



DUKANG DISTILLERS HOLDINGS LIMITED

2Q2016 (Oct'15 – Dec'15) Results Presentation



目錄



CORPORATE PROFILE



FINANCIAL HIGHLIGHTS



GROWTH STRATEGIES



INVESTMENT MERITS



Corporate profile





Brand origin of *Dukang*



- ❖ Famous *baijiu* with a history dating back > 2,000 years
- ❖ Named after Du Kang (杜康) who lived in the Xia Dynasty (21st – 16th century B.C.)
 - Forefather of *baijiu* in China
- ❖ Frequently cited by numerous famous poets & personalities
 - Cao Cao (曹操) (a central figure in the Three Kingdom Period) said in his poem 《短歌行》

“对酒当歌，人生几何，譬如朝露，去日苦多。
慨当以慷，忧思难忘，何以解忧，唯有杜康。”
- ❖ Premier Zhou Enlai called for the revival of Dukang *baijiu* “复兴杜康，为国争光”
 - Yichuan Dukang Group was set up in 1968
 - Ruyang Dukang Group Co was established on the original site of Du Kang’s brewery in 1972



Established brand awareness

- ❖ Dukang's brand synonymous with market leadership in product quality and brand identity
- ❖ National awards won include:



China Intangible Cultural Heritage (2008)



China Well-Known Trademark (2005)



China Time-honored Brand (2005)



Henan Well-Known Trademark (2008)



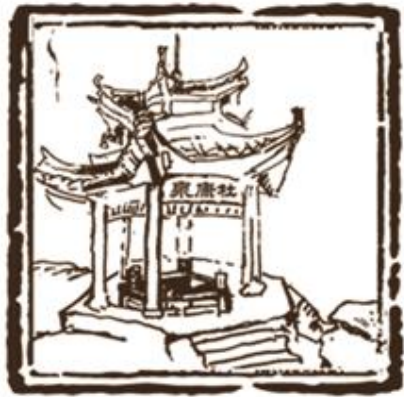
Top 10 Chinese Wine Brands (2001)



Star Enterprise Of The National Wine Industry (1994)

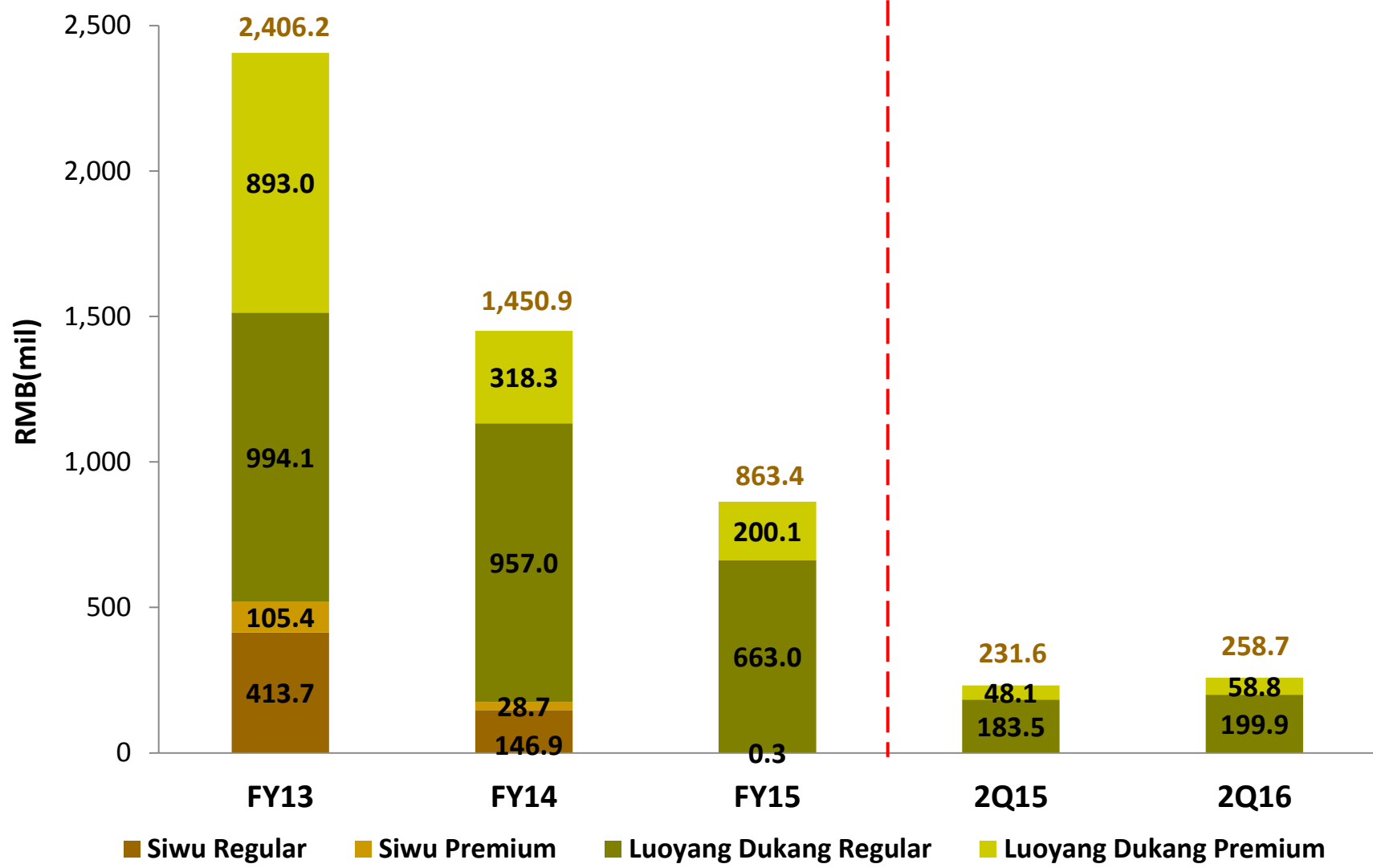


Financial highlights

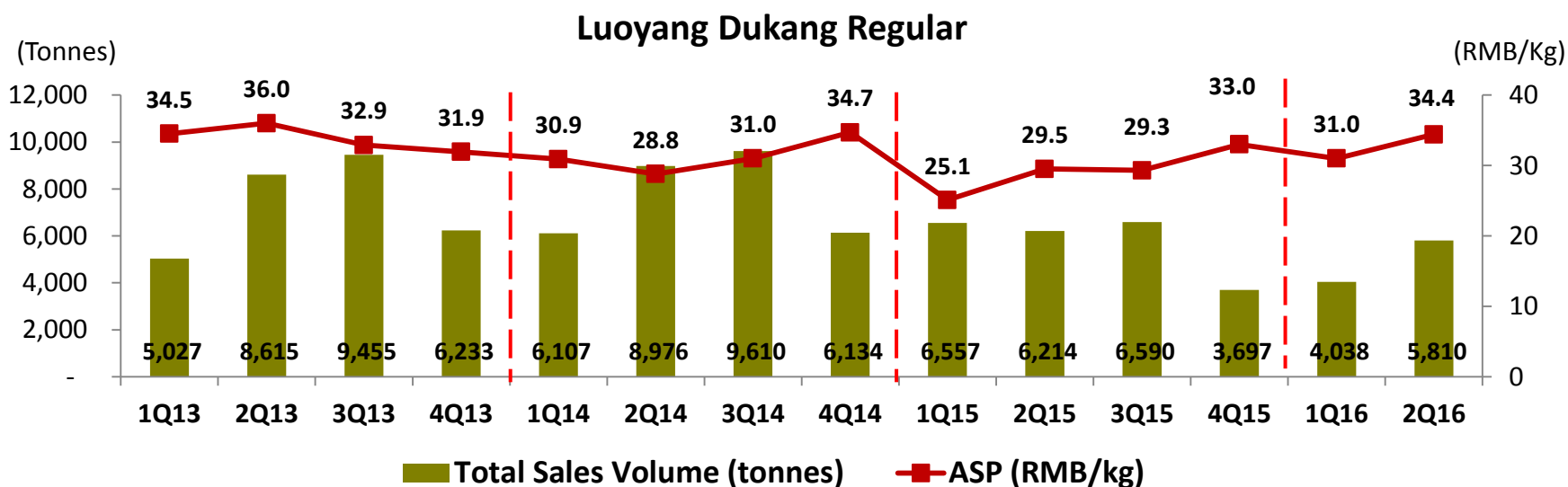
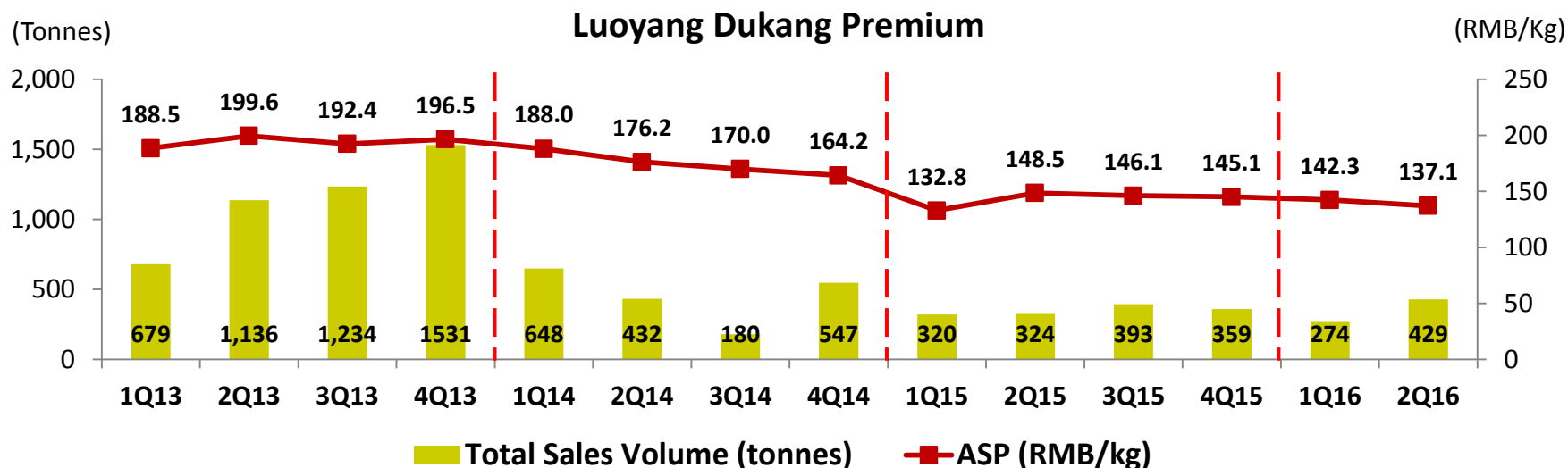




Sales



Sales volume & Average selling price

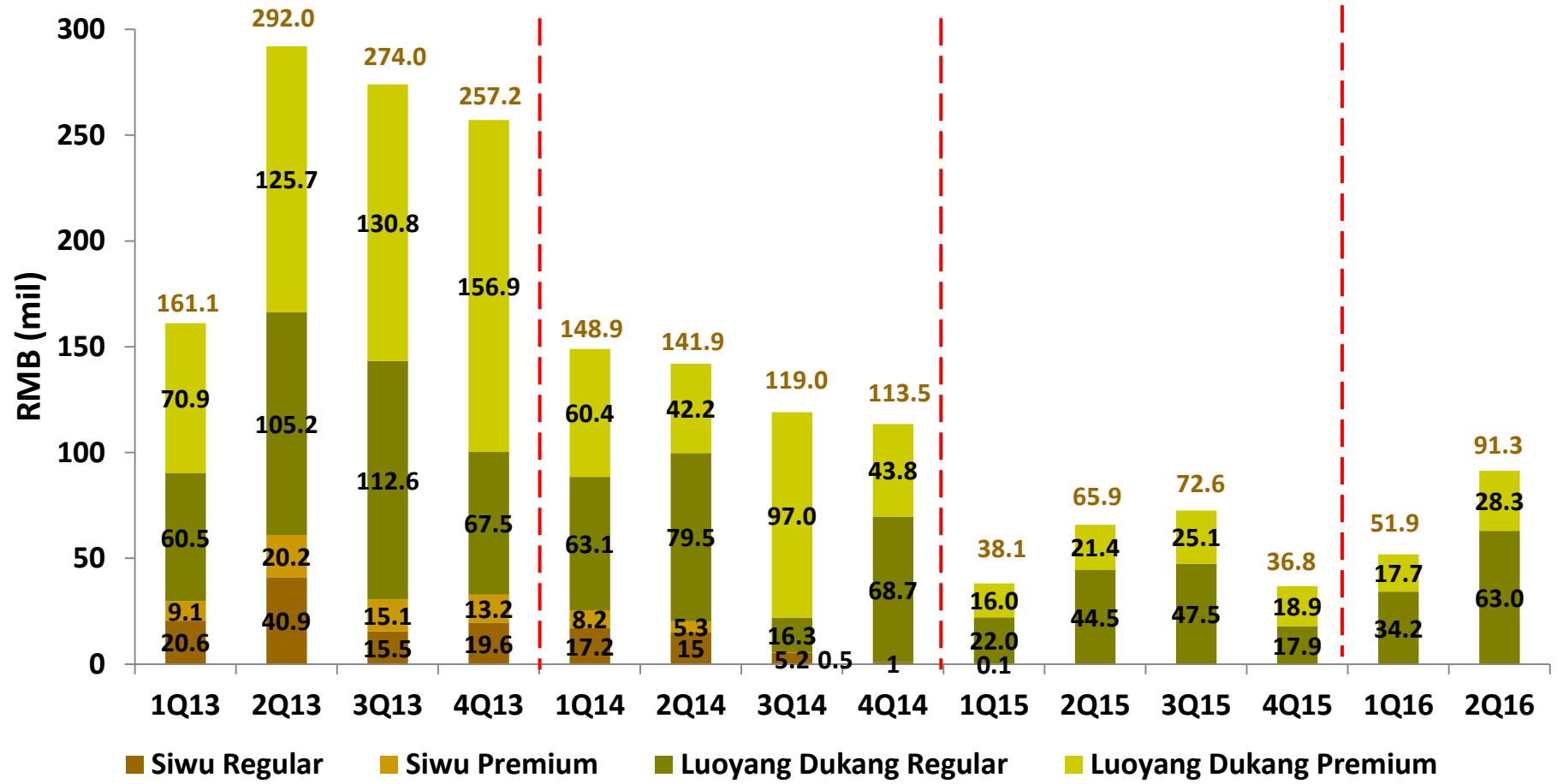




Gross profit

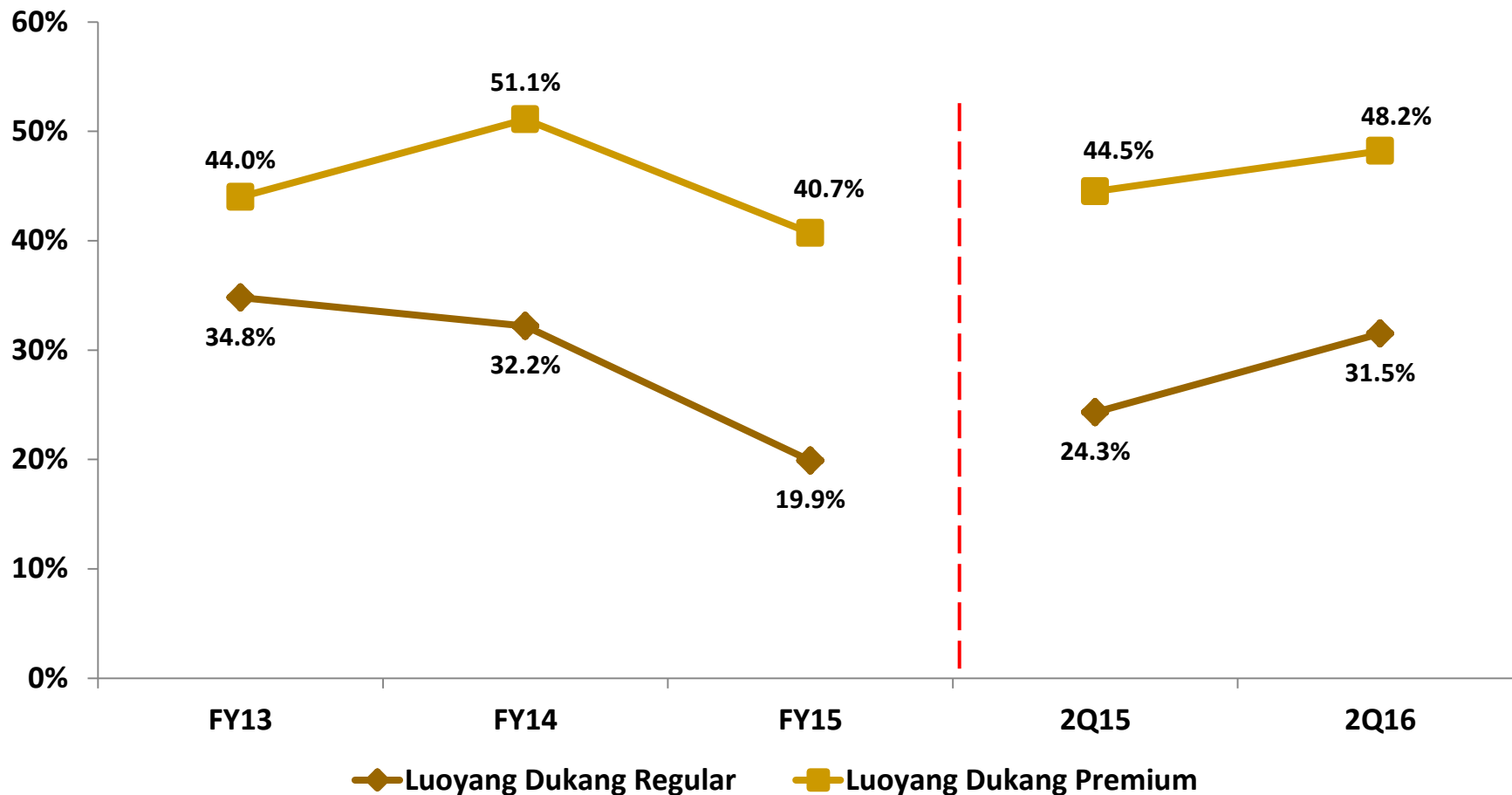


Quarterly Gross Profit



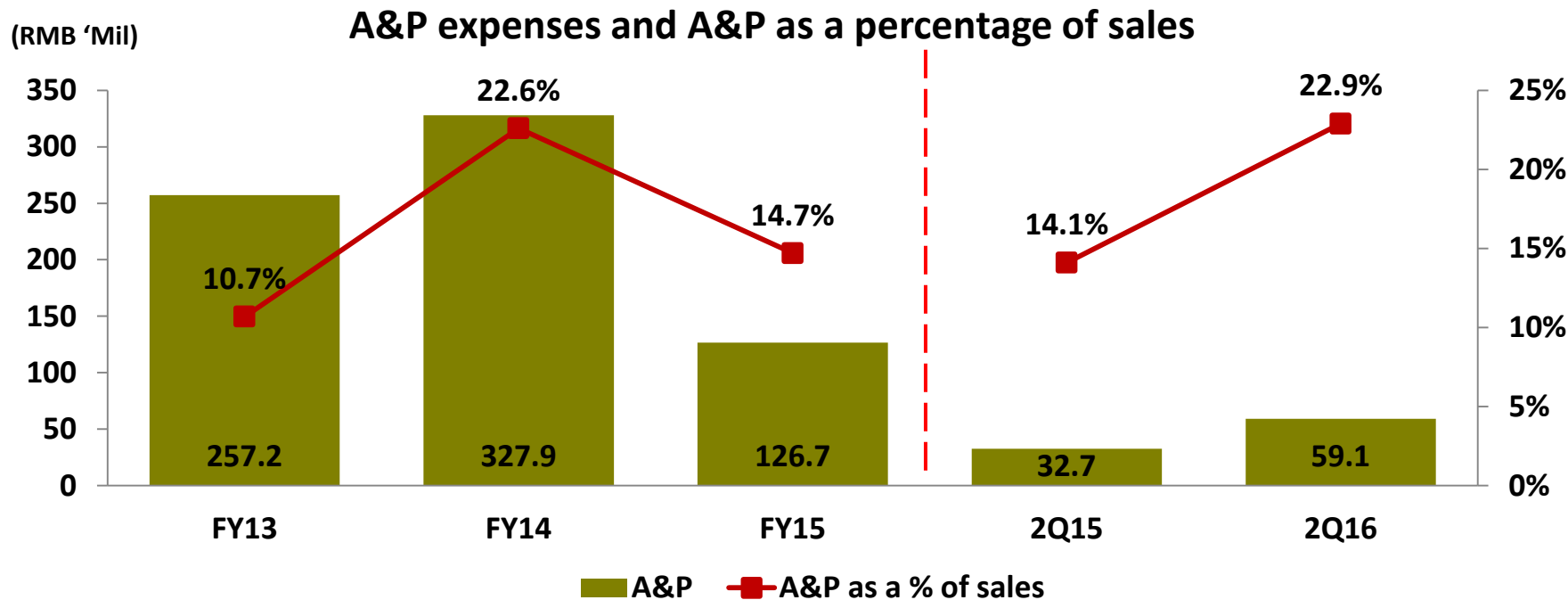
Gross profit margins for Dukang brand

Gross Profit Margins





Advertisement and Promotion



China National Sugar and Alcoholic Commodities Fair



Peony Cultural Festival



TV Ads



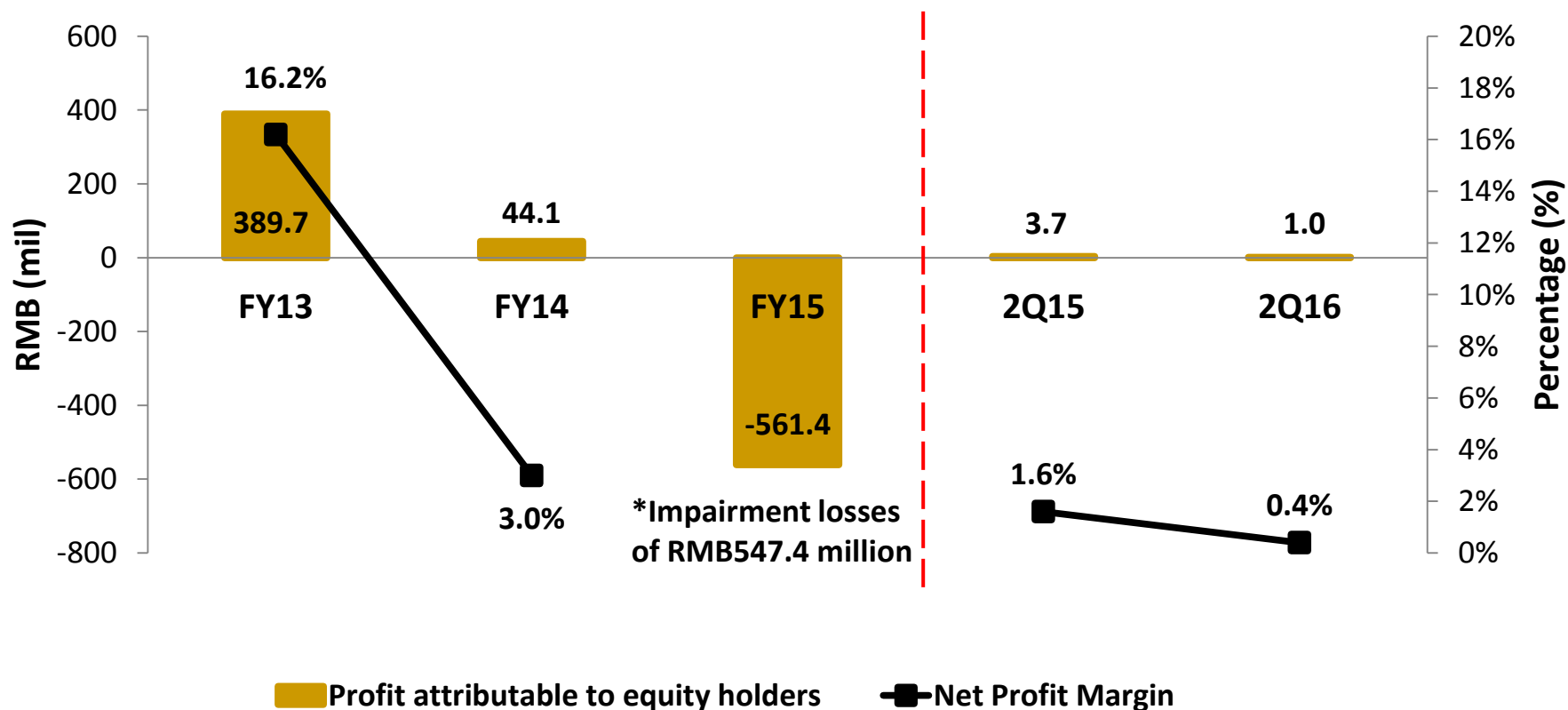
Luoyang Dukang National Trade Fair



Net Profit & Margin



Net Profit & Margin





Financial position



RMB (mil)	As at 31 December 2015	As at 30 June 2015
Total Equity	1,437.5	1,437.3
Total Assets	1,890.5	1,838.4
Inventories	619.4	663.7
Cash & Equivalents	561.3	403.0
Total Liabilities	453.0	401.2
Bank Borrowings	135.0	134.8
Gearing	Net Cash	Net Cash

RMB (mil)	2Q2016	2Q2015
Net cash generated/(used in) operating activities	67.9	168.5
Net cash generated/(used in) investing activities	(0.4)	(11.0)
Net cash generated/(used in) financing activities	(1.9)	(44.4)
Net Increase/(decrease) in cash and cash equivalents	65.6	113.1



Turnover ratios



No. of days	2Q2016	FY2015
Accounts Receivable Turnover	0	0
Accounts Payable Turnover	58	60
Inventory Turnover	452	492

Notes:

Accounts Receivable Turnover =
$$\frac{\text{Trade receivables as at end of quarter}}{4 \times \text{Revenue for the quarter}} \times 365 \text{ days}$$

Accounts Payable Turnover =
$$\frac{\text{Trade and bills payables as at end of quarter}}{4 \times \text{Cost of sales excl. consumption tax for the quarter}} \times 365 \text{ days}$$

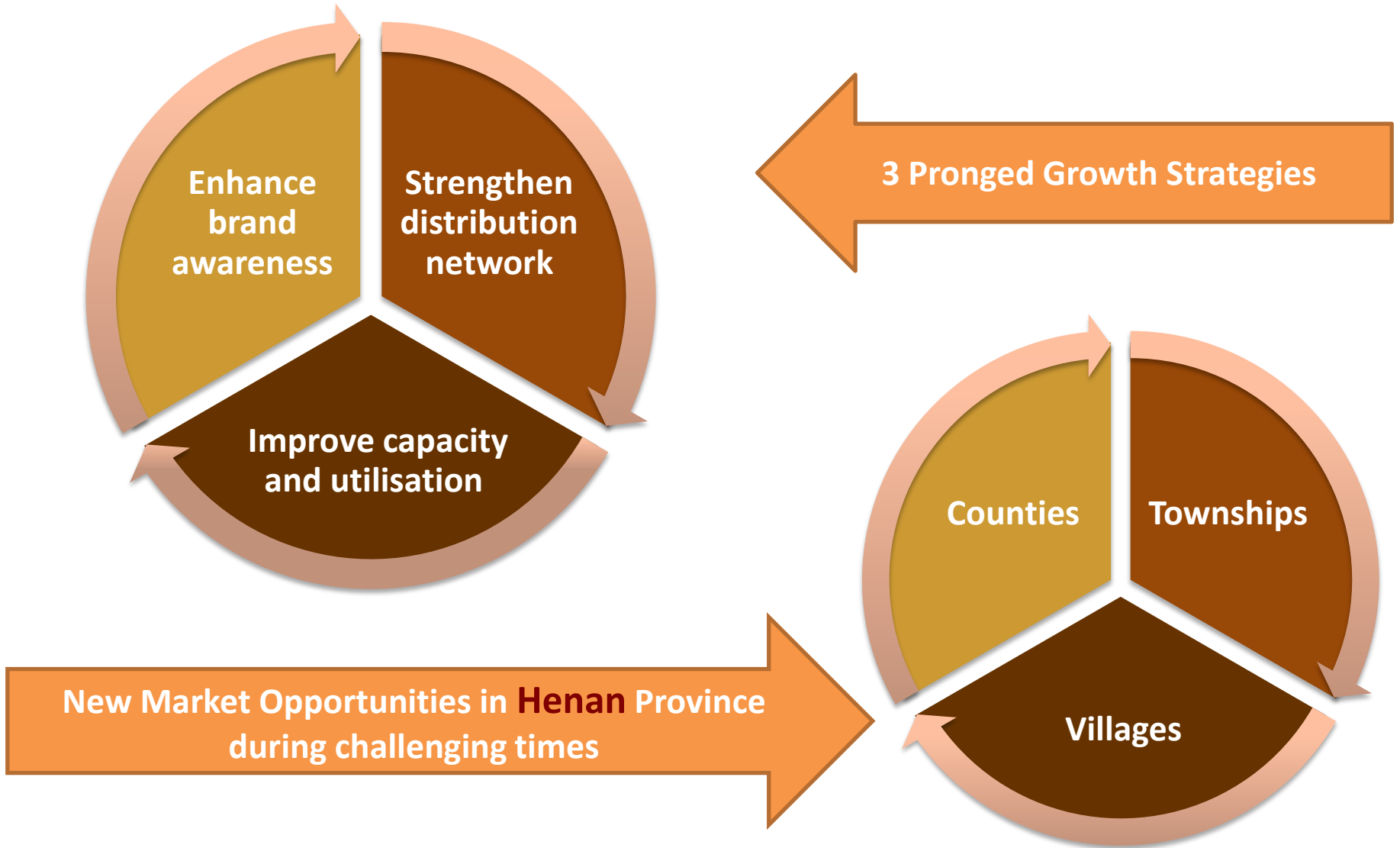
Inventory Turnover =
$$\frac{\text{Inventories as at end of quarter}}{4 \times \text{Cost of sales excl. consumption tax for the quarter}} \times 365 \text{ days}$$



Growth strategies



Growth strategies and market opportunities





Enhance brand awareness



❖ Award winning microfilm

- ❖ International Jindanruo Award for “Father’s Love”
- ❖ Jinhaitang Award for “Father’s Love”
- ❖ Silver Award in Pingyao Art Festival for “ Come back home with love”



❖ Customized products for young customers

- ❖ Incorporates cartoon characters and comical comments into its design of product packaging for wedding



❖ Pioneered various marketing methods

- ❖ WeChat: social as well as sales platform
- ❖ Weibo: over 7,600 posts, almost 50,000 followers

❖ Joined Chengdu Spring of Rum 2015

- ❖ Allowed visitors to enjoy a taste of pure baijiu on the spot from fermentation pools





Optimize traditional distribution network



	No. of distributors *					
	Luoyang Dukang					
	2011	2012	2013	2014	2015	2Q2016
Henan Province	114	144	88	87	78	78
The rest of China	56	83	82	81	98	98



Specialty Store



Flagship Store



Super Market



Dennis Department Stores

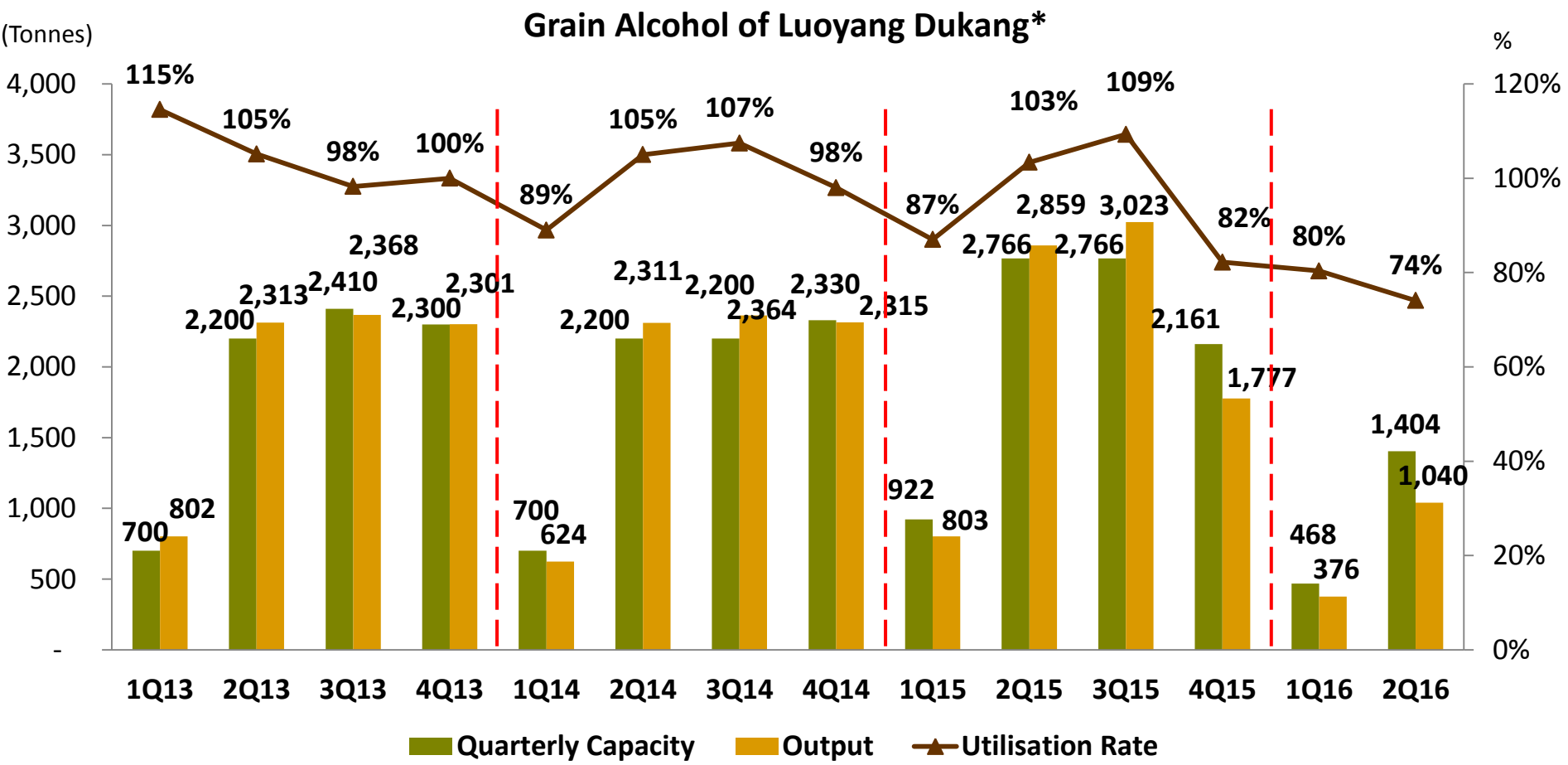


Restaurant

*None of the top 5 distributors accounts for more than 10% of sales



Improve capacity & utilization



*Annual capacity of 4,684 tonnes from 2,428 fermentation pools

** Fermentation period of 90 days

Thank You

Contact details:

Ngo Yit Sung

Corporate & IR Manager, Dukang Distillers Holdings Ltd

Email: ysngo@dukang.com

何以解憂，唯有杜康。

