



維達30周年 為家加滿FUN

# Vinda International Holdings Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 3331

## Interim Results Announcement 2015

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I. Key Achievement

II. Financial Highlights

III. Future Outlook

IV. Q&A

# Key Achievement

- Revenue up 28.9% yoy to HKD4,743.2 million.
  - Organic growth: 18.7% yoy.
- Gross profit up 37.9% yoy to HKD1,496.5 million.
- Net profit up 48.9% yoy to HKD330.8 million.

**Strong  
Growth**

- Tissue revenue up 25.5% yoy to HKD4,583.5 million.
- Sales volume (tissue) up 25.0% yoy to 320,348 tons.
- ASP per ton (tissue) was HKD14,308.

**Promising  
Tissue  
Business**

- Revenue from Personal Care accounted for 3.4% of total revenue.

**Increasing  
contribution  
from Personal  
Care**



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# Financial Highlights

For the 6 months ended 30 June

(HKD million)	2015	2014	Change
Revenue <i>(Note)</i>	4,743.2	3,680.0	+28.9%
Gross profit	1,496.5	1,085.5	+37.9%
Operating profit	468.2	345.7	+35.4%
EBITDA	702.2	521.5	+34.7%
Profit attributable to equity holders of the Company	330.8	222.2	+48.9%
Basic earnings per share (HK cents)	33.1	22.3	+48.4%
Interim dividend per share (HK cents)	5.0	4.0	+25.0%
Foreign exchange gain / (loss)	(30.1)	(33.4)	

*Note: Excluding the effect of the acquisition of the SCA business, revenue rose 18.7% yoy.*

## Gross margin



1H2014

1H2015

## Operating Margin



1H2014

1H2015

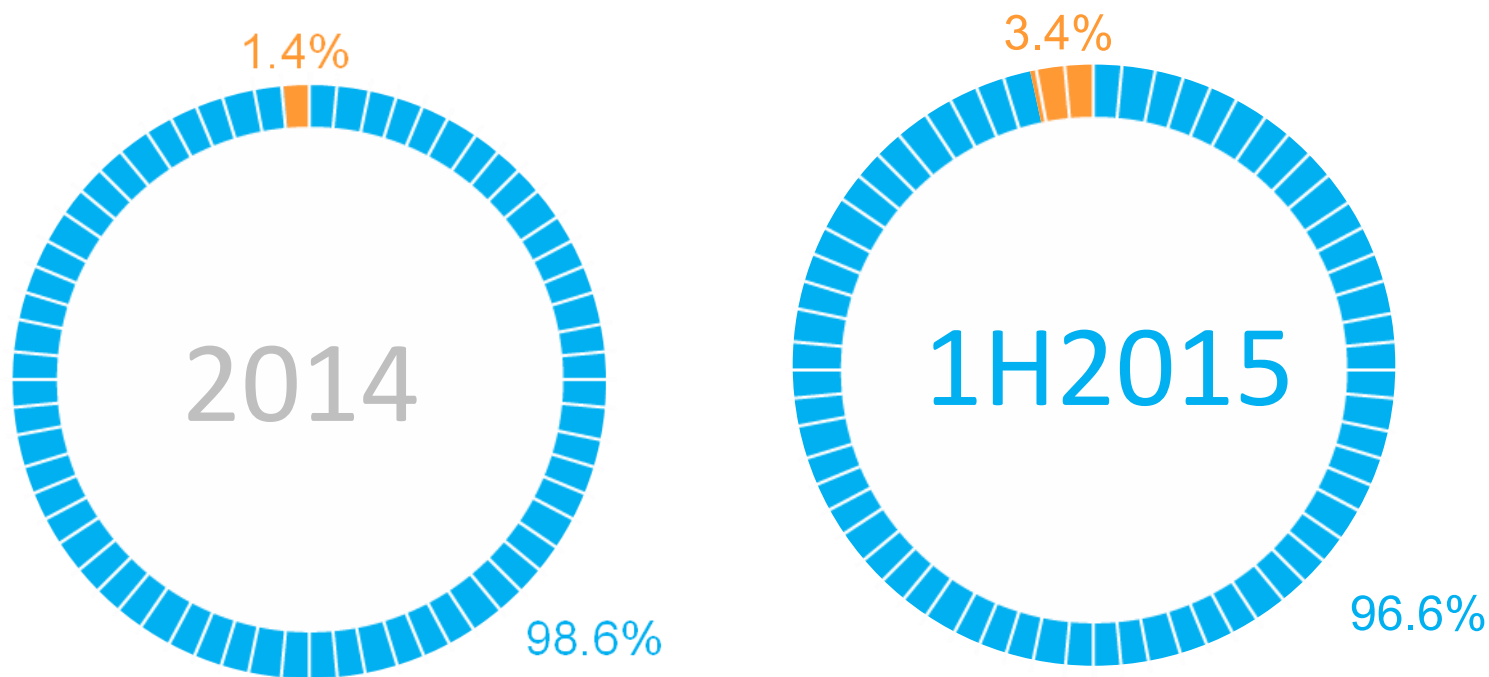
## Net Margin



1H2014

1H2015

# Revenue by Business Categories



■ Household paper  
("Tissue")

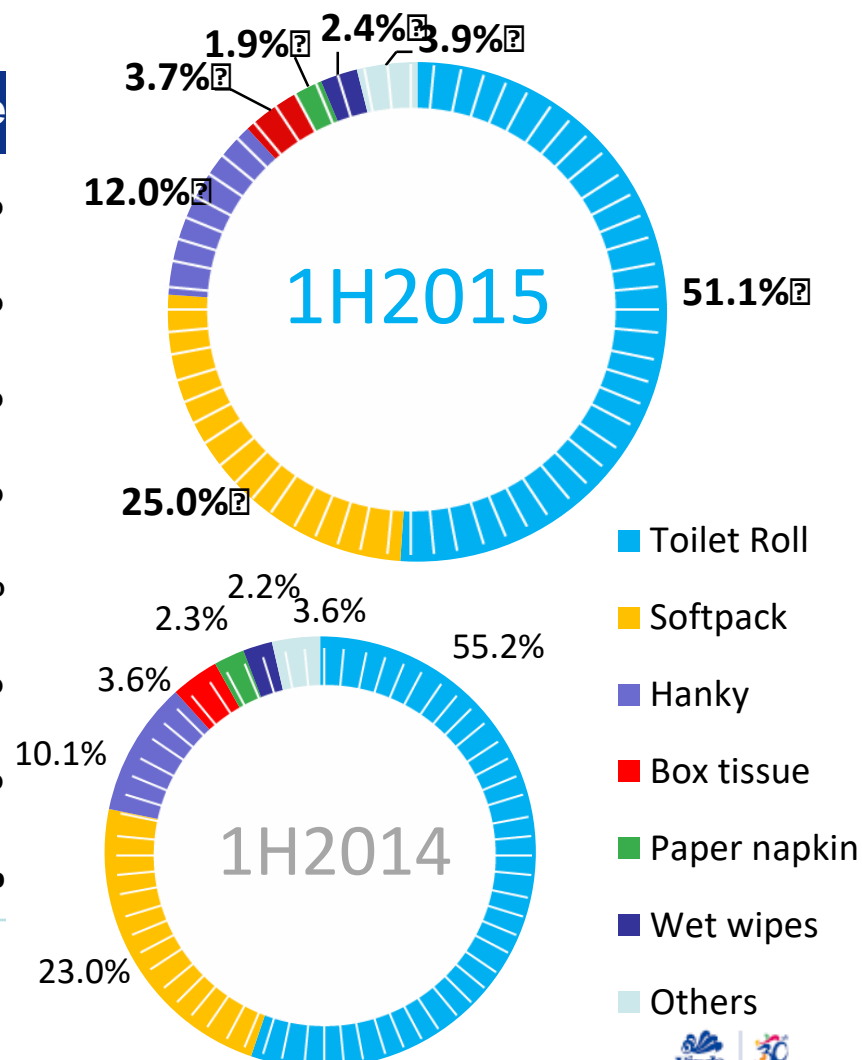
■ Personal care  
("Incontinence Care", "Feminine Care", and "Baby Care")

# Revenue by Household Paper (Tissue) Categories

For the 6 months ended 30 June

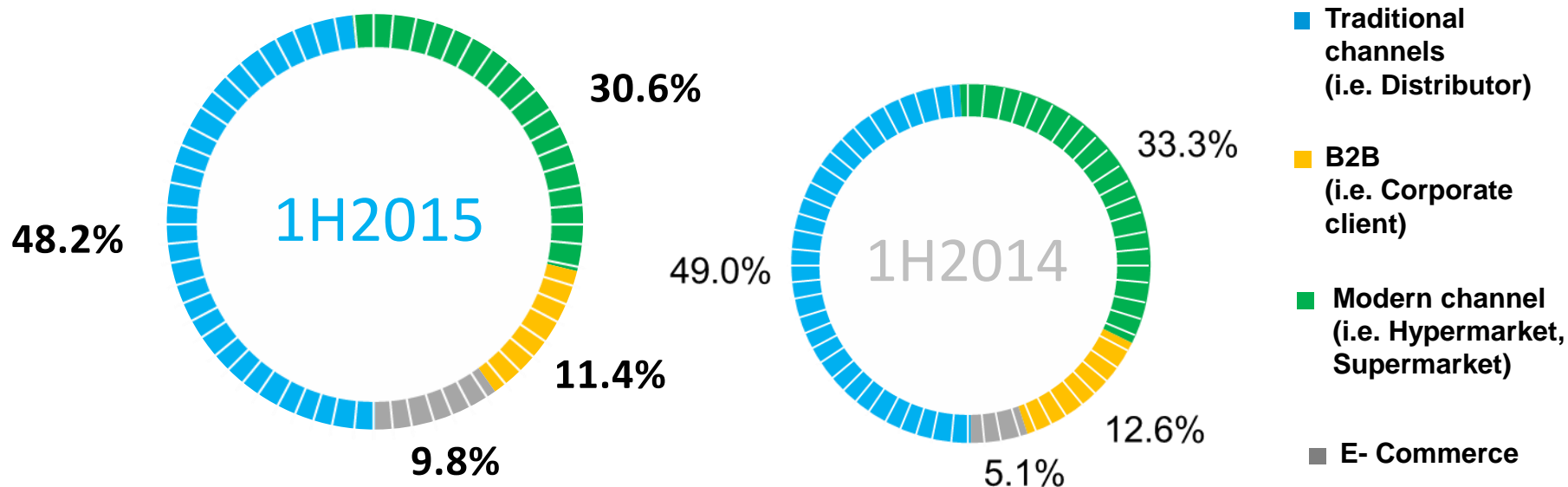
(HKD million)	2015	2014	Change
Toilet roll	2,343.7	2,016.9	+16.2%
Softpack	1,145.6	838.5	+36.6%
Box tissue	170.3	132.0	+29.0%
Hanky	548.1	369.7	+48.3%
Wet wipes	109.3	79.0	+38.3%
Paper napkin	87.5	84.4	+3.7%
Others	179.0	132.0	+35.5%
<b>Total</b>	<b>4,583.5</b>	<b>3,652.5</b>	<b>+25.5%</b>

## Tissue Revenue Mix



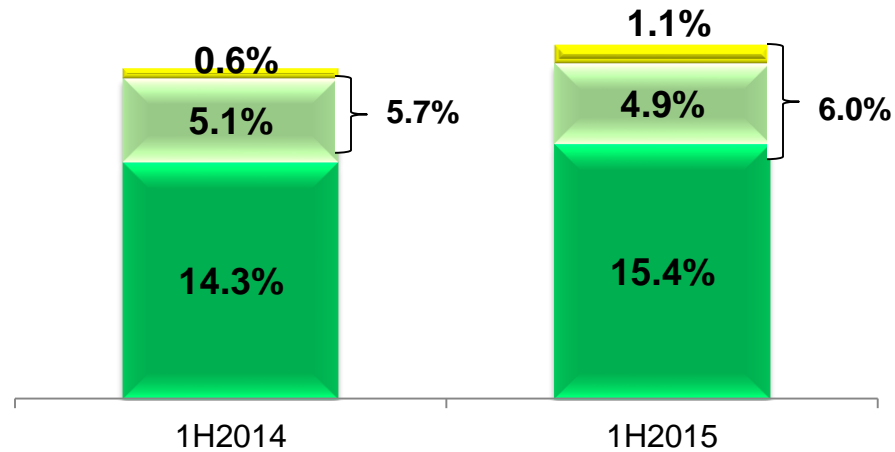


# Revenue by Distribution Channels



# Operating Expenditure

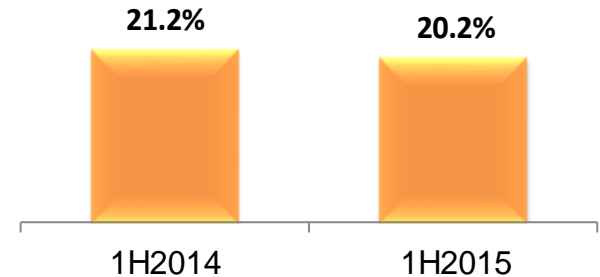
## Operating Expenditure as % of Sales



- R&D expense ratio
- Administrative expenses ratio
- Selling & marketing expenses ratio

- Total administrative expense ratio was 6.0%.
  - 1.1% of sales was spent on R&D.
  - General administrative expenses ratio dropped by 0.2 p.pt to 4.9%.
- Selling and marketing expenses ratio increased 1.1 p.pt. , as more resources were allocated to build the brands and develop the personal care business.

## Effective Tax Rate



- Obtained the hi-tech enterprise qualification for Vinda Paper (China) Co. in 1H2015.
- Effective tax rate dropped by 1.0 p.pt.

# Key Financial Indicators

	As at 30 Jun 2015	As at 30 Jun 2014
Debtors Turnover Days	45	47
Creditors Turnover Days	71	70
Stock Turnover Days	108	109

(HKD million)	As at 30 Jun 2015	As at 31 Dec 2014
Total borrowings (including SCA shareholder loan)	4,527.7	4,464.8
Total borrowings (excluding SCA shareholder loan)	1,957.3	2,434.7
Cash and cash equivalents*	514.0	721.6
Net gearing ratio** (%)	75.7%	73.7%
Net debt to EBITDA***	2.9	3.1
Interest coverage**** (times)	7.4	8.2

- Adopted cash pooling system so that cash position was lowered to HKD514.0 million.
- Total outstanding shareholder loans from SCA as at 30 Jun 2015: approximately HKD2.6 billion.
- Total unutilized credit facilities (including unutilized shareholder loan) as at 30 Jun 2015: approximately HKD7.3 billion.

\* Incl. Restricted bank deposit.

\*\* Net gearing ratio: Total borrowings (incl. SCA shareholder loan) less bank balances and cash and restricted deposits / total shareholders' equity.

\*\*\* Net debt to EBITDA: Total borrowings minus cash and cash equivalents/EBITDA

\*\*\*\* Interest coverage: EBIT/interest (times), excluding exchange rate factor.

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Ensure stable growth in tissue and roll out *Tempo* nationwide

1

Increase awareness and popularity of personal care brands

2

## Priorities in 2H2015

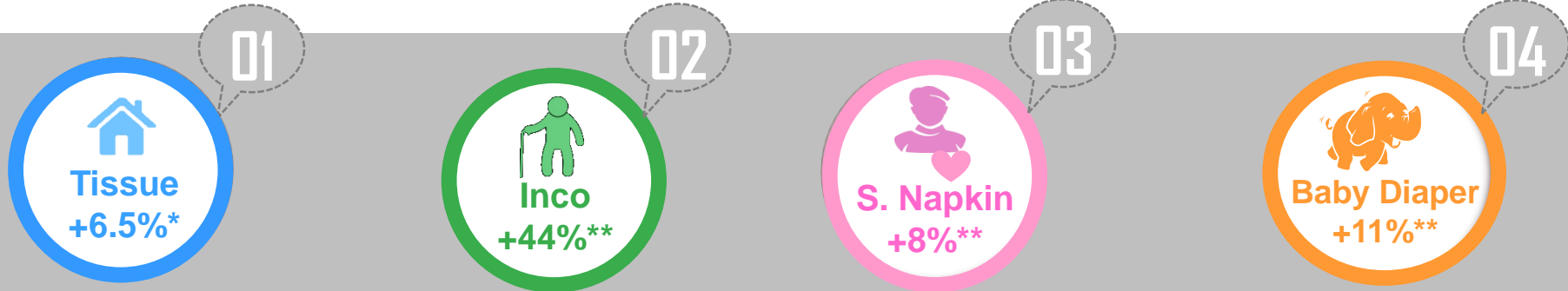
Achieve more synergies with SCA

4

Penetrate to lower tier cities via distributors & e-channel; expand baby stores & nursing home

3

# Market Opportunities & Strategies



## Opportunity

- ▶ Urbanization
- ▶ Market consolidation
- ▶ Stricter environment regulation

## Strategy

- ▶ Use *Vinda* to gain mass market's market share
- ▶ Promote *Tempo* nationwide to enhance profitability
- ▶ Adopt "brand strategy", not "pricing strategy"

## Opportunity

- ▶ Aging population
- ▶ Society turn to be more positive on incontinence care product

## Strategy

- ▶ *Dr.P* & *TENA* able to cover all consumer segments
- ▶ Sales team have professional background to provide a total solution to customers

## Opportunity

- ▶ New generation with new consumption behavior

## Strategy

- ▶ Target female born in 80s&90s
- ▶ Use *Libresse* to compete with international players

## Opportunity

- ▶ Relaxation of the one-child policy
- ▶ Imported baby diapers getting more market share

## Strategy

- ▶ Use *Libero* to compete with international players
- ▶ Leverage e-platform & expand maternity stores

\* 2014 growth rate of tissue consumption volume estimated by China National Household Paper Industry Association

\*\* 2014 market size growth rate estimated by China National Household Paper Industry Association

# Online and Specialized Sales

## E-Commerce

Ranking No.1 in terms of market share at major e-commerce platforms

Enhance e-commerce platform to broaden market coverage by reaching new markets through Internet

## Specialized Sales

Speed up the introduction of new personal care products to the existing sales and distribution channels

Establish specialized sales channels at baby care shops, elderly's homes and hospitals

# Advanced & Efficient Production Sites

Annual Designed Production Capacity  
for Tissue (Tons)

<i>Production Site</i>	1H2015	2015 end
Xinhui, Sanjiang	380,000	380,000
Hubei	180,000	180,000
Zhejiang	150,000	150,000
Shandong	50,000	80,000
Liaoning	55,000	55,000
Sichuan	45,000	75,000
Beijing	30,000	30,000
<b>Total</b>	<b>890,000</b>	<b>950,000</b>

- Originally planned to add 90,000 tons of capacity in Shandong and Sichuan by Q42015. Due to the delay in equipment supply, 30,000 tons of such capacity to be put into operation in 2016.
- To build our own production facilities for incontinence care product and expected to commence production in the second half of 2016.



# Mid-Long Term Goal



In mid to long run, to become.....

- **Leader** in Tissue & Incontinence Care category respectively
- **First tier brand** in Baby Care & Feminine Care category respectively

**Personal care businesses to contribute 20% of Group's total revenue in mid to long term**

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