



Kingdee International Software Group

2020 Annual Results Announcement

Stock Code: 268.HK
25 March 2021



**Business
Highlights**



**Cloud Market
Update**



**Cloud Strategy
Update**



CFO Report



Appendix



**Business
Highlights**



Cloud Market
Update



Cloud Strategy
Update



CFO Report



Appendix

Growth by Segments



Revenue **45.6%** YoY

Revenue **-28.2%** YoY

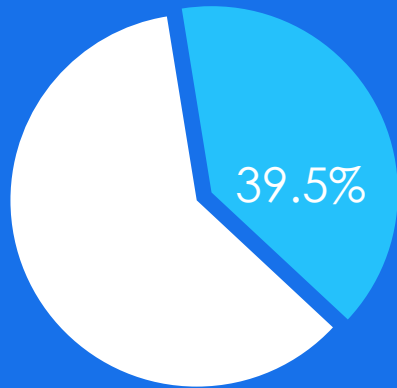
Cloud Services

- ❖ Enterprise Cloud Service: +46.3% yoy
- ❖ Finance Cloud Service: +70.0% yoy
- ❖ Industry Cloud Service +20.7% yoy

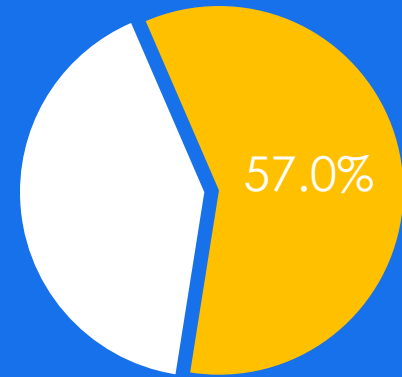
Management Software

- ❖ KIS and K/3 Wise terminated
- ❖ EAS license: -22.3% yoy
- ❖ Maintenance & Service: -2.2% yoy
- ❖ Implementation: -13.3% yoy

Growth of Cloud Services

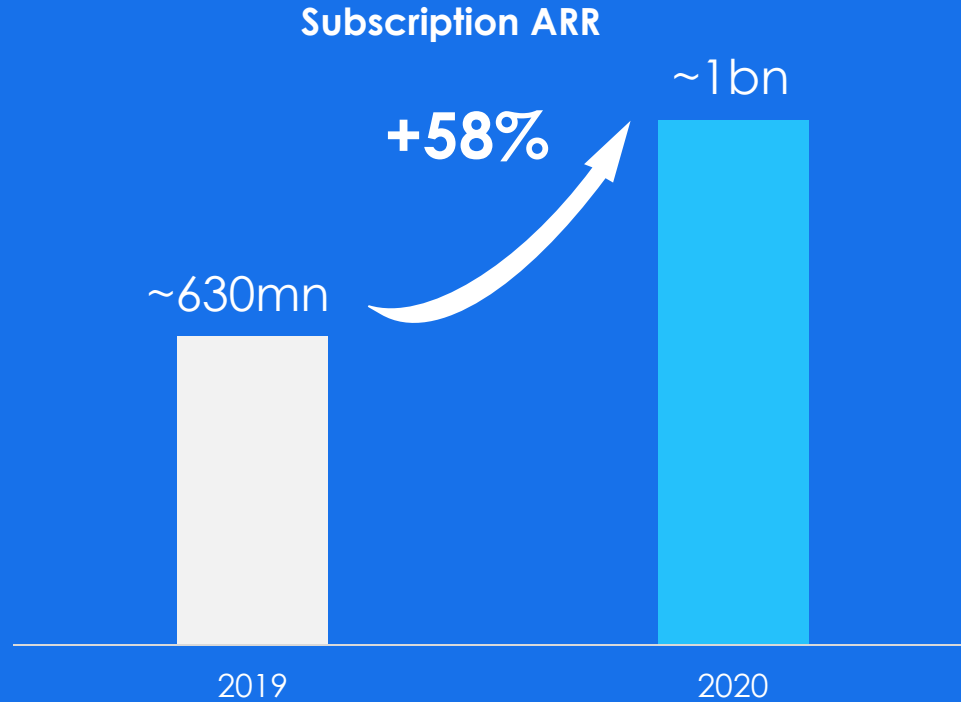


Cloud Services in 2019



Cloud Services in 2020

Growth of Cloud Subscription



Subscription ARR reflects approximate annualized recurring revenue as of 31 Dec 2020 from Kingdee Cloud products.

Growth of Cloud Contract Liabilities



(RMB'000)	2020	2019	Change
<i>Subscription</i>	824,892	421,541	95.7%
<i>Others</i>	171,944	121,252	41.8%
Total Cloud Contract Liabilities	996,836	542,793	83.6%



Cosmic Overview



2020:

Total New & Upsells: **367**

- Cosmic New Clients: **283**

- Cosmic Upsell Clients: **84**

Total contract size:

RMB 467mn

Average contract size:

RMB 1.3mn

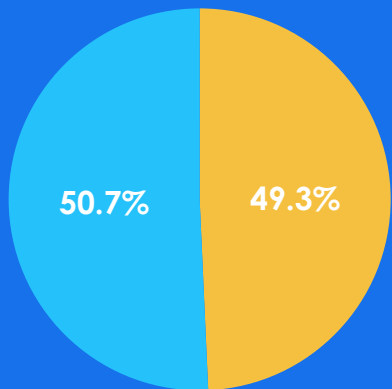
Revenue

Rmb 190mn, +220% yoy

Cosmic Distribution

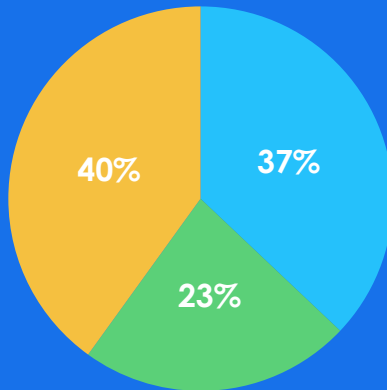


Cloud technology



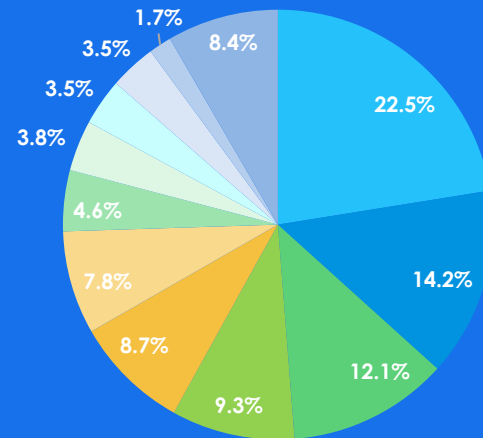
Public cloud Hybrid cloud

Customer Origin Distribution



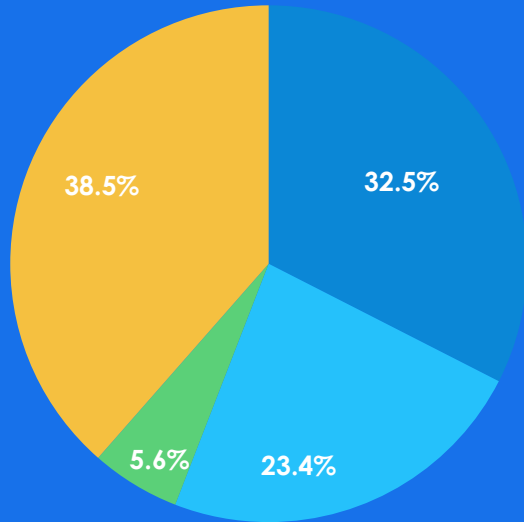
Kingdee new customer
Cosmic upsell
Kingdee ERP upgrade

Customer Industry Distribution



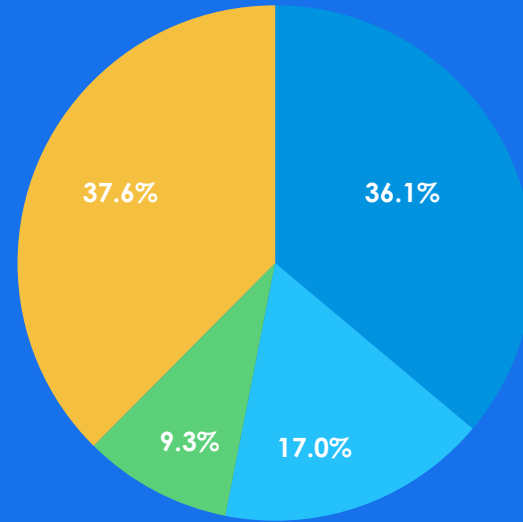
Manufacturing
Retail & Wholesale
Energy
Social service
Financial
Metallurgy
Business service
Construction & Real estate
TMT
Coglomerate
Agriculture
Others

Cosmic Subscription Distribution by Module



■ Finance/Accounting ■ Supply Chain, Channel, SRM
■ Construction & Real Estate ■ Cosmic Platform

2019



■ Finance/Accounting ■ Supply Chain, Channel, SRM
■ Construction & Real Estate ■ Cosmic Platform

2020

Finance Cloud

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

Supply Chain Cloud

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

Manufacturing Cloud

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

Marketing Cloud

- Omni-Channel Cloud
- Guanyi Cloud
- Fxiaoke
- E-commerce Cloud
- Community E-commerce Cloud

HR Cloud

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

Data Analytics Cloud

- Data Platform
- Lite Analysis
- Financial Reporting Cloud
- Industry peer Analysis
- Smart Data Insight

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

<p>APPLICATION SERVICE</p> <p>SERVICE (SaaS)</p> <p>Visual modeling IDE</p> <p>Personalized Application management center</p> <p>Developer community</p>	<p>SERVICE</p> <p>Organizational model</p> <p>Guided creation model</p> <p>Process model</p> <p>Permission model...</p>	<p>OTHER</p> <p>Basic information</p> <p>Cloud-based form</p> <p>Process integration</p> <p>API service</p>	<p>SERVICE</p> <p>mobile platform</p> <p>cloud service</p> <p>Organization service</p> <p>Instant messaging</p>	<p>SERVICE</p> <p>Thematic analysis</p> <p>Knowledge analysis</p> <p>Corporate portrait</p> <p>User portrait</p>	<p>ENTERPRISE AI SERVICE</p> <p>Invoice identification</p> <p>interaction</p> <p>NLP platform</p> <p>Machine learning</p>
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High control PaaS level

IaaS + PaaS by

HUAWEI Cloud, AWS, ALIBABA Cloud, TENCENT Cloud

<p>COMPUTING SERVICE</p> <p>Virtual machine (VM)</p> <p>Container Service (CaaS)</p> <p>No server (IPaaS, Serverless)</p>	<p>OPERATING SYSTEM</p> <p>Windows</p> <p>Linux</p> <p>Unix</p>	<p>DATABASE (DBaaS)</p> <p>RDS</p> <p>BDW</p>	<p>RESOURCE MANAGEMENT</p> <p>Resource arrangement</p> <p>Resource monitoring</p> <p>Resource recovery</p>	<p>MIDDLEWARE</p> <p>MQ</p> <p>Kafka</p> <p>Zookeeper</p>	<p>OTHER</p> <p>High code development kit</p> <p>Code hosting</p> <p>Big data suite</p> <p>IoT...</p>
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IaaS level

<p>STORAGE SERVICE</p> <p>Object storage, file storage, hybrid storage</p>	<p>COMPUTING RESOURCE</p> <p>CLOUD SERVER, BARE METAL SERVER, GPU</p>	<p>INTERNET SERVICE</p> <p>VPN, VPC, Nat Gateway, public net IP, CDN, SLB Load balancing...</p>	<p>OTHER SERVICE ...</p>
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1 Low-code Development

Selected into Gartner's Global High-Productivity PaaS vendor list



Vendor/Product	Available for Private Deployment?
Kingdee International Software Group's PaaS	Yes

Published: 29 January 2019 ID: G00352196

Coding amount reduced by **90%**

Development efficiency improve by **500%**

2 Localization Efforts

Full Stack development + Open Source, to support 100% local solution



Chips

HiSilicon, Loongson, Phytium



Database

Huawei Gauss DB, Dameng DB



System integration

Tai chi, Inspur, Chinasoft, Huadi, Thunisoft, DHC, Tsinghua Unigroup, etc.



OS

Huawei Euler OS, NeoKylin OS, Kylin OS



Server

Huawei Taishan, Inspur, Great Wall, Sugon

3 Enterprise cloud computing

Container + Micro-service, Elastic computing

Applied over 160 patents

 **Kingdee** *Cloud Galaxy*

Galaxy Overview



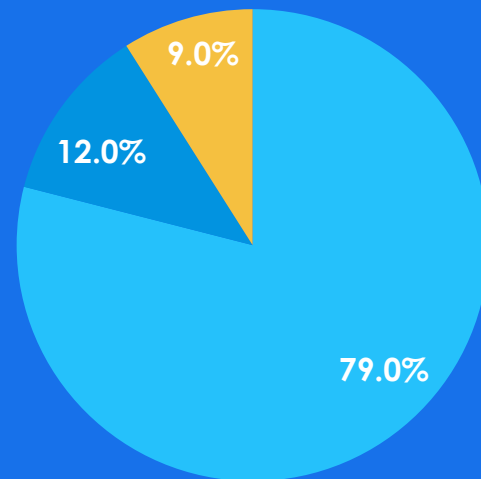
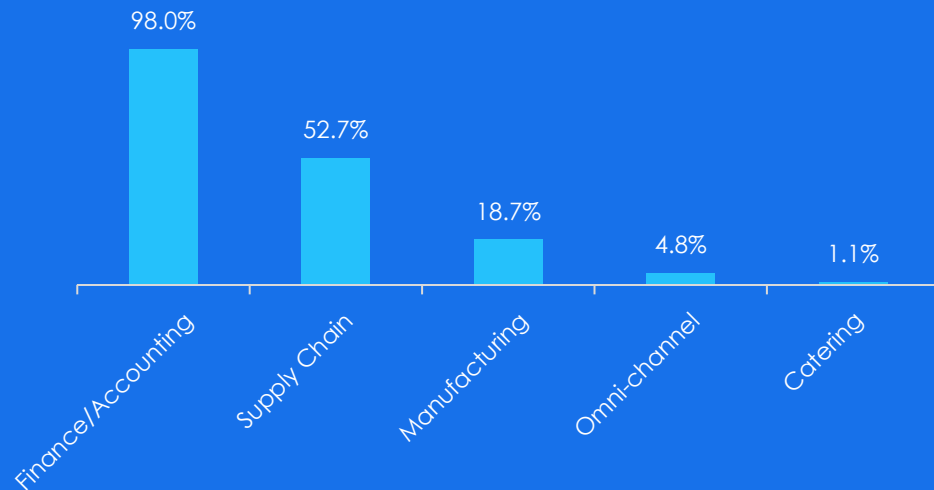
>17,200 customers
cumulatively, +25% YoY

90% from Kingdee
new customers

86% dollar retention
85% customer retention

ARR growth 45%+ yoy
Revenue growth 31% yoy

Galaxy Customer Analysis

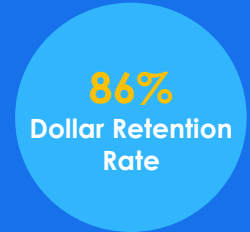
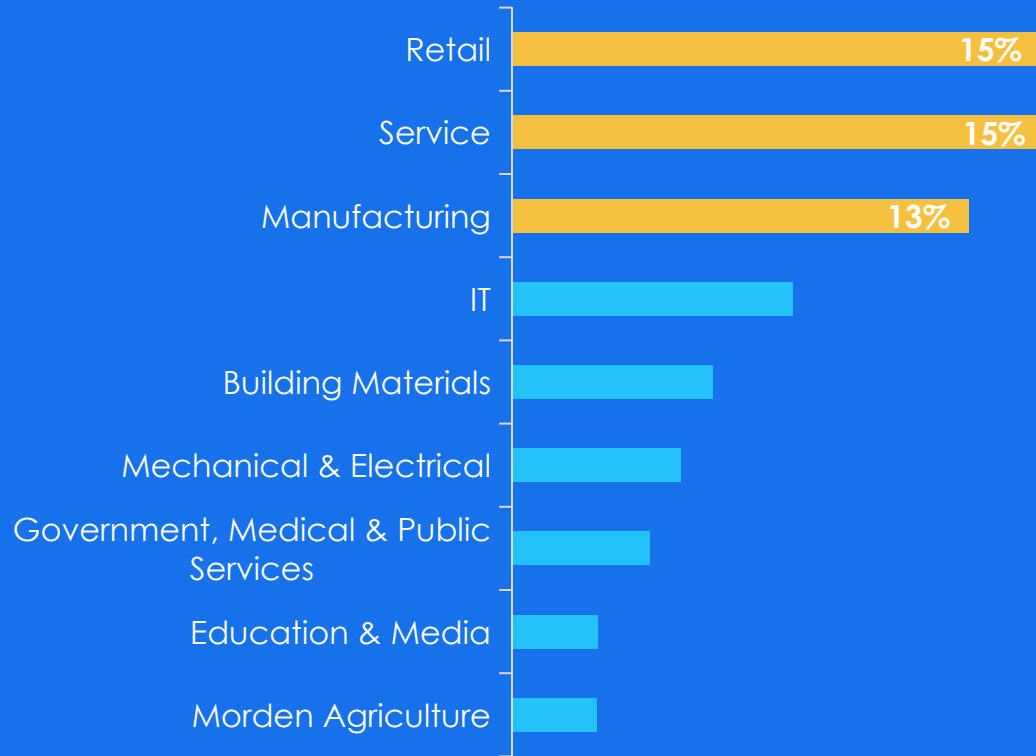


28%
of customers have 2 solutions

33%
of customers have 3+ solutions

- Customers New to ERP
- Customers From Competitor
- Kingdee existing customers

Galaxy Customers by Sector



Finance Cloud

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

Supply Chain Cloud

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

PLM Cloud

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

Manufacturing Cloud

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

MES Cloud

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

Retail Cloud

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

Omni-Channel Cloud

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

Smart Data Analytics Cloud

- Sales Forecast
- Order Plan Forecast
- Order Risk Warning

Galaxy's 18 industry solutions



Food



Electronics



Technology



Bakery



Home
Decoration



Service



Consumer
Electronics



Industrial
Mechanical



Catering



Household
Appliance



Construction



Pharmaceuti
cals



Instruments
& Meters



Auto Parts



Online
Education



Tourism



Chemical



Cosmetics

 **Kingdee** Cloud Stellar

Stellar & Jingdou Overview



Kingdee Cloud Stellar:
Launched in 2020

>3,000+ customers

RMB8,000
Avg subscription



Jingdou Cloud:
>160,000
Paying Customers

76%
Dollar Retention Rate

Operation

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

Finance

- Finance Cloud
- Tax Cloud

Eco-system

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

Data Service

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

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



Business
Highlights



**Cloud Market
Update**



Cloud Strategy
Update

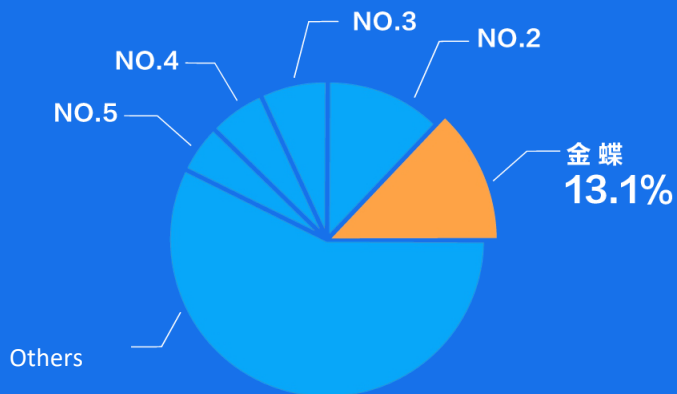


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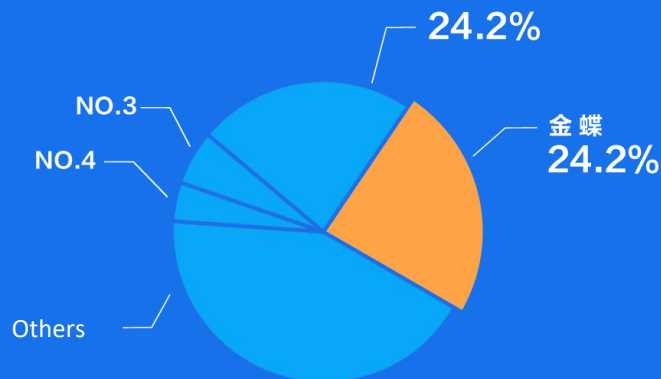


Appendix

Market Leader in China's Enterprise SaaS Market



PRC Enterprise ERM SaaS Market in 2020H1



PRC Finance Cloud Market in 2020H1



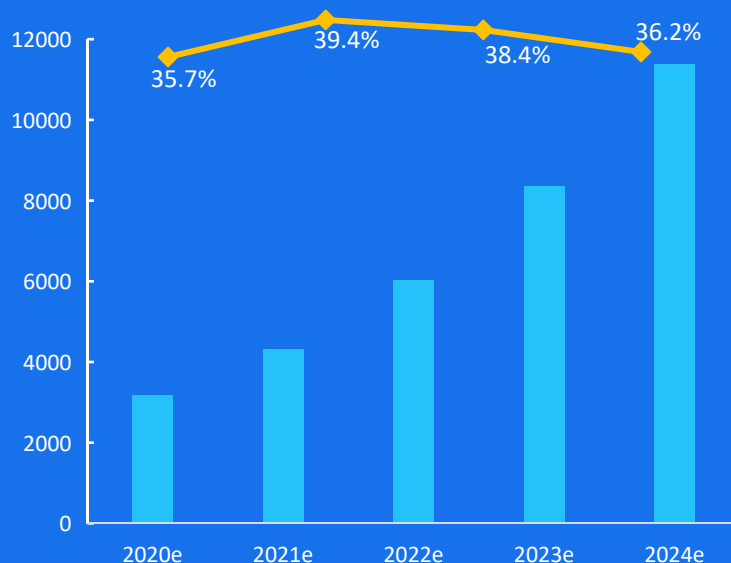
*数据来自IDC研究报告《Enterprise Application SaaS Tracker for PRC, 2020H1 IDC. Inc.》

EA SaaS market CAGR in
2020-2024: **37.1%**

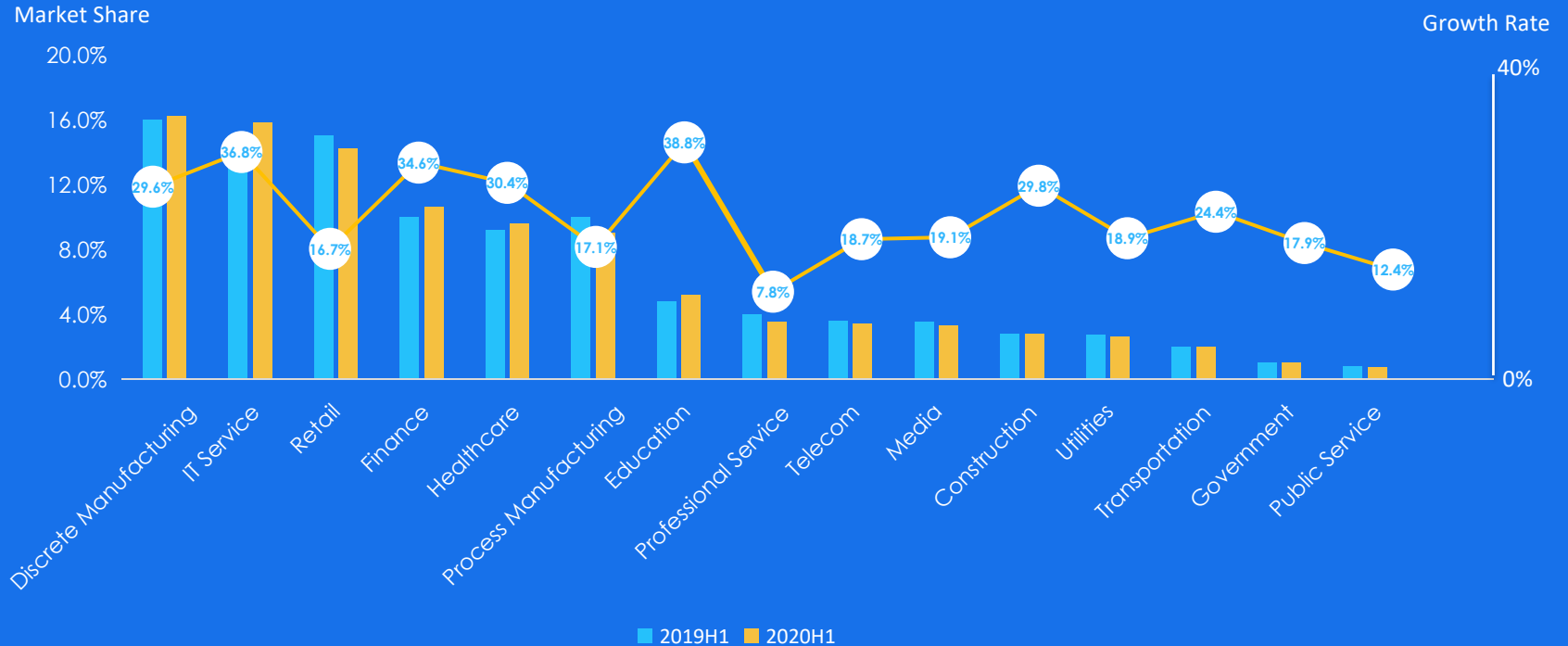
The EA SaaS market in China is becoming more and more mature, which is mainly focused on the following four sections

- Application SaaS
- Platform SaaS
- Ecosystem
- Data Intelligence

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



China EA SaaS Market Trend by Industry





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**Cloud Strategy
Update**



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Appendix

IDC 2020 SaaS Customer Satisfaction Award

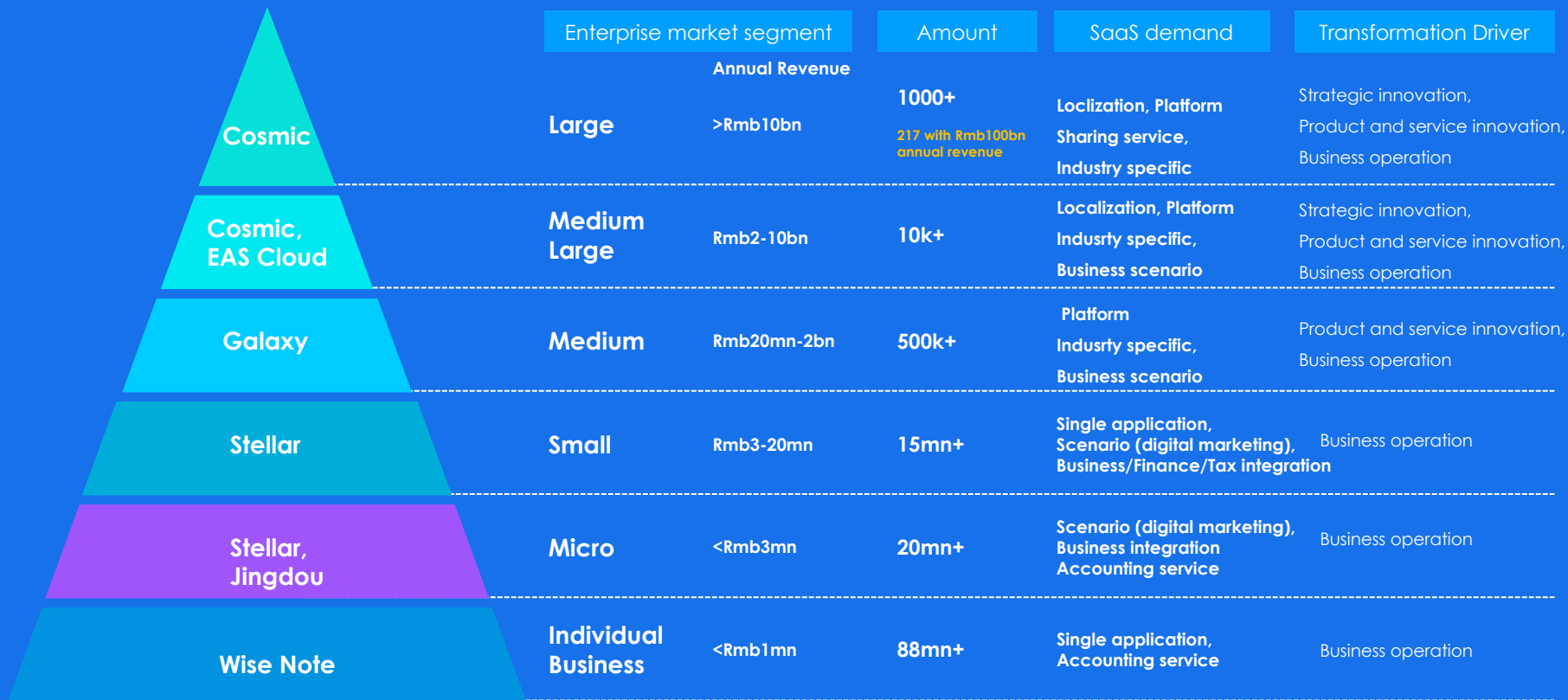


Kingdee is the winner of IDC 2020 SaaS ERP Customer Satisfaction Award, based on the results of IDC's SaaSPath Global Survey, and the ONLY Chinese SaaS company recognized by this award.

- ❖ The Customer Satisfaction Award Program (the CSAT Awards) seeks to recognize leading software-as-a-service (SaaS) vendors in each application market with the highest customer satisfaction scores based on IDC's SaaSPath survey. SaaSPath is a global survey of approximately 2,000 organizations across all geographic regions and company sizes, where customers are asked to rate their vendors on more than 30 different customer satisfaction metrics.
- ❖ The SaaSPath survey is conducted across all company sizes around the world, including roughly 55% IT leaders and 45% line of business leaders, and its survey targets cover enterprises senior management. All respondents go through an extensive screening process to ensure they are familiar with the technologies they are being asked about, are current users, and have influence in their company's technology buying decisions.



China enterprise addressable market for Kingdee Cloud



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



Small Enterprise Market Medium Enterprise Market Large Enterprise Market

Cosmic PaaS Platform **Business Platform/Tech Platform/Data Platform**

IaaS **Public/Hybrid/Private Cloud**

Open Ecosystem Platform for ISVs

Applications



APP&API Market
应用市场



Packages
应用包管理



Code Audit
代码审计



CI/CD
持续集成与持续交付



License
ISV许可

Core capabilities



Customization
行业&客户&用户定制



Building Block
企业模型组件



Workflow
企业流程模型



Chatbot
对话机器人



Embedded AI
嵌入式AI



Light Analysis
轻分析



Mobile&Social
移动&社交

Tools



CloudIDE
云开发



Light IDE
轻量级开发



KDSript
脚本开发



Html5
轻应用



Workflow
工作流设计



BOTP
业务流设计



API
APIs&Events



UnitTest
单元测试



SDK

Infrastructure



Multi-Tenant
多租户



Metadata
元数据



Microservices
微服务



Doker
容器



Distribution
分布式



Security
安全

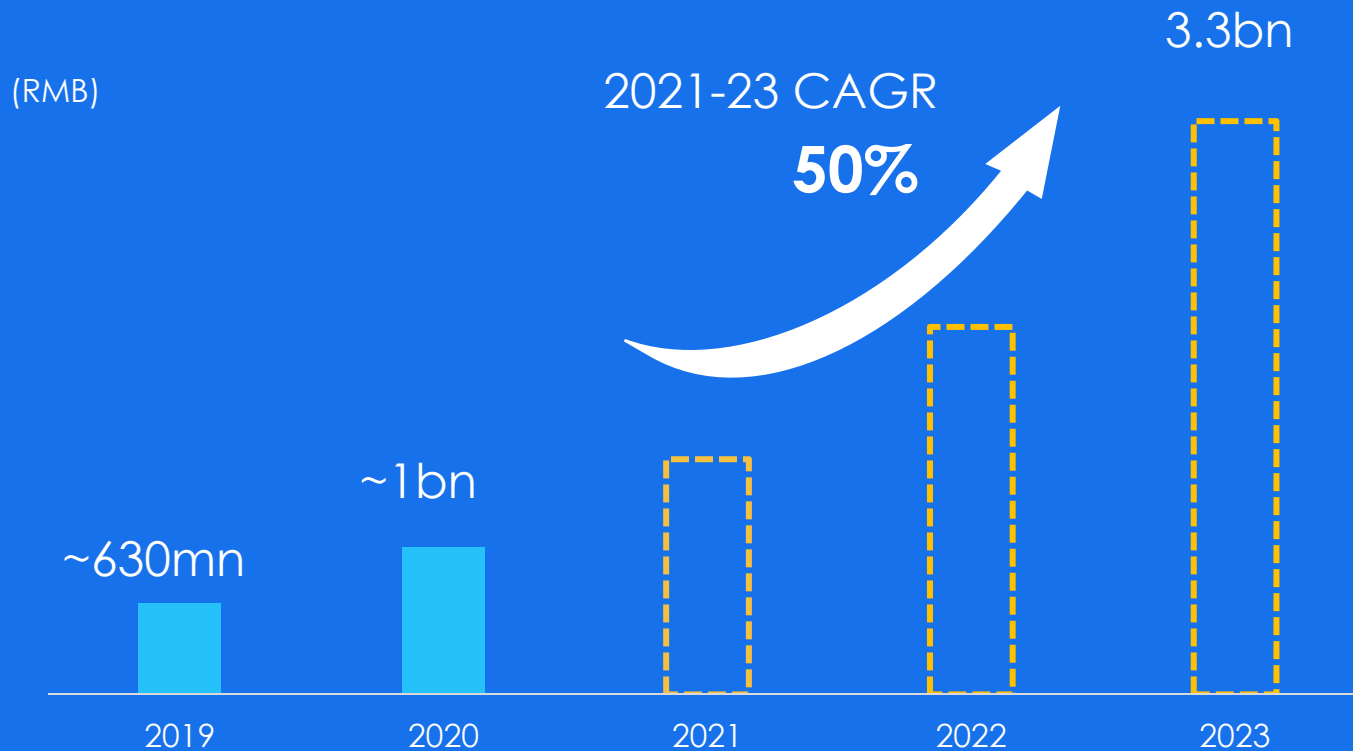


Block chain
区块链



Performance &
Availability
性能&可靠性

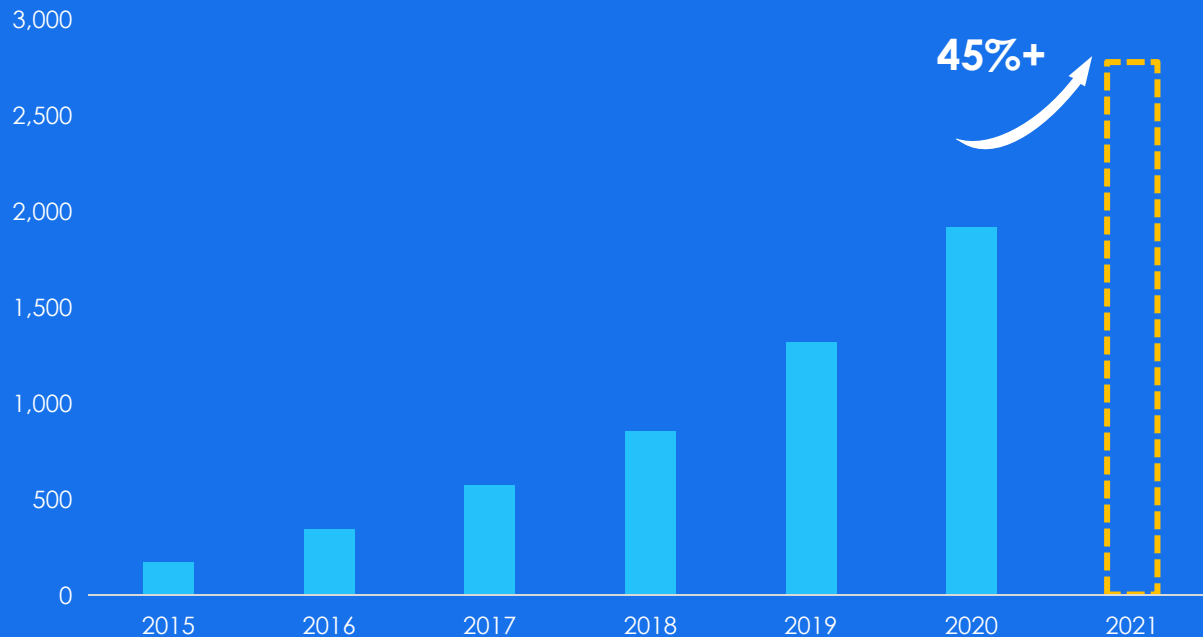
Subscription ARR Three-Year Target



Cloud Services Revenue Guidance



(RMB mn)



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



Business
Highlights



Cloud Market
Update



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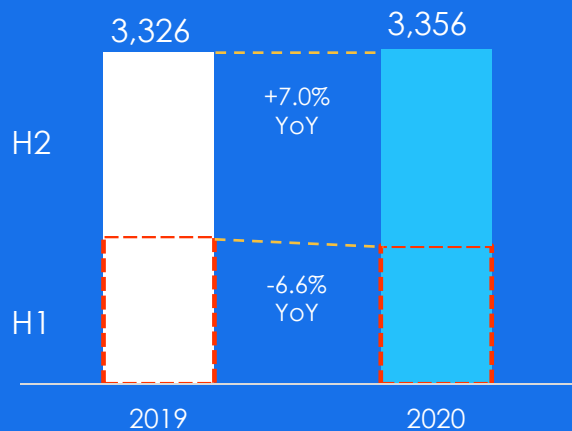
Appendix

Financial Summary



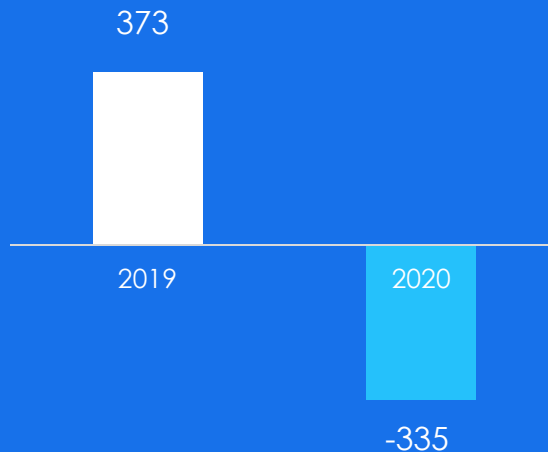
Revenue

(RMB mn)



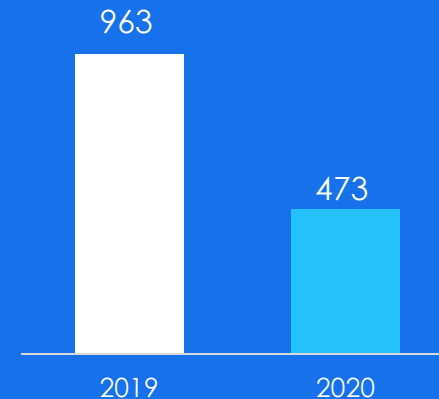
Net Profit to Equity Holders

(RMB mn)



Operating Cash Flow

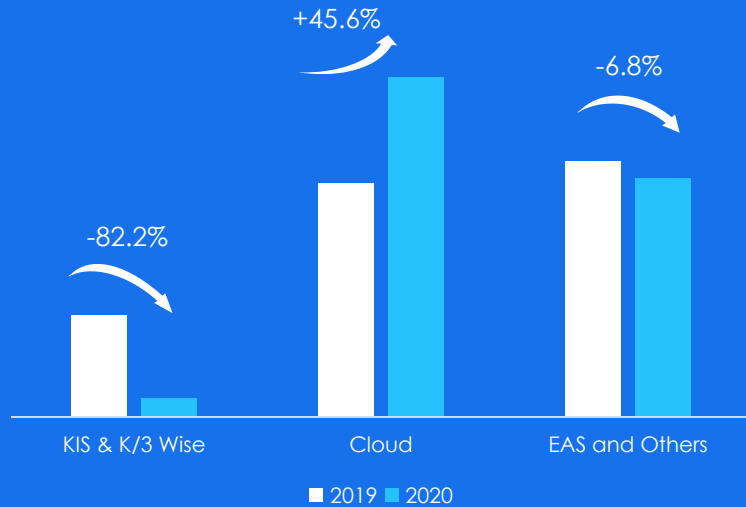
(RMB mn)



Key Financial Drivers - Business mix shift



Revenue mix shift in 2020

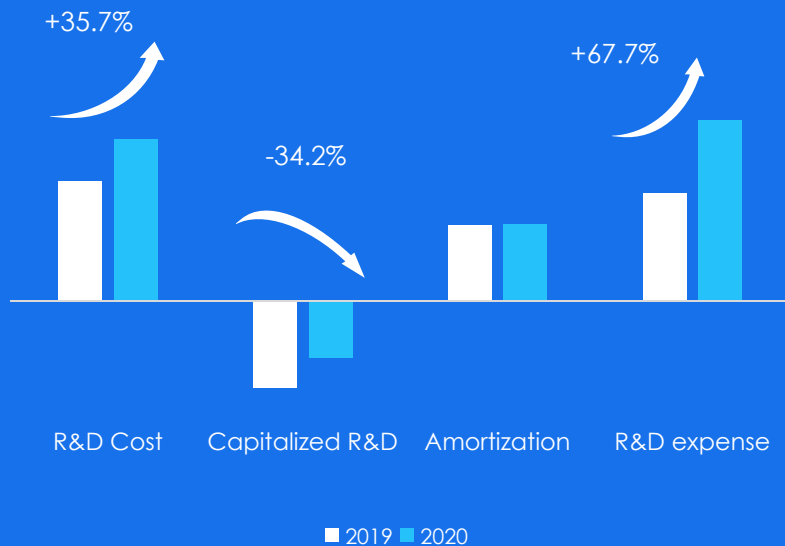


Gross Margin dip due to proactive business transition with KIS & K/3 Wise termination



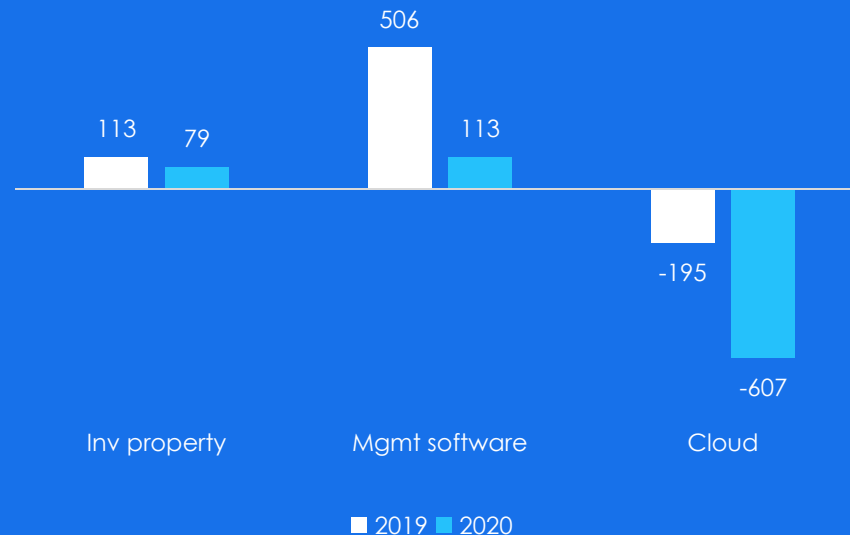
Key Financial Drivers – R&D Investments

R&D expense hike due to
1) investment expansion, 2) lower capitalization rate



Operating loss due to
1) Cloud investments, 2) KIS&K/3 Wise termination

(RMB mn)

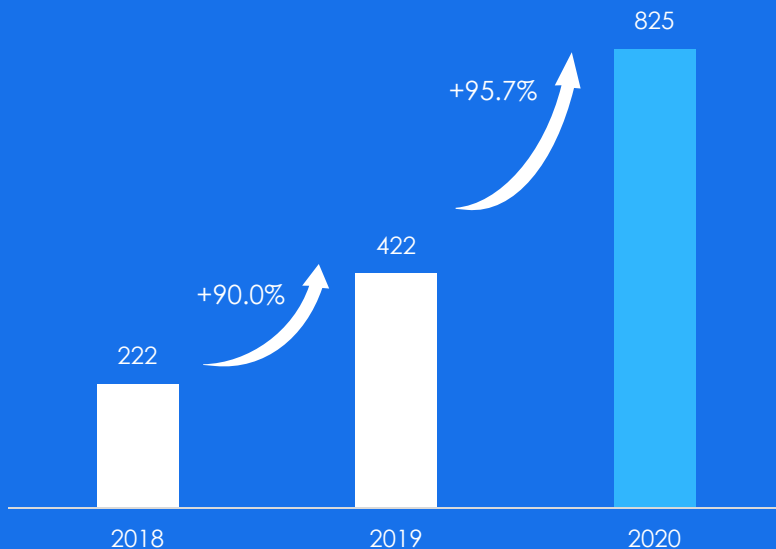


Key Financial Drivers - Adjusted with contract liabilities



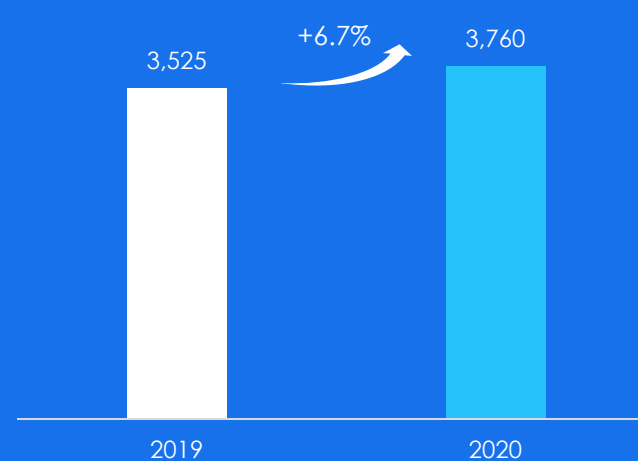
Cloud subscription contract liabilities

(RMB mn)



Adjusted Revenue = Revenue + (Year end contract liabilities - Year start contract liabilities)

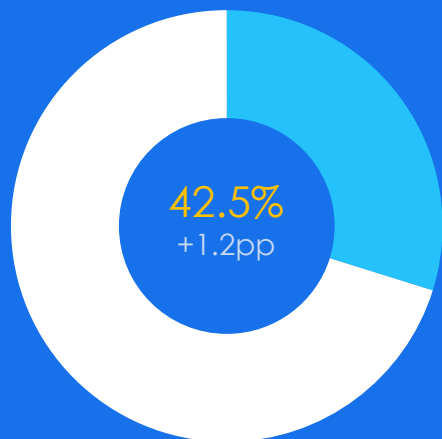
(RMB mn)



Key Financial Drivers - OPEX

S&M

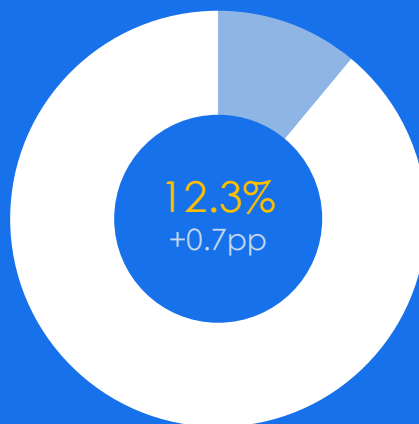
as a % of total revenue



RMB 1.4bn
+3.7% yoy growth

G&A

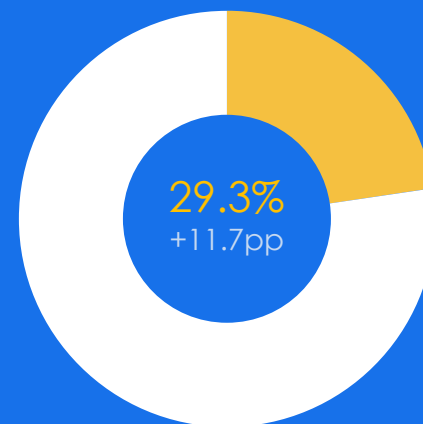
as a % of total revenue



RMB 414mn
+7.1% yoy growth

R&D

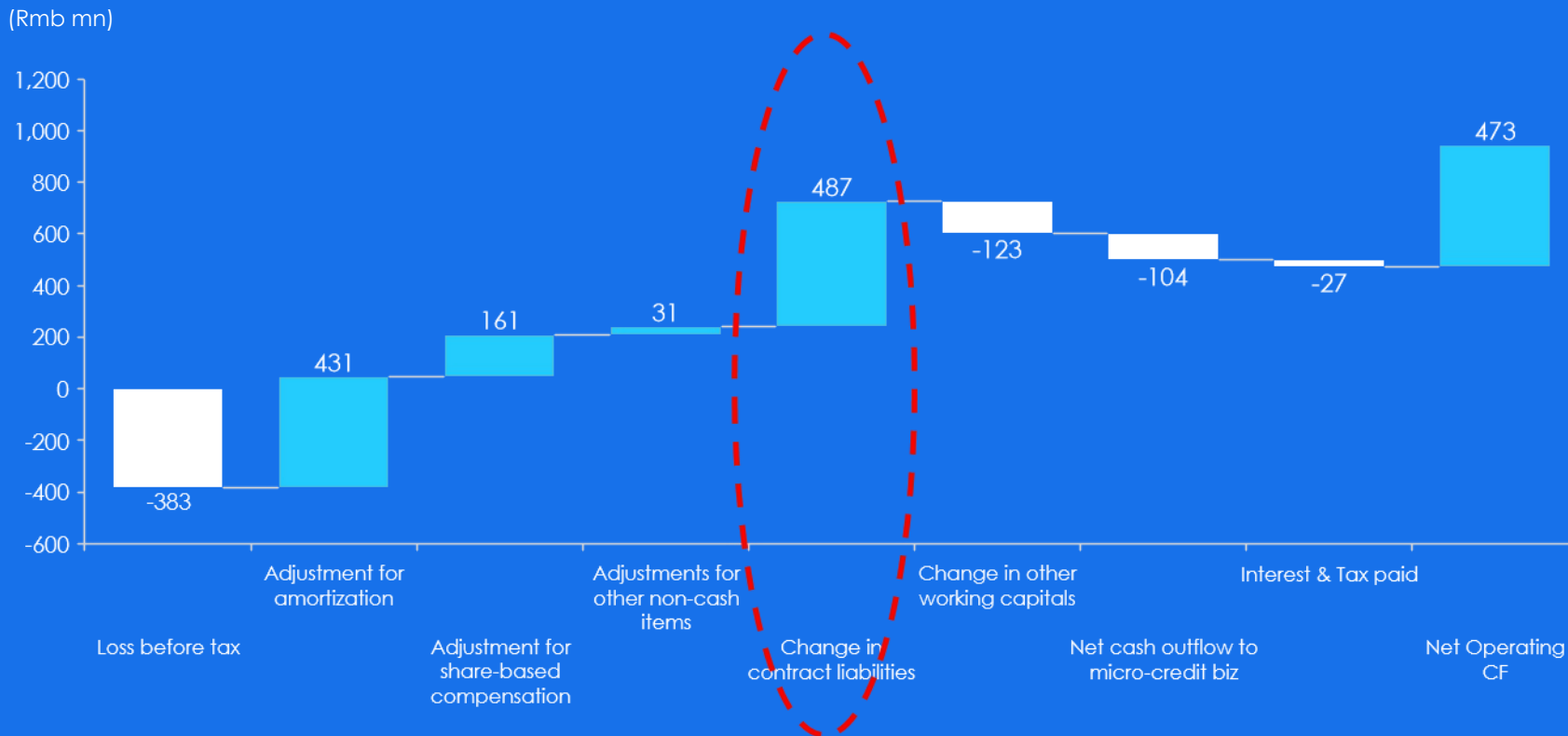
as a % of total revenue



RMB 984mn
+67.7% yoy growth

Key Financial Drivers

2020 Operating Cash major inflow & outflow



Financial Overview



(RMB'000)	2020	2019	Change
Revenue	3,356,445	3,325,590	0.9%
Cost of Sales	-1,147,437	-922,373	24.4%
Gross Margin	65.8%	72.3%	-6.5pp
Total Operating Expenses	-2,892,449	-2,395,581	20.7%
Other Income & Gains	262,538	376,157	-30.2%
Operating Profit	-415,353	423,787	NA
Operating Margin	-12.4%	12.7%	NA
Finance Costs– net	35,934	5,370	569.2%
Loss before Income Tax	-382,739	396,131	NA
Net Profit – equity holders	-335,479	372,580	NA
Net Profit Margin	-10.00%	11.20%	NA
Diluted EPS(cents)	-10.12	11.52	NA
Gain on investment properties	-5,550	-39,994	-86.1%
Stock-based compensation	161,194	103,948	55.1%
Tax effects and adjustments*	17,450	7,994	118.3%
Non-GAAP Net Profit	-213,332	428,540	NA
Non-GAAP EPS(cents)	-6.43	13.25	NA

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%

Investment Highlights

Market Leader in Enterprise Cloud Services in China

- Leader in SaaS ERP and SaaS financial products in China
- Significant leadership in services offerings and product maturity vs. competitors

Market-leading Cloud Ecosystem with Industry-leading Partners

- Industry-leading IaaS partners including JD, Amazon AWS, Huawei, Alibaba and Tencent
- Focus on Platform + Finance & HR & Tax + Ecosystem
- Technology roadmap geared towards open-source and platform services

Kingdee Focus on the Cloud Subscription Transformation Strategy

- Cosmic: Strengthen R&D and innovation, gain market share in the large enterprise high-end market
- Galaxy: Deepen digital intelligent empowerment, widely recognized as the star product in medium enterprise market
- Stellar: Focus on "operation+management" integrated solution, building service platform for small and micro enterprises

China's Software Market Remains Healthy

- High-end market seeking digitalization in new economic environment as well as localization amid trade frictions
- Medium and large enterprises viewing software as a core part of business model and to control cost
- Small and micro-sized companies increasingly adopting software to increase efficiency

Well-positioned as a Consolidator in the Cloud Services Market

- Tremendous cross-selling opportunities in existing customer base
- RMB5bn in cash and equivalents to support organic and non-organic growth



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Highlights



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CFO Report



Appendix

Total Revenue by Segments



(RMB'000)	2020	% of Total Revenue	2019	% of Total Revenue	Change
Cloud services business	1,912,385	57.0%	1,313,595	39.5%	45.6%
Management Software business	1,444,060	43.0%	2,011,995	60.5%	-28.2%
- Sale of software licenses	447,626	13.3%	979,607	29.5%	-54.3%
- Implementation services	465,711	14.0%	537,403	16.2%	-13.3%
- Maintenance & training	459,820	13.7%	470,195	14.1%	-2.2%
- Others	70,903	2.0%	24,790	0.7%	186.0%
Total	3,356,445	100.0%	3,325,590	100.0%	0.9%

Software License by Segments



(RMB'000)	2020	% of Total Revenue	2019	% of Total Revenue	Change
KIS	101,677	3.0%	391,356	11.8%	-74.0%
EAS Cloud	283,354	8.4%	364,570	11.0%	-22.3%
Others	62,595	1.9%	223,681	6.7%	-72.0%
Total software license turnover	447,626	13.3%	979,607	29.5%	-54.3%

R&D Expenses



(RMB'000)	2020	2019	Change
Salaries and staff welfare	772,016	555,587	39.0%
Option & restricted stock expense	45,324	31,192	45.3%
Fixed costs	32,937	32,642	0.9%
Travelling costs	8,382	7,988	4.9%
Others	23,900	23,090	3.5%
Total R&D costs	882,559	650,499	35.7%
Less: development costs capitalised	-314,119	-477,654	-34.2%
Add: amortisation	415,434	413,982	0.4%
Total R&D Expenses	983,874	586,827	67.7%
R&D Expenses / Total Revenue	29.3%	17.6%	+11.7pp

Selling & Marketing Expenses



(RMB'000)	2020	2019	Change
Advertising and marketing	116,904	115,516	1.2%
Sales promotion	162,395	132,792	22.3%
Salaries and staff welfare	998,362	957,172	4.3%
Project cooperation and outsourcing service fee	22,774	43,489	-47.6%
Travelling expenses	48,592	47,463	2.4%
Fixed costs	68,660	69,078	-0.6%
Others	7,393	8,504	-13.1%
Total	1,425,080	1,374,014	3.7%
S&M % of Total Revenue	42.5%	41.3%	+1.2pp

Administrative Expenses



(RMB'000)	2020	2019	Change
Salaries and staff welfare	179,833	173,665	3.6%
Option & restricted stock expenses	99,823	72,756	37.2%
Professional service fees	21,947	21,791	0.7%
Travelling costs	7,407	9,032	-18.0%
Meeting expenses	3,035	3,723	-18.5%
Fixed costs	77,102	72,800	5.9%
Others	24,463	32,557	-24.9
Total	413,610	386,324	7.1%
Admin. % of Total Revenue	12.3%	11.6%	+0.7pp

Other Gains



(RMB'000)	2020	2019	Change
VAT refund	135,544	164,308	-17.5%
Government projects	60,965	31,317	94.7%
Rental income - net	73,129	73,243	-0.2%
Others	-7,100	107,289	NA
Total	262,538	376,157	-30.2%
VAT % of Total Revenue	4.0%	4.9%	

Balance Sheet Overview



(RMB'000)	31 Dec. 2020	31 Dec. 2019	Change
Trade and other receivables	383,238	330,153	+16.1%
Cash and equivalents	5,045,176	3,273,877	+54.1%
Total assets	10,722,079	8,420,153	+27.3%
Current assets	6,183,414	4,241,447	+45.8%
Borrowings	120,000	199,625	-39.9%
Trade and other payables	794,603	684,624	+16.1%
Total equity	7,958,477	6,145,671	+29.5%



感謝 ありがとう
Thanks
ขอบคุณ terima kasih
谢谢