schedule, intelligent network on-line

Q4

Whether there is a mature **supply chain process**
—Cultivate Beijing Brand's core supplier system

Q5

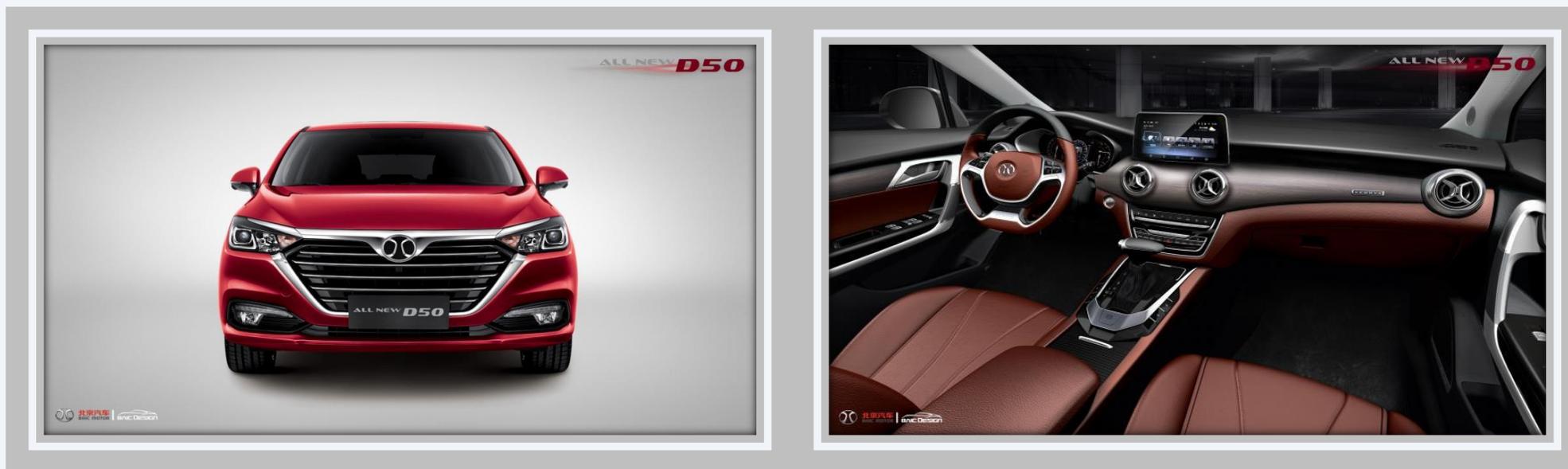
Whether it has built a complete **channel support**
—Customer-centric with strong sales force

Q6



Beijing Brand: First Product of 2.0 Era

Appeared as the first 2.0 era vehicle in Beijing, the brand new Senova D50 is planned to come into the market in October 2017, we've made substantial upgrade for the product as of the NVH, economy and intelligent aspects, which was designed to provide users with leapfrog ride experience



Beijing Brand: R&D Technical Planning

In the first half of 2017, Beijing Brand identified the R&D strategy of intelligent, networked, electrification and lightweight and matched the product planning to wrestle in the vehicle 2.0 era industry competition



Intelligent *Nova - PLS*

- Set a vision
- Establish three major technology platform
- Practically advance the four stages



Networked *Nova - Link*

- Multi - dimensional internet cooperation
- Enrich the configuration of each gradient product
- Meet customer needs multidimensionally



Electrification *2.3.1 Strategy*

- Clear two technical routes
- Develop three major platforms:
 - *BEV pure electric drive platform*
 - *PHEV / HEV strong hybrid power platform*
 - *48V low pressure medium light hybrid power platform*
- **100% Electrified the vehicles in 2020**

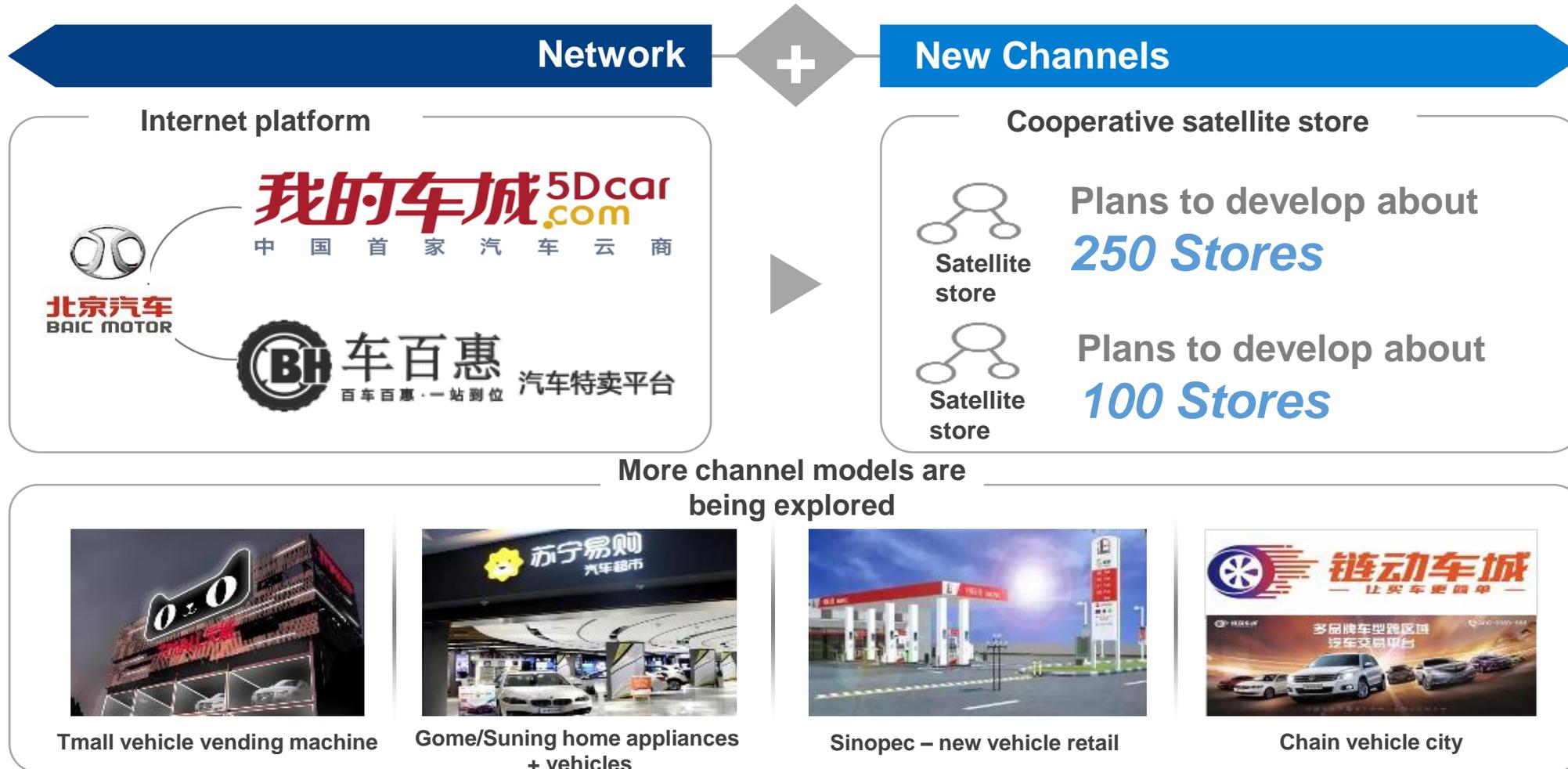


Lightweight *5.8.5Project*

- Vehicle weight loss by 80kg or more
- In 2017: weight loss by 5%
- In 2020: weight loss by 5% more



Beijing Brand: Innovative Marketing Means and Promote the Channel Sink



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