



# Convenience Retail Asia Limited 2019 Annual Results Announcement

10 March 2020

# Agenda

- Hong Kong Retail Market Key Highlight
- 2019 Financial Results Highlight
- 2020 Outlook



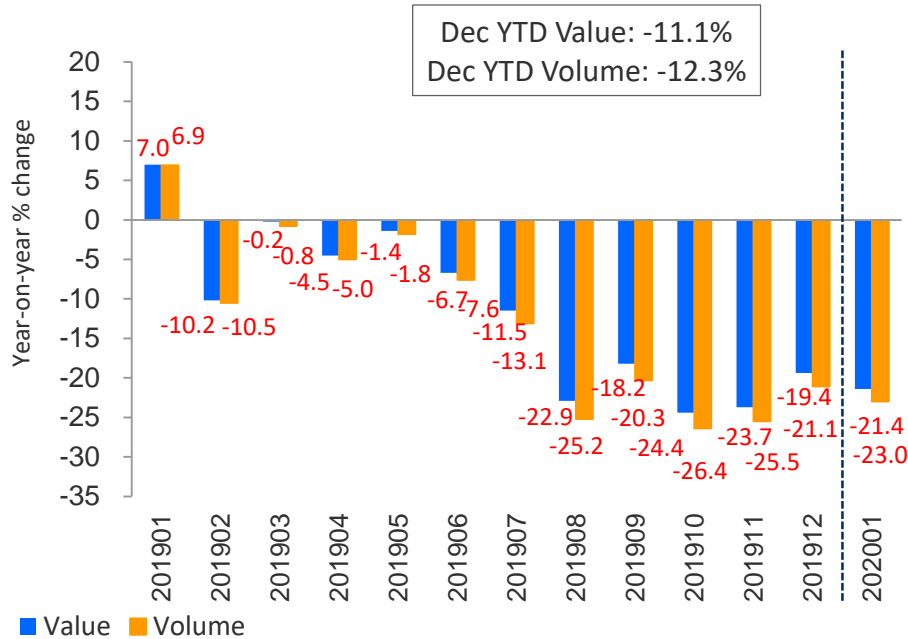


# **HONG KONG RETAIL MARKET KEY HIGHLIGHT**

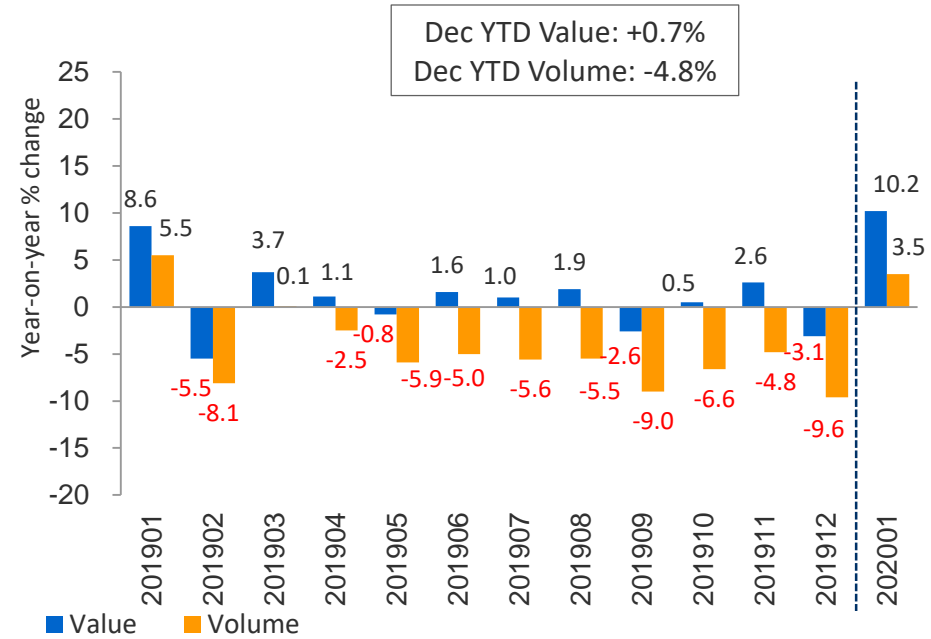
# 2019 Hong Kong Retail Market

## A Very Tough Year

### Total Retail Sales Value & Volume



### Supermarkets Sales Value & Volume





# Hong Kong Retail Market

Hong Kong Economic Journal 2/3/2020

## 肺炎毀新春零售 1月瀉21.4%

受武漢肺炎影響，香港零售業在1月出現大幅下挫，零售額按年下跌21.4%。零售業協會表示，1月零售額按年下跌21.4%，主要是受武漢肺炎影響，零售業協會表示，1月零售額按年下跌21.4%，主要是受武漢肺炎影響...



旅遊業停頓 珠寶價值跌41.6%  
零售業協會表示，1月零售額按年下跌21.4%，主要是受武漢肺炎影響，零售業協會表示，1月零售額按年下跌21.4%，主要是受武漢肺炎影響...

零售類別	零售額	按年變動	今年1月	去年12月
零售總額	1,000	-21.4%	92.2%	112.3%
零售額	1,000	4%	9.2%	7.8%
零售額	1,000	10.2%	12.3%	13.1%
零售額	1,000	41.6%	33.2%	28.9%
零售額	1,000	30%	21.9%	23.3%

上半年零售總額跌十二億元

Hong Kong Economic Journal 21/2/2020

## 包浩斯提前棄租 10舖炒百人 迪生員工減薪3個月 執董削酬七成

最近近幾個月香港零售業打擊本地消費市場，零售業協會表示，1月零售額按年下跌21.4%，主要是受武漢肺炎影響...



公司	零售額	按年變動	今年1月	去年12月
包浩斯 (00483)	1,000	-70%	10%	15%
迪生 (00113)	1,000	-30%	20%	25%
豐華 (00178)	1,000	-10%	15%	20%
豐華 (01929)	1,000	-10%	15%	20%
豐華 (0147)	1,000	-10%	15%	20%

包浩斯棄租料最多500萬  
迪生員工減薪3個月 執董削酬七成

Oriental Daily News 14/2/2020

## 7000零售企業恐收檔



【本報訊】受疫情持續，加上持續人例日的影響，零售業協會表示，1月零售額按年下跌21.4%，主要是受武漢肺炎影響...

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Ming Pao Daily News 5/2/2020

## 新春零售料跌半 業界：超級寒冬

邱安儀：較SARS更嚴峻 憂爆結業裁員潮



武漢肺炎爆發後，零售業協會表示，1月零售額按年下跌21.4%，主要是受武漢肺炎影響...

Hong Kong Economic Times 5/2/2020

## 12月零售銷售跌2成 業界踏超級寒冬

分析師料續重挫 協會籲業主收分成租金



零售業協會表示，12月零售額按年下跌20%，主要是受武漢肺炎影響...

## 經濟衰退 抗跌系列

分析師料續重挫 協會籲業主收分成租金



零售業協會表示，12月零售額按年下跌20%，主要是受武漢肺炎影響...

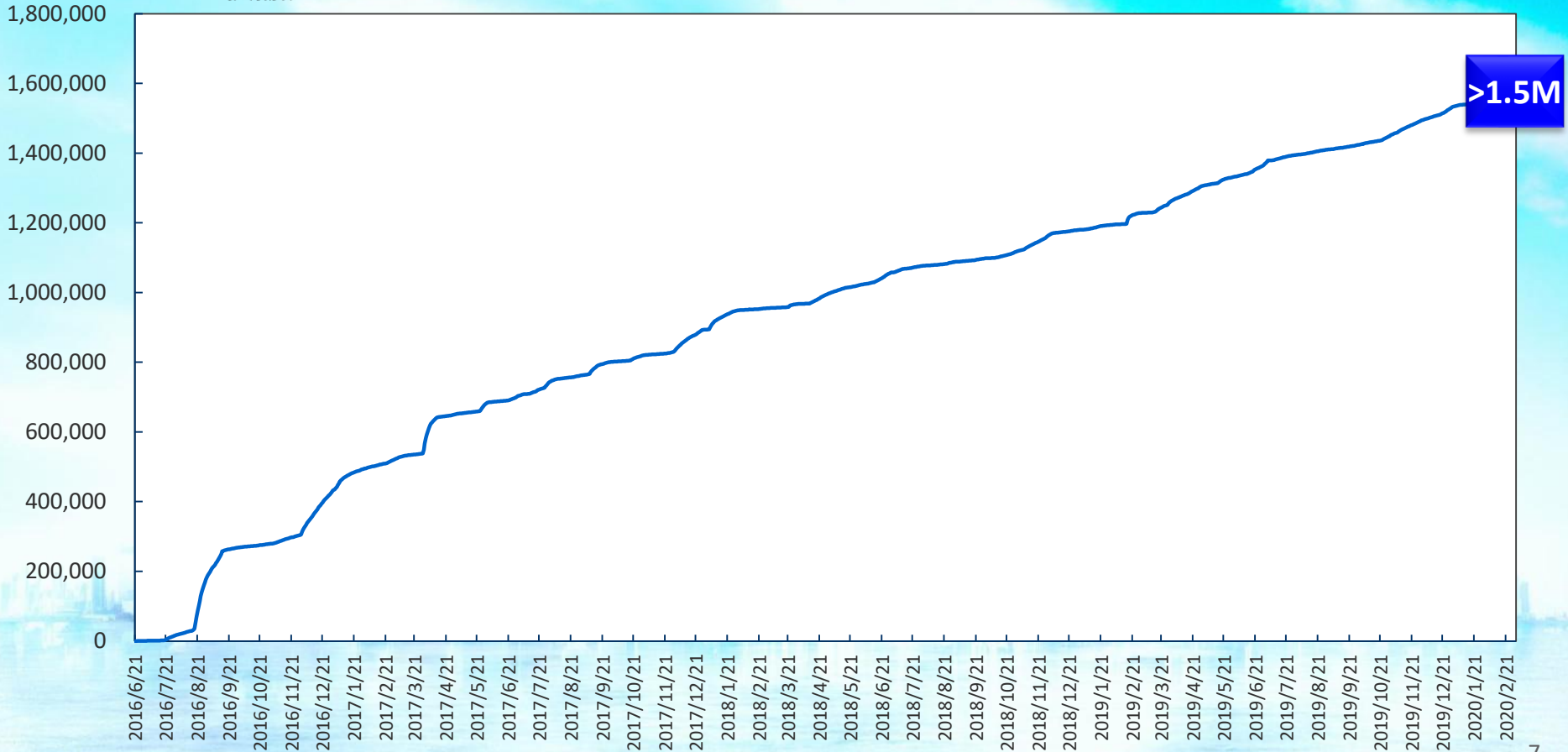
# 2019 Second Half Key Highlights

1. The social unrest activities has been disrupting business primarily in the weekends as well as in the MTR premises
2. Despite the disruption, average sales for Circle K and Saint Honore were holding up and both are still recording positive comparable and total stores sales
3. Saint Honore mooncake sales was unfavorably affected and 2019 volume dropped by about 18%
4. Zoff was also affected due to the closure of shopping malls and lower consumer spending sentiments. Store sales was about 30% lower than level before the unrest events started





# OK Stamp It – Total Members









# The Eighth Store In Hong Kong

Citistore, Tsuen Wan (opened 18<sup>th</sup> September 2019)





# The Ninth Store In Hong Kong

Maritime Square, Tsing Yi (opened 19<sup>th</sup> October 2019)





# The Tenth Store In Hong Kong

Lee Theatre Plaza, Causeway Bay (opened 8<sup>th</sup> January 2020)



# 2019 FINANCIAL RESULTS HIGHLIGHT

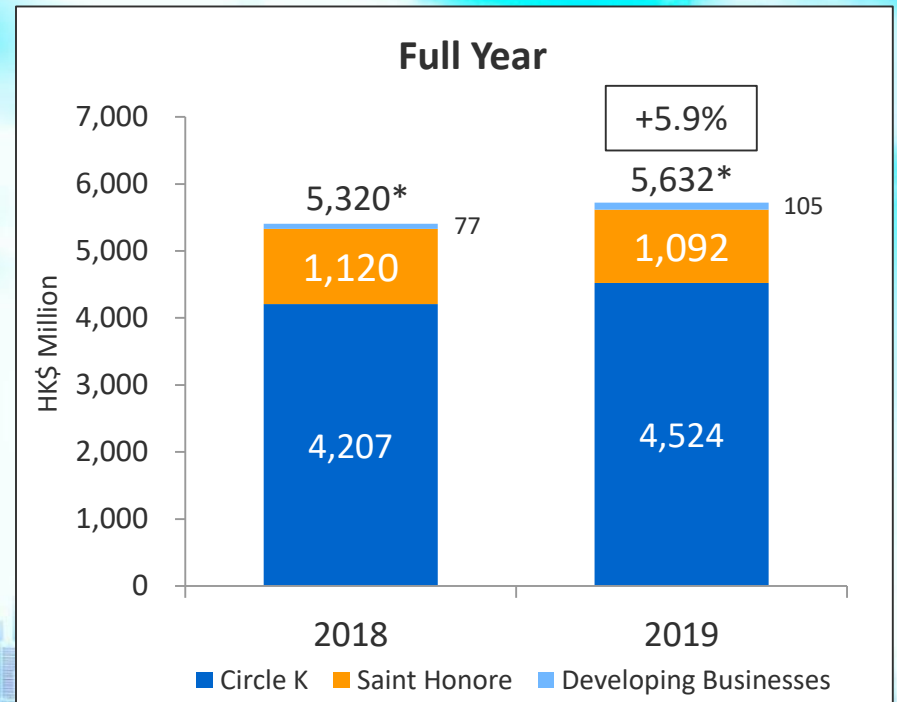
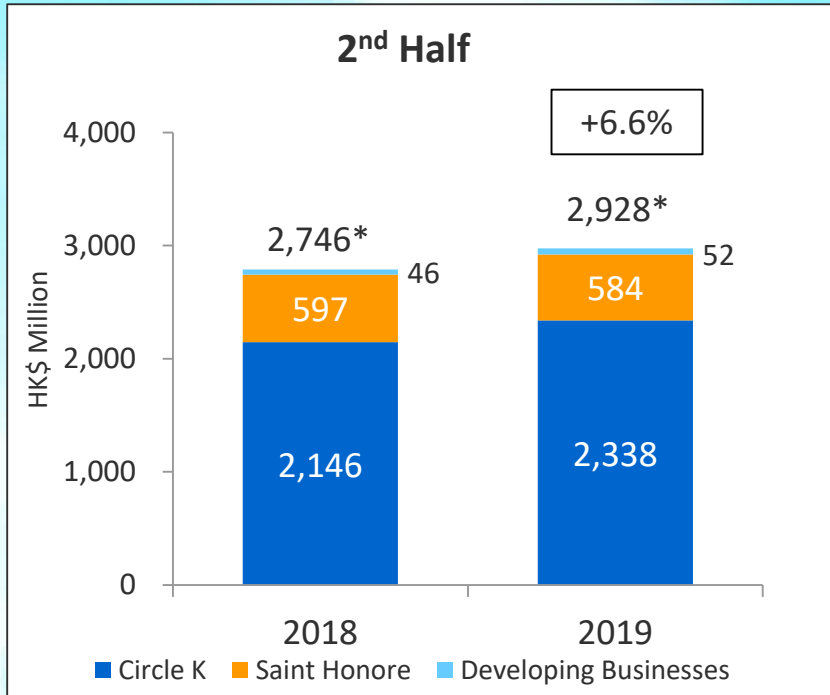


# Number of Stores

	End of 2018	Opened	Closed	End of 2019
Circle K Hong Kong	337	13	(14)	336
Circle K Macau ( <i>franchised</i> )	32	2	(1)	33
Circle K Zhuhai ( <i>franchised</i> )	13	4	(3)	14
Saint Honore HK & Macau	100	3	(4)	99
Saint Honore China	31	-	(4)	27
Zoff	6	3	-	9
<b>CRA Group Total</b>	<b>519</b>	<b>25</b>	<b>(26)</b>	<b>518</b>



# Group Turnover



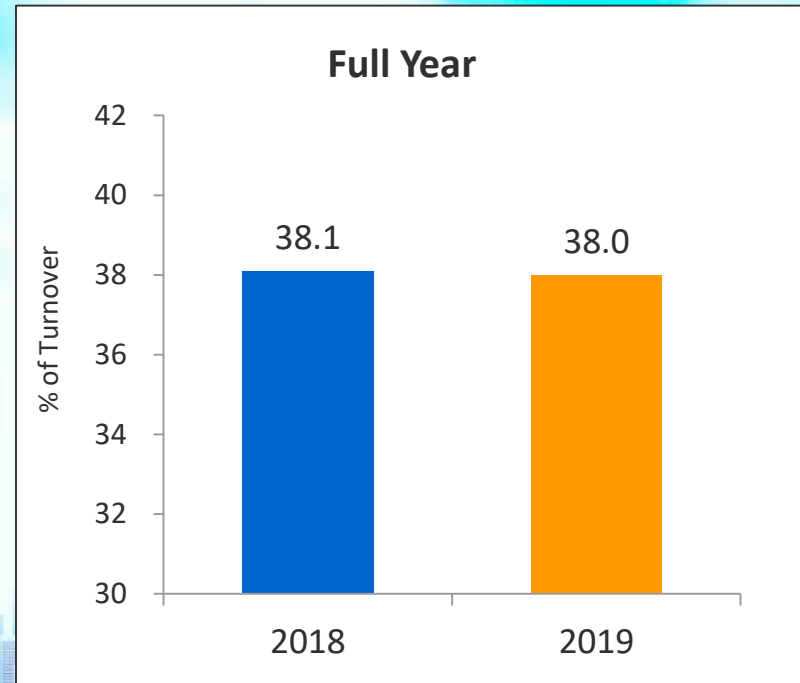
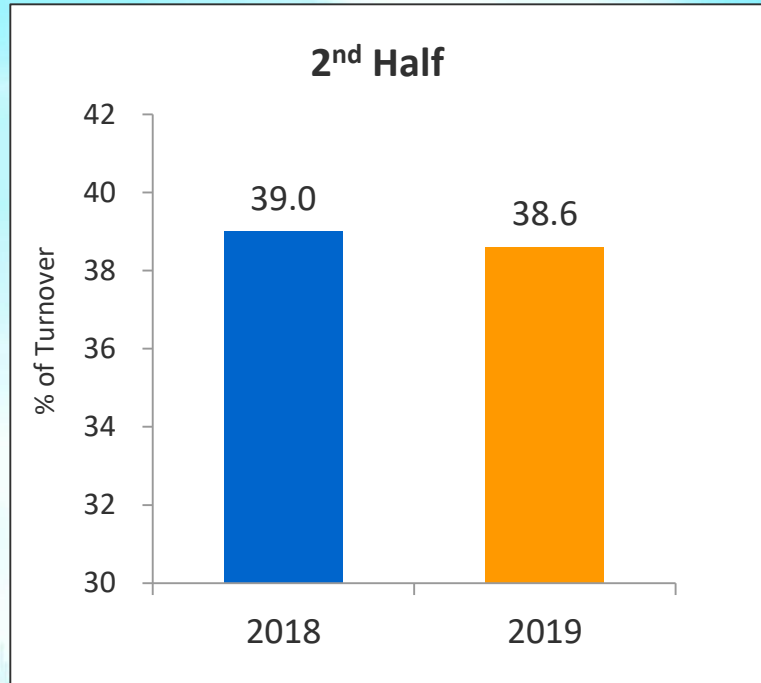
\* Less inter-group sales: HK\$43M in 2018H2 & HK\$46M in 2019H2

\* Developing Businesses: HK\$46M (FS: HK\$5M & Zoff: HK\$41M) in 2018H2; HK\$52M (Zoff: HK\$52M) in 2019H2

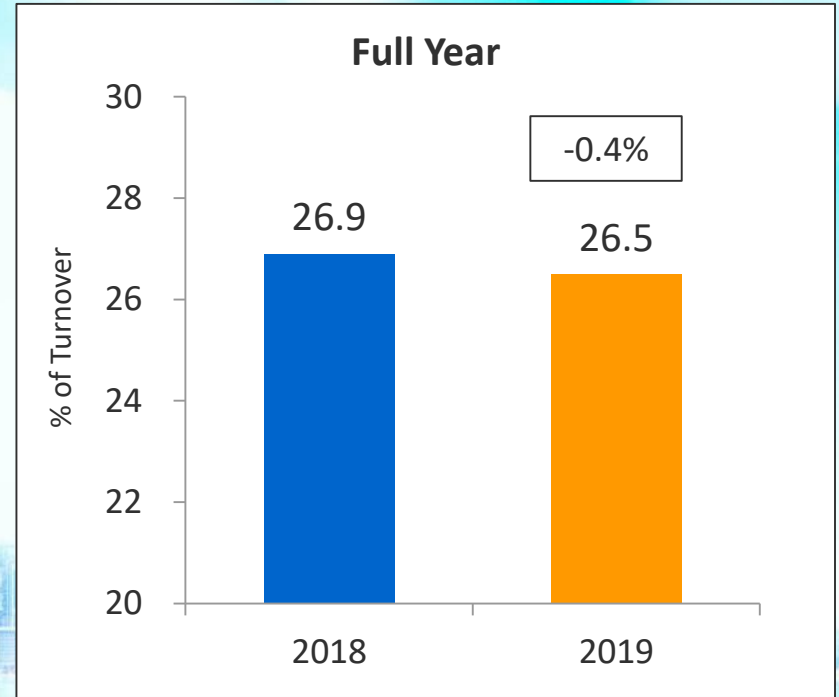
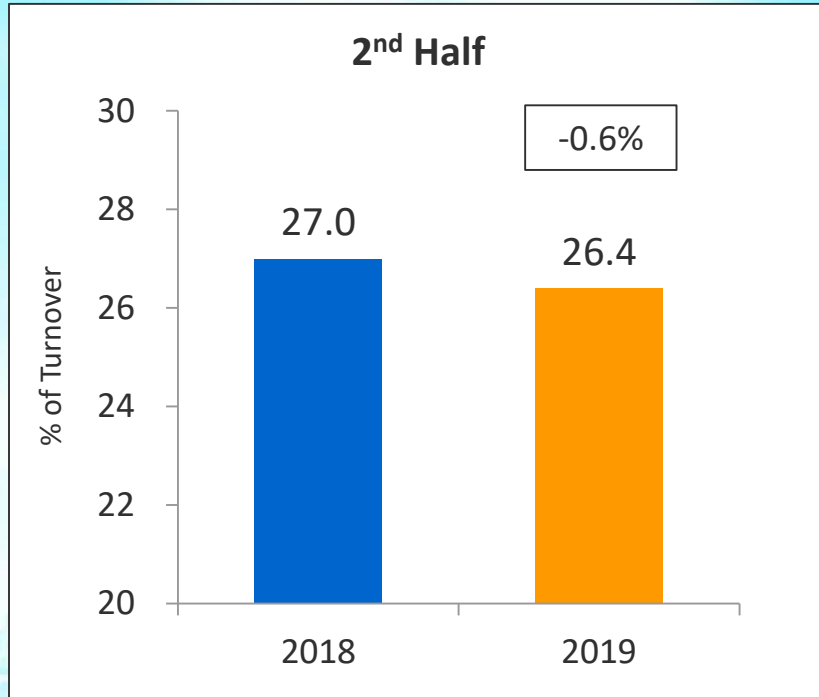
\* Less inter-group sales: HK\$84M in 2018 & HK\$89M in 2019

\* Developing Businesses: HK\$77M (FS: HK\$11M & Zoff: HK\$66M) in 2018; HK\$105M (FS: HK\$1M & Zoff: HK\$104M) in 2019

# Gross Profit & Other Income

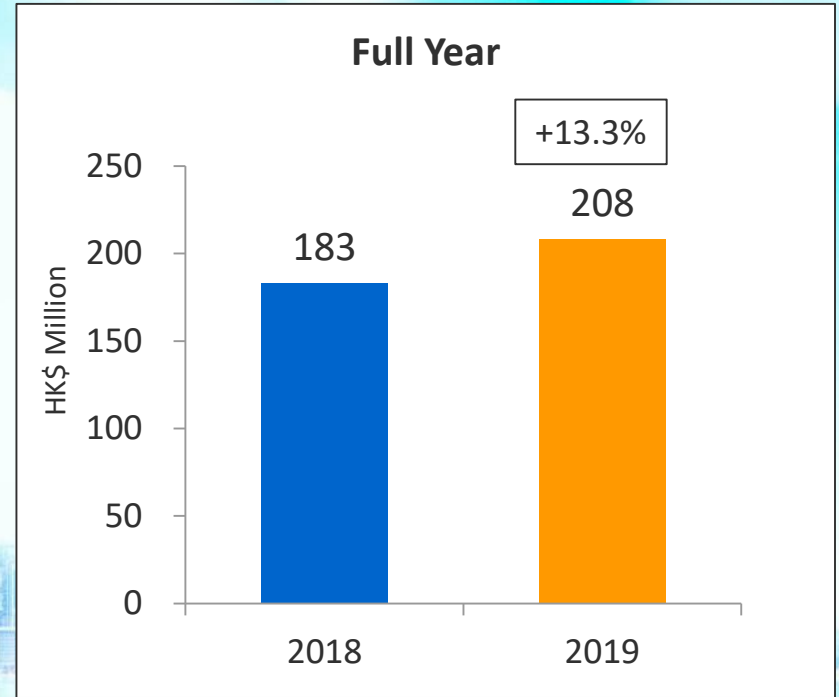
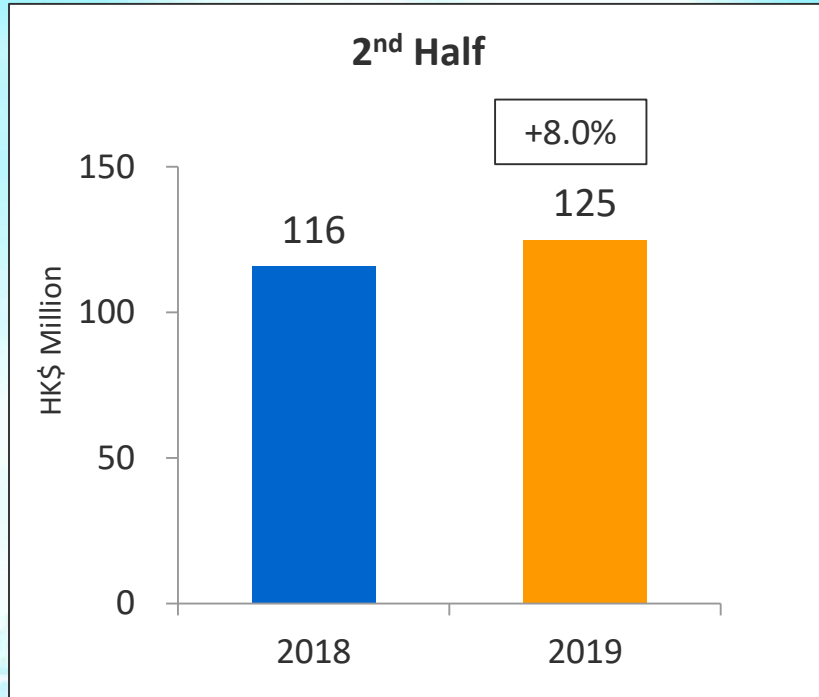


# Group Store Operating Expenses





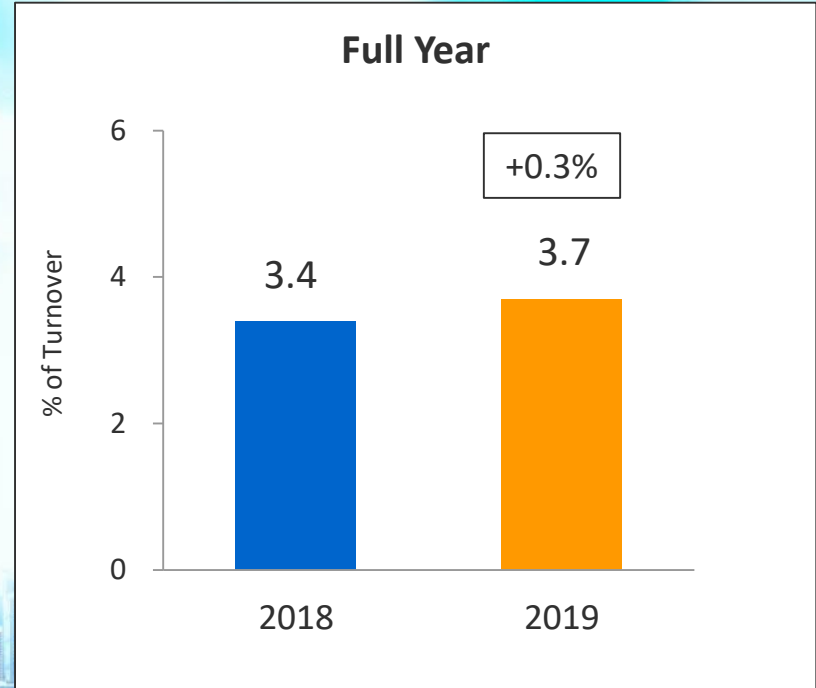
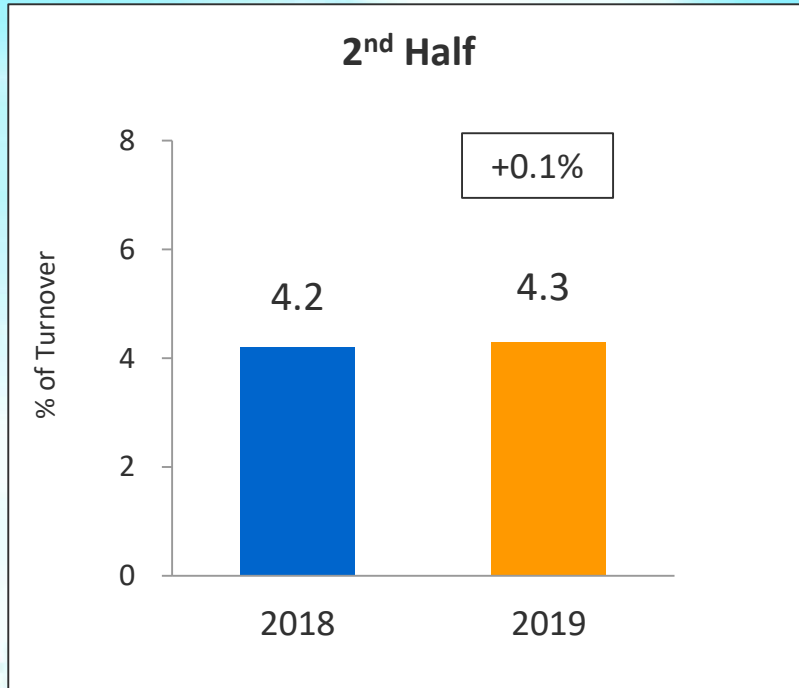
# Group Net Profit



# Net Profit by Market

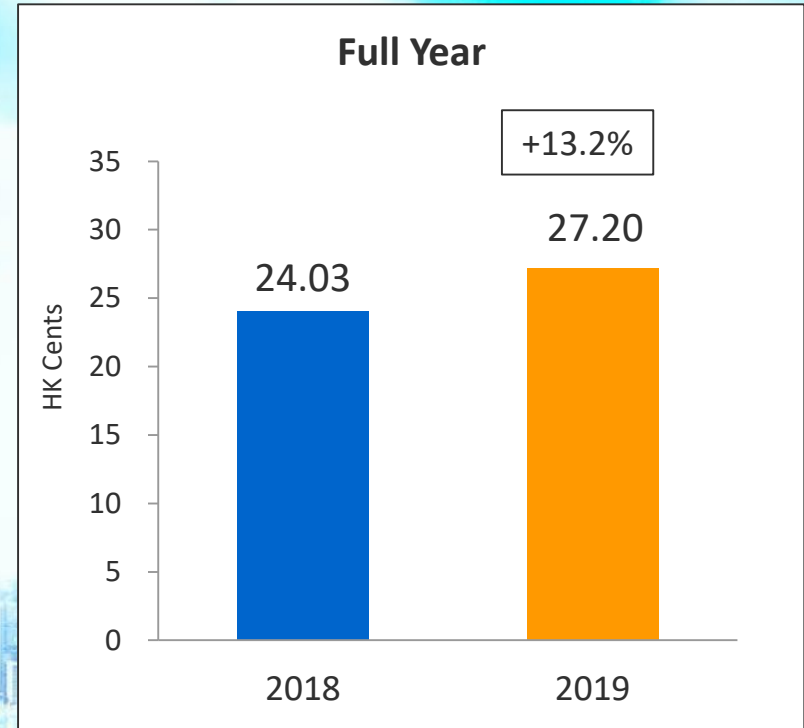
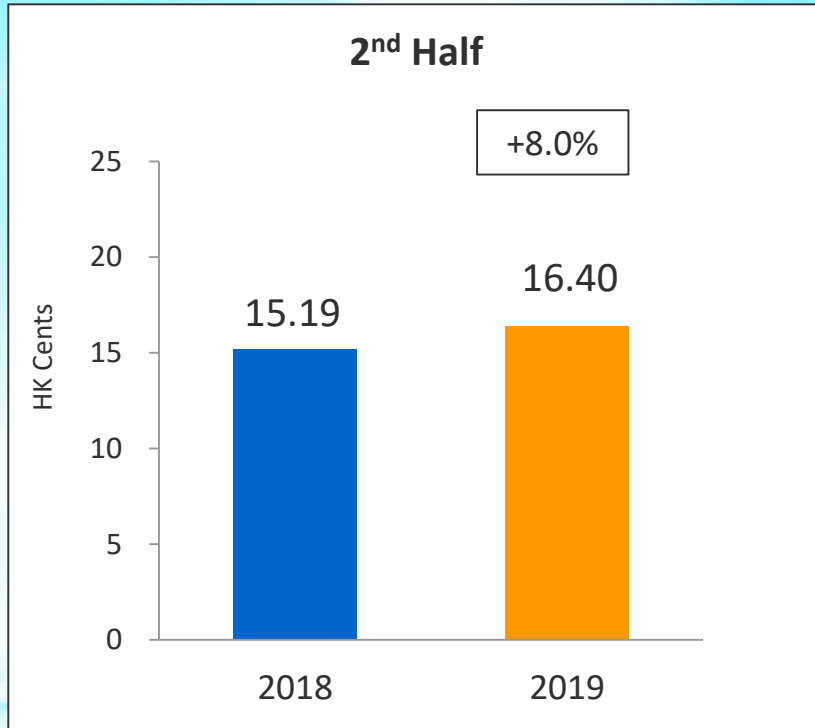
<i>(HK\$ Million)</i>	Full Year		Change
	2018	2019	
Hong Kong & Macau Markets	190	209	9.5%
Southern China Market	(6)	(3)	54.0%
Developing Businesses	(1)	2	3x
<b>CRA Group Net Profit</b>	<b>183</b>	<b>208</b>	<b>13.3%</b>

# Group Net Profit as % of Turnover





# Basic Earnings Per Share



# 2019 Financial Results Highlight – 2<sup>nd</sup> Half

	2H2018	2H2019	Change
Number of Stores	519	518	-1
Group Turnover (HK\$M)	2,746	2,928	6.6%
Group Net Profit (HK\$M)	116	125	8.0%
Net Profit as % of Turnover	4.2	4.3	0.1%
Basic Earnings Per Share (HK cents)	15.19	16.40	8.0%

# 2019 Financial Results Highlight – Full Year

	2018FY	2019FY	Change
Number of Stores	519	518	-1
Group Turnover (HK\$M)	5,320	5,632	5.9%
Group Net Profit (HK\$M)	183	208	13.3%
Net Profit as % of Turnover	3.4%	3.7%	0.3%
Basic Earnings Per Share (HK cents)	24.03	27.20	13.2%
Dividends (HK cents)			
■ Interim Dividend	5	6	20.0%
■ Final Dividend	17	19	11.8%
■ Special Dividend	-	21	N/A
■ Total	22	46	109.0%



# 2020 OUTLOOK



# 2020 Overall Economic Outlook

1. Social unrest plus the coronavirus dealing a double blow
2. Will take some time for tourist and visitors to return
3. Highly volatile social and market sentiment
4. Major correction in retailing, tourist, restaurants and most sectors
5. Investment will drop to lowest level since 2003
6. Rental costs and labour cost increase trending down
7. The overall economy will shrink in size in coming 12-18 months

# 2020 Business Outlook

1. The Group's overall business will be unfavorably impacted during the first half of 2020
2. Quick actions take to ensure strictly control of expenses and expenditures, eliminate ineffectiveness and further improve effectiveness of everything we do
3. We expect that our business should return to normal when schools and normal work resume



# Strategies Dealing With Coronavirus Crisis

## Staff Safety, Health & Wellness

- Always keep hand clean. Wash your hands more thoroughly and use hand sanitizers if needed
- Avoid touching eyes, nose and mouth
- Wear a surgical mask when taking public transport or staying in crowded places
- Cover your mouth and nose with tissue paper when sneezing or coughing
- During the peak epidemic period, avoid group meal gathering
- If you have fever, cough and difficulty breathing, seek medical care early



# Strategies Dealing With Coronavirus Crisis

## Business Continuity

### Building Measurements / Office Hygiene

- Temperature check at G/F lobby and reception
- Person with a temperature over 37.3 degrees Celsius will not be admitted to enter the building
- Wear mask when entering the building including guests and goods delivery
- Reinforce the disinfection of all common areas and staff' workstations
- Enhance health consciousness on personal/office hygiene by sharing health advices constantly
- Air circulation Test in office building



### Work Arrangement

- Flexible working arrangement and work at home if necessary
  - Extended office work hour
  - Flexible meal break
- Divisional contingency plan to make sure business as usual
  - Work at home drill test for system access
  - Seating plan relocation for critical unit
- Minimize face-to-face meeting and replaced by conference meeting (Zoom & Phone)
- Shorten the meeting duration and wearing mask during meeting is a must
- Avoid food and drink during meeting



### Staff Health Concern

- Encourage temperate check at home before work. If sick, stay at home and see doctor
- Wear mask to prevent sickness from spreading with sickness symptom during work
- Group lunch not recommended to minimize close contact with others
- Sufficient supplies of masks, sanitizer, thermometers and disinfectants





# Strategies Dealing With Coronavirus Crisis

## New Opportunity - Relevant Products



**Purell**  
酒精消毒搓手液  
1安士裝

- 70%消毒酒精
- 殺滅99.9%細菌

方便消毒

每人每日  
限購2支

數量有限，售完即止



**FILTEON**  
ANTI INFECTION MASK  
94

可選擇/  
2款防花粉眼鏡

花粉  
STOP!

**AIR VISOR** • **Zoff +PROTECT**

可選擇/  
2款防花粉眼鏡

花粉  
STOP!

**AIR VISOR** • **Zoff +PROTECT**

聖安娜餅屋

買麵包同時  
買埋消毒搓手液



- ✓ 75%食用級消毒酒精，可安心使用
- ✓ 殺滅99.9%細菌
- ✓ 含滋潤成份，用後不乾燥



**AXE**

多效2合1  
除菌除垢  
持久留香

**Mobework**  
AIR PURIFIER  
負離子空氣淨化器V2




**Air Mask**

2片裝

フードON!



フードOFF!



減低鏡片  
起霧的問題



日本製  
眼鏡防霧噴劑  
HK\$68

購買任何鏡架產品  
+HK\$48即可換購



# Giving Back To Our Community

**K** 協助長者防疫

免費派發口罩

100,000個



即日(2月7日)下午1時開始，年滿65歲或以上長者親身可於指定20間分店領取「口罩籌號」1張，憑籌可免費領取口罩5個。數量有限，派完即止。不設預訂或留貨。



愛心捐贈

10,000個

給予



香港公益金  
THE COMMUNITY CHEST

10,000支

給予



Helping Hand  
伸手助人協會

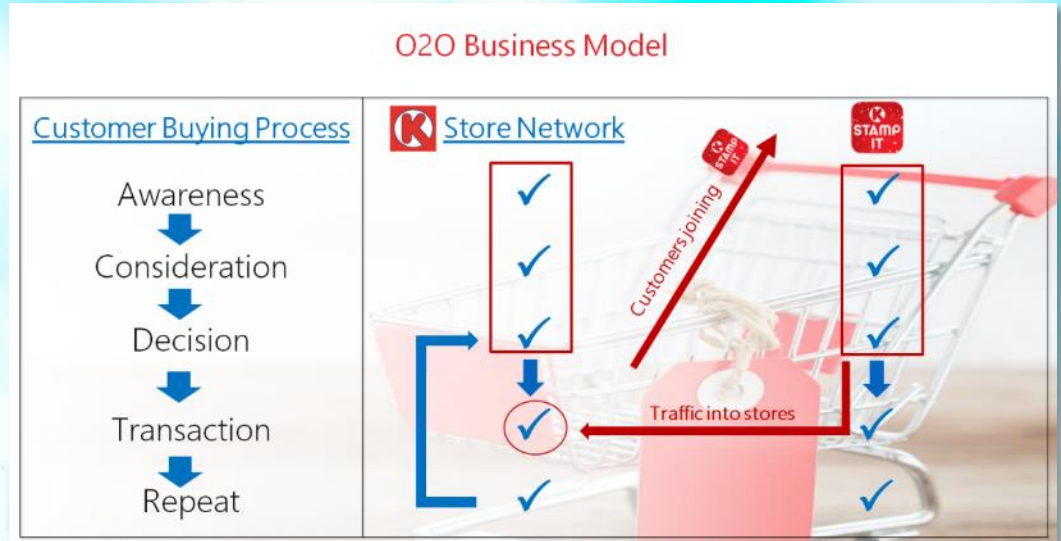
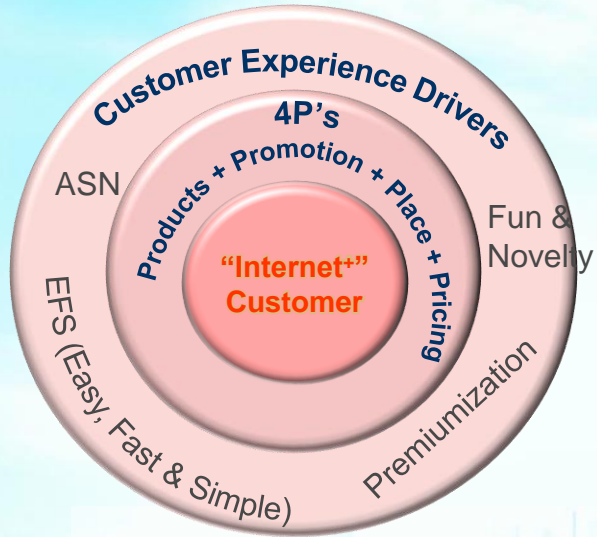


東華三院  
Tung Wah Group of Hospitals



Happy  
Energized  
Achievements  
Respect  
Training  
Success

# The 3 “Plus” Strategies



1. Focus on “**Internet Plus**” customers
2. Deliver “**4P’s Plus**” relevant customer experience
3. Transition to “**B&M Plus**” (O2O) business models





**THANK YOU !**