

CAR 神州租车

2017 First Quarter Results

May 16th, 2017

□ Car rental: **Deliver beyond 2017 expectations**



Demonstrated **stronger than ever growth momentum** ... **63%** YoY rental days growth, record high since 2013 (2017 guidance: 40% growth)



Delivered **quicker realization of significant utilization upside** ... **68%** Utilization Rate achieved, **12pp** YoY improvement (2017 guidance: 5-7pp increase)



Achieved **sustainable profitability** despite significant price reduction, utilization gain and operating leverage offsetting ADRR change... **60%** Adj. EBITDA margin

□ UCAR Fleet rental: Fleet further decline, regulation & business driven



Expect UCAR to expedite fleet replacement accommodating new regulatory impact of vehicle licensing ... ~30% fleet decrease so far

□ Used car: Expediting fleet replacement leveraging more diversified disposal capabilities, expect younger fleet to release residual pressures

Growth



63% YoY
Car rental⁽²⁾ volume

29% YoY
Car rental revenue

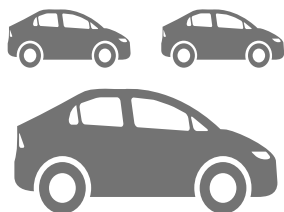
Profitability



60%
Adj. EBITDA margin ⁽¹⁾

14%
Adj. net margin ⁽¹⁾

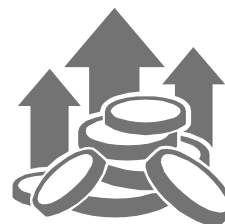
Car rental



68%
Fleet utilization

+12pp YoY

Financial positions



RMB **486** MM
Free cash flow

1.9x
Net debt/adj. EBITDA ⁽¹⁾

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, foreign exchange gain/loss, fair value gain from investment in equity shares and redeemable preference shares, fair value gain on derivative instrument-transaction not qualifying as hedges, share of profit/(loss) of an associate; adjusted net profit is defined as profit or loss excluding share-based compensation, foreign exchange gain/loss, fair value gain from investment in equity shares and redeemable preference shares, fair value gain on derivative instrument-transaction not qualifying as hedges, share of profit/(loss) of an associate. Margins are calculated as percentage of rental revenue.

(2) Rental revenue and operating fleet have been reclassified to to align with its new development in business natures

Reclassification of rental revenue and operating fleet to better align with new development in business natures

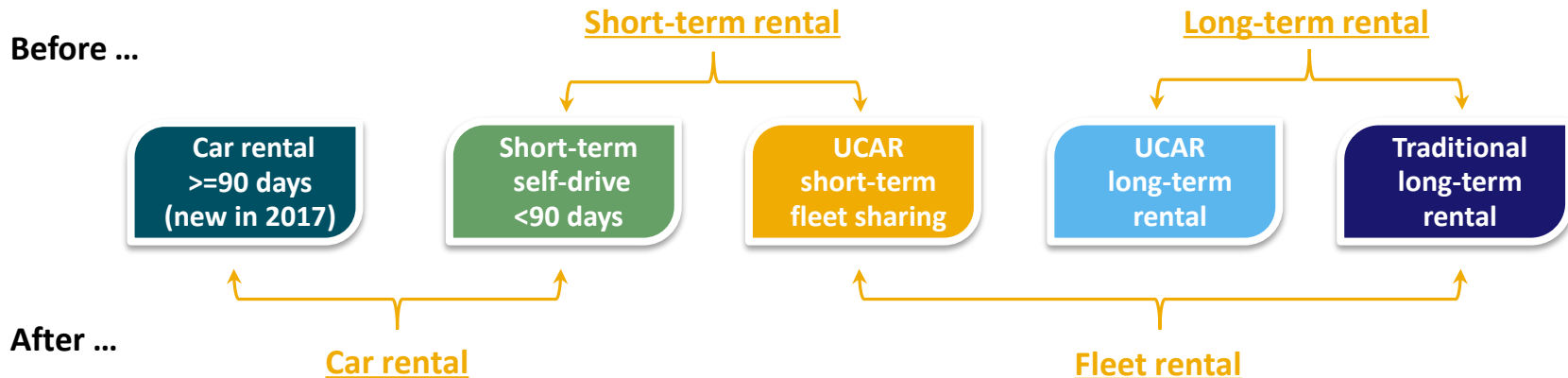
Car rental

- Rents cars through its rental locations and delivery services
- Car rental services are generally standard and mostly through online bookings
- Cars are rented by mostly individuals to meet their leisure and business needs, as well as by corporations

Fleet rental

- Provides fleet management services for corporations under framework agreements
- The fleet management services are generally customized to customer needs and requests, which include but not limited to long-term car rentals and car chauffeured services
- The fleet is more diversified in terms of models, colors and brands

Changes after the reclassification



More appropriate business segregation to facilitate better analysis of business performance

1Q'17 Financial highlights

(RMB in millions)

	1Q'17	1Q'16	YoY
Total rental revenue	1,275	1,255	2%
- Car rental ⁽¹⁾	895	696	29%
- Fleet rental ⁽¹⁾	376	545	(31)%
Total revenue	1,656	1,614	3%
Net profit	211	274	(23)%
Adj. EBITDA ⁽²⁾	763	821	(7)%
Margin ⁽⁴⁾	59.8%	65.4%	(5.6)pp
Adj. net profit ⁽³⁾	184	274	(33)%
Margin ⁽⁴⁾	14.4%	21.8%	(7.4)pp
Free cash flow	486	590	(18)%
Basic EPS (RMB)	0.09	0.11	(21)%
	Mar-17	Dec-16	change
Total assets	20,402	21,189	(4)%
Total debt	11,002	11,682	(6)%
Cash	5,209	5,725	(9)%
Total debt/ LTM Adj. EBITDA	3.7x	3.8x	(0.1)x
Net debt/ LTM Adj. EBITDA	1.9x	1.9x	-

Note:

(1) The Company has reclassified the rental revenue and operating fleet to better align with its new development in business natures.

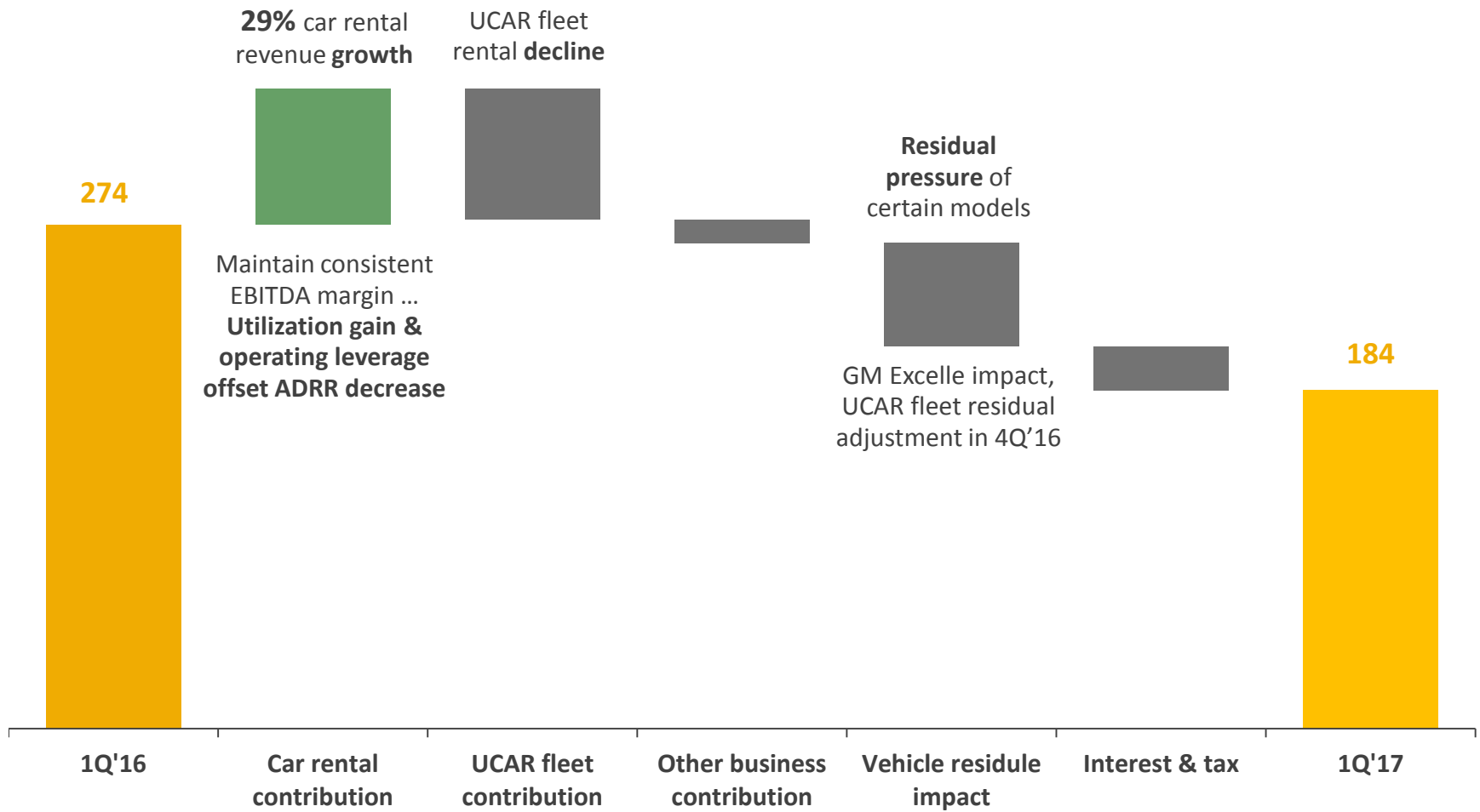
(2) Adjusted EBITDA is defined as profit before income taxes, net finance income/costs, depreciation, amortization and impairment, excluding share-based compensation, unrealized foreign exchange gain/loss related to USD denominated liabilities, costs related to B2C pilot program and fair value gain on investment in redeemable preference shares

(3) Adjusted net profit is defined as profit excluding share-based compensation, unrealized foreign exchange gain/loss related to USD denominated liabilities, costs related to B2C pilot program and fair value gain on investment in redeemable preference shares

(4) As a percentage of rental revenue

1Q'17 Adj. net profit walk

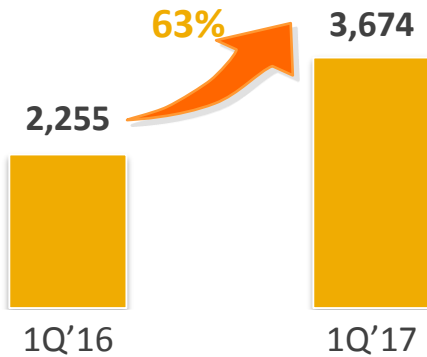
(RMB in millions)



Car rental: stronger than ever growth momentum

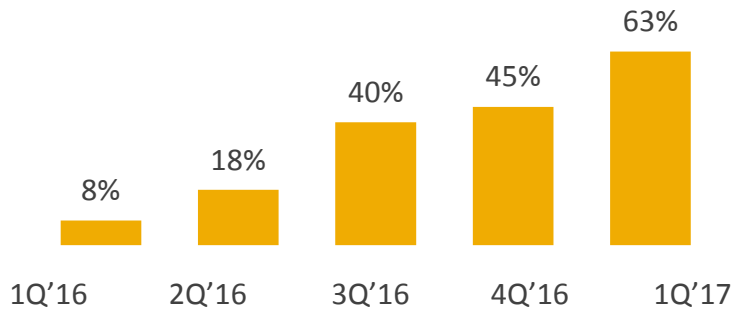
Strong growth momentum

Rental days (in thousands)



63% rental days growth, record high since 2013

Rental days YoY (%)

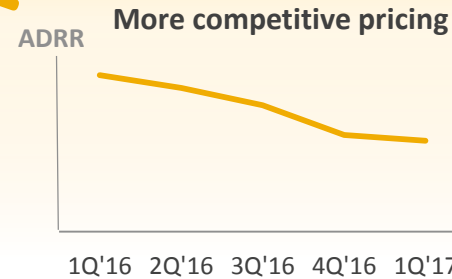


Seq. growth rate increase in 5 consecutive qtrs

Growth levers



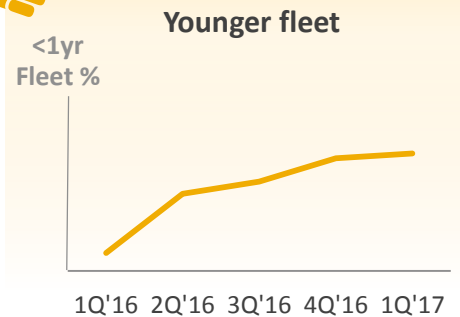
Price



Smarter Dynamic Pricing



Fleet

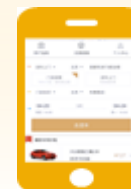


Attractive new models



Rental experience

Counter/staff bypass



Rental on-demand

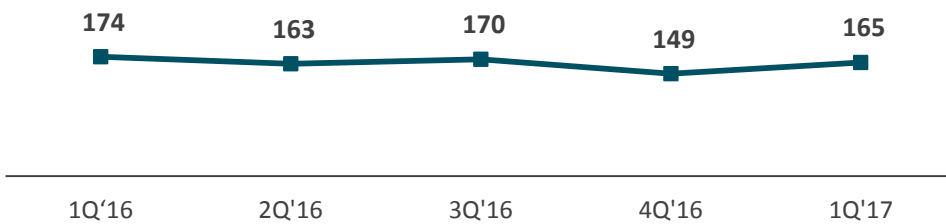


Car rental: sustain strong profitability

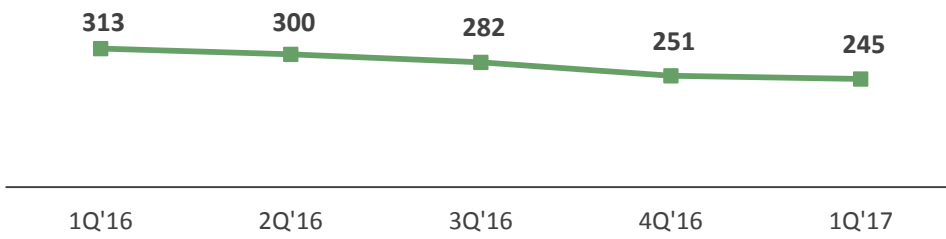
(RMB in millions)

	1Q'17	1Q'16	YoY
Car rental revenue⁽¹⁾	895	696	29%
=			
Days			
x			
Avg. daily fleet⁽²⁾	60,389	44,751	35%
x			
RevPac⁽²⁾	165	174	-5%
=			
ADRR⁽³⁾	245	313	-22%
x			
Utilization⁽⁴⁾	67.6%	55.4%	+12.2pp

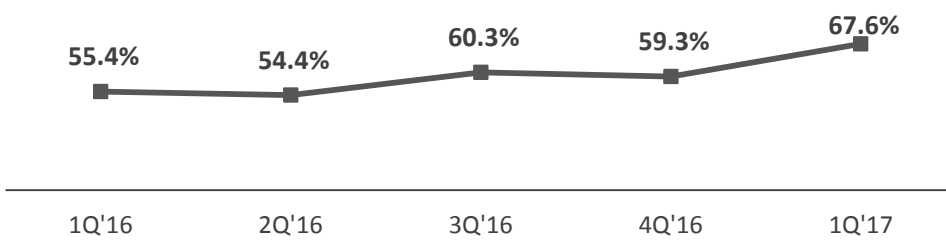
RevPAC⁽³⁾



ADRR⁽⁴⁾



Utilization⁽⁵⁾



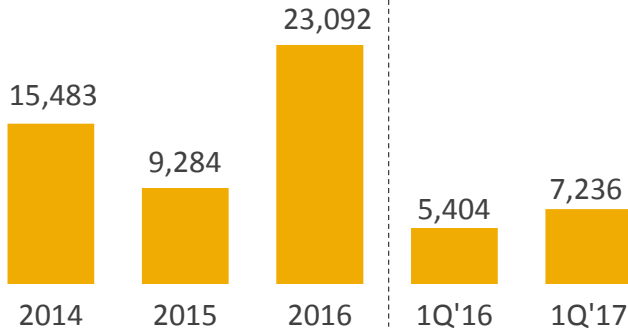
RevPac slight decrease was offset by RevPac break-even point decrease due to operating leverage from significant scale growth

Notes:
 (1) The Company has reclassified the rental revenue and operating fleet to better align with its new development in business natures.
 (2) Average daily fleet is calculated by dividing the aggregate days of car rental vehicles in operation in a given period by the aggregate days of that period
 (3) RevPAC refers to average daily rental revenue per car 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
 (4) Average daily rental rate is calculated by dividing car 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 car rental fleet in a given period
 (5) Fleet utilization rate is calculated by dividing the aggregate days that vehicles are rented out for car rentals by the aggregate days that car rental vehicles are in operation

Used car disposal

Improved capabilities in used car disposal

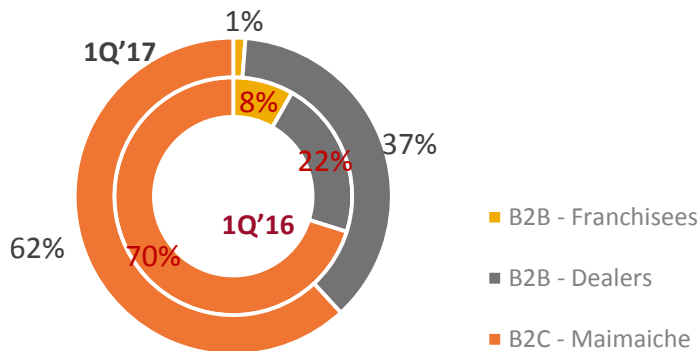
of used vehicles disposed



Avg. selling price (RMB'000)



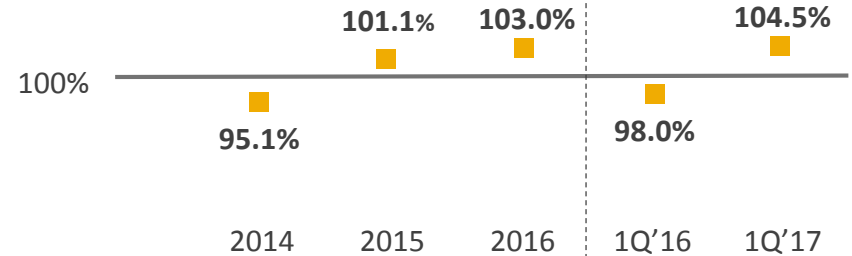
Used car disposal channels



Proven residual risk management

Cost of sales of used vehicles

As % of sales of used vehicles



Depreciation % (of rental revenue)



Rigorous review mechanism and best efforts to ensure appropriate residual values close to market prevailing price

- Solid residual adjustments of GM Excelle & UCAR fleet in 2H'16, 1Q'17 depreciation% flat QoQ and 2pps increase YoY
- Cost to sales constant at 95%-105% ... 1Q'17 loss mainly driven by remaining GM Excelle inventory

2017 Focus: further diversification + better Maimaiche

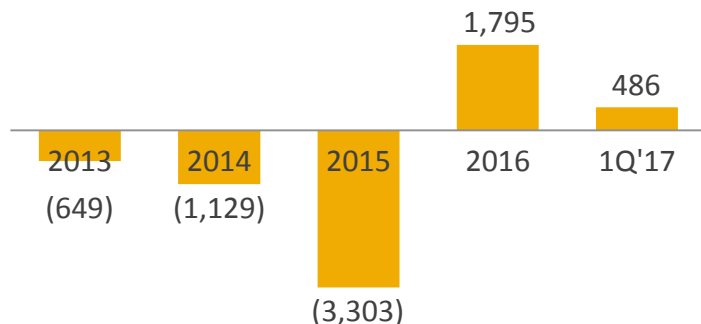
- Better Maimaiche channel = better B2C residuals, deepen end-user and dealer reach, expedite replacements

Strong financial positions

Strong cash generation

(RMB in millions)

Free Cash Flow (FCF)



Cash⁽¹⁾

844

2,476

2,041

5,725

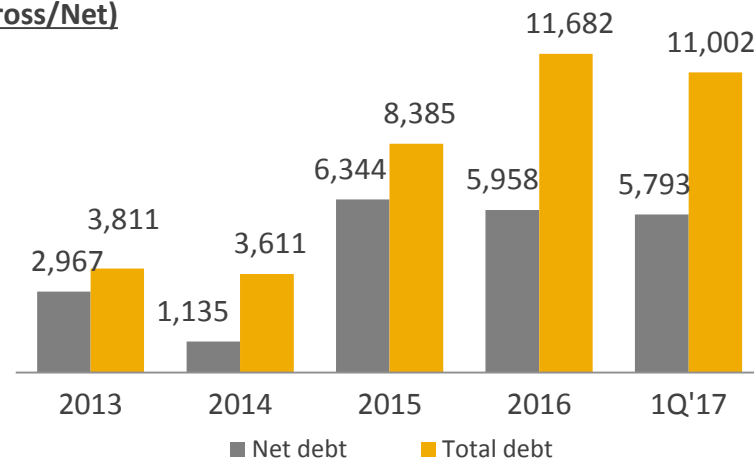
5,209

- ✓ Continue deliver strong **Free Cash Flow**, 0.5B in 1Q'17
- ✓ **Strong cash position of 5.2B** ... providing liquidity needs for both onshore and offshore
- ✓ Executed share buy-back of HKD212MM

Optimizing funding capability and credit profiles

(RMB in millions)

Debt (Gross/Net)



Net debt/
adj. EBITDA

3.2x

0.7x

2.3x

1.9x

1.9x

- ✓ **Net leverage remained low** due to strong FCF generations
- ✓ Gross debt temporarily high due to strict onshore fund outflow controls, 0.9B repayment in 2Q'17
- ✓ **FX risk partially hedged** in 1Q17: executed **USD400MM** forward cap with strike rate of ~6.96

Note:

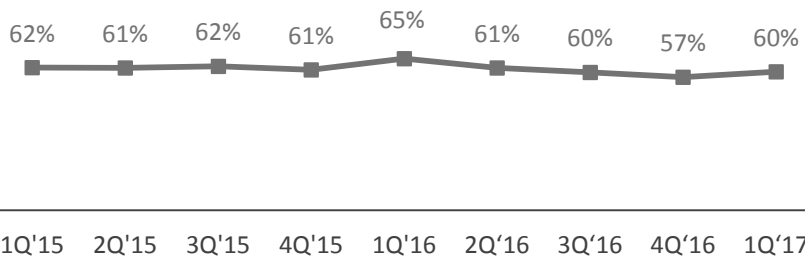
(1) includes restricted cash, available-for-sale investments and cash and cash equivalents

Appendix – Supplementary Financials

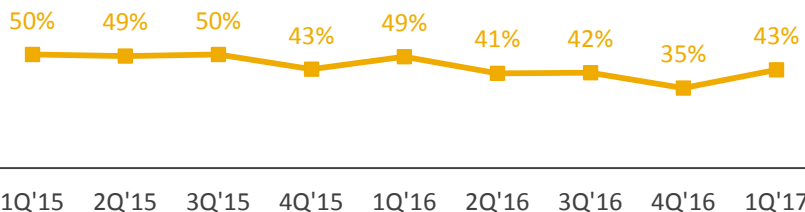
Sustainable profitability profile

Profit margins

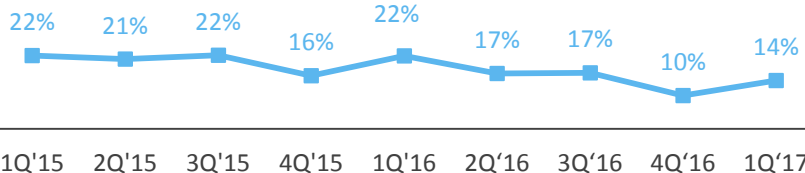
Adj. EBITDA margin⁽¹⁾⁽²⁾⁽⁵⁾



Gross margin⁽¹⁾

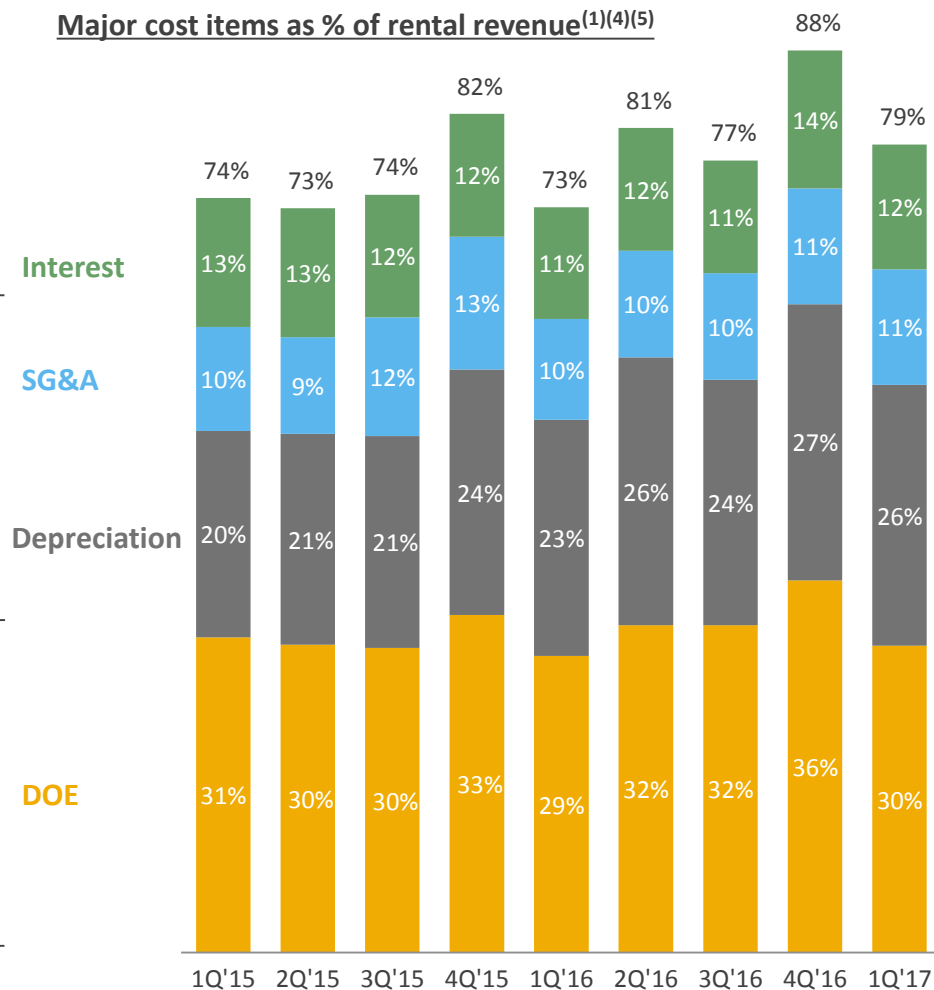


Adj. net profit margin⁽¹⁾⁽³⁾⁽⁵⁾



Cost structure

Major cost items as % of rental revenue⁽¹⁾⁽⁴⁾⁽⁵⁾

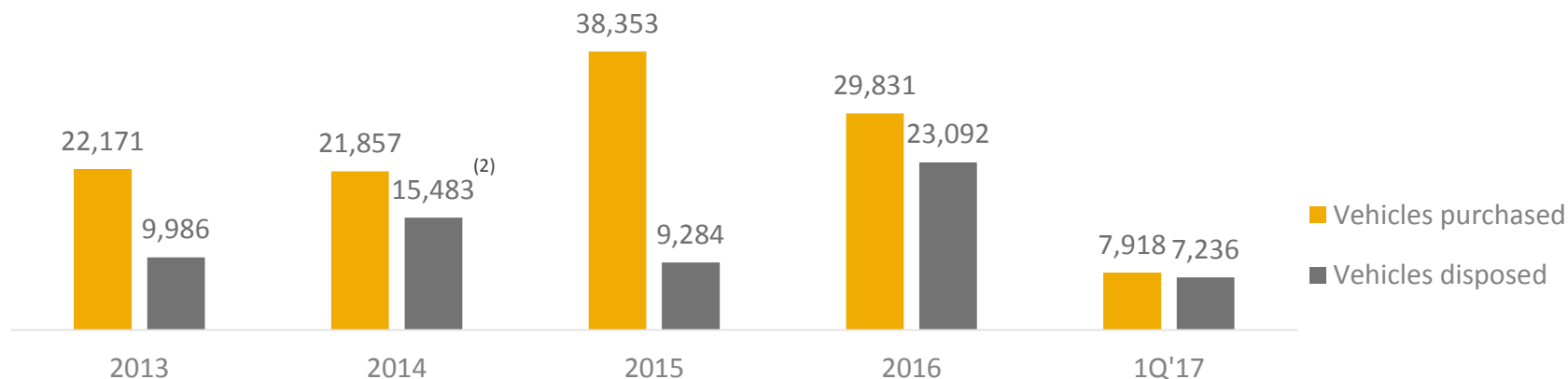


Notes:

- (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
- (5) The metrics exclude costs related to B2C pilot program in 4Q'16 and 1Q'17

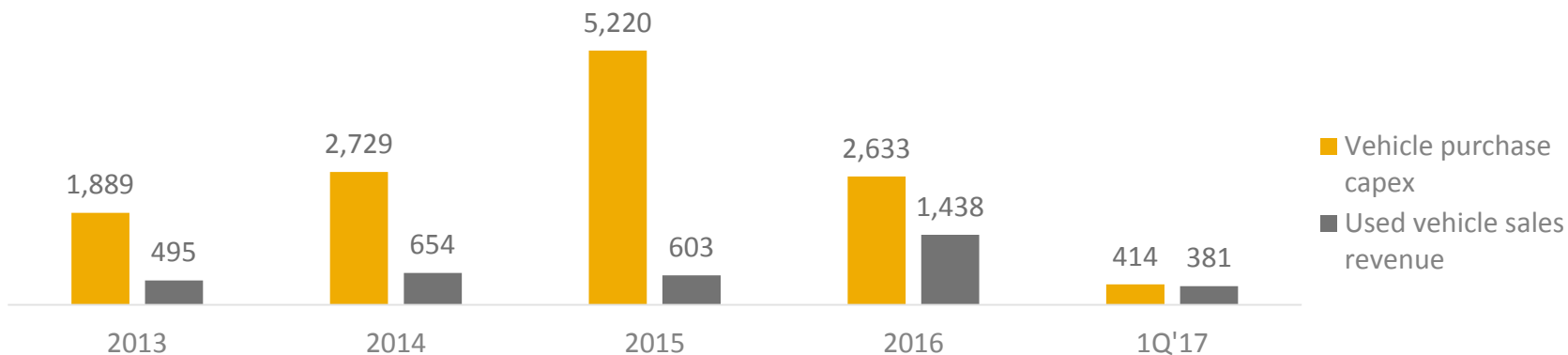
Net investment in fleet

Fleet expansion ⁽¹⁾



Net investment in fleet

(RMB in millions)



Notes:

(1) Fleet expansion does not reflect change in finance leasing fleet

(2) Among 15,483 used vehicles disposed in 2014, 10,185 vehicles were sold while 5,298 vehicles were disposed to franchisees through finance leasing