

2011 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 | | |
| | 2010 | 2011 | |
| Revenue | 5,430 | 5,551 | +2.2% |
| Gross Profit | 1,636 | 1,298 | -20.6% |
| Gross Profit Margin | 30.1% | 23.4% | -6.7%pts |
| EBITDA (adjusted)* | 1,488 | 1,183 | -20.5 % |
| EBITDA Margin (adjusted)* | 27.4% | 21.3% | -6.1%pts |
| Profit Attributable to Owners of the Company | 792 | 418 | -47.2% |
| Profit Attributable to Owners of the Company (adjusted)* | 692 | 435 | -37.0% |
| EPS (adjusted)* (<i>RMB fen</i>) | 48.47 | 28.56 | -41.1% |
| Dividend per share (<i>HK cent</i>) | 15.0 | 20.0 | +33.3% |

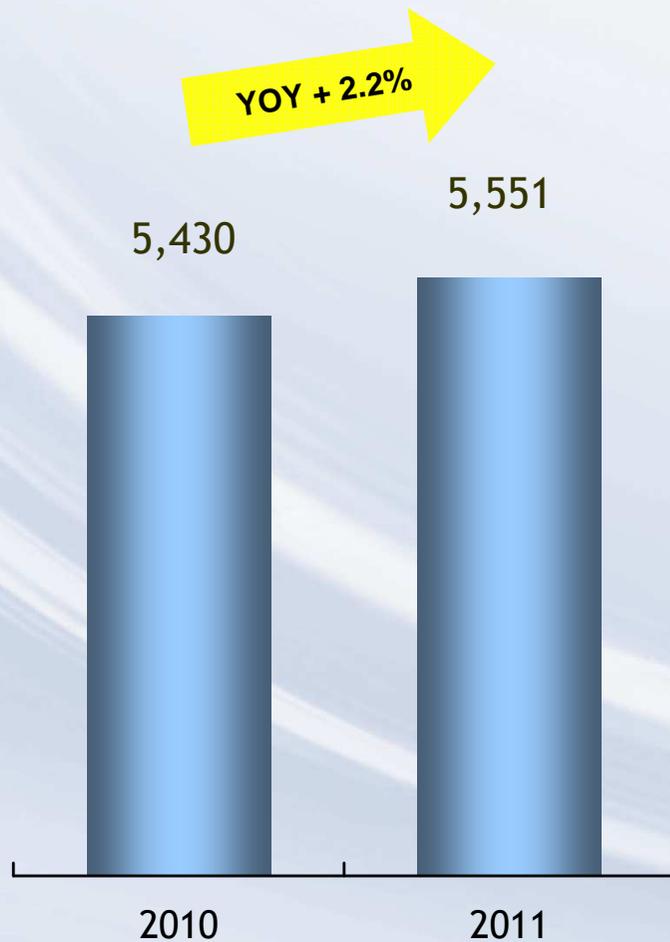
*Note: Non-recurring items including gain on disposal of available-for-sale investments and exchange difference arising from non-operating activities were excluded from calculation of these figures.



Financial Highlights

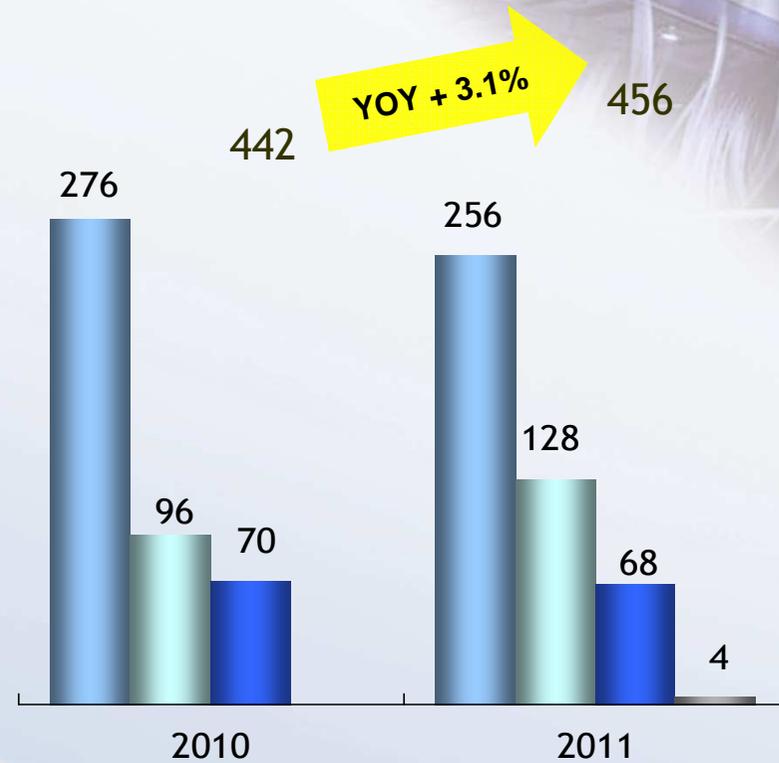
Revenue

RMB' million



Sales Volume by Products

'000 tonnes



- Radial tire cord for truck
- Radial tire cord for passenger car
- Bead wire
- Sawing Wire



Financial Highlights

Gross Profit

RMB' million



EBITDA (Adjusted)*

RMB' million



*Note: Non-recurring items including gain on disposal of available-for-sale investments and exchange difference arising from non-operating were excluded from calculation of these figures.



Financial Highlights

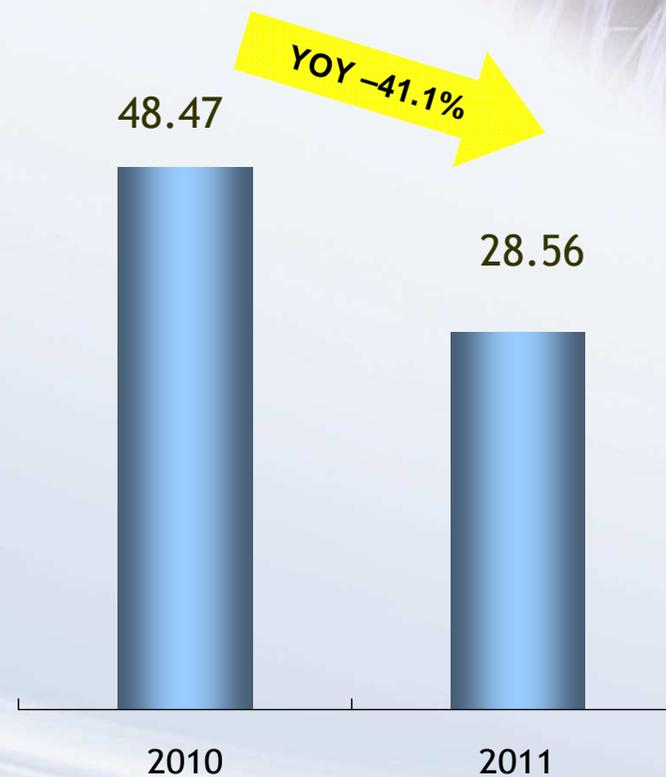
Net Profit (Adjusted)*

RMB' million



EPS (Adjusted)*

RMB fen

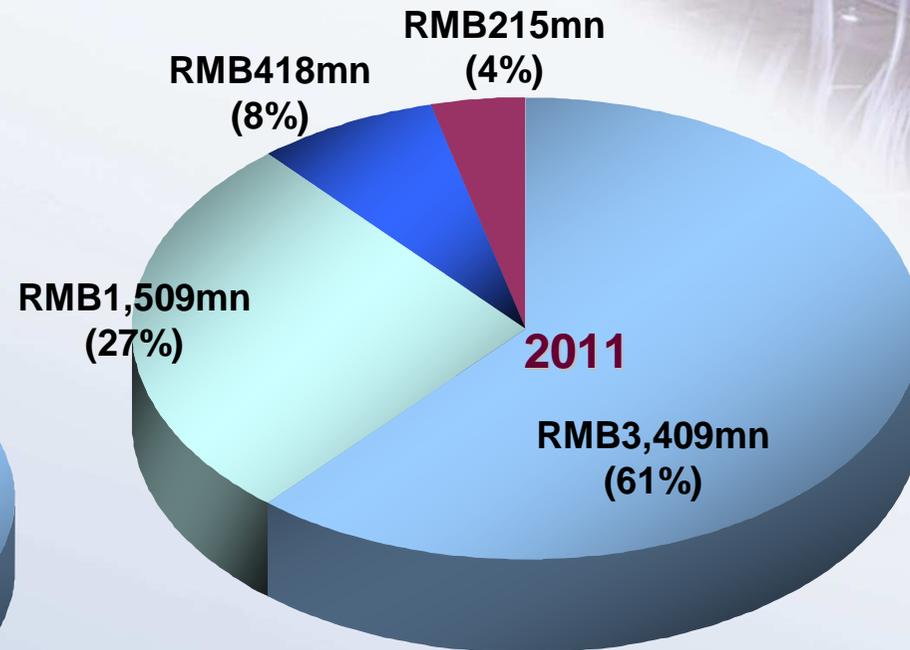
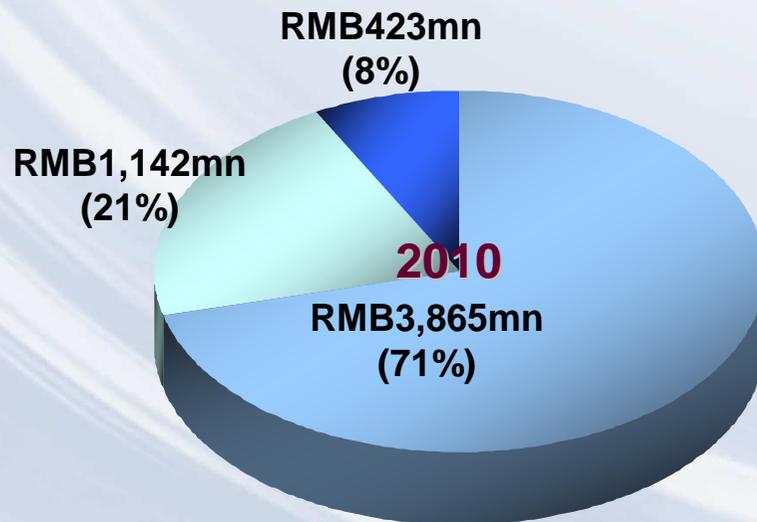


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Financial Highlights

Revenue by Product



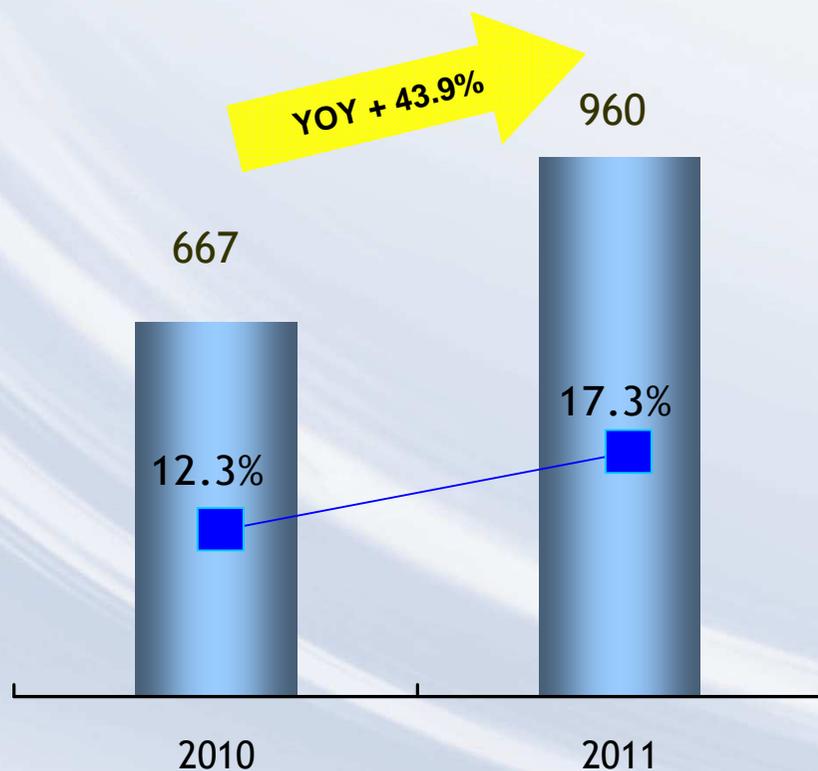
Radial tire cord for truck Radial tire cord for passenger car Bead wire Sawing wire



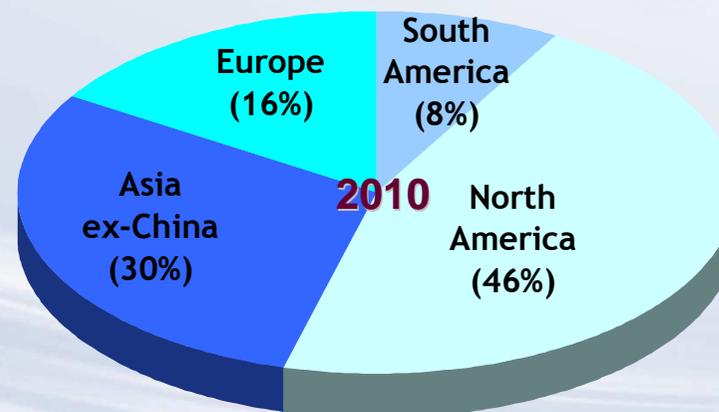
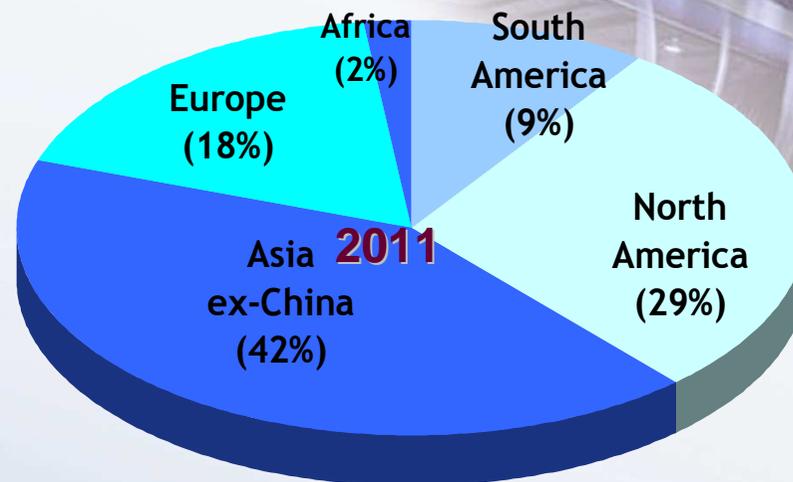
Financial Highlights

Export Sales

RMB' million



Export Sales by Locations



Cash Flow Summary

| <i>RMB' million</i> | <u>For the Year Ended 31 December</u> | |
|---------------------------------------|---------------------------------------|--------------|
| | 2010 | 2011 |
| Net Operating Cash Inflow | 977 | 459 |
| Cash Used in CAPEX* | (797) | (566) |
| Cash and Cash Equivalents at year end | 1,147 | 731 |

**Note: Cash used in CAPEX is extracted from the line "Purchase of property, plant and equipment" in the investing activities section in the statements of consolidated cash flows. Purchase of property, plant and equipment for 2011 amounting to approximately RMB695 million which has been set off against the compensation received from insurance company of approximately RMB129 million.*

Key Ratios

| | For the Year Ended 31 December | |
|---|--------------------------------|-------|
| | 2010 | 2011 |
| Current Ratio (times) | 2.0 | 1.5 |
| Debtors' Turnover Days* | 87 | 91 |
| Stock Turnover Days | 43 | 58 |
| Creditors' Turnover Days* | 26 | 29 |
| Return on Capital Employed [#] | 12.2% | 7.1% |
| Return on Equity [#] | 14.9% | 9.0% |
| Dividend Payout Ratio | 24.5% | 59.1% |
| Gearing Ratio | 17.5 | 19.3% |
| Net Debts to Equity Ratio | 7.5% | 23.1% |

Notes:* The numbers have been adjusted for 17% value-added tax included in the balances of trade receivables and trade payables.



Notes#: Return has been adjusted for non-recurring items including gain on disposal of available-for-sale investments and exchange differences arising from non-operating activities.

Capacity & Utilisation

❖ Production capacity

- ❖ Radial tire cords capacity 500k tonnes
- ❖ Sawing wire capacity 12k tonnes

❖ Jiangsu Factory

- ❖ No new capacity in 2012 for all products
- ❖ New capacity of about 50k tonnes will be added in 2013

❖ Shandong Factory

- ❖ Expected to commence operation in 2013 with 50k tonnes production capacity for truck tire cords
- ❖ Another 50k tonnes capacity will be released in 2014

Radial Tire Cords Capacity & Utilisation rate

'000 tonnes



Business Overview



Highlights for 2011

- ❖ Maintained leadership in the Chinese radial tire cord industry
- ❖ Revenue achieved moderate growth +2.2% to RMB5,551mn
- ❖ Revenue from passenger car tire cords +32.1% due to fast growing export orders and robust domestic replacement demand
- ❖ Placed higher importance on overseas market with export sales +43.9% to RMB960mn (2010: RMB667mn), accounting for 17.3% of total sales (2010: 12.3%)
- ❖ Proposed final dividend 20.0 HK cents per share (2010: 15.0 HK cents), +33.3%
- ❖ 2011 payout ratio 59.1% (2010: 24.5%)

Outlook & Strategies



Moderate Growth in China Market

- ❖ China's policy shifting from fighting inflation to protecting growth supports domestic truck tires market
- ❖ China's ongoing urbanisation spurs replacement demand for truck tires
- ❖ Growing passenger cars market leads to persistent domestic replacement demand in passenger car tires
- ❖ China's growing radialisation rate (From 2006: 64% to 2011: 87%) provides additional radial tire cords demand

Growing Opportunities in Overseas Markets

- ❖ Xingda's products increasingly recognized by renowned foreign tire manufacturers enhance global branding
- ❖ Competitively priced products with excellent quality continue to boost overseas orders
- ❖ Continue to expand overseas market with stably developing new customers

Sawing Wire

- ❖ Synergies achieved due to similarities in the production equipments used in processing radial tire cord
- ❖ Inclusion of renewable energy as one of the seven emerging industry in the Twelfth-Five-Year Plan presents demand and support for the solar industry
- ❖ Gained more new customers including major solar panel makers in China

Future Strategies

- ❖ Strategically applies cost control procedures and enhance production efficiency to maintain competitive cost structure
- ❖ Continues to leverage its established relationships with existing customers while actively seek for new customers globally
- ❖ Cautiously monitor its capacity expansion to meet market demand and maintain high utilization rate

Open Forum

