

# Vinda International Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 3331)



## 2015 Annual Results Investor Presentation

Healthy Lifestyle  
Starts with Vinda



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# Our Ambition



## **Mission**

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To provide people with high quality household hygiene products

## **Ambition**

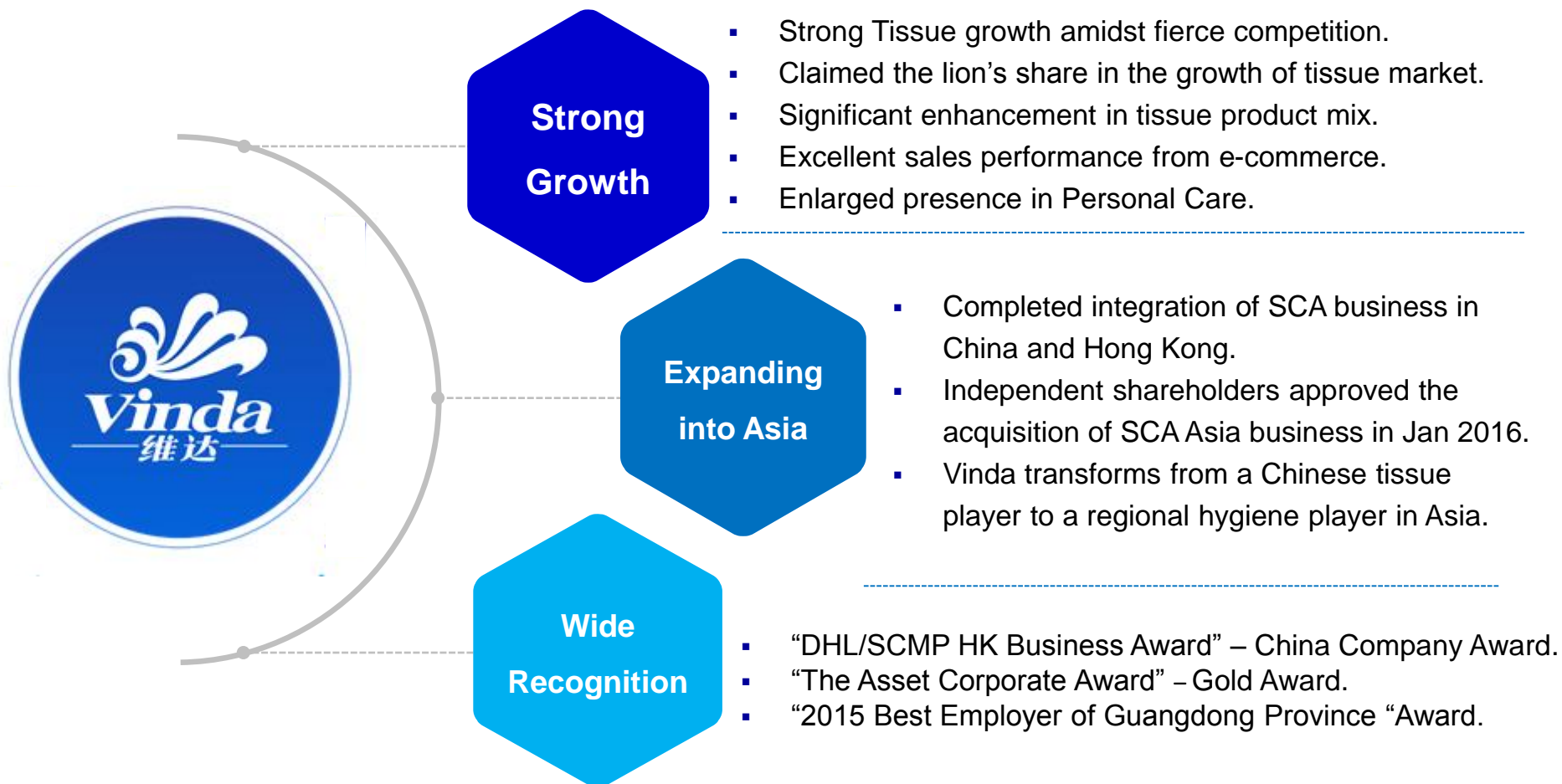
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To become a leading hygiene company in Asia

# Key Achievement



# Key Achievement in 2015



# Financial Highlights



# Financial Highlights



For the 12 months ended 31 December

(HKD million)	2015	2014	Change
Revenue	9,696	7,985	+21.4%*
Gross profit	2,959	2,409	+22.8%
<i>Gross margin</i>	<i>30.5%</i>	<i>30.2%</i>	
Operating profit	753	822	-8.5%
<i>**Underlying operating profit</i>	<i>892</i>	<i>820</i>	<i>+8.8%</i>
<i>**Underlying operating margin</i>	<i>9.2%</i>	<i>10.3%</i>	
EBITDA	1,223	1,197	+2.2%
Net profit	314	594	-47.0%
Basic earnings per share (HK cents)	31.5	59.4	-47.0%
Proposed total dividend per share (HK cents)	10.0	16.0	
<i>Dividend payout ratio</i>	<i>32%</i>	<i>27%</i>	

\* *Organic sales growth: 15.3%*

\*\* Excl. items affect comparability

# Financial Highlights (Excl. Items Affect Comparability)

For the 12 months ended 31 December

Items Affect Comparability (HKD million)	2015	2014
Total foreign exchange gain/ (loss)	(309)	(18)
• <i>Operating items</i>	(108)	(17)
• <i>Financing items</i>	(201)	(1)
One-off gain*	Nil	41
Share of post-tax (loss) of V-care	Nil	(5)
Transaction cost for acquisitions	(31)	(21)

\* reported in 2014 from the revaluation of pre-existing holding in V-Care

For the 12 months ended 31 December

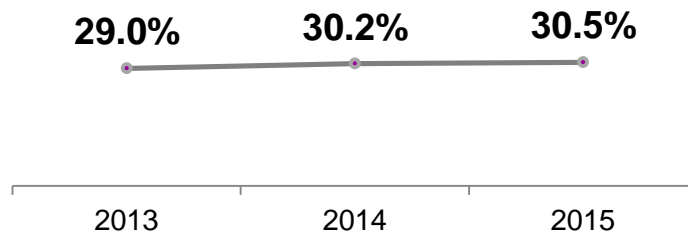
(HKD million)	2015	2014	Change
Excl. items affect comparability			
• Underlying operating profit	892	820	+8.8%
• Underlying profit before tax	789	740	+6.6%



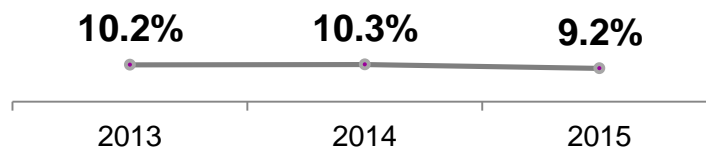
# Margins



## Gross margin

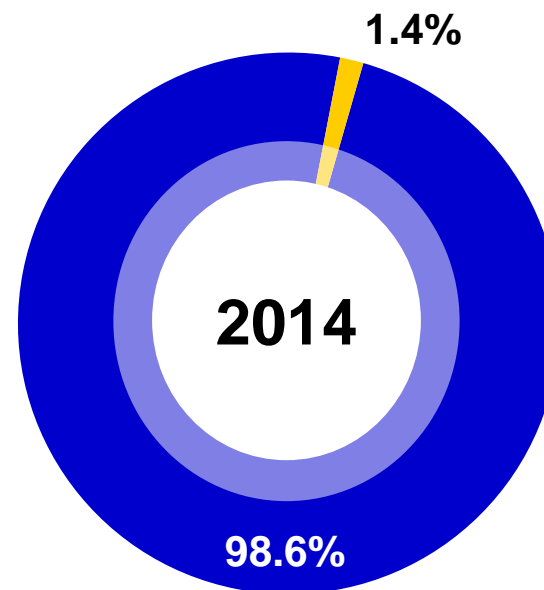
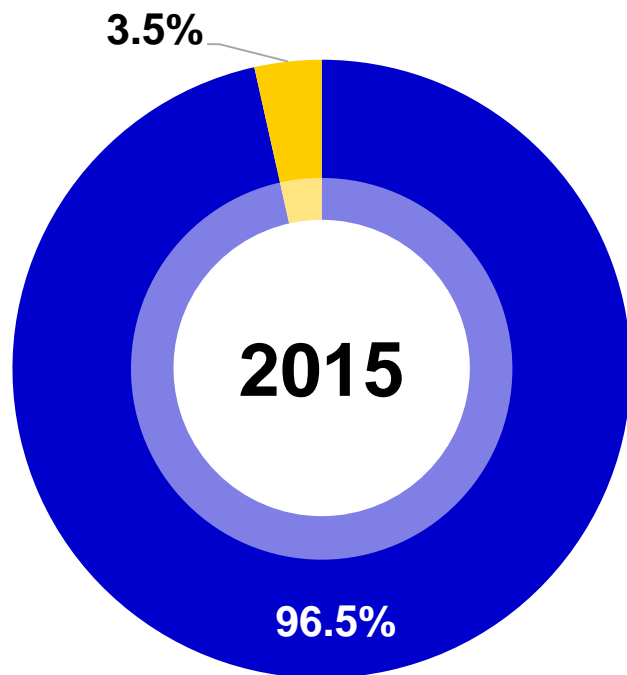


## \*Underlying operating margin



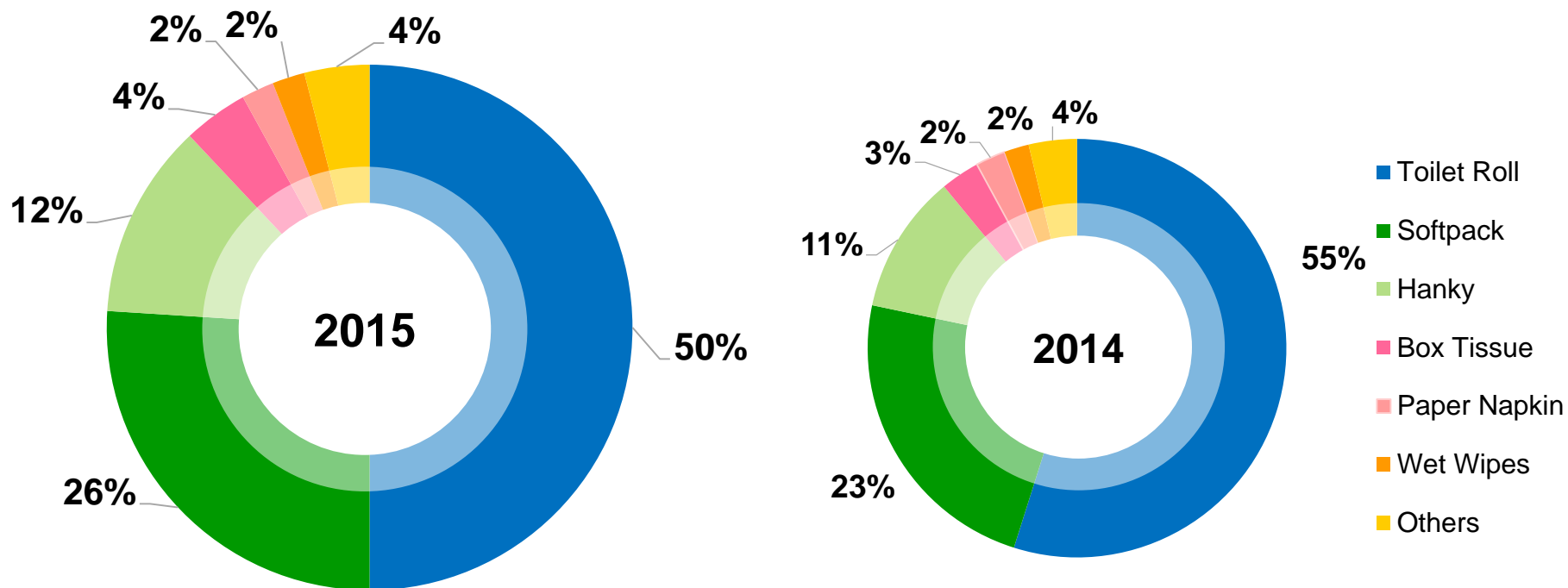
\* Excl. items affect comparability

# Revenue by Business Categories



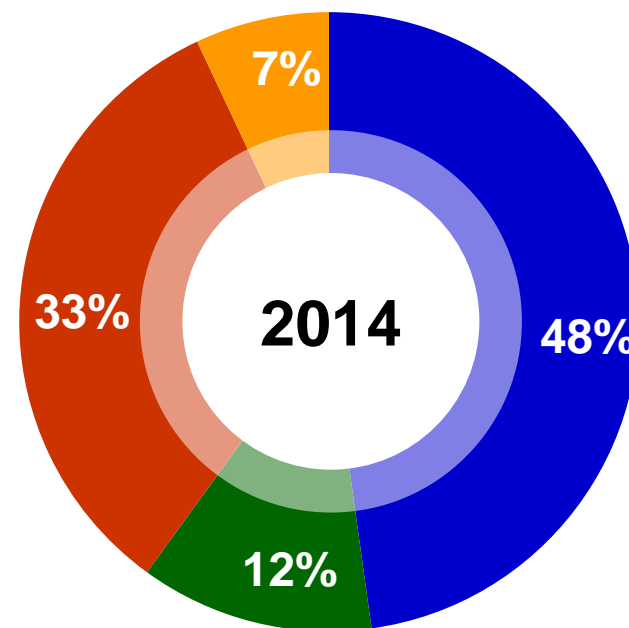
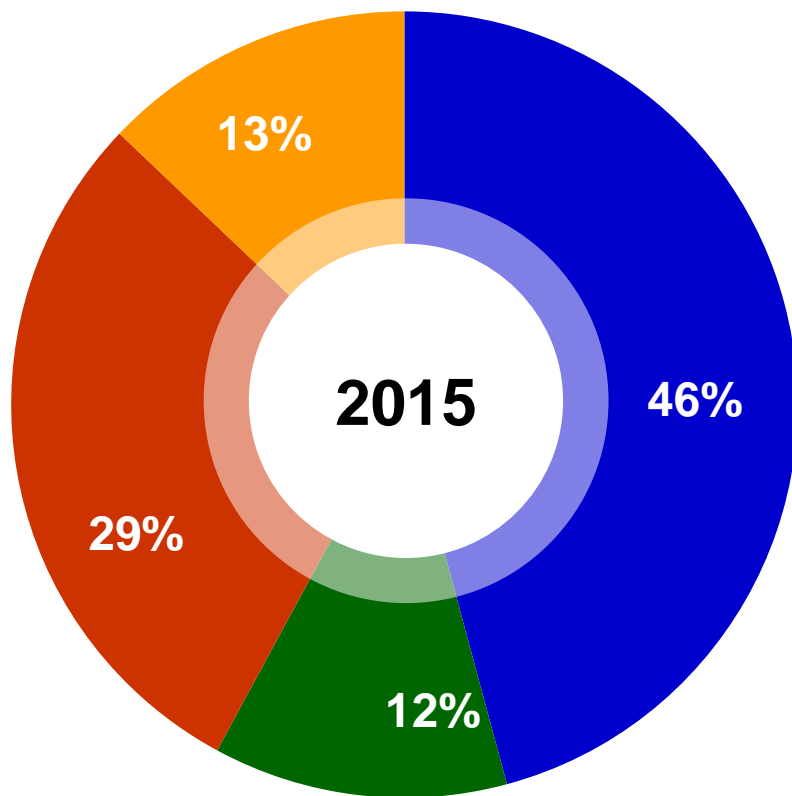
■ Tissue    ■ Personal care (Incontinence care, feminine care and baby care)

# Revenue by Tissue Categories



- Total sales volume (tissue) +19.6% to approx. 657,000 tons.
- Revenue of softpack +34%; box tissue +29%, hanky +35%; wet wipes +32%

# Revenue by Distribution Channels

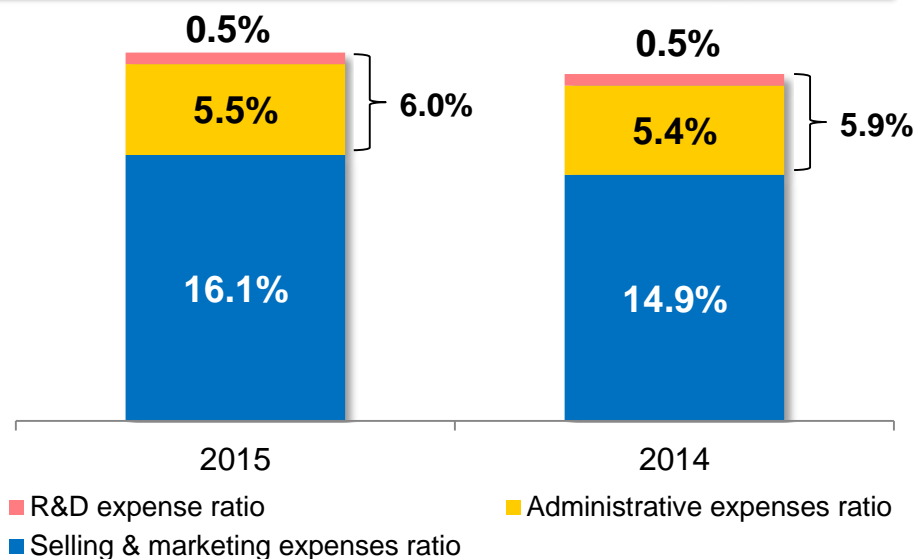


- Traditional channels (i.e. Distributor)
- B2B (i.e. Corporate client)
- Modern channel (i.e. Hypermarket, Supermarket)
- E-Commerce

*As at 31 December 2015, the Group had 269 sales offices and 1,656 distributors.*

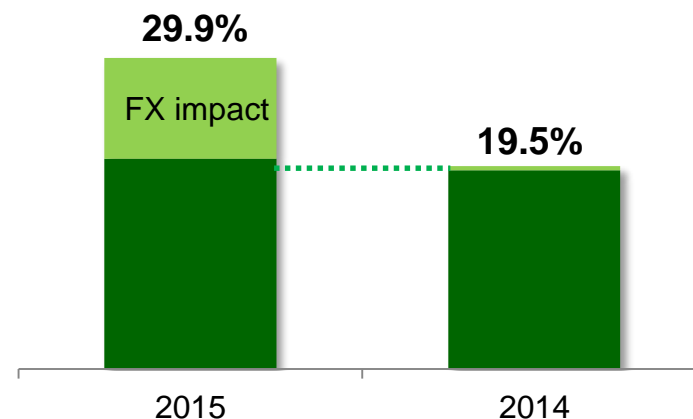
# Expenditure

## Operating Expenditure as % of Sales



- Total administrative expense ratio remained at 6%.
- Selling and marketing expenses ratio up by 1.2 p.pt., as more resources were allocated to build the brands, grow Tempo and develop the personal care business.

## Effective Tax Rate



- The significant increase in effective tax rate was due to the non-tax deductible nature of the foreign exchange loss.

# Key Ratios

(HKD million)	As at 31 Dec 2015	As at 31 Dec 2014
Debtors turnover days	43	47
Creditors turnover days	79	83
Finished turnover days	43	40
Working capital to sales ratio	13.6%	15.8%
(HKD million)	As at 31 Dec 2015	As at 31 Dec 2014
Cash and cash equivalents <sup>1</sup>	393	722
Total borrowings (including loan from SCA)	4,739	4,465
<i>Borrowings in RMB (%)</i>	42%	8%
Total borrowings (excluding loan from SCA)	3,431	2,435
Net debt	4,345	3,743
Net gearing ratio <sup>2</sup> (%)	88%	74%
Interest coverage <sup>3</sup> (times)	7.4	8.2

- Actively reduced cash positions to minimise borrowings.
- Total outstanding loans borrowed from SCA as at 31 Dec 2015: approx. HKD1.3 billion.
- Total unutilized credit facilities (incl. unutilized loan from SCA) as at 31 Dec 2015: HKD7.8 billion.

# Future Outlook



# Mid-Long Run Growth Catalysts

**Urbanisation**

**Rise of  
E-commerce**

**Stringent  
environmental  
regulations**

**Concern  
over  
product  
safety**

**One-Belt  
One-Road**

**Aging  
population**



# Our Priorities

1

**Drive Tissue  
business in  
China**

- Vinda brand in all market segments, build new categories.
  - Tempo in premium and selected categories.
  - Build Away-from-home market.
- 

2

**Broaden  
personal care  
presence in  
China**





- Become the leader in Incontinence with TENA & Dr. P.
  - Establish Feminine as a future profit contributor.
  - Selective presence in competitive Baby market.
- 

3

**Drive personal  
care growth in  
Asia & roll out  
Tissue business**

- Focus on markets where we are established.
  - Sustained growth in Personal Care.
  - Roll out tissue products.
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# Further Strengthen Leading Positions

	Market Position	Key Brand Portfolio
<b>Tissue<sup>1</sup></b>	<ul style="list-style-type: none"> <li>#3 in mainland China (excl. online sales)</li> <li>#1 in Hong Kong</li> </ul>	
<b>Incontinence</b>	<ul style="list-style-type: none"> <li>#1 in Taiwan<sup>2</sup></li> <li>#1 in Malaysia<sup>4</sup></li> <li>#1 in Singapore<sup>4</sup></li> <li>Leading position in export market<sup>4</sup></li> </ul>	
<b>Feminine</b>	<ul style="list-style-type: none"> <li>#2 in Malaysia<sup>3</sup></li> </ul>	
<b>Baby</b>	<ul style="list-style-type: none"> <li>#1 in Malaysia<sup>3</sup></li> <li>#2 in Singapore<sup>2</sup></li> <li>Significant presence also in Thailand, Philippines, Taiwan, Korea and other countries</li> </ul>	

Note:

1. Nielsen, market ranking based on aggregate value for the ten months ended October 2015.

2. Nielsen, market ranking based on aggregate volume and value for the twelve months ended October 2015.

3. Kantar Worldpanel, market ranking based on aggregate value for the twelve months ended October 2015

4. According to SCA's internal estimates.

# Capacity Expansion in line with Demand



## Tissue

### Annual Designed Production Capacity

Production sites	2016 end	2015 end
Xinhui, Sanjiang	440,000	380,000
Hubei	180,000	180,000
Zhejiang	150,000	150,000
Shandong	110,000	80,000
Liaoning	55,000	55,000
Sichuan	75,000	75,000
Beijing	30,000	30,000
<b>Total</b>	<b>1,040,000</b>	<b>950,000</b>

- The construction of the **10<sup>th</sup>** domestic production base was started in Yangjiang City in Q32015.
- **30,000 tons & 60,000 tons** of production capacity is expected to be added in Shandong and Sanjiang, respectively in 2H2016.

## Personal Care

- Continue to build our Personal Care production facilities in China.
- Secured **2** production plants in **Malaysia** and **1** in **Taiwan** through the acquisition of SCA's Asian operations.

## SCA support

- Ongoing cost-free support from SCA on R&D, branding etc.

Yangjiang production site under-construction

# Q&A





**Thank You**

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