



Vinda International Holdings Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 3331

Interim Results Announcement

2012

Healthy
Lifestyle
Starts from Vinda



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I. Results Highlights

II. Financial Highlights

III. Business Review

IV. Future Outlook

V. Q&A



Company Representatives

Mr. Li Chao Wang

- Chairman

Ms. Zhang Dong Fang, Donna

- Chief Executive Officer

Mr. Tsang Zee Ho, Paul

- Chief Financial Officer

Key Achievements

- Achieved impressive growth in both revenue & sales volume.
- Achieved satisfactory gross margin expansion.
- Introduced ground-breaking “Ultra Strong” series.
- Laid a solid foundation for capacity expansion with finance support via share placement.
- V-care successfully set up three production lines and a quality inspection center.
- Tightened relationship with strategic shareholder SCA.
- Gained recognition from consumers, industry and capital market.

Y-o-y
Growth
31.6%

Revenue:
**HK\$2,887
million**

Y-o-y
Growth
29.3%

Total Sales
Volume:
**200,755
tons**

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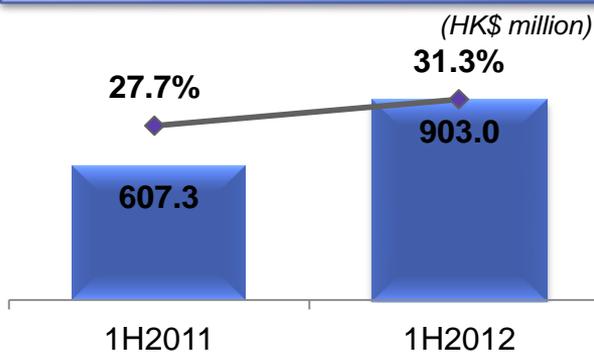
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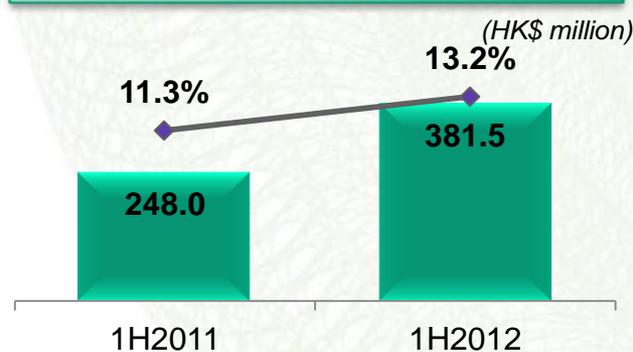
Financial Performance

(HK\$ million)	For the six months ended 30 June		
	2012	2011	Change
Revenue	2,887.5	2,194.6	↑ 31.6%
Cost of sales	(1,984.4)	(1,587.3)	↑ 25.0%
Gross profit	903.0	607.3	↑ 48.7%
Operating profit	381.5	248.0	↑ 53.8%
EBITDA	477.7	322.4	↑ 48.2%
Profit before income tax	350.8	252.1	↑ 39.1%
Profit attributable to equity holders of the Company	258.0	191.1	↑ 35.1%
Basic earnings per share (HK cents)	26.7	20.4	↑ 30.9%
Interim dividend per share (HK cents)	4.3	3.3	↑ 30.3%

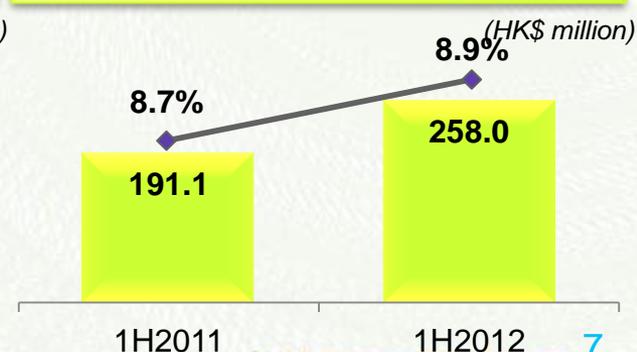
Gross Profit and Margin



Operating Profit and Margin



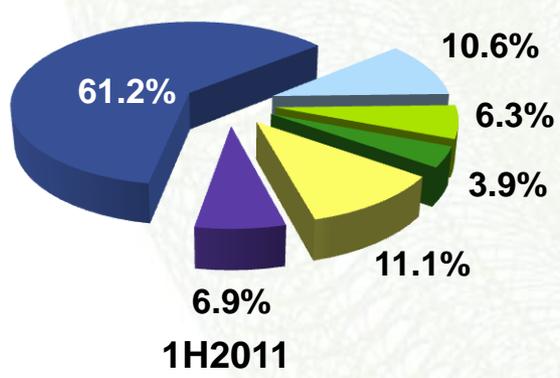
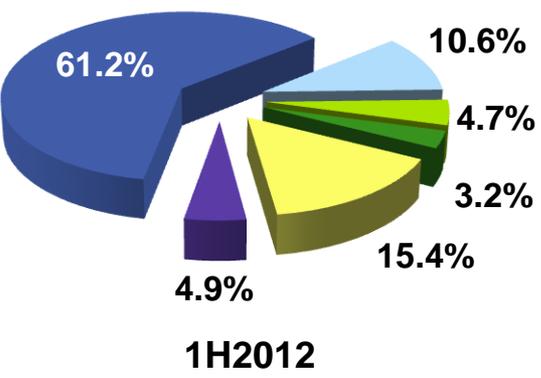
Net Profit and Margin



Strong Growth Across All Products

(HK\$ million)	For the six months ended 30 June		
	2012	2011	Change
Toilet roll	1,768.2	1,344.0	↑ 31.6%
Handkerchief tissue	305.2	231.7	↑ 31.7%
Box tissue	136.1	138.6	↓ 1.8%
Softpack	442.0	242.6	↑ 82.2%
Paper napkin	93.7	84.6	↑ 10.8%
Others	142.3	153.1	↓ 7.0%

Product Mix % of Sales



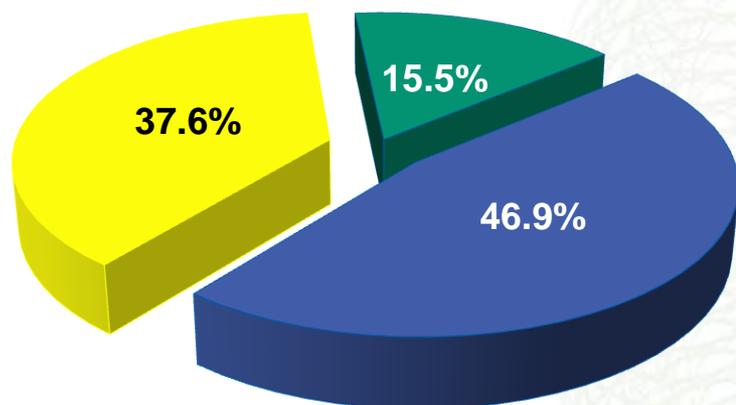
- Toilet roll
- Handkerchief tissue
- Box tissue
- Paper napkin
- Softpack
- Others

- Softpack is once again the key growth driver, with revenue surging 82.2% yoy.
- Average selling price was approx. HK\$14,380 per ton, up by 1.7%.

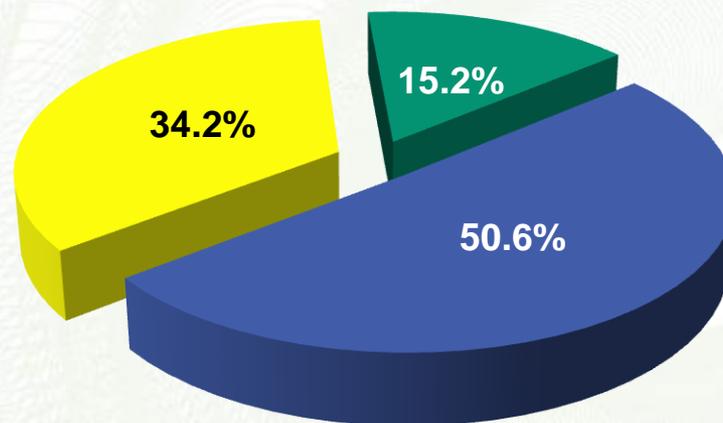
Diversification of Distribution Channels

Revenue by Distribution Channels

1H2012



1H2011



■ Traditional channels
(i.e. Distributors)

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

■ B2B
(i.e. Corporate clients)

- Rapidly expanding to highly efficient modern channel which is consistently commanding a larger split of the Group's overall sales yoy.
- The Group aims to strike a healthy balance between different distribution channels.

Cost of Sales Overview

As a % of sales (HK\$ million)	For the six months ended 30 June		
	2012	2011	Change
Pulp	40.4%	46.4%	↓ 6.0 p.p.
Packaging	10.2%	9.1%	↑ 1.1 p.p.
Chemicals	1.0%	1.0%	Unchanged
Water & electricity	8.3%	7.9%	↑ 0.4 p.p.
Labour cost	3.8%	3.2%	↑ 0.6 p.p.
Depreciation	3.0%	2.9%	↑ 0.1 p.p.
Others	2.0%	1.8%	↑ 0.2 p.p.
TOTAL COGS	68.7%	72.3%	↓ 3.6 p.p.

- Wood pulp prices eased yoy as a result of weakening demand in Europe and the United states.

As a % of COS



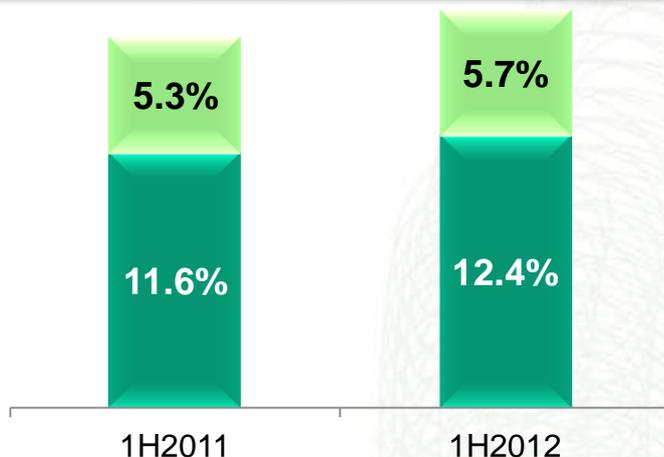
Gross Margin Overview

	<i>For the six months ended 30 June</i>		
	2012	2011	Change
Toilet roll	30.3%	26.6%	 3.7 p.p.
Handkerchief tissue	34.9%	32.8%	 2.1 p.p.
Box tissue	35.2%	30.5%	 4.7 p.p.
Softpack	33.5%	29.8%	 3.7 p.p.
Paper napkin	26.3%	22.9%	 3.4 p.p.
Others	28.5%	26.2%	 2.3 p.p.
OVERALL	31.3%	27.7%	 3.6 p.p.

- Gross profit margin expanded 3.6 p.p. to 31.3%, mainly due to:
 - Lower pulp price that has been on a downward trend since 2H2011 as a consequence of weakening demand for wood pulp in Europe and the United States. Company managed to increase the procurement volume when prices hit a relatively low level, while preserving healthy cash flow.
 - Strong brand power so that ASP leveled yoy amidst fierce competition.

Operating Expenditure

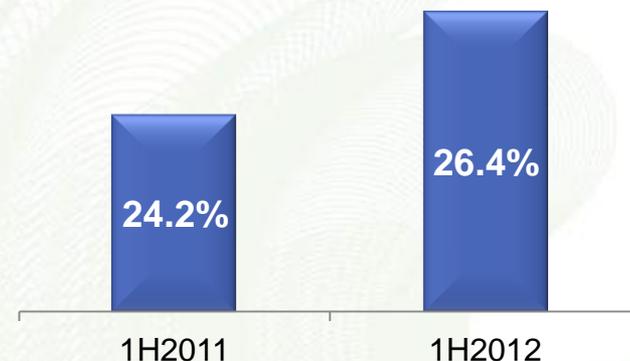
Operating Expenditure as % of Sales



■ Administrative expenses ■ Selling & marketing expenses

- Administrative expenses as a % of sales was 5.7%.
 - The Group had granted 16,771,000 share options in May, respective cost of grant amounted to HK\$31.6 m in 1H2012.
 - Excluding this amount, administrative expense as a % of sales for the period was 4.5%.
- Selling and marketing expenses as a % of sales was 12.4%:
 - Marketing expense: increased by 0.5 p.p. as a % of sales due to new launch of “Ultra Strong” series.
 - Logistics cost increased by 0.2 p.p. as % of sales.

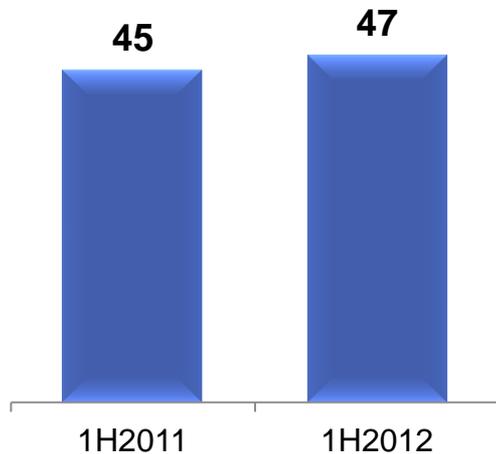
Effective Tax Rate



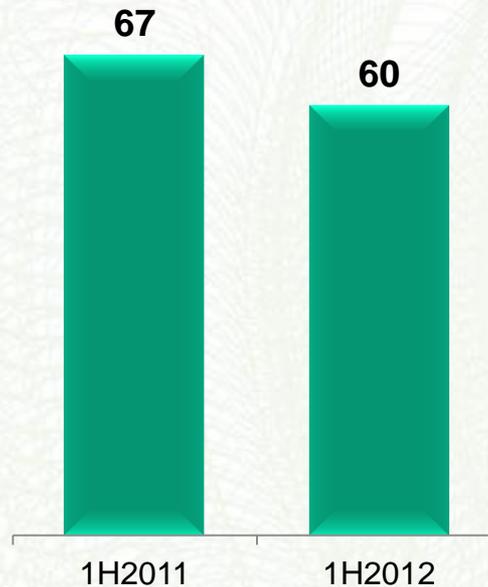
- Effective tax rate was 26.4%:
 - Certain financial expenses and share option cost are only partly tax-deductible.

Working Capital Management

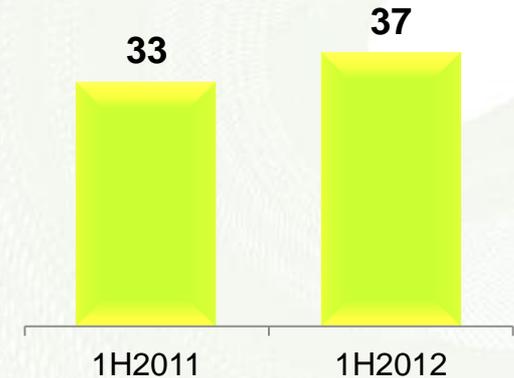
Receivable Turnover Days



Payable Turnover Days



Finished Goods Turnover Days



- The Group maintained good working capital management during the period under review. As a result, receivable turnover days, payable turnover days and finished goods turnover days all stood at a healthy level.

Key Leverage Indicators

<i>(HK\$ million)</i>	2012 As at 30 Jun	2011 As at 31 Dec
Short-term debt	1,171.7	801.1
Long-term debt	994.2	1,151.3
Total debt	2,165.9	1,952.4
Cash and cash equivalents	1,335.8	714.6
Net gearing ratio* (%)	21.5	39.4
EBIT/interest (times)	12.3	11.4

- Solid financial resources for capital expansion and potential investment plans.
 - Raised approx. HK\$470 million of net proceeds via placing 42,000,000 of shares at a subscription price of HK\$11.68 per share.
 - As at 30 June 2012, unutilized credit facilities amounted to approximately HK\$4.3 billion.
- Adopted a prudent and consistent financing policy.
 - Net gearing ratio was 21.5%.
 - Nearly 90% of total borrowings were denominated in HKD and USD.

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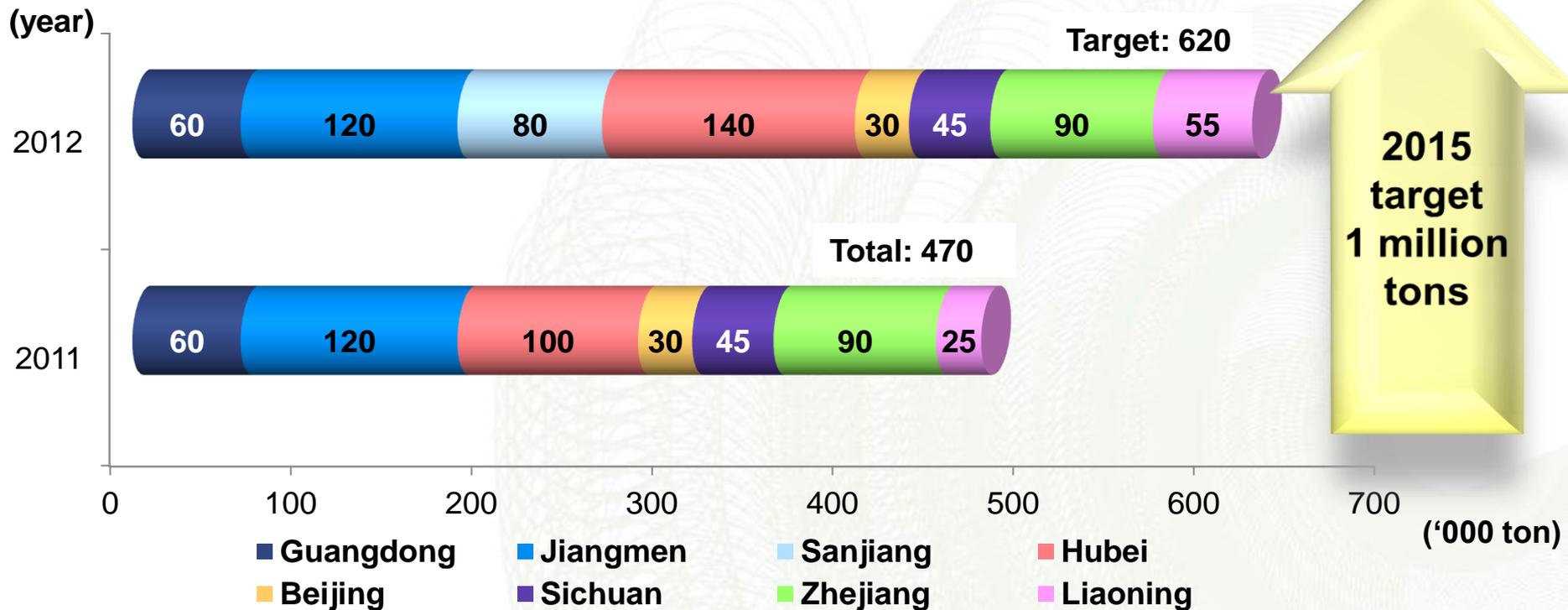
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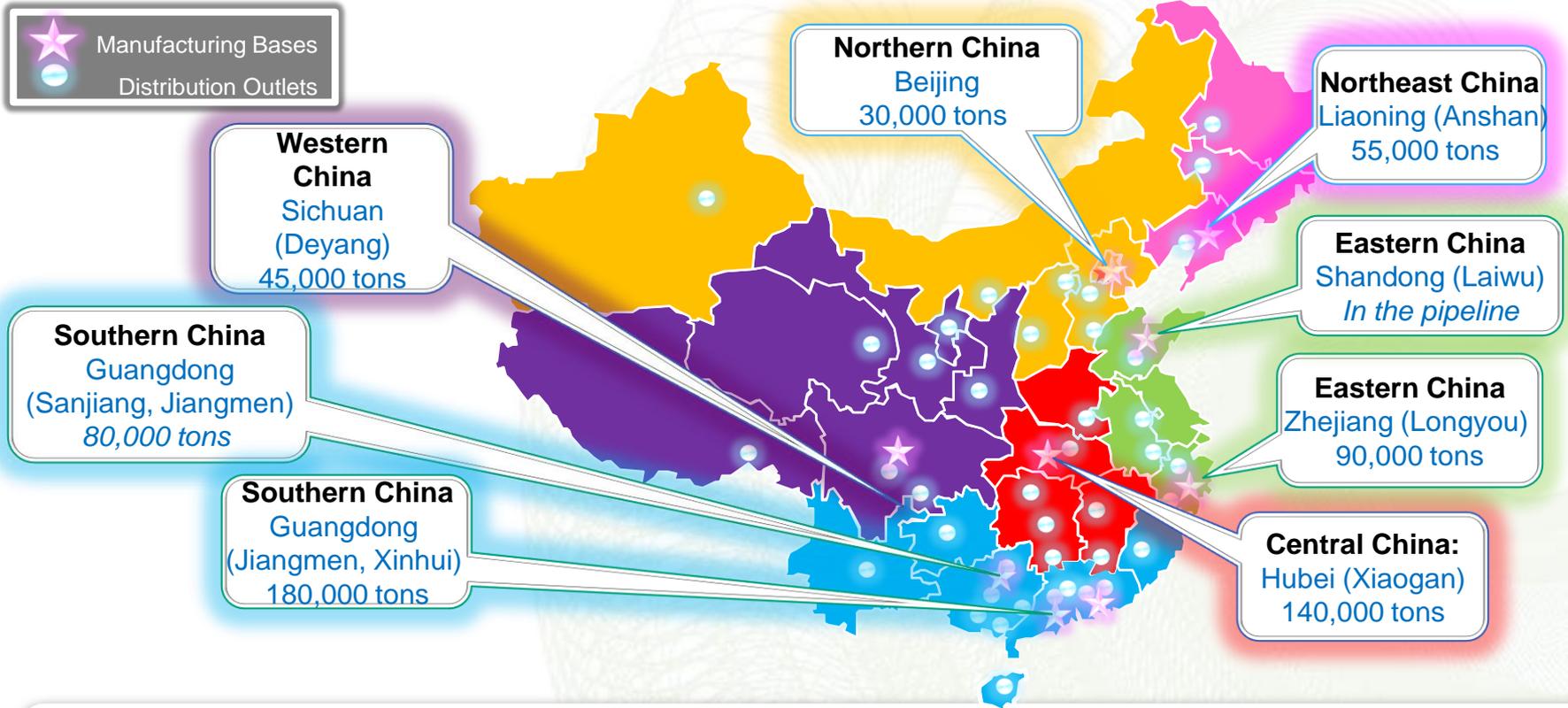


Production Capacity



- As of June 30 2012, the Group ran a total production capacity of 470,000 tons with satisfactory utilization rate.
- To satisfy increasing market demand, the Group targets to reach 1 million tons of capacity by 2015.

FY2012 Geographical Coverage



- The plan to build a plant in Laiwu, Shandong Province has passed environmental assessment and is expected to commence production in Q3 2013.
- Imported numerous advanced Italian-Toscotec paper-making machines to further reduce energy consumption, enhance efficiency and improve paper quality.

Sales & Marketing Strategy

- As at 30 June 2012, Vinda has 176 sales offices (31 December 2011: 155) and 1,295 distributors (31 December 2011: 1,174).
- Launched “Ultra Strong” series featuring 3-ply box tissue & softpack with a full array of marketing support including TVC & TV game show title sponsorship.
- Teamed up with 20th Century Fox Film Corporation for “Ice-age 4” license.
- Brand strategy was affirmed with several honours including:
 - “Consumer’s Most Trusted Brand 2011” and “Champion of National Best-selling Household Paper Product” by China Industrial Information Issuing Center; and
 - “Best Breakthrough Supplier 2011 – Consumables” by Wal-mart.



Personal Care Business

- Successfully set up 3 production lines and a quality inspection center at Xiaogan plant in Central China.
- Developed over 40 new SKUs for “Babifit”.
- Additional effort will be devoted to distribute “Babifit” products through distributors and hypermarkets.



Improved Operational Efficiency & Green Management

- Remain committed to the central government's carbon reduction policy and collaborated only with raw wood pulp suppliers certified by major international forest certification systems.
- Effectively cut emissions of sulfur dioxide with advanced filters, and improved water recycle rate from 80% last year to over 90%.
- Obtained 14 new patents; 5 software patents and 1 innovation patent with respect to energy conservation and waste reduction.



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Outlook of Operating Environment

Economic Environment

- China's economic growth will continue to slow down amidst global uncertainties.
- China's household paper market will maintain stable growth as urbanization and income per capita continues to rise.
- RMB appreciation will be relatively flat.

Industry Environment

- Overall production capacity will increase as demand for household paper grows.
- Competition among leading players in the industry will magnify.
- As the Central Government implements tighten control in environmental protection policies, market consolidation will intensify.

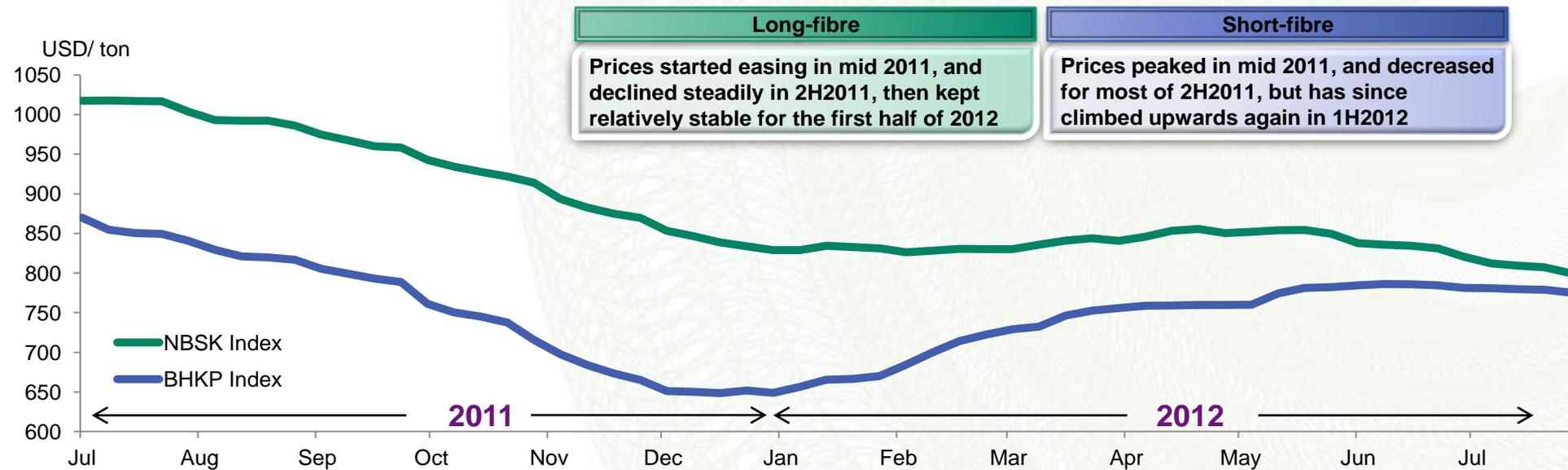
Wood Pulp Price Trend

- Pulp price is expected to stabilize in 2H2012 due to the impacts of the volatile global economy on the international demand for wood pulp, and new wood pulp production capacity coming to the market.

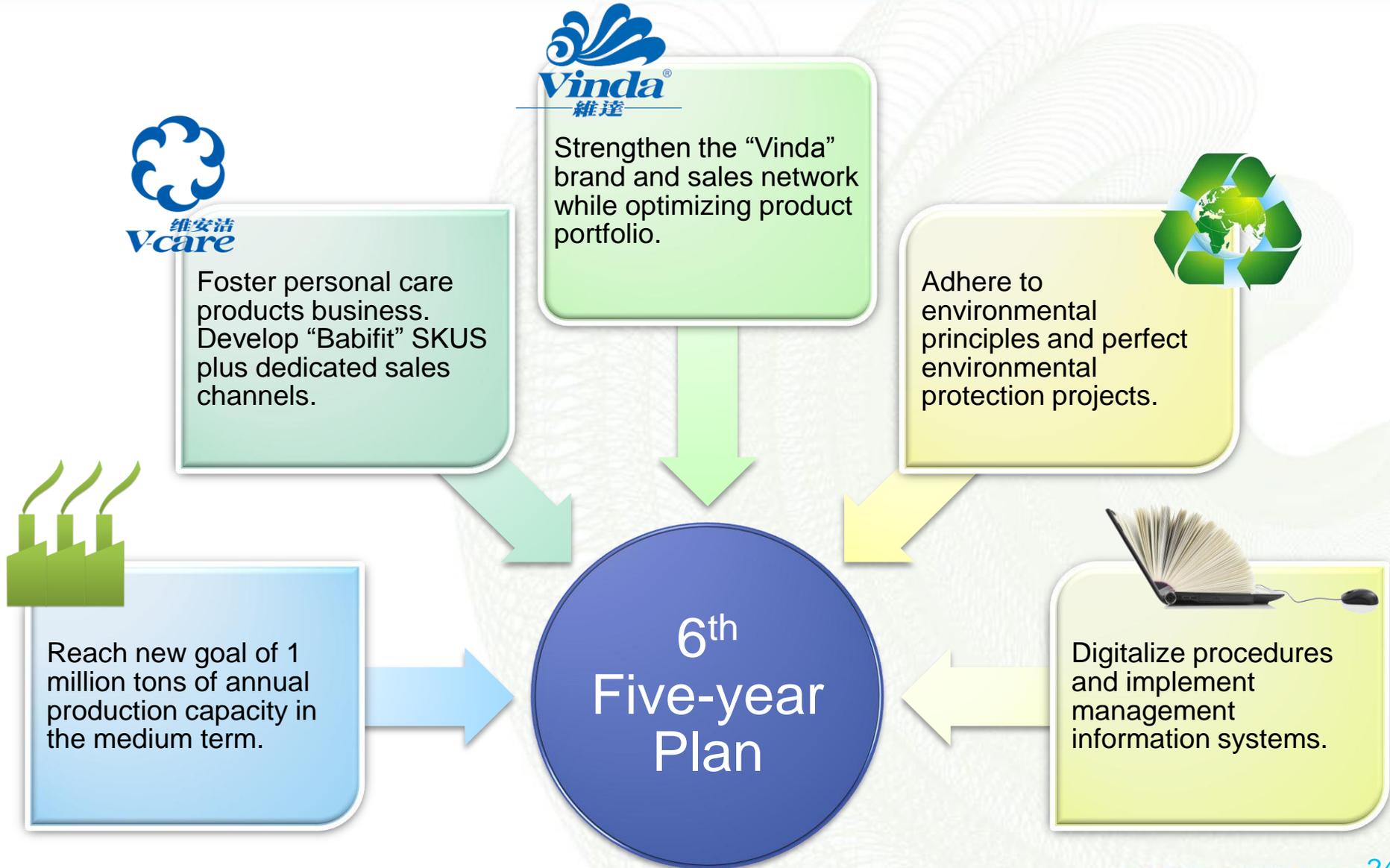


Strategies in response to Wood Pulp Prices

- Align longstanding suppliers to Vinda's development roadmap, creating common goals to strengthen alliances, while exploring new alliances.
- Constantly keep track of market situation & employ a flexible and proactive procurement strategy.
- Closely monitor and evaluate the wood pulp quality from domestic suppliers to allow a greater flexibility in choosing raw materials without risking Vinda's quality.



Future Strategies



Q&A

