



XINGDA INTERNATIONAL HOLDINGS LIMITED

興達國際控股有限公司

(Stock code: 1899 HK)



2019 Annual Results Corporate Presentation

Disclaimer

The materials included herein are qualified in their entirety by and should be read in conjunction with, the more detailed information, risk factors and financial statements, including the notes thereto, contained in the prospectus dated 8 December 2006, the subsequent results announcements, interim and annual reports of Xingda International Holdings Limited (the "Company").

They are summaries in nature and do not purport to be a complete description of the Company, its business, operations, financial position, results or prospects.

Neither these materials nor any copy thereof may be taken or transmitted into the United States of America, its territories or possessions or Canada or Japan or distributed, directly or indirectly, in the United States of America, its territories or possessions or Canada or Japan or to any U.S. person (within the meaning of Regulation S under the United States Securities Act of 1933, as amended).

These materials are being furnished to you on a confidential basis and solely for your information only and may not be reproduced or distributed or passed on to any other person. Neither these materials nor any copy thereof may be given or distributed to the press or any other media.

THESE MATERIALS ARE FOR INFORMATION PURPOSES ONLY AND DO NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR OR TO PURCHASE OR TO ACQUIRE ANY SECURITIES IN THE COMPANY IN ANY JURISDICTION. NEITHER THESE MATERIALS NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT WHATSOEVER.

THESE MATERIALS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE UNITED STATES. THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 AS AMENDED OR AN EXEMPTION FROM REGISTRATION. THE COMPANY DOES NOT INTEND TO MAKE ANY PUBLIC OFFERING OF SECURITIES IN THE UNITED STATES.

THE INFORMATION CONTAINED IN THESE MATERIALS DOES NOT CONSTITUTE A RECOMMENDATION OR INVESTMENT ADVICE BY THE COMPANY THAT ANY RECIPIENT OF THESE MATERIALS SHOULD PARTICIPATE IN INVESTMENT IN THE COMPANY. EACH RECIPIENT OF THESE MATERIALS SHOULD MAKE ITS OWN INDEPENDENT APPRAISAL, EVALUATION, ASSESSMENT AND INVESTIGATION AS DEEMED NECESSARY BY SUCH RECIPIENT.

No action has been or will be taken by the Company and its subsidiaries or any of their respective affiliates, directors, officers or employees or any other persons involved to register these materials as a prospectus or otherwise to permit the public distribution of these materials.



Agenda

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



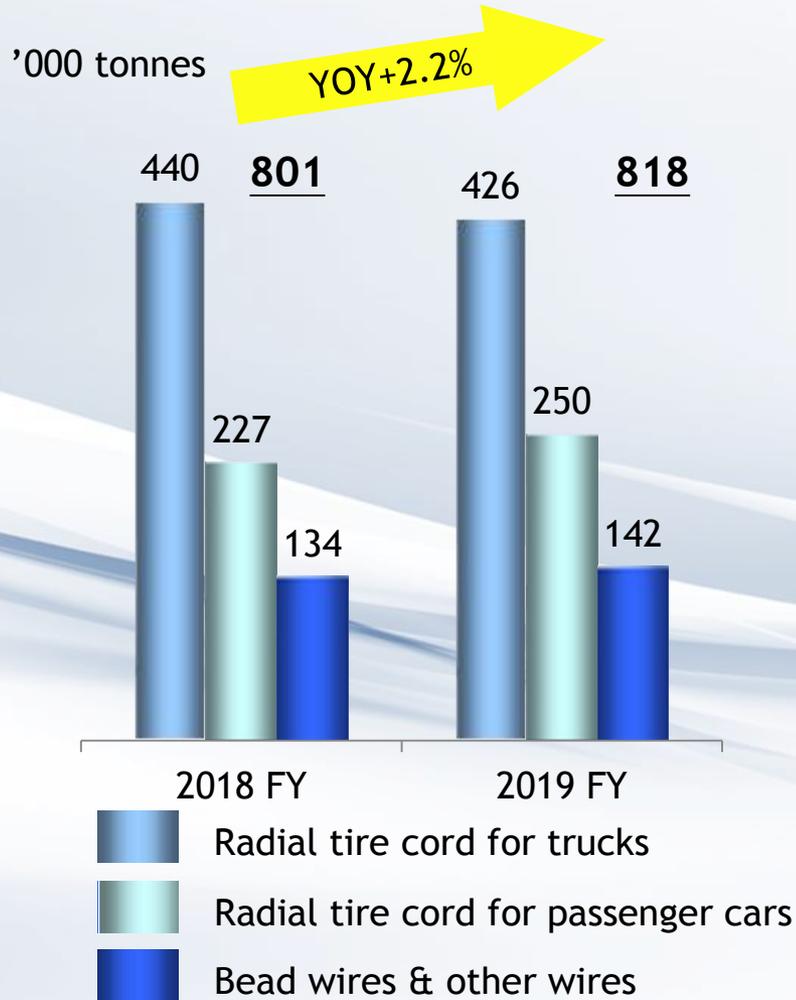
Financial Highlights

RMB' million	Year ended		YOY Change
	31 December		
	<u>2018</u>	<u>2019</u>	
Revenue	7,558	7,583	+0.3%
Gross Profit	1,322	1,471	+11.2%
Gross Profit Margin	17.5%	19.4%	+1.9pp
EBITDA	1,057	1,107	+4.7%
EBITDA Margin	14.0%	14.6%	+0.6pp
Profit Attributable to Owners of the Company	264	289	+9.5%
Basic EPS (RMB fen)	17.82	19.09	+7.1%
Diluted EPS (RMB fen)	17.79	18.99	+6.7%
Dividend per share (HK cent)	15.0	15.0	-



Financial Highlights

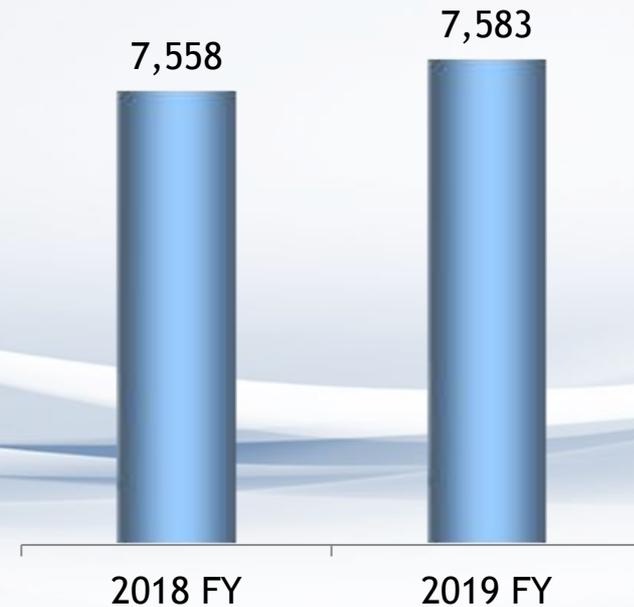
Sales Volume by Product



Revenue

RMB' million

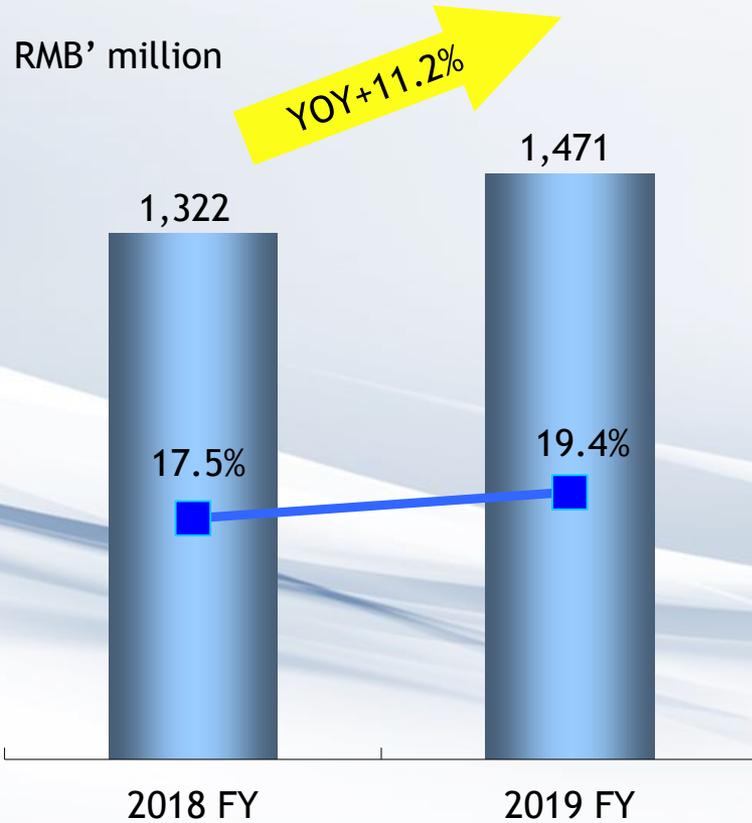
YOY+0.3%





Financial Highlights

Gross Profit & Margin



EBITDA & Margin

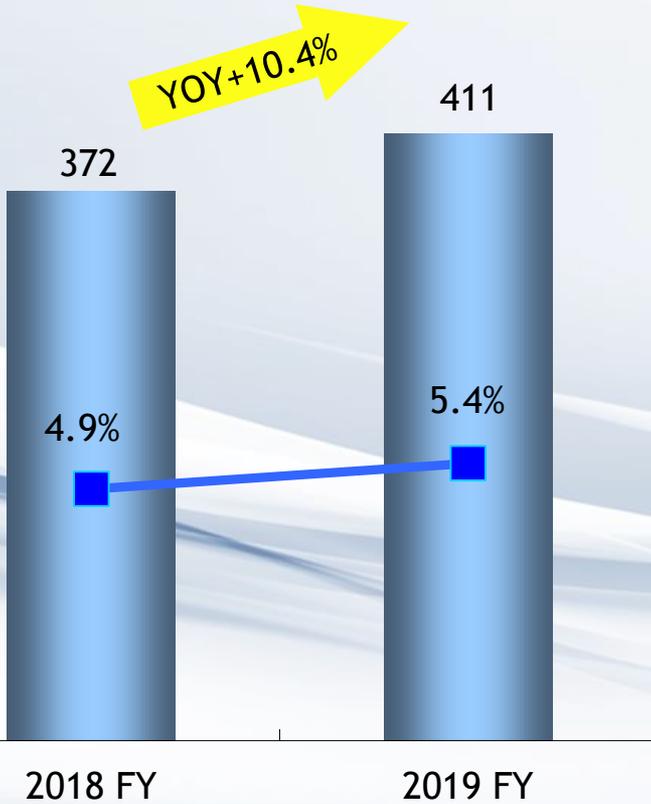




Financial Highlights

Net Profit & Margin

RMB' million



Diluted EPS

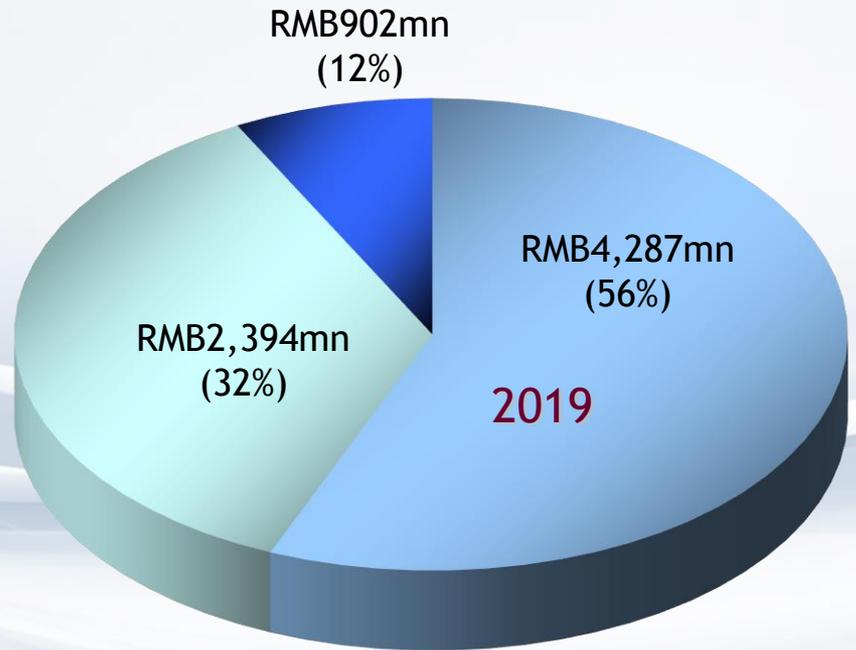
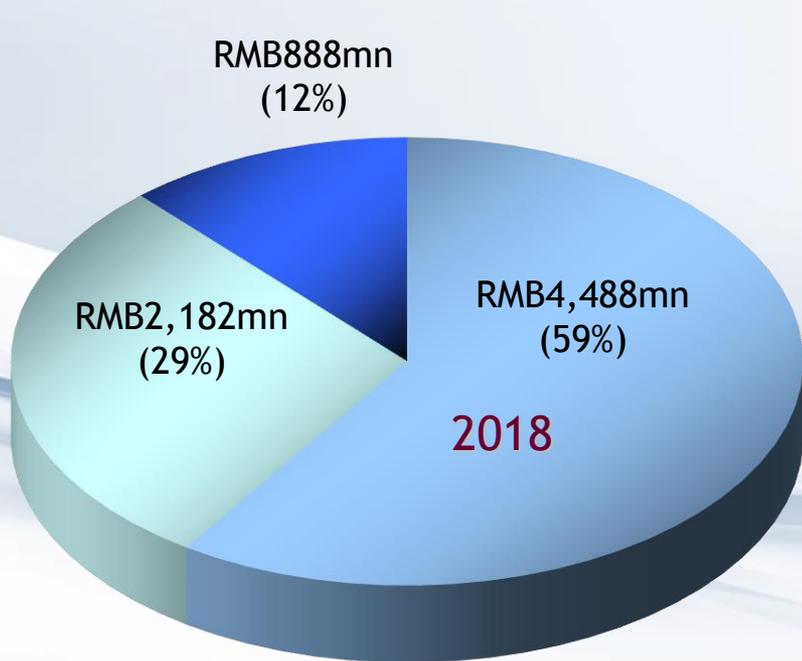
RMB fen





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

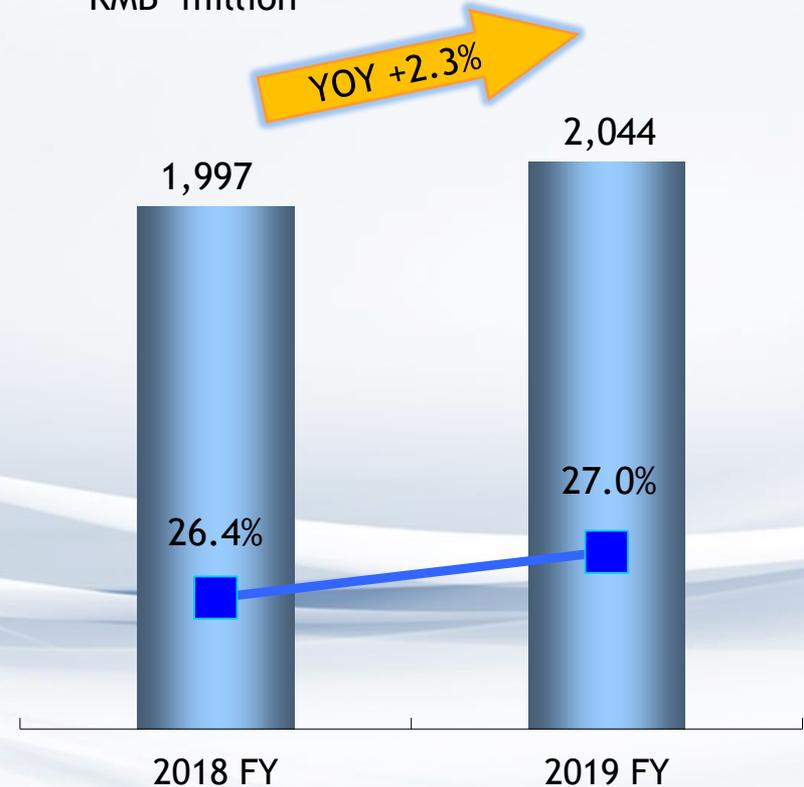
'000 tonnes



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

Export Sales

RMB' million

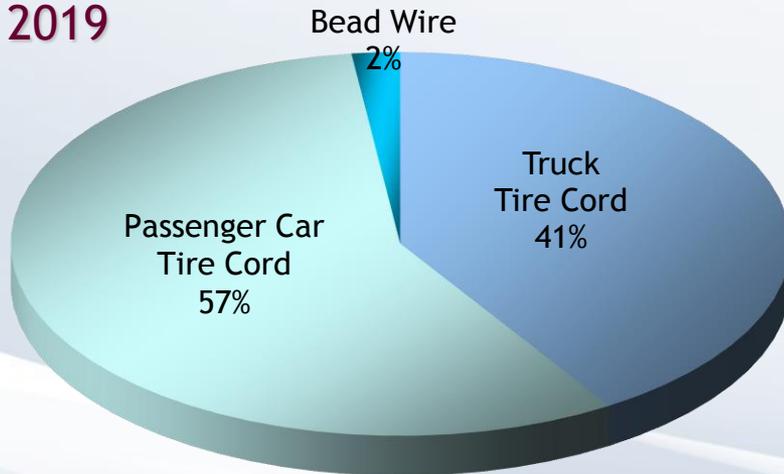




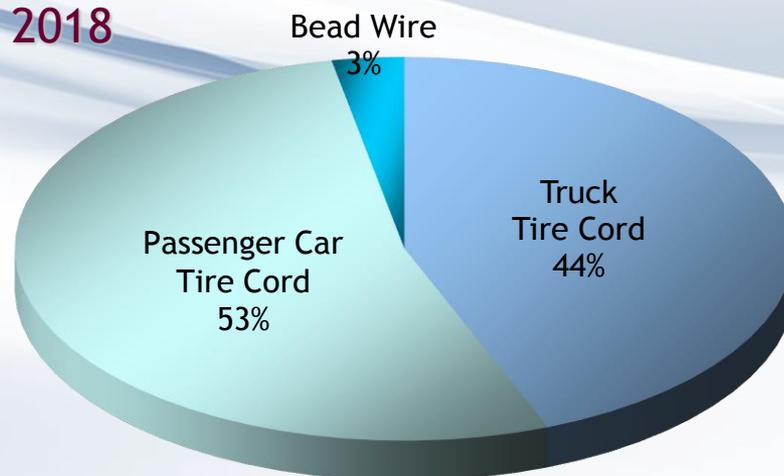
Financial Highlights

Export Sales by Product

2019

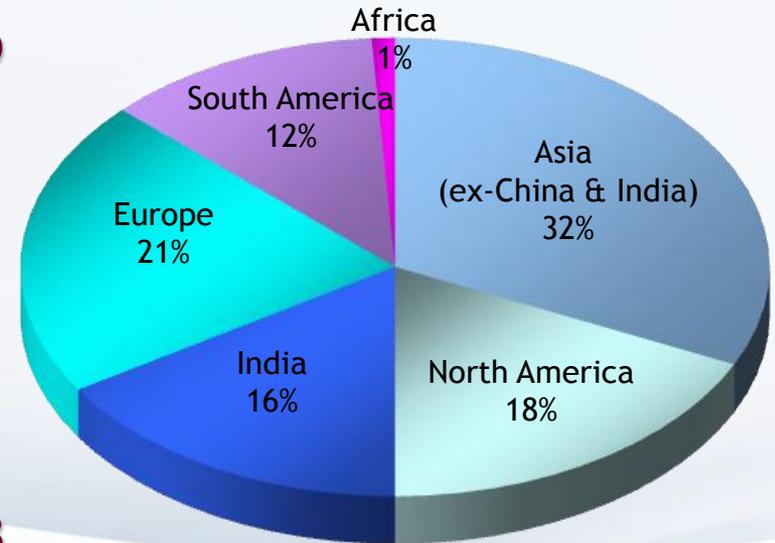


2018

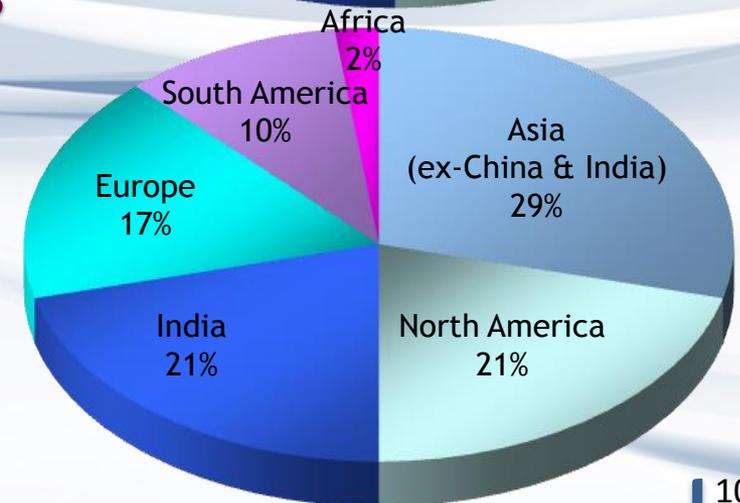


Export Sales by Location

2019



2018





Cash Flow (Extract)

RMB' million	Year ended	
	31 December	
	2018	2019
Net Operating Cash Inflow	855	500
Cash used in CAPEX	(635)	(960)
Net Addition of Bank Borrowings	291	804
Payment of Dividend	(147)	(109)
Repurchase of Shares	(29)	(28)
Net Placement of Bank Fixed and Pledged Deposits	(117)	(810)
Cash and Cash Equivalents at Year End	1,104	498



Key Ratios

	Year ended	
	31 December	
	2018	2019
Current Ratio (times)	1.5	1.2
Debtors' Turnover Days	117	108
Stock Turnover Days	40	40
Creditors' Turnover Days	120	111
Return on Capital Employed	4.2%	4.1%
Return on Equity	4.8%	5.1%
Gearing Ratio	10.1%	15.7%



Capacity & Utilisation

❖ Production capacity

- ❖ Radial tire cord capacity increased slightly to 730.5k tonnes in FY 2019 (2018: 728.0k tonnes)
- ❖ Bead wire capacity increased to 170.0k tonnes in FY 2019 (2018: 155k tonnes)

❖ Jiangsu Factory

- ❖ Radial tire cord capacity increased slightly to 627,000 tonnes in FY 2019

❖ Shandong Factory

- ❖ Radial tire cord capacity increased slightly to 103,500 tonnes in FY 2019

❖ Thailand Factory

- ❖ Completed plant construction in Thailand and started trial operation
- ❖ Expected to be capable of producing 70,000 tonnes of radial tire cords per annum in 2H 2020

❖ Utilisation rate

- ❖ Radial tire cord utilisation increased to 93% in FY 2019 (2018: 91%)

Radial Tire Cords Capacity & Utilisation Rate





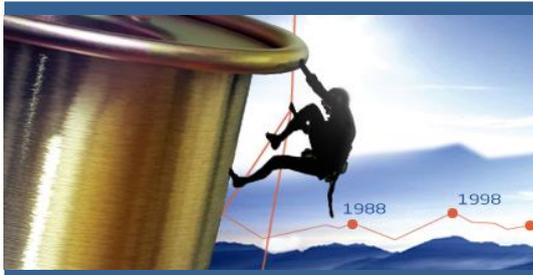
Agenda

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



Highlights for 2019

- ❖ Revenue was RMB7,583 mn, modestly up 0.3% YOY due to increase in total sales volume
- ❖ Sales volume up 2.2% to 818.3k tonnes (TBR -3.2%; PCR +10.6%)
- ❖ GP margin increased by 1.9 pts to 19.4%, mainly due to the drop in both materials prices and production costs per tonne as well as slight increment in sales volume.
- ❖ Profit attributable to the owners of the Company +9.5% to RMB289 mn with basic and diluted EPS RMB19.09 fen and RMB18.99 fen respectively (2018: RMB17.82 fen & RMB17.79 fen)
- ❖ Under the scrip dividend scheme in relation to the final dividend for the year 2018, the Group's controlling shareholder elected to receive part of dividend as the scrip shares and had been allotted 23,812,299 shares, demonstrating their firm confidence in the course of Xingda's future prospects
- ❖ Net operating cash inflow RMB500 mn and continued to maintain solid financial positions



Agenda

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



China Market Outlook

- ❖ At the beginning of 2020, novel coronavirus outbreak in Wuhan, China, has rapidly spread around the world. It has influenced social consumption, construction and manufacturing industries in China, especially in the first quarter, but it is believed that the generally direction of steady economy will not change
- ❖ 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 Thailand, Brazil, Germany and Slovakia etc. continued to see stable growth
- ❖ Expect to secure more overseas orders for radial tire cords 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