

2014 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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 **Financial Review**

 **Outlook & Strategies**



Financial Review



Financial Highlights

For the six months ended

30 June

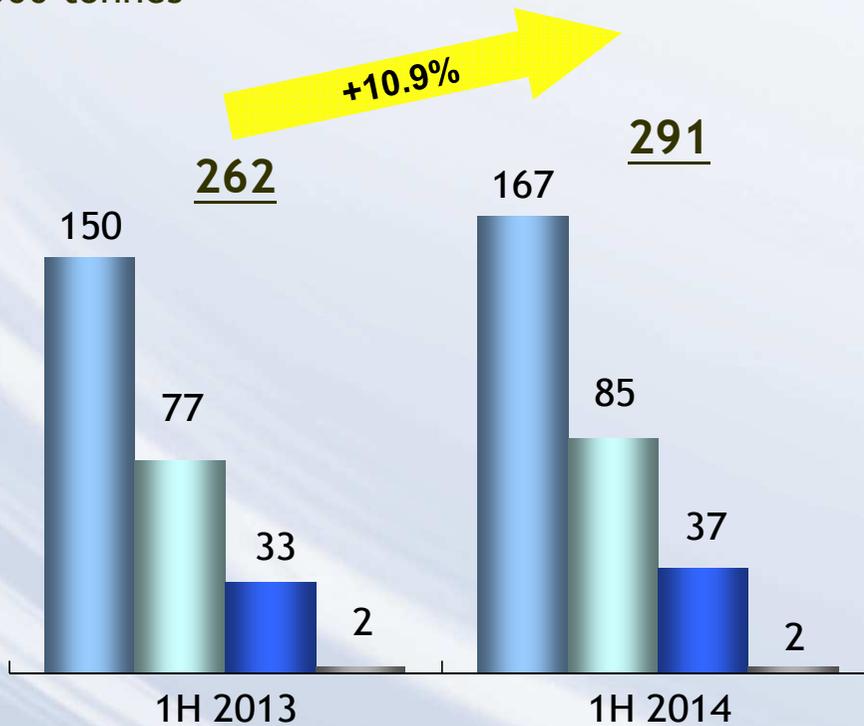
RMB' million

	1H 2013 (unaudited)	1H 2014 (unaudited)	Change
Revenue	2,709	2,817	+4.0%
Gross Profit	671	664	-1.0%
Gross Profit Margin	24.8%	23.6%	-1.2pts
EBITDA	613	592	-3.4%
EBITDA Margin	22.6%	21.0%	-1.6pts
Profit Attributable to Owners of the Company	207	202	-2.5%
EPS (<i>RMB fen</i>)	13.58	13.25	-2.5%

Financial Highlights

Sales Volume by Product

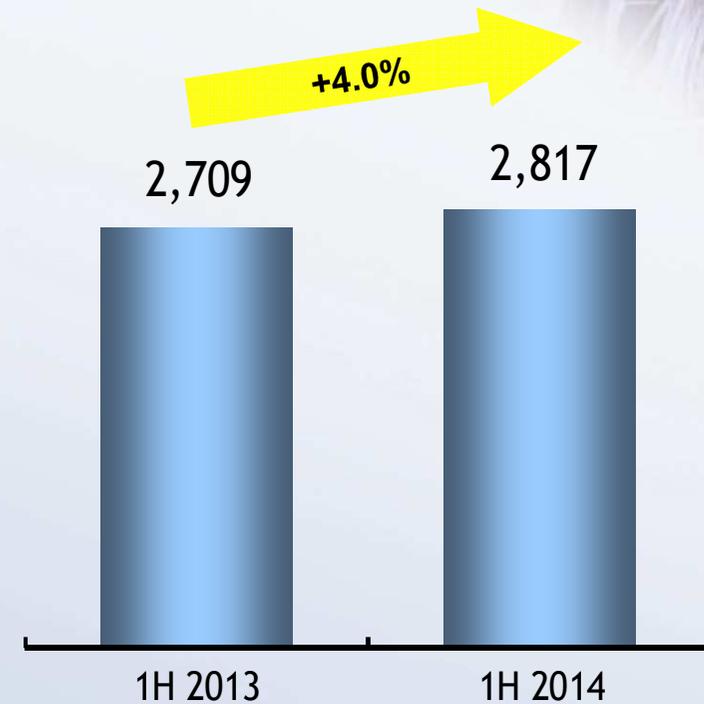
'000 tonnes



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

Revenue

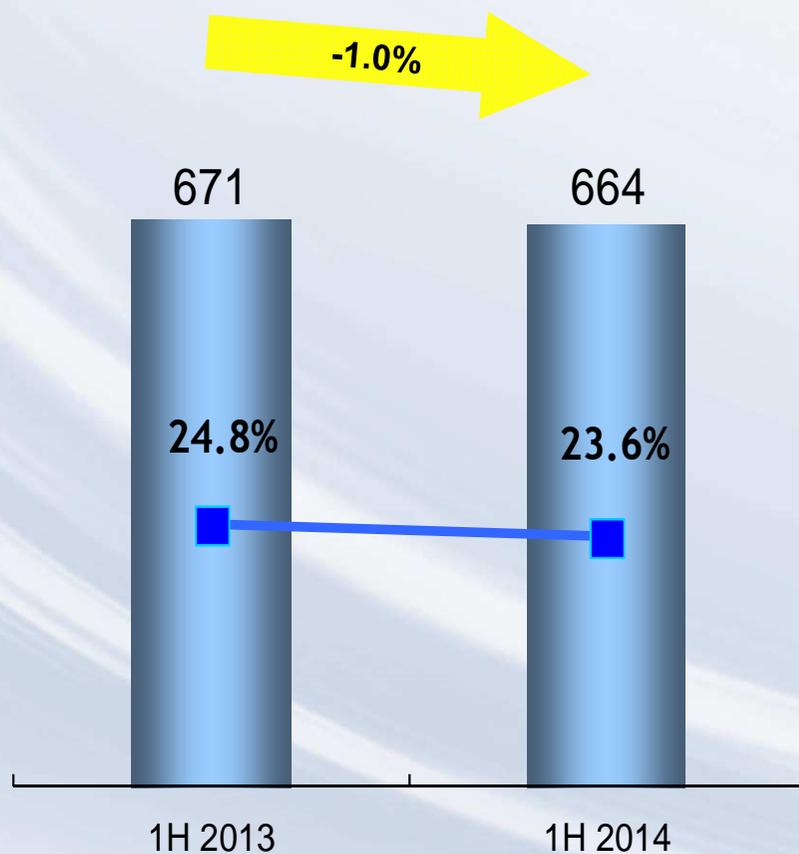
RMB' million



Financial Highlights

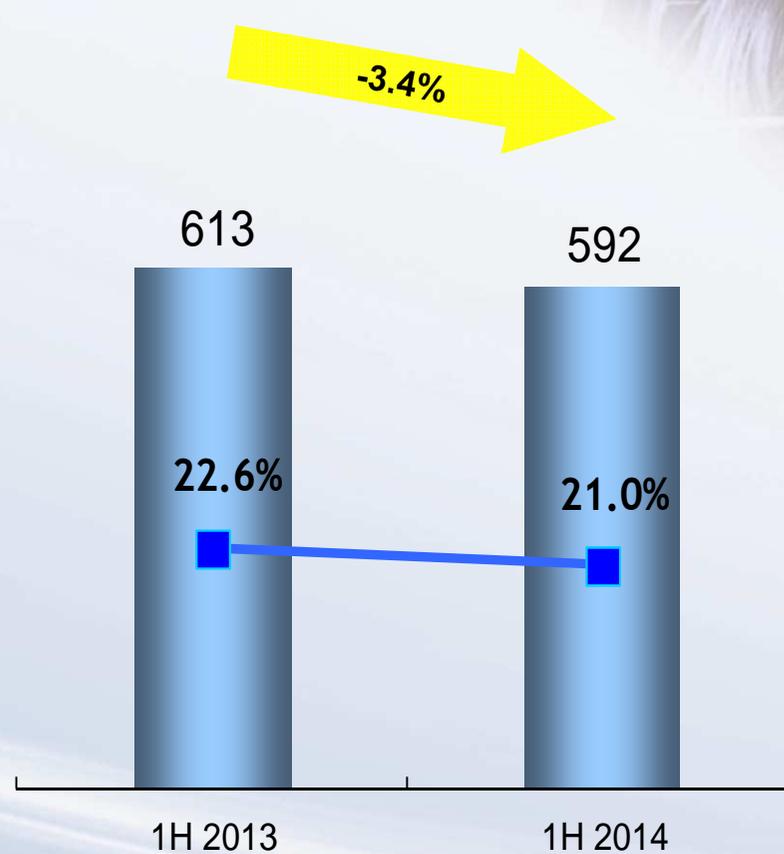
Gross Profit & Margin

RMB' million



EBITDA & Margin

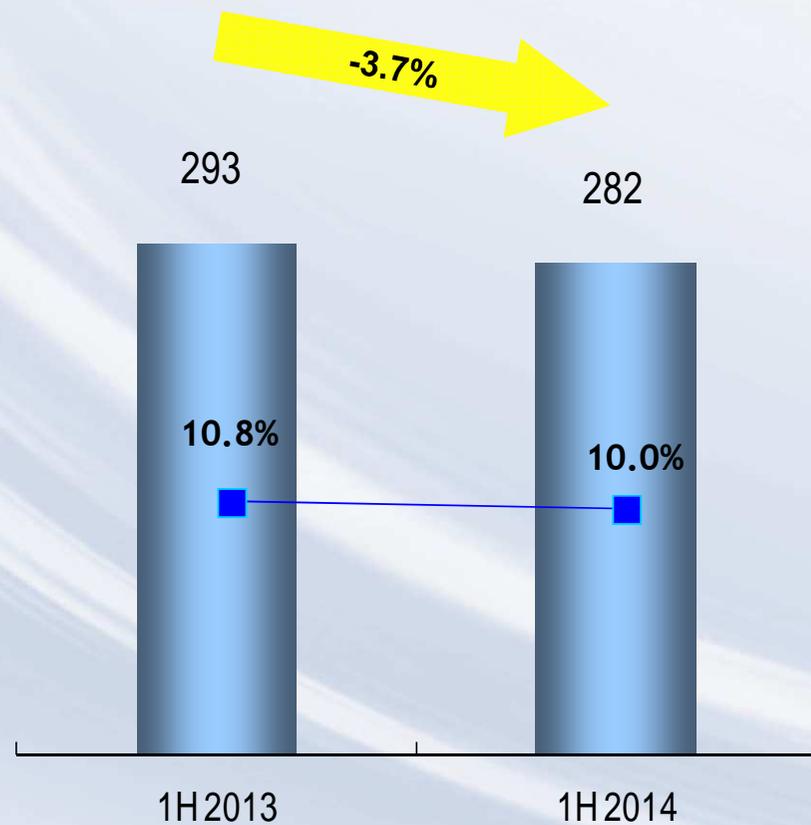
RMB' million



Financial Highlights

Net Profit & Margin

RMB' million



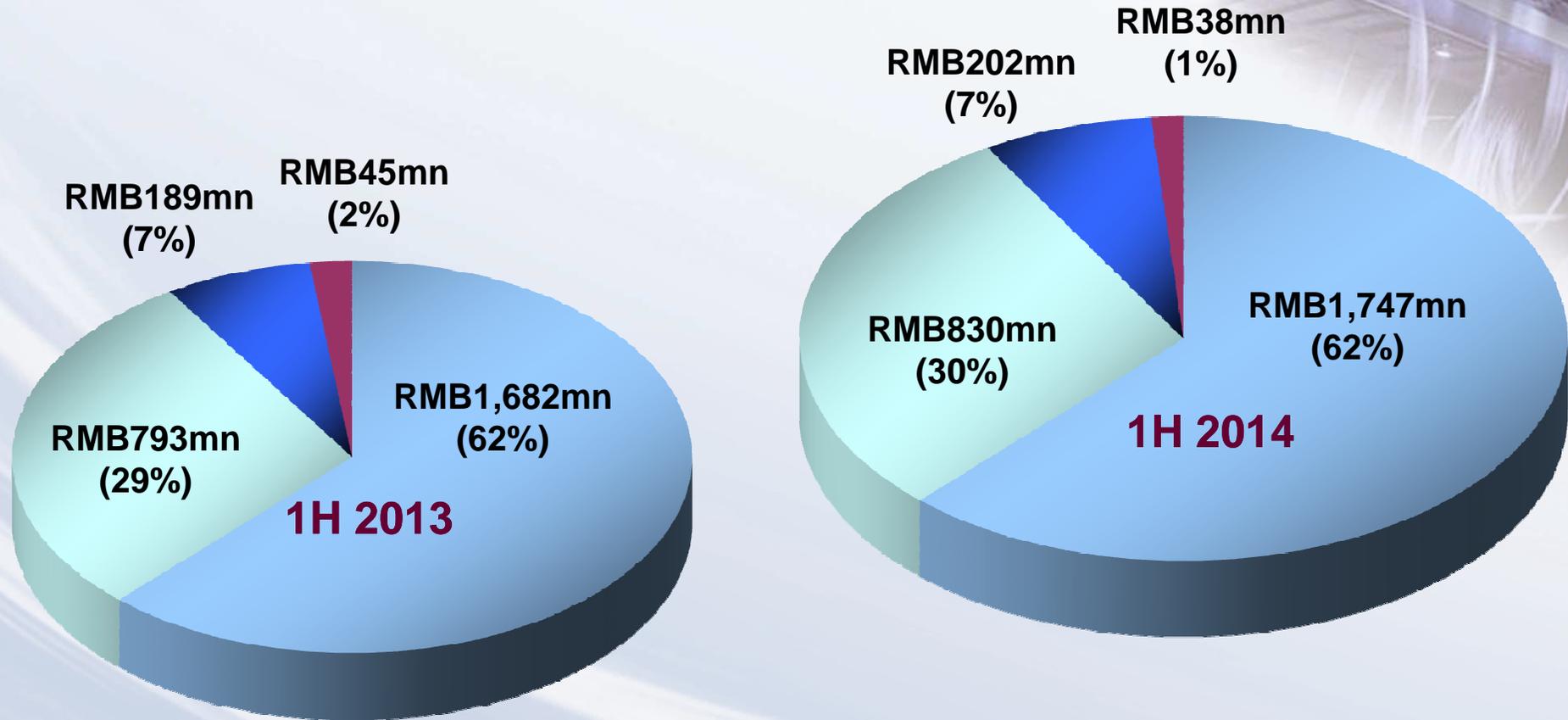
EPS

RMB fen



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

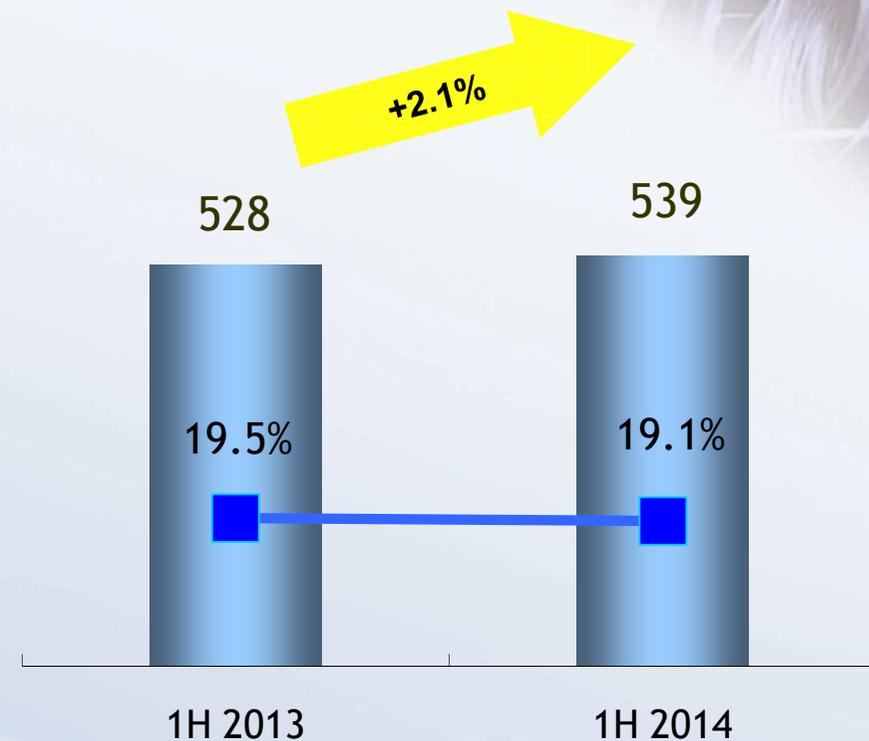
'000 tonnes



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

Export Sales

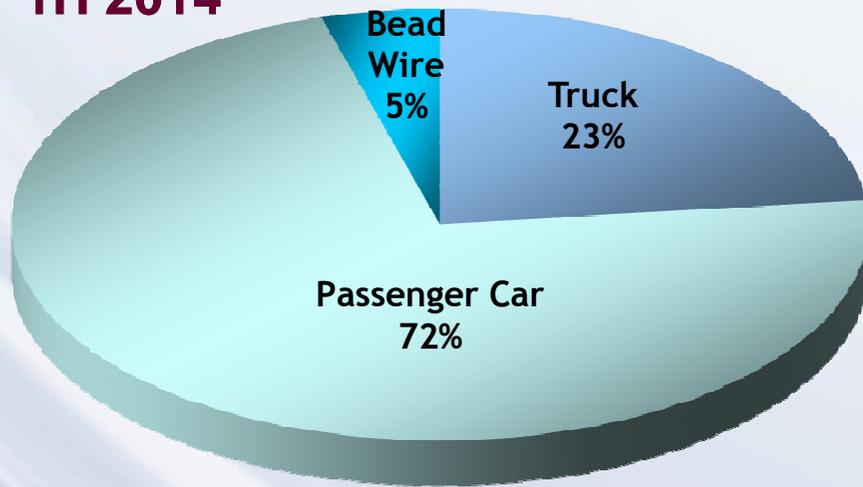
RMB' million



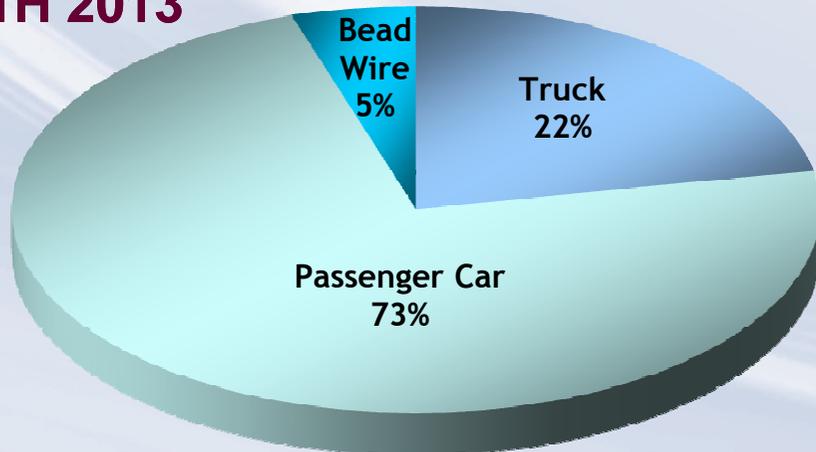
Financial Highlights

Export Sales by Product

1H 2014

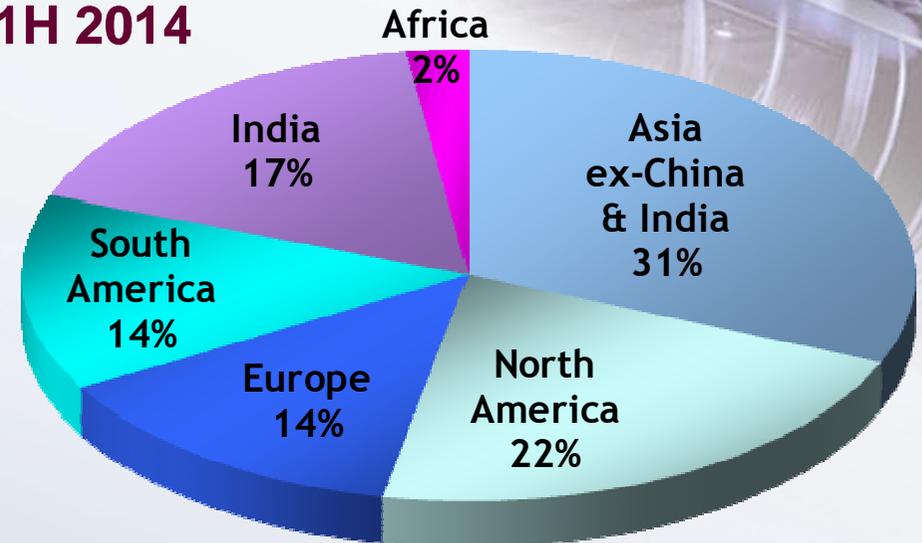


1H 2013

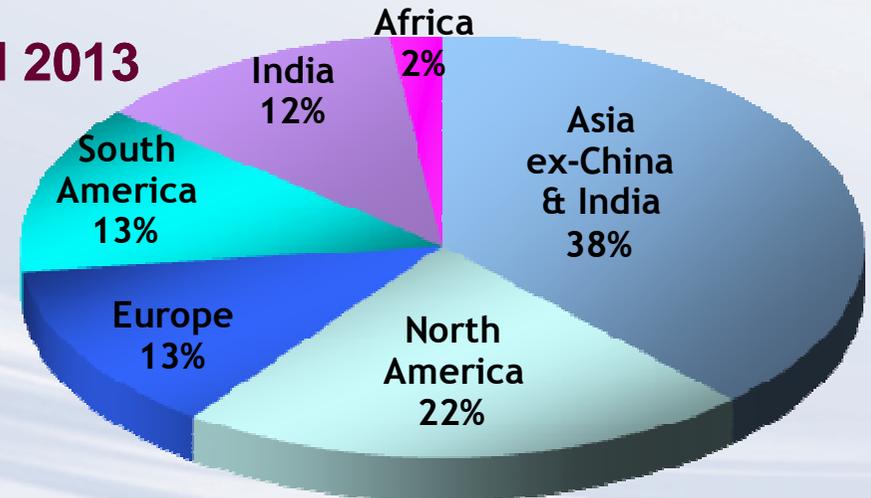


Export Sales by Location

1H 2014



1H 2013



Cash Flow (Extract)

<i>RMB' million</i>	For the six months ended 30 June	
	1H 2013 (unaudited)	1H 2014 (unaudited)
Net Operating Cash Inflow	614	688
Cash Used in CAPEX	(167)	(203)
Net Repayment of Bank Borrowings	(280)	(40)
Payment of Dividend	(185)	(192)
Cash and Cash Equivalents at Period End	406	522

Key Ratios

	As at 31 Dec 2013 (audited)	As at 30 Jun 2014 (unaudited)
Current Ratio (times)	1.8	1.7
Debtors' Turnover Days	111	117
Stock Turnover Days	32	47
Creditors' Turnover Days	70	78
Return on Capital Employed	7.5%	7.4%
Return on Equity	8.3%	8.0%
Gearing Ratio	10.4%	8.6%
Net Debts to Equity Ratio	12.0%	7.1%

Capacity & Utilisation

❖ Production capacity

- ❖ Radial tire cords capacity - 550k mtpa (Increased 30k mtpa in 1H 2014)
- ❖ Bead wire capacity - 100k mtpa (Unchanged since Q3 2011)
- ❖ Sawing wire capacity - 12k mtpa (Unchanged since Q3 2011)

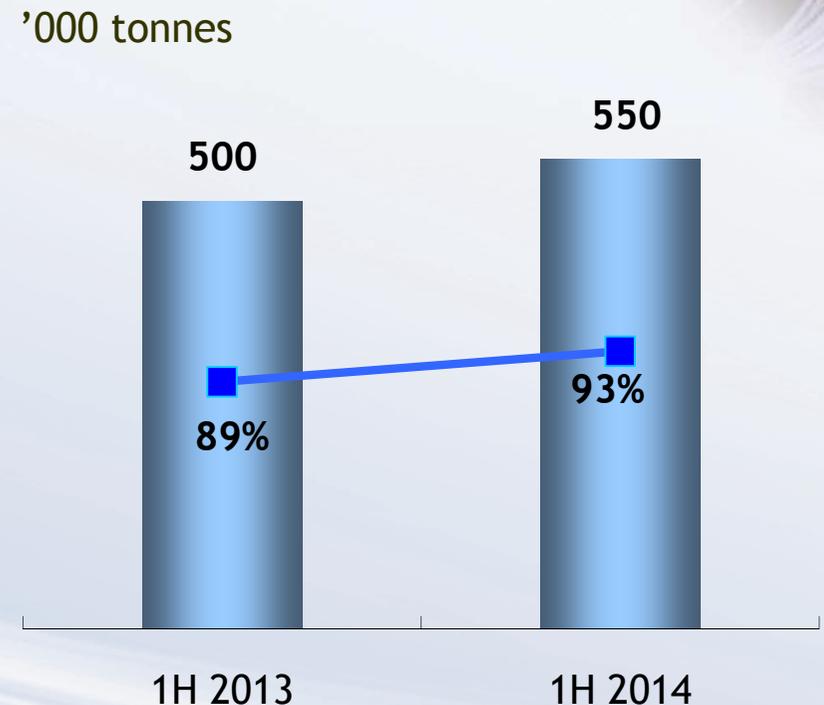
❖ Jiangsu Factory

- ❖ Increased radial tire cord capacity by 30k mtpa in 1H 2014

❖ Shandong Factory

- ❖ Trial run for phase one 50k mtpa expansion was postponed to 2015 in response to the recent market change

Radial Tire Cords Capacity & Utilisation Rate



Highlights for 1H 2014

- ❖ Revenue +4.0% to RMB2,817mn
- ❖ Sales volume +10.9% to 291k tonnes (TBR +10.5%; PCR +10.7%)
- ❖ Export sales remained rather stable at 19.1% of total sales (1H 2013: 19.5%)
- ❖ GP margin -1.2%pts to 23.6% due to the intense market competition leading to average selling price decrease
- ❖ Raw material costs remained fairly stable
- ❖ Finance cost -27.2% to RMB24mn
- ❖ Profit attributable to the owners of the Company -2.5% to RMB202mn with a EPS RMB13.25 fen
- ❖ Utilization of tire cords facilities maintained high at 93% (1H 2013: 89%)
- ❖ Net cash inflow from operating activities was RMB688mn
- ❖ Net debts to equity ratio remained low at 7.1% (FY 2013: 12.0%)

Outlook & Strategies



China Market Outlook

- ❖ Cautiously neutral in the short run, positive for stable volume while negative for pricing
- ❖ Well-positioned to meet moderate increase in market demand
- ❖ Well-prepared for intensified market competition in the radial tire cord industry
- ❖ Structural transformation in the radial tire cord industry will expedite market consolidation which will benefit Xingda in the long run

Steady Growth in Overseas Markets

- ❖ Strong relationship with renowned global tire manufacturers helps Xingda gaining global market share
- ❖ Xingda will continue exploring potential business opportunities with international clients, leveraging its strong brand reputation and advanced technologies
- ❖ Expect to secure more overseas orders for truck radial tire cord which carries a higher profit margin than domestic sales

Future Strategies

Differentiation

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

Strengthen R&D

Increase investments on research and development to enhance Xingda's core competency technology and to cement the Group's market leading position

Raise efficiency

Continues to implement a greater scope of automation and upgrade production lines to enhance production efficiency

Demand-driven expansion

Continues to boost our capacity aiming to satisfy the needs derived from market expansion

Open Forum

