



CHINA ZHENGTONG  
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

2020.3

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## Section I

# Performance Highlights

# 2019 Highlights

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

**35,138**<sub>million</sub>

Total revenue recorded throughout 2019

**6.2%**

YoY Decline

**2,178**<sub>million</sub>

Operating profit

**21.2%**

YoY Decline

**103,220**<sub>vehicles</sub>

New car sales

**81,735**<sub>vehicles</sub>

Luxury & Ultra Luxury

**8.3% ; 5.4%**

YoY Decline

**1,132**<sub>million</sub>

New car sales gross profit

**41.2%**

YoY Decline

**2,138**<sub>million</sub>

After sales gross profit

**6.7%**

YoY Increase

**389**<sub>million</sub>

Auto finance business achieved profits

**14.1%**

YoY Decline

**664**<sub>million</sub>

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



23.0%

FY18

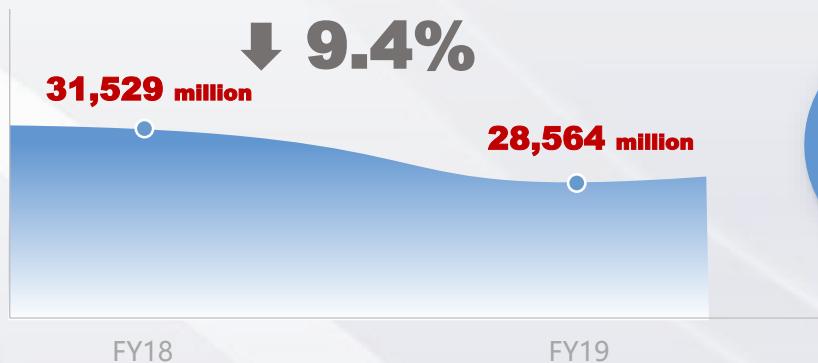
77.0%

21%

FY19

79%

## New Car Sales Revenue



10%

FY18

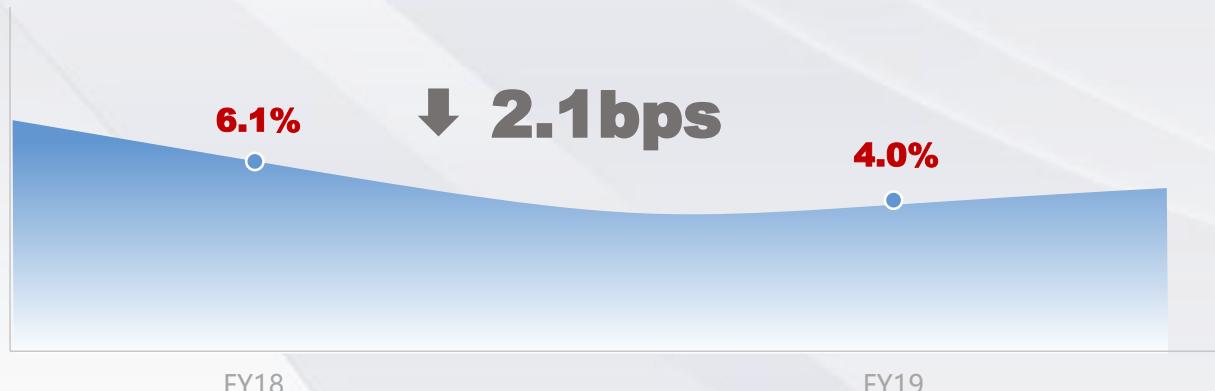
90%

9%

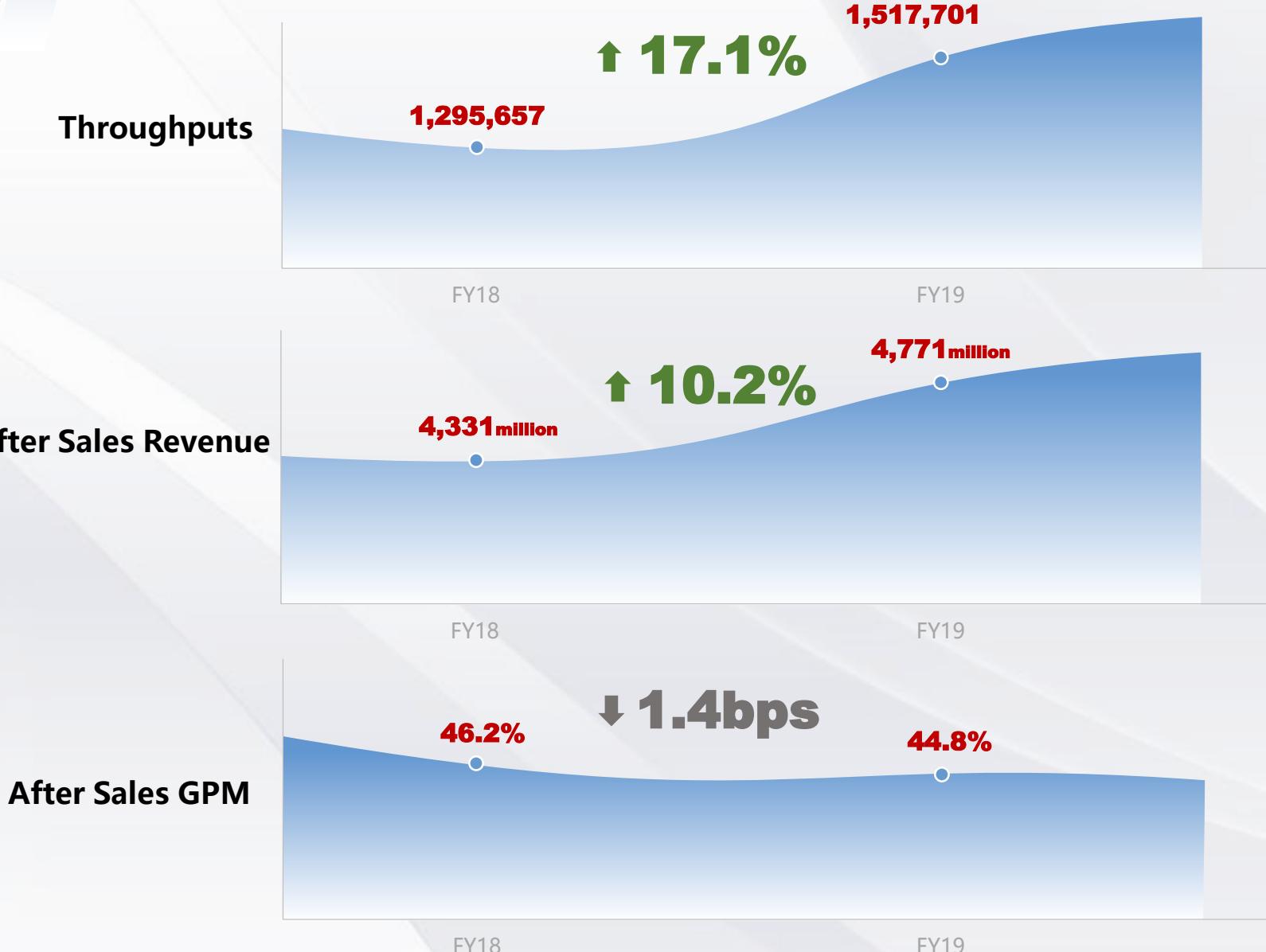
FY19

91%

## New Car Sales GPM



# After Sales Business

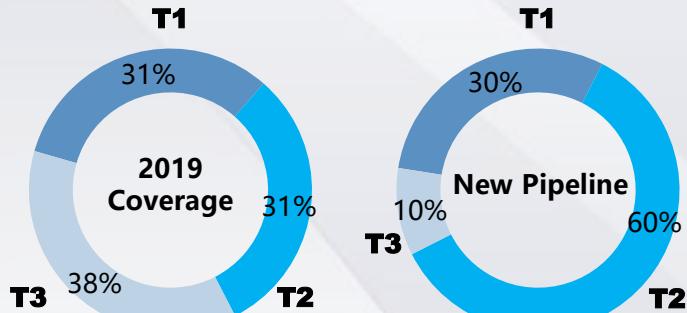


# Network Advancement

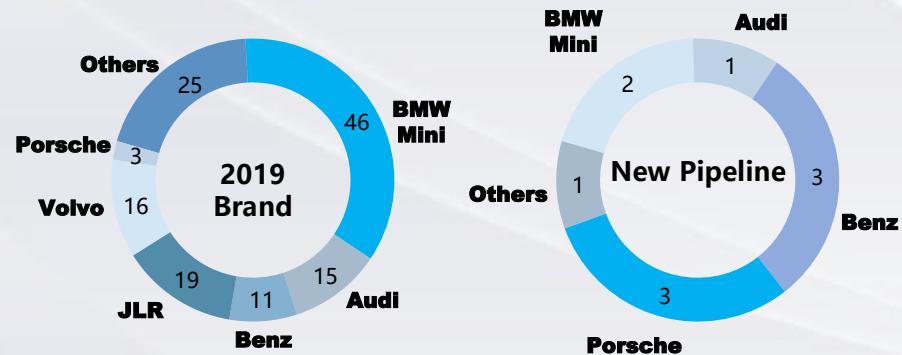


Brands	Type	2018	New	Close	2019	Pipeline*	2019 Total
Luxury&Ultra-Luxury	4SStore	100	1	-	101	7	108
	Showroom	18	-	4	14	-	14
	Service Center	6	-	1	5	3	8
	Pre-owned Car	1	-	-	1	-	1
Mid-High End	Quick repair	1	-	1	-	-	-
	4S Store	14	1	1	14	-	14
Total		140	2	7	135	10	145

## Tier Cities Geographic Coverage

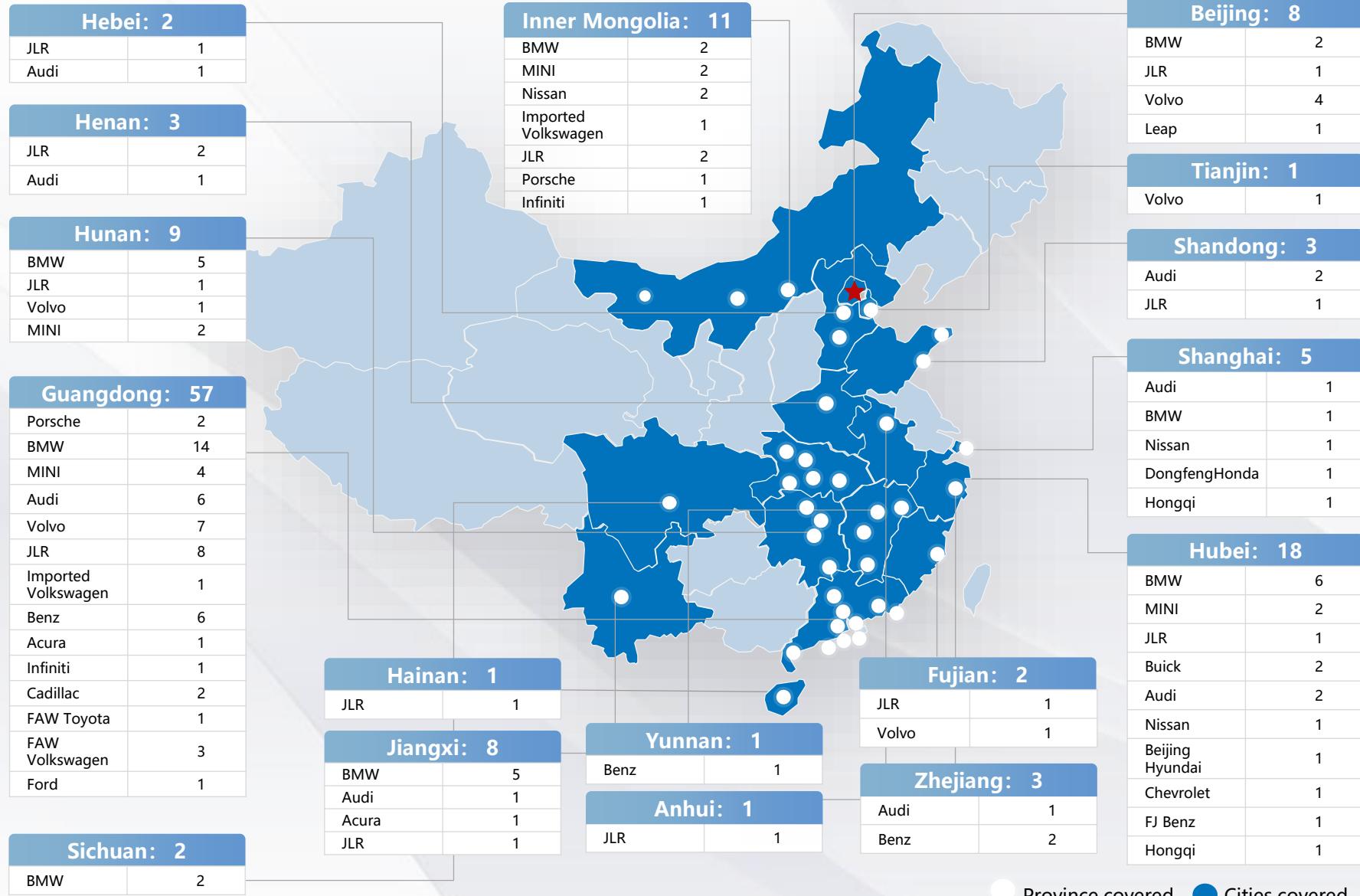


## Brands Breakdown



\*Total number of authorization for possible future store openings.

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



# Auto Finance Business Key Financial Metrics



## 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

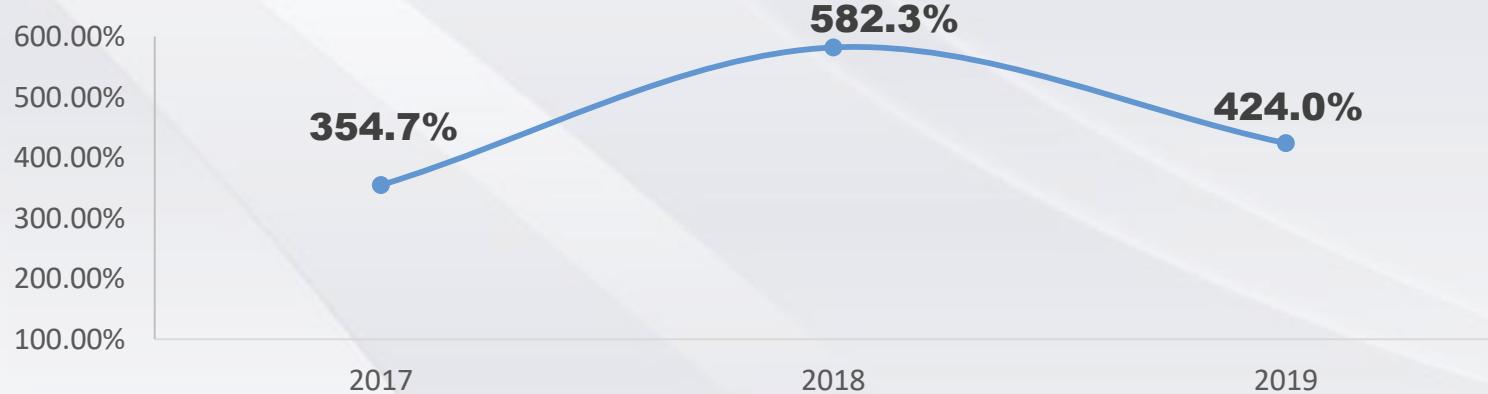


## High quality loan book(NPL ratio)

Regulatory  
requirement  
 $\leq 5\%$



## 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

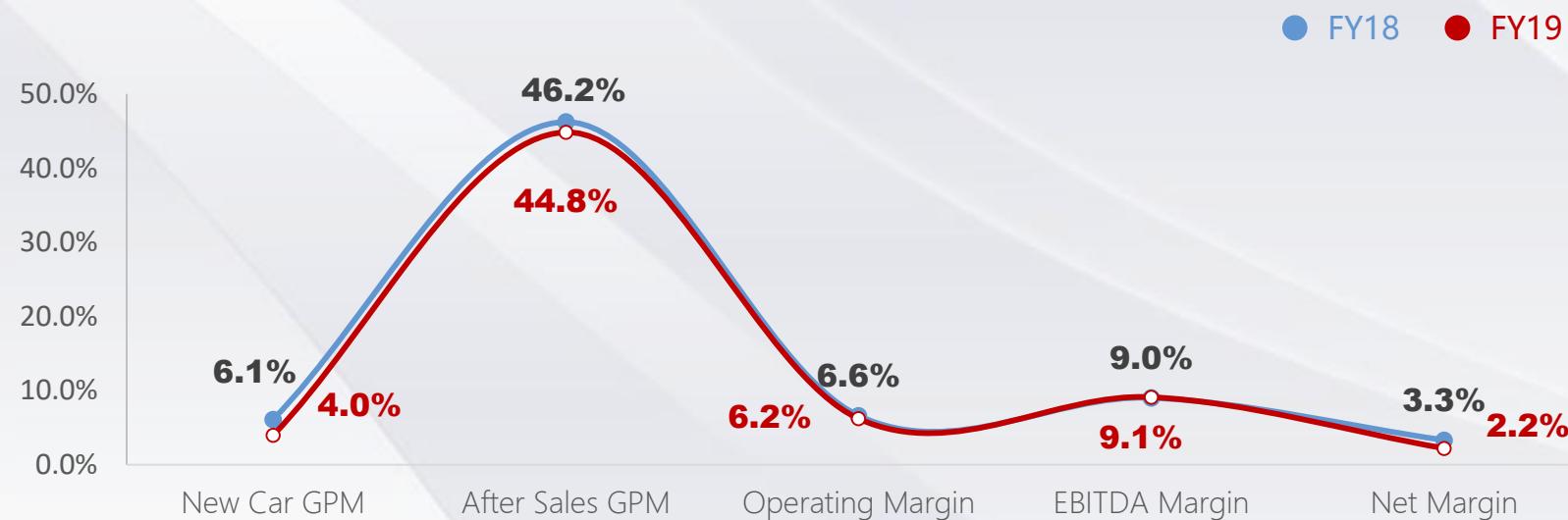
	FY18	FY19	YoY
Revenue	37,456	<b>35,138</b>	-6.2%
Gross profit	4,487	<b>3,818</b>	-14.9%
GPM	12.0%	<b>10.9%</b>	-1.1bps
Commission Income	655	<b>734</b>	+12.1%
Selling, distribution & admin	7.2%	<b>7.1%</b>	-0.1bps
Financing cost	2.4%	<b>3.1%</b>	+0.6bps
Net Profit Margin	3.4%	<b>2.2%</b>	-1.2bps
Profit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

# Profitability Snapshots



For the period ended 31 Dec 2019

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



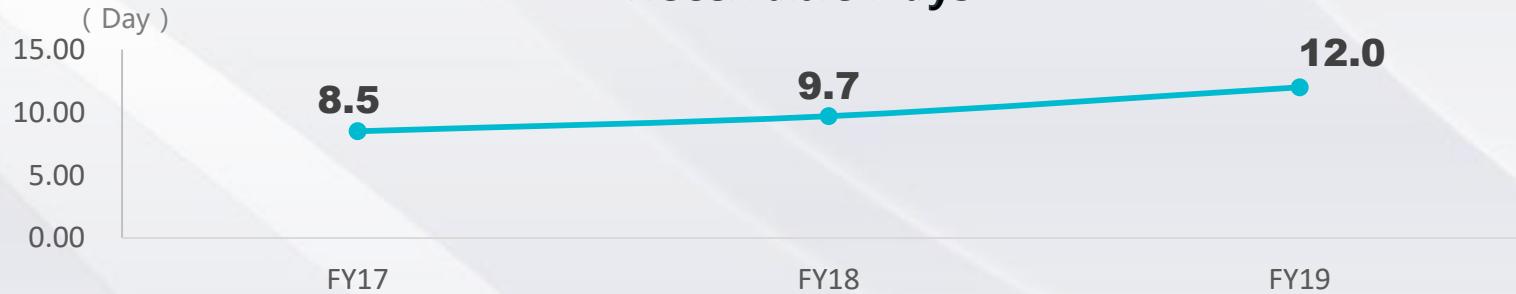
# Asset-Liability and Liquidity Management



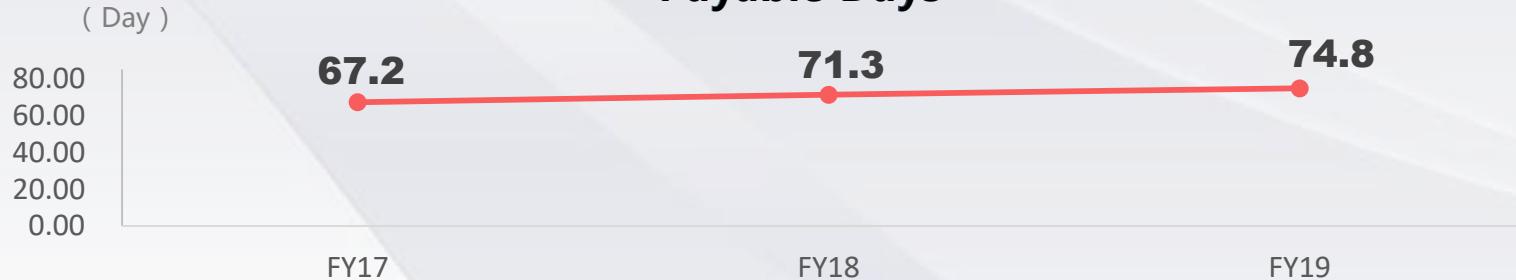
## Inventory Days



## Receivable Days



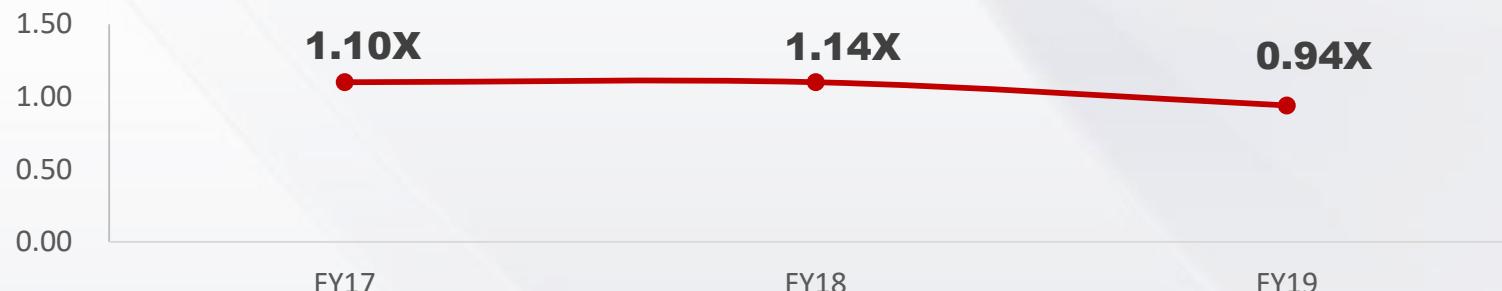
## Payable Days



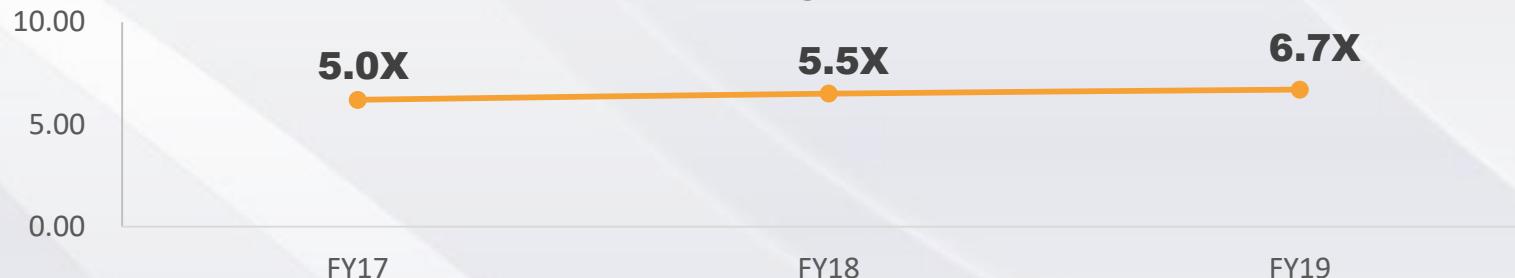
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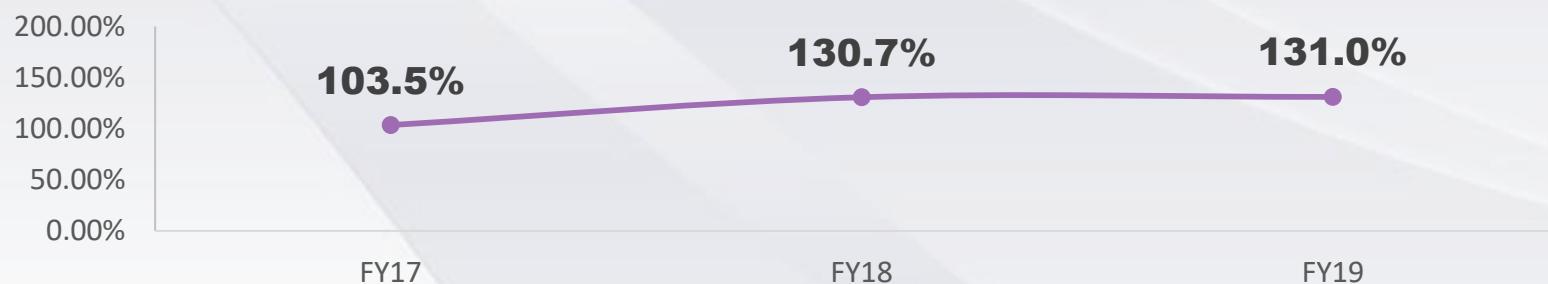
## Current Ratio



## Interest Bearing Debt/EBITDA



## Debt/Equity





**Q&A**  
**Thank You**