

Vinda International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3331)



2019 Interim Results Investor Presentation

Healthy Lifestyle
Starts with Vinda



Chairman's Highlights

1

Double-digit organic growth¹ despite challenging environment

- Double-digit organic growth in revenue
- Double-digit organic growth in e-commerce & B2B
- Strong performance of premium portfolio and personal care in mainland China

2

Improving gross profit margin

- Mix enhancement, high-margin products focus and favorable wood pulp cost
- GPM improvement: 19H1 > 18H2
19Q2 > 19Q1

3

Year of Excellence, Year of Personal Care

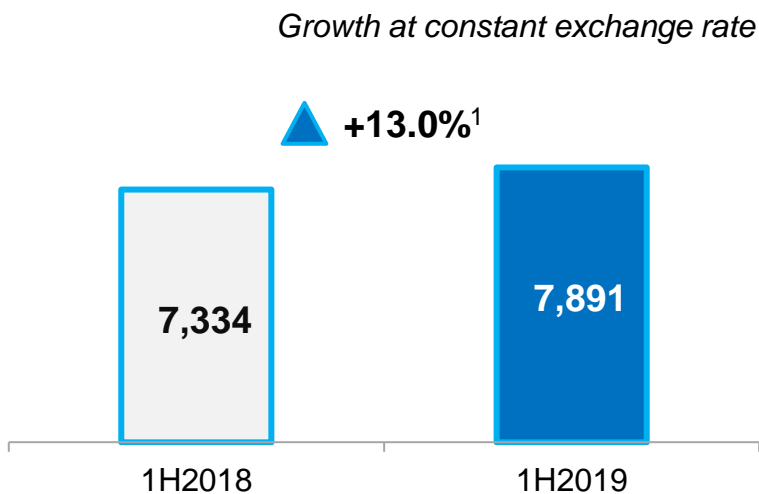
- Focus on high-margin Tissue SKUs across all brands e.g *Vinda*, *Tempo*, *Tork*
- Strong innovation performance in Tissue products
- Relaunch of *Libresse* and *TENA* pants in mainland China

Financial Highlights



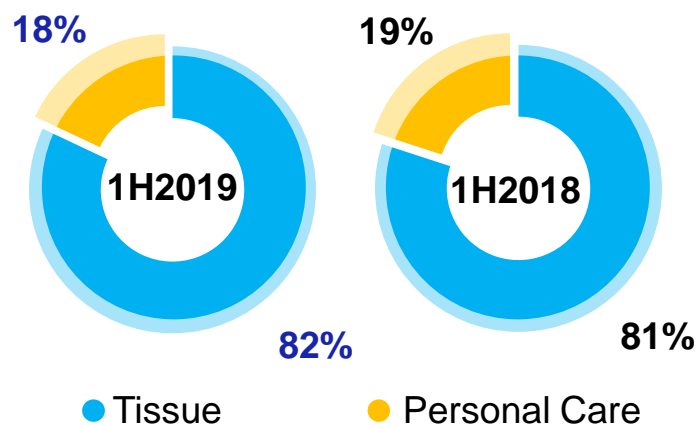
Double-digit Revenue Growth

Total Revenue (HK\$M)



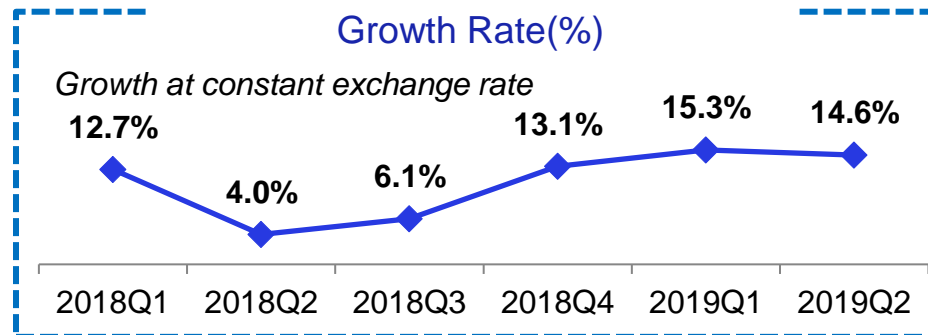
¹ YoY growth at reported rate: 7.6%

Revenue Mix (%)



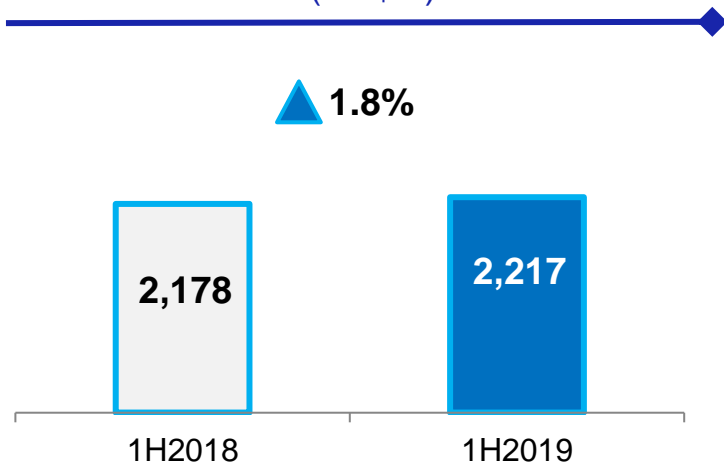
- Strong growth in all regions particular in mainland China:
 - 15% growth in CNY term in 1H2019

Mainland China Revenue Growth Rate(%)



Gross Margin: QoQ Improvement

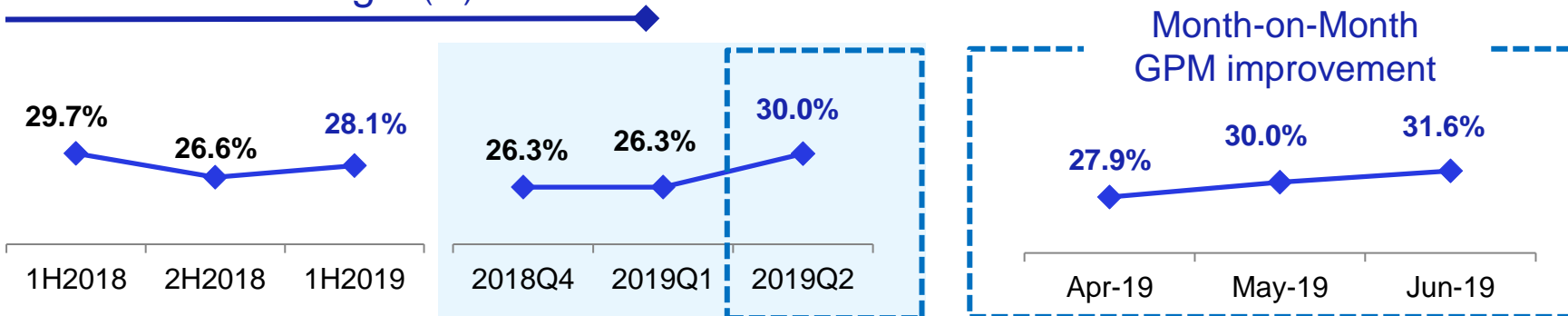
Gross Profit (HK\$M)



Improving GPM qoq:

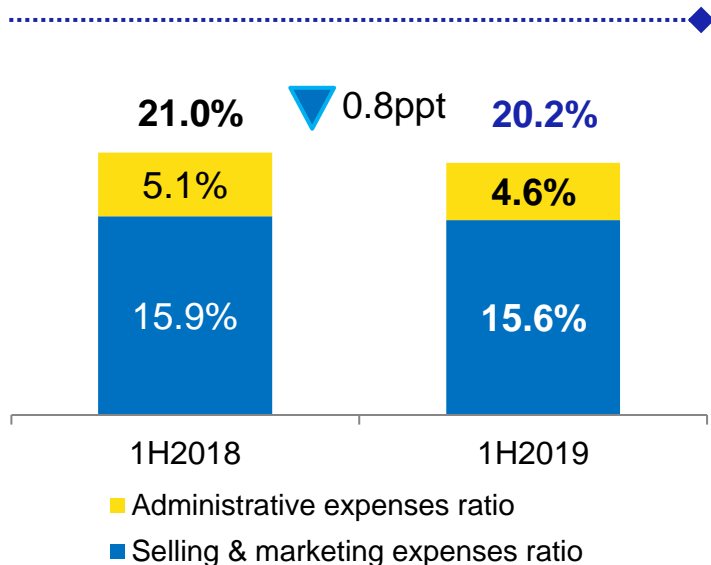
- Favorable pulp price
- Mix enhancement
- Excellent growth on premium & super-premium products

Gross Profit Margin (%)



Savings in SG&A

SG&A as a % of Sales

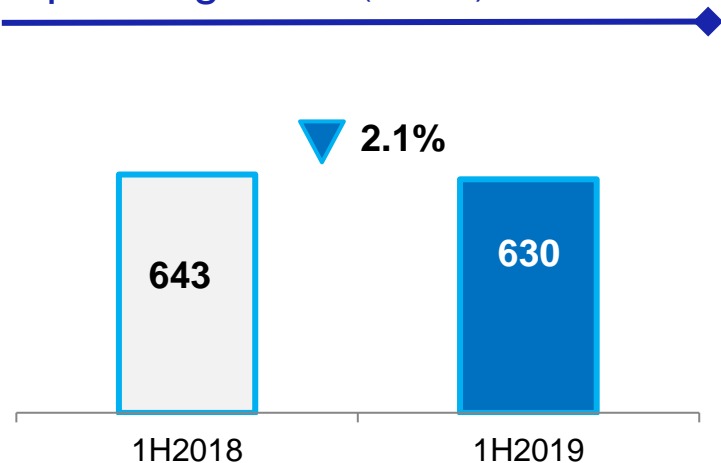


- ❑ Prioritised to invest in higher-margin products
- ❑ Smart marketing spent
- ❑ Continuous cost-saving mechanism across the board

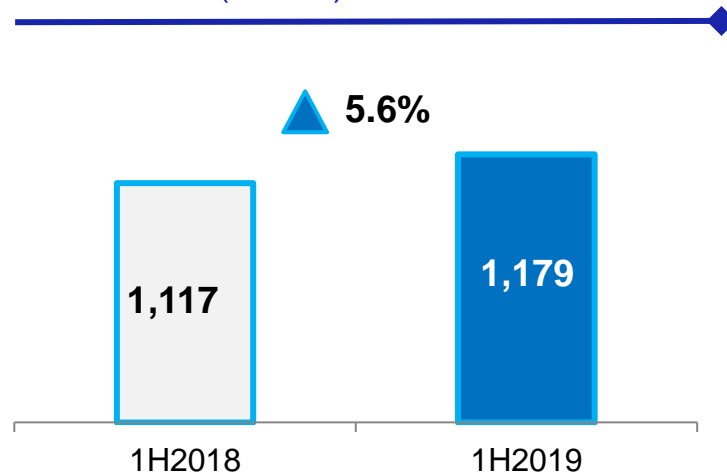


Solid Operating Profit & EBITDA

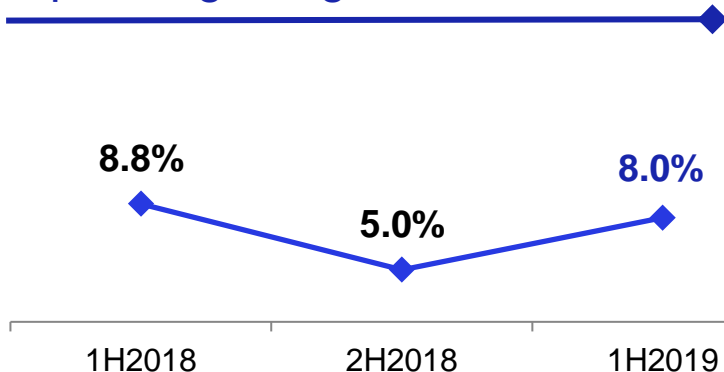
Operating Profit (HK\$M)



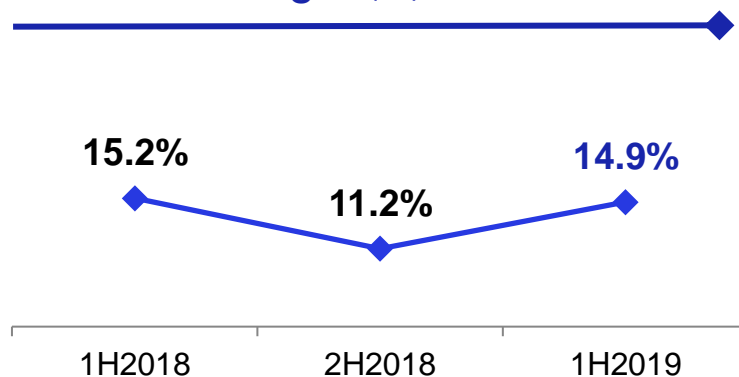
EBITDA (HK\$M)



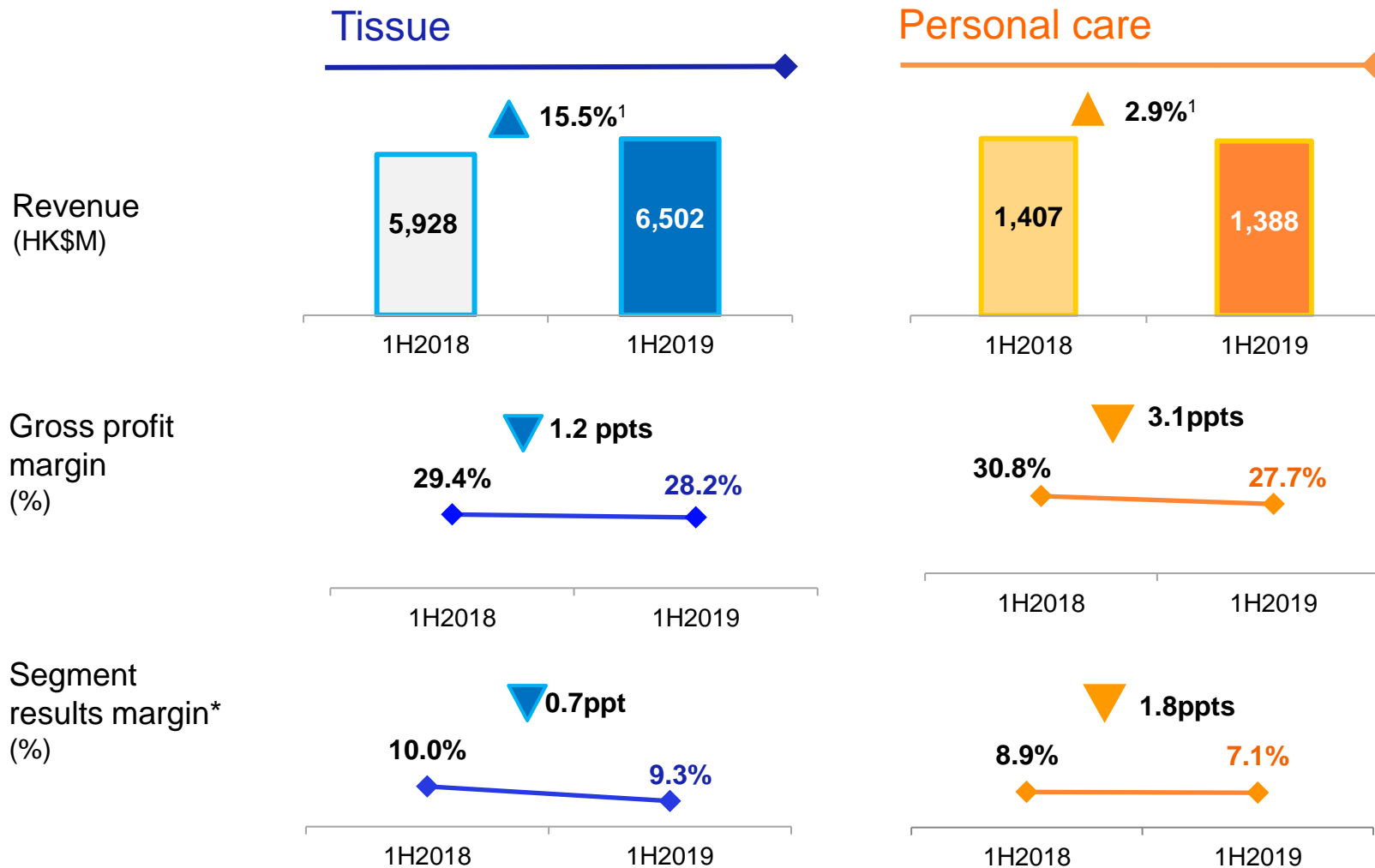
Operating Margin (%)



EBITDA Margin (%)

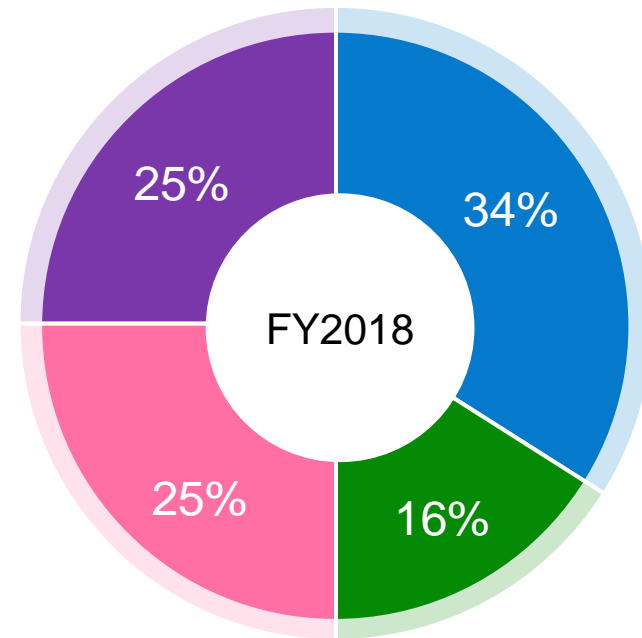
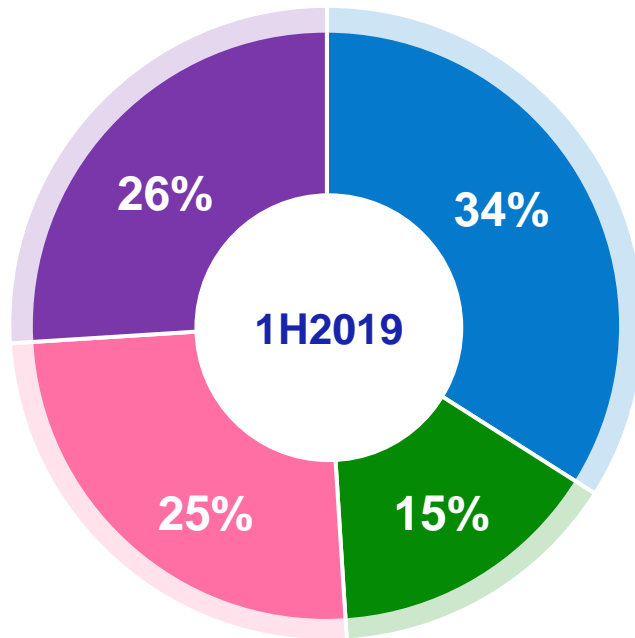


Segment Performance



¹segment profit before amortisation of trademarks, licenses & contractual customer relationship

Continuous Growth in E-commerce & B2B

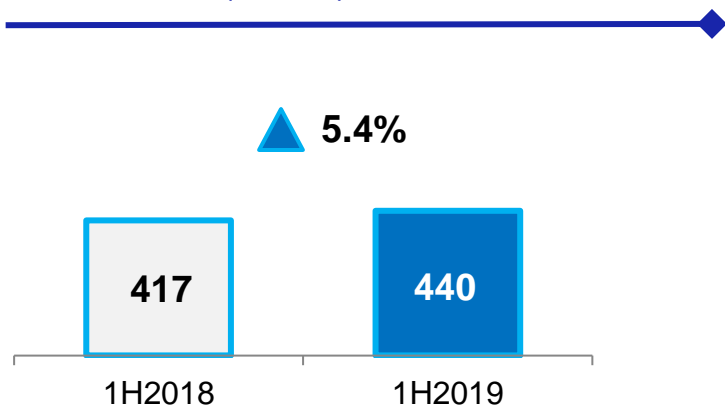


- Double-digit constant exchange rate of E-commerce & B2B
- China E-commerce represented more than 30% of China sales

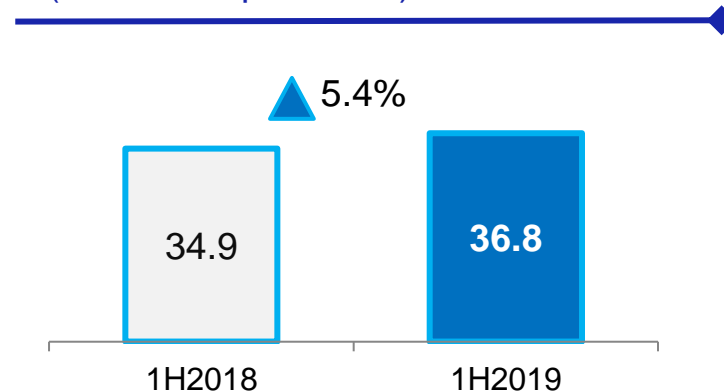
- Traditional channels (i.e. Distributors)
- B2B (i.e. Corporate clients)
- Key accounts (i.e. Hypermarkets, Supermarkets)
- E-Commerce

Net Profit & Dividend

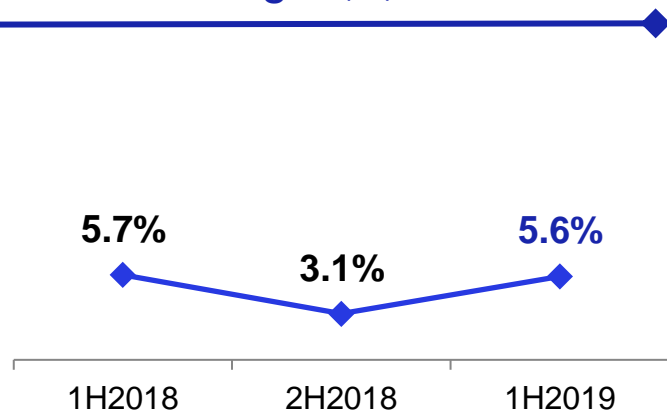
Net Profit (HK\$M)



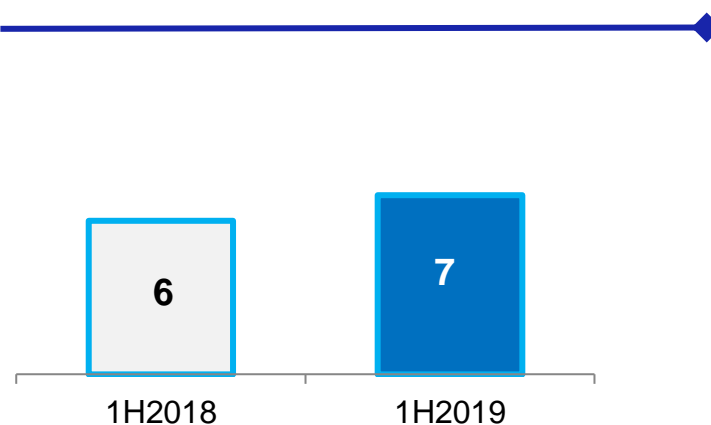
Basic Earning Per Share (HK\$ cents per share)



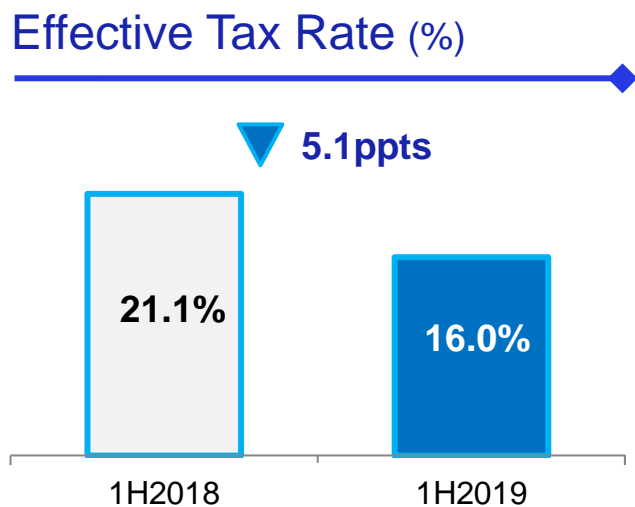
Net Profit Margin (%)



Proposed Interim Dividend (HK\$ cents per share)



Lower Effective Tax Rate



Lower effective tax rate:

- ❑ More subsidiaries are qualified for the High and New Technology Enterprises
- ❑ Super-deduction for qualified R&D from four subsidiaries

Key Indicators

(HK\$M)	As at 30 Jun 2019	As at 31 Dec 2018
Debtors turnover days ¹	42	43
Creditors turnover days ²	84	87
Finished goods turnover days ³	46	49
Working capital to sales ratio ⁴	2.9%	4.6%
(HK\$M)	As at 30 Jun 2019	As at 31 Dec 2018
Cash and cash equivalents	487	574
Total borrowings & lease liabilities	4,960	5,245
Net debt	4,473	4,671
Net gearing ratio ⁵	49.9%	53.5%
Net debt/EBITDA	2.2	2.4

¹ Multiplying 12-month average account receivables by 360 days and dividing the result by the revenue for the last 12 months

² Multiplying 12-month average account payables by 360 days, and dividing the result by the cost of sales for the last 12 months

³ Multiplying 12-month average finished goods by 360 days, and dividing the result by the cost of sales for the last 12 months

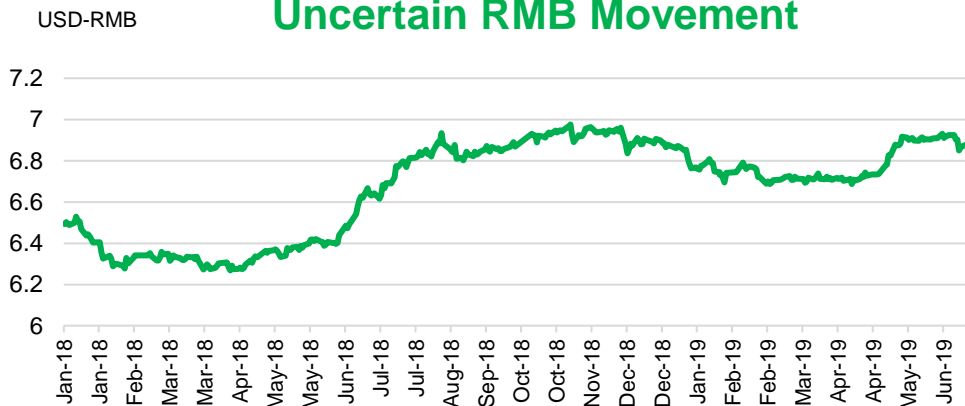
⁴ Total working capital (excl. cash & cash equivalents)/ total revenue

⁵ Net debt/ total shareholders' equity

Uncertainties in 2019

1

Uncertain RMB Movement

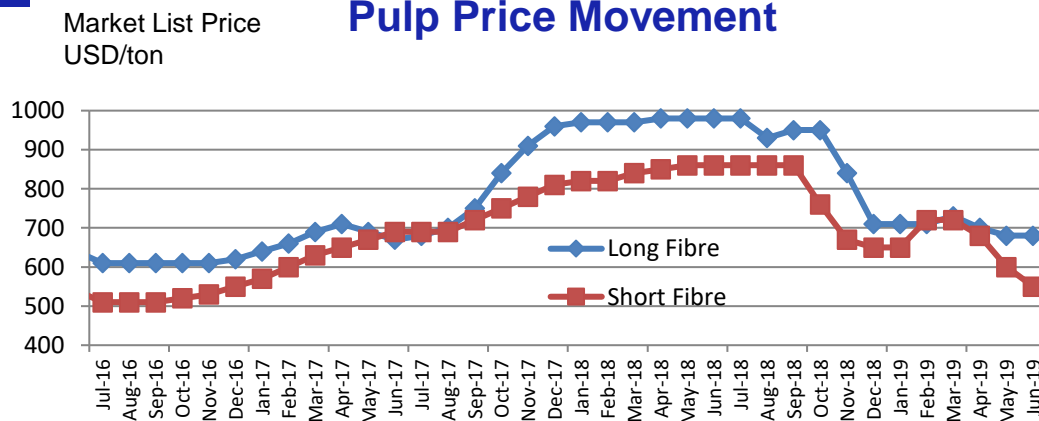


3

Lingering Sino-US trade tension

2

Pulp Price Movement



4

Market competition continues

5

Nation-wide deleveraging situation

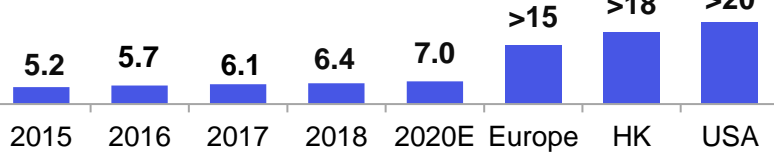
Opportunities



1

Increasing Tissue Consumption in China¹

Per capita consumption (kg)



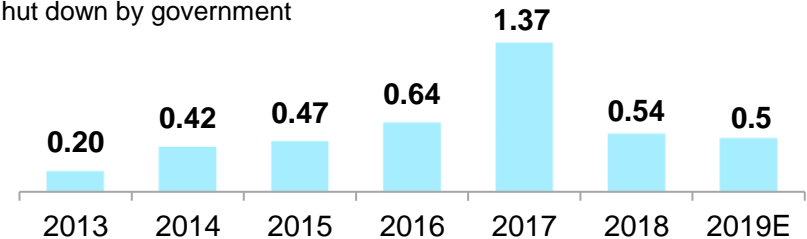
Tissue Market Size¹: RMB 116Bn

CAGR: +8.3% (2013-18)

2

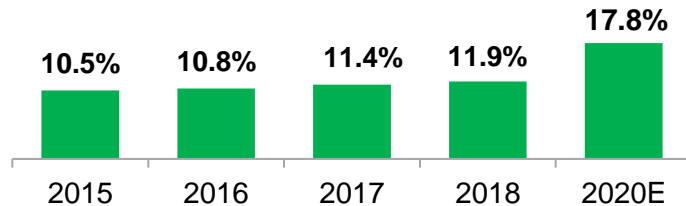
Stringent Environment Regulation¹

China tissue capacity (M tons) shut down by government



3

Aging Population² (aged 65 or above)



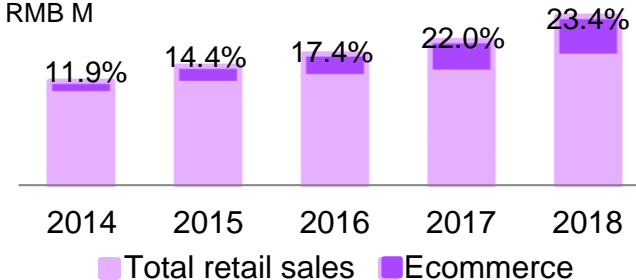
Inco Market Size¹: RMB 7Bn

CAGR: +17.3% (2013-18)

4

Fast growing online sales²

RMB M



2020E Ecommerce³: RMB9,600B

2016-2020E CAGR²: 20%

Fempro Market Size¹: RMB56.3Bn

CAGR: +9.7% (2013-18)

¹ China Household Paper Association

² National Bureau of Statistics of China

³ Ministry of Commerce of China

Production Capacity Plan



Tissue annual designed capacity

1.22 M tons
(end of Jun 2019)



1.25 M tons
(end of 2019)

- +30,000 tons in 19Q2 in Hubei
- -30,000 tons (discontinued operation of an old and high-energy consuming machinery) in 19Q2 in Xinhui
- +30,000 tons in 19Q4 in Hubei

Personal care facility

- Expanded local production for feminine and incontinence products



- ❑ Continue growth momentum & improve profit margins

- ❑ Enhance portfolio mix

- ❑ Drive growth in personal care esp. relaunch of *Libresse* in mainland China

- ❑ Smart spent & cost saving across all functions, projects and business units

- ❑ Improve production and operational efficiency

- ❑ Improve working capital management & cash generating ability



Appendix

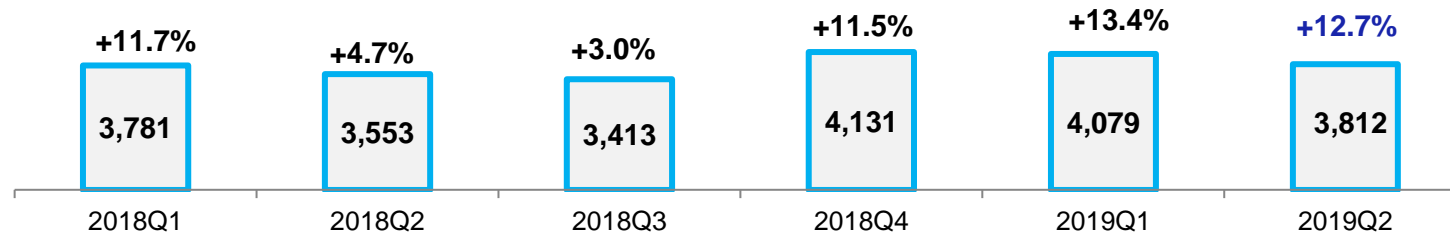
Financial Highlights Summary

(HK\$M)	1H2019	1H2018	YOY
Revenue	7,891	7,334	+7.6%
<i>Growth at constant exchange rate</i>	+13.0%	+8.1%	
Gross profit	2,217	2,178	+1.8%
<i>Gross margin</i>	28.1%	29.7%	-1.6ppts
Operating profit	630	643	-2.1%
<i>Operating margin</i>	8.0%	8.8%	-0.8ppt
EBITDA	1,179	1,117	+5.6%
<i>EBITDA margin</i>	14.9%	15.2%	-0.3ppt
Net profit	440	417	+5.4%
<i>Net margin</i>	5.6%	5.7%	-0.1ppt
Basic EPS (HK cents)	36.8	34.9	+5.4%
Proposed interim dividend per share (HK cents)	7.0	6.0	

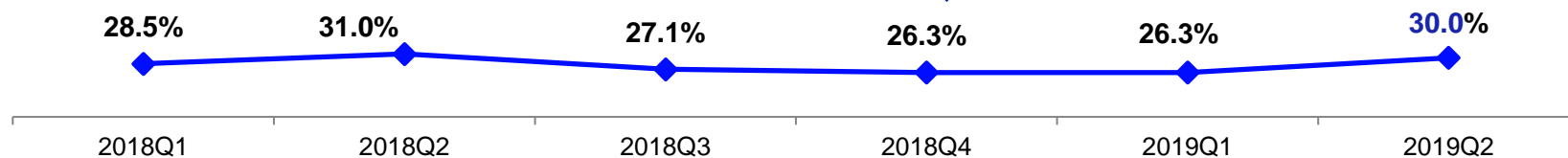
2H2018	HOH
7,544	+4.6%
+7.4%	
2,009	+10.4%
26.6%	+1.5ppts
376	+67.6%
5.0%	+3.0ppt
845	+39.5%
11.2%	+3.7ppt
232	+89.7%
3.1%	+2.5ppt

Quarterly Financial Highlights

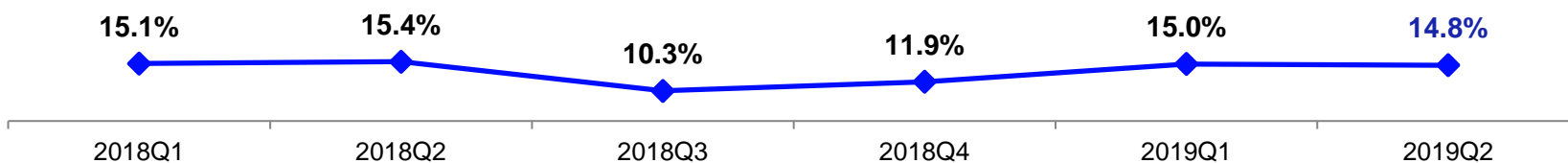
Revenue (HK\$M) & YOY growth (growth at constant exchange rate)



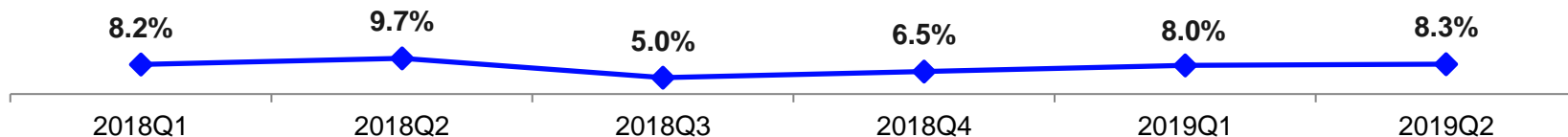
Gross Profit Margin(%)



EBITDA Margin (%)



Operating Margin (if excluding the FX effect from operating items)(%)





Q&A



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