



# Technovator International Limited 同方泰德国际科技有限公司 (1206.hk)

—Leading smart energy saving services provider

- Innovation Transformation

March 2017

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# Financial highlights

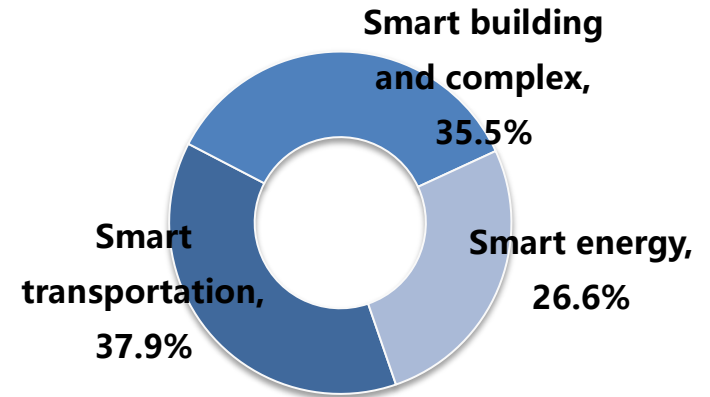
| <i>For the 12 months ended 31 Dec</i>             | <b>2016</b><br>(RMB mn) | 2015<br>(RMB mn) | Chg   |
|---|-------------------------|------------------|-------|
| <b><i>Continuing operations</i></b>               |                         |                  |       |
| <b>Revenue</b>                                    | <b>1,786.3</b>          | 1,692.6          | 5.5%  |
| <b>Gross profit</b>                               | <b>428.6</b>            | 395.5            | 8.4%  |
| <b>EBITDA</b>                                     | <b>378.5</b>            | 321.7            | 17.7% |
| <b>Operating profit</b>                           | <b>298.9</b>            | 241.4            | 23.8% |
| <b>Profit for the year</b>                        | <b>231.7</b>            | 185.3            | 25.1% |
| <b>Profit attributable to equity shareholders</b> | <b>234.1</b>            | 184.1            | 27.2% |
| <b>Basic EPS (RMB)</b>                            | <b>0.2935</b>           | 0.2524           | 16.3% |
| <b>Basic EPS (HKD equivalent)</b>                 | <b>0.3298</b>           | 0.2836           | 16.3% |
| <b>Diluted EPS (RMB)</b>                          | <b>0.2870</b>           | 0.2385           | 20.3% |
| <b>Diluted EPS (HKD equivalent)</b>               | <b>0.3225</b>           | 0.2680           | 20.3% |

# Revenue analysis – business segments

In response to the change of market environment and policy requirement, the Group proactively adjusted its own business structure and business model and stepped into a new stage of transformation and upgrade.

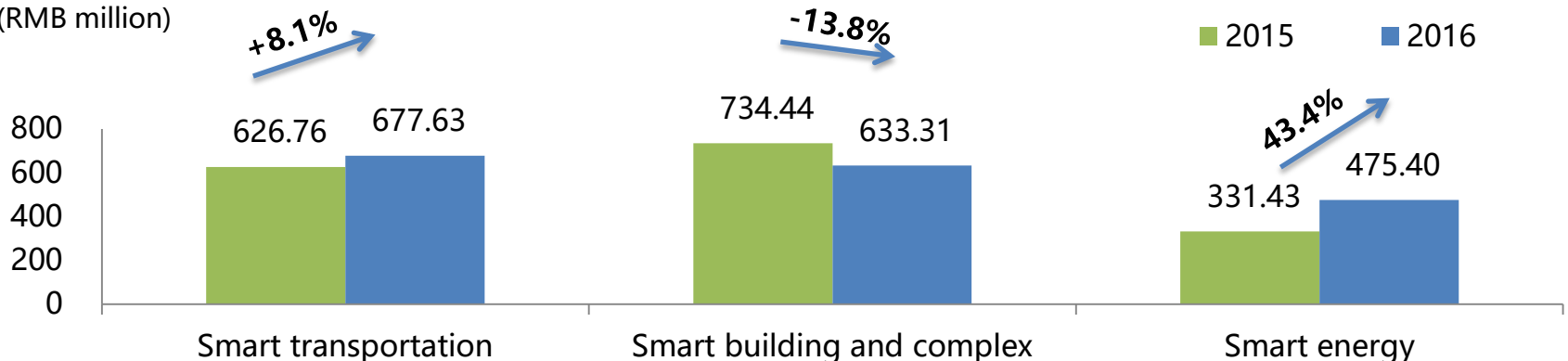
**The revenue adjustment by each segment began to take effect.**

## Revenue breakdown – 2016



## Revenue growth

(RMB million)

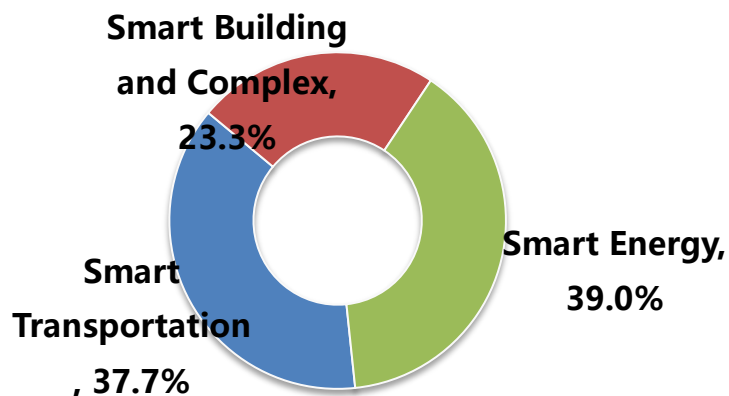


# EBITDA margin analysis

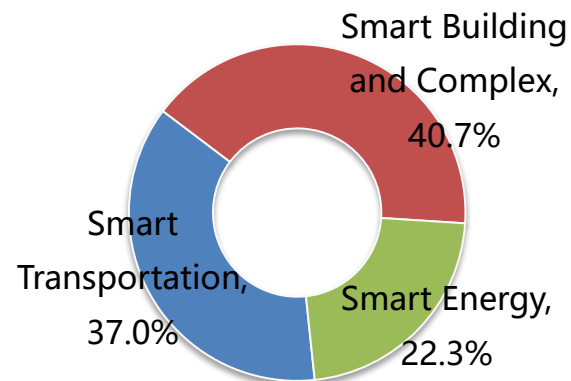
**Overall EBITDA margin improvement driven by the significantly increased margin of smart energy segment**

| <i>For the 12 months ended 31 Dec</i> | <b>2016</b>   | 2015   | Chg           |
|---------------------------------------|---------------|--------|---------------|
| <b>EBITDA margin(%)</b>               | <b>21.11%</b> | 19.76% | <b>1.35%</b>  |
| Smart Transportation                  | <b>21.01%</b> | 20.82% | <b>0.19%</b>  |
| Smart Building and Complex            | <b>13.86%</b> | 18.70% | <b>-4.84%</b> |
| Smart Energy                          | <b>30.91%</b> | 23.72% | <b>7.19%</b>  |

## EBITDA breakdown – 2016



## EBITDA breakdown – 2015

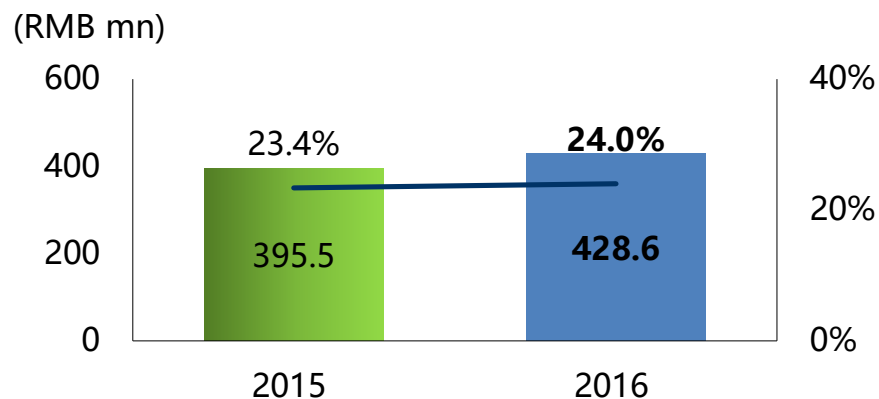


# P&L Analysis

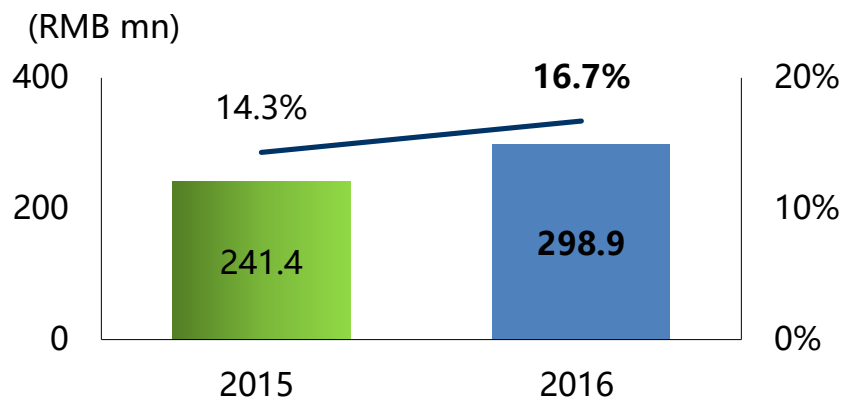
| <i>For the 12 months ended 31 Dec</i>              | <b>2016</b><br>(RMB mn) | <b>2015</b><br>(RMB mn) | <b>Chg</b>      |
|--|-------------------------|-------------------------|-----------------|
| <b><i>Continuing operations</i></b>                |                         |                         |                 |
| <b>Revenue</b>                                     | <b>1,786.3</b>          | 1,692.6                 | <b>5.54%</b>    |
| <b>COGS</b>  | <b>(1,357.7)</b>        | (1,297.1)               | <b>4.67%</b>    |
| <b>Gross profit</b>                                | <b>428.6</b>            | 395.5                   | <b>8.37%</b>    |
| <b>Other revenue</b>                               | <b>40.2</b>             | 58.5                    | <b>-31.28%</b>  |
| <b>Other net gain</b>                              | <b>28.0</b>             | 1.9                     | <b>1373.68%</b> |
| <b>Selling and distribution costs</b>              | <b>(66.2)</b>           | (70.3)                  | <b>-5.83%</b>   |
| <b>Administrative and other operating expenses</b> | <b>(131.7)</b>          | (144.2)                 | <b>-8.67%</b>   |
| <b>Profit from operations</b>                      | <b>298.9</b>            | 241.4                   | <b>23.82%</b>   |
| <b>EBITDA</b>                                      | <b>378.5</b>            | 321.7                   | <b>17.66%</b>   |
| <b>Finance costs</b>                               | <b>(30.9)</b>           | (34.8)                  | <b>-11.21%</b>  |
| <b>Profit before taxation</b>                      | <b>268.0</b>            | 206.6                   | <b>29.72%</b>   |
| <b>Income tax</b>                                  | <b>(36.3)</b>           | (21.4)                  | <b>69.63%</b>   |
| <b>Profit for the year</b>                         | <b>231.7</b>            | 185.3                   | <b>25.04%</b>   |
| <b>Attributable to minority</b>                    | <b>(2.4)</b>            | 1.2                     | <b>-300.00%</b> |
| <b>Attributable to equity shareholders</b>         | <b>234.1</b>            | 184.1                   | <b>27.16%</b>   |

# Profitability analysis

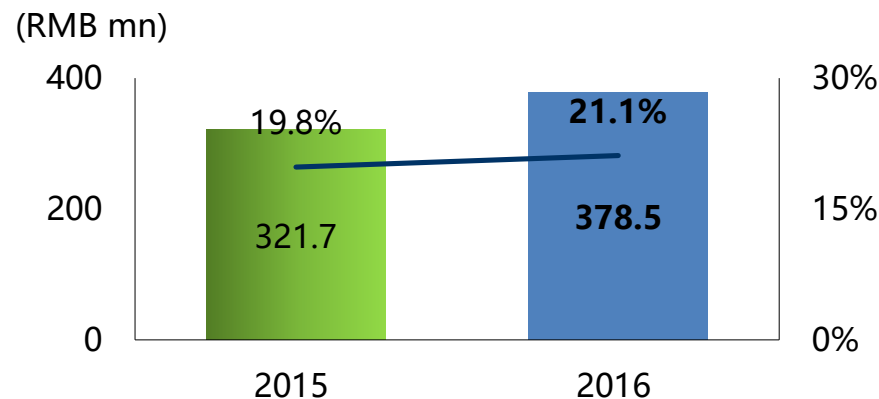
## Gross margin



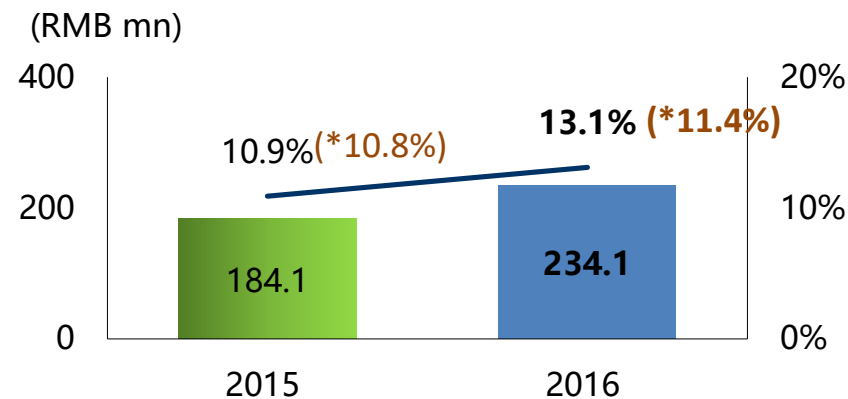
## Operating margin



## EBITDA margin



## Net margin

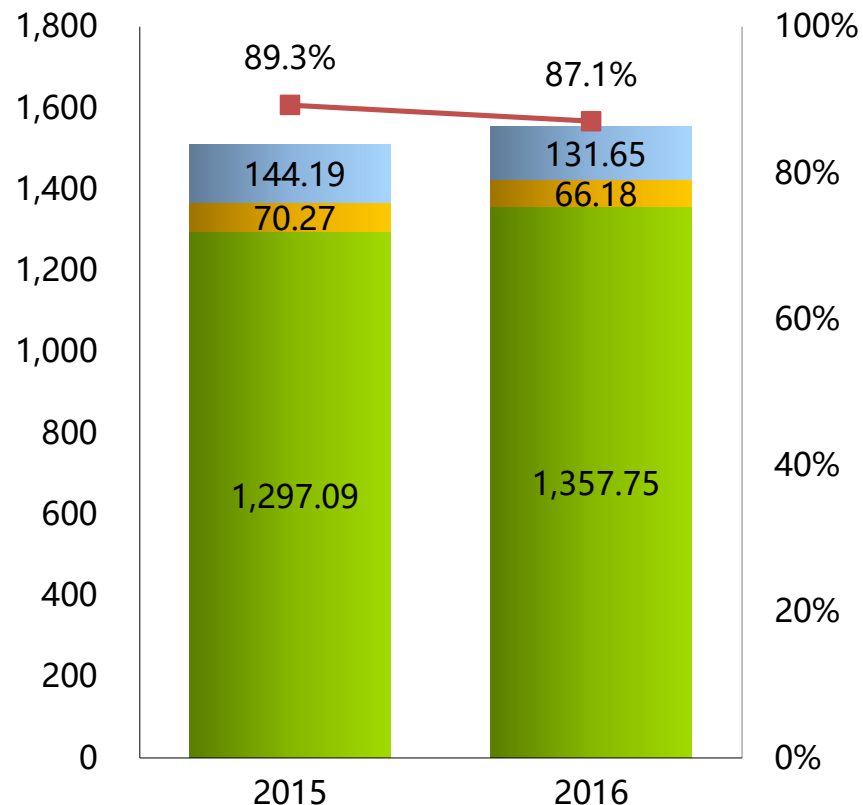


Note : \*if excluding the net foreign exchanges gain

# Cost structure & R&D expenditure

## Cost Structure

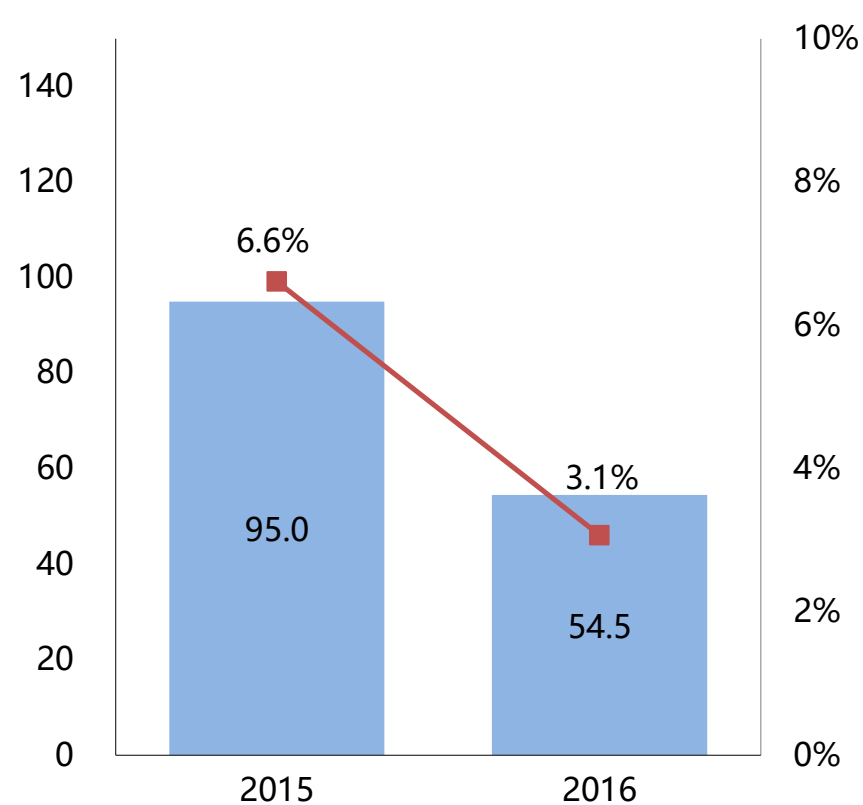
(RMB mn)



- Admin and other operating expenses
- Selling & distribution costs
- COGS

## R&D expenditure

(RMB mn)



- R&D expenditure
- % of revenue



# Other financial figures

|  | 2016 Dec       | 2015 Dec |
|--|----------------|----------|
| <b>Net assets (RMB mn)</b>   | <b>2,194.1</b> | 2,006.8  |
| <b>Total assets (RMB mn)</b>   | <b>3,829.6</b> | 3,965.4  |
| <b>Cash &amp; Cash Equivalents (RMB mn)</b>  | <b>665.8</b>   | 1,261.9  |
| <b>Loan &amp; Borrowings – short term (RMB mn)</b>   | <b>290.4</b>   | 276.7    |
| <b>Loan &amp; Borrowings – long term(RMB mn)</b>   | <b>0.0</b>     | 168.7    |
| <b>Net Cash/(Net Debt) (RMB mn)</b>  | <b>375.5</b>   | 816.5    |
| <b>Current Ratio (times)</b><br>(Current Assets divided by Current Liabilities)            | <b>1.9</b>     | 1.8      |
| <b>Loan &amp; Borrowings Ratio (%)</b><br>( Loans and Borrowings divided by Total Assets ) | <b>7.6%</b>    | 11.2%    |
| <b>Inventory Turnover (Days)</b>   | <b>59.0</b>    | 50.0     |
| <b>Trade Receivables Turnover (Days)</b>   | <b>208.3</b>   | 175.0    |
| <b>Trade Payables Turnover (Days)</b>  | <b>226.0</b>   | 175.0    |

| <i>For the 12 months ended 31 Dec</i>                          | 2016<br>(RMB mn) | 2015<br>(RMB mn) |
|--|------------------|------------------|
| <b>Net cash generated from operating activities</b>            | <b>107.72</b>    | 70.85            |
| <b>Net cash (used in) /generated from investing activities</b> | <b>(511.19)</b>  | 314.45           |
| <b>Net cash (used in) /generated from financing activities</b> | <b>(243.01)</b>  | 413.32           |
| <b>Net (decrease)/increase in cash &amp; cash equivalents</b>  | <b>(646.48)</b>  | 798.62           |



Smart  
transportation

***Emphasizing on intelligence and energy saving,  
Successful promotion in energy saving***

## **Rail transit intelligence :**

- Guangzhou Traffic Control Center project successfully delivered for operation; Shenzhen rail NOCC project completed the linkage of three routes
- Successfully contracted various rail transit projects including Changchun rail transit line 1, Wuhan rail transit line 7, Xi'an rail transit line 4 and Chongqing rail transit line 10, and facilitated the implementation of projects in cities such as Suzhou, Shijiazhuang and Shenzhen
- Successfully contracted the rail transit orange line project in Lahore, Pakistan, which became an important opening for the implementation of One Belt, One Road Initiative strategy
- The proprietary Platform Screen Door System (PSD) was successfully applied for Tianjin line 5

## **Rail transit energy saving :**

- Successfully contracted and implemented EMC project for Beijing rail transit line 8 and 9, and the Line 8 project has successfully delivered.
- Will continue to promote the strategy of connecting lines and networks and swiftly replicate the successful experience to various cities across the country



Smart building  
and complex

***Timely transformed and adjusted business model ,  
Focusing on energy saving service and operation business***

## Building intelligence :

- Contracted and completed a number of difficult landmark projects, including Taiyuan Zhongding Logistics Park project
- The cooperation with Baidu moved forward with the Baidu Cloud Computing (Yangquan) Center project successfully contracted

## Building energy saving :

- Continued to provide service to Wanda Group, developed the Huiyun System for 24 Wanda Plazas in total across the country, and fully upgraded Techcon IBS platform in order to support the intelligence and energy saving operation management for Wanda Group
- Has entered into the Strategic Cooperation Agreement with Jinmao Green Building(金茂綠建) and began to build the centralized energy consumption monitoring platform in order to collect energy consumption data in various cities and to realize efficient real time supervision and control management
- The Techcon Energy Management System (EMS) of the building energy consumption data center was upgraded during the year so as to continue to serve Changsha City and Zhuzhou City in Hunan Province and Wuhan City in Hubei Province.



Smart energy

## *Great progress in the heating network intelligence and energy saving EMC*

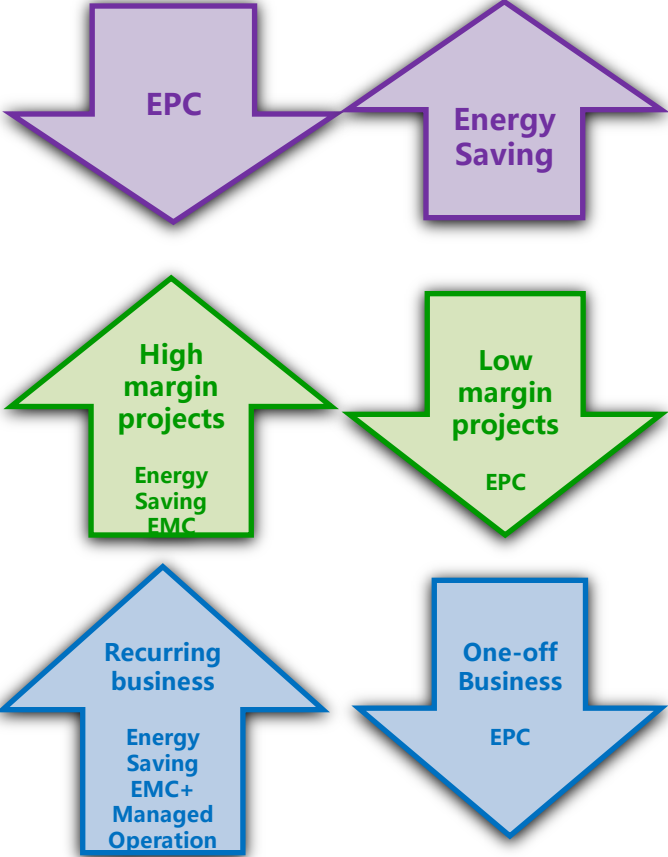
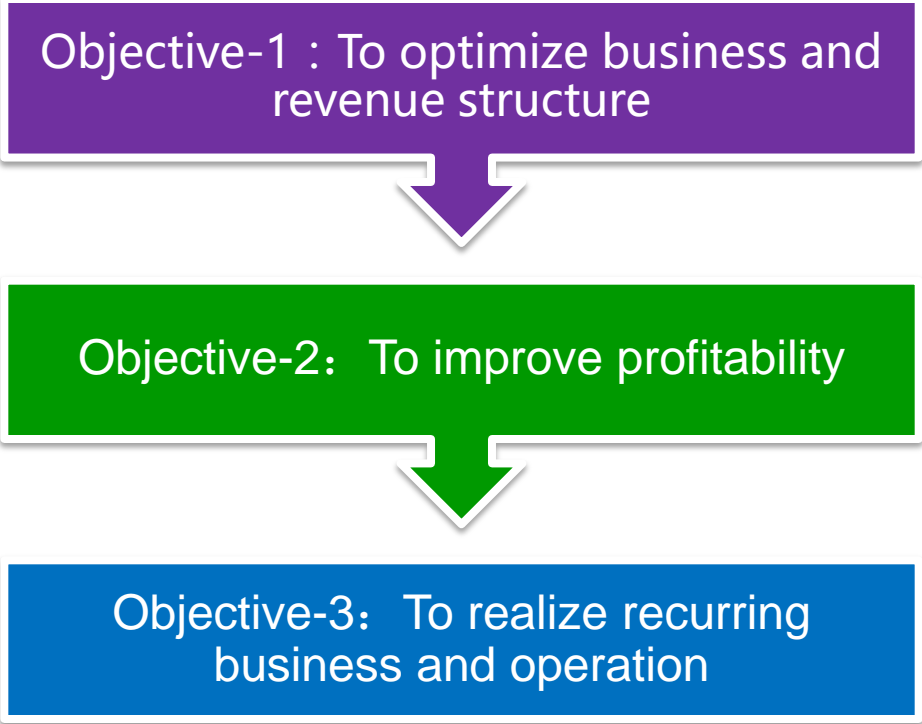
### Heating network intelligence :

- The centralized heating project in Taiyuan Taigu comprised various domestic-first and world leading technologies
- Successfully signed several heating network intelligence projects in Taiyuan, Baoding, Tongliao and Wuwei, etc., and continuously promoted the implementation of projects in Datong, Baoding, Lanzhou and Xinxiang
- Successful experience was gained from the combination of network and source projects in Wangkui, Shihezi and other areas, improved the overall heating revenue significantly for customers, and formed a solid foundation for the implementation of successive projects of the integration of network and source.

### Heating network energy saving :

- Energy saving EMC projects have achieved another significant progress with the projects signed in Heze, Shandong and Xiaoyi, Shanxi.

# Business review – Transformation



# THANK YOU Q&A



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