



Regina Miracle

FY20/21 Interim Results Presentation

November 2020

Agenda



- 1 Business Review**
- 2 Production Capability**
- 3 Financial Highlights**
- 4 Future Strategies**

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Business Review

Results Highlights in 1H FY21

Revenue

HK\$2,517.6 million

Sales improved significantly in Q2...

... with narrowing year-on-year sales decline



YoY Change in Sales		
Q1	Q2	1H
-31%	Less than -10%	-19.5%

Gross Profit

HK\$487.0 million

Gross Profit Margin
19.3%

(1H FY20: 22.5%)

Adjusted EBITDA*

HK\$332.8 million

Adjusted EBITDA Margin
13.2%

(1H FY20: 14.1%)

Reported Net Profit

-HK\$32.4 million

Net Profit Margin
-1.3%

(1H FY20: 4.5%)

Adjusted Net Profit*

HK\$12.1 million

Adjusted Net Profit Margin
0.5%

Despite the challenging operational environment.....

- *Engaged in fabric face mask production which contributed to revenue generation & better overall capacity utilization*
- *Resilient demand for sports bra and comfortable lounging bra and intimate wear products*
- *Increased online retail sales penetration helped offset general weakness in the offline channel*
- *Gained three new world-renowned customers which are expected to serve as one of the growth drivers in upcoming year*
- *Internal structure review & partial lease termination in Shenzhen to result in long-term cost-savings and enhanced efficiency*

* Excluding the one-off expenses pertaining to the streamlining of production capacity and human resources during the period, totaling approximately HK\$44.5 million.

Segment Results Overview (1H FY21)

A sudden shift in lifestyle and an emergence of the stay-at-home trend...

*Work, Play, and Live-at-home
Dress code*



*Resilient and sustainable
growth in demand for
comfortable loungewear & activewear*



Bras and Intimate Wear

Revenue	Gross Profit	Gross Margin
HK\$1,521.0MM	HK\$298.9MM	19.7%

- **Sports bras** up by over 30% y.o.y
- Thriving performance of lounging bras and bra tops which offer all-day comfort



Bra Pads and Other Molded Products

Revenue	Gross Profit	Gross Margin
HK\$232.4MM	HK\$51.2MM	22.0%

- **Bra pads** performance in-line with traditional bra and intimate wear segment
- **Components for consumer electronics products** for MNC tech partners rose by nearly 40% y.o.y.



Functional Sports Products +93% YoY

Revenue	Gross Profit	Gross Margin
HK\$390.7MM	HK\$67.2MM	17.2%

- **Footwear segment** sustained double-digit sales growth
- **Sportswear segment** also recorded satisfactory sales performance



Pandemic Prevention Products (PPP)

Revenue	Gross Profit	Gross Margin
HK\$373.4MM	HK\$69.7MM	18.7%

- Swift response to business and demand changes amid the pandemic
- Engaged in the R&D and production of **fabric face masks** by leveraging existing resources and technologies

2

Production Capacity



Factory layout in Vietnam has largely completed

Vietnam

Hà Phòng - Vietnam Singapore Industrial Park

All-category production capability built with agility



Hưng Yên – Seamless Santoni

Operational in 1H2021

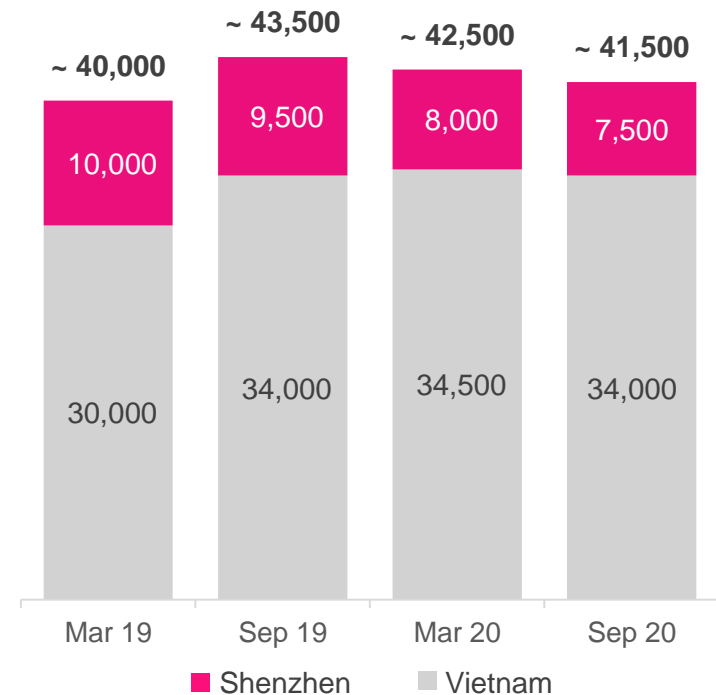


Shenzhen, China

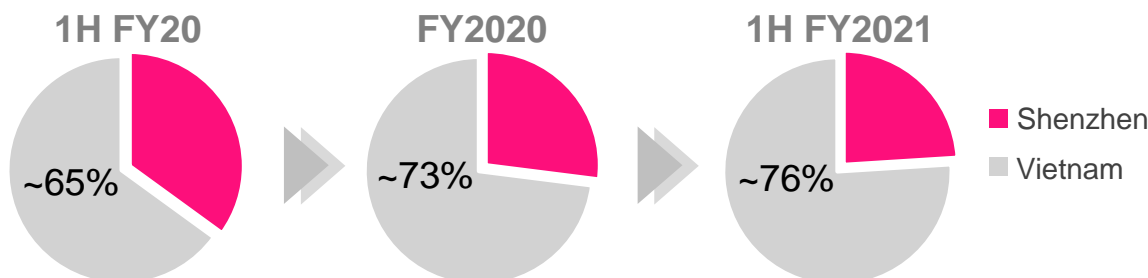
- R&D hub and production base
- Underwent upgrade and transformation with the **cross-industry production** of fabric processing and other accessories for electronic products
- Continue to support **local-for-local** demands from brand partners



Headcount by Location



Revenue Contribution by Location



3

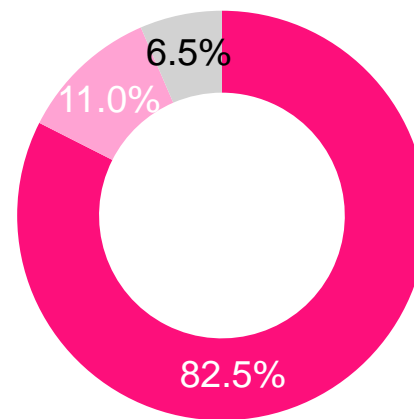
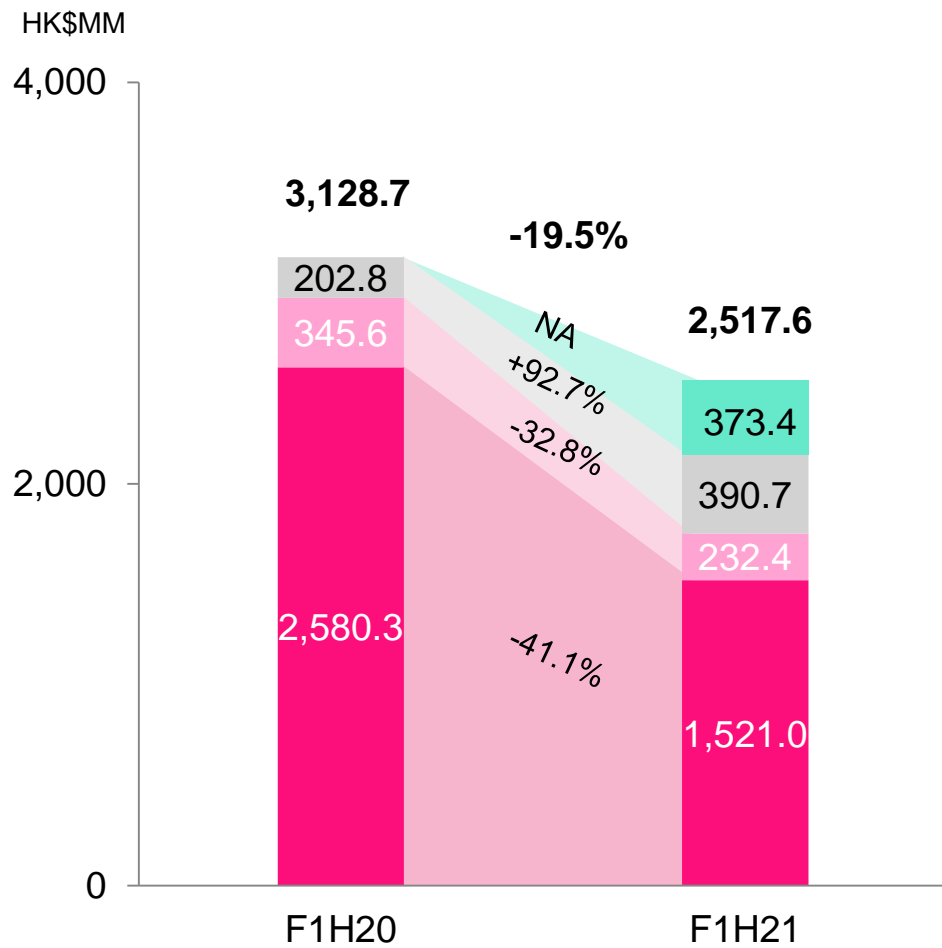
Financial Highlights

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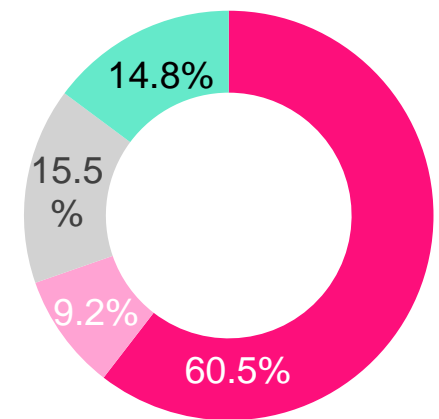
	F1H20		F1H21		YoY Change	
	HK\$ mm	Margin	HK\$ mm	Margin	\$	Margin
Revenue	3,128.7		2,517.6		-19.5%	
Gross Profit	703.7	22.5%	487.0	19.3%	-30.8%	-3.2pp
Net Profit/(Loss)	141.4	4.5%	(32.4)	-1.3%	-122.9%	-5.8pp
EBITDA	441.8	14.1%	288.3	11.5%	-34.7%	-2.6pp
<u>Excluding Restructuring Costs</u>						
Adjusted Net Profit	141.4	4.5%	12.1	0.5%	-91.5%	-4.0pp
Adjusted EBITDA	441.8	14.1%	332.8	13.2%	-24.7%	-0.9pp
(HK cents)	F1H20		F1H21		Change	
Earnings/(Loss) per Share	11.6		(2.6)		-122.4%	
Dividend per Share	3.8		--		--	

* Excluding the one-off expenses pertaining to the streamlining of production capacity and human resources during the period, totaling approximately HK\$44.5 million.

Revenue



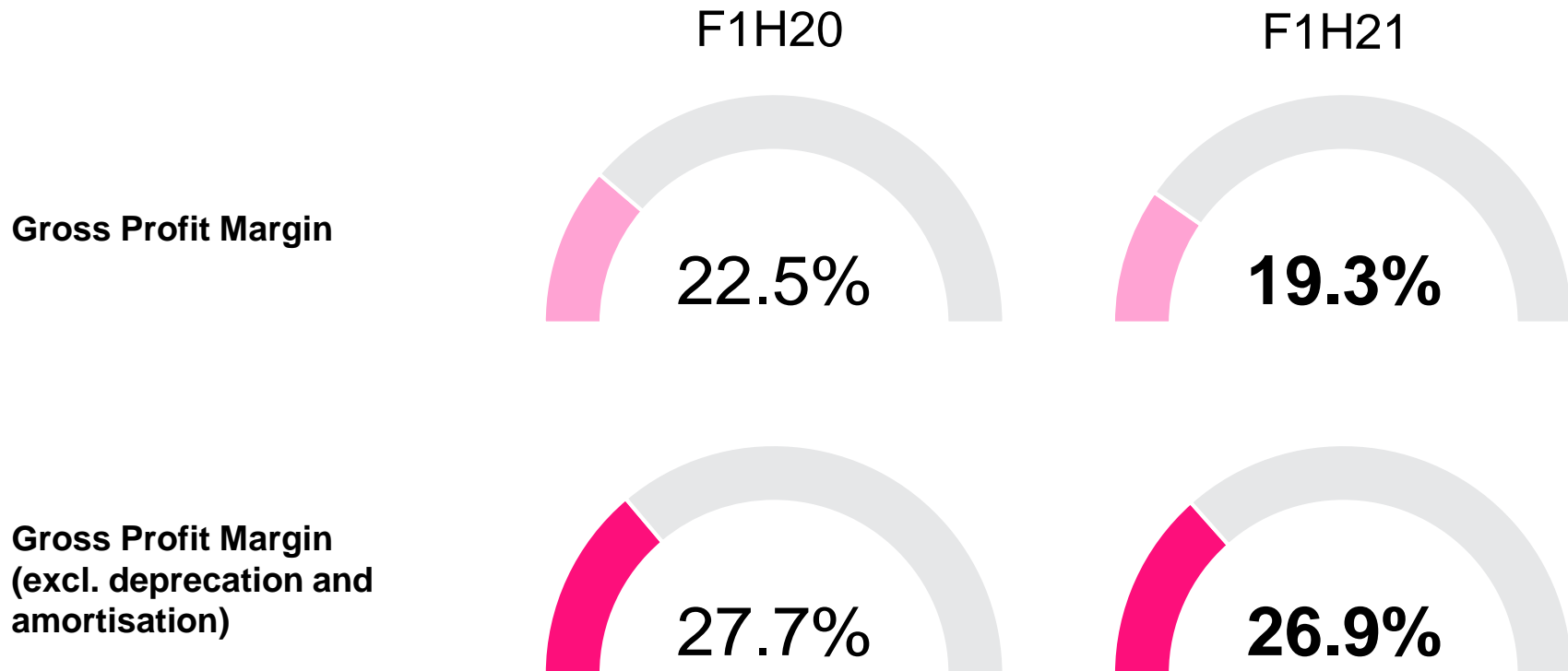
F1H20



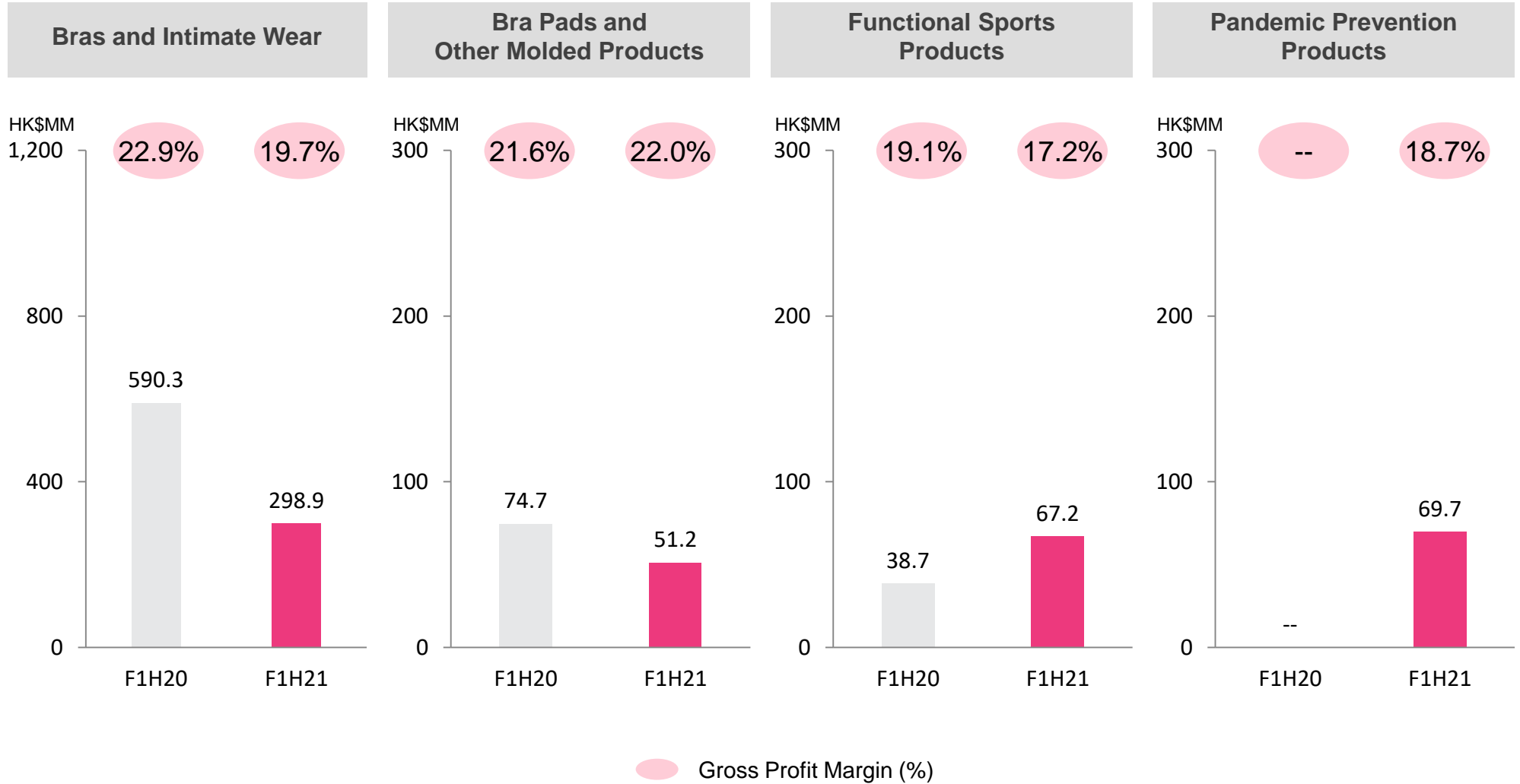
F1H21

- Pandemic Prevention Products
- Functional Sports Products
- Bra Pads and Other Molded Products
- Bras and Intimate Wear

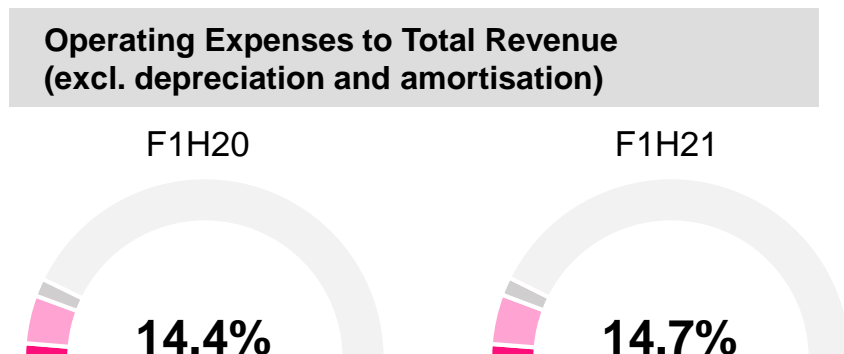
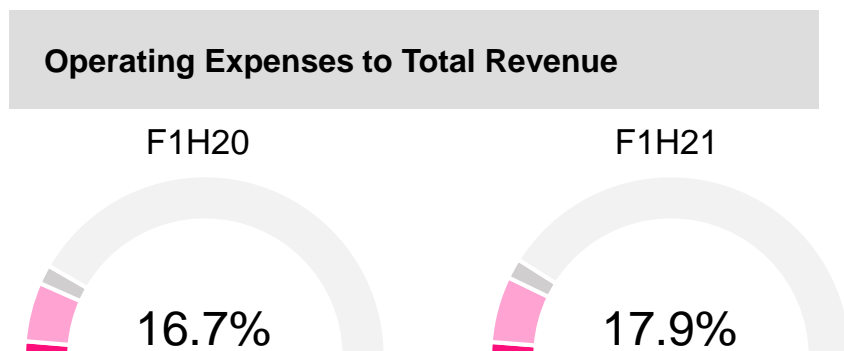
Gross Profit Margin



Gross Profit by Segment



Operating Expenses and Finance Cost



% of Total Revenue	F1H20	F1H21
■ Distribution and Selling	2.6%	2.5%
■ General and Administrative	10.6%	11.8%
■ Research and Development	3.4%	3.6%
Operating Expenses	16.7%	17.9%
Operating Expenses (excl. depreciation and amortisation)	14.4%	14.7%

% of Total Revenue	F1H20	F1H21
Finance Costs	2.1%	2.5%
One-off Restructuring Costs*	-	1.8%

*One-off Restructuring costs have been recorded under Other Operating Expenses item

Turnover Days and Gearing Ratio

As at 30 Sep 2020

Trade Receivables Turnover



Average Trade Receivables /
Revenue * 183 days

Trade Payables Turnover



Average Trade Payables /
Cost of Sales * 183 days

Net Gearing Ratio

Adjusted net gearing as at 30 Sep 2020 was 109.0% when excluding the currencies depreciation impact on net assets denominated in RMB & VND (i.e. exchange reserve which amounted to HK\$262mm as at 30 Sep 2020).

It would be 118.8% if the said foreign exchange effect is accounted for .

Calculation: (Total bank borrowings - cash and cash equivalents) / Total equity × 100%

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Future Strategies



“Post-Pandemic” Key Industry & Market Trends

New landscape in the “Post-Pandemic Era”



Brands Adapt to New Normal

- ❖ Prudent product inventory management
- ❖ More short-turnaround time orders
- ❖ In pursuit of better value-for-money proposition



Growing Health Consciousness

- ❖ Fitness is a mainstream trend, with increased concerns about wellness mindsets and healthy lifestyles
- ❖ Athleisure and loungewear categories remained resilient as at-home workouts grew in popularity amid the pandemic



Increased Stay-Home Activities

- ❖ Surge in e-Commerce sales, offsetting weakness in brick-and-mortar channel
- ❖ Greater demand for comfortable stay-home outfit that are suitable for lounging and exercising



China's Swift Recovery from the Pandemic

- ❖ Among the few countries that quickly gained control of the Pandemic
- ❖ Enormous market development potentials
- ❖ Emerging young online brands in the industry

“The short-term challenges arising from the Pandemic are behind us and the business has steadily resumed its growth momentum”

Seeing Meaningful Rebound in Order Demand



Business Trends & Strategic Plans

- **Double-digit YoY order book volume growth in 2H FY21**
 - Recovery of core business of bras & intimate wear
 - Sustained strong growth in sports-related products across all brand partners
 - Addition of new customers to drive future growth
 - ✓ 3 new world-renowned brand partners
 - ✓ Several domestic emerging e-commerce brand partners
 - Strong growth momentum in orders from tech partners for components for consumer electronics products
- **Upholding the Group's principle of prioritizing R&D and production resources to its core businesses as they resume**
- **Expand presence in domestic China to achieve a more balanced market diversification**
- **Solidify Regina Miracle's unique position as the Strategic Innovative Partner for its brand customers, by leveraging the IDM business model**

Production Capacity

- **Current dual-regions production facility layout is sufficient for supporting the Group's development in the next 3 years**
- **Capacity growth in coming years to be driven by continuous staff recruitment & new production lines addition to existing facilities in Vietnam to support future business growth**
- **Continued focus on bolstering production effectiveness and efficiency to cater the upsurge in speed order demands**

Healthy Financial Position

- **Sufficient cash on hand and ample undrawn bank facilities**
- **Prudent management of CAPEX & gearing position**



- ✓ Continue to leverage our solid foundation brought by our leadership and a superior brand customer base to **best utilise the Group's strengths**
- ✓ Capturing **enormous business opportunities** brought by the "Post-Pandemic New Normal"



Q&A