



**CHINA ZHENG TONG
AUTO SERVICES HOLDINGS LIMITED
中國正通汽車服務控股有限公司**

Stock Code 股份代號 : 1728

2019 Annual Results Announcement

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Section I

Performance Highlights

2019 Highlights

A new automotive ecosystem dedicated to creating luxury car sales and services

35,138*million*

Total revenue recorded throughout 2019

6.2%

YoY Decline

2,178*million*

Operating profit

21.2%

YoY Decline

103,220*vehicles*

New car sales

81,735*vehicles*

Luxury & Ultra Luxury

8.3% ; 5.4%

YoY Decline

1,132*million*

New car sales gross profit

41.2%

YoY Decline

2,138*million*

After sales gross profit

6.7%

YoY Increase

389*million*

Auto finance business achieved profits

14.1%

YoY Decline

664*million*

Net profits to common shareholders

45.8%

YoY Decline



2019 Highlights

Focus on improving profitability, the proportion of outstanding luxury brands

6 Leading luxury brands

Prioritize Mercedes, Porsche, BMW, Audi, JLR, Volvo

Auto finance

The loan scale and interest income have been steadily increased, the capital reserve is sufficient, and the non-performing loan ratio has remained low

Used-car

Focused on the promotion of automobile trade-in, the advanced information platform , “Zhengtong Auction” online platform are utilized to improve the operating efficiency and profitability of the used cars segment

Supply chain business

Accelerate the achievement of the management goal of establishing a national fast logistics channel, due to the expansion of the logistics network, it will be easier to attract other brands to join and form a larger logistics and transportation platform

Comprehensive properties business

Fully utilize on the potential value of the land held by the Group, planned to conduct construction of comprehensive property projects

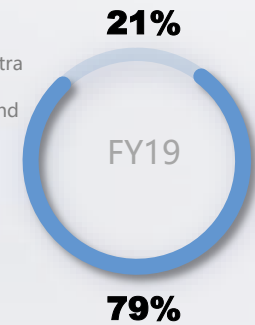
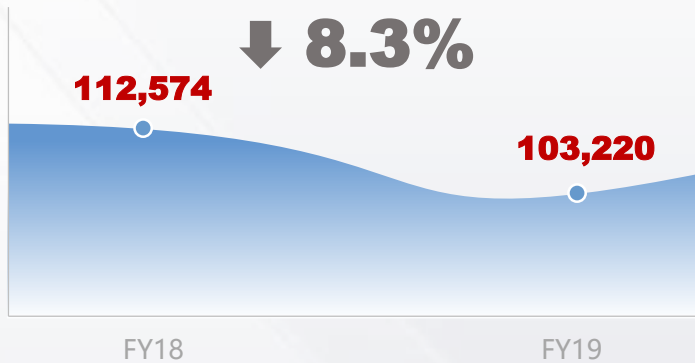
Section II

Business Development

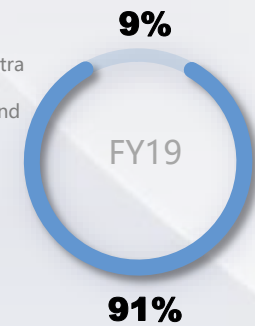
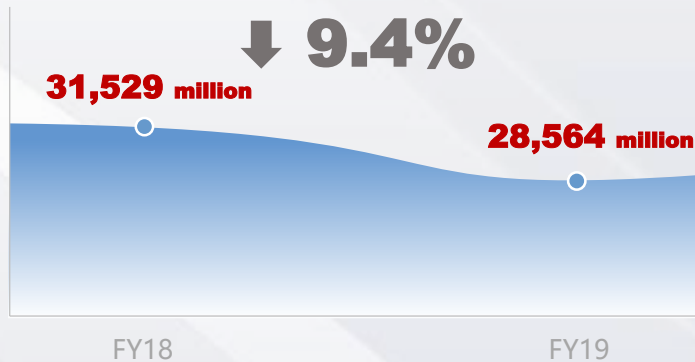
New Car Sales



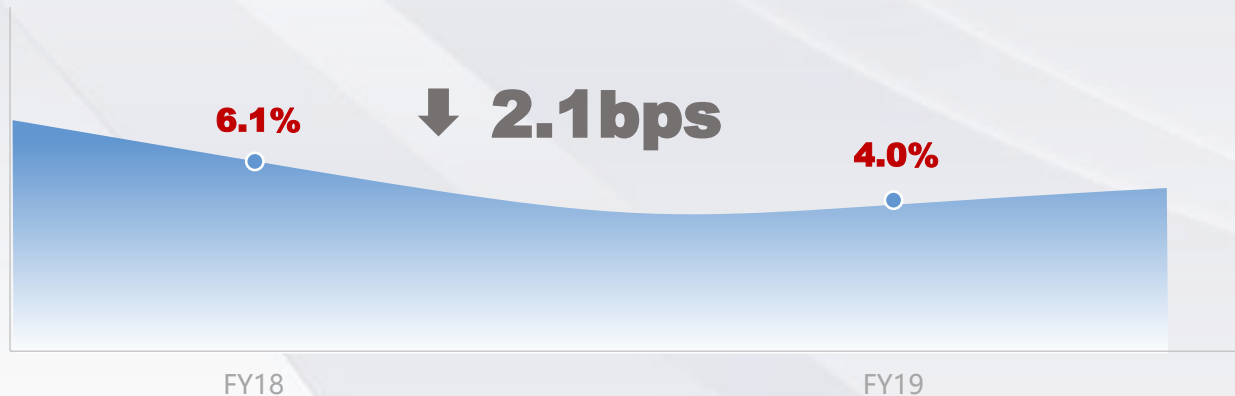
Sales Volume



New Car Sales Revenue



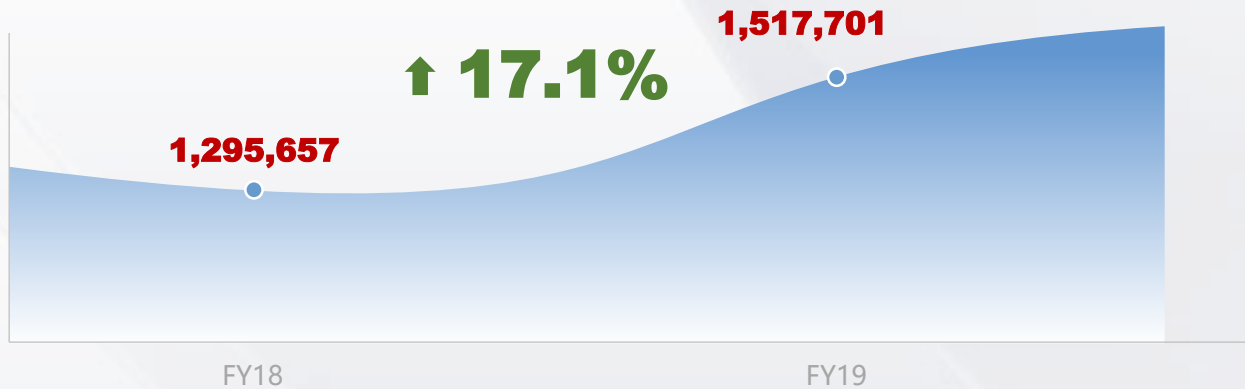
New Car Sales GPM



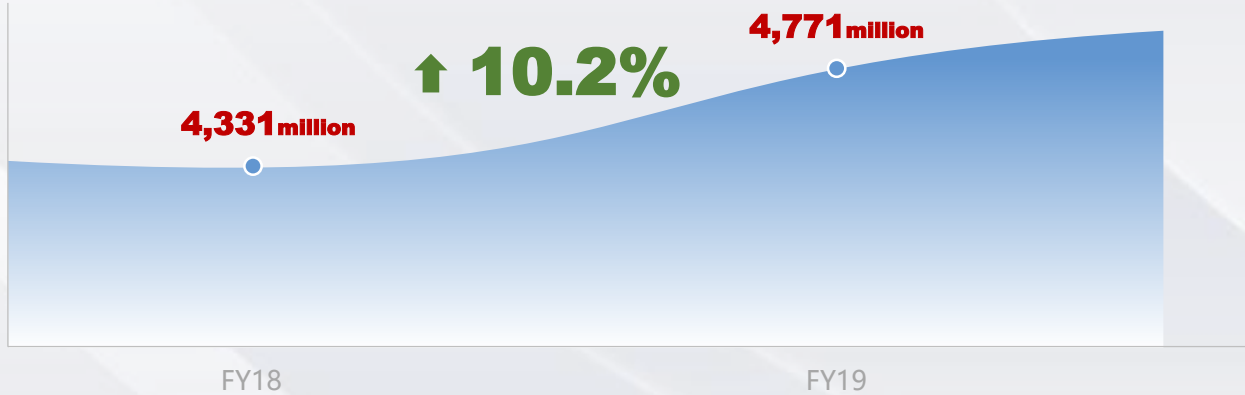
After Sales Business



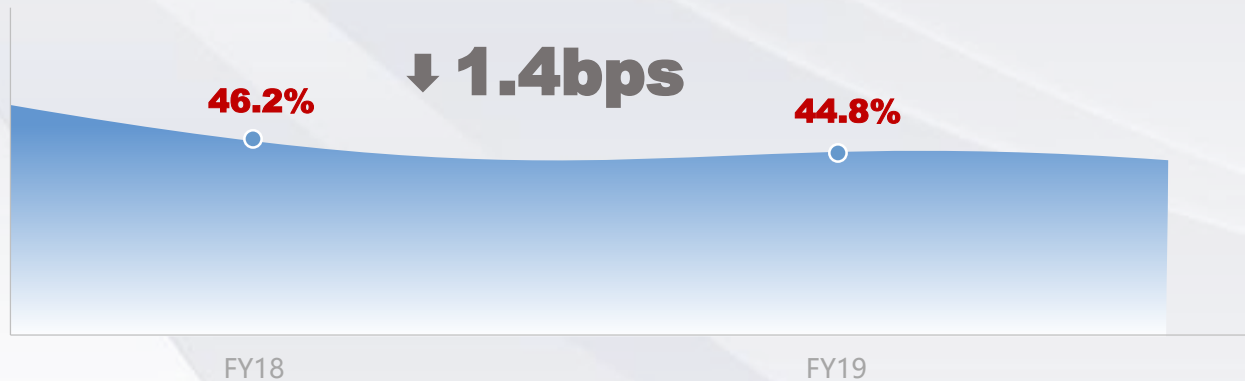
Throughputs



After Sales Revenue



After Sales GPM

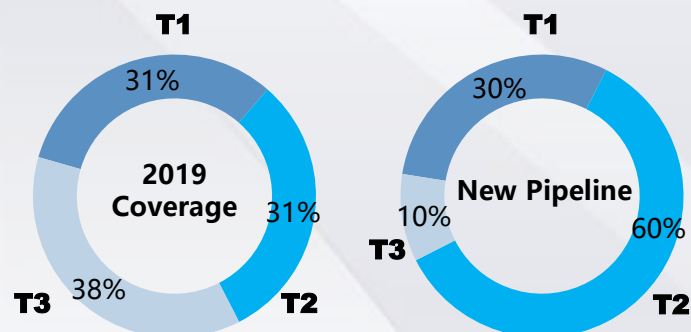


Network Advancement

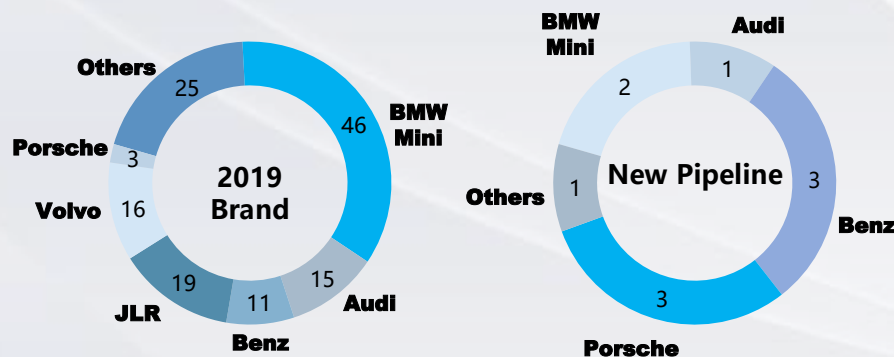


Brands	Type	2018	New	Close	2019	Pipeline*	2019 Total
Luxury&Ultra-Luxury	4SStore	100	1	-	101	7	108
	Showroom	18	-	4	14	-	14
	Service Center	6	-	1	5	3	8
	Pre-owned Car	1	-	-	1	-	1
	Quick repair	1	-	1	-	-	-
Mid-High End	4S Store	14	1	1	14	-	14
Total		140	2	7	135	10	145

Tier Cities Geographic Coverage



Brands Breakdown



*Total number of authorization for possible future store openings.

Balanced and reasonable deployment of the national dealership network for luxury brands:



Hebei: 2	
JLR	1
Audi	1

Henan: 3	
JLR	2
Audi	1

Hunan: 9	
BMW	5
JLR	1
Volvo	1
MINI	2

Guangdong: 57	
Porsche	2
BMW	14
MINI	4
Audi	6
Volvo	7
JLR	8
Imported Volkswagen	1
Benz	6
Acura	1
Infiniti	1
Cadillac	2
FAW Toyota	1
FAW Volkswagen	3
Ford	1

Sichuan: 2	
BMW	2

Inner Mongolia: 11	
BMW	2
MINI	2
Nissan	2
Imported Volkswagen	1
JLR	2
Porsche	1
Infiniti	1

Beijing: 8	
BMW	2
JLR	1
Volvo	4
Leap	1

Tianjin: 1	
Volvo	1

Shandong: 3	
Audi	2
JLR	1

Shanghai: 5	
Audi	1
BMW	1
Nissan	1
DongfengHonda	1
Hongqi	1

Hubei: 18	
BMW	6
MINI	2
JLR	1
Buick	2
Audi	2
Nissan	1
Beijing Hyundai	1
Chevrolet	1
FJ Benz	1
Hongqi	1

Hainan: 1	
JLR	1

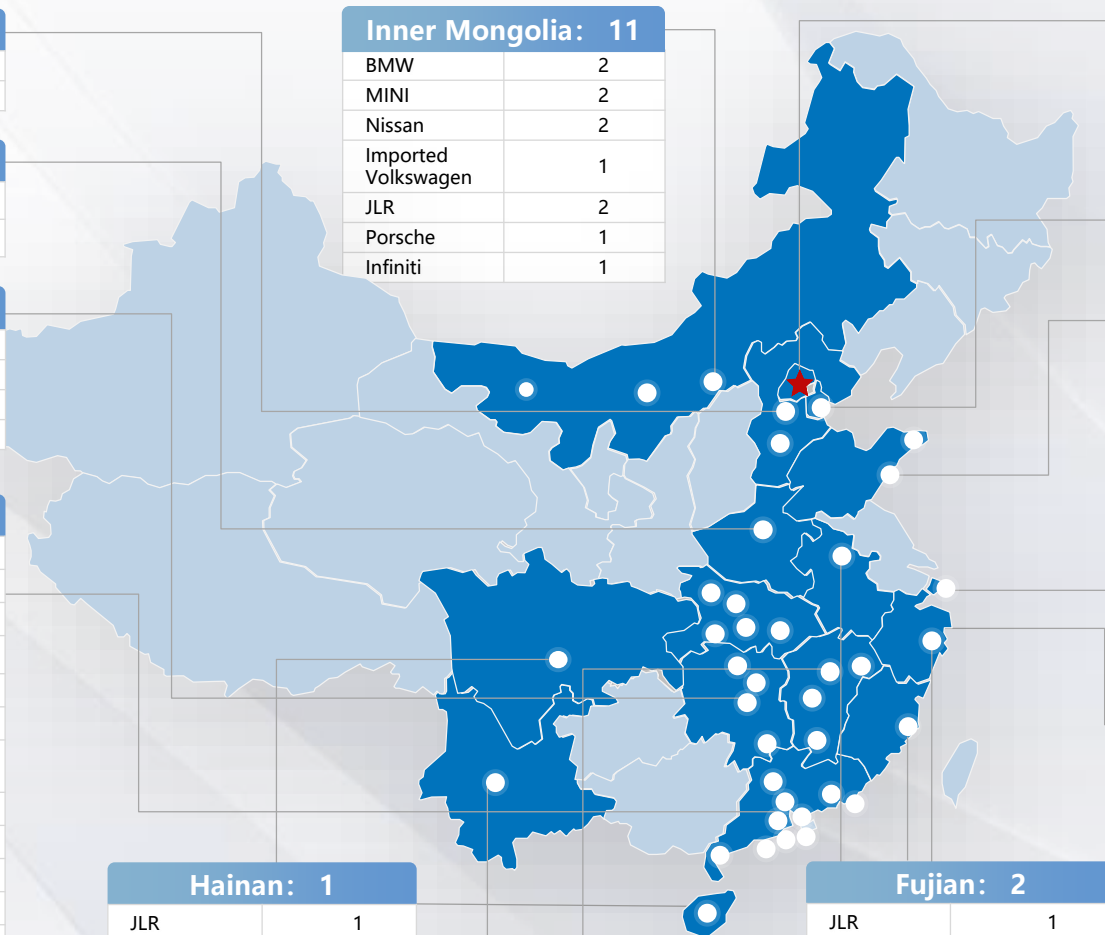
Jiangxi: 8	
BMW	5
Audi	1
Acura	1
JLR	1

Yunnan: 1	
Benz	1

Anhui: 1	
JLR	1

Fujian: 2	
JLR	1
Volvo	1

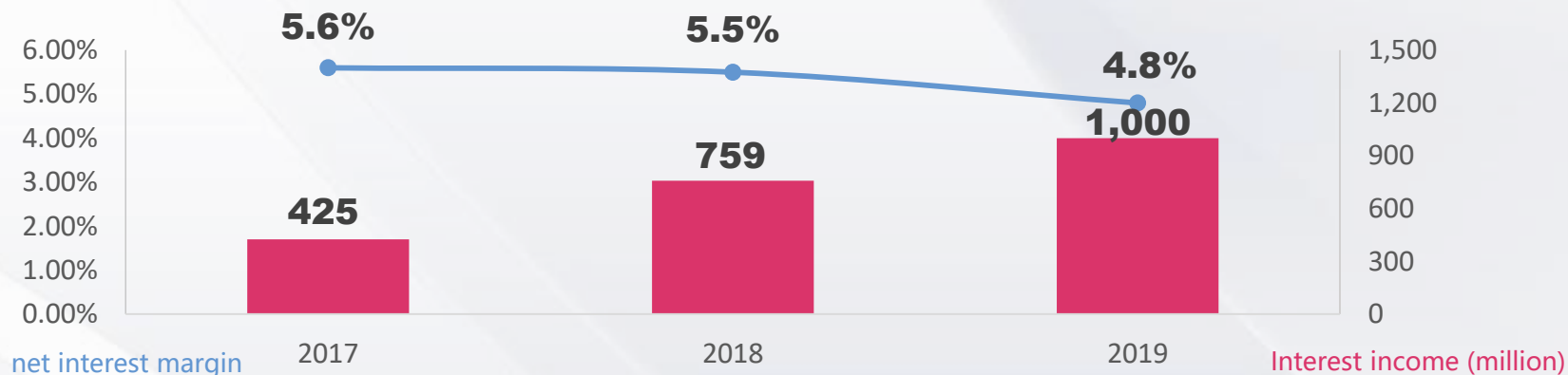
Zhejiang: 3	
Audi	1
Benz	2



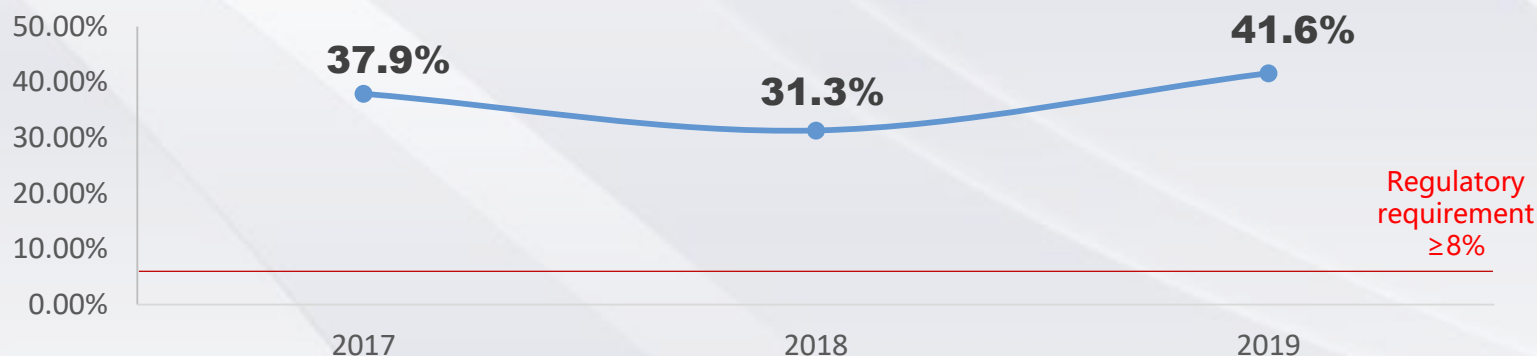
Auto Finance Business Key Financial Metrics



High profitability



Sufficient headroom for higher leverage



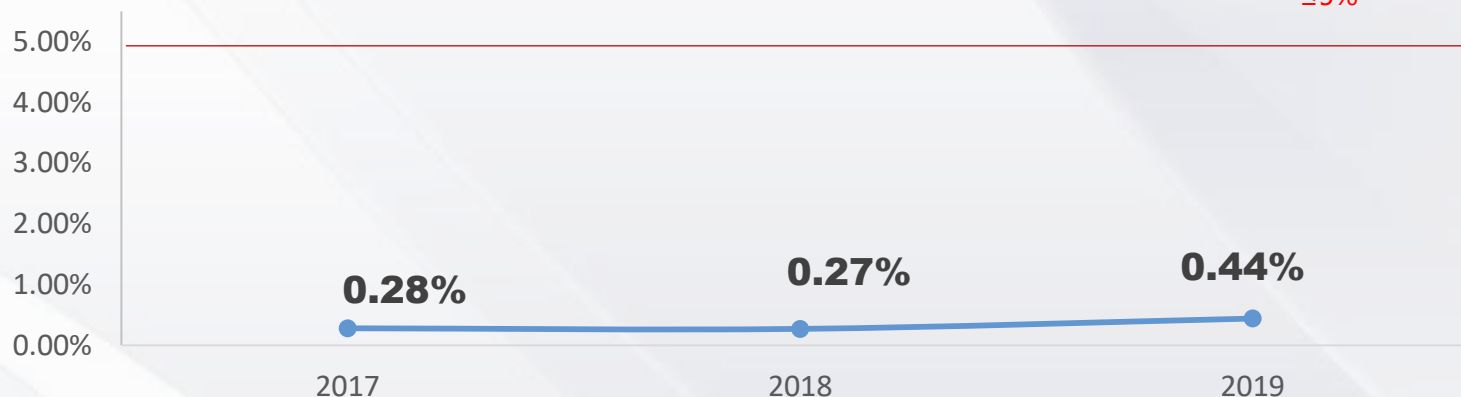
Note:
Net interest margin is equal to the net interest income divided by the average balance of interest-earning assets during the period
Capital adequacy ratio, divided by total capital minus corresponding capital deductions and divided by risk weighted assets

Auto Finance Business Key Financial Metrics

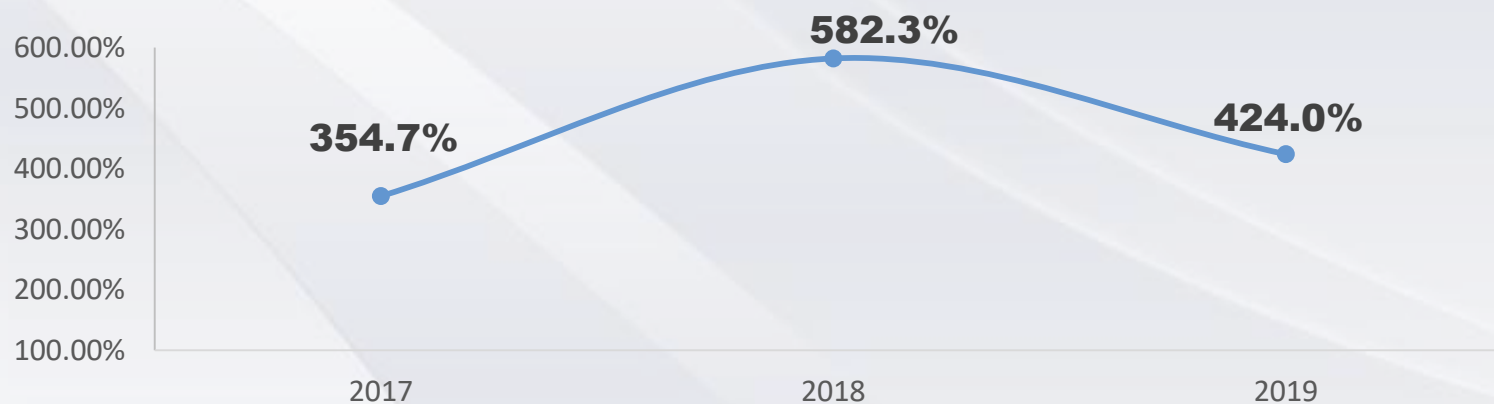


High quality loan book(NPL ratio)

Regulatory
requirement
≤5%



Prudent provision coverage



Note:

Non-performing loan ratio, calculated by dividing non-performing loan balance by customer loan and total advance balance

Provision coverage ratio, calculated as loan and advance impairment provisions divided by total non-performing loans

Section III

Financial Review

Financial Highlights



(RMB million)

For the period ended 31 Dec 2019

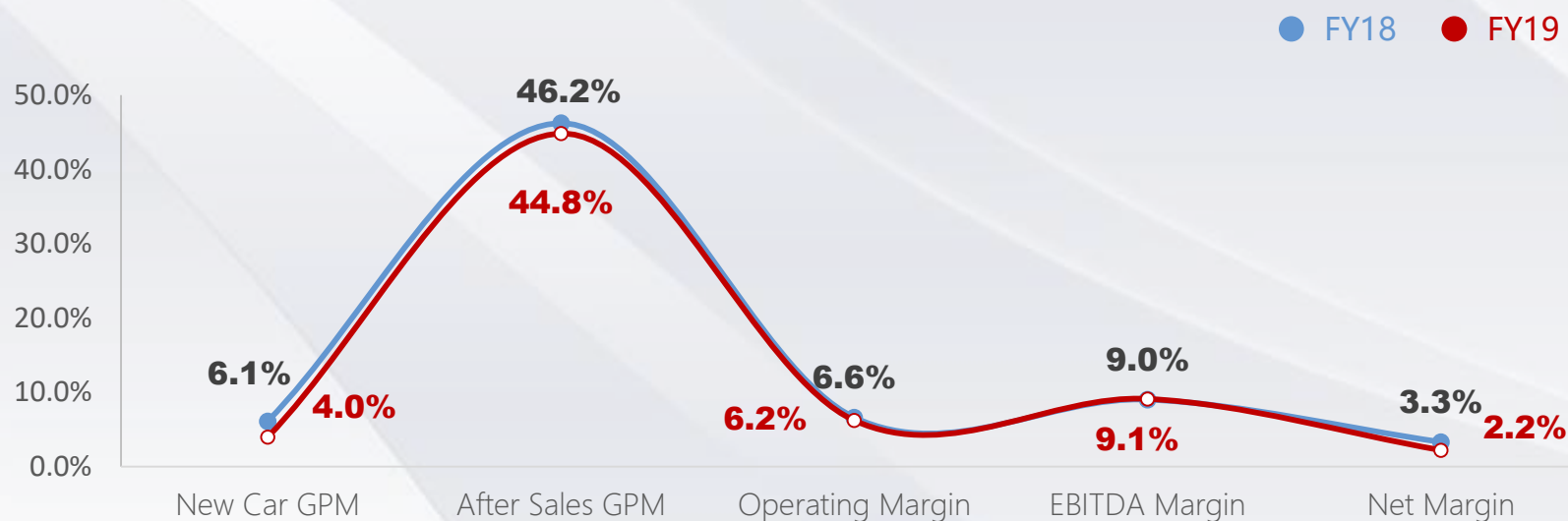
	FY18	FY19	YoY
Revenue	37,456	35,138	-6.2%
Gross profit	4,487	3,818	-14.9%
GPM	12.0%	10.9%	-1.1bps
Commission Income	655	734	+12.1%
Selling, distribution & admin	7.2%	7.1%	-0.1bps
Financing cost	2.4%	3.1%	+0.6bps
Net Profit Margin	3.4%	2.2%	-1.2bps
Profit to common shareholders	1,224	664	-45.8%
Basic earnings per share (RMB cents)	49.9	27.1	-45.7%

Profitability Snapshots



For the period ended 31 Dec 2019

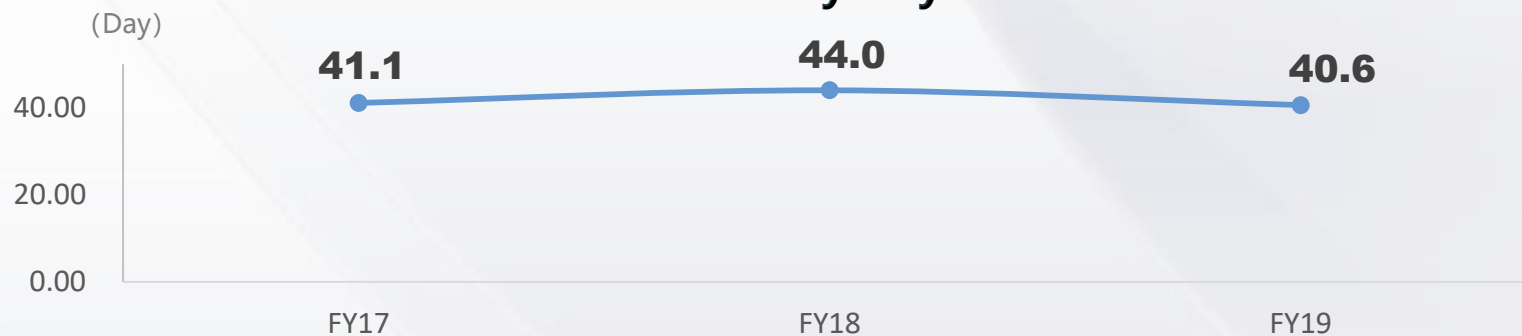
	FY18	FY19
New Car GPM	6.1%	4.0%
After Sales GPM	46.2%	44.8%
Operating Margin	6.6%	6.2%
EBITDA Margin	9.0%	9.1%
Net Margin	3.3%	2.2%



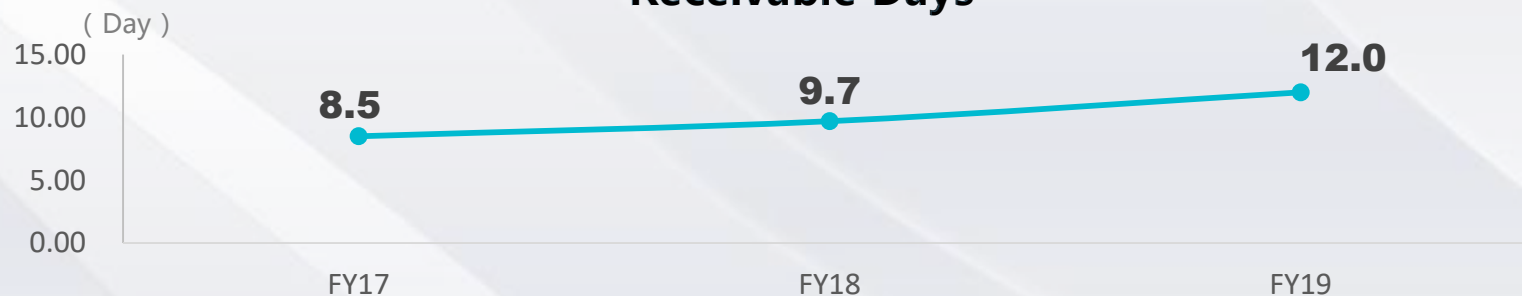
Asset-Liability and Liquidity Management



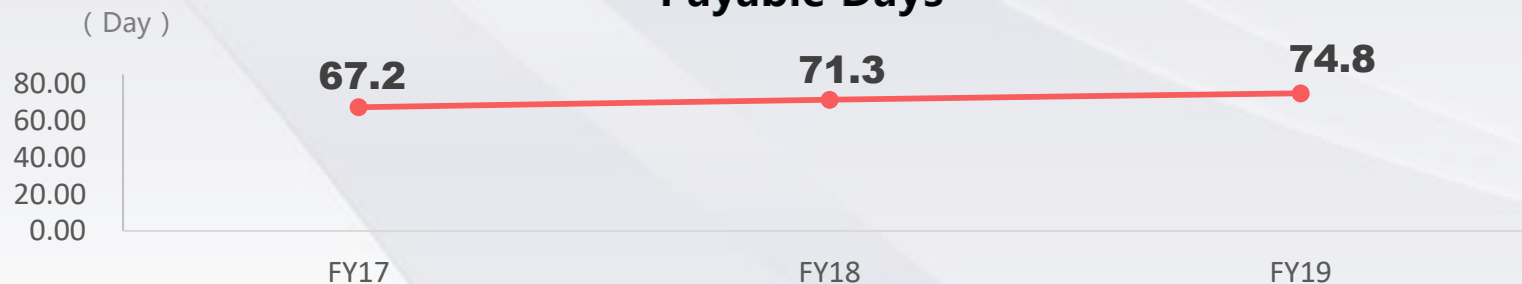
Inventory Days



Receivable Days



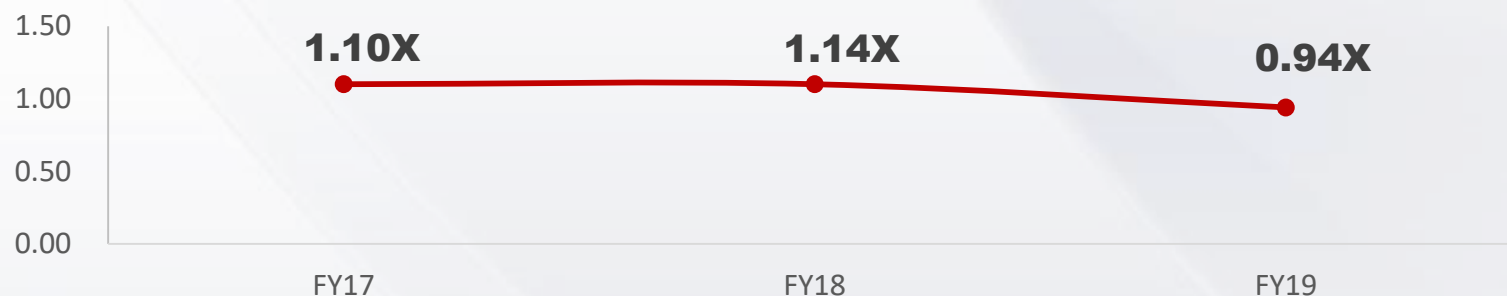
Payable Days



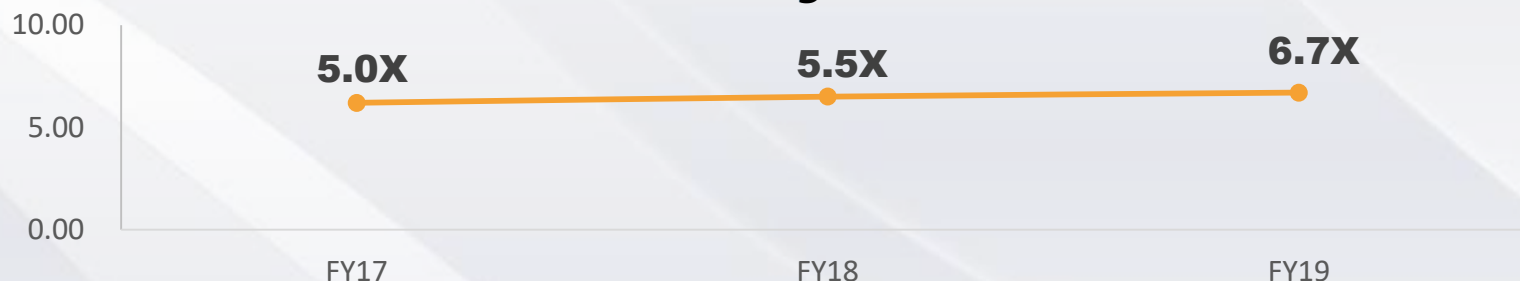
Asset-Liability and Liquidity Management



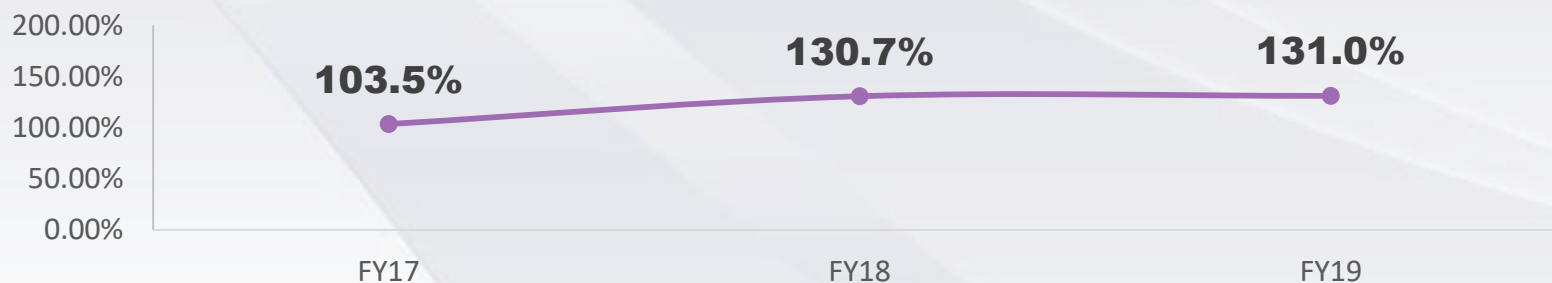
Current Ratio




Interest Bearing Debt/EBITDA



Debt/Equity





Q&A
Thank You