

dazen 大神

ivvi
时尚手机

Coolpad 酷派



Coolpad Group Limited

(Incorporated in the Cayman Islands with limited liability, HKSE:2369)

Annual Results Corporation Presentation



至简美学

源自TITANIUM钛金属设计语言，于简约中见奢华

e 快速进入网络 m 快速进入菜单 W 快速进入微博





Safe Harbor Statement

Important Notice

This document is sole for reference only. Directors of Coolpad Group Limited hereby confirm, both in a personal capacity and as representative of the group, that the Directors have conducted thorough consultation regarding the truth of the contents of this document.

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Agenda

1. Industry & Company Introduction

2. Investment Highlights

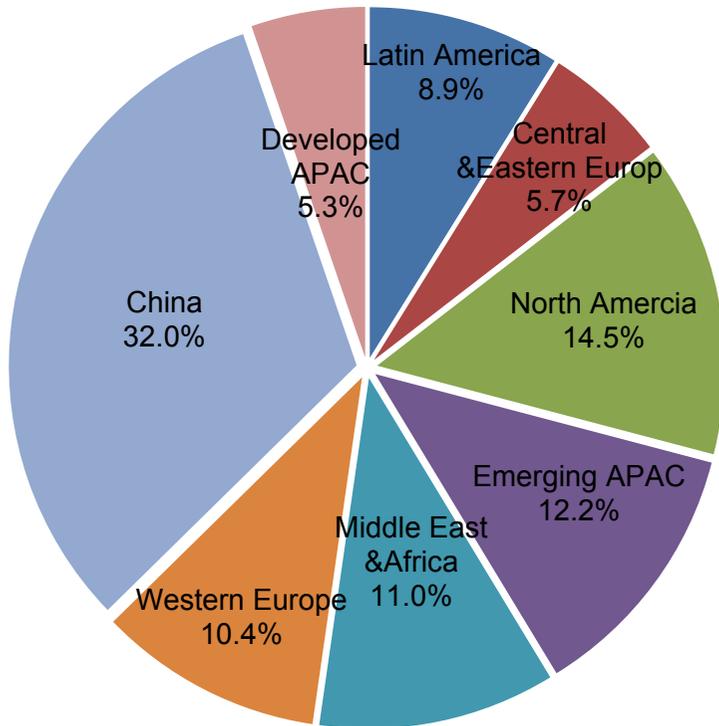
3. Financial Performance

4. Future Growth Strategies

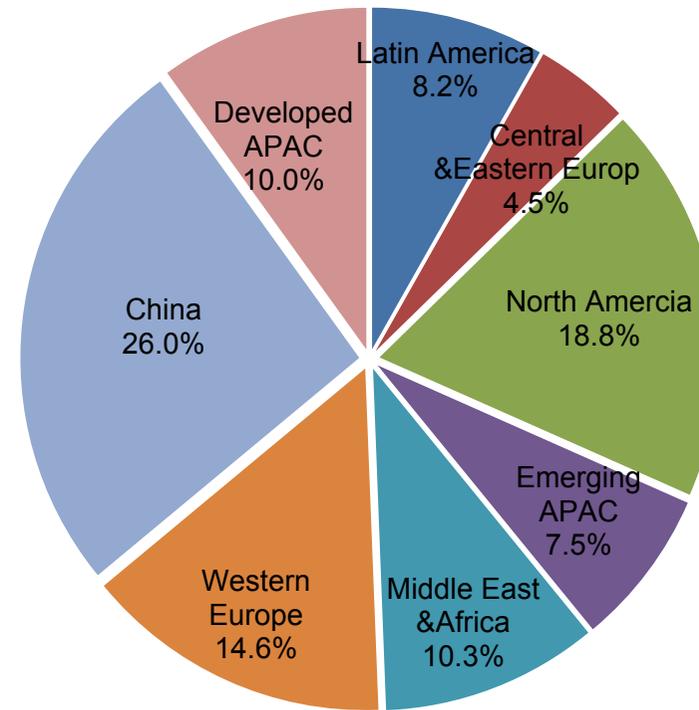


Global smartphone market shares by region

China was still the largest smartphone market in terms of both shipments volume and revenue in 2014. Its proportion of revenue was 6 percentage points lower than that of volume.



Global smartphone sales by units



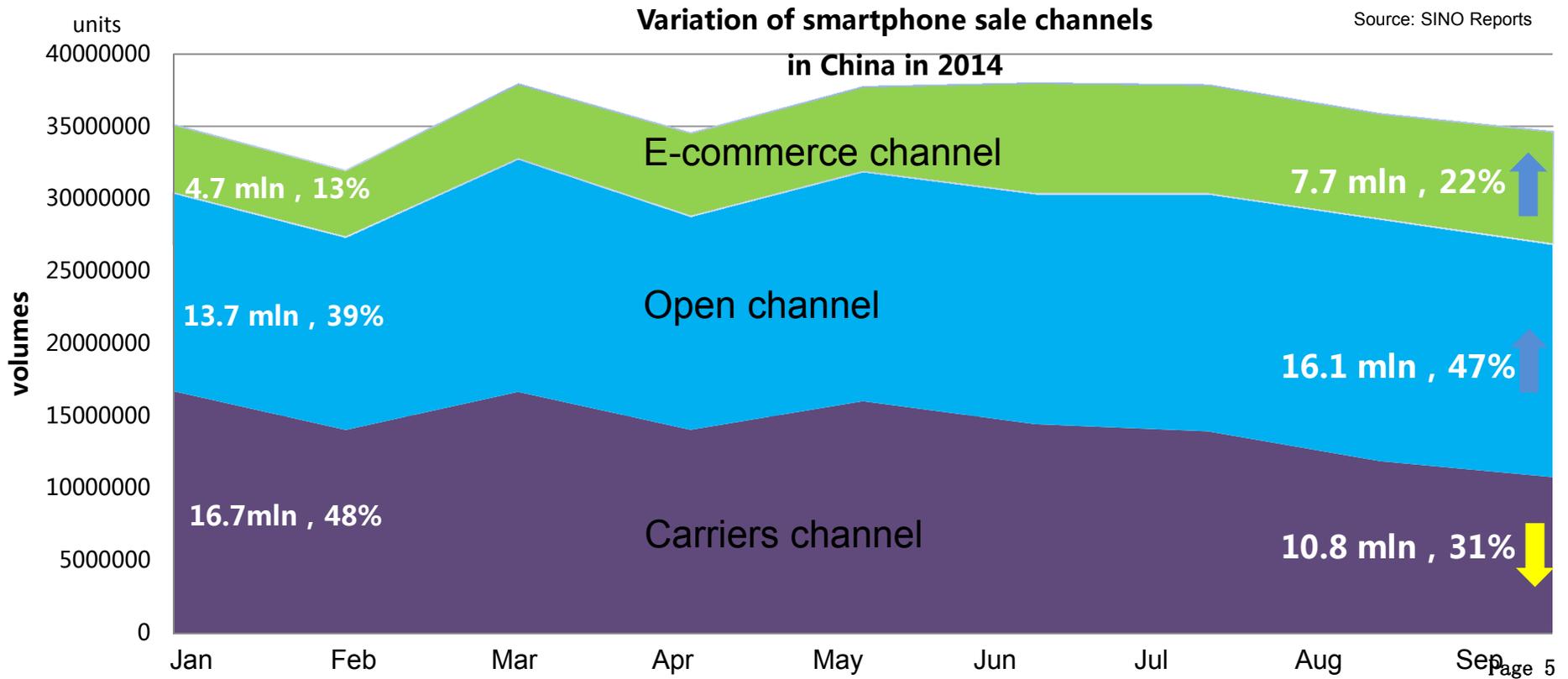
Global smartphone sales by revenue

Source : GFK



Variation of the smartphone market in China

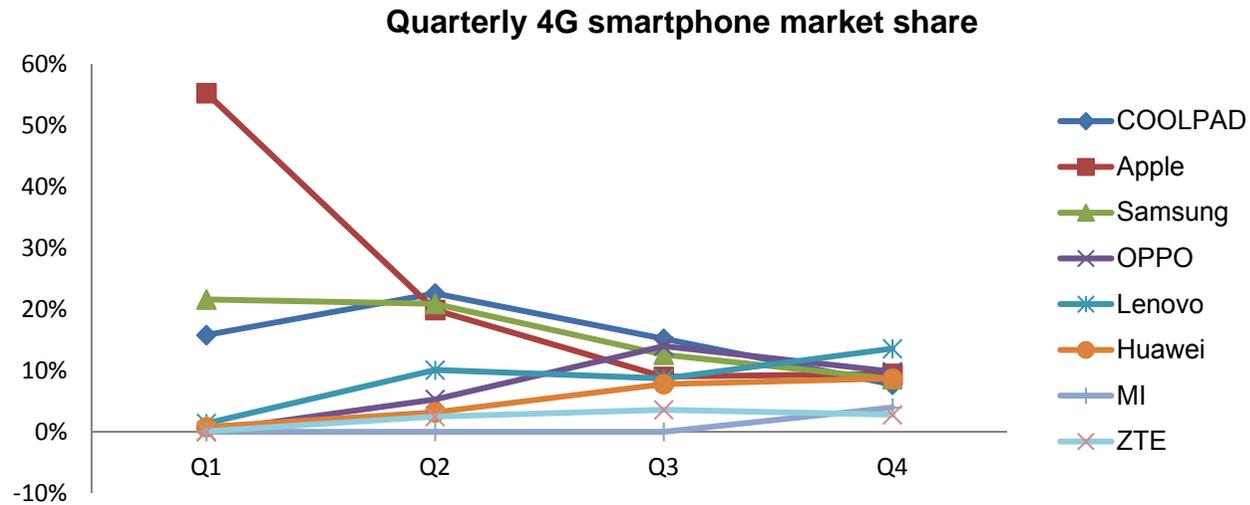
New change: Because of the subsidy cut, the proportion of carriers channel will decline, E-commerce & open channel will increase .





Market structure of 4G smartphone in China

Coolpad gained the leadership in the 4G smartphone market as of the 3Q in 2014. However, the competition in the market became more fierce in the 4Q.



Source : Sino



Company Introduction

China's leading 3G/4G smartphone developer & supplier

- An **innovative** wireless telecom product company with **core technologies**
- Owns three smartphone brands (**Coolpad, iVVi, Dazen**)
- **Leads in** China's 3G/4G smartphone market with new models of **all-network**
- **Ranks first**^[1] in market shares within China's **4G smartphone market** as of the 3Q of 2014 in terms of accumulative shipped volume
- Pioneers in the **dual-mode**^[2] smartphone market
- Provides the **Coolcloud solution** in the PMCC (Personal, Mobile, Cloud, Computing)
- **Outstanding R&D capabilities** in mobile's software & hardware designs
- Diversified sales channels in the smartphone market

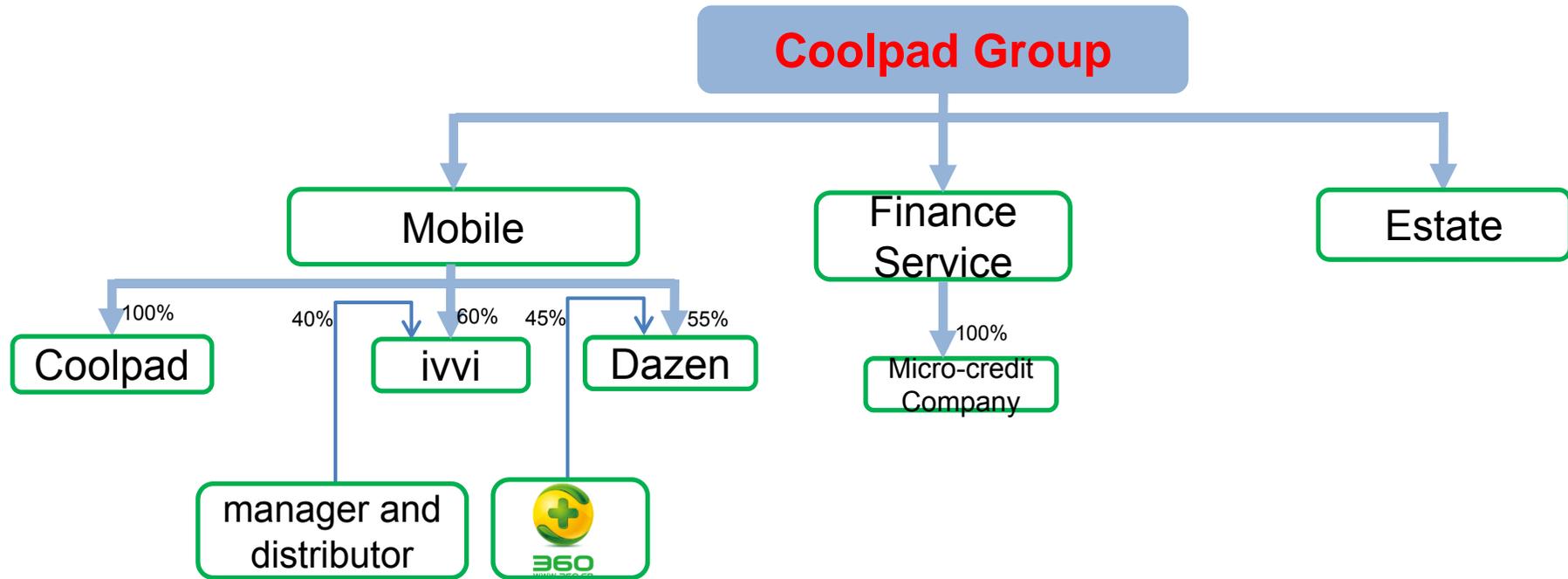
[1] According to **SINO-MR** monthly reports in 2014

[2] A phone carrying dual SIM cards, standby & working simultaneously



Business Introduction

Three major business units of the Group: **smart terminals, finance, estate**





Channels structure of Coolpad in China

The Group's smartphones with three different brands are sold through three different sales channels in China

Past: Mainly through carriers channel



Now: Three channels to maintain the leadership in China

Carriers channel



Open channel

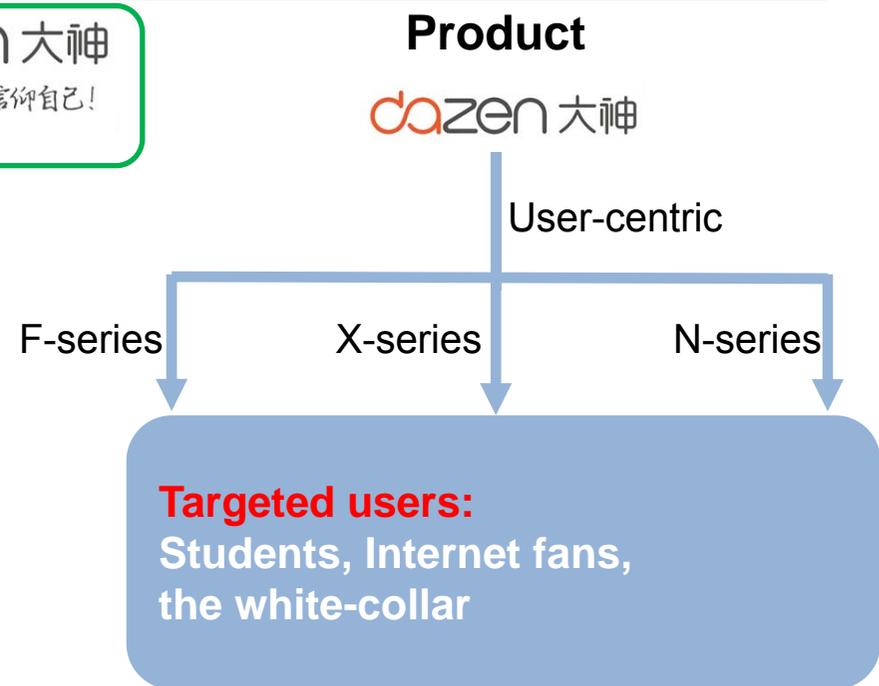
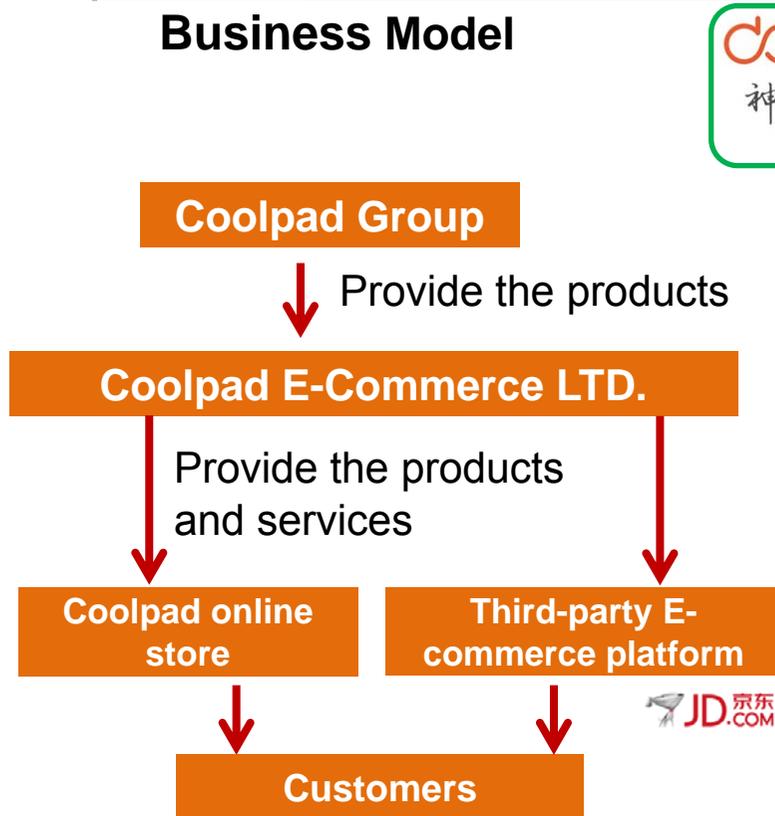


E-commerce channel





E-commerce channel of Coolpad in China



Three series (F,X,N) of Dazen target the mid- and low-end smartphone market in the E-commerce channel in China.



More focused on the management of Dazen fans

Dazen culture

Basic demands	Ask	Tell	Discuss	Watch	Know	Chat	Play	Enjoy	Show	Award
Deep demands	Respect		Join	Information		Communicate		Honor		Greedy
Satisfaction	Interaction			Content		Activity		Interest		



CoolU Community: 15.6 million

QQ Zone: 7.8 million

Baidu Tieba: 520 thousand

Wechat: 610 thousand

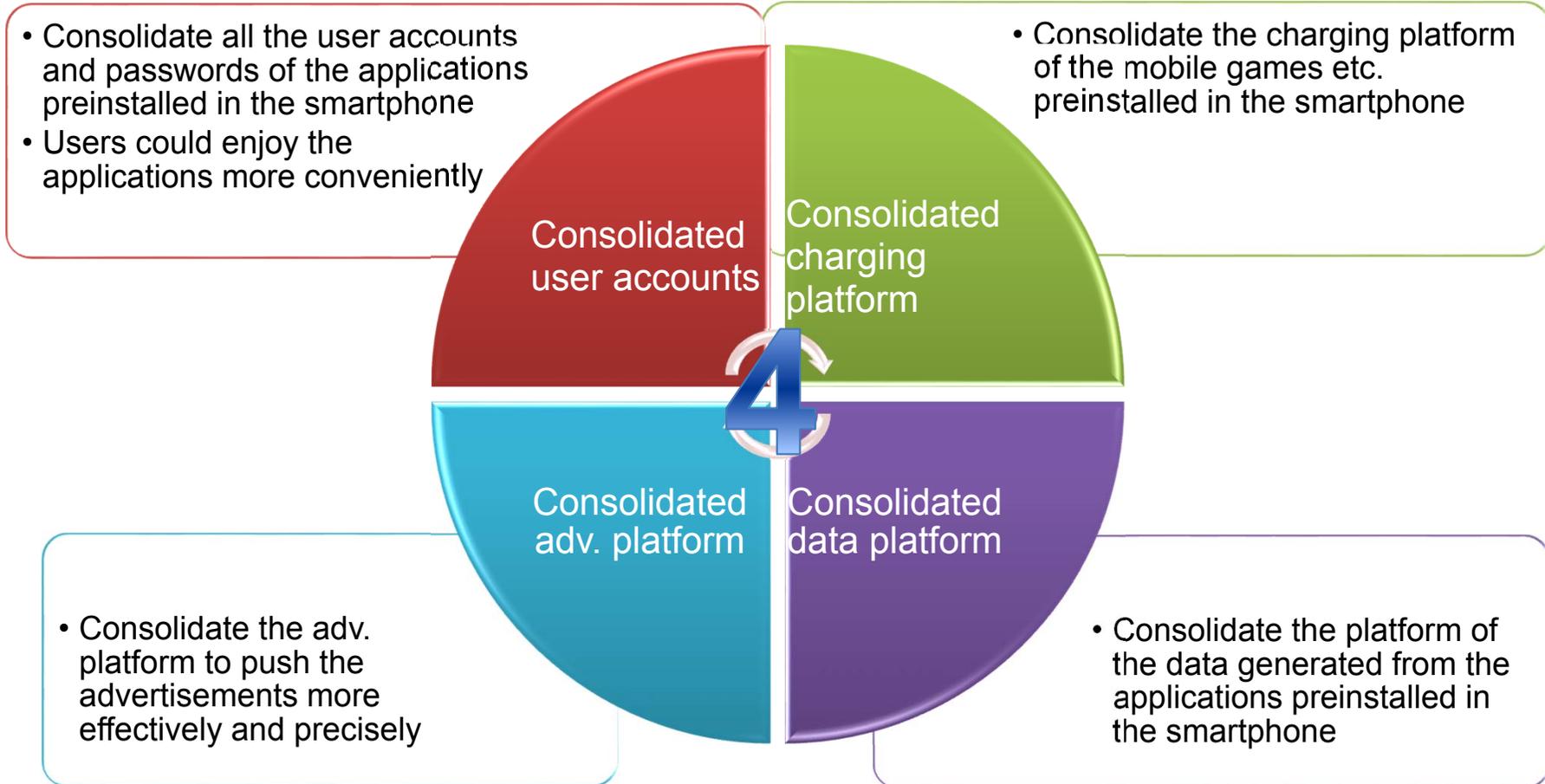
As of Feb, 2015

Total number of Dazen fans:

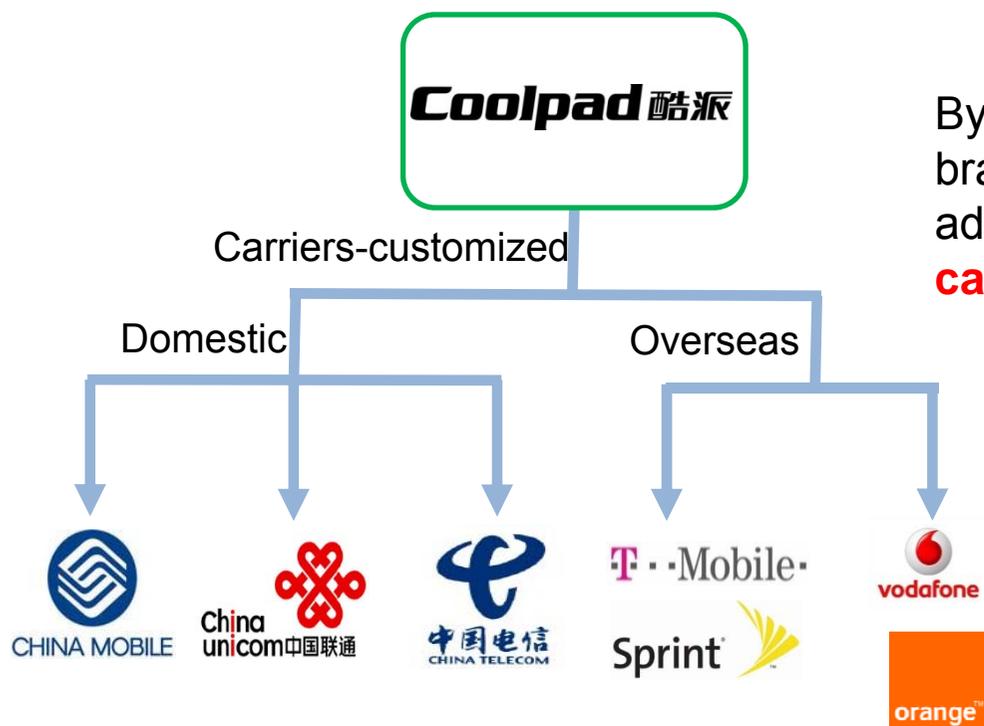
24.5 million



Consolidated platforms for operating the mobile internet business



Carriers channel of Coolpad in global market



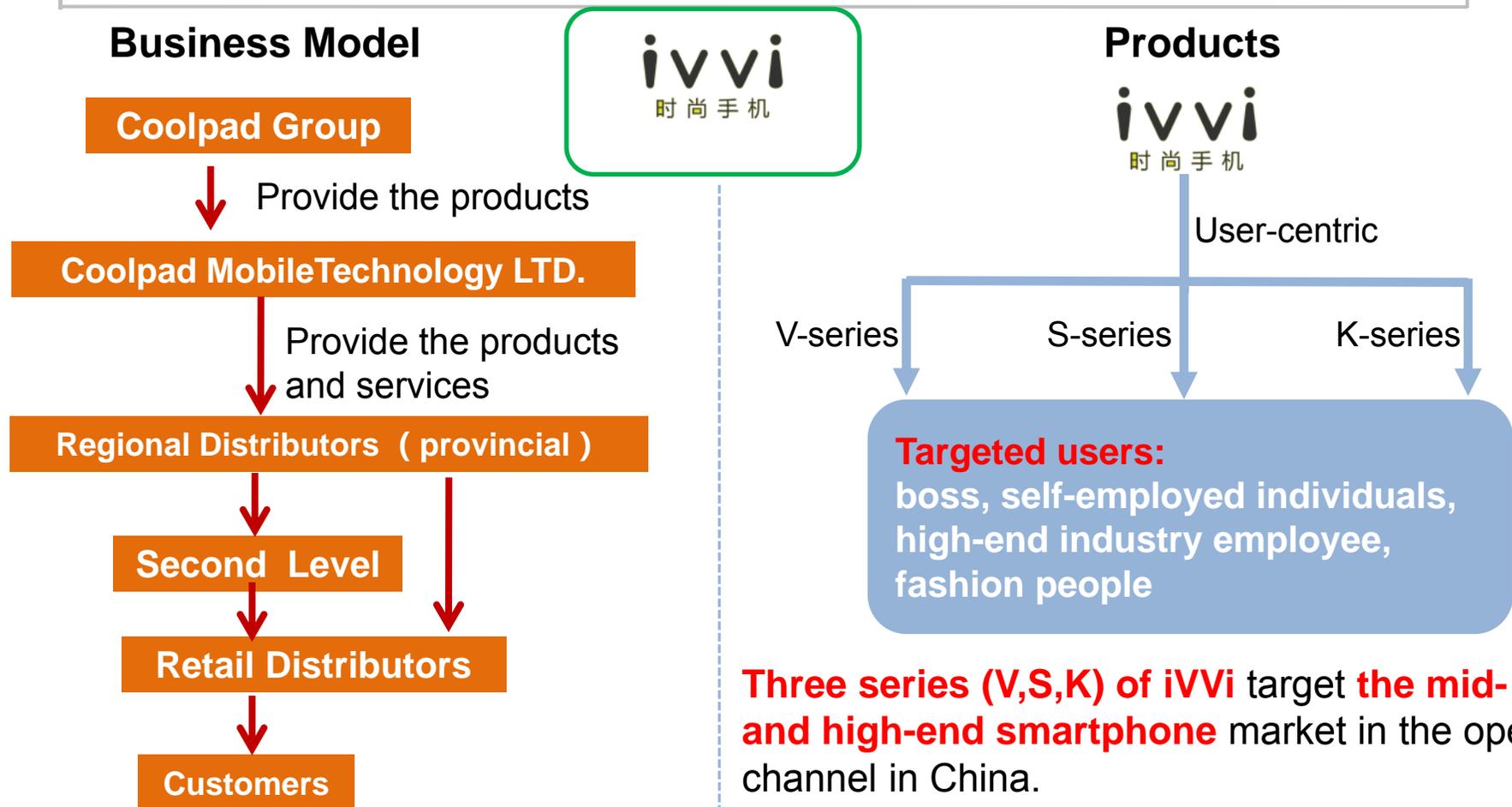
By virtue of our strong R&D capability and high brand recognition, Coolpad enjoys the advantage of **cooperating with the global carriers directly.**

Targeted users:

Employees in enterprises and institutions, students, and workers



Open channel of Coolpad in China





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Investment Highlights



- 1 Leading 4G smartphone market in China
- 2 Owing strong R&D capabilities
- 3 Competitive products and vivid features
- 4 Delicacy operation on mobile Internet & Service
- 5 Enriched sales channels

Leading 4G smartphone market in China

- The development strategy of **“Coolpad LTE for all”**
 - Both TD-LTE/FDD-LTE 4G commercial licenses were issued, and the 4G smartphones will become the mainstream in the market
 - Coolpad **Ranked first** within China’s **4G smartphone market** as of the third quarter of 2014 in terms of accumulative shipped volume



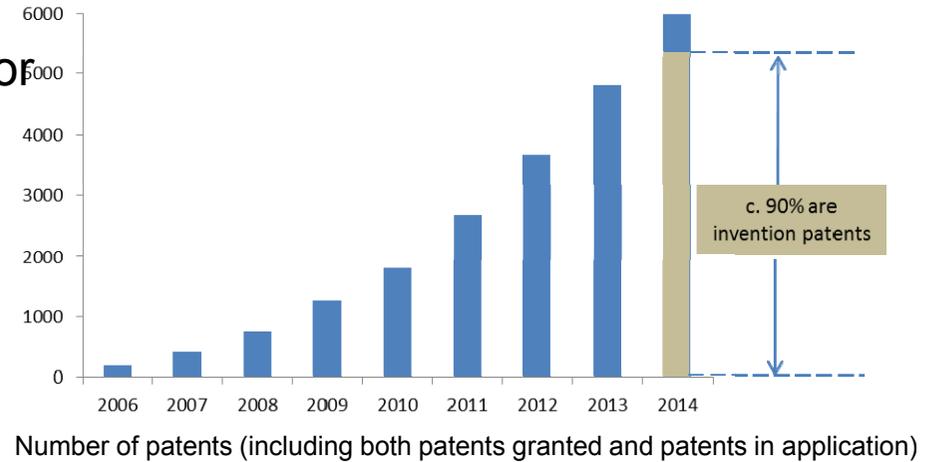


Owning strong R&D capabilities

- More than 6,000 patents, 90% of which were invention patents
- **Global R&D centers** leveraging cutting-edge technologies to make innovations for intelligent life



- Domestic R&D centers
- Oversea R&D centers



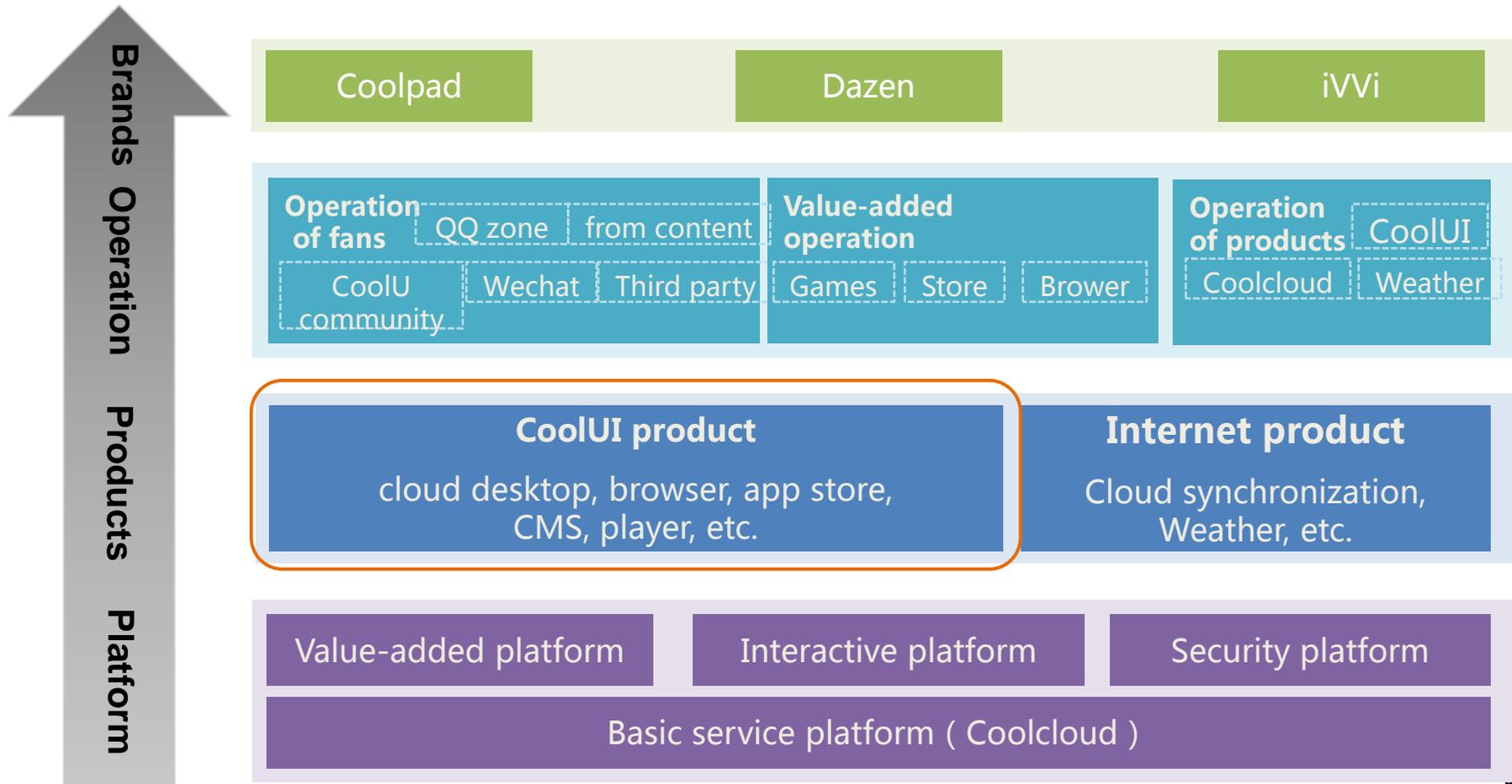
Competitive products and vivid features

- More competitive smartphones were launched and more vivid features were presented to the users, such as the theme of the mobile security, the private custom carved on the cover, and the better experience of the dual rear camera.





Delicacy operation on mobile Internet & Service





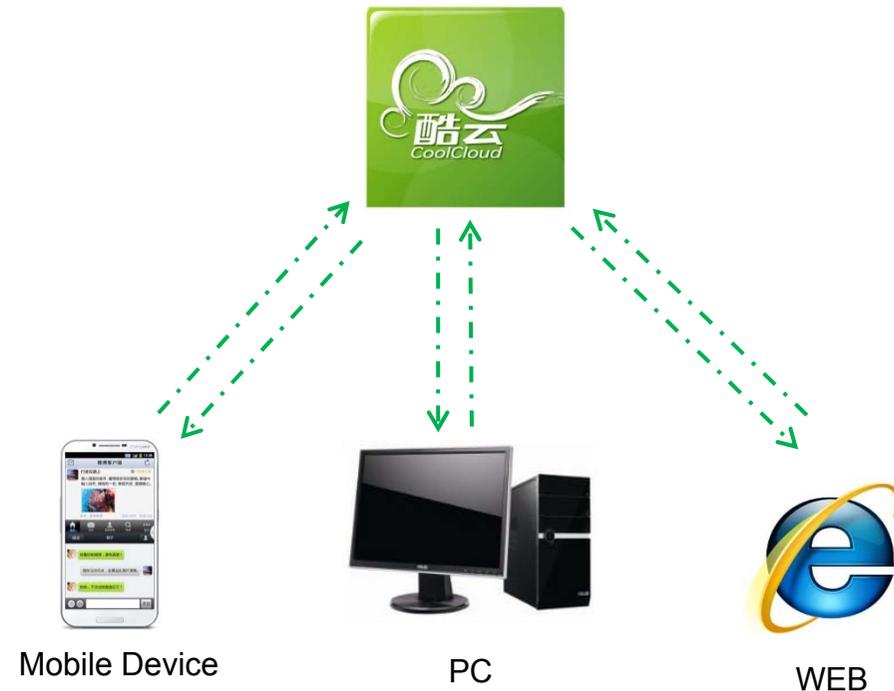
Set up CoolCloud eco-system

■ The Cloud Computing and Storage Service Platform

- Instant synchronization
- Cloud security
- Mass personal storage
- Cloud sharing

■ More opportunities for PMCC

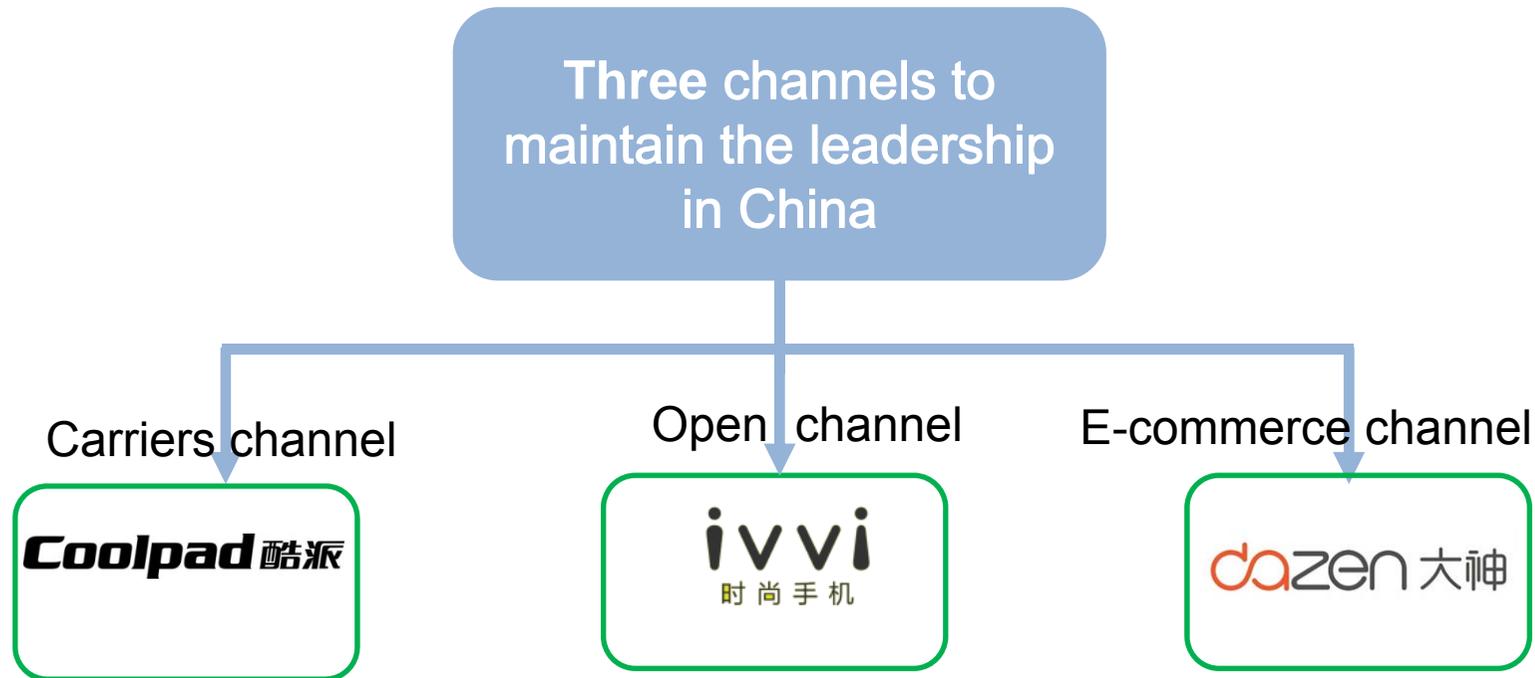
- Larger mobile internet user base
- Mature mobile cloud service
- Better mobile application service





Enriched sales channels in China

Three sales channels with different brands of the Group respectively in China





Enriched sales channels globally

- **Global market strategy** to cooperate with overseas telecom operators
- Being **the certified supplier of** the telecom operators in USA, Europe etc.
- Set up **the R&D centers globally** to provide localized user experience





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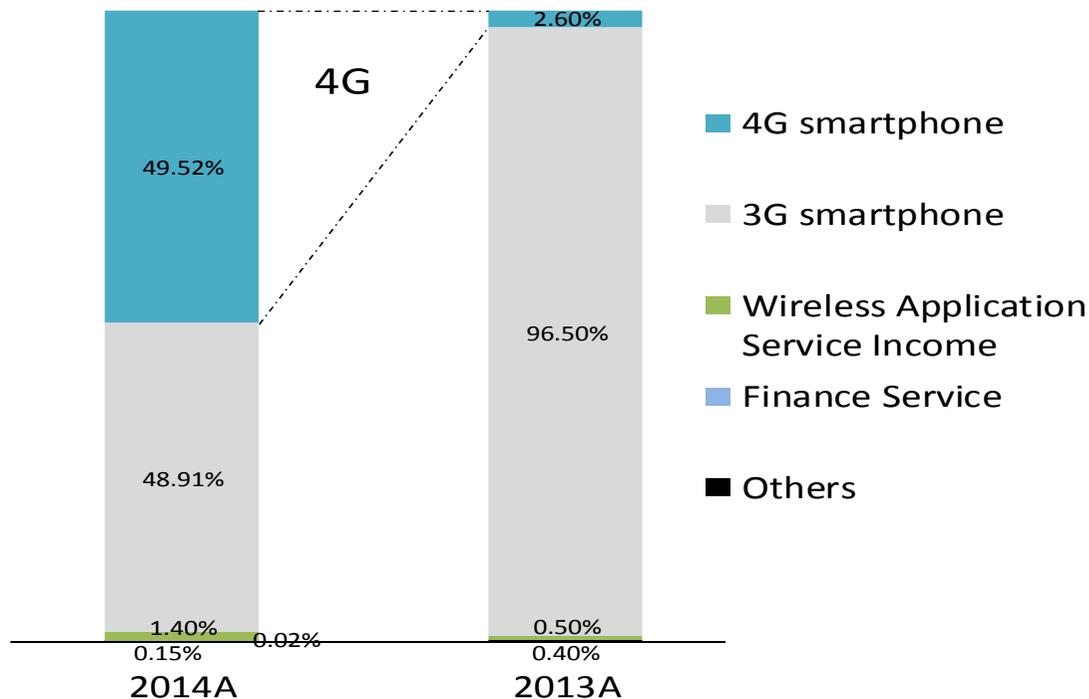


Financial Performance

<i>HK\$'000</i>	2014A	2013A	Change (%)
Revenue	24,900,471	19,623,652	↑26.9
Profit before tax	606,629	437,373	↑38.7
Tax	92,551	89,121	↑3.9
Net profit attributable to owners of the Company	512,855	348,547	↑47.1
Basic earnings per share (HK cents) (2013 restated)	11.94	8.29	↑44.0
Gross profit margin (%)	12.1	12.9	↓0.8ppt
%S&D	5.8	6.6	↓0.8ppt
%G&A	5.0	5.0	-



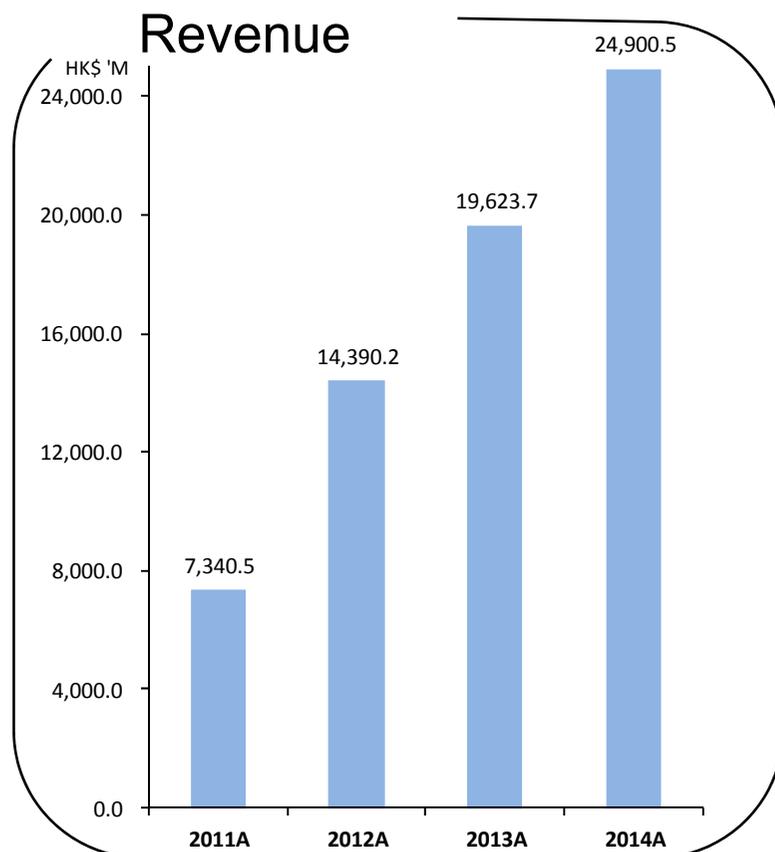
Revenue by Products



- The revenue of 4G smartphone and wireless application service income gained a substantial growth in 2014, especially the service income tripled that of 2013
- The finance service segment commences its operation in the year of 2014 and engages in provision of a range of financing services in Mainland China



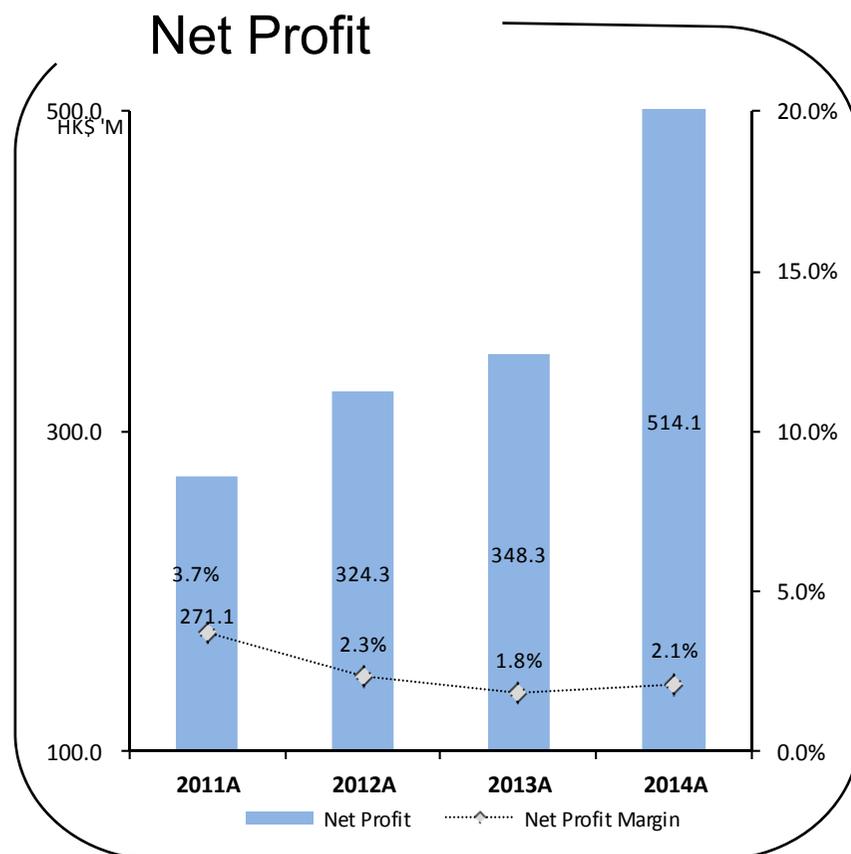
Financial Performance



- Revenue increased 26.9% compared with that of 2013
- The revenue growth was attributable to the strong increase in the sales of the Group's 4G smartphone as a result of its leadership of 4G smartphone market in Mainland China in 2014



Financial Performance

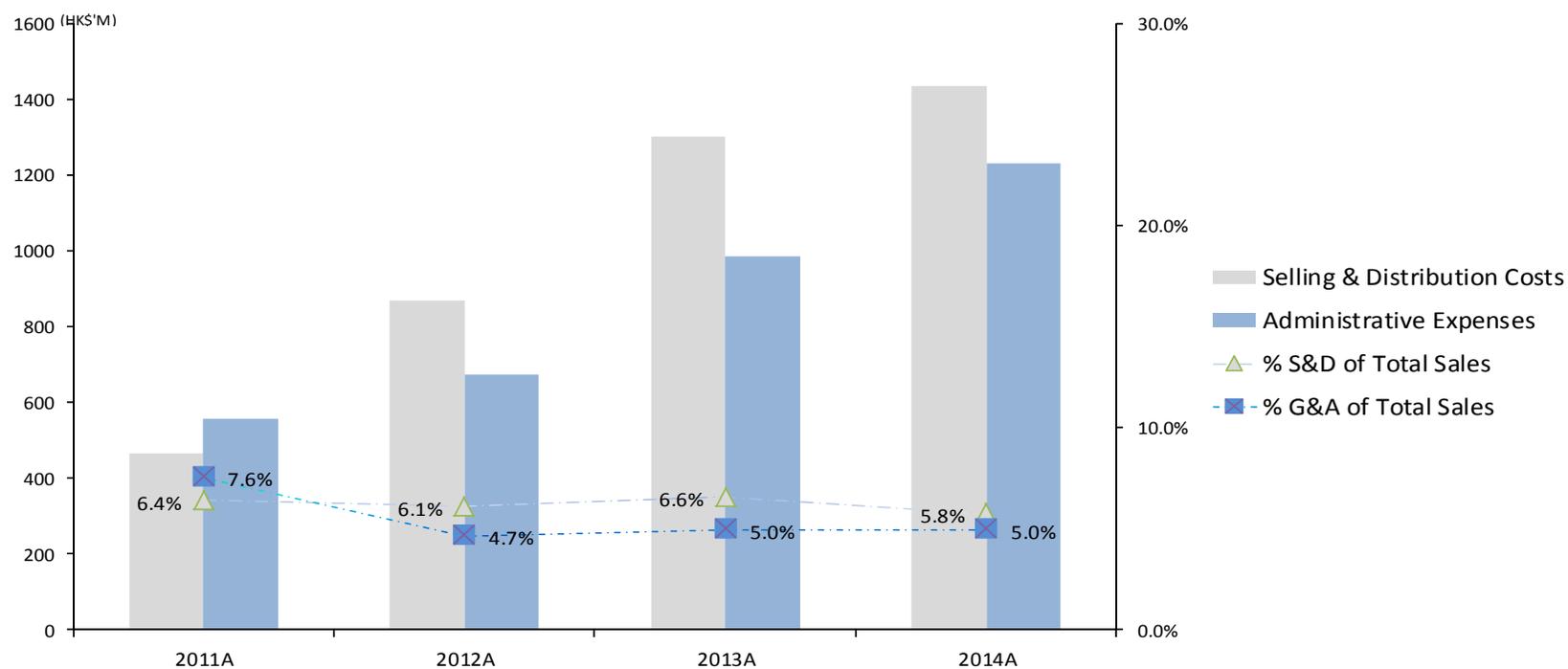


- Net profit increased from HK\$348.3 million to HK\$514.1 million by 47.6%, as compared with the corresponding period in the year of 2013
- The increase in net profit by HK\$165.8 million mainly due to the increase of sales revenue as a result of an increase in sales volume in 2014.



Higher Operational Efficiency Achieved

- Better economies of scale
- Stricter controls on administrative and marketing expenses





Balance Sheet Summary

- The balance sheets of the Group are healthy, and its free cash flow is relatively strong

	2014A	1H2014	2013A
Cash & Cash Equivalents (HK\$'M)	2,959.1	2,360.1	1,628.3
Receivable Turnover Days	43.5	39.0	47.5
Payables Turnover Days	32.8	34.1	38.1
Inventory Turnover Days	44.4	52.2	46.4
Total Debt/ Book Equity	2.8	3.3	2.6
Gearing Ratio (%)	65.4	72.7	67.0





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Future Growth Strategies

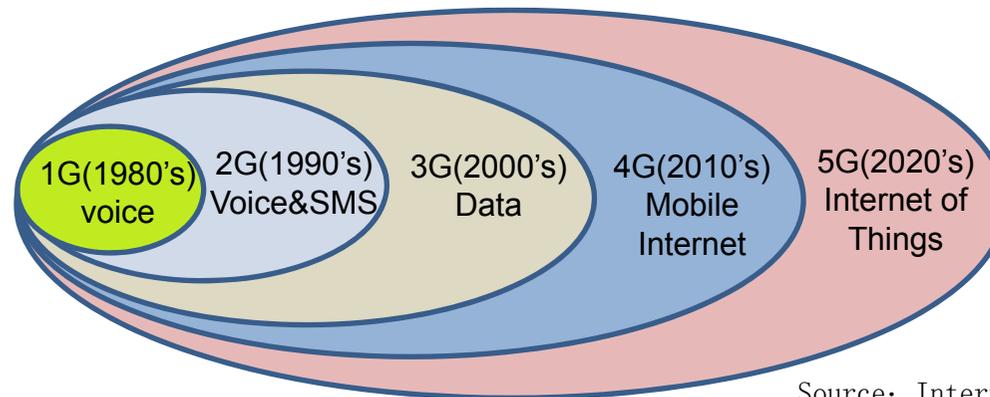
- Strengthen the capability of innovation, R&D, and **enlarge the patent pool size**
- Launch more user-centric products to improve the user experience of Coolpad smartphones
- Explore new functions of the smartphone to bring the users some unexpected features





Future Growth Strategies

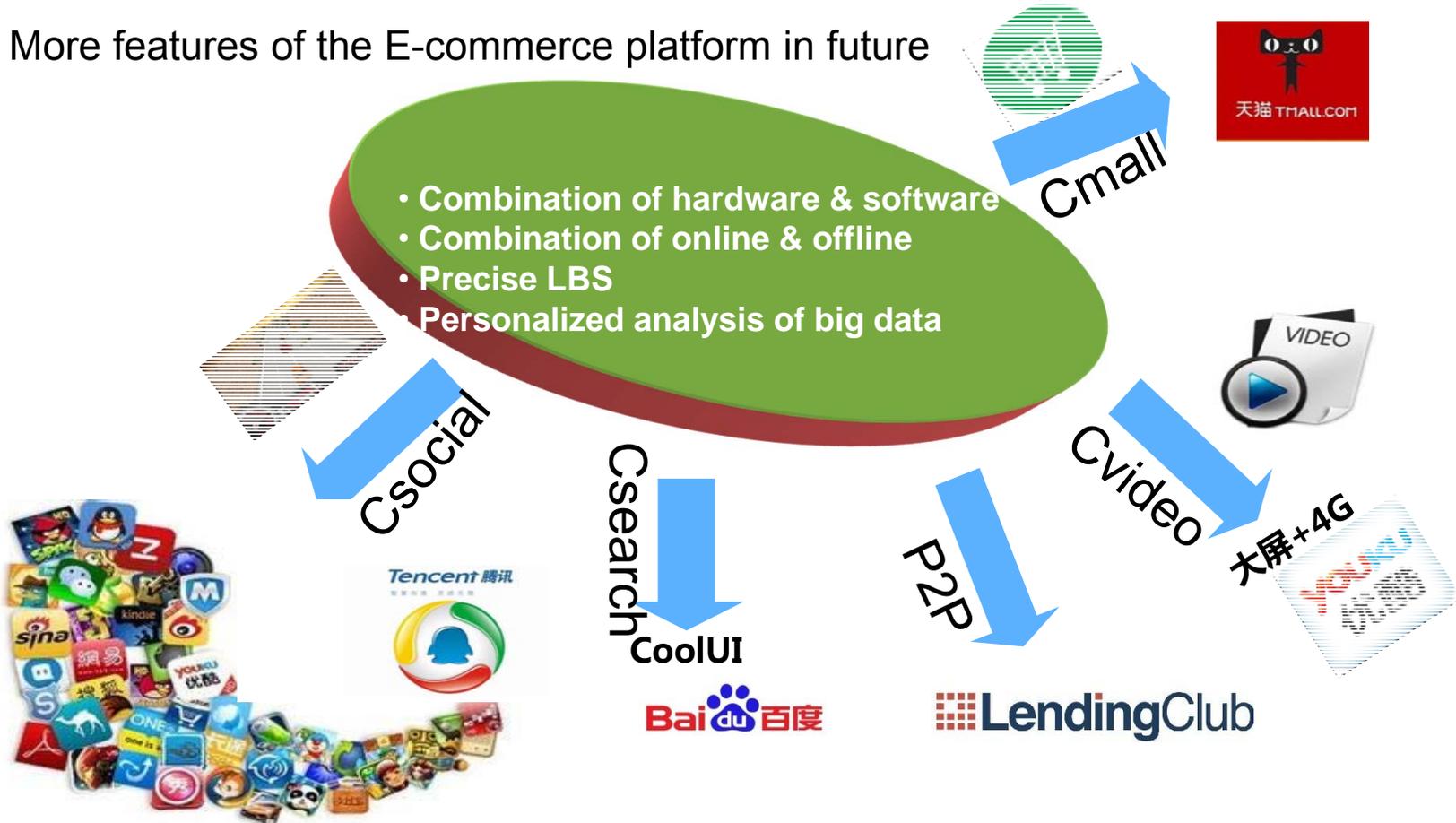
- Under the notion of “Opening and Sharing”, the Group will strengthen the cooperation with Internet companies to improve the business of wireless application service.
- Construct the **“CoolLife” ecosystem**, to bring the users a more comfortable experience in the 4G network era.





Vision of Coolpad E-commerce channel

More features of the E-commerce platform in future





Future Growth Strategies

- Continue to expand the **overseas markets by** exploring cooperation with more foreign telecommunications operators
- Execute the **delicacy management** to improve general operating effectively and control the overall cost
- Cooperate closely with the upstream components suppliers to ensure **on-time delivery** of components

Q & A

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