

Vinda International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3331)



2017 Annual Results Investor Presentation



Healthy Lifestyle
Starts with Vinda



Chairman's Highlights

2017 Key Achievement:

- Solid revenue growth
- Effective financing strategy
- Hang Seng Corporate Sustainability Benchmark Index

2017 Biggest Challenge:

- Pulp cost pressure

19th CPC National Congress:

- Favour Vinda long term development

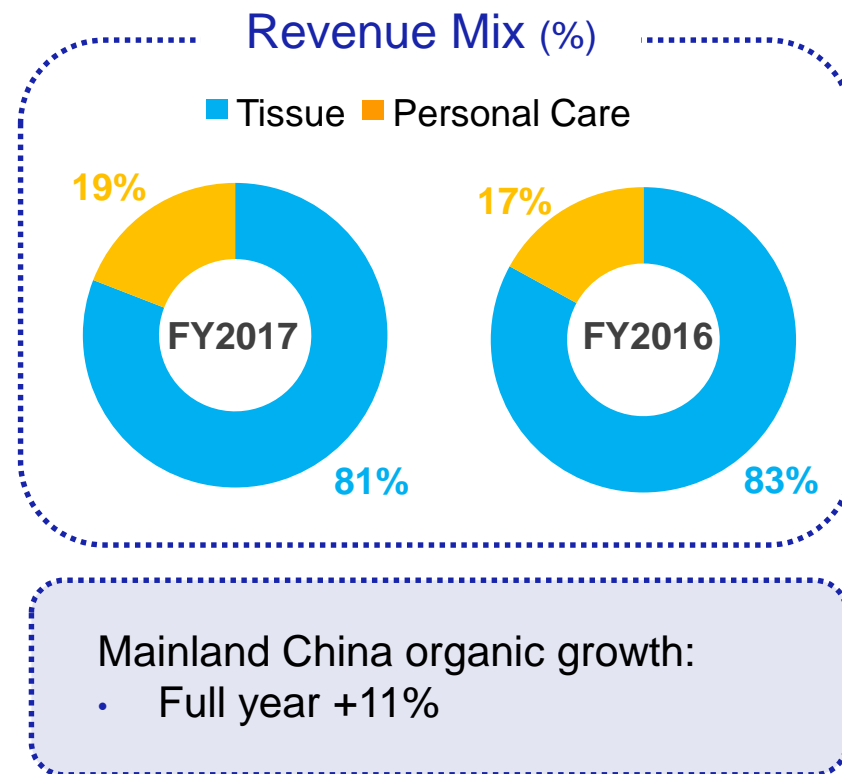
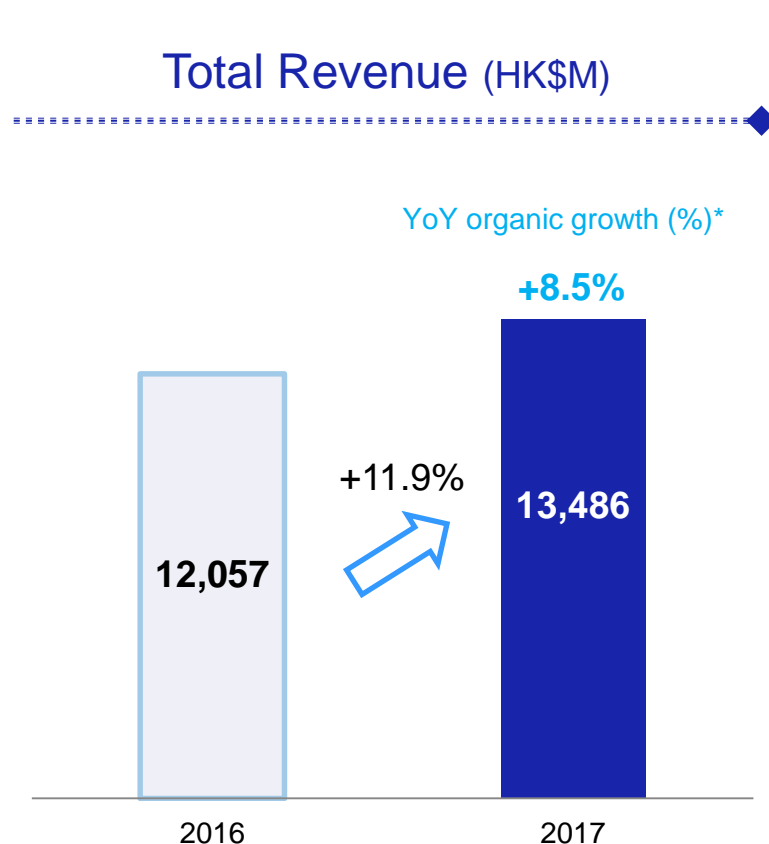
2018 Focus:

- Growth
- Efficiency

Financial Highlights

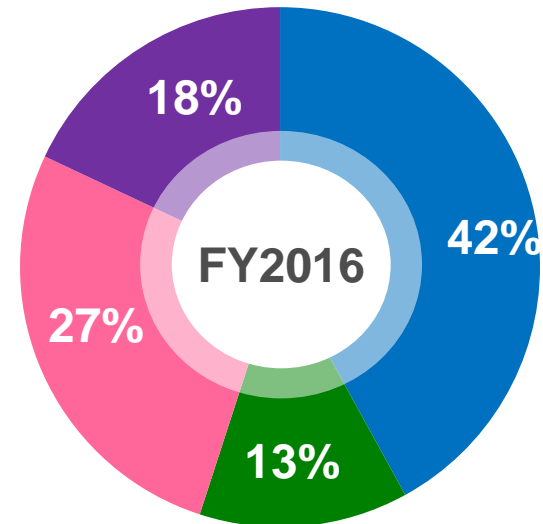
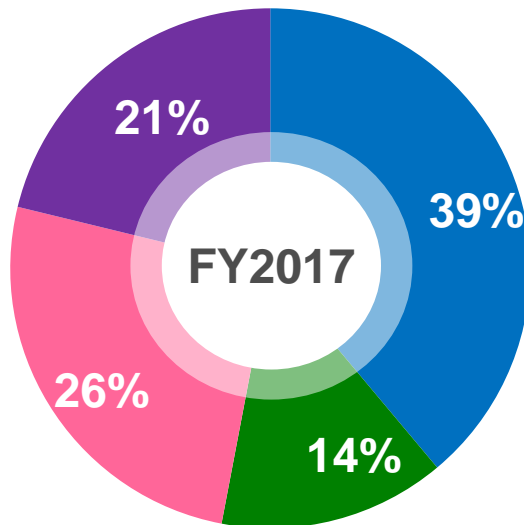


Revenue



* Since 1 April 2016, the completion date of the acquisition of SCA Asia business in Malaysia, Taiwan, China and Korea by the Group, the financial figures of SCA Asia business have been consolidated into the financial results of the Group. Therefore, with respect to the calculation of the organic revenue growth for 2017, the data recorded between January and March excluded the acquired Asia business in Malaysia, Taiwan, China and Korea, as well as the exchange rate effects; whereas for the calculation of the organic revenue growth between April and December, only the exchange rate effects were excluded.

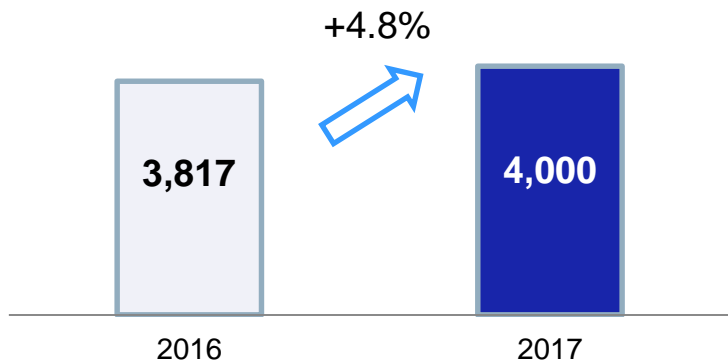
Revenue by Channels



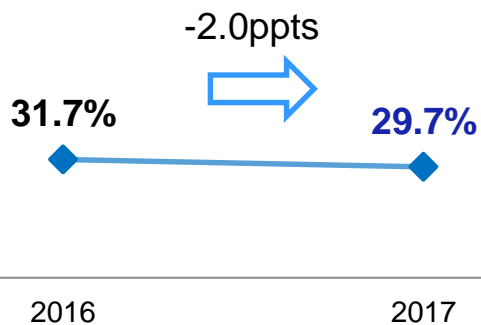
- Traditional channels (i.e. Distributors)
- B2B (i.e. Corporate clients)
- Key accounts (i.e. Hypermarkets, Supermarkets)
- E-Commerce

Gross Profit

Gross Profit (HK\$M)



Gross Profit Margin (%)



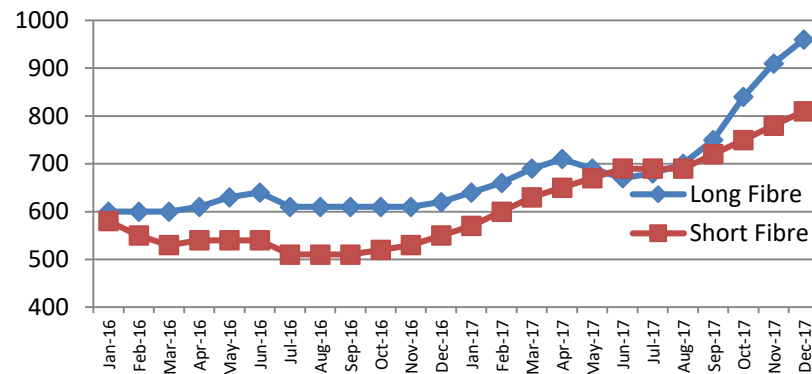
Market List Price

FY17 avg v.s. FY16 avg

Long fiber: +20%

Short fiber: +30%

USD/ton

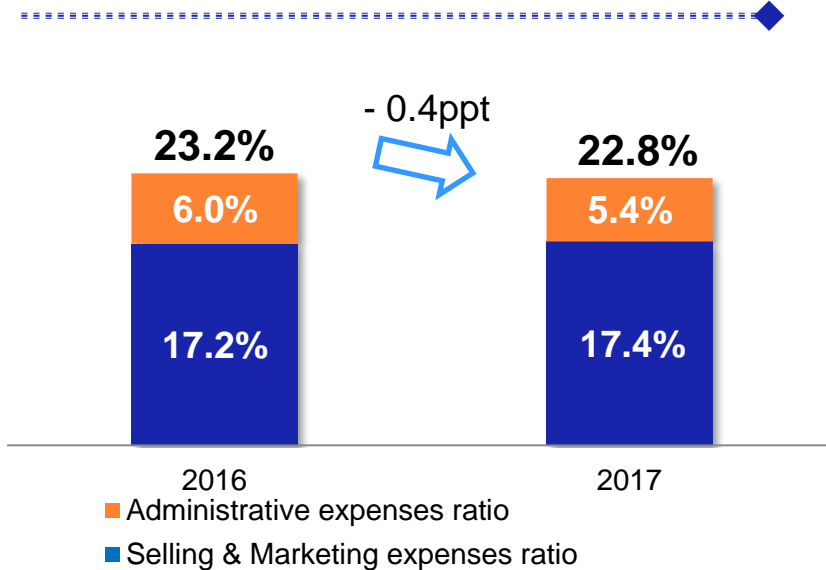


- Product portfolio management
- Cost saving programme
- Product price hike in Q4

SG&A Ratio



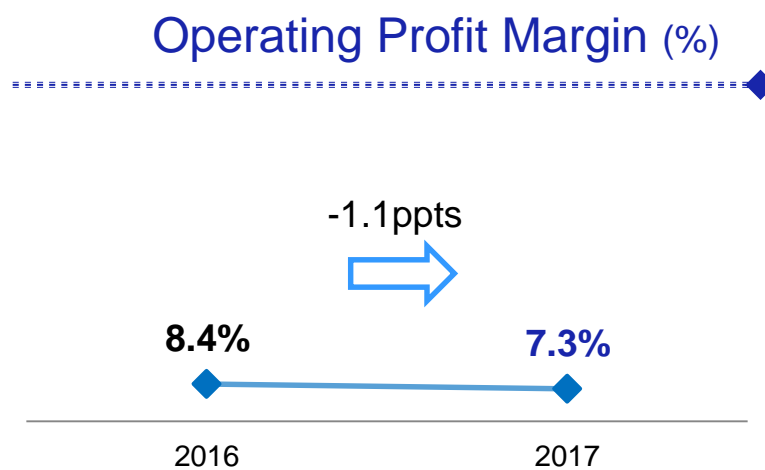
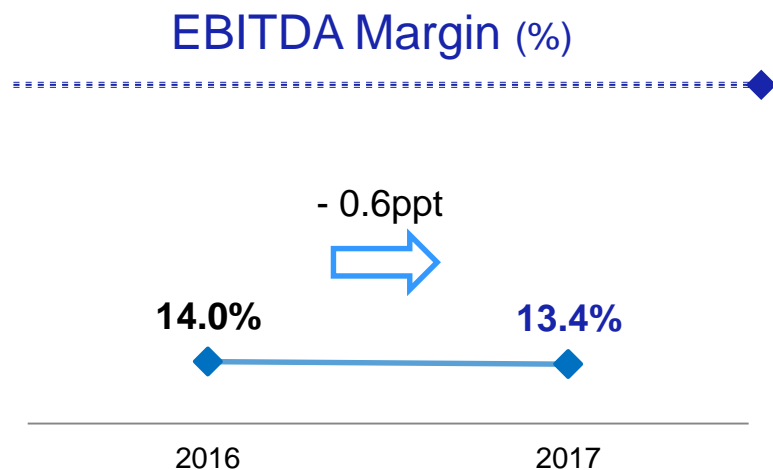
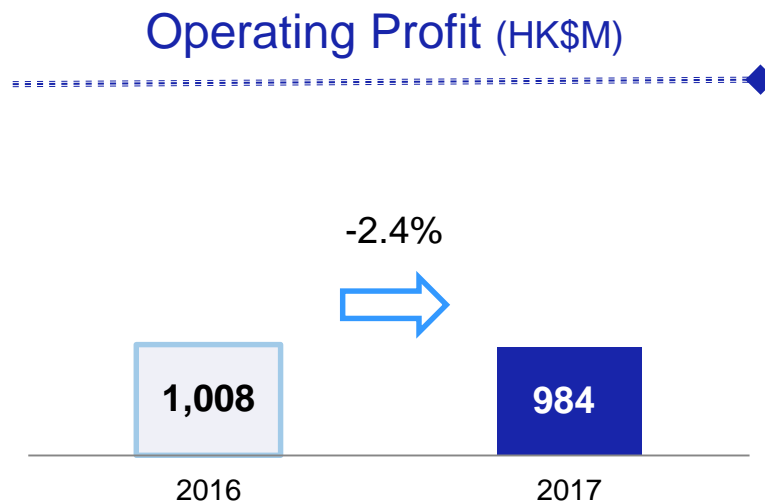
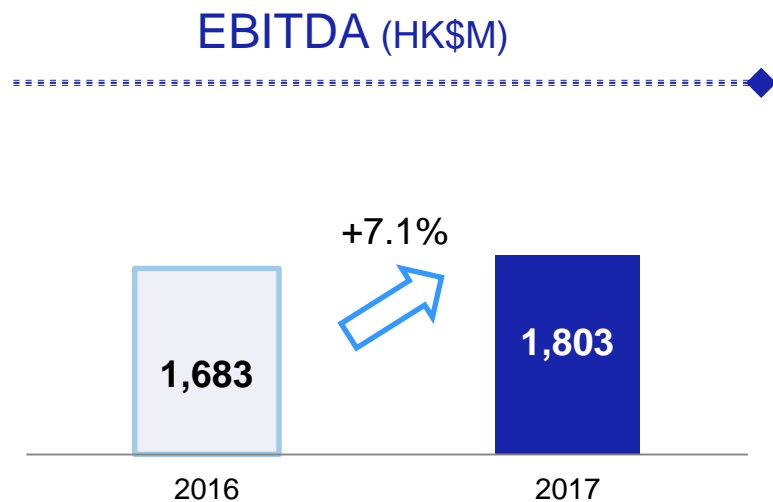
SG&A as a % of Sales



- Decrease in administrative cost ratio due to effective management and strict cost control
- Increase in advertising on new brands and products
- Increase in logistics cost



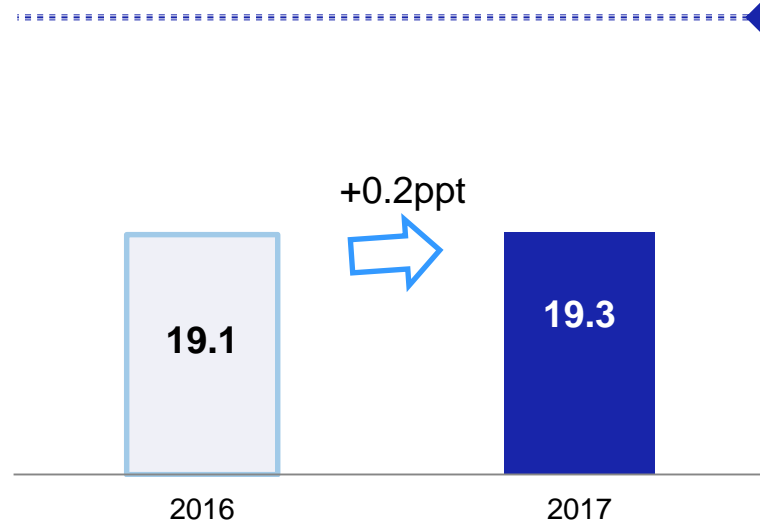
EBITDA Profit & Operating Profit



Effective Tax Rate

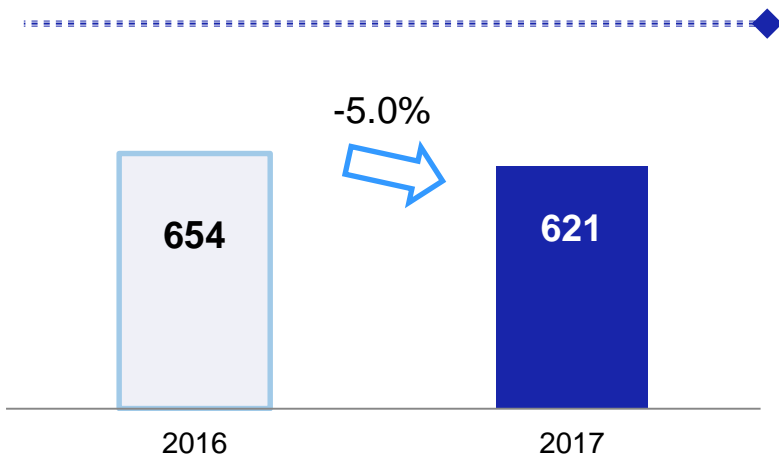


Effective Tax Rate (%)

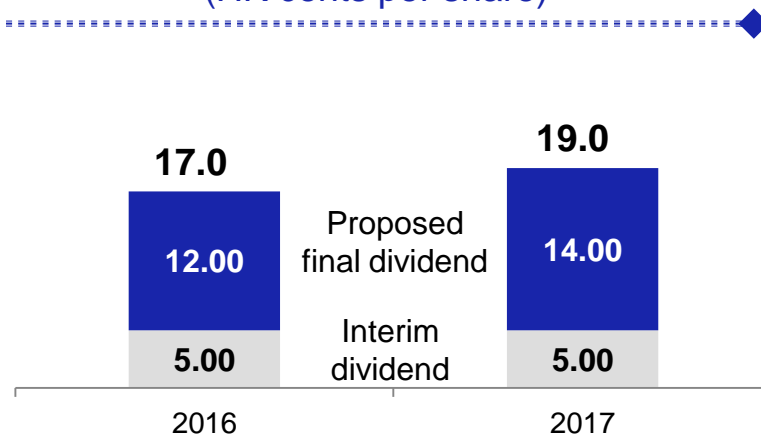


Net Profit & Dividend

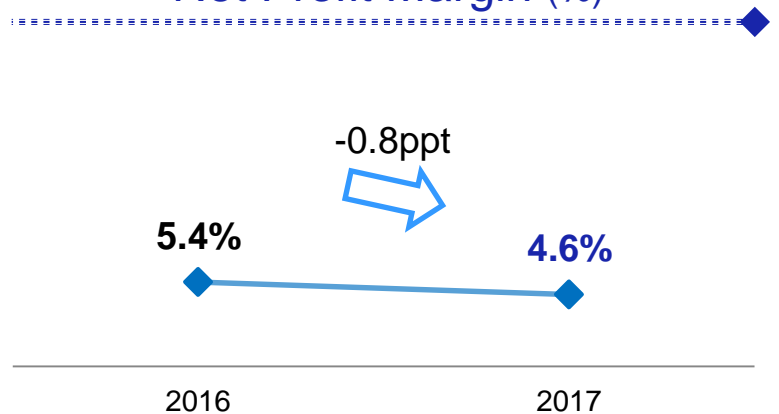
Net Profit (HK\$M)



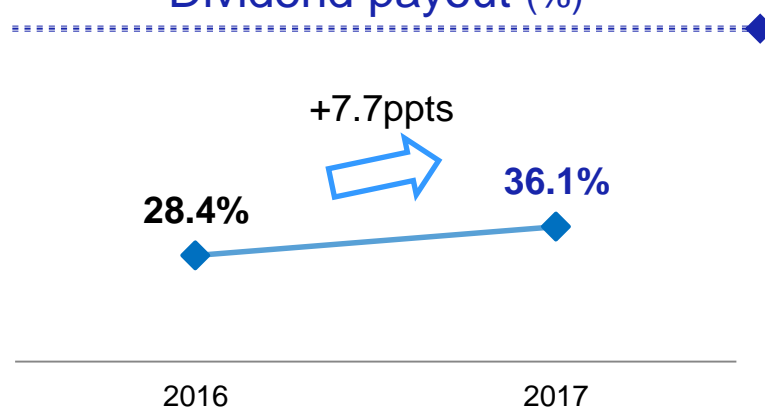
Proposed Total Dividend (HK cents per share)



Net Profit Margin (%)



Dividend payout (%)



Key Indicators

(HK\$M)	As at 31 Dec 2017	As at 31 Dec 2016
Debtors turnover days	49	43
Creditors turnover days	84	70
Finished goods turnover days	41	40
Working capital to sales ratio	6%	3%
(HK\$M)	As at 31 Dec 2017	As at 31 Dec 2016
Cash and cash equivalents ¹	535	1,015
Total borrowings ²	5,236	5,017
Borrowings in CNY (%)	72%	69%
Net debt	4,702	4,001
Net gearing ratio ³ (%)	54%	59%
Net debt/EBITDA	2.6	2.4
Net cash flow ⁴	(469)	339

1. Incl. restricted bank deposit. 2. Total borrowings (incl. SCA shareholder loan)

3. Total borrowing less bank balances and cash and restricted deposits / total shareholders' equity.

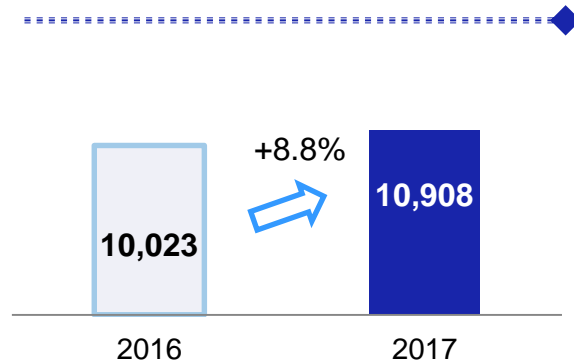
4. Change of net debt, including exchange rate effect

Segment Performance

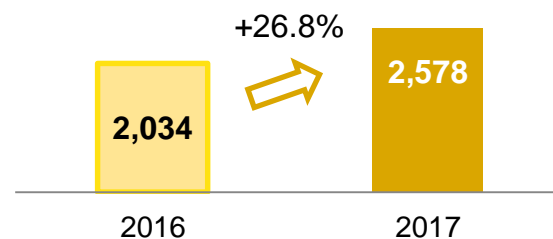
Tissue

Personal care

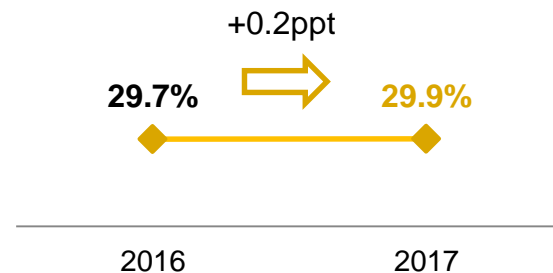
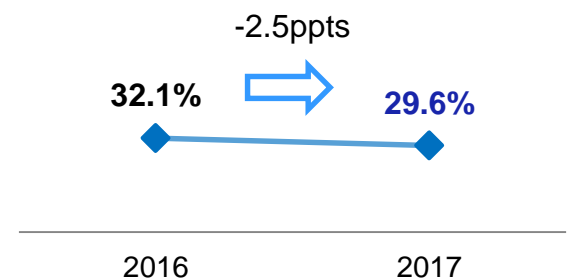
◆ Revenue (HK\$M)



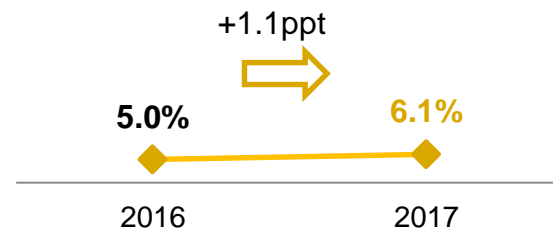
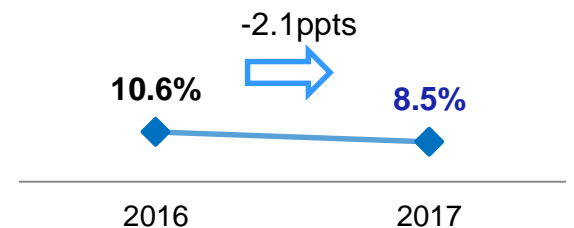
- Acquisition effect
- Double-digit organic growth in China



◆ Gross profit margin



◆ Segment results margin*



*segment profit before amortisation of trademarks, licenses & contractual customer relationship)

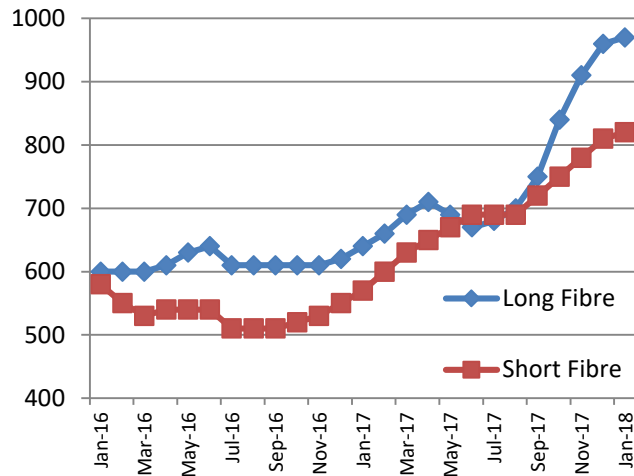
Outlook



2018 Challenges

1

Pulp cost pressure continues in 2018, first half in particular



2

Market competition continues

3

Sluggish offline retailers

4

Uncertain currency direction

Opportunities



Total Retail Sales of Consumer Goods¹ (RMB bn)

2015: 30,093
2016: 33,232
2017: 36,626
2020: 48,000

Increasing Per Capita Disposable Income¹ (RMB)

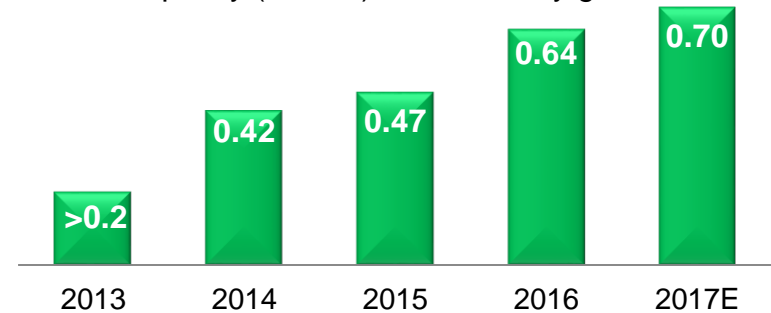
2015: 21,966
2016: 23,821
2017: 25,974
2020: >60,000

Aging Population¹ (age 65 or above)

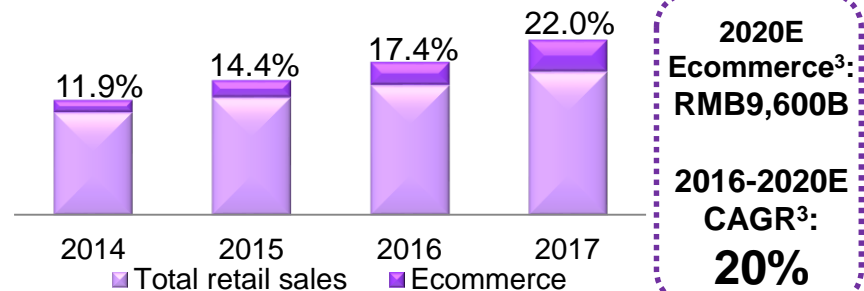
2015: 10.5%
2016: 10.8%
2017: 11.4%
2020: 17.8%

Stringent environment regulation²

China tissue capacity (M tons) shut down by government



Increasing proportion of ecommerce to offline retail sales¹

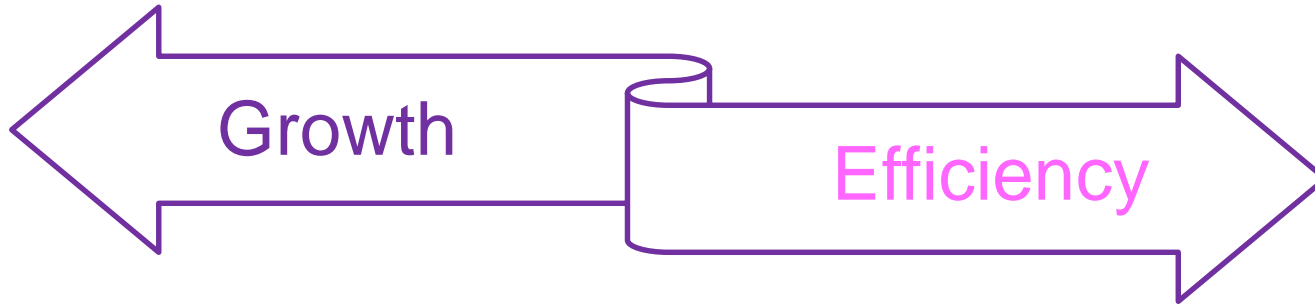


¹ National Bureau of Statistics of the People's Republic of China

² China Paper Association & internal estimate

³ Ministry of Commerce of the People's Republic of China

2018 Focus: Growth & Efficiency



- Continue sales growth & market share gain

- Improve margins:
 - Product portfolio enhancement
 - Product pricing management

- Innovation

- Active cost saving in all directions

- Ensure smart spent to lower SG&A ratio

- Improve production & operational efficiency

2018 Production Capacity Plan

Tissue annual designed capacity

1.1 M tons (end of 2017) → 1.28 M tons (end of 2018)

- Adding 180,000 tons in 2H2018
 - 120,000 in Hubei
 - 60,000 in Yangjiang

Q&A



A photograph of three young women with long dark hair, smiling and taking a selfie together outdoors. The woman on the left is holding a white smartphone up. They are wearing light-colored, possibly peach or pink, blouses. Several colorful shopping bags (yellow, blue, purple, green) are visible in the foreground. The background is a blurred outdoor setting with trees and buildings.

Appendix

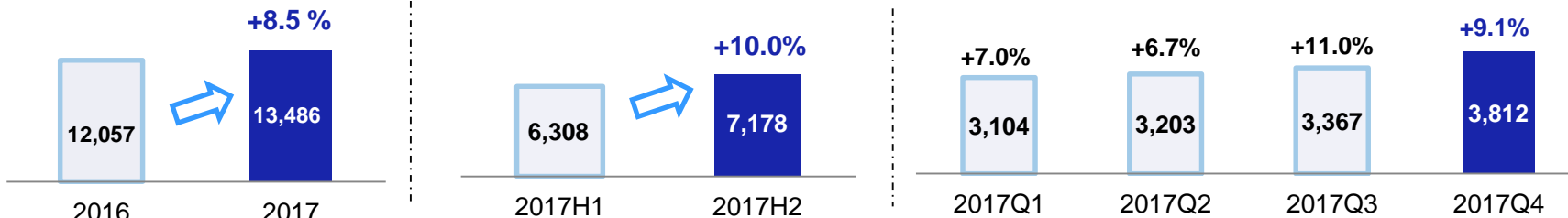
Full Year Highlights

(HK\$M)	2017	2016	Change
Revenue*	13,486	12,057	+11.9%
Gross profit	4,000	3,817	+4.8%
EBITDA	1,803	1,683	+7.1%
Operating profit	984	1,008	-2.4%
Net profit	621	654	-5.0%
Basic earnings per share (HK cents)	52.6	59.8	-12.0%
Interim dividend per share (HK cents)	5.0	5.0	-
Proposed final dividend per share (HK cents)	14.0	12.0	+16.7%

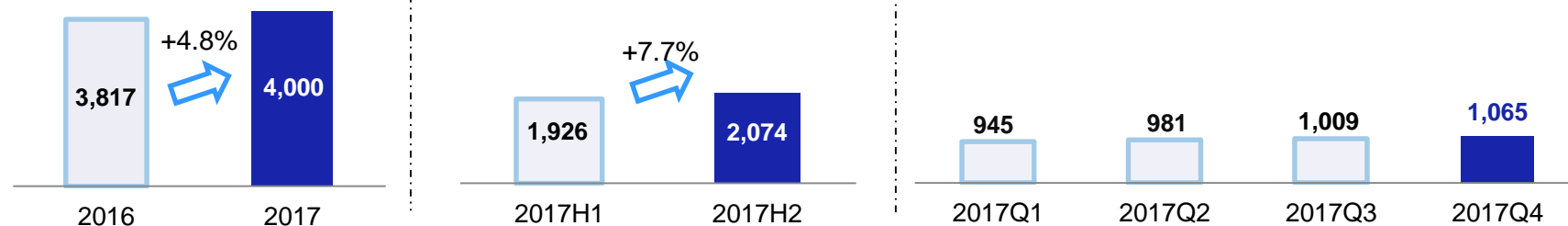
*Organic revenue growth of 2017 was 8.5%

Half Year & Quarterly Highlights

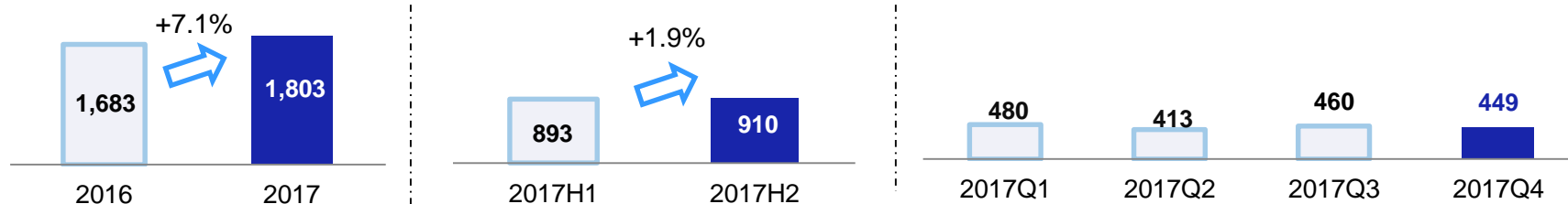
Revenue (HK\$M) & Organic Growth (%)



Gross Profit (HK\$M)



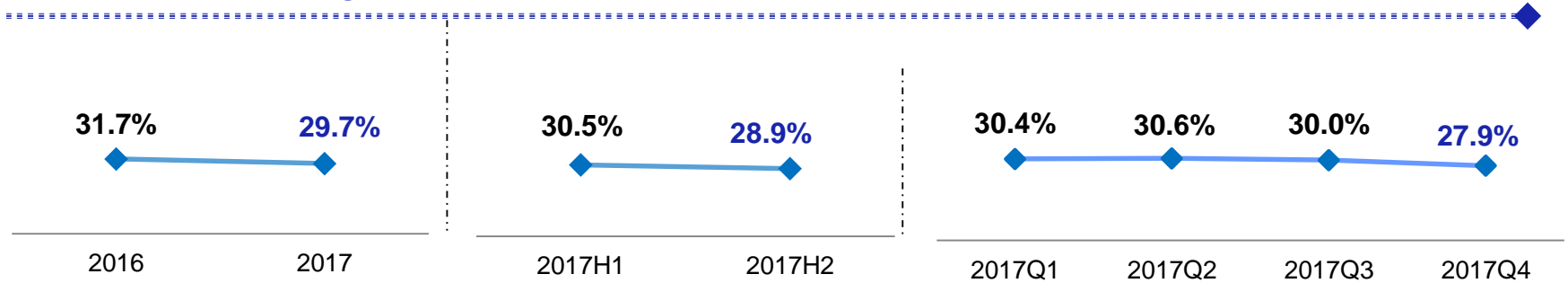
EBITDA (HK\$M)



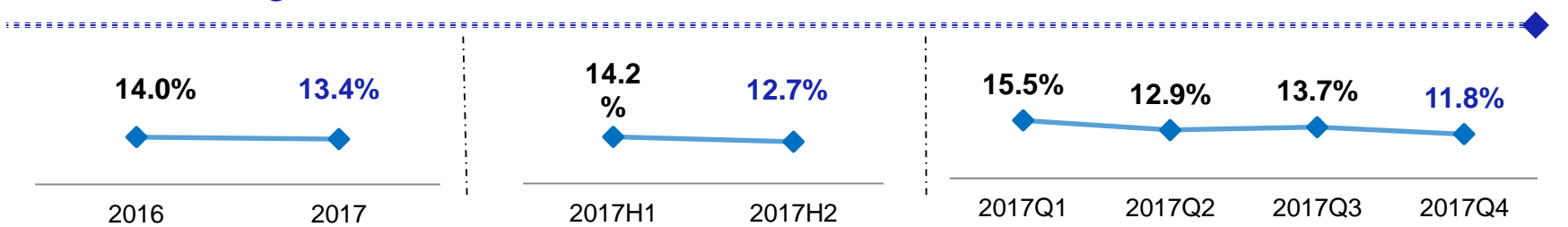
Half Year & Quarterly Highlights (cont'd)



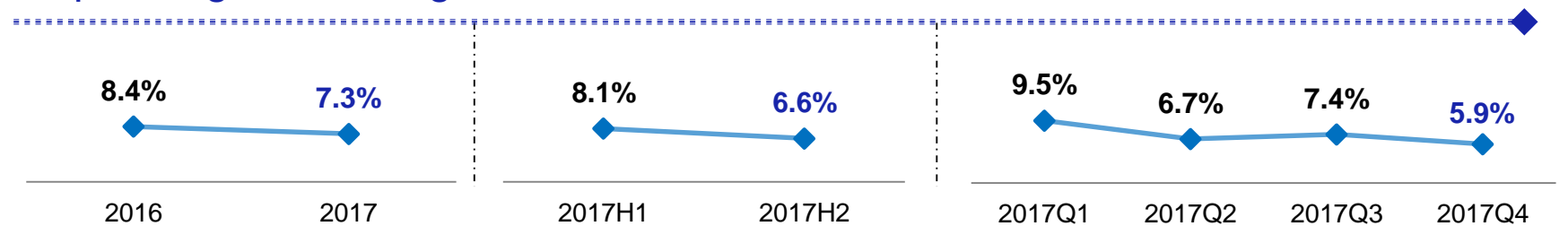
Gross Profit Margin (%)



EBITDA Margin (%)



Operating Profit Margin (%)



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Thank You

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Starts with Vinda*

