



Huabao International Holdings Limited
華寶國際控股有限公司

A young man and woman are smiling and laughing in a kitchen. The woman is wearing a white t-shirt and a beige apron. The man is wearing a white t-shirt and holding a wooden spatula. They are standing in front of a kitchen counter with various fruits and vegetables.

**Results Presentation for the Nine Months
Ended 31 December 2018
13 March 2019**

Disclaimer

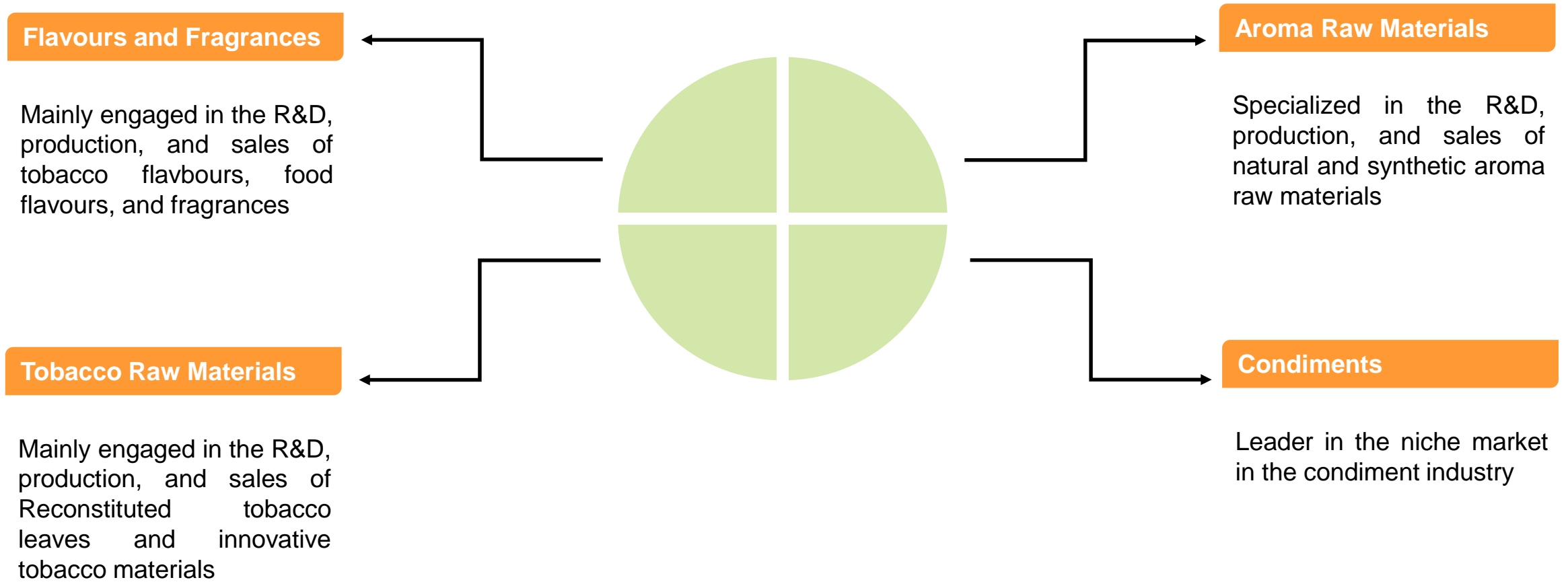
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The latest developments of the Company are subject to the official announcement on the HKEX by the Company.

Results
For the Nine Months Ended 31
December 2018
(Audited)

Business Segments



Results Highlights

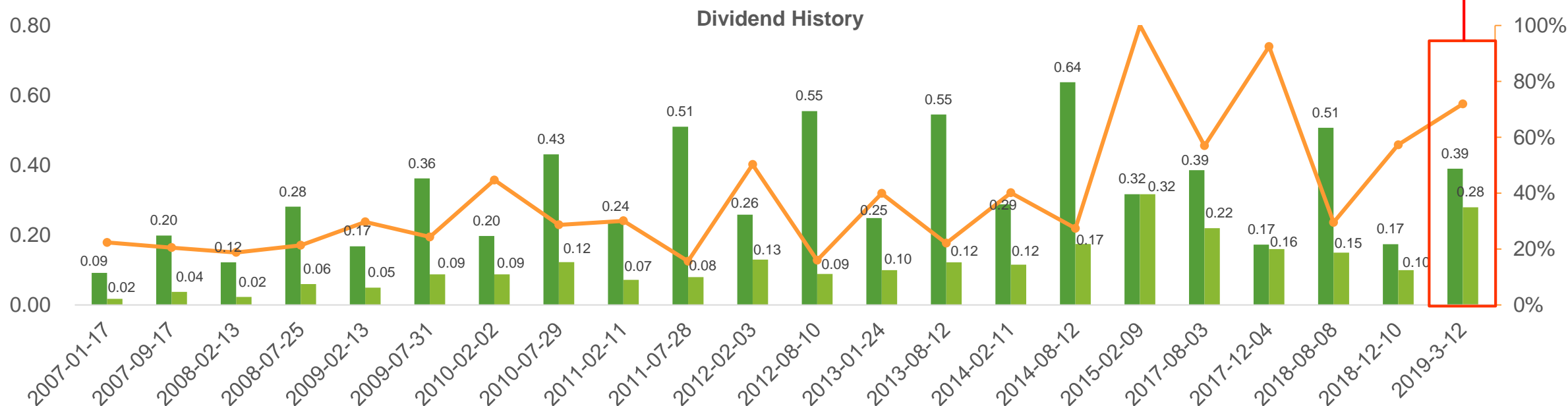
EPS RMB32.75 Cents

Dividend per share HKD27.7 cents[^]

Payout ratio≈71.9%

Since listing in 2006, the Group distributed a total dividend of approximately RMB6,750 million. Average payout ratio amounted to approximately 39%, average accumulated dividend per share was approximately HKD0.12.

Announced the dividend for the nine months ended 31 December 2018

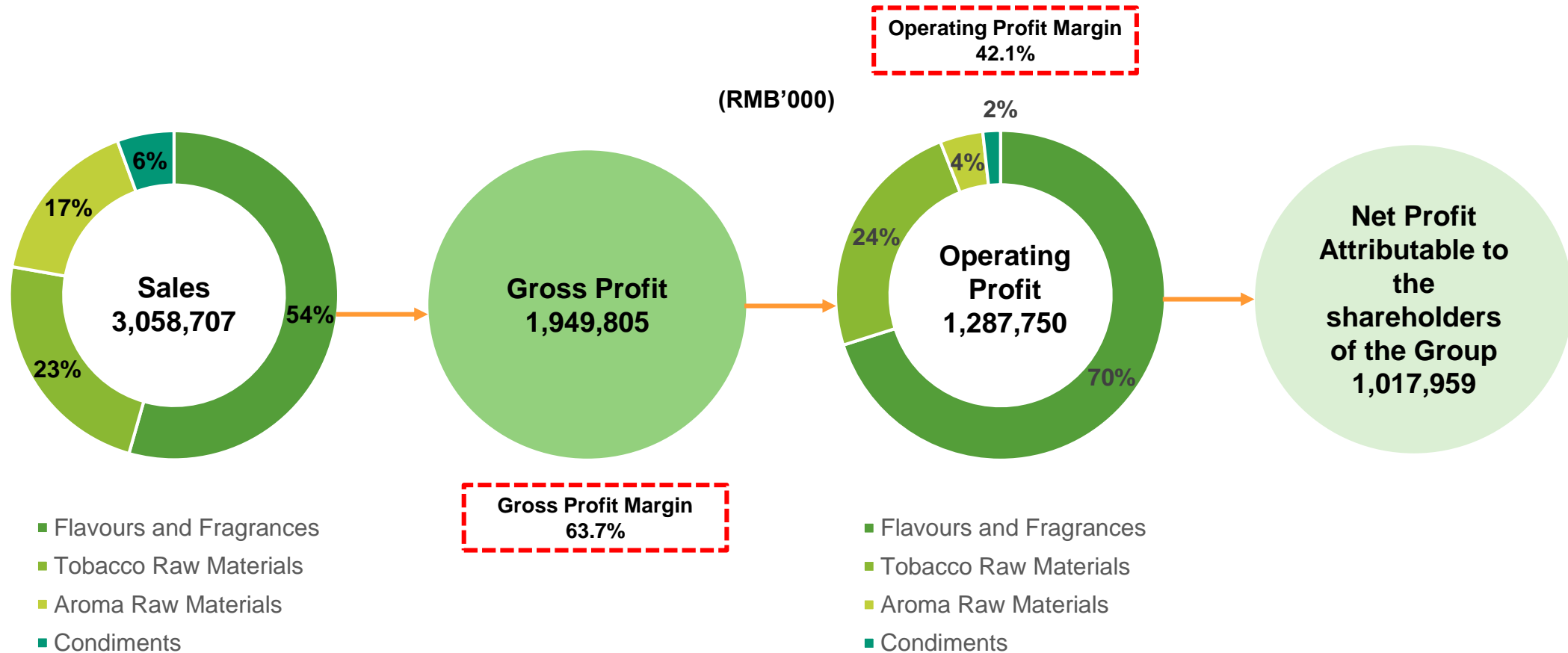


[^]Final dividend per share HKD8.8 cents and special dividend per share HKD18.9 cents

*One HKD to RMB85 cents

Results

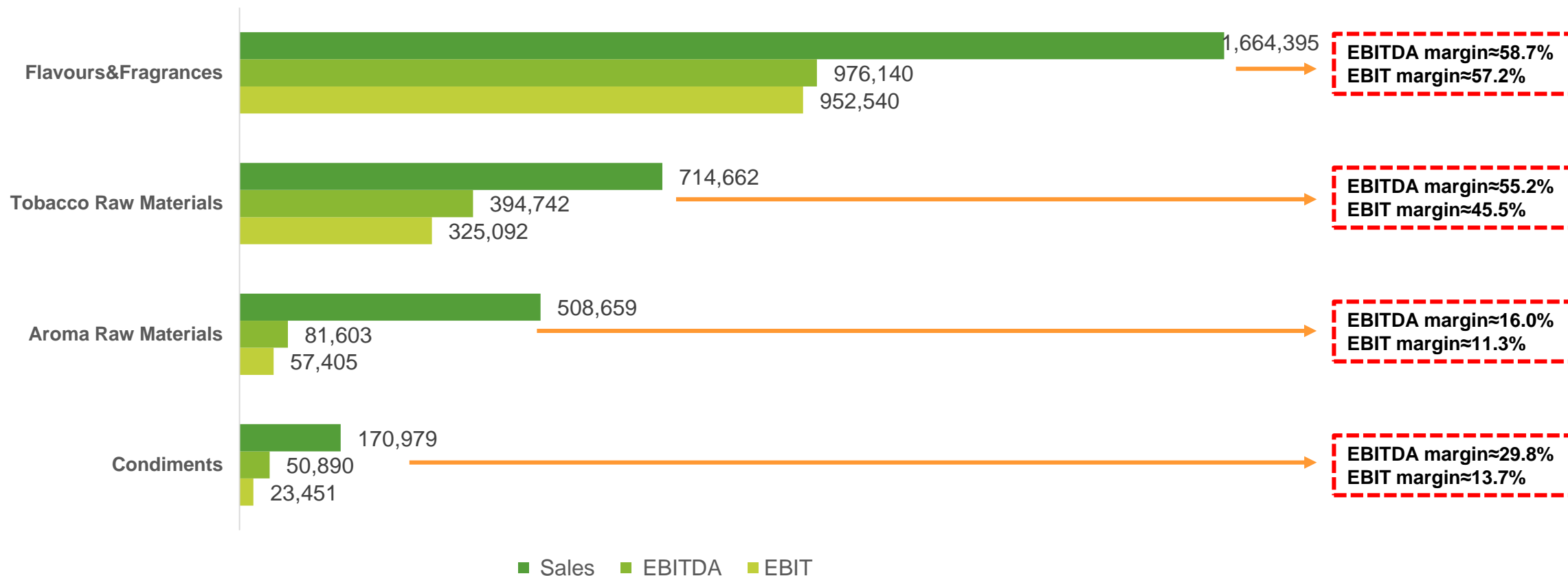
For the Nine Months ended 31 December(Audited)



Results

For the Nine Months ended 31 December(Audited)

RMB'000



Financial Position

RMB'000

	Nine Months Ended 31 December 2018	FY Ended 31 March 2018	Change
Net cash generated from operating activities	1,232,906	1,538,662	N/A
	Nine Months Ended 31 December 2018	FY Ended 31 March 2018	Change
Inventory Turnover(Days)	199	216	-17 Days
AR Turnover(Days)	98	104	-6 Days
AP Turnover(Days)	78	89	-11 Days
Current Ratio(Times)	4.20	9.33	
Liquidity Ratio(Times)	3.83	8.62	

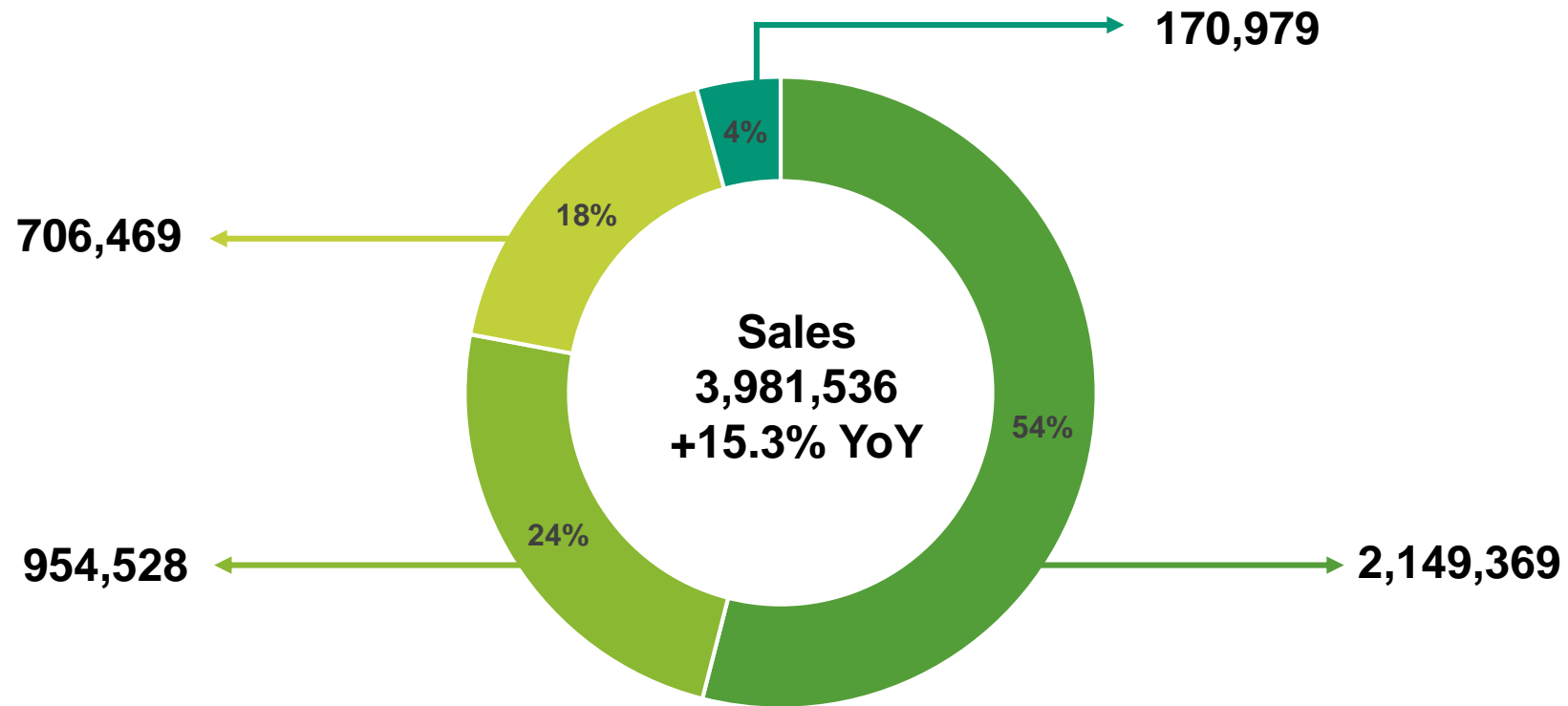
Results For the 12 Months Ended 31 December 2018 (Unaudited*)

**In regard to the definition of the “unaudited financial results”, please refer to the section “Special note: Change of financial year end date” in the Group’s announcement published on 12 March 2019.*

Results

For the 12 Months Ended 31 December 2018(Unaudited)

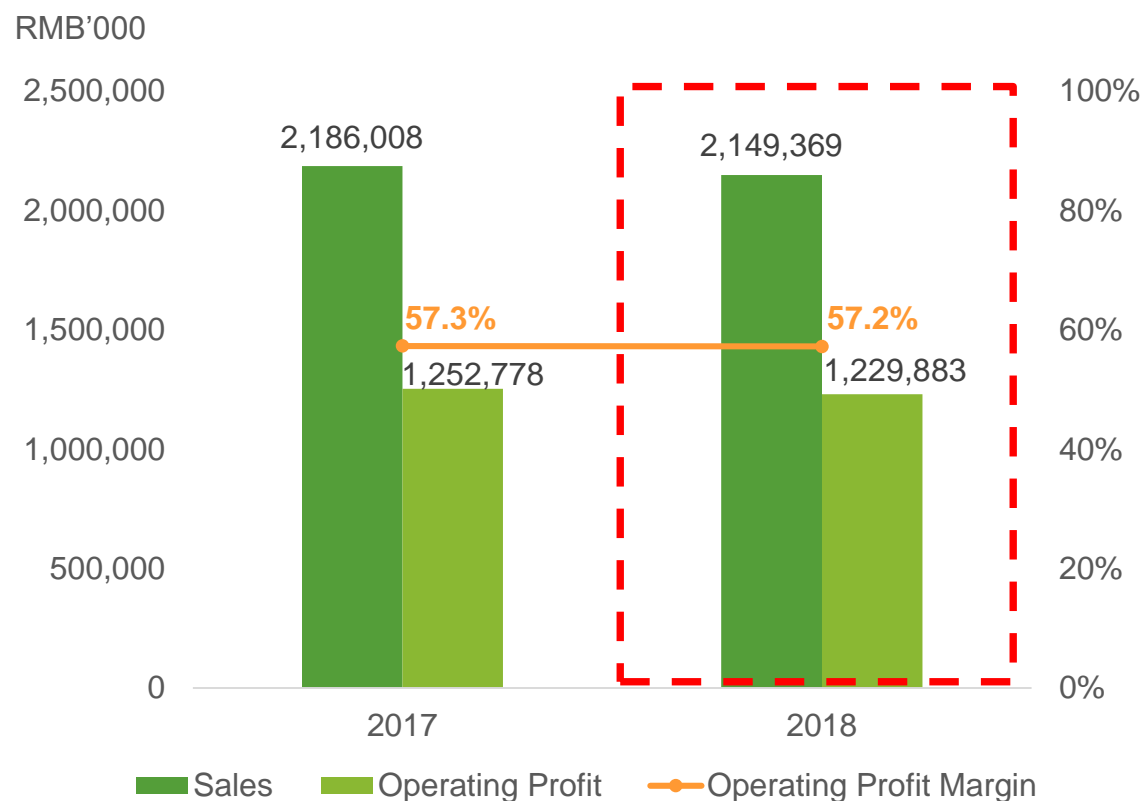
(RMB'000)



■ Flavours&Fragrances ■ Tobacco Raw Materials ■ Aroma Raw Materials ■ Condiments

Flavours and Fragrances

Sales and Operating Profit(Unaudited)

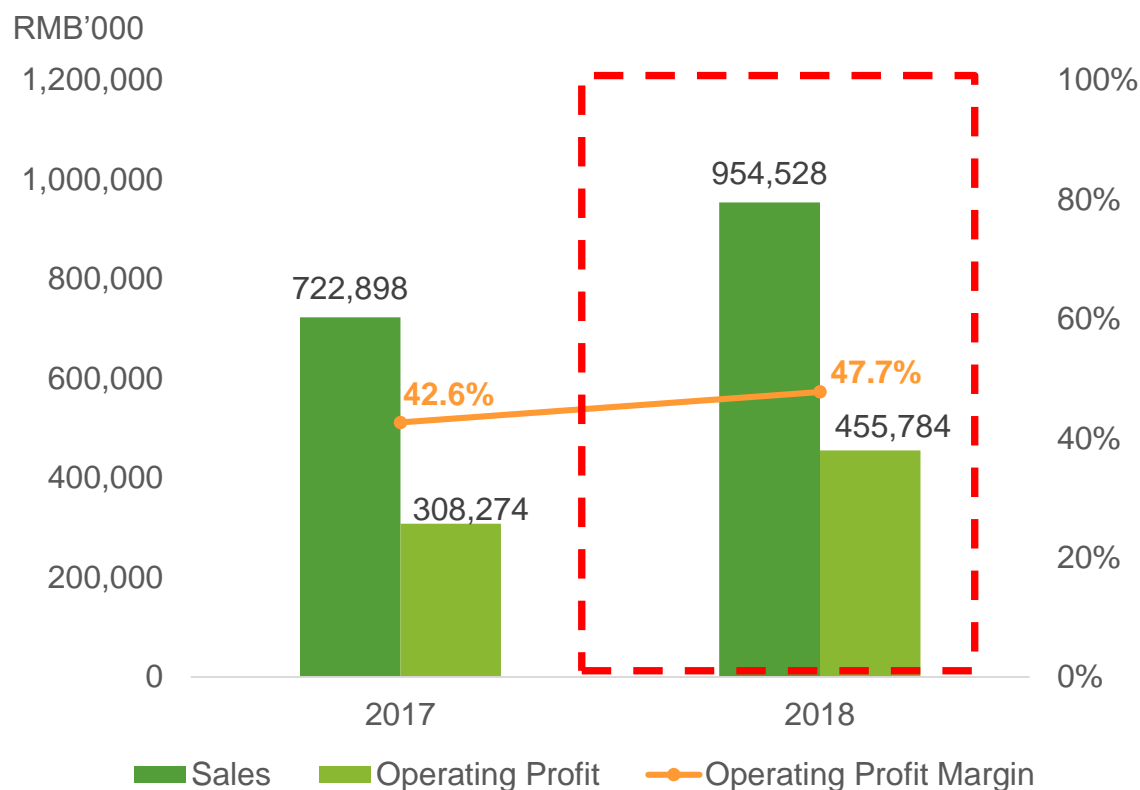


Comment

- Against the backdrop of people's increasing health consciousness and the government's tightening tobacco control policies, the sales, operating profit, and operating profit margin remained stable in comparison with the corresponding period last year, which is in line with the Group's expectations
- Optimised product mix and marketing strategies to develop new markets during the period under review

Tobacco Raw Materials

Sales and Operating Profit(Unaudited)

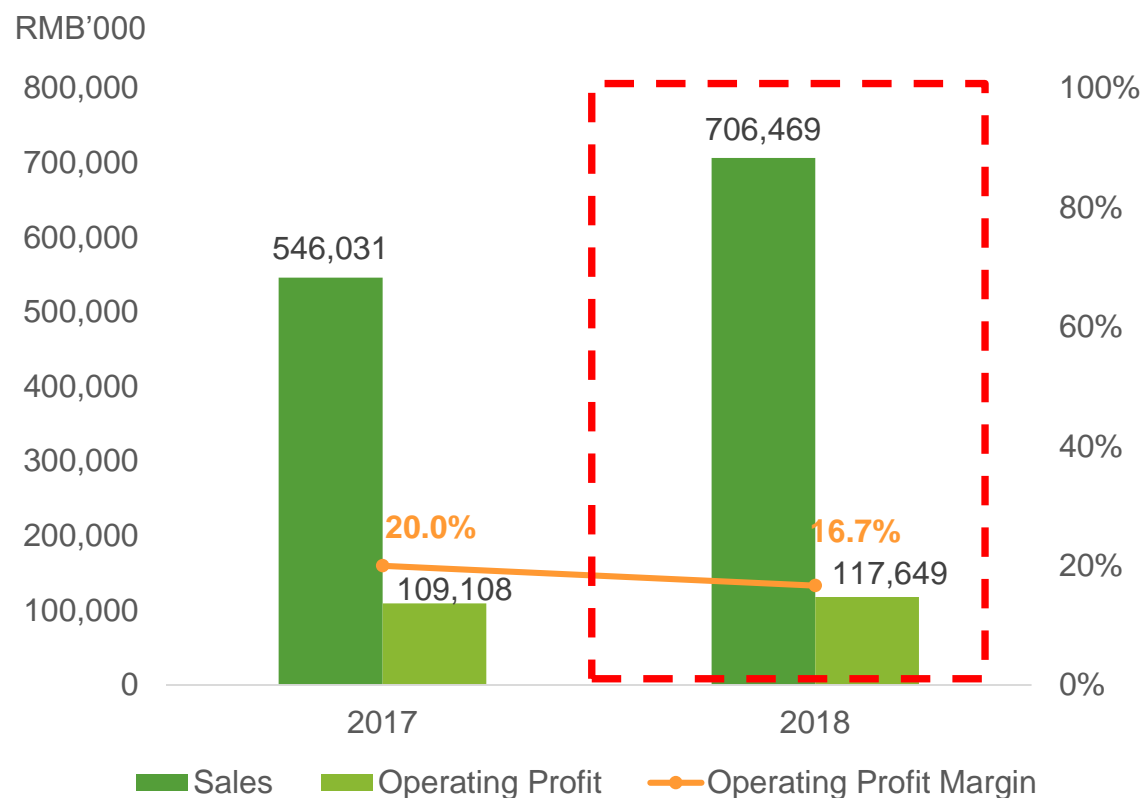


Comment

- Sales increased by approximately 32.0% in comparison with the corresponding period last year, mainly due to the rapid sales of innovative tobacco products such as flavor capsule
- Operating profit increased by 47.8% in comparison with the corresponding period last year
- Operating profit margin increased by 5.1 percentage points in comparison with the corresponding period last year

Aroma Raw Materials

Sales and Operating Profit(Unaudited)

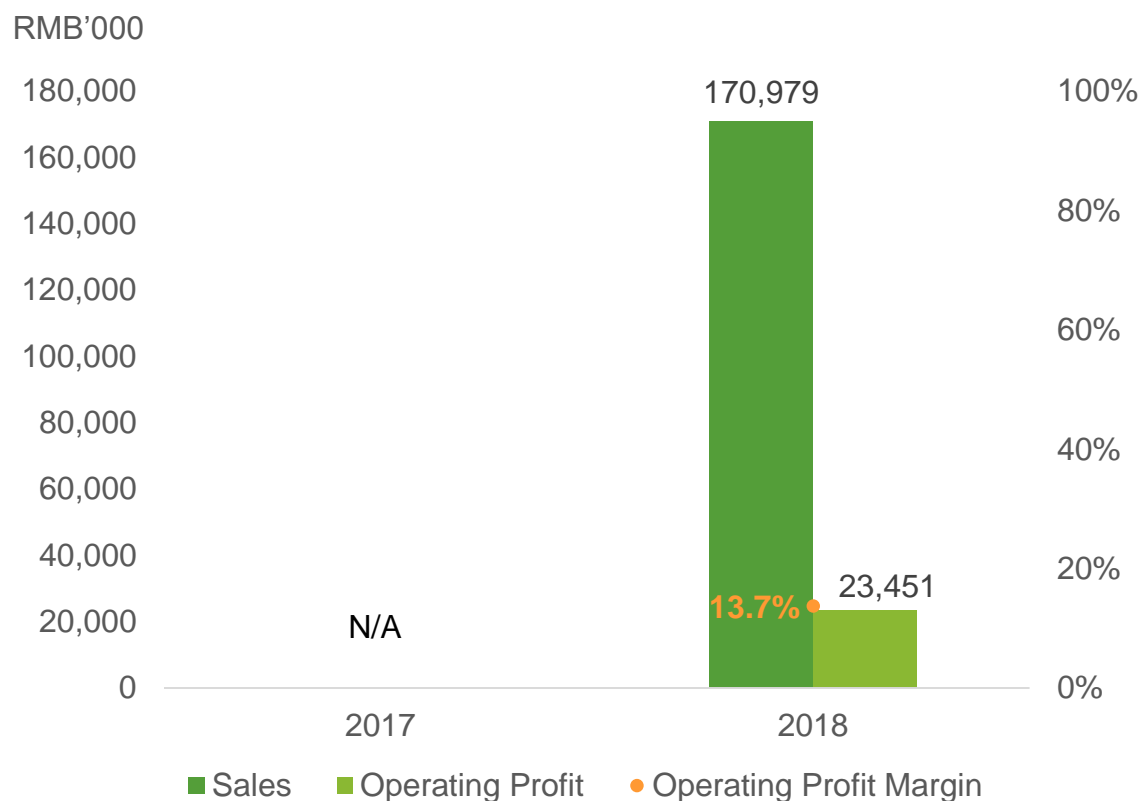


Comment

- Sales increased by approximately 29.4% in comparison with the corresponding period last year, mainly due to peers' chemical accidents and launches of new products
- Operating profit increased by approximately 7.8% in comparison with the corresponding period last year while operating profit margin decreased by 3.3 percentage points. Decrease in operating profit margin was due to the increase in the proportion of the low gross profit margin products in the sales and the Group's investments in R&D

Condiments

Sales and Operating Profit(Unaudited)



Comment

- The Group accomplished the acquisition of Jiahao on 4 September 2019
- From 4 September to 31 December 2019, operating profit margin of Jiahao was 13.7%, which decreased in comparison to the audited periods over the past quarters and years. The decrease in operating profit margin was due to the amortization of the intangible assets and the non-recurring professional fees related to the acquisition

Outlook

2019 Operating Environment Outlook

Economy

- 1 U.S.-China trade friction eased, but uncertainties remain
- 2 Structural economic reform progressed, tax and fee cuts furthered, but the results remain to be seen
- 3 Chinese government sets lower GDP target from 6%-6.5%, downward pressure on Chinese economy remains, consumer sentiment remains to rebound

Industry

- 1 Tobacco industry is to develop stably, new cigarette products will continue to optimize product mix and boost sales
- 2 Food and beverage industry moves towards “Natural, delicious, and healthy” direction. Consumer are increasingly concerned about corporates’ supply chain’s environmental and social impacts
- 3 Daily chemical industry tends to develop towards a more environmentally-friendly direction
- 4 The existing leading condiments players tend to be stronger and stronger in the industry and the condiment industry will be further integrated

2019 Business Outlook

1

Flavours&Fragrances

- ✓ Strengthen relationships with existing clients
- ✓ Offer clients innovative and packaged solutions
- ✓ Improve and enrich core products mix to meet clients' various needs
- ✓ Facilitate the investment projects of Huabao Flavours

2

Tobacco Raw Materials

- ✓ Enhance products' quality and productivity to lower cost of production
- ✓ Monitoring opportunities in the innovative tobacco products industry
- ✓ Advance the implementation of the "Going Out" strategy to tap into the Southeast Asian market

3

Aroma Raw Materials

- ✓ Strengthen existing products' quality to improve market share
- ✓ Further the construction of Jiangxi Xianghai and aim to begin production before June 2019
- ✓ Elevate R&D capability and craftsmanship to launch new products

4

Condiments

- ✓ Enrich product mix to diversify sources of income
- ✓ Expand distribution channels to strive to fulfill sales target
- ✓ Optimize human resources structure and incentive measures to efficiently further the post-integration

Summary

Goal

**World's Leading Taste-based Consumer Product
Industrial Holdings Group**

Strategy

Concentric Diversification Strategy

Vision

Leader to a Better Life

Q&A

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