

Vinda International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3331)



2018 Interim Results Investor Presentation

Healthy Lifestyle
Starts with Vinda



Chairman's Highlights

1

Double-digit growth despite challenging environment

- Double-digit growth driven by strong sales in all regions
- Good growth in high margin products e.g. softpack, kitchen towel, wet wipe

2

Successful price increase & cost control to mitigate cost pressure

- GPM: 18Q2 > 18Q1 > 17Q4
- OPM: 18H1 > 17H2

3

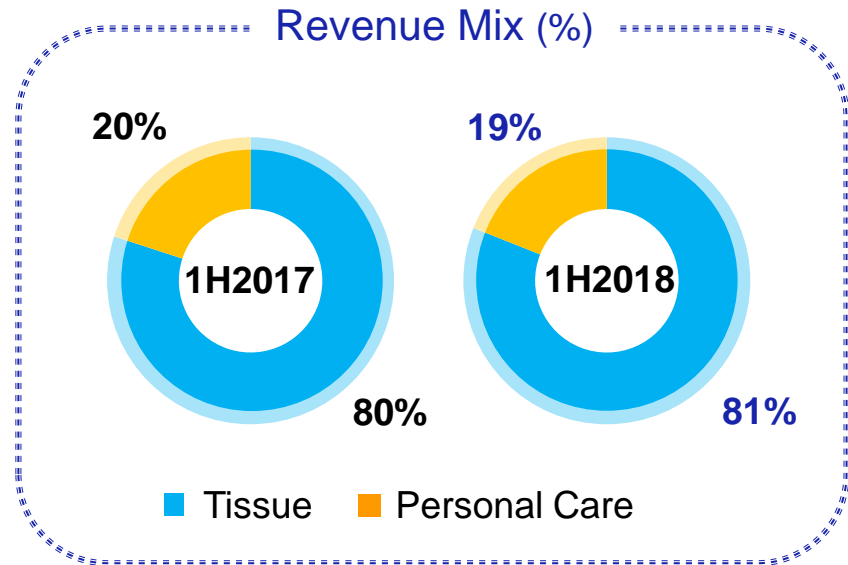
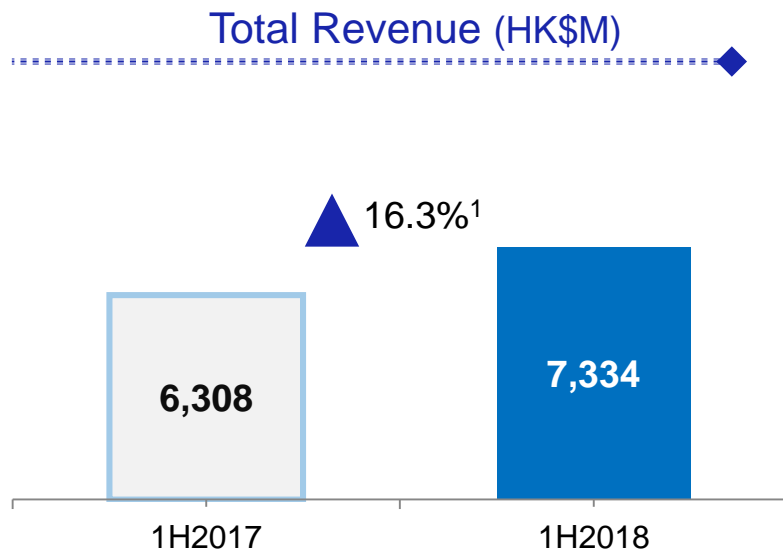
Focus on innovation

- New launch of value-added products e.g. *Vinda Cotton Care*, *Vinda Deluxe Color*, *Tempo wet wipes*

Financial Highlights



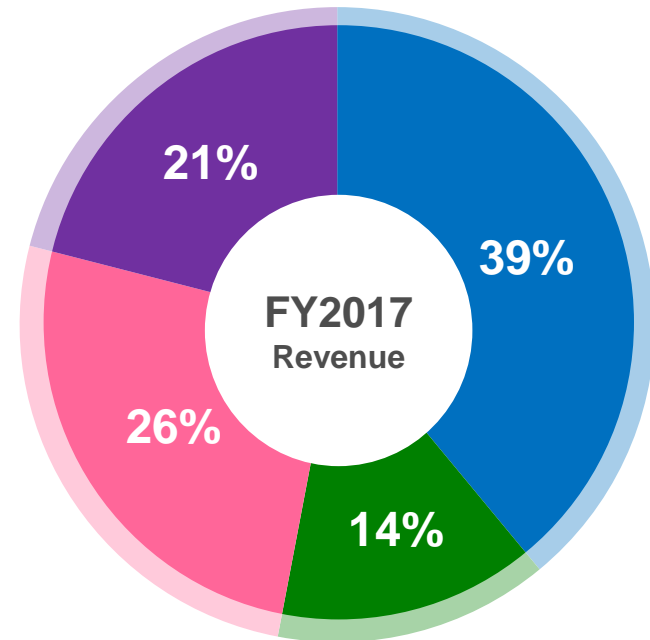
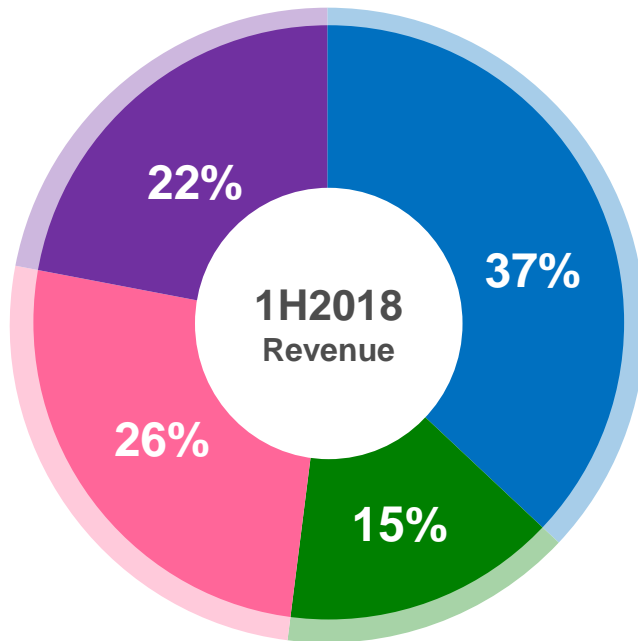
Solid Revenue Growth



- YoY increase in volume
- YoY increase in ASP (18Q2 > 18Q1 > 17Q4)

¹ YoY growth at reported rate: 16.3%. YoY growth at constant exchange rate: 8.1%

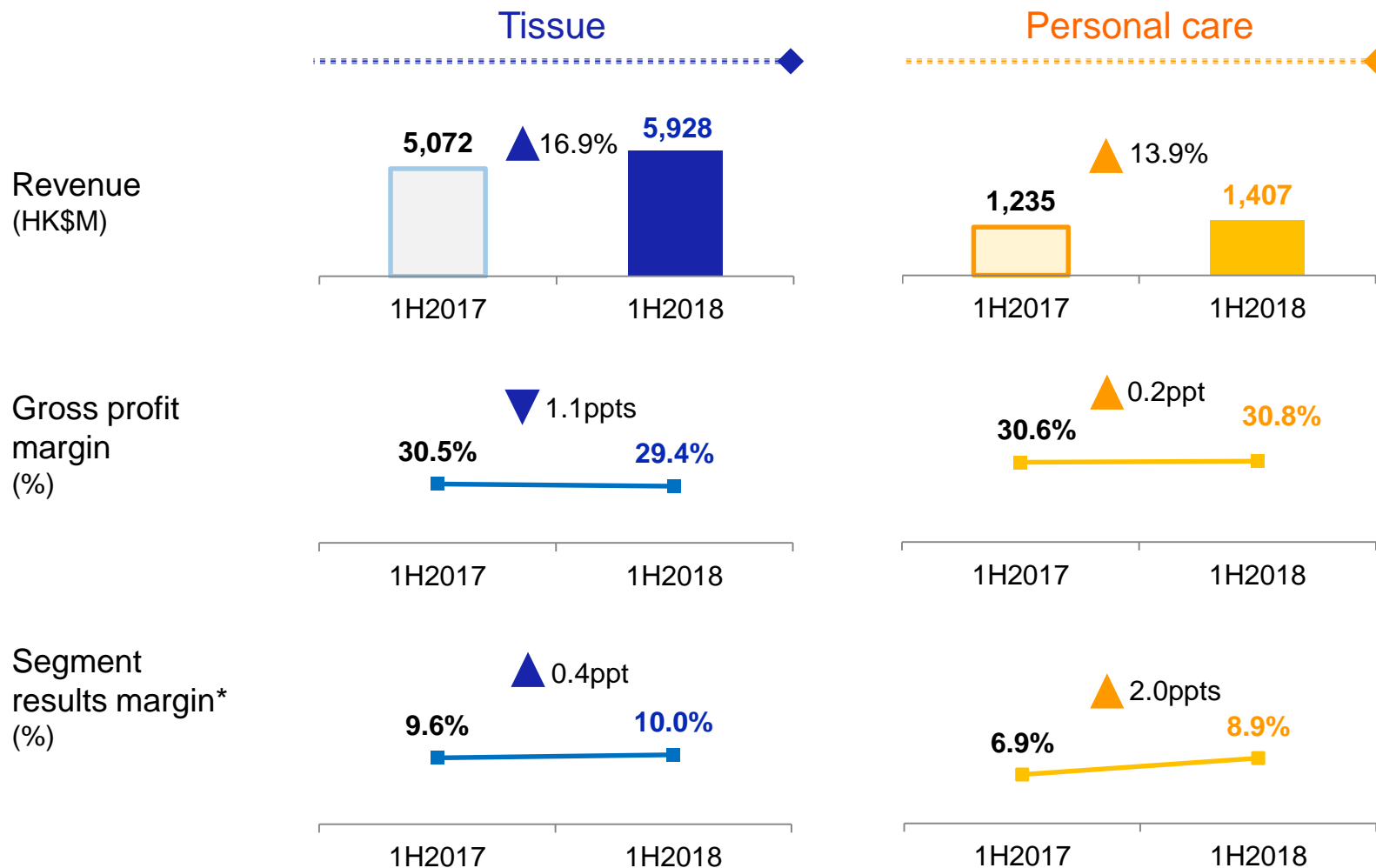
Continuous Growth in E-commerce & B2B



■ Double-digit sales growth in E-commerce & B2B

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

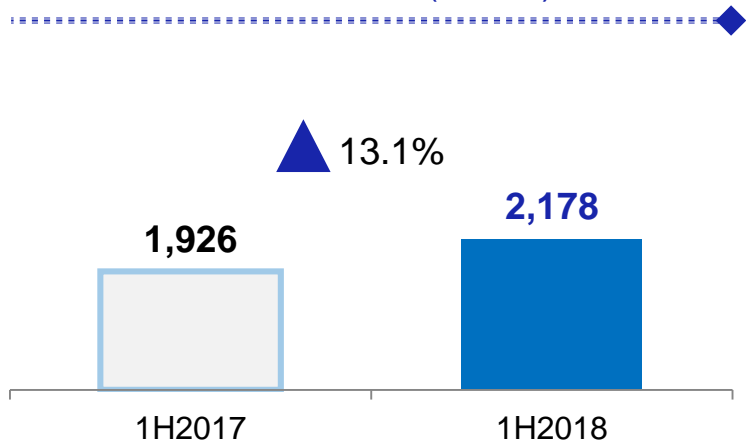
Segment Performance



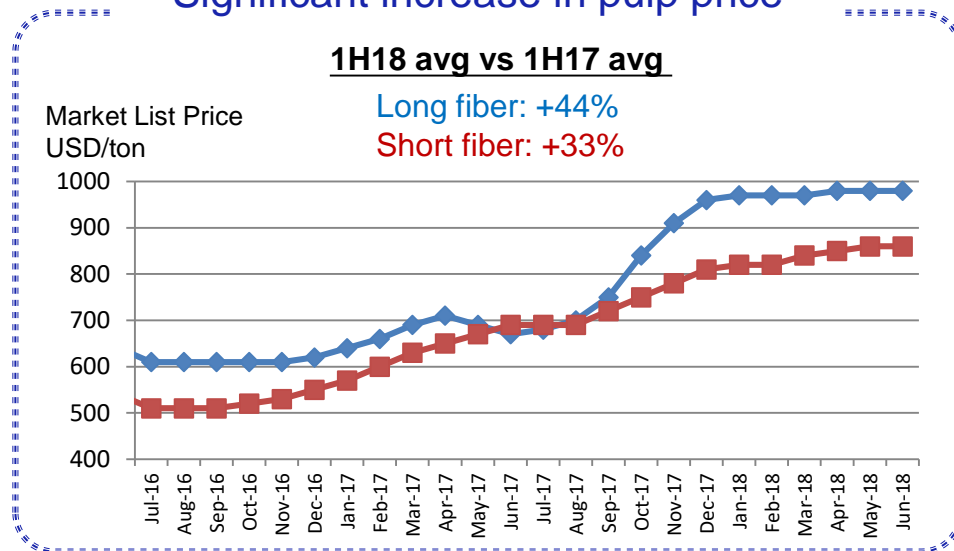
*segment profit before amortization of trademarks, licenses & contractual customer relationship

Gross Margin: QoQ Improvement

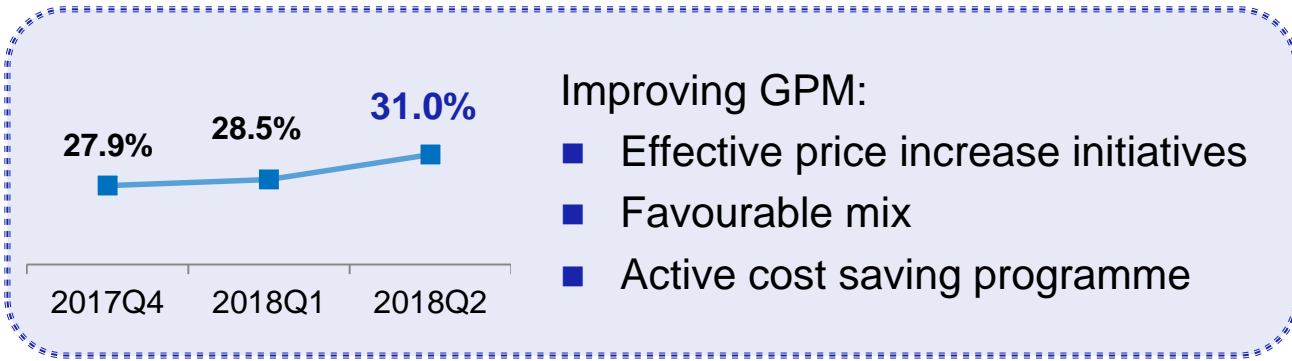
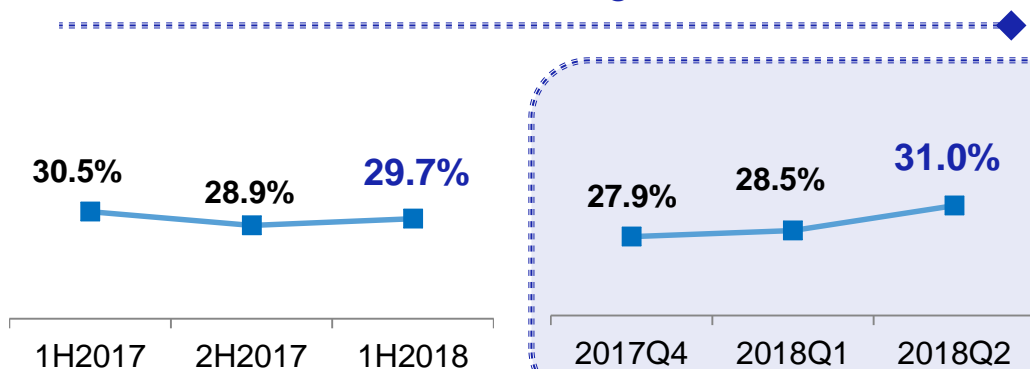
Gross Profit (HK\$M)



Significant increase in pulp price



Gross Profit Margin (%)

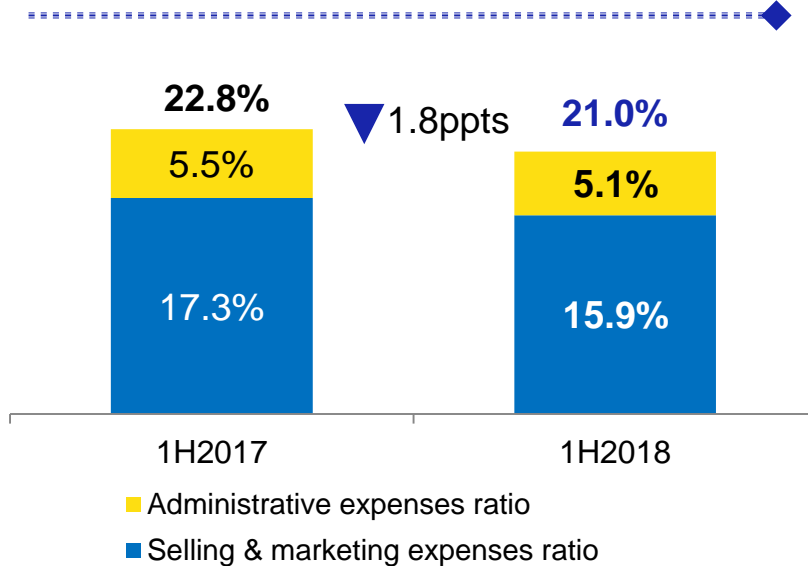


Improving GPM:

- Effective price increase initiatives
- Favourable mix
- Active cost saving programme

Decreased SG&A Ratio

SG&A as a % of Sales

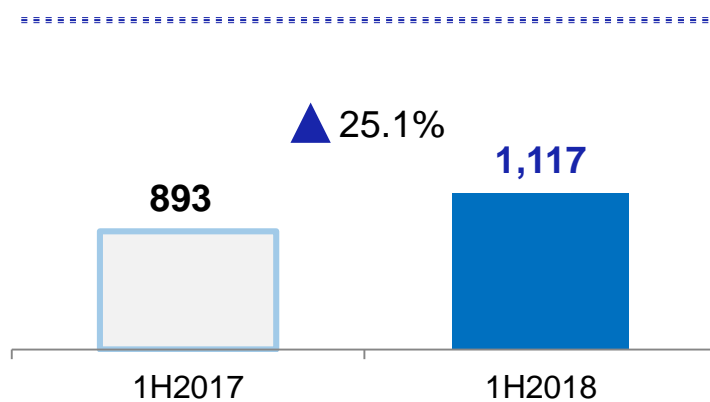


- Discipline in reducing cost at all levels
- Smart marketing spend, focused on high-margin SKUs



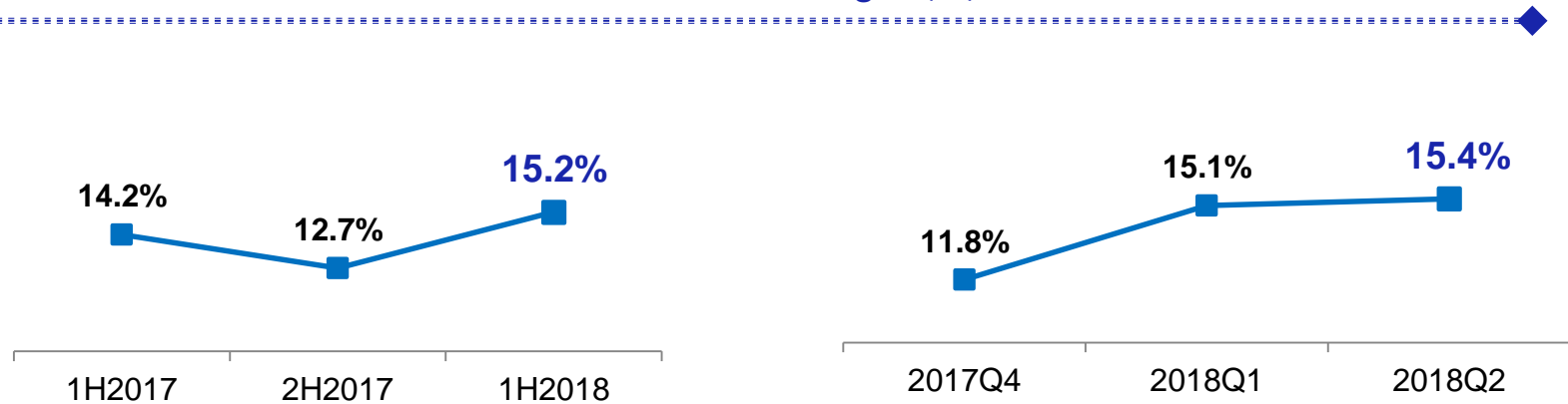
EBITDA Margin: QoQ Improvement

EBITDA (HK\$M)



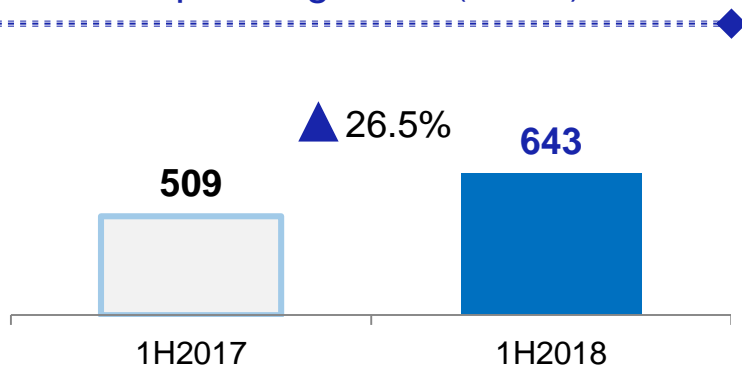
- Increasing EBITDA margin
- Reflect our cash generating ability

EBITDA Margin (%)



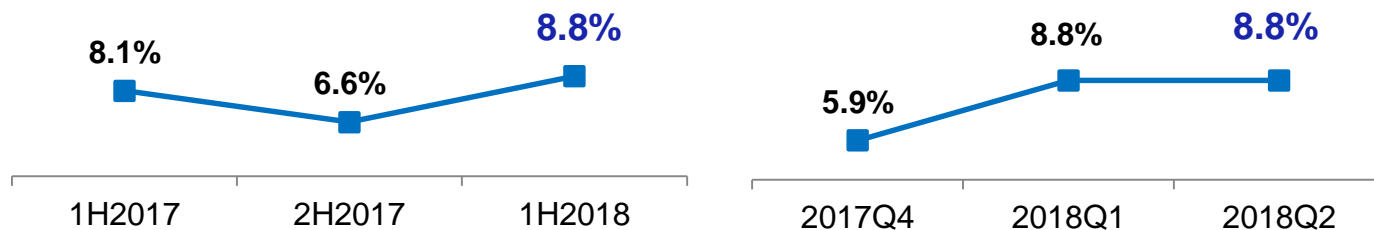
Increased Operating Margin

Operating Profit (HK\$M)

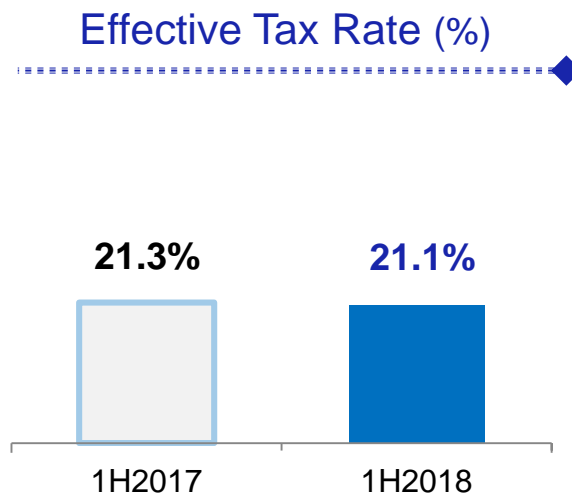


- Increasing operating margin
- Successfully mitigated the pressure brought by the significant increase in wood pulp cost

Operating Profit Margin (%)



Stable Effective Tax Rate



Key Indicators

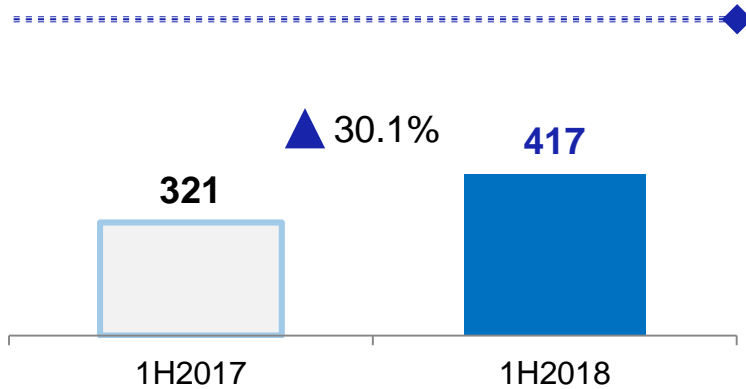
(HK\$M)	As at 30 Jun 2018	As at 31 Dec 2017
Debtors turnover days	43	44
Creditors turnover days	92	86
Finished goods turnover days	46	41
Working capital to sales ratio	11%	6%
(HK\$M)	As at 30 Jun 2018	As at 31 Dec 2017
Cash and cash equivalents ¹	491	535
Total borrowings ²	5,814	5,236
Net debt	5,322	4,702
Net gearing ratio ³	60%	54%
Net debt/EBITDA	2.6	2.6

1. Incl. restricted bank deposit 2. Total borrowings (incl. Essity shareholder loan)

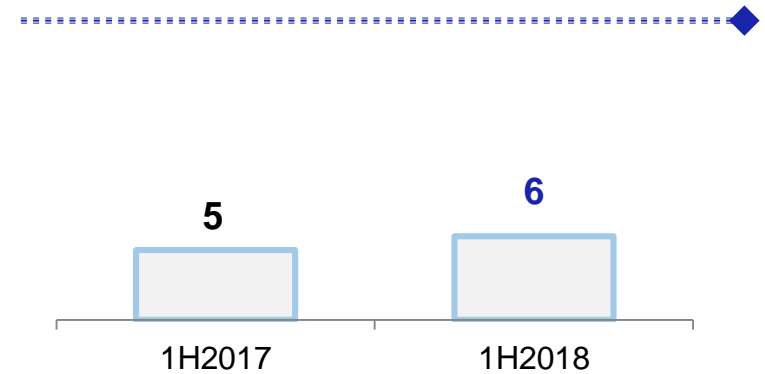
3. Total borrowing less bank balances and cash and restricted deposits / total shareholders' equity

Increased Net Profit & Dividend

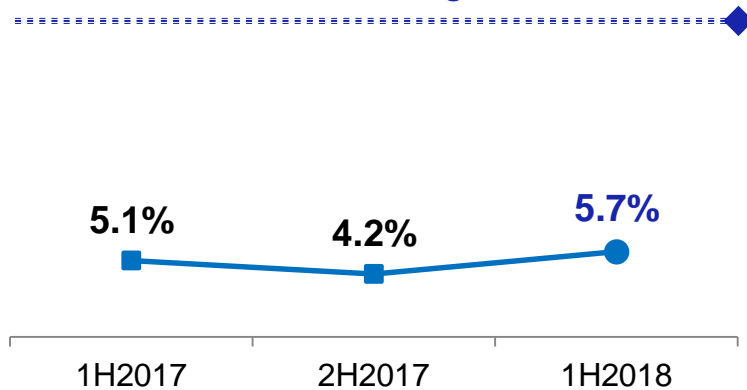
Net Profit (HK\$M)



Proposed Interim Dividend
(HK\$ cents per share)

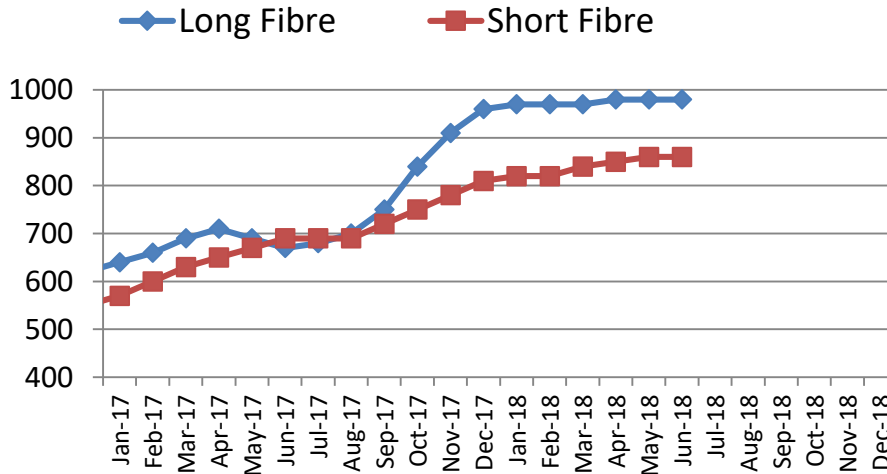


Net Profit Margin (%)



Challenges in 2H2018

Pulp price is expected to stay high in 2H2018



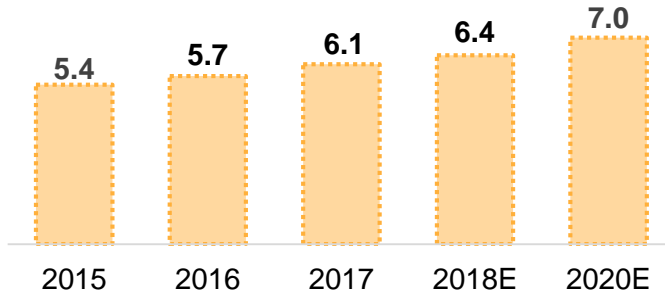
Impact on domestic consumption in China due to trade war and deleverage is uncertain

Market competition continues

Uncertain currency movement

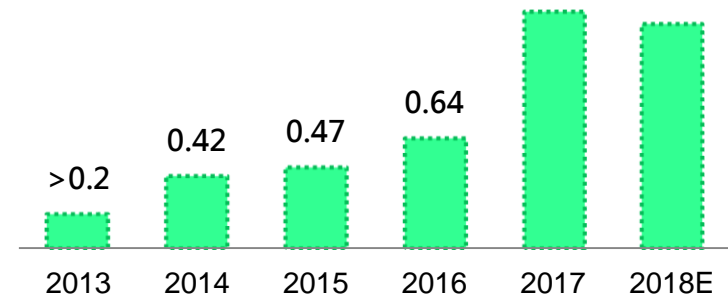
Opportunities

Per Capita Tissue Consumption in China¹ (kg)

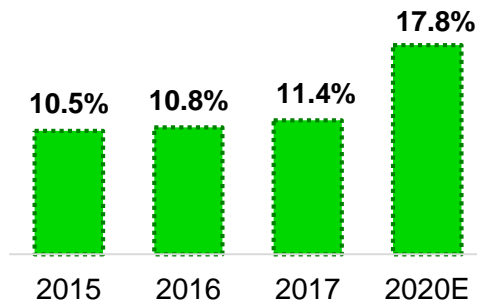


Stringent Environment Regulation¹

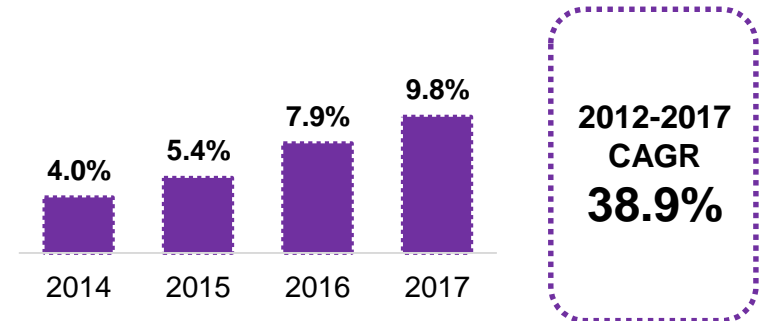
China tissue capacity (M tons)
shut down by government 1.37



Aging Population² (aged 65 or above)



Online Sales Maintained Momentum³



¹ China Household Paper Association

² China National Bureau of Statistics of the People's Republic of China

³ China Shopper Report 2018, vol. 1 by BAIN & Company, Inc.

Production Capacity Plan

Tissue annual designed capacity

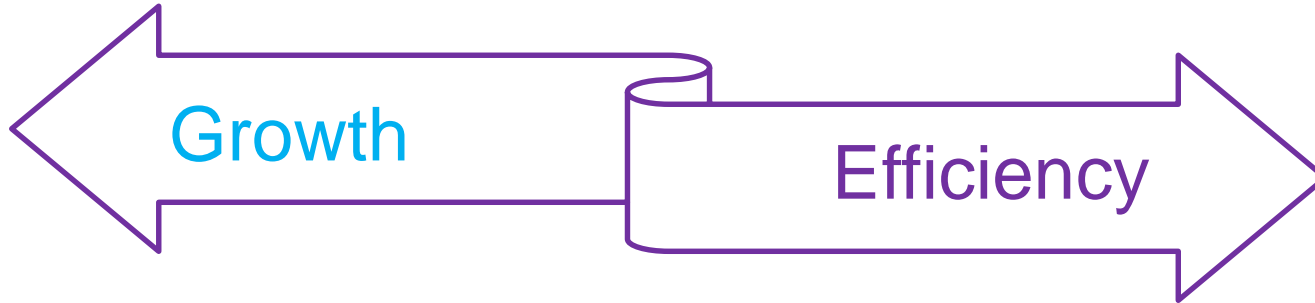
1.1 M tons
(end of Jun 2018)



1.28 M tons
(end of 2018/
Q1 2019 at the latest)

- Yangjiang: +60,000 tons in 18Q3
- Hubei: +120,000 tons in 18Q4/
19Q1 at the latest

2H2018 Focus: Growth & Efficiency



- To drive sales growth & market share gain

- Innovation

- Portfolio mix enhancement & price management to improve margin

- Active cost saving in all directions

- Ensure smart spent to control SG&A ratio

- Improve production & operational efficiency

Q&A



Appendix



Financial Highlights Summary



(HK\$M)	1H2018	1H2017	YOY	2H2017	HOH
Revenue	7,334	6,308	+16.3%	7,178	+2.2%
<i>Organic growth</i>	<i>+8.1%¹</i>	<i>+6.8%²</i>		<i>+10.0%¹</i>	
Gross profit	2,178	1,926	+13.1%	2,074	+5.0%
<i>Gross margin</i>	<i>29.7%</i>	<i>30.5%</i>	<i>-0.8ppt</i>	<i>28.9%</i>	<i>+0.8ppt</i>
Operating profit	643	509	+26.5%	475	+35.4%
<i>Operating margin</i>	<i>8.8%</i>	<i>8.1%</i>	<i>+0.7ppt</i>	<i>6.6%</i>	<i>+2.2ppts</i>
EBITDA	1,117	893	+25.1%	910	+22.7%
<i>EBITDA margin</i>	<i>15.2%</i>	<i>14.2%</i>	<i>+1.0ppt</i>	<i>12.7%</i>	<i>+2.5ppts</i>
Net profit	417	321	+30.1%	300	+39.0%
<i>Net margin</i>	<i>5.7%</i>	<i>5.1%</i>	<i>+0.6ppt</i>	<i>4.2%</i>	<i>+1.5ppts</i>
Basic EPS (HK cents)	34.9	27.5	+26.9%		
Proposed interim dividend per share (HK cents)	6.0	5.0			

¹ Growth at constant exchange rate

² Growth excluding the acquisition and exchange rates effect

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Thank You

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