

# 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

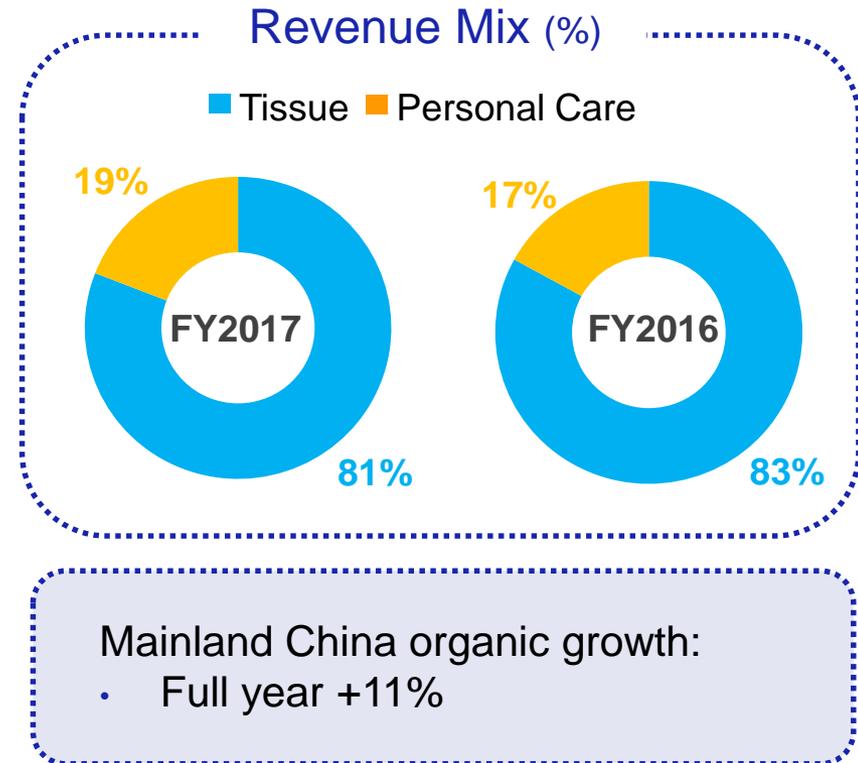
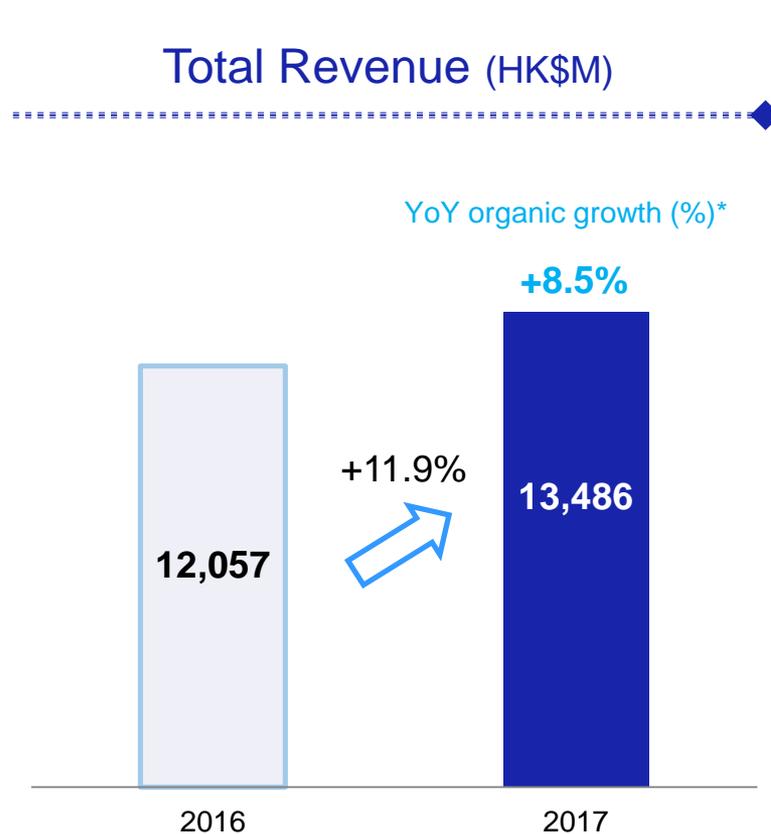
## 2018 Focus:

- Growth
- Efficiency

# Financial Highlights

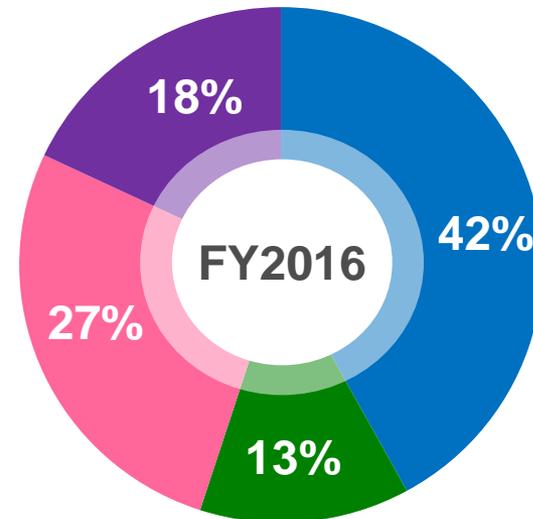
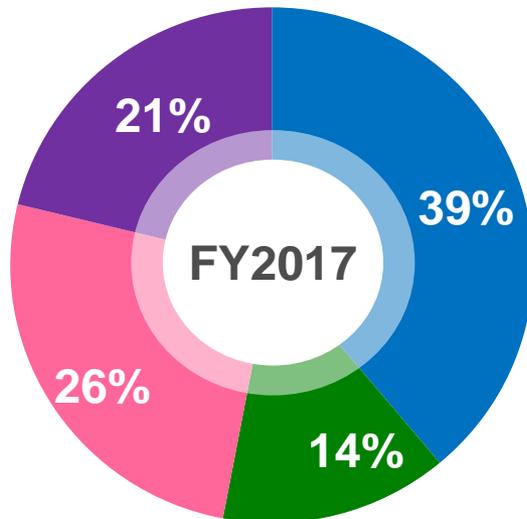


# Revenue



\* Since 1 April 2016, the completion date of the acquisition of SCA Asia business in Malaysia, Taiwan 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 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.

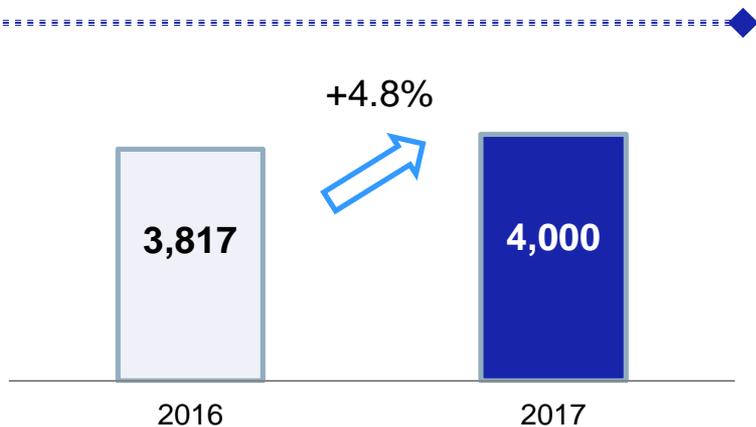
# Revenue by Channels



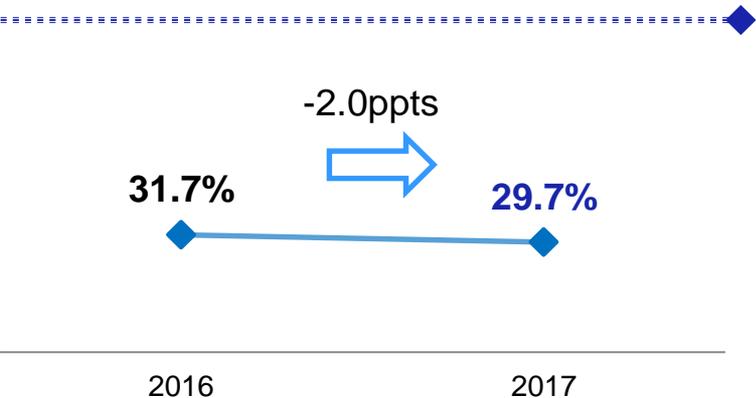
- Traditional channels (i.e. Distributors)
- B2B (i.e. Corporate clients)
- Key accounts (i.e. Hypermarkets, Supermarkets)
- E-Commerce

# Gross Profit

## Gross Profit (HK\$M)



## Gross Profit Margin (%)



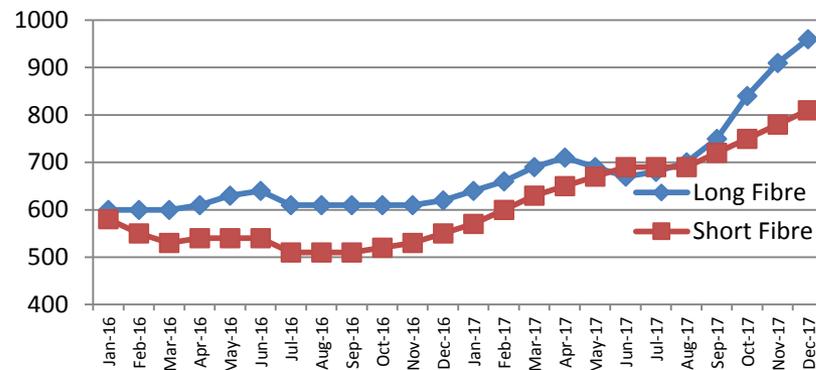
## Market List Price

FY17 avg v.s. FY16 avg

Long fiber: +20%

Short fiber: +30%

USD/ton

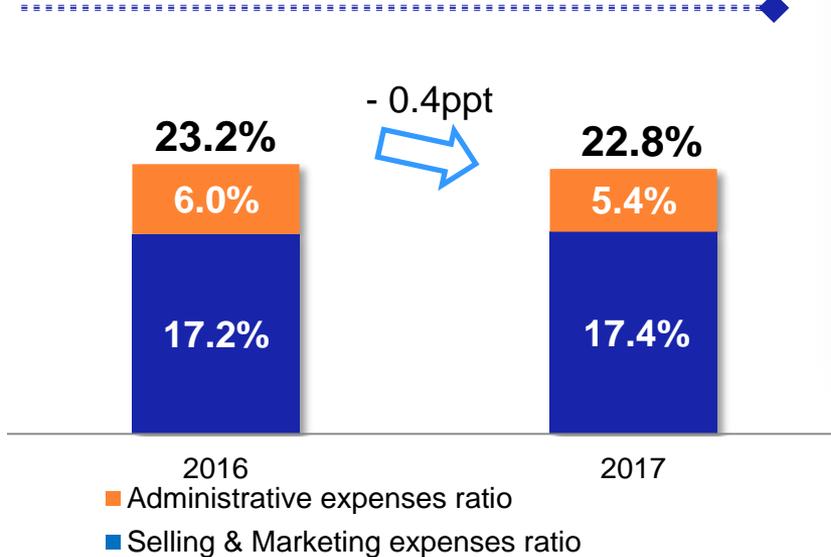


- Product portfolio management
- Cost saving programme
- Product price hike in Q4

# SG&A Ratio



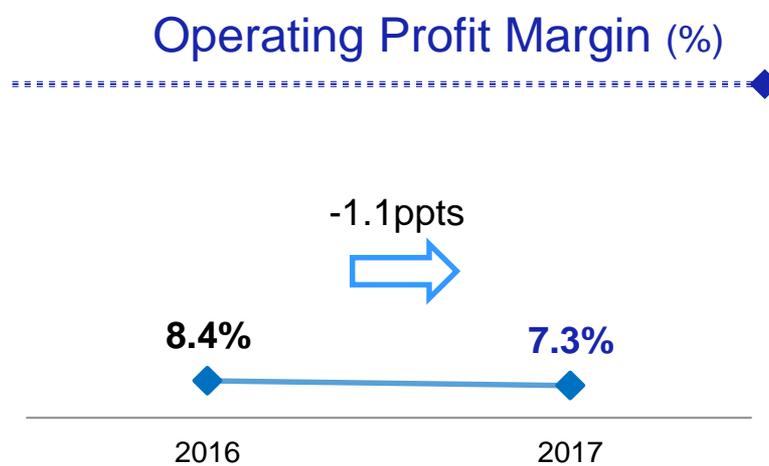
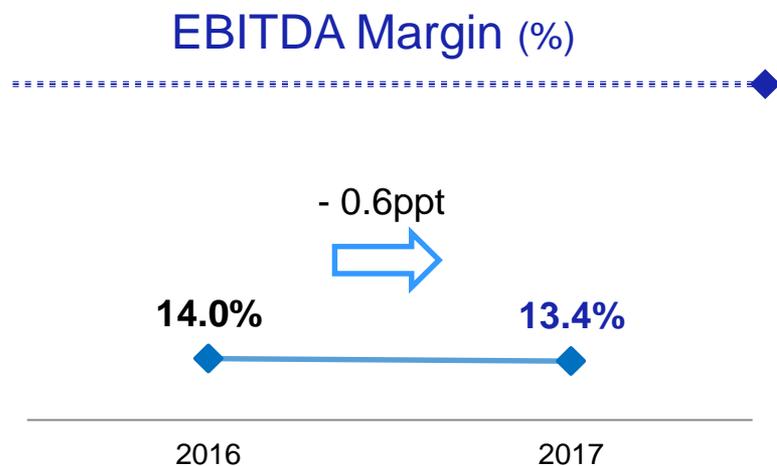
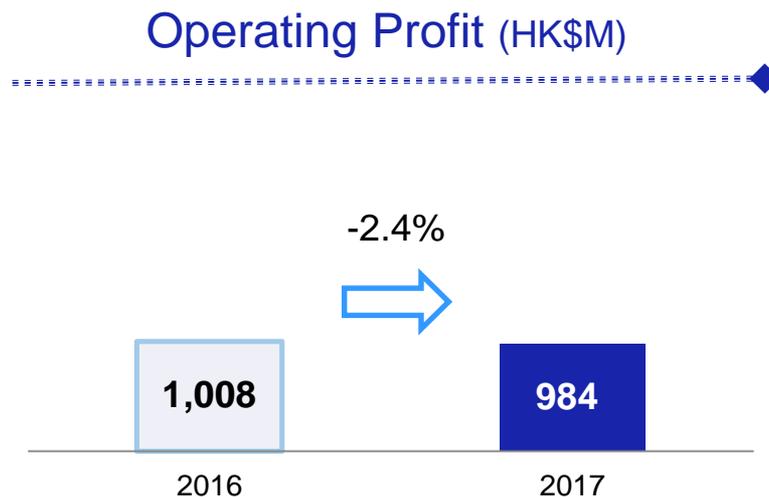
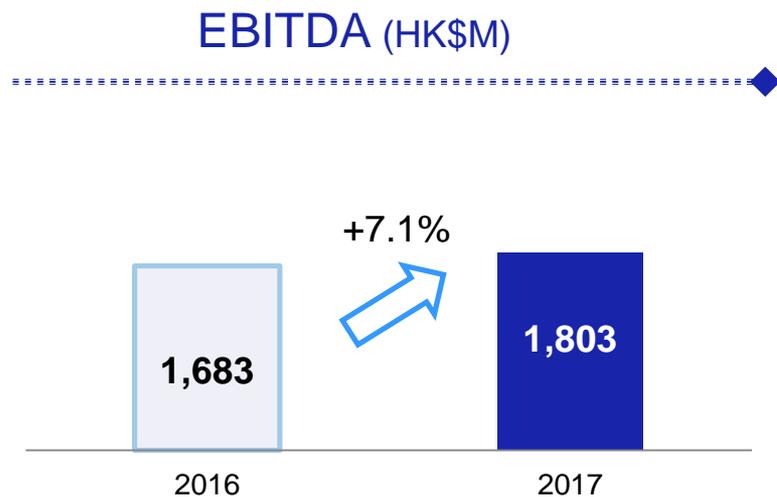
## SG&A as a % of Sales



- 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



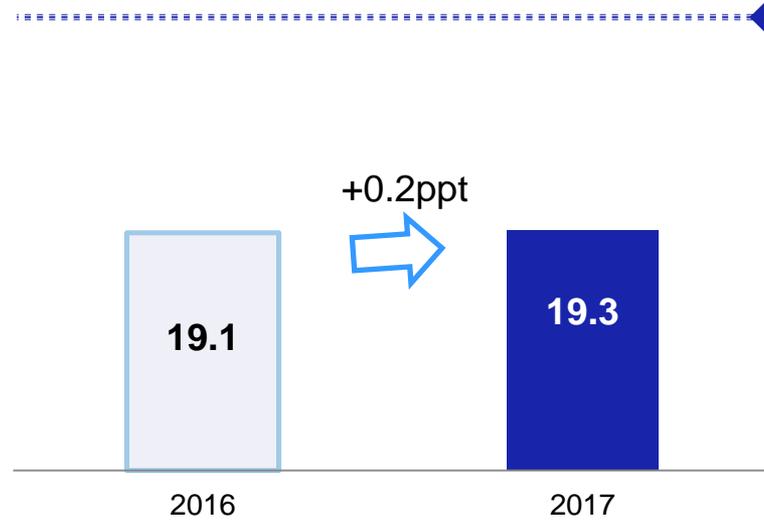
# EBITDA Profit & Operating Profit



# Effective Tax Rate

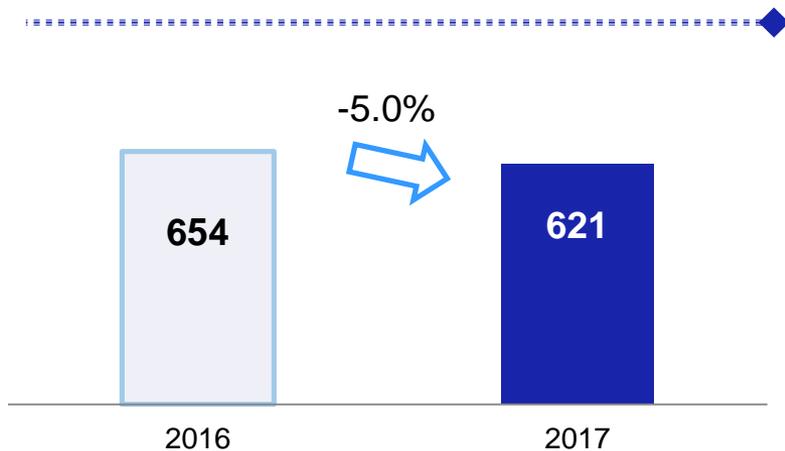


Effective Tax Rate (%)

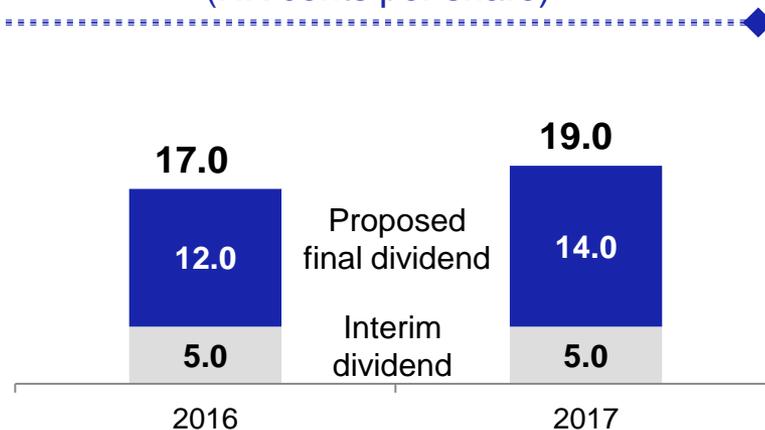


# Net Profit & Dividend

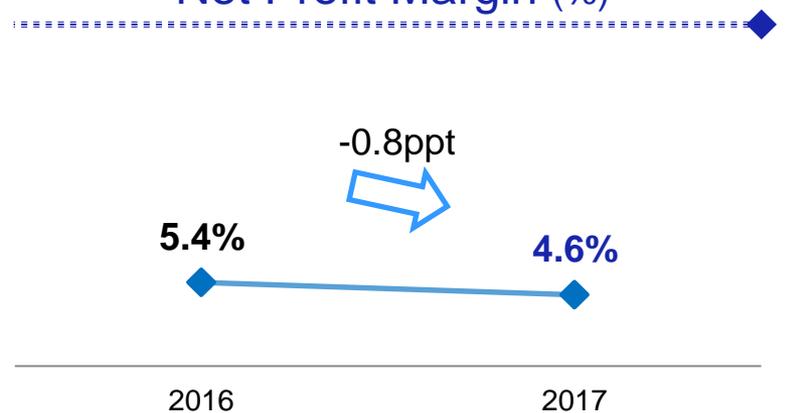
## Net Profit (HK\$M)



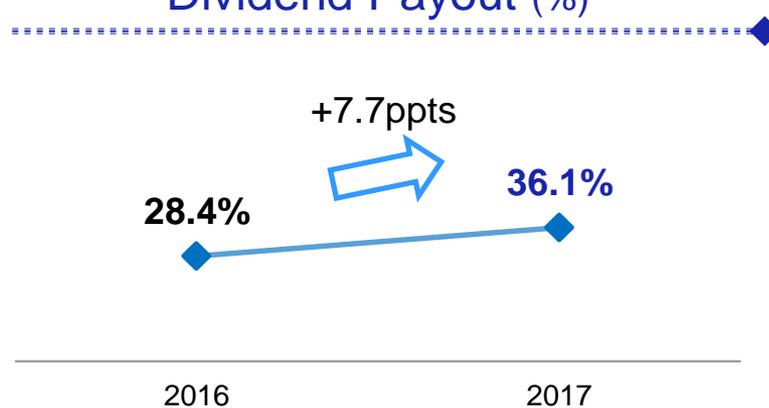
## Proposed Total Dividend (HK cents per share)



## 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 <sup>1</sup>	535	1,015
Total borrowings <sup>2</sup>	5,236	5,017
Borrowings in CNY (%)	72%	69%
Net debt	4,702	4,001
Net gearing ratio <sup>3</sup> (%)	54%	59%
Net debt/EBITDA	2.6	2.4
Net cash flow <sup>4</sup>	(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.

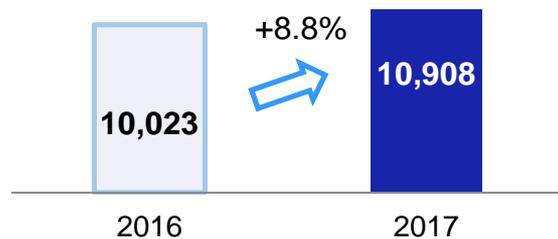
4. Change of net debt, including exchange rate effect

# Segment Performance

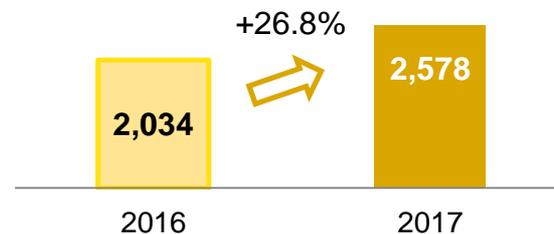
## Tissue

## Personal care

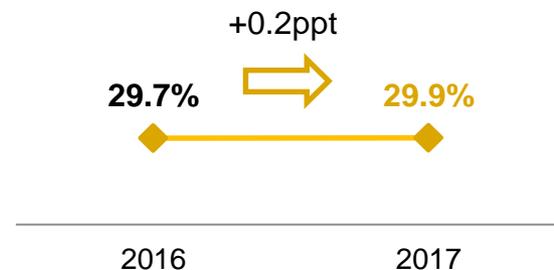
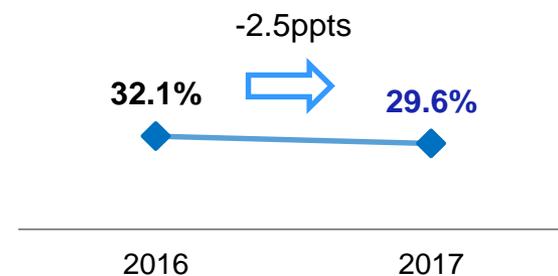
◆ Revenue (HK\$M)



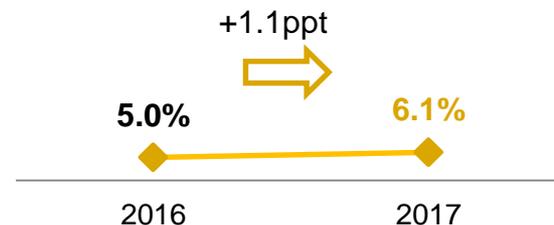
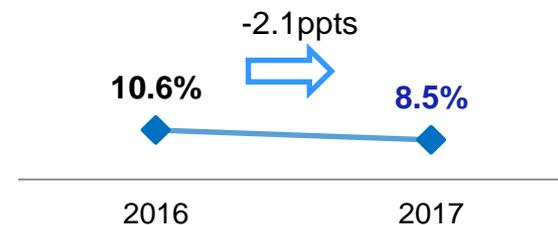
- Acquisition effect
- Double-digit organic growth in China



◆ Gross profit margin



◆ Segment results margin\*



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

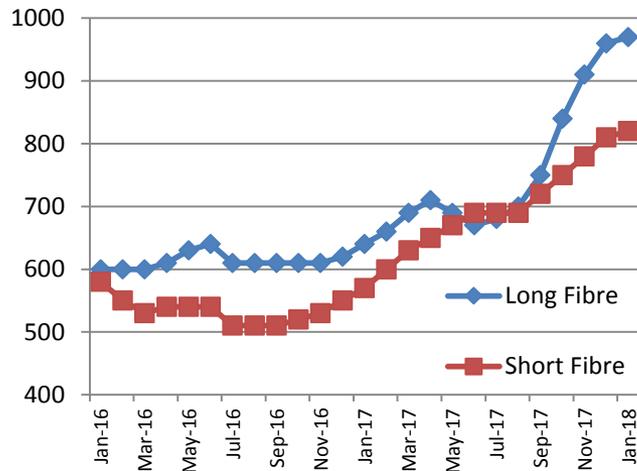
# Outlook



# 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 Goods<sup>1</sup> (RMB bn)

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

## Increasing Per Capita Disposable Income<sup>1</sup> (RMB)

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

## Aging Population<sup>1</sup> (age 65 or above)

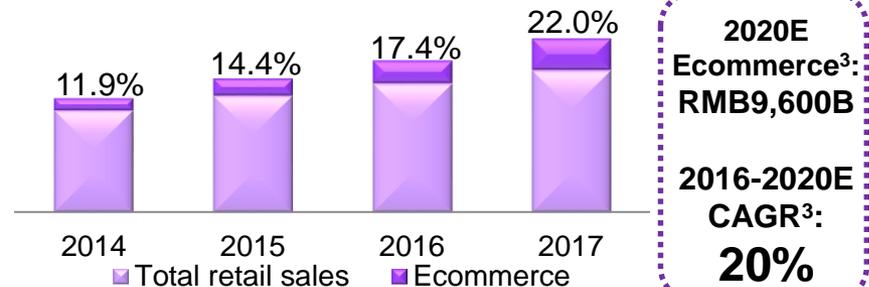
2015: 10.5%  
2016: 10.8%  
2017: 11.4%  
2020: 17.8%

## Stringent environment regulation<sup>2</sup>

China tissue capacity (M tons) shut down by government



## Increasing proportion of ecommerce to offline retail sales<sup>1</sup>

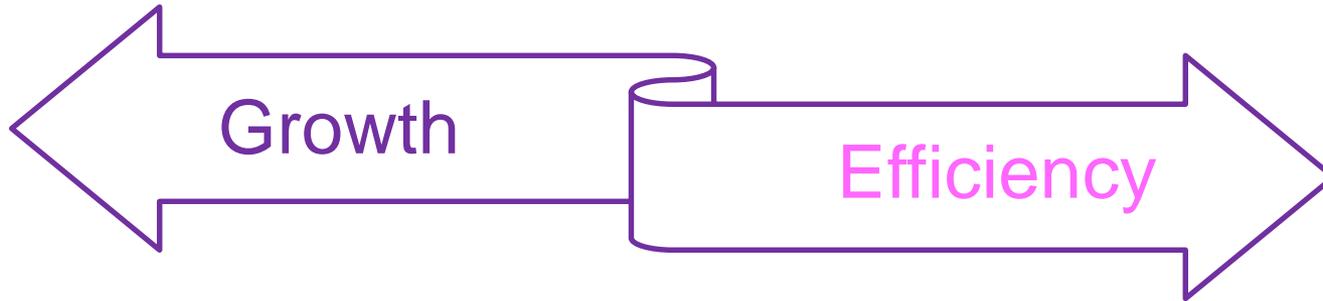


<sup>1</sup> National Bureau of Statistics of the People's Republic of China

<sup>2</sup> China Paper Association & internal estimate

<sup>3</sup> 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

- Tissue only
- Personal care only
- Tissue & Personal care
- Yangjiang production site under-construction

# Q&A

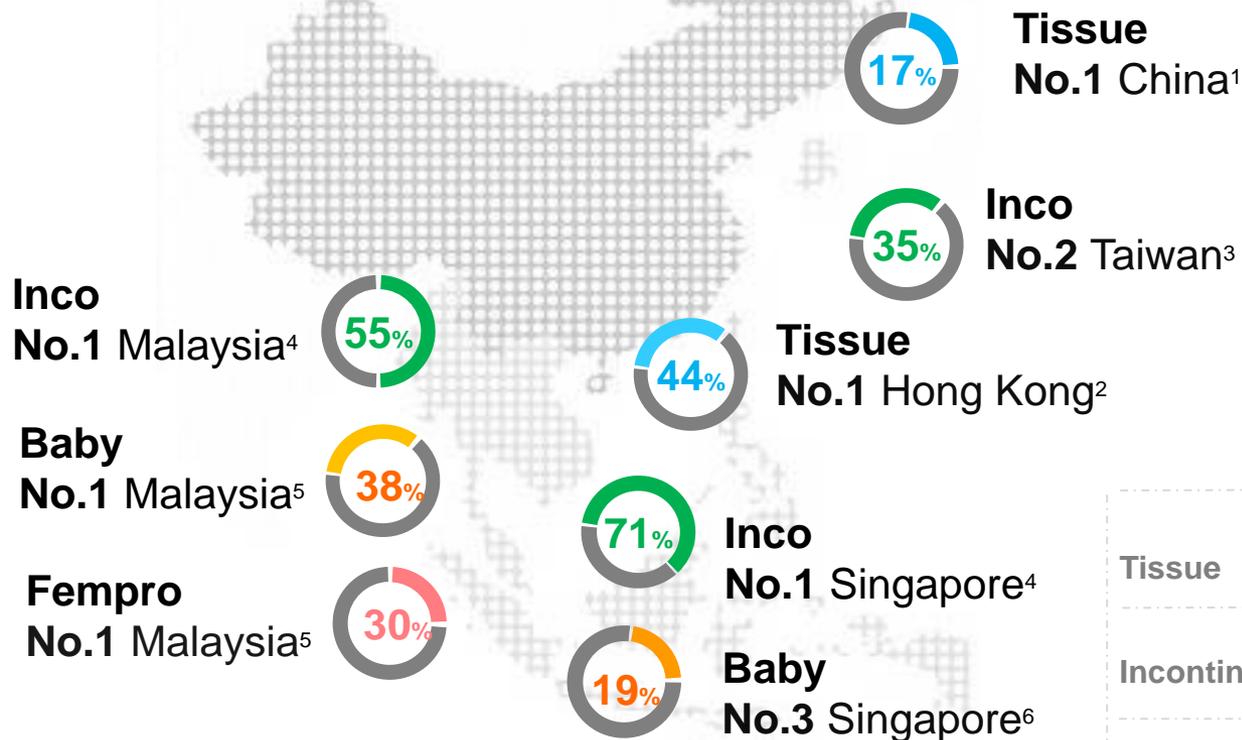


A photograph of three young women with long dark hair, smiling and taking a selfie together outdoors. The woman on the left is holding a white smartphone up. They are wearing light-colored, possibly peach or pink, blouses. Several colorful shopping bags (yellow, purple, green) are visible at the bottom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

# Appendix

# Market Positions in 2017

## Market share by region



Note:

1. Kantar Worldpanel, value share between 31 Dec 2016 and 29 Dec 2017
2. Nielsen, value share MAT Nov 2017
3. Nielsen, volume share YTD at 31 Dec 2017
4. Internal estimates, value share 2016
5. Kantar Worldpanel, value share YTD at 3 Dec 2017
6. Nielsen, volume share YTD at 31 Dec 2017

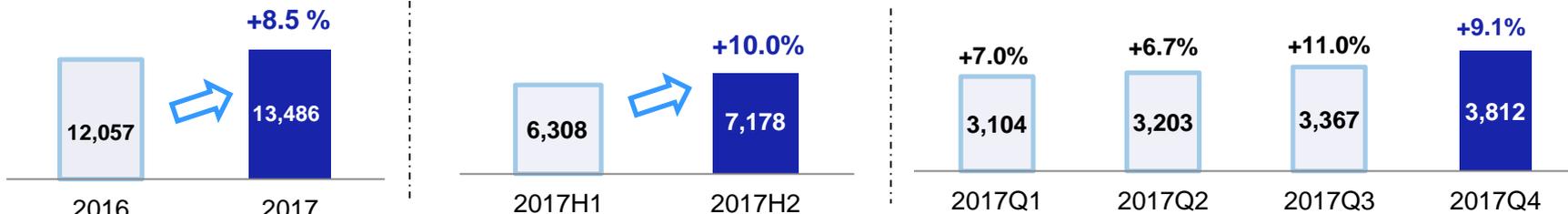
# Full Year Highlights

(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%

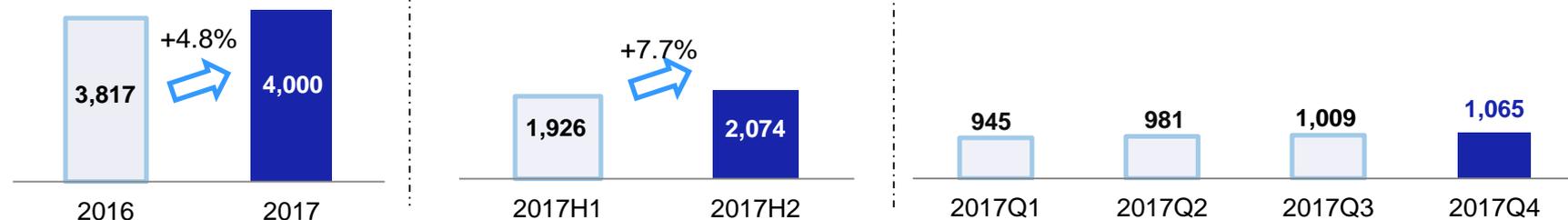
\*Organic revenue growth of 2017 was 8.5%

# Half Year & Quarterly Highlights

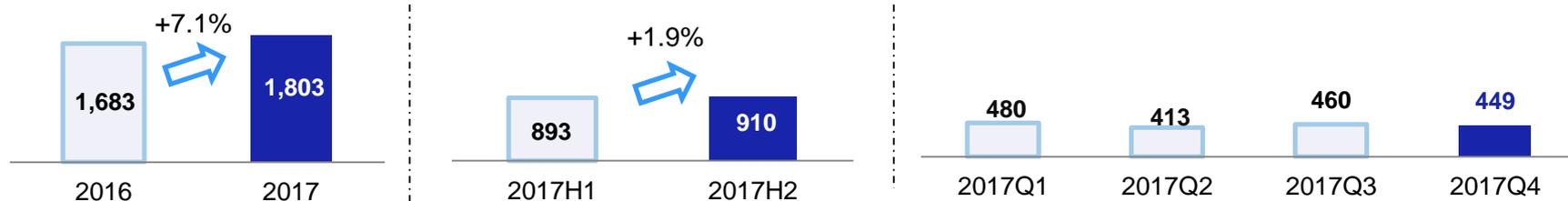
## Revenue (HK\$M) & Organic Growth (%)



## Gross Profit (HK\$M)



## EBITDA (HK\$M)



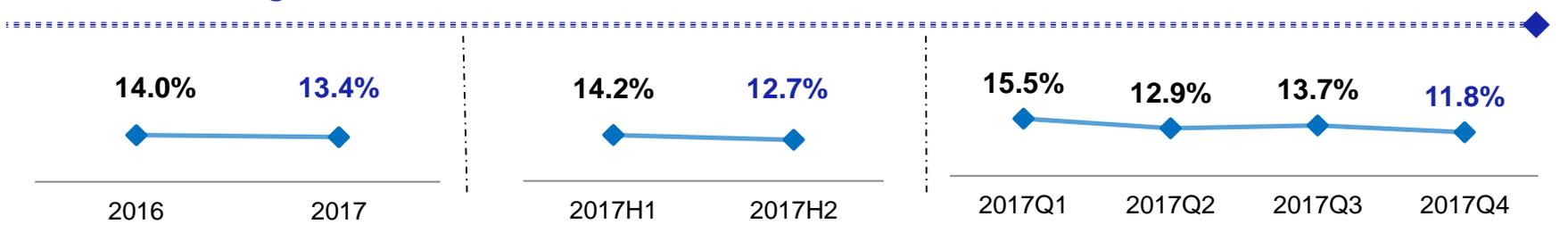
# Half Year & Quarterly Highlights (cont'd)



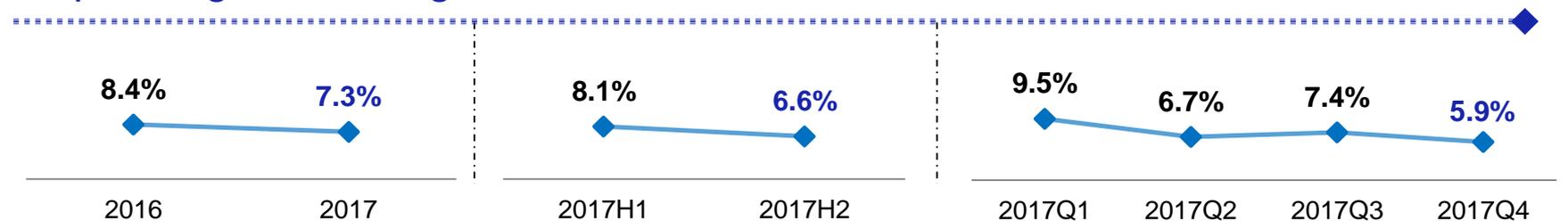
## Gross Profit Margin (%)



## EBITDA Margin (%)



## Operating Profit Margin (%)



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**Thank You**

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Starts with Vinda*

