

2015 Performance Review & 2016 Business Plans

KOLAO HOLDINGS

APRIL 2016



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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 1,816 (2015)
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	2012	2013	2014	2015	2016(F)
GDP Growth Rate	7.9%	8.0%	7.5%	6.4%	7.0%
GDP per Capita (USD)	1,408	1,661	1,707	1,816	-
Exchange Rate (Kip for 1 USD)	7,989	8,031	8,107	8,134	-
CPI Growth Rate	4.3%	6.4%	4.1%	1.3%	-
FDI (USD million)	294	427	913	-	-

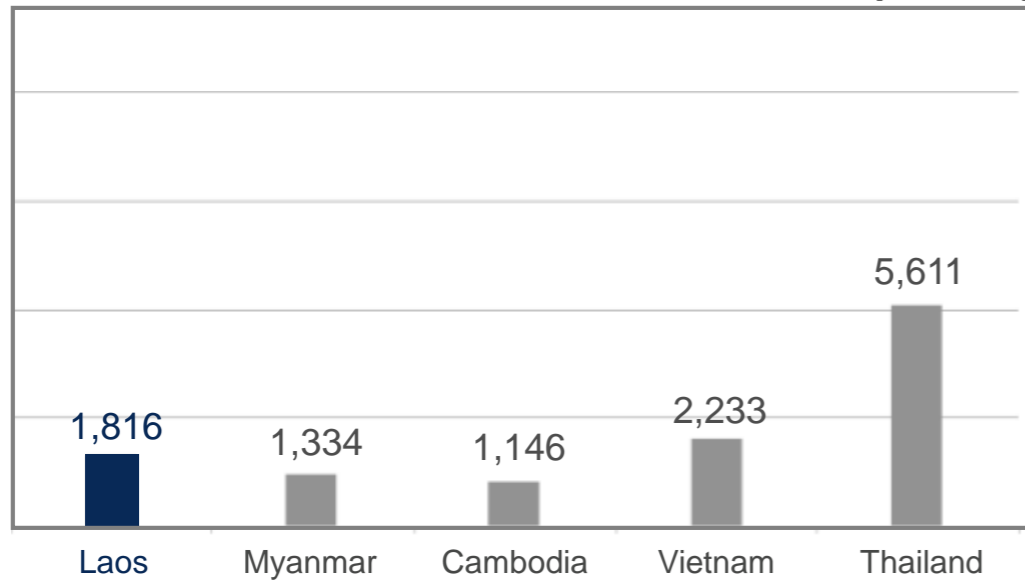
[Source : Lao Statistics Bureau, Bank of the Lao PDR, IMF, World Bank, ADB, Trading Economics]



(2) Macro Economic Indices

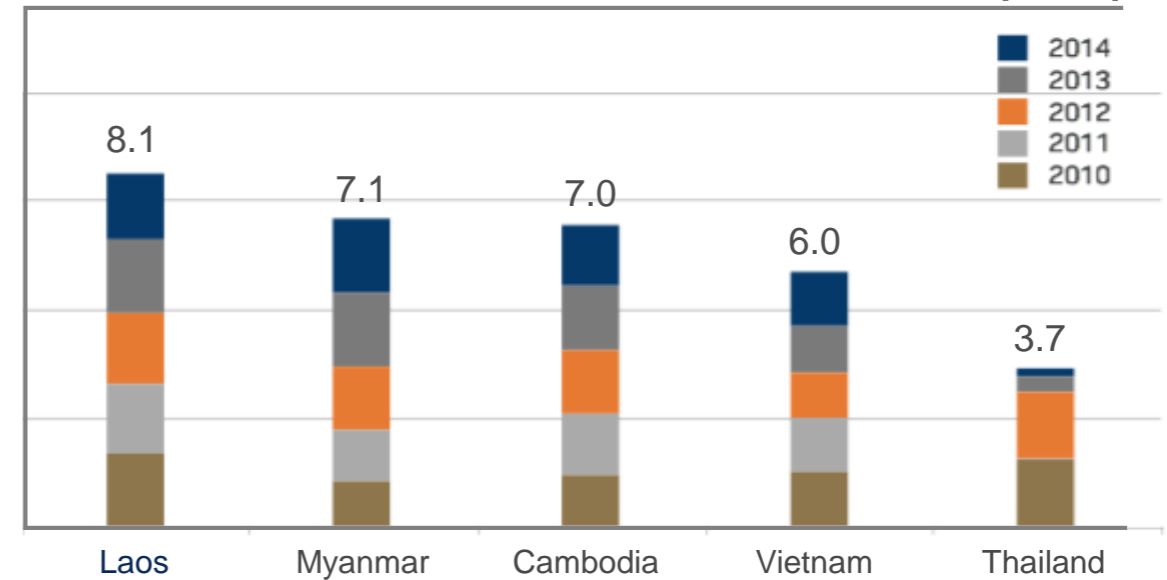
GDP per Capita of ASEAN Countries (2015)

[Unit : USD]



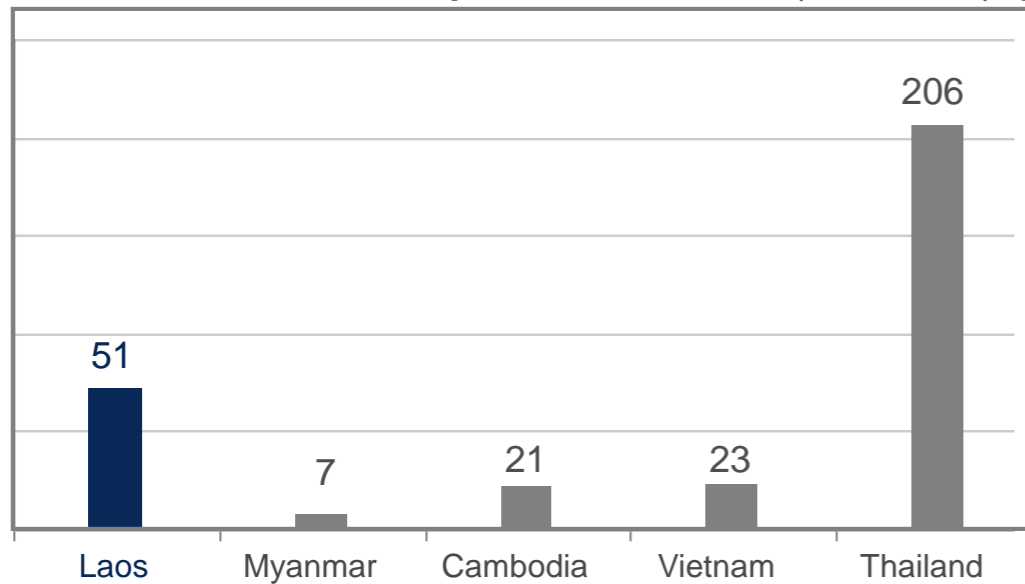
Average GDP Growth of ASEAN Countries (2010~2014)

[Unit : %]



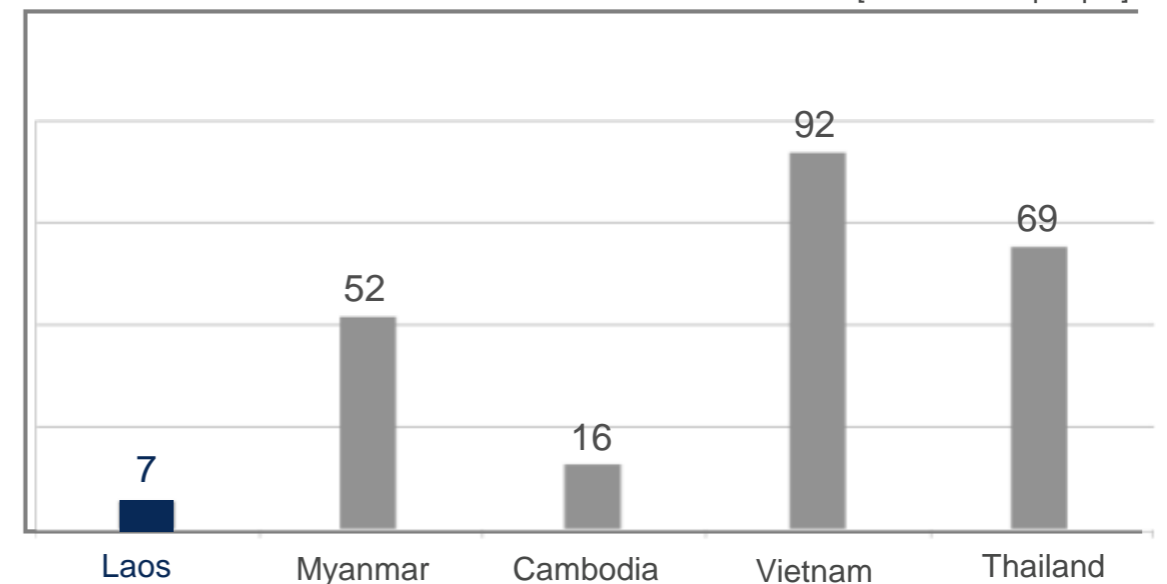
Auto Penetration Rate (2014)

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



Population of ASEAN Countries (2015)

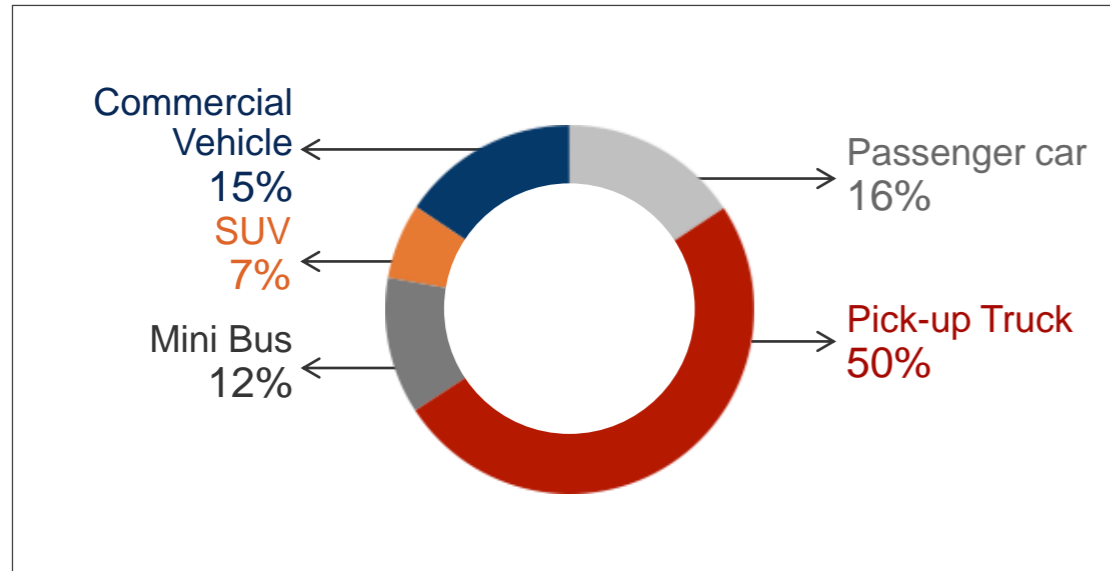
[Unit : million people]



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

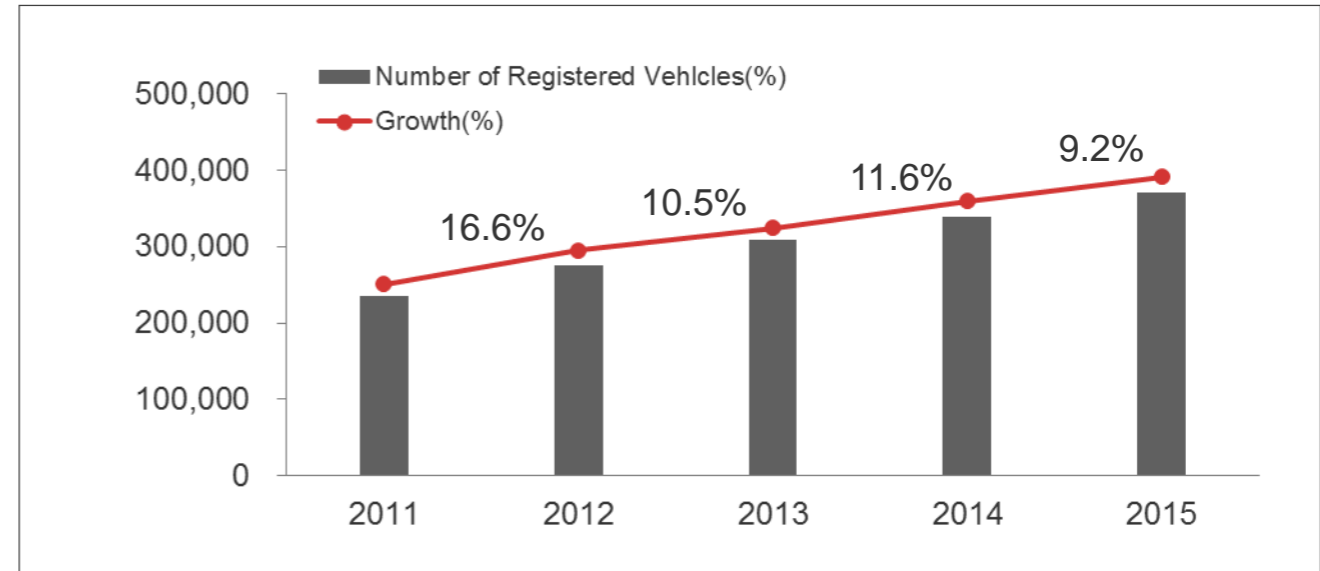
(3) Laos Automobile Market Statistics

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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2015 Business Performance

Introduction
Company Structure
Business Portfolio
Sales Result
Financial Summaries

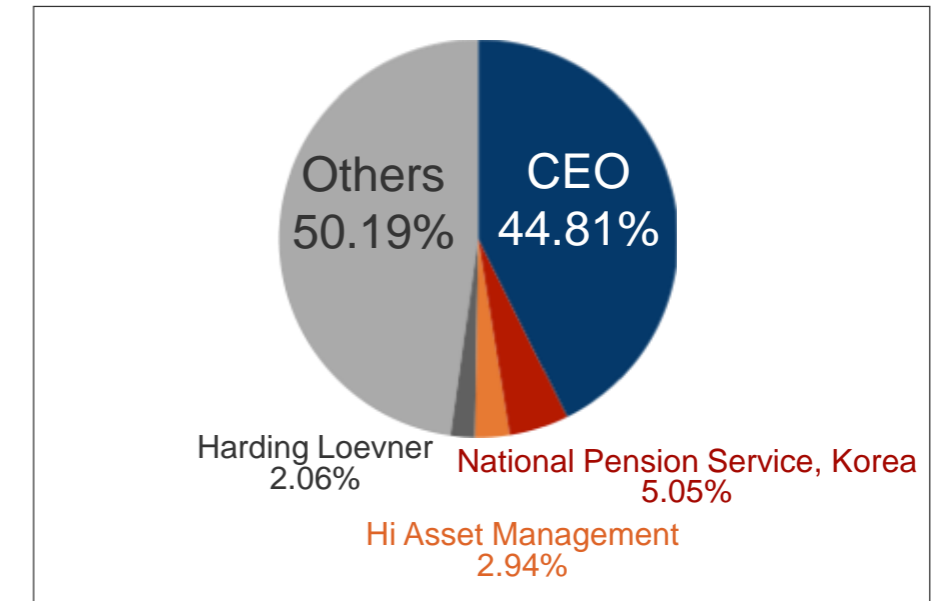
(1) Introduction

Company snapshot

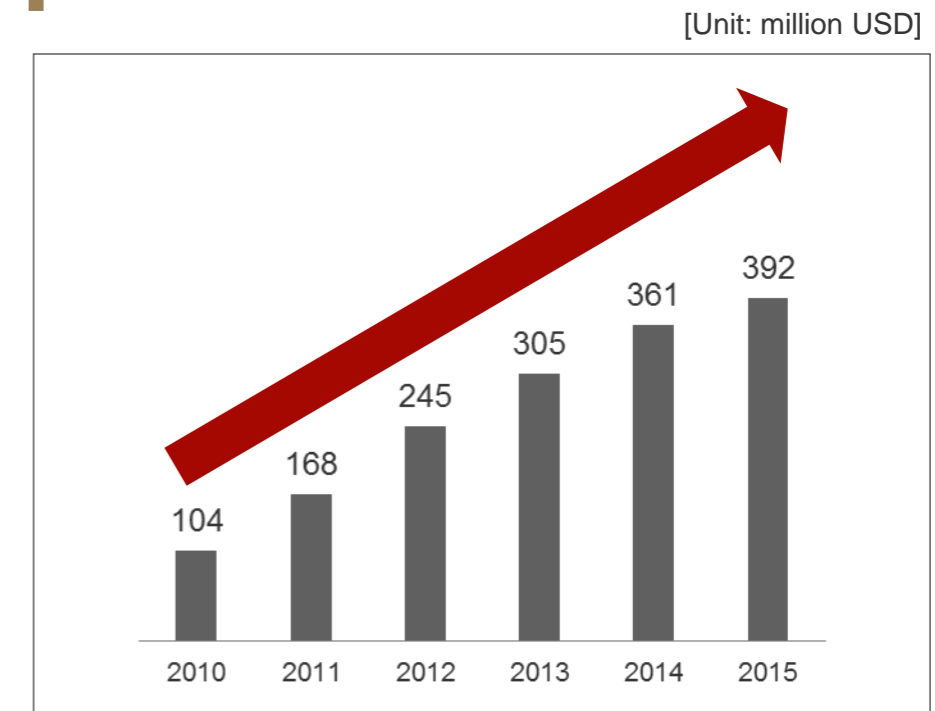
Profile	<ul style="list-style-type: none"> - Established in 1997 and grew continuously along with the economic growth of Laos - automobiles through the first auto financing service in Laos - Developed localized in-house automobile brand in Laos in 2013 			
Key History	1997	Established General Motors 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	Listed Kolao Holdings on KRX		
	2013	Launched an in-house CKD brand		
		Listed GDR of Kolao Holdings on SGX		
	2014	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		
Financial	(USD million)	2013	2014	2015
	Total Asset	325	416	512
	Total Revenue	305	361	393
	EBITDA	33	42	33
	Operating Income	31	38	42

[Source: Kolao Holdings]

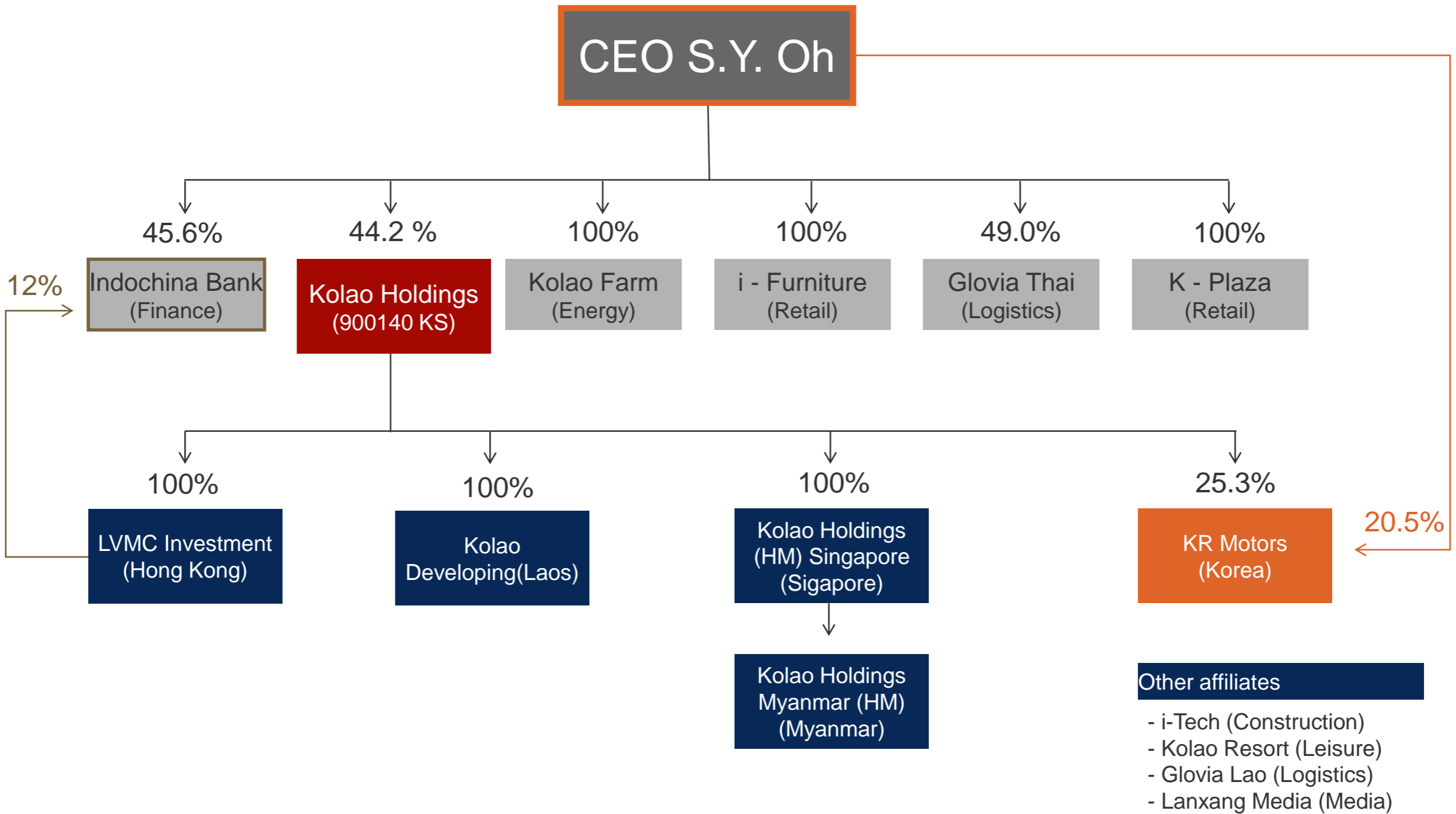
Shareholdings as of Dec. 31, 2015



Sales Trend



(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 2Q 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

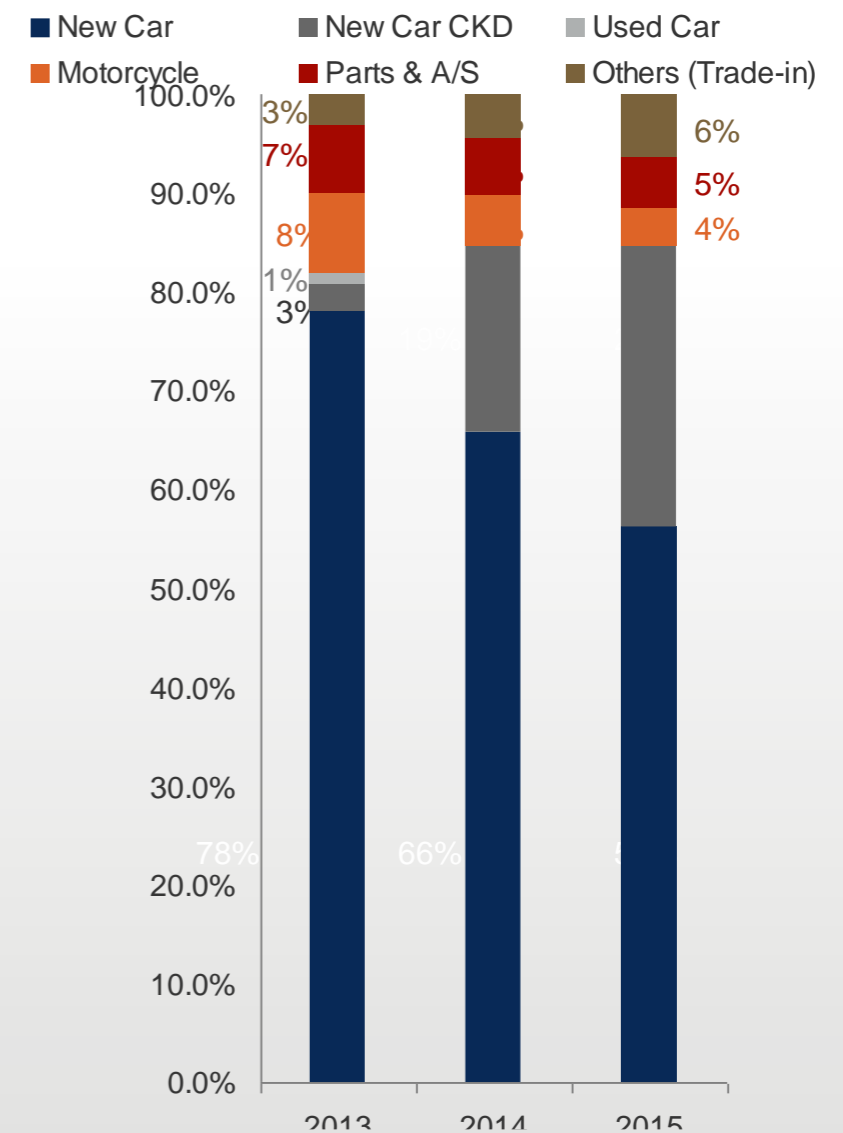
[Unit : million USD]

Classification	2013		2014		2015	
	Sales	GPM	Sales	GPM	Sales	GPM
New Car	237.0	21.0%	237.7	22.4%	221.2	23.1%
New Car CKD	8.7	22.0%	67.6	22.4%	111.4	21.0%
Used Car	3.5	-17.2%	-	-	-	-
Motorcycle	25.8	24.4%	18.8	18.0%	15.1	9.7%
Parts & A/S	20.3	19.2%	20.7	12.4%	20	6.2%
Others (Used car Trading)	10.2	10.1%	16.0	12.7%	25.2	12.6%
Sales Revenue	305.4	20.4%	360.8	21.2%	392.9	20.5%

* 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



(4) Sales Result

2. Sales, Sales Volume, ASP trend

[Unit : million USD, Unit, USD]

Sales (million USD)	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
New Car	241	58.7	58.1	55.9	61.6	234.4	65.7	55.9	55.9	51.8	229.3
- General (Hyundai, Kia)	209.9	54.4	56.6	53	57	221.1	62.5	53.1	53.0	46.9	215.5
- Commercial Vehicle	31.1	4.3	1.5	2.8	4.6	13.2	3.2	2.8	2.9	4.9	13.8
CKD (Daehan)	8.8	13.9	13.1	15.9	25.7	68.7	27.1	28.5	30.6	28.0	114.2
Used Car	3.1	-	-	-	-	-	-	-	-	-	-
Myanmar (Hyundai)	2	2.3	2.2	2.4	2.8	9.7	2.2	0.4	-	0.1	2.7
Motorcycle	25.8	6.4	4.5	5	4.2	20.2	5	4.7	3.0	4.0	16.7
Sales Volume (Unit)											
New Car	10,252	2,573	2,616	2,452	2,543	10,184	2,662	2,589	2,680	2,208	10,139
- General (Hyundai, Kia)	9,816	2,509	2,589	2,406	2,483	9,987	2,626	2,554	2,640	2,165	9,985
- Commercial Vehicle	436	64	27	46	60	197	36	35	40	43	154
CKD (Daehan)	703	1,104	998	1,123	1,558	4,783	1,708	1,766	1,856	1,744	7,074
Used Car	342	-	-	-	-	-	-	-	-	-	-
Myanmar (Hyundai)	101	102	73	77	87	339	59	12	-	2	73
Motorcycle	40,207	9,919	7,089	7,563	6,652	31,223	7,676	7,209	5,023	6,663	26,571
ASP (USD)											
New Car	23,508	22,822	22,225	22,789	24,231	23,012	24,688	21,600	20,856	23,436	22,614
- General (Hyundai, Kia)	21,380	21,699	21,873	22,047	22,954	22,140	23,797	20,792	20,082	21,653	21,582
- Commercial Vehicle	71,416	66,866	55,896	61,575	77,053	67,229	89,700	80,513	71,913	113,198	89,553
CKD (Daehan)	12,500	12,646	13,173	14,155	16,476	14,358	15,858	16,148	16,460	16,064	16,139
Used Car	8,988	-	-	-	-	-	-	-	-	-	-
Myanmar (Hyundai)	20,064	22,400	30,667	31,633	31,665	28,655	38,052	34,977	-	28,951	37,297
Motorcycle	640	649	638	666	630	646	649	654	593	606	629

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	2013		2014		2015		Growth Rate
	Amount	% to Sales	Amount	% to Sales	Amount	% to Sales	(YoY)
Sales	305.43	100.0%	360.75	100.0%	392.89	100.0%	8.91%
Cost of Sales	(243.06)	(79.6%)	(284.27)	(78.8%)	(312.42)	(79.5%)	9.90%
Gross Margin	62.37	20.4%	76.48	21.2%	80.47	20.5%	5.22%
Selling and Administrative Expenses	(31.54)	(10.3%)	(42.16)	(11.7%)	(50.83)	(12.9%)	20.56%
Other operating Income/expenses	0.0	0.0%	3.23	0.9%	12.49	3.2%	286.69%
Operation Income	30.83	10.1%	37.55	10.4%	42.12	10.7%	12.17%
Income before Income tax	25.74	8.4%	40.10	11.1%	42.68	10.9%	6.43%
Net Income	25.32	8.3%	39.87	11.1%	41.42	10.5%	3.89%
EBITDA	32.74	10.7%	41.75	11.6%	48.58	12.37%	16.36%

(5) Financial Summaries

2. Statement of Financial position

[Unit : million USD, %, %YoY]

Classification	2015	2014	Portion (%)	Growth (% YoY)
Total Assets	512.4	416.2		
Cash and cash equivalent	11.8	23.7	2.3%	-50.2%
Trade receivables	238.8	177.3	46.6%	34.7%
Inventories	96.9	64.5	18.9%	50.3%
Financial asset at fair value through profit or loss (KR Motors Convertible Bond)	0	23.1	0.0%	-100.0%
Available-for-sale financial asset (Indochina Bank 12% stake)	10.2	10.0	2.0%	2.4%
Investment in association (Acquisition of KR Motors 16%)	40.9	14.0	8.0%	192.4%
PP&E	72.8	62.3	14.2%	16.9%
Other assets	40.7	41.3	7.9%	-1.6%
Total Liabilities	183.4	126.4		
Trade Payables	39.7	22.6	21.6%	75.5%
Borrowings	122.3	91.5	66.7%	33.6%
Other Liabilities	21.4	12.3	11.7%	74.3%
Shares Holder's Equity	328.8	289.8		
Debt Ratio	55.8%	43.6%		
Current Ratio	168.1%	270.1%		
Leverage Ratio	23.9%	22.0%		

(5) Financial Summaries

3. Cash Flow Statement

[Unit : USD 1,000]

Cash flows from Operating activities (I)	(15,865.48)
Net income	41,423.86
Depreciation and Amortization of intangible asset	6,460.82
Other non-cash transactions and non-operating activities	(6,793.46)
Inventory Assets Variation	(19,385.94)
Accounts Receivable and other Variation	(46,873.31)
Accounts Payable and others Variation	16,684.70
Other Operating Assets Variation	(7,412.15)
Cash flows form Investing activities (II)	(22,285.68)
Increase (Decrease) in short-term instruments	(9,464.34)
Increase (Decrease) in short-term loans	(50.41)
Acquisition of Tangible Assets	(12,400.25)
Acquisition of Intangible Assets	(370.68)
Other Cash flows from Investing activities	-
Cash flows form Financing activities (III)	26,464.74
Proceeds from borrowings	46,352.45
Repayment of borrowings	(18,234.32)
Dividend Payment	(472.66)
Other Cash flows from Financing activities	(1,180.73)
Exchange Rate Change Effect (VI)	(157.2)
Cash and Cash Equivalents Variation (I+II+III+VI)	(11,873.62)

[Unit : Times]

Turnover

Classification	FY2013	FY2014	FY2015
Receivables	5.58	2.87	1.89
Payables	18.29	14.49	10.03
Inventories	3.96	4.31	3.87

Turnover Period

[Unit : Day]

Classification	FY2013	FY2014	FY2015
Receivables	65.43	127.06	193.24
Payables	19.96	25.19	36.38
Inventories	92.10	84.67	94.33



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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

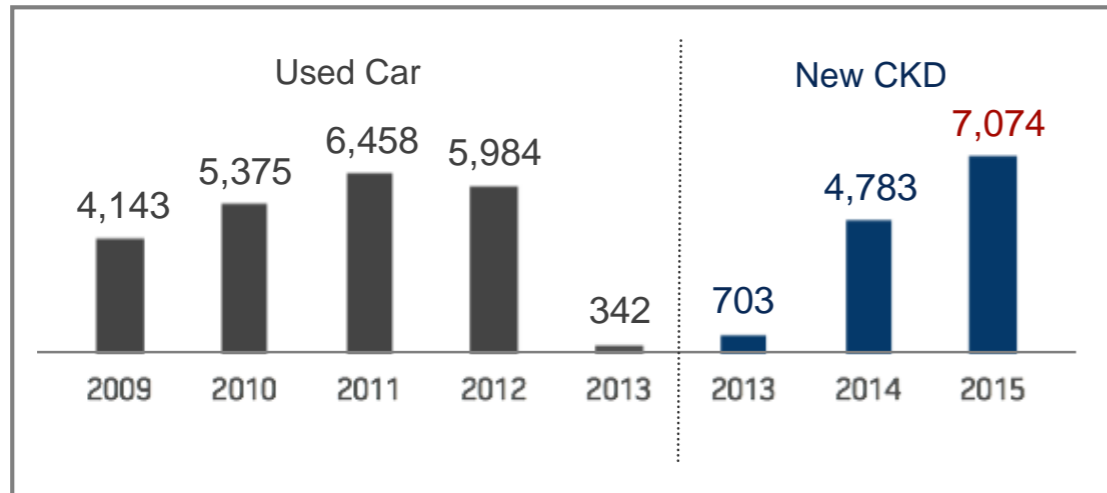


- Open KR Motors Showroom in Cambodia in Apr. 2015
- 2016 Expect sales growth after launching low-displacement KR motorcycle

(1) Differentiation Strategies

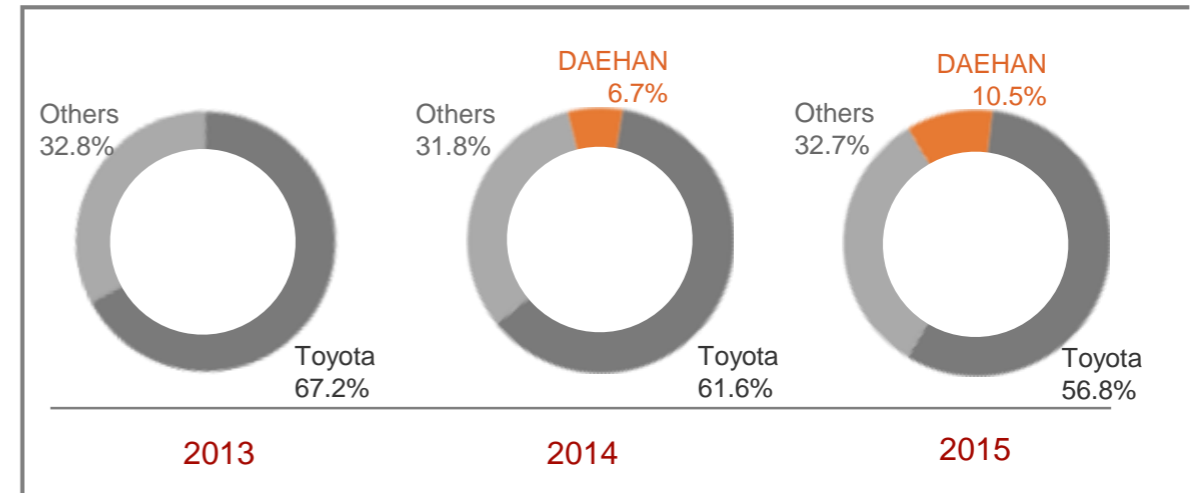
Successfully Launched New Car CKD Business

[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

2016
New Pick-up
Launch



(2) New market Entry Strategies – Vietnam

Vietnam

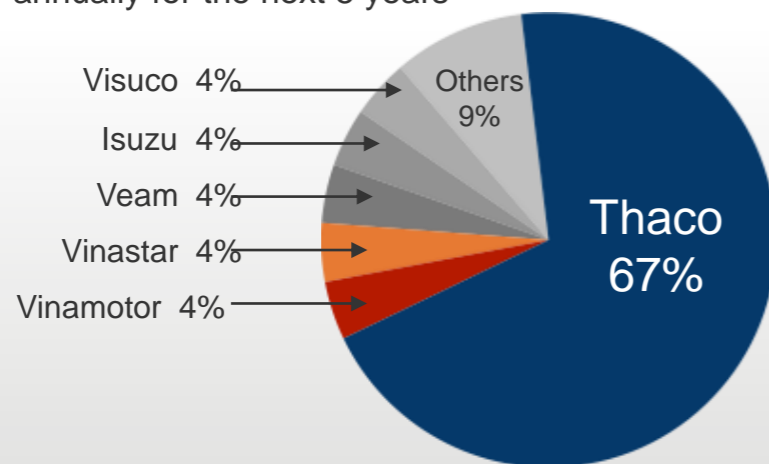
Vietnam Macro Indicators

Classification	2012	2013	2014	2015	2016(E)
Population (million)	89	90	91	92	93
GDP per Capita (USD)	1,755	1,909	2,052	2,171	-
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

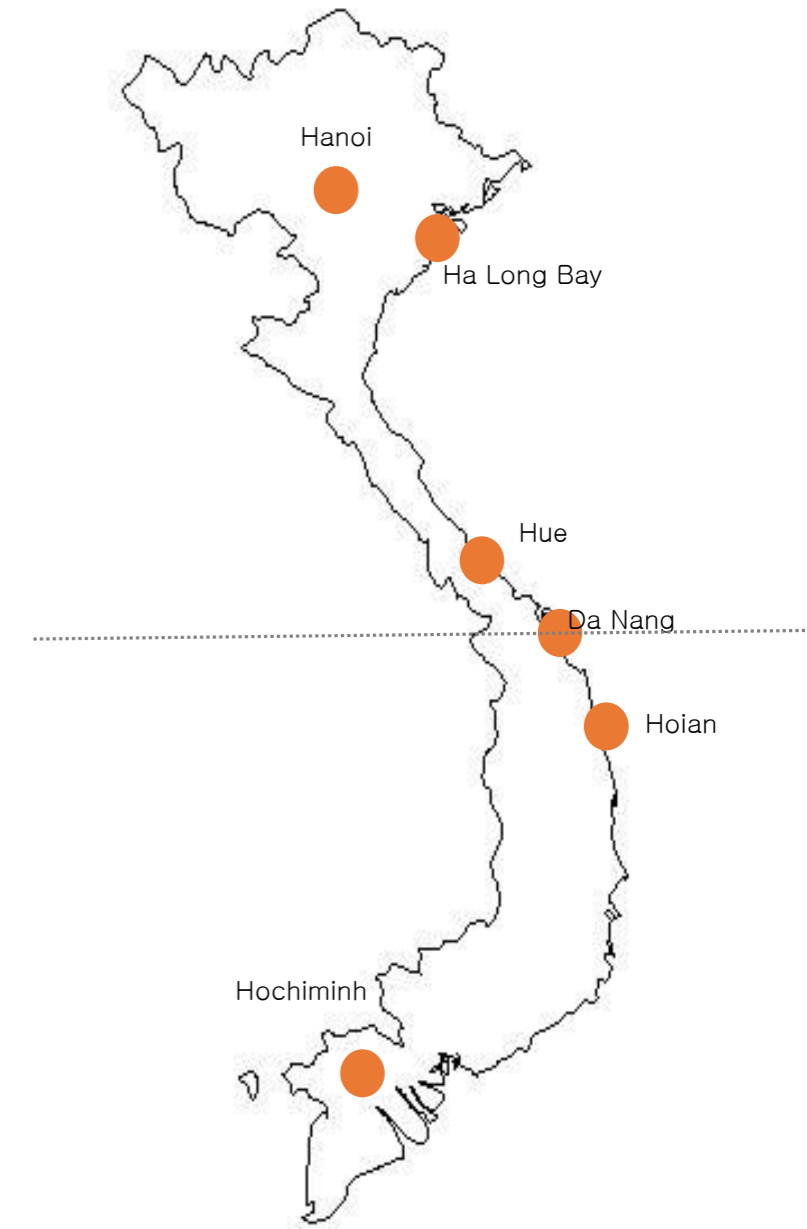


[Source : Vietnam Automobile Manufacturers Association (VAMA)]

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



(2) New market Entry Strategies – Pakistan

Pakistan

Pakistan Macro Indicators

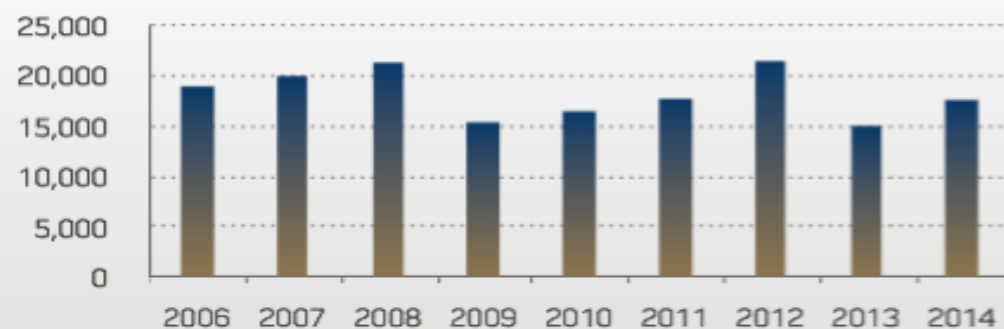
Classification	2012	2013	2014	2015	2016(E)
Population (million)	179	183	186	190	194
GDP per Capita (USD)	1,323	1,381	1,386	1,427	n/a
GDP Growth	3.5%	4.4%	4.7%	5.5%	5.5%

[Source : IMF, World Bank]

Automobile Market Status

- Annual Truck Sales 18,000 Units
- 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

(3) KR Motors Acquisition



New market development & Enhancement of market Power
Raising Brand Awareness (KR, HYOSUNG)

2016 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