



# Bosideng International Holdings Limited

Stock Code: 3998

## 2017/18 Interim Results



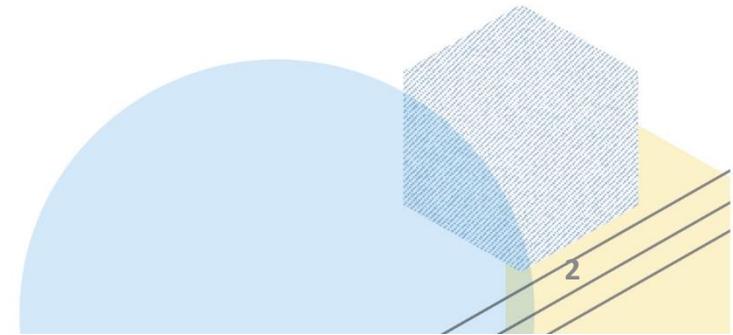
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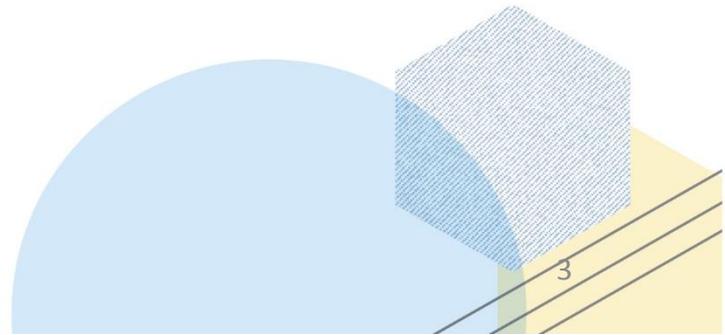
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# Agenda

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- Financial Review
- Business Review
- Future Development Plan



# Financial Review



# Financial Highlights

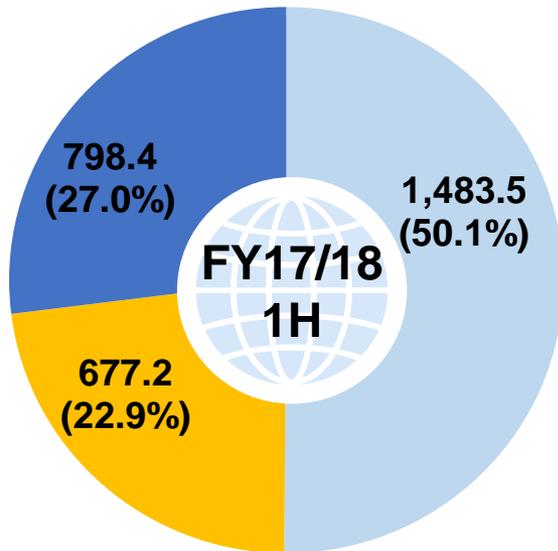
	For the six months ended September 30		Change
(RMB mn)	2017	2016	
Revenue	2,959.1	2,566.7	+15.3%
Gross profit	1,187.9	1,010.9	+17.5%
Profit from operations	219.0	259.5	-15.6%
Profit attributable to equity holders of the Company	174.5	157.2	+11.0%
Earnings per share (RMB cents)			
– Basic	1.65	1.91	-13.6%
– Diluted	1.65	1.91	-13.6%
Dividend per share (HKD cents)			
– Interim	1.5	1.0	+50.0%

	For the six months ended September 30		Change
Profitability ratios	2017	2016	
Gross margin	40.1%	39.4%	+0.7ppt.
Operating margin	7.4%	10.1%	-2.7ppt.
Net margin	5.9%	6.1%	-0.2ppt.
Effective tax rate	23.4%	26.3%	-2.9ppt.
Dividend payout ratio	73.8%	67.1%	+6.7ppt.

# Revenue Breakdown

**RMB2,959.1mn**

(RMB million)

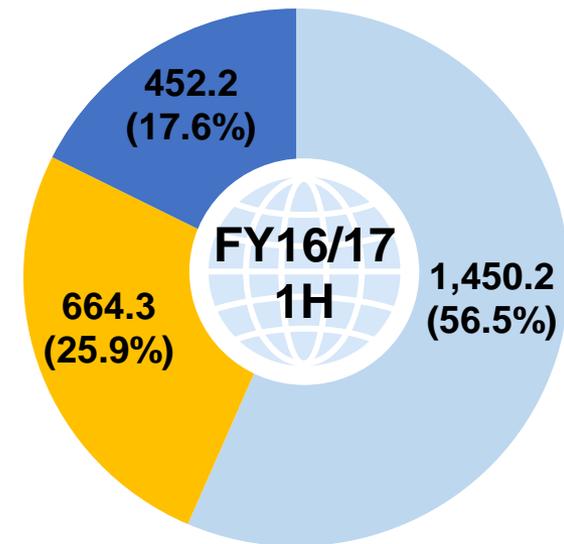


■ Branded down apparel  
■ OEM management  
■ Non-down apparel

(% of revenue)

**RMB2,566.7mn**

(RMB million)

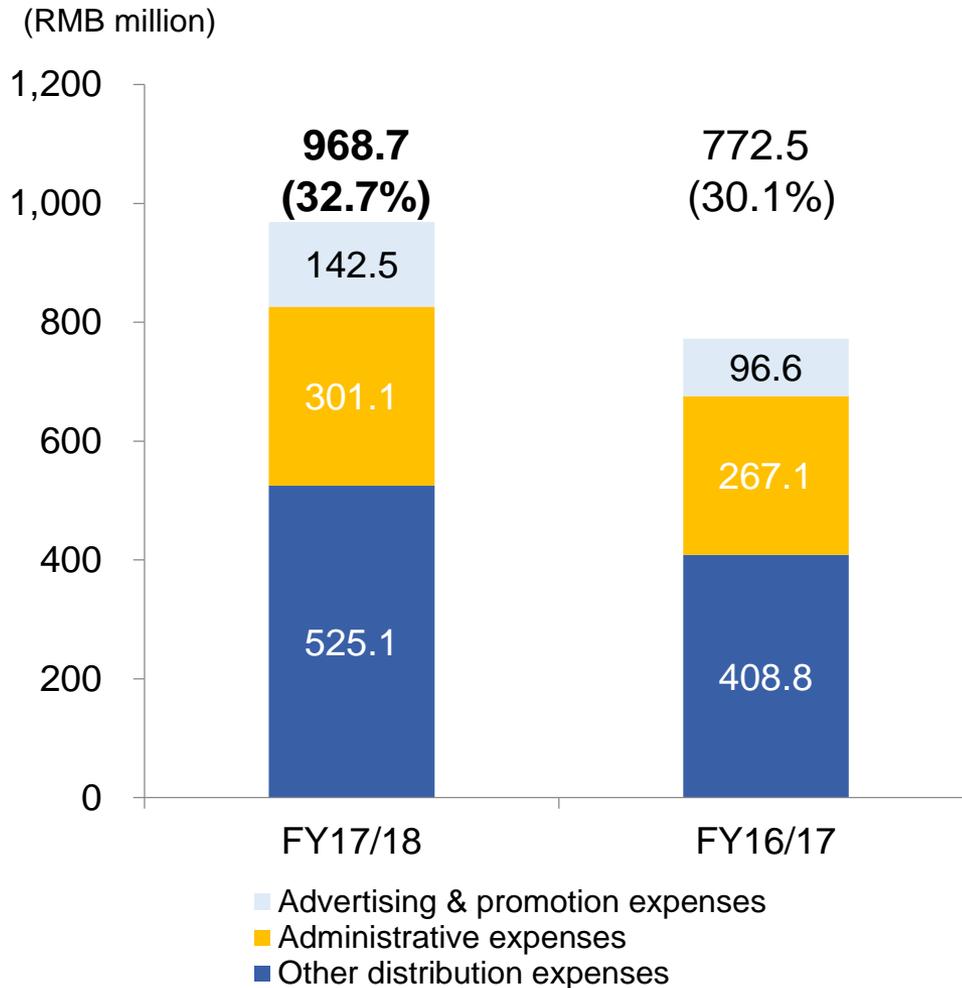


- During the period under review, the Group saw an increase in its revenue source due to the development of new business Bosideng HOME last year and the acquisition of new ladieswear brands, thereby driving the overall growth of non-down apparel business revenue and the Group's total revenue.

# Gross Margin

	For the six months ended September 30		Change
	2017	2016	
<b>Branded down apparel</b>	<b>42.7%</b>	43.6%	-0.9 ppt
<b>OEM management</b>	<b>20.4%</b>	21.6%	-1.2 ppt
<b>Non-down apparel</b>	<b>52.1%</b>	52.0%	+0.1 ppt
<b>The Group</b>	<b>40.1%</b>	39.4%	+0.7 ppt

# Operation Expenditure



- The increase in operation expenditure during the period was mainly driven by the increased expenses in distribution, administration and advertising and promotion resulted from the acquisition of new ladies' wear business.

(% of revenue)

# Inventories

(RMB'000)	As at Sep 30, 2017	As at Sep 30, 2016	Change	As at Mar 31, 2017
Raw materials	569,560	425,086	+34.0%	265,424
Work in progress	16,758	62,643	-73.2%	9,413
Finished goods	1,166,080	1,450,204	-19.6%	1,161,663
Total	1,752,398	1,937,933	-9.6%	1,436,500

# Working Capital Management

For the six months ended September 30			
	2017	2016	Change
<b>Average inventory turnover days<sup>(1)</sup></b>	<b>165</b>	210	-45
<b>Average trade and bills receivables turnover days<sup>(2)</sup></b>	<b>93</b>	93	-
<b>Average trade and bills payables turnover days<sup>(3)</sup></b>	<b>73</b>	65	+8

(1) Calculated as average inventory divided by cost of sales, multiplied by 365 days and divided by 2

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

(3) Calculated as average trade and bills payables divided by cost of sales, multiplied by 365 days and divided by 2

# Financial Position

(RMB million)	As at Sep 30, 2017	As at Sep 30, 2016	As at Mar 31, 2017
Cash	2,669.2	3,472.7	4,542.9
Interest-bearing borrowings	(2,056.4)	(4,297.6)	(2,984.9)
Available-for-sale financial assets/ other financial assets	1,795.2	1,889.1	2,610.2
Current ratio (times)	2.4x	1.8x	2.4x
Gearing ratio (%)	21.6%	55.2%*	31.9%
Operating cash inflow/ (outflow)	(1,712.9)	(1,127.1)	1,109.2

- Cash, available-for-sale financial assets/ other financial assets and bank borrowings aggregated RMB2,408.0 million, as compared to RMB1,064.1 million as at September 30, 2016 and RMB4,168.3 million as at March 31, 2017.

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

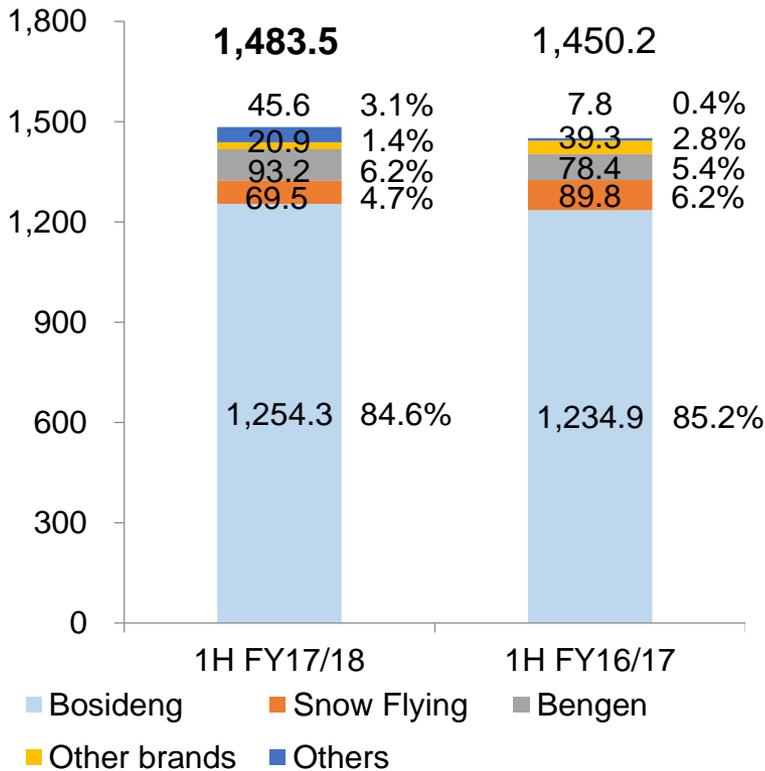
# Business Review



# Down Apparel Business

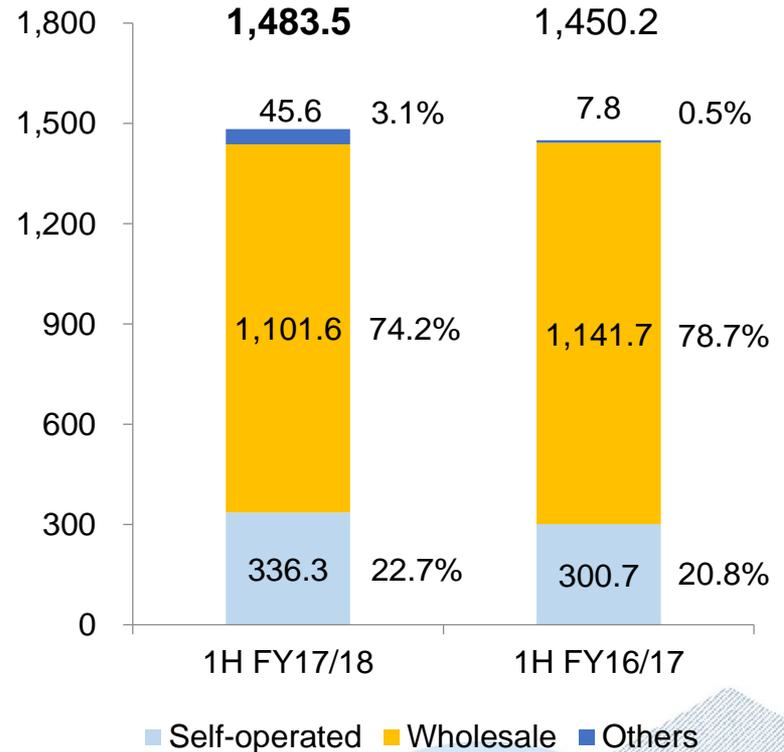
## Revenue breakdown by brand

(RMB million)



## Revenue breakdown by brand

(RMB million)



# Product Innovation

- Launched Anti-Cold series of down apparel containing 90% white goose down with fill power reaching 800. The utilization of high-density, high-thread count insulated fabric can resist extreme cold temperature below -30 degrees with chic elements incorporated to offer its consumers a brand new cold-resistance experience.
- Launched Wind Breaker series which defies conventional impression of bulkiness towards down apparel by incorporating the function of heat preservation and a fashionable, slim design



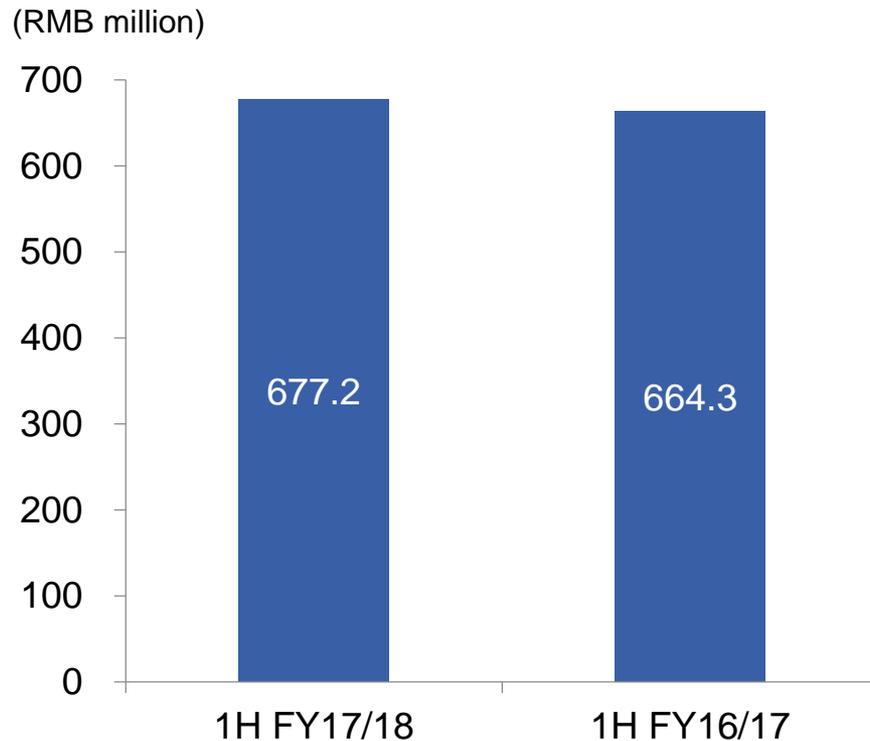
# Product Innovation

- Re-launched the Disney series with a breakthrough in material selection, design, cutting and innovation while fully demonstrated the elements of Disney through customized printing, attachment of ribbons and etc. to showcase every detail with personality and a sense of childlike wonder
- Increased Disney promotional stores to 306 nationwide this year from 42 stores in 2016



# OEM Management Business

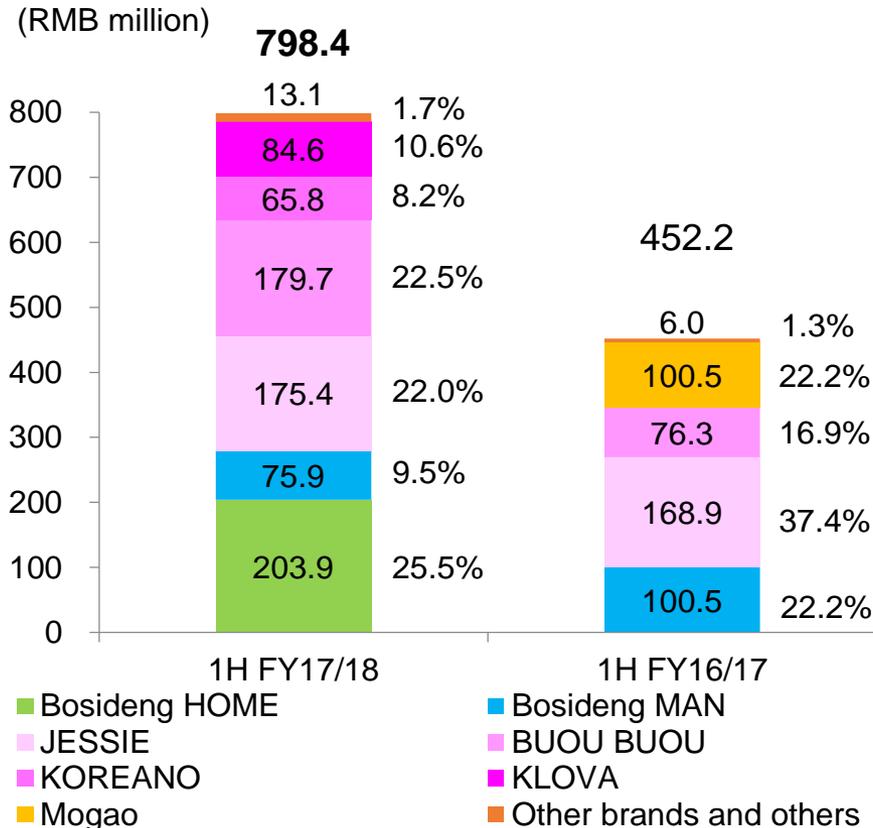
## Revenue from OEM management business



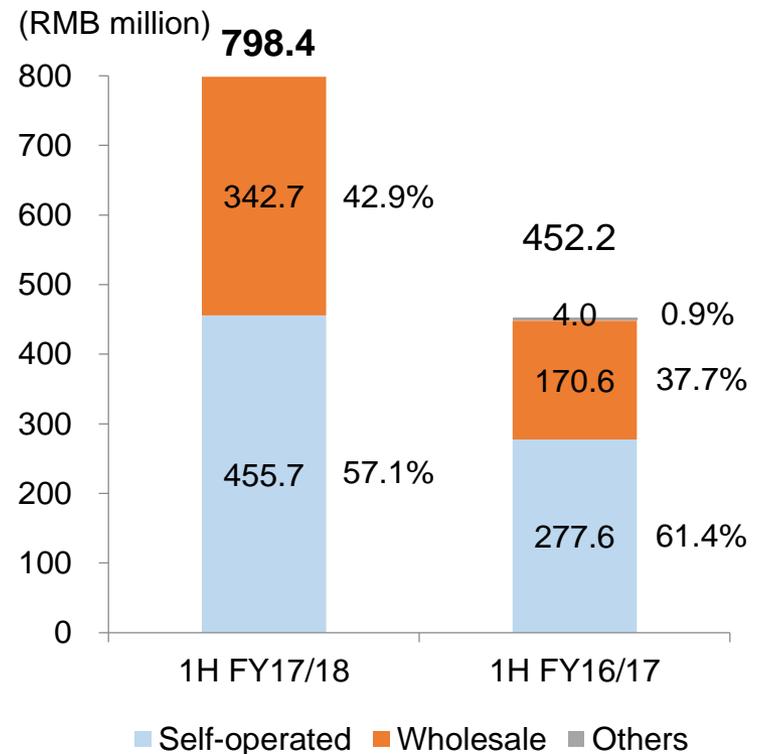
- Some of the orders returned to China from Southeast Asia after the United States announced its official withdrawal from Trans-Pacific Strategic Economic Partnership Agreement in January 2017, a slight recovery in the revenue of OEM management business coupled with a more sophisticated and mature industry chain together with higher production efficiency in China.

# Non-down Apparel Business

## Revenue breakdown by brand



## Revenue breakdown by business



- Revenue increased by 76.6% due to the launch of Bosideng HOME last year and the ladieswear brands acquired during the period, they became the new revenue driver of non-down apparel business and offset the decrease in revenue due to the disposal of Mogao apart from organic growth.

# Future Development Plan



# Future Development Plan

<b>Down apparel business</b>	<b>Non-down apparel business</b>	<b>OEM management business</b>	<b>Diversification</b>
<ul style="list-style-type: none"><li>• Continue its brand and product innovation</li><li>• Strengthen management and application of retail data, promote and achieve retail transformation</li></ul>	<ul style="list-style-type: none"><li>• High-end ladieswear platform scaled up</li><li>• Bosideng MAN will make substantial adjustment in various aspects to fundamentally improve its business</li></ul>	<ul style="list-style-type: none"><li>• Cooperation with ITOCHU Corporation in respect of a factory located in Vietnam is in smooth progress</li><li>• Completed preparatory work orders to customers of Vietnam factory which will commence production in early 2018</li></ul>	<ul style="list-style-type: none"><li>• Proactively seek opportunities for business innovation and development</li><li>• Develop “Bosideng children’s wear” brand and products of multiple categories for four seasons</li><li>• Utilize its sufficient funds to keep identifying suitable apparel brands for acquisition to grow non-down apparel</li></ul>
<b>Promote product innovation</b> <b>Realise retail transformation</b>	<b>Enhance efficiency &amp; business</b>	<b>Steady expansion of business</b>	<b>To become an integrated multi-brands apparel operator</b>

# Appendix



# Retail Network of Down Apparel Business

As at 30 September 2017	<i>Bosideng</i>		<i>Snow Flying</i>		<i>Bengen</i>		Total	
	Store	Change	Store	Change	Store	Change	Store	Change
<b>Specialty stores</b>								
By the Group	543	+91	7	-35	6	+6	556	+62
Third party distributors	1,758	-3	168	+108	403	+92	2,329	+197
<b>Sub-total</b>	<b>2,301</b>	<b>+88</b>	<b>175</b>	<b>+73</b>	<b>409</b>	<b>+98</b>	<b>2,885</b>	<b>+259</b>
<b>Concessionary retail outlets</b>								
By the Group	673	-45	178	+16	25	+25	876	-4
Third party distributors	418	-43	83	+16	251	-7	752	-34
<b>Sub-total</b>	<b>1,091</b>	<b>-88</b>	<b>261</b>	<b>+32</b>	<b>276</b>	<b>+18</b>	<b>1,628</b>	<b>-38</b>
<b>Total</b>	<b>3,392</b>	<b>-</b>	<b>436</b>	<b>+105</b>	<b>685</b>	<b>+116</b>	<b>4,513</b>	<b>+221</b>

Change: as compared to that as of March 31, 2017.

# Retail Network of Non-down Apparel Business

As at 30 September 2017	<i>BOSIDENG HOME</i>	<i>BOSIDENG MAN</i>		<i>JESSIE</i>		BUOU BUOU		KOREANO	KLOVA	Total
	Store	Store	Change	Store	Change	Store	Change	Store	Store	Store
<b>Specialty stores</b>										
By the Group	18	84	+8	3	–	13	–1	–	–	<b>118</b>
Third party distributors	–	88	-77	22	-1	7	+1	–	–	<b>117</b>
<b>Sub-total</b>	<b>18</b>	<b>172</b>	<b>-69</b>	<b>25</b>	<b>-1</b>	<b>20</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>235</b>
<b>Concessionary retail outlets</b>										
By the Group	4	47	+1	111	+5	125	-14	55	70	<b>412</b>
Third party distributors	1	63	-13	68	+4	52	-8	-	-	<b>184</b>
<b>Sub-total</b>	<b>5</b>	<b>110</b>	<b>-12</b>	<b>179</b>	<b>+9</b>	<b>177</b>	<b>-22</b>	<b>55</b>	<b>70</b>	<b>596</b>
<b>Total</b>	<b>23</b>	<b>282</b>	<b>-81</b>	<b>204</b>	<b>+8</b>	<b>197</b>	<b>-22</b>	<b>55</b>	<b>70</b>	<b>831</b>

Change: as compared to that as of March 31, 2017.

**Thank you!**

