

# 2011/2012 Interim Results Presentation

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# Agenda

## Results Overview

Operating Review

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# Financial review for the first half of the fiscal year

	As at 30 Sept 2011 (HKD '000)	As at 30 Sept 2010 (HKD '000)	Change in Percentage (%)
Sales	<b>1,525,451</b>	1,286,614	+18.6%
Gross profit margin	<b>70.6%</b>	75.5%	
Operating profit	<b>928,837</b>	869,834	+6.8%
EBITDA margin *	<b>64.4%</b>	70.3%	
EBIT margin	<b>60.9%</b>	67.6%	
Profit attributable to shareholders	<b>814,920</b>	752,266	+8.3%
Basic EPS (HK cents)	<b>25.85</b>	23.94	+8.0%
Net cash generated from operating activities	<b>669,739</b>	561,884	+19.2%
Cash and cash equivalents	<b>2,257,649</b>	1,676,410**	+34.7%
Interim dividend per share (HK cents)	<b>7.8</b>	7.2	
Special dividend per share (HK cents)	<b>5.18</b>	nil	

\* EBITDA = EBIT + depreciation + intangible asset amortization + option expenses

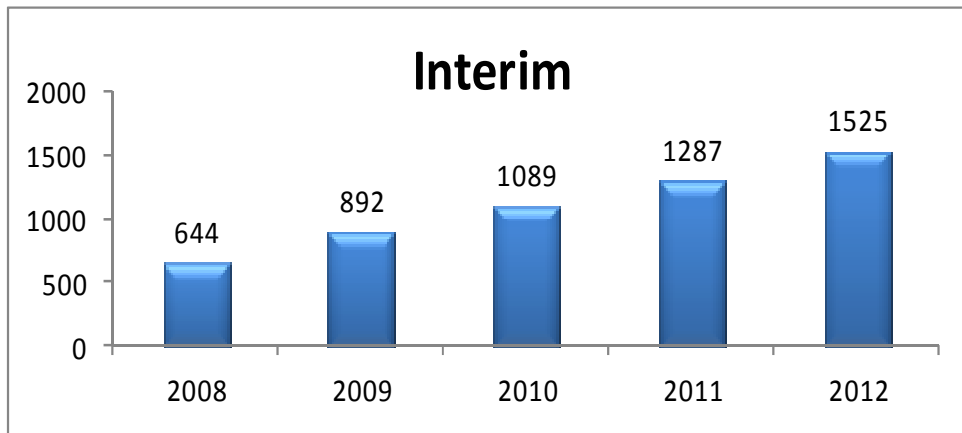
\*\* As at March 31 2011



# 5-year Historical financial review

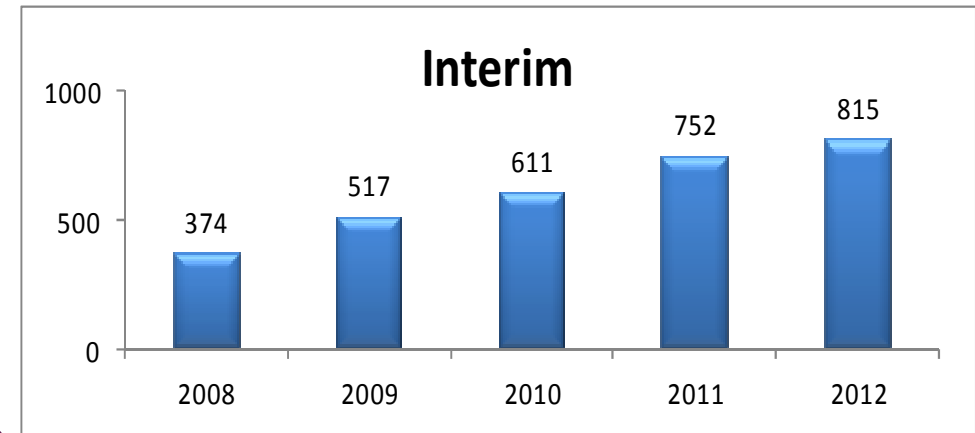
## Sales

HKD million



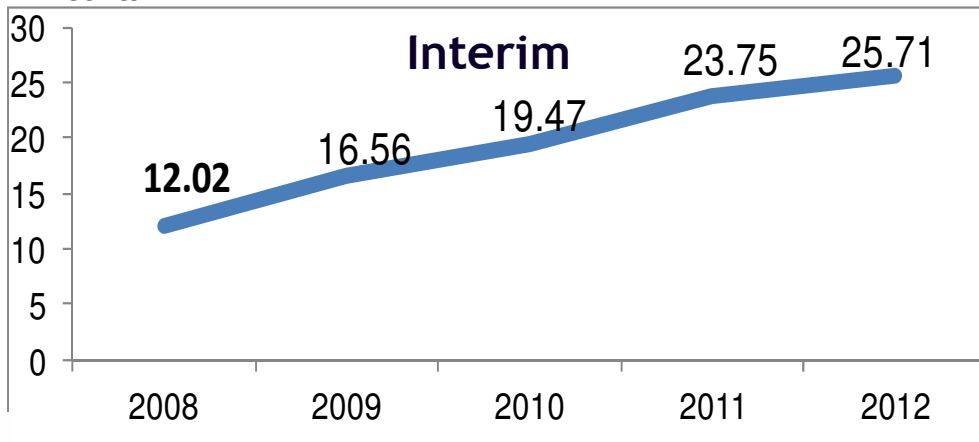
## Profit attributable the equity holders of the Company

HKD million



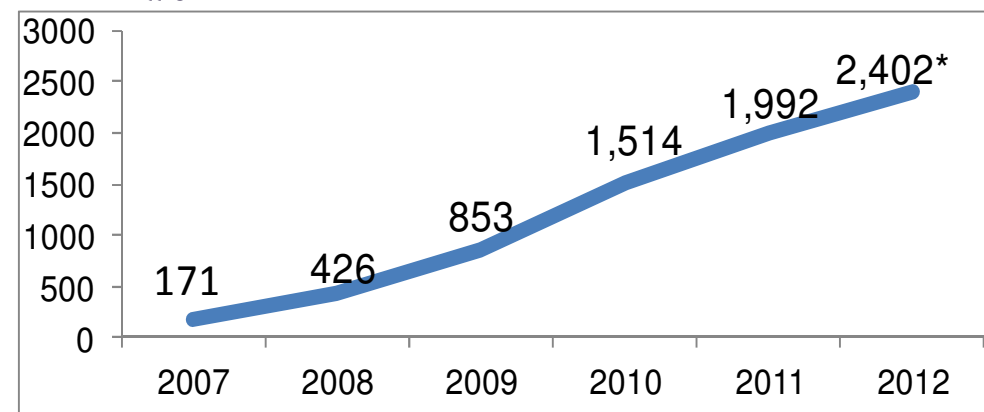
## Diluted EPS

HK cents



## Accumulated total paid and declared dividend

HKD million



\*2011/12 Interim dividends total is calculated based on total outstanding shares as at November 22, 2011

# M&A updates

Acquired groups	Business	Deal terms	Rationale and results
Yongzhou Shanxiang (April 2011)	Natural aromatic raw material, for flavours business	<ul style="list-style-type: none"><li>■ Issued new shares of RMB23.50 million to obtain 67.14% ownership</li><li>■ Through independent third parties</li></ul>	<ul style="list-style-type: none"><li>■ Natural resources advantage: main producing area of litsea cubeba oil, where its output accounts for a leading position domestically</li><li>■ Backward integration to further increase the Group's competitive position in the food ingredients industry</li></ul>
Yunnan Zhengbang (June 2011)	New cigarette materials	<ul style="list-style-type: none"><li>■ HKD6.93 million to acquire 100% stake</li><li>■ Through independent third parties</li></ul>	<ul style="list-style-type: none"><li>■ Engaged in the R&amp;D of new cigarette materials</li><li>■ In line with the Group's overall development strategy, it further strengthens the Group's overall R&amp;D capabilities in the area of new cigarette materials.</li></ul>



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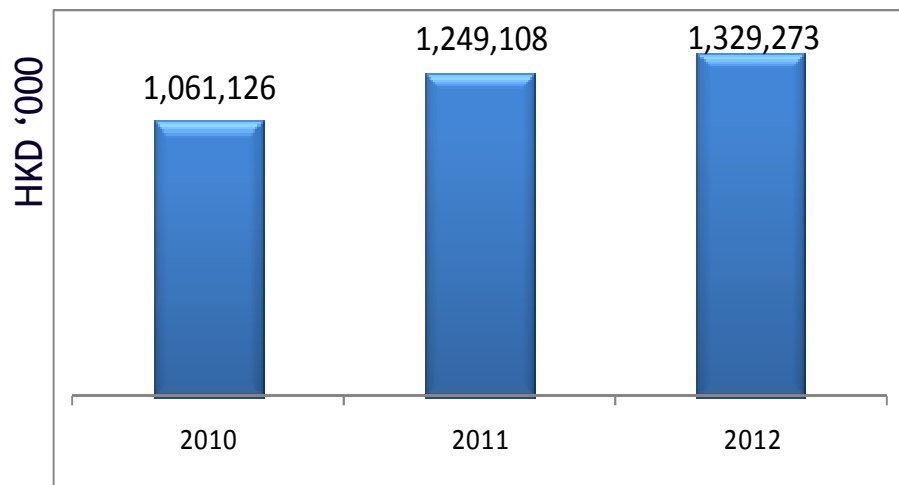
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# Review on flavours segment

Graph 1: Sales in the past 3 years



## Results Analysis

- ◆ Revenue steadily reached 1.33 billion, represents a 6.4% growth from same period last year
- ◆ EBIT margin reached 68.6%, comparable to same period last year

Graph 2: Sector major financial indicators

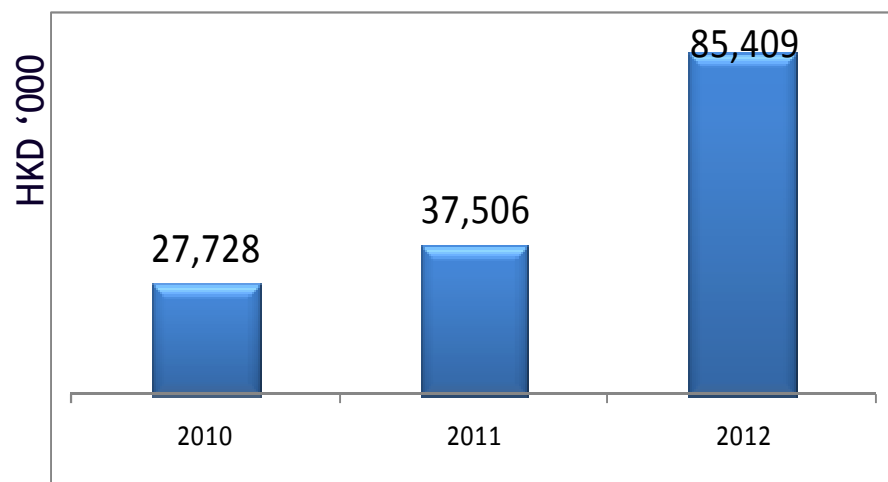
HKD '000	2011	2010
EBIT	<b>911,826</b>	869,741
EBIT margin	<b>68.6%</b>	69.6%





# Review on fragrances segment

Graph 1: Sales in the past 3 years



## Results Analysis

- ◆ Sales revenue in the first half recorded a 127.7% growth, mainly contributed from Yunnan Huaxiangyuan
- ◆ EBIT decreased to HKD3.6 million while EBIT margin lowered to 4.2%, mainly due to competition and increased segment operating expenses

Graph 2: Sector major financial indicators

HKD '000	2011	2010
EBIT	3,568	6,324
EBIT margin	4.2%	16.9%



# Review on RTL segment

Graph 1: RTL production line



Graph 2: Sector major financial indicators

HKD '000	2011
Sales revenue	110,769
EBIT	16,835
EBIT margin	15.2%

## Results Analysis

- ◆ With the acquisition of Guangdong Jinye Group completed in January 2011, the Group entered a new stage of development
- ◆ For 6 months ended September 30 2011, RTL has reached sales of approximately HKD 111 million
- ◆ Since the acquisition, the integration has been progressing accordingly. Guangdong Jinke's 10,000-ton capacity production line has gone through technical upgrade which have optimized products' quality
- ◆ The Group is currently putting all efforts into the completion of a new 20,000 ton production line

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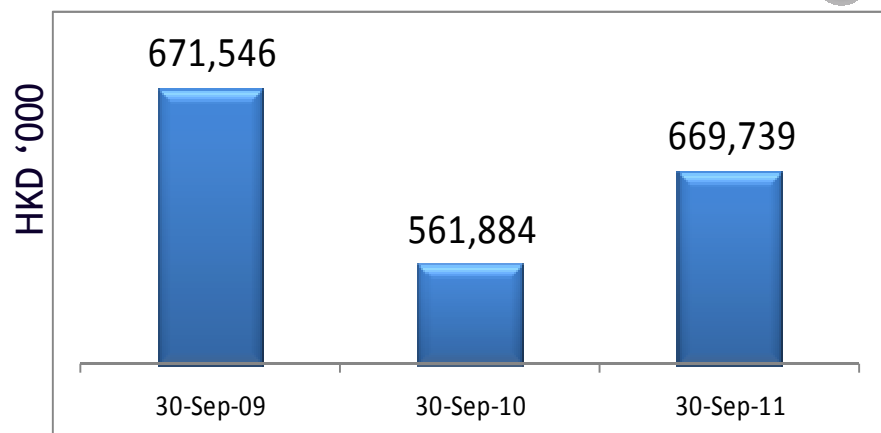
# Stable financial indicators

(HKD '000)	As at 30 September 2011	As at 30 September 2010
Sales revenue	<b>1,525,451</b>	1,286,614
Breakdown of sales: Flavours (87.1%)	<b>1,329,273</b>	1,249,108
Fragrances (5.6%)	<b>85,409</b>	37,506
RTL (7.3%)	<b>110,769</b>	-
Gross Profit margin	<b>70.6%</b>	75.5%
EBIT margin *	<b>60.9%</b>	67.6%
Breakdown : Flavours	<b>68.6%</b>	69.6%
Fragrances	<b>4.2%</b>	16.9%
RTL	<b>15.2%</b>	-
SG&A to revenue	<b>15.7%</b>	12.0%
Breakdown : R&D to Sales	<b>5.4%</b>	3.3%
Income tax expenses	<b>111,385</b>	116,095

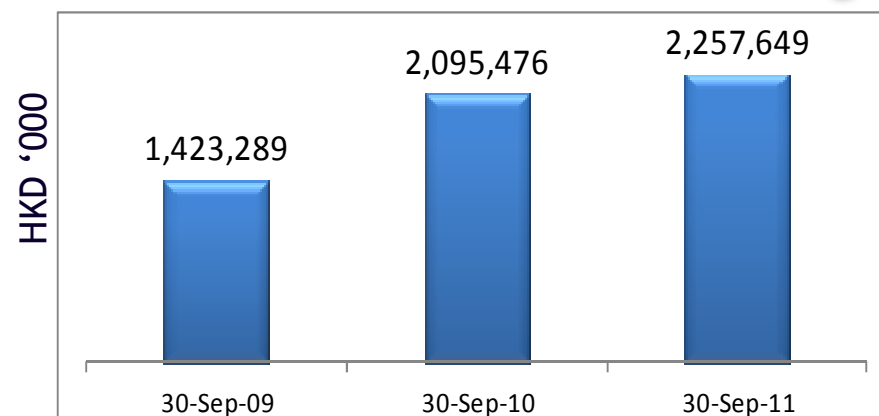
\* EBIT = operating profit

# Stable cash flow and financial position

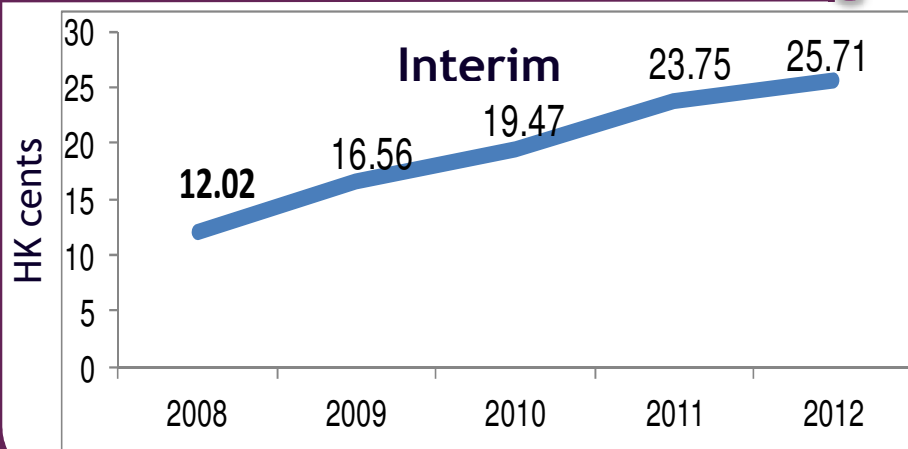
## Net cash generated from operating activities



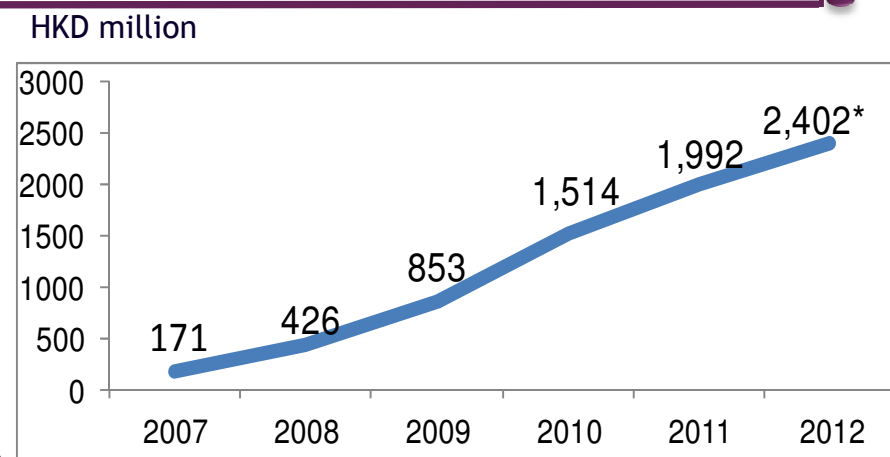
## Cash and cash equivalents



## Diluted EPS



## Accumulated total paid and declared dividends



\*2011/12 Interim dividends total is calculated based on total outstanding shares as at November 22, 2011

# Working capital overview

HKD '000	As at September 30 2011	As at March 31 2011	Change in percentage	Reason
Inventory (a)	<b>570,740</b>	467,961	+22.0%	Concentration in natural aromatic raw materials procurement
Trade and other receivables	<b>1,095,100</b>	1,030,565	+6.3%	
-trade receivable (b)	<b>660,493</b>	653,504	+1.1%	The two (b) items are total of HKD 38,598,000 or 4.7% less than of March 31 2011
-note receivable (b)	<b>129,717</b>	175,304	-26.0%	
-pre-payment and others	<b>294,051</b>	192,139	+53.0%	Including RTL production line equipment pre-payment and HKD147 million of receivable from Jinye's former shareholder
Trade and other payables	<b>899,981</b>	688,276	+30.8%	2011 fiscal year dividend payable
-trade payable (c)	<b>291,715</b>	303,913	-4.0%	
-dividend payable	<b>273,155</b>	20,735	+1217.4%	
-others	<b>164,059</b>	163,192	+0.5%	Including HKD151 million of payable to Jinye's former shareholder
Working capital employed (a+b-c)	<b>1,069,235</b>	992,856	+7.7%	

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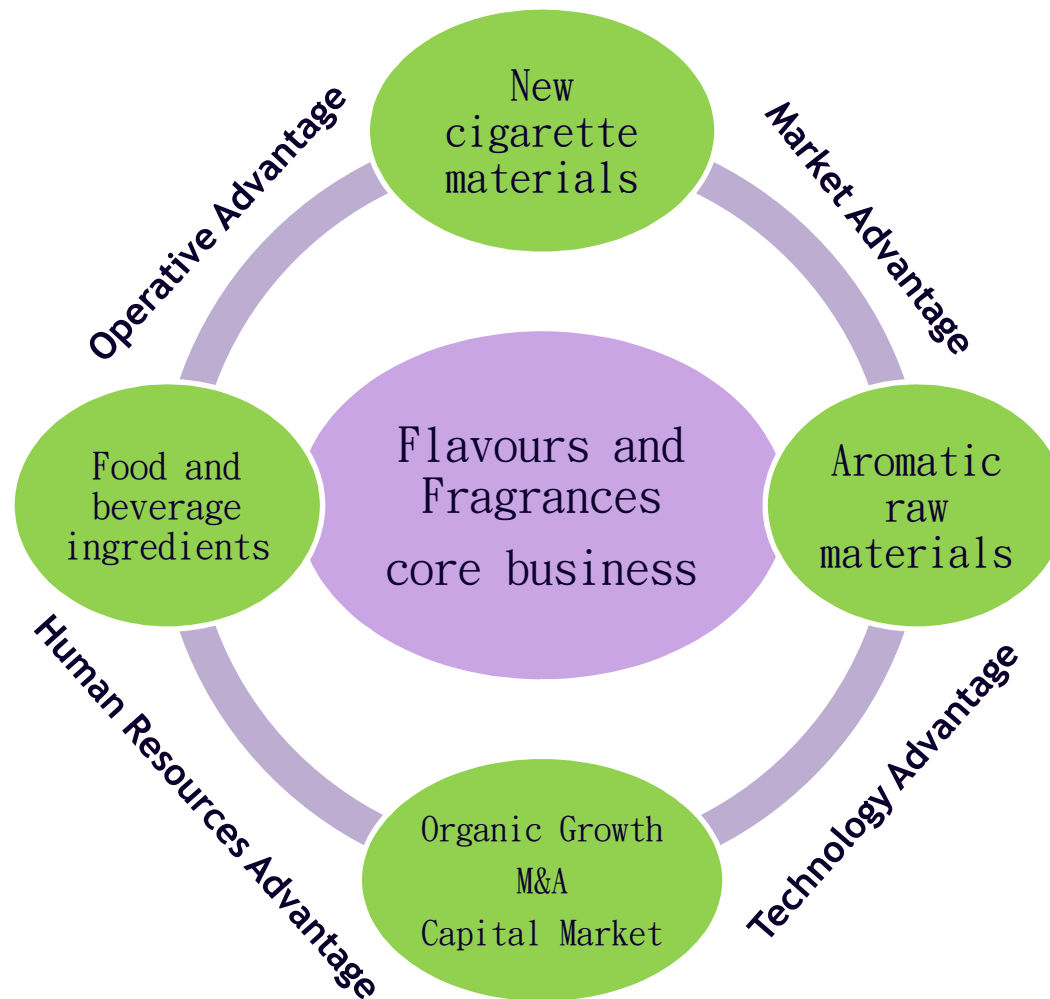
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# Multi-pronged, focus growth strategy



To establish an integrated core value chain,  
to become a global leading player based in China





# Q&A