



**吉利汽車控股有限公司**  
GEELY AUTOMOBILE HOLDINGS LIMITED

## **2010 Interim Results**

25 August 2010

# Financial Summary

(6M to June, RMB million)	2010	2009	YoY%
Sales volume	<b>195,734</b>	137,758	42%
Revenue	<b>9,236</b>	5,949	55%
Operating margin	<b>15.1%</b>	13.7%	10%
Profit after tax	<b>912</b>	654	39%
Attributable profit	<b>805</b>	596	35%
Diluted EPS (RMB)	<b>9.96</b>	8.93	12%
Net profit - share-based payments	<b>967</b>	603	60%
Adjusted diluted EPS (RMB)	<b>11.86</b>	9.04	31%
	<b>30 June</b>	31 Dec	
	<b>2010</b>	2009	%
Shareholders' equity	<b>7,207</b>	6,376	13%
Net cash/(debt)	<b>1,476</b>	1,123	31%



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# Results Highlights

- Encouraging 1H2010 results despite challenging market conditions
- Net profit up 35% to RMB805 million in 1H2010 (Diluted EPS up 12% to RMB 9.96 cents)
- Excluding non-cash expenses related to granting of share options to employees, underlying net profit was up 60% to RMB967 million, in line with sales volume growth of 42% and revenue growth of 55%



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# Results Highlights

- The strong earnings performance in 1H2010 was mainly due to:
  - 42% growth in sales volume
  - Better product mix and 13% increase in average ex-factory price
  - Stable production cost
  - Increase in subsidy income
- and despite:
  - Operating losses at Shanghai LTI and MBH
  - Continued slow export sales
  - RMB162 million non-cash expenses related to share options
  - High startup costs at newly built Jinan and Chengdu plants



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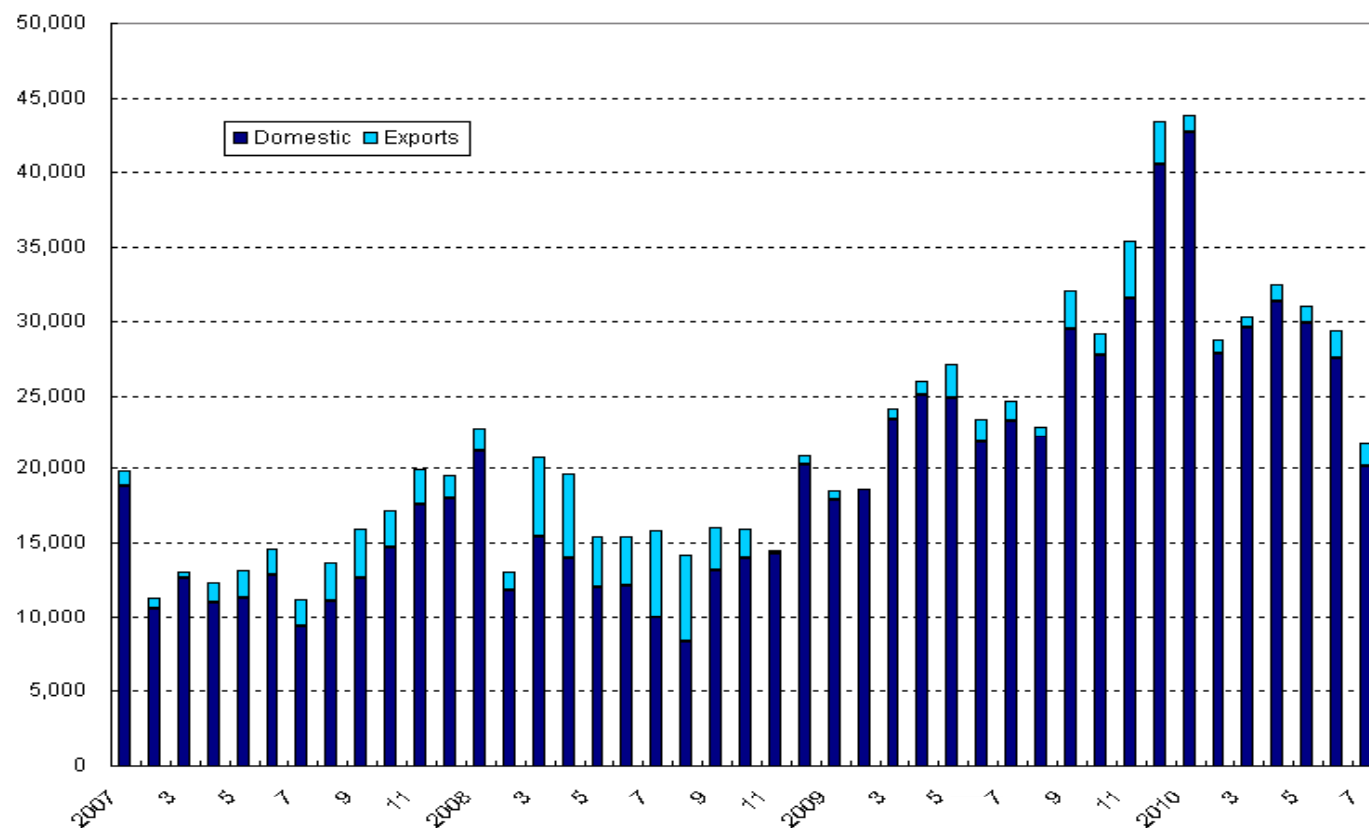
## Achievements in 1H2010

- Stable product prices and better margins, reflecting Geely's improved brand image
- 44% growth in domestic sales volume, maintaining 4.1% market share in China
- Strengthening financial position with net cash increasing 31% to RMB1.5 billion at the end of 1H2010
- 13% increase in ASP due to improved product mix
- Australia-based DSIH returned to profitability



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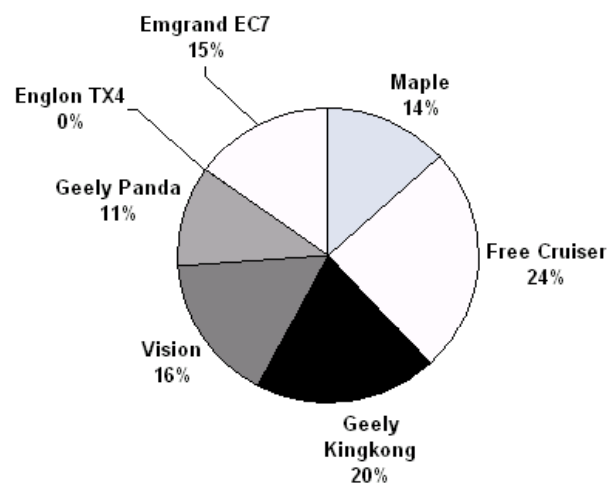
# Monthly Vehicle Sales Performance



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# Vehicle Sales Volume Breakdown

(6M to June)	2010	2009	+/- % ch.
Ulion/Merrie	0	522	-
China Dragon	66	190	-65%
Maple	26,526	18,847	41%
Free Cruiser	47,772	52,768	-9%
Geely Kingkong	38,382	38,396	0%
Geely Vision	31,375	17,328	81%
Geely Panda	21,504	9,706	122%
Englon TX4	176	1	17500%
Emgrand EC7	29,933	0	-
<b>Total</b>	<b>195,734</b>	<b>137,758</b>	<b>42%</b>



- Demand shifts towards higher-priced and bigger size cars as a result of the good market response to Englon SC7 and Emgrand EC7
- “Free Cruiser” remained the best selling models in terms of sales volume but sales volume was down YoY ahead of launch of its upgraded version in 2H2010
- Exports accounted for 3.5% of total sales volume in 1H2010 vs. 6% in 2009
- Geely Vision, Englon SC7 and Emgrand EC7 were key growth drivers in 1H2010, accounting for 43% of total sales volume
- Vehicles sold under three new brands accounted for 38% of total sales volume



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# Consolidated Income Statement

(6M to June, RMB m)	2010	2009	YoY %
Revenue	9,235.7	5,948.7	55%
Cost of sales	-7,487.3	-4,819.1	55%
Gross profit	1,748.4	1,129.6	55%
Other income	583.1	248.4	135%
Distribution and selling expenses	-493.1	-318.3	55%
Administrative expenses	-448.4	-243.2	84%
Recognition of share-based payments	-162.4	-7.3	2113%
Finance costs	-116.4	-33.4	248%
Loss on early redemption of CBs	0.0	-16.0	-
Share of results of associates	-7.3	-1.9	-
Gain on deemed disposal of int. in associate	0.0	5.2	-
Profit before taxation	1,104.0	763.2	45%
Taxation	-192.1	-109.0	76%
Profit after taxation	912.0	654.1	39%
Non-controlling interests	-107.1	-58.2	84%
Profit attributable to shareholders	804.8	595.9	35%
Basic EPS (RMB cents)	10.99	9.00	22%
Diluted EPS (RMB cents)	9.96	8.93	12%

- Other income included RMB511m subsidy income from government
- Net loss of RMB11.4 million at Shanghai LTI's manufacturing operation
- Share of loss at MBH amounted to RMB7.3 million in 1H2010
- Non-cash expenses related to grant of share options to employees amounted to RMB162 million
- Net profit would have grown 60% if the share option expenses were excluded
- Effective tax rate increased to 17% from 14% in same period last year due to expiration of tax incentives and unification of tax rates



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# Consolidated Balance Sheet

(RMB m)	30-Jun 2010	31-Dec 2009
Property, plant & equipment	4,934.2	4,328.1
Intangible assets	1,241.1	1,069.7
Land lease prepayment	1,367.5	1,171.5
Goodwill	6.2	6.2
Interests in associates	0.0	7.3
	<b>7,549.1</b>	<b>6,582.8</b>
Inventories	916.1	640.5
Trade and other receivables	5,635.9	6,144.9
Land lease prepayment	29.3	29.3
Tax recoverable	5.8	-
Financial assets at fair value via P&L	12.2	12.2
Pledged bank deposits	823.8	894.3
Bank balances and cash	5,482.2	4,498.2
<b>Current assets</b>	<b>12,905.2</b>	<b>12,219.4</b>
Trade and other payables	7,224.5	7,328.8
Taxation	152.9	69.3
Short-term bank borrowings (secured)	1,383.6	1,509.6
<b>Current liabilities</b>	<b>8,761.0</b>	<b>8,907.8</b>
<b>Net current assets</b>	<b>4,144.2</b>	<b>3,311.6</b>
	<b>11,693.3</b>	<b>9,894.4</b>
Financed by:		
Share capital	137.9	137.0
Reserves	7,069.0	6,238.6
Shareholders' equity	7,206.9	6,375.6
Convertible bonds	1,462.2	1,442.2
Long-term bank loans	1,984.1	1,318.0
Deferred tax liability	58.4	37.7
Non-controlling interests	981.6	720.9
	<b>11,693.3</b>	<b>9,894.4</b>

- Total cash balance increased 17% to RMB6.3bn at the end of 1H2010. Net cash up 31% to RMB1.5bn
- Trade receivables from 3<sup>rd</sup> parties was RMB662m, or less than half a month's sales
- Trade payables included RMB1.5bn trade payables to 3<sup>rd</sup> parties, or equivalent to 1.2 month's cost of sales
- Advanced payment from customers down 20% to RMB1.2bn, or equivalent to 75% of average monthly sales revenue
- Subsidy income received but not yet booked amounted to RMB783m at end of 1H2010 vs RMB454m at end of 2009



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# Financial Analysis

(6M to June)	2010	2009	YOY%
Sales of motor vehicles (RMB m)	8,706.7	5,412.4	61%
Average unit ex-factory price (RMB)	44,483	39,289	13%
Return on Equity	22.3%	22.3%	0%
Gross Margin	19%	19%	0%
Operating Margin	15%	14%	10%
Distributative/selling expenses/turnover	5%	5%	0%
Administrative expenses/turnover	5%	4%	19%

- Average sales price increased by 13% due to improved product mix
- Gross margin was maintained as price cuts at some models largely offset by improved product mix
- Operating margins improved slightly due to higher subsidy income
- Administrative expenses increased faster due to inclusion of startup costs at Jinan and Chengdu plants
- Administrative, distribution and selling expenses were well controlled at less around 10% of revenues



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# New Products

- EMGRAND “EC8” (2.0L, 2.5L)
  - EMGRAND “EC7” CVT version (1.8L)
  - EMGRAND “GC5” (1.5L)
  - EMGRAND “EX7” SUV(1.8L)
  - ENGLON “SC5” (1.3L, 1.5L)
- + Upgraded version of “GLEagle Panda”, Geely “JinYin”, “Vision” and “Free Cruiser”



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## Outlook

- Produces and sell 400,000 units of vehicles in 2010, up 22% from 2009 (sales volume up 34% to 217,418 units in their first seven months of 2010, achieving 54% of full year target)
- Expect competition in both the domestic and export market to intensify in the remainder of the year
- Growth to slow down in 2H2010 due to higher base for comparisons
- More models qualified for new subsidies for energy-saving vehicles to be launched in the second half
- ASP to benefit further from the launches of more higher priced models in the coming few months



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