



# LUZHOU BIO-CHEM TECHNOLOGY LIMITED

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## 2QFY14 Results Notes

August 12, 2014



## Content

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- ◆ Financial Overview
- ◆ Business Outlook
- ◆ Growth Strategies
- ◆ Company Profile



## Financial Overview



## Financial Highlights

- ◆ Group Revenue decreased by 28.6% y-o-y
  - ◆ Corn refining
    - ◆ Sales volume ↓ 23.1%; weighted average selling price ↓ 6.3%
  - ◆ Animal feeds
    - ◆ Sales volume ↓ 27.8%; weighted average selling price ↓ 4.6%
- ◆ Gross profit margin of 4.6%, 31.3% lower y-o-y;
  - ◆ Corn refining: 5.2%, 28.8% lower y-o-y;
  - ◆ Animal feeds: 0.6%, 83.8% lower y-o-y;
  - ◆ Others: (2.5%), 257.1% lower y-o-y;
- ◆ Net Profit Margin of (19.1%)
  - ◆ 516.1% lower y-o-y
- ◆ Cash and cash equivalents of RMB126.2 million as at 30 June, 2014  
(RMB66.7 million as at 31 December, 2013)



## Income Statement Highlights

RMB'mil	2QFY14	y-o-y Chg (%)	q-o-q Chg (%)	1HFY14	y-o-y Chg (%)
Revenue	565.4	(32.9)	(6.6)	1,170.4	(28.6)
Gross Profit	30.9	(42.0)	36.7	53.5	(51.5)
Loss Before Tax	(180.7)	(428.9)	(322.2)	(223.5)	(382.0)
Net Loss	(180.7)	(411.7)	(322.2)	(223.5)	(342.4)
Gross Profit Margin	5.5%	(12.7)	48.6	4.6%	(31.3)
Net Loss Margin	(32.0%)	(661.9)	(350.7)	(19.1%)	(516.1)

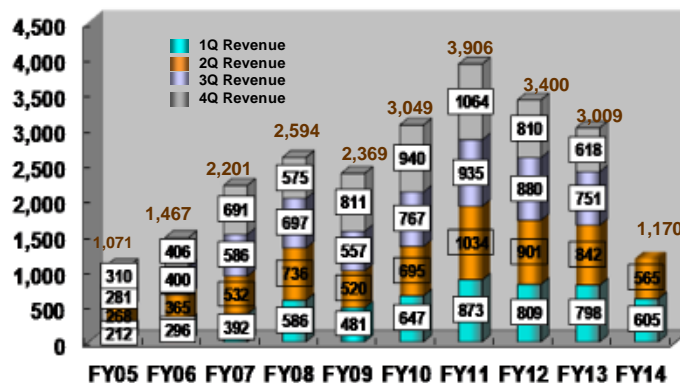
2Q: Three months ended June 30      1H: Six months ended June 30  
FY: Year ended December 31

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## Revenue

RMB'mil



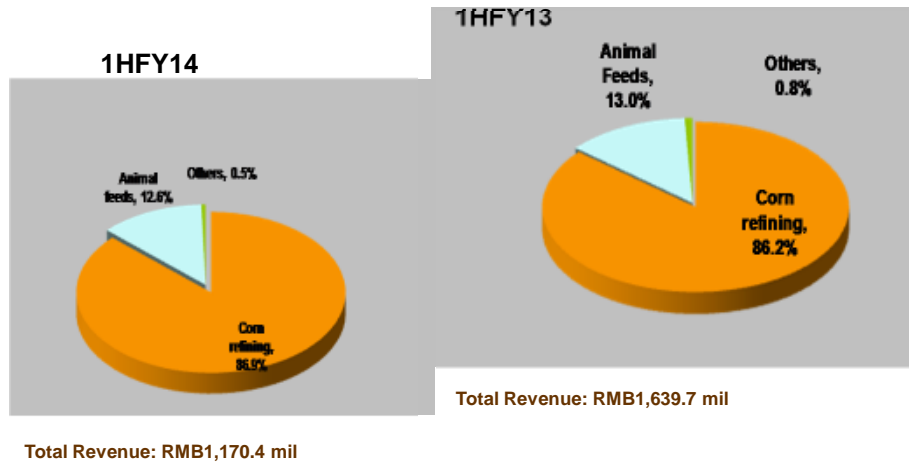
FY: Year ended December 31  
2Q: Three months ended June 30  
4Q: Three months ended December 31

1Q: Three months ended March 31  
3Q: Three months ended September 30

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## Revenue by Product Categories

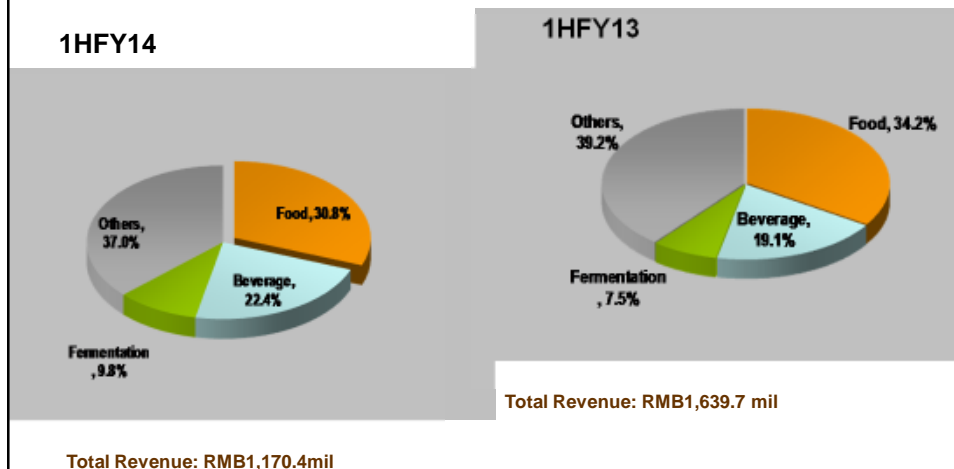


1H: Six months ended June 30

FY: Year ended December 31  
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## Revenue by Industries



1H: Six months ended June 30

FY: Year ended December 31  
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## Balance Sheet Highlights

RMB'mil	As at end 1H FY14	As at end FY13	Chg (%)
<b>Current Assets</b>	<b>607.6</b>	<b>615.9</b>	<b>(1.3)</b>
- Cash & Cash Equivalents	126.2	66.7	89.2
- Inventories	189.9	273.2	(30.5)
- Trade and Other Receivables	289.9	276.0	5.0
<b>Fixed Assets</b>	<b>727.4</b>	<b>907.2</b>	<b>(19.8)</b>
<b>Total Assets</b>	<b>1,382.4</b>	<b>1,571.4</b>	<b>(12.0)</b>
<b>Current Liabilities</b>	<b>600.1</b>	<b>552.7</b>	<b>8.6</b>
- Trade and Other Payables	289.0	324.1	(10.8)
- Short Term Borrowings	304.8	218.3	39.6
<b>Long Term Borrowings</b>	<b>552.4</b>	<b>562.4</b>	<b>(1.8)</b>
<b>Total Liabilities</b>	<b>1,193.9</b>	<b>1,159.4</b>	<b>3.0</b>
<b>Net Assets</b>	<b>188.5</b>	<b>412.0</b>	<b>(54.2)</b>



## Balance Sheet Highlights

RMB'mil	As at end 1H FY14	As at end FY13	Chg (%)
<b>Inventory Turnover Days</b>	<b>38</b>	<b>37</b>	<b>2.7</b>
<b>Receivables Turnover Days</b>	<b>31</b>	<b>27</b>	<b>14.8</b>
<b>Payables Turnover Days</b>	<b>33</b>	<b>32</b>	<b>3.1</b>
<b>Debt to Equity Ratio<sup>#</sup></b>	<b>4.50</b>	<b>1.87</b>	<b>140.6</b>
<b>Price to Book Value<sup>*</sup></b>	<b>0.46</b>	<b>0.23</b>	<b>100.0</b>

<sup>#</sup> Total interest bearing loans / Total equity

<sup>\*</sup> Based on share price of RMB 0.22 as at July 21, 2014

1H: Six months ended June 30

FY: Year ended December 31



## Cash Flow Statement Highlights

RMB'mil	1HFY14	1HFY13	Chg (%)
Net Cash Generated from / (Used in) Operating Activities	19.5	(38.1)	151.2
Net Cash Used in Investing Activities	(21.6)	(16.7)	29.3
Net Cash Generated from Financing Activities	48.1	45.8	5.0
Net Increase in Cash & Bank Balances	46.0	(9.1)	605.5
Cash & Bank Balances at Beginning of Period	66.2	119.5	(44.6)
Cash & Bank Balances at End of Period	112.2	110.5	1.5

1H: Six months ended June 30

FY: Year ended December 31

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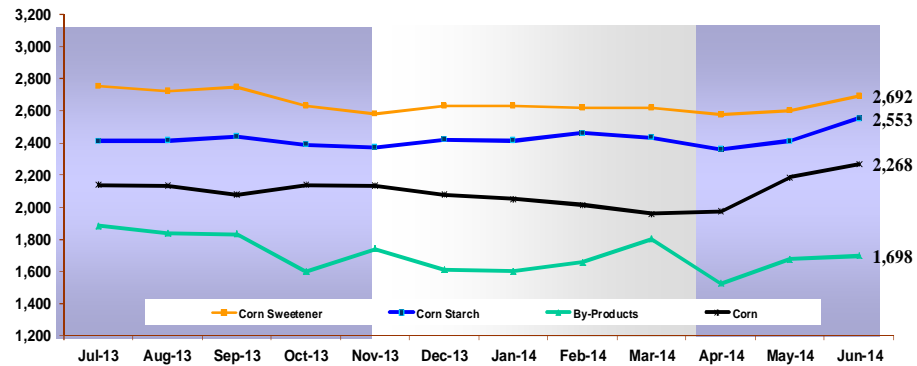


## Business Outlook



## Price Trends

RMB/tonnes  
(excluding taxes)



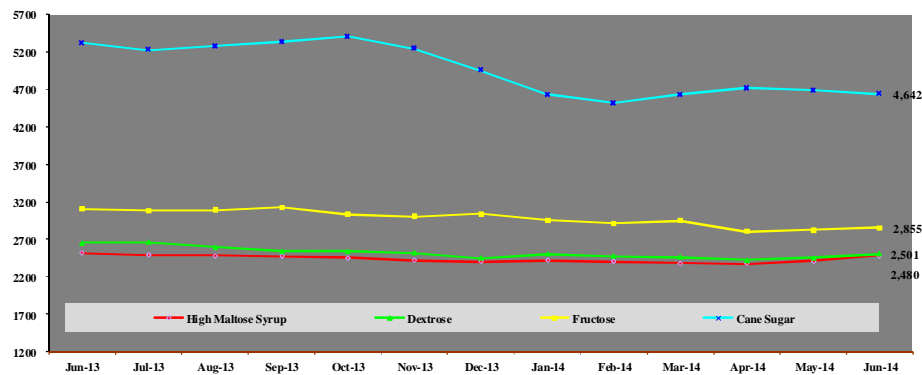
Source: Company

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## Price Comparisons to Cane Sugar

RMB/tonnes



Source: Company

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## Growth Strategies



## Growth Strategies

- ◆ Increase capacity utilisation rates
- ◆ Expand market reach
- ◆ Enhance profit levels from modified existing production lines





## Our Capacity & Utilisation Rates

Facility / Location	Region Served	Corn Sweeteners			
		2QFY14		2QFY13	
		Production Capacity / (Output) (tonnes)	Utilisation Rate	Production Capacity / (Output) (tonnes)	Utilisation Rate
<b>Yishui, Shandong</b>	Shandong, Hebei, Anhui, Guangdong, Zhejiang	110,000 (52,096)	47.4%	110,000 (85,439)	77.7%
<b>Pengshan, Sichuan</b>	South-western region of PRC	35,000 (21,249)	60.7%	35,000 (26,063)	74.5%
<b>Fushun, Liaoning</b>	Northeast of PRC	40,000 (13,517)	33.8%	40,000 (29,551)	73.9%
<b>Xingping, Shaanxi</b>	Shaanxi, Shanxi, Gansu, Chongqing, Sichuan, Inner Mongolia	40,000 (32,924)	82.3%	40,000 (34,800)	87.0%
<b>Xiping, Henan</b>	Henan, Hubei, Hunan, Anhui, Jiangxi	35,000 (27,593)	78.8%	35,000 (33,877)	96.8%
<b>Total Capacity</b>		<b>260,000 tonnes</b>	<b>56.7%</b>	<b>260,000 tonnes</b>	<b>80.7%</b>

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## Our Capacity & Utilisation Rates

Facility / Location	Region Served	Corn Sweeteners			
		1HFY14		1HFY13	
		Production Capacity / (Output) (tonnes)	Utilisation Rate	Production Capacity / (Output) (tonnes)	Utilisation Rate
<b>Yishui, Shandong</b>	Shandong, Hebei, Anhui, Guangdong, Zhejiang	220,000 (109,537)	49.8%	220,000 (177,312)	80.6%
<b>Pengshan, Sichuan</b>	South-western region of PRC	70,000 (42,317)	60.5%	70,000 (56,860)	81.2%
<b>Fushun, Liaoning</b>	Northeast of PRC	80,000 (31,680)	39.6%	80,000 (36,372)	45.5%
<b>Xingping, Shaanxi</b>	Shaanxi, Shanxi, Gansu, Chongqing, Sichuan, Inner Mongolia	80,000 (66,413)	83.0%	80,000 (66,291)	82.9%
<b>Xiping, Henan</b>	Henan, Hubei, Hunan, Anhui, Jiangxi	70,000 (53,149)	75.9%	70,000 (62,570)	89.4%
<b>Total Capacity</b>		<b>520,000 tonnes</b>	<b>58.3%</b>	<b>520,000 tonnes</b>	<b>76.8%</b>

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## Expand Market Reach

- ◆ Improve domestic and overseas marketing efforts and enhance sales
  - ◆ Re-strategise local and overseas marketing efforts
  - ◆ Reaching out to new customers
  - ◆ Focusing on high margin products



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## Company Profile



## Who We Are

- Market leader in maltose-related products
- More than 20 years of growth
- Capacity to produce 1,040,000 tonnes of corn sweeteners per year

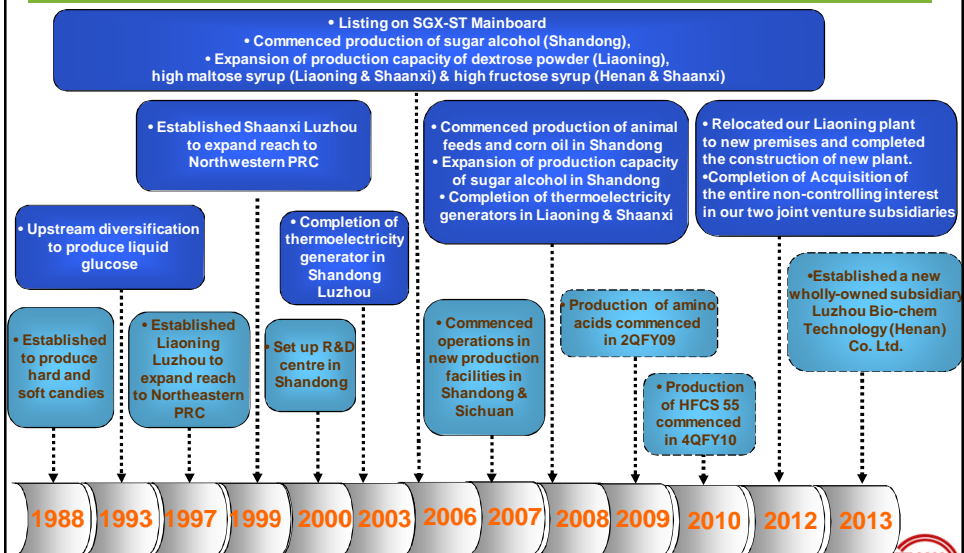
### OUR COMPETITIVE EDGE

- Long-serving core management team
- Production facilities located at the corn producing belt of China
  - Ensuring ample and competitively priced raw materials
- Quality products and strong branding
- Enhanced production efficiency:
  - Own power generating capabilities and water resources
  - Economies of scale through higher capacities and utilisation of plant facilities

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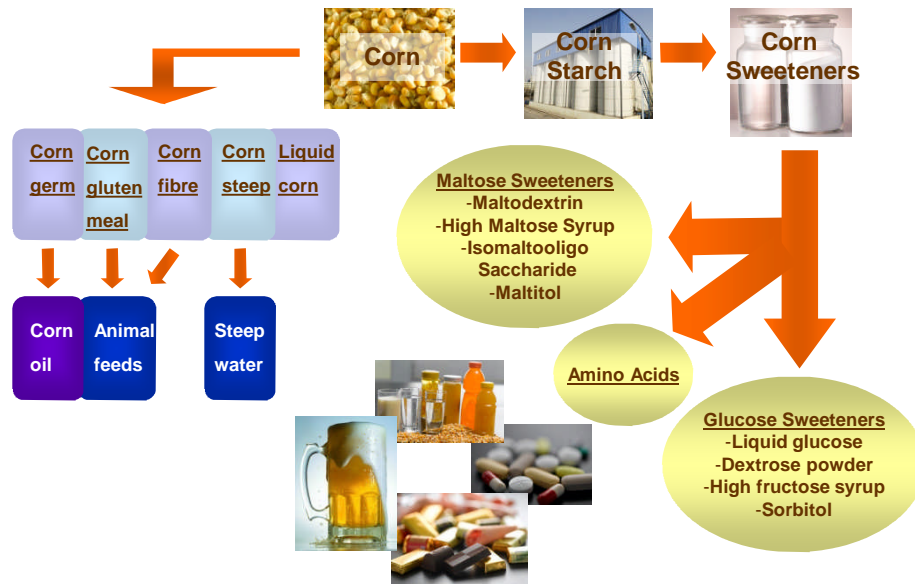
## Company Milestones



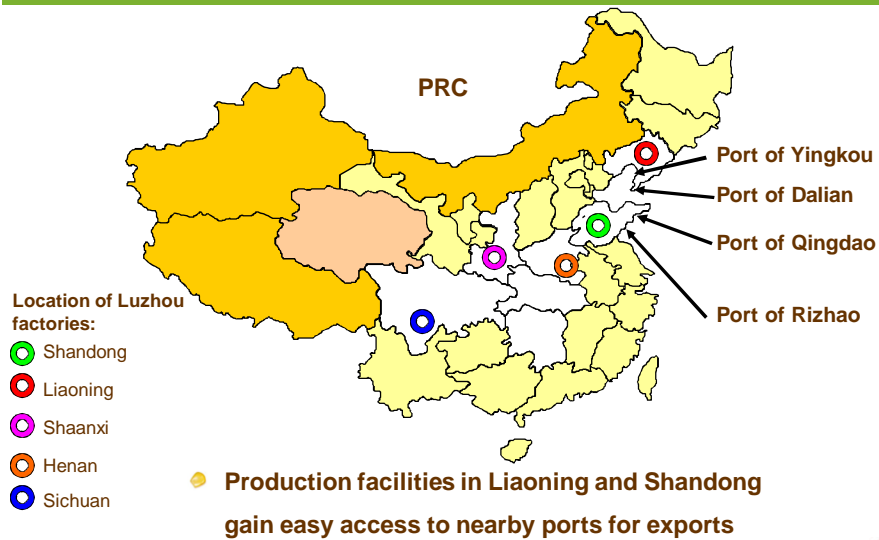
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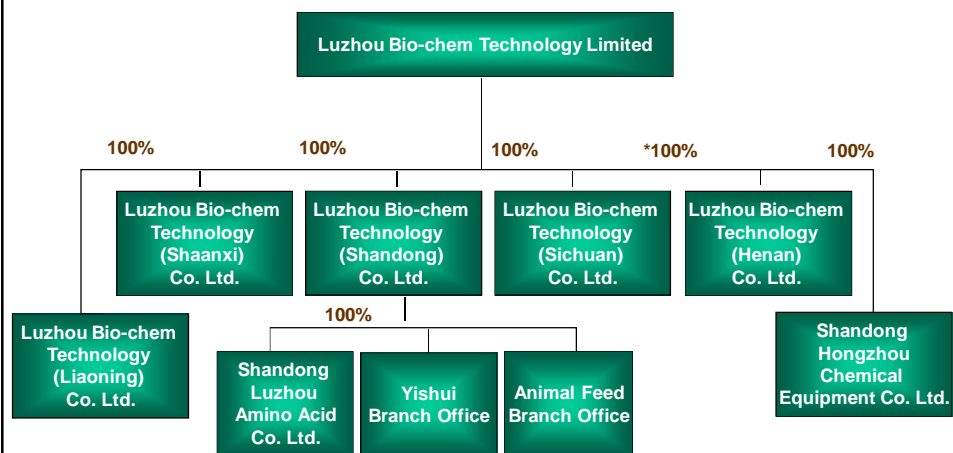
## Production Process



## Location Advantage



## Corporate Structure



\* The paid up share capital of Luzhou Bio-chem Technology (Sichuan) Co. Ltd, is RMB96.0m, of which the Company holds 37.2% (RMB35.7m) and Luzhou Bio-chem Technology (Shandong) Co., Ltd holds 62.8% (RMB60.3m).

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**LUZHOU BIO-CHEM TECHNOLOGY LIMITED**

**Thank You**

