



# MAN WAH HOLDINGS LIMITED (1999.HK)

FY2021-2022 INTERIM RESULTS PRESENTATION

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## 纤薄扶手

—  
搭配名车级车线工艺  
打造时尚轻奢生活



## 饱满靠背

—  
完美贴合颈部和腰部  
让身体更放松

# OUTLINE

- 1 FINANCIAL PERFORMANCE**
- 2 PRODUCTION and OPERATION**
- 3 MARKETING STRATEGY**
- 4 Q&A SESSION**

# 01 FINANCIAL PERFORMANCE



# FINANCIAL HIGHLIGHTS

(HK\$ million)	1HFY2022	1HFY2021	Change
Total Revenue	10,357.9	6,868.0	50.8%
Operation Revenue	10,214.5	6,636.9	53.9%
Gross Profit	3,700.2	2,322.3	59.3%
Gross Profit Margin (%)	36.2%	35.0%	1.2pts
Other Income	143.5	231.1	-37.9%
SG&A / Revenue (%)	25.0%	22.6%	2.4pts
EBITDA Margin (%)	15.9%	18.2%	-2.3pts
Net Profit Attributable to Owners of the Company	988.1	749.3	31.9%
Net Profit Margin (%)	9.7%	11.3%	-1.6pts
Basic EPS (HK cents, restated)	25.0	19.7	26.5%
Dividend Payout Ratio (%)	52.0% (13.0)	50.7% (10.0)	1.3pts

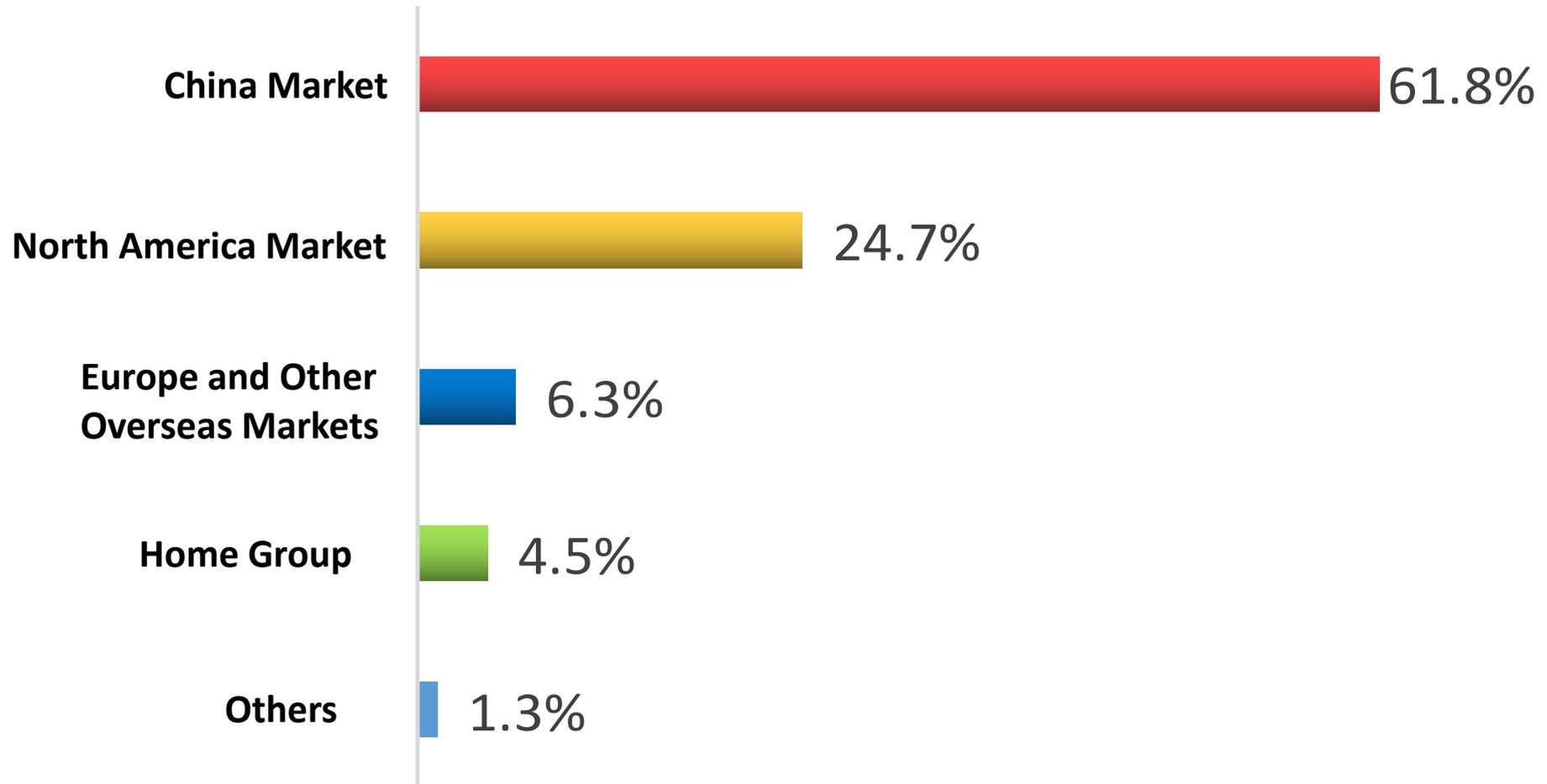
\*The Net Profit Margin decreased by 1.6 percentage points: mainly affected by the rise of raw materials - 7.8% (comprehensive price increase of 9% in the reporting period) by total-0.2 percentage, the rise of the fee of sea freight - 2.9 percentage points, the rate of domestic sales expenses decreased by 1.8 percentage points, and the rise of effective tax rate - 0.3 percentage points;

# TOTAL REVENUE ANALYSIS

Region	1HFY2022		1HFY2021		Change
	HK\$ million	% of Revenue	HK\$ million	% of Revenue	
China Market Revenue	6,399.6	61.8%	4,192.6	61.0%	52.6%
North America Market Revenue	2,562.3	24.7%	1,596.2	23.2%	60.5%
Europe and Other Overseas Markets Revenue	656.5	6.3%	346.6	5.0%	89.4%
Home Group Revenue	464.9	4.5%	333.2	4.9%	39.5%
Other Operation Revenue	131.0	1.3%	168.2	2.4%	-22.1%
Other income	143.5	1.4%	231.1	3.4%	-37.9%
<b>Total</b>	<b>10,357.9</b>	<b>100%</b>	<b>6,868.0</b>	<b>100%</b>	<b>50.8%</b>

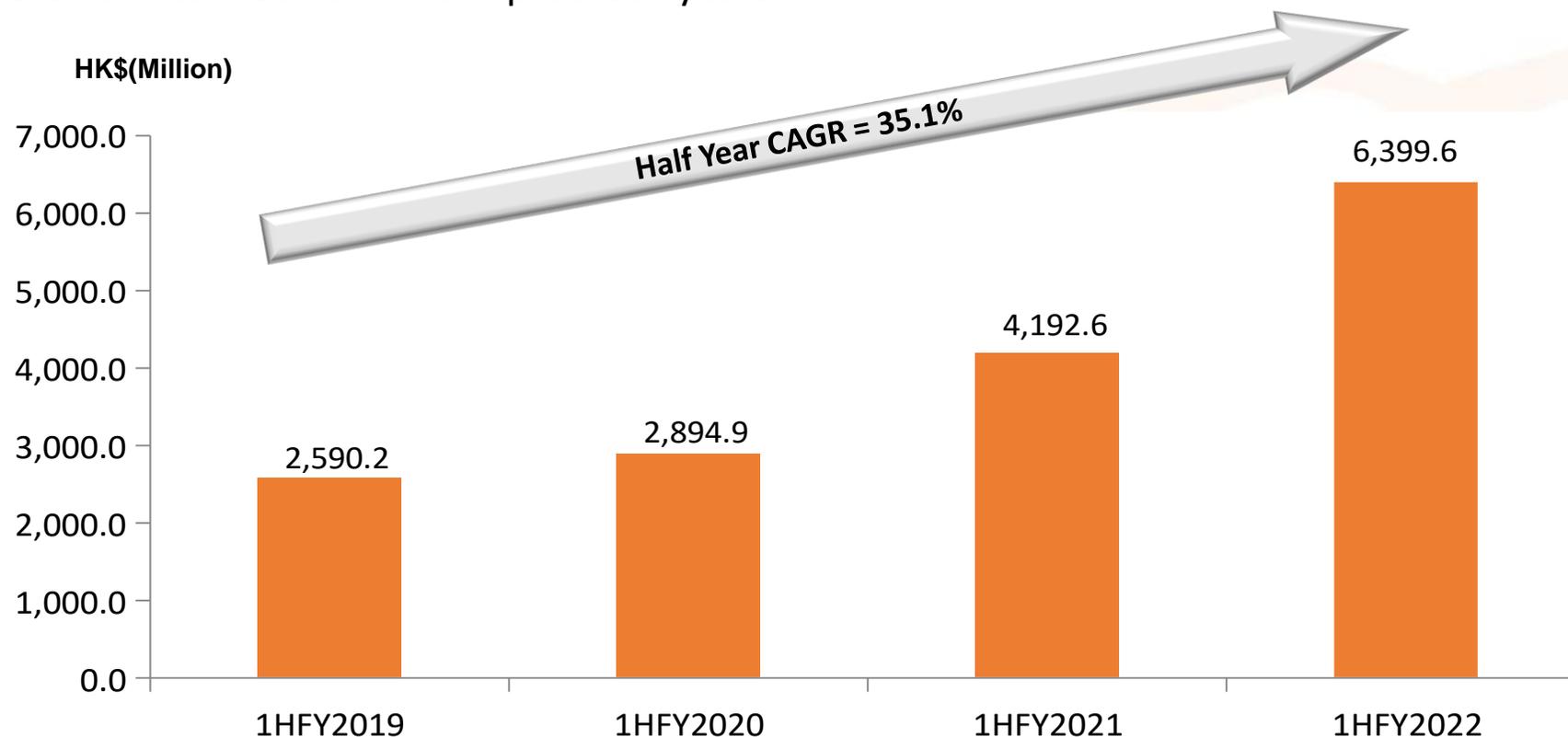
# REVENUE STRUCTURE OF DIFFERENT MARKETS

## 1H FY2021-2022 Revenue



# CHINA MARKET REVENUE

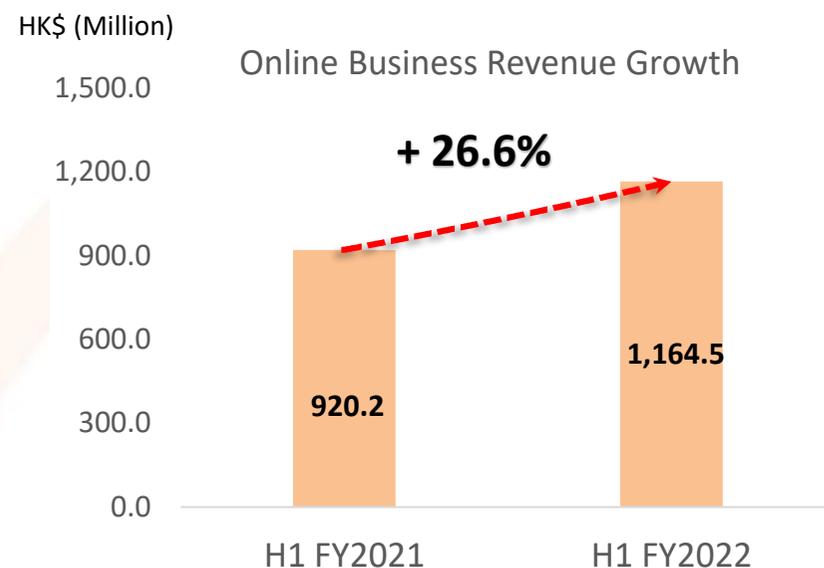
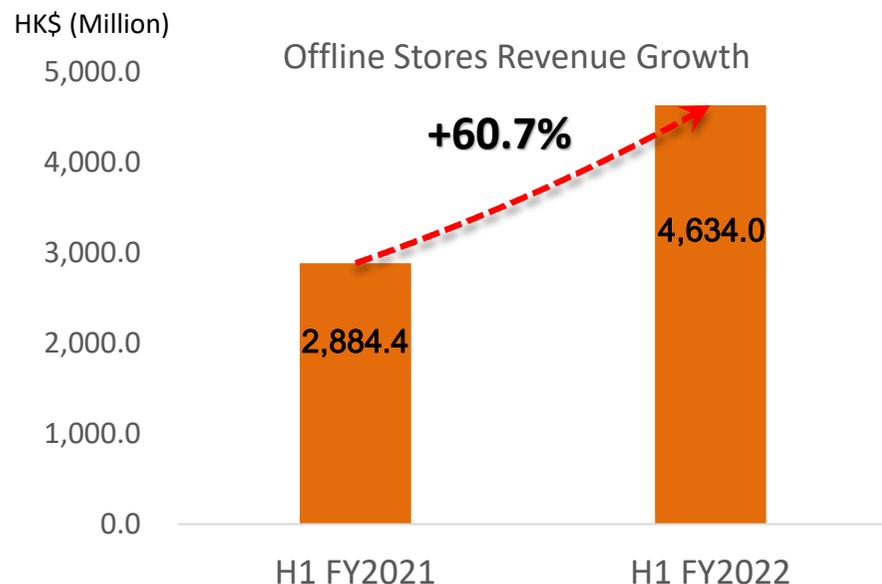
In 1HFY2022, China market increased against the downward trend and grew by 52.6%, the CAGA reached 35% in the past four years.



HK\$ million	1HFY2022		1HFY2021		Change	1HFY2020		1HFY2019	
	Amount	% of Total	Amount	% of Total		Amount	% of Total	Amount	% of Total
Revenue	6,399.6	61.8%	4,192.6	61.0%	52.6%	2,894.9	51.8%	2,590.2	47.2%

# CHINA MARKET REVENUE BREAKDOWN BY CHANNELS

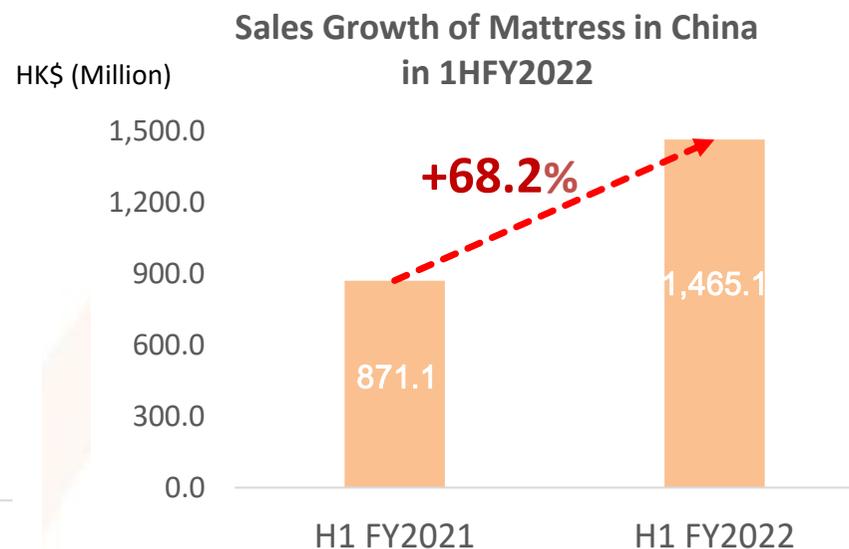
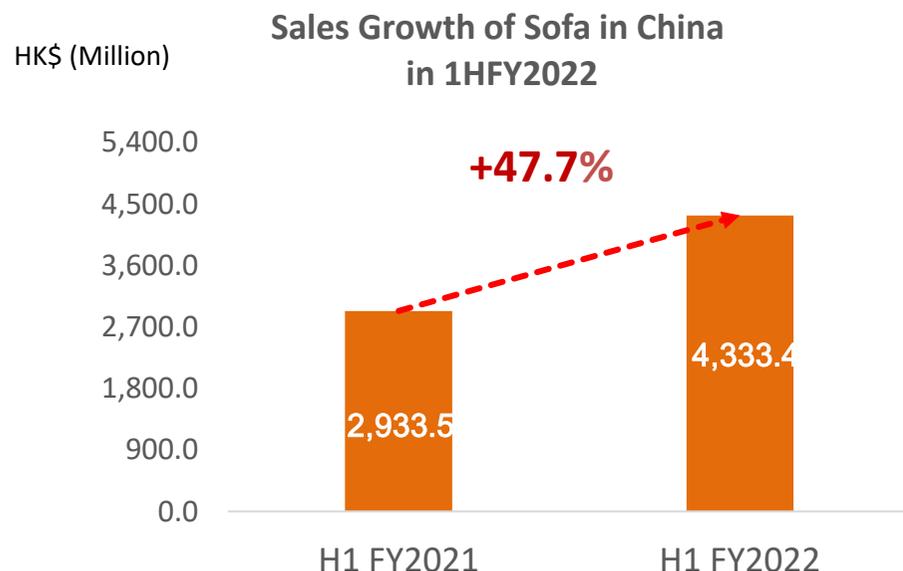
Revenue breakdown: China Market Revenue Growth up 52.4%, including 26.6% growth from online business and 60.7% growth from offline stores ( excluding iron framework business )



HK\$ million	H1FY2022		H1FY2021		Change (HK\$)
	Amount	% of Total	Amount	% of Total	
Offline Stores	4,634.0	79.9%	2,884.4	75.8%	60.7%
Online Business	1,164.5	20.1%	920.2	24.2%	26.6%
China Market Revenue (excluding iron framework)	5,798.5		3,804.6		52.4%

# CHINA MARKET REVENUE BREAKDOWN BY PRODUCT

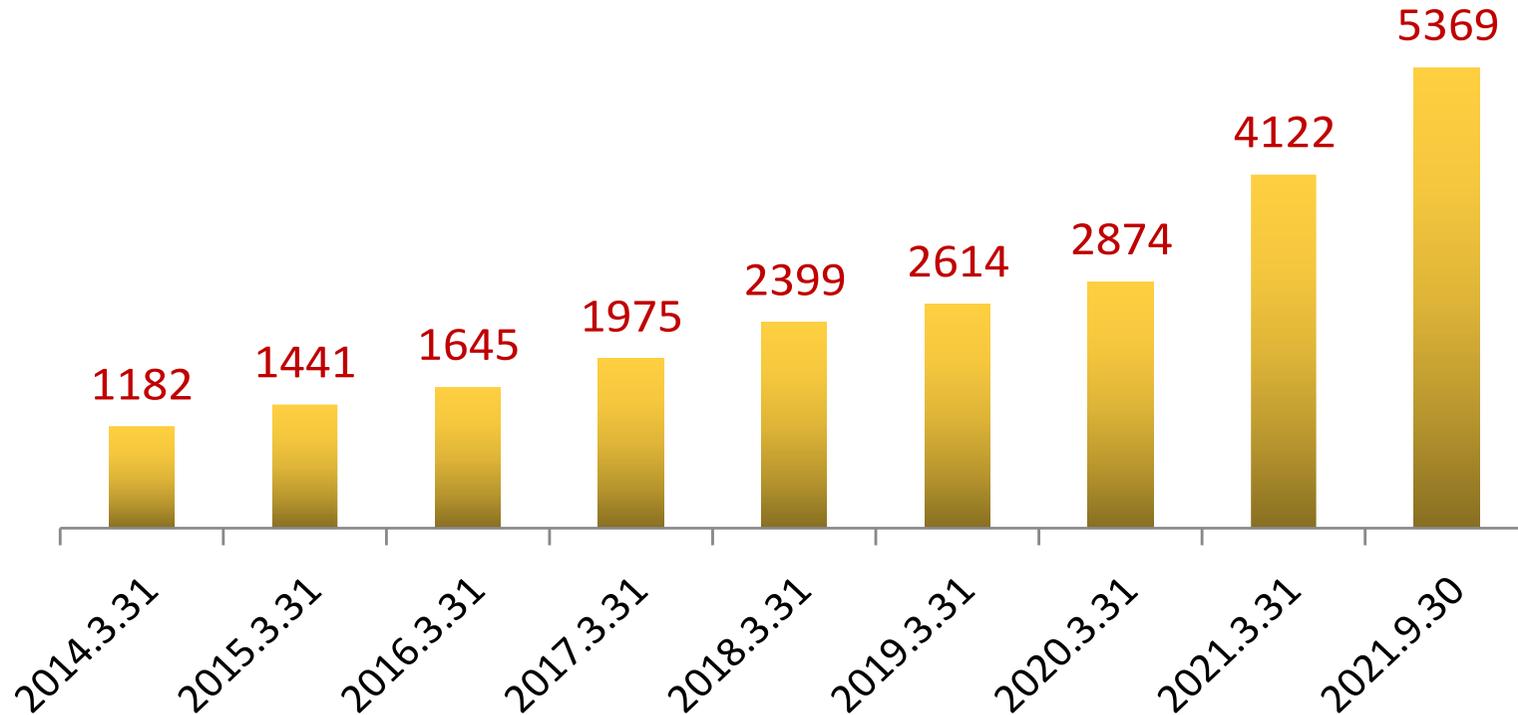
Revenue breakdown: revenue from China Market increased by 52.4%, in which sales of sofa increased by 47.7 and sales of mattress increased by 68.2% (excluding sales of iron framework)



HK\$ million	FY2021H1		FY2022H1		Change (HK\$)
	Amount	% of Total	Amount	% of Total	
Sofa	2,933.5	77.1%	4,333.4	74.7%	47.7%
Mattress	871.1	22.9%	1,465.1	25.3%	68.2%
China Market Revenue (excluding iron framework)	3,804.6		5,798.5		52.4%

# SUCCESSFULLY EXPANDED 1247 NEW STORES IN 1H2022 (NET NUMBERS OF NEW STORES)

Reach **5,369** stores as of 2021.9.30

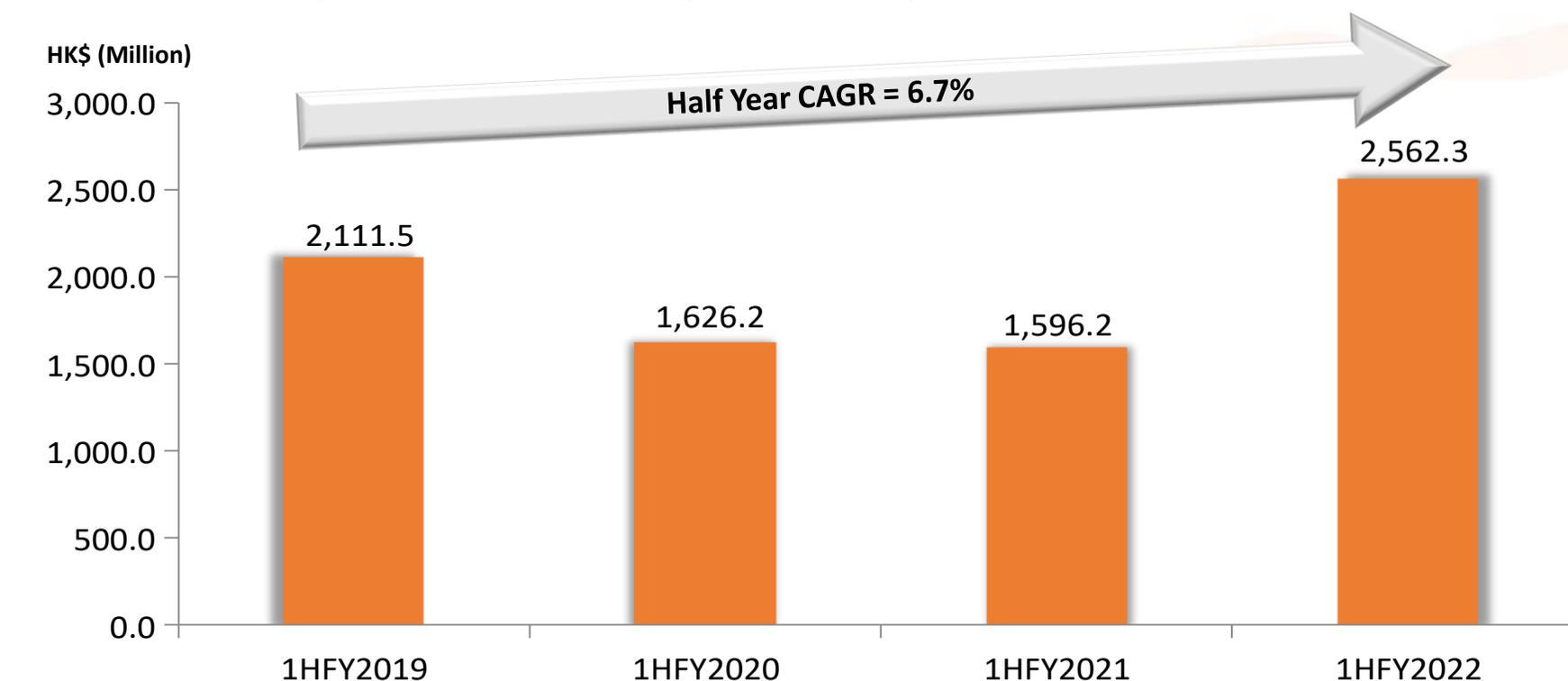


Above Stores include Cheers Leather Sofa Stores, Cheers Fabric Sofa Stores, Cheers Urban Sofa Stores, Cheers Livable Fabric Sofa Stores, Cheers Five-Star Mattress Stores, Cheers Smart Bedding Stores, BY BRADINGTON & YOUNG Stores and NICOLETTIHOME Stores, etc.

\* Excluding STYLE and PAULINI brand we M&A in 2020

# NORTH AMERICA MARKET REVENUE

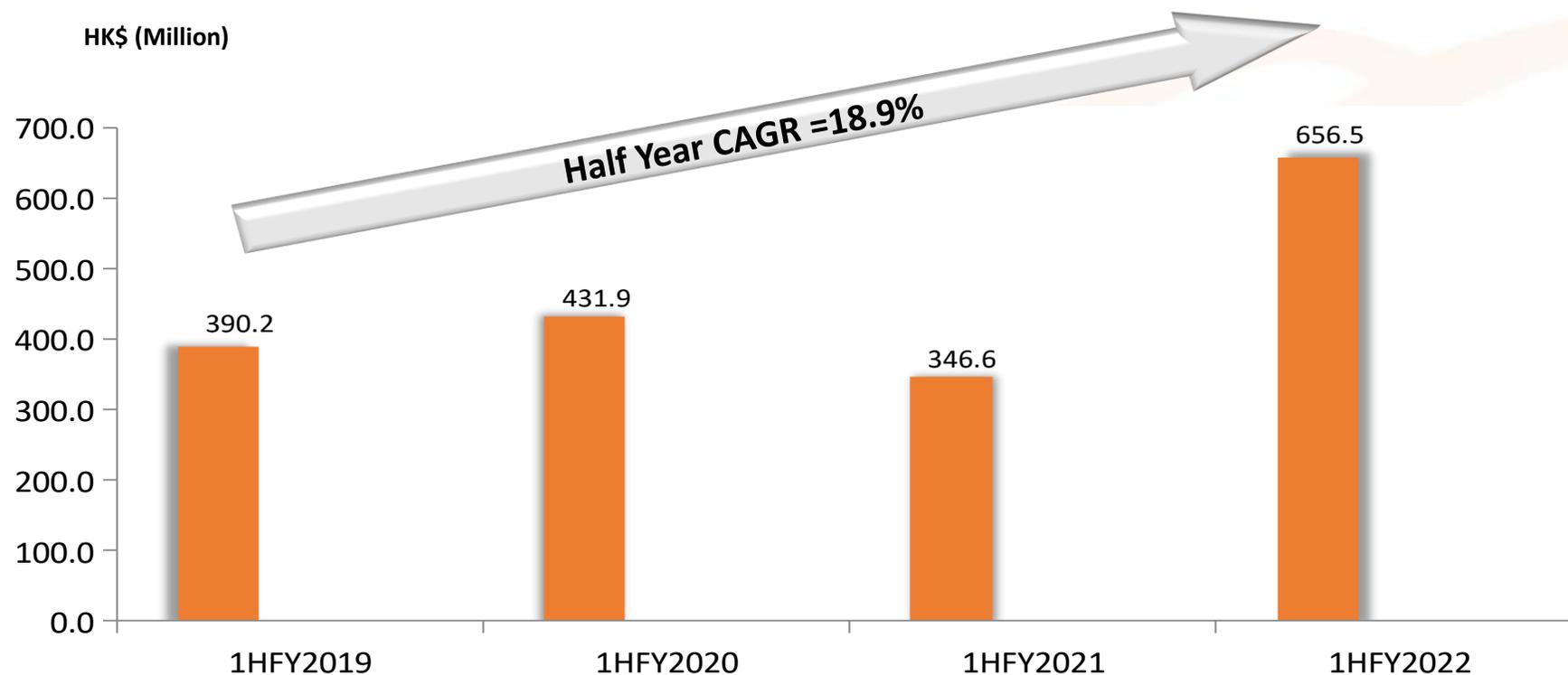
Export orders to the US increased rapidly after the epidemic, and the overall growth rate reached 60.5% after taking into account the impact of the epidemic in Vietnam



HK\$ million	1HFY2022		1HFY2021		Change	1HFY2020		1HFY2019	
	Amount	% of Total	Amount	% of Total		Amount	% of Total	Amount	% of Total
Revenue	2,562.3	24.7%	1,596.2	23.2%	60.5%	1,626.2	29.1%	2,111.5	38.5%

# EUROPE & OTHER OVERSEAS MARKET REVENUE

After the peak of the epidemic in Europe, Europe market quickly recovered and grew by 89.4%



HK\$ million	1HFY2022		1HFY2021		Change	1HFY2020		1HFY2019	
	Amount	% of Total	Amount	% of Total		Amount	% of Total	Amount	% of Total
Revenue	656.5	6.3%	346.6	5.0%	89.4%	431.9	7.7%	390.2	7.1%

# GROSS MARGIN ANALYSIS

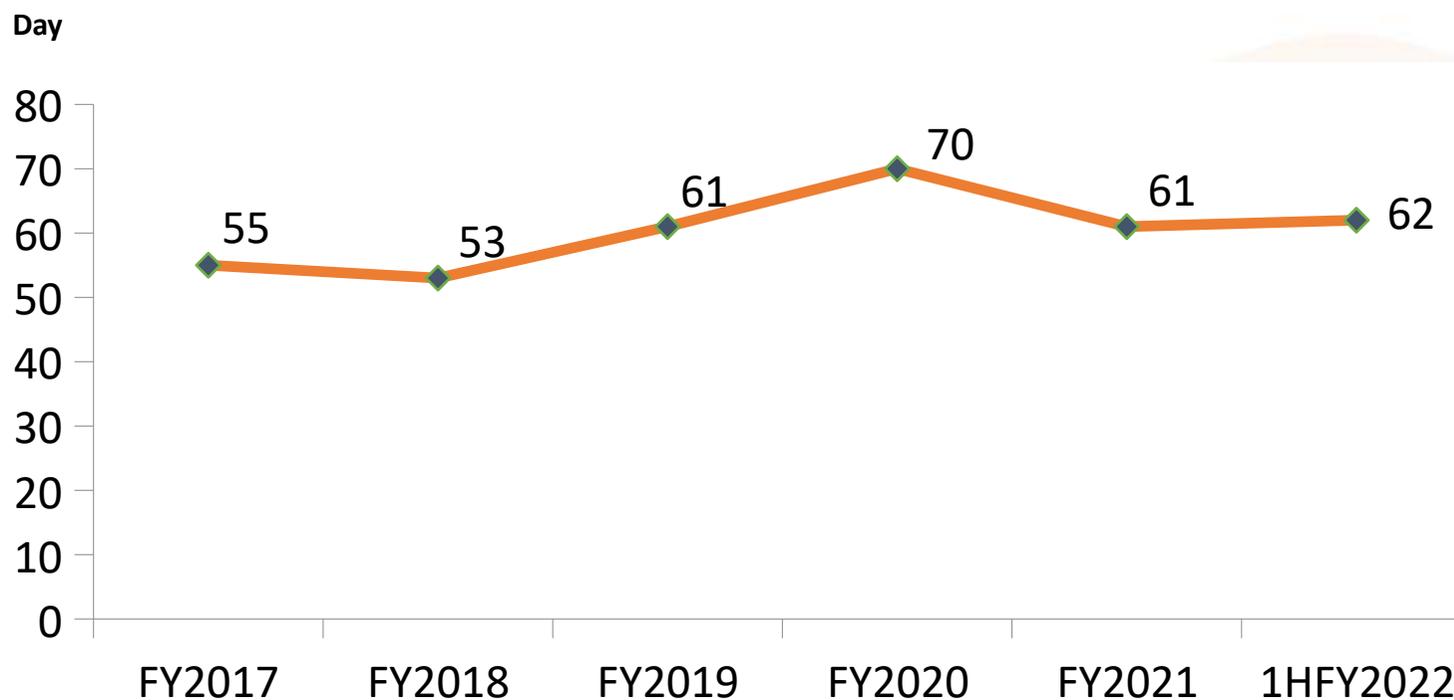
Region	1HFY2022	1HFY2021	Change
China Market Business	35.7%	36.8%	-1.1 pts
North America Market Business	41.1%	32.0%	9.1 pts
Europe and Other Overseas Markets Business	24.2%	22.8%	1.4 pts
Home Group Business	25.6%	35.3%	-9.7 pts
Other Business	67.1%	43.1%	24.0 pts
Total	36.2%	35.0%	1.2 pts

# AVERAGE PRICE OF RAW MATERIAL ANALYSIS

Raw Materials	Weighted Average Price Compared Change in 1HFY2022 (%)	% of Total Raw Materials
Leather	13.3%	19.4%
Metal	21.2%	23.5%
Wood	20.1%	8.1%
Fabric	2.1%	7.4%
Packing paper	14.4%	7.9%
Chemicals	51.7%	10.9%

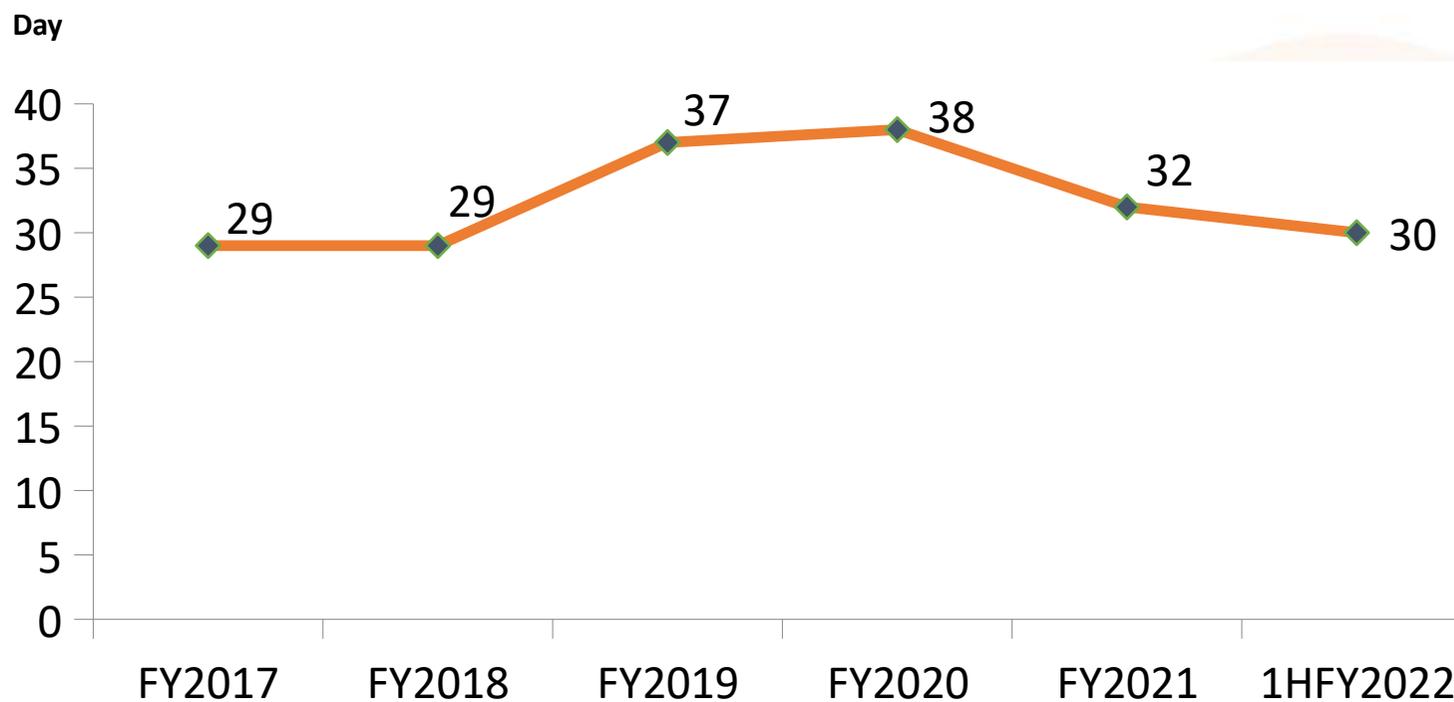
- The weighted average price= total amount/total quantity purchased (calculated on the purchase price of local currency). The impact of the price rise of raw materials on the gross profit margin is about 7.8%. During the reporting period, the Group's product price has been raised twice by 5% (for some commodities and regions), with a comprehensive price increase of 9%. After considering the rise factors of product price, the impact of the price rise of raw materials on the gross profit margin is about 1.2 percentage points.

# INVENTORY TURNOVER DAYS ANALYSIS



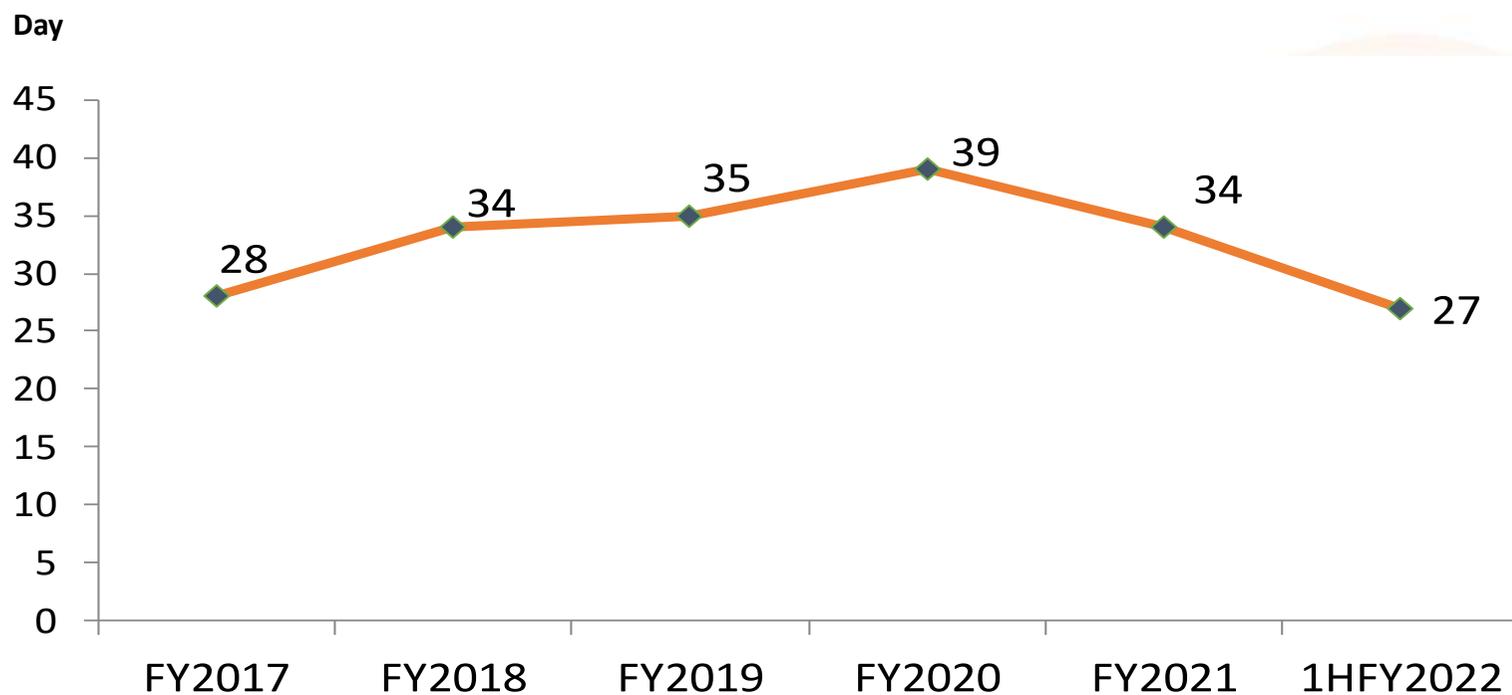
指標	FY2017	FY2018	FY2019	FY2020	FY2021	1HFY2022
Inventory Turnover Days	55	53	61	70	61	62

# ACCOUNTS RECEIVABLE TURNOVER DAYS ANALYSIS



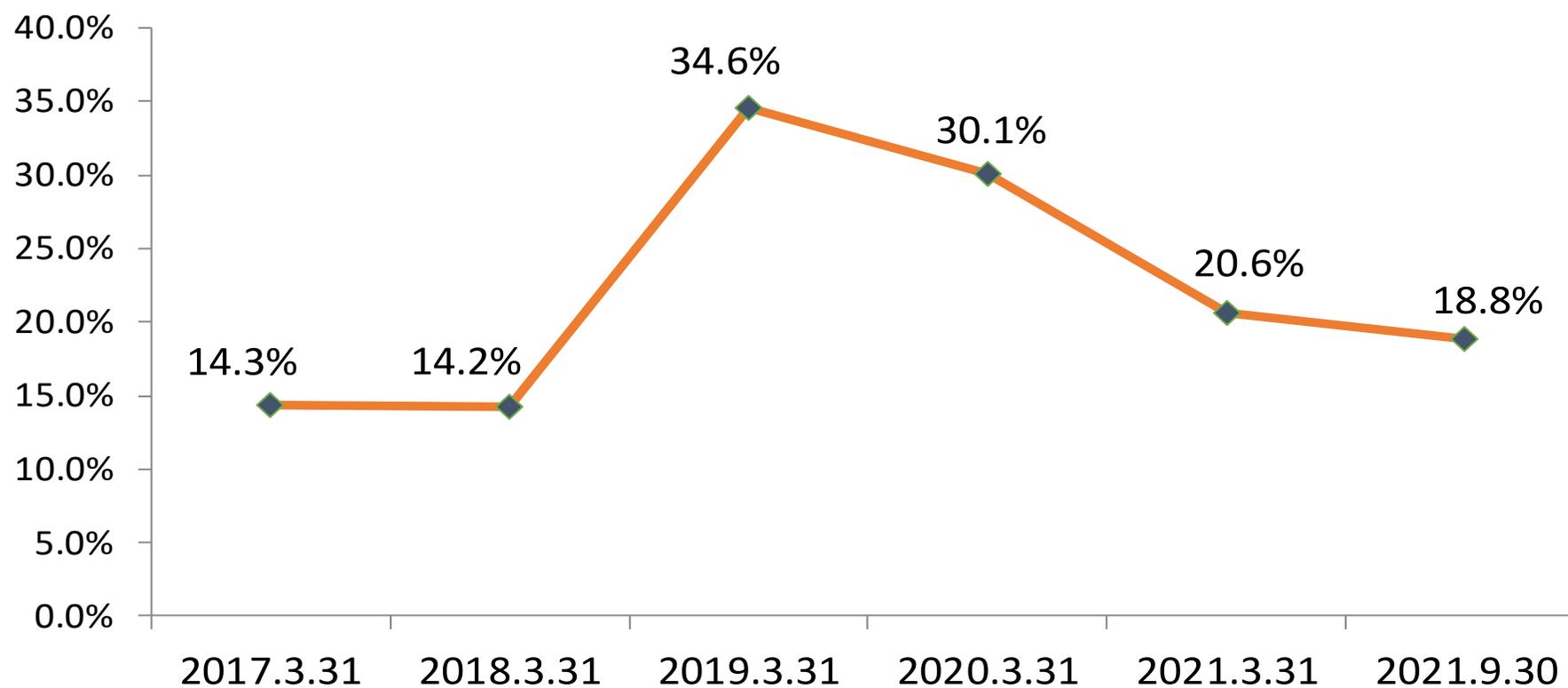
指標	FY2017	FY2018	FY2019	FY2020	FY2021	1HFY2022
Account Receivable Turnover Days	29	29	37	38	32	30

# ACCOUNTS PAYABLE TURNOVER DAYS ANALYSIS



指標	FY2017	FY2018	FY2019	FY2020	FY2021	1HFY2022
Account Payable Turnover Days	28	34	35	39	34	27

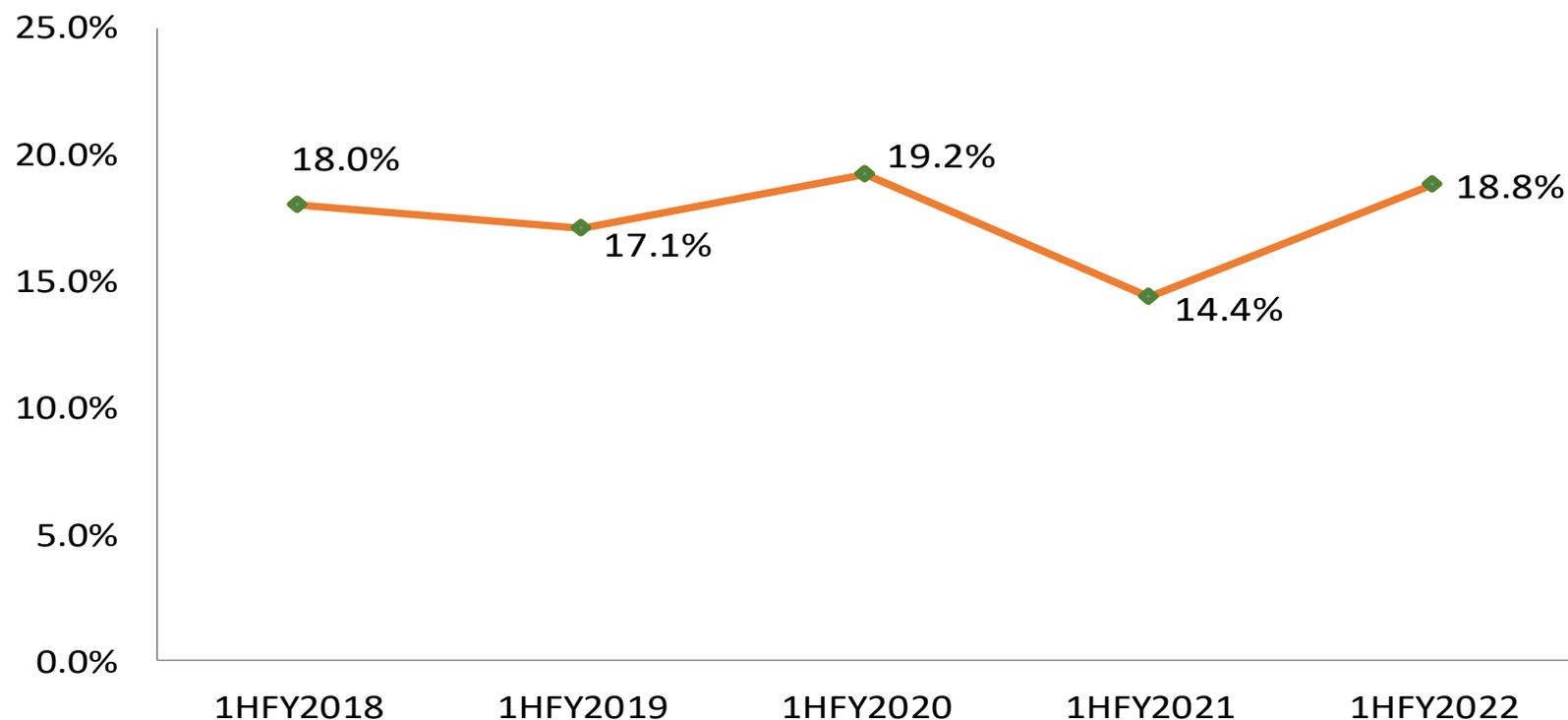
# GEARING RATIO COMPARISON



	2017/03/31	2018/03/31	2019/03/31	2020/03/31	2021/03/31	2021/09/30
<b>Gearing Ratio*</b>	14.3%	14.2%	34.6%	30.1%	20.6%	<b>18.8%</b>

\* Gearing Ratio = (Borrowings + Convertible bonds) / Total assets

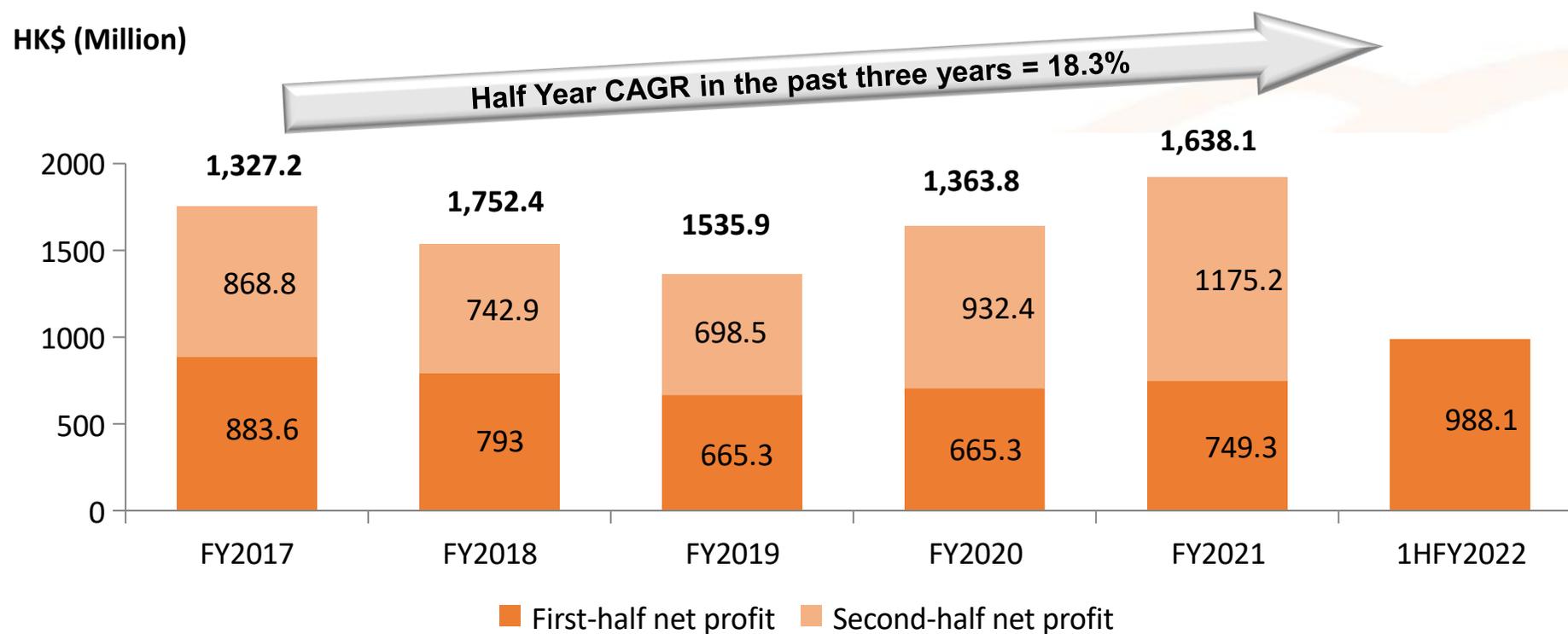
# THE EFFECTIVE TAX RATE ANALYSIS



	1HFY2018	1HFY2019	1HFY2020	1HFY2021	1HFY2022
<b>The Effective Tax rate</b>	18.0%	17.1%	19.2%	14.4%	18.8%

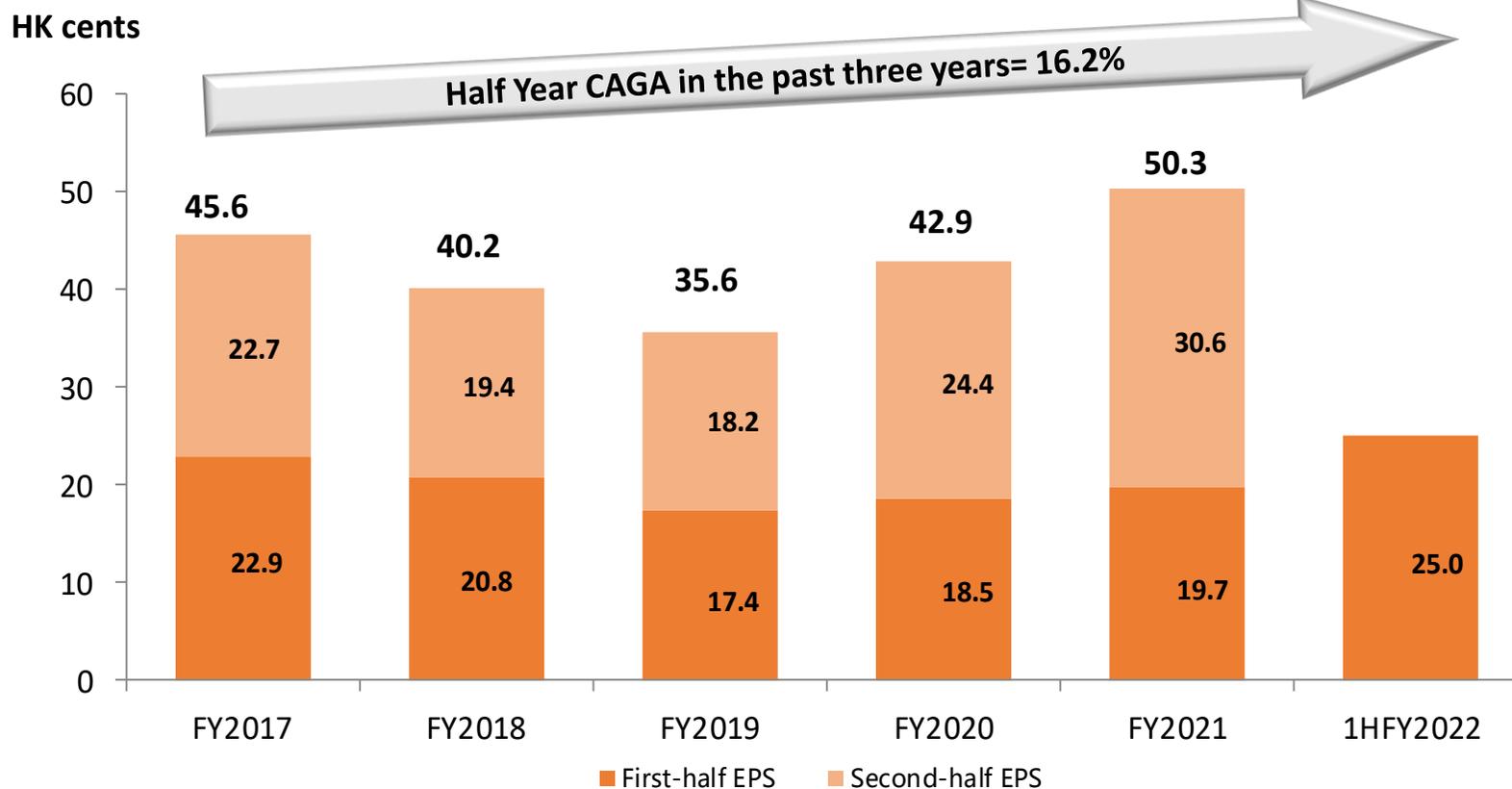
\*The effective tax rate refers to the ratio of income tax to pre tax profit; The increase of the effective tax rate is mainly due to the increase of income tax caused by the end of Macao's tax preference period.

# NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY COMPARISON



	FY2017 ( HK\$ million )	FY2018 ( HK\$ million )	FY2019 ( HK\$ million )	1HFY2020 ( HK\$ million )	1HFY2021 ( HK\$ million )	1HFY2022 ( HK\$ million )
<b>First-half Net Profit</b>	883.6	793.0	665.3	705.7	749.3	<b>988.1</b>
<b>Second-half Net Profit</b>	868.8	742.9	698.5	932.4	1,175.2	--
<b>Full Year Net Profit</b>	1,752.4	1,535.9	1,363.8	1,638.1	1,924.5	--

# BASIC EPS COMPARISON

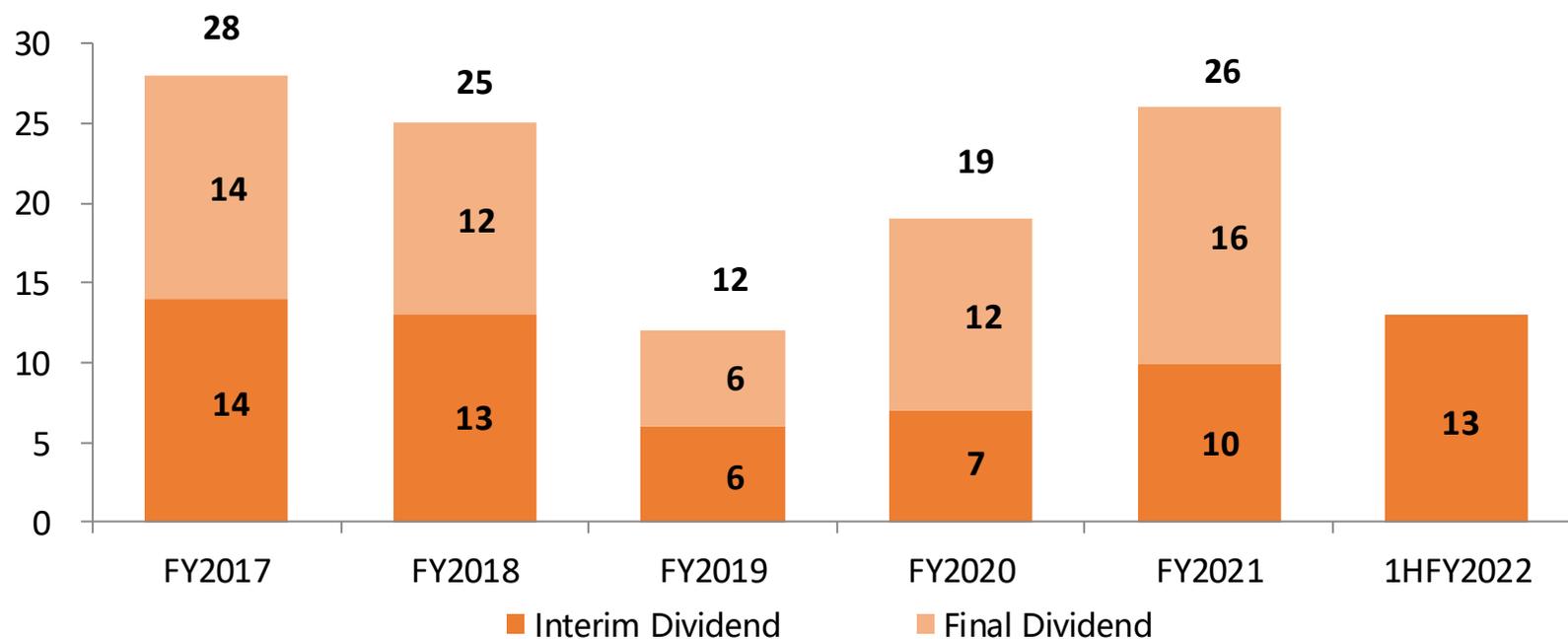


	FY2017 (HK cents)	FY2018 (HK cents)	FY2019 (HK cents)	1HFY2020 (HK cents)	1HFY2021 (HK cents)	1HFY2021 (HK cents)
<b>First-half EPS</b>	22.9	20.8	17.4	18.5	19.7	25.0
<b>Second-half EPS</b>	22.7	19.4	18.2	24.4	30.6	--
<b>Full Year EPS</b>	45.6	40.2	35.6	42.9	50.3	--

**Note:** The company has completed the bonus issue on 14 Jan 2015 and 22 Jul 2016. EPS of previous periods have been restated.  
(assume bonus issue has been completed in respective period)

# DIVIDEND COMPARISON

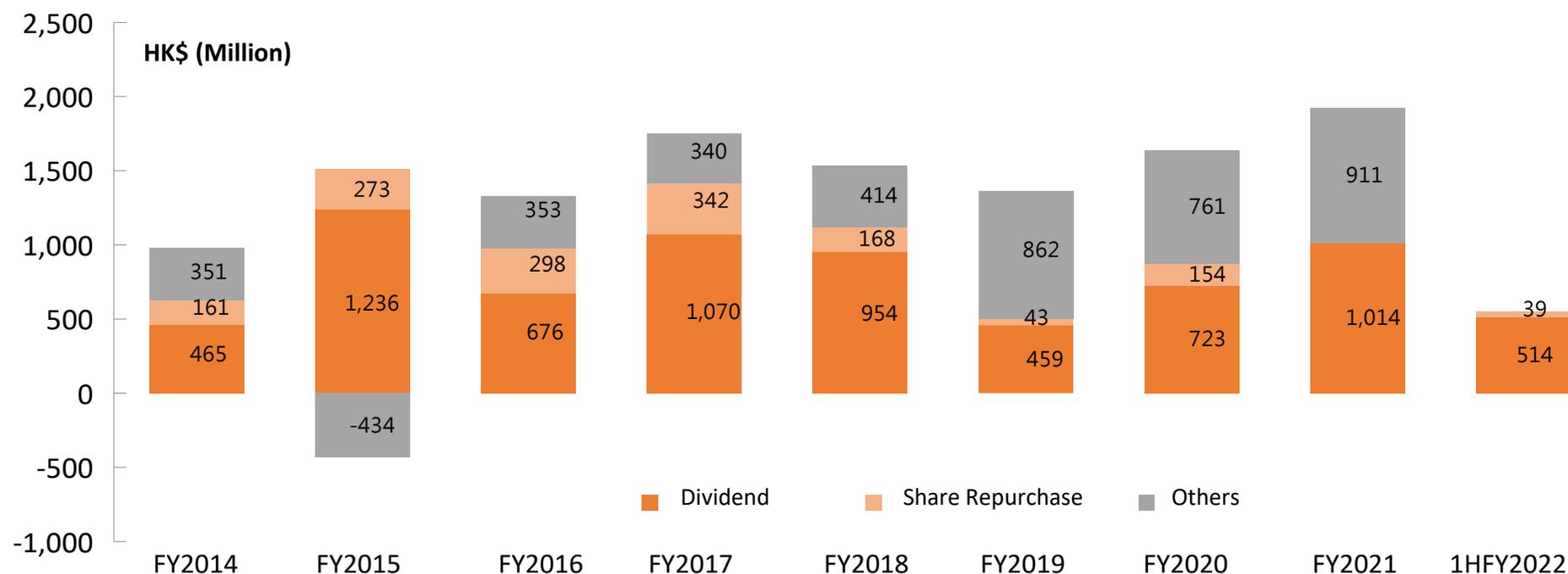
HK cents



	FY2017 (HK cents)	FY2018 (HK cents)	FY2019 (HK cents)	1HFY2020 (HK cents)	1HFY2021 (HK cents)	1HFY2022 (HK cents)
<b>Interim Dividend</b>	14.0	13.0	6.0	7.0	10.0	<b>13.0</b>
<b>Final Dividend</b>	14.0	12.0	6.0	12.0	16.0	--
<b>Full Year Dividend</b>	28.0	25.0	12.0	19.0	26.0	--

**Note :** The company has completed the bonus issue on 14 Jan 2015 and 22 Jul 2016. EPS of previous periods have been restated. (assume bonus issue has been completed in respective period)

# REWARD SHAREHOLDERS



(HK\$ Million)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	1HFY2022
<b>Net Profit Owing to The Company</b>	977	1,075	1,327	1,752	1,536	1,364	1,638	1,925	<b>988</b>
<b>Dividend</b>	465	1,236	676	1,070	954	459	723	1,014	<b>514</b>
<b>Share Repurchase</b>	161	273	298	342	168	43	154	0	<b>39</b>
<b>Payout Ratio</b>	48%	115%	51%	61%	62%	33.7%	44.1%	52.7%	52%
<b>Ratio of Total Reward to Shareholders</b>	<b>64.1%</b>	<b>140.4%</b>	<b>73.4%</b>	<b>80.6%</b>	<b>73.0%</b>	<b>36.8%</b>	<b>53.5%</b>	<b>52.7%</b>	<b>55.9%</b>

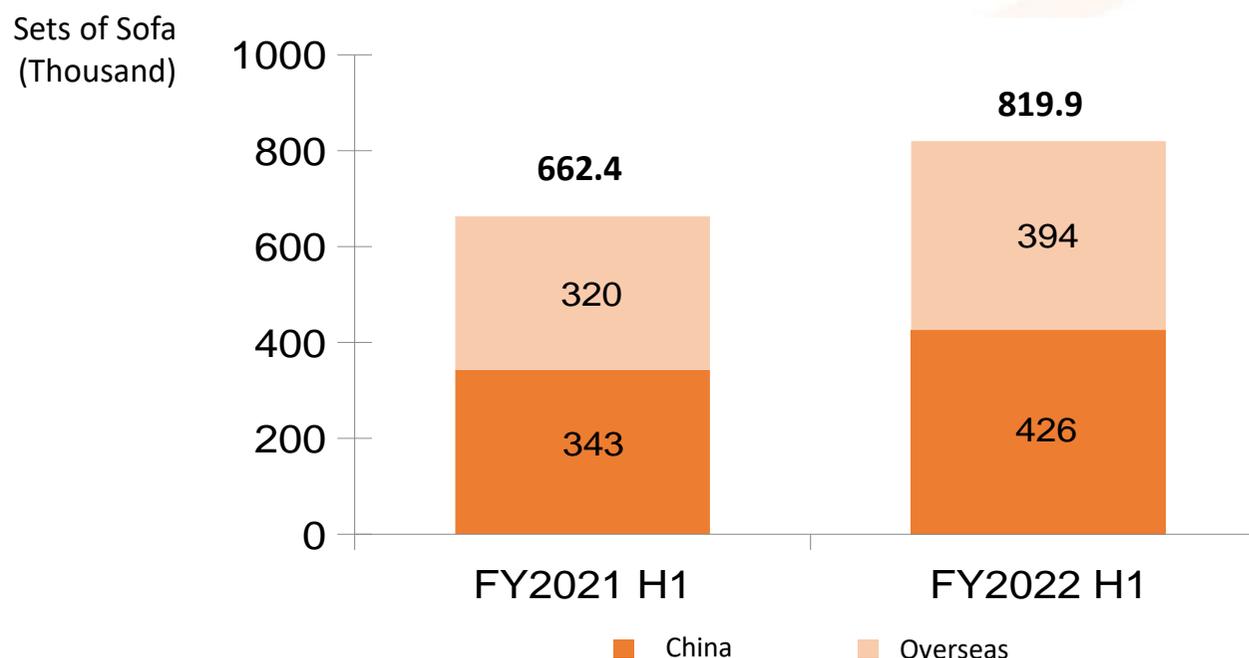
\*The amount dividends is calculated on the total shares on 30 September 2021.

## 02 PRODUCTION and OPERATION



# SOFA PRODUCTS ACTUAL SALES VOLUME

the No.1 recliner sofa company calculated by volume  
 1HFY2022 Sales Volume **820K** sets of sofa



Sales	China Market Volume (thousand sets)	America Market Volume (thousand sets)	Europe and other market Volume (thousand sets)	Total (thousand sets)
1HFY2022	425.8	340.2	53.9	819.9
1HFY2021	342.5	274.8	45.1	662.4

\*Capacity is the designed capacity of factories, capacity utilization will be more by adding more machinery equipments and workers.

# STRATEGIC CAPACITY LAYOUT FOR CHINA MARKET



PLANTS	Maximum Capacity Designed (Thousand Sets)	Current Capacity (Thousand Sets)	Capacity Climb Rate
TOTAL	126	42.6*2	67%

\*Capacity is the designed capacity of factories, capacity utilization will be more by adding more machinery equipments and workers.

# STRATEGIC CAPACITY LAYOUT FOR OVERSEAS MARKET

2018



## VIETNAM

Planned capacity : 3600 TEU/month

Target market: America

2006



## Huizhou-Daya Bay

Planned capacity : 2000 TEU/Month

Target market: Overseas (target for part America, Europe and other markets)

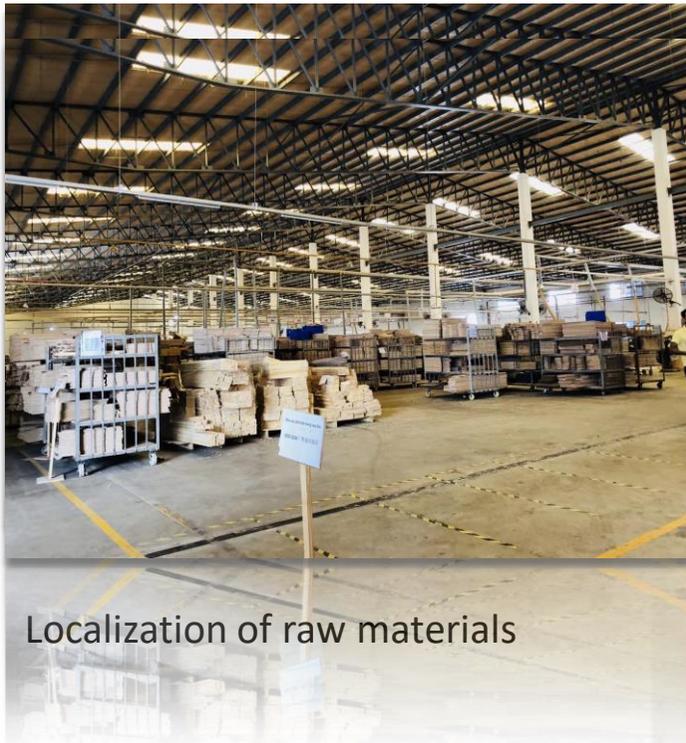
PLANT	Maximum Capacity Designed (TEU/month)	Current Capacity (TEU/month)	Capacity Climb Rate
VIETNAM	4200	3500	83%
Daya Bay ( for part America market, Europe & other markets )	2000	1600	80%

\*Capacity is the designed capacity of factories, capacity utilization will be more by adding more machinery equipments and workers.

# VIETNAM PLANT OPERATING PROGRESS

Project site : Binh Duong Province  
Size of Facility : 130,000M<sup>2</sup>  
New factory buildings: 243,000M<sup>2</sup>  
Target Market : USA  
Planned capacity : 4200 TEU/month

- New plant was completed in August 2019 and has been put into production rapidly.
- Localization of raw materials ( sponge foam, motor production & hob assembly ) .It can reduce transportation cost and improve production efficiency .Strictly quality control same as Daya Bay plant.
- Efficiency of plant has gradually reached the level of Daya Bay, and the capacity utilization ratio has been greatly improved



Localization of raw materials



Machine test center



Strictly quality control

# 03 MARKETING STRATEGY



# CHINA MARKET EXPANSION STRATEGIES

## Synergistic growth from online and offline differentiation

Actively embrace new channel changes, enhance consumer exposure and CHEERS brand strength through live broadcasting, to promote the online business growth. In the meantime, catch the stream of online customers and enable offline sales of stores, to realize the "1+1 greater than 2" scenario.



天王助力品牌总GMV突破

**2800万+**

销售额环比活动前增长**536%**↑

品牌自播单场销额突破

**1290万+**

自播爆发系数

**576%**

品牌自播互动量

**187万+**

## 「CHEERS live broadcasting with Famous Stars」

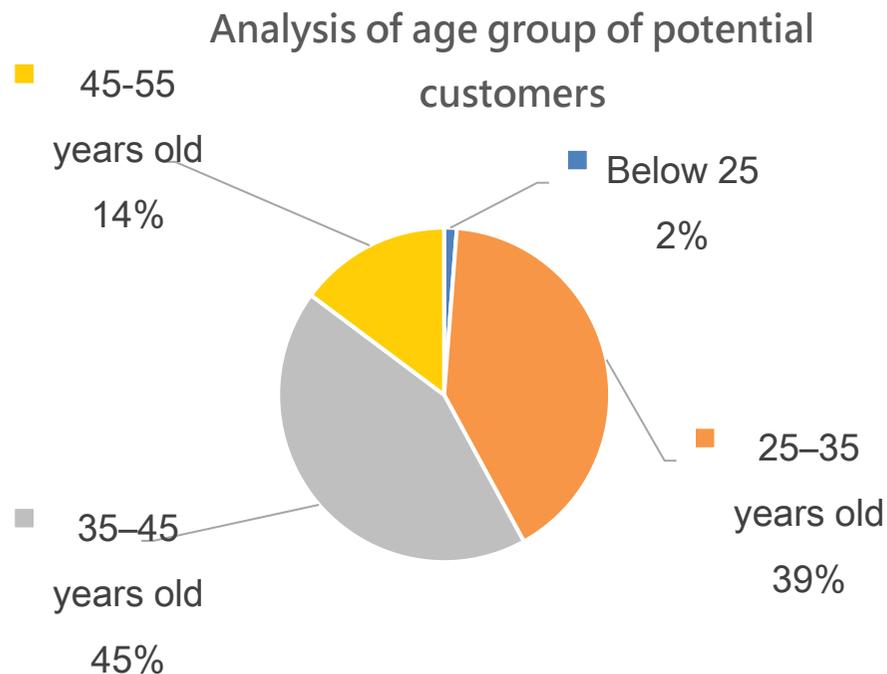
Promote the fans to get the Stars/KOL's same sofa product, Online and offline linkage sales by the hot topic and live broadcasting

Brand GMV exceeded 28 million, the sales increased by 536% per month compared with that before the event, and the sales of a broadcasting held by ourselves exceeded 12.9 million

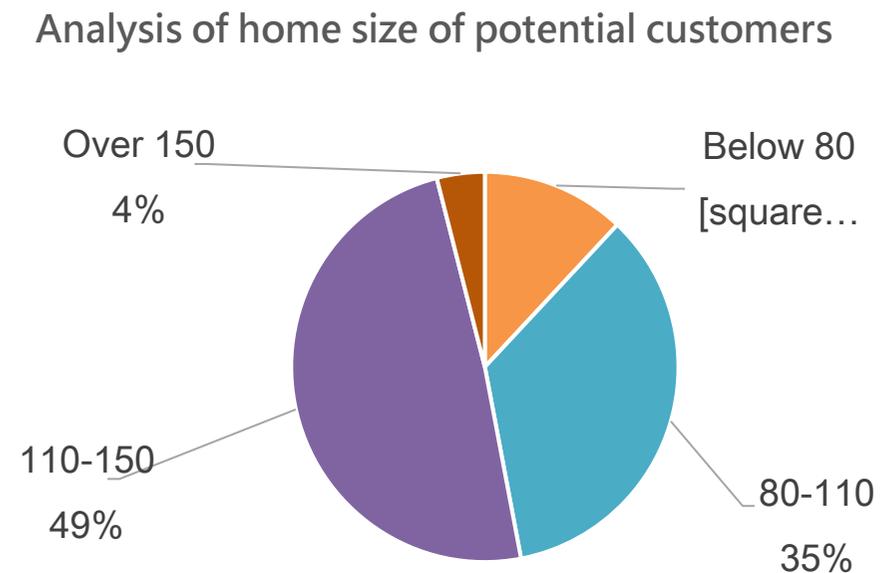
# EXPANSION STRATEGIES OF CHINA MARKET

Continue to step up R&D investment to create innovative products and offer youthful and compact sofa models to rapidly increase brand awareness and penetration

**\*Further increase in proportion of young customers this year**  
Proportion of customers under the age of 35 accounts for up to 41%



**\*Further increase in proportion of smaller home size buyers**  
Proportion of small and medium home units increases to 47%



\* The above statistic data is based on the age group data of potential customers at offline/physical stores available between 1 January and 31 December 2020.

# CHINA MARKET EXPANSION STRATEGIES

Build a store management system, enable dealers to improve the number of experiences, conversion rate and customer unit price, and promote the increase of single store business volume

## Deployment of new Smart retail and build Man Wah's large and medium-sized operation platform

官方商城作为会员的载体，也是嫁接各类业务的平台。

01 商品购买  
产品服务分享

02 价格统一  
价格展示、查询  
价格投诉

03 会员管理  
会员推荐  
个人中心  
权益查询

04 积分商城  
礼品兑换  
服务兑换  
积分抽奖、游戏等



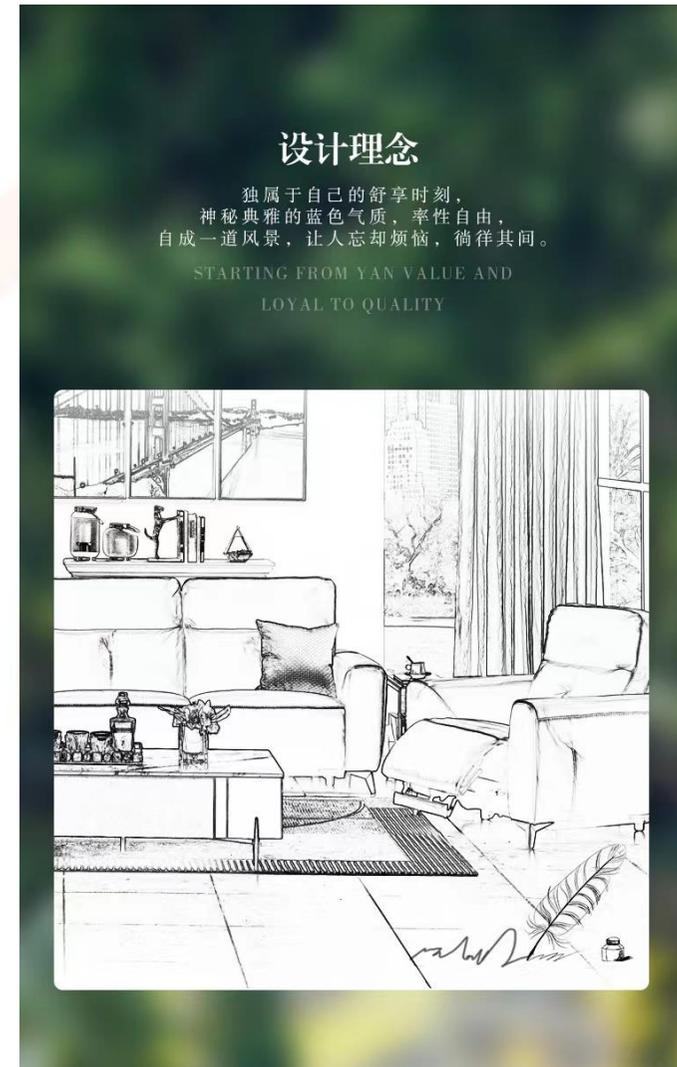
05 留资 售后  
在线和400服务咨询  
投诉建议

06 智能控制  
智能家居  
手机操作

07 VR设计  
VR观看  
家具定制

08 会员互通  
同异业合作  
平台会员权益互通  
积分互通

Launch upgraded store CRM system, deepen VR system, strengthen support for dealers and upgrade digital retail; Set up Man Wah's large and medium-sized operation platform system to achieve product digitization and visual management.



# OVERSEAS MARKETS EXPANSION STRATEGIES

**BOB'S DISCOUNT FURNITURE**

**HAVERTYS FURNITURE**

**macy's**

**HAVERTYS**

**ROOMS TO GO**

**Nebraska Furniture Mart**

**PH**

**Parker House FURNITURE**

**Seal Mart**

**Sam's CLUB**  
山姆会员商店

**COSTCO WHOLESALE**

**Leon's The BRICK.**

**BIG LOTS!**

**Las Vegas Market**

## North American Markets

- Optimize product lines and diversify product lines in overseas markets
- Reduce the impact of the epidemic in Vietnam factory and ensure regular and stable production capacity supply
- North America has started to sell self-owned high-end brand "MW HOME" to gradually expand to the C-end market.
- Launch stationary brand CH2, clean lifestyle seatings at value price with quality construction

## European & Other Overseas Markets

- Consolidate European customer network
- Optimize and expand product lines and add diversified product styles such as European and modern styles to product R&D
- Actively explore new potential customer bases and markets, make better products to more efficiently meet customer demand



Continue to strengthen furniture R&D and enhance core competitiveness

Continue to actively participate in overseas furniture fairs

**STEINHOFF**  
INTERNATIONAL SOURCING AND LOGISTICS

**Harvey Norman**

**Conforama**  
En Suisse depuis 1976

**ROSEN**

**XXXLutz**

**Fleming**

**IKEA**

**HABUFA**

**Em home** **miO**

**MANWAH**

# THE PARENT COMPANY OF CHEERS BRAND-MAN WAH HOLDINGS IS THE WORLD'S NO.1 RECLINER SOFA COMPANY FOR THREE CONSECUTIVE YEARS

*Man Wah Holdings* is the World's No.1 Recliner Sofa Company Again in 2020

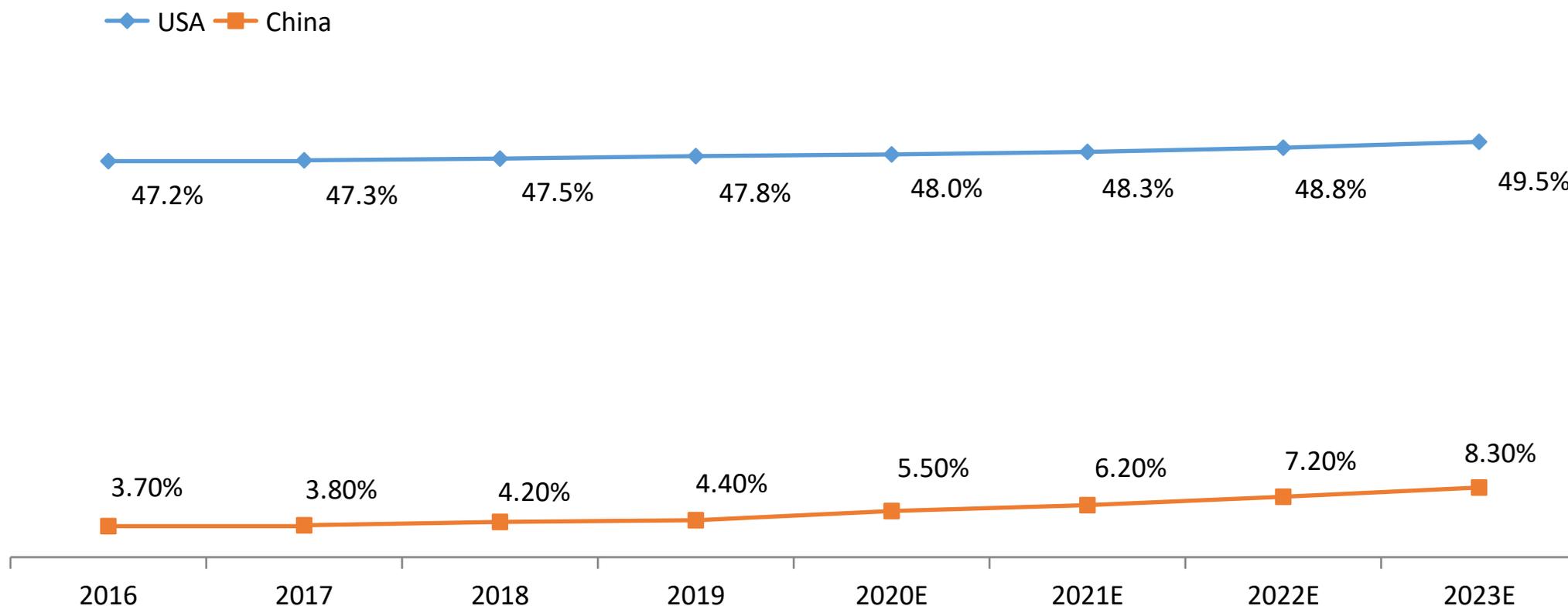
Maintained its *Leading Motion Recliner Manufacturer Position* in China with Market Share 59% in 2020 (50.1% in 2019)



**Sources:** Euromonitor International and based on the passport database, desk research conducted in April 2021, retail network visits and industry interviews, calculated by the sales volume in 2020

# MOTION RECLINER MARKET SHARE

## Motion Recliner Penetration Rate in USA and China Market (by Volume)



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# 04 Q&A SESSION

