



Bosideng International Holdings Limited

(Stock Code: 3998)

2016/17 Interim Results



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Agenda

- Financial Review
- Business Review
- Future Development Plan



Financial Review



Financial Highlights

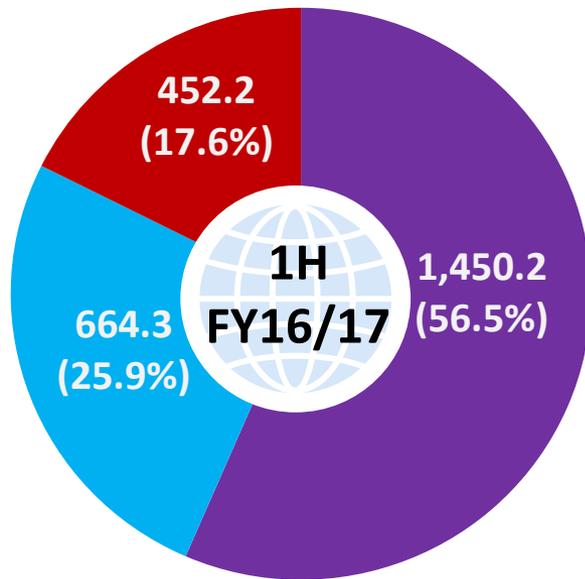
	For the year ended September 30		Change
(RMB mn)	2016	2015	
Revenue	2,566.7	2,563.7	+0.1%
Gross profit	1,010.9	924.3	+9.4%
Profit from operations	259.5	132.3	+96.1%
Profit attributable to equity holders of the Company	157.2	130.7	+20.3%
Earnings per share (RMB cents)			
– Basic and diluted	1.91	1.64	+16.5%
Dividend per share (HKD cents)			
– Interim	1.0	-	N/A

	For the year ended September 30		Change
	2016	2015	
Profitability ratios			
Gross margin	39.4%	36.1%	+3.3 ppt
Operating margin	10.1%	5.2%	+4.9 ppt
Net margin	5.5%	5.1%	+0.4 ppt
Effective tax rate	26.3%	29.0%	-2.7 ppt
Dividend payout ratio	67.1%	-	N/A

Revenue Breakdown

RMB2,566.7 mn

(RMB million)



■ Branded down apparel

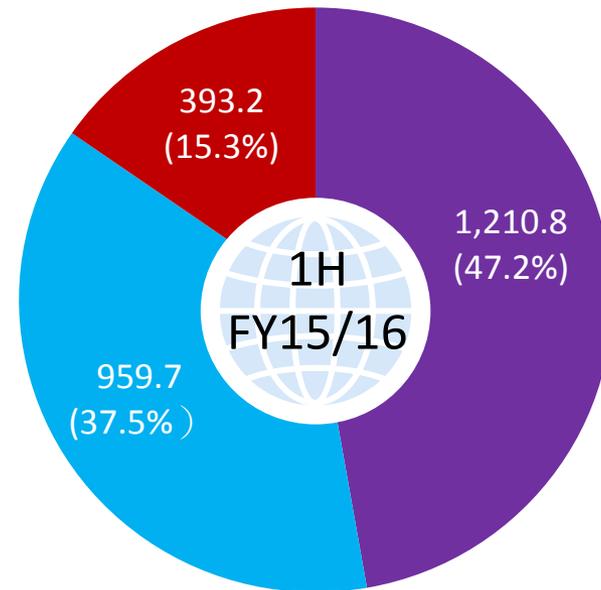
■ OEM Management

■ Non-down apparel

(% of revenue)

RMB2,563.7 mn

(RMB million)



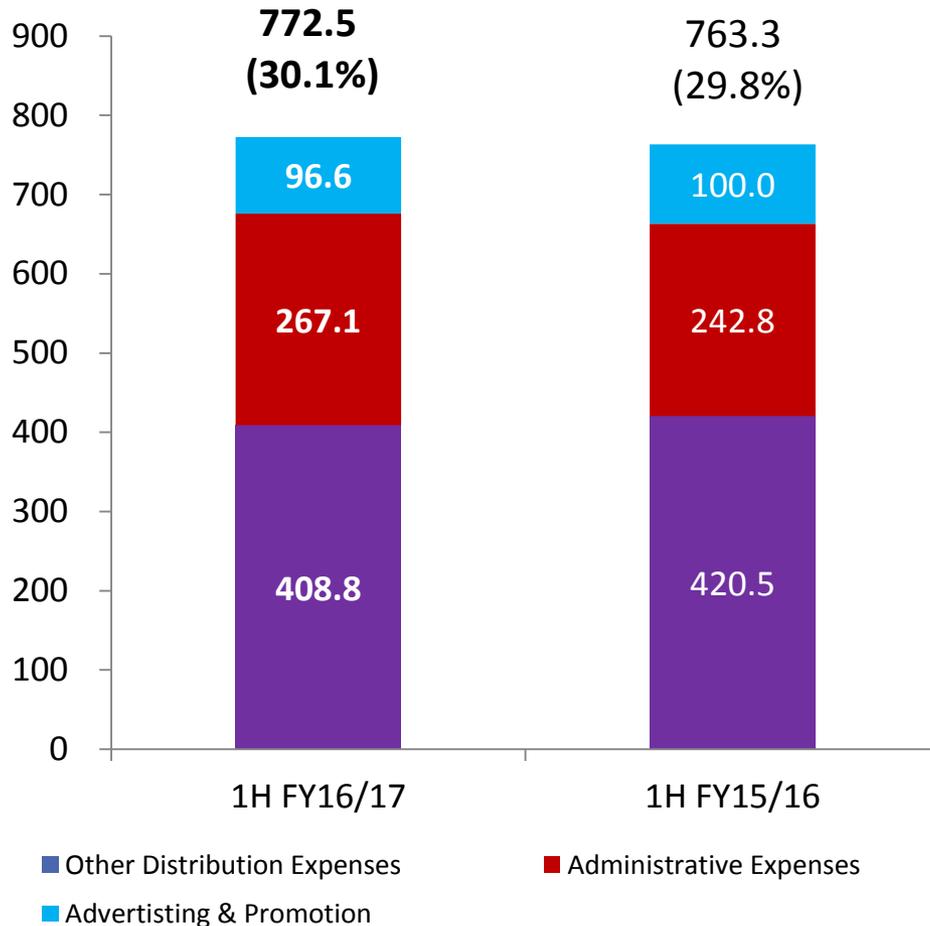
Gross Margin

	For the year ended September 30		
	2016	2015	Change
Down apparel business	43.6%	43.9%	-0.3 ppt
OEM management business	21.6%	18.2%	+3.4 ppt
Non-down apparel business	52.0%	55.3%	-3.3 ppt
The Group	39.4%	36.1%	+3.3 ppt

- **Down apparel business and non-down apparel business:** The gross margin slightly dropped, as the Group proactively controlled and adjusted the proportion of inventory and display and sales network of down apparel business and non-apparel business. Meanwhile, the Group endeavored to clear inventory to leave more room for sales of products with higher profit margin.
- **OEM management business:** Increase in gross margin was mainly attributable to the change in sales mix where the proportion of higher profit margin orders increased.

Operational Expenditure

(RMB million)



- Distribution expenses decreased 2.9%, mainly due to the decrease in relevant demand for personnel and store advertising expenses, which was caused by the Group's proactive efforts in optimising the retail network.
- Administrative expenses increased by 10.0%, mainly attributable to the expenses of the acquisition of BUOU BUOU ladieswear and the introduction of the Share Award Scheme.

(% of revenue)

Inventories

(RMB'000)	As at Sept 30, 2016	As at Sept 30, 2015	Change	As at Mar 31, 2016
Raw materials	425,086	342,347	+24.2%	201,953
Work in progress	62,643	128,657	-51.3%	6,140
Finished goods	1,450,204	1,580,540	-8.2%	1,420,495
Total	1,937,933	2,051,544	-5.5%	1,628,588

Working Capital Management

	For the year ended September 30		
	2016	2015	Change
Average inventory turnover days⁽¹⁾	210	221	-11
Average trade and bills receivables turnover days⁽²⁾	93	128	-35
Average trade and bills payables turnover days⁽³⁾	65	63	+2

(1) Calculated as average inventory divided by cost of sales and multiplied by 365 days

(2) Calculated as average trade and bills receivables divided by revenue and multiplied by 365 days

(3) Calculated as average trade and bills payables divided by cost of sales and multiplied by 365 days

Financial Position

	As at Sept 30, 2016	As at Sept 30, 2015	As at Mar 31, 2016
(RMB million)			
Cash	3,472.7	2,930.0	4,654.0
Interest-bearing borrowings	(4,297.6)	(3,491.3)	(3,393.9)
Available-for-sale financial assets/ other financial assets	1,889.1	1,140.2	1,258.5
Current ratio (times)	1.8x	2.3x	2.1x
Gearing ratio (%)	55.2%*	47.4%	45.5%
Operating cash inflow	(1,127.1)	(1,340.1)	708.7

- Cash, available-for-sale financial assets/ other financial assets and bank borrowings aggregated RMB1,064.2 million, as compared to RMB578.9 million as at September 30, 2015 and RMB2,518.6 million as at March 31, 2016.

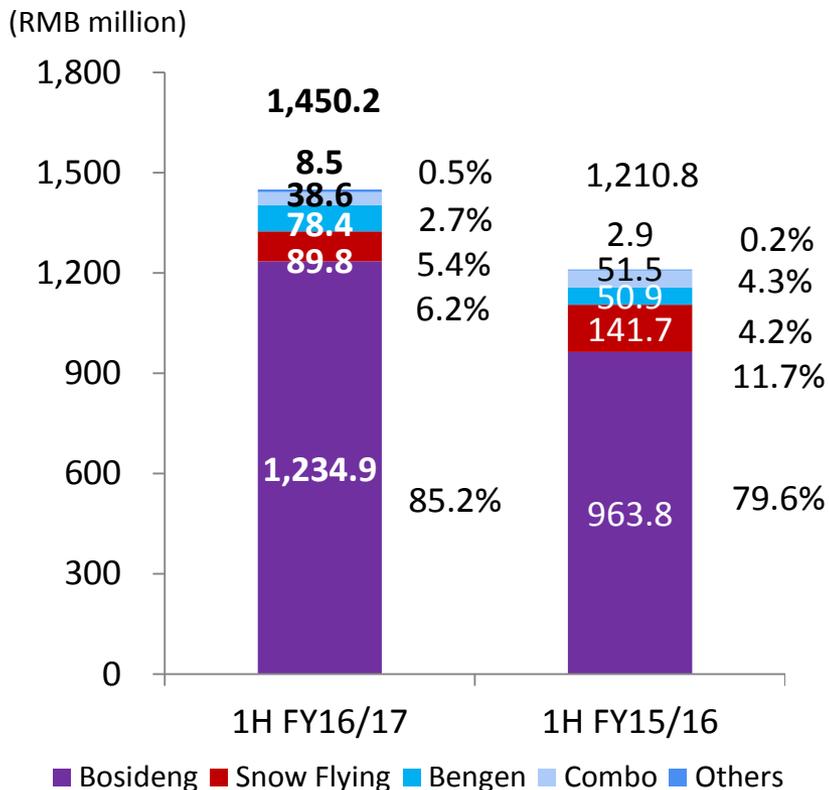
*After deducting the loans amounted to JPY24 billion for capitalization on October 26, 2016, the gearing ratio is 36.4%.

Business Review

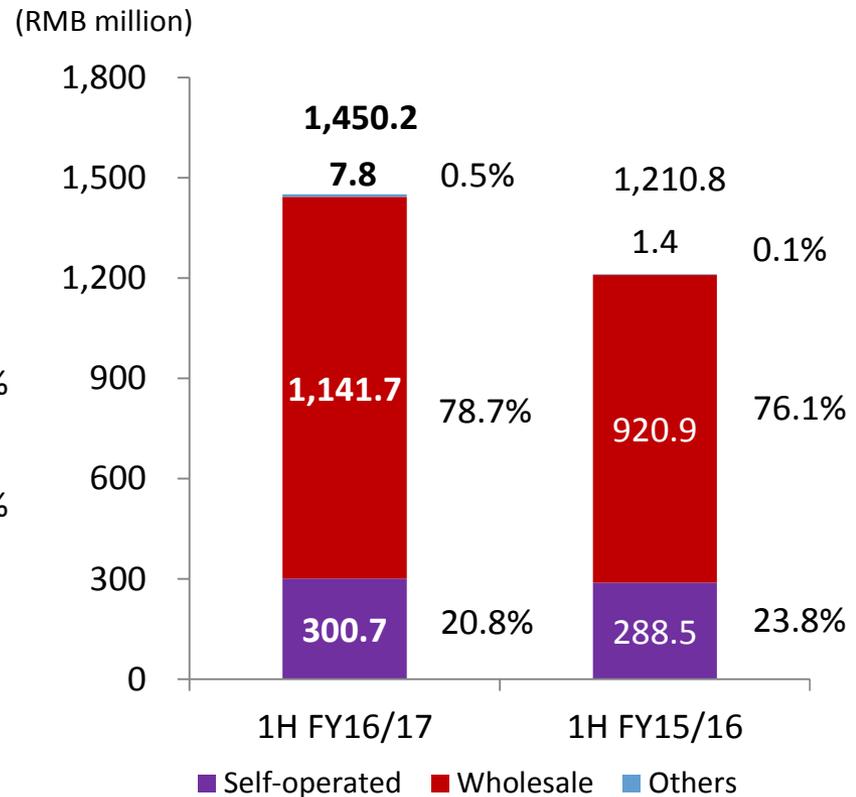


Down Apparel Business

Revenue breakdown by brand



Revenue breakdown by business



- Revenue increased by 19.8% due to the Group's continued efforts in adjusting retail network, branding and product innovation. The Group also maintained strict production and product planning to avoid unnecessary inventory enhance its brand value and recognition.

Rationalize Retail Network

Store no.	Sept 30 2016	Mar 31 2016	changes
Bosideng	3,795	3,839	-44
Snow Flying	368	738	-370
Combo	92	229	-137
Bengen	567	465	+102
Total	4,822	5,271	-449

- Continued to optimize the retail network actively and shut down underperforming stores to enhance store quality
- Despite that Combo brand will be taken out of the down apparel market in the long run, some of the stores were kept during the period to clear the rest of the inventory.
- The self-operated and third-party distributor-operated retail outlets as a percentage of the overall retail network were 37.1% and 62.9%, respectively

Product Innovation

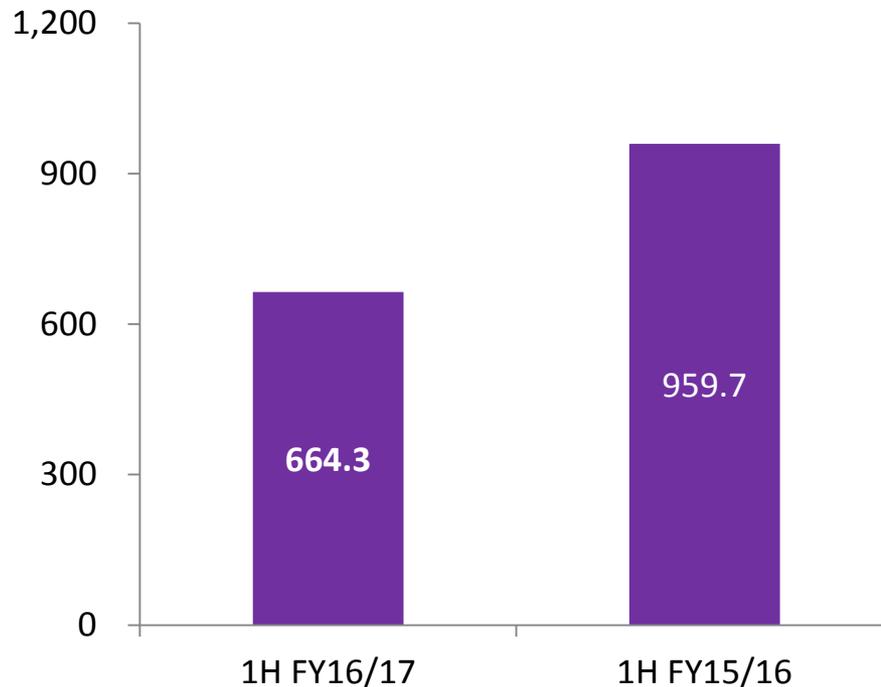
- Worked with The Walt Disney Company to introduce Bosideng x Disney down apparel products, which was well received by the market and injected elements of youth, vitality and fashion into Bosideng brand
- Introduced the velvet series of high-end down apparel products to cater for the market needs and increased the Group's proportion of products with higher profit margins
- Rolled out Fabio De Bianco product series ,thus making the design of Bosideng apparel products comparable to internationally renowned brands.



OEM Management Business

Revenue from OEM management business

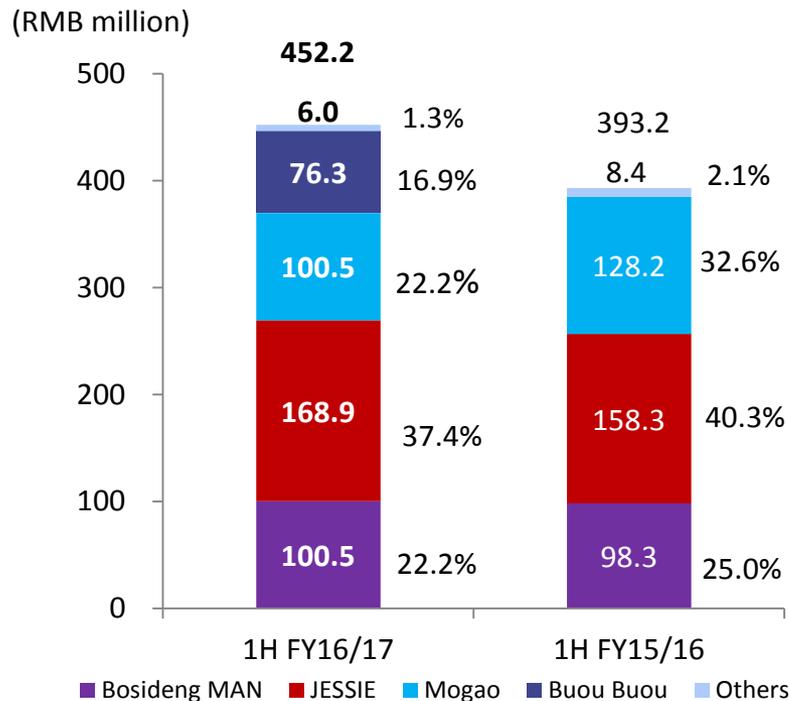
(RMB Million)



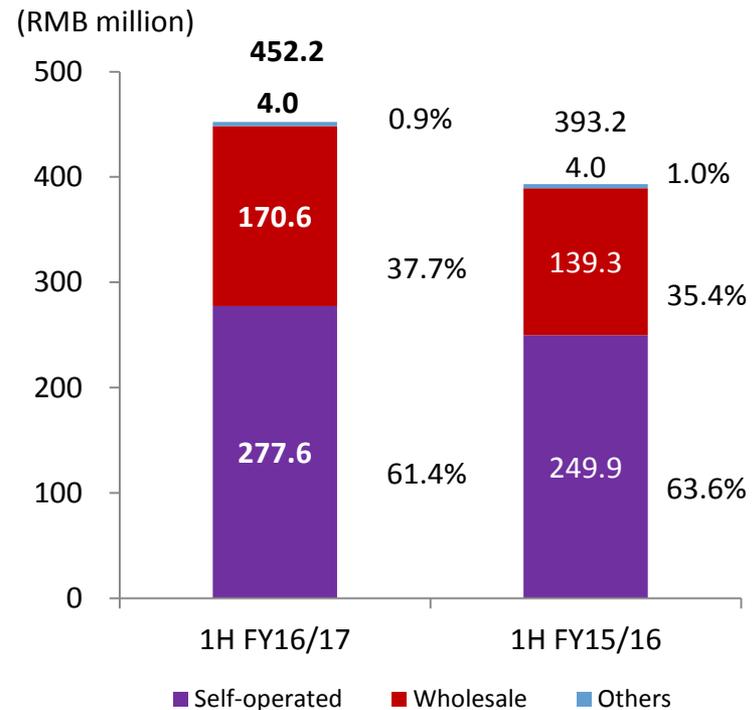
- Revenue decreased by 30.8%, mainly due to the loss of some OEM orders. As increasingly more OEM customers tend to look for those factories with multinational production capabilities.

Non-down Apparel Business

Revenue breakdown by brand



Revenue breakdown by business



- Revenue increased by 15.0%, due to the acquisition of BUOU BUOU ladieswear.
- **Bosideng MAN:** Continued to devote efforts in adjusting the retail network during the period and in eliminating less competitive retail outlets.
- **JESSIE:** Concentrated its efforts on strengthening the management capabilities of self-operated stores, took a prudent approach towards store opening.
- **MOGAO:** Decrease in revenue was due to the fact that Mogao implemented the tightened strategy to profoundly optimise sales network and substantially shut down underperforming stores.
- **Buou Buou:** The Group acquired Buou Buou in July, 2016, revenue from Buou Buou accounted for 16.9% of non-down apparel business.

Future Development Plan



Future Development Plan

Down apparel business

- Continue to adjust retail network and devote efforts to branding and product innovation
- Inject new growth momentum into the brand through introducing a series of retail transformation and enhancement measures

Promote brand innovations
Enhance brand value

Non-down apparel business

- Reassess and review the performance of various brands and their long-term growth potentials
- Adjust the non-down apparel product mix in pursuit

To become an integrated multi-brands apparel operator

Diversified development

- Actively seek opportunities of new businesses and external alliances
- Proactively introducing strategic investors and partners
- Bring in business or investment opportunities to the Company through profound cooperation with ITOCHU Corporation

Increase merger and acquisition capabilities

Appendix



Retail Network of Down Apparel Business

As at Sept 30, 2016	Bosideng		Snow Flying		Combo		Bengen		Total	
	Store	Change	Store	Change	Store	Change	Store	Change	Store	Change
Specialty stores										
By the Group	438	127	15	-25	–	-4	–	–	453	98
Third party distributors	1,746	-32	96	-89	–	-14	312	169	2,154	34
Sub-total	2,184	95	111	-114	–	-18	312	169	2,607	132
Concessionary retail outlets[#]										
By the Group	1,085	229	182	-171	69	-61	–	–	1,336	-3
Third party distributors	526	-368	75	-85	23	-58	255	-67	879	-578
Sub-total	1,611	-139	257	-256	92	-119	255	-67	2,215	-581
Total	3,795	-44	368	-370	92	-137	567	102	4,822	-449

Change: as compared to that as of March 31, 2016

[#] The Group's concessionary retail outlets are mainly counters in department stores, which are normally operated only during peak season for down apparel to cope with the seasonality of its core products.

Retail Network of Non-down Apparel Business

As at Sept 30, 2016	BOSIDENG MAN		JESSIE		Mogao		Buou Buou	Total	
	Store	Change	Store	Change	Store	Change	Store	Store	Change
Specialty stores									
By the Group	4	-20	1	-	-	-	-	5	-20
Third party distributors	199	5	24	-4	36	-28	31	290	4
Sub-total	203	-15	25	-4	36	-28	31	295	-16
Concessionary retail outlets									
By the Group	11	-21	115	3	151	-29	136	413	89
Third party distributors	155	13	66	4	-	-	48	269	65
Sub-total	166	-8	181	7	151	-29	184	682	154
Total	369	-23	206	3	187	-57	215	977	138

Change: as compared to that as of March 31, 2016. As the Group acquired BUOU BUOU ladieswear in July 2016, the comparative figures are not applicable.

Thank you!

