



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 2019

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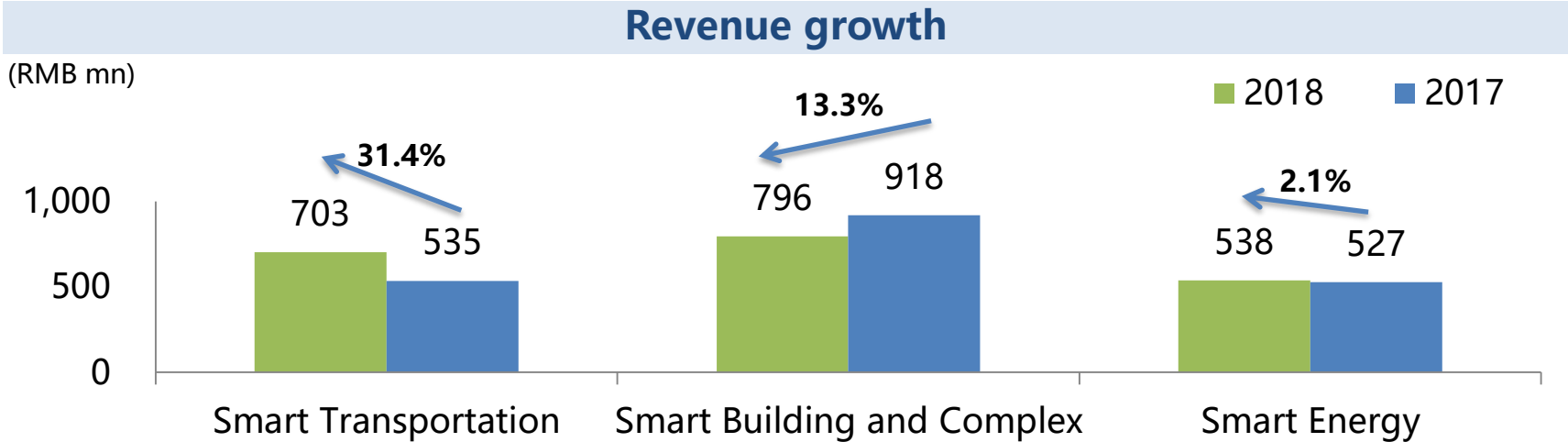
Financial highlights

<i>For the 12 months ended 31 Dec</i>	2018 (RMB mn)	2017 (RMB mn)	Chg
Revenue	2,036.6	1,980.0	2.9%
Gross profit	476.0	494.1	-3.7%
EBITDA	434.1	417.1	4.1%
Operating profit	321.9	319.9	0.6%
Profit for the year	261.3	262.9	-0.6%
Profit attributable to equity shareholders	261.1	259.4	0.7%
Basic EPS (RMB)	0.3338	0.3269	2.1%
Basic EPS (HKD equivalent)	0.3944	0.3779	4.2%
Net assets per share (RMB)	3.3974	3.0533	11.5%
Net assets per share (HKD equivalent)	3.8774	3.6527	6.1%

P&L analysis

<i>For the 12 months ended 31 Dec</i>	2018 (RMB mn)	2017 (RMB mn)	Chg
Revenue	2,036.6	1,980.0	2.9%
COGS	(1,560.6)	(1,485.9)	5.0%
Gross profit	476.0	494.1	-3.7%
Other revenue	47.5	38.3	24.0%
Other net gain	(0.2)	2.8	> -100%
Selling and distribution costs	(85.0)	(81.9)	3.8%
Administrative and other operating expenses	(115.8)	(133.4)	-13.2%
Share of losses of associates	(0.6)	-	NA
Profit from operations	321.9	319.9	0.6%
EBITDA	434.1	417.1	4.1%
Finance costs	(10.8)	(13.5)	-20.0%
Profit before taxation	311.1	306.4	1.5%
Income tax	(49.8)	(43.5)	14.3%
Profit for the year	261.3	262.9	-0.6%
Attributable to minority	0.2	3.5	-94.3%
Attributable to equity shareholders	261.1	259.4	0.7%

Revenue analysis – business segments



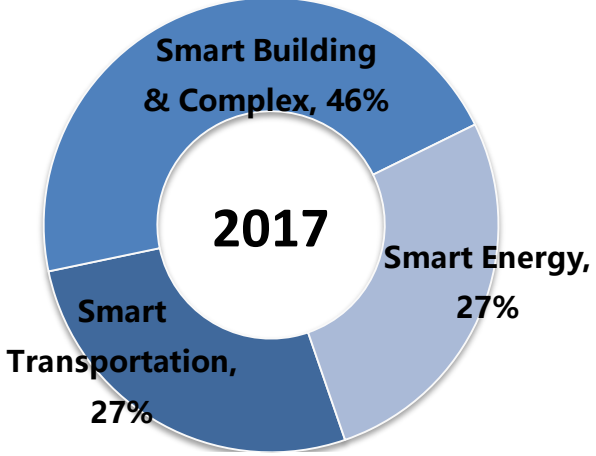
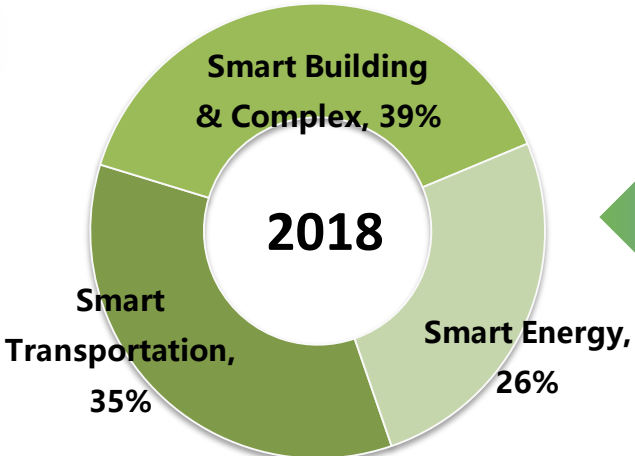
Benefiting from its successful bids for quality projects and executed orders in the past two years.



Mainly impacted by income decrease of a certain classified project.



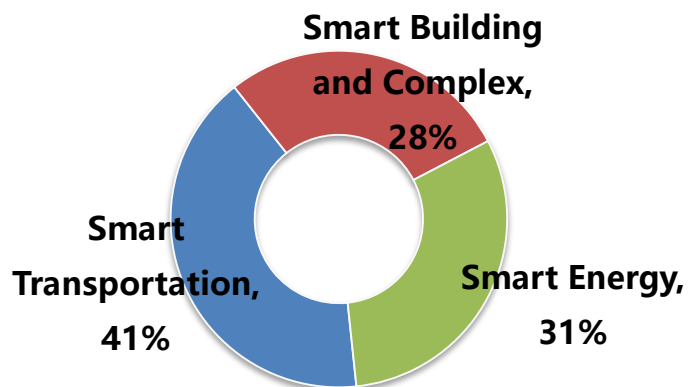
Mainly impacted by the postponement of certain newly signed EMC projects.



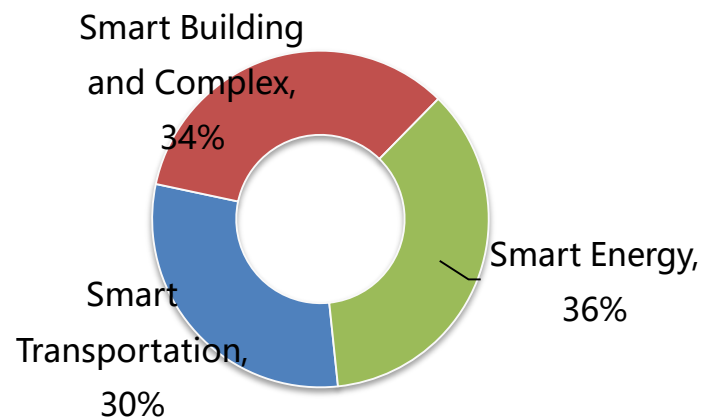
Gross margin analysis

<i>For the 12 months ended 31 Dec</i>	2018	2017	Chg
Gross margin(%)	23.4%	25.0%	-1.6%
Smart Transportation	27.8%	28.1%	-0.3%
Smart Building and Complex	16.5%	18.3%	-1.8%
Smart Energy	27.8%	33.5%	-5.7%

Gross profit breakdown – 2018

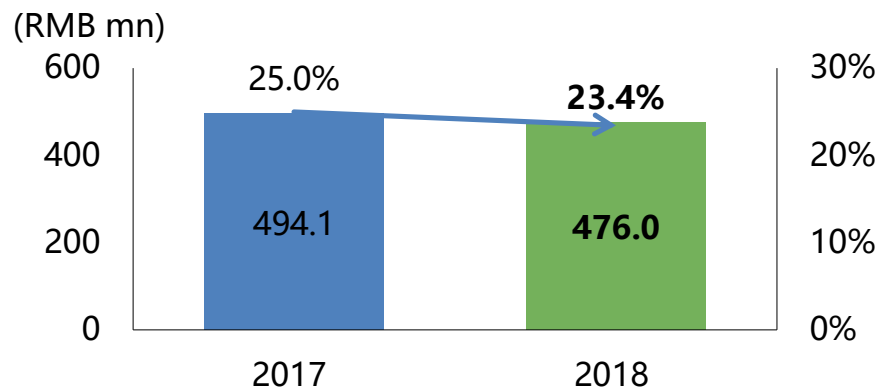


Gross profit breakdown – 2017

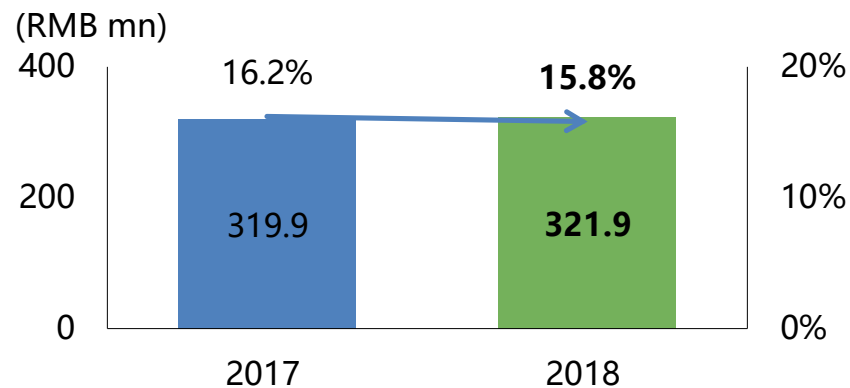


Profitability analysis

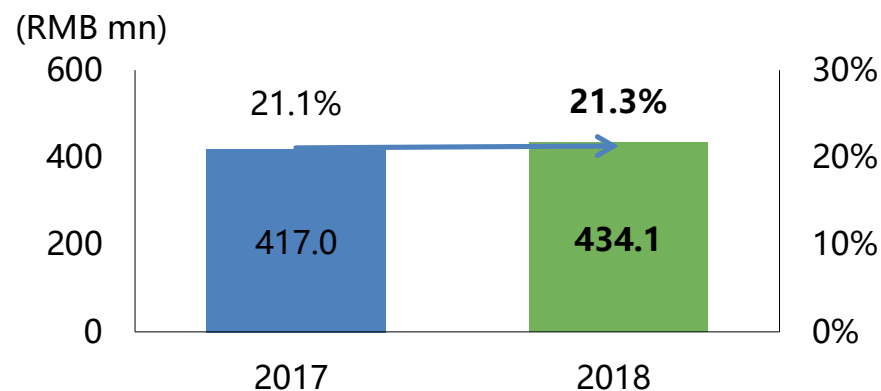
Gross margin



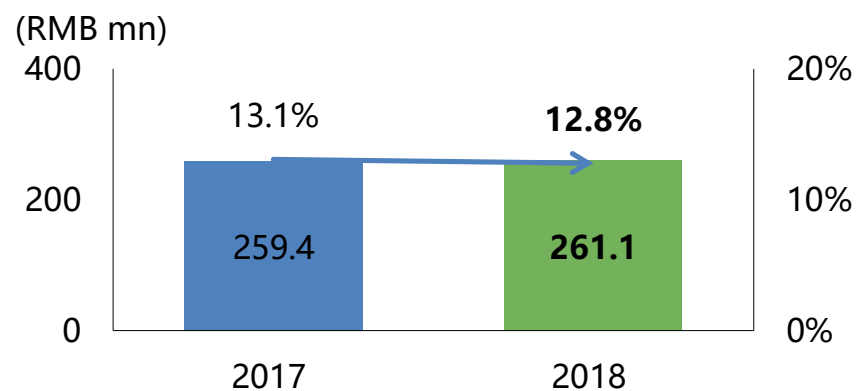
Operating margin



EBITDA margin

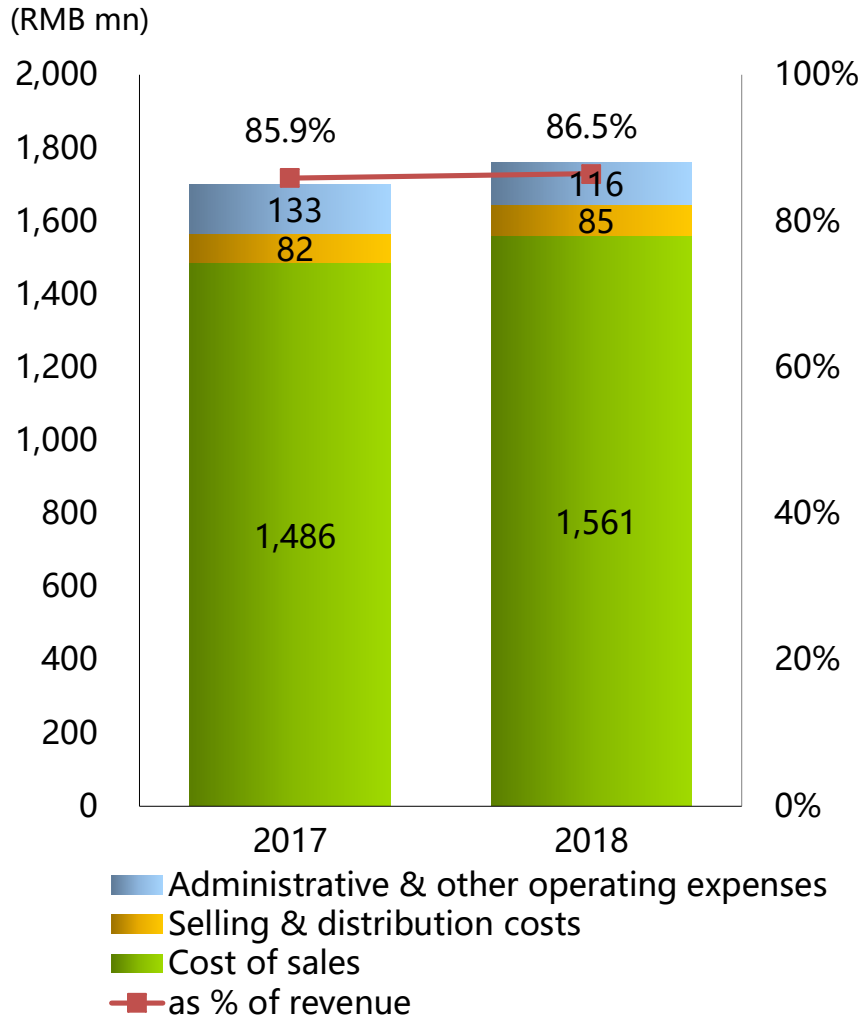


Net margin

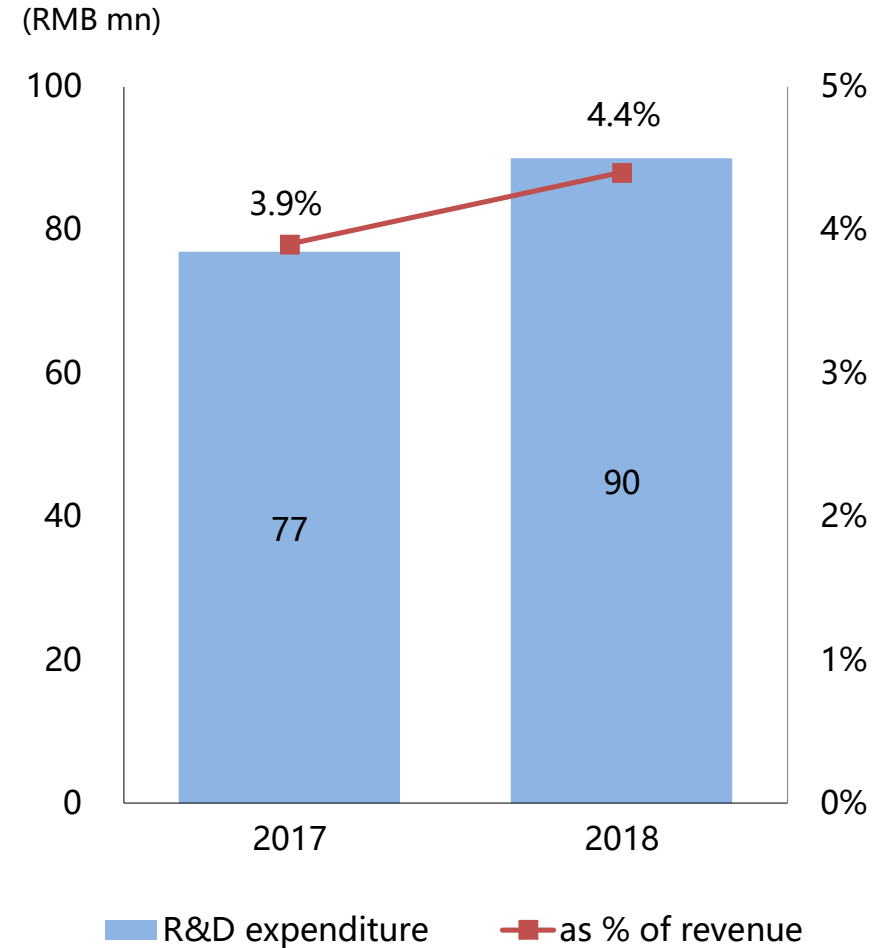


Cost structure & R&D expenditure

Cost Structure



R&D expenditure



Other financial figures

For the 12 months ended 31 Dec

	2018	2017	Chg
Net assets (RMB mn)	2,657.4	2,390.3	267.1
Total assets (RMB mn)	4,645.0	4,225.7	419.3
Cash & Cash Equivalents (RMB mn)	689.0	521.3	167.7
Loan & Borrowings (RMB mn)	239.8	242.3	-2.5
Net Cash/(Net Debt) (RMB mn)	449.2	279.0	170.2
Current Ratio (times) (Current Assets divided by Current Liabilities)	1.8	1.8	-
Loan & Borrowings Ratio (%) (Loans and Borrowings divided by Total Assets)	5.2%	5.7%	-0.5%
Inventory Turnover (Days)	145*	62**	83
Trade Receivables Turnover (Days)	195	212	-17
Trade Payables Turnover (Days)	279	266	13

* HKFRS 11 and 18 applied

** HKFRS 15 applied

For the 12 months ended 31 Dec

	2018 (RMB mn)	2017 (RMB mn)	Chg (RMB mn)
Net cash generated from operating activities	191.9	105.6	86.3
Net cash (used in) investing activities	(13.9)	(124.5)	(110.6)
Net cash (used in) financing activities	(30.4)	(116.7)	(86.3)
Net (decrease) in cash & cash equivalents	147.6	(135.4)	283.0
Net cash generated from operating activities	671.4	520.9	

Business review – Smart transportation



Smart transportation

A major increase in revenue;
Maintaining stable profit margin;
Being the leading player in the industry with ample market demand in the future

- **R&D:**

The ISCI for rail transit completed the standardized implementation and developed and upgraded version for overseas projects;

The proprietary Platform Screen Door System completed its system iteration, optimization and upgrade during actual project application;

Hosted and participated in the research work of “13th Five-Year” National Key R&D Program “Key Technologies and Demonstration of Building Energy Efficiency in Public Transportation Hubs.
- **Business:**

Successfully carried out integrated supervision and control projects on subways in Changchun, Xi’ an, Chongqing, Wuhan and Lahore of Pakistan;

Managed to enter into the projects for Hanzhou-Linan Intercity Railway, and introduced the autonomous ISCS platform to **the intercity railway**;

Won the bid of Hohhot Subway Line 2, to **explore the new market in Northern China**;

Succeeded in incorporating Xi’ an and Qingdao into its business of **command centers for urban rail transit network**.

Business review – Smart building and complex



Smart building
and complex

A decrease in segment revenue;
A steady profit margin;
Expected a new round of growth in 2019

- **R&D:** Fully upgraded the core controller of the proprietary Techcon 04 system;
The development of Utility Tunnel Management Platform went on smoothly;
Has been appointed as a deputy-director committee member of the Professional Committee for Swarm Intelligence Building Energy Conservation under China Energy Conservation Association (中国节能协会群智能建筑节能专业委员会).
- **Business:** Proceeded with key engineering projects such as Qingdao Hongdao International Convention and Exhibition Center and the mega project for a first-tier city in Northern China;
The upgraded Techcon EMS and Techcon series building controllers sustained its successful application in many places such as Chongqing, Tianjin, Sichuan and Zhejiang;
Focused on expanding its business in the **Beijing-Tianjin-Hebei area**, the **Guangdong-Hong Kong-Macao Greater Bay Area** and the **Starting points of the Belt Road Initiative**;
Made **good progress in EMC business**, won the bid for the Daqingxi Railway Station project in Heilongjiang at the end of the year.



Smart energy

***An extended trend in revenue growth;
A temporary decline in the profit margin;
Expected long-term growth momentum in the future***

- **R&D:** Managed to launch its proprietary heat exchange units for substantial temperature differentials with full operating conditions (全工况大温差换热机组). Successfully delivered “One Network for One City (一城一网)” smart heating service to Taiyuan City which covers the entire supply chain, making another milestone in the segment.
- **Business:** Made smooth progress in the central heating projects for Taiyuan No. 2 Heating and Power Plant, Ejin Horo Banner in Ordos and Wuwei City;

Entered into a number of large-scale key projects including the renovation work for the heating system of Karamay, the long-distance pipeline network of heat supply between Huaneng Shangan Power Plant (华能上安电厂) and Luquan District of Shijiazhuang, and the smart central heating project by Huadian Lingwu Power Plant (华电灵武电厂) for Yinchuan City;

Regional and corporate collaborations has been intensified continuously;

Maintained steady progress in EMC business. Several projects completed and entered into benefit sharing period. Wuhai project continued to expand cooperation. Won bids for projects including XinbingManchu Autonomous County under Fushun City in Liaoning Province.

THANK YOU



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