



XINGDA

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XINGDA INTERNATIONAL HOLDINGS LIMITED

興達國際控股有限公司

(HKEx stock code: 1899)

2018 Annual Results Corporate Presentation

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Agenda

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



Financial Highlights

RMB' million	Year ended 31 December		YOY Change
	<u>2017</u>	<u>2018</u>	
Revenue	6,887	7,558	+9.7%
Gross Profit	1,278	1,322	+3.5%
Gross Profit Margin	18.6%	17.5%	-1.1pp
EBITDA (adjusted)*	1,048	1,071	+2.1%
EBITDA Margin (adjusted)*	15.2%	14.2%	-1.0pp
Profit Attributable to Owners of the Company	287	264	-8.2%
EPS (RMB fen)	19.4	17.8	-8.2%
Profit Attributable to Owners of the Company (adjusted)*	287	277	-3.4%
EPS (RMB fen) (adjusted)*	19.4	18.7	-3.6%
Dividend per share (HK cent)	15.0	15.0	-

*Note: Non-recurring items including loss on change in fair value of financial assets through profit and loss, 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.



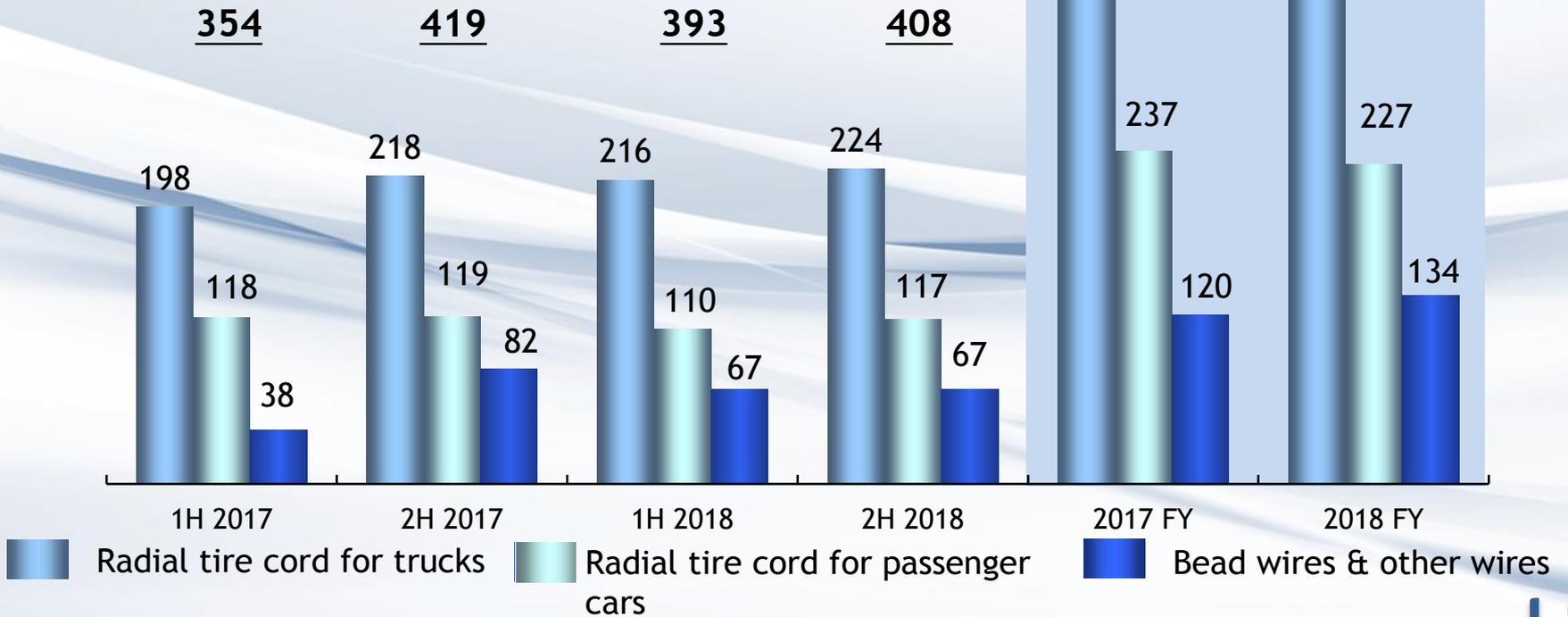
Financial Highlights

Sales Volume by Product

'000 tonnes

CAGR +4.9%

YOY +3.6%

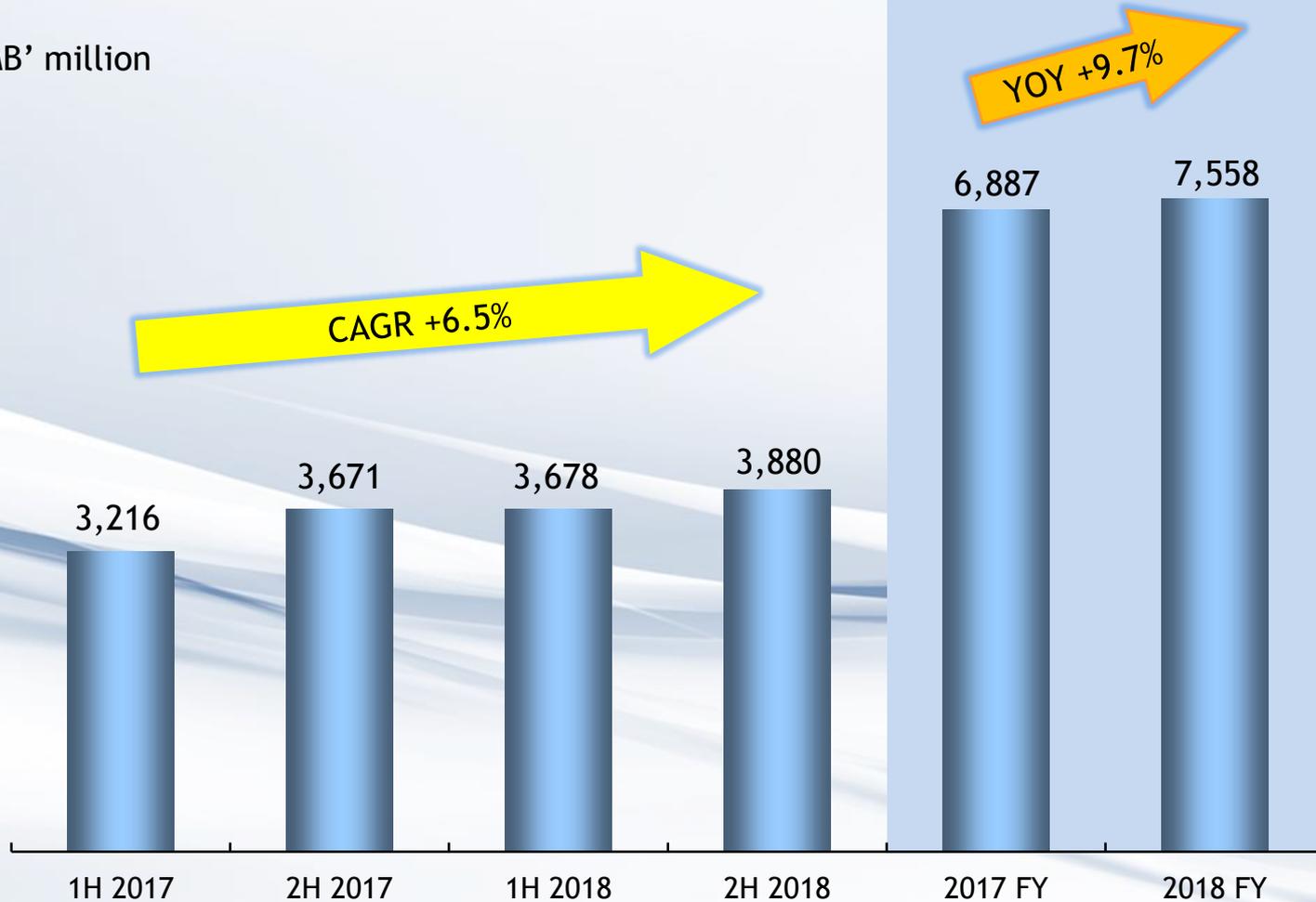




Financial Highlights

Revenue

RMB' million





Financial Highlights

Gross Profit & Margin

RMB' million





Financial Highlights

EBITDA & Margin (Adjusted)*

RMB' million



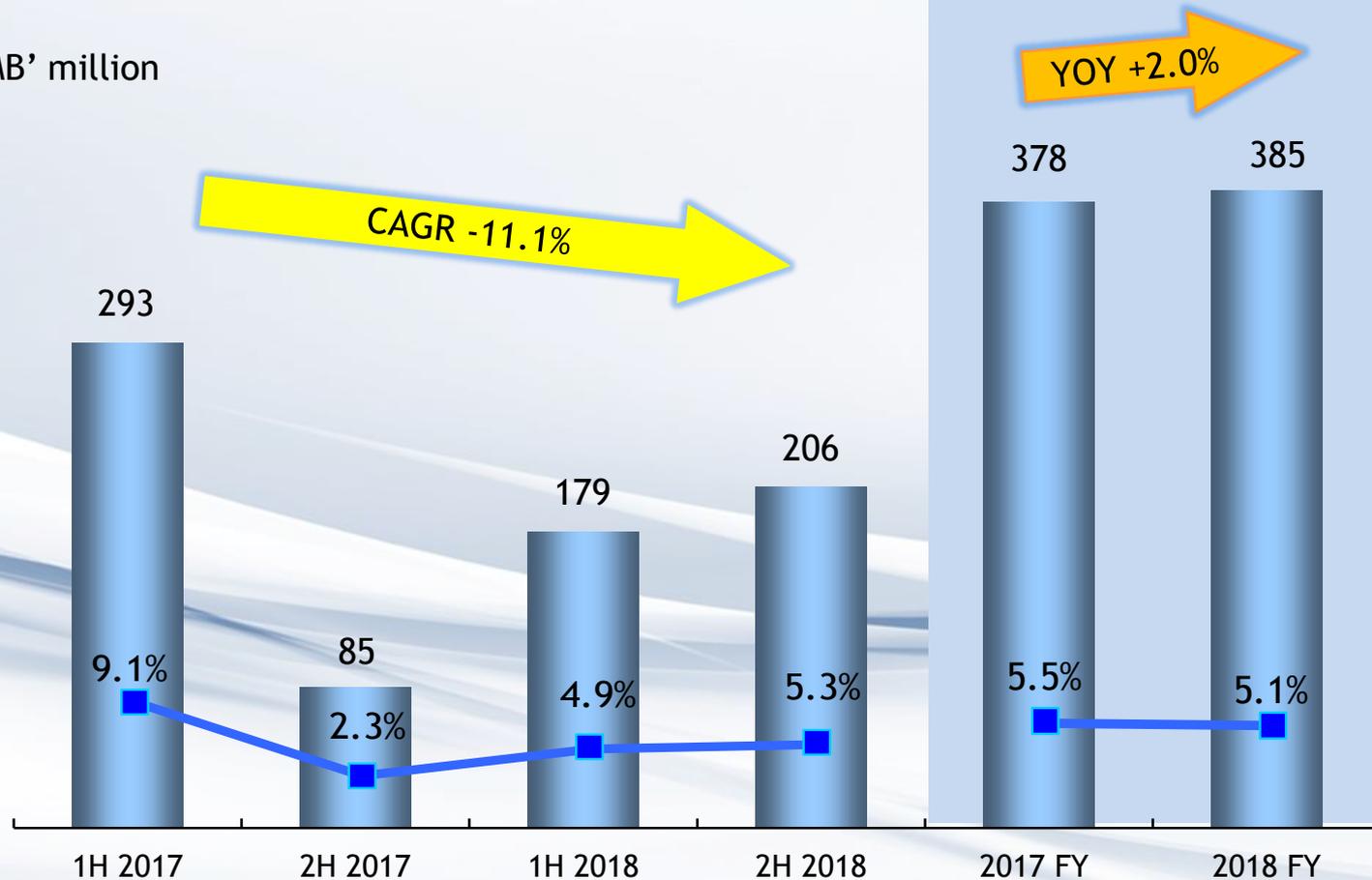
*Note: Non-recurring items including loss on change in fair value of financial assets through profit and loss, deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.



Financial Highlights

Net Profit & Margin (Adjusted)*

RMB' million



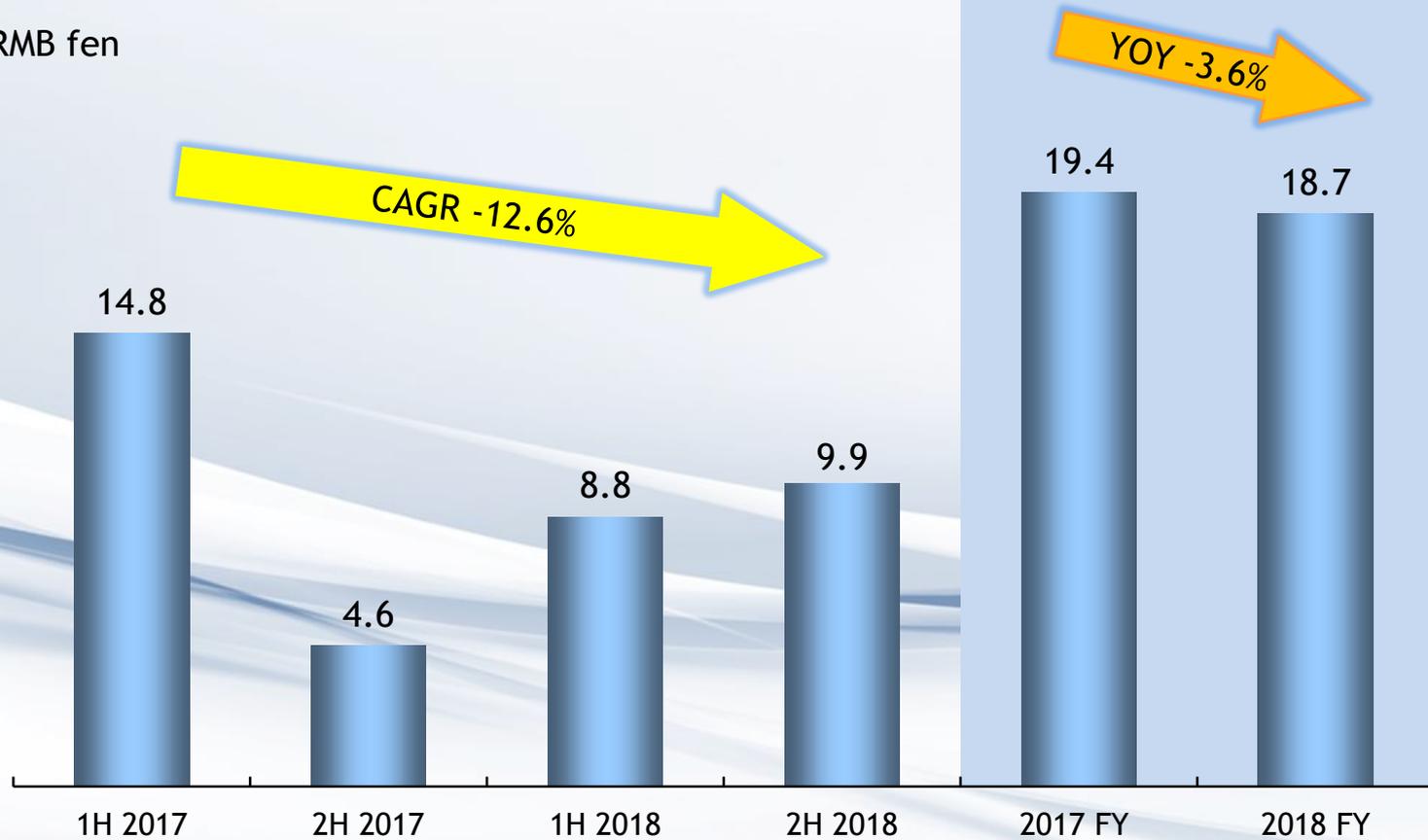
*Note: Non-recurring items including loss on change in fair value of financial assets through profit and loss, deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.



Financial Highlights

EPS (Adjusted)*

RMB fen

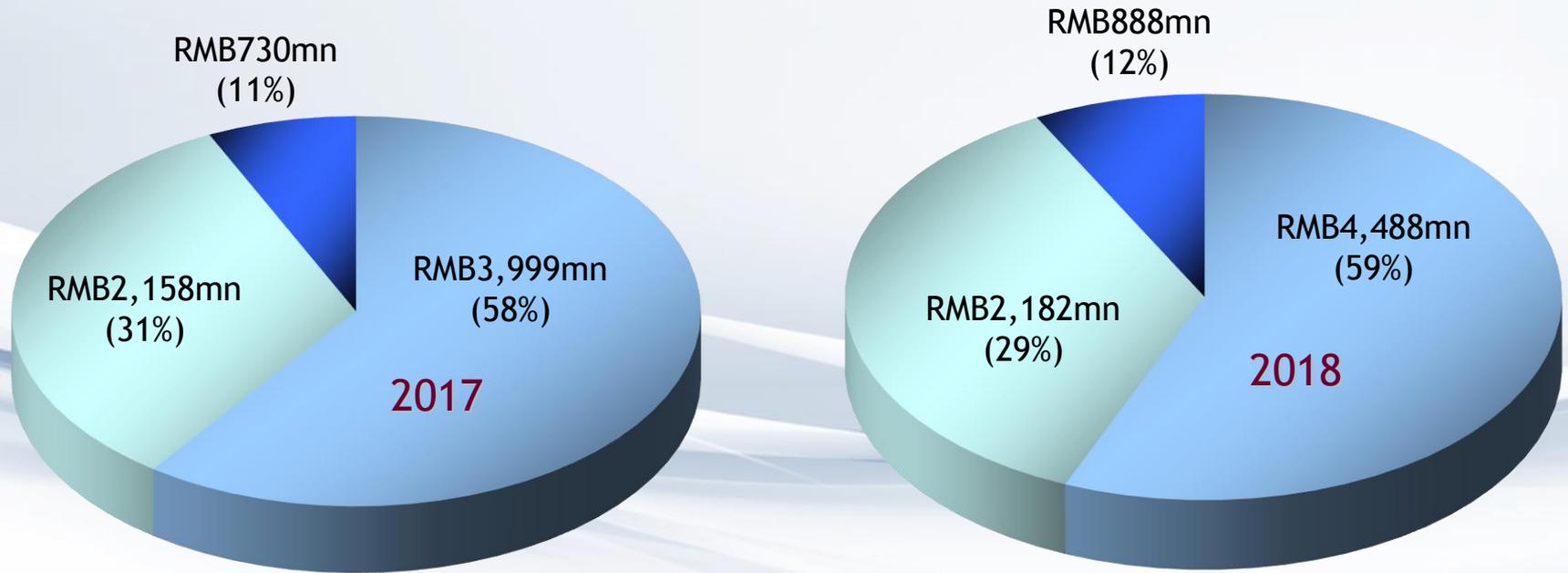


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Financial Highlights

Revenue by Product



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

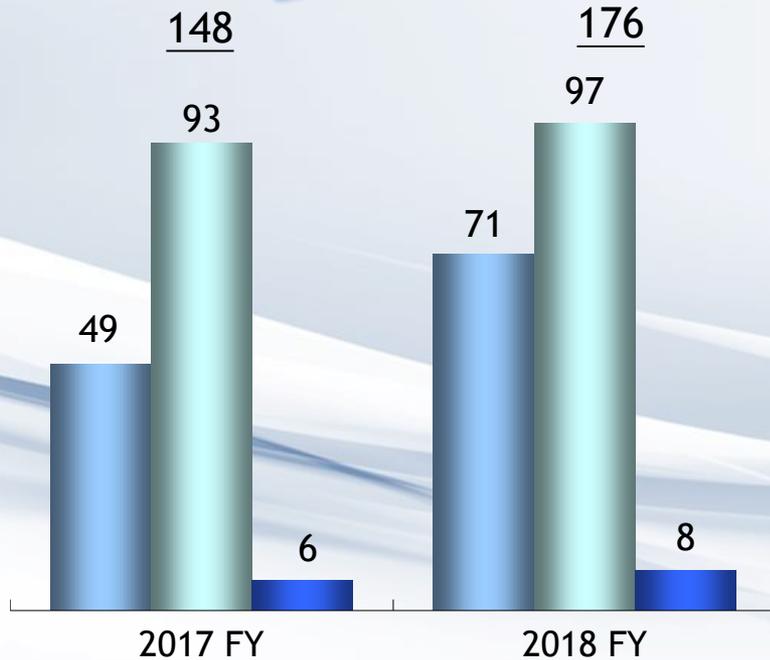


Financial Highlights

Export Sales Volume

'000 tonnes

YOY +19.0%



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

Export Sales

RMB' million

YOY +24.7%

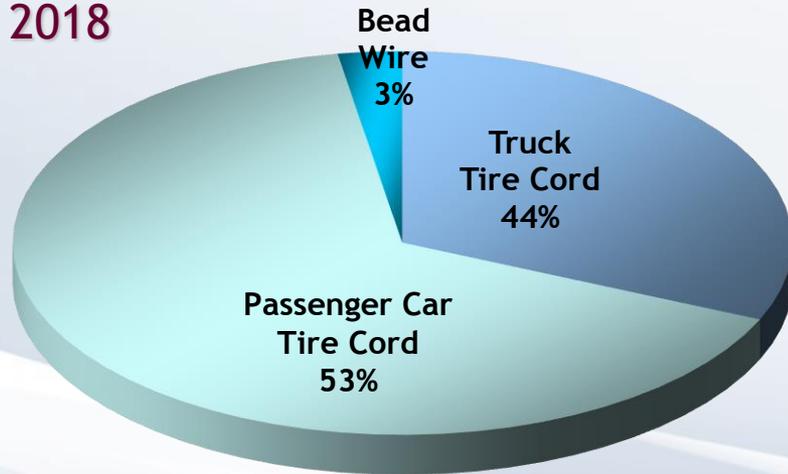




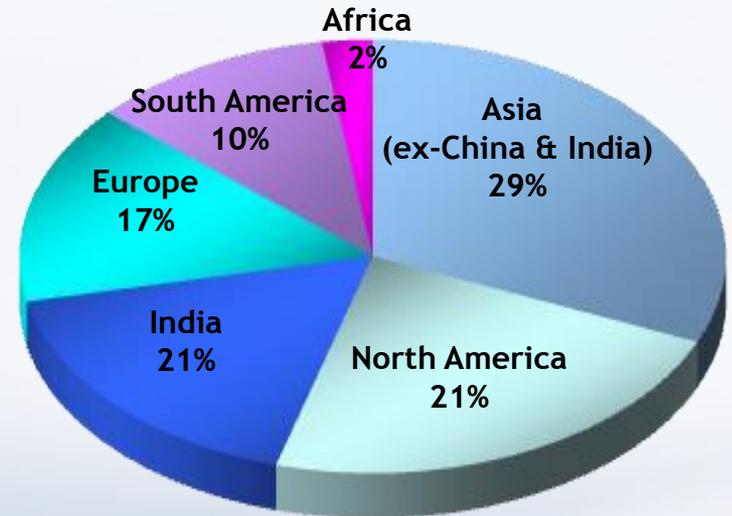
Financial Highlights

Export Sales by Product

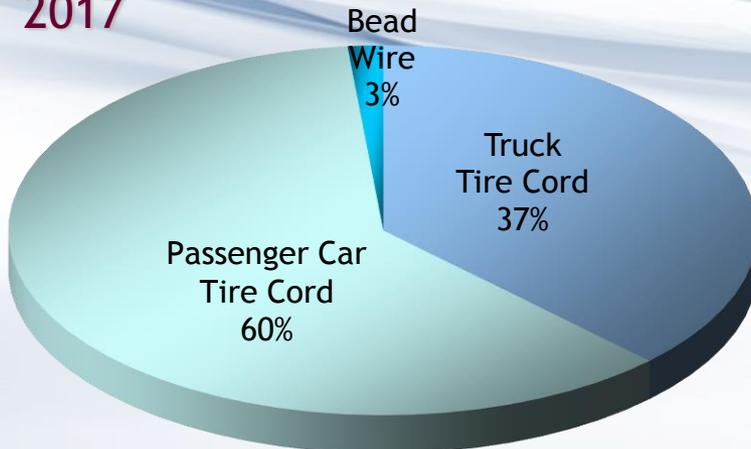
2018



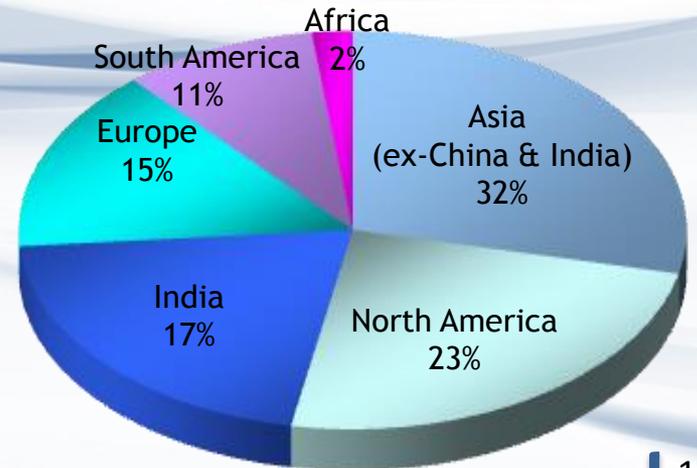
2018



2017



2017





Cash Flow (Extract)

RMB' million	Year ended 31 December	
	2017	2018
Net Operating Cash Inflow	1,013	855
Cash used in CAPEX	(379)	(635)
Net Addition of Bank Borrowings	32	291
Payment of Dividend	(143)	(147)
Repurchase of Shares	(12)	(29)
Placement of Bank Fixed Deposits	(100)	-
Cash and Cash Equivalents at Year End	757	1,104



Key Ratios

	Year ended 31 December	
	2017	2018
Current Ratio (times)	1.4	1.5
Debtors' Turnover Days	114	117
Stock Turnover Days	47	40
Creditors' Turnover Days	155	120
Return on Capital Employed*	4.5%	4.4%
Return on Equity*	5.3%	5.1%
Gearing Ratio	7.7%	10.1%
Net Debts to Equity Ratio	3.7%	3.5%

*Note: Non-recurring items including loss on change in fair value of financial assets through profit and loss, 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 cord capacity increased slightly to 728k mtpa in FY 2018
- ❖ Bead wire capacity 155k mtpa (Increased 14k mtpa in FY 2018)

❖ Jiangsu Factory

- ❖ Radial tire cord capacity maintained at 625k mtpa in FY 2018

❖ Shandong Factory

- ❖ Radial tire cord capacity increased slightly to maintained at 103k mtpa in FY 2018

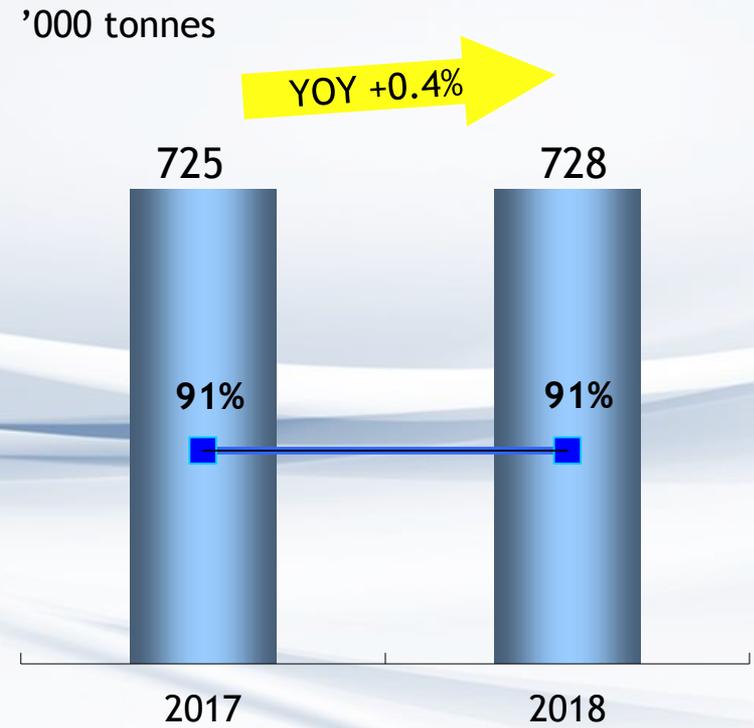
❖ Thailand Factory

- ❖ Production capacity is expected to be 50,000 tonnes in the first phase

❖ Utilisation rate

- ❖ Radial tire cord utilisation maintained at 91% in FY 2018

Radial Tire Cords Capacity & Utilisation Rate





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- ❖ Financial Review
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- ❖ Outlook & Strategies



Highlights for 2018

- ❖ Revenue was RMB7,558mn, up 9.7% YOY due to moderate increase in ASP and sales volume
- ❖ Sales volume up 3.6% to 801k tonnes (TBR +5.7%; PCR -4.4%)
- ❖ GP margin decreased by 1.1 pts to 17.5%, mainly due to average steel rod prices have maintained at the high level during 2018
- ❖ Profit attributable to the owners of the Company -8.2% to RMB264mn with EPS RMB17.8 fen (2017: RMB19.4 fen)
- ❖ Under the scrip dividend scheme in relation to the final dividend for the year 2017, the Group's controlling shareholder elected to receive part of dividend as the scrip shares and had been allotted 8,000,000 new shares, demonstrating their firm confidence in the course of Xingda's future prospects
- ❖ Net operating cash inflow RMB855mn and continued to maintain solid financial positions
- ❖ Declared final dividend of 15.0 HK cents (FY 2017: 15.0 HK cents)



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China Market Outlook

- ❖ It is expected that improving quality and efficiency would be the key fundamental priorities for the Chinese economy. China will make further structural adjustments to its industries to support a healthy development trend
- ❖ The flourishing e-commerce and logistics industries in China are expected to drive the growth of road transportation in the country, which will be conducive to the development of the radial tire cord industry
- ❖ 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 India, Thailand, United States of America, Germany and Slovenia continued to see stable growth
- ❖ Expect to secure more overseas orders for truck radial tire cord which carries a higher gross 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

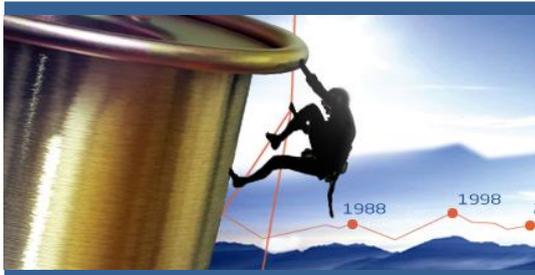
Strengthens our unique competitive advantages and differentiates ourselves through high product quality

❖ 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