



LESSO 联塑

CHINA LESSO GROUP HOLDINGS LIMITED

中國聯塑集團控股有限公司

Incorporated in the Cayman Islands with limited liability

於開曼群島註冊成立的有限公司

Stock Code 股份代號：2128

2022 Annual Results Corporate Presentation

March 2023

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Outlook

Results highlights

1 Maintained solid business fundamental and achieved stable development

- ★ Against the complicated and changing macro environment, the recurring Covid-19 pandemic at home and abroad, and the downturn of the real estate industry in the PRC, the Group recorded revenue : **RMB30.767 billion**
- ★ Gross profit: **RMB8.241 billion**
- ★ Profit attributable to the owners of the Company: **RMB2.517 billion**
- ★ Revenue of plastic piping systems: **RMB25.607 billion**; Sales volume: **2.39 million tonnes**

2 Developed a new growth engine

- ★ Guangdong Lesso Banhao has entered into the photovoltaic industry in January 2022 and recorded revenue of RMB589 million



3 Upgraded the brand strategy

- ★ Strengthened the practice of its slogan “Envisioning the Better, Building the Future” and committed to providing sustainable green products and services



Results highlights (Cont'd)

4 Established a diversified customer portfolio to minimise business risk

- * Proactively invested in national projects of strategic importance and urban redevelopment projects
- * Aggressively conducted extensive strategic collaboration with different government departments, premium central government-owned enterprises and private enterprises

5 Successfully secured leading enterprises as new customers in the traditional industries

- * Focused on expanding the environmental protection business for industry leaders or important customers, successfully securing a leading enterprise in the domestic beverage industry with whom the Group signed contracts to undertake several wastewater treatment projects



6 Actively expanded overseas markets with a focus on the Southeast Asian market

7 Maintained stable and healthy financial position

- * Cash and bank deposits of approx. RMB 7.362 billion



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Business Review

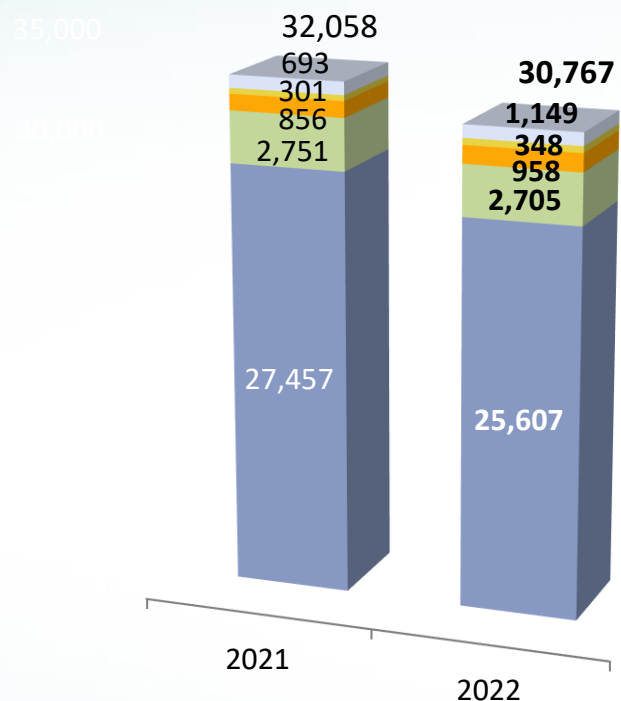
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Outlook

Total revenue

Total revenue

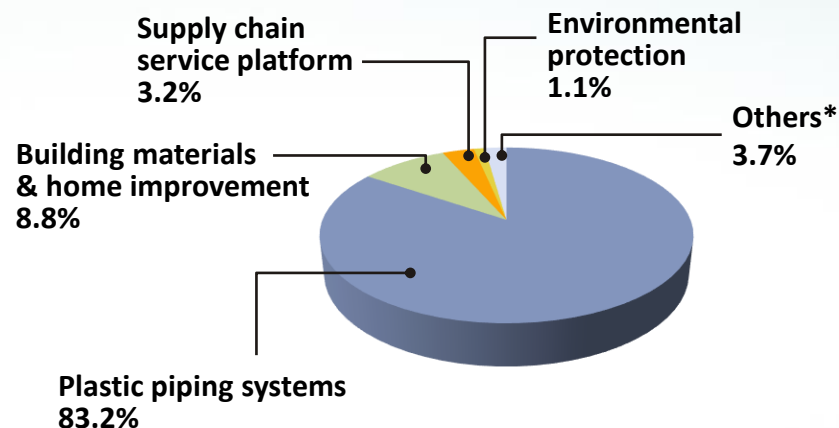
(RMB million)



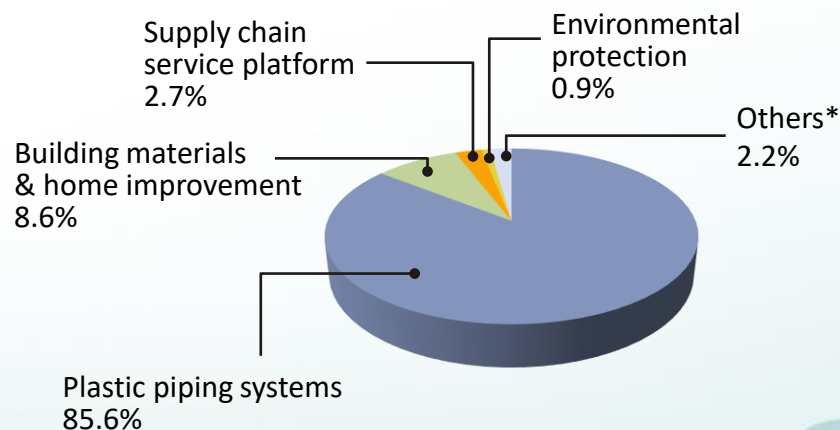
Remark: Others* including new energy, finance, plastic film, connection materials and other businesses

Total revenue (by business segment)

2022

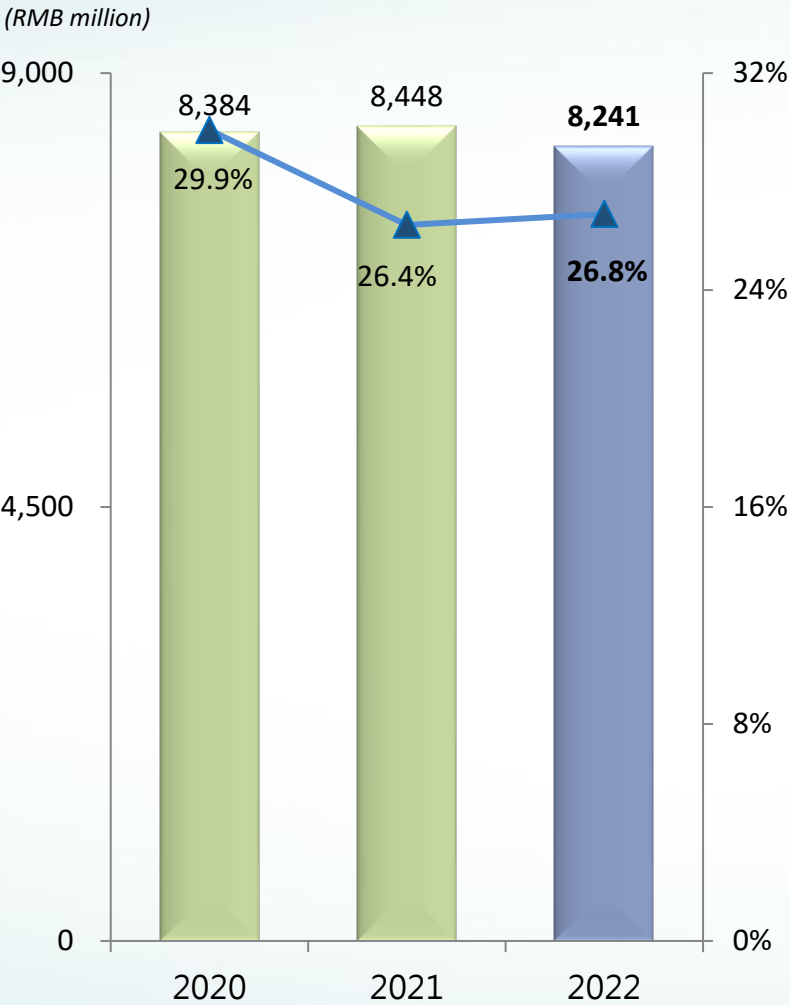


2021

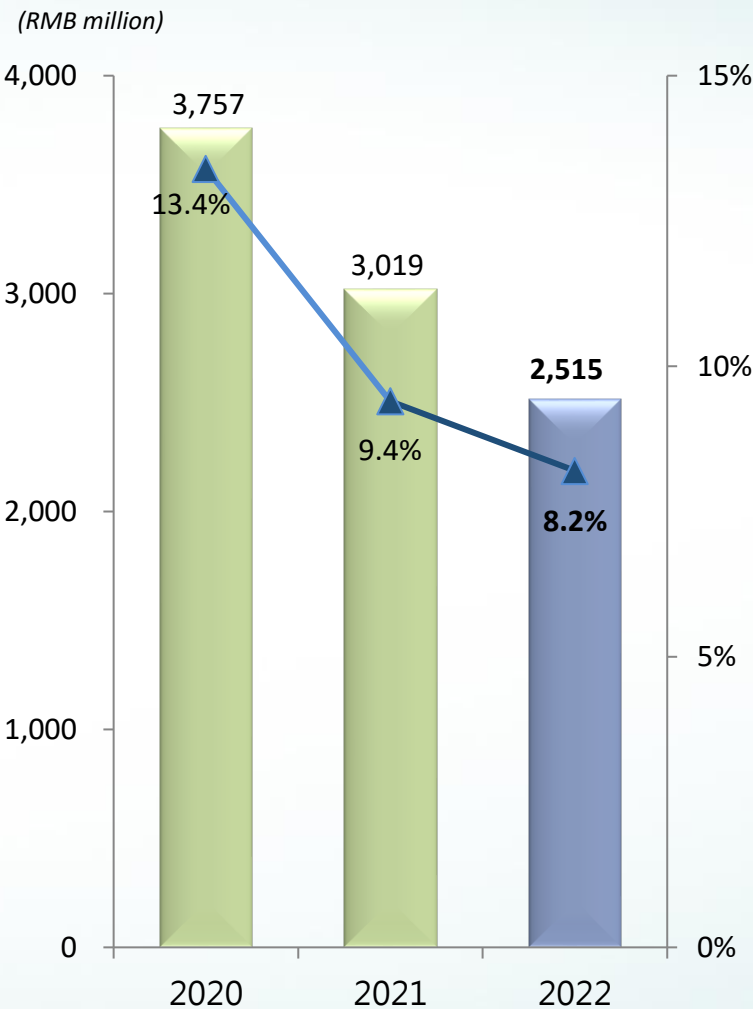


GP & NP analysis

GP & GP margin



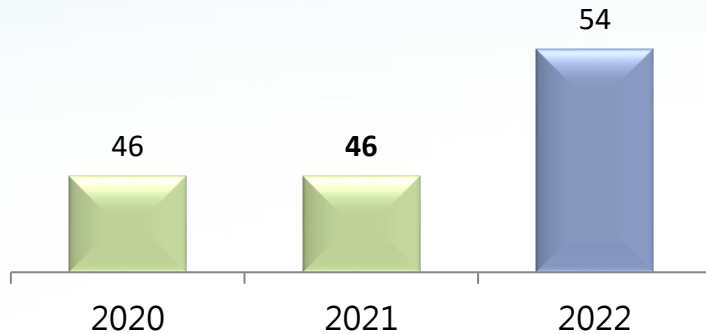
NP & NP margin



Key financial indicators analysis

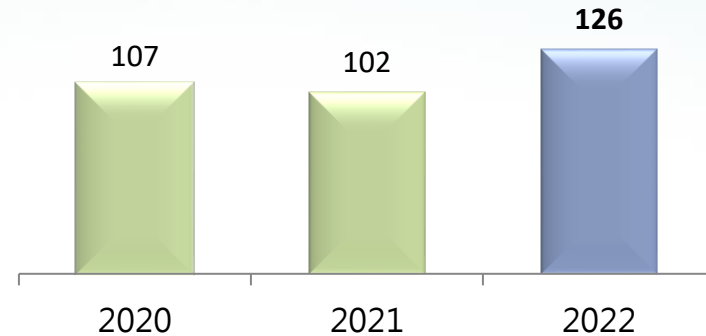
Trade receivable days

(days)



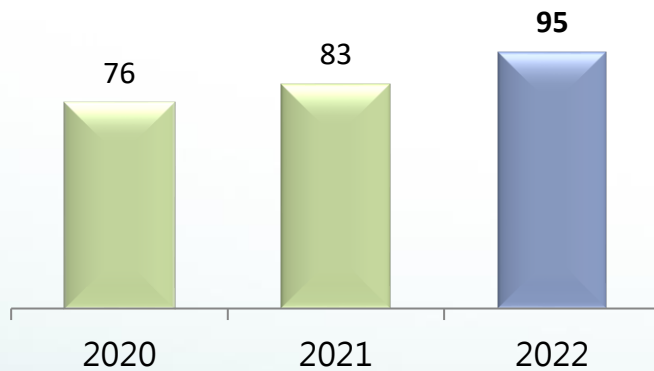
Trade payable days

(days)



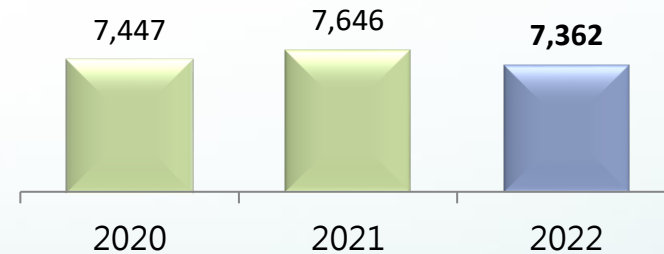
Inventory turnover days*

(days)



Cash & bank deposits

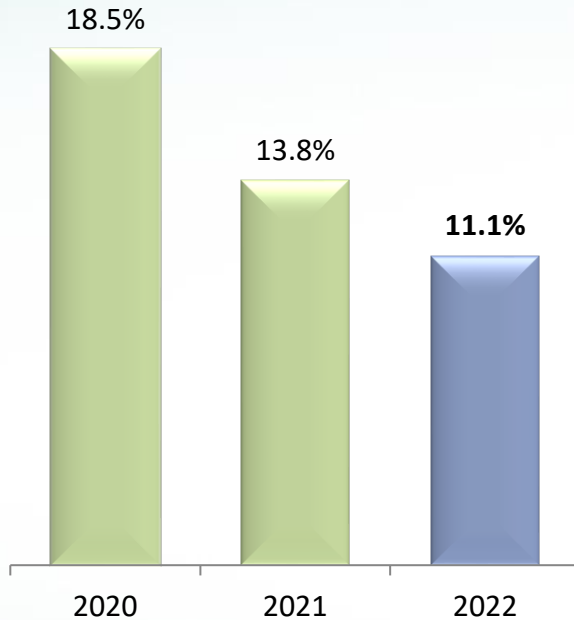
(RMB million)



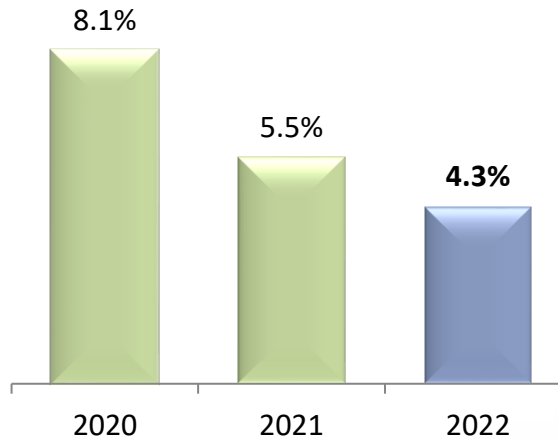
* Remark: excluding properties

Return ratios analysis

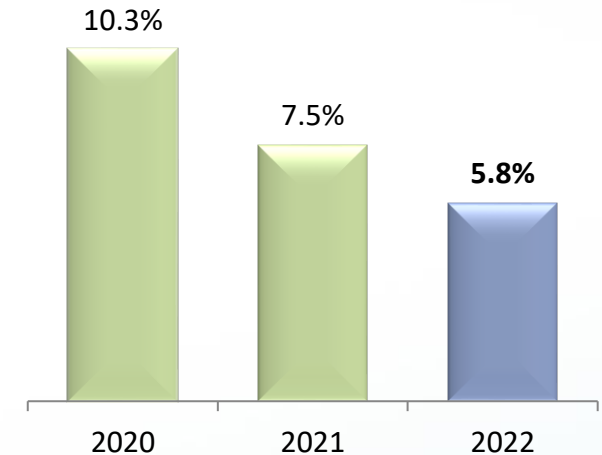
Return on equity⁽¹⁾



Return on assets⁽²⁾



Return on invested capital⁽³⁾



(1) Net profit divided by total equity at the end of the period

(2) Net profit divided by total asset at the end of the period

(3) Net profit divided by (total debt + total equity)



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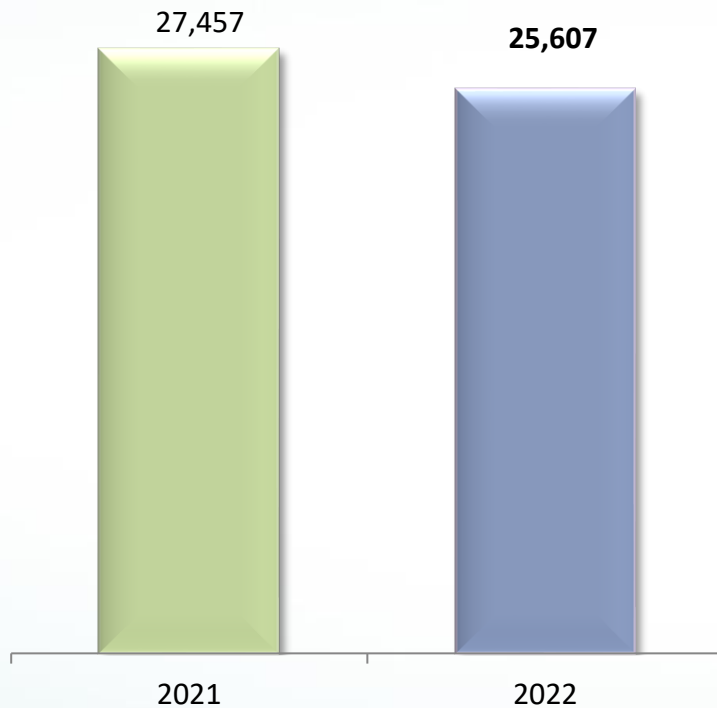
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Outlook

Plastic piping systems business: revenue & sales volume

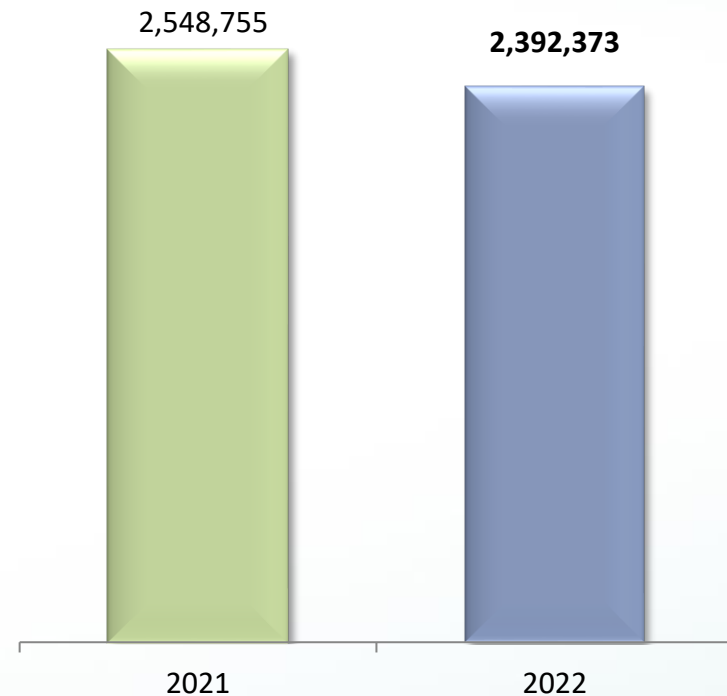
Segment revenue

(RMB million)



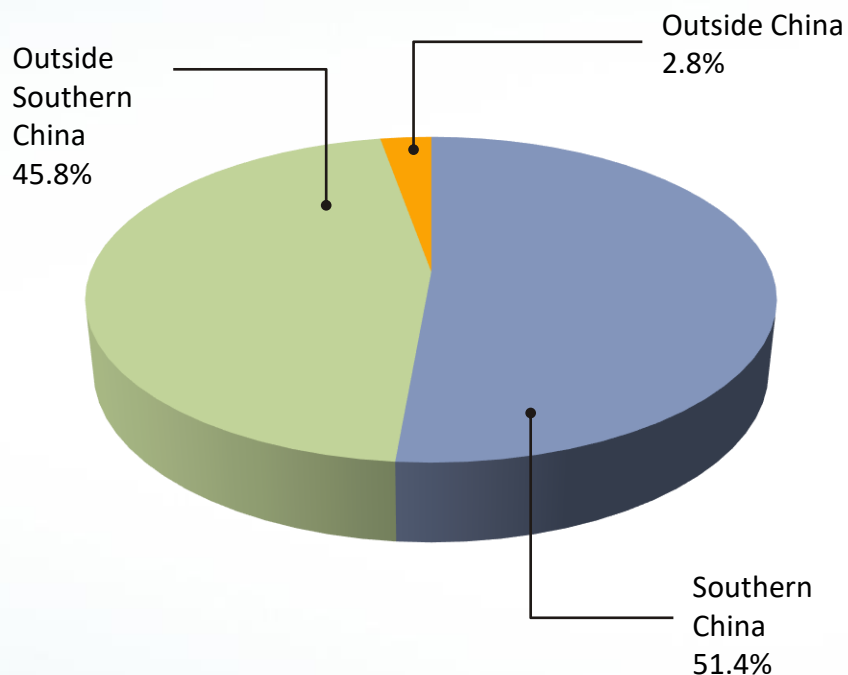
Segment sales volume

(tonnes)

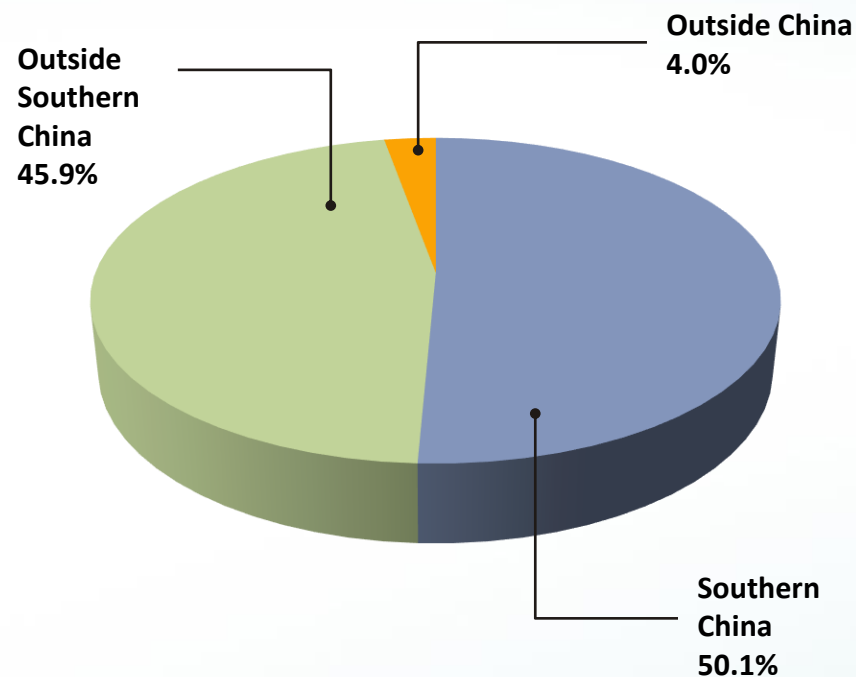


Plastic piping systems business: revenue breakdown by region

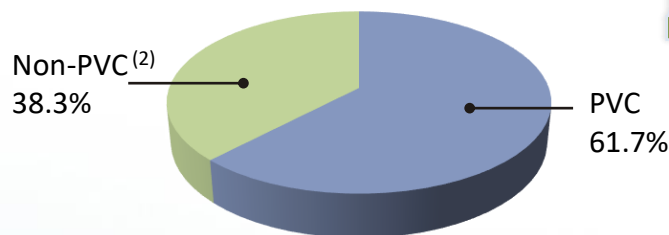
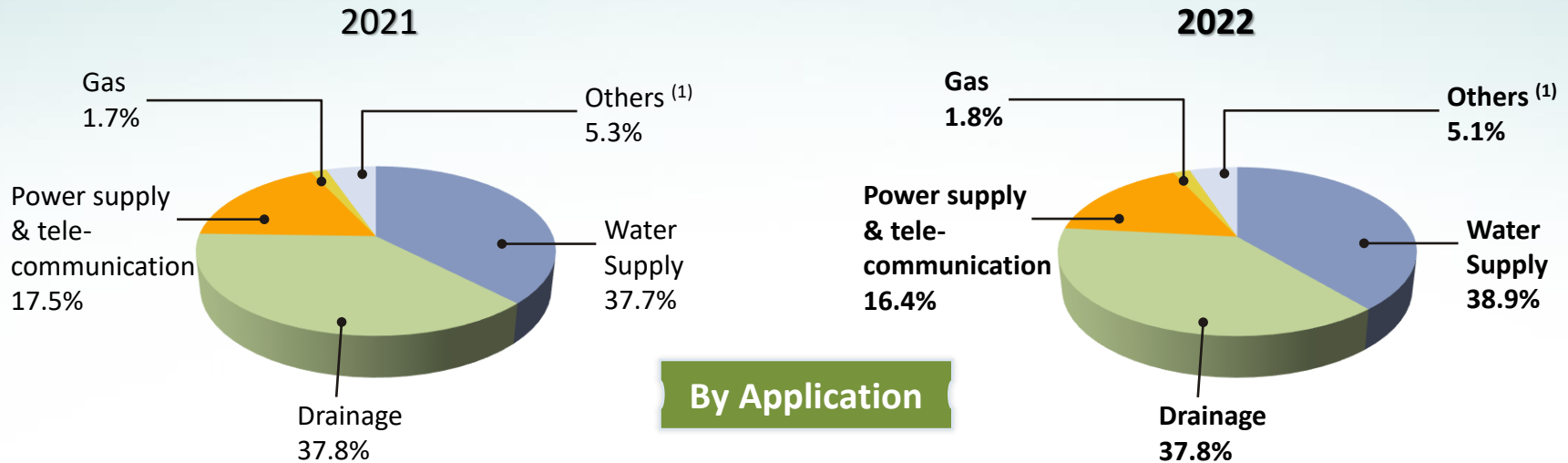
2021



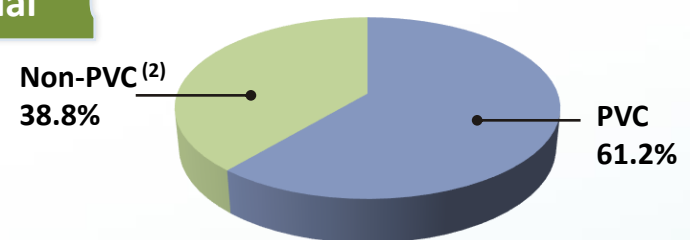
2022



Plastic piping systems business: revenue analysis



Total pipe products revenue:
RMB 27.457billion



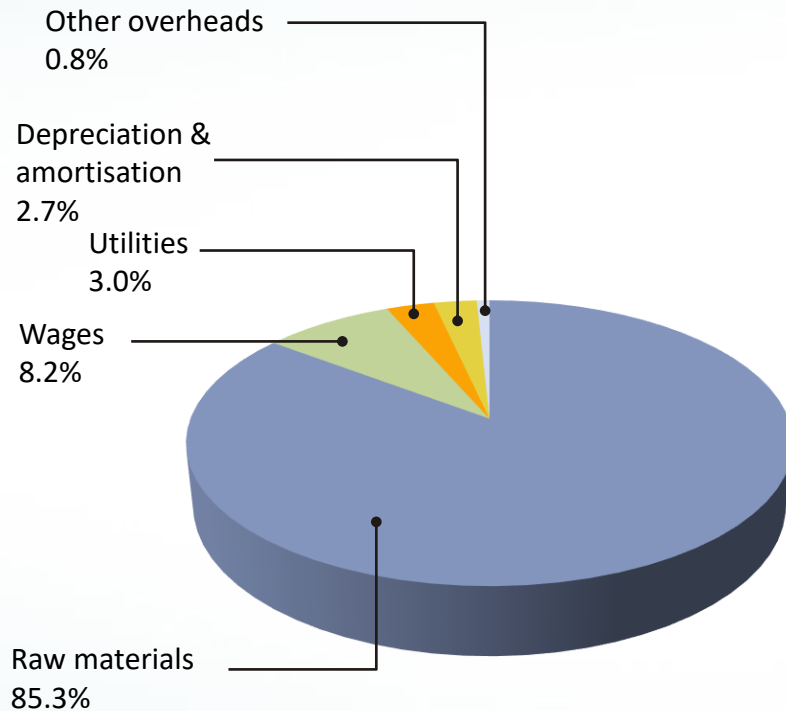
Total pipe products revenue:
RMB 25.607 billion

(1) Others include agricultural applications, floor heating and fire services

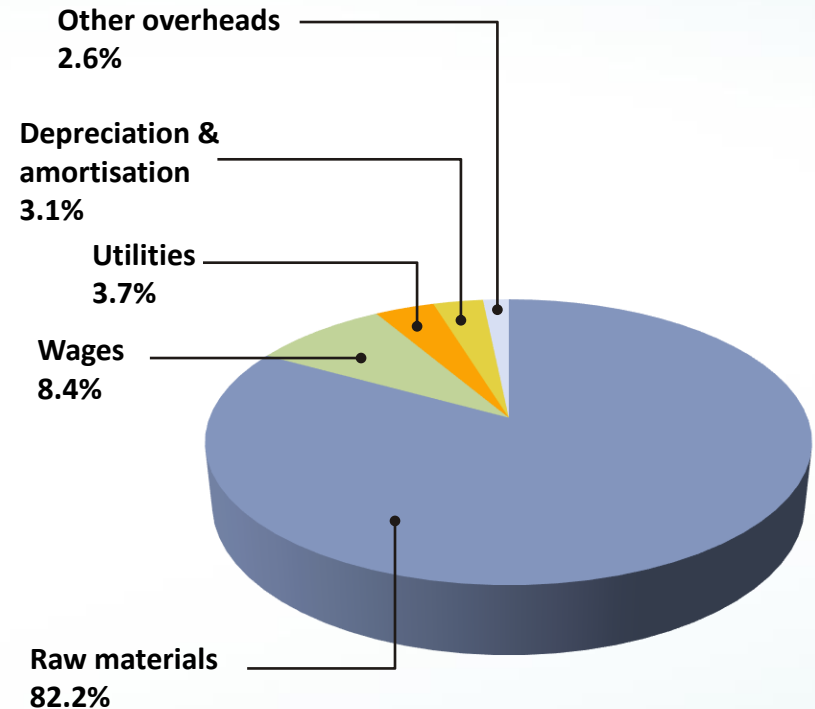
(2) Non-PVC includes PE, PP-R, etc

Plastic piping systems business: cost structure

2021



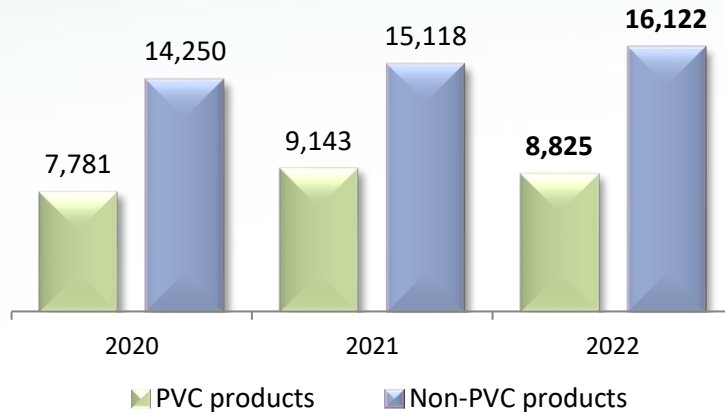
2022



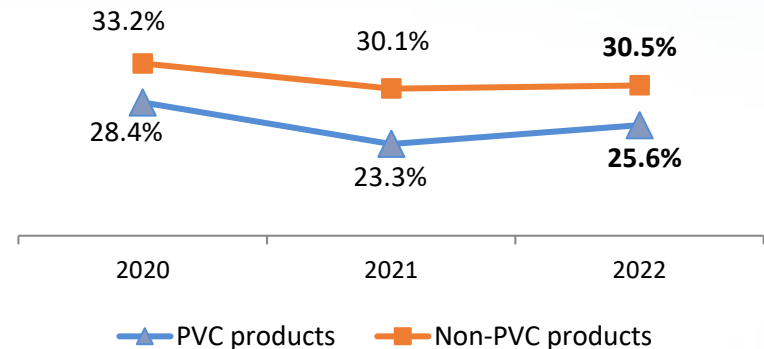
Plastic piping systems business: ASP & GP margin analysis

ASP per tonne – by material

(RMB)

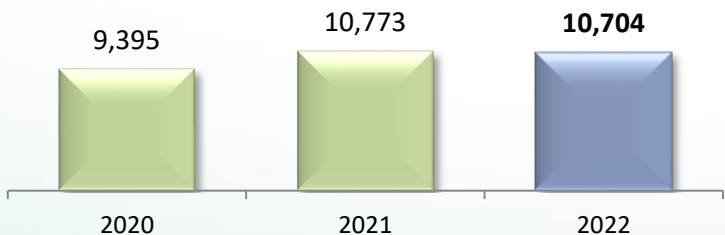


GP margin – by material

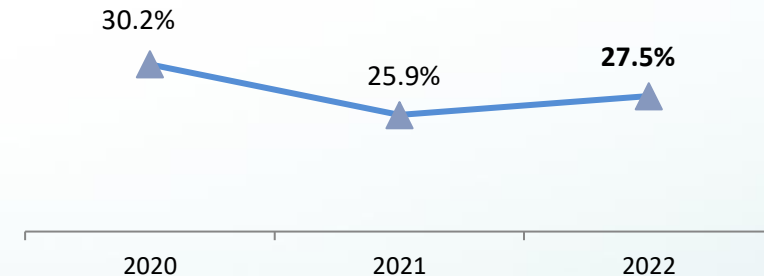


ASP per tonne - overall

(RMB)

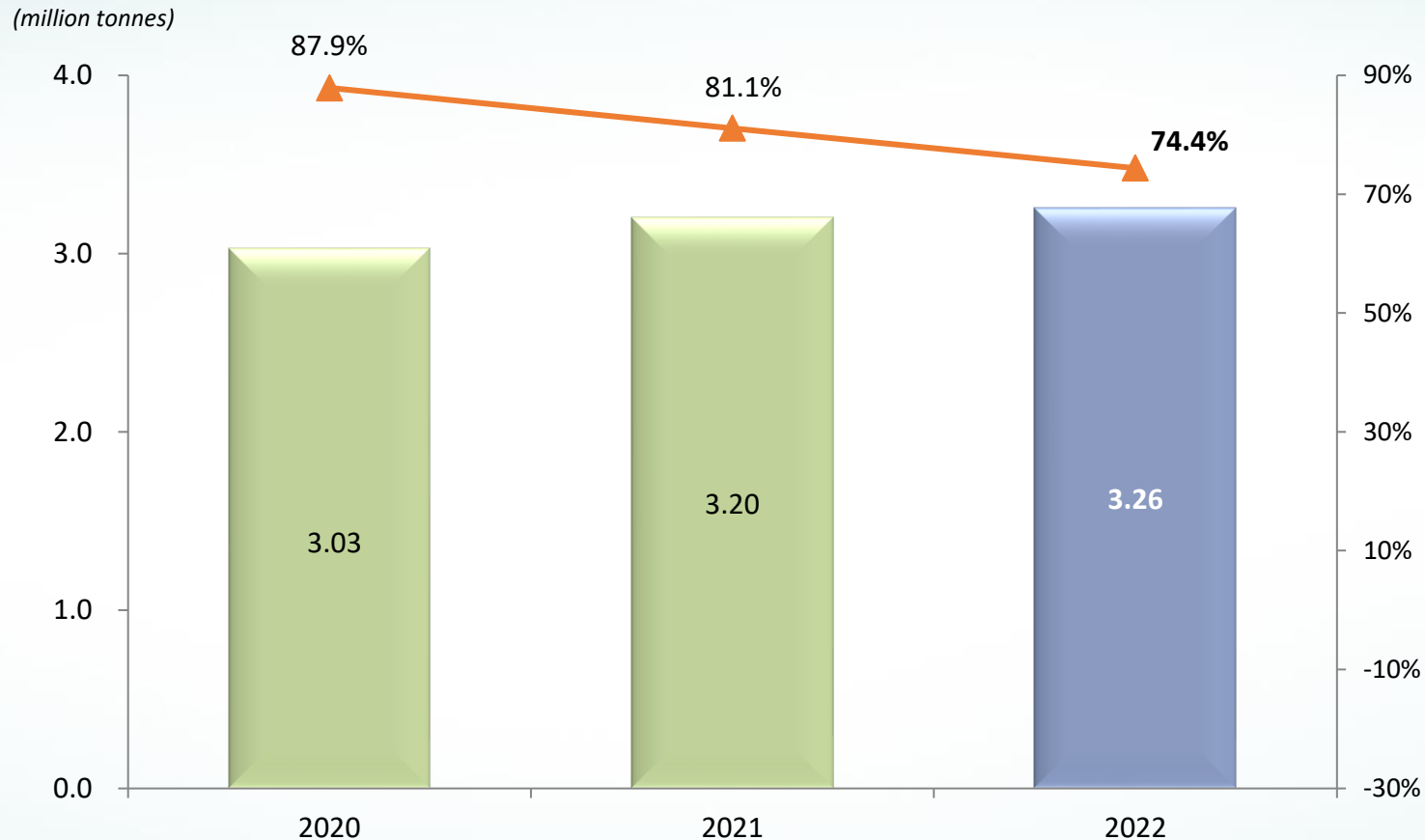


GP margin - overall



Plastic piping systems business: production capacity & utilisation rate

Annual designed production capacity & actual utilisation rate



Plastic piping systems business

- ★ Further expand the piping business
 - Captured opportunities brought by new infrastructure
 - Strengthened strategic partnerships with government departments, leading central government-owned enterprises and state-owned enterprises
 - Proactively invested in national projects of strategic importance and urban redevelopment projects

- ★ Adhering to the green development philosophy, expediting the adoption of smart manufacturing
 - Building 21 smart factories across the world that integrate “Internet of Things, smart control and automated production”.
 - Advocates low energy consumption and high energy efficiency production by developing a comprehensive green manufacturing system
 - Guangdong Liansu Technology Industrial Co., Ltd was successfully selected as the 2021 National Green Factory

- ★ Broaden the scope of application of plastic pipes and pipe fittings
 - Provided high-standard pipeline application support for large-scale agricultural farming and marine aquaculture
 - Enriched income sources, expanded market share and boosted sales growth
 - Secured various projects



Plastic piping systems business (Cont'd)

Expand overseas markets with a focus on the Southeast Asia

2022	2023
<ul style="list-style-type: none">— In August, Phase 1 of production base in Indonesia was officially put into operation, accelerating the pace of localised development in overseas market— Production base in Cambodia was put into operation by the end of 2022— Steadily pushed forward with the construction of production bases in such countries as Thailand, Malaysia, Philippines and Bangladesh	<ul style="list-style-type: none">— Production base in Indonesia will proceed with the construction of the Phase II



Fully grasp opportunities from new infrastructure

- * Explore various strategic partners and create mutual benefit and a win-win situation
- * Continue to drive all-round development with innovation and breakthroughs
- * Develop intelligent products and build the “benchmark factory”
- * Promote its upgrade towards intelligentisation and greening
- * Strengthen its sustainable development capabilities



Building materials & home improvement business

- ★ Actively explored more infrastructure projects, mainly undertaken by government and state-owned enterprises

- ★ Strengthened relationship with premium real estate companies as its existing customers

- ★ Vigorously explored the possibility of cross-sector collaboration with various industries

- ★ Signed a strategic cooperation agreement with a B2B building materials procurement and trading platform and a well-known supply chain enterprise respectively

- ★ Achieve a win-win situation of resource sharing, cost reduction and efficiency enhancement

**Diversified
customer
portfolio**

**Continue to
explore
business
opportunity**

**Signed
strategic
cooperation
agreements**

**Give full play
to the synergy
between
various
businesses**

- ★ Focus on product quality and optimise one-stop integrated solution and services

- ★ Strengthen relationships with existing customers and actively explore new customers with strong capital strength

- ★ Step up the cultivation of technical talents, increase investment in scientific research and innovate and upgrade eco-friendly products, expecting to restore business growth asap

- ★ Recorded a revenue of RMB 2.705 billion in 2022

Environmental protection business

- ★ COVID-19 pandemic continuously recurred in 2022, project implementation was curtailed or delayed, resulting in a decrease in hazardous waste production. Revenue from environmental protection business amounted to RMB348 million
- ★ Focused on expanding the environmental protection business by securing leading enterprises as new customers in the traditional industries
- ★ Committed to exploring new business development which aligns with national policies and continued to explore the opportunities of servicing government projects
- ★ Capitalising on the national policy adjustment, successfully established its presence of environmental protection business in Jiangsu, Guangdong and Hunan provinces
 - Solid waste disposal base in Foshan was officially put into operation in July
 - Project of the base for comprehensive utilisation of renewable resources in processing industry in Hunan Miluo also commenced its construction at the end of July, and is expected to be put into trial operation within 2023
- ★ Continue to develop the PRC market to further expand its market shares

Supply chain service platform business



- ★ With the end of the international pandemic control and the expansion of the related businesses, recorded revenue of RMB 958 million, up by 11.9%
- ★ Kept adjusting its business layout and optimising its operation management
- ★ Current malls in four Southeast Asian countries: with the phase 1 of these properties being ready for rental and operation

Bangkok, Thailand



Tangerang, Indonesia



Yangon, Myanmar



Phnom Penh, Cambodia



- ★ The Dubai Logistics Centre and the Auburn project in Sydney are both in the pre-operational stage

Dubai



Sydney , Australia



- ★ As another major commercial real estate segment of the Group, plan to further expand its distribution network in Southeast Asia and drive its long-term development according to the Group's business plan

New energy business



Successfully achieved green transformation and expanded into new business sector

- * Lesso Banhao entered into the photovoltaic industry in early January
- * Successfully entered into strategic cooperation agreements with a number of state-owned enterprises and central government-owned enterprises to jointly explore the photovoltaic market



Gradually establishing a comprehensive production, supply and sales system

- * First production line started a trial run in April 2022 and its products were officially launched for sale in July
- * Plan to set up four production bases in China and Indonesia, demonstrating a strong supply capacity
- * Has more than 500 distributors, over 1,000 stores and nearly 100 specialty stores for the sales of its photovoltaic products
- * Set up overseas sales centers and formed sales teams in 16 countries to expand into various overseas markets



With good development progress, laying a solid foundation

- * As of 31 December 2022, participated in the construction of 90 photovoltaic power station projects, of which 78 projects in the PRC and 12 projects in overseas market
- * Invested 16 power stations with an installed capacity of up to 12.5MW
- * During the reporting period, Lesso Banhao recorded revenue of approximately RMB589 million



Actively develop the business to become a major driving force for future revenue growth

- * Actively develop competitive production capacity, enhance its technology development capability, continue to strengthen partnership with central government-owned and state-owned power investment enterprises nationwide to explore new modes of cooperation, making every effort to build a new channel construction and marketing network for new energy business



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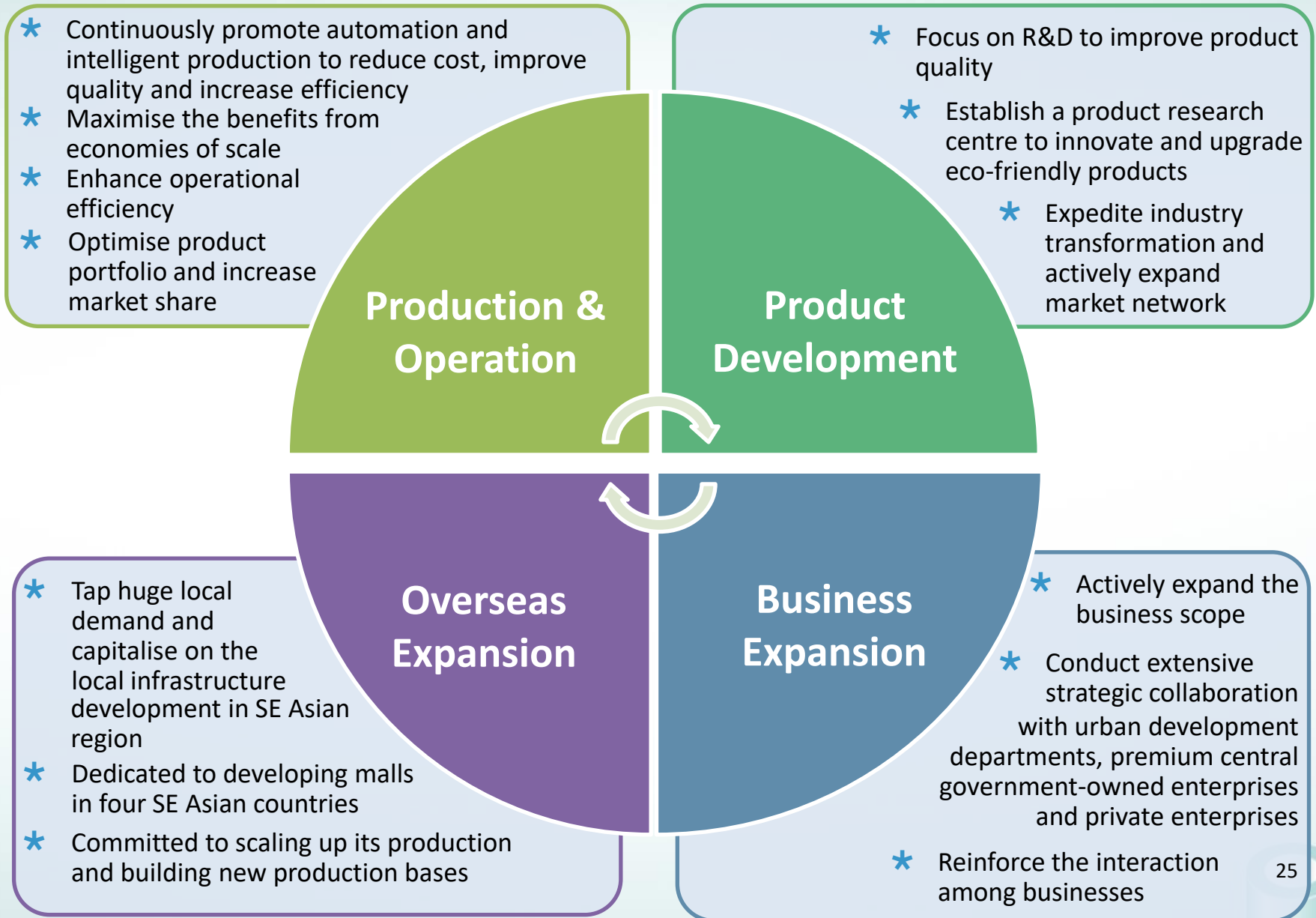
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Outlook

Future prospect



Q&A



Appendix: Financial summary

Statement of profit and loss (RMB million)

	2020	2021	2022
Revenue	28,073	32,058	30,767
Gross profit	8,384	8,448	8,241
EBITDA	6,195	5,720	5,786
EBIT	5,189	4,353	3,872
Net profit	3,757	3,019	2,515

Statement of financial position (RMB million)

	2020	2021	2022
Cash & bank deposits	7,447	7,646	7,362
Total assets	46,528	54,483	58,953
Total debts	16,236	18,276	20,614
Total equity	20,354	21,807	22,590

Ratio analysis

Profit ratio (%)	2020	2021	2022
Gross profit margin	29.9%	26.4%	26.8%
EBITDA margin	22.1%	17.8%	18.8%
EBIT margin	18.5%	13.6%	12.6%
Net profit margin	13.4%	9.4%	8.2%
Growth rate (%)			
Revenue	6.6%	14.2%	-4.0%
Gross profit	11.2%	0.8%	-2.4%
EBITDA	11.5%	-7.7%	1.2%
EBIT	13.8%	-16.1%	-11.1%
Net profit	24.1%	-19.7%	-16.7%
Liability ratio (times)			
EBITDA/ financing costs	14.21x	10.47x	8.49x
Total debts/ (total debts + total equity)	44.4%	45.6%	47.7%

Appendix: Layout of production bases

With over 30 advanced production bases in 18 provinces of China and in foreign countries

