

Best Pacific International Holdings Limited

超盈國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 2111

2023

INTERIM RESULTS
CORPORATE
PRESENTATION

**BUILT ON
INNOVATION &
TECHNOLOGY**

25 August 2023

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Section 1

RESULTS REVIEW

Financial highlights

	1H2023*	1H2022*	Change	
	(HK\$ million) (unaudited)		(%)	
Revenue	1,906.7	2,278.5	(16.3%)	
Gross profit	401.0	456.1	(12.1%)	
Net profit attributable to owners of the Company	138.6	168.4	(17.7%)	
Net profit	118.7	167.9	(29.3%)	
	2H2022**	1H2023	1H2022	Change
Gross profit margin	17.8%	21.0%	20.0%	+1.0% pt
Net profit margin	5.2%	6.2%	7.4%	-1.2% pts
	1H2023	1H2022	Change	
	(HK cents)	(HK cents)	(%)	
Earnings per share	13.33	16.19	(17.7%)	
	2023	2022	Change	
- Interim dividend	5.3	7.28	(27.2%)	
- Final dividend	N/A	4.22	N/A	
- Full year dividend	N/A	11.50	N/A	

* 1H2023 and 1H2022 referred to the six months ended 30 June 2023 and 2022 respectively.

** 2H2022 referred to the six months ended 31 December 2022.

Revenue – by product categories

	1H2023		1H2022		Change
	(HK\$ million)	(% of revenue)	(HK\$ million)	(% of revenue)	(%)
Elastic fabric	1,487.2	78.0%	1,720.7	75.5%	(13.6%)
- Sportswear and apparel	958.6	50.3%	1,046.7	45.9%	(8.4%)
- Lingerie	528.6	27.7%	674.0	29.6%	(21.6%)
Elastic webbing	386.9	20.3%	519.3	22.8%	(25.5%)
Lace	32.6	1.7%	38.5	1.7%	(15.3%)
Total	1,906.7	100.0%	2,278.5	100.0%	(16.3%)

Revenue

❖ Lingerie elastic fabric and elastic webbing

- Lingerie elastic fabric: revenue decreased by approximately 21.6% period-on-period to approximately HK\$528.6 million
- Elastic webbing: revenue decreased by approximately 25.5% period-on-period to approximately HK\$386.90 million
- Due to the prevailing lukewarm market conditions in the lingerie industry, our two primary segments focusing on lingerie business had experienced a decline in revenue



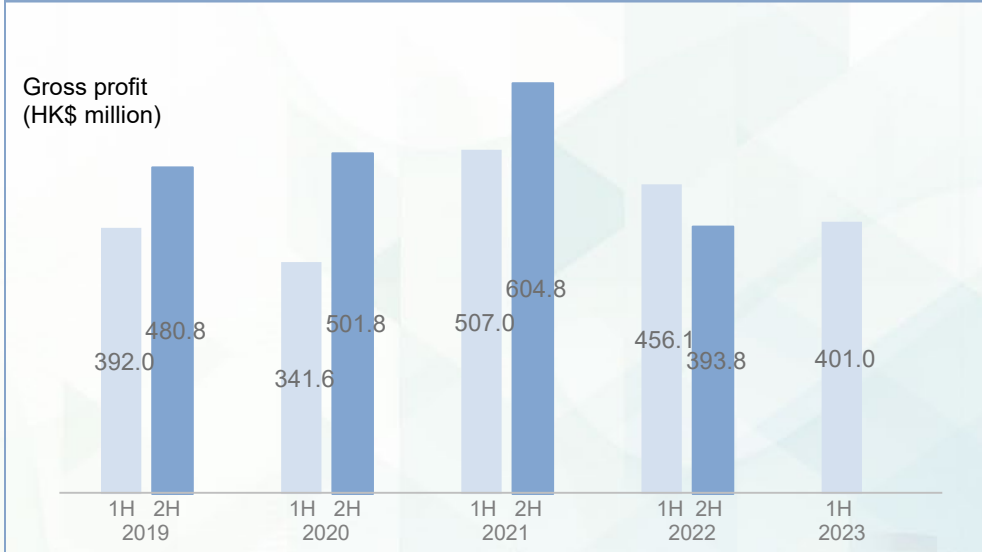
❖ Sportswear and apparel elastic fabric

- Revenue: approximately HK\$958.6 million
- Revenue decreased by approximately 8.4% period-on-period
- Our sales revenue on sportswear and apparel elastic fabric was inevitably affected by the weakened global economies and the more conservative approach in order placement, as taken by most of our brand customers to control their inventory levels since the second half of 2022



Gross profit and gross profit margin

Gross profit

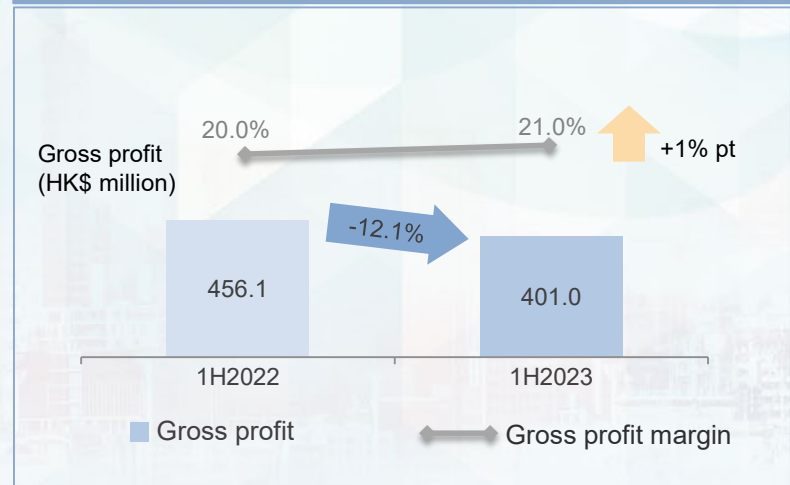


- ❖ Alongside the drop in sales revenue, the overall gross profit of the Group decreased from approximately HK\$456.1 million for the six months ended 30 June 2022 to approximately HK\$401.0 million for the six months ended 30 June 2023

Gross profit margin by segment

	1H2023	1H2022	Change
Overall	21.0%	20.0%	+1.0% pt
Elastic Fabric	21.4%	18.0%	+3.4% pts
Elastic Webbing	19.2%	25.3%	-6.1% pts
Lace	25.1%	36.5%	-11.4% pts

Gross profit and gross profit margin

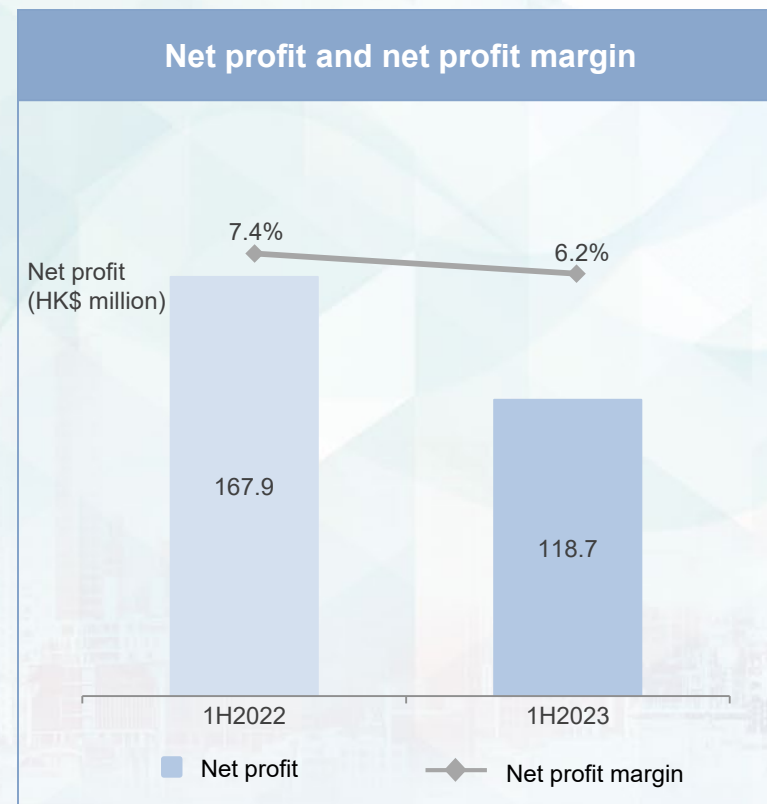


Net profit and net profit margin

Historical net profit margin of the Group

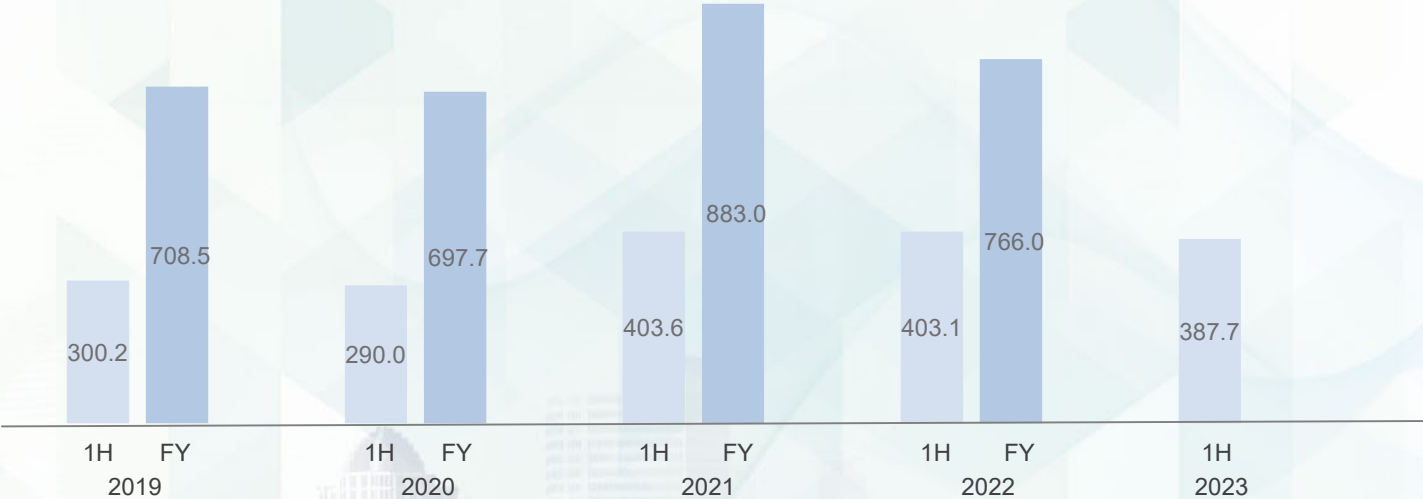
	FY2019	FY2020	FY2021	FY2022	FY2023
First half	7.6%	5.5%	8.1%	7.4%	6.2%
Second half	8.7%	8.2%	8.6%	5.2%	?
Full year	8.2%	7.1%	8.4%	6.3%	?

- ❖ Net profit of the Group for 1H2023 decreased by approximately 29.3% to approximately HK\$118.7 million (1H2022: approximately HK\$167.9 million)
- ❖ Net profit margin of the Group for 1H2023 decreased to approximately 6.2% from approximately 7.4% in 1H2022
- ❖ The decreases in net profit and net profit margin were mainly due to the decrease in gross profit and the significant increase in finance costs for 1H2023



Liquidity and financial resources - EBITDA

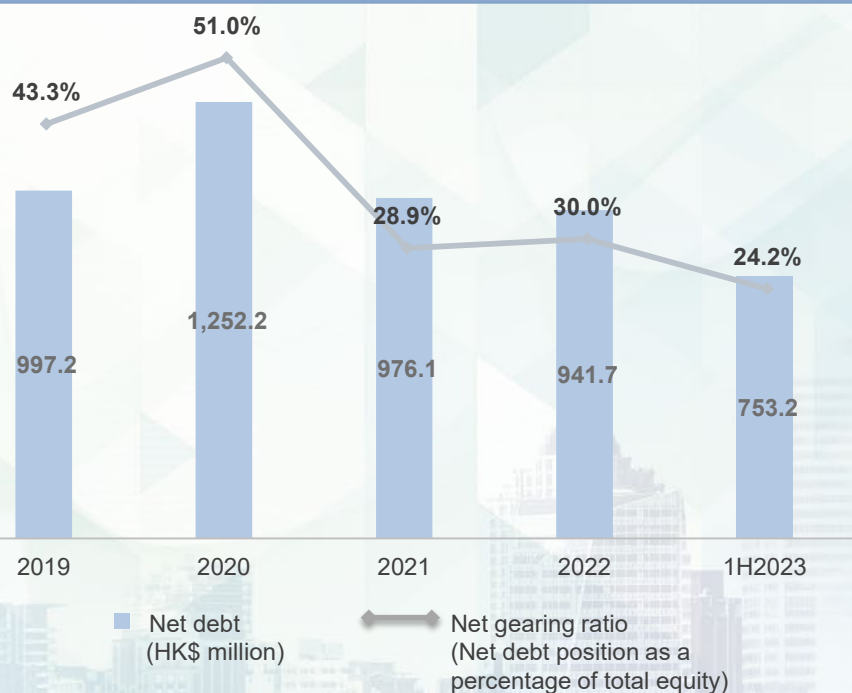
EBITDA
(HK\$ million)



EBITDA – Earnings before interest, tax, depreciation and amortisation

Liquidity and financial resources

Net debt gearing ratio



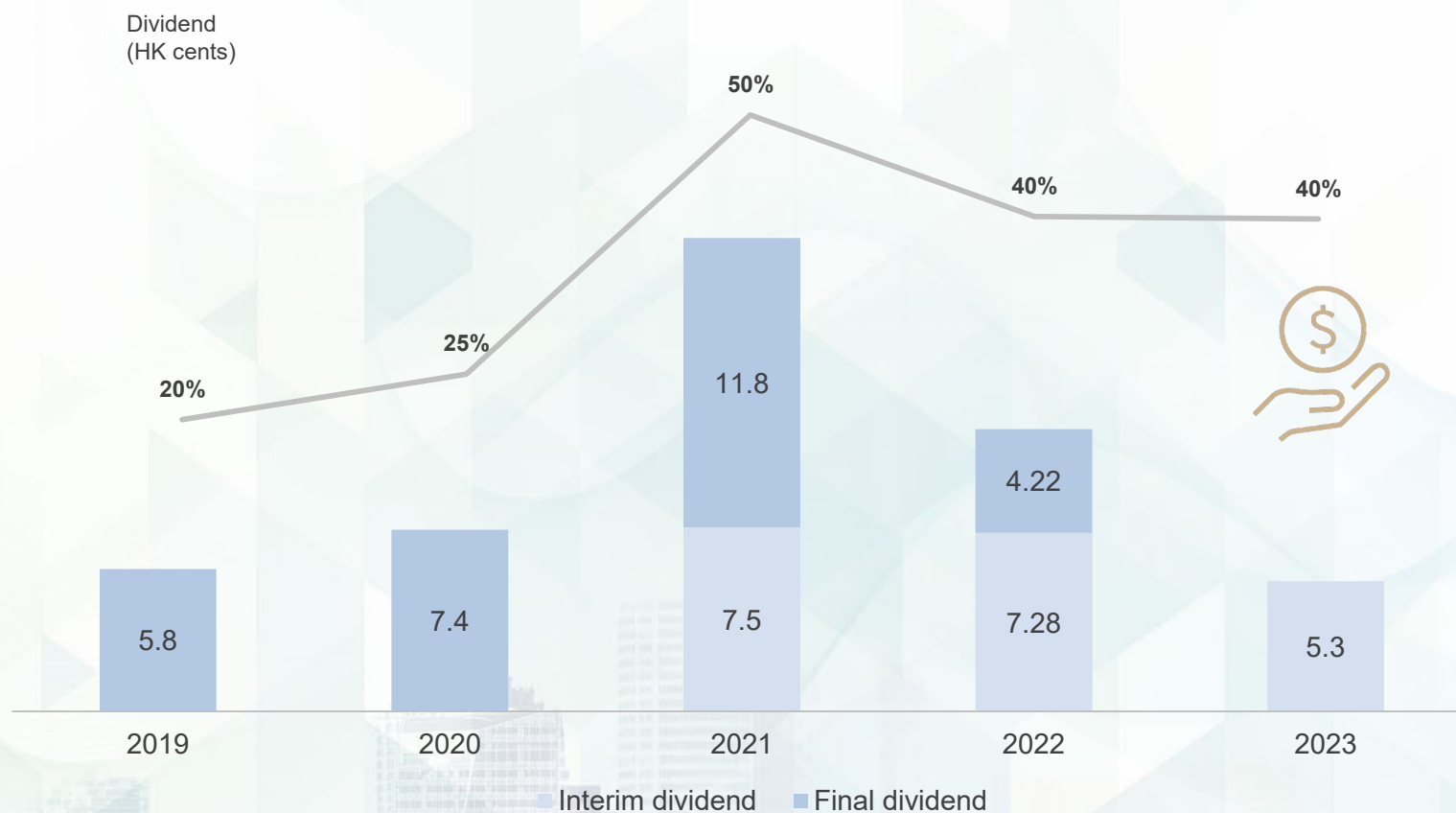
(HK\$ million)	As at 30 June 2023	As at 31 December 2022
Pledged bank deposits	70.0	68.4
Short term bank deposits	-	36.9
Bank balances and cash	920.3	1,051.2
Net working capital (Current assets less current liabilities)	480.2	178.1
Total bank, other borrowings and bank overdrafts	(1,743.5)	(2,098.2)
Net debt position (Sum of total bank and other borrowings and bank overdrafts, less bank deposits and bank balances and cash)	753.2	941.7

Cash flow positions and capital expenditures

	1H2023 (HK\$ million)	1H2022 (HK\$ million)
Net cash from operating activities	385.9	274.8
Net cash used in investing activities	(59.2)	(198.9)
Net cash used in financing activities	(434.4)	(41.0)

- ❖ In order to complete the overseas expansion projects as planned, total additions to property, plant and equipment amounted to approximately HK\$128.5 million in 1H2023 (1H2022: approximately HK\$206.6 million), which was mainly attributed to:
 - the additions to construction in progress of approximately HK\$111.2 million (1H2022: approximately HK\$145.1 million)
 - the additions to machinery of approximately HK\$16.0 million (1H2022: approximately HK\$54.8 million)

Dividend payout



- ❖ The Board has resolved to declare an interim dividend of HK5.3 cents per ordinary share of the company for the six months ended 30 June 2023

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Section 2

BUSINESS HIGHLIGHTS



International footprint

- Pioneer and advocate in the industry who had made substantial investments in internationalization plan
- Provide sustainable supply-chain solutions to cater for the best interests of our customers



Market penetration – sportswear and apparel

- Fundamentals of the sportswear and apparel industry remain strong
- Accounted for approximately 64.5% of the elastic fabric business in 1H2023
- To proactively seize growth opportunities as the market recovers



Close collaboration with brands

- Close collaboration with renowned international apparel brands
- Established and deepened its partnership with the world's leading sportswear and apparel brands



One-stop solutions strategy

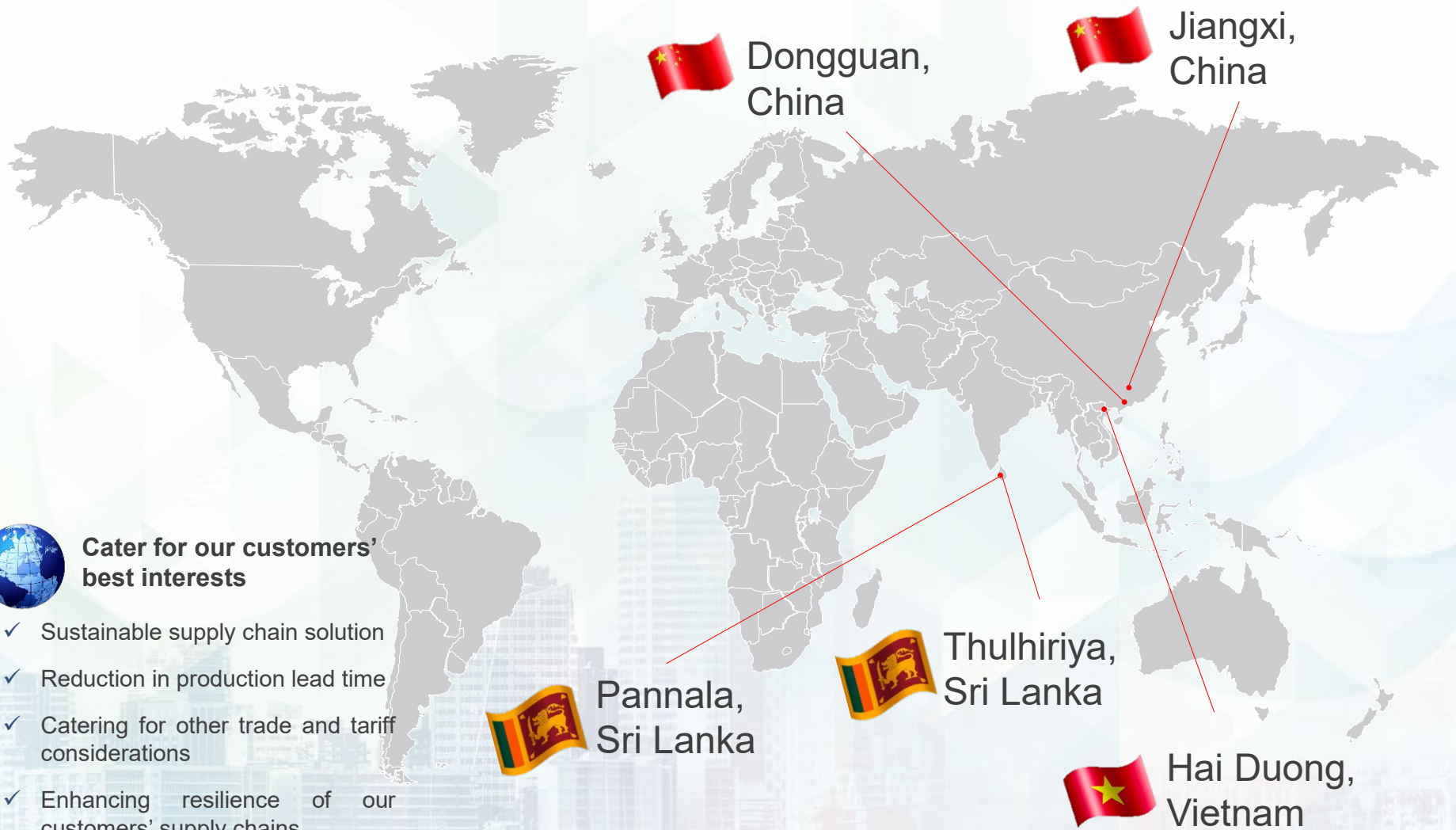
- A comprehensive product portfolio, comprising of elastic fabric, elastic webbing and lace



Innovation and Research and Development

- Provided customers with unique value-added innovations and strategically enriched their new products offering

International footprint



 Dongguan,
China

 Jiangxi,
China

 Pannala,
Sri Lanka

 Thulhiriya,
Sri Lanka

 Hai Duong,
Vietnam



Cater for our customers' best interests

- ✓ Sustainable supply chain solution
- ✓ Reduction in production lead time
- ✓ Catering for other trade and tariff considerations
- ✓ Enhancing resilience of our customers' supply chains

Market penetration – sportswear and apparel

- ❖ Collaboration with well-known international sportswear and apparel brands in launching products with revolutionary innovative concepts
- ❖ Comfort and functionality blended into the design of sportswear
- ❖ The fundamentals of the sportswear and apparel industry remain strong, we anticipate a positive long-term growth momentum in the industry, and we are prepared to proactively seize growth opportunities as the market recovers

Estimated total revenue of the global sports apparel market in 2025:

US\$207.8 billion*

- Best Pacific's revenue from sportswear and apparel segment in 1H2023 was approximately HK\$958.6 million, making up of approximately 50.3% of the Group's overall revenue



* Source: <https://www.statista.com/statistics/254489/total-revenue-of-the-global-sports-apparel-market/>

Close collaboration with brands



Strengthened one-stop solutions strategy



Helping customers to achieve

- ✓ More simplified procurement process
- ✓ Synchronisation of colors for different components within a lingerie product
- ✓ Shorter inventory cycle and production lead time
- ✓ Help garment customers to expand into sportswear and apparel segments



Helping Best Pacific to achieve

- ✓ Growth in sales
- ✓ Product bundling with several products being offered for sale to the same customer
- ✓ Benefits from economies of scale

Enhanced innovation and R&D capabilities



Strong R&D capabilities

- R&D team consists of over 150 technicians who have been offered technical training on a periodic basis
- Obtained qualification as a High and New Technology Enterprise in China since 2010



Strategic competitiveness

- Developed tailor-made innovative materials based on market trends and customer needs
- New growth drivers through expanding into new product categories by leveraging on the competitive edge of the Group's innovation and R&D capabilities



Continuous investment

- Invested approximately 2%-3% of its revenue in R&D annually
- Established Best Pacific Institute of Technology and Research in June 2016



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THANK YOU

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Best Pacific's innovations

One-stop solutions provider of lingerie materials



Strategically penetrating the sportswear and apparel market with enormous potential

