



Vinda International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3331

Healthy Lifestyle
Starts from

VINDA

Interim Results Announcement 2014



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I. Business Review

II. Financial Highlights

III. Future Outlook

IV. Q&A



Major Achievement

Brand Recognition

- Rank 19th as a leading fast-moving consumer goods (FMCG) brand in China in Kantar Worldpanel's "Brand Footprint 2014".

Steady Growth

- Revenue recorded HK\$3,680million, up 11.1% yoy.
- Sales volume reached 256,377 tons, up 8.6% yoy.

Product Mix Enhancement

- Softpack sales +37.2% yoy.
- Wet wipes sales +63.2% yoy.

Increase Stake in V-Care

- V-care now being 100% subsidiary of Vinda.
- Greater synergy under Vinda's platform.

Co-operation with SCA

- Integrate SCA's commercial operation in Mainland China, HK & Macau.
- Obtain exclusive rights of SCA brands.

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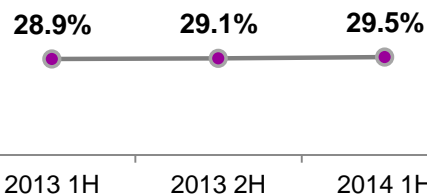


Financial Highlights

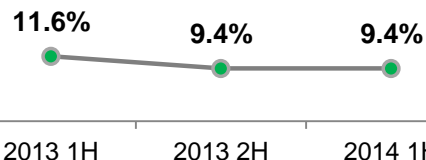
(HK\$ million)	For the 6 months ended 30 June		
	2014	2013	Change
Revenue	3,680.0	3,313.7	+11.1%
Gross profit	1,085.5	957.8	+13.3%
Operating profit	345.7	383.8	-9.9%
EBITDA	522.0	490.5	+6.4%
Share of post-tax profit/(loss) of associate	(4.4)	(15.8)	-72.4%
Profit attributable to equity holders of the Company	222.2	284.0	-21.8%
Basic earnings per share (HK cents)	22.3	28.4	-21.5%
Interim dividend per share (HK cents)	4.0	4.8	-16.7%

- Recorded a FX loss of HK\$33.4 million(1H2013: FX gain of HK\$31.4million), which would not have significant impact on core business profitability and cash flow.

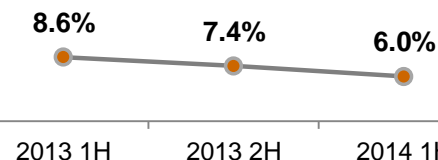
Gross margin



Operating Margin

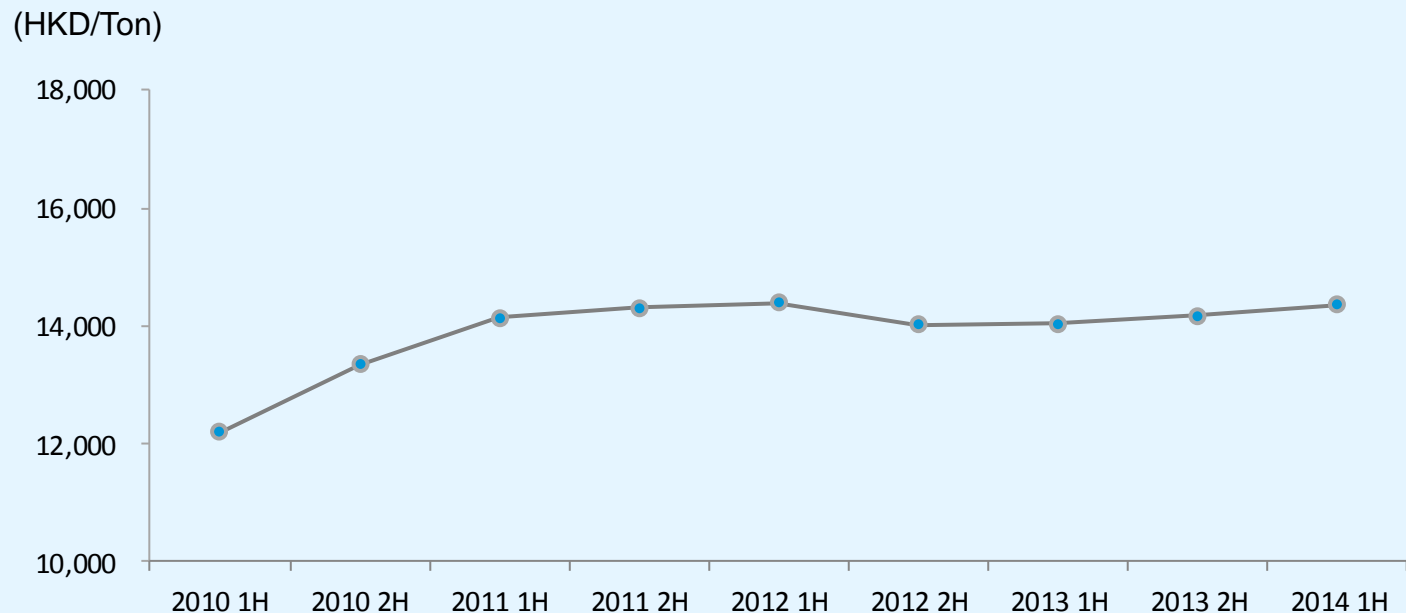


Net Margin



Average Selling Price Overview

Average Selling Price("ASP") (2010 – 1H 2014)



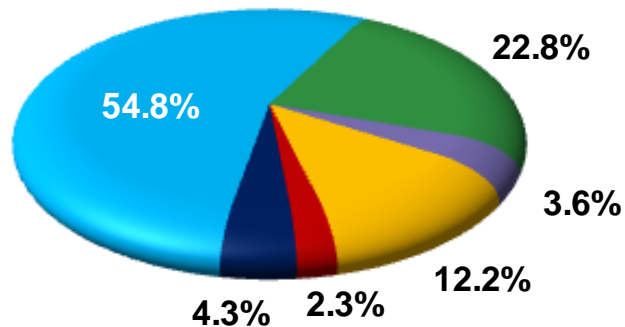
- Thanks to product mix enhancement, ASP per ton for 1H 2014 was approximately HK\$14,354, up by 2.3% yoy.

Revenue by Product Category

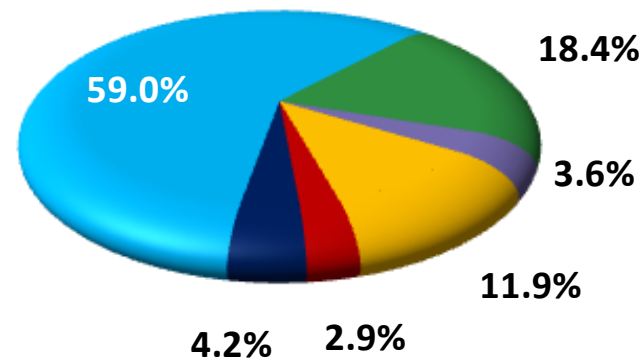
For the 6 months ended 30 June

(HK\$ million)	2014	2013	Change
Toilet roll	2,016.9	1,955.2	+3.2%
Softpack	838.5	611.3	+37.2%
Box tissue	132.0	118.1	+11.8%
Hanky (including wet wipes *)	448.7	393.5	+14.0%
Paper napkin	84.4	94.9	-11.0%
Others	159.5	140.7	+13.3%
* Wet wipes	79.0	48.4	+63.2%

Product Mix % of Sales



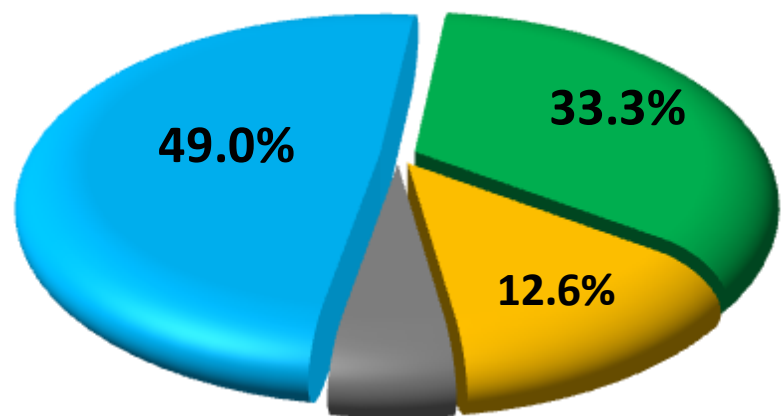
2014 1H



2013 1H

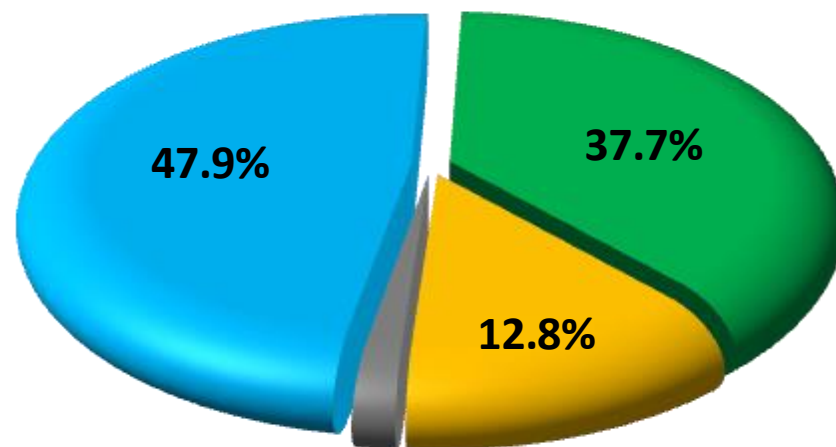
- Toilet roll
- Softpack
- Box tissue
- Handkerchief Tissue
- Paper napkin
- Others

Revenue by Distribution Channels



5.1%

2014 1H



1.6%

2013 1H

■ Traditional channels
(i.e. Distributors)

■ Modern channels
(i.e. Hypermarkets,
Supermarkets)

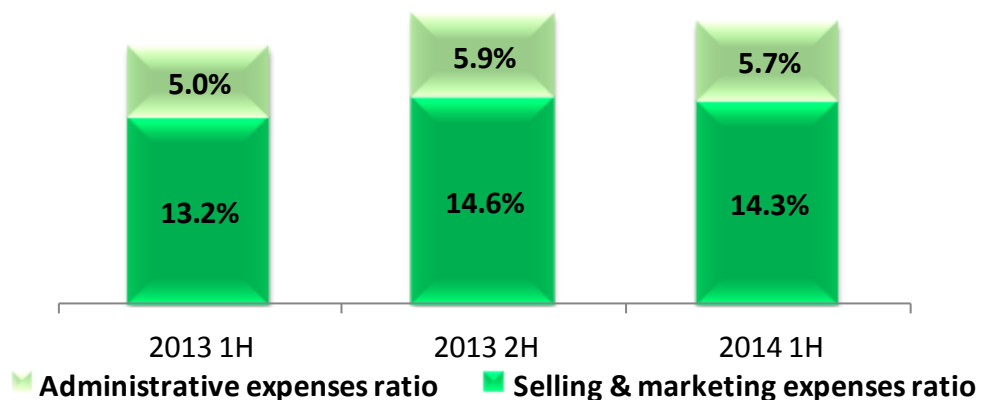
■ B2B
(i.e. Corporate clients)

■ E-commerce

Note: There were 216 sales offices & 1,231 distributors as of 30 Jun 2014.

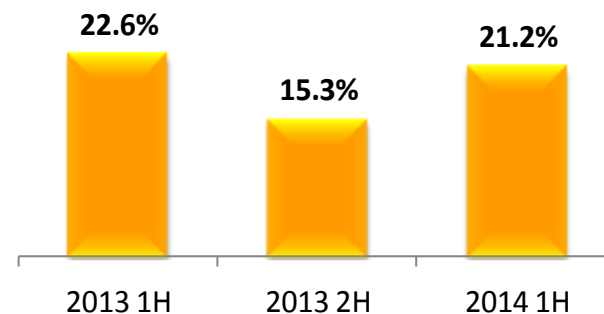
Operating Expenditure

Operating Expenditure as % of Sales



- Administrative expenses ratio decreased compared to 2013 2H but increased 0.7 p.pt yoy because of increase in Sanjiang factory rental fee, R&D expenditure and professional fees.
- Selling and marketing expenses ratio increased mainly due to:
 - Increase in sales promotion level & number of store-promoters.
 - Increase in brand building efforts for long-term investment.

Effective Tax Rate



- Effective tax rate decreased by 1.4 p.pt., because:
 - Tax planning took effect
 - One subsidiary granted high-tech preferential rate

Key Financial Indicators

	2014 As at 30 Jun	2013 As at 30 Jun
Receivable Turnover Days	47	49
Payable Turnover Days	70	65
Finished Goods Turnover Days	37	34

(HK\$ million)	2014 As at 30 Jun	2013 As at 31 Dec
Total borrowings (including SCA shareholder loan)	3,100	2,737
Cash and cash equivalents	578	690
Net gearing ratio* (%)	53.4%	44.0%
Interest coverage** (times)	7.3	7.4

- Solid financial resources for business expansion and sustained business growth:
 - Shareholder loan granted by SCA, with interest rate equal to or more favorable than those offered by independent third parties.
 - HK\$1.5 billion short term loan granted on Apr 2014.
 - HK\$1.2 billion 3-year loan granted on July 2014.
 - As at 30 Jun 2014, unutilized credit facilities (including unutilized shareholder loan) amounted to approximately HK\$6.08 billion.

* Net gearing ratio: Total borrowings less bank balances and cash and restricted deposits / total shareholders' equity.

** Interest coverage: EBIT/interest (times), excluding exchange rate factor.

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Outlook of Operating Environment

Challenges

Opportunities

- Mild growth in GDP and commodity demand

China Economic Environment

- Urbanization
- Relaxation of “One-child policy”
- Aging population

- Intensified peer competition due to over-supply situation
- Fluctuation of pulp price

Industry Environment

- Weaker market price of the short-fibre.
- Stricter environment regulations to speed up market consolidation

- Goring frugal trend in consumption behavior

Consumer Demand

- Rise of O2O business
- Increasing concern over product quality & health issues

Sales & Marketing Strategy

Creative Marketing Campaigns

- Sponsored one of the most viewed variety shows “Fashion Kids” (《潮童天下》) produced by Dragon Television .
- “Ultra Strong National Bus Tour – The Second Season” was conducted in 14 major cities on mainland China
- “Vinda Tissue-made Wedding Gown Show for Families”.

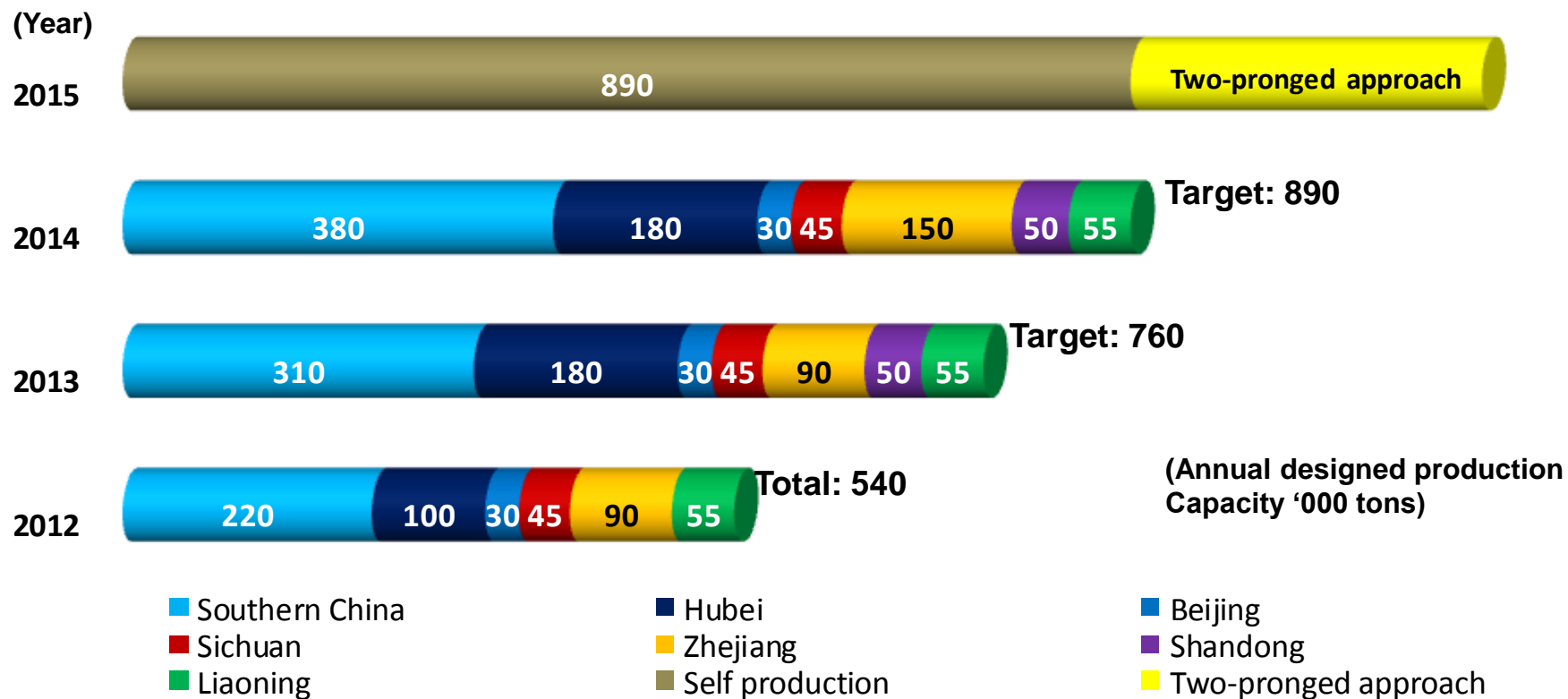


Channel Building

- Broaden online sales channel amidst O2O era.
- Penetrate into lower-tier provinces and counties.



Production Capacity Expansion



- Annual designed production capacity:
 - As of 30 Jun 2014: 760,000 tons.
 - Expected to reach 890,000 tons by end of 2014 as planned.
- To evaluate the viability of implementing a two-pronged development strategy, which fuses both the investment-driven growth model and asset-light model together, starting from 2015.

V-Care Transaction Summary

V-Care Overview



Transaction Summary

Total Consideration HK\$ 295,000,000

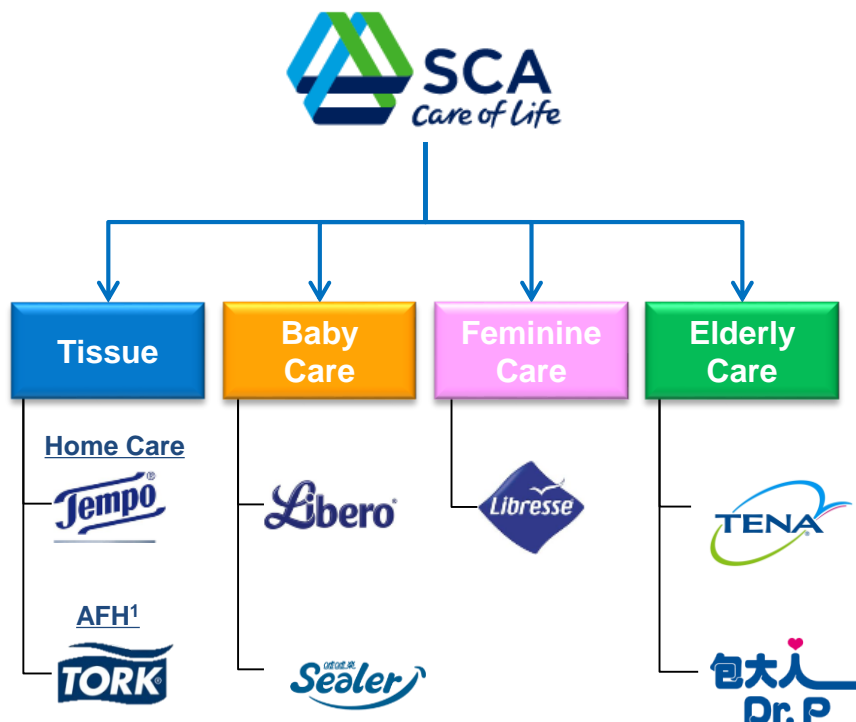
% of Shares Acquired 59.0%

Vinda Ownership Post-acquisition 100.0%

Vinda will be able to gain full control of V-Care, allowing greater operational flexibility and future profitability

SCA Transaction Summary

Overview of SCA Brand Rights Acquired



Mainland China, HK & Macau

Transaction Rationale

- ✓ Tempo has strong brand recognition in Hong Kong market.
- ✓ Further strengthen Vinda's ability to expand into other personal hygiene product categories.
- ✓ Leverage on SCA global brands' strong brand equity.
- ✓ SCA's sales network will further expand Vinda's sales coverage in Mainland China, Hong Kong and Macau.
- ✓ Further enhance Vinda's strategic relationship with SCA.

Transaction Summary

Consideration HK\$ 1,144,000,000

Assets Acquired

- SCA Tissue
- PRC Assets
 - SCA PRC Contracts
 - SCA PRC Inventories
- Everbeauty Industry (Fujian)
 - Land use right to site in Xiaman with a total site area of 96,226 square meters
- SCA Healthcare Management
 - Home based healthcare service in Mainland China

SCA Support

- Term loan facilities of HK\$ 1,200,000,000
- Up to 3 years tenure

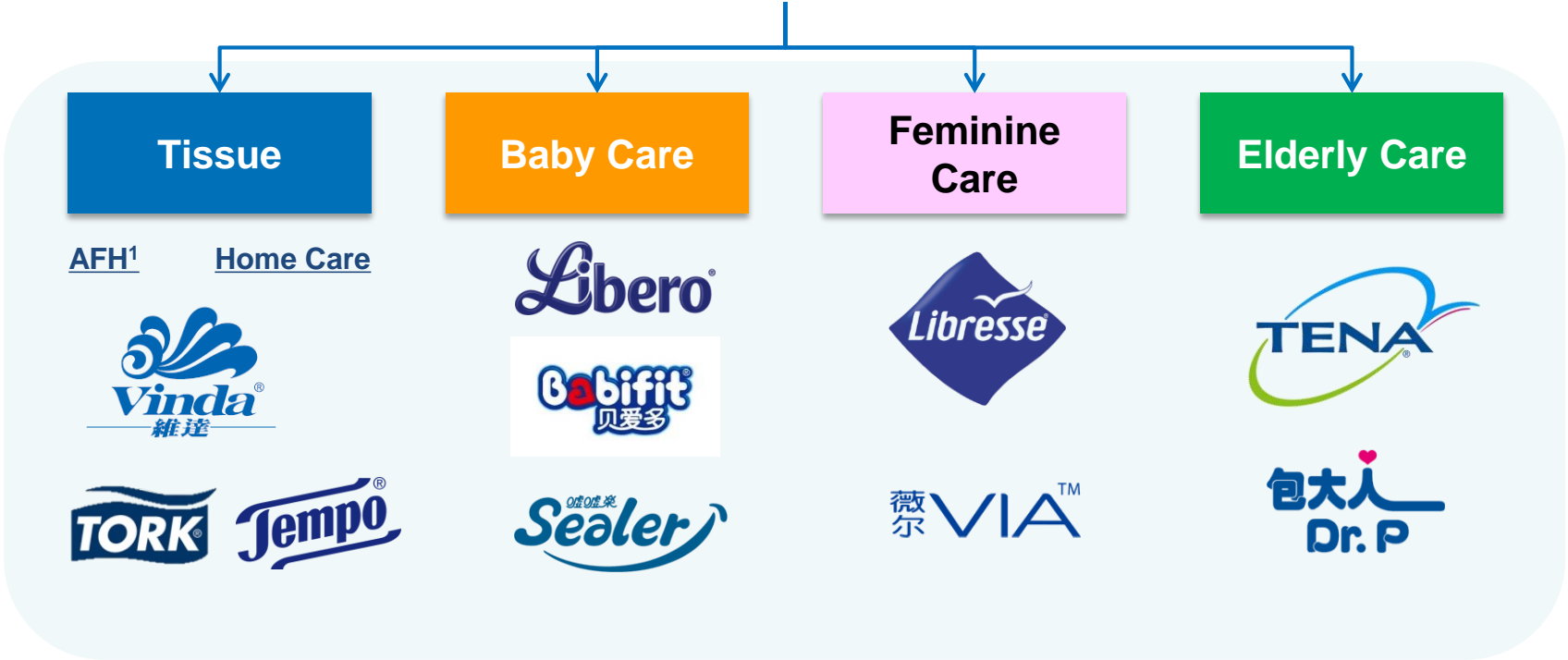
SCA Transaction Summary (cont'd)

Brands	Nature	Tenure	Regions Covered	Brand Licensing Fees
 	<ul style="list-style-type: none"> ▪ Exclusive 	<ul style="list-style-type: none"> ▪ Perpetual 	<ul style="list-style-type: none"> ▪ Hong Kong, Mainland China, Macau 	<ul style="list-style-type: none"> ▪ Free
 	<ul style="list-style-type: none"> ▪ Trademark rights 	<ul style="list-style-type: none"> ▪ n/a 	<ul style="list-style-type: none"> ▪ Hong Kong, Mainland China, Macau 	<ul style="list-style-type: none"> ▪ n/a
 	<ul style="list-style-type: none"> ▪ Trademark rights 	<ul style="list-style-type: none"> ▪ n/a 	<ul style="list-style-type: none"> ▪ Hong Kong, Mainland China, Macau 	<ul style="list-style-type: none"> ▪ n/a
  	<ul style="list-style-type: none"> ▪ Exclusive 	<ul style="list-style-type: none"> ▪ 3 + 3 + 3 (9 years total) 	<ul style="list-style-type: none"> ▪ Hong Kong, Mainland China, Macau 	<ul style="list-style-type: none"> ▪ Waived for first 3 years

Vinda's Brand and Product Portfolio Post Acquisition



- ✓ Brand Portfolio Expansion
- ✓ Market Expansion
- ✓ Product Expansion



Becoming a leading, full-fledged and multi-brand company.

Notes: (1) Away from home

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