



Stella Achieves Solid Q3 2024 Results with Buildout of New Manufacturing Facilities on Track

Hong Kong, 17 October 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 nine months ended 30 September 2024.

For the three months ended 30 September 2024, the Group’s unaudited consolidated revenue¹ increased by approximately 0.6% to US\$389.7 million (2023: US\$387.2 million). For the nine months ended 30 September 2024, the Group’s unaudited consolidated revenue increased by approximately 5.1% to US\$1,159.7 million (2023: US\$1,103.2 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 Sep (Unaudited)		Change (%)	For the nine months ended 30 Sep (Unaudited)		Change (%)
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Revenue (US\$ million)	378.0	377.1	0.2	1,126.8	1,074.0	4.9
Shipment volume (million pairs)	12.9	12.2	5.7	39.4	35.8	10.1
Average selling price (“ASP”) (US\$/pair)	29.3	30.8	-4.9	28.6	30.0	-4.7

Shipment volumes in the three months and nine months ended 30 September 2024 increased by approximately 5.7% and 10.1% year-on-year respectively, mainly driven by the Sports category. The decrease of ASP in both periods was due to the higher proportion of Sports products orders, which have a lower ASP, as well as raw material price deflation.

The growth in revenue and shipment volume for the three months ended 30 September 2024 moderated, as anticipated, following shipments of approximately 1 million pairs of footwear to certain customers, during the three months ended 30 June 2024 which was earlier than the original shipment plan.

We are ahead of schedule in meeting the targets of our Three-Year Plan (2023-2025), which 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. We are confident about meeting these targets, having not only met but also surpassed the above operating profit margin target in both 2023 and in 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.

2024.

In addition, as per previously announced, we remain committed to returning additional cash of up to US\$60 million per year for the next three years (2024-2026) to our shareholders, not exceeding US\$180 million in total, through a combination of share repurchases and special dividends, on top of the payment of regular dividends (including final dividends and interim dividends) at the normal payout ratio of 70%.

Mr. Chi Lo-Jen, Chief Executive Officer of the Group said, “The ramp-up of our new factory in Solo, Indonesia, along with the buildout of an additional production facility in Bangladesh, is progressing as planned. Our enhanced manufacturing footprint will help us optimally serve new Sports customers in the upcoming year, while freeing up more of our existing capacity to produce higher-margin products for our growing number of high-end Fashion and Luxury customers.”

Mr. Lawrence Chen, Chairman of the Group, said, “We remain on track to meet our goals for this year, including enhancing our customer and product mix and strengthening our operational efficiency, which will enable us to continue meeting the profit targets set out under our Three-Year Plan (2023-2025).”

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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.

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