

XINGDA

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**XINGDA INTERNATIONAL HOLDINGS LIMITED**

**興達國際控股有限公司**

(HKEx stock code: 1899)



# **2016 Interim Results Corporate Presentation**



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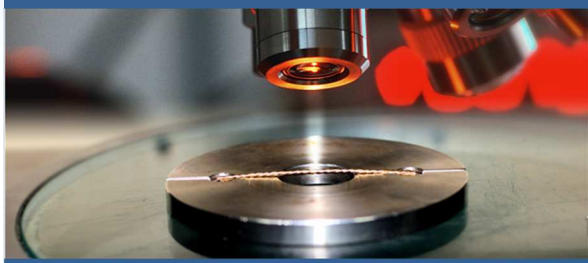
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# Agenda

- ❖ **Financial Review**
- ❖ Business Overview
- ❖ Outlook & Strategies



# Financial Highlights

<i>RMB' million</i>	For the six months ended		YOY Change
	30 June		
	<u>2015</u> (unaudited)	<u>2016</u> (unaudited)	
Revenue	2,447	2,420	-1.1%
Gross Profit	471	486	+3.1%
Gross Profit Margin	19.3%	20.1%	+0.8%pts
EBITDA (adjusted)*	377	414	+9.8%
EBITDA Margin (adjusted)*	15.4%	17.1%	+1.7%pts
Profit Attributable to Owners of the Company	147	75	-48.9%
EPS ( <i>RMB fen</i> )	9.71	5.04	-48.1%
Profit Attributable to Owners of the Company (adjusted)*	72	86	+18.4%
EPS ( <i>RMB fen</i> ) (adjusted)*	4.78	5.76	+20.5%

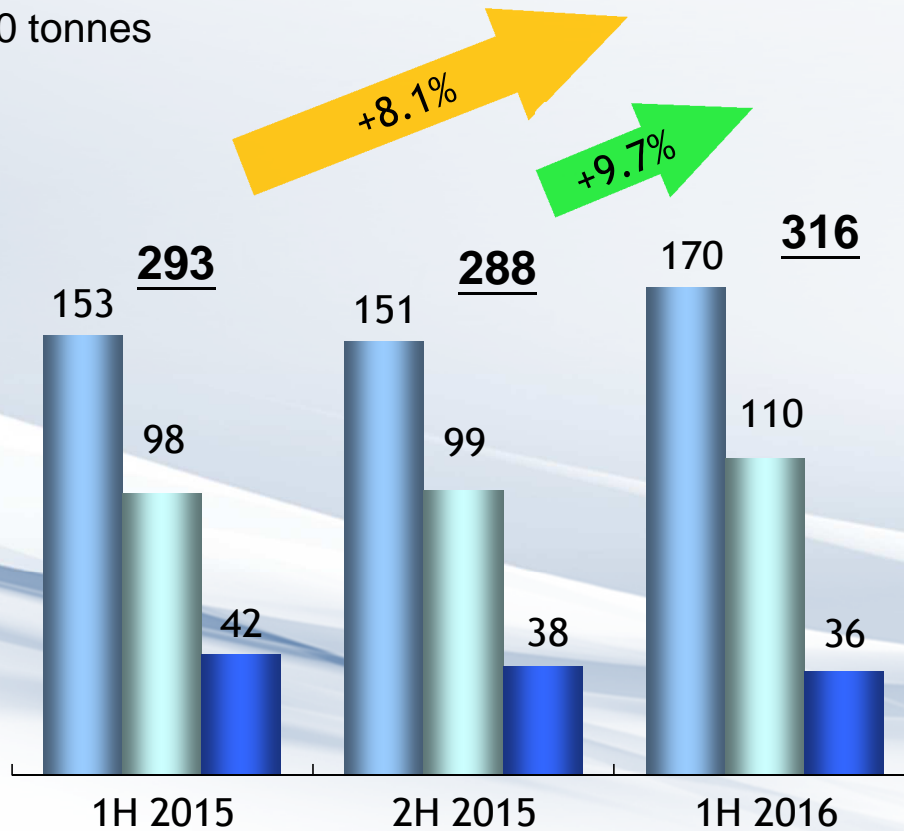
\*Note: Non-recurring items including gain on disposal of available-for-sale investment, deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.



# Financial Highlights

## Sales Volume by Product

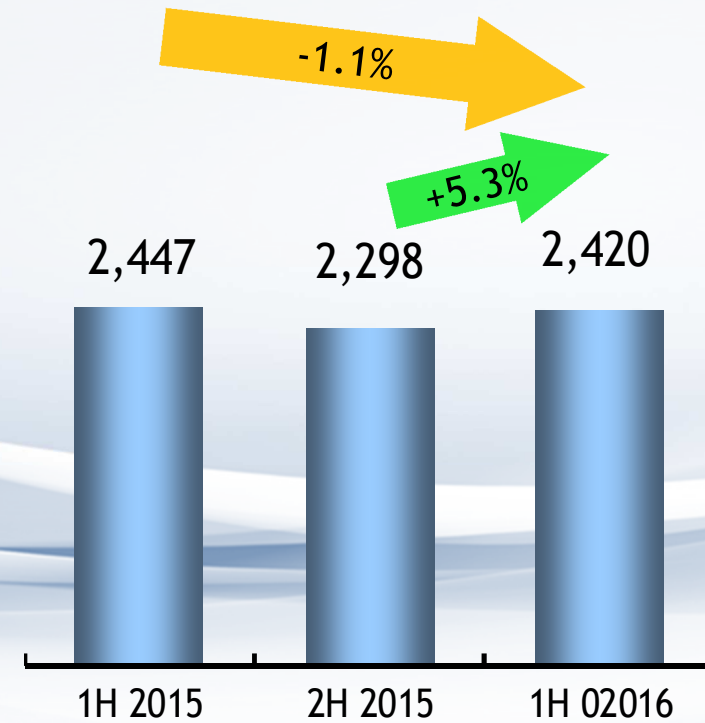
'000 tonnes



- Radial tire cord for trucks
- Radial tire cord for passenger cars
- Bead wires & other wires

## Revenue

RMB' million

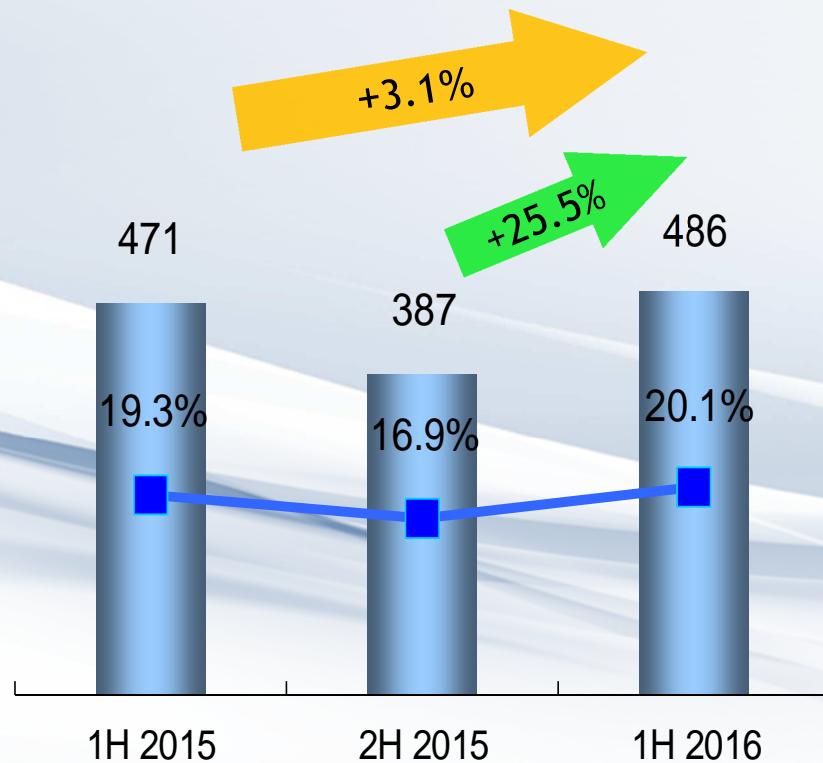




# Financial Highlights

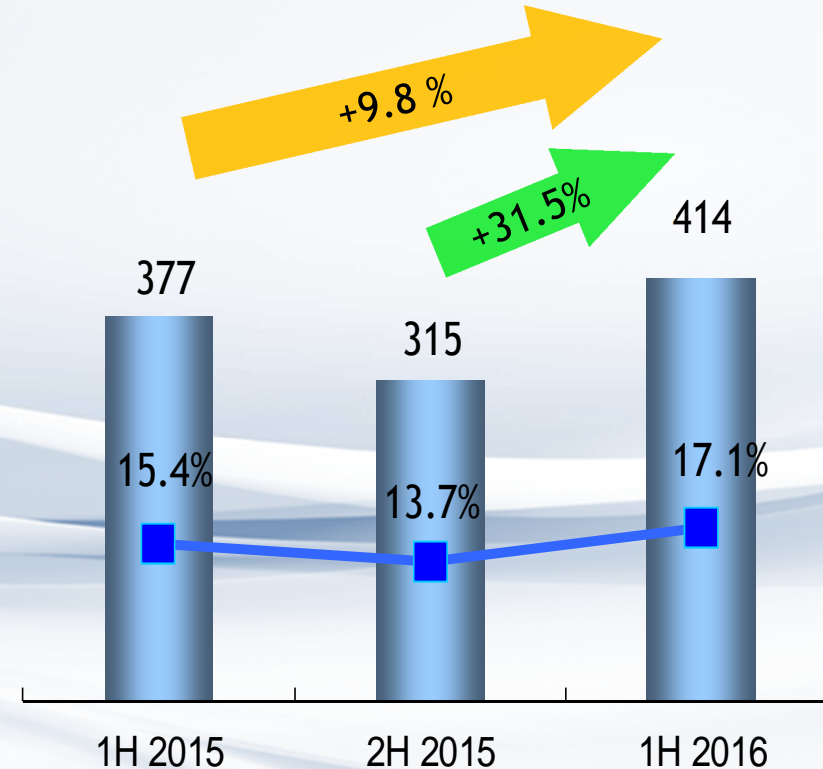
## Gross Profit & Margin

RMB' million



## EBITDA & Margin\*

RMB' million



\*Note: Non-recurring items including gain on disposal of available-for-sale investment, 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.

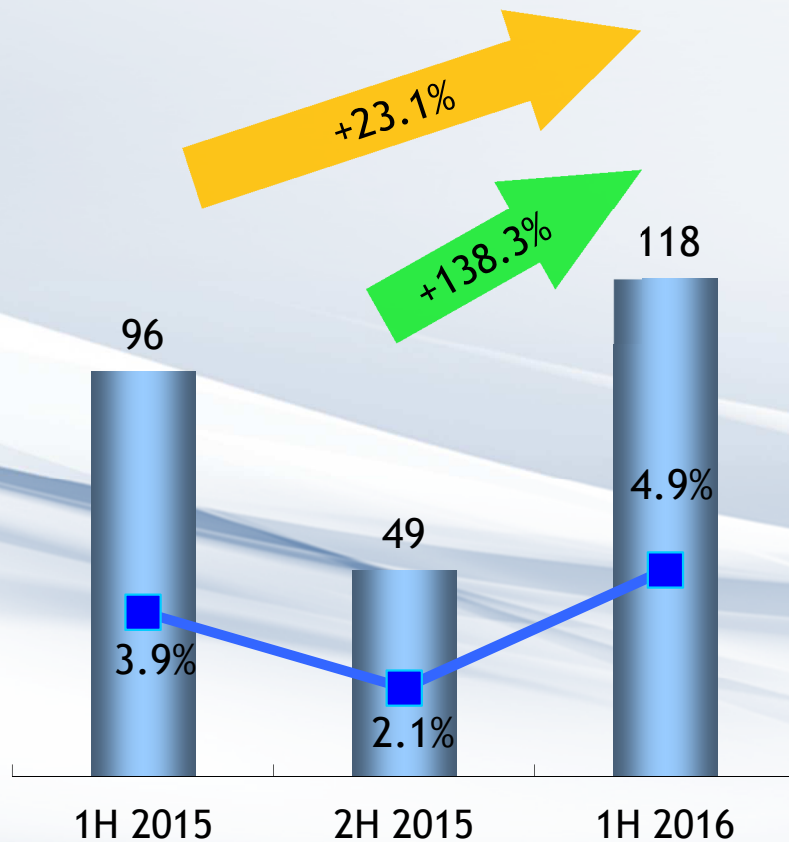




# Financial Highlights

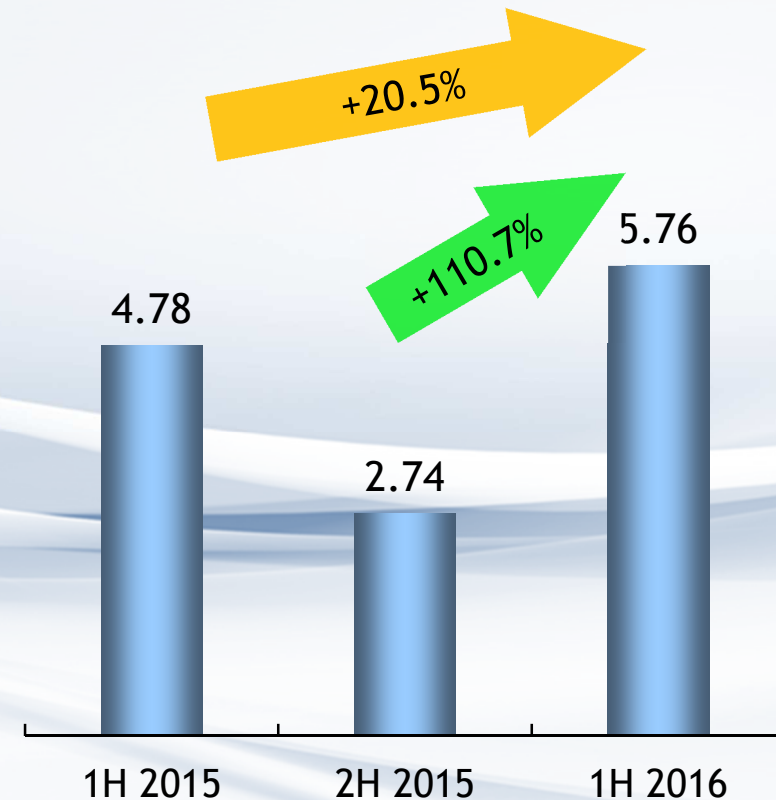
## Net Profit & Margin (Adjusted)\*

RMB' million



## EPS (Adjusted)\*

RMB fen

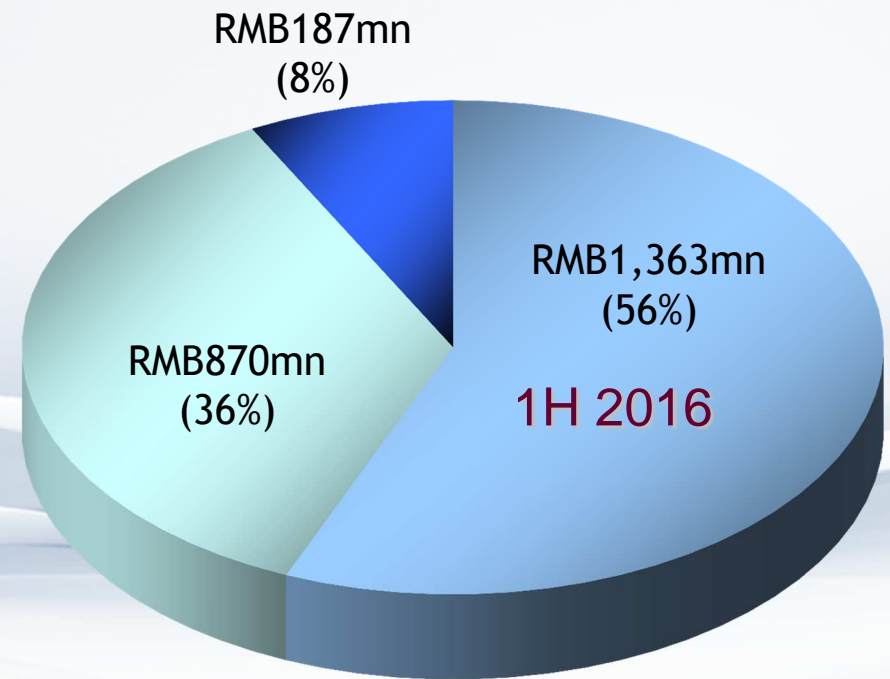
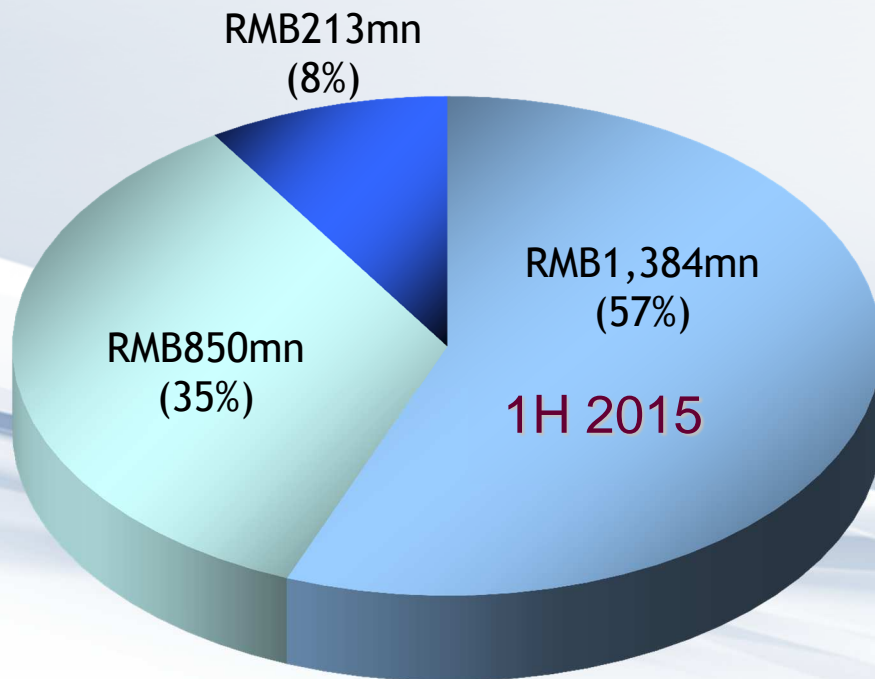


\*Note: Non-recurring items including gain on disposal of available-for-sale investment, deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.



# Financial Highlights

## Revenue by Product



Radial tire cord for trucks    Radial tire cord for passenger cars    Bead wires & other wires

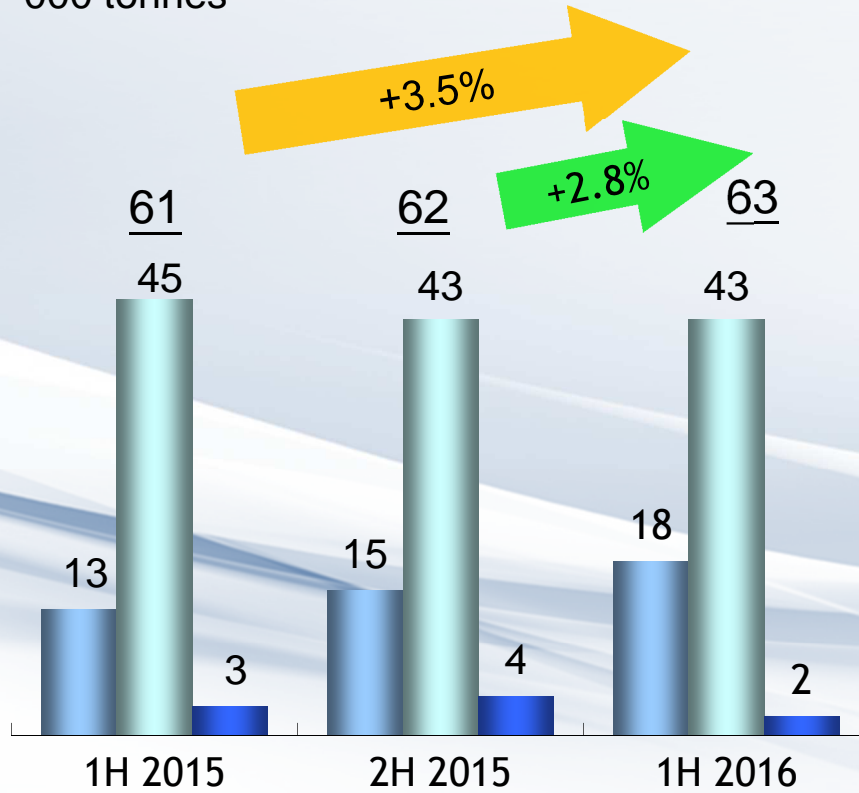




# Financial Highlights

## Export Sales Volume

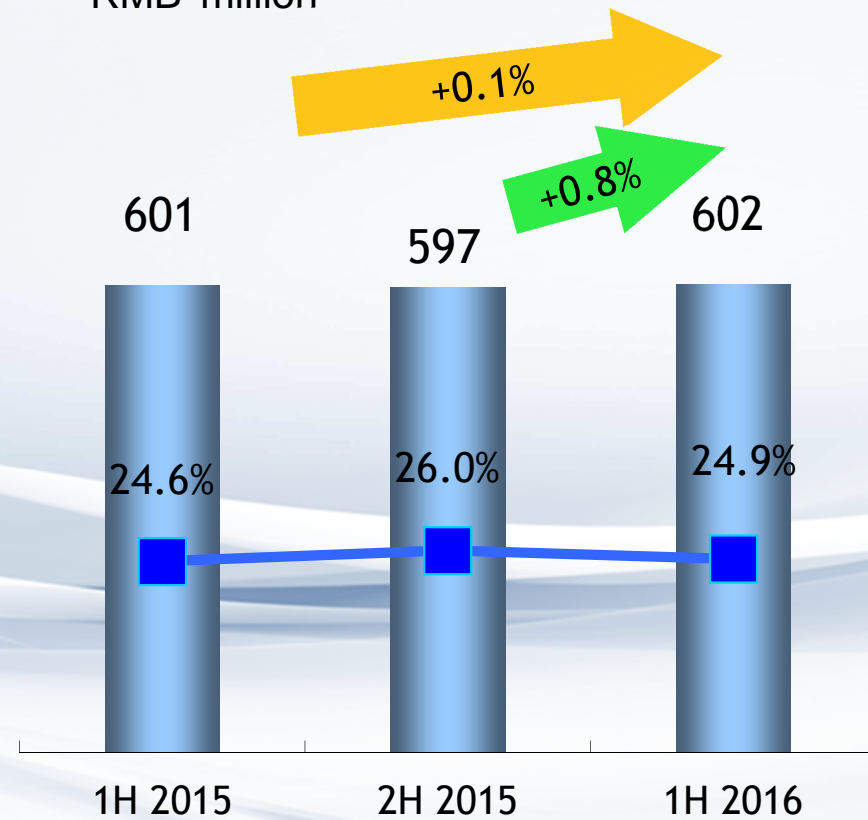
'000 tonnes



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

## Export Sales

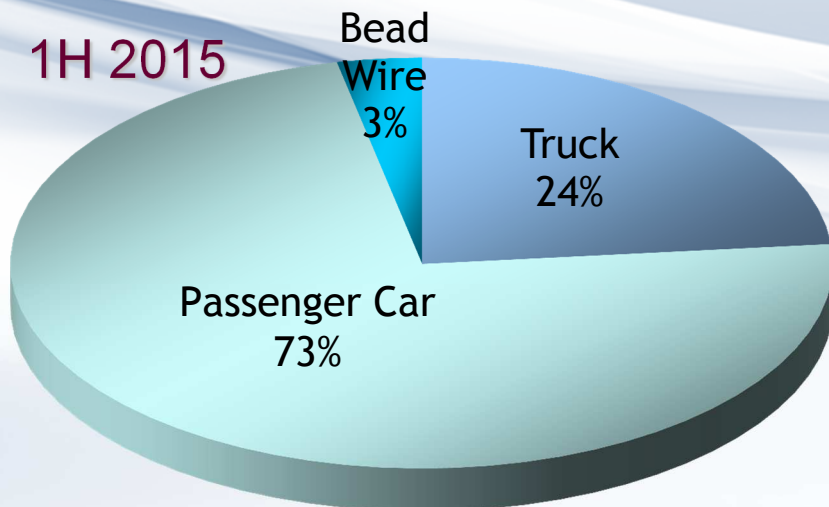
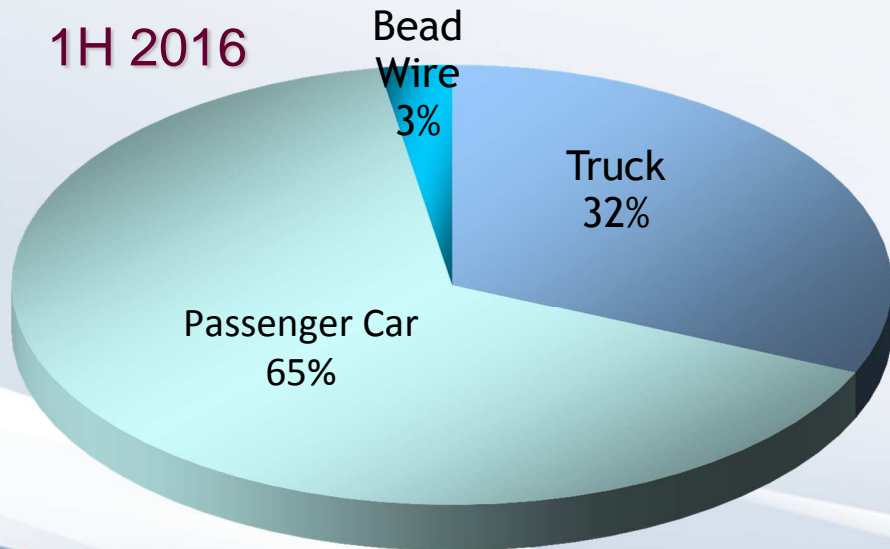
RMB' million



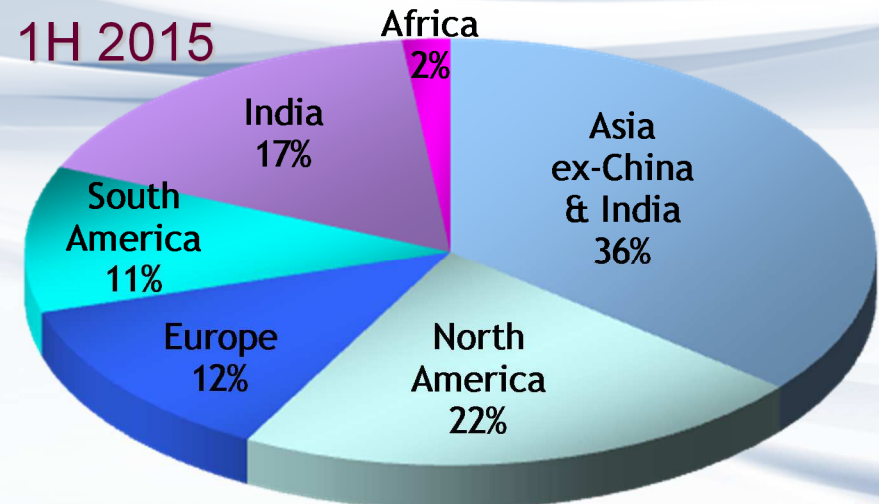
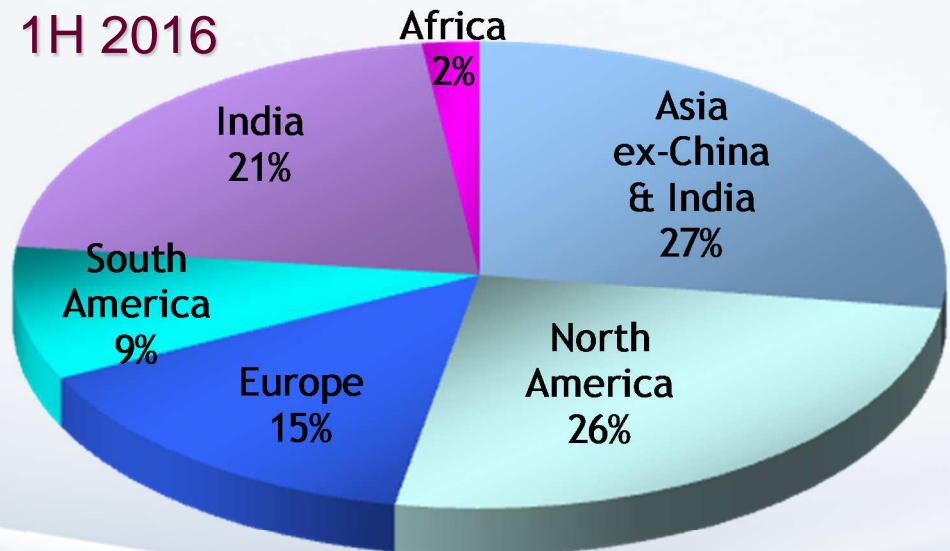


# Financial Highlights

## Export Sales by Product



## Export Sales by Location





## Cash Flow (Extract)

<i>RMB' million</i>	For the six months ended 30 June	
	2015 (unaudited)	2016 (Unaudited)
Net Operating Cash Inflow	601	844
Cash used in CAPEX	(209)	(145)
Net Repayment (Addition) of Bank Borrowings	(110)	14
Payment of Dividend	(155)	(125)
Proceeds on Disposal of Available-for-sale Investments	266	-
Cash and Cash Equivalents at Period End	818	1,140



# Key Ratios

	As at 31 Dec 2015 (audited)	As at 30 Jun 2016 (unaudited)
<b>Current Ratio (times)</b>	2.2	2.0
<b>Debtors' Turnover Days</b>	129	137
<b>Stock Turnover Days</b>	37	38
<b>Creditors' Turnover Days</b>	97	104
<b>Return on Capital Employed*</b>	1.9%	3.1%
<b>Return on Equity*</b>	2.2%	3.4%
<b>Gearing Ratio</b>	5.4%	5.5%
<b>Net Debts to Equity Ratio</b>	Net cash	Net cash

\*Note: Non-recurring items including gain on disposal of available-for-sale investment, 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.





# Capacity & Utilisation

## ❖ Production capacity

- ❖ Radial tire cords capacity - 630k mtpa (Increased 20k mtpa in 1H 2016)
- ❖ Bead wire capacity - 100k mtpa (Unchanged since Q3 2011)
- ❖ Sawing wire capacity - 5k mtpa (Reduced 7k mtpa in 1H 2016)

## ❖ Jiangsu Factory

- ❖ Radial tire cord capacity increased 10k mtpa to 570k mtpa in 1H 2016

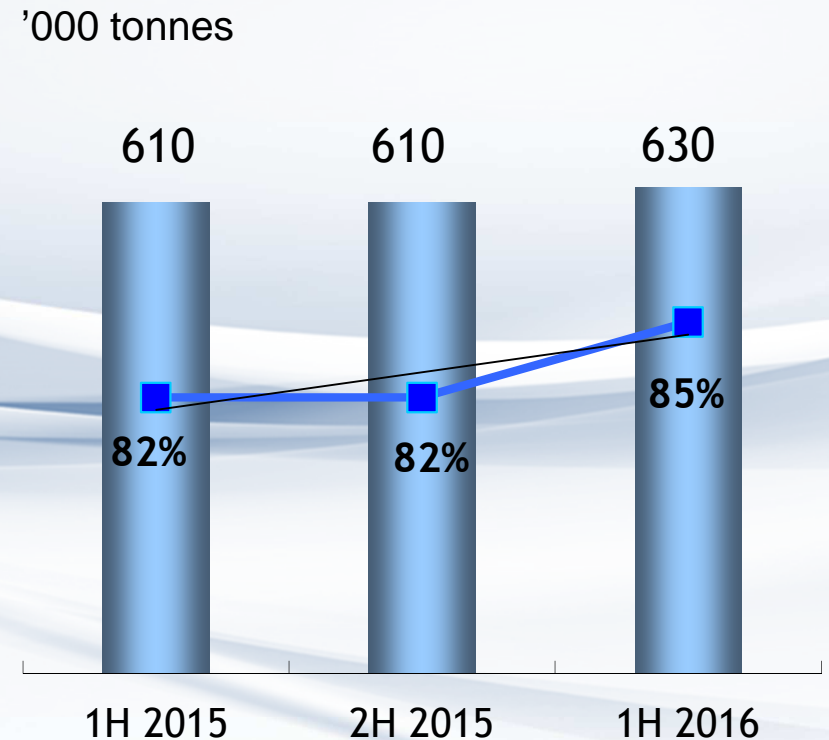
## ❖ Shandong Factory

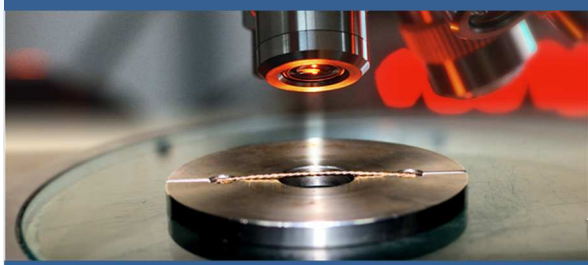
- ❖ Radial tire cord capacity increased 10k mtpa to 60k mtpa in 1H 2016

## ❖ Utilisation rate

- ❖ Radial tire cord utilisation increased from 82% to 85% in 1H 2016

## Radial Tire Cords Capacity & Utilisation Rate





# Agenda

❖ Financial Review

❖ **Business Overview**

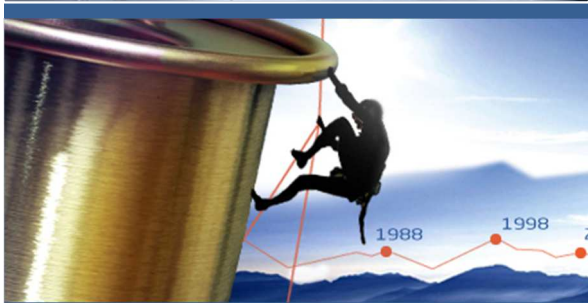
❖ Outlook & Strategies



## Highlights for 1H 2016

- ❖ Revenue was RMB2,420mn, YOY -1.1% while HOH +5.3%
- ❖ Sales volume +8.1% to 316k tonnes (TBR +11.3%; PCR +12.3%)
- ❖ GP margin was 20.1%, +0.8%pt when compared to 1H 2015 and +3.7%pt when compared to 2H 2015, mainly due to price increment in Q2 2016 (the first time since 2010) and higher capacity utilization
- ❖ Adjusted profit attributable to the owners of the Company +18.4% to RMB86mn with Adjusted EPS RMB5.76 fen (1H 2015: RMB4.78 fen)
- ❖ The Company and controlling shareholders repurchased 6,908,000 shares and 11,042,000 shares, respectively from 1 January 2016 to the date of announcement
- ❖ Maintained strong operating cash inflow of RMB844mn (1H 2015: RMB601mn) with net cash used in investing activities RMB201mn
- ❖ Net cash inflow RMB407mn and continued to maintain solid financial positions





# Agenda

❖ Financial Review

❖ Business Overview

❖ Outlook & Strategies





## China Market Outlook

- ❖ 2016 will be a critical year for the Chinese economy striving to regain a firm foothold
- ❖ Structural transformation in the radial tire cord industry will expedite market consolidation which will benefit Xingda in the future
- ❖ Positive view on China market in the long run
- ❖ Driven by series of governmental policies including
  - ❖ Government has maintained consistent policies and pushed on with its “supply-side reforms” strategies
  - ❖ “National Plan on New Urbanisation (2014 to 2020)”
  - ❖ “The 13th Five-Year Plan”
  - ❖ “One belt, one road” - New Silk Road Economic Belt
  - ❖ Beijing-Tianjin-Hebei Integration



## Steady Growth in Overseas Markets

- ❖ Xingda intends to execute its global sales strategy to extend its business presence
- ❖ Xingda will continue to broaden its international customers' base, leveraging its strong brand reputation and advanced technologies
- ❖ Orders from India and United States of America continued to see stable growth
- ❖ Sales growth from ASEAN region is expected due to more and more Chinese tire manufacturers establishing production base in Thailand and Vietnam
- ❖ Overseas orders for truck radial tire cord which carries a higher profit margin than domestic sales is expected to grow steadily
- ❖ Monitor market trends and adjust strategies and resource allocation of different products according to geographical areas and target customers



# Future Strategies

## ❖ Differentiation

Strengthens our unique competitive advantages and differentiates ourselves through high product quality

## ❖ Strengthen R&D

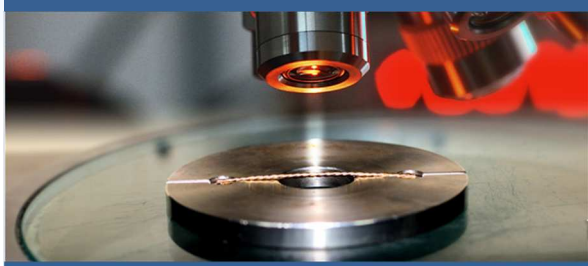
Increases investments on research and development to enhance Xingda's core competency technology and to cement the Group's market leading position

## ❖ Raise efficiency

Continues to implement a greater scope of automation and upgrade production lines to enhance production efficiency

## ❖ Effective cost control

Continues to impose stringent controls on capital expenditure and improve financial position



# Open Forum