



**趣店** Small Credit, Big Data

# 1Q18 Earnings Results

May 21, 2018

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.

# 1Q2018 Financial and Operating Highlights<sup>(1)</sup>



**65.3MM** registered users

**27.5MM** approved users<sup>(2)</sup>

**4.1MM** active borrowers<sup>(3)</sup> during 1Q18



**10.9MM** number of credit drawdowns



**RMB15.3BN** amount of transactions

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**RMB1.7BN** revenue

**+106%** YoY



**RMB316MM** net income

**-32%** YoY



**RMB338MM**

Adjusted net income<sup>(4)</sup>

**-30%** YoY



Note:

- (1) The following operating data relate to cash credit and merchandise credit offered by the Company.
- (2) Approved users are the total number registered users who have been approved of credit.
- (3) Active borrowers are borrowers who have drawn down credit in the specific period.
- (4) Adjusted net income represents net income before share-based compensation expense. Please refer to the "Unaudited Condensed Consolidated Income Statement" for a reconciliation of adjusted net income to net income.

# Quarterly Transaction and Revenue

## Quarterly Trend of Transactions

(RMB BN)

YoY  
Growth

427%

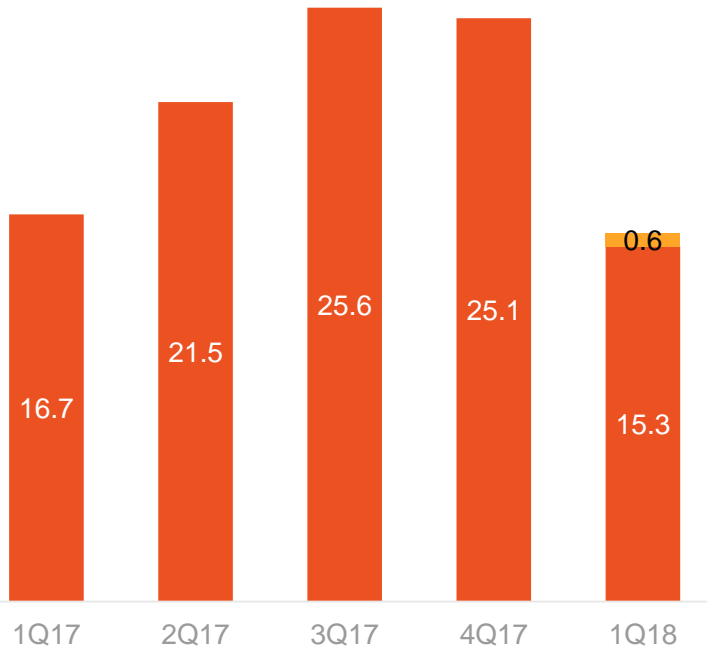
246%

219%

70%

(4%)

- Dabai Auto
- Cash & Merchandise



## Breakdown of Revenue

(RMB MM)

YoY  
Growth

548%

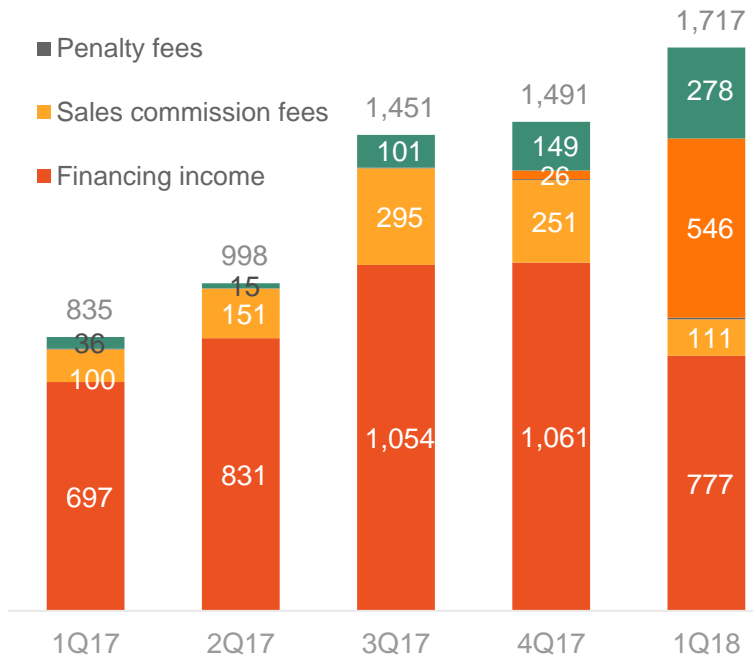
311%

308%

108%

106%

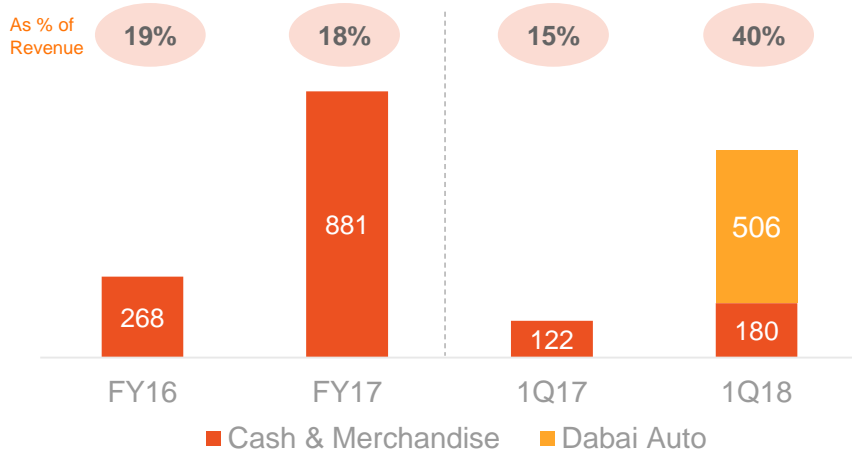
- Loan facilitation income and others
- Revenue from sales-type lease
- Penalty fees
- Sales commission fees
- Financing income



# Quarterly Costs and Expenses

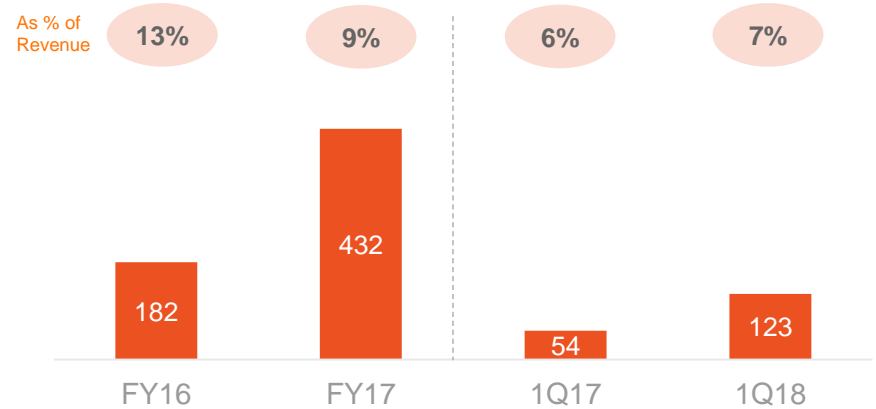
## Cost of Revenue

(RMB MM)



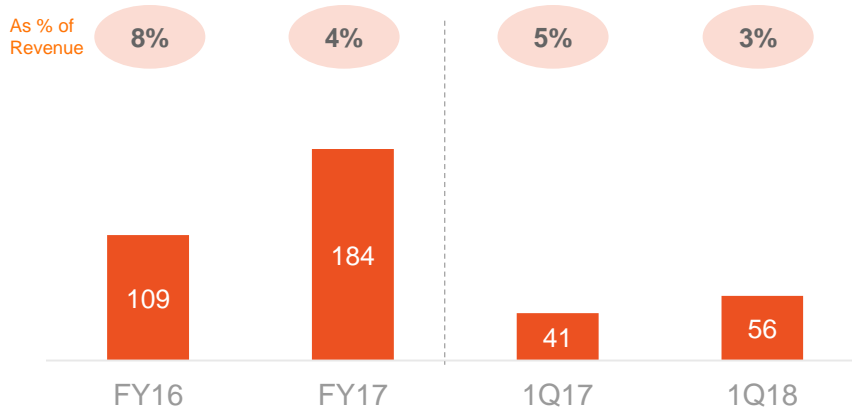
## Sales and Marketing

(RMB MM)



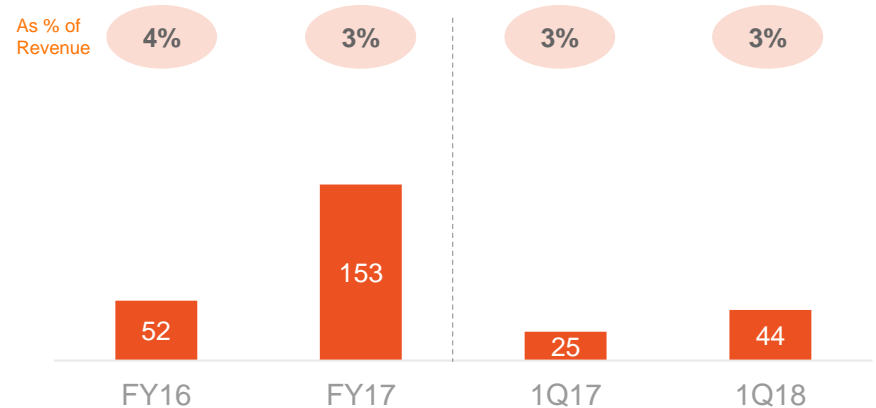
## General and Administrative

(RMB MM)



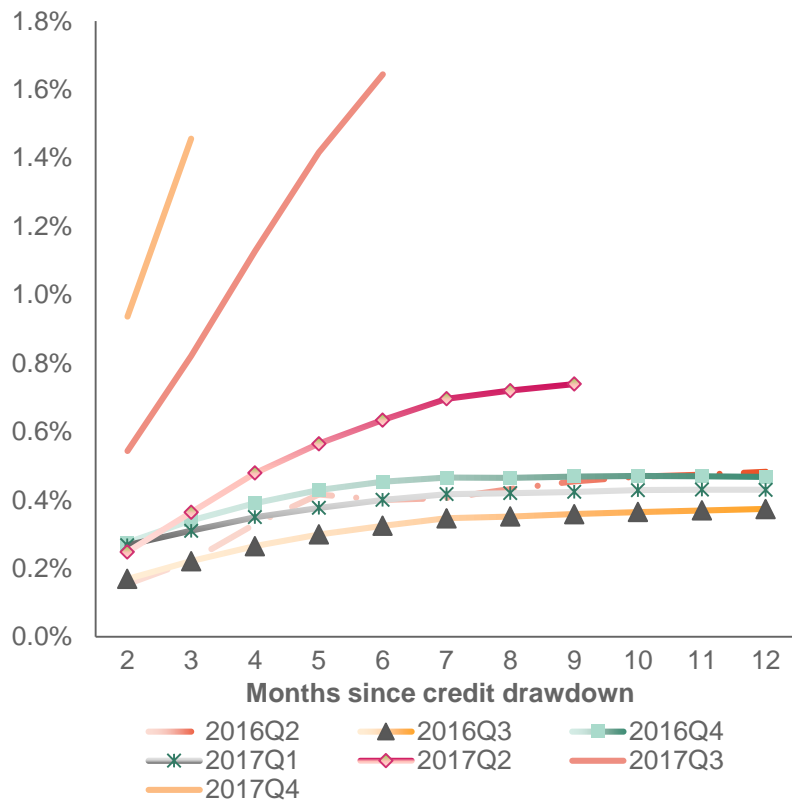
## Research and Development

(RMB MM)



## Solid Credit Performance

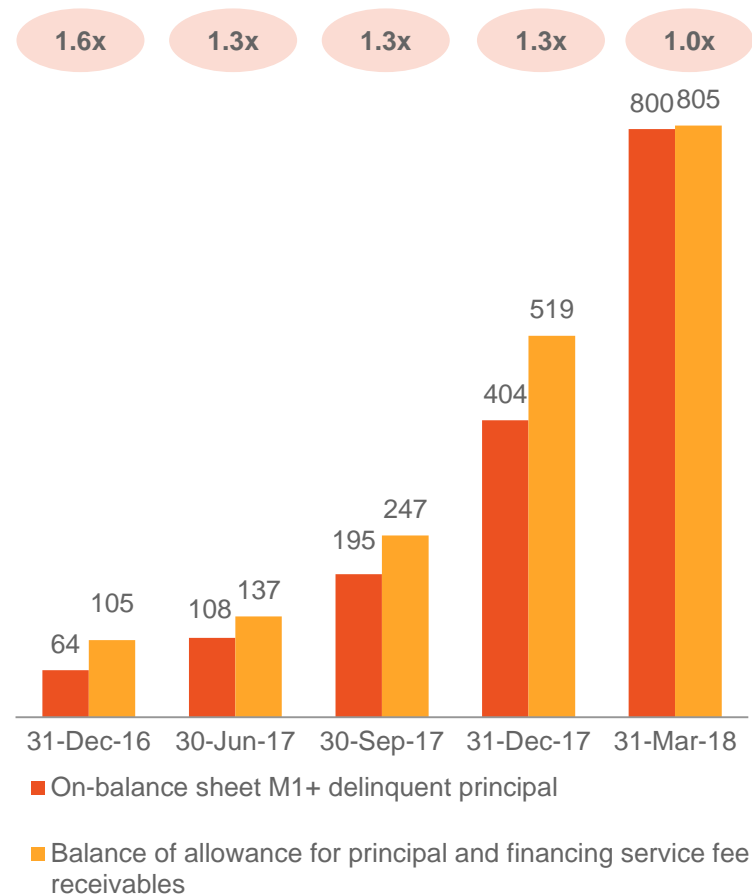
M1+ Delinquency Rate by Vintage <sup>(1)</sup>



- Notes:
- (1) We define "M1+ Delinquency Rate by Vintage" 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) We define "M1+ Delinquency Coverage Ratio" 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 the amounts charged-offs. The amount charged-off has been fully covered by allowance provided by the company.

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

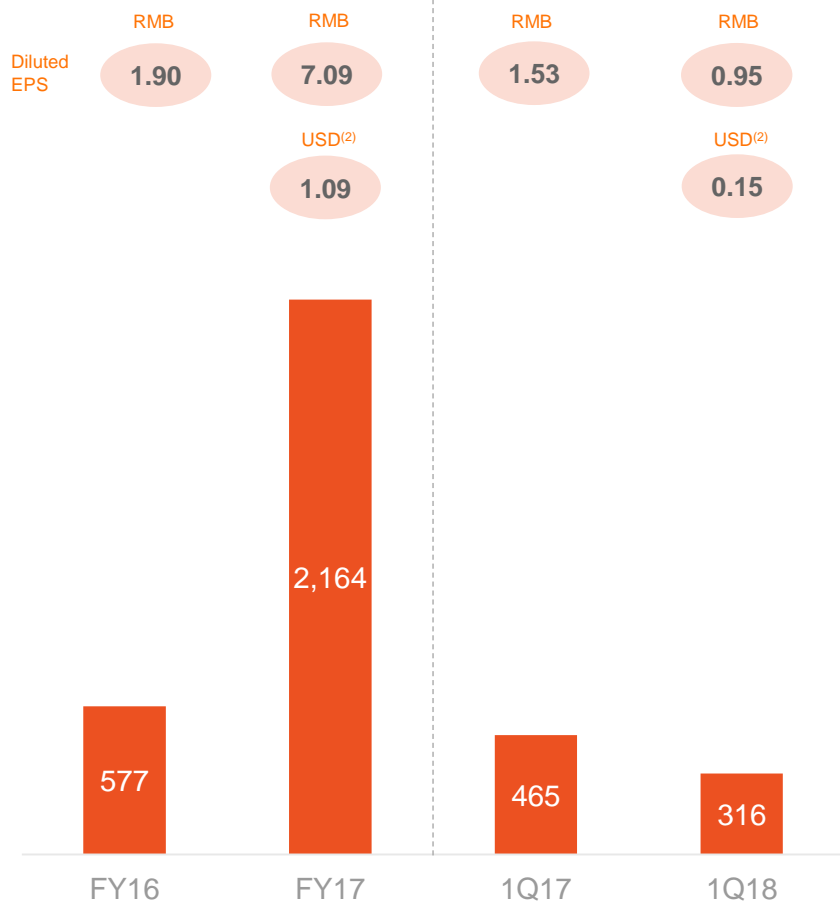
(RMB MM)



# Quarterly Net Income and Diluted EPS

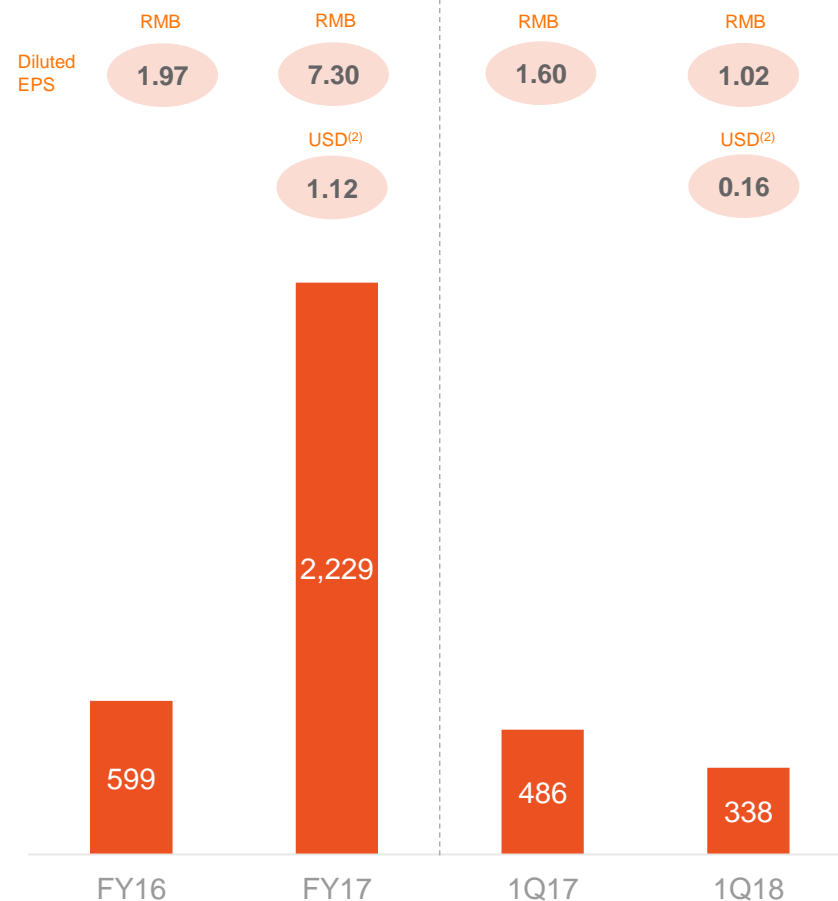
## Net Income

(RMB MM)



## Adjusted Net Income<sup>(1)</sup>

(RMB MM)



Note:

- (1) Adjusted net income represents net income before share-based compensation expense. Please refer to the "Unaudited Condensed Consolidated Income Statement" for a reconciliation of adjusted net income to net income.
- (2) All translations of RMB into US\$ were made at RMB6.2726 to US\$1.00, the exchange rate on March 30, 2018 as published on the website of the United States Federal Reserve Board

# Selected Operating Metrics<sup>(1)</sup>

## For the Three Months Ended

	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	
Average MAU (in millions) <sup>(2)</sup>	23.3	28.9	33.2	32.9	21.1	
Number of active borrowers (in millions)	4.8	5.6	7.5	6.9	4.1	
Number of new borrowers (in millions)	1.6	1.7	2.8	1.6	0.5	
Number of credit drawdowns (in millions)	19.7	20.8	26.7	25.4	10.9	
	RMB	RMB	RMB	RMB	RMB	USD <sup>(3)</sup>
Amount of transactions (in millions)	16,682	21,525	25,592	25,145	15,333	2,444
Average ticket size (RMB) <sup>(4)</sup>						
Cash Credit	830	1,010	920	960	1,390	222
Merchandize Credit	1,250	1,250	1,390	1,400	1,850	295
Average term (months) <sup>(5)</sup>						
Cash Credit	1.8	2.4	2.4	2.1	5.0	
Merchandise Credit	8.1	8.5	8.7	8.8	9.3	

Note:

- (1) The following operating data relate to cash credit and merchandise credit offered by the Company.
- (2) Average MAU is the average number of monthly active users during a specified period; monthly active users comprise (i) users who use our Laifenqi mobile app or the Alipay consumer interface to access our Laifenqi interface at least once during a specified month and (ii) users who use our Qudian mobile app or the Alipay consumer interface to access our Qudian interface at least once during a specified month; an individual who uses both our mobile app and the Alipay consumer interface to access only one of our Laifenqi or Qudian interfaces during a specified month is counted as one monthly active user; an individual who accesses both of our Laifenqi and Qudian interfaces during a specified month is counted as two monthly active users; a monthly active user may not have borrowed on our platform
- (3) All translations of RMB into US\$ were made at RMB6.2726 to US\$1.00, the exchange rate on March 30, 2018 as published on the website of the United States Federal Reserve Board
- (4) Approximate average ticket size
- (5) Average term weighted by amount of transactions



# Unaudited Condensed Consolidated Income Statement

	<b>For the Three Months Ended</b>		
	<b>Mar 31, 2017</b>	<b>Mar 31, 2018</b>	<b>Mar 31, 2018</b>
	RMB	RMB	USD
(in millions, except for earnings per share, or EPS)			
Financing income	697	777	124
Sales commission fee	100	111	18
Revenue from sales-type lease	0	546	87
Penalty fees	1	5	1
Loan facilitation income and others	37	278	44
<b>Total revenues</b>	<b>835</b>	<b>1,717</b>	<b>274</b>
<b>Operating cost and expenses:</b>			
Cost of revenue	(122)	(686)	(109)
Sales and marketing	(54)	(123)	(20)
General and administrative	(41)	(56)	(9)
Research and development	(25)	(44)	(7)
Loss of guarantee liability	(6)	(43)	(7)
Provision for loan principal, financing service fee receivables and other receivables	(51)	(444)	(71)
<b>Total operating cost and expenses</b>	<b>(299)</b>	<b>(1,396)</b>	<b>(223)</b>
<b>Other operating income</b>	<b>22</b>	<b>5</b>	<b>1</b>
<b>Income from operations</b>	<b>558</b>	<b>326</b>	<b>52</b>
<b>Net income before income taxes</b>	<b>557</b>	<b>325</b>	<b>52</b>
Income tax expenses	(92)	(9)	(2)
<b>Net income</b>	<b>465</b>	<b>316</b>	<b>50</b>
Basic EPS	5.87	0.97	0.15
Diluted EPS	1.53	0.95	0.15
Add: share-based compensation expenses	21	22	4
<b>Non-GAAP Net Income</b>	<b>486</b>	<b>338</b>	<b>54</b>
Basic EPS	6.13	1.04	0.17
Diluted EPS	1.60	1.02	0.16

Note:

(1) All translations of RMB into US\$ were made at RMB6.2726 to US\$1.00, the exchange rate on March 30, 2018 as published on the website of the United States Federal Reserve Board

# Unaudited Condensed Consolidated Balance Sheet

	As of			
	Sep 30, 2017	Dec 31, 2017	Mar 31, 2018	Mar 31, 2018
(in millions)	RMB	RMB	RMB	USD <sup>(1)</sup>
Cash and cash equivalents	1,483	6,832	5,737	915
Restricted cash <sup>(2)</sup>	2,041	2,253	538	86
Short-term amounts due from related parties	600	551	517	82
Short-term loan principal and financing service fee receivables	10,652	8,759	9,040	1,441
Other current assets	454	482	793	126
Long-term finance lease receivables	0	18	367	59
<b>Total assets</b>	<b>15,366</b>	<b>19,380</b>	<b>17,793</b>	<b>2,837</b>
Short-term borrowings and interest payables	8,855	7,979	6,253	997
Long-term borrowings and interest payables	255	510	255	41
<b>Total liabilities</b>	<b>11,183</b>	<b>9,840</b>	<b>7,949</b>	<b>1,268</b>
<b>Total mezzanine equity</b>	<b>5,944</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholders' equity / (deficit)</b>	<b>(1,761)</b>	<b>9,540</b>	<b>9,844</b>	<b>1,569</b>
<b>Total liabilities, mezzanine equity and shareholders' equity / (deficit)</b>	<b>15,366</b>	<b>19,380</b>	<b>17,793</b>	<b>2,837</b>

Note:

(1) All translations of RMB into US\$ were made at RMB6.2726 to US\$1.00, the exchange rate on March 30, 2018 as published on the website of the United States Federal Reserve Board

(2) Restricted cash mainly represents the cash in trusts which can only be used to fund credit drawdowns in such trusts or settle these trusts' obligations. Such restricted cash is not available to fund the general liquidity needs of the Company.

# Unaudited Condensed Consolidated Cash Flow Statement

	<b>For the Three Months Ended</b>		
	<b>Mar 31, 2017</b>	<b>Mar 31, 2018</b>	<b>Mar 31, 2018</b>
(in millions)	RMB	RMB	USD <sup>(1)</sup>
<b>Net cash provided by operating activities</b>	531	488	78
<b>Net cash used in investing activities</b>	(334)	(1,271)	(203)
<b>Net cash (used in)/provided by financing activities</b>	250	(1,884)	(300)
Effect of exchange rate changes on cash	-	(143)	(23)
Net increase in cash and cash equivalents and restricted cash	447	(2,810)	(448)
Cash and cash equivalents and restricted cash at beginning of the period	786	9,085	1,448
<b>Cash and cash equivalents and restricted cash at end of period</b>	<b>1,233</b>	<b>6,275</b>	<b>1,000</b>

Note:

(1) All translations of RMB into US\$ were made at RMB6.2726 to US\$1.00, the exchange rate on March 30, 2018 as published on the website of the United States Federal Reserve Board

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