



XINGDA

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XINGDA INTERNATIONAL HOLDINGS LIMITED

興達國際控股有限公司

(HKEx stock code: 1899)



# 2018 Interim Results Corporate Presentation

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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>2017</u>	<u>2018</u>	
	(unaudited)	(unaudited)	
Revenue	3,216	3,678	+14.4%
Gross Profit	717	618	-13.9%
Gross Profit Margin	22.3%	16.8%	-5.5pp
EBITDA (adjusted)*	641	512	-20.0%
EBITDA Margin (adjusted)*	19.9%	13.9%	-6.0pp
Profit Attributable to Owners of the Company	213	127	-40.3%
EPS ( <i>RMB fen</i> )	14.50	8.57	-40.9%
Profit Attributable to Owners of the Company (adjusted)*	217	130	-39.9%
EPS ( <i>RMB fen</i> ) (adjusted)*	14.77	8.78	-40.6%

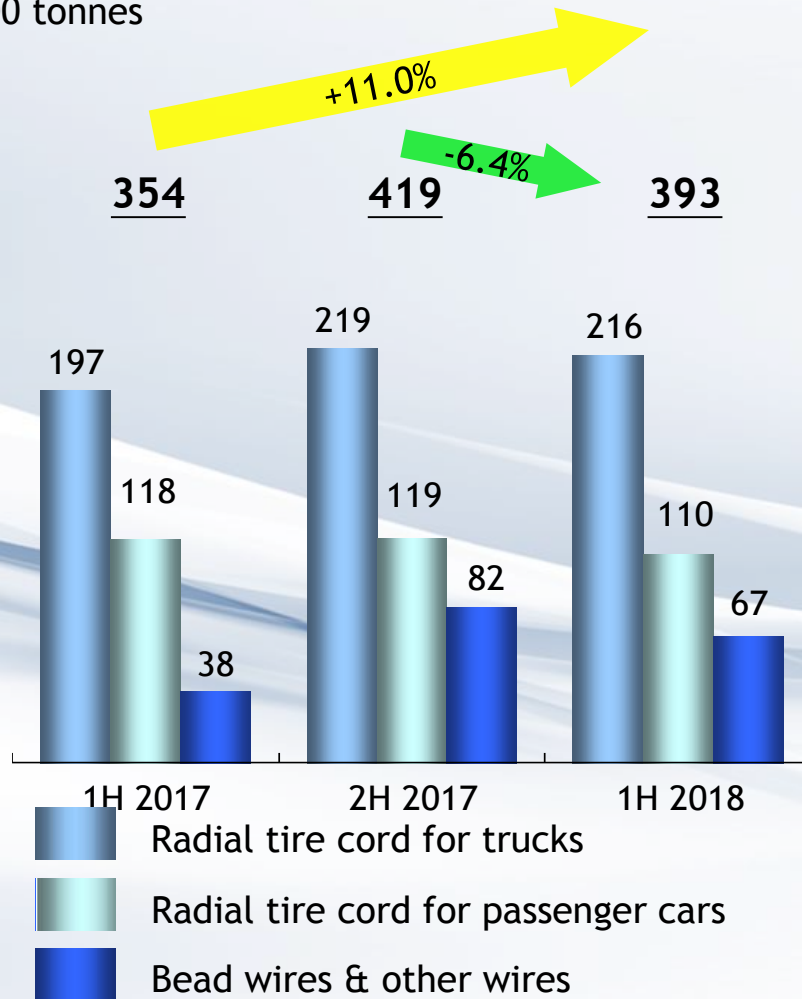
\*Note: Non-recurring items including deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.



# Financial Highlights

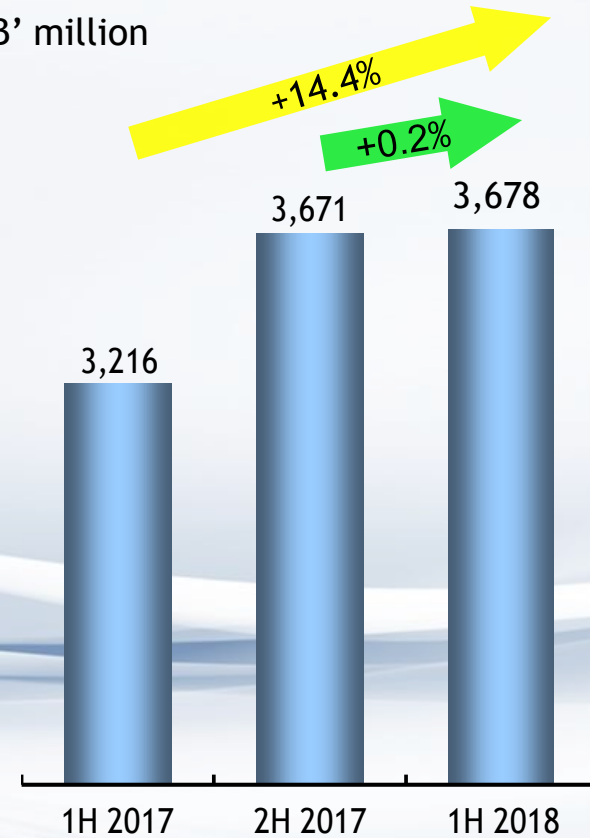
## Sales Volume by Product

'000 tonnes



## Revenue

RMB' million

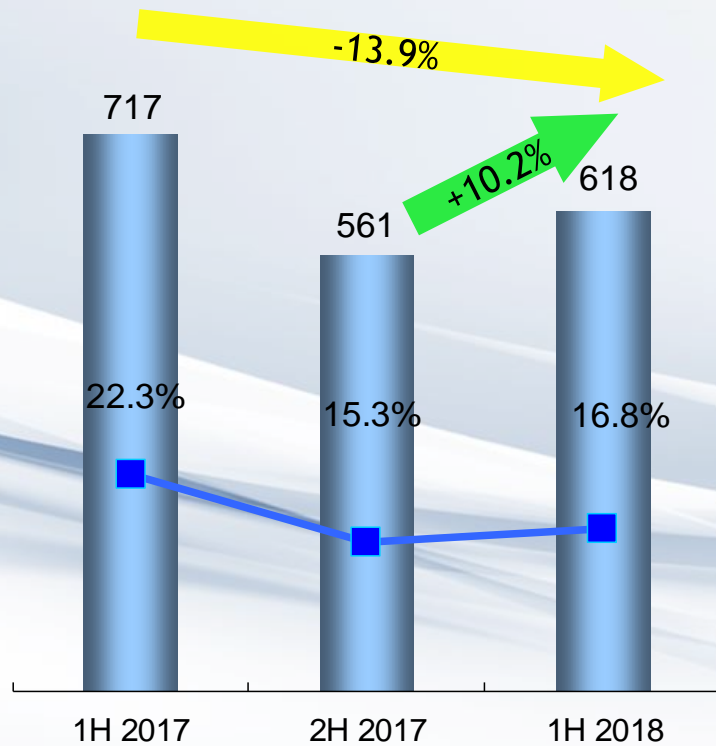




# Financial Highlights

## Gross Profit & Margin

RMB' million



## EBITDA & Margin\*

RMB' million

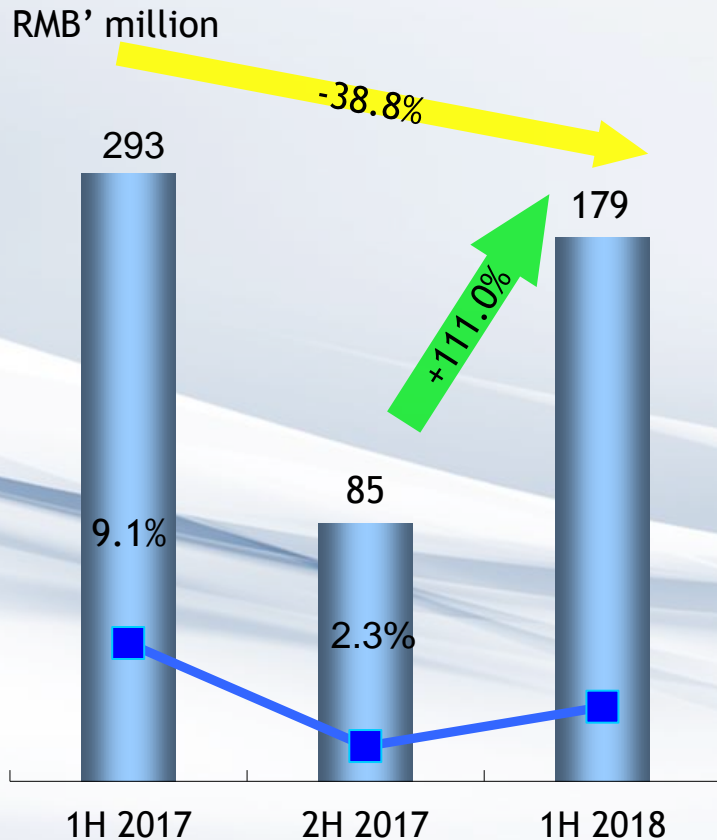


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# Financial Highlights

## Net Profit & Margin (Adjusted)\*



## EPS (Adjusted)\*

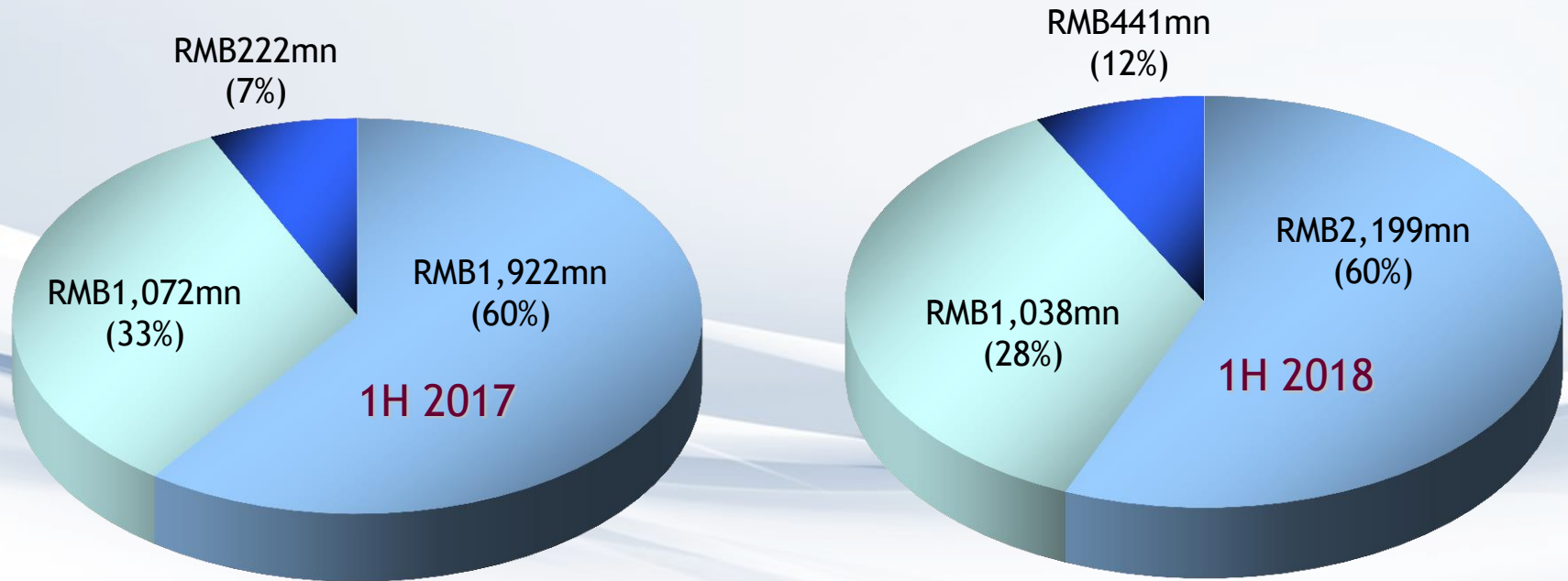


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# Financial Highlights

## Revenue by Product



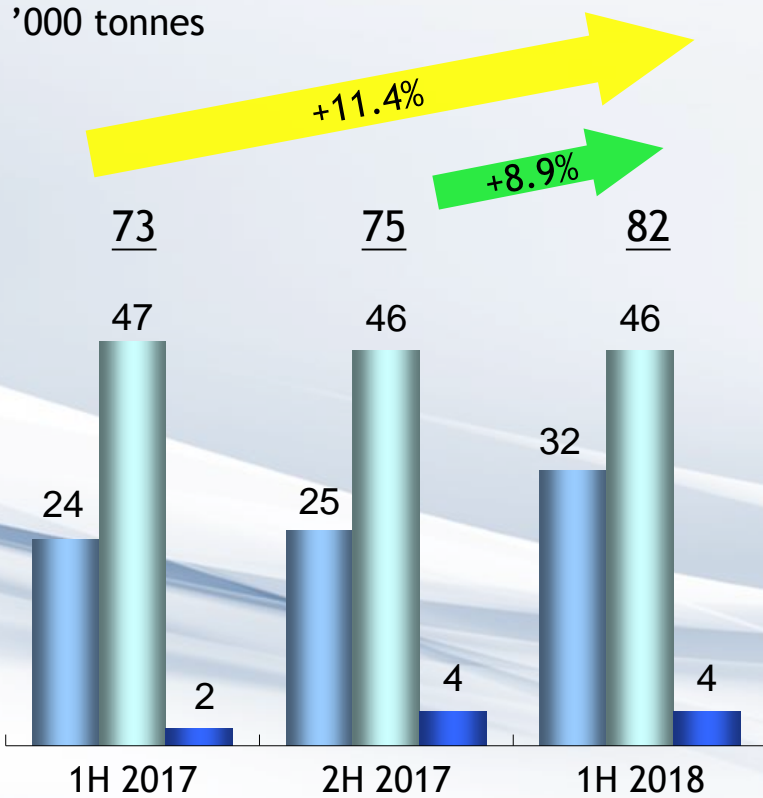
Radial tire cord for trucks    Radial tire cord for passenger cars    Bead wires & other wires





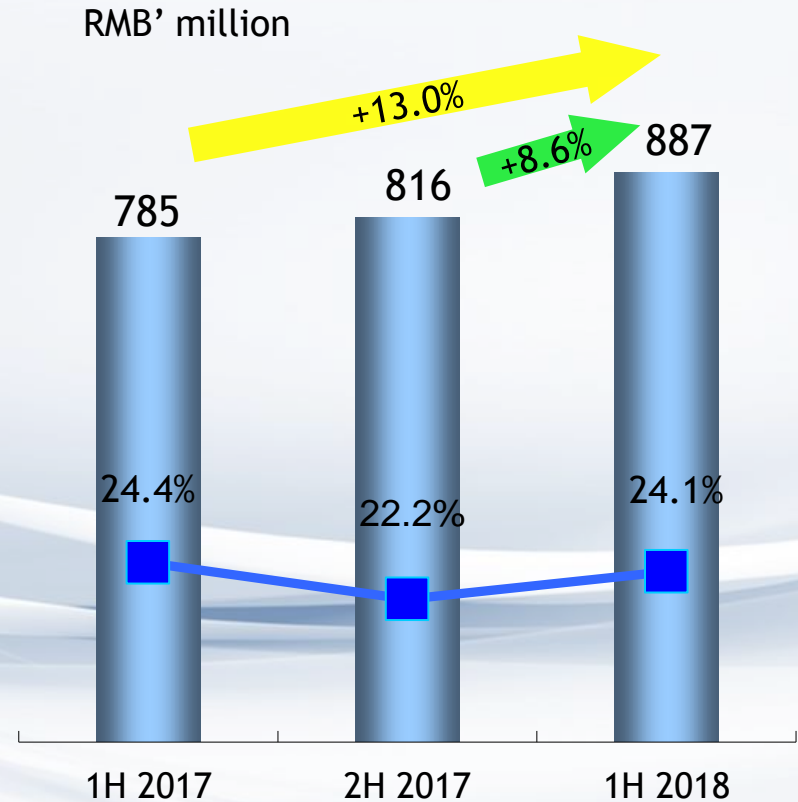
# Financial Highlights

## Export Sales Volume



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

## Export Sales

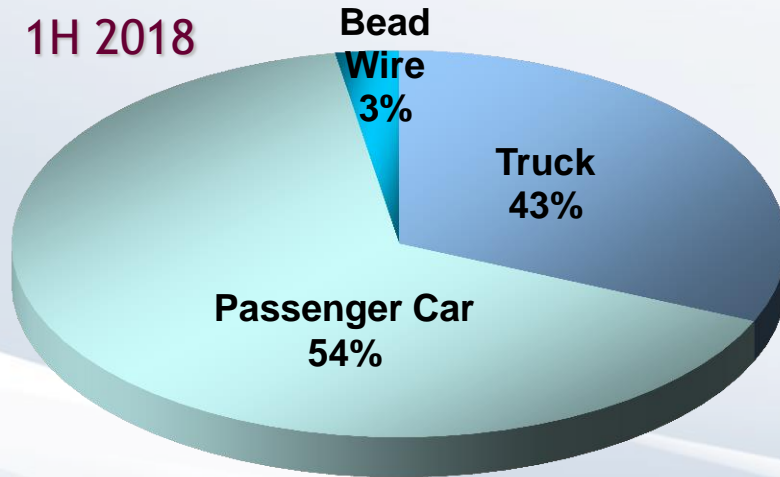




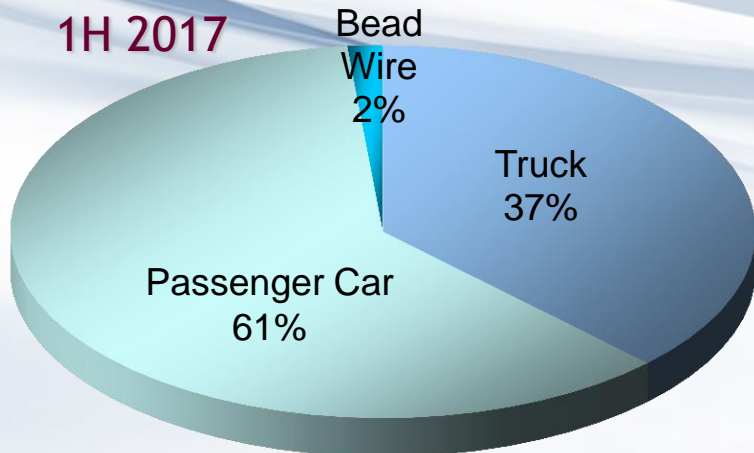
# Financial Highlights

## Export Sales by Product

1H 2018

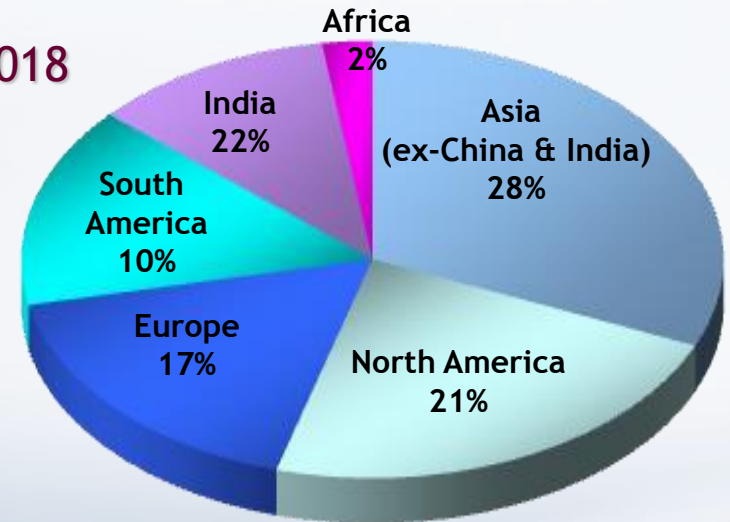


1H 2017

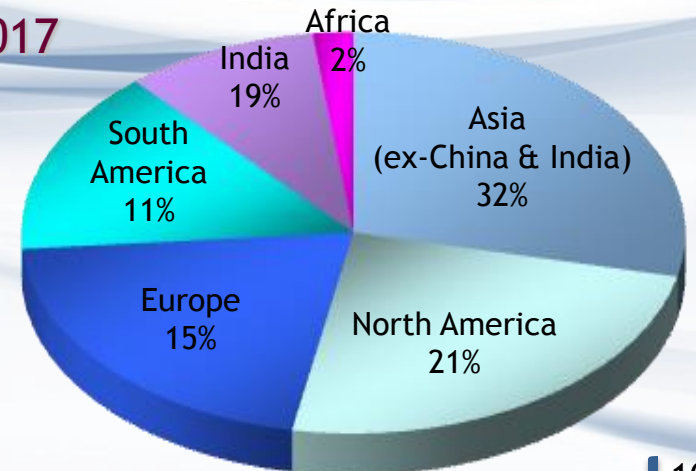


## Export Sales by Location

1H 2018



1H 2017





## Cash Flow (Extract)

<i>RMB' million</i>	For the six months ended 30 June	
	2017 (Unaudited)	2018 (Unaudited)
Net Operating Cash Inflow	256	220
Cash used in CAPEX	(125)	(234)
Net Addition of Bank Borrowings	37	158
Repurchase of Shares	-	(5)
Cash and Cash Equivalents at Period End	651	810



# Key Ratios

	As at 31 Dec 2017 (audited)	As at 30 Jun 2018 (unaudited)
Current Ratio (times)	1.4	1.4
Debtors' Turnover Days	114	119
Stock Turnover Days	47	42
Creditors' Turnover Days	155	107
Return on Capital Employed*	4.5%	4.2%
Return on Equity*	5.3%	4.9%
Gearing Ratio	7.7%	9.2%
Net Debts to Equity Ratio	3.7%	5.7%

\*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.



# Capacity & Utilisation

## ❖ Production capacity

- ❖ Radial tire cords capacity maintained at 725k mtpa in 1H 2018
- ❖ Bead wire capacity 150k mtpa (Increased 9k mtpa in 1H 2018)

## ❖ Jiangsu Factory

- ❖ Radial tire cord capacity maintained at 625k mtpa in 1H 2018

## ❖ Shandong Factory

- ❖ Radial tire cord capacity maintained at 100k mtpa in 1H 2018

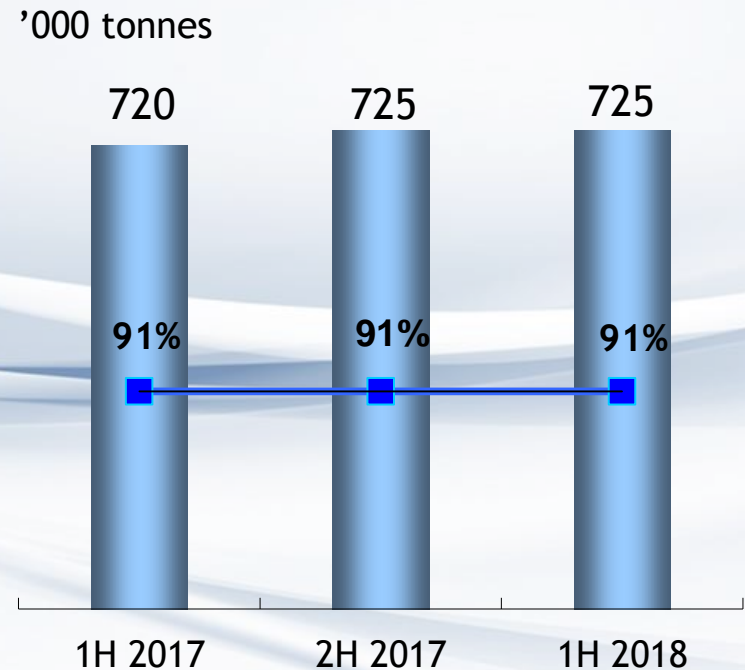
## ❖ Thailand Factory

- ❖ A maximum increase of 100k mtpa in production capacity when operation commences

## ❖ Utilisation rate

- ❖ Radial tire cord utilisation maintained at 91% in 1H 2018

**Radial Tire Cords  
Capacity & Utilisation Rate**





# Agenda

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



## Highlights for 1H 2018

- ❖ Revenue was RMB3,678mn, up 14.4% YOY due to moderate increase in ASP and sales volume
- ❖ Sales volume up 11.0% to 393,000 tonnes (TBR +9.4%; PCR -6.8%)
- ❖ GP margin decreased to 16.8% when compared to 1H 2017, mainly due to rise in wire rod cost
- ❖ Profit attributable to the owners of the Company -40.3% to RMB127mn with EPS RMB8.57fen (1H 2017: RMB 14.50 fen)
- ❖ Under the scrip dividend scheme in relation to the final dividend for the year 2017, the Group's controlling shareholder elected to receive part of dividend as the scrip shares and was allotted 8,000,000 new shares, demonstrating their firm confidence in the course of Xingda's future development
- ❖ Net cash inflow RMB53mn 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 2018
- ❖ The continued steady performance of the macro-economy has created favourable 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 India, Thailand and United States of America 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

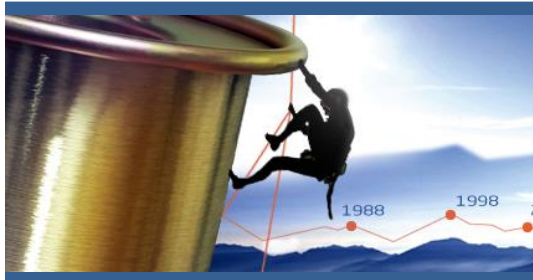
Strengthens our unique competitive advantages and differentiates ourselves through high product quality

## ❖ 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