

# CAR Inc.

## 神州租車有限公司

### CAR INC. ANNOUNCES 2017 FIRST NINE MONTHS UNAUDITED CONSOLIDATED RESULTS

HONG KONG, 21 November 2017 – CAR Inc. (“CAR” or the “Company”, together with its subsidiaries (the “Group”); stock code: 0699) announced its unaudited consolidated results for the nine months ended 30 September 2017.

#### Financial Highlights:

##### *Nine months ended 30 September 2017*

- Car rental revenue<sup>(1)</sup> was RMB2,838 million, an increase of 31% year-over-year, driven by 65% volume growth despite significant price reductions.
- Fleet rental revenue<sup>(1)</sup> was RMB983 million, a decrease of 40% year-over-year.
- Net profit was RMB662 million, compared with RMB1,388 million in the same period of 2016. The decrease was mainly due to the significant fair value gain from investment in UCAR in the same period of 2016.
- Adjusted EBITDA<sup>(2)</sup> was RMB2,309 million, compared with RMB2,380 million in the same period of 2016. Adjusted EBITDA margin<sup>(3)</sup> was 60.2%, compared with 62.0% in the same period of 2016. During the third quarter of 2017, adjusted EBITDA margin was 62.2%, an increase of 2.7 percentage points year-over-year.
- Adjusted net profit<sup>(2)</sup> was RMB539 million, compared with RMB703 million in the same period of 2016. Adjusted net profit margin<sup>(3)</sup> was 14.0%, compared with 18.3% in the same period of 2016. During the third quarter of 2017, adjusted net profit margin was 16.3%, comparable with last year’s level.
- Basic earnings per share<sup>(2)</sup> was RMB0.291.
- Free cash flow<sup>(4)</sup> was an inflow of RMB972 million. Total cash was RMB5,184 million.
- As at 30 September 2017, net debt to adjusted EBITDA<sup>(5)</sup> ratio was 2.1 times, compared with 1.9 times as at 31 December 2016.

#### Operational Highlights:

##### *Nine months ended 30 September 2017*

- For the car rental business, rental days grew by 65% year-over-year. Number of registered members increased by 56% year-over-year to over 19 million as at 30 September 2017.
- The rental revenue per car rental vehicle (“RevPAC”) decreased by 6% to RMB159. Fleet utilization rate increased to 67.7%, representing an increase of 11 percentage points year-over-year. Average daily rental rate (“ADRR”) decreased by 21%. Car rental adjusted EBITDA and net profit margin increased 5 percentage points and 3 percentage points respectively due to a lower RevPAC breakeven point, driven by significant scale benefits.

*(1) Rental revenue has been reclassified to align with the Company's change of business nature. For details regarding the reclassification, please refer to “III. Management discussion and analysis” in the Company's 2017 First Quarter Results Announcement.*

*(2) Adjusted net profit and adjusted EBITDA are non-IFRS measures. (3) These margins are presented as a percentage of rental revenue.*

*(4) Free cash flow is a non-IFRS measure. Please refer to “V. Non-IFRS financial reconciliation” in the Company's 2017 First Nine Months Results Announcement for details.*

*(5) Adjust EBITDA is calculated based on the total of the most recent four quarters.*

- As at 30 September 2017, total fleet was 103,455 vehicles. Car rental fleet increased by 36% year-over-year to 83,576 vehicles. During the third quarter of 2017, average daily UCAR Ride-hailing fleet was approximately 15,000.
- During the first nine months ended 30 September 2017, the Company disposed of 27,973 used vehicles, compared with 16,156 in the same period of 2016. The cost-to-sales ratio of used vehicles was 101.9%. During the third quarter of 2017, the Company disposed of 10,165 used vehicles. The cost-to-sales ratio was 100.1%. 58% of the used cars were sold via the B2C channel.
- As at 30 September 2017, the Company expanded its city coverage to 116 cities, with 872 directly-operated physical locations. As at 30 September 2017, the franchisee network comprised 239 service locations in 189 cities. Most of the franchise agreements will start to expire in early 2018.

**Mr. Charles Lu, the Chairman of CAR**, commented, “I would like to share with everyone how excited we are to mark the Company’s 10 year milestone in the coming month. During the last decade, we have built the largest auto mobility platform in China. We have sustained dominant leading positions with the strongest B2C foundations and unmatched offline capabilities. Heading into the next decade, we are going to bring our strategic mission to the next level, which is to fulfill the revolutionary consumer behaviors and the next generation’s evolving needs and life style around vehicles. In another 2 decades, the population of driver license holders can exceed 1 billion and 60% or even more of them will not have their own cars. It is a tremendous market and the evolving needs are far from being satisfied and more importantly being created. I look forward to sharing with everyone more on how we are going to realize the new mission and what transformations we are going to bring to the Company in the coming month.”

**Ms. Yifan Song, the CEO of CAR**, commented, “2017 was a milestone year for our car rental business. During the first nine months, the Company achieved record high volume growth of 65% and utilization rate of 67.7%. During the third quarter, the rental days grew by 57%, on top of the strong growth momentum in the same period last year. We’ve been well rewarded by our growth initiatives which was implemented since 2Q last year and our volume growth has been over 40% for the past five consecutive quarters. On the other hand, we are facing strong headwinds this year when our fleet rental demand significantly declines, which was mainly resulted from UCAR’s improved operating efficiency and the refined operating model to best balance between self-operation and third party services. We disposed of over 10,000 vehicles in third quarter and our B2C retail channel has been improving. It remains our main focus to further penetrate the used car B2C channel and aim to realize quicker replacement and better residuals.”

**Mr. Wilson Li, the COO and CFO of CAR**, added, “I am very proud of what we have achieved in terms of car rental growth with strong profitability. As a result, the Company’s business profile and financial positions have never been stronger. During the third quarter, our adjusted EBITDA margin increased by 3 percentage points to 62.2% and car rental adjusted EBITDA margin expanded by 7 percentage points year-over-year, driven by significant operating leverage and increasing efficiency. Despite strong fleet growth, we delivered a free cash flow of RMB 1 billion for the first nine months. Heading into 2018, we have plenty of liquidities to fund our new missions and growth. We are facing multiple headwinds this year on the bottom line, but I am very glad it’s behind us now. The fleet rental demand has been stabilized since August this year, legacy models has very few left, and our used car disposal capability is getting better every day. With the new strategic mission in place and the unmatched foundations we’ve built, we are very confident to bring the best value to our customers and shareholders.

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**About CAR Inc. (<http://ir.zuche.com>)**

CAR Inc. (699.HK) is a leading auto mobility provider in China, offering car rental and fleet rental services to individual and corporate customers. CAR Inc.'s best-in-class service has made it the most recognized and trusted brand in auto mobility industry in China. Its technology- and innovation- driven business model, combined with effective strategy of expansion along the value chain, enables it to provide auto mobility solutions that evolve with times, enhance customer experience, and capture opportunities arising from revolutionary changes in the auto related industry. CAR Inc.'s mission is to enhance the quality of daily life through innovation as it builds China's leading auto mobility platform.

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