

2012 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
	1H2011	2H2011	1H2012		
Revenue	2,805	2,746	2,764	-1.5%	+0.6%
Gross Profit	758	540	568	-25.1%	+5.1%
Gross Profit Margin	27.0%	19.7%	20.6%	-6.4%pts	+0.9%pts
EBITDA (adjusted)*	718	464	499	-30.5%	+7.5%
EBITDA Margin (adjusted)*	25.6%	16.9%	18.1%	-7.5%pts	+1.2%pts
Profit Attributable to Owners of the Company	251	167	149	-40.5%	-10.6%
Profit Attributable to Owners of the Company (adjusted)*	314	121	149	-52.4%	+22.9%
EPS (adjusted)* (<i>RMB fen</i>)	20.59	7.97	9.79	-52.4%	+22.9%

*Note: Non-recurring items including gain on disposal of available-for-sale investments and exchange difference arising from non-operating activities were excluded from calculation of these figures.

Financial Highlights

Revenue

RMB' million



Sales Volume by Products

'000 tonnes

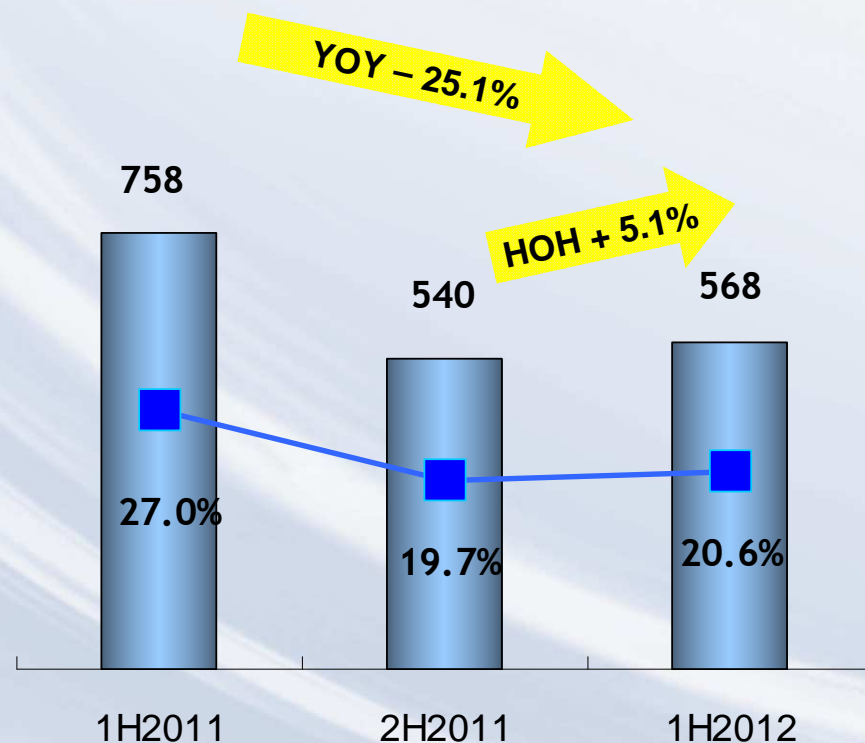


- Radial tire cord for trucks
- Radial tire cord for passenger cars
- Bead wire
- Sawing Wire

Financial Highlights

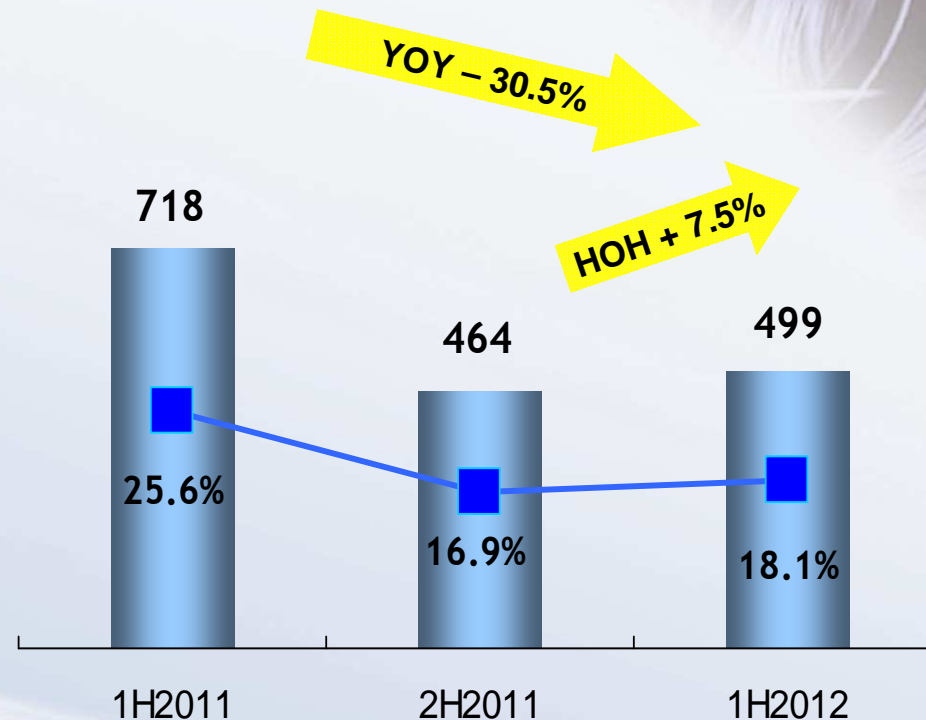
Gross Profit

RMB' million



EBITDA (Adjusted)*

RMB' million

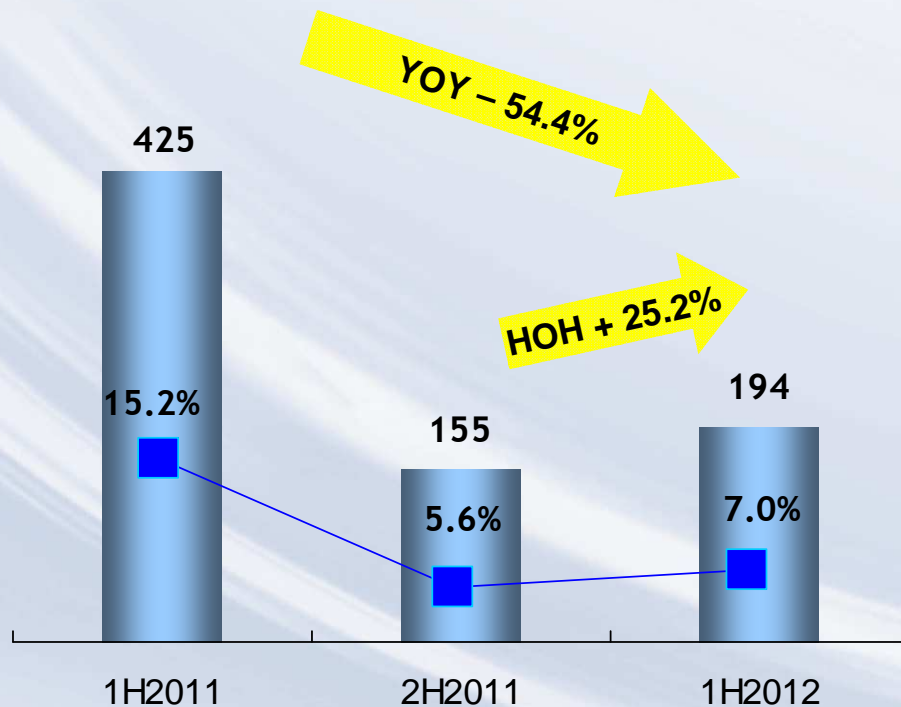


**Note: Non-recurring items including gain on disposal of available-for-sale investments, exchange difference arising from non-operating activities and impairment loss recognised in respect of property, plant and equipment related to the fire in Feb 2011 were excluded from calculation of these figures.*

Financial Highlights

Net Profit (Adjusted)*

RMB' million



EPS (Adjusted)*

RMB fen

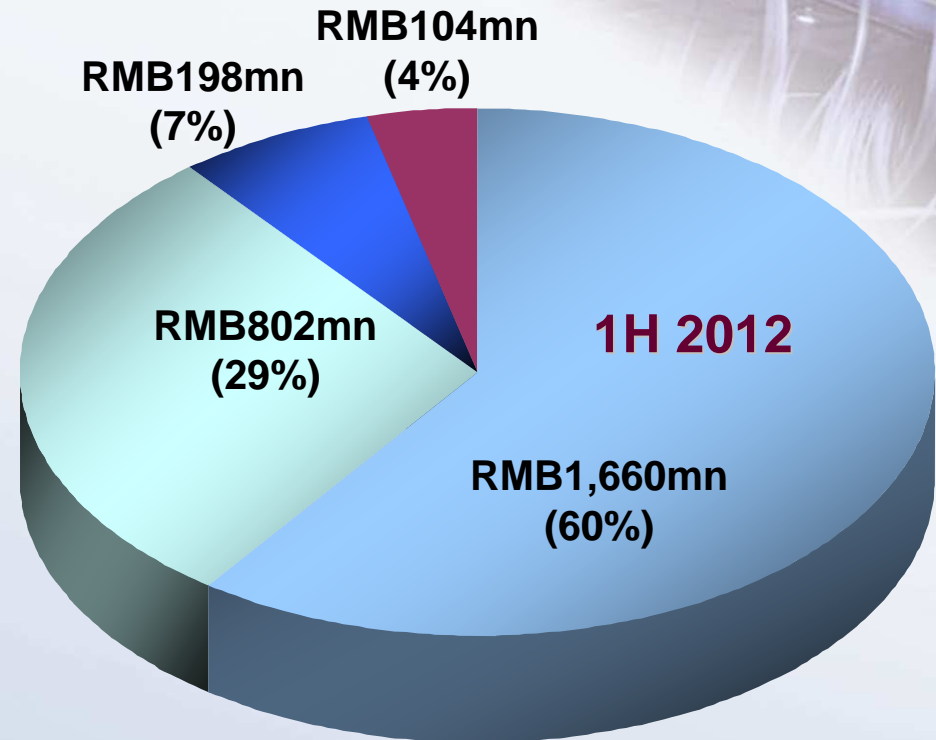
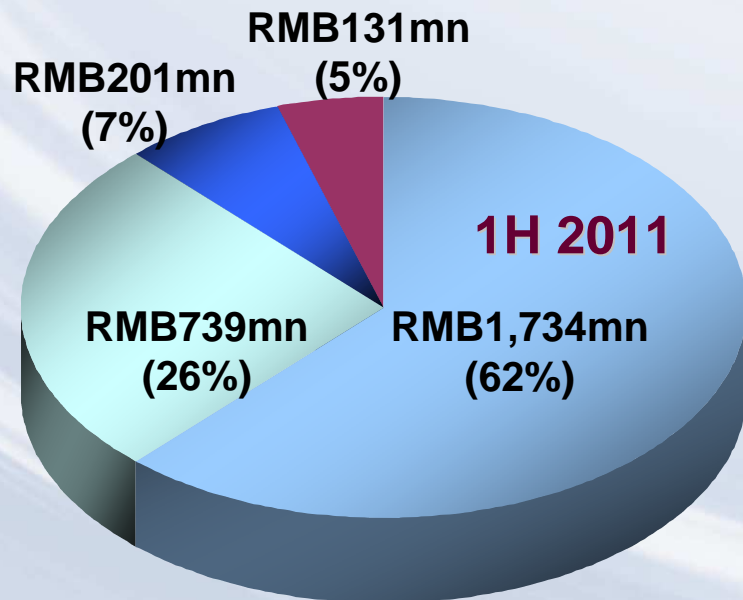


*Note: Non-recurring items including gain on disposal of available-for-sale investments, exchange difference arising from non-operating activities and impairment loss recognised in respect of property, plant and equipment related to the fire in Feb 2011 were excluded from calculation of these figures.



Financial Highlights

Revenue by Product



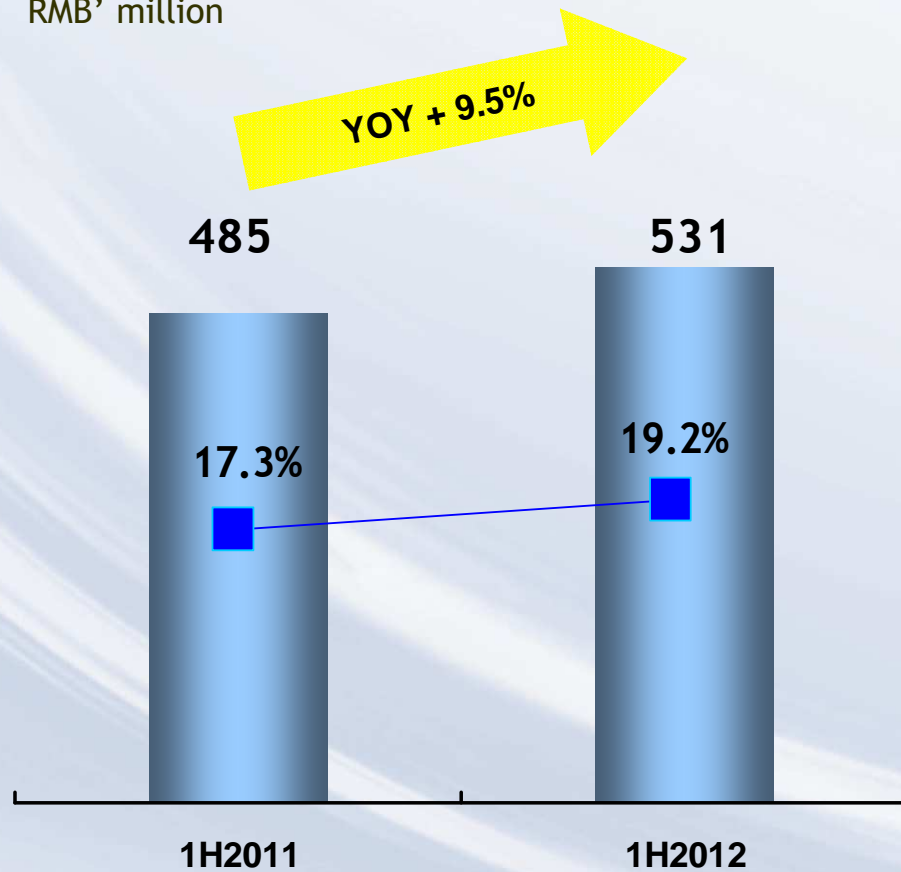
Radial tire cord for trucks Radial tire cord for passenger cars Bead wire Sawing wire



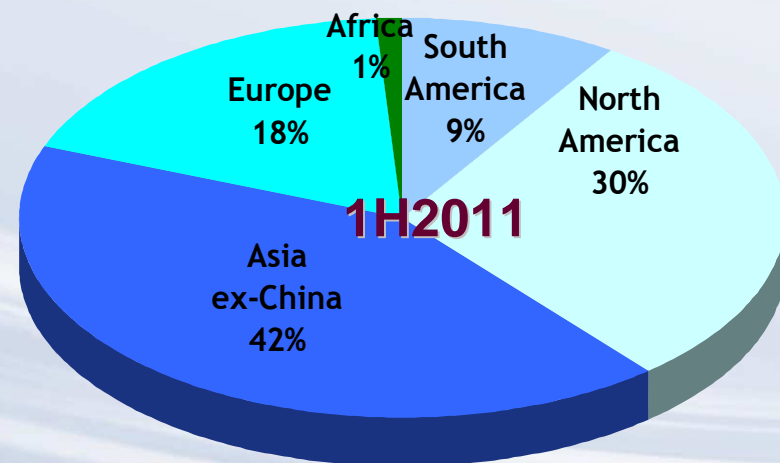
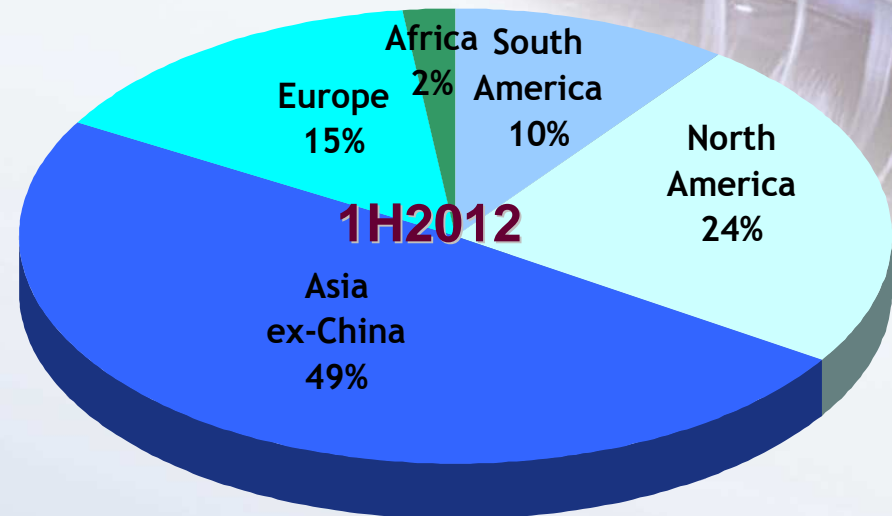
Financial Highlights

Export Sales

RMB' million



Export Sales by Locations



Cash Flow Summary

<i>RMB million</i>	For the six months ended 30 June/ 31 December		
	1H2011	2H2011	1H2012
Net Operating Cash Inflow	270	189	336
Cash Used in CAPEX	(519)	(47)	(319)
Cash and Cash Equivalents at period end	1,114	731	553

Key Ratios

	As at 30 Jun 2011	As at 31 Dec 2011	As at 30 Jun 2012
Current Ratio (times)	1.6	1.5	1.5
Debtors' Turnover Days	100	91	111
Stock Turnover Days	59	58	47
Creditors' Turnover Days	25	29	30
Return on Capital Employed [#]	10.6%	7.1%	4.7%
Return on Equity [#]	13.4%	9.0%	6.3%
Gearing Ratio (total debts/ total assets)	21.3%	19.3%	20.5%
Net Debts to Equity Ratio	18.3%	23.1%	28.9%

#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 remained at 500k tonnes
- ❖ Sawing wire capacity remained at 12k tonnes

❖ Jiangsu Factory

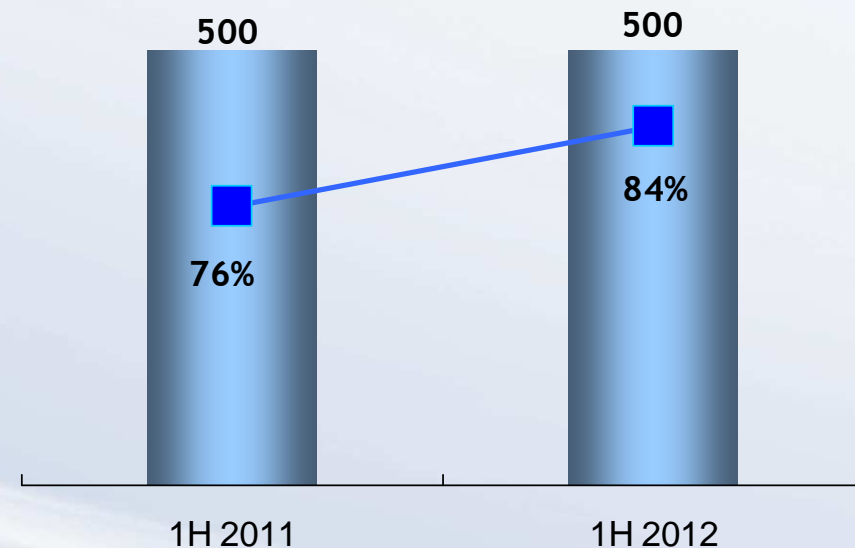
- ❖ Major expansion was suspended
- ❖ Production line modification is in progress to improve production efficiency

❖ Shandong Factory

- ❖ Construction was proceeding at a slower pace
- ❖ Expected to commence operation in 2013 with capacity 50K tonnes

Radial Tire Cords
Capacity & Utilisation rate

'000 tonnes



Business Overview



Business Overview for 2012 First Half

- ❖ Continue to maintain market leadership in China with about 1/3 market share
- ❖ Due to the unresolved Eurozone debt crisis and slowdown of GDP growth in China, revenue -1.5% to RMB2,763.7mn (1H2011: RMB2,805.1mn)
- ❖ Revenue from passenger car tire cords +8.5% to RMB801.8 mn due to expanding overseas market and growing domestic replacement market
- ❖ Export sales +9.5% to RMB531.0mn as a good return for the Group's consistent efforts in the development of the overseas market (1H2011: RMB484.8mn)
- ❖ GP margin -6.4%pts to 20.6% due to the decline on average selling prices for both radial tire cord and sawing wire

Outlook & Strategies



Performance in China Market

- ❖ Chinese Government aimed to support economic growth by reducing interest rates, accelerating infrastructure projects and monetary easing
- ❖ Xingda is cautiously optimistic about a gradual rebound of economic activities
- ❖ Growing passenger cars ownership in China gives support to radial tire cord for passenger cars
- ❖ China's continuous urbanisation spurs demand for truck tires in the replacement market
- ❖ China's growing radialisation rate (From 2006: 64% to 2011: 87%) provides additional radial tire cords demand

Maintained Sustainable Growth in Overseas Markets

- ✦ Expanding overseas market has accounted for a rising proportion of the Group's total sales (2010FY: 12.3%, 2011FY: 17.3%, 2012H1: 19.2%)
- ✦ Enhanced brand portfolio and market position globally by offering products of high quality with competitive pricing
- ✦ Strong relation with renowned global tire manufacturers helps Xingda gaining global market share

Future Strategies

- ❖ Exploits our competitive advantages while enhancing our cost structure to cope with the uncertain global economic situation ahead
- ❖ Solidifies our relationships with existing clients and strengthens our brand recognition
- ❖ Closely monitor our capacity expansion plan to maintain high utilisation rate
- ❖ Continues to implement a greater scope of automation to enhance production efficiency

Open Forum

