



XINGDA

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XINGDA INTERNATIONAL HOLDINGS LIMITED

興達國際控股有限公司

(HKEx stock code: 1899)

2017 Annual Results Corporate Presentation

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Agenda

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



Financial Highlights

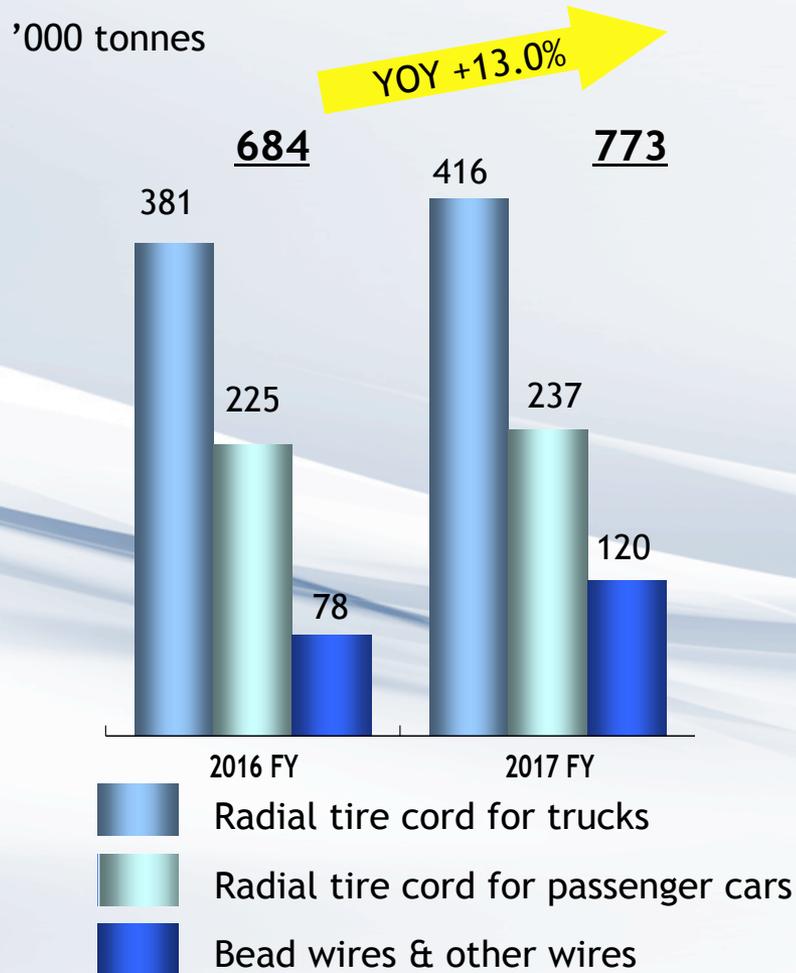
<i>RMB' million</i>	Year ended		YOY Change
	31 December		
	<u>2016</u>	<u>2017</u>	
Revenue	5,469	6,887	+25.9%
Gross Profit	1,195	1,278	+6.9%
Gross Profit Margin	21.9%	18.6%	-3.3pts
EBITDA (adjusted)*	1,017	1,041	+2.4%
EBITDA Margin (adjusted)*	18.6%	15.1%	-3.5pts
Profit Attributable to Owners of the Company	278	287	+3.4%
EPS (<i>RMB fen</i>)	18.75	19.44	+3.7%
Profit Attributable to Owners of the Company (adjusted)*	286	287	+0.4%
EPS (<i>RMB fen</i>) (adjusted)*	19.28	19.41	+0.7%
Dividend per share (HK cent)	15.0	15.0	-

*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.

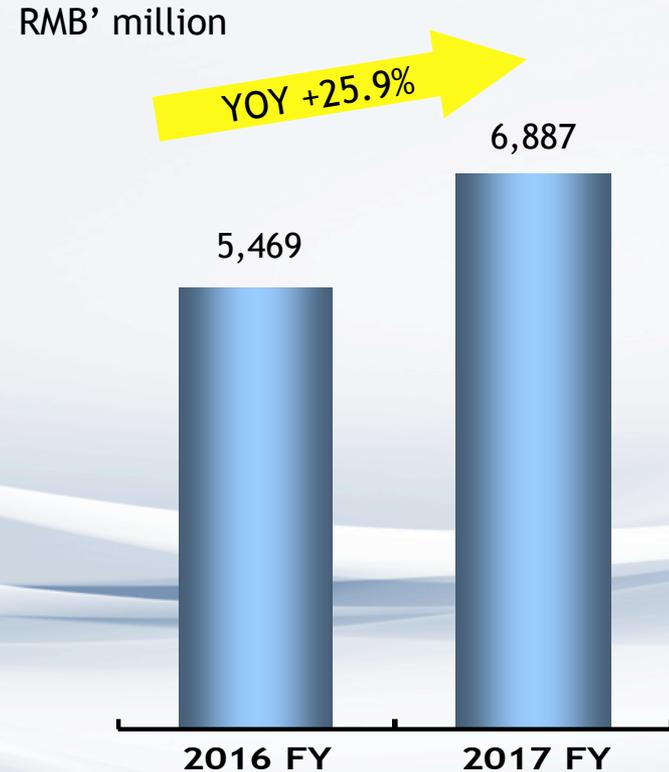


Financial Highlights

Sales Volume by Product



Revenue





Financial Highlights

Gross Profit & Margin



EBITDA & Margin (Adjusted)*



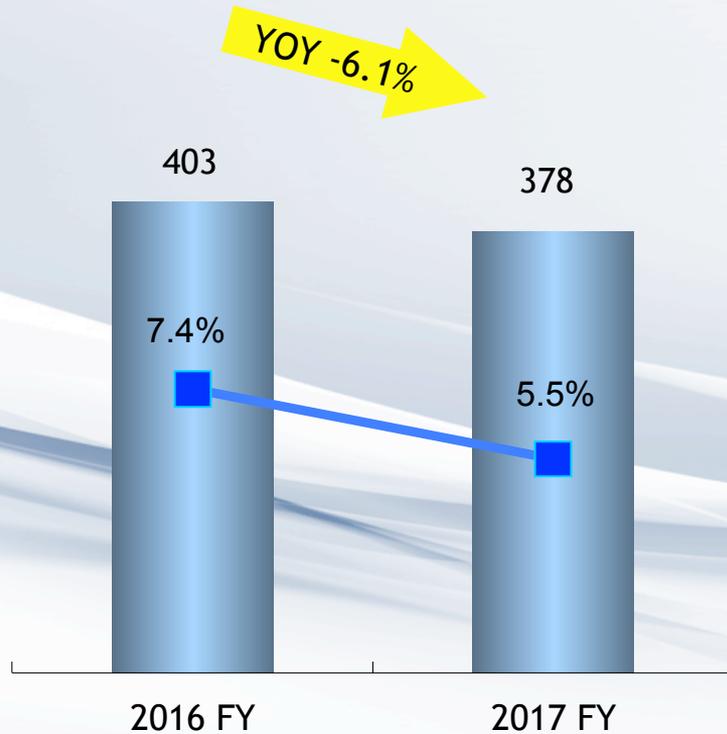
*Note: Non-recurring items including deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.



Financial Highlights

Net Profit & Margin (Adjusted)*

RMB' million



EPS (Adjusted)*

RMB fen

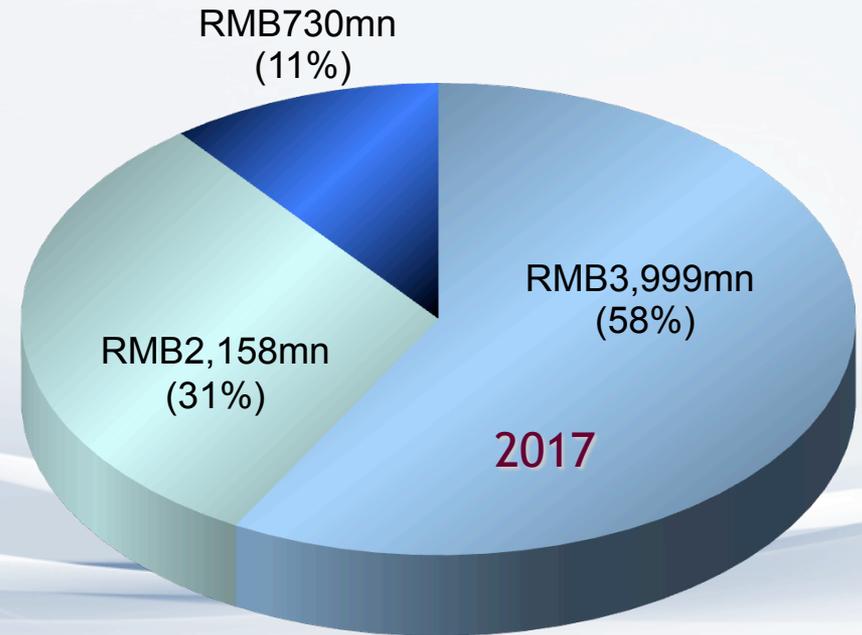
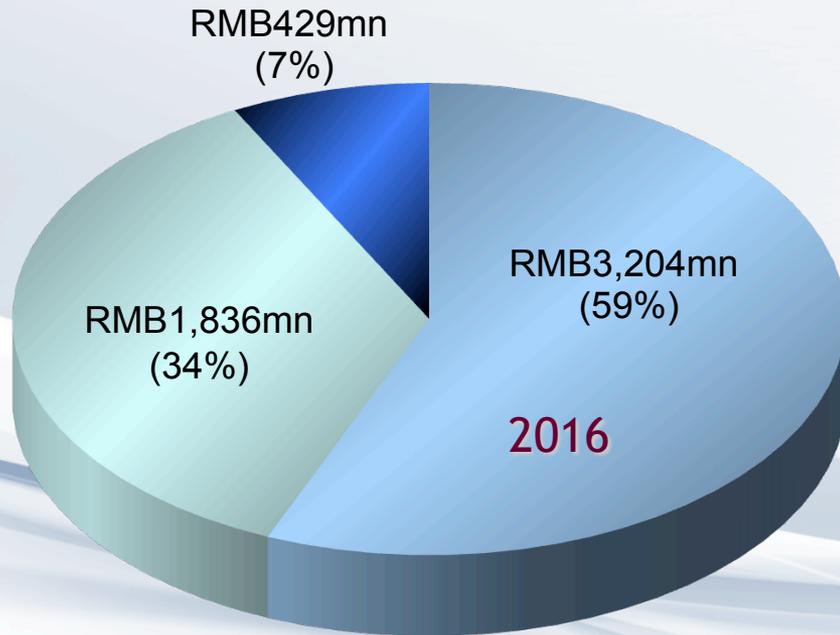


*Note: Non-recurring items including deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.



Financial Highlights

Revenue by Product



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

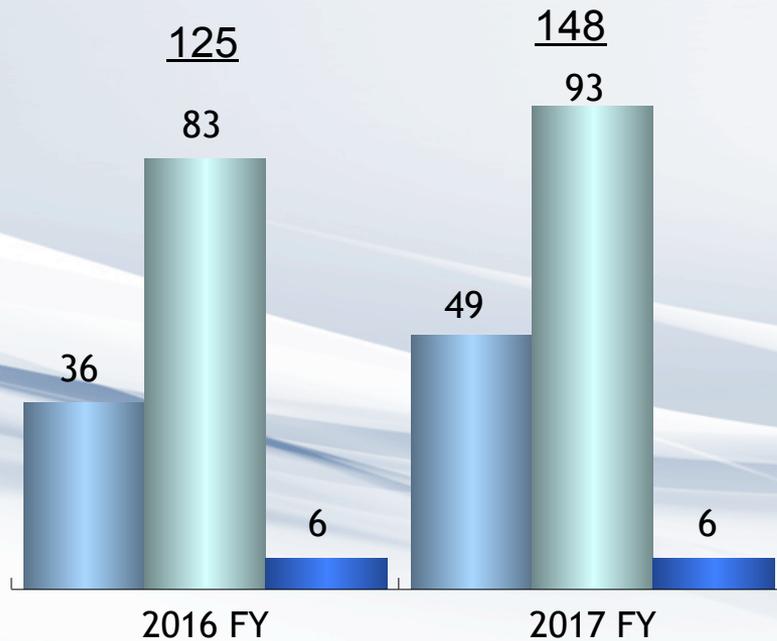


Financial Highlights

Export Sales Volume

'000 tonnes

YOY +19.0%

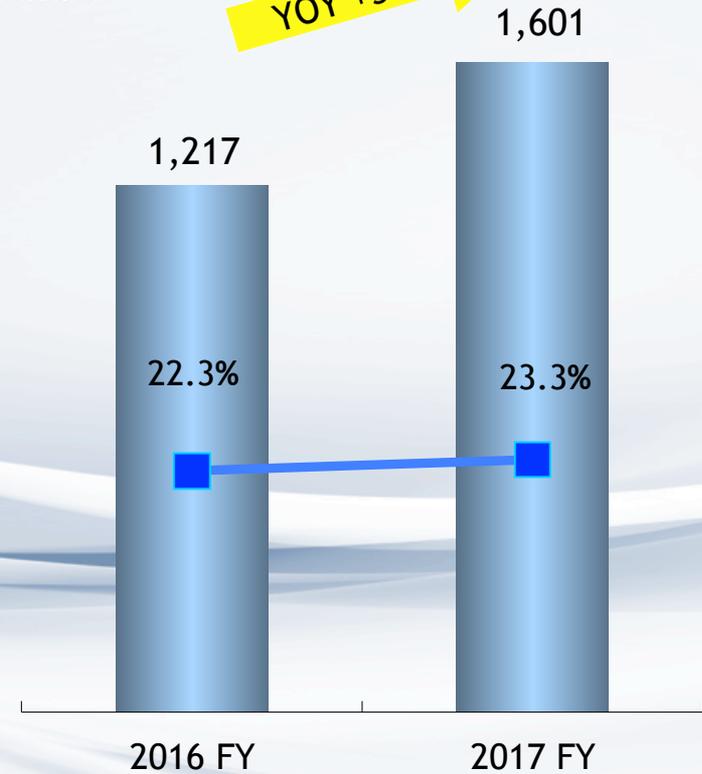


- Radial tire cord for trucks
- Radial tire cord for passenger cars
- Bead wires & other wires

Export Sales

RMB' million

YOY +31.6%

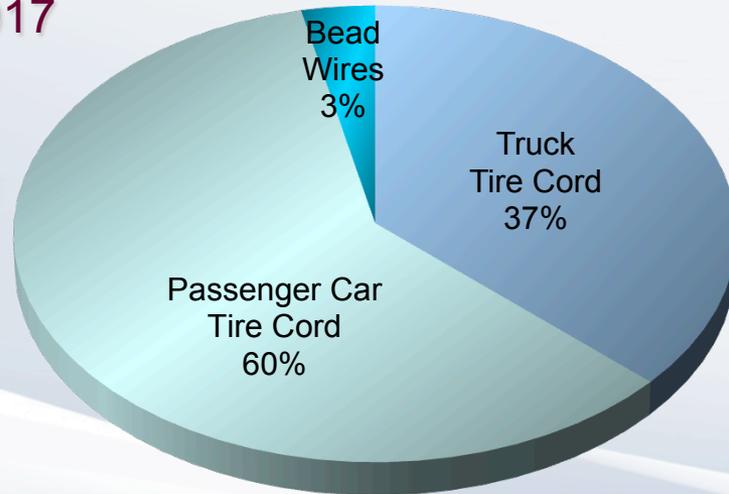




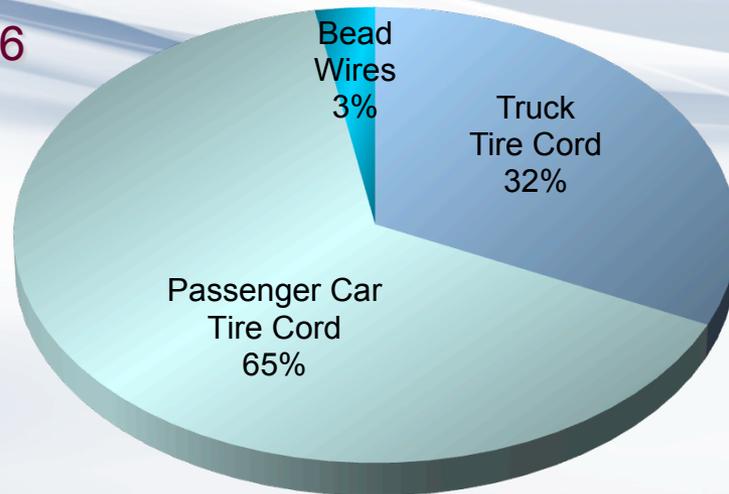
Financial Highlights

Export Sales by Product

2017

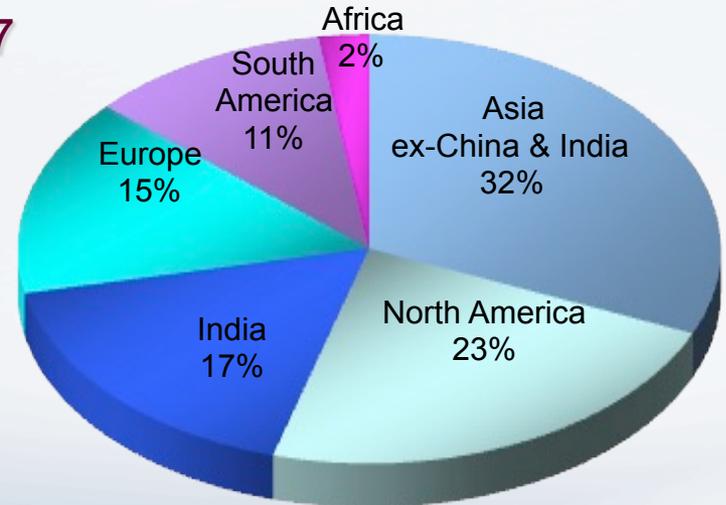


2016

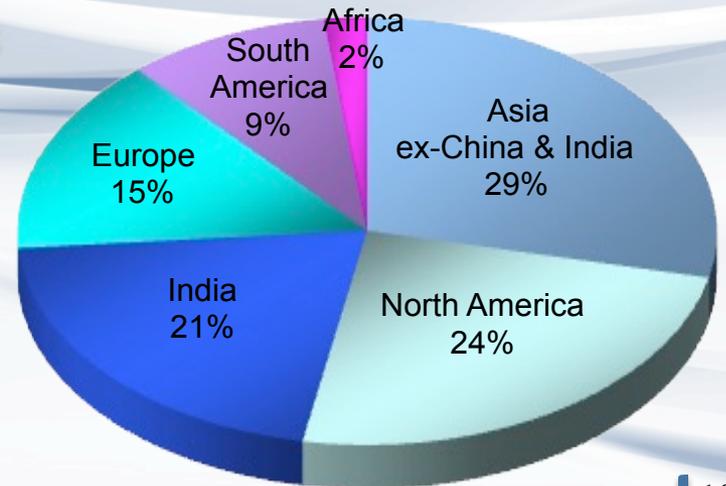


Export Sales by Location

2017



2016





Cash Flow (Extract)

For the Year Ended 31 December

RMB' million

	2016	2017
Net Operating Cash Inflow	950	1,013
Cash used in CAPEX	(323)	(379)
Net Addition of Bank Borrowings	404	32
Payment of Dividend	(125)	(143)
Repurchase of Shares	(44)	(12)
Placement of Bank Fixed Deposits	(900)	(100)
Cash and Cash Equivalents at Year End	480	757



Key Ratios

For the Year Ended 31 December

	2016	2017
Current Ratio (times)	1.6	1.4
Debtors' Turnover Days	130	114
Stock Turnover Days	48	47
Creditors' Turnover Days	130	155
Return on Capital Employed*	4.9%	4.5%
Return on Equity*	5.5%	5.3%
Dividend Payout Ratio	70.9%	62.5%
Gearing Ratio	8.5%	7.7%
Net Debts to Equity Ratio	8.5%	3.7%

*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 725k mtpa (Increased 55k mtpa in 2017)
- ❖ Bead wires capacity 141k mtpa (Increased 41k mtpa in 2017)

❖ Jiangsu Factory

- ❖ Radial tire cord capacity increased 45k mtpa to 625k mtpa in 2017

❖ Shandong Factory

- ❖ Radial tire cord capacity increased 10k mtpa to 100k mtpa in 2017

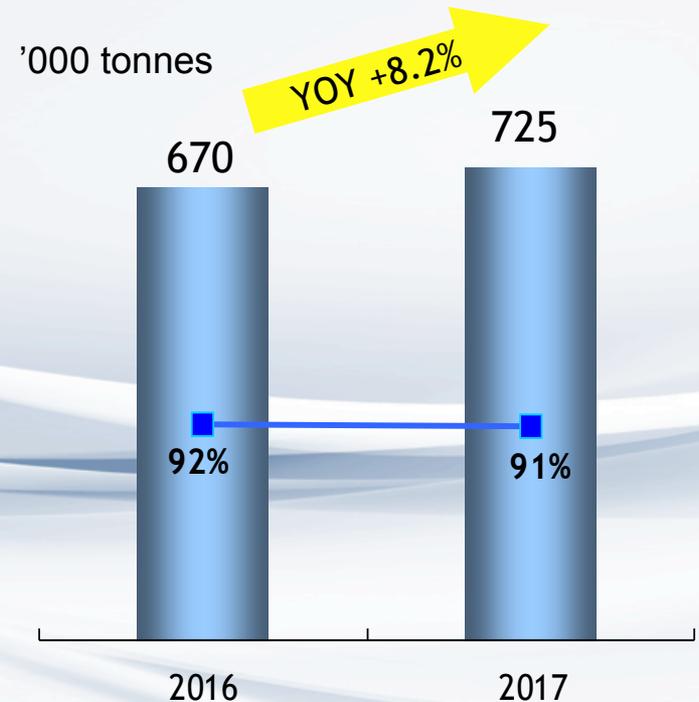
❖ Thailand Factory

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

❖ Utilisation rate

- ❖ Radial tire cord utilisation rate 91% in 2017 (FY 2016: 92%)

Radial Tire Cords Capacity & Utilisation Rate





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Highlights for 2017

- ❖ Revenue +25.9% to RMB6,887mn, due to the continuous rise in trucks and passenger cars ownership, persistent robust demand for radial tire cords in China and steady development of overseas markets of the Group
- ❖ Sales volume +13.0% to 773k tonnes (TBR 58%; PCR 31%)
- ❖ GP margin -3.3pts to 18.6% due to the surge in raw material costs in 3Q 2017 deferred to pass on to the customers by a quarter
- ❖ Profit attributable to the owners of the Company +3.4% to RMB287mn with EPS RMB19.44 fen
- ❖ Net operating cash inflow RMB1,013mn (FY 2016: RMB950mn) and continued to maintain solid financial positions
- ❖ Repurchased 5,398,000 shares with average price HK\$2.68 after direct expenses for a consideration of approximately HK\$14.5mn
- ❖ Under the scrip dividend scheme in relation to the final dividend for the year 2016, the Group's controlling shareholder elected to receive part of dividend as the scrip shares and was allotted 6,000,000 new shares, demonstrating their firm confidence in the course of Xingda's future development
- ❖ Declared final dividend 15.0 HK cents (FY 2016: 15.0 HK cents) with a payout ratio of 62.5 % (FY 2016: 70.9%)



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China Market Outlook

- ❖ China economy was well and has established a good foundation in 2018
- ❖ Global economy continued to advance steadily on the recovery path and has created favourable development conditions the radial tire cord industry
- ❖ Structural transformation in the radial tire cord industry will expedite market consolidation which will benefit Xingda in the future
- ❖ 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 overseas customers 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

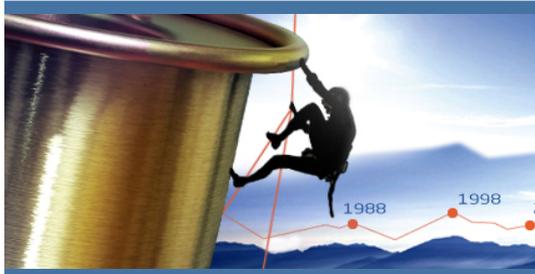
Strengthens our unique competitive advantages and differentiates ourselves through high product quality

❖ 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