



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

—Leading smart energy saving services provider

August 2020

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Financial highlights

<i>For the 6 months ended 30 June</i>	2020 (RMB mn)	2019 (RMB mn)	Chg
Revenue	624.8	665.9	-6.2%
Gross profit	143.6	152.2	-5.6%
EBITDA	66.2	100.7	-34.3%
Operating profit	21.5	47.3	-54.5%
Profit before taxation	13.4	40.5	-66.8%
Profit for the period	11.8	38.1	-69.1%
Profit attributable to equity shareholders	12.8	38.7	-67.0%
Basic EPS (RMB)	0.0164	0.0495	-66.9%
Diluted EPS (RMB)	0.0164	0.0495	-66.9%

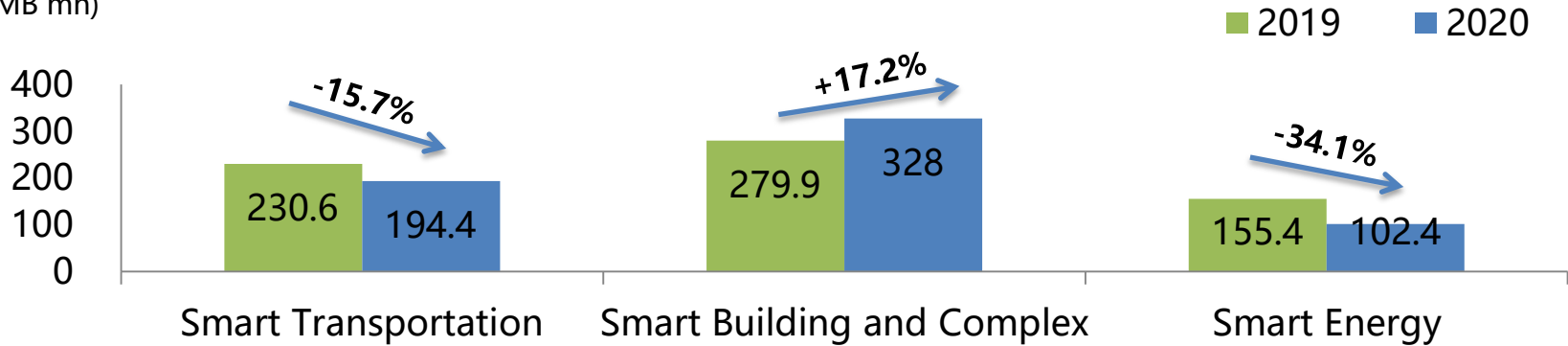
P&L analysis

<i>For the 6 months ended 30 June</i>	2020 (RMB mn)	2019 (RMB mn)	Chg
Revenue	624.8	665.9	-6.2%
COGS	(481.2)	(513.6)	-6.3%
Gross profit	143.6	152.2	-5.6%
Other revenue	23.8	27.2	-12.6%
Other net (loss)/gain	(0.7)	1.0	--
Selling and distribution costs	(47.8)	(46.6)	2.5%
Administrative and other operating expenses	(97.4)	(87.4)	11.4%
Profit from operations	21.5	47.3	-54.5%
Finance costs	(8.1)	(6.9)	18.4%
Profit before taxation	13.4	40.5	-66.8%
Income tax	(1.6)	(2.4)	-30.8%
Profit for the period	11.8	38.1	-69.1%
Attributable to minority	(1.0)	(0.6)	--
Attributable to equity shareholders	12.8	38.7	-67.0%

Revenue analysis – business segments

Revenue growth

(RMB mn)



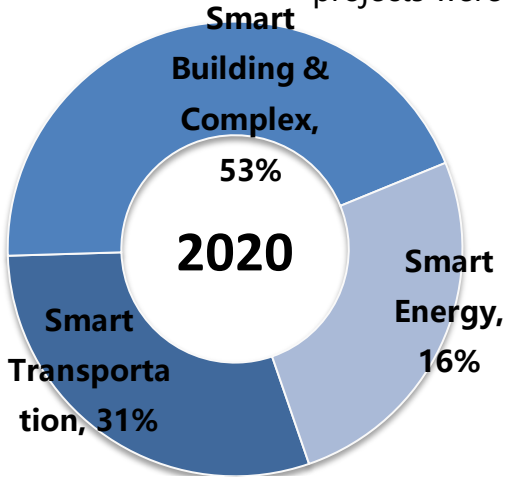
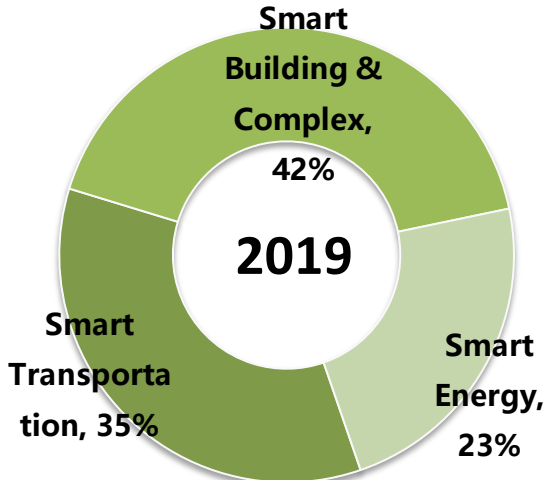
Benefiting from project resource reserves and by fully committing to the resumption of work, the negative impact has been mitigated to a certain extent.



The company made every effort to facilitate the projects progress, and the segment revenue achieved growth amidst challenges.



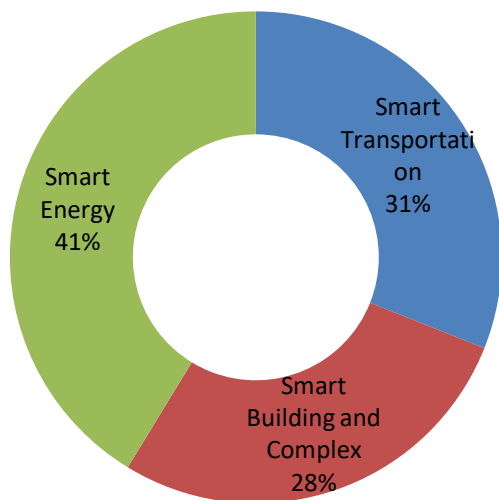
A number of engineering projects have been postponed while tender of new projects was delayed, and the implementation of operation and maintenance projects were hindered.



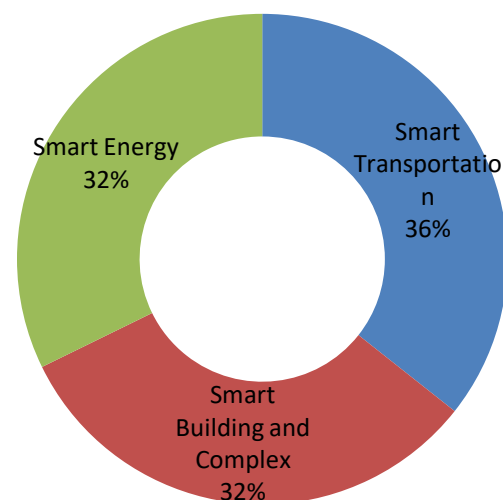
Profit analysis

<i>For the 6 months ended 30 June</i>	2020	2019	Chg
Gross margin(%)	23.0%	22.9%	0.1%
Smart Transportation	28.8%	24.7%	4.1%
Smart Building and Complex	20.2%	17.5%	2.7%
Smart Energy	20.8%	29.9%	-9.1%

EBITDA breakdown – 2019



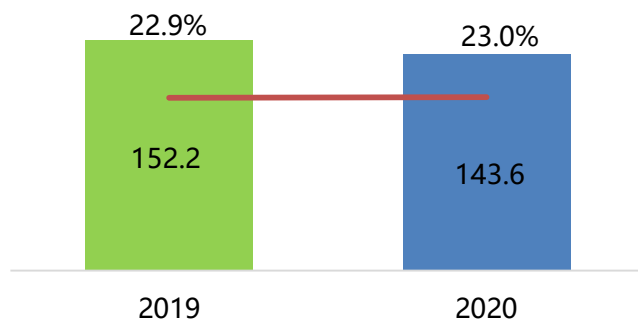
EBITDA breakdown – 2020



Profitability analysis

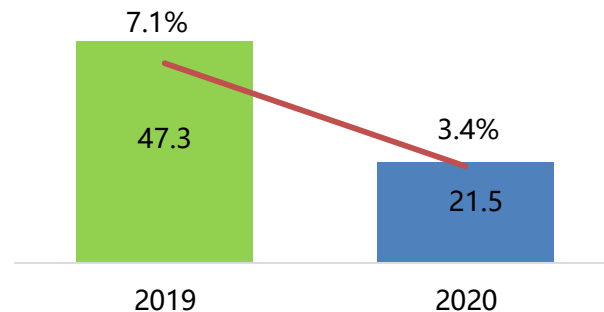
Gross margin

(RMB mn)



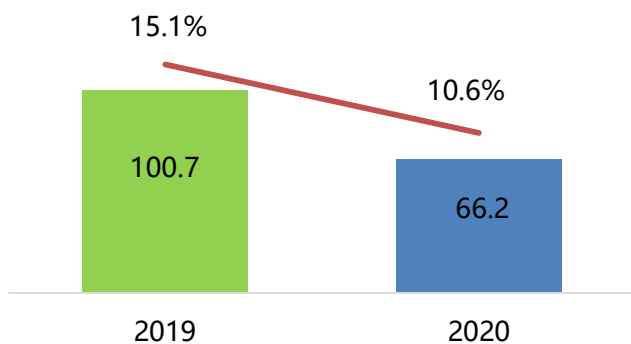
Operating margin

(RMB mn)



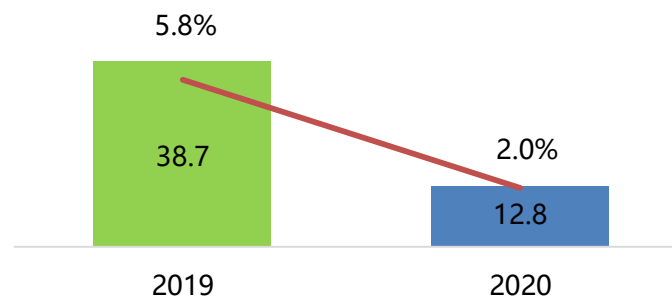
EBITDA margin

(RMB mn)



Net margin

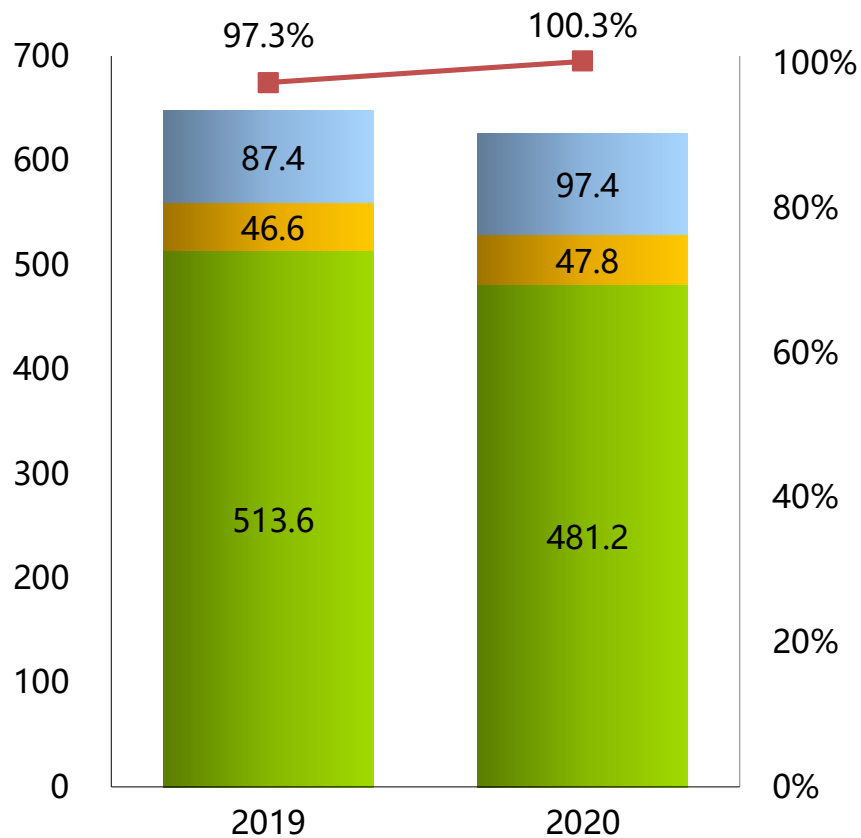
(RMB mn)



Cost structure & R&D expenditure

Cost Structure

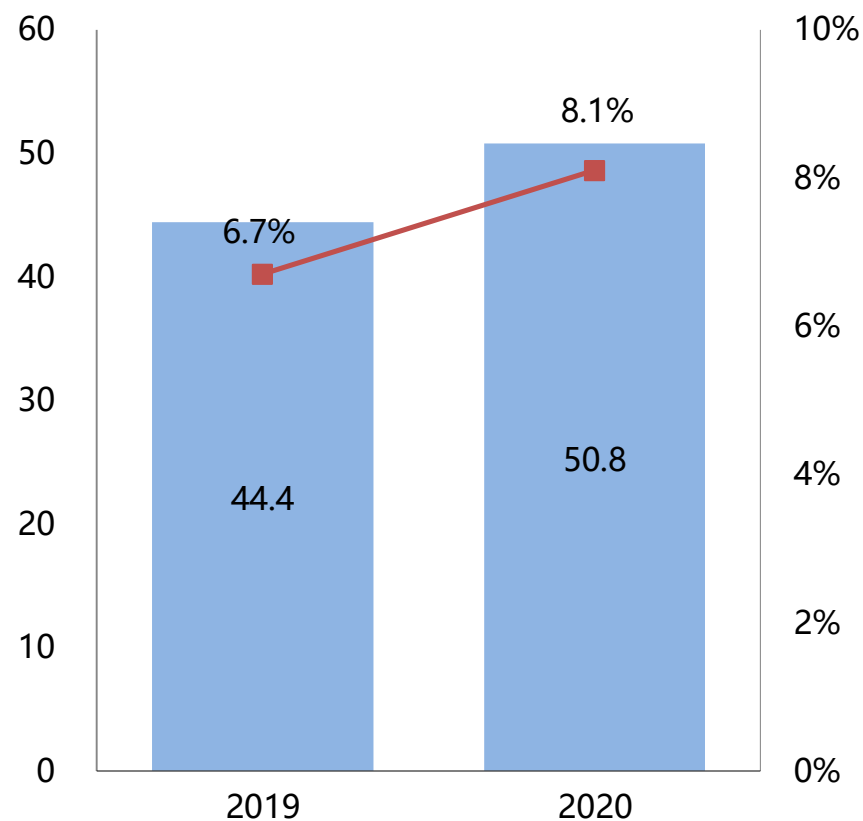
(RMB mn)



- Administrative & other operating expenses
- Selling & distribution costs
- Cost of sales
- as % of revenue

R&D expenditure

(RMB mn)



- R&D expenditure
- as % of revenue

Other financial figures

	Jun 2020	Dec 2019	Chg
Net assets (RMB mn)	2,781.5	2,772.5	9.0
Total assets (RMB mn)	4,645.6	4,927.5	(281.9)
Cash & Cash Equivalents (RMB mn)	262.7	657.8	(395.1)
Loan & Borrowings (RMB mn)	161.3	257.1	(95.8)
Net Cash/(Net Debt) (RMB mn)	101.5	400.7	(299.2)
Current Ratio (times) (Current Assets divided by Current Liabilities)	1.9	1.8	0.1
Loan & Borrowings Ratio (%) (Loans and Borrowings divided by Total Assets)	3.5%	5.2%	-1.7%

	Jun 2020	Jun 2019
Inventory Turnover (Days)	277	229
Trade Receivables Turnover (Days)	312	295
Trade Payables Turnover (Days)	490	415

Other financial figures

<i>For the 6 months ended 30 June</i>	2020 (RMB mn)	2019 (RMB mn)
Net cash generated from operating activities	(247.6)	(407.9)
Net cash (used in) investing activities	(36.6)	(45.8)
Net cash (used in) financing activities	(113.0)	38.8
Net (decrease) in cash & cash equivalents	(397.2)	(414.9)
Cash and cash equivalents at the end of the period	213.1	256.8



Smart
transportation

The projects postponed by the pandemic, the segment revenue declined;

Accelerated promotion and application of the proprietary core software control platform, the profit margin experienced an increase

- **Business:** The resumption of work has commenced in February for several project. Jinan Urban Rail Transit Line R2, Xi'an Subway Line 5, Hangzhou Subway Line 7, Xuzhou Urban Rail Transit Line 3 and other projects had overcome various unfavorable factors and achieved smooth progress.
- **R&D:** The segment carried out the development and implementation of the "Intelligent Station" concept, which is based on the implementation of the Xi'an Subway Line 5 and Chongqing Urban Rail Transit Line 6 projects. This plan helped establish a scene-oriented, intelligent and humanized smart station integrated operation and management platform to provide more comprehensive and intelligent butler-style integrated application for subway stations.



Smart building
and complex

***Striving to safeguard the progress of key projects;
An increase in revenue and profit***

- **Business:** A number of key national projects and landmark projects of the segment progressed smoothly during the first half of the year, including Chengdu Tianfu international airport' s integrated pipeline project, Beijing new airport' s integrated pipeline project, the intelligent project for Zhuhai Hengqin Port and integrated transportation hub, the Silk Road Economic Belt in Xixian New District, and the headquarters intelligent project of Asia Infrastructure Investment Bank;

Techcon series building control products have been successfully used in several projects such as the integrated pipeline projects in Beijing new airport and Tongzhou, which significantly improved the profit margins of engineering projects.

- **R &D:** Techcon Neosys obtained the European Union CE certification during the period, which signified that the product' s research and development technology, process design, internal production and product inspection all met international leading standards;

The newly launched “Kunlun Digital Platform” aims to achieve the integration and overall planning between smart building technology and energy conservation application, which has been piloted in building projects.

Business review – Smart energy



Smart energy

The projects postponed by the pandemic, the segment revenue declined;

The implementation of operation and maintenance projects hindered, the profit margin decreased significantly.

- **Business:** Various projects relating to absorption heat pumps for substantial temperature differentials have been signed or smoothly carried forward, including Taiyuan Heating Project (太原熱力項目), Tai'an Kaiyuan Heating Project (泰安開元熱力工程), Shenyang Railway Administration Project (瀋陽鐵路局項目) and Jinzhou Petrochemical Corporation Project (錦州石化公司項目);
A number of existing EMC projects in the segment were settled on schedule;
Newly signed the contract for the Energy Trust Operation and Maintenance Project of Peking University Resource Innovation and Entrepreneurship Park (北大資源雙創園能源托管運維項目).
- **R&D:** Commenced the research and development on the reconstruction of the centralized heating network related software;
Embarked on developing the Smart Heating Information Management System V4.0.

THANK YOU



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