



中升集團控股有限公司
ZHONGSHENG GROUP HOLDINGS LIMITED

LIFETIME PARTNER

2019 Interim Results August 2019

INTERIM REPORT

2019



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中升集團控股有限公司
ZHONGSHENG GROUP HOLDINGS LIMITED

Achievements



Achievements

Solid Growth in New Car Sales

New car sales volume was 213,762 units in 20191H, increased by 17.3% as compared to the same period of 2018.

Robust Development in After-sales and Accessories

Revenue from after-sales and accessories segment increased by 20.5%, to RMB 7.9 billion.

Rapid Growth in Value Added Services

Income from value added services increased by 20.9% , to RMB1.2 billion.

Stable growth in Net Profit

Profit attributable to owners of the parent was RMB 2.1 billion, increased by 13.3% as compared to the same period of 2018.

Further Optimized Network

As of 30 June 2019, we had 343 dealership stores under operation, including 195 luxury brands stores and 148 mid-to-high end brands stores.

Recognitions

Ranked No. 1 in comprehensive ability among the China Top 100 Dealer Groups for 4 consecutive years; Ranked No. 2 in 2018 "China Top 100 Dealer Groups" based on revenue scale; 2019 Excellence Awards in Operation by CADA.

Ranked No. 82 by "Fortune China 500" in July 2019



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Business Update



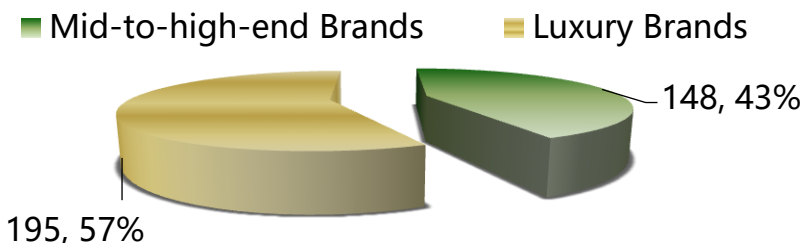
Brand Mix and Dealerships

Major Automaker Partners

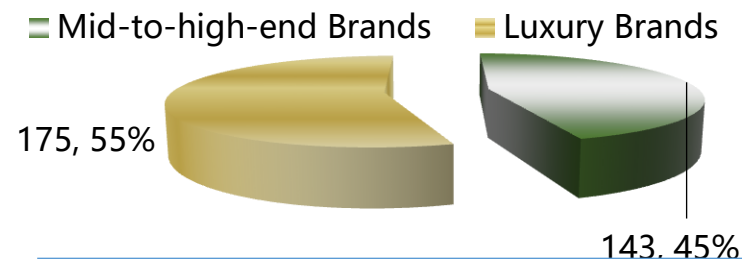
Brand plus Region: Brand focusing on luxury and TOYOTA, expansions to first and second-tier and provincial capital cities(with over 75% dealerships in key regions), especially in southern and Eastern China. As of 30 June 2019, the total number of dealerships reached 343, covering 24 provinces and regions, and nearly 90 cities across China.

<u>Luxury Brands</u>	<u>No. of Dealership</u>	<u>Mid-to-high-end Brands</u>	<u>No. of Dealership</u>
 Mercedes-Benz	<u>50</u>	 TOYOTA	<u>85</u>
 LEXUS	<u>43</u>	 NISSAN	<u>35</u>
 Audi	<u>28</u>	 HONDA	<u>22</u>
 BMW	<u>19</u>		
 JAGUAR LAND-ROVER	<u>15</u>		
 VOLVO	<u>14</u>		

Dealerships under operation at 30 June 2019



Dealerships under operation at the end of 2018



major newly added dealerships

20191H

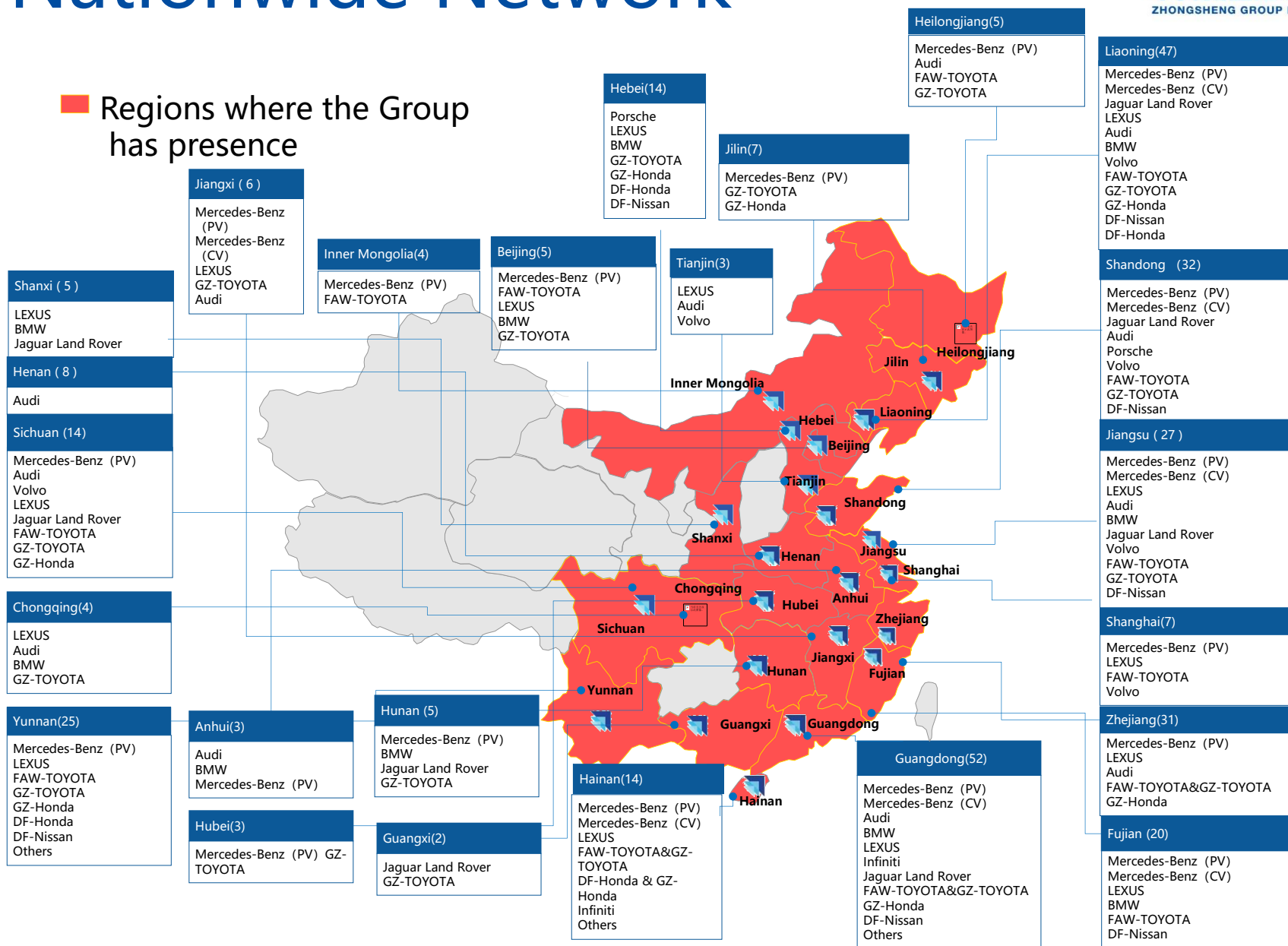
Mercedes	6
Audi	4
LEXUS	2
TOYOTA	7

Nationwide Network



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Regions where the Group has presence



Operation Capability

LEXUS

- ◆ **Wenzhou:**
2018 Best Service Quality Award
- ◆ **Dalian:**
2018年 Special Contribution on Hybrid Model Sales
2018 National Outstanding Dealership
2018 Top100 Aftersales Service
- ◆ **Ningbo:**
2018 Annual Best Sales of LS Model
2018 3rd Prize for Market Operation
- ◆ **Wuxi:**
2018 National Outstanding Dealership
2018 National Excellent Dealership
2018 Annual Best Sales of LS Model
- ◆ **Guangzhou:**
2018 Annual Best Sales of LS Model
2018 National Outstanding Dealership
2018 National Excellent Dealership



Mercedes

- ◆ **Shenzhen:**
Best GM 2018
- ◆ **Quanzhou:**
2019 Annual Excellent Quality Effect Award in Southern China
2019 Best Performance in Southern China
- ◆ **Dongguan:**
2019 Annual Excellent Quality Effect Award in Southern China
- ◆ **Guangzhou:**
2018 Best Seller
- ◆ **Foshan:**
2019 Internal Trainer Enhancement Competition Award
- ◆ **Shanghai:**
2019 Best Aftersales Service
2019 Best Aftersales Service in Eastern China
- ◆ **Chengdu, Luzhou, Wuhan:**
2018 Performance Excellency

Audi & TOYOTA

- ◆ **Zhengzhou:**
Audi 2018 Best Sales Performance
- ◆ **Dalian:**
Audi Annual Dealership Special Contribution Award
2018年 National Special Contribution
- ◆ **Taizhou:**
Audi 2019 Annual Sales Contribution
- ◆ **Haikou:**
TOYOTA Annual Sales Volume Top 20
TOYOTA Best dealership Top 10
- ◆ **Dalian:**
TOYOTA Leasing Business Progress Award
- ◆ **Kunming:**
TOYOTA Annual Sales Volume Top 20
- ◆ **Nanjing:**
TOYOTA 2019H National Marketing Competition 3rd Prize
- ◆ **Shenzhen:**
TOYOTA 2019H Sales Contribution in Southern China

BMW

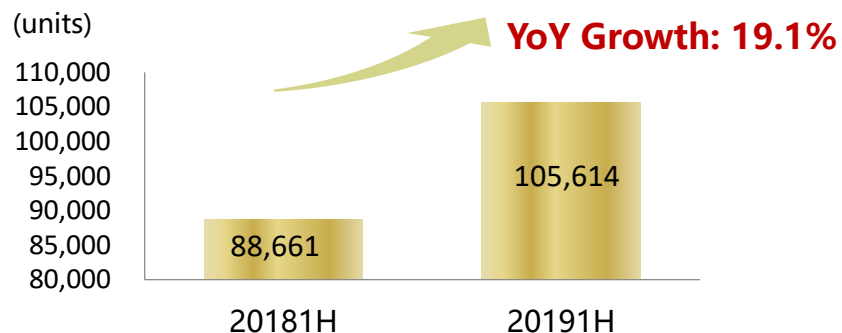
- ◆ **Fujian:**
2018 Outperformed Dealership
2018 Best Aftersales Manager
- ◆ **Shenzhen:**
2018 Best Key Customer Dealership
2018 Annual Best Key Customer Manager
2018 Best Sales Manager in Southern China
- ◆ **Dalian:**
2018 Annual Excellent Dealership
- ◆ **Nanjing:**
Used Car Business Best Progress Award
- ◆ **Xian:**
2018 After-sales Competition Best Major Repair
2018B After-sales Competition Best Workshop GM
2018 Best Customer Care Award
- ◆ **Hefei:**
BMW After-sales Competition Best Painting
2018 Top 50 Satisfied Internal Trainer

New Car Sales Segment

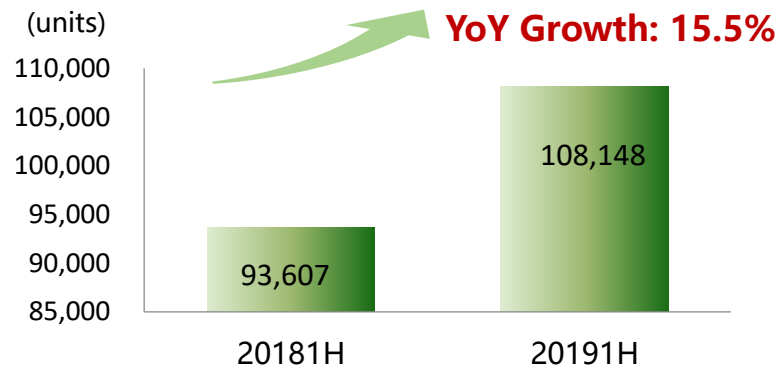
New Car Sales Volume



Luxury Brands Sales Volume

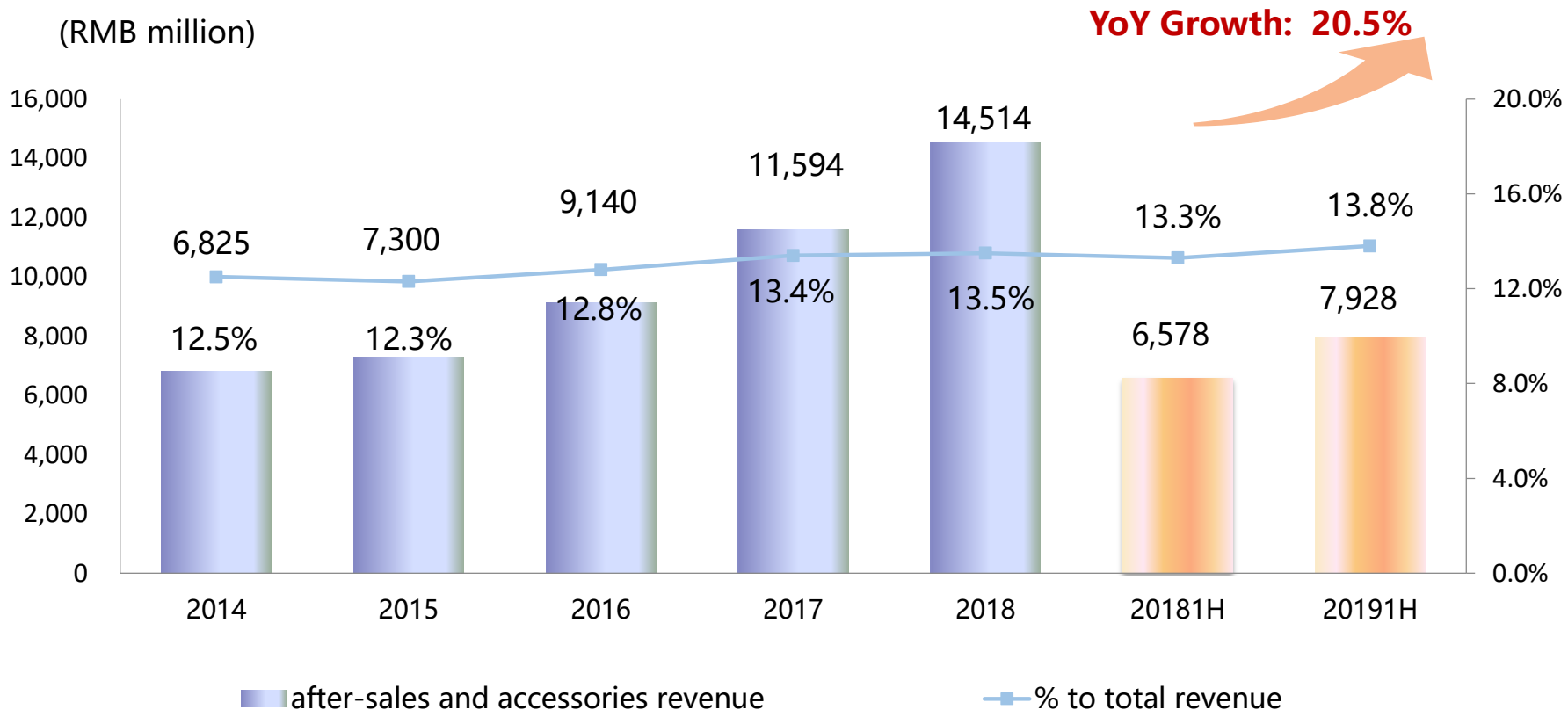


Mid-to-high-end Brands Sales Volume



After-sales and Accessories Segment

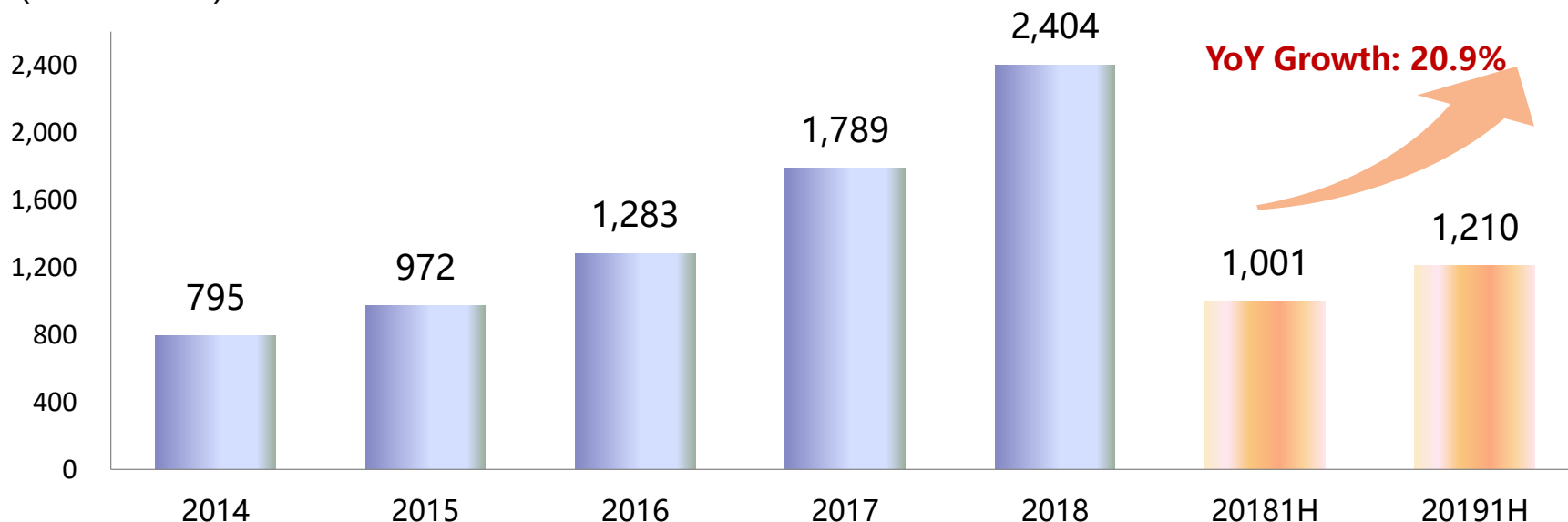
Revenue from After-sales and Accessories Business



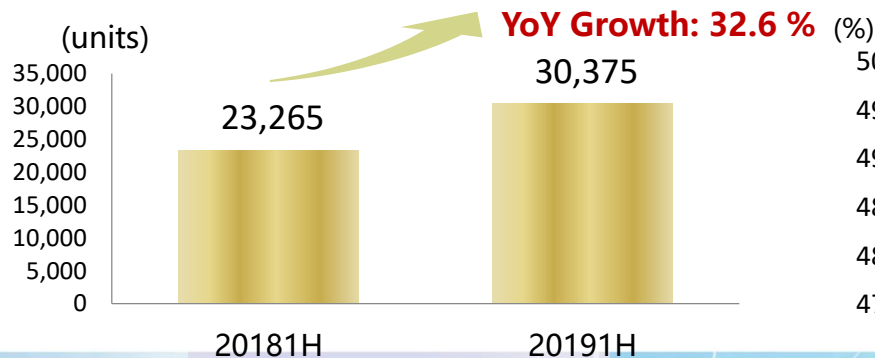
Value Added Services

Income from Value Added Services

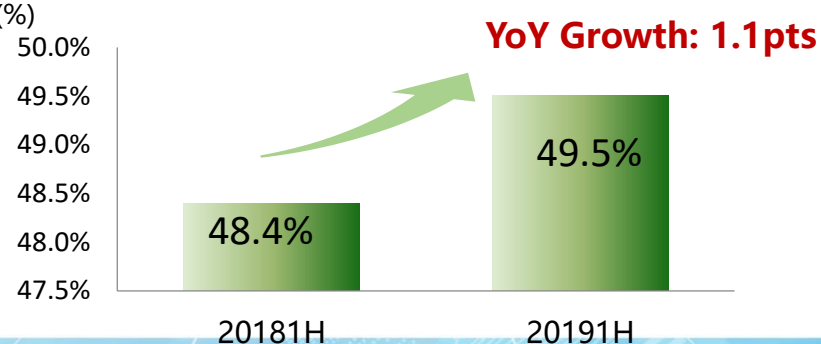
(RMB million)



Trade Volume for Used-cars



Car Finance Penetration Rate





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Financial Update



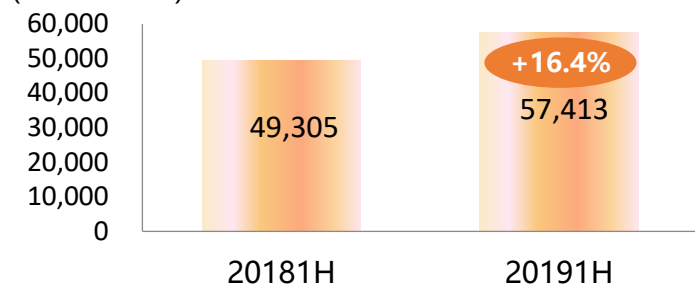
Income Statements Highlight

(RMB million)	For the six-month ended 30 June		
	2019	2018	Flux
Revenue	57,412.6	49,305.5	16.4%
Gross Profit	5,198.4	4,760.8	9.2%
<i>Gross Margin</i>	9.05%	9.70%	(-0.65) pts
Other income and gain	1,356.7	1,112.0	22.0%
Operating Profit	3,561.3	3,205.3	11.1%
<i>Operating Profit Margin</i>	6.20%	6.50%	(-0.3)pts
Profit Attributable to Owners of the Parent	2,082.3	1,838.0	13.3%

Revenue Mix Analysis

Total Revenue

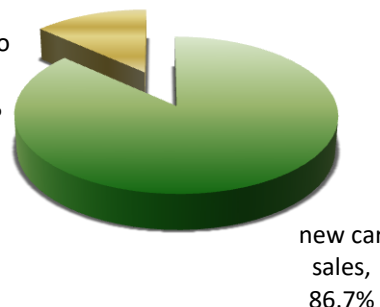
(RMB million)



Revenue contribution by segment

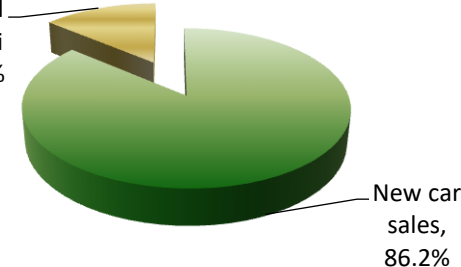
after-sales and accessories, 13.3%

20181H



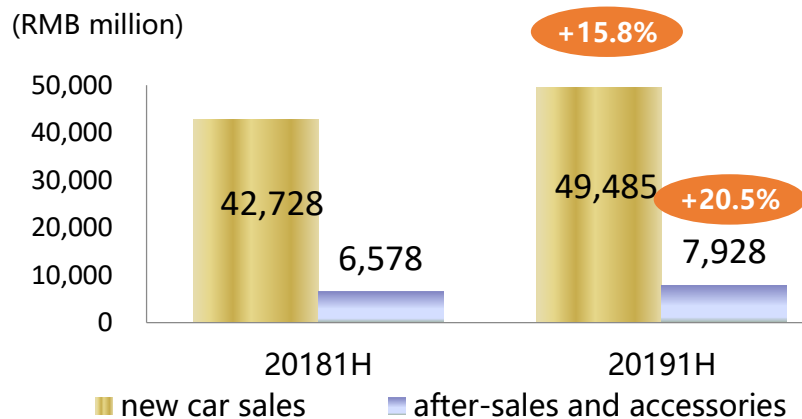
After-sales and accessories, 13.8%

20191H



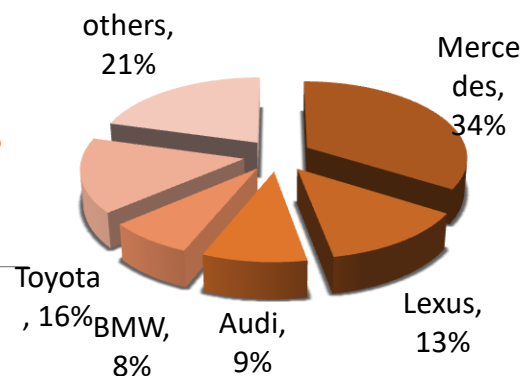
Revenue by segment

(RMB million)

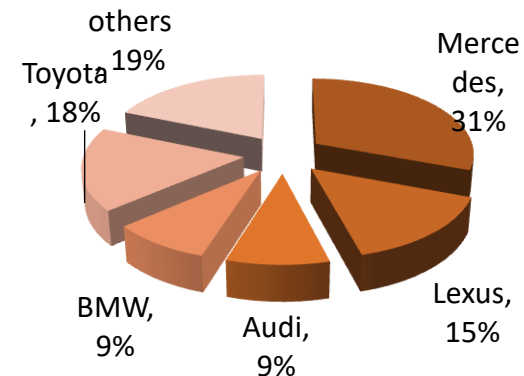


New Car Sales Revenue contribution by Brands

20181H

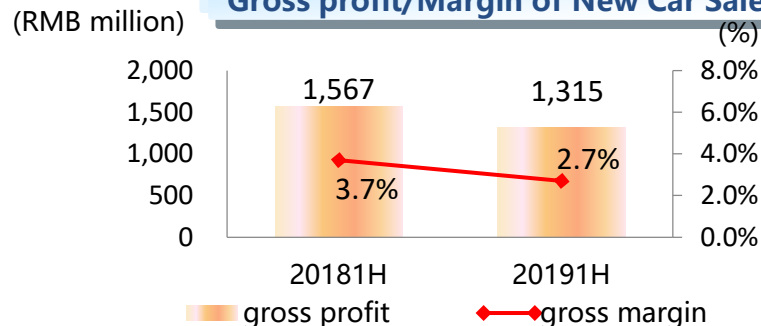


20191H

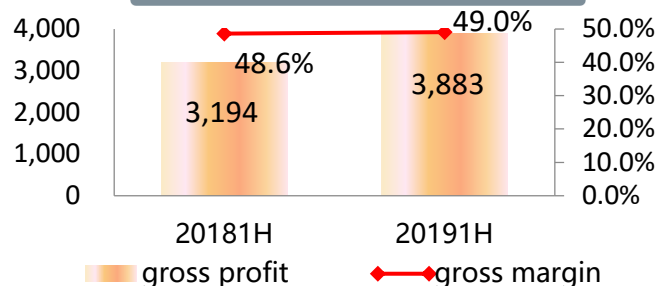


Gross Profit and Value Added Service income

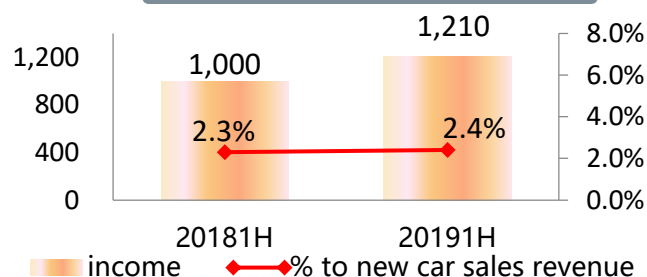
Gross profit/Margin of New Car Sales



Gross profit/Margin of After-sales and Accessories

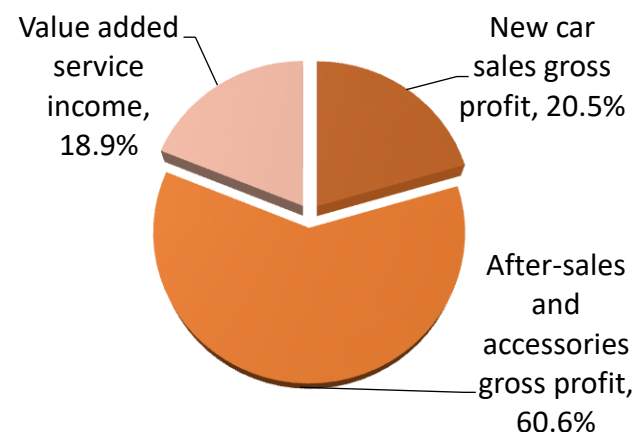


Income from Value Added Services

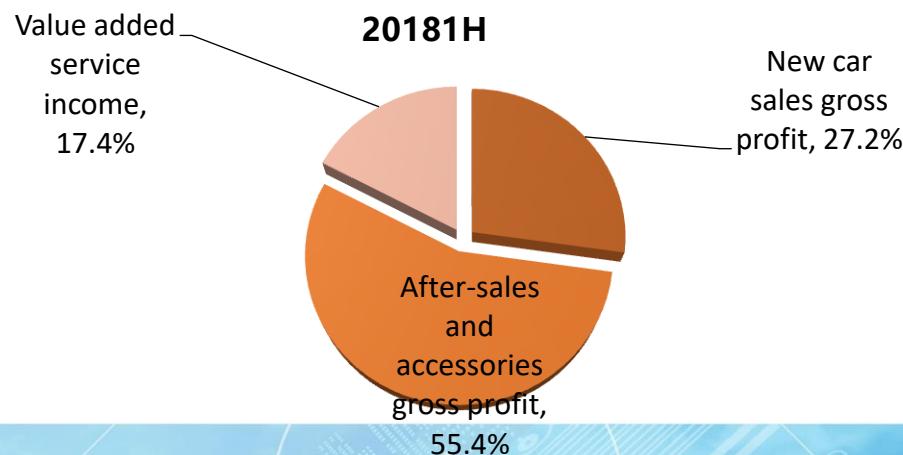


Gross Profit Contribution by New Car, After-sales and Accessories, and Value Added Services

2019H1

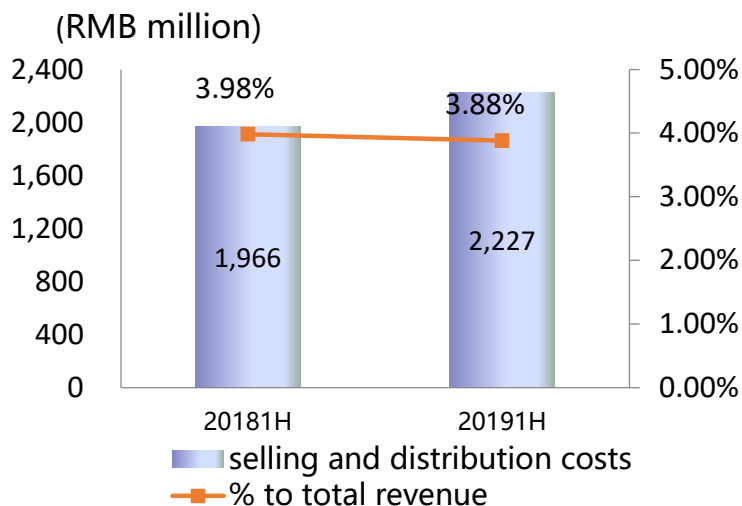


2018H1

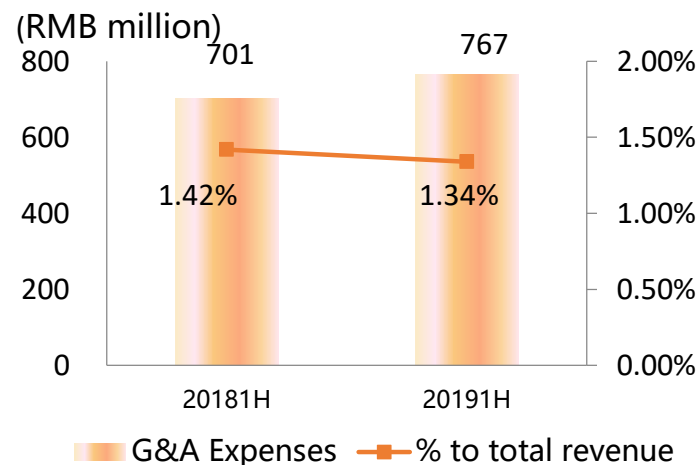


SG&A and Finance Costs

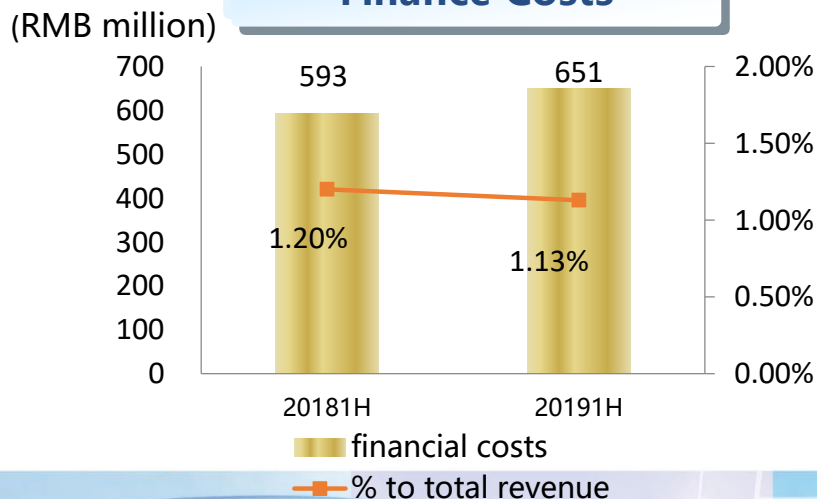
Selling and distribution costs



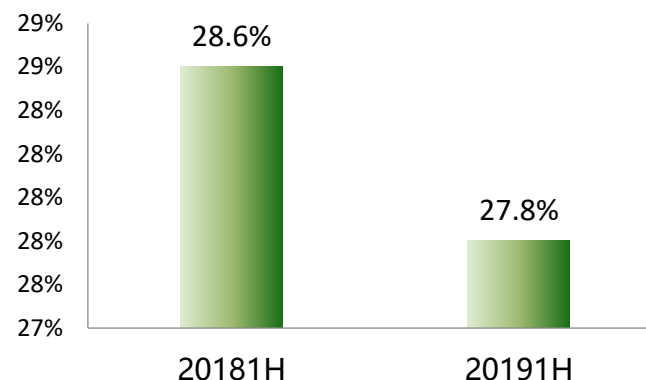
Administrative Expenses



Finance Costs



Effective Tax Rate



Financial Position

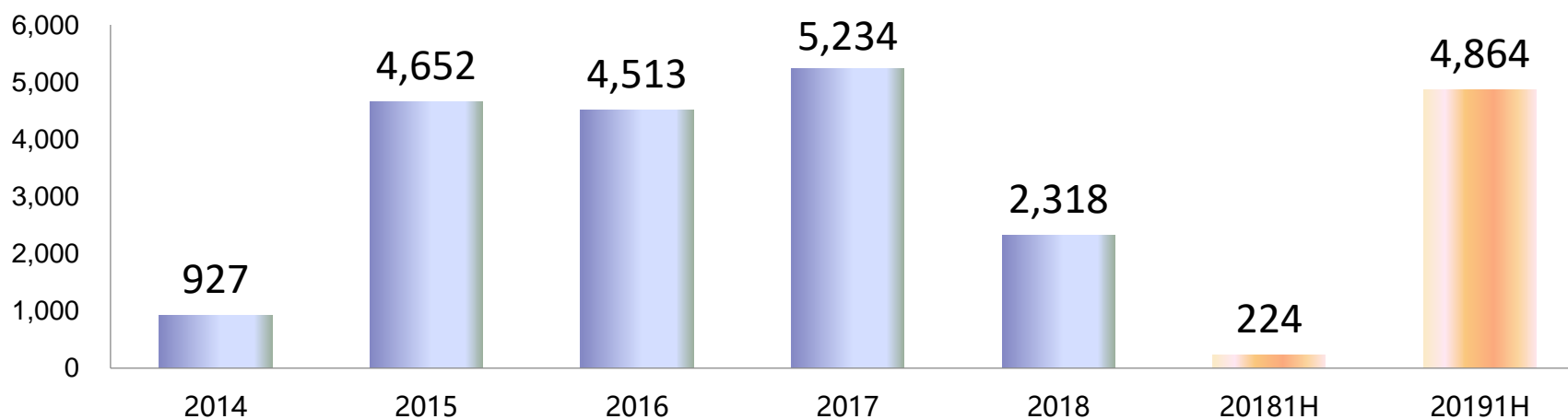
(RMB million)	As of 30 June		As of 31 December
	2019	2018	2018
Cash and cash equivalents, cash in transit	6,967.0	6,828.3	6,573.7
Pledged bank deposits	1,152.2	2,029.1	1,312.6
Inventories	9,248.7	9,147.9	10,980.5
Total Assets	60,219.1	54,312.8	57,168.2
Short-term bank loans, other borrowing	16,288.0	19,539.0	17,072.7
Long-term borrowings, other borrowings and convertible bonds	8,609.7	6,766.2	9,622.2
Trade and bills payables	4,658.3	3,813.2	4,814.8
Total Liabilities	39,876.4	36,742.5	38,132.0
Net Assets	20,342.7	17,570.3	19,036.2

Cash Flow Analysis

(RMB million)	20191H	20181H	2018
Net cash generated from operating activities	4,864	224	2,318
Net cash used in investing activities	-1,795	-2,580	-4,233
Net cash generated from financing activities	-3,005	3,517	3,003

Net cash generated from operating activities

(RMB million)

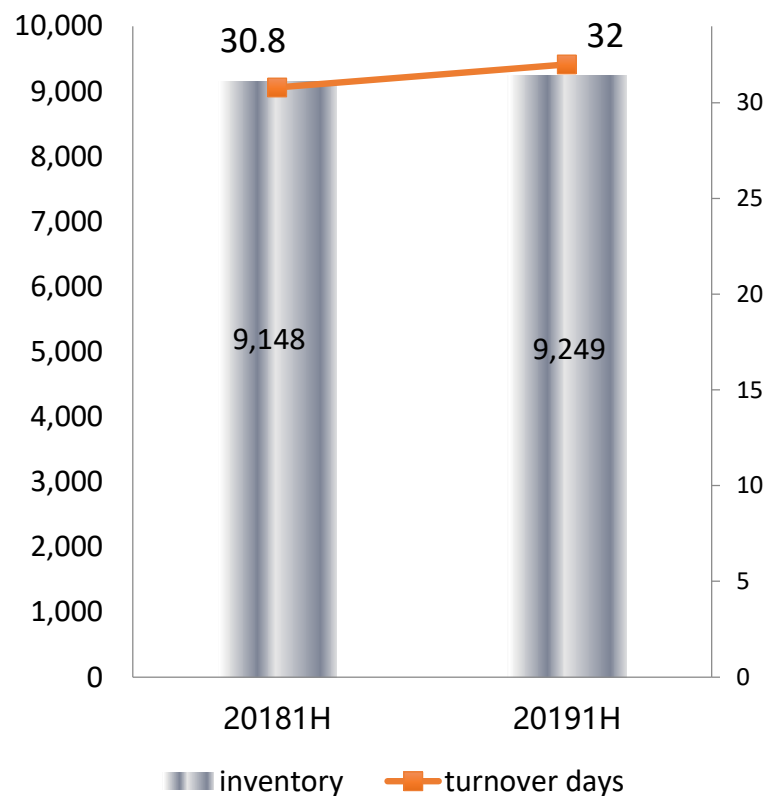


Key Operational Indicators

Inventory and Turnover Days

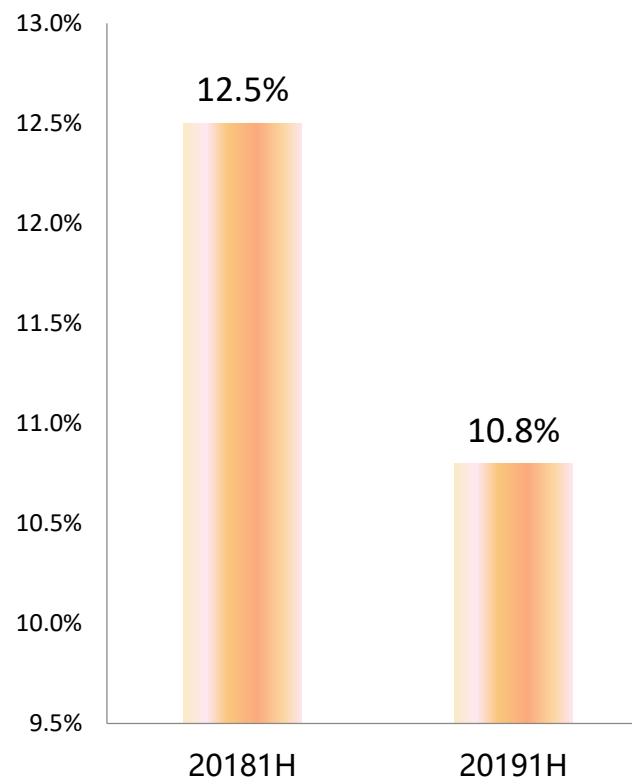
(RMB million)

(days)



Cash to Revenue Ratio

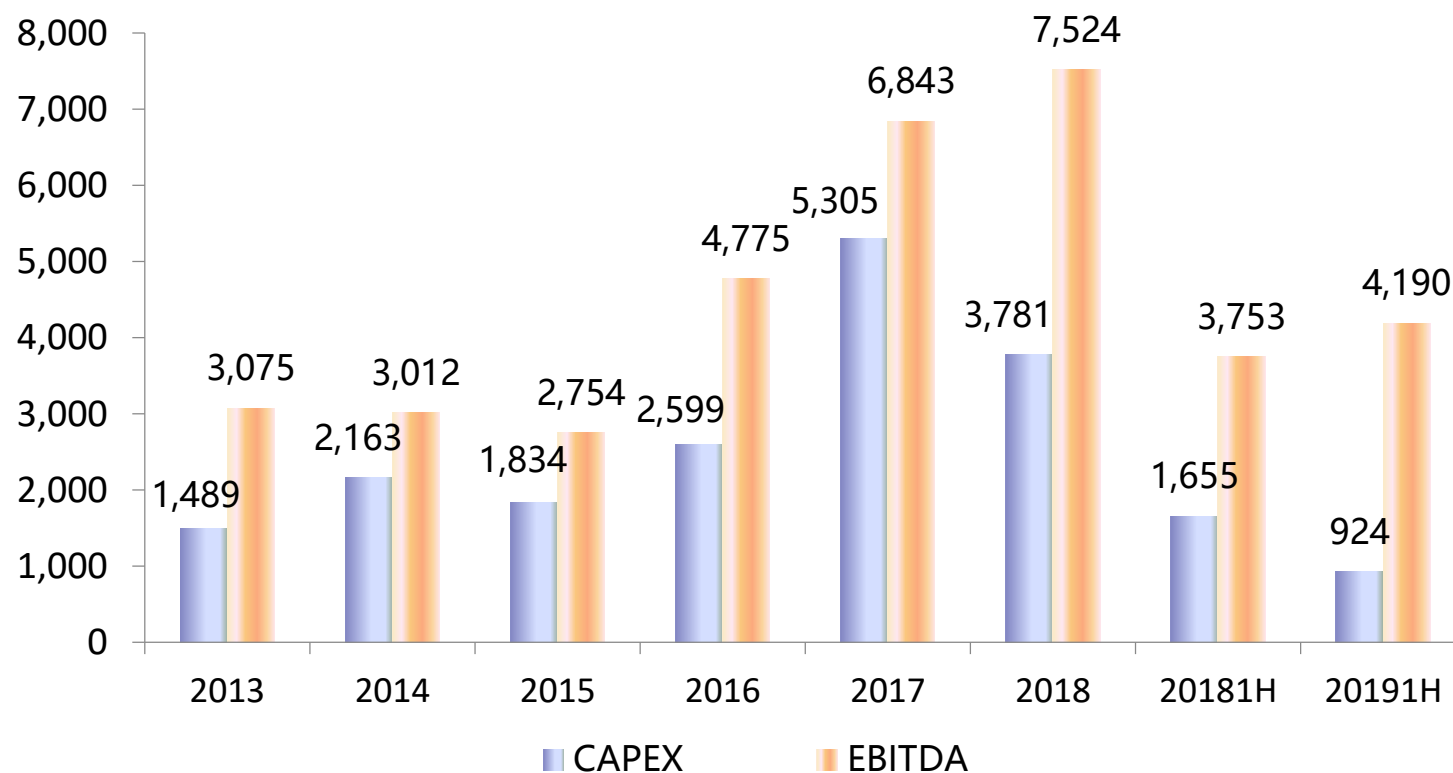
(%)



CAPEX Analysis

EBITDA vs CAPEX

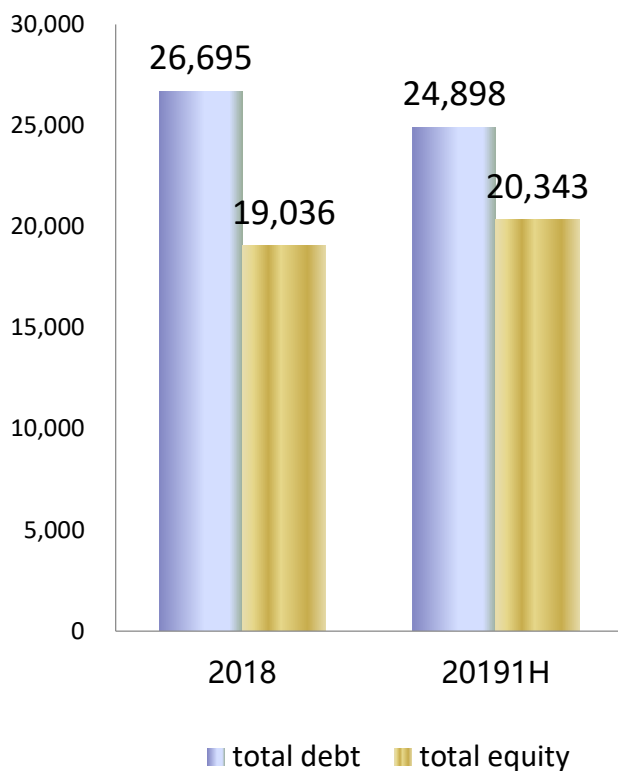
(RMB million)



Bank loans, other borrowings and Convertible Bonds

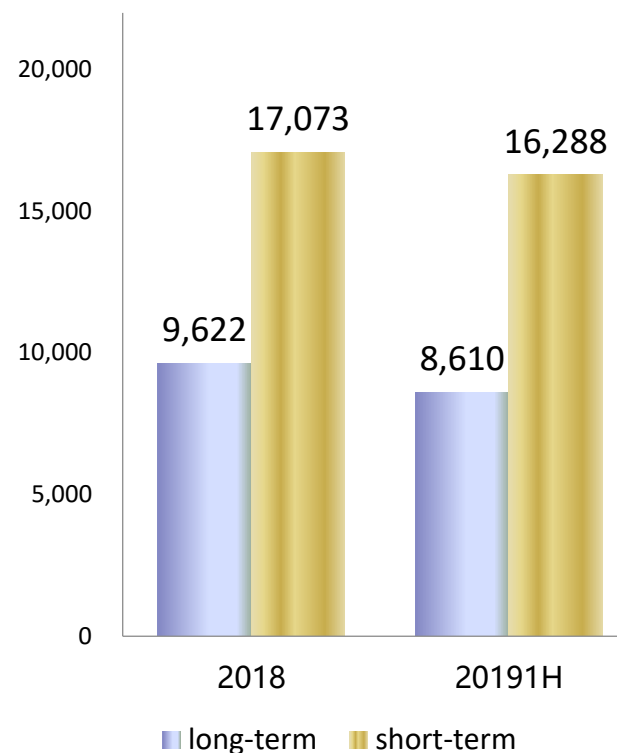
Total Debt and Total Equity

(RMB million)



Long-term and short-term debt

(RMB million)



*total debt includes bank loans, other borrowings and convertible bonds



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Q&A





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Thank You !

