



Shipment Volume Recovery in Q4 2017

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*Shipment volumes rose by 11.6% led by casual and fashion products
High-end customers in fashion athletic segment providing a foundation for future growth*

Hong Kong, 12 January 2018 – Stella International Holdings Limited (“Stella”, or together with its subsidiaries, the “Group”; SEHK: 1836), a leading designer, manufacturer and retailer of quality footwear and leather goods products, today announced its unaudited fourth quarter business update for the three months and the year ended 31 December 2017.

Financial & Operational Highlights:

	For the three months ended 31 December (Unaudited)		For the year ended 31 December (Unaudited)	
	2017	2016	2017	2016
Revenue (US\$ million)*				
- Manufacturing	349.3	342.0	1,510.3	1,486.5
- Retail business in Europe	2.9	2.4	15.6	12.3
Average selling price per pair (manufacturing) (US\$)	24.3	26.5	26.7	28.1
Total shipment during the period (mil pairs)	14.4	12.9	56.6	52.9

*The Group also recorded revenue of US\$36.5 million from its retail business in China from 1 January 2017 until 19 July 2017, on which date the acquisition by Max Branding Limited of 60% interests in the Group’s PRC retail business was completed and the relevant companies ceased to be subsidiaries of the Company.

The Group recorded an unaudited consolidated revenue (including the Group’s manufacturing business, China and Europe retail businesses, inter-segment sales eliminations and other businesses not covered hereof) of approximately US\$357.2 million (2016: US\$356.2 million) and US\$1,571.3 million (2016: US\$1,549.0 million) for the three months and year ended 31 December 2017. This represented increases of 0.3% and 1.4% respectively as compared to the unaudited consolidated revenue for the corresponding periods of last year.

Revenue from our manufacturing operations increased by 2.1% and 1.6% to US\$349.3 million and US\$1,510.3 million respectively in the three months and year ended 31 December 2017. Shipment volumes saw signs of recovery, increasing by 11.6% to 14.4 million pairs and by 7.0% to 56.6 million pairs respectively over the same periods, as compared to the corresponding periods of last year.

The increase in revenue and shipment volumes, particularly in the three months ended 31 December 2017, was attributable to a recovery in demand for our casual and fashion footwear products. Volume growth for our fashion athletic products continued to normalise in the three months ended 31 December 2017 and was the primary contributor to growth in the year ended 31 December 2017.

The average selling price (“ASP”) of our footwear products fell by 8.3% to US\$24.3 per pair in the three months ended 31 December 2017 due to changes to our product mix, as well as customers’ product mix.

During the year ended 31 December 2017, revenue from our European retail business – under our three retail brands, *Stella Luna*, *What For* and *JKJY by Stella* – rose by 26.8% to US\$15.6 million, while same-store sales in Europe rose by 21.4% during the same period.

Looking forward, we remain cautiously optimistic about shipment volume recovery. We are also seeing early-phase contributions to the fashion athletic segment from high-end customers, providing a foundation for our future growth. Nevertheless, we will continue to closely monitor whether buoyant consumer sentiment in the U.S. and most parts of Europe will support a broader recovery. We will also closely monitor potential risks posed by the ongoing consolidation among footwear brands, the shift of end-sales to online platforms, as well as geopolitical factors such as growing calls for trade protectionism, U.S.-North Korea tensions and Brexit.

We will also continue to expand our directly owned retail store network in Europe and other markets going forward, as well as our commitment to developing the global profile and desirability of our *Stella Luna*, *What For* and *JKJY by Stella* brands (which we continue to control and for which we remain the exclusive manufacturer).

Mr. Lawrence Chen, Chief Executive Officer of the Group, commented on the Group’s performance, “It is pleasing to see some recovery in shipment volumes for our casual and fashion footwear segments at a time when shipment volume growth for our fashion athletic footwear further moderated as we move away from a low base. We will continue to work closely with our branded customers to increase the value and quality of all our footwear products.”

Commenting on the outlook for the Group’s businesses, **Mr. Jack Chiang, Chairman** of the Group, said, “While the ongoing risks in the global footwear sector and the external environment remain unchanged, sustained economic growth in all of our export markets may further strengthen volume recovery in 2018. As a global company with customers located around the world, we will continue to pursue our mission to “Make the Best Shoes”.

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