

Vinda International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3331)



2019 Interim Results Investor Presentation

Healthy Lifestyle
Starts with Vinda



Chairman's Highlights

1

Double-digit organic growth¹ despite challenging environment

- Double-digit organic growth in revenue
- Double-digit organic growth in e-commerce & B2B
- Strong performance of premium tissue portfolio and personal care in mainland China

2

Improving gross profit margin

- Mix improvement, high-margin products focus and favorable wood pulp cost
- GPM improvement: 19H1 > 18H2
19Q2 > 19Q1

3

Year of Excellence, Year of Personal Care

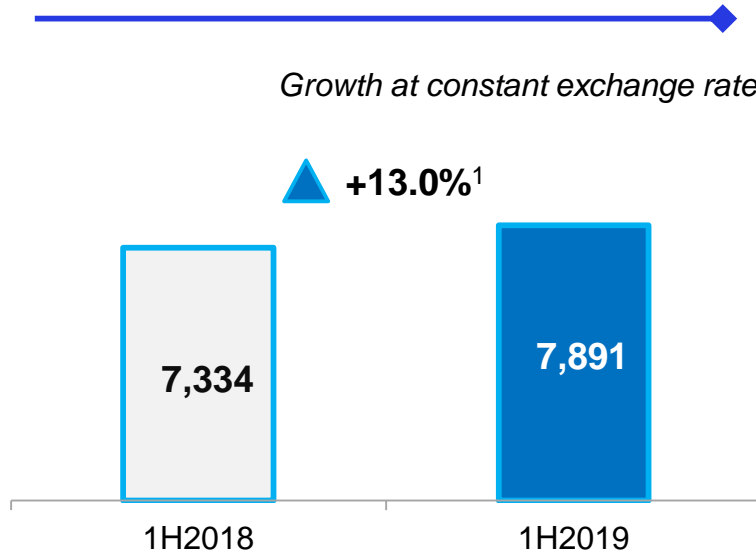
- Focus on high-margin Tissue SKUs across all brands *e.g Vinda, Tempo, Tork*
- Strong innovation performance in Tissue products
- Relaunch of *Libresse* and *TENA* pants in mainland China

Financial Highlights



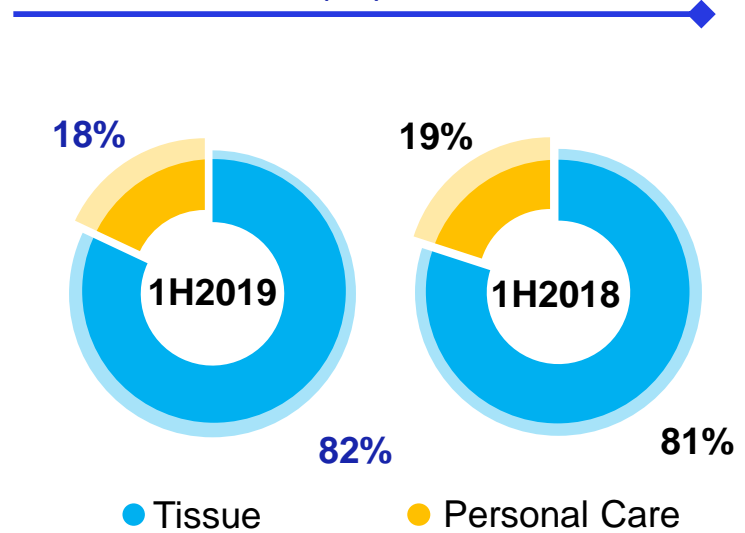
Double-digit Revenue Growth

Total Revenue (HK\$M)



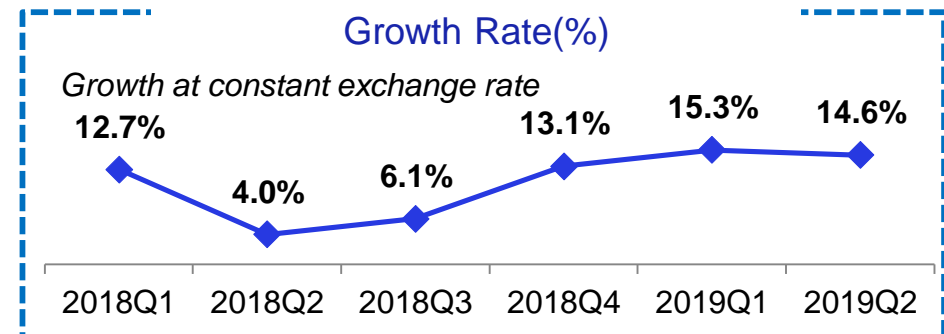
¹ YoY growth at reported rate: 7.6%

Revenue Mix (%)



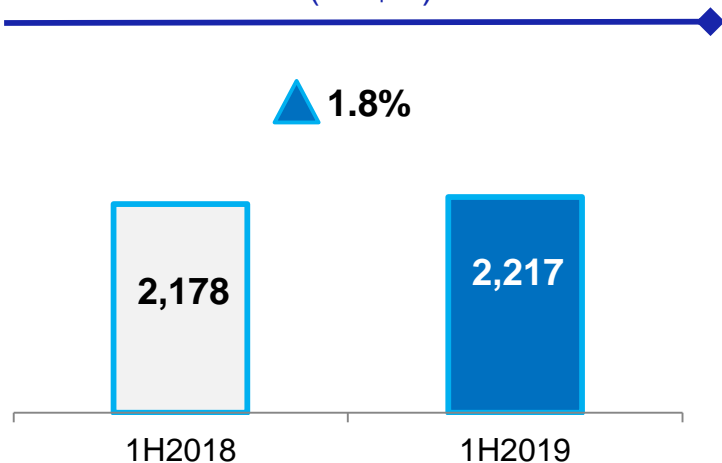
- Strong growth in all regions particular in mainland China:
- 15% growth in CNY term in 1H2019

Mainland China Revenue Growth Rate(%)



Gross Margin: QoQ Improvement

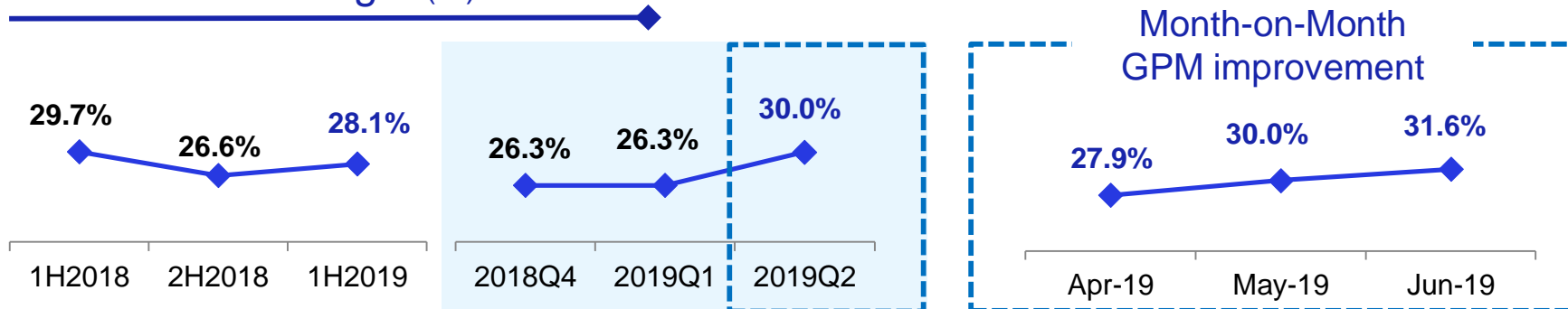
Gross Profit (HK\$M)



Improving GPM qoq:

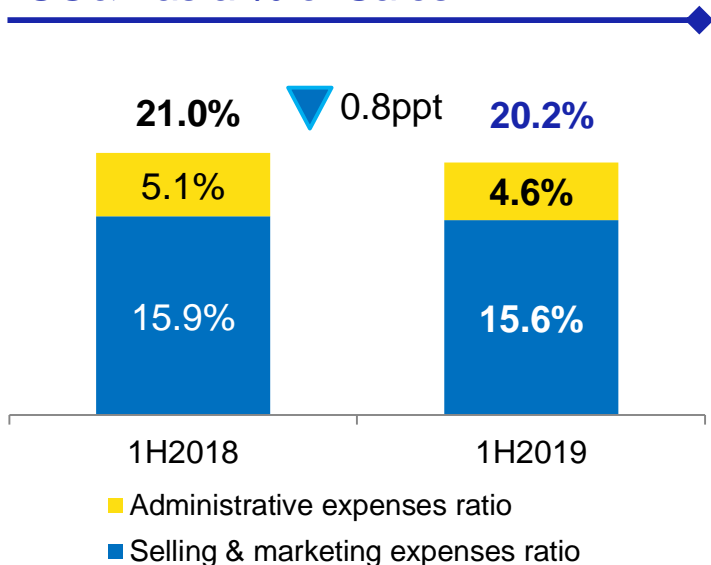
- Favorable pulp price
- Continuous mix improvement
- Excellent growth on premium & super-premium products

Gross Profit Margin (%)



Savings in SG&A

SG&A as a % of Sales

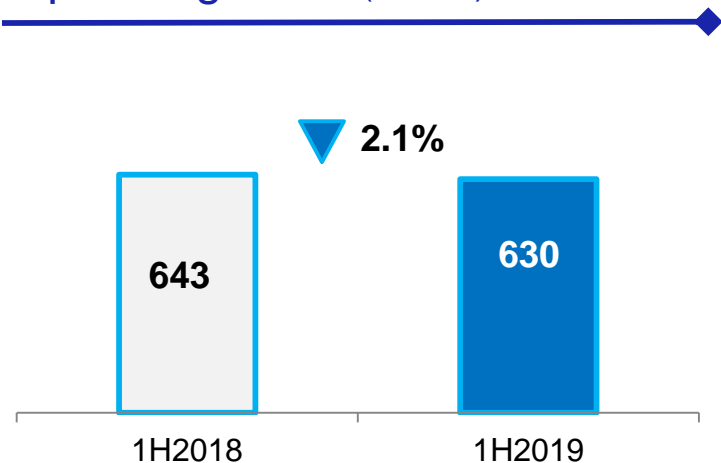


- Prioritised to invest in higher-margin products
- Smart marketing spent
- Continuous cost-saving mechanism across the board

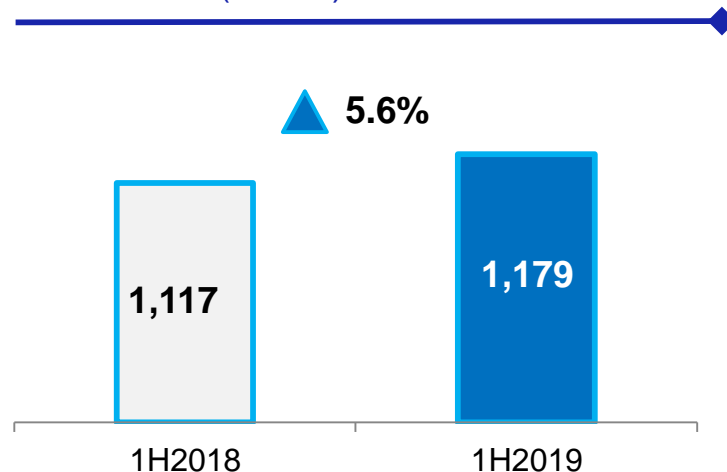


Solid Operating Profit & EBITDA

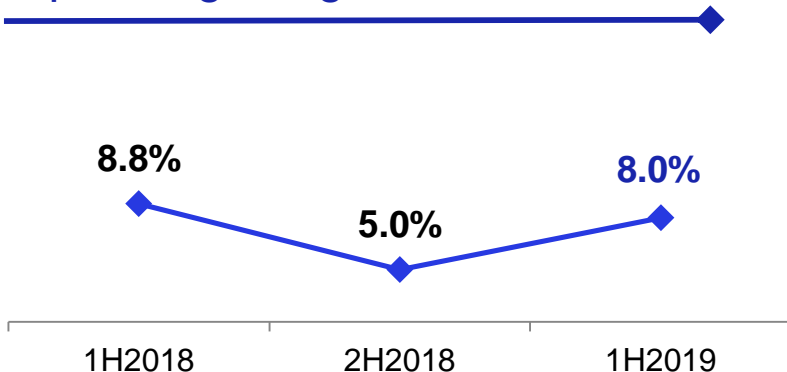
Operating Profit (HK\$M)



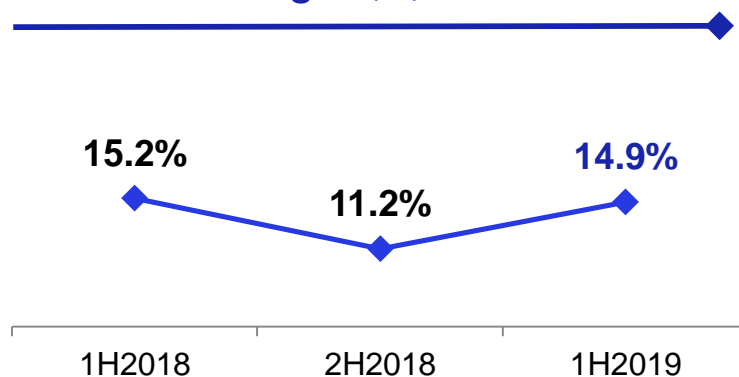
EBITDA (HK\$M)



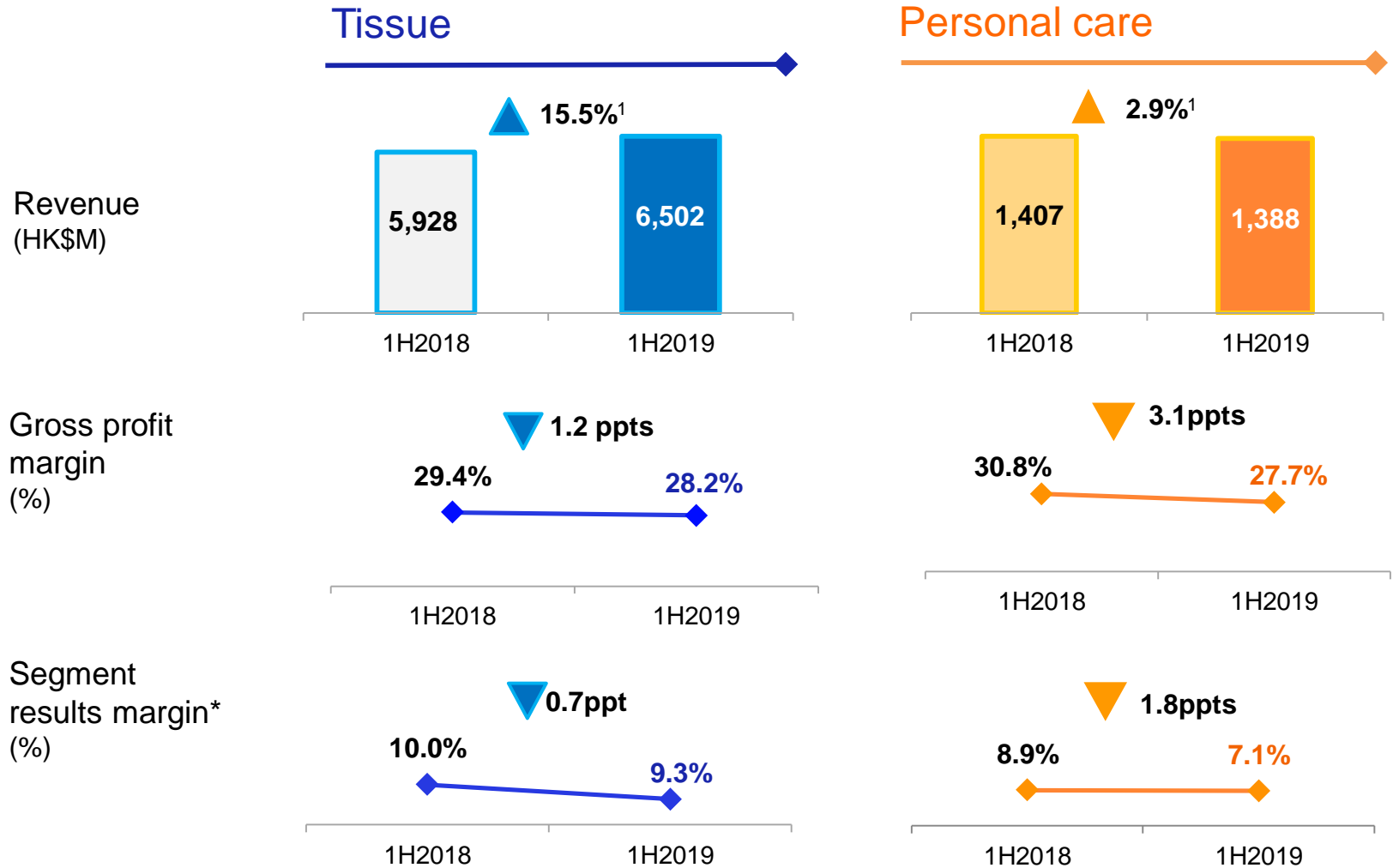
Operating Margin (%)



EBITDA Margin (%)

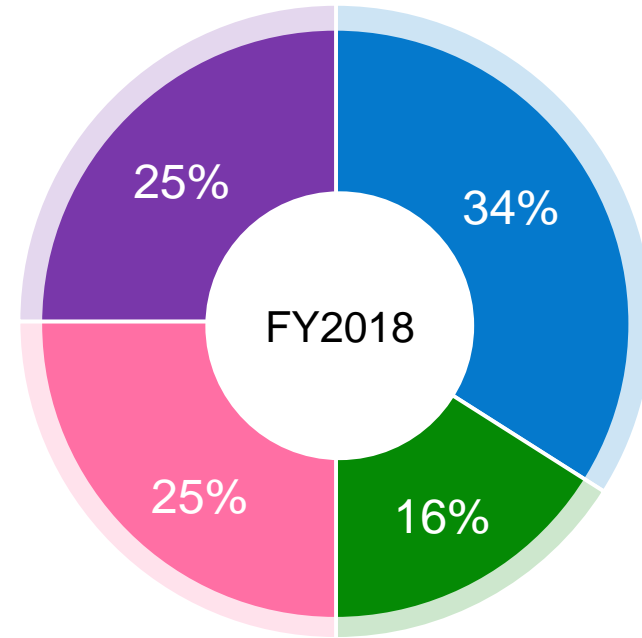
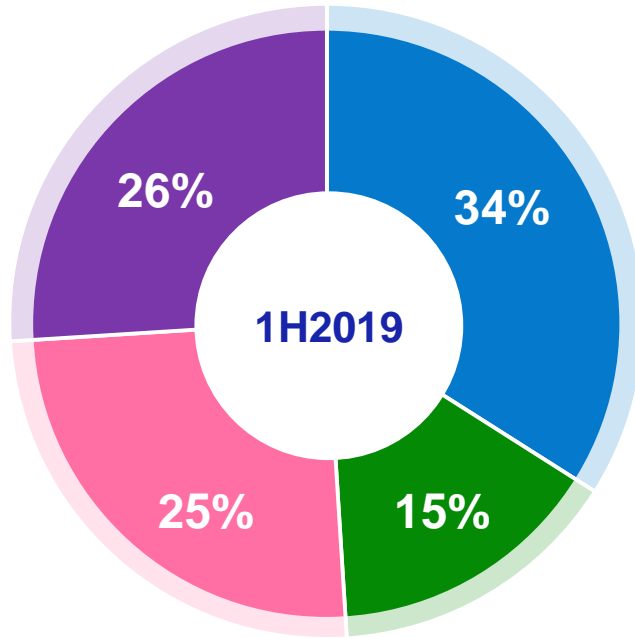


Segment Performance



¹segment profit before amortisation of trademarks, licenses & contractual customer relationship)

Continuous Growth in E-commerce & B2B

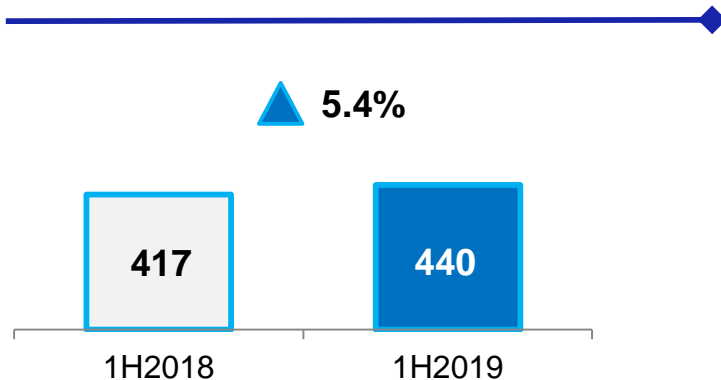


- Double-digit constant exchange rate of E-commerce & B2B
- China E-commerce represented more than 30% of China sales

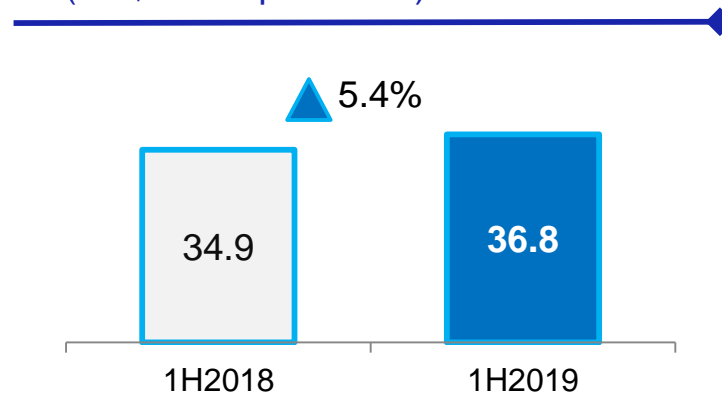
- Traditional channels (i.e. Distributors)
- B2B (i.e. Corporate clients)
- Key accounts (i.e. Hypermarkets, Supermarkets)
- E-Commerce

Net Profit & Dividend

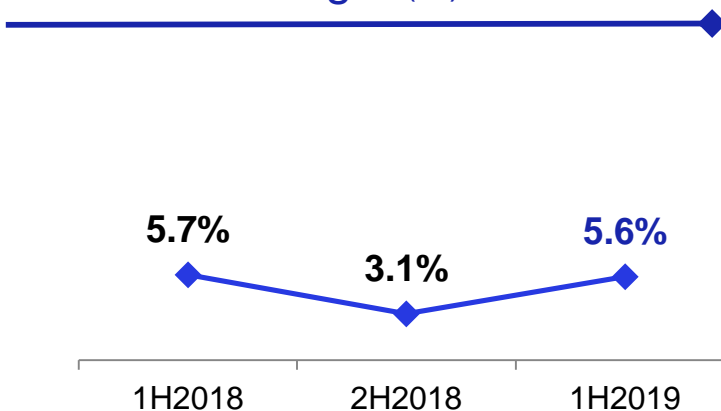
Net Profit (HK\$M)



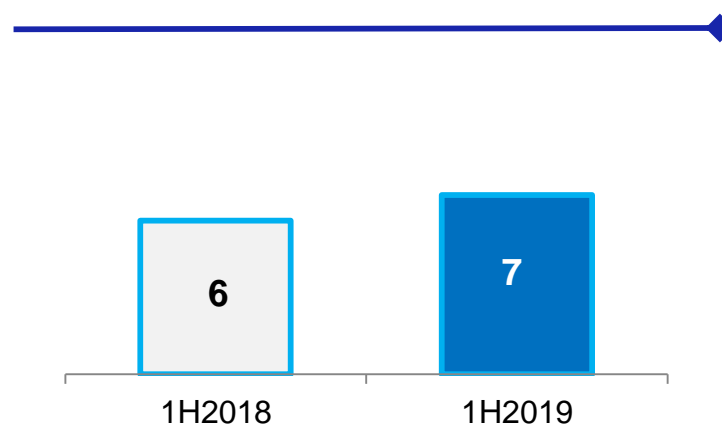
Basic Earnings Per Share (HK\$ cents per share)



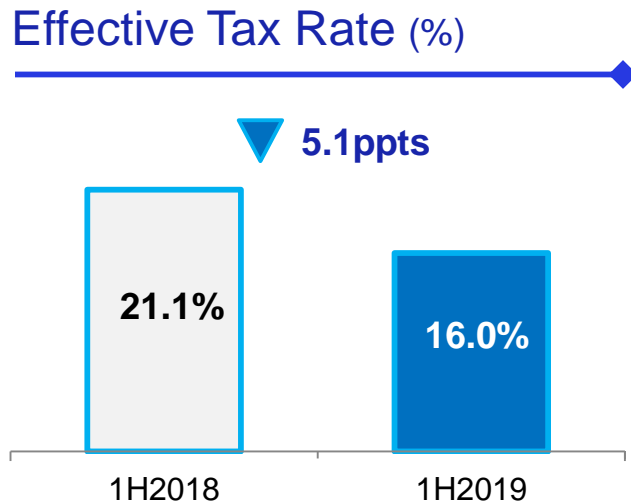
Net Profit Margin (%)



Proposed Interim Dividend (HK\$ cents per share)



Lower Effective Tax Rate



Lower effective tax rate:

- ❑ More subsidiaries are qualified for the High and New Technology Enterprises
- ❑ Super-deduction for qualified R&D from four subsidiaries

Key Indicators

(HK\$M)	As at 30 Jun 2019	As at 31 Dec 2018
Debtors turnover days ¹	42	43
Creditors turnover days ²	84	87
Finished goods turnover days ³	46	49
Working capital to sales ratio ⁴	2.9%	4.6%
(HK\$M)	As at 30 Jun 2019	As at 31 Dec 2018
Cash and cash equivalents	487	574
Total borrowings & lease liabilities	4,960	5,245
Net debt	4,473	4,671
Net gearing ratio ⁵	49.9%	53.5%
Net debt/EBITDA	2.2	2.4

¹ Multiplying 12-month average account receivables by 360 days and dividing the result by the revenue for the last 12 months

² Multiplying 12-month average account payables by 360 days, and dividing the result by the cost of sales for the last 12 months

³ Multiplying 12-month average finished goods by 360 days, and dividing the result by the cost of sales for the last 12 months

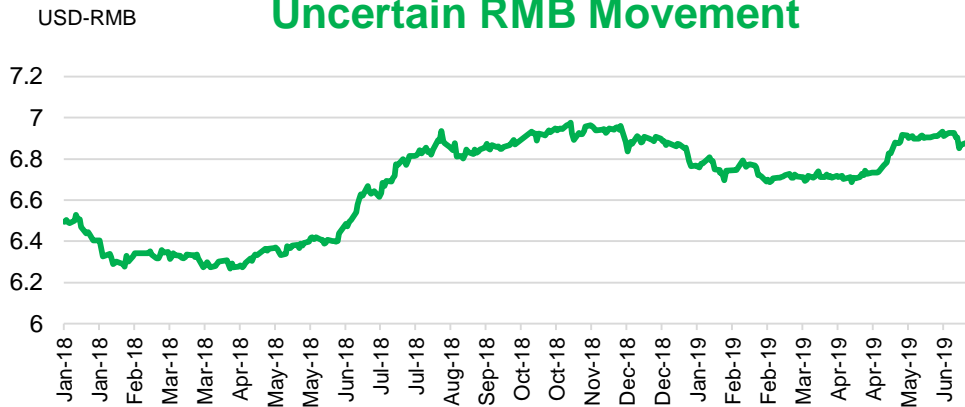
⁴ Total working capital (excl. cash & cash equivalents)/ total revenue

⁵ Net debt/ total shareholders' equity

Uncertainties in 2019

1

Uncertain RMB Movement

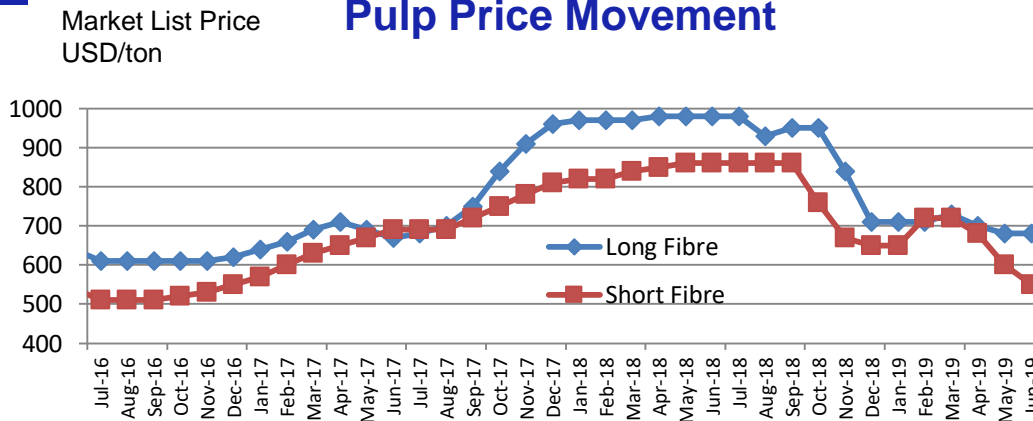


3

Lingering Sino-US trade tension

2

Pulp Price Movement



4

Market competition continues

5

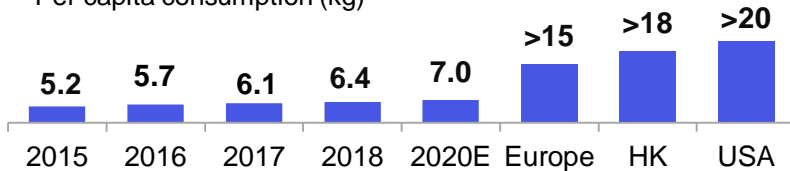
Nation-wide deleveraging situation

Opportunities

1

Increasing Tissue Consumption in China¹

Per capita consumption (kg)



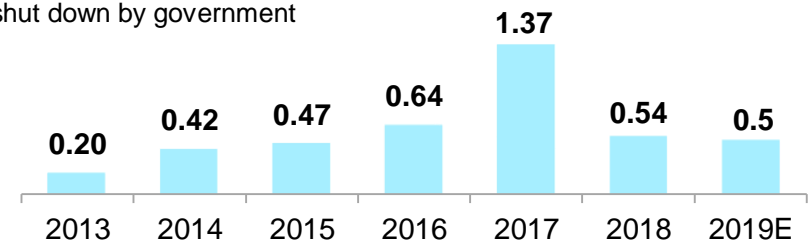
Tissue Market Size¹: RMB 116Bn

CAGR: +8.3% (2013-18)

2

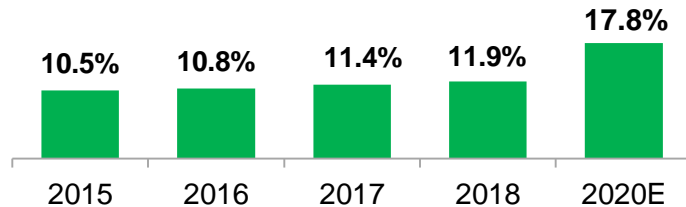
Stringent Environment Regulation¹

China tissue capacity (M tons) shut down by government



3

Aging Population² (aged 65 or above)



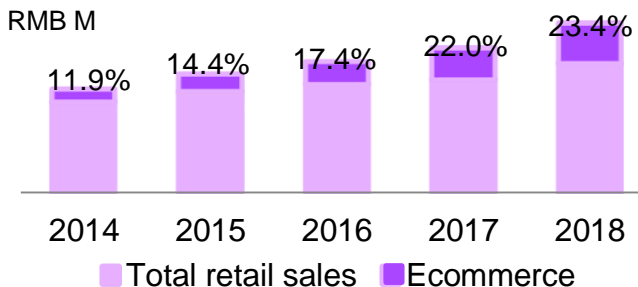
Inco Market Size¹: RMB 7Bn

CAGR: +17.3% (2013-18)

4

Fast growing online sales²

RMB M



2020E Ecommerce³: RMB9,600B

2016-2020E CAGR²: 20%

Fempro Market Size¹: RMB56.3Bn

CAGR: +9.7% (2013-18)

Production Capacity Plan



Tissue annual designed capacity

1.22 M tons (end of Jun 2019) → **1.25 M tons** (end of 2019)

- +30,000 tons in 19Q2 in Hubei
- -30,000 tons (discontinued operation of an old and high-energy consuming machinery) in 19Q2 in Xinhui
- +30,000 tons in 19Q4 in Hubei

Personal care facility

- Expanded local production for feminine and incontinence products

2H2019 Focus: Growth & Profit & Efficiency



Growth & Profit & Efficiency

- Continue growth momentum & improve profit margins

- Enhance portfolio mix

- Drive growth in personal care esp. relaunch of *Libresse* in mainland China

- Smart spent & cost saving across all functions, projects and business units

- Improve production and operational efficiency

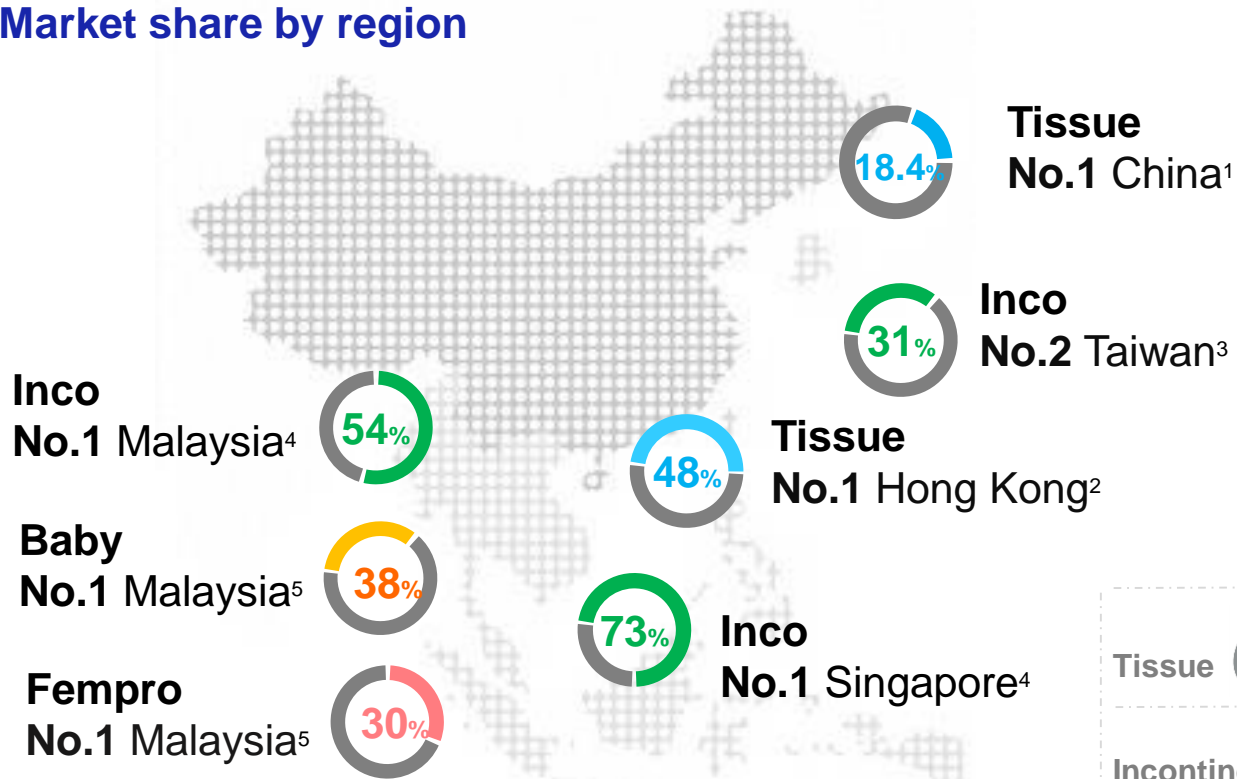
- Improve working capital management & cash generating ability



Appendix

Leading Market Positions

Market share by region



Note:

1. Kantar, value share YTD 14 June 2019
2. Nielsen, value share MAT Nov 2018
3. Nielsen, volume share YTD May 2019
4. Internal estimates, value share 2018
5. Kantar Worldpanel, value share YTD at 19 May 2019

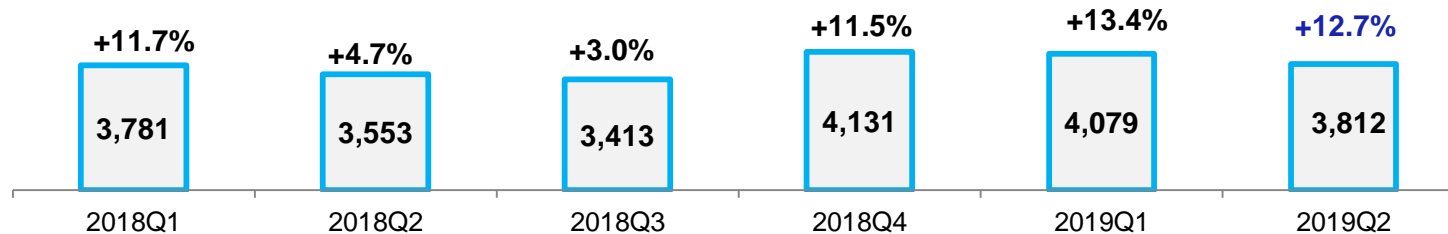
Financial Highlights Summary

(HK\$M)	1H2019	1H2018	YOY
Revenue	7,891	7,334	+7.6%
<i>Growth at constant exchange rate</i>	+13.0%	+8.1%	
Gross profit	2,217	2,178	+1.8%
<i>Gross margin</i>	28.1%	29.7%	-1.6ppts
Operating profit	630	643	-2.1%
<i>Operating margin</i>	8.0%	8.8%	-0.8ppt
EBITDA	1,179	1,117	+5.6%
<i>EBITDA margin</i>	14.9%	15.2%	-0.3ppt
Net profit	440	417	+5.4%
<i>Net margin</i>	5.6%	5.7%	-0.1ppt
Basic EPS (HK cents)	36.8	34.9	+5.4%
Proposed interim dividend per share (HK cents)	7.0	6.0	

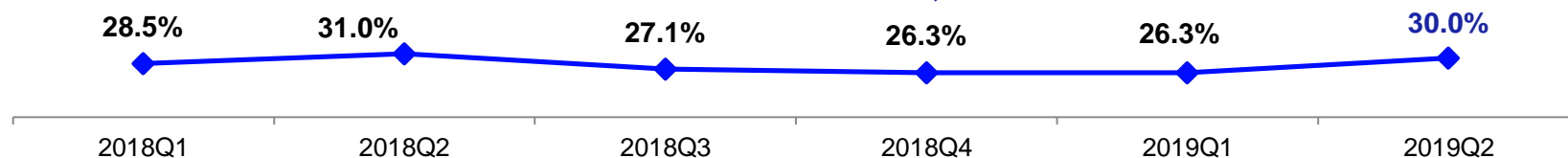
2H2018	HOH
7,544	+4.6%
+7.4%	
2,009	+10.4%
26.6%	+1.5ppts
376	+67.6%
5.0%	+3.0ppt
845	+39.5%
11.2%	+3.7ppt
232	+89.7%
3.1%	+2.5ppt

Quarterly Financial Highlights

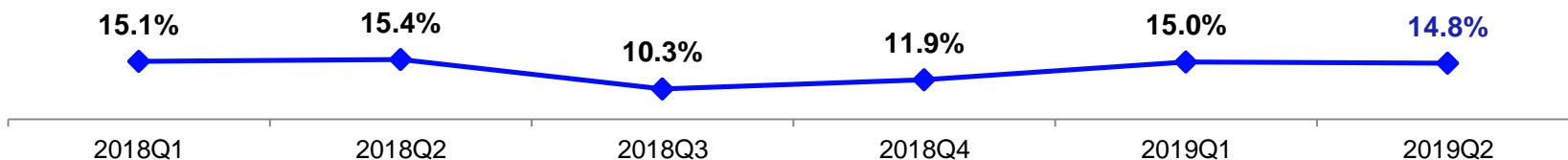
Revenue (HK\$M) & YOY growth (growth at constant exchange rate)



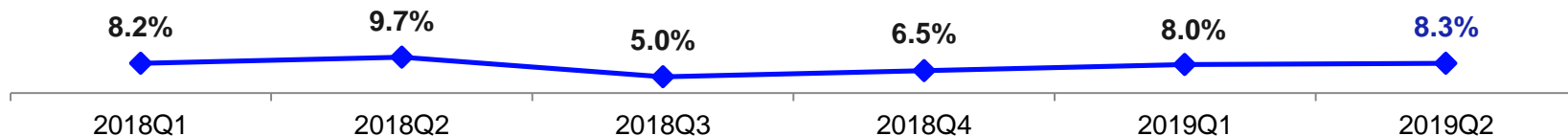
Gross Profit Margin(%)



EBITDA Margin (%)



Operating Margin (if excluding the FX effect from operating items)(%)





Q&A



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