



# ASIAN CITRUS HOLDINGS LIMITED

Stock codes: HKEx: 73, AIM: ACHL

## Interim Result FY2010/11

25 February 2011





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# Agenda

- **Results Highlights**
- **Financial Overview**
- **Business Overview**
- **Business Outlook**





# Results Highlights





# Results Highlights – Interim Results 2010/11

Including revaluation from biological assets

Excluding revaluation from biological assets

(RMB' Million)	2010/11	2009/10	% Change	2010/11	2009/10	% Change
Revenue	624.0	398.3	+56.7	624.0	398.3	+56.7
Gross profit	275.4	179.4	+53.5	275.4	179.4	+53.5
EBITDA	578.5	291.6	+98.4	240.3	127.2	+88.9
Profit before tax	526.4	248.1	+112.2	188.2	83.7	+124.9
Net profit	523.4	247.5	+111.5	185.1	83.0	+123.0
Basic EPS (RMB)	0.59	0.32	+84.4	0.21	0.11	+90.9
Interim Dividend (RMB)	0.02	N/A	N/A	0.02	N/A	N/A

\*Net gain on change in fair value of biological assets:

•2010/11	RMB	338.2 million
•2009/10	RMB	164.5 million

# Financial Position At-A-Glance - Interim Results 2010/11



(RMB' Million)	12/2010	6/2010	% Change
Property, plant and equipment	1,479.2	1,161.4	+27.4
Construction-in-progress	131.9	64.3	+105.1
Biological assets (non-current portion)	1,791.8	1,449.6	+23.6
Goodwill	1,157.3	-	N/A
Other non-current assets	285.1	91.6	+211.2
Total non-current assets	4,845.3	2,767.0	+75.1
Total current assets	3,099.6	1,104.3	+180.7
Total liabilities	929.1	51.8	+1,693.6
Net current assets	2,170.5	1,052.5	+106.2
Net assets	7,015.8	3,819.5	+83.7



## Cash Flows Summary - Interim Results 2010/11

(RMB' Million) <sup>5.6</sup>	2010/11	2009/10	% Change
Cash and cash equivalents as at 1 July	975.1	461.2	+111.4
Cash generated from operations	310.8	167.5	+85.6
Net cash used in investing activities	<u>375.8</u>	<u>-38.9</u>	N/A
<b>Free cash flow</b>	<b>686.6</b>	128.6	+433.9
Net cash generated from financing activities	1,267.7	-14.9	N/A
Net increase in cash and cash equivalent	1,954.3	113.6	+1,620.3
Cash and cash equivalents as at 31 December	2,929.4	574.9	+409.5

Note: Payment undertaking arising from the acquisition of Beihai BPG of HK\$780 million was settled in January 2011.



# Ratio Analysis - Interim Results 2010/11

	2010/11	2009/10
Gross Profit Margin (%) – Overall	44.1%	45.0%
Gross Profit Margin (%) – Oranges	45.9%	45.0%
Gross Profit Margin (%) – Processed fruits	29.2%	N/A
Return on equity (%)	7.5%	7.9%
	<b>12/2010</b>	<b>6/2010</b>
Current Ratio (x)	3.34	21.33
Quick Ratio (x)	3.30	19.21
Liabilities to Equity Ratio (%)	13.4%	1.4%
Net debt to Equity Ratio	Net cash	Net cash



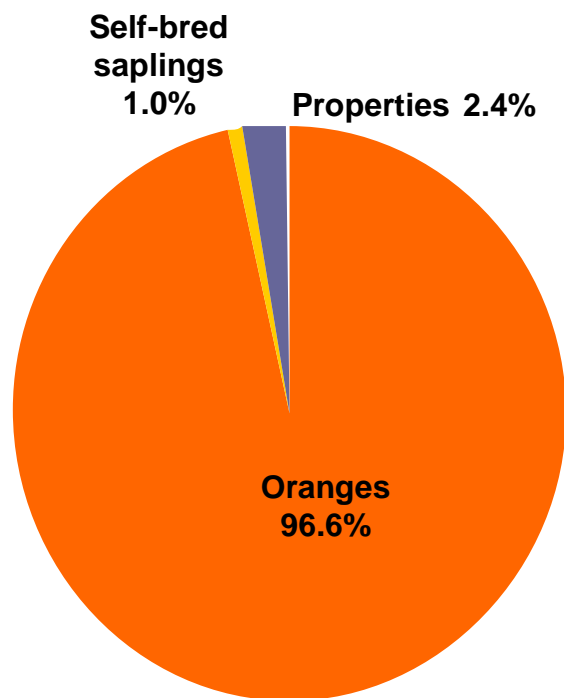
# Financial Overview



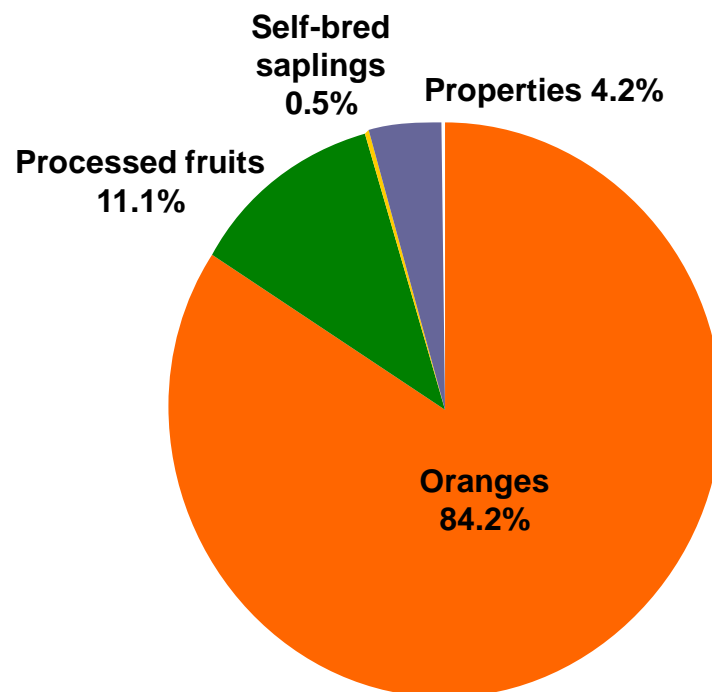


# Revenue by Segment

1H 2009/10



1H 2010/11

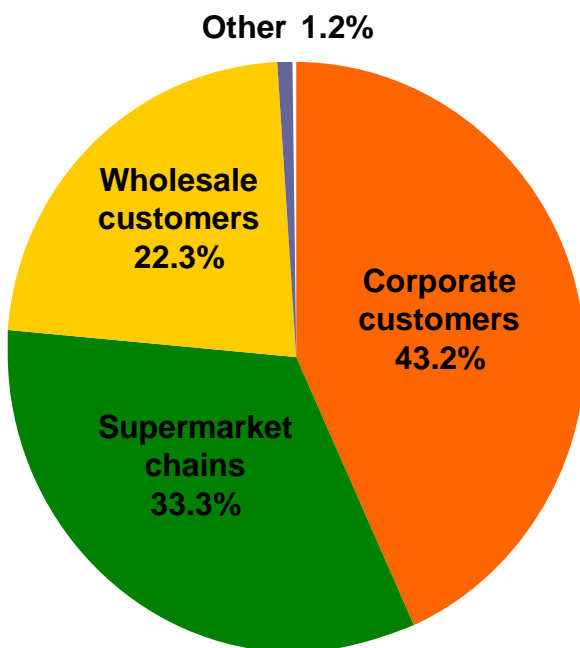




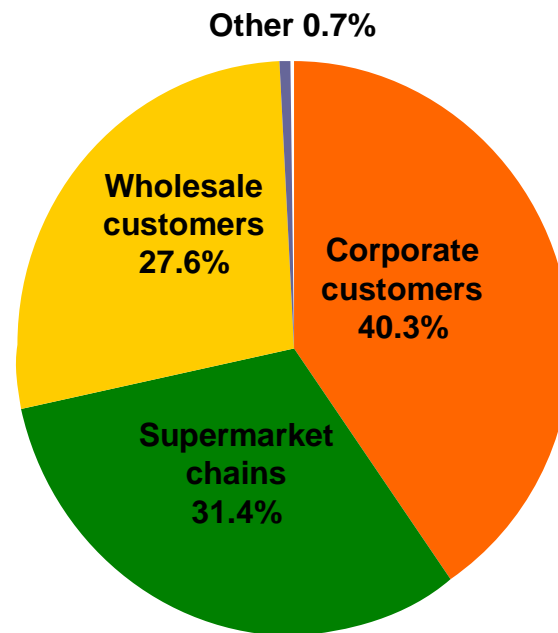
# Revenue by Channel

Sales of oranges only

1H 2009/10



1H 2010/11

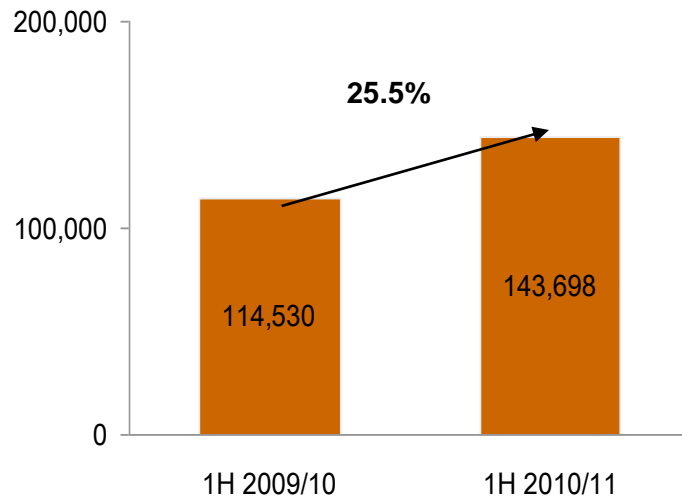


Note: The total volume sold to supermarket chains increased approximately 21.9% to 38,572 tonnes for the six months ended 31 December 2010 (1H 2009/10: 31,632 tonnes).

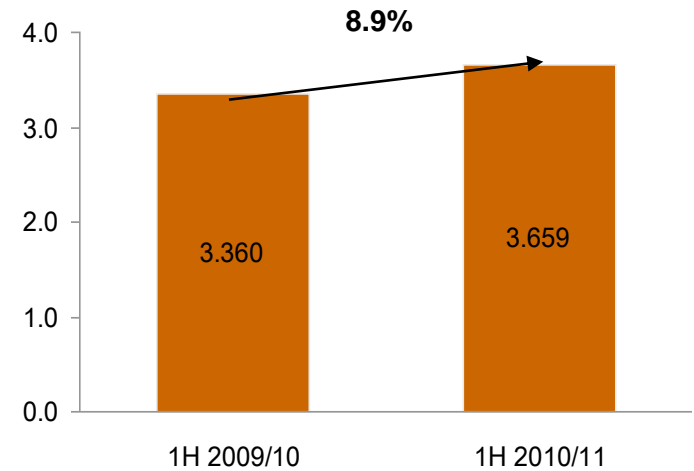
# Production Volume and Average Contract Selling Price



**Production volume of Winter Oranges  
(Tonnes)**

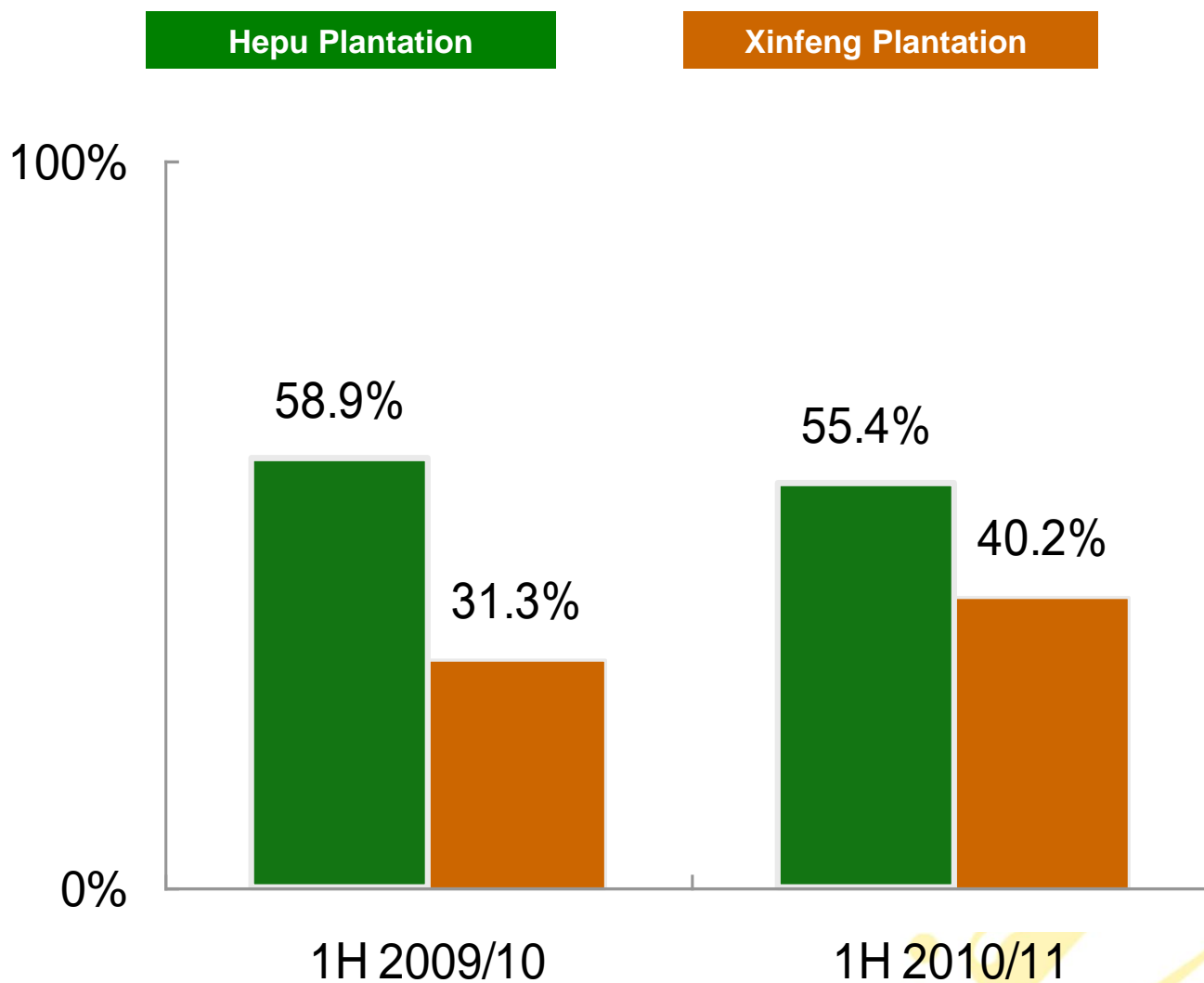


**Average Selling Price RMB per kg  
for Winter Orange**





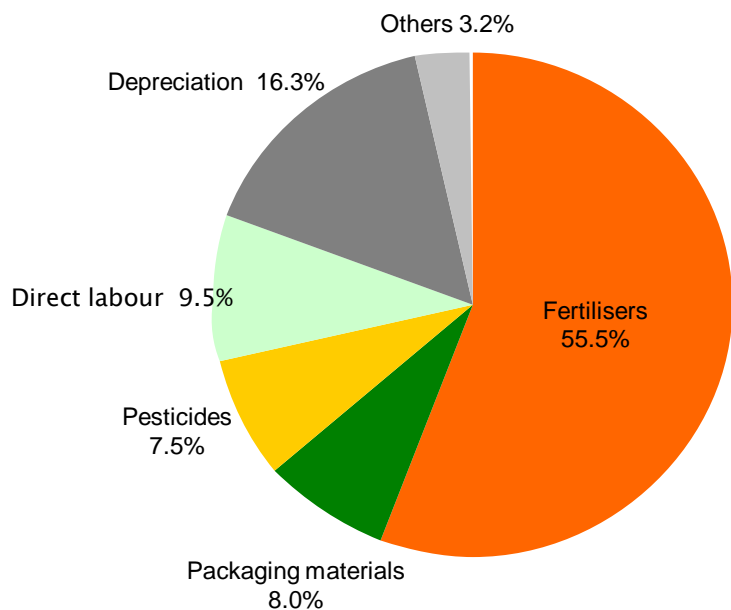
# Gross Margin of Sales of Oranges by Plantation



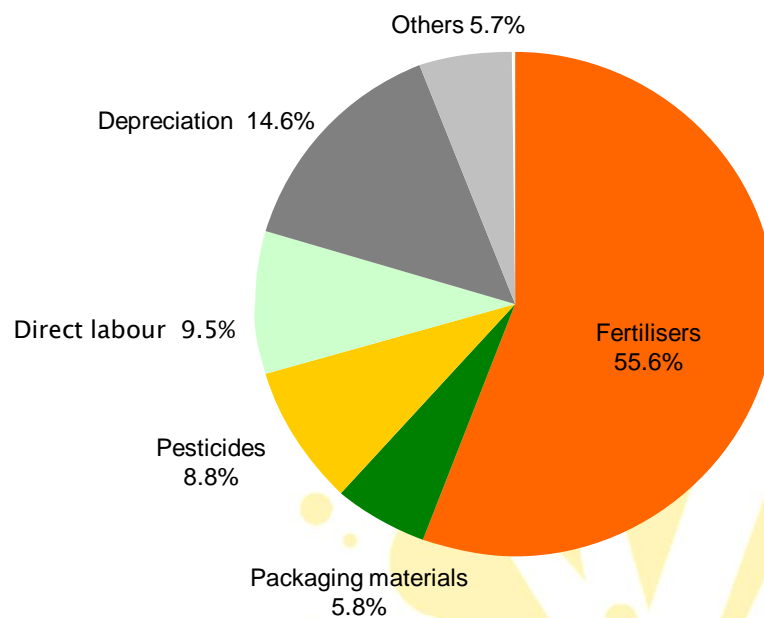
# Key Financial Highlights – Asian Citrus



Cost of sales (Orange) 1H 2009/10



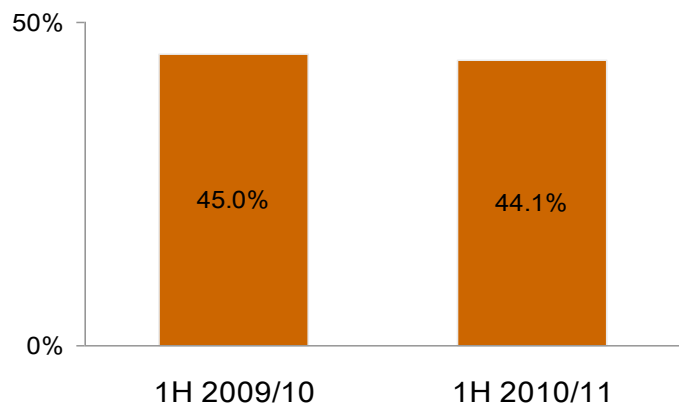
Cost of sales (Orange) 1H 2010/11



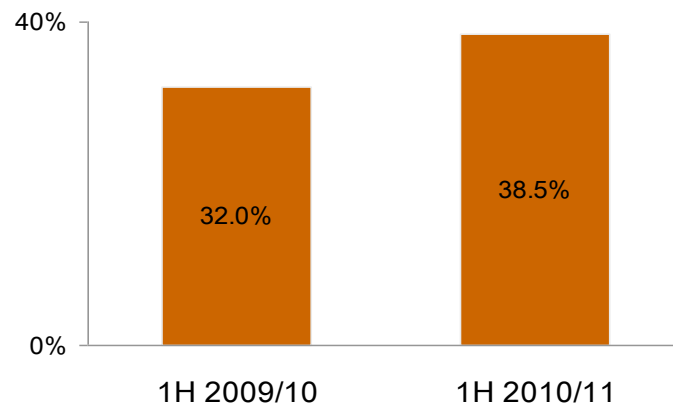
# Profit Margin and ROE



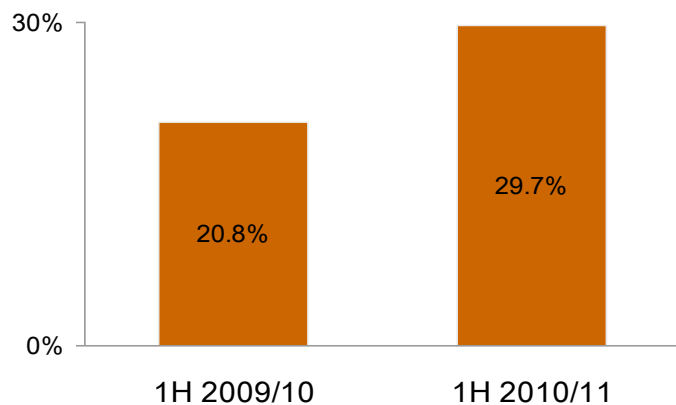
## Gross Margin



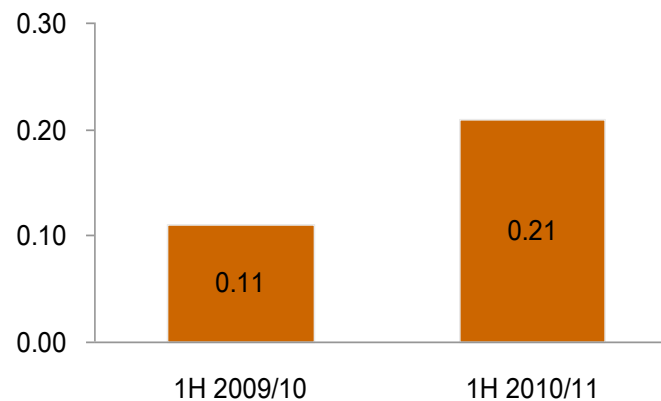
## EBITDA Margin\*



## Net Margin\*



## Basic EPS\* (RMB)

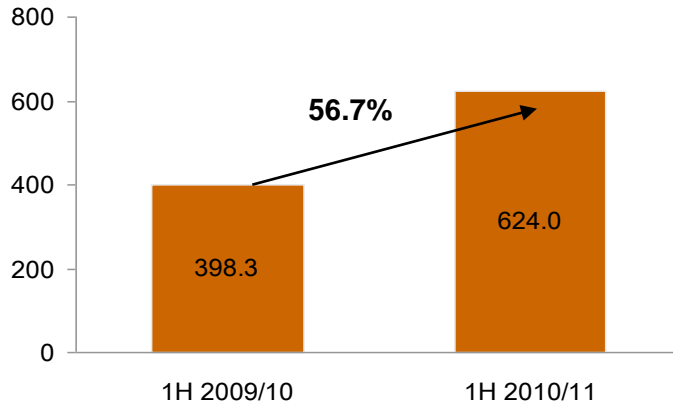


\* Excluding revaluation gain from biological assets

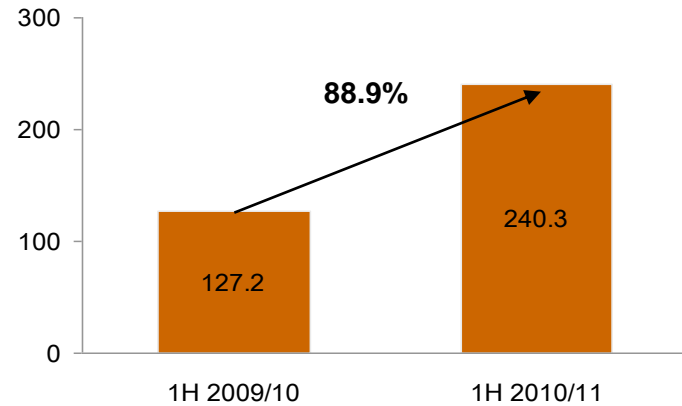
# Revenue and Profit Trend



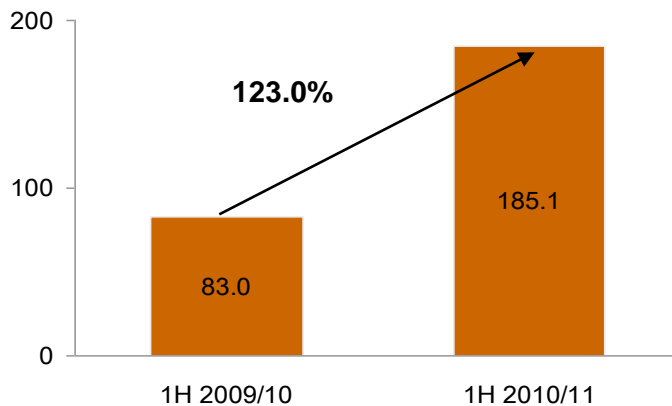
### Revenue (RMB'm)



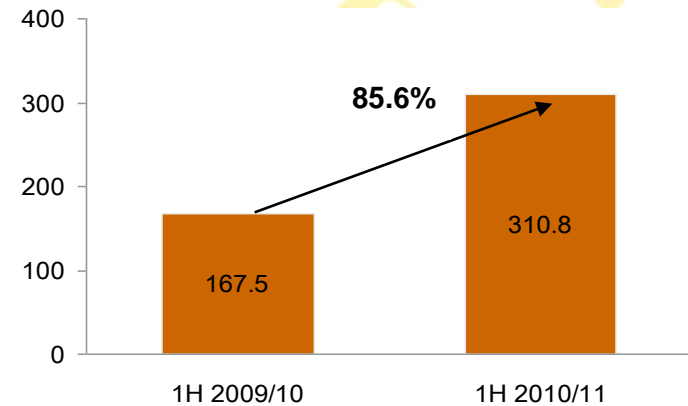
### EBITDA\* (RMB'm)



### Net profit Attributable to Shareholders\* (RMB'm)



### Net Cash generated from operating activities (RMB'm)



\* Excluding revaluation gain from biological assets



# Business Overview





## Business Highlights

- Continued to expand the direct sales to supermarkets to 38,572 tonnes (1H 2009/10: 31,632 tonnes) and renewed supply contracts with all of existing supermarket customers
- Sold 270,000 self-bred saplings to local farmers which offer the Group the first right to purchase their oranges for the six months ended 31 December 2010 (1H 2009/10: 400,000)
- Planted 120,000 summer orange trees in 1H 2010/11 in Hunan Plantation and another 320,000 summer orange trees to be planted in the first quarter of 2011
- Completed the acquisition of 92.94% equity interest in Beihai Perfuming Juice Company Limited (“Beihai BPG”) on 30 November 2010
- Intended to expand the production capacities of Beihai BPG by constructing a new production facility by the end of 2011 with approximately 40,000 tonnes
- Extended the exclusivity period of the non-legally binding memorandum of understanding in relation to the acquisition of a citrus fruit plantation with approximately 1.1 m citrus fruits trees occupied a land area of 10,000 mu in Fuchuan County of Guangxi to 30 April 2011
- Completed the share placement of 175,000,000 new ordinary shares in December 2010
- Declared the first interim dividend of RMB0.02 per share for the six months ended 31 December 2010 (1H 2009/10: Nil)



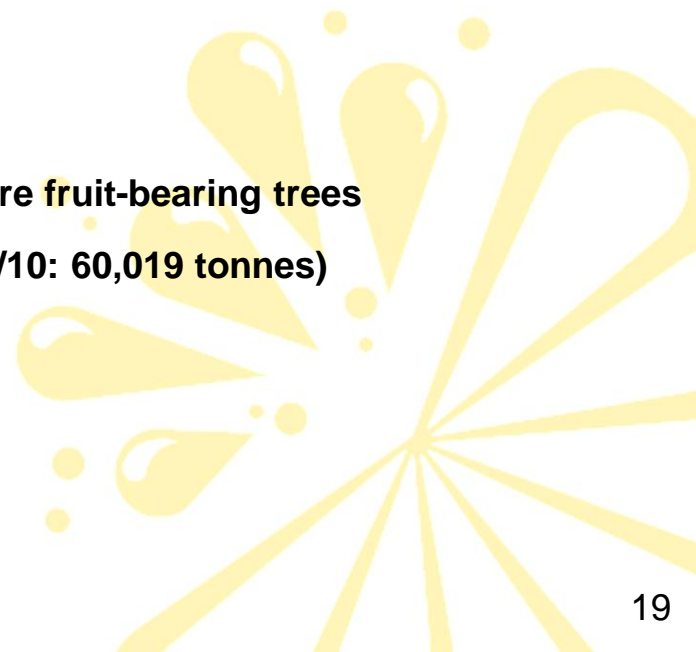
# Operational Highlights – Interim Results 2010/11

## Hepu Plantation

- Fully developed with approximately 1.3m orange trees, of which 1.0m are fruit-bearing trees
- Production decreased by 7.3% to 50,517 tonnes (1H 2009/10: 54,511 tonnes) as expected and due to the ongoing replanting programme where 64,194 winter orange trees were replaced with the same number of summer orange trees during the year ended 30 June 2010
- Replanting programme underway with 63,584 winter trees to be replaced since the period end

## Xinfeng Plantation

- Fully planted with 1.6m winter orange trees, of which all are fruit-bearing trees
- Production increased by 55.3% to 93,181 tonnes (1H 2009/10: 60,019 tonnes)





# Operational Highlights – Interim Results 2010/11

## Hunan Plantation

- First batch of 120,000 summer orange trees planted and another 320,000 summer orange trees to be planted in the first quarter of 2011
- RMB209.0m invested which mainly represents expenditure for land clearing, land cultivation, planting costs and other farmland infrastructure

## Beihai BPG

- Completed the acquisition of 92.94% equity interest on 30 November 2010
- Intended to expand the production capacities of approximately 40,000 tonnes of Beihai BPG by constructing a new production facility in the Baise of Guangxi by the end of 2011



# Business Outlook





# Business Outlook

- Asian Citrus is progressing well and is increasing its presence in the Chinese retail market with higher production volume of direct sales to supermarkets.
- The completion of the acquisition of Beihai BPG is an important milestone for the Group in moving downstream and offers the Group better flexibility in dealing with the ever-changing needs of the consumer market.
- With the expected growth of the Chinese economy, we are confident that the demand for high quality oranges and juice concentrates in China will continue to grow, providing the Group with an exciting opportunity to further expand its business in both the agricultural and fruits processing businesses.
- The Group will continue to build on its existing market leading position by expanding its distribution network, increasing its production capacity and enhancing its sourcing capacity through further development of its nursery business.

# Q & A



# Thank You

