



**波司登**  
BOSIDENG

**2018/19 Annual Results**

June 27, 2019

# Disclaimer

The information contained in this presentation is intended solely for your personal reference. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning Bosideng International Holdings Limited (the “Company”). The Company makes no representation regarding, and assumes no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information contained herein.

In addition, the information contains projections and forward-looking statements that may reflect the Company’s current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company’s assumptions are correct. Actual Results may differ from projections. It is not the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the Company’s financial or trading position or prospects.

This presentation does not constitute an offer or invitation to purchase or subscribe for any securities or financial instruments or to provide any investment service or investment advice, and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.

# Agenda



Financial Review  
Business Review  
Future Development Plan

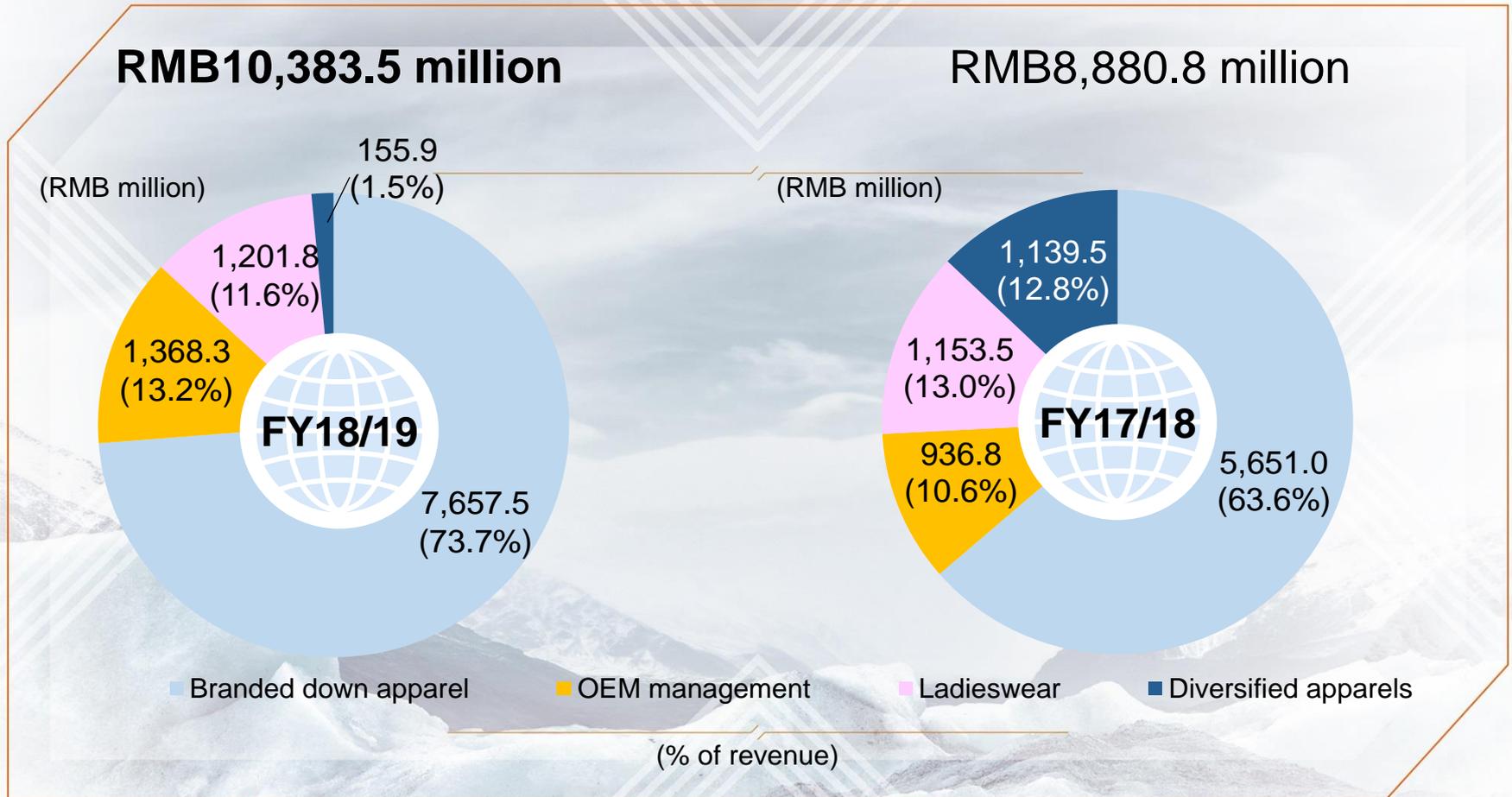


# Financial Review

# Financial Highlights

(RMB million)	For the year ended March 31, 2019	For the year ended March 31, 2018	Change
Revenue	<b>10,383.5</b>	8,880.8	+16.9%
Gross profit	<b>5,513.5</b>	4,119.1	+33.9%
Profit from operations	<b>1,370.8</b>	923.4	+48.4%
Profit attributable to equity holders of the Company	<b>981.3</b>	615.5	+59.4%
Earnings per share (RMB cents)			
– Basic	<b>9.32</b>	5.82	+60.1%
– Diluted	<b>9.17</b>	5.80	+58.1%
Dividend per share (HKD cents)			
– Interim	<b>2.0</b>	1.5	+33.3%
– Final	<b>6.0</b>	3.5	+71.4%
– Special	-	2.5	N/A
– Full year	<b>8.0</b>	7.5	+6.7%
Gross margin	<b>53.1%</b>	46.4%	+6.7ppt.
Operating margin	<b>13.2%</b>	10.4%	+2.8ppt.
Net margin	<b>9.5%</b>	6.9%	+2.6ppt.
Income tax rate	<b>27.9%</b>	28.0%	-0.1ppt.
Dividend payout ratio	<b>76.6%</b>	107.7%	-31.1ppt.

# Revenue Breakdown



**The Group's revenue increased mainly due to:**

- The Group vigorously promoted brand building, adjust product structure, optimize sales channel and enhance the construction of retail sales terminal. Leveraging on our efforts made to upgrade our brand, product, channel and terminal, the Group enhanced the awareness of the *Bosideng* brand and the brand influence among consumers.

# Revenue Breakdown by Business

Business (RMB million)	For the year ended March 31, 2019	For the year ended March 31, 2018	Change
Branded down apparel	<b>7,657.5</b>	5,651.0	+35.5%
OEM management	<b>1,368.3</b>	936.8	+46.1%
Ladieswear	<b>1,201.8</b>	1,153.5	+4.2%
Diversified apparels	<b>155.9</b>	1,139.5	-86.3%
<b>Total</b>	<b>10,383.5</b>	8,880.8	+16.9%

# Revenue Breakdown by Brand - Branded Down Apparel

Brand (RMB million)	For the year ended March 31, 2019	For the year ended March 31, 2018	Change	% Change
Bosideng	<b>6,849.2</b>	4,953.7	+1,895.5	+38.3%
Snow Flying	<b>361.5</b>	315.5	+46.0	+14.6%
Bengen	<b>213.4</b>	203.3	+10.1	+5.0%
Other brands	<b>2.6</b>	112.5	-109.9	-97.7%
Others*	<b>230.8</b>	66.0	+164.8	+249.7%
<b>Total</b>	<b>7,657.5</b>	5,651.0	+2,006.5	+35.5%

\* Represents sales of raw materials related to down apparel products and other licensing fees, etc.

# Revenue Breakdown by Brand - Ladieswear

Brand (RMB million)	For the year ended March 31, 2019	For the year ended March 31, 2018	Change	% Change
JESSIE*	412.4	389.2	+23.2	+6.0%
BUOU BUOU**	361.6	375.3	-13.7	-3.7%
KOREANO	226.1	176.1	+50.0	+28.4%
KLOVA	193.5	205.6	-12.1	-5.9%
Other brands	8.2	7.3	+0.9	+12.3%
<b>Total</b>	<b>1,201.8</b>	<b>1,153.5</b>	<b>+48.3</b>	<b>+4.2%</b>

\* The year 2018 marks the 20<sup>th</sup> anniversary of *JESSIE*. This year, *JESSIE* strived to build franchised and self-operated benchmark stores, attended the Milan Fashion Week in September and conducted a series of thematic marketing activities.

\*\* During the Year, *BUOU BUOU* had adjusted its new product sales model, transforming from destocking in the last financial year to launching new products

# Revenue Breakdown by Brand - Diversified Apparels

Brand (RMB million)	For the year ended March 31, 2019	For the year ended March 31, 2018	Change	% Change
Menswear	55.4	503.0	-447.6	-89.0%
Bosideng HOME	50.0	561.4	-511.4	-91.1%
Other brands and others	50.5	75.1	-24.6	-32.8%
<b>Total</b>	<b>155.9</b>	<b>1,139.5</b>	<b>-983.6</b>	<b>-86.3%</b>

# Gross Profit Margin

Business	For the year ended March 31, 2019	For the year ended March 31, 2018	Change
Branded down apparel	<b>57.4%</b>	51.5%	+5.9ppt.
OEM management	<b>16.3%</b>	17.3%	-1.0ppt.
Ladieswear	<b>75.5%</b>	76.4%	-0.9ppt.
Diversified apparels	<b>-6.9%</b>	14.6%	-21.5ppt.
<b>The Group</b>	<b>53.1%</b>	46.4%	+6.7ppt.

# Gross Profit Margin - Branded Down Apparel

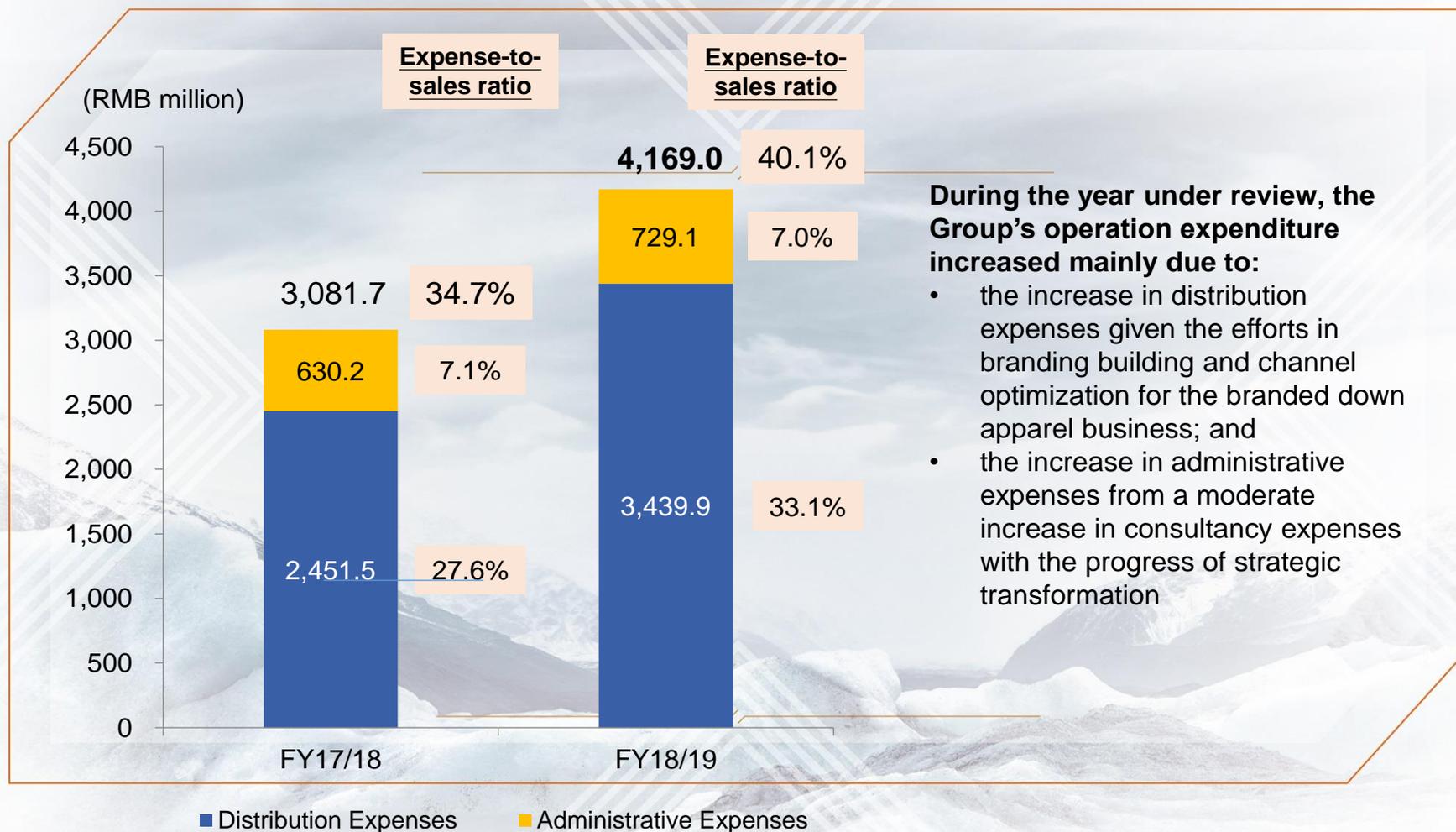
Branded Down Apparel	For the year ended March 31, 2019	For the year ended March 31, 2018	Change
Bosideng	60.6%	56.4%	+4.2ppt.
Snow Flying	49.7%	42.4%	+7.3ppt.
Bengen	29.0%	19.3%	+9.7ppt.
<b>Branded Down Apparel</b>	<b>57.4%</b>	<b>51.5%</b>	<b>+5.9ppt.</b>

# Gross Profit Margin - Ladieswear

Ladieswear	For the year ended March 31, 2019	For the year ended March 31, 2018	Change
JESSIE	71.2%	73.6%	-2.4ppt.
BUOU BUOU	70.9%	70.7%	+0.2ppt.
KOREANO*	85.3%	83.8%	+1.5ppt.
KLOVA*	82.8%	86.1%	-3.3ppt.
Other brands	59.3%	60.7%	-1.4ppt.
<b>Ladieswear</b>	<b>75.5%</b>	<b>76.4%</b>	<b>-0.9ppt.</b>

\* KOREANO and KLOVA became subsidiaries of the Group since April 2017

# Operation Expenditure



# Inventories

(RMB'000)	As at March 31, 2019	As at March 31, 2018	Change
Raw materials	<b>510,380</b>	332,835	+53.3%
Work in progress	<b>17,838</b>	17,621	+1.2%
Finished goods	<b>1,402,912</b>	1,104,384	+27.0%
<b>Total</b>	<b>1,931,130</b>	1,454,840	+32.7%

# Working Capital Management

	For the year ended March 31, 2019	For the year ended March 31, 2018	Change
<b>Average inventory turnover days<sup>(1)</sup></b>	<b>127</b>	111	+16days
<b>Average trade and bills receivables turnover days<sup>(2)</sup></b>	<b>35</b>	33	+2days
<b>Average trade and bills payables turnover days<sup>(3)</sup></b>	<b>66</b>	39	+27days

(1) Calculated as average inventory divided by cost of sales, multiplied by 365 days. Excluding the effects of increased raw materials, average inventor turnover days increased by 10 days as compared to the same period last year.

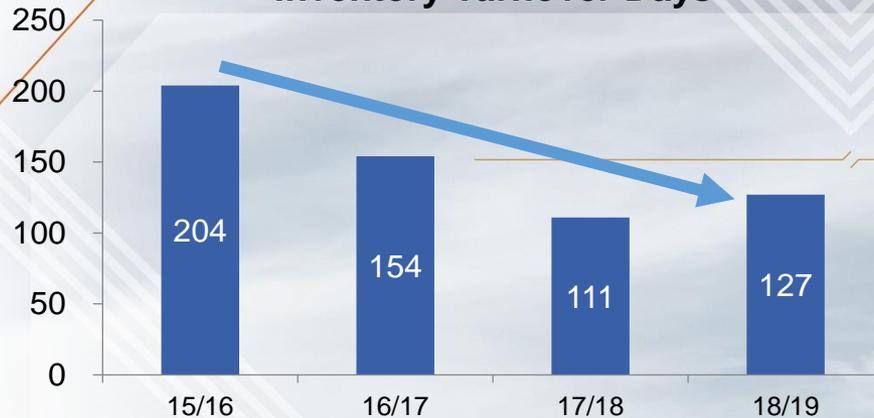
(2) Calculated as average trade and bills receivables divided by revenue, multiplied by 365 days

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

# Working Capital Management (con't)

(Unit: Day)

## Inventory Turnover Days



- Inventory turnover increased by 16 days due to the increase of raw materials;
- Trade receivables turnover days remained stable;
- As a result of the sound financial position and the overwhelming market responses regarding the brand restructure of the Group, suppliers provided longer credit periods, resulting in the number of trade payables turnover days increased by 27 days

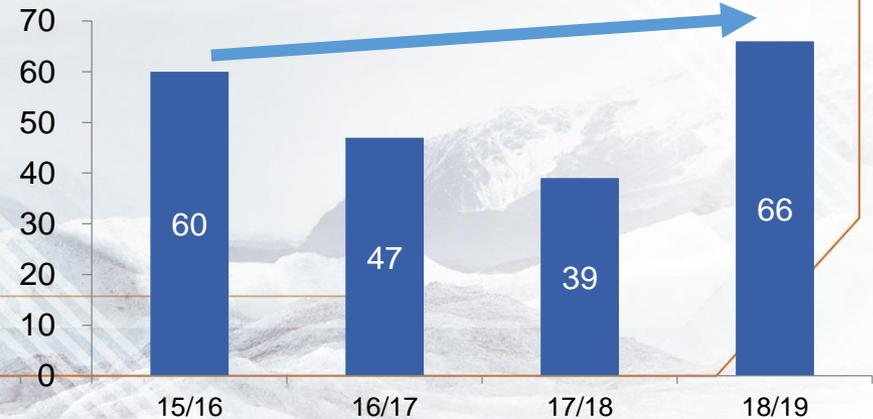
(Unit: Day)

## Trade Receivables Turnover Days



(Unit: D

## Trade Payables Turnover Days



# Total Cash and Net Cash

(RMB million)	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	1,754.3	1,794.1
Time deposits with maturity over 3 months	222.9	271.6
Pledged bank deposits	679.3	904.6
Available-for-sale financial assets	-	4,513.9
Other financial assets	4,416.8	-
<b>Total cash</b>	<b>7,073.3</b>	<b>7,484.2</b>
Minus: Bank borrowings	(1,627.7)	(2,338.4)
<b>Net cash</b>	<b>5,445.6</b>	<b>5,145.8</b>

# Cash Flow (con't)

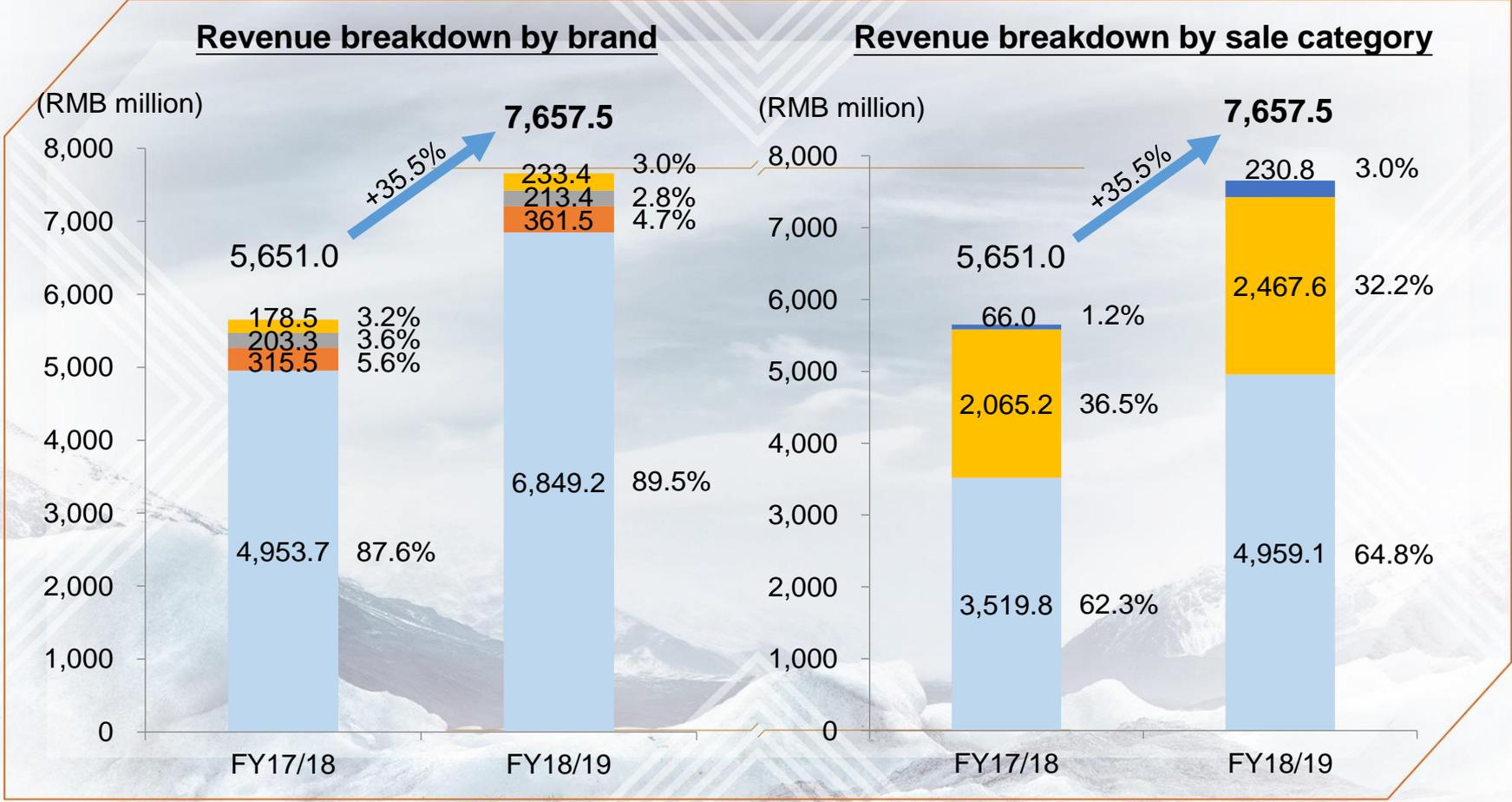
(RMB million)	As at March 31, 2019	As at March 31, 2018
Net cash inflow/(outflow) from operating activities	<b>1,509.4</b>	1,032.6
Net cash inflow/(outflow) from investment activities	<b>(252.8)</b>	(1,863.9)
Net cash inflow/(outflow) from financing activities	<b>(1,356.1)</b>	(183.2)
<b>Net increase/(decrease) in total cash</b>	<b>(99.5)</b>	(1,014.5)
Liquidity (times)	<b>2.3x</b>	2.5x
Gearing ratio(%)	<b>16.1%</b>	23.9%

- Operating activities: including inventory, trades and other receivables, prepayment, etc.
- Investment activities: including acquisition/sale of financial assets, other financial assets, fixed assets, etc.
- Financing activities: including financing, dividends, pledged bank deposits, etc.



# Business Review

# Down Apparel Business



- Bosideng
- Snow Flying
- Self-operated
- Wholesale
- Others
- Bengen
- Other brands and others

# Down Apparel Business - R&D of Products

## Puff collection

- It is made of fabrics 60% lighter than general fabrics and high fill power large-size goose down clusters with 90% down content to make it even lighter and warmer. The Puff collection has also incorporated internationally trendy elements. As a result, it has proven to be very popular among snappy dressers since its launch.



## Designers' collection

- Bosideng cooperated with many designers of different nationalities and backgrounds in launching crossover down apparel collections that feature trendsetting designs and functionality. It is widely recognized and sought after by the market.



# Down Apparel Business - R&D of Products

## High-end outdoor collection

- The collection uses the world's top notch fabrics, GORE-TEX, the choice of fabrics for outdoor gear, and 800+ fill power goose down clusters with 90% down content with professional design details, to launch a product which is better in terms of waterproof, windproof and breathability, as well as further enhance professional positioning and scientific and technological connotation of the products

## Marvel collection

- Marvel's IP cooperation has been enhanced on top of the original Walt Disney Company's image collection. The launch of new products was well received and sought after among young consumers, which caused a market boom.



# Down Apparel Business - Brand Building

## New brand strategy with a thousand of *Bosideng* stores changing to new logo

- To upgrade and promote brand image, *Bosideng* launched a new brand logo with strong brand identity and a sense of national pride; and more than 1,000 stores nationwide simultaneously put on the new logo at the front door

## Integrated media approach with growing brand recognition

- Through combing media usage including CCTV, Chinese local satellite television stations, Focus Media and the Internet, the integrated media approach has started to take effect
- The interactive content of the Internet can effectively mobilize customers, enhance the brand recognition, awareness and preference of *Bosideng's* brands in the consumer market



# Down Apparel Business - Brand Building

## Be the only apparel brand selected from National Brand Program

- At the Beijing Water Cube Show, the brand's new strategy, positioning and image were unveiled, representing the first milestone event of the 2018 brand reshaping



## Debut at New York Fashion Week as the “Down Apparel Expert”

- As an independent and officially invited brand, the *Bosideng* brand participated in the Fashion Week event held in New York in September 2018 and performed in the show
- The event was supported and recognized by a number of celebrities from China and abroad, which drew global attention and heated discussions
- The livestream of the show on that day attracted over 1.2 million views



# Down Apparel Business - Brand Building

**Become a cross-border pioneer of local down apparel by cooperating with three international designers to launch crossover collection**

- Bosideng cooperated with three top international fashion designers, American designer Tim Coppens, French designer Antonin Tron and Italian designer Ennio Capasa in releasing three jointly-named collections in October 2018
- The “Bosideng and International Designer Joint Collection” attracted consumers’ attention and hot discussions online and offline, and such products were sold out within 5 minutes during the double 11 period

**Strengthen interaction and cooperation with new media to actively explore new channels for brand development**

- To strengthen interaction and cooperation with new media, the *Bosideng* brand actively explored new media resources and secured cooperation opportunities to further enhance consumer knowledge based on consumer’s behavioural habits and social media trends



**Killer product:  
International Designer Joint Collection**

**Soldout**



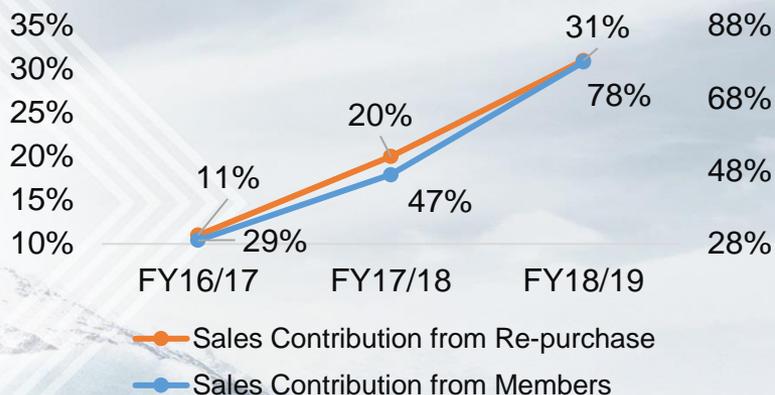
**In 5 mins**



# Down Apparel Business - Brand Promotion

- Purchases by members continued to grow steadily with an average consumption conversion rate of 59%.
- Purchases by members grew consistently as a percentage of turnover and repeat business continued to increase.

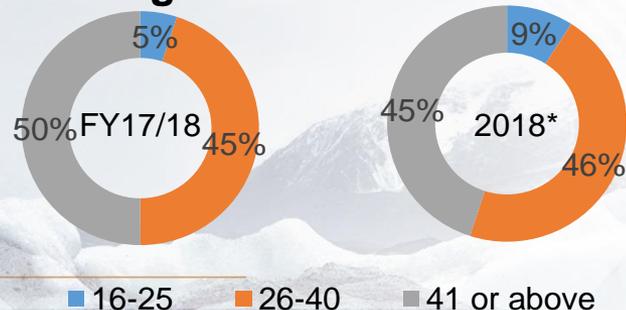
## Members' Contribution Trends



- The brand enhancement has enabled Bosideng to attract more young members, leading to a higher proportion of young people in its consumer club membership. People aged 16-25 accounted for 9% of its consumer club membership in FY18/19, up from 5% in FY17/18.



## Age Structural Trends



\*April to October 2018

# Down Apparel Business - Retail Network

As at March 31, 2019	<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	756	+204	24	+17	26	+20	<b>806</b>	<b>+241</b>
Third party distributors	1,804	+61	183	+13	338	-65	<b>2,325</b>	<b>+9</b>
<b>Sub-total</b>	<b>2,560</b>	<b>+265</b>	<b>207</b>	<b>+30</b>	<b>364</b>	<b>-45</b>	<b>3,131</b>	<b>+250</b>
<b>Concessionary retail outlets</b>								
By the Group	573	-73	211	+24	38	+13	<b>822</b>	<b>-36</b>
Third party distributors	310	-86	61	-19	304	+53	<b>675</b>	<b>-52</b>
<b>Sub-total</b>	<b>883</b>	<b>-159</b>	<b>272</b>	<b>+5</b>	<b>342</b>	<b>+66</b>	<b>1,497</b>	<b>-88</b>
<b>Total</b>	<b>3,443</b>	<b>+106</b>	<b>479</b>	<b>+35</b>	<b>706</b>	<b>+21</b>	<b>4,628</b>	<b>+162</b>

Change: as compared to that as of Mar 31, 2018

# Down Apparel Business - Operations Management

## Inventory Management

- Continued to implement stringent production and product planning to avoid unnecessary inventory accumulation.
- Strengthened the real-time capture and analysis of terminal retail data, with a view to constantly promoting retail management refinement and improving the overall operational efficiency.

## Order Management

- Continued to completely separate order placements from direct sales and wholesale.
- Maintaining the optimal proportions of orders placed at self-operated stores and those placed with distributors, thus managing the orders properly.

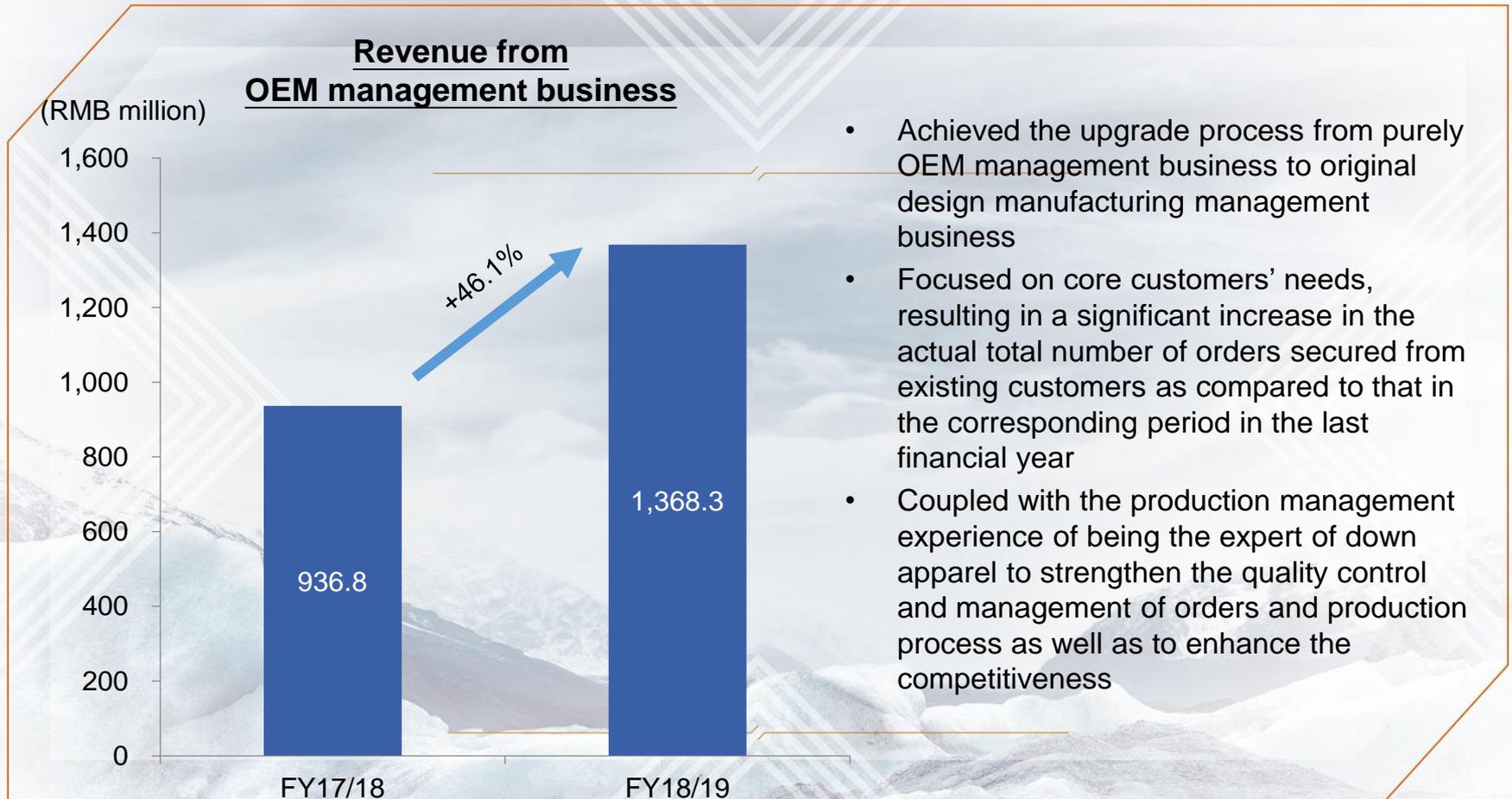
## Quality Quick Response System

- Continued to conduct restocking during the peak season according to the data about the responses from the end consumers, and achieved a quality quick-response system by supplying goods.

## Logistics and Delivery

- Smart logistics and delivery center directly covers the whole country, enabling nationwide inventory management and the integration and sharing of data across online and offline operations.
- Plans to add a warehouse in Northeast China, Harbin and Urumqi to enable direct distribution of goods through all the stores nationwide.

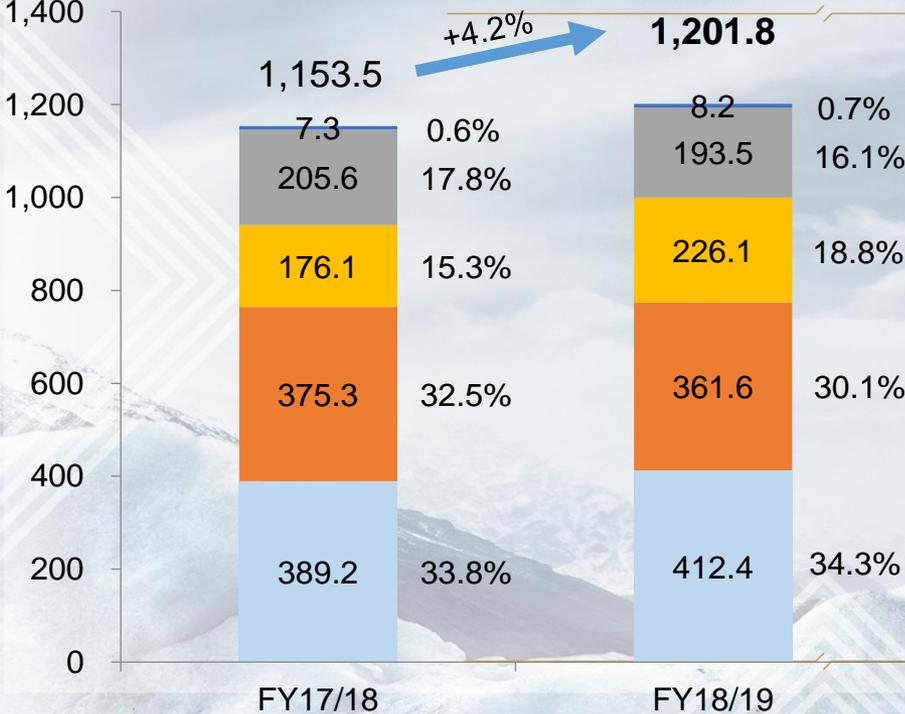
# OEM Management Business



# Ladieswear Business

**Revenue by brand**

(RMB million)



- Ladieswear business was further consolidated and developed. The major ladieswear brands of the Group have maintained the momentum of steady growth in sales

■ JESSIE      ■ BUOU BUOU      ■ KOREANO  
■ KLOVA      ■ Other brands

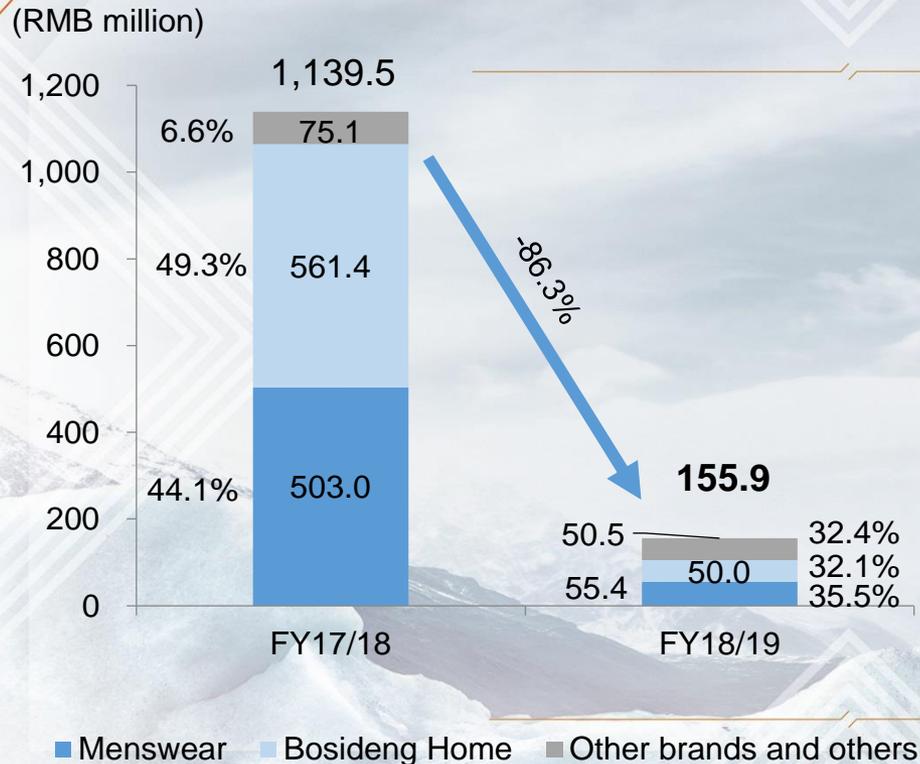
# Ladieswear Business - Retail Network

As at March 31, 2019	JESSIE		BUOU BUOU		KOREANO		KLOVA		Others		Total	
	Store	Change	Store	Change	Store	Change	Store	Change	Store	Change	Store	Change
<b>Specialty stores</b>												
By the Group	4	-	18	-1	-	-	-	-	-	-	22	-1
Third party distributors	23	-	9	-4	-	-	-	-	-	-	32	-4
<b>Sub-total</b>	<b>27</b>	<b>-</b>	<b>27</b>	<b>-5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>-5</b>
<b>Concessionary retail outlets</b>												
By the Group	117	+8	117	-3	79	+22	62	-4	1	-5	376	+18
Third party distributors	70	+3	28	-6	-	-	-	-	-	-4	98	-7
<b>Sub-total</b>	<b>187</b>	<b>+11</b>	<b>145</b>	<b>-9</b>	<b>79</b>	<b>+22</b>	<b>62</b>	<b>-4</b>	<b>1</b>	<b>-9</b>	<b>474</b>	<b>+11</b>
<b>Total</b>	<b>214</b>	<b>+11</b>	<b>172</b>	<b>-14</b>	<b>79</b>	<b>+22</b>	<b>62</b>	<b>-4</b>	<b>1</b>	<b>-9</b>	<b>528</b>	<b>+6</b>

Change: as compared to that as of Mar 31, 2018

# Diversified Business

Revenue by brand



- By scaling down the diversified apparels business segment, the Group hopes that in the future, consumers can focus more on strengthening their loyalty of key brands and down apparel as well as functional apparel products and make them more prominent
- Established a joint venture with its children's wear team to select the best global brands of children's wear for cooperation in online business; major brands which the Group currently has entered into contracts with included *Petit main* from Japan and *Happyland* from Korea

# Diversified Business - Retail Network

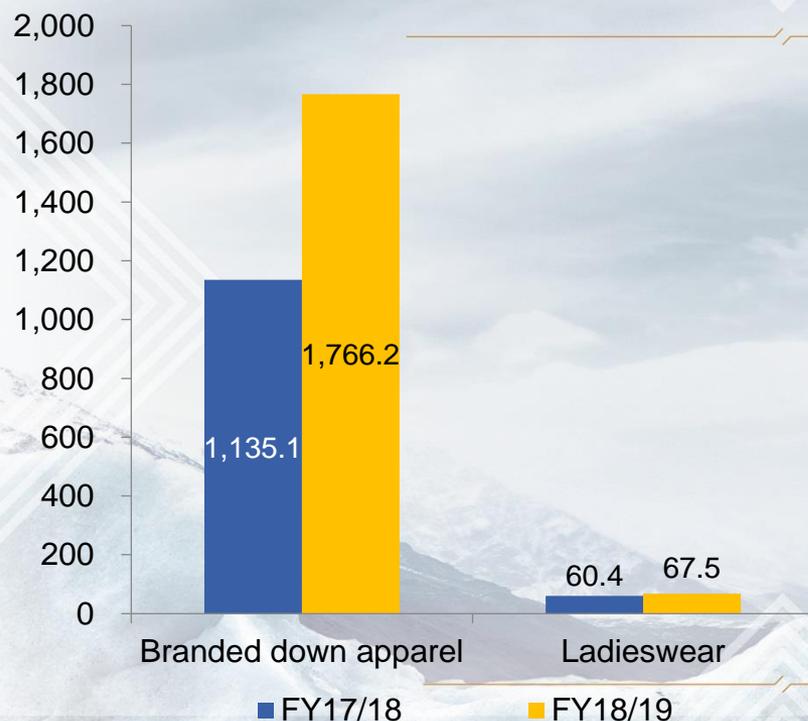
As at March 31, 2019	<i>Bosideng HOME</i>		<i>Menswear</i>		Children's wear		Total	
	Store	Change	Store	Change	Store	Change	Store	Change
<b>Specialty stores</b>								
By the Group	-	-21	32	-52	-	-	<b>32</b>	<b>-73</b>
Third party distributors	-	-51	-	-88	-	-	-	<b>-139</b>
<b>Sub-total</b>	-	<b>-72</b>	<b>32</b>	<b>-140</b>	-	-	<b>32</b>	<b>-212</b>
<b>Concessionary retail outlets</b>								
By the Group	-	-4	4	-43	6	+6	<b>10</b>	<b>-41</b>
Third party distributors	-	-19	-	-63	-	-	-	<b>-82</b>
<b>Sub-total</b>	-	<b>-23</b>	<b>4</b>	<b>-106</b>	<b>6</b>	<b>+6</b>	<b>10</b>	<b>-123</b>
<b>Total</b>	-	<b>-95</b>	<b>36</b>	<b>-246</b>	<b>6</b>	<b>+6</b>	<b>42</b>	<b>-335</b>

Change: as compared to that as of Mar 31, 2018

# Online Sales

## Online Sales Revenue

(RMB million)



- During the Year, the Group pushed ahead the expansion of the online business to stimulate the online sales traffic through the cooperation with Tmall and a strategic cooperation with Vipshops
- The Group will explore the potential of online marketing, integrate related brand resources and platform resources, introduce more online-exclusive products, diversify the features of online goods and increase the sales proportion of the age group of 25-35



# Future Development Plan

# Future Development Plan

## Down apparel business

- While upholding the principle of “focusing on its principal business while implementing de-diversification” and centering on the “function”, the Group will strengthen its core and principal businesses
- While adhering to the original target of being “the expert and the best sellers of down apparel around the world”, the Group will expand the principal businesses and endeavor to become a “mid-to-high-end functional apparel group”

## OEM management business

- The Group will continue to strengthen the strategic cooperation with core customers and enhance the service capabilities, while keeping orders increasing
- The Group will also keep on promoting its responsiveness to the orders of core consumers to maintain the long-term and stable strategic working relationship

## Fashionable ladieswear business

- The Group will remain concentrated on integrating the resources among its ladieswear brands to further improve synergy among brands
- The Group will enhance the productivity, sales channels and brand promotion of brands while boosting the organic growth of the ladieswear business



**Thank you!**