



MAN WAH HOLDINGS LIMITED (1999.HK)

FY2021 Annual Results Presentation

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OUTLINE

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

1 FINANCIAL PERFORMANCE

2 PRODUCTION and OPERATIONS

3 MARKETING STRATEGY

4 Q&A SESSION

01 FINANCIAL PERFORMANCE



1. FINANCIAL HIGHLIGHTS

	FY2021 (HK\$ million)	FY2020 (HK\$ million)	Change
Total Revenue	16,945.9	12,558.1	35.0%
Operation Revenue	16,434.1	12,144.3	35.3%
Gross Profit	5,929.1	4,417.7	34.2%
Gross Profit Margin (%)	36.1%	36.4%	-0.3pts
Other Income	511.9	413.8	23.7%
Other (losses)/gains,net	-93.7	56.7	--
SG/ Revenue (%)	19.0%	16.5%	+2.5pts
Management Fee / Revenue (%)	4.7%	5.1%	-0.4pts
EBITDA Margin (%)	18.0%	22.0%	-4.0pts
Net Profit Attributable to Owners of the Company	1,924.5	1,638.1	17.5%
Net Profit Attributable to Owners of the Company (Excluding Non-recurring Items)	2,010.2	1,573.8	27.7%
Net Profit Margin (%)	11.7%	13.5%	-1.8pts
Basic EPS (HK cents, restated)	50.26	42.89	17.2%
Dividend Payout Ratio (%)	52.7% (26.0)	44.3% (19.0)	+8.4pts

*Other income refers to government subsidies, waste, interest income, etc., and other gains and losses refer to changes in the fair value of bonds, exchange gains and losses, etc.

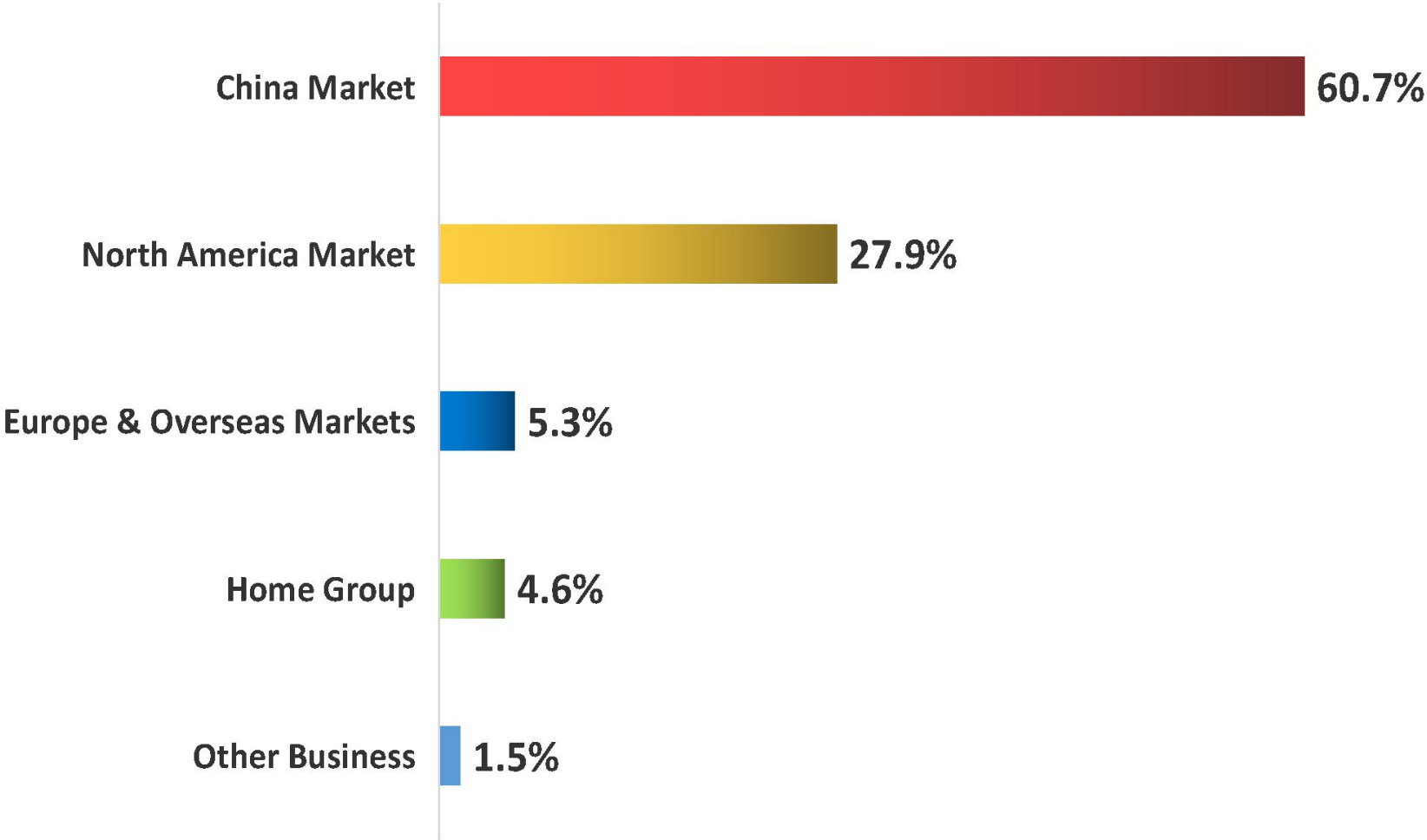
OPERATION REVENUE ANALYSIS

Region	FY2021		FY2020		Change
	HK\$ million	% of Revenue	HK\$ million	% of Revenue	
China Market Revenue	9,975.6	60.7%	6,162.9	50.7%	61.9%
North America Market Revenue	4,579.5	27.9%	3,507.9	28.9%	30.5%
Europe and Other Overseas Markets Revenue	876.6	5.3%	937.6	7.7%	- 6.5%
Home Group Revenue	764.1	4.6%	744.1	6.1%	2.7%
Other Business Revenue	238.3	1.5%	791.8	6.5%	- 69.8%
Total	16,434.1	100%	12,144.3	100%	35.3%

*Other business income refers to income from real estate, hotels and shopping malls.

OPERATION REVENUE ANALYSIS

Operation Revenue Analysis in FY2021

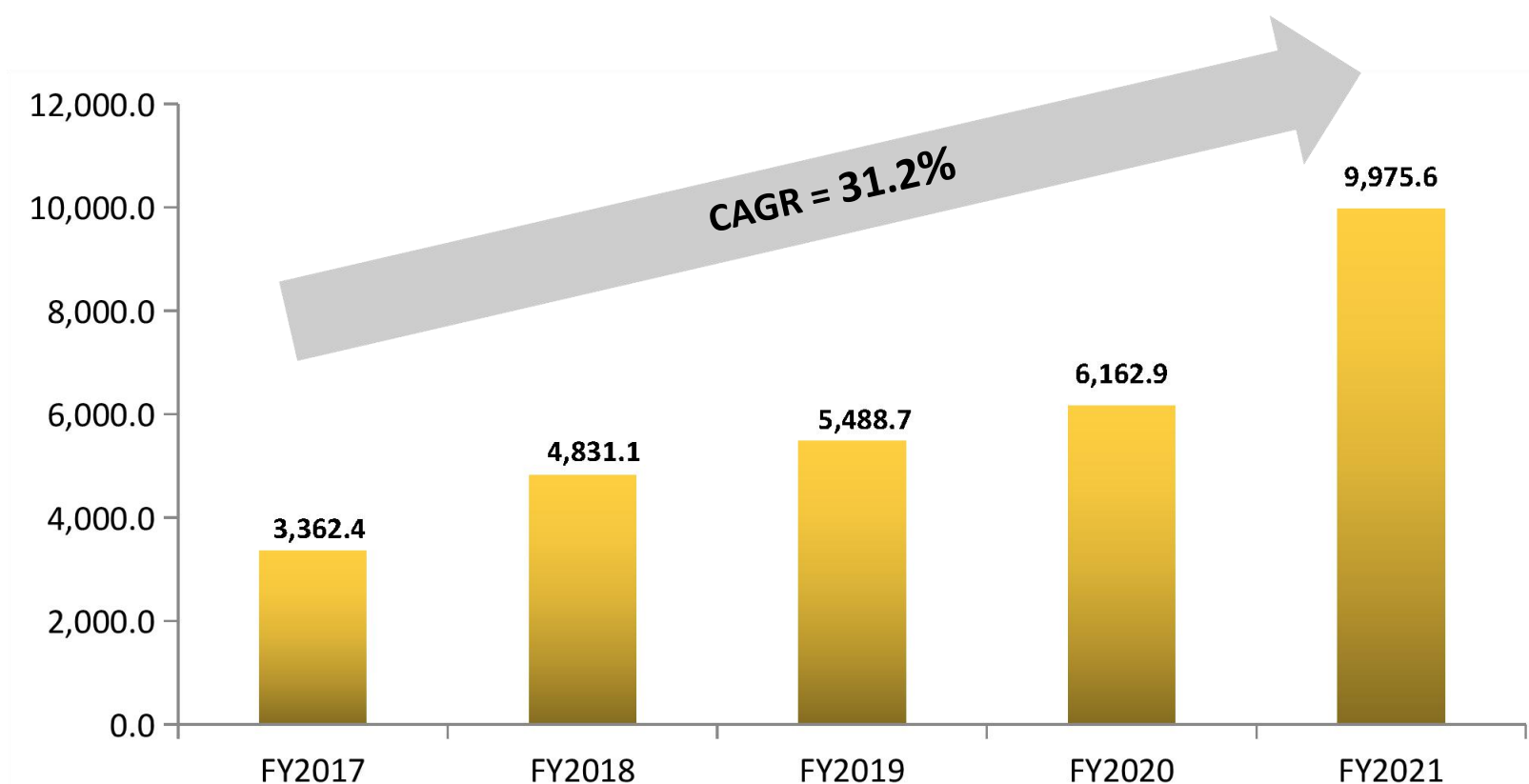


GROSS MARGIN ANALYSIS

Region	FY2021	FY2020	Change
China Market Business	37.1%	39.8%	-2.7pts
North America Market Business	36.3%	34.2%	2.1pts
Europe and Other Overseas Markets Business	21.4%	25.6%	-4.3pts
Home Group Business	34.7%	28.2%	6.5pts
Other Business	49.4%	40.1%	9.3pts
Total	36.1%	36.4%	-0.3pt

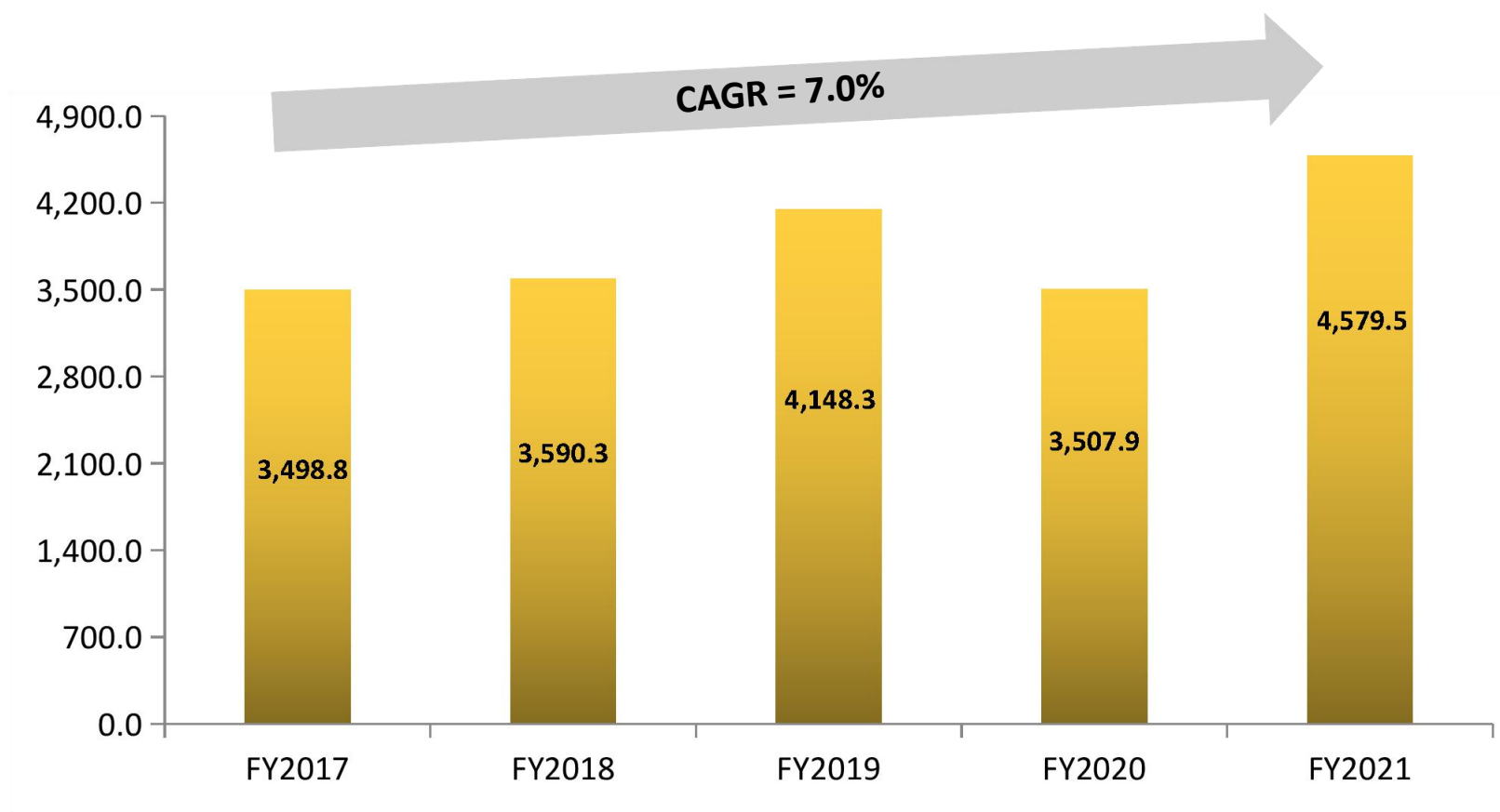
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CHINA MARKET REVENUE



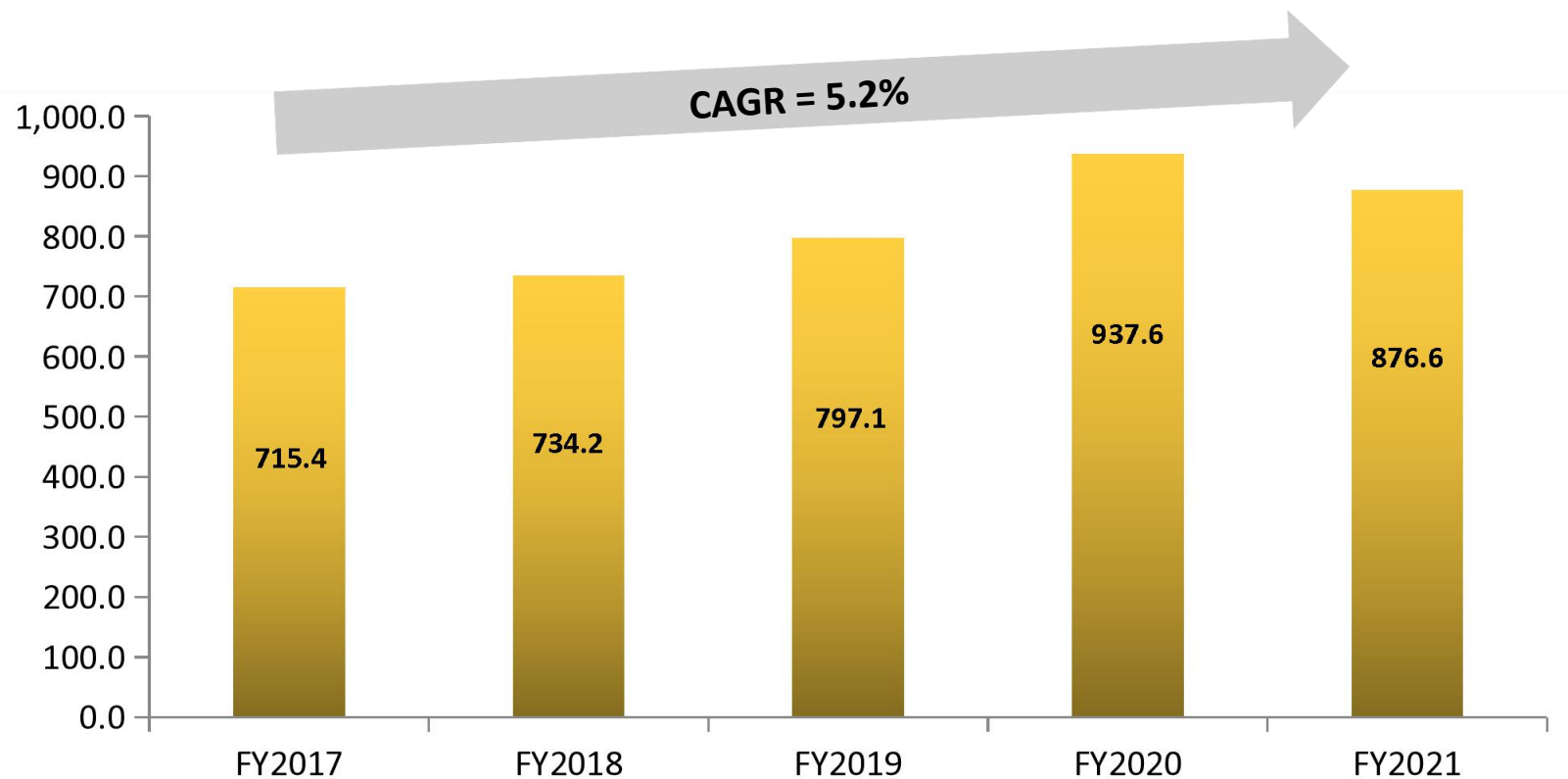
Item	FY2017	FY2018	FY2019	FY2020	FY2021	Change
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
Revenue	3,362.4	4,831.1	5,488.6	6162.9	9,975.6	61.9%
% to Revenue	43.2%	48.2%	48.8%	50.7%	60.7%	+10pts

NORTH AMERICA MARKET REVENUE



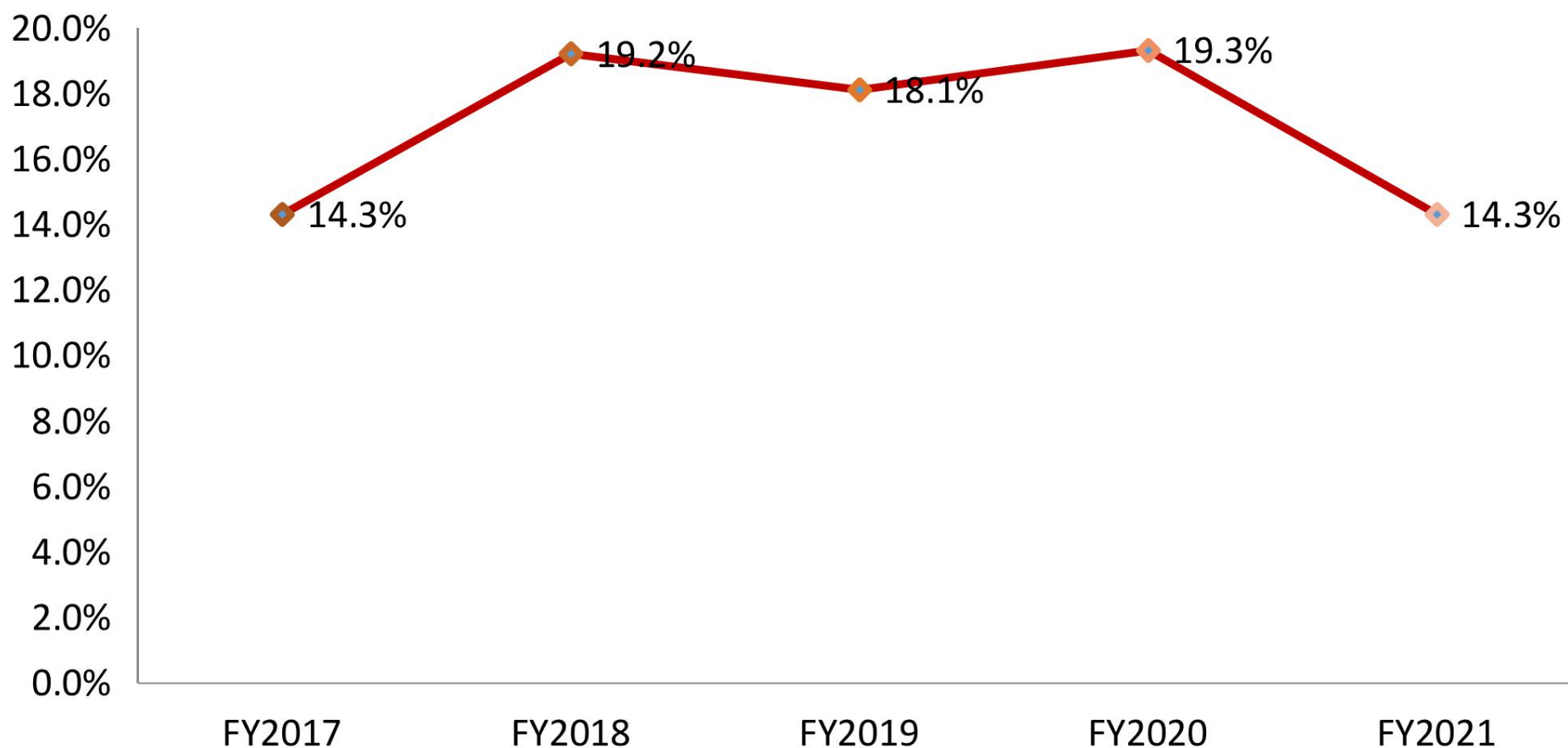
Item	FY2017	FY2018	FY2019	FY2020	FY2021	Change
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
Revenue	3,498.8	3,590.3	4,148.3	3,507.9	4579.5	30.5%
% to Revenue	45.0%	35.8%	36.8%	28.9%	27.9%	-1pt

EUROPE & OTHER OVERSEAS MARKET REVENUE



Item	FY2017	FY2018	FY2019	FY2020	FY2021	Change
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
Revenue	715.4	734.2	797.1	937.6	876.6	-6.5%
% to Revenue	9.2%	7.3%	7.1%	7.7%	5.3%	-2.4pts

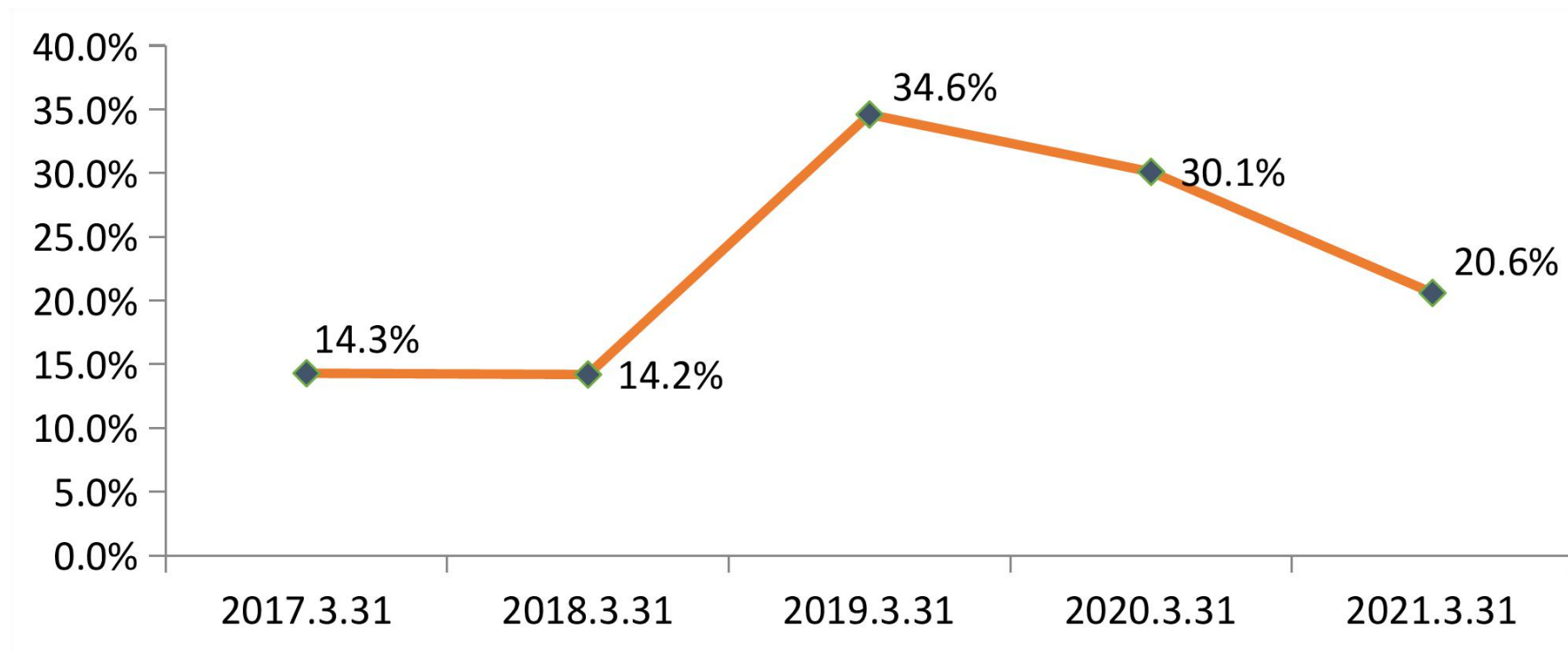
THE EFFECTIVE TAX RATE ANALYSIS



	FY2017	FY2018	FY2019	FY2020	FY2021
The Effective Tax Rate	14.3%	19.2%	18.1%	19.3%	14.3%

*Effective tax rate refers to the ratio of income tax to profit before tax. The decrease of effective tax rate was mainly due to the tax deduction of Vietnam factory export income tax and the decrease in land value-added tax .

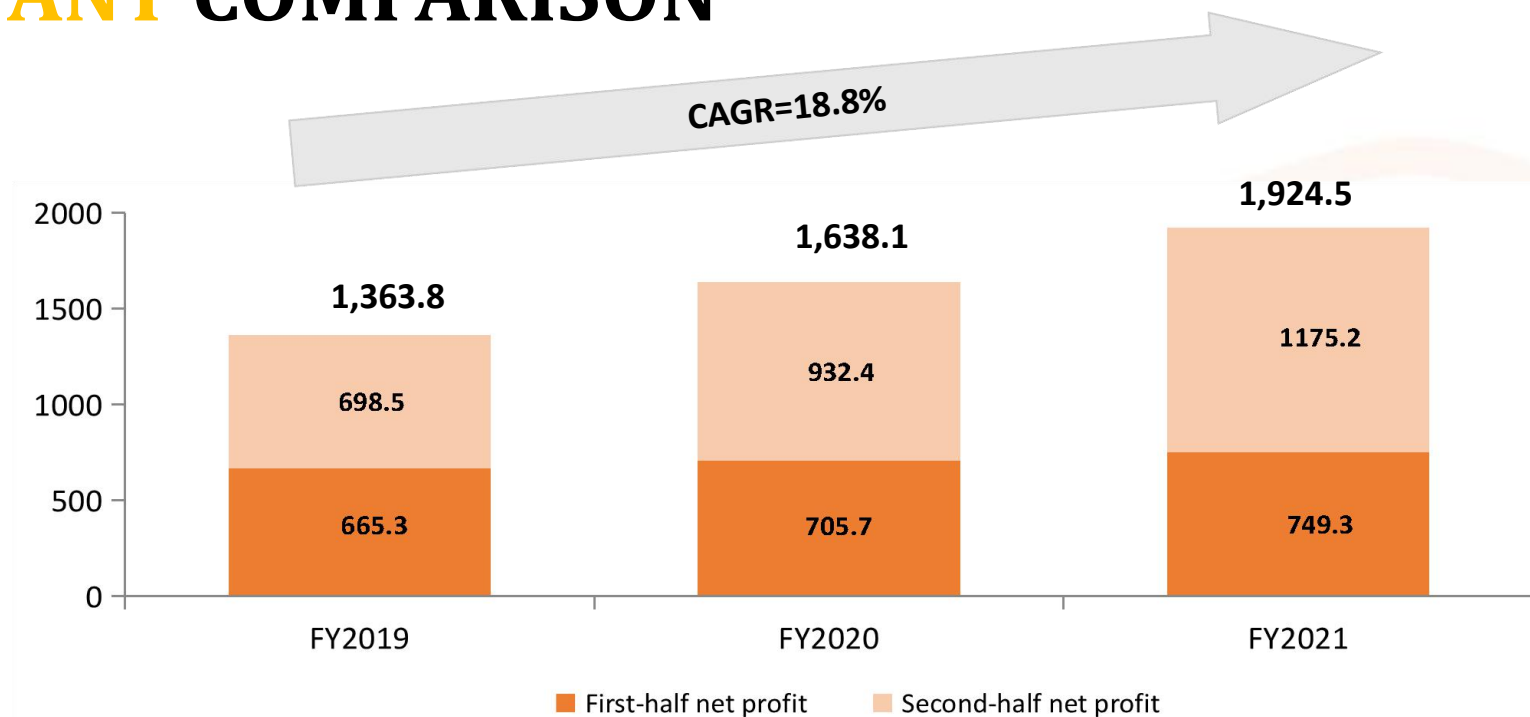
GEARING RATIO COMPARISON



Indicators	2017/03/31	2018/03/31	2019/03/31	2020/03/31	2021/03/31
Gearing Ratio	14.3%	14.2%	34.6%	30.1%	20.6%

*Gearing Ratio = Borrowings / Total assets

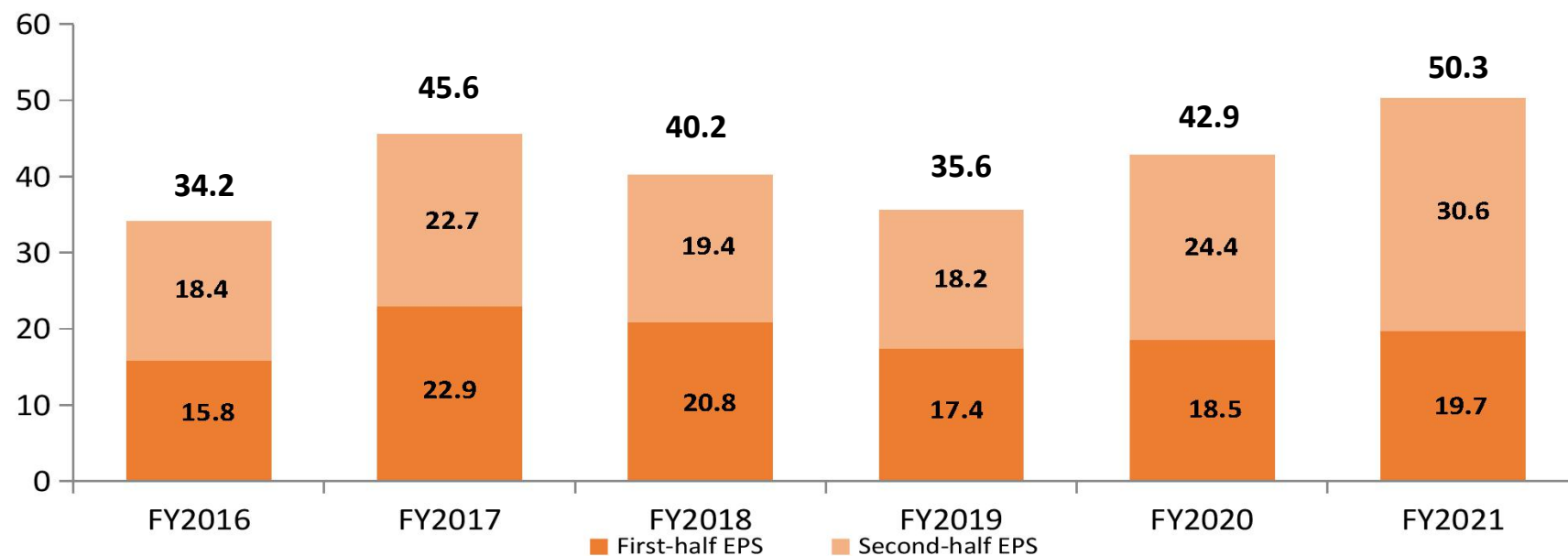
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY COMPARISON



Indicators	FY2019 (HK\$ million)	FY2020 (HK\$ million)	FY2021 (HK\$ million)	Change
First-half Net Profit	665.3	705.7	749.3	6.2%
Second-half Net Profit	698.5	932.4	1,175.2	26.0%
Full Year Net Profit	1,363.8	1,638.1	1,924.5	17.5%

BASIC EPS COMPARISON

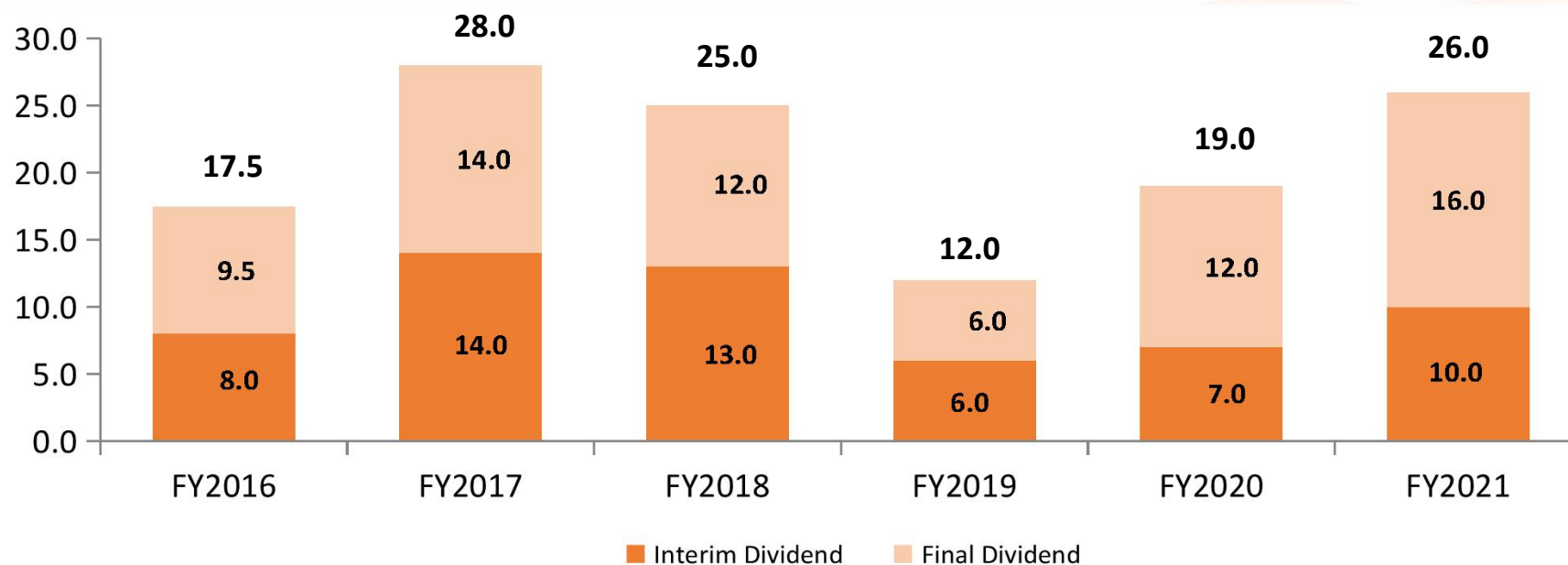
HK cents



Indicators	FY2016 (HK cents)	FY2017 (HK cents)	FY2018 (HK cents)	FY2019 (HK cents)	FY2020 (HK cents)	FY2021 (HK cents)
First-half EPS	15.8	22.9	20.8	17.4	18.5	19.7
Second-half EPS	18.4	22.7	19.4	18.2	24.4	30.6
Full Year EPS	34.2	45.6	40.2	35.6	42.9	50.3

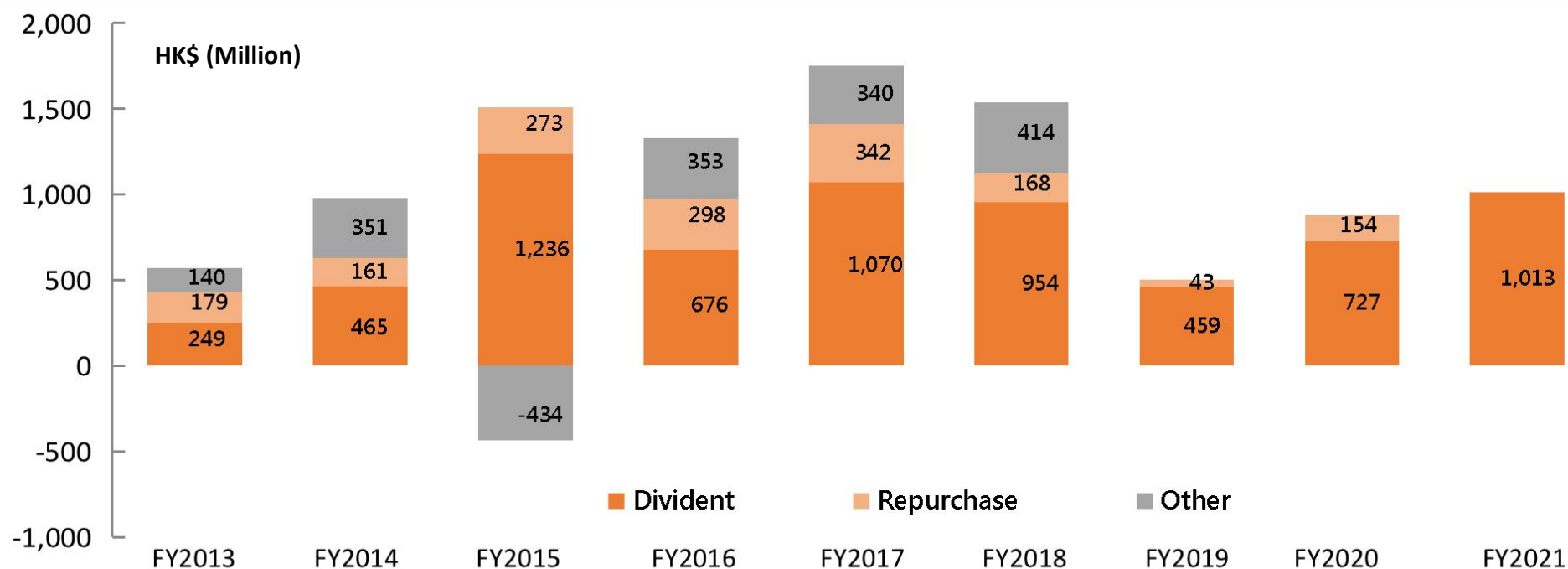
DIVIDEND COMPARISON

HK cent



Indicators	FY2016 (HK cents)	FY2017 (HK cents)	FY2018 (HK cents)	FY2019 (HK cents)	FY2020 (HK cents)	FY2021 (HK cents)
Interim Dividend	8.0	14.0	13.0	6.0	7.0	10.0
Final Dividend	9.5	14.0	12.0	6.0	12.0	16.0
Full Year Dividend	17.5	28.0	25.0	12.0	19.0	26.0

REWARD SHAREHOLDERS



(HK\$ Million)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Net Profit Owing to The Company	568	977	1,075	1,327	1,752	1,536	1,364	1,638	1,924
Dividend	249	465	1,236	676	1,070	954	459	727	1,013
Share Repurchase	179	161	273	298	342	168	43	154	0
Payout Ratio	44%	48%	115%	51%	61%	62%	33.7%	44.3%	52.7%
Ratio of Total Reward to Shareholders	75.3%	64.1%	140.4%	73.4%	80.6%	73.0%	36.8%	53.8%	52.7%

*Based on the total share capital as of March 31, 2021, the dividend amount was HK \$633.5 million in the second half and HK \$380 million in the first half, representing a total dividend amount of HK \$1013 million in FY2021.

02 PRODUCTION and OPERATIONS

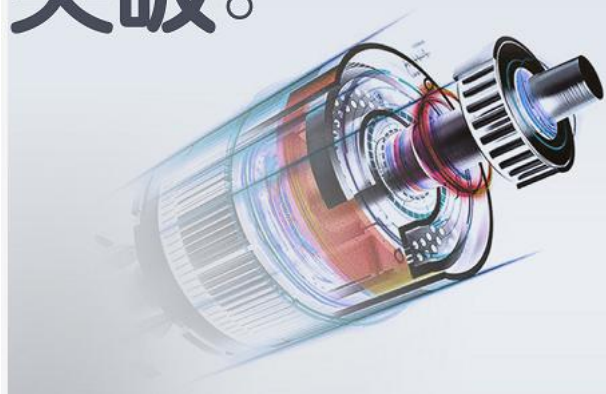


SMART MANUFACTURING

Continue to lead the innovation and upgrade of smart iron frame motor technology
After excelling in the production of European-style small iron frames in 2019, the Group has continued to rise to new challenges and, as a result, gradually developed new functional iron frames boasting "zero-gravity flat", "zero-wall, space-saving" and "stylish foot stool" design, hence realizing upgraded compact, sleek, light and flat features.

科技创新。
每一次
都有突破。

CHEERS®
芝華仕
(HK 01999)



技术改进。
每一刻
都在坚持。

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Acquired 雄石 to build a comprehensive layout for smart components
Successfully developed a comprehensive layout for smart iron frames (including American, Italian, and German-style products), and introduced the new high-end "OLDE"(歐勒德) brand under "CHEERS". The new brand uses iron frames produced by 雄石 and focuses on the high-end design-led sofa market.

Further developed the smart bed sector to lay a solid foundation for market expansion in the future

The acquisition of Lattoflex, a top European mattress brand, has facilitated further localization and improved the cost-performance ratio of the mattress' premium, smart "flying wing" support system, which will further benefit Chinese consumers.

PRODUCTION AND OPERATION

Continue to step up R&D investment and raise production efficiency

We're the first company in the to introduce fast-moving consumer goods (FMCG) management and technical software and to attach importance to R&D investment and continuous product upgrades, as well as ensuring the creation of high-quality products.

In 2020, we once again invested in the implementation of FMCG management and technology R&D software

The first company in the industry to conduct R&D for professional software management and provide detailed guidance while doing so. We continue to focus on R&D investment to ensure product quality and to further develop iterative upgrades

Introduced the WMS raw material management system and MES production process system in 2019

We attach an "identity card" to all raw materials so that every production process is electronically visualized, enabling the quantification of internal management and ensuring traceability. We also continue to empower production with innovative technologies, so as to greatly improve the efficiency of internal operations and management.



[Refined R&D]

[Scientific ergonomically-led design]

[Efficient and in-depth guidance]

STRATEGIC CAPACITY LAYOUT FOR CHINA MARKET



Production capacity layout	Maximum designed capacity (Ten thousand sets)	Current production capacity (Ten thousand sets)	Proportion in capacity
Total	126	78.5	About 62%

Remark: Xi'an factory is excluded in current maximum production capacity. Maximum designed production capacity in China can reach about 3 million sets if the designed production capacity of the Xi'an plant is included in the future. The maximum designed production capacity of the factory refers to the full production capacity provided by a factory constructed by fully utilizing the land and is well equipped with machines and employees.

PRODUCTION CAPACITY LAYOUT IN OVERSEAS MARKET

Invested in 2018



Vietnam

Production Capacity: 4200 containers/month
Target market: The US

Constructed in 2006



Huizhou-Daya Bay

Production Capacity: 2000 containers/month
Target market: Overseas markets (including the US, Europe and Southeast Asia)

Factory	Maximum designed production capacity (Container/month)	Current production capacity (Container/month)	[Ramp rate of production capacity]
Vietnam	4200	3500	83%
Daya Bay (partly supply to the US, Europe and others markets)	2000	1600	80%

Remark: The maximum designed production capacity of the factory refers to the full production capacity provided by a factory constructed by fully utilizing the land.

VIETNAM FACTORY GRADUALLY REALIZES SCALABLE PRODUCTION

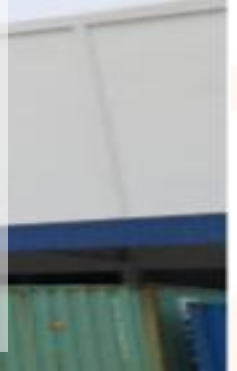
Project location: Binh Duong Province, Vietnam

Factory area: Old factory 130,000 M², newly built factory 243,000 M²

Supply to: The US Market

Designed production capacity: 4200 containers/month

- The construction of the new factory was completed in August 2019 and has quickly commenced production.
- The gradual localization of component production (sponge foaming, motor production, iron frame assembly) has helped reduce transportation costs and improve efficiency.
- Labor production efficiency has reached the level of Daya Bay and the utilization rate of production capacity has greatly improved. The production volume far exceeds the export volume of Daya Bay to North America and has reached up to 4200 containers per month.



Raw material localization



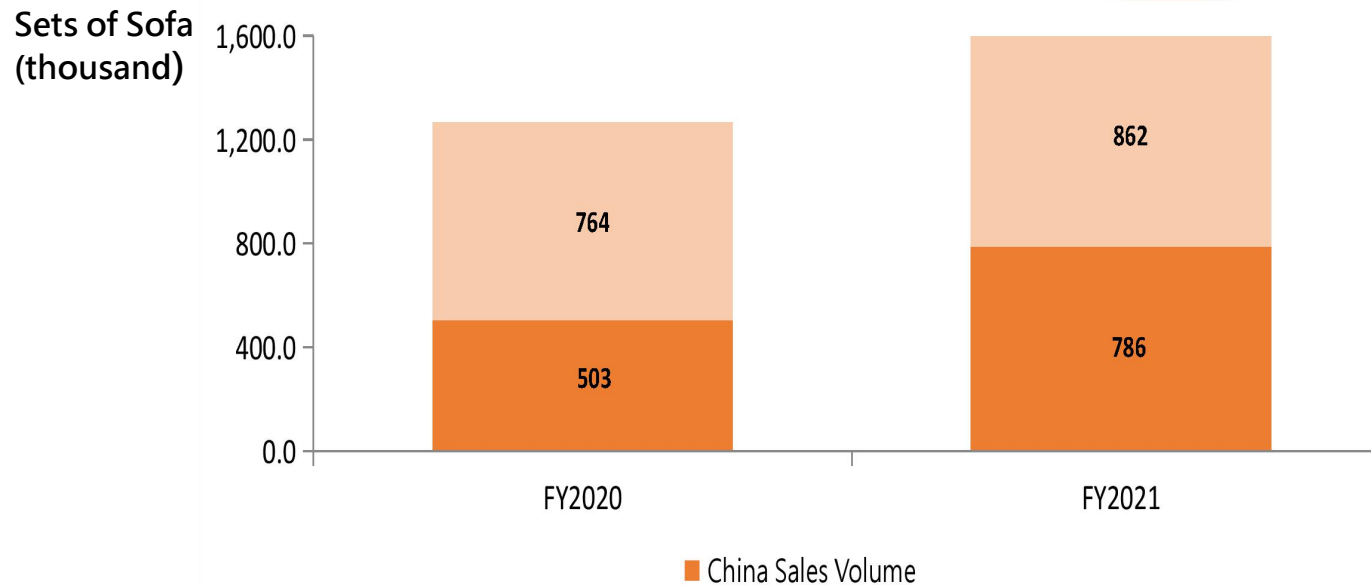
Product testing center



Strict QS control

SOFA PRODUCTS ACTUAL SALES VOLUME

The No.1 recliner sofa company calculated by volume
 FY2021 Sales Volume: **1.648 million** sets of sofa



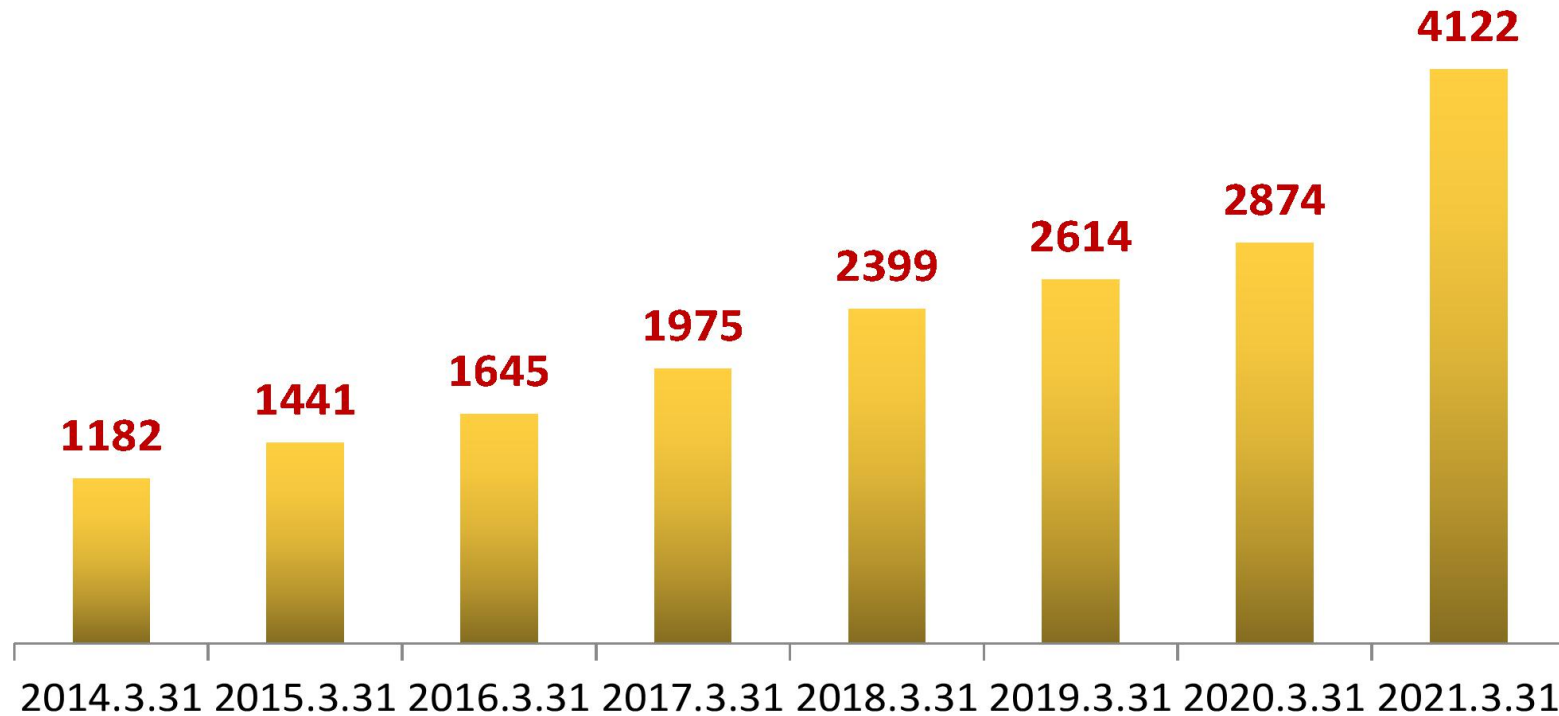
Sales	China Market Volume (thousand sets)	America Market Volume (thousand sets)	Europe and other market Volume (thousand sets)	Total (thousand sets)
FY2021	786	746	116	1648
FY2020	503	588	176	1267

03 MARKETING STRATEGY



SUCCESSFULLY EXPANDED 1125 NEW STORES IN CHINA IN FY2021 (NET INCREASE)

Reach 4122 stores as of 2021.3.31



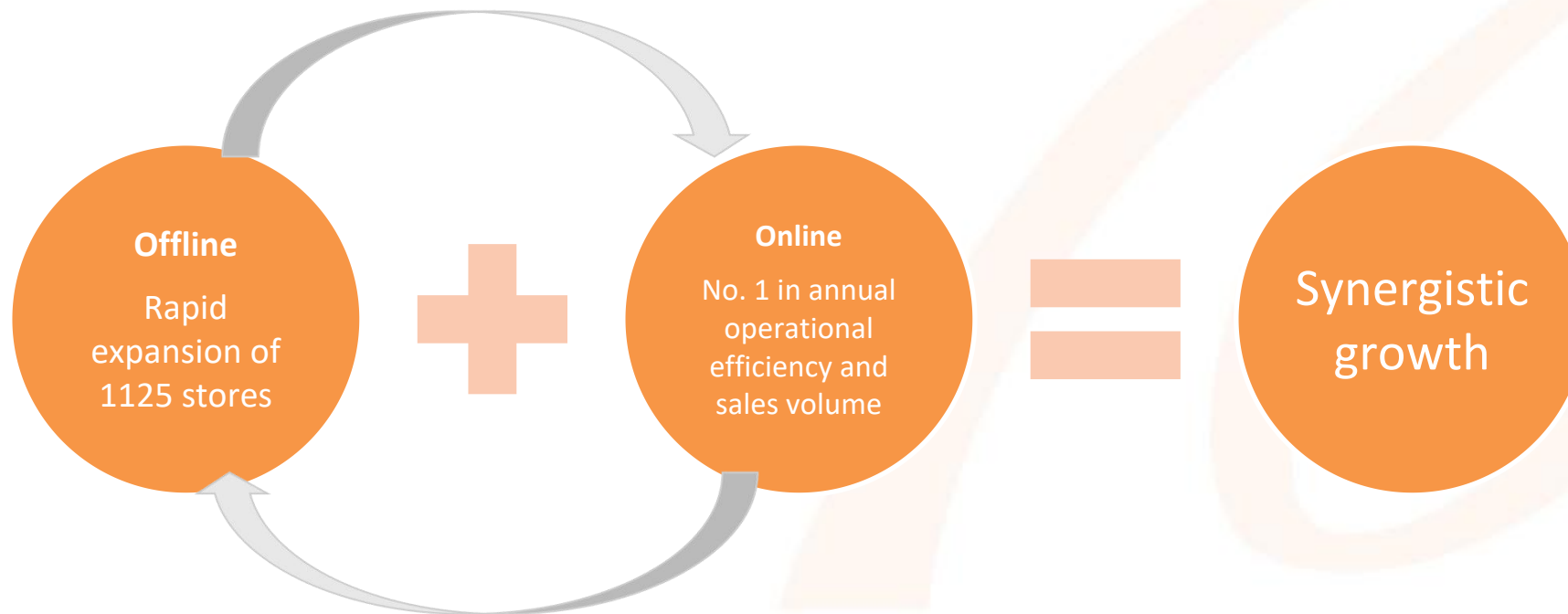
*Above Stores include Cheers Leather Sofa Stores, Cheers Fabric Sofa Stores, Cheers Urban Sofa Stores, Cheers Livable Fabric Sofa Stores, Cheers Five-Star Mattress Stores, Cheers Smart Bedding Stores, BY BRADINGTON & YOUNG Stores and NICOLETTIHOME Stores, etc.

*The 1125 new stores mentioned here do not include the additional stores gained from the acquisitions during the Reporting Year.

EXPANSION STRATEGIES OF CHINA MARKET

Online and offline synergies and differentiation

Enhance exposure and CHEERS brand influence online and build an offline fan base. Offline consumers who make purchases at physical stores can also shop online. Differentiated development enables mutual empowerment to realize the "1+1 greater than 2" scenario.



The "CHEERS Super Brand Day" (芝華仕超級品牌日), where famous KOLs prompted fans to buy the sofa models that they own. A total of 3335 "1068 Chairs" were sold on that day. The "Super Hot Talk" (熱點超話) promotion also recorded 1 billion views.

Events such as these empower the new retail operation model of offline stores and attract huge customer flows to stores.

EXPANSION STRATEGIES OF CHINA MARKET

Independent ecosystem promotes the healthy and prosperous development of the online business

Grant and provide independent operational decision-making rights, independent product R&D support and pricing rights to the e-commerce team. These strategies, together with a professional and young team with strong operational capabilities, have enabled the online business to flourish.

Good quality+high cost-performance ratio+differentiated product competition strategy enable Man Wah to build high barriers and strong competitive edges for its software

Open new offline stores at pace in order to seize high-quality customer flow and enable us to remain committed to achieving the “dominant in the Chinese market” goal

- ◆ Open stores at full speed, capture quality customer flow and be at the forefront of the market.
- ◆ New retail strategy empowers store upgrades; stores are managed in an increasingly digital and efficient way.
- ◆ Training all stores across the country to enhance the level of management and improve cohesion and strength.
- ◆ Joint sales by stores to share customer base and achieve the "1+1 greater than N" business scenario



EXPANSION STRATEGIES OF CHINA MARKET

Draw the attention of the customers on the network with recliner sofa as the attraction point and improve brand influence to help develop a new consumption scenario for furniture

Create the most popular value-for-money products in the market, and shift the nature of furniture consumption to social-based product consumption



Take advantage of the Labor Day holiday to open a creative pop-up store which focuses on providing a "five senses" experience



Celebrities assist in new product launches and motivate fans to buy the same sofa models

Strong marketing across the network

Unite five major brands to conduct cross-sectoral superior CP innovative marketing

Hot topic planning, 18 million+ times broadcasts on TVC, recorded 1 billion [views] and 2.55 million interactions

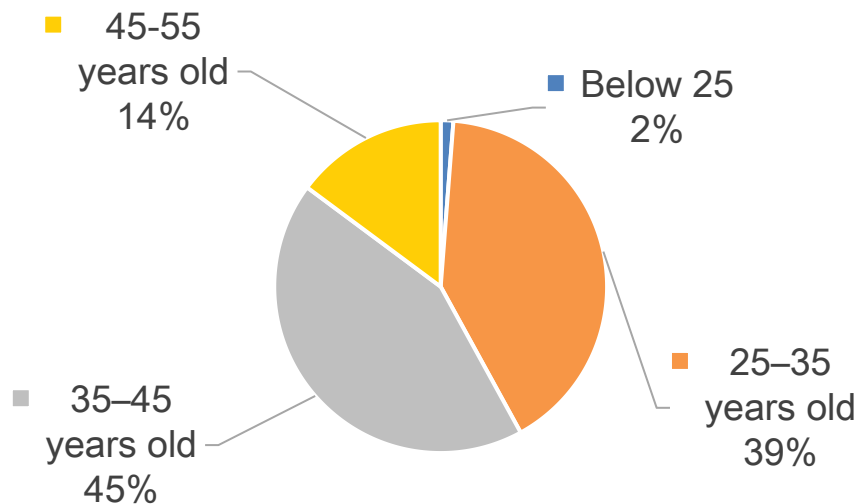


EXPANSION STRATEGIES OF CHINA MARKET

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

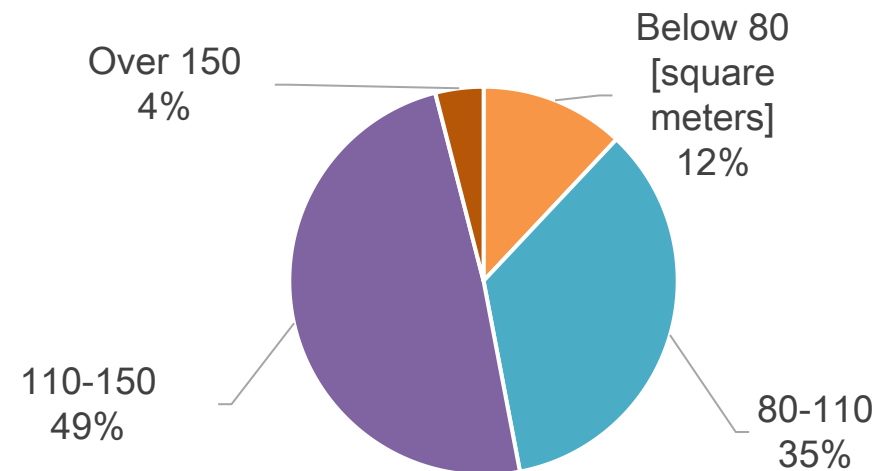
***Further increase in proportion of young customers this year**
Proportion of customers under the age of 35 accounts for up to 41%

Analysis of age group of potential customers



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

Analysis of home size of potential customers



* 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

OVERSEAS MARKETS EXPANSION STRATEGIES

BOB'S DISCOUNT FURNITURE

HAVERTYS FURNITURE

macy's

HAVERTYS

ROOMS TO GO

Nebraska Furniture Mart

PH

Parker House FURNITURE

Sam's CLUB
山姆会员商店

COSTCO WHOLESALE

Leon's The BRICK

BIG LOTS!

Las Vegas Market

North American Market

- Optimize product lines and diversify product lines in overseas markets
- Stabilize production efficiency in Vietnam factory and expand the scale of its production and supply capacity
- 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

Europe and 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

Improve furniture R&D standards and core competitiveness

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

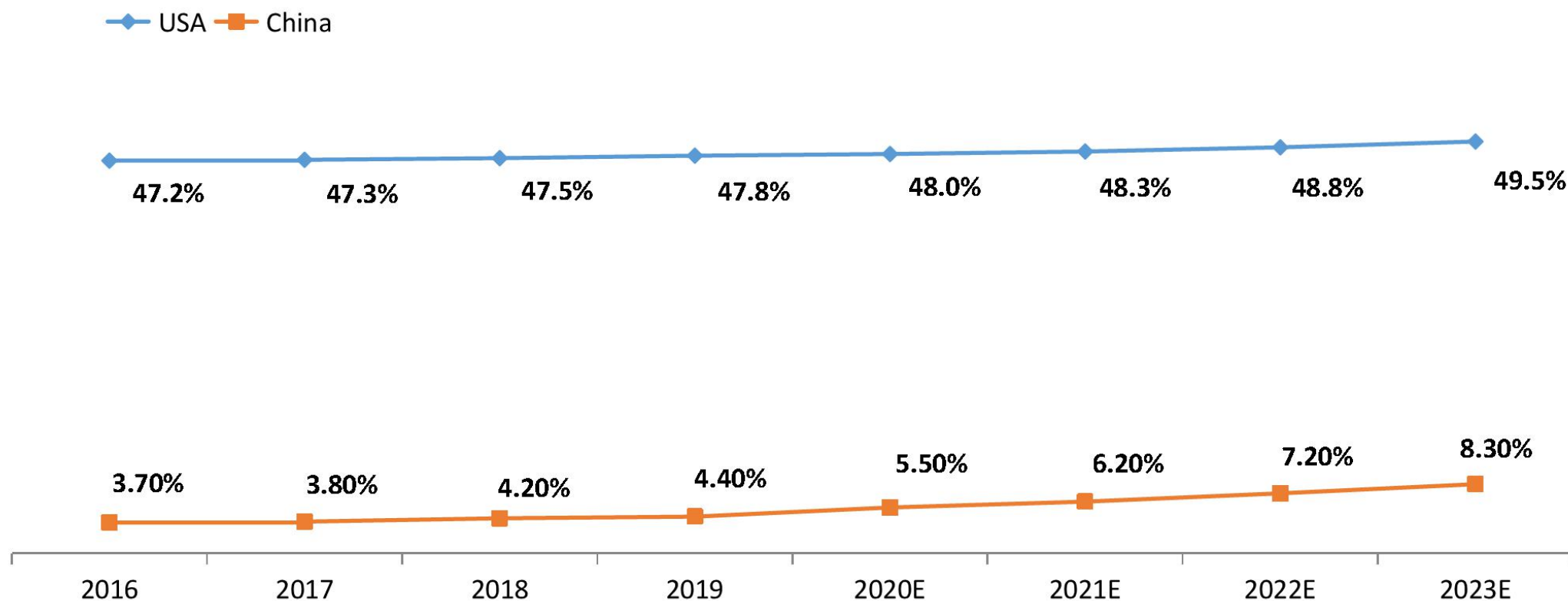
Maintained its *Leading Motion Recliner Manufacturer Position* in China with Market Share 59% in 2020 (50.1% in 2019)



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)



Disclaimer from Euromonitor International:

- “This information about Motion Recliners in USA and PRC contains information extracted from the commissioned report from Euromonitor International and reflects estimates of the market’s size, rankings and performance from publicly available secondary sources and trade survey analysis of the opinions and perspectives of leading industry players, and is prepared primarily as a market research tool. Research by Euromonitor International should not be considered as the opinion of Euromonitor International as to the value of any security or the advisability of investing, or not investing, in the Man Wah Holdings Ltd.. Accordingly, Euromonitor International does not give any representations as to the accuracy of the information set out in this Annual Report.
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04 Q&A SESSION

