



China ZhengTong 1H2017 Results Announcement

August 2017



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Agenda



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Performance Highlights

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Business Development

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Financial Review



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



Performance Highlights



ZhengTong Auto(SEHK:1728) 1H2017 Highlights

Enhanced sales channels and service platforms unlock the growth potential

- RMB **15,628** million in total revenues with **7.1%** YoY growth in 1H2017
- **46,050** vehicles sold with **34,021** on luxury brands, representing **8.1%** YoY growth
- RMB **634** million in new car sales gross profit with **62.6%** YoY growth, RMB **867** million in after sales gross profit with **7.4%** YoY growth
- Auto finance business achieved profits of RMB **184** million with **85.8%** YoY growth
- Profits from operation recorded RMB **1,303** million with **73.4%** YoY growth
- RMB **516** million net profits to common shareholders with **103.6%** YoY growth

Efficient and prudent development strategy on luxury brands

- **Prioritize Mercedes, Porsche, BMW, Audi, JLR, Volvo 6** leading luxury brands
- Balanced network expansion with well-chosen M&A deals
- Innovative SOMCS to set the industry standard of management and operation



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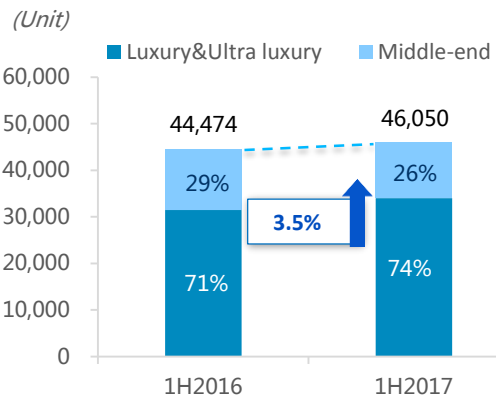


Business Development

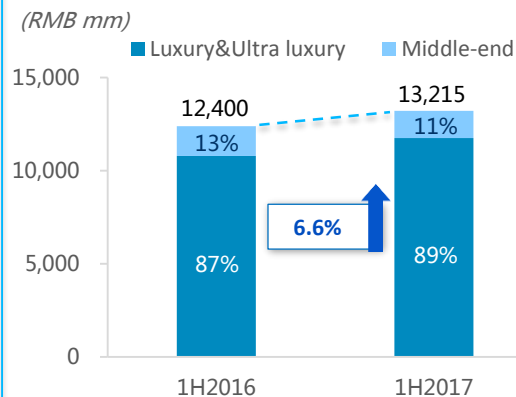


New Car Sales & After Sales Business

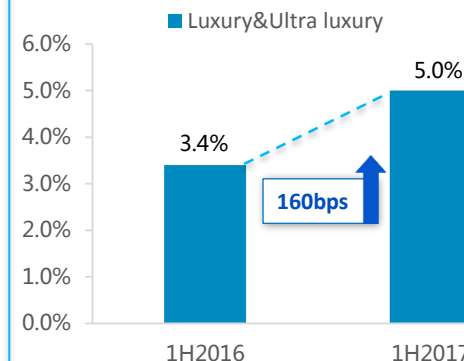
Sales Volume



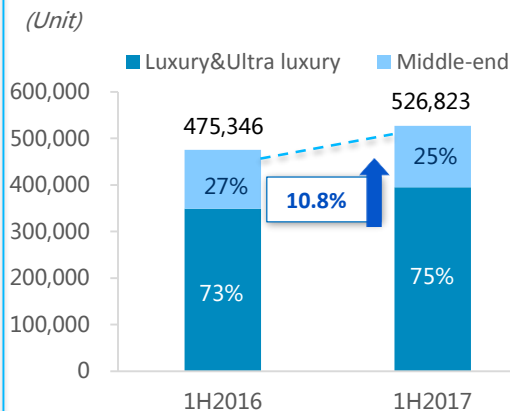
New Car Sales Revenue



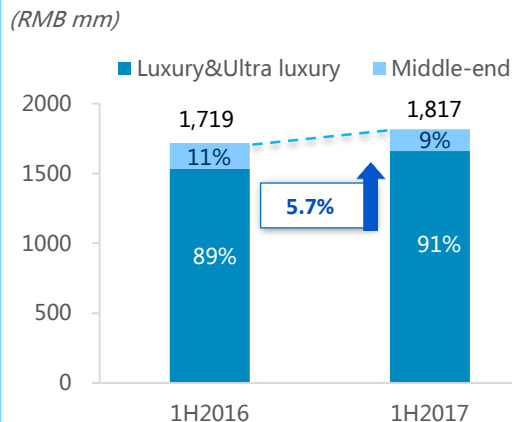
New Car Sales GPM



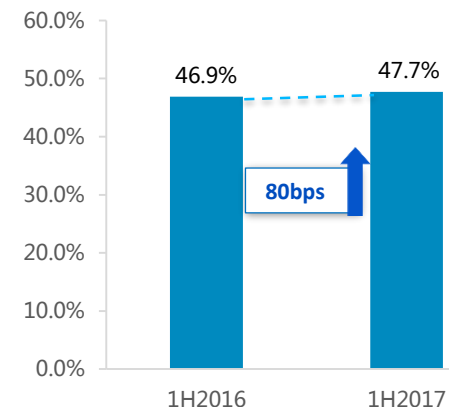
Throughputs



After Sales Revenue



After Sales GPM

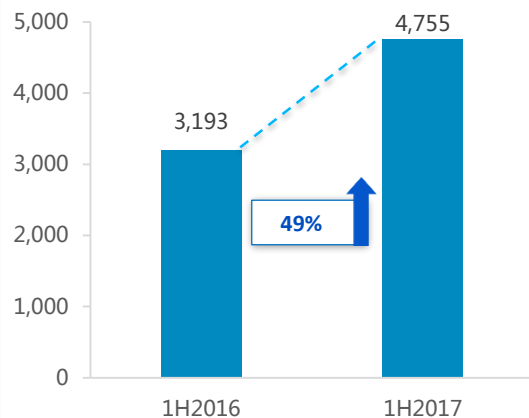




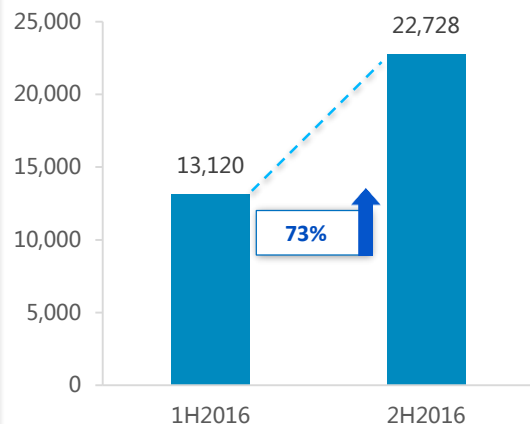
Auto-Finance Business

Segment Assets

(RMB mm)

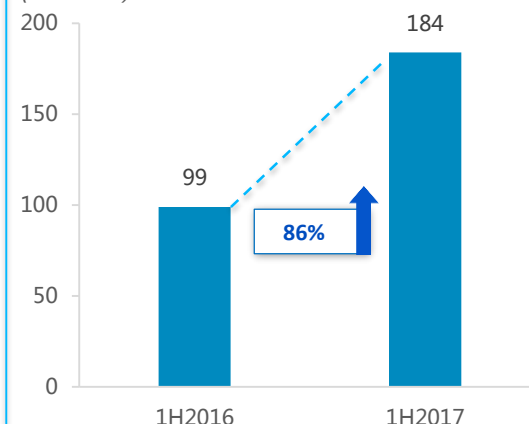


Total Contracts

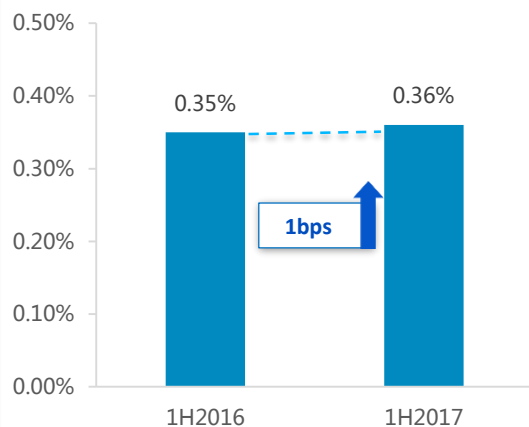


Segment Profit*

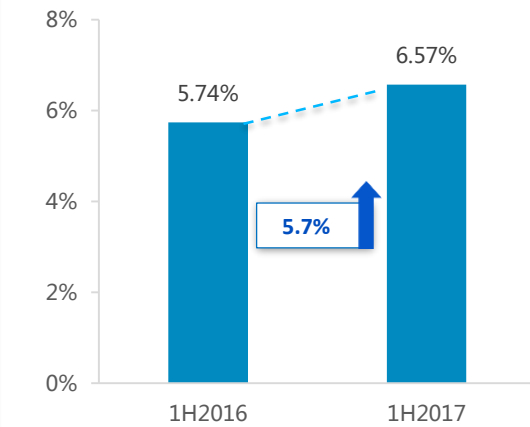
(RMB mm)



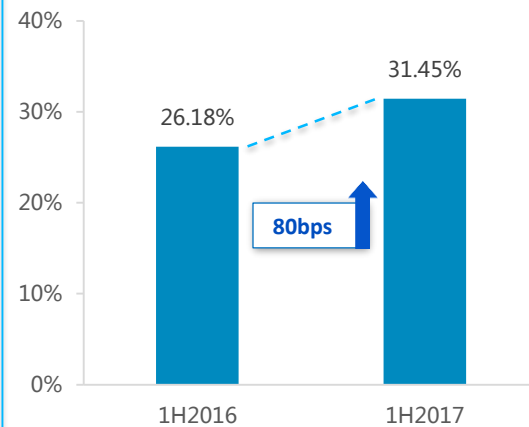
Non-Performing Loan Ratio



ROA



ROE



* Referred to segment profit before tax

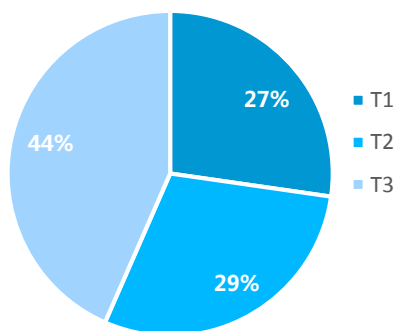


Network Advancement

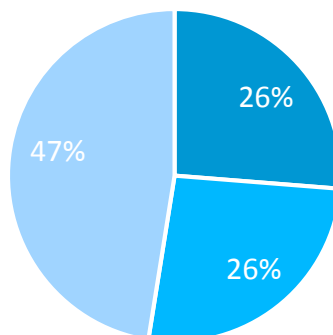
Brands	Type	2016	1H 2017 Variance	1H 2017	Pipeline*	Total
Luxury & Ultra-Luxury	4S Store	78	5	83	18	101
	Showroom	11	-	11	-	11
	Service Center	6	-	6	-	6
	Pro-owned Car Center	-	-	-	1	1
Mid-High End	4S Store	13	-	13	-	13
Total		108	5	113	19	132

Tier Cities Geographic Coverage

1H 2017 Coverage

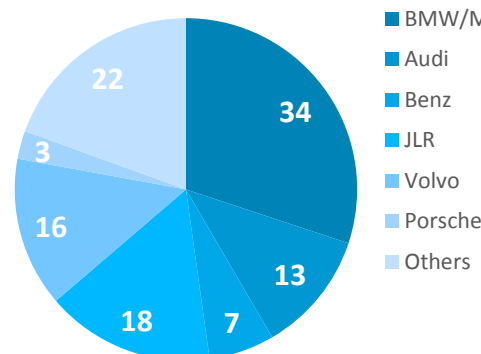


New Pipeline

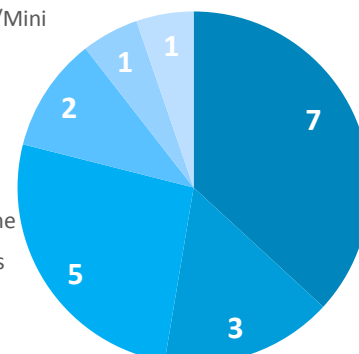


Brands Breakdown

1H 2017 Brands



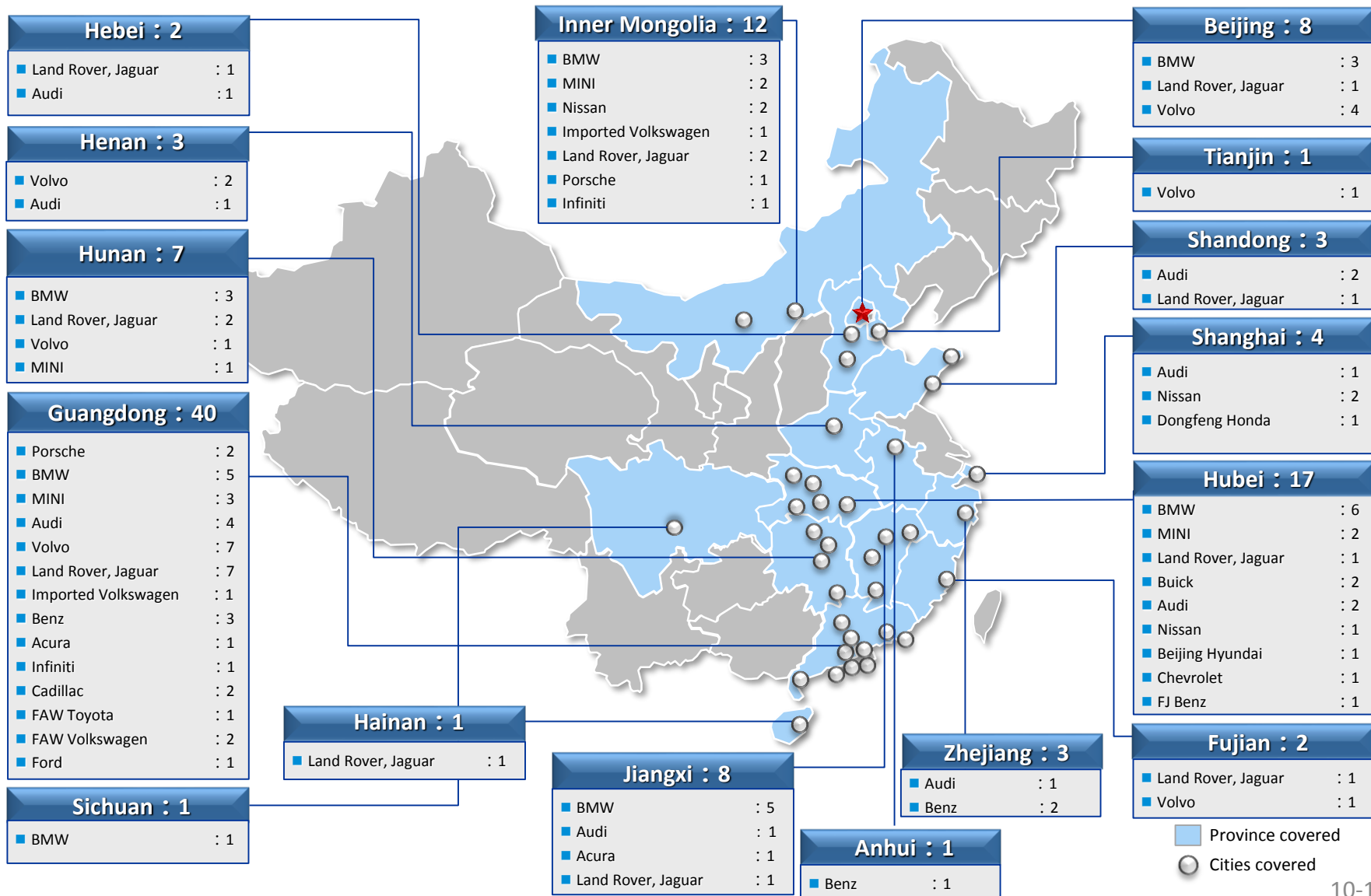
New Pipeline



* Total number of authorization for possible future store openings.



Balanced National Coverage





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Financial Review



Financial Highlights

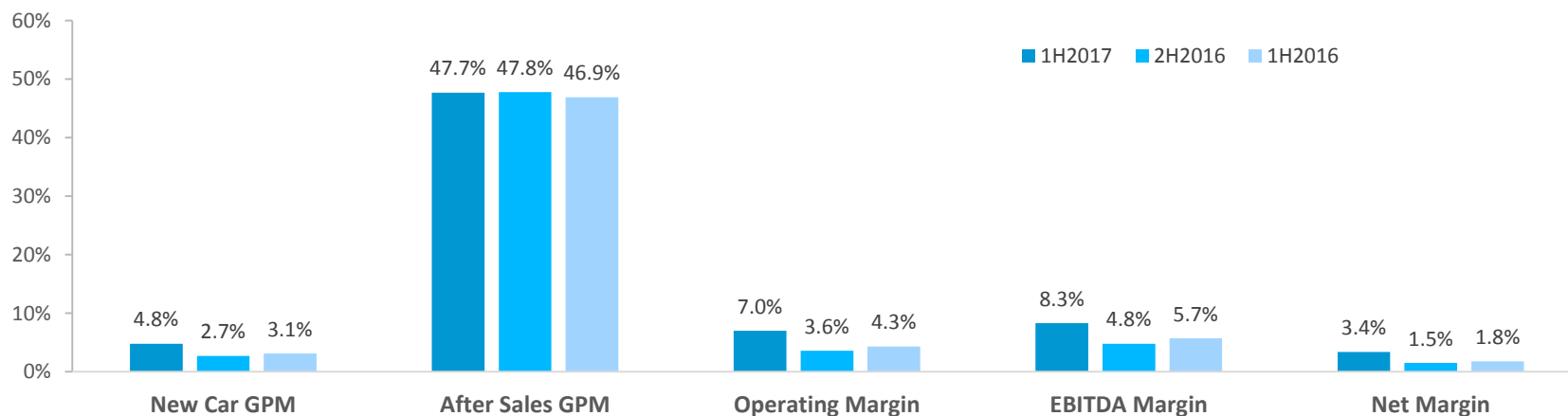
	For the period ended 30 June 2017		
	1H 2017	1H 2016	YoY
<i>(RMB million)</i>			
Revenue	15,628	14,596	+7.1%
Gross profit	1,733	1,344	+29.0%
Commission Income	257	172	+49.5%
Selling, distribution & admin	(5.50%)	(6.34%)	-84bps
Financing cost	(2.20%)	(1.77%)	+43bps
Net profit margin	3.37%	1.78%	+159bps
Profit to common shareholders	516	253	+104%
Basic earnings per share <i>(RMB cents)</i>	23.3	11.5	+104%



Profitability Snapshots

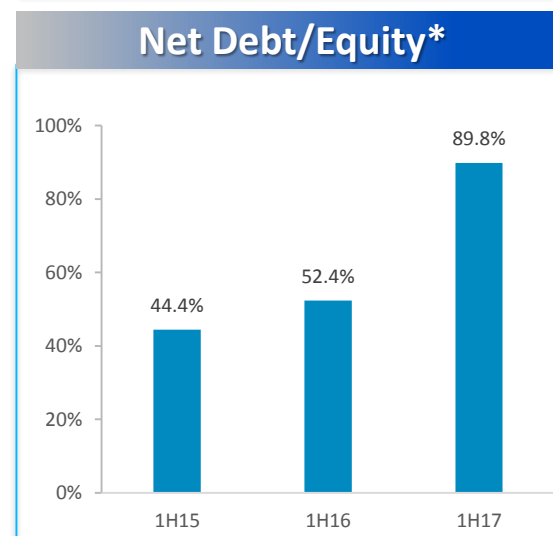
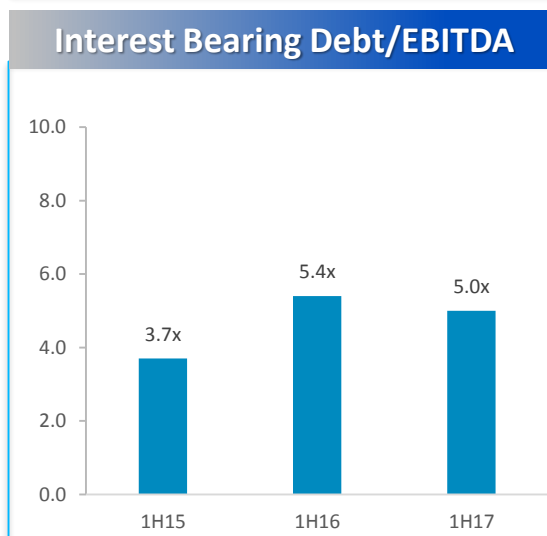
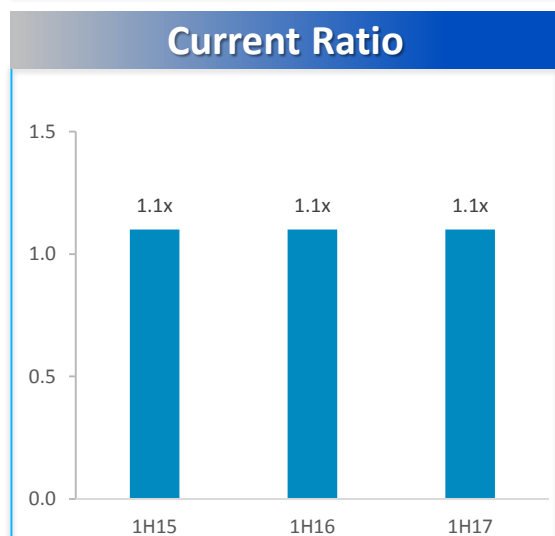
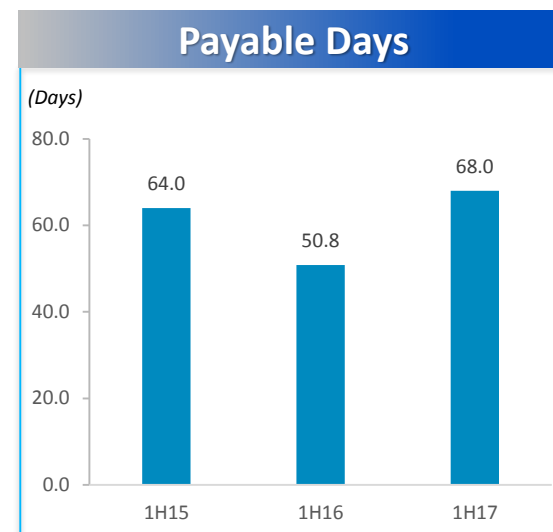
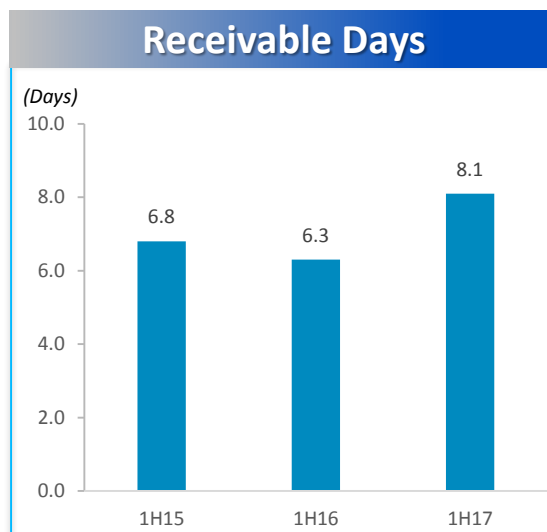
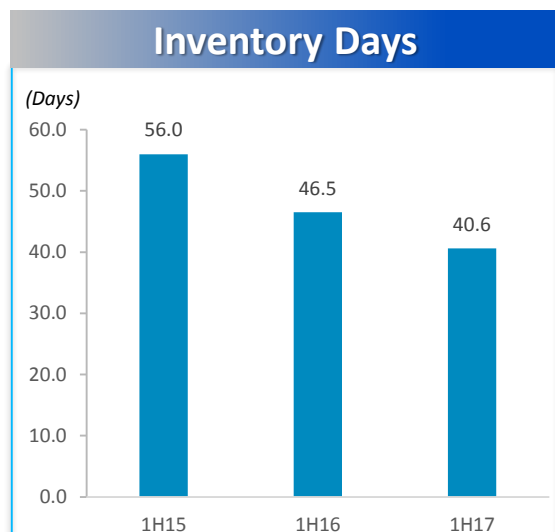
For the period ended 30 June 2017

	1H 2017	2H 2016	1H 2016
New Car GPM	4.8%	2.7%	3.1%
After Sales GPM	47.7%	47.8%	46.9%
Operating Margin	7.0%	3.6%	4.3%
EBITDA Margin	8.3%	4.8%	5.7%
Net Margin	3.4%	1.5%	1.8%





Asset-Liability and Liquidity Management



* Net debt = ST debts + LT debts – cash and equivalents – pledged bank deposits

Q & A

