



Kingdee International Software Group

2021 Interim Results Announcement

Stock Code: 268.HK

19 August 2021



**Business
Highlights**



**Cloud Market
Update**



**Cloud Strategy
Update**



CFO Report



Appendix



**Business
Highlights**



Cloud Market
Update



Cloud Strategy
Update



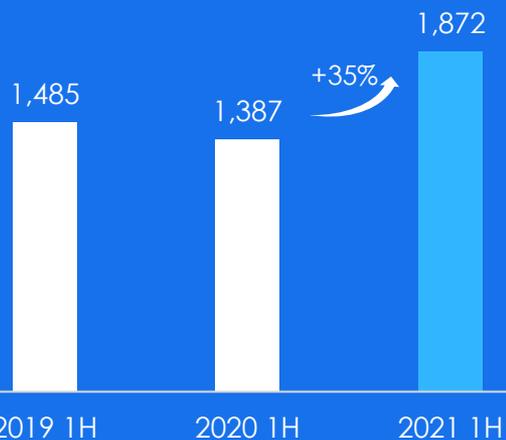
CFO Report



Appendix

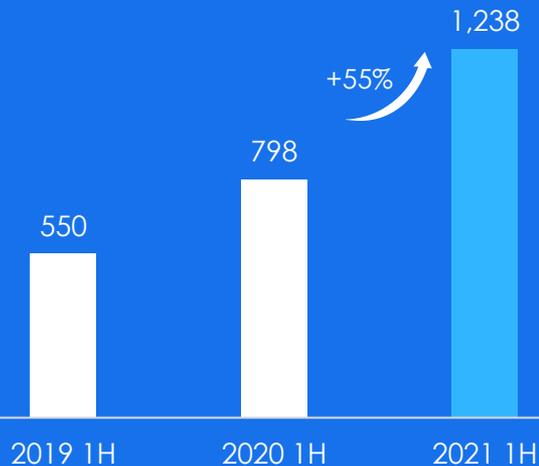
Group Revenue

(RMB mn)



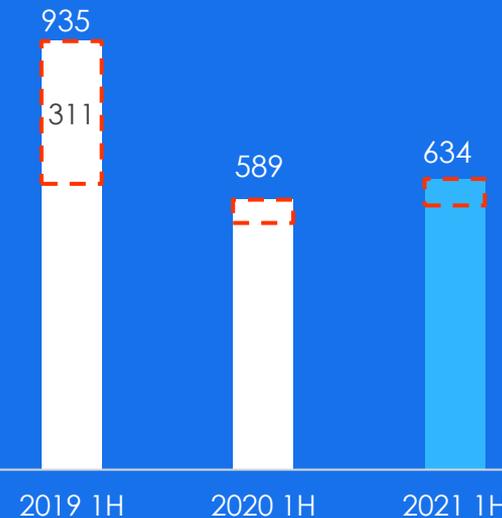
2019 1H-2021 1H CAGR: **+12.3%**

Cloud Service Revenue



2019 1H-2021 1H CAGR: **+50.0%**

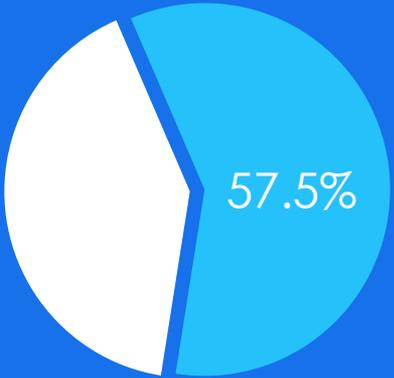
ERP & Others Revenue



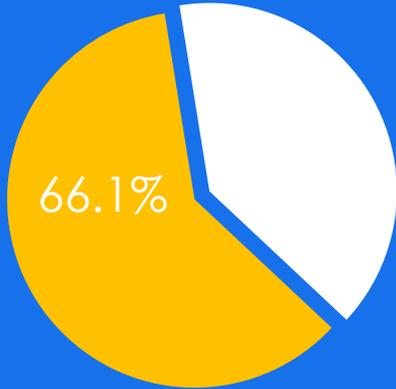
KIS & K/3 Wise revenue

2019 1H-2021 1H CAGR: **-17.6%**

Growth of Cloud Services

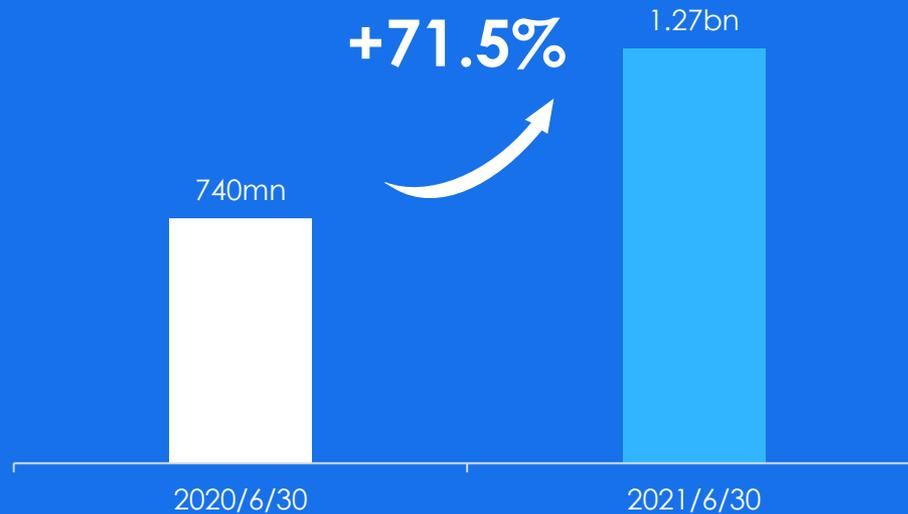


Cloud Services in 2020 1H



Cloud Services in 2021 1H

Subscription ARR

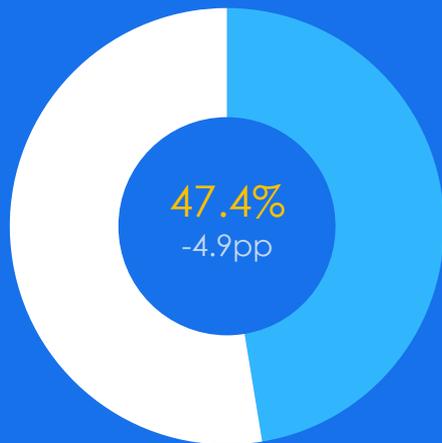


Subscription ARR reflects approximate annualized recurring revenue from Kingdee Cloud subscription services.

Key Financial Drivers - OPEX

S&M

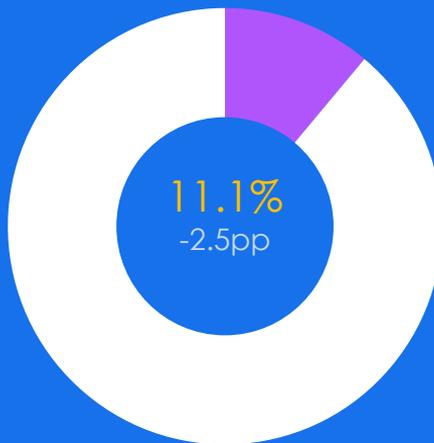
as a % of total revenue



RMB 888mn
+22.3% y-y growth

G&A

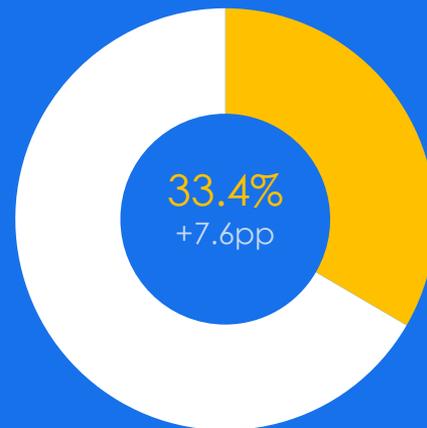
as a % of total revenue



RMB 208mn
+9.7% y-y growth

R&D

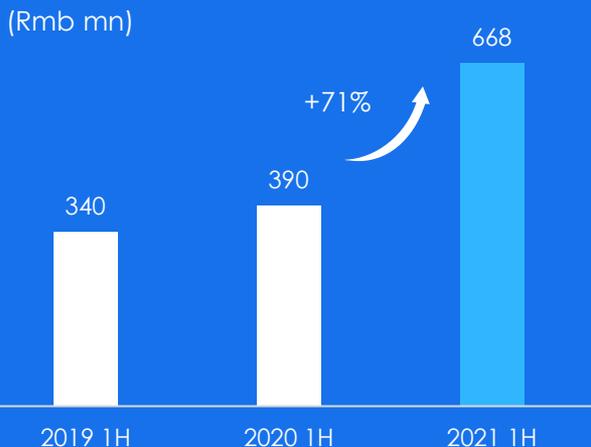
as a % of total revenue



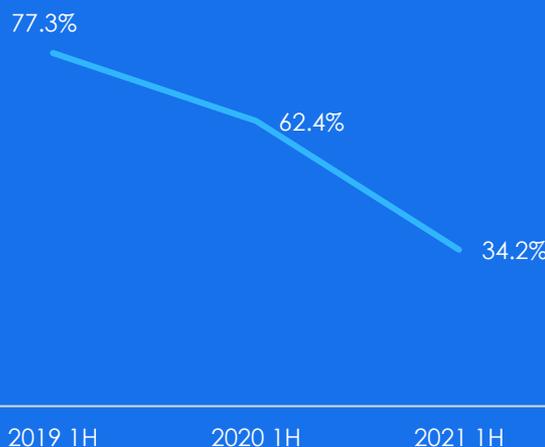
RMB 625mn
+74.3% y-y growth

Key Financial Drivers – R&D expenditure & expenses

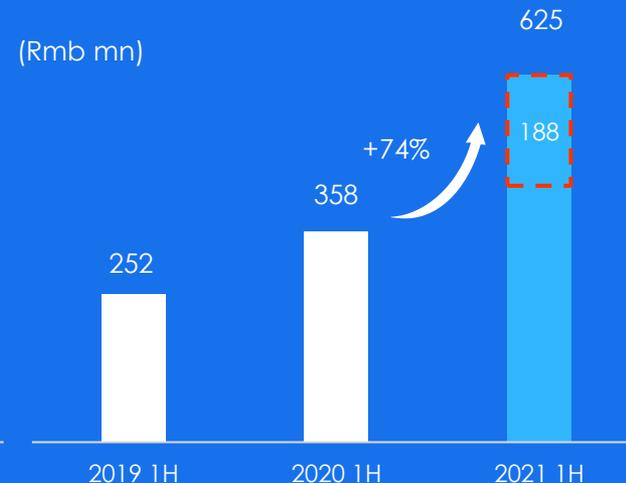
R&D expenditure



R&D capitalization rate



R&D expenses



 R&D expense impact due to lower capitalization rate comparing to 2020 1H

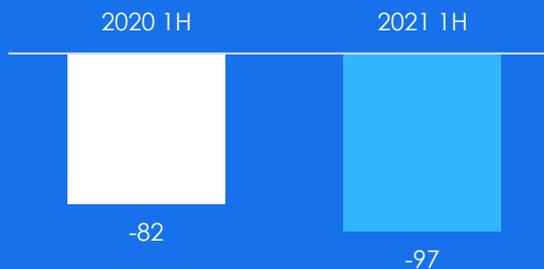
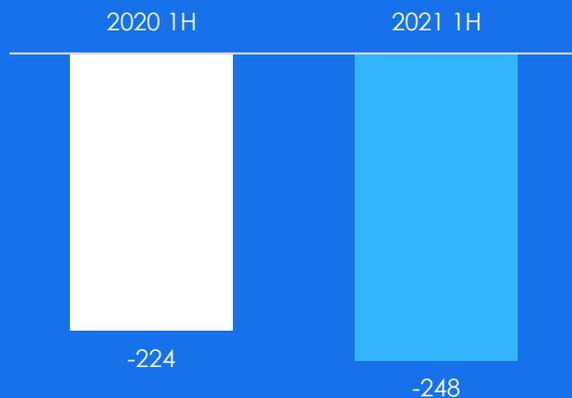
Key Financial Drivers – Net Profit, Operating Cash Flow



Net profit attributable to shareholders

Net Operating Cash Flow

(Rmb mn)



Growth of Cloud Contract Liabilities



(RMB'000)	2021 1H	2020 1H	Change
<i>Subscription</i>	1,007,563	552,868	82.2%
<i>Others</i>	236,473	158,617	49.1%
Total Cloud Contract Liabilities	1,244,036	711,485	74.9%



Kingdee Cloud Cosmic



Kingdee Cloud Constellation

Cosmic & Constellation – EBC Cloud for Large Enterprises



金徽酒 正能量



联盛纸业
LIAN SHENG PAPER



142
New customers

105
Upsell customers

Rmb250mn
Total contract value

Rmb1.3mn
Per new customer

2016.7

R&D Launch

2018.8.8

V1.0 Launch

2019.11

V2.0 Launch

2020.11

V3.0 Launch

2021.6

V4.0 Launch & Brand Upgrade

Cosmic & Constellation Milestone Achievement



Global HR System Phase One officially on-boarded. Huawei and Kingdee will continue to move forward with the system, jointly building the digital capability for the future



Cosmic-based integrated ERP on-boarded on 1 Jan 2021. With stable performance, it successfully replaced three original ERP systems, a major breakthrough in local substitution and system innovation.



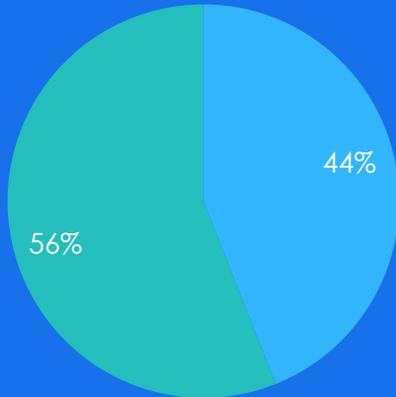
Phase Two on-boarded several Constellation modules, which realized significant improvement on invoice management efficiency and treasury planning accuracy.

Proven capability & competitiveness with replacing complete or core global ERP systems for **over 70 customers**

Cosmic & Constellation Customer Analysis

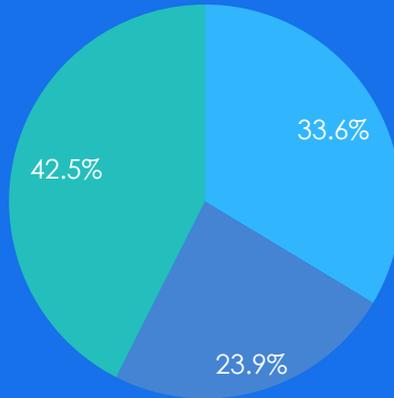


Cloud technology



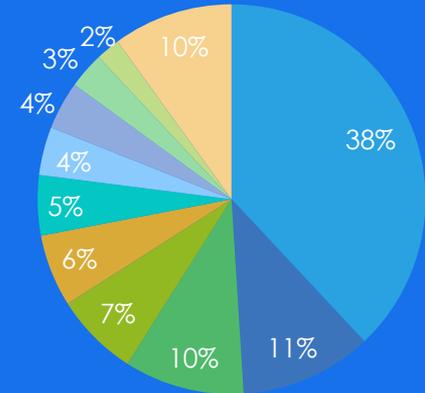
- Public Cloud
- Hybrid Cloud

Customer Origin



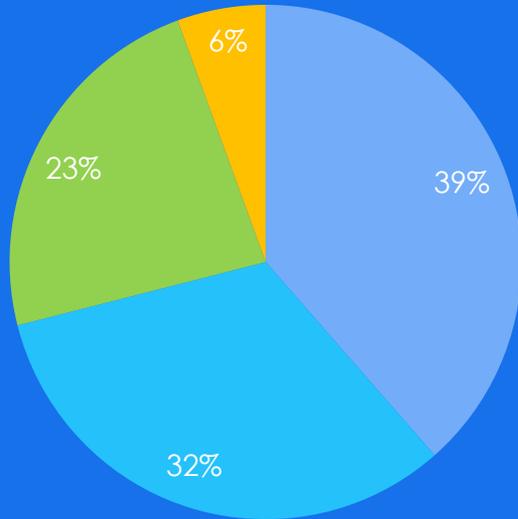
- Kingdee new customers
- Kingdee ERP upgrade
- Cosmic & Constellation Upsell customers

Customer Industry



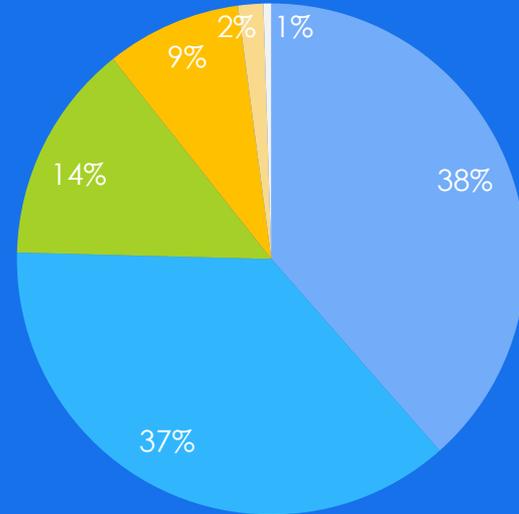
- Manufacturing
- Retail & Wholesale
- Construction & Real Estate
- Agriculture
- Financial
- Energy
- TMT
- Education & Research
- Business Service
- Transportation
- Others

Cosmic & Constellation Subscription Distribution



- Cosmic Platform
- Finance/Accounting
- Supply Chain
- Construction & Real Estate

2020 1H



- Cosmic Platform
- Finance/Accounting
- Supply Chain
- Construction & Real Estate
- Tax

2021 1H

Work Flow Cloud

- 4 apps
- Work flow service
 - Business flow service
 - Message center
 - Business center

Integration Service Cloud

- 2 apps
- Integration management
 - Data center

Block Chain Cloud

- 3 apps
- Block chain control center
 - Block chain deploy service
 - Block chain deposit service

Data Service Cloud

- 3 apps
- Light analysis
 - Map
 - Data middle platform

Development Service Cloud

- 5 apps
- Development platform
 - Development management
 - Work flow development
 - Open platform
 - Unit testing

AI Service Cloud

- 4 apps
- Chatterbot platform
 - Kingdee AI voice assistant
 - Visual identity service
 - RPA

Constellation SaaS Portfolio



Finance Cloud

71 apps

- Financial Accounting Cloud
- Enterprise Performance Cloud
- Mgmt Accounting Cloud
- Tax Cloud
- Cash Mgmt Cloud
- Employee Service Cloud

Supply Chain Cloud

31 apps

- Purchase Cloud
- Sales Cloud
- Inventory Cloud
- Supplier Relationship Cloud

Manufacturing Cloud

40 apps

- Production Manufacturing Cloud
- Manufacturing coordination Cloud
- Manufacturing Execution Cloud
- Quality Cloud
- Equipment Cloud
- Product Service Cloud

Project Cloud

10 apps

- Project initiation
- Project task
- Project process
- Project investment

Coordination Office Cloud

9 apps

- Coordination Portal
- Coordination approve
- Smart Check in
- Knowledge Center
- Time Helper

Marketing Cloud

55 apps

- B2B Ecommerce Center
- B2B Mall
- Retail Management
- Ecommerce Management
- Store Coordination
- Sales Promotion Management

HR Cloud

63 apps

- Core HR Cloud
- HR Platform Service Cloud
- Organization Development Cloud
- Salary Welfare Cloud
- HR Supply Chain Cloud
- Social Insurance & Tax Cloud

Data Analytics Cloud

6 apps

- Real-time Expenditure Insight
- Financial Reporting Cloud
- Industry Peer Analysis
- Smart Data Insight
- Sales Forecast
- Customer Value Analysis

Industries: Steel/Metallurgy, Real Estate, Construction, Property Mgmt, Modern Agriculture, Tobacco, Equipment Production, Foreign Trade, Asset Supervision and Administration, etc.

Cosmic PaaS: High productivity PaaS for Enterprises



SaaS

(Enterprise Performance, Financial, Capital, Human, Collaborative, Project, Channel, Supplier Collaboration, Supply Chain, Manufacturing, Industry) Cloud.

High productivity PaaS level (Qualified domain, Enterprise application)

Kingdee Cloud Cosmic SaaS + PaaS Core Services

Selected in Global High Productivity SaaS Supplier Directory by Gartner

APPLICATION SERVICE (SaaS)	SERVICE	OTHER	SERVICE	SERVICE	ENTERPRISE AI SERVICE
Visual modeling IDE	Organizational model	Basic information	mobile platform	Thematic analysis	Invoice identification
Personalized Application management center	Process model	Process integration	Organization service	Corporate portrait	Interaction NLP platform
Developer community	Permission model...	API service	Instant messaging	User portrait	Machine learning

High control PaaS level

IaaS + PaaS by HUAWEI Cloud, AWS, ALIBABA Cloud, TENCENT Cloud

COMPUTING SERVICE	OPERATING SYSTEM	DATABASE (DBaaS)	RESOURCE MANAGEMENT	MIDDLEWARE	OTHER
Virtual machine (VM)	Windows	RDS	Resource arrangement	MQ	High code development kit
Container Service (CaaS)	Linux	RDN	Resource monitoring	Kafka	Code hosting
No server (IPaaS, Serverless)	Unix		Resource delivery	Zookeeper	Big data suite

IaaS level

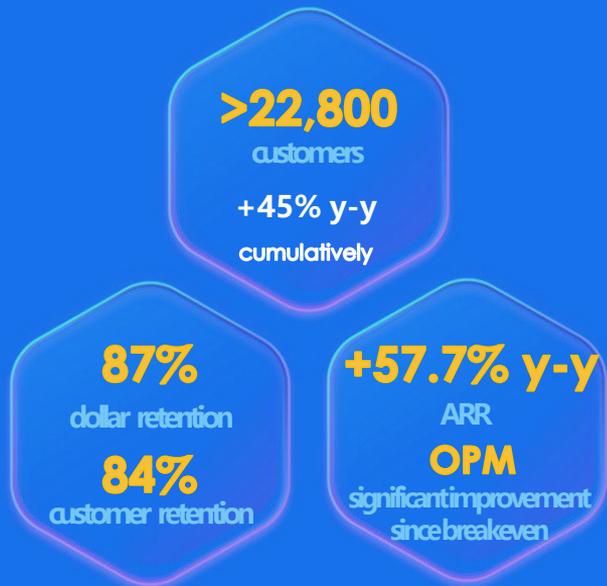
STORAGE SERVICE	COMPUTING RESOURCE	INTERNET SERVICE	OTHER SERVICE ...
Object storage, file storage, hybrid storage	CLOUD SERVER, BARE METAL SERVER, GPU	VPN, VPC, Nat Gateway, public net IP, CDN, SLB Load balancing...	

Cosmic PaaS: Integration with Major Cloud Players



 **Kingdee** *Cloud Galaxy*

Galaxy – EBC Cloud for High-growth Enterprises



Life Science



High-Tech



Manufacturing



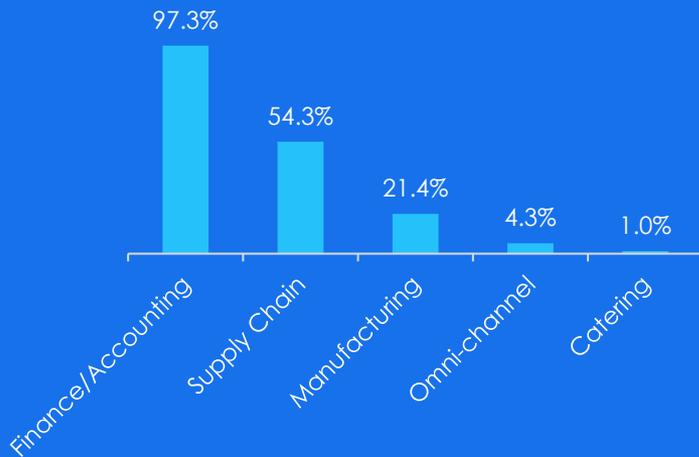
Customer subscription distribution

28%

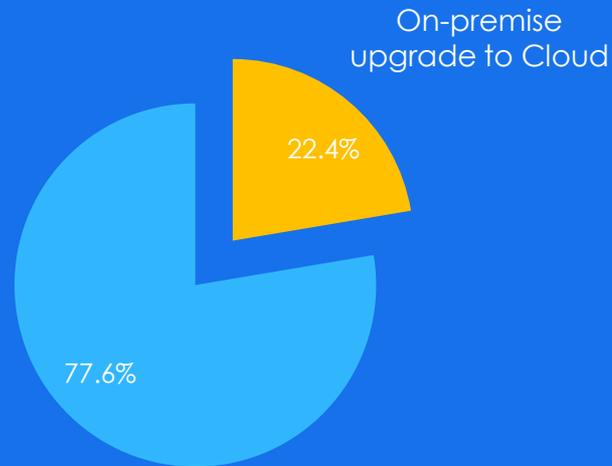
of customers have 2 solutions

23%

of customers have 3+ solutions



2021 1H new customers mix



Finance Cloud

35apps

- General Ledger
- Smart Accounting Platform
- Budget Mgmt
- Expense Mgmt
- Cost Mgmt
- Mgmt Accounting
- Cash Mgmt

Supply Chain Cloud

10apps

- Sales Mgmt
- Purchase Mgmt
- Inventory Mgmt
- Inter-organization Settlement
- Bar-code Mgmt
- Supplier Relationship
- Credit Mgmt

PLM Cloud

24apps

- R&D Project Mgmt
- Design Document Mgmt
- Material Mgmt
- Material Standard
- Design BOM Mgmt
- Design Modification Mgmt
- CAD Software Integration

Manufacturing Cloud

10apps

- Engineering Data Mgmt
- Manufacturing Mgmt
- Outsource Mgmt
- Workshop Mgmt
- Quality Mgmt
- Quality Assurance
- Manufacturing Line Production

MES Cloud

8apps

- Smart Workshop
- Equipment Online
- OEE Analysis
- Emergency Mgmt
- Fog Computing Deployment

Retail Cloud

11apps

- Franchise Mgmt
- Multi-end POS System
- Store Coordination
- Membership Mgmt
- Promotion Mgmt

Omni-Channel Cloud

17apps

- BBC Distributor Portal
- BBC Business Center
- Order Plan Mgmt
- Promotion Mgmt
- All Channel Membership Mgmt

Smart Data Analytics Cloud

5apps

- Store Sales Forecast
- Order Plan Forecast
- Smart Sales Forecast
- Order Risk Warning
- Customer Operating Analysis

 **Kingdee** Cloud Stellar **Kingdee** Cloud Jingdou

Stellar & Jingdou Overview

Kingdee Cloud Stellar

5,700

customers

Launched in
2020

Kingdee Cloud Jingdou

186,000

customers

77%
customer retention



Operation

8apps

- Retail Cloud (Unmanned Store, Cashier Free, Code Scan Purchase)
- Ordering Mall
- Supply Chain Cloud

Finance

8apps

- Finance Cloud
- Tax Cloud

Eco-system

5apps

- Customization Development Platform
- Open API
- APP Market Place
- DingTalk, Work Wechat Connection

Data Service

2apps

- Lite Analysis
- Smart Reporting
- Business Dashboard
- Data Platform

Industries: Wholesale, Retail, Technology, Professional Service, etc.



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**Cloud Market
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Cloud Strategy
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EA SaaS market CAGR in 2020-2025: **31.7%**

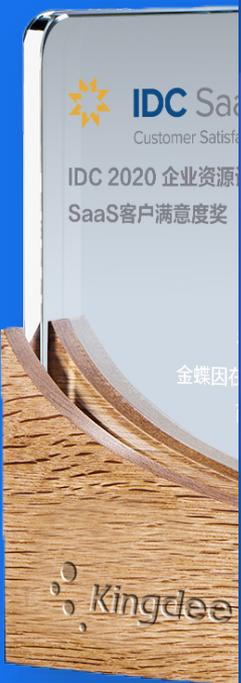
The EA SaaS market in China is becoming more and more mature, which is mainly focused on the following four sections

- Application SaaS
- Platform SaaS
- Ecosystem
- Hybrid Cloud

PRC EA SaaS Market Forecast, 2020-2024(\$ M)



Cloud Market Recognitions



Kingdee

金蝶与华为、阿里巴巴均入选
Gartner《Market Share: Enterprise Infrastructure Software, Worldwide, 2020》，并成为：
唯一进入「应用平台」榜单中国区前五的国产SaaS云服务厂商

NO.1	IBM
NO.2	Oracle
NO.3	Huawei
NO.4	Alibaba Group
NO.5	Kingdee
NO.6	Red Hat
NO.7	VMware
NO.8	Tencent
NO.9	NEC
NO.10	Fujitsu

* Date from Gartner《Market Share: Enterprise Infrastructure Software, Worldwide, 2020》



- Only Chinese enterprise SaaS vendor ranked **top-five market share in Gartner's 2020 Application Platform Software**
- Only Chinese enterprise SaaS vendor selected into **Gartner's Global Market Guide for Cloud ERP**
- Only Chinese vendor won **IDC's 2020 Global SaaS Customer Satisfaction Award**, ranked No.1 in ERP SaaS customer satisfaction
- Only Chinese vendor selected into **IDC's 2021 Asia Pacific Manufacturing ERP SaaS MarketScape**, as a Contender
- Only company ranked **No.1 market share in IDC's China's Enterprise SaaS ERM market** for four consecutive years
- Only company ranked **No.1 market in IDC's growth enterprise application software market** for seventeen consecutive years



Business
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Cloud Market
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**Cloud Strategy
Update**

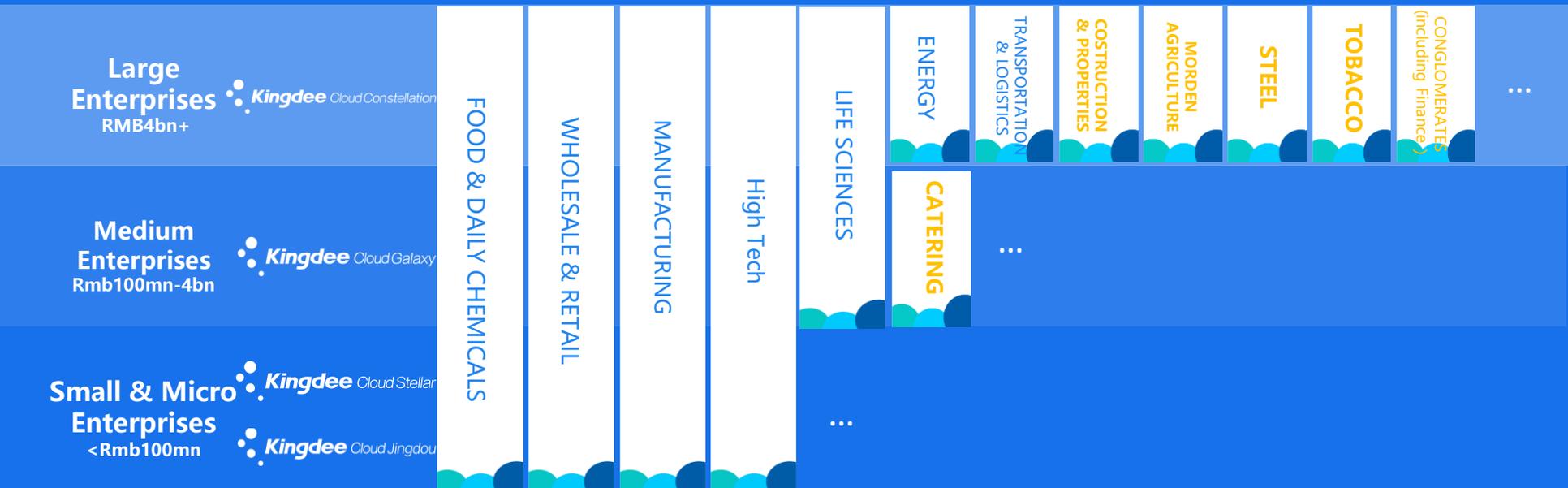


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Core Strategy - Platform + Finance & HR & Tax + Ecosystem



Xu Shaochun's WeChat Public Account



In 2021 1H, received **~5,000 effective inquiries**, and over 85% were product and service related.

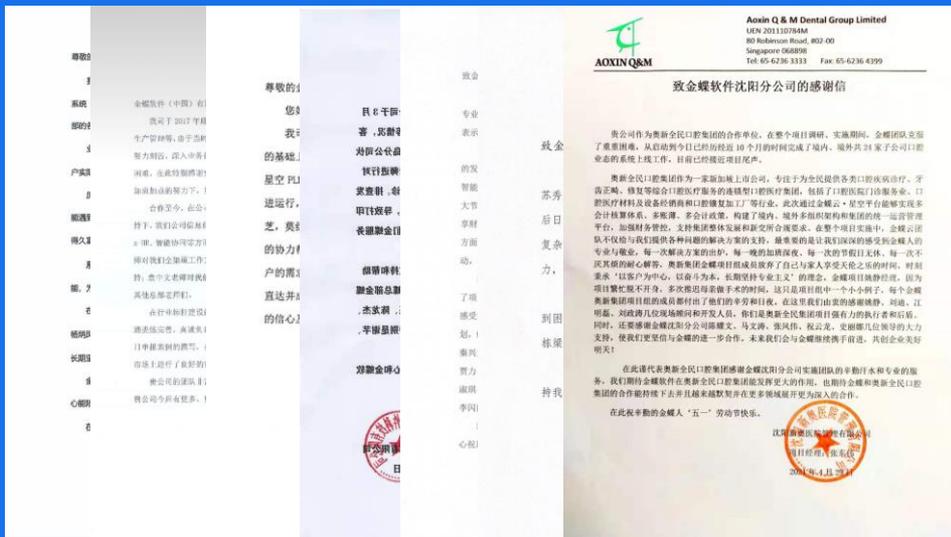
In 2021 1H, received **240+ customer appreciation letters (+110% y-y)** and customer complaints decreased by 40% yoy



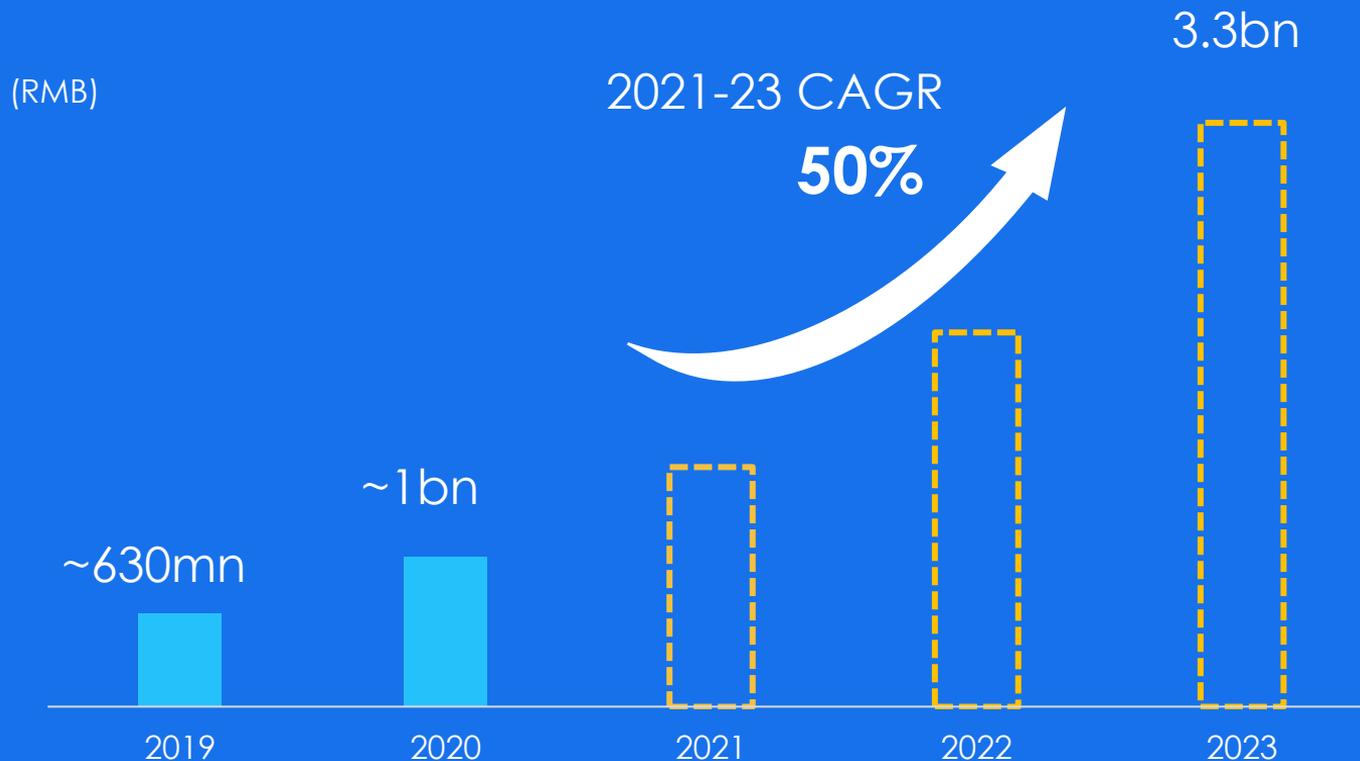
这个数字化转型模型总结的好，可以作为企业数字化转型的程序指引。



徐董，有数字化转型哲学手册模版吗？



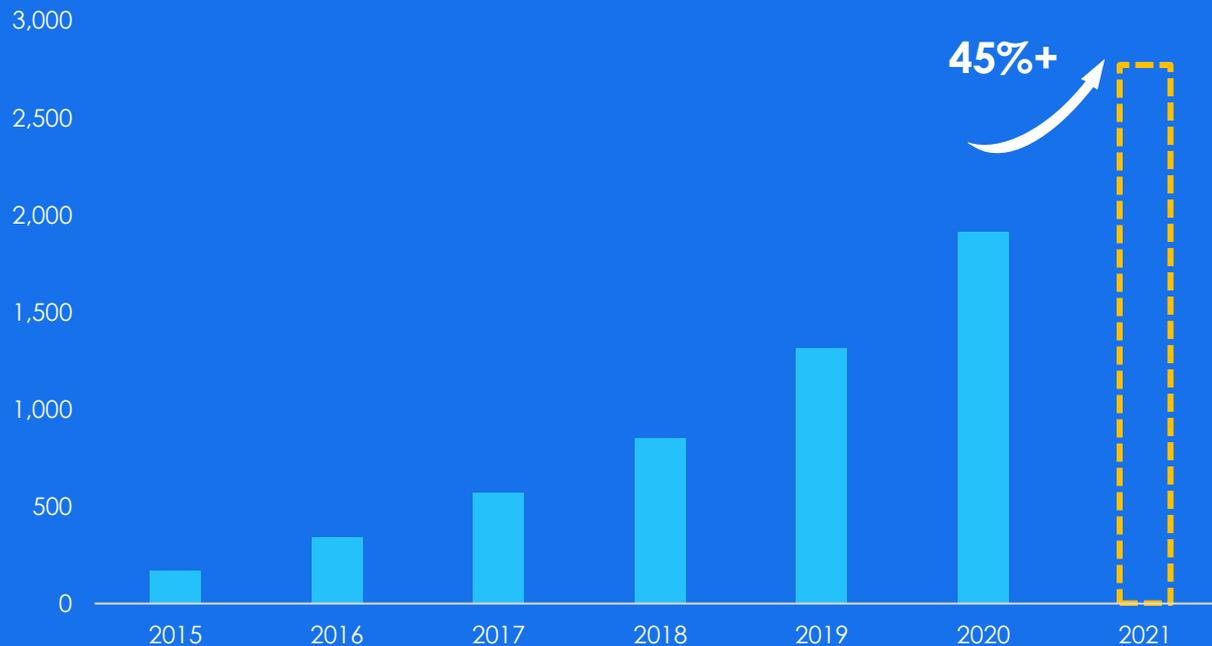
Subscription ARR Three-Year Target



Cloud Services Revenue Guidance



(RMB mn)



Guidance:
2021 Cloud
services revenue
up by 45%+ yoy



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Update



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Financial Overview



(RMB'000)	2021 1H	2020 1H	Change
Revenue	1,872,399	1,387,445	35.0%
Cost of Sales	-698,266	-496,951	40.5%
Gross Margin	62.7%	64.2%	-1.5pp
Total Operating Expenses	-1,747,844	-1,295,076	35.0%
Other Income & Gains	219,127	151,020	45.1%
Operating Profit	-354,584	-253,562	39.8%
Operating Margin	-18.9%	-18.3%	NA
Finance Income– net	21,975	4,633	374.3%
Loss before Income Tax	-325,136	-250,881	29.6%
Net Profit – Owner of the company	-248,108	-224,025	10.8%
Net Profit Margin	-15.3%	-17.4%	NA
Diluted EPS(cents)	-7.25	-6.87	5.5%
Stock-based compensation	55,463	89,714	-38.2%
Tax effects and adjustments*	6,933	11,214	-38.2%
Non-GAAP Net Profit	-199,578	-145,525	37.1%
Non-GAAP EPS(cents)	-5.83	-4.46	30.7%

Note: The Group believes that providing non-GAAP financial measures may prove useful to investors and enable investors to evaluate financial results in the same way management does

* Note: non-GAAP tax provisions uses a long-term projected tax rate of 12.5%



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Total Revenue by Segments



(RMB'000)	2021 1H	% of Total Revenue	2020 1H	% of Total Revenue	Change
Cloud services business	1,238,258	66.1%	798,376	57.5%	55.1%
ERP and Others	634,141	33.9%	589,069	42.5%	7.7%
- Sale of software licenses	254,664	13.6%	206,479	14.9%	23.3%
- Maintenance & Services and Others	379,477	20.3%	382,590	27.6%	-0.8%
Total	1,872,399	100.0%	1,387,445	100.0%	35.0%

Software License by Segments



(RMB'000)	2021 1H	% of Total Revenue	2020 1H	% of Total Revenue	Change
EAS Cloud	133,351	7.1%	117,892	8.5%	13.1%
KIS	57,823	3.1%	51,031	3.7%	13.3%
Others	63,490	3.4%	37,556	2.7%	69.1%
Total software license turnover	254,664	13.6%	206,479	14.9%	23.3%

R&D Expenses



(RMB'000)	2021 1H	2020 1H	Change
Salaries and staff welfare	622,325	344,589	80.6%
Fixed costs	21,372	15,693	36.2%
Option & restricted stock expense	16,431	25,219	-34.8%
Travelling costs	5,810	3,116	86.5%
Others	1,973	1,138	73.4%
Total R&D costs	667,911	389,755	71.4%
Less: development costs capitalised	228,722	243,397	-6.0%
Capitalization rate	34.2%	62.4%	-28.2pp
Add: amortization	185,554	212,038	-12.5%
Total R&D expenses	624,743	358,396	74.3%
R&D expenses / Revenue	33.4%	25.8%	7.6pp

Selling & Marketing Expenses



(RMB'000)	2021 1H	2020 1H	Change
Salaries and staff welfare	573,398	441,623	29.8%
Sales promotion & marketing	204,484	186,361	9.7%
Fixed costs	41,930	34,578	21.3%
Travelling expenses	31,138	23,622	31.8%
Business advertising expenses	15,409	17,460	-11.7%
Project cooperation fee	9,987	12,800	-22.0%
Others	11,500	9,472	21.4%
Total	887,846	725,916	22.3%
S&M % of Total Revenue	47.4%	52.3%	-4.9pp

Administrative Expenses



(RMB'000)	2021 1H	2020 1H	Change
Salaries and staff welfare	129,217	116,294	11.1%
Option & restricted stock expenses	29,989	39,599	-24.3%
Fixed costs	21,298	13,947	52.7%
Professional service costs	16,974	10,893	55.8%
Employee recruitment and training expenses	4,254	3,092	37.6%
Travelling costs	2,269	2,192	3.5%
Others	3,552	3,186	11.5%
Total	207,553	189,203	9.7%
Admin. % of Total Revenue	11.1%	13.6%	-2.5pp

Other Gains



(RMB'000)	2021 1H	2020 1H	Change
VAT refund	69,655	52,540	32.6%
Government projects	22,761	15,289	48.9%
Rental income - net	35,915	38,634	-7.0%
Others	90,796	44,557	103.8%
Total	219,127	151,020	45.1%
VAT % of Total Revenue	3.7%	3.8%	



感謝
ขอบคุณ

ありがとう

Thanks

谢谢