

2013 Interim 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>	For the six months ended				
	30 June/ 31 December				
	1H 2012 (unaudited)	2H 2012 (unaudited)	1H 2013 (unaudited)	YOY Change	HOH Change
Revenue	2,764	2,483	2,709	-2.0%	+9.1%
Gross Profit	568	502	671	+18.1%	+33.6%
Gross Profit Margin	20.6%	20.2%	24.8%	+4.2pts	+4.6pts
EBITDA (adjusted)*	499	423	613	+22.8%	+44.8%
EBITDA Margin (adjusted)*	18.1%	17.0%	22.6%	+4.5pts	+5.6pts
Profit Attributable to Owners of the Company	149	39	207	+38.7%	+424.5%
Profit Attributable to Owners of the Company (adjusted)*	149	94	211	+41.4%	+124.0%
EPS (adjusted)* (<i>RMB fen</i>)	9.79	6.18	13.85	+41.4%	+124.0%



*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

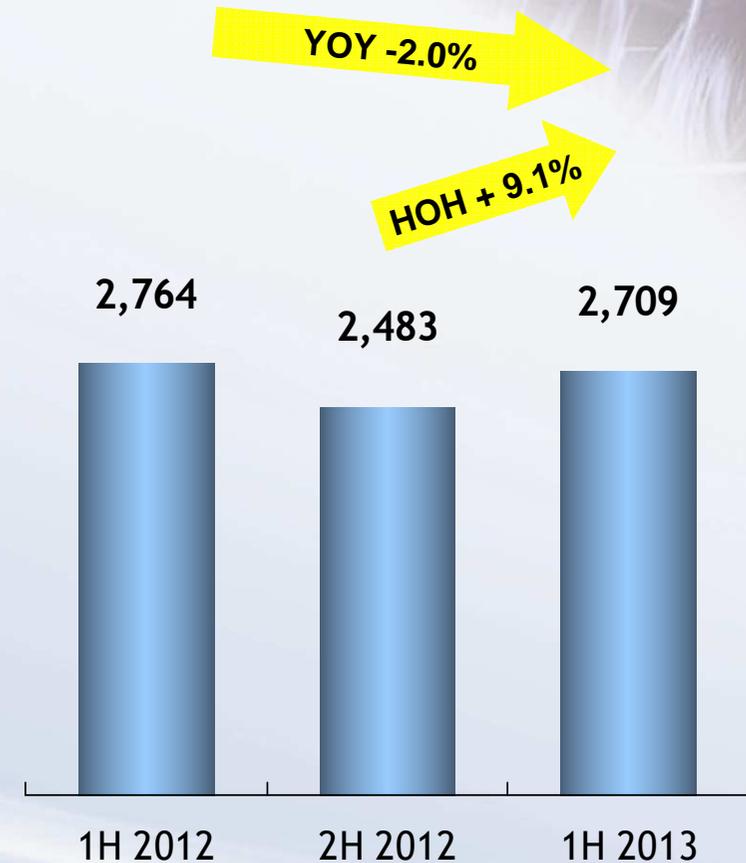
'000 tonnes



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

Revenue

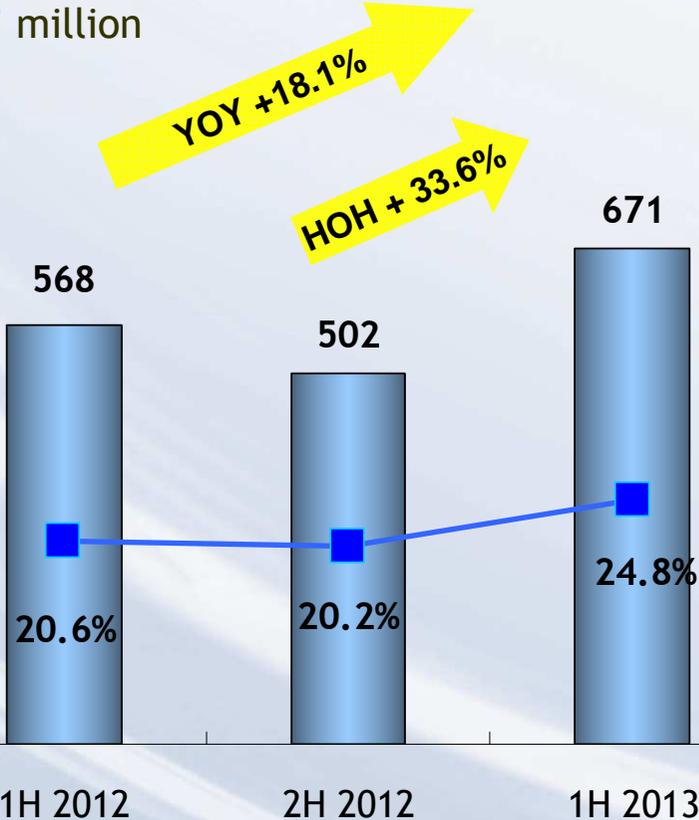
RMB' million



Financial Highlights

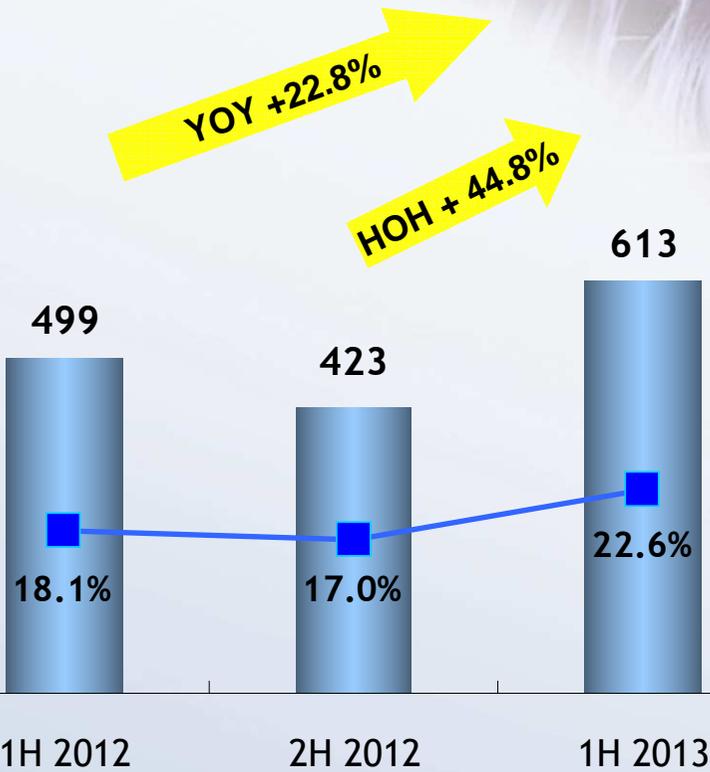
Gross Profit

RMB' million



EBITDA (Adjusted)*

RMB' million



**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

Net Profit (Adjusted)*

RMB' million



EPS (Adjusted)*

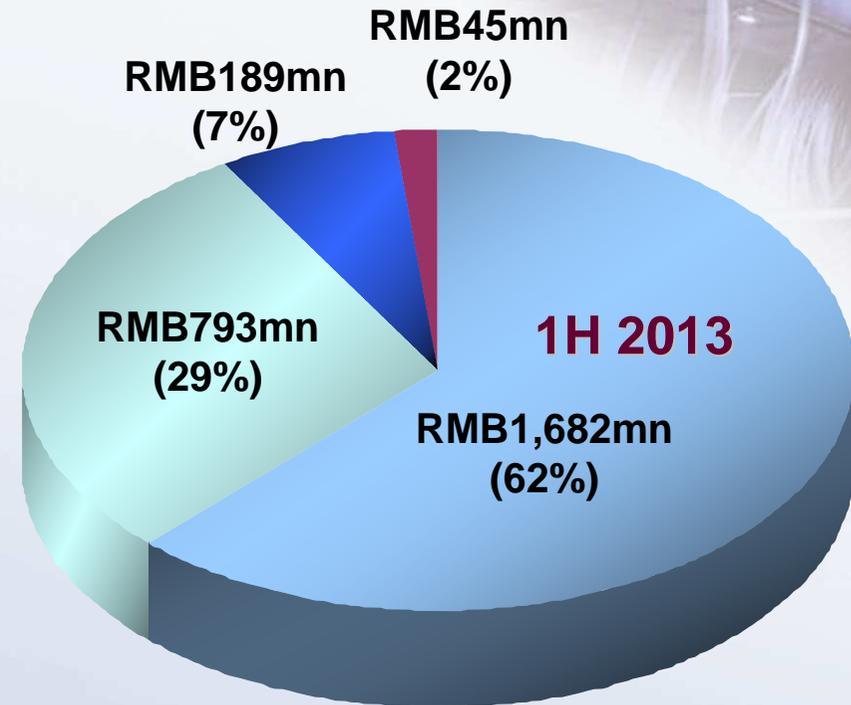
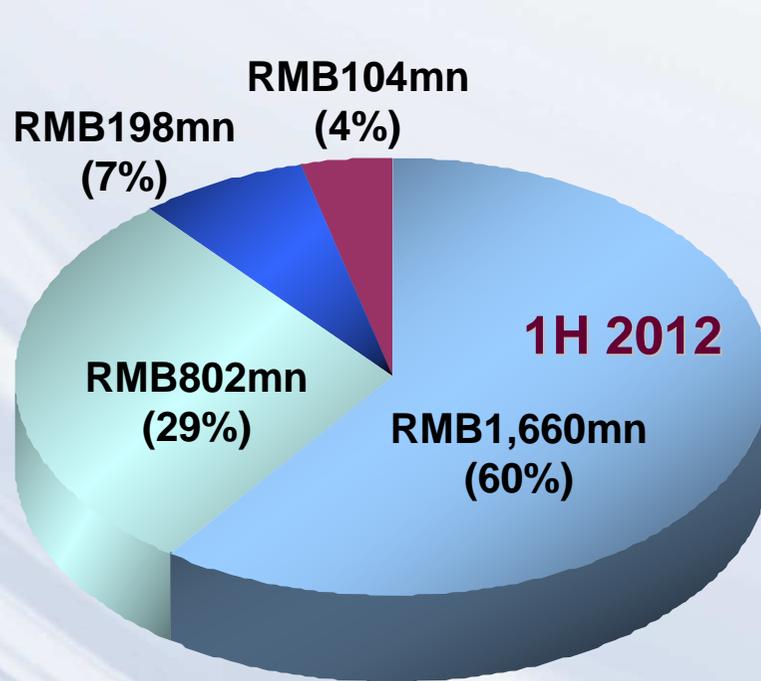
RMB fen



*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

Revenue by Product



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

Financial Highlights

Export Sales Volume

'000 tonnes

YOY +7.1%



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

Export Sales

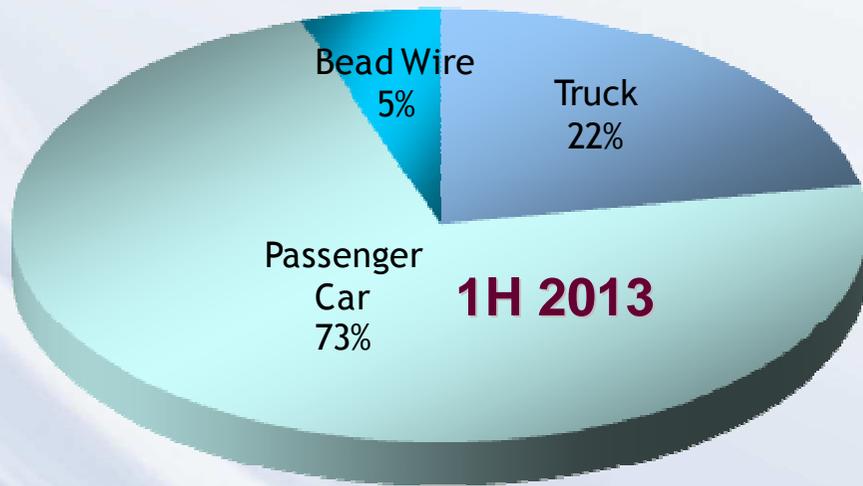
RMB' million

YOY -0.6%

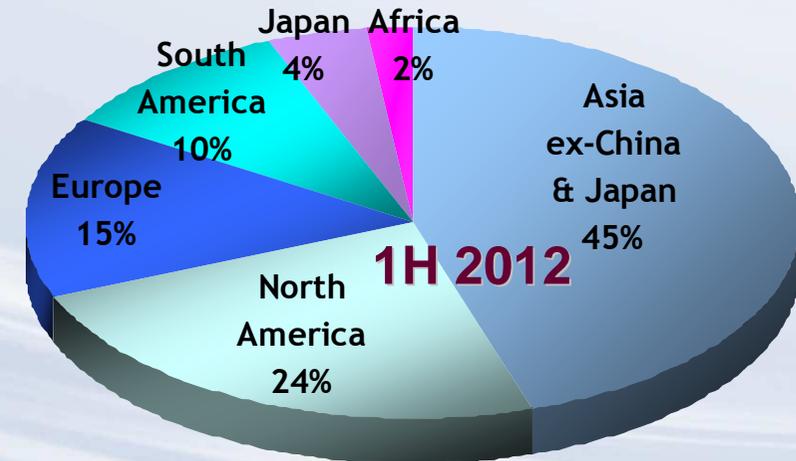
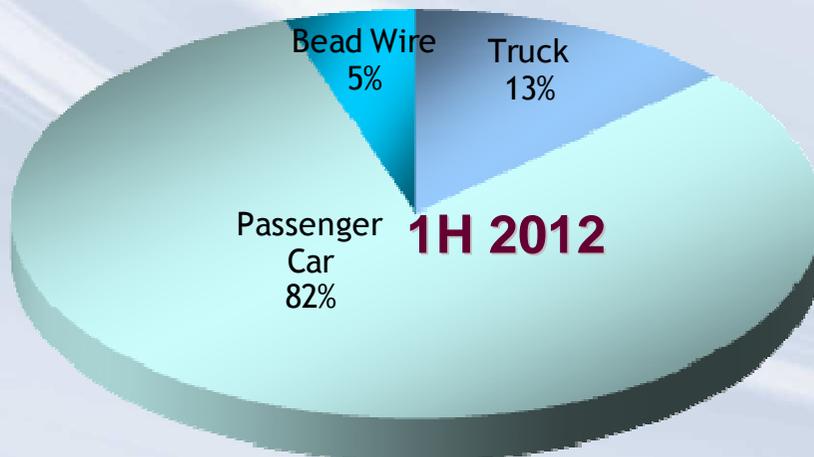
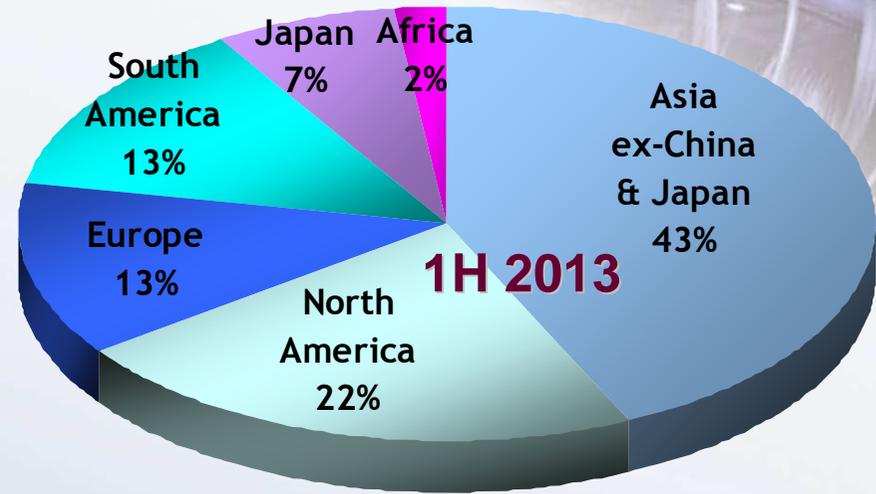


Financial Highlights

Export Sales by Product



Export Sales by Location



Cash Flow (Extract)

<i>RMB' million</i>	For the six months ended 30 June/ 31 December		
	1H 2012 (unaudited)	2H 2012 (unaudited)	1H 2013 (unaudited)
Net Operating Cash Inflow	334	829	614
Cash Used in CAPEX	(319)	(83)	(167)
Net Addition (Repayment) of Bank Borrowings	78	(738)	(280)
Payment of Dividend	(247)	-	(185)
Cash and Cash Equivalents at period end	553	521	406

Key Ratios

	As at 30 Jun 2012 (unaudited)	As at 31 Dec 2012 (audited)	As at 30 Jun 2013 (unaudited)
Current Ratio (times)	1.5	1.6	1.6
Debtors' Turnover Days	111	97	114
Stock Turnover Days	47	38	48
Creditors' Turnover Days	30	70	65
Return on Capital Employed [#]	4.7%	4.2%	8.1%
Return on Equity [#]	6.3%	5.1%	8.8%
Gearing Ratio	20.5%	12.7%	9.5%
Net Debts to Equity Ratio	28.9%	13.9%	10.5%

#Notes: Return has been adjusted for non-recurring items including deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities. The ratios for six months ended 30 June have been annualised for comparative purpose.

Capacity & Utilisation

❖ Production capacity

- ❖ Unchanged since Q3 2011
- ❖ Radial tire cords capacity - 500k mtpa
- ❖ Bead wire capacity - 100k mtpa
- ❖ Sawing wire capacity - 12k mtpa

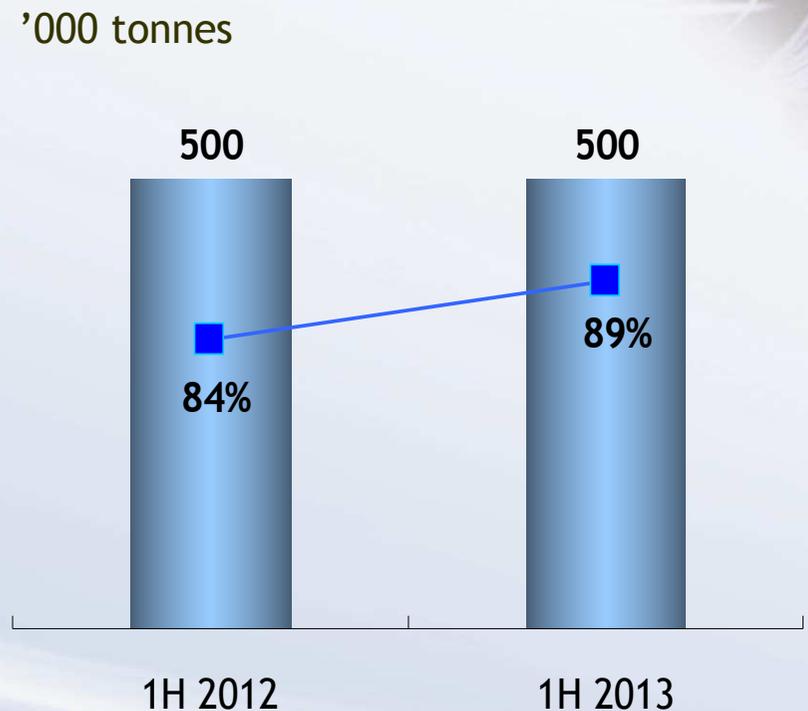
❖ Jiangsu Factory

- ❖ Major expansion was suspended
- ❖ Production line modification is in progress to enhance production efficiency

❖ Shandong Factory

- ❖ Expected to commence operation in 1Q 2014 with capacity 50k mtpa for Phase 1

Radial Tire Cords Capacity & Utilisation rate



Business Overview



Highlights for 1H 2013

- ❖ Continues to maintain market leadership in China with about 1/3 market share
- ❖ Revenue -2.0% to RMB2,709mn whereas sales volume +8.0% to 262k tonnes
- ❖ Sales volume of truck car tire cords +11.6 % thanks to growing infrastructure and property construction bolster domestic replacement demand
- ❖ GP margin +4.2%pts to 24.8% contributed by lower raw material costs and higher utilization rate
- ❖ Finance cost -41.5% to RMB33mn due to pay down of borrowings
- ❖ Net profit +51.2% to 293mn
- ❖ Export sales contributed 19.5% to total sales with a better product mix in 1H 2013 where truck tire cord accounted for a higher portion

Outlook & Strategies



China Market Outlook

- ❖ China's economy continues to see steady and healthy growth under the new leadership
- ❖ Xingda is cautiously optimistic about a gradual rebound of economic activities
- ❖ China's continuous urbanisation requires large investment in infrastructure and property markets, spurring demand for truck tires in the replacement market
- ❖ Growing passenger cars sales in China lends support to radial tire cord for passenger cars
- ❖ China's growing radialisation rate (from 2006: 64% to 2012: 88%) provides additional radial tire cords demand

Accelerated Growth in Overseas Markets

- ❖ Export sales will have a higher profit contribution to Xingda when the Group completes more tire cord products certification with major overseas customers
- ❖ Enhanced brand portfolio and market position globally by offering products of high quality with competitive pricing
- ❖ Strong relation with renowned global tire manufacturers helps Xingda gaining global market share

Future Strategies

- ❖ Exploits our competitive advantages while enhancing our cost structure to cope with the uncertain global economic situation ahead
- ❖ Solidifies our relationships with existing clients and strengthens our brand recognition
- ❖ Closely monitors and carefully plans our capacity expansion to meet with the growing demand in both domestic market and overseas market
- ❖ Continues to implement a greater scope of automation and upgrade production lines to enhance production efficiency

Open Forum

