

2016 Performance Review & 2017 Business Plans

KOLAO HOLDINGS

April 2017



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Country Overview

Laos Overview

Macro Economic indices

Laos Automobile Market Statistics

(1) Laos Overview

Lao People/s Democratic Republic Overview

Population	7 million
GDP per Capita	USD 1,838 (2016)
Language	Lao (Official), Thai
Government Type	People's Democracy
The Ruling Party	Lao People's Revolutionary Party
Currency	Lao KIP (LAK) / USD / BAHT (THB)

Laos Key Macro Indicators

Classification	2013	2014	2015	2016	2017(E)
GDP Growth Rate	8.0%	7.5%	7.6%	7.5%	7.3%
GDP per Capita (USD)	1,661	1,707	1,816	1,838	-
Exchange Rate (Kip for 1 USD)	8,031	8,107	8,134	8,277	-
CPI Growth Rate	6.4%	4.1%	1.3%	1.7%	-
FDI (USD million)	294	427	913	353	-

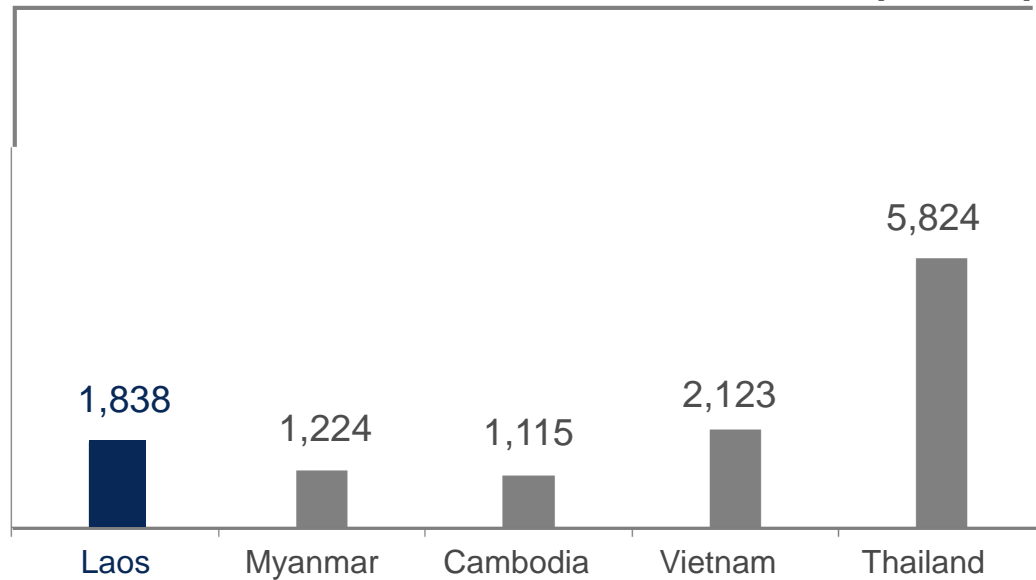
[Source : Lao Statistics Bureau, Bank of the Lao PDR, IMF, World Bank, ADB, Trading Economics]



(2) Macro Economic Indices

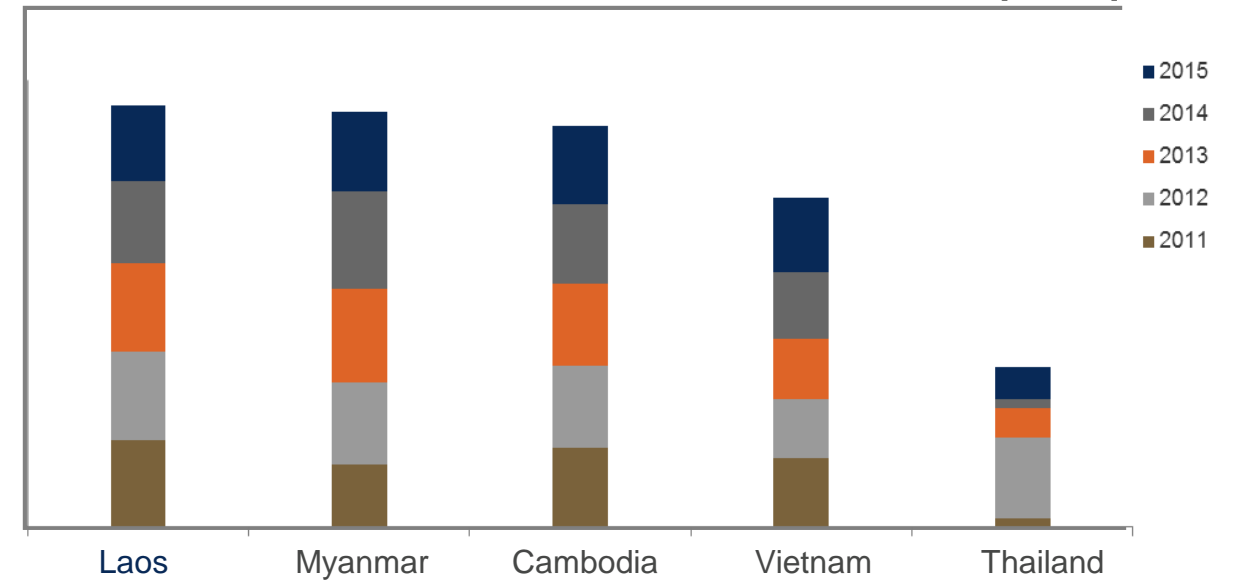
GDP per Capita of ASEAN Countries (2016)

[Unit : USD]



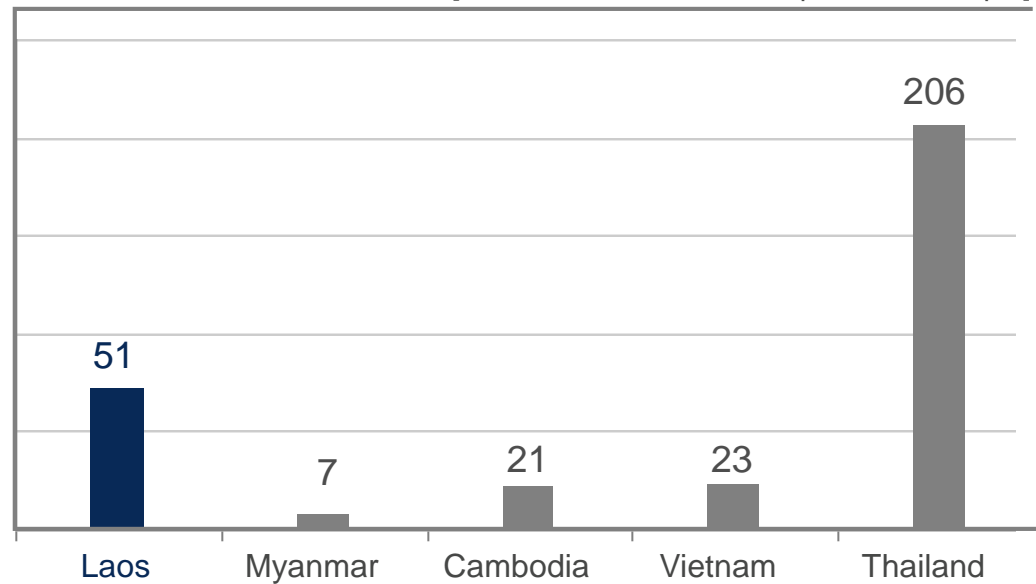
Average GDP Growth of ASEAN Countries (2011~2015)

[Unit : %]



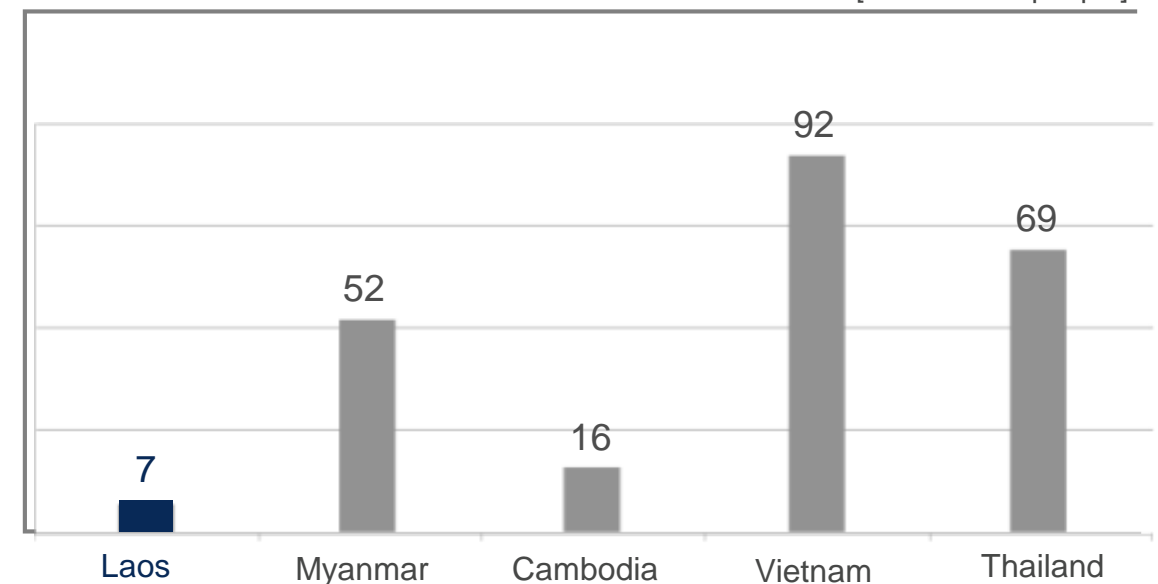
Auto Penetration Rate (2015)

[Unit : Number of Vehicles per 1,000 People]



Population of ASEAN Countries (2016)

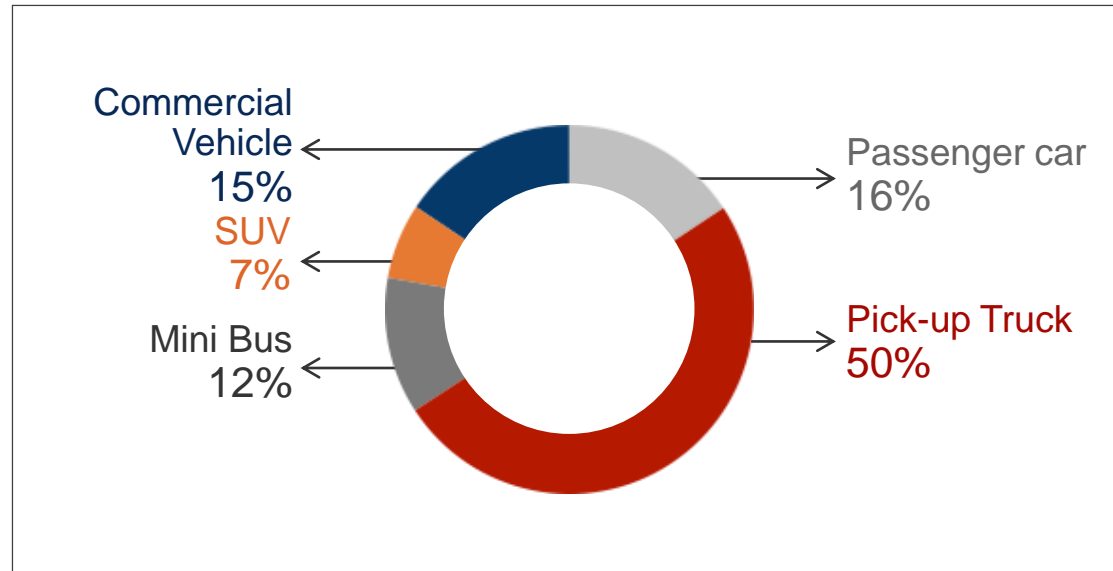
[Unit : million people]



[Source : Ministry of Public Work and Transport Department (Laos), Department of Road Transport Administration (Myanmar), IMF, World Bank]

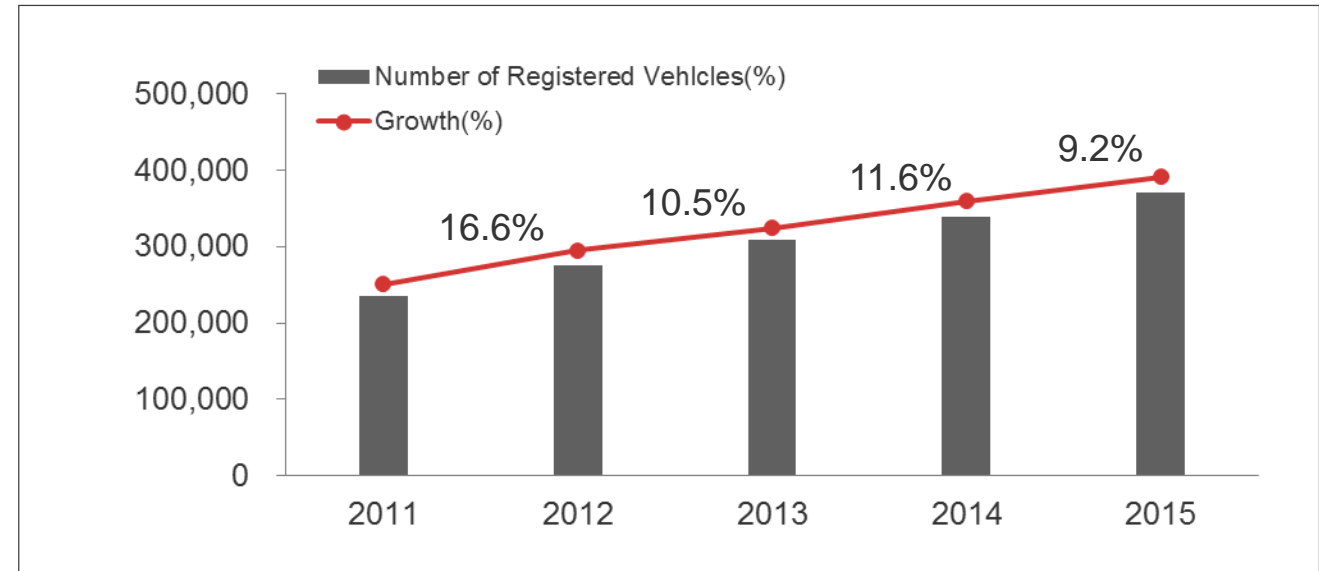
(3) Laos Automobile Market Statistics

Laos Automobile Market (2015)



[Source : Ministry of Public Work and Transport Department of Transport]

Accumulated Number of Cars Registered



[Source : Ministry of Public Work and Transport Department of Transport]

Accumulated Number of Cars Registered by Category

Classification		2011	2012	2013	2014	2015	YoY	CAGR (09~15)
4-Wheelers	Passenger Car	28,096	35,514	43,860	50,083	58,269	16.3%	21.9%
	Pick-up Truck	128,892	147,497	162,633	174,798	185,647	6.2%	11.2%
	Mini Bus	32,667	37,831	39,501	42,623	44,423	4.2%	12.4%
	SUV	14,169	17,231	19,876	22,255	24,535	10.2%	15.1%
	Commercial (Truck)	32,076	36,992	42,315	49,640	57,840	16.5%	15.4%
Total		235,900	275,065	308,185	339,399	370,714	9.2%	13.6%
2-Wheelers	Motorcycle	899,685	1,005,047	1,112,072	1,217,002	1,326,868	9.0%	10.5%

[Source : Ministry of Public Work and Transport Department of Transport]



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2016 Business Performance

Introduction
Company Structure
Business Portfolio
Sales Result
Financial Summaries

(1) Introduction

Company snapshot

Profile	<ul style="list-style-type: none"> - Established in 1997 and grew continuously along with the economic growth of Laos - automobiles through the first auto financing service in Laos - Developed localized in-house automobile brand in Laos in 2013
Key History	<ul style="list-style-type: none"> 1997 - Established General Motors in Laos 2000 - Earned the Kia Motors distributorship license 2001 - Earned the Hyundai Motors distributorship license 2003 - Launched an in-house motorcycle brand 2009 - Started to offer auto-financing services through our affiliate, Indochina Bank 2010 2013 - Listed Kolao Holdings on KRX - Launched an in-house CKD brand 2014 - Listed GDR of Kolao Holdings on SGX - Acquired Korean motorcycle company, S&T Motors and changed its name to KR Motors - Issued CGIF guaranteed bond at 60mnSGD with S&P AA rating 2016 - Establishment of KB-Kolao Leasing Company 2017 - Exporting CKD kit to Pakistan - Exporting CKD kit to Vietnam

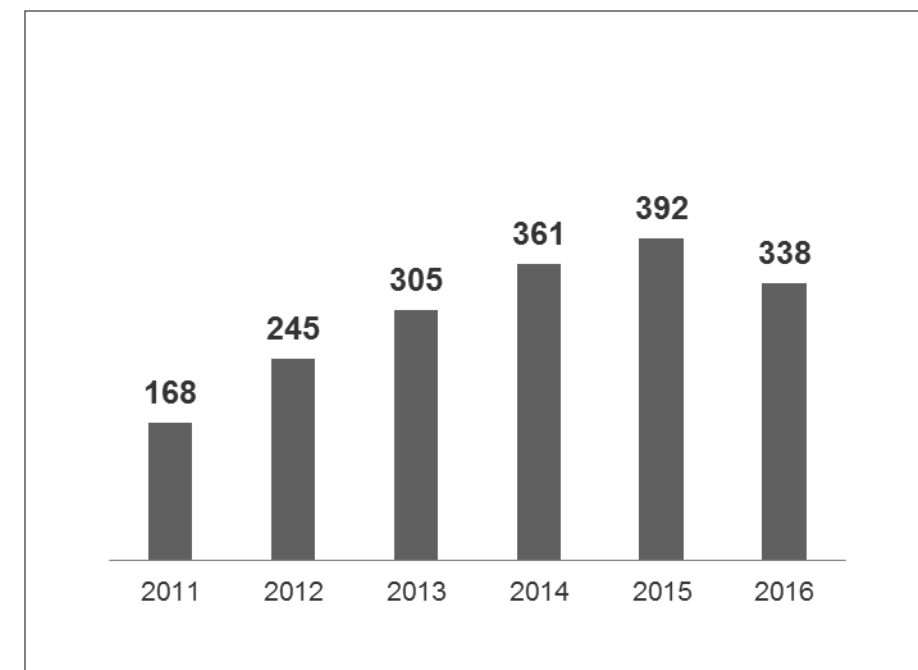
[Source: Kolao Holdings]

Financial record

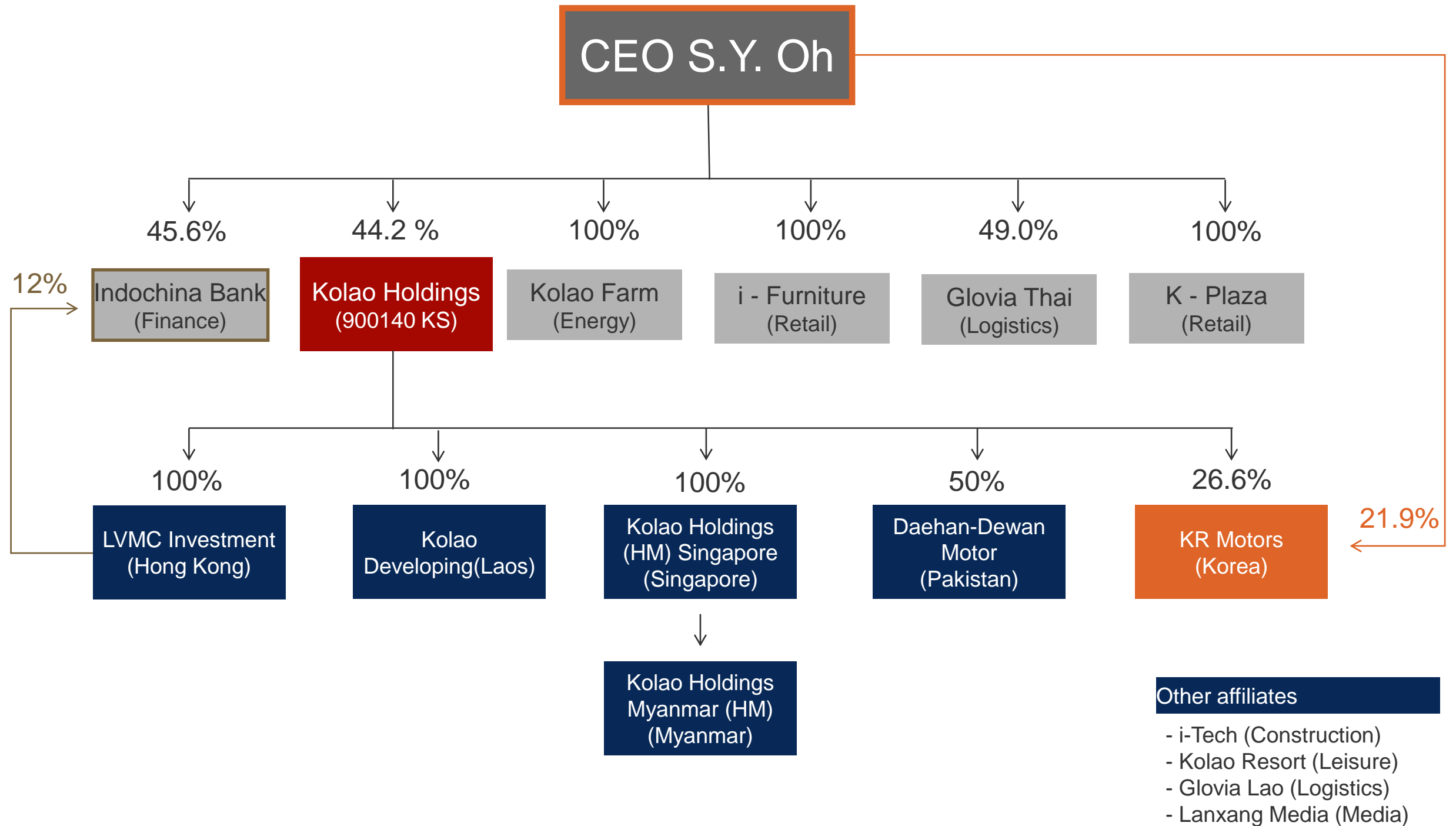
(USD million)	2014	2015	2016
Total Asset	416	512	571
Total Revenue	361	393	338
EBITDA	42	49	57
Operating Income	38	42	49

Sales trend

[Unit: million USD]



(2) Group Organizational Structure



(3) Business Portfolio

New Car

Key Profit Generator



- 1st 3S showroom in Laos
 - Sales
 - After-Sales Services
 - Spare parts sales
- Sole dealer of Hyundai (Laos and Myanmar), Kia (Laos), Chery (Laos)
- Global brand awareness of Hyundai and Kia
- Auto financing to create new demand
- Commercial Vehicles (Laos): Hyundai Commercial and Doosan Infracore

New Car CKD

Key Strategic Role



- Produce and sell new CKD cars under Kolao's in-house brand "DAEHAN" (Actual sales from September 2013)
- Locally favored model with reasonable price
- In-house brand & CKD assembled in Laos
- Creating new customer segment

Motorcycle

High Brand Awareness



- Produce and sell motorcycles under in-house brand "KOLAO"
- Nation wide franchise network: 200+ franchises for customers' easy access
- Introduce 1-2 new models per year 3S concept A/S in direct showroom
- 2016 4Q KR Motors motorcycle Launch (Diversifying customer base)

Parts & A/S



- 1st mover in growing after sales market
- Dealer of Hyundai Mobis, Kumho Tire, etc.
- Expansion of A/S centers to suburban regions to provide maintenance services
- Sell automotive parts and accessories to Kolao's dealers
- Buy-back and trade-in service for cars sold by Kolao

Others

(Used car Trading)



- Guaranteed standard resale value
- Specialized used car trading center in Laos
- Induce repurchase of Kolao new car with incentives to existing customers

BUSINESS PORTFOLIO

(4) Sales Result

1. Sales by Business Division

Revenue by Business Division

[Unit : million USD]

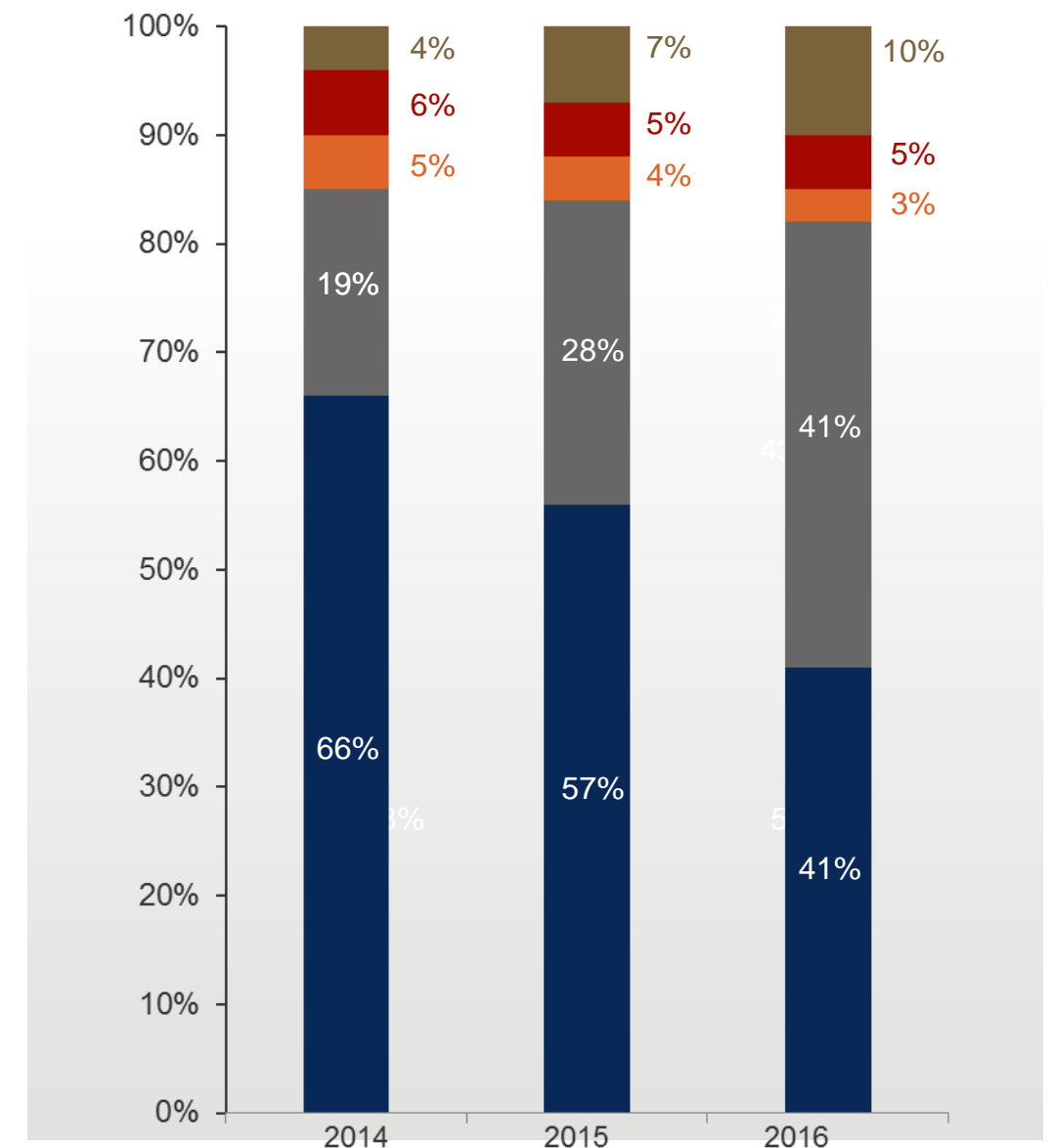
Classification	2014		2015		2016	
	Sales	GPM	Sales	GPM	Sales	GPM
New Car	237.7	22.4%	221.2	23.1%	139.7	17.4%
New Car CKD	67.6	22.4%	111.4	21.0%	138.7	26.4%
Used Car	-	-	-	-	-	-
Motorcycle	18.8	18.0%	15.1	9.7%	8.7	6.0%
Parts & A/S	20.7	12.4%	20.0	6.2%	17.5	20.5%
Others (Used car Trading)	16.0	12.7%	25.2	12.6%	33.5	6.7%
Sales Revenue	360.8	21.2%	392.9	20.5%	338.1	19.9%

* 2012: Used car import ban to begin from April 2012. Unusually high sales in used car with secured inventories in advance.

* 2013, 2014, 2015: New car includes Myanmar sales

Sales Contribution by Business Division

■ New Car ■ New Car CKD ■ Used Car
■ Motorcycle ■ Parts & A/S ■ Others (Trade-in)



(4) Sales Result

2. Sales, Sales Volume, ASP trend

[Unit : million USD, Unit, USD]

Sales (million USD)	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
New Car	234.4	65.7	55.9	55.9	51.8	229.3	35.91	33.2	36.0	50.0	155.1
- General (Hyundai, Kia)	221.1	62.5	53.1	53.0	46.9	215.5	32.5	29.3	35.6	49.4	146.9
- Commercial Vehicle	13.2	3.2	2.8	2.9	4.9	13.8	3.4	3.9	3.4	0.6	8.2
CKD (Daehan)	68.7	27.1	28.5	30.6	28.0	114.2	34.12	35.1	34.1	16.9	120.2
Used Car	-	-	-	-	-	-	-	-	-	-	-
Myanmar (Hyundai)	9.7	2.2	0.4	-	0.1	2.7	0.7	3.6	2.5	3.1	9.9
Motorcycle	20.2	5	4.7	3.0	4.0	16.7	1.7	4.5	1.6	1.8	9.6
Sales Volume (Unit)											
New Car	10,184	2,662	2,589	2,680	2,208	10,139	1,457	1,219	1,488	2,213	6,377
- General (Hyundai, Kia)	9,987	2,626	2,554	2,640	2,165	9,985	1,427	1,180	1,484	2,205	6,296
- Commercial Vehicle	197	36	35	40	43	154	30	39	4	8	81
CKD (Daehan)	4,783	1,708	1,766	1,856	1,744	7,074	1,962	2,029	1,629	983	6,603
Used Car	-	-	-	-	-	-	-	-	-	-	-
Myanmar (Hyundai)	339	59	12	-	2	73	20	108	79	92	299
Motorcycle	31,223	7,676	7,209	5,023	6,663	26,571	2,291	6,618	2,145	2,214	13,268
ASP (USD)											
New Car	23,012	24,688	21,600	20,856	23,436	22,614	24,611	27,240	24,195	22,589	24,315
- General (Hyundai, Kia)	22,140	23,797	20,792	20,082	21,653	21,582	22,780	24,830	24,031	22,416	23,332
- Commercial Vehicle	67,229	89,700	80,513	71,913	113,198	89,553	111,709	100,149	84,750	70,250	100,717
CKD (Daehan)	14,358	15,858	16,148	16,460	16,064	16,139	17,390	17,288	20,934	17,217	18,207
Used Car	-	-	-	-	-	-	-	-	-	-	-
Myanmar (Hyundai)	28,655	38,052	34,977	-	28,951	37,297	33,482	33,416	31,253	33,671	32,927
Motorcycle	646	649	654	593	606	629	723	687	734	791	718

Note 1: CVD(Commercial Vehicle Division) have different models demanded by business/construction projects we earn. Therefore, ASP may show high or low by quarter.

Note 2: Sales before provisions and tax.

(5) Financial Summaries

1. Profit & Loss Statement

[Unit : million USD]

Classification	2014		2015		2016		Growth Rate
	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	(YoY)
Sales	360.75	100.0%	392.89	100.0%	338.07	100.00%	(16.2%)
Cost of Sales	(284.27)	(78.8%)	(312.42)	(79.5%)	(270.78)	(80.10%)	15.4%
Gross Margin	76.48	21.2%	80.47	20.5%	67.29	19.90%	(19.6%)
Selling and Administrative Expenses	(42.16)	(11.7%)	(50.83)	(12.9%)	(49.59)	(14.67%)	2.5%
Other operating Income/expenses	3.23	0.9%	12.49	3.2%	30.93	9.15%	59.6%
Operation Income	37.55	10.4%	42.12	10.7%	48.63	14.38%	13.4%
Income before Income tax	40.10	11.1%	42.68	10.9%	36.13	10.69%	(18.1)
Net Income	39.87	11.1%	41.42	10.5%	35.86	10.61%	(15.5%)
EBITDA	41.75	11.6%	48.58	12.37%	56.92	16.8%	14.7%

(5) Financial Summaries

2. Statement of Financial position

[Unit : million USD, %, %YoY]

Classification	2016	2015	Portion (%)	Growth (% YoY)
Total Assets	571.0	512.4		
Cash and cash equivalent	6.73	11.8	1.2%	-75.3%
Trade receivables	295.7	238.8	51.8%	19.2%
Inventories	95.6	96.9	16.7%	-1.4%
Financial asset at fair value through profit or loss (KR Motors Convertible Bond)	0	0		
Available-for-sale financial asset (Indochina Bank 12% stake)	12.1	10.2	2.1%	15.7%
Investment in association (Acquisition of KR Motors 16%)	38.3	40.9	6.7%	-6.8%
PP&E	72.4	72.8	12.7%	-0.6%
Other assets	50.2	40.7	8.8%	18.9%
Total Liabilities	208.6	183.4		
Trade Payables	56.7	39.7	27.2%	30.0%
Borrowings	131.2	122.3	62.9%	6.8%
Other Liabilities	20.7	21.4	9.9%	-3.4%
Shares Holder's Equity	362.5	328.8		
Debt Ratio	57.5%	55.8%		
Current Ratio	112.0%	168.1%		
Leverage Ratio	23.0%	23.9%		

(5) Financial Summaries

3. Cash Flow Statement

[Unit : USD 1,000]

Cash flows from Operating activities (I)	3,017.91
Net income	35,861.49
Depreciation and Amortization of intangible asset	8,294.33
Other non-cash transactions and non-operating activities	(19,287.65)
Inventory Assets Variation	(2,167.79)
Accounts Receivable and other Variation	(24,437.92)
Accounts Payable and others Variation	14,453.13
Other Operating Assets Variation	(9,697.68)
Cash flows form Investing activities (II)	(12,987.68)
Increase (Decrease) in short-term instruments	1,393.44
Increase (Decrease) in short-term loans	(1,933.08)
Acquisition of Tangible Assets	(4,913.55)
Acquisition of Intangible Assets	(5,070.50)
Other Cash flows from Investing activities	(2,464)
Cash flows form Financing activities (III)	4,794.34
Proceeds from borrowings	46,259.80
Repayment of borrowings	(36,793.65)
Dividend Payment	(4,053.76)
Other Cash flows from Financing activities	(618.05)
Exchange Rate Change Effect (VI)	101.22
Cash and Cash Equivalents Variation (I+II+III+VI)	(5,074.21)

Turnover

[Unit : Times]

Classification	FY2014	FY2015	FY2016
Receivables	2.87	1.89	1.32
Payables	14.49	10.03	6.40
Inventories	4.31	3.87	3.01

Turnover Period

[Unit : Day]

Classification	FY2014	FY2015	FY2016
Receivables	127.06	193.24	276.91
Payables	25.19	36.38	57.00
Inventories	84.67	94.33	121.16



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Business Strategies

Differentiation Strategies

New market Entry Strategies

KR Motors Acquisition

(1) Differentiation Strategies

Laos

Nationwide sales network



TYPE	2013	2014	2015
Direct showroom	18	20	20
Dealer	53	98	118
Franchise	216	219	226
TOTAL	287	337	364

Dealer : Automobile, Franchise: Motorcycle distributor

Auto Loan Service



- First to introduce Auto financing service in Laos through Indochina Bank
- Provide internal Auto loan service to CKD vehicles

A/S Center



- 51 After-sales service center across the country
- Offer a broad range of After sales service

In-house Brand



- "KOLAO" Motorcycle Launch in 2003
- "DAEHAN" CKD Brand Truck Launch in 2013

Myanmar

Hyundai Motors Distributorship



- Open Showroom in Yangon, Myanmar in Sept. 2013
- Open 2nd Showroom in Mandalay in Jan. 2016

Cambodia

Motorcycle Business

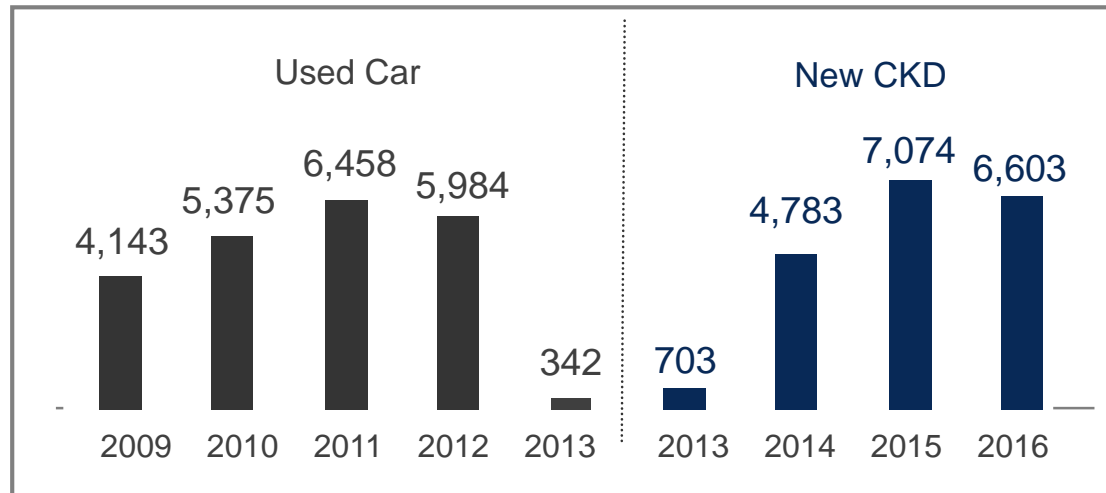


- Open KR Motors Showroom in Cambodia in Apr. 2015
- 2016 Expect sales growth after launching low-displacement KR motorcycle

(1) Differentiation Strategies

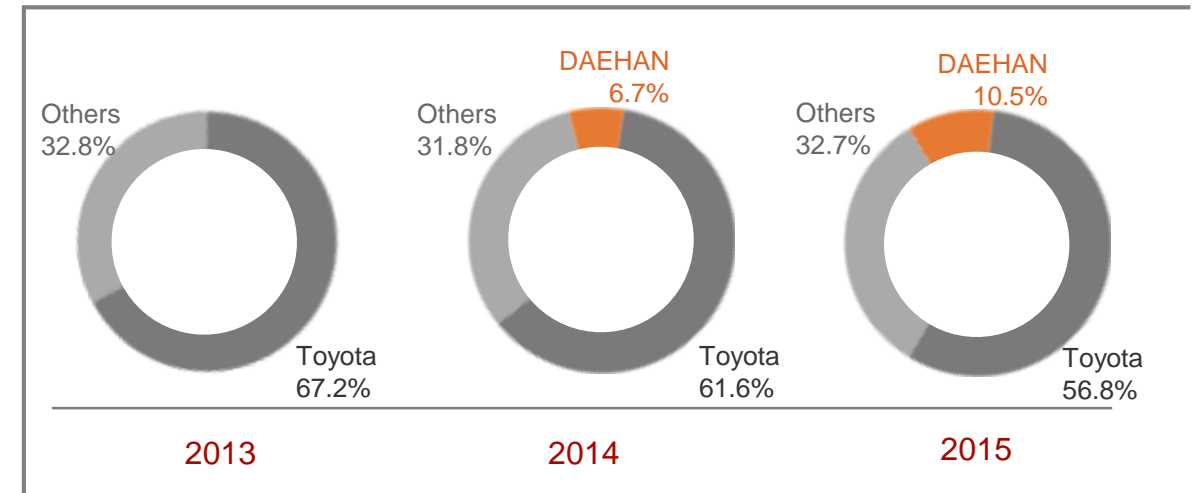
Successfully Launched New Car CKD Business

[Unit : Cars]








Laos Pick-up Truck M/S

[Unit : %]



DAEHAN Models Line-up & Sales Price Comparison

DAEHAN						
		• 1 ton Truck • Sep. 2013	• 2.2 ton Truck • June. 2014	• Pick-up Truck • Sep. 2014	• 1.5 ton Truck • Nov. 2014	• 1 ton Truck • Dec. 2014
Model		Super 1	D-220	EXTREME	D-150	D-T1
Sales Price (USD)	DAEHAN	12,500	18,500	20,000	16,800	16,000
	Toyota	26,000~30,000	34,000~37,000	38,000~47,000	26,000~30,000	26,000~30,000
	Chines	12,000~15,000	20,000~24,000	22,000~28,000	12,000~15,000	12,000~15,000

2017
New Pick-up
Launch



(2) New market Entry Strategies - Pakistan

Pakistan

Pakistan Macro Indicators

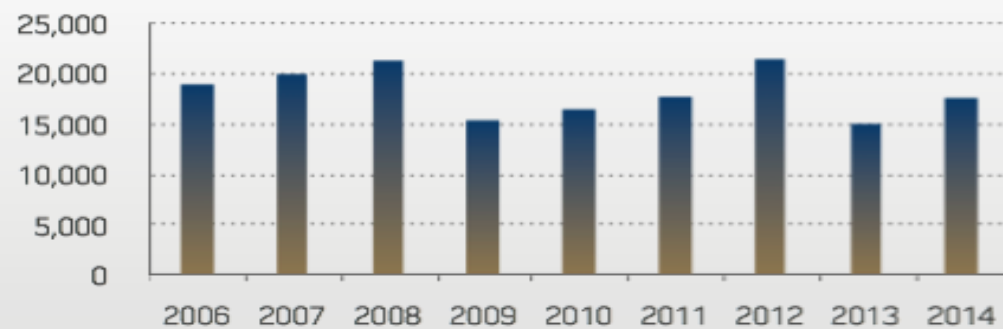
Classification	2012	2013	2014	2015	2016
Population (million)	179	183	186	190	194
GDP per Capita (USD)	1,323	1,381	1,386	1,427	1,406
GDP Growth	3.5%	4.4%	4.7%	5.5%	5.5%

[Source : IMF, World Bank]

Automobile Market Status

- Annual Truck Sales 18,000 Units (2010~2014 Avg.)
- Continued demand for truck due to poor road condition
- High demand for Hyundai Engine Truck since suspension of Hyundai CKD business in 2011

Annual Truck sales in Pakistan



Business Strategy



Sales & A/S service
Direct showroom & Dealer sales

Local Partner

- Established CKD factory in 2003
- (Production capacity : 14,000 unit)
- Secure 16 Dealers in Pakistan
- Manufactured Hyundai CKD trucks in the past
- (Sales reached 50,000 unit in Jan. 2009)
- Gained 47~49% Market share in 2006-2009

(2) New market Entry Strategies - Vietnam

Vietnam

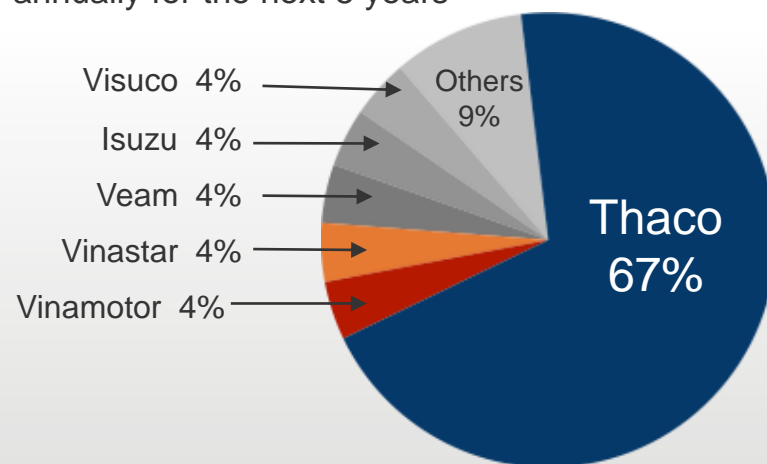
Vietnam Macro Indicators

Classification	2012	2013	2014	2015	2016
Population (million)	90	91	92	93	94
GDP per Capita (USD)	1,755	1,909	2,052	2,171	2,122
GDP Growth	5.2%	5.4%	6.0%	6.5%	6.6%

[Source : IMF, World Bank]

Automobile Market Status

- Annual Truck sales 69,134 units (2015)
- Vietnam truck market is expected to grow 8.5% annually for the next 5 years

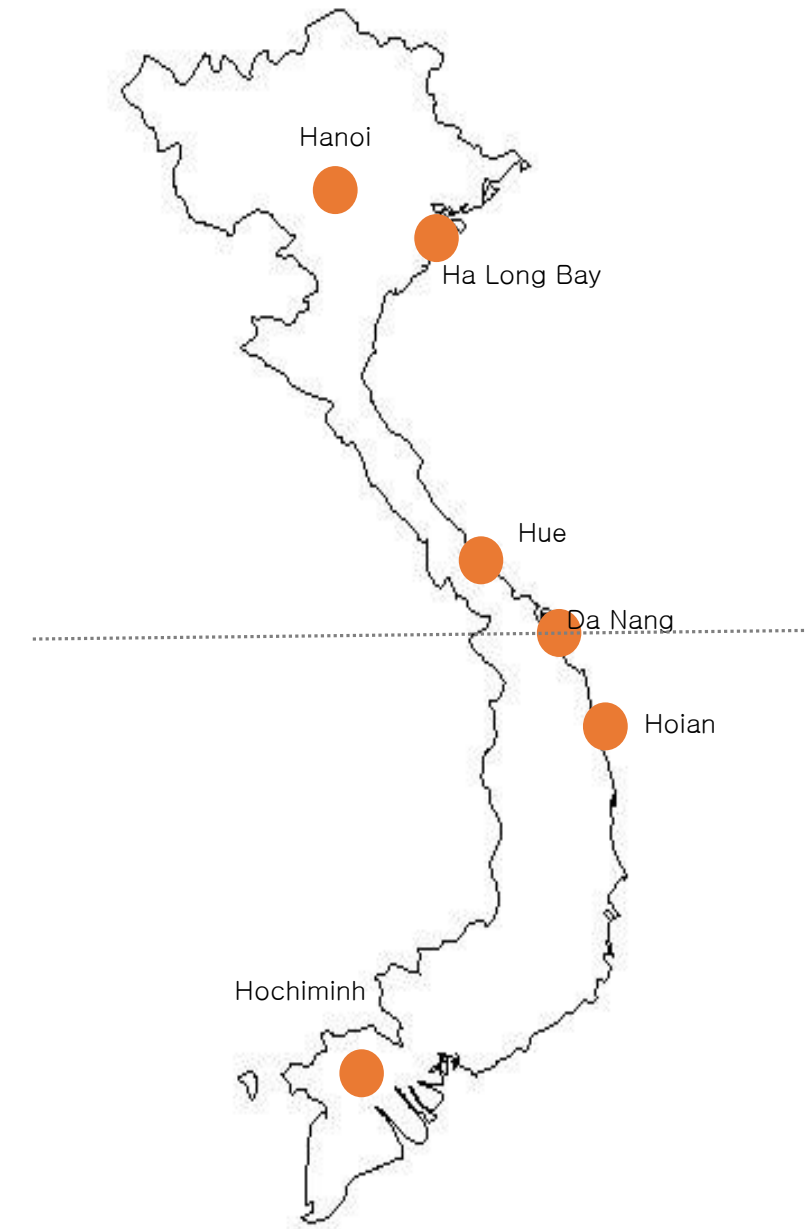


[Source : Vietnam Automobile Manufacturers Association (VAMA)]

Business Strategy

Local Partner

- Provide "DAEHAN" Sales rights only for Northern Vietnam
- Sales and A/S service through 26 Dealers
- Open direct showroom and Expansion of Sub-dealers



(3) KR Motors Acquisition



New Market Development & Enhancement of Market Power
Raising Brand Awareness (KR, HYOSUNG)

2017 Business Strategies

Establishment of China Joint Venture

- Qingqi-KR Motors 5:5 J.V
- Cooperate in efficient JV
- Expanding sales network to China
- Expansion of model range
- Strengthen R&D Capability

New Model Launch

- New models for Southeast Asian market
- V1/V2 - 125cc Scooter



- S1/S2 - 110cc CUB



Reorganized Domestic Sales Network & B2B Expansion

- Expansion of Public procurement · Franchise business
- Contract with National Police Agency, Ministry of Posts and
- Lease/Rental Service companies

Targeting Southeast Asian & Indian Market

- Kolao's Strong sales network in **ASEAN** Countries
- Develop **India** CKD Business & Enter South Asian market through **Bangladesh** partnership

Organizing Customer Feedback Team

- Improvement of Quality/Service
- Timely response to customer request & Customer relationship management

THANK YOU