



CAR 神州租车

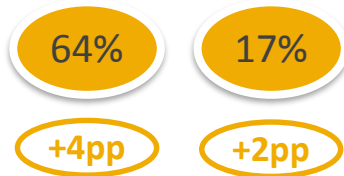
CAR Inc.
2018 First Quarter Results

May 15th, 2018

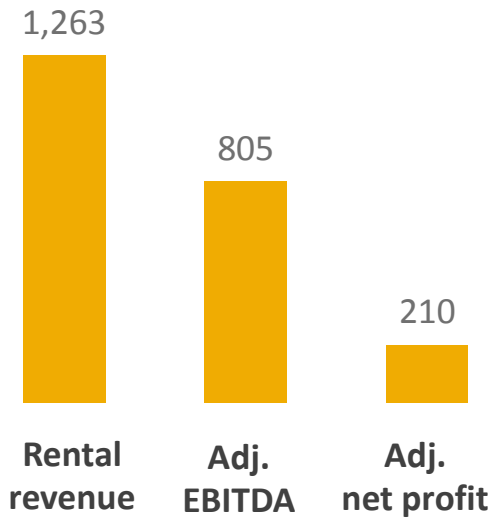
Q1'18 Highlights ... significant margin expansions

(RMB in millions)

Margins



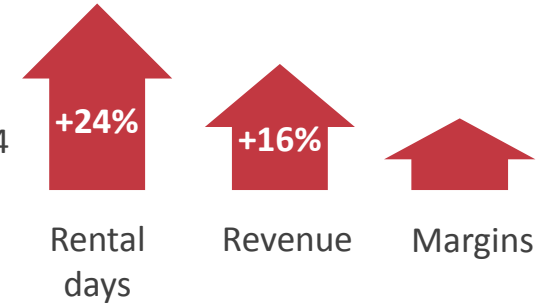
YoY



YoY flat +5% +14%

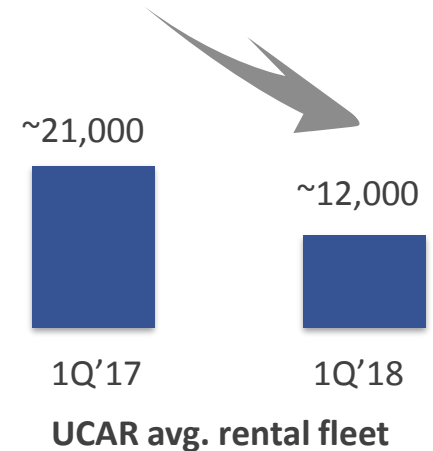
Car rental

- ✓ Continue to demonstrate encouraging growth momentum, 24% volume YoY
- ✓ Achieved clear margin expansions for 4 consecutive quarters
- ✓ Key growth initiatives undergoing: Car Sharing & Autonomous Rental ... pilot launched nationwide



Fleet rental

- ✓ ~12,000 Avg. UCAR fleet in 1Q
- ✓ Still significant headwinds on total rental revenue in 1H'18 due to year-over-year comparison
- ✓ UCAR's ride-hailing platform has sustained a balance btw self-op & 3rd parties to optimize efficiencies



Financial highlights

(RMB in millions)

	Q1'18	Q1'17	YoY
Total rental revenue	1,263	1,275	flat
- Car rental	1,038	895	16%
- Fleet rental	221	376	(41)%
Total revenue	1,596	1,656	(4)%
Net profit	229	211	9%
Adj. EBITDA ⁽¹⁾	805	763	5%
Margin ⁽³⁾	63.7%	59.8%	3.9pp
Adj. net profit ⁽²⁾	210	184	14%
Margin ⁽³⁾	16.7%	14.4%	2.2pp
Free cash flow	1,018	486	110%
Basic EPS (RMB)	0.11	0.09	18%
	Mar-18	Dec-17	change
Total assets	21,345	20,640	3%
Total debt	11,652	11,122	5%
Cash	6,221	4,876	28%
Total debt/ Adj. EBITDA	3.8x	3.7x	0.1x
Net debt/ Adj. EBITDA	1.8x	2.1x	(0.3)x

Note:

(1) 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/(loss), costs relating to the used car B2C pilot program, share of (profit)/loss of an associate and fair value changes on derivative instrument-transaction not qualifying as hedges.

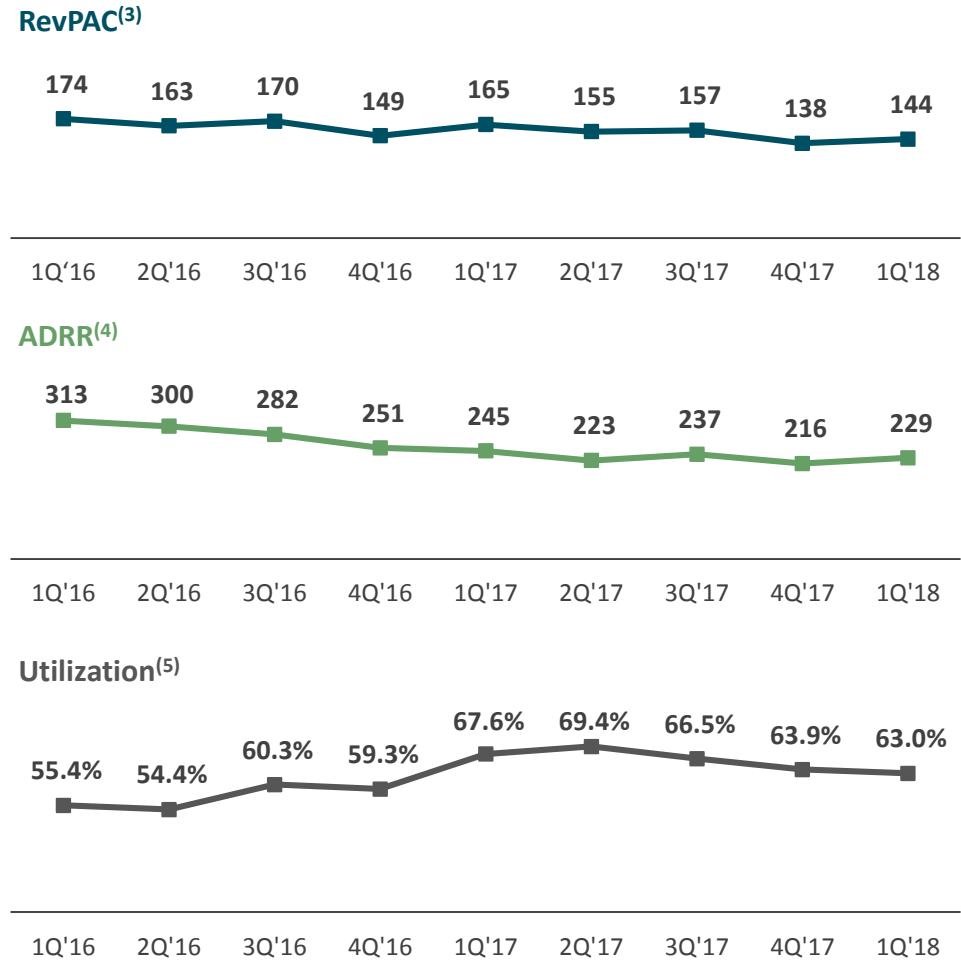
(2) Adjusted net profit is defined as profit excluding share-based compensation, foreign exchange (gain)/loss, IPO-related expenses, fair value gain/(loss), share of (profit)/loss of an associate, costs relating to the used car B2C pilot program and fair value changes on derivative instrument-transaction not qualifying as hedges.

(3) As a percentage of rental revenue.

Car rental: margins improved despite RevPAC decrease

... strong benefit from efficiency upside and operating leverage

(RMB in millions)	Q1'18	Q1'17	YoY
Car rental revenue⁽¹⁾	1,038	895	16%
=			
Days			
x			
Avg. daily fleet⁽²⁾	80,303	60,389	33%
x			
RevPAC⁽³⁾	144	165	-13%
=			
ADRR⁽⁴⁾	229	245	-7%
x			
Utilization⁽⁵⁾	63.0%	67.6%	-4.6pp



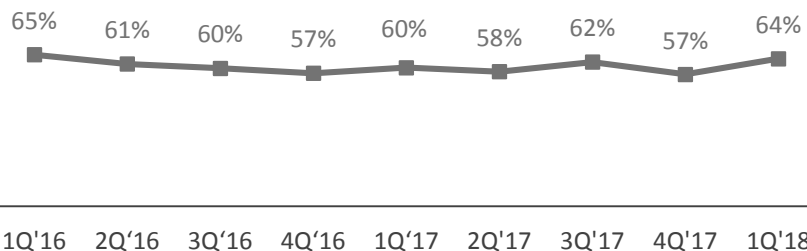
- **ADRR:** YoY carry-over impact for Jan/Feb ... more incentives to acquire new customers in 2018
- **Utilization:** strategically adjust to lower utilization targets to support car sharing campaigns

Notes:
 (1) The Company has reclassified the rental revenue and operating fleet to better align with its new development in business natures from 2017Q1.
 (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

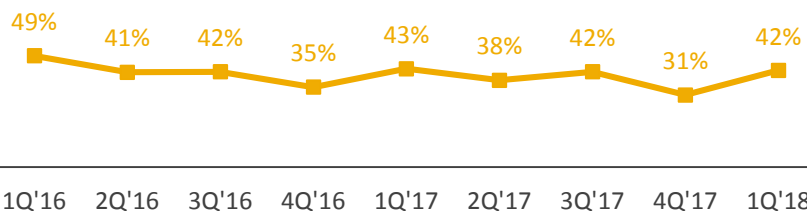
Sustainable profitability profile

Profit margins

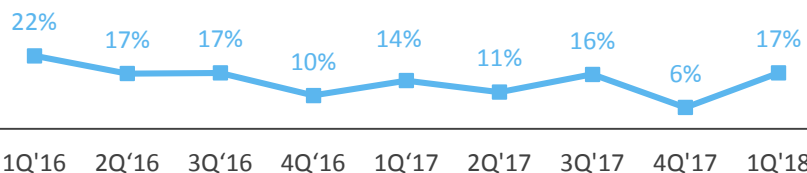
Adj. EBITDA margin⁽¹⁾⁽²⁾



Gross margin⁽¹⁾

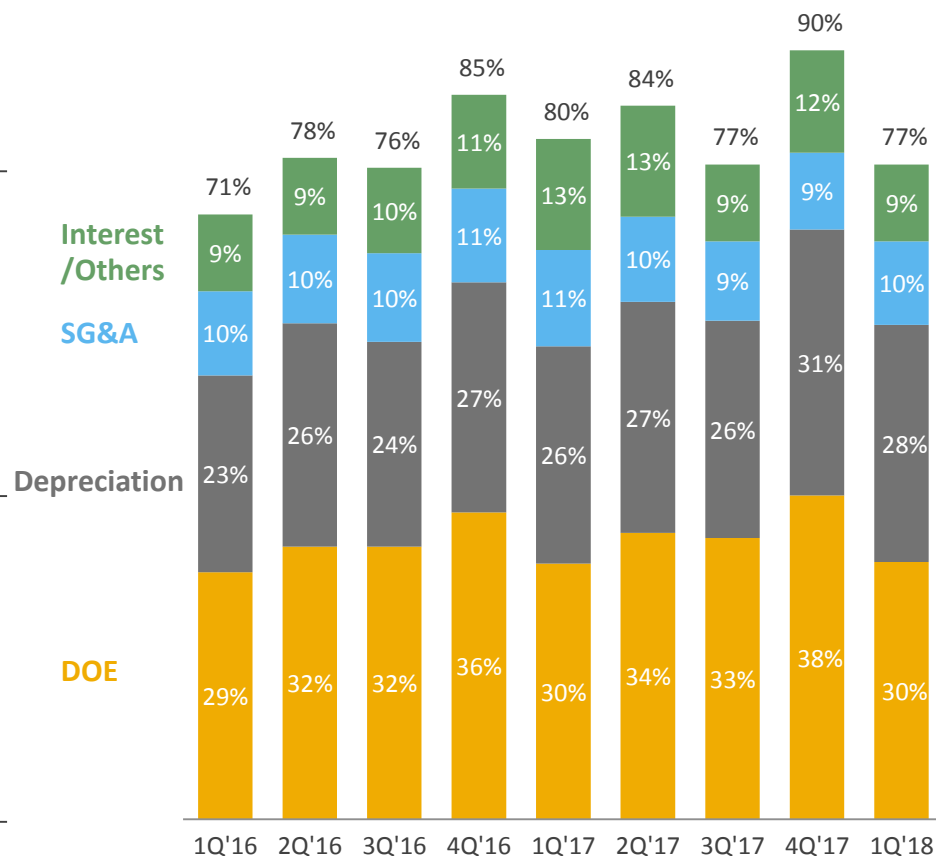


Adj. net profit margin⁽¹⁾⁽³⁾



Cost structure

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



Notes:

(1) As percentage of rental revenue

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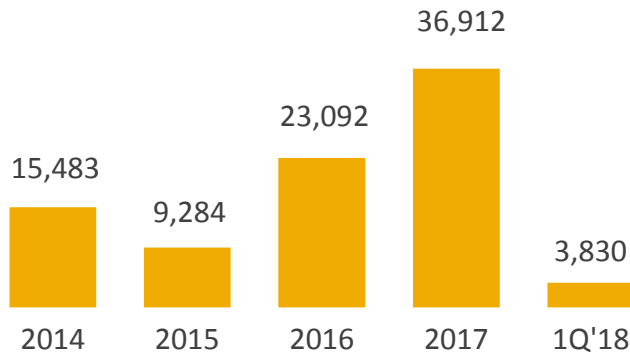
(4) Expenses figures have been adjusted for share-based compensation, reorganization related expenses as well as costs related to suspended fleet. Interest expenses are net of interest income.

(5) The items include other income and expenses relating to the income/(loss) from interest income from bank deposit, government grants, rental income from investment property, (Loss)/gain on disposals of items of other property, plant and equipment and others, excluding income tax expenses.

Used car disposal

Improved capabilities in used car disposal

of used vehicles disposed



Avg. selling price (RMB'000)

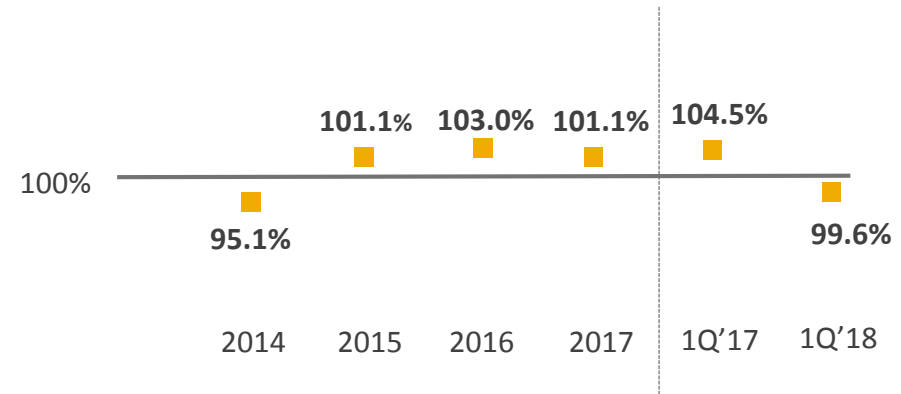


- Retirement schedule adjusted to support car sharing launch: slowed down the car rental vehicle retirement
- Able to dispose UCAR retired vehicles ... higher avg. selling price in 1Q due to mix
- In process of developing more diversified B2C channels and products, and optimizing Maimaiche partnership

Proven residual risk management

Cost of sales of used vehicles

As % of sales of used vehicles



Depreciation % (of rental revenue)



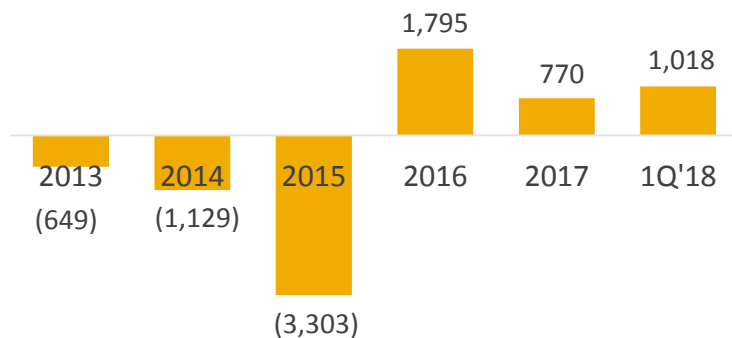
- Cost to sales ratio constant at 95%-105% ... continue to improve residual accuracies, Q1 99.6%
- Depreciation% increased by 2.3pp YoY, due to more rigorous residual estimations and lower RevPAC

Strong financial positions

Strong cash generation

(RMB in millions)

Free Cash Flow (FCF)



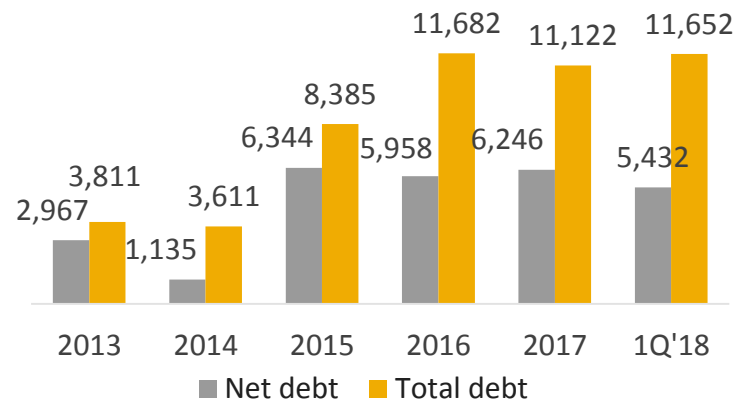
Cash⁽¹⁾ 844 2,476 2,041 5,725 4,876 6,221

- ✓ Continue to deliver **strong positive Free Cash Flow**
- ✓ **Cash position** remains strong at **6.2B** ... providing adequate liquidity to prevent macro uncertainties

Optimizing funding capability and credit profiles

(RMB in millions)

Debt (Gross/Net)



Net debt/adj. EBITDA 3.2x 0.7x 2.3x 1.9x 2.1x 1.8x

- ✓ **Net leverage remained low** due to strong FCF generation
- ✓ Successfully issued **first Offshore CNH bond of RMB750MM** and second **Panda Bond of RMB730MM**
- ✓ Credit profile continue to enhance ... further diversified funding sources and optimized funding structure

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