

# 2013 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		
	2012	2013	
Revenue	5,247	5,585	+6.4%
Gross Profit	1,070	1,385	+29.5%
Gross Profit Margin	20.4%	24.8%	+4.4pts
EBITDA (adjusted)*	922	1,226	+32.9%
EBITDA Margin (adjusted)*	17.6%	22.0%	+4.4pts
Profit Attributable to Owners of the Company	189	415	+119.7%
Profit Attributable to Owners of the Company (adjusted)*	244	415	+70.2%
EPS (adjusted)* ( <i>RMB fen</i> )	15.97	27.19	+70.2%
Dividend per Share ( <i>HK cent</i> )	15.0	16.0	+6.7%

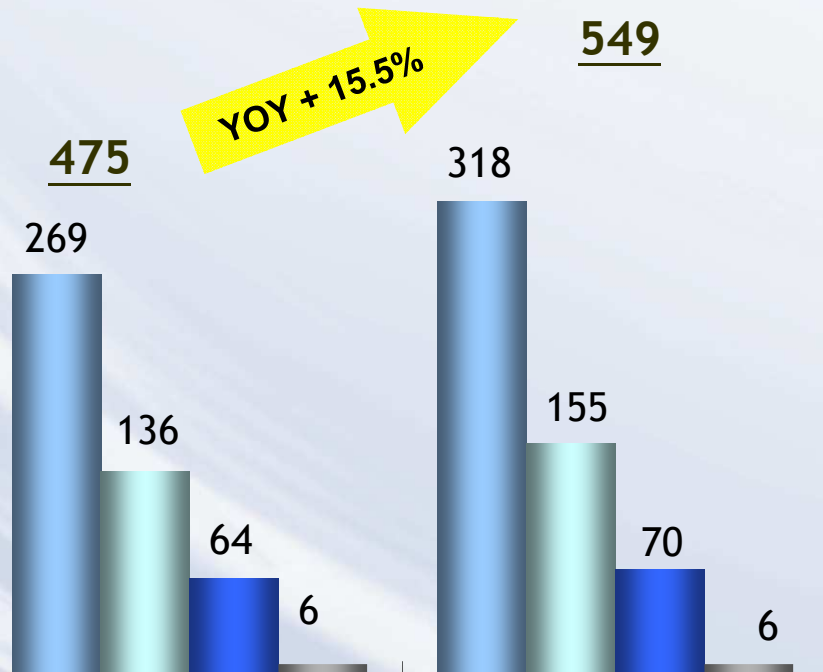


\*Note: Non-recurring items including deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.

# Financial Highlights

## Sales Volume by Product

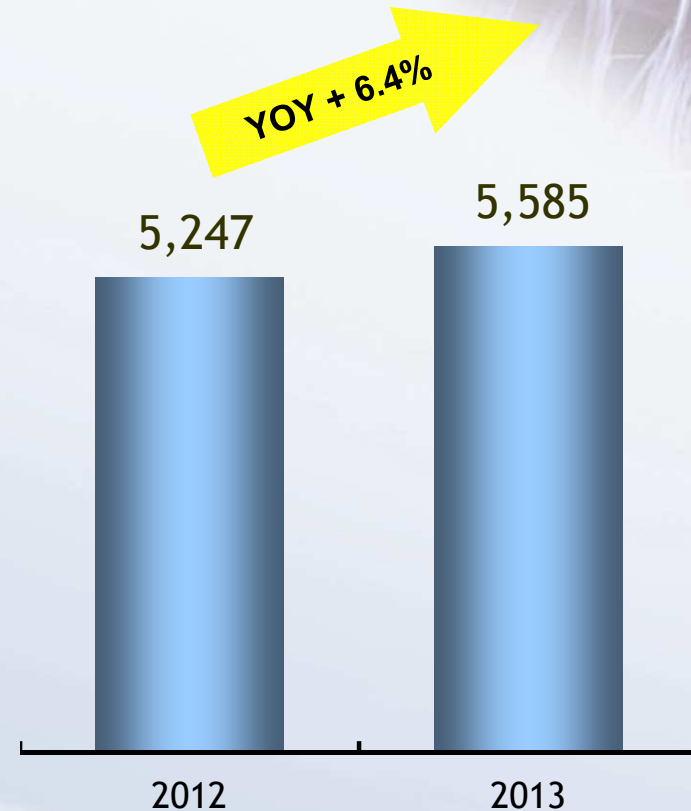
'000 tonnes



- 2012
- Radial tire cord for trucks
- Radial tire cord for passenger cars
- Bead wire
- Sawing Wire

## Revenue

RMB' million



# Financial Highlights

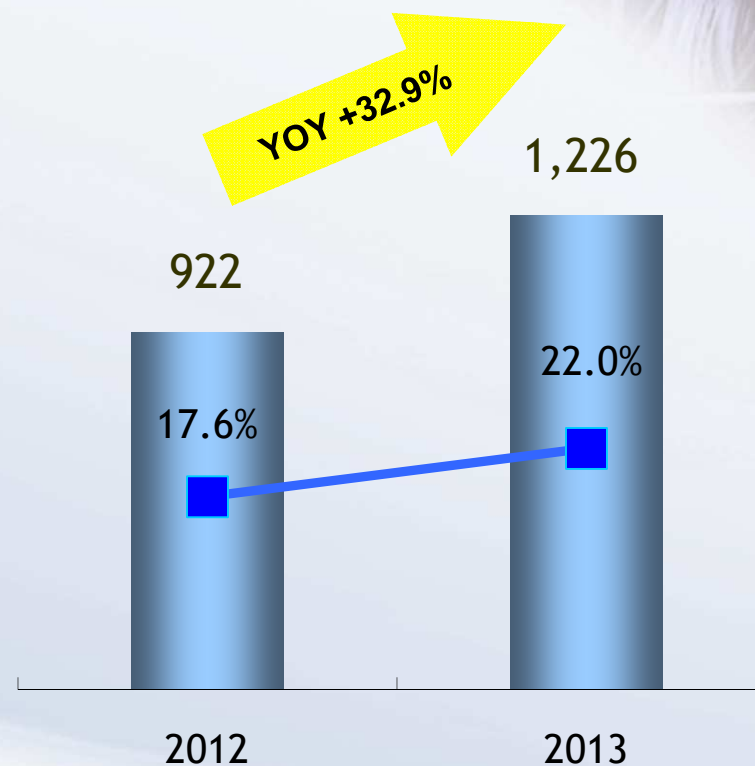
## Gross Profit

RMB' million



## EBITDA (Adjusted)\*

RMB' million

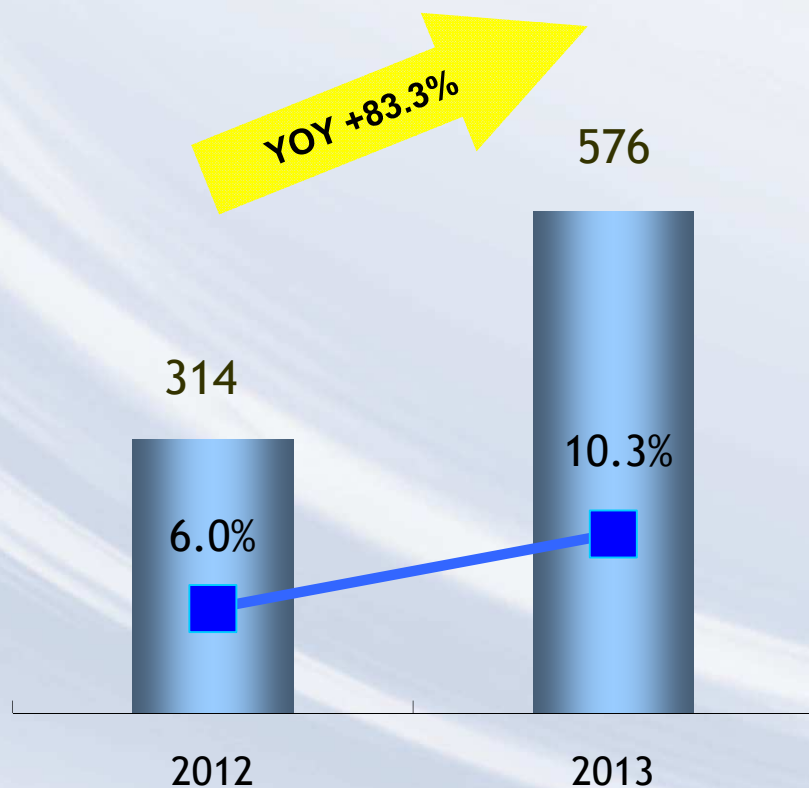


*\*Note: Non-recurring items including deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.*

# Financial Highlights

## Net Profit (Adjusted)\*

RMB' million



## EPS (Adjusted)\*

RMB fen

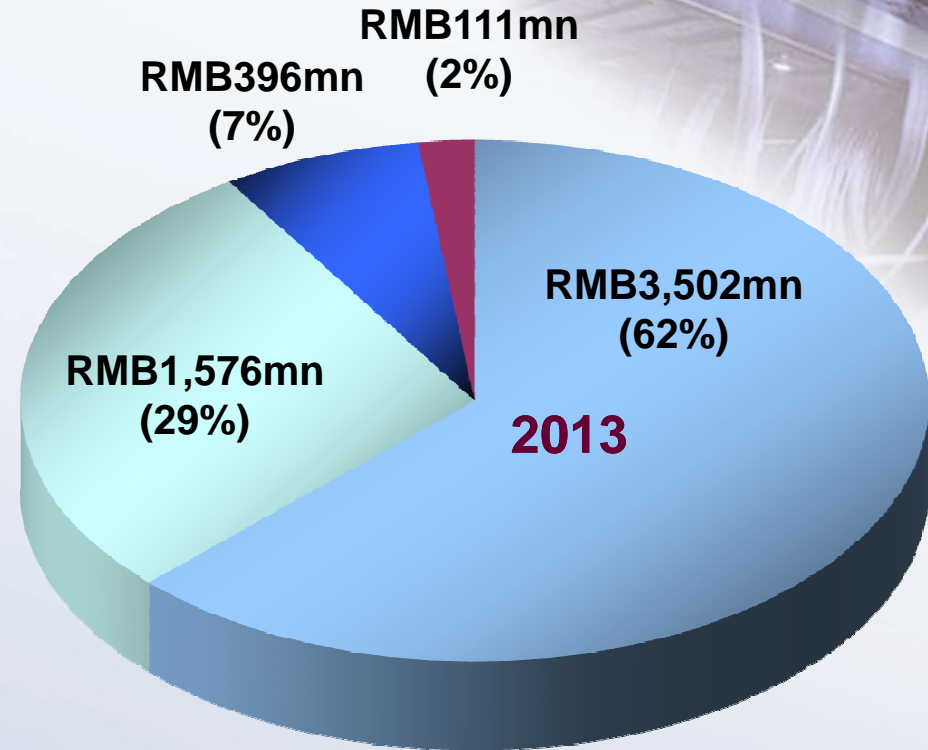
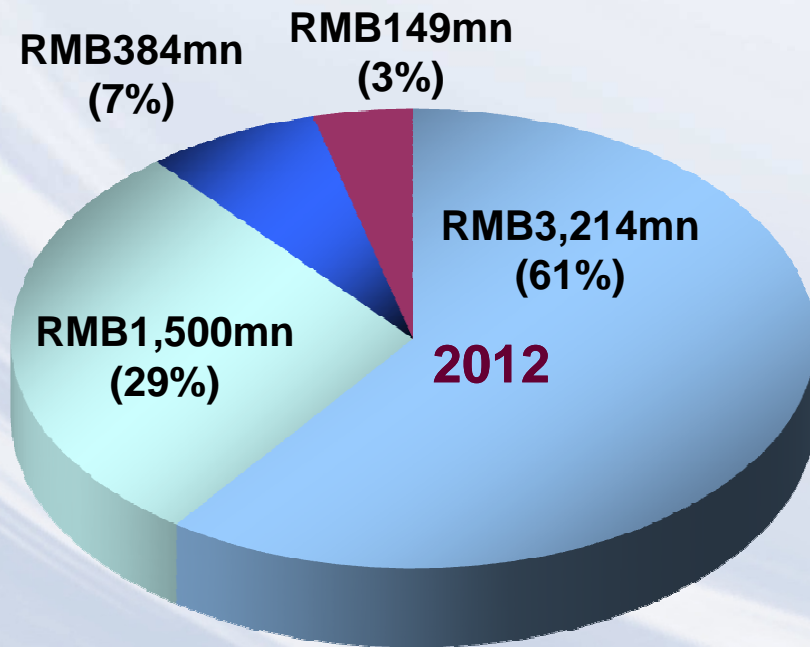


*\*Note: Non-recurring items including deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.*



# Financial Highlights

## Revenue by Product






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

# Financial Highlights

## Export Sales Volume

'000 tonnes



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

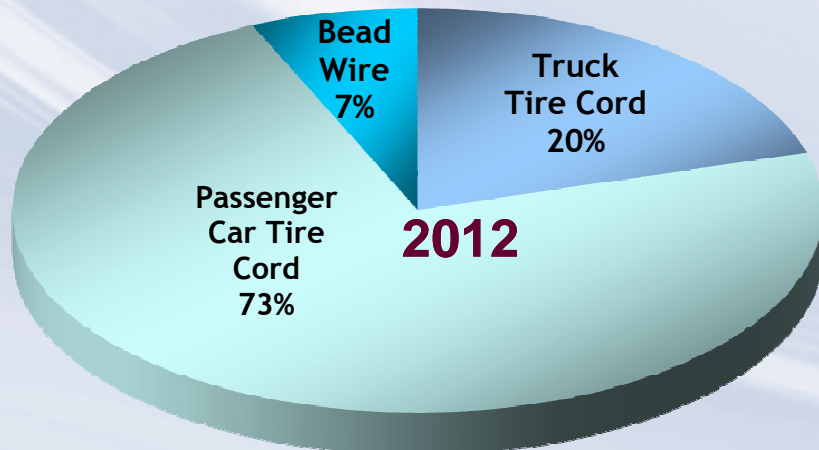
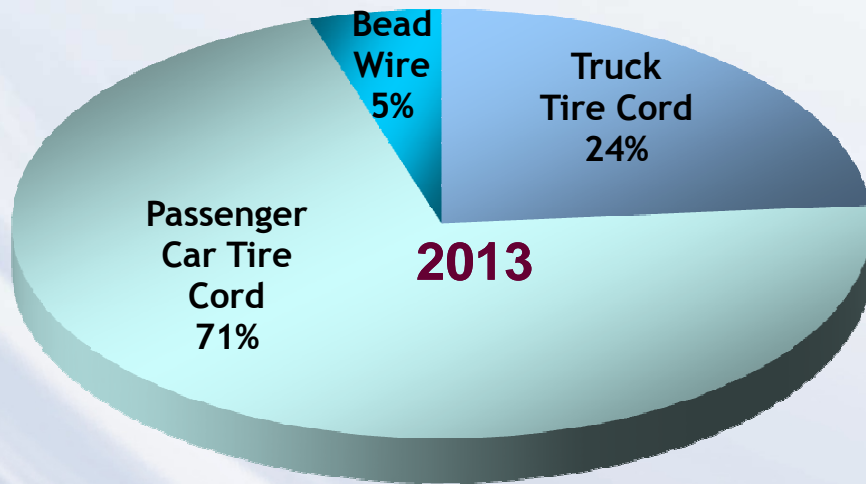
## Export Sales

RMB' million

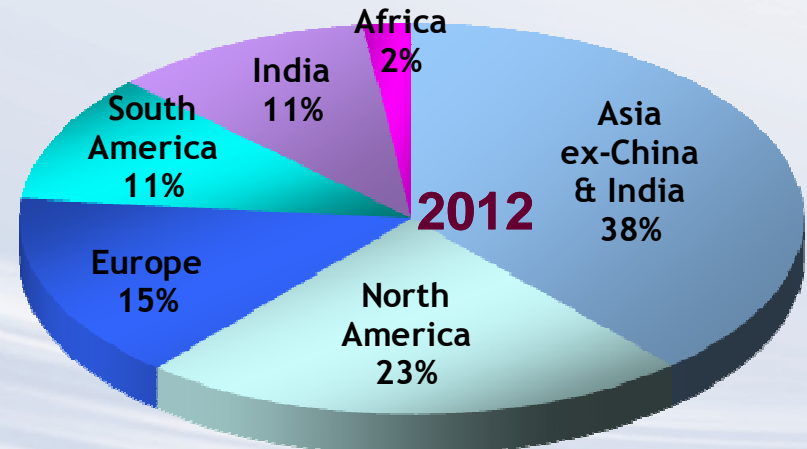
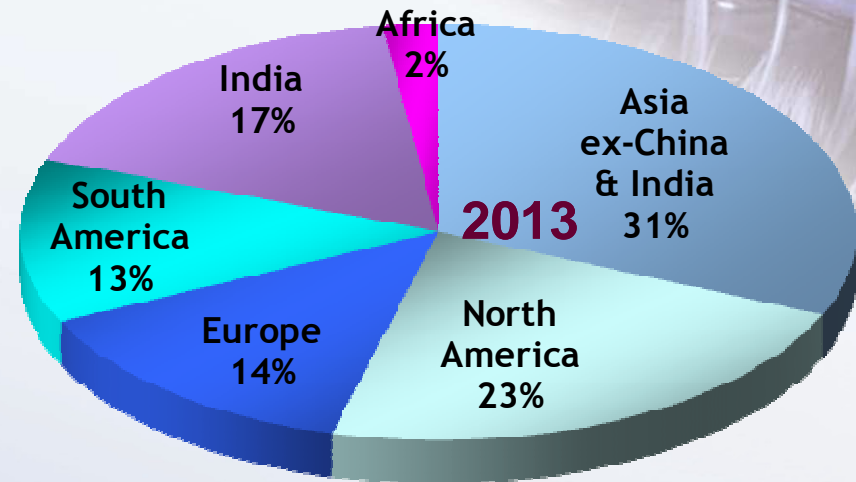


# Financial Highlights

## Export Sales by Product



## Export Sales by Location



## Cash Flow (Extract)

<i>RMB' million</i>	For the year ended 31 December	
	2012	2013
Net Operating Cash Inflow	1,163	653
Cash Used in CAPEX	(402)	(313)
Net Repayment of Bank Borrowings	(660)	(174)
Payment of Dividend	(247)	(185)
Cash and Cash Equivalents at Year End	521	414

# Key Ratios

For the Year Ended 31 December

	2012	2013
Current Ratio (times)	1.6	1.8
Debtors' Turnover Days	97	111
Stock Turnover Days	38	32
Creditors' Turnover Days	70	70
Return on Capital Employed <sup>#</sup>	4.2%	7.5%
Return on Equity <sup>#</sup>	5.1%	8.3%
Dividend Payout Ratio <sup>#</sup>	76.1%	46.3%
Gearing Ratio	12.7%	10.4%
Net Debts to Equity Ratio	13.9%	12.0%

*#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

- ❖ Radial tire cords capacity increased 20k mtpa or 4% to 520k mtpa
- ❖ Bead wire capacity - 100k mtpa (Unchanged since Q3 2011)
- ❖ Sawing wire capacity - 12k mtpa (Unchanged since Q3 2011)

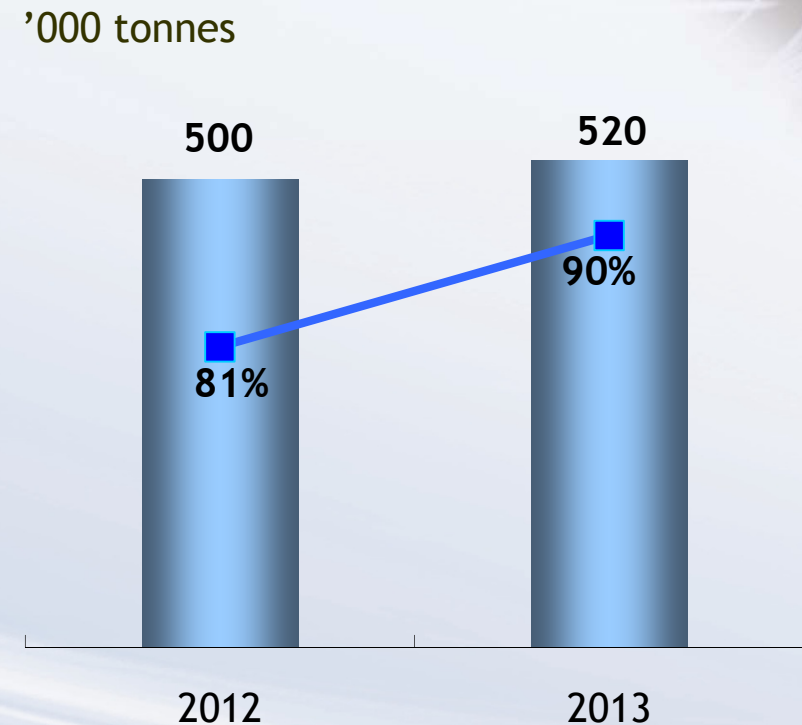
## ❖ Jiangsu Factory

- ❖ Increased radial tire cord capacity 20k mtpa or 4% to 520k mtpa

## ❖ Shandong Factory

- ❖ 1st phase 50k mtpa expected to start trial operation in Q2 2014 and commence production in Q3 2014

### Radial Tire Cords Capacity & Utilisation rate



# Business Overview



# Highlights for 2013

- ❖ Revenue +6.4% to RMB5,585mn whereas sales volume +15.5% to 548.6k tonnes
- ❖ Sales volume of truck tire cords +18.3% thanks to China's robust construction activities spurred replacement demand
- ❖ Sales volume of passenger car tire cords +13.9% from the previous year on the back of steady growth of domestic demand for vehicles
- ❖ GP margin +4.4%pts to 24.8% contributed by increase in sales volume (higher utilisation rate) and decrease in overall cost of production
- ❖ Finance cost -42.3% to RMB64mn due to the decrease in average bank borrowings and interest rate in 2013
- ❖ Profit attributable to the owners of the Company +119.7% to RMB415mn
- ❖ Proposed dividend 16.0 HK cents per share (2012: 15.0 HK cents per share)



# Outlook & Strategies



# China Market Outlook

- ❖ China's tire output recorded a steady growth of around 9% to approximately 510 million units
- ❖ China's economy continues to see steady and healthy growth under the new leadership
- ❖ Government has pushed through various measures including a new urbanization plan in order to encourage domestic consumption and to support steady economic growth, leading to sustainable replacement demand on truck tire
- ❖ Growing passenger cars sales and population in China lends support to radial tire cord for passenger cars
- ❖ China's growing radialisation rate (from 2006: 64% to 2013: 90%) provides additional radial tire cords demand

## Steady Growth in Overseas Markets

- ✦ Export sales will have a higher profit contribution to Xingda when the Group completes more tire cord products certification with major overseas customers
- ✦ Strong relation with renowned global tire manufacturers helps Xingda gaining global market share
- ✦ Export truck tire cords with higher margin continued to grow faster than other product segments, expected to have greater profit contribution in the future

# Future Strategies

- ❖ Exploits our competitive advantages while enhancing our cost structure to cope with the uncertain global economic situation ahead
- ❖ Increases investments on research and development to enhance Xingda's core competency technology and to cement the Group's market leading position
- ❖ Continues to implement a greater scope of automation and upgrade production lines to enhance production efficiency
- ❖ Closely monitor market condition and carry out cautious expansion plan to maintain high utilization rate

# Open Forum

