

# 2011 Interim Results Corporate Presentation



XINGDA INTERNATIONAL HOLDINGS LIMITED  
興達國際控股有限公司

(HKEx stock code: 1899)



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# Agenda

❖ Financial Review

❖ Business Overview

❖ Outlook & Strategies



# Financial Review



# Financial Highlights

<i>RMB million</i>	For the six months ended 30 June/ 31 December			YOY Change	HOH Change
	1H2010	2H2010	1H2011		
Revenue	2,538	2,892	2,805	+10.5%	-3.0%
Gross Profit	815	821	758	-7.0%	-7.7%
Gross Profit Margin	32.1%	28.4%	27.0%	-5.1%pts	-1.4%pts
EBITDA (adjusted)*	767	721	718	-6.4 %	-0.4 %
EBITDA Margin (adjusted)*	30.2%	24.9%	25.6 %	-4.6%pts	+0.7%pts
Profit Attributable to Owners of the Company	477	315	251	-47.4%	-20.3%
Profit Attributable to Owners of the Company (adjusted)*	366	326	314	-14.2%	-3.7%
EPS (adjusted)* ( <i>RMB fen</i> )	26.39	22.06	20.59	-22.0%	-6.7%

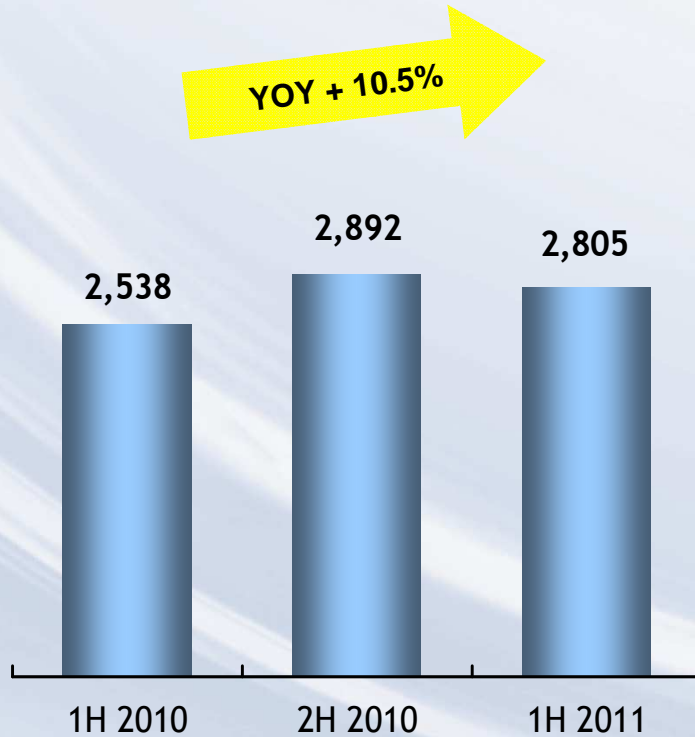
\*Note: Non-recurring items including gain on disposal of available-for-sale investments, exchange difference arising from non-operating activities and impairment loss recognised in respect of property, plant and equipment related to the fire in Feb 2011 were excluded from calculation of these figures.



# Financial Highlights

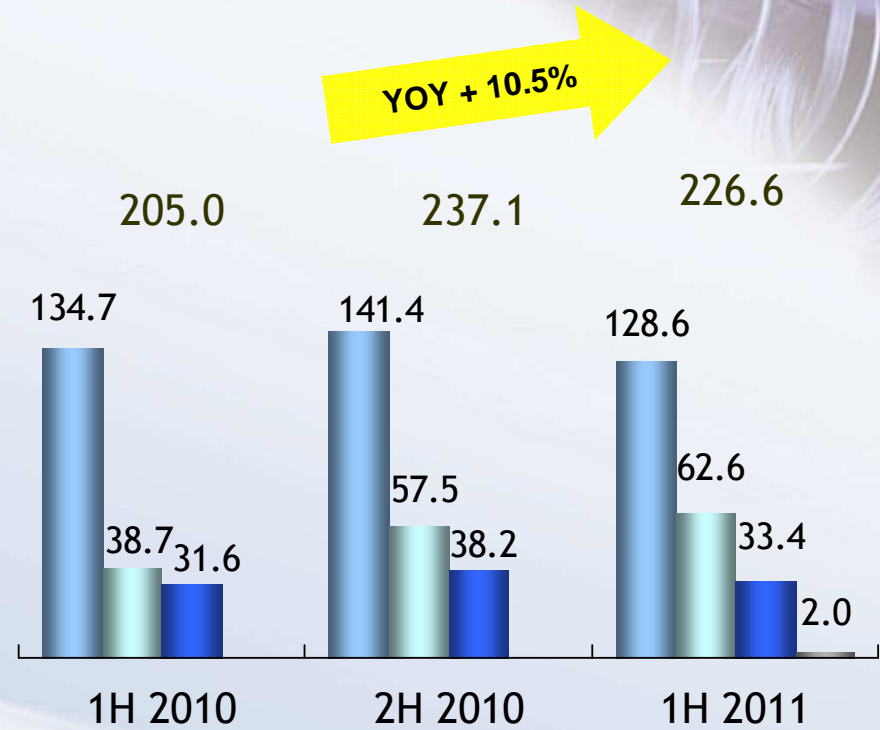
## Revenue

RMB' million



## Sales Volume by Products

'000 tonnes



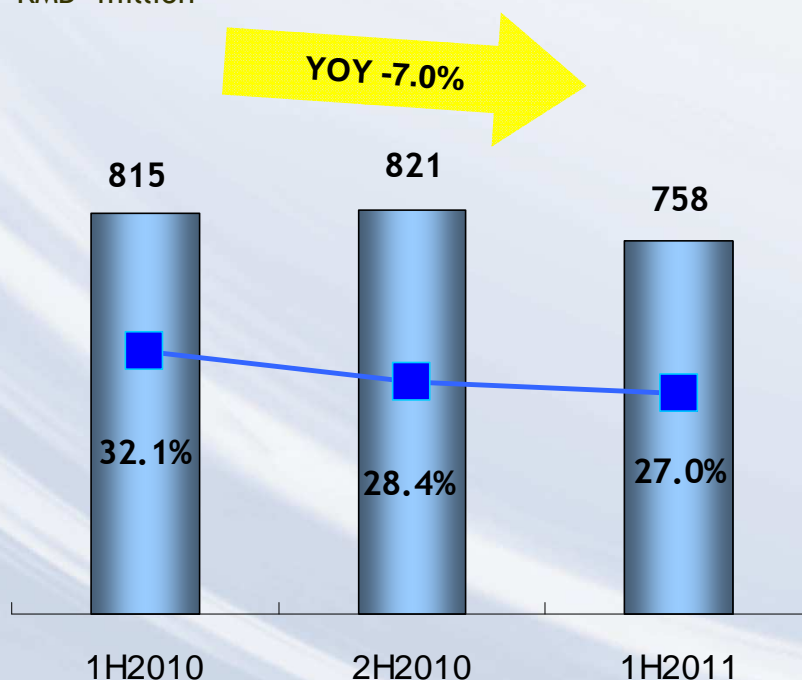
- Radial tire cord for trucks
- Radial tire cord for passenger cars
- Bead wire
- Sawing Wire



# Financial Highlights

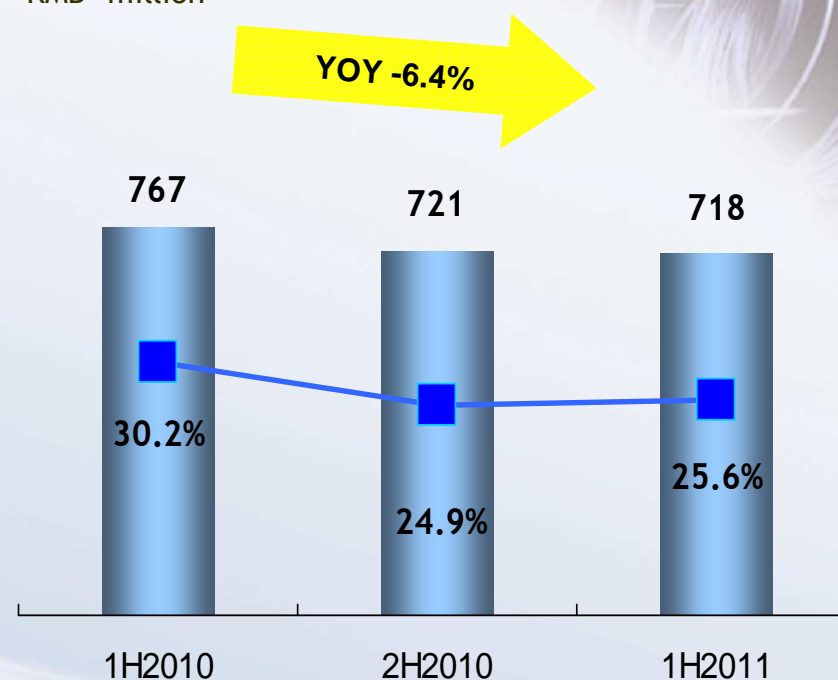
## Gross Profit

RMB' million



## EBITDA (Adjusted)\*

RMB' million

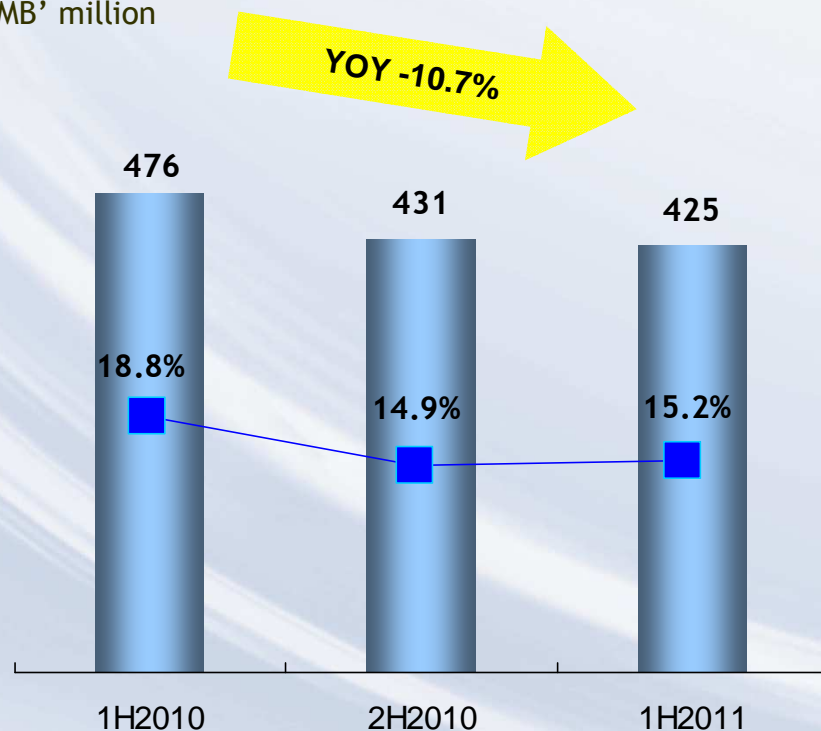


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# Financial Highlights

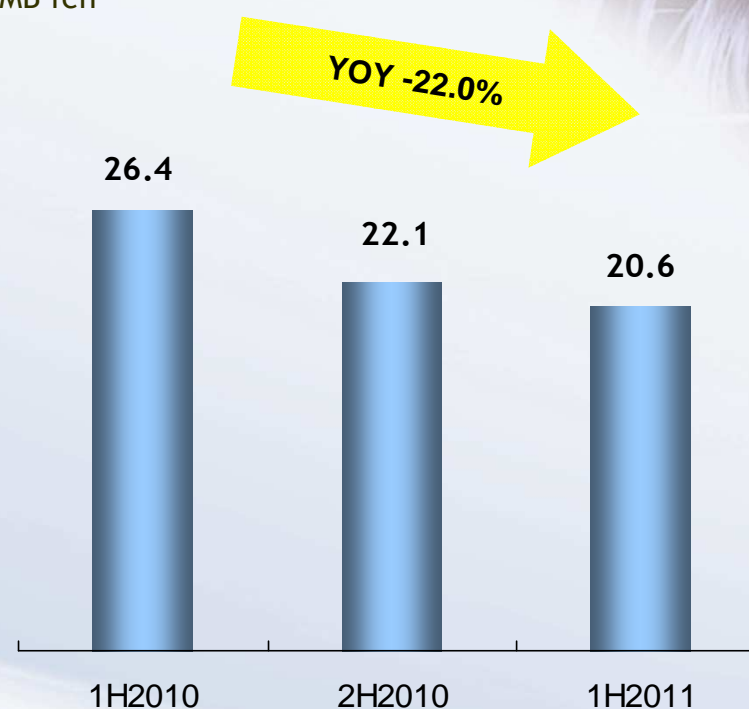
## Net Profit (Adjusted)\*

RMB' million



## EPS (Adjusted)\*

RMB fen

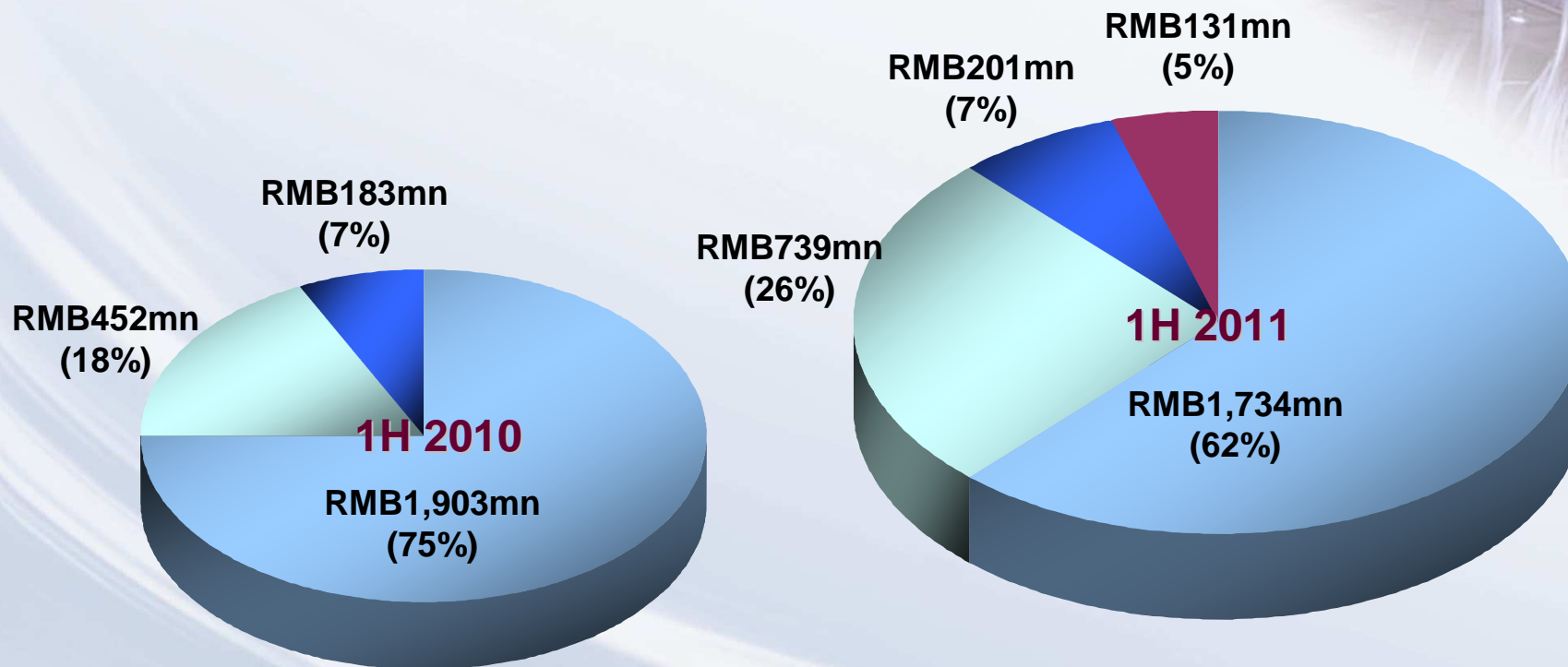


*\*Note: Non-recurring items including gain on disposal of available-for-sale investments, exchange difference arising from non-operating activities and impairment loss recognised in respect of property, plant and equipment related to the fire in Feb 2011 were excluded from calculation of these figures.*



# Financial Highlights

## Revenue by Product



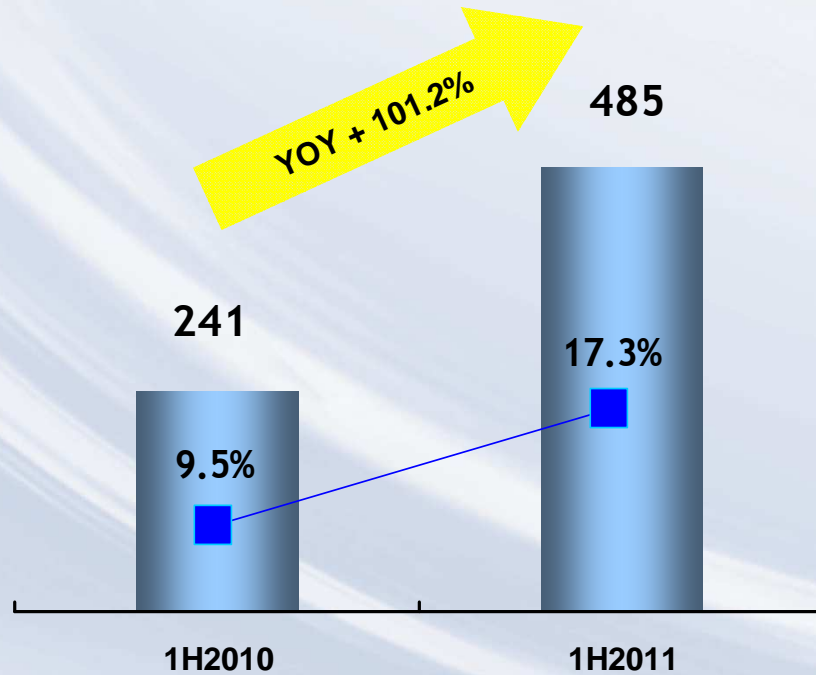
Radial tire cord for trucks   Radial tire cord for passenger cars   Bead wire   Sawing wire



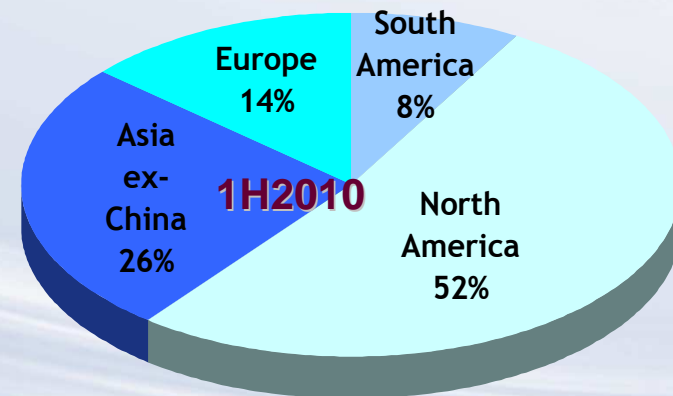
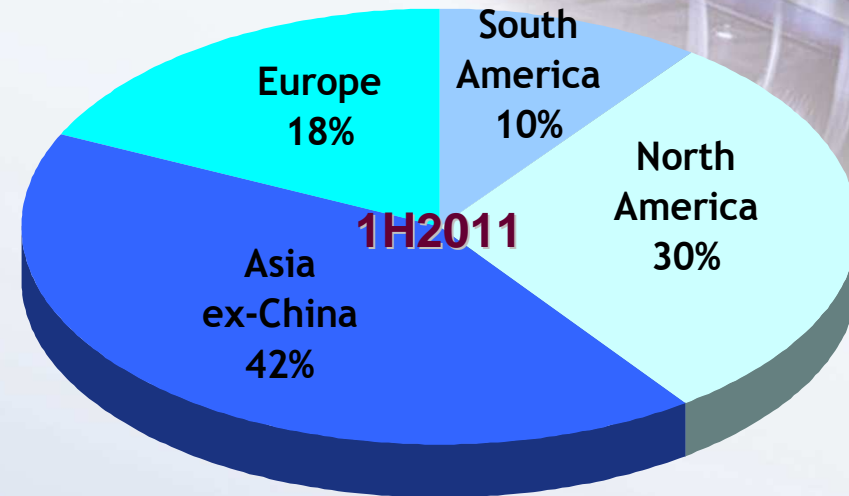
# Financial Highlights

## Export Sales

RMB' million



## Export Sales by Locations



# Cash Flow Summary

<i>RMB thousand</i>	For the six months ended 30 June/ 31 December		
	1H2010	2H2010	1H2011
Net Operating Cash Inflow	304	673	<b>270</b>
Cash Used in CAPEX	(439)	(358)	<b>(519)</b>
Cash and Cash Equivalents at period end	387	1,117	<b>1,114</b>

## Key Ratios

<i>RMB' 000</i>	As at 30 Jun 2010	As at 31 Dec 2010	As at 30 Jun 2011
Current Ratio (times)	1.8	2.0	<b>1.6</b>
Debtors' Turnover Days	91	89	<b>100</b>
Stock Turnover Days	72	43	<b>59</b>
Creditors' Turnover Days	29	31	<b>29</b>
Return on Capital Employed <sup>#</sup>	14.7%	12.2%	<b>10.6%</b>
Return on Equity <sup>#</sup>	19.9%	14.9%	<b>13.4%</b>
Gearing Ratio (total debts/ total assets)	22.3%	17.5%	<b>21.3%</b>
Net Debts to Equity Ratio	33.9%	8.1%	<b>18.3%</b>

*#Notes: Return has been adjusted for non-recurring items including gain on disposal of available-for-sale investments, exchange differences arising from non-operating activities and impairment loss recognised in respect of property, plant and equipment related to the fire in February 2011. The ratios for six months ended 30 June are annualised for comparison purpose.*



# Capacity & Utilisation

## ❖ Production capacity

- ❖ Radial tire cords increased by 25% YOY to 500k tonnes
- ❖ Sawing wire capacity 12k tonnes

## ❖ Jiangsu Factory

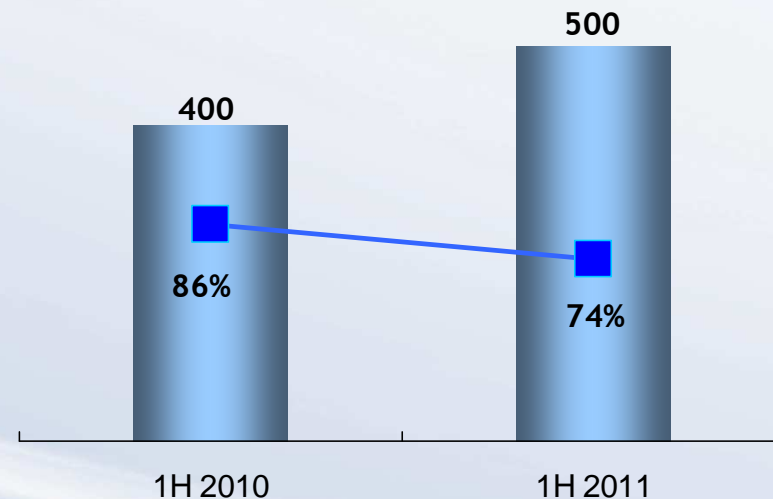
- ❖ New capacity of 50k tonnes in 2012 and another 50k in 2013 reaching 600k tonnes

## ❖ Shandong Factory

- ❖ Planned production capacity of 100k tonnes for truck tire cords
- ❖ In 2 phases: 50k tonnes in 2012 and another 50k tonnes in 2013

### Radial Tire Cords Capacity & Utilisation rate

'000 tonnes



# Business Overview



## Highlights for 2011 First Half

- ❖ Market leadership in China with about 1/3 market share for 7 years
- ❖ Revenue +10.5% to RMB2,805.1mn (1H2010: RMB2,538.4mn)
- ❖ Revenue from passenger car tire cords +63.5% due to strong export orders and robust domestic replacement demand
- ❖ Export sales +101.6% to RMB484.8mn (1H2010: RMB240.5mn)
- ❖ GP margin -5.1%pts to 27.0% due to softened truck tire cord demand and change in sales mix
- ❖ Sawing wire contributed RMB131.0mn sales (4.7% of total)
- ❖ Cash on hand RMB1.1bn

# Outlook & Strategies





## Sustainable Growth in China Market

- ❖ Continued urbanization and infrastructure construction increase traffic leading to strong replacement demand for truck tire
- ❖ Total vehicle population continue to grow across the country spurs demand in the tire replacement market
- ❖ Favourable industry policies boost the radialisation rate of trucks and passenger cars tire
- ❖ China Government's emphasis on the solar sector in the Twelfth Five-Year Plan provides impetus for the sawing wire business

## Immense Opportunities in Overseas Markets

- ❖ Accreditations received from renowned global tire manufacturers as a qualified supplier
- ❖ Increasing order boosted by the competitively priced products with excellent quality
- ❖ Expanding market penetration with steadily expanding customer base

## New Growth Driver - Sawing Wire

- ❖ Expansion to high-profit margin sawing wire business as growth driver
- ❖ Synergies achieved due to similarities in the production equipments used in processing radial tire cord
- ❖ Ample opportunities for further development is expected
- ❖ Inclusion of renewable energy as one of the seven emerging industry in the Twelfth-Five-Year Plan presents huge demand and support for the solar industry

## Future Strategies

- ❖ Fortifies our leading position in China market while actively reinforces our global presence
- ❖ Broadens our client base and strengthens the relationship with existing renowned customers
- ❖ Continues to expand its production capacity rationally to meet market demand through both Jiangsu factory and Shandong factory
- ❖ Continues to engage in R&D in existing & new products to maximise our interests in promising industries

# Open Forum

