



BAIC Motor 2016 Annual Results Announcement

北京汽车股份有限公司2016年度业绩推介材料

2017.03 Hong Kong

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CATALOGUE

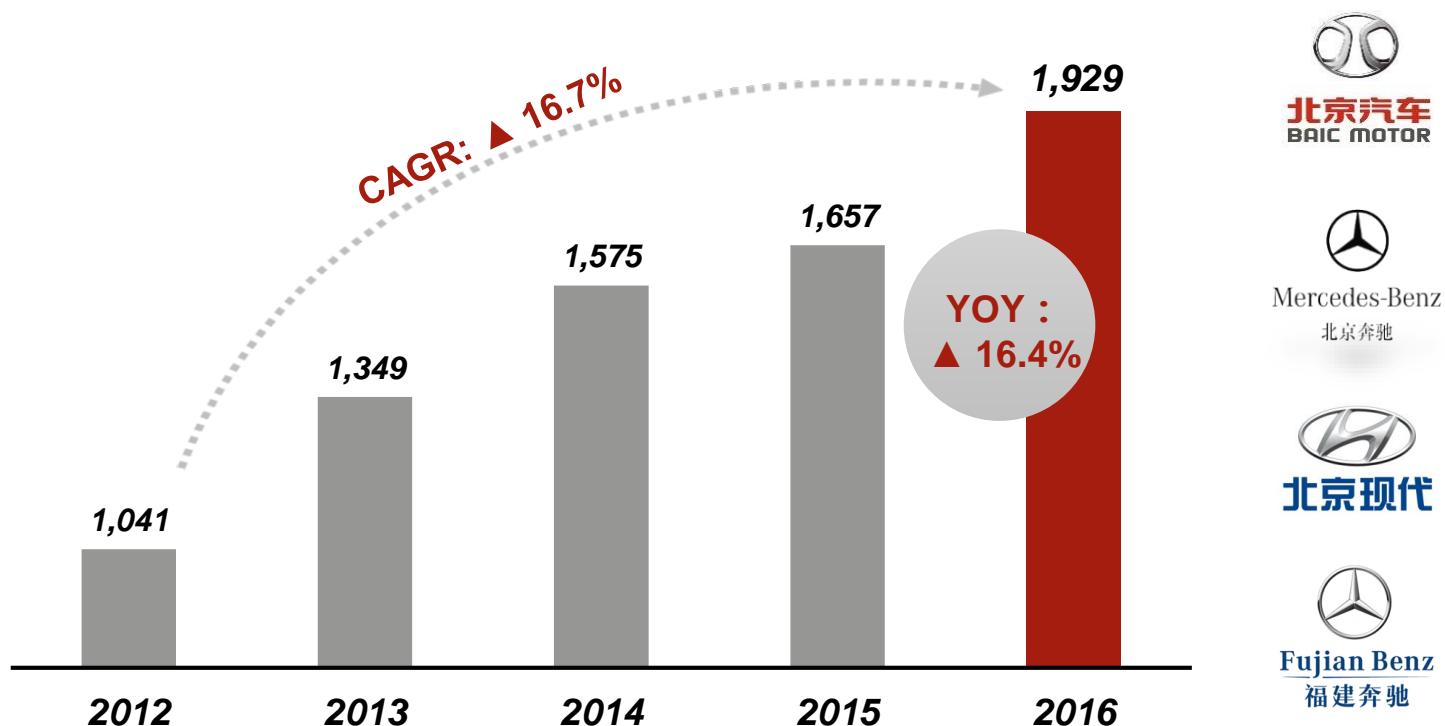
1 Highlights

- 2 Industry Development
- 3 Operating Performance
- 4 Key Financials(Consolidated)
- 5 Outlook

2016 Overall Sales

In 2016, Beijing Brand, Beijing Benz, Beijing Hyundai, and Fujian Benz under the Group achieved total sales of 1.929 million units, representing a year-on-year increase of 16.4%, with competitive new models launched and significant improvement in operating performance

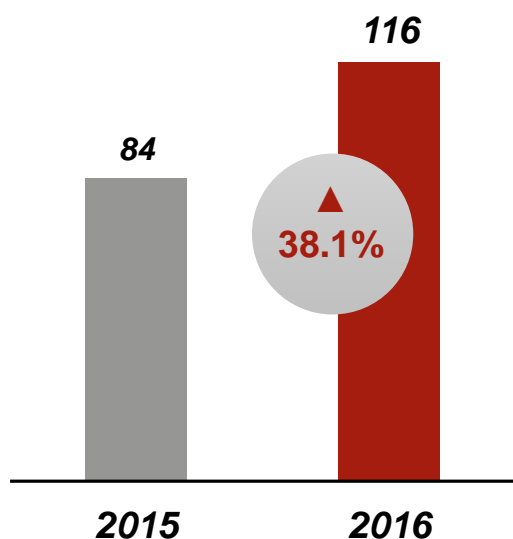
Changes in 2012-2016 sales of the Group (thousand)



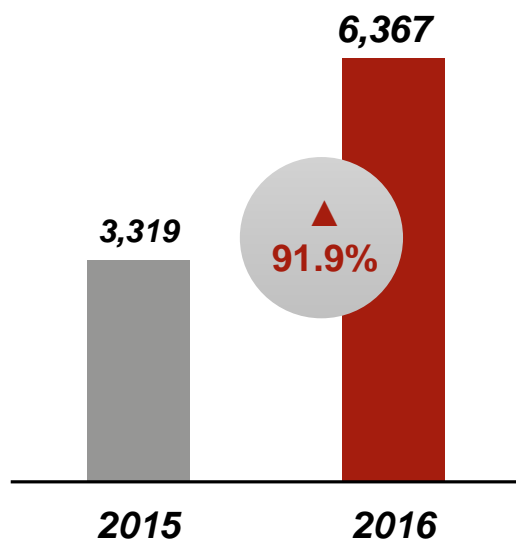
2016 Overall Performance

In 2016, the Group's margin level and profitability both increased significantly, achieving a year-on-year increase of 38.1% in revenue, a year-on-year increase of 91.9% in net profit attributable to equity holders, and earnings per share of RMB 0.84

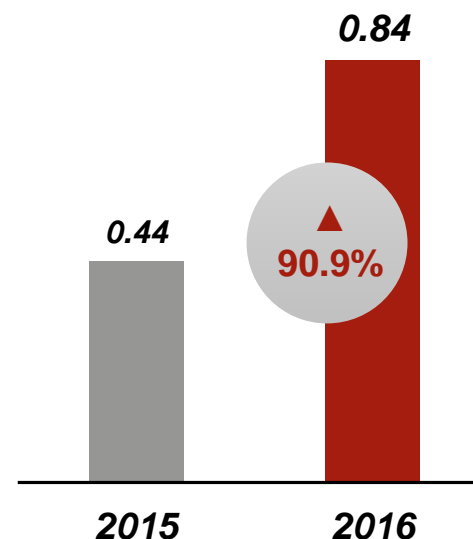
Revenue
(RMB billion)



Net profit attributable to equity holders
(RMB million)



Basic earnings per share
(RMB)



Branding and Industrial Chain Extensions

In 2016, since the Group completed the acquisition of 35% stake in Fujian Benz, its passenger vehicle business are expanding to four segments, with a high complementation in branding and products, as well as a further improvement in brand synergies and overall competitiveness



北京汽车
BAIC MOTOR



Mercedes-Benz
北京奔驰



北京现代
Beijing Hyundai



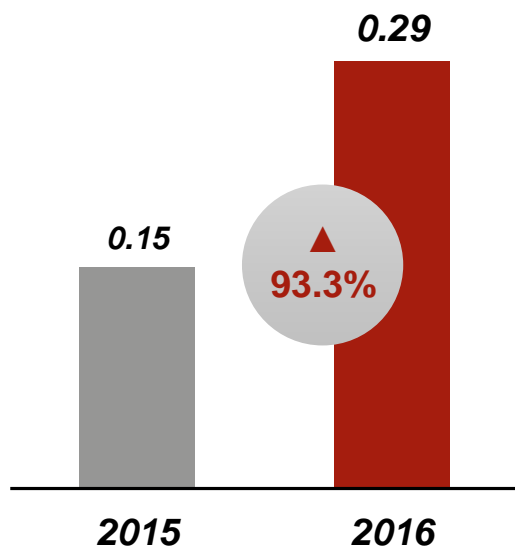
Fujian Benz
福建奔驰



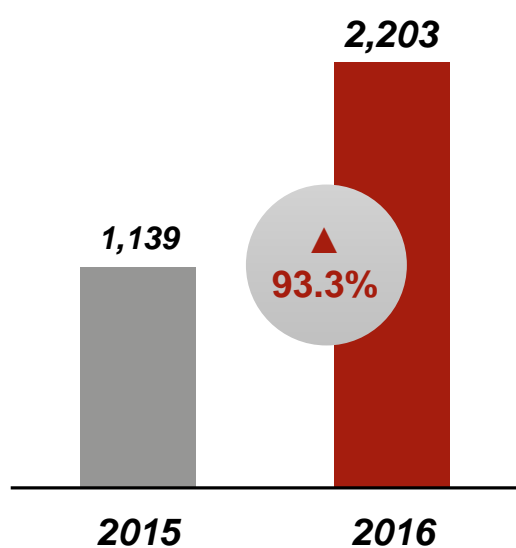
Implement the Concept of Shareholders' Returns

In 2016, the Board proposed the final dividend of RMB 0.29 per share (tax included), with a year-on-year increase of 93.3%, and continued to implement the concept of shareholders' returns

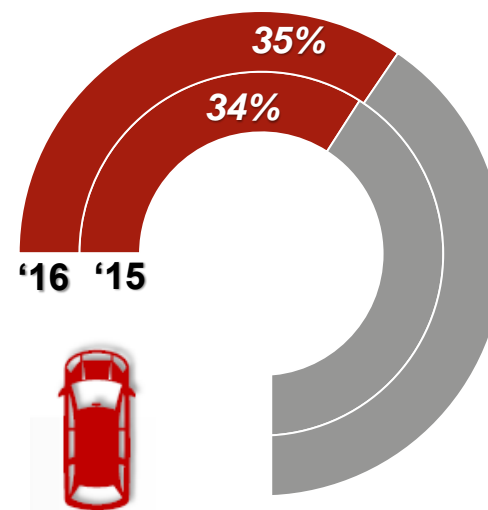
Dividend per share (RMB)



Total pre-tax dividend (RMB million)



Dividend payout ratio



CATALOGUE

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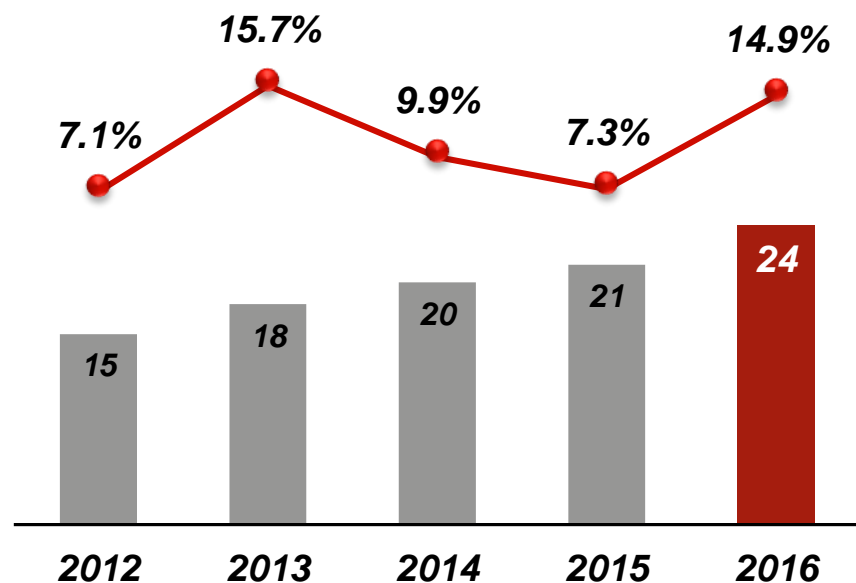
4 Key Financials(Consolidated)

5 Outlook

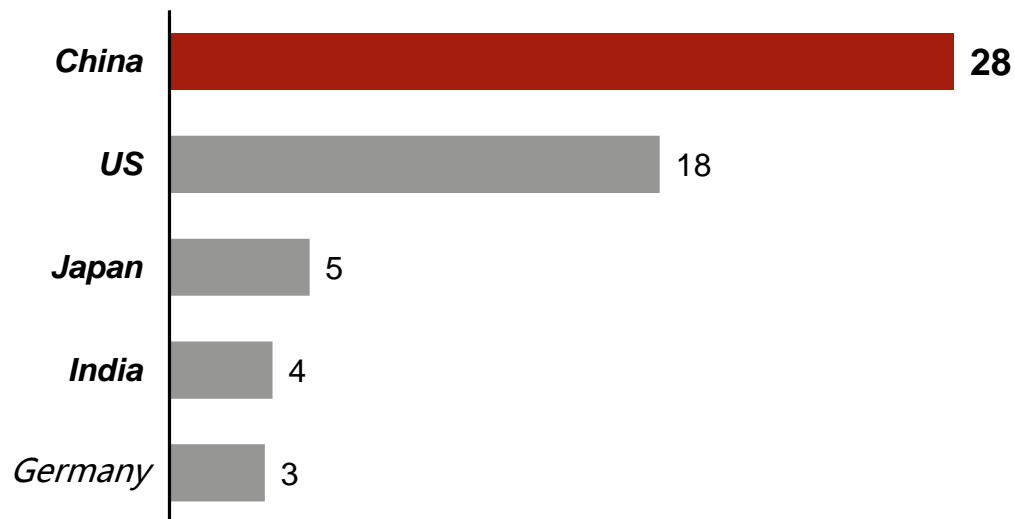
Development of Passenger Vehicle Market

In 2016, China's auto market maintained its world's first ranking in term of production and sales for eight consecutive years with a sales YoY growth rate of 13.7%, including: 24.377 million units annual sales of passenger vehicles, representing a YoY increase of 14.9%, the second highest growth rate for the past five years

Sales and growth of China's passenger vehicle market in the past five years (million)



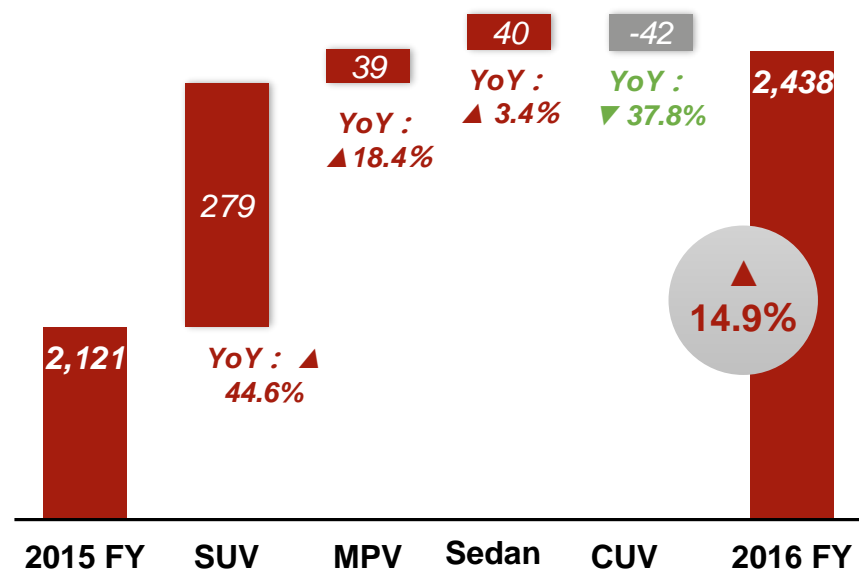
Sales of the world's top five auto markets in 2016 (million)



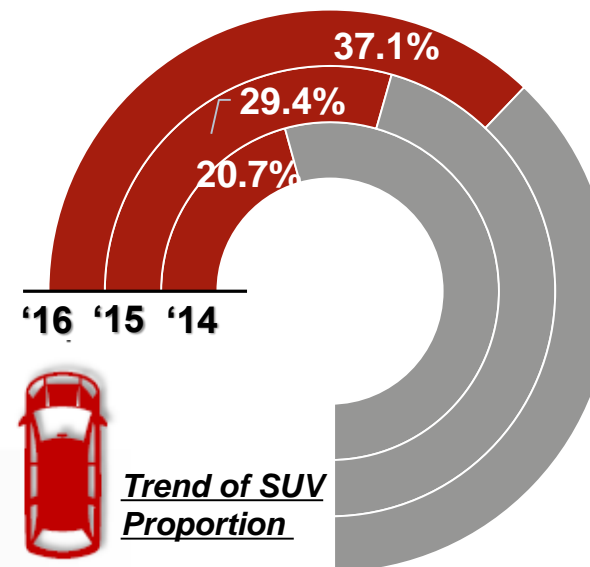
Development of Passenger Vehicle Niche Market

SUVs outperformed in the niche market: The YoY growth rate of sales hit 44.6%, 8 percent increased in market share to 37.1%, and nearly 90% contribution to the overall industry growth

Driving factors analysis for the changes in 2016 passenger vehicles market (0000)



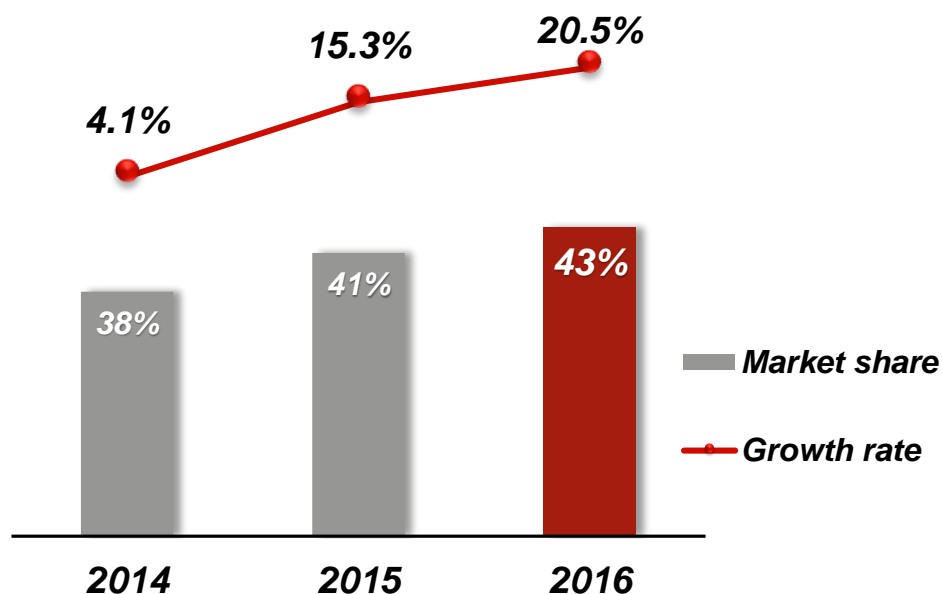
Changes in SUVs market share



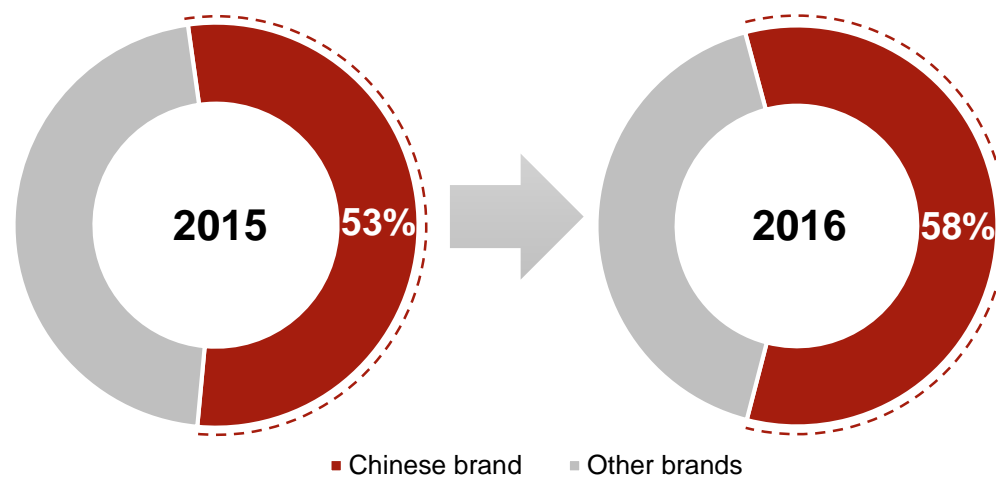
Development of Passenger Vehicles Segment Market

In terms of segment markets, Chinese brand passenger vehicles achieved the total sales of 10.529 million units, representing a year-on-year increase of 20.5%, have made comprehensive breakthroughs in such aspects as sales growth rate, market share and product quality. The Chinese brand SUVs in 2016 hit a YoY growth rate of 57.6%, with the market share of up to 58.2%

Chinese brand market share and sales growth rate



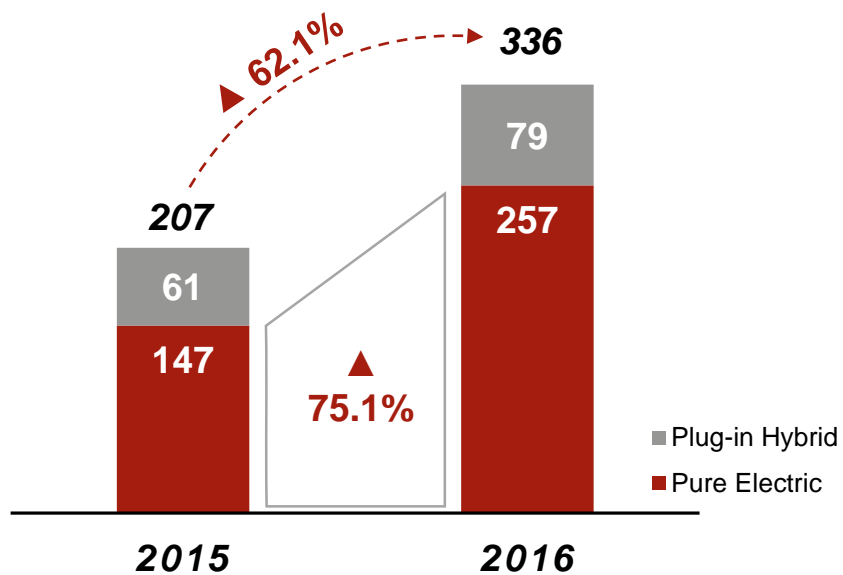
Market share of Chinese brand SUVs



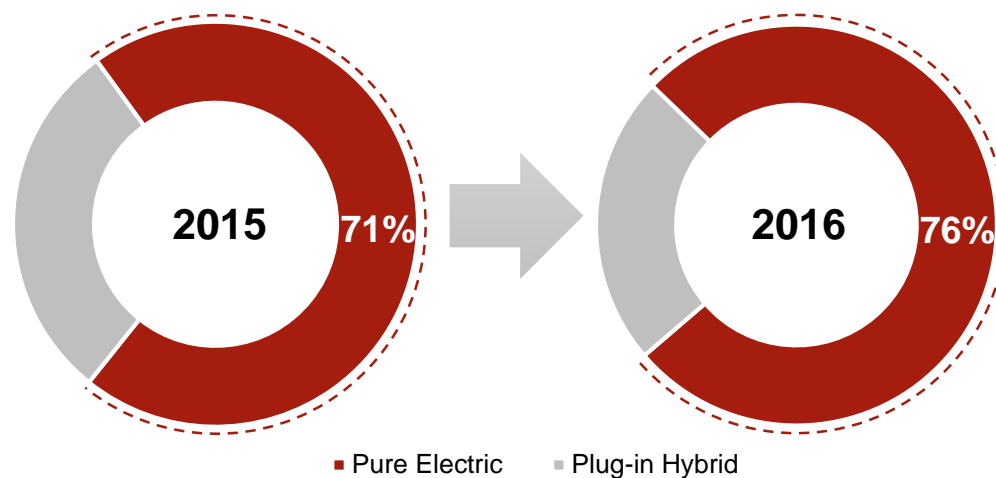
Development of New Energy Passenger Vehicles

In 2016, the new energy passenger vehicles kept a major growth spurt by achieving total sales of 336 thousand units, representing a YoY increase of 62.1%; Pure electric passenger vehicles posted total sales of 257 thousand units, representing a YoY increase of 75.1%, and the market share accounted for 76.5%, representing a 6 percent YoY increase

Sales and growth of NEVs in 2016 (thousand)



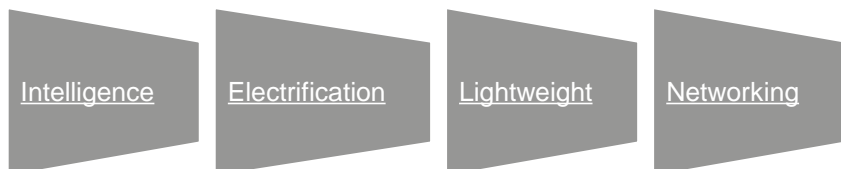
Market share of pure electric passenger vehicles



New Trend of Industry Development

Explorations to upgrade automobile in four directions

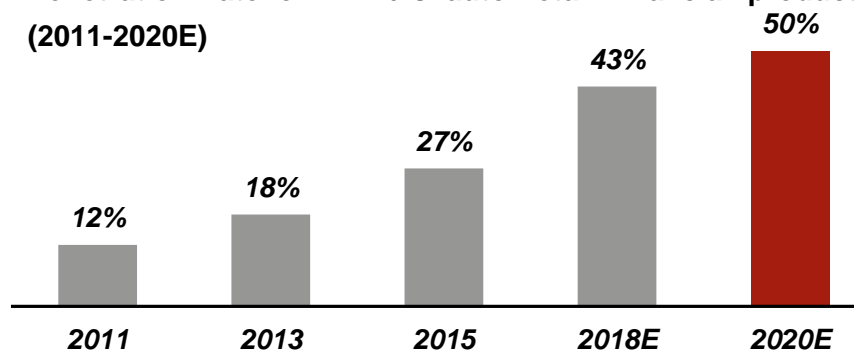
- In 2016, the form of automotive products is developing in an accelerated pace towards the direction of “**electrification, lightweight, intelligence and networking**”, with constant launch of symbolic new products;
- The auto is changing from means of transportation to a **large mobile intelligent terminal, energy storage unit and digital space**;
- It is expected to achieve popularization of China's intelligent automobile **within 3-5 years**.



Accelerated Expansion of Auto Finance Business

- In 2016, Chinese auto finance market witnessed rapid development, with an annual business **growth of about 50%**;
- However, compared with developed countries, the penetration rate of China's auto consumer finance is still low, and **there is large room for future growth**.

Penetration rate of China's auto retail financial products (2011-2020E)



CATALOGUE

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Highlights

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Industry Development

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Operating Performance

- *Beijing Brand*
- *Beijing Benz*
- *Beijing Hyundai*
- *Fujian Benz*

4

Key Financials(Consolidated)

5

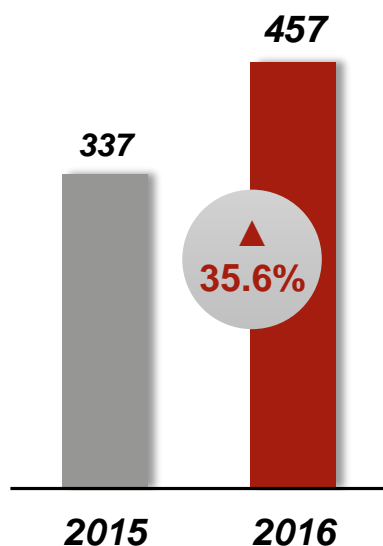
Outlook

Beijing Brand: Overall Operating Performance

In 2016, the Beijing Brand passenger vehicle achieved total sales of 457 thousand units, representing a year-on-year increase of 35.6%; meanwhile, it posted a revenue YoY increase of 73.0%, with the first positive annual gross profit, in a successful completion of the annual loss reduction target

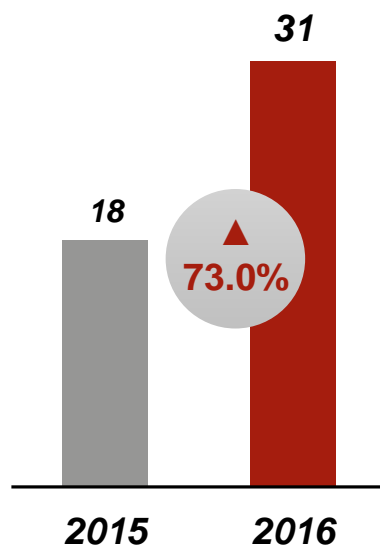
Sales

(thousand)



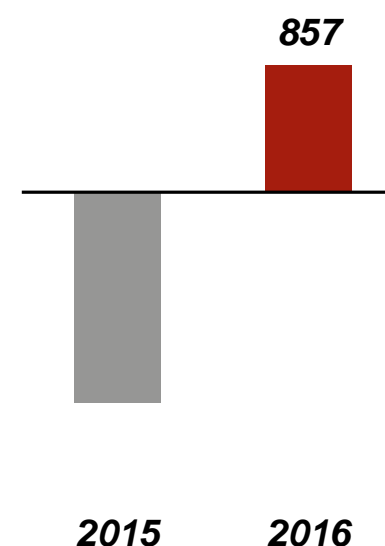
Revenue

(RMB billion)



Gross profit

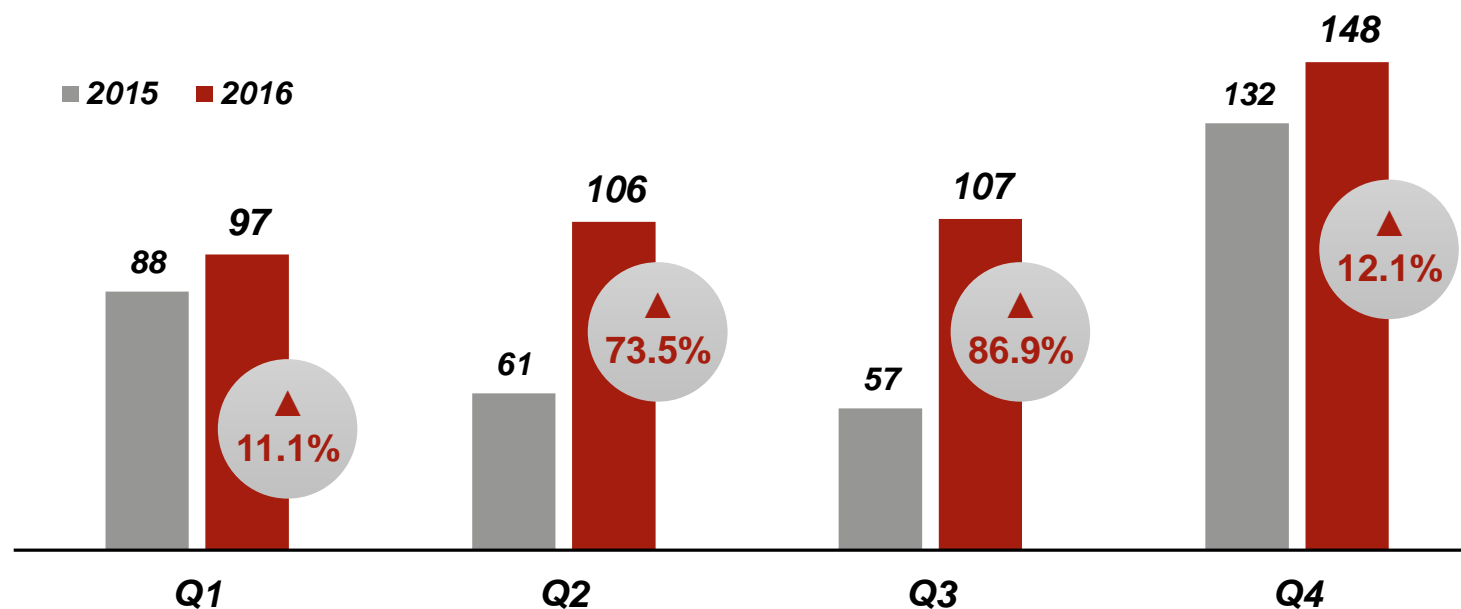
(RMB million)



Beijing Brand: Overall Sales Performance

In 2016, sales growth of Beijing Brand passenger vehicles far exceeded the industry and the average growth rate of Chinese brand passenger vehicles, with sales growing quarter by quarter

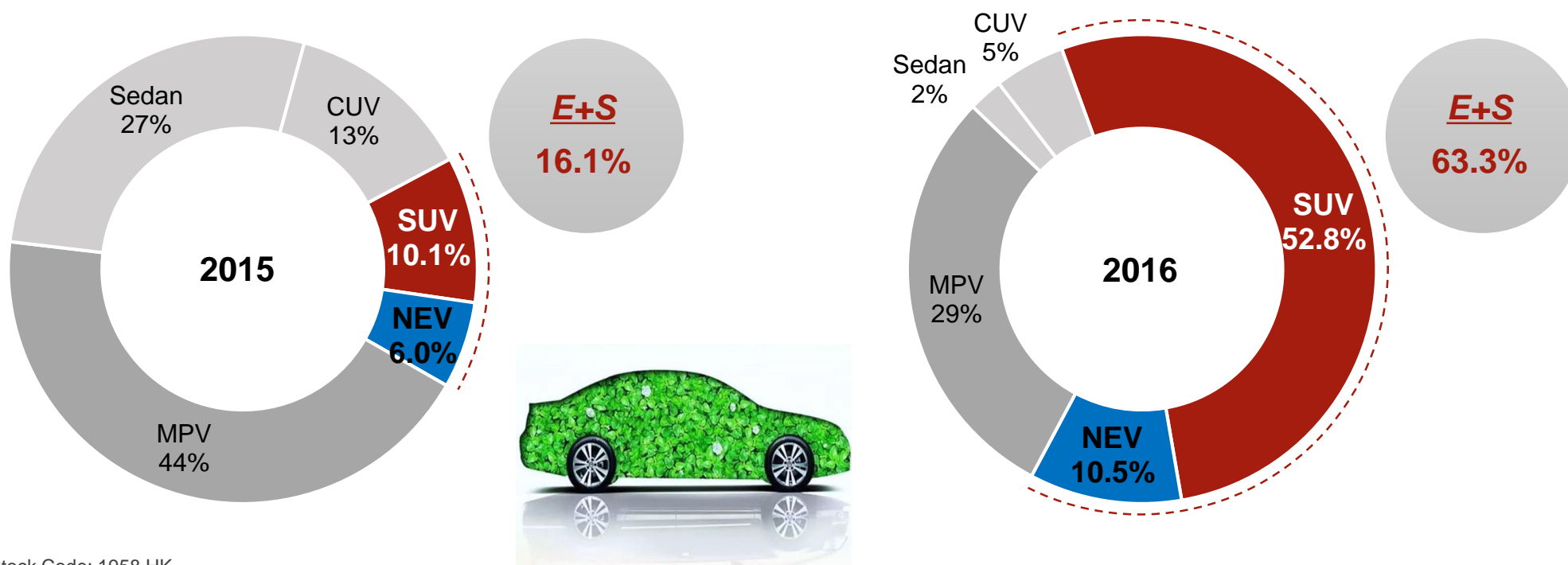
Quarterly sales of Beijing Brand
(thousand)



Beijing Brand: Product Structure Optimization

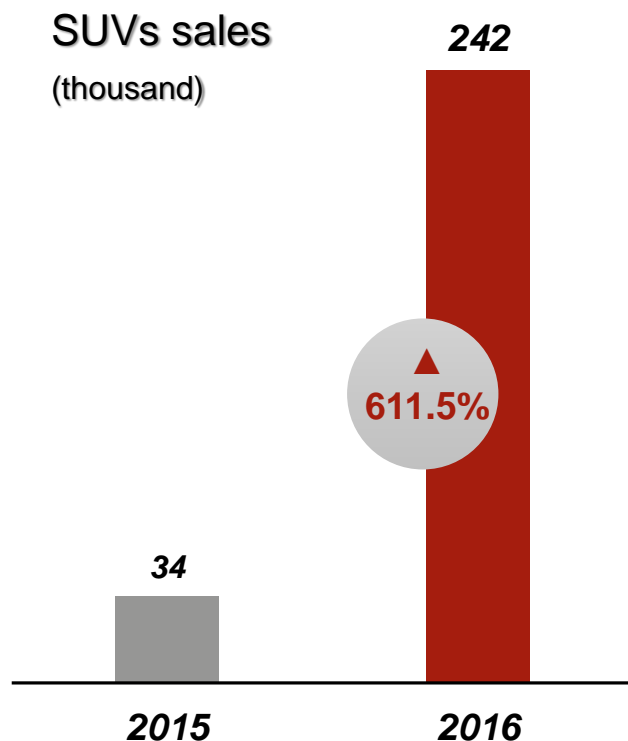
At the time of sales growth, the Beijing Brand vigorously promotes the “E+S” strategy, the annual sales of SUVs and new energy vehicles amounted to 290 thousand units, with the proportion rapidly rising to 63.3%, achieving strong optimization of product structure

Proportion of Beijing Brand E+S sales



Beijing Brand: Sales Performance of SUVs

In 2016, the Beijing Brand SUVs achieved annual sales of 242 thousand units, up 6.1 times on a yearly basis, and successfully launched a variety of star models, ranking top across the niche markets



Beijing (BJ) 20

Urban hardcore off-road model, **with nearly 7,000 units sales after four months of launching**



Senova X35

Monthly sales under constant growth with **a peak of more than 16 thousand units**



Senova X25

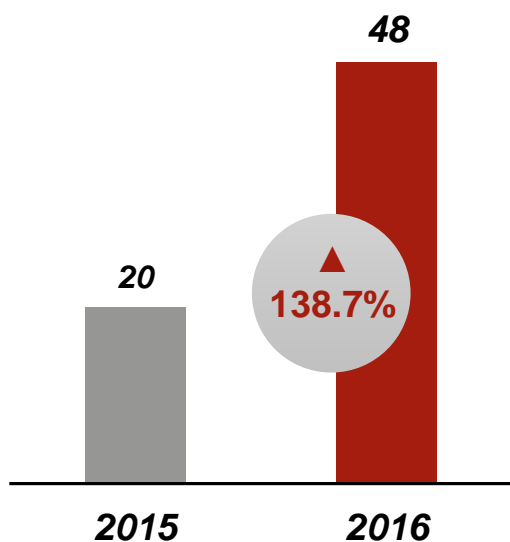
Accumulative annual sales of **76 thousand units**, with **No. 1** sales in the benchmarking vehicles



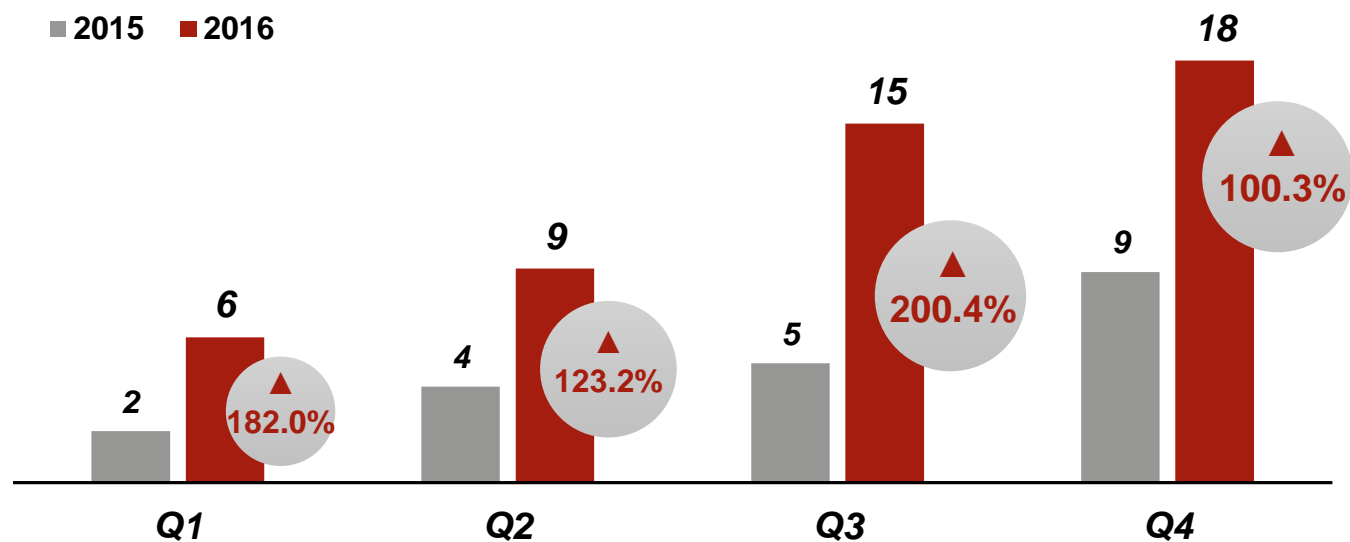
Beijing Brand: Sales Performance of New Energy Vehicles

In 2016, the Beijing Brand new energy vehicles achieved annual sales of 48 thousand units, representing a year-on-year increase of 138.7%, far more than the average growth rate of industry, and continued to boost its leading position in the pure electric new energy vehicle market

Sales of Beijing Brand new energy vehicles (thousand)



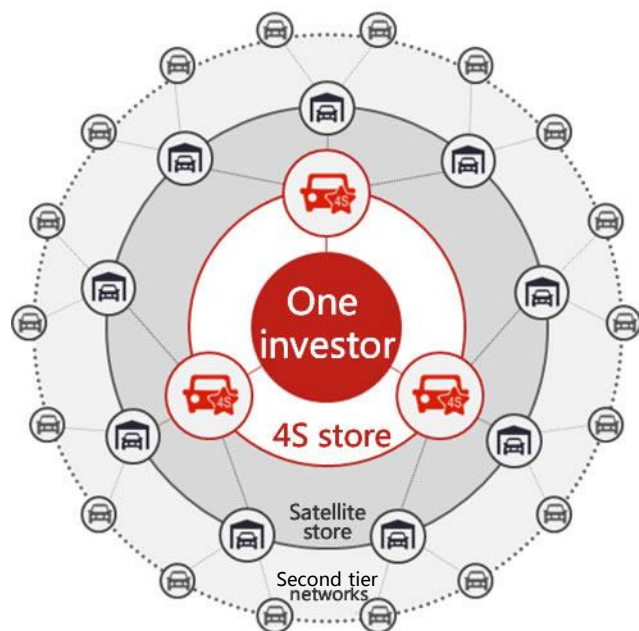
Quarterly sales of Beijing Brand new energy vehicles (thousand)



Beijing Brand: Distribution Network Construction

In 2016, the Beijing Brand Senova series, by adhering to the “1+N+X” distribution strategy, and Wevan series, by taking advantage of satellite stores and second tier networks, made coverage of markets at mid-to-small districts and cities as well as accelerated the sinking of channels

Senova: “1+N+X” strategy



Wevan:



Beijing Brand: Technology Upgrading

In 2016, the Beijing Brand upgraded technology of electrification and intelligence etc. from multiple aspects as well as the internationalization and layout of overseas markets



- NEVs takes a leading position in niche market
- Establish a sharing platform to manufacture



- Start the next generation of intelligent cockpit and other three key projects
- Joint Baidu in the CES release of "NOVA-PLS"



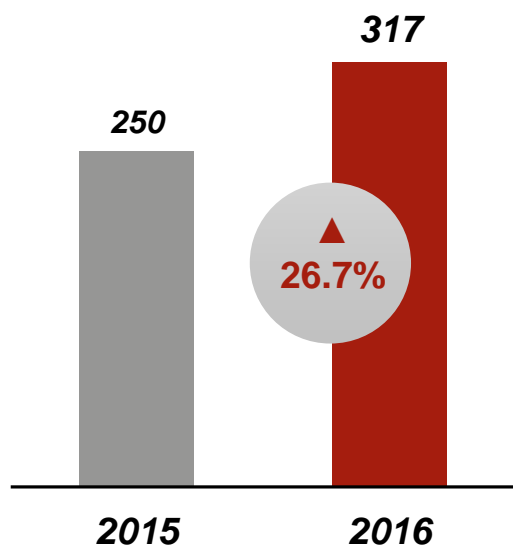
- Senova series completed the internationalization of eight products
- Joint venture of BAIC South Africa for the layout in overseas markets



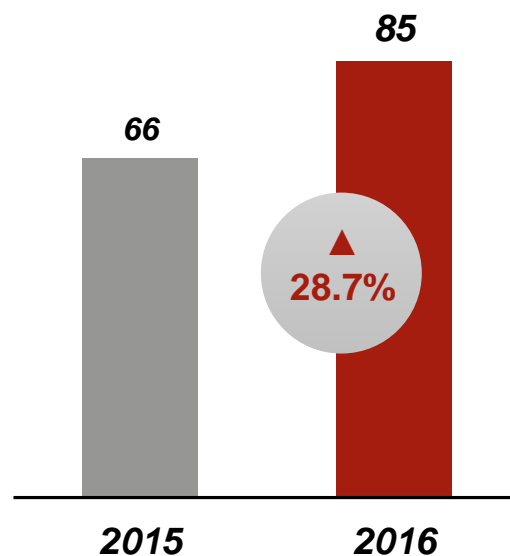
Beijing Benz: Overall Operating Performance

In 2016, Beijing Benz continued its outstanding performance, and achieved a sales YoY increase of 26.7%, a revenue YoY increase of 28.7%, and a net profit YoY increase of 74.3%, with breakthroughs in margin level and profitability

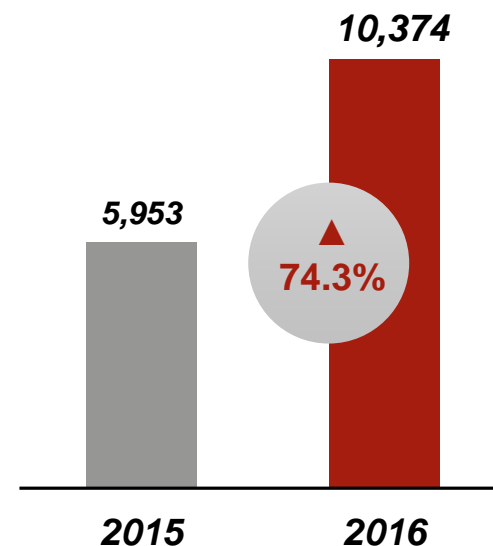
Sales (thousand)



Revenue (RMB billion)



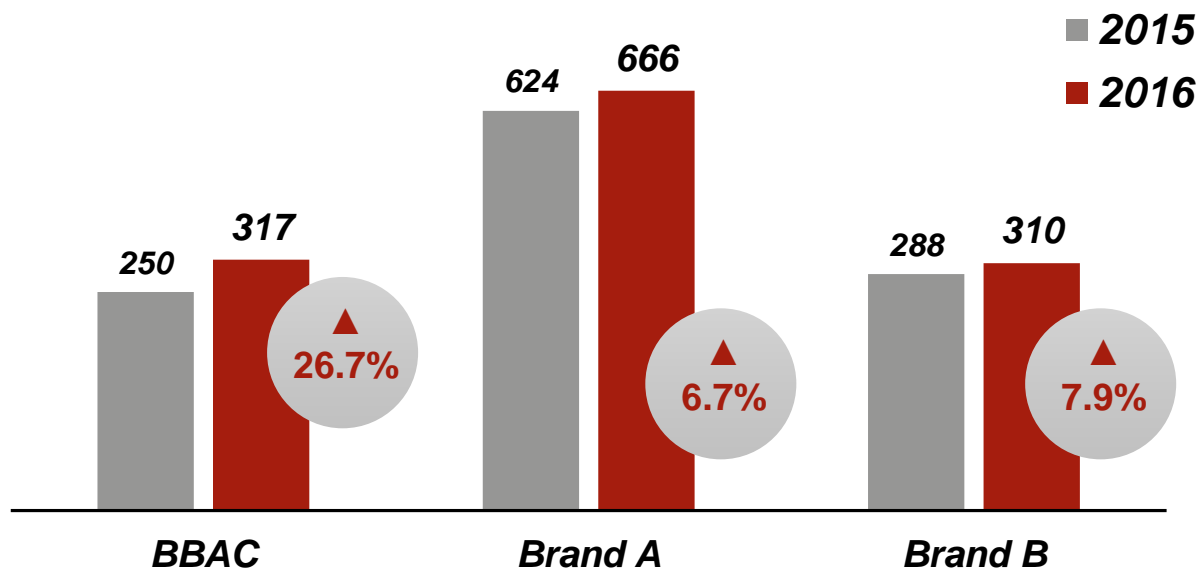
Net profit (RMB million)



Beijing Benz: Overall Sales Performance

In terms of wholesales, Beijing Benz jumped to the second largest domestic luxury passenger vehicle manufacturer in 2016, with its sales growth speeded several times faster than the other competitors, and continued to lead the domestic luxury vehicle market

Sales of domestic luxury passenger vehicle brands (thousand)



Sales growth rate No.1



Sales scale No.2



Beijing Benz: Product Structure Optimization

By new long wheelbase E-class sedan launching in August 2016, Beijing Benz completed its all-series products upgrading, and would accelerate the development through its better product layout in the future

E-Class Sedan



About 10,200
Annual monthly sales peak
(The fourth month after launching)

GLC-Class SUV



About 10,400
Annual monthly sales peak

GLA-Class SUV



About 7,800
Annual monthly sales peak

C-Class Sedan



About 11,200
Annual monthly sales peak

317,069
Annual total sales



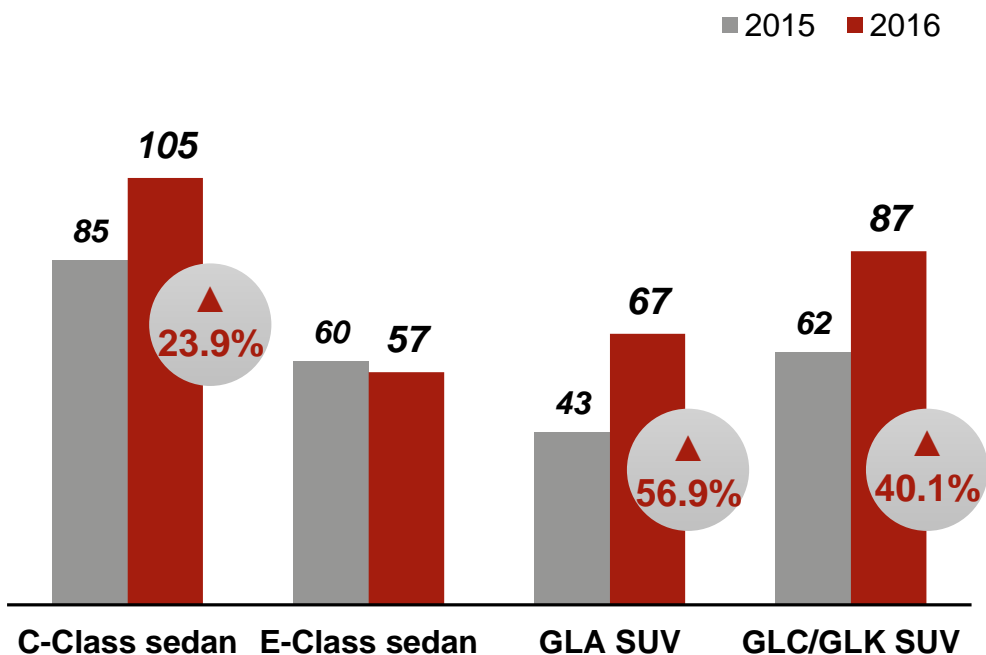
Notes: wholesales



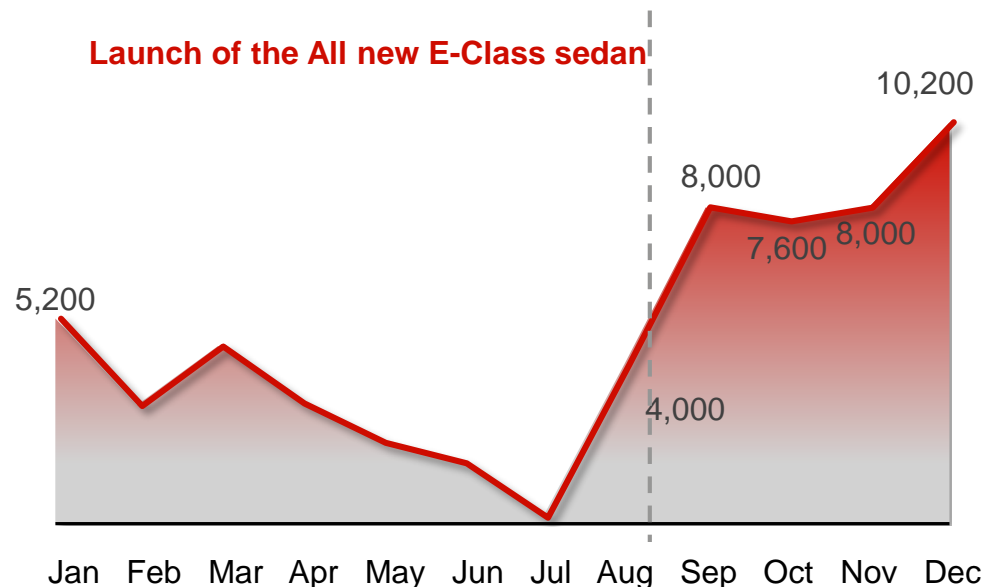
Beijing Benz: Sales of Major Models

In 2016, Beijing Benz all-series products achieved an outstanding performance and the new products maintained their popularity in the market

Beijing Benz sales of each model (thousand)



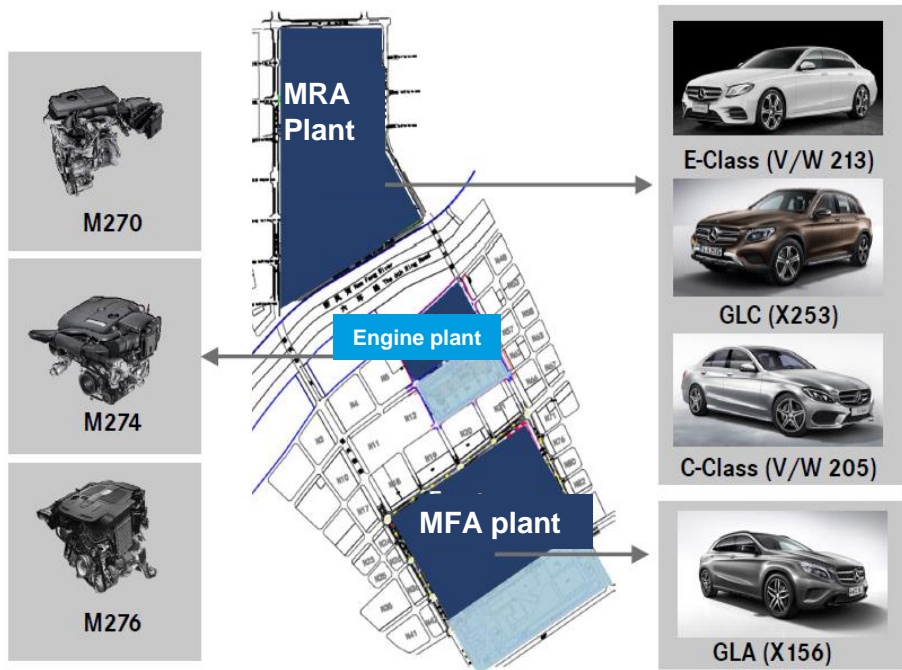
2016 monthly sales of E-Class sedan (unit)



Beijing Benz: Production Layout and Capacity Increase

Possessed of advanced production facilities and technology, Beijing Benz vigorously promoted the construction of new plants, and constantly enhanced the production capacity of passenger vehicles and engine plants

Beijing Benz plants and product layout



The most comprehensive passenger vehicle manufacture base of Mercedes-Benz

MRA Plant

Equipped with Daimler's largest capacity of overseas assembly shop

MFA Plant

Daimler's most advanced front-wheel-drive factory

Engine Plant

Daimler's first overseas passenger vehicle engine manufacture base

R&D Center

Daimler's largest joint venture R&D Center



Beijing Benz: Business Development

In 2016, Beijing Benz witnessed launch of its new models, and such milestone events as offline of its 1,000,000th passenger vehicle and engine, and became China's first winner of "2016 annual best factory with excellent global operation - the best large-scale manufacturer" as a passenger vehicle manufacturer



August 2016
Offline of the
1,000,000th engine



November 2016
Offline of the 1,000,000th
passenger vehicle



December 2016
Commencement of
Second Engine
Plant



Acquired the honor of "2016 annual best plant with excellent operation - the best large-scale manufacturer" initiated by the Kearney Management Consulting and Financial Journal of Produktion



Beijing Hyundai: Overall Sales Performance

In 2016, faced the intensified competition, Beijing Hyundai achieved the annual sales of 1.142 million units, representing a year-on-year increase of 7.5%, with a steady 4th spot in joint venture brands sales ranking, and reversed the sales trend to grow rapidly on a quarterly basis; meanwhile, Beijing Hyundai continued to maintain its leading position in terms of customer satisfaction and product quality

Main operating performance of Beijing Hyundai

wholesales 1.142 million units +7.5%

Ranking Fourth place among joint ventures Flat

D+S proportion 50.3% +1 percentage points

SUV proportion 33.7% +5.9 percentage points

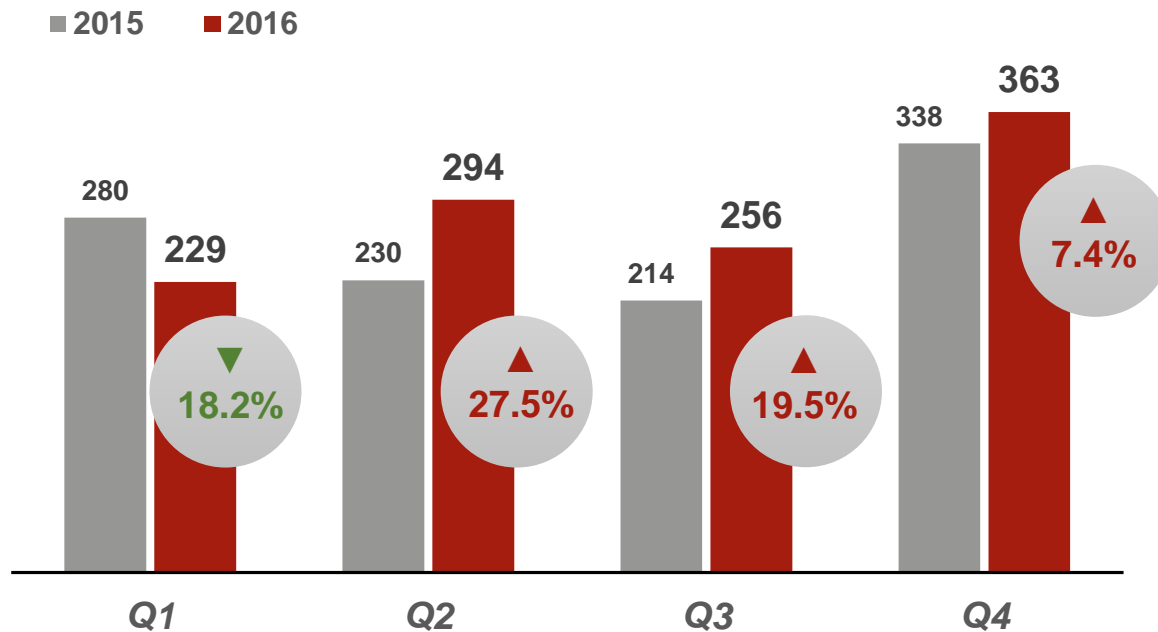
SSI ranking Second place

CSI ranking Third place

IQS ranking First place

■ Stock Code: 1958.HK

Quarterly sales of Beijing Hyundai (thousand)



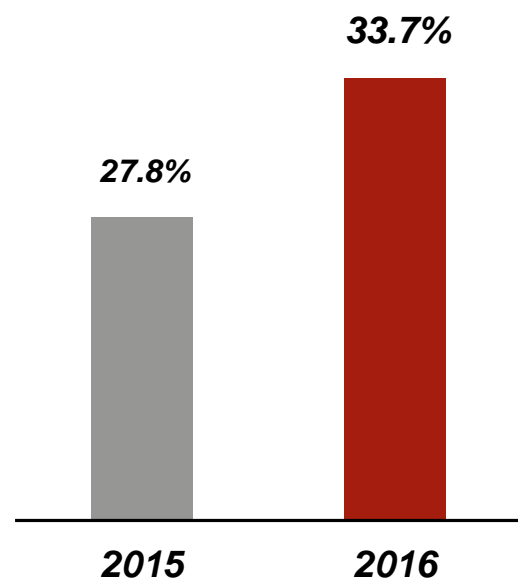
Notes: wholesales; Data sources: CAAM, corporate information



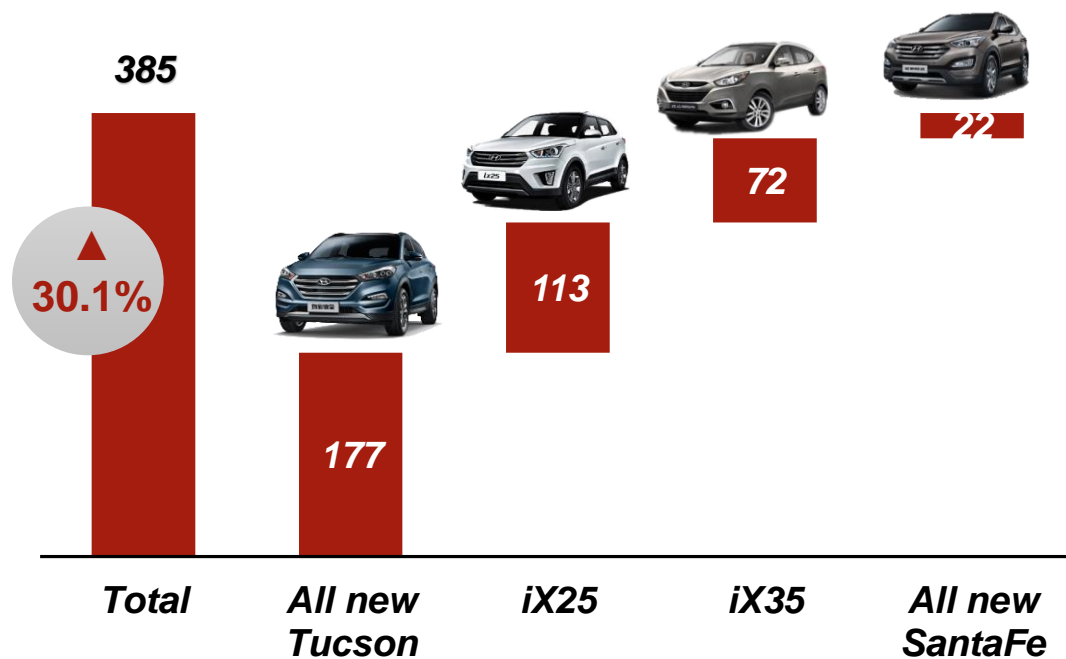
Beijing Hyundai: SUVs Sales Performance

In 2016, Beijing Hyundai focused SUVs and achieved annual sales of 385 thousand units, representing a year-on-year increase of 30.1%; meanwhile, the SUV proportion further increased to 33.7%

Beijing Hyundai SUVs sales proportion



SUV product sales of Beijing Hyundai in 2016 (thousand)



Beijing Hyundai: 「T-power」 Strategy

In 2016, since Beijing Hyundai strengthened the "T-power" strategy, its annual T-power model proportion increased to 23%; it would release more T-power models in 2017

Beijing Hyundai T-power model planning

Ninth Sonata - 2017



● Brand new exterior design

● Configuration upgrading

- 1.6T standard driving lamp at daytime
- New added smart mobile phone networking
- New added PIO air purifier

A new medium-term variant of Santa Fe



● Brand new exterior and interior



● Technological configuration upgrading

Add T power model (modern blueprint)

Elantra



● Add 1.4T GLS low-configuration models

Mistra



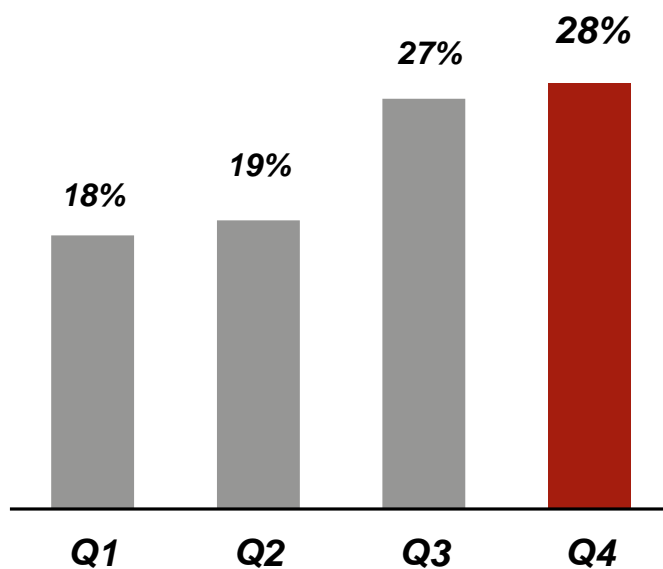
● Add 1.6T GLS models

ix25



● Add 1.6T GLS and DLX models

2016 T-power vehicle sales proportion

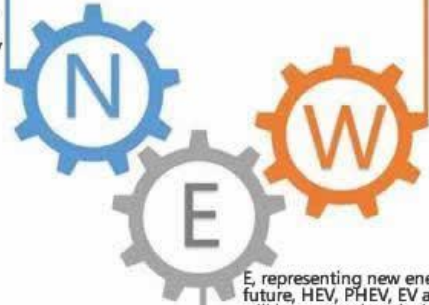


Beijing Hyundai: 「NEW」Plan

In 2016, Beijing Hyundai announced the new energy strategy –“NEW” Plan, striving to launch Ninth new energy vehicle models before 2020, and released the first new energy products - the Ninth Sonata Hybrid

New energy strategy—NEW plans

N, representing nine, means that Beijing Hyundai is expected to launch nine major new energy products prior to 2020 to further improve the layout of new energy products in various market segments;



W, representing New Way. It means a healthy and environmental protection lifestyle and way of travel advocated by Beijing Hyundai.

E, representing new energy technology. In the future, HEV, PHEV, EV and FCV technologies will be comprehensively applied in Beijing Hyundai's new energy products;

Ninth Sonata Hybrid



Beijing Hyundai: Star Product Sales Performance

In 2016, Beijing Hyundai had seven models with over 10 thousand units monthly sales, and the amount of star products became industry top, reflecting Beijing Hyundai's strong capabilities of product system and sales

All new Tucson

Monthly sales peak **21,812**



Elantra-Langdong

Monthly sales peak **30,050**



Mistra

Monthly sales peak **15,950**



Elantra-Lingdong

Monthly sales peak **22,633**



Verna-Yuena

Monthly sales peak **19,080**



ix25

Monthly sales peak **17,319**



Verna

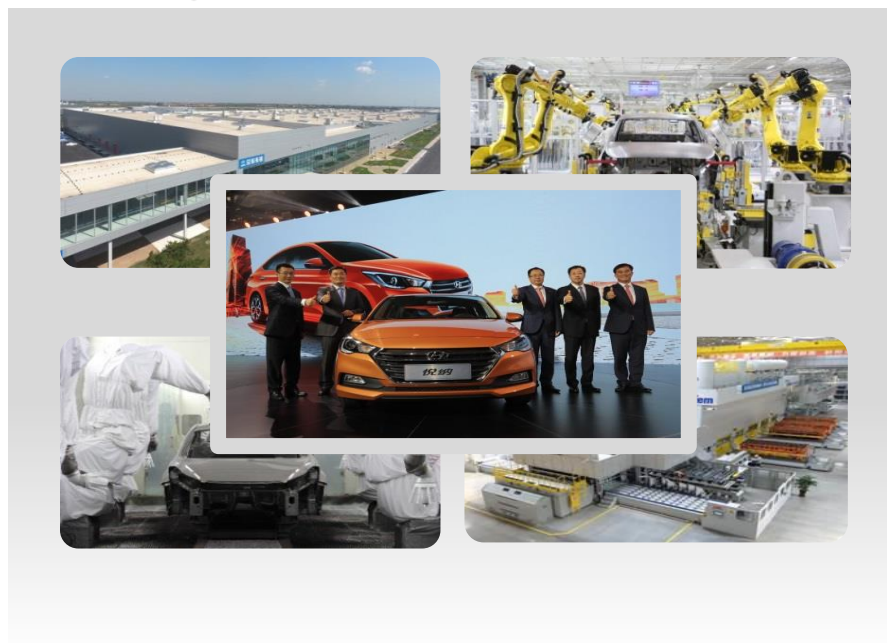
Monthly sales peak **14,613**



Beijing Hyundai: Improvement of Production Layout

Beijing Hyundai Cangzhou plant completed construction and put into operation in October 2016; Chongqing plant will be completed and put into operation in 2017, to guarantee the capacity for the follow-up production and sales increase

Cangzhou plant was completed and put into operation in October 2016



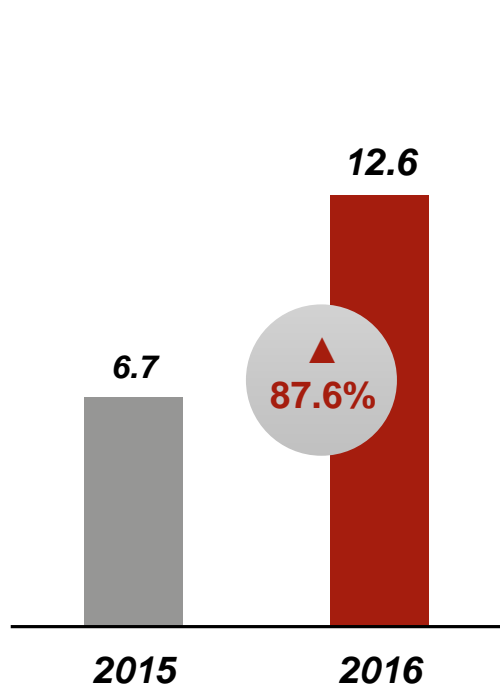
Chongqing plant completed the construction of five major workshop bodies



Fujian Benz: Overall Operating Performance

In 2016, Fujian Benz achieved the annual sales of 12.6 thousand units, representing a year-on-year increase of 87.6%, and introduced the new V-Class and two new Vito models which are approved by the market

Sales (thousand)



The New V-Class
launched in March 2016



The New Vito launched in
September 2016



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Key Financial Data (Consolidated)

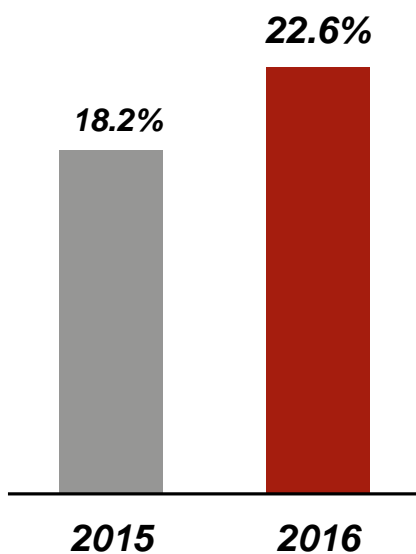
(RMB million)

Project	2016	2015	YOY
Revenue	116,199	84,112	38.1%
Gross profit	26,232	15,277	71.7%
Selling and distribution expenses	-10,603	-8,002	32.5%
General and administrative expenses	-4,298	-4,039	6.4%
Other gains - net	189	1,244	-84.8%
Financial costs - net	-468	-416	12.5%
Share of profit of joint venture	3,917	4,102	-4.5%
Share of profit / (loss) of associates	300	155	93.5%
Profit before income tax	15,269	8,321	83.5%
Annual profits	11,536	6,322	82.5%
Attributable to: Equity holders of the Company	6,367	3,319	91.9%
Non-controlling interests	5,169	3,003	72.1%

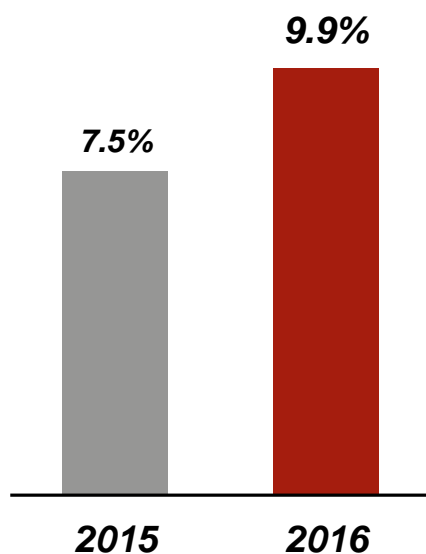


Major Margin Indicators and Capital Investment

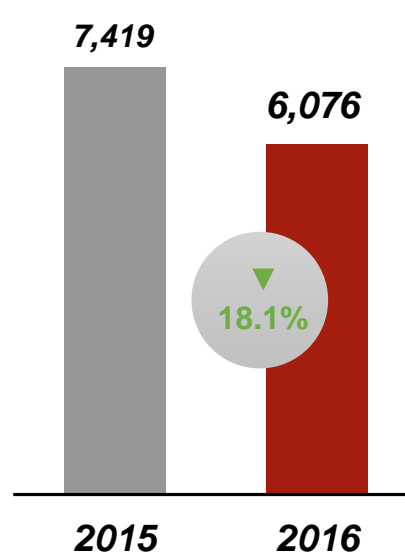
Gross margin



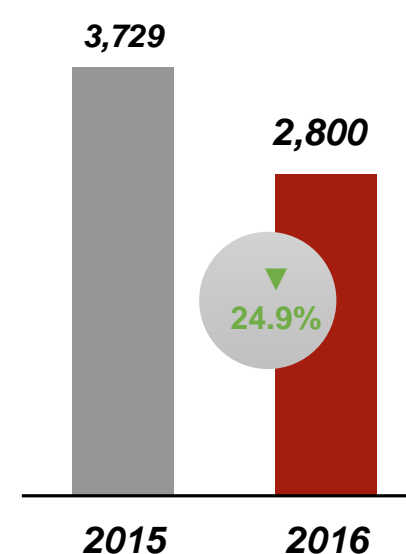
Net margin



Capital expenditure
(RMB million)



R&D expenditure
(RMB million)



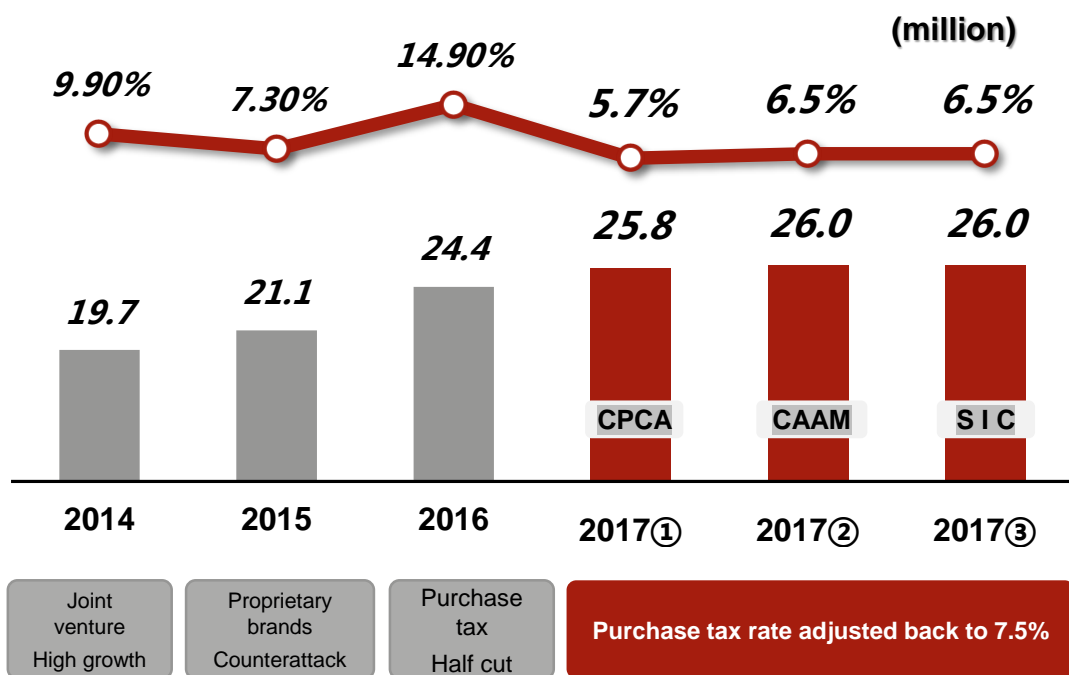
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- 5 Outlook**

2017 Industry Development Outlook

It is estimated by industry authorities that the growth rate of overall passenger vehicle market in China will be between 6% and 7% in 2017. Since the positive factors affected passenger vehicle market are much more than negative factors, the overall market will keep a steady growing trend

2017 passenger vehicle market growth forecast



■ Stock Code: 1958.HK

Analysis of the Market Environment for Passenger Vehicles in 2017



- Purchase tax rate adjusted back to 7.5%
- Demand in small and medium size cities is releasing
- Trade-in groups are expanding
- New energy market is growing rapidly
- SUV continues with its high growth
- Passenger vehicles ownership is relatively low per thousand people



- Policies in automobile pollution control are intensified
- Traffic jam is increasingly worse
- Oil prices continues to rise
- Raw material price is going up



2017 Operating Principles of The Group



北京汽车
BAIC MOTOR



Attaches great importance to customers and the market

Do well in product definition

Pay high attention to R&D 2.0

...

Beijing Brand

Product & R&D



Mercedes-Benz
北京奔驰



Production and marketing closely linked

Maintain product heat

Medium-and-long-term development plan

...

Beijing Benz

Production and marketing linkage & long-term planning



北京现代



Eliminate models with loss

Improve product profit margins

Follow the Chinese market changes

...

Beijing Hyundai

Profit & Status



Fujian Benz
福建奔驰



Speed up technology upgrading

Speed up the introduction of products

Cultivate high-end business purpose vehicle market

...

Fujian Benz

Product & Competitiveness



2017 New Models Release Plan



北京汽车
BAIC MOTOR



Senova X55
Medium-term facelift



Senova
New sedan



New energy
Two small SUVs
A medium-sized sedan



Wevan
S50 Medium-term facelift
Electric logistics vehicle



Mercedes-Benz
北京奔驰



GLA-Class SUV
Medium-term facelift



北京现代



Brand New Elantra



Brand new
A0-Class sedan

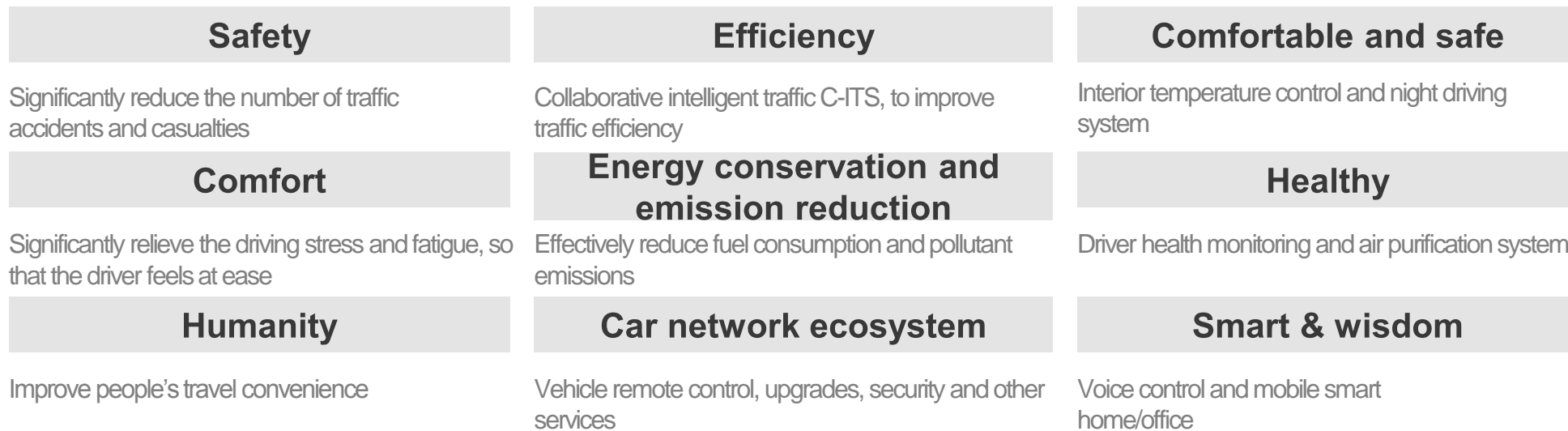


Brand new
Medium-Sized SUV



Beijing Brand Intelligence Strategy - NOVA-PLS

NOVA



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