



**趣店** Small Credit, Big Data

## 3Q18 Earnings Results

November 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.

# 3Q 2018 Operational Highlights



**70mn** registered users  
**29.1mn** users with approved credit  
As of September 30, 2018



**RMB13.1bn** total amount of transactions  
**RMB694mn** non-GAAP net profit  
During 3Q18



**4.9mn** outstanding borrowers<sup>(1)</sup>  
**~91%** repeat borrowers<sup>(2)</sup>  
In 3Q18



**RMB15.3bn** outstanding loans<sup>(3)</sup>  
As of September 30, 2018



**<1.7%** M1+ delinquency rate<sup>(4)</sup>  
For loans generated in 2018 through  
October 31, 2018



**21,355** number of cars sold  
In 2018, as of September 30



Serve the “**credit underserved**”



Superior **efficiency** enabled by technology



**Massive** amount of high frequency data



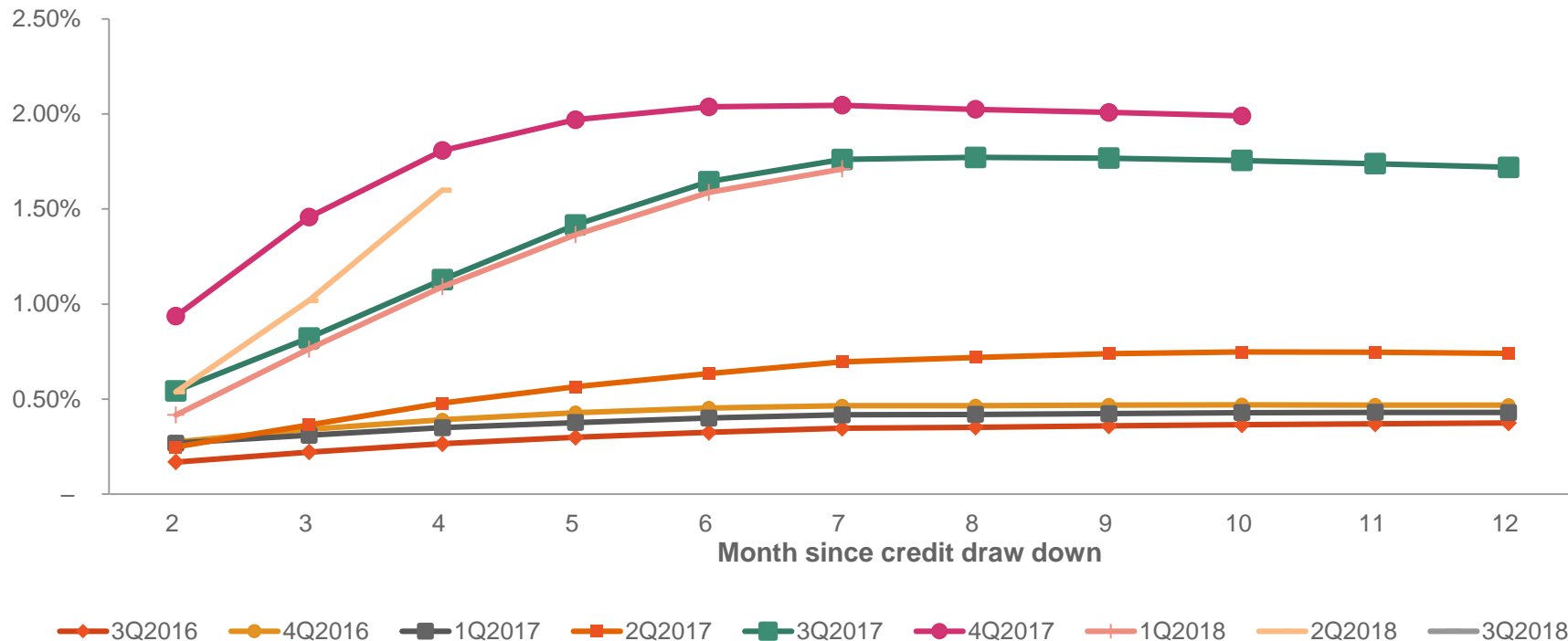
**Consumption** scenarios

Notes:

- (1) Borrowers who have loans outstanding as of September 30, 2018.
- (2) Repeat borrowers in the specified period who have made at least two drawdowns.
- (3) Includes both on-balance and off-balance sheet loan principal outstanding.
- (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.

# Superior Credit Performance

M1+ Delinquency Rate by Vintage (1)



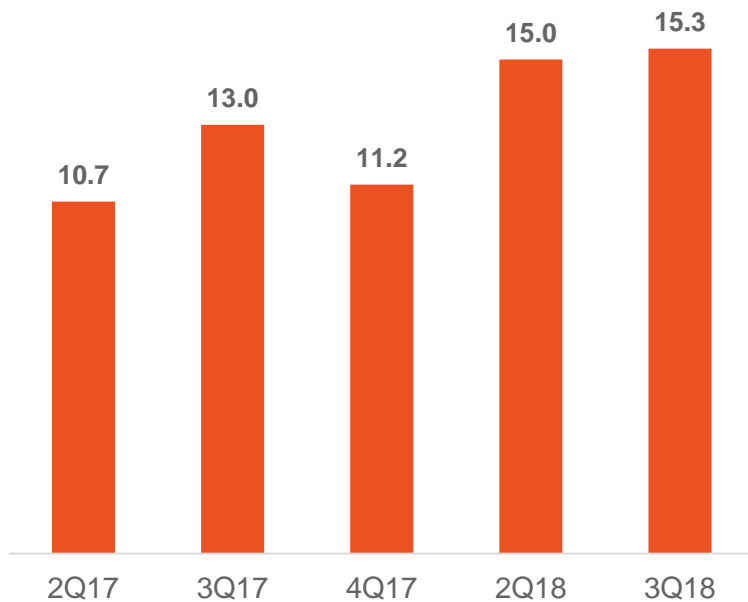
M1+ delinquency rate for loans generated in 2018 : <1.7%

Note:  
 (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.

# 3Q 2018 Financial Highlights

## Loan balance <sup>(1)</sup> increased by 17.7% YoY

(RMB bn)

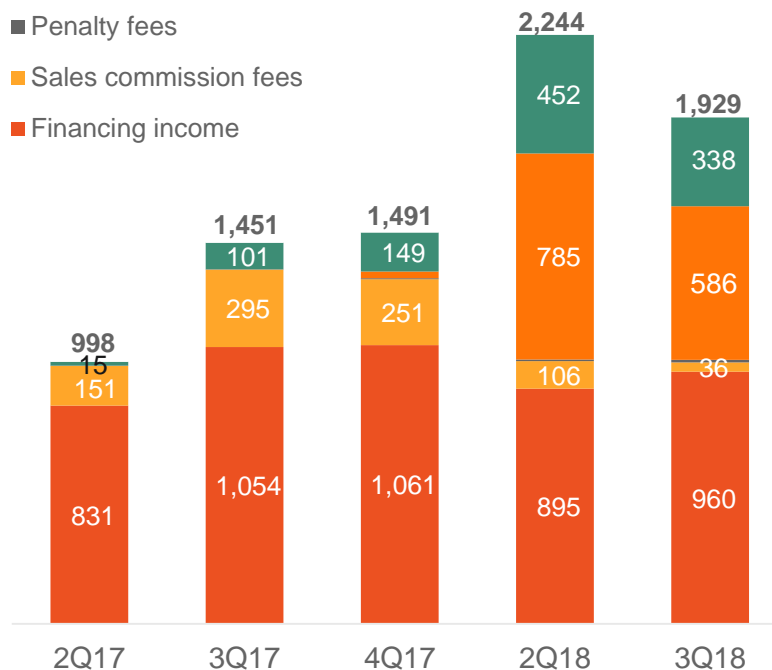


## Revenue increased by 32.9% YoY

(RMB mn)



- Loan facilitation income and others
- Sales income
- Penalty fees
- Sales commission fees
- Financing income

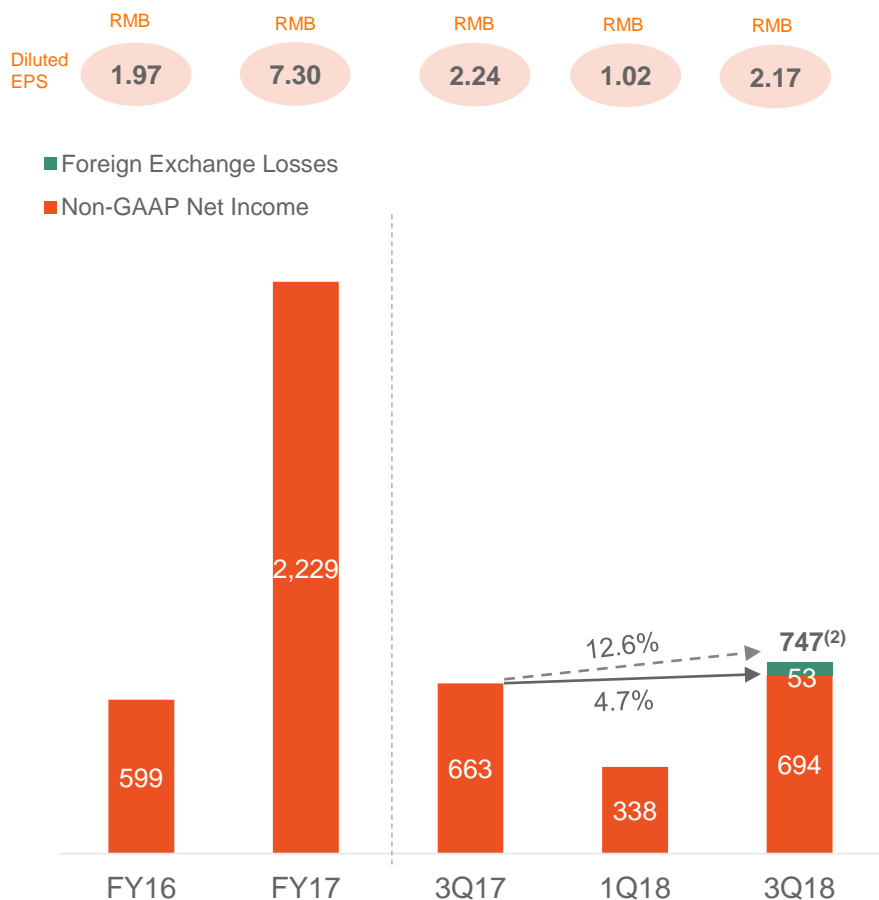


Note:  
(1) Includes on & off balance sheet funding and excludes Dabai Auto.

# 3Q 2018 Financial Highlights (Cont'd)

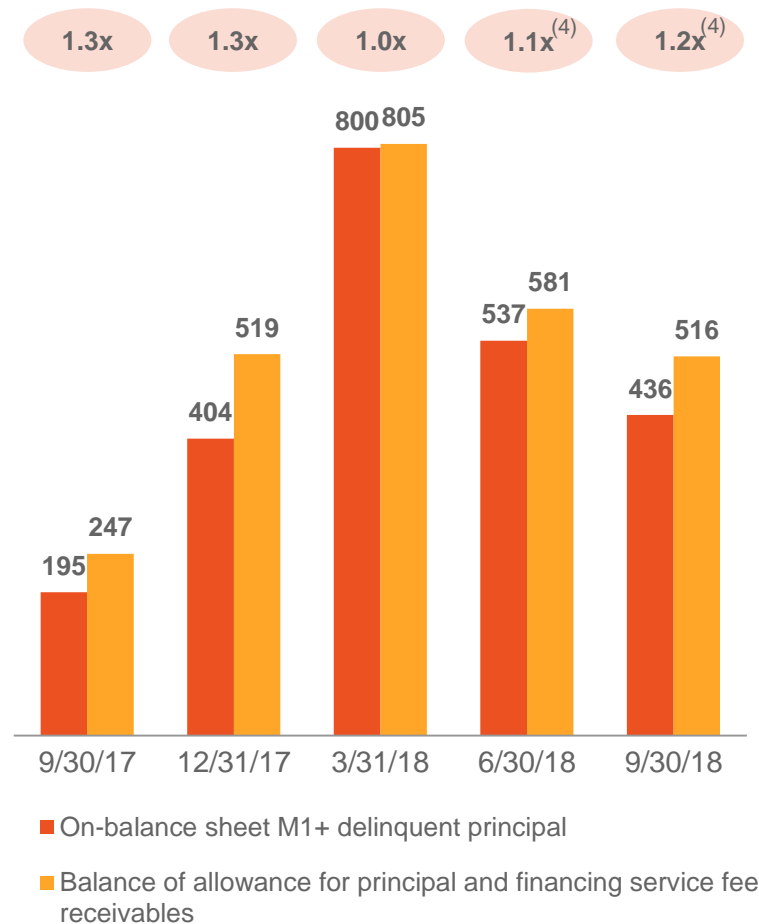
## Record Net Income Growth<sup>(1)</sup>

(RMB mn, except for EPS numbers)



## M1+ Delinquency Coverage Ratio<sup>(3)</sup>

(RMB mn)



Notes:

- (1) Non-GAAP net income represents net income before share-based compensation expense.
- (2) Adjusted for one-time foreign exchange losses.
- (3) 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.
- (4) Includes on-balance sheet M1+ delinquent principal and financing service fee receivables.

# 3Q 2018 Financial Highlights (Cont'd)

## Cost of Revenue

(RMB mn)

As % of Revenue

19%

18%

11%<sup>(1)</sup>

8%<sup>(1)</sup>

9%<sup>(1)</sup>

## Operating Expenses

(RMB mn)

As % of Revenue

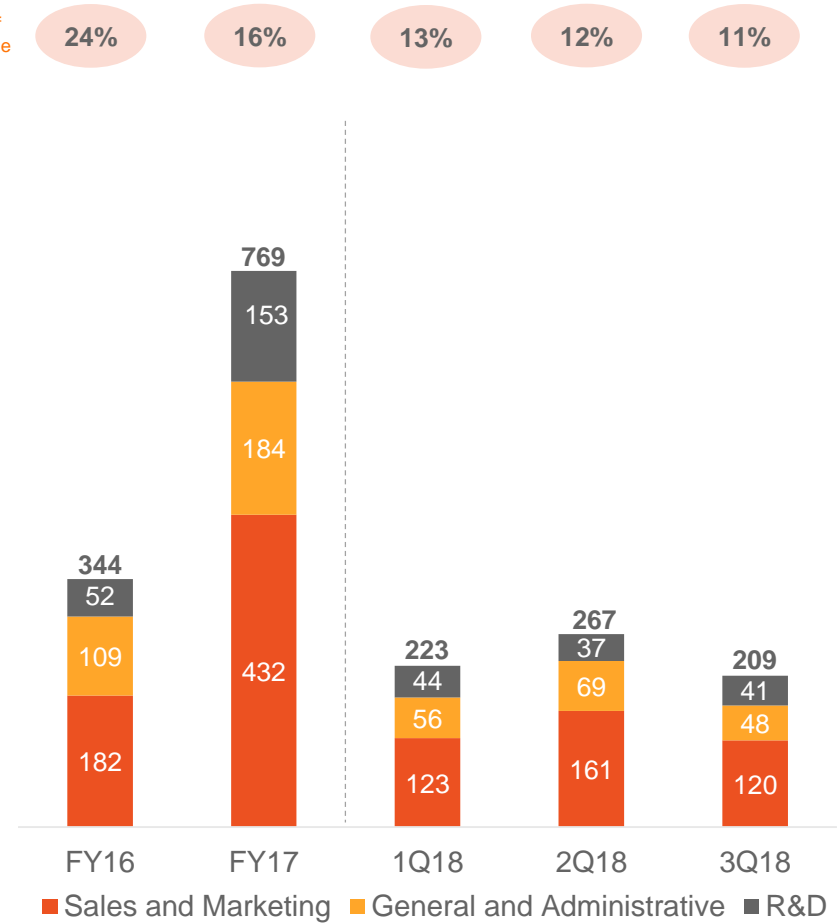
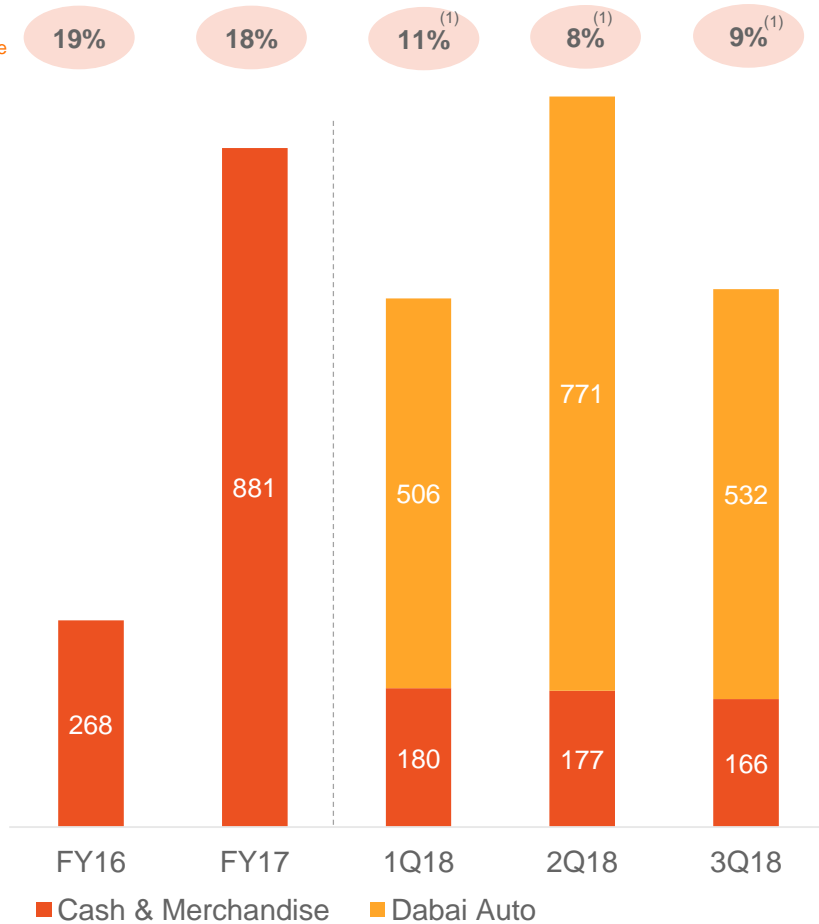
24%

16%

13%

12%

11%



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

# Unaudited Income Statement

	Year Ended		Three Months Ended	
	Dec 31, 2016	Dec 31, 2017	Sep 30, 2017	Sep 30, 2018
(in millions, except for EPS numbers)	RMB	RMB	RMB	RMB
Financing income	1,271	3,642	1,054	960
Sales commission fee	127	797	295	36
Sales income	-	26	-	586
Penalty fees	23	8	1	9
Loan facilitation income and others	22	302	101	338
<b>Total revenues</b>	<b>1,443</b>	<b>4,775</b>	<b>1,451</b>	<b>1,929</b>
<b>Operating cost and expenses:</b>	<b>(744)</b>	<b>(2,405)</b>	<b>(758)</b>	<b>(1,229)</b>
Cost of revenue	(268)	(881)	(259)	(699)
Sales and marketing	(182)	(432)	(188)	(120)
General and administrative	(109)	(184)	(51)	(48)
Research and development	(52)	(153)	(53)	(41)
Loss of guarantee liability	(1)	(150)	(39)	(29)
Provision for loan principal, financing service fee receivables and other receivables	(132)	(605)	(168)	(292)
<b>Total operating cost and expenses</b>	<b>(744)</b>	<b>(2,405)</b>	<b>(758)</b>	<b>(1,229)</b>
Other operating income	15	51	2	3
<b>Income from operations</b>	<b>713</b>	<b>2,421</b>	<b>696</b>	<b>703</b>
<b>Net income before income taxes</b>	<b>703</b>	<b>2,420</b>	<b>697</b>	<b>676</b>
Income tax expenses	(127)	(256)	(46)	8
<b>Net income</b>	<b>577</b>	<b>2,164</b>	<b>651</b>	<b>684</b>
Basic EPS	7.27	17.12	9.07	2.15
Diluted EPS	1.90	7.09	2.20	2.13
Adjusted for: share-based compensation expenses and fair value gains	22	64	13	11
<b>Non-GAAP Net Income</b>	<b>599</b>	<b>2,229</b>	<b>663</b>	<b>694</b>
Basic EPS	7.55	17.63	9.24	2.18
Diluted EPS	1.97	7.30	2.24	2.17



# Unaudited Balance Sheet

	As of				
	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017	Jun 30, 2018	Sep 30, 2018
(in millions)	RMB	RMB	RMB	RMB	RMB
Cash and cash equivalents	210	786	6,832	2,905	2,754
Restricted cash <sup>(1)</sup>	-	-	2,253	1,458	1,183
Short-term amounts due from related parties	35	586	551	336	258
Short-term loan principal and financing service fee receivables	2,061	4,827	8,759	10,099	9,063
Other current assets	90	300	482	1,242	1,059
Long-term finance lease receivables	-	-	18	691	680
<b>Total assets</b>	<b>2,676</b>	<b>7,118</b>	<b>19,380</b>	<b>17,986</b>	<b>16,437</b>
Short-term borrowings and interest payables	1,563	4,183	7,979	6,032	4,811
Short-term amounts due to related parties	1,606	20	720	1,112	2
<b>Total liabilities</b>	<b>3,307</b>	<b>4,604</b>	<b>9,840</b>	<b>7,848</b>	<b>5,848</b>
<b>Total mezzanine equity</b>	<b>5,944</b>	<b>5,944</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity / (deficit)</b>	<b>(6,575)</b>	<b>(3,430)</b>	<b>9,540</b>	<b>10,138</b>	<b>10,589</b>
<b>Total liabilities, mezzanine equity and shareholders' equity / (deficit)</b>	<b>2,676</b>	<b>7,118</b>	<b>19,380</b>	<b>17,986</b>	<b>16,437</b>

Note:

(1) 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.

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Qudian