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BITA - Q4 2019 Bitauto Holdings Ltd Earnings Call

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PRESENTATION

Operator

Hello, and thank you for standing by for Bitauto's Fourth Quarter and Fiscal Year 2019 Earnings Conference Call. (Operator Instructions) Today's conference is being recorded. If you have any objections, you may disconnect at this time.

I would now like to turn the meeting over to your host for today's conference.

Unidentified Company Representative

Thank you. Welcome to Bitauto's Fourth Quarter and Fiscal Year 2019 Earnings Conference Call. Speakers from the company today are Mr. Andy Zhang, CEO; Mr. Xiaoke Liu, President; Mr. Ming Xu, CFO. After management's prepared remarks, Andy, Xiaoke and Ming will be available to answer your questions. In addition (inaudible) Financial Controller of Yixin will be available to answer your questions related to Yixin.

Before we proceed, please note that discussions today will contain forward-looking statements made under the safe harbor provisions of U.S. Private Securities and Litigation Reform Act of 1995. Forward-looking statements are subject to risks and uncertainties, which may cause actual results to differ materially from our current expectations. Potential risks and uncertainties include, but are not limited to, those outlined in our public filings with the SEC, including registration statement on Form F-1. Bitauto does not undertake any obligations to update any forward-looking statements except as required under applicable law. This call will include discussions of certain unaudited non-GAAP financial measures. Please refer to our earnings release, which was issued earlier today for reconciliations of these unaudited non-GAAP measures to the most directly comparable unaudited GAAP measures.

As a reminder, this conference is being recorded. In addition, a live and archived webcast of the conference will be available on our website.

I will now turn the call over to Andy Zhang, CEO of Bitauto.

Xuan Zhang - Bitauto Holdings Limited - CEO & Director

Hello, everyone, and thank you for joining us for our fourth quarter and fiscal year 2019 earnings conference call. China's automobile industry remained challenging in the fourth quarter of 2019 as new passenger vehicle sales continued to decline year-over-year. Despite the substantial industry headwinds, Bitauto total revenue reached RMB 2.69 billion in the fourth quarter of 2019, exceeding the higher end of our guidance of RMB 2.55 billion. We were -- in our advertising and subscription business, we were pleased to make further progress in increasing our mobile traffic as we improved the quality and the quantity of our sales leads.



In terms of traffic according to QuestMobile in January 2020, DAU or daily active users of the Bitauto media app increased by 256% compared to October 2018 when we rolled out the upgraded version. Moreover, the combined DAU of both Bitauto media app and our Auto Pricing app increased by approximately 40% year-over-year in January 2020.

Amid declining new passenger vehicle sales, we grew our number of sales leads by 8.8% year-over-year in the fourth quarter of 2019, with the proportion of organic sales leads rising to nearly 70% of that. We have also seen improved quality of sales leads in terms of higher conversion rates, as measured by the stores visits and the number of transactions. Backed by these solid operating metrics, our revenue from advertising and subscription business for the fourth quarter came in better-than-expected at RMB 1.07 billion. Amid the current industry downturn, we continued to make strategic spending to strengthen our brand to Bitauto brand. We view brand building as a long-term commitment which will allow us to broaden our user base and provide a better value proposition for our automakers and dealer customers. We've been achieving very encouraging progress from our ongoing strategic branding campaign based on online awareness metrics such as Baidu Index and third-party offline consumer surveys, Bitauto has recorded a significant improvement in brand recognition among automobile consumers over a fairly short period of time.

Now looking at our transaction services business. Despite this unfavorable industry environment, in the fourth quarter, Yixin further expanded its loan facilitation service business, which grew 3% year-over-year and then contributed 82% of total financed transactions. For the full year 2019, Yixin maintained steady growth and further solidified its industry-leading position by leveraging its leadership advantages and the trackable credibility. Yixin continued to tighten its risk control standards to better adopt -- adapt to the changing regulatory environment as many local governments begin to implement stricter rules for collection of delinquent accounts.

Looking into 2020, Bitauto will remain committed to investing resources in key strategic initiatives that strengthen our long-term competitiveness. First, we'll continue enhancing our content, products and services to provide better value and experience to automobile consumers and the car owners. We'll continue to roll out the optimized and optimize our AI-based, result-driven marketing solutions to more mainstream automakers. We'll also increase our R&D improved investments to improve functionalities and the user experience of our business-to-business, B2B products for automakers and dealer customers.

Second, to further broaden Bitauto's user base and improve our value proposition to our business partners, we will continue working on increasing our mobile traffic as well as quantity and the quality of our leads.

Third, we'll continue investing in our brand building campaign to raise Bitauto's brand recognition among automobile consumers. We're confident that all of these efforts will help form a solid foundation to boost our long-term growth going forward.

Lastly, Yixin will proactively adopt a more conservative risk assessment methodology while partnering with dealers and financial institution partners to identify opportunities within China's automobile market as we adapt to the industry uncertainties we have been facing as well as the impact from the coronavirus epidemic.

Before I turn the call to Ming, let me share with you some of our thoughts about the recent outbreak of the coronavirus. The epidemic has significantly affected the overall economy and the people's daily lives in China since late January. While we see near-term challenges, we also find some longer-term opportunities for us to capture. In response to the coronavirus outbreak, Bitauto initiated various measures to support our automaking dealer customers to weather this difficult period, together with our business partners. For example, as the epidemic evolves, we've been offering free VR video live broadcasting services to help automakers and dealers promote their branding and stimulate their automobile sales.

In terms of the impact of Bitauto, while it remains difficult to give you a quantitative comment at the moment, let me give you some of our qualitative observations. Since late January, many automakers and dealers' business operation have been disrupted. This had led to very weak sentiment among automobile advertisers and it caused some delay of their marketing spending. As a result, we expect some pressure on our advertising revenue in the near term.

Nonetheless, as the majority of automaker and dealer customers are delaying but not canceling their marketing campaigns, and many of them shifting their off-line budgets to online channel, we see long-term growth opportunities in new type of services, such as online auto show for automakers, new car launch, together with VR video live broadcasts and other forms of online marketing.

In summary, Bitauto will remain devoted to strengthening our brand recognition and adding more value to our automobile customers and the consumers. Amid near-term challenges from the coronavirus outbreak, we'll continue to protect our staff, ensure operational efficiency and explore ways to support and the growth together with our business partners. We are confident in strengthening Bitauto's value proposition and building Bitauto into China's top online automobile media and transaction services platform.

With that, I'll turn the call over to Ming to go over the financials.

Ming Xu - Bitauto Holdings Limited - CFO

Thank you, Andy. Good evening, everyone. Bitauto's total revenue and revenue from our advertising and subscription business for the fourth quarter of 2019 were both better than expected, thanks to our efforts to enhance Bitauto's brand and increased traffic as well as the quality and the quantity of sales leads. While we continue in our strategic spendings and branding into the coming years, we expect such investment to weigh on our profitability in the near term. However, we are confident that these investments will not only allow us to create better value for automaker and dealer customers but also help us to lower user acquisition cost going forward, which will significantly strengthen Bitauto's long-term competitiveness and profitability.

Now let's look at our Q4 2019 and full year 2019 financial highlights before moving to Q&A. Please note that our reference, mainly to financial figures, in RMB in the following discussion. Bitauto reported revenue of RMB 2.69 billion in the fourth quarter of 2019 compared with RMB 3.12 billion in the corresponding period in 2018. Revenue from the advertising and subscription business in the fourth quarter of 2019 was RMB 1.07 billion compared to RMB 1.16 billion in corresponding period in 2018, mainly due to the decrease in marketing spending by automakers and dealers caused by the continued decline in new car sales.

Revenue from the transaction services business in the fourth quarter of 2019 was RMB 1.2 billion compared to RMB 1.56 billion in the corresponding period in 2018, as Yixin continues to tighten its risk control standards and enhance asset quality to better adapt to the changing regulatory environment, which has impacted its transaction volume.

Revenue from the digital marketing solutions business in the fourth quarter of 2019 was RMB 418.8 million, representing a 6.4% increase from RMB 393.7 million in the corresponding period in 2018. Cost of revenue in the fourth quarter of 2019 was RMB 1.1 billion compared to RMB 1.43 billion in the corresponding period in 2018. Cost of revenue as a percentage of revenue in the fourth quarter of 2019 was 40.8% compared to 45.8% in the corresponding period in 2018.

Gross profit in the fourth quarter of 2019 was RMB 1.59 billion compared to RMB 1.69 billion in the corresponding period in 2018.

Selling and administrative expenses in the fourth quarter of 2019 were RMB 2.39 billion, representing a 23% increase from the corresponding period in 2018. This increase was primarily due to the increase in marketing spending associated with the company's branding and marketing efforts and the increase in provision for credit losses of financial receivables, partially offset by the decrease in share-based compensation.

Product development expenses in the fourth quarter of 2019 were RMB 157.8 million, representing an 18.3% increase from the corresponding period in 2018. The increase was primarily due to an increase in expense related to product development personnel.

Share-based compensation, which was allocated to related operating expense line items, was RMB 81.3 million in the fourth quarter of 2019 compared to RMB 421.6 in the corresponding period in 2018.

Non-GAAP loss from operations in the fourth quarter of 2019 was RMB 573.5 million compared to a non-GAAP income from operations of RMB 265.4 million in the corresponding period in 2018. Net loss in the fourth quarter of 2019 was RMB 978.2 million compared to RMB 398.3 million in the corresponding period in 2018.

Net loss attributable to Bitauto in the fourth quarter of 2019 was RMB 922.4 million compared to RMB 416.7 million in the corresponding period in 2018.

Non-GAAP net loss in the fourth quarter of 2019 was RMB 576.5 million compared to a non-GAAP net income of RMB 199 million in the corresponding period in 2018.

Non-GAAP net loss attributable to Bitauto in the fourth quarter of 2019 was RMB 573.5 million compared to our non-GAAP net income attributable to Bitauto of RMB 118.6 million in the corresponding period in 2018.

Basic and diluted net loss per ADS, each representing 1 ordinary share in the fourth quarter of 2019, amounted to RMB 12.95, USD 1.86 and RMB 12.95, USD 1.86, respectively.

Non-GAAP basic and diluted net loss per ADS in the fourth quarter of 2019 amounted to RMB 8.07, USD 1.16 and RMB 8.07, USD 1.16, respectively.

As of December 31, 2019, the company had cash and cash equivalent and restricted cash of RMB 7.51 billion. Cash provided by operating activities, cash provided by investing activities and cash used in financing activities in fourth quarter of 2019 were RMB 835.3 million, RMB 3.56 billion and RMB 5.81 billion, respectively.

I will only go through a few selective highlights for 2019 full year since we've covered the detail in our earnings release. Revenue in 2019 was RMB 10.75 billion, representing a 1.6% increase from 2018. Revenue from the advertising and subscription business in 2019 was RMB 3.9 billion compared to RMB 4.07 billion in 2018.

Revenue from the transaction service business in 2019 was RMB 5.75 billion, representing a 7.1% increase from RMB 5.37 billion in 2018, mainly attributable to the growth in the company's loan facilitation business, partially offset by the decrease in revenue from self-operated financing business.

Revenue from the digital marketing solutions business in 2019 was RMB 1.1 billion compared to RMB 1.13 billion in 2018.

Gross profit in 2019 was RMB 6.51 billion, representing a 2.7% increase from 2018. Non-GAAP income from the operation in 2019 was RMB 127 million compared to RMB 1.1 billion in 2018.

Non-GAAP net income in 2019 was RMB 33.6 million compared to RMB 934.7 million in 2018. Non-GAAP net attributable to Bitauto in 2019 was RMB 214.1 million compared to non-GAAP net income attributable to Bitauto of RMB 708.9 million in 2019.

Non-GAAP basic and diluted net loss per ADS in 2019 amounted to RMB 3.05 and RMB 3.15, respectively.

The number of employees totaled 7,935 as of December 31, 2019, including employees of entity in which Bitauto has acquired and holds controlling interest. This represented a 4.6% increase -- decrease year-over-year, primarily due to the decreased headcount in sales, marketing and customer support as part of the strategic efforts to optimize operational efficiency.

In addition, given Yixin's scale and significance to Bitauto, I would also like to share with you some of Yixin's operation and operating and financial highlights for Q4 and full year 2019.

Bitauto's controlled subsidiary, Yixin, a primary operator of the company's transaction service business, continued to develop its loan facilitation services and further tightened its risk control standard to better adjust to China's generally weak economic conditions and changing regulatory environment.

In the fourth quarter of 2019, Yixin facilitated approximately 109,000 financed transactions, representing a year-over-year decrease of 24%. The total aggregate financing amount facilitated through Yixin's loan facilitation services and self-operated financing business was approximately RMB 8.1 billion.



In the fourth quarter of 2019, Yixin continued to develop its loan facilitation services and further strengthened its partnership by working with top banks and financial institutions, including an auto finance company. For the 3 months ended December 31, 2019, Yixin facilitated approximately 89,000 financed transactions, representing a year-over-year increase of 3% and contributed 82% of Yixin's total financed transactions.

In the fourth quarter of 2019 on the U.S. GAAP, Yixin's total revenue reached RMB 1.21 billion, new core services revenue, which include revenue from loan facilitation services and new self-operated financing lease transactions Yixin facilitated during the year reached RMB 666.9 million. For the year ended December 31, 2019, Yixin's total financed transactions increased by 8% year-over-year to approximately 522,000. The aggregate financing amount facilitated through its loan facilitation services and self-operated financing business was approximately RMB 40 billion, representing a 5% year-over-year increase in 2019.

Yixin cooperated with top banks and financial institutions and facilitated approximately 347,000 financed transactions, representing 141% year-over-year increase and in aggregate contributed 66% of Yixin's total financed transaction for the full year 2019. For the year ended December 31, 2019, on the U.S. GAAP, Yixin's total revenue was RMB 5.79 billion; gross profit reached RMB 2.76 billion; net loss was RMB 3.3 million, and non-GAAP net income was RMB 402.6 million.

Yixin's non-GAAP net income is calculated as net loss, excluding share-based compensation, of RMB 233.1 million. Amortization of intangible assets resulting from asset and business acquisition of RMB 173 million and offset by tax impact. A tax effect of RMB 0.2 million.

In 2019, Yixin entered into certain transaction with other subsidiaries of Bitauto, which were eliminated upon Bitauto's consolidation of Yixin.

The revenue that Yixin recorded for the revenue -- for the services provided to those subsidiaries of Bitauto amounted to RMB 18.1 million. As of December 31, 2019, Yixin had cash and cash equivalent and restricted cash of RMB 3.49 billion. Total finance receivable of RMB 27.02 billion. And the total borrowing, including debt borrowing and asset-backed securitization debt, of RMB 19.84 billion.

As of December 31, 2019, 90 day -- plus days past due ratio and including 100 days plus and 180-day-plus past due ratio for all the financial -- financed transaction, including the third-party loan facilitation, were 1.3% and a 0.33%, respectively.

On the U.S. GAAP, Yixin's provision for credit loss of finance receivables for the fourth quarter of 2019 was RMB 361.1 million, and for the year ended December 31, 2019, was RMB 862.7 million. The balance of provision for credit loss of finance receivables was RMB 566.4 million as of December 31, 2019.

With that, I will now turn to guidance for the fourth quarter -- for the first quarter of 2020. Bitauto currently expect to generate revenue in the range of RMB 1.7 billion to RMB 1.8 billion in the fourth quarter of 2020. This forecast takes into considerations of seasonality forecast -- seasonality factors in Bitauto's business and excludes any impact of foreign currency fluctuation. In particular, as situations surrounding the coronavirus outbreak in China and globally, continue to evolve, business visibility remains limited. So the above expect management's current and preliminary view, which is subject to change.

Let's now start the Q&A session. Andy, myself, Xiaoke and [Nick] are available to take your questions.

Operators, please go ahead.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from the line of Eddy Wang of Morgan Stanley.



Eddy Wang - *Morgan Stanley, Research Division - Research Analyst*

My question is about the auto market. When do you expect we will witness a meaningful recovery of the auto sales?

I know currently, the visibility could be a little bit low, given a lot of moving parts, especially the coronavirus is there, and uncertainty, but any color will be helpful.

And a quick follow-up will be that, if there is a recovery, so which of your business, I mean, the advertising business and the transaction services business, which business will recover faster and which one will be a little bit later in terms of the recovery?

Xuan Zhang - *Bitauto Holdings Limited - CEO & Director*

I'll take that question. First of all, I think we've already seen recovery from the market itself. There are a few indications. First of all, we do have stats of daily passenger car sales in China. Not that up to date, but still just about a week delay. So we've already seen some of the volumes recover up to 40% of last year's compared to second quarter -- or second -- compared to second month, February, where that we've only seen maybe 10%, 15% of the market. So it's already a huge leap in terms of volume increase. We do expect that recovery will continue into the second quarter. I think, hopefully, will normalize sometime in the early third quarter or so.

Another indication is actually coming from our own consumer interest as well as reflected into our traffic and leads that we accumulate on a daily basis. We've seen this ratio recovering a lot faster than the actual auto sales. So in other words, that we're guessing that some of the -- a lot of the consumers are doing their initial research work, getting ready to a purchase sometime in the next month or 2, which will all most likely take place in the second quarter. So while we believe the market will rebound sometime in second quarter and normalize in third quarter. There's only one concern recently that's coming to our attention is that because the entire world has been infected by this epidemic, so a lot of the spare parts company are also being affected and they stopped manufacturing different parts for different models. China's auto hundreds of thousands of different passenger car models are all having more or less imported parts while in its making. So therefore, we may run into a period of continued demand from consumers, but maybe lack of inventory to deliver -- supply to deliver to meet these demands. If that will ever happen, most likely probably, will happen in sometime mid- to late third quarter. That's our own estimation. That's our own information. Just we're using that for our own analysis purposes. And in terms of business, which one would be recovered first, I think, obviously, advertising will be the first one to sort of feel -- fill it, because the traffic is back to normal, lead gen is back to normal. So we'll continue to show that to the OEMs and because OEM to -- already witnessed that particular demand coming from online, I think they are also being restored in terms of confidence wise to meet -- to expect more sales in the second quarter. So that one will definitely recover the fastest. So when the sales of vehicles actually take place, then Yixin will benefit, the transaction services business will benefit because Yixin is a selling of a byproduct that's supportive of the sale of the vehicle. So only when that sale happens, then Yixin will benefit from. So in terms of pace wise, that will be the advertising, then the transactions.

Operator

Your next question comes from the line of Binbin Ding from JPMorgan.

Binbin Ding - *JP Morgan Chase & Co, Research Division - Analyst*

My question is on your marketing campaign. So you initiated a large-scale promotion campaign since first quarter last year. Can you share some color in terms of the initial results or payoffs from the marketing activities?

And also, I note that because of the coronavirus outbreak, some Internet companies have already become very stringent on spending and more focused on cost control. So given the current epidemic, will there be any change to our marketing plans in 2020?

Unidentified Company Representative

[Interpreted] Thanks, Binbin, for your question and sorry for the disruption because we are calling from multiple offices. So basically, we started our marketing campaign since October of 2018 -- of 2019, and we continued that campaign until Chinese New Year of this year. And as you may see, we actually deployed our advertisement on multiple channels, including elevators and also TV and online and buses, et cetera. And so far, we have seen very encouraging result from the initial stage of our branding campaign. For example, the organic download of our apps during our campaign actually doubled from previously.

And aside from that, we also see that the consumer perception of our brand as measured by the mentioned rate, first mention rate, when we do multiple surveys with consumers, it actually shows that the first mention rate of our name of our website actually doubled after -- before and after the campaign.

And also, in terms of online awareness metrics such as Baidu Index, WeChat Index, our reading of those indexes, both doubled or even tripled after the campaign.

So it's actually showing that the help -- our branding campaign actually helps to lift our brand and to raise the consumer awareness of our brand. It's very -- it has been showing a quite significant effect.

So we believe that this branding campaign is a long-term project. We have a long-term commitment to this project. So we will continue our campaign in 2020. And in terms of timing, we -- (inaudible) our Academy, which is an internal research body supporting ourselves and the OEMs, the research indicates that there could be a 2 peak season for auto sales this year, one in Q2 and one in Q4. And we will also do launch -- deploy our campaign accordingly.

So we believe after this year's brand campaign, our brand image, brand awareness or the organic download of our apps will continue to improve.

Okay. So that's my answer to your first question. So Binbin, could you repeat your second question? Sorry, I missed it.

Binbin Ding - *JP Morgan Chase & Co, Research Division - Analyst*

Okay. So I think some of the Internet companies which have already reported, they all mentioned they will become more stringent on spending and focus more on cost controls in this year because of the coronavirus. So given the current situation, will there be any changes to our marketing plans in 2020?

Ming Xu - *Bitauto Holdings Limited - CFO*

Yes, thanks for your question. We're also adjusting our branding campaign as the market situation and also the epidemic situation evolves. For example, during the Chinese New Year, we -- originally, we planned to spend a lot in the cinema pre-roll ads. But as you know, all the blockbusters for Chinese New Year has been canceled, so we changed our plan very fast and we deploy -- redeploy those resources into TV ads to leverage the race in the viewership during the Chinese City New Year when everyone have to stay at home. So this is an example of how we have been reacting to this evolving situation. I believe that in 2020 as the market evolves, we'll continue to make adjustments to that. And also, we believe that the current market environment, when a lot of startups are canceling or slashing their marketing budget even including some of the public companies due to funding or capital market concerns, actually, give us a very good bargaining power when we negotiate with different media. So that's something we will also take advantage of.

Operator

Your next question comes from the line of Liping Zhao of CICC.

Liping Zhao - *China International Capital Corporation Limited, Research Division - Analyst*

So I'm wondering how is the contract renewal with the dealers so far? Did you see any headwinds?

Ming Xu - *Bitauto Holdings Limited - CFO*

Thanks, Liping, for your question. So yes, I think for this year, one of the silver lining of this very tough challenging environment is so far our subscription business has been doing quite well. Actually, we are seeing a very high contract renewal rate in start of January. Most of our existing customers in 2018 -- in 2019 stayed with us. And in addition to that, we have been able to add a few thousands of new customers. So therefore, as a result, our customer -- the number of our fees subscribers doesn't decline a lot. That is where the slight decline from end of 2019, but actually it's very mild. And also, we have been able to narrow the gap with our competitor. I know that people in the market are talking about mass store close down start of the year which caused -- which may cause some decline in our competitors or in some of the other industry participants number of subscribers. To us, we didn't really experience that. Most of the -- [card] subscribers last year, they stay alive this year and they continue to go with us. But of course, there is a possibility that there are some 2,000 to 3,000 stores closed down, unfortunately, in the market. And because -- possibly because these low stars only subscribe the other market participant's product, so we don't really know about those and then they are the one that has been impacted. But that also point to the risk of only staying to -- sticking to one platform. And also, it shows that our service and our product have been able to helping our customers in 2019 through the very challenging market environment, which is the reason they're willing to stay with us.

Xuan Zhang - *Bitauto Holdings Limited - CEO & Director*

I think -- allow me to add a little more comments on this particular situation where that we view this as one of the positive turning points of the auto's overall business in general. We've -- in the past history, at times, we struggled with our brand recognition even within the industry where that we faced different criticisms on the quality and quantity of our sales leads on the overall influence among the consumers. Actually started from late 2018, the company's strategy has been specifically to improve that, turning that into a positive spin rather than the negative spin. So amount of the investments have been made on the brand rebuilding, on the product rebuilding, on the customer satisfaction side of the products and also work that's been carried out throughout the last 15 to 18 months. The highest ever renewal rate on our front in terms of -- on the dealership subscription business at the end of last year, at the beginning of this year, it's a perfect indication of view change, not only from consumers but also from the industry players, which mainly the upper stream for us which are including the OEMs and the dealers as well as being able to shortening the distance between us and some of the other players in the industry. So we'll continue to -- because -- to us it's fairly effective. So I think we're very determined to put this positive spin in pretty much every facets of our businesses, not only just limiting to the dealership subscription. So moving forward, I think continuing to invest in brandings, continue to turn this positive effect, letting people witness that traffic wise, the quality of lead wise, everything has been increasing drastically significantly. We would like to continue this particular change in 2020 and onwards. So this is not easy for us, but at least at this moment we start to see different feedbacks, different positive feedbacks from different areas, different facets, different partners that we work with in different businesses. So that's what we need in terms of carry us through this tough time through the virus time through the downturn of the industry. But I think it adds a lot of confidence into the management team as well as our partners.

Operator

We are now approaching the end of the conference call. I will now turn the call over to Bitauto's CFO, Ming Xu, for closing remarks.

Ming Xu - *Bitauto Holdings Limited - CFO*

Okay. Once again, thank you for joining us today. Please don't hesitate to contact us if you have any further questions. Thank you for your continued support, and we look forward to talking with you in the coming months.

Operator

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect, and good day to everyone.

[Portions of this transcript that are marked [Interpreted] were spoken by an interpreter present on the live call.]

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