



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

**——Leading smart energy saving services provider**

**March 2020**

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# Financial highlights

<i>For the 12 months ended 31 Dec</i>	<b>2019</b> <b>(RMB mn)</b>	<b>2018</b> <b>(RMB mn)</b>	<b>Chg</b>
<b>Revenue</b>	<b>1,752.8</b>	<b>2,036.6</b>	<b>-13.9%</b>
<b>Gross profit</b>	<b>351.1</b>	<b>476.0</b>	<b>-26.2%</b>
<b>EBITDA</b>	<b>243.9</b>	<b>434.1</b>	<b>-43.8%</b>
<b>Operating profit</b>	<b>140.3</b>	<b>321.9</b>	<b>-56.4%</b>
<b>Profit for the year</b>	<b>113.4</b>	<b>261.3</b>	<b>-56.6%</b>
<b>Profit attributable to equity shareholders</b>	<b>112.9</b>	<b>261.1</b>	<b>-56.8%</b>
<b>Basic EPS (RMB)</b>	<b>0.1443</b>	<b>0.3338</b>	<b>-56.8%</b>
<b>Basic EPS (HKD equivalent)</b>	<b>0.1629</b>	<b>0.3944</b>	<b>-58.7%</b>
<b>Net assets per share (RMB)</b>	<b>3.5445</b>	<b>3.3974</b>	<b>4.3%</b>
<b>Net assets per share (HKD equivalent)</b>	<b>4.0006</b>	<b>3.8774</b>	<b>3.2%</b>

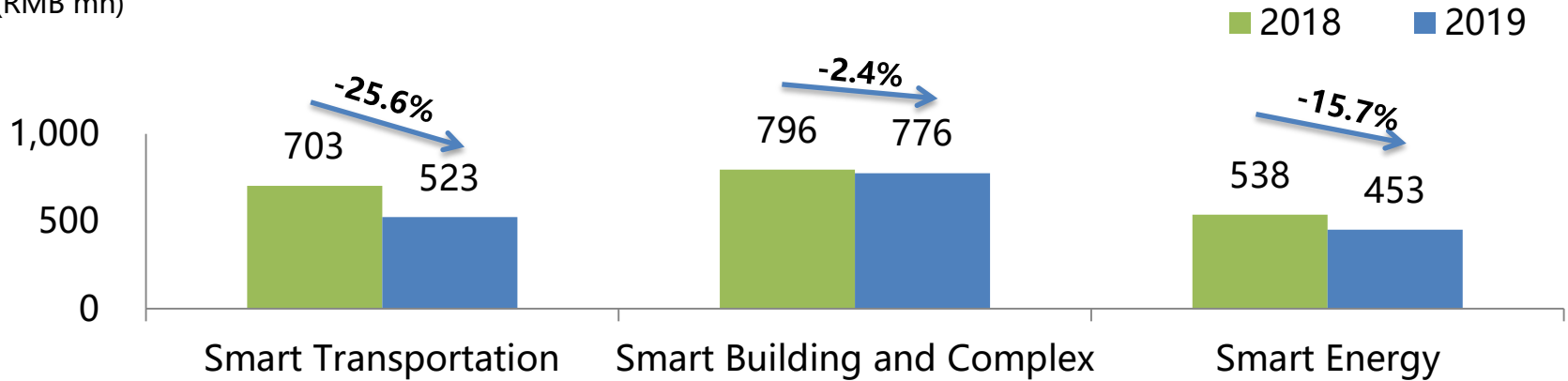
# P&L analysis

<i>For the 12 months ended 31 Dec</i>	<b>2019 (RMB mn)</b>	<b>2018 (RMB mn)</b>	<b>Chg</b>
<b>Revenue</b>	<b>1,752.8</b>	<b>2036.6</b>	<b>-13.9%</b>
<b>COGS</b>	<b>(1,401.7)</b>	<b>(1560.6)</b>	<b>-10.2%</b>
<b>Gross profit</b>	<b>351.1</b>	<b>476.0</b>	<b>-26.2%</b>
<b>Other revenue</b>	<b>56.5</b>	<b>47.5</b>	<b>18.9%</b>
<b>Other net gain</b>	<b>(10.4)</b>	<b>(0.2)</b>	<b>&gt;100%</b>
<b>Selling and distribution costs</b>	<b>(94.4)</b>	<b>(85.0)</b>	<b>11.0%</b>
<b>Administrative and other operating expenses</b>	<b>(163.4)</b>	<b>(115.8)</b>	<b>41.1%</b>
<b>Share of profits/(losses) of associates</b>	<b>0.9</b>	<b>(0.6)</b>	<b>不适用</b>
<b>Profit from operations</b>	<b>140.3</b>	<b>321.9</b>	<b>-56.4%</b>
<b>EBITDA</b>	<b>243.9</b>	<b>434.1</b>	<b>-43.8%</b>
<b>Finance costs</b>	<b>(11.8)</b>	<b>(10.8)</b>	<b>9.2%</b>
<b>Profit before taxation</b>	<b>128.5</b>	<b>311.1</b>	<b>-58.7%</b>
<b>Income tax</b>	<b>(15.1)</b>	<b>(49.8)</b>	<b>-69.8%</b>
<b>Profit for the year</b>	<b>113.4</b>	<b>261.3</b>	<b>-56.6%</b>
<b>Attributable to minority</b>	<b>0.6</b>	<b>0.2</b>	<b>&gt;100%</b>
<b>Attributable to equity shareholders</b>	<b>112.9</b>	<b>261.1</b>	<b>-56.8%</b>

# Revenue analysis – business segments

## Revenue growth

(RMB mn)



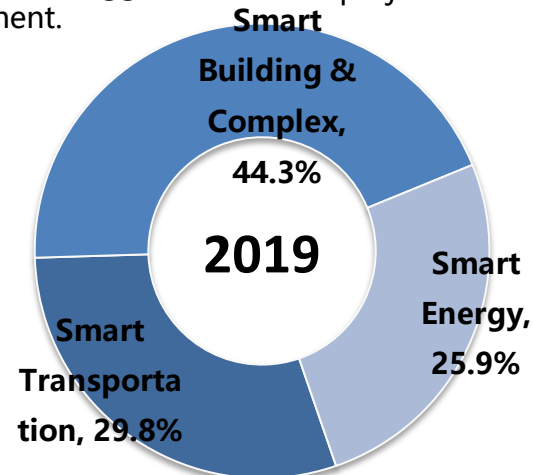
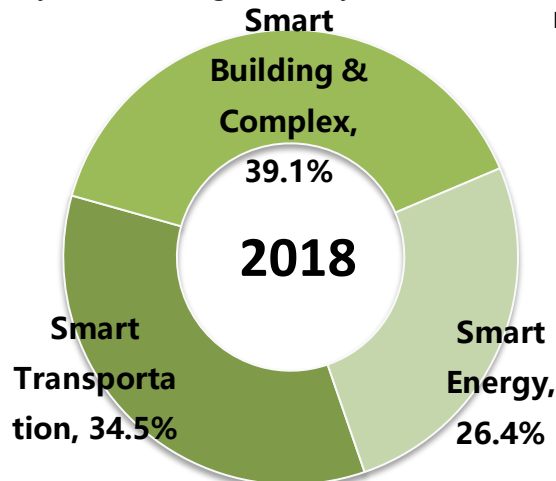
Under the market environment of continuously increasing downward pressure, the projects payment capacity declined significantly.



Various of milestone projects were signed across various sectors of the segment, but still impacted by the sluggish market environment.



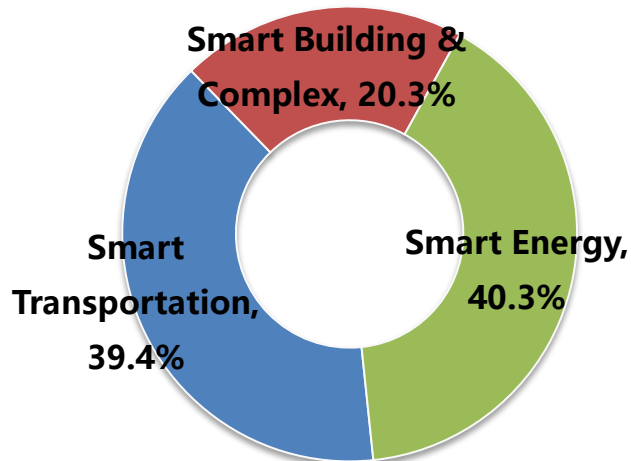
Mainly impacted by the macro market environment and the slowdown in revenue from EMC projects.



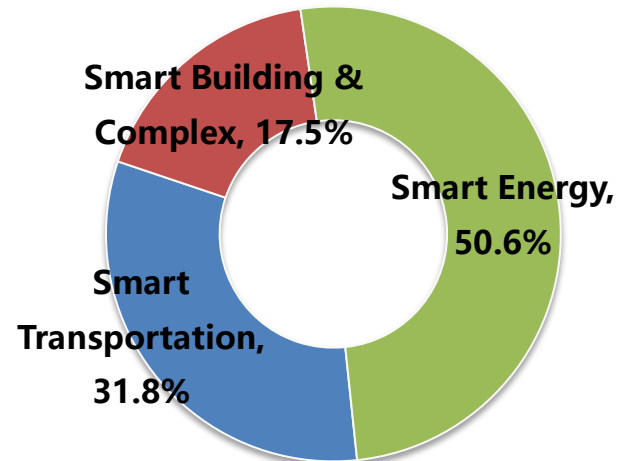
# Profit analysis

<i>For the 12 months ended 31 Dec</i>	2019	2018	Chg
<b>Gross margin(%)</b>	<b>20.0%</b>	<b>23.4%</b>	<b>-3.4%</b>
Smart Transportation	<b>23.8%</b>	<b>27.8%</b>	<b>-4.0%</b>
Smart Building and Complex	<b>13.5%</b>	<b>16.5%</b>	<b>-3.0%</b>
Smart Energy	<b>26.8%</b>	<b>27.8%</b>	<b>-1.0%</b>

## EBITDA breakdown – 2018



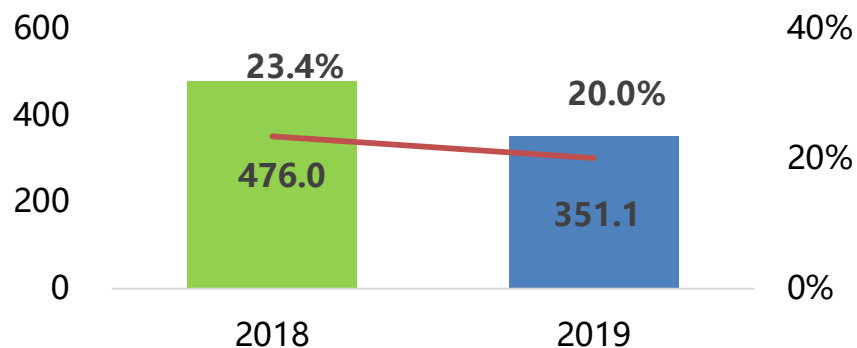
## EBITDA breakdown – 2019



# Profitability analysis

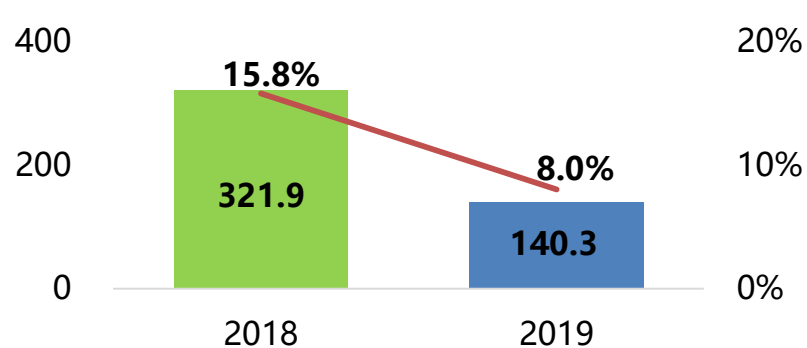
## Gross margin

(RMB mn)



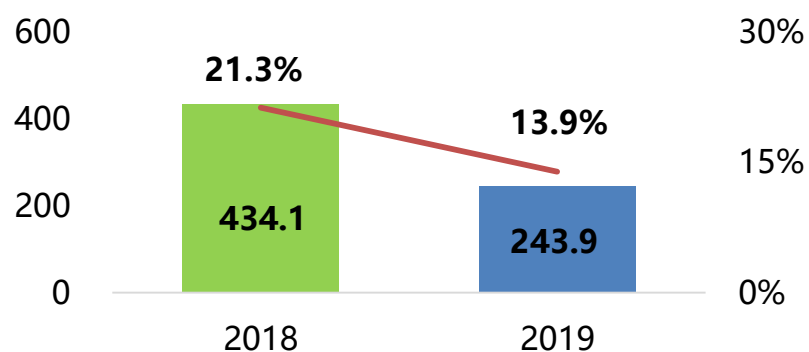
## Operating margin

(RMB mn)



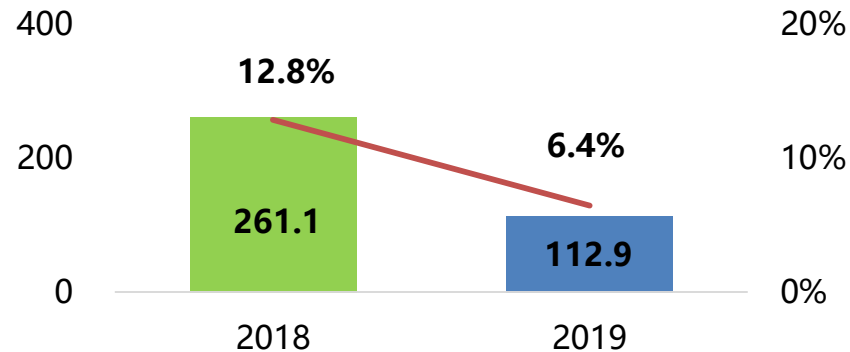
## EBITDA margin

(RMB mn)



## Net margin

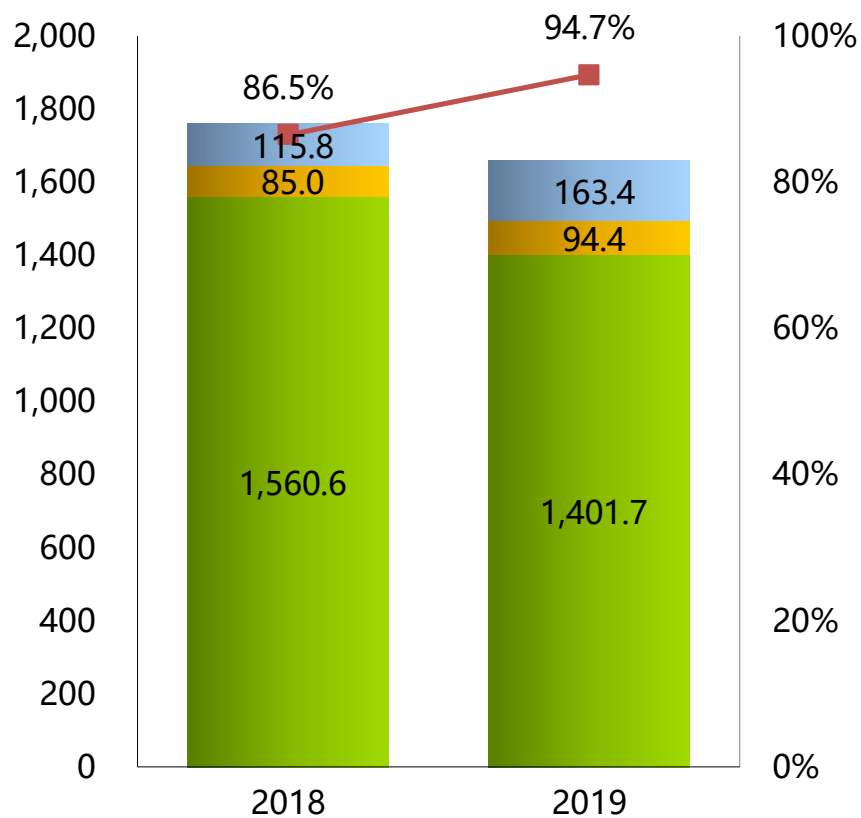
(RMB mn)



# Cost structure & R&D expenditure

## Cost Structure

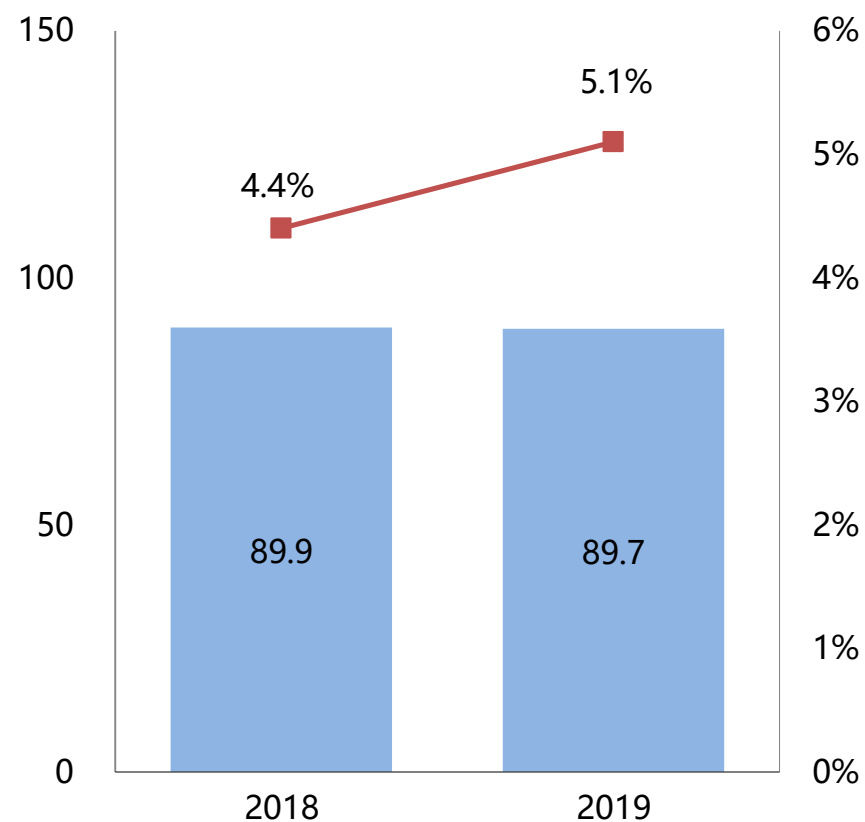
(RMB mn)



- 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

<i>For the 12 months ended 31 Dec</i>	2019	2018	Chg
<b>Net assets (RMB mn)</b>	<b>2,772.5</b>	<b>2657.4</b>	<b>115.0</b>
<b>Total assets (RMB mn)</b>	<b>4,927.5</b>	<b>4611.0</b>	<b>316.5</b>
<b>Cash &amp; Cash Equivalents (RMB mn)</b>	<b>657.8</b>	<b>689.0</b>	<b>(31.3)</b>
<b>Loan &amp; Borrowings (RMB mn)</b>	<b>257.1</b>	<b>239.8</b>	<b>17.3</b>
<b>Net Cash/(Net Debt) (RMB mn)</b>	<b>400.7</b>	<b>449.2</b>	<b>(48.5)</b>
<b>Current Ratio (times)</b> (Current Assets divided by Current Liabilities)	<b>1.8</b>	<b>1.8</b>	<b>-</b>
<b>Loan &amp; Borrowings Ratio (%)</b> (Loans and Borrowings divided by Total Assets)	<b>5.2%</b>	<b>5.2%</b>	<b>-</b>
<b>Inventory Turnover (Days)</b>	<b>174</b>	<b>145</b>	<b>29</b>
<b>Trade Receivables Turnover (Days)</b>	<b>218</b>	<b>195</b>	<b>23</b>
<b>Trade Payables Turnover (Days)</b>	<b>338</b>	<b>279</b>	<b>59</b>

<i>For the 12 months ended 31 Dec</i>	2019 (RMB mn)	2018 (RMB mn)	Chg (RMB mn)
<b>Net cash generated from operating activities</b>	<b>42.8</b>	<b>191.9</b>	<b>(149.1)</b>
<b>Net cash (used in) investing activities</b>	<b>(74.4)</b>	<b>(13.9)</b>	<b>(60.5)</b>
<b>Net cash (used in) financing activities</b>	<b>(31.0)</b>	<b>(30.4)</b>	<b>(0.5)</b>
<b>Net (decrease) in cash &amp; cash equivalents</b>	<b>(62.6)</b>	<b>147.6</b>	<b>(210.1)</b>
<b>Net cash generated from operating activities</b>	<b>610.1</b>	<b>671.4</b>	<b>(61.3)</b>

# Business review – Smart transportation



Smart  
transportation

*The projects payment capacity declined significantly;  
A significant decrease in revenue and profit*

- **Business:** Successfully signed projects of Xuzhou Subway Line 3, Wuhan Subway Line 5, Jinan Line R2, Hangzhou Subway Line 7 and Line 10;  
  
“The Rail Transportation Command Center Software Platform ezNCC2.0” , which was forged based on the application in three first-tier cities, namely Beijing, Guangzhou and Shenzhen, further extension to Qingdao, Xi’ an, has successfully signed in Suzhou in the second half of the year.
- **R&D:** In September, the Chinese government issued the “Program of Building National Strength in Transportation” . As of the end of September, urban rail transit systems have operated in 39 cities across in country with a mileage of more than 6,000 km and a total planned mileage of more than 28,000 km, leading the rail transit industry to enter into a new development phase.



Smart building  
and complex

***Focusing on the construction of national key large-scale projects;  
Revenue remained stable, while profit margin declined***

- **Business:** Focused on the development of key projects in the Beijing-Tianjin-Hebei area, the Guangdong-Hong Kong-Macao Greater Bay Area and the areas along the “One Belt, One Road” Initiative;  
  
Newly signed the project for Zhuhai Hengqin Port and transportation hub, the renovation project of National Aquatics Center Winter Olympic Curling Stadium, the headquarters intelligent project of Asian Infrastructure Investment Bank, the Shaanxi Broadcasting Network Industry Base Data Center project, and the intelligent project of the non-main base of Beijing new airport.
- **R&D:** The Group launched Techcon Neosys, a next-generation IoT controller. This new product has features such as strong computing power, small module size, strong distribution ability, high reliability and rich content expansion. It aims to break through the “last mile” access of intelligent interconnection and empowers upgrade for the industry and users.



Smart energy

***The settlement progress of certain preliminary EMC projects slowed down;***

***A decline in revenue and a slight decrease in profit margin***

- **Business** Newly signed EMC projects such of smart-energy-saving reconstruction of the Shaanxi Shenmu Heat Network (陝西神木智慧熱網節能改造EMC項目), the Shandong Binzhou Xincheng Heating EMC project (山東濱州鑫誠熱力EMC項目) and the EMC project of Hebei Weichang Manchu Mongolian Autonomous County Heating Company (河北圍場滿族蒙古族自治縣供熱公司EMC項目).  
 :  
 Signed the heat supply improvement project of “Three Supplies and Estate Management” (三供一業) in Baoding and the first phase of the construction project of Liaoning Datang International Huludao Thermal Power Plant smart heating network software platform, which adopts our self-developed Smart Heating Network Software Platform to improve the efficiency of heating operation management for users and enhance the intelligent management and control level of heating networks.
- **R&D:** The “Smart Heating Network Software Platform ezIHM3.0” launched by the Group during the year integrates data centers, exhibition centers, dispatch centers, management centers and command centers. It is the “smart brain” of urban heating network.

# THANK YOU



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