



2021 Interim Results Presentation

20 August 2021

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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

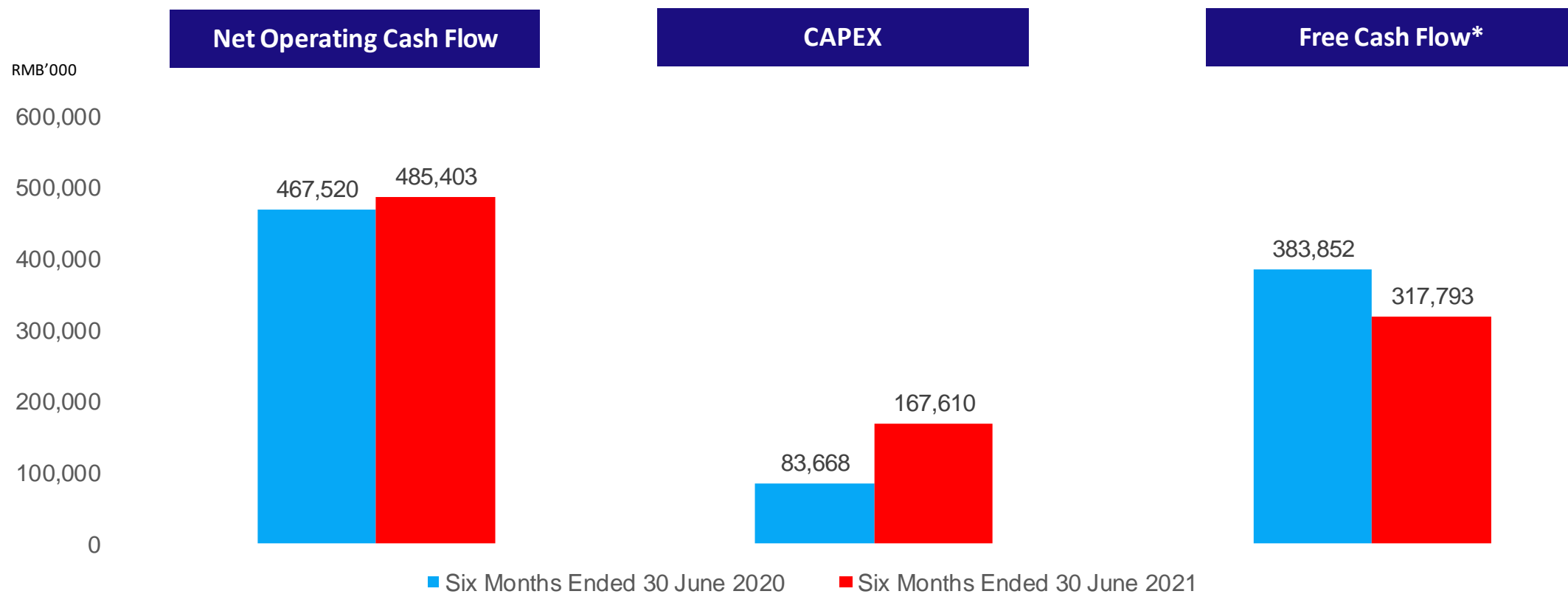
Financial Review

Results Highlights

RMB('000)	Six Months Ended 30 June 2021	Six Months Ended 30 June 2020	Change
Revenue	1,763,675	1,715,710	+2.8%
Gross Profit	1,053,981	1,088,700	-3.2%
Gross Profit Margin	59.8%	63.5%	-3.7 p.p.
Selling and Marketing Expenses	135,821	161,248	-15.8%
(% to sales)	7.7%	9.4%	-1.7 p.p.
Administrative Expenses	404,789	390,920	3.5%
(% to Sales)	23.0%	22.8%	+0.2 p.p.
EBITDA Margin*	49.4%	47.6%	+1.8 p.p.
EBIT	733,573	185,778	+294.9%
EBIT Margin	41.6%	10.8%	+30.8 p.p.
EBIT*	733,573	681,276	+7.7%
EBIT Margin*	41.6%	39.7%	+1.9 p.p.
Profit for the period	581,,465	66,192	+778.5%
Profit for the period*	581,465	561,690	+3.5%
Profit / (Loss) attributable to the equity holders of the Group	481,129	(45,434)	1,159.0%
Profit attributable to the equity holders of the Group *	481.429	450,064	+6.9%
Basic and diluted earnings / (Loss) per share (RMB cent)	15.48	(1.46)	1,159.0%
Basic and diluted earnings per share* (RMB cent)	15.48	14.48	+6.9%
Proposed interim dividend per share (HKD cent)	6.4	N.A.	N.A.
Special dividend per share (HKD cent)	N.A.	6.0	N.A.

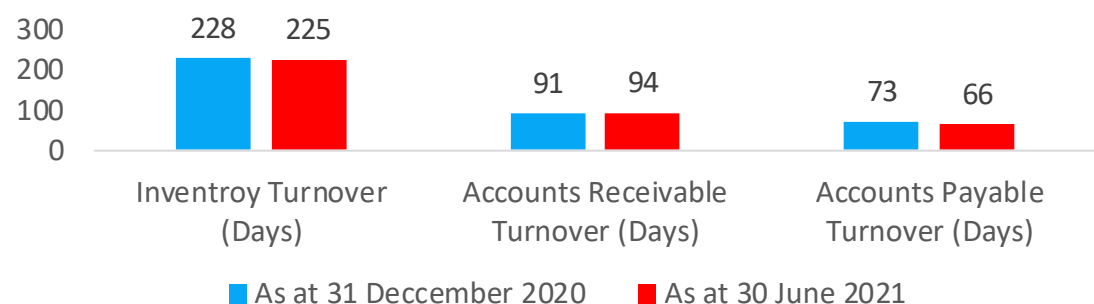


Cash Flow Analysis



Operational Efficiency and Financial Condition Analysis

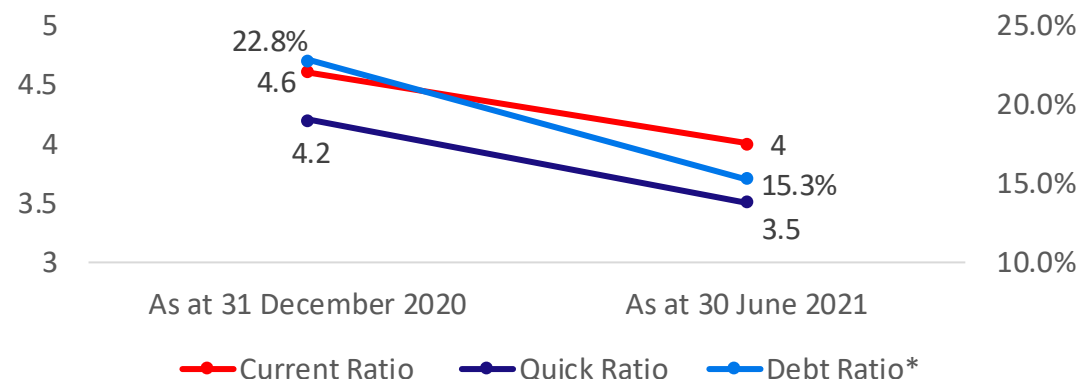
Operational Efficiency



Commentary

- Inventory turnover, accounts receivable turnover, and accounts payable turnover remained stable overall
- The Group remained stable operating capability

Financial Condition



Commentary

- The decrease in current and quick ratio are mainly due to the repayment of the bank loan, which reduced the short term deposits and cash
- Debt ratio decreased by 7.5 p.p., which was mainly due to the repayment of the Group's long-term debt
- The Group's debt ratio further decreased and financial condition improved



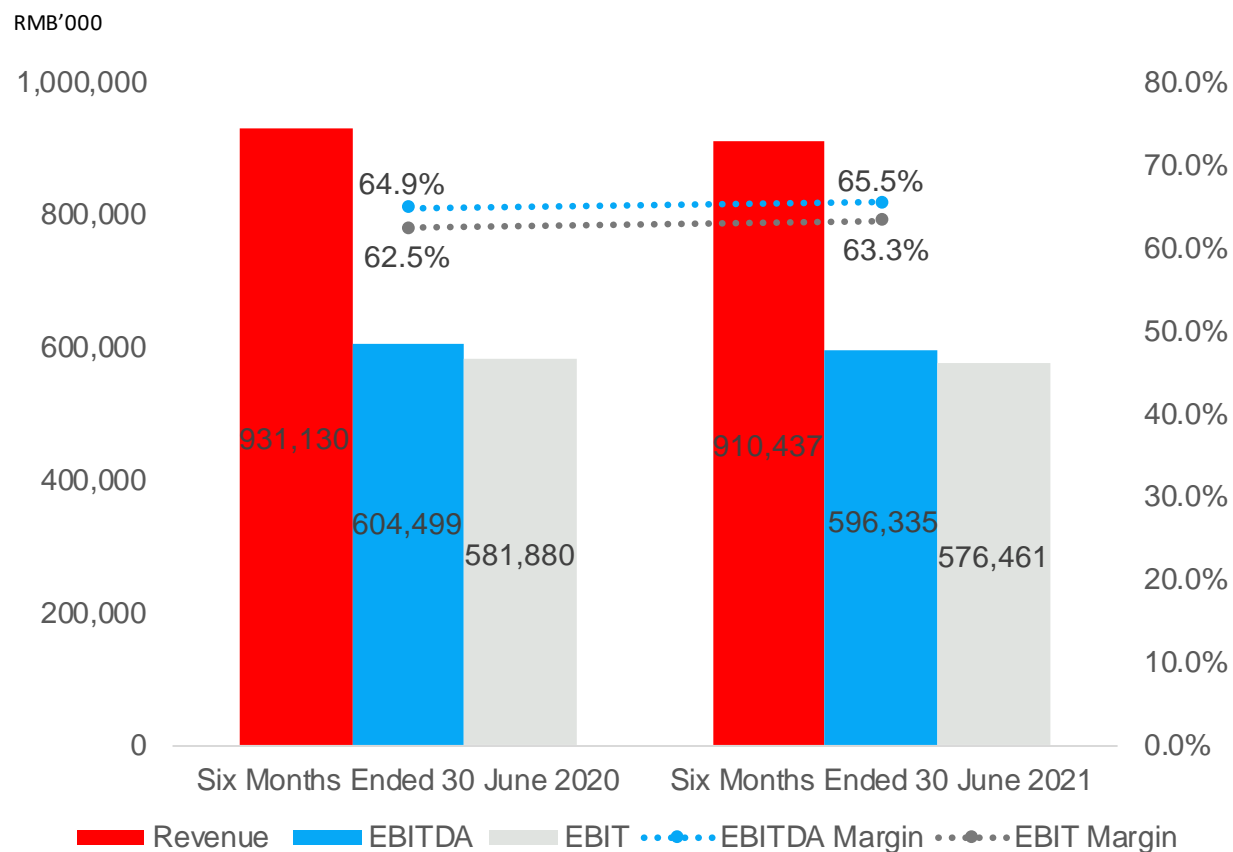


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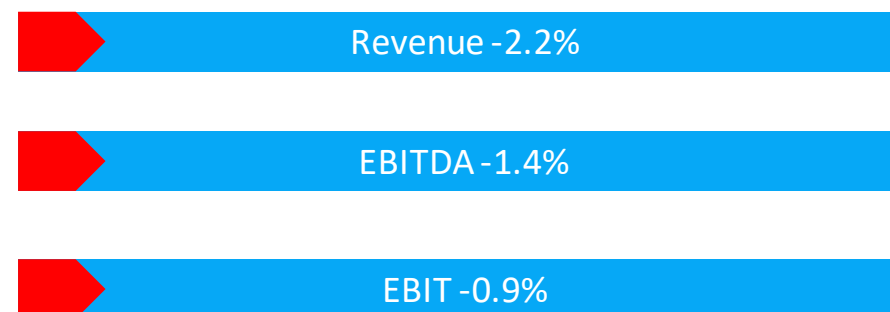
Business Review

Flavours and Fragrances

Profitability



Commentary

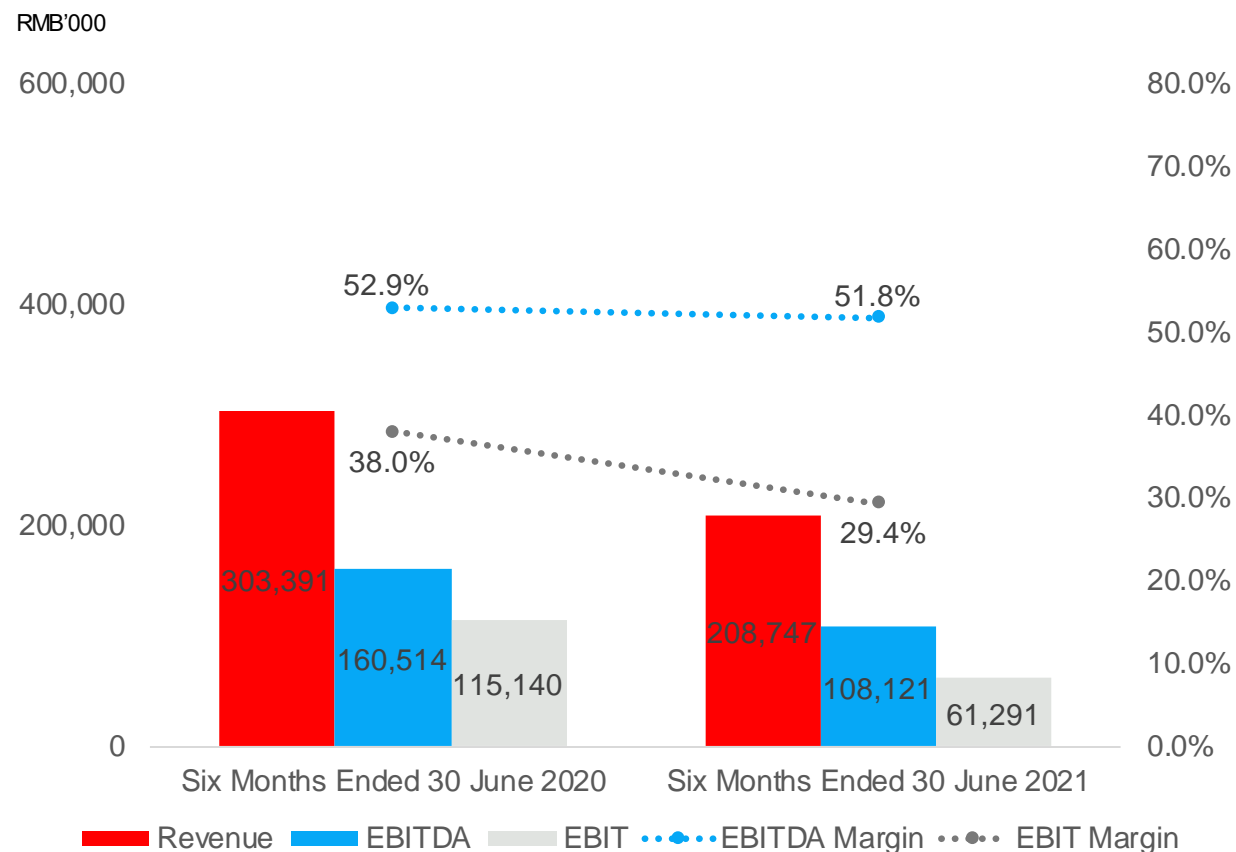


- The slight increase in operating margin was due to the effective control of operating expenses
- Traditional cigarette market remains stable development, which leads the segment's stable performance

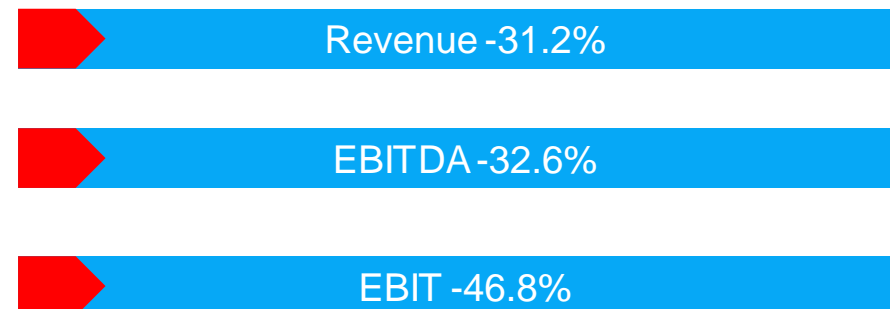


Tobacco Raw Materials

Profitability



Commentary

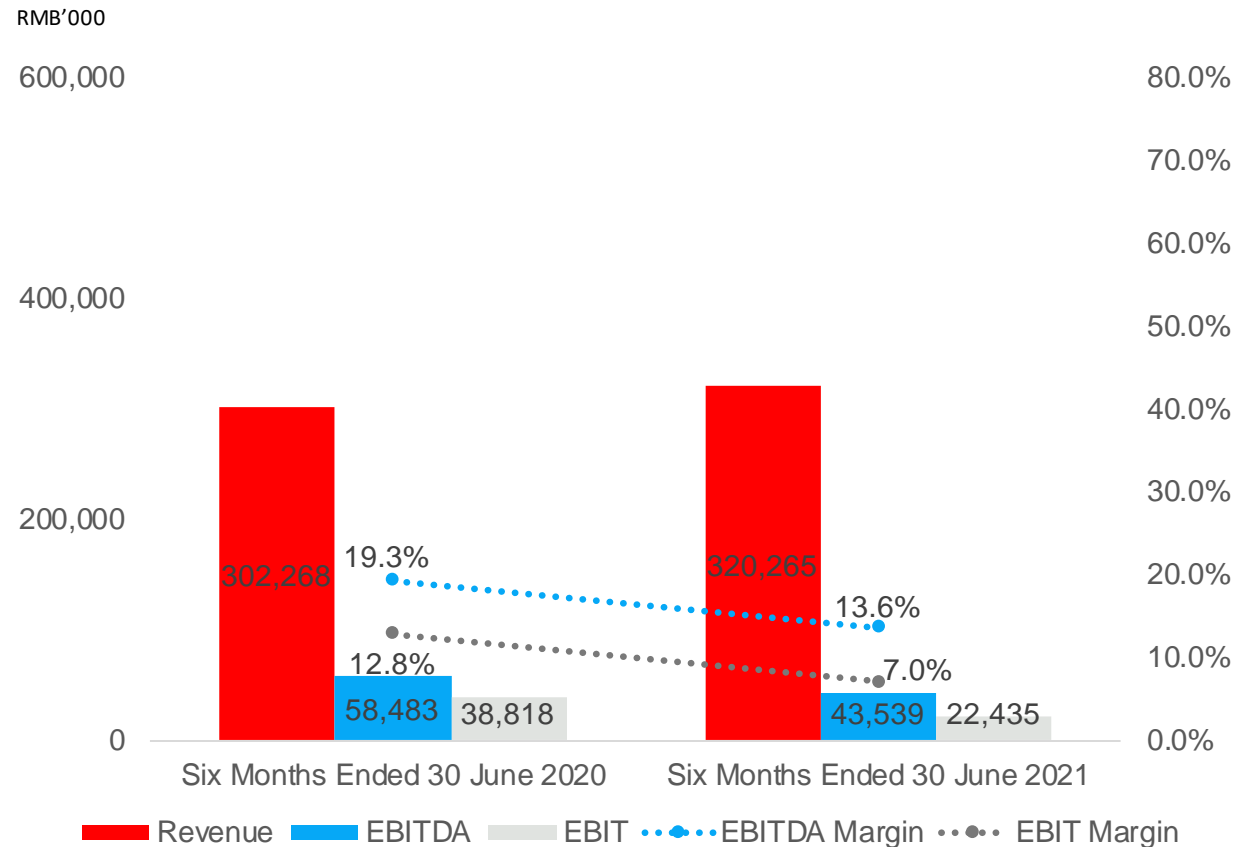


- Decrease in revenue was due to the imbalance between supply and demand in the RTL industry and the declining price of the cigarette capsule
- The HNB RTL plant in Southeast Asia has been almost completed and is expected to put into production by the end of the year. The plant has successfully developed clients and reached sales commitments with them
- The Group applied the capsule techniques to the products of food and beverage clients

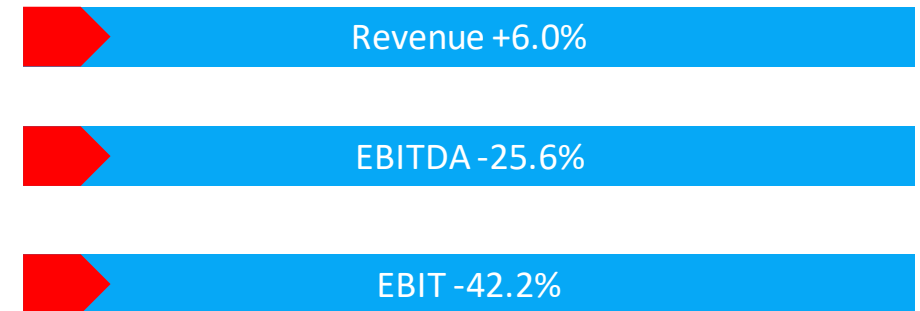


Aroma Raw Materials

Profitability



Commentary

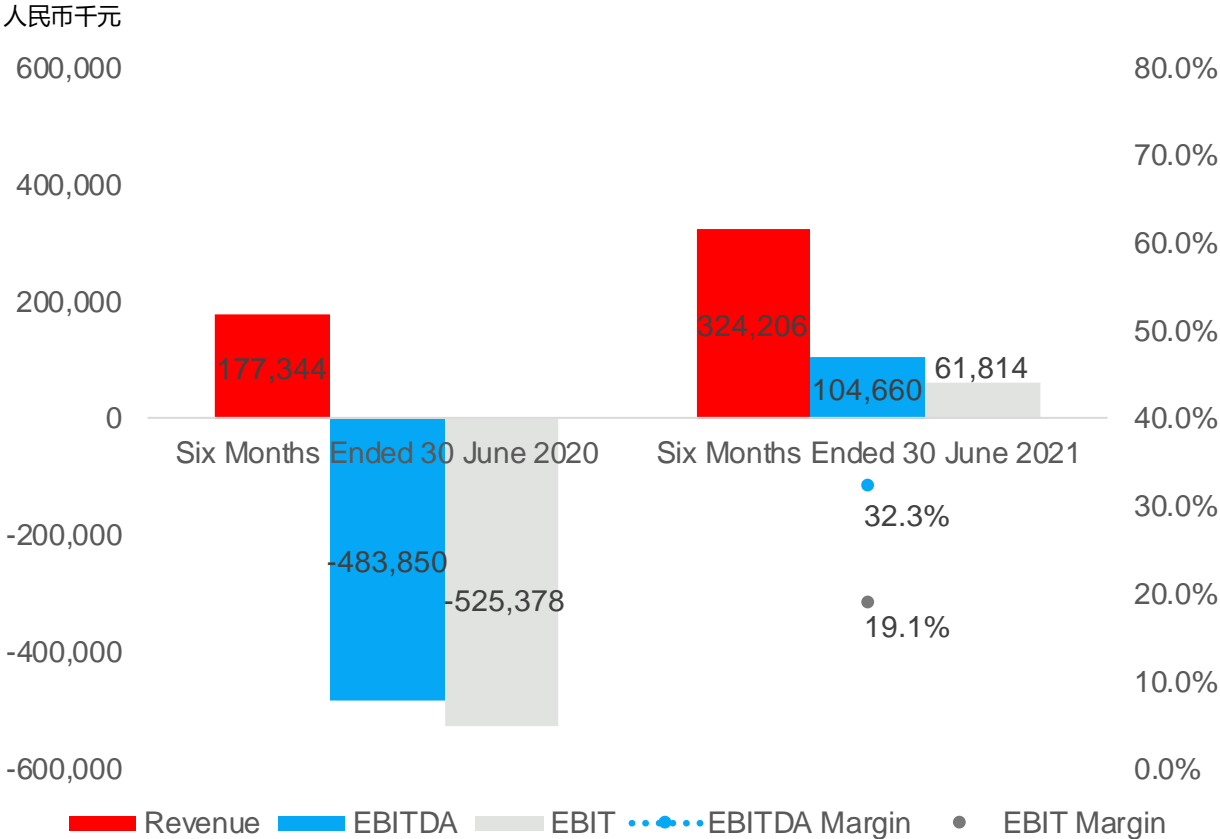


- The increase in revenue was due to the rebound in market demand
- The decrease in operating profit was due to the increased raw material prices and the market demand was less than expected



Condiment

Profitability



Commentary

Revenue +82.8%

- The increase in revenue was due to the recovery of the catering market which led the increase in the sales volume of the condiment products
- Operating profit increased in accordance with revenue increase



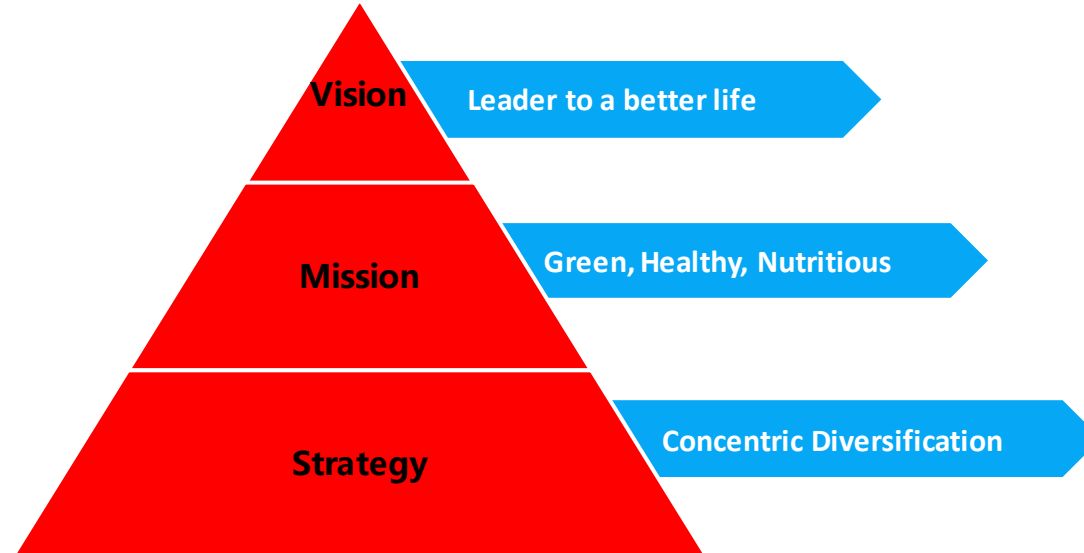
Leader to a better life



03

Outlook

Outlook



1 Enterprise Conceptualisation

- ✓ Customer first, Value creation, Sharing and Win-win
- ✓ Innovation, Pragmatism, Loyalty and Collaboration

2 Management Digitalisation

- ✓ Establish digital Platform to boost operating efficiency

3 Asset Securitisation

- ✓ Assist quality business to establish financing platform

4 Business Globalisation

- ✓ Expand to selective international markets



Outlook

Business Outlook

Flavours & Fragrances

- ✓ Strengthen R&D and application in HNB flavours
- ✓ Enhance R&D capabilities in flavours in functional raw materials and plant-based foods

Tobacco Raw Materials

- ✓ Facilitate the construction of the HNB RTL plant in Southeast Asia
- ✓ Enhance technology and product reserves in HNB cigarette filters
- ✓ Seize the opportunities in the innovative tobacco industry to develop more clients in the Southeast Asia region

Aroma Raw Materials

- ✓ Enhance R&D and manufacturing capabilities in natural aroma raw materials
- ✓ Enhance safety and environmental training to keep the segment develop sustainably

Condiment

- ✓ Promote core products by thematic marketing campaigns
- ✓ Assist the distributors to do well in inventory management and boost their sales capability
- ✓ Establish financing platform for Jiahao to boost its competence



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