



XINGDA

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XINGDA INTERNATIONAL HOLDINGS LIMITED

興達國際控股有限公司

(HKEX stock code: 1899)

# 2019 Interim Results Corporate Presentation

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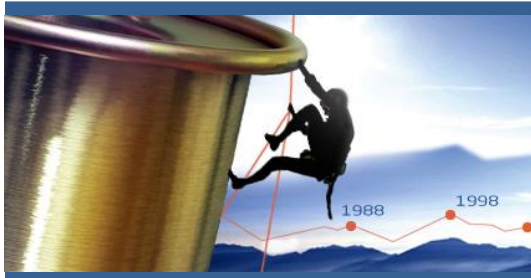
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# Agenda

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





# Financial Highlights

| <i>RMB' million</i>                                      | For the six months ended   |                            | YOY Change |
|--|----------------------------|----------------------------|------------|
|  | 30 June                    |                            |            |
|  | <u>2018</u><br>(unaudited) | <u>2019</u><br>(unaudited) |            |
| Revenue  | 3,678                      | 3,769                      | +2.5%      |
| Gross Profit   | 618                        | 724                        | +17.3%     |
| Gross Profit Margin                                      | 16.8%                      | 19.2%                      | +2.4pp     |
| EBITDA (adjusted)*                                       | 516                        | 547                        | +6.0%      |
| EBITDA Margin (adjusted)*                                | 14.0%                      | 14.5%                      | +0.5pp     |
| Profit Attributable to Owners of the Company             | 127                        | 159                        | +25.3%     |
| EPS - basic ( <i>RMB fen</i> )                           | 8.57                       | 10.68                      | +24.6%     |
| Profit Attributable to Owners of the Company (adjusted)* | 130                        | 144                        | +10.4%     |
| EPS - basic ( <i>RMB fen</i> ) (adjusted)*               | 8.78                       | 9.64                       | +9.8%      |

\*Note: Non-recurring items including change in fair value of financial assets at fair value through profit or loss, 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

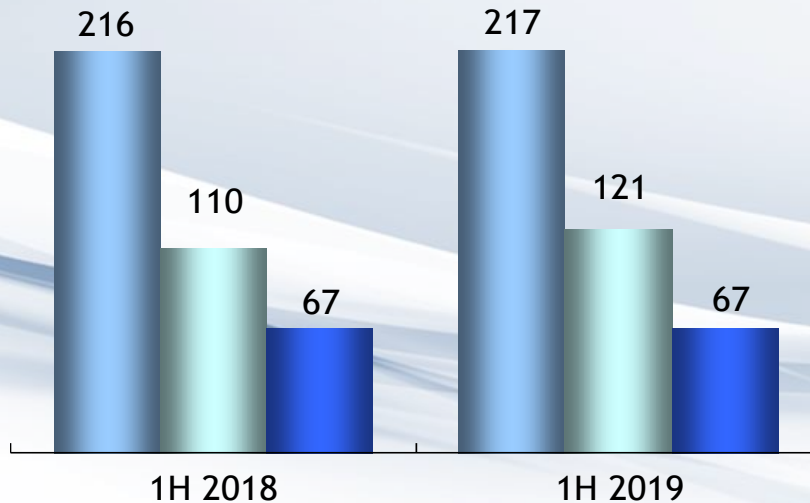
## Sales Volume by Product

'000 tones



393

405



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

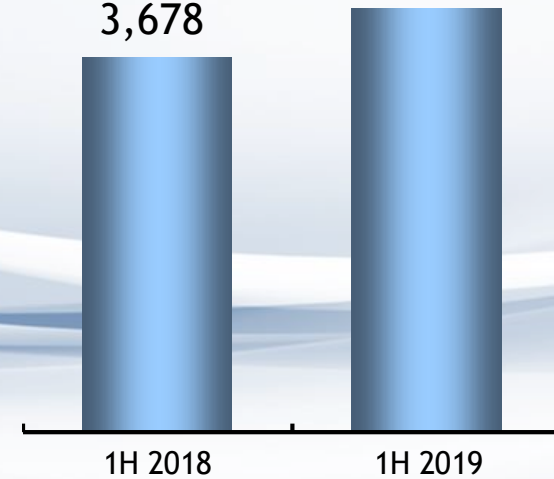
## Revenue

RMB' million



3,678

3,769

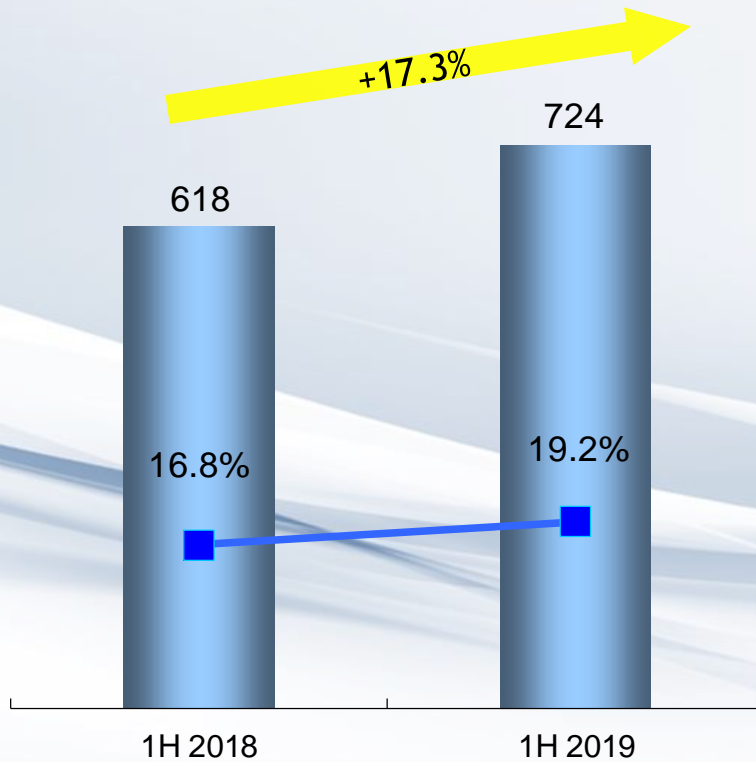




# Financial Highlights

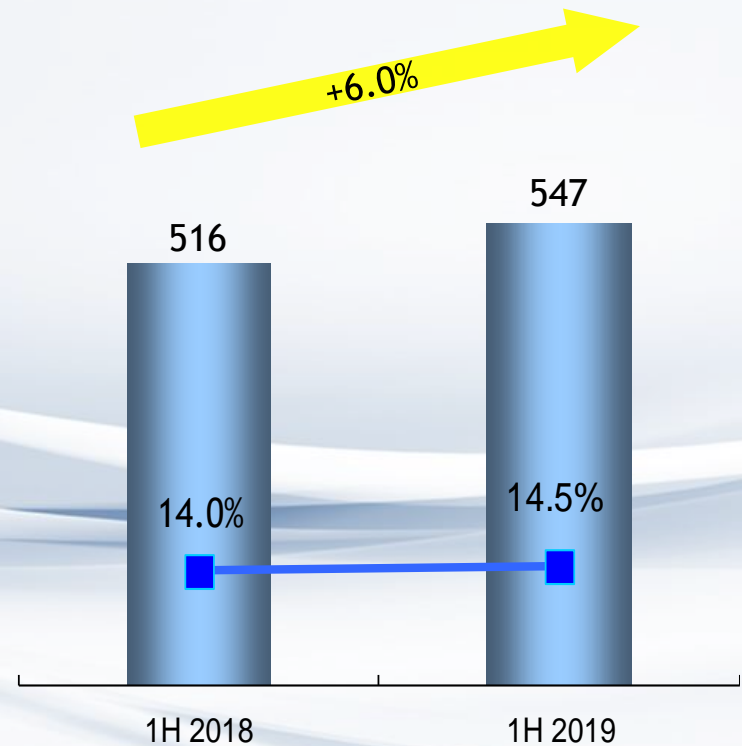
## Gross Profit & Margin

RMB' million



## EBITDA & Margin \*

RMB' million

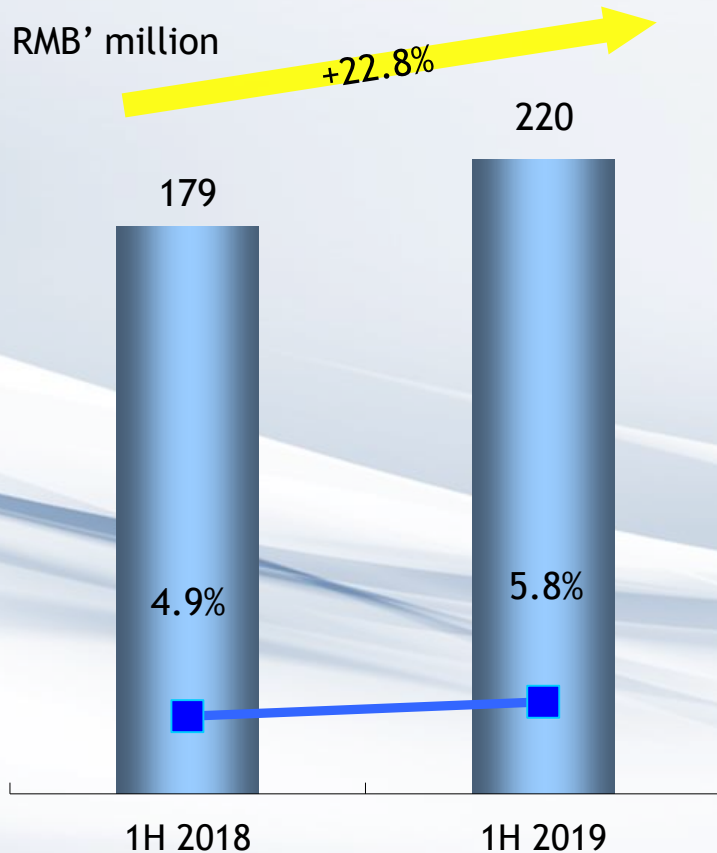


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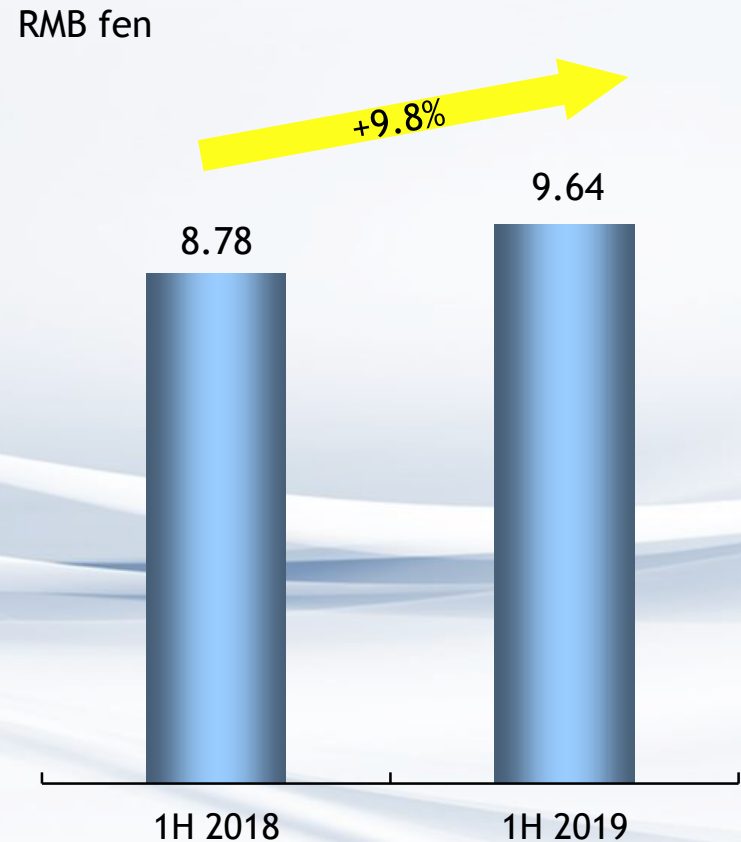


# Financial Highlights

## Net Profit & Margin (Adjusted)\*



## EPS - basic (Adjusted)\*

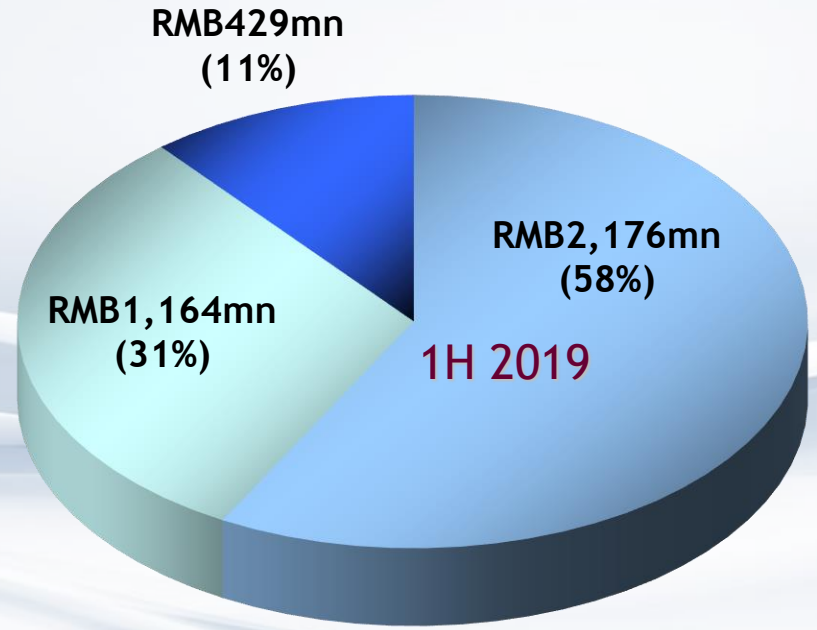
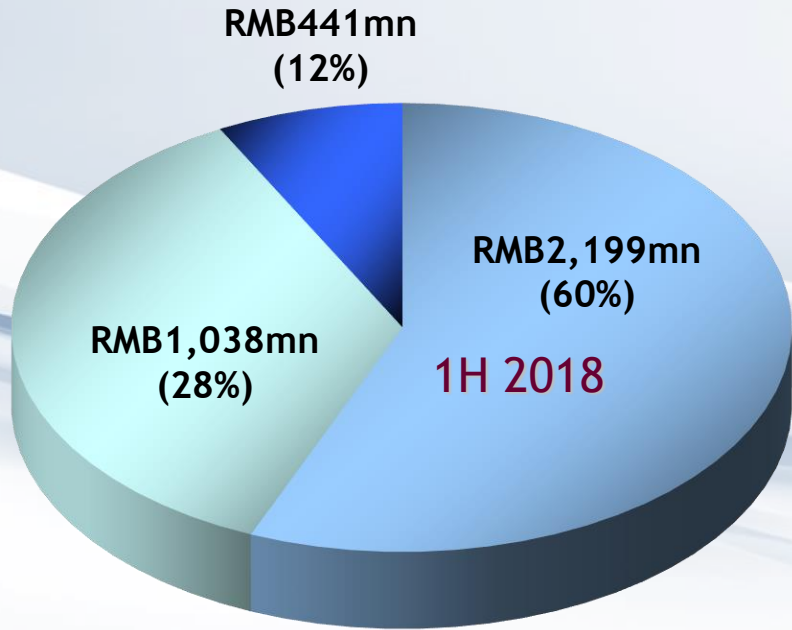


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# Financial Highlights

## Revenue by Product



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



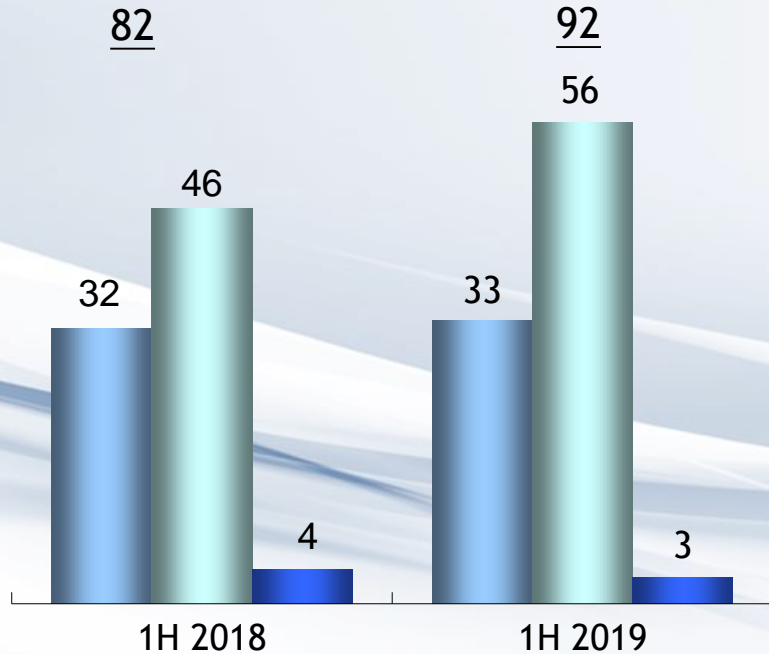


# Financial Highlights

## Export Sales Volume

'000 tonnes

+12.6%

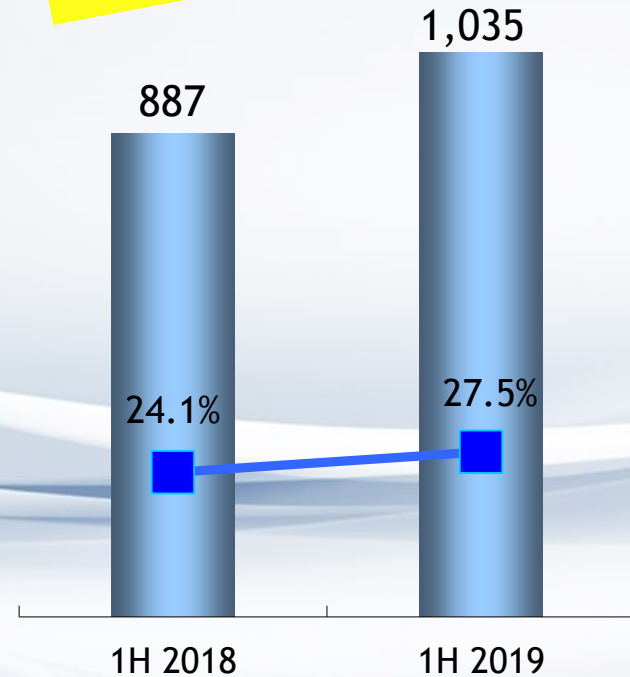


- Radial tire cord for trucks
- Radial tire cord for passenger cars
- Bead wire

## Export Sales

RMB' million

+16.8%

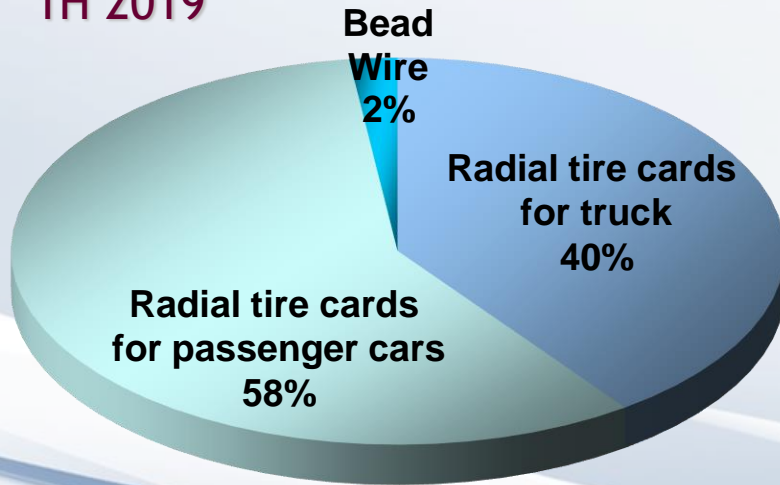




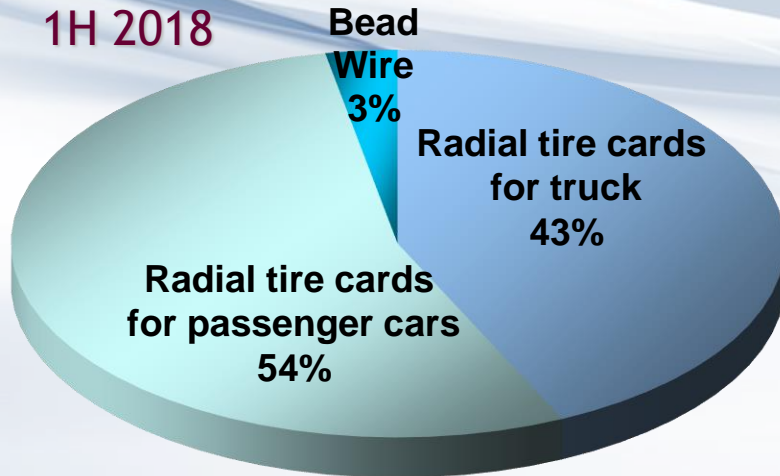
# Financial Highlights

## Export Sales by Product

1H 2019

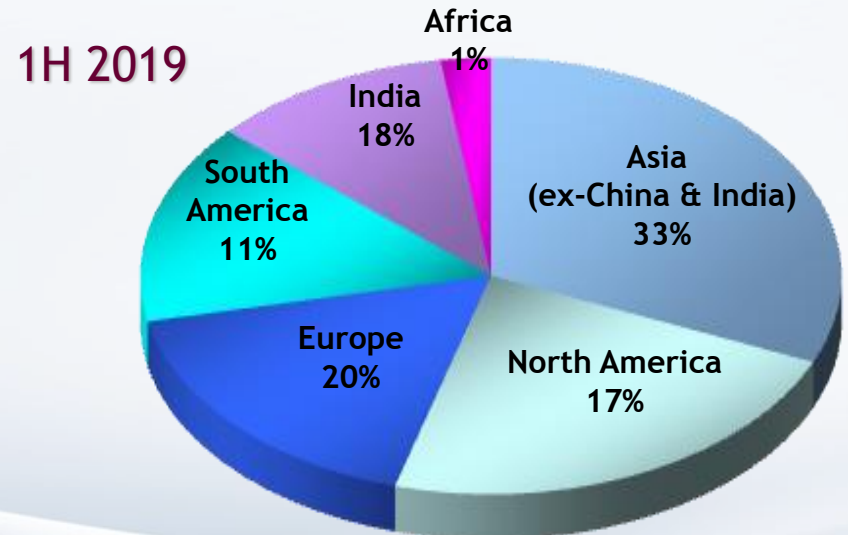


1H 2018

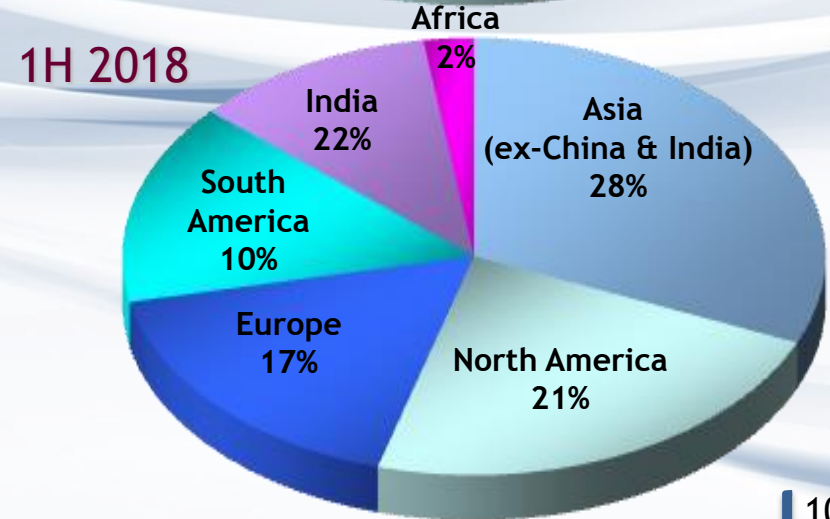


## Export Sales by Location

1H 2019



1H 2018





## Cash Flow (Extract)

| <i>RMB' million</i>                        | For the six months ended<br>30 June |                     |
|--|-------------------------------------|---------------------|
|  | 2018<br>(Unaudited)                 | 2019<br>(Unaudited) |
| Net Operating Cash Inflow                  | 220                                 | 664                 |
| Cash used in CAPEX                         | (234)                               | (514)               |
| Net Addition of Bank Borrowings            | 158                                 | 1,029               |
| Repurchase of Shares                       | (5)                                 | -                   |
| Cash and Cash Equivalents at<br>Period End | 810                                 | 1,580               |



# Key Ratios

|                             | As at 31 Dec 2018<br>(audited) | As at 30 Jun 2019<br>(unaudited) |
|-----------------------------|--------------------------------|----------------------------------|
| Current Ratio (times)       | 1.5                            | 1.3                              |
| Debtors' Turnover Days      | 117                            | 107                              |
| Stock Turnover Days         | 40                             | 37                               |
| Creditors' Turnover Days    | 120                            | 97                               |
| Return on Capital Employed* | 4.4%                           | 4.5%                             |
| Return on Equity*           | 5.1%                           | 5.3%                             |
| Gearing Ratio               | 10.1%                          | 17.0%                            |
| Net Debts to Equity Ratio   | 3.5%                           | 13.7%                            |

\*Note: Non-recurring items including change in fair value of financial assets at fair value through profit or loss, 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 increased from 725K mtpa to 728k mtpa in 1H 2019
- ❖ Bead wire capacity increased by 10k mtpa to 165k mtpa in 1H 2019

## ❖ Jiangsu Factory

- ❖ Radial tire cord capacity maintained at 625k mtpa in 1H 2019

## ❖ Shandong Factory

- ❖ Radial tire cord capacity increased to 103k mtpa in 1H 2019

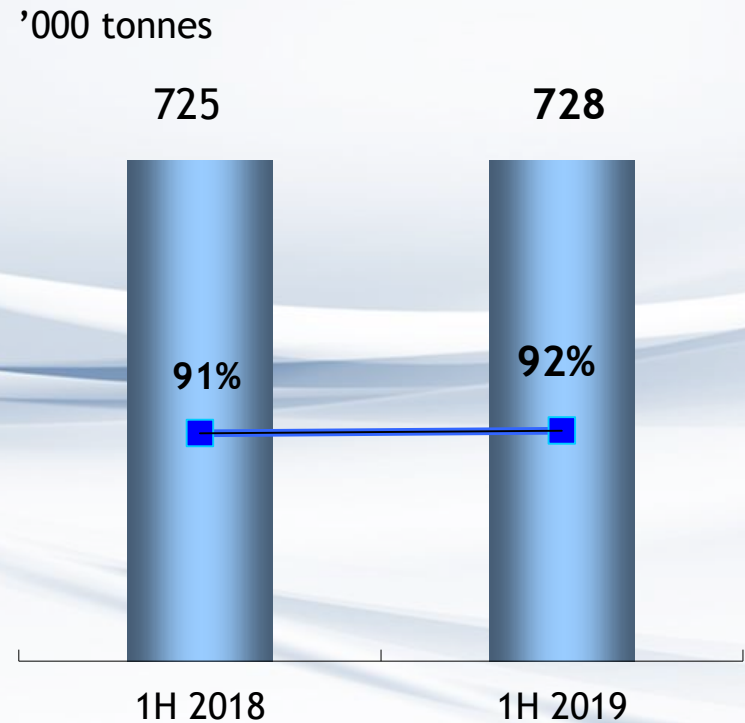
## ❖ Thailand Factory

- ❖ A maximum increase of 50k mtpa in production capacity when operation of phase 1 commences

## ❖ Utilisation rate

- ❖ Radial tire cord utilisation maintained a high level of 92% in 1H 2019

**Radial Tire Cords  
Capacity & Utilisation Rate**







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## Highlights for 1H 2019

- ❖ Revenue was RMB3,769mn, up 2.5% YOY due to moderate increase in sales volume
- ❖ Sales volume up 3.0% to 405,000 tonnes YOY (TBR +0.4%; PCR +10.4%)
- ❖ GP margin increased by 2.4ppt to 19.2%, mainly due to the drop of average price of steel wire rods YOY and the management implementing strict cost control measures
- ❖ Profit attributable to the owners of the Company +25.3% to RMB159mn with EPS-basic RMB10.68 fen (1H 2018: RMB8.57 fen)
- ❖ Under the scrip dividend scheme in relation to the final dividend for the year 2018, the Group's controlling shareholder elected to receive part of dividend as the scrip shares and was allotted 23,812,299 new shares, mirroring again its confidence in the Company's long-term development
- ❖ Net cash inflow of RMB476mn and continued to maintain solid financial positions



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# China Market Outlook

- ❖ China economy has been steadily expanding over more than a year and has achieved a good start in 2019
- ❖ The continued steady performance of the macro-economy has created favorable development conditions for the recovery of the radial tire cord industry
- ❖ Positive view on China market in the long run
- ❖ Driven by series of governmental policies including
  - ❖ “Supply-side structural reforms”
  - ❖ “Xiongan New Area”
  - ❖ “Guangdong-Hong Kong-Macao Bay Area”
  - ❖ “1+3+7” new pattern of free trade area
  - ❖ “One belt, one road” initiative



## 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 Thailand, Korea, Japan, Brazil, Germany and Slovakia continued to see stable growth
- ❖ Expect to secure more overseas orders for truck radial tire cord which carries a higher profit margin than domestic sales
- ❖ Monitor market trends and adjust strategies and resource allocation of different products according to geographical areas and target customers





# Future Strategies

## ❖ Differentiation

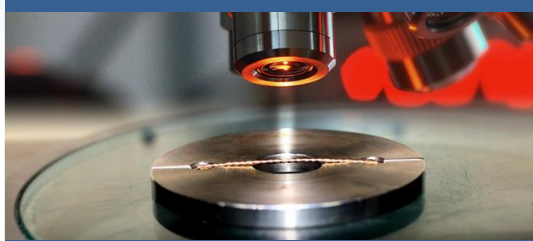
Strengthens our unique competitive advantages and differentiates ourselves through high product quality

## ❖ 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