

# 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 growth<sup>1</sup> 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

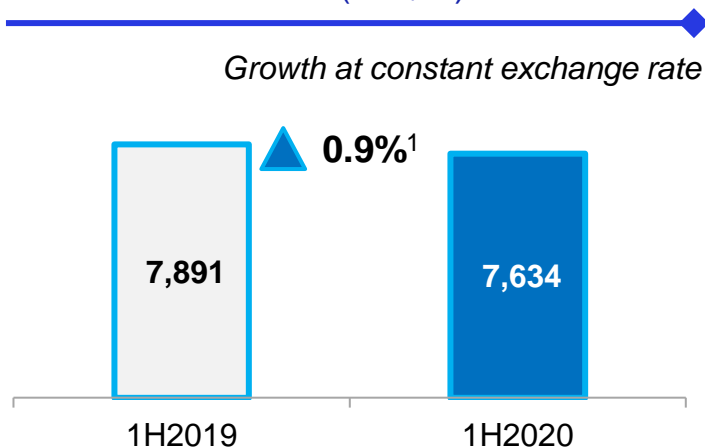
<sup>1</sup> YoY growth at constant exchange rate

# Financial Highlights



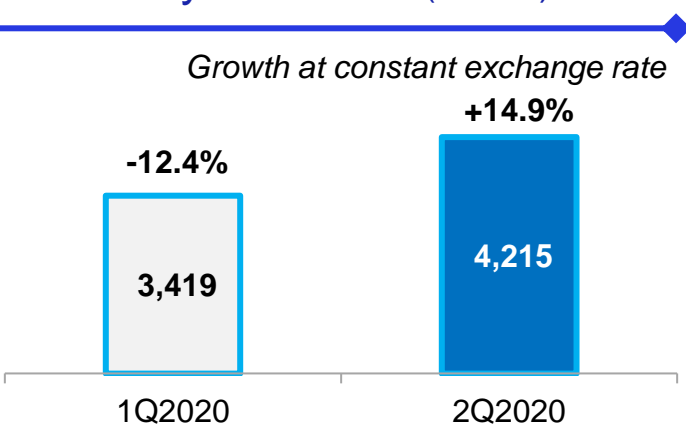
# Revenue

## Total Revenue (HK\$M)

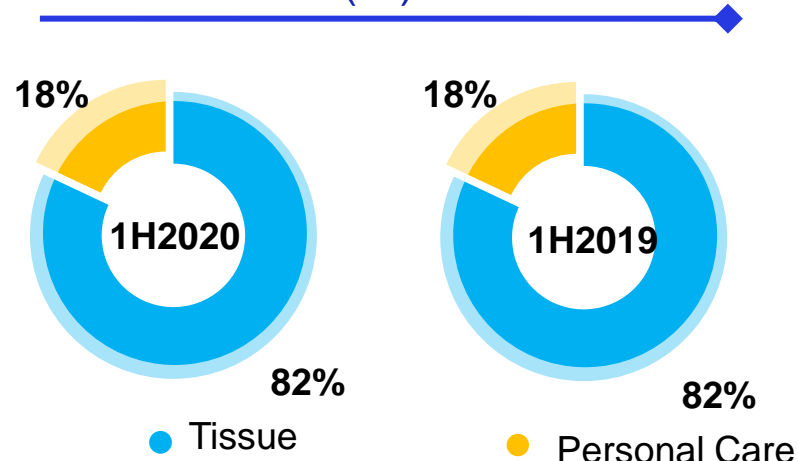


<sup>1</sup> YoY growth at reported rate: -3.3%

## Quarterly Revenue (HK\$M)



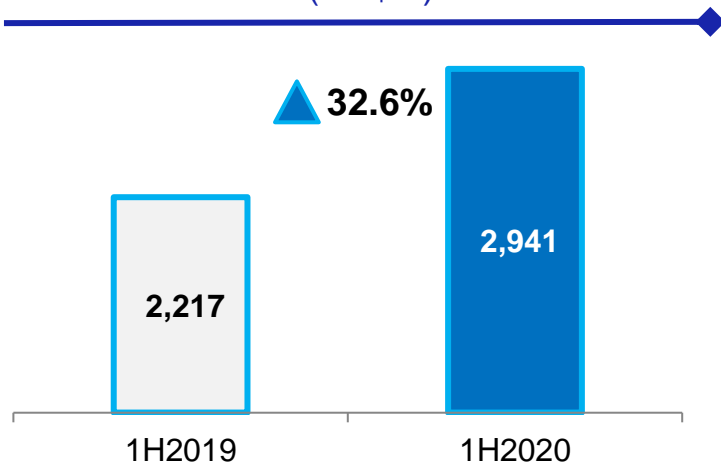
## Revenue Mix (%)



- 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

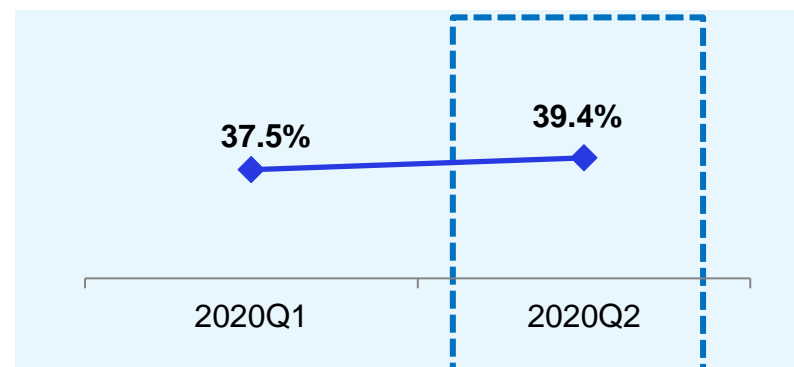
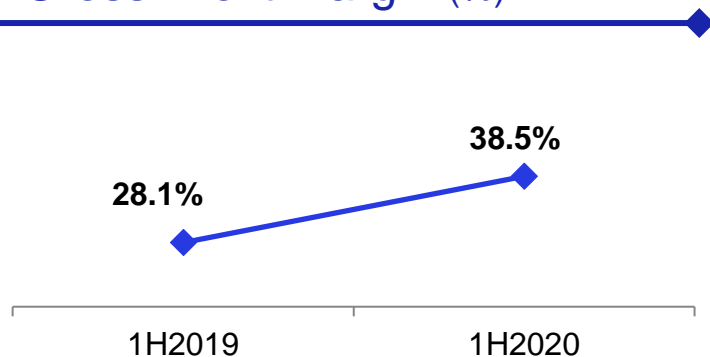
Gross Profit (HK\$M)



Significant enhancement in GPM:

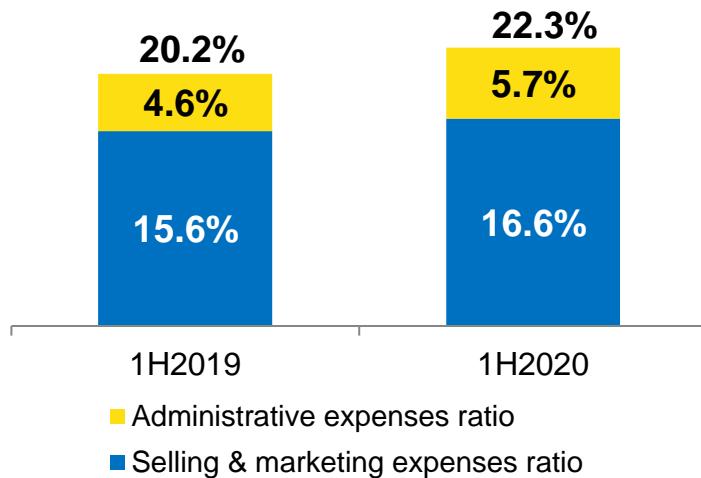
- Mix enhancement
- Soft pulp price
- Growth in premium products

Gross Profit Margin (%)



# SG&A

## SG&A as a % of Sales

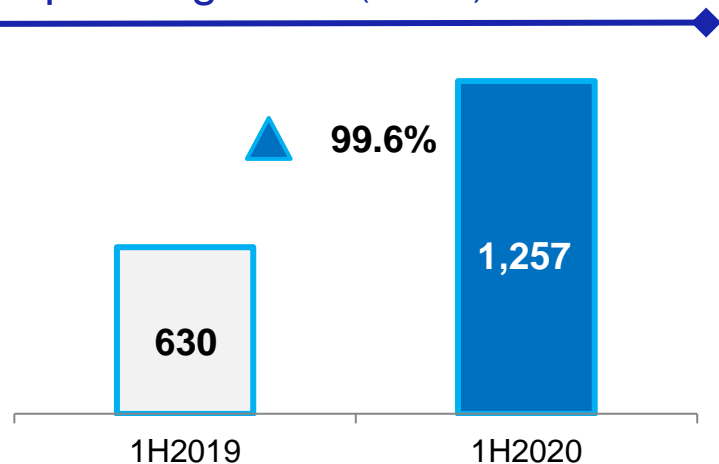


- ❑ Continue to invest for brand building, with focus on premium products
- ❑ More promotional activities
- ❑ Major brand building campaign in Feminine Care in mainland China

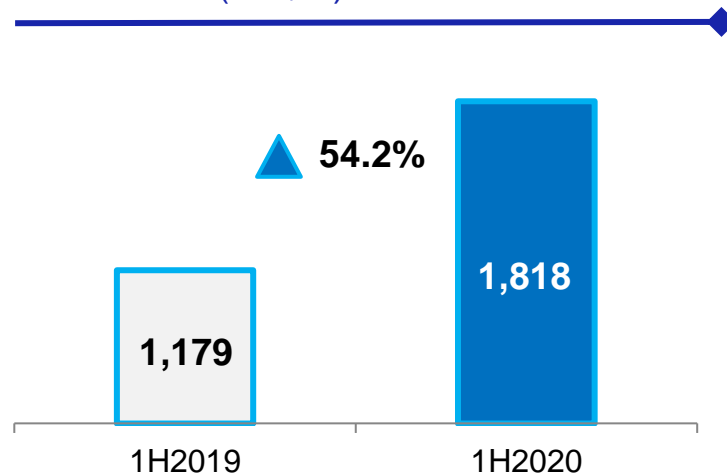


# Operating Profit & EBITDA

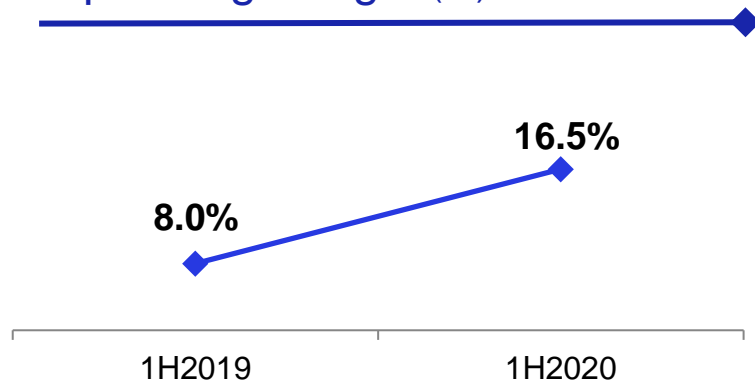
## Operating Profit (HK\$M)



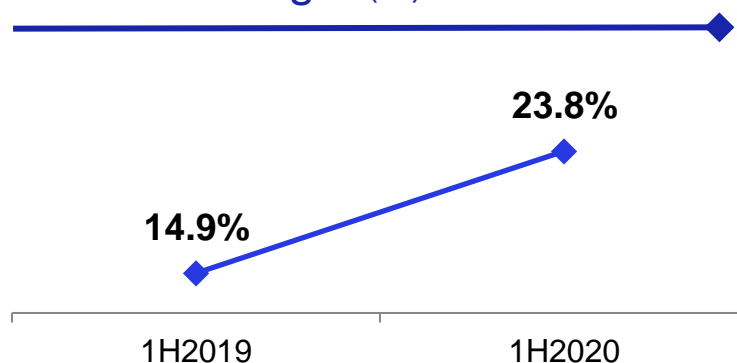
## EBITDA (HK\$M)



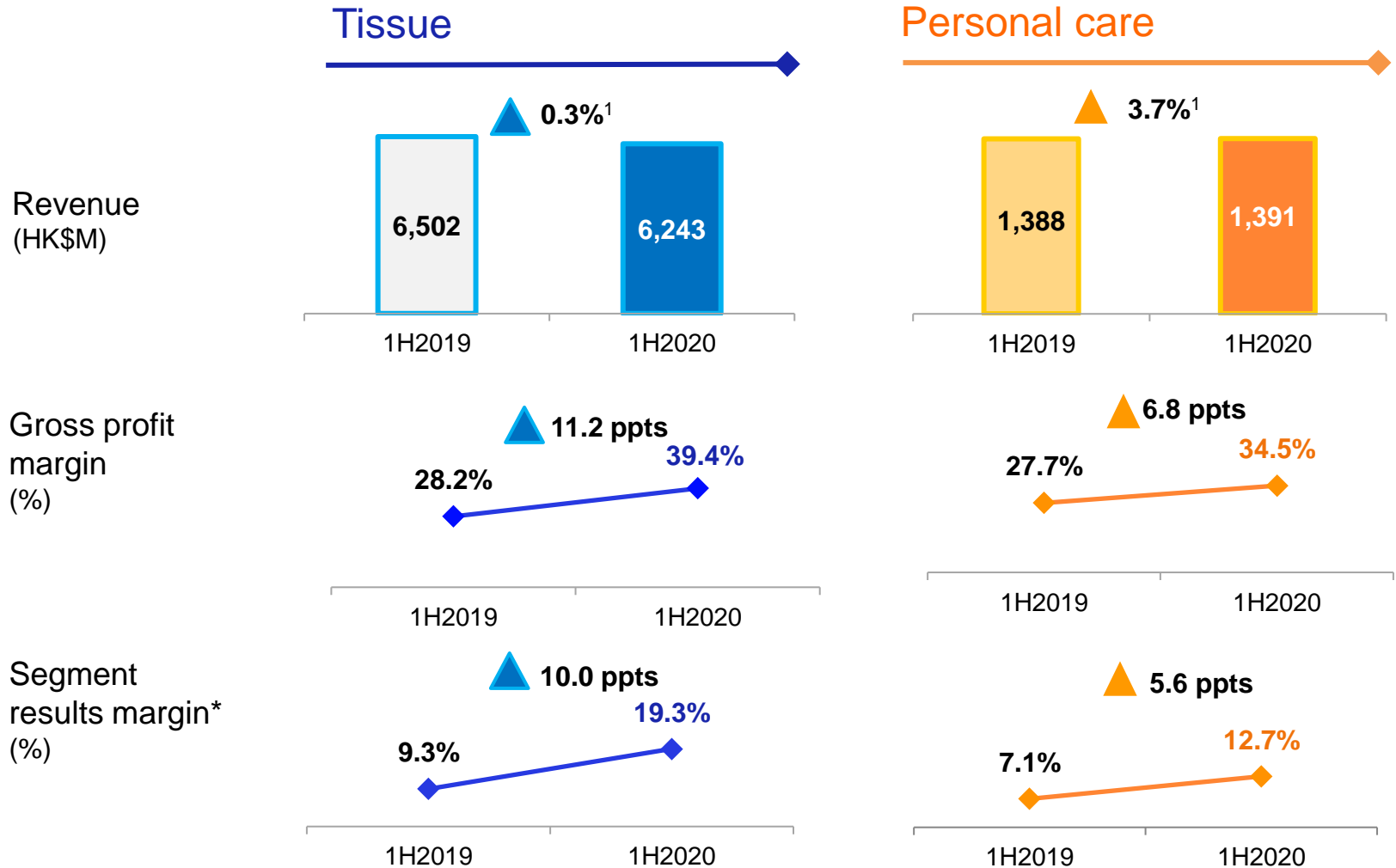
## Operating Margin (%)



## EBITDA Margin (%)



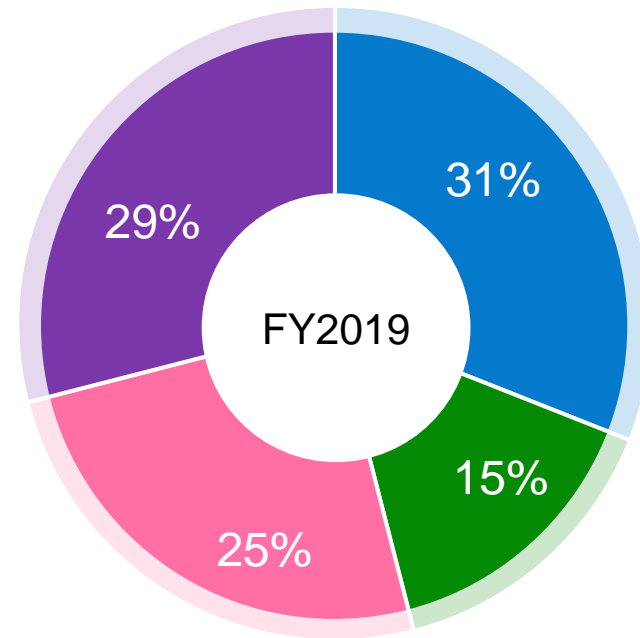
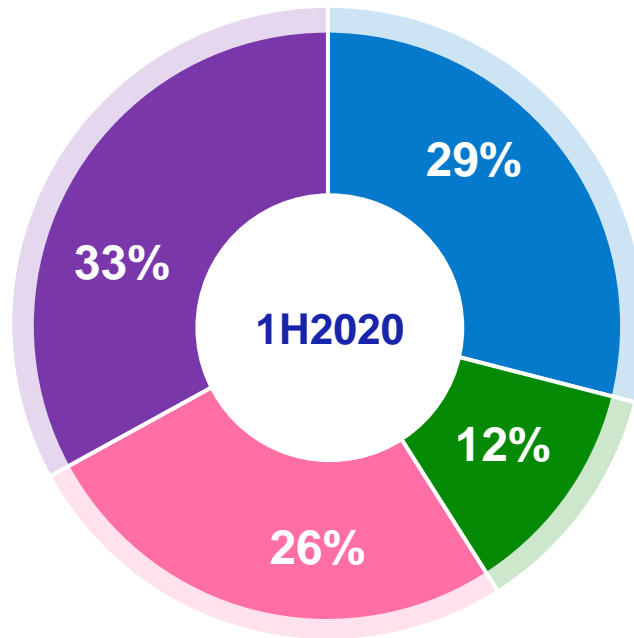
# Segment Performance



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



# Revenue by Channels

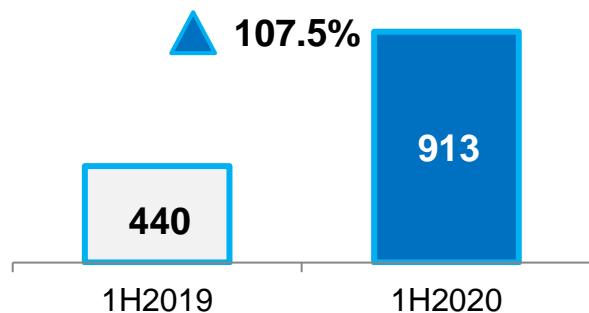


- 30% sales growth in e-commerce in 1H
- Mainland China e-commerce contributed 43% of mainland China sales

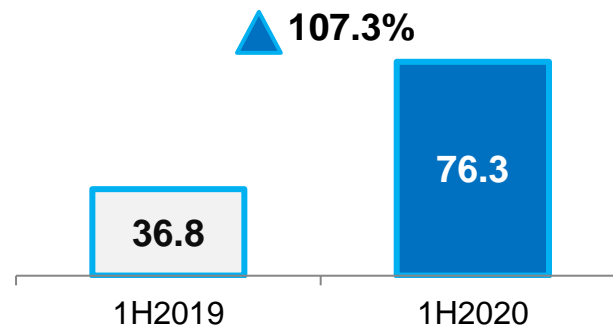
- Traditional channels (i.e. Distributors)
- B2B (i.e. Corporate clients)
- Key accounts (i.e. Hypermarkets, Supermarkets)
- E-Commerce

# Net Profit & Dividend

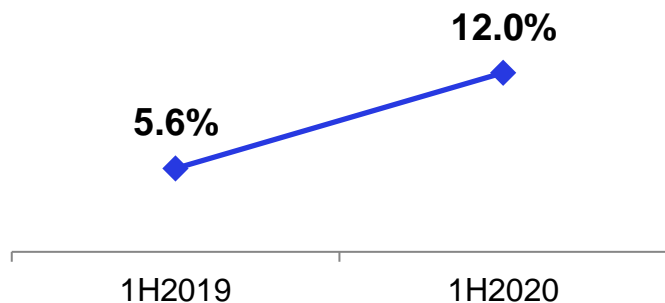
## Net Profit (HK\$M)



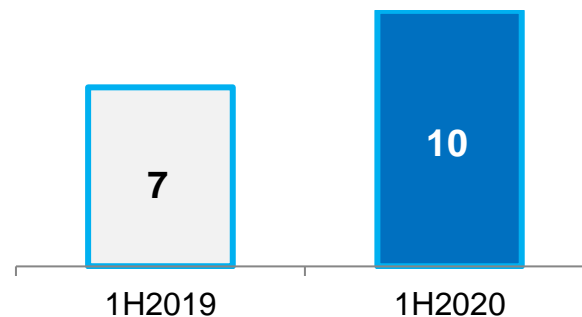
## Basic Earnings Per Share (HK\$ cents per share)



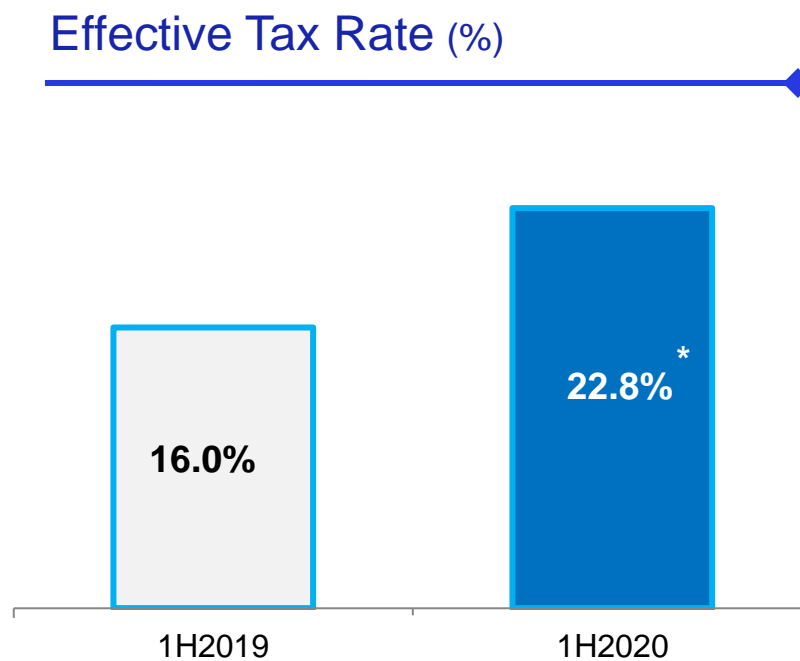
## Net Profit Margin (%)



## 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 <sup>1</sup>	43	42
Creditors turnover days <sup>2</sup>	88	90
Finished goods turnover days <sup>3</sup>	48	46
Working capital to sales ratio <sup>4</sup>	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 <sup>5</sup>	32.5%	41.0%
Net debt/EBITDA	0.9	1.4

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

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

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

<sup>4</sup> Total working capital (excl. cash & cash equivalents)/ rolling 12 months revenue

<sup>5</sup> 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



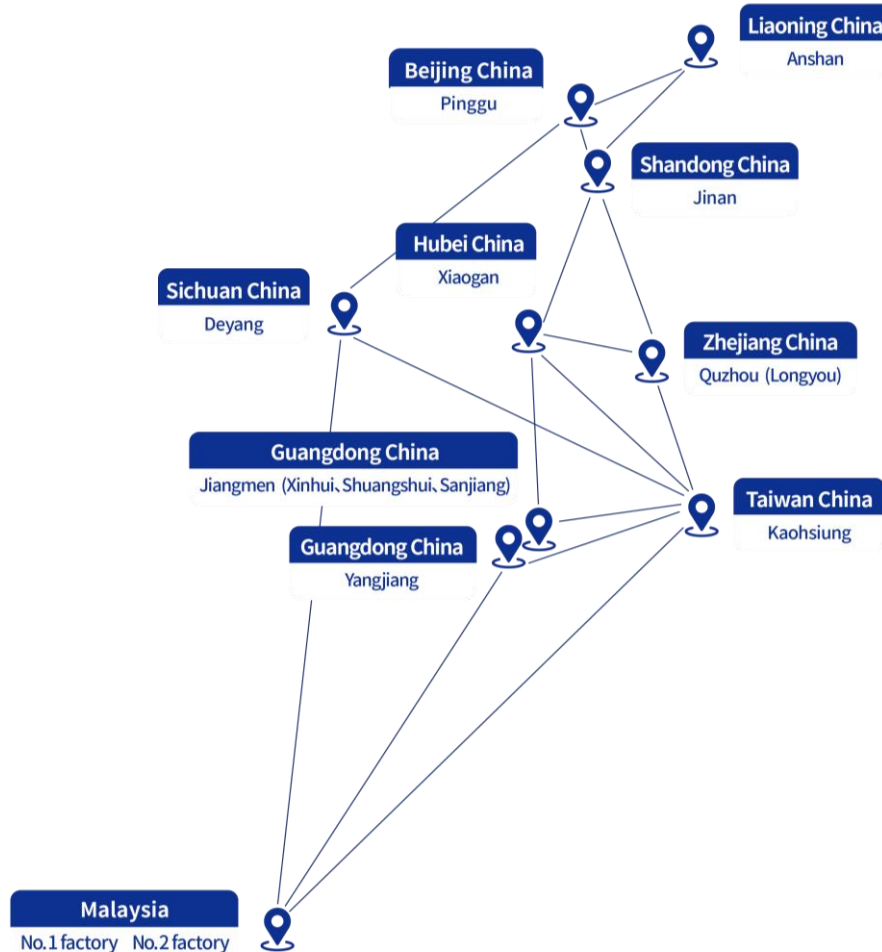
## ESG

- 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

# Leading Market Positions

**Mainland China**



**No.1 Tissue<sup>1</sup>**



**Malaysia**



**No.1 Incontinence<sup>4</sup>**



**Hong Kong, China**



**No.1 Tissue<sup>2</sup>**



**No.1 Baby Care<sup>6</sup>**



**Taiwan, China**



**No.2 Incontinence<sup>3</sup>**



**No.1 Feminine<sup>6</sup>**



**Singapore**



**No.1 Incontinence<sup>5</sup>**



**Notes:**

1. Kantar, value share in 2020 (P1-P6)
2. Nielsen, value share MAT May 2020
3. Nielsen, volume share YTD Apr 2020
4. Internal estimates, value share, YTD Feb 2020
5. Internal estimates, value share, YTD Mar 2020
6. Kantar Worldpanel, value share YTD MAY 2020



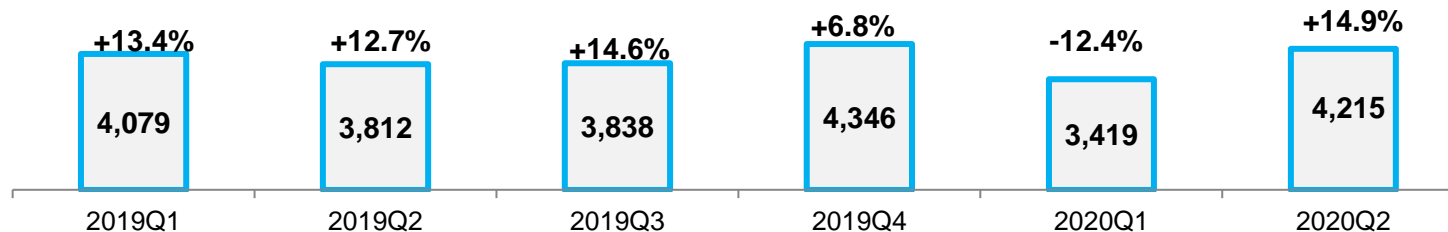
# Financial Highlights Summary

(HK\$M)	1H2020	1H2019	YOY
Revenue	<b>7,634</b>	7,891	-3.3%
<i>Growth at constant exchange rate</i>	<b>+0.9%</b>	+13.0%	
Gross profit	<b>2,941</b>	2,217	+32.6%
<i>Gross margin</i>	<b>38.5%</b>	28.1%	+10.4ppts
Operating profit	<b>1,257</b>	630	+99.6%
<i>Operating margin</i>	<b>16.5%</b>	8.0%	+8.5ppts
EBITDA	<b>1,818</b>	1,179	+54.2%
<i>EBITDA margin</i>	<b>23.8%</b>	14.9%	+8.9ppts
Net profit	<b>913</b>	440	+107.5%
<i>Net margin</i>	<b>12.0%</b>	5.6%	+6.4ppts
Basic EPS (HK cents)	<b>76.3</b>	36.8	+107.3%
Proposed interim dividend per share (HK cents)	<b>10.0</b>	7.0	

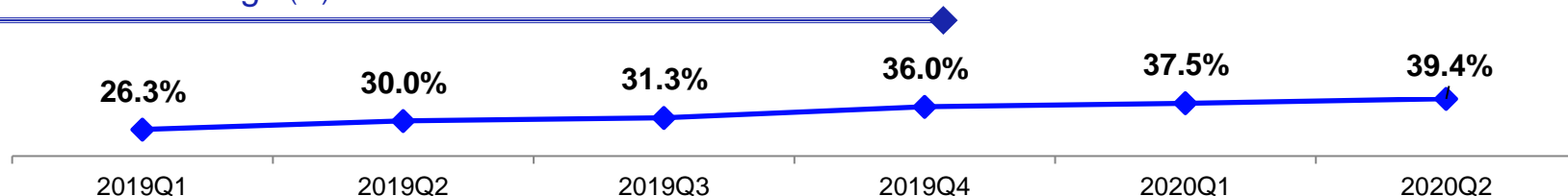
2H2019	HOH
<b>8,184</b>	-6.7%
<b>+10.3%</b>	
<b>2,768</b>	+6.2%
<b>33.8%</b>	+4.7ppts
<b>940</b>	+33.7%
<b>11.5%</b>	+5.0ppts
<b>1,499</b>	+21.3%
<b>18.3%</b>	+5.5ppts
<b>698</b>	+30.7%
<b>8.5%</b>	+3.5ppts

# Quarterly Financial Highlights

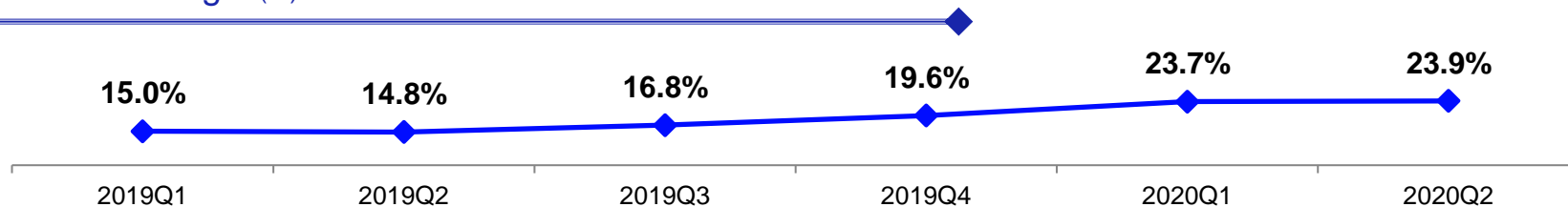
Revenue (HK\$M) & YOY growth (growth at constant exchange rate)



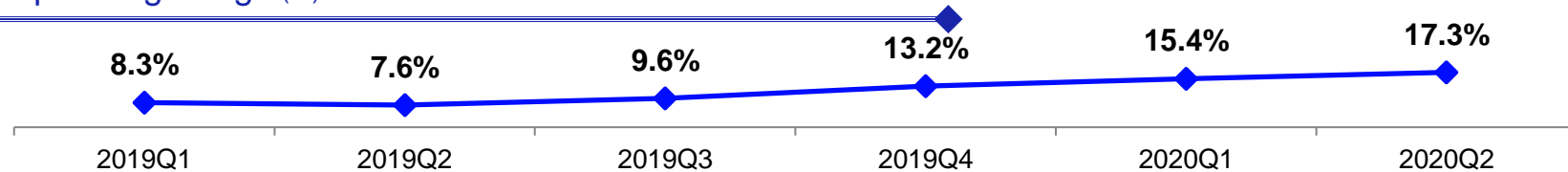
Gross Profit Margin(%)



EBITDA Margin (%)



Operating Margin(%)





Q&A



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