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BOSSINI HAPPY 25TH ANNIVERSARY

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## Corporate Presentation

2011/12 Annual Results

19 September 2012

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# Agenda

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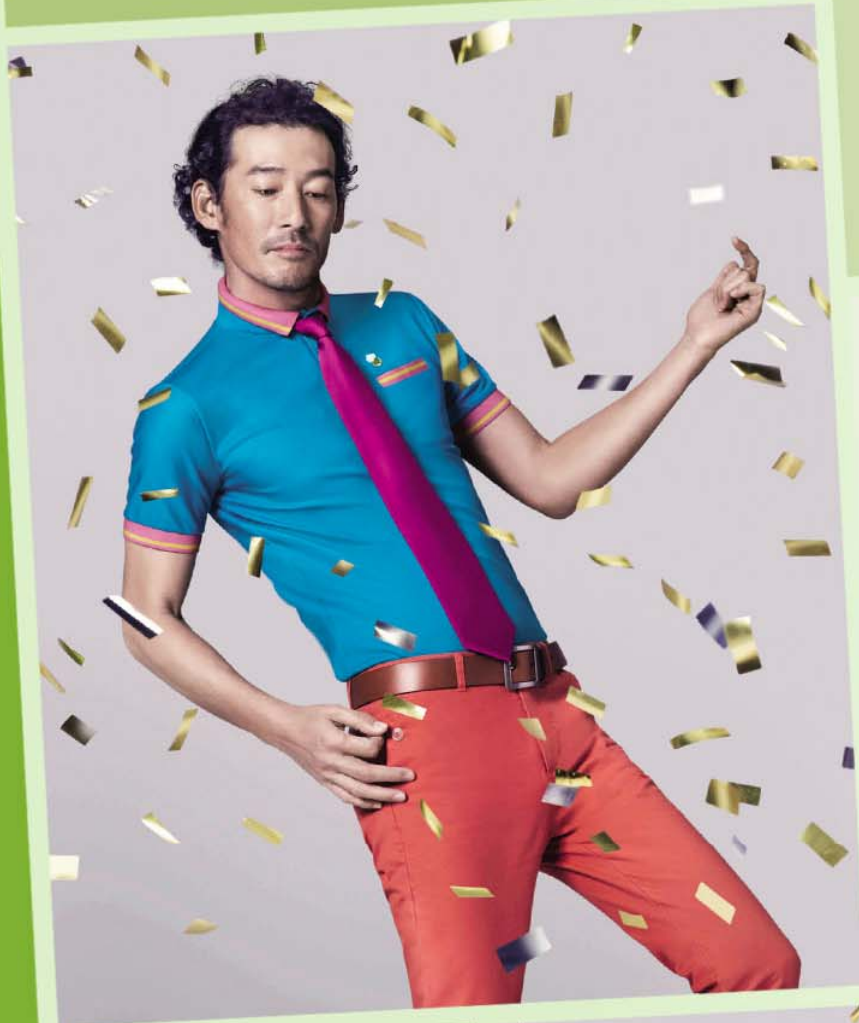
- ③ Financial Review
- ③ Review of Operations
- ③ Future Plans and Strategies



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# Financial Review





# 2011/12 Highlights

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A renewed global economic weakening and unprecedented uncertainty weighed heavily on consumer sentiment



Profit attributable to owners decreased 88% to HK\$16 million, mainly due to the widened loss in mainland China



The results of mainland China market was disappointing, owing to the slowing demand and fierce competition, the clearance of excess inventory purchased for the subsequently unexecuted network expansion, and the wind down of “b.style de flyblue”



Hong Kong market continued its remarkable performance, delivering record-high top and bottom line



Maintained a solid financial position with a net cash balance of HK\$249 million, inventory turnover days was decreased considerably by 8 days



Launching a series of special marketing campaigns and events throughout the year for the Group's 25th anniversary

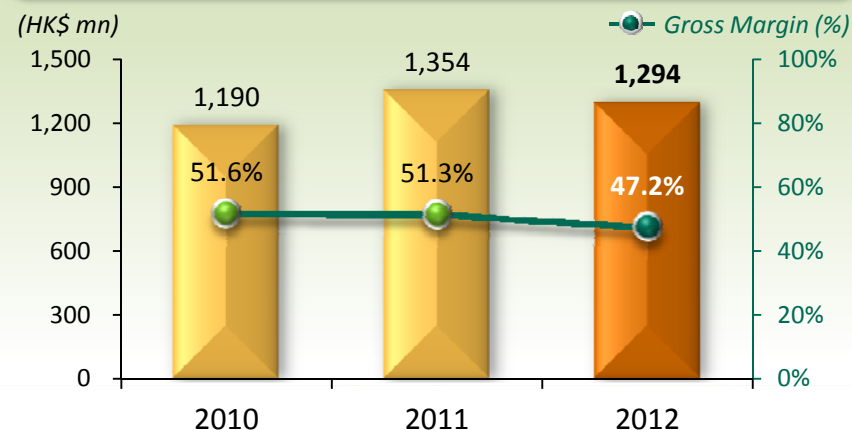
# Results Highlights

*For the year ended 30 Jun*

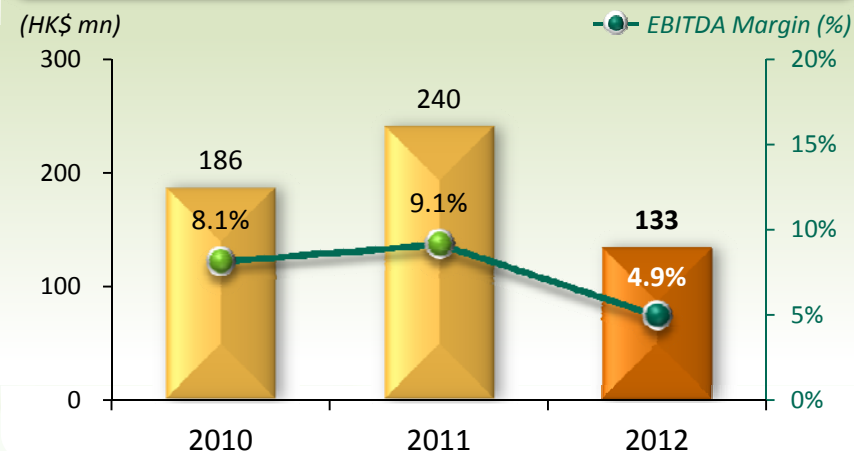
<i>(HK\$ mn)</i>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Revenue	<b>2,744</b>	2,642	<b>+4%</b>
Gross profit	<b>1,294</b>	1,354	<b>-4%</b>
Gross margin (%)	<b>47</b>	51	<b>-4% pts</b>
EBITDA	<b>133</b>	240	<b>-45%</b>
Operating profit	<b>54</b>	168	<b>-68%</b>
Profit attributable to owners	<b>16</b>	130	<b>-88%</b>
Basic EPS <i>(HK cents)</i>	<b>0.99</b>	8.07	<b>-88%</b>
Dividend per share <i>(HK cents)</i>			
• Interim	<b>1.10</b>	2.20	<b>-50%</b>
• Final	<b>Nil</b>	3.03	<b>-100%</b>
• Special	<b>Nil</b>	1.20	<b>-100%</b>

# Softened Profitability

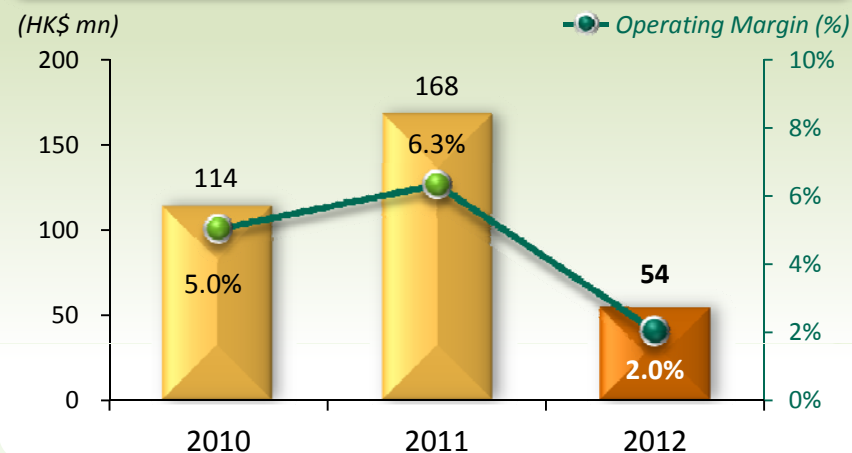
## Gross Profit



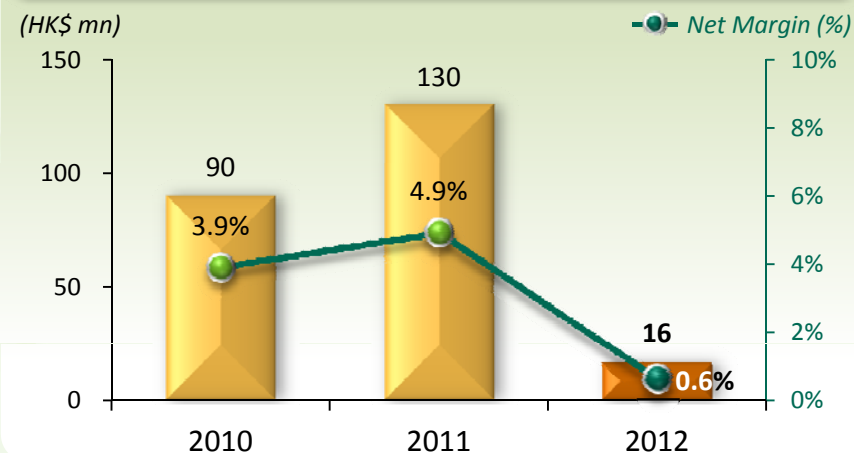
## EBITDA



## Operating Profit



## Profit Attributable to Owners



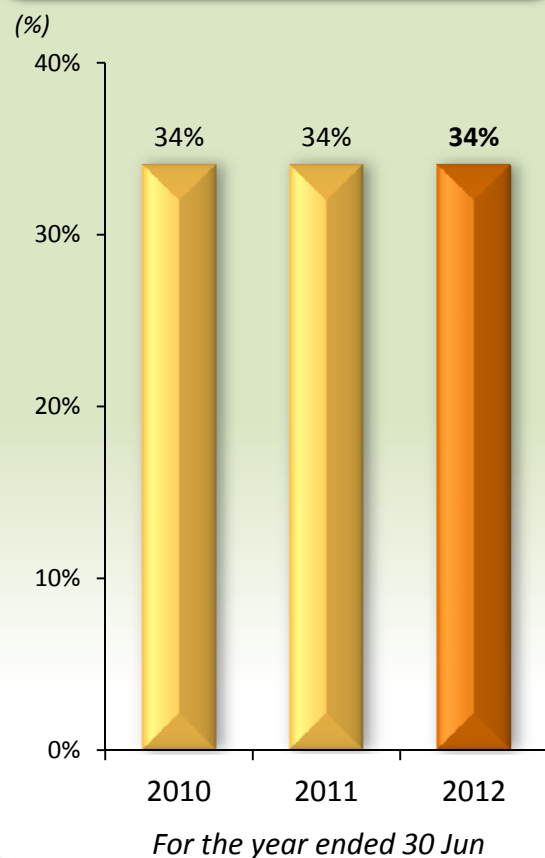
For the year ended 30 Jun



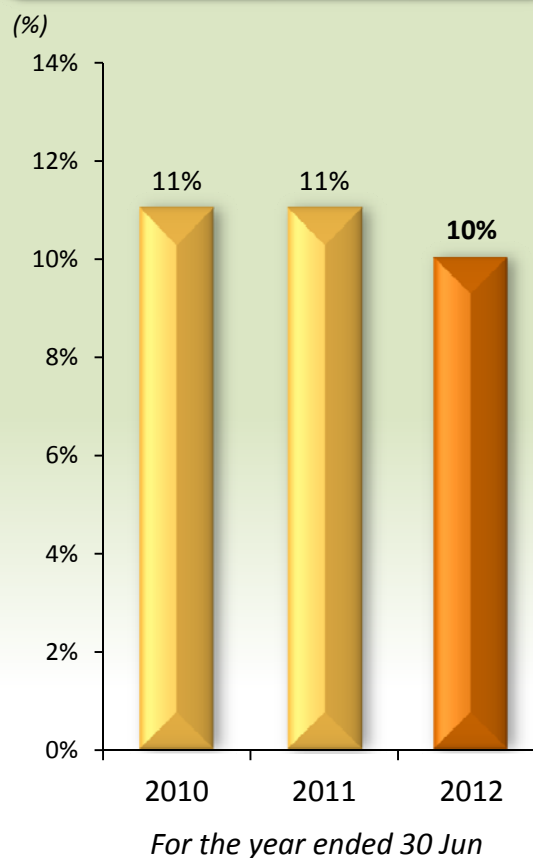
# Operating Expenses Breakdown

🌱 Total operating expenses accounted for 46% (2011: 46%) of revenue

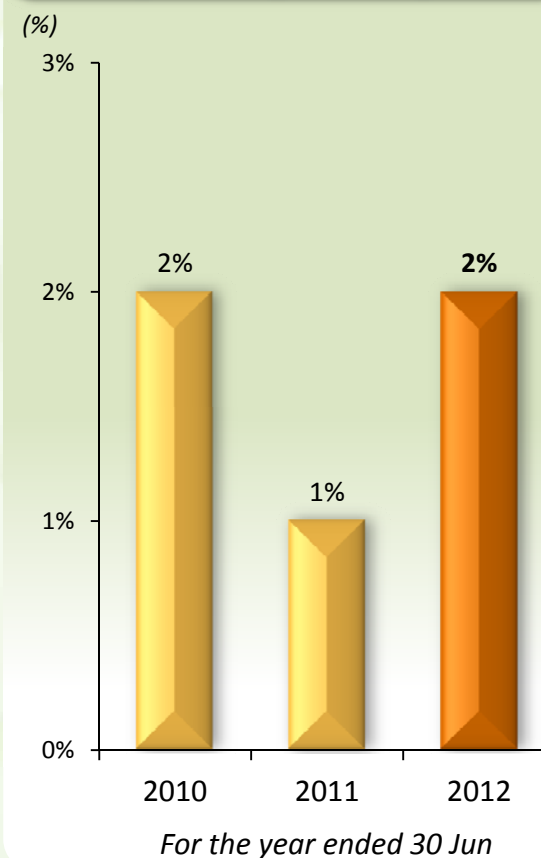
**Selling and distribution costs**  
(as a % of revenue)



**Administrative expenses**  
(as a % of revenue)



**Other operating expenses**  
(as a % of revenue)



# Financial Position Remains Solid

	At 31 Aug 2012	At 30 Jun 2012	At 30 Jun 2011
<b>Net cash* (HK\$ mn)</b>	<b>376</b>	<b>249</b>	332

\* Time deposits, cash and bank balances less bank borrowings

<b>Financial Position &amp; Ratio</b>	At 30 Jun 2012	At 30 Jun 2011
<b>Current ratio (times)</b>	<b>2.37</b>	2.01
<b>Cash and bank balances (HK\$ mn)</b>	<b>274</b>	460
<b>Total liabilities to equity ratio (%)</b>	<b>50</b>	68
<b>Return on equity (%)</b>	<b>2</b>	17

<b>Working Capital</b>	At 30 Jun 2012	At 30 Jun 2011
<b>Inventory turnover<sup>#</sup> (days)</b>	<b>49</b>	57

<sup>#</sup> Inventory held at year end divided by annualised revenue times 365 days

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# Review of Operations





# Business Strategies in 2011/12

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***Pragmatic approach to expansion opportunities in markets less affected by the global downturn***

***Enhancement of the Group's core brand value "be happy"***



***Enhancing supply chain capabilities and ensuring quicker responsiveness to market trends***

# Operating Environment in 2011/12

## Stressed Operating Environment Worldwide

- *Fiscal austerity throughout the Euro-Zone*
- *Persistently weak consumption slowed growth*
- *Numerous countries experienced double-dip recession*

## Asian Markets Show Signs of Slowness

- *Exports slowed*
- *Internal demand softened*

## Temporary Surge in Cotton Price

- *High raw material cost*
- *Created strong pressures on gross profit*

# Revenue Analysis

## Revenue by Geographical Market



**Hong Kong**  
57% (53%)

**Mainland China**  
22% (25%)

**Taiwan**  
11% (11%)

**Singapore**  
9% (9%)

**Malaysia**  
1% (2%)

*For the year ended 30 Jun 2012  
(Comparative figures for the year ended 30 Jun 2011 in brackets)*



# Retail Performance by Region

- Overall same-store sales growth was 4%
- Hong Kong is the strongest single market with same-store sales growth at 13%

*For the year ended 30 Jun*

	Same-store sales growth*			Operating margins		
	2012	2011	Change	2012	2011	Change
Hong Kong	13%	11%	+2% pts	16%	16%	0% pt
Mainland China	-6%	11%	-17% pts	-26%	-9%	-17% pts
Taiwan	-7%	3%	-10% pts	-9%	-1%	-8% pts
Singapore	-6%	14%	-20% pts	-5%	4%	-9% pts
Malaysia^	4%	8%	-4% pts	-6%	-8%	2% pts
<b>Total</b>	<b>4%</b>	<b>10%</b>	<b>-6% pts</b>	<b>2%</b>	<b>6%</b>	<b>-4% pts</b>

\* For directly managed stores only

^ Starting from Nov 2011, the Malaysian business was changed from directly managed to export franchising mode of operation

# No. of Stores by Region

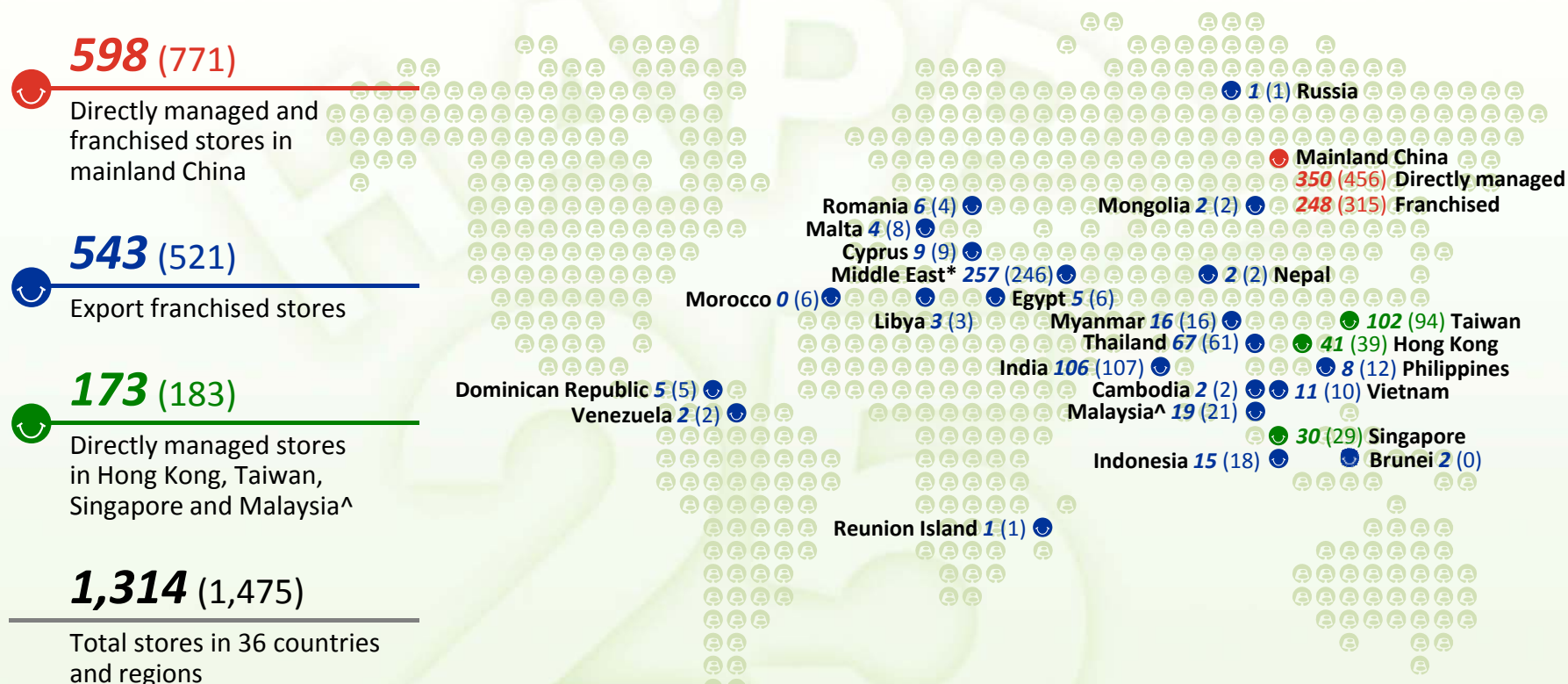
- The Group has presence in 36 countries and regions with a total of 1,314 stores
- 22 stores were added to its export franchising network, bringing the total number to 543 stores

	At 30 Jun 2012	At 30 Jun 2011	Change
<b>No. of Directly Managed Stores</b>			
Hong Kong	41	39	+2
Mainland China	350	456	-106
Taiwan	102	94	+8
Singapore	30	29	+1
Malaysia ^	--	21	-21
Sub-total	523	639	-116
<b>No. of Franchised Stores</b>			
Mainland China	248	315	-67
Malaysia ^	19	--	+19
Other countries	524	521	+3
Sub-total	791	836	-45
<b>Total</b>	<b>1,314</b>	<b>1,475</b>	<b>-161</b>

^ Starting from Nov 2011, the Malaysian business was changed from directly managed to export franchising mode of operation

# International Footprint

A total of 1,314 (2011: 1,475) stores with presence in 36 countries and regions



At 30 Jun 2012 (comparative figures at 30 Jun 2011 are shown in brackets)

\* The Middle East includes Armenia, Bahrain, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria and UAE

^ Starting from Nov 2011, the Malaysian business was changed from directly managed to export franchising mode of operation



# Marketing and Branding

- Ms. Joey Yung, a pop diva, was appointed as our brand's ambassador
- The HA:PPY 25 Launch Party was successfully held in March 2012 with more than 200 regional media and business partners attending
- We introduced several HA:PPY wear collections in the spring/summer of 2012, to promote the brand message and celebrate the anniversary



# Co-branded and Licensed Products

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*bossini x Smurf*



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# Co-branded and Licensed Products

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## bossini x Toy Story



# Co-branded and Licensed Products

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*bossini x Rilakkuma*



輕鬆小熊 Happy 登場!  
bossini @ be happy

www.facebook.com/bossini\_group  
香港總公司九龍尖沙咀

bossini @ be happy  
輕鬆小熊 Happy 登場!



# Strong Brand Recognition

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**The 8<sup>th</sup> Premier Asian Licensing Awards  
– Best Licensed Premium Promotion**



**The 8<sup>th</sup> Premier Asian Licensing Awards  
– Best Licensee**



**Caring Company  
2004-12**



**Manpower Developer  
since 2010**



**TVB Weekly Most Popular  
Brand Award 2011  
– The Most Popular Apparel Brand**

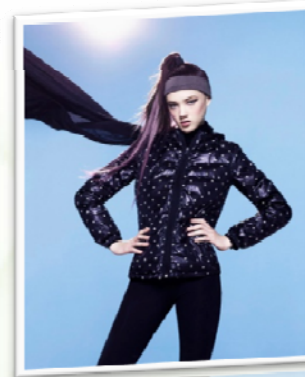


**TVB Weekly  
Outstanding Award 2011**

# Multi-Brand Strategy

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***“bossini”***



***“Yb”***

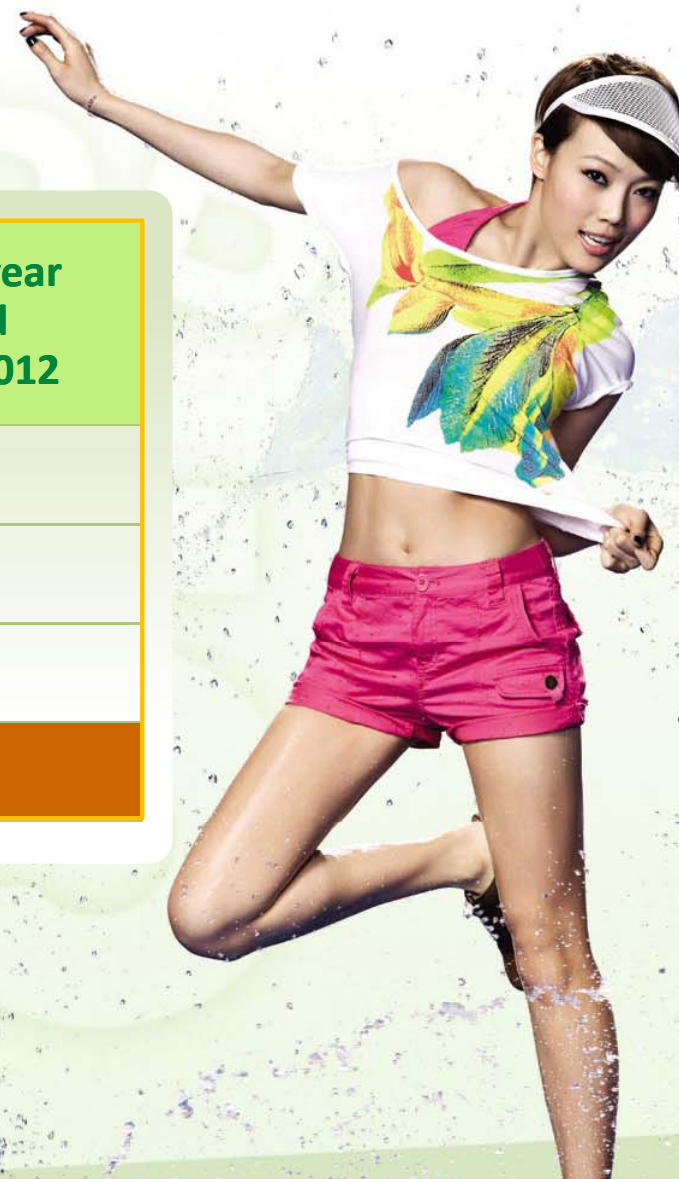


***“bossini kids”***



# Capex

<i>(HK\$ mn)</i>	For the year ended 30 Jun 2012
Shop and office renovation	57
I.T. investment	14
Others	1
<b>Total</b>	<b>72</b>





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## Future Plans and Strategies



# Business Strategies in 2012/13

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*Focus on improving the operational efficiencies in core markets and network consolidation e.g. wind down of "b.style de flyblue"*

*Take a pragmatic approach for export franchising operation to expansion opportunities in markets less affected by economic downturn*

*Enhance supply chain capabilities and ensure quicker responsiveness to market trends*

*Continue the branding campaign in celebration for the 25th anniversary*



# Future Growth Drivers

- ➊ Introduce a brand new store concept in existing locations to enhance consumer experience and boost competitiveness
- ➋ Continue a pragmatic network expansion in export markets

## *Network Development Plan for 2012/13*

	No. of Stores
Mainland China	25
Hong Kong & other countries (Directly managed)	6
Other countries (Export franchised)	55
<b>Total</b>	<b>86</b>

# Future Targets

## OUR VISION

- To be the most preferred everyday wear brand

## OPERATIONAL PERFORMANCE

- Dedicate to enhance operational efficiency and expand our supply chain capabilities

## DIVIDEND PAYMENT

- Dividend payout ratio above 50%

## GROWTH DRIVERS

- Continue a pragmatic pace in network expansion





