



# 2023 Annual Results Presentation

27 March 2024



# Disclaimer

---

- The information contained in this presentation shall not be used for legal purposes in connection with the investment decisions or results of any investor. In particular, this document does not constitute any recommendation or invitation to subscribe for or sell or purchase any securities of Huabao International Holdings Limited ("Huabao International"). The Company hereby expressly disclaims any liability whatsoever for any loss or damage caused by or in connection with any of the investors' reliance on the contents contained herein.
- This presentation may be subject to a number of forward-looking statements. Forward-looking statements are statements of non-historical facts. These forward-looking statements are based on the Company's current expectations and cannot guarantee that such expectations are fully correct. As the forward-looking statements involve risks and uncertainties, the actual results of the Company may differ materially from those statements.
- The latest developments of the Company are subject to the official announcement on the HKEX by the Company.





# Agenda

01 Financial Review

02 Business Review

03 Outlook



01

## Financial Review



# Results Highlights

RMB: Millions (Except EPS and dividend per share)	2023 FY	2022 FY	Change
Revenue	3,308	3,828	(13.6) %
Gross Profit	1,469	1,877	(21.7)%
Gross Margin	44.4%	49.0%	(4.6) p.p.
Operating Profit*	435	900	(51.7)%
Operating Margin*	13.1%	23.5%	(10.4) p.p.
Profit attributable the equity holders of the Company*	290	453	(36.0)%
Basic and diluted earnings per share* (RMB cents)	8.98	13.77	(34.8)%
Final and/or special dividend per share (HKD cents)	5.0	5.1	
Dividend per share for the Year	8.5	8.48	

## Analysis

- Revenue: decrease in the revenue of FF&Food ingredients and aroma raw materials business offset the increase in the revenue of tobacco raw materials and condiments
- Gross margin: the decrease in the sales of products with high gross margin led to the decrease in the consolidated gross margin
- Operating Margin: Decrease in revenue & gross and the increase in administrative expense led to the decrease in operating margin



Flavour your life

\*Excluding the goodwill impairment of RMB1,507 million in 2022 and the goodwill impairment of RMB56.50 million in 2023



# Operating efficiency and Financial condition analysis

	2023 FY	2022 FY	Change
Inventory turnover (days)	197	177	+20
Accounts receivable turnover (days)	97	89	+8
Accounts payable turnover (days)	51	53	(2)
Current ratio (times)	6.0	5.0	
Quick ratio (times)	5.3	4.3	
Debt ratio*	3.6%	5.4%	(1.8)
Net cash (RMB million)	5,977	5,758	



Flavour your life

\*Debt ratio=current and non-current borrowings/total equity(non-controlling equity excluded)

\*Net Cash=Cash and cash equivalents + Financial Products (Stated in the "Financial assets at fair value through profit or loss/other comprehensive income" under the current assets)-debt



02

## Business Review



# F&F and Food Ingredients

RMB: Million	2023 FY	2022 FY	Change
Revenue	1,464	888	(22.0)%
Operating Profit	406	824	(50.8)%
Operating Margin	27.7%	43.9%	(16.2) p.p.

## **Tobacco Flavour**

- Strives to maintain and stabilize the partnerships with clients

## **Food Flavour**

- Researched the popular tastes in the market, enriched product mix, and provided clients with customized products and services

## **Fragrances**

- Visited Southeast Asia and Africa to develop markets

## **Food Ingredients**

- Improved the understanding of foreign market and boost the Group's reputation and influence in overseas markets







# Tobacco Raw materials

RMB: Million	2023 FY	2022 FY	Change
Revenue	465	454	+2.3%
Operating Profit	91	56*	+63.0%
Operating Margin	19.5%	12.3%*	+7.2 p.p.

## Overseas Business Development

- Production capacity in overseas markets improved from 1,000 tons to 3,000 tons
- The sales of Reconstituted tobacco leaves recorded growth

\*Excluding the goodwill impairment of RMB293 million in the tobacco materials segment



Flavour your life



# Aroma Raw Materials

RMB: Million	2023 FY	2022 FY	Change
Revenue	625	924	(32.4)%
Operating Profit	(27)*	80	N.A.
Operating Margin	N.A.	8.6%	N.A.

## Decreased Demand

- Clients reduced purchases to destock inventory
- Weak macroeconomy in domestic and overseas, and demand and orders decreased

## Safe Production

- Strengthened the capabilities and awareness for safe production, improved production techniques, saved energy and reduced emissions, and achieved sustainable development

\*Excluding the goodwill impairment of RMB56.50 million in the aroma raw materials segment



Flavour your life

RMB: Million	2023 FY	2022 FY	Change
Revenue	754	573	31.6%
Operating Profit	117	54*	+117.3%
Operating Margin	15.5%	9.4%*	+6.1 p.p.

\*Excluding the goodwill impairment of RMB614 million of the condiment segment

## Market Demand Rebounded

- The catering industry rebounded strongly and the demand for condiments increased significantly

## Management Efficiency Improved

- 'Lean Production' to lower costs and improve efficiency

## Strengthened product, channel, and marketing capabilities

- Launched new products to enrich product mix
- First tier distributors increased to 650
- Organized marketing events to develop and cultivate new clients and improve brand's influence



03

Outlook

## Strategy

### FF&Food Ingredient

- ✓ Improve and comprehensive competence of products and services and develop international markets and clients

### Tobacco Raw Materials

- ✓ Further improve the brand's reputation and influence and establish partnerships with international clients

### Aroma Raw Materials

- ✓ Decrease costs and improve efficiency, increase supply chain resilience, and stabilize customer base
- ✓ Optimize management and production process and implement safe production

### Condiment

- ✓ Further the penetration of distribution channels to expand the sales network
- ✓ Strengthen marketing capabilities and improve incentive schemes to boost sales



Flavour your life



# Thanks for Watching!



**Tel: +852 2185 1233**

**Address: 3008, Central Plaza, 18 Harbour Rd,  
Wanchai, HK**

