

# OZNER 浩泽

## **Ozner announces 2014 Interim Results** **Revenue increases 29.6%, gross profit surges 30.4%**

### Highlights

- Turnover of the Group increased 29.6% to RMB232.0 million
- Gross profit increased 30.4% to RMB157.7 million, gross profit margin increased from 67.5% to 68.0%
- Profit for the period decreased 9.0% to RMB67.1 million, mainly due to exchange gain/loss, one-off listing expense and share option expense
- If excluding one-off effects, net profit increased by 42.3% to RMB93.2 million
- Total accumulative installations for enterprises and household users significantly increased to 539,000 units from 463,000 units as of 31 December 2013

### Financial Highlights

RMB('000)	6 months ended 30 June		
	2014	2013	Change
Revenue	232,022	179,047	+29.6%
Gross Profit	157,724	120,930	+30.4%
Gross Profit Margin	68.0%	67.5%	
Profit for the period	67,067	73,733	-9.0%
Adjusted profit for the period <sup>1</sup>	93,212	65,489	42.3%
Basic earnings per share (RMB cents)	5.16	5.82	-16.7%

(26 August 2014 – Hong Kong ) **Ozner Water International Holding Limited** (“Ozner Water” or “the Company”, HKEx stock code: 2014) and its subsidiaries (“the Group”) announced its results for the six months ended 30 June 2014. During the reporting period, the Group recorded revenue of RMB232.0 million and a gross profit of RMB157.7 million, representing an increase of 29.6% and 30.4% respectively as compared with the same period last year, which is mainly attributed to the growth of the water purification business.

Profit for the period attributable to equity holders of the Company was RMB 67.1 million (6 months ended 30 Jun 2013: RMB73.7 million). The decrease was mainly due to exchange gain/loss recognized in connection with amounts due to Fresh Water Group, one-off listing expense and share option expense. If excluding such effect, Ozner Water’s adjusted net profit increased by 42.3% from RMB65.5 million in the 6 months ended 30 Jun 2013 to RMB93.2 million in the reporting period.

<sup>1</sup> Adjusted for exchange gain/loss recognized in connection with amounts due to Fresh Water Group, one-off listing expense and share option expense



## **Business Review**

With “Purified Water, Purely for Health” as its corporate mission, Ozner commits to offer safe, fresh and healthy water purification services. Different from the traditional sales mode of water purification industry, Ozner Water provides water purification service while charging annual leasing fee. This revolutionary business model enjoys strong advantages compared to the traditional sales business model. In addition, the Company operates an extensive distribution network, which covers all the provinces in China except Tibet. The Company’s patent APO+ water purification technology is one of the most advanced in the industry providing comprehensive solution to the secondary pollution problems of the drinking water.

In March 2014, the Group launched its new product, “cloud” purification machine, which enables the Group to remotely manage the water purification machine through cloud technology. This technology enables us to monitor the water quality, track machine location, renew annual leasing arrangement and perform maintenance or repair remotely. Users can download our mobile phone app for remote management of the water purification machines. In addition, prospective users can apply customized value-added service from the Company directly through mobile network

The Group installed 77,000 new water purification machines in 1H2014, representing a growth rate of 11.6% compared to same period last year. Although only launched in March 2014, our “cloud” purification machine has already recorded strong sales momentum, accounting for over 40% of new installation in 1H2014

Our total installation base reached y 539,000 units by end of June 2014. (31 December 2013: 463,000 units) and our renewal rates from existing customers are consistently above 97% across corporate and household segments.

We further expanded our service and distribution network to 15 new cities and we currently cover 140 cities in 30 provinces in China, The number of distributors has also increased to 1,960 as of 30 June 2014, compared to 1,702 as of 31 December 2013.

We completed construction of our new factory in Shaanxi on August 18, 2014 and started commercial production. Current production capacity from our Shaanxi plant is 200,000 machines per annum, which will bring our overall production capacity to 370,000 machines per annum.

## **Prospects**

Mr. Xiao Shu, Chairman and Chief Executive Officer of Ozner Water, said, “we have great confidence in the Group’s future prospects. Looking forward, we will persist to take water purification technology as the core, and focus on service, research and development and brand improvement. In order to continue to expand our service network and distributor channel, the Company will take the provincial capitals as the starting point, striving to cover more 3rd and 4th tier cities. In addition, we will strengthen the advertisement activities and brand promotion to enhance the company's brand recognition,. We will also continue to invest in R&D to improve production efficiency. Ozner Water, as the market leader in the industry, will strive to strengthen our leading position and increase our market share. The Company will strive to explore Hong Kong and overseas markets, so as to seize the development opportunity in the water purification industry, and maximize the return to shareholders.”

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### **About Ozner Water International Limited**

OZNER's two business lines include water purification and air purification. Different from the traditional one-time sales mode, Ozner Water adopted a revolutionary business model, which provides water purification service while charging annual rental, providing a unique advantage in the market. Ozner Water established a direct-management service team over 140 cities in 30 provinces, and constructed relevant logistics and warehousing facilities. Ozner Water originates the "cloud water purification technology", which enables the Group to remotely manage the water purifiers by mobile phone network. This technology reminds customers and the after-sale staff the issues of purifier's filter expiration and purifier failure. In addition, the Company uses CRM system in its customer service center in the headquarter to maintain customer relationship and convey customers' need timely. While Ozner Water's air purification dedicates to providing solutions and services in the filed of healthcare, foods and electronics.