



魏橋紡織股份有限公司  
Weiqiao Textile Company Limited  
Stock Code 2698

# 2018 Annual Results Presentation

March 2019



# Disclaimer

This presentation may include certain forward-looking statements. The actual results or development of Weiqiao Textile Company Limited may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, and other risks and factors beyond its control. In addition, these forward-looking statements are as of today and Weiqiao Textile Company Limited undertakes no obligation to update them. Statistical and other information relating to the PRC and the textile industry contained in this presentation has been compiled from various publicly available official or unofficial sources generally believed to be reliable. However, the quality of such source materials cannot be guaranteed.

# Agenda

-  **Financial Review**
-  **Business Review**
-  **Industry and Market Analysis**
-  **Prospects and Strategies**

# Financial Review

(RMB in millions)	For the year ended 31 December 2017	For the year ended 31 December 2018	Change
Revenue	16,373	<b>16,456</b>	+0.5%
Gross Profit	1,770	<b>1,720</b>	-2.8%
Gross Profit Margin	10.8%	<b>10.5%</b>	-0.3pp
Operating Profit	945	<b>1,024</b>	+8.4%
Operating Profit Margin	5.8%	<b>6.2%</b>	+0.4pp
Net Profit Attributable to Owners of the Company	522	<b>644</b>	+23.4%
Earnings Per Share (RMB)	0.44	<b>0.54</b>	+22.7%
Dividend(RMB)	0.15	<b>0.1656</b>	+10.4%

(RMB in millions)	As at 31 December 2017	As at 31 December 2018	Change
<b>Total Assets</b>	28,512	<b>24,953</b>	-12.5%
<b>Total Liabilities</b>	10,553	<b>6,544</b>	-38.0%
<b>Net Asset Value</b>	17,959	<b>18,409</b>	+2.5%
<b>Inventory</b>	2,625	<b>3,161</b>	+20.4%
<b>Inventory Turnover (days)</b>	72	<b>72</b>	-
<b>Interest-bearing Bank Borrowings</b>	3,262	<b>1,925</b>	-41.0%
<b>Current Ratio (times)</b>	1.7	<b>2.1</b>	+0.4
<b>Effective Tax Rate</b>	44.9%	<b>37.2%</b>	-7.7pp



# Cost Breakdown

(RMB in millions)	For the year ended 31 December 2017	For the year ended 31 December 2018	Change
<b>Cost of sales</b>	14,603	<b>14,736</b>	+0.9%
<b>SG&amp;A as % of revenue</b>	2.9%	<b>2.9%</b>	-
Selling and distribution expenses	159	<b>166</b>	+4.4%
Administrative expenses	257	<b>277</b>	+7.8%
Other expenses	56	<b>40</b>	-28.6%
<b>Finance costs</b>	523	<b>376</b>	-28.1%

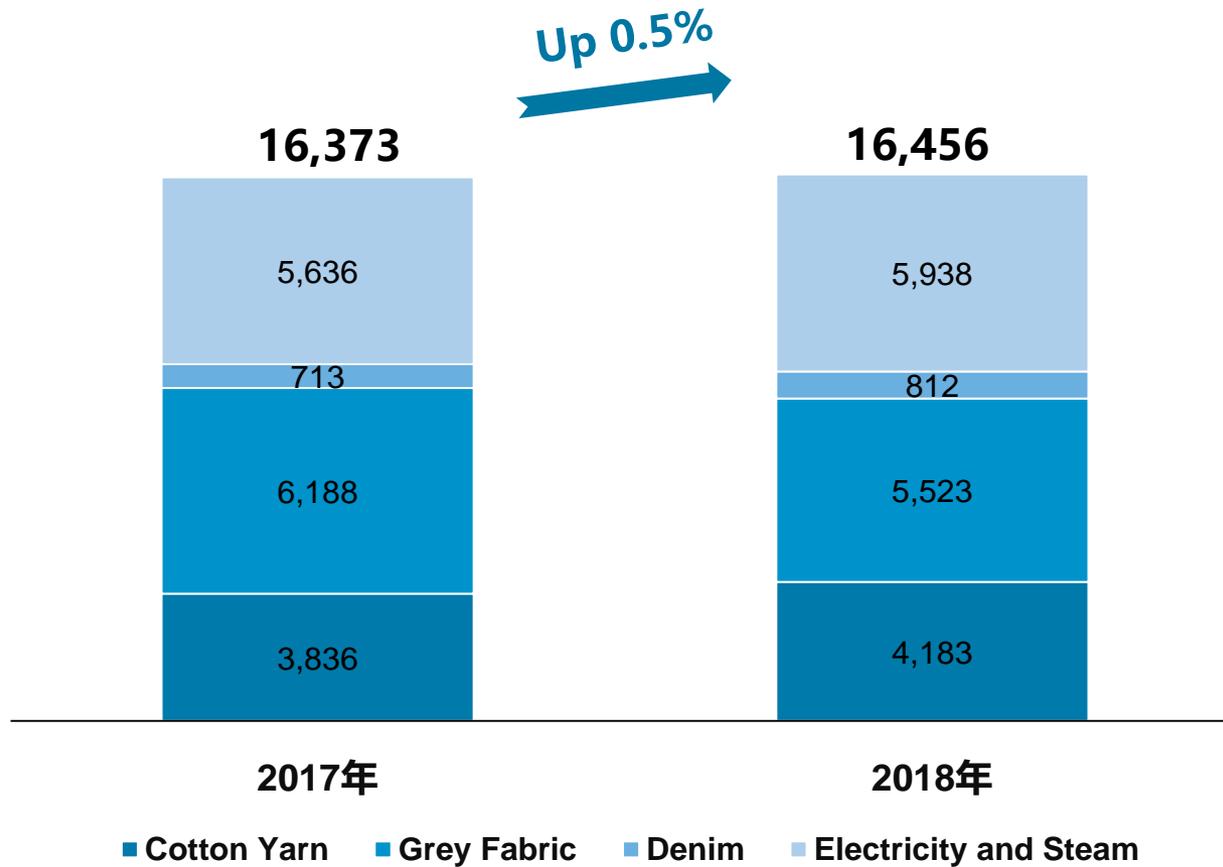


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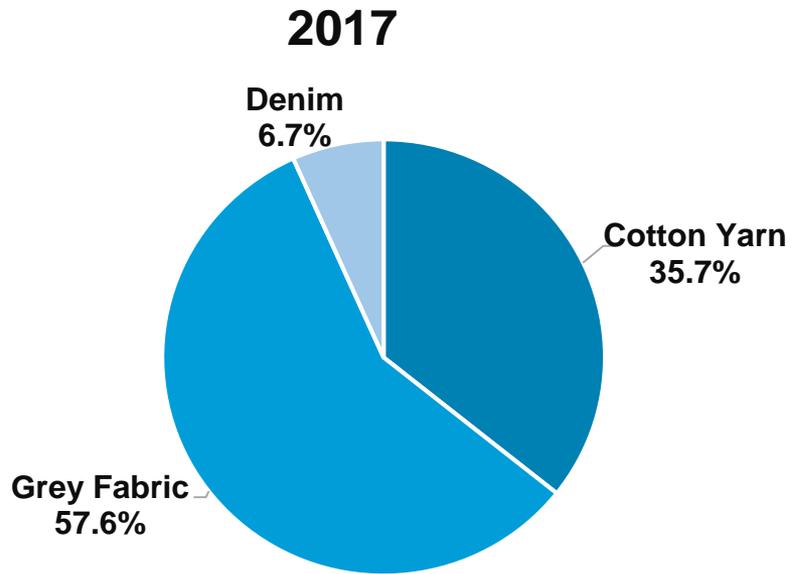
# Business Review

# Sales Analysis

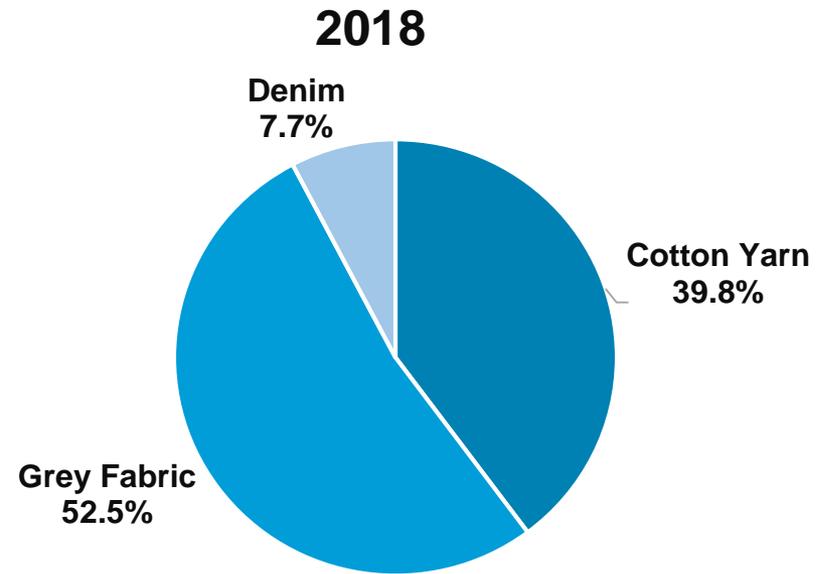
(RMB in millions)



# Textile Business: Sales Analysis (by product)

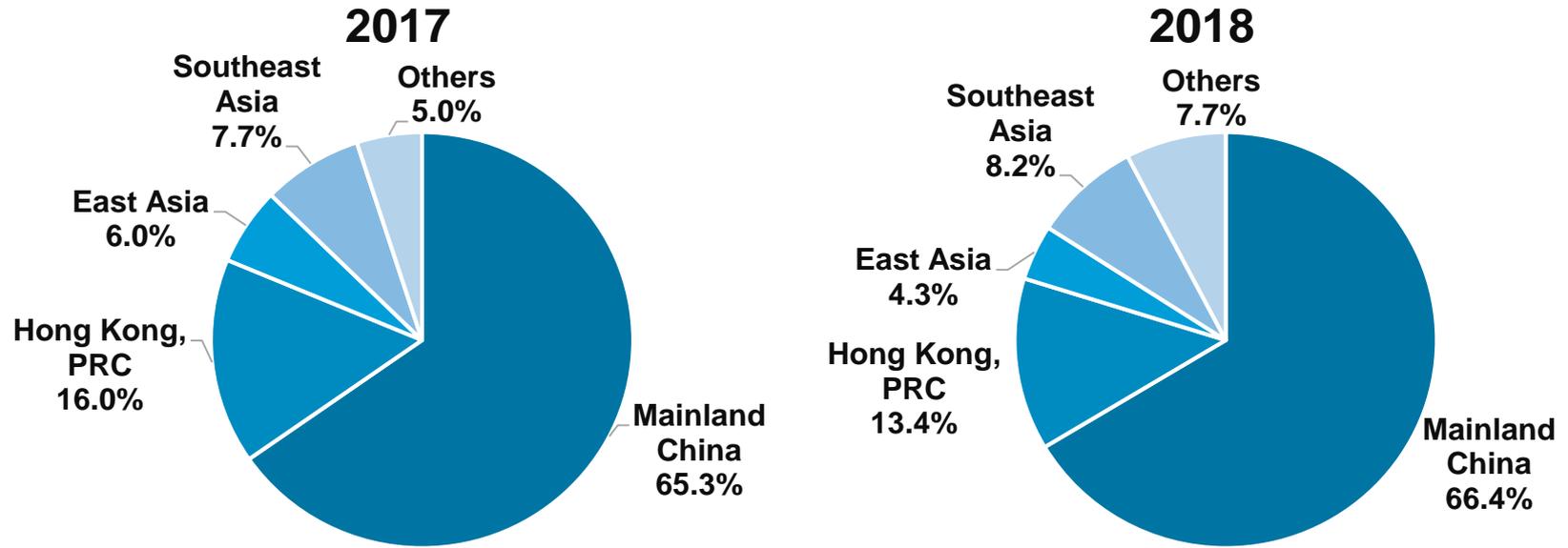


**In 2017, textile sales were RMB10.74 billion**



**In 2018, textile sales were RMB10.52 billion**

# Textile Business: Sales Analysis (by region)

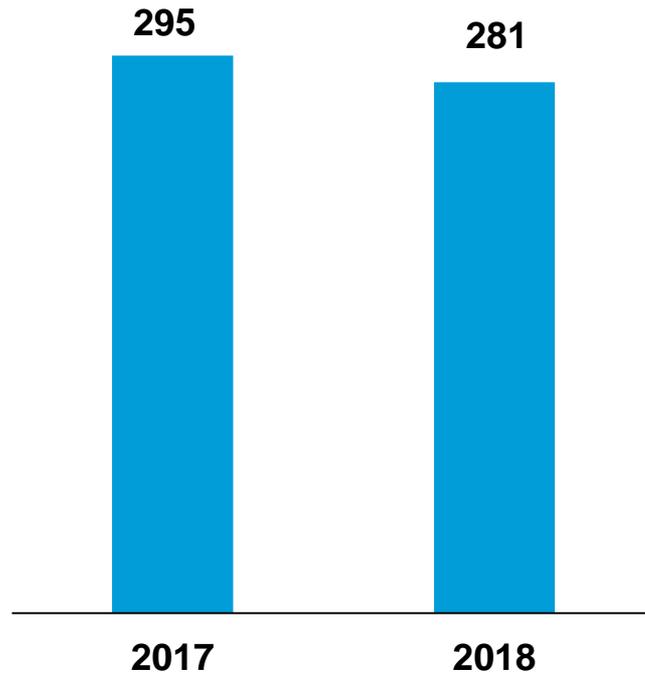


**Proportion of domestic and overseas sales remained relatively flat. In 2018, overseas sales accounted for 33.6% of total sales, domestic sales accounted for 66.4% of total sales.**

# Textile Business: Gross Profit Margin Analysis

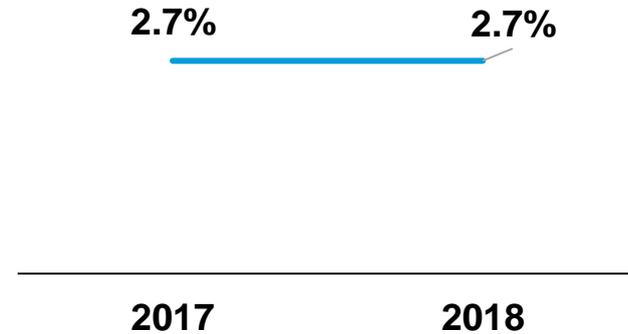
## Gross Profit

(RMB in millions)



In 2018, gross profit was RMB281 million  
In 2017, gross profit was RMB295million

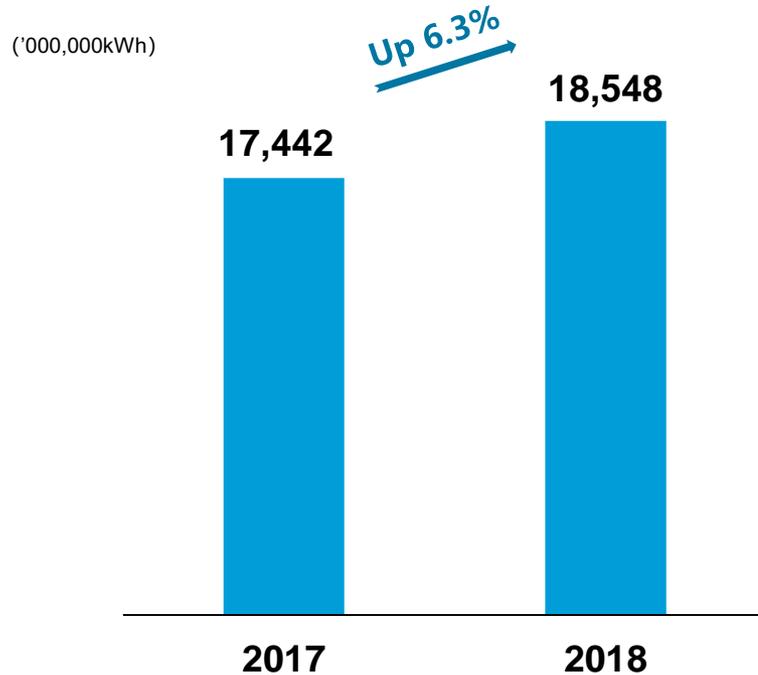
## Gross Profit Margin



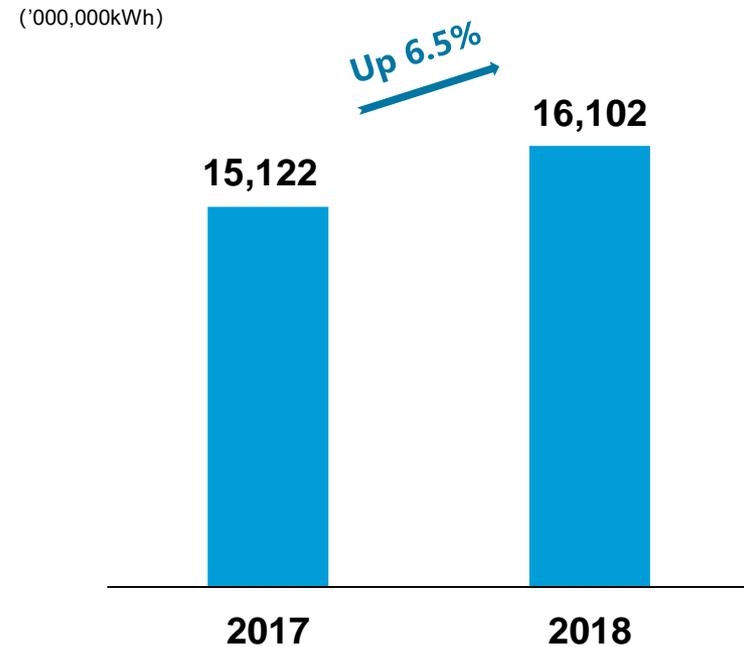
In 2018, gross profit margin was 2.7%  
In 2017, gross profit margin was 2.7%

# Electricity and Steam Business – Annual Comparison

## Power Generation



## Sales of Electricity

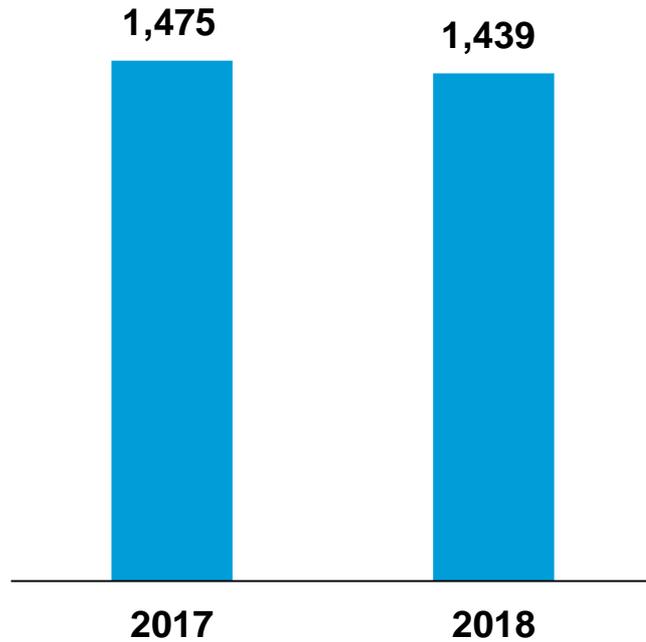


**In 2018, the Group increased the electricity generation according to the market demand, resulted in the increase in the sales volume of electricity**

# Electricity and Steam Business – Profit Margin Analysis

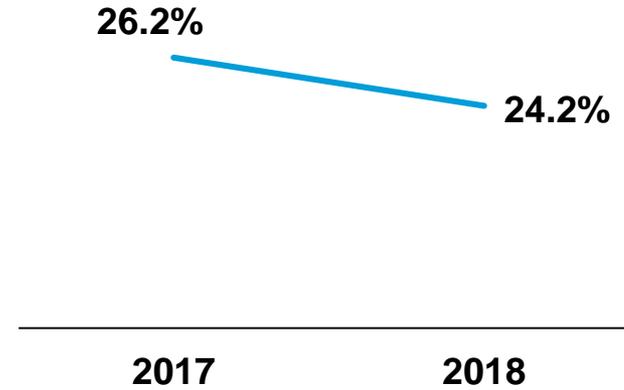
## Gross Profit

(RMB in millions)



In 2018, gross profit was RMB1.44 billion  
In 2017, gross profit was RMB1.48 billion

## Gross Profit Margin



In 2018, gross profit margin was 24.2%  
In 2017, gross profit margin was 26.2%

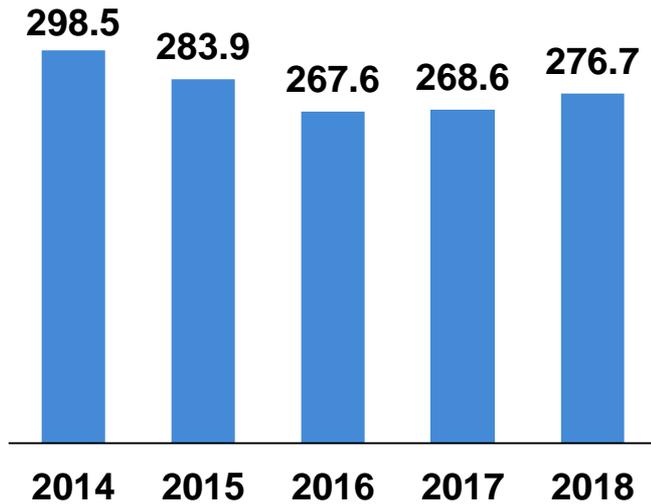
# Industry & Market Analysis

# China's Textile and Apparel Industry Analysis

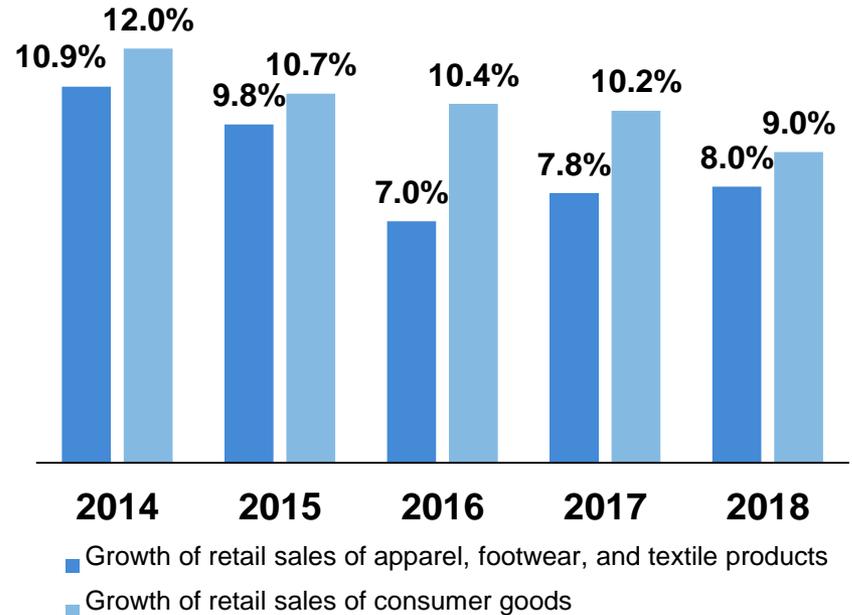
## Export Recovered and Domestic Demand Grew Steadily

### China's Textile and Apparel Exports' Value

(USD in billions)



### Growth Rate of retail sales of consumer goods v.s. Growth Rate of retail sales of apparel, footwear, and textile products

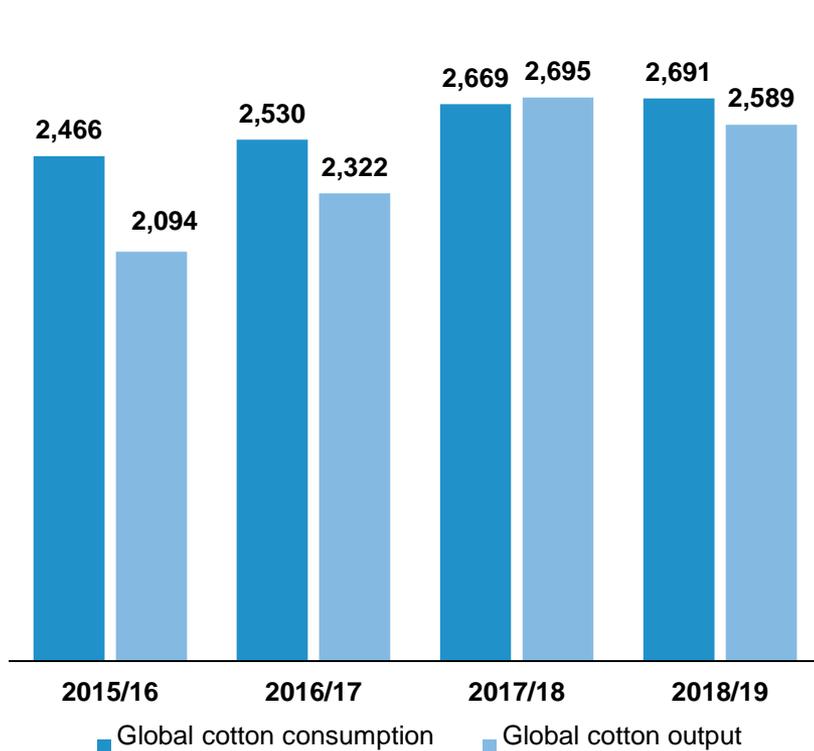


Source: China Customs, CottonChina.org

# Global Cotton Market – Supply and Demand

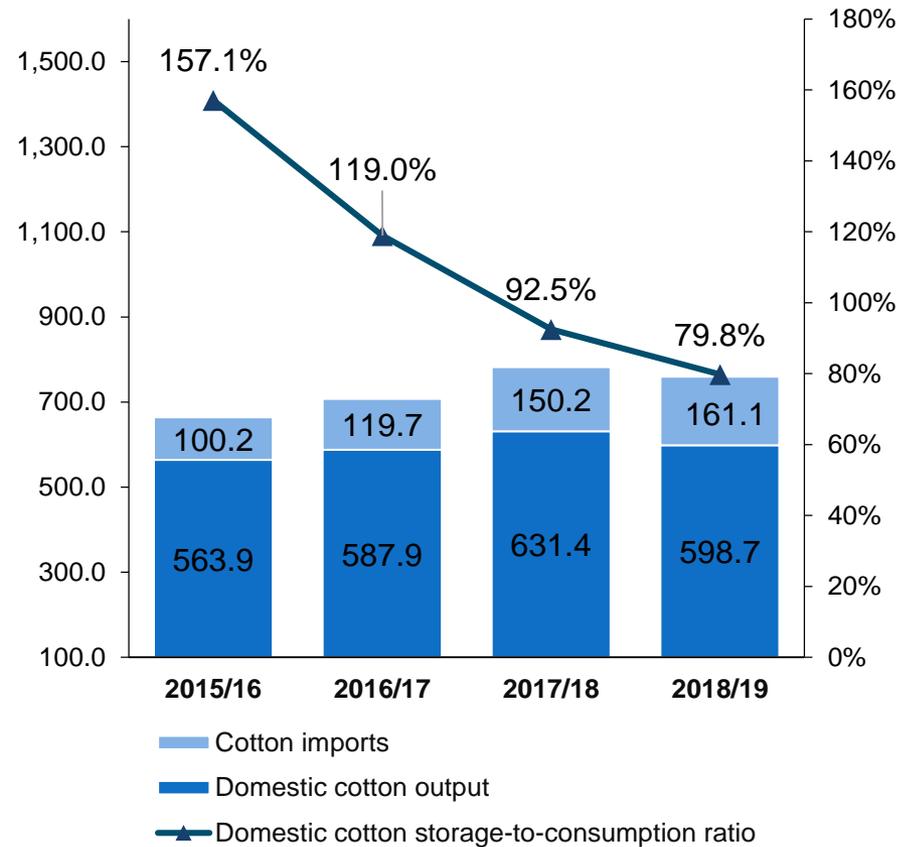
## Global Cotton Output and Consumption Forecast by USDA (March)

(In 10,000 tons)



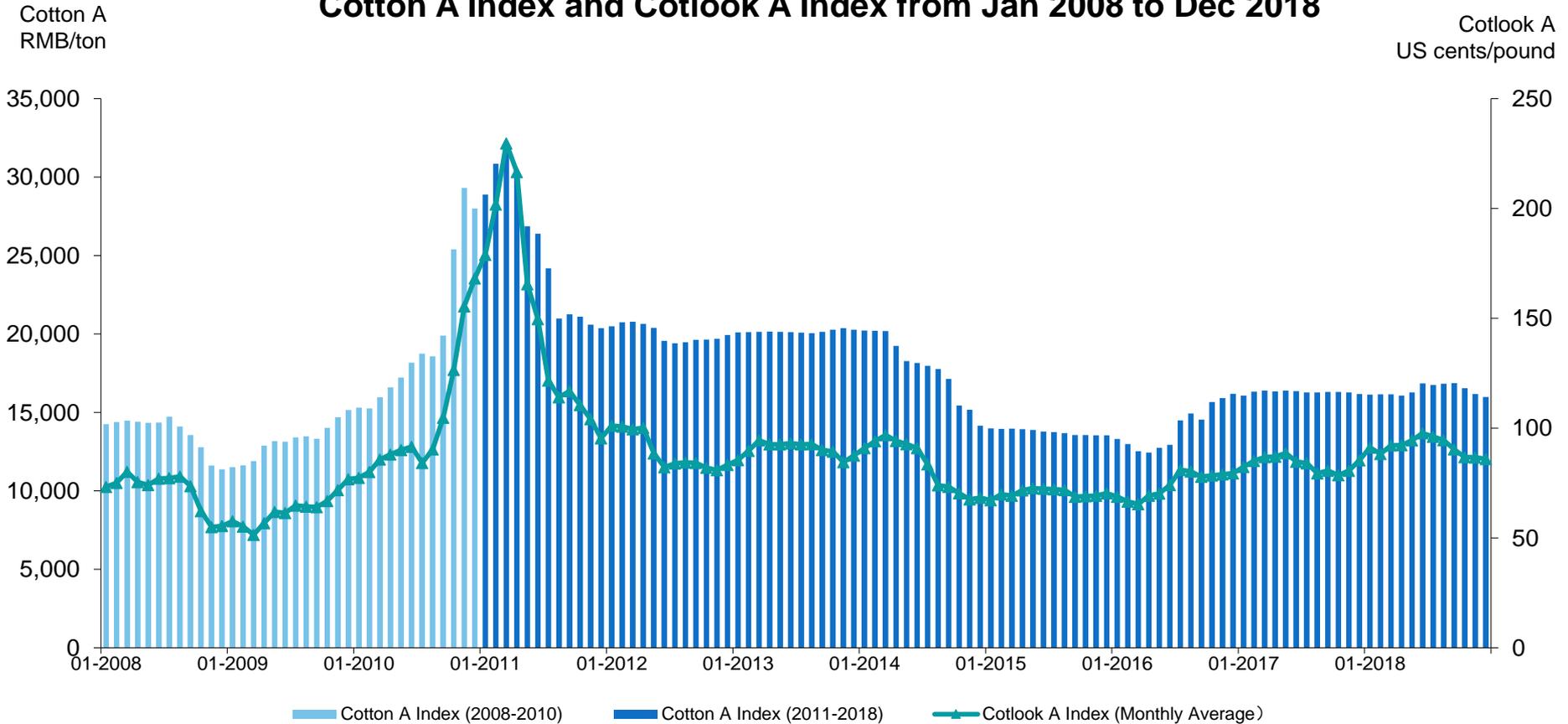
## Domestic Cotton Supply and Demand Forecast

(In 10,000 tons)



# Global Cotton Price Market Analysis

## Cotton A Index and Cotlook A Index from Jan 2008 to Dec 2018



**USDA forecasted China's cotton output in the 2018/19 cotton crop year would be 5,987 thousand tons, and cotton consumption would be 8,818 thousand tons**

# Prospects and Strategies

## General Strategies

To seize the opportunities arising from the transformation to promote high quality development

## Operational Strategies



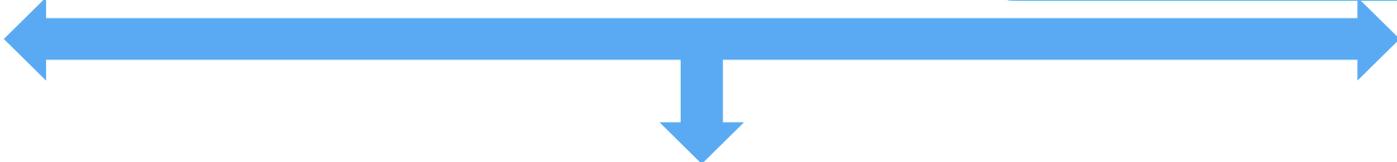
Reinforce its production capacity, promote management innovation, technology improvements as well as cost reduction and efficiency



Optimize the productivity and operation of its captive power plants



Further strengthen capital management and optimize debt structure



To create greater returns for our shareholders

The background is a vibrant, abstract composition. It features thick, flowing bands of green and blue that sweep across the lower half of the frame. Interspersed among these bands are various geometric shapes, including circles and arcs in shades of green, blue, and white. In the upper right, a bright sunburst or lens flare effect emanates from the edge, casting a glow over the scene. The overall aesthetic is clean, modern, and energetic, typical of a corporate or professional presentation slide.

**Thank You**