

**CAR** 神州租车

## 2016 First Nine Months Results

November 15<sup>th</sup>, 2016



Record **32%** YoY growth in self-drive rental revenue since IPO



**56%** YoY growth in registered members, supported by growth initiatives



Record **66.8%** utilization rate despite substantial fleet growth



**60%+** adj. EBITDA margin for 7 consecutive quarters



Record used car disposal of **8,079** vehicles with solid residuals



**RMB391 MM** free cash flow, positive for 4 consecutive quarters

## Growth



**19%** YoY  
Rental revenue

**20%** YoY  
Adj. EBITDA

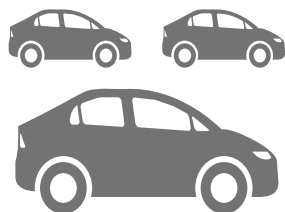
## Profitability



**62%**  
Adj. EBITDA margin <sup>(1)</sup>

**18%**  
Adj. net margin <sup>(1)</sup>

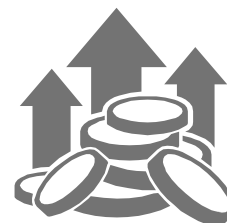
## ST rental



RMB**172**  
RevPAC

**65.1%**  
Fleet utilization

## Financial positions



RMB**1,175** MM  
Free cash flow

**2.0x**  
Net debt/adj. EBITDA <sup>(1)</sup>

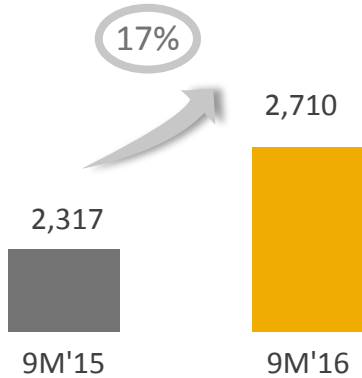
Notes:

(1) **Adjusted EBITDA, adjusted net profit, and margins** exclude the costs relating to the used car B2C pilot program. **Adjusted EBITDA** is defined as profit or loss before income taxes, net finance income/costs, depreciation, amortization and impairment, excluding share-based compensation, fair value gain/loss, and foreign exchange gain/loss; **adjusted net profit** is defined as profit or loss excluding share-based compensation, fair value gain/loss and foreign exchange gain/loss. Margins are calculated as percentage of rental revenue.

# Robust short-term rental performance

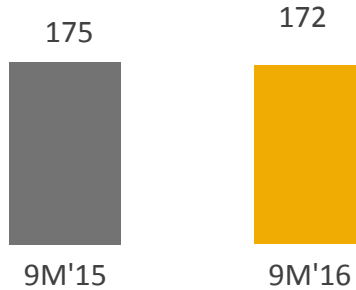
## Revenue Growth

(RMB in millions)

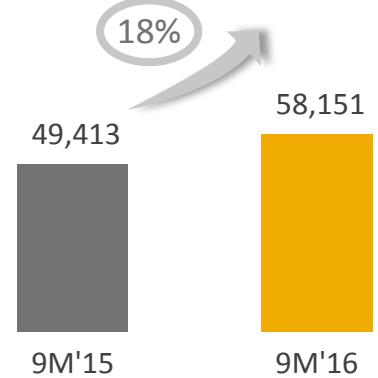


## Stable RevPAC

(RMB)



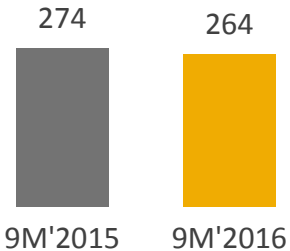
## Avg. Fleet Growth



X days

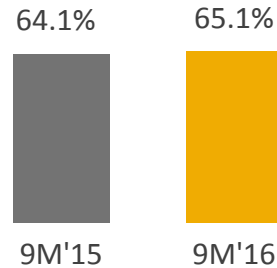
## ADRR: balanced trade-off for growth

(RMB)



- Increased efforts in promotions / incentives to acquire new customers and boost customer demand
- Competitive pricing to ensure dominant position

## Utilization: 64%-66% FY16 Target

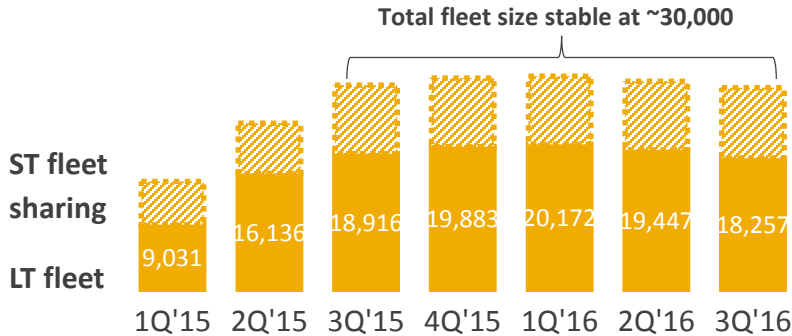


- Efficient demand forecasting and supply management
- Deliberate balance to secure license plates
- Robust potential to gradual step up, optimal 80%+

# Massive benefit from UCAR Collaboration & Investment CAR神州租车

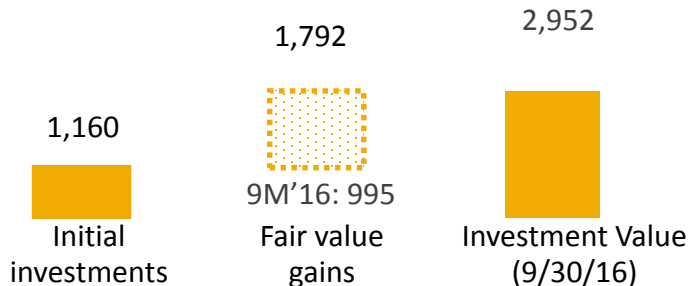
## Shareholder value = Collaboration + Investment

Strong **Collaboration** enables new growth engine with high returns and increased fleet efficiency



Early **Investment** allows to capture high growth potential in app-based ride-hailing service

(RMB in millions)



## UCAR: strengthened financial profiles

- Strengthened business operations, **narrowed down operating loss** of app-based ride-hailing service
- Central and local **policies** strongly benefit UCAR
- Successfully **listed** on NEEQ in July
- Extending strategy beyond mobility, launched new businesses in **auto e-commerce** and **auto financing**
- In the process of introducing major strategic investors, aiming to raise up to **RMB10 B** by year end

## New policy: direct benefits to CAR

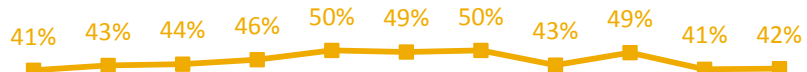
- Relieve ride-sharing impact** on car rental self-drive when price/cost increase of C2C models and supply/demand decline of low-end Kuaiche
- Potential growth in fleet rentals to UCAR** as UCAR gradually expands its market share

**Demonstrated clear synergies across fleet sharing, big data and client acquisitions, as well as solid efforts and corporate governance to ensure alignment of interests and transparency**

# Sustainable profitability profile

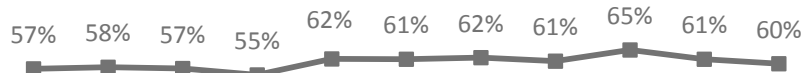
## Profit margins

### Gross margin<sup>(1)</sup>



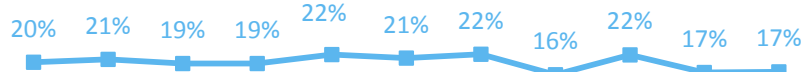
1Q'14 2Q'14 3Q'14 4Q'14 1Q'15 2Q'15 3Q'15 4Q'15 1Q'16 2Q'16 3Q'16

### Adj. EBITDA margin<sup>(1)(2)</sup>



1Q'14 2Q'14 3Q'14 4Q'14 1Q'15 2Q'15 3Q'15 4Q'15 1Q'16 2Q'16 3Q'16

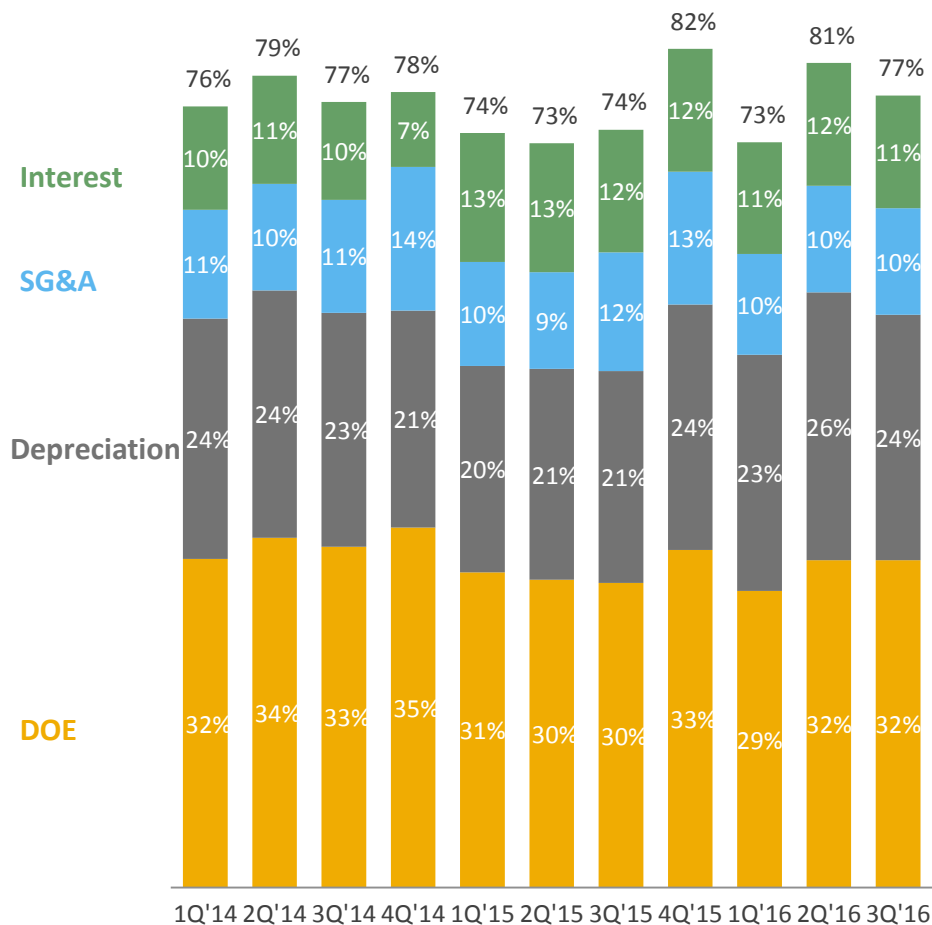
### Adj. net profit margin<sup>(1)(3)</sup>



1Q'14 2Q'14 3Q'14 4Q'14 1Q'15 2Q'15 3Q'15 4Q'15 1Q'16 2Q'16 3Q'16

## Cost structure

### Major cost items as % of rental revenue<sup>(1)(4)</sup>



Notes:

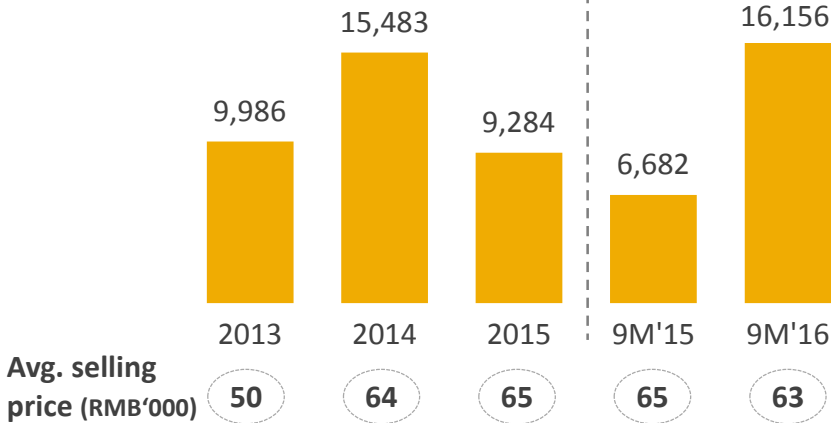
- (1) As percentage of rental revenue
- (2) Adjusted EBITDA is defined as profit before income taxes, net finance income/costs, depreciation, amortization and impairment, excluding share-based compensation, foreign exchange gain/loss, IPO-related expenses, fair value gain and costs relating to the used car B2C pilot program
- (3) Adjusted net profit is defined as profit excluding share-based compensation, foreign exchange loss related to corporate reorganization, IPO-related expenses, and unrealized foreign exchange loss related to USD denominated liabilities
- (4) Expenses figures have been adjusted for share-based compensation, reorganization related expenses as well as costs related to suspended fleet. Interest expenses are net of interest income

# Used car disposal and residual risk

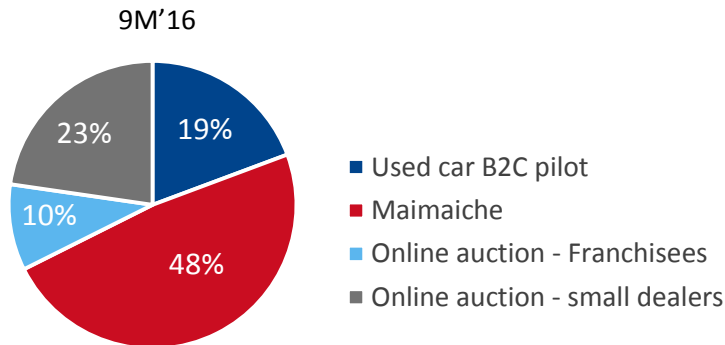
## Integrate B2C channel through collaboration with Maimaiche

### Proven capabilities in used car disposal

#### # of used vehicles disposed



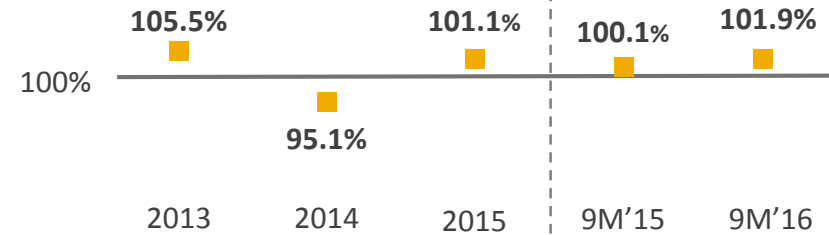
#### Diversified used car disposal channels



### Proven residual risk management

#### Cost of sales of used vehicles

As % of sales of used vehicles



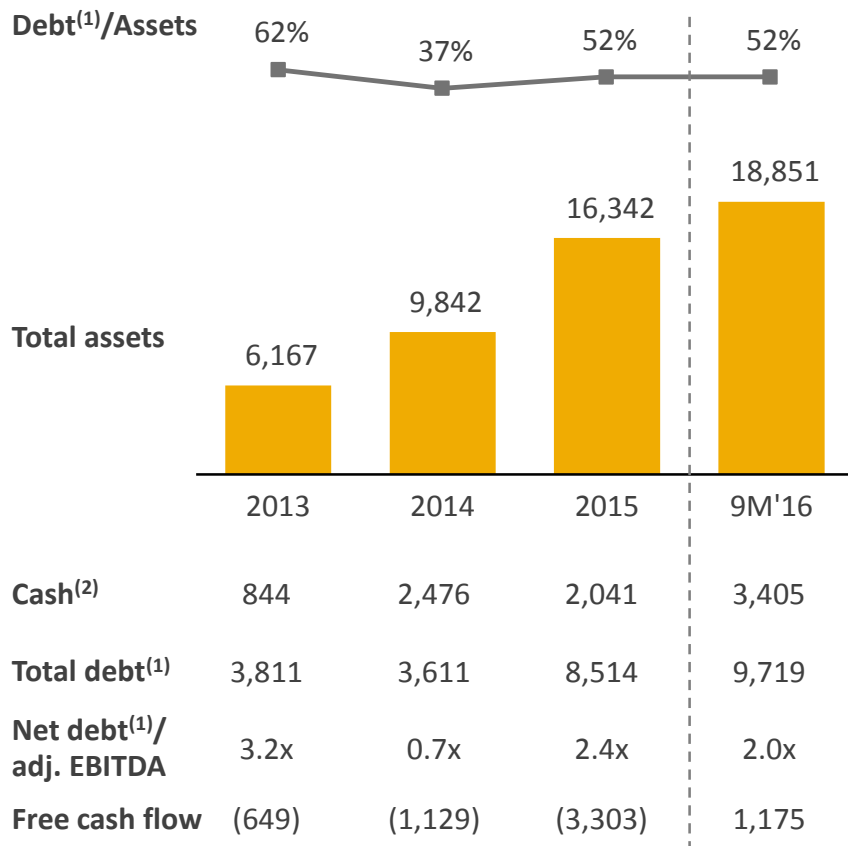
### Used car B2C pilot program 9M'16 highlights

- Sales:** 3,121 cars sold, solid gross margins
- Depreciation:** RMB25.7 MM
- Operating costs:** RMB70.9 MM, include:  
DOE: 34.6MM Selling: 26.8MM G&A: 9.5MM
- Aug 23:** agreed to sell B2C pilot program to UCAR for RMB37 MM; consolidate operation with Maimaiche
- Oct 8:** transaction completed

# Strong financial positions

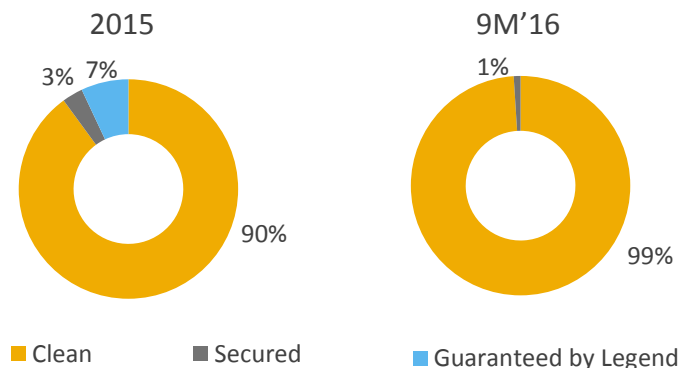
## Strong balance sheet

(RMB in millions)

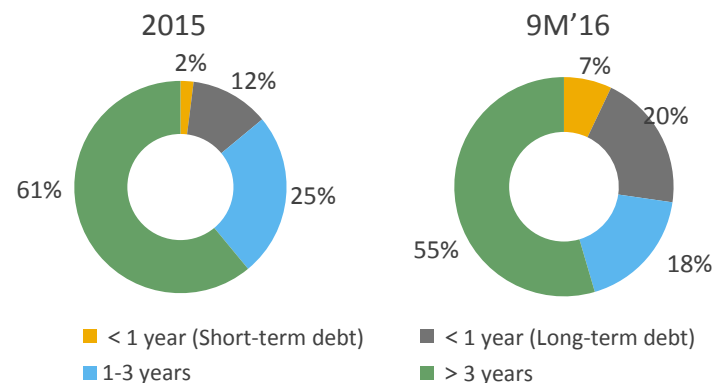


## Diversified funding structure

### Debt structure



### Maturity profile



**Continue to assess hedging options and monitor liability management opportunities**

Notes:

(1) 2015 debt amounts include senior notes of RMB5,191 million as of Dec. 31, 2015; 9M'16 debt amounts include senior notes of RMB5,277 million as of Sep.30,2016.

(2) Includes restricted cash of RMB9million, RMB2 million, RMB53 million, RMB53 million and RMB1 million and available-for-sale investments of nil, nil, RMB1,070 million and nil, nil respectively for 2012-2015, 9M'16



## Appendix – Supplementary Financials

# 9M'16 results summary

(RMB in millions, unless otherwise noted)	9M'16	9M'15	YoY
Rental revenue	3,837	3,214	19%
Total revenue	4,861	3,646	33%
Gross profit	1,678	1,583	6%
Margin <sup>(1)</sup>	43.7%	49.3%	-5.6pp
Net profit <sup>(2)</sup>	1,388	1,001	39%
Adj. EBITDA <sup>(3)</sup>	2,380	1,984	20%
Margin <sup>(1)</sup>	62.0%	61.7%	0.3pp
Adj. net profit <sup>(4)</sup>	703	694	1%
Margin <sup>(1)</sup>	18.3%	21.6%	-3.3pp
Basic EPS (RMB)	0.584	0.423	38%
	Sep-16	Dec-15	change
Total assets	18,851	16,342	15%
Total debt <sup>(5)</sup>	9,719	8,514	14%
Cash <sup>(5)</sup>	3,405	2,041	67%
Free cash flow	1,175	(3,303)	n. a.
Total debt <sup>(5)(6)</sup> / LTM Adj. EBITDA <sup>(7)</sup>	3.1x	3.2x	-0.1x
Net debt <sup>(5)(6)</sup> / LTM Adj. EBITDA <sup>(7)</sup>	2.0x	2.4x	-0.4x

Notes: (1) As a percentage of rental revenue

(2) Includes share-based compensation, unrealized foreign exchange gain/loss on USD-denominated liabilities and fair value gain on investment in redeemable preference shares

(3) Adjusted EBITDA is defined as profit before income taxes, net finance income/costs, depreciation, amortization and impairment, excluding share-based compensation, unrealized foreign exchange gain/loss related to USD denominated liabilities, and fair value gain on investment in redeemable preference shares

(4) Adjusted net profit is defined as profit excluding share-based compensation, unrealized foreign exchange gain/loss related to USD denominated liabilities, and fair value gain on investment in redeemable preference shares

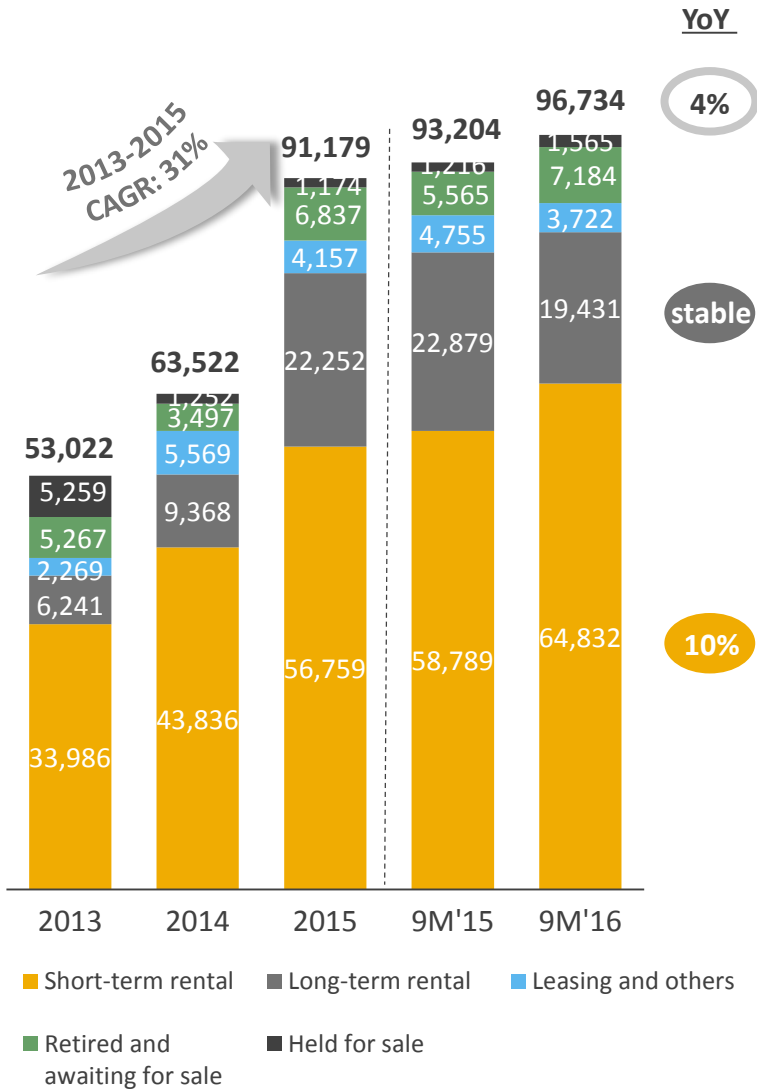
(5) Includes senior notes of RMB5,277 million as of Sep. 30, 2016 and RMB5,191 million as of Dec. 31, 2015

(6) Includes restricted cash of RMB1.3 million and RMB53.1 million, respectively for 9M'16 and 2015

(7) LTM adj. EBITDA is calculated based on the total of the most recent four quarters

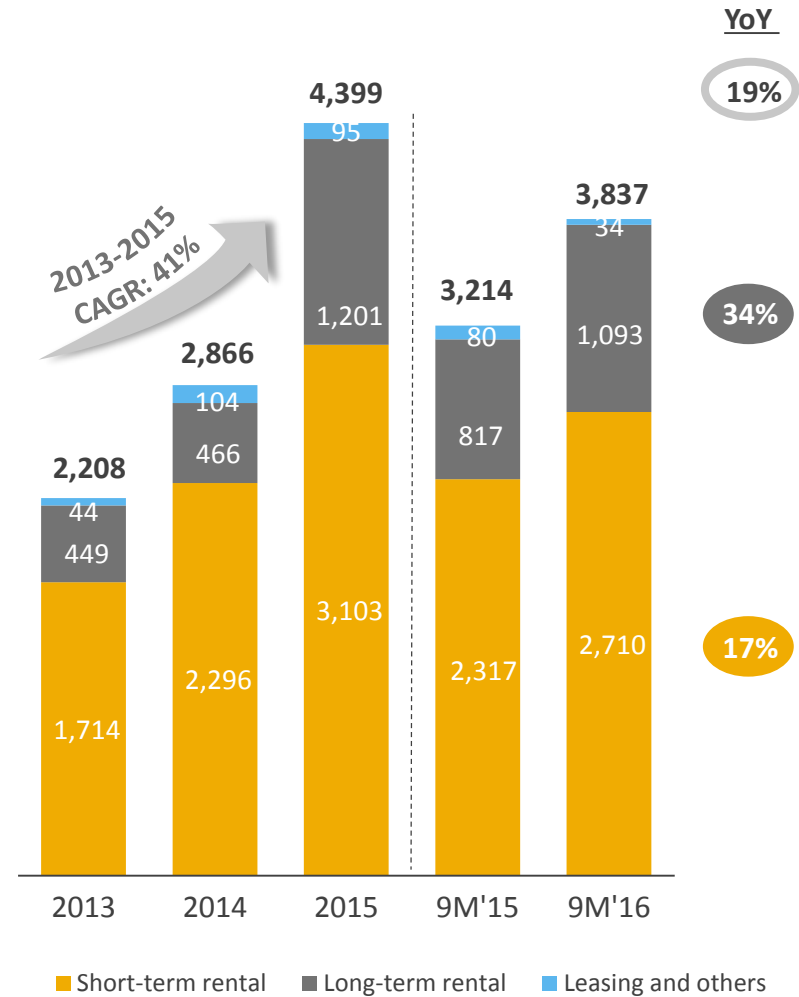
# Strong and steady business growth

## Fleet size



## Rental revenue

(RMB in millions)

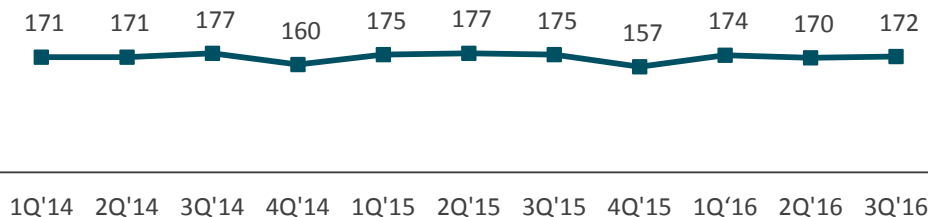


# Solid short-term rental performance

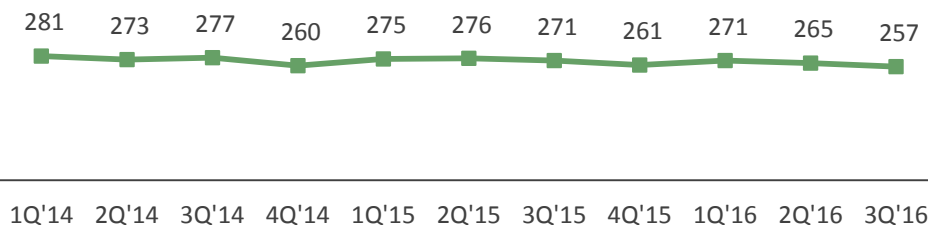
(RMB in millions)

	9M'16	9M'15	YoY
<b>ST rental revenue</b>	<b>2,710</b>	<b>2,317</b>	<b>17%</b>
=			
<b>Days</b>			
<b>x</b>			
<b>Avg. daily rental fleet<sup>(1)</sup></b>	<b>58,151</b>	<b>49,413</b>	<b>18%</b>
<b>x</b>			
<b>RevPAC<sup>(2)</sup></b>	<b>172</b>	<b>175</b>	<b>stable</b>
=			
<b>ADRR<sup>(3)</sup></b>	<b>264</b>	<b>274</b>	<b>-3.6%</b>
<b>x</b>			
<b>Utilization<sup>(4)</sup></b>	<b>65.1%</b>	<b>64.1%</b>	<b>+1pp</b>

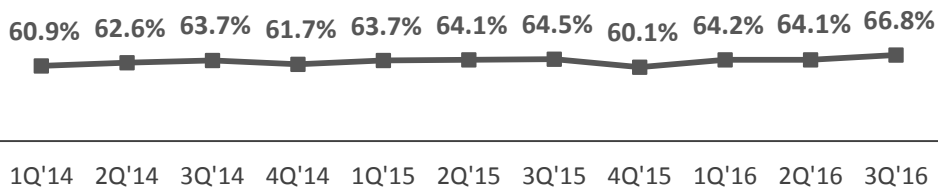
RevPAC<sup>(2)</sup>



ADRR<sup>(3)</sup>



Utilization<sup>(4)</sup>



**Continue to increase Utilization via efficient demand forecasting and fleet supply management**

Notes:

- (1) Average daily short-term rental fleet is calculated by dividing the aggregate days of short-term rental vehicles in operation in a given period by the aggregate days of that period
- (2) RevPAC refers to average daily rental revenue per short-term rental vehicle, which is calculated by multiplying the average daily rental rate in a given period by the fleet utilization rate in that same period
- (3) Average daily rental rate is calculated by dividing short-term rental revenue in a given period by the fleet rental days in that period. Fleet rental days are the total rental days for all vehicles in short-term rental fleet in a given period
- (4) Fleet utilization rate is calculated by dividing the aggregate days that vehicles are rented out for short term rentals by the aggregate days that short-term rental vehicles are in operation