



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)

2023 Annual Results Announcement

28 March 2024

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Business Review

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Key Events

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**Development
Strategies**



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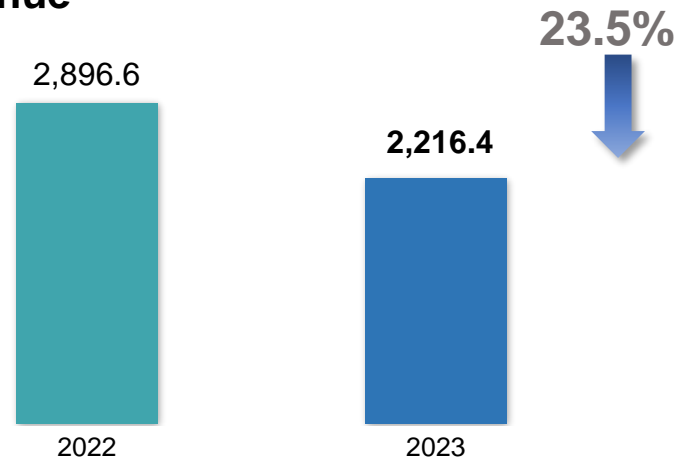
Business Review



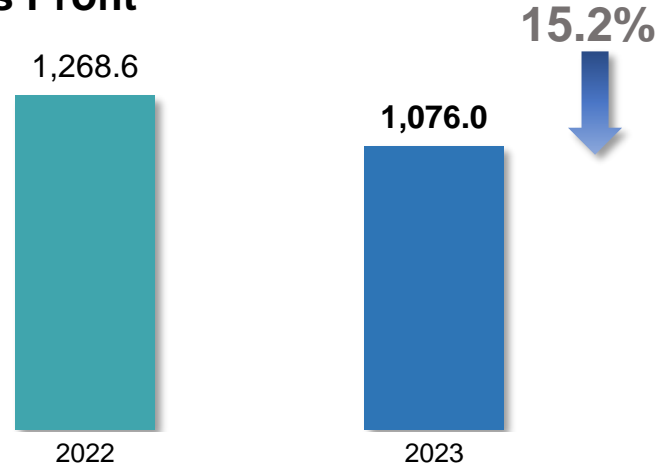
Annual Results Highlight



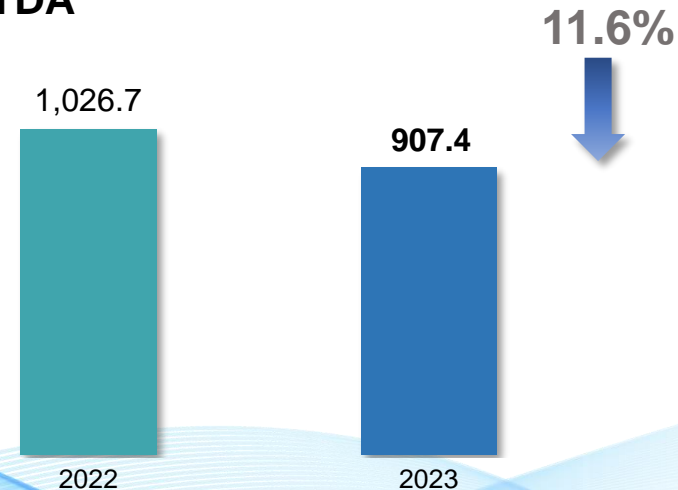
Revenue



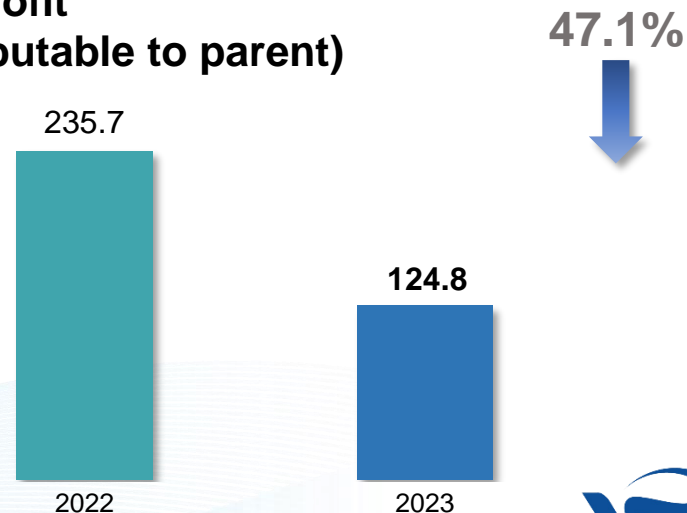
Gross Profit



EBITDA



Net Profit (attributable to parent)



Currency unit: RMB million

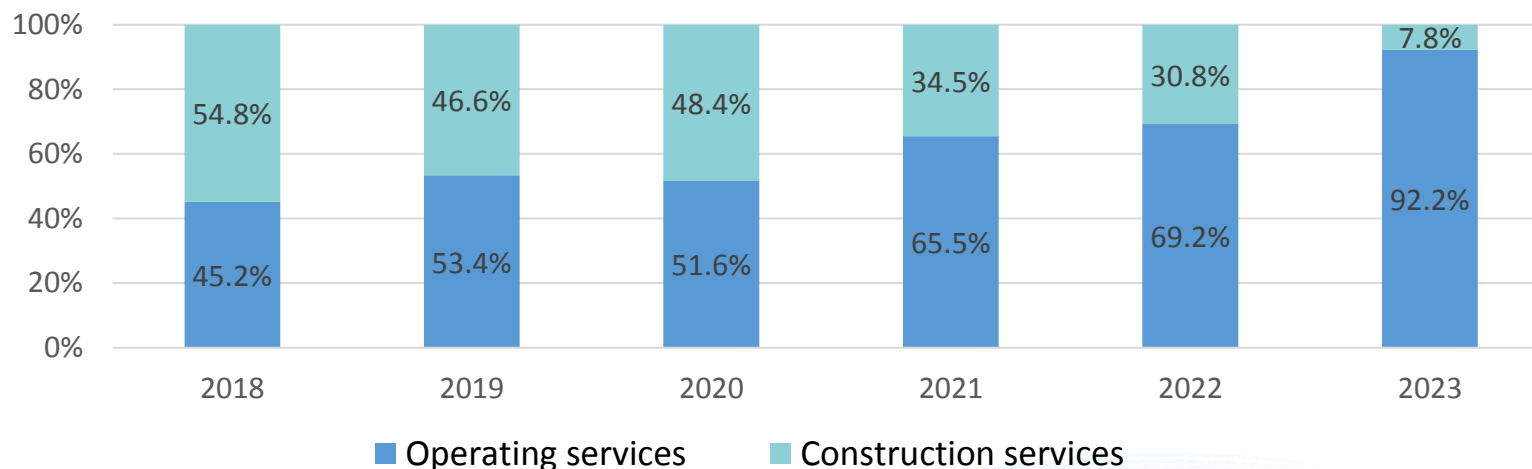


Revenue from Operating Services as the Backbone



RMB (million)	2018	2019	2020	2021	2022	2023
Total Revenue	3,021.3	2,815.2	3,332.4	2,919.0	2,896.6	2,216.4
- Operating services	1,367.1	1,502.3	1,719.3	1,910.5	2,003.4	2,042.8
- construction services	1,654.2	1,312.9	1,613.1	1,008.5	893.2	173.6

Proportion to total revenue



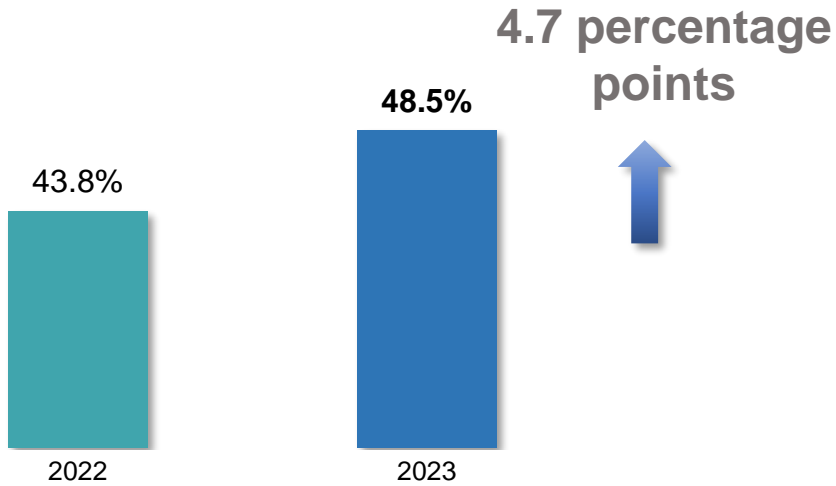
Revenue from operating services grows continuously, account for >90% of total revenue of the year.



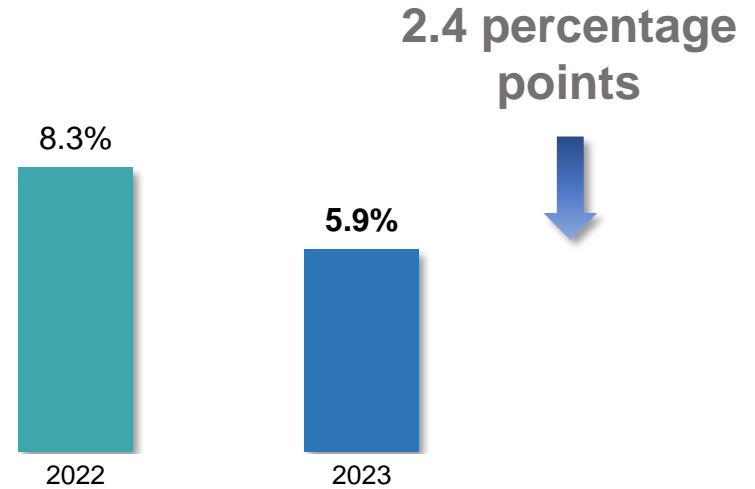
**GP margin increased as proportion of operating services revenue increased,
NP margin pressured by drop in construction services revenue**



Gross profit margin



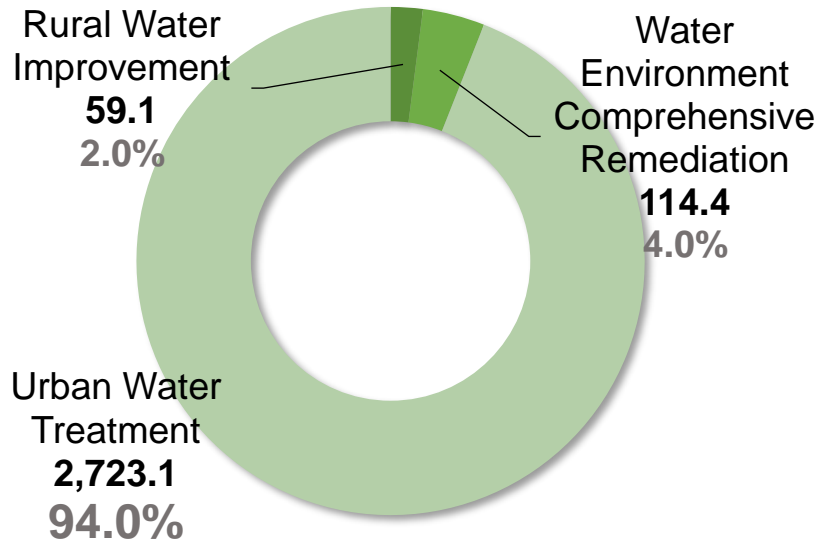
Net profit margin



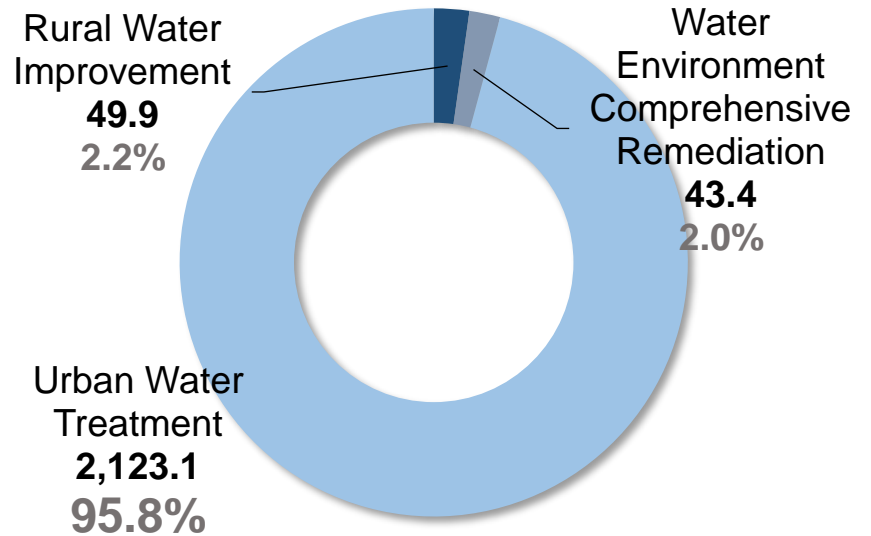
Revenue by Operating Segment



(RMB million)



2022



2023

Focus on the core business : Urban Water Treatment

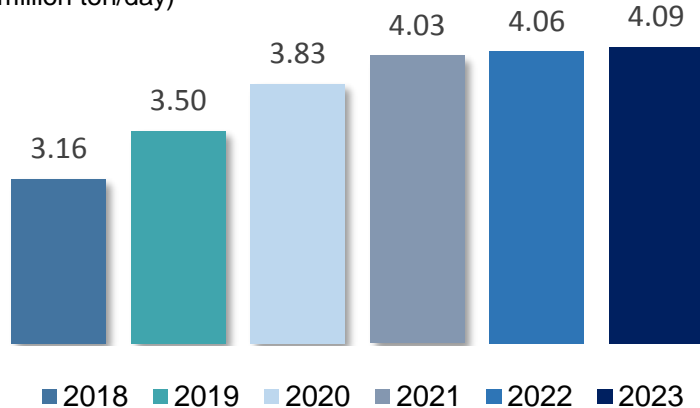


Operating Business Remained Stable

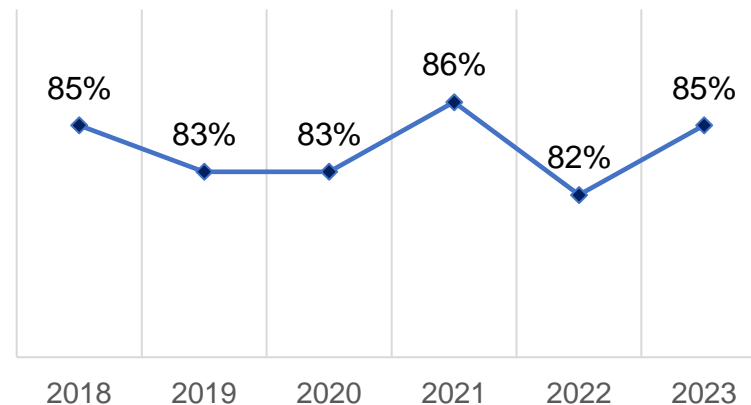


Treatment capacity in operation

(million ton/day)

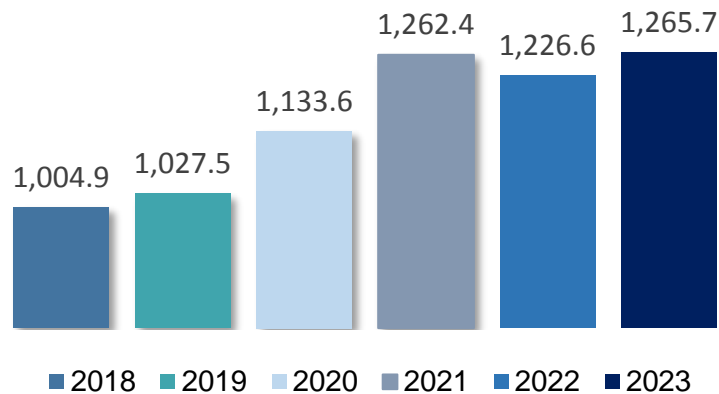


Treatment facilities utilization rate



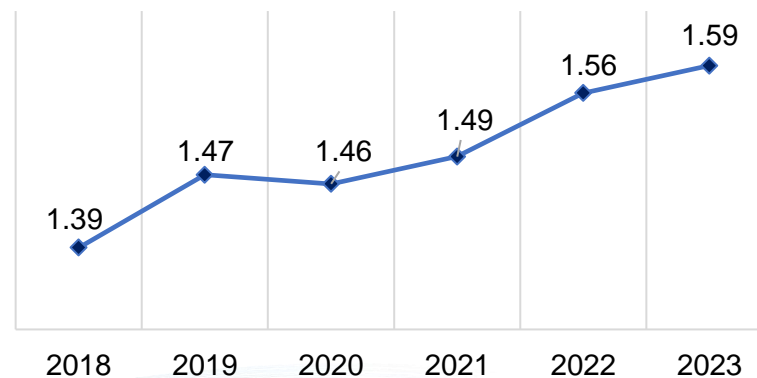
Actual annual treatment volume

(million ton)



Average water treatment tariff

(RMB/ton)



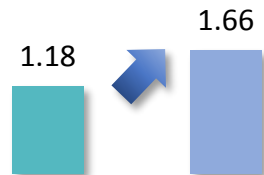
Committed to tariff adjustment for improvement on profitability



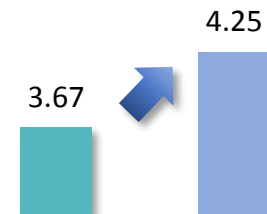
Qishan Plant (Phase 1)



Qishan Plant (Phase 2)



Shandong Dongyin Plant



(RMB/ton)

The Group will fight for normalising tariff adjustment



Number of Urban Water Treatment Projects

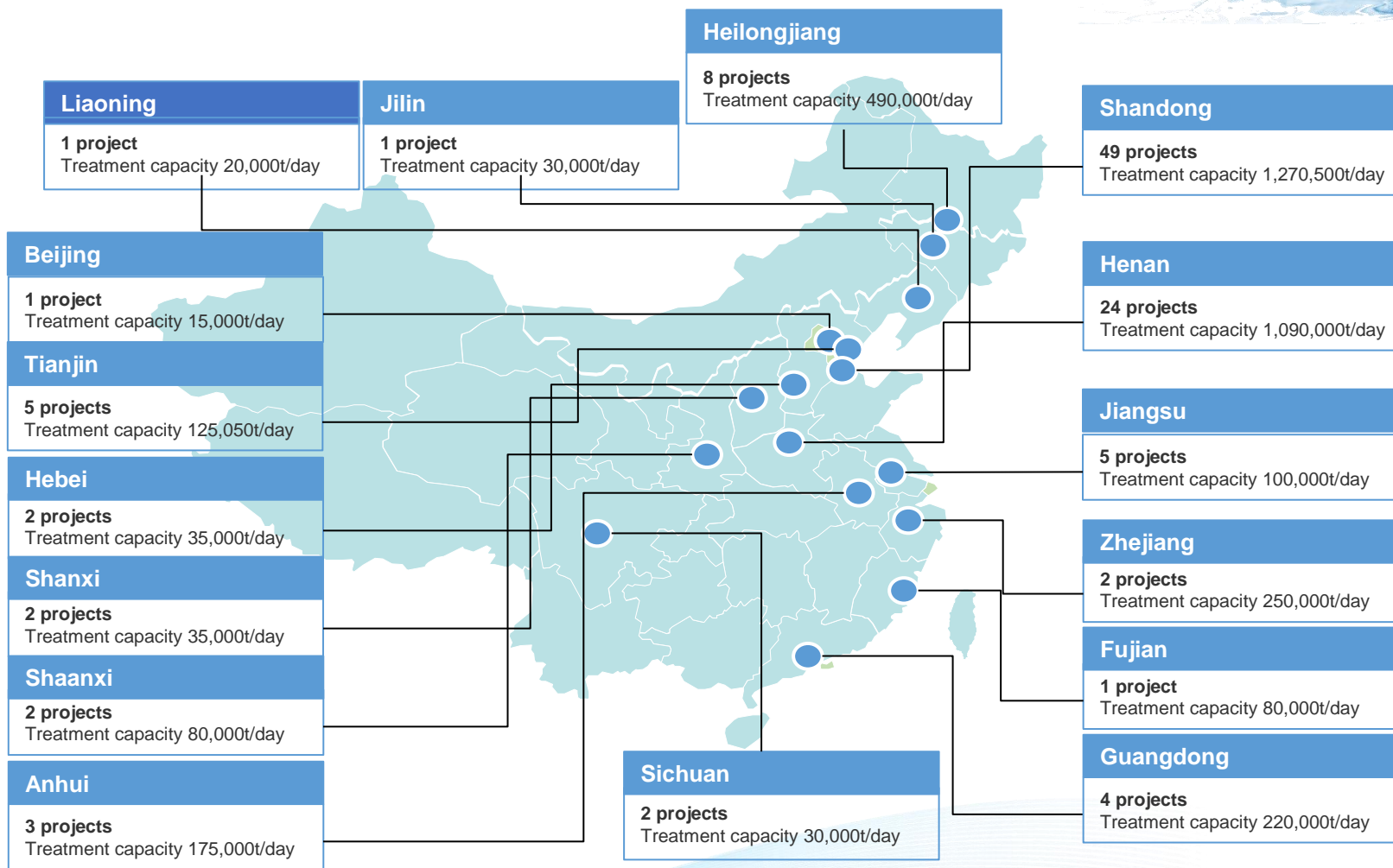


As at 31 December 2023

(Number of projects)	Wastewater Treatment	Water Distribution	Reclaimed Water	Sludge Treatment	Total
In operation	98	-	2	3	103
Not yet commence operation/ Not yet transferred	8	1	-	-	9
Total	106	1	2	3	112



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



2

Financial Performance



Financial Review –

Business focus turns into operation after completion of major construction projects



(RMB million)	2018	2019	2020	2021	2022	2023
Revenue	3,021.3	2,815.2	3,332.4	2,919.0	2,896.6	2,216.4
Gross profit	1,093.2	1,162.6	1,325.6	1,335.3	1,268.6	1,076.0
Gross profit margin	36.2%	41.3%	39.8%	45.8%	43.8%	48.5%
Net profit (attributable to parent)	303.4	376.9	470.5	412.8	235.7	124.8
Net profit margin	10.3%	13.6%	14.1%	14.3%	8.3%	5.9%
EBITDA	1,008.0	1,127.2	1,241.0	1,188.2	1,026.7	907.4

Improve profitability in the long run by reduction in chemical and energy consumption, cost controls and normalized tariff adjustment.

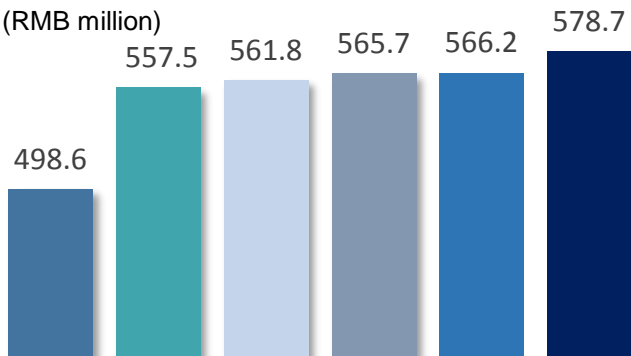


Financial Review



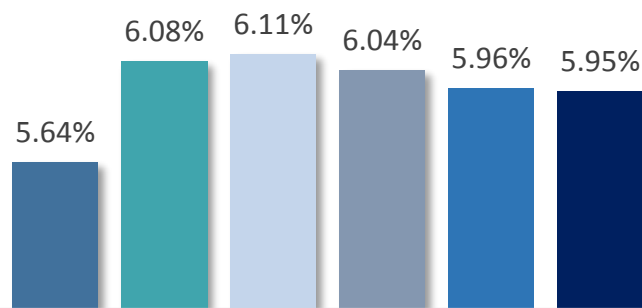
Financial cost

(RMB million)



■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ 2023

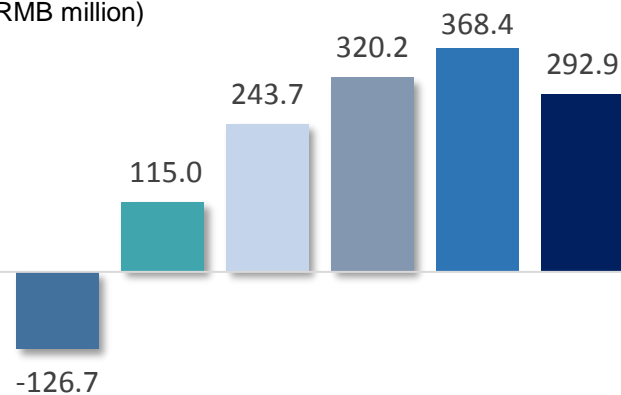
Average interest rate



■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ 2023

Cashflow from operating activities

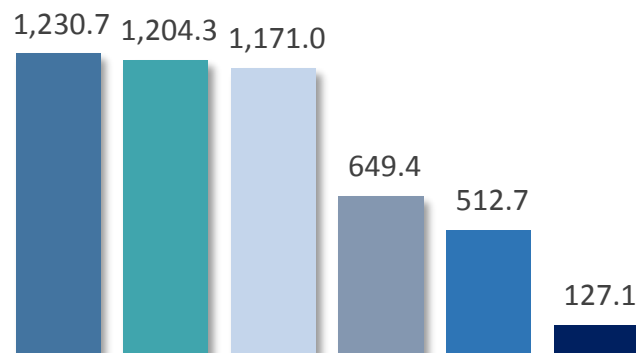
(RMB million)



■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ 2023

Capital expenditure

(RMB million)



■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ 2023

Focus on improving operating cashflow, reducing financing cost and expenses

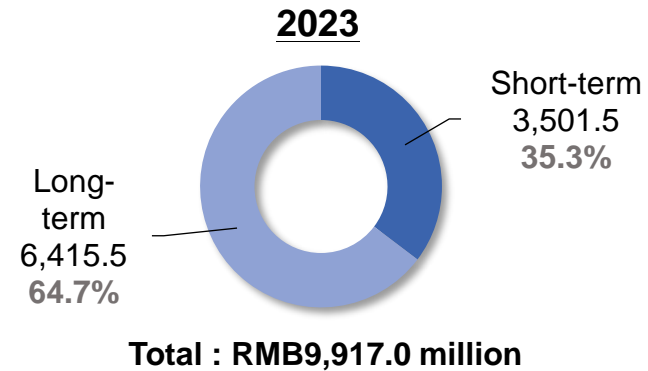
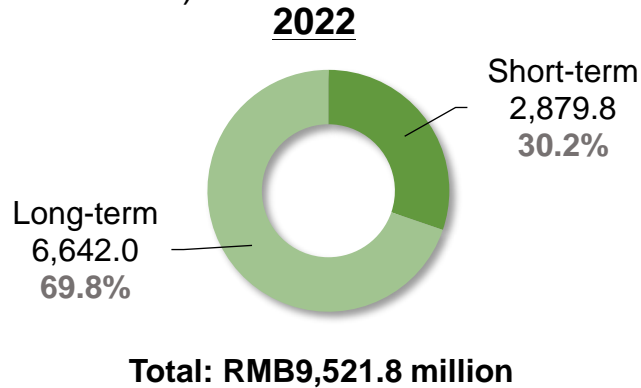


Adjust long/short term debt ratio according to financial environment

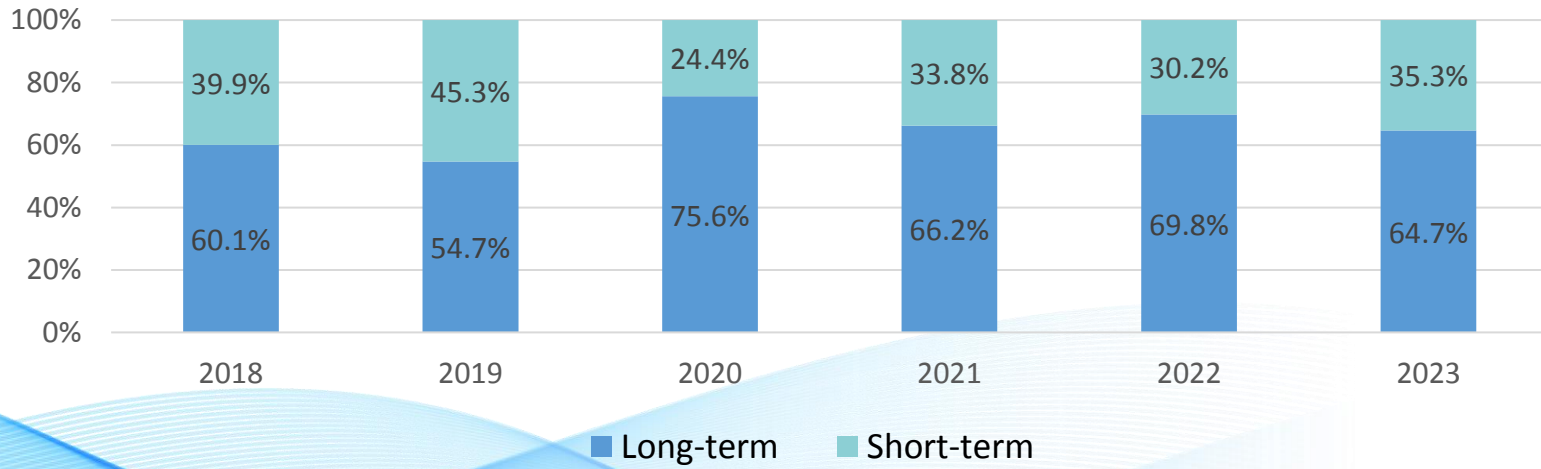


Interest-bearing borrowings

(RMB million)



Long/short term debt ratio



Control credit risk proactively

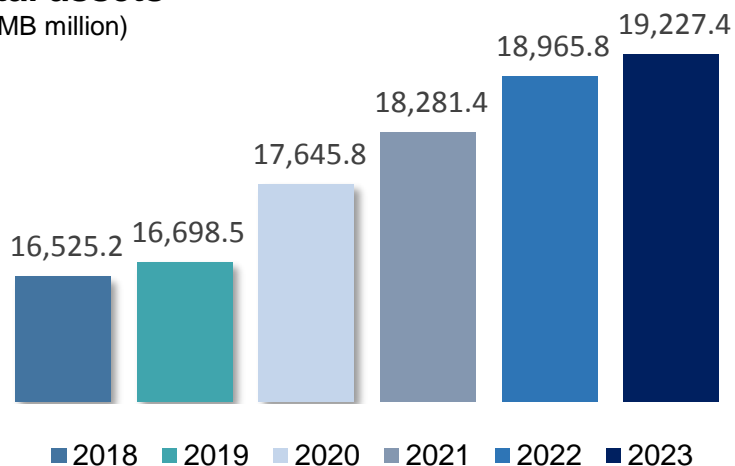


Balance sheet performance



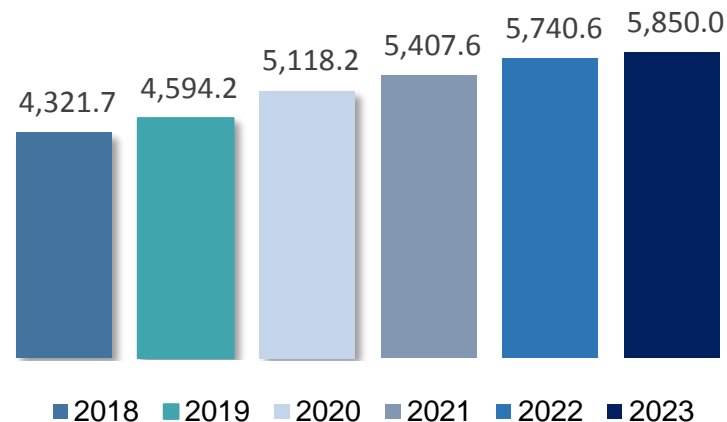
Total assets

(RMB million)

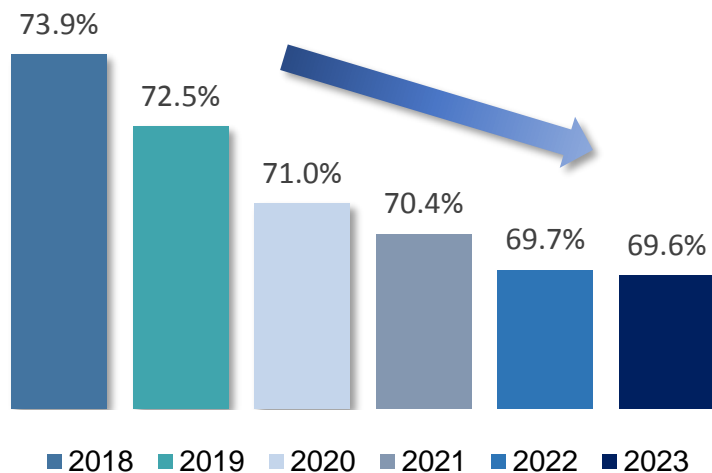


Total equity

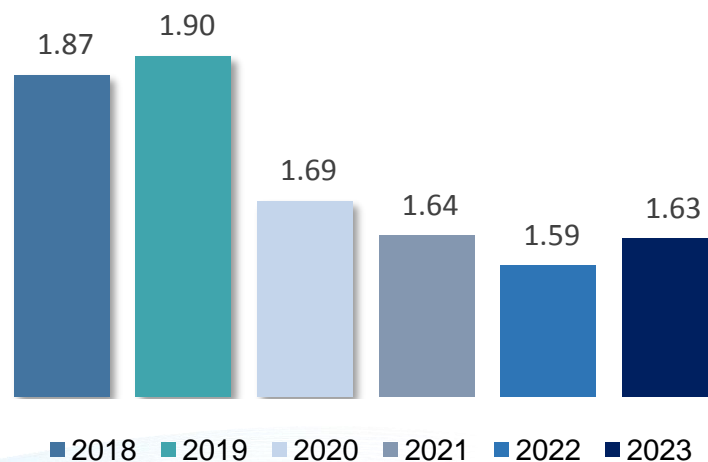
(RMB million)



Debt asset ratio



Net debt to equity ratio



Balance sheet performance improves continuously

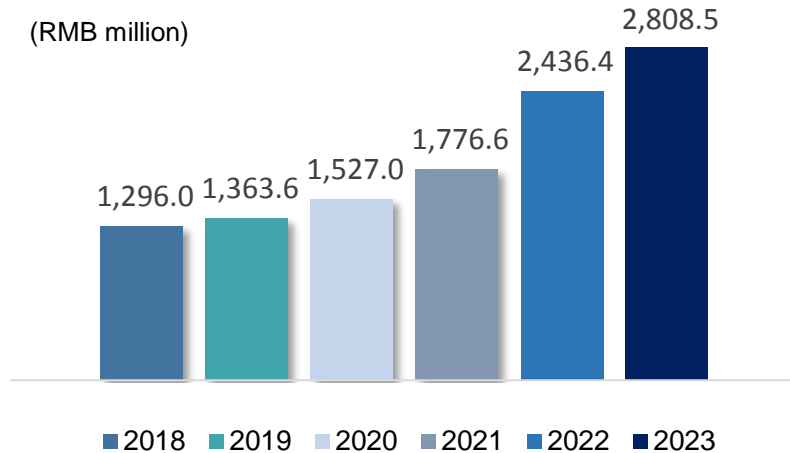


Balance sheet performance



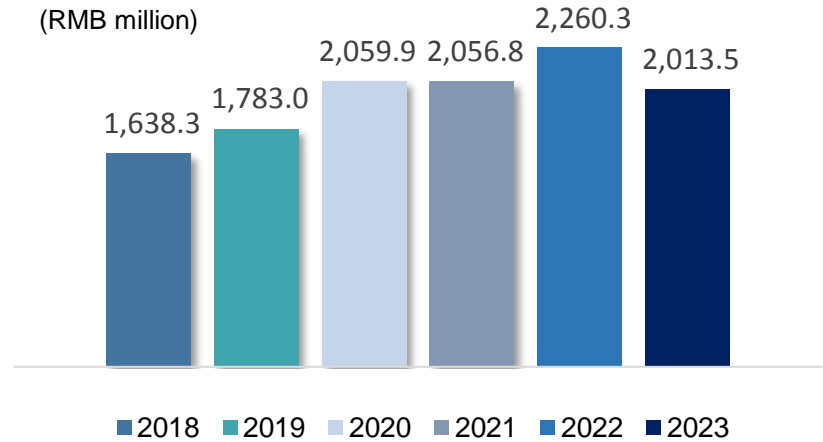
Trade receivables

(RMB million)

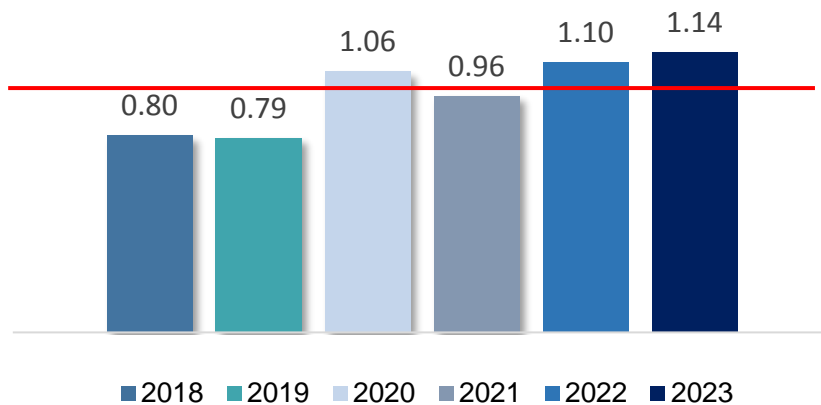


Trade payables

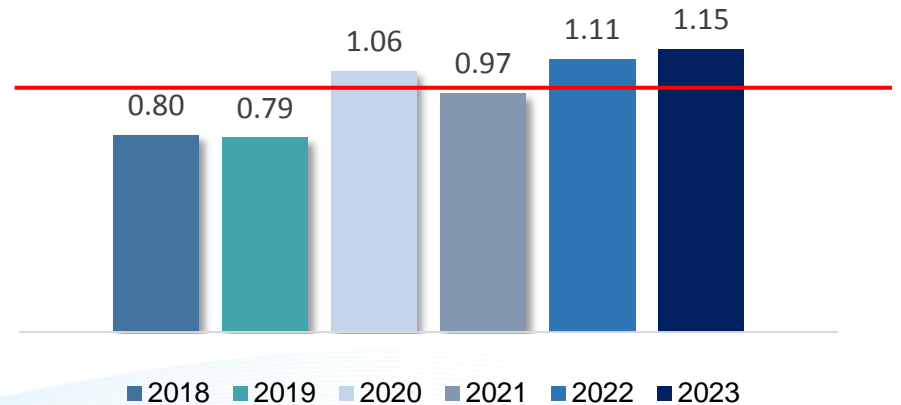
(RMB million)



Quick ratio



Current ratio



Focus on receivables collection to accelerate fund flow and improve liquidity



3

5-Year Review



5-year review -

Treatment capacity significantly increased as major construction projects completed

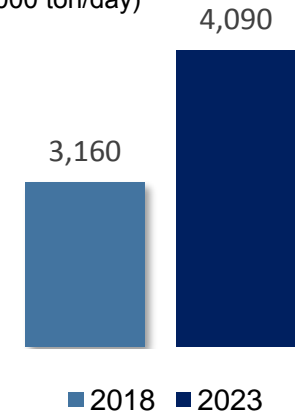


Addition of capacity by year

Year	Project	Capacity ('000 ton)
2019	Shangqiu City 6 th Plant (Phase 2)	50
	Dacheng County (Phase 2)	20
	Shenyang Jinhai Plant	60
	Harbin Plane Expansion (Phase 2)	100
	Taiyuan Plant (Phase 1)	150
2020	Longkou Plant	40
	Qitaihe Plant 1 Expansion	25
	Qitaihe Plant 1 Expansion (Reclaimed Water)	25
	Guangdong Huizhou Huiyang Plant (Phase 1)	80
	Linyin Plant Upgrade and Expansion	30
	Ma'an Plant (Phase 1)	100
	Weiyuan County Plant 2	10
	Dandong Plant	20
2021	Jining Plant 2 (Phase 2)	15
	Dongping Plant (Phase 1)	20
	Fengxian Plant (Phase 2 Expansion)	20
	Taiyuan City Fendong Plant	200
2022	Shen County Phase 3 Expansion	30
2023	Henan Hebi Plant Phase 1 Expansion	15
	Henan Jiyuan Plant	20
Newly added capacity 2019 – 2023 :		1,030

Capacity in operation

('000 ton/day)



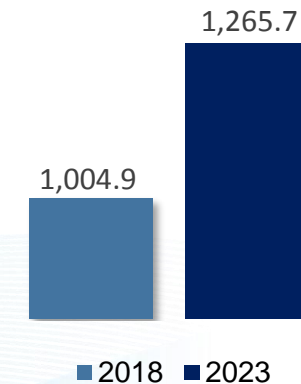
**Net increase
29%***



(*excluding disposed capacity)

Annual actual treatment volume

(million ton)



**Total
increase
26%**



5-year review - Tariff adjustments upon upgrading



Year	Project	Original tariff (RMB/ton)	Adjusted tariff (RMB/ton)	Capacity ('000 ton)
2019	Shandong Linyi Plant	0.95	1.57	40
	Pingdingshan City Bay Plant	1.10	1.25	130
	Liaocheng Plant	1.35	2.06	30
	Shandong Haiyang Plant	1.27	1.65	20
	Henan Shangqiu Plant Phase 1	0.87	1.09	80
	Harbin Plant	0.85	1.67	150
	Pingdingshan Wugang Plant	1.00	1.45	20
	Wenzhou Plant Phase 1	0.93	1.56	150
2020	Beijing Caiyu Plant	1.32	3.24	15
	Sichuan Weiyuan Plant	2.31	3.20	20
	Henan Linying Plant	1.26	2.27	30
	Linying Plant Upgrade and Expansion	1.52	2.27	30
	Qitaihe Plant 1	0.92	1.19	50
2021	Shandong Guangrao Plant (Expansion)	1.40	2.98	25
	Qingzhou Meiling Plant	1.35	1.80	50
	Dong'e County Plant	1.67	2.37	20
	Suihua Plant (Phase 2)	0.98	1.54	50
	Shandong Guangrao Plant	1.40	2.98	50
	Suihua Plant (Phase 1)	0.98	1.54	50
	Huadian Plant	1.16	1.31	30
	Dongsheng Plant	2.88	3.10	30
2022	Shandong Weifang Plant	1.30	2.88	10
	Shandong Yucheng Plant	1.10	1.88	30
	Shandong Yucheng Plant (Phase 2)	1.27	1.88	30
	Ma'an Plant (Phase 1)	0.91	1.06	100
	Guangdong Huizhou Huiyang Plant	1.06	1.32	80
2023	Dongying Plant	2.83	3.67	50
	Qishan Plant (Phase 1)	1.18	1.66	40
	Qishan Plant (Phase 2)	1.18	1.66	40
	Dongying Plant	3.67	4.25	50

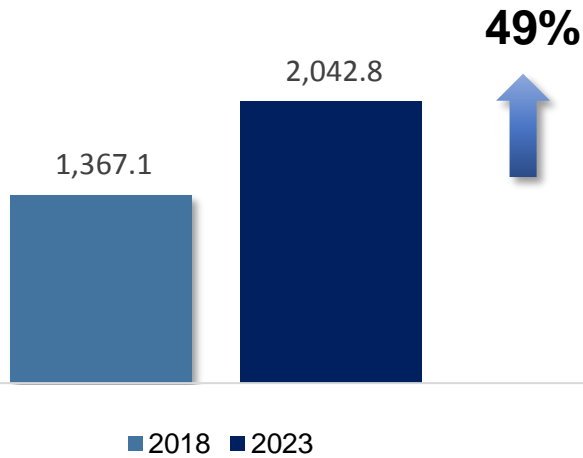
**Total upgraded capacity :
1.5 million ton/day**



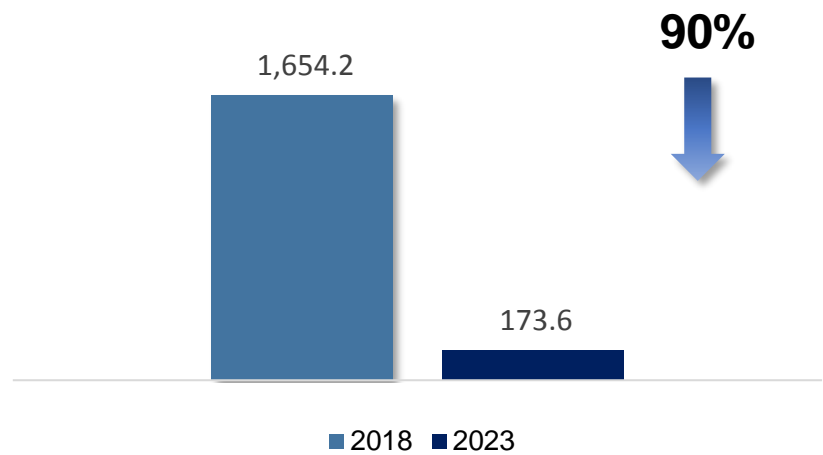
5-year review - Transfer of business focus from construction to operating



Revenue from Operating Services (RMB million)



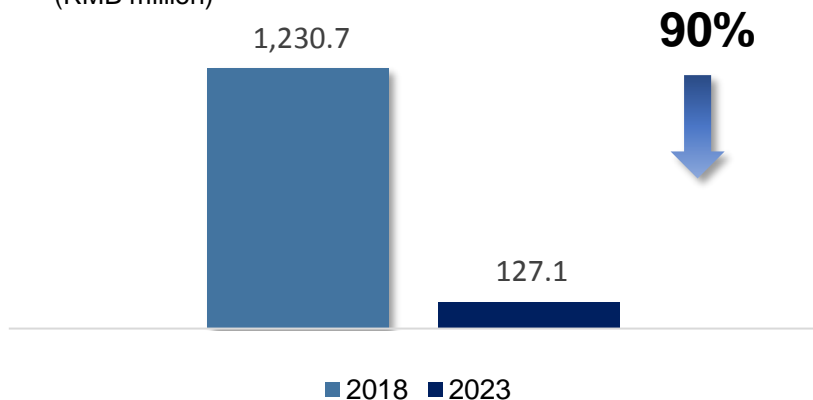
Revenue from Construction Services (RMB million)



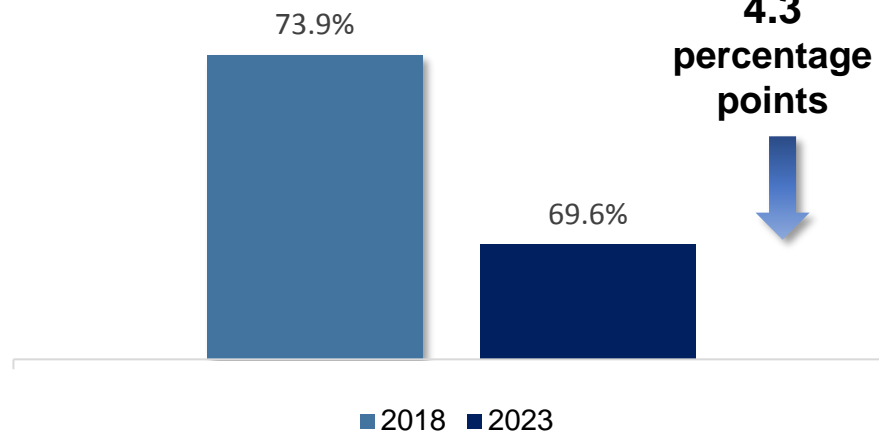
5-year review - Strict control of capital expenditures, improving debt/asset ratio



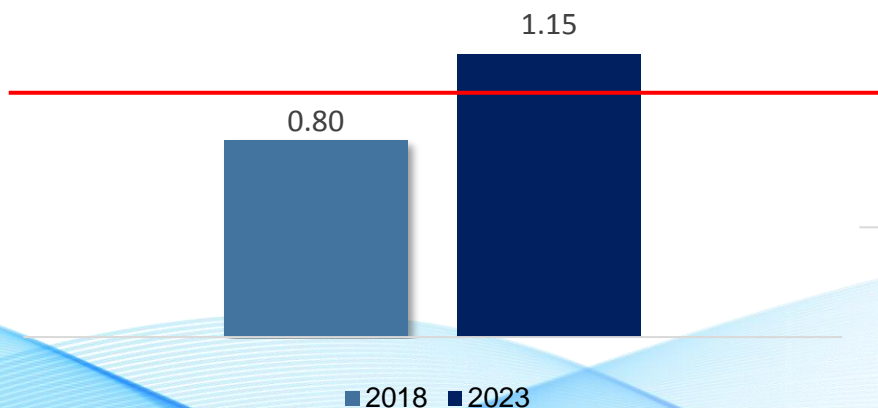
Capital expenditure (RMB million)



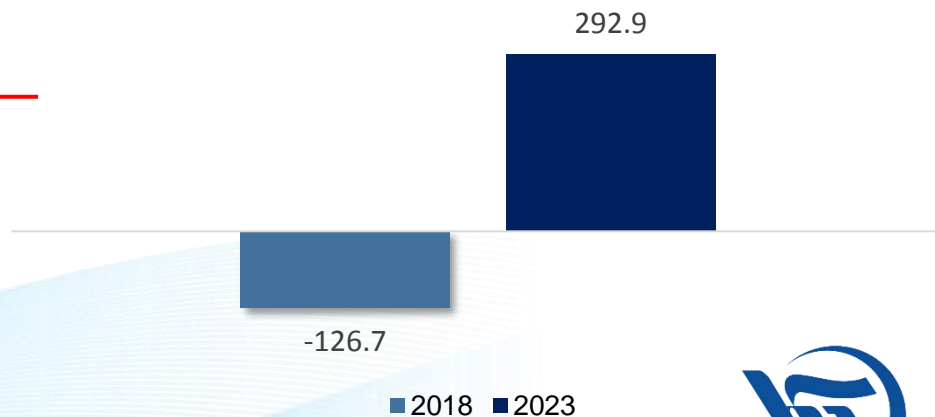
Debt/asset ratio



Current ratio



Net cash flow form operating activities (RMB million)



4

Key Events



Key Events



- **Ranked in “Top 50 Environmental Enterprises of China” for 6 consecutive years**
- **Completion of disposal of non-controlling investment : Zhongyuan Water Group Co., Limited**
- **Replace USD based borrowings to reduce interest expenses**
- **Hebi and Jiyuan Plant commenced operation, Jining, Ninghe and Tianjin Plant construction completed**
- **PPP projects in Yun’an and Jiaoling started operation and collecting fees**
- **Proactively using litigation means on debt collection**

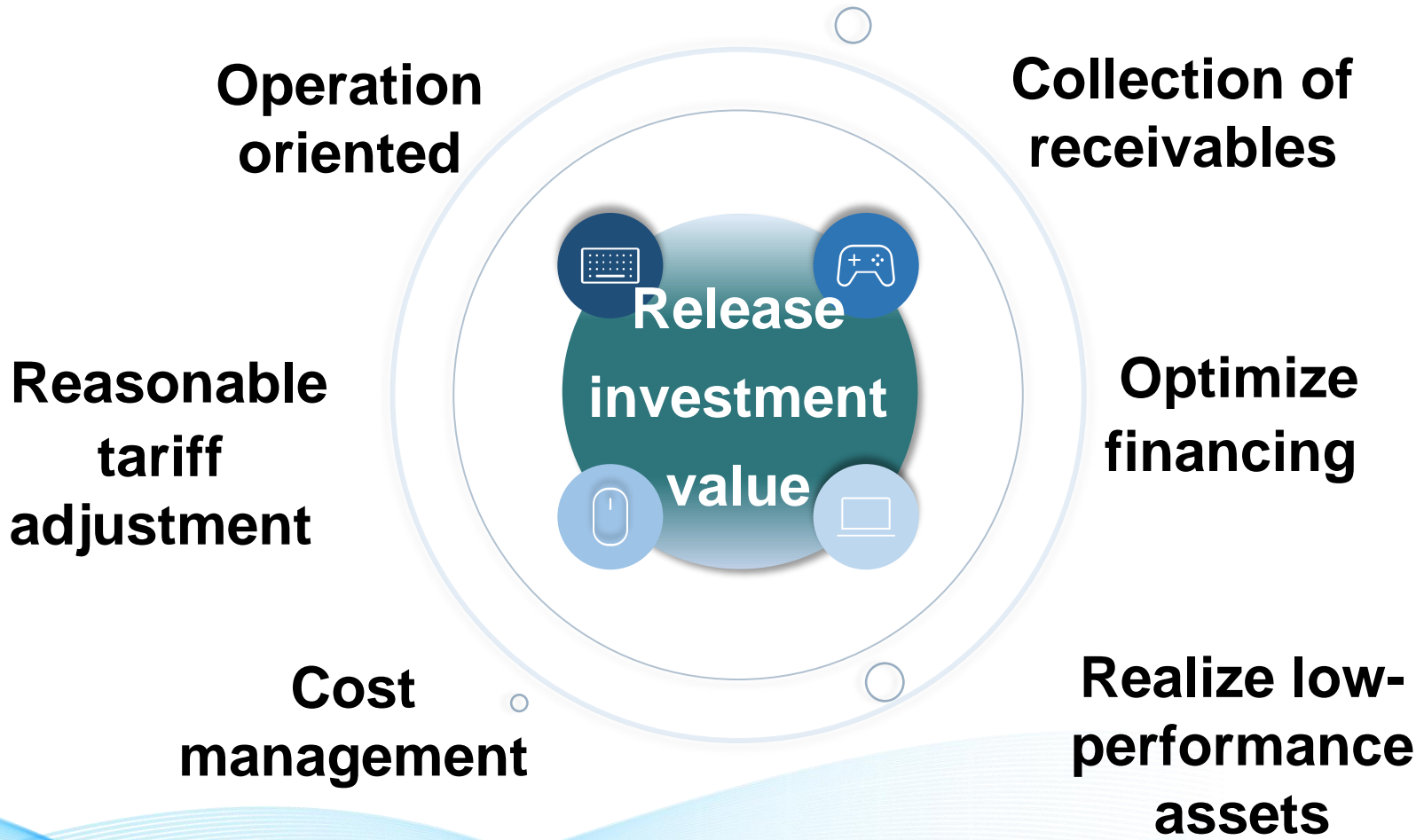


5

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

