



# Regina Miracle

**FY20/21 Annual Results Presentation**

June 2021

# Agenda

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- 4 Future Strategies**
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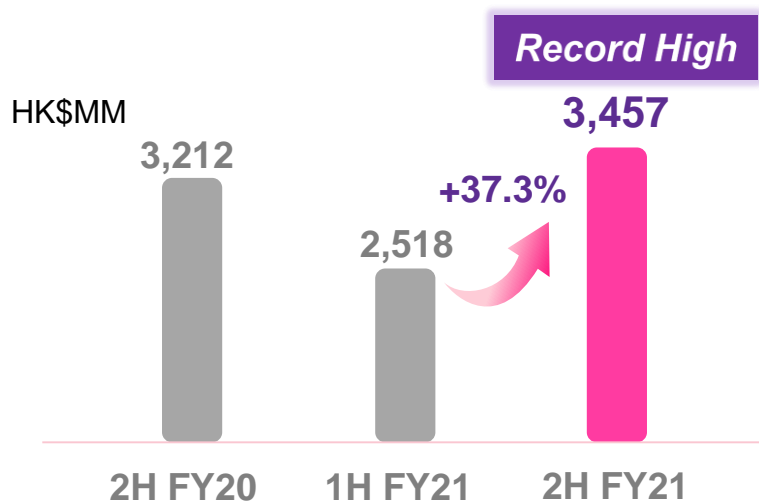
# **Business Review**

# Results Highlights in FY21

## Revenue

HK\$5,974.3 million  
(FY20: HK\$6,341.0 million)

- Overall sales in 2H hit a **record high** for the same period
- Strong rebound** in orders from **core** business in 2H, especially for **sports bra** and **bra tops**



## Gross Profit

HK\$1,238.0 million

Gross Profit Margin  
20.7%  
(FY20: 22.7%)

## Adjusted EBITDA\*

HK\$870.3 million

Adjusted EBITDA Margin  
14.6%  
(FY20: 15.3%)

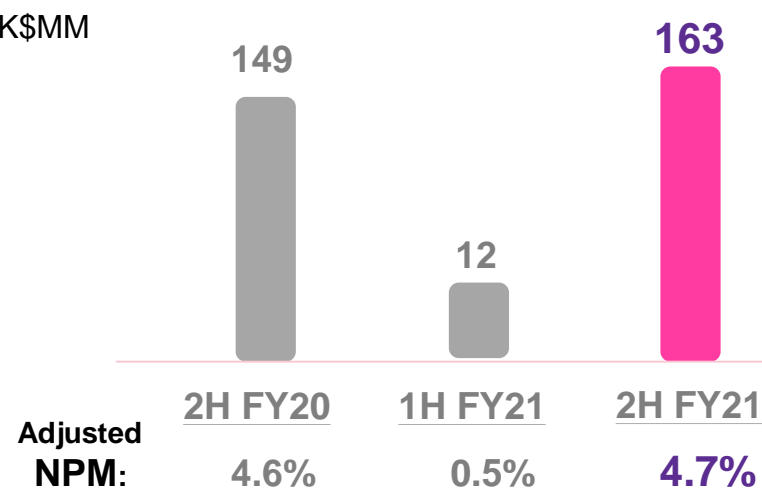
## Total Dividend

HK\$4.8 cents

Final: HK 3.3 cents  
Special: HK 1.5 cents

## Adjusted Net Profit & NP Margin

HK\$MM



\* Excluding the one-off expenses pertaining to the streamlining of production capacity and human resources during the year, totaling approximately HK\$49.7 million.

# Segment Results Overview



## Bras and Intimate Wear

Revenue	Gross Profit	Gross Margin
HK\$3,968.1MM	HK\$835.4MM	21.1%

- 2H revenue up by over **60%** compared to 1H
- Resilient performance of bras and bra tops that offer all-day comfort
- **Sports bras** up **>30% y-o-y**, driven by the growing popularity of light workouts during the Pandemic and support from a few new internationally renowned retail and sports brand partners
- New e-commerce brand partners added in the domestic China market



## Functional Sports Products

+30.9% YoY

Revenue	Gross Profit	Gross Margin
HK\$788.8MM	HK\$136.8MM	17.3%

- **Double-digit y-o-y growth** achieved for both sportswear and footwear products driven by **strong growth** in demand for the categories' products that are comfortable, suitable for lounging at home and light exercising



## Bra Pads and Other Molded Products

Revenue	Gross Profit	Gross Margin
HK\$567.7MM	HK\$128.3MM	22.6%

- Strong rebound of **44.3%** in 2H VS 1H
- **Components for consumer electronics products** for MNC tech partners **surged by nearly 60% y.o.y.**



## Pandemic Prevention Products (PPP)

Revenue	Gross Profit	Gross Margin
HK\$649.6MM	HK\$137.4MM	21.2%

- Fully demonstrated the Group's **agility and adaptability** amid difficult operating environments
- Demand is expected to significantly decrease with the rollout of vaccines



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# Production Capacity

# Strategic Layout of Production Facilities

## Vietnam - Continue to satisfy demand of the export market

Hải Phòng - Vietnam Singapore Industrial Park

All-category production capability built with agility



Hưng Yên – Seamless Santoni

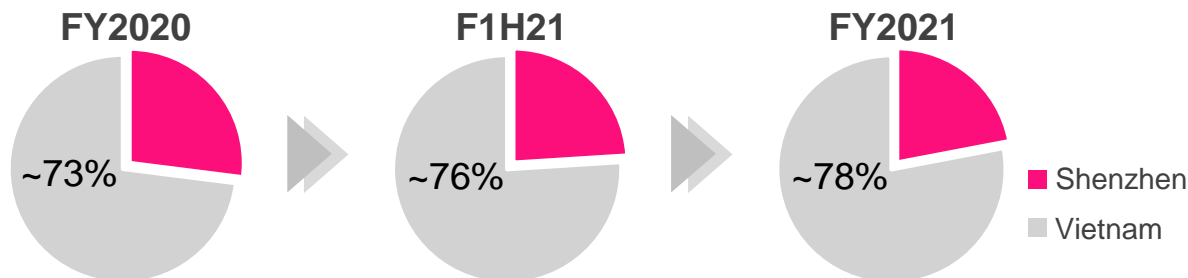
Commenced operation in 1H21



COVID-19 reemergence prior to CNY2021

- Caused **temporary interruptions (lasted ~4 weeks)** to production capacity
- Overall operations and recruitment have quickly **returned to normal** attributable to the stringent measures and quick response taken by the Vietnam government

## Revenue Contribution by Location



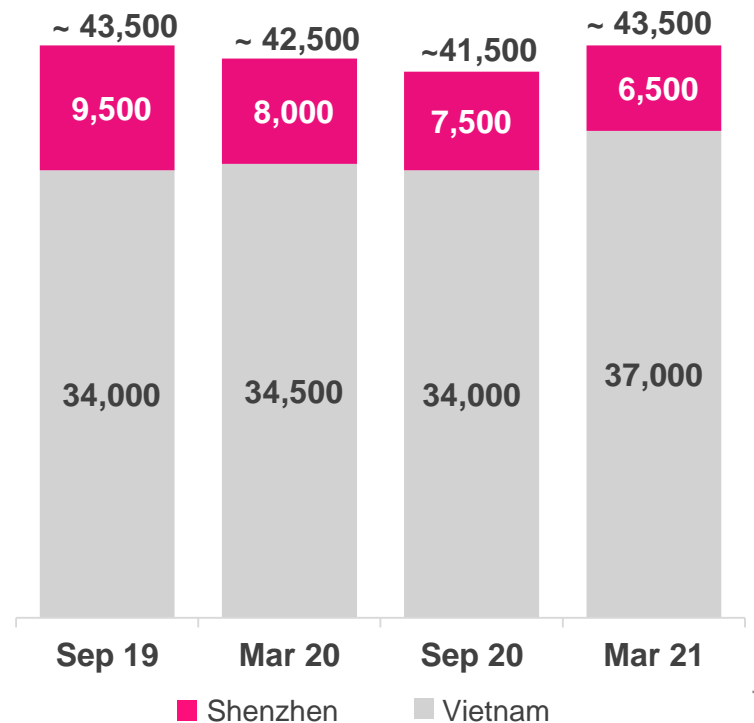
## Shenzhen, China

- Continue to support **China-for-China** demands from brand partners
- R&D hub and production base



## Headcount by Location

With the core business gradually returned to normal since 2Q21, **recruitment has been resumed since July** leading to a gradually normalized **production output level** in 2H21



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## **Financial Highlights**



# Financial Highlights

## Summary

	FY20		FY21		Change
	HK\$m	Margin	HK\$m	Margin	
Revenue	6,341.0		<b>5,974.3</b>		-5.8%
Gross Profit	1,440.7	22.7%	<b>1,238.0</b>	<b>20.7%</b>	-14.1%
Net Profit	290.0	4.6%	<b>125.5</b>	<b>2.1%</b>	-56.7%
EBITDA	969.7	15.3%	<b>820.6</b>	<b>13.7%</b>	-15.4%
Adjusted Net Profit*	290.0	4.6%	<b>175.3</b>	<b>2.9%</b>	-39.6%
Adjusted EBITDA*	969.7	15.3%	<b>870.3</b>	<b>14.6%</b>	-10.3%

(HK cents)	FY20	FY21
Earnings per Share	23.7	<b>10.3</b>
Dividend per Share	7.8	<b>4.8</b>
- Interim dividend	3.8	--
- Proposed final dividend	4.0	<b>3.3</b>
- Special dividend	-	<b>1.5</b>

\* Excluding the one-off expenses pertaining to the streamlining of production capacity and human resources during the year, totaling approximately HK\$49.7 million.

# Financial Highlights

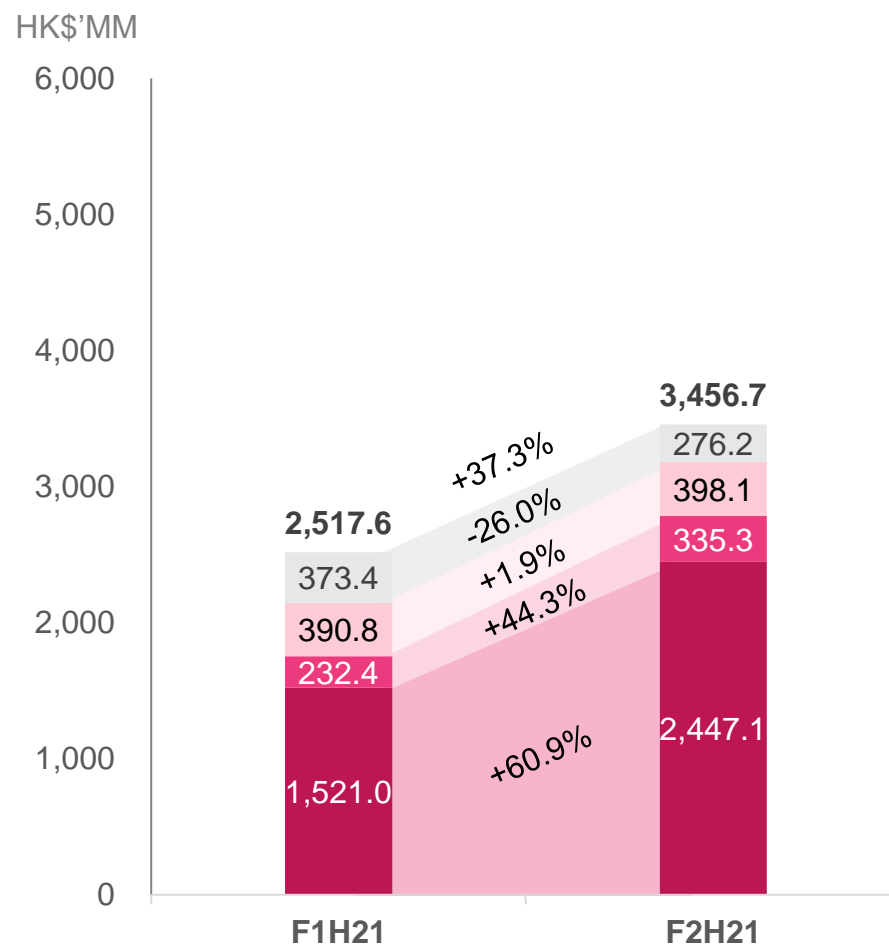
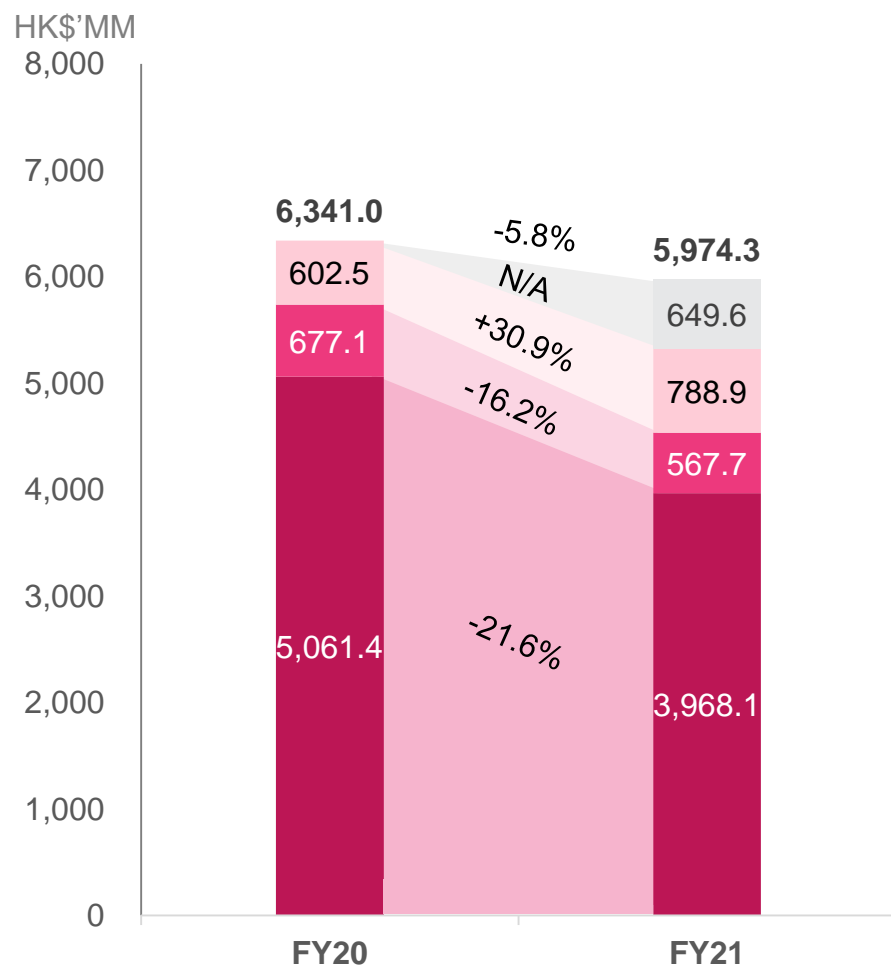
F2H21	F1H21	F2H21	Change
	HK\$m	HK\$m	
Revenue	2,517.6	<b>3,456.7</b>	+37.3%
Gross Profit	487.0	<b>750.9</b>	+54.2%
Net (Loss)/Profit	(32.4)	<b>157.9</b>	NA
EBITDA	288.3	<b>532.3</b>	+84.6%
Adjusted Net Profit*	12.1	<b>163.2</b>	+1,253%
Adjusted EBITDA*	332.8	<b>537.5</b>	+61.5%

	F2H20	F2H21	Change
	HK\$m	HK\$m	
Revenue	3,212.3	<b>3,456.7</b>	+7.6%
Gross Profit	737.0	<b>750.9</b>	+1.9%
Net Profit	148.5	<b>157.9</b>	+6.3%
EBITDA	528.0	<b>532.3</b>	+0.8%
Adjusted Net Profit*	148.5	<b>163.2</b>	+9.9%
Adjusted EBITDA*	528.0	<b>537.5</b>	+1.8%

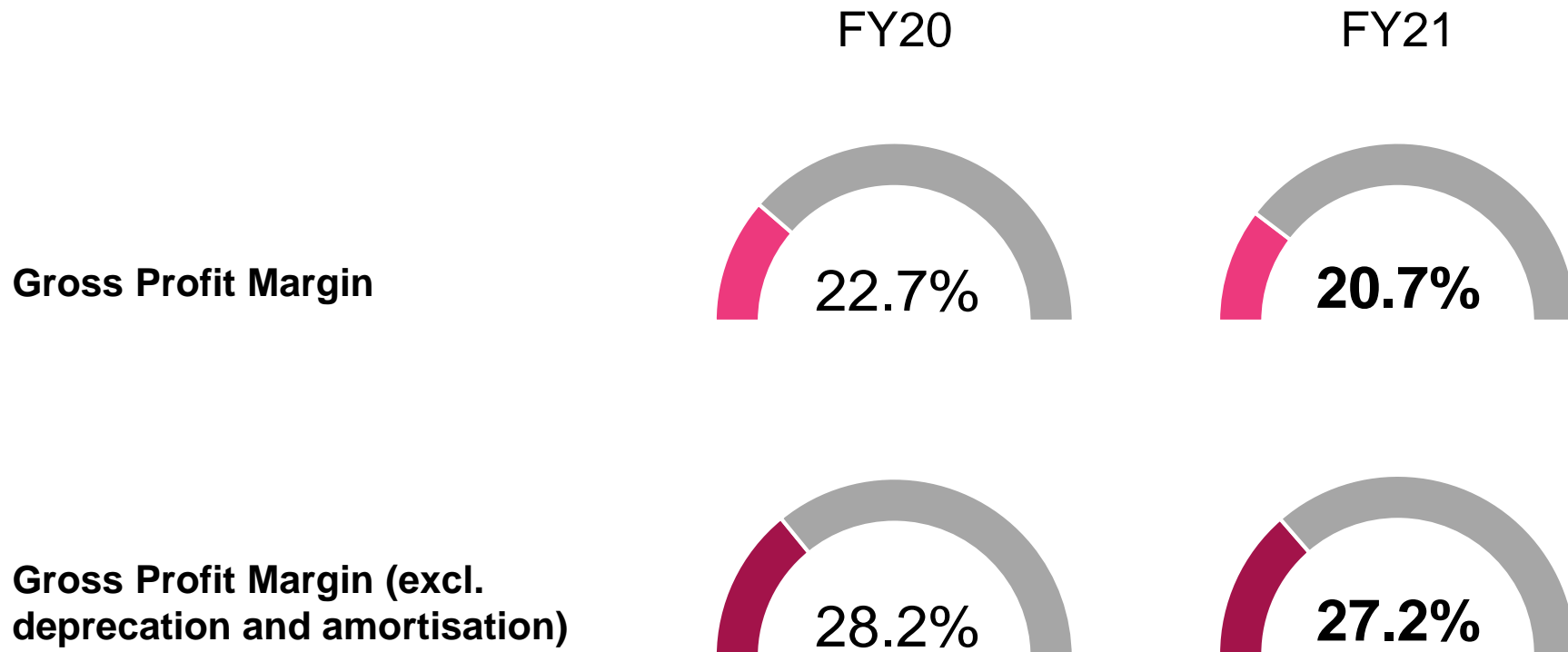
\* Excluding the one-off expenses pertaining to the streamlining of production capacity and human resources during the periods.

# Revenue

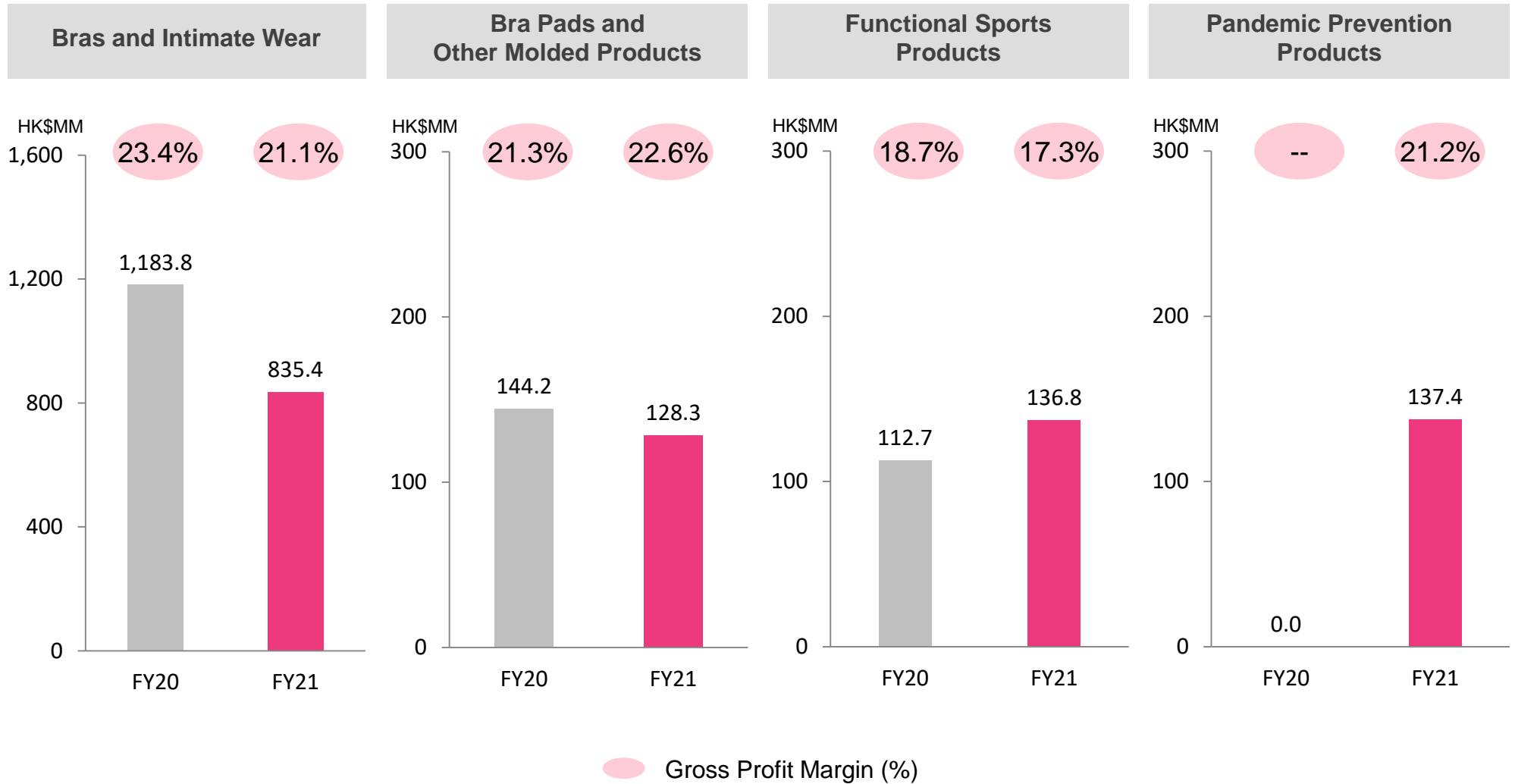


- Pandemic Prevention Products
- Functional Sports Products
- Bra Pads and Other Molded Products
- Bras and Intimate Wear

# Gross Profit Margin



# Gross Profit by Segment



# Operating Expenses and Finance Costs

## Operating Expenses to Total Revenue



## Operating Expenses to Total Revenue (excl. depreciation and amortisation)



% of Total Revenue	FY20	FY21
■ Distribution and Selling	2.6%	2.3%
■ General and Administrative	10.5%	10.6%
■ Research and Development	3.2%	3.3%
<b>Operating Expenses</b>	<b>16.3%</b>	<b>16.2%</b>
<b>Operating Expenses (excl. depreciation and amortisation)</b>	<b>14.0%</b>	<b>13.5%</b>
<b>Finance Costs</b>	<b>2.6%</b>	<b>2.1%</b>
<b>One-off Restructuring Costs*</b>	<b>-</b>	<b>0.8%</b>

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

# Turnover Days and Gearing Ratio

As at 31 Mar 2021

## Trade Receivables Turnover



Average trade  
receivables / Revenue \*  
365 days

## Trade Payables Turnover



Average trade  
payable / Cost of  
Sales \* 365 days

## Net Gearing Ratio

Gearing ratio was calculated as net debt divided by total equity.

Excluding the currencies depreciation impact on the net assets denominated in RMB and VND, the adjusted net gearing as at 31 Mar 2021 was 107.1%.

It was 115.3% if accounted for the said impact.

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



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# Future Strategies



## *The global market landscape has been reshaped*



### China’s swift recovery from the pandemic and huge market potential

- ❖ Enormous market development potentials, with a growing demand based on the “Made in China” ethos
- ❖ China represents a key high-growth market for international brands
- ❖ Emergence of a number of fashion and e-commerce brands in the PRC

### Resumption of normal retail market activities with notable shift in sales channel

- ❖ Most retail brands have resumed normal operations from July onwards
- ❖ Accelerated growth in online and e-commerce sales channels
- ❖ Greater demand for innovative products that offer both comfort and aesthetic

### Lifestyle transformations that lead to change in product demand

- ❖ “Stay-at-home” activities led to significant demand for comfort-driven loungewear type of bra products and consumer electronics products
- ❖ Increased health awareness drove continuous growth in sports-related products, in particular sports bra and leggings for light workouts
- ❖ Increased online shopping brought about the need to simplify the size range of bra products being purchased online

### Faster order cycle and shorter production lead time

- ❖ The Pandemic has brought about tremendous changes and the need to increase agility in the entire supply chain
- ❖ Brand partners prefer
  - ❖ keeping minimal level of inventories as prudent management
  - ❖ faster order turnaround time to chase, thus shorter production lead time

## Maximizing Profit through Revenue Streams Diversifications + Production and Operational Efficiencies Improvement

### Innovation and Product Strategies

#### Leverage our strong capabilities as an Innovate Design Manufacturer (IDM)

- Product innovations that...
  - aim at creating market demands while leading and capturing mainstream product trends in the market
  - adapt to the very different dynamics and expectations from the online sales channel
  - address the growing demand for eco-friendly products through co-developments with strategic suppliers on sustainable materials
- Accelerate speed-to-market through
  - Craftsmanship revolutions and production automations that will facilitate efficiency gains during production process
  - Conduct digital upgrades to gain greater insights into business demand and expedite response to market demands

### Market Diversification

#### International market

- Continue to strengthen our close partnership with existing international brand partners for overseas markets

#### China market –

##### Main growth driver in the future

- Capitalizing on our established reputation in the industry in terms of perseverance and achievement in product innovation and quality
- Strengthening the support to our international brand partners on their development in the China market
- To intensify exploration of new opportunities and existing cooperation with emerging online brands and sales channels

### Optimization of Production Layout and Capacity Management

#### Vietnam

##### Capacity growth to continue support overseas order demands from outside the PRC

- Enhancing production efficiency through process improvements as well as digitalization and informationization
- Production floor layout optimization to better utilize facilities scale
- Increase production agility in face with potential risks from the volatile Pandemic development

#### China

##### Planning production layout optimization to pave the way for future growth in China

- Operating challenges faced at Shenzhen facilities in recent years
- Considering relocation from Shenzhen to Zhaoqing New District
- Detail planning is underway



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# Investment Highlights

## Global Leader in the Industry

- A **leading global intimate wear company** with a unique Innovative Design Manufacturing business model
- **Strong and long-term win-win partnerships** built with a **diverse portfolio** of reputable international brand partners over the years
- Strong growth potentials to be driven by recent year's strategy to expand business development in the fast-growing China market

## Strategic Production Layout

### Multi-regional production layout with growing capacity to support international and China demand

-  Vietnam – Solid foundation laid to support export business growth
-  China – China-for-China market
  - Planning relocation to Zhaoqing New District to target long term China development

## Strong IDM Capabilities

- Unique **Innovative Design Manufacturer** positioning with unparalleled innovation and product capabilities
- Diverse cross-category product capabilities with **high value-add and innovative propositions** that set and lead market trends throughout the years
- Agile and adaptive production model equipped with digitalization and informationization strategies

## Sustainable Business Model

- “**Creating first-class products**, delivering industry value and fulfilling social responsibilities”
- Integration of the concept of **sustainable development**, including areas such as environmental protection, social responsibility, corporate governance, etc. into decision making on both management and production levels
- Work hands-in-hands with our **brand partners** and **suppliers** to achieve sustainable business model

## Robust Growth Prospects

- Committed to **delivering long term sustainable growth**
- Revenue is expected to achieve **double-digit growth** for FY22 and an improving margin moving forward, driven by:
  - ✓ Enhancing production efficiency via continued refinement of production planning
  - ✓ Completed strategic layout in Vietnam with additional production lines to support strong orders growth
- **Stable dividend policy** of paying no less than 30% of its net profit as dividends for the fiscal year



**Q&A**