

**CAR** 神州租车

***CAR Inc.***

**2018 Annual Results Earnings Call**

**March 12, 2019  
8:00 pm Beijing Time**

## **Business Overview**

**Yifan SONG**

Executive Director & Chief Executive Officer

## **Financial Results Overview**

**Tony CAO**

Chief Financial Officer



## Business Overview

**Yifan Song**  
**Executive Director & Chief Executive Officer**



## Solid and sustainable profitability

- ✓ Adjusted net profit increased by 11% YOY; Margin increased to 13%
- ✓ Adjusted EBITDA increased by 9% YOY; Margin increased to 61%



## Integrated mobility platform

- ✓ Local and international car rental, car sharing, fleet rental and ride-hailing
- ✓ Special packages for one way rental, weekday, weekly and monthly rental
- ✓ Self serve, delivery and pickup



## World leading car rental APP

- ✓ Free GPS with flags: gas station, parking lots, etc.
- ✓ Entrance to various services
- ✓ Comprehensive functionalities

# One-stop mobility solution for various needs

Car rental



Delivery  
Pickup



Hertz

Global rental

The screenshot shows the神州租车 (Shenzhou Rent a Car) mobile app interface. At the top, it displays the status bar with '中国移动' (China Mobile), signal strength, Wi-Fi, time '18:22', and battery level '100%'. Below the status bar, there's a user profile icon, the app name '神州租车', and icons for customer support and messages. The main navigation bar includes '国内租' (Domestic Rental), '分时共享' (Time-sharing), '全球租' (Global Rental), '长租' (Long-term Rental), and '专车' (Premium Car). The current selection is '国内租'.

The main content area shows a booking process for a car in Beijing. It lists the location as '北京 首都机场T1/T2店' (Beijing Capital Airport T1/T2 Store) with '上门 到店' (Home pickup / In-store) options. The rental period is from '03月12日 周二 19:00' (March 12, Tuesday 19:00) to '03月16日 周六 19:00' (March 16, Saturday 19:00), lasting '4天' (4 days). A prominent orange button says '立即选车' (Select Car Now).

Below the booking details, there are four service icons: '超值套餐' (Super Value Package), '顺风车' (Ride-hailing), '门店查询' (Store Search), and '导航' (Navigation).

The bottom section is titled '车型推荐' (Car Model Recommendation) and features two car models with their daily rates:

- 别克英朗 (Buick Excelle) ¥178/日均
- 大众朗逸 (Volkswagen Lavida) ¥188/日均

Car sharing



Self  
serve



UCAR

Ride-hailing

# World leading car rental APP



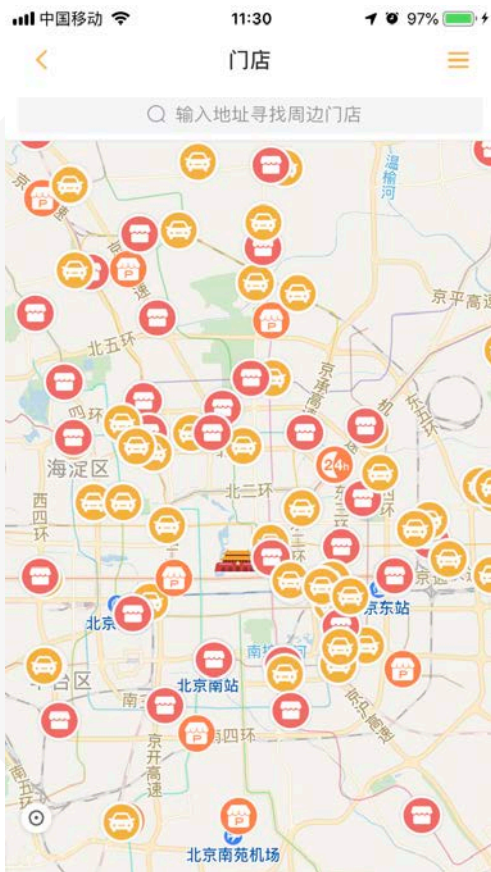
Transparency

GPS

Interaction

Sharing

# Continuous service network upgrade



Full service / Self-serve store



24hrs self-serve pick up point

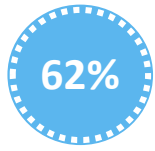


24hrs full service store



Dynamic service point

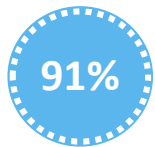
# Technology-driven operational excellence and customer experience



Self-serve reservations in December, increased from 43% in September



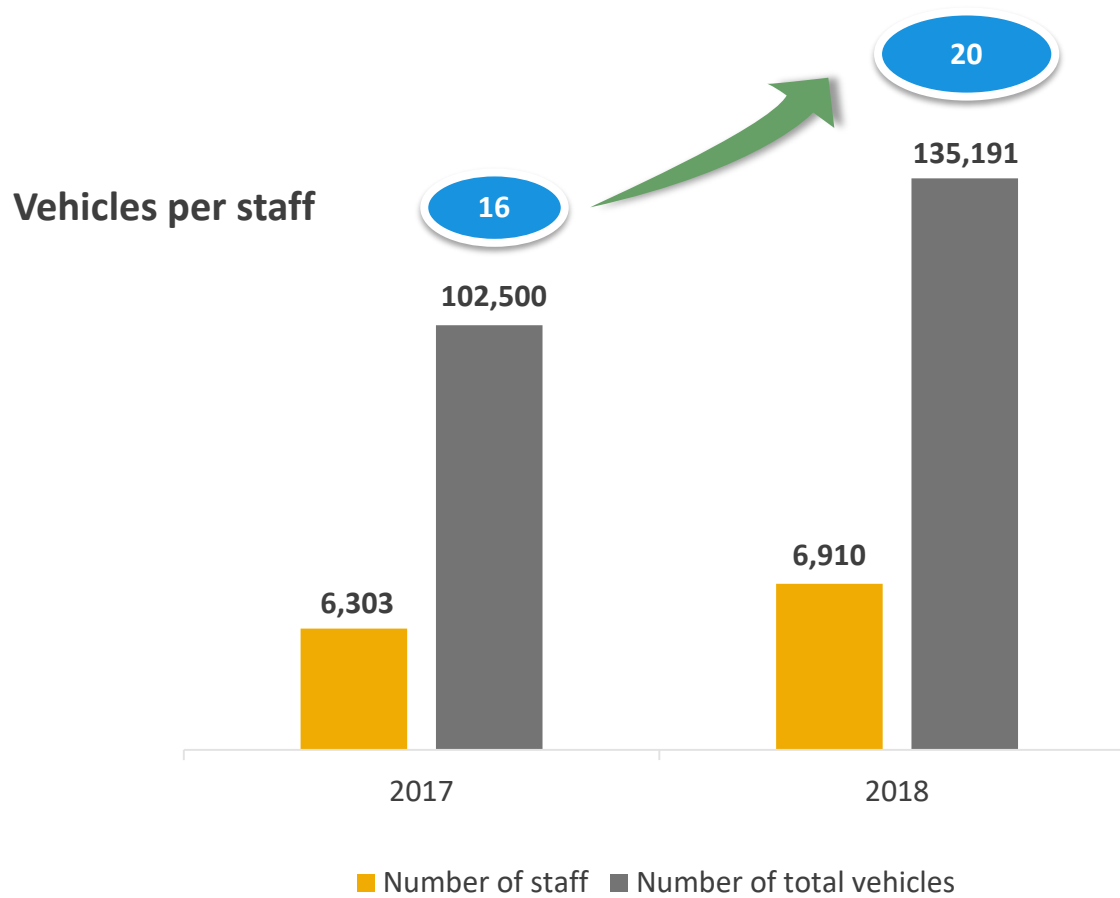
Reservations through mobile APP in Q4



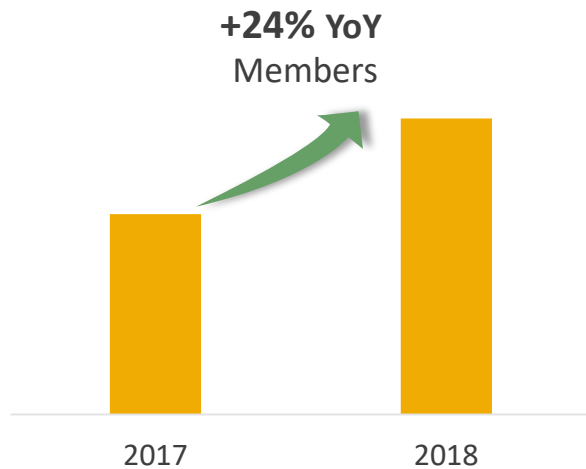
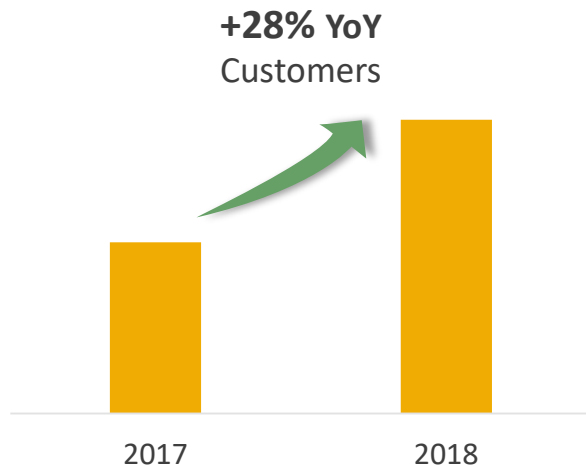
Car rental fleet enabled for self-serve service as at the end of 2018



# Improved operating efficiency



# Steadily expanding customer base



- 35% YoY average daily car rental fleet in 2018
- Self-operated repair and maintenance facilities coverage expanded to 46 cities, covering 90%+ fleet as at end of December



## Service Excellence

- ✓ Expand geographical network
- ✓ Enhance intelligent services, e.g. Smart Assistant, self serve functions
- ✓ Further upgrade mobile APP with advance features



## Used car disposal

- ✓ Recover disposal volume
- ✓ Diversify disposal channel
- ✓ Seek disposal alternatives e.g. buy back program



## Debt Refinancing

- ✓ Reduce size of bullet repayment
- ✓ Optimize repayment schedule



## Financial Results Overview

**Tony Cao**  
**Chief Financial Officer**

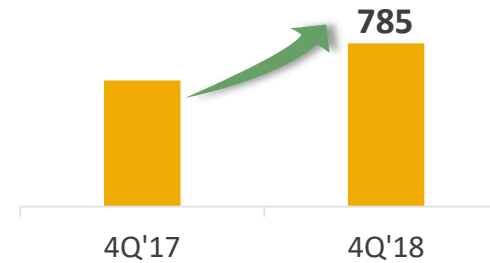
# 4Q'2018 Highlights

(RMB in millions, except for total operating fleet)

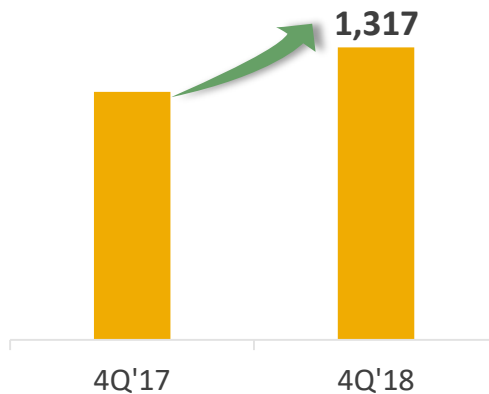
**+53% YoY**  
Adjusted Net Profit



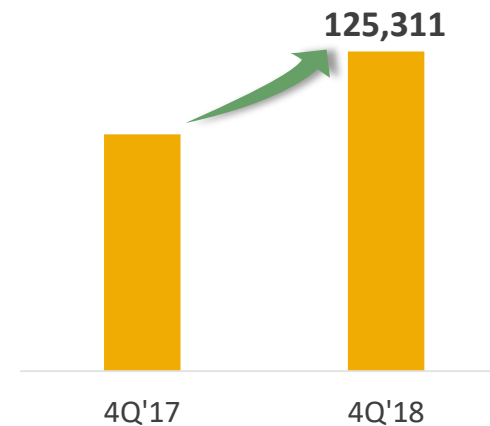
**+15% YoY**  
Adjusted EBITDA



**+9% YoY**  
Rental Revenue



**+35% YoY**  
Total Operating Fleet



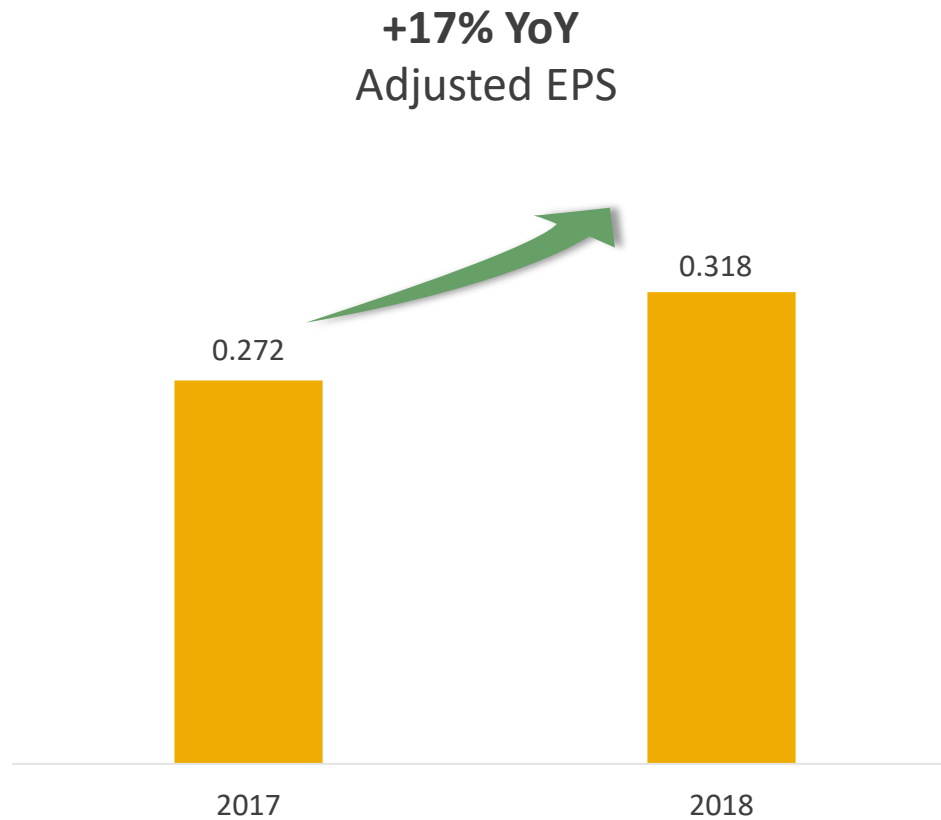
Notes:

(1) Margins are as percentage of rental revenue

(2) Reconciliation of adjusted EBITDA and adjusted net profit can be found in CAR Inc.'s 2018 annual results announcement

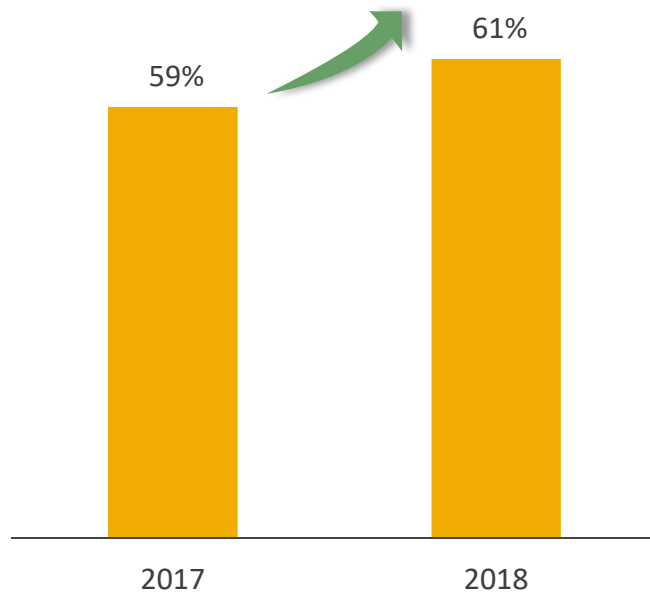
# Higher return per share

(RMB)

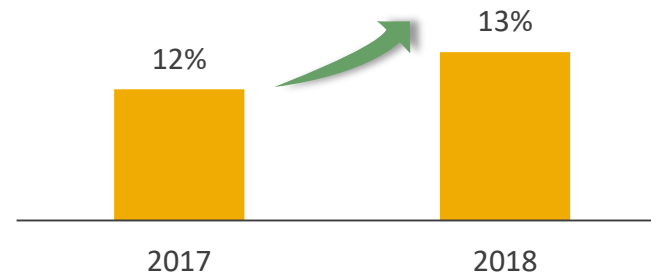


# Recovering profitability profile

Adj. EBITDA margin



Adj. net profit margin



Notes:

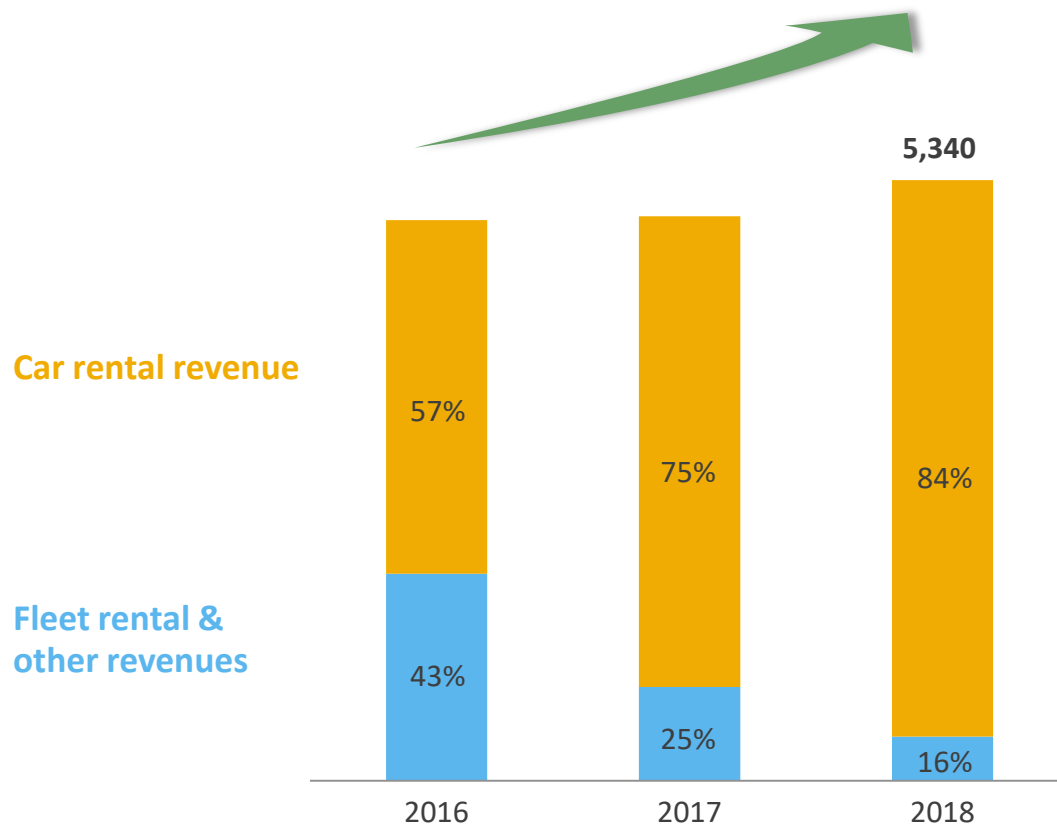
(1) Margins are as percentage of rental revenue

(2) Reconciliation of adjusted EBITDA margin and adjusted net profit margin can be found in CAR Inc.'s 2018 annual results announcement

# Increasing concentration on core car rental business

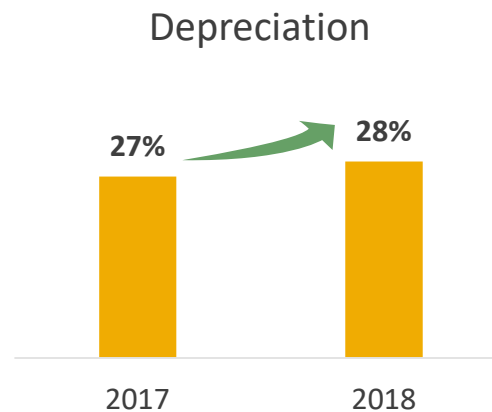
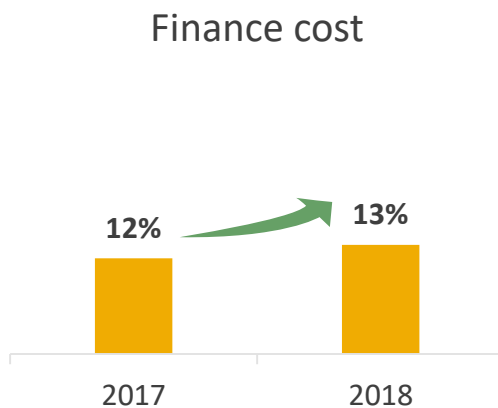
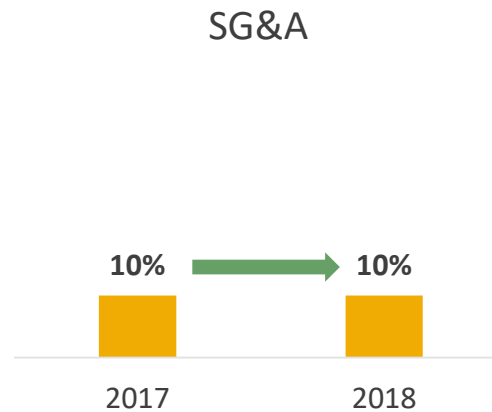
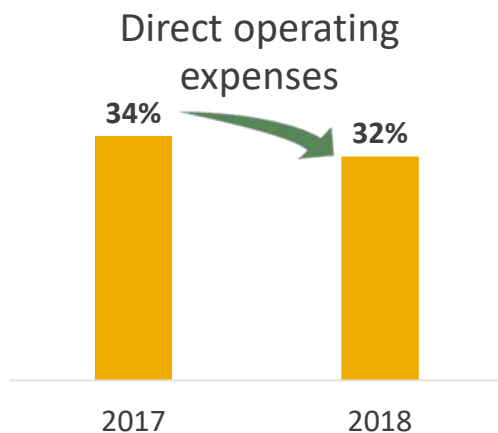
(RMB in millions)

+27pp YoY  
Car rental concentration



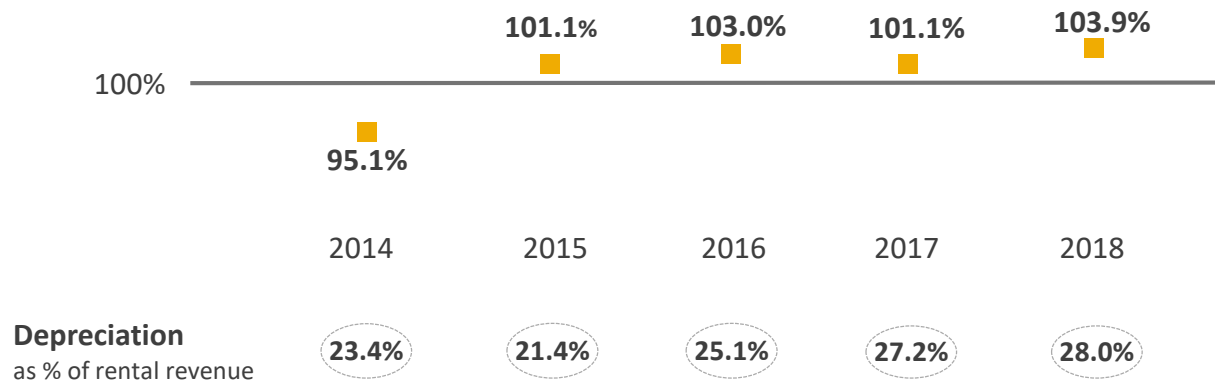


# Sustainable cost structure



Notes:  
(1) Margins are as percentage of rental revenue  
(2) Finance cost includes interest income from bank deposit

### Cost of sales of used vehicles as % of sales of used vehicles



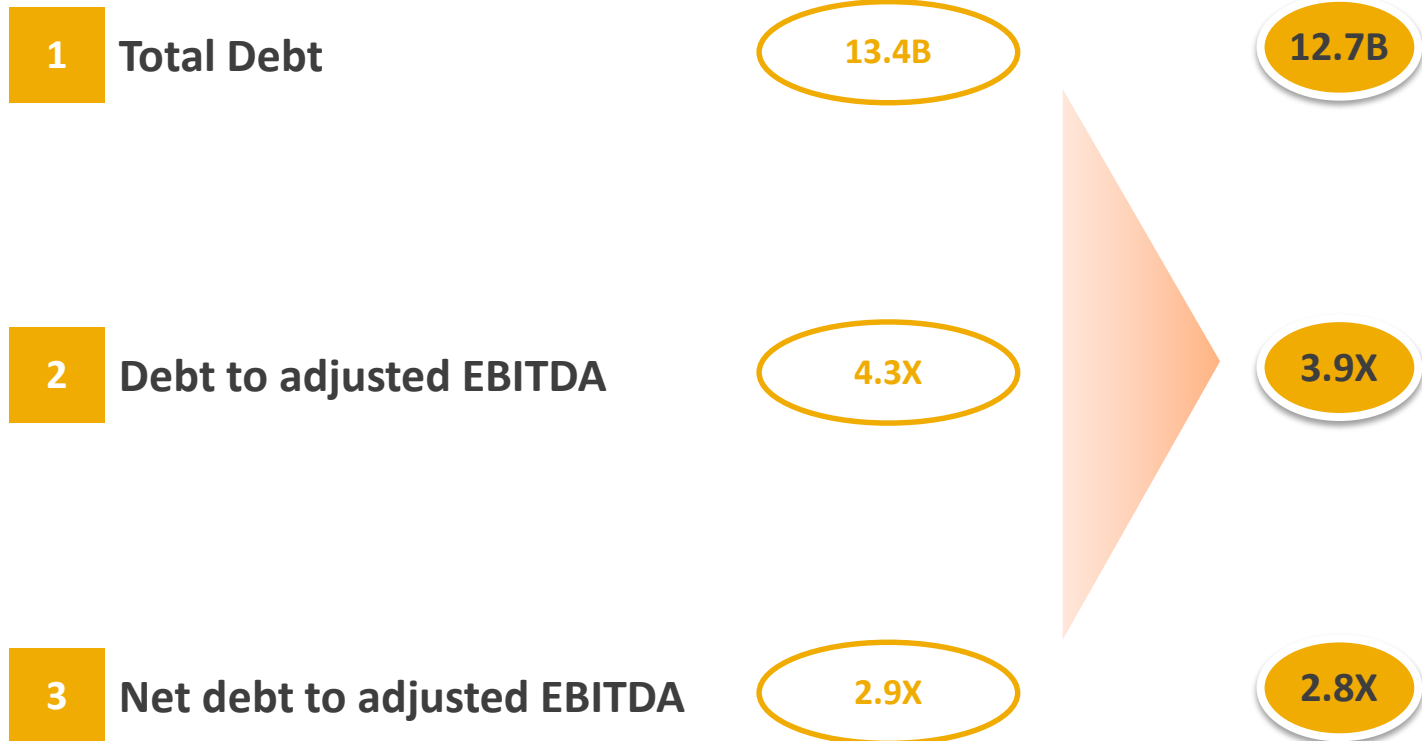
- Cost to sales ratio at 103.9%, as a result of a higher mix of special vehicles
- Depreciation % increased by 0.8 pp YoY, due to lower RevPAC
- Used car sales decreased significantly to ~13,000 for more fleet availability for car sharing services

# Financial positions

(RMB)

30 Sep. 2018

31 Dec. 2018



Note:  
Reconciliation of adjusted EBITDA can be found in CAR Inc.'s 2018 annual results announcement

**Q & A**