



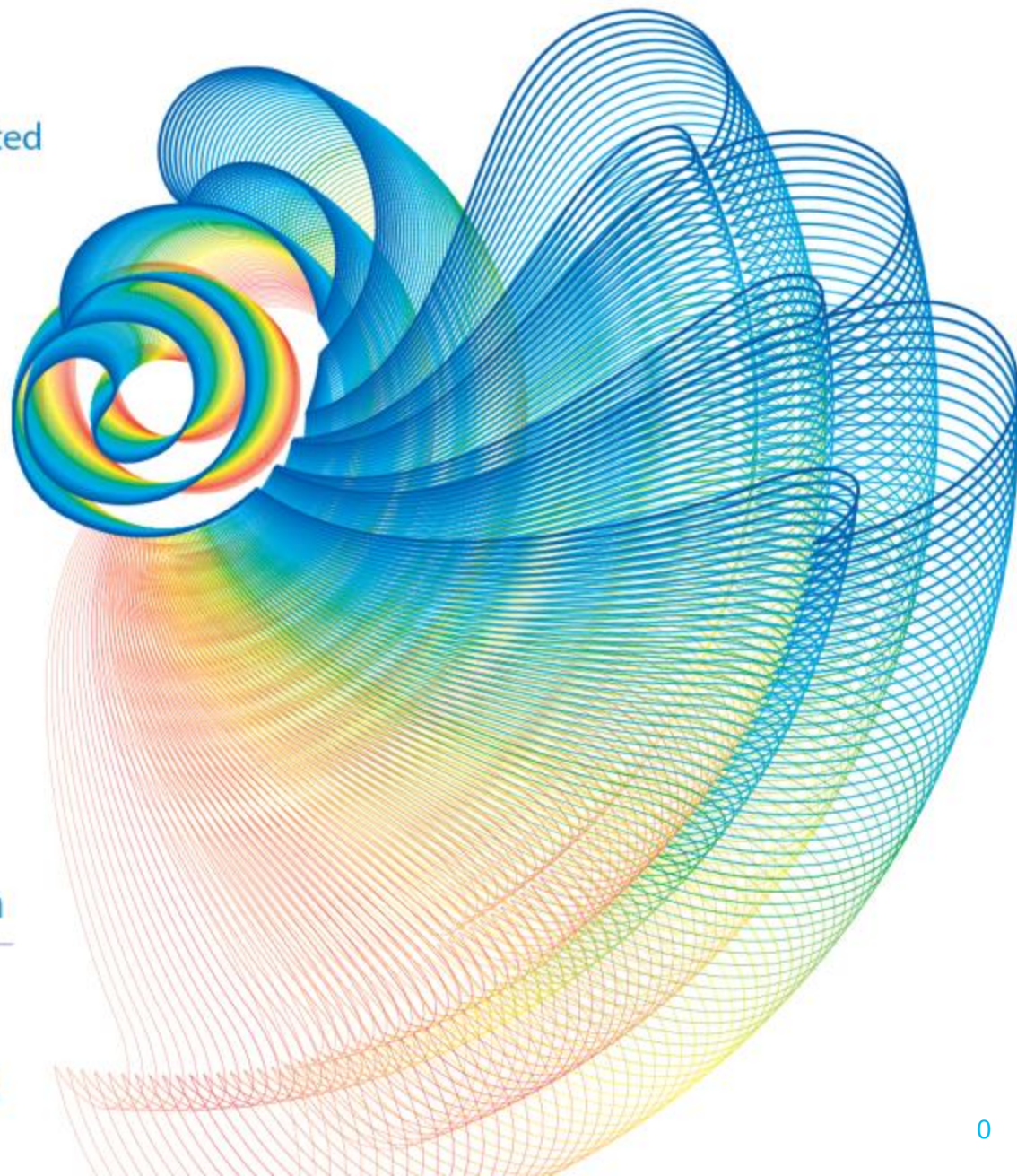
Vinda International Holdings Limited

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

Interim Results Announcement 2013

Healthy Lifestyle Starts from

VINDA



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I. 1H 2013 Key Achievement

II. Financial Highlights

III. Business Strategies

IV. Q&A



1H 2013 Key Achievement

Steady Growth

- Revenue recorded HK\$3.3 billion, up 14.8% yoy.
- Sales volume reached 236,126 tons, up 17.6% yoy.

Gain in Market Share

- 11.9%* of market share, up 1.2 p.pts yoy.
- Growth rates of both sales value and volume for facial product category** are the highest among top players.

Encouraging Personal Care Business

- VIA, feminine napkin product, received positive market response during pilot sales.

Green Production

- Jiangmen plant has been listed as the model project under the “Cleaner Production Partnership Programme” by Hong Kong Productivity Council.

Social Responsibility

- Set up Vinda Charity Foundation to serve elderly, vulnerable, children, disabled etc.

* Nielsen data for the six-month period ended June 2013.

** Facial product category = softpack + box tissue + hanky

Keys for Sustainable Growth

To revitalize Vinda's brand and keep it from tarnishing.

**Brand
Innovation**

To expand sales network by capitalizing on online platform and innovative marketing & PR strategy.

**Sales &
Marketing
Innovation**

“Innovation”

**Product
Innovation**

To differentiate our products with both functional and emotional values.

**Supply Chain
Innovation**

To upgrade logistic infrastructure and exploit asset-light model.

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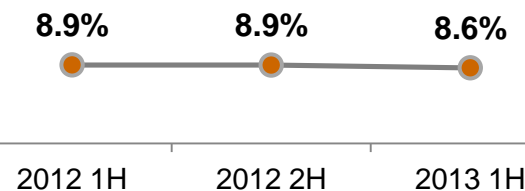
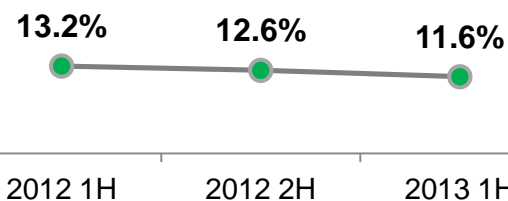
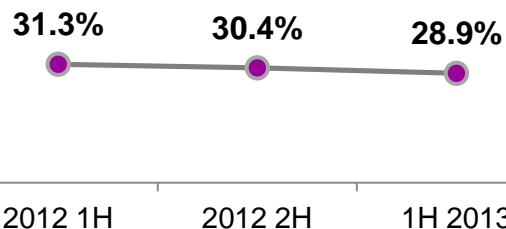
Financial Highlights

(HK\$ million)	For the six months ended 30 June		
	2013	2012	Change
Revenue	3,313.7	2,887.5	↑ 14.8%
Gross profit	957.8	903.0	↑ 6.1%
Operating profit	383.8	381.5	↑ 0.6%
EBITDA	490.5	477.7	↑ 2.7%
Profit before income tax	366.9	350.8	↑ 4.6%
Profit attributable to equity holders of the Company	284.0	258.0	↑ 10.1%
Basic earnings per share (HK cents)	28.4	26.7	↑ 6.4%
Dividend per share (HK cents)	4.8	4.3	↑ 11.6%

Gross Margin

Operating Margin

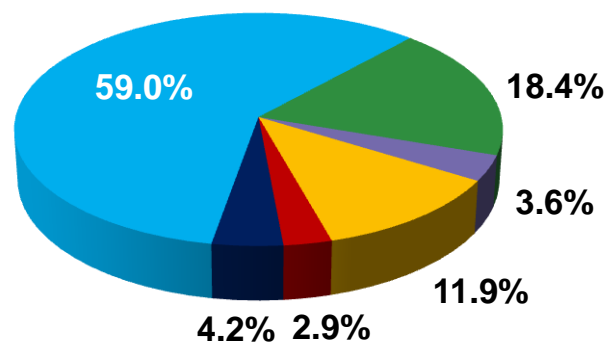
Net Margin



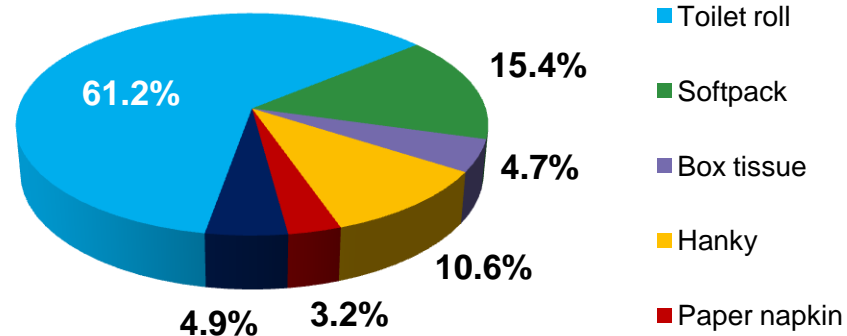
Revenue by Product Category

(HK\$ million)	For the six months ended 30 June		
	2013	2012	Change
Toilet roll	1,955.2	1,768.2	↑ 10.6%
Softpack	611.3	442.0	↑ 38.3%
Box tissue	118.1	136.1	↓ 13.2%
Hanky	393.5	305.2	↑ 28.9%
Paper napkin	94.9	93.7	↑ 1.3%
Others	140.7	142.3	↓ 1.1%

Product Mix % of Sales



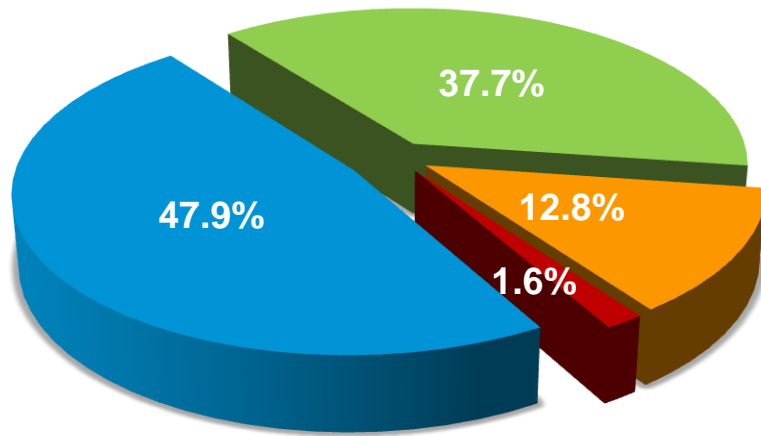
2013 1H



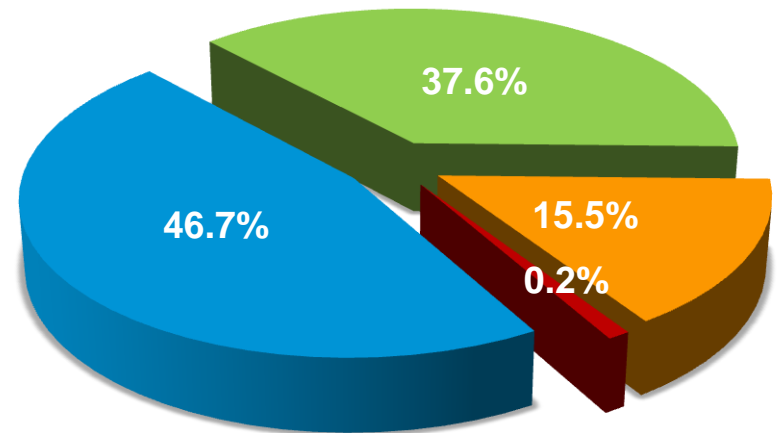
2012 1H

Revenue by Distribution Channels

1H 2013



1H 2012



■ Traditional channels
(i.e. Distributors)

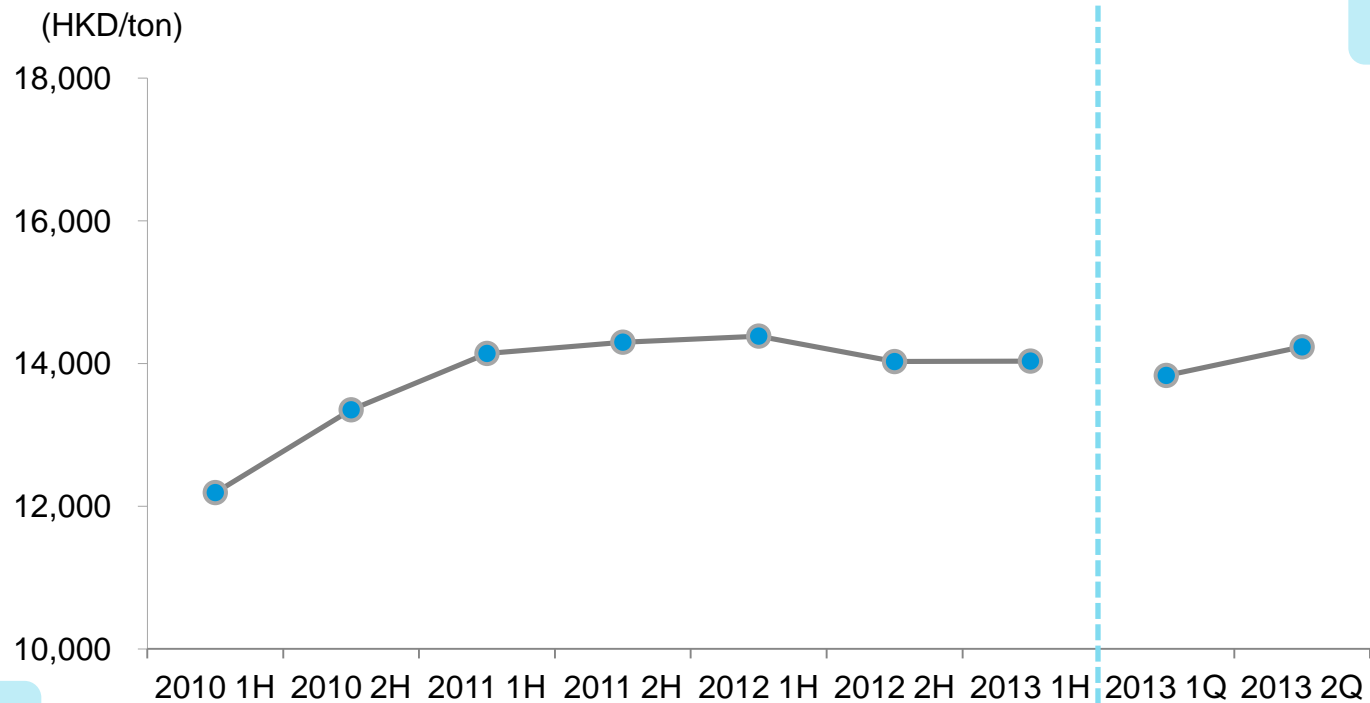
■ Modern channels
(i.e. Hypermarkets, Supermarkets)

■ B2B
(i.e. Corporate clients)

■ E-commerce

Average Selling Price Overview

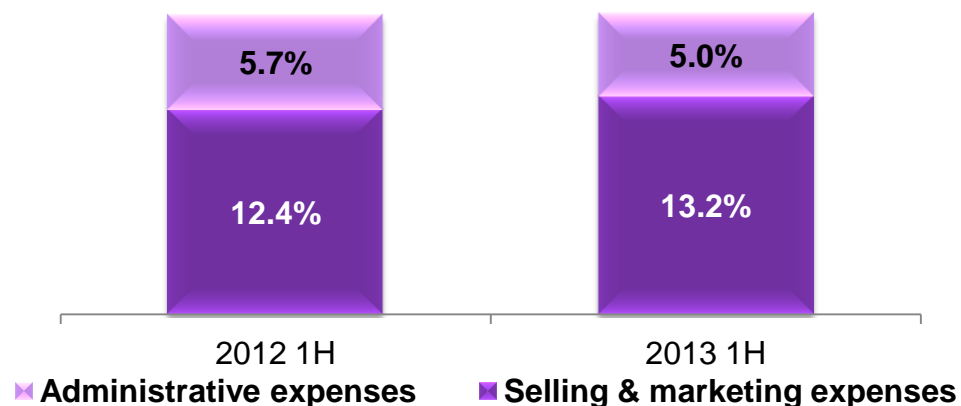
Average Selling Price (2010 – 1H 2013)



- Average selling price (“ASP”) per ton for 1H 2013 was approximately HK\$14,033.
- ASP in 2Q 2013 was higher than that in 1Q due to reduced promotion level and product mix enhancement.

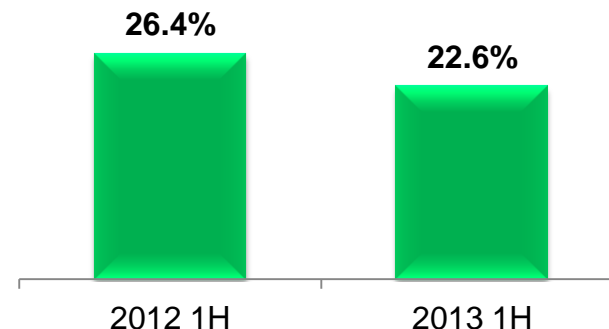
Operating Expenditure

Operating Expenditure as % of Sales



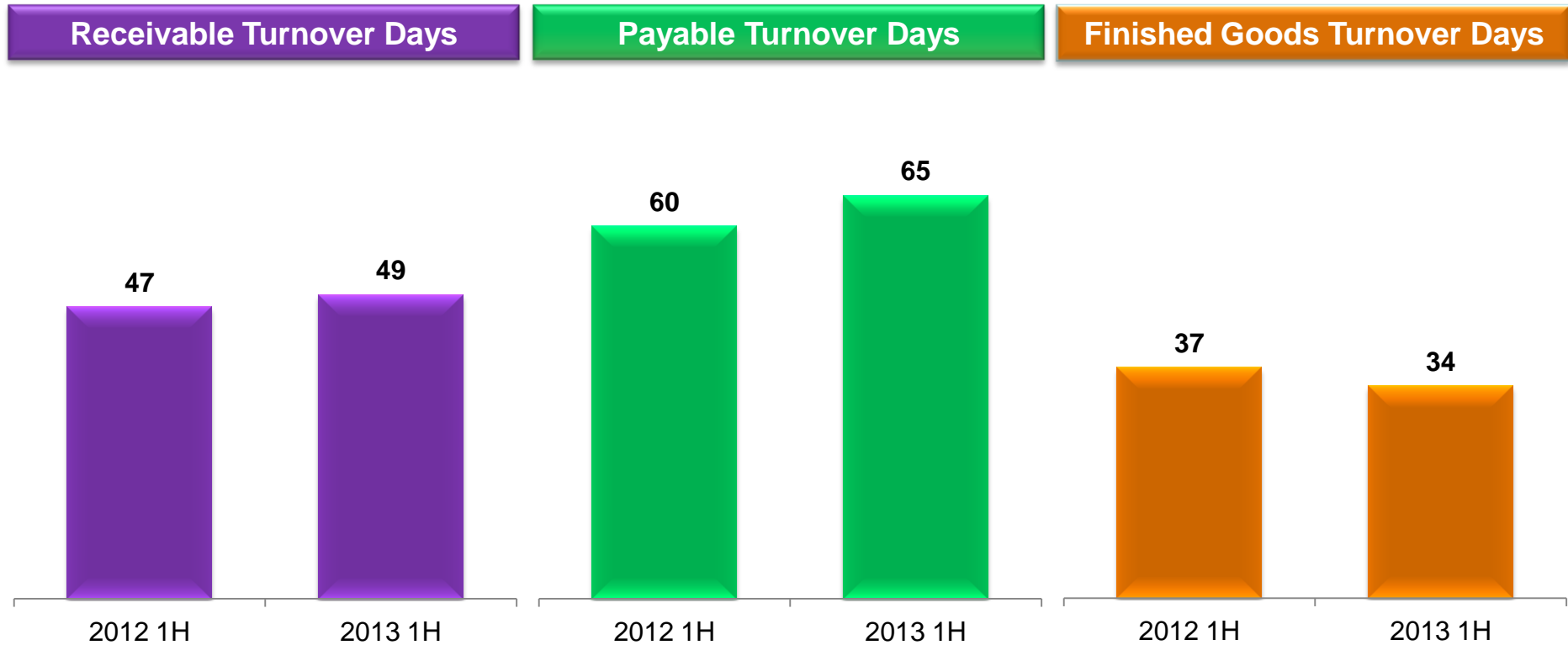
- Administrative expenses included but not limited to:
 - Share option cost : HK\$13.9 million.
 - Deployment cost of workers & staff for Sanjiang and Shandong Plants before their commencement of operation.
- Selling and marketing expenses as a % of sales was up by 0.8 p.pt., mainly due to:
 - Increase in sales promotion level & number of store-promoters.

Effective Tax Rate



- Effective tax rate decreased by 3.8 p.pt., because:
 - Tax planning took effect.
 - Less share option cost, which were only partly tax-deductible, was absorbed compared to 1H2012.

Working Capital Management



Key Leverage Indicators

<i>(HK\$ million)</i>	2013 As at 30 Jun	2012 As at 31 Dec
Short-term debt	976.9	1,218.9
Long-term debt	1,812.5	850.3
Total debt	2,789.4	2,069.2
Cash and cash equivalents	774.9	753.6
Net gearing ratio* (%)	45.9	31.8
Interest coverage** (times)	8.9	12.3

- Solid financial resources for capital expansion and sustained business growth:
 - Successfully concluded a syndicated loan of HK\$1 billion in Mar 2013.
 - As at 30 Jun 2013, unutilized credit facilities amounted to approximately HK\$5.61 billion.
- As CAPEX was mainly financed by operating cashflow and bank loans, net gearing ratio increased to 45.9% while interest coverage decreased to 8.9 times.

* Calculation of 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

Slowdown in China's economic growth.

Macro-economic Environment

China's domestic demand is to grow rapidly in the long run along accelerating urbanization supported by the Central Government.

Intensifying competition from more market players and peers' aggressive production capacity expansion plans.

Industry Environment

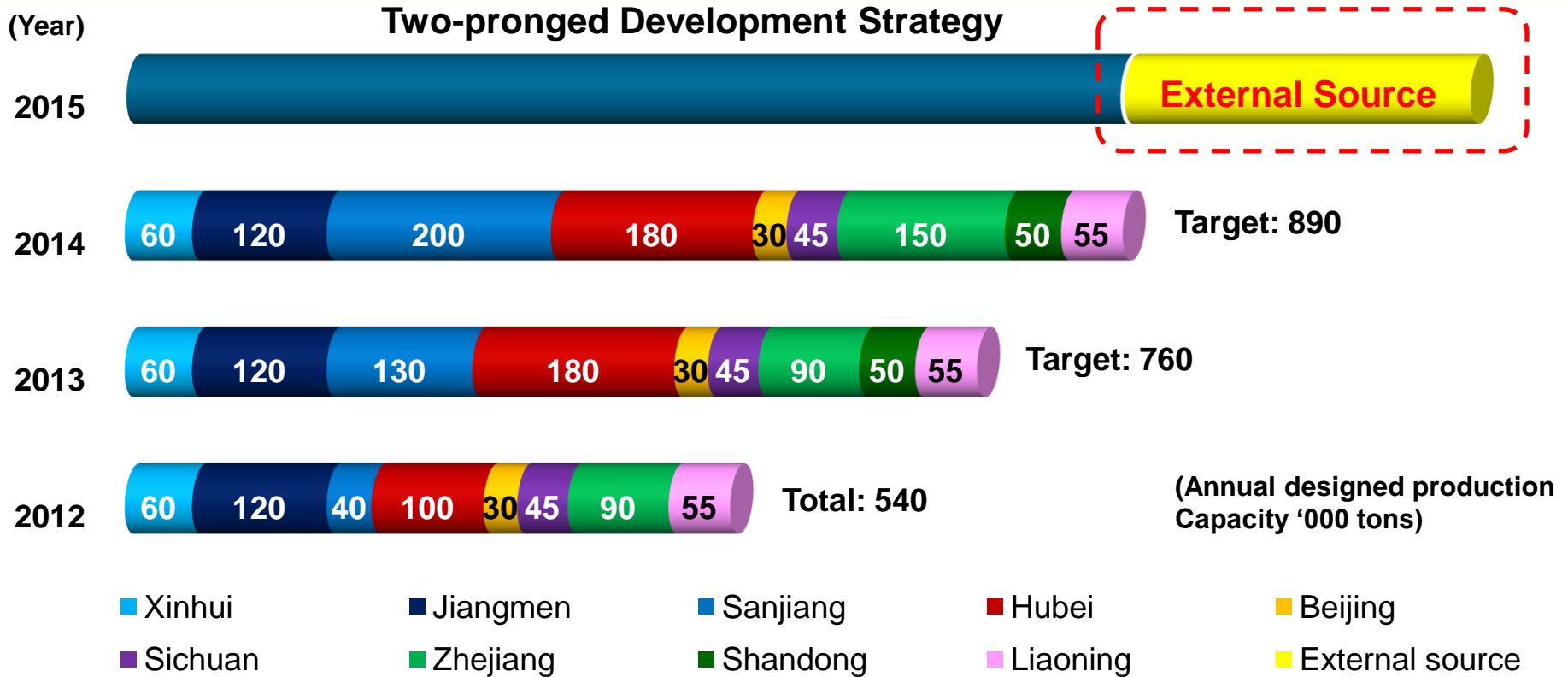
Strong brand awareness and high product quality remain critical amid competition.

Wood pulp prices remain volatile.

Wood Pulp Price Trend

Scalable players are able to take advantages in terms of economies of scale and procurement etc.

Two-pronged Development Strategy



- Annual designed production capacity:
 - As of 30 Jun 2013: 620,000 tons.
 - 140,000 tons to be added in 2H 2013 and expected to reach 760,000 tons by end of 2013.
 - 160,000 tons to be added in 2H 2014 and expected to reach 890,000 tons by end of 2014.
- 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.

Product Mix Enhancement

Focus on high margin product series and categories

- 2H 2013 Strategies:
 - Focus on Ultra Strong series.
 - Increase the proportion of high-margin products such as softpack, hanky, wetwipe and kitchen towel.
 - Launch newly licensed cartoon “SpongeBob SquarePants” products.



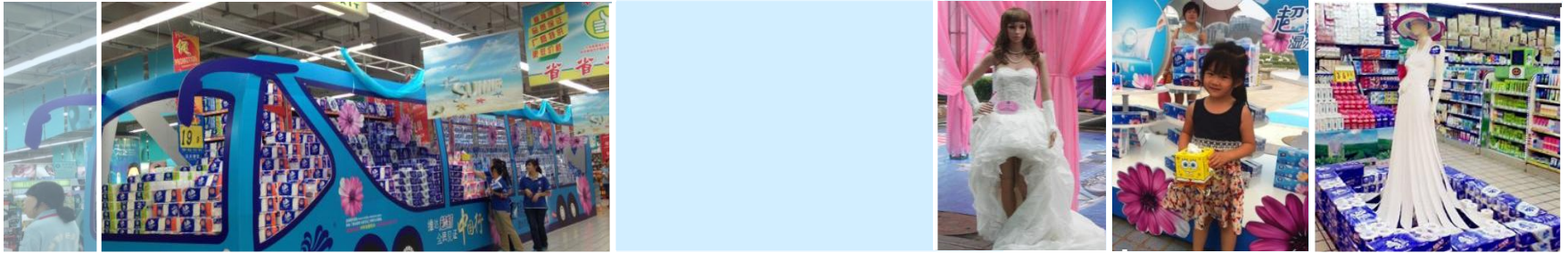
Expansion of Sales Channels

Network going deep & wide

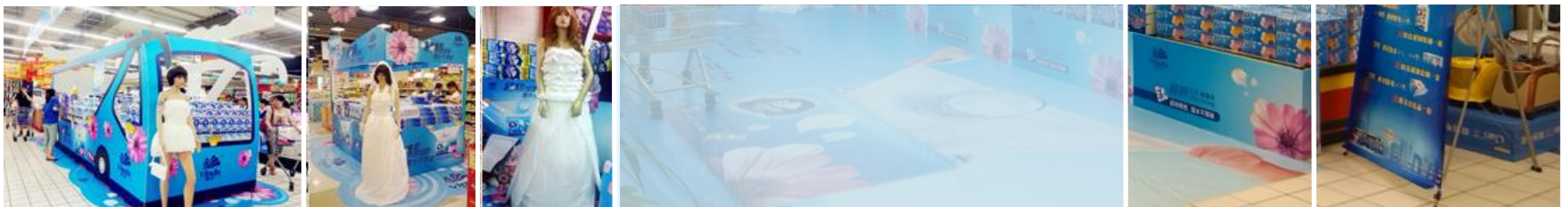
- 2H 2013 Strategies:
 - Enlarge e-sales contribution.
 - Strengthen overseas market sales, including Vinda branded product sales & OEM business.
 - Tap into Shandong Province, a total new sales spot.
- As of June 2013:
 - 235 sales offices (Dec 2012:182)
 - 1,457 distributors (Dec 2012:1,374)



Persistent Brand-building

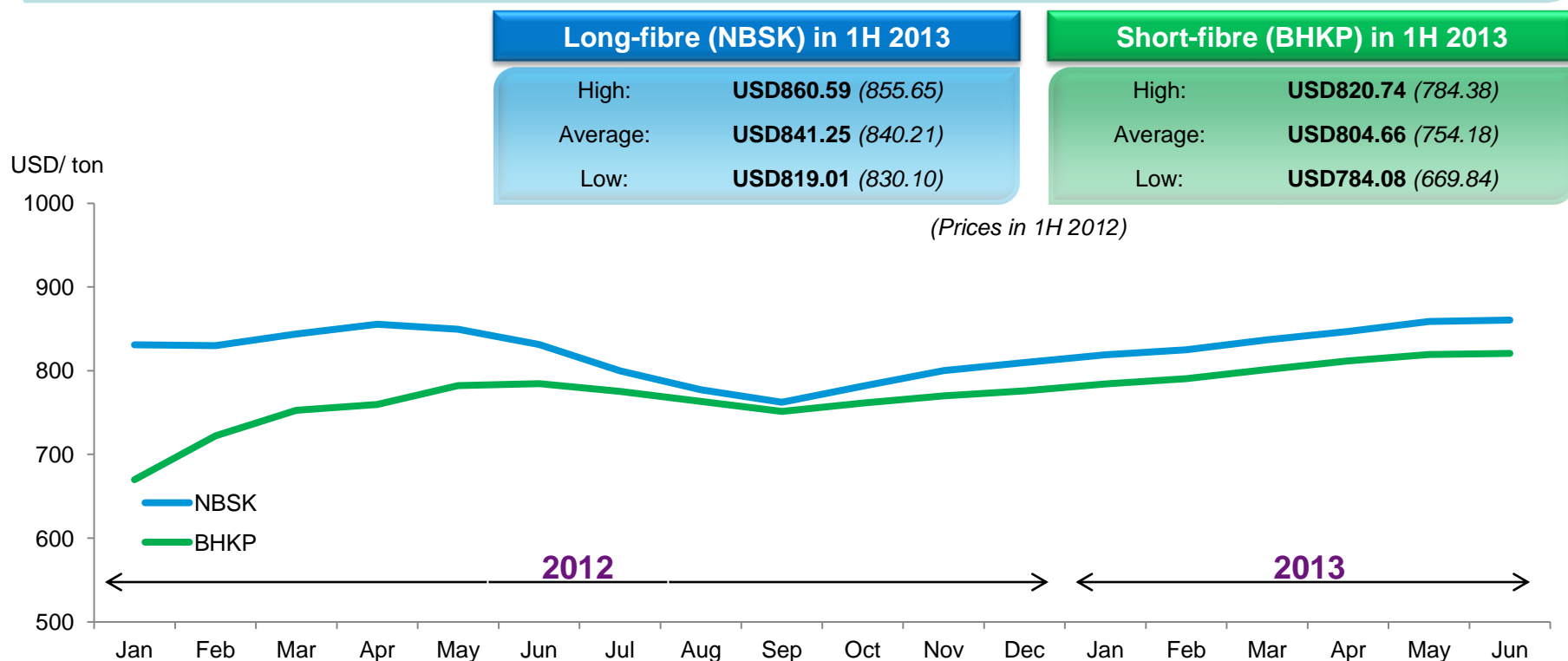


- Innovative campaigns to enhance brand loyalty.
 - “Ultra Strong National Bus 維達超韌全民見證—中國行” & “Vinda Wedding Gown” campaigns have created buzz online & on ground.
- Adopt cartoon marketing to attract young family cluster.
 - Licensed “SpongeBob SquarePants” till Jul 2015.



Strategies in Response to Wood Pulp Prices

- Explored various sources of wood pulp supply, thereby increasing procurement flexibility while ensuring quality.
- Strengthen relationship with major suppliers.
- Lock in procurement cost by piling up more inventory when the price was at a lower level.



Source: Bloomberg

Diversification into Personal Care Business

Sanitary Napkin VIA

- Soft-launched in Guangdong & Hubei Provinces in 1Q2013. Initial market response and soft-launch sales results were better than expectation.
- 2H 2013 Strategies:
 - Further expand distribution network in Guangdong and Hubei regions with TV commercial.
 - Tap into online platform while exploring the market in Zhejiang Province.

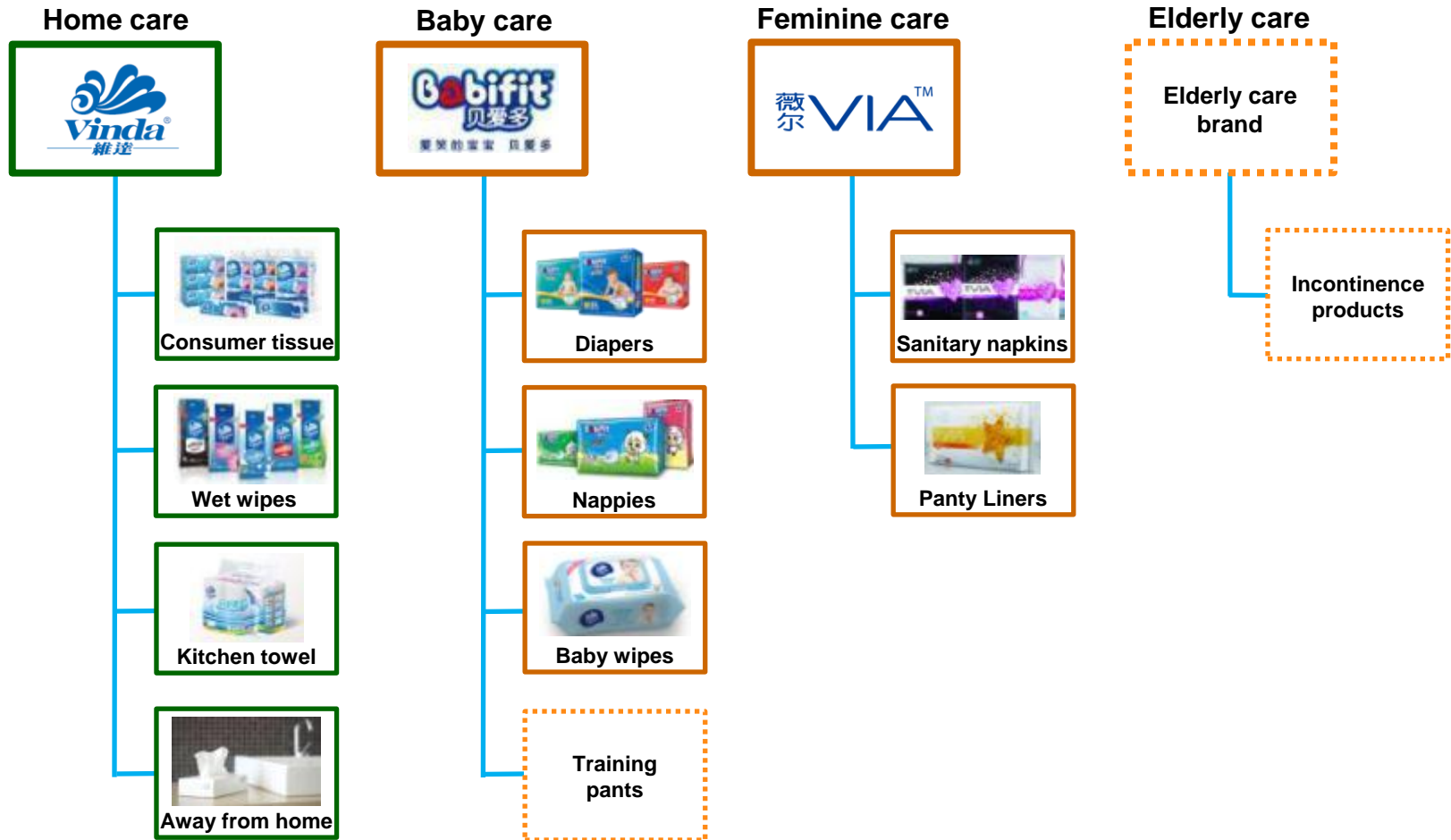


Baby Diaper Babifit

- Expanded into nation-wide hypermarket chains like Wal-Mart.
- Boosted trial use by giving out free-sampling and promotional pack amidst highly competitive environment.
- 2H 2013 Strategies:
 - To expand distribution network and key modern channel systems.
 - To upgrade existing products to increase competitiveness.

To Become Consumers' First Choice

Become a disposable hygiene product provider
Diversification into 4 brands covering 4 different care-segments



Q&A

