

2012 Annual 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

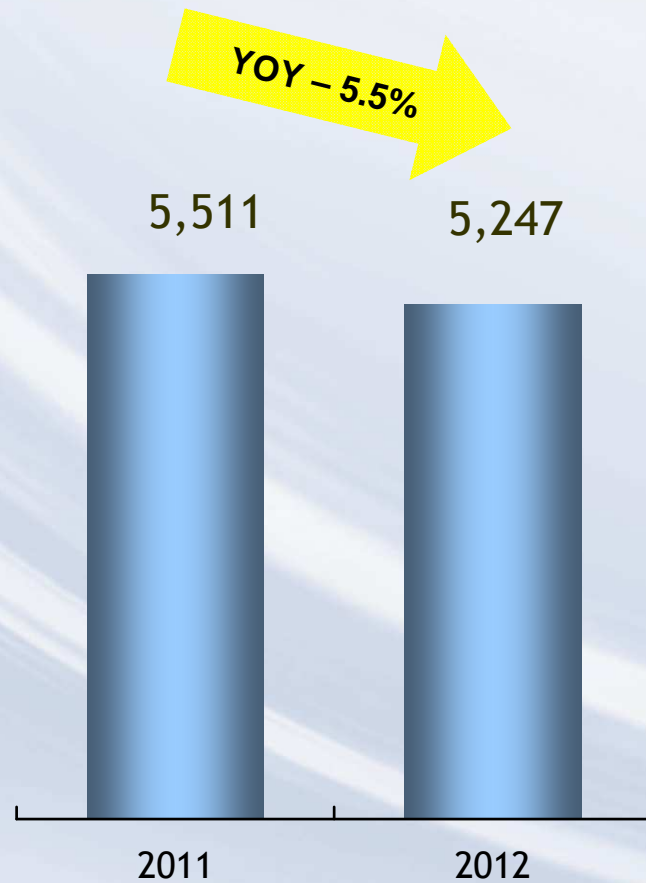
<i>RMB' million</i>	Year Ended		YOY Change
	31 December		
	2011	2012	
Revenue	5,551	5,247	-5.5%
Gross Profit	1,298	1,070	-17.6%
Gross Profit Margin	23.4%	20.4%	-3.0%pts
EBITDA (adjusted)*	1,183	922	-22.1%
EBITDA Margin (adjusted)*	21.3%	17.6%	-3.7%pts
Profit Attributable to Owners of the Company	418	189	-54.8%
Profit Attributable to Owners of the Company (adjusted)*	435	244	-44.1%
EPS (adjusted)* (<i>RMB fen</i>)	28.56	15.97	-44.1%
Dividend per share (<i>HK cent</i>)	20.0	15.0	-25.0%

*Note: Non-recurring items including deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.

Financial Highlights

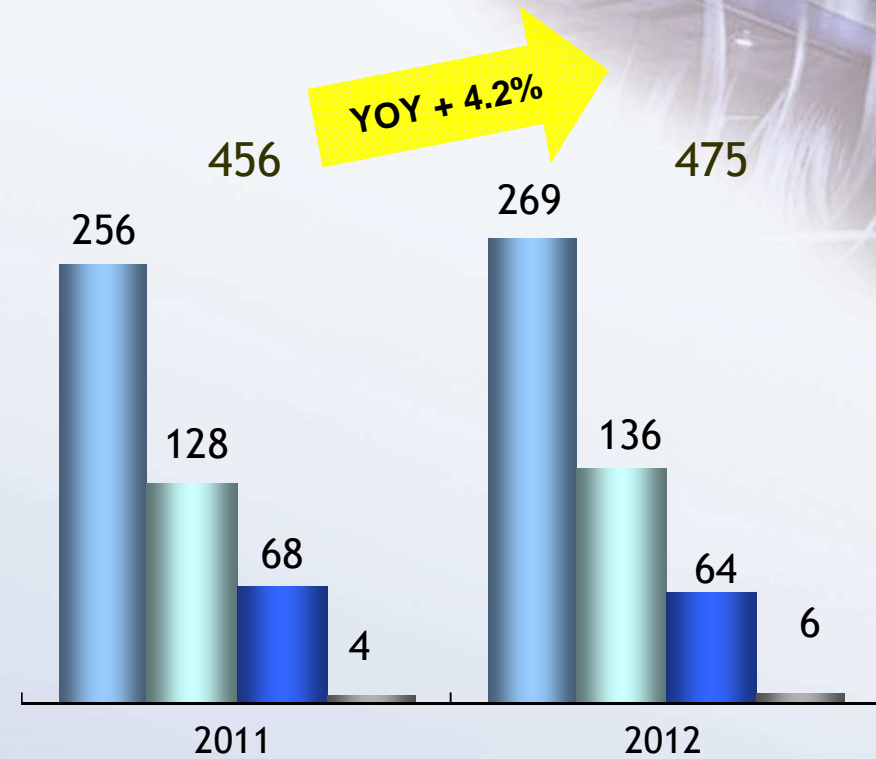
Revenue

RMB' million



Sales Volume by Products

'000 tonnes



- Radial tire cord for truck
- Radial tire cord for passenger car
- Bead wire
- Sawing Wire

Financial Highlights

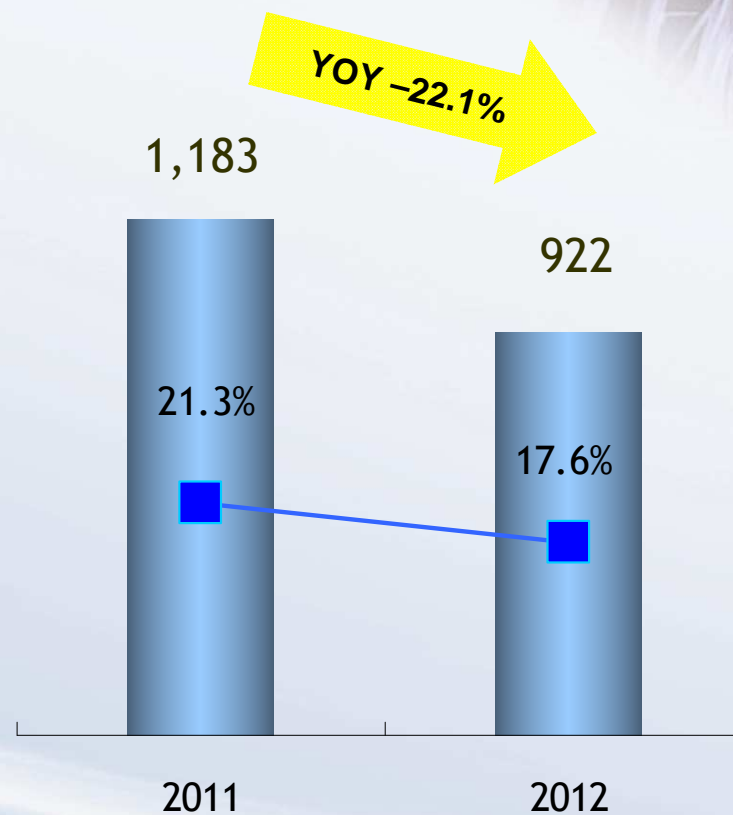
Gross Profit

RMB' million



EBITDA (Adjusted)*

RMB' million



**Note: Non-recurring items including deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.*

Financial Highlights

Net Profit (Adjusted)*

RMB' million



EPS (Adjusted)*

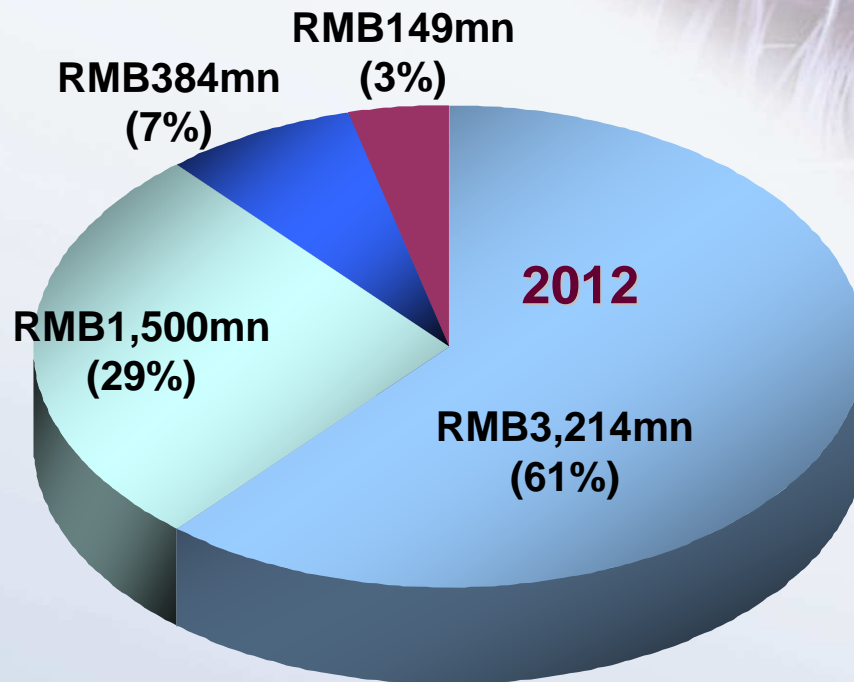
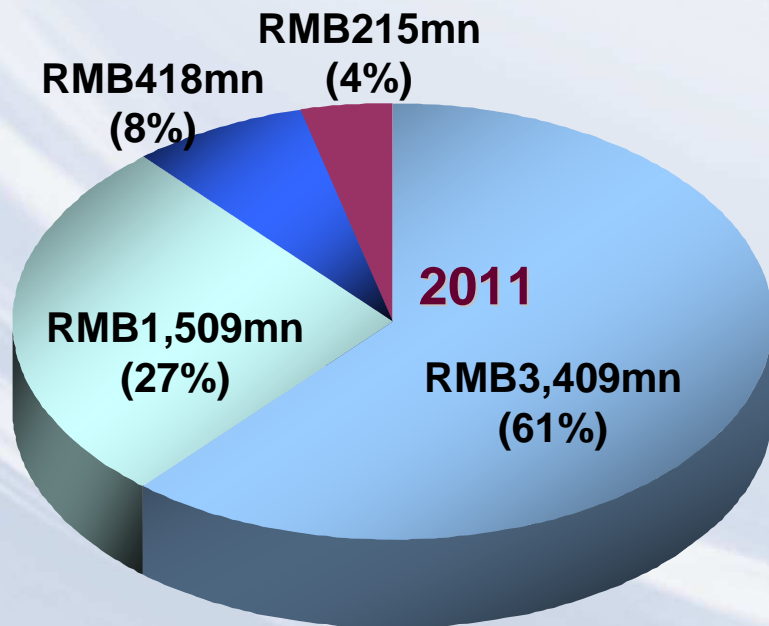
RMB fen



**Note: Non-recurring items including deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.*

Financial Highlights

Revenue by Product



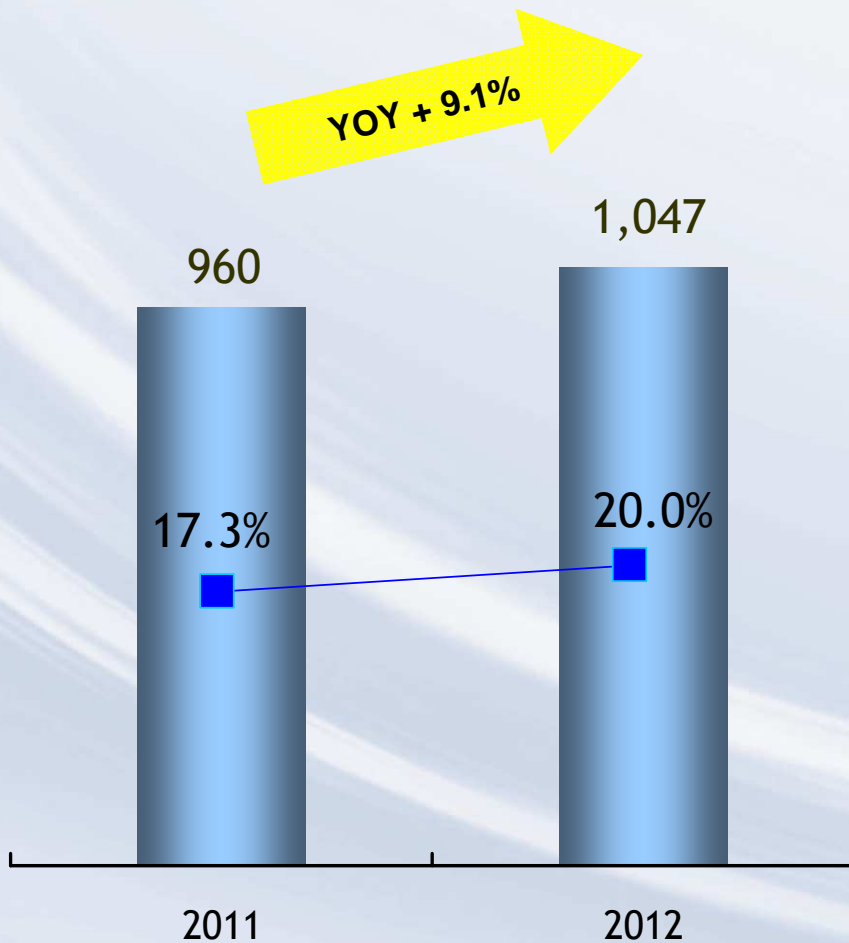
Radial tire cord for truck Radial tire cord for passenger car Bead wire Sawing wire



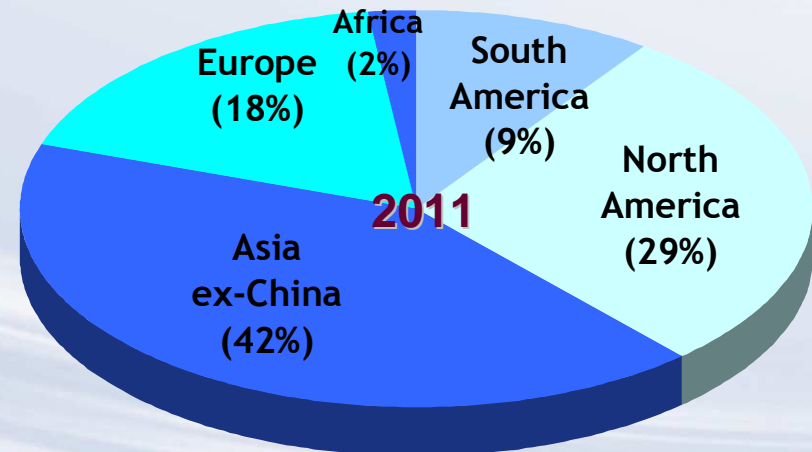
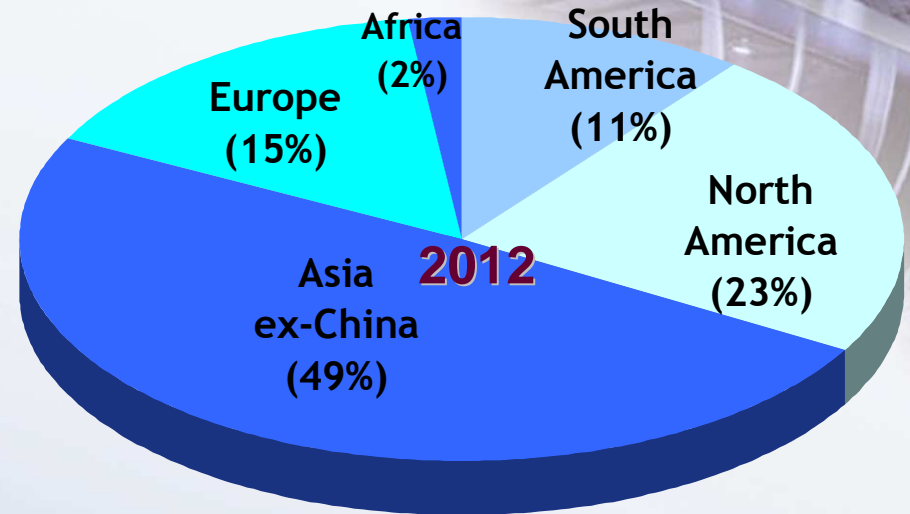
Financial Highlights

Export Sales

RMB' million



Export Sales by Locations



Cash Flow Summary

<i>RMB' million</i>	<u>For the Year Ended 31 December</u>	
	2011	2012
Net Operating Cash Inflow	459	1,163
Cash Used in CAPEX*	(566)	(402)
Cash and Cash Equivalents at year end	731	521

**Note: Cash used in CAPEX is extracted from the line "Purchase of property, plant and equipment" in the investing activities section in the statements of consolidated cash flows. Purchase of property, plant and equipment for 2011 amounting to approximately RMB695 million which has been set off against the compensation received from insurance company of approximately RMB129 million.*

Key Ratios

	For the Year Ended 31 December	
	2011	2012
Current Ratio (times)	1.4	1.6
Debtors' Turnover Days*	94	97
Stock Turnover Days	58	38
Creditors' Turnover Days*	50	70
Return on Capital Employed#	7.1%	4.2%
Return on Equity #	9.0%	5.1%
Dividend Payout Ratio	59.1%	98.2%
Dividend Payout Ratio#	56.8%	76.1%
Gearing Ratio	18.4%	12.7%
Net Debts to Equity Ratio	23.1%	13.9%

Notes: The ratios have been adjusted for 17% value-added tax included in the balances of trade receivables and trade payables.*

Notes#: Return has been adjusted for non-recurring items including deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities.

Capacity & Utilisation

❖ Production capacity

- ❖ No change since 2011Q3
- ❖ Radial tire cords capacity - 500k mtpa
- ❖ Bead wire capacity - 100k mtpa
- ❖ Sawing wire capacity - 12k mtpa

❖ Jiangsu Factory

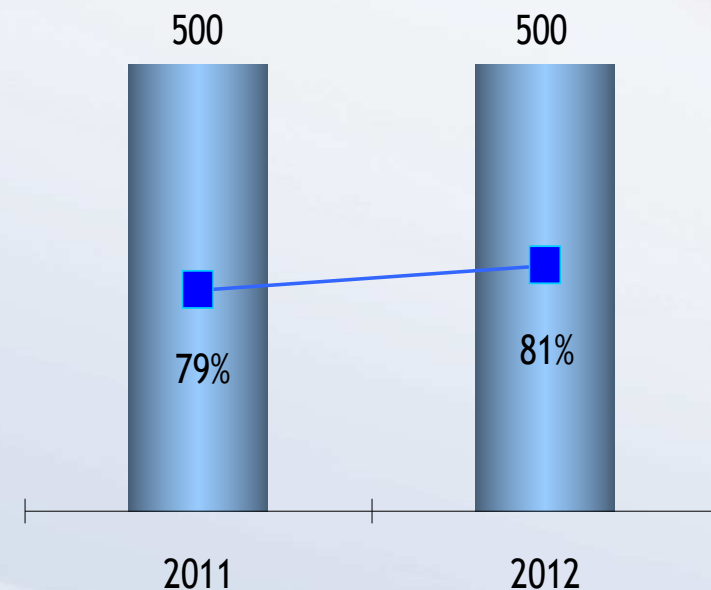
- ❖ Major expansion was suspended
- ❖ Production line modification is in progress to enhance production efficiency

❖ Shandong Factory

- ❖ Construction was proceeding at a slower pace in response to soften demand
- ❖ Expected to commence operation in 2H 2013 or 2014 with capacity 50K mtpa for Phase 1

Radial Tire Cords Capacity & Utilisation rate

'000 tonnes



Business Overview



Highlights for 2012

- ❖ Continue to maintain market leadership in China
- ❖ Revenue -5.5% to RMB5,247mn due to the slowdown in domestic industrial & consumer activities
- ❖ Export sales +9.1% to RMB1,047mn as a result of the Group's consistent efforts in the development of the overseas market
- ❖ GP margin -3.0%pts to 20.4% due to the decline in the ASPs for both radial tire cord and sawing wire products
- ❖ Proposed final dividend 15.0 HK cents per share (2011: 20.0 HK cents) with payout ratio 98.2% (2011: 59.1%)
- ❖ Net cash inflow from operating activities increased to RMB1,163mn (2011: RMB459mn)
- ❖ Net debts to equity ratio dropped to 13.9% (2011: 23.1%)

Outlook & Strategies



Modest Growth in China Market

- ❖ Chinese Government continues to take various measures to promote sustainable growth of the domestic economy
- ❖ China's long-term plan to improve the levels of urbanization continues to spur demand for truck tires in the replacement market
- ❖ China's growing radialisation rate (From 2006: 64% to 2011: 87%) underpins additional radial tire cords demand
- ❖ China's aggressive target in solar power capacity expansion drives demand for sawing wires

Growing Opportunities in Overseas Markets

- ❖ Expanding overseas market has accounted for a rising proportion of the Group's total sales revenue (FY2012: 20.0%, FY2011: 17.3%)
- ❖ Enhance brand portfolio and market position globally by offering products of high quality with competitive pricing
- ❖ Strong relationships with renowned global tire manufacturers helps Xingda gain global market share

Future Strategies

- ❖ Leverage our competitive advantages while enhancing our cost structure to cope with the uncertain global economic situation ahead
- ❖ Solidify our relationships with existing clients and strengthen our brand recognition
- ❖ Adjust our capacity expansion plan by closely monitoring customer demand to maintain high utilisation rate
- ❖ Continue to implement a greater scope of automation to enhance production efficiency

Open Forum

