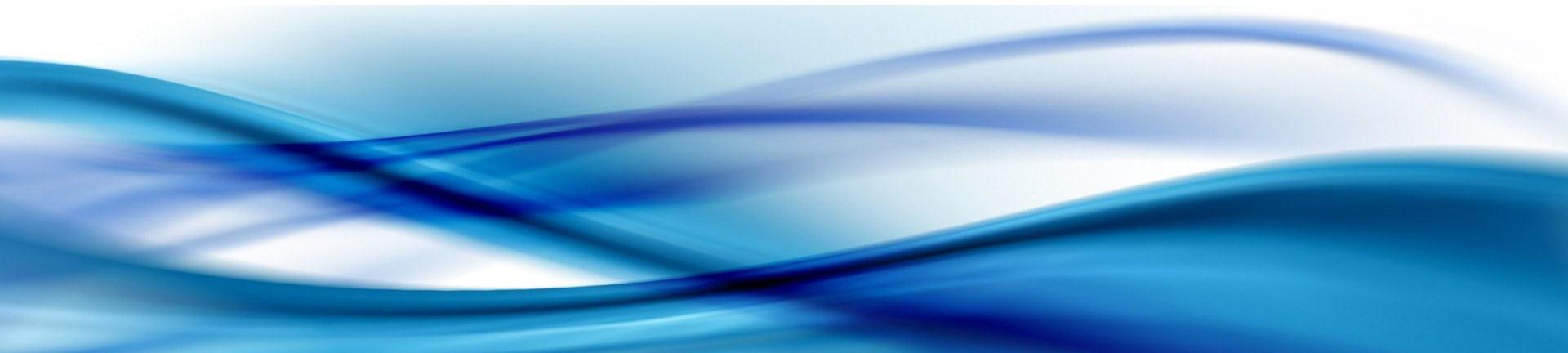




# China ZhengTong 1H2017 Results Announcement

August 2017





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# Agenda

1

Performance Highlights

2

Business Development

3

Financial Review



CHINA ZHENGTONG  
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

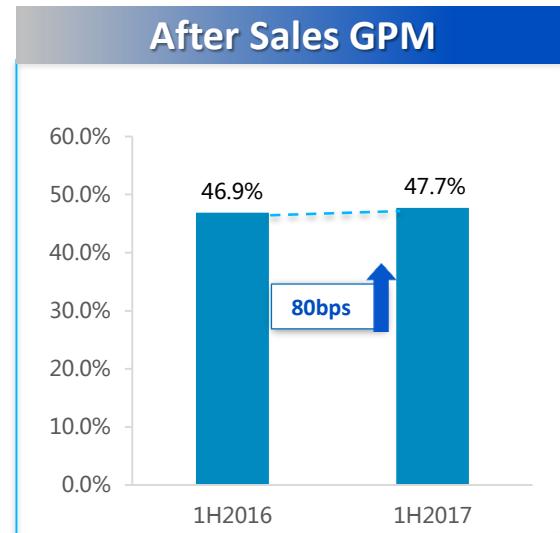
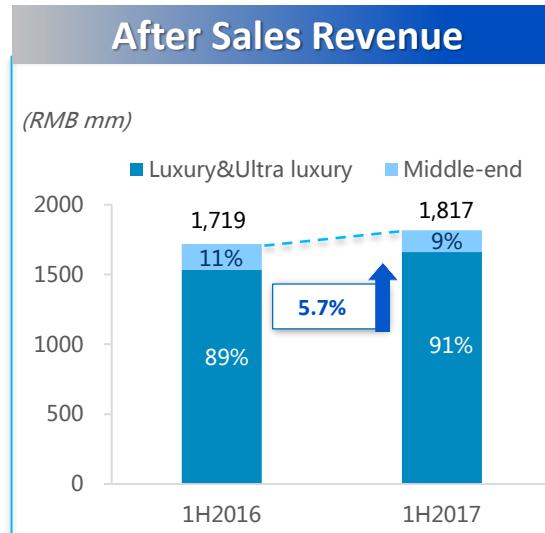
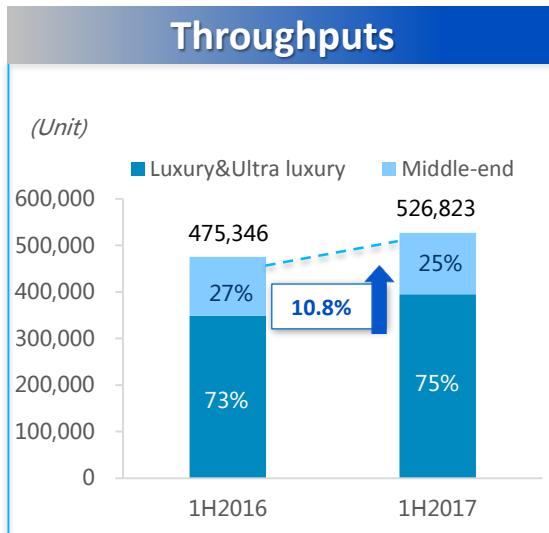
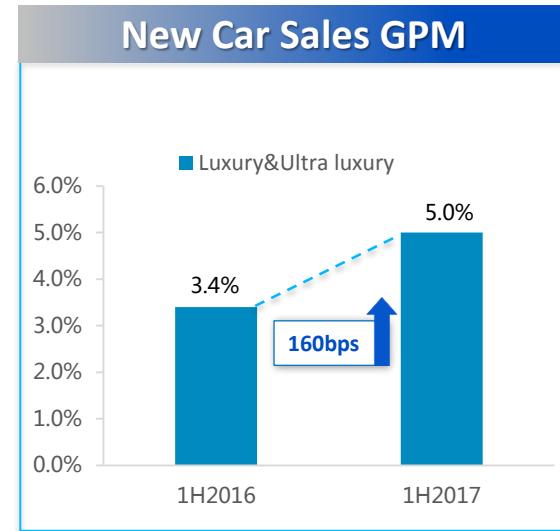


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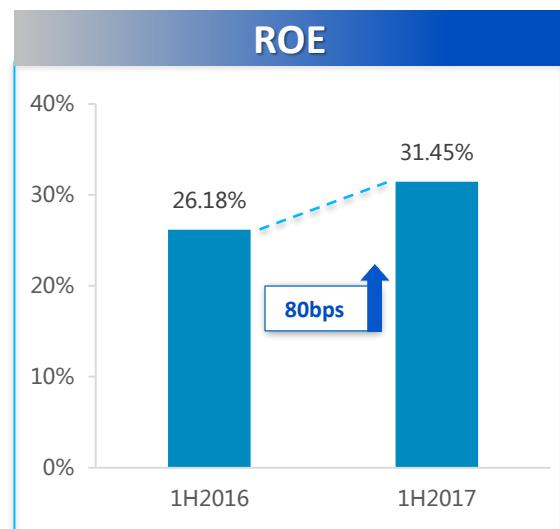
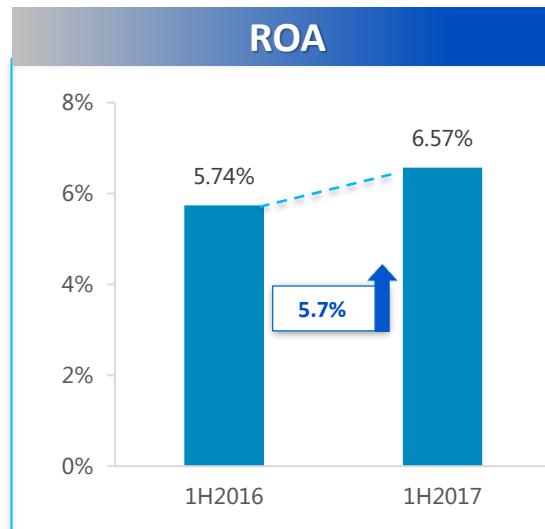
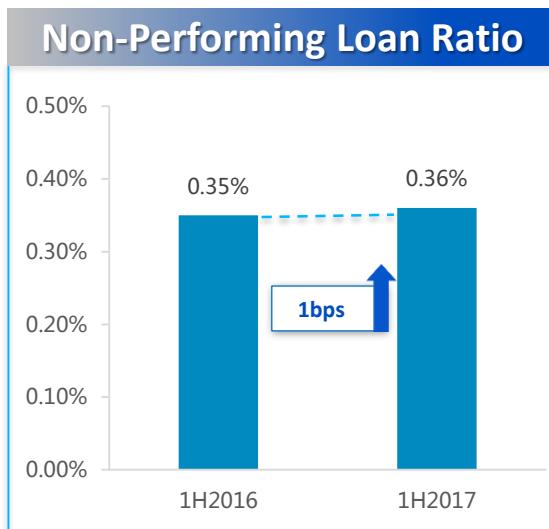
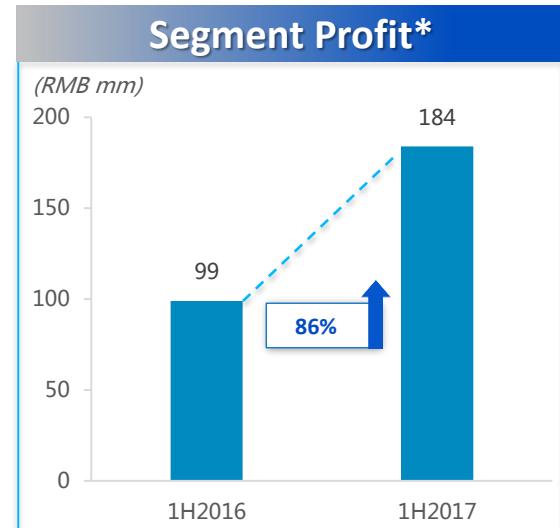
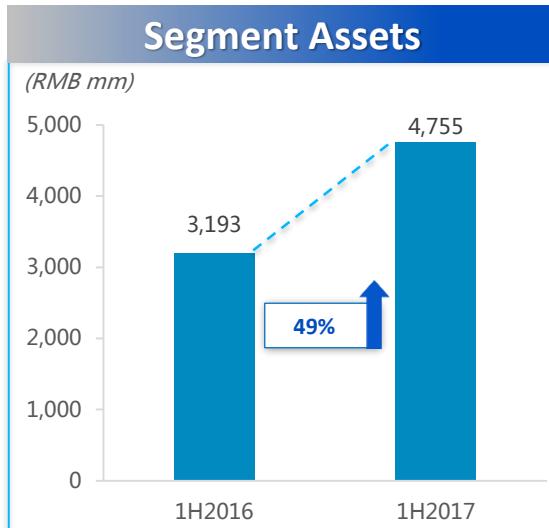


## Business Development

# New Car Sales & After Sales Business



# Auto-Finance Business

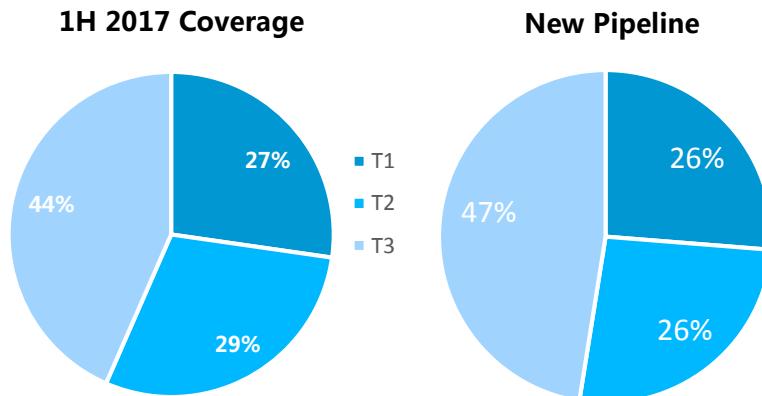


\* Referred to segment profit before tax

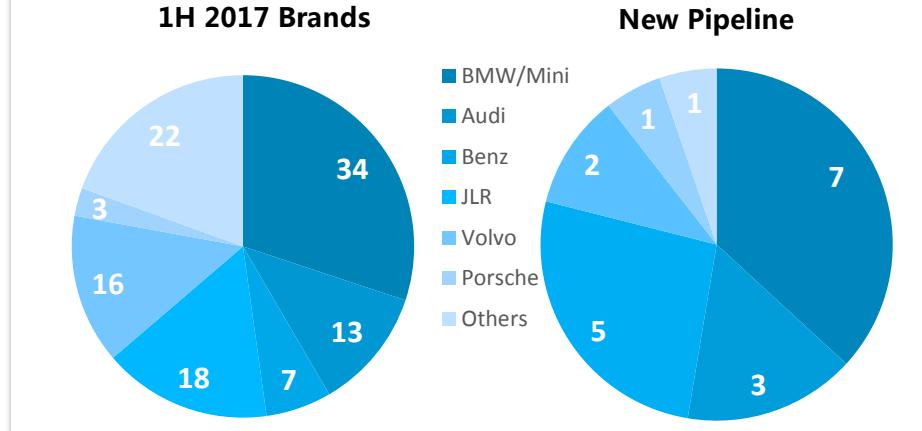
# Network Advancement

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

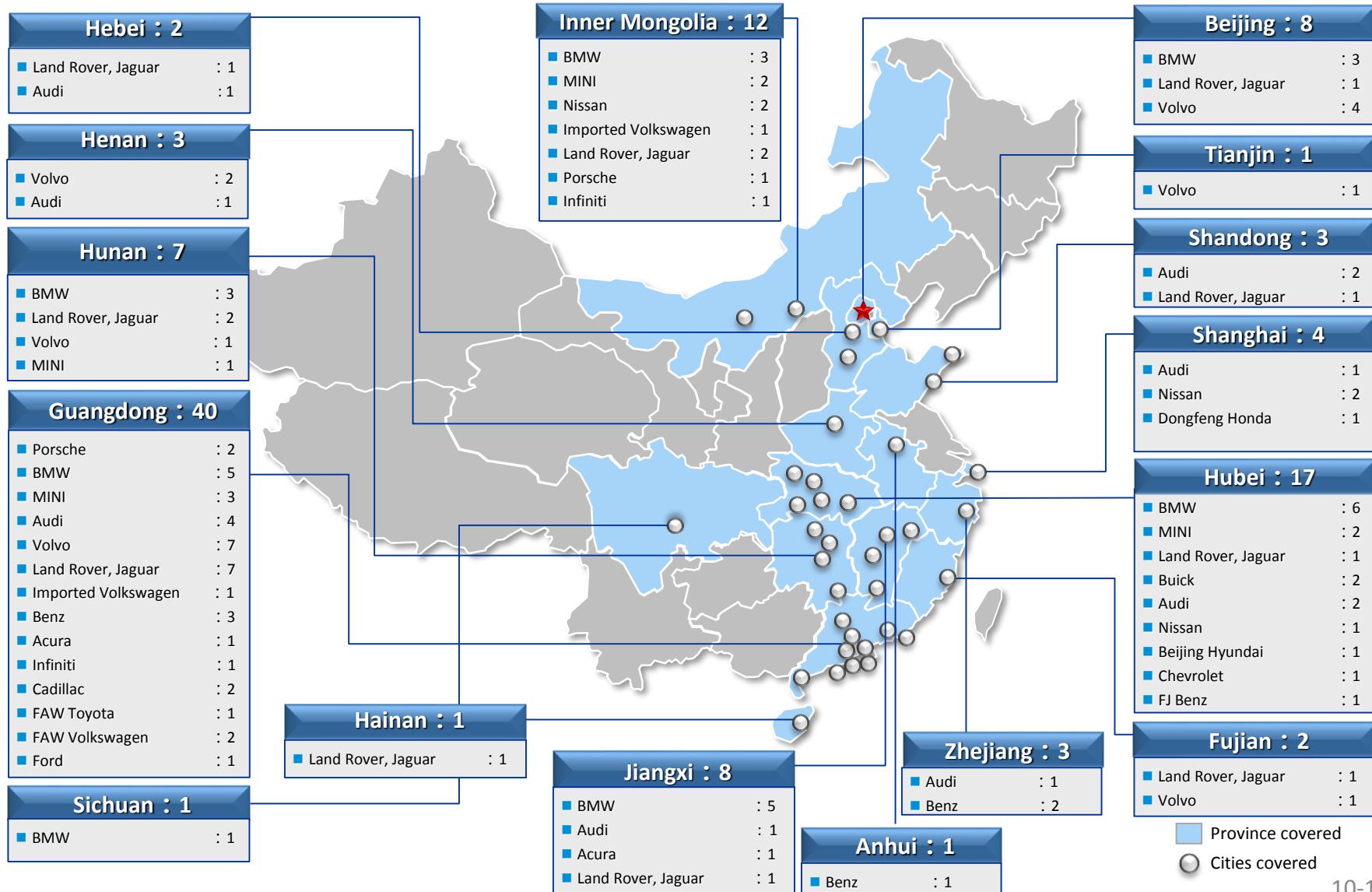


## Brands Breakdown



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

# Balanced National Coverage





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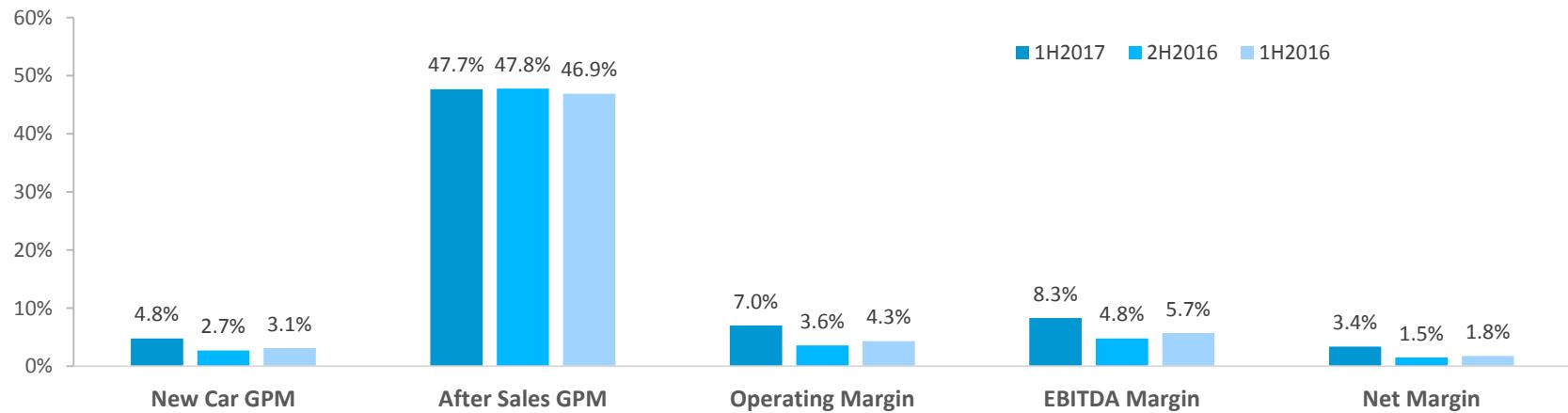
## Financial Review

# Financial Highlights

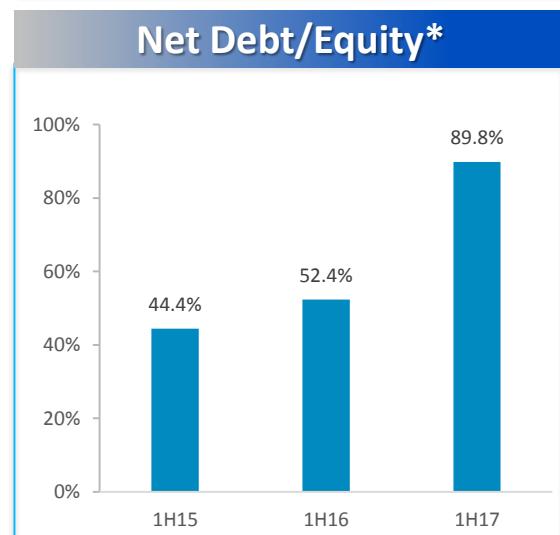
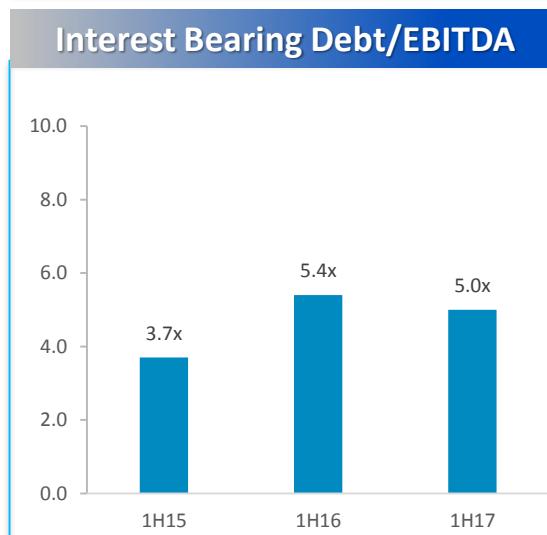
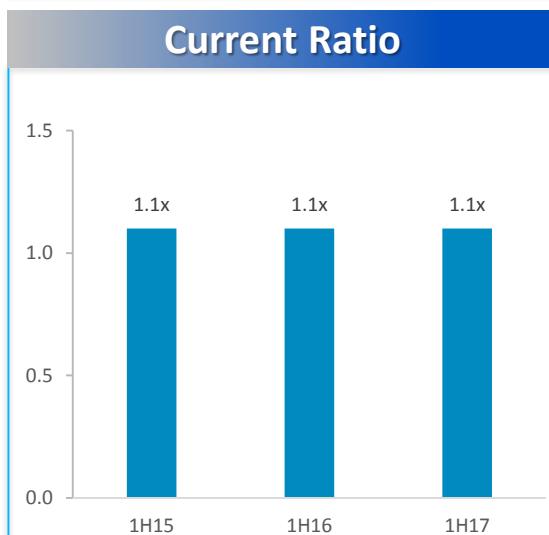
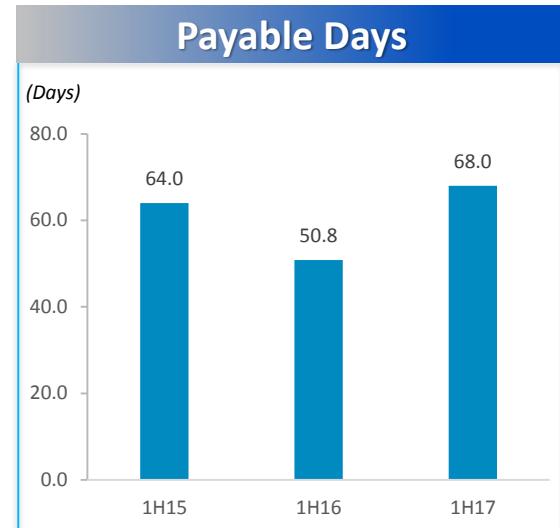
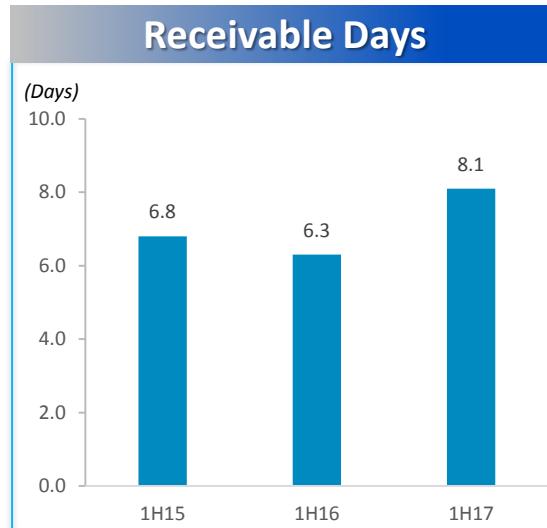
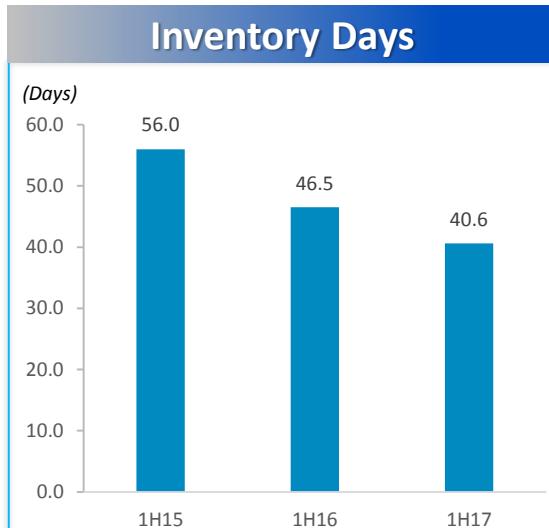
	For the period ended 30 June 2017		
	1H 2017	1H 2016	YoY
<i>(RMB million)</i>			
<b>Revenue</b>	<b>15,628</b>	<b>14,596</b>	<b>+7.1%</b>
<b>Gross profit</b>	<b>1,733</b>	<b>1,344</b>	<b>+29.0%</b>
<b>Commission Income</b>	<b>257</b>	<b>172</b>	<b>+49.5%</b>
<b>Selling, distribution &amp; admin</b>	<b>(5.50%)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

# Profitability Snapshots

	For the period ended 30 June 2017		
	1H 2017	2H 2016	1H 2016
<b>New Car GPM</b>	<b>4.8%</b>	<b>2.7%</b>	<b>3.1%</b>
<b>After Sales GPM</b>	<b>47.7%</b>	<b>47.8%</b>	<b>46.9%</b>
<b>Operating Margin</b>	<b>7.0%</b>	<b>3.6%</b>	<b>4.3%</b>
<b>EBITDA Margin</b>	<b>8.3%</b>	<b>4.8%</b>	<b>5.7%</b>
<b>Net Margin</b>	<b>3.4%</b>	<b>1.5%</b>	<b>1.8%</b>



# Asset-Liability and Liquidity Management



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

# Q & A

