



# 2009 年度業績發佈

LI NING COMPANY LIMITED  
Annual Results Presentation



Li Ning Company Limited  
(李寧有限公司)

於開曼群島註冊成立之有限公司  
股份代號: 2331

# Agenda



- **Financial Highlights**
- **Review of Operations**
- **Outlook & Future Strategies**
- **Open Forum**



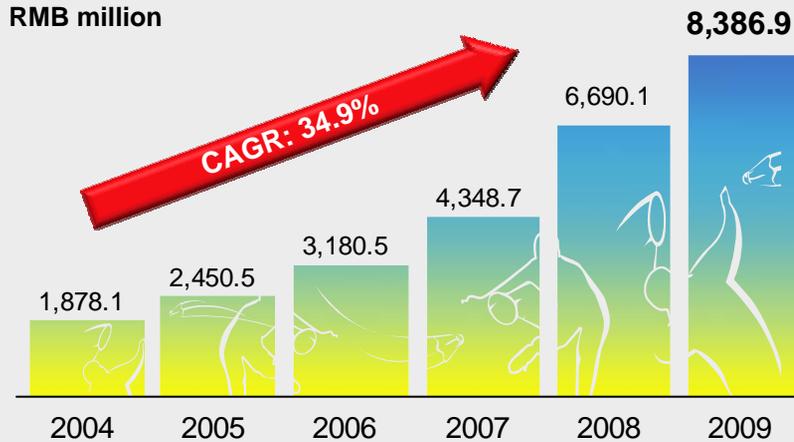
# *Financial Highlights*



# Consistent Growth for Six Consecutive Years

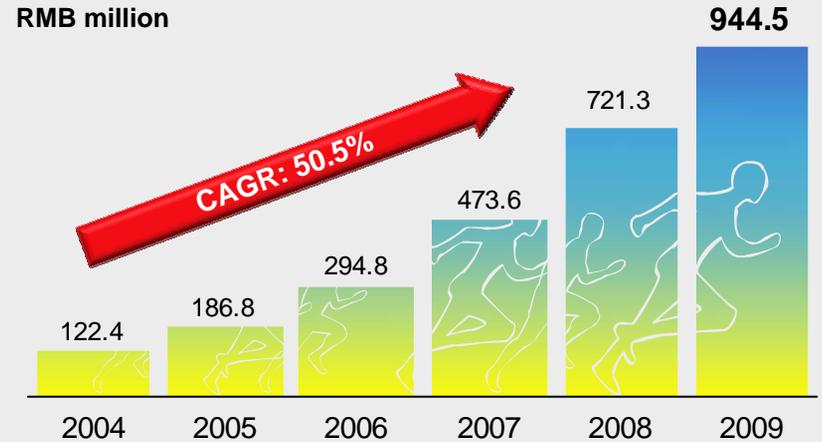
## Revenue

RMB million



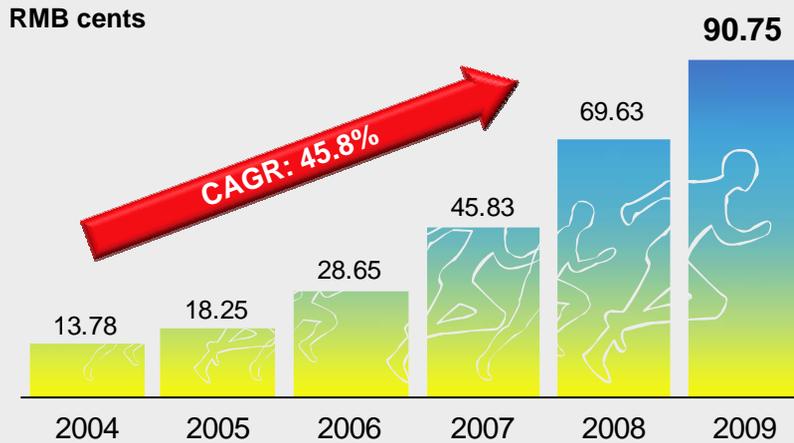
## Profit attributable to equity holders

RMB million



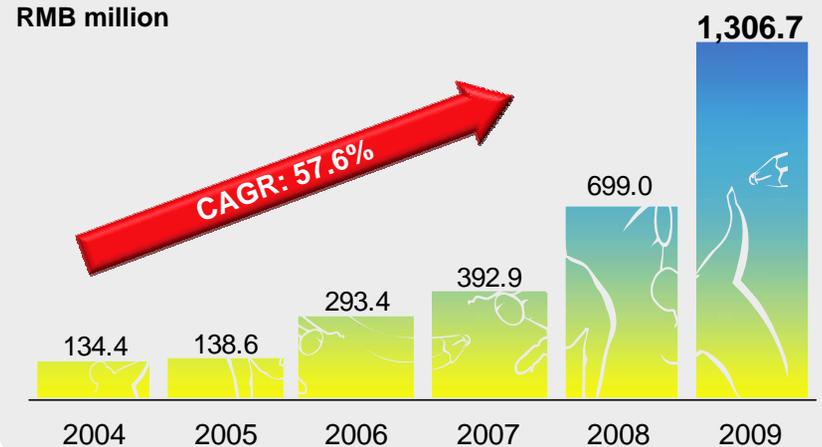
## Basic earnings per share

RMB cents



## Net operating cash flow

RMB million



# Summary of Income Statement



FY2009	FY2008	Change
<i>For the 12 months ended 31 December</i>		

(RMB million)

<b>Revenue</b>	<b>8,386.9</b>	6,690.1	<b>25.4%</b>
<b>Gross Profit</b>	<b>3,969.9</b>	3,220.4	<b>23.3%</b>
<b>Operating Profit</b>	<b>1,341.9</b>	960.2	<b>39.7%</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>1,524.9</b>	1,070.5	<b>42.4%</b>
<b>Profit attributable to equity holders</b>	<b>944.5</b>	721.3	<b>31.0%</b>
<b>Basic earnings per share (RMB cents)</b>	<b>90.75</b>	69.63	<b>30.3%</b>
<b>Full-year dividend per ordinary share (RMB cents)</b>	<b>36.12</b>	49.67	<b>-27.3%</b>
<b>including:</b>			
<b>final dividend</b>	<b>22.54</b>	11.14	<b>102.3%</b>
<b>special dividend</b>	<b>n.a.</b>	28.90	<b>n.a.</b>
<b>interim dividend</b>	<b>13.58</b>	9.63	<b>41.0%</b>

# Key Profit Margins and Expense Ratios



	<b>FY2009</b>	<b>FY2008</b>	<b>Change</b>
	<i>For the 12 months ended 31 December</i>		
<b>Gross Profit Margin</b>	<b>47.3%</b>	48.1%	<b>-0.8p.p.</b>
<b>Operating Profit Margin</b>	<b>16.0%</b>	14.4%	<b>1.6p.p.</b>
<b>Margin of profit attributable to equity holders</b>	<b>11.3%</b>	10.8%	<b>0.5p.p.</b>
<b>R&amp;D Expenses</b> (as % to revenue)	<b>2.7%</b>	2.7%	<b>0</b>
<b>A&amp;P Expenses</b> (as % to revenue)	<b>15.4%</b>	17.5%	<b>-2.1p.p.</b>
<b>Human Resources Cost</b> (as % to revenue)	<b>7.5%</b>	7.1%	<b>0.4p.p.</b>
<b>Effective Tax Rate (%)</b>	<b>24.5%</b>	21.7%	<b>2.8p.p.</b>



# Key Financial Indicators



	<b>FY2009</b>	<b>FY2008</b>	<b>Change</b>
<i>For the 12 months ended 31 December</i>			
<b>Inventory Turnover</b> (days)	<b>53</b>	61	<b>-8</b>
<b>Avg. Trade Receivable Turnover</b> (days)	<b>47</b>	48	<b>-1</b>
<b>Avg. Trade Payables Turnover</b> (days)	<b>70</b>	69	<b>1</b>
<b>Cash Conversion Cycle</b> (days)	<b>30</b>	40	<b>-10</b>
<b>Return on Equity</b> (ROE)	<b>41.3%</b>	39.6%	<b>1.7p.p.</b>
<b>Return on Assets</b> (ROA)	<b>20.0%</b>	20.4%	<b>-0.4p.p.</b>
<b>Net Cash-to-Profit Ratio*</b>	<b>134.8%</b>	96.1%	<b>38.7p.p.</b>

\*Net Cash-to-Profit Ratio = Net Cash Generated from Operating Activities/ Profit after tax



# Solid Balance Sheet



	<b>FY2009</b>	<b>FY2008</b>	<b>Change</b>
	<i>As at 31 December</i>		
<i>(RMB million)</i>			
<b>Cash and Cash Equivalents</b> (Including fixed deposits)	<b>1,264.3</b>	788.0	<b>60.4%</b>
<b>Bank Loans</b>	<b>260.0</b>	607.5	<b>-57.2%</b>
<b>Net Cash*</b>	<b>1,004.3</b>	180.5	<b>456.4%</b>
<b>Current Liabilities</b>	<b>1,864.9</b>	2,086.8	<b>-10.6%</b>
<b>Current Ratio</b>	<b>1.7</b>	1.4	<b>+0.3</b>
<b>Total Liabilities to Total Assets Ratio</b>	<b>46.8%</b>	51.8%	<b>-5.0p.p.</b>
<b>CAPEX**</b>	<b>207.5</b>	260.4	<b>-20.3%</b>

\*Net Cash = Cash and Cash Equivalents – Bank Loans

\*\*Excluding acquisition expenditures



# LI-NING Brand Revenue Breakdown by Product Category

**2009**

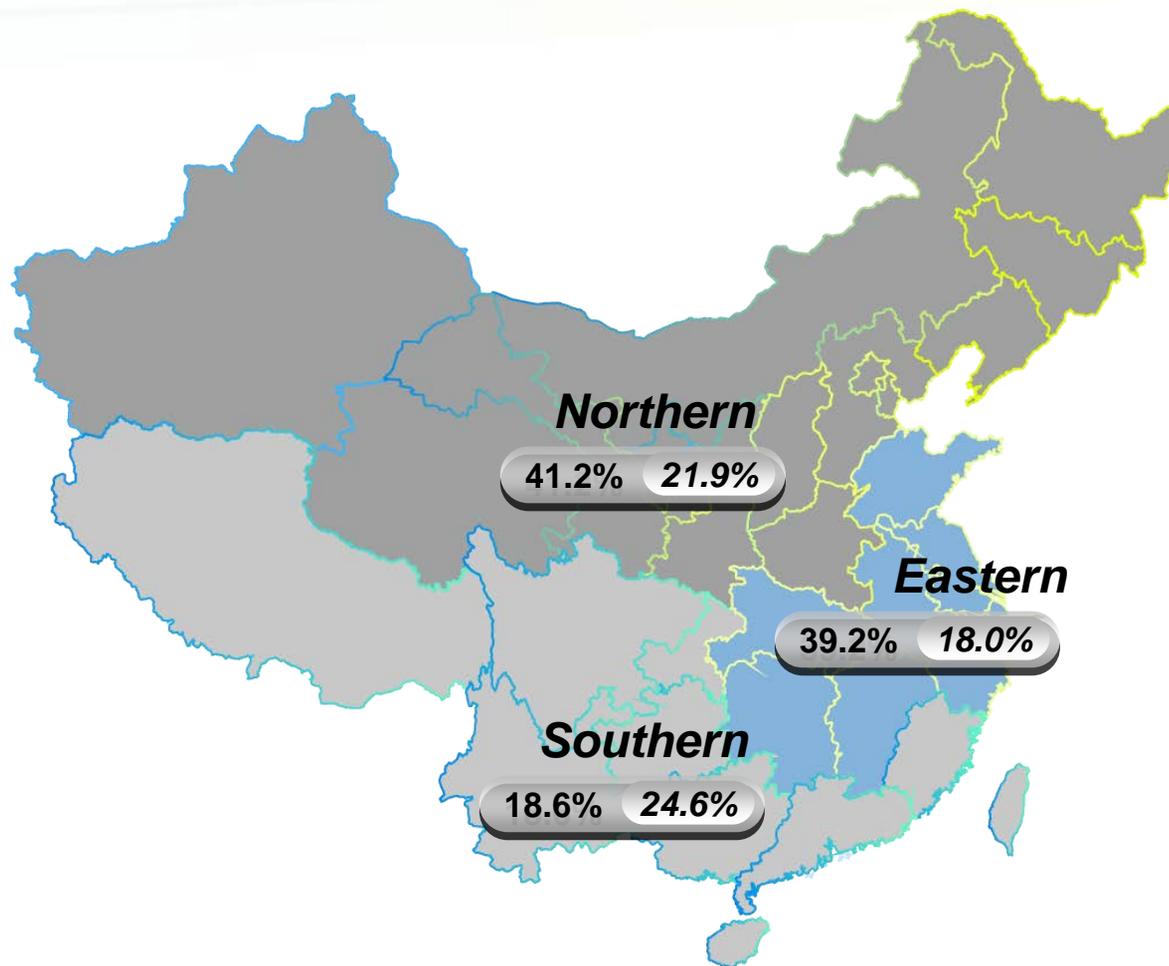


**2008**



Note: Revenue from LI-NING brand accounted for 91.7% of the Group's total

# LI-NING Brand Revenue Breakdown by Geography



## Domestic Market



## International Market



**% of Total Revenue**    **Revenue Growth**

Note: Revenue from LI-NING brand accounted for 91.7% of the Group's total



# *Review of Operations*



一切皆有可能



# Continuous Breakthroughs by Building on Core Strengths

## *The beginning of a new five-year plan*

### Challenges

Macro-economic downturn

Cooling of the Olympics euphoria

Intensified competition

### Achievements

- Successfully tapped into the badminton arena
- Enhanced the influence in metropolitans and 1<sup>st</sup> tier cities
- Store openings exceeded target
- Rolled out Lotto business
- Li Ning Industrial City commenced operations





# Best-in-class Sports Sponsorship Resources



## Five National Gold Medal-winning Teams

- Chinese National Gymnastics Team
- Chinese National Table-tennis Team
- Chinese National Diving Team
- Chinese National Shooting Team
- Chinese National Badminton Team

## Running / Tracks & Fields

- Elena Isinbayeva, Russian pole vault athlete
- 18 provincial track and field teams

## Tennis

- A number of tennis stars including Ivan Ljubicic, Yan Zi, Sun Shengnan, Peng Shuai and Yang Tsung-hua
- Collaboration with ATP
- LI-NING International Junior Tennis Championship

## Basketball

- NBA players including Shaquille O'Neal, Baron Davis, Jose Calderon and Hasheem Thabeet
- The Spanish Basketball Team and the Argentina Basketball Team

## Football

- Signed up Espanyol, a strong team in Spain La Primera



# Multi-faceted Marketing and Sponsorship Programmes to Nurture Brand Preferences



## Ladies' Fitness

“Inner Shine” campaign and promotion emphasizing the unique beauty of oriental women

Cooperated with Beijing CSI Fitness Investment Management Limited

Teamed up with Lesmills China



## Community Marketing Activities

Sponsored the CUFL

Organize the LI-NING China Basketball Draft Camp and Junior Basketball League, etc.

Continued to host the “LI-NING hero vans”

“LI-NING iRUN” running club in its third year of operation



## On-line Marketing Activities

“LI-NING Sports World” website went live on the sports section of the official website of CCTV

Collaborated with Sina.com, in the development of a multi-function website



# Consistent Commitment to Product R&D and Design to Enhance Product Competitiveness



## R&D and Design Centres

- R&D and Design centres in China, Hong Kong and Portland, Oregon, the USA
- Li Ning Sports Science R&D Centre: 3 laboratories specialize in sports bio-dynamics, mechanical testing in footwear products, foot and shoe last development



## R&D achievements and products

- “LI-NING Bow” anti-shock technology and “LI-NING Shoe Lasts”
- Tailor-made professional gear for a number of top-notch world sports players
- “Cicada’s Shadow” — sixth generation Superlight series and “Function light” series
- Dragon scale basketball shoes, G-SHARK basketball shoes and TAICHI football shoes
- AT DRY SMART apparel products
- Thinsulate cotton series, LI-NING Eco-circle series and LI-NING green organic cotton series

**Continuous improvement in product innovation helps enhance product competitiveness and pricing ability**



# Effective Channel Expansion



## LI-NING Brand

- Promoted sales channel reforms, established a comprehensive set of retail operating standards to improve single-store efficiency
- Enhancing the purchasing capability of our distributors
- Increased store coverage density in second- and third-tier cities
- Carried out store upgrades and launched the sixth-generation image testing stores
- Penetrated into new channels

No. of stores	2009-12-31	2009-06-30	2008-12-31
<b>LI-NING</b>	<b>7,249</b>	6,809	6,245
<b>Other brands*</b>	<b>907</b>	741	672

\* Including AIGLE, Z-DO and Lotto

## Testing in Overseas Markets

- Opened badminton specialty stores in Singapore and Hong Kong respectively
- Opened the first store in Portland, US, in Feb. 2010



# Responsive and Flexible Supply Chain



- Hosted four trade fairs for the LI-NING brand
- Optimized supply chain planning and improved inventory turnover cycle
- Introduced retail logistics, launched direct delivery project service
- Planned to set up “LI-NING Jingmen Logistics Centre”
- Established a procurement centre, optimized procurement system and cost management
- Established a supplier information database



# Multi-brand Strategy Bears Fruit



A well-known table-tennis brand



An Italian fashion-sports label



Distributes sporting products mainly in hypermarkets



Famous badminton brand, mainly targeting mid-end and mass segments



**AIGLE**

A French outdoor sporting goods brand



# *Outlook and Strategies*

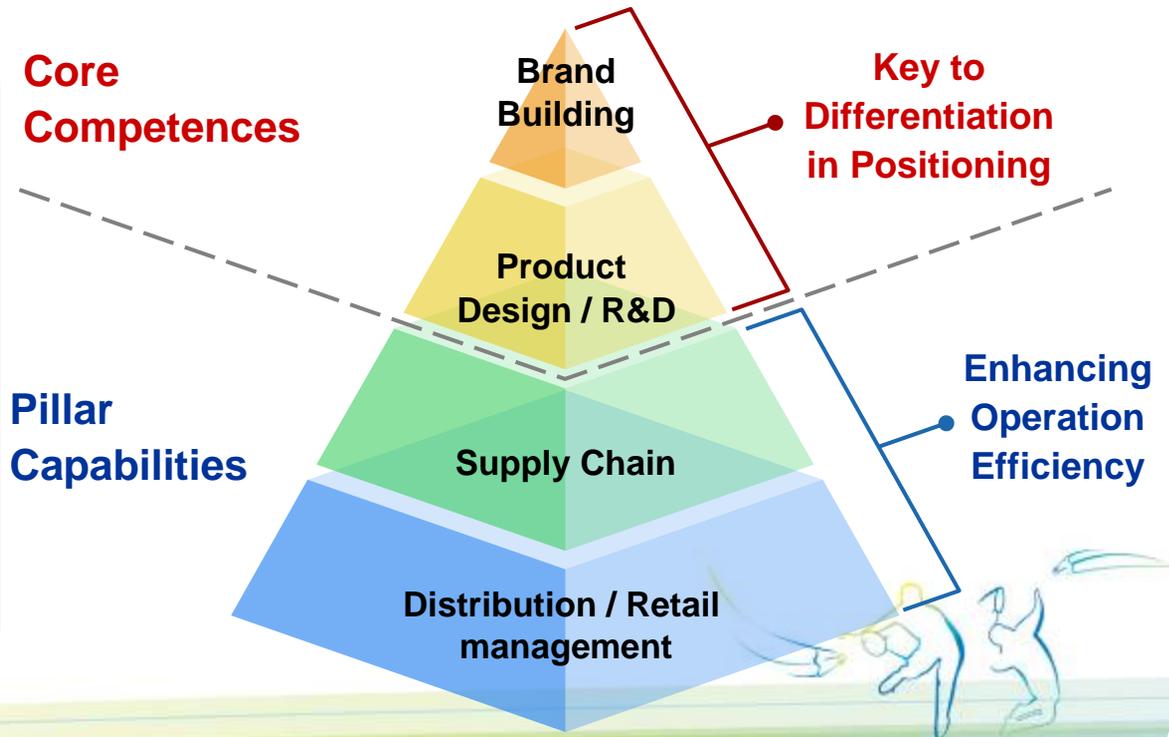


# Market Outlook and Competitive Landscape



- China's economy is undergoing structural changes. Income growth and lifestyle changes become the drivers of consumption of sporting goods
- Support from the government policies and regulations
- Global marketing of sports events raise awareness in sports
- China's sporting goods market is still expected to experience rapid growth in the next 5 -10 years

- Evolving consumer tastes
- Discerning consumers increasingly look for:
  - Compelling personality
  - Essence of sports
- Changing competitive landscape





## Strategy highlights

- Keep building core competencies relating to brand and product
- Continue to promote the Group's strategic brands / businesses
- Improve the sales channel management system
- Optimize the supply chain

## Sales Channel Expansion Plan

<i>As at year end</i>	No. of LI-NING stores
2010	8,000
2011	8,700
2012	9,300
2013	10,000

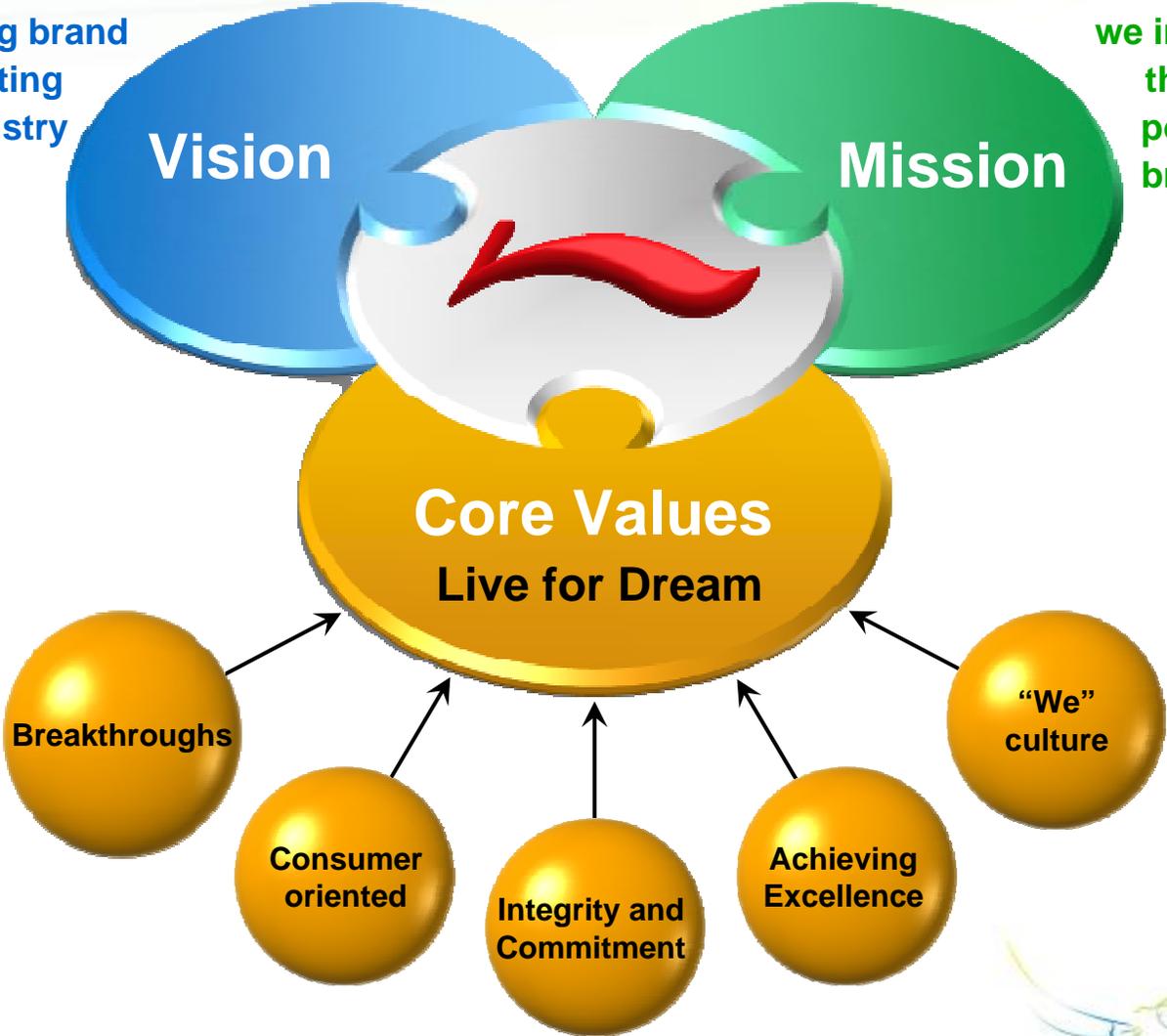


# Vision, Mission and Core Values



A world-leading brand  
in the sporting  
goods industry

Through sports,  
we inspire in people  
the desire and  
power to make  
breakthroughs



# Questions and Answers



# Investor Relations



<http://www.lining.com>

<http://www.li-ning.com>

<http://www.irasia.com/listco/hk/lining/>

<http://www.hkex.com.hk>

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# Disclaimer



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