



康達國際環保有限公司
Kangda International Environmental Company Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6136.HK)

2020 Interim Results Announcement

28 August 2020



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**Development
Strategies**



1

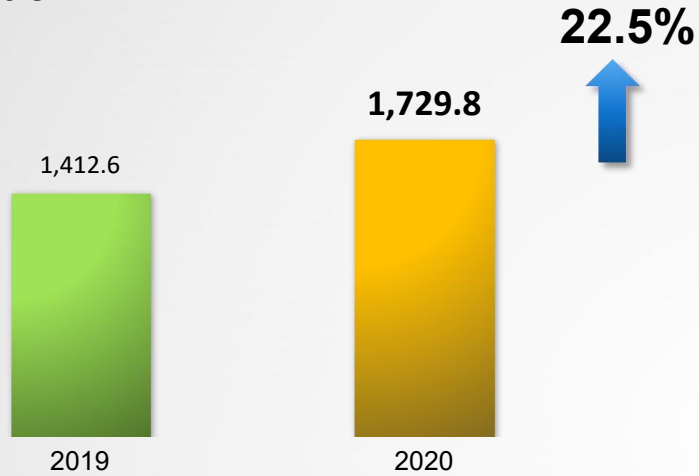
Business Review



Interim results highlights

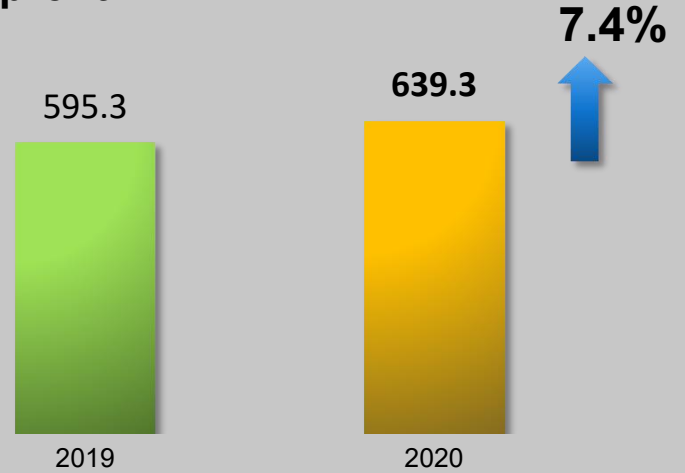
Revenue

(RMB mn)



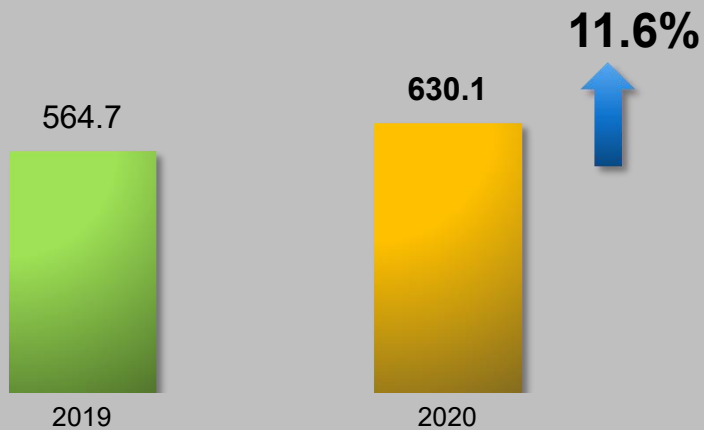
Gross profit

(RMB mn)



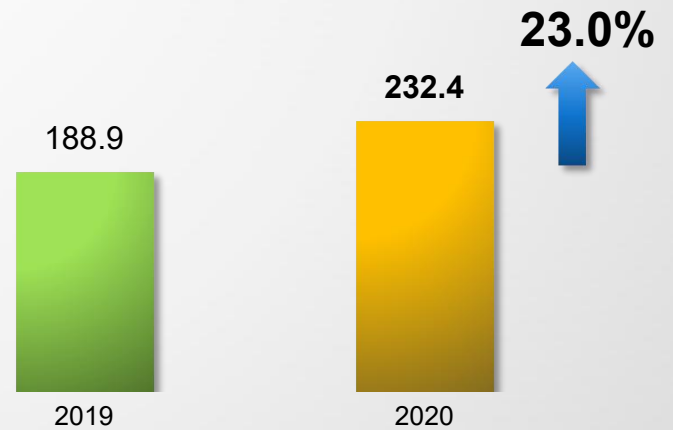
EBITDA

(RMB mn)



Net Profit

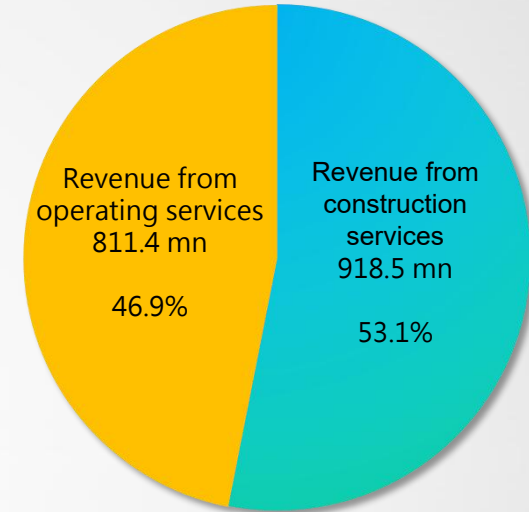
(RMB mn)





Total revenue regained growth trajectory

(RMB mn)	20201H	Change %
Revenue	1,729.8	+ 22.5%
- Revenue from construction services	918.5	+ 35.1%
- Revenue from operating services	811.4	+ 10.7%



**Net profit margin rises slightly
recorded at 13.4%**

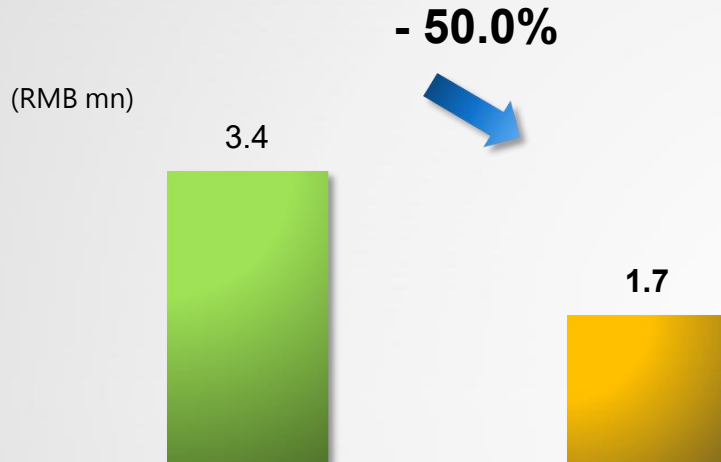
**Revenue from operating services
proportion at industry average**

**Revenue from operating services continue to grow at double digits ;
Revenue from construction services resumed a healthy growth.**

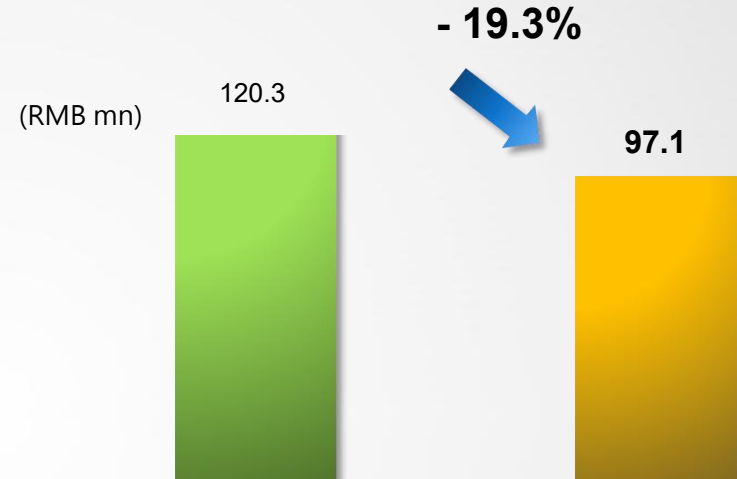


Management upgrade, cost and tax rates continue to fall

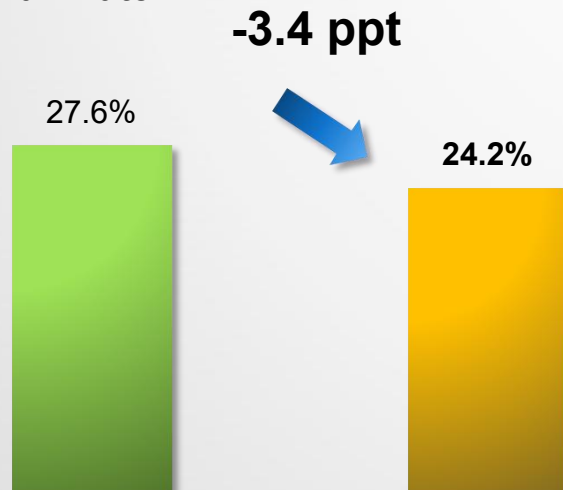
Selling & Distribution Expenses



Administrative Expenses



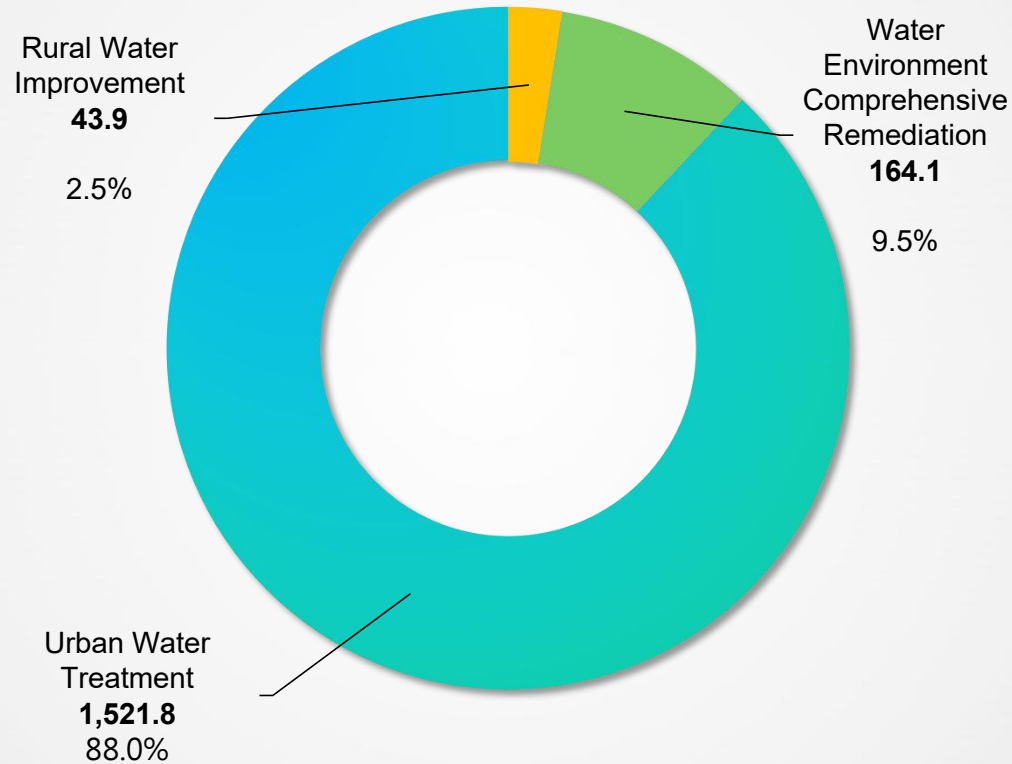
Actual Tax Rate





Revenue by operating segment

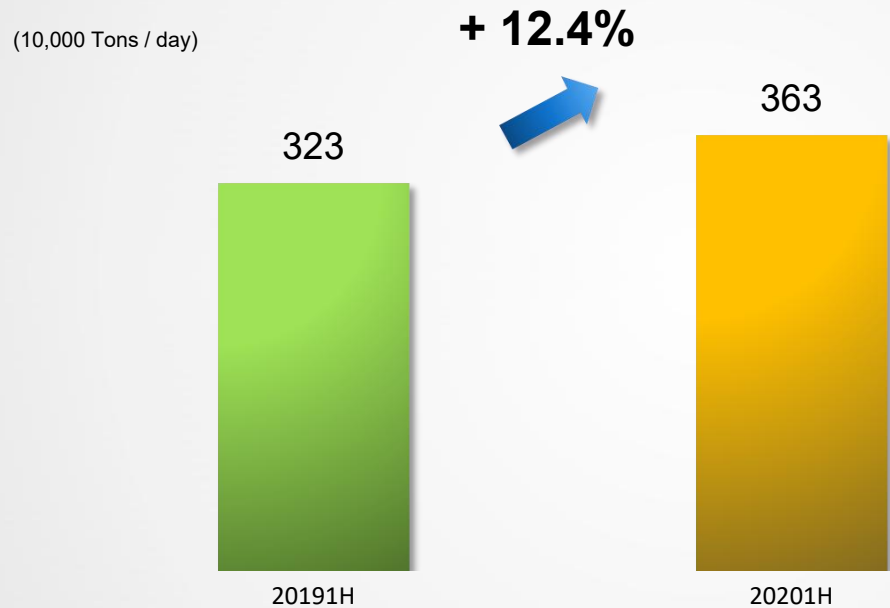
(RMB mn)



Focus on the core business : Urban Water Treatment



Water treatment capacity grows steadily



6 new projects commenced operation compared with last year

- Yongwen River sewage treatment project in Longkou City
- Wastewater Treatment Phase II in Dacheng
- Qunli Sewage Treatment Plant Expansion Project (Phase II)
- Wastewater Treatment Plant Phase I in Guangdong Huizhou Huiyang
- Taiyuan Fendong Sewage Treatment Phase I
- The Second Sewage Treatment Plant and supporting pipeline network in Weiyuan

Actual treatment capacity in operation increased by 400,000 tons per day.

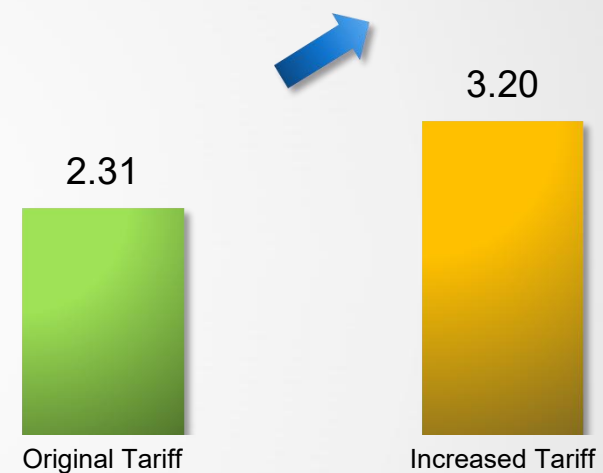
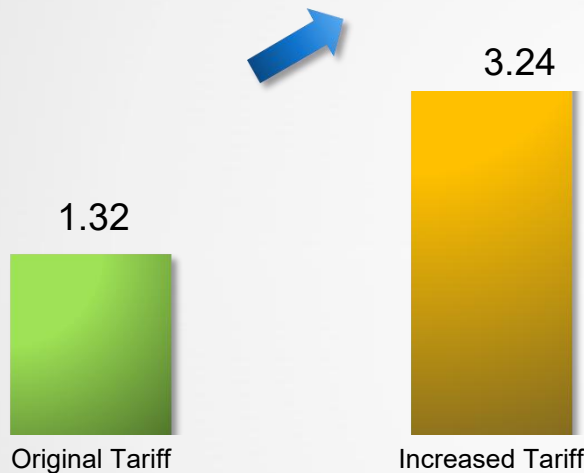


Average tariff continues to raise

Beijing Caiyu Wastewater Treatment Plant

Wastewater Treatment Plant in Weiyuan, Sichuan Province

RMB / per ton)

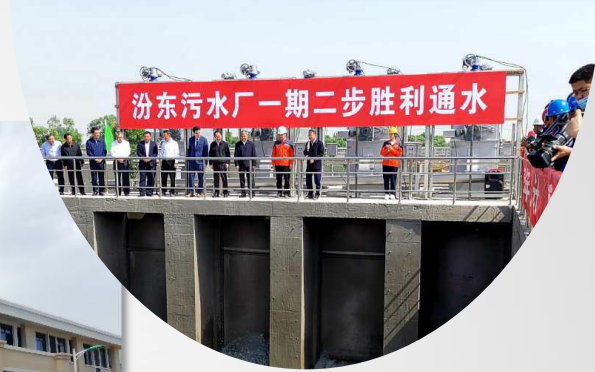


The progress of the government's tariff adjustment is slightly affected by the epidemic, it is expected to normalize after the pandemic



Project development progressing smoothly

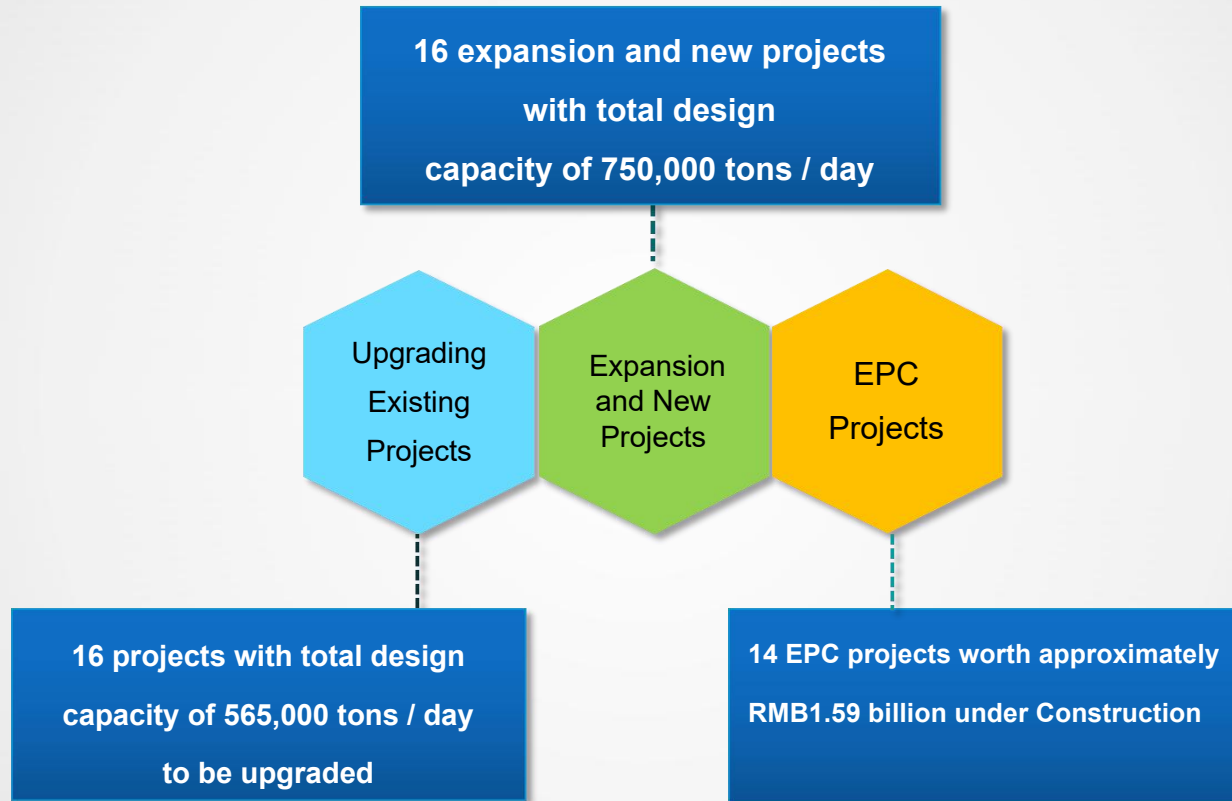
- Following the State resumed work and production, 4 new projects is commenced in 20201H:
 - Xinxian Phase III
 - Ning river Phase III
 - Qicheng raised sewage discharge standards
 - the Second The Second sewage Treatment Plant Phase II in Fengxian



- **4 projects** have been successfully operated :
Taiyuan Phase I first stage 、 Freshwater project 、 Longkou Project 、 Jiaoling Project
- **7 projects** reached the trail operation stage :
Taiyuan Phase I second stage , Dongping Project, Qitai River Project, Dandong Project, Ma'an Projcet , Linying Expansion project and Weiyuan Phase II.



New projects in the pipeline



When existing projects (projects to be upgraded or expanded) and new projects come on stream, operating revenue will grow substantially.

Number of Urban Water Treatment projects

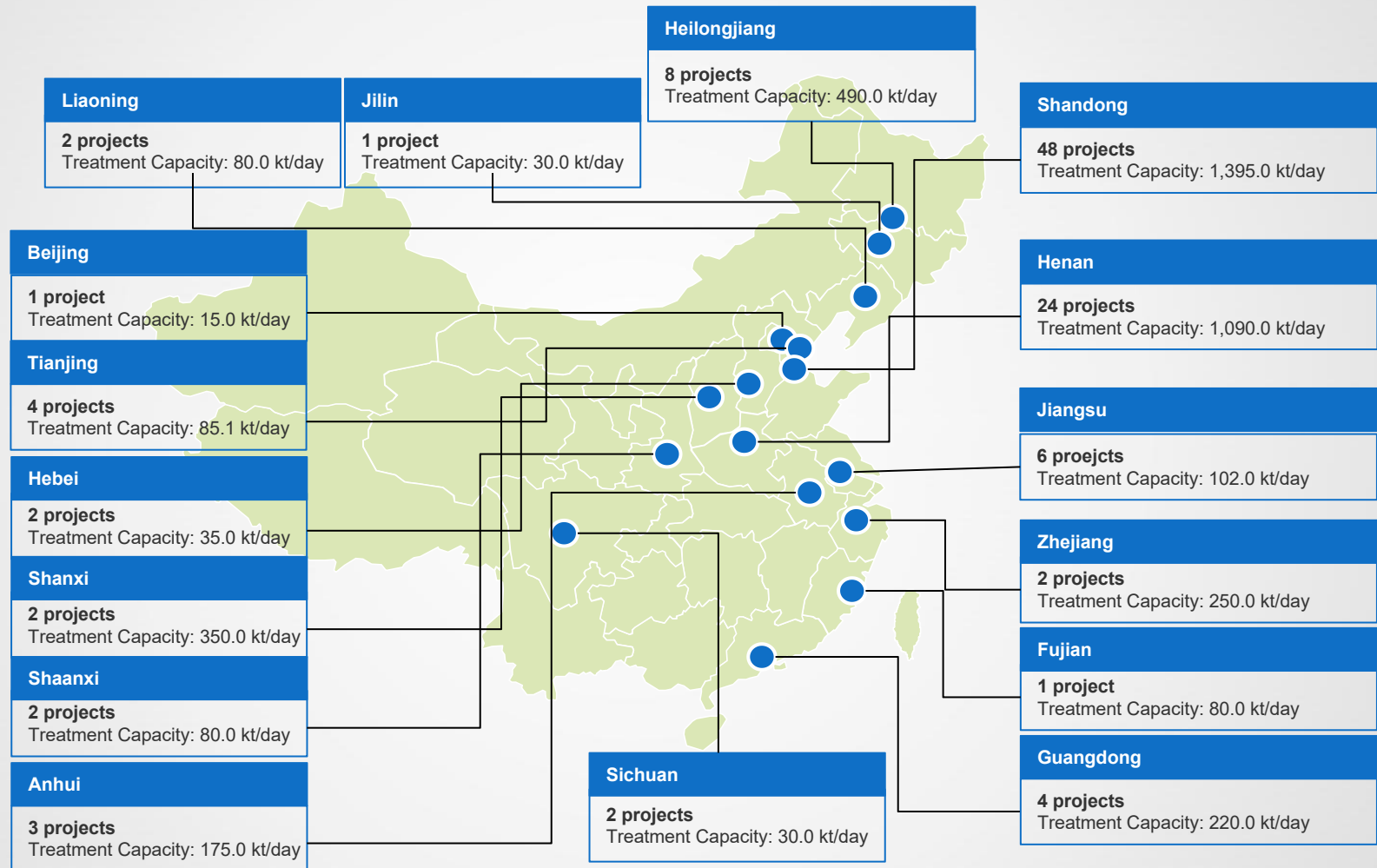


As at 30 June 2020

(number of projects)	Wastewater Treatment	Water Distribution	Reclaimed Water	Sludge Disposal	Total
In operation	89	-	1	3	93
Not commence operation/Not delivered	16	2	1	-	19
Total	105	2	2	3	112



High-quality asset portfolio and franchise-based business model bring continuous operating cash flow



112 projects in hand: 99 wholly-owned subsidiaries and 13 projects holding companies, which is conducive to management sharing.



2

Financial Performance

Financial review – Profitability is the best in 5 years



(RMB mn)	20161H	20171H	20181H	20191H	20201H
Revenue	902.19	1,067.60	1,607.49	1,412.57	1,729.81
Gross profit	377.51	422.33	557.91	595.27	639.34
Net profit	121.98	183.30	185.51	188.94	232.37
EBITDA	303.04	391.59	504.37	564.67	630.06
ROE	3.33%	4.56%	4.36%	4.21%	4.74%

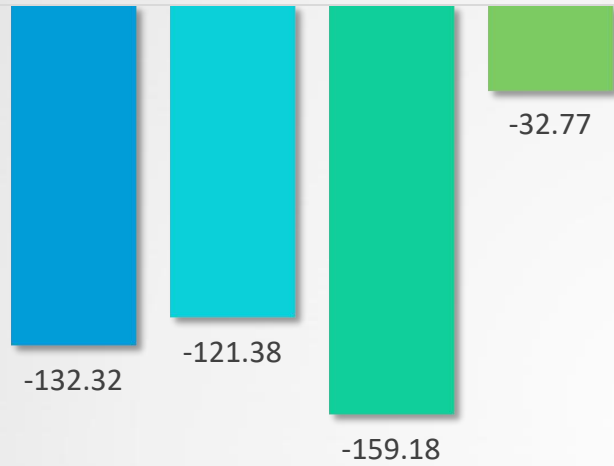
Management upgrade , significantly increased profits and strengthen core competitiveness



Financial review

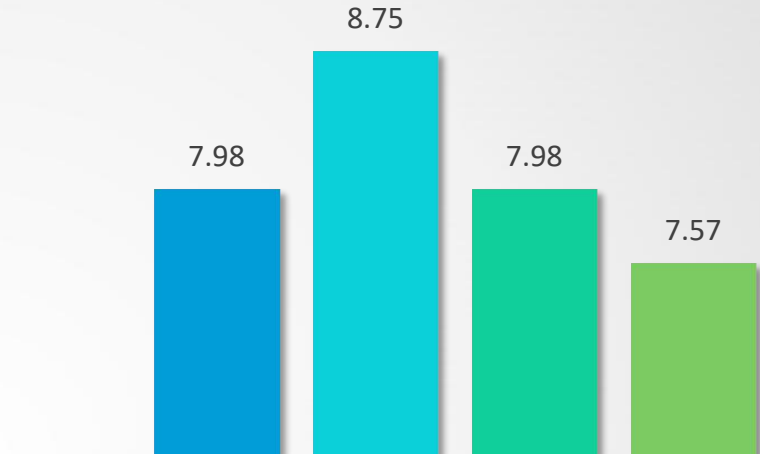
Net cash flows used in operating activities

(RMB mn)



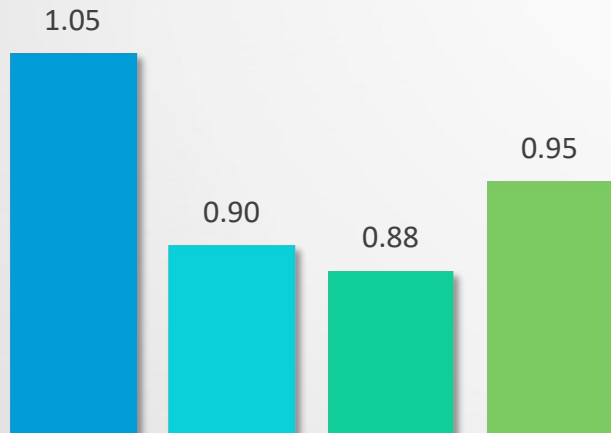
■ 20171H ■ 20181H ■ 20191H ■ 20201H

Interest-bearing debts/ EBITDA (annualized)



■ 20171H ■ 20181H ■ 20191H ■ 20201H

Current ratio



■ 20171H ■ 20181H ■ 20191H ■ 20201H

Key indicators continue to improve



A slight increase in accounts receivable

- Reasons:

- The epidemic slows tariff payments
- The epidemic affects the collection of project receivables
- Takes more than 3 months to establish fee collection procedure for new projects going into operation
- Issues left over from historical projects

(RMB mn)

+ 5.4%



1,363.6



FY2019

1,437.3



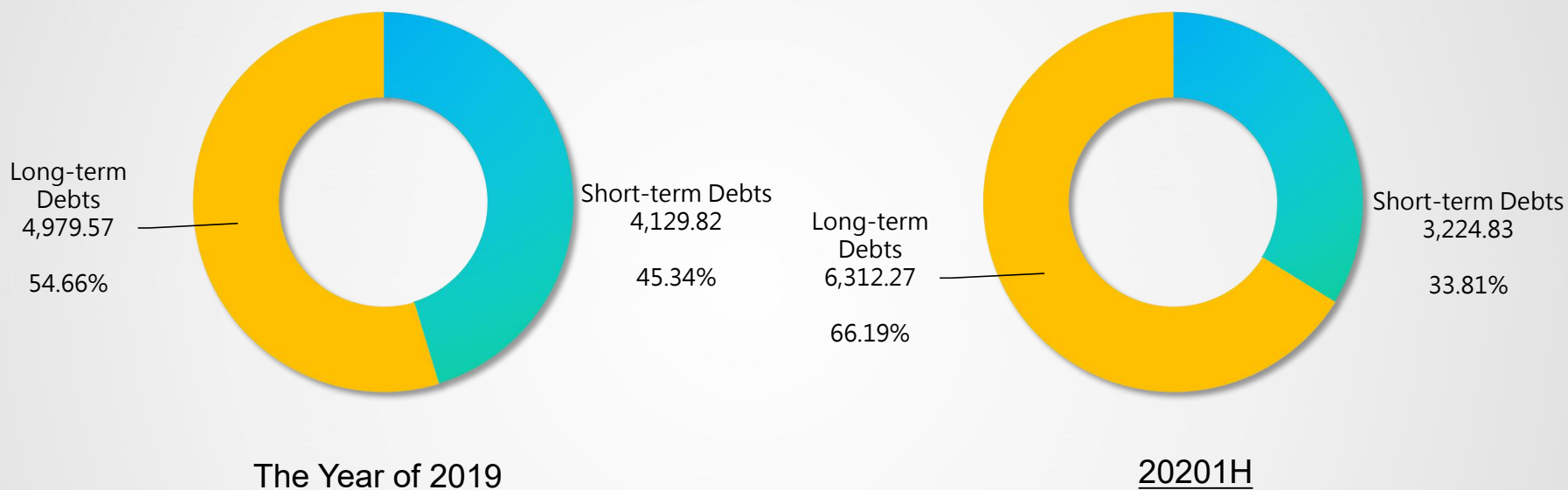
20201H



Optimize the debt structures to ease financial pressure



(RMB mn)

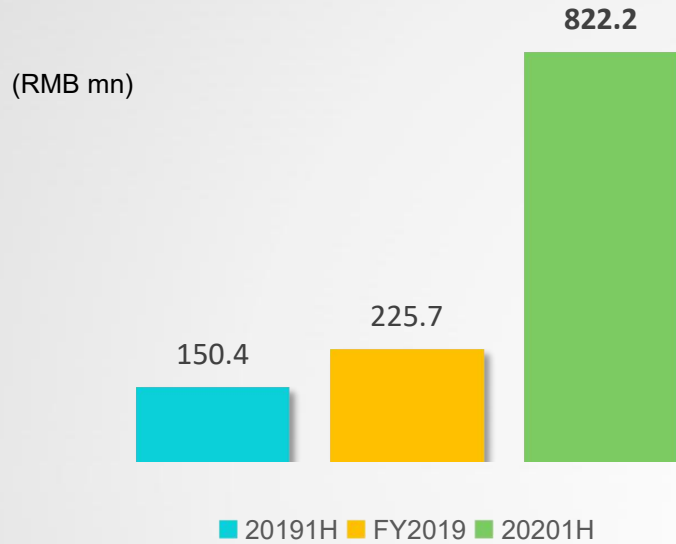


Total current liabilities decreased by approximately RMB 910 million, and non-current liabilities increased by more than RMB 1.3 billion

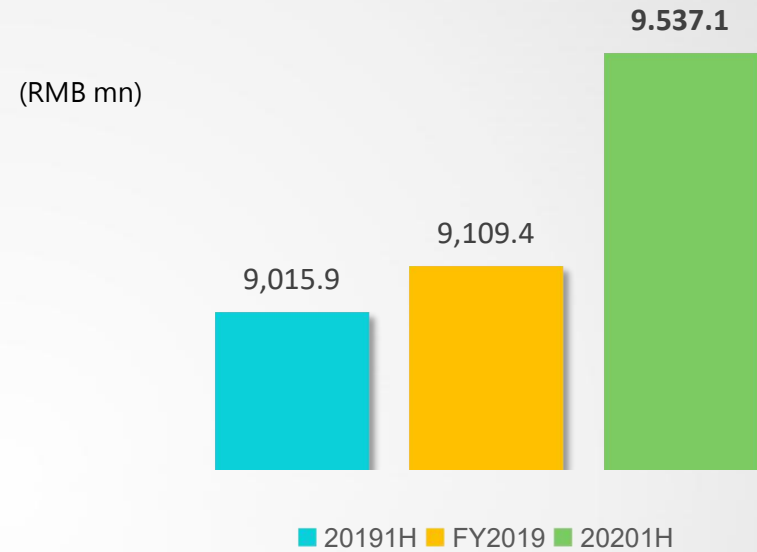


Steady decline of the debt-to-asset ratio

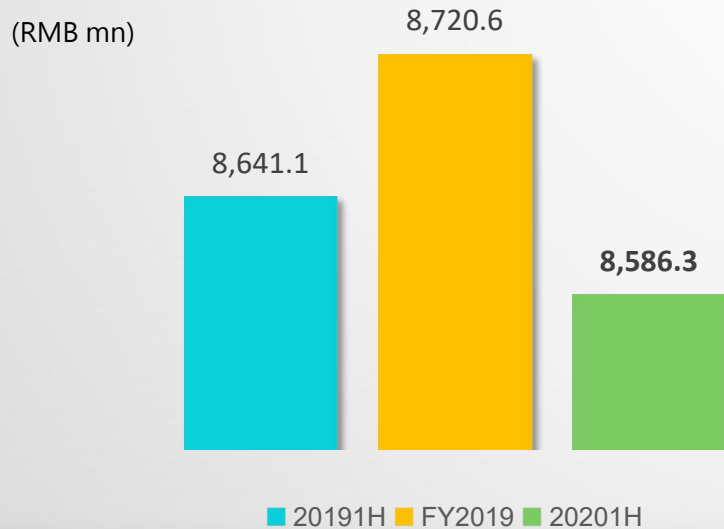
Cash and cash equivalents



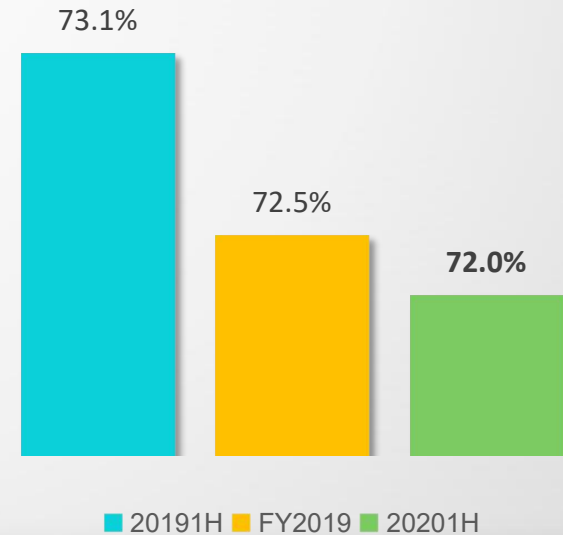
Interest-bearing debts



Net debt



Debt Asset ratio





3

Key Events



The backbone in the fight against COVID-19

- All water plants were in stable operation and no infection case in employees or their family members
- The government pays more attention to "irreplaceable" basic services
 - Special material guarantee during the epidemic
 - Tax reduction and exemption of more than RMB 32 mn
 - Policy loan support: approx. RMB 200 mn
 - Promulgated the “Implementation Plan for Strengthening and Weaknesses in the Implementation of Urban Domestic Sewage Treatment” and proposed 2023 targets
 - Stable investment is the main force driving GDP
- Related adverse effects occurred, which may be eliminated soon
 - Water bill payment
 - Tariff adjustment
 - Construction progress
 - Short-term rise in production costs during the epidemic



Successful exercise of Share Option Plan

- Issued 107,350,000 shares under Share Option Plan
- Received exercise money of approx. HK\$81.59 mn

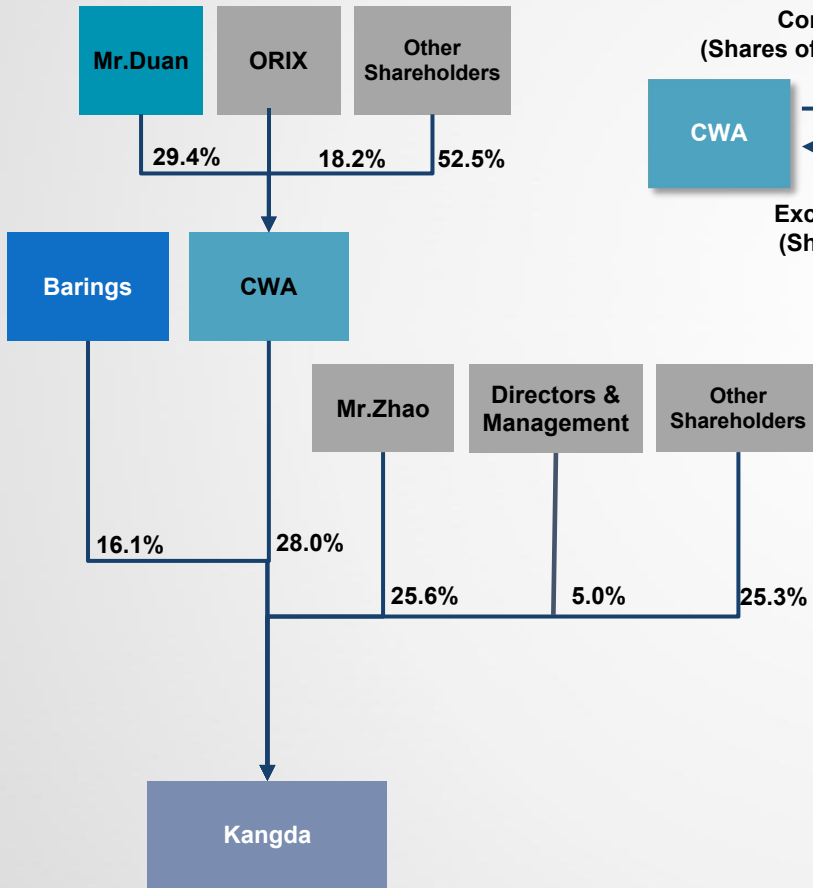
The 1st increase in capital since the IPO, sharing the common interests of the stakeholders



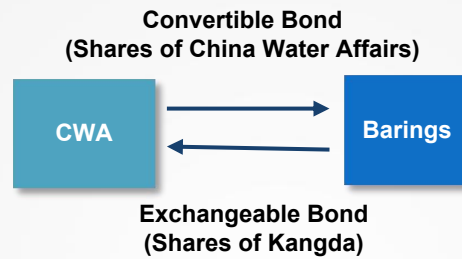


CWA & BPEA completed the EB/CB structure arrangement

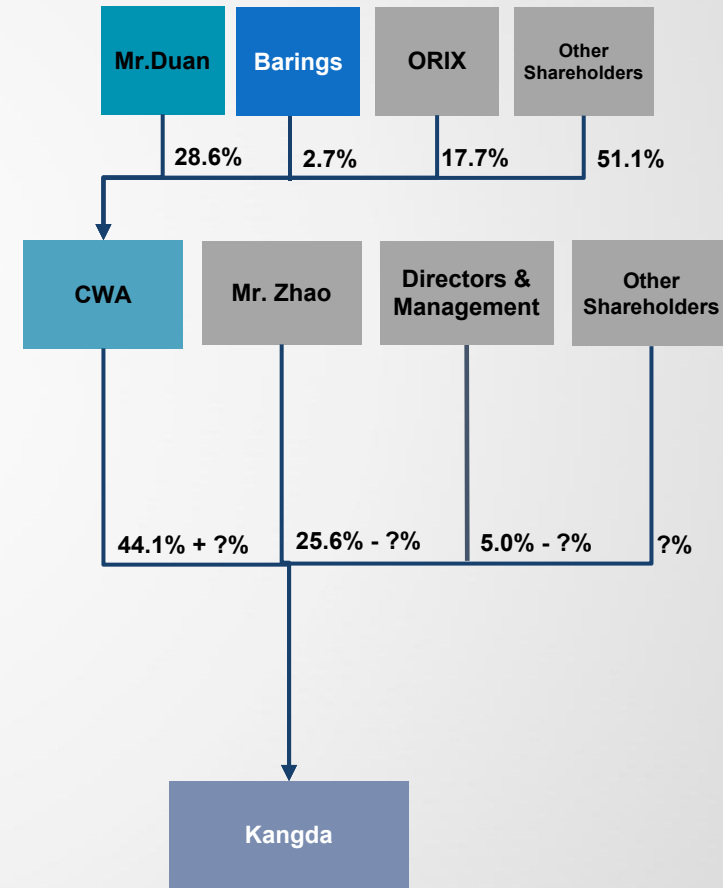
Before the Transaction



**Issued EB/CB
Date: 8 May**



**After the Exercising of
EB/CB**



The two major shareholders are confident in the future development of Kangda

Other key events



-
- Repurchased 900 mn corporate bonds in advance which actively optimized the debt structure
 - Kicked-off overseas financing project and obtained the recordation from NDRC (200 mn USD)



4

Development Strategies



Development Strategies



The background features a series of overlapping, curved bands in various shades of blue, ranging from a deep navy to a light sky blue, creating a dynamic, flowing effect.

○○●○○● | **Thank You**

Disclaimer



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