



HUABAO INTERNATIONAL HOLDINGS LIMITED

華寶國際控股有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號：00336)

2024 Interim Results Announcement

29 August 2024



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- 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)	2024 1H	2023 1H	Change
Revenue	1,582	1,536	3.0%
Gross Profit	709	707	0.4%
Gross Margin	44.8%	46.0%	(1.2) p.p.
Operating Profit	100	283	(64.6)%
Operating Margin	6.3%	18.4%	(12.1)
Profit attributable the equity holders of the Company	30	154	(80.7)%
Basic and diluted earnings per share* (RMB cents)	0.92	4.77	(80.7)%
Interim dividend per share (HKD cents)	0.3	1.6	
Special dividend per share (HKD cents)	3.2	1.9	
Non-HKFRS Financial Metrics			
Operating Profit ¹	194	300	(35.2)%
Operating Margin ¹	12.3%	19.5%	(7.2) p.p.
Profit attributable the equity holders of the Company ²	155	191	(18.7)%
Basic and diluted earnings per share* (RMB cents) ²	4.80	5.90	(18.6)%

1. Excluding the share based compensation expense of RMB44.653 million, goodwill impairment of RMB29.309 million, and assets impairment of RMB20.189 million

2. Excluding the associate's impairment of RMB47.959 million





Operating efficiency and financial condition analysis

	As at 30 June 2024	As at 31 December 2023	Change
Inventory turnover (days)	209	197	12
Accounts receivable turnover (days)	83	97	(14)
Accounts payable turnover (days)	51	51	
Current ratio (times)	8.6	6.0	
Quick ratio (times)	7.5	5.3	
Debt ratio*	1.8%	3.6%	(1.8) p.p.
Net cash^ (RMB million)	5,788	5,977	

*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	2024 1H	2023 1H	Change
Revenue	651	681	(4.3)%
Operating Profit	138	238	(42.1)%
Operating Margin	21.1%	34.9%	(13.8) p.p.
Non-HKFRS Financial Metrics			
Operating Profit*	180	238	(24.3)%
Operating Margin*	27.6%	34.9%	(7.3) p.p.

* Excluding the share based compensation expense of RMB42.18 million

Performance Analysis

- Tobacco flavor's sales drop resulted in the segment's revenue decline
- Profit and profit margin declined due to the increase in the sales proportion of low margin products and the provision of share based compensation expense

Highlights

- Had more communication and collaborations with manufacturers and customers in Southeast Asian markets
- Launched flavor R&D center in Jakarta, Indonesia and well prepared to build a flavors and food ingredients factory in the city





Tobacco Raw Materials

RMB: Million	2024 1H	2023 1H	Change
Revenue	164	187	(12.5)%
Operating Profit (Loss)	(3.41)	44	N.A.
Operating Margin	N.A.	23.6%	N.A.

Performance Analysis

- Customers reduced purchases which resulted in the sales decline
- Increase in the sales proportion of low margin products and customers' self production of several products resulted in operating loss

Highlights

- Factory in Indonesia has been well in progress
- Sales of RTL and tobacco new materials increased in overseas markets



RMB: Million	2024 1H	2023 1H	Change
Revenue	377	290	29.9%
Operating Profit (Loss)	(16)	(10)	N.A.
Operating Margin	N.A.	N.A.	N.A.
Non-HKFRS Financial Metrics			
Operating Profit*	33	5	560.0%
Operating Margin*	8.8%	1.7%	+7.1 p.p.

Performance Analysis

- Customers finished destocking and resumed normal purchases which led to sales growth
- Demand rebound led to the growth in operating profit and operating margin

Highlights

- The new factory in Zhaoqing was completed and put into production and aims to improve products quality and production capability
- Jiangxi Xianghai was awarded as a state level green factory, which presents the segment's capabilities in sustainable development

*Excluding the goodwill impairment of RMB29.309 million and assets impairment of RMB19.958 million

RMB: Million	2024 1H	2023 1H	Change
Revenue	389	375	+3.9%
Operating Profit	55	71	(22.4)%
Operating Margin	14.3%	19.1%	(5.2) p.p.

Performance Analysis

- Volume growth of new products led to the sales growth
- Customers' price sensitivity increased, which resulted in the increase in the purchases of low margins product and the decrease in the operating profit and operating margin

Highlights

- Increased the publicity and promotion of the cost effective products to deal with consumer degradation
- Tier 1 distributors increased to 850



03

Outlook

Strategy

**F&F and Food
Ingredients**

- ✓ Continue to develop the customer bases and business opportunities in Southeast Asian markets

**Tobacco Raw
Materials**

- ✓ Improve production and delivery capability and develop overseas customers

**Aroma Raw
Materials**

- ✓ Further promote the 'Lean Production' program to reduce costs and improve efficiency to stabilize sales

Condiment

- ✓ Optimize sales networks, improve marketing capabilities, and facilitate sales



Thanks for Watching!



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