

Vinda International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3331)



2018 Annual Results Investor Presentation

Healthy Lifestyle
Starts with Vinda



Chairman's Highlights



1

Double-digit revenue growth despite challenging environment

- Double-digit topline growth
- Double-digit growth in high margin categories (*softpack, wet wipes, kitchen towels*)
- Double-digit sales growth in e-commerce & B2B

2

Resilient profit margins albeit high pulp cost

- Effective price-increase initiatives
- Product mix enhancement
- Solid cost-saving efforts
- Smart spending on selling & marketing

3

Innovation instead of price competition

- Newly launched product series:
Tempo Cotton Soft
Vinda Cotton Care
Vinda Deluxe Color

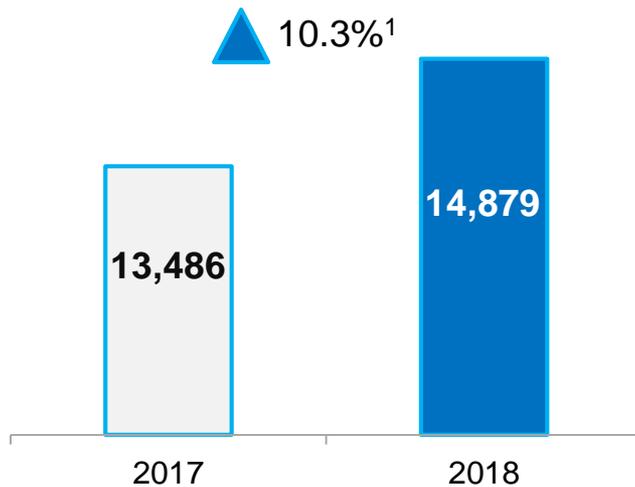


Financial Highlights

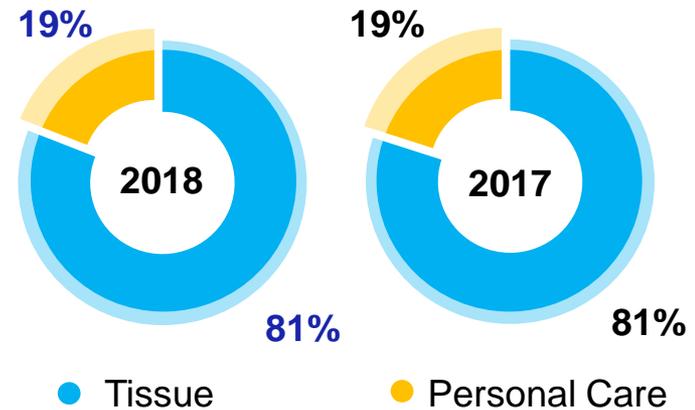


Double-digit Revenue Growth

Total Revenue (HK\$M)



Revenue Mix (%)

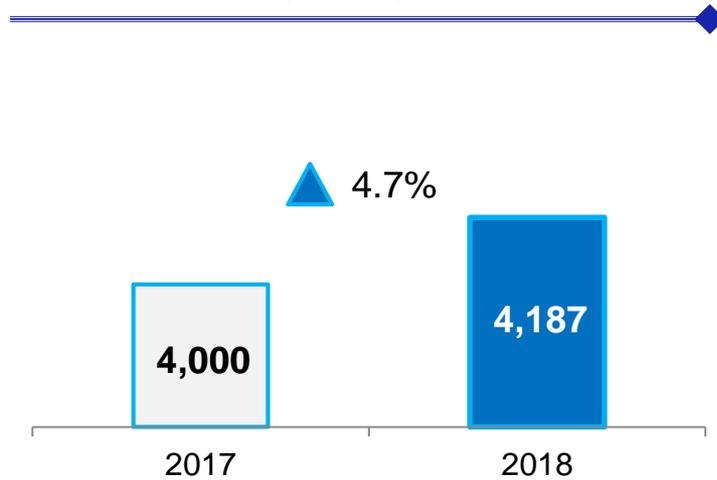


- Positive development in ASP
- Stable volume development
- Solid growth in all regions

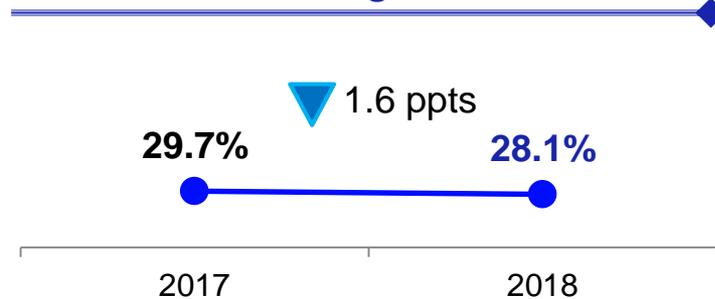
¹ YoY growth at reported rate: 10.3%. YoY growth at constant exchange rate: 7.8%

Resilient Gross Margin

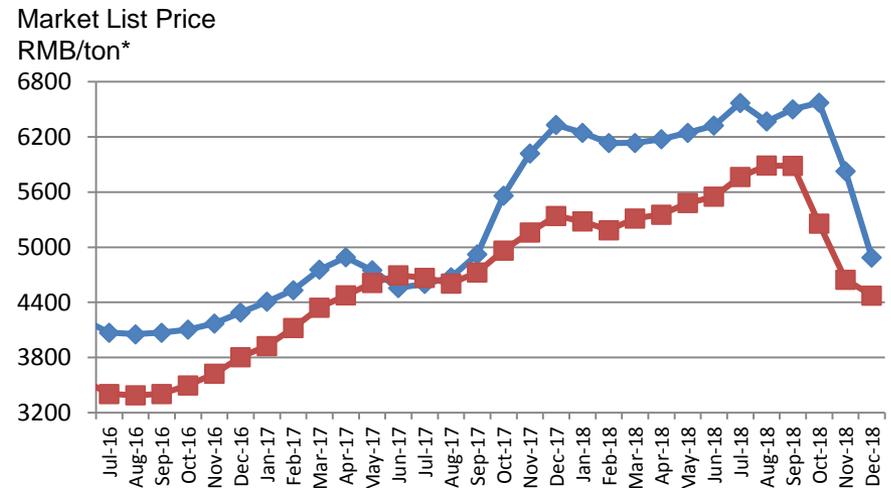
Gross Profit (HK\$M)



Gross Profit Margin (%)



Significant increase in pulp cost



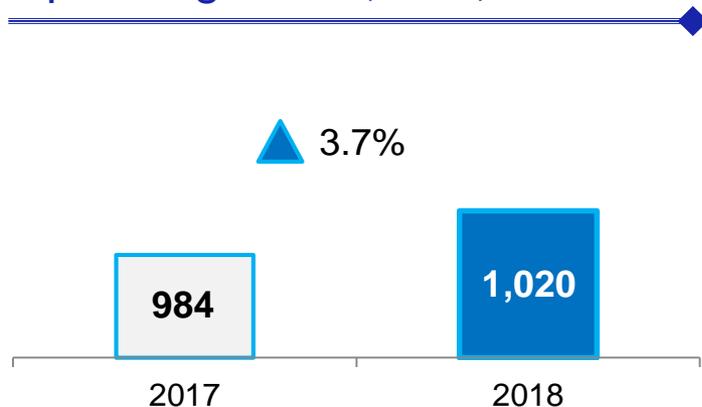
* Market list price in USD x monthly average exchange rate

Limited GPM contraction despite high pulp cost:

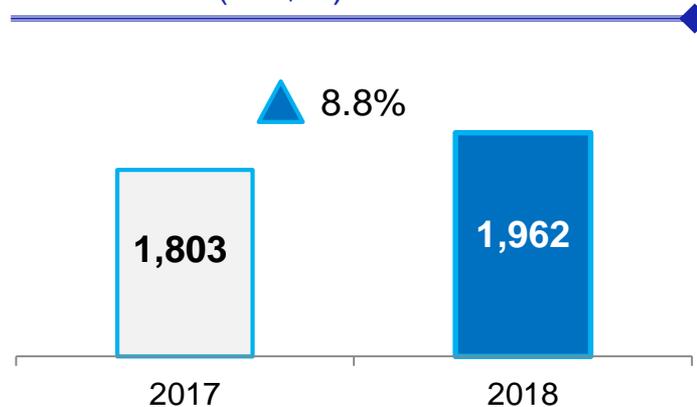
- Effective price-increase initiatives
- Mix enhancement *e.g. Double-digit growth in softpack, wet wipes, kitchen towel, Tempo*
- Solid cost-savings efforts

Stable Operating Profit & EBITDA

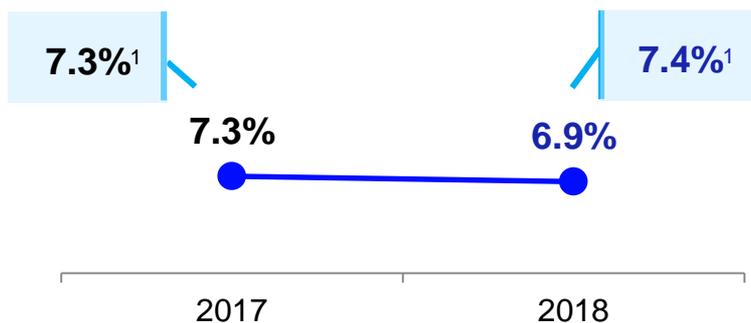
Operating Profit (HK\$M)



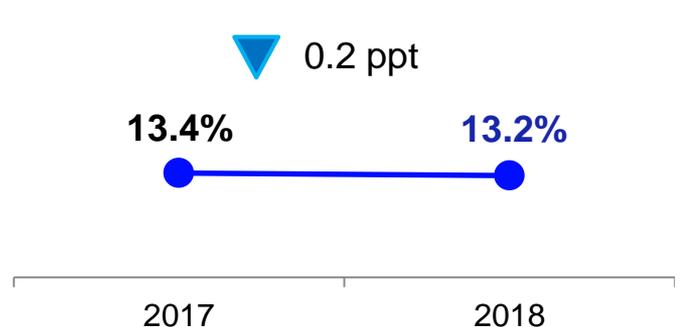
EBITDA (HK\$M)



Operating Margin (%)



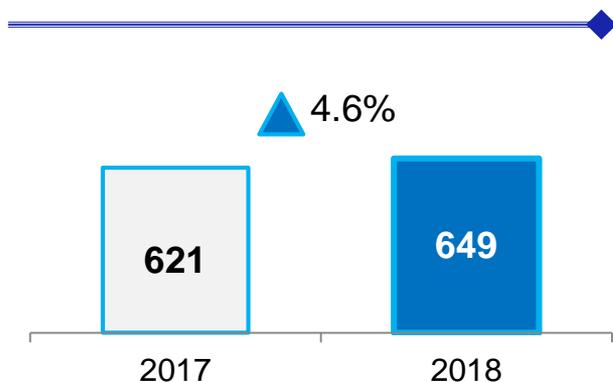
EBITDA Margin (%)



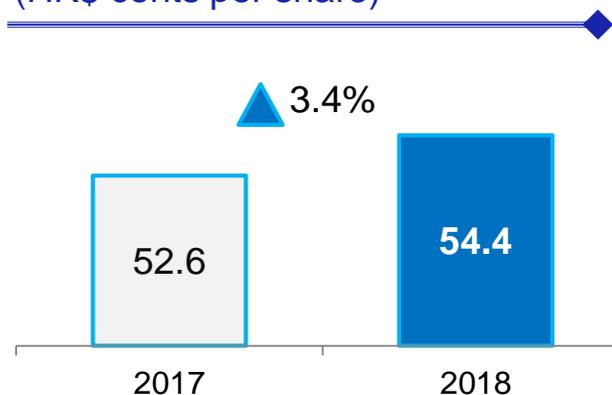
¹ If excluding the foreign exchange effect from operating activities

Net Profit & Dividend

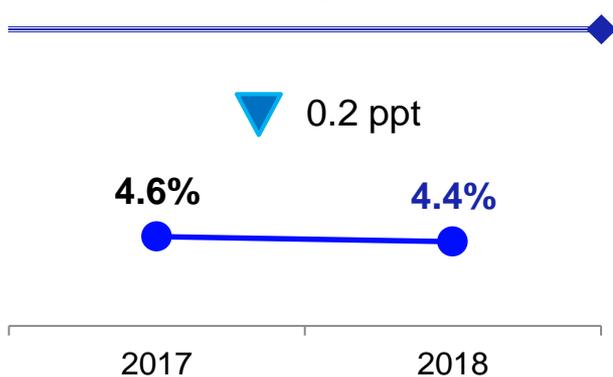
Net Profit (HK\$M)



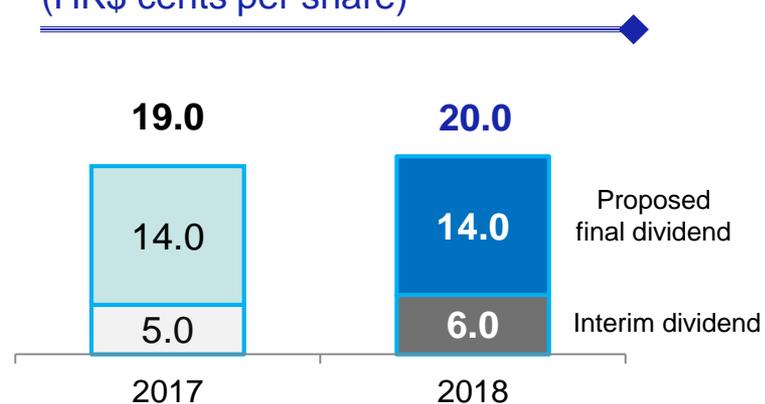
Basic Earning Per Share (HK\$ cents per share)



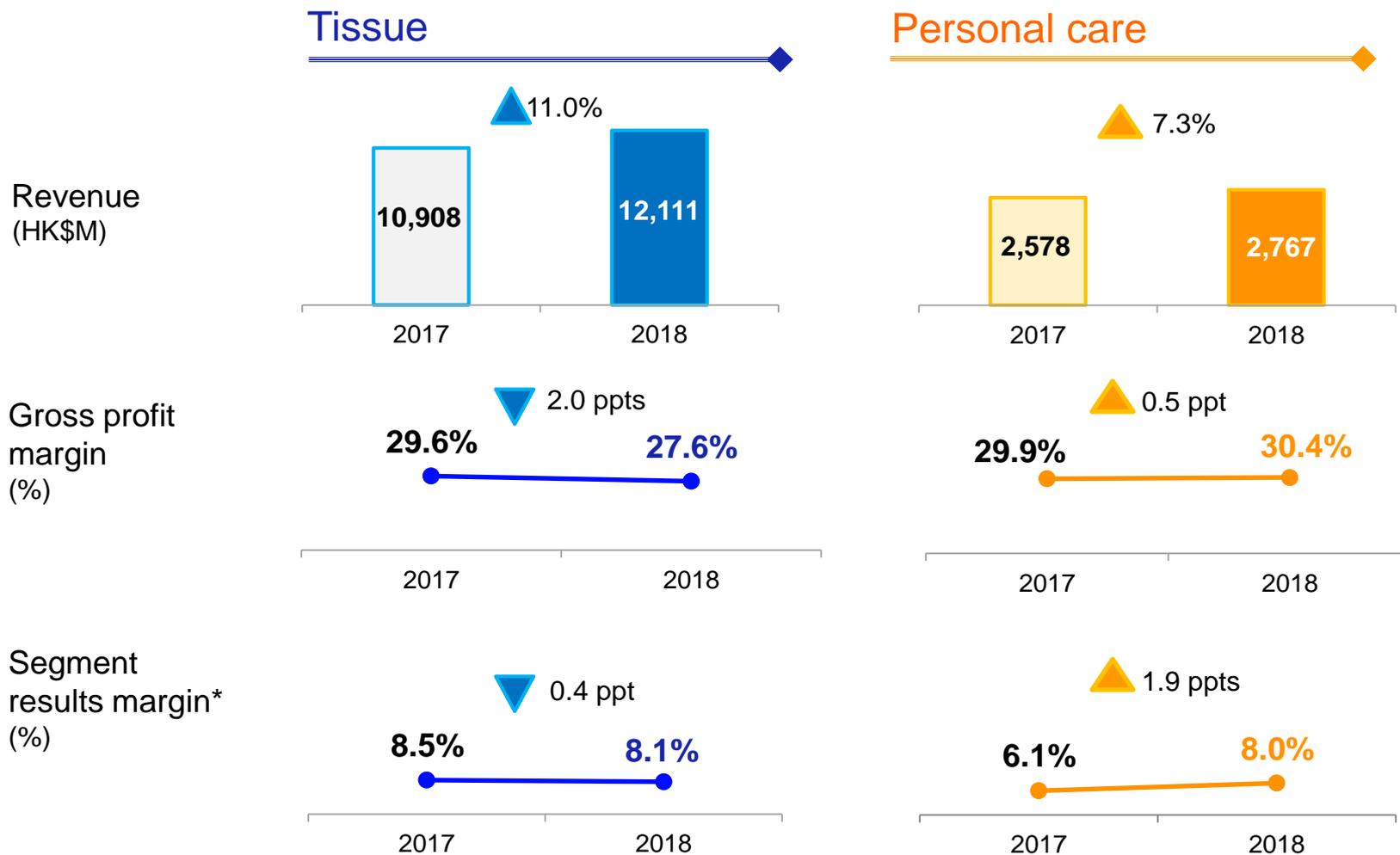
Net Profit Margin (%)



Total Dividend (HK\$ cents per share)

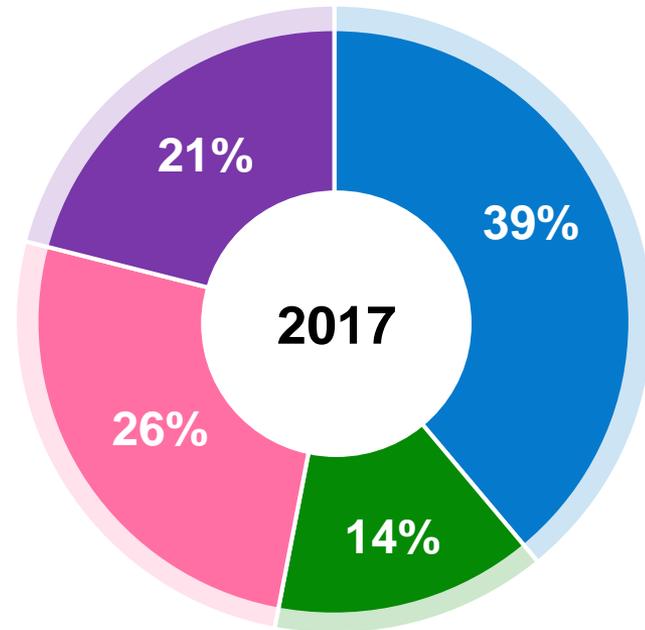
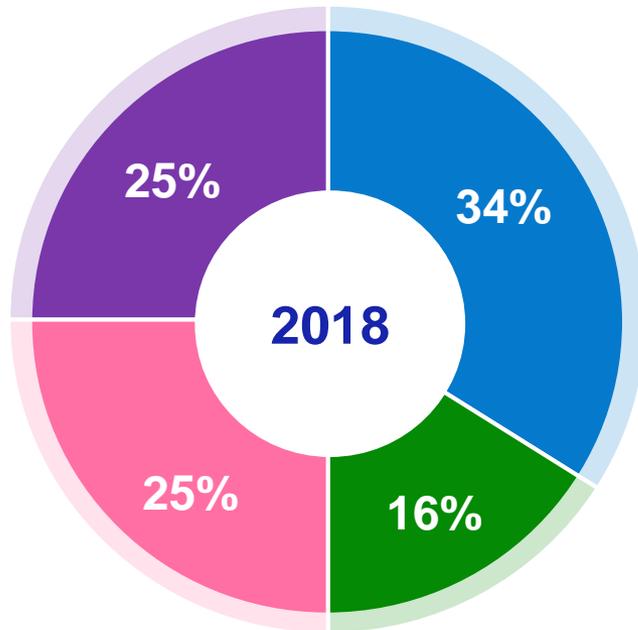


Segment Performance



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

Continuous Growth in E-commerce & B2B

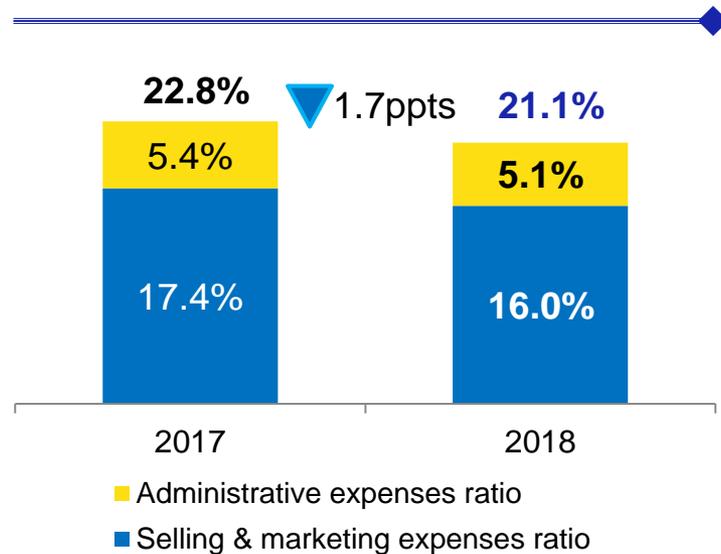


- Double-digit sales growth in E-commerce & B2B
- China E-commerce represented more than 30% of China sales

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

Savings in SG&A

SG&A as a % of Sales

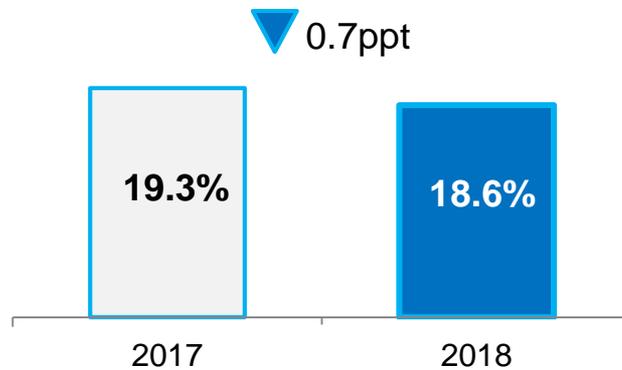


- Cost-saving across the board
- Smart marketing spent
- Prioritised to invest in higher-margin products

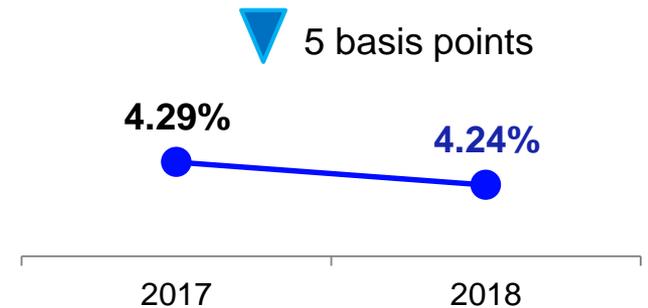
Lower Effective Tax Rate & Effective Interest Rate



Effective Tax Rate (%)



Effective Interest Rate (%)



As at end of 2018, we had 70% of our borrowings in RMB (2017: 72%)

Key Indicators

(HK\$M)	As at 31 Dec 2018	As at 31 Dec 2017
Debtors turnover days ¹	43	44
Creditors turnover days ²	87	86
Finished goods turnover days ³	49	41
Working capital to sales ratio ⁴	4.6%	6.3%
(HK\$M)	As at 31 Dec 2018	As at 31 Dec 2017
Cash and cash equivalents	574	535
Total borrowings	5,245	5,236
Net debt	4,671	4,702
Net gearing ratio ⁵	54%	54%
Net debt/EBITDA	2.4	2.6

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 Total borrowing less cash & cash equivalents and restricted bank deposits/ total shareholders' equity

Environmental, Social and Governance

1 Health & Safety

Mainland China	2018	2017
• Safety seminars	1,505	698
• LTA (case)	14	20
Malaysia	2018	2017
• LTA (case)	1	1
Taiwan	2018	2017
• LTA (case)	0	0

LTA: Lost Time Accidents

2 Green Production

Mainland China	2018	2017
• Avg. overall energy consumption per ton of paper (ton of stand coal)	0.31 ¹	0.32 ¹
	¹ below national standard upper limit of 0.42	
• CO2 emission (per 10,000 tons of product)	10,726	11,189
• Water recycling rate	>95%	
• Wood pulp sourcing	>99% environmentally certified	

3 Human Resources

Employee Engagement Survey

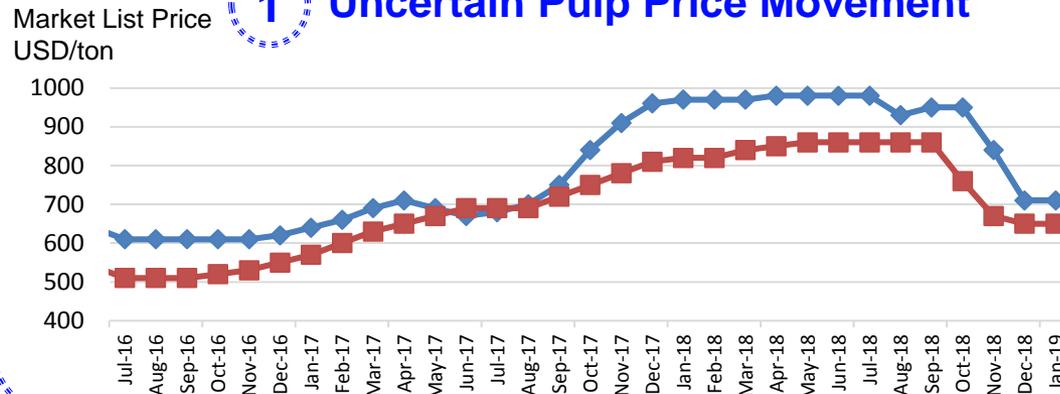
- > 80% of engagement degree, significantly higher than market & industry average

HR award

- M100 Leading Graduate Employer Award in Malaysia
- Guangdong Outstanding Enterprise

Uncertainties in 2019

1 Uncertain Pulp Price Movement



3

Lingering Sino-US trade tension

2 Uncertain RMB Movement



4

Nation-wide deleveraging situation

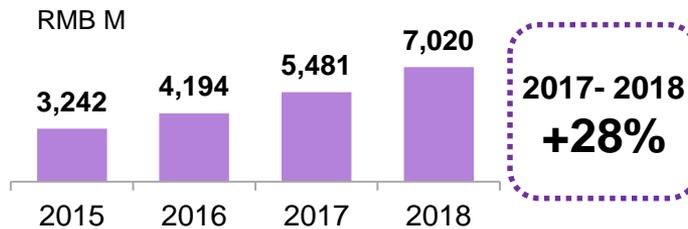
Opportunities

1

Government-led economic stimulus
e.g. Tax cut

2

Fast growing online sales¹

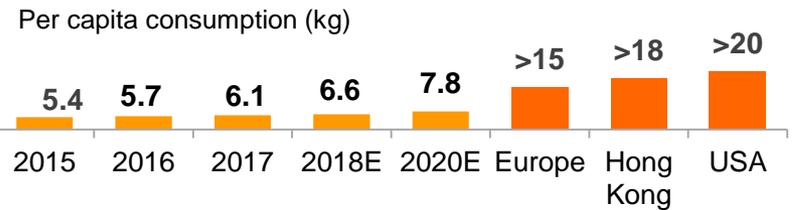


¹ National Bureau of Statistics of China

² China Household Paper Association & internal estimate

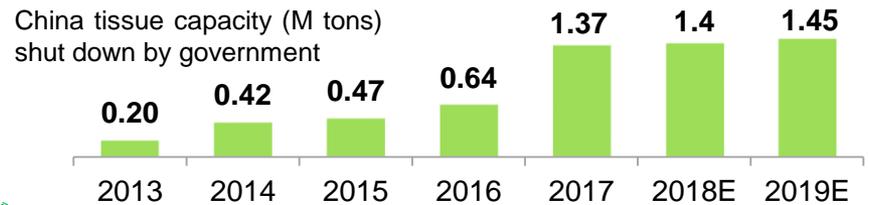
3

Increasing Tissue Consumption in China²



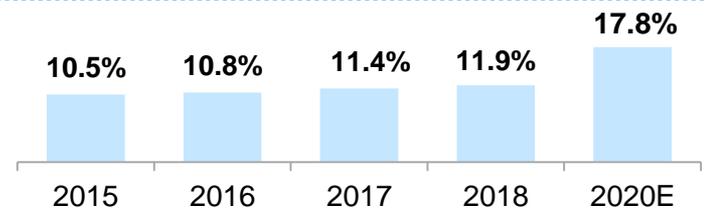
4

Stringent Environment Regulation²



5

Aging Population¹ (aged 65 or above)



Production Capacity Plan



Tissue annual designed capacity

1.22 M tons
(2018)



1.25 M tons
(2019)

- +60,000 tons in 19Q2 in Hubei
- -30,000 tons (discontinue operation of an old and high-energy consuming machinery) in Xinhui

Personal care facility

- Expand local production for feminine and incontinence products

2019 Focus: Growth & Profit & Efficiency



Growth & Profit & Efficiency

- Continue growth momentum & improve profit margins

- Enhance portfolio mix

- Innovation

- Save cost & smart spent across all functions, projects and business units

- Improve production and operational efficiency

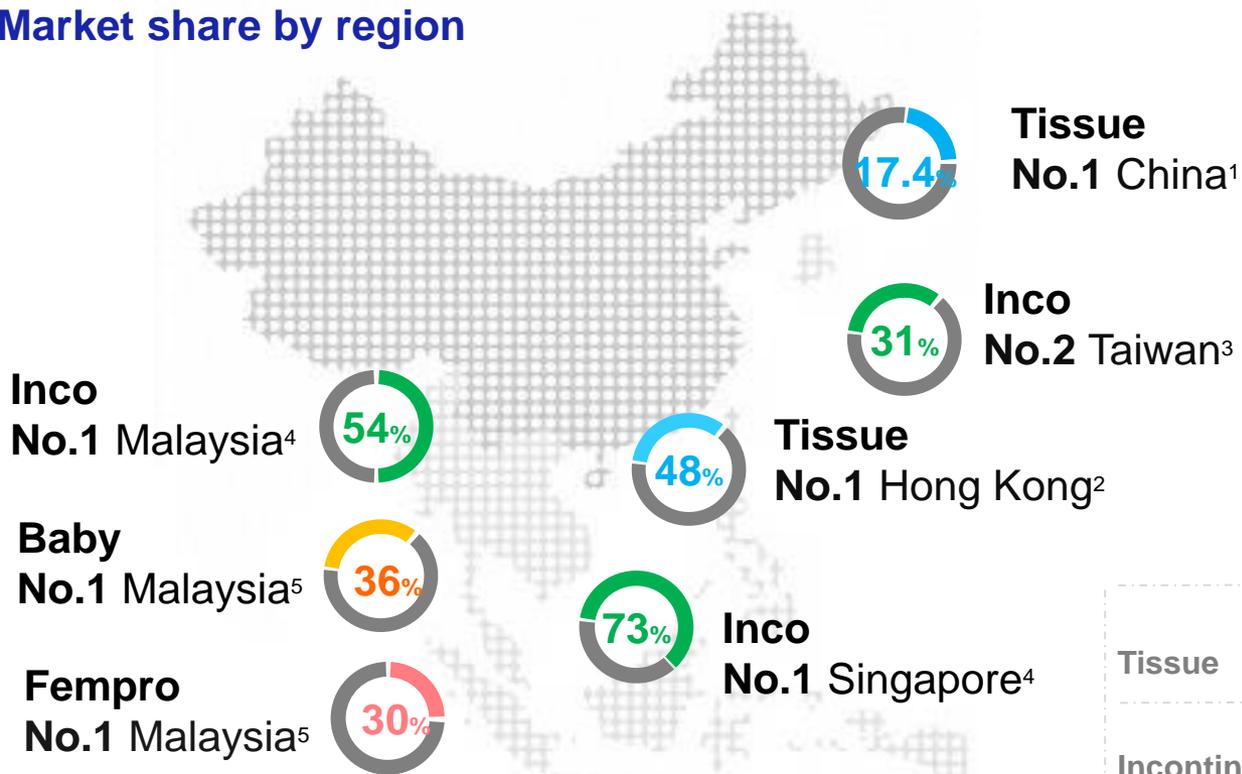
- Improve working capital management & cash generating ability



Appendix

Market Positions in 2018

Market share by region



Note:

1. Nielsen, value share for the full year in 2018
2. Nielsen, value share MAT Nov 2018
3. Nielsen, volume share for the full year in 2018
4. Internal estimates, value share 2018
5. Kantar Worldpanel, value share YTD at 2 Dec 2018

Financial Highlights Summary

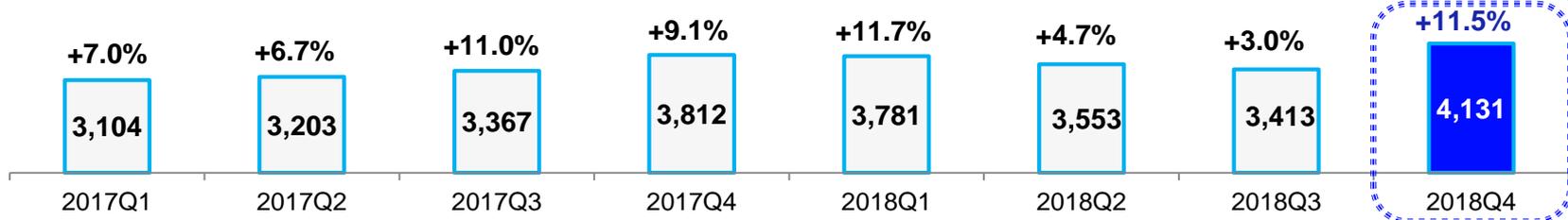
(HK\$M)	2018	2017	YOY
Revenue	14,879	13,486	+10.3%
<i>Constant exchange rate</i>	+7.8%¹	+8.5%²	
Gross profit	4,187	4,000	+4.7%
<i>Gross margin</i>	28.1%	29.7%	-1.6 pts
Operating profit	1,020	984	+3.7%
<i>Operating margin</i>	6.9%	7.3%	+0.4 ppt
EBITDA	1,962	1,803	+8.8%
<i>EBITDA margin</i>	13.2%	13.4%	-0.2 ppt
Net profit	649	621	+4.6%
<i>Net margin</i>	4.4%	4.6%	-0.2 ppt
Basic EPS (HK cents)	54.4	52.6	+3.4%
Proposed total dividend per share (HK cents)	20.0	19.0	+5.3%

¹ Growth at constant exchange rate

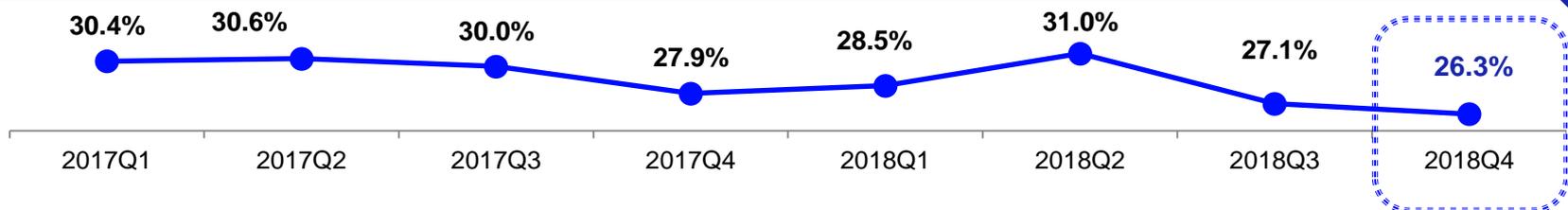
² Growth excluding the acquisition and exchange rates effect

Quarterly Financial Highlights

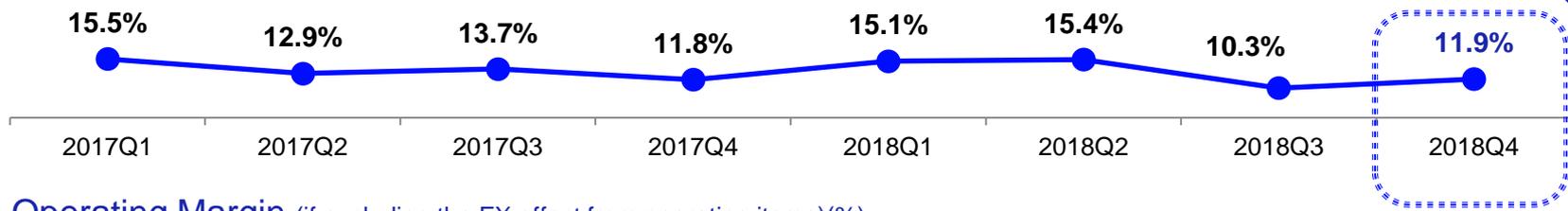
Revenue (HK\$M) & YOY (Constant exchange rate)



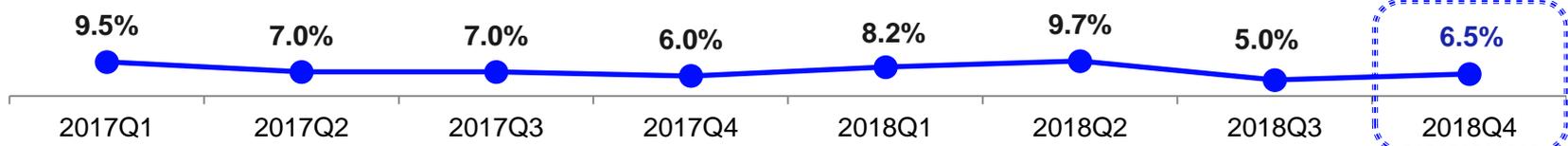
Gross Profit Margin(%)



EBITDA Margin (%)



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



Q&A



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