



# 趣店

Small Credit, Big Data

## Qudian


# Management Presentation

February 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.

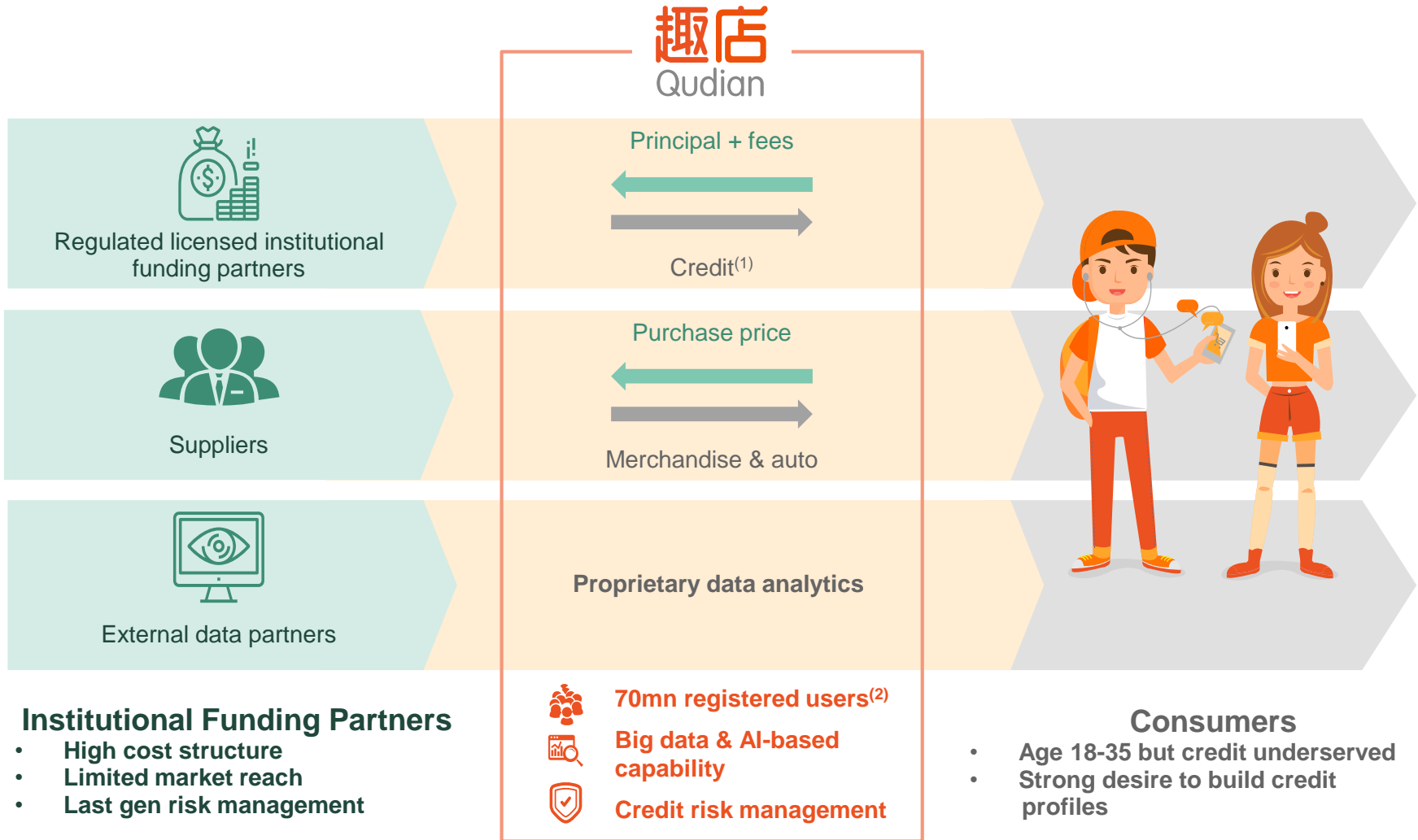
In addition to U.S. GAAP financials, this presentation includes adjusted net income, a non-GAAP financial measure. This non-GAAP financial measure is not defined under U.S. GAAP and is not presented in accordance with U.S. GAAP. The non-GAAP measure has limitations as an analytical tool and you should 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.

# Leading Global FinTech Innovators

#1		Ant Financial	
#2		ZhongAn	
<b>#3</b>		<b>Qudian</b>	
#4		Oscar	
#5		Avant	
#6		Lufax	
#7		Kreditech	
#8		Atom Bank	
#9		JD Finance	
#10		Kabbage	

Source: "Fintech100" in 2017 by H2 Ventures and KPMG, based on comprehensive analysis relating to total capital raised, rate of capital raising, geographic diversity, sectorial diversity, X-factor (degree of product, service and business model innovation).

# Leading Facilitator for Accessible and Affordable Small Consumption Credit



Note:  
 (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 Sept. 30, 2018.

# 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

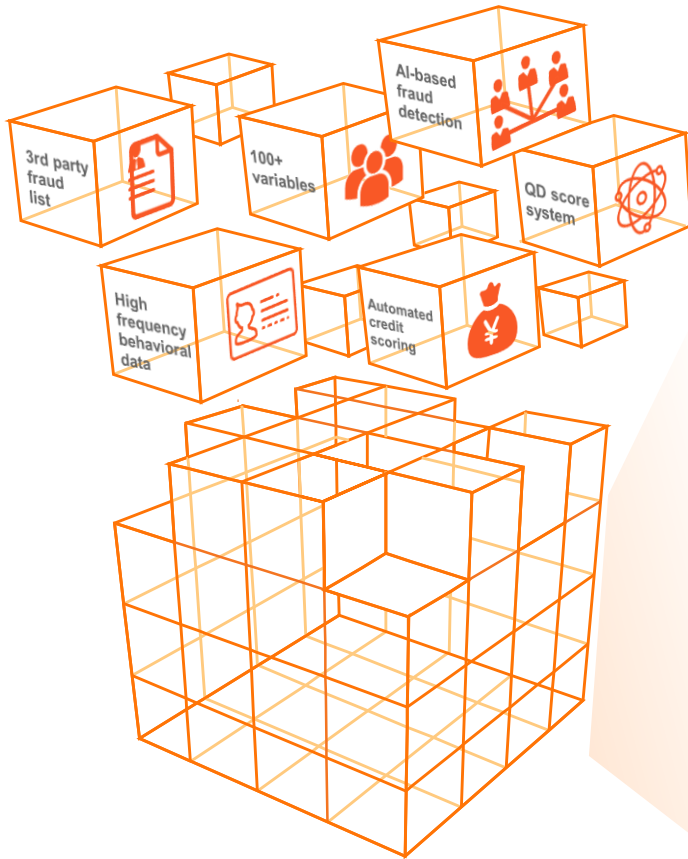
High risk loans

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.

# Differentiated and Dynamic Risk Management Empowered by High Velocity Transaction Data



## Data abundance



- **27K** transactions / hour <sup>(1)</sup>
- **160mn+** actual transaction backed analytics

## Robust decision tree



- **Diverse credit sources**
- **300+** credit policy rules

## Automation & AI



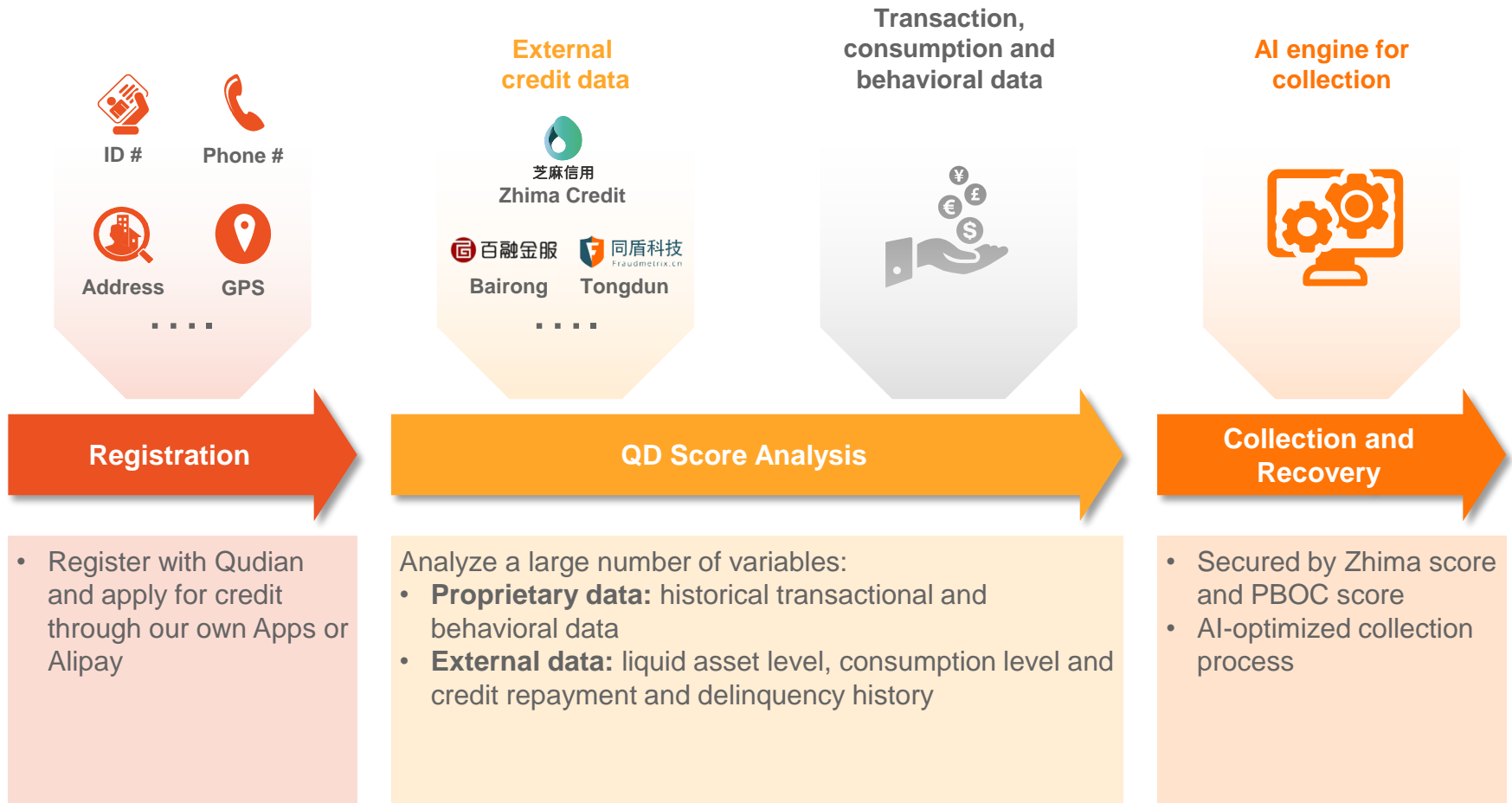
- Automated decision-making
- Minimized labour costs

Unique risk management model focusing on **willingness to repay**

Note:

(1) Refers to average total numbers of credit drawdowns and repayments per hour during 3Q18.

# Streamlined Credit Approval and Servicing Process



Within 10 seconds, 100% mobile and 100% automated

# 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 income

In 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

As of September 30, 2018



Serve the “**credit underserved**”



Superior **efficiency** enabled by technology



**Massive** amount of high frequency data



**Consumption** scenarios

Notes:

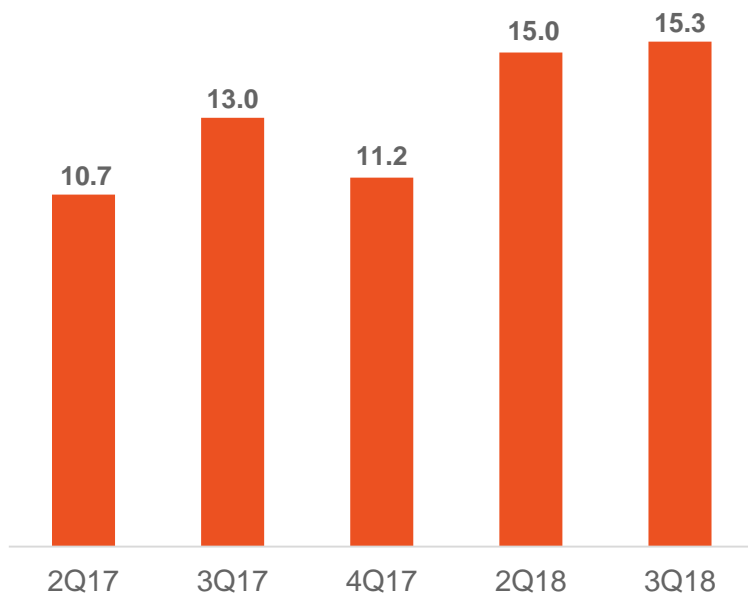
- (1) Borrowers who have loans outstanding as of September 30, 2018.
- (2) Repeat borrowers in the specified period who have made at least two drawdowns.
- (3) Includes both on-balance and off-balance sheet loan principal outstanding.
- (4) M1+ delinquency rate by vintage is defined as the total balance 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.



# 3Q 2018 Financial Highlights

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

(RMB bn)

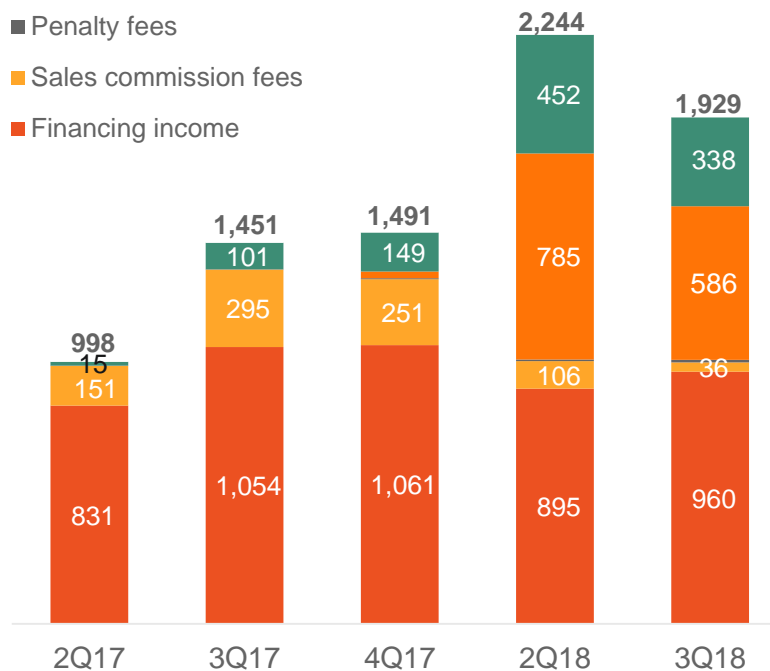


## Revenue increased by 32.9% YoY

(RMB mn)



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



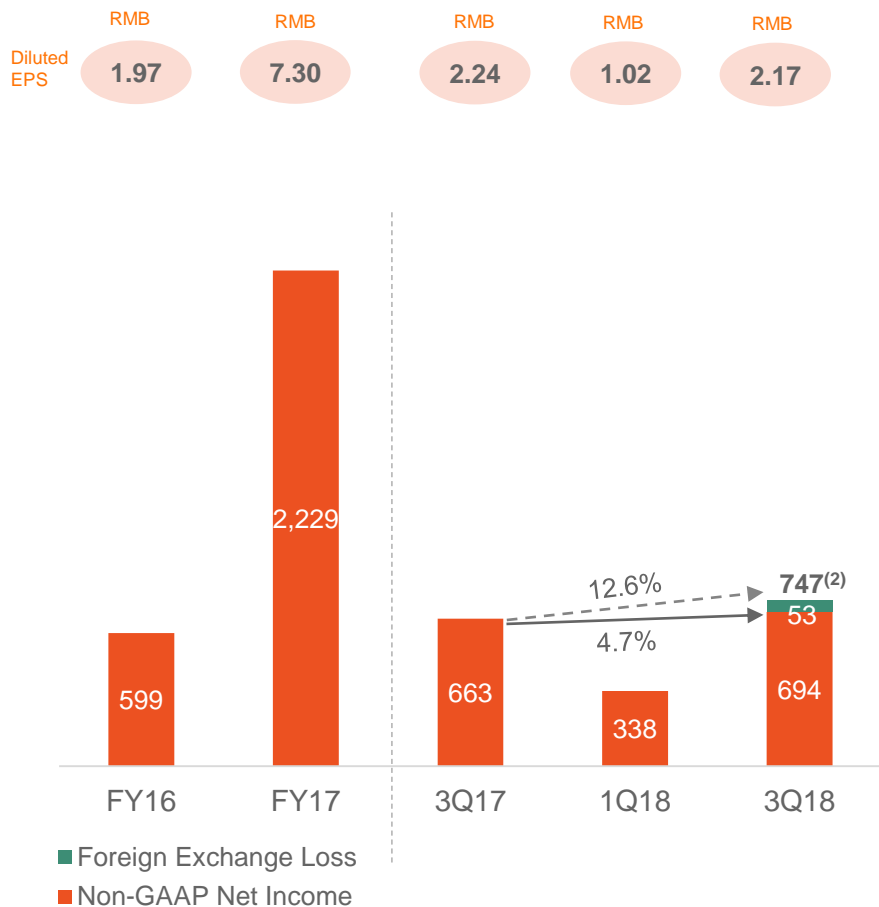
Note:

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

# 3Q 2018 Financial Highlights (Cont'd)

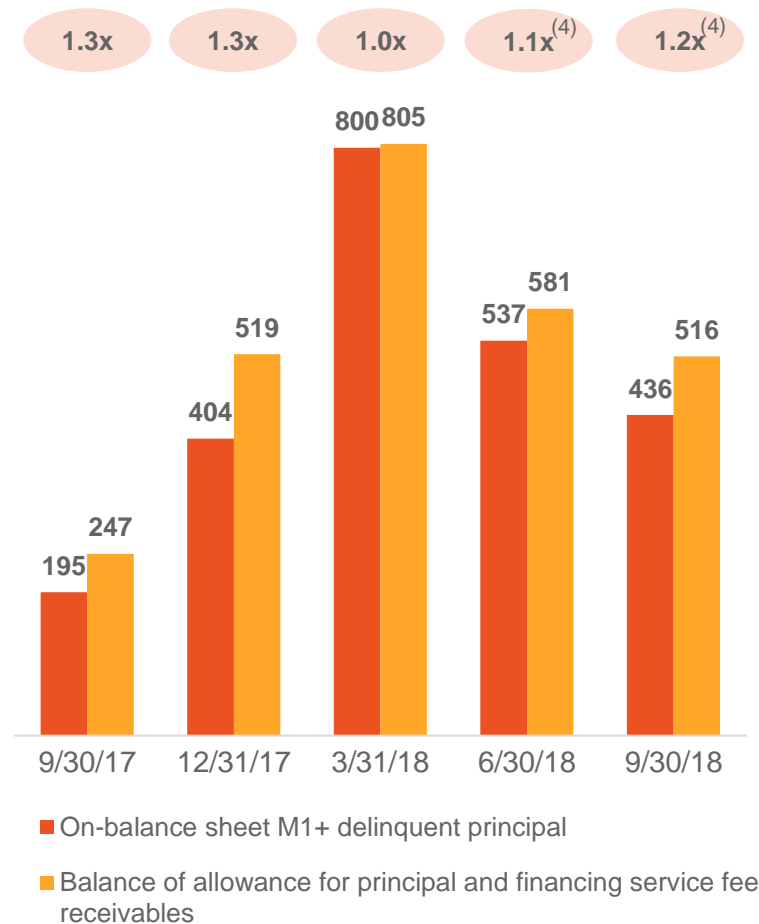
## Record Net Income Growth<sup>(1)</sup>

(RMB mn, except for EPS numbers)



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

(RMB mn)



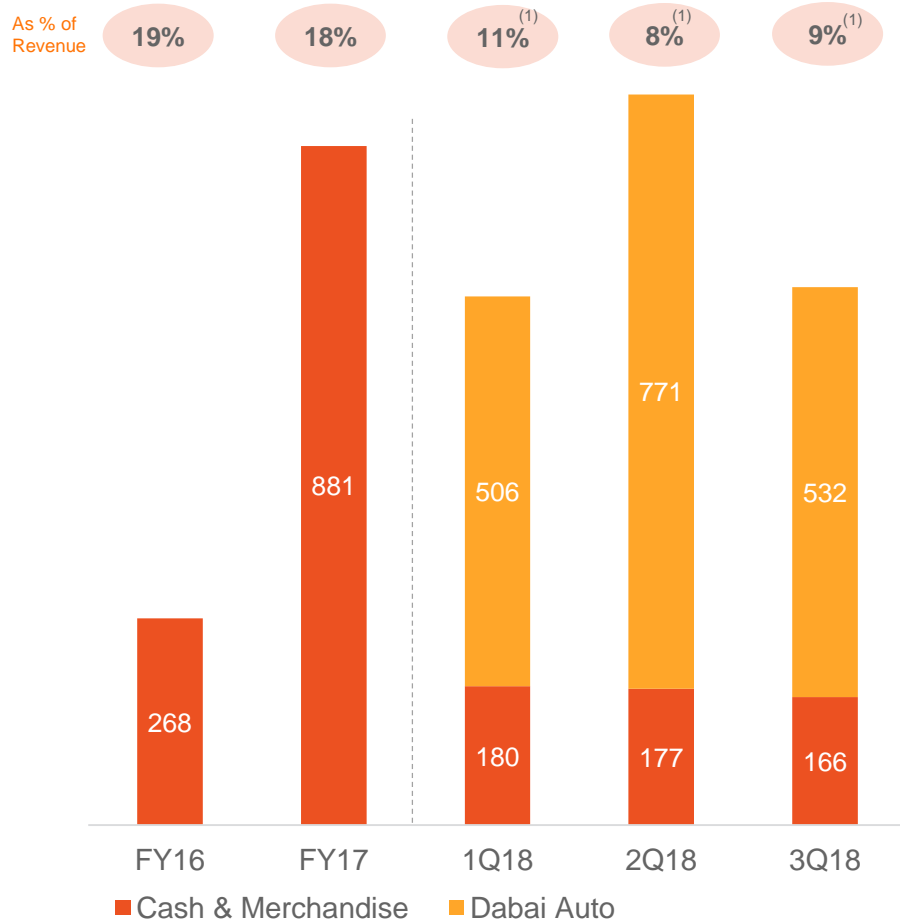
Notes:

- (1) Non-GAAP net income represents net income before share-based compensation expense.
- (2) Adjusted for one-time foreign exchange loss.
- (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)

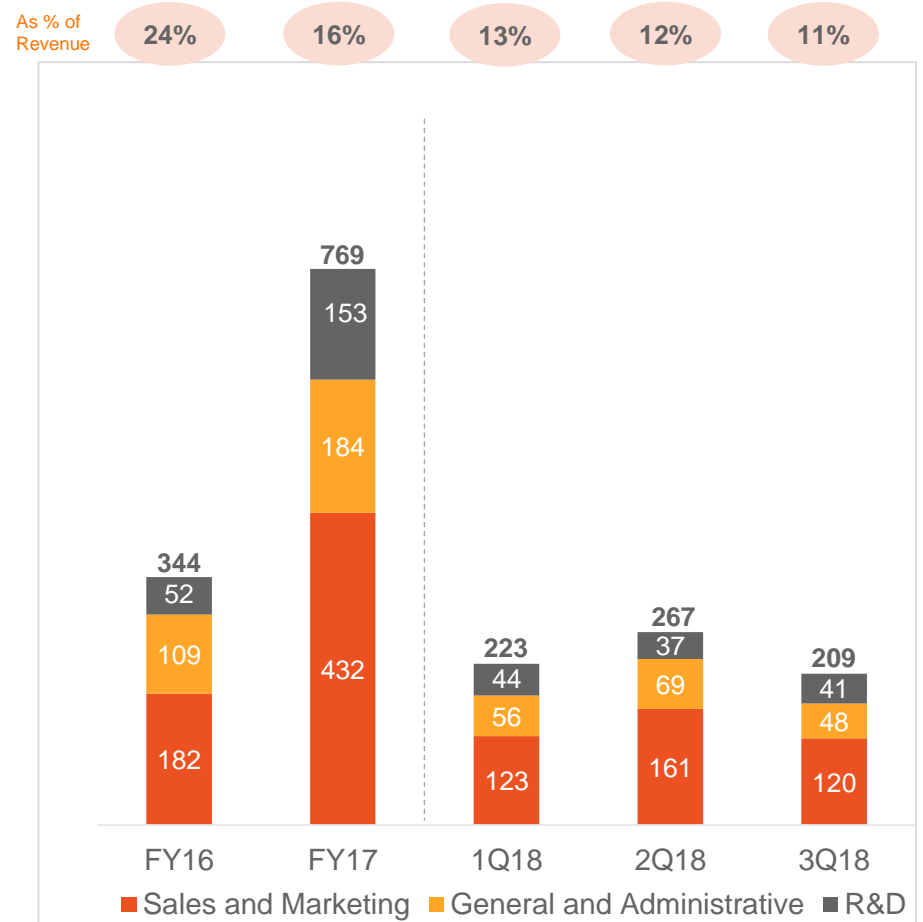
## Cost of Revenue

(RMB mn)



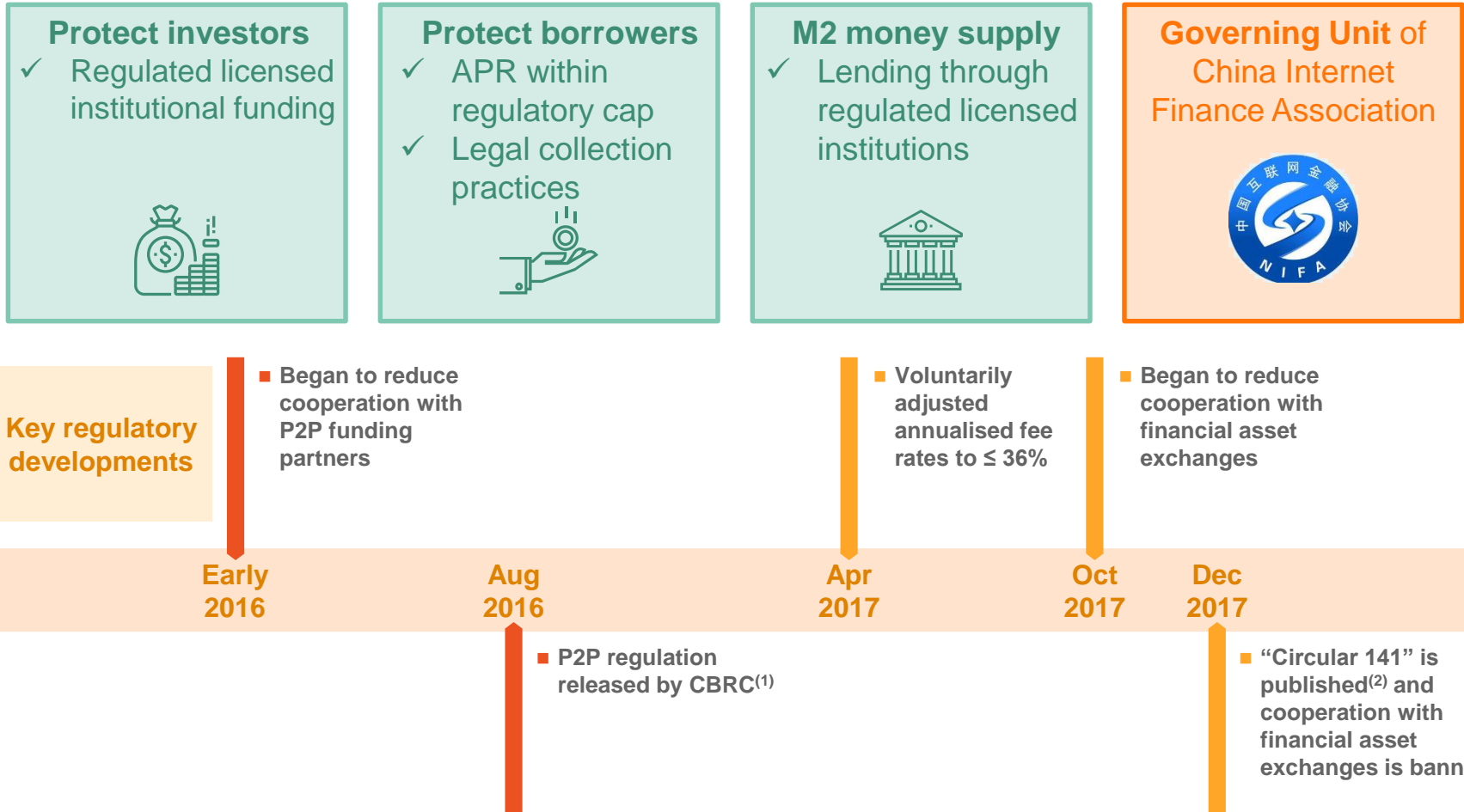
## Operating Expenses

(RMB mn)



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

# Anticipates and Proactively Complies with Regulations

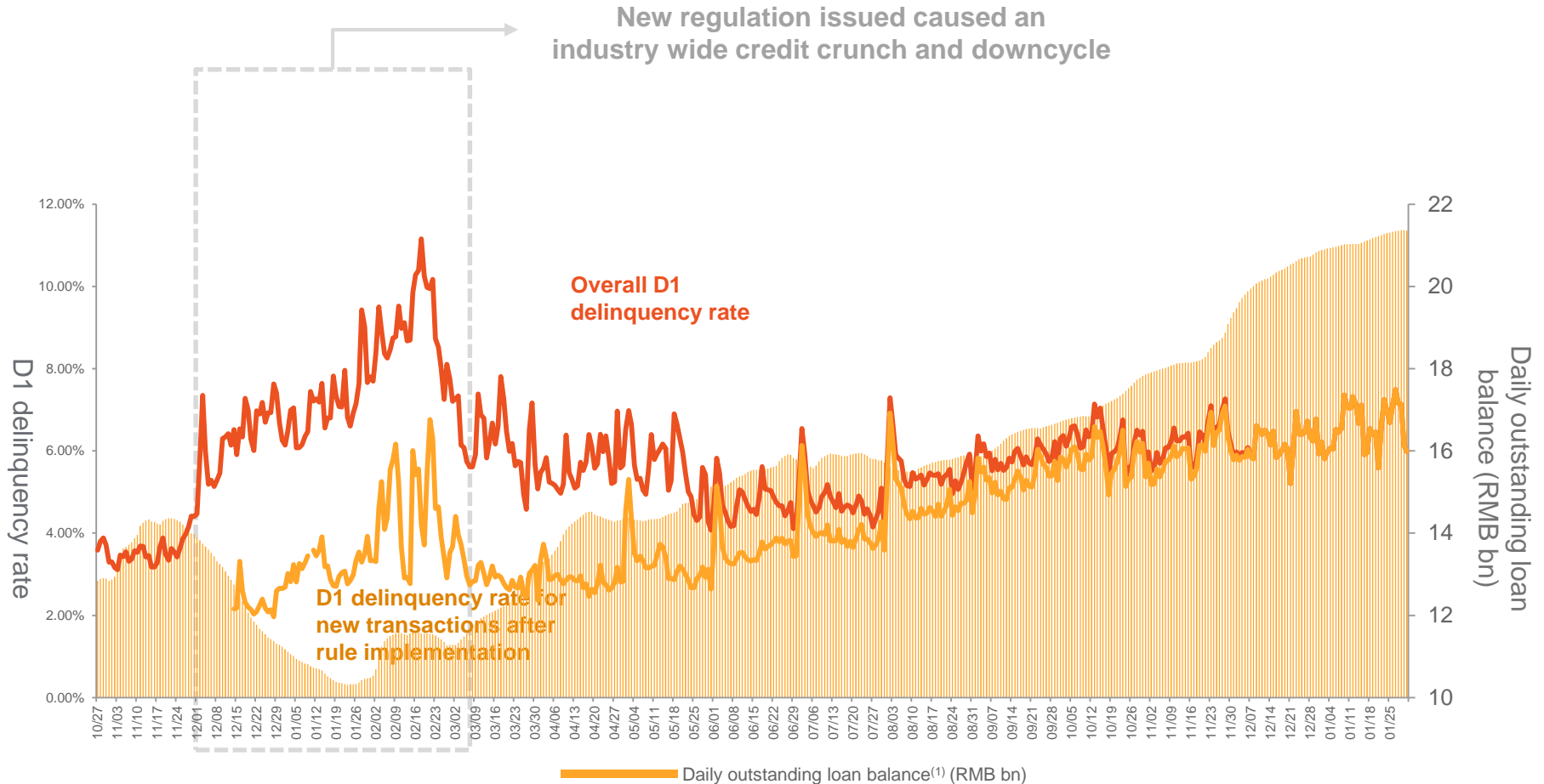


Notes:

(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.

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

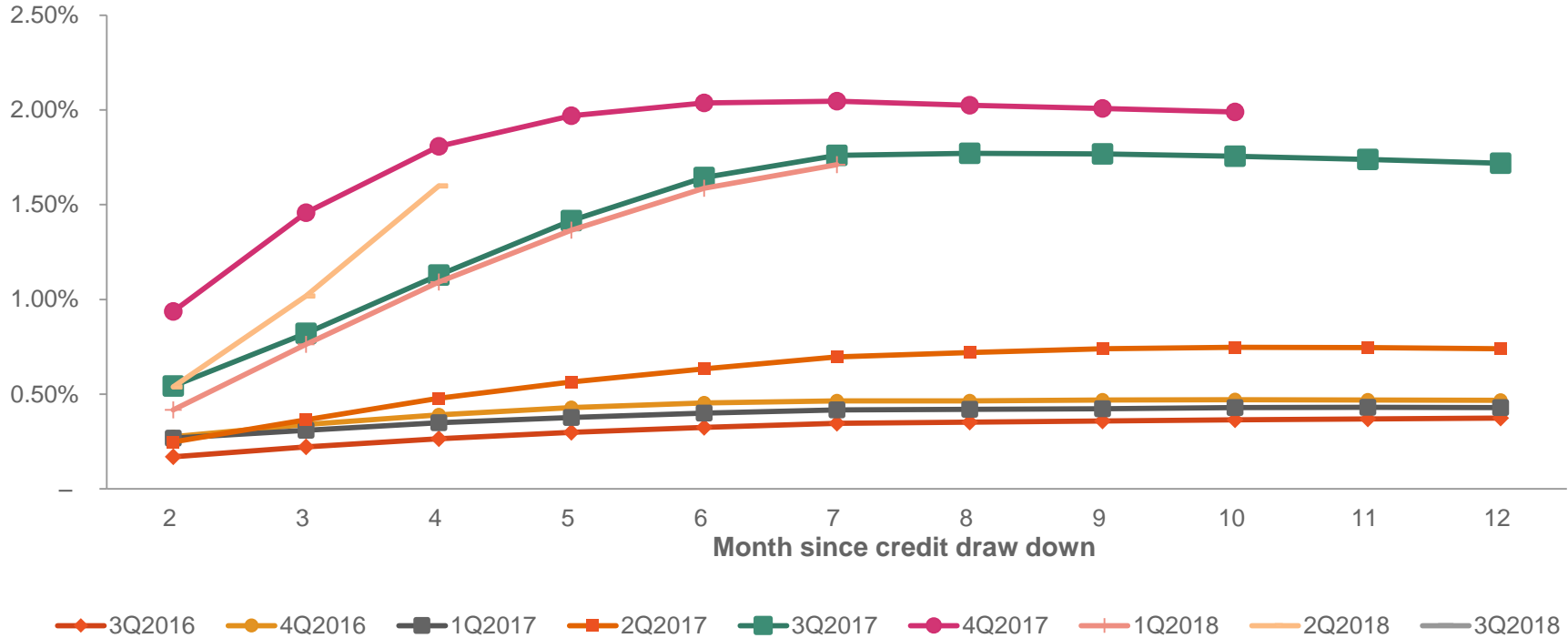


D1 delinquency rate for new transactions fell back to a low level after new credit model was implemented

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

# 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.

# Continue to Optimize Credit Size and Tenure<sup>(1)</sup>

✓ Adjusted product strategy and significantly reduced high risk weekly credit product

	2Q18	3Q18
		 More affordable  Lower risk
Average ticket size	RMB1,430	RMB1,420
Credit tenure	7.4 months	10.2 months
Average monthly total payment	~220 RMB	~160 RMB <sup>(2)</sup>
Monthly fee payment	~25 RMB	~22 RMB <sup>(2)</sup>

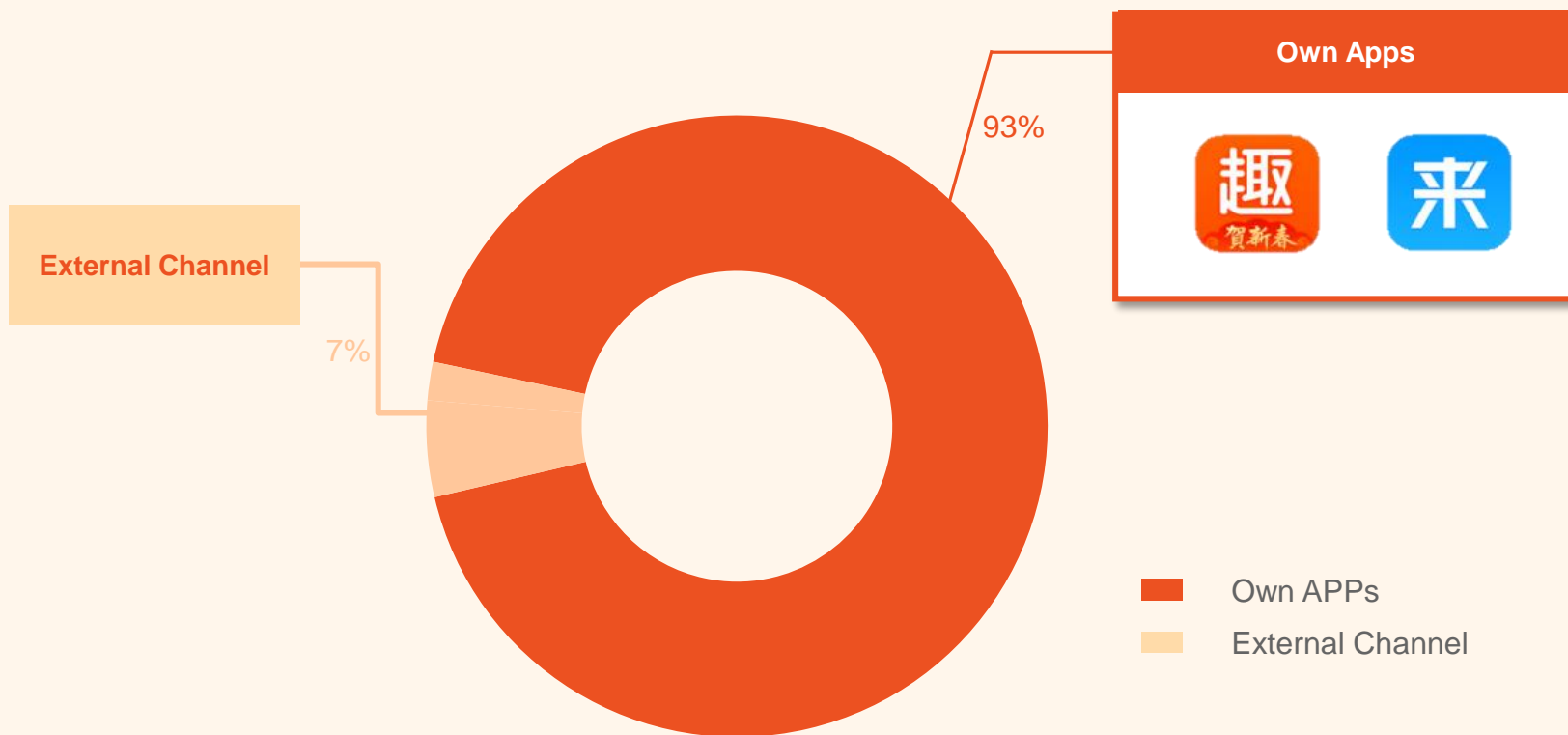
Notes:

(1) Excludes Dabai Auto.

(2) Based on effective APR of approximately 32%.

# Cost Effective User Engagement Strategy

Channel breakdown by transactions<sup>(1)</sup>

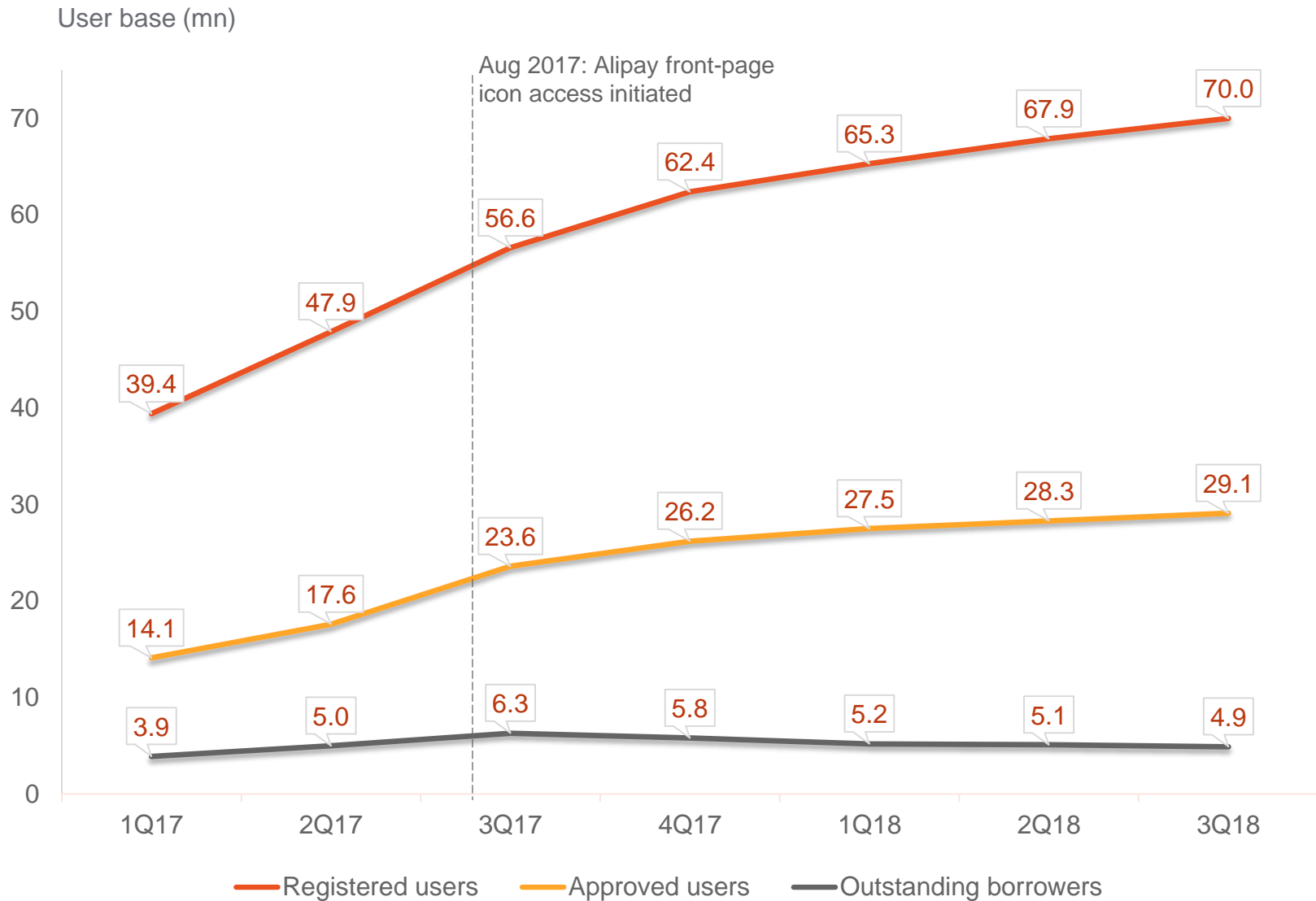


Engage our returning borrowers primarily through our own apps and free service window on Alipay

Note:  
(1) By number of transactions in Q3 2018.

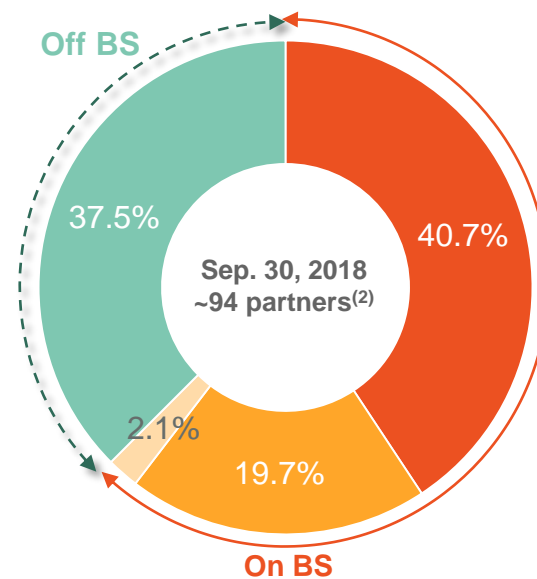
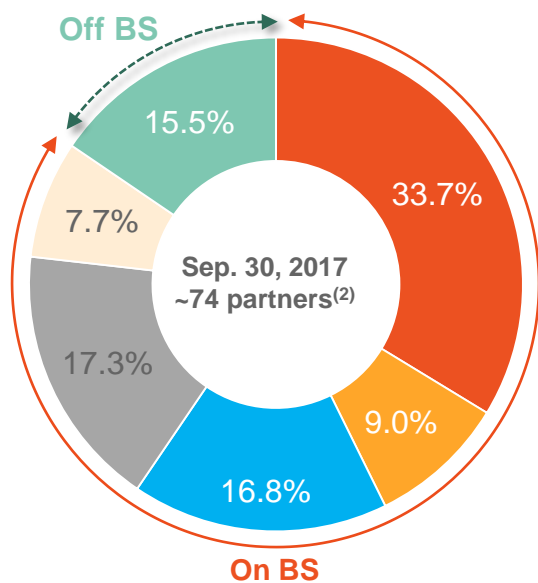


# Under-penetrated User Base Unlocks Huge Opportunities



# Diversified 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.

# Visible Growth with Significant Upside

On + Off balance sheet  
focusing on  
micro consumption loans

Offer a broader range of financial  
products and services for excess  
traffic

5mm  
core users

29mm  
approved users

70mm  
registered users

**10bn+** own equity  
&

**20+** licensed institutional  
funding partners

**10+** credit referral partners

Growing user base served by strong self-funding, proven external funding + extensive credit referral program

# Appendix



# 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>
Interest and investment income	2	4	1	23
Foreign exchange loss	(10)	(7)	-	(53)
<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
Add: share-based compensation expenses	22	64	13	11
<b>Non-GAAP net income</b>	<b>599</b>	<b>2,229</b>	<b>663</b>	<b>694</b>

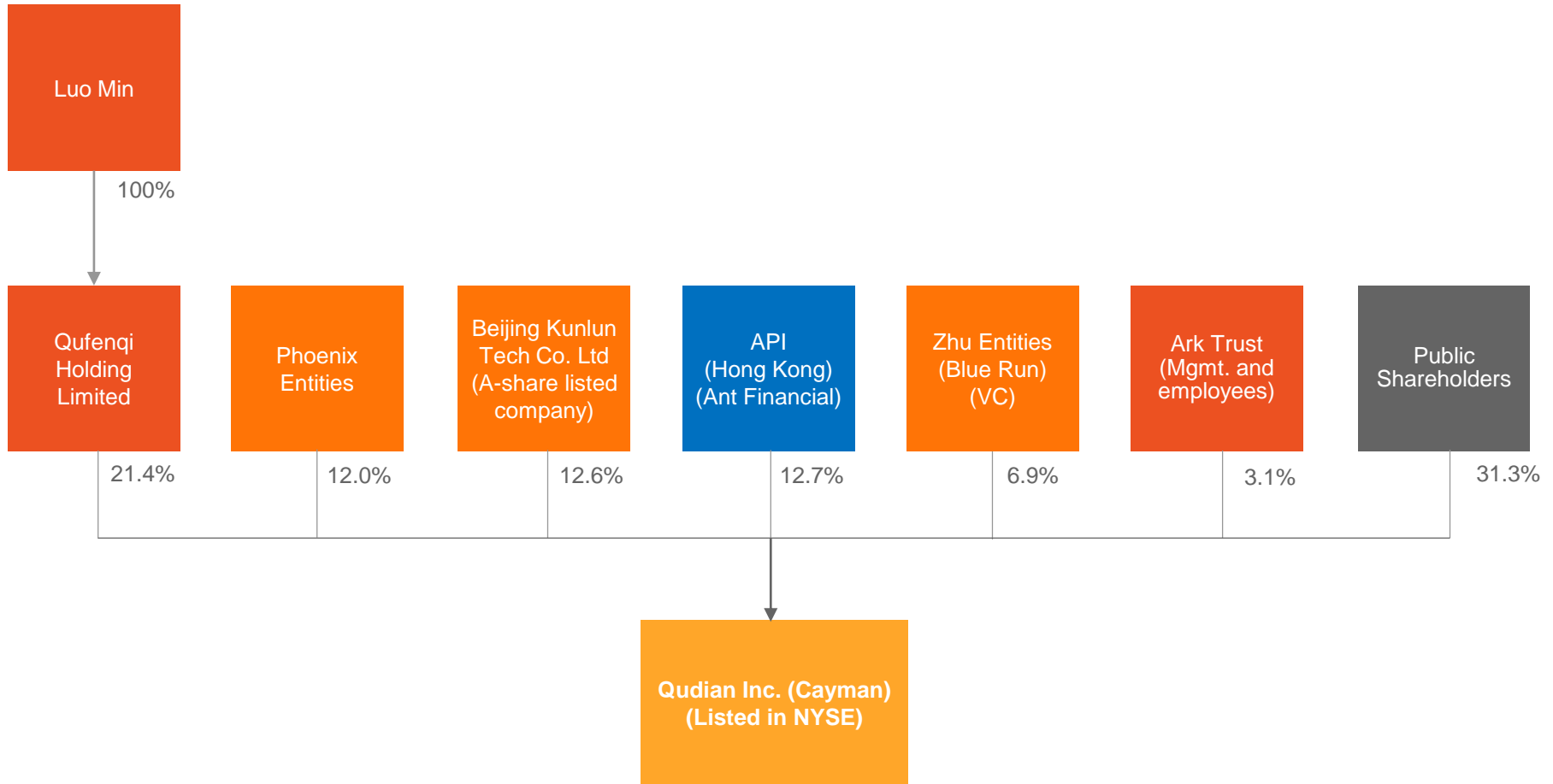
# Unaudited Balance Sheet

	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</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.

# Shareholding Structure



Notes:

- (1) Shareholding information is based on latest 13G filings as of December 31, 2018.
- (2) Total number of shares outstanding (unaudited) is 296,444,088 as of December 31, 2018.