



# 趣店

Small Credit, Big Data

## Qudian

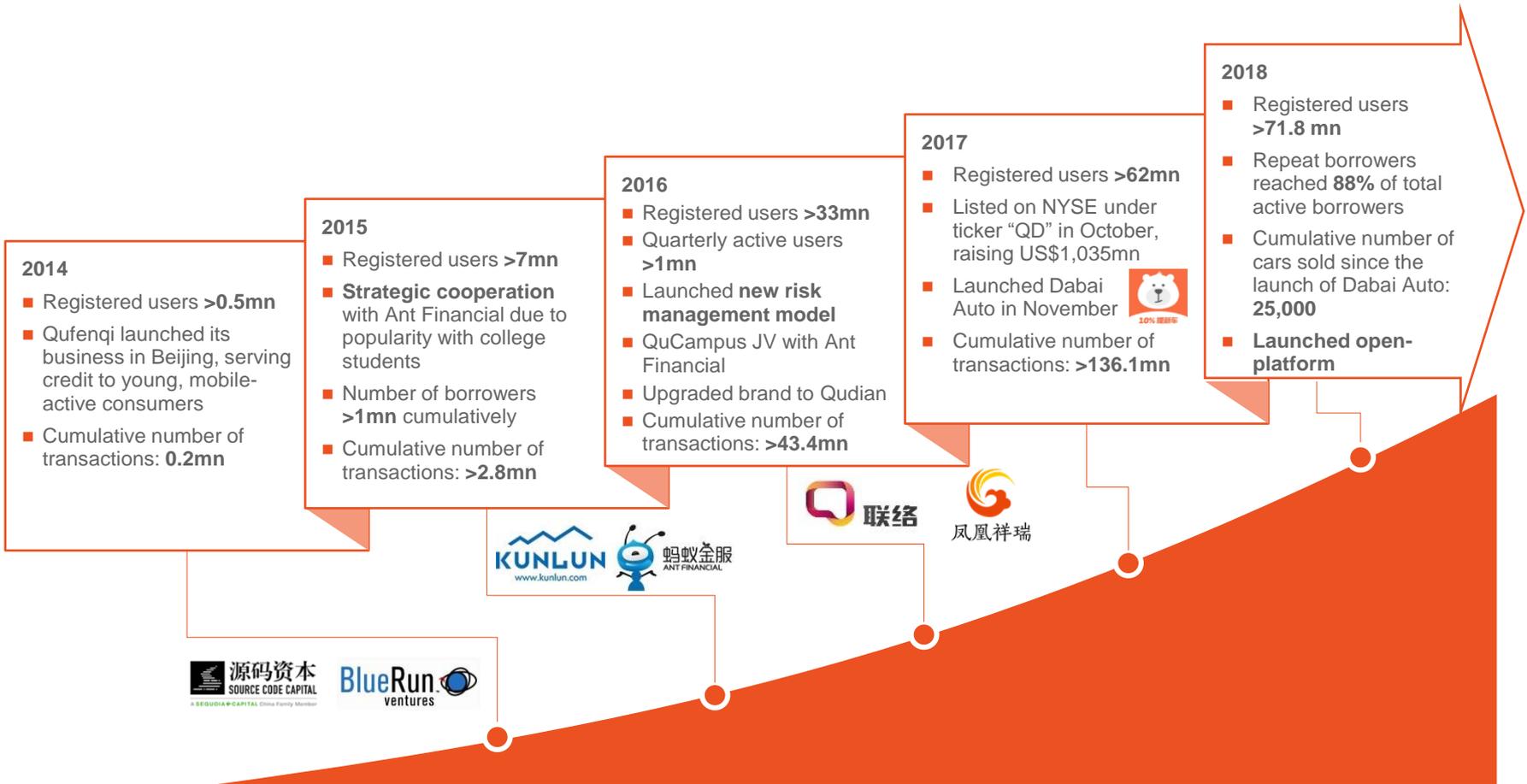
# Management Presentation

May 2019

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. Such statements are based upon management’s current expectations and current market and operating conditions, and relate to events that involve known or unknown risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond the Company’s control, which may cause the Company’s actual results, performance or achievements to differ materially from those in the forward-looking statements. Further information regarding these and other risks, uncertainties or factors is included in the Company’s filings with the U.S. Securities and Exchange Commission. The Company does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under law.

In addition to U.S. GAAP financials, this presentation includes adjusted net income, a non-GAAP financial measure. This non-GAAP financial measure is not defined under U.S. GAAP and is not presented in accordance with U.S. GAAP. The non-GAAP measure has limitations as an analytical tool and you should not consider it in isolation or as a substitute for an analysis of the Company’s results under U.S. GAAP. There are a number of limitations related to the use of the non-GAAP financial measure versus its nearest GAAP equivalent. First, adjusted net income is not a substitute for net income or other consolidated statements of operations data prepared in accordance with U.S. GAAP. Second, other companies may calculate such non-GAAP financial measure differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the non-GAAP financial measure as a tool for comparison. Finally, the non-GAAP financial measure does not reflect the impact of share-based compensation expenses, which have been and may continue to be incurred in the Company’s business. See the Appendix for reconciliation between adjusted net income to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP, which is net income.

# Established Clear Leadership Position within 4 Years



# Focused on Serving Large Population of Underbanked

## Large credit transactions <sup>(1)</sup>

- PBOC credit record
- Traditional mortgage and auto loans
- **APR 3.5-18%**

~150mm  
people

## Mainly served by

- Banks
- Leading technology conglomerates

## Mid credit transactions

- Key contributors of banks' credit card overdrafts interest income
- **APR 18-25%**

~230mm  
people

- Banks & consumer finance
- Leading technology conglomerates
- Some P2P

## Micro credit transactions

- Lack of traditional credit metrics
- **APR ≤ 36%**

~430mm  
people

  
Qudian

Other online lending  
platforms

High risk loans

Source: Public information and Company's estimation

Note:

(1) We offer budget auto financing products under the brand Dabai Auto to individuals with strong credit profiles.



## Small credit products

### Product offerings:

- Cash credit products
- Merchandise credit products

**5.4mn**

*Outstanding borrowers<sup>(1)</sup>*

**RMB24.6bn**

*Outstanding loans as of March 31, 2019<sup>(2)</sup>*



## Open-platform

### Service overview:

- Recommend financial products to our users <sup>(3)</sup>
- Refer transactions to our funding partners

**2.5mn**

*Cumulative number of users for traffic referral service since launch*

**RMB159mn**

*Referral service fee generated during 1Q19*

Notes:

(1) Borrowers who have loans outstanding (exclude auto loans from Dabai Auto) as of March 31, 2019.

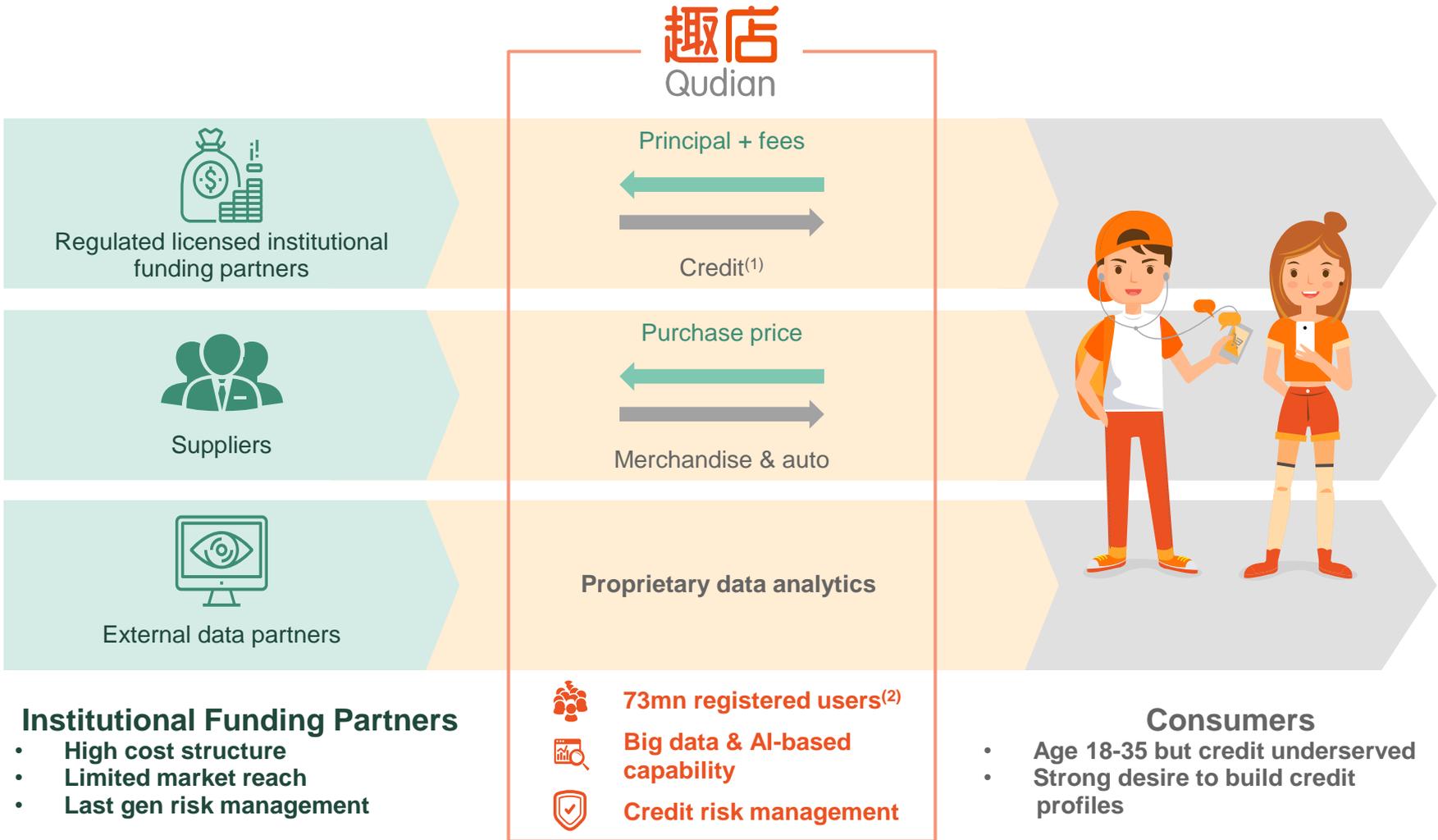
(2) Includes off + on balance sheet loans directly funded by our funding partners (net of allowance) and doesn't include auto loans from Dabai Auto business.

(3) For borrowers do not meet our credit requirements, we will provide recommendations of financial products that are offered by financial service providers that participate on our open-platform.

# 1. Overview of small credit products



# Leading Facilitator for Accessible and Affordable Small Consumption Credit



Notes:

(1) We have established a variety of funding arrangements. For example, certain of our institutional funding partners directly provide funding to borrowers for credit drawdowns we facilitate. We also utilize our own capital to fund credit drawdowns in many instances to enable borrowers to access credit instantly.

(2) As of March 31, 2019.

# 1Q19 Operational Highlights



**73.3mn** registered users  
**31.4mn** users with approved credit  
As of March 31, 2019



**RMB17.1bn** total amount of transactions  
**RMB974.3mn** Non-GAAP net income  
In 1Q19



**5.4mn** outstanding borrowers<sup>(1)</sup>  
**~18.0%** new borrowers<sup>(2)</sup>  
In 1Q19



**RMB24.6bn** outstanding loans<sup>(3)</sup>  
As of March 31, 2019



**<3.3%** M1+ delinquency rate<sup>(4)</sup>  
**<1.9%** M6+ charge-off rate<sup>(5)</sup>  
For loans generated in 2017 through March 31, 2019



**9.9 Months** loan tenor  
**RMB1,962** average ticket size  
in 1Q19



Serve the “**credit underserved**”



Superior **efficiency** enabled by technology



**Massive** amount of high frequency data



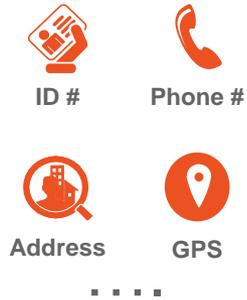
**Consumption** scenarios

## Notes:

- (1) Borrowers who have loans outstanding as of March 31, 2019.
- (2) Number of first time borrower as % of number of borrowers who have made at least one draw down in the period.
- (3) Includes off + on balance sheet loans directly funded by our funding partners (net of allowance) and doesn't include auto loans from Dabai Auto business.
- (4) M1+ delinquency rate by vintage is defined as the total balance of outstanding principal of a vintage for which any installment payment is over 30 calendar days past due as of a particular date (adjusted to reflect total amount of recovered past due payments for principal, before charge-offs), divided by the total initial principal in such vintage.
- (5) M6+ charge-off rate is defined as the total off + on outstanding principal balance of the loans that are charged off during a specified period, divided by the total initial principal of the loans originated in such vintage.

# Streamlined Credit Approval and Servicing Process

## Data analytics at registration



## Dynamic risk management empowered by high velocity transaction data



### Data abundance

- 34K transactions / hour <sup>(1)</sup>
- 185mn+ actual transaction backed analytics
- RMB200bn+ transaction
- External credit data from partners: 百融金服 同盾科技 Fraudmetrix.cn



### Robust decision tree

- Diverse credit sources
- 300+ credit policy rules



### Automation & AI

- Automated decision-making
- Minimized labor costs

## AI engine for collection



## Registration

- Register with Qudian and apply for credit through our own Apps

## QD Score Analysis

- Analyze a large number of variables:
- **Proprietary data:** historical transactional and behavioral data
  - **External data:** liquid asset level, consumption level and credit repayment and delinquency history

## Collection and Recovery

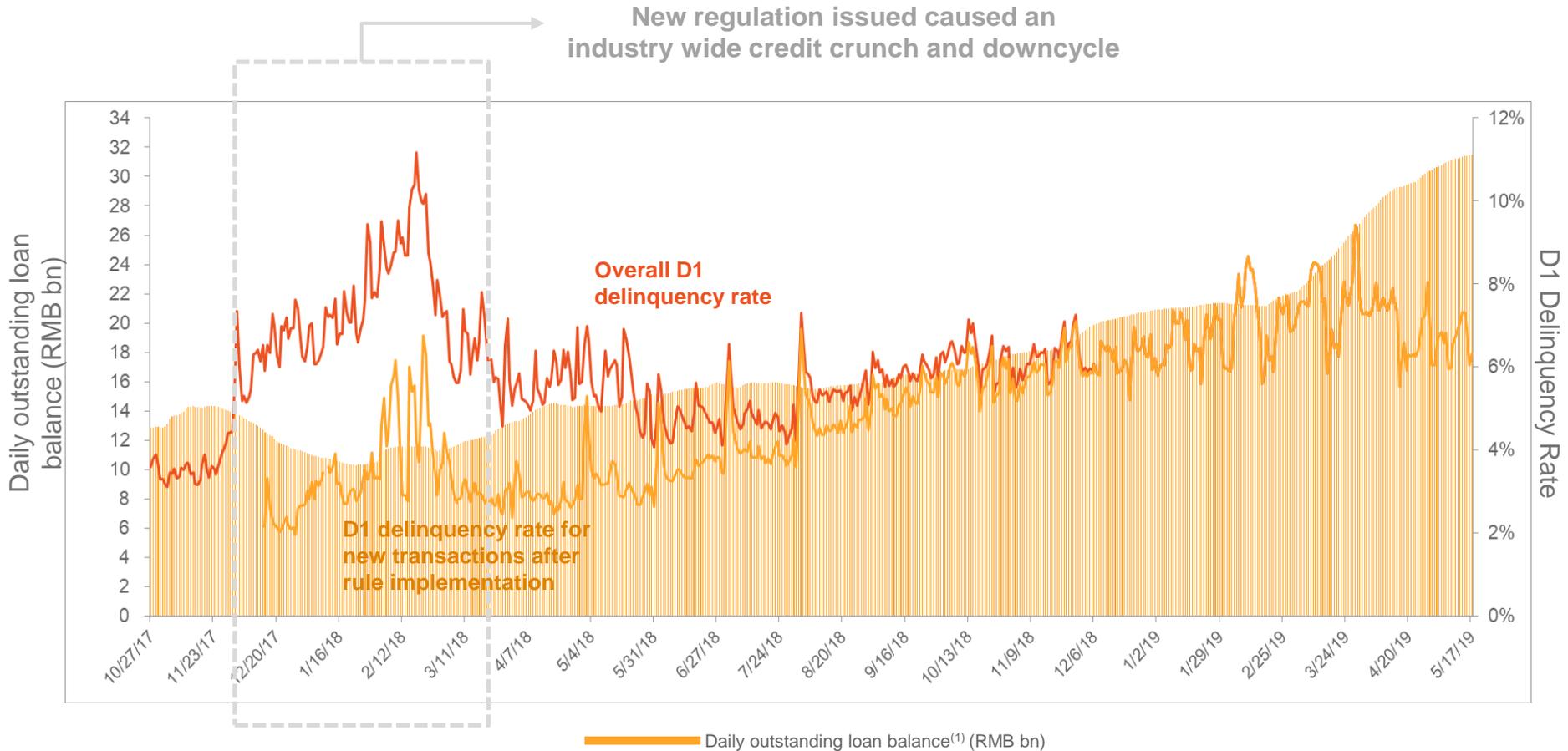
- Secured by PBOC score
- AI-optimized collection process

Within 10 seconds, 100% mobile and 100% automated

Note:

(1) Refers to average total numbers of credit drawdowns and repayments per hour during 1Q19.

# Optimized Risk Model to Quickly React to Credit Cycle and De-risk Our Balance

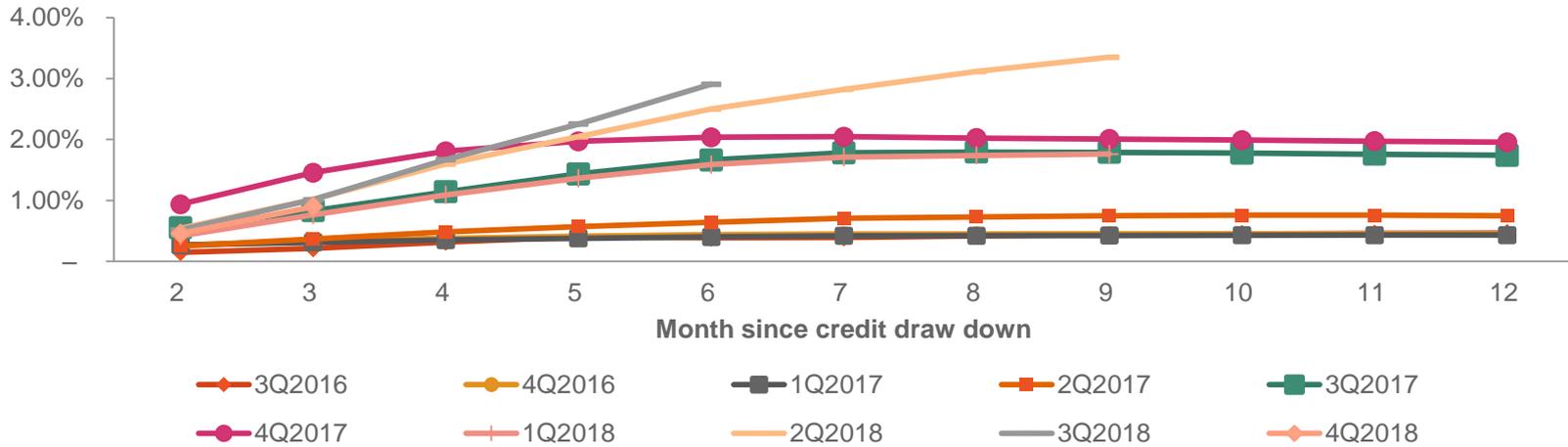


D1 delinquency rate for new transactions fell back to a low level after new credit model was implemented

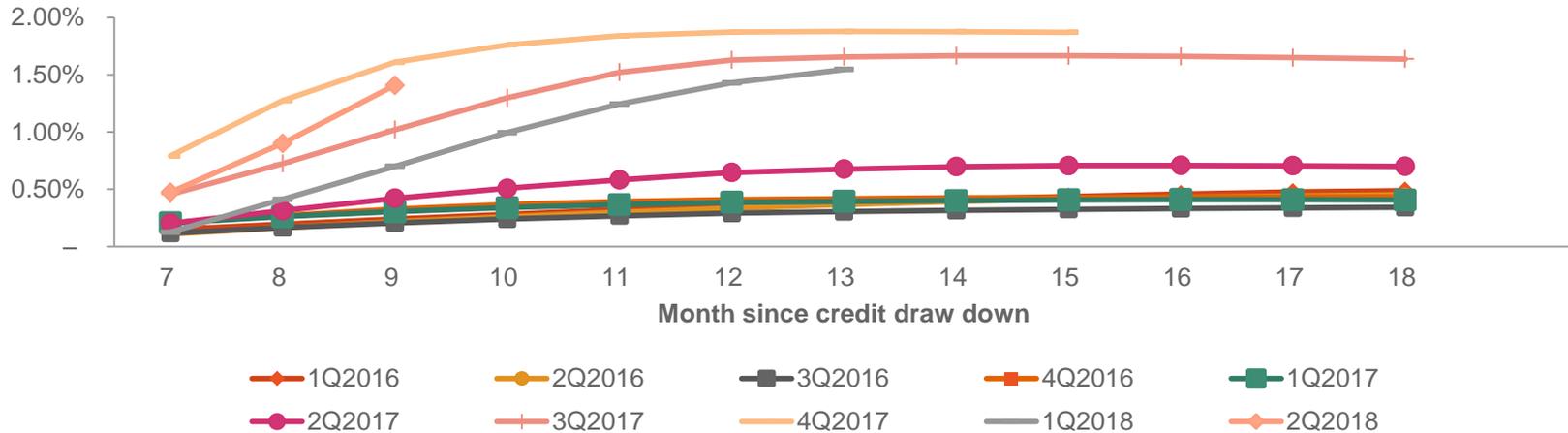
Note:  
(1) Doesn't take into account for accumulative charge-offs.

# Credit Performance Managed within Targets

## M1+ Delinquency Rate by Vintage (1)



## M6+ Charge-off Rate by Vintage (2)

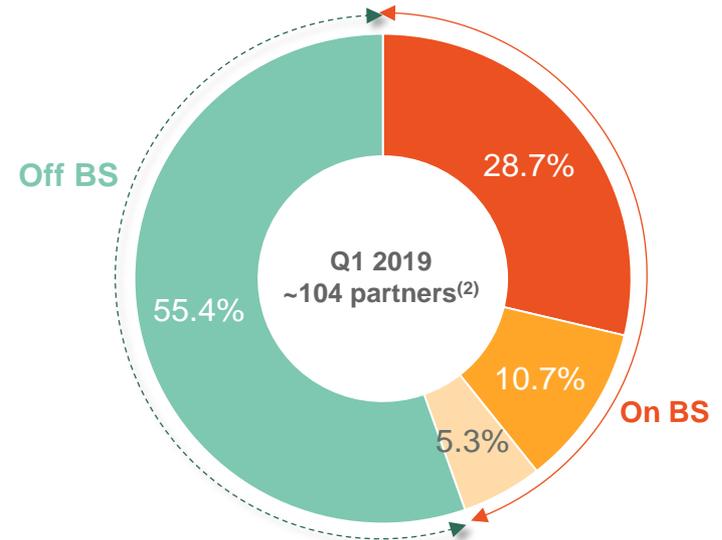
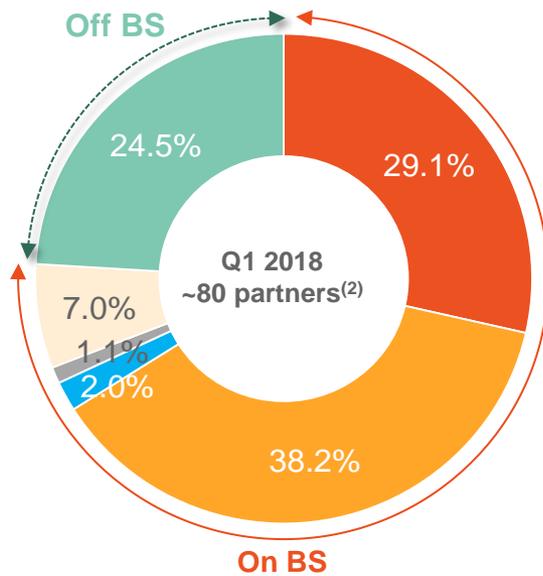


Notes:

- (1) Defined as the total balance of outstanding principal of a vintage for which any installment payment is over 30 calendar days past due as of a particular date (adjusted to reflect total amount of recovered past due payments for principal and without taking into account charge-offs), divided by the total initial principal in such vintage.
- (2) M6+ charge-off rate is defined as the total outstanding principal balance of the loans that are charged off during a specified period, divided by the total initial principal of the loans originated in such vintage.

# Licensed and Scalable Funding

Continue to increase off BS funding and expand partnerships<sup>(1)</sup>



On BS

Own Equity

Financial Asset Exchange

Borrowings from P2P Institutions

Others

Trust (external)

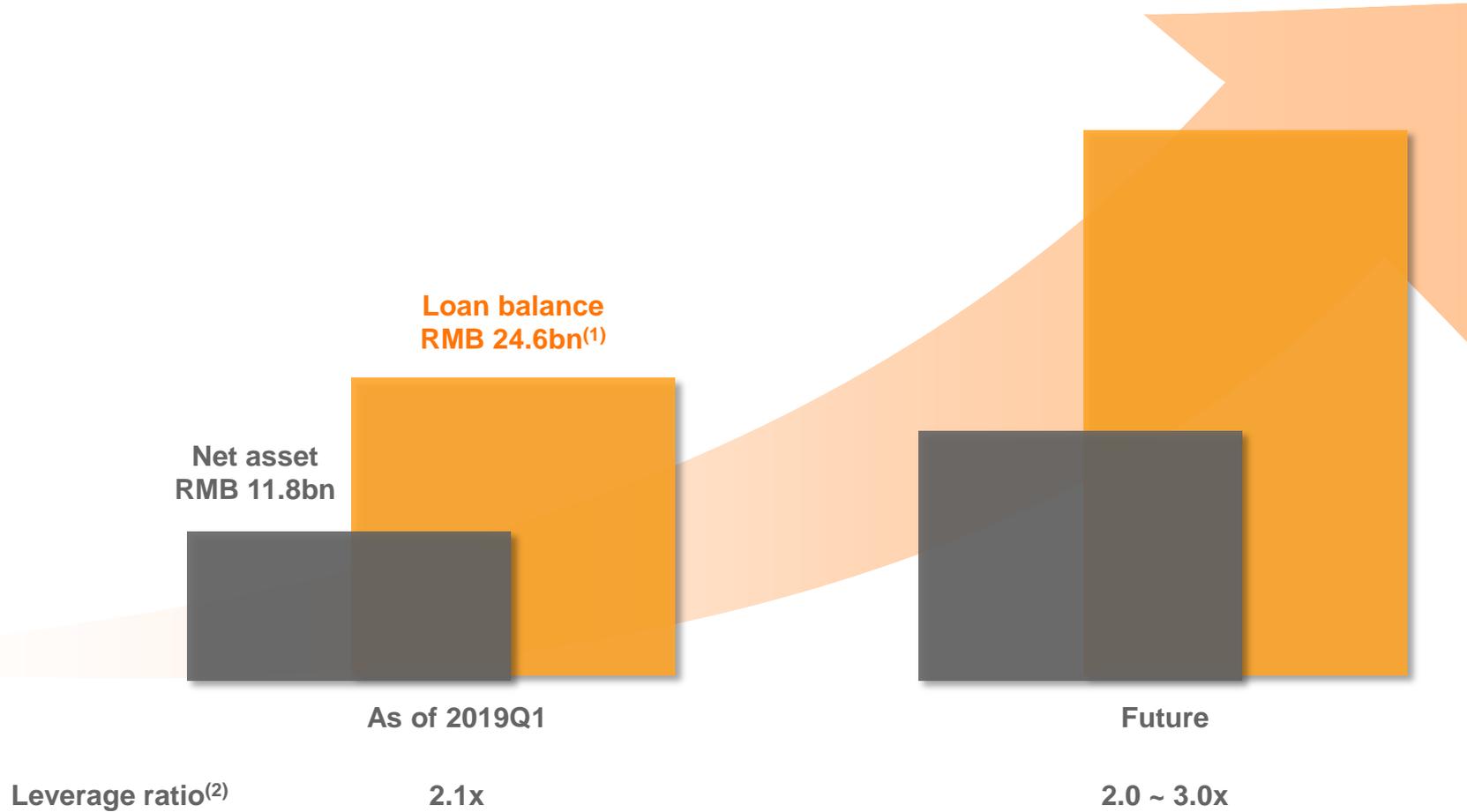
Off BS

Off-Balance Sheet Funding (banks and consumer finance company)

Notes:

(1) Based on outstanding principal as end of each fiscal period.  
(2) Cumulative number of funding partners.

# Expanding Loan Book at Stable and Healthy Leverage



Notes:

(1) Includes off + on balance sheet loans directly funded by our funding partners (net of allowance) and doesn't include auto loans from Dabai Auto business.

(2) Leverage ratio = Outstanding balance of both on-balance sheet and off-balance sheet loan / net asset.

## 2. Overview of open-platform



# Operational Highlights of Open-platform



Growing **partnership** with leading mobile app platforms



**Leading** credit big data analytics



**Strong** profit potential



**2.5mn**

Cumulative number of users for traffic referral service as of March 31, 2019



**RMB158.7mn**

Revenue generated in 1Q19



**136K+**

Cumulative number of borrowers referred to funding partners as of March 31, 2019

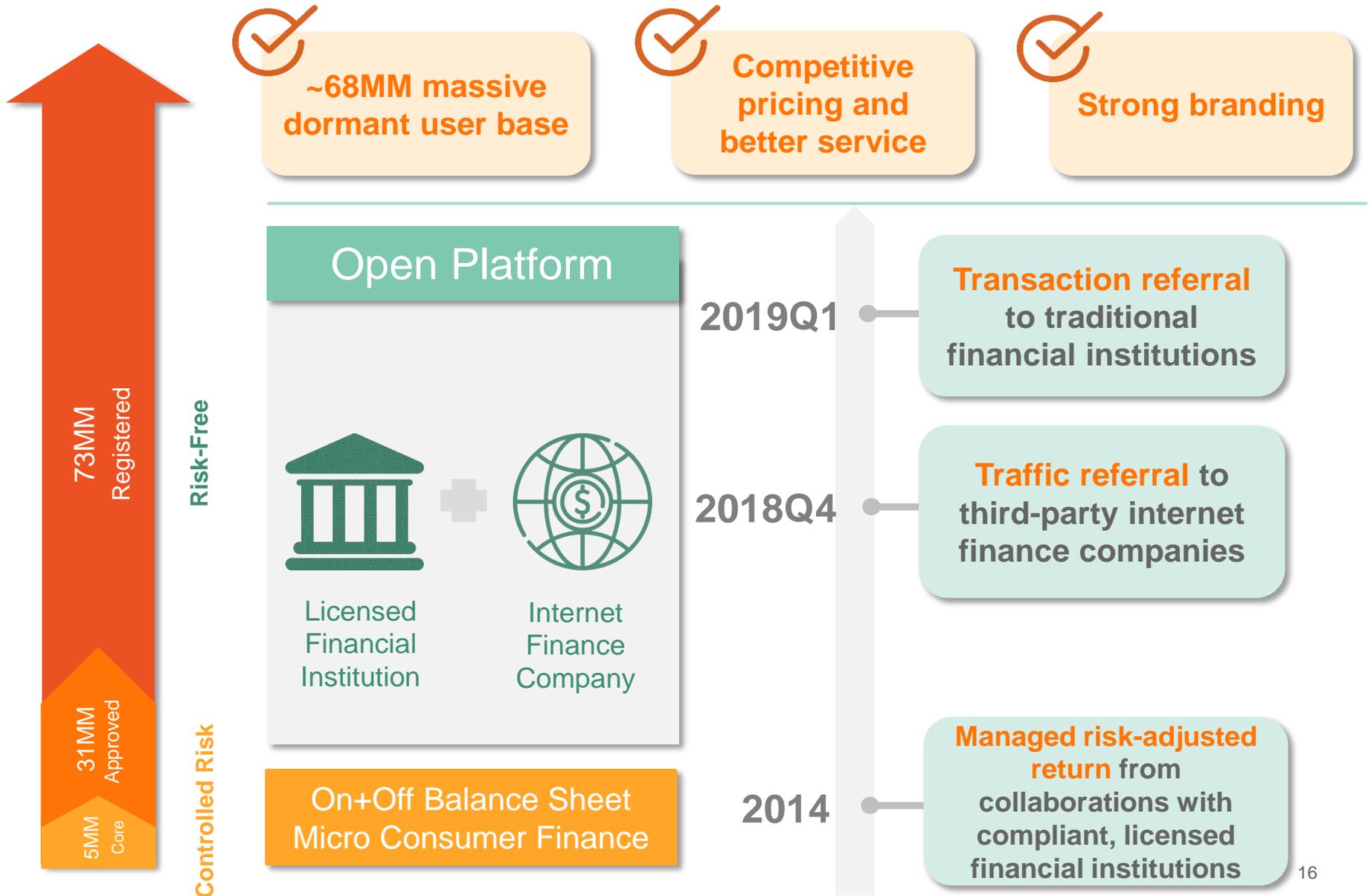


**RMB1.8bn**

Cumulative amount of transaction referred as of March 31, 2019

**A growing traffic ecosystem to fuel our future growth  
with zero credit risk and minimal operational cost**

# Visible Growth beyond Loan Book



# Monetizing Our Strong Credit Analytics and Technology Capability




**Leading mobile Apps user pool**

- ✓ User traffic monetization
- ✓ Regulatory compliant financing solutions to better engage users
- ✓ Simple plug-in solution, technology support



✓ Kick-start at scale with **68mn** potential users

✓ Leading brand of small credit



**RMB200bn+**  
Accumulated financing

**Leading data analytics** **185mn+**  
# of historical transactions



**Tech-driven model** **34K**  
transactions / hour <sup>(1)</sup>

Anti-fraud model  
100+ FI validated system competency




**Licensed FIs**  
~24 – 36% APR



**Fintech platforms**  
~36% APR

- ✓ Full suite tech and data support from QD
- ✓ Significantly reduce cost to market
- ✓ Focused loan-centric traffic

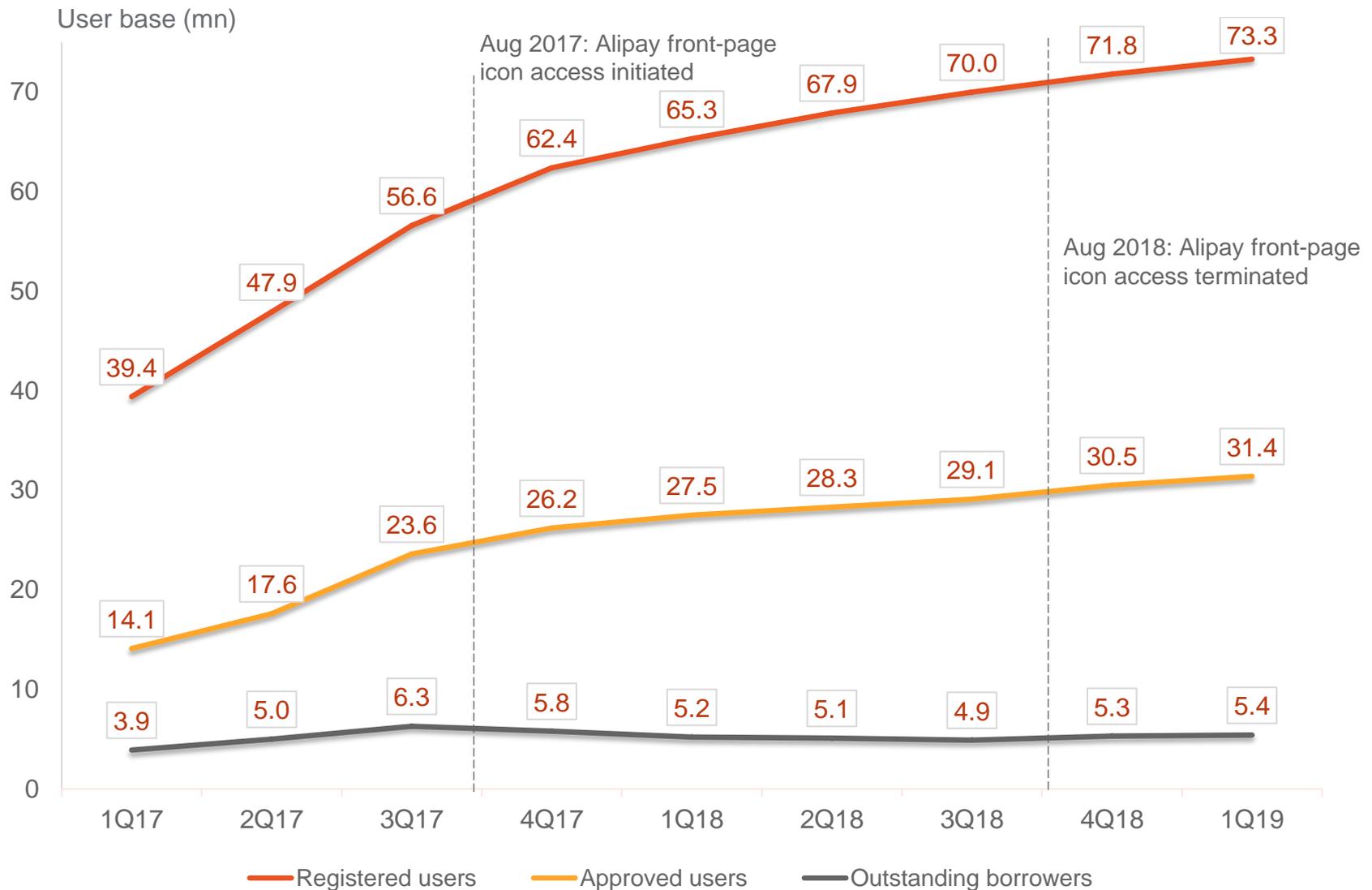
Offer **high quality financing services** to ecosystem of Apps

Efficient and regulatory-compliant **Tech-based** data / transaction clearing platform

Offer **traffic and risk management support** to ecosystem of funding partners

Note:  
(1) Refers to average total numbers of credit drawdowns and repayments per hour during 1Q19.

# Under-penetrated User Base Unlocks Huge Opportunities



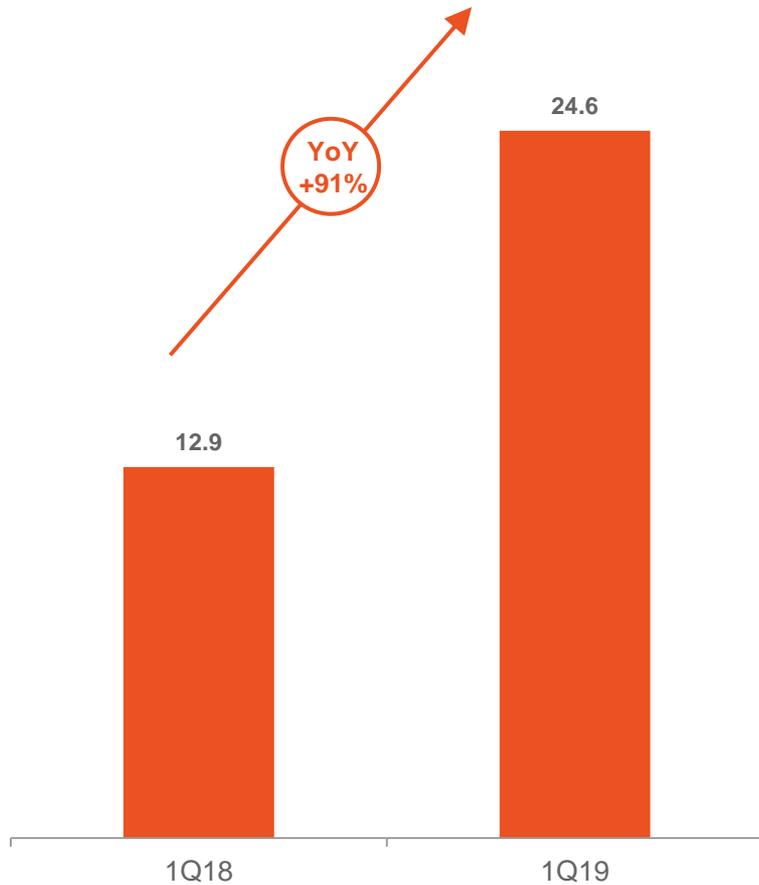
### 3. Financials



# Financial Highlights

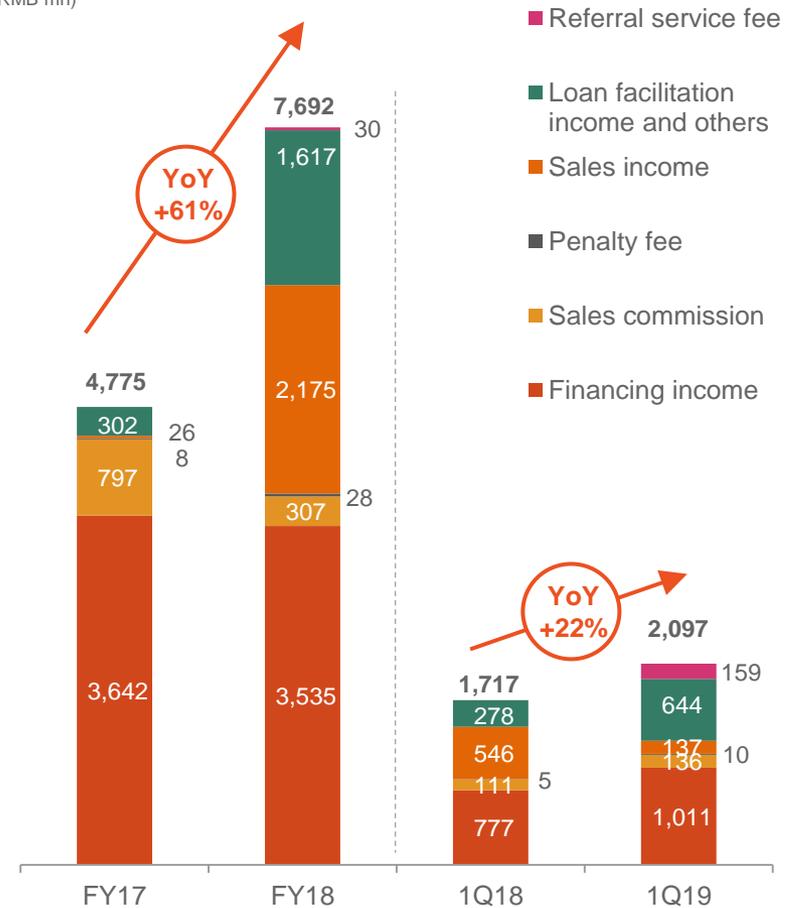
## 1Q19 Loan balance<sup>(1)</sup> increased by 91% YoY

(RMB bn)



## 1Q19 Revenue increased by 22% YoY

(RMB mn)

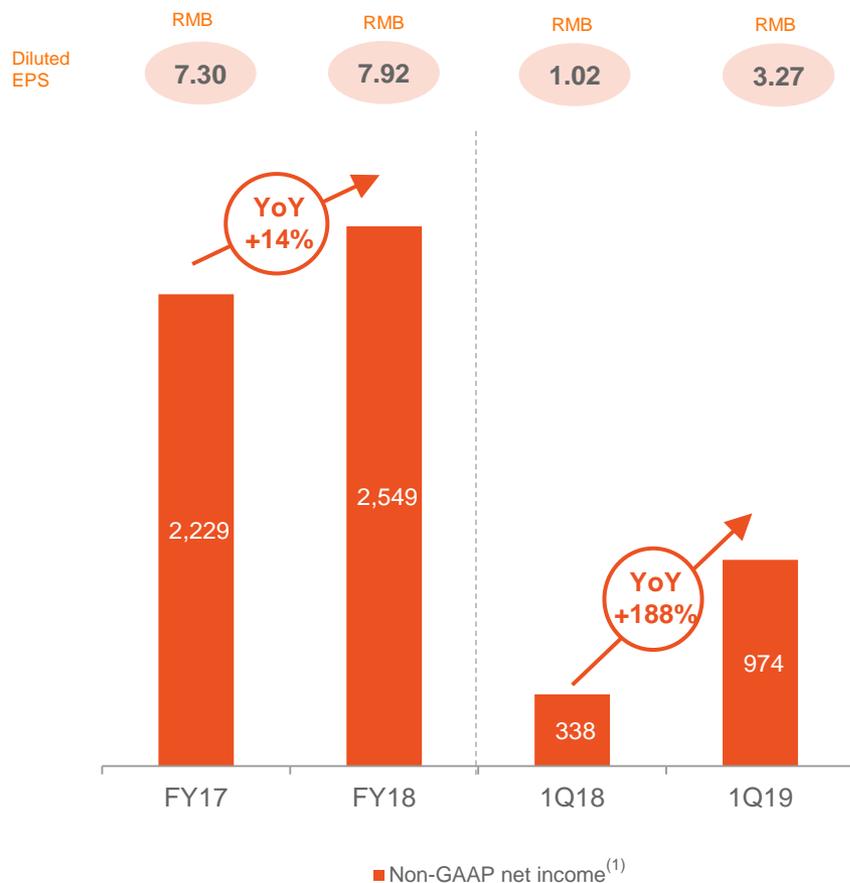


Note:  
 (1) Includes off + on balance sheet loans directly funded by our funding partners (net of allowance) and doesn't include auto loans from Dabai Auto business.

# Financial Highlights (Cont'd)

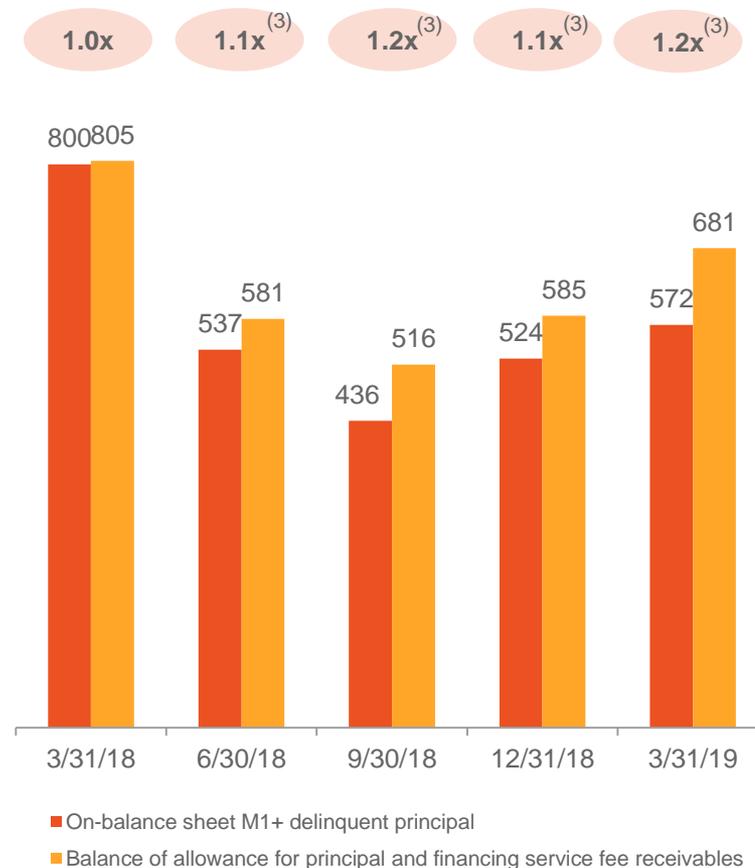
## Non-GAAP Net Income of RMB338mm in 1Q18; RMB974mm in 1Q19

(RMB mn, except for EPS numbers)



## M1+ Delinquency Coverage Ratio<sup>(2)</sup>

(RMB mn)



Notes:

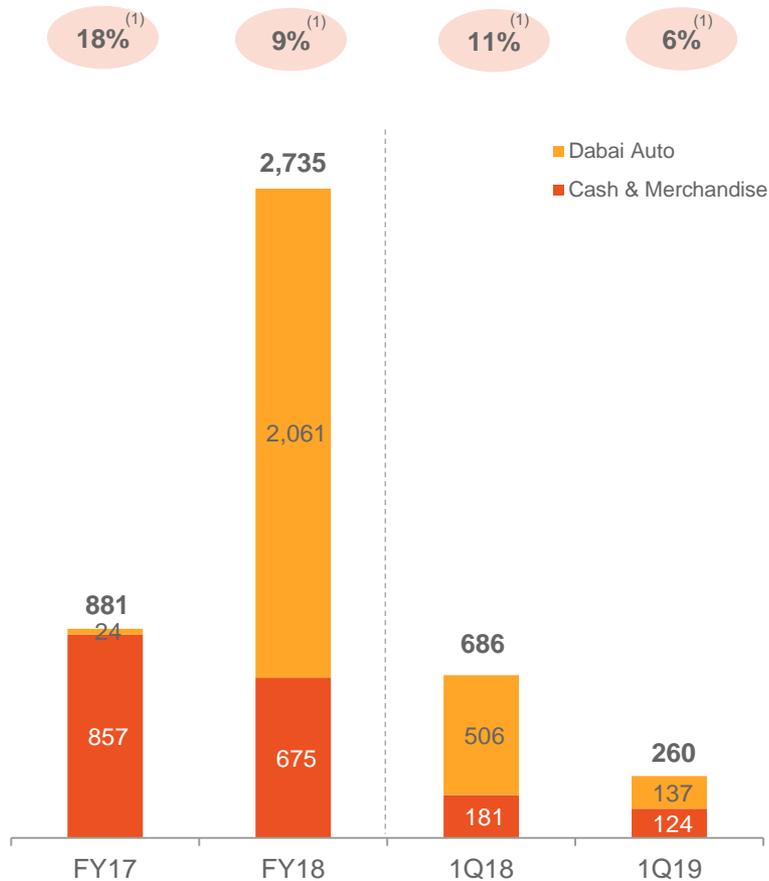
- (1) Non-GAAP net income represents net income before share-based compensation expense.
- (2) Defined as the balance of allowance for principal and financing service fee receivables at the end of a period, divided by the total balance of outstanding principal for on-balance sheet transactions for which any installment payment was more than 30 calendar days past due as of the end of such period, excluding charged-off amounts. The amount charged-off has been fully covered by allowance provided by the Company.
- (3) Includes on-balance sheet M1+ delinquent principal and financing service fee receivables.

# Financial Highlights (Cont'd)

## Cost of Revenue

(RMB mn)

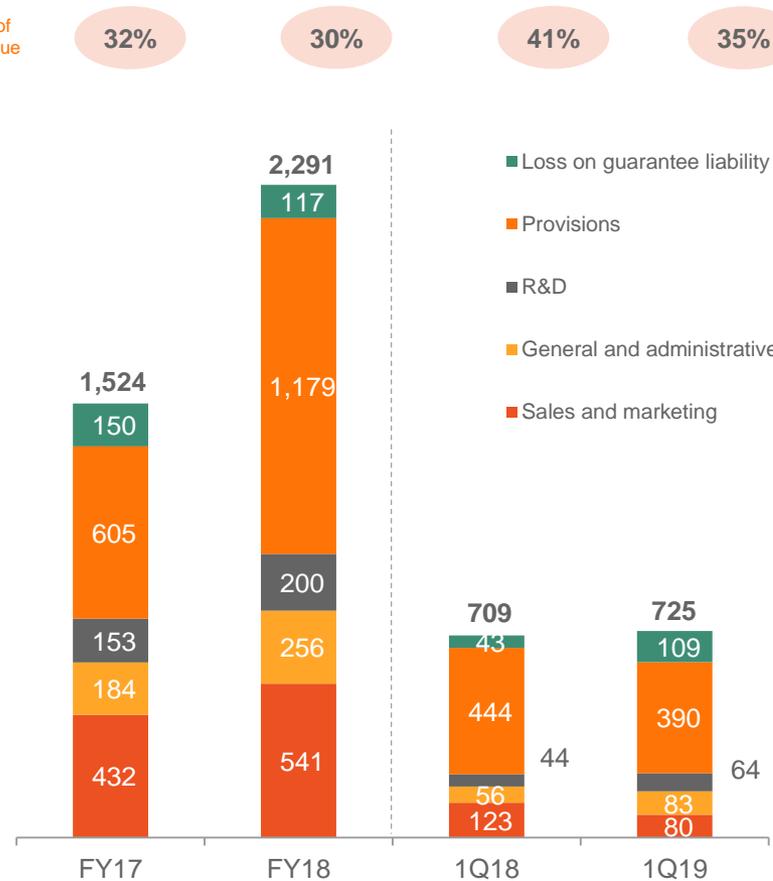
As % of Revenue



## Operating Expenses<sup>(2)</sup>

(RMB mn)

As % of Revenue



Notes:

(1) Excludes Dabai Auto-related cost of revenue.

(2) Excluding expenses associated with Dabai Auto, sales and marketing expenses decreased by 49.4% to RMB201.6 million from 2017.

# Appendix



# Unaudited Income Statement

	For the Year Ended		For the Three Months Ended	
	Dec 31, 2017	Dec 31, 2018	Mar 31, 2018	Mar 31, 2019
(in millions)	RMB	RMB	RMB	RMB
Financing income	3,642	3,535	777	1,011
Sales commission fee	797	307	111	136
Sales Income	26	2,175	546	137
Penalty fees	8	28	5	10
Loan facilitation income and others	302	1,617	278	644
Referral service fee	-	30	-	159
<b>Total revenues</b>	<b>4,775</b>	<b>7,692</b>	<b>1,717</b>	<b>2,097</b>
<b>Operating cost and expenses:</b>				
Cost of revenue	(881)	(2,735)	(686)	(260)
Sales and marketing	(432)	(541)	(123)	(80)
General and administrative	(184)	(256)	(56)	(83)
Research and development	(153)	(200)	(44)	(64)
Loss of guarantee liability	(150)	(117)	(43)	(109)
Provision for receivables	(605)	(1,179)	(444)	(390)
<b>Total operating cost and expenses</b>	<b>(2,405)</b>	<b>(5,027)</b>	<b>(1,396)</b>	<b>(986)</b>
Other operating income	51	24	5	27
<b>Income from operations</b>	<b>2,421</b>	<b>2,689</b>	<b>326</b>	<b>1,138</b>
<b>Net income before income taxes</b>	<b>2,420</b>	<b>2,649</b>	<b>325</b>	<b>1,148</b>
Income tax expenses	(256)	(158)	(9)	(198)
<b>Net income</b>	<b>2,164</b>	<b>2,491</b>	<b>316</b>	<b>950</b>
Basic EPS	17.13	7.82	0.97	3.20
Diluted EPS	7.09	7.74	0.95	3.19
<b>Add: share-based compensation expenses</b>	<b>64</b>	<b>58</b>	<b>23</b>	<b>25</b>
<b>Non-GAAP Net Income</b>	<b>2,229</b>	<b>2,549</b>	<b>338</b>	<b>974</b>
Basic EPS	17.63	8.00	1.04	3.28
Diluted EPS	7.30	7.92	1.02	3.27

# Unaudited Balance Sheet

	As of		
	Dec 31, 2017	Dec 31, 2018	Mar 31, 2019
(in millions)	RMB	RMB	RMB
Cash and cash equivalents	6,832	2,501	1,931
Restricted cash <sup>(1)</sup>	2,253	340	1,138
Short-term amounts due from related parties	551	-	-
Short-term loan principal and financing service fee receivables	8,759	8,418	10,011
Other current assets	482	1,818	1,761
Long-term finance lease receivables	18	649	570
<b>Total assets</b>	<b>19,380</b>	<b>16,253</b>	<b>18,247</b>
Short-term borrowings and interest payables	7,979	3,860	4,202
Long-term borrowings and interest payables	510	413	598
<b>Total liabilities</b>	<b>9,840</b>	<b>5,433</b>	<b>6,471</b>
<b>Total mezzanine equity</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>9,540</b>	<b>10,821</b>	<b>11,776</b>
<b>Total liabilities, mezzanine equity and shareholders' equity</b>	<b>19,380</b>	<b>16,253</b>	<b>18,247</b>

Note:

(1) Restricted cash mainly represents (i) cash held by the consolidated trusts through segregated bank accounts; (ii) time deposits that are pledged for short-term bank loans; (iii) security deposits held in designated bank accounts for guarantee of off-balance sheet transactions. Such restricted cash is not available to fund the general liquidity needs of the Company.

# Shareholding Structure

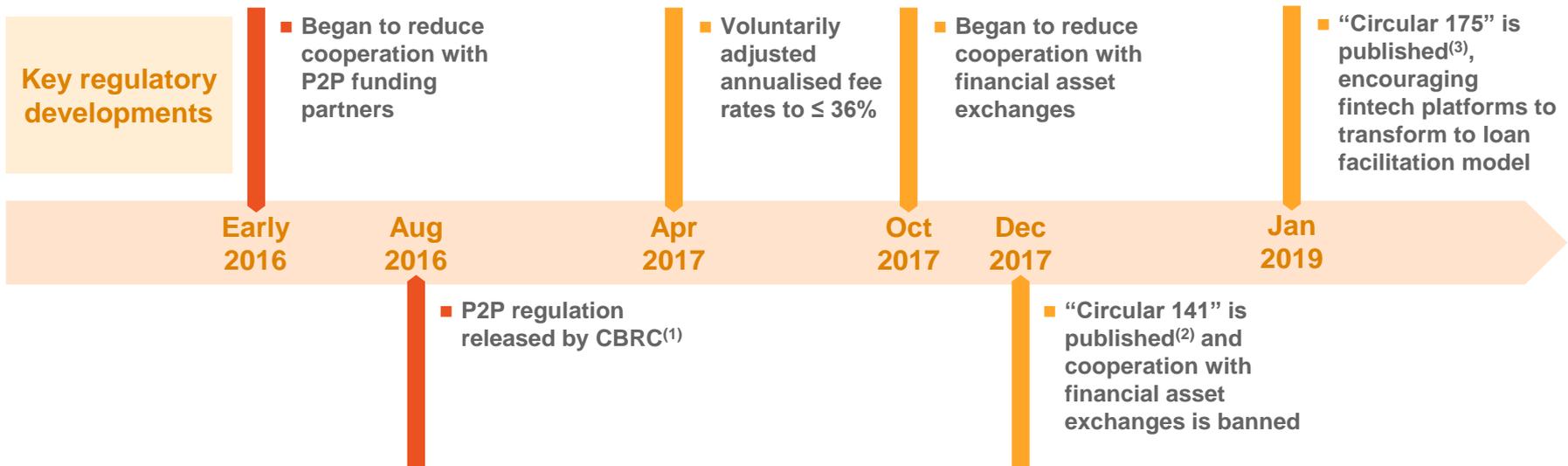
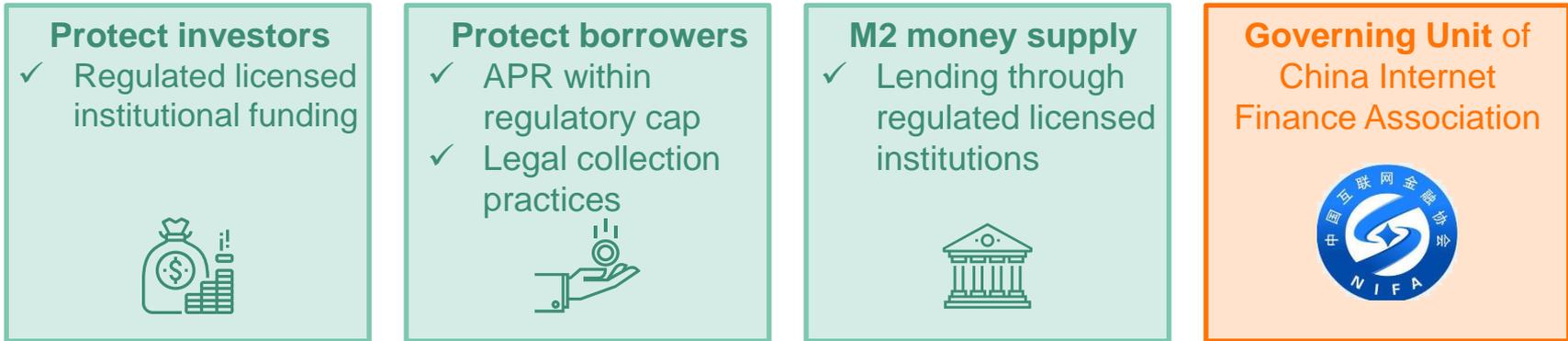


Notes:

- (1) API and Zhu Entities' Shareholding information is based on latest 13G filings as of April 30, 2019.
- (2) Total number of shares outstanding (unaudited) is 279,210,503 as of April 30, 2019.

# Being Risk-conservative is Embedded in Our DNA

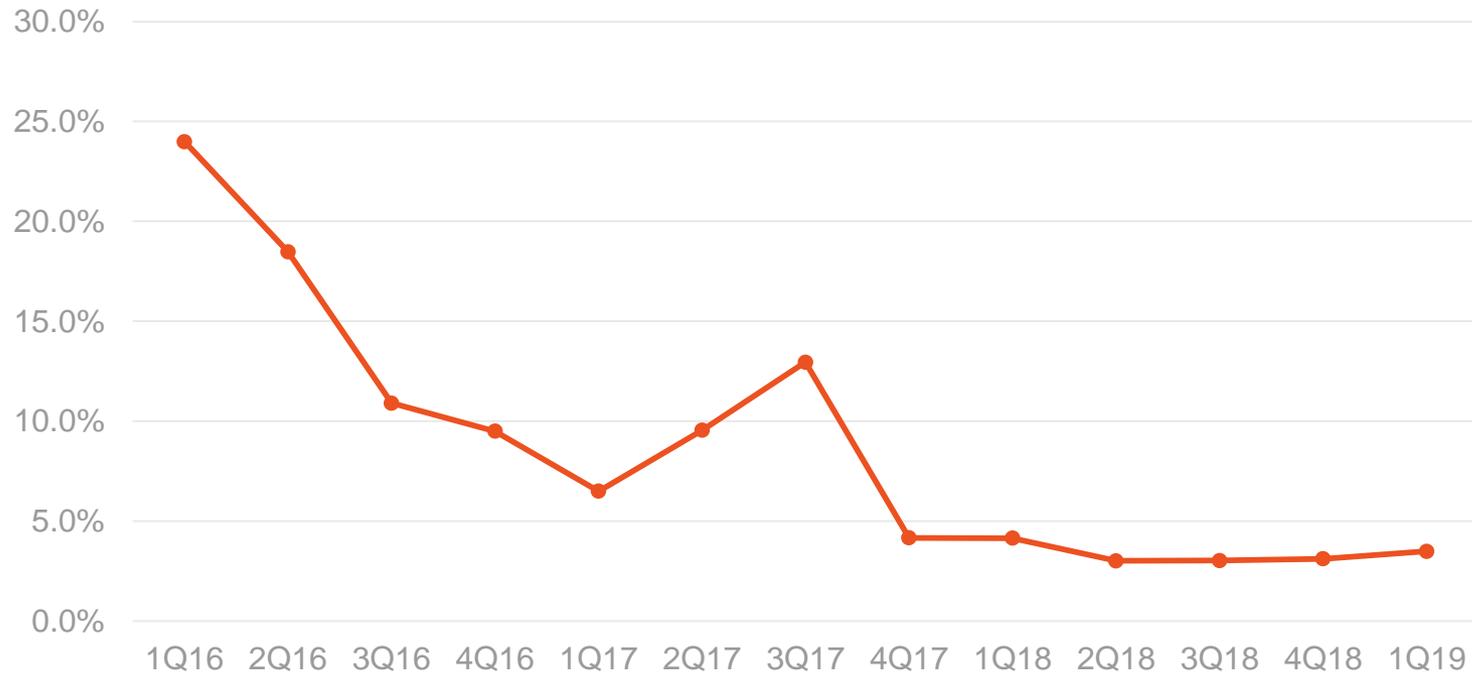
Navigate the Regulatory Environment with Compliant APR and Licensed Funding Structure



Notes:  
 (1) Refers to 网络借贷信息中介机构业务活动管理暂行办法 released on August 24, 2016.  
 (2) Refers to 关于规范整顿“现金贷”业务的通知 released on December 1, 2017.  
 (3) Refers to 关于做好网贷机构分类处置和风险防范工作的意见 released on January 21, 2019.

# Proven Successful User Acquisition without Reliance on Expensive Marketing

S&M expenses<sup>(1)</sup> as % of revenue<sup>(2)</sup>



An innately affordable and attractive service does not require costly marketing to successfully grow

Notes:

- (1) Sales and marketing expenses associated with core online consumption finance businesses.
- (2) Excludes revenue from Dabai Auto Business.