

拍拍贷
ppdai.com



Investor Presentation

September 2018

Disclaimer

The following presentation has been prepared by PPDAl Group Inc. (the “Company” or “PPDAI”) solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any investment activity or trading strategy, nor may it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. NOTHING HEREIN CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OR INSTRUMENT IN ANY STATE OR JURISDICTION.

This material contains forward-looking statements. These statements constitute “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 “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “target,” “confident” and similar statements. 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 control of PPDAl. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those contained in any such statements. Potential risks and uncertainties include, but are not limited to, uncertainties as to PPDAl’s ability to attract and retain borrowers and investors on its marketplace, increase volume of loans facilitated through its marketplace, its ability to compete effectively, laws, regulations and governmental policies relating to the online consumer finance industry in China, general economic conditions in China, general economic conditions in China, and its ability to meet the standards necessary to maintain listing of its ADSs on the NYSE or other stock exchange, including its ability to cure any non-compliance with the NYSE’s continued listing criteria. Further information regarding these and other risks, uncertainties or factors is included in PPDAl’s filings with the U.S. Securities and Exchange Commission.

The information included herein was obtained from various sources, including certain third parties, and has not been independently verified. No representation or warranty, express or implied, is made and no reliance should be placed on the truth, accuracy, fairness, completeness or reasonableness of the information or sources presented or contained in these materials. By viewing or accessing these materials, the recipient hereby acknowledges and agrees that neither the Company nor any of its directors, officers, employees, affiliates, agents, advisers or representatives accepts any responsibility for or makes any representation or warranty, express or implied, with respect to the truth, accuracy, fairness, completeness or reasonableness of the information contained in, and omissions from, these materials and that neither the Company nor any of its directors, officers, employees, affiliates, agents advisers or representatives accepts any liability whatsoever for any loss howsoever arising from any information presented or contained in these materials.

All information provided in this material is as of the date of this material, and PPDAl 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 applicable law.



Mission

We leverage **innovative technology** to deliver the most **accessible** and **convenient** financial services

拍拍贷

ppdai.com

触手可及的金融

#1 online consumer finance marketplace in China

Marketplace business model
Driving scalability in the long run

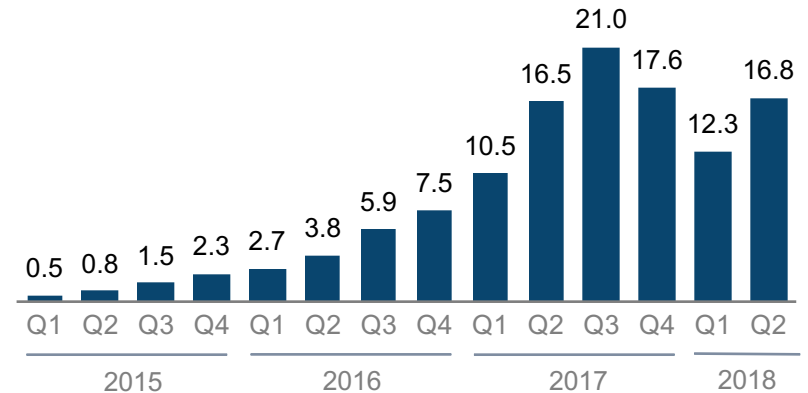
11-year operating history
Consistent strategy and continuous innovation

Technology driven
99% of loans processed automatically⁽¹⁾

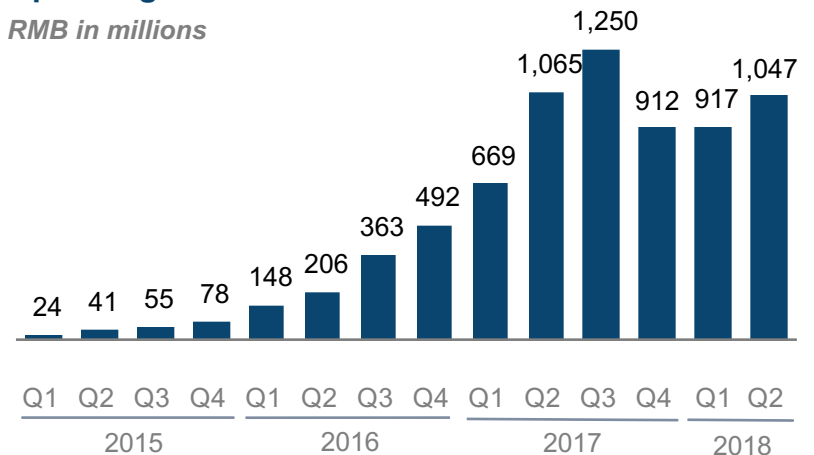
Large user base
78mn registered users⁽²⁾/12.4mn borrowers⁽³⁾

Consistent growth
1.6% y-o-y loan volume growth⁽⁴⁾

Loan origination volume
RMB in billions



Operating revenues
RMB in millions



Note: Rank No.1 among China's online consumer finance marketplaces in terms of number of borrowers as of December 31, 2016 and June 30, 2017.
 (1) Represents the % of loan applications on the marketplace that go through the automated process. Data for the three months ended June 30, 2018.
 (2) As of June 30, 2018.
 (3) On a cumulative basis, as of June 30, 2018.
 (4) Total origination amount of loans facilitated through our marketplace was RMB16.8bn in the three months ended June 30, 2018, 1.6% growth from RMB16.5bn in the three months ended June 30, 2017.

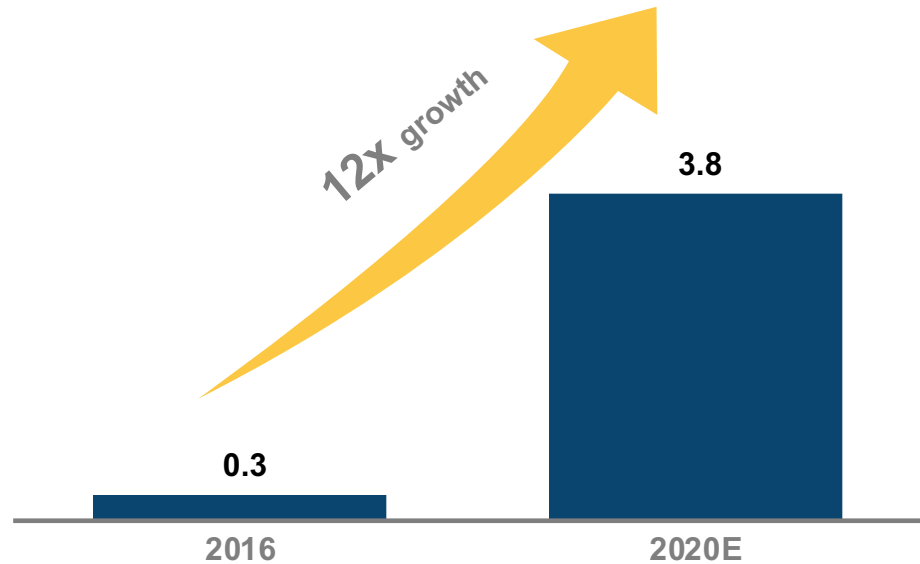
Massive and fast-growing online consumer finance market

**Over
440mn⁽¹⁾**

people under
served by the
banking system



China online consumer finance market outstanding balance
RMB in trillions



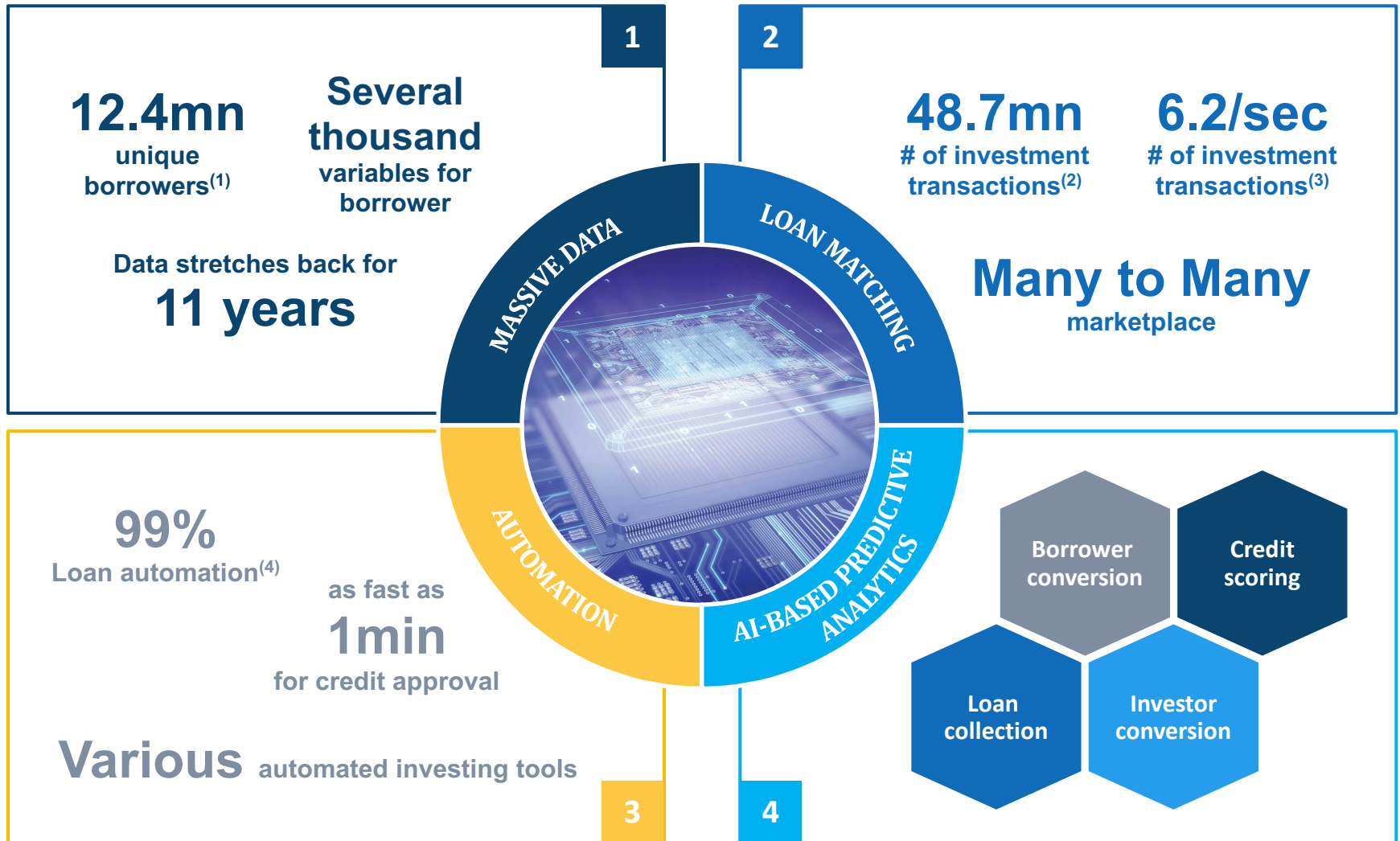
Sources: iResearch. Scale is approximate only.

(1) According to iResearch's estimation, at the end of 2016, China had a population of 850 million between ages of 18 and 60 while only 440 million people has credit history. Number is estimated based on difference between China's population between the age of 18 to 60 at the end of 2016 and China's population who have credit history at the end of 2016.

Virtuous business model amplified by network effects



Automation powered by big data and proprietary technologies



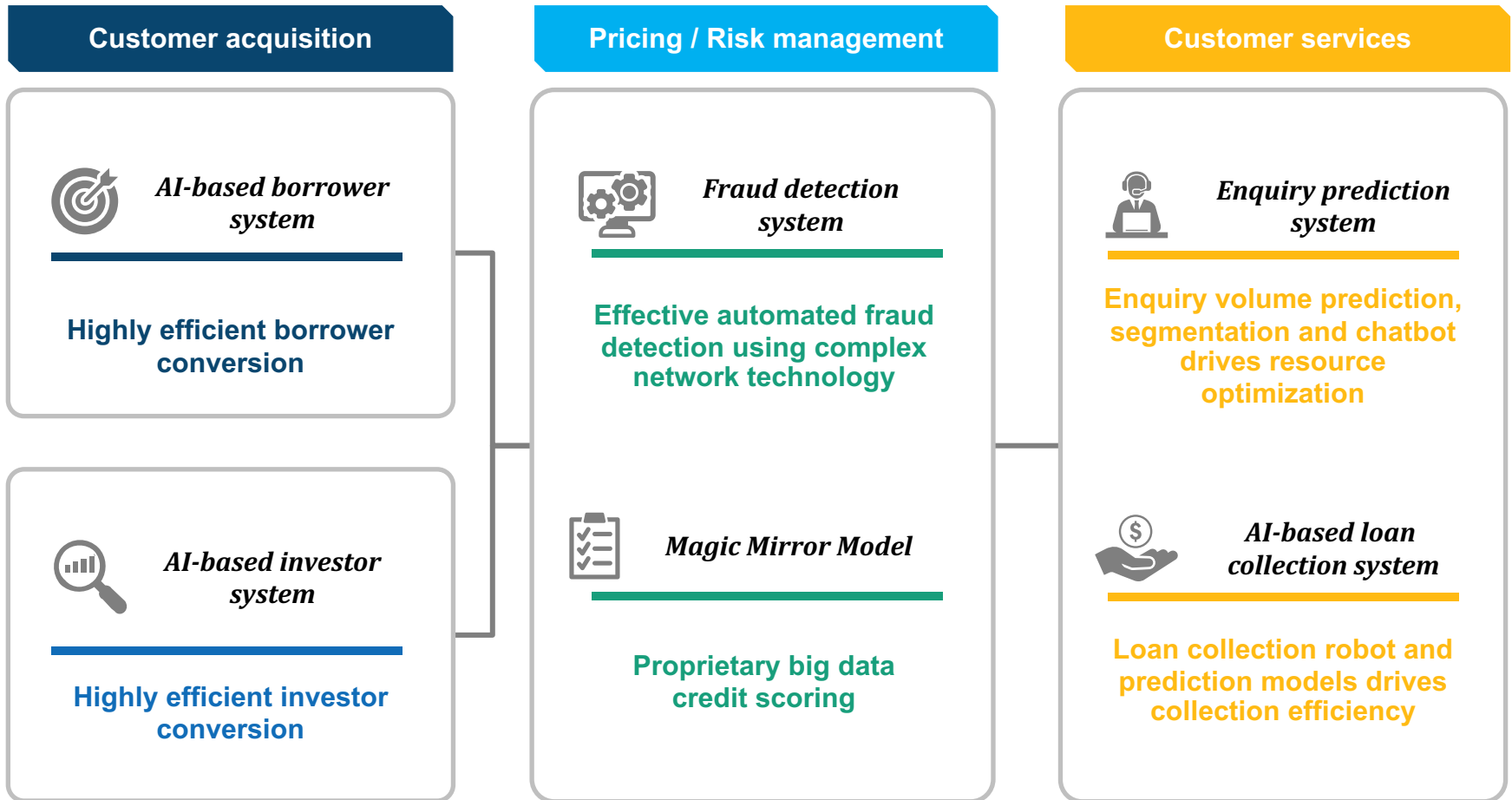
(1) On a cumulative basis, data as of June 30, 2018.

(2) Data for the three months ended June 30, 2018.

(3) Data for the three months ended June 30, 2018. Calculated by: (i) number of investment transactions, divided by (ii) number of seconds during the period.

(4) Represents the % of loan applications on the marketplace that go through the automated process. Data for the three months ended June 30, 2018.

Advanced technologies drive all aspects of the business



Operating efficiency driven by broad range of AI-based technologies

Our borrowers and investors

Borrower profile



20-40

Average borrower age

RMB 3,212

Average principal amount⁽²⁾



9.4 months

Average loan tenure⁽²⁾

Investor profile

613K

Individual investors⁽¹⁾



RMB 88,260

Average investment amount⁽³⁾

Strong

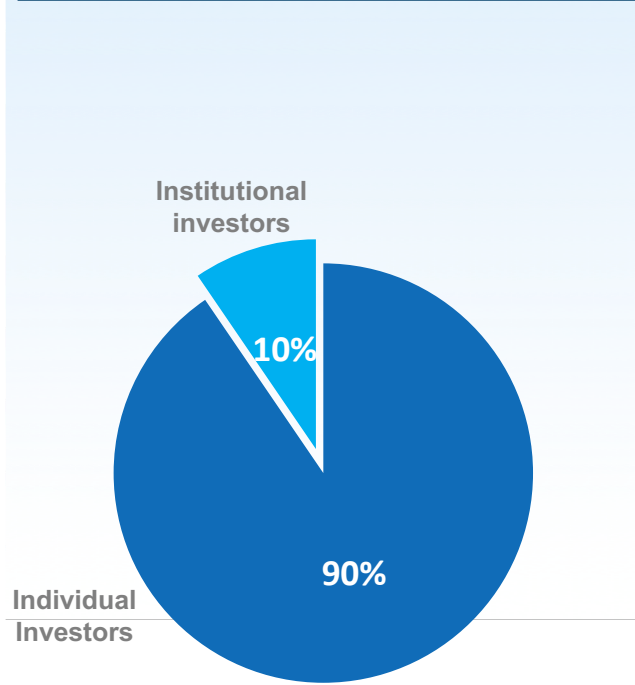
Investor traction/loyalty



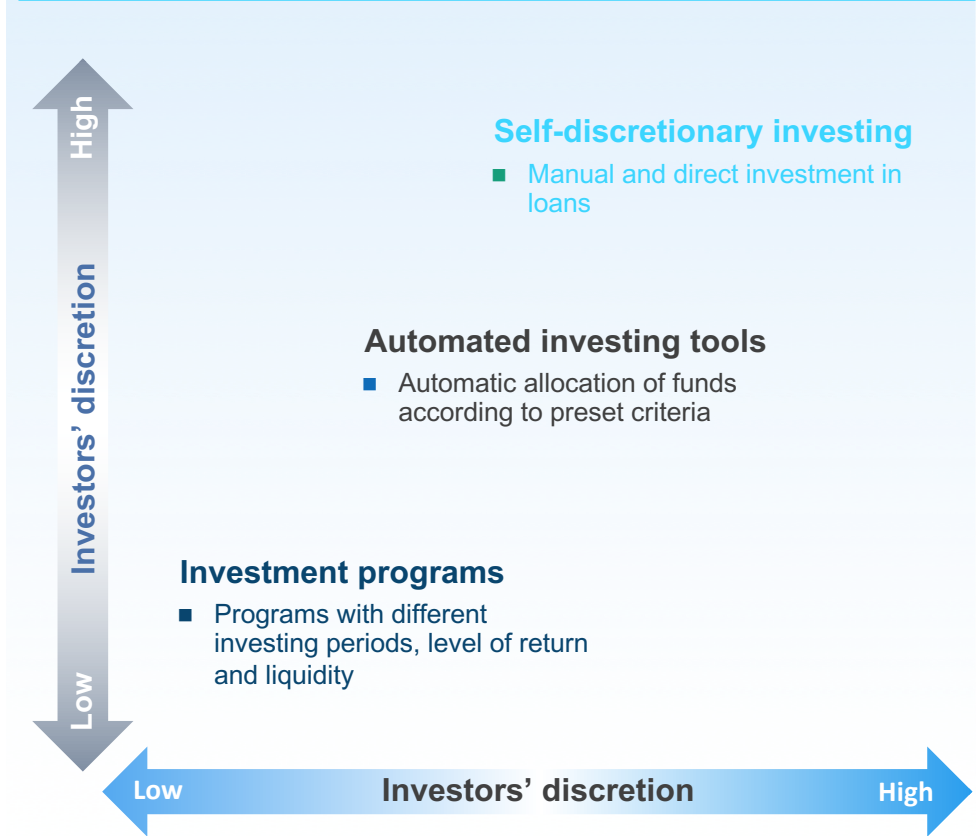
(1) On a cumulative basis, as of June 30, 2018.
(2) Calculated based on loans originated on our marketplace in the three months ended June 30, 2018.
(3) Investment amount per individual investor, who has made at least one investment, in the three months ended June 30, 2018.

Diversified funding sources and investment methods

Loan origination volume⁽¹⁾ breakdown

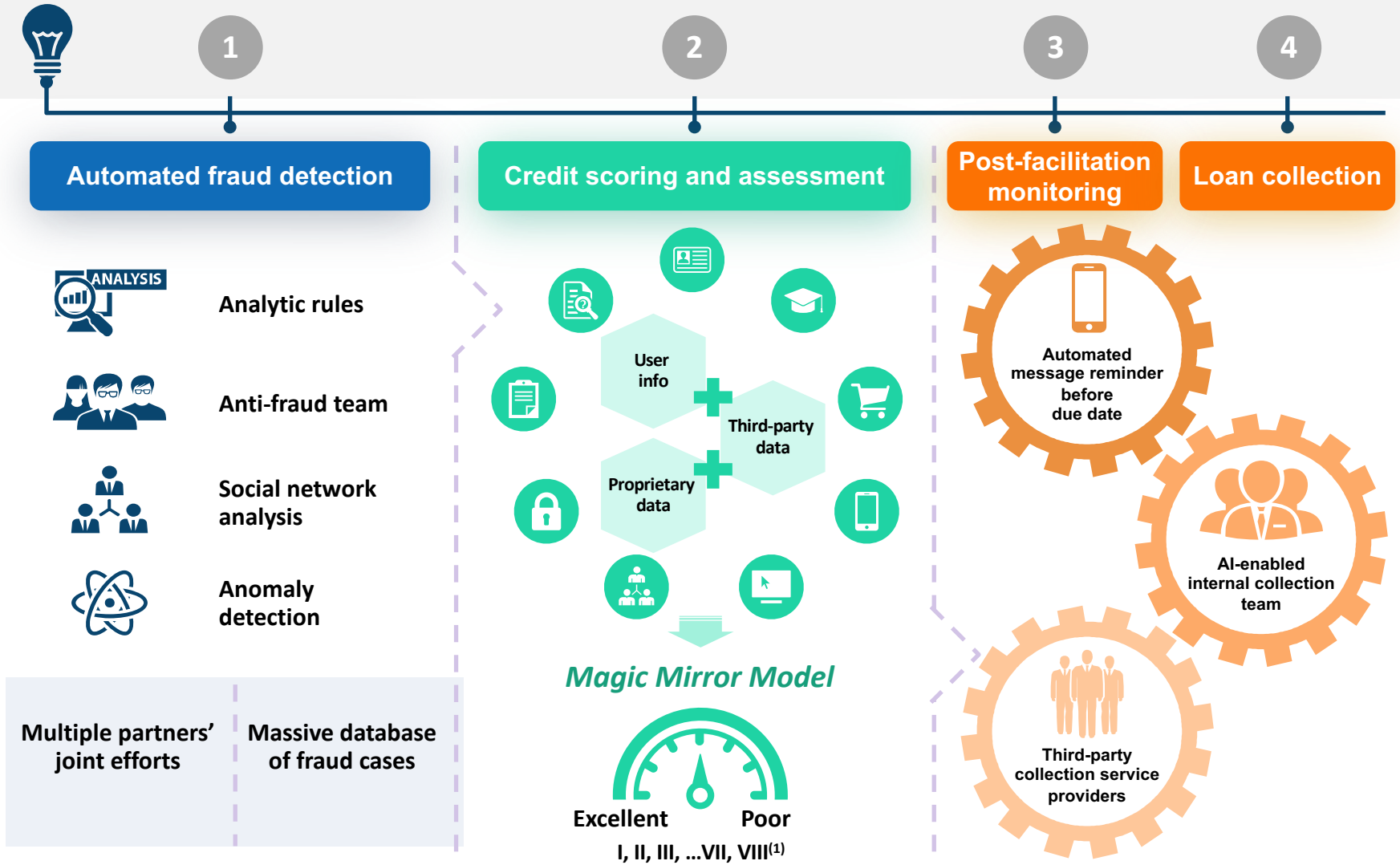


Flexible investment methods



(1) Data as of March 31, 2018.

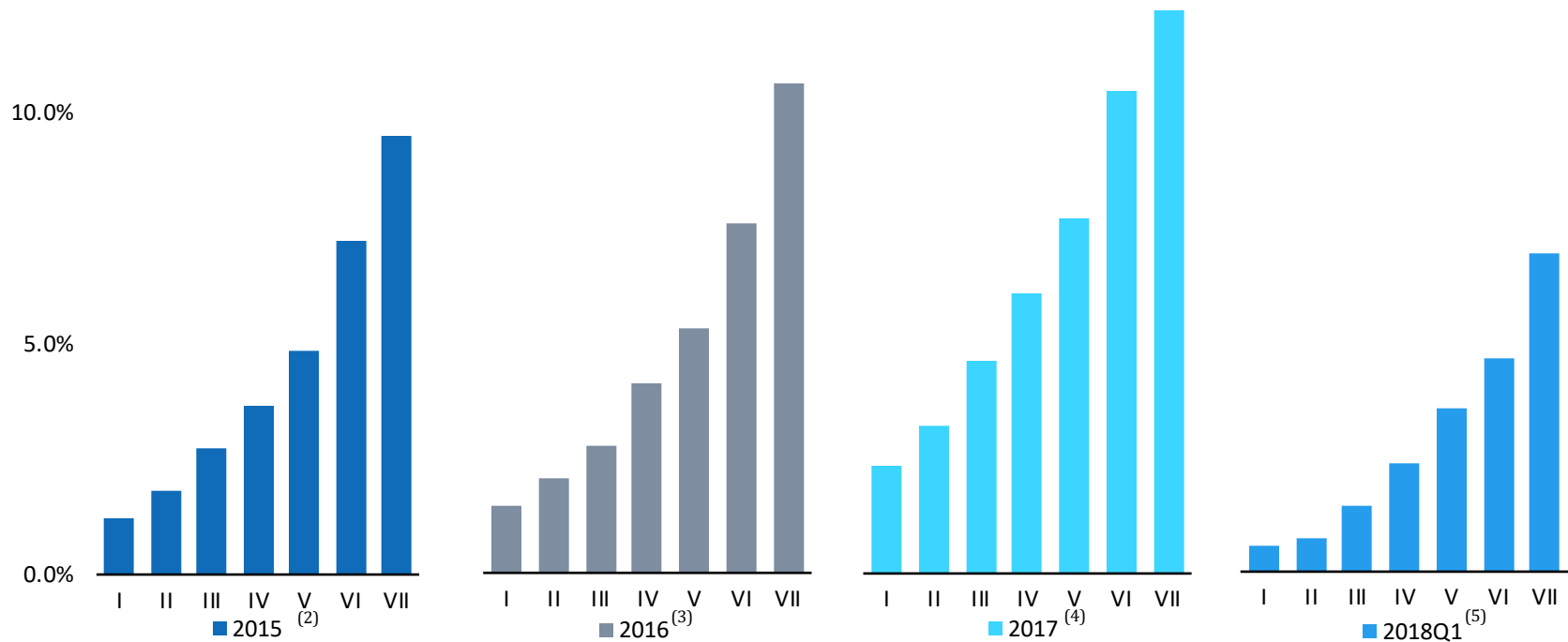
Sophisticated risk management technologies and capabilities



(1) Loan applicants with credit rating of VIII will be rejected.

Strong and consistent risk-sloping capability by credit rating

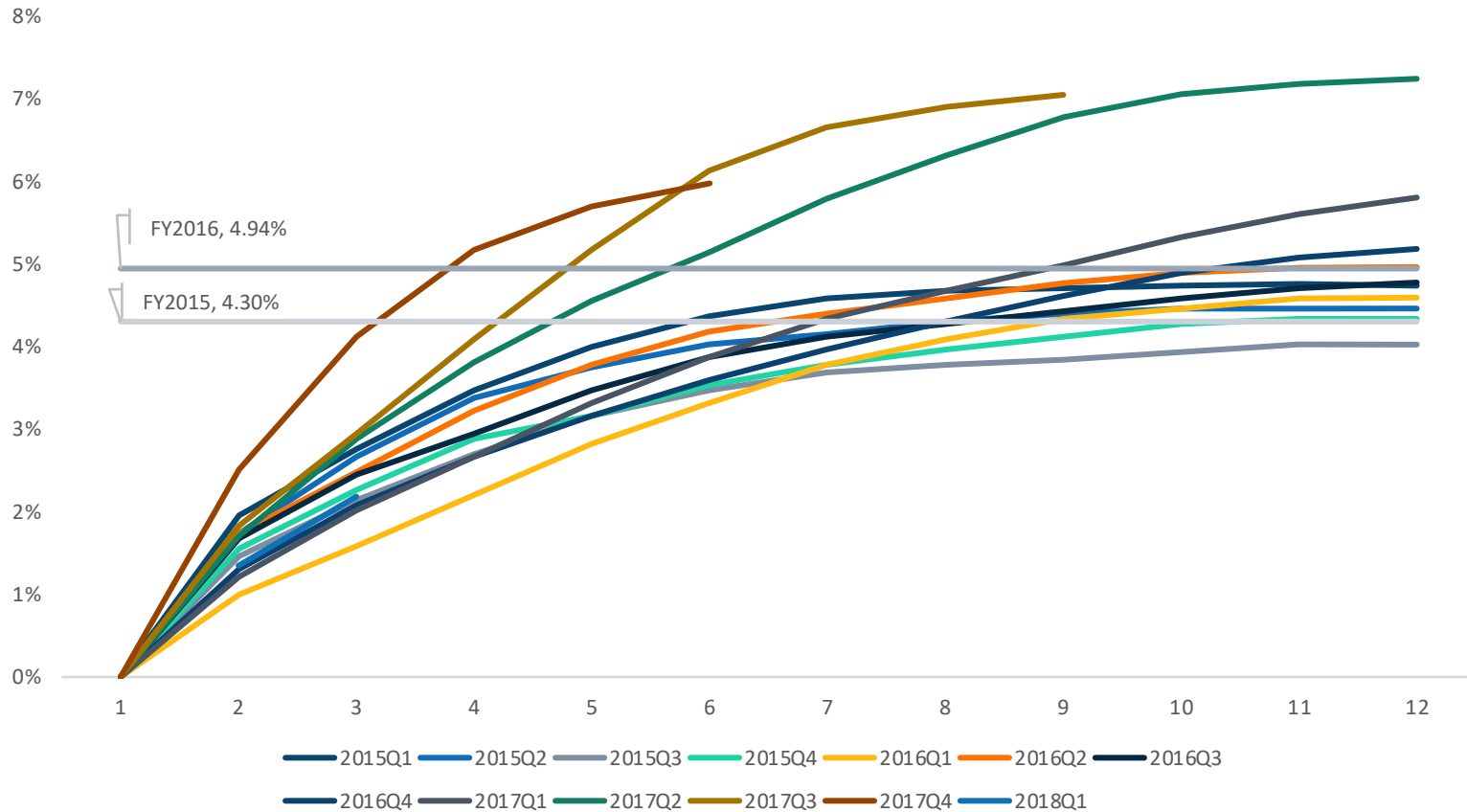
Vintage delinquency rate by credit rating⁽¹⁾



(1) Credit rating refers to Magic Mirror scores, with Level I representing the lowest risk and Level VIII the highest, Level VIII loan applicants will be rejected.
 (2) Vintage delinquency rate for loans facilitated during 2015 is calculated as the volume weighed average of the quarterly vintage delinquency rates at the end of the 12th month following the inception of each loan in an applicable vintage.
 (3) Vintage delinquency rate for loans facilitated during 2016 is calculated as the volume weighed average of the quarterly vintage delinquency rates at the end of the 12th month following the inception of each loan in an applicable vintage.
 (4) Represents vintage delinquency rate for loans facilitated during 2017 as of June 30, 2018.
 (5) Represents vintage delinquency rate for loans facilitated during 2018 Q1 as of June 30, 2018.

Cumulative delinquency rates by vintage

Delinquency rate by vintage⁽¹⁾



Note: Data as of June 30, 2018. Represents the historical cumulative 30-day plus past due delinquency rates by loan origination vintage for all continuing loan products.
 (1) Vintage is defined as loans facilitated during a specified time period. Delinquency rate by vintage is defined as (i) the total amount of principal for all loans in a vintage that become delinquent, less (ii) the total amount of recovered past due principal for all loans in the same vintage, and divided by (iii) the total amount of initial principal for all loans in such vintage.

Delinquency rate by balance⁽¹⁾

	Delinquent for			
	15–29 days	30–59 days	60–89 days	90–179 days
March 31, 2015	0.79%	1.75%	1.10%	2.56%
June 30, 2015	0.88%	1.06%	0.67%	2.10%
September 30, 2015	0.67%	0.89%	0.61%	1.33%
December 31, 2015	0.80%	0.93%	0.51%	1.20%
March 31, 2016	0.62%	0.93%	0.72%	1.41%
June 30, 2016	0.82%	1.01%	0.63%	1.34%
September 30, 2016	0.83%	1.11%	0.80%	1.50%
December 31, 2016	0.63%	0.91%	0.75%	2.04%
March 31, 2017	0.57%	0.95%	0.79%	1.64%
June 30, 2017	0.86%	1.11%	0.79%	1.58%
September 30, 2017	0.89%	1.40%	1.15%	2.41%
December 31, 2017	2.27%	2.21%	1.72%	4.19%
March 31, 2018	0.87%	2.11%	2.43%	8.01%
June 30, 2018	0.83%	1.21%	1.05%	4.61%

(1) Delinquency rate by balance is defined as the balance of outstanding principal for loans that were 15-29, 30-59, 60-89, 90-179 calendar days past due as of the date indicated as a percentage of the total outstanding principal for loans, excluding those at 180+ days delinquent, as of the same date.

Visionary and experienced management team



ZHANG Jun
Co-founder
Co-Chief Executive Officer

■ Industry experience: 18 years



■ Education:
- Shanghai Jiao Tong University



HU Honghui
Co-founder
President

■ Industry experience: 18 years



■ Education:
- Shanghai Jiao Tong University
- Fudan University



LI Tiezheng
Co-founder
Chief Strategy Officer

■ Industry experience: 13 years



■ Education:
- Shanghai Jiao Tong University
- China Europe International Business School



GU Shaofeng
Co-founder
Strategy advisor

■ Industry experience: 18 years



■ Education:
- Shanghai Jiao Tong University



HO Simon
Chief
Financial Officer

■ Industry experience:
22 years



■ Education:
- Northwestern University



ZHANG Feng
Co-Chief
Executive Officer

■ Industry experience:
15 years



■ Education:
- Tsinghua University
- Duke University



GU Ming
Chief Data Officer

■ Industry experience:
9 years



■ Education
- Grinnell College
- California Institute of Technology



SI Jinqi
Chief
Technology Officer

■ Industry experience:
15 years



■ Education:
- Lanzhou University



WANG Yuxiang
Chief Product
Officer

■ Industry experience:
17 years



■ Education:
- Fudan University

Strategies for growth

Broaden user base



Expand loan products



Expand investment options



Strengthen brand recognition

Improve operating efficiency

Leverage AI capabilities to...



Optimize sales and marketing efforts



Improve customer service efficiencies through technologies



Enhance loan collection efficiencies through technologies

Expand into new businesses



Technologies as a service to third party financial institutions;
Anti Fraud System
Magic Mirror
AI voice robot



Explore M&A opportunities



Diversify wealth management solutions

Financials



Financial highlights



Solid growth in borrower base and loan volume

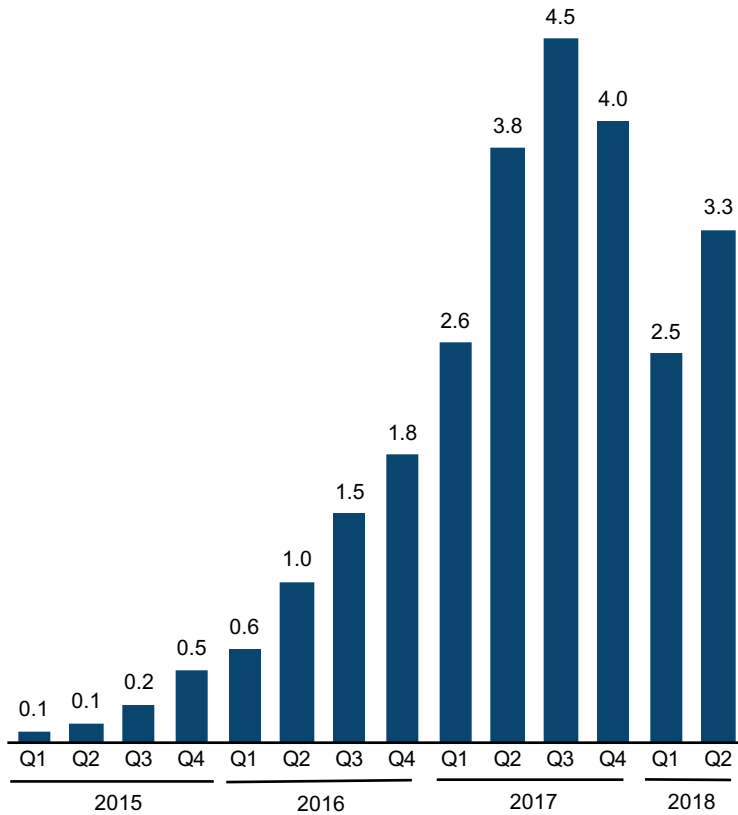


High operating leverage driving profitability

Solid borrower growth fuels transactions and loan volume

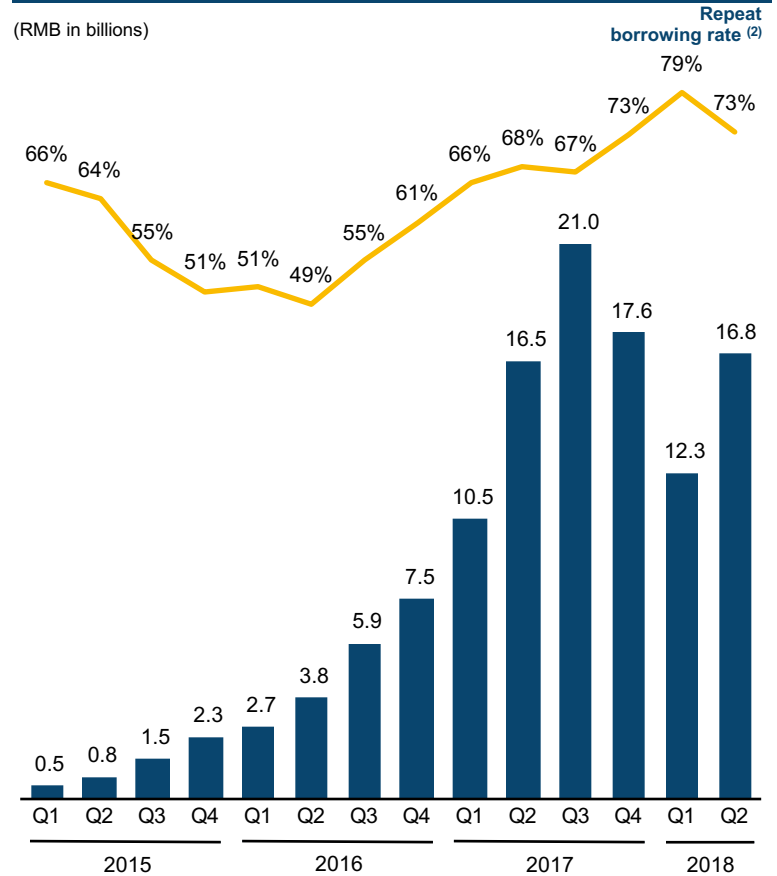
Number of unique borrowers⁽¹⁾

(Millions)



Loan origination volume

(RMB in billions)

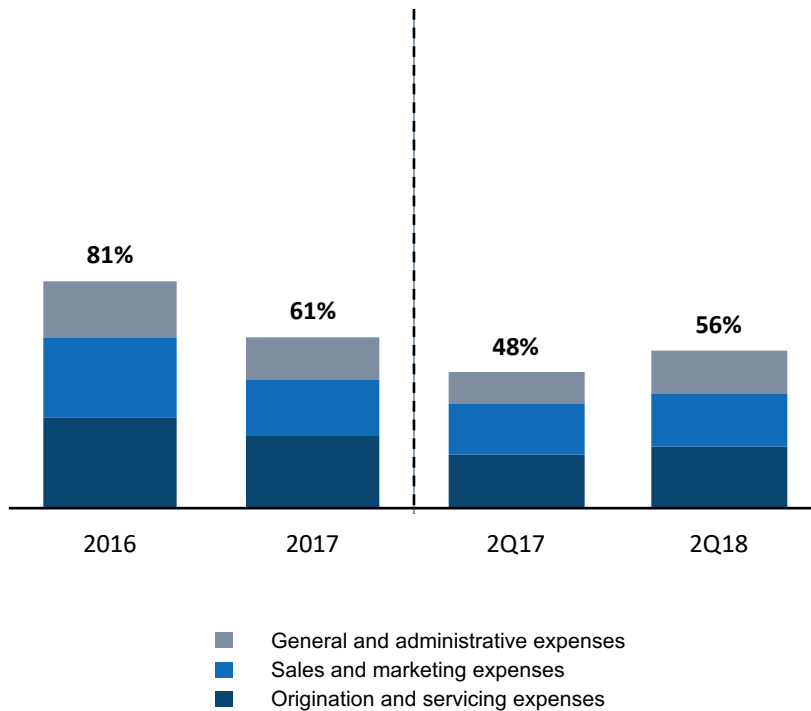


(1) Represents number of borrowers whose loans were funded during each period presented.

(2) % of loan volume generated by repeat borrowers. Repeat borrowers are borrowers who have successfully borrowed on our platform before.

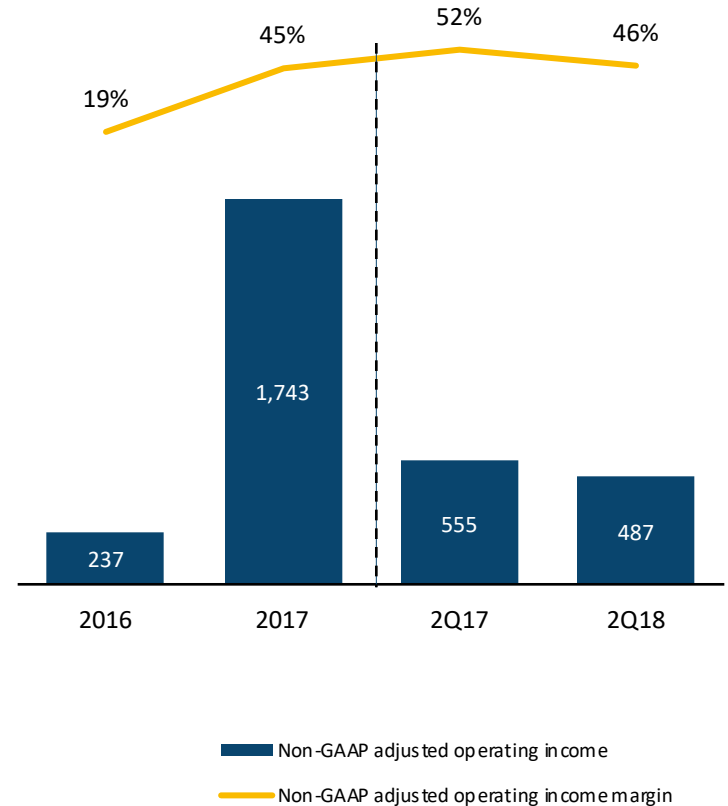
High operating leverage driving profitability

Operating expenses as percentage of net revenue



Non-GAAP adjusted operating income⁽¹⁾

(RMB in millions)



(1) Non GAAP adjusted operating income for FY2017, which excludes share-based compensation expenses of RMB106.2 and a one time provision of RMB107.7 for expected discretionary payments to investors in investment programs protected by the Company's investor reserve funds.

#1 online consumer finance marketplace in China



Leading independent platform

- ✓ 78mn registered users⁽¹⁾, 12.4mn borrowers⁽²⁾
- ✓ Data and technology driven platform
- ✓ 11-year operating history with a strong brand and trust

Sustainable and compliant business

- ✓ Low-cost and competitive customer acquisition
- ✓ Diversified and loyal investor base
- ✓ Highly effective risk management

Huge market opportunity

- ✓ Huge underserved population of 440mn
- ✓ Track record of rapid and consistent growth
- ✓ Well positioned to expand into new markets

Note: Rank No.1 among China's online consumer finance marketplaces in terms of number of borrowers as of December 31, 2016 and June 30, 2017.

(1) As of June 30, 2018.

(2) On a cumulative basis, as of June 30, 2018.

Appendix



Income statement summary

RMB million	FY2016	FY2017	2Q2017	2Q2018	1H2017	1H2018
Operating revenues	1,209	3,896	1,065	1047	1,733	1,964
Loan facilitation service fees	911	2,843	811	753	1,316	1,374
Post-facilitation service fees	127	669	156	206	242	433
Other revenue	170	491	98	88	176	157
Expected discretionary payment to IRF investors	-	(108)	-	-	-	-
Net revenues	1,216	3,881	1,066	1060	1,735	2004
<i>% YoY growth</i>	521%	219%	415%	(1%)	393%	16%
Operating expenses	(979)	(2,351)	(511)	(591)	(898)	(1,134)
Origination and servicing expenses	(388)	(974)	(207)	(235)	(380)	(482)
Sales and marketing expenses	(353)	(788)	(187)	(194)	(324)	(345)
General and administrative expenses	(238)	(589)	(117)	(162)	(194)	(307)
Operating income⁽¹⁾	237	1,529	555	470	837	869
<i>Operating income margin⁽²⁾</i>	19%	39%	52%	44%	48%	43%
Other income ⁽³⁾	313	(172)	193	297	402	429
Profit/(Loss) before income tax expenses	550	1,358	749	766	1,239	1,298
Net income/(loss)	502	1,083	632	608	1,049	1,045
<i>Net income/(loss) margin⁽⁴⁾</i>	41%	28%	59%	57%	60%	52%

(1) Operating income = net revenues – total operating expenses.

(2) Operating income margin = (net revenues – operating expenses) divided by net revenues

(3) Other income includes (i) Gain from quality assurance fund, (ii) Realized gain from financial guarantee derivatives, (iii) Fair value change of financial guarantee derivatives, (iv) Gain from disposal of a subsidiary, and (v) Other income/(expenses), net.

(4) Net income/(loss) divided by net revenues.

Selected balance sheet items

RMB million	As of Dec 31, 2016	As of Dec 31, 2017	As of June 30, 2018
Cash and cash equivalents	405	1,891	2,485
Restricted cash:	803	2,393	2,362
<i>Quality assurance fund</i>	330	1,059	1,565
<i>Investor reserve fund</i>	52	175	28
<i>Cash received from investors or borrowers</i>	422	1,114	689
Short-term investments	260	1,959	1,441
Quality assurance fund receivable	287	1,153	2,043
Financial guarantee derivative	167	-	52
Total assets	2,147	8,604	10,178
Payable to platform customers	422	1,114	689
Quality assurance fund payable	474	2,063	3,249
Financial guarantee derivative	-	216	-
Total liabilities	1,375	4,921	5,348
Total mezzanine equity	1,211	-	-
Total shareholders' equity	(438)	3,682	4,830