

Vinda International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3331)



2017 Interim Results Investor Presentation

Healthy Lifestyle
Starts with Vinda



1

Solid growth despite challenging environment

- ◆ Good sales growth in mainland China (Organic growth: Q2>Q1)
- ◆ Stable gross profit margin (qoq) despite pulp price hike

2

Good financial control

- ◆ Good control over cost and working capital
- ◆ Limited foreign exchange losses
- ◆ Improvement on gearing level

3

Focus on innovation, product launch & roll-out

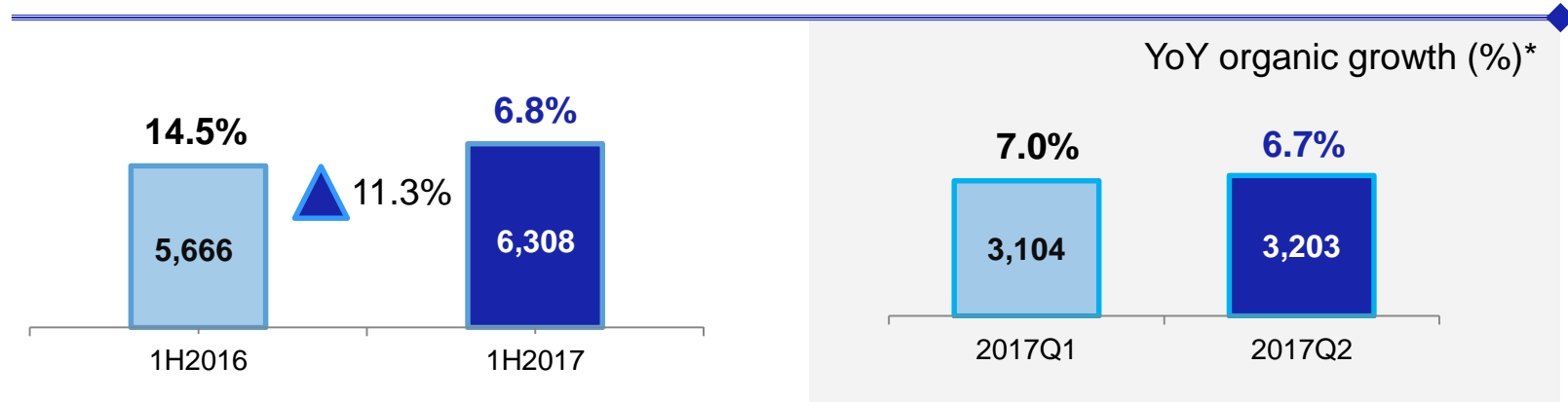
- ◆ Re-launch of Libresse in China
- ◆ Roll-out of Vinda Deluxe tissue in China
- ◆ Launch of Vinda Deluxe tissue in Malaysia

Financial Highlights



Solid Revenue Growth

Total Revenue (HK\$M)

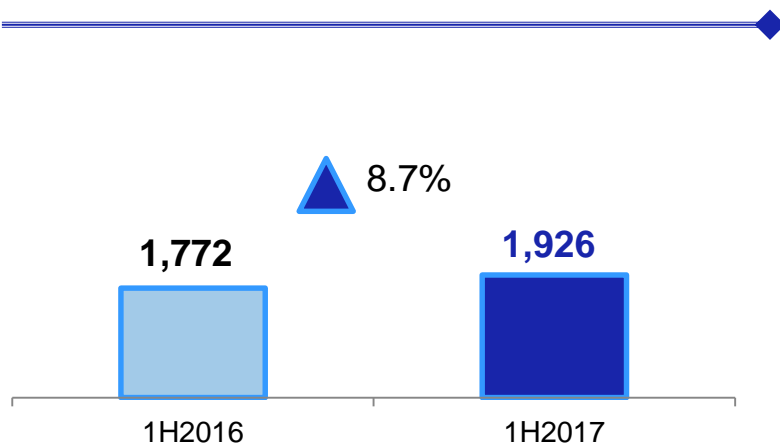


- ◆ Organic growth of mainland China in Q2 was close to double-digit, higher than that in Q1, driven by strong growth of Tissue & Personal Care
- ◆ Good growth in Fempro in South East Asia
- ◆ Launched tissue in Malaysia, with first shipment in May

** Since 1 April 2016, the completion date of the acquisition of SCA Asia business in Malaysia, Taiwan, China and Korea by the Group, the financial figures of SCA Asia business have been consolidated into the financial results of the Group. Therefore, with respect to the calculation of the organic revenue growth for the first half of 2017, the data recorded between January and March excluded the acquired Asia business in Malaysia, Taiwan, China and Korea, as well as the exchange rate effects; whereas for the calculation of the organic revenue growth between April and June, only the exchange rate effects were excluded.*

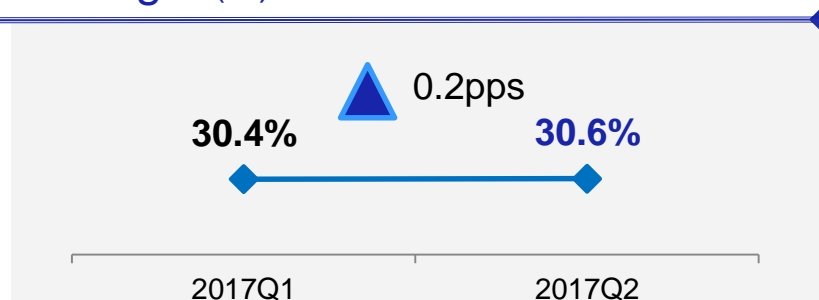
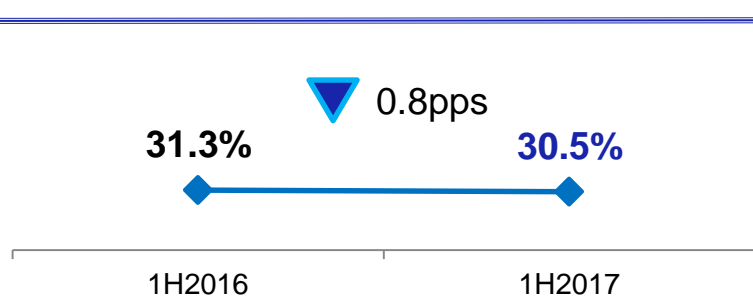
Stable Gross Margin: Q2>Q1

Gross Profit (HK\$M)



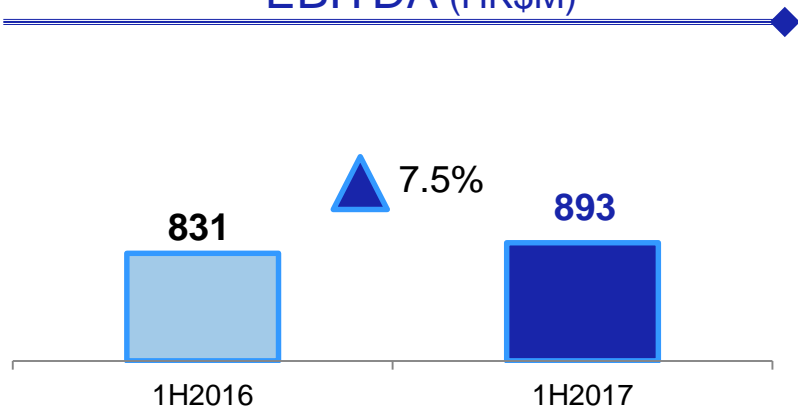
- ◆ Pulp price have risen significantly since 2016Q4 and started to stabilise in the end of the Period
- ◆ Continuous portfolio optimisation
- ◆ Cost saving initiatives
- ◆ GPM in Q2 > GPM in Q1

Gross Profit Margin (%)

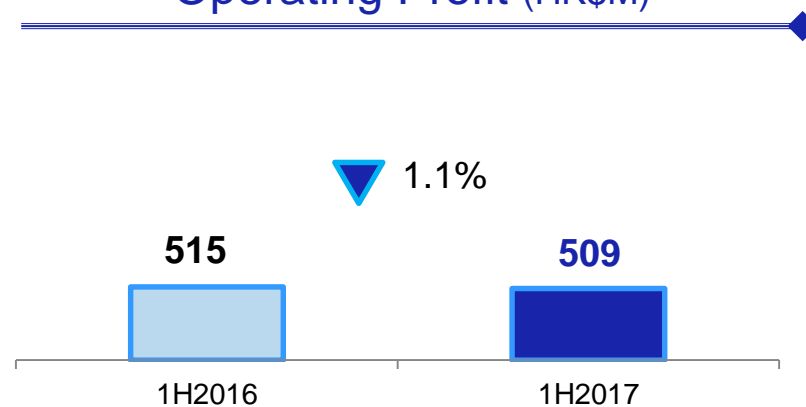


EBITDA Margin Remains Strong

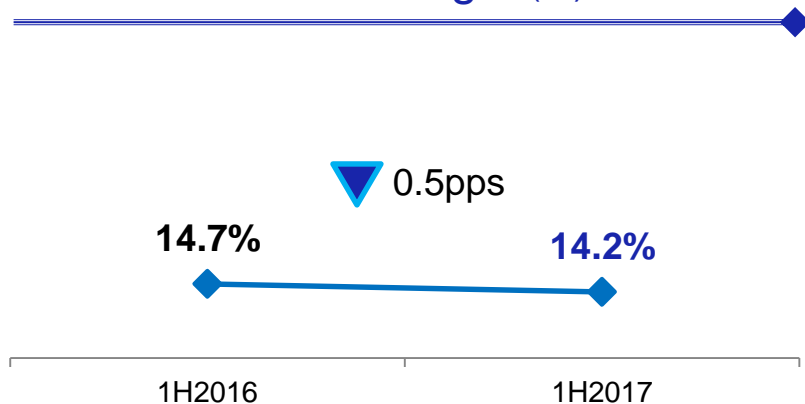
EBITDA (HK\$M)



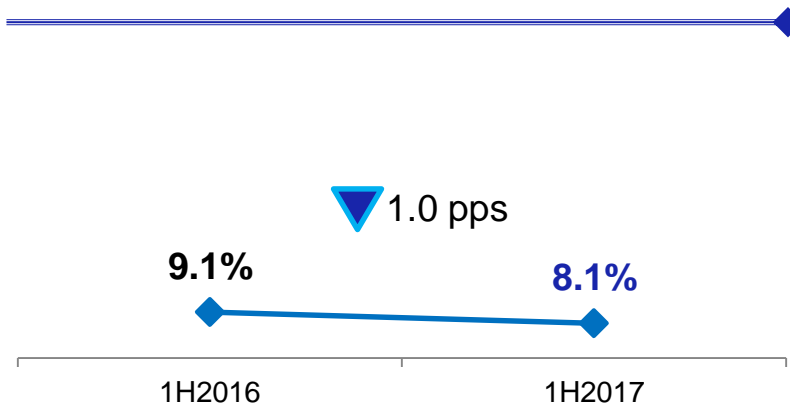
Operating Profit (HK\$M)



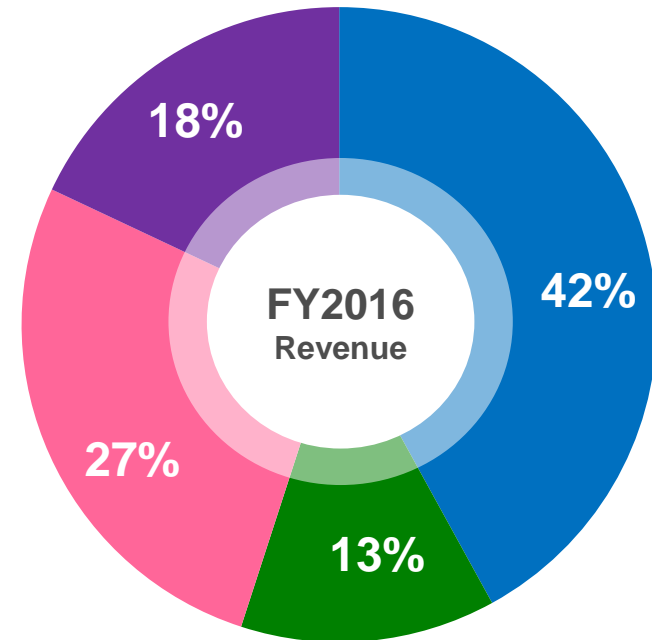
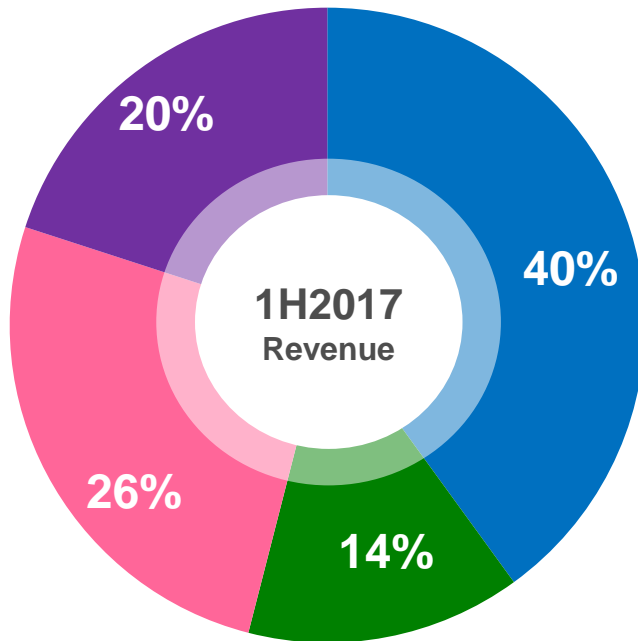
EBITDA Margin (%)



Operating Margin (%)



Continuous Growth in E-commerce & B2B

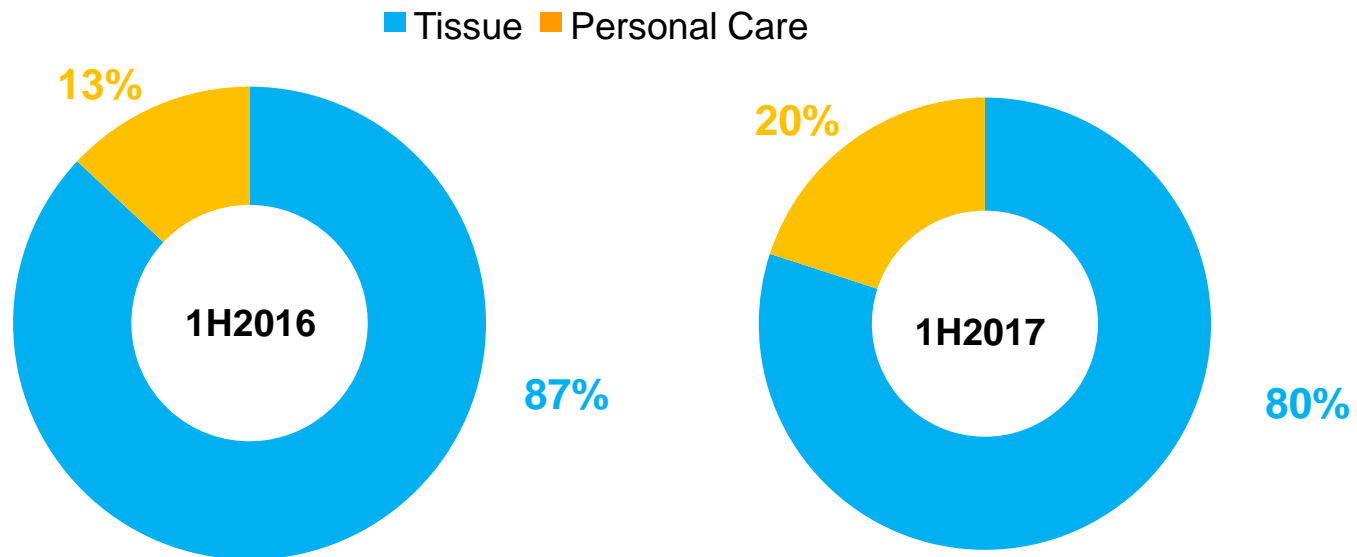


- Traditional channels (i.e. Distributors)
- B2B (i.e. Corporate clients)
- Key accounts (i.e. Hypermarkets, Supermarkets)
- E-Commerce

Increased Contribution from Personal Care



Revenue Mix (%)

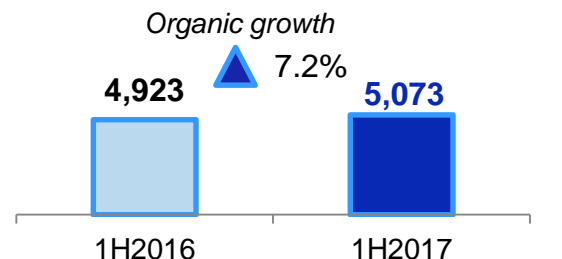


- ◆ Increased contribution from personal care, driven by
 - ◆ the acquired Asia business
 - ◆ the growth in China
- ◆ Strong growth in Inco and Fempro

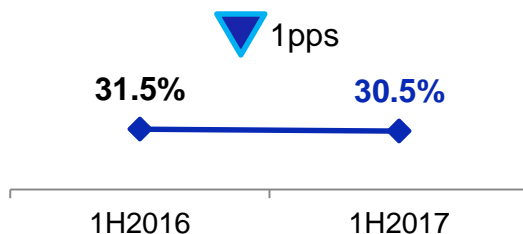
Segment Performance

Tissue

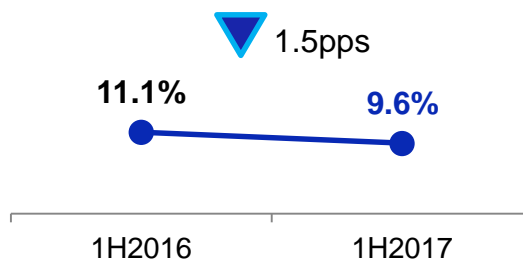
◆ Revenue (HK\$M)



◆ Gross profit margin

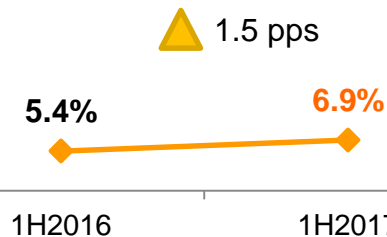
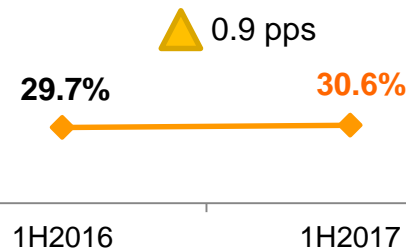
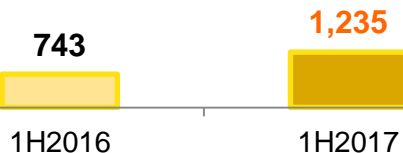


◆ Segment results margin*



Personal care

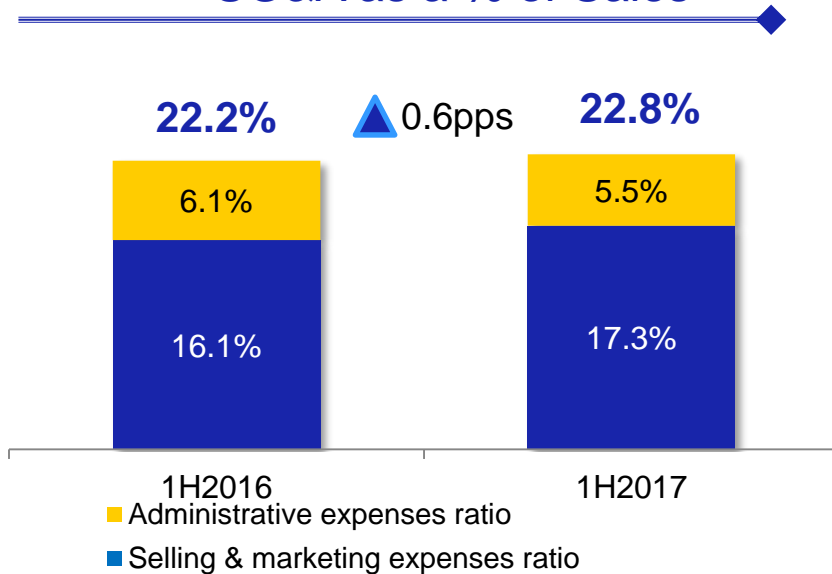
Acquisition effect & Strong organic growth in China



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

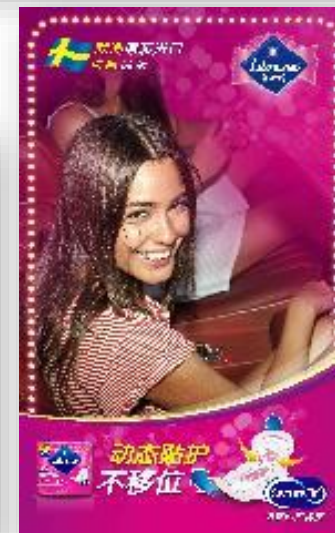
Stable SG&A Ratio

SG&A as a % of Sales



Stable SG&A ratio:

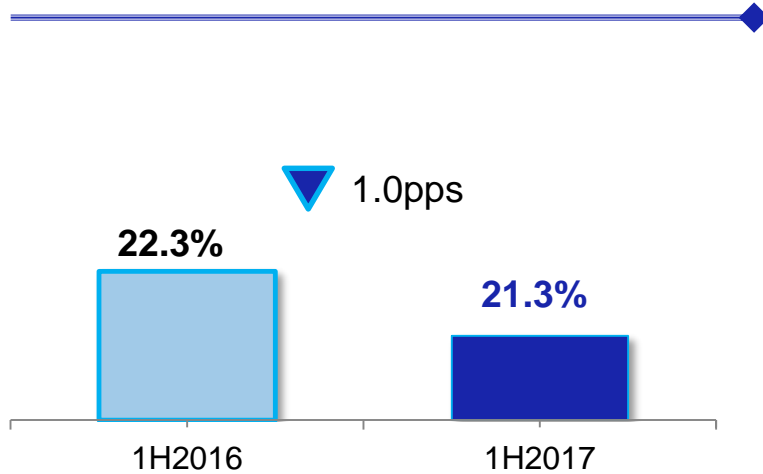
- ◆ Effective control over administrative cost
- ◆ Increased marketing activities in Q2, logistics cost & amortisation expense



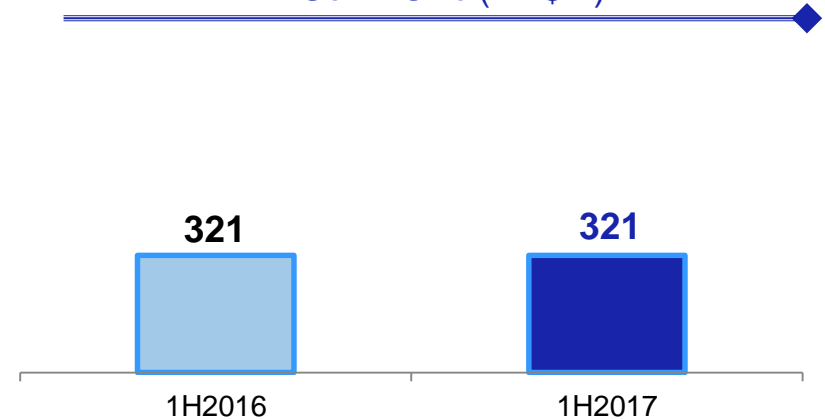
Lower Effective Tax Rate, Stable Net Profit



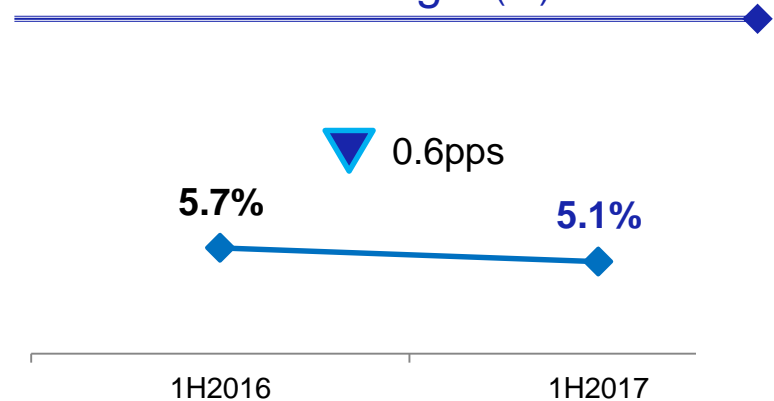
Effective Tax Rate



Net Profit (HK\$M)



Net Margin (%)



Lower effective tax rate:

- ◆ Super-deduction for qualified R&D from two subsidiaries

Key Indicators

(HK\$M)	As at 30 Jun 2017	As at 31 Dec 2016	As at 30 Jun 2016
Debtors turnover days	48	43	44
Creditors turnover days	85	70	66
Finished goods turnover days	39	40	45
Working capital to sales ratio	3%	3%	12%

(HK\$M)	As at 30 Jun 2017	As at 31 Dec 2016	As at 30 Jun 2016
Cash and cash equivalents ¹	915	1,015	632
Total borrowings ²	4,971	5,017	5,666
Borrowings in CNY (%)	73%	69%	61%
Net debt	4,057	4,001	5,035
Net gearing ratio ³ (%)	50%	59%	74%
Net debt/EBITDA	2.3	2.4	3.7
Net cash flow ⁴	61	339	(543)

Improved
working capital
efficiency

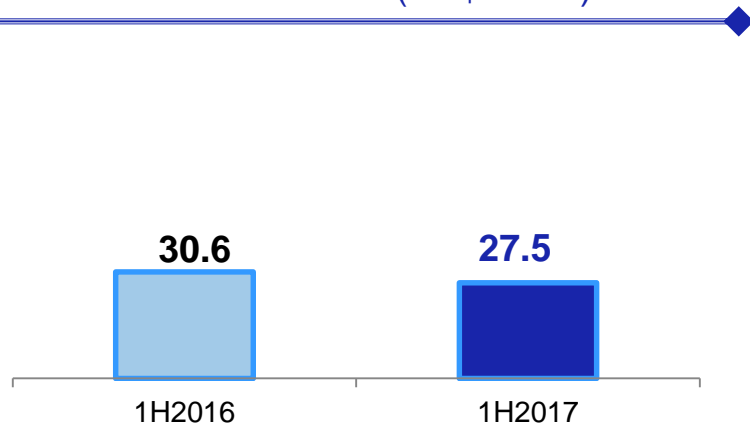
Lower
gearing
level

Positive net
cash flow

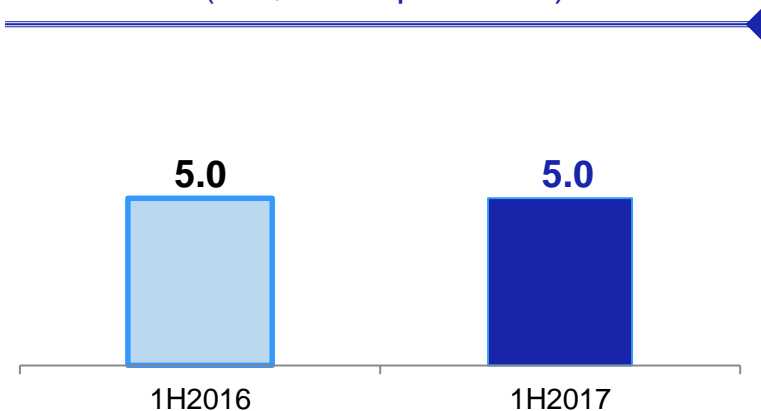
1. Incl. restricted bank deposit. 2. Total borrowings (incl. SCA shareholder loan)
3. Total borrowing less bank balances and cash and restricted deposits / total shareholders' equity.
4. Change of net debt, including exchange rate effect

Proposed Dividend

Basic EPS (HK\$ cents)



Proposed Interim Dividend
(HK\$ cents per share)



- ◆ We have completed the acquisition of Sanjiang factory and have issued 55,000,000 shares to Fu An during the period

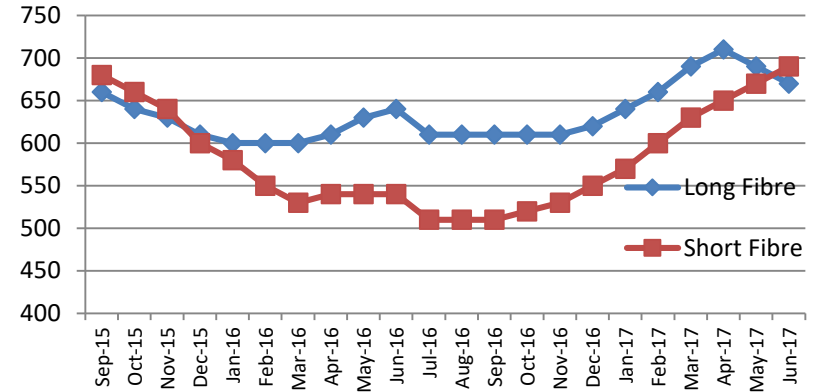


Outlook

Challenges in 2H2017

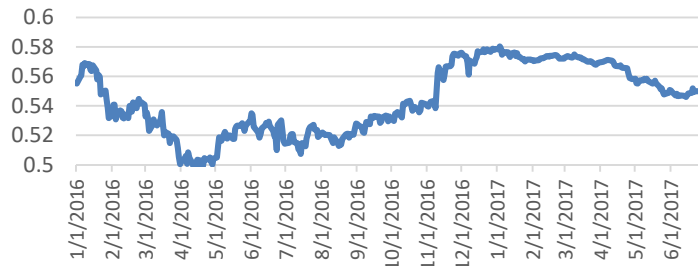
Market competition to continue

Pulp price to stabilise

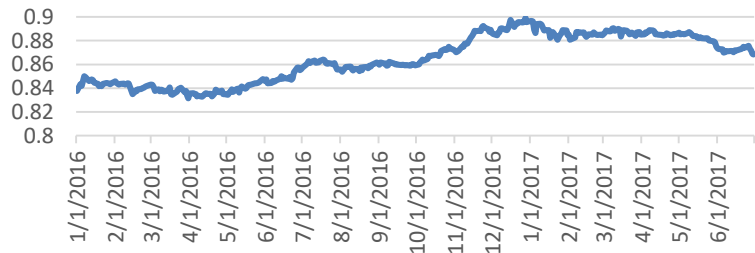


Uncertain movement of RMB & Ringgts

HKD vs Ringgit



HKD vs RMB



Mid-Long Run Opportunities

Urbanization¹

- ◆ 2014: 55%
- ◆ 2015: 56%
- ◆ 2016: 57%
- ◆ 2020: 60%

Aging Population¹ (aged 65 or above)

- ◆ 2014: 10.1%
- ◆ 2015: 10.5%
- ◆ 2016: 10.8%
- ◆ 2020: 17.8%

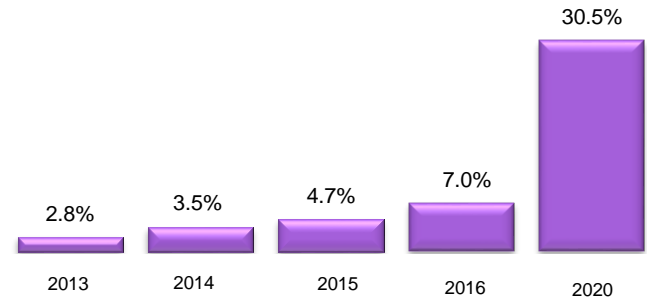
South East Asia Rise of middle class (BY 2020)

400M³

Middle class definition: spending US\$16-US\$100 per day

Booming e-commerce²

% of China FMCG sales from online



Stringent environment regulation

China tissue capacity (tons)	2013	2014	2015	2016
Shut down by government ⁴	>0.2M	0.42M	0.47M	0.64M

¹ National Bureau of Statistics & National Health & Family Planning Commission of PRC

² Kantar 2017 ³ Nielsen forecast in 2015 ⁴ China Paper Association & internal estimate

-
- ◆ 60,000 tons of tissue capacity added in Zhejiang in July 2017
 - ◆ New factory in Yangjiang
 - ◆ Ready in 2018
 - ◆ First year operation: 60,000 tons
 - ◆ Possibly to expand in the future
-

Our Priorities



1

Drive Tissue business in China

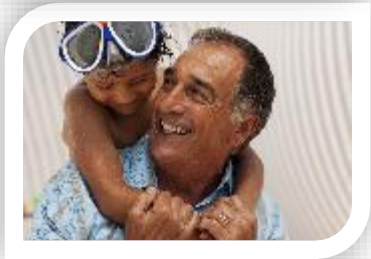
- ◆ Drive Tissue sales in China with innovative-driven product, R&D & marketing campaigns
- ◆ Increase contribution from Tempo in high-end market



2

Broaden the Personal Care presence in China

- ◆ Become the leader in Incontinence with TENA & Dr. P
- ◆ Build VIA & Libresse as future profit contributor
- ◆ Selective presence in competitive baby market



3

Drive Personal Care growth in Asia & Roll out Tissue business

- ◆ Strengthen Personal Care market positions where we have presence
- ◆ Roll out tissue to Asia by leverage the strong route to market

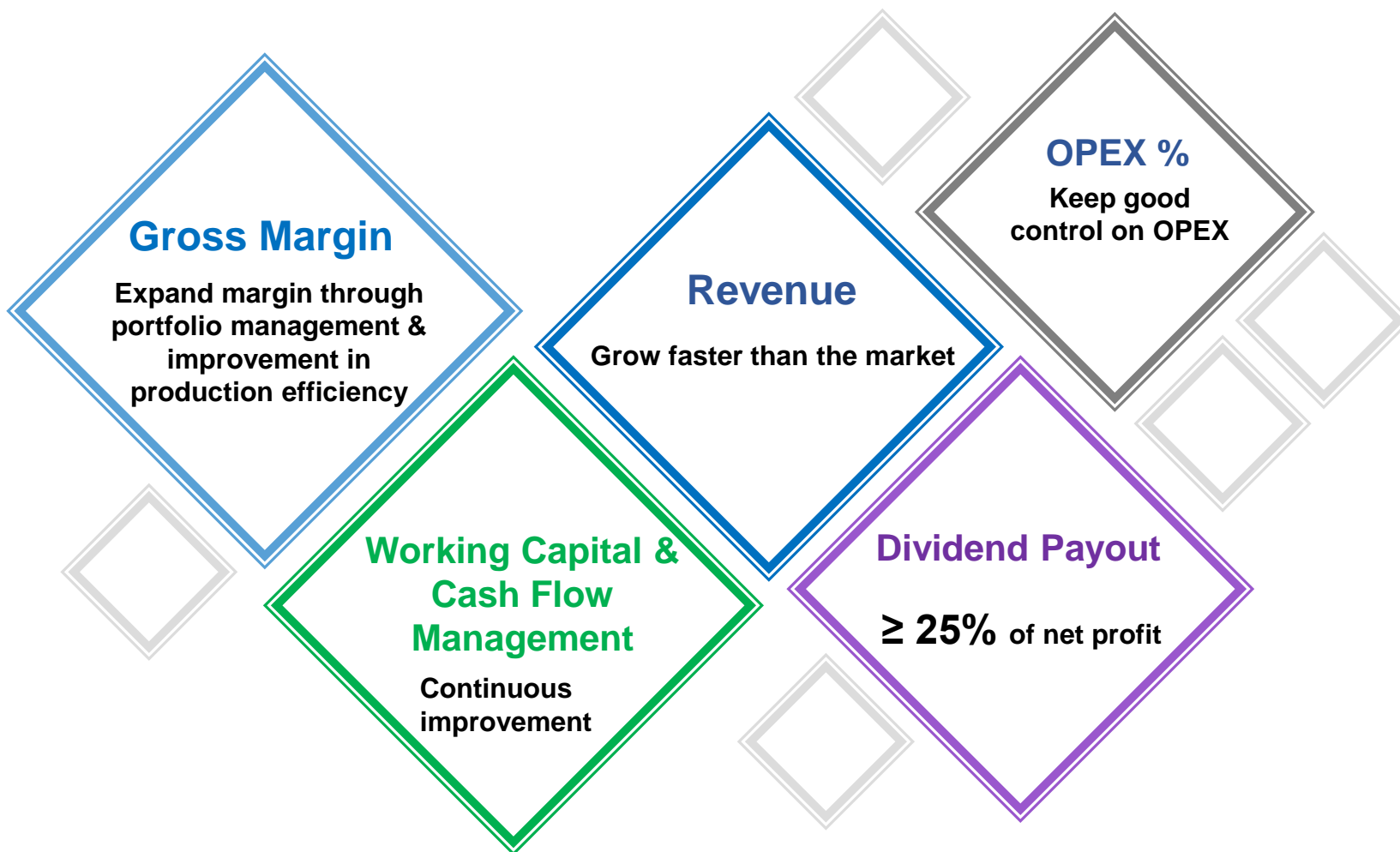


4

Develop B2B business

- ◆ Build Away-from-home Tissue business and TENA institutional sales

Targets



Q&A





Appendix

Financial Highlights Summary



(HK\$M)	1H2017	1H2016	Change
Revenue*	6,308	5,666	+11.3%
Gross profit	1,926	1,772	+8.7%
EBITDA	893	831	+7.5%
Operating profit	509	515	-1.1%
Net profit	321	321	-
Basic earnings per share (HK cents)	27.5	30.6	
Proposed interim dividend per share (HK cents)	5.0	5.0	

*Organic revenue growth: 6.8%

Disclaimer

Information contained in our presentation is intended solely for your personal reference and is strictly confidential. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning the company and/or its business. We make no representation or warranty, express or implied, regarding, and assumes no responsibility or liability for, the fairness, accuracy, correctness or completeness of, or any errors or omissions in, any information or opinions contained herein.

In addition, the information contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the company's assumptions are correct. Actual results may differ materially from those projected. It is not the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the Company's financial or trading position or prospects.

This presentation does not constitute an offer or invitation to purchase or subscribe for any shares and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.



Thank You

*Healthy Lifestyle
Starts with Vinda*

