



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)

# 2022 Annual Results Announcement

31 March 2023

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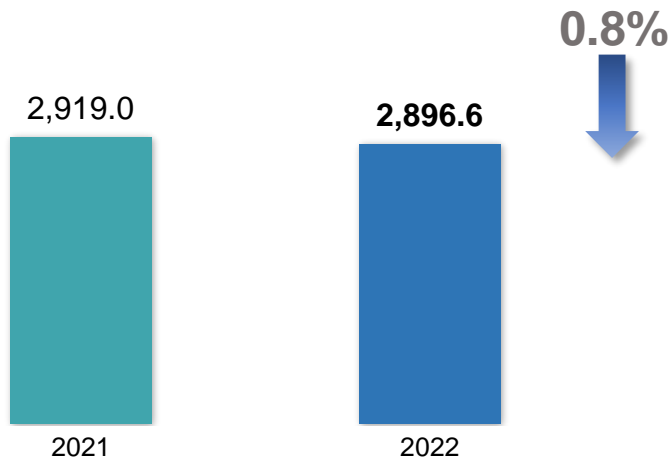
# Business Review



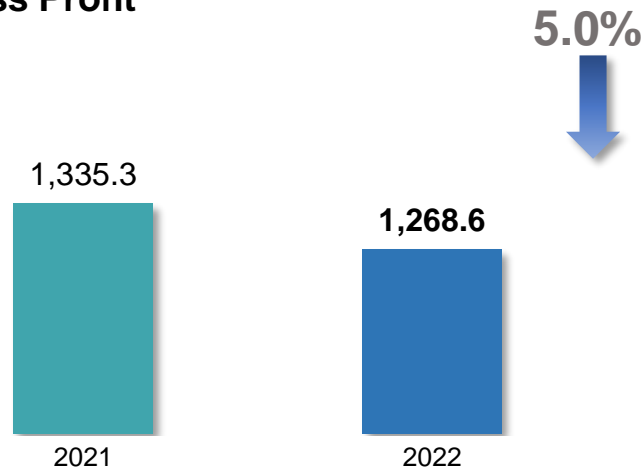
# Annual Results Highlights



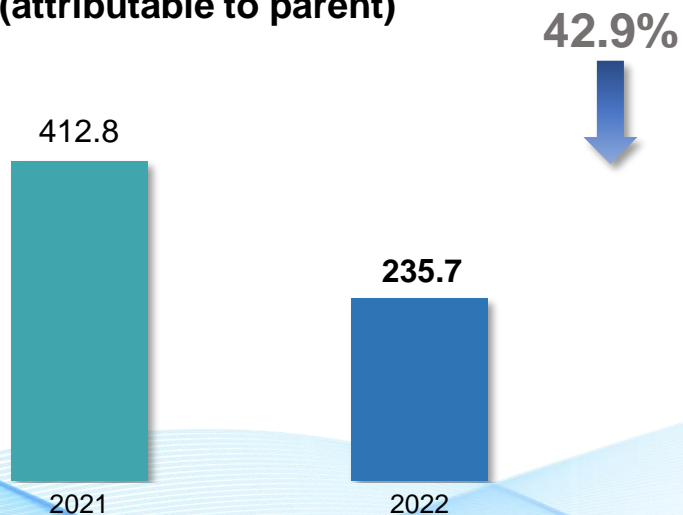
## Revenue



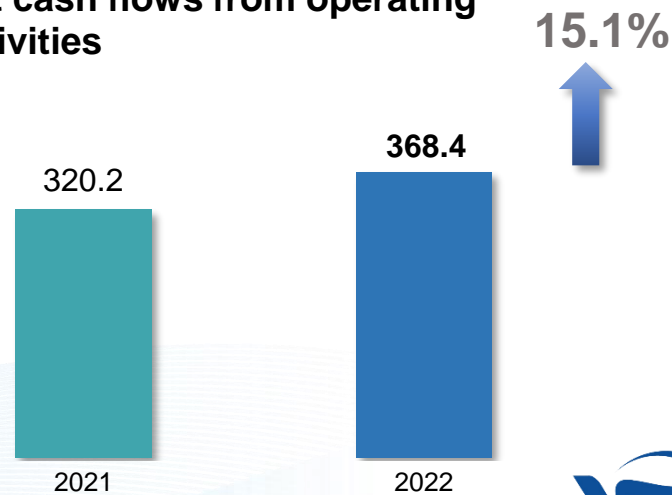
## Gross Profit



## Net Profit (attributable to parent)



## Net cash flows from operating activities



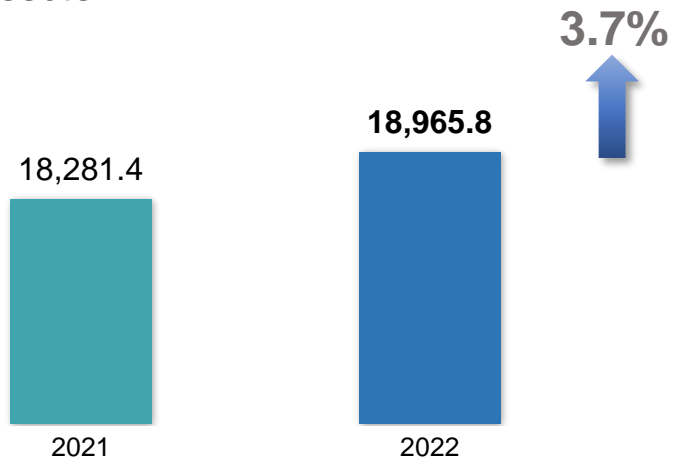
Currency unit: RMB million



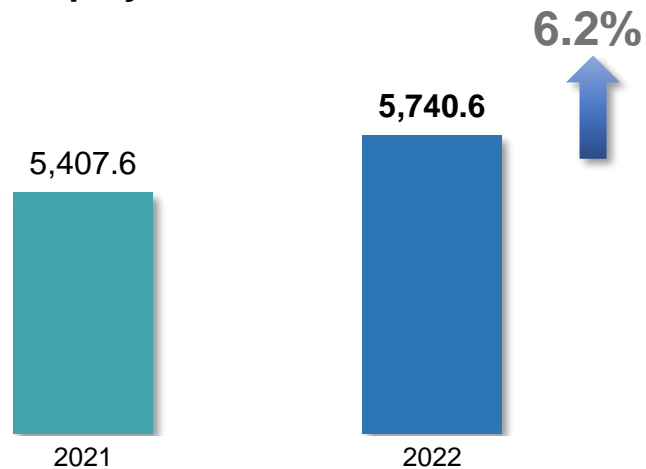
# Annual Results Highlights



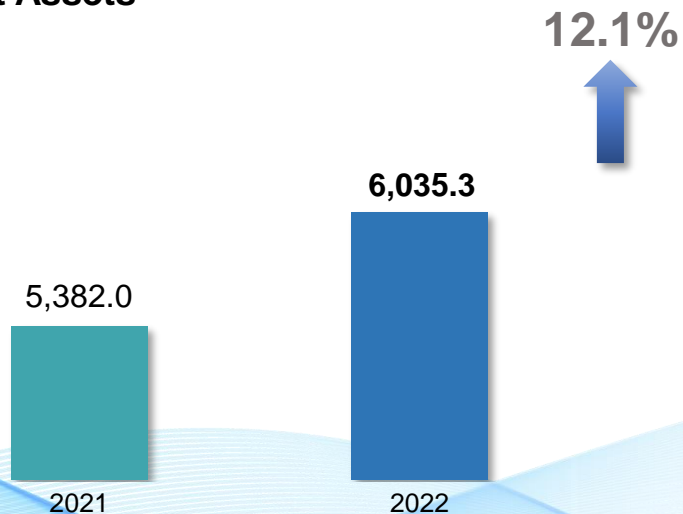
## Total Assets



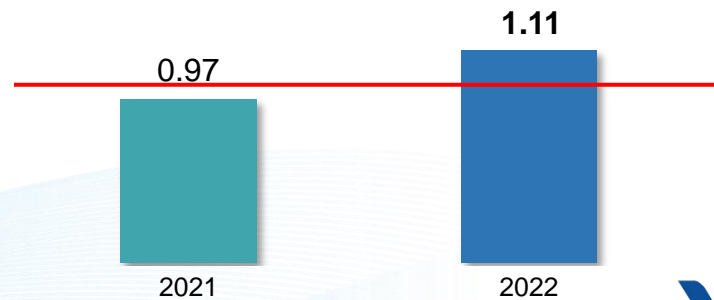
## Total equity



## Current Assets



## Current Ratio



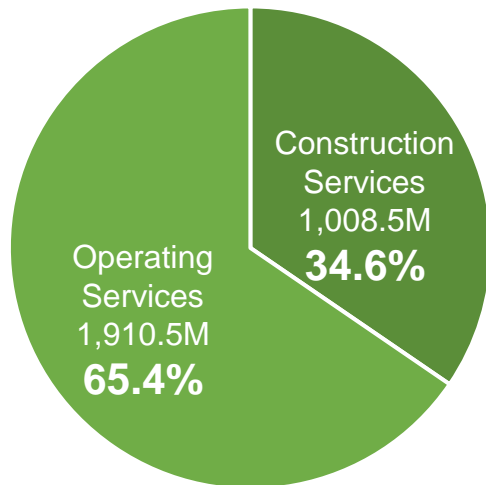
Currency unit: RMB million



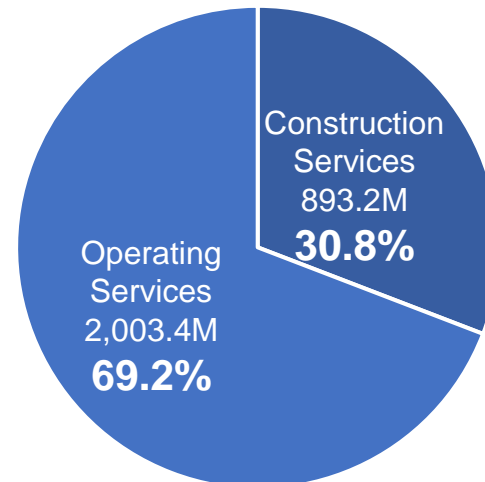
# Revenue from Operating Services as the backbone



(RMB mn)	2021	2022	% Change
<b>Total Revenue</b>	2,919.0	<b>2,896.6</b>	<b>- 0.8%</b>
- <b>Construction services</b>	1,910.5	<b>2,003.4</b>	<b>+ 4.9%</b>
- <b>Operating services</b>	1,008.5	<b>893.2</b>	<b>- 11.4%</b>



**2021**



**2022**

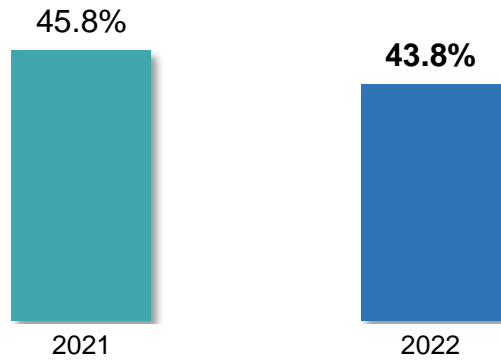
Revenue from operating services grows continuously and account for nearly 70% of total revenue



# Increases in Direct Operating Costs Pull Down Gross Margin



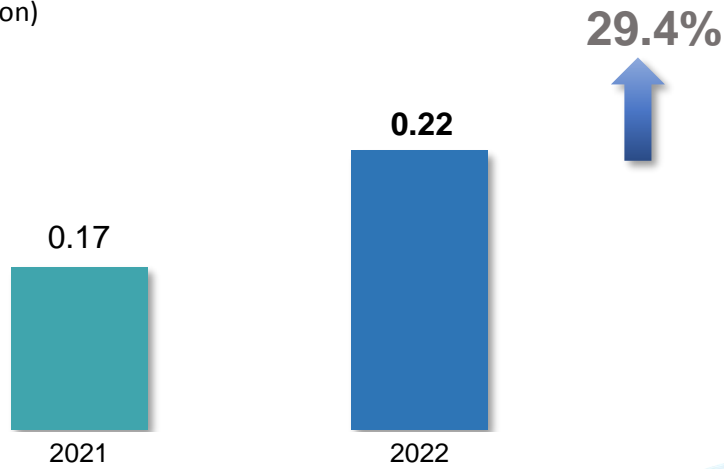
## Gross profit margin



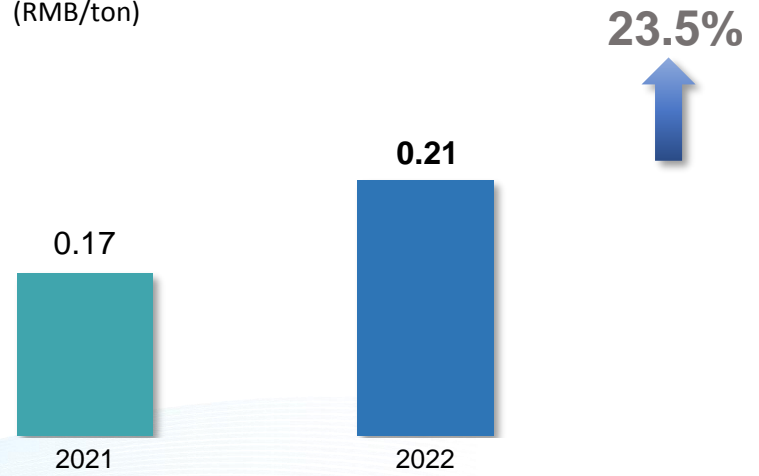
2.0 percentage points



## Average treatment cost per ton (electricity) (RMB/ton)



## Average treatment cost per ton (chemicals) (RMB/ton)



Price adjustment lags behind inflation of costs

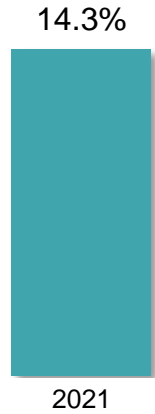




# Reduction in One-off Subsidies and Exchange Loss Affect Net Margin



## Net profit margin

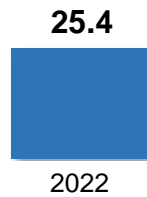
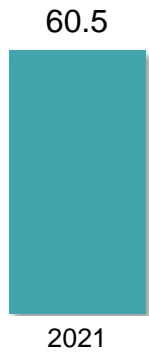


6.0 percentage points



## Subsidies

(RMB million)

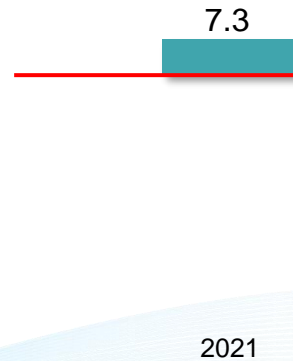


57.9%



## Exchange differences

(RMB million)



Combined effect of two one-off items leads to over RMB90 million reduction in net profit

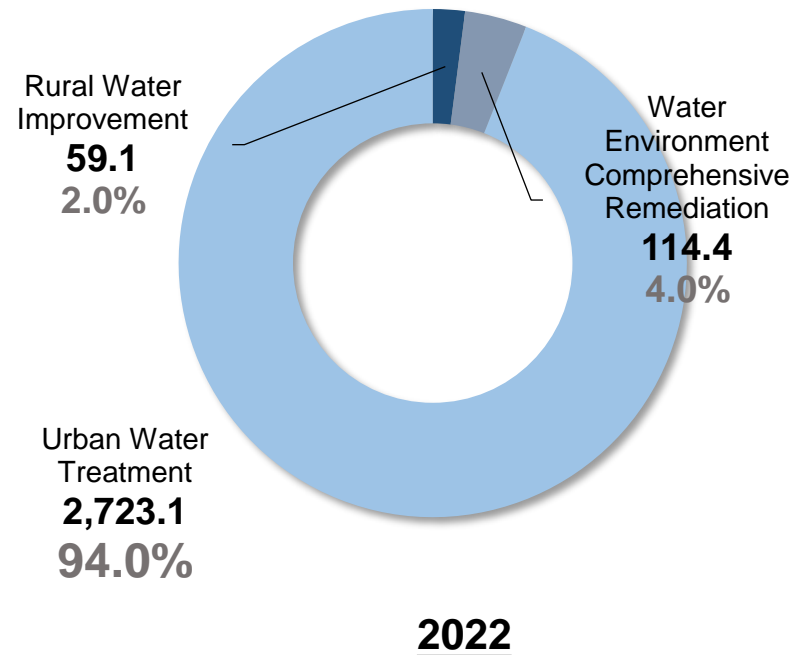
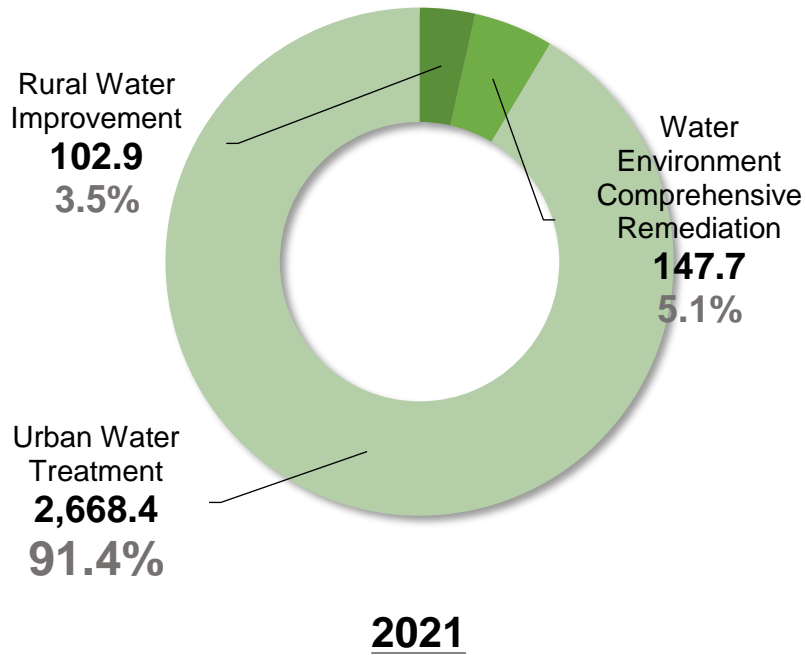




# Revenue by Operating Segment



(RMB million)



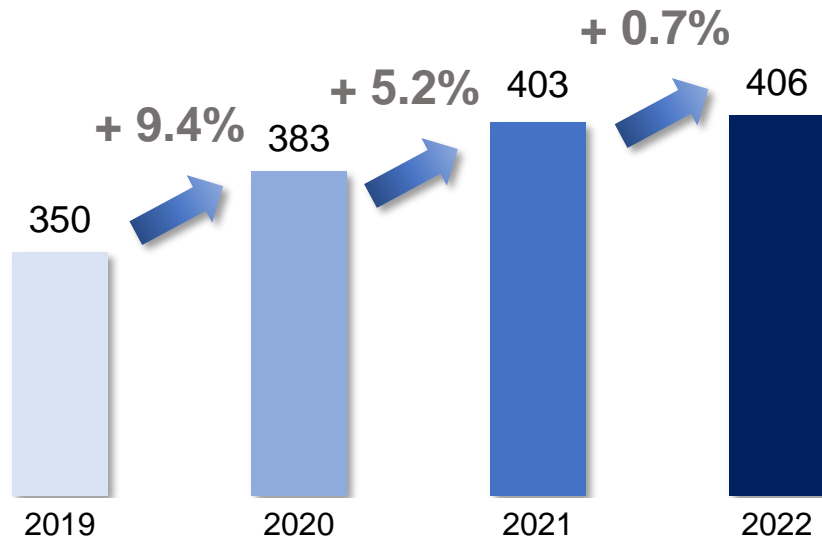
Focus on the core business : Urban Water Treatment



# Water Treatment Capacity Grows Steadily



(million ton/day)



**Project completed during the year**

- Shandong Shen County 3<sup>rd</sup> Phase expansion

Operating treatment capacity increases continuously

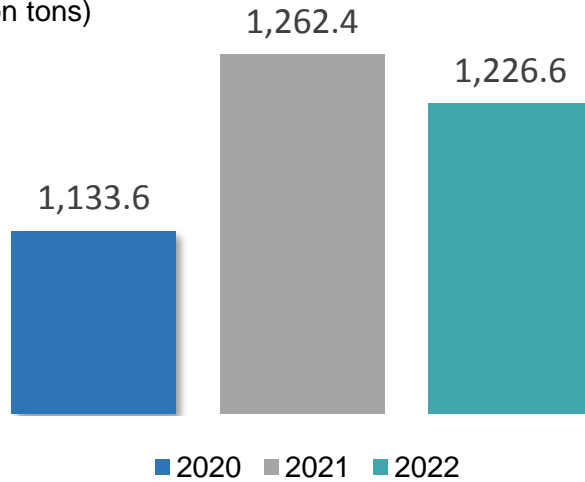


# Business of Operating Services Remained Stable



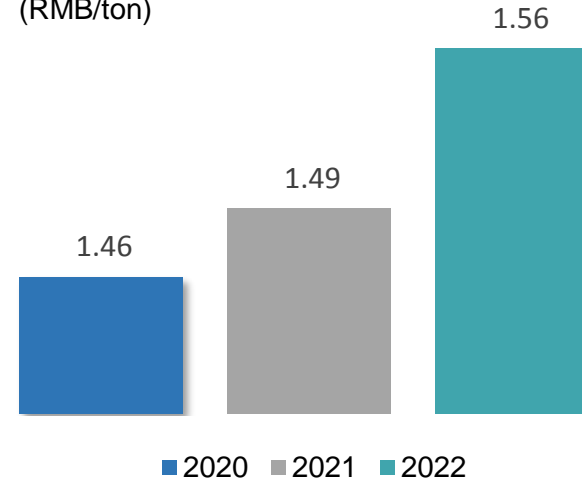
## Actual annual treatment volume

(million tons)

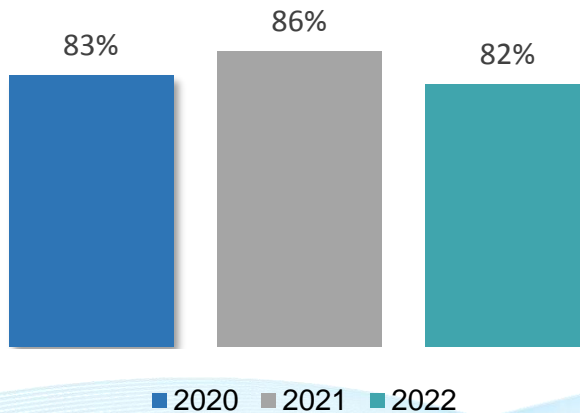


## Average water treatment tariff

(RMB/ton)



## Treatment plants utilization rate



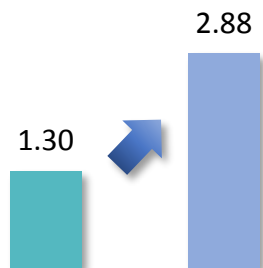
- Operating efficiency maintained at high level
- Pace of price adjustment will be accelerated



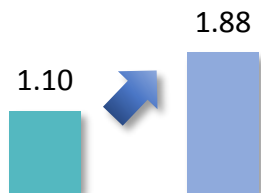
# Committed to tariff adjustment for improvement on profitability



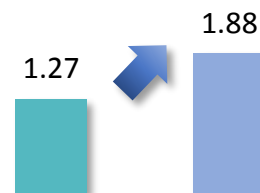
### Shandong Weifang Plant



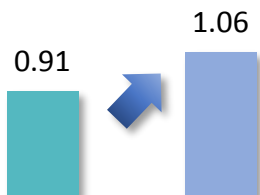
### Shandong Yucheng Plant



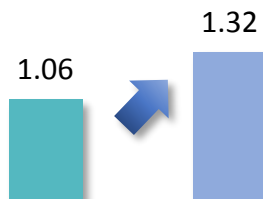
### Shandong Yucheng 2<sup>nd</sup> Phase



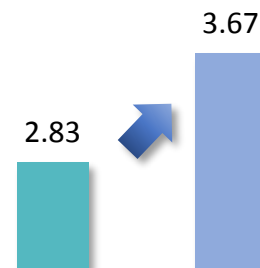
### Maan Plant 1<sup>st</sup> Phase



### Guangdong Huizhou Huiyang Plant 1<sup>st</sup> Phase



### Shandong Dongying Plant



■ Original tariff  
■ Adjusted tariff

(RMB/ton)

Regular tariff adjustment basically on pause





# Construction Investment in Order Steadily Build Up Capacity



## Upgrading Existing Projects

- 19 Projects
- Total designed capacity: 494,500 tons/day

## Expansion and New Projects

- 8 Projects
- Total designed capacity: 180,500 tons/day

Operating income will be increased continuously after construction projects are completed and operation commenced



# Number of Urban Water Treatment projects

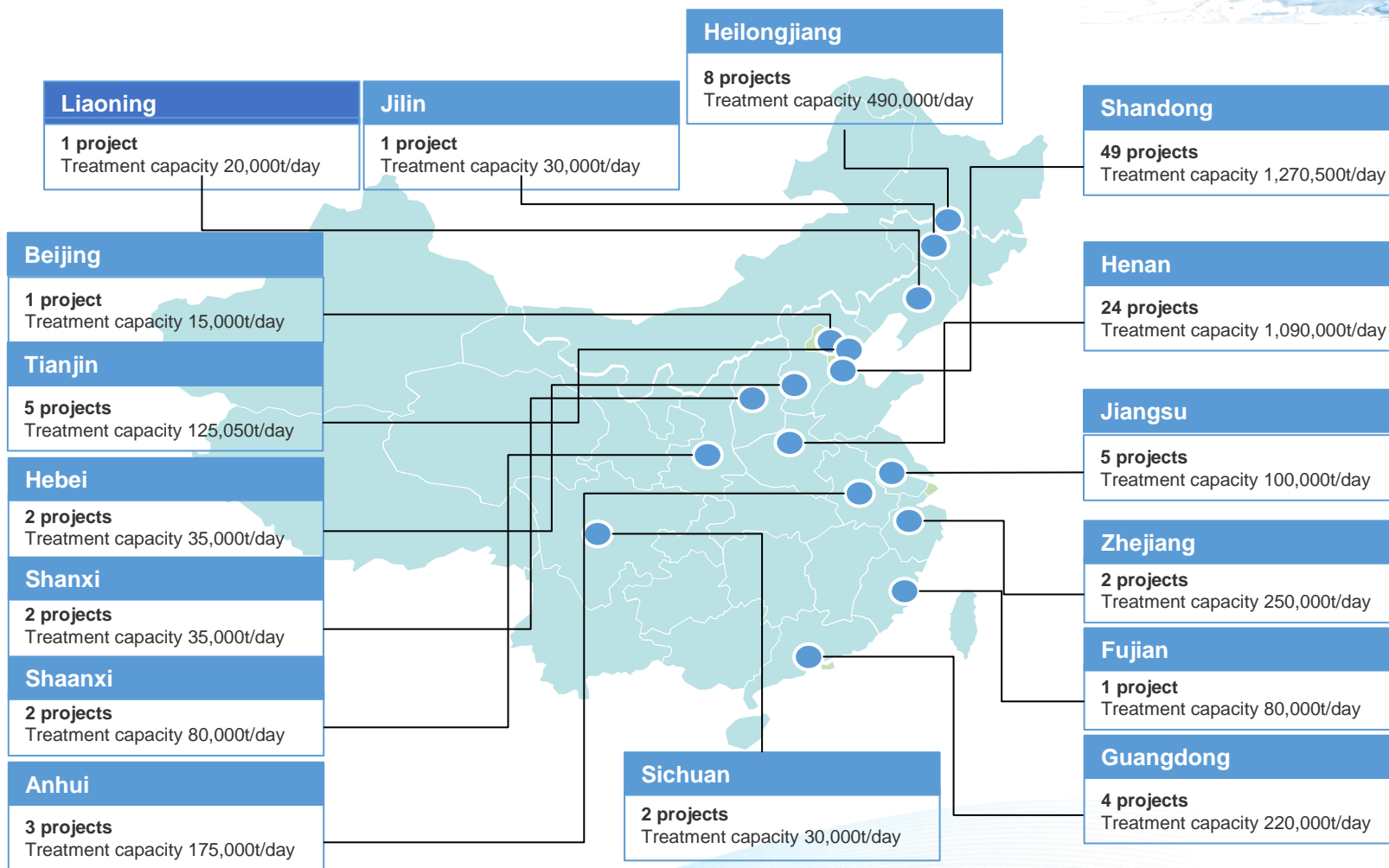


**As at 31 December 2022**

<b>(Number of projects)</b>	<b>Wastewater Treatment</b>	<b>Water Distribution</b>	<b>Reclaimed Water</b>	<b>Sludge Treatment</b>	<b>Total</b>
<b>In operation</b>	<b>96</b>	<b>-</b>	<b>2</b>	<b>3</b>	<b>101</b>
<b>Not yet commence operation/ Not yet transferred</b>	<b>10</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>11</b>
<b>Total</b>	<b>106</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>112</b>



# High-quality Asset Portfolio and Concession-based Business Model Bring Sustainable Operating Cash Flow



**112 projects on hand , 104 wholly-owned subsidiaries and 8 controlled project companies beneficial to management sharing**



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## Financial Performance





## Financial Review – Profit temporarily pressured by cost and exchange rate



(RMB million)	2018	2019	2020	2021	2022
Revenue	3,021.3	2,815.2	3,332.4	2,919.0	2,896.6
Gross profit	1,093.2	1,162.6	1,325.6	1,335.3	1,268.6
Gross profit margin	36.2%	41.3%	39.8%	45.8%	43.8%
Net profit (attributable to parent)	303.4	376.9	470.5	412.8	235.7
Net profit margin	10.3%	13.6%	14.1%	14.3%	8.3%
EBITDA	1,008.0	1,127.2	1,241.0	1,188.2	1,026.7

Short term adverse effects are fading out, looking  
forward to recovery of profitability

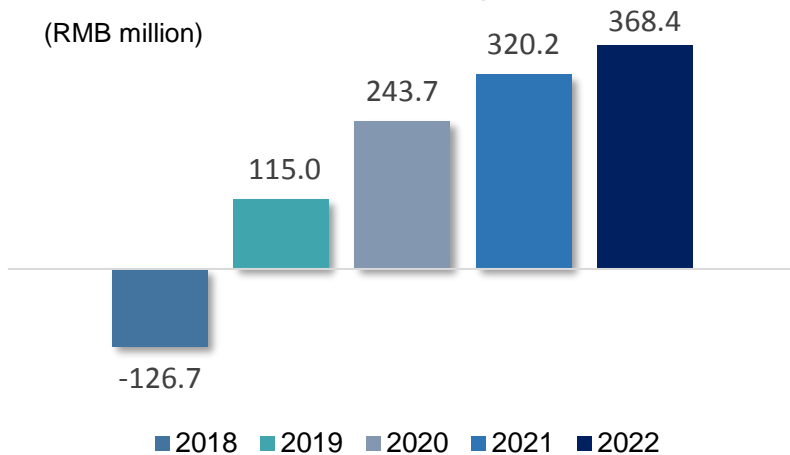


# Financial Review



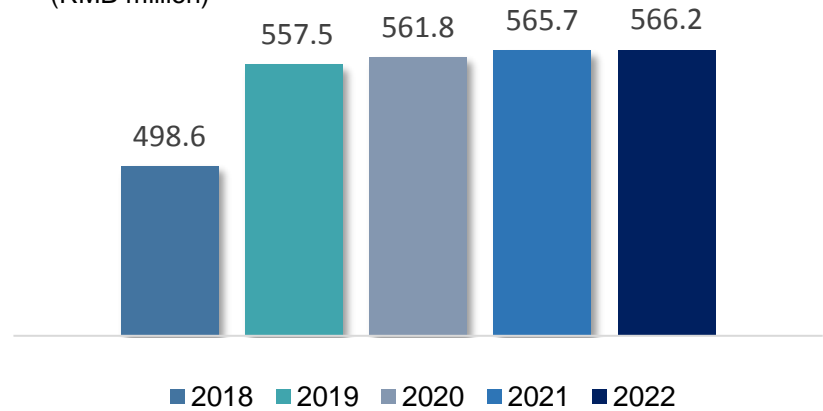
## Cash flow from operating activities

(RMB million)

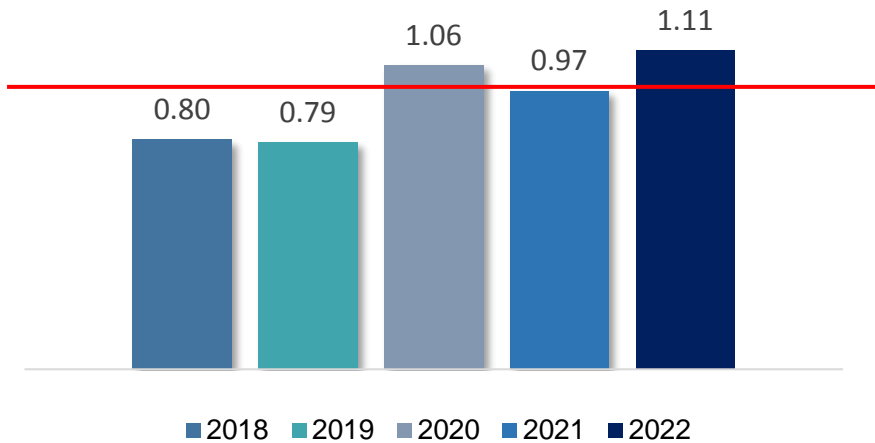


## Finance cost

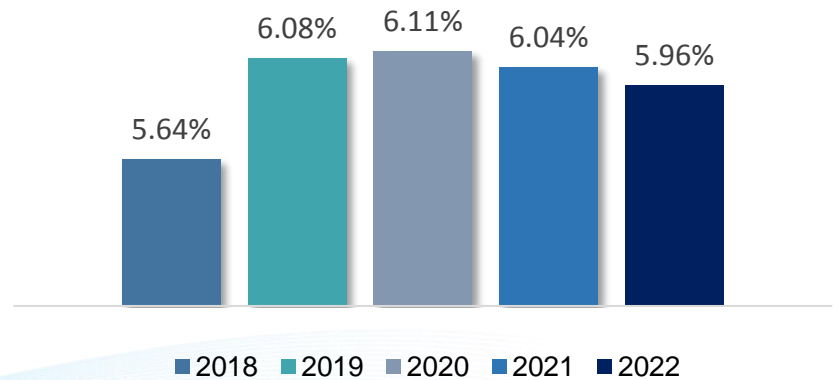
(RMB million)



## Current ratio



## Average interest rate



Net cash inflow from operating activities and current ratio are best perform in history

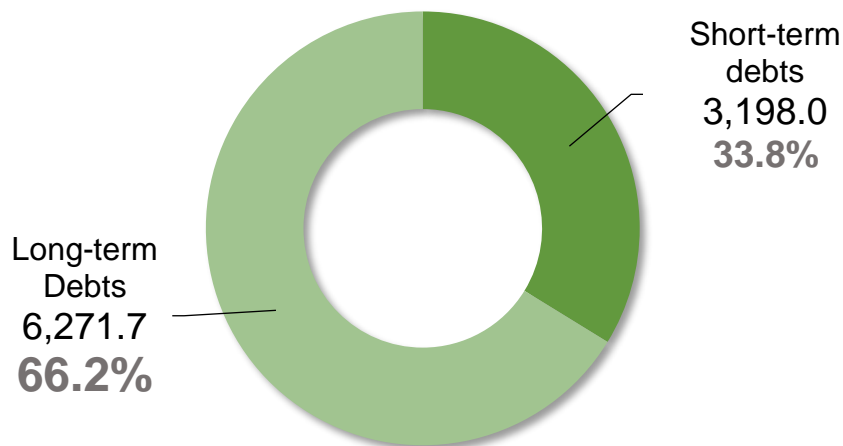


# Adapt to fund raising environment, Balancing long-term and short-term debt ratio



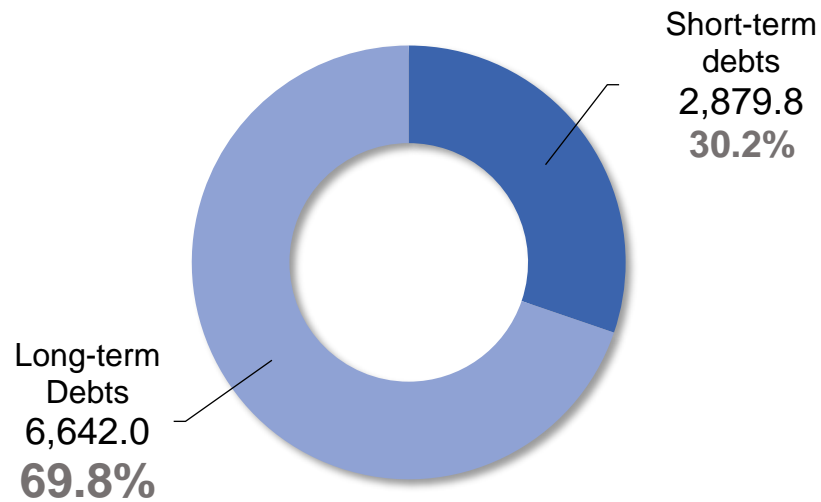
## Interest-bearing debts

(RMB million)



2021

Total amount: RMB9,469.7 million



2022

Total amount: RMB9,521.8 million

Proactively control liquidity risk

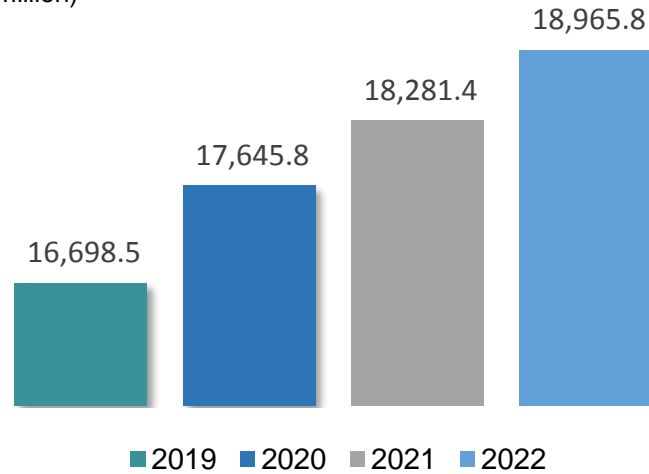


# Balance sheet performance



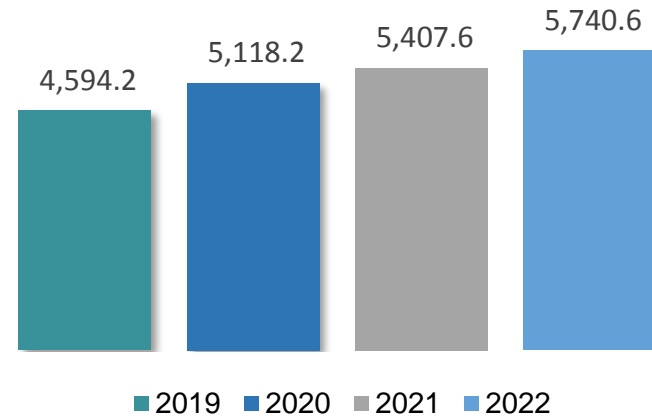
## Total Assets

(RMB million)

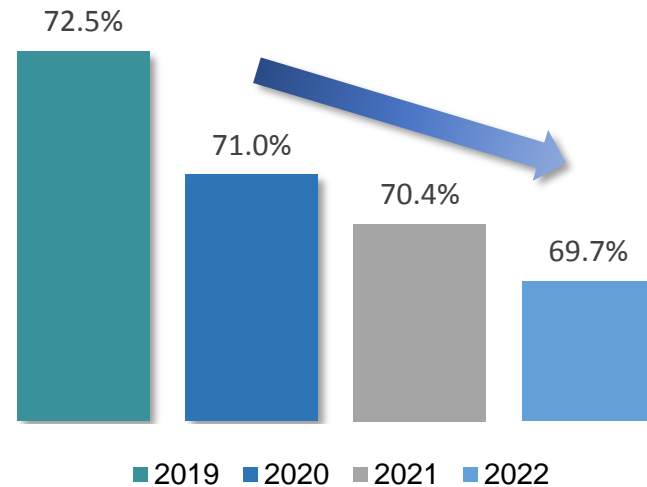


## Total Equity

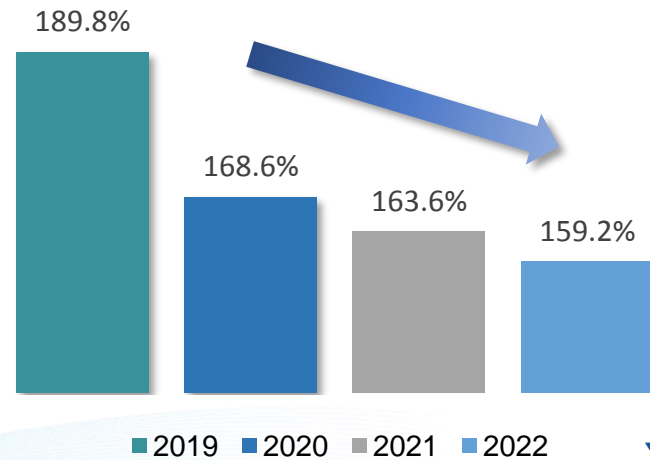
(RMB million)



## Debt asset ratio



## Net debt to equity ratio



Balance sheet performance is improving





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## Key Events



# Key Events



- Speed up of VAT refund process, obtained actual VAT refund of RMB102.35 million during the year (2021: RMB47.51 million)
- Obtained the Group's first USD16 million HKQAA "Green Certified" project finance in Hong Kong
- Reduce in subsidy income : total tax and non-tax subsidies dropped by 57.9% comparing with last year, to RMB25.45 million
- Early repayment of off-shore syndicated loan to reduce off-shore interest expenses
- Preparation of REITs application at suitable timing, adhere to Government's policy



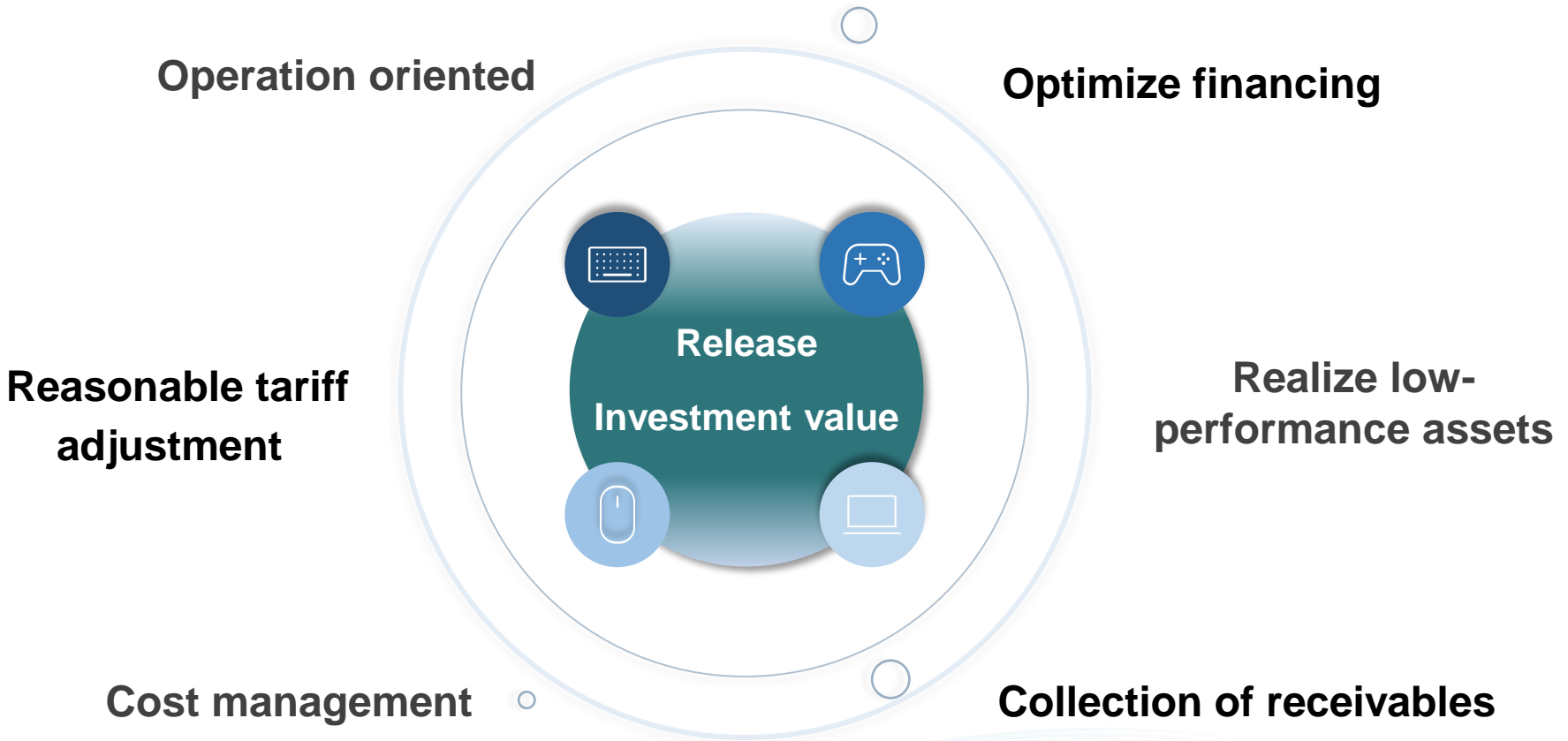
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# Development Strategies





# Development Strategies





## Disclaimer



This presentation may include certain forward-looking statements. The actual results or development of Kangda International Environmental 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 tariff 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 Kangda International Environmental Company Limited undertakes no obligation to update them. Statistical and other information relating to the PRC and the water treatment and related industries contained in this presentation have 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. Moreover, statistics derived from multiple sources may not be prepared on a comparable basis. Neither Kangda International Environmental Company Limited nor any of its directors has verified the accuracy of the information contained in such sources. They therefore make no representation as to the accuracy of this information. Accordingly, the industry information and statistics contained in this presentation may not be accurate and should not be unduly relied upon.



# Thank You

