

Vinda International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3331)



2020 Interim Results

Healthy Lifestyle
Starts with Vinda



Chairman's Highlights

1

Strong Profitability

- ❑ Significant improvement in margins (GPM & NPM)
- ❑ Low wood pulp cost and continuous portfolio mix enhancement
- ❑ Solid consumer demand

2

Resilient Performance

- ❑ Growing momentum in personal care business
- ❑ 30% organic growth¹ in e-commerce

3

Inclusion in Leading Indexes

- ❑ MSCI Global Standard Indexes
- ❑ MSCI China All Shares Index
- ❑ Hang Seng Composite Index
- ❑ Hang Seng Stock Connect Greater Bay Area Index

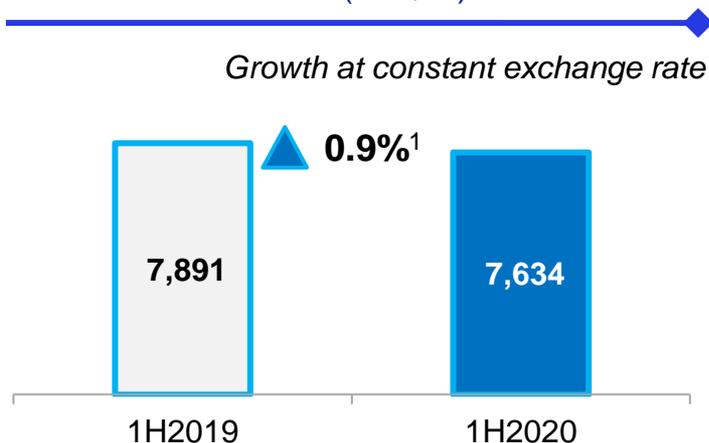
¹ YoY growth at constant exchange rate

A photograph of a family of three sitting on a white sofa. The father is on the left, the mother is in the middle, and a young boy is on the right. They are all smiling and looking towards the camera. The father has his arm around the mother's shoulder, and the mother has her arm around the boy's shoulder. They are all wearing white shirts. The background shows a white bookshelf with books and a vase of yellow flowers. The bottom of the image has a blue and white decorative wave graphic.

Financial Highlights

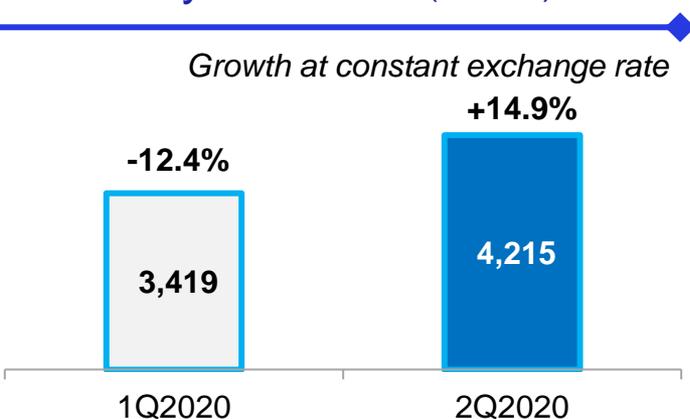
Revenue

Total Revenue (HK\$M)

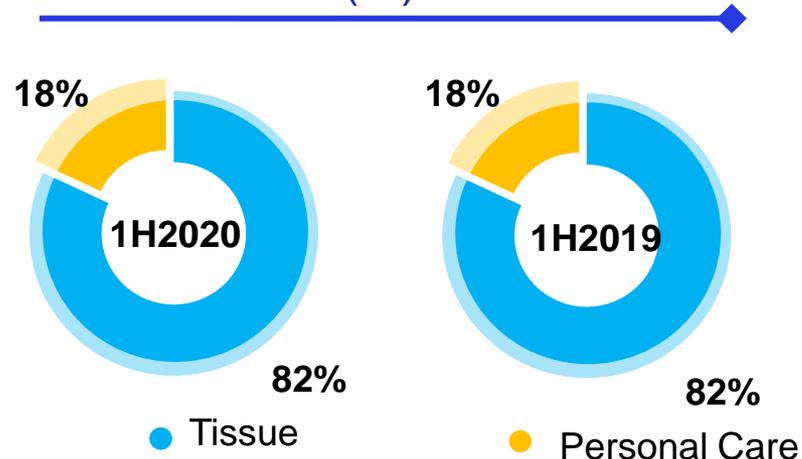


¹ YoY growth at reported rate: -3.3%

Quarterly Revenue (HK\$M)



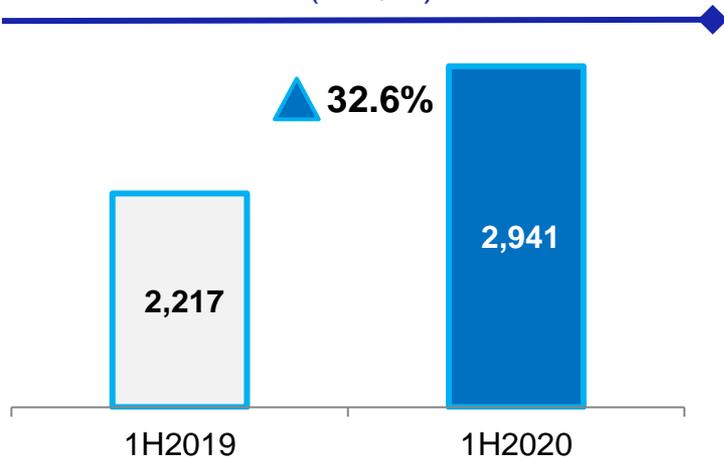
Revenue Mix (%)



- Organic growth of 20.1% in mainland China in Q2 showed a speedy recovery, driven by the solid growth of tissue & personal care
- Strong growth in feminine and incontinence business

Gross Profit Margin

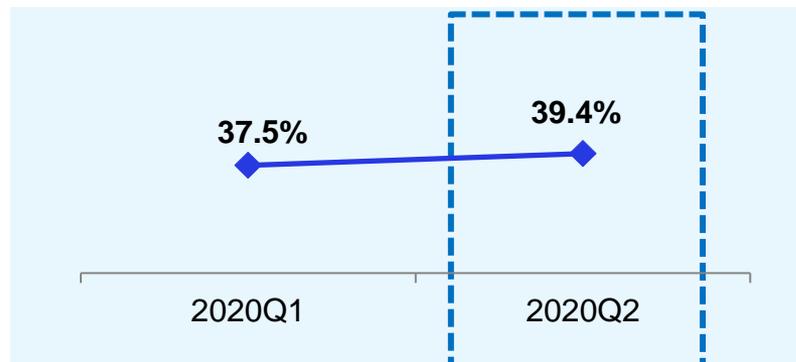
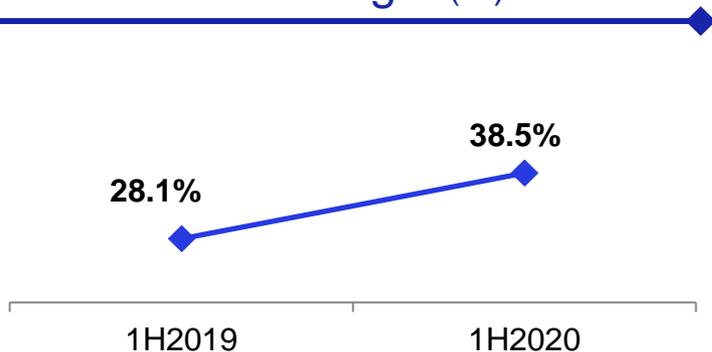
Gross Profit (HK\$M)



Significant enhancement in GPM:

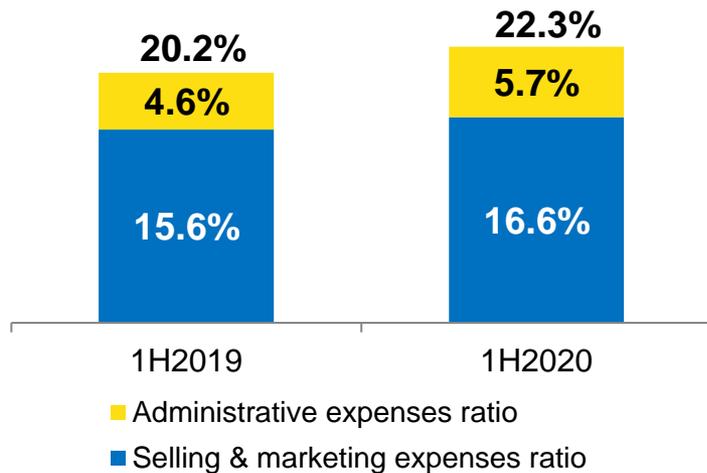
- Mix enhancement
- Soft pulp price
- Growth in premium products

Gross Profit Margin (%)



SG&A

SG&A as a % of Sales

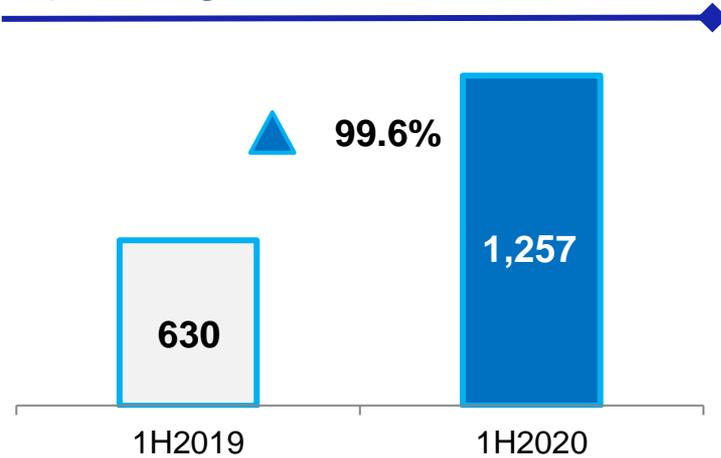


- ❑ Continue to invest for brand building, with focus on premium products
- ❑ More promotional activities
- ❑ Major brand building campaign in Feminine Care in China

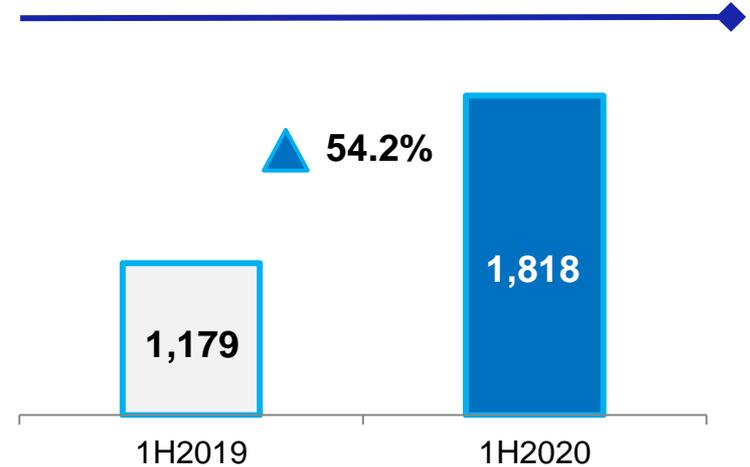


Operating Profit & EBITDA

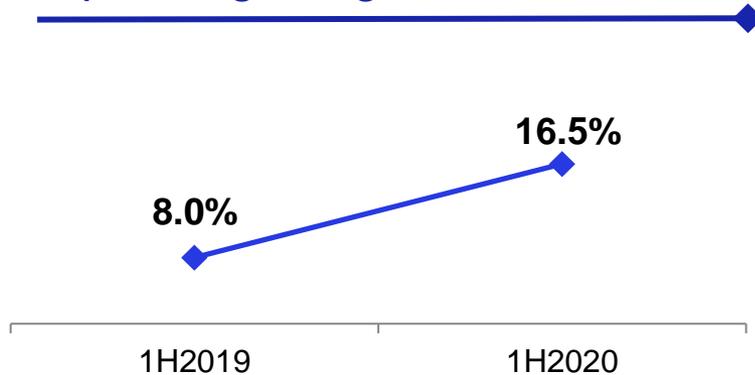
Operating Profit (HK\$M)



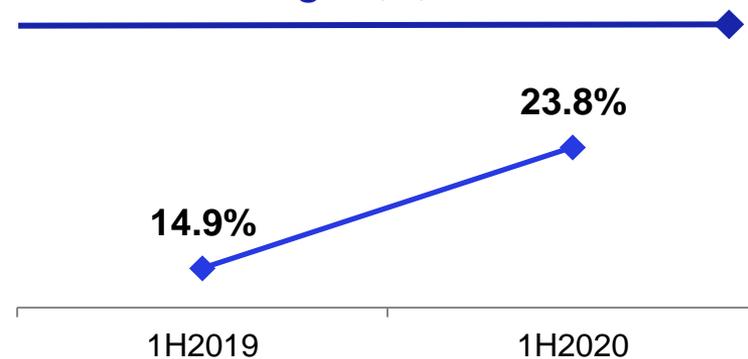
EBITDA (HK\$M)



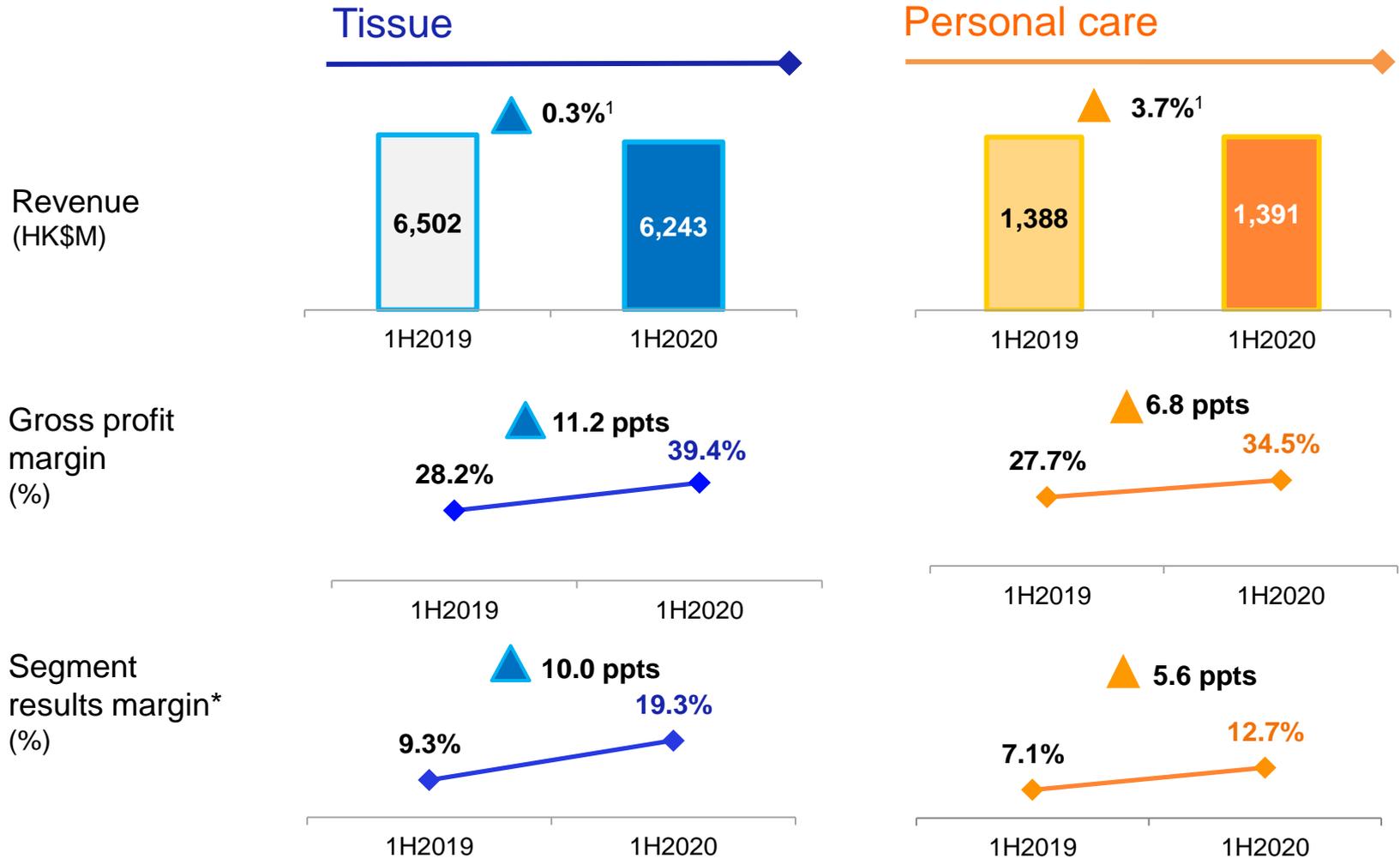
Operating Margin (%)



EBITDA Margin (%)

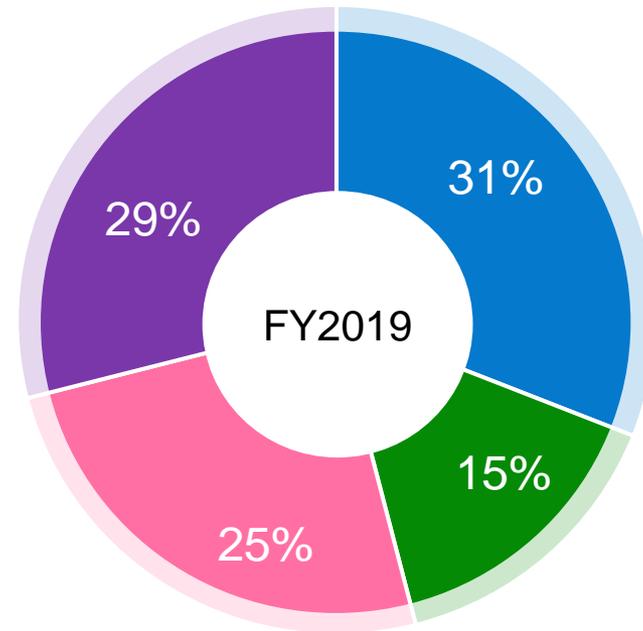
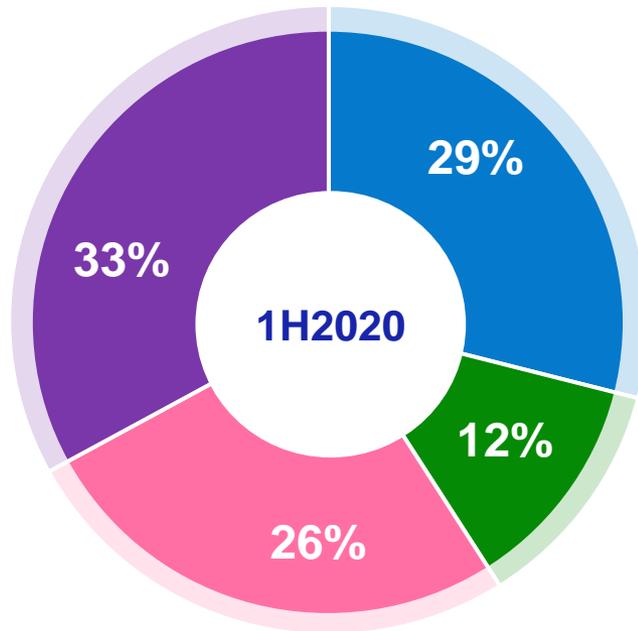


Segment Performance



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

Revenue by Channels

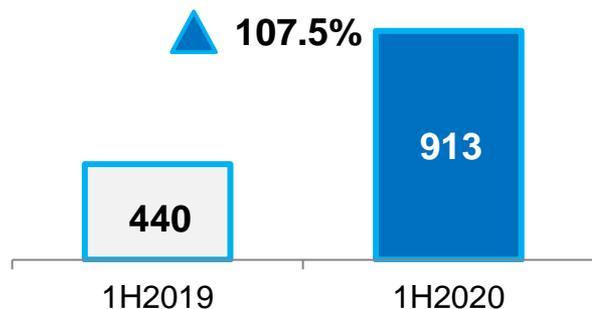


- 30% sales growth in e-commerce in 1H
- China e-commerce contributed 43% of China sales

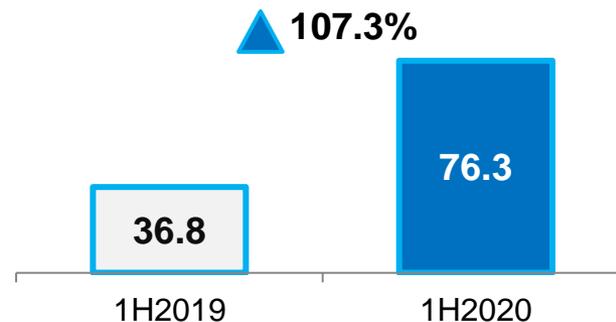
- Traditional channels (i.e. Distributors)
- B2B (i.e. Corporate clients)
- Key accounts (i.e. Hypermarkets, Supermarkets)
- E-Commerce

Net Profit & Dividend

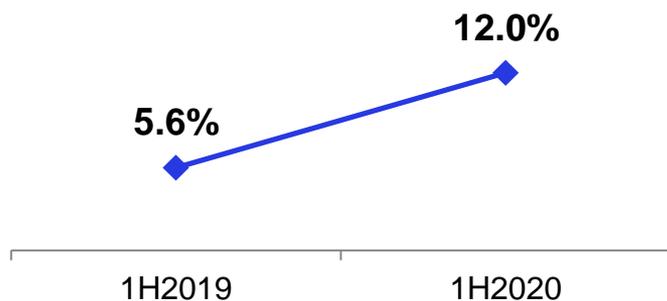
Net Profit (HK\$M)



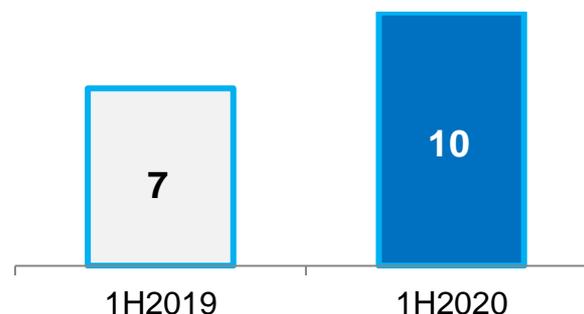
Basic Earnings Per Share (HK\$ cents per share)



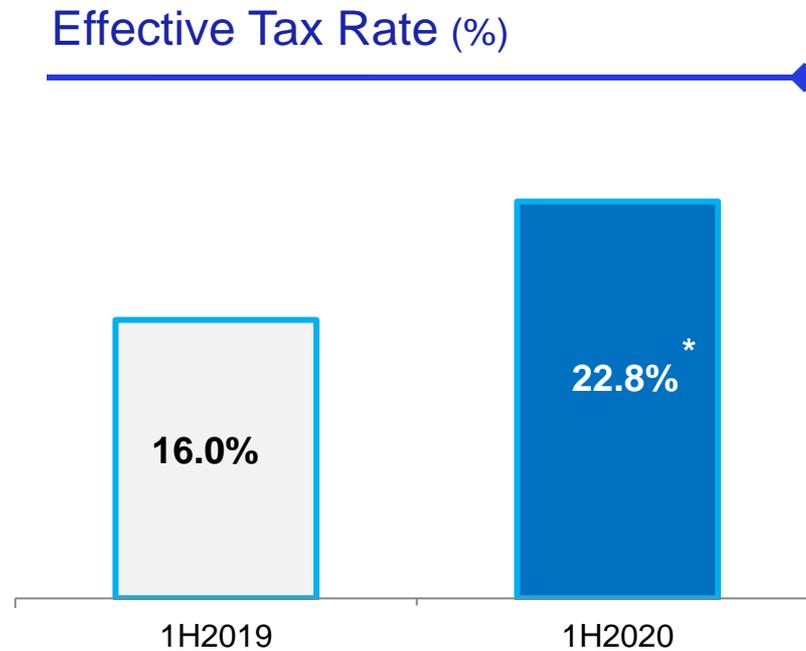
Net Profit Margin (%)



Proposed Interim Dividend (HK\$ cents per share)



Effective Tax Rate



* Applications for High-Tech for some Group companies are in progress

Key Indicators

(HK\$M)	As at 30 Jun 2020	As at 31 Dec 2019
Debtors turnover days ¹	43	42
Creditors turnover days ²	88	90
Finished goods turnover days ³	48	46
Working capital to sales ratio ⁴	7.3%	4.5%
(HK\$M)	As at 30 Jun 2020	As at 31 Dec 2019
Cash and cash equivalents	876	460
Total borrowings & lease liabilities	4,097	4,339
Net debt	3,221	3,879
Net gearing ratio ⁵	32.5%	41.0%
Net debt/EBITDA	0.9	1.4

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)/ rolling 12 months revenue

⁵ Net gearing ratio: net debt / total shareholders' equity

Summary of Key Opportunities

Continuous growth opportunities

- **Tissue market:** Low per capita consumption, premiumization and Professional Hygiene
- **Feminine:** Driving towards double digit share
- **Incontinence:** Catering for the aging demographics
- Leveraging channel strength with focus on e-commerce

Profitability enhancement

- Portfolio management in tissue with focus on premium
- Higher contribution from Personal Care
- Continuous cost management

Consumer relevant innovations

- Excellent customer and consumer insight
- Focused innovation strategy and execution



ESG

- Focus on sustainability: certified fiber, emission and waste reduction
- Developing our people: health and safety, training & career development
- Excellent corporate governance: code of conduct, transparency & compliance



Appendix

Production Capacity Plan

Tissue annual designed capacity

1.25 M tons (2019)  **+ approx.10%** (2021)

- Target to complete the tissue capacity expansion in Yangjiang and Zhejiang in 2021
- In the future CAPEX focus on premium tissue capacity

Personal Care facility

- SEA Hub in Malaysia focus on cost reduction and capacity expansion

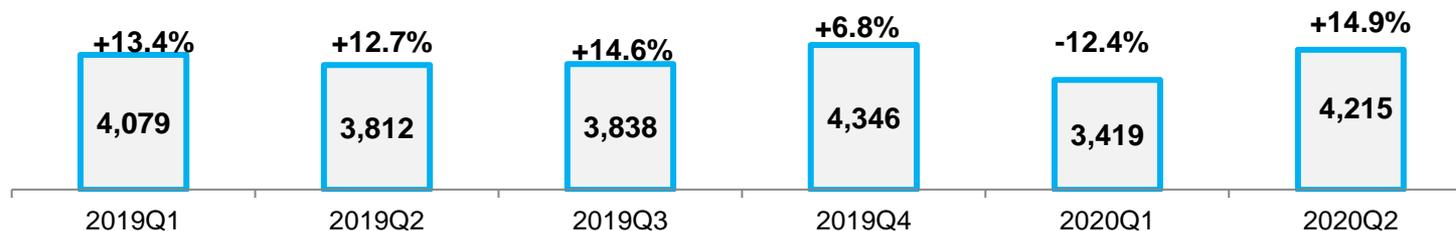


Financial Highlights Summary

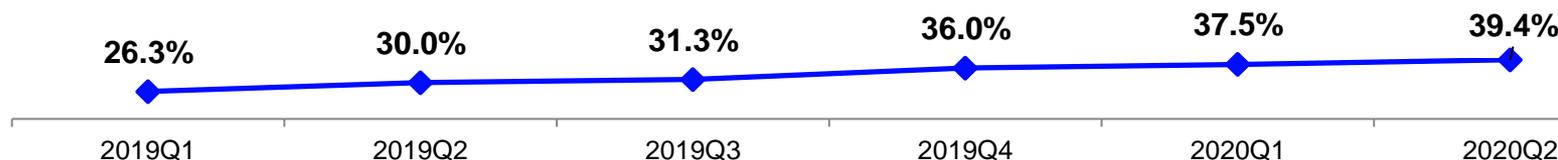
(HK\$M)	1H2020	1H2019	YOY	2H2019	HOH
Revenue	7,634	7,891	-3.3%	8,184	-6.7%
<i>Growth at constant exchange rate</i>	+0.9%	<i>+13.0%</i>		+10.3%	
Gross profit	2,941	2,217	+32.6%	2,768	+6.2%
<i>Gross margin</i>	38.5%	<i>28.1%</i>	+10.4ppts	33.8%	+4.7ppts
Operating profit	1,257	630	+99.6%	940	+33.7%
<i>Operating margin</i>	16.5%	<i>8.0%</i>	+8.5ppts	11.5%	+5.0ppts
EBITDA	1,818	1,179	+54.2%	1,499	+21.3%
<i>EBITDA margin</i>	23.8%	<i>14.9%</i>	+8.9ppts	18.3%	+5.5ppts
Net profit	913	440	+107.5%	698	+30.7%
<i>Net margin</i>	12.0%	<i>5.6%</i>	+6.4ppts	8.5%	+3.5ppts
Basic EPS (HK cents)	76.3	36.8	+107.3%		
Proposed interim dividend per share (HK cents)	10.0	7.0			

Quarterly Financial Highlights

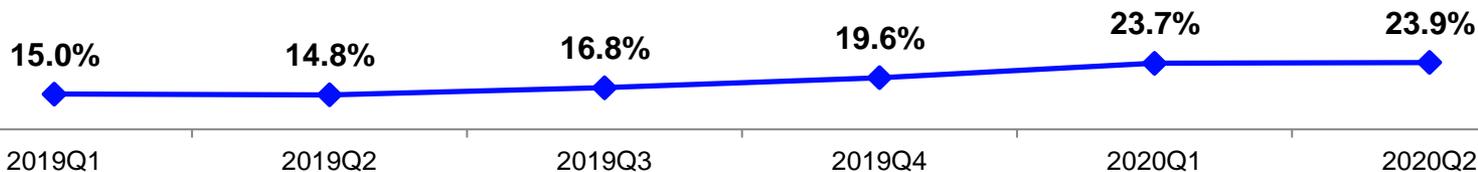
Revenue (HK\$M) & YOY growth (growth at constant exchange rate)



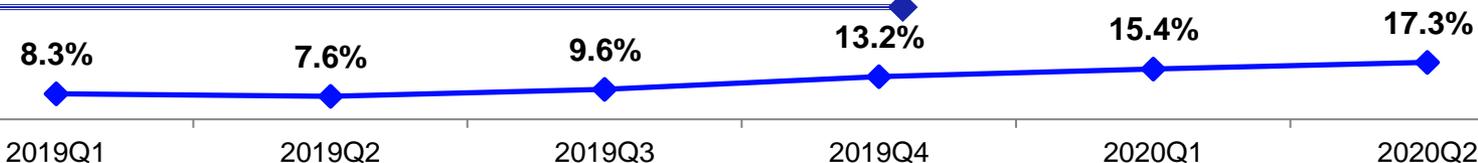
Gross Profit Margin(%)



EBITDA Margin (%)



Operating Margin(%)





Q&A



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