



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

# 2019 Interim Results Presentation

August 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



# Financial Review

(RMB in millions)	Six months ended 30 June 2018	Six months ended 30 June 2019	Change
<b>Revenue</b>	8,410	<b>7,784</b>	-7.4%
<b>Gross Profit</b>	878	<b>608</b>	-30.8%
<b>Gross Profit Margin</b>	10.4%	<b>7.8%</b>	-2.6pp
<b>Net Profit Attributable to Owners of the Company</b>	303	<b>206</b>	-32.0%
<b>Earnings Per Share (RMB)</b>	0.25	<b>0.17</b>	-32.0%

(RMB in millions)	As at 31 December 2018	As at 30 June 2019	Change
<b>Total Assets</b>	24,953	<b>25,113</b>	+0.6%
<b>Total Liabilities</b>	6,544	<b>6,697</b>	+2.3%
<b>Net Asset Value</b>	18,409	<b>18,416</b>	Flat
<b>Inventory</b>	3,161	<b>3,099</b>	-2.0%
<b>Inventory Turnover (days)</b>	72	<b>80</b>	+8 days
<b>Interest-bearing Bank Borrowings</b>	1,925	<b>2,015</b>	+4.7%
<b>Current Ratio (times)</b>	2.1	<b>2.2</b>	+0.1 time



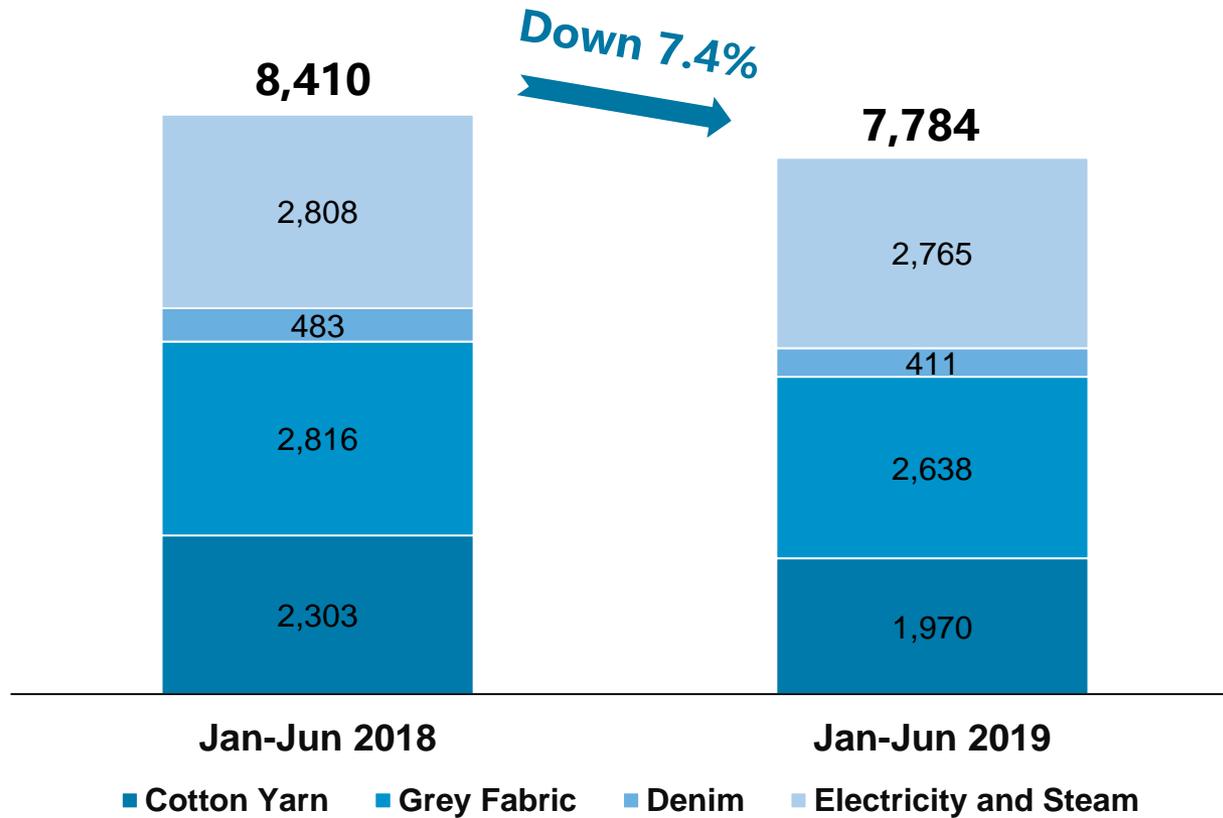
# Cost Breakdown

(RMB in millions)	Six months ended 30 June 2018	Six months ended 30 June 2019	Change
<b>Cost of sales</b>	7,532	<b>7,176</b>	-4.7%
<b>SG&amp;A as % of revenue</b>	2.8%	<b>3.0%</b>	+0.2pp
<b>Selling and distribution expenses</b>	92	<b>68</b>	-26.1%
<b>Administrative expenses</b>	119	<b>134</b>	+12.6%
<b>Other expenses</b>	21	<b>11</b>	-47.6%
<b>Finance costs</b>	219	<b>75</b>	-65.8%

# Business Review

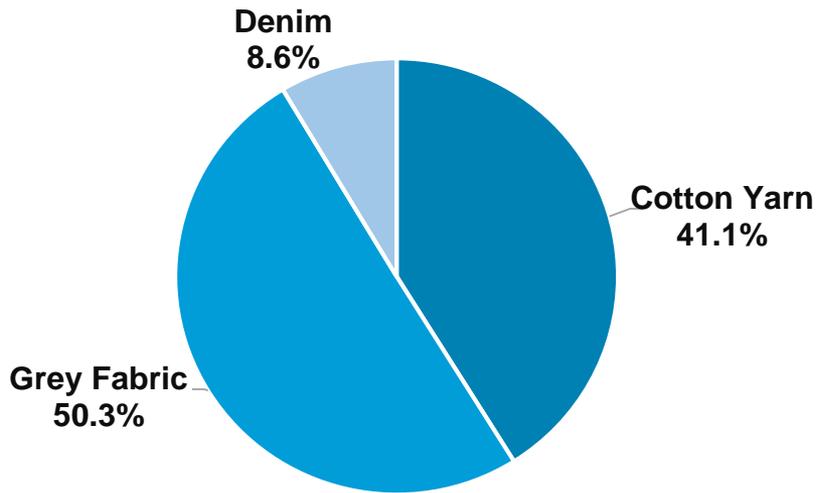
# Sales Analysis

(RMB in millions)



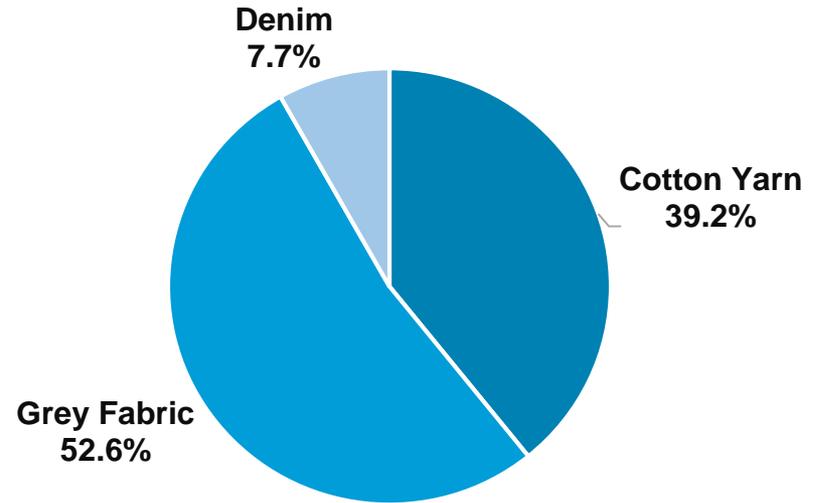
# Textile Business: Sales Analysis (by product)

Jan-Jun 2018



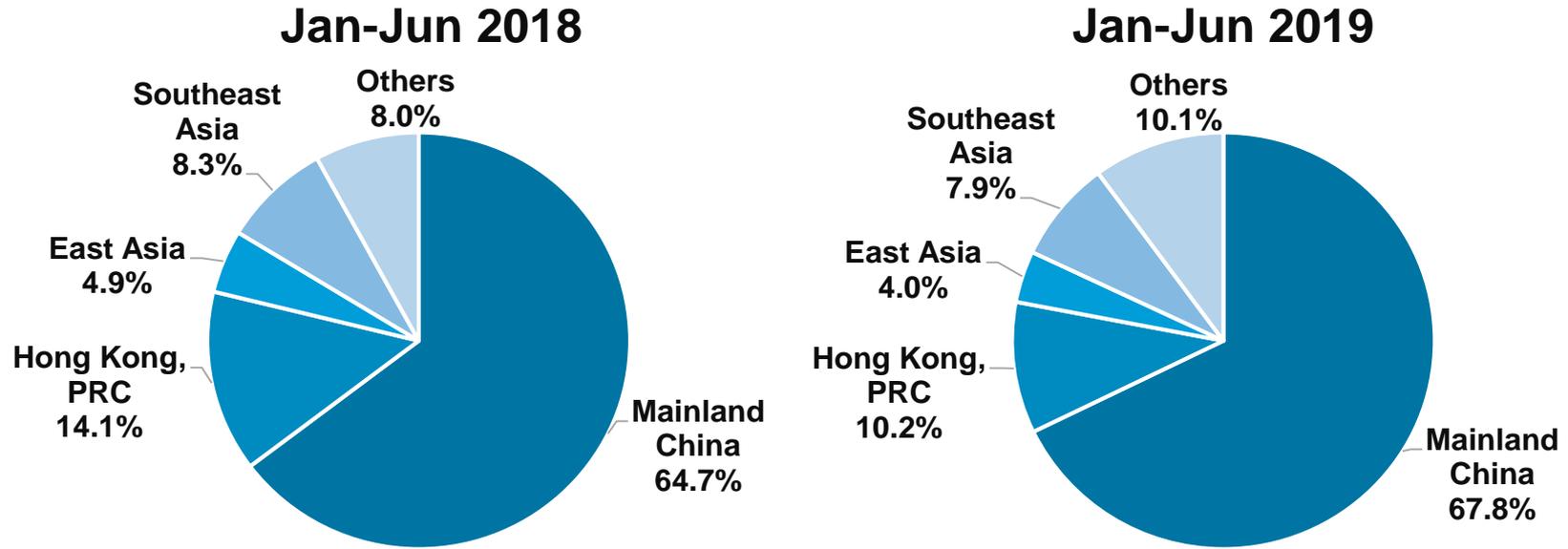
In 1H 2018, textile sales were RMB5.60 billion

Jan-Jun 2019



In 1H 2019, textile sales were RMB5.02 billion

# Textile Business: Sales Analysis (by region)

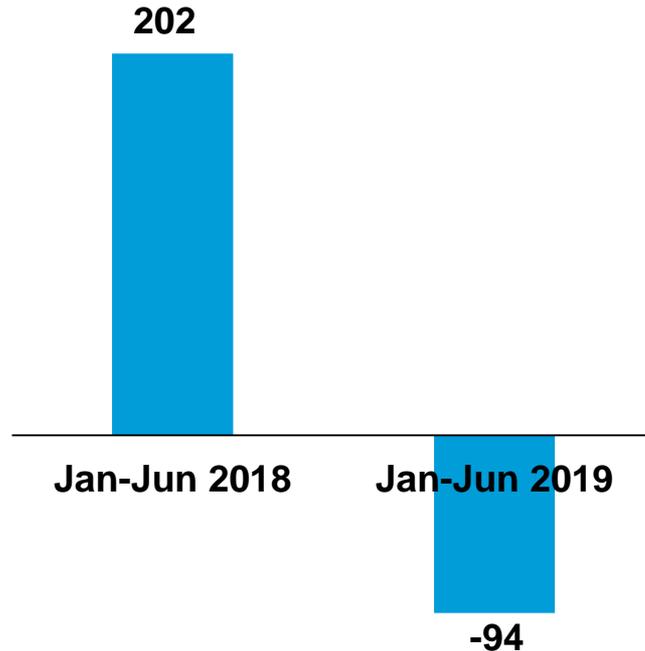


**Proportion of domestic and overseas sales remained relatively flat. In 1H 2019, overseas sales accounted for 32.2% of total sales, domestic sales accounted for 67.8% of total sales.**

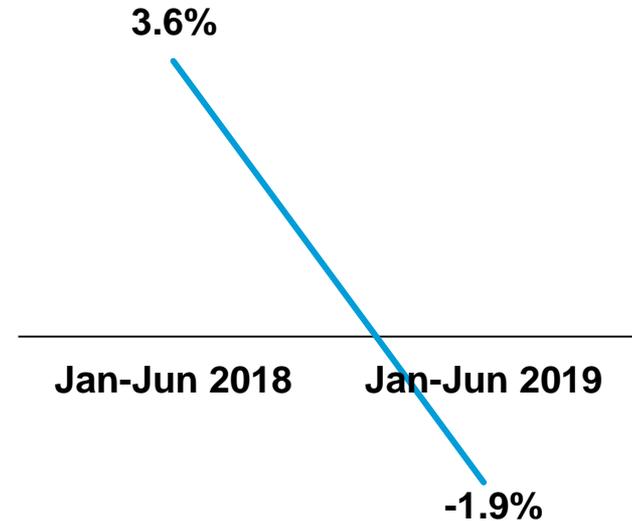
# Textile Business: Gross Profit Margin Analysis

## Gross Profit

(RMB in millions)



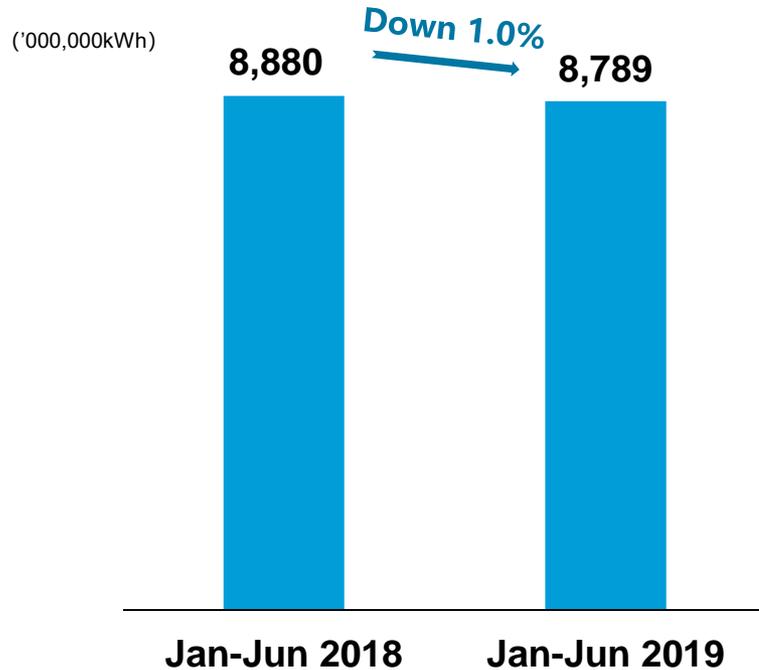
## Gross Profit Margin



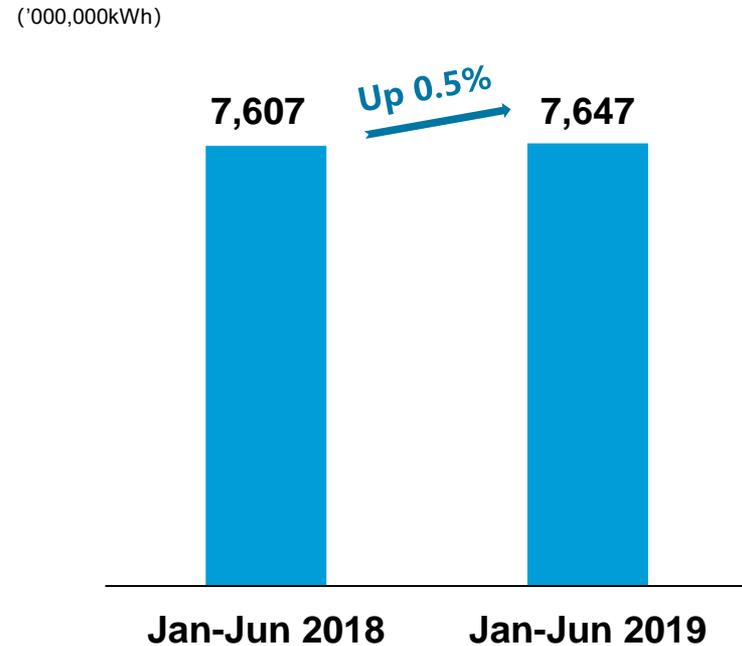
**Weakened market consumption and employee benefit improvement to retain existing employees resulted in decrease in gross profit and gross profit margin in 1H 2019.**

# Electricity and Steam Business

## Power Generation



## Sales of Electricity

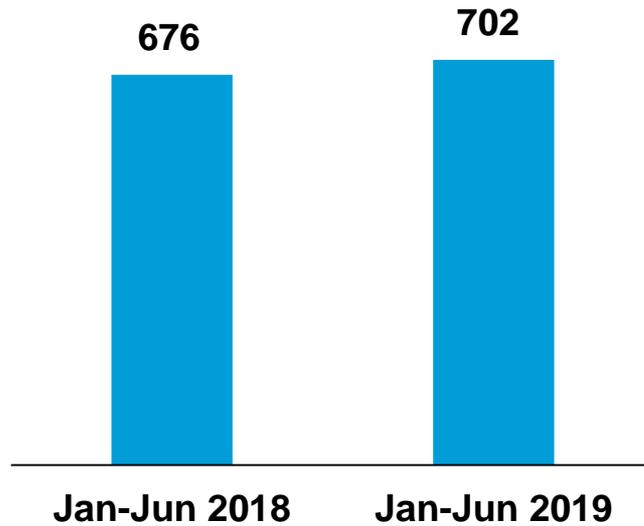


In 1H 2019, the electricity generation and the sales volume of electricity remained relatively flat year over year.

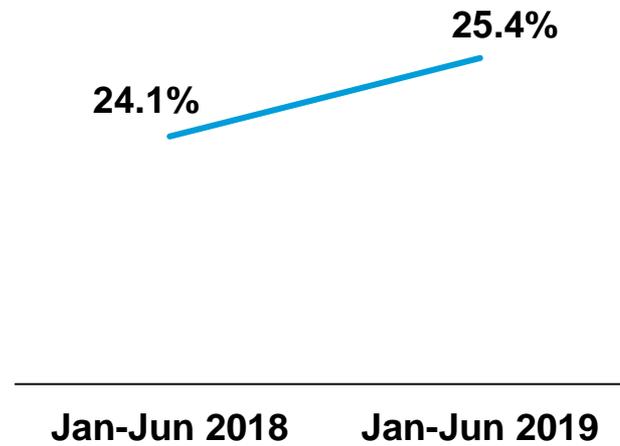
# Electricity and Steam Business: Profit Margin Analysis

## Gross Profit

(RMB in millions)



## Gross Profit Margin



In 1H 2019, gross profit and gross profit margin increased 3.8% and 1.3 pts respectively year over year primarily due to the decrease in the coal price.

# Industry & Market Analysis

# Chinas Textile and Apparel Industry Analysis

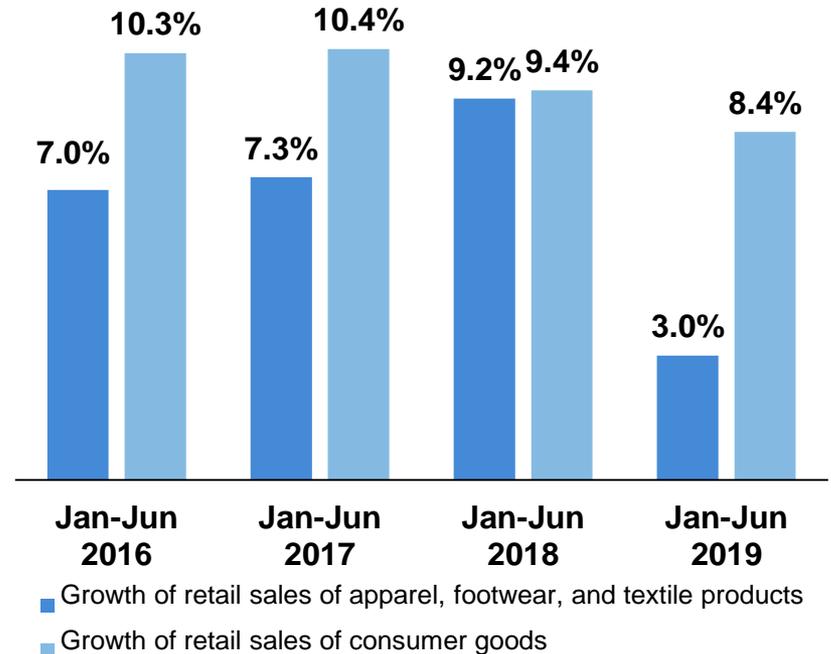
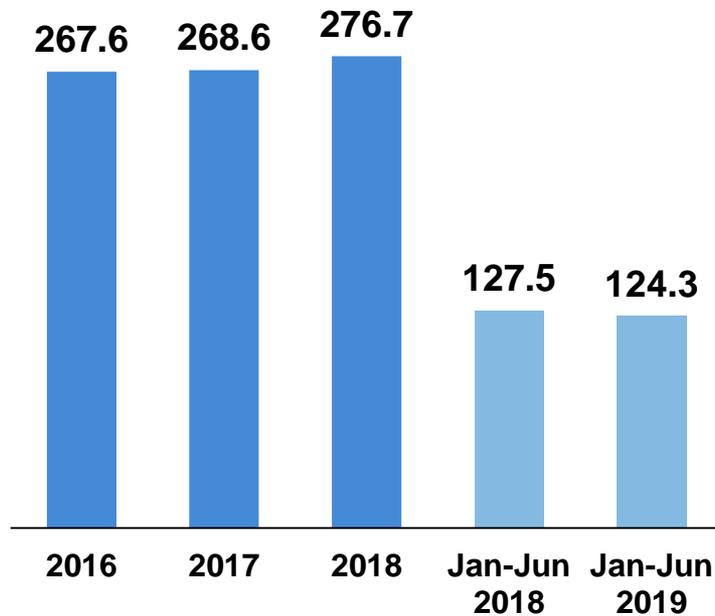
*Increased Pressure on Exports and Domestic Demand Growth Slowed Down*

## Growth Rate of Retail Sales of Consumer Goods v.s.

## Growth Rate of Retail Sales of Apparel, Footwear, and Textile Products

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

(USD in billions)

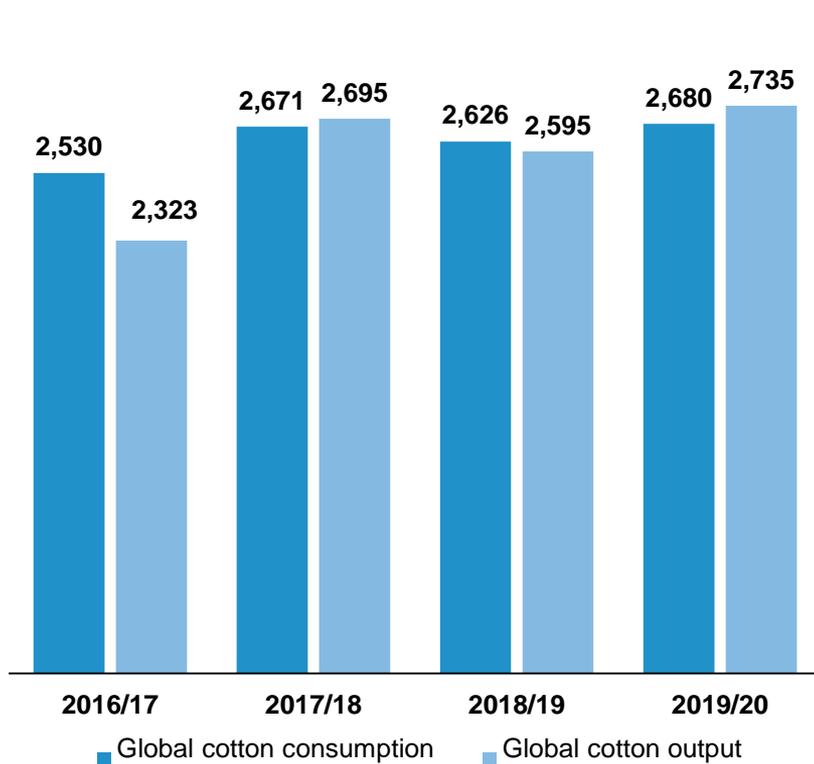


Source: China Customs, National Bureau of Statistics

# Global Cotton Market – Supply and Demand

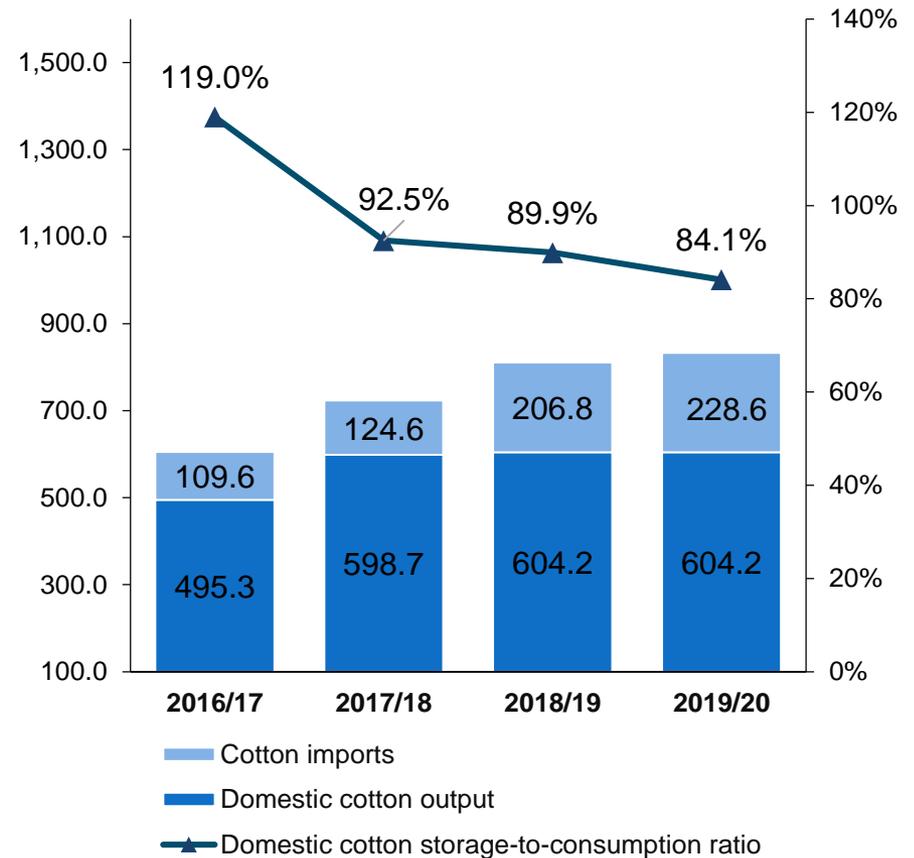
## Global Cotton Output and Consumption Forecast by USDA (August)

(In 10,000 tons)



## Domestic Cotton Supply and Demand Forecast

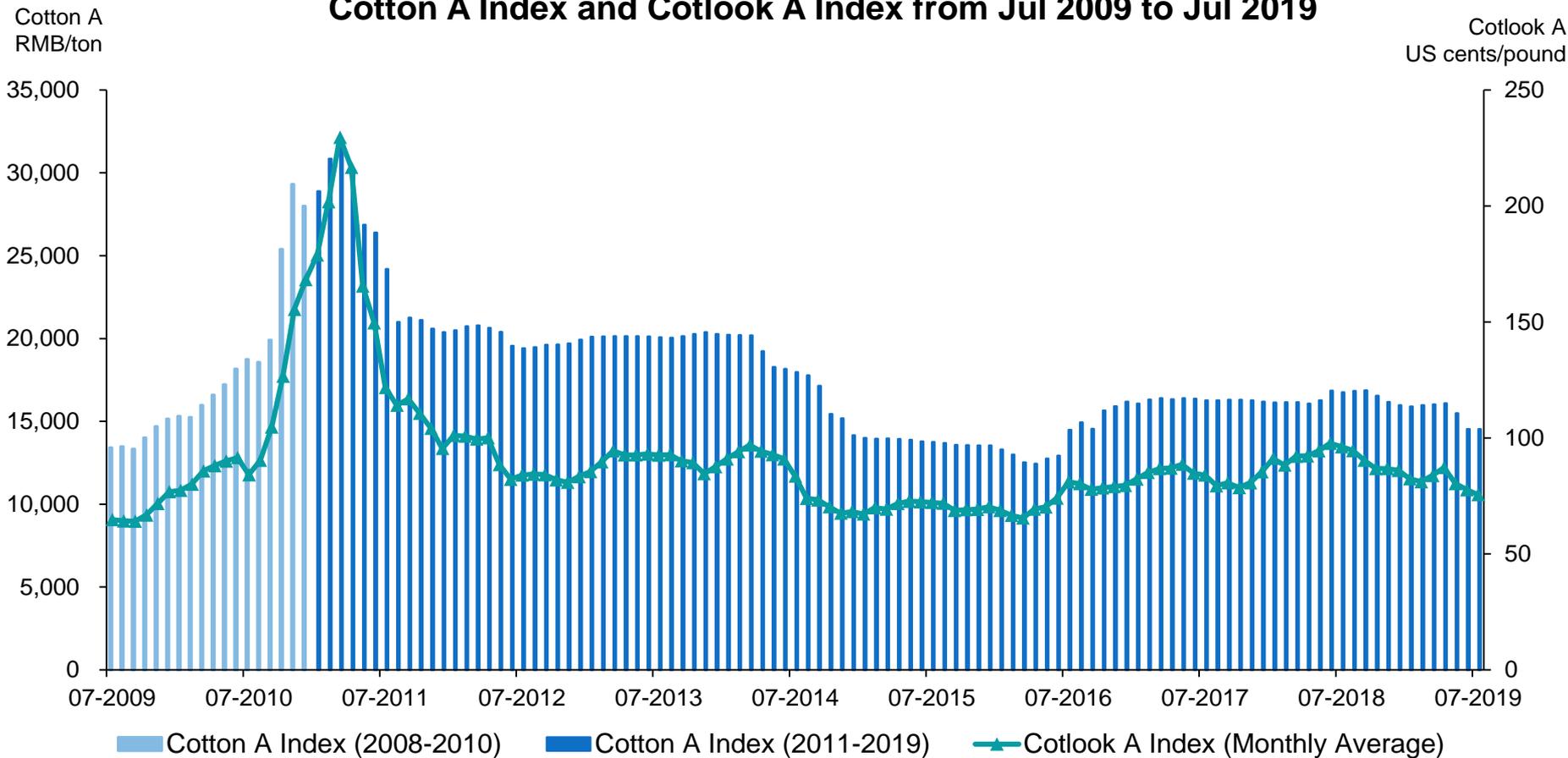
(In 10,000 tons)



Source: USDA

# Global Cotton Price Market Analysis

## Cotton A Index and Cotlook A Index from Jul 2009 to Jul 2019



**USDA forecasted China's cotton output in the 2019/20 cotton crop year would be 6,042 thousand tons, and cotton consumption would be 8,709 thousand tons**

Source: China Customs, cottonchina.org

# Prospects and Strategies

## General Strategies

In active response to the government policy, promote industrial upgrading and innovation, so as to achieve high-quality growth

## Operational Strategies



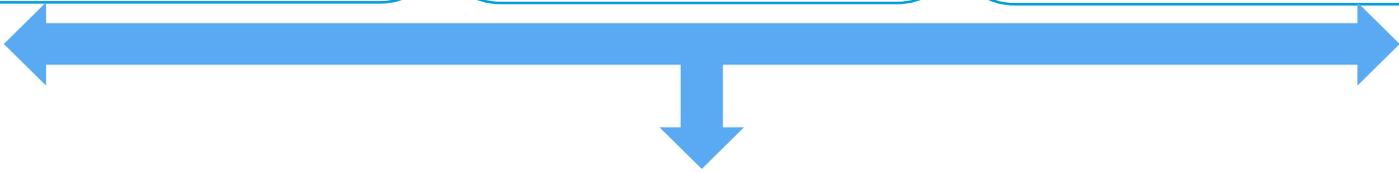
Accelerate the application of automatic and intelligent production lines, in a bid to improve cost efficiency



Increase the proportion of mid-to-high-end products, and push forward R&D and innovation



Place equal emphasis on domestic sales and overseas exports, with an aim to steadily expand market share



To improve the value of the Company and create greater returns for our shareholders

The background is a vibrant, abstract composition. It features a mix of green and blue tones, with wavy, flowing lines that suggest movement and energy. There are several circular elements, some solid and some outlined, scattered throughout. A bright sunburst or lens flare effect is visible in the lower right quadrant, adding a sense of light and positivity. The overall aesthetic is clean, modern, and optimistic.

**Thank You**