



**Bosideng International
Holdings Limited
3998.HK**

**2012/13 Interim Results
Corporate Presentation**



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Agenda

- **Results Highlights**
- **Financial Review**
- **Business Review**
- **Development Strategies**

Results Highlights



2012/13 Interim Results Highlights

- ① Revenue increased by 12.4% to approximately RMB3,080.0 million
- ① Non-down apparel contribution to total revenue increased from 12.2% to 15.8%
- ① GPM and OPM gone up by 6.2ppts and 3.7ppts respectively, significant margin improvement due to stringent cost control and effective price increase in down apparel products
- ① Profit before tax grew 29.6% to approximately RMB459.3 million
- ① The Board recommends an interim dividend of HKD6.0 cents per ordinary share, representing a dividend payout ratio of 123.4%
- ① All down apparel stores were successfully transformed into mono-brand stores, without significant impact on operating cost
- ① First flagship store in Europe commenced its trial operation on July 26, 2012 in London and officially launched on October 12, 2012

Financial Review



Financial Highlights

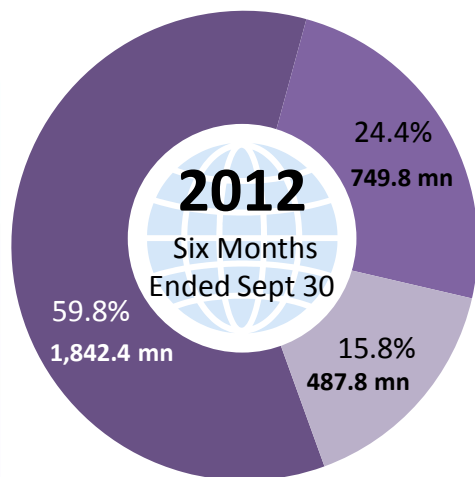
	For the six months ended Sept 30		Change
	2012	2011	(%)
(RMB mn)			
Revenue	3,080.0	2,739.1	+12.4
Gross profit	1,403.2	1,079.3	+30.0
Gross profit margin (%)	45.6	39.4	+6.2 pts
Profit from operations	426.5	275.9	+54.6
Operating margin (%)	13.8	10.1	+3.7 pts
Profit before tax	459.3	354.3	+29.6
Profit attributable to equity holders of the Company #	316.4	327.4	-3.4
Net margin (%)	10.3	11.9	-1.6 pts
Earnings per share (RMB cents)			
– Basic and diluted	3.97	4.21	-5.7
Dividend per share (RMB cents)			
– Interim*	4.9	3.8	+28.9

Effective tax rate increased to 30.9% from 7.8% in last corresponding period, as tax holiday ended and tax losses have not yet been recognized

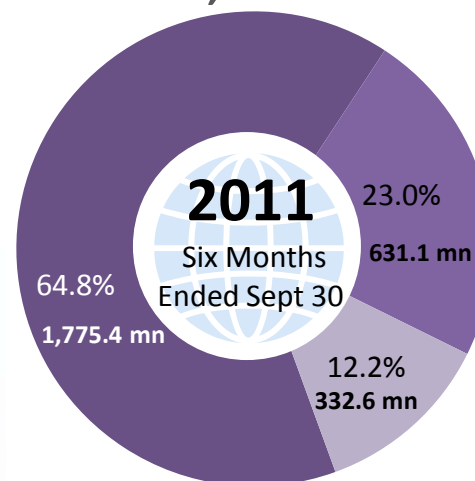
* Interim dividend is HKD6.0 cents per ordinary share, equivalent to approx. RMB4.9 cents per ordinary share based on the exchange rate of The People's Bank of China on 23 November 2012

Revenue Analysis

Revenue:
RMB 3,080.0 mn



Revenue:
RMB2,739.1 mn



■ Branded down apparel ■ OEM Management ■ Non-down apparel

Down apparel :

- Received franchise fees from down apparel distributors

OEM management :

- Full utilization of the Group's resources during the off-peak season period of down apparel

Non-down apparel :

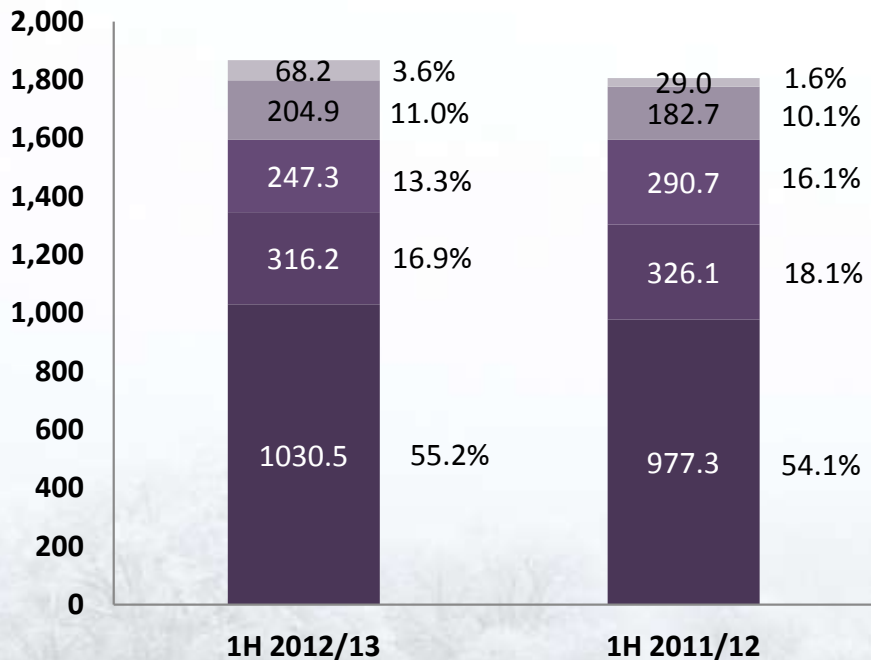
- More diversified source of non-down apparel revenue with acquisition of JESSIE, revenue of the non-down apparel business increased by 46.7%

Breakdown of Down Apparel Income

Breakdown by brands

Revenue:
RMB 1,842.4mn

(RMB million)



1H 2012/13

1H 2011/12

■ Bosideng ■ Snow Flying ■ Bengen ■ Kangbo ■ Others

Breakdown by channels

Revenue:
RMB 1,842.4mn

(RMB million)



1H 2012/13

1H 2011/12

■ Self-operated ■ Wholesale ■ Others

*Sales rebates are not deducted from the total down apparel revenue or from revenues of each brand

Sales rebates for the six months ended 30 September, 2012 and 2011 were RMB24.7mn and RMB30.4 mn respectively

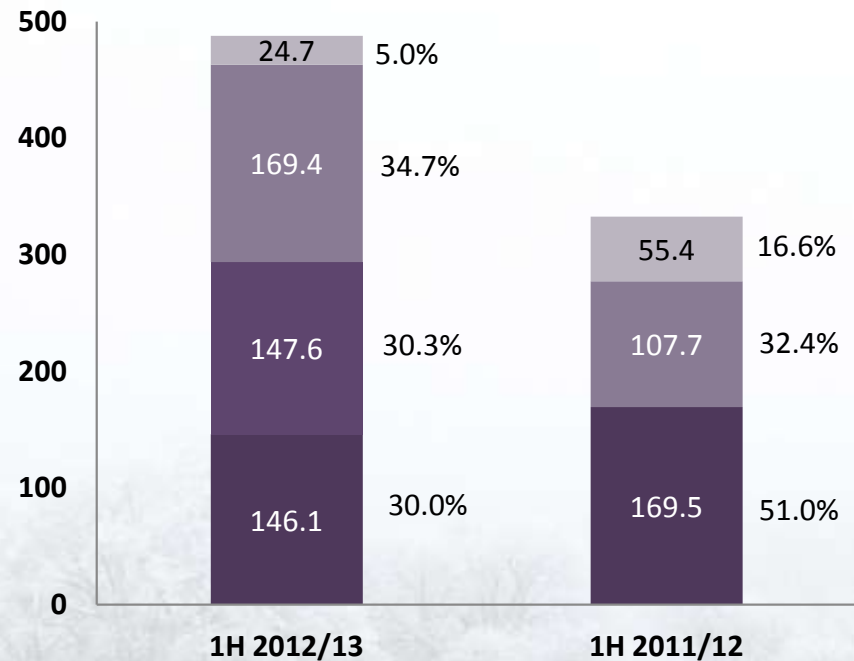
Breakdown of Non-down Apparel Income

Breakdown by brands

Revenue:
RMB 487.8mn

Revenue:
RMB 332.6 mn

(RMB million)



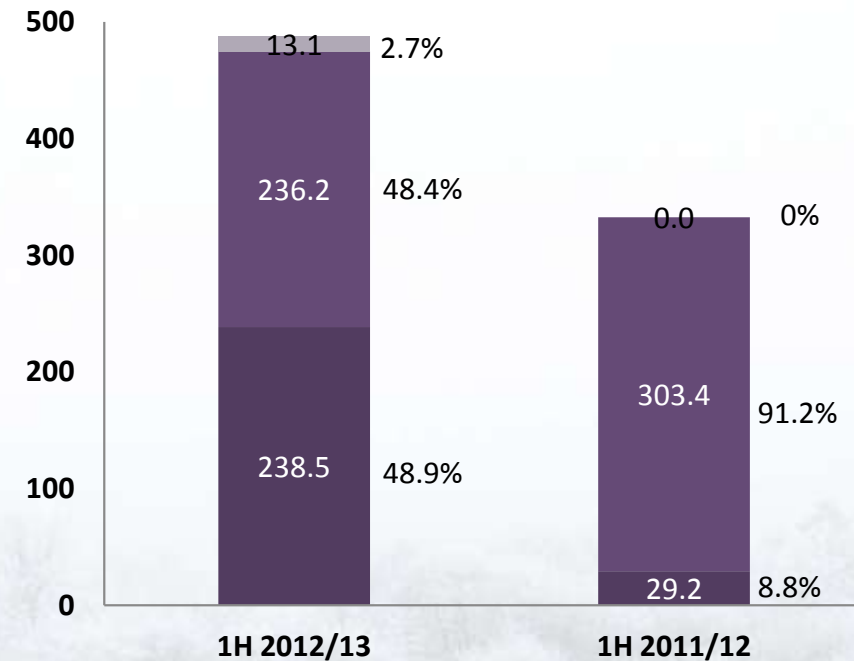
■ Bosideng MAN ■ JESSIE ■ Mogao ■ Others

Breakdown by channels

Revenue:
RMB 487.8mn

Revenue:
RMB 332.6 mn

(RMB million)



■ Self-operated ■ Wholesale ■ Others

Gross Profit Margin Analysis

	Six months ended Sept 30		
	2012	2011	Change
	(%)	(%)	(% points)
Branded down apparel	56.0	46.4	+9.6
OEM Management	18.1	18.6	-0.5
Non-down apparel	48.5	41.6	+6.9
The Group	45.6	39.4	+6.2

Down apparel :

- Benefited from stringent cost control measures, economies of scale in purchasing and effective price increase in product

OEM management :

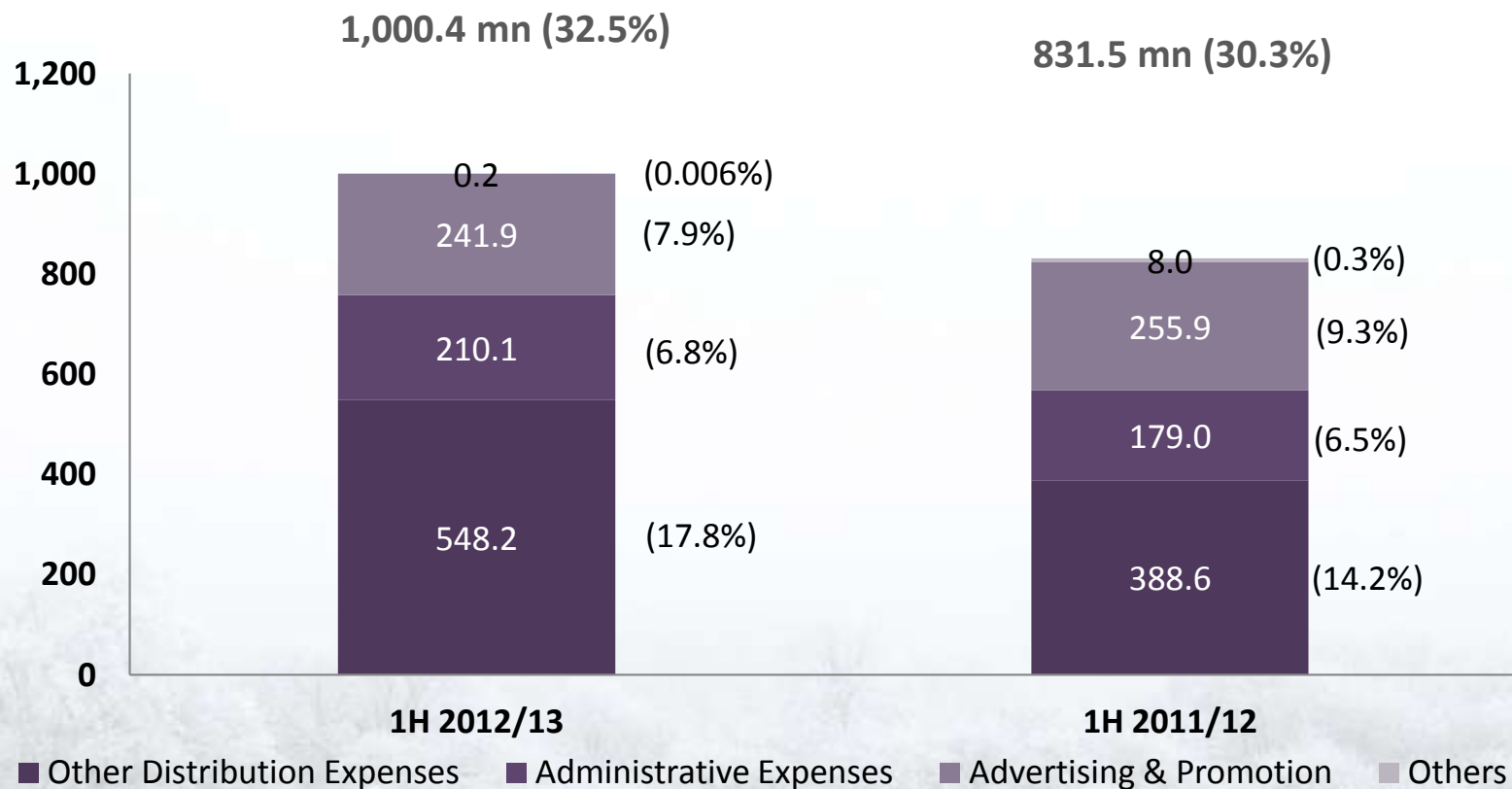
- Margin change due to slightly different product type ordered by clients

Non-down apparel :

- Benefited by high-end ladies wear *JESSIE* which has a high margin

Operational Expenditure

(RMB million)



Inventories

	As at Sept 30, 2012	As at Sept 30, 2011	Change	As at March 31, 2012
(RMB'000)				
Raw materials	249,762	319,963	-21.9%	97,719
Work in progress	429,810	312,356	+37.6%	67,742
Finished goods	1,598,918	1,525,335	+4.8%	1,233,400
	2,278,490	2,157,654	+5.6%	1,398,861

Strong Financial Position

	As at Sept 30, 2012	As at Sept 30, 2011	As at March 31, 2012
(RMB million)			
Cash	3,394.9	2,981.4	3,240.7
Bank borrowings	(2,620.1)	(1,455.1)	(1,740.7)
Available-for-sale financial assets/ other financial assets	1,291.0	751.4	2,222.6
Current ratio (times)	2.4	2.4	2.7
Gearing ratio (%)	38.1%	23.2%	23.7%
Operating cash inflow	(736.6)	(738.4)	1,315.8

- Adopted prudent funding and treasury management policies while maintaining a healthy overall financial position:
 - Cash position of approximately RMB 3,394.9 million
 - Bank borrowings amounted to approximately RMB2,620.1 million
- Cash, available-for-sale financial assets/ other financial assets and bank borrowings aggregated RMB2,065.8 million, as compared to RMB3,722.6 million as at March 31, 2012 and RMB2,277.7 million as at September 30, 2011

Solid Working Capital Management

	For the six months ended		Change	For the year ended
	Sept 30, 2012	Sept 30, 2011		March 31, 2011
Average Inventory Turnover Days ⁽¹⁾	200	185	+15	114
Average Trade and Bills Receivables Turnover Days ⁽²⁾	77	63	+14	33
Average Trade and Bills Payables Turnover Days ⁽³⁾	78	70	+8	35

(1) Calculated as average inventory divided by cost of sales and multiplied by 365 days/2 for 1H figures

(2) Calculated as average trade and bills receivables divided by revenue and multiplied by 365 days/2 for 1H figures

(3) Calculated as average trade and bills payables divided by cost of sales and multiplied by 365 days/2 for 1H figures

Business Review



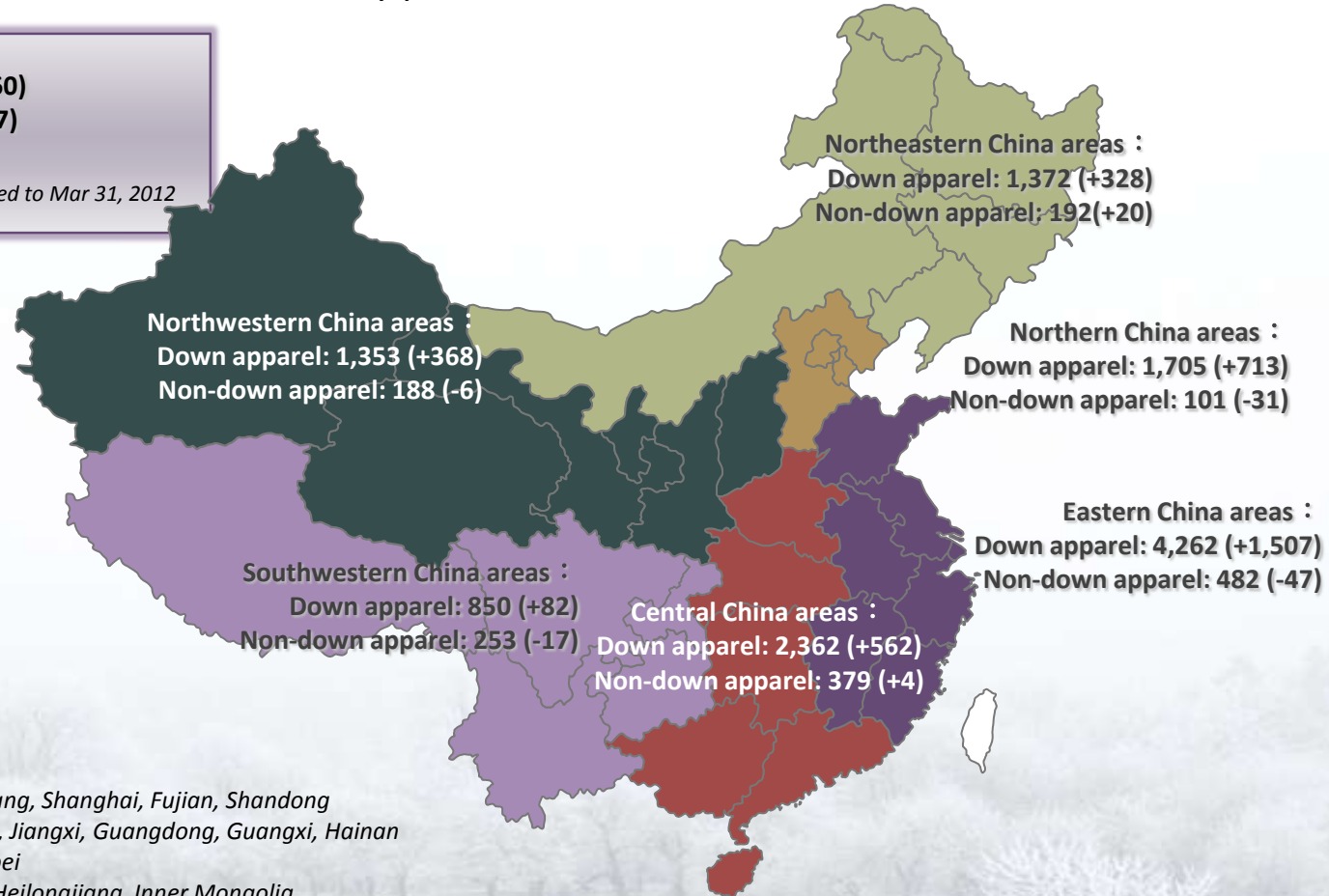
Nationwide Retail Network

- Down apparel: stores were turned into mono-brand stores
- Non-down apparel: stores with unsatisfactory performance were closed down

Down apparel total : 11,904 (+3,560)
Non-down apparel total : 1,595 (-77)

Note: As at September 30, 2012

Figures in bracket denote change as compared to Mar 31, 2012



- Eastern China areas: Jiangsu, Anhui, Zhejiang, Shanghai, Fujian, Shandong
- Central China areas: Hubei, Hunan, Henan, Jiangxi, Guangdong, Guangxi, Hainan
- Northern China areas: Beijing, Tianjin, Hebei
- Northeastern China areas: Liaoning, Jilin, Heilongjiang, Inner Mongolia
- Northwestern China areas: Xinjiang, Gansu, Qinghai, Shaanxi, Ningxia, Shanxi
- Southwestern China areas: Sichuan, Tibet, Chongqing, Yunnan, Guizhou

Optimized Sales Channel Mix

	Down Apparel					Non-down Apparel				
	Bosideng	Snow Flying	Kangbo	Bengen	Others*	Bosideng MAN	JESSIE	Mogao	Vetallo	RICCI
Specialty stores										
By the Group	59	194	311	-	-	26	3	-	3	28
Franchise agreement	-	-	-	-	-	105	-	-	-	-
Third party distributors	2,998	1,114	882	1,034	201	325	58	209	-	-
Sub-total	3,057	1,308	1,193	1,034	201	456	61	209	3	28
Concessionary retail outlet										
By the Group	928	833	286	-	2	83	106	193	10	-
Franchise agreement	-	-	-	-	-	99	-	-	-	-
Third party distributors	852	594	434	723	459	249	97	-	1	-
Sub-total	1,780	1,427	720	723	461	431	203	193	11	-
Total	4,837	2,735	1,913	1,757	662	887	264	402	14	28

*Others include Shangyu and Bingfei

- Sales network of down apparel business increased by 3,560 outlets or 42.7% as a result of the division of sales channels which transformed the multi-brand stores into mono-brand stores. Actual GFA of down apparel business slightly increased by 5.4% to 919,000 sqm only. (872,000 sqm as at March 31, 2012)
- Total number of retail outlets of Bosideng MAN was 887, representing a net decrease of 14 outlets as compared to March 31, 2012
- JESSIE had 264 sales outlets, including 109 self-operated outlets and 155 distribution outlets. The proportion of self-operated outlets increased to over 40%

Down Apparel – Separate Brand Operation

- Design, product research and development, supply chain, marketing and distribution of each brand were managed separately
- Positioned its brands precisely and exerted its efforts in penetrating into segmental markets
- Division of sales channels which transformed the multi-brand stores into mono-brand stores



- Core brand, mid-to high-end
- Trendy and fashionable designs
- Positioned to raise selling price each year



- Mid-end brand
- Targeting young consumers
- Sporty and energetic designs
- Positioned to raise sales volume and revenue each year



- Low-to mid-end
- Mass market, targeting females
- Flamboyant and youthful designs
- Positioned to raise sales volume and revenue each year



- Low-to mid-end
- Mass market, targeting males
- Simple and traditional designs
- Positioned to raise sales volume and revenue each year



- ▲ Reduce Internal Competition
- ▲ Enhance Brand Identity and Differentiation

- ▲ Expand Consumer Reach
- ▲ Increase Sales Coverage and Enhance Market Share

Effective and Tailor-made Marketing Strategies



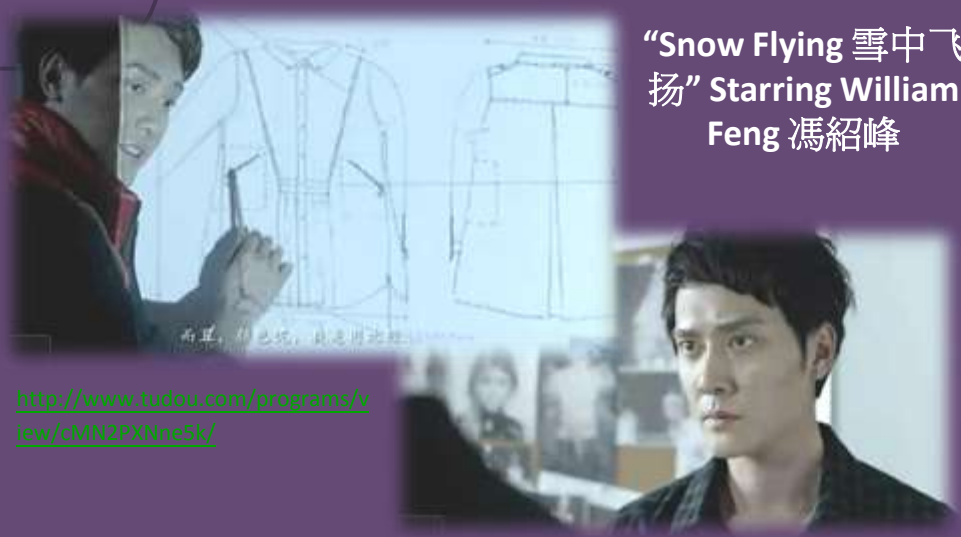
Celebrity Collaboration



TV and Magazines



Concert Sponsorship



Micro Film

<http://www.tudou.com/programs/view/cMN2PXNne5k/>

E-Commerce Development

- The Group currently adopts three internet sales systems: official flagship store on TMALL (天貓) and internet distributors on cooperative vendor platforms, including 360buy(京東商城), Amazon, Dangdang(當當網), Paipai(拍拍網)and [Suning](蘇寧易購).
- Online stores can effectively extend the sales network to rural areas and complement the incomplete product portfolio of certain regions.



<http://bosideng.tmall.com>



<http://bosidengman.tmall.com/>



<http://shop.bosideng.com>

Grand Opening of London Flagship Store

- The first flagship store in Europe commenced trial operation on July 26, 2012 in London and officially launched on October 12, 2012.
- Menswear product are mostly manufactured in Europe, and designed by Nick Holland and Ash Gangotra, famous designers in the United Kingdom.
- The flagship store is located at the center of London West End, the renowned central district for high-end luxury brands and one of the largest commercial districts in Europe.
- The London store opening has gained attention from media around the world as well as the support from the governments of China and the UK.
- Received “Chinese Investor of the Year” award from the British Business Awards organized by the British Chamber of Commerce in China.



The Economist

Chinese brands in Britain
Down in town
A Chinese giant tips a toe into the British retail market.

CNBC

REAL-TIME QUOTES
Retail Shake-Up: Hugo Boss, Marc Jacobs and...Bosideng?
Published Thursday 26 Jul 2012 16:43 AM EDT

REUTERS

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Chinese retailer Bosideng sails ahead with overseas plans
Oct 12 (Reuters) - Bosideng International Holdings, China's largest maker and distributor of down clothing, is eyeing store openings in Milan and New York if its first overseas venture in London proves a hit with the British capital's shoppers.

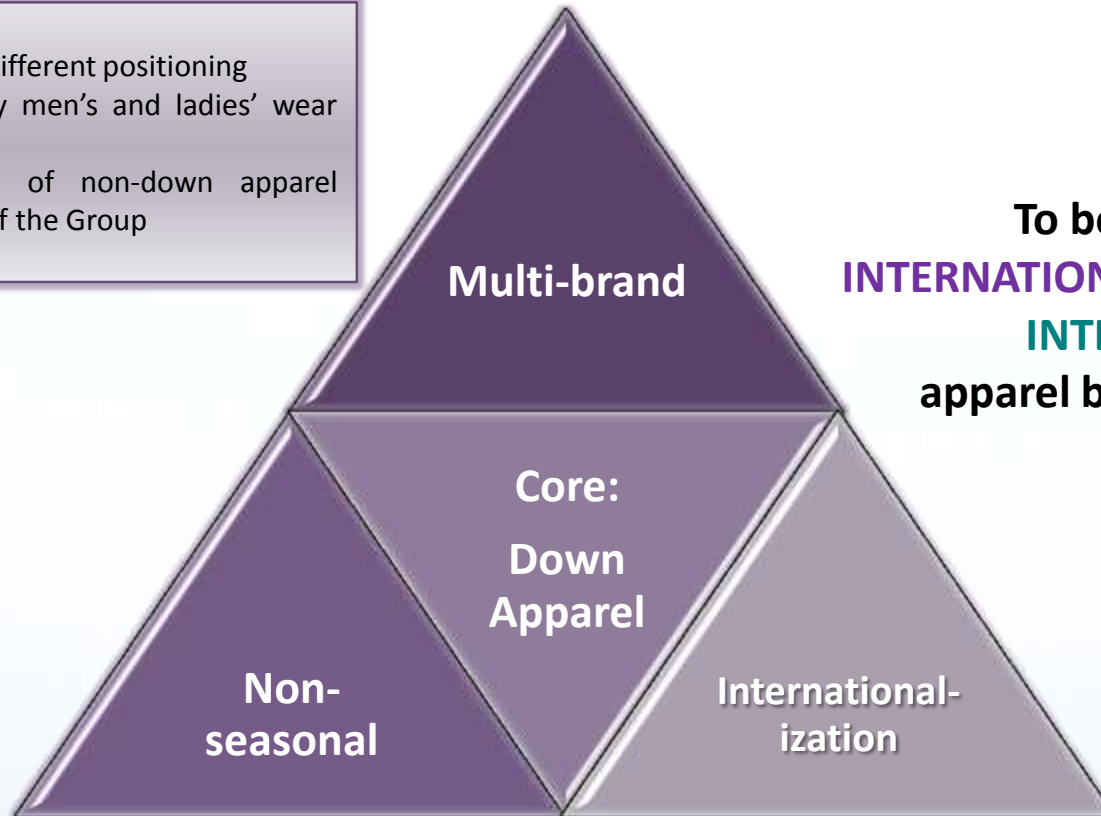
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Development Strategies



“3+1” Strategy

- Introducing new brands of different positioning
- Continue to acquire quality men’s and ladies’ wear brands
- Increase the contribution of non-down apparel business to the net profits of the Group



To become an
INTERNATIONALLY RENOWNED
INTEGRATED
apparel brand operator

- Develop basic apparel and accessories as side line products of down apparel
- Conduct research on the apparel market and consumer needs to determine positioning and style of its products
- Expand from down apparel alone to various product lines

- “Chinese brand, domestic design, global outsourcing and localized sales”
- Improve operation and management by introducing overseas advanced technology and experience

Dominant Multi-Apparel Brand Operator

**Enlarge brand and product portfolio
by actively identifying non-down apparel brands with strong growth potential**

Acquisition considerations

Revenue Structure Enhancement	Brand Reputation and Potential Growth	Management Expertise	Competitive Advantages	Complementary Fit
<ul style="list-style-type: none"> Immediate earning contributions to enhance revenue diversification Profit guarantee minimizes execution risk 	<ul style="list-style-type: none"> Acquired brand with a strong brand reputation and image In development stage with strong growth prospects 	<ul style="list-style-type: none"> An experienced, dedicated, and cohesive management team whose interests are aligned with those of the Group after acquisition through share exchanges, and can provide expertise to other brands under the Group Acquisition of majority stake at initial stage to retain core management team 	<ul style="list-style-type: none"> A sustainable competitive advantage through innovation, quality, and customer service 	<ul style="list-style-type: none"> No interference with the acquired firm's daily operations Strengthen other product team's expertise, provide an integrated selection of products targeting different consumer groups



Synergies

Preferential Accesses	Financial Support	Resources Sharing	Diversified Product Mix
<ul style="list-style-type: none"> Utilize the Group's resources to access better sales channel and better store locations, which speeds up each brand's store opening plans 	<ul style="list-style-type: none"> The Group's strong financial position to help realize and speed up expansion plans 	<ul style="list-style-type: none"> Benefit from the economies of scale of the Group's buying power in order to reduce the administrative expenses including marketing and raw materials 	<ul style="list-style-type: none"> Leverage on the competitive edges of each brand to integrate the style positioning and to lower the seasonality of the Group's merchandises with a mix of functional and stylish product lines all year round

To become a multi-apparel brand operator that covers customers from different age group and purchasing power, as well as demand for different apparel products

Retail Upgrade

- The Group established a retail business management center in 2012 run by professionals with international backgrounds
 - Cater consumers' needs and offer better services
 - Enhance shopping experiences
- Rollout new retail system with innovative business concept in the flagship store on Nanjing Road in Shanghai
- In the coming three years, the Group will strategically carry out its retail business under the new system which complies with international standards

Thank You!

