



Recovery of Sports Category Supports Strong Volume Growth in 2Q 2024

Hong Kong, 18 July 2024 – **Stella International Holdings Limited** (“Stella” or the “Group”; SEHK: 1836), a leading developer and manufacturer of quality footwear and leather goods products, today announced its unaudited business update for the three months and six months ended 30 June 2024.

For the three months ended 30 June 2024, the Group’s unaudited consolidated revenue¹ was US\$431.6 million (2023: US\$431.4 million). For the six months ended 30 June 2024, the Group’s unaudited consolidated revenue increased by approximately 7.5% to US\$770.0 million (2023: US\$716.0 million).

The financial and operational highlights of the Group’s footwear manufacturing business is shown in the table below:

	For the three months ended 30 June (Unaudited)		Change (%)	For the six months ended 30 June (Unaudited)		Change (%)
	2024	2023		2024	2023	
Revenue (US\$ million)	422.5	419.5	0.7	748.8	696.9	7.4
Shipment volume (million pairs)	14.8	14.0	5.7	26.5	23.6	12.3
Average selling price (“ASP”) (US\$/pair)	28.7	30.2	-5.0	28.3	29.6	-4.4

Shipment volumes in the three months and six months ended 30 June 2024 increased by approximately 5.7% and 12.3% year-on-year respectively, with growth mainly driven by the Sports category. The decrease of ASP in both periods was due to the higher proportion of Sports category orders which have a lower ASP.

The targets of our Three-Year Plan (2023-2025) are to achieve an operating margin of 10% and a low-teens compound annualised growth rate on profit after tax by the end of 2025. Having achieved an operating profit margin of 10.7% in 2023, we are ahead of schedule in meeting the goals of our Three-Year Plan (2023-2025), and we are confident that we will continue to meet these targets in the coming two years.

We are still in the process of finalizing our results for the six months ended 30 June 2024. Based on the preliminary review of our unaudited consolidated management accounts for the six months ended 30 June 2024 and the information currently available, we expect to record a net profit of not less than US\$90.0 million as compared with a net profit of US\$55.2 million for the six months ended 30 June

¹ Including the Group’s manufacturing business, branding business and other businesses not covered herein, and after elimination of inter-segment sales.

2023. The increase in net profit was mostly attributable to the 12.3% growth in shipment volumes driven by Sports category orders and earlier shipments to certain customers compared to the original shipment plan, an enhanced customer mix, and improved operating leverage resulting from the increased utilisation of our Sports manufacturing facilities.

Mr. Chi Lo-Jen, Chief Executive Officer of the Group said, “We are pleased to see the strong volume growth in the beginning of the year extend into the second quarter as we continue to see strong demand across all of our product categories, led by Sports.”

Mr. Lawrence Chen, Chairman of the Group, said, “We remain committed to achieving the margin and profitability targets set out in our Three-Year Plan. Our confidence in achieving our full-year targets has grown amid improved order visibility and factory utilisation rates, particularly in our Sports segment. We will continue to build this further by ramping up our manufacturing facility in Solo, Indonesia and by building our additional capacity in Bangladesh.”

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About Stella International Holdings Limited

Stella International (SEHK: 1836) is a leading developer and manufacturer of quality footwear and leather goods. A trusted partner to many of the world’s most sought-after brands, it offers a unique proposition of unparalleled craftsmanship, production flexibility, and strong speed-to-market and commercialization capability, supported by a broad, diverse and proven manufacturing base across China and Southeast Asia.

Stella International was listed on the Hong Kong Stock Exchange in 2007 and is a constituent of the MSCI Hong Kong Small Cap Index.

For further information, please contact:

Macy Leung

Head of Investor Relations

Email: macy.leung@stella.com.hk