Stella Sees Further Recovery in 2Q FY2021

Hong Kong, 15 July 2021 – **Stella International Holdings Limited** ("Stella" or the "Group"; SEHK: 1836), a leading developer, manufacturer and retailer of quality footwear and leather goods products, today announced its unaudited second quarter business update for the three months and six months ended 30 June 2021.

Financial & Operational Highlights:

	For the three months ended 30 June (Unaudited)		For the six months ended 30 June (Unaudited)	
	2021	2020	**2021**	2020
Revenue (US$ million)				
- Manufacturing	**383.9**	247.8	**683.7**	504.5
Shipment volume (million pairs)	**14.5**	9.4	**26.5**	20.4
Average selling price ("ASP") (manufacturing) (US$/pair)	**26.5**	26.4	**25.8**	24.7

Our unaudited consolidated revenue[1] increased by approximately 58.1% to US$392.1 million (2020: US$248.0 million) for the three months ended 30 June 2021 and increased by 36.1% to US$695.5 million (2020: US$511.2 million) for the six months ended 30 June 2021, as compared to the corresponding periods of last year. This was mainly attributable to a low base in the first six months of 2020, which was heavily impacted by the COVID-19 pandemic, as well as a recovery of orders in 2021.

Shipment volumes in the three months and six months ended 30 June 2021 increased by approximately 54.3% and 29.9% year-on-year, most of which was also attributable to a low base in 2020.

The increase in ASP for the same periods was mainly because ASP levels in the first half of 2020 were heavily impacted by the COVID-19 pandemic.

Looking forward, we remain cautiously optimistic about orders in the second half of the year with the pace of volume and revenue recovery likely to moderate due to a higher base in the second half of 2020. Year-on-year comparison of quarterly shipment volumes for the rest of the year will also remain uneven due to the significant impact the COVID-19 pandemic had on the normal seasonality of shipment volume and product mix in 2020. While visibility for the fourth quarter is becoming more certain, it remains dependent on the development of the COVID-19 pandemic and the progress of vaccination programmes around the world.

[1] Including our manufacturing business, branding business and other businesses not covered hereof, and after the elimination of inter-segment sales.

In the meantime, we will continue to prioritise margin improvement, as well as steady volume growth on an annual basis by capitalising on promising opportunities that match our business model and proven R&D and commercialisation capabilities, particularly those in the Sports and Luxury product categories. We will also continue to prioritise and improve the management of its risk and cash flow, while safeguarding its strong financial position.

The Group is still in the process of finalizing its results for the six months ending 30 June 2021 and based on the preliminary review of our unaudited consolidated management accounts for the six months ended 30 June 2021 and currently available information, we expect to record a net profit of not less than US$30 million for the six months ended 30 June 2021 as compared with a net loss of US$5.2 million for the six month ended 30 June 2020. The improvement in the performance was mainly attributable to the increase in revenue as a result of the order recovery from the low base in the first half of 2020 which was heavily impacted by the COVID-19 pandemic.

Mr. Chi Lo-Jen, Chief Executive Officer of the Group said, “As economies in Europe and North America reopen alongside increasing vaccination rates, orders have continued to recover on top of a low base. However, recent lockdowns in many parts of Asia illustrates the continued risks posed by the COVID-19 pandemic. We will continue to monitor any potential impact on our export markets and manufacturing base.”

Mr. Lawrence Chen, Chairman of the Group, said, “As we return to profitability, we will continue to prioritise margin improvement by further improving our product mix and by attracting high-quality customers. We are also making good progress in expanding our capacity in Southeast Asia as part of this long-term strategy, which will enable us to deliver sustainable growth to our shareholders.”

####

For further information, please contact:

Macy Leung
Head of Investor Relations
Email: macy.leung@stella.com.hk