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[Introduction]

JW: Good morning, ladies and gentleman. Welcome to Vinda's first quarter briefing call. I am Joey Wan, IR Director. On the line we also have our CEO, Mr. Christoph Michalski and CFO, Ms. Vicky Tan. Today's call will last for about 30 mins. Christoph will first present the results and then we will open for Q&A. Just a reminder, we have sent you a presentation deck earlier this morning. Please check your email box or download it from our website if you have missed it. Now I'll pass the time to Christoph.

[Presentation]

CM: Good morning everyone. This is Christoph Michalski speaking. I would give you a very brief presentation on our results. As you are aware, we do not disclose too many figures for Q1, we have two half year results key points, which are the full year and interim results in the summer. So let me take you through a couple of numbers to see our progress. I think we had a very good Q1. Year-on-year growth we have 21.3% including the acquisition, and we have an organic growth of 7%. Our gross profit margin was stable compared to last year and has dropped a little bit compared to Q4 last year, so I will come back to that. Operating profit is stable at 9.5%. And our EBITDA has increased significantly to 15.5%. This quarter we had very few effects from exchange rate. We lost 6 million as a loss verses 5 million gain last year. So let's move on to revenue, you probably remember we had an excellent Q4 last year with 16.1% growth and because of the time of Chinese New Year, I think some of the volume we sold in last few weeks of December probably were a part of Chinese New Year stocking up. Therefore, the 7% organic growth for us in this quarter was actually good. And into last month, February and March, we are already very significantly in line with our normal yearly increasing rate. So, good quarter when it comes to growth despite the timing of Chinese New Year. Revenue mix, we have 19% of our revenue are done by personal care, which is the effect of the acquisitions of South East Asia, Taiwan and Korea plus our strong growth in China, and you can see from the full year perspective, it was 17% in 2016, so all of our titling between 19-20% personal care from now on will be in our revenue mix.

If we move on to gross profit, the stability compared to last year Q1, it's always the quarter where we have a little bit of less utilization on our manufacturing, therefore we have a little bit of lower gross margin, but if you compare 30.4% to 32.4% in Q4, this is actually already a little bit of the impact of the pulp price increase which are coming through. So how do we address it? Basically we have three points in our strategy, the first one is clearly to focus more and more as what we have already done before, on higher

margin products, like softpack and etc. But we will also focus on the higher value SKUs such as the new launch of 4D deluxe version of Vinda and Tempo rollout in China. So that's the first step. The second step is, we are also looking for selective high increase in some of our SKUs, in order to minor the impact of pulp price increase. And the third point we have started the programme of very significant and discipline way of cost saving in order to address the cost increase. Our prime perspective is that the pulp price increase will not be lasting. It is more of a bleep this year and a few quarters which started in October last year, and we expect in the second half, the pulp price will normalize again to previous level.

Let's move on to operating profit. Operating profit is good, we have a 9.5% operating profit which we have seen already some of the cost-saving that we have achieved and some of the cost items at SG&A. And we expect a little bit higher S&M in the quarters to come, so we will not stay at that level for the whole year. But overall I think if we manage the good control on cost when it comes to pulp price absorption, we will have a reasonable profitable year as well. And then finally, good news on EBITDA, we have all-time high for full year, we have increased by 2.3% compared to last quarter in 2016, and by 1% again compared to Q1 last year. And this we get from good cash performance that we have and operating profitability that we achieve all the time. Finally we have closed our last year which was our spending which is closing of the deal of Sanjiang transaction. We have added it in the presentation for your information, the current shareholding, now SCA has 52%, Fu An has 23% and the public has 25%. So basically this is the shareholder structure going forward for the time being. That's what basically all I have to say concerning numbers. I know that you probably have lots of questions when it comes to our financial details, on the numbers we disclosed. If you would like to have some clarification, please do not hesitate. Thank you.

[Question and Answer section]

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RC: Thank you. Hi Christoph, hi Vicky, hi Joey, can you hear me?

CM: Yes, good morning.

RC: Good morning, I got three questions. The first question is regarding the organ

stocking up. This year I suspected, in the view of our Group results in the fourth quarter that some of the normal volume that would sell in January has been already sold in December. It is basically timing aspect. As I said February and March were already very good, in line with what we normally would see, and therefore I think the overall 7% growth in the first quarter is good. It is not an indication for the next quarters to come. However, clearly as I have mentioned already, now with the acquisitions of South East Asia, Taiwan and Korea, these markets have organically a lower growth rate and were not included in our organic growth rate for the last four quarters, but now from Q2, they will be. And therefore I expect our organic rate will be a little bit diluted. However the objective for the key market China have not changed. So that is basically a little bit of explanation for the 7% growth rate.

Your second question was about the pulp price, there are two effects actually happening in the market. The first one is we probably had the lowest price in pulp in August 2016 and that was when the market bottomed out and since then it has stably increased. Going forward is to look at the market price in US dollars Q3 last year for long fiber, it was 610, for short fiber, 510. And today in April Q1 the pulp prices are around 663 for long fiber and 660 for short fiber. So you see there are already some increase, as you know we have four to five months for supply chain delay on pulp price. Because we paid for the pulp when they are put on the ships and therefore in Q1 we were still profiting from lower increase in the historical prices. Basically Q2 and Q3 will have a full impact of prices you see today. We have a number of measures in place to counterbalance these increases. And on the other hand, why do we use three measures rather than the simple one, price increases? That is mainly due to the Chinese market remains very competitive and we do not want to sacrifice too much of our growth momentum. Also considering that our pulp stocks are relatively low and as you have seen in our working capital at the end of the year. Some of our competitors are seen holding a little bit more stocks, so we are very careful not to let growth forgo, but on the other hand, we will do everything we can to soften the pulp price effect. When it comes to SE Asia, I think the only thing that I can say is that it performed align with our expectations, but as I said before in quarterly results, we only declare a couple of numbers, which you have seen in the presentation and therefore I cannot really comment on that. Clearly at the end of Q2, we will give you a full review in our intermediate results.

RC: Thanks Christoph.

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CL: Hi Christoph, Vicky and Joey. This is Chen. I have got 3 questions. First one, in terms of the organic sales outlook for the full year, I understand that it is starting from Q2, SCA Asia will be included in the organic growth and this might create some dilution impact as Christoph has just mentioned. But can we be offered some breakdown as our guidance for the full year organic sales growth for China and SE Asia? This is the first question. Secondly, in terms of margins, there might be some GP margin pressure in the coming two quarters, but we also have a lot of measures and there might be some cost-saving to come. In terms of full year OP margin trend, are we comfortable to maintain largely year-on-year flat trend or are we going to see some moderate margin erosion? And lastly, can you share with us the revenue growth of the online business in the first quarter? Thank you.

CM: As I said for organic growth, it is very hard for me to give you guidance for the year. We generally don't do that. . What I think just for you to realize what is happening in the market, clearly China from the market prospective has a much higher growth than in SE Asia, Taiwan and Korea. Because in these regions, you have a much more mature economies already. So we are still very committed to achieve double-digit

growth in the original set up of Vinda prior to its acquisition, so that has remained as our objectives. And then we have to see whether the dilution effect will bring this closer to the 10% mark or slightly lower, it is very hard for me to give you a forecast of the year. We are very confident that we will achieve our plan, and I do not think that this 7% organic growth is representative for the full year effect. When it comes to margin on the operating profit, I think Q1 was still very good, we achieved that because the full pulp price effect was not in our numbers and we have already been looking for some cost-saving and some activities in that order. I think for the full year, I would not expect a very significant operating profit improvement compared to last year, but I think it is very much under control. I do not think there will be a significant decline due to pulp prices, I think we can manage that.

VT: On the operating profit level.

CM: Yes, on the operating profit level.

CM: Good, online. Again, we don't disclose too many figures, but online is well and growing. And basically it is align with our expectations, as you know the big online growth months are always Q2 and Q4, because of these big activities in China. But it basically follows the trend that it had before and we are very happy with online channel development.

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AC: Hi good morning Christoph, Joey and Vicky. Just a very quick one. For the organic growth in the first quarter of 7%, can you give us a comment on whether it is more volume driven or ASP driven? And how do we compare with the market during quarter?

CM: Basically pretty much both are in line. We have a little bit of a better selling price per ton because of our focus on the high valued SKU, but not very significant differences in value or volume growth for this quarter. We have not had any significant data from our competitors. But we do not see any significant competitive shift this quarter than we had seen in last year before.

AC: Thank you.

PY: Good morning Christoph, Vicky and Joey. I have a couple of questions about the financial data checks. The first one, in terms of personal care was about 600 million, so I can understand roughly what is the growth rate for China. I just want to know the China personal care business. And a follow up question for the China personal care business, we understand it will be a very potential business indeed and I know you guys will set it is a very aggressive target from there. Can I know a little bit more about your China personal care business and deeper progress and outlook in terms of Drypers, VIA and your pipeline, Libresse? This is the question, can I go through it one by one? Thank you.

CM: Again, we do not disclose more figures than you have seen in the results, but going back to the personal care question, we are basically continuing our strategy in personal care in China. It is our second priority and our long-term focus is to build incontinence care with the brands, TENA and Dr. P, and this is a long-term project. We are making good progress, we feel that we are on track and may be a little bit ahead. The second priority in personal care is feminine, where we have very significant launch in Q2, with the Libresse brand, and VIA and the Libresse brand together are basically tracking at the stage in line with our expectations. Baby in China is a very competitive market, as I said previously, we are looking at it in a

relatively optimistic way. We have sold Libero brand online, a little bit of Sealer brand in the offline trade and we do not spend too much energy driving the Baby business because of its competitiveness. We believe that both incontinence care and feminine will give us long-term better returns and better opportunities. In the other markets like SE Asia, Taiwan and Korea, particularly in SE Asia, Baby plays a much more significant role and here we have a very good innovation pipeline in place, the tracking is basically in line with our targets. A few months up and down and we even have a market leadership in Malaysia, I think from year today, prospective we are still number 2 but have close to number 1 and once we have this split, I hope that we will achieve market leadership in Malaysia and feminine in this market.

PY: Thanks Christoph, my next question is about the data, in terms of the gross profit margin, I understand it could be a bit distorted, it could be about the mix. This is the first quarter, we combined the Asian business inside. Can I just break it down what kind of change from China in the GP margin in the first quarter? This is the first question about the GP margin. And also same question for the OP margin. Because there are brands in China and Asia. So can I know what kind of level can the China business achieve? Is it the same points for the GP margins? Because I understand Malaysia might encounter some sort of new product launch problem last year, so we saw the margin went slightly down second half of last year compare to the first half of last year. Is the problem solved? And will we a healthy bump up in the first half of this year? Thank you.

CM: When you look at the gross profit margin in China, our personal care business especially feminine but also incontinence do very good gross profit margin compare to the average of tissue. But even within tissue, we have very high gross margin products for example the Tempo brand. So my expectation is that our gross margin in personal care will not be affected by cost increased in a significant way. They will be stable but they are very small. So it is really the tissue gross margin which are driving our business in China. And here as I said, we are trying to counterbalance the pulp price increase by focusing on higher gross margin products and some selective price increase for some SKU. And generally looking into more disciplines for cost-saving opportunities. When it comes to the operating profit margin, I think you see the development we have generated in Q1 have a little bit better of the operating profit margin. This had to do with the timing of the marketing and sales activities particularly with the little break from the Chinese