

Vinda International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3331)



2019 Annual Results

Healthy Lifestyle
Starts with Vinda



Chairman's Highlights

1

Outstanding financial performance

- Significant increase in profitability (GPM & NPM)
- Double-digit organic revenue growth ¹

2

Favourable growth across different segments

- Strong growth momentum in Tissue segment (in particular, premium products)
- Strengthened market presence in Personal Care
- All distribution channels recorded better than expected growth (most remarkable growth in e-commerce)

3

New significant milestones

- Achieved localised production of China personal care products
- South East Asia regional hub in Malaysia

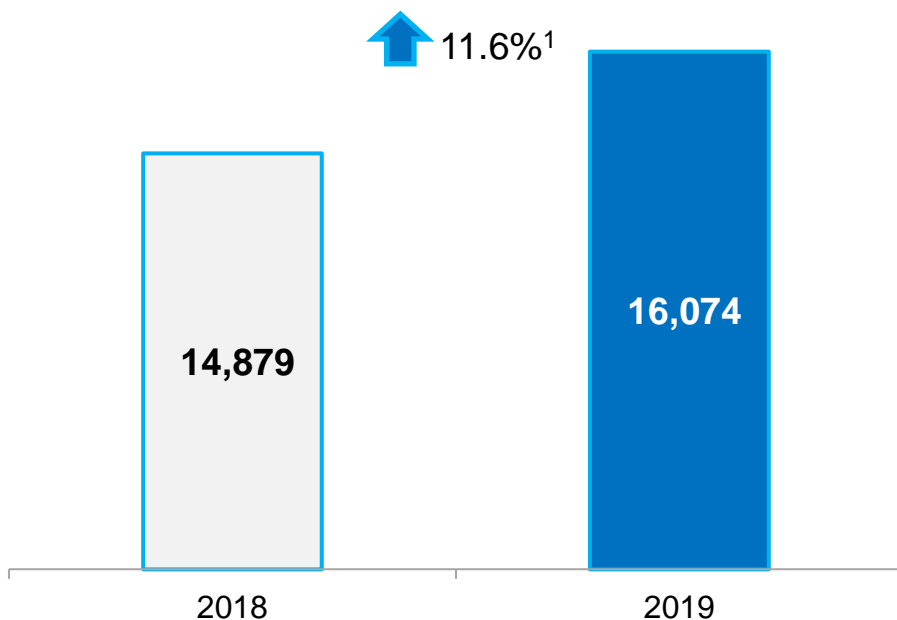
¹ YoY growth at constant exchange rate

Financial Highlights

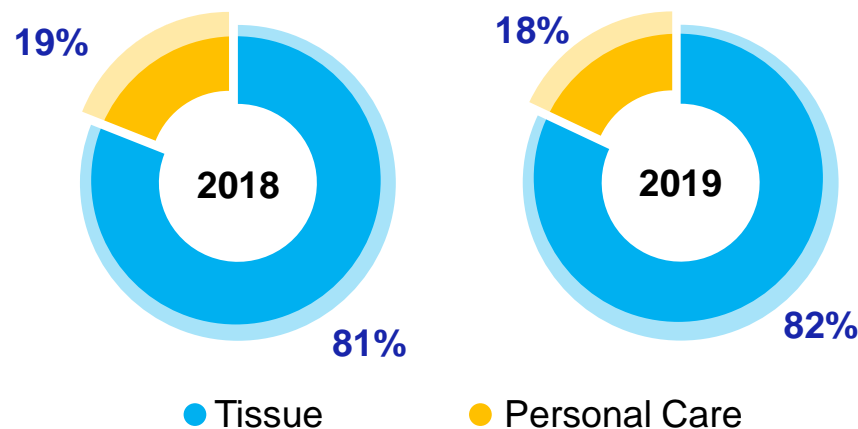


Revenue Growth

Total Revenue (HK\$M)



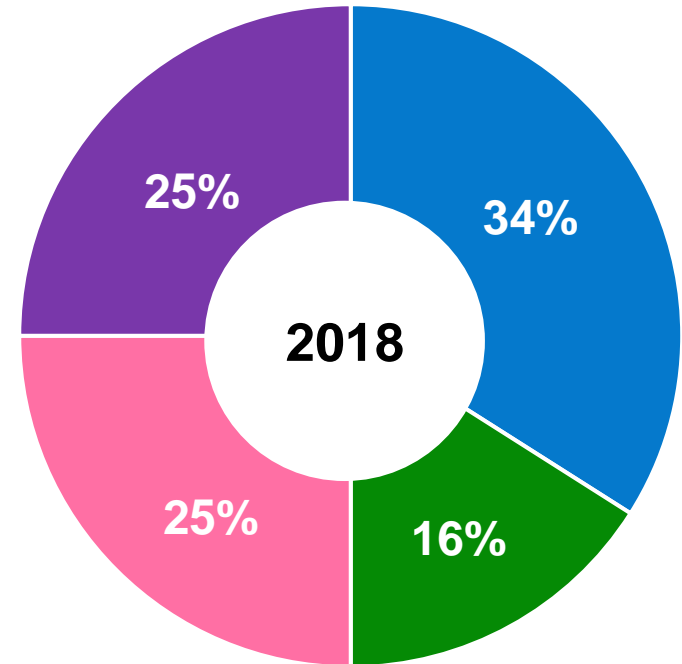
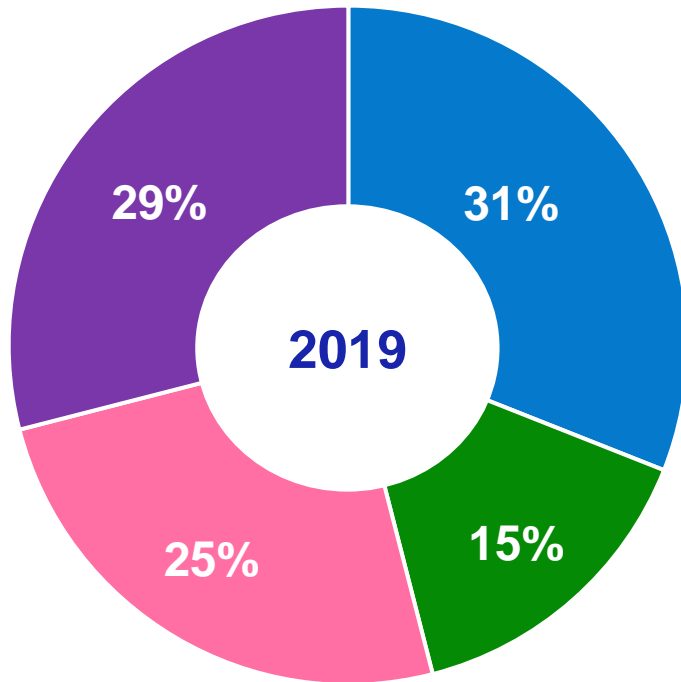
Revenue Mix (%)



- Maintained strong growth in all regions particularly in mainland China
- Mainland China revenue organic growth achieved 12.5%
- Solid volume growth

¹ YoY growth at constant exchange rate: 11.6%, YoY growth at reported rate: 8.0%.

Revenue by Channels

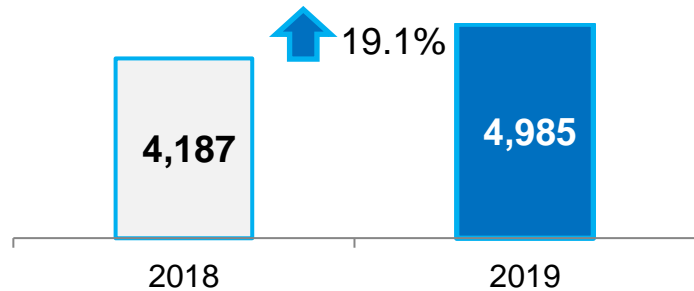


- Traditional channels (i.e. Distributors)
- B2B (i.e. Corporate client)
- Key accounts (i.e. Hypermarkets, Supermarkets)
- E-commerce

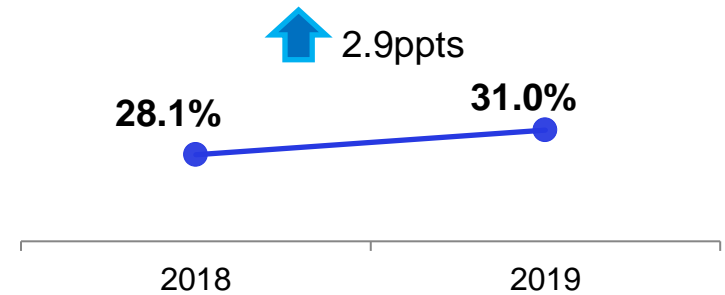
- Double-digit sales growth in e-commerce
- China e-commerce contributed more than 37% of China sales

Gross Margin Expansion

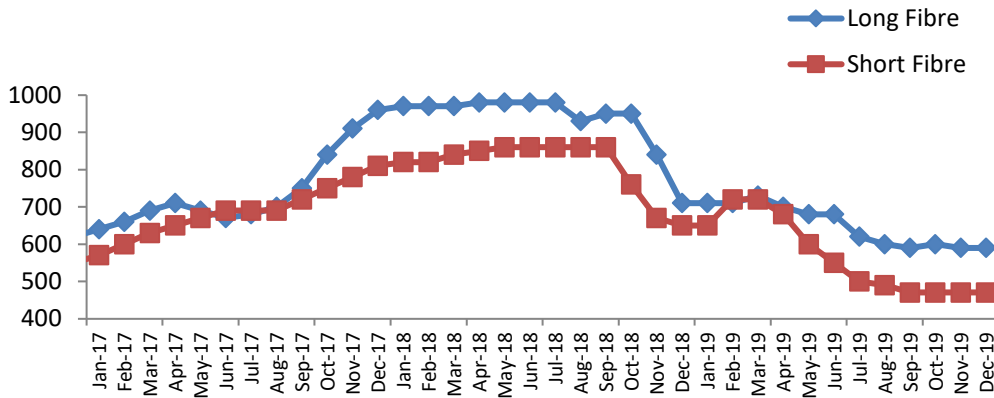
Gross Profit (HK\$M)



Gross Profit Margin (%)



Pulp Price Movement

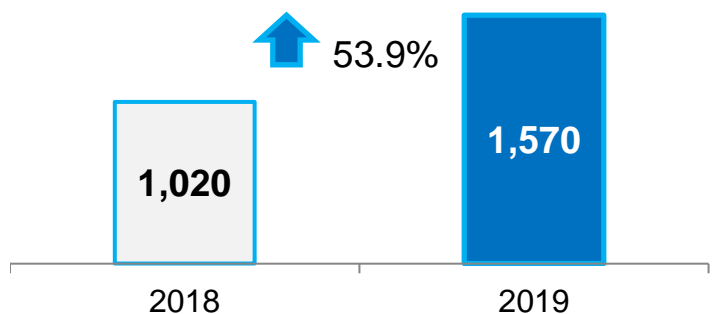


Significant improvement in GPM:

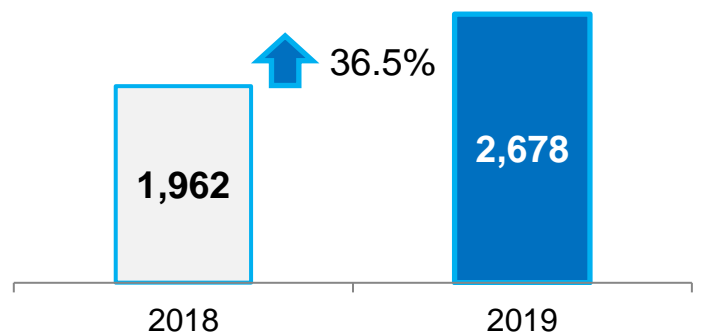
- Decrease in pulp price
- Portfolio mix enhancement
- Strong growth of premium products

Operating Profit & EBITDA

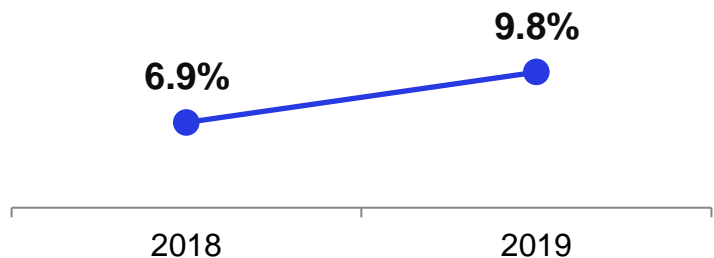
Operating Profit (HK\$M)



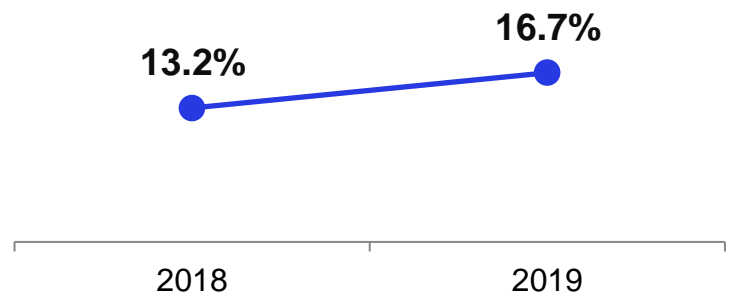
EBITDA (HK\$M)



Operating Margin (%)

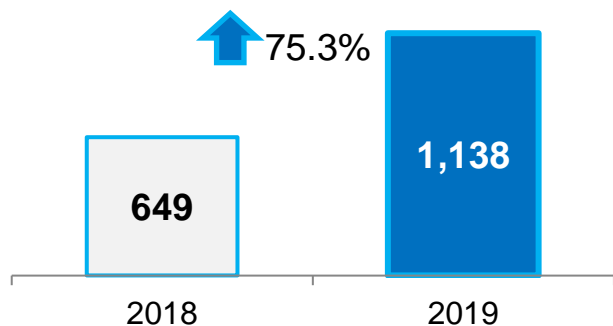


EBITDA Margin (%)

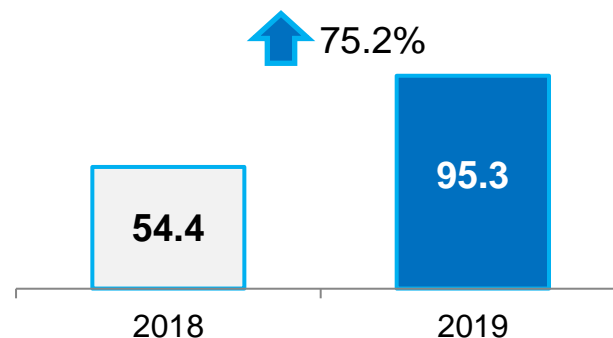


Net Profit & Dividend

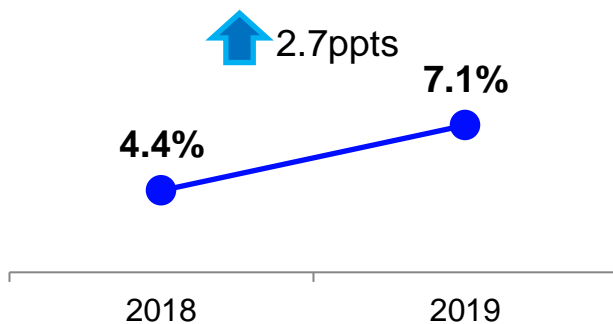
Net Profit (HK\$M)



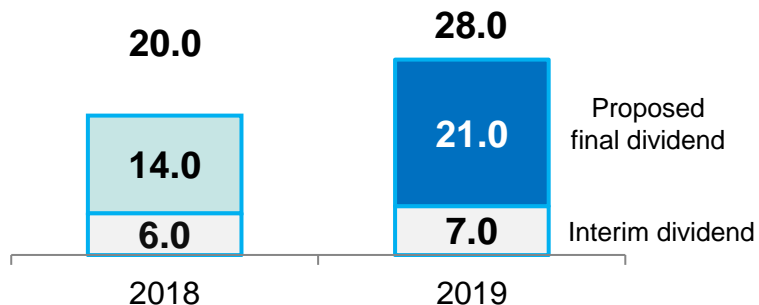
Basic Earnings Per Share (HK cents per share)



Net Profit Margin (%)

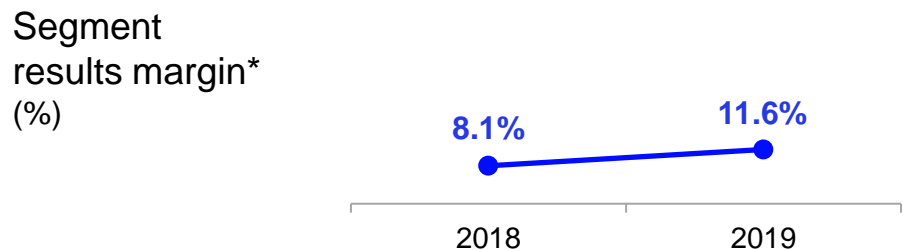
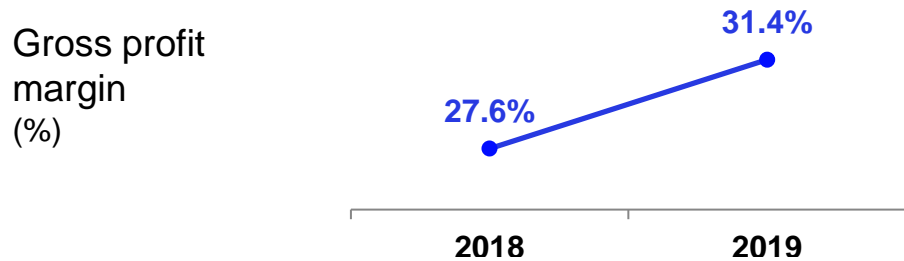
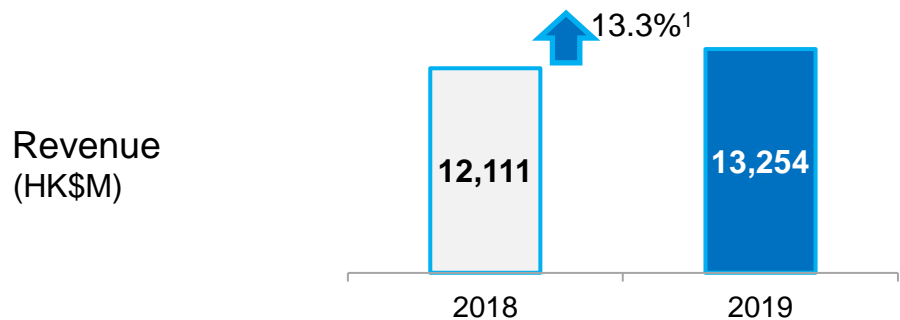


Total Dividend (HK cents per share)

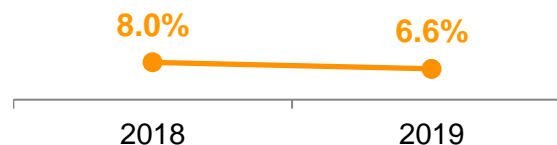
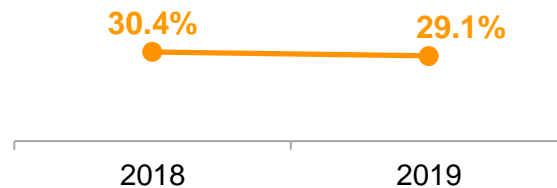
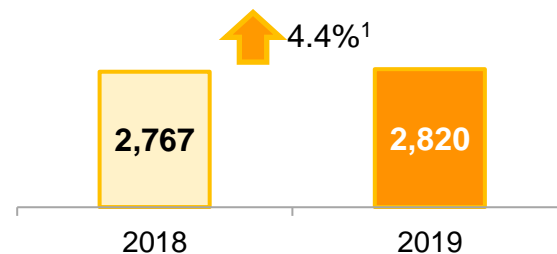


Segment Performance

Tissue



Personal Care

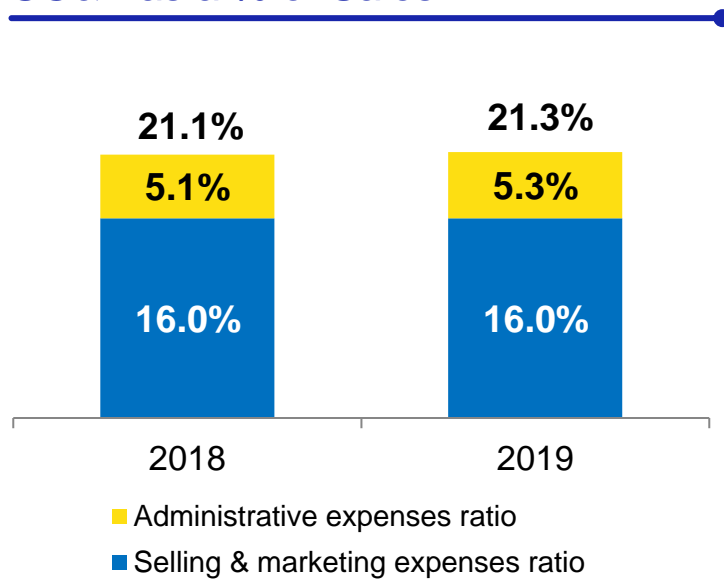


* Segment profit before amortisation of trademarks, licenses & contractual customer relationship

¹ YoY growth at constant exchange rate

SG&A

SG&A as a % of Sales



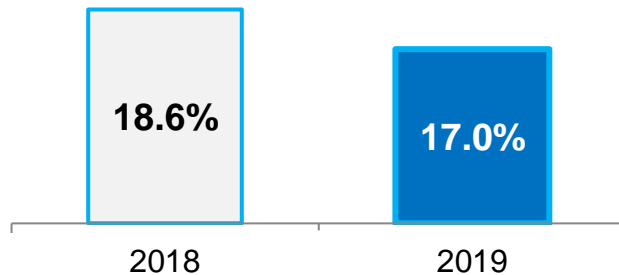
- Prioritised by investing in premium products
- Optimized deployment of marketing resources
- Disciplined cost control



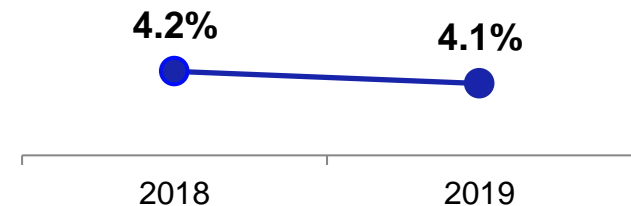
Lower Effective Tax Rate & Effective Interest Rate



Effective Tax Rate (%)



Effective Interest Rate (%)



- As at end of 2019, we had 60% of our borrowings in RMB (2018: 70%)

Key Indicators

(HK\$M)	As at 31 Dec 2019	As at 31 Dec 2018
Debtors turnover days ¹	42	43
Creditors turnover days ²	90	87
Finished goods turnover days ³	46	49
Working capital to sales ratio ⁴	4.5%	4.6%
(HK\$M)	As at 31 Dec 2019	As at 31 Dec 2018
Cash and cash equivalents	460	574
Total debt	4,339 ⁵	5,245
Net debt	3,879 ⁵	4,671
Net gearing ratio	39.1% ⁶	53.5%
Net debt/EBITDA	1.4 ⁵	2.4

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)/ total revenue

⁵ Including HK\$183M lease liabilities

⁶ Net gearing ratio excluding lease liability. If included lease liability, net gearing ratio at end of 2019 was 41.0%

Environmental, Social & Governance

1

Health & Safety

Mainland China	2019	2018	Malaysia	2019	2018
• Safety seminars	2,149	1,505	• LTA (case)	3	1
• LTA (case)	14	14			
Taiwan, China	2019	2018			
• LTA (case)	0	0			

LTA: Lost Time Accidents

2

Green Production

Mainland China	2019	2018
• Avg. overall energy consumption per ton of paper (ton of stand coal)	0.33 ¹	0.31 ¹
• CO2 emission (per 10,000 tons of product)	10,694	10,726
• Water recycling rate	>95%	
• Wood pulp sourcing		

>99% environmentally certified
¹below national standard upper limit of 0.42

Green Loan in 2019

1st FMCG company in HK to secure a green loan

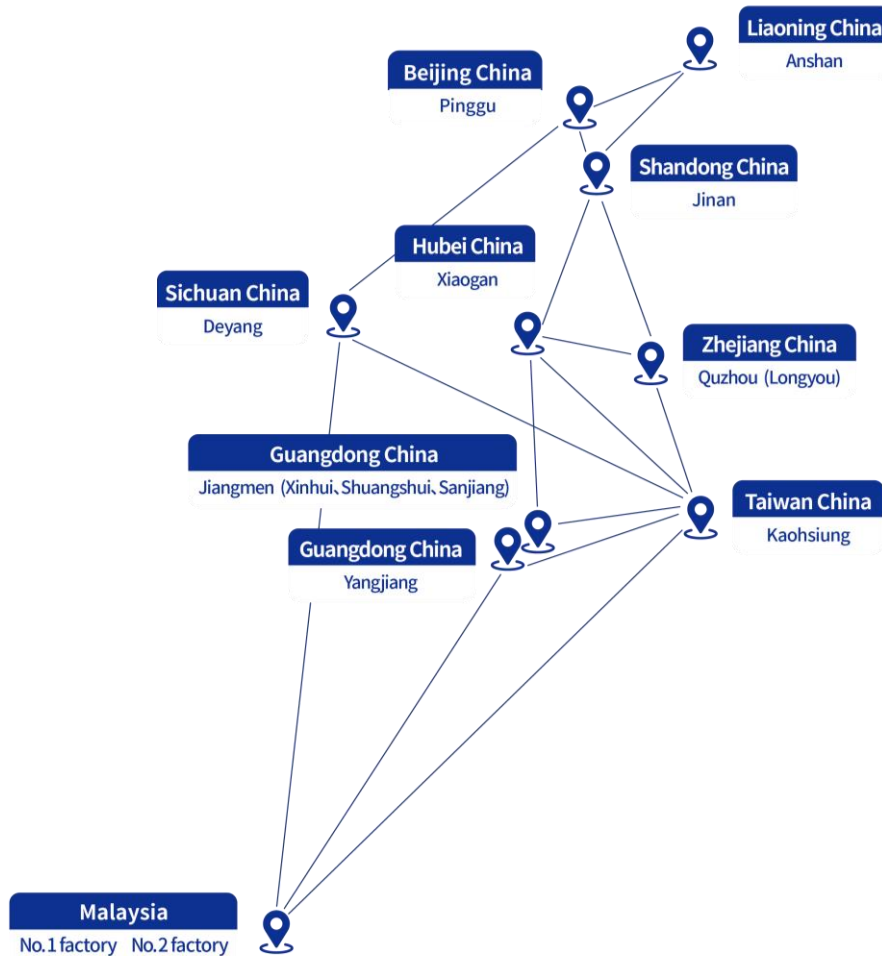
HKQAA Green Finance Certificate

- Obtained the “Green Finance Pre-Issuance Stage Certificate” issued by HKQAA
- Secured a HK\$300 million green loan

The green loan will be used for eligible green projects, including energy efficiency, prevention and control of pollution, resource conservation and recycling, etc.



Production Capacity Plan



Tissue annual designed capacity

1.25 M tons (2019)  **+ approx.10%** (2020-2021)

- +30,000 tons in 19Q2 in Hubei & +30,000 tons in 19Q3 in Hubei
- -30,000 tons (discontinued operation of an old and high-energy consuming machinery) in 19Q2 in Xinhui
- In the future CAPEX focus on premium tissue capacity

Personal Care facility

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

Summary of Key Opportunities - 1/2



- 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



- Consumer relevant innovations

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

Summary of Key Opportunities - 2/2



- **Profitability enhancement**

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

- **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

Leading Market Positions

Mainland China



No.1 Tissue¹



Malaysia



No.1 Incontinence⁴



Hong Kong, China



No.1 Tissue²



No.1 Baby Care⁶



Taiwan, China



No.2 Incontinence³



No.1 Feminine⁶



Singapore



No.1 Incontinence⁵



Notes:

1. Kantar, value share in 2019
2. Nielsen, KA value share MAT Aug 2019
3. Nielsen, volume share YTD Nov 2019
4. Internal estimates, value share, YTD Oct 2019
5. Internal estimates, value share, YTD Sep 2019
6. Kantar Worldpanel, value share YTD at 3 Nov 2019

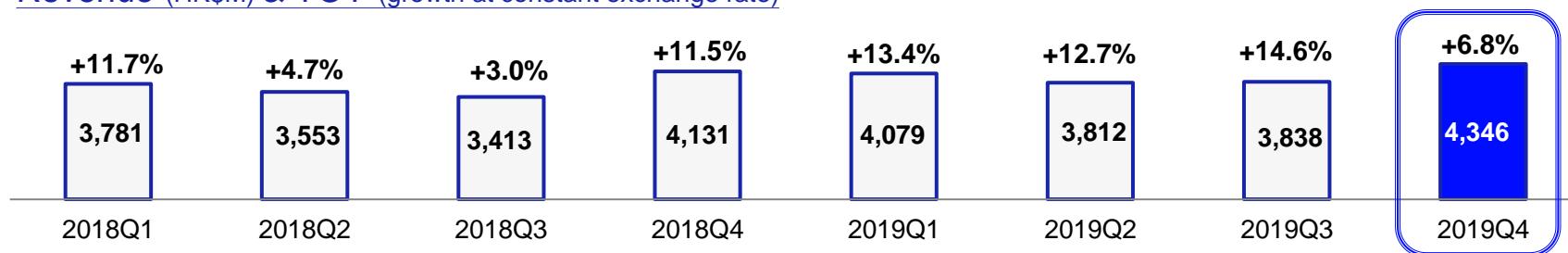
Financial Highlights Summary

(HK\$M)	2019	2018	YOY
Revenue	16,074	14,879	+8.0%
<i>Constant exchange rate</i>	11.6%¹	+7.8%	
Gross profit	4,985	4,187	+19.1%
<i>Gross margin</i>	31.0%	28.1%	+2.9ppts
Operating profit	1,570	1,020	+53.9%
<i>Operating margin</i>	9.8%	6.9%	+2.9ppts
EBITDA	2,678	1,962	+36.5%
<i>EBITDA margin</i>	16.7%	13.2%	+3.5ppts
Net profit	1,138	649	+75.3%
<i>Net margin</i>	7.1%	4.4%	+2.7ppts
Basic EPS (HK cents)	95.3	54.4	75.2%
Proposed total dividend per share (HK cents)	28.0	20.0	40.0%

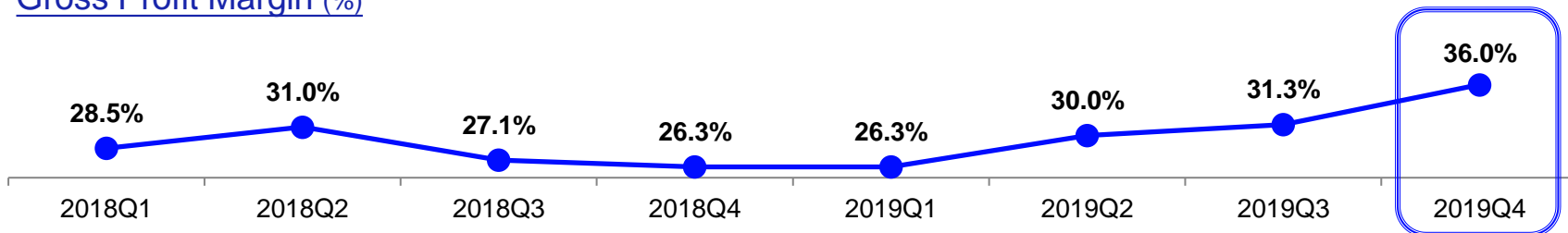
¹ Growth at constant exchange rate

Quarterly Financial Highlights

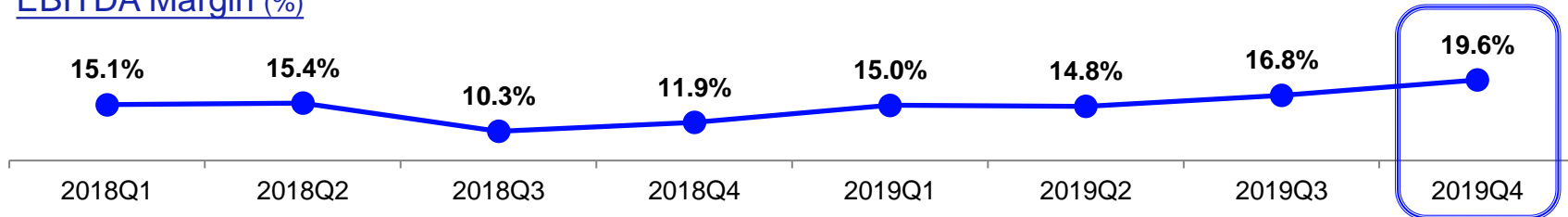
Revenue (HK\$M) & YOY (growth at constant exchange rate)



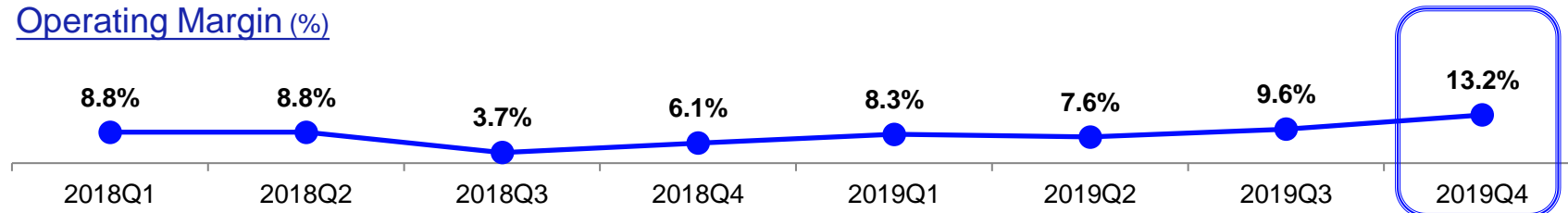
Gross Profit Margin (%)



EBITDA Margin (%)



Operating Margin (%)



Q&A



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