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Hong Kong, Shenzhen

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Stable Revenue Foundation

Promising Growth Potential

Buy Midea!

24.05%
Return

CNY 65.5



CNY 52.8

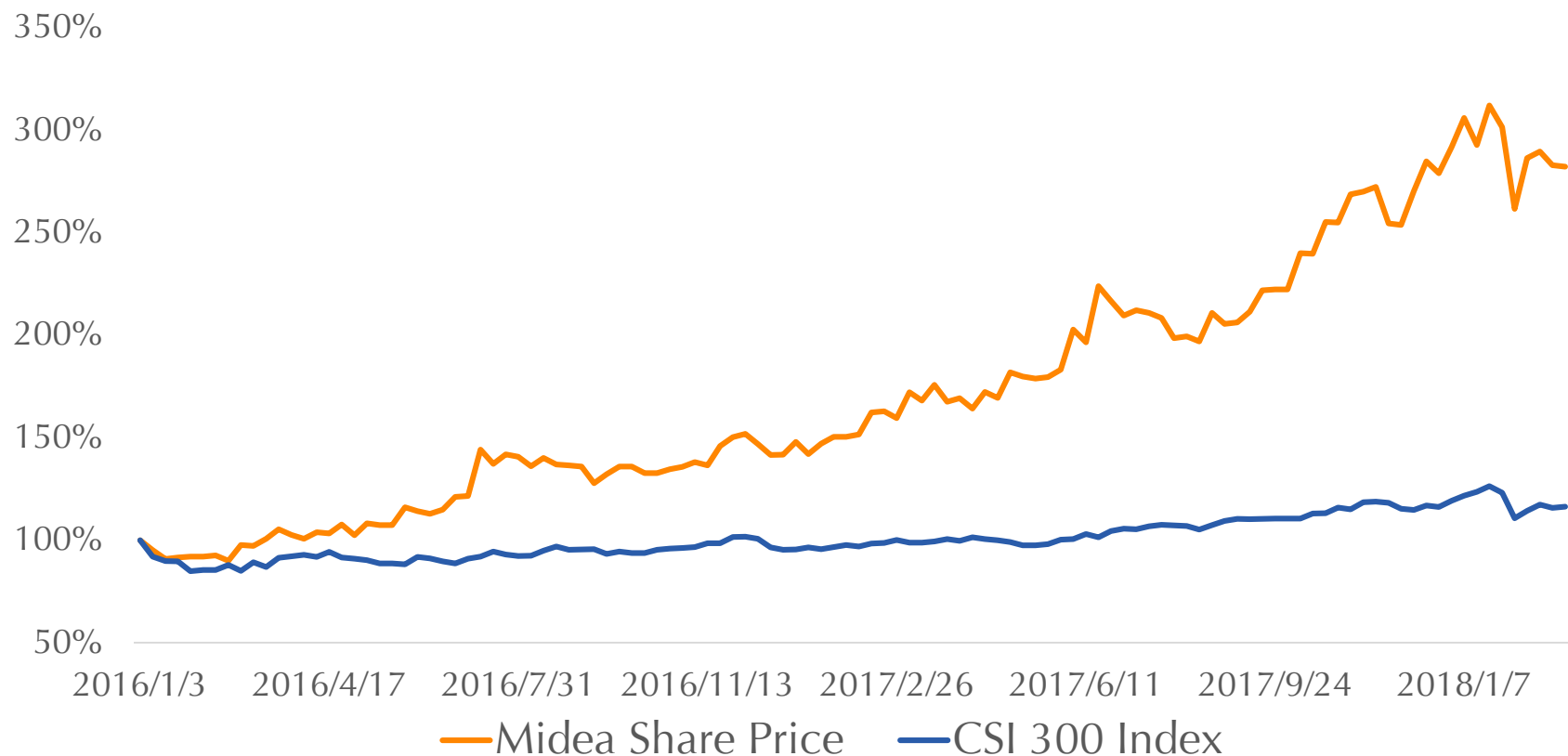
Industry Leading Transformation

Robust Financials



Stock Code: SZ:000333

Current Price (Apr 1st): CNY 52.84



24.05%
Return

CNY 65.5



CNY 52.8
(Apr 1st)

Business
Overview

Foundation

Growth

Transformation

Robust
Financials

Positive
Valuation

Key Risks



Business Overview

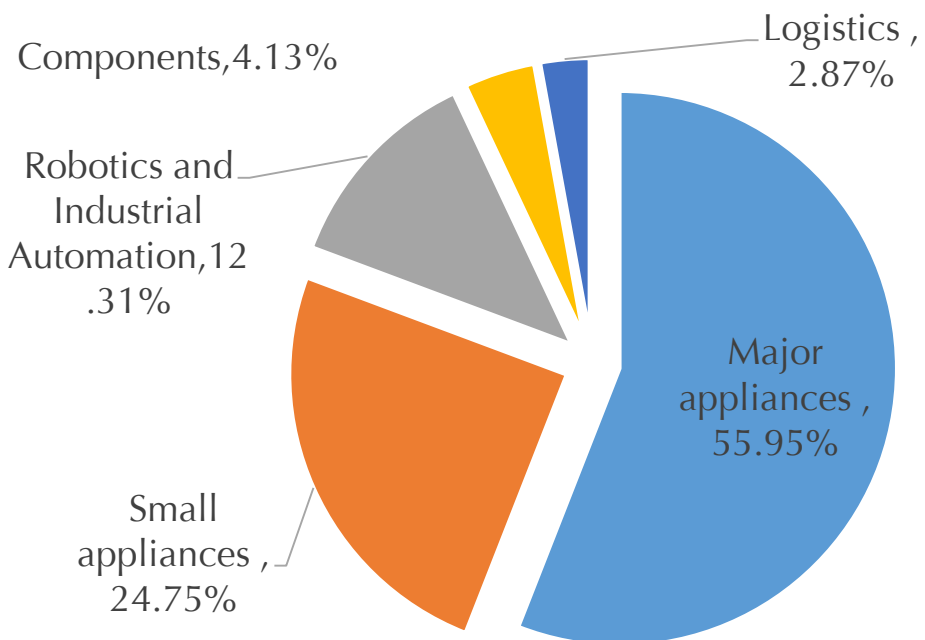




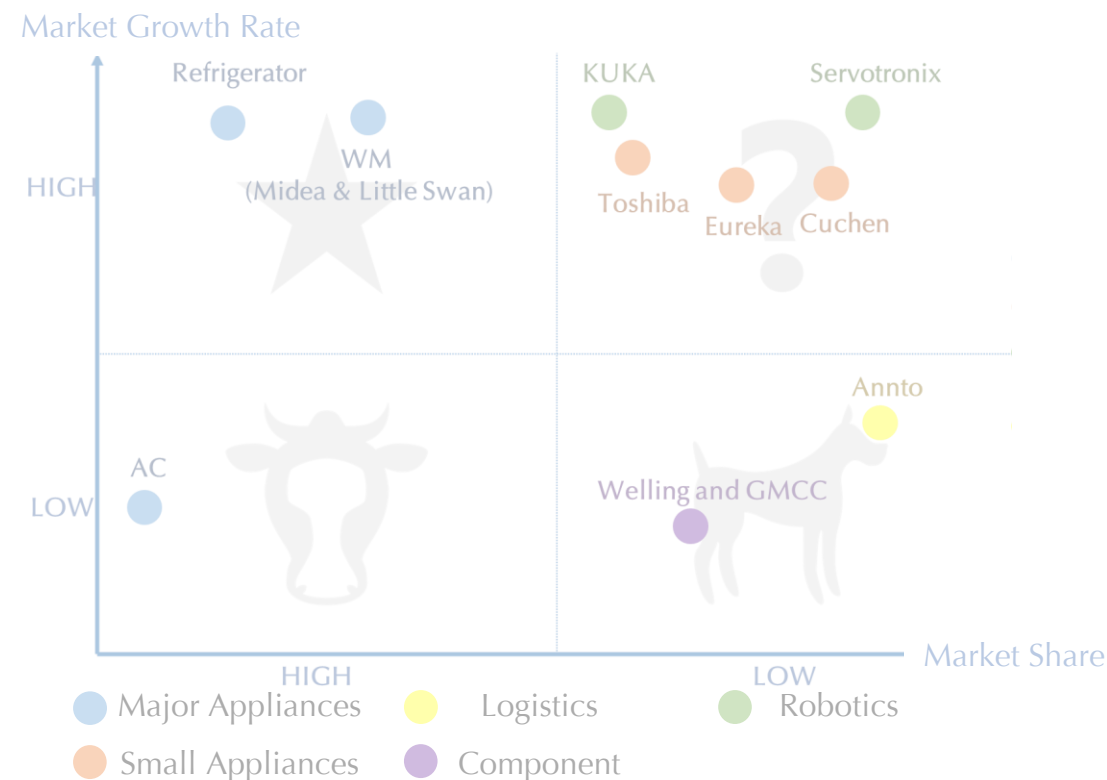
Midea is the leader in household appliance market with diversified brand and product portfolio.

Midea's 5 business divisions

Midea's Revenue Breakdown



Diversified brand and product portfolio

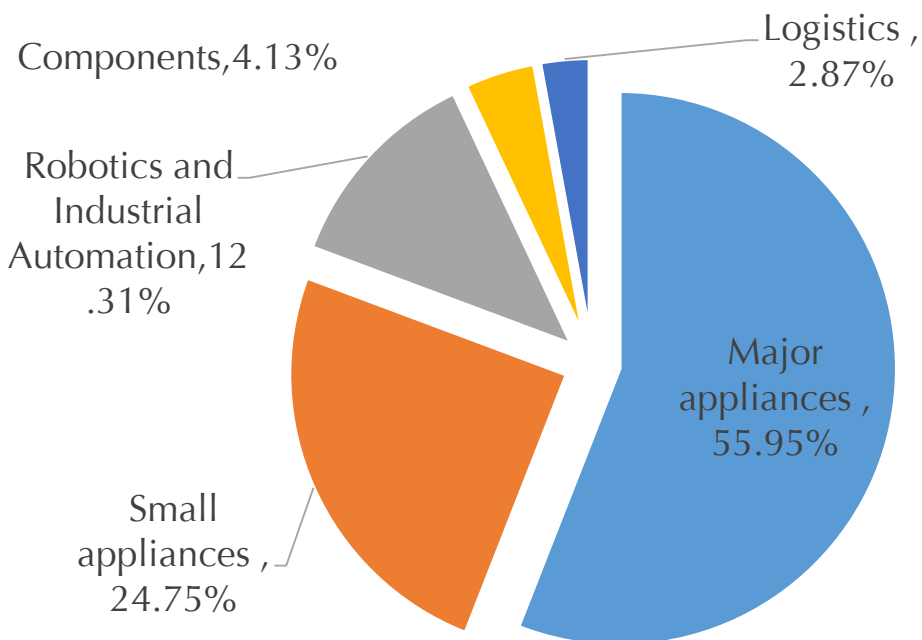




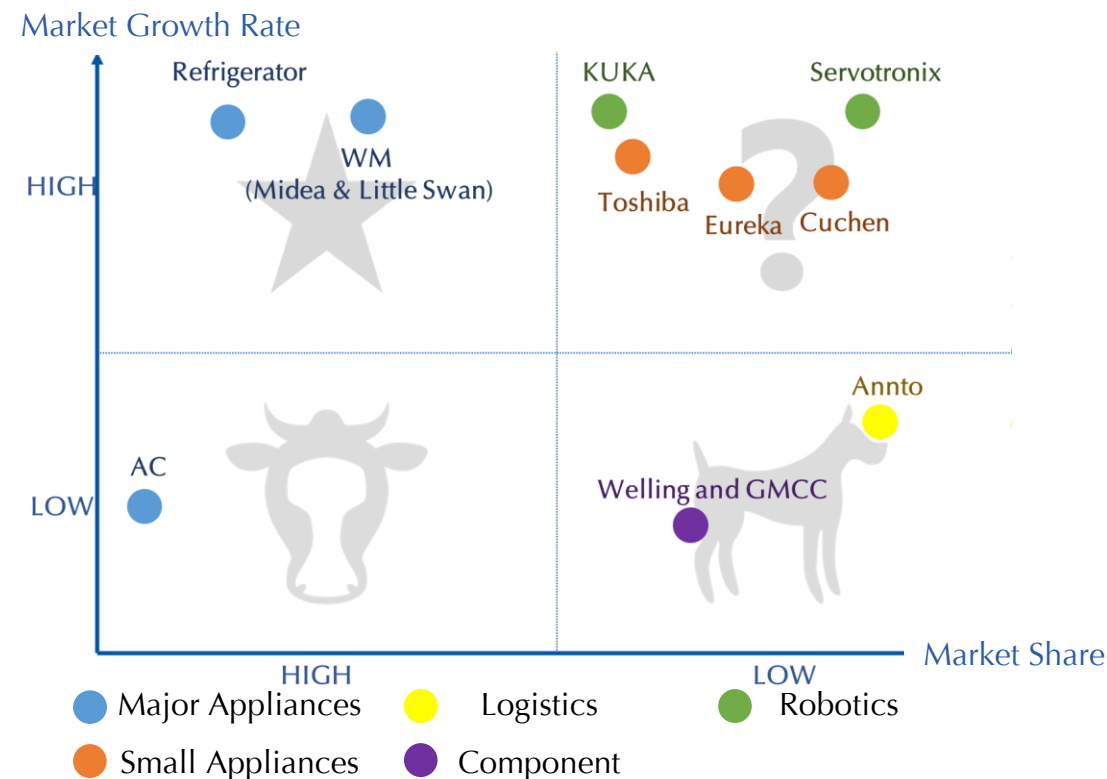
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Midea's 5 Business Divisions

Midea's Revenue Breakdown



Diversified brand and product portfolio





Midea has efficient and the most complete industrial chain in China.

Complete and efficient industrial chain

Research and Development

Self-owned Development Sector



Component Manufacturing

Welling & GMCC



Assembling and Production

Globally Distributed Production Base



Logistics and Distribution

Annto Logistics

K
U
K
A

Efficient
Robotics
Automation

More complete industrial chain than competitors

Comparison of Industrial Chain

| | Midea | Gree | Haier |
|-----------------------|-------|------|-------|
| Product Development | ☆☆☆ | ☆☆☆ | ☆☆☆ |
| Components Production | ☆☆☆ | ☆☆ | — |
| Manufacturing | ☆☆ | ☆☆☆ | ☆☆ |
| Logistics | ☆☆☆ | — | ☆☆ |
| Retailing | ☆☆ | ☆☆☆ | ☆☆ |

Source: Annual Report, Team Analysis



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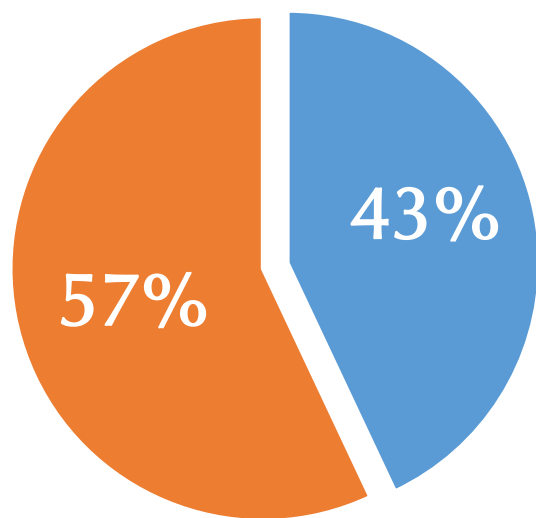
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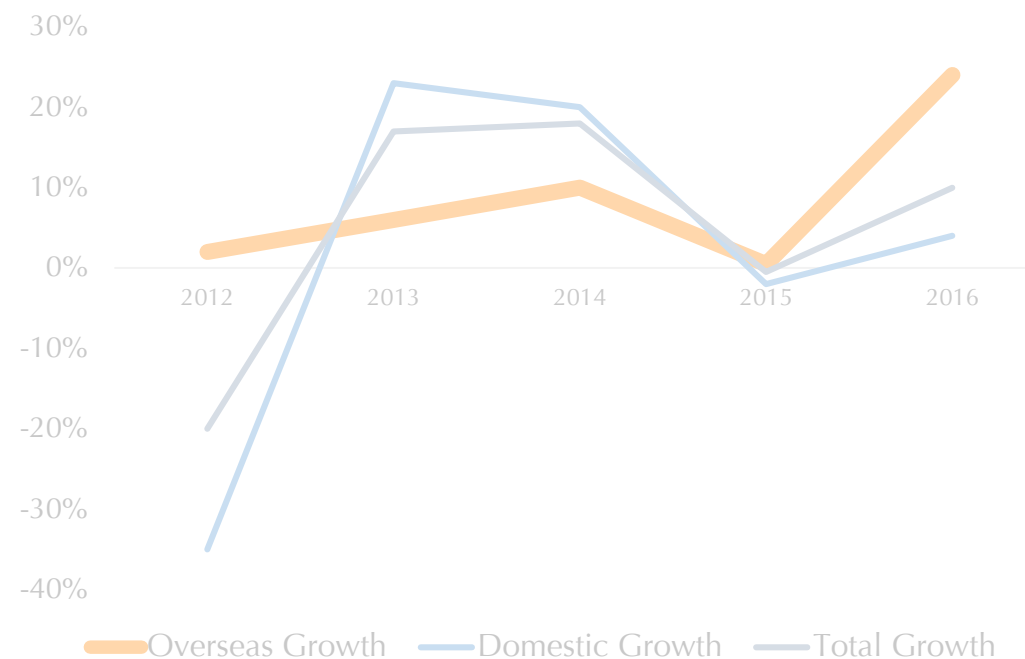
Also, Midea is going international with large overseas revenue and rapid overseas growth.

Overseas revenue is nearly a half



■ Domestic Revenue ■ Overseas Revenue

Overseas revenue growth is faster than domestic

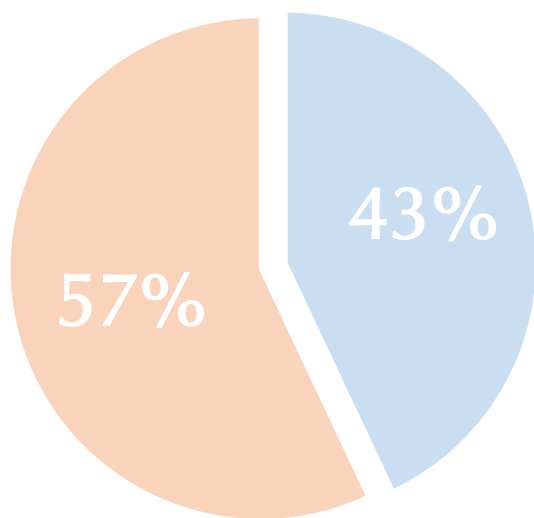


Source: Annual Report



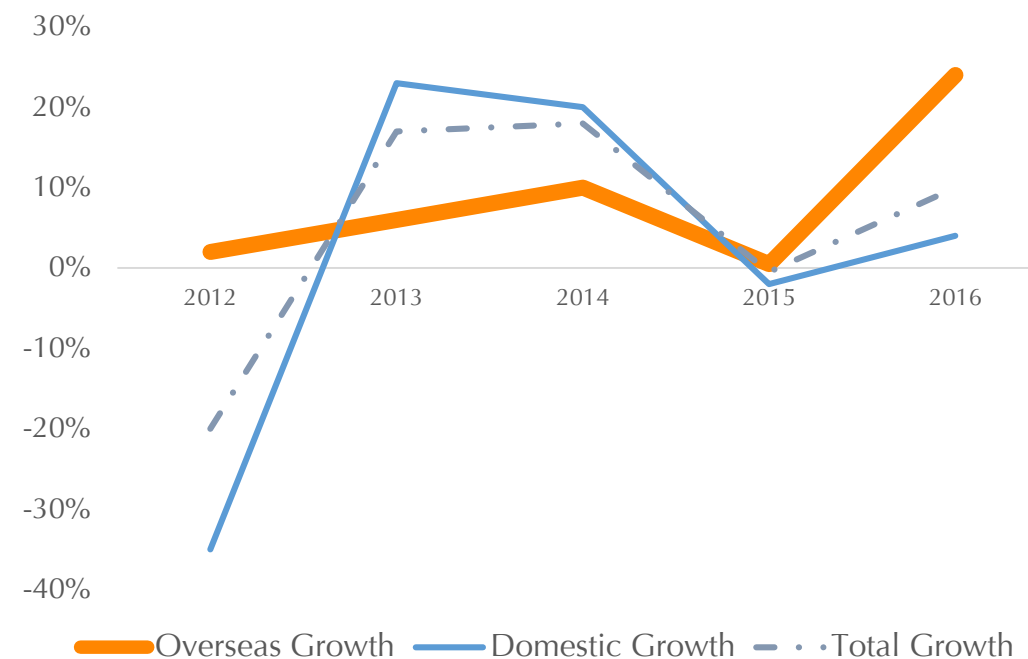
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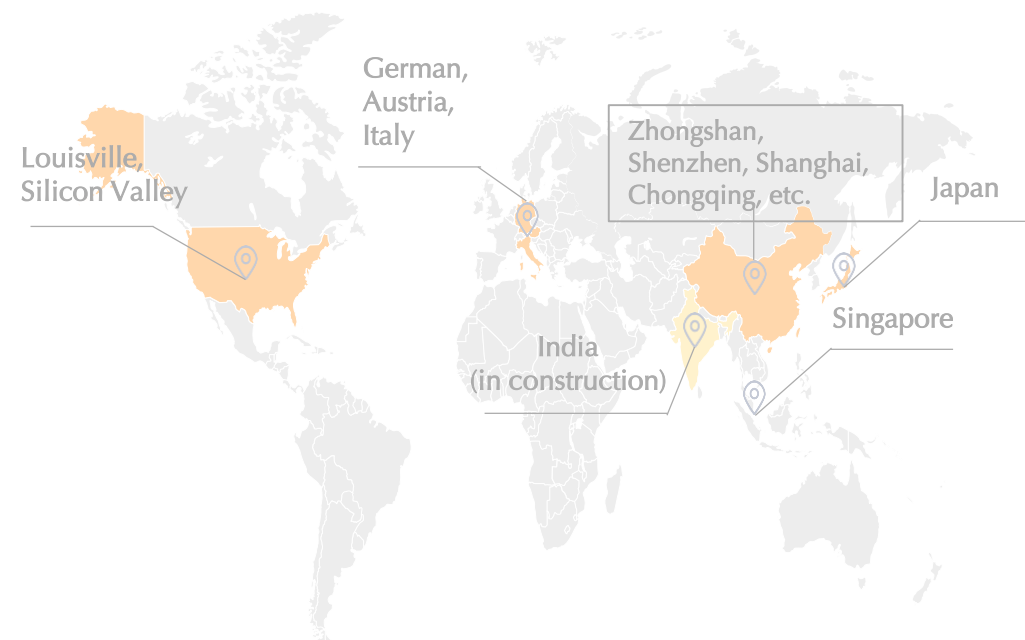


Midea lays out manufacturing bases in low-wage countries and R&D centers in high-tech countries.

Global layout of manufacturing bases



Global layout of R&D centers



Source: Annual Report, Team Analysis

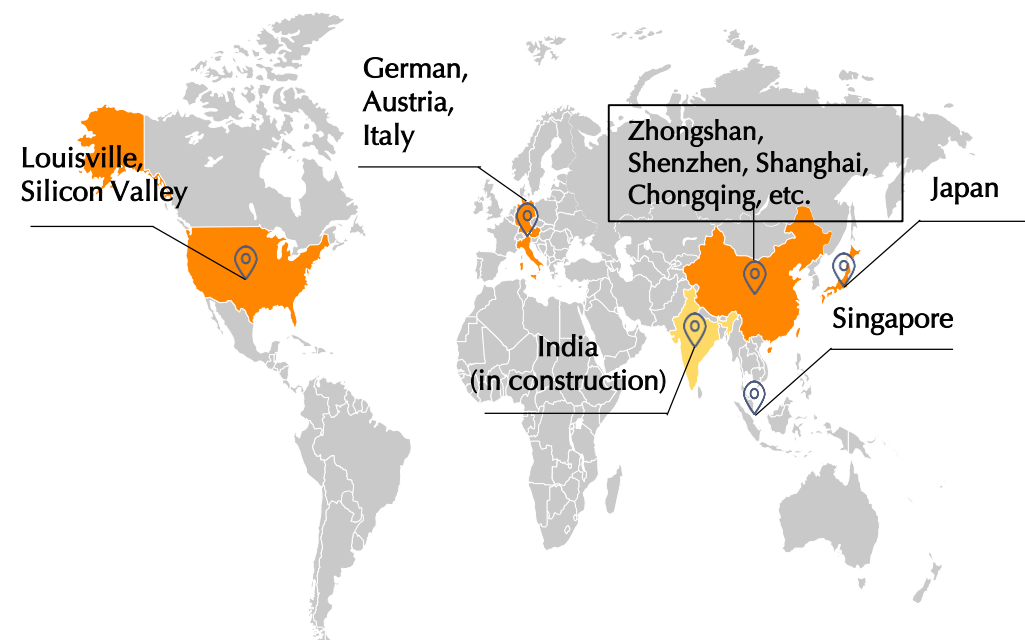


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Global layout of manufacturing bases



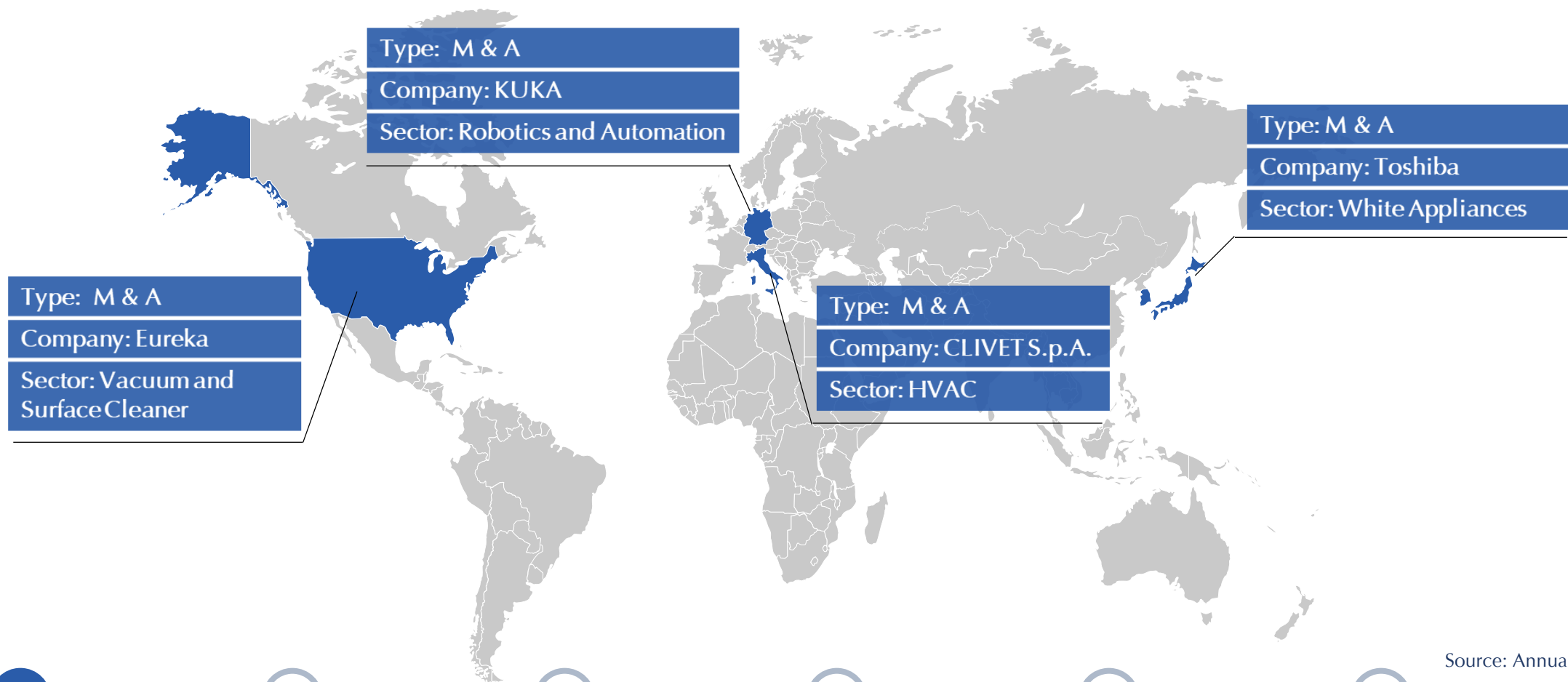
Global layout of R&D centers



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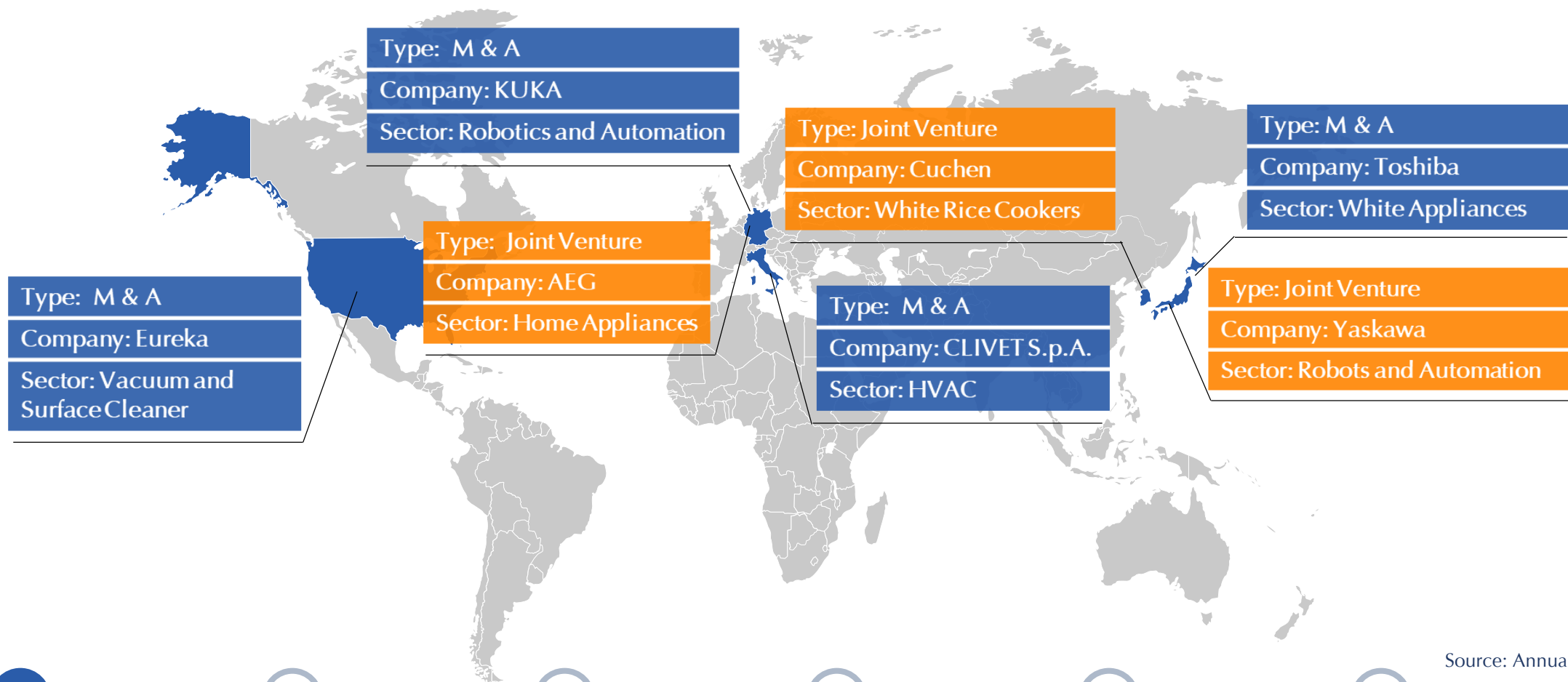
Midea achieves global resource allocation and acquisitions through M&A and joint ventures.



Source: Annual Report, Team Analysis



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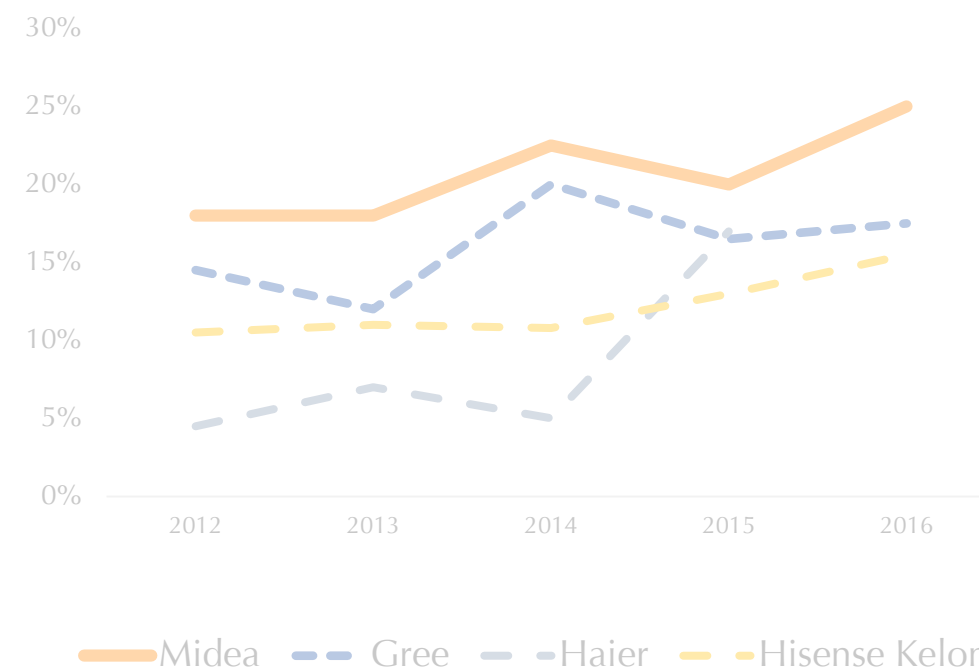


Midea has outstanding performance in global market in terms of market share and gross margin.

Market share ranks 2nd in global market

| Ranking | Company | Country | Market Share |
|---------|-------------------|-------------|--------------|
| 1 | Philips | Netherlands | 5.0% |
| 2 | Midea Group | China | 4.6% |
| 3 | SEB | France | 4.0% |
| 4 | Spectrum Group | US | 3.7% |
| 5 | Haier-GE Alliance | China&US | 3.4% |
| 6 | Procter&Gamble | US | 2.9% |
| 7 | Panasonic | Japan | 2.9% |
| 8 | Whirlpool | US | 2.6% |
| 9 | Jardine Matheson | US | 2.5% |
| 10 | Conair | US | 2.3% |

Highest and accelerating overseas gross margin



Source: WIND, Annual Report

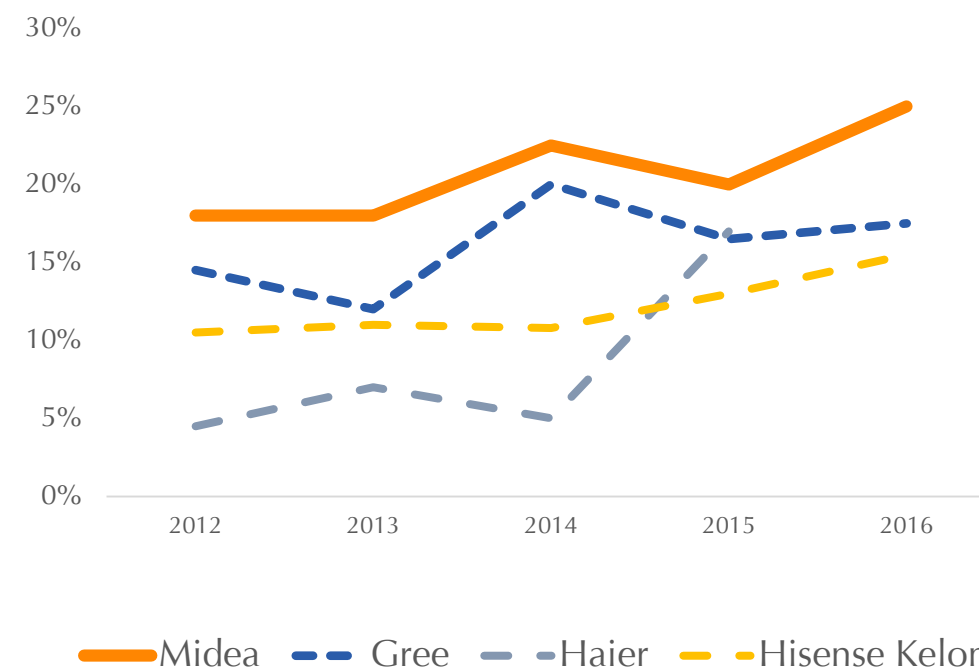


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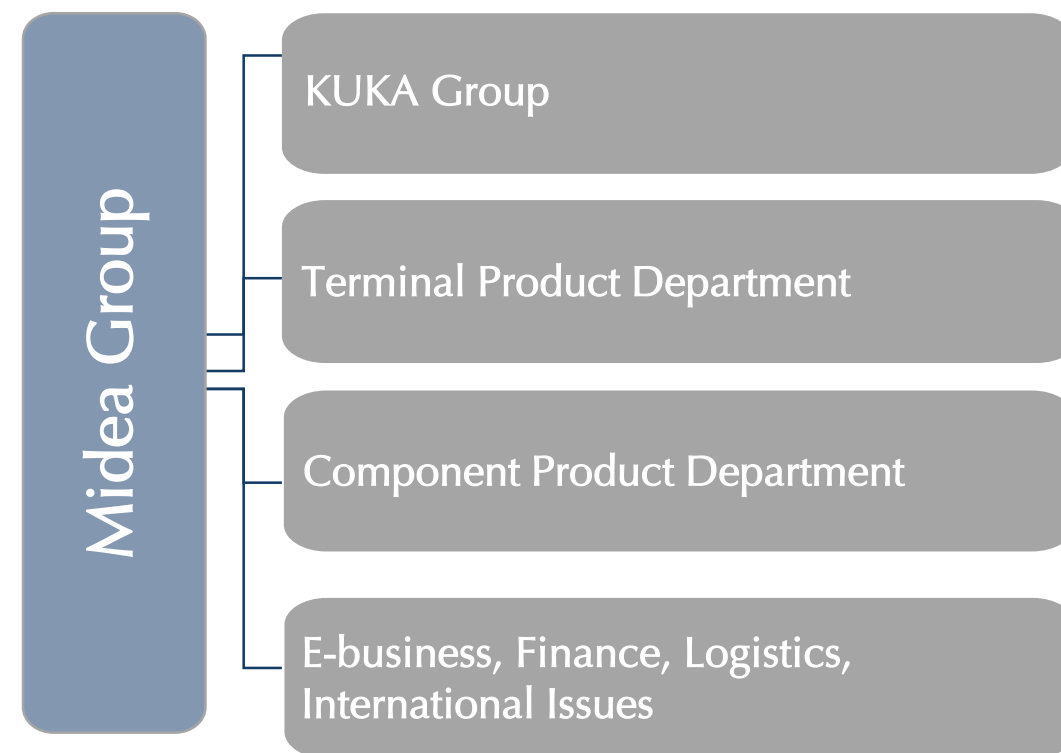


Midea's achieves efficient governance through stock options incentive plans and structural layering.

Midea continuously launches incentive plans

| | Time | Employee Involved | Number of Stock (mm) |
|--------------------------------|----------|-------------------|----------------------|
| 1 st Incentive Plan | Jan 2014 | 693 | 4.05 |
| 2 nd Incentive Plan | Mar 2015 | 738 | 8.43 |
| 3 rd Incentive Plan | May 2016 | 931 | 12.75 |
| 4 th Incentive Plan | Mar 2017 | 1476 | 9.90 |

Midea's delayed corporate structure



Source: WIND, Annual Report



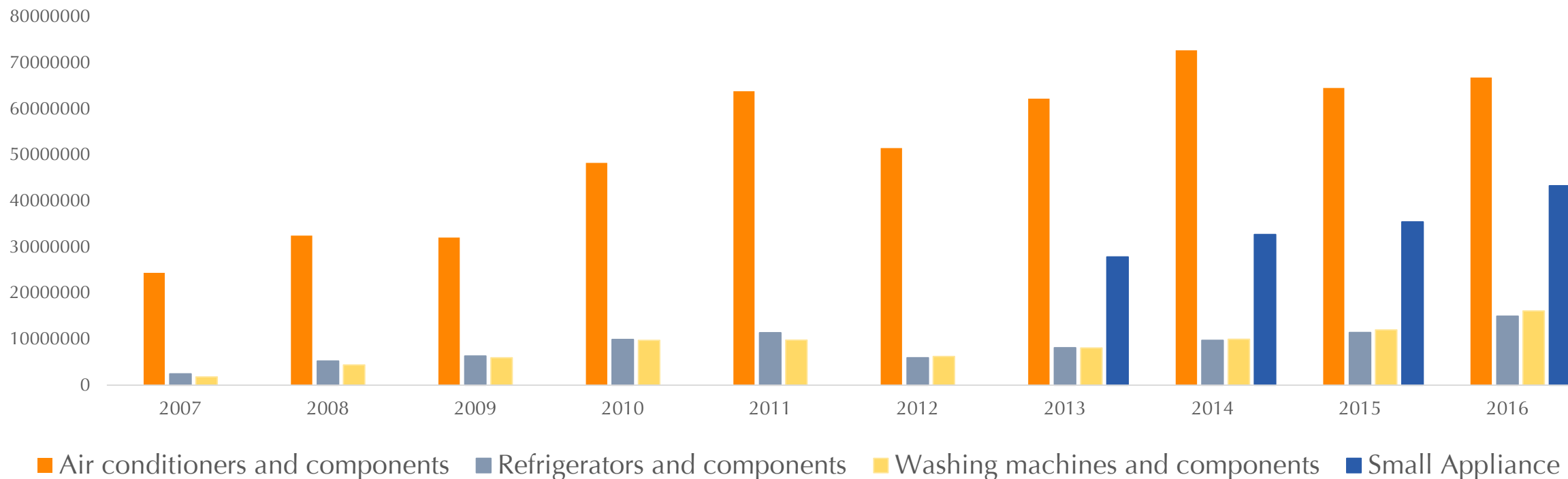
Foundation





Major appliance, as the pillar division, ensures Midea's solid revenue foundation.

Midea's Annual Revenue Breakdown (000): Revenue from major appliance is large and stable

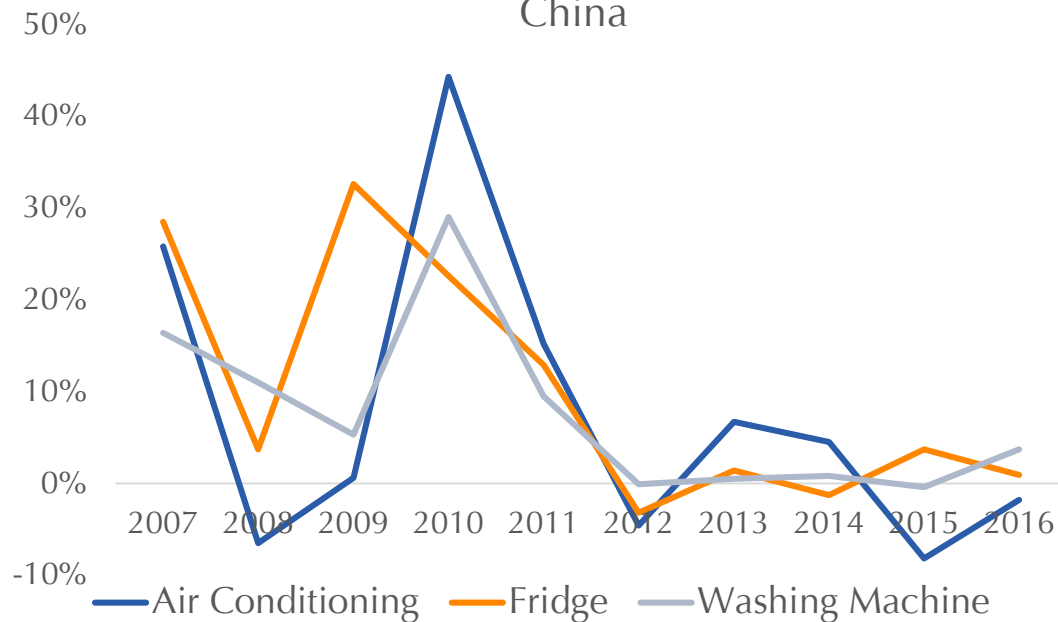




The whole major appliance industry is mature, stable, and oligopolistic.

Moderate growth of the industry

Sales Growth Rate of Major Appliances in China

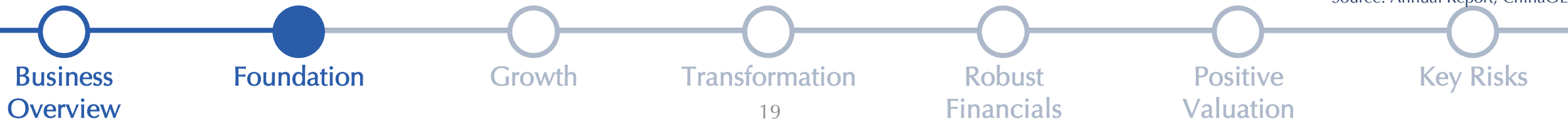


This is a mature oligopolistic market

| Subsector | HHI Index |
|------------------|-----------|
| Air-Conditioning | 2058.06 |
| Refrigerator | 2350.00 |
| Washing Machine | 3016.00 |
| Weighted Average | 2325.93 |

Note: HHI index measures the degree of industry concentration.

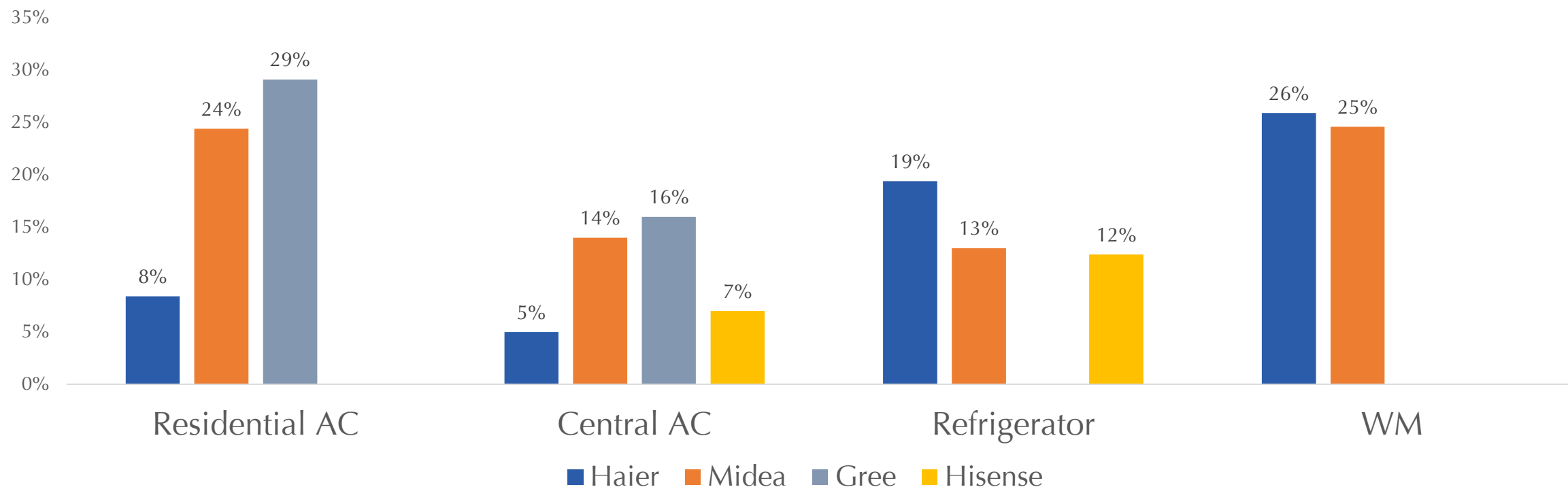
Source: Annual Report, ChinaOL





In such a oligopolistic market, Midea's competitive advantage is its balanced performance across all product categories.

2017 Market Shares in Major Appliance Industry in China



Source: ChinaOL



Growth

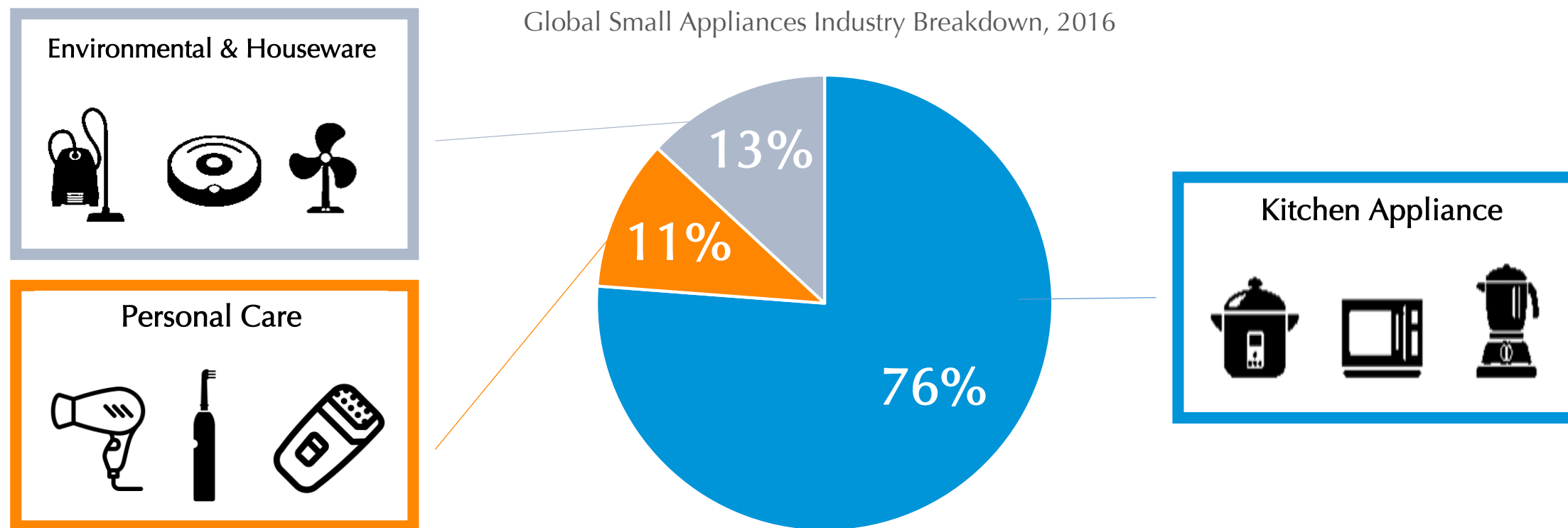




Small appliance industry has large variety of product categories, and kitchen appliance is the dominant.

Product Categories in Small Appliance Industry

Global Small Appliances Industry Breakdown, 2016



Source: Annual Report, Team Analysis



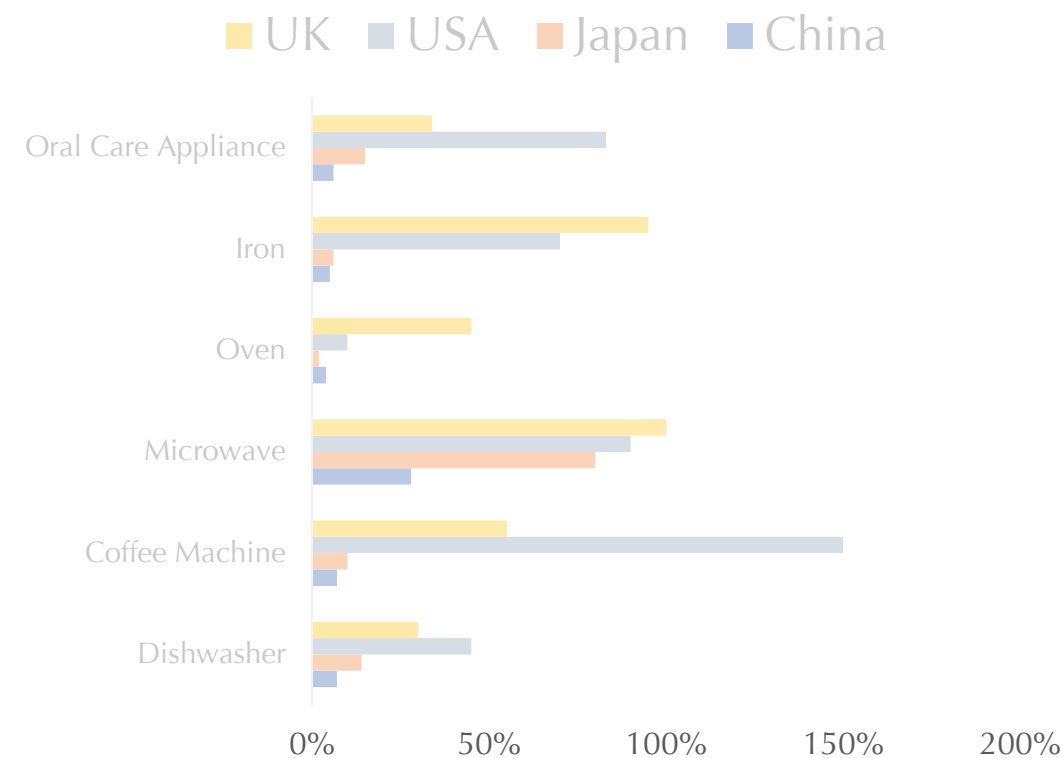
The market potential is huge due to fast product upgrade and low penetration rate in China.

Small appliances have shorter service life

Average Service Life of Small and Major Appliances (year)

| | Small | | | | | Major | | | |
|--|-----------------|---------|----------------------|----------------|--|-------|------|--------|-----------------|
| | Electric Kettle | Toaster | Soybean Milk Machine | Coffee Machine | | TV | AC | Fridge | Washing Machine |
| | 1-1.5 | 1.5-2 | 2-3 | 2-5 | | 8-10 | 8-10 | 10-15 | 10-12 |

China's small appliance penetration is low



Source: Xinsanban Think Tank





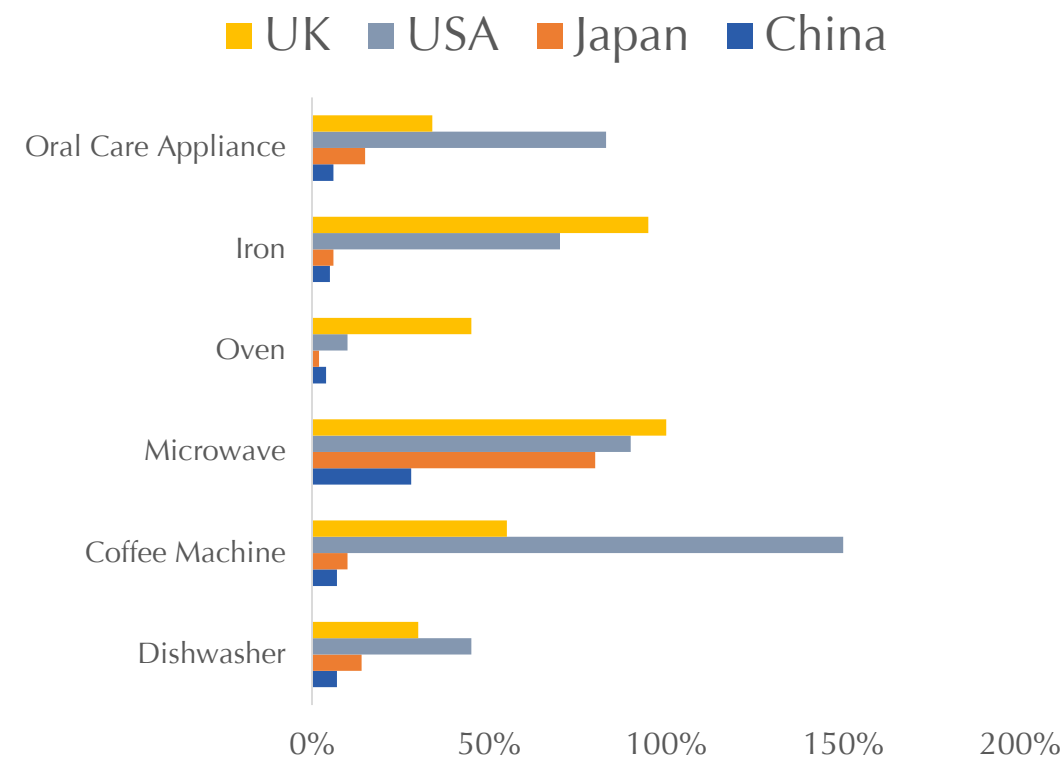
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| Major | | | | |

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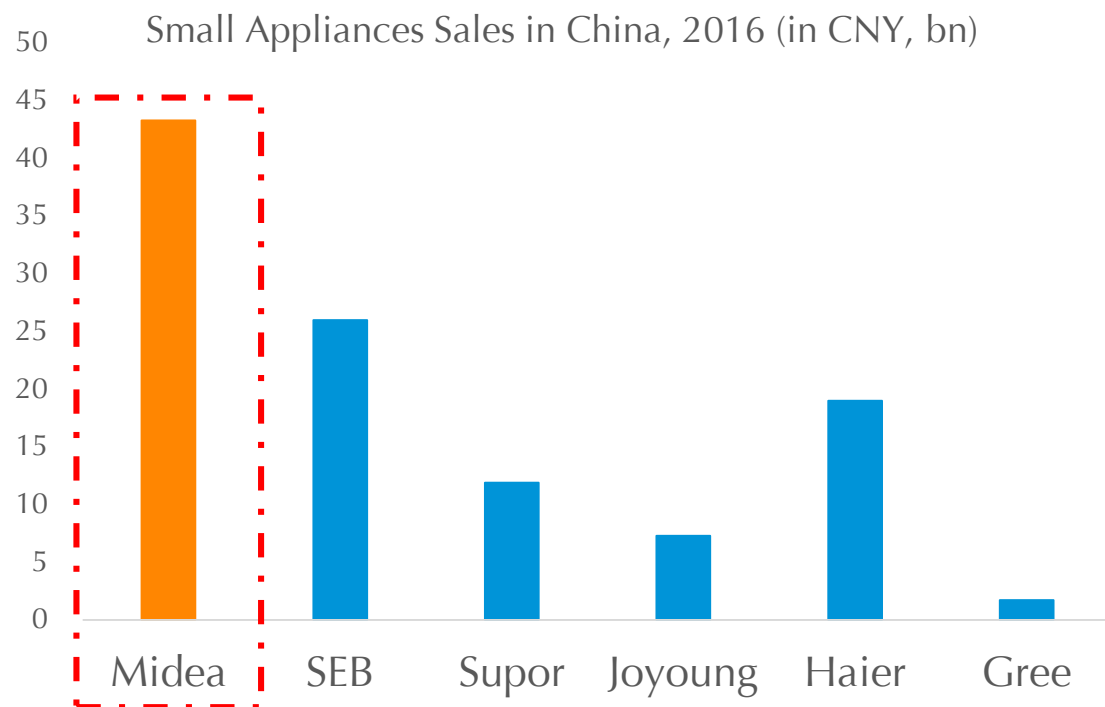


Source: Xinsanban Think Tank



Midea is the largest seller of small appliances in China, especially for kitchen appliances.

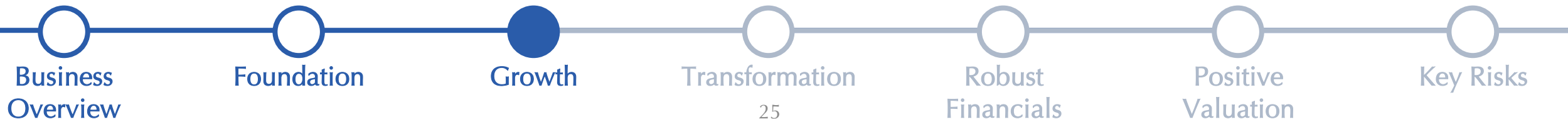
Highest sales of small appliances



Top market share ranking of kitchen product

| Product | 2016 | 2015 | 2014 |
|--------------------|------|------|------|
| Electric Cooker | 1 | 1 | 1 |
| Induction Cooker | 1 | 1 | 1 |
| Pressure Cooker | 1 | 1 | 1 |
| Electric Kettle | 1 | 1 | 1 |
| Microwave Oven | 2 | 2 | 2 |
| Kitchen Ventilator | 3 | 4 | 4 |

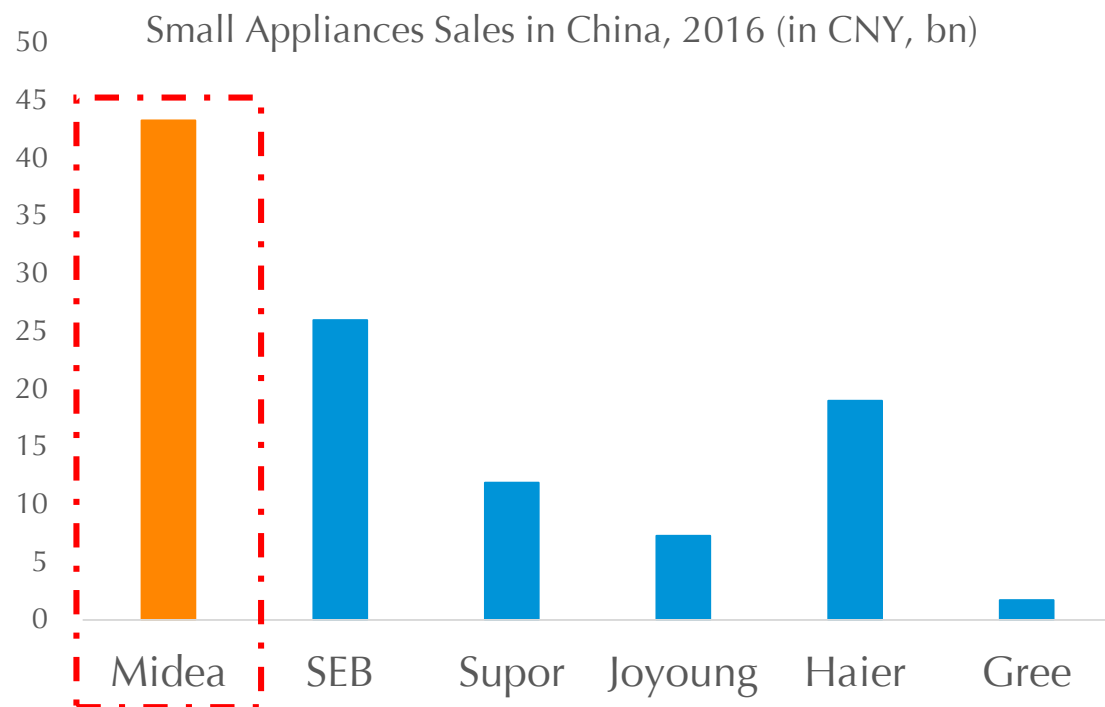
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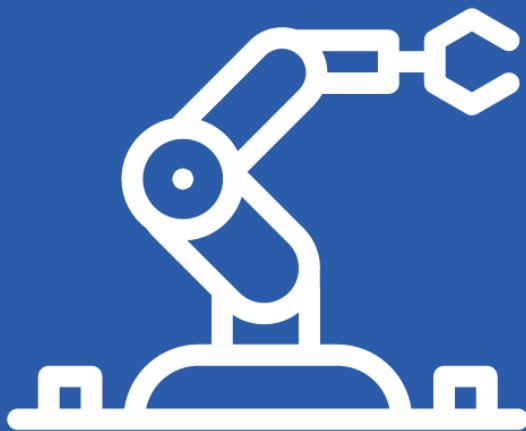
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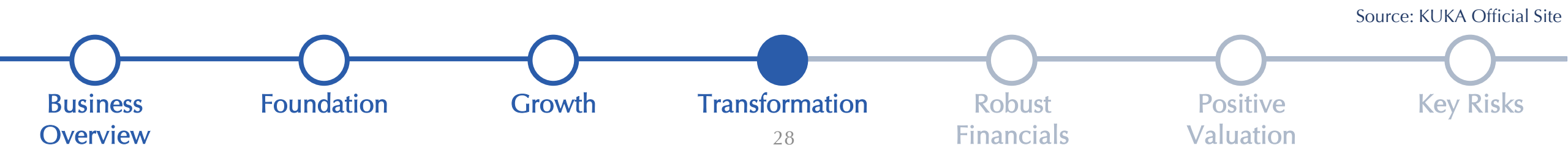
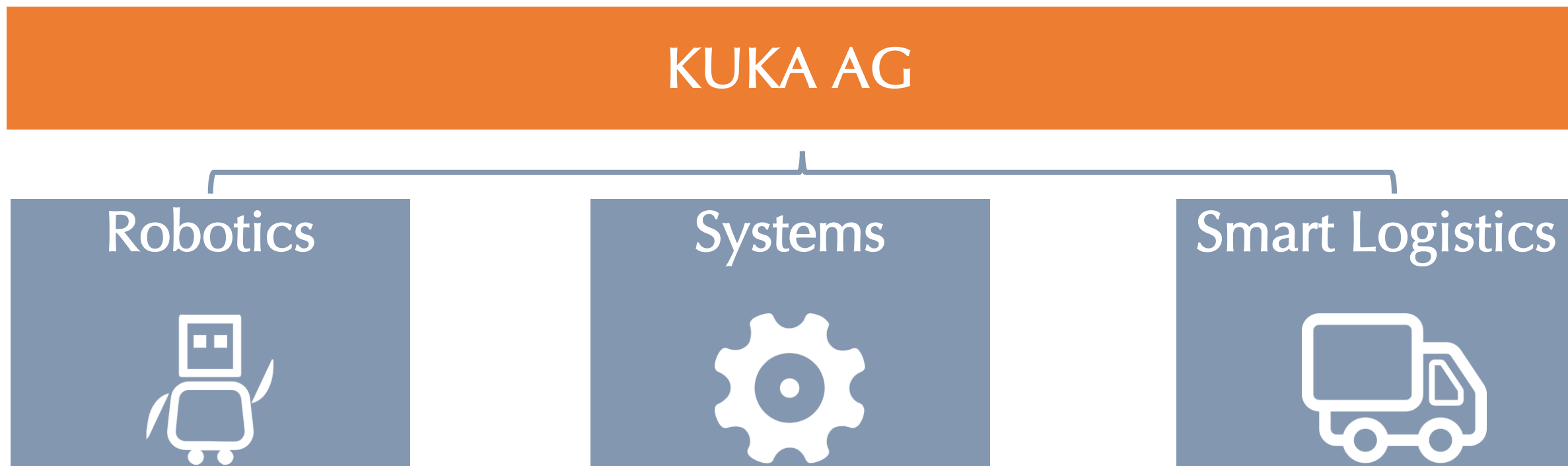


Transformation





Midea acquired KUKA in 2016, a leading global supplier of robots, automation systems.





KUKA enables Midea to enter robotics industry and at the same time improve efficiency.

KUKA's Effects on Midea

Opening Robotics Business

1. Huge Market Potential
2. Strength in Industrial Robotics
3. Transformation into IoT Giant

Improving Efficiency

1. Intelligent Manufacturing
2. Smart Logistics
3. Smart Home

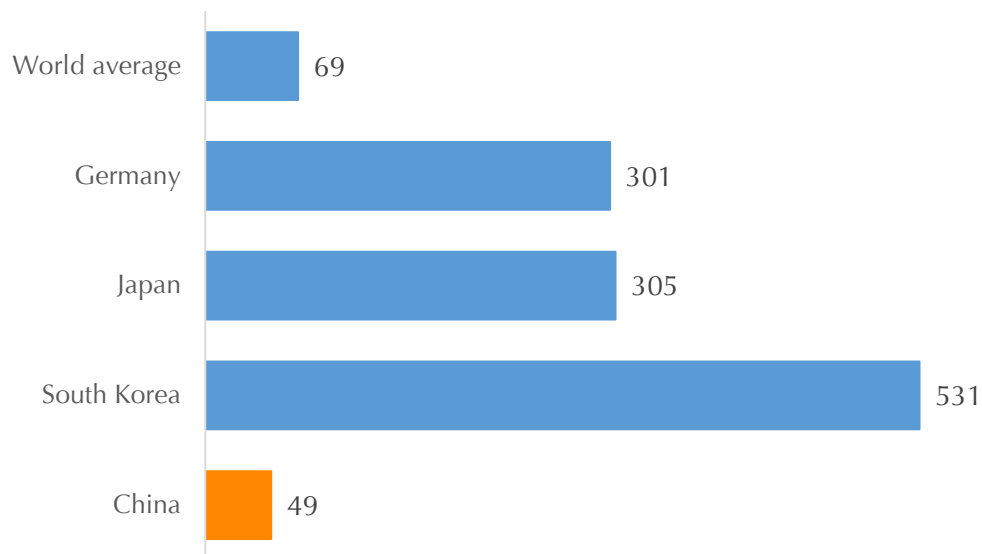




China's robotics market exhibits a promising growth potential, and KUKA outstands by specialization in industrial robotics.

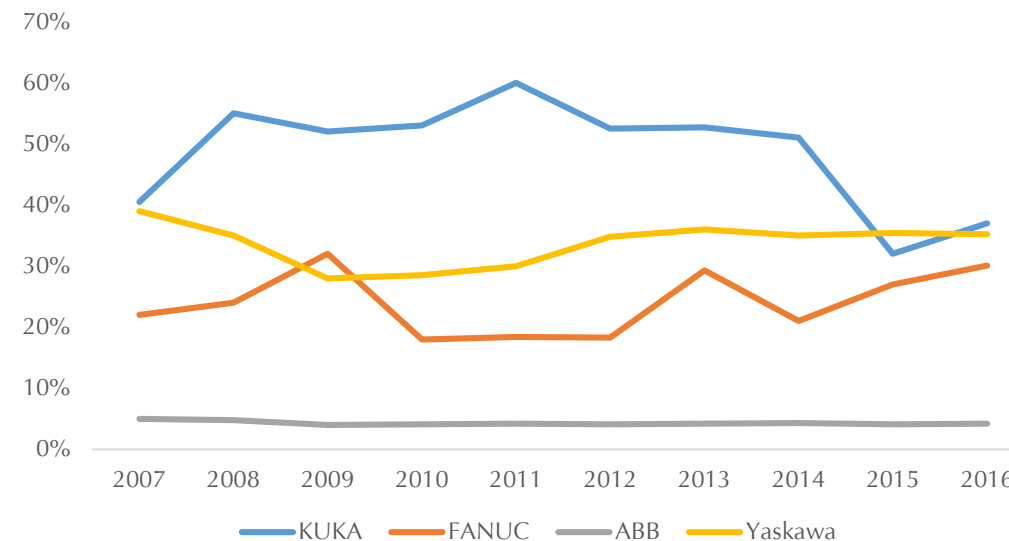
China's low robot usage gives a huge potential

Global Industrial Robot Density (Per 10,000 Workers)



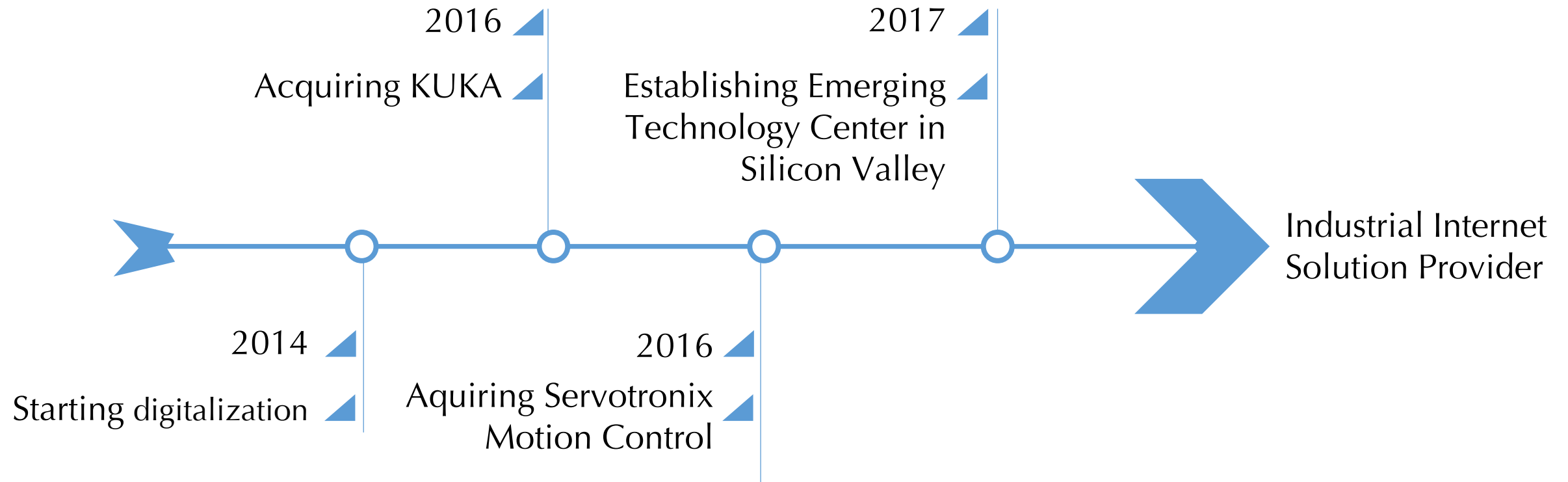
KUKA specializes in industrial robotics

Revenue (%) from robotic business





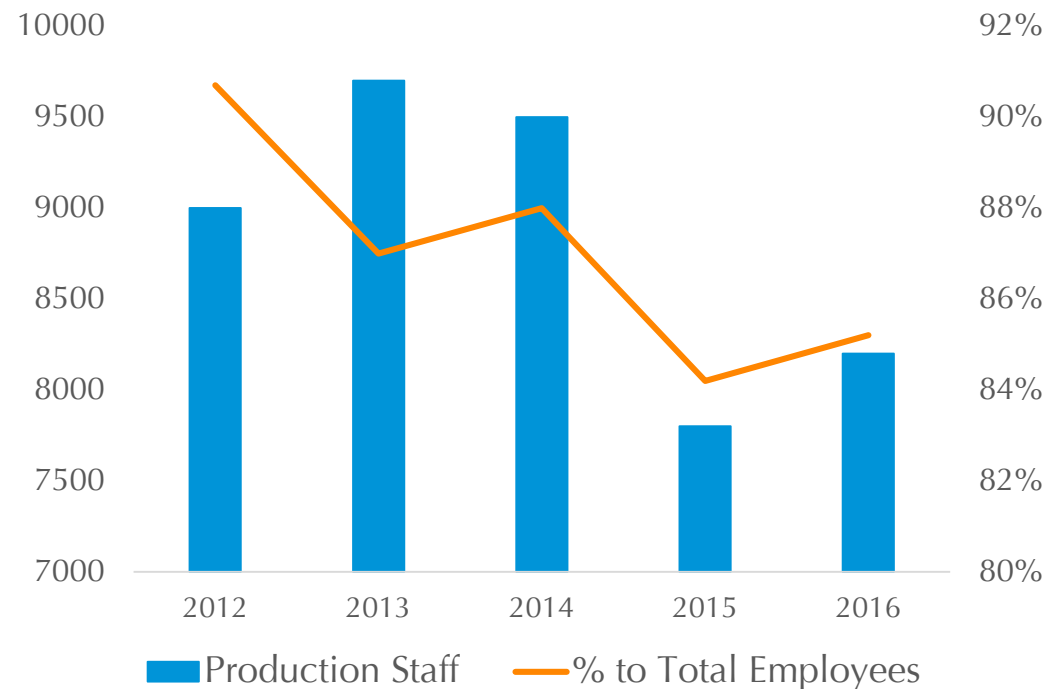
In the long run, KUKA accelerates Midea's transformation into a Industrial Internet Solution Provider.



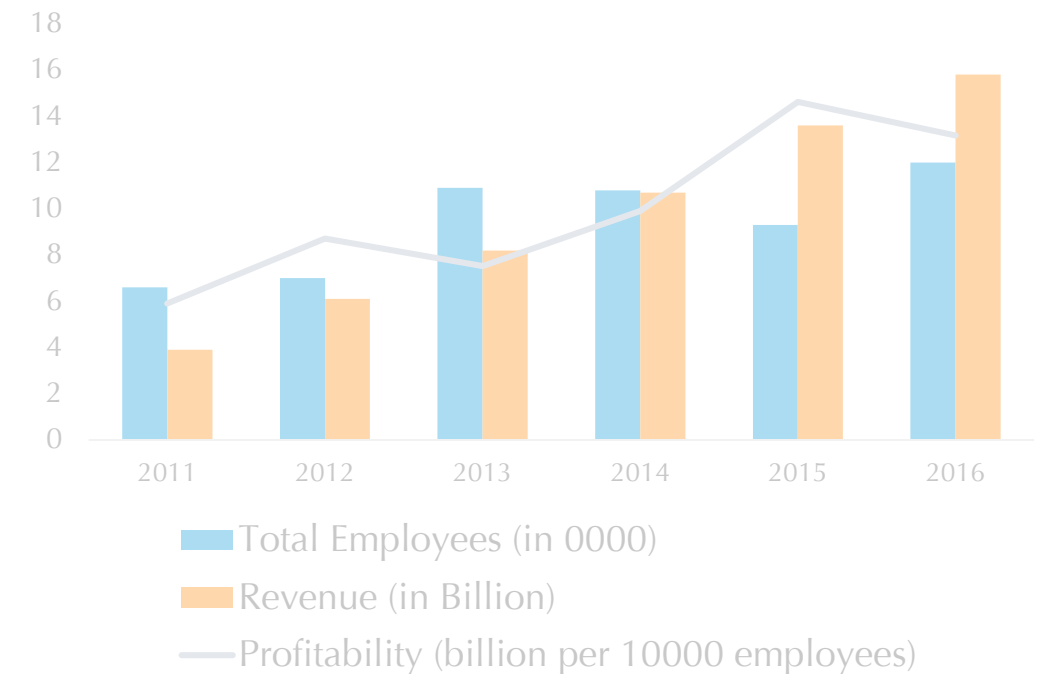


KUKA's automatic production enables Midea to improve efficiency, thus reducing production costs.

Midea's production staff decrease



The profitability per employee increases

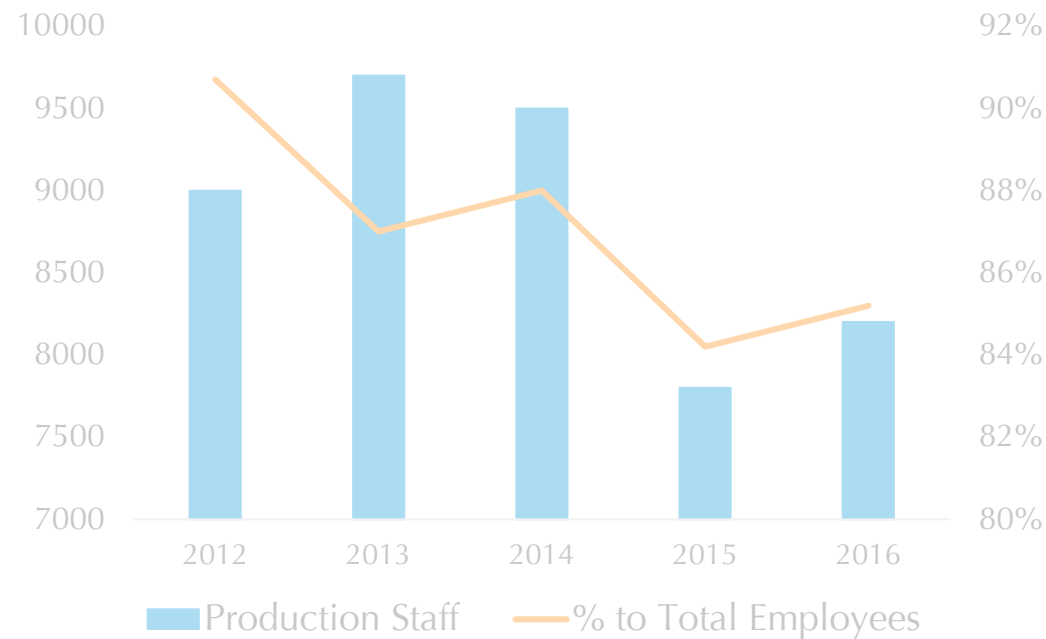


Source: Annual Report

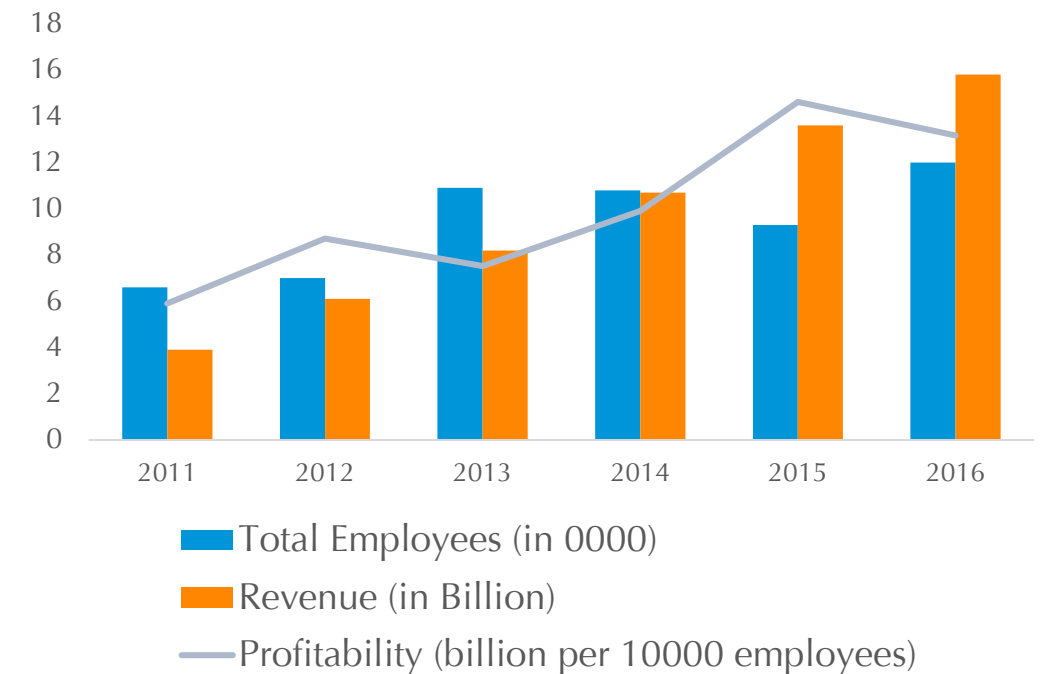


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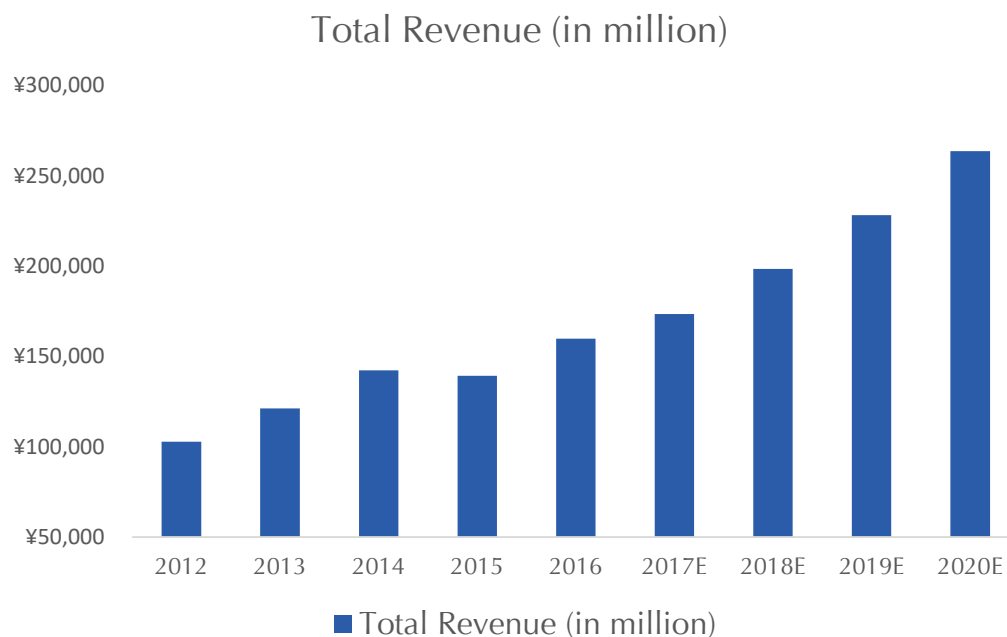
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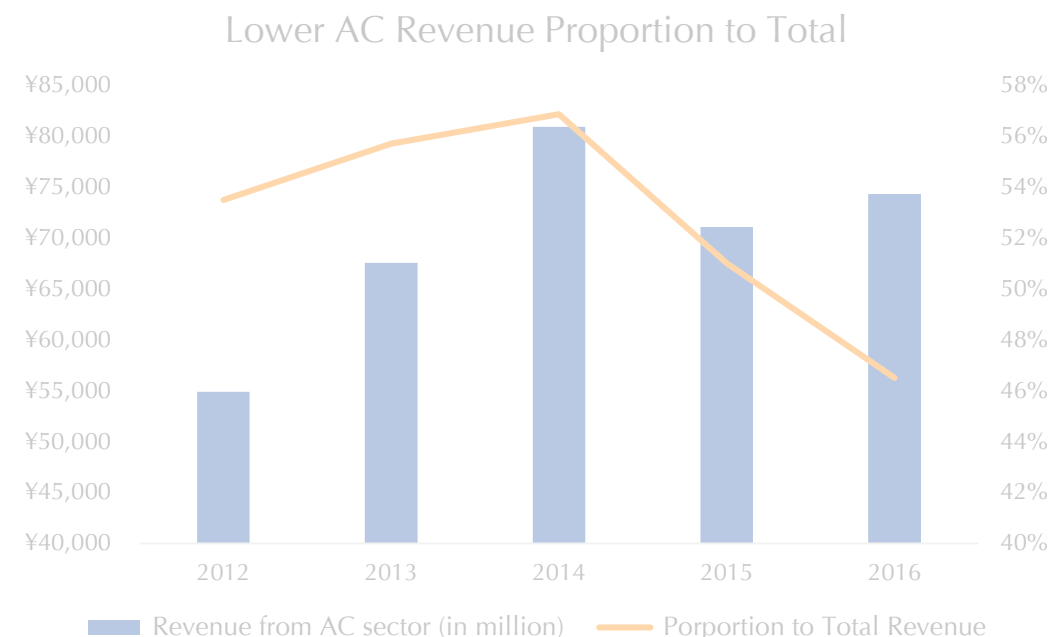


Strong growth and diverse income sources support long-term growth and resist downside risks.

Robust Revenue Growth



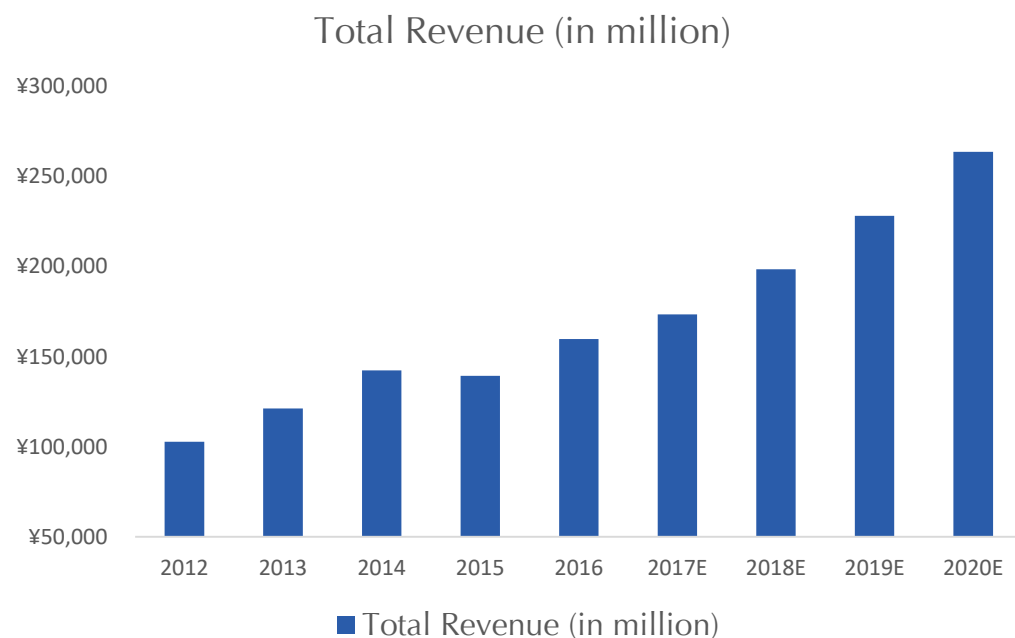
Reduced Dependence on AC



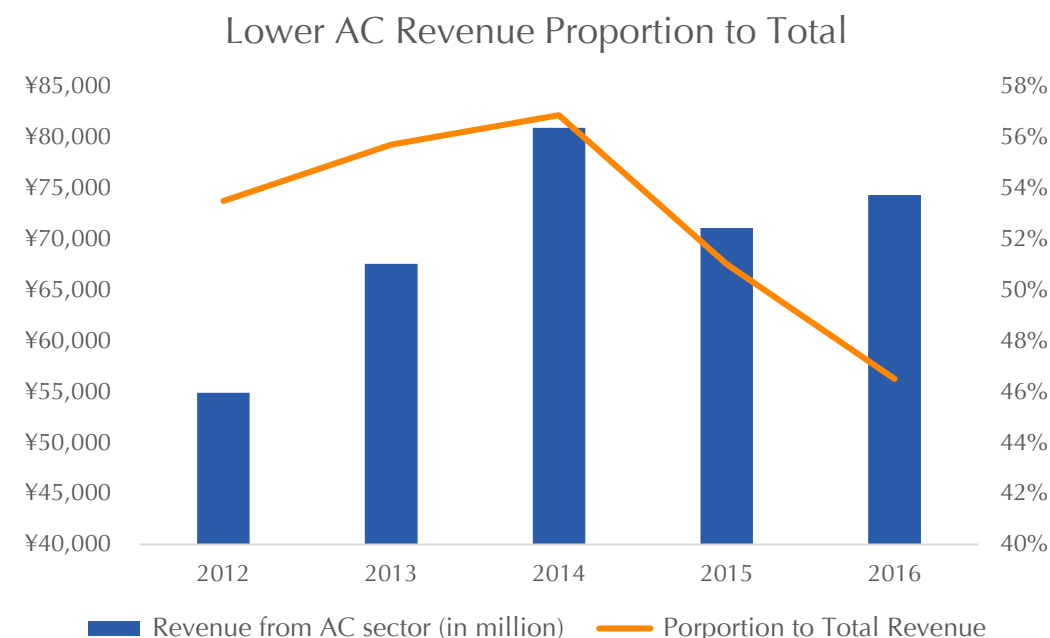


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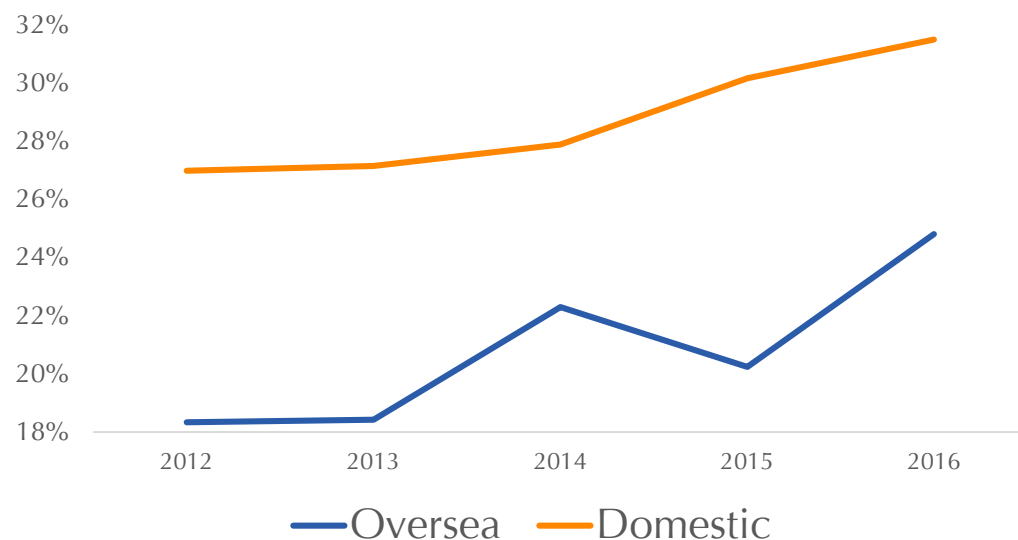




Improving margin and efficient operation ensure cost control and sustainable profitability.

Gross Margin Continues to Grow since 2012

Gross Margin

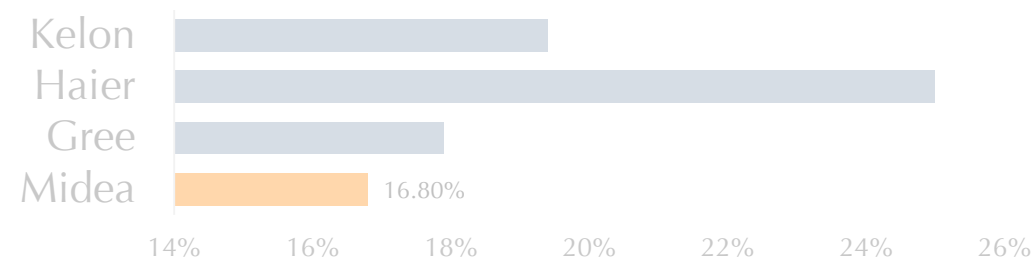


Leading Operation Transformation Among Peers

Days Sales of Inventory Peer Comparison (2016)

| Rank | 1 | 2 | 3 | 4 |
|-------------------------|-------|-------|------|-------|
| Company | Midea | Kelon | Gree | Haier |
| Days Sales of Inventory | 35 | 42 | 46 | 52 |

Expense Rate Peer Comparison (2016)

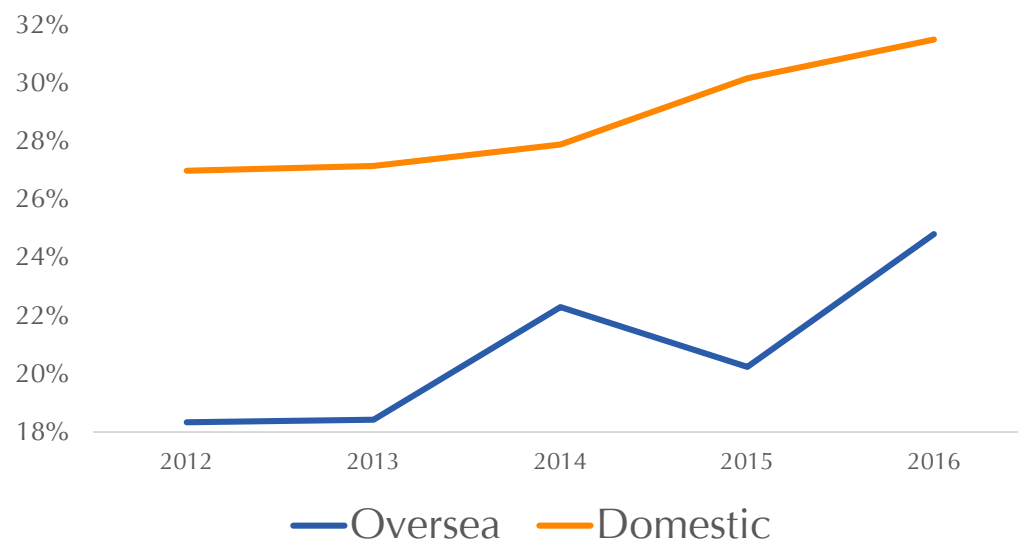




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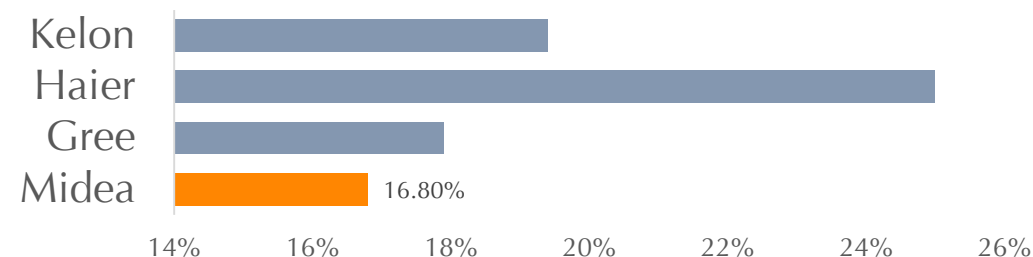


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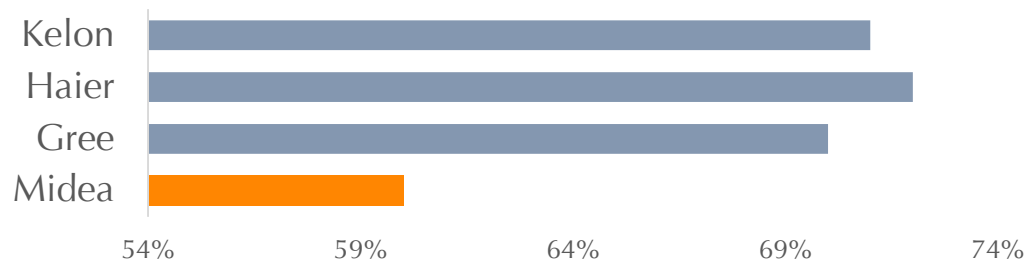




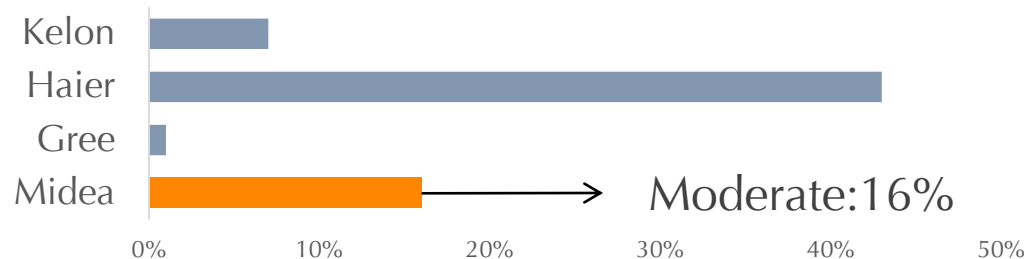
Financial flexibility enables Midea to fuel future acquisition while adsorbing unfavorable shocks.

Efficient Capital Structure

Liability to Asset Ratio (2016)



Long-Term Debt to Capital Ratio (2016)

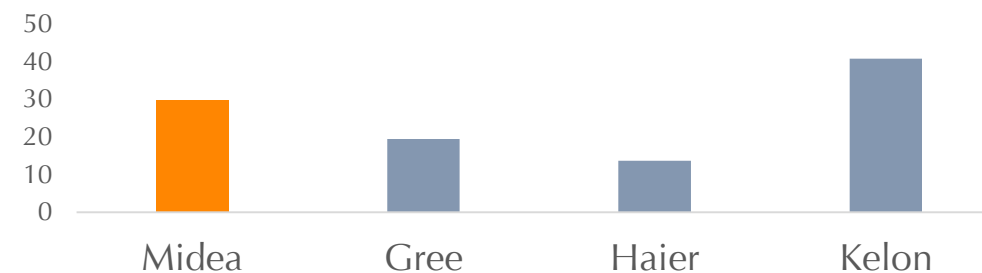


Strong Debt Paying Ability

Quick Ratio (2016)



Interest Coverage Ratio (2016)





Valuation

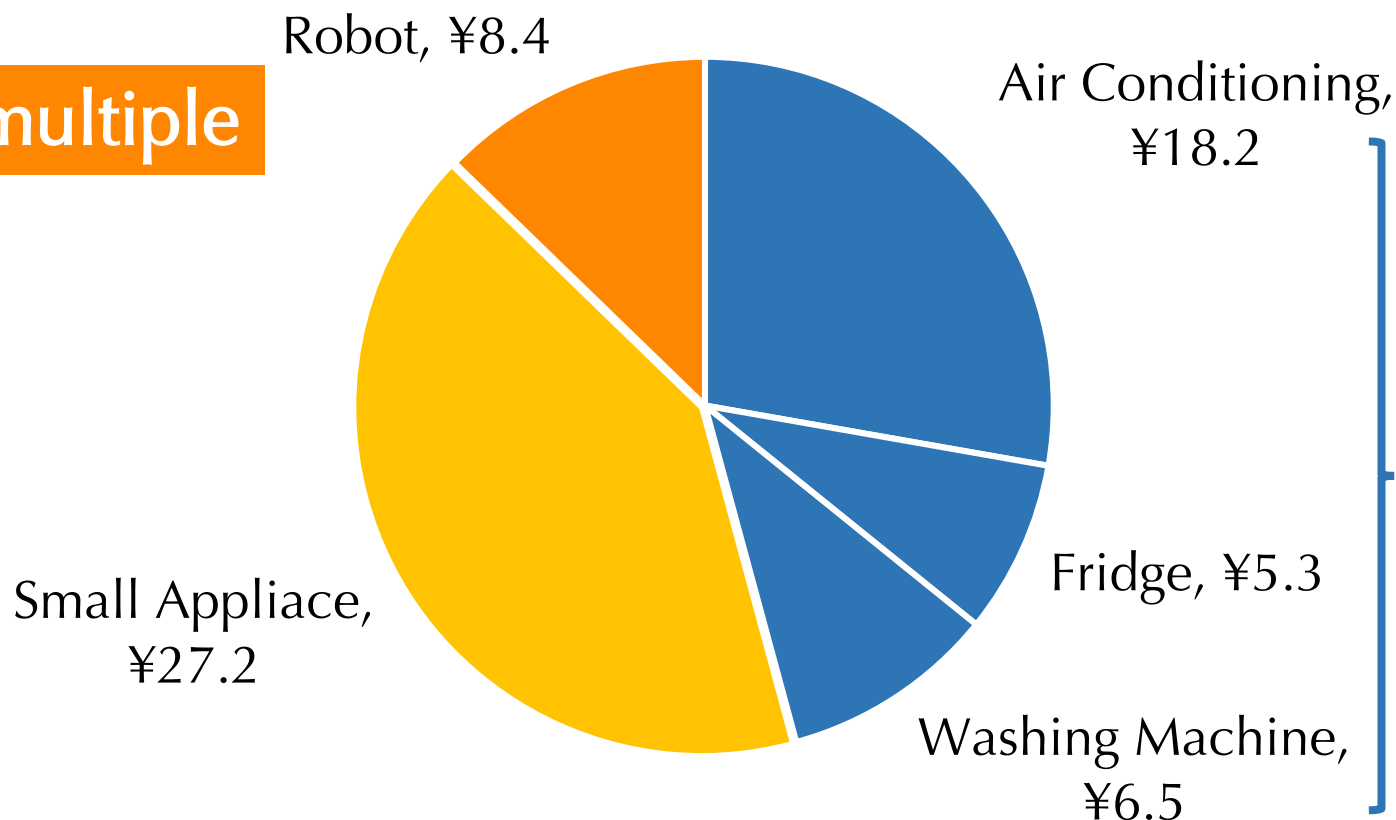




Sum-of-the-parts valuation captures different nature and growth prospects of Midea's business segments.

Acquisition multiple

5-year DCF
with EV/EBIT
exit terminals



5-year DCF
with two-stage
growth rate



WACCs are calculated separately to fairly value each subsegment and reflect sector-specific risk level.

| Cost of Equity | | | | | |
|-----------------------|--------|---------------|---------------|---------------|---------------|
| | | AC | Fridge | WM | SA |
| Risk-Free | 3.96% | | | | |
| Market Return | 12.68% | | | | |
| Market Risk Premium | 8.72% | | | | |
| Unlevered Beta | | 0.65 | 0.84 | 0.74 | 0.95 |
| Debt / Equity | | 28.27% | 22.31% | 24.25% | 47.11% |
| Tax Rate | | 15.12% | 16.76% | 14.32% | 15.64% |
| Beta (Levered) | | 0.81 | 0.99 | 0.90 | 1.33 |
| Cost of Equity | | 11.00% | 12.63% | 11.79% | 15.60% |





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| Cost of Debt | | | | |
|---------------------|--------------|--------------|--------------|--------------|
| Cost of Debt | 7.44% | 7.44% | 7.44% | 7.44% |



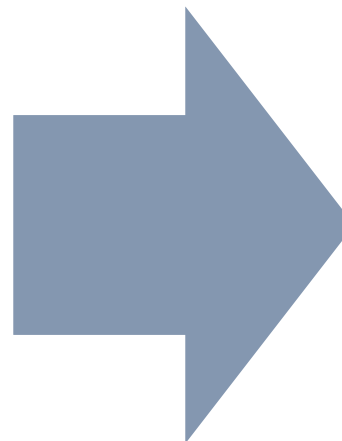


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| Unlevered Beta | | 0.65 | 0.84 | 0.74 | 0.95 |
| Debt / Equity | | 28.27% | 22.31% | 24.25% | 47.11% |
| Tax Rate | | 15.12% | 16.76% | 14.32% | 15.64% |
| Beta (Levered) | | 0.81 | 0.99 | 0.90 | 1.33 |
| Cost of Equity | | 11.00% | 12.63% | 11.79% | 15.60% |

| Cost of Debt | | | | |
|--------------|-------|-------|-------|-------|
| Cost of Debt | 7.44% | 7.44% | 7.44% | 7.44% |

| Capital Structure | | | | |
|-------------------|--------|--------|--------|--------|
| Debt / Capital | 21.58% | 17.84% | 19.10% | 31.44% |



| WACC | |
|------------------|--------|
| Air Conditioning | 12.60% |
| Fridge | 11.45% |
| Washing Machine | 9.96% |
| Small Appliances | 10.72% |

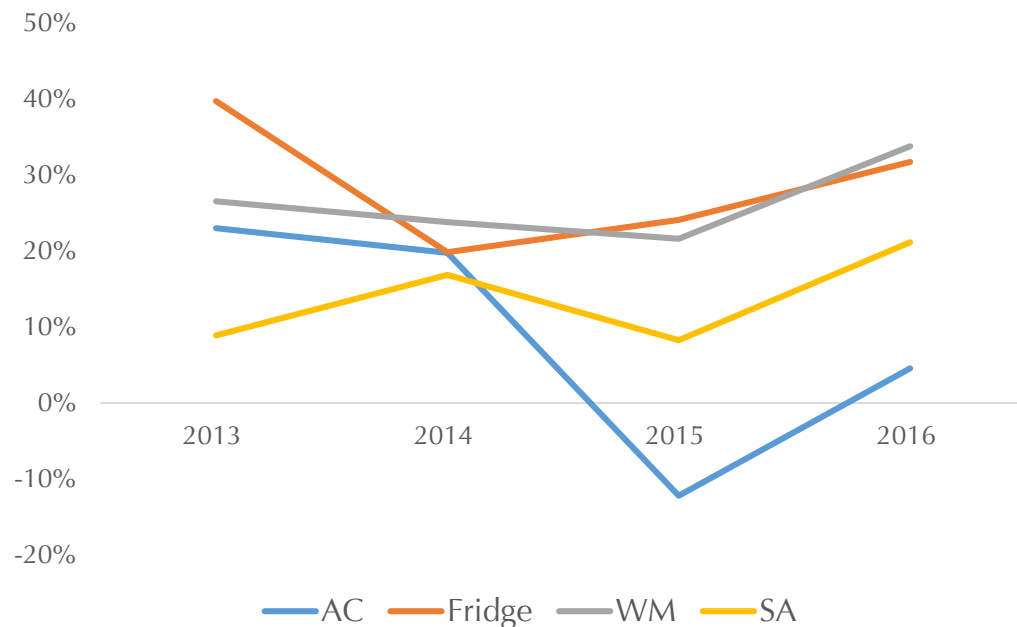




Revenue growth is estimated based on historical 4-year CAGR. The EBIT margin is forecasted using a "ramp approach" for each business sectors.

Revenue Growth Rate

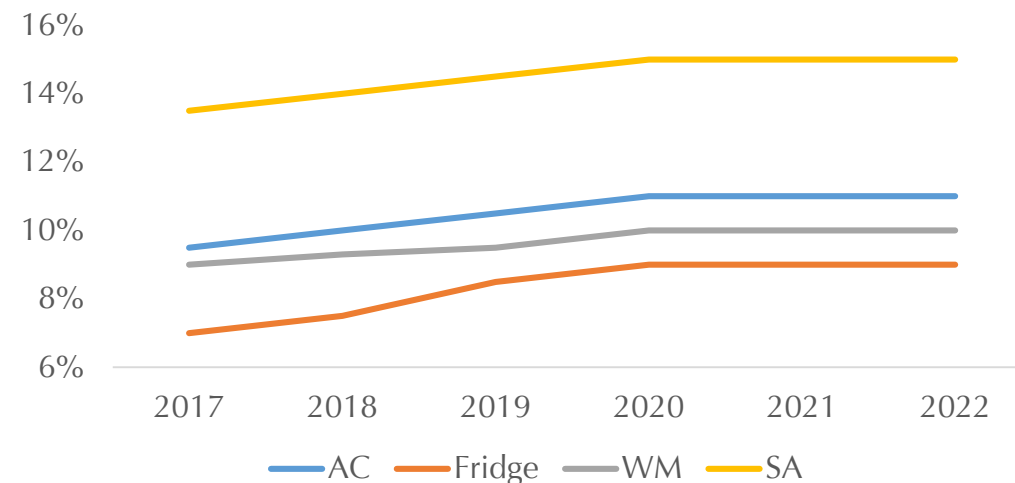
Historical Revenue Growth Rate



Leading Operation Management Among Peers

Using a "**ramp approach**" due to the improving efficiency

EBIT Margin Assumptions





Different terminal valuation models were used for major and small division based on specific assumption of market conditions.

Major Appliances

Model: 2-Stage Terminal Growth Model

Reasons:

- Saturated market at mature stage
- The risk of long-term recession

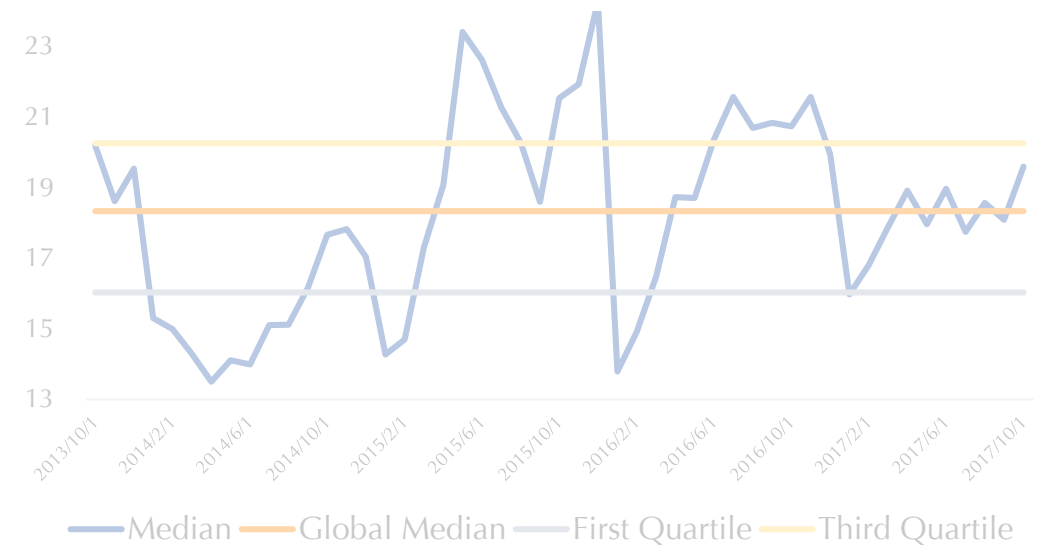
| Terminal Growth Rate | Stage 1 (2023-2028) | Stage 2 (2028-) |
|----------------------|------------------------|--------------------|
| Air Conditioner | 4% | 2% |
| Fridge | 7% | 3.5% |
| Washing Machine | 7% | 3.5% |

Small Appliances

Model: Terminal Exit Multiple Model

Reason: Strong market growth potential

EV/EBIT Multiple: 18.34x (Global Median)





Different terminal valuation models were used for major and small division based on specific assumption of market conditions.

Major Appliances

Model: 2-Stage Terminal Growth Model

Reasons:

- Saturated market at mature stage
- The risk of long-term recession

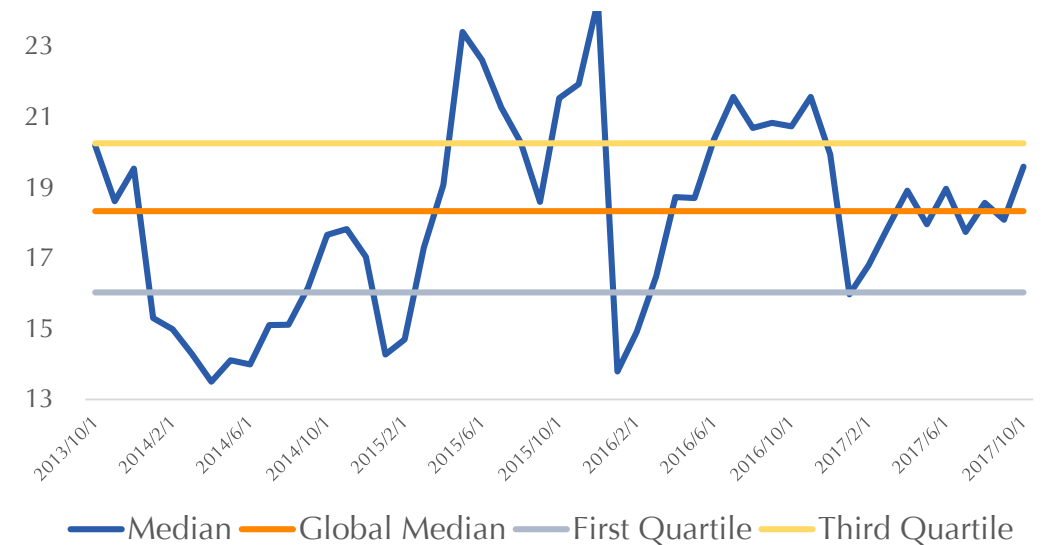
| Terminal Growth Rate | Stage 1 (2023-2028) | Stage 2 (2028-) |
|----------------------|------------------------|--------------------|
| Air Conditioner | 4% | 2% |
| Fridge | 7% | 3.5% |
| Washing Machine | 7% | 3.5% |

Small Appliances

Model: Terminal Exit Multiple Model

Reason: Strong market growth potential

EV/EBIT Multiple: 18.34x (Global Median)





The acquisition transaction in 2016 is used to value KUKA.

Transaction Summary

| | |
|-------------------------------------|----------------|
| Announcement Date | 2016/5/18 |
| Cash Price Per Target Security (€) | 115.00 € |
| Shares Bought (in mm) | 32.24 |
| Consideration to Shareholders | 3,707.60 € |
| % Bought | <u>81.05%</u> |
| Implied Equity Value | 4,574.46 € |
| LTM Net Income (Q2, 2016) | <u>75.20 €</u> |
| Implied Equity Value/LTM Net Income | 60.83x |

Acquisition Multiple Valuation Detail

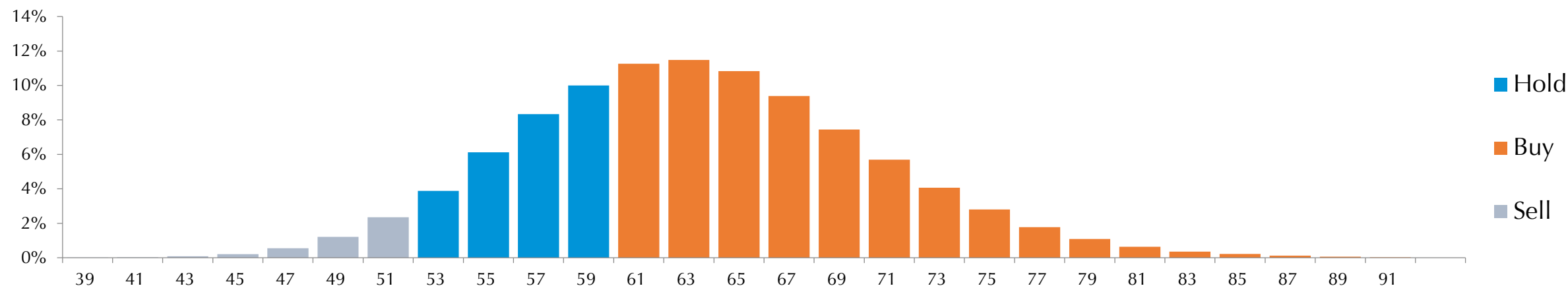
| | |
|---|-----------------|
| LTM Net Income (Q3, 2017) | 86.70 € |
| Implied Equity Value/Net Income Multiple | 60.83x |
| Current Implied Equity Value | 5,274 € |
| Add: Total Debt for the Robotics (Q3, 2017) | <u>1,348 €</u> |
| Implied Enterprise Value | 6,622 € |
| % Ownership | 94.55% |
| Exchange Rate from EUR to CNY | 7.86 |
| Value of Midea Ownership Interest of KUKA | ¥ 49,225 |

Note: The currency value is in million.





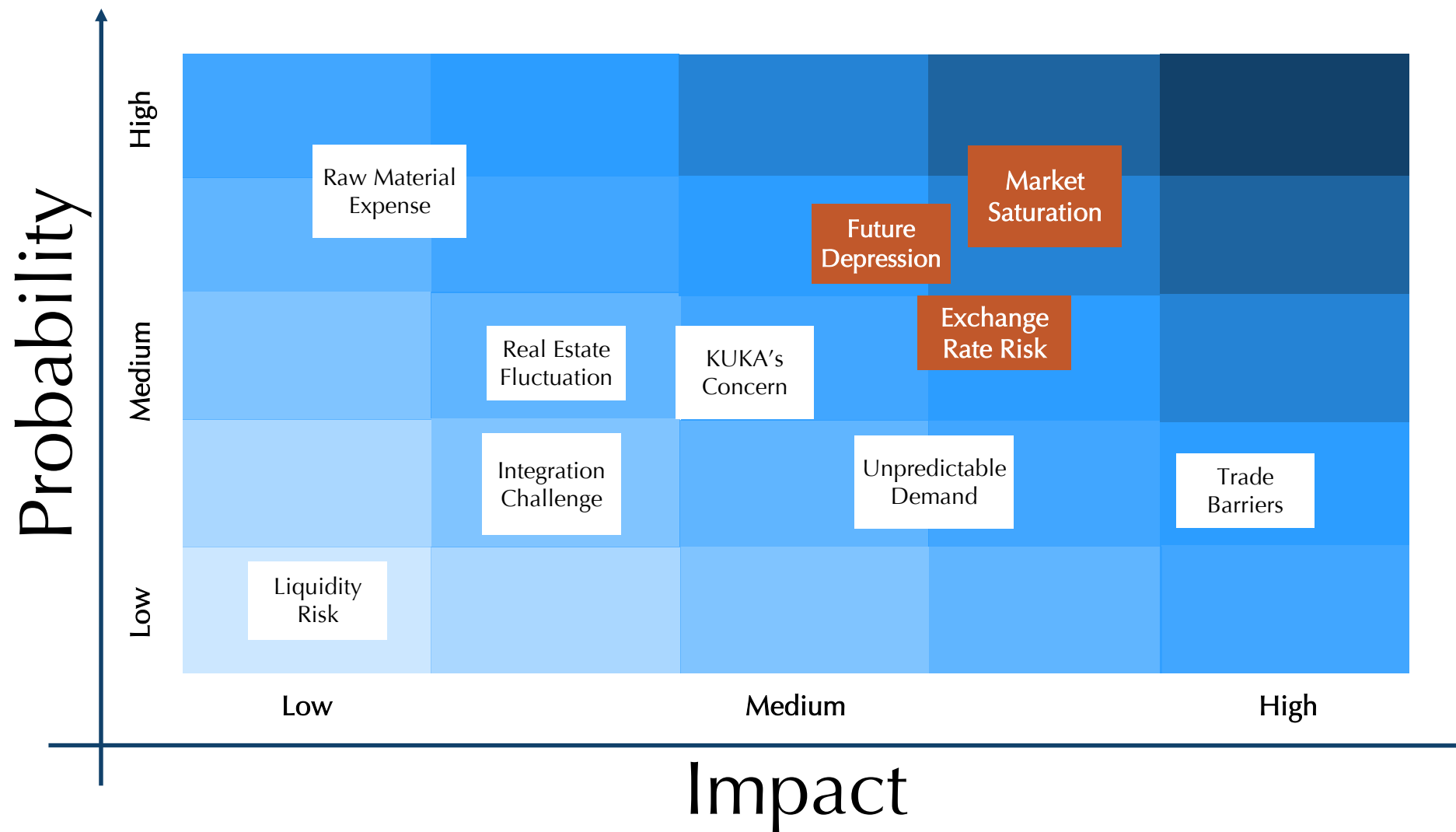
| Variables | | Mean | STD |
|----------------------|--|--------------------|----------------|
| Transaction Multiple | Acquisition Multiple for KUKA (EV/LTM Net Income) | 60.83 | 10.14 (Mean/6) |
| | EV/EBITDA Multiple (Small Appliances) | Rivals' Median | Rivals' STD |
| Growth Projection | Revenue Growth (Small appliances & Large Appliances) | Historical Average | Historical STD |
| | Terminal Growth (Washing Machine and Fridge) | 7.00% | 1.17% (Mean/6) |
| | Terminal Growth (AC) | 4.00% | 0.67% (Mean/6) |
| | Total Revenue Growth | Historical Average | Historical STD |
| Important Ratios | Depreciation & Amortization / Non-Current Asset | Historical Average | Historical STD |
| | EBIT / Revenue (Major Appliances) | Historical Average | Historical STD |





Key Risks



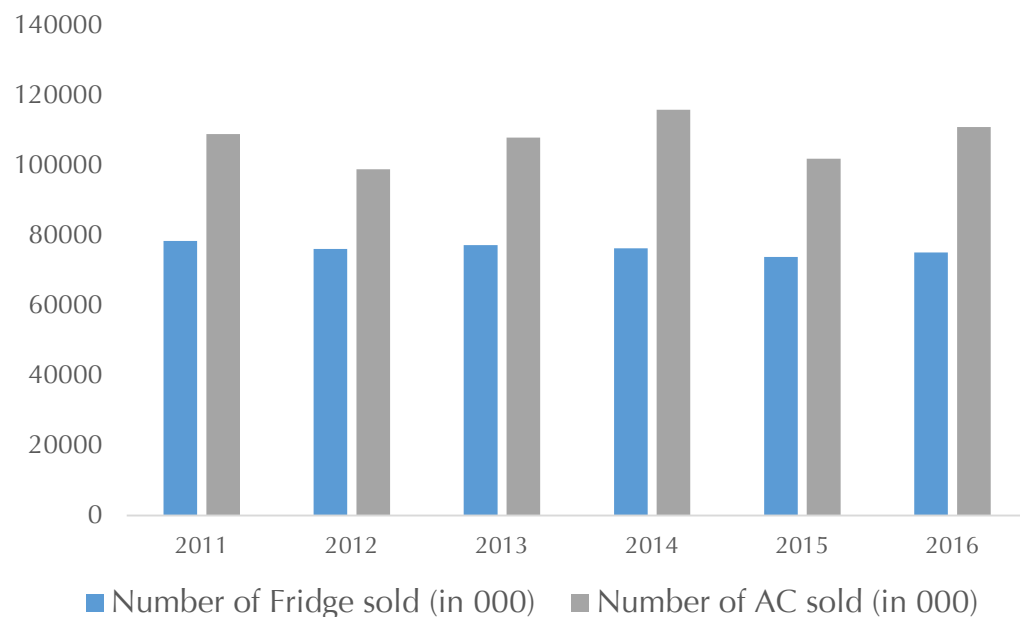




Replacement and incremental needs are insufficient to sustain the growth of large appliance.

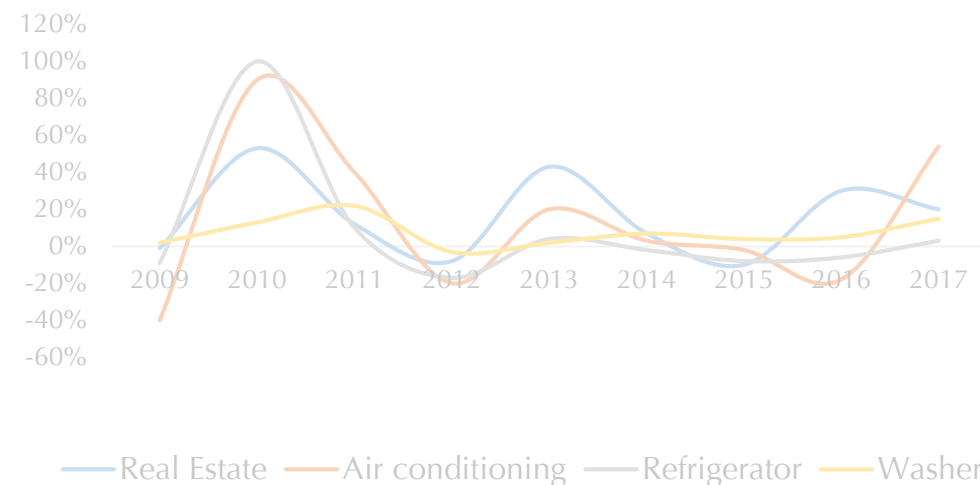
Mature Major Appliances Market

Number of Fridge and AC sold in China



High Correlation between Real Estate Growth and Appliance Sales Growth

Correlation between Real Estate Growth and Appliance Sales Growth

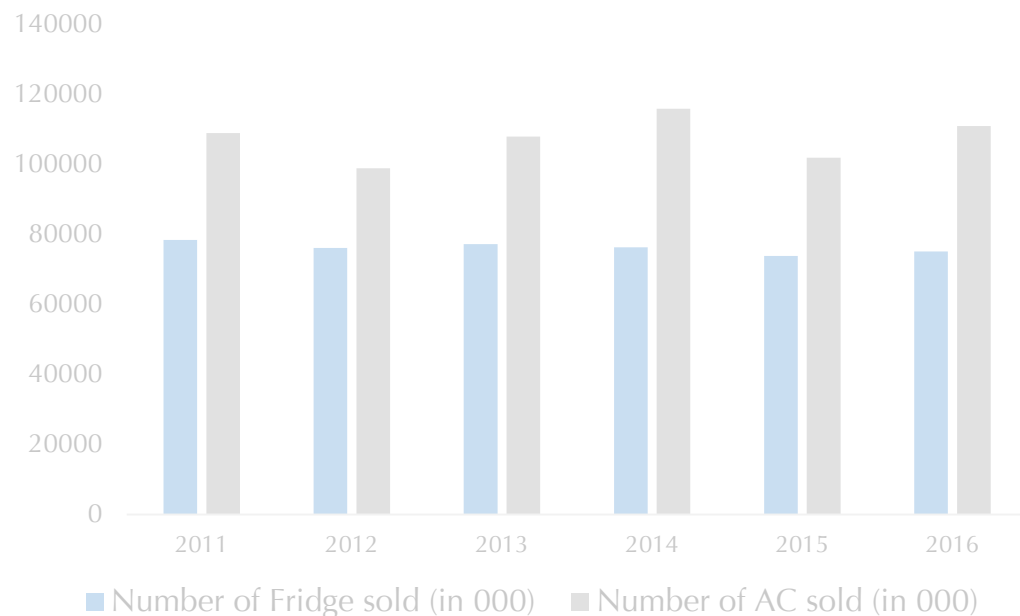




Replacement and incremental needs are insufficient to sustain the growth of large appliance.

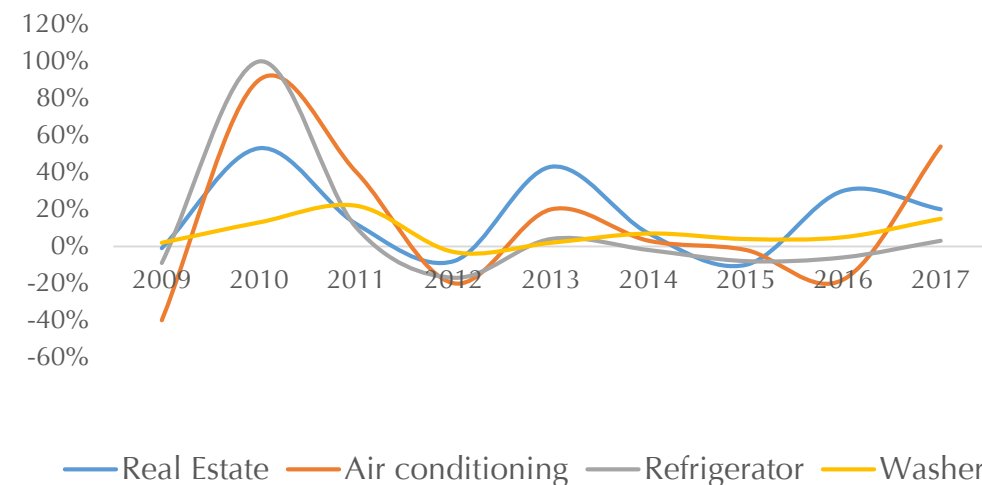
Stable Major Appliances Market

Number of Fridge and AC sold in China



High Correlation between Real Estate Growth and Appliance Sales Growth

Correlation between Real Estate Growth and Appliance Sales Growth



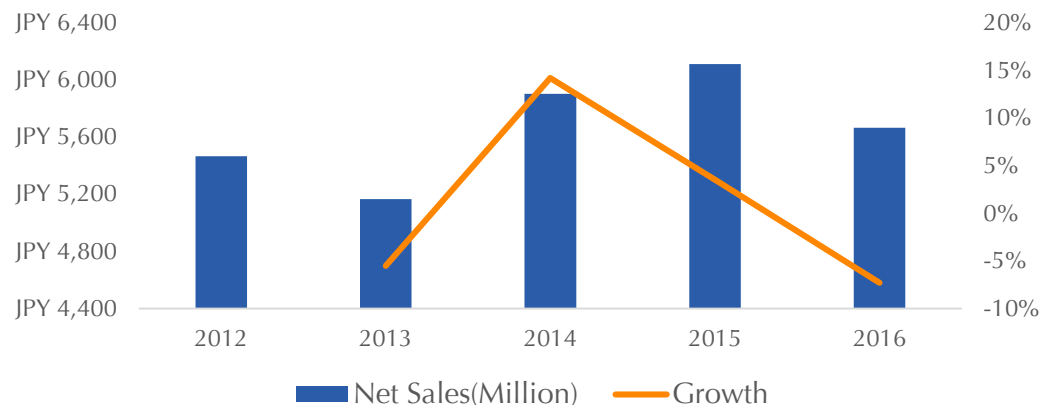


Midea might face similar depression of the global giants in the long term.

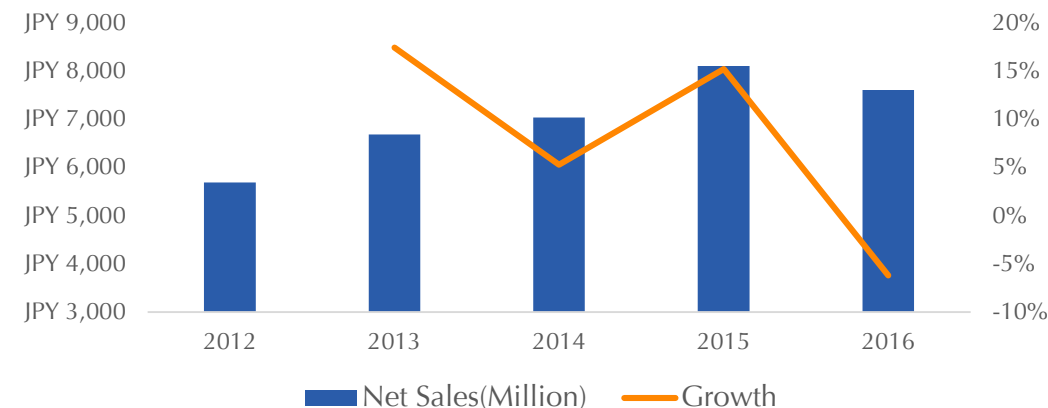
Business Sold by Leading Companies Recently

| | |
|------------------|---|
| Sony | Sold Laptop business “VAIO” together with 5,000 layoffs (2017) |
| Toshiba | Sold chip business, TV business (2017) and White Goods business(2016) |
| General Electric | Sold household appliance business (2016) |
| Siemens | Sold household appliance business (2014), OSRAM (2017) with 6,500 layoffs |

Toshiba Revenue Growth



Sony Revenue Growth





Midea might face similar depression of the global giants in the long term.

Scenario Analysis

| Case | Terminal Growth Rate | Estimated Price | Total Return |
|---------------------|------------------------------|-----------------|--------------|
| Base Case | 2-stage terminal growth rate | 65.53 CNY | 23.98% |
| Negative Case | 60% of base-case | 63.64 CNY | 20.47% |
| Extra Negative Case | 30% of base-case | 57.40 CNY | 8.84% |





The **trade war** between China and the U.S. largely influences Chinese firms in North America market.

Effect on Stock Market on March 23, 2018

| Index | Change% |
|---|---------|
| Shanghai Stock Exchange Composite Index | -3.57% |
| Shenzhen Stock Exchange Composite Index | -4.33% |
| NASDAQ | -2.43% |
| Hang Seng Index | -2.81% |

But it had a negligible effect on Midea

ZTE中兴

Suspend the stock from April
17th

美的 Midea

Integrated Industrial Chain

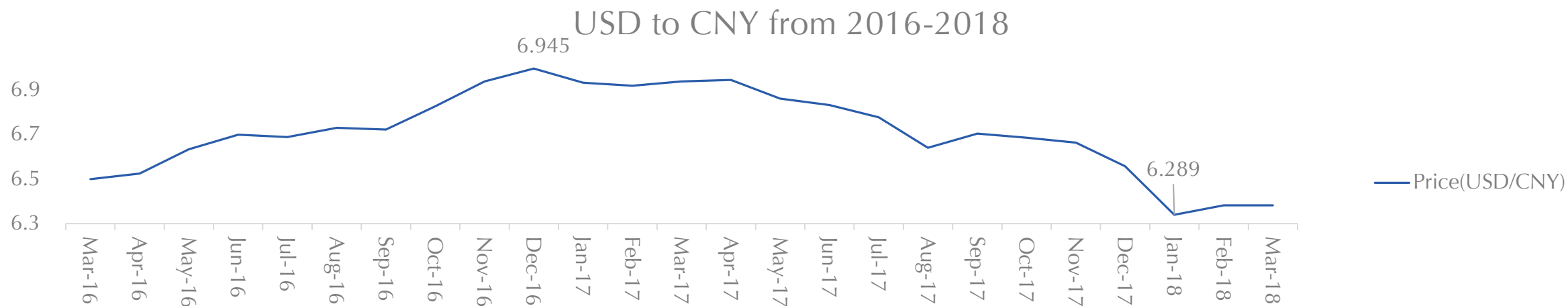
Not focus on the U.S market

1% Influence to Midea





Midea is sensitive to the exchange rate due to continuously global expansion.



Scenario Analysis

| Case | Exchange Rate | Estimated Price | Total Return |
|---------------------|----------------------------|-----------------|--------------|
| Base Case | Remains unchanged | 65.53 CNY | 23.98% |
| Negative Case | Appreciate by 3% annually | 61.78 CNY | 17.00% |
| Extra Negative Case | Appreciate by 10% annually | 59.64 CNY | 13.02% |



Stable Revenue Foundation

Promising Growth Potential

Buy Midea!

24.05%
Return

CNY 65.5



CNY 52.8

Industry Leading Transformation

Robust Financials

Business Overview

Robust Financials

Appendix A: Valuation
& Financial Analysis

Foundation:
Major Appliance

Appendix B: Company
Analysis

Growth:
Small Appliance

Positive Valuation

Appendix C: Industry
Analysis

Transformation:
Robotics

Key Risks

Appendix D: About
Kuka



Appendix



| | 2017E | 2018E | 2019E | 2020E | 2021E | 2022E |
|------------------------------------|----------|----------|----------|----------|----------|----------|
| Small Appliance | | | | | | |
| Revenue from External Customers | 50,056 | 56,909 | 64,702 | 73,561 | 83,633 | 95,084 |
| Operating expenses | (43,298) | (48,942) | (55,320) | (62,527) | (71,088) | (80,821) |
| EBIT | 6,758 | 7,967 | 9,382 | 11,034 | 12,545 | 14,263 |
| Taxes | (1,057) | (1,246) | (1,467) | (1,726) | (1,962) | (2,231) |
| Unlevered Net Income | 5,701 | 6,721 | 7,914 | 9,308 | 10,583 | 12,032 |
| Add: Depreication and Amortisation | 759 | 862 | 958 | 1,067 | 1,193 | 1,337 |
| Less: Capital Expenditure | (1,735) | (2,240) | (2,087) | (2,388) | (2,737) | (3,140) |
| Less: Changes in WC | 3,438 | 1,314 | 2,115 | 2,241 | 3,011 | 3,931 |
| Unlevered Free Cash Flow | 1,287 | 4,029 | 4,671 | 5,746 | 6,028 | 6,298 |
| WACC (Small Appliance) | 12.61% | | | | | |
| Discount Fator | 100.0% | 88.8% | 78.9% | 70.0% | 62.2% | 55.2% |
| PV of Unlevered Free Cash Flow | 1,287 | 3,578 | 3,683 | 4,024 | 3,749 | 3,478 |
| EBITDA | 7,516 | 8,829 | 10,339 | 12,101 | 13,738 | 15,600 |
| Terminal EV/EBITDA Multiple | 18.34 x | | | | | |
| Terminal Value | | | | | | 286,066 |
| Discount Fator | | | | | | 49.04% |
| PV of Terminal Value | | | | | | 140,283 |
| Implied Enterprise Value | 160,081 | | | | | |



| | 2017E | 2018E | 2019E | 2020E | 2021E | 2022E |
|---------------------------------------|----------------------------------|--------------|--------------|-------------------------------|--------------|---------------|
| Refrigerator | | | | | | |
| Revenue from External Customers | 20,843 | 26,815 | 34,499 | 44,385 | 57,103 | 73,465 |
| Operating expenses | (19,384) | (24,804) | (31,567) | (40,390) | (51,963) | (66,853) |
| EBIT | 1,459 | 2,011 | 2,932 | 3,995 | 5,139 | 6,612 |
| Taxes | (235) | (323) | (472) | (642) | (827) | (1,063) |
| Unlevered Net Income | 1,224 | 1,688 | 2,461 | 3,352 | 4,313 | 5,548 |
| Add: Depreciation and Amortisation | 303 | 345 | 383 | 427 | 477 | 535 |
| Less: Capital Expenditure | (781) | (1,008) | (939) | (1,075) | (1,232) | (1,413) |
| Less: Changes in WC | 742 | 332 | 661 | 811 | 1,234 | 1,823 |
| Unlevered Free Cash Flow | 5 | 693 | 1,244 | 1,893 | 2,325 | 2,848 |
| WACC (Refrigerator) | 11.46% | | | | | |
| Discount Fator | 100.0% | 89.7% | 80.5% | 72.2% | 64.8% | 58.1% |
| PV of Unlevered Free Cash Flow | 5 | 622 | 1,001 | 1,367 | 1,507 | 1,656 |
| EBITDA | 1,763 | 2,356 | 3,315 | 4,422 | 5,616 | 7,147 |
| Terminal Growth Rate | Stage 1 (2023E-2027E): 7% | | | Stage 2 (2028E-): 3.5% | | |
| Terminal Value | | | | | | 47,742 |
| Discount Fator | | | | | | 52.2% |
| PV of Terminal Value | | | | | | 24,905 |
| Implied Enterprise Value | 31,063 | | | | | |



| | 2017E | 2018E | 2019E | 2020E | 2021E | 2022E |
|---------------------------------------|----------------------------------|--------------|--------------|-------------------------------|--------------|---------------|
| Washing Machine | | | | | | |
| Revenue from External Customers | 22,332 | 28,225 | 35,673 | 45,087 | 56,984 | 72,020 |
| Operating expenses | (20,322) | (25,600) | (32,284) | (40,578) | (51,285) | (64,818) |
| EBIT | 2,010 | 2,625 | 3,389 | 4,509 | 5,698 | 7,202 |
| Taxes | (288) | (376) | (485) | (646) | (816) | (1,032) |
| Unlevered Net Income | 1,722 | 2,249 | 2,904 | 3,863 | 4,882 | 6,170 |
| Add: Depreciation and Amortisation | 152 | 172 | 192 | 213 | 239 | 267 |
| Less: Capital Expenditure | (737) | (952) | (887) | (1,015) | (1,163) | (1,334) |
| Less: Changes in WC | 1,022 | 433 | 764 | 916 | 1,368 | 1,985 |
| Unlevered Free Cash Flow | 114 | 1,036 | 1,444 | 2,145 | 2,590 | 3,118 |
| WACC (Washing Machine) | 10.72% | | | | | |
| Discount Fator | 100.0% | 90.3% | 81.6% | 73.7% | 66.5% | 60.1% |
| PV of Unlevered Free Cash Flow | 114 | 936 | 1,178 | 1,581 | 1,723 | 1,874 |
| EBITDA | 2,162 | 2,797 | 3,580 | 4,722 | 5,937 | 7,469 |
| Terminal Growth Rate | Stage 1 (2023E-2027E): 7% | | | Stage 2 (2028E-): 3.5% | | |
| Terminal Value | | | | | | 57,301 |
| Discount Fator | | | | | | 54.3% |
| PV of Terminal Value | | | | | | 31,099 |
| Implied Enterprise Value | 38,505 | | | | | |



| | 2017E | 2018E | 2019E | 2020E | 2021E | 2022E |
|---------------------------------------|----------------------------------|--------------|--------------|-----------------------------|---------------|----------------|
| Air Conditioning | | | | | | |
| Revenue from External Customers | 80,178 | 86,484 | 93,286 | 100,623 | 108,536 | 117,073 |
| Operating expenses | (72,561) | (77,835) | (83,491) | (89,554) | (96,597) | (104,195) |
| EBIT | 7,617 | 8,648 | 9,795 | 11,068 | 11,939 | 12,878 |
| Taxes | (1,151) | (1,307) | (1,481) | (1,673) | (1,805) | (1,947) |
| Unlevered Net Income | 6,466 | 7,341 | 8,314 | 9,395 | 10,134 | 10,931 |
| Add: Depreciation and Amortisation | 1,821 | 2,068 | 2,298 | 2,561 | 2,863 | 3,210 |
| Less: Capital Expenditure | (1,084) | (1,400) | (1,304) | (1,493) | (1,710) | (1,962) |
| Less: Changes in WC | 3,875 | 1,426 | 2,208 | 2,248 | 2,866 | 3,550 |
| Unlevered Free Cash Flow | 3,327 | 6,583 | 7,101 | 8,216 | 8,422 | 8,629 |
| WACC (Air Conditioning) | 9.97% | | | | | |
| Discount Fator | 100.0% | 90.9% | 82.7% | 75.2% | 68.4% | 62.2% |
| PV of Unlevered Free Cash Flow | 3,327 | 5,986 | 5,871 | 6,178 | 5,758 | 5,365 |
| EBITDA | 9,438 | 10,716 | 12,093 | 13,630 | 14,802 | 16,088 |
| Terminal Growth Rate | Stage 1 (2023E-2027E): 4% | | | Stage 2 (2028E-): 2% | | |
| Terminal Value | | | | | | 132,124 |
| Discount Fator | | | | | | 56.5% |
| PV of Terminal Value | | | | | | 74,703 |
| Implied Enterprise Value | 107,189 | | | | | |



| | 2017E | 2018E | 2019E | 2020E | 2021E | 2022E |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Consolidated (Appliance Division) | | | | | | |
| Revenue from External Customers | 173,409 | 198,434 | 228,160 | 263,654 | 306,255 | 357,642 |
| Operating expenses | (155,566) | (177,182) | (202,662) | (233,049) | (270,934) | (316,687) |
| EBIT | 17843 | 21252 | 25498 | 30606 | 35322 | 40954 |
| Taxes | (2,731) | (3,253) | (3,905) | (4,687) | (5,410) | (6,272) |
| Unlevered Net Income | 15,113 | 17,999 | 21,593 | 25,919 | 29,912 | 34,682 |
| Net Working Capital Schedule | | | | | | |
| Accounts and Other Receivables | 36,416 | 43,103 | 49,576 | 55,948 | 62,937 | 72,011 |
| Inventory | 16,231 | 20,159 | 23,383 | 25,912 | 28,499 | 33,386 |
| Accounts Payable | 26,886 | 32,022 | 38,421 | 46,117 | 53,223 | 61,710 |
| Accrued Expenses | 4,878 | 5,810 | 6,971 | 8,368 | 9,657 | 11,197 |
| Deferred Revenue | 7,226 | 8,269 | 9,508 | 10,987 | 12,762 | 14,903 |
| Net Working Capital | 13,656 | 17,160 | 18,060 | 16,389 | 15,795 | 17,586 |
| Add: Depreciation and Amortisation | 3,035 | 3,447 | 3,830 | 4,269 | 4,772 | 5,349 |
| Less: Capital Expenditure | (4,338) | (5,600) | (5,216) | (5,971) | (6,842) | (7,849) |
| Less: Changes in WC | 9,077 | 3,504 | 5,747 | 6,217 | 8,478 | 11,289 |
| Unlevered Free Cash Flow | 4,733 | 12,342 | 14,460 | 18,000 | 19,364 | 20,893 |



| Company Name | Market Cap (in CNY, bn) | Proposition of Revenue from Subctor | Statuory Tax Rate | Debt/Equity | Beta | UnLevered-Beta |
|--|----------------------------|--|-------------------|-------------|------|----------------|
| Air Conditioning | | | | | | |
| Hin Kelon (SZ:000921) | 20,972 | 38.84% | 15.12% | 1.90% | 1.21 | 1.19 |
| Hefei Meiling Co., Ltd. (SZ:000521) | 5,735 | 53.31% | 15.12% | 35.70% | 1.02 | 0.78 |
| Gree Electric Appliances (SZ:000651) | 287,552 | 80.00% | 15.12% | 33.50% | 0.81 | 0.63 |
| Weighted Ave. | | | | | | 0.65 |
| Refrigerator | | | | | | |
| Aucma Company Limited (SH:600336) | 4,031 | 60.70% | 16.08% | 47.90% | 1.12 | 0.80 |
| Hefei Meiling (SZ:000521) | 5,735 | 33.19% | 16.08% | 35.70% | 1.02 | 0.78 |
| Guangdong Homa Appliances (SZ:002668) | 12,080 | 93.43% | 16.08% | 26.50% | 1.05 | 0.86 |
| Weighted Ave. | | | | | | 0.84 |
| Washing Machine | | | | | | |
| Wuxi Little Swan (SZ:200418) | 33,474 | 90.37% | 14.32% | 1.90% | 0.69 | 0.68 |
| Hin Kelon (SZ:000921) | 20,972 | 23.91% | 14.32% | 1.50% | 1.21 | 1.19 |
| Whirlpool China (SH:600983) | 5,787 | 60.78% | 14.32% | 45.54% | 0.85 | 0.61 |
| Weighted Ave. | | | | | | 0.74 |
| Small Appliance | | | | | | |
| KingClean Electric (SH:603355) | 18,911 | - | 15.64% | 22.70% | 1.48 | 1.25 |
| Xinbao Electrical Appliances (SZ:002705) | 9,965 | - | 15.64% | 19.80% | 0.98 | 0.84 |
| Joyoung (SZ:002242) | 13,884 | - | 15.64% | 31.49% | 0.86 | 0.68 |
| Zhejiang Aishida Electric(SZ:002403) | 4,176 | - | 15.64% | 38.70% | 1.11 | 0.83 |
| Weighted Ave. | | | | | | 0.95 |

* The weight coefficient is set based on the market cap and proposition of revenue from corresponding subsector.



| Company Name | Market Cap (in CNY, bn) | Proposition of Revenue from Subctor | Statuory Tax Rate | Debt/Equity | Beta | UnLevered-Beta |
|--|----------------------------|--|-------------------|-------------|------|----------------|
| Air Conditioning | | | | | | |
| Hin Kelon (SZ:000921) | 20,972 | 38.84% | 15.12% | 1.90% | 1.21 | 1.19 |
| Hefei Meiling Co., Ltd. (SZ:000521) | 5,735 | 53.31% | 15.12% | 35.70% | 1.02 | 0.78 |
| Gree Electric Appliances (SZ:000651) | 287,552 | 80.00% | 15.12% | 33.50% | 0.81 | 0.63 |
| Weighted Ave. | | | | | | 0.65 |
| Refrigerator | | | | | | |
| Aucma Company Limited (SH:600336) | 4,031 | 60.70% | 16.08% | 47.90% | 1.12 | 0.80 |
| Hefei Meiling (SZ:000521) | 5,735 | 33.19% | 16.08% | 35.70% | 1.02 | 0.78 |
| Guangdong Homa Appliances (SZ:002668) | 12,080 | 93.43% | 16.08% | 26.50% | 1.05 | 0.86 |
| Weighted Ave. | | | | | | 0.84 |
| Washing Machine | | | | | | |
| Wuxi Little Swan (SZ:200418) | 33,474 | 90.37% | 14.32% | 1.90% | 0.69 | 0.68 |
| Hin Kelon (SZ:000921) | 20,972 | 23.91% | 14.32% | 1.50% | 1.21 | 1.19 |
| Whirlpool China (SH:600983) | 5,787 | 60.78% | 14.32% | 45.54% | 0.85 | 0.61 |
| Weighted Ave. | | | | | | 0.74 |
| Small Appliance | | | | | | |
| KingClean Electric (SH:603355) | 18,911 | - | 15.64% | 22.70% | 1.48 | 1.25 |
| Xinbao Electrical Appliances (SZ:002705) | 9,965 | - | 15.64% | 19.80% | 0.98 | 0.84 |
| Joyoung (SZ:002242) | 13,884 | - | 15.64% | 31.49% | 0.86 | 0.68 |
| Zhejiang Aishida Electric(SZ:002403) | 4,176 | - | 15.64% | 38.70% | 1.11 | 0.83 |
| Weighted Ave. | | | | | | 0.95 |

* The weight coefficient is set based on the market cap and proposition of revenue from corresponding subsector.



Consolidated Capital Structure Calculation

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------------|---------------|---------------|--------------|--------------|---------------|
| Short-term Borrowings | 5,105 | 8,973 | 6,153 | 4,658 | 3,151 |
| Long-Term Borrowing | 2,388 | 711 | 19 | 90 | 2,254 |
| Other Long-Term Liabilities | 1,372 | 362 | 1,056 | 237 | 9,684 |
| Total Debt | 8,866 | 10,047 | 7,229 | 4,985 | 15,090 |
| Total Liabilities: | 54,571 | 57,865 | 74,561 | 72,810 | 101,625 |
| Debt/Liabilities | 16.25% | 17.36% | 9.70% | 6.85% | 14.85% |
| Average Debt/Liabilities | 13.00% | | | | |

Appliance Capital Structure Calculation (As of 2016)

| | Total Liability | Total Asset | Debt/Total Lia | Total Debt | Debt/Equity |
|------------------|-----------------|-------------|----------------|------------|-------------|
| Air Conditioning | 51,839 | 75,672 | 13.00% | 6,720 | 28.20% |
| Refrigerator | 8,254 | 13,064 | 13.00% | 1,070 | 22.25% |
| Washing Machine | 13,600 | 20,891 | 13.00% | 1,763 | 24.18% |
| Small Appliance | 42,648 | 54,416 | 13.00% | 5,529 | 46.98% |



Cost of Equity Calculation

| | Air Conditioning | Refrigerator | Washing Machine | Small Appliance |
|-----------------------|------------------|---------------|-----------------|-----------------|
| Risk-Free | 3.96% | | | |
| Market Return | 12.68% | | | |
| Market Risk Premium | 8.72% | | | |
| Unlevered Beta | 0.65 | 0.84 | 0.74 | 0.95 |
| Debt / Equity | 28.27% | 22.31% | 24.25% | 47.11% |
| Tax Rate | 15.12% | 16.76% | 14.32% | 15.64% |
| Beta (Levered) | 0.81 | 0.99 | 0.90 | 1.33 |
| Cost of Equity | 11.00% | 12.63% | 11.79% | 15.60% |

Weighted Average Cost of Capital Calculation

| | Air Conditioning | Refrigerator | Washing Machine | Small Appliance |
|-----------------------|------------------|---------------|-----------------|-----------------|
| Equity/Capitalization | 77.96% | 81.76% | 80.48% | 67.98% |
| Cost of Equity | 11.00% | 12.63% | 11.79% | 15.60% |
| Debt / Capitalization | 22.04% | 18.24% | 19.52% | 32.02% |
| Cost of Debt | 7.44% | 7.44% | 7.44% | 7.44% |
| Tax Rate | 15.12% | 16.76% | 14.32% | 15.64% |
| Beta (Levered) | 0.81 | 0.99 | 0.90 | 1.33 |
| WACC | 9.97% | 11.45% | 10.73% | 12.61% |



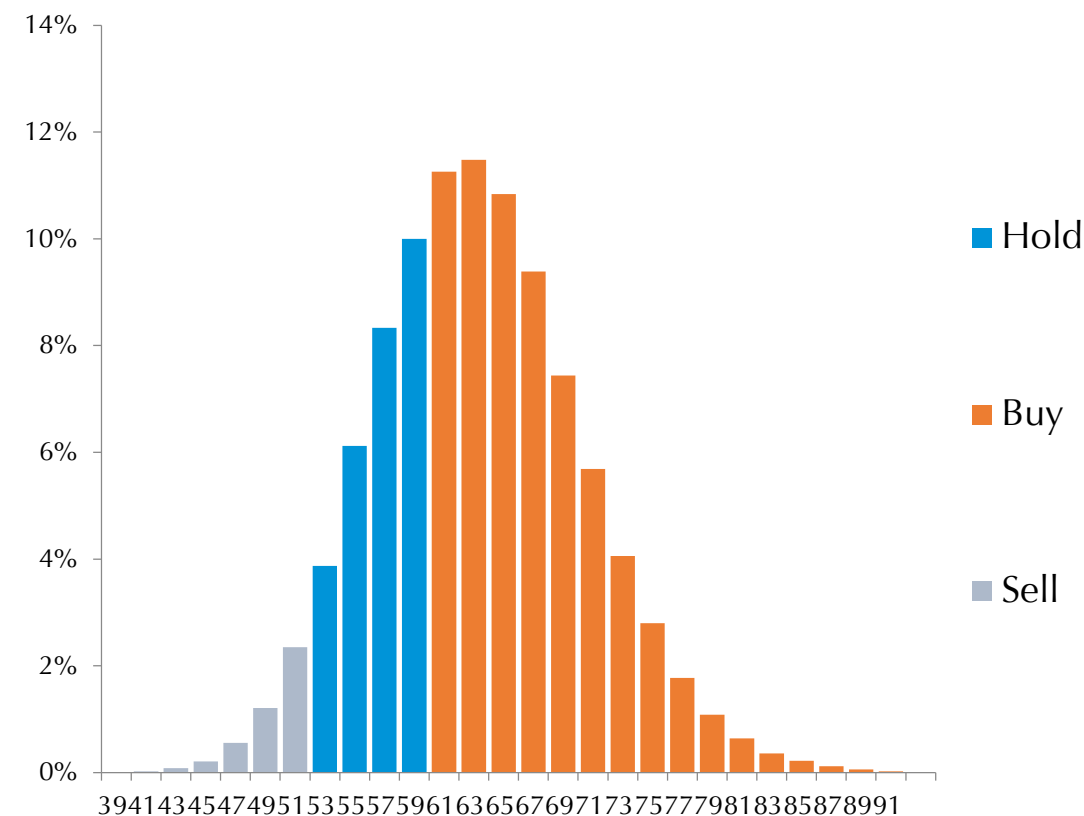
Monte Carlo Summary Statistics

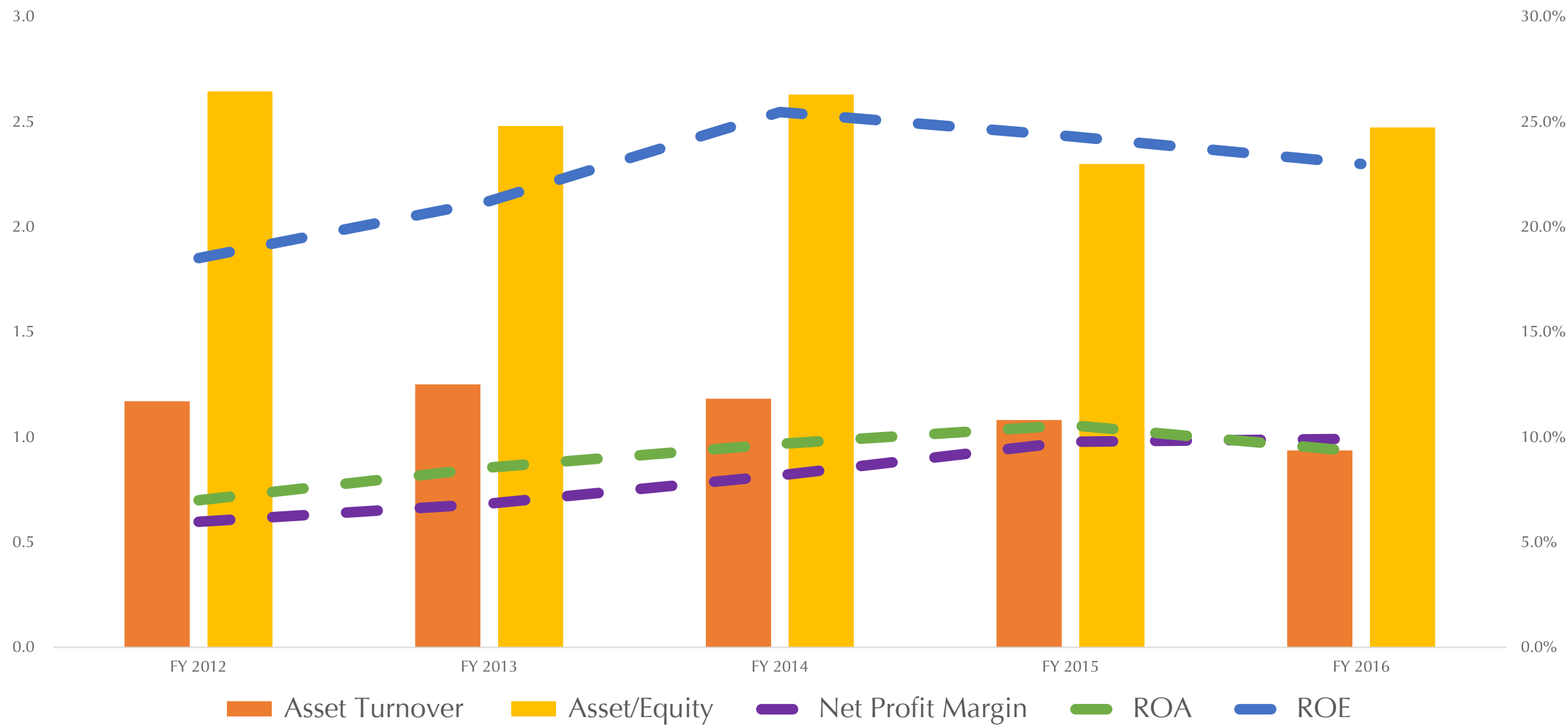
| | |
|----------------|------------|
| Trials | 100,000 |
| Target Price | CNY 65.53 |
| Mean | CNY 62.36 |
| Median | CNY 62.04 |
| Std. | 7.02 |
| Variance | 49.33 |
| Skewness | 0.28 |
| Kurtosis | 0.20 |
| Maximum | CNY 104.04 |
| Minimum | CNY 36.47 |
| 25% percentile | CNY 57.48 |
| 75% percentile | CNY 66.84 |

Recommendation

Probability

| | |
|------|--------|
| Sell | 4.40% |
| Hold | 28.70% |
| Buy | 66.90% |







| Investor Name | % Outstanding | Position | Value (CNY) | Filing Date | Investor Type | Equity Assets (CNY) |
|--|------------------|---------------|----------------|-------------|---------------------|---------------------|
| Midea Holdings Co., Ltd. | 34.09% | 2,212,046,613 | 90,694,189,320 | 31-08-2017 | Strategic Entities | 91,582,025,529 |
| Fang Hongbo | 2.11% | 136,990,492 | 7,516,926,494 | 01-12-2017 | Strategic Entities | 6,053,594,490 |
| Hillhouse Capital Management Ltd. | 1.76% | 113,891,138 | 4,669,550,981 | 31-08-2017 | Investment Managers | 58,190,954,776 |
| Huang Jian | 1.36% | 87,980,000 | 3,607,191,064 | 31-08-2017 | Strategic Entities | 3,848,232,054 |
| Xiaomi Technology Co., Ltd. | 1.27% | 82,500,000 | 3,382,510,375 | 31-08-2017 | Strategic Entities | 3,415,622,918 |
| Central Huijin Asset Management Co., Ltd. | 1.21% | 78,474,900 | 3,217,480,769 | 31-08-2017 | Strategic Entities | 314,591,557,512 |
| Yuan Liquan | 1.14% | 73,986,200 | 3,033,443,505 | 31-08-2017 | Strategic Entities | 3,063,138,913 |
| Fu Xuan | 1.05% | 68,013,680 | 2,788,569,433 | 31-08-2017 | Strategic Entities | 2,815,867,686 |
| Li Jianwei | 0.99% | 64,144,834 | 2,629,946,261 | 31-08-2017 | Strategic Entities | 3,081,273,500 |
| E Fund Management Co. Ltd. | 0.89% | 57,989,554 | 2,967,910,941 | 30-11-2017 | Investment Managers | 128,308,990,438 |



Important Members of Directors, Supervisors and Senior Management

| Name | Position | Starting Year of Tenure | Age | Education Background | Background |
|-------------|---------------------------------------|-------------------------|-----|----------------------|---|
| Fang Hongbo | Chairman and President | 2012 | 50 | Master | Joined Midea in 1992. Previously served as the General Manager of the Midea Air-Conditioning Business Department, the President of Midea Refrigeration Electric Appliances Group, the Chairman and President of GD Midea Holding Co., Ltd. |
| He Jianfeng | Director | 2012 | 50 | Bachelor | Also take the position of the Chairman and President of Infore Investments Holding Group Co., Ltd. |
| Gu Yanmin | Director and Vice President | 2014 | 54 | Doctor | Joined Midea in 2000. Functioned as Midea Group's Planning & Investment Head, Midea Air-Conditioning & Refrigeration Group's Overseas Strategy & Development Head, Vice President and Head of Overseas Business Expansion in the Marketing Department, and Midea Group's Head of Overseas Strategy. |
| Li Feide | Director and Vice President | 2012 | 40 | Master | Joined Midea in 1999. Served as the Company Secretary, the Strategic Operation Head, the Operational Management Head, and the President's Assistant. |
| Hu Xiaoling | Director | 2012 | 47 | Master | Used to be a Senior Auditor for Arthur Andersen Accounting Firm and Senior Manager of Direct Investment Department in China International Capital Co., Ltd before she joined the company. Now also serve as the Managing Director of CDH Investments Management (Hong Kong) Limited. |
| Liu Min | Chairman of the Supervisory Committee | 2016 | 40 | Master | Joined Midea in 1998. used to be the General Manager of an overseas marketing company under Midea's Household Air-Conditioning Division and the Chief Operations Officer of Midea. |



Important Members of Directors, Supervisors and Senior Management (continued)

| | | | | | |
|----------------|----------------|------|----|--------|--|
| Yin Bitong | Vice President | 2016 | 49 | Master | joined Midea in 1999. Used to be a general manager assistant and the Chief Marketing Officer of Midea's domestic marketing company for air conditioners, in addition to being a director and the General Manager of Wuxi Little Swan Co., Ltd. Currently also serves as the Household Air Conditioner General Manager. |
| Zhu Fengtao | Vice President | 2014 | 49 | Doctor | Joined Midea in 1993. Served as the Microwave Oven General Manager of the Company. Currently serve as the Kitchen Appliances General Manager of the Company. |
| Wang Jinliang | Vice President | 2014 | 50 | Master | Joined Midea in 1995. Previously worked as the Vice President of China Marketing in the Company, and was GD Midea Holding's Vice President and Marketing Head. Now also work as the Head of Domestic Marketing in the Company. |
| Hu Ziqiang | Vice President | 2014 | 60 | Doctor | Joined Midea in 2012. Formerly worked for GE and Samsung and as a Vice GM in Wuxi Little Swan Co., Ltd. At present also work as the Chief of the Central Research Institute of the Company. |
| Xiao Mingguang | CFO | 2016 | 47 | Master | Joined Midea in 2000. Once served as a vice chief financial officer and the Chief Operational Officer of Midea Group, as well as the Chief Audit Supervision Officer and a director of GD Midea Holding Co., Ltd. Currently serve as a director of Wuxi Little Swan Company Limited and executive director of Welling Holding Limited. |



Midea's Major Subsidiary

| Company | Type of Company | Major Service or Product |
|--|-----------------|--------------------------|
| GD MIDEA Commercial Air-Condition Equipment Co Ltd | Subsidiary | Air Conditioning |
| GD Midea Kitchen Electric Manufacturing Co Ltd | Subsidiary | Kitchen & Bath Appliance |
| GD Midea Heating & Ventilating Equipment Co Ltd | Subsidiary | Air Conditioning |
| Foshan Shunde Midea Electronic Technology Co Ltd | Subsidiary | Small Appliance |
| Hefei Midea Washing Machine Co Ltd | Subsidiary | Washing Machine |
| Guangdong Welling Motor Manufacturing Co Ltd | Subsidiary | Motor |
| Wuhu Meizhi Air Condition Co Ltd | Subsidiary | Air Conditioning |
| Wuhu Midea Kitchen & Bath Appliance Manufacturing Co Ltd | Subsidiary | Kitchen & Bath Appliance |
| Guangdong Midea Consumer Electrics Manufacturing Co Ltd | Subsidiary | Small Appliance |
| Foshan Shunde Midea Washing Appliances Mfg Co Ltd | Subsidiary | Washing Machine |

Midea's Shareholding of Financial Institutions

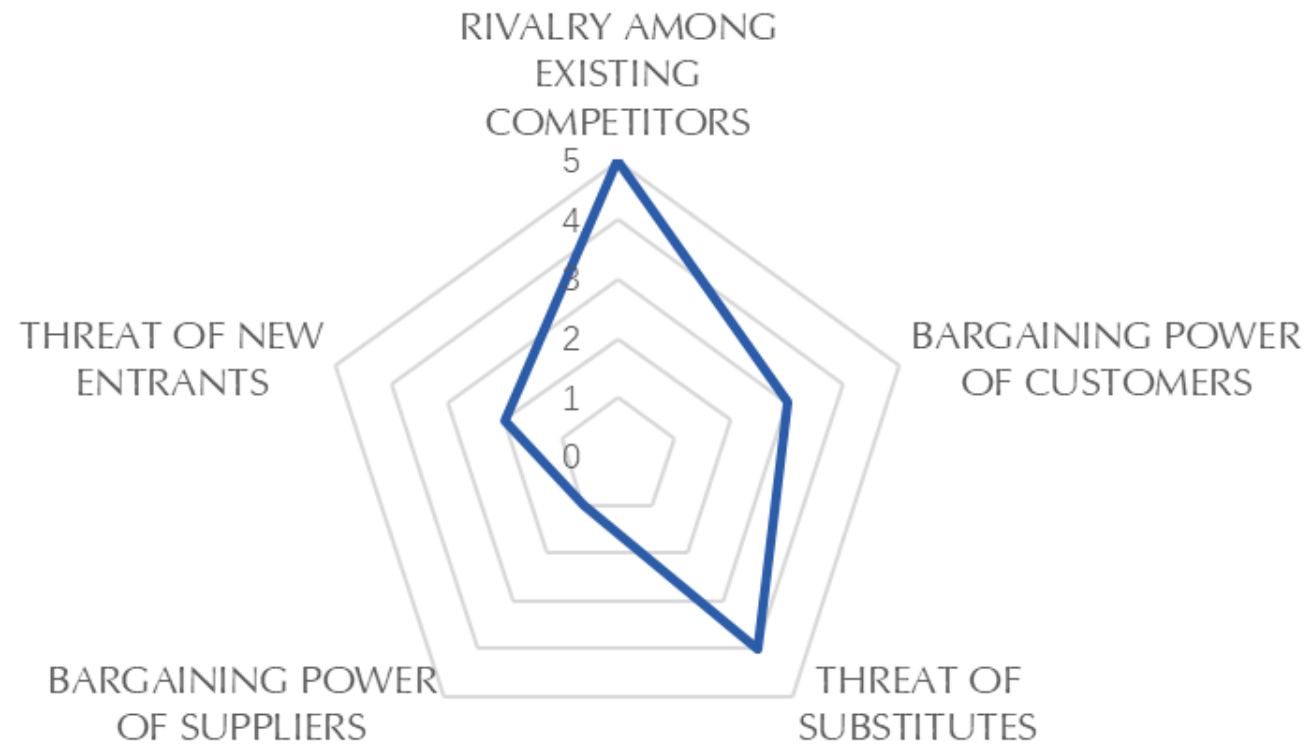
| Company | Type of Company | Percentage of Shares Held | Source of Shareholding Right |
|---|-----------------|---------------------------|------------------------------|
| Golden Eagle Asset Management Co.,Ltd | Fund | 20.00% | Promotion |
| Hubei Bank Co.,Ltd. | Commercial Bank | 1.29% | Private Placement |
| Foshan Shunde Rural Bank Co.,Ltd. | Commercial Bank | 9.69% | Private Placement |
| Zhangshu Shunyin Coubtry Bank Co.,Ltd. | Commercial Bank | 6.00% | Private Placement |
| Fengcheng Shunyin Coubtry Bank Co.,Ltd. | Commercial Bank | 6.00% | Private Placement |



| Closed Date | Target | Sellers | Primary Industry | Transaction Size (\$mm) | Percent Sold |
|-------------|---|---|-------------------------------------|-------------------------|--------------|
| Jun-30-2011 | Jiangxi Guiya Lighting Co., Ltd. | - | Electrical Components and Equipment | 29.54 | 100.00% |
| Jul-01-2011 | Annto Logistics Co., Ltd. | Keppel Logistics Pte Ltd | Air Freight and Logistics | 54.51 | 35.00% |
| Aug-01-2014 | Wuxi Little Swan Company Limited (SZSE:200418) | Hillhouse Capital Management, Ltd. <i>Seller Funds:</i> Gao Ling Fund, L.P. | Household Appliances | 2445.14 | 12.60% |
| Jan-29-2016 | Efort Intelligent Equipment Co., Ltd. | - | Industrial Machinery | - | 17.80% |
| Jun-30-2016 | Toshiba Lifestyle Products & Services Corporation | Toshiba Corporation (TSE:6502) | Household Appliances | 461.98 | 80.10% |
| Oct-31-2016 | CLIVET S.p.A. | Bellbru S.R.L. | Industrial Machinery | - | 80.00% |
| Dec-31-2016 | Electrolux Home Care Products, Inc. | AB Electrolux (publ) (OM:ELUX B) | Household Appliances | 60.00 | 100.00% |
| Jan-09-2017 | KUKA Aktiengesellschaft (DB:KU2) | - | Industrial Machinery | 3707.37 | 94.55% |
| Feb-09-2017 | Kollmorgen Servotronix Ltd. | - | Industrial Machinery | 170.00 | |



Porter's Five Forces Analysis



0 No Threat
1 Very Low
2 Low
3 Moderate
4 High
5 Very High

| (in CNY) | | Midea | | Haier | | Gree | | Category Average | | Offering | Midea | Haier | Gree |
|--------------------------|--|---------|---------|---------|---------|---------|---------|------------------|---------|--------------------------|-------|-------|------|
| Item | | Highest | Average | Highest | Average | Highest | Average | Highest | Average | | | | |
| Wall Air-contioning | | 3,699 | 2,790 | 8,699 | 3,239 | 10,199 | 3,499 | 7,532 | 3,176 | Wall Air-contioning | 13 | 239 | 32 |
| Doule-door Refrigerator | | 14,999 | 3,009 | 3,899 | 1,992 | 3,499 | 2,459 | 7,466 | 2,487 | Doule-door Refrigerator | 38 | 28 | 10 |
| Washing Machine | | 5,499 | 1,882 | 17,999 | 1,551 | 5,099 | 4,624 | 9,532 | 2,686 | Washing Machine | 28 | 295 | 4 |
| Electric Cooker | | 6,999 | 603 | 1,299 | 291 | 1,899 | 972 | 3,399 | 622 | Electric Cooker | 29 | 13 | 8 |
| Induction Cooker | | 1,799 | 489 | 759 | 517 | 568 | 533 | 1,042 | 513 | Induction Cooker | 11 | 11 | 2 |
| Electric Pressure Cooker | | 1,599 | 532 | 699 | 456 | 759 | 729 | 1,019 | 572 | Electric Pressure Cooker | 14 | 12 | 2 |
| Electric kettle | | 699 | 188 | 119 | 119 | 168 | 168 | 329 | 158 | Electric kettle | 19 | 1 | 1 |
| Microwave Oven | | 2,299 | 805 | 2,399 | 965 | - | - | 2,349 | 885 | Microwave Oven | 14 | 13 | 0 |
| Kitchen Ventilator | | 3,780 | 2,248 | 9,599 | 1,689 | 3,499 | 3,499 | 5,626 | 2,479 | Kitchen Ventilator | 15 | 82 | 1 |
| Water Heater | | 10,480 | 2,254 | 42,999 | 1,645 | 16,999 | 6,538 | 23,493 | 3,479 | Water Heater | 161 | 431 | 30 |
| Bundle Price | | 51,852 | 14,800 | 88,470 | 12,464 | 45,038 | 23,906 | 61,787 | 17,057 | | | | |
| Normalized Bundle Price | | 13 | 9 | 10 | 8 | 6 | 12 | | | | | | |

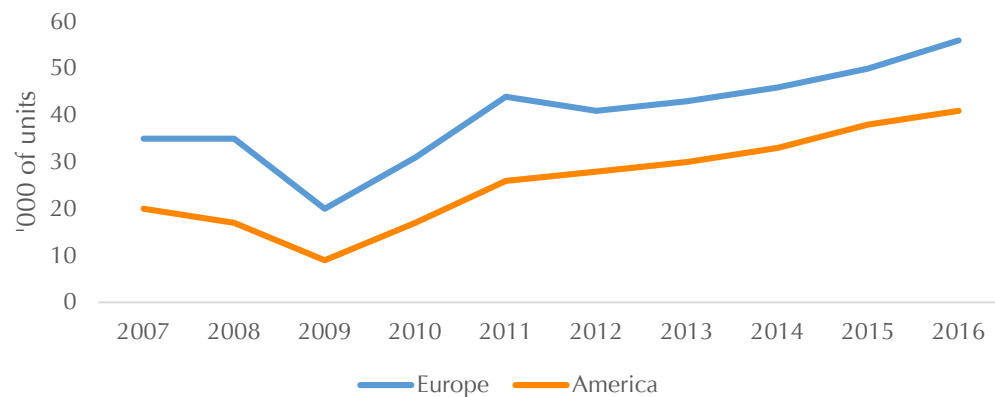


| | Key Success Factor | Consumer Satisfaction | Technology & Innovation | Brand Image | Product Pricing | Cost Control | Management Efficiency | Environmental Initiatives | Company Overall Score |
|------------------|--------------------|-----------------------|-------------------------|-------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|
| | Weight | 20% | 15% | 15% | 15% | 15% | 15% | 5% | 100% |
| Midea | Score | 8.00 | 9.00 | 8.00 | 8.20 | 7.80 | 8.10 | 7.80 | |
| | Weighted Score | 1.60 | 1.35 | 1.20 | 1.23 | 1.17 | 1.22 | 0.39 | 8.16 |
| Gree | Score | 8.00 | 8.70 | 7.80 | 7.80 | 8.00 | 8.20 | 7.50 | |
| | Weighted Score | 1.60 | 1.31 | 1.17 | 1.17 | 1.20 | 1.23 | 0.38 | 8.05 |
| Haier | Score | 7.50 | 8.50 | 7.60 | 8.00 | 8.00 | 7.70 | 7.60 | |
| | Weighted Score | 1.50 | 1.28 | 1.14 | 1.20 | 1.20 | 1.16 | 0.38 | 7.85 |
| Panasonic | Score | 8.00 | 8.30 | 8.20 | 7.50 | 8.00 | 6.90 | 7.00 | |
| | Weighted Score | 1.60 | 1.25 | 1.23 | 1.13 | 1.20 | 1.04 | 0.35 | 7.79 |
| LG | Score | 8.50 | 8.00 | 7.80 | 8.00 | 7.50 | 8.50 | 7.40 | |
| | Weighted Score | 1.70 | 1.20 | 1.17 | 1.20 | 1.13 | 1.28 | 0.37 | 8.04 |
| Samsung | Score | 7.80 | 8.10 | 7.60 | 7.40 | 7.70 | 8.50 | 7.60 | |
| | Weighted Score | 1.56 | 1.22 | 1.14 | 1.11 | 1.16 | 1.28 | 0.38 | 7.84 |
| Whirlpool | Score | 8.00 | 7.70 | 7.40 | 8.10 | 7.20 | 7.00 | 7.60 | |
| | Weighted Score | 1.60 | 1.16 | 1.11 | 1.22 | 1.08 | 1.05 | 0.38 | 7.59 |
| Genaral Electric | Score | 7.80 | 7.70 | 8.00 | 8.20 | 7.80 | 6.70 | 7.30 | |
| | Weighted Score | 1.56 | 1.16 | 1.20 | 1.23 | 1.17 | 1.01 | 0.37 | 7.69 |
| SEB | Score | 8.20 | 7.90 | 7.80 | 7.90 | 8.20 | 7.30 | 7.90 | |
| | Weighted Score | 1.64 | 1.19 | 1.17 | 1.19 | 1.23 | 1.10 | 0.40 | 7.90 |

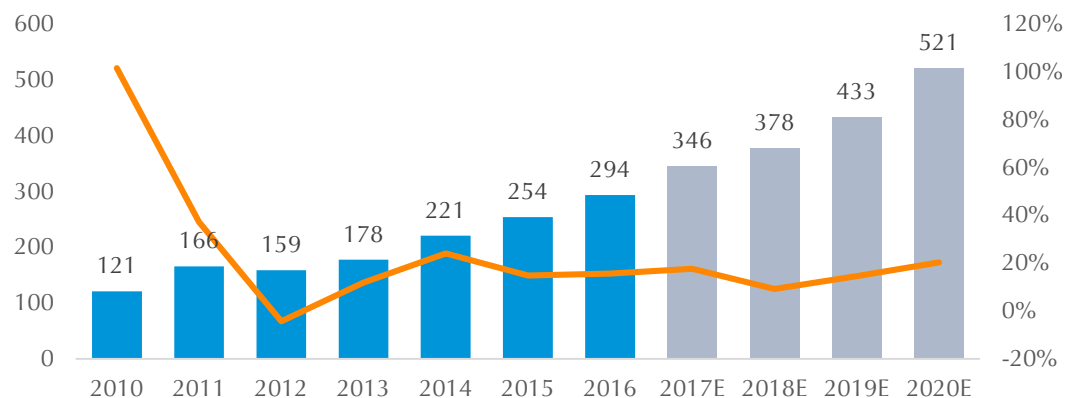


Stock Markets

Worldwide Annual Shipments Of Industrial Robots In Developed Regions

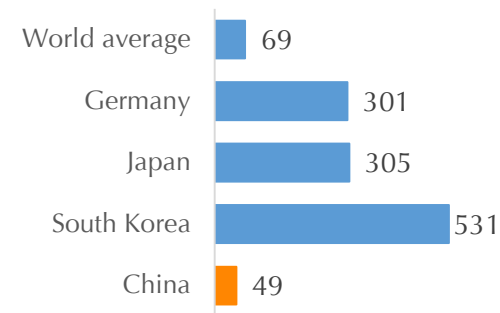


Annual worldwide supply of industrial robots (2010-2020E)

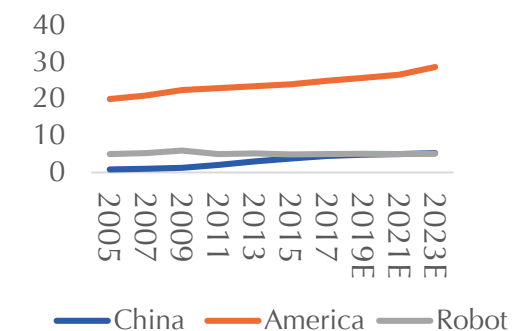


Incremental Markets

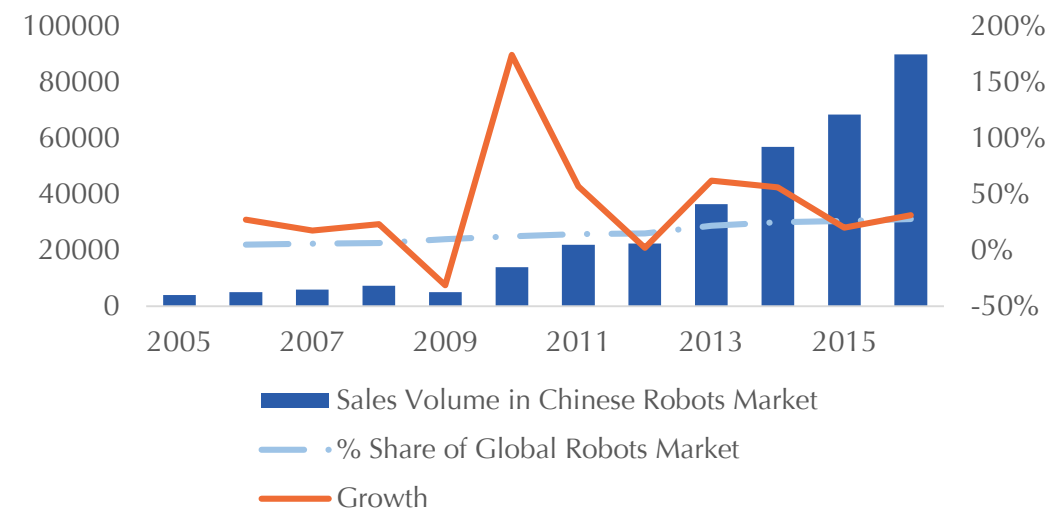
Global Industrial Robot Density (Per 10,000 Workers)



Labor Cost Per Hour in Manufacturing Industry (USD)



Chinese Robots Market



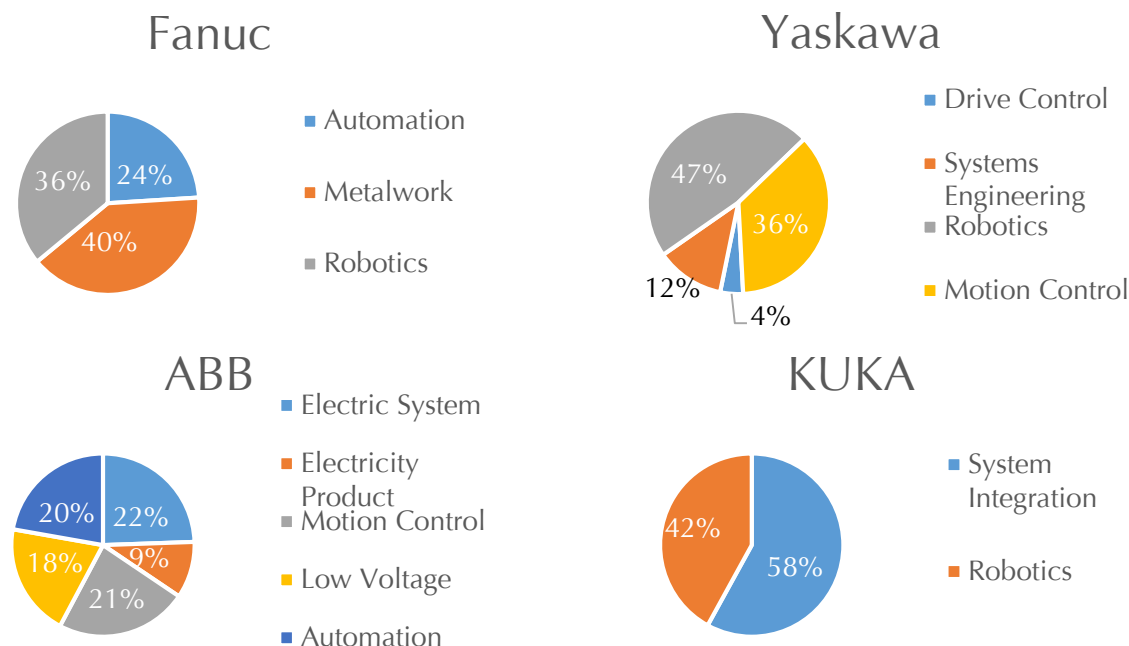


Competitive Positioning of KUKA

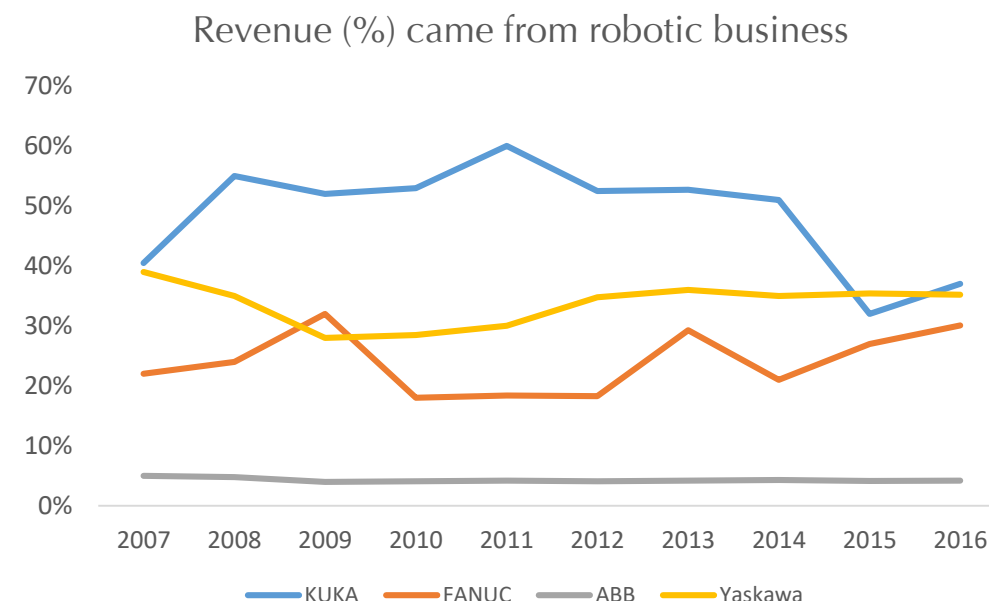
KUKA's advantages

- Specialization in application of robotics in car manufacturing
- Simple software and man-machine interface – easy to use
- NO.1 in robots for heavy payloads (For robots with over 120kg payloads, KUKA and ABB dominate the market; while for 400kg and 600kg payloads, KUKA sells the best.)

KUKA is more specialized

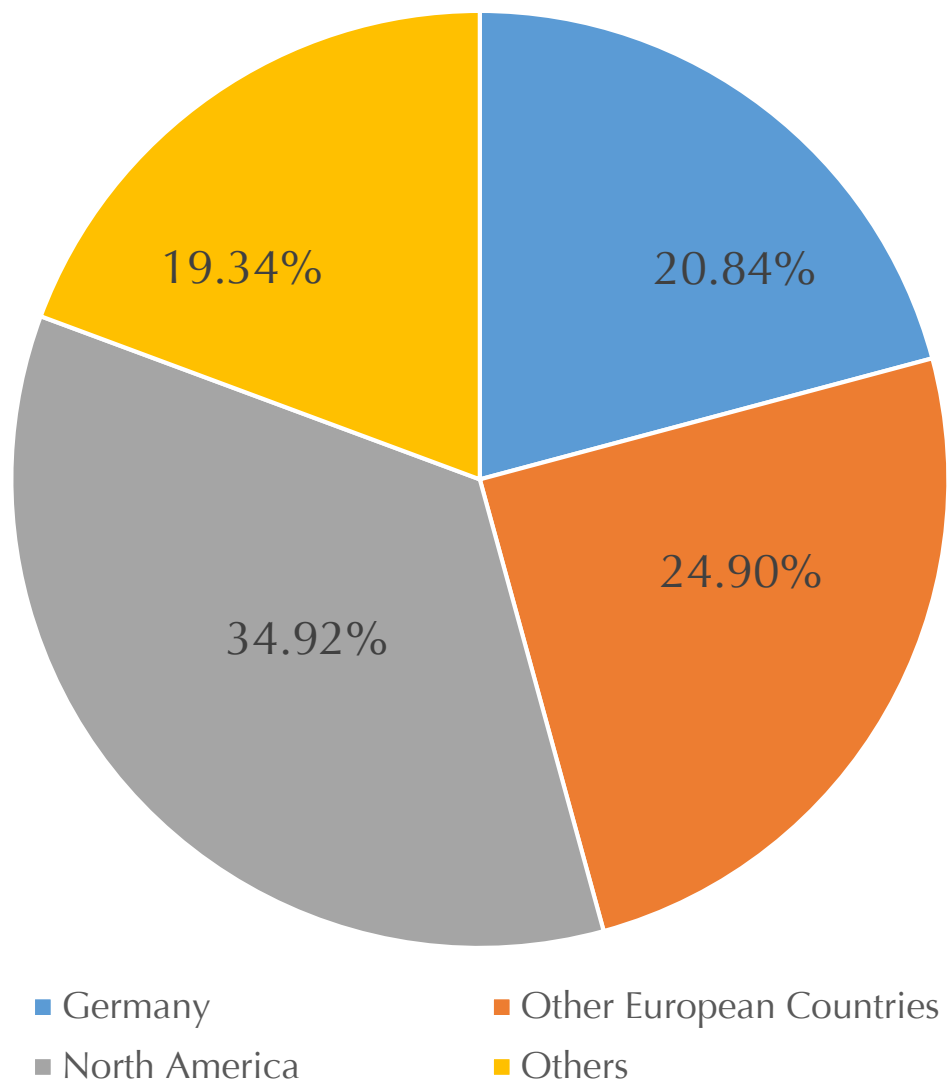


KUKA more focuses on industrial robotics





KUKA's Revenue Breakdown by Region



KUKA's Revenue Breakdown by Business

