

The background features a stylized illustration of a city skyline on the left, including various skyscrapers and a tower with a spherical top. On the right, there is an industrial plant with several cooling towers and smokestacks. The scene is set against a light blue sky with a large, thin yellow arc. The bottom of the page is decorated with a green pattern of vertical pipes and valves.

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

2023 Annual Results Corporate Presentation

March 2024

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Results Highlight

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Financial Review

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Business Review

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Outlook

Results highlight

1

Developed further its mainstay business and demonstrated resilience by maintaining steady business development

- ❖ Though the economy and investment in China still faced myriad challenges, the property sector was still in a trough while the capital market became volatile and complicated, the Group recorded revenue: **RMB30,868 million**
- ❖ Gross profit: **RMB 8,121 million**
- ❖ Profit attributable to the owners of the Company: **RMB2,368 million**
- ❖ Final dividend: **HK20 cents per share** (2022: HK30 cents per share)
- ❖ Revenue of plastic piping systems: **RMB24,585 million**; Sales volume: **2.647 million tonnes**

2

Established a diversified customer portfolio to minimise business risk

3

Continued to extend the scope of product applications to further expand market share of agricultural sector and industrial sector

4

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

5

Maintained stable financial position with cash & bank deposits of approx. RMB 6,553 million



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Business Review

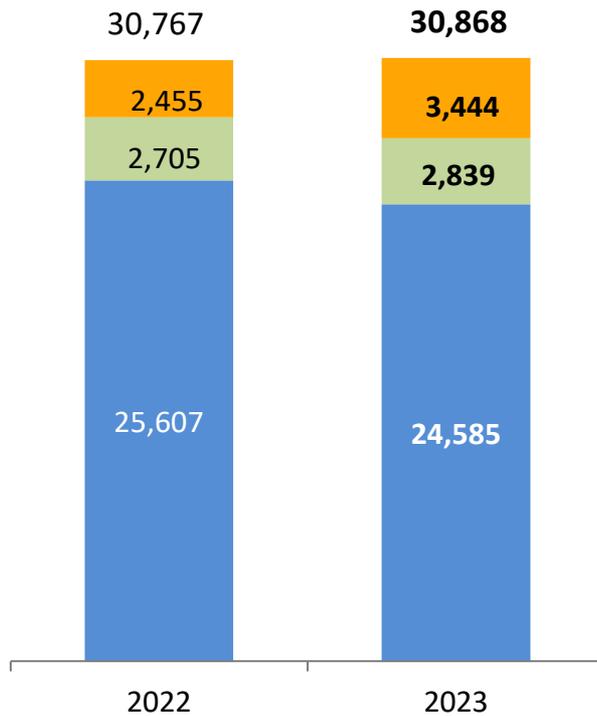
4

Outlook

Total revenue analysis

Total revenue

(RMB million)

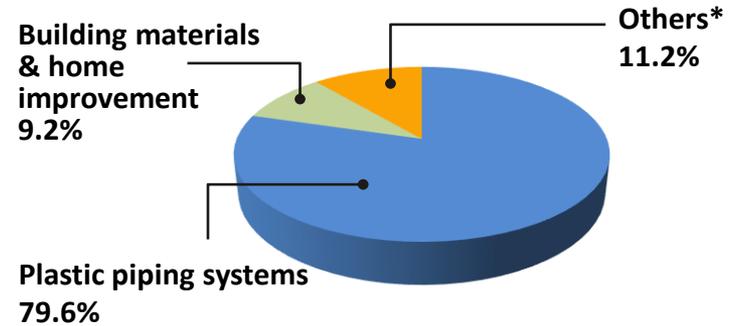


- Others*
- Building materials & home improvement
- Plastic piping systems

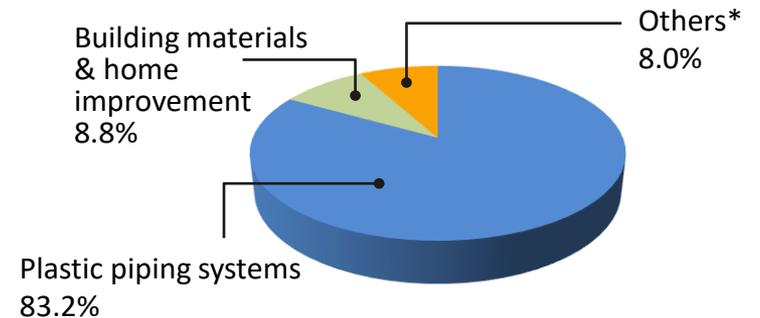
Remark: Others* including environmental, supply chain service platform, new energy, finance, plastic film, connection materials and other businesses

Total revenue (by business segment)

2023

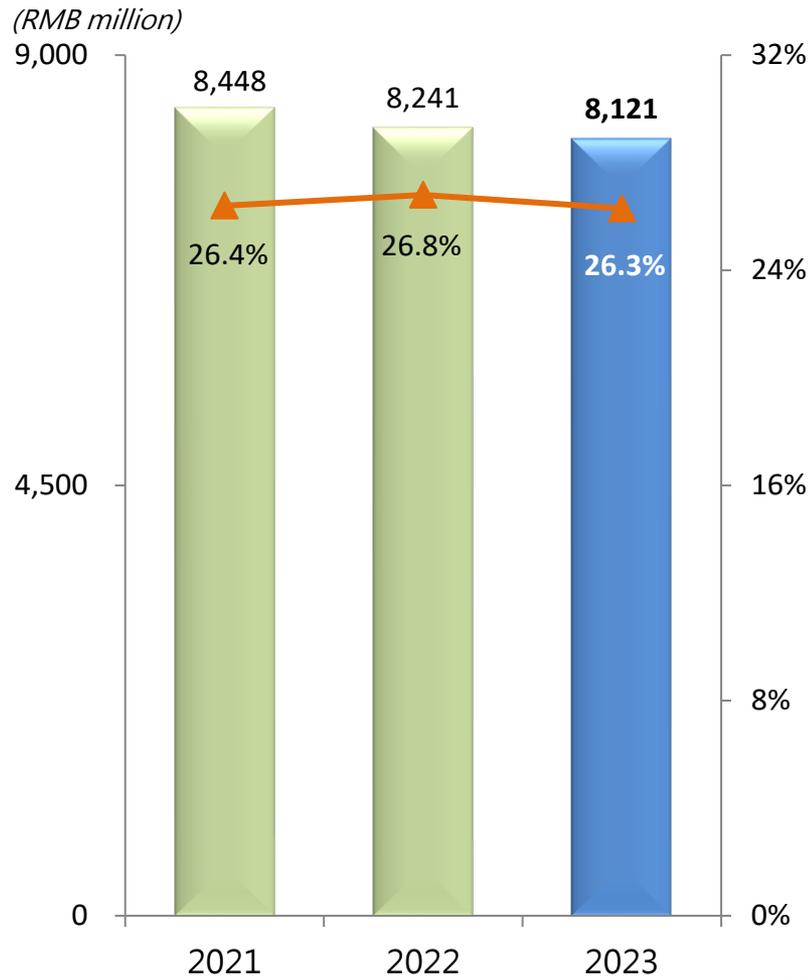


2022

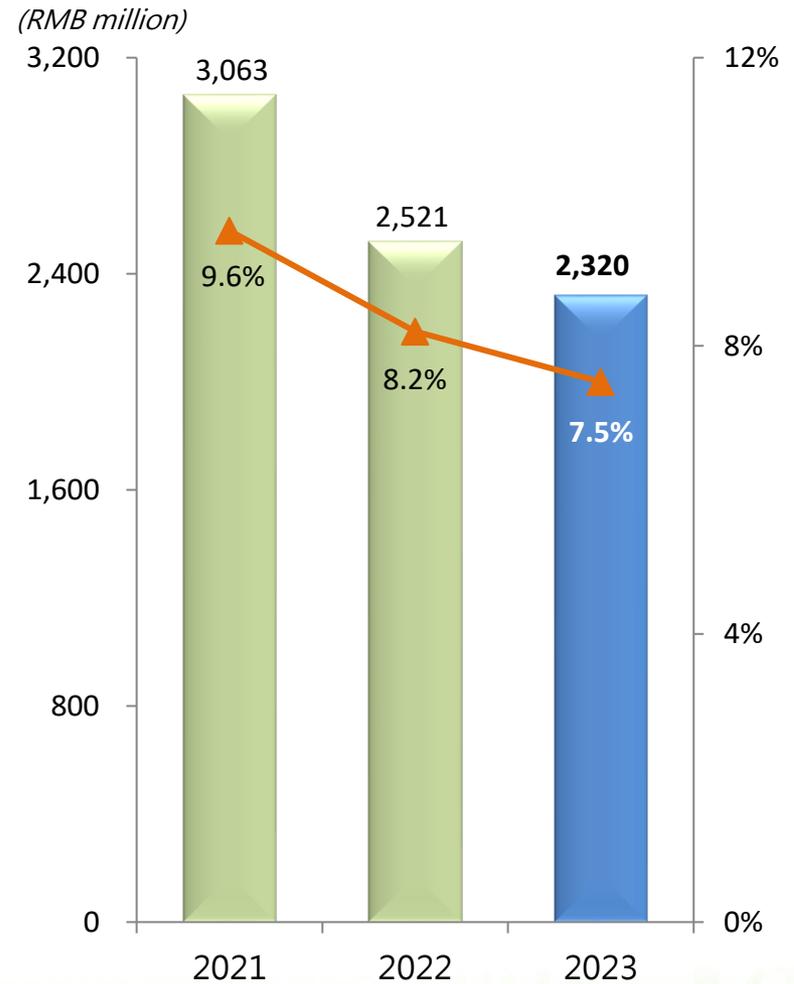


GP & NP analysis

GP & GP margin



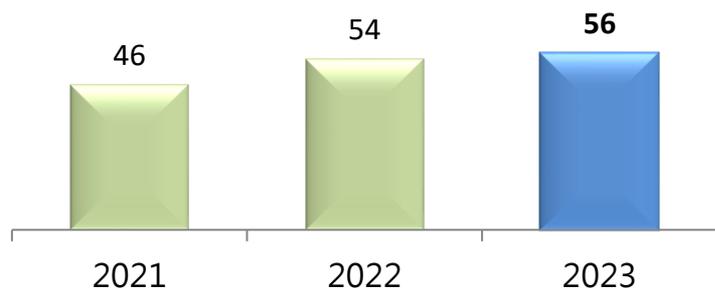
NP & NP margin



Key financial indicators analysis

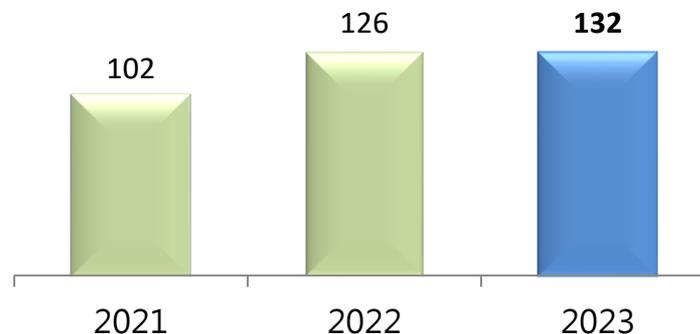
Trade receivable days

(days)



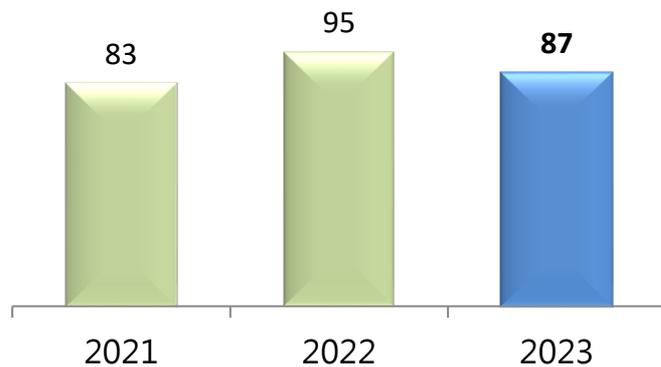
Trade payable days

(days)



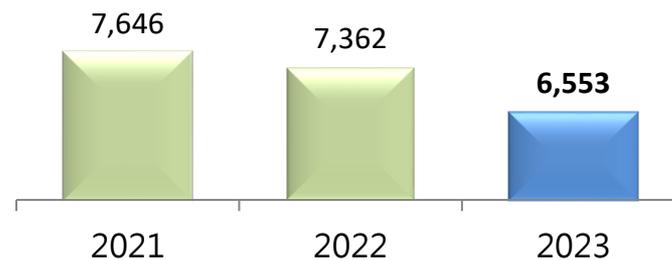
Inventory turnover days*

(days)



Cash & bank deposits

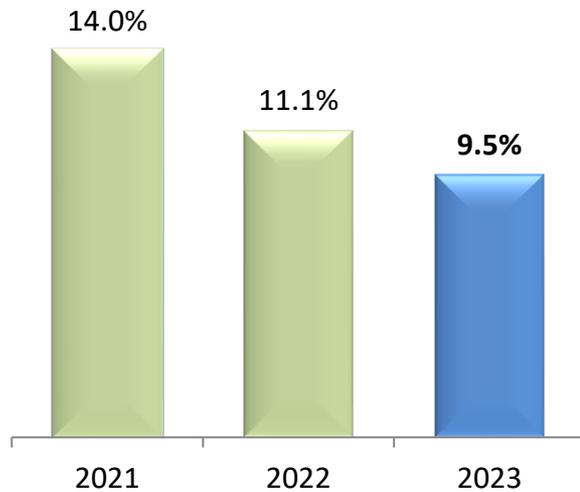
(RMB million)



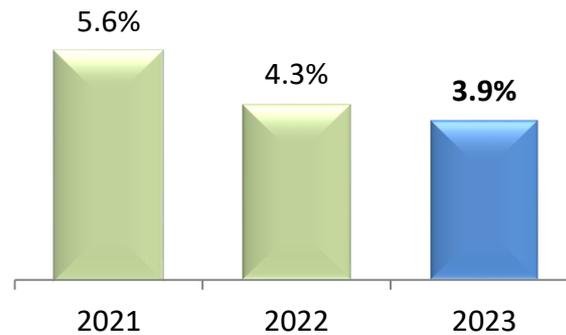
* Remark: excluding properties

Return ratios analysis

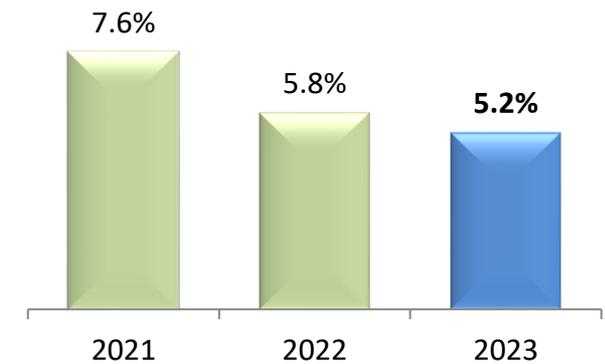
Return on equity⁽¹⁾



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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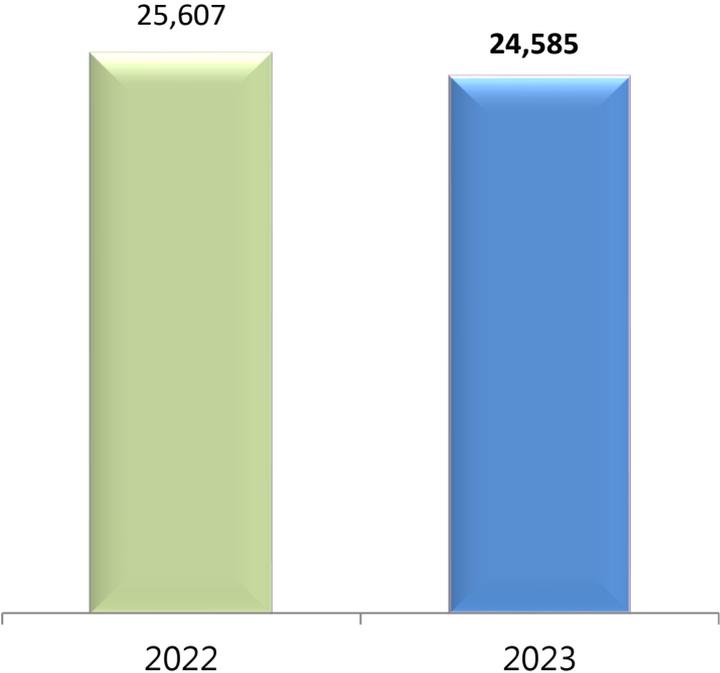
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Outlook

Plastic piping systems business: revenue & sales volume

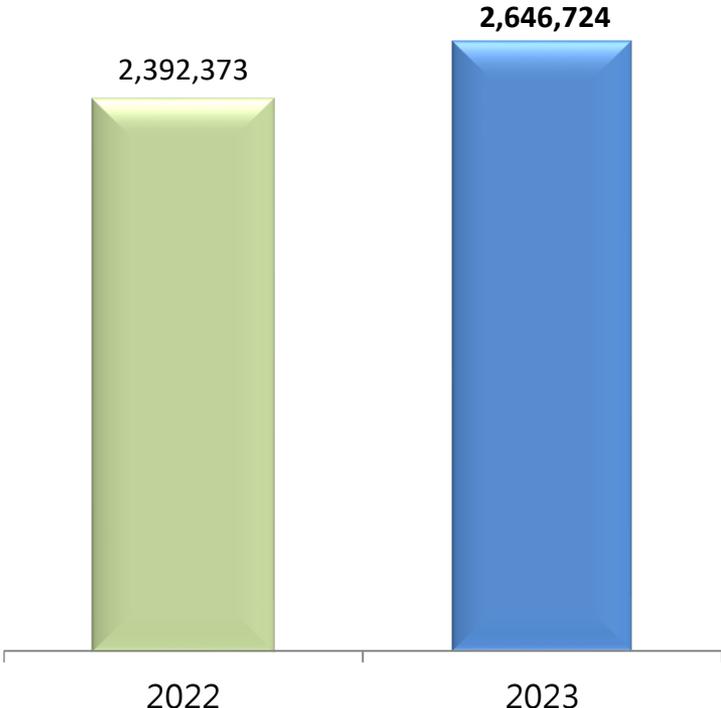
Segment revenue

(RMB million)



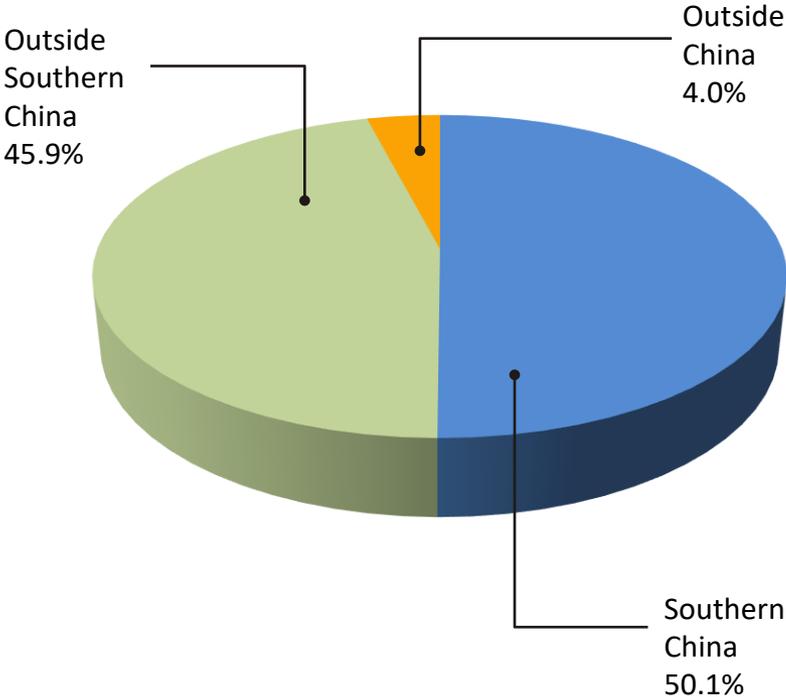
Segment sales volume

(tonnes)

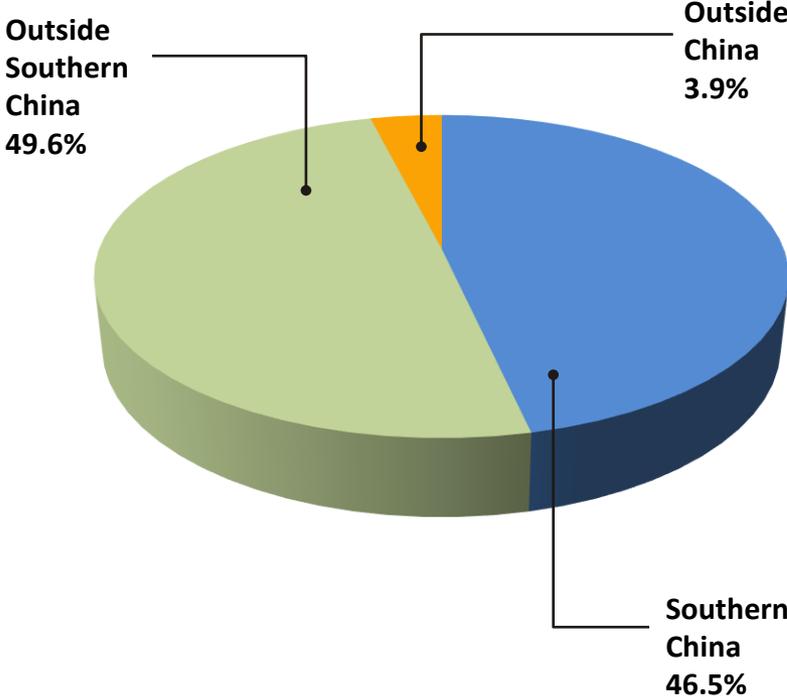


Plastic piping systems business: revenue breakdown by region

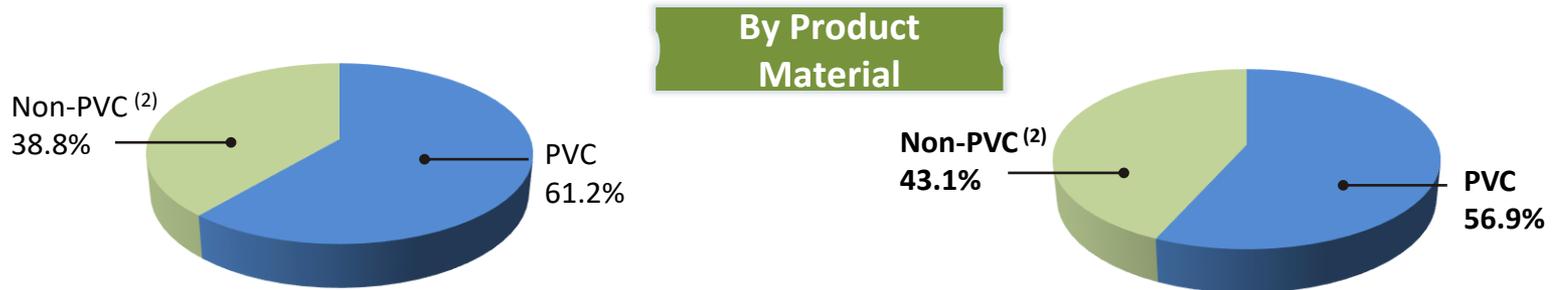
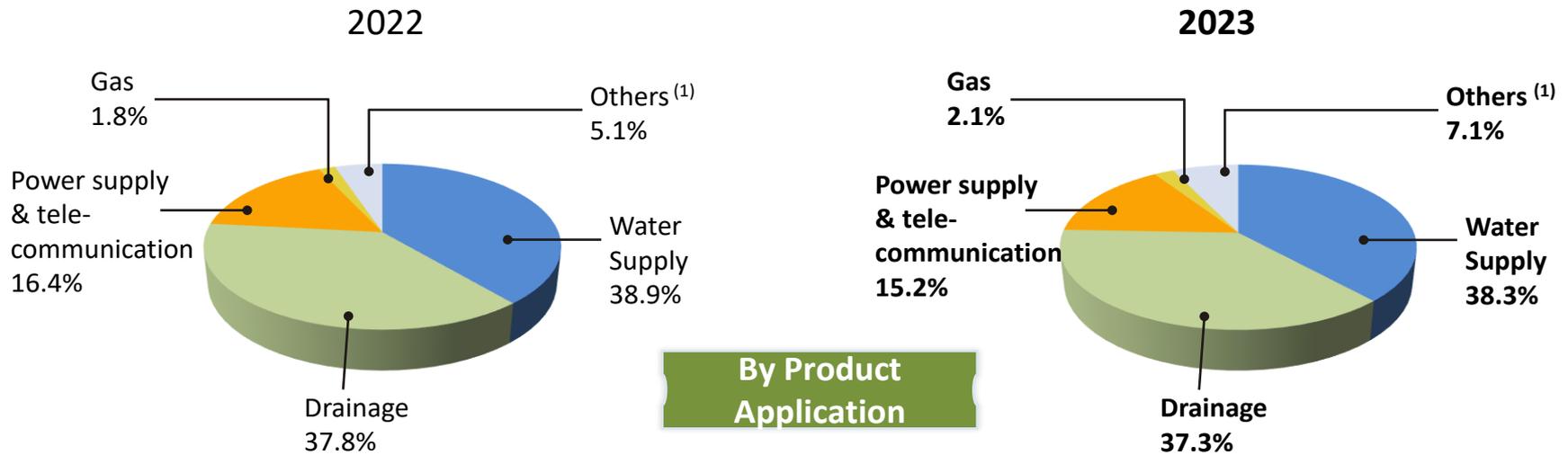
2022



2023



Plastic piping systems business: revenue analysis



Total pipe products revenue:
RMB 25.607 billion

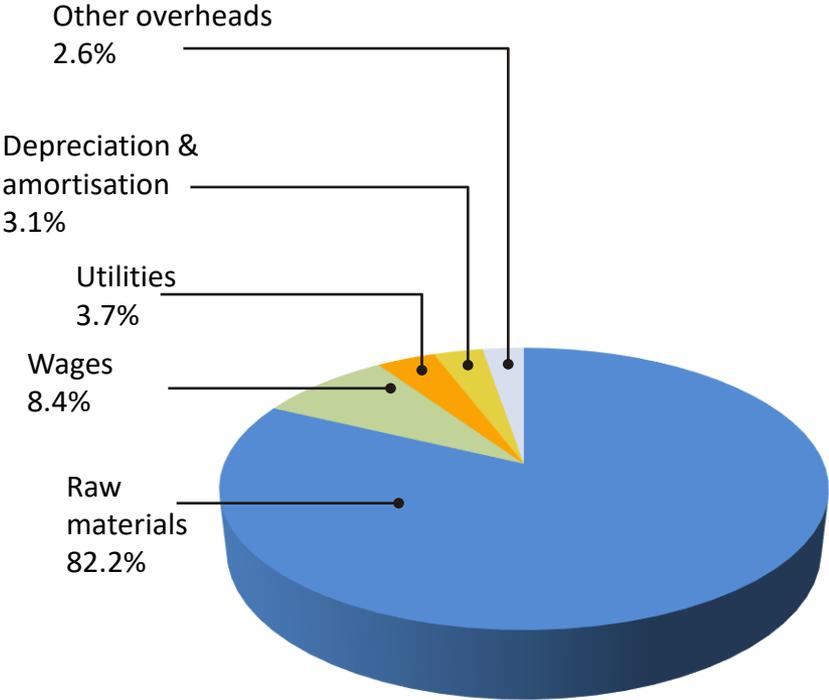
Total pipe products revenue:
RMB 24.585 billion

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

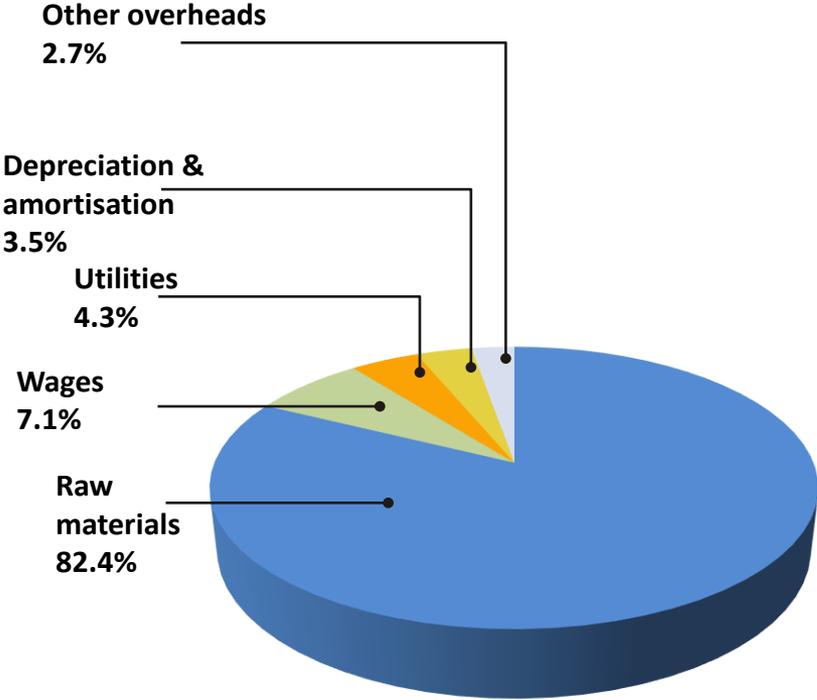
(2) Non-PVC includes PE, PP-R. etc

Plastic piping systems business: overall cost structure

2022



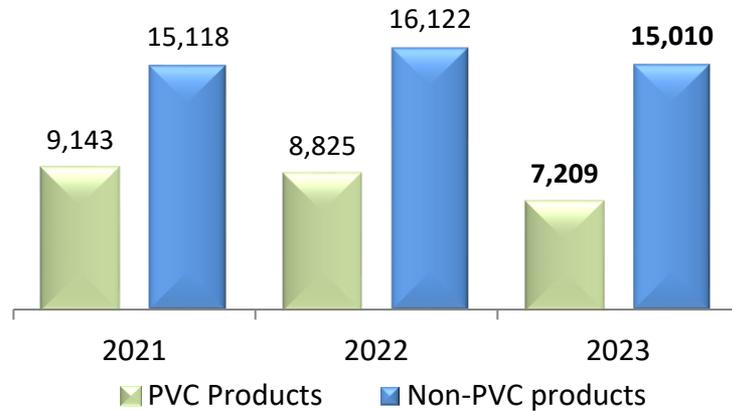
2023



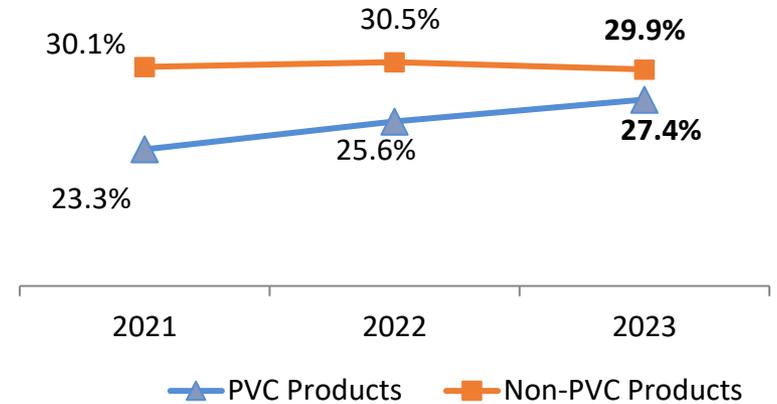
Plastic piping systems business: ASP & GP margin analysis

ASP per tonne – by material

(RMB)

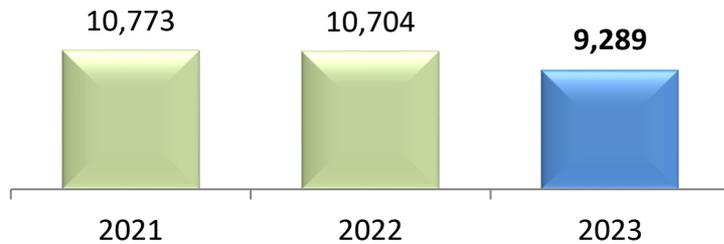


GP margin – by material

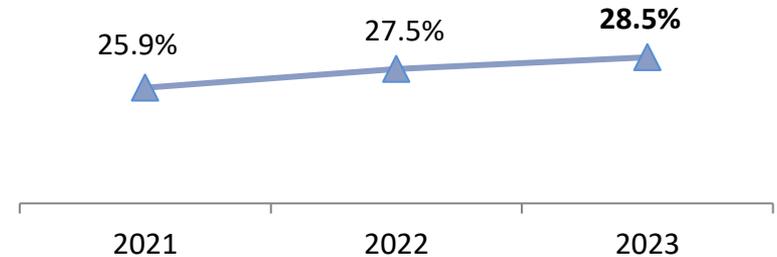


ASP per tonne - overall

(RMB)



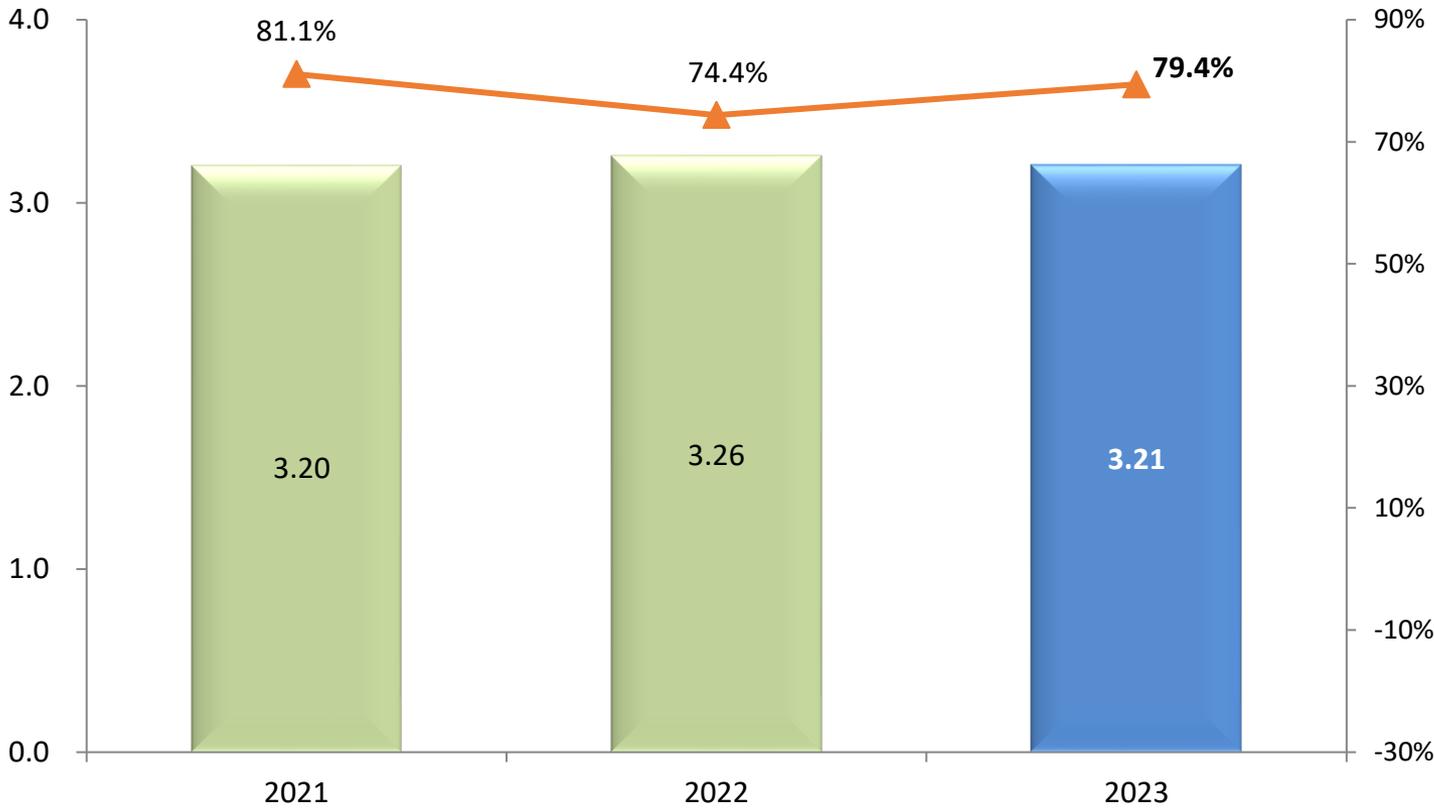
GP margin - overall



Plastic piping systems business: production capacity & utilisation rate

Annual designed production capacity & actual utilisation rate

(million tonnes)



Plastic piping systems business

Extend the scope of product applications

Stepping up its R&D of agricultural facilities

With its products and technologies applied to **agriculture, animal husbandry, marine aquaculture**

Proactively developed overseas markets

Further developing the **Southeast Asian market**

Production bases in Indonesia, Cambodia, Thailand and Malaysia **have already been put into operation**

Production bases in the Philippines, Bangladesh and Vietnam are **under preparation for construction**

Expedite the adoption of smart manufacturing

Established **smart factories** by adopting such technologies as the Internet of Things, intelligent manufacturing and automated production

Improve efficiency and effectively reduce carbon emissions and pollution

Fully grasp the opportunities from new infrastructure

Continue to strengthen its strategic partnerships with **government departments** and **leading central government-owned and state-owned infrastructure construction enterprises**

Proactively participating in projects of **national development plan** and **urban redevelopment projects**

Building materials & home improvement business

Recorded a revenue of RMB 2.839 billion in 2023

Diversified customer portfolio

- Pursue more projects led by the government and state-owned enterprises
- To mitigate business risk

Continue to promote business development

- Focus on product quality and improve its one-stop total solution and services
- Optimise its client mix by proactively engaging new clients with strong financial position
- Diversify its sales channels, increase investment in product research and development, cultivate technology talent, and innovate and upgrade green products

Other businesses



Supply chain service platform business

- Revenue: RMB1,515 million
- Planned to dispose of some overseas assets or lease out such assets according to the market conditions, so as to increase the cash flow and mitigate the liquidity pressure



Environmental protection business

- Revenue: RMB387 million
- Further explore the opportunities for undertaking government projects, with a focus on such fields such as agriculture, soil treatment, quality maintenance and provision of technical services



New energy business

- Revenue: RMB1,057 million
- Take a prudent approach and reconsider adjusting the direction and strategy of the development according to the market changes



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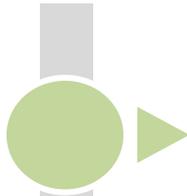
Business Review

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Outlook

Future prospect

Production & Operation



- ❖ Continuously promote automation and intelligent production to reduce cost, improve quality and increase efficiency
- ❖ Maximise the benefits from economies of scale
- ❖ Enhance operational efficiency
- ❖ Optimise product portfolio and increase market share

Product Development



- ❖ Focus on R&D to improve product quality
- ❖ Innovate and upgrade eco-friendly products
- ❖ Expedite industry transformation and actively expand market network

Business Expansion



- ❖ Actively expand the business scope
- ❖ Conduct extensive strategic collaboration with national departments, premium central government-owned enterprises and private enterprises
- ❖ Reinforce the interaction among businesses

Overseas Expansion



- ❖ Tap huge local demand and capitalise on the local infrastructure development in SE Asian region
- ❖ Committed to scaling up its production and building new production bases

Q&A



Appendix: financial summary

Statement of profit and loss (RMB million)

	2021 restated	2022 restated	2023
Revenue	32,058	30,767	30,868
Gross profit	8,448	8,241	8,121
EBITDA	5,720	5,786	5,613
EBIT	4,353	3,872	3,777
Net profit	3,063	2,521	2,320

Statement of financial position (RMB million)

	2021 restated	2022 restated	2023
Cash & bank deposits	7,646	7,362	6,553
Total assets	54,529	59,004	60,031
Total debts	18,276	20,614	20,696
Total equity	21,852	22,641	24,311

Ratio analysis

	2021 restated	2022 restated	2023
Profit ratio (%)			
Gross profit margin	26.4%	26.8%	26.3%
EBITDA margin	17.8%	18.8%	18.2%
EBIT margin	13.6%	12.6%	12.2%
Net profit margin	9.6%	8.2%	7.5%
Growth rate (%)			
Revenue	14.2%	-4%	0.3%
Gross profit	0.8%	-2.4%	-1.5%
EBITDA	-7.7%	1.2%	-3.0%
EBIT	-16.1%	-11.1%	-2.4%
Net profit	-18.5%	-17.7%	-7.9%
Liability ratio (times)			
EBITDA/ financing costs	10.47x	8.49x	5.04x
Total debts/ (total debts + total equity)	45.5%	47.7%	46.0%

Appendix: layout of production bases

With over 30 advanced production bases in 19 provinces of China and in foreign countries

