

Huabao International Holdings Limited

Stock Code: 0336.HK

2015/2016 Interim Results Presentation



19th of Nov. 2015

Agenda



- 1** Financial Highlights
- 2** Business Review
- 3** Outlook

1.1 Consolidated Results

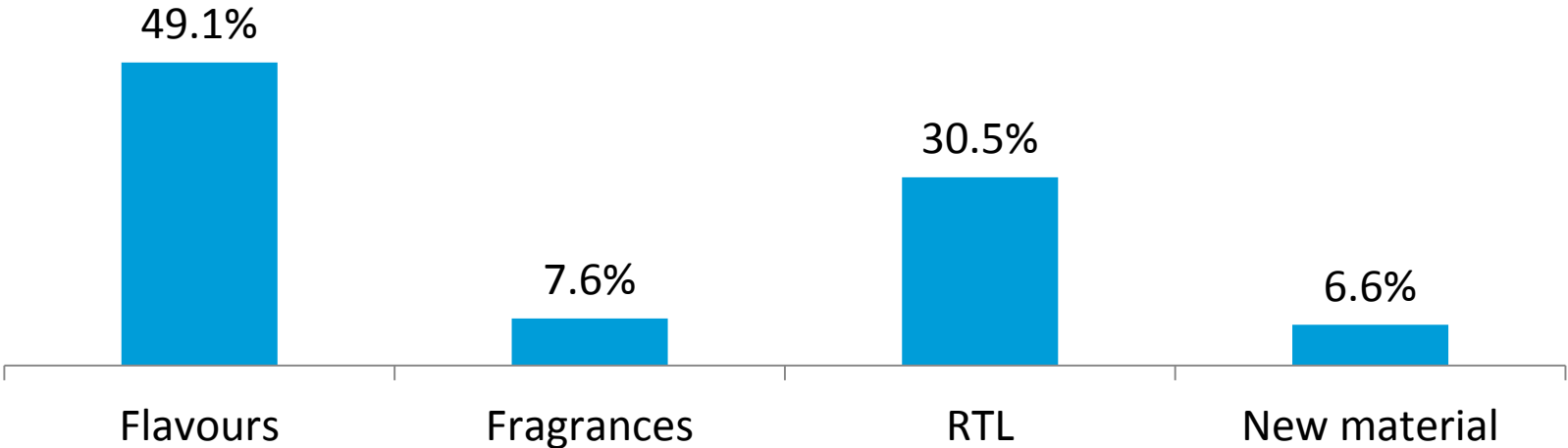
	Six Months ended Sep30 2015 (HKD '000)	Six Months ended Sep30 2014 (HKD '000)	Change
Sales	1,693,019	2,151,137	-21.3%
Gross profit margin	69.2%	69.3%	
Operating profit	733,809	1,180,574	-37.8%
EBITDA margin	49.2%	59.4%	
EBIT margin	43.3%	54.9%	
Profit attributable to shareholders	565,340	984,013	-42.5%
Basic EPS (HK cents)	18.20	31.72	-42.6%
Net cash generated from operating activities	518,776	1,109,323	-53.2%
Net cash	3,017,557	2,875,813*	+4.9%

Net cash: six months ended 31 March, 2015

1.2 Main business segment

Revenue%	Six Months ended Sep30 2015	Six Months ended Sep30 2014
Flavours	80.1%	73.6%
Fragrances	2.3%	2.0%
RTL	15.5%	22.4%
New materials	2.1%	2.0%

EBIT%



1.3 Balance Sheet Highlights

	Six Months ended Sep30 2015 (HKD '000)	Six Months ended March31 2015 (HKD '000)
Non-Current Asset	4,907,533	5,022,115
Current Asset	5,918,693	5,878,752
-Inventories	826,448	818,433
-Cash and cash equivalents	2,582,924	2,674,289
Non-current Liabilities	66,825	72,607
Current Liabilities	1,130,812	1,424,418
Net Asset	4,787,881	4,454,334

1.4 Cash Flow and Financial Position

	Six Months ended Sep30 2015 (HKD '000)	Six Months ended Sep30 2014 (HKD '000)
Net cash generated from operating activities	518,776	1,109,323
Cash and bank balance	3,618,722	4,137,920
	Six Months ended Sep30 2015 (HKD '000)	Six Months ended March31 2015 (HKD '000)
Inventory Turnover (Day)	284	232
AR Turnover(Day)	100	79
AP Turnover(Day)	115	116
Current ratio(times)	5.22	4.13
Liquidity ratio(times)	4.49	3.55

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2.1 Flavours segment review

	2015/2016	2014/2015
Sales	Down 14.4% to 1.36 billion	1.58 billion
EBIT	Down 30.9% To 670 million	960 million
EBIT%	49.1%	60.8%

Business review:

- Chinese economy showed a feature of natural slow down under the new normal, both production and sales declined, first half of 2015 domestic cigarette production and sale volume decline 3.1% and 2.2% respectively
- Industrial and commercial cigarette inventories in China remained high, in particular, industrial inventory increased 11.4% from last year, commercial inventory increased 11.7% from last year
- Consumer spending on food and beverage weakened in the first half of 2015, growth rate of food manufacturing industry was only 6.6%, signaling the end of double-digit growth for the first time in years.

2.2Fragrances Segment review

	2015/2016	2014/2015
Sales	Down 7.4% to 38.84million	41.93million
EBIT	Down 56.8% to 2.96million	6.85million
EBIT%	7.6%	16.3%

Business review:

- The fragrances industry business index of China entered into a downward trend, demand of incense and disinfectants declined
- The increased expenses caused by the quotation of Xiamen Amber on the NEEQ this year, resulted in the decrease of earnings
- Maintained a growth trend in laundry detergents and soap products in the first half of this year
- The quotation of Xiamen Amber is a good opportunity for the Company's future development

2.3 RTL segment review

	2015/2016	2014/2015
Sales	Down 45.3% To 263million	481million
EBIT	Down 63.1% To 80.21million	217million
EBIT%	30.5%	45.2%

Business review:

- **The inventory of tobacco leaves remained at relatively high levels, purchase volume of RTL declined**
- **The adoption rate of RTL is not obviously changed**
- **New RTL capacities have been emerging, which had changed the industry landscape**
- **Kicked off the refined management upgrade project, reduction of management and operational costs**

2.4 New material segment review

	2015/2016	2014/2015
Sale	Down 18.6% To 35.7million	43.87million
EBIT	Down 69.1% To 2.35million	7.61million
EBIT%	6.6%	17.3%

- The drop in the revenue was mainly due to the decline in the sales volume in tobacco industry and the decline in sales revenue resulting from clearing inventory
- Achieved a breakthrough in its technology platform for innovative tobacco stem treatment and the relevant products
- Successfully developed “dual-capsule” , “rotating grain bar” and “sound particles stick” and other new technology products

2.5 Latest on e-cigarette



2.5 Latest on e-cigarette

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运动员、艺人

北京 朝阳区

简介：工作联系——经纪人滕文敬，邮箱：haowenjing718@126.com，微博：@文敬版

个性域名：tianliang1979

博客地址：http://blog.sina.com.cn/tianliang1979

百度人物资料 田亮，1979年8月27日出生重庆，运动员，演员。2000年参加悉尼奥运会获得第一块奥运金牌。2001年7月... 详情 >

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上海 徐汇区

毕业于上海戏剧学院

简介：一呼吸一天地

个性域名：hu_ge

博客地址：http://blog.sina.com.cn/hu_ge

百度人物资料 胡歌，1982年9月20日出生于上海，中国内地演员、歌手、制片人。1996年，14岁的胡歌便成为上海教育电... 详情 >

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个性域名：hangeng

百度人物资料 韩庚（Han Geng），1984年2月9日出生于黑龙江省牡丹江市东安区，中国男歌手、演员、舞者、商人。... 详情 >

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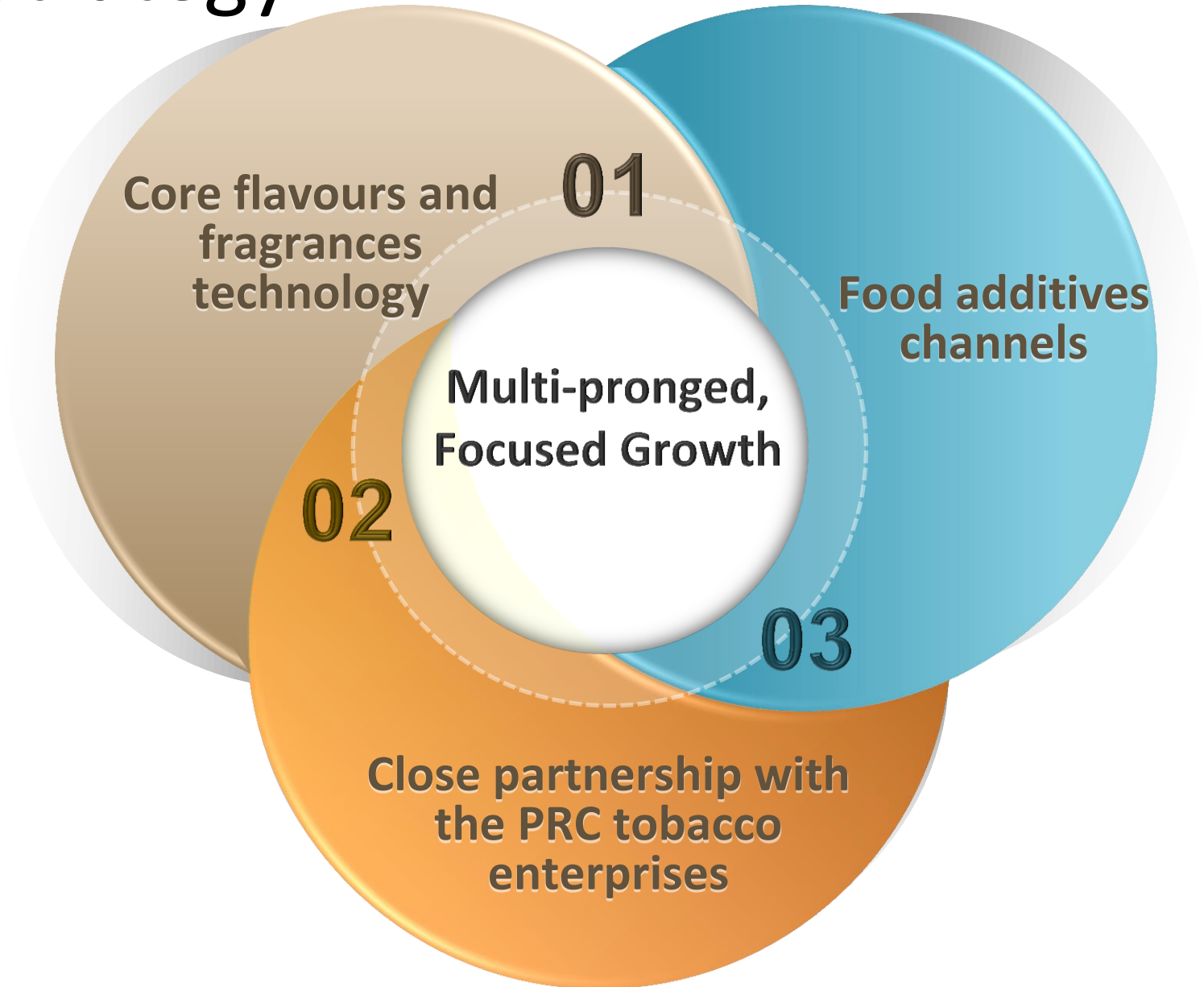


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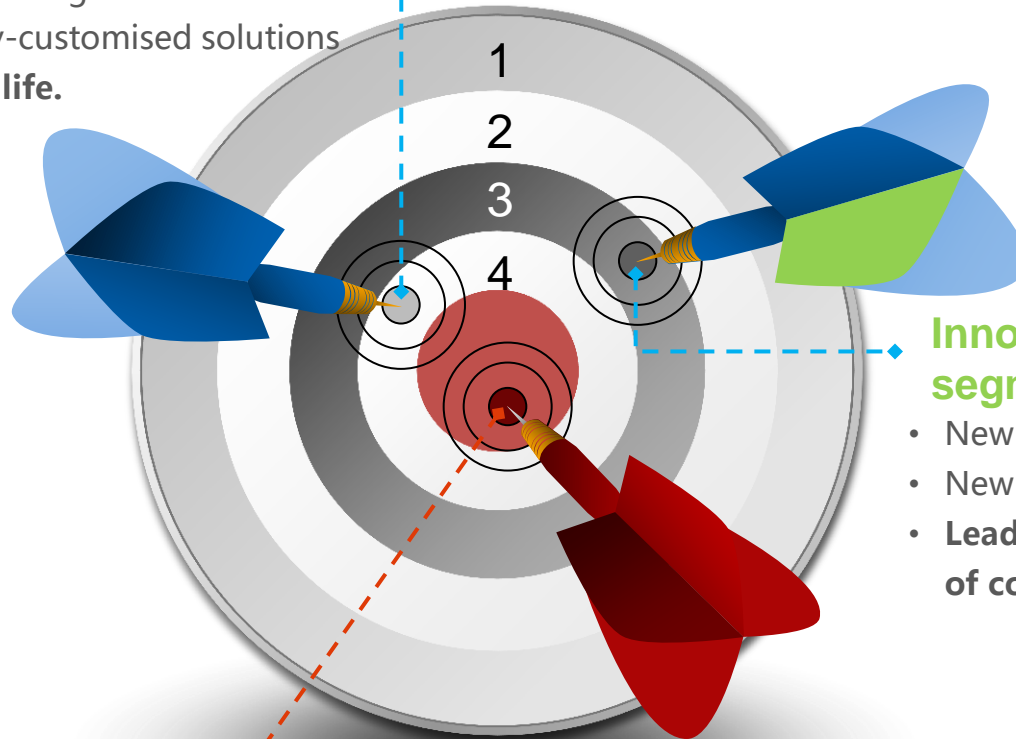
3.1 Strategy



3.2 Future goal

Expand flavours and fragrances business

- Basis of flavours and fragrances
- Focus on the highly-customised solutions
- **Leader to a better life.**



Innovative incubator segment

- New customer services
- New business model
- **Leader of future new model of consumption**

Develop differentiated tobacco auxiliary services

- Differentiated raw materials(RTL, stem) .
- Differentiated auxiliary material(Capsules, wired conductors and three papers and one rod).
- **Leader of healthy life for smokers**

3.3 Future major measures

Open R&D system

- Strengthening internal R&D capabilities
- Establish open collaboration network

Marketing channel and technology services

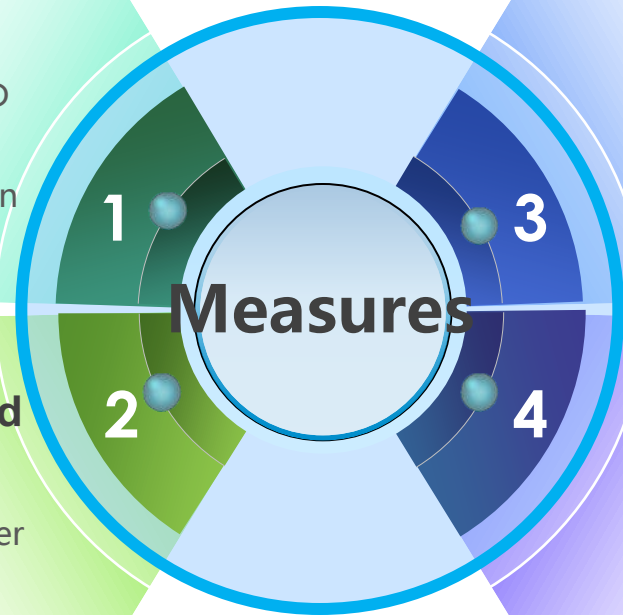
- Strengthening big customer services
- Differentiated management for channel

M&A and post investment integration

- Enhance both domestic and abroad MA
- Improve post-investment integration management capabilities

Innovative project execution capabilities

- Linkage with R&D to ensure the innovation and incubation of flavours and fragrances



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