

A white XP Motor Corporation car, likely a model for autonomous driving, is shown from a front-three-quarter view. It features a prominent sensor dome on its roof. The car is positioned in the background, partially obscured by a semi-transparent white banner that contains the title text. The background is a soft, out-of-focus grey.

XP Motor Corporation: A Growing Giant in Chinese Vehicle Market

Presenters



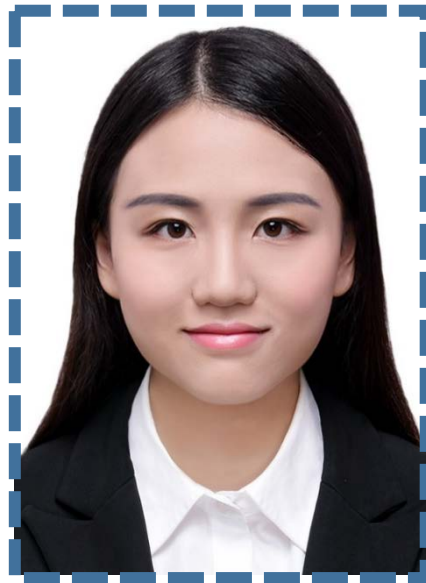
Karissa

Chief Strategy Officer



Joash

Chief Operation Officer



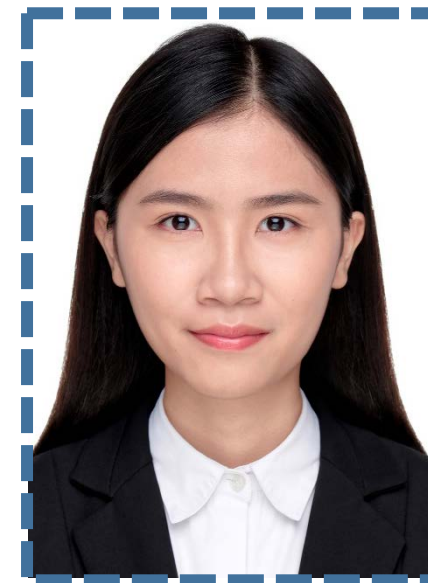
Sally

Chief Executive Officer



Phenix

Chief Financial Officer



Phoebe

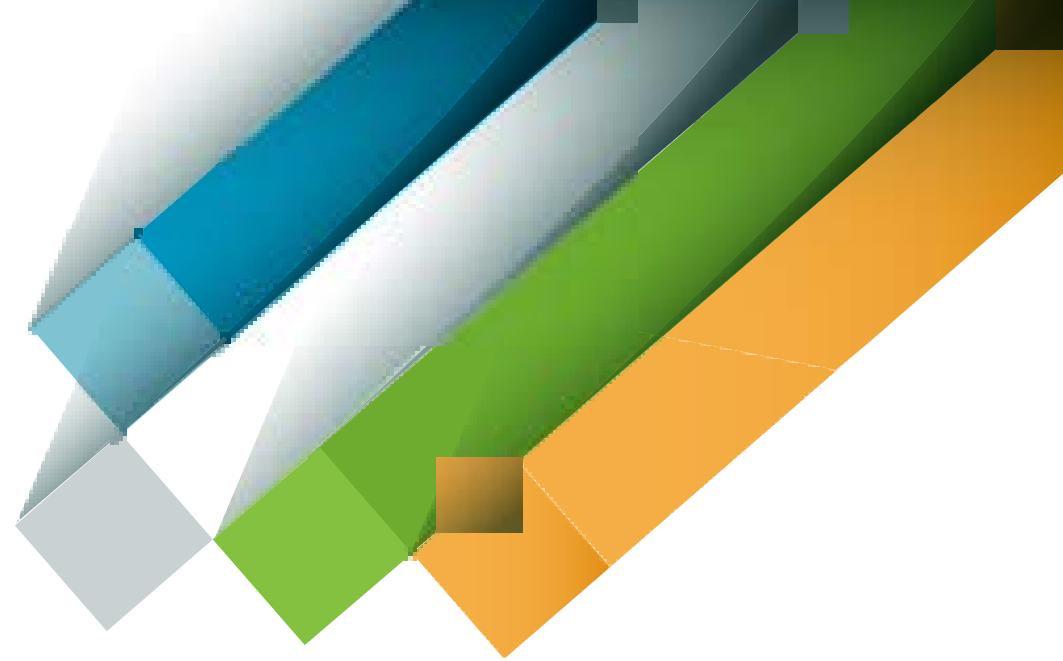
Chief Marketing Officer

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1. What we are

2. Our Business Model

3. Financial Prospect



1.1 Product introduction

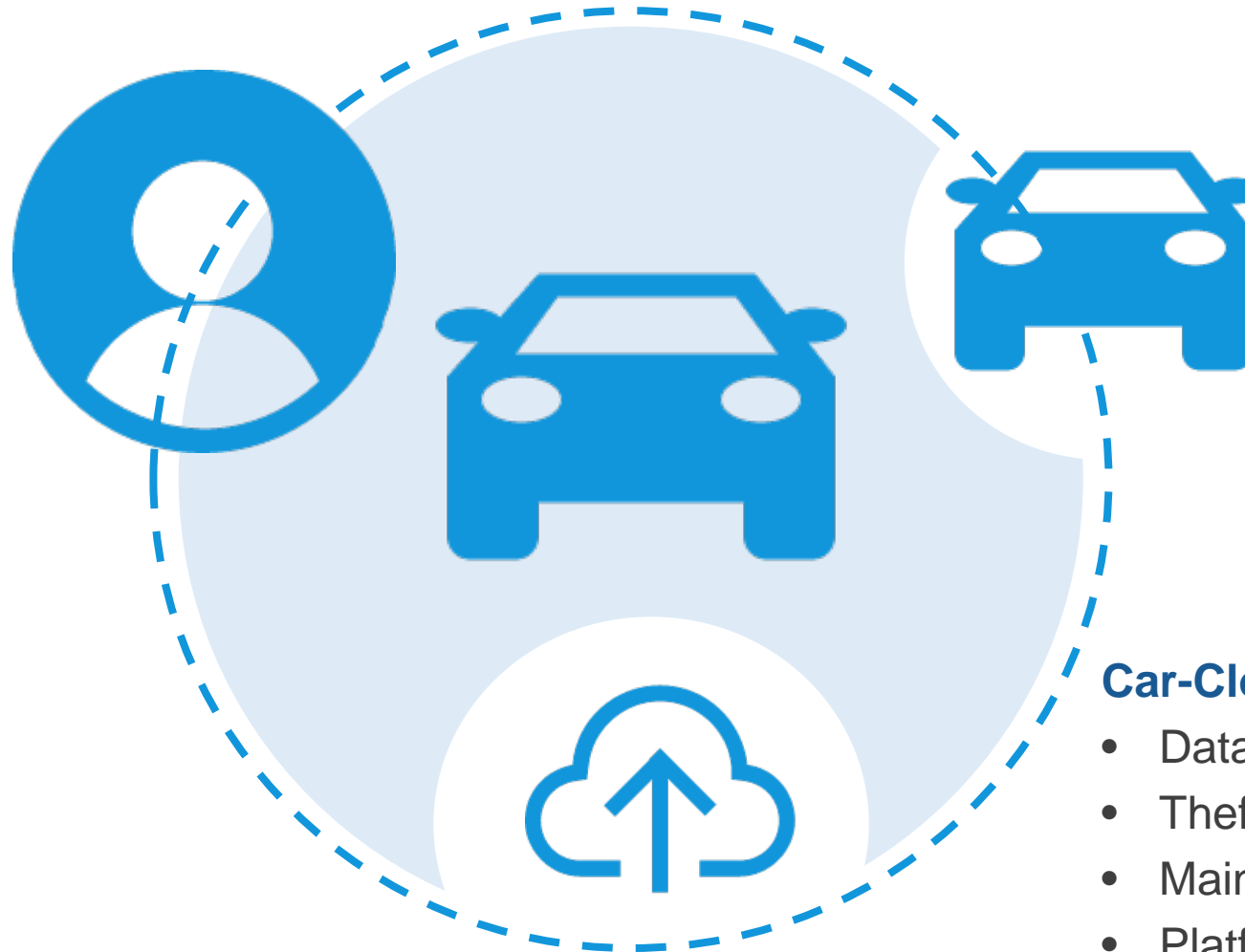
1.2 Company History

1.3 Macro environment analysis

More than new energy vehicles, More than automotive intelligence

Human-Car Network

- Photography
- Live broadcast
- Sharing



Car Network

- Communication function
- Between car owners

Car-Cloud Network

- Data storing
- Theft prevention
- Maintenance
- Platform service

1.1 Product introduction

1.2 Company History

1.3 Macro environment analysis



- Deeply involved in the fields of **new energy vehicles, automotive intelligence, and car networking**
Mastered the core technology named “**Three Electrics And One Screen**” and completed **R&D of the first car**
- Received a strategic investment of **2.2 billion** yuan
Achieved strategic cooperation with automobile manufacturers and suppliers

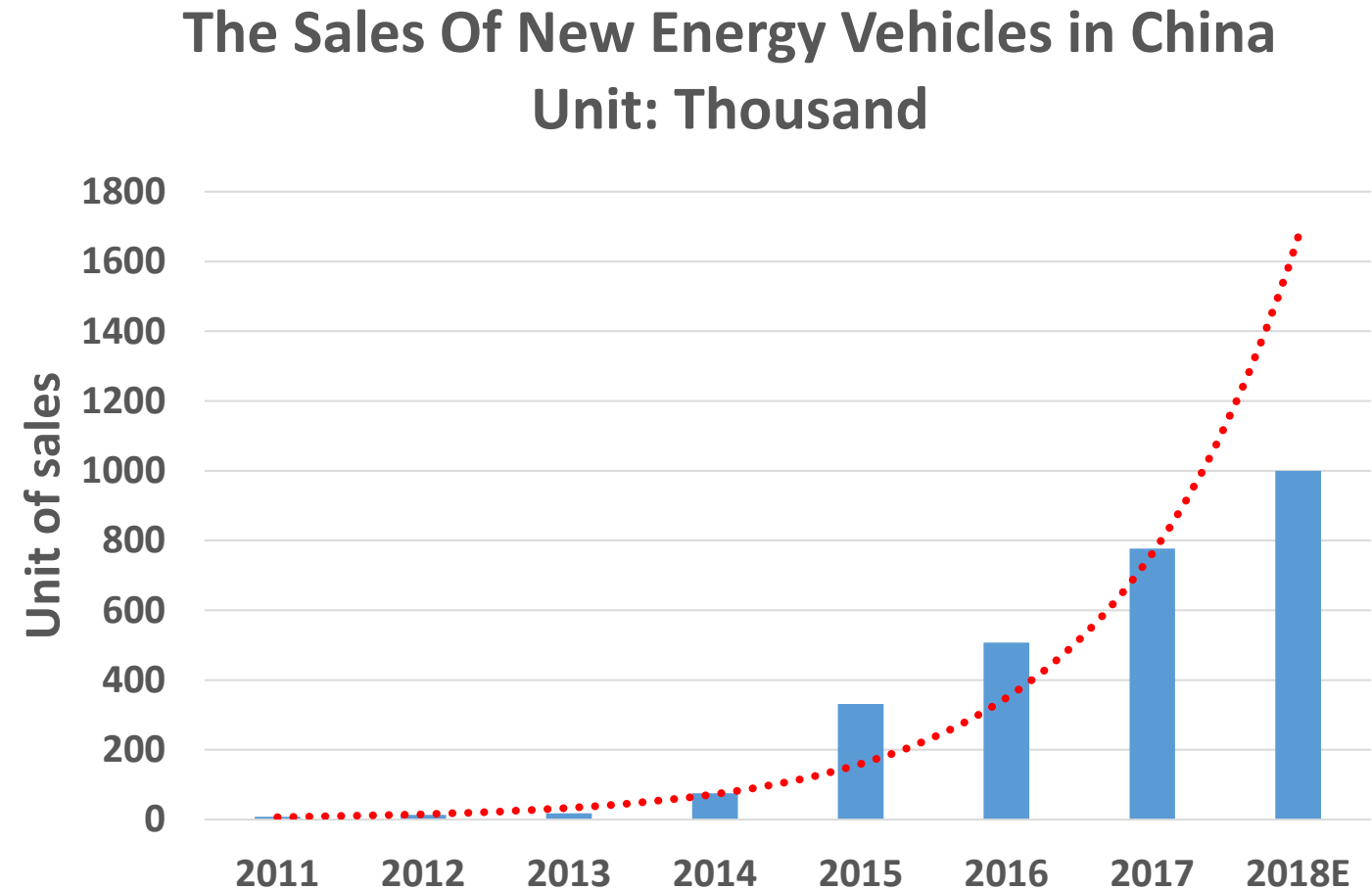
To infinity.

1.1 Product introduction

1.2 Company History

1.3 Macro environment analysis

Macro Environment	Trend
Political Environment	↑↑↑
Economical Environment	↑↑↑
Social Environment	↑↑↑
Technological Environment	↑↑↑



1.1 Product introduction

1.2 Company History

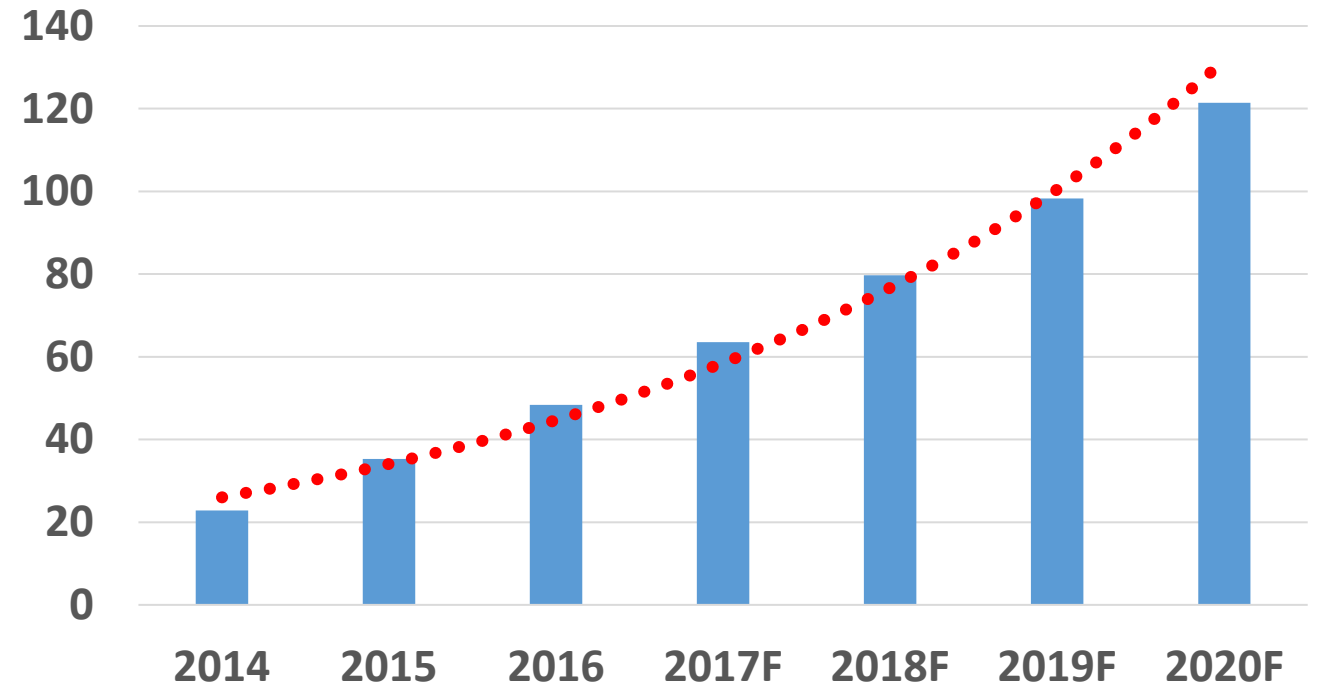
1.3 Macro environment analysis



- ✓ ***Driverless Technology***
- ✓ ***Multi-functional platform***

Scale and forecast of China's intelligent driving market in 2014-2020 years

Unit: Billions

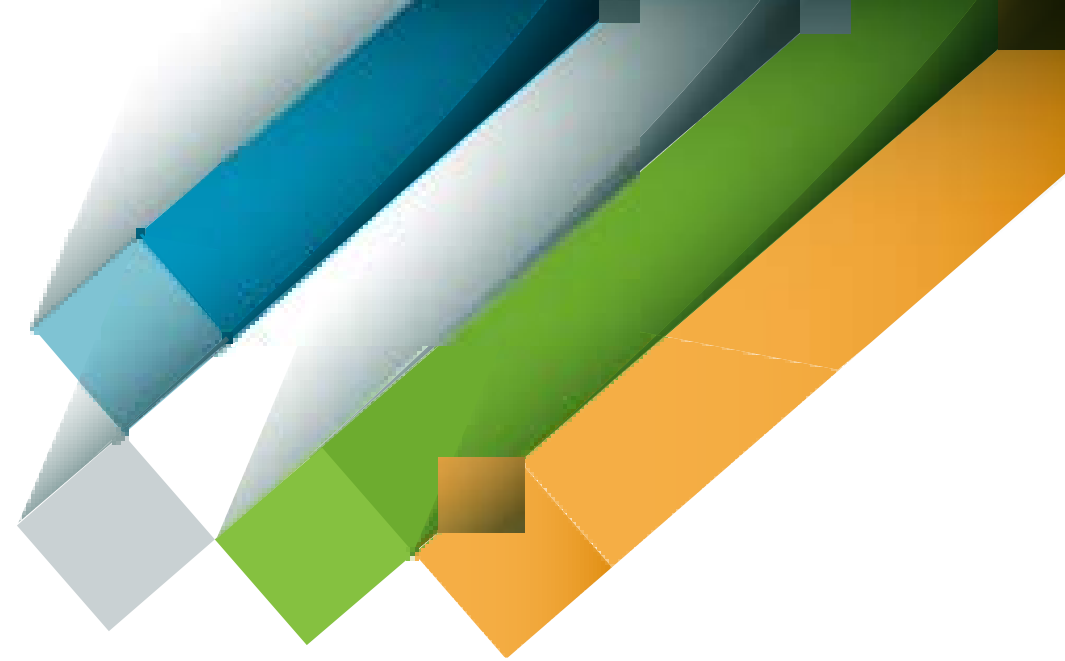


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2.1 Profit Model

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2.3 Production Plan

2.4 Internet services & Summary

Question 1

What's your product pricing strategy?

Question 2

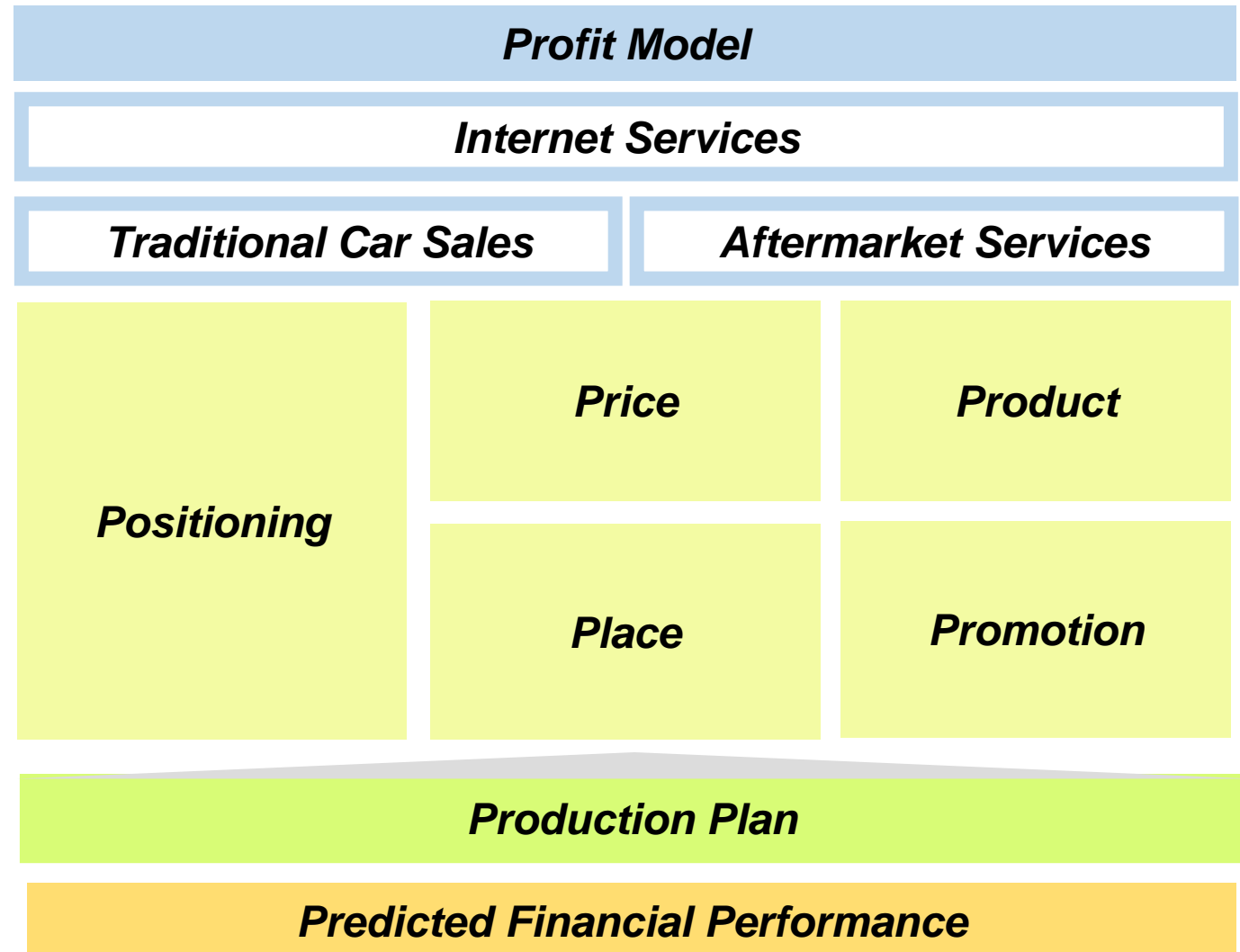
What's your sales pattern?

Question 3

What's your production strategy?

Question 4

What's your profit model?

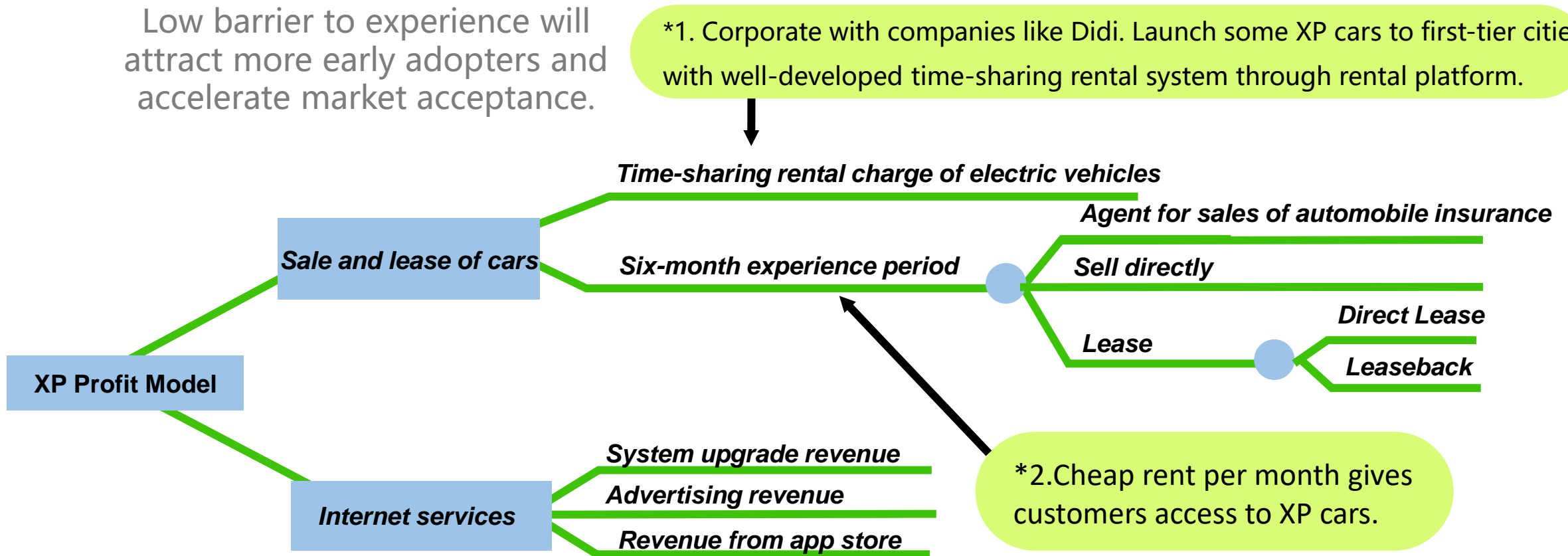


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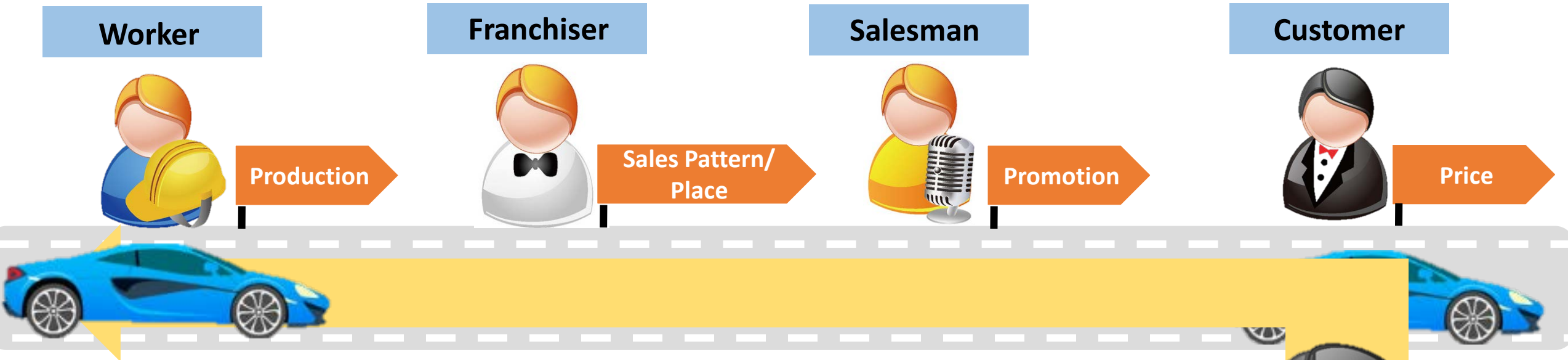
Key Way 3: Multiple Channels

Low barrier to experience will attract more early adopters and accelerate market acceptance.

*1. Corporate with companies like Didi. Launch some XP cars to first-tier cities with well-developed time-sharing rental system through rental platform.



2.1 Profit Model > 2.2 Marketing Strategy > 2.3 Production Plan > 2.4 Internet services & Summary



- Take customers as the core
- A startup: Sales driven
- The most significant problem:
R&D? ☐
- How to find cooperation? ☐
- How to sell? ☒

To infinity.

How to **identify**
Our target customer?



Marketing Strategy

2.2.1 Positioning

2.2.2 Product

2.2.3 Price

2.2.4 Promotion

2.2.5 Place



Geographic segmentation

- First-tier cities ☒
- Second and third tier cities ☒
- Fourth-fifth-sixth-tier cities ☐

- High-income earners: car purchaser
- Middle-income earners: Shared economy

Demographic segmentation

Customer



Psychographic segmentation

Focus on young people
(People between 25-40 years old)

- Using frequency: high
- Attitude {
 - Social network
 - Environmental protecting concept
- Benefit: Mobile space + Smart service + Social identity

Behavior segmentation

Targeting

- Accept the concept of the XP cars, which is “mobile living space”.
- Have passions for “cool things” with a futuristic design.
- Like to share activities on the internet based social networks.

- Personal modification: for car purchaser
- Sharing renting
 - Willing but unable to buy
 - Still-deciding to buy

Positioning

“

A smart cars' housekeeper who can provide futuristic internet SUVs and create personalized mobile scenes.

”



Marketing Strategy

2.2.1 Positioning

2.2.2 Product

2.2.3 Price

2.2.4 Promotion

2.2.5 Place



Competition Analysis (Pure electric cars; Compact SUV)

	Charging	Battery life &performance	Space test	Internal & external appearance	Connected car	Service	Total score
Telsa Model S 90D	15.64	25.38	8.40	25.73	8.09	3.12	86.36
BYD Qin EV300	14.04	21.89	7.85	20.90	6.14	9.00	79.82
BAIC EU260	14.40	20.38	7.05	15.33	6.00	9.45	72.61
DENZA	11.62	20.70	8.15	17.16	5.92	8.55	72.10
EMGRAND EV	11.56	21.16	7.95	16.44	5.30	9.30	71.71
BMW i3	7.09	22.56	6.60	19.81	7.36	4.90	68.32
JAC iEV6S	12.30	19.70	6.60	13.08	5.80	9.45	66.93
BAIC EX200	13.40	16.52	6.40	12.02	5.28	8.50	62.12
BAIC EV200	12.75	16.67	5.63	11.54	5.67	8.30	69.56
ROEWE e50	7.35	16.81	5.58	10.70	3.20	7.80	51.44
ZD D2	6.20	10.91	4.98	10.08	6.39	9.75	48.31

Performance	Index
Battery pack energy density	152Wh/Kg
Battery capacity	45kWh
Battery life	1000 times/30,000Km, weaken80%
Acceleration performance	7.9s(Two drives) ; 5.8s(Four drives)
Motor system power	15kW/L
Recharge mileage	300km
Connected car	L2 level

Competition Analysis (Pure electric cars; Compact SUV)

	Recharge mileage	Charging time	Performance (Motor Power)	Performance (100 km acceleration)	Connected car	Market share (Company strength)
Telsa Model S 90D	★★★★★	★☆☆☆☆	★★★★★	★★★★★	★★★★★	★★★☆☆
BYD Qin EV30	★★★★☆☆	★★★★★	★★★★☆☆	★★★★☆☆	★★★★★	★★★★☆☆
BAIC EU260	★★★★★	★★★☆☆	★★★☆☆	★★★☆☆	★★★★★	★★★★★
DENZA	★★★☆☆	★★★★★	★★★★★	★★★☆☆	★★★☆☆	★★★★★
EMGRAND EV	★★★★☆☆	★★★★★	★★★★☆☆	★★★★☆☆	★★★★★	★★★★★
XP	★★★★★	★★★★★	★★★☆☆	★★★★★	★★★★★	—

Marketing Strategy

2.2.1 Positioning

2.2.2 Product

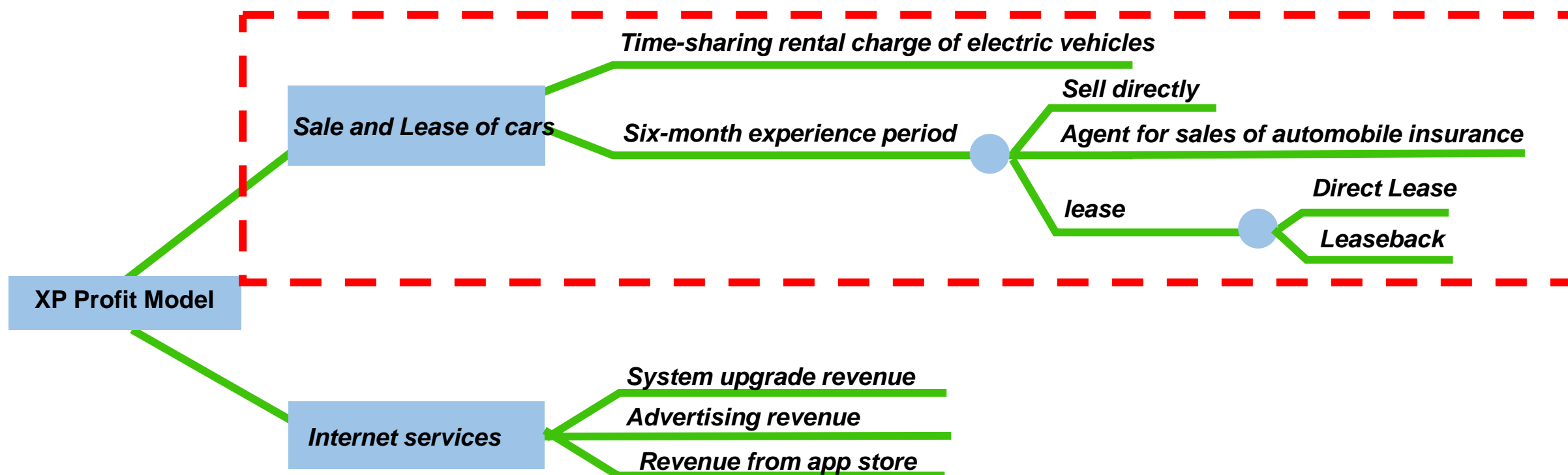
2.2.3 Price

2.2.4 Promotion

2.2.5 Place



Recap: Profit Model



Time-sharing rental charge

- Pricing:
 - Charge standards: mileage + time
 - Guarantee deposit: ¥ 1000
 - Charge: ¥ 0.1 per minute & ¥ 0.8 per kilometer

- Launch schedule:

2018: Beijing Shanghai

Guangzhou Shenzhen

(500 cars each)

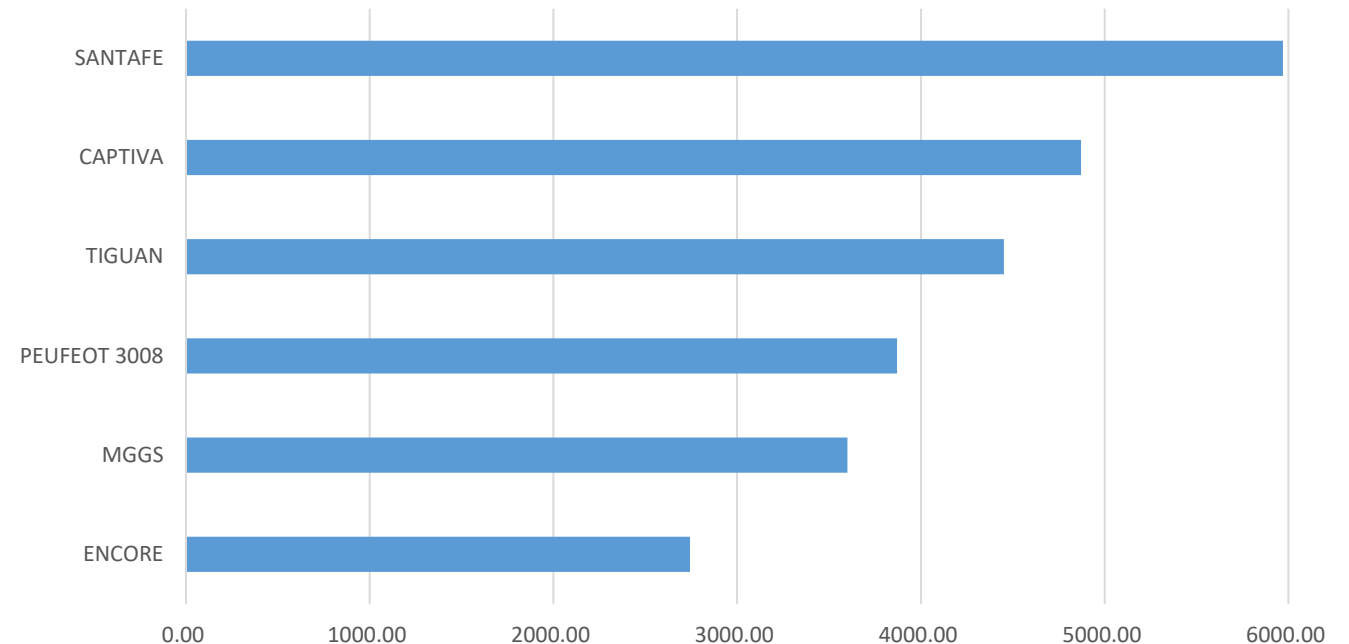
2019--- : new big cities,

500 cars per city per year

Experience period—promote sales by leasing

Monthly rent of **compact SUVs** in the market:

Monthly rent(¥)



XP: ¥ 2600 per month

To infinity.

After six-month experience period

a. Sell directly:

□XP CAR: ¥ **168,800**

Compact SUVs (BEV, two flooding version) price:

XP	BAIC EU260	EMGRAND EV	BYD Qin EV30	DENZA	Tesla Model S 90D
¥ 168,800.00	¥ 205,900.00	¥ 210,000.00	¥ 235,900.00	¥ 360,000.00	¥ 760,000.00

“**XP CAR:** penetration pricing. With market penetration as the pricing goal, XP CAR set a low price and aims for fast growth of market share. Providing low-cost internet-car which can provide new driving experience and satisfy social Internet communication needs will be helpful for XP CAR to avoid falling into the same old trap of QOROS. ”

After six-month experience period

a. Sell directly:

□XP CAR: ¥ **168,800**

The relevant cost for decision

Compare XP CAR with top seller of conventional SUV.

ITEMS	Haver H7	XP CAR
Price	146,000.00	168,800.00
Purchase tax	12,478.00	-
Vehicle and vessel use tax	360.00	-
Registration cost	45,000.00	325.00
Insurance	20,000.00	15,000.00
Running cost	54,300.00	15,000.00
Maintenance cost	8,740.00	2,000.00
Residual value	-80,300.00	-33,760.00
Total cost (for 5 years)	206,578.00	167,365.00

After six-month experience period

b. Lease:

□Direct lease

Monthly rent: **¥ 2988 per month**

ITEMS	AMOUNT	CURRENT VALUE (discount rate: 10%)	CURRENT VALUE (discount rate: WACC 5.81%)
Experience period (6 months)	15,600.00	15,281.22	15,339.02
Extended lease term(42 months)	125,496.00	100,394.84	110,112.91
Purchase price	50,640.00	34,587.80	40,400.51
Guarantee deposit	18,000.00	18,000.00	18,000.00
Guarantee deposit refund	-18,000.00	-12,294.24	-14,360.37
TOTAL	191,736.00	155,969.62	169,492.07

□Leaseback

Monthly rent: **¥ 3888 per month**

ITEMS	AMOUNT	CURRENT VALUE (discount rate: 10%)	CURRENT VALUE (discount rate: WACC 6%)
Experience period (6 months)	15,600.00	15,281.22	15,339.02
Extended lease term(42 months)	163,296.00	134,363.77	143,279.45
Guarantee deposit	27,000.00	27,000.00	27,000.00
Guarantee deposit refund	-27,000.00	-18,441.36	-21,540.56
TOTAL	178,896.00	158,203.63	164,077.91

To infinity.

*Not including subsidies for new energy vehicles

Marketing Strategy

2.2.1 Positioning

2.2.2 Product

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2.2.5 Place



Promotion Campaign

Trending design



Focus more on

developing **one trending vehicle design**
like Tesla



Fans marketing



Use fans marketing to gain feedbacks

These feedbacks will help XP cars to upgrade, as well as bond with customers like Apple did.

To infinity.

Marketing Strategy

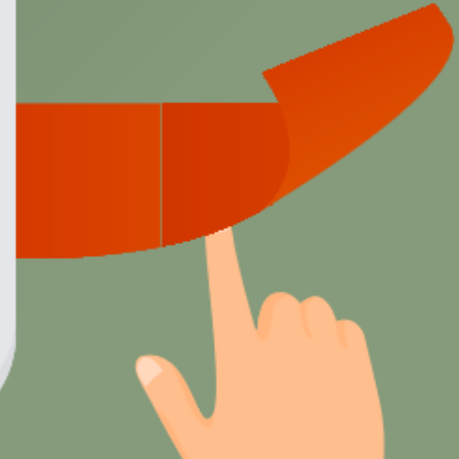
2.2.1 Positioning

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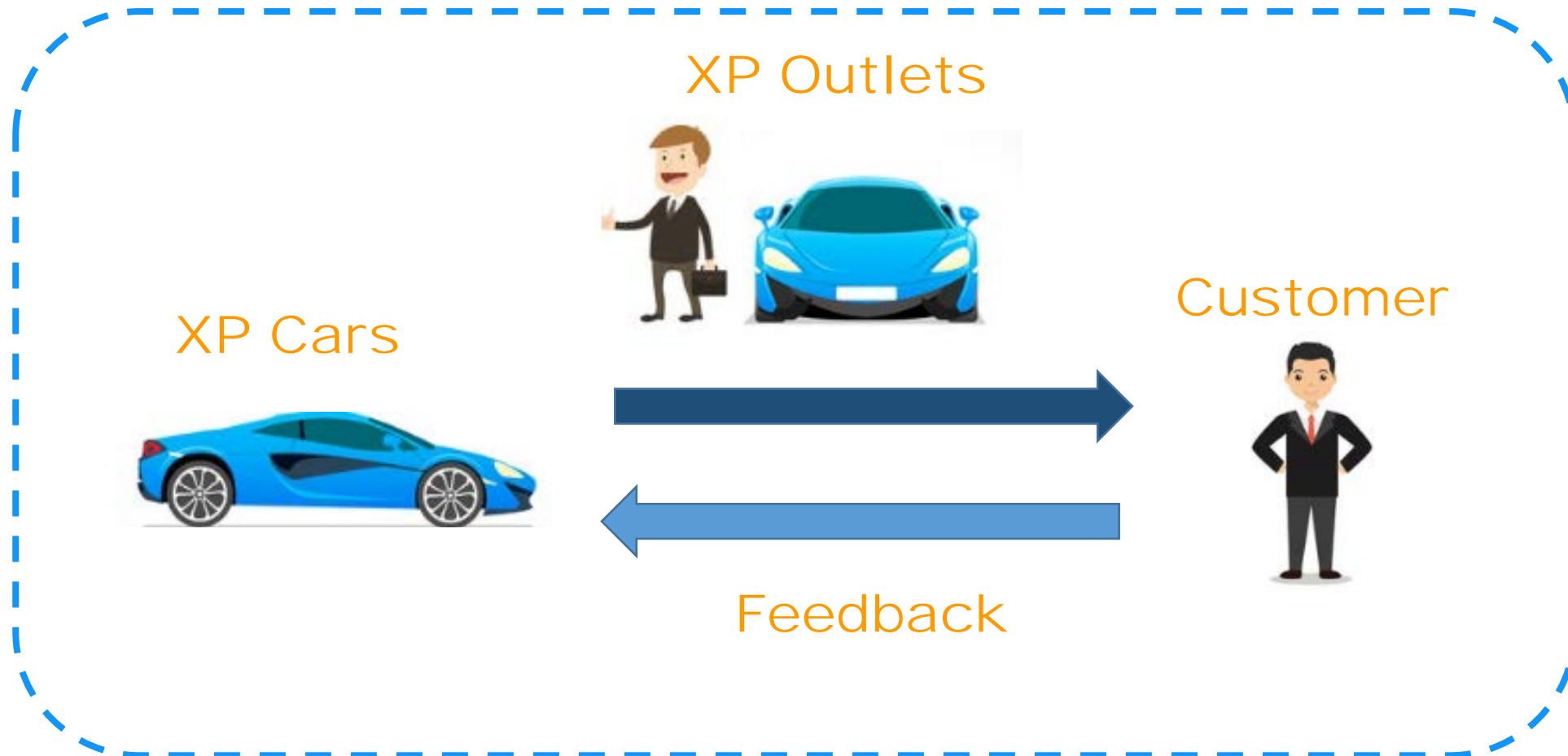
2.2.4 Promotion

2.2.5 Place



Channel Strategy

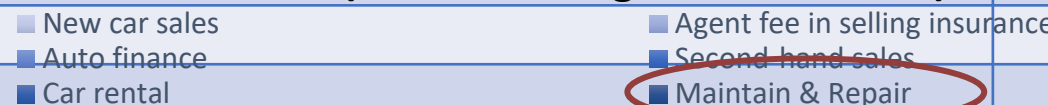
Direct Sale : Online sale + Offline experience



Channel Strategy

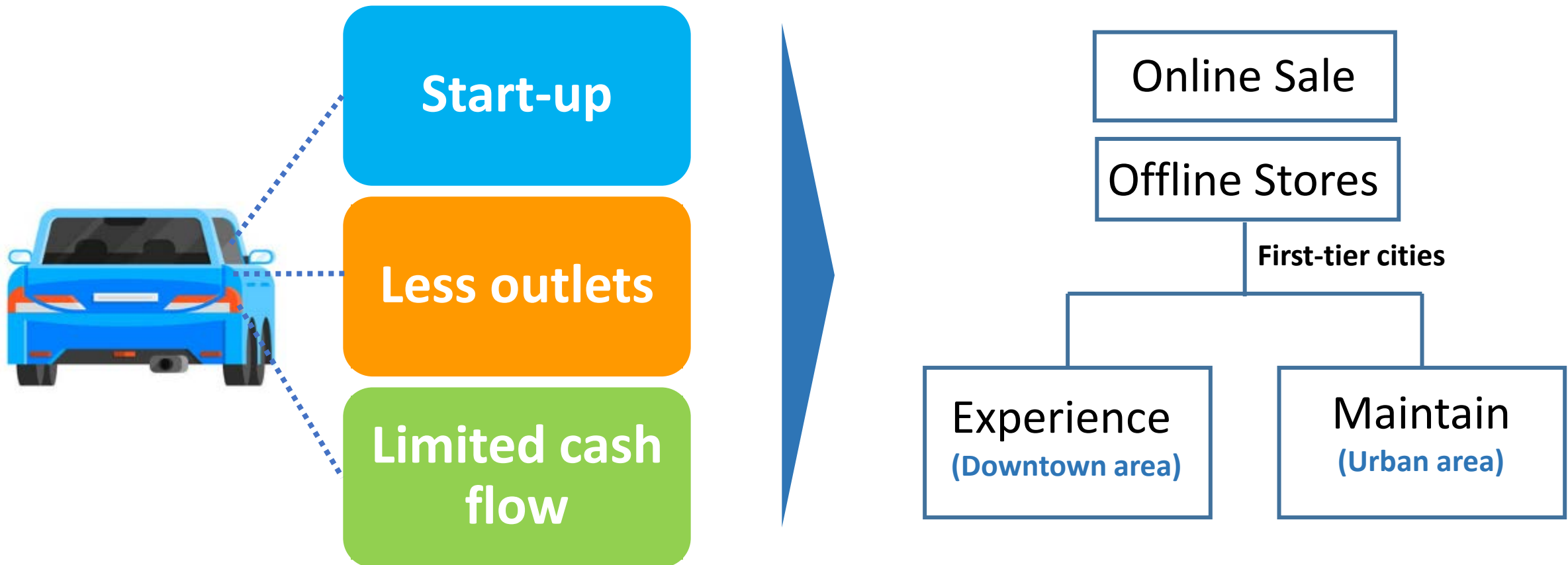
Drawbacks in distribution model — New energy vehicles own a significantly lower failure rate

Traditional SUV----- Hover H6		RMB
Unit price	Distributors' Profit Share	
		148,000
Profit gained by distributors per unit:		
Gross profit sale (5% of sale)		7400
Sales rebate (2% of sale)		2960
Agency fee for insurance sale (10% of average insurance fee)		383
Total		9743
Profit rate		6.5%
<div> <div>50%</div> <div>40%</div> <div>4%</div> <div>3%</div> <div>2%</div> <div>1%</div> </div>		
XP Car		RMB
Unit price		168,800
Profit gained by distributors		
Gross profit sale (5% of sale)		8440
Sales rebate (2% of sale)		376
Agency fee for insurance sale (10% of average insurance fee)		383
Total		12199
Profit rate		7%



Channel Strategy

Details in our sale channel



To infinity.

Cost Forecast: Taking Beijing as an example

Experience store will locate in commercial center like Sanlitun, with an area of 1000m².

Construction Cost	RMB
Store Deposit (3-month rent)	1,170,000
Decoration Cost	1,500,000
Exhibition Cost	6,000,000
Equipment & Material	1,000,000
Training Cost	100,000
Total	9,770,000

Operating Cost	RMB
Rent	4,680,000
Car Depreciation (5 year depreciation, net residual value of 2%)	588,000
PPE Depreciation (Equipment: 10 years; Decoration: 15 years)	250,000
Payroll (30*RMB6,000)	2,160,000
Other	1,000,000
Total	8,678,000

Maintain center will locate in Yanjiao and other suburbs, with an area of 2000m².

Construction Cost	RMB
Store Deposit (3-month rent)	180,000
Spare Parts Inventory	2,000,000
Decoration Cost	1,200,000
Equipment & Material	1,000,000
Training Cost	100,000
Total	4,480,000

Operating Cost	RMB
Rent	720,000
PPE Depreciation (Equipment: 10 years; Decoration: 15 years)	80,000
Payroll (50*RMB6,000)	3,600,000
Total	4,400,000

Channel Strategy

Cost Forecast : Offline Store

- First-tiered Cities : Beijing, Shanghai, Guangzhou, and Shenzhen
- 4 Experience Stores + 4 Maintain Centers

Store Type	Amount	Initial Investment	Annual Operation Cost
Experience Store	4	39,080,000	34,712,000
Maintain Center	4	17,920,000	17,600,000
Total	8	54,000,000	51,312,000



Cost Forecast : Online sale site

Construction & Annual Operation Cost	RMB
Website construction cost	200,000
IT maintain cost	150,000
Promotion Cost	2,000,000
Payroll (30*RMB8,000)	2,880,000
Shipping Cost	1,000,000
Total	6,230,000



The Entire Industry

2017-2020
Annual Growth Rate

35% to 40% 2.5 m

0.78 m



2017



2022

Competitors

Pure electric SUV	Sales in 2017	Market Share
Roewe ERX5	10,436	1.34%



SINGULATO

- Internet background
- financing scale 4.6 billion (as of 2018.01.03)
- mid-range SUV

300,000 units in 6 years

2.1 Profit Model

2.2 Marketing Strategy

2.3 Production Plan

2.4 Internet services & Summary

Year	Sales Forecast of New Energy Vehicle in the Next Five Years (Quantity)	Sales forecast of XP (pure electric SUV) (Quantity)	Note
2018	1,087,800 (777,000*140%)	14,500 (1,087,800*1.34%)	The sales volume in the first year is based on the market share(1.34%)of glory ERX5 in new energy vehicles , which is ranked first with pure electric SUVs (2017)
2019	1,522,900 (1,087,800*140%)	20,400 (1,522,900*1.34%)	During educating market period, market share basically stabilized at 1.34%.
2020	213,300 (1,522,900*140%)	28,500 (2,133,000*1.34%)	During educating market period, market share basically stabilized at 1.34%.
2021	-	51,300 (28,500*180%)	During rapid expansion period, sales growth rate is twice (80%) as the total market growth rate
2022	2,500,000	100,000 (2,500,000*10% * 40%)	During steady development period, market share will account 40% of the new car manufacturing market (250*10%)
total	-	214,700	The total sales volume based on the sales forecast is similar to those of SINGULATO Vehicle .

2.1 Profit Model

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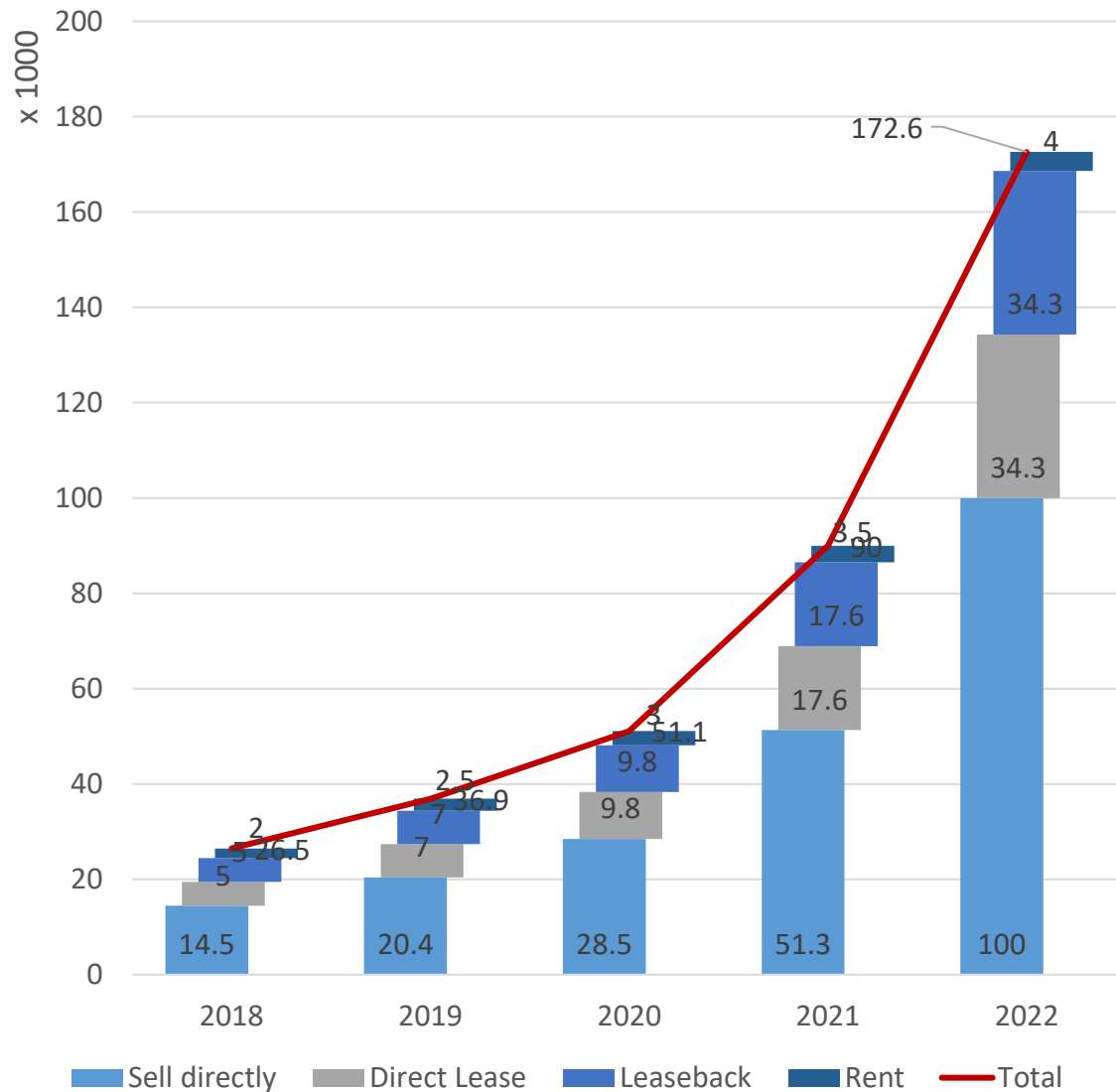
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Predicted Sales
In 1,000

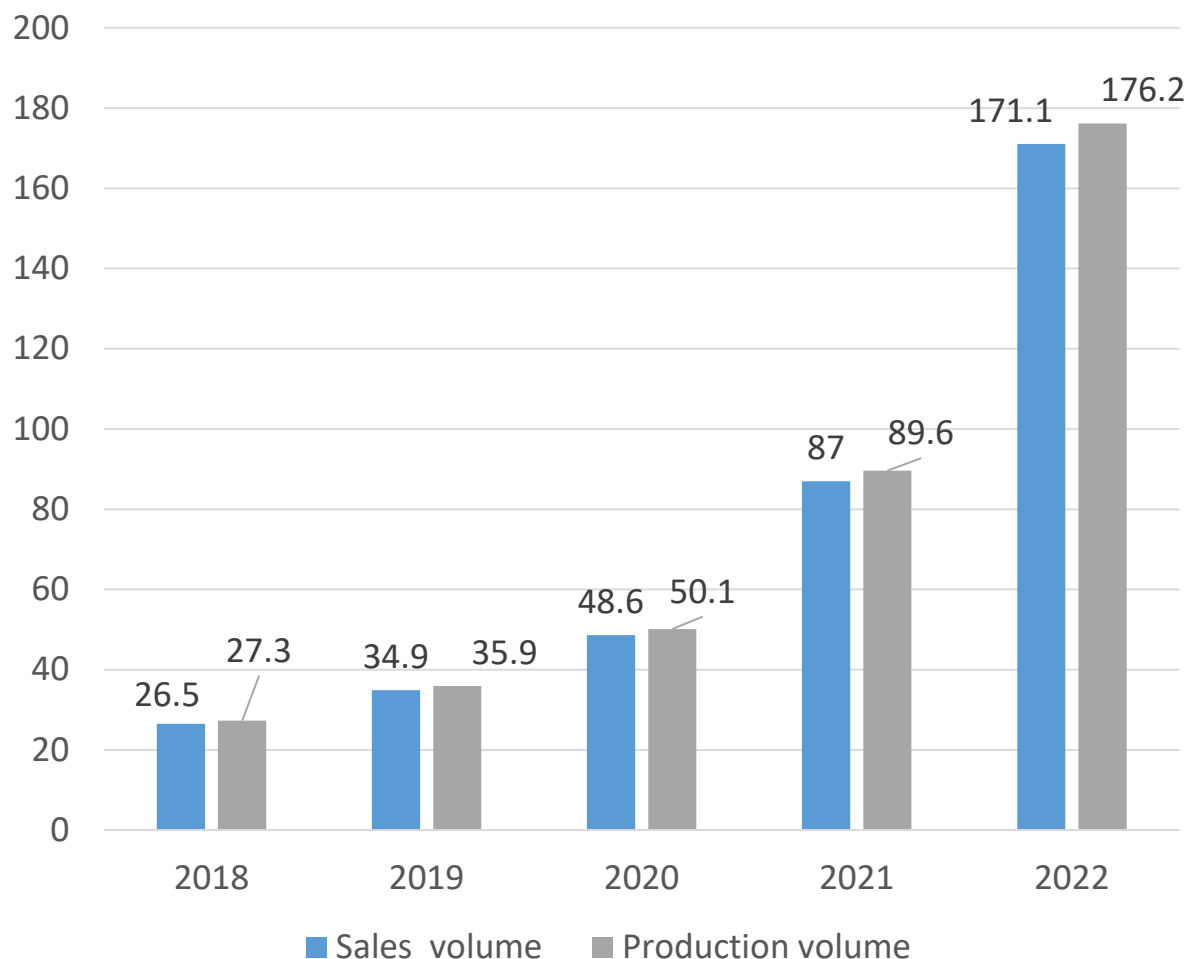
	2018	2019	2020	2021	2022
Sell directly	14.5	20.4	28.5	51.3	100.0
Direct lease	5.0	7.0	9.8	17.6	34.3
Leaseback	5.0	7.0	9.8	17.6	34.3
Rent	2.0	2.5	3.0	3.5	4.0
Total	26.5	36.9	51.1	90.0	172.6

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Predicted Added Sales

In 1,000

	2018	2019	2020	2021	2022
Sell directly	14.5	20.4	28.5	51.3	100.0
Direct lease	5.0	7.0	9.8	17.6	34.3
Leaseback	5.0	7.0	9.8	17.6	34.3
Rent	2.0	0.5	0.5	0.5	2.5
Total	26.5	34.9	48.6	87	171.1

Production Plan*

In 1,000

2018	2019	2020	2021	2022
27.3	35.9	50.1	89.6	176.2

*Assume inventory ratio is 3% each year

**Mass Production
Process**

**Command
of Production**

ROI



OEM

Short-term Strategy



4.0%

$$\frac{\text{Gross Profit (—OEM Cost or Period Cost)}}{\text{Fixed Investment in Production}}$$



**Self-built
Factory**

Long-term Strategy



5.3%

XP Production Model

OEM

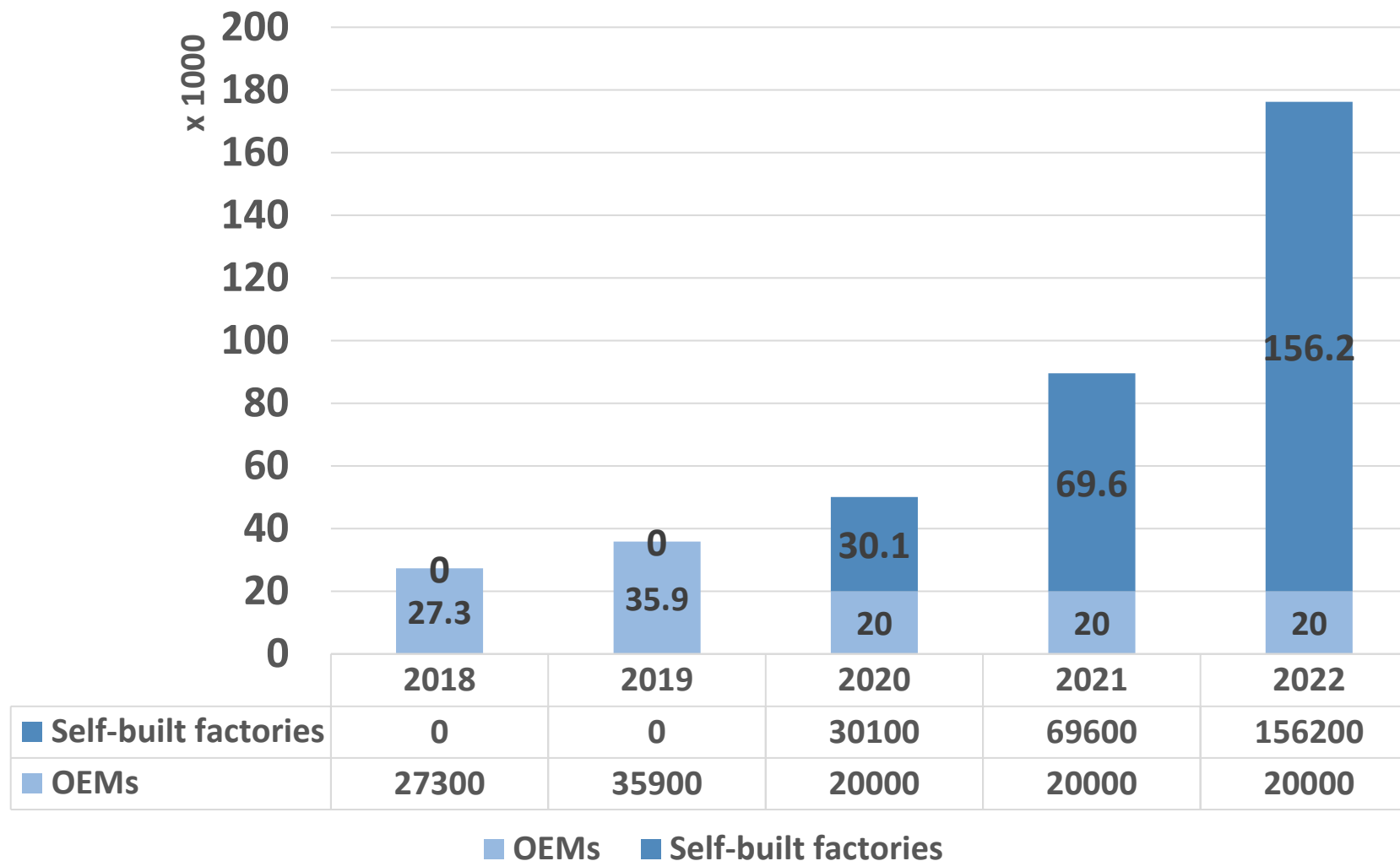
Reform of production lines : 0.4 billion
Capacity of 30 thousands cars in 2019

**Self-built
Factory**

Production base of 40000 m² : 3.2 billion
Capacity of 150 thousands cars Per year



Production Plan

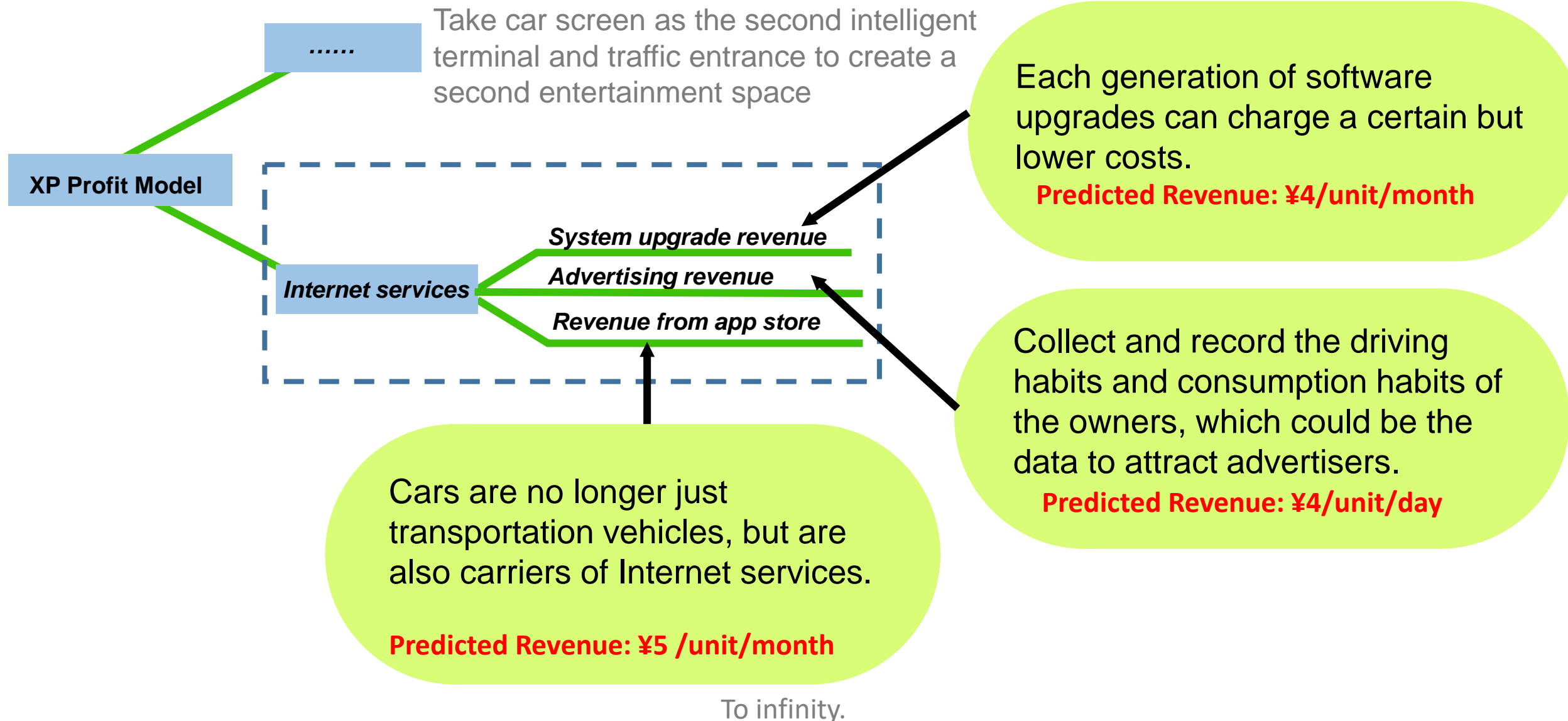


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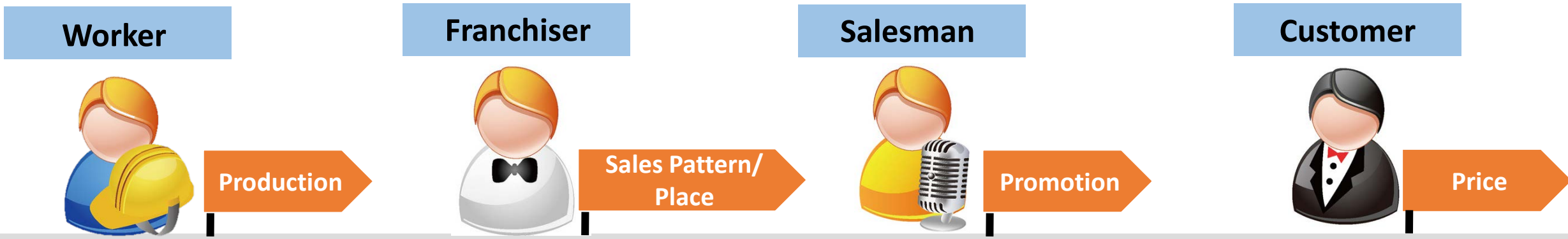


2.1 Profit Model

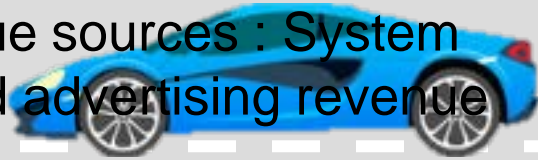
2.2 Marketing Strategy

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2.4 Internet Services & Summary



As an Internet car, there are also other revenue sources : System upgrade revenue, revenue from app store and advertising revenue



- OEM
 - Self-built Factory
- Direct sales (Online Sale & Offline Experience)
- Trending design
 - Fans marketing
- Tier 1&2 cities;
 - People between 25-40 years old
 - Penetration pricing

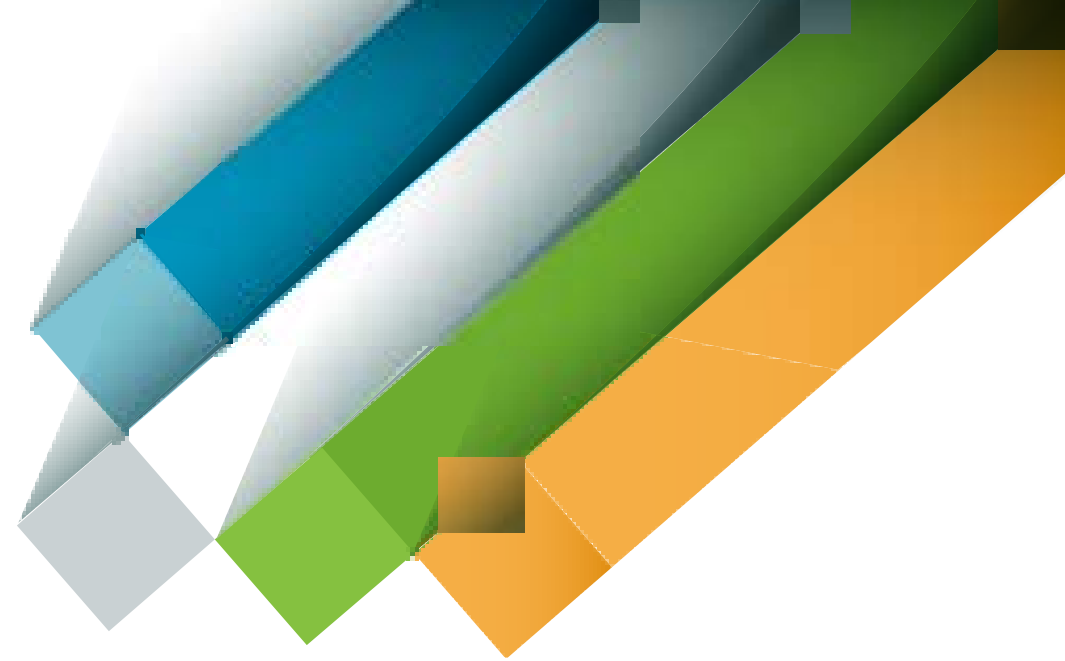
To infinity.

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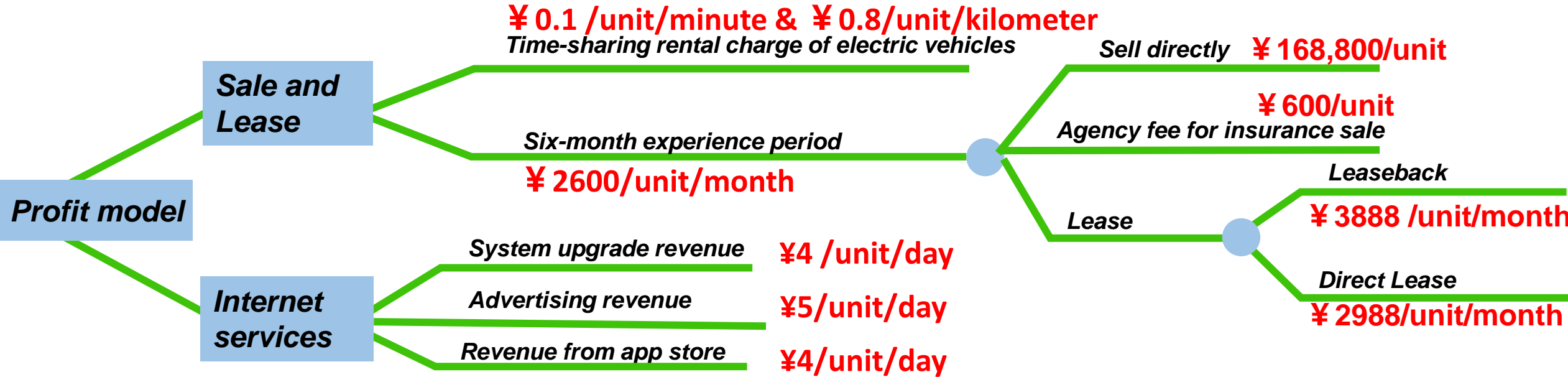
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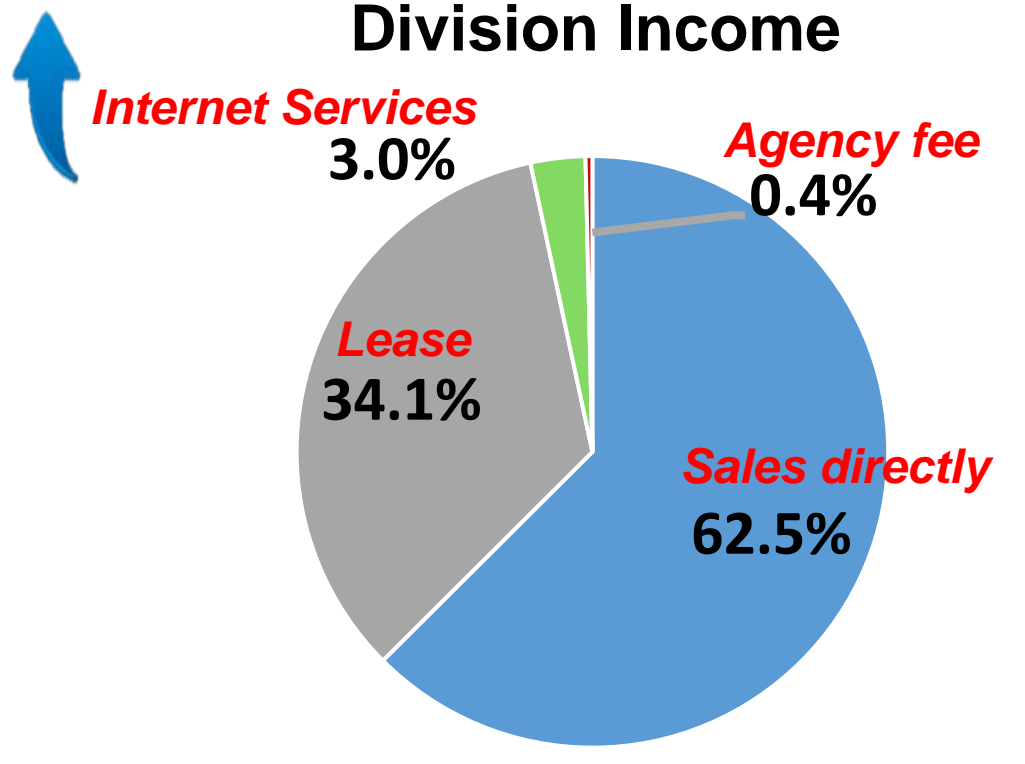
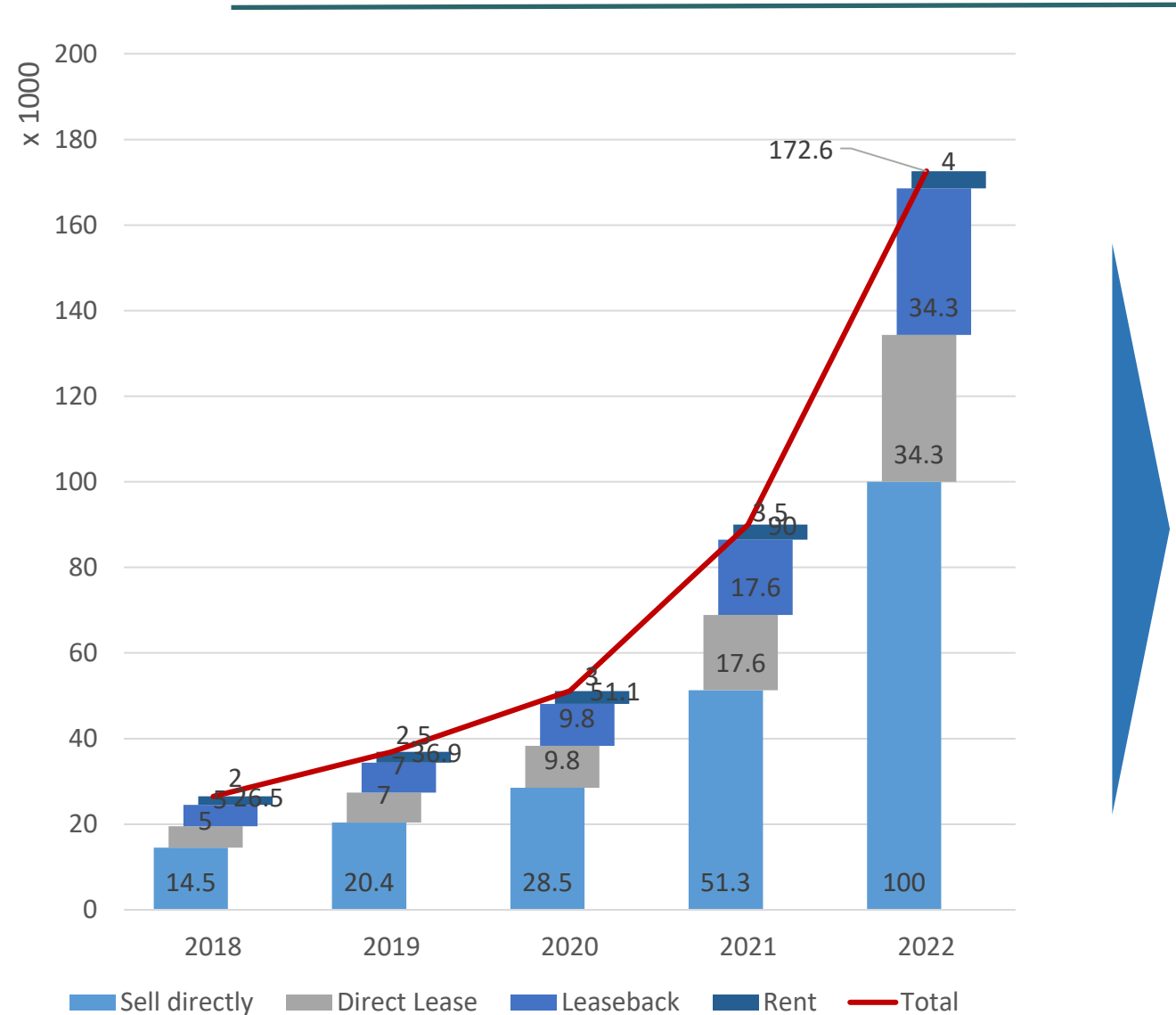
3. Financial Prospect



The Overview of Profit model



Sales Revenue Forecast



To infinity.

Assumption Base (Comparable Company Average rates from 2015-2017)

	Gross Profit Rate	Sales Exp /Total Revenue	Administrative (including R & D) /Total Revenue
BYD	18.8%	11.4%	4.2%
ChangCheng	21.7%	4.0%	4.0%
JILI	18.6%	4.7%	5.0%
JiangHuai Car	10.9%	5.6%	6.3%
GuangQi	19.5%	6.6%	6.0%
Average	18.5%	9.0%	6.6%

Our Assumption

XP	Gross Profit Rate	Sales /Total Revenue	Administrative (including R & D) /Total Revenue
2018	15%	11.0%	7.0%
2019	16%	11.0%	7.0%
2020	17%	9.0%	7.0%
2021	18%	9.0%	7.0%
2022	18%	9.0%	7.0%

To infinity.

Assumption Base (Comparable Company Average rates from 2015-2017)

	Gross Profit Rate	Sales Exp /Total Revenue	Administrative (including R & D) /Total Revenue
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JILI	18.6%	4.7%	5.0%
JiangHuai Car	10.9%	5.6%	6.3%
GuangQi	19.5%	6.6%	6.0%
Average	18.5%	9.0%	6.6%

Our Assumption

XP	Gross Profit Rate	Sales /Total Revenue	Administrative (including R & D) /Total Revenue
2018	15%	11.0%	7.0%
2019	16%	11.0%	7.0%
2020	17%	9.0%	7.0%
2021	18%	9.0%	7.0%
2022	18%	9.0%	7.0%

To infinity.

Assumption Base (Comparable Company Average rates from 2015-2017)

	Gross Profit Rate	Sales Exp /Total Revenue	Administrative (including R & D) /Total Revenue
BYD	18.8%	11.4%	4.2%
ChangCheng	21.7%	4.0%	4.0%
JILI	18.6%	4.7%	5.0%
JiangHuai Car	10.9%	5.6%	6.3%
GuangQi	19.5%	6.6%	6.0%
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Our Assumption

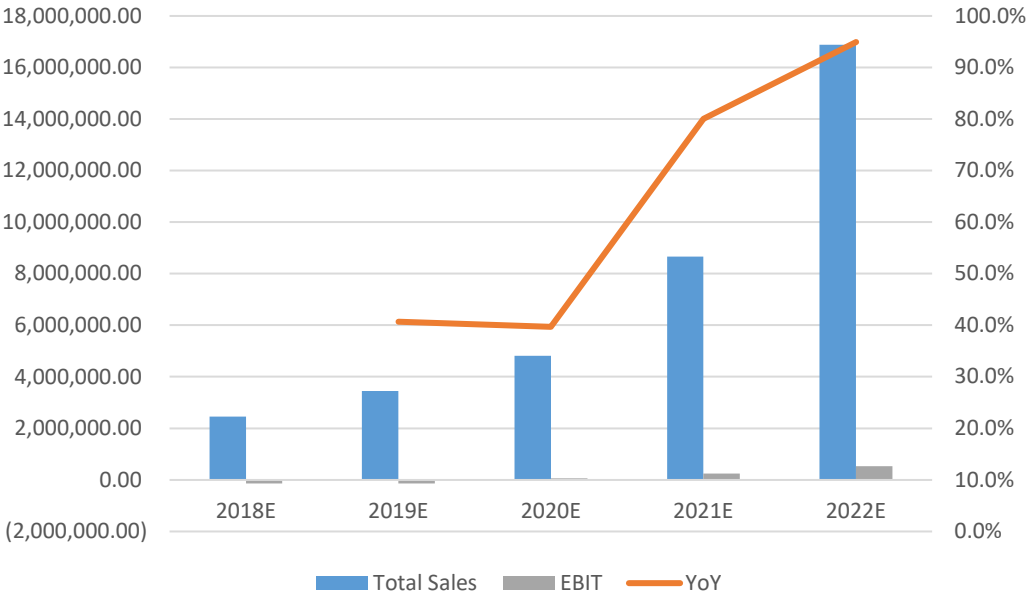
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To infinity.

Estimated Income Statement

ITEMS (RMB/in 1,000)	2018E	2019E	2020E	2021E	2022E
Total Sales	4,735,580.00	7,262,724.00	10,628,320.80	18,688,147.20	34,582,301.60
sales revenue	2,447,600.00	3,443,520.00	4,810,800.00	8,659,440.00	16,880,000.00
Lease revenue	1,046,760.00	20,778.72	33,850.13	56,631.07	92,063.74
Internet Services revenue	1,240.20	1,726.92	2,391.48	4,212.00	8,077.68
Agency Revenue	14,700.00	20,640.00	28,860.00	51,900.00	101,160.00
Revenue from Government	1,102,500.00	1,548,000.00	2,164,500.00	3,892,500.00	7,587,000.00
Less: Cost of Good Sold	<u>4,025,243.00</u>	<u>6,100,688.16</u>	<u>8,715,223.06</u>	<u>15,324,280.70</u>	<u>28,357,487.31</u>
Gross Margin	710,337.00	1,162,035.84	1,913,097.74	3,363,866.50	6,224,814.29
Less:Selling expense	520,913.80	798,899.64	1,062,832.08	1,681,933.25	3,112,407.14
Adiministrative (R&D) Expense cost	331,490.60	508,390.68	743,982.46	1,308,170.30	2,420,761.11
Depreciation onOffline store	712.50	712.50	712.50	712.50	712.50
Depreciation on Self-built factory	0.00	0.00	50,000.00	125,000.00	160,000.00
EBIT	(142,779.90)	(145,966.98)	55,570.71	248,050.44	530,933.53

ITEMS (RMB/in 1,000)	2018E	2019E	2020E	2021E	2022E
Total Sales	2,447,600.00	3,443,520.00	4,810,800.00	8,659,440.00	16,880,000.00
YoY		40.7%	39.7%	80.0%	94.9%
EBIT	(142,779.90)	(145,966.98)	55,570.71	248,050.44	530,933.53
EBIT/Total Sales			1.2%	2.9%	3.1%



- **Total Sales** grows fast with a **CAGR of 62%**
- The **EBIT** will become positive in the **third** year
- The **EBIT /Total Sales** grows year on year and it reach to 3% in 2020

To infinity.

Investment and Financial Plan

ITEMS (RMB/in 1,000)	2018E	2019E	2020E	2021E	2022E
Investing in Channel	(57,000)				
Investing in OEM	(400,000)				
Investing in Self-built Factory		(1,000,000)	(1,500,000)	(700,000)	
total investment	(457,000)	(1,000,000)	(1,500,000)	(700,000)	

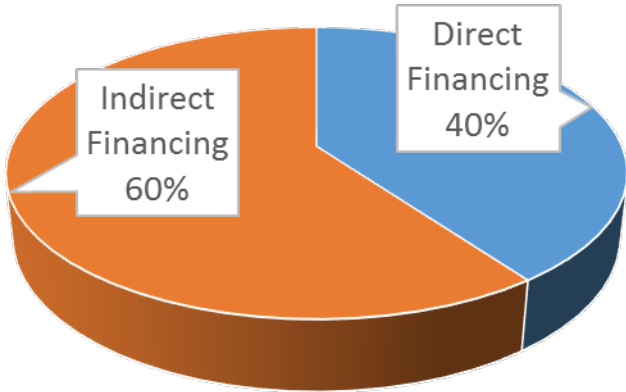
ITEMS (RMB/in 1,000)	2018E	2019E	2020E	2021E	2022E
Direct financing	1,000,000	1,000,000			
Indirect financing			1,200,000	900,000	
Total Financing	1,000,000	1,000,000	1,200,000	900,000	

$WACC = (E/V) \cdot Re + (D/V) \cdot Rd \cdot (1 - Tc) = 5.81\%$

Channel Strategy
Online sale+ Offline Experience

Production model
OEM + Self-built Factory

Capital Structure



ROE: 7.39% (BYD in 2017)
Interest rate: 4.75% (From bank)

Estimated Cash Flow from Asset

ITEMS (RMB/in 1,000)	2018E	2019E	2020E	2021E	2022E
EBIT	(142,779.90)	(145,966.98)	55,570.71	248,050.44	530,933.53
Less:Interest Expense	0.00	0.00	(57,000.00)	(99,750.00)	(142,500.00)
Income tax	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(37,075.11)</u>	<u>(97,108.38)</u>
NET INCOME	(142,779.90)	(145,966.98)	(1,429.29)	111,225.33	291,325.15
Plus: Depreciation	<u>712.50</u>	<u>712.50</u>	<u>50,712.50</u>	<u>125,712.50</u>	<u>160,712.50</u>
Operating cash flow	(142,067.40)	(145,254.48)	49,283.21	236,937.83	452,037.65
change in NWC	(30,000,000.00)				
Capital Spending	<u>(457,000.00)</u>		<u>(1,000,000.00)</u>		
Total cash flow	(30,741,134.80)	(290,508.96)	(901,433.58)	473,875.67	904,075.30
PV in 2022 of FV*					117,776,558.6
Total cash flow	(30,741,134.80)	(290,508.96)	(901,433.58)	473,875.67	118,680,633.9

WACC = 5.81%

NPV=5,980,443.7

*Assume cash flow will increase by 5% each year after 2022

Why XP Motor Corporation is a must-own investment?



Promising Financial Performance



Fast-growing new energy vehicle market
Ample opportunity in intelligent driving market

Predicted result in 5 years

New business model implemented

Supportive macro environment

To infinity.



CHOOSE XP, TO INFINITY!