



XINGDA INTERNATIONAL HOLDINGS LIMITED

興達國際控股有限公司

(HKEx stock code: 1899)

2016 Annual Results Corporate Presentation

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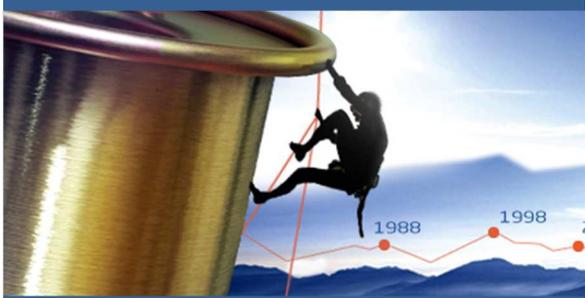
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Agenda

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



Financial Highlights

<i>RMB' million</i>	Year ended		YOY Change
	31 December		
	<u>2015</u>	<u>2016</u>	
Revenue	4,737	5,469	+15.5%
Gross Profit	850	1,195	+40.6%
Gross Profit Margin	17.9%	21.9%	+4.0%pts
EBITDA (adjusted)*	692	1,017	+46.9%
EBITDA Margin (adjusted)*	14.6%	18.6%	+4.0%pts
Profit Attributable to Owners of the Company	174	278	+59.9%
EPS (<i>RMB fen</i>)	11.57	18.75	+62.1%
Profit Attributable to Owners of the Company (adjusted)*	113	286	+152.9%
EPS (<i>RMB fen</i>) (adjusted)*	7.52	19.28	+156.4%
Dividend per share (HK cent)	10.0	15.0	+50.0%

*Note: Non-recurring items including gain on disposal of available-for-sale investment, 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.



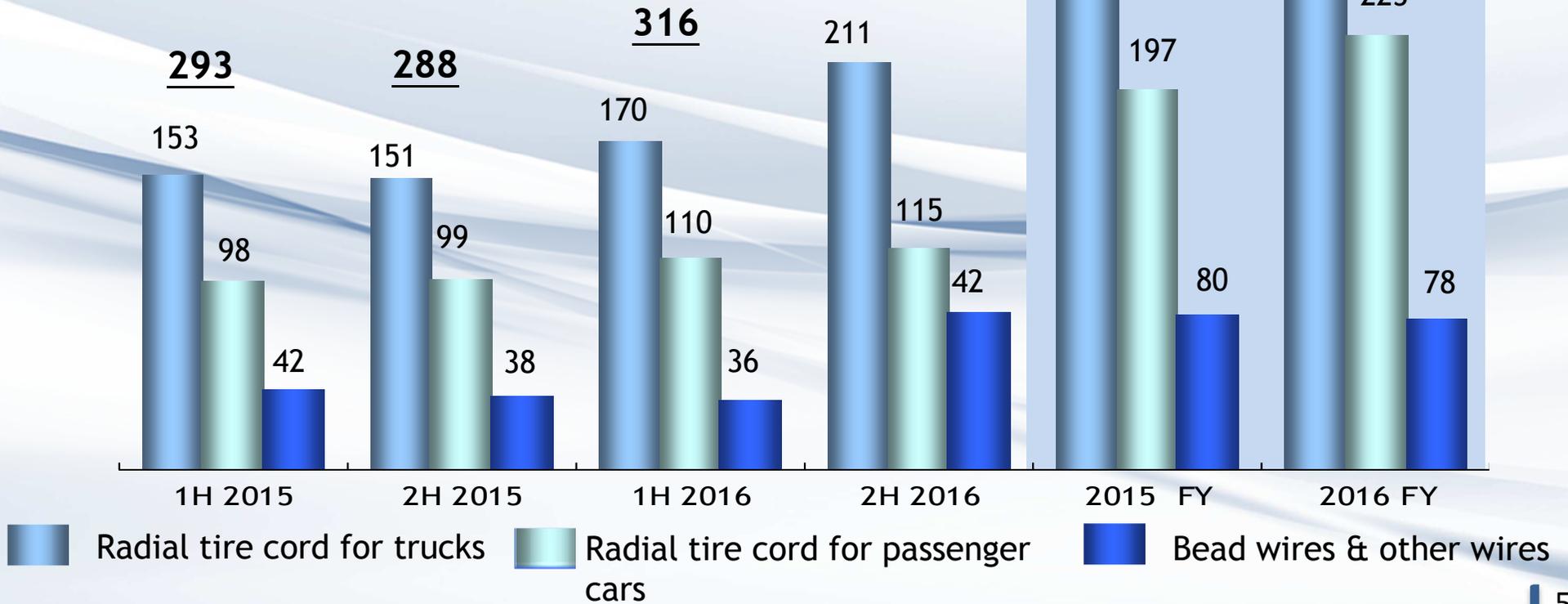
Financial Highlights

Sales Volume by Product

'000 tonnes

CGR +7.9%

YOY +17.8%

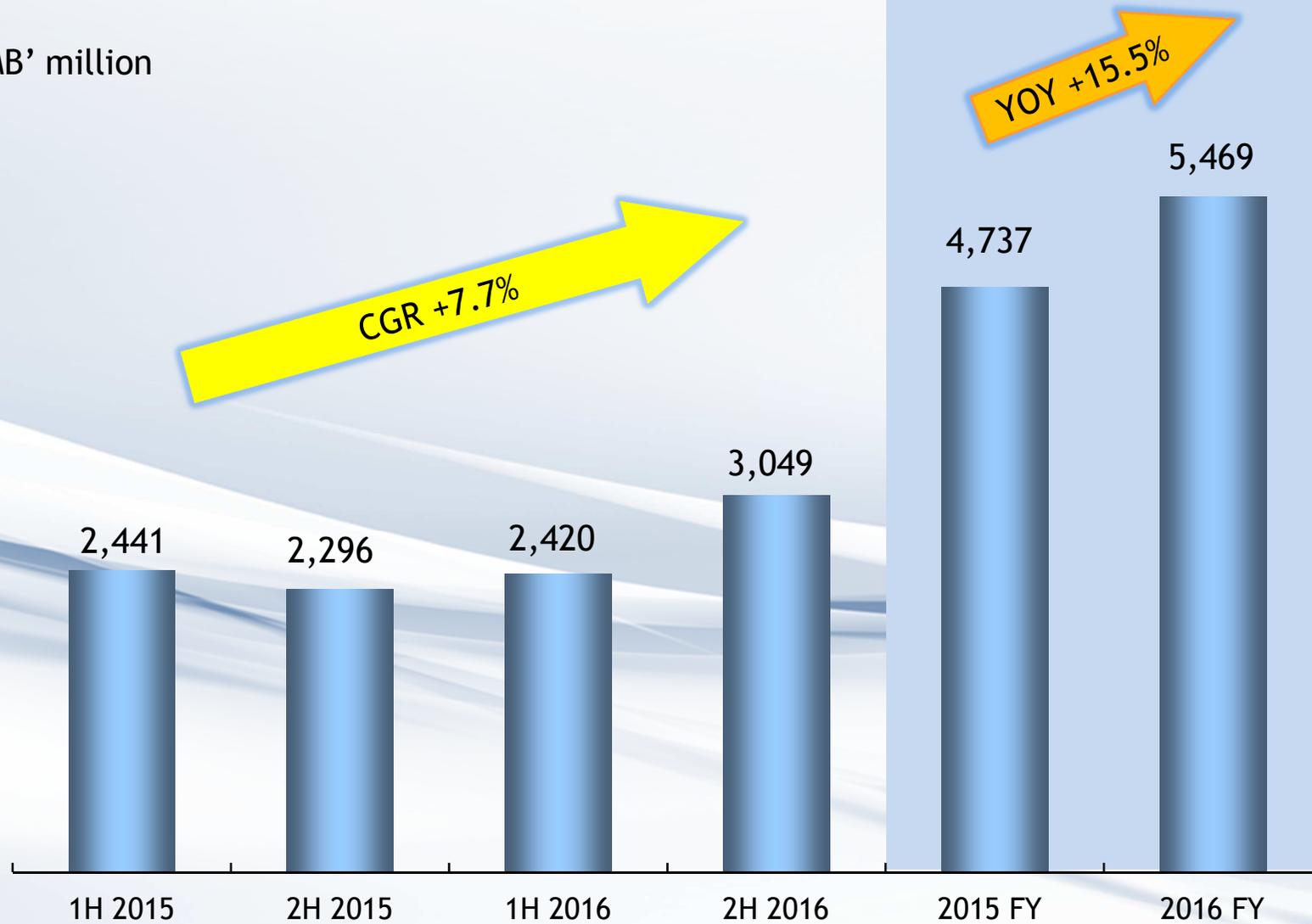




Financial Highlights

Revenue

RMB' million

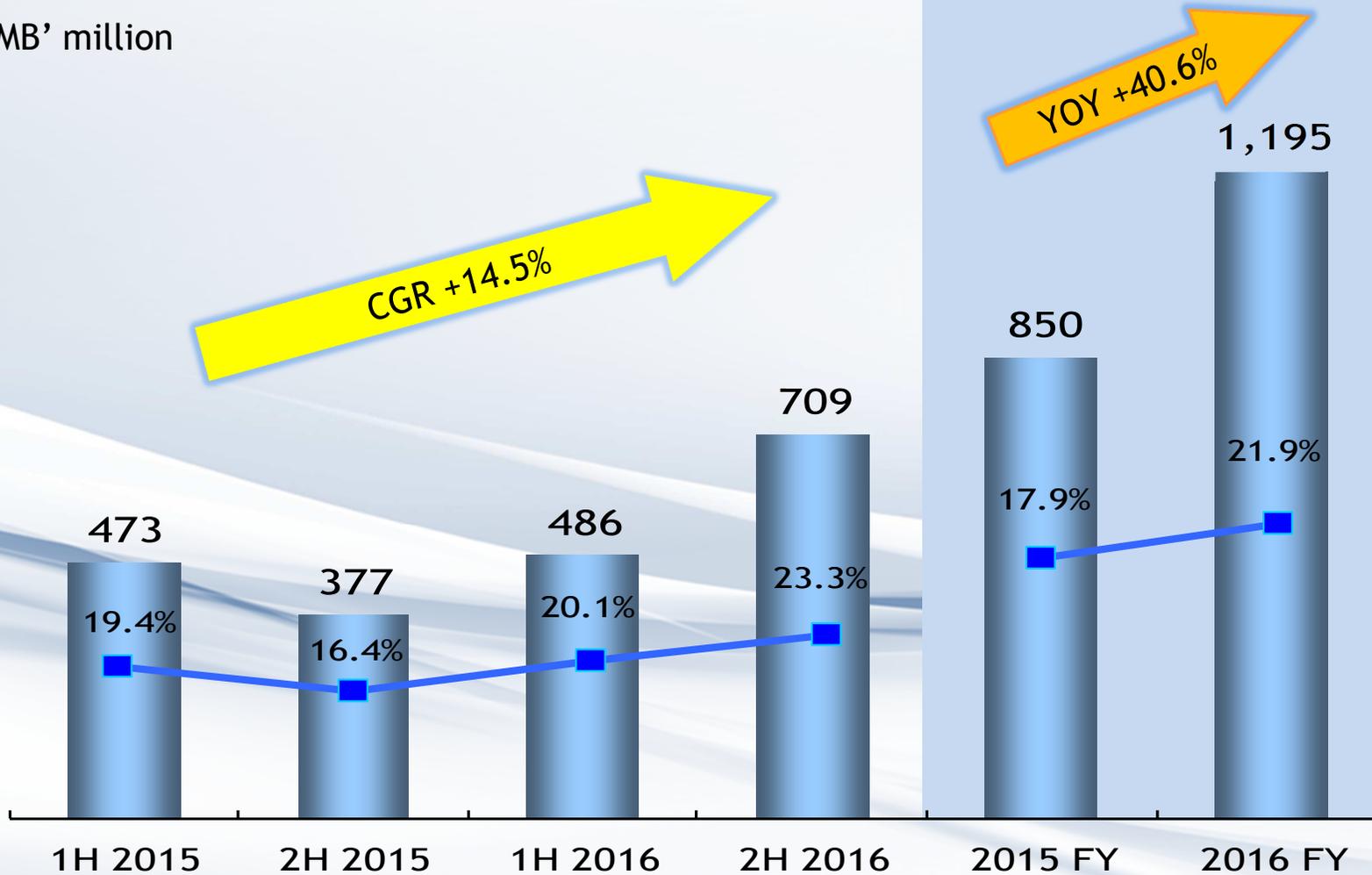




Financial Highlights

Gross Profit & Margin

RMB' million

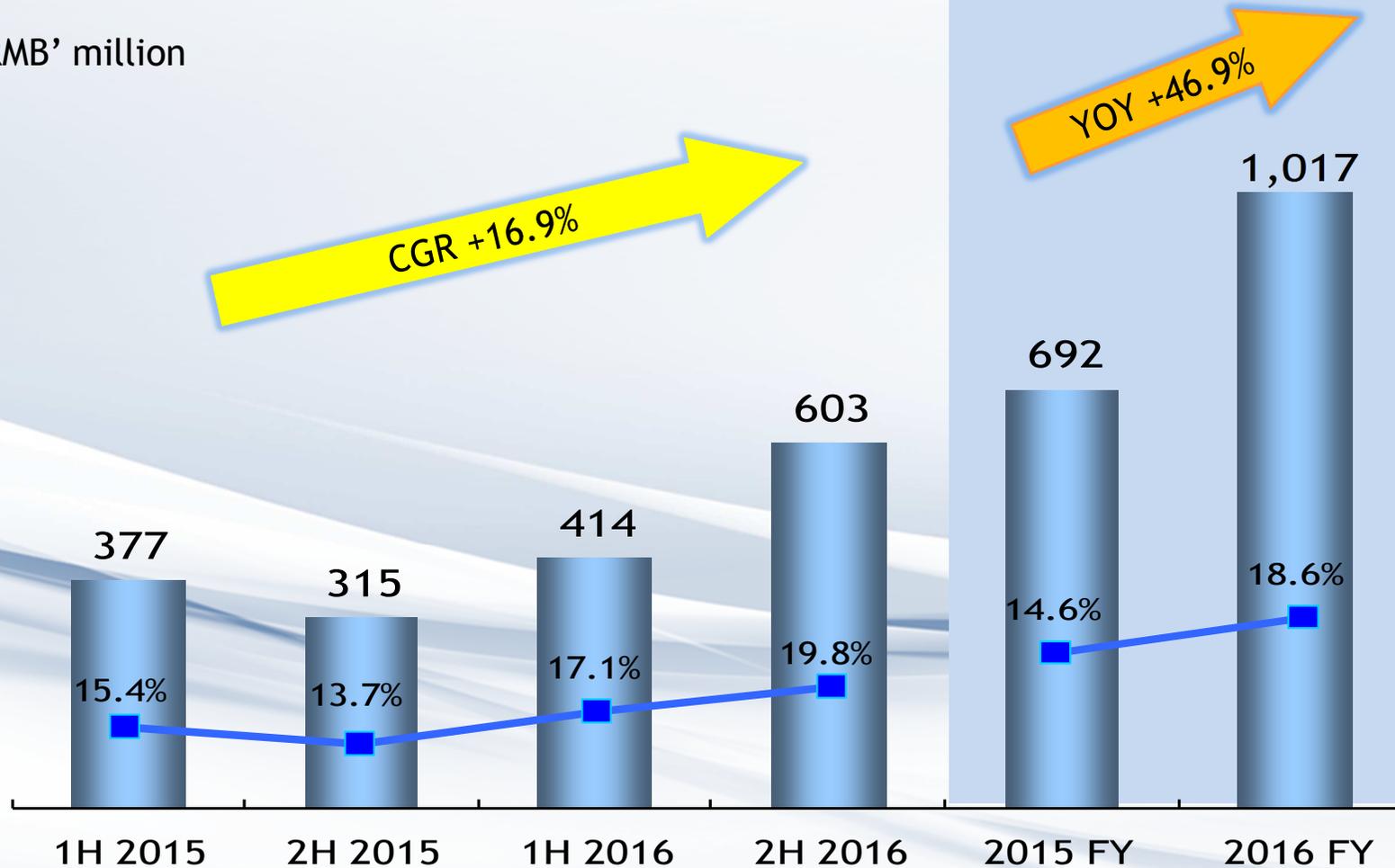




Financial Highlights

EBITDA & Margin (adjusted)*

RMB' million



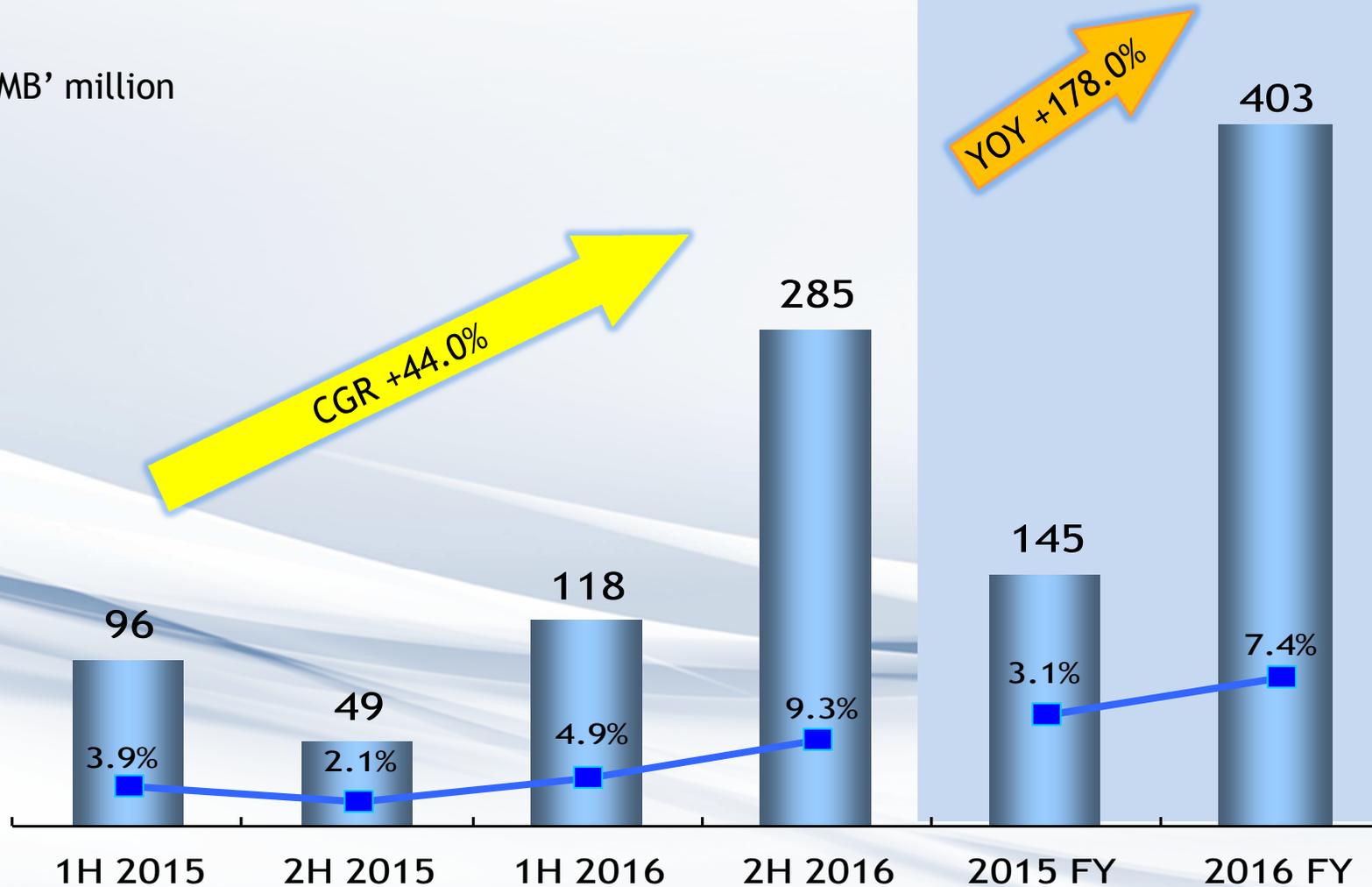
*Note: Non-recurring items including gain on disposal of available-for-sale investment, deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.



Financial Highlights

Net Profit & Margin (adjusted)*

RMB' million



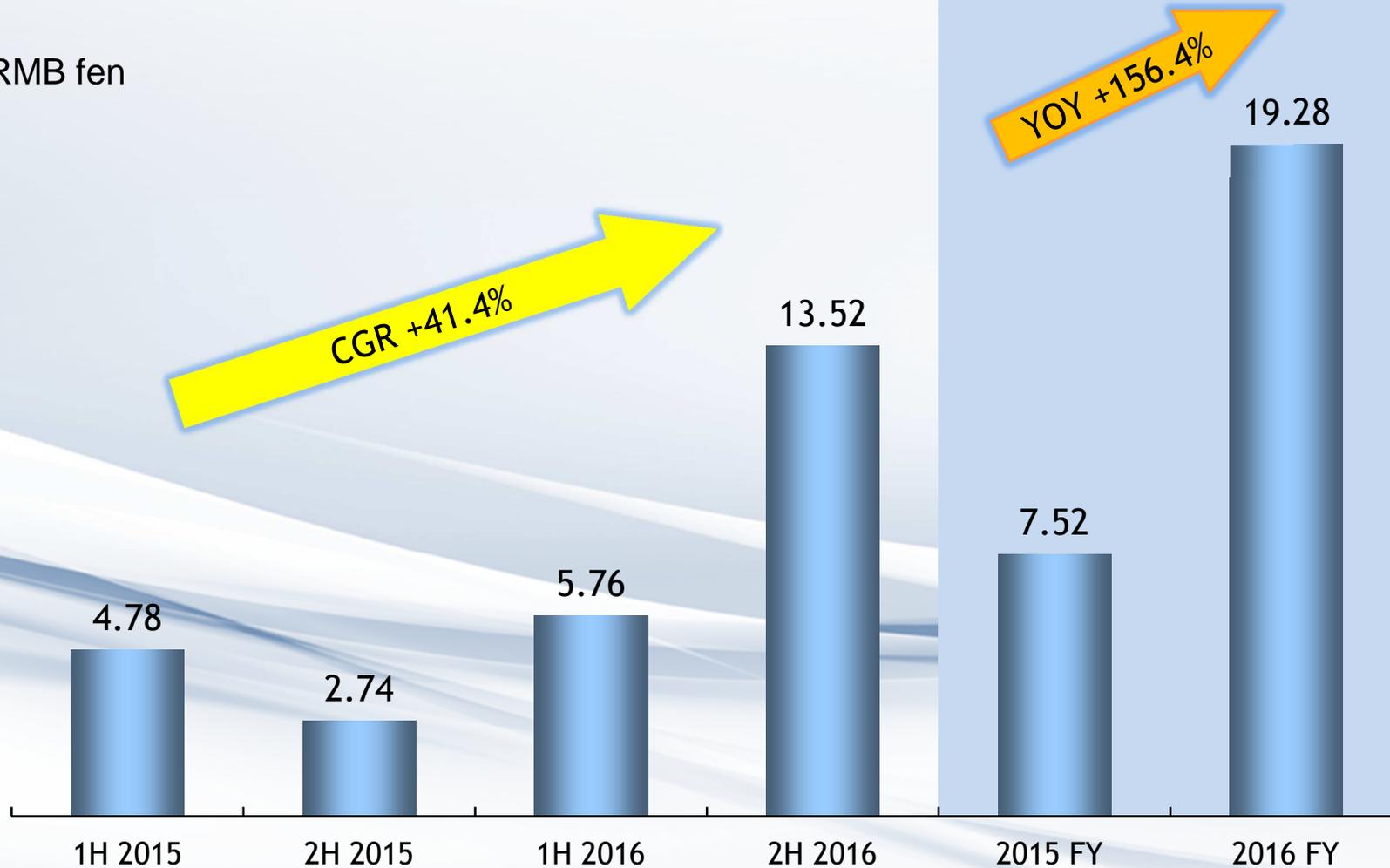
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Financial Highlights

EPS (Adjusted)*

RMB fen

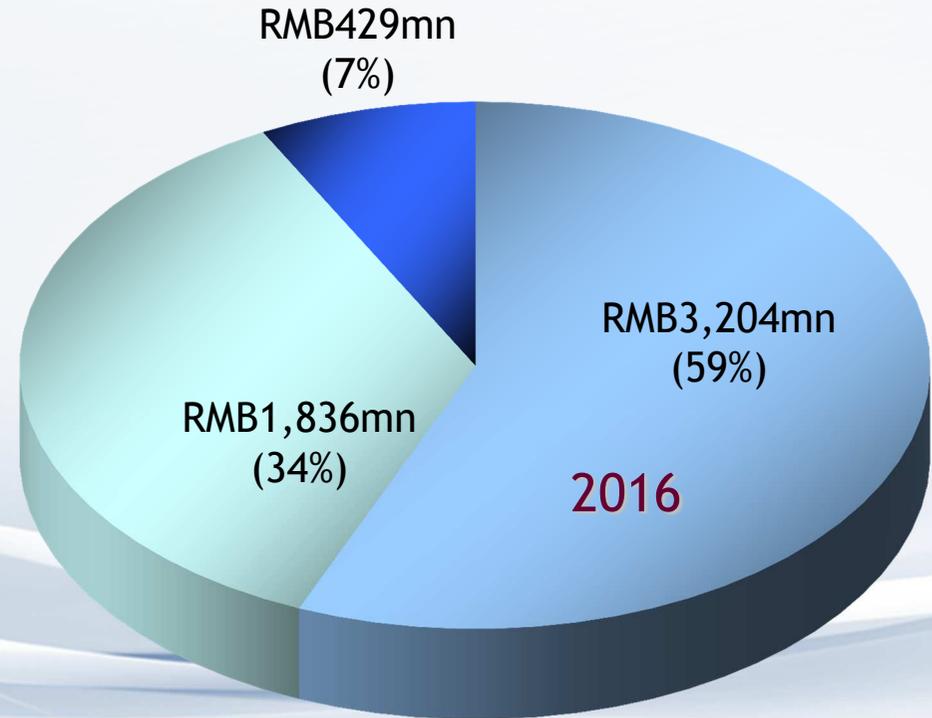
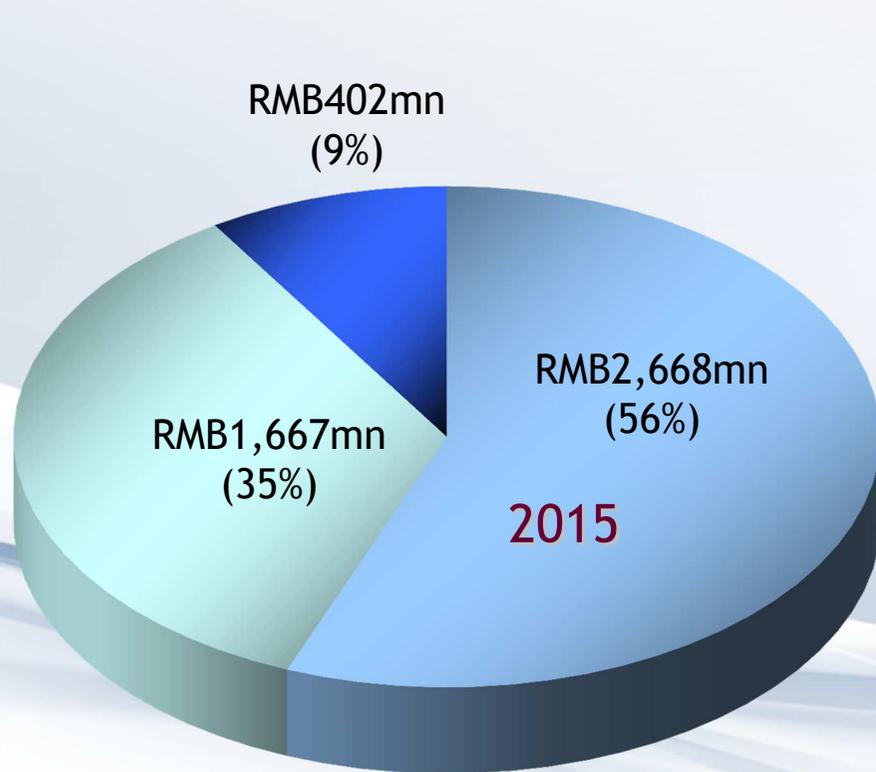


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Financial Highlights

Revenue by Product



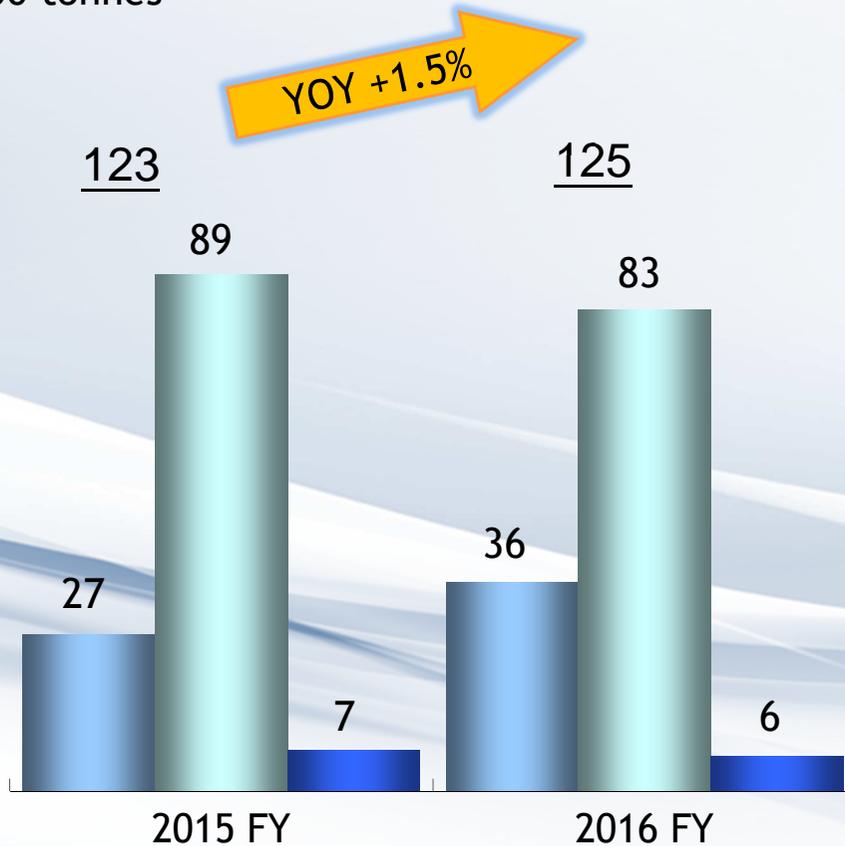
Radial tire cord for trucks Radial tire cord for passenger cars Bead wires & other wires



Financial Highlights

Export Sales Volume

'000 tonnes



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

Export Sales

RMB' million

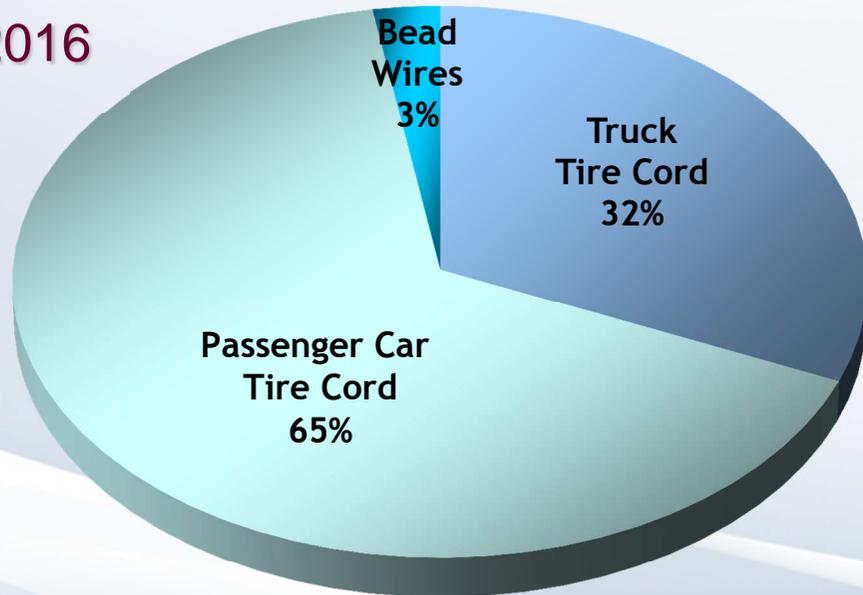




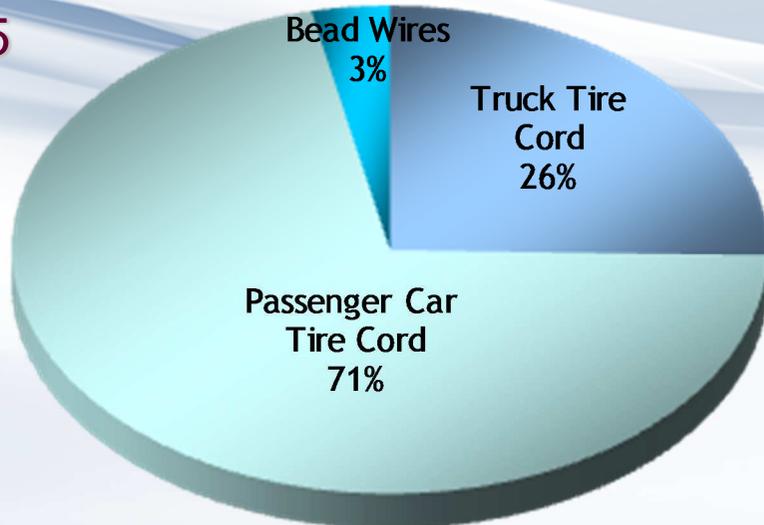
Financial Highlights

Export Sales by Product

2016

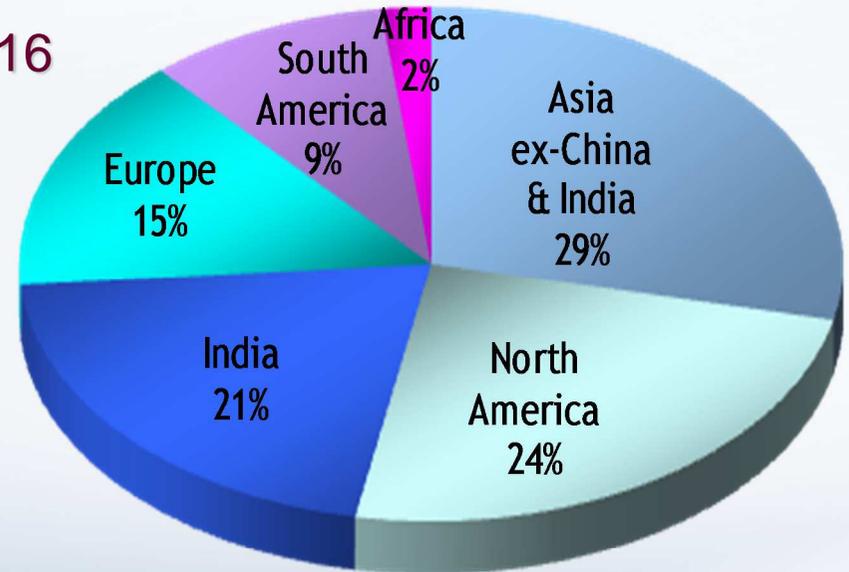


2015

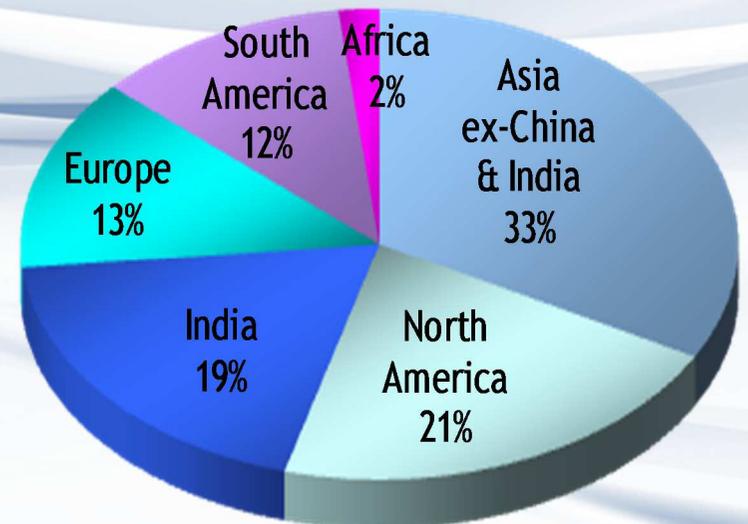


Export Sales by Location

2016



2015





Cash Flow (Extract)

For the Year Ended 31 December

RMB' million

	2015	2016
Net Operating Cash Inflow	909	950
Cash used in CAPEX	(418)	(323)
Net (Repayment) Addition of Bank Borrowings	(301)	404
Payment of Dividend	(155)	(125)
Repurchase of Shares	(42)	(44)
Placement of Bank Fixed Deposits	-	(900)
Proceeds on Disposal of Available-for-sale Investment	266	-
Cash and Cash Equivalents at Year End	733	480



Key Ratios

For the Year Ended 31 December

	2015	2016
Current Ratio (times)	2.2	1.6
Debtors' Turnover Days	130	130
Stock Turnover Days	37	48
Creditors' Turnover Days	97	130
Return on Capital Employed*	1.9%	4.9%
Return on Equity*	2.2%	5.5%
Dividend Payout Ratio	71.7%	70.9%
Gearing Ratio	5.4%	8.5%
Net Debts to Equity Ratio	Net Cash	8.5%

*Note: Non-recurring items including gain on disposal of available-for-sale investment, 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 - 670k mtpa (Increased 60k mtpa in 2016)
- ❖ Bead wires capacity - 100k mtpa (Unchanged since Q3 2011)

❖ Jiangsu Factory

- ❖ Radial tire cord capacity increased 20k mtpa to 580k mtpa in 2016

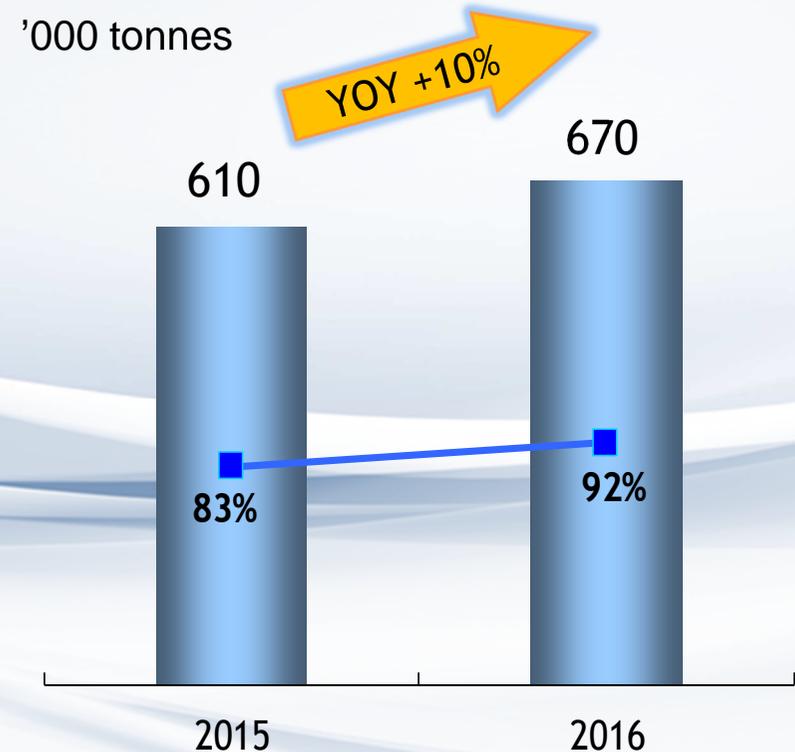
❖ Shandong Factory

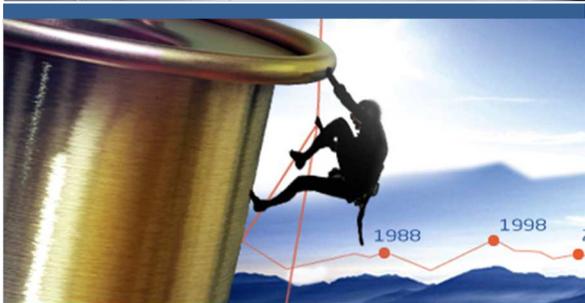
- ❖ Radial tire cord capacity increased 40k mtpa to 90k mtpa in 2016

❖ Utilisation rate

- ❖ Radial tire cord utilisation rate increased to 92% in 2016 (FY 2015: 83%)

Radial Tire Cords Capacity & Utilisation Rate





Agenda

❖ Financial Review

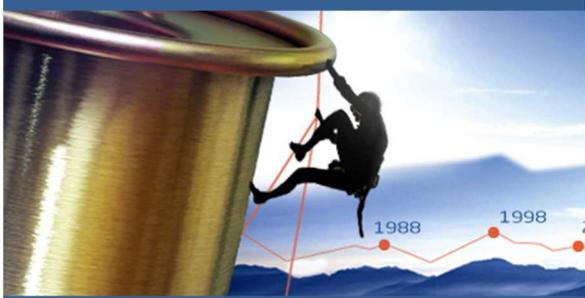
❖ **Business Overview**

❖ Outlook & Strategies



Highlights for 2016

- ❖ Revenue +15.5% to RMB5,469mn, due to robust order growth as a result of strong demand for radial tire cords in China, and increment in the average selling prices from second quarter of the year onward
- ❖ Sales volume +17.8% to 684k tonnes (TBR 56%; PCR 33%)
- ❖ GP margin +4.0pts to 21.9% due to the Group enhanced production efficiency and implemented strict cost saving measures during the year
- ❖ Profit attributable to the owners of the Company +59.9% to RMB278mn with EPS RMB18.75 fen
- ❖ Net operating cash inflow RMB950mn (FY 2015: RMB909mn) and continued to maintain solid financial positions
- ❖ Repurchased 19,048,000 shares with average price HK\$2.659 after direct expenses for a consideration of approximately HK\$ 51mn
- ❖ Declared final dividend 15.0 HK cents (FY 2015: 10.0 HK cents) with a payout ratio of 70.9 % (FY 2015: 71.7%)



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China Market Outlook

- ❖ During 2017, “making progress while ensuring stability” will become the key focus of economic development
- ❖ Under the “supply side structural reform” in the radial tire cord industry, the market has been actively ousting excessive inventory and demand has started to grow steadily
- ❖ The launch of the “Limits of Dimensions, Axle Load and Masses for Motor Vehicles, Trailers and Combination Vehicles” (GB1589-2016) by the Chinese government boosted the demand for new trucks
- ❖ The trend towards stability in the macro environment will strengthen and expand during 2017
- ❖ Positive view on the prospects for the development of the industry in the long run
- ❖ Driven by series of governmental policies including
 - ❖ Government has maintained consistent policies and pushed on with its “supply side structural reform” strategies
 - ❖ “National Plan on New Urbanisation (2014 to 2020)”
 - ❖ “The 13th Five-Year Plan”
 - ❖ “One belt, one road” - New Silk Road Economic Belt
 - ❖ Beijing-Tianjin-Hebei Integration



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 pan-Asia Pacific region (excluding China) and North America market remain the Group's key markets
- ❖ 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

❖ Strengthen R&D

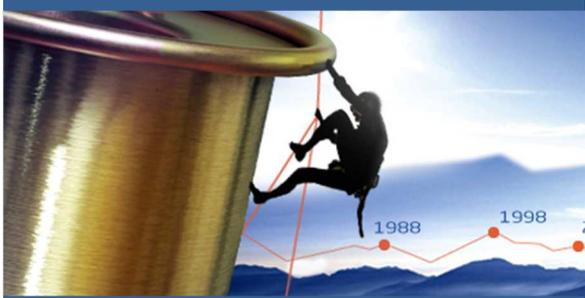
Increase investments on research and development to enhance Xingda's core competency technology and to cement the Group's market leading position

❖ Raise efficiency

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

❖ Effective cost control

Continues to impose stringent controls on capital expenditure and improve financial position



Open Forum