



時代集團控股有限公司 SITOY GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 1023



FY2018 Interim Results Presentation

Feb 26, 2018

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Results Highlights for 1H 2017/18

Remarkable performance for the 6 months ended 31 Dec, 2017



- Increase in revenue was attributable to higher demand from brand customers of manufacturing business and higher contribution from retail business
- **Achieved a major breakthrough in retail business, segment revenue increased by 111.9% to reach HK\$153.1 m, profit before tax was HK\$12.8 m**
- Established a portfolio with eight brands under the company's operation, including international brands and self-owned brands
- Aggregated segment revenue for manufacturing business **increased by 12.6% to HK\$1,063.1 m** with a more diversified customer mix in terms of geographic reach





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Business Overview – Manufacturing Business

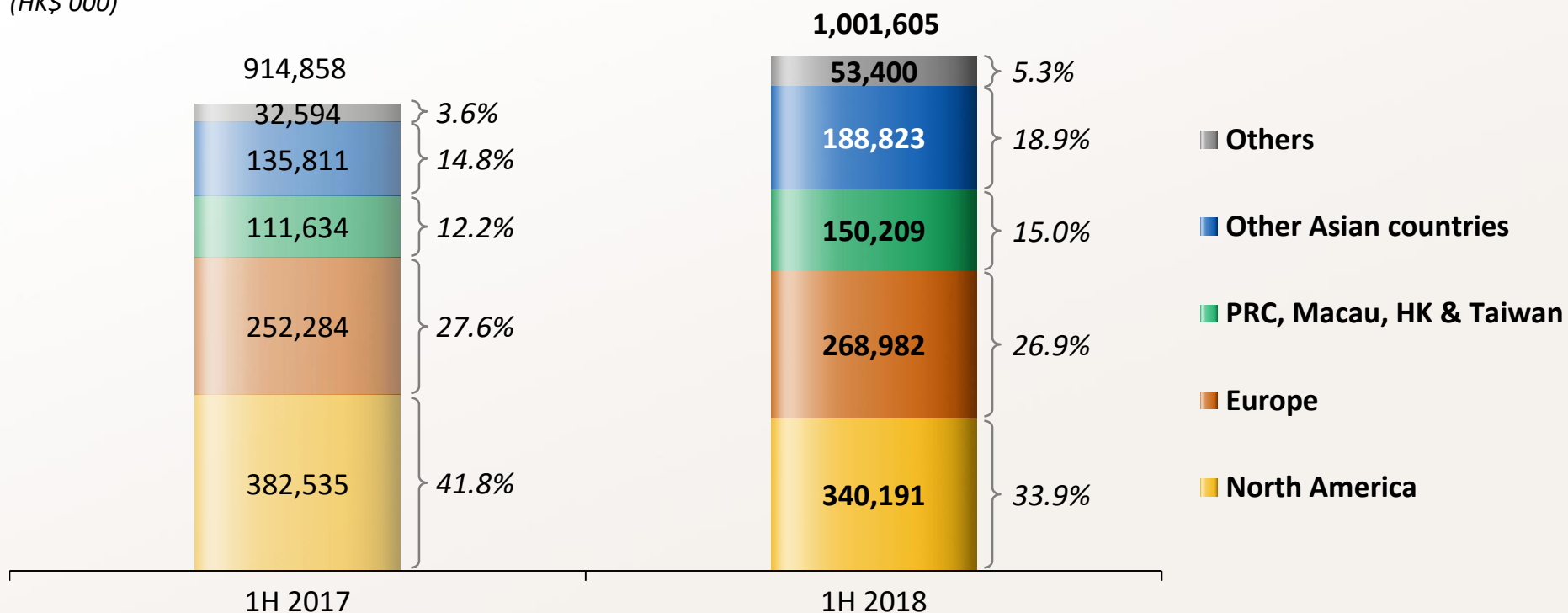


Diversified Customer Mix

- Balanced and diversified customer mix with brand customers from Europe, Greater China and Asian countries on the rise

Revenue in terms of geographical breakdown

(HK\$ 000)



For the 6 months ended 31 Dec



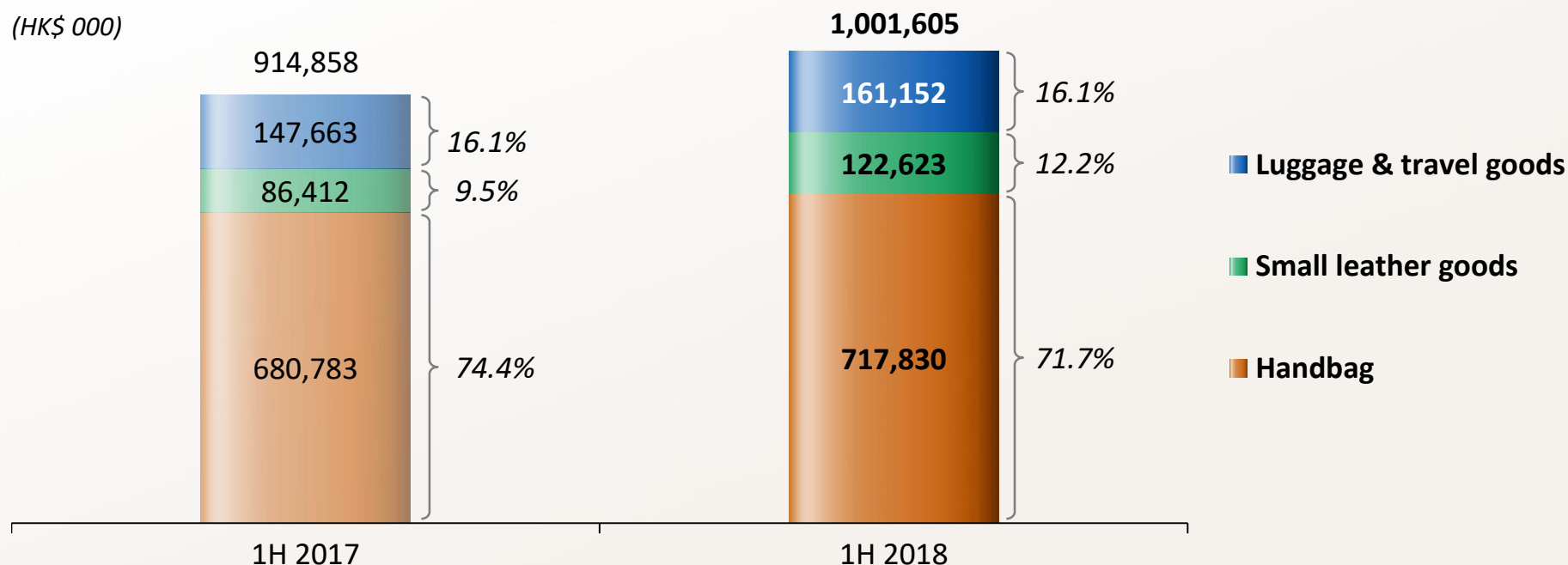
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Rebound in Orders for Manufacturing Business

- Three major categories, handbags, small leather goods, luggage and travel goods, all showed healthy growth in revenue, in particular small leather goods recorded a 41.9% increase in revenue
- The Group's efforts in developing luggage business began to pay off, with luggage revenue increased by 9.1%

Revenue in terms of product category breakdown

(HK\$ 000)



For the 6 months ended 31 Dec



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Business Overview

Retail Business



Brand Portfolio

- A portfolio of eight brands targeting middle-class customers looking for metropolitan lifestyle and affordable luxury

				
Countries licensed for operation	New York originated – Greater China operation right, retail & wholesale	New York originated – Greater China operation right, retail & wholesale	Italy originated – Greater China, Asian countries & North America operation right	Self-developed brand with global operation right
Products	Shoes, leather accessories, apparel	Shoes & leather accessories	Handbags and leather accessories	Luggage, bags and shoes
				
Countries licensed for operation	Italy originated – Greater China operation right	Italy originated – China, retail & wholesale	Italy originated – China, retail & wholesale	China, retail & wholesale
Products	Shoes, handbags and leather accessories	Shoes, leather accessories and apparel	Shoes and leather accessories	Underwear and intimates



Brand Image and Positioning



- Established by Trafton Cole and Eddie Haan in New York in 1928
- Create shoes & bags for people who are ingenious, resourceful and want to make a difference
- Exclusive license agreement in Greater China since July 2017



- Established by Kenneth Cole in New York in 1982
- With a brand slogan of “look good, for good”, and a campaign of “introducing the courageous class”, the brand not only make shoes and bags that look good, but also do good for the society as a whole
- Exclusive license right in Greater China since 2016



- Established by Bruno Magli in Italy in 1936
- Create refined, handcrafted footwear for those who appreciate elegant design and impeccable craftsmanship
- Exclusive license right in Greater China since 2016

Brand Image and Positioning

- Tuscan's was originated from Firenze, Italy in 1974
- Embody the romantic heritage, master craftsmanship and artistic ambience of Firenze
- Established its foothold in Great China since 2011, and gradually roll out to Asian countries including Japan



- Self-developed brand since 2014, targeting millennium customers
- Stylish travel luggage, shoes and bags for bold and young trend-setters
- Brand image: energetic, adventurous and playful
- Opened the first F&J mega shop in China, housing F&J and other brands under the Company's belt



Brand Image and Positioning



- Established in Italy since 1929
- a.testoni style is sober and elegant, traditional and ahead of times
- For men and women, a.testoni shoes, handbags, suitcases, belts and wallets expresses the same passion and quality



- A young line of a.testoni
- 129 creates a fashion access point catered to men and women
- Allowing for the liveliness and spontaneity of the Italian lifestyle to shine through in their everyday outfits



- Jockey has rich history dated since 1876, with 139 years of existence in 120 countries
- Brand DNA: authentic & confident
- Premium positioning with a target age of 20-45



All rounded Marketing and Promotion Campaign

Sponsorship & celebrity endorsement



Outdoor advertising



Press review at stores & onsite promotion



Advertorials & online promotion



Strategic Shop Locations in Hong Kong & China



- Set foothold in premium Hong Kong shopping malls including Harbour City, Times Square, Langham Place and Sogo Department stores
- Operate in first-tier China cities Beijing, Shanghai, Shenzhen and Guangzhou





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Financial Highlights



Revenue Breakdown

Manufacturing business:

- ▶ Sales revenue increased by 12.6%^[1] and accounted for 86.9% of the total revenue

Retail business:

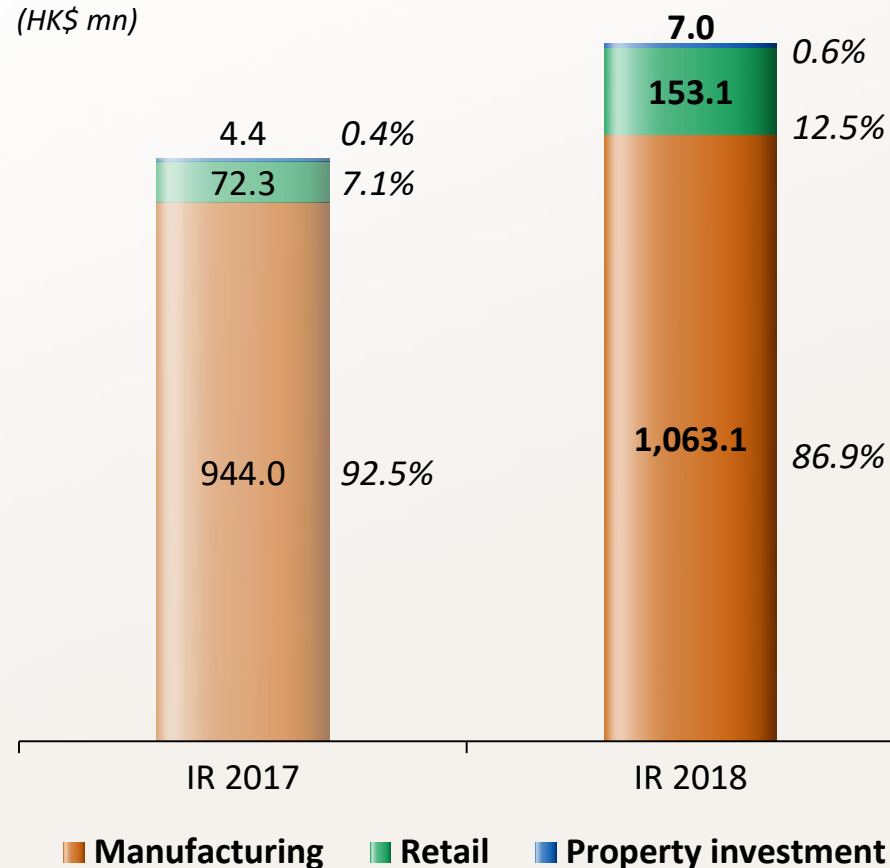
- ▶ Sales revenue increased by 111.9% to approximately HK\$153.1 million, and accounted for 12.5% of the total revenue

Property investment business:

- ▶ Property investment generated HK\$7.0^[1] million of rental revenue

Revenue Breakdown

(HK\$ mn)



Notes:

[1] Including inter-segment sales



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Property Investment



- Expanded to property investment in year 2016 by acquiring a commercial building in Kwun Tong
- The property investment business generated revenue of approx. HK\$5.4 million with segment profit before tax of approx. HK\$40.4 million during the Period as a result of fair value gain on investment properties of HK\$37.3 million



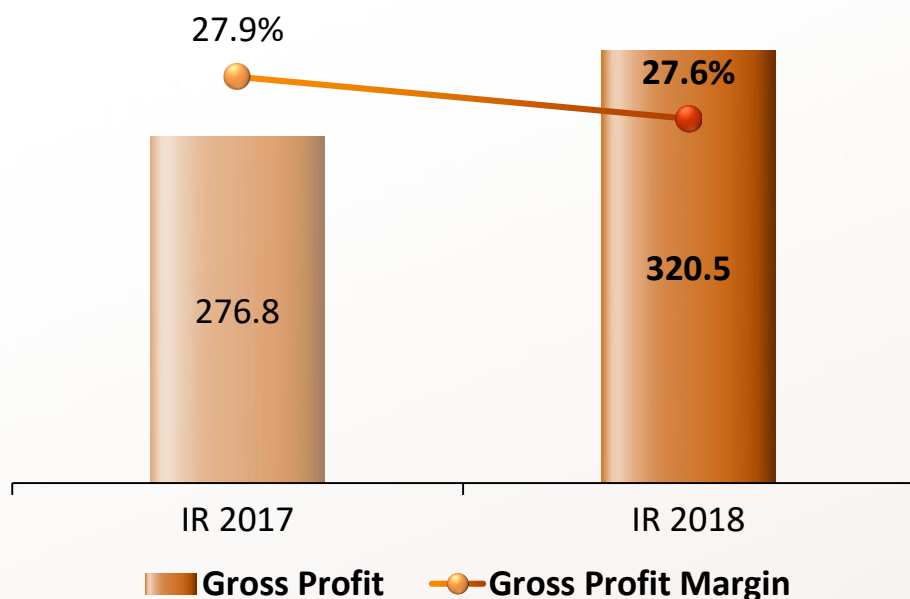
No. 164 Wai Yip Street, Kwun Tong, Kowloon



Well-Maintained Profit Margins

Gross Profit & Gross Profit Margin

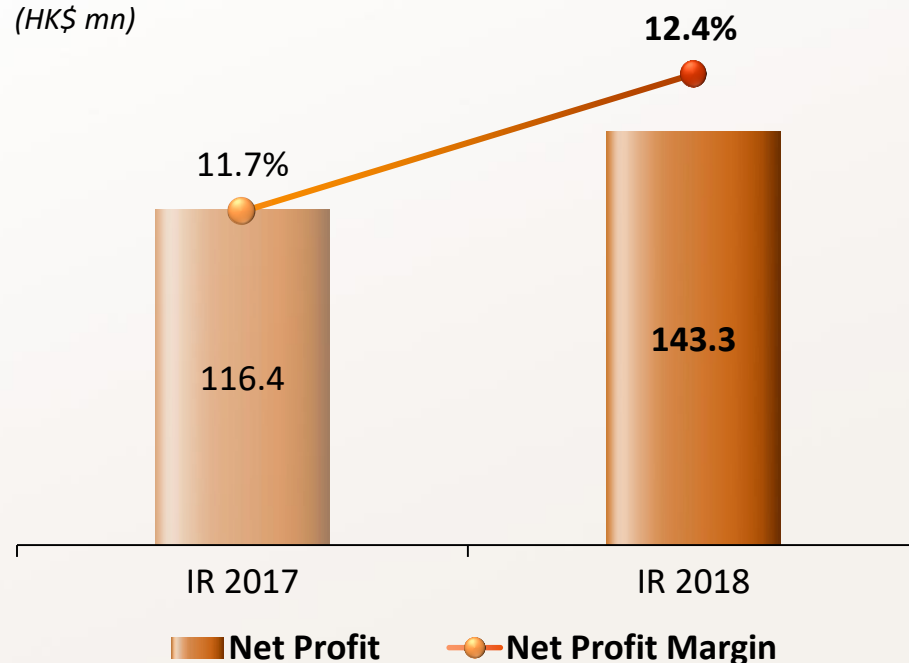
(HK\$ mn)



- Gross margin stood at 27.6%, reflecting the Group's efforts in cost control

Net Profit & Net Profit Margin

(HK\$ mn)



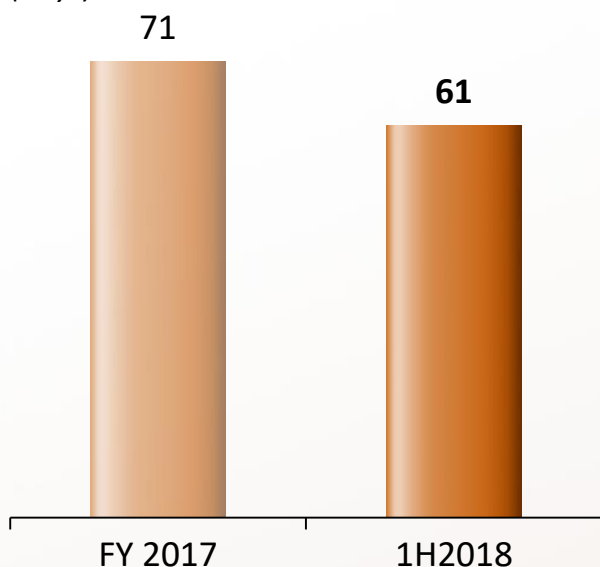
- Net profit margin widened to 12.4%, partly due to the fair value gain of HK\$37.3 m on investment properties



Operation Cycle

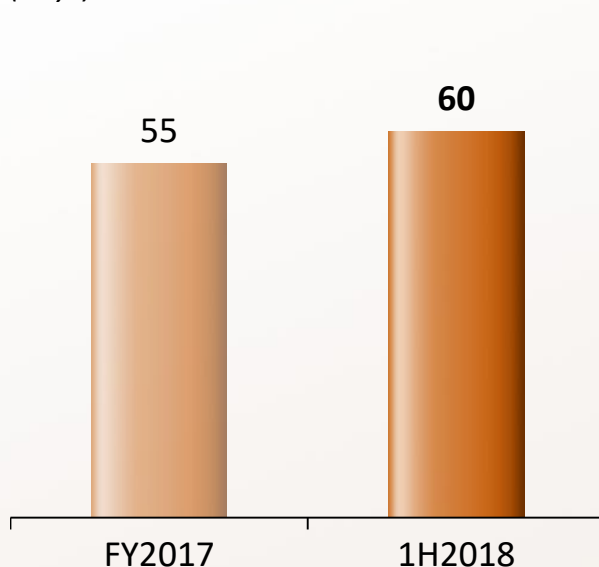
Average Inventory Turnover Days

(Days)



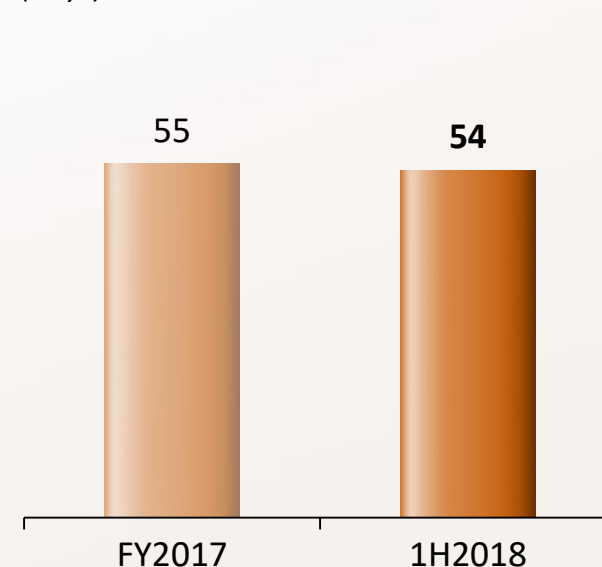
Average Trade Receivables Turnover Days

(Days)



Average Trade Payables Turnover Days


(Days)



- The decrease in inventory turnover day was mainly due to the increase in cost of sales
- Although the average trade receivables increased slightly, the Company's operation cycle and credit control were under good management during the period under review



Key Figures and Ratio

 (HK\$ 000)	As at 31/12/2017 (unaudited)	As at 30/06/2017 (audited)
Total assets*	2,525,231	2,334,570
Total equity*	2,193,158	2,062,598
Net current assets*	1,077,653	987,296
Cash and cash equivalents*	537,807	595,820
Current ratio	4.3 times	4.7 times

* Extracted from Condensed consolidated Statement of Financial Position



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Prospect and Future Plan



Manufacturing Business

- Expect positive momentum in the 2H of FY2018
- Strengthen its sales team by recruiting some international staff
- Successfully diversified customer mix and product mix and expect certain European and Asian brand customers will bring more contribution to the manufacturing segment
- Strive to tap into business-travel and leisure-travel goods business and continue to diversify income source



Retail Business

Store expansion



- Continue to expand the retail network in the 2H
- Plan to open around 50 new shops in both Hong Kong & China
- On top of opening mono-brand stores, will open multi-brand stores in landmark retail areas to target the younger generation
- Plan to open a integrated F&J store with a areas of over 2,000 sq. ft in a prominent shopping mall in Chengdu, PRC

O2O development



- Continue to strengthen its e-commerce development with most of the brands already available on T-Mall
- Liaise with other well-known e-commerce platforms to expand the retail business

Design and marketing



- Continue to invest in the enhancement of product design and development
- Continue to launch different marketing activities to raise brand awareness and increase sales





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Q&A Session

