

PLAY ▶
REC ●



2023

INTERIM
RESULTS

中國
李寧

LI NING COMPANY LIMITED

李寧有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Codes: 2331 (HKD counter) and 82331 (RMB counter)



DISCLAIMER



This presentation incorporates information contained in the interim results announcement (the “Results Announcement”) for the six months period ended 30 June 2023 of Li Ning Company Limited (the “Company”). This presentation should be read in conjunction with the Results Announcement and is qualified in its entirety by the more detailed information and financial information contained in the Results Announcement.

Other than the information contained in the Results Announcement, you shall not reproduce or distribute this presentation, in whole or in part, and you shall not disclose any of the contents of this presentation or use any information herein for any purpose without the Company’s prior written consent. You hereby agree to the foregoing by accepting delivery of this presentation.

The contents of this presentation have not been reviewed or approved by any regulatory authority in Hong Kong or elsewhere. The contents of this presentation are not investment, legal or tax advice. You are advised to exercise caution in perusing the contents of this presentation. If you are in any doubt about any of the contents of this presentation, you should obtain independent professional advice.



PLAY
REC 



01

RESULTS
HIGHLIGHTS

02

FINANCIAL
REVIEW

03

STRATEGIC
DIRECTION

04

OPERATIONAL
PROGRESS

05

APPENDIX

CONTENTS

PLAY
REC

RESULTS HIGHLIGHTS



LI-NING | WADE

德安吉洛·拉塞尔



全速突破

韦德全城11
WADE ALL CITY 11
搭载全掌翻轻弹科技

RESULTS HIGHLIGHTS

01

LI-NING COMPANY, LIMITED

REPORT
IN 2023



Financial Highlights

▶ LINING ▶

- ▶ In the first half of the year, in the context of the overall recovery accompanied by challenges in the domestic market, the Group pursued the direction of stable progress and high-quality development, and recorded the following operating results:
 - Revenue grew steadily, rising by 13.0% to RMB14,019 million
 - Net operating cash inflow increased by 22.7% to RMB1,942 million
 - Gross margin was 48.8%, and net profit margin remained at a healthy level of 15.1% and net profit attributable to equity holders was RMB2,121 million
- ▶ **Working capital remained at a healthy level:**
 - The percentage of gross average working capital to revenue was 7.5%
 - The cash cycle was flat from last year at 30 days
- ▶ The Board has resolved to declare an interim dividend of RMB36.20 cents per ordinary share of the Company issued or to be issued upon convertible securities for the six months ended 30 June 2023



Operational Highlights

- ▶ The retail sell-through for the overall platform increased by low-teens, including online and offline channels
- ▶ Channel inventory decreased by low-single-digit comparing to the end of last year. The inventory turnover and ageing structure remained at a healthy level
- ▶ Offline channel new product sell-through increased by high-single-digit:
 - Sell-through mix of new products at 87%
 - Sell-out rate: 6-month at a flat level, 3-month declined by 2 percentage points

▶ LINING ▶

PLAY
REC

FINANCIAL REVIEW



飞电3
CHALLENGER

性能怪兽



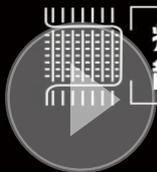
LI-NING RUNNING



强力
推进



高效
回弹



疾速
散热

FINANCIAL REVIEW

2023

02

REPORT

INVER

2023

LI-NING COMPANY, LIMITED



LINING COMPANY LIMITED

2023

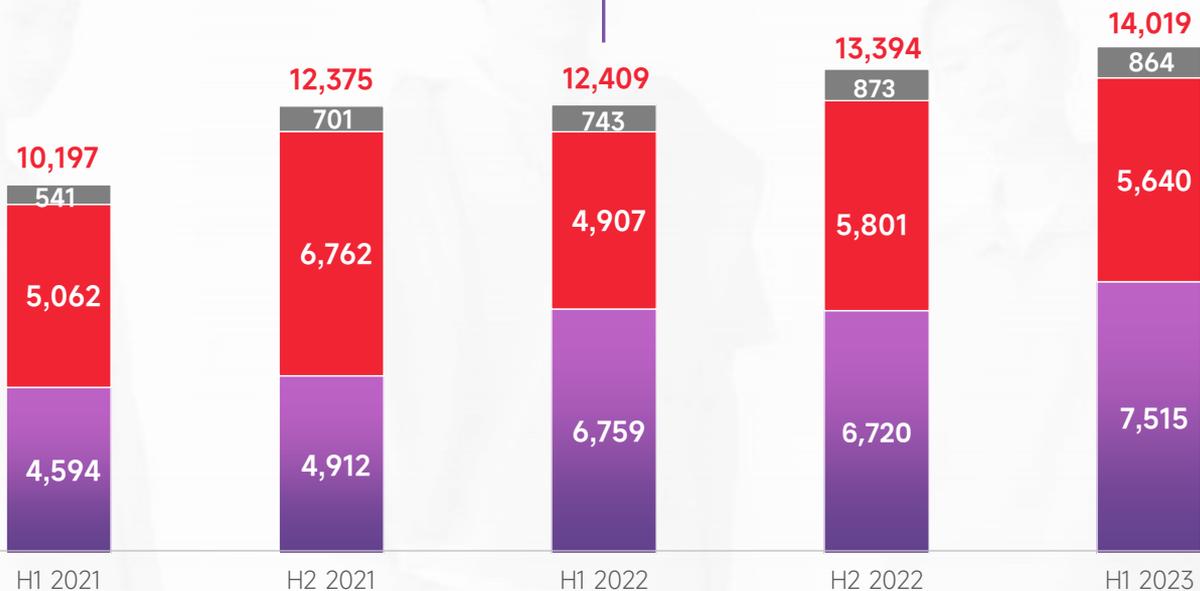
INTERIM REPORT

■ Footwear ■ Apparel ■ Equipment & Accessories

(RMB million)

Change, YoY Group

↑ 13%



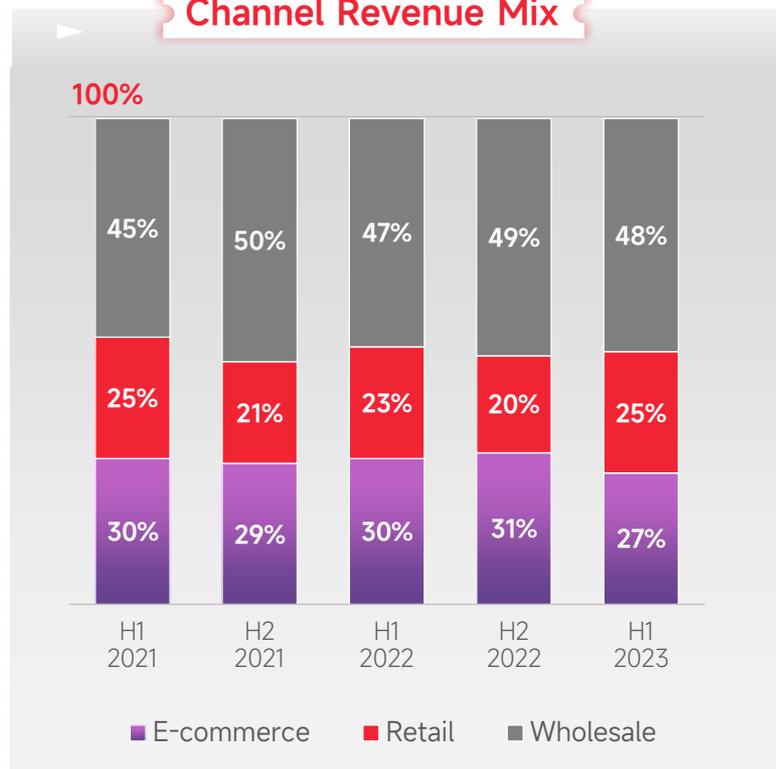
Revenue growth driven by functional categories

Revenue and Sell-through Mix

LN brand, excl. international markets and LN YOUNG



Channel Revenue Mix



Sell-through Mix



Revenue and sell-through balance between DTC and wholesale helped mitigate financial risk



Same Store Sales Growth (SSSG) Rate

LN Brand, excl. International Markets and LN YOUNG



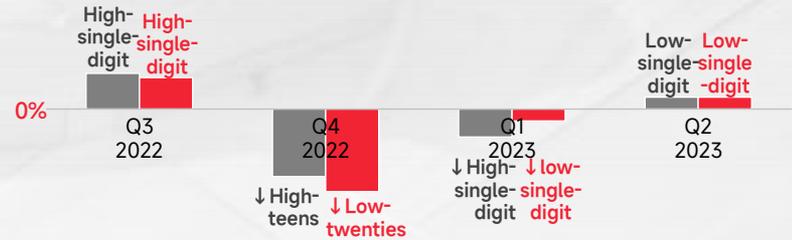
SSSG (2023 H1 vs 2022 H1)

- Overall**
 - Low-single-digit
- Retail**
 - Mid-single-digit
- Wholesale**
 - Low-single-digit
- E-commerce**
 - Low-teens



Overall Platform

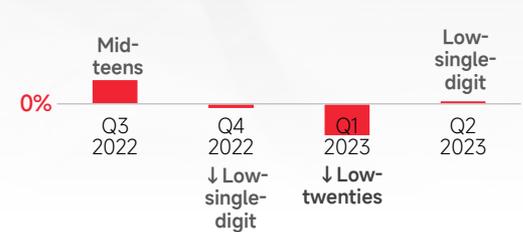
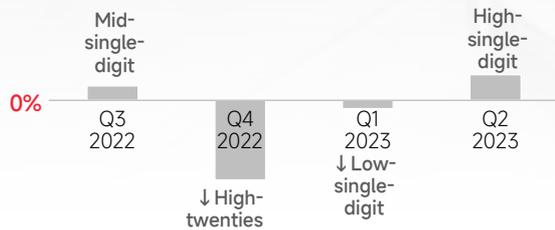
■ Overall ■ Offline



Retail

Wholesale

E-commerce

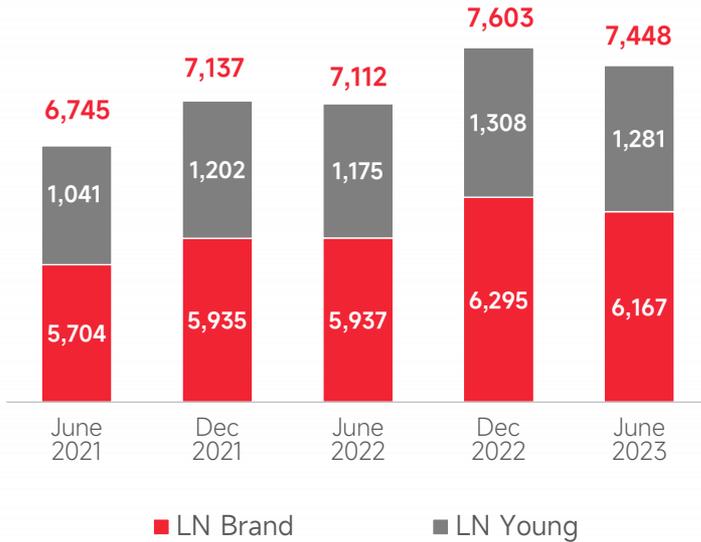


Online and Offline Expansion

LN brand, excl. International Market Sales

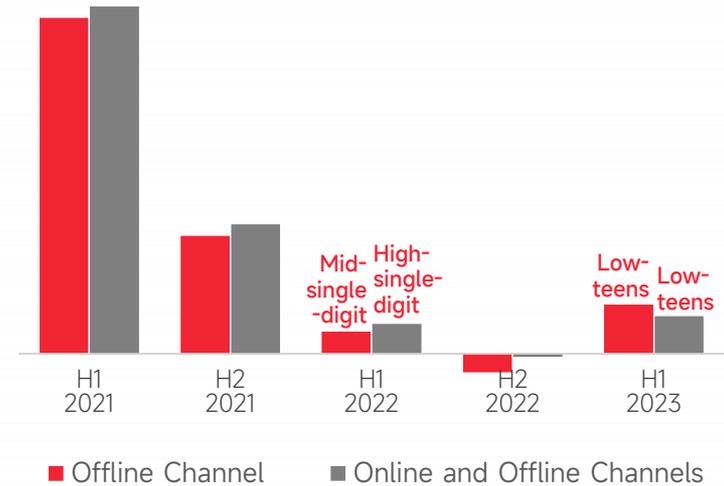


POS Number (Period end)



Sell-through growth, YoY%

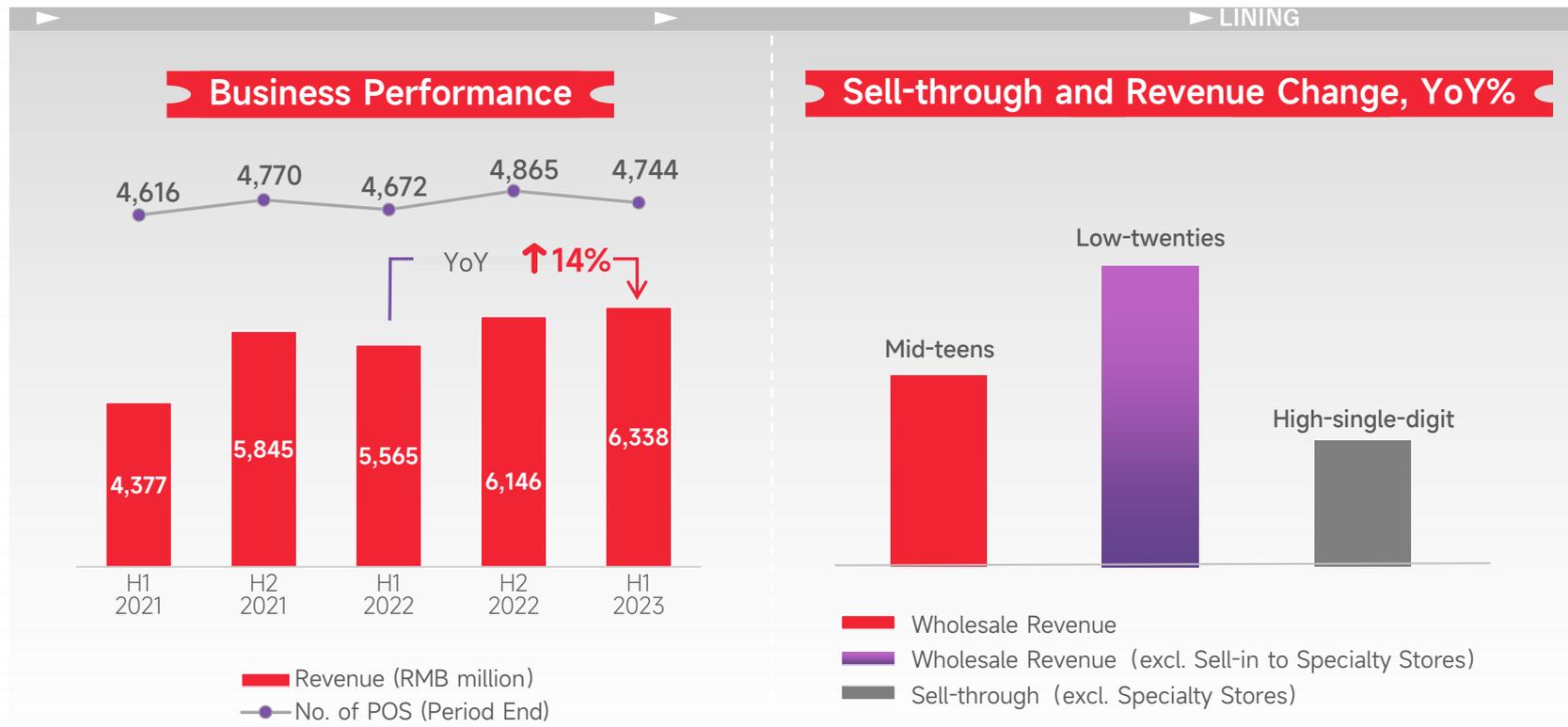
(Excl. LN YOUNG)



The layout of high-quality channels drives the recovery of offline sales

Wholesale Business[^]

LN brand, excl. International Market Sales and LN YOUNG



[^] Including product sales of badminton and table tennis categories from specialty-stores

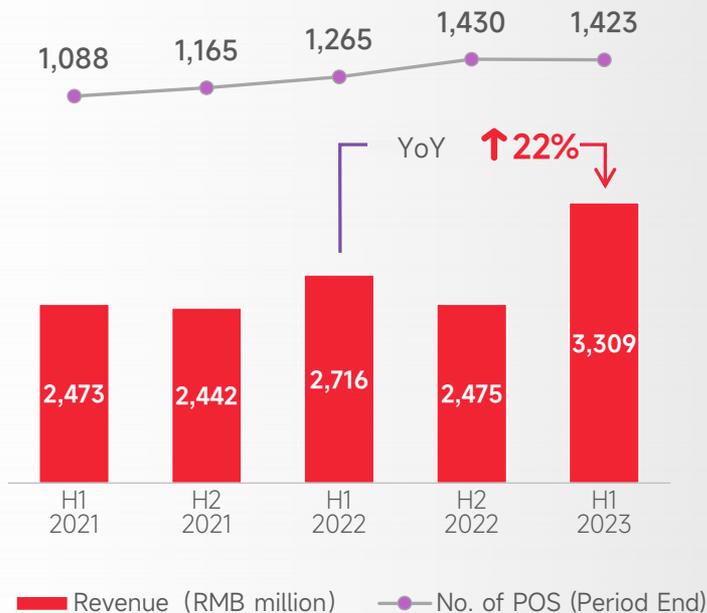
Empower distributors, enhance retail operation capabilities, drive the recovery of retail sell-through

Retail Business[^]

LN Brand, excl. LN YOUNG



Business Performance



Revenue Change Analysis



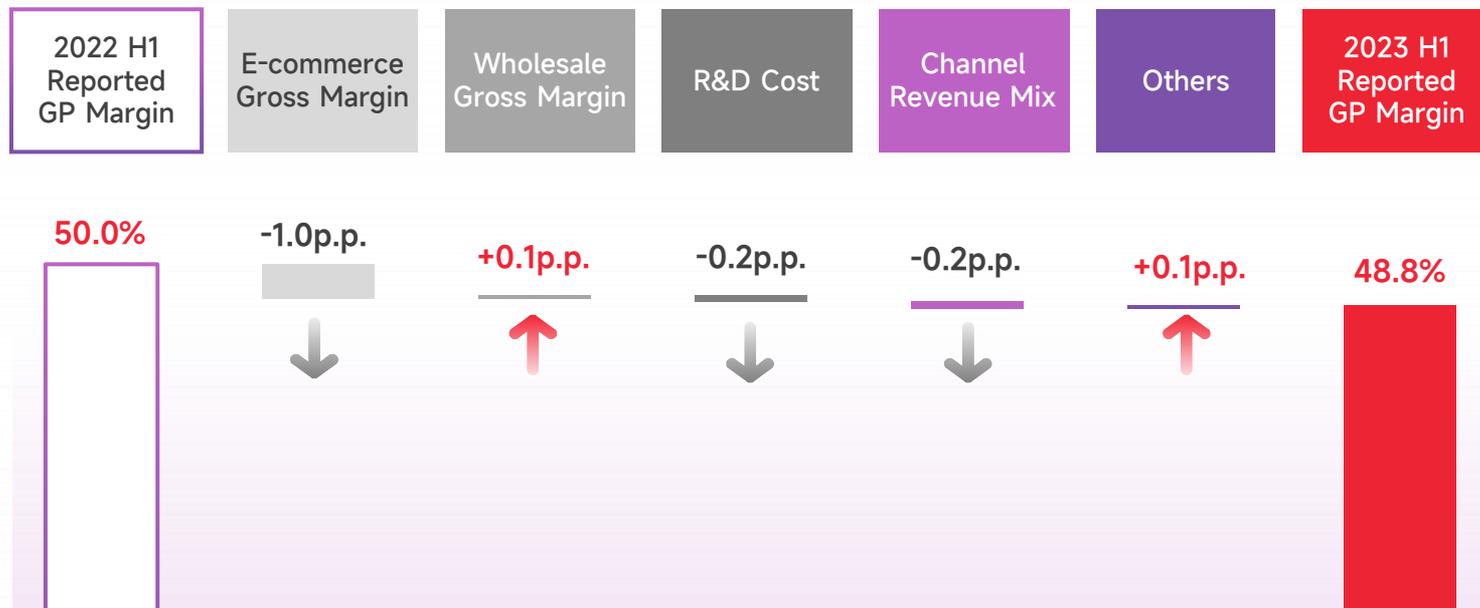
[^] Refers to direct retail operation

Retail growth momentum driven by new store opening



GP Margin Analysis

Net Change in Major Items



The deepening of e-commerce discounts and changes in the channel structure lead to a decline in gross profit margins



Profitability Analysis

Net Change of Major P&L Items

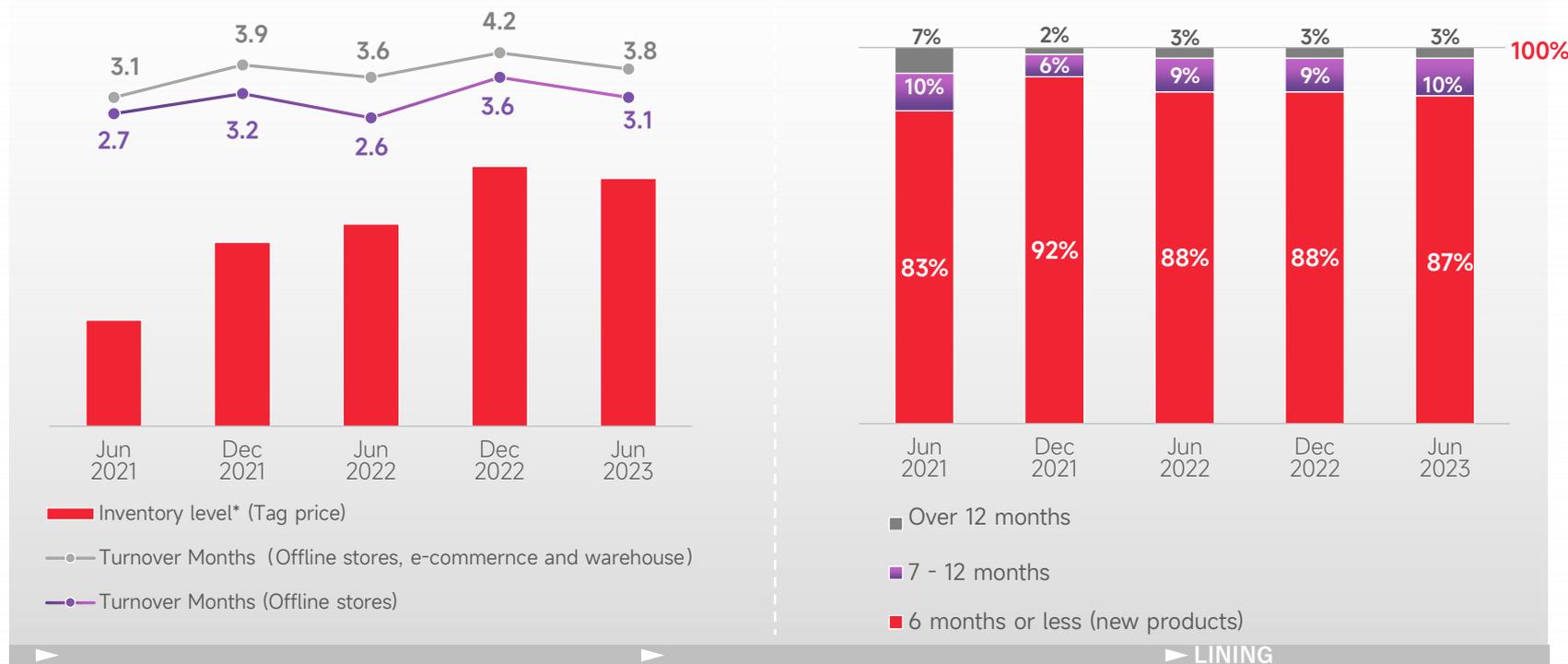


Other income includes (i) other income and other gains (net) , (ii) share profit from associates and joint venture

Invest strategically for better long-term return on investment

Channel Inventory

Incl. Online and Offline



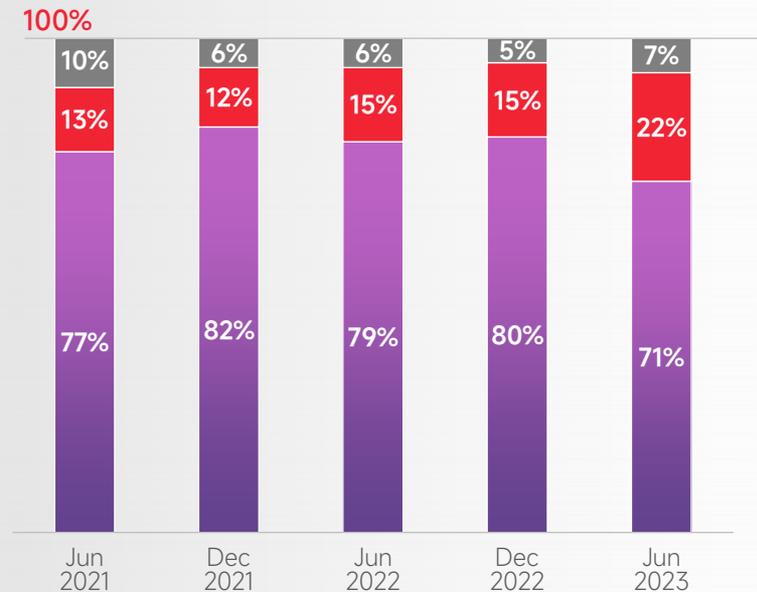
* Including offline direct retail & wholesale store, EC and warehouse

Through strict inventory management, inventory turnover efficiency and inventory structure remain healthy



At cost, before provision

(RMB Million)



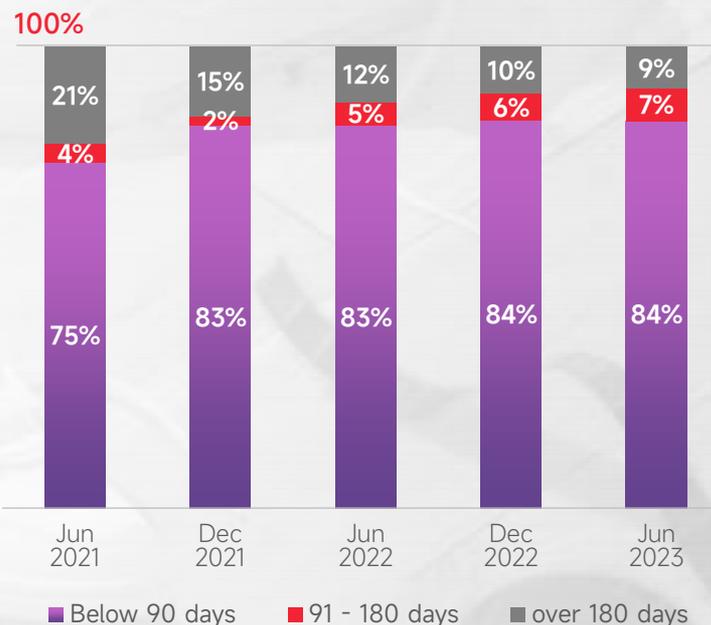
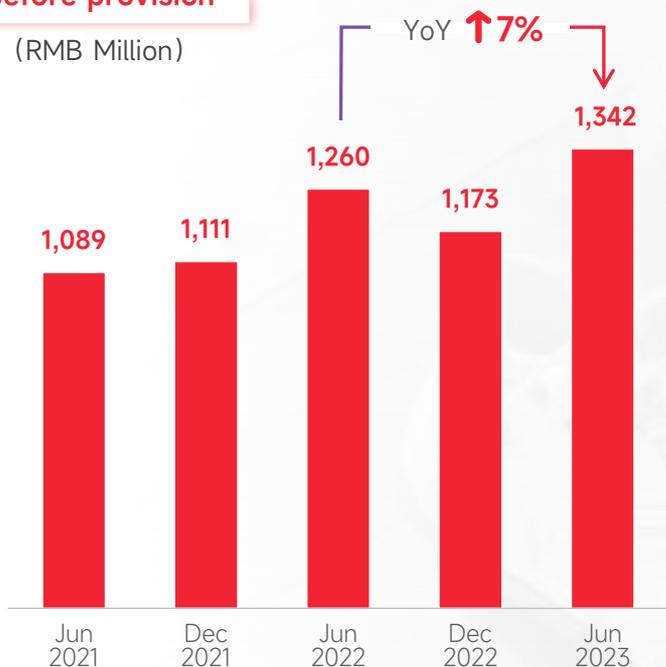
■ over 12 months ■ 7 - 12 months ■ 6 months or less (New Products)

The company inventory is at a healthy and controllable level



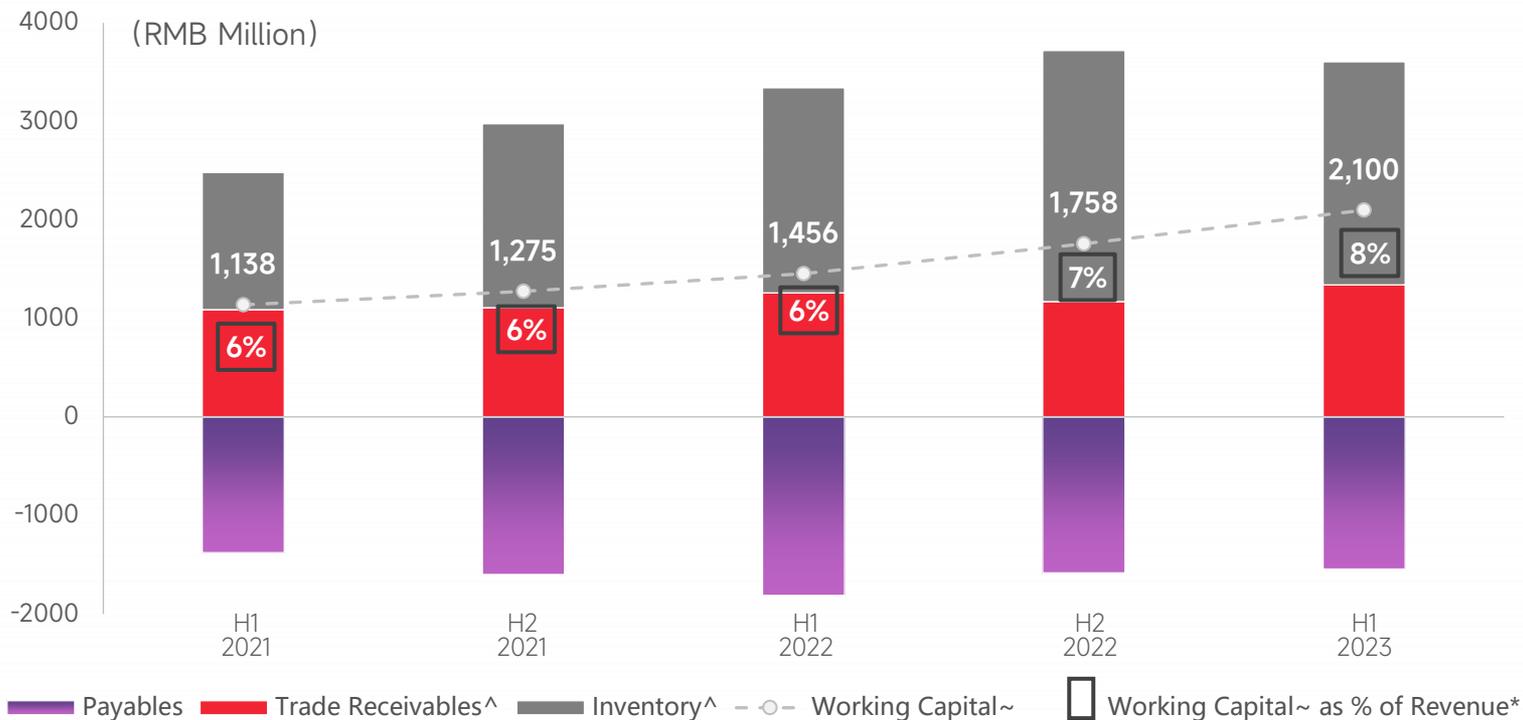
At gross amount,
before provision

(RMB Million)



Trade receivables are in a reasonable healthy state

Working Capital Efficiency



[~] Simple average between period opening and ending

[^] Gross Amounts of inventory and trade receivables without netting off provisions

^{*} Annualized revenue

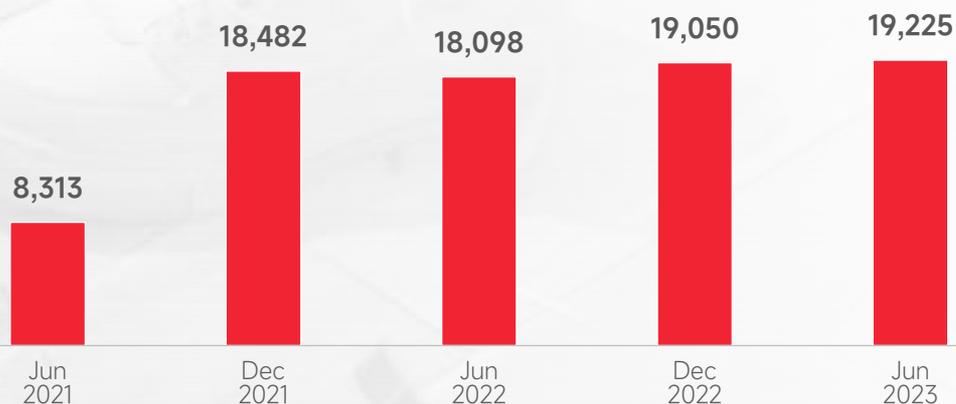
Healthy working capital efficiency well-gearred to capitalize on full recovery

Balance Sheet Summary and Cash Position



Net Cash Position[^]

(RMB Million)



Period	13	20	21	30	30
Cash Conversion Cycle (Days)	13	20	21	30	30

Period	0	1,203	0	1,219	955
Dividends**	0	1,203	0	1,219	955

Period	3,325	6,525 [#]	1,583	3,914 [#]	1,942
Operating Cash Flow	3,325	6,525 [#]	1,583	3,914 [#]	1,942

[^]Net Cash = Cash and Cash Equivalents (including restricted bank deposits and long & short-term bank deposits)- Borrowings

^{**}Annual dividend upon shareholders approval

[#] Annual operating cash flow

PLAY ▶
REC ●

STRATEGIC DIRECTION



伍
BADFIVE



STRATEGIC DIRECTION

REPORT
INVESTMENT
2023

03

LINING COMPANY LIMITED



Comprehensively Enhance Li-Ning's Experience Value, Fortify Advantages to Seize Industry Opportunities



National Efforts to Optimize the Sports Industry Structure, Driving High-quality Consumption Upgrade with Technology

Product Experience

Li-Ning's Experience Value

National Policies Further Promote the Construction of a Strong Sports Nation, Releasing Sports Demand and Consumption Potential

Shopping Experience

LI-NING Returned to Paris Fashion Week, Continuing to Expand its Appeal in the Young Consumer Market

Sports Experience

Source:

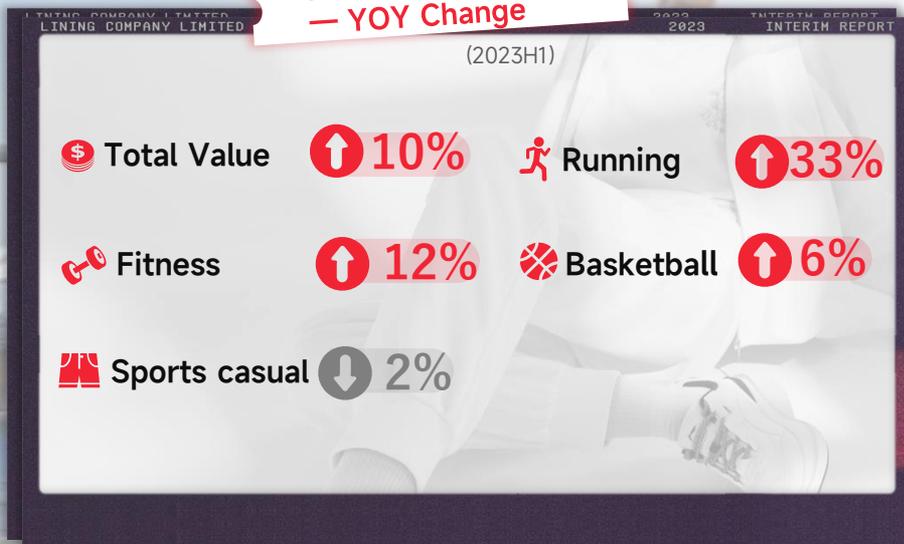
The State Council of the People's Republic of China, The Government of the People's Republic of China, General Administration of Sports of China.

Continuously Focus on the Strategy of “Single Brand, Multi-categories, Diversified channels”



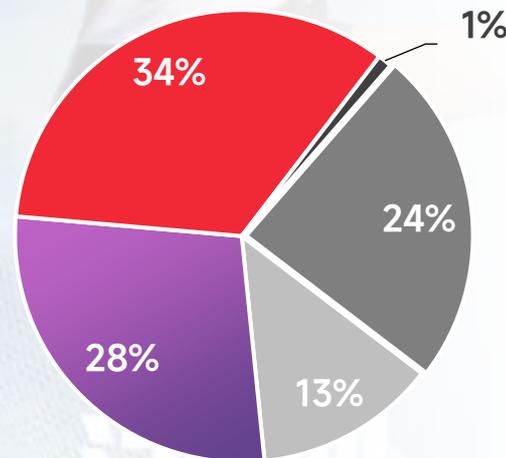


Retail Sell-through — YOY Change

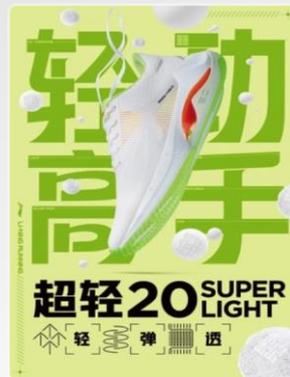
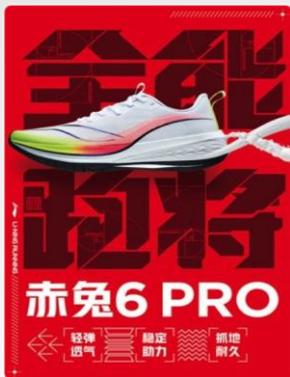


Retail Sell-through — Mix

■ Running ■ Fitness ■ Basketball ■ Sports casual ■ Others (Including China Li-Ning)



Running — Hot-selling IPs Increase Appeal to Consumers, Professional Running Shoes Fire on All Cylinders



Elite Running Shoes Help Top Runners Win Races

- In the Tokyo, Boston and London Marathons under the World Marathon Majors, LI-NING topped the list of most-worn Chinese brand for three consecutive times

Source: Joyrun



Focus on Core IPs

Enhance the influence of core IPs in the professional running shoes market, sales of the three core IPs exceeded **4.30** million pairs in the first half of the year

- Feidian 3 CHALLENGER:** sold over **0.7** million pairs
- Rouge Rabbit 6 & 6 Pro:** sold over **2.20** million pairs
- Super Light 20th:** sold over **1.40** million pairs

Basketball — Strong Binding of Resources and Products to Light up Passion For Basketball



Equip top athletes with professional products and endorse professional products with CBA courts, Achieve mutual support between athletes and products, Constantly explore professional products that best meet the needs of basketball players

With the exceptional performance of Jimmy Butler during the NBA Playoffs, the 11-day "Jimmy Butler China Tour" covering 6 cities was launched, driving the growing popularity of "Jimmy Butler 1" basketball shoes



Fitness — Penetrate Diverse Customer Groups with Technological Innovation, All-Scenarios Matrix for Varying Needs



Men Fitness

▶ LINING

- Built on the function IP of “AIRSHELL Air Movement Technology” to create core products of sports outfits with various functions
- The newly launched function IP of “COOL SHELL Cooling Technology” addressed the demand for summer sportswear, creating a variety of products and mix-and-match styles



Women Fitness

▶ LINING

- Offered products with the use of functional materials and sports-oriented design customized for women under the “COOL SHELL” and “DYNAMIC SHELL” technology platforms
- Launched female exclusive IP - the “SoftTouch” series



Sports Casual — Continue to Explore Chinese Culture, Maintain Product Competitiveness in the Industry



Infused with interesting and innovative designs, the “Rich Everyday” series continued to be the most popular outfits for the Chinese New Year



Expressed traditional culture in a new way, interpreting vitality and transformation of a butterfly breaking out of its cocoon



Injected vitality and comfort into daily looks through the portrayal of traditional color aesthetics

Brand Marketing — Enhance Consumer Communication through Sports Events



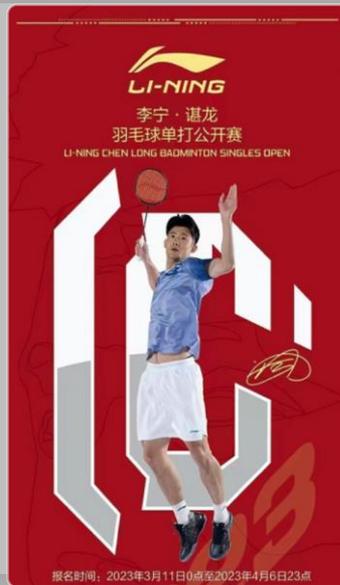
CBA League



Jimmy Butler
China Tour



Marathon

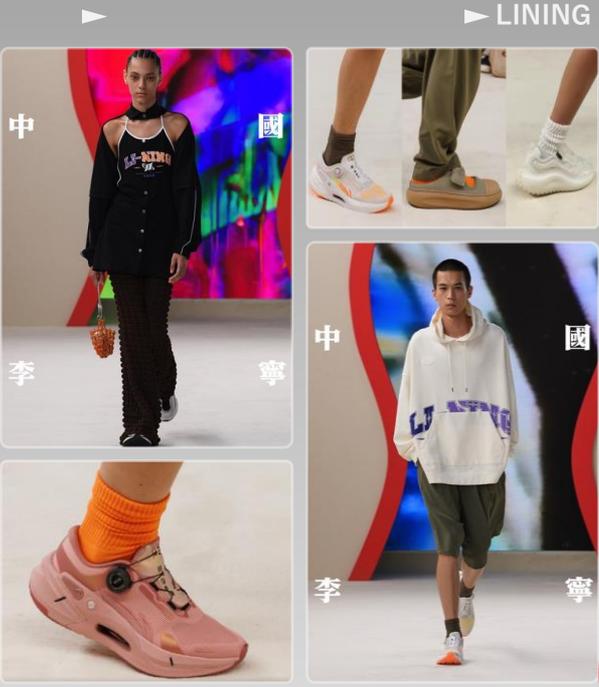
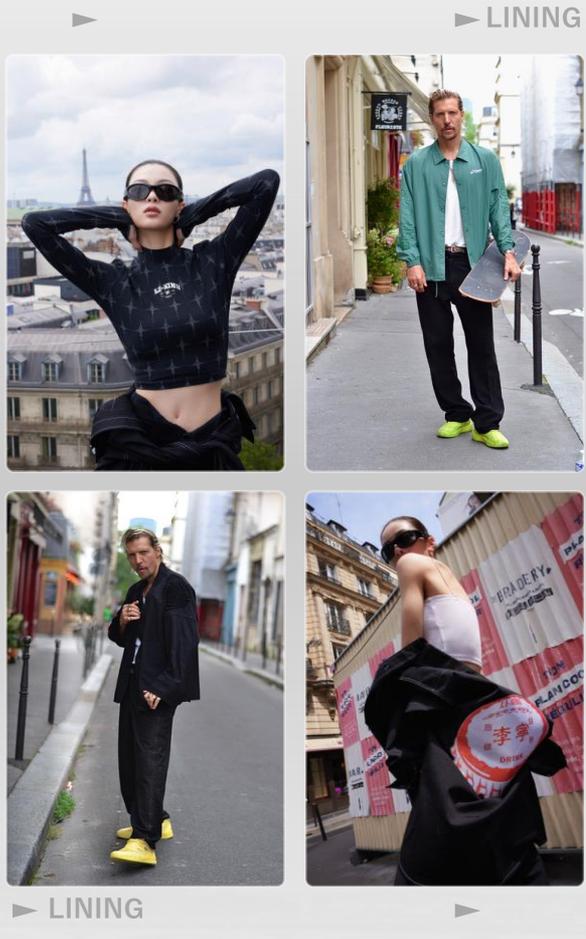


Badminton
Singles Open

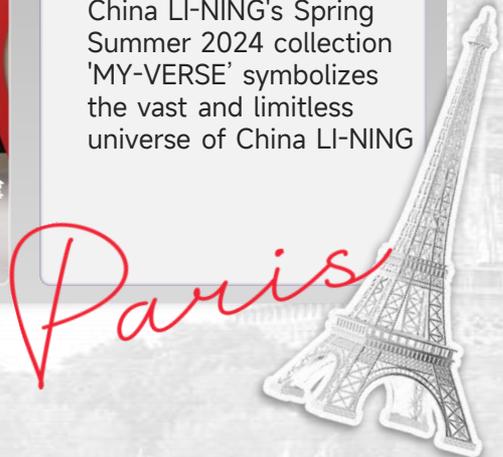


Table Tennis

Brand Marketing — China LI-NING Presented 'MY-VERSE' Collection at Paris Fashion Week



- On the evening of 20 June 2023, China's LI-NING made its return to Paris Fashion Week at the Centre Pompidou in Paris, France
- Inspired by diverse genres and global youth cultures, China LI-NING's Spring Summer 2024 collection 'MY-VERSE' symbolizes the vast and limitless universe of China LI-NING



PLAY ►
REC ●

OPERATIONAL PROGRESS



OPERATIONAL PROGRESS

04

REPORT

INVESTOR

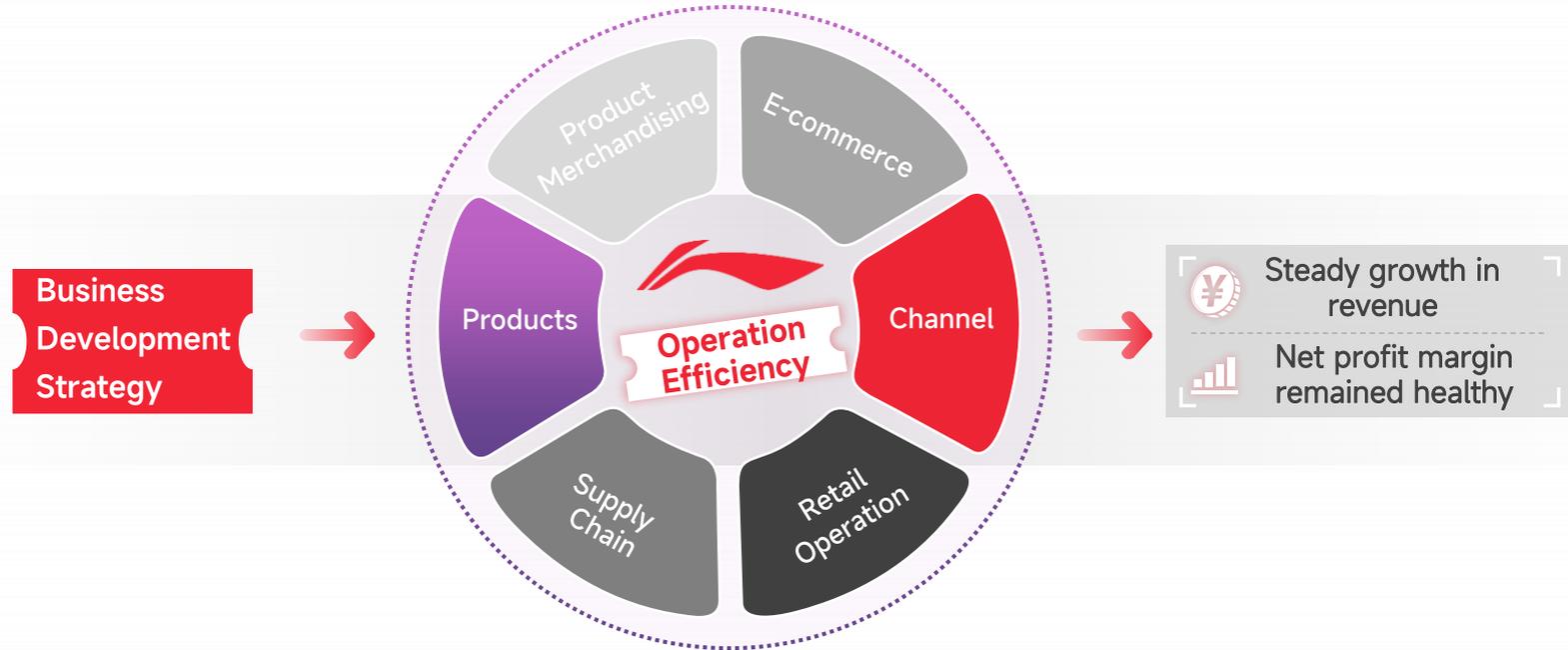
2023



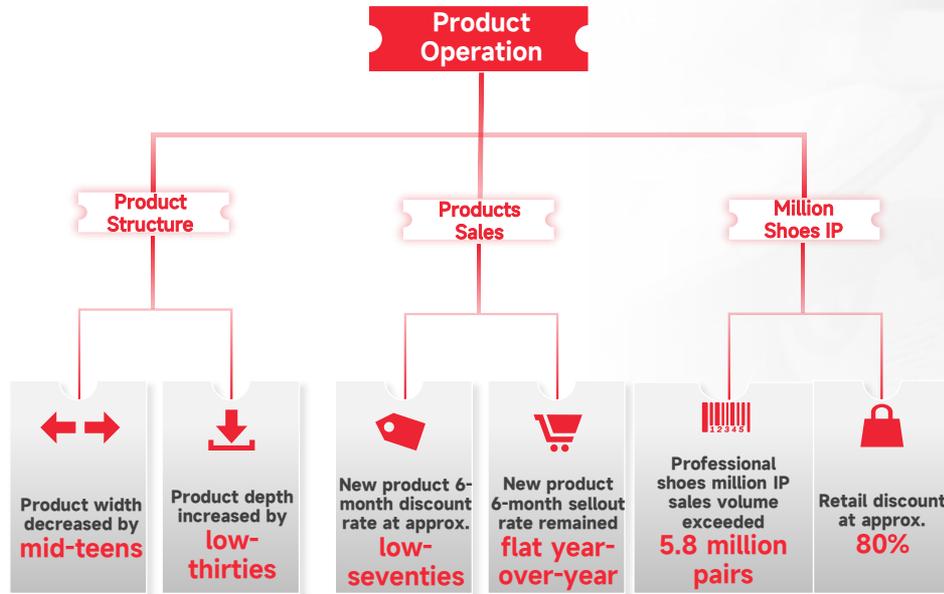
LI-NING

LI-NING COMPANY LIMITED

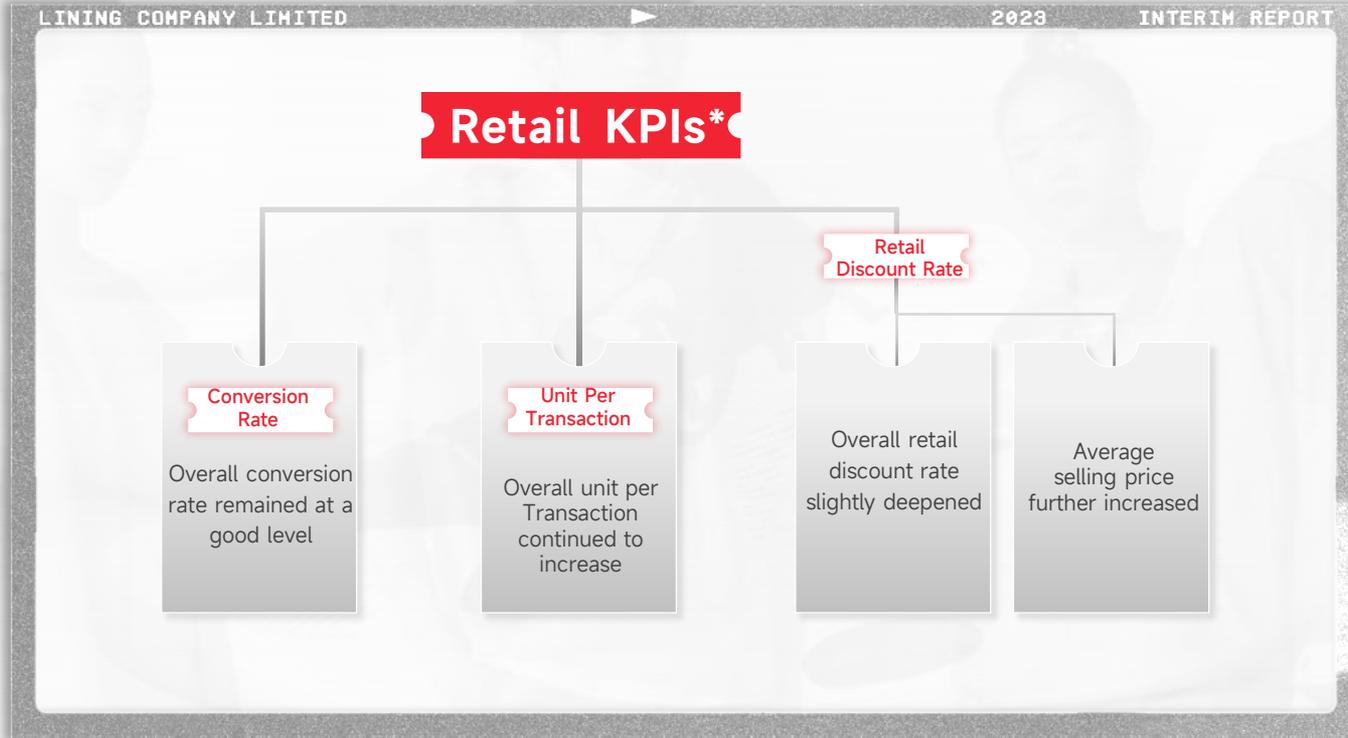
Performances for the First Half of 2023 Meet Expectations



Product Merchandising: Continuously Strengthen Product Merchandising and Management Capabilities to Enhance the Product Operation Efficiency



Retail Operation: Continuously Enhance Retail Standards to Drive Retail Sell-through Growth of Stores



*Excluding online channel

Channel: Expand High-quality, Profitable Stores and Continue to Increase the Proportion of Large Stores



▶ LINING

Store Penetration



Total selling square footage increased by

mid-teens

Average single-store selling square footage at

240 sq.m.

Average monthly store productivity increased by

mid-single-digit

Big Store Penetration



Number of big stores exceeded **1,630**

Average single-store selling square footage exceeded

410 sq.m.

Sell-through Structure



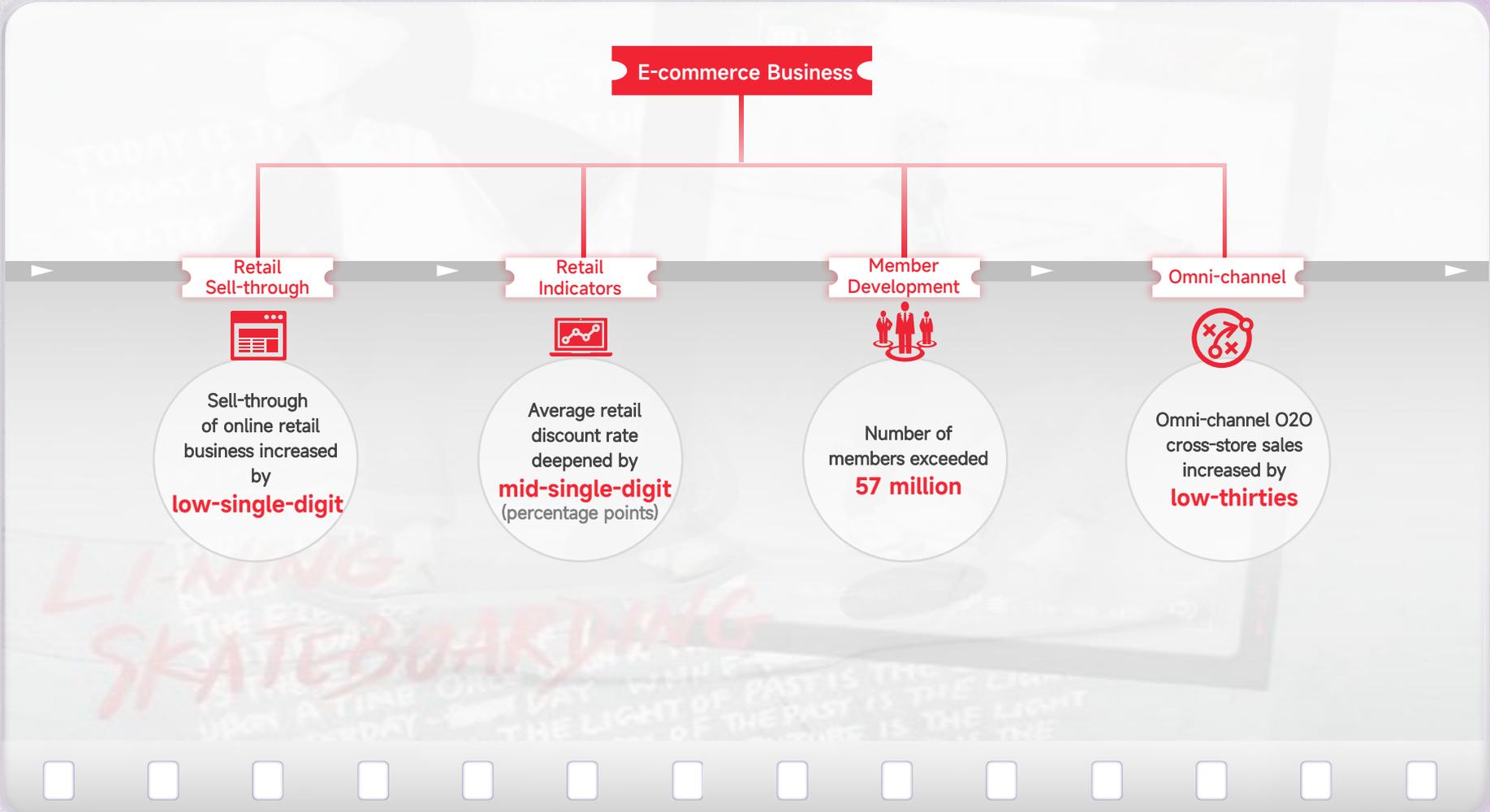
Sell-through contribution of big stores* further increased

Sell-through contribution of high-tier market# remained stable

Sell-through contribution of shopping mall further increased

* Store selling square footage exceeds 300 sq.m.
Including regular stores in metropolises and first-tier cities

E-commerce: Focus on Long-term Sustainable Growth in the Face of Challenging Business Environment in the First Half of 2023





Kidswear Business: Strengthen Retail Operation Capability, Achieve Growth in Overall Business



▶ LINING

1 Retail Efficiency

- Retail sell-through increased by **mid-twenties**
- Average selling price increased by **mid-single-digit**
- SSSG increased by **low-teens**

▶ LINING

2 Channel Efficiency

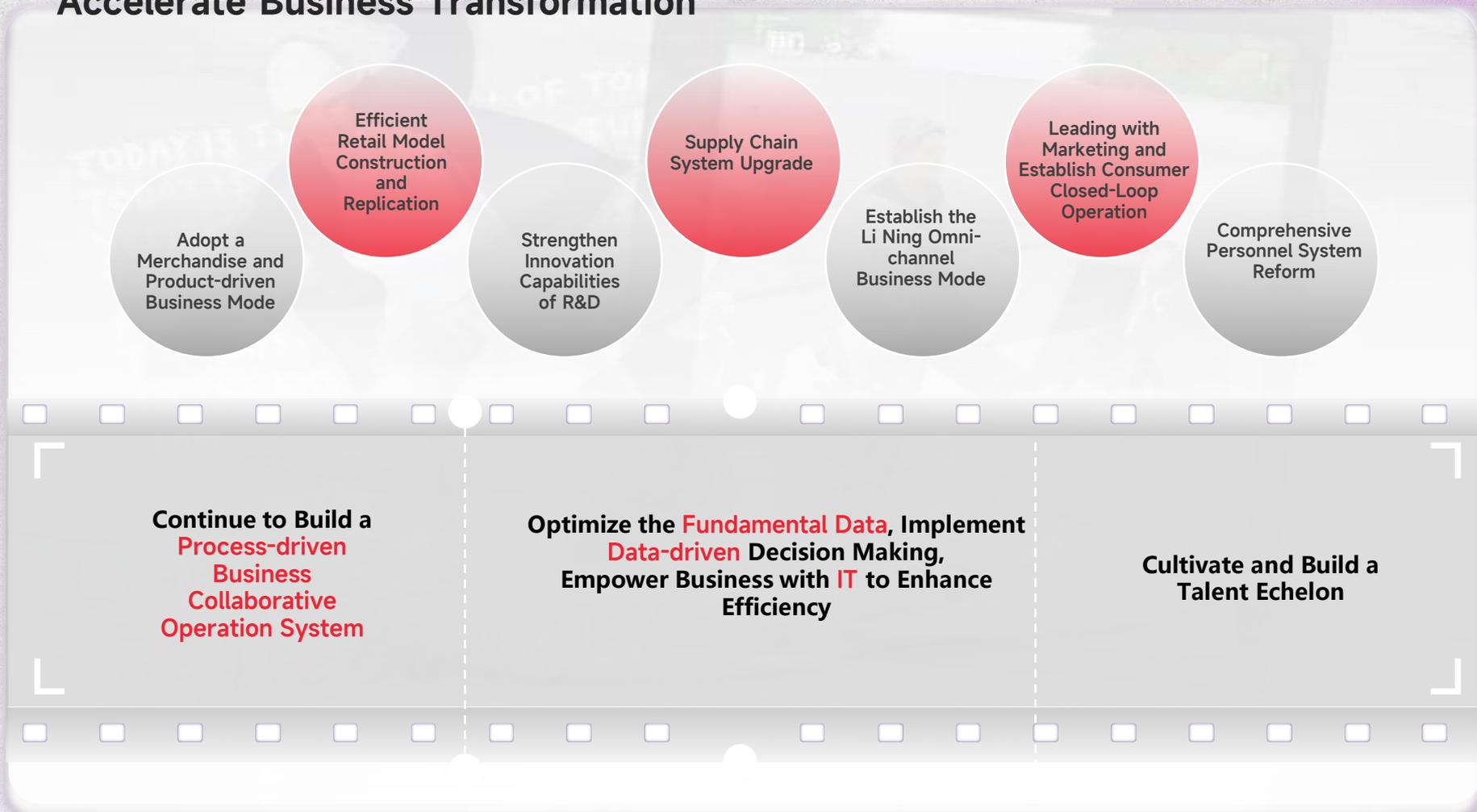
- Number of stores totaled **1,281**
- Average monthly store productivity increased by **low-twenties**

Supply Chain: Continuously Integrate and Optimize Supply Chain Organizational Structure



- **Enhance Quality**: Establish a quality management system throughout the supply chain, implement quality management requirements, standards, and systems, and continuously focus on improving product quality
- **Control Costs**: Control costs through material integration and reuse, integrated procurement, collaborative efficiency enhancement with suppliers, and product development cost optimization
- **Centralize Production Capacity**: Integrate suppliers, optimize supply chain efficiency. Currently, the production capacity of the top three footwear and apparel suppliers accounts for more than 40%
- **Improve Matrix**: Continuously improve supplier resources and construct differentiated supplier matrices for different product lines to strengthen supplier capabilities
- **Transition from “Passive production” to “Proactive production”**: For core products with large quantities, adopt a flexible supply method of segmented production, set advance work milestones based on weekly sales plans, and ensure timely launches

Outlook: Focus on the Seven Main Areas of Business Transformation, Orderly Promote the Implementation of Key Strategic Tasks, Accelerate Business Transformation



PLAY ▶
REC ●

APPENDIX



APPENDIX

▶ 2022

▶ 2023

05

LI-NING COMPANY LIMITED

REPORT
INTER
2023

Appendix 1 — Summary of Income Statement and Balance Sheet

(RMB million)	2023	2022	Better/ (Worse)
	Period ended 30 June		
Revenue	14,019	12,409	13.0%
Gross Profit	6,839	6,201	10.3%
Distribution costs	-3,948	-3,383	(16.7%)
Administrative expenses	-591	-518	(14.0%)
Other income and other gains-net	165	337	(51.0%)
Operating Profit	2,475	2,644	(6.4%)
EBITDA	3,425	3,421	0.1%
Profit Attributable to Equity Holders	2,121	2,189	(3.1%)
Basic Earnings per share (RMB cents)	80.63	83.77	(3.7%)

(RMB million)	30 Jun 2023	31 Dec 2022	Better/ (Worse)
Cash and Cash Equivalents	6,411	7,382	(13.2%)
Borrowings	0	0	N/A
Net Cash*	19,225	19,050	0.9%
Current Liabilities	6,443	7,241	11.0%
Current Ratio (times)	2.05	1.71	0.34
Total Liabilities to Total Asset Ratio	26%	28%	2.0p.p

*Net Cash = Cash and Cash Equivalents + Restricted Bank Deposits + Long & Short-term Bank Deposits - Borrowings



Appendix 2 — Profit Margins and Key Operating Indicators

	2023	2022	Better/ (Worse)
	Period ended 30 June		

Gross Profit Margin **48.8%** 50% (1.2p.p)

Operating Profit Margin **17.7%** 21.3% (3.6p.p)

EBITDA Margin **24.4%** 27.6% (3.2p.p)

Margin of Profit Attributable to Equity Holders **15.1%** 17.6% (2.5p.p)

R&D Expenses (as % of revenue) **2.1%** 1.9% (0.2p.p)

A&P Expenses (as % of revenue) **7.4%** 7.9% 0.5p.p

Staff Costs (as % of revenue) **8.3%** 7.3% (1.0p.p)

	2023	2022	Better/ (Worse)
	Period ended 30 June		

Inventory Turnover (Days) **57** 55 (2)

Trade Receivables Turnover (Days) **14** 14 -

Trade Payables Turnover (Days) **41** 48 (7)

Cash Conversion Cycle (Days) **30** 21 (9)

Return on Equity (ROE) **8.5%** 10.1% (1.6p.p)

Return on Asset (ROA) **6.2%** 7.1% (0.9p.p)

CAPEX (RMB million) **669** 741 9.7%