

LESSO 联塑

CHINA LESSO GROUP HOLDINGS LIMITED

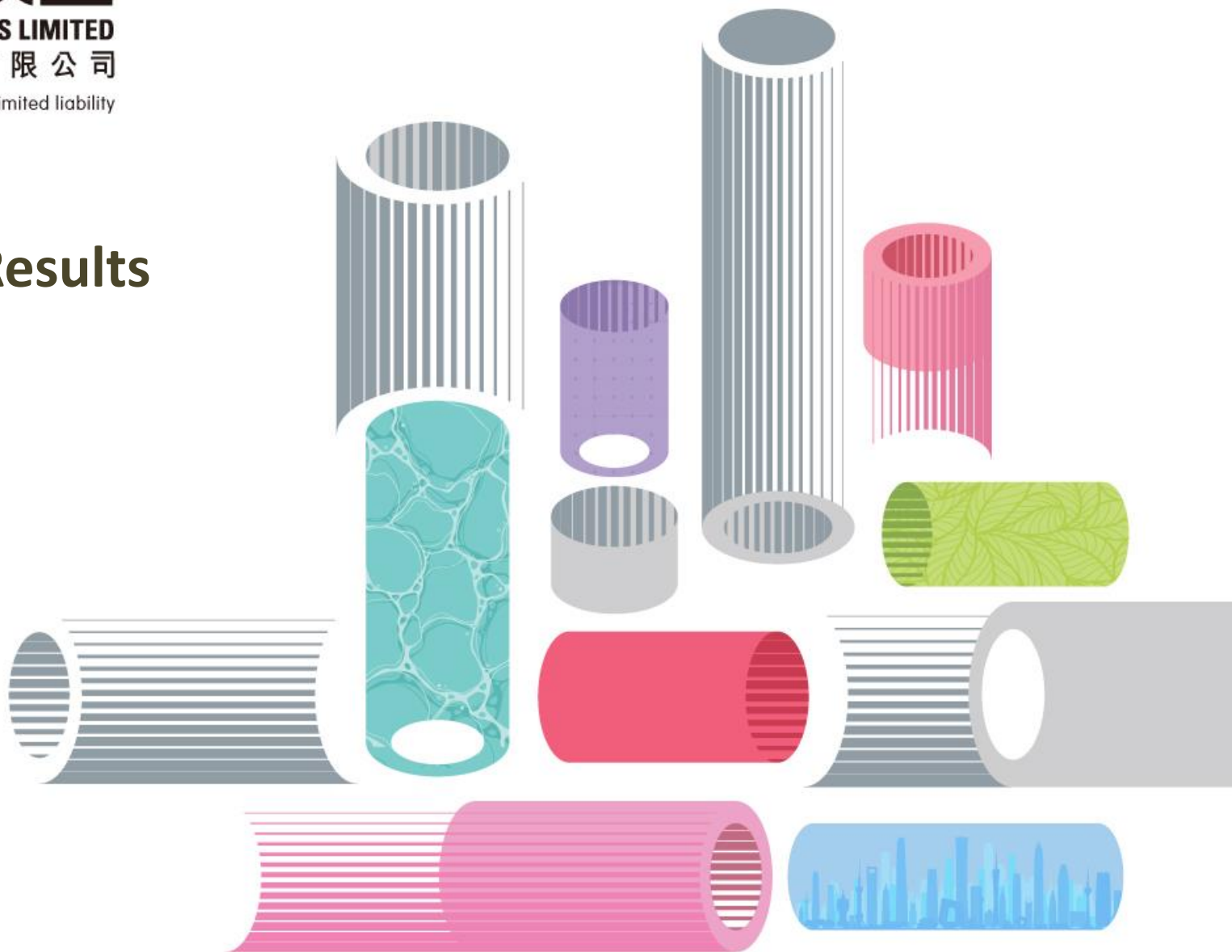
中國聯塑集團控股有限公司

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

2024 Interim Results Corporate Presentation

August 2024



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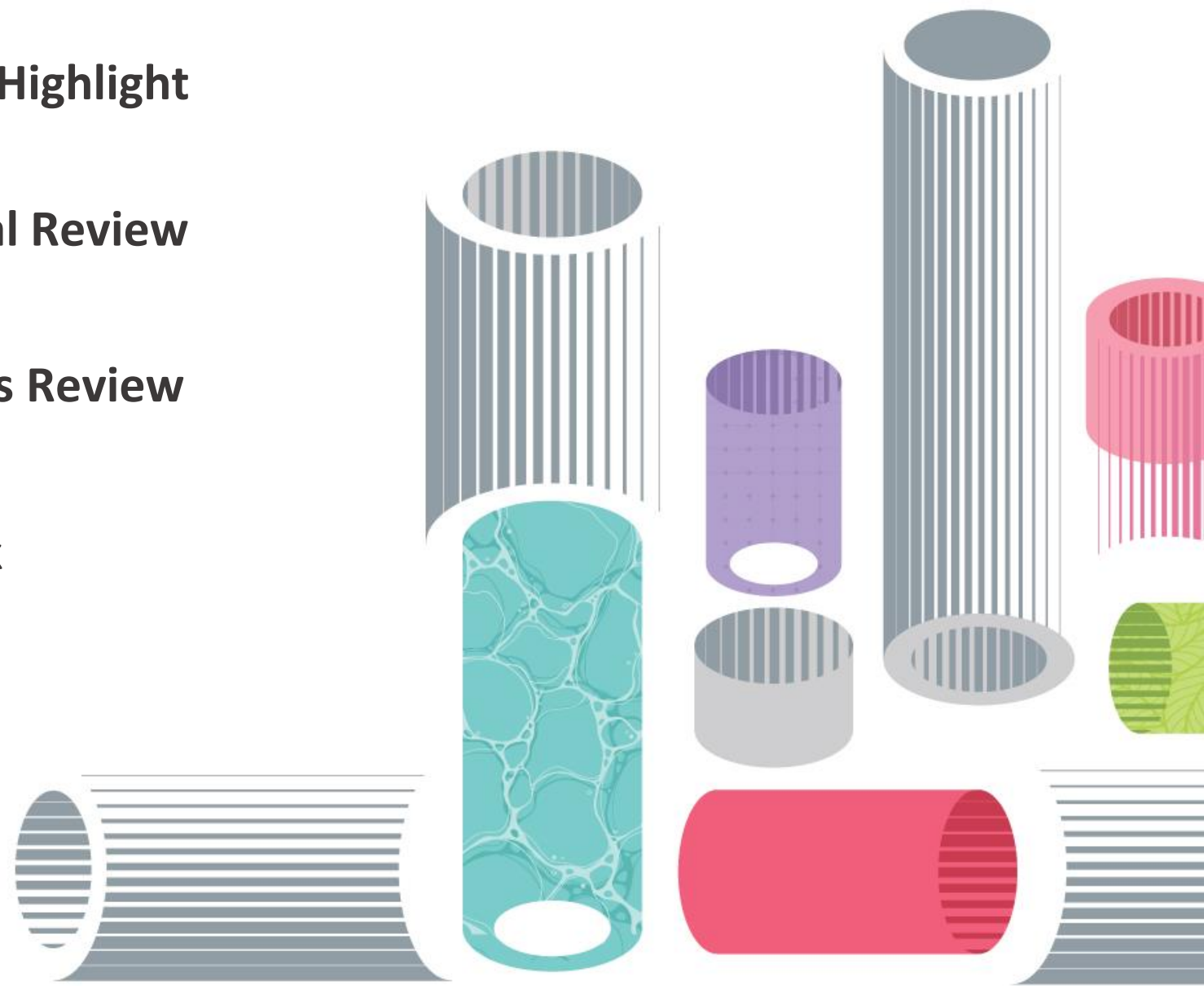


1 Results Highlight

2 Financial Review

3 Business Review

4 Outlook



Results highlight

1

Continued to further develop its mainstay business and demonstrated resilience by maintaining steady business development

- Despite the pressure exerted by the domestic economic slowdown and subdued property sector on businesses' operation, the Group recorded revenue : **RMB13.564 billion**
- Gross profit : **RMB3,728million**
- Profit attributable to the owners of the Company: **RMB1,043 million**
- Revenue of plastic piping systems: **RMB11.219 billion**; Sales volume: **1,202,469 tonnes**

2

Further optimised its client mix to minimise business risk

3

Diversified its products and successfully recorded an uptrend in sales volume of its piping to the agricultural sector and rural villages

4

Stepped up its pace of expansion into overseas markets by accelerating the localisation of its brand there

5

Maintained stable financial position with cash & bank deposits of approx. RMB 6,702 million

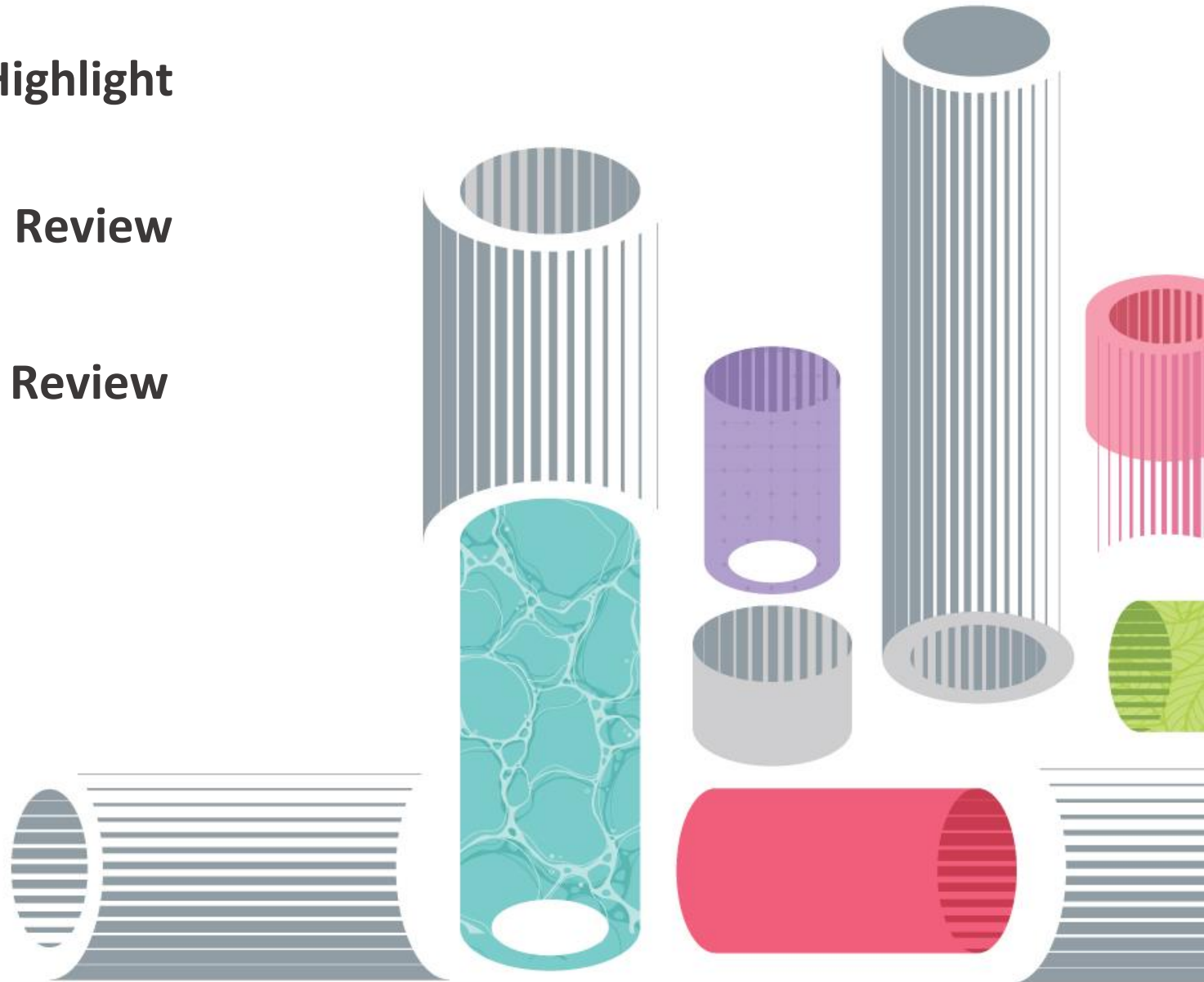


1 Results Highlight

2 Financial Review

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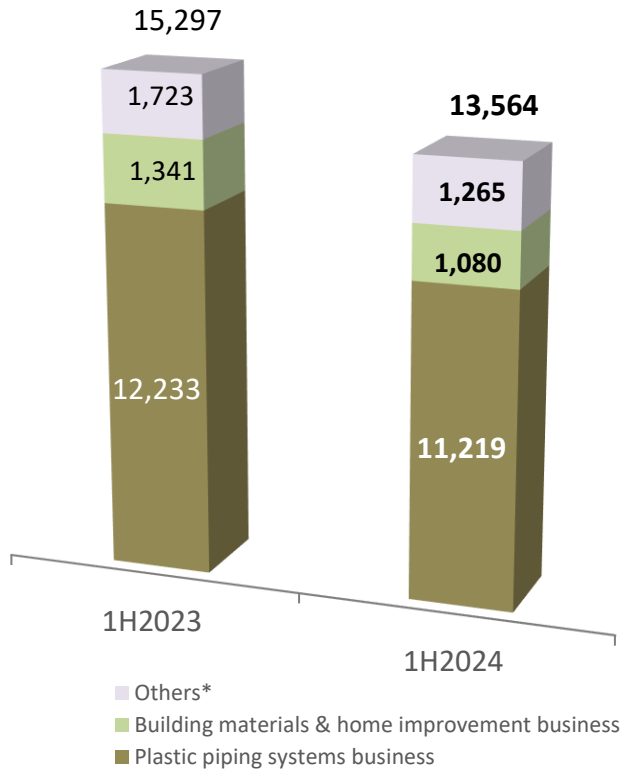
4 Outlook



Total revenue analysis

Total revenue

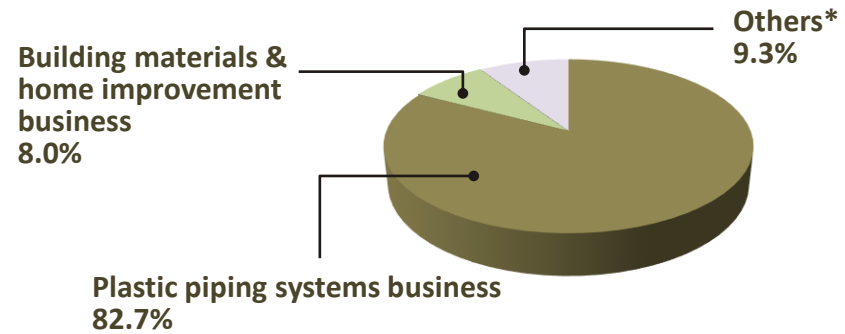
(RMB million)



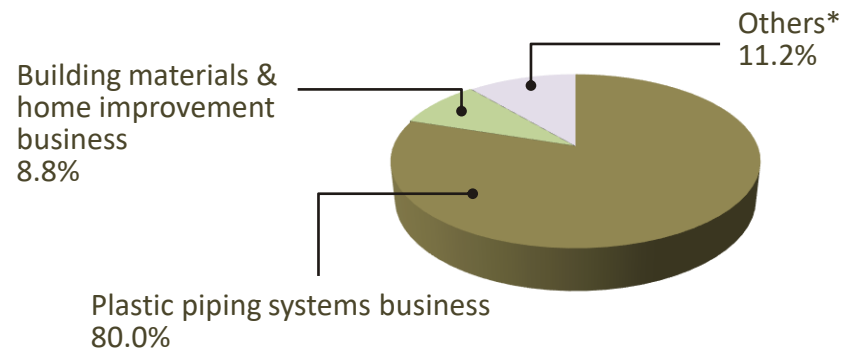
Remark: Others* including environmental, supply chain service platform, new energy, finance, plastic film, connection materials and other businesses

Total revenue (by business segment)

1H2024

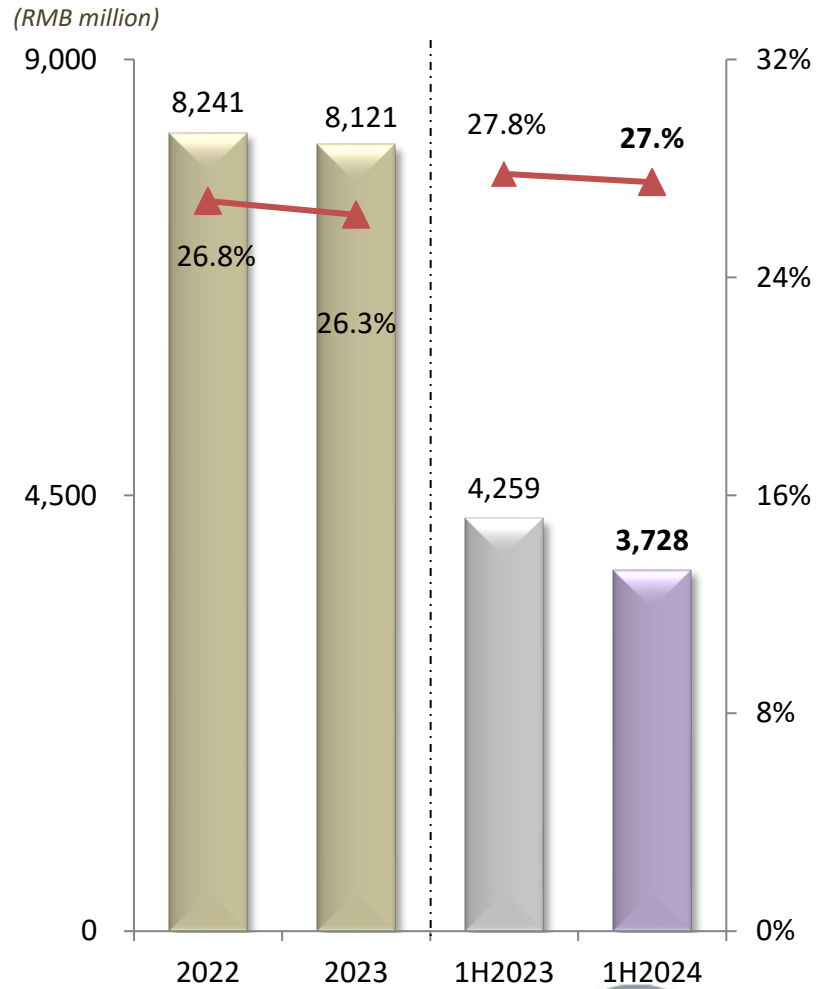


1H2023

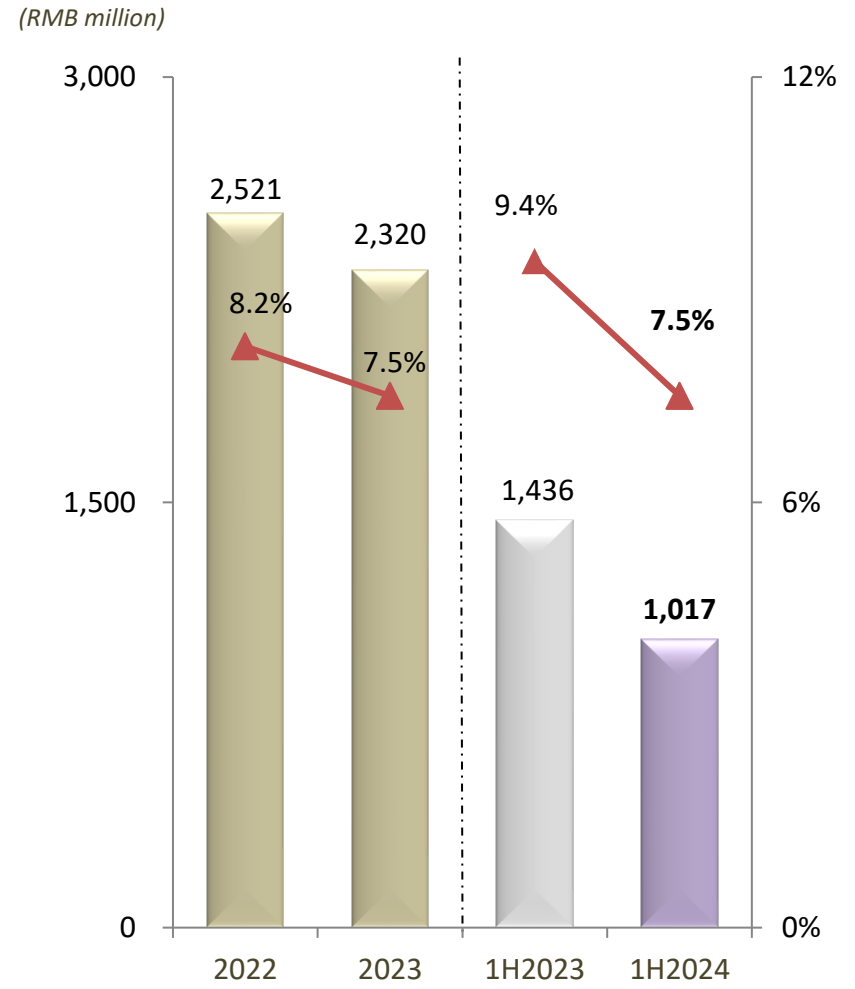


GP & NP analysis

GP & GP margin



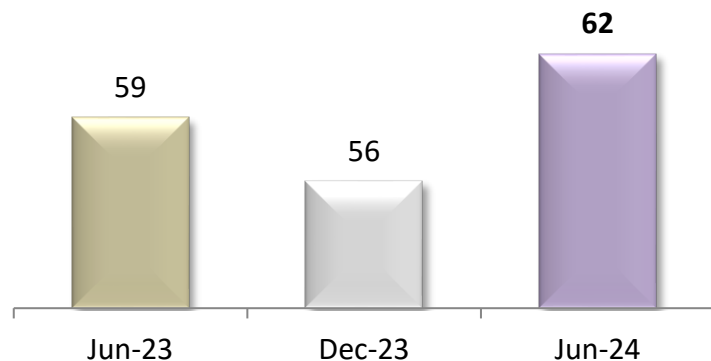
NP & NP margin



Key financial performance indicators analysis

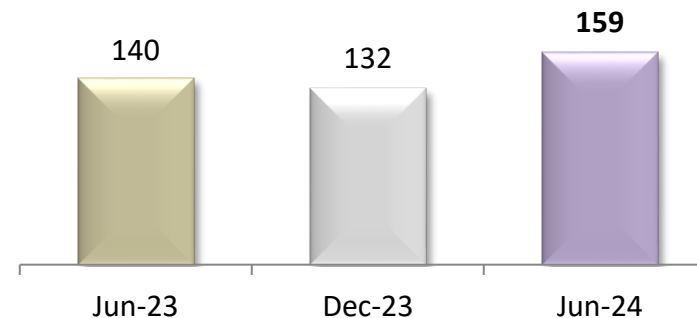
Trade receivable days

(days)



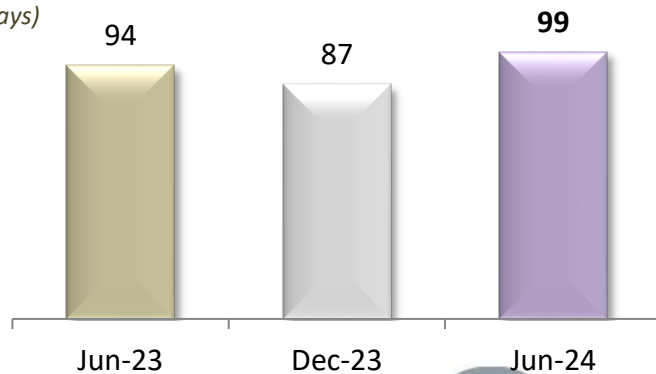
Trade payable days

(days)



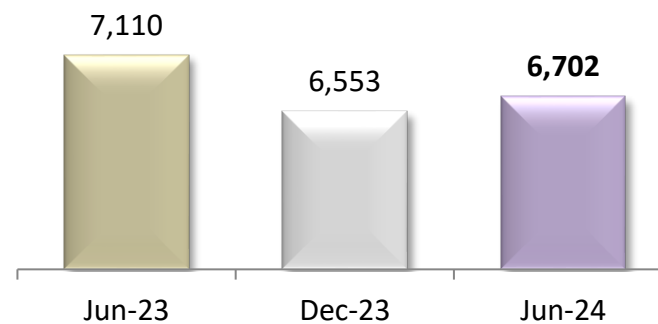
Inventory turnover days*

(days)



Cash & bank deposits

(RMB million)

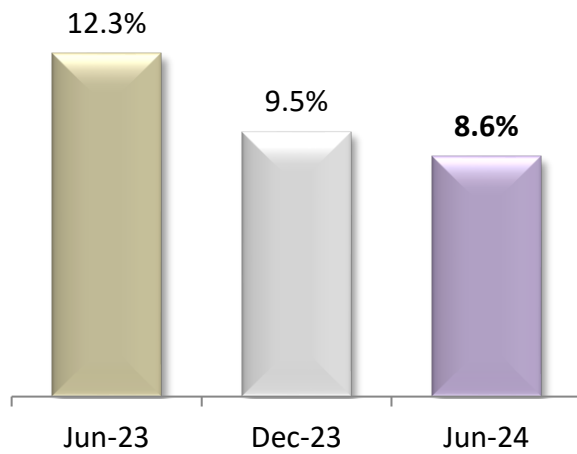


* Remark: excluding properties

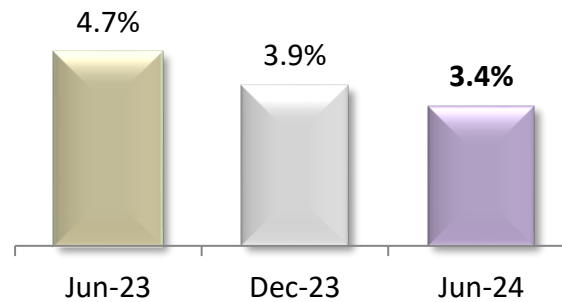


Return ratios analysis

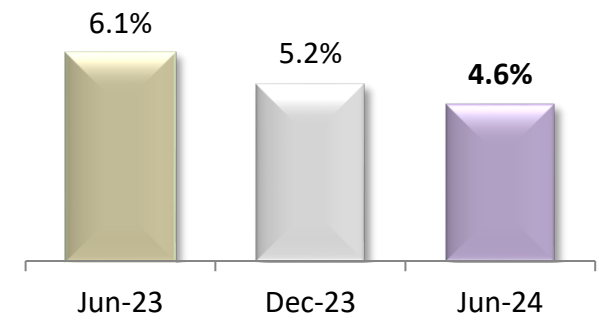
Return on equity⁽¹⁾



Return on assets⁽²⁾



Return on invested capital⁽³⁾



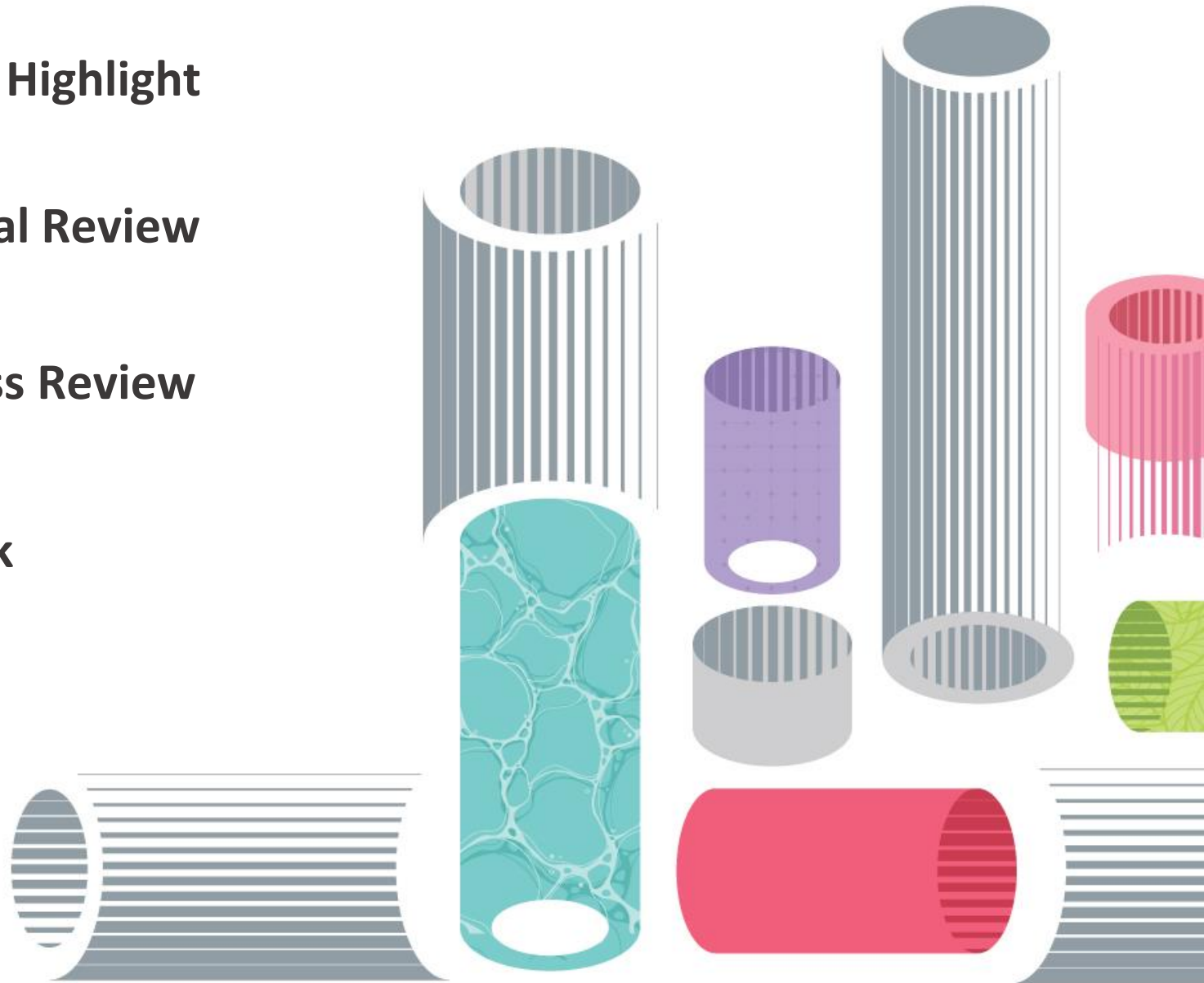
(1) Net profit divided by total equity at the end of the period

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

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



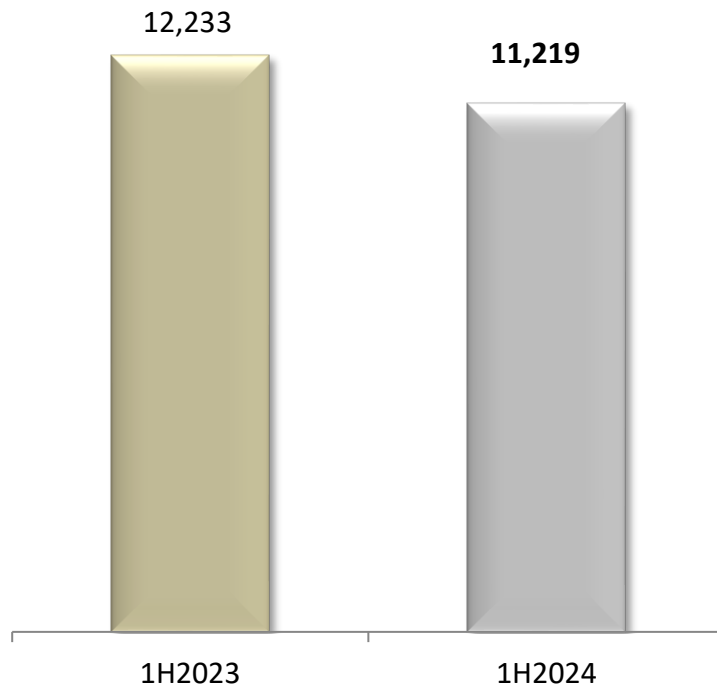
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Plastic piping systems business: revenue & sales volume

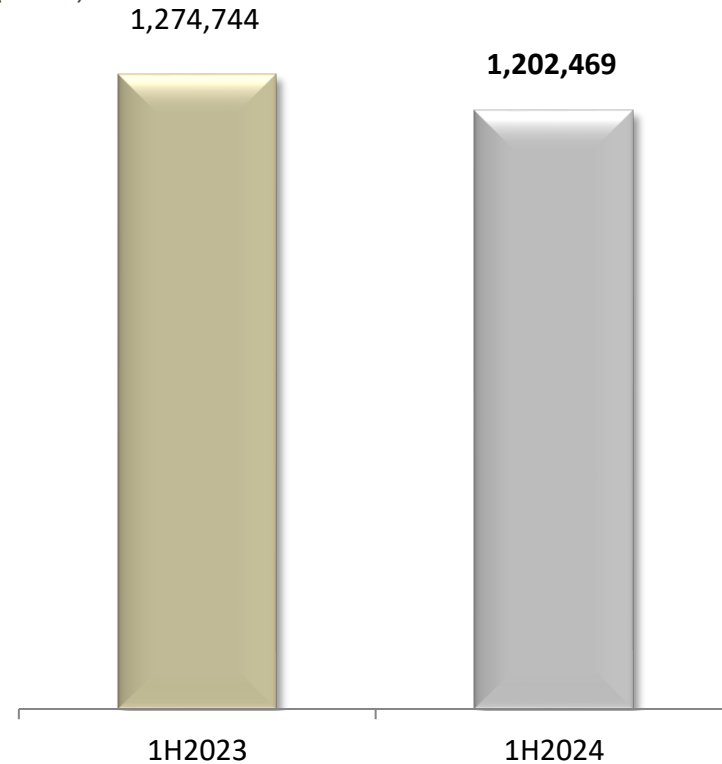
Segment revenue

(RMB million)



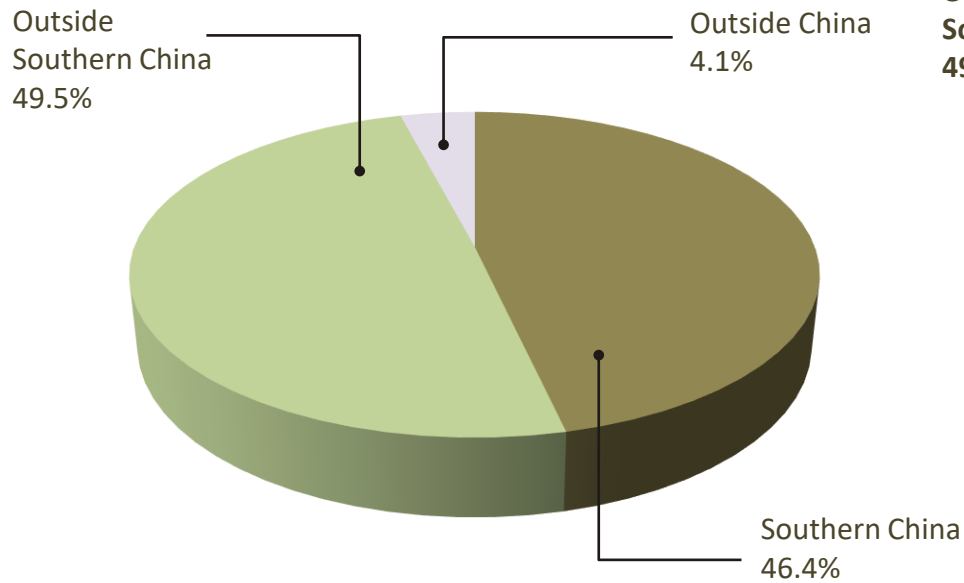
Segment sales volume

(tonnes)

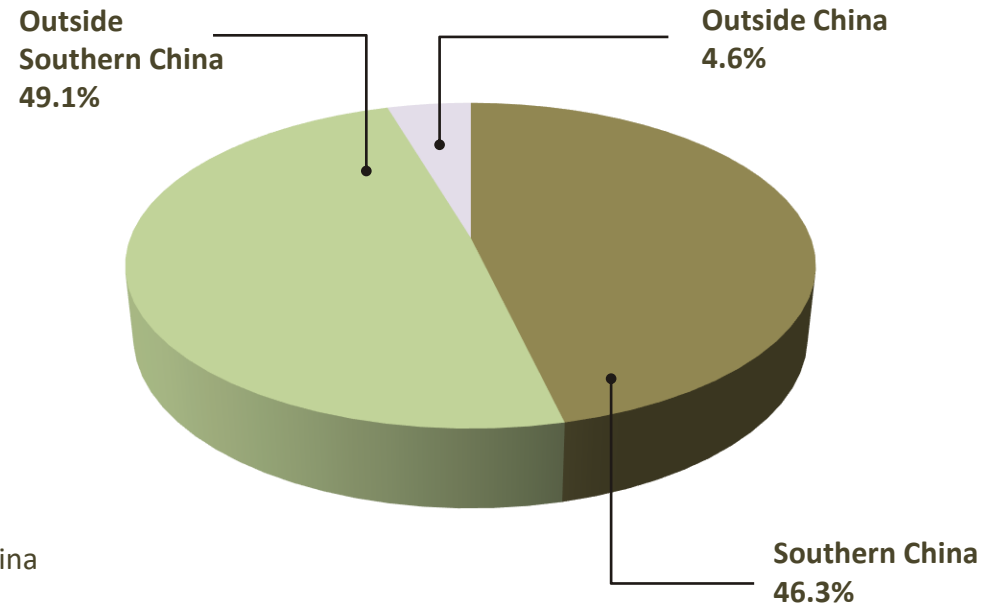


Plastic piping systems business: revenue breakdown by region

1H2023

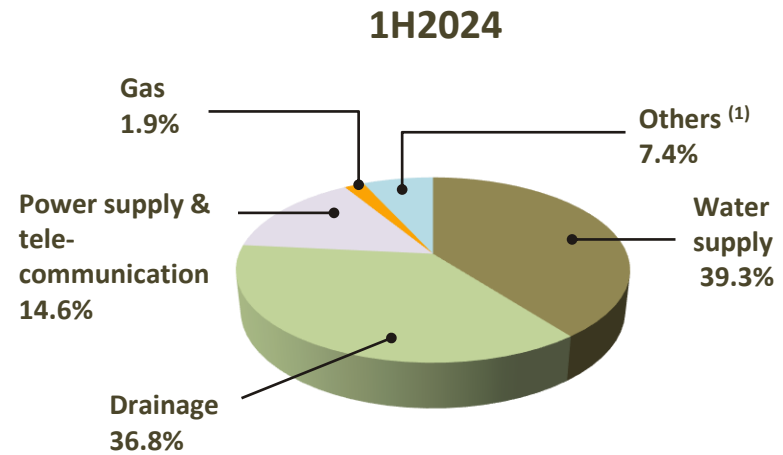
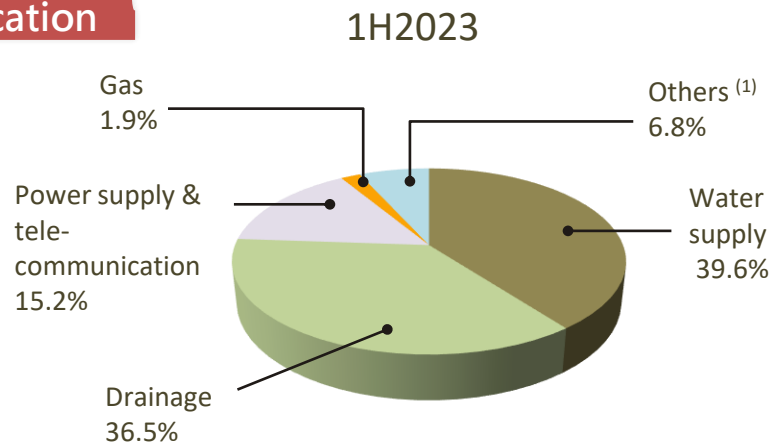


1H2024

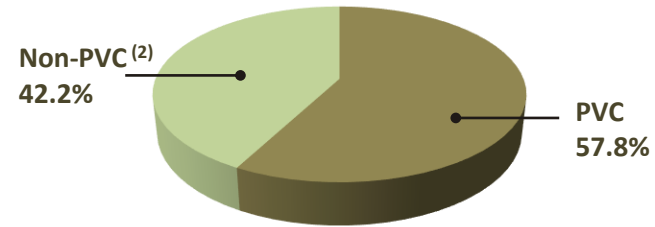
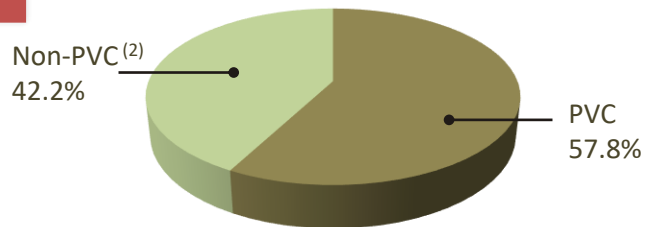


Plastic piping systems business: revenue analysis

By product application



By product material



Total pipe products revenue:
RMB 12.233 billion

Total pipe products revenue:
RMB 11.219 billion

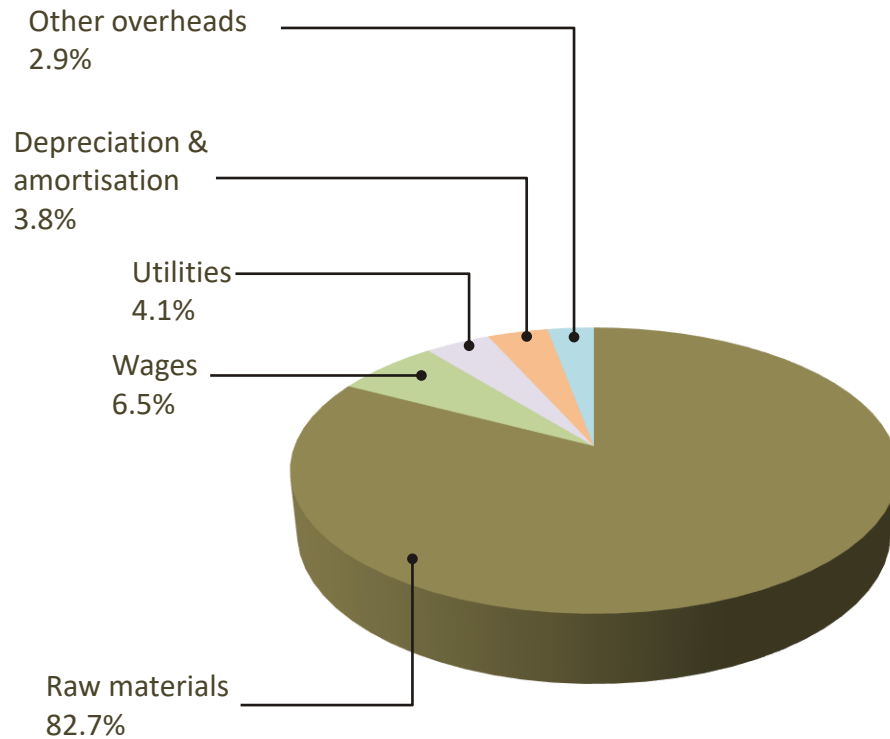
(1) Others include agricultural applications, floor heating and fire services

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

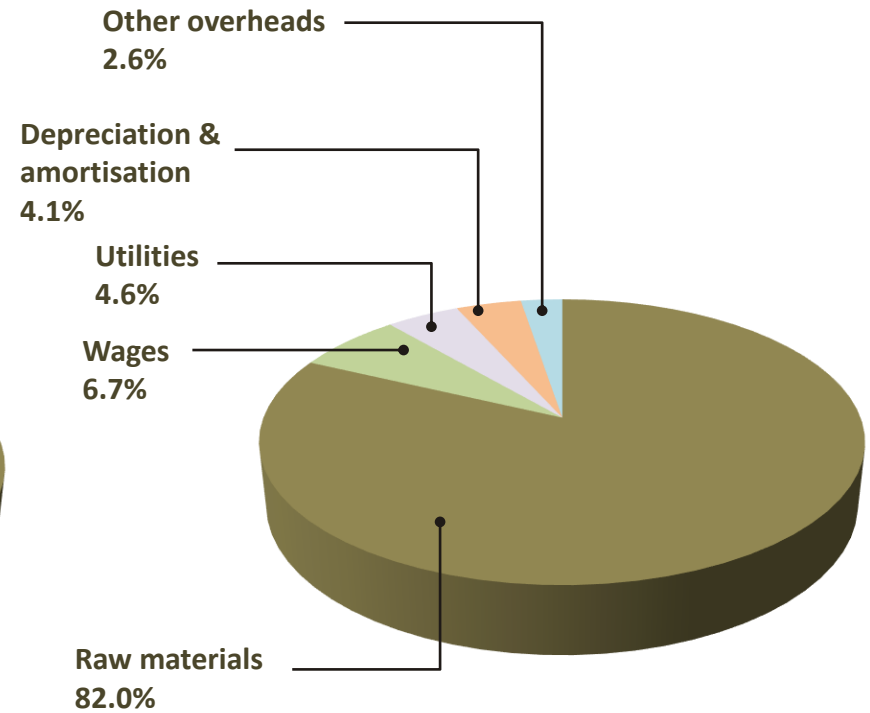


Plastic piping systems business: overall cost structure

1H2023

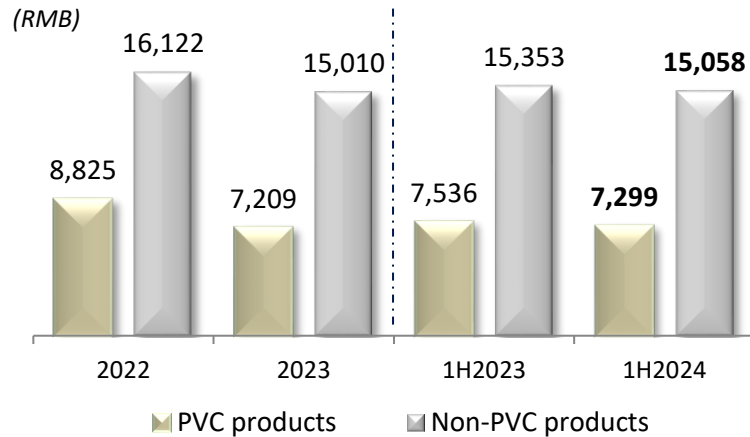


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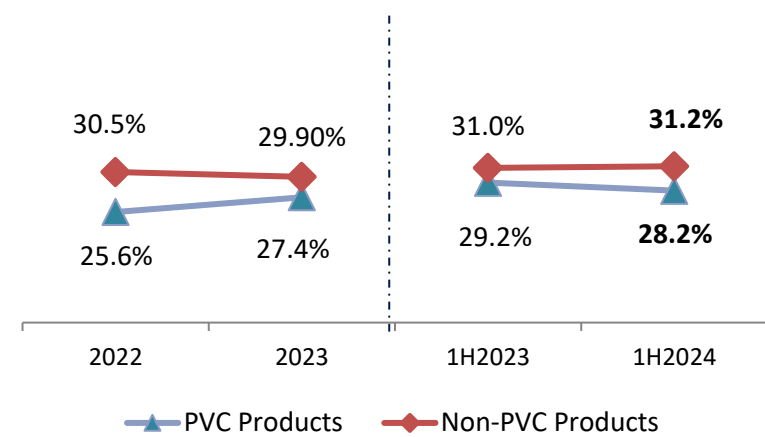


Plastic piping systems business: ASP & GP margin analysis

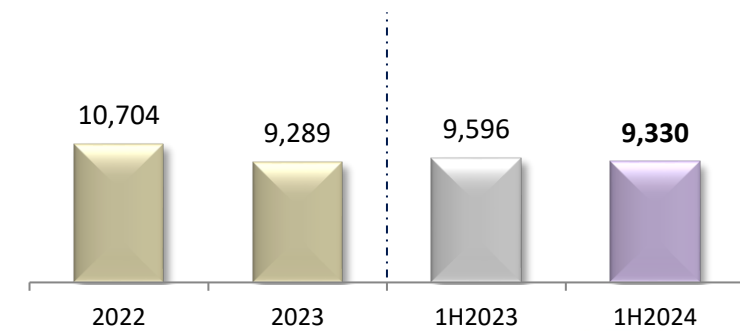
ASP per tonne – by material



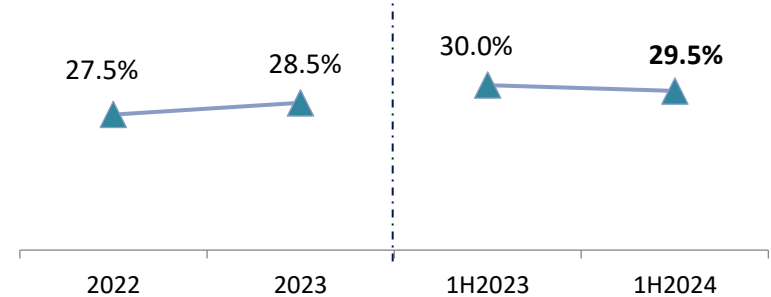
GP margin – by material



ASP per tonne - overall



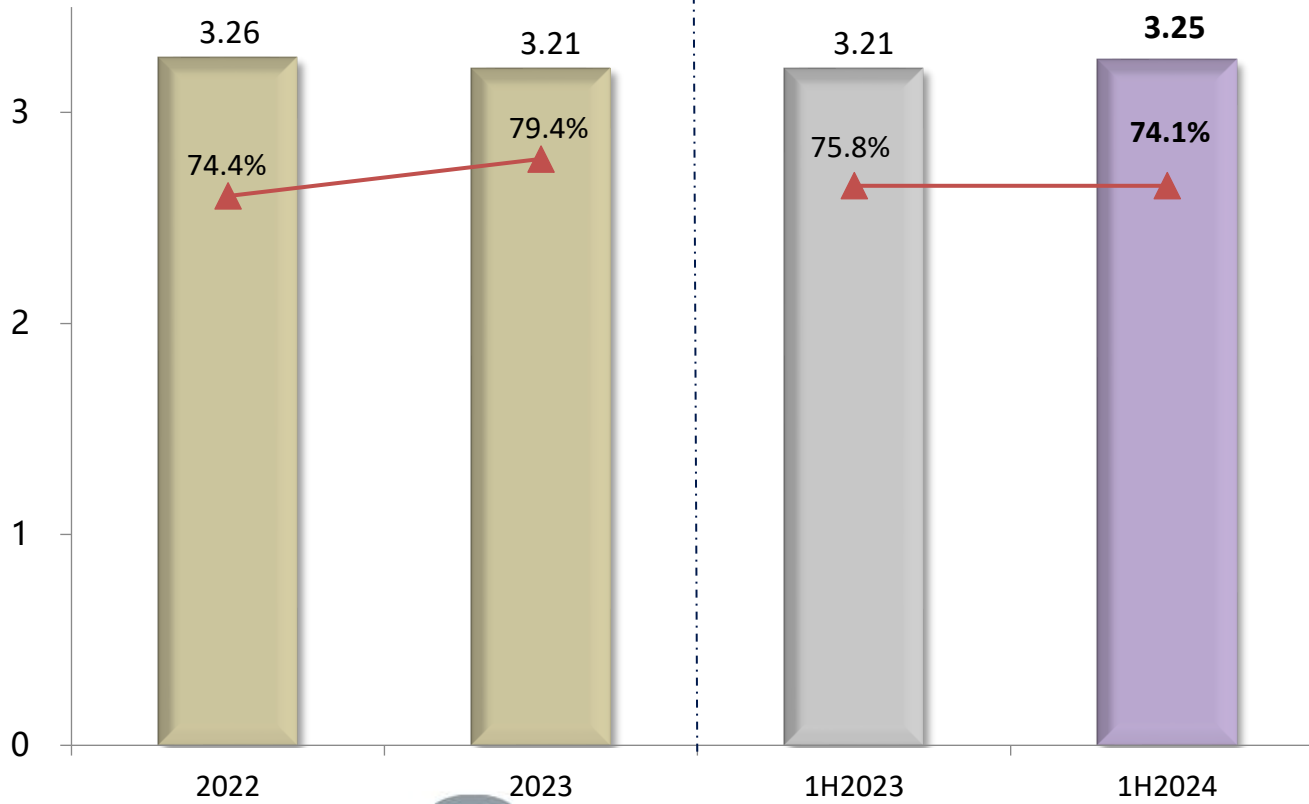
GP margin - overall



Plastic piping systems business: production capacity & utilisation rate

Annual designed production capacity & average utilisation rate

(million tonnes)



Plastic piping systems business

- ❑ Diversified its piping by developing and launching more new products
- ❑ Grasped opportunities in the markets for the application of piping in certain sectors with growth potential to expand its market share
- ❑ Recorded an uptrend in sales volume of its piping to the agricultural sector and rural villages

- ❑ Continued to strengthen its strategic partnerships with government departments, leading central government-owned and state-owned infrastructure construction enterprises with strong business fundamentals
- ❑ Proactively participated in projects of national development plan and urban redevelopment projects, with the aim of achieving synergies with its strategic business partners

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- ❑ Promoted intelligent manufacturing
- ❑ Established smart factories which integrate such technologies as the IoT, intelligent manufacturing and automated production in order to enhance its production capability
- ❑ Improved efficiency and effectively reduced carbon emissions

- ❑ Stepped up its pace of expansion into overseas markets by accelerating the localisation of its brand there
- ❑ Production bases in Indonesia, Cambodia, Thailand and Malaysia have already been put into operation
- ❑ Preparing to develop the markets in Tanzania and Vietnam by localising its production and sales there



Building materials and home improvement business

❑ Recorded a revenue of RMB1,080 million in 1H2024

Proactively optimised its client mix

- ❑ Shifting the focus of its business development to the projects led by the government department and central government-owned and state-owned enterprises
- ❑ Proactively engaging new clients with strong financial position
- ❑ Decreasing the proportion of civilian-owned enterprises in its clientele
- ❑ Reducing business risk

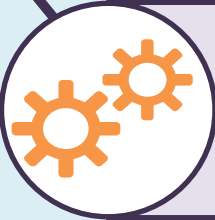
Fully grasp opportunities

- ❑ Continue to focus on product quality
- ❑ Enhancing its one-stop total solution and services
- ❑ Grasping opportunities in property development projects and optimise its client mix
- ❑ Diversifying its sales channels, increasing investment in product research and development, cultivating technology talent, and innovating and upgrading green products



Other businesses

Supply chain service platform business



- ❑ Revenue: RMB769 million
- ❑ Planned to dispose of its overseas assets gradually or lease out according to the market conditions
- ❑ Succeeded in spinning off its subsidiary, EDA Group, through a separate listing on the main board of the Hong Kong Stock Exchange on 28 May 2024

Environmental protection business



- ❑ Revenue: RMB131 million
- ❑ Optimised its client mix and consolidated its customer base as well as further explored the opportunities for undertaking government projects

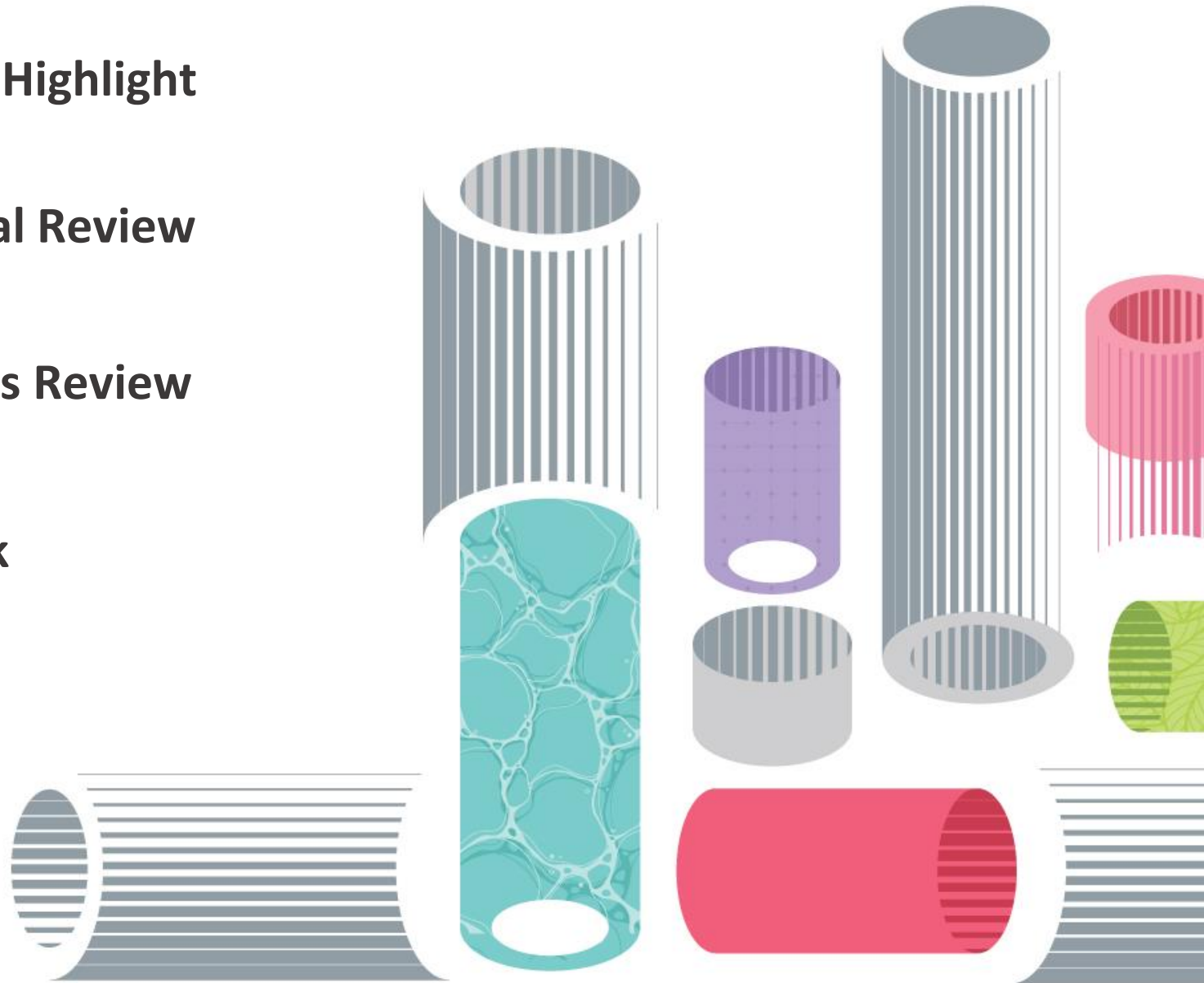
New energy business



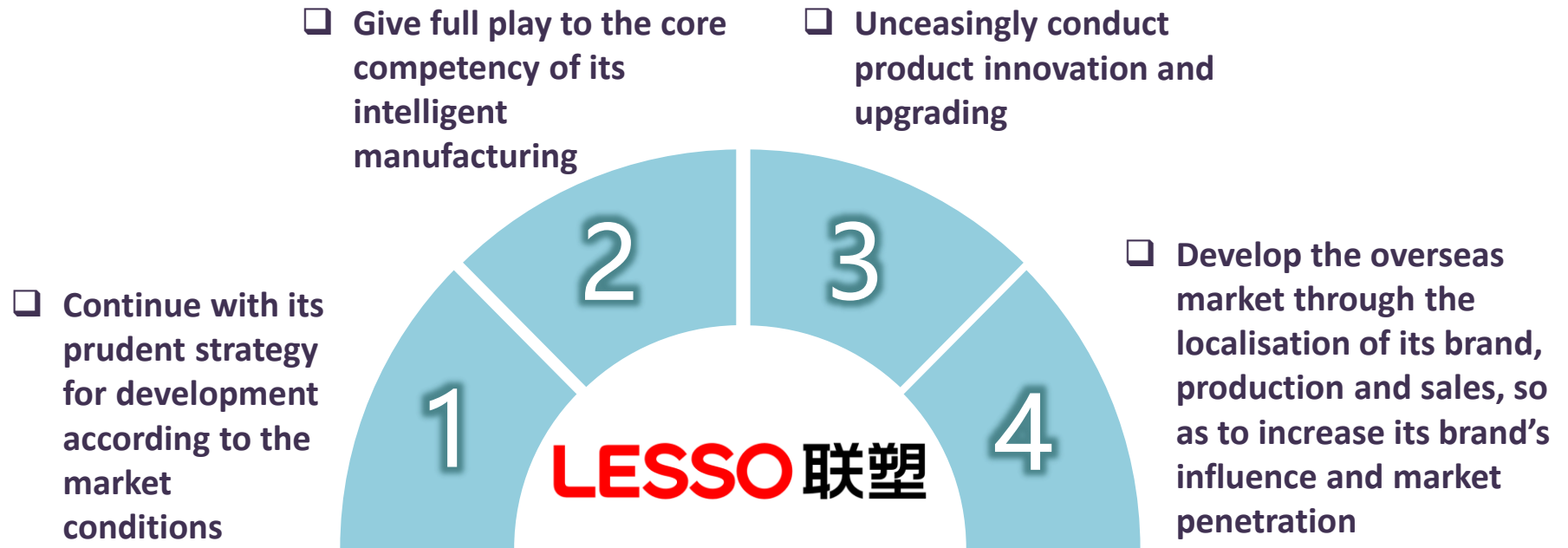
- ❑ Revenue: RMB157 million
- ❑ Take a prudent approach according to the market conditions to further decrease the costs of operation and products, review and adjust both the direction of the development and operation strategy of its new energy business in a timely manner



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Future prospect



Q&A



Appendix: financial summary

Statement of profit and loss (RMB million)

	2022 (restated)	2023	1H2023	1H2024
Revenue	30,767	30,868	15,297	13,564
Gross profit	8,241	8,121	4,259	3,728
EBITDA	5,786	5,613	3,114	2,644
EBIT	3,872	3,777	2,211	1,767
Net profit	2,521	2,320	1,436	1,017

Statement of financial position (RMB million)

	2022 (restated)	2023	1H2023	1H2024
Cash & bank deposits	7,362	6,553	7,110	6,702
Total assets	59,004	60,031	61,828	59,593
Total debts	20,614	20,696	24,130	21,034
Total equity	22,641	24,311	23,452	23,889

Ratio analysis

Profit ratio (%)	2022 (restated)	2023	1H2023	1H2024
Gross profit margin	26.8%	26.3%	27.8%	27.5%
EBITDA margin	18.8%	18.2%	20.4%	19.5%
EBIT margin	12.6%	12.2%	14.5%	13.0%
Net profit margin	8.2%	7.5%	9.4%	7.5%
Growth rate (%)				
Revenue	-4.0%	0.3%	2.7%	-11.3%
Gross profit	-2.4%	-1.5%	8.0%	-12.5%
EBITDA	1.2%	-3.0%	9.3%	-15.1%
EBIT	-11.1%	-2.4%	21.5%	-20.1%
Net profit	-17.7%	-7.9%	10.1%	-29.2%
Liability ratio (times)				
EBITDA/ financing costs	8.49x	5.04x	5.86x	5.46x
Total debts/ (total debts + total equity)	47.7%	46.0%	50.7%	46.8%

Appendix: layout of production bases

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

