



康達國際環保有限公司
Kangda International Environmental Company Limited

(于开曼群岛注册成立的有限公司 股份代号: 6136.HK)

2021 Annual Results Announcement

28 March 2022

1

Business Review

2

**Financial
Performance**

3

Key Events

4

**Development
Strategies**



1

Business Review

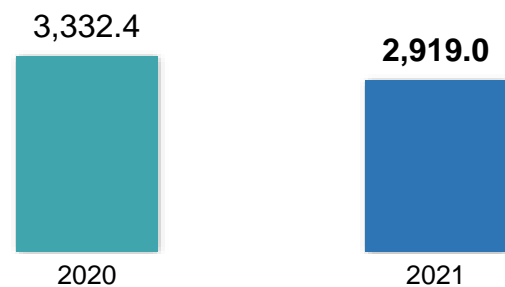


Annual Results Highlights



Revenue

(RMB mn)

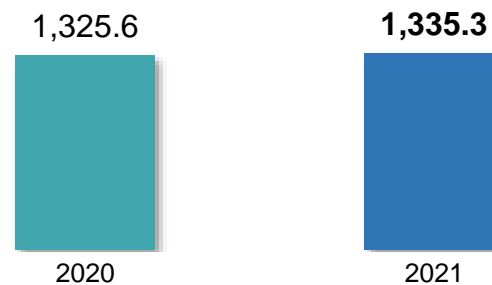


12.4%



Gross Profit

(RMB mn)

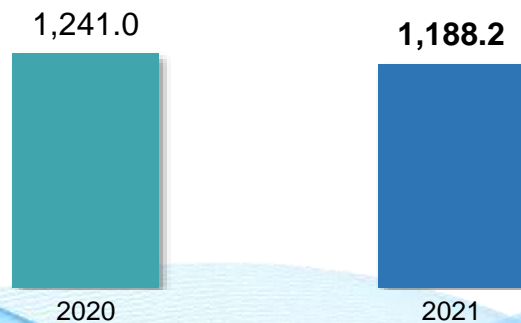


0.7%



EBITDA

(RMB mn)

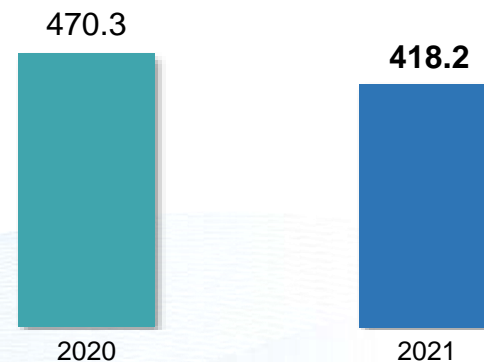


4.3%



Net Profit

(RMB mn)



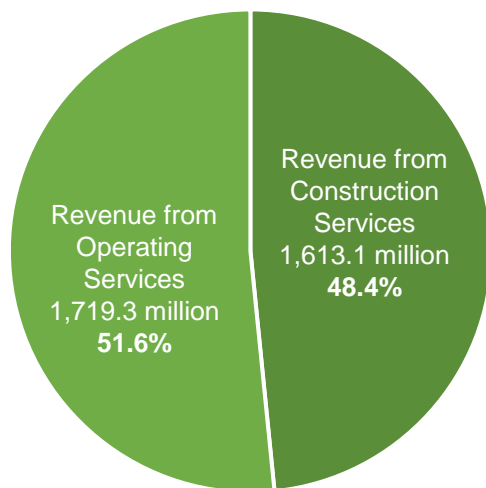
11.1%



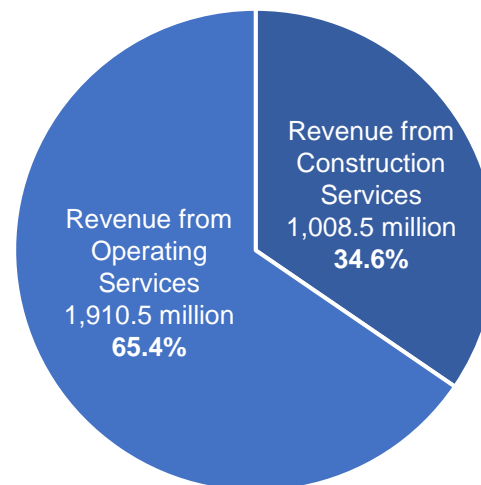
Revenue from Operating Services as the backbone



(RMB mn)	2020	2021	% Change
Total Revenue	3,332.4	2,919.0	- 12%
- Revenue from Operating Services	1,719.3	1,910.5	+ 11%
- Revenue from Construction Services	1,613.1	1,008.5	- 37%



2020



2021

Project construction completed successively, revenue from operating services maintained double-digit growth and becomes the major source of revenue.

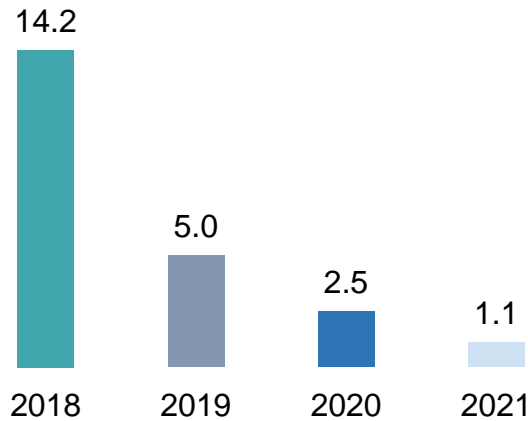


Continue to maintain tight cost control, net profit margin steadily increases



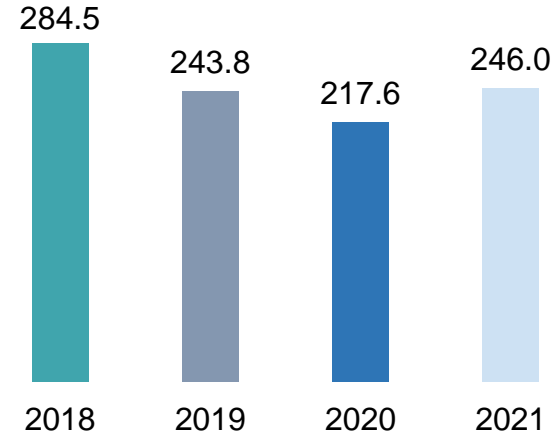
Selling and distribution expenses

(RMB mn)

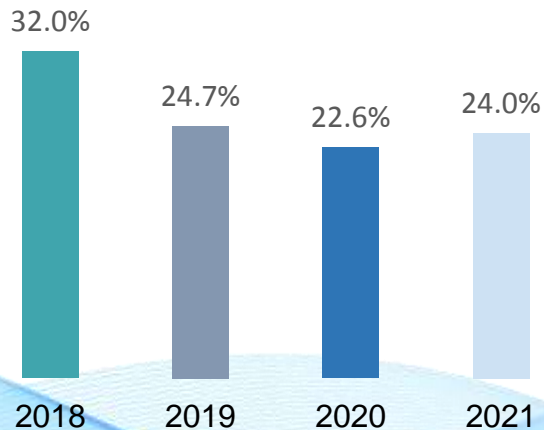


Administration expenses

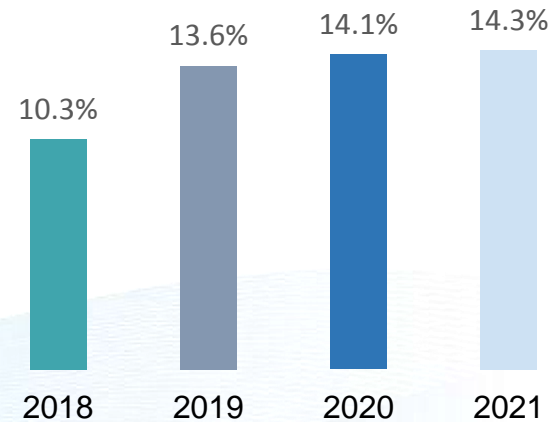
(RMB mn)



Actual tax rate



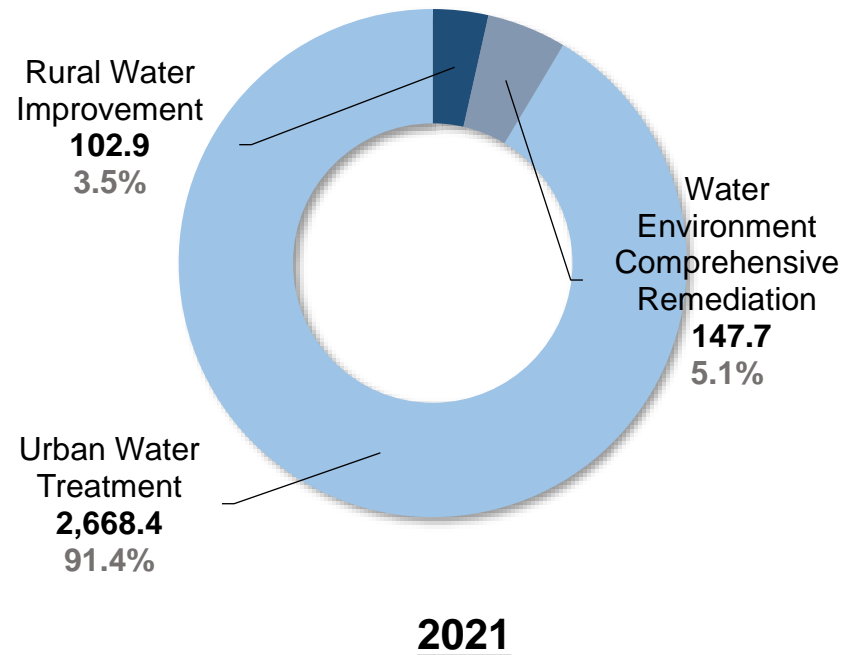
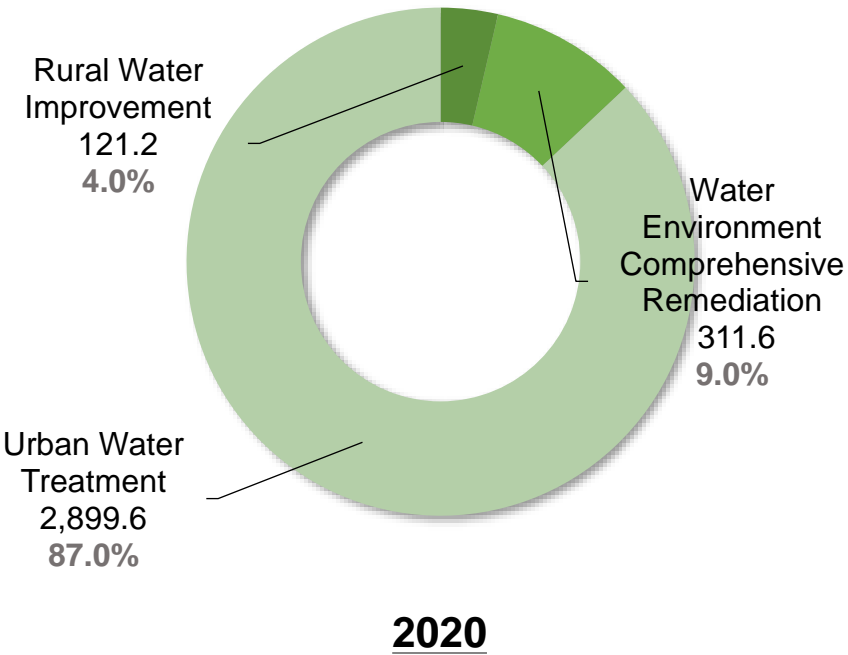
Net Profit margin



Revenue by Operating Segment



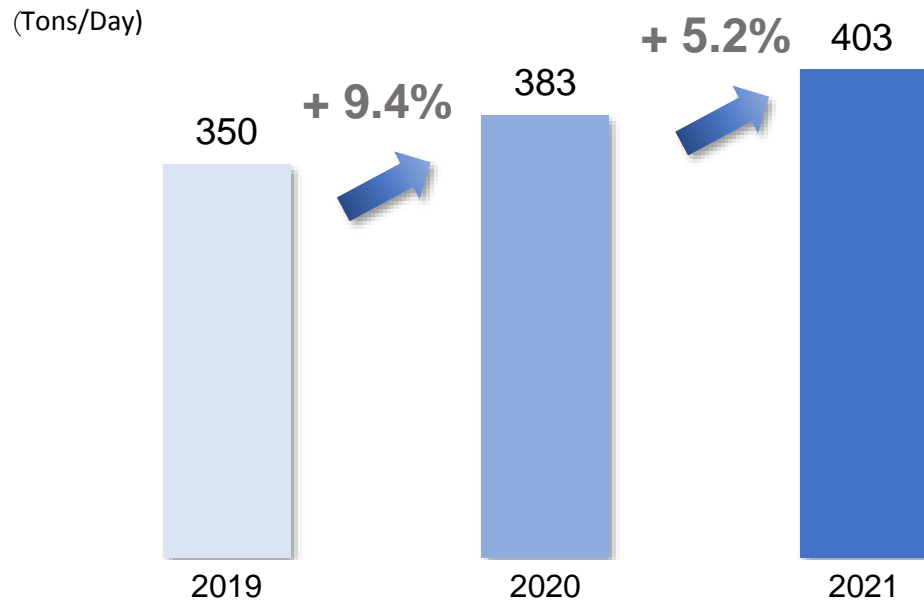
(RMB mn)



Focus on the core business with advantage :
Urban Water Treatment



Water Treatment Capacity Growth Steadily



- 4 Projects Commenced Operation In the Year**
- Jining City Xinkangda Second Sewage Treatment Plant (Phase II)
 - Dongping Second Sewage Treatment Plant (Phase I)
 - Fengxian Sewage Treatment Plant (Phase II Expansion)
 - Taiyuan City Fendong Sewage Treatment Plant

Actual treatment capacity in operation increased by 200,000 tons per day

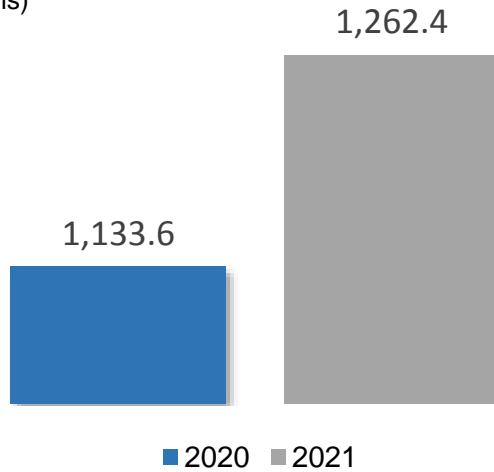


Improved Operation Quality



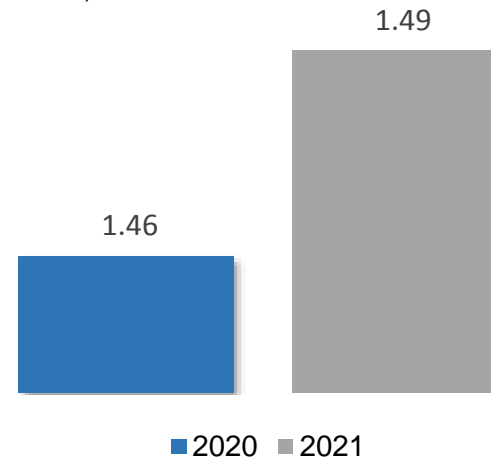
Actual annual treatment volume

(million tons)

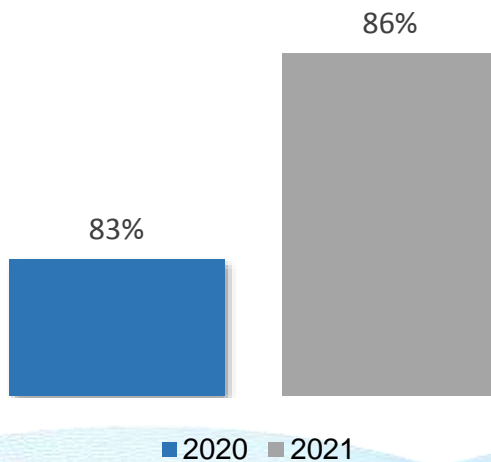


Average water treatment tariff

(RMB/ton)



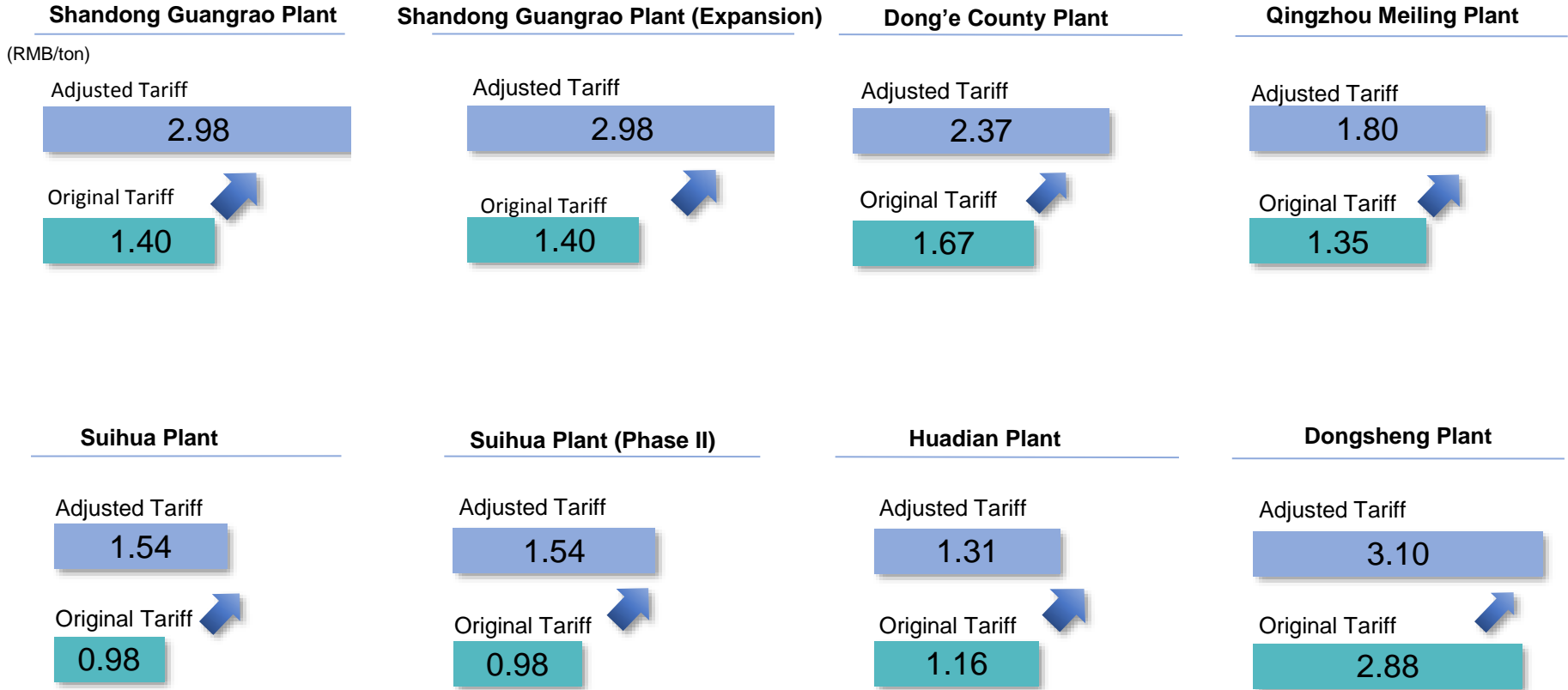
Treatment plants utilization rate



- Sewage treatment volume increases annually
- Maintained high level operating efficiency
- Reasonable upward adjustment of tariff



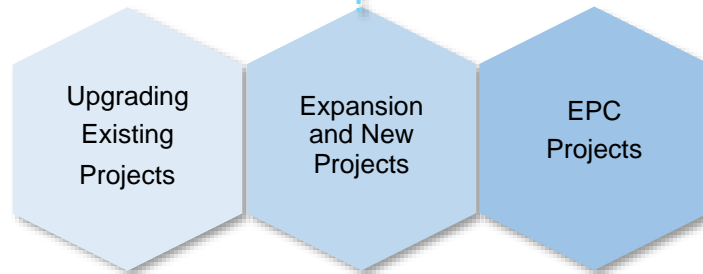
Committed to tariff adjustment for improvement on profitability



Construction investment in order, steadily increase capacity



9 expansion and new projects with a total designed capacity of 210,000 tons / day



24 projects with a total designed capacity of 639,500 tons / day to be upgraded

EPC projects worth approximately RMB1.59 billion under construction

When existing projects (to be upgraded and expanded), as well as newly developed projects come on stream, the Group's operating revenue will have substantial growth.



Number of Urban Water Treatment projects



As of 31 December 2021

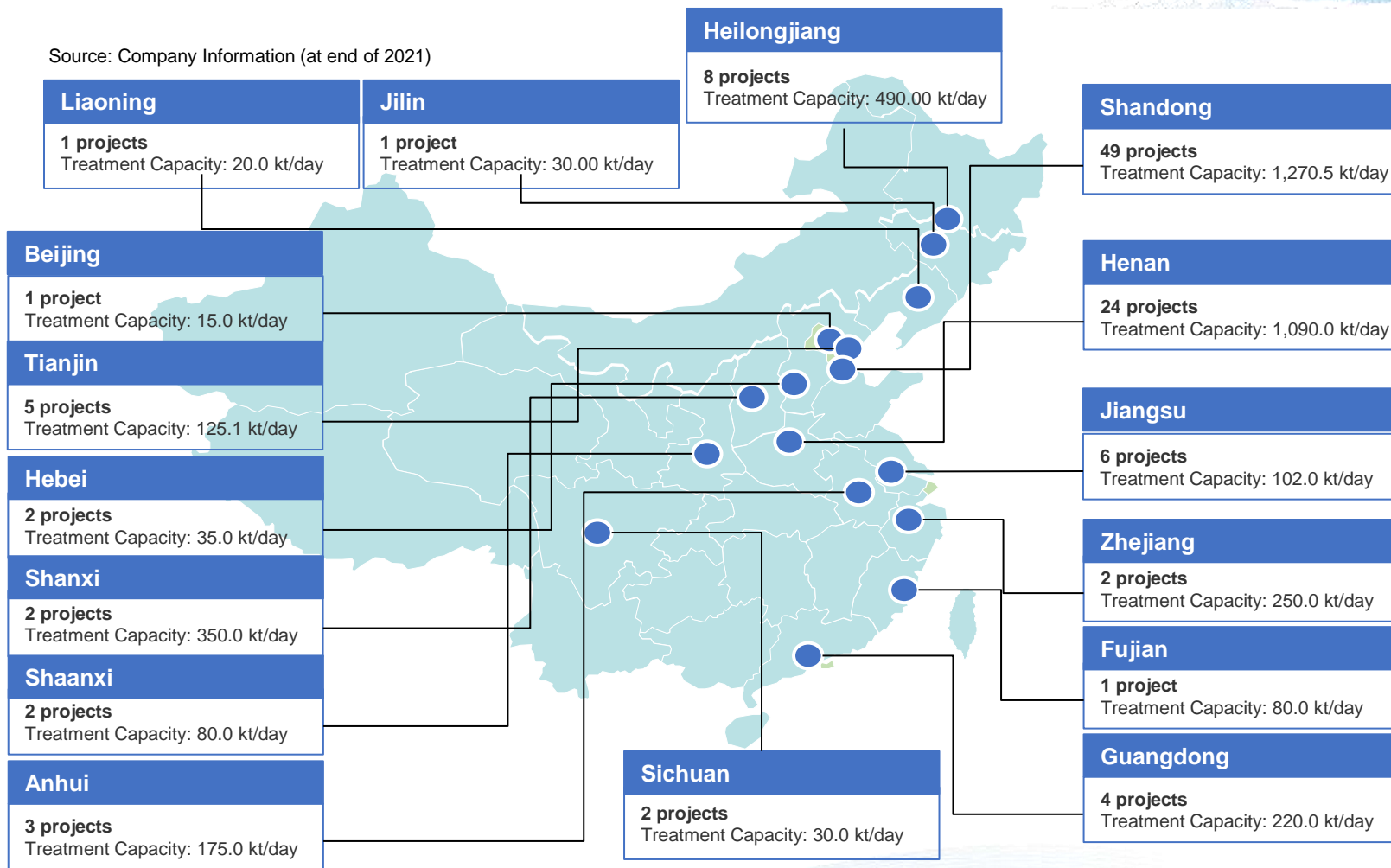
(number of projects)	Sewage Treatment	Water Distribution	Reclaimed Water	Sludge Disposal	Total
In operation	96	-	2	3	101
Not commence Operation / Not delivered	11	1	-	-	12
Total	107	1	2	3	113



High-quality Asset Portfolio and Franchise-based Business Model Bring Continuous Operating Cash Flow



Source: Company Information (at end of 2021)



113 projects in hand: 108 wholly-owned subsidiaries and 8 projects holding companies, which is beneficial to management sharing.



2

Financial Performance



Financial Review – focus on operation, increase profit margin



(RMB mn)	2018	2019	2020	2021
Revenue	3,021.3	2,815.2	3,332.4	2,919.0
Gross profit	1,093.2	1,162.6	1,325.6	1,335.3
Gross profit margin	36.2%	41.3%	39.8%	45.8%
Net profit	309.9	384.1	470.3	418.2
Net profit margin	10.3%	13.6%	14.1%	14.3%
EBITDA	1,008.0	1,127.2	1,241.0	1,188.2

Strengthening foundation, focusing on operation
and improving profit margin

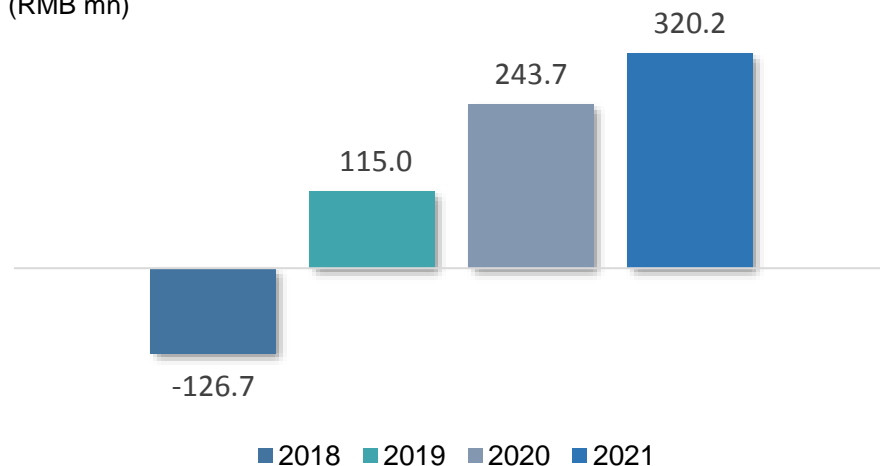


Financial Review

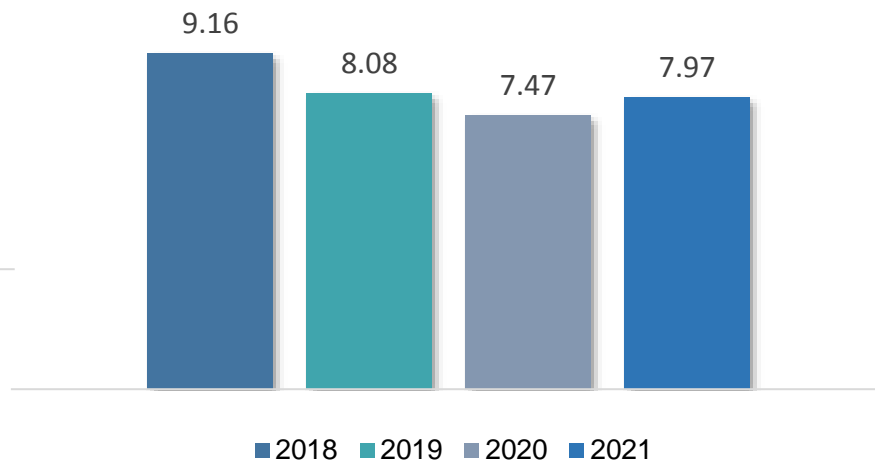


Net cash flows from operating activities

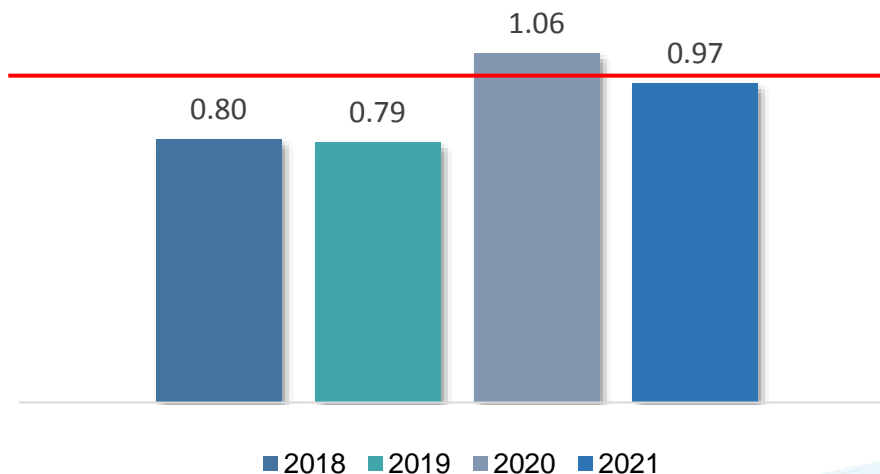
(RMB mn)



Interest-bearing debts/ EBITDA



Current ratio



Project constructions completed successively, cash flows from operating activities improves continuously

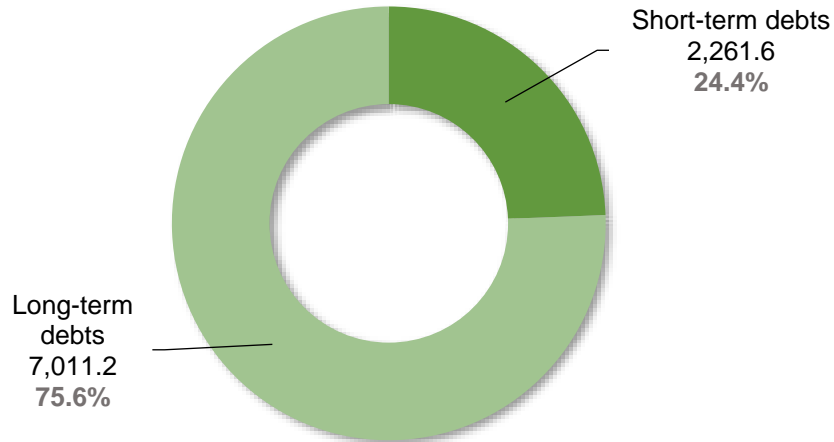


Adapt to fund raising environment, Balancing long-term and short-term debt ratio



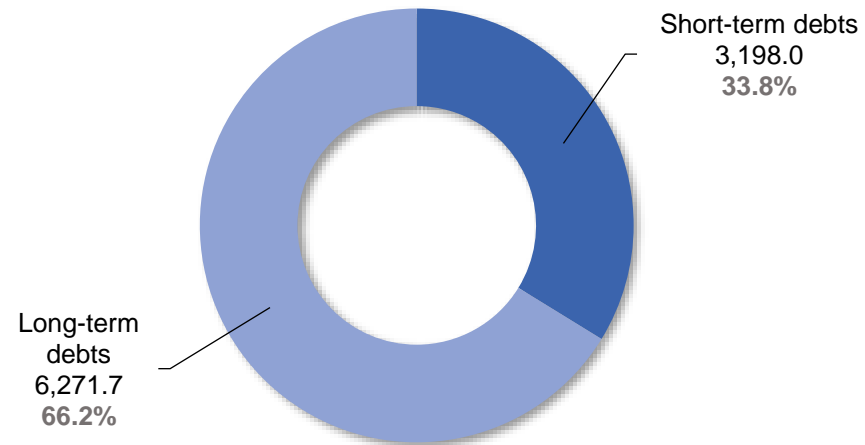
Interest-bearing debts

(RMB mn)



2020

Total amount: RMB 9,272.8 million



2021

Total amount: RMB 9,469.7 million

- Actively develop diversified financing sources
- Obtained the first USD16 million “Green Certified” project finance in Hong Kong in early 2022

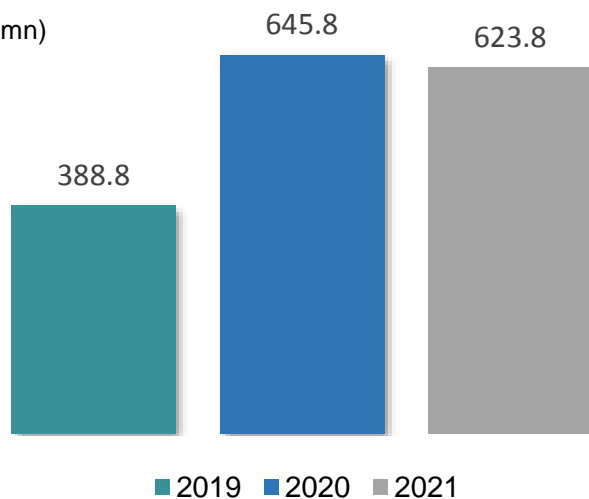


Improvement on Balance Sheet



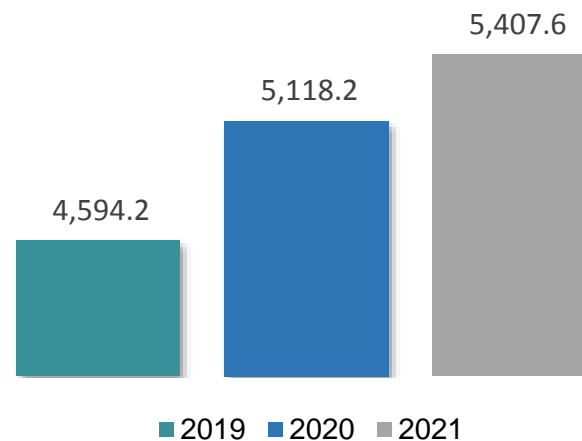
Cash & cash equivalents and pledged deposit

(RMB mn)

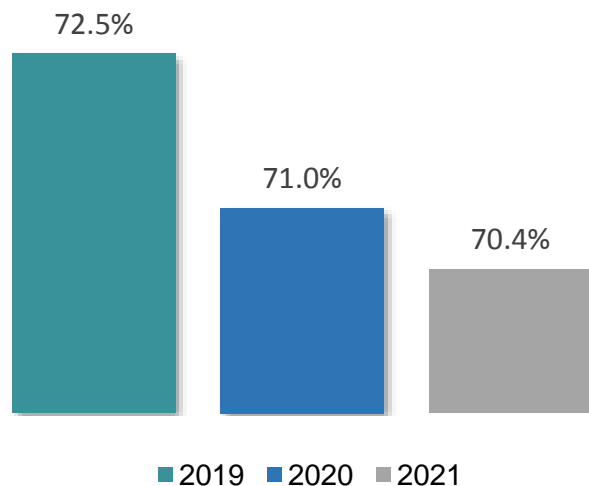


Total Equity

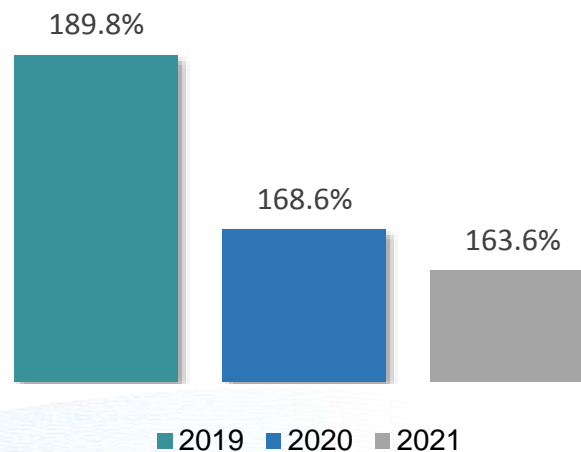
(RMB mn)



Debt asset ratio



Net debt to equity ratio



3

Key Events



Away from the Pandemic and Seized Opportunities



- Placed in “Top 50 Environmental Enterprise of China” again, ranked 36 (by revenue), 9 places higher than last year. Highly ranked among water oriented private-owned enterprises.
- Affected by flooding in Henan province, lead to damage in water treatment facilities and affect tariff collection, total economic loss nearly RMB10 million.
- Pandemic relief policies reducing by stages:
 - total amount of fees reduction/exemption/refund/subsidy reduced by from RMB66.9 million in last year to RMB25.6 million
 - supportive loan amount reduced from RMB50.6 million in last year to RMB16 million



2022 Macro Outlook



- **Mainland turns into interest rate reduction cycle, favorable to sewage treatment corporations**
- **Government increases reduction in taxes and fees to support enterprises directly**
- **Get away from pandemic, looking forward for progress in overseas financing**
- **Kick-off REITS project in the Mainland to reshape the balance sheet**
- **Further enhance and explore cooperative opportunities in management with China Water Affairs Group**



4

Development Strategies



Development Strategies



Boost Revenue and Profit

Cost management



Optimize financing

Realize low-performance assets



Disclaimer



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Thank You

