



**Bosideng International Holdings Limited**  
**2014/15 Interim Results**

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# Agenda

- Financial Review
- Business Review
- Outlook

# Financial Review



# Financial Highlights

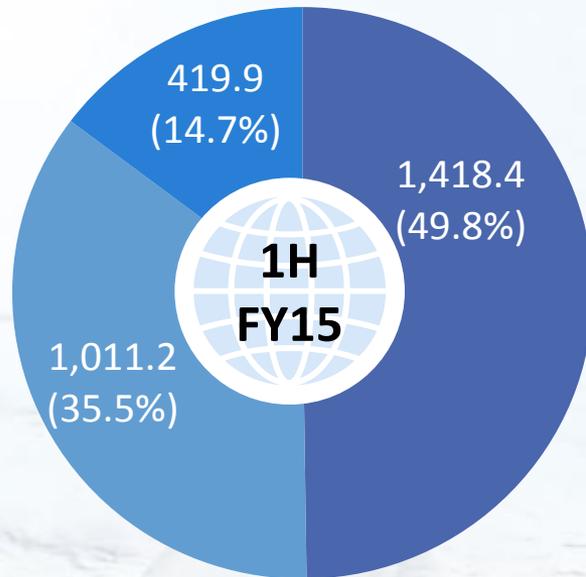
	For the six months ended Sept 30		Change
(RMB mn)	<b>2014</b>	2013	(%)
Revenue	<b>2,849.5</b>	2,809.2	+1.4%
Gross profit	<b>1,349.5</b>	1,387.1	-2.7%
EBITDA	<b>473.4</b>	422.9	+11.9%
Profit from operations	<b>306.6</b>	343.4	-10.7%
Profit attributable to equity holders of the Company	<b>252.7</b>	326.1	-22.5%
Earnings per share (RMB cents)	<b>3.18</b>	4.10	-22.4%
– Basic and diluted			
Dividend per share (HKD cents)	<b>1.2</b>	3.7	-67.6%
– Interim			

	For the six months ended Sept 30		Change
Profitability ratios	<b>2014</b>	2013	(p.pt.)
Gross margin (%)	<b>47.4%</b>	49.4%	-2.0
EBITDA margin (%)	<b>16.6%</b>	15.1%	+1.5
Operating margin (%)	<b>10.8%</b>	12.2%	-1.4
Net margin (%)	<b>8.9%</b>	11.6%	-2.7
Effective tax rate (%)	<b>28.5%</b>	23.3%	+5.2

# Revenue Breakdown

**RMB2,849.5 mn**

(RMB million)



■ Branded down apparel

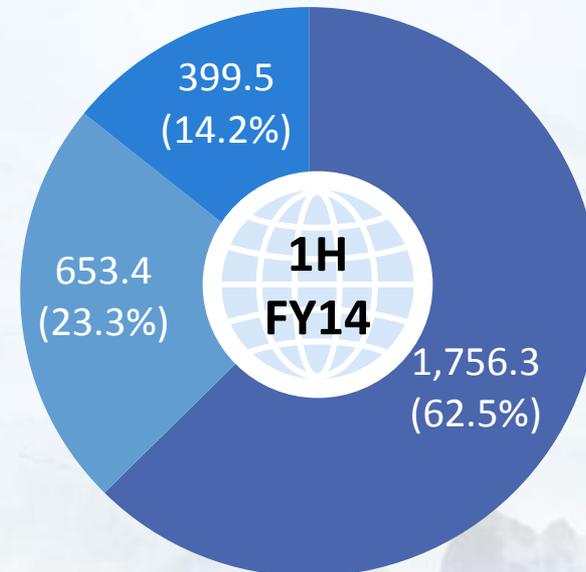
■ OEM Management

■ Non-down apparel

(% of revenue)

**RMB2,809.2 mn**

(RMB million)

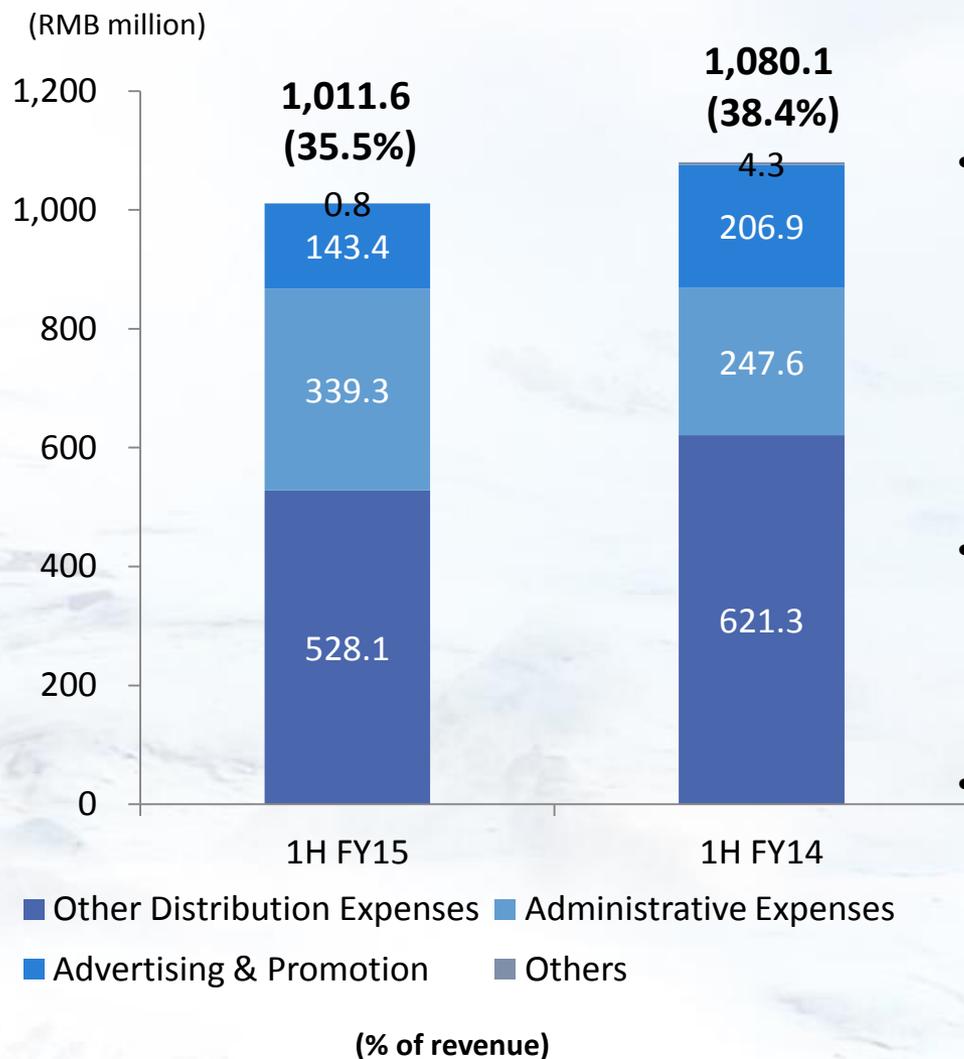


# Gross Margin

	Six months ended Sept 30		Change
	2014	2013	
Branded down apparel	<b>67.8%</b>	58.7%	+9.1 pts
OEM Management	<b>17.1%</b>	20.0%	-2.9 pts
Non-down apparel	<b>51.0%</b>	56.2%	-5.2 pts
The Group	<b>47.4%</b>	49.4%	-2.0 pts

- The gross profit margin of down apparel was 9.1 percentage points higher as compared to the corresponding period of the last year, which was mainly attributable to the increase in the proportion of Bosideng branded apparel sales with higher gross profit margin and the utilization of provision for price-loss of inventory

# Operational Expenditure



- Advertising & promotion expenses reduced by 30.7% due to the adjustment of media strategies. The Group reduced advertisement on the traditional channels like CCTVs and highway billboards, and take more advantage of the Internet
- Other distribution expenses reduced by 15.0% as the Group rationalized its retail network and closed down its stores
- Higher administrative expenses due to a sharp increase in bad debt provision

# Inventories

(RMB'000)	As at Sept 30, 2014	As at Sept 30, 2013	Change	As at Mar 31, 2014
Raw materials	<b>241,194</b>	305,005	-20.9%	157,183
Work in progress	<b>380,173</b>	378,471	+0.4%	17,061
Finished goods	<b>1,786,531</b>	2,019,641	-11.5%	1,868,471
Total	<b>2,407,898</b>	2,703,117	-10.9%	2,042,715

# Working Capital Management

	For the six months ended		
	Sept 30, 2014	Sept 30, 2013	Change
Average Inventory Turnover Days <sup>(1)</sup>	<b>271</b>	300	-29
Average Trade and Bills Receivables Turnover Days <sup>(2)</sup>	<b>136</b>	94	+42
Average Trade and Bills Payables Turnover Days <sup>(3)</sup>	<b>96</b>	95	+1

(1) Calculated as average inventory divided by cost of sales and multiplied by 365 days/2 for 1H figures

(2) Calculated as average trade and bills receivables divided by revenue and multiplied by 365 days/2 for 1H figures

(3) Calculated as average trade and bills payables divided by cost of sales and multiplied by 365 days/2 for 1H figures

# Financial Position

	As at Sept 30, 2014	As at Sept 30, 2013	As at Mar 31, 2014
(RMB million)			
Cash	<b>2,695.3</b>	2,278.5	2,734.3
Bank borrowings	<b>3,411.9</b>	2,468.9	3,259.2
Available-for-sale financial assets/ other financial assets	<b>995.1</b>	1,391.6	2,502.9
Current ratio (times)	<b>2.4x</b>	2.4x	3.5x
Gearing ratio (%)	<b>45.2%</b>	34.4%	44.2%
Operating cash inflow/(outflow)	<b>(1,643.1)</b>	(1,237.0)	(150.6)

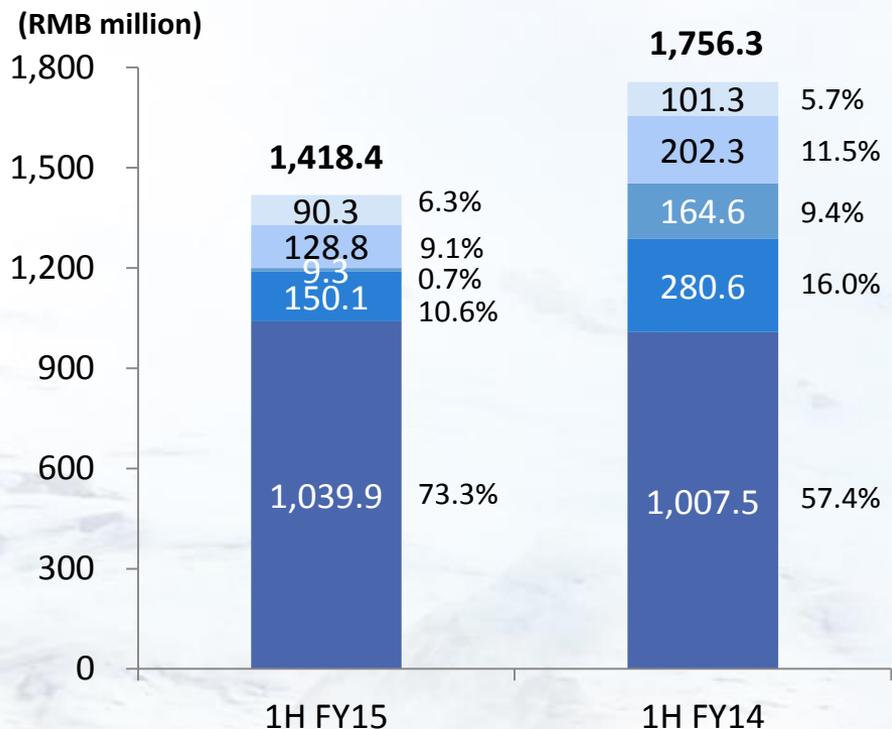
- Cash, available-for-sale financial assets/ other financial assets and bank borrowings aggregated RMB278.4 million, as compared to RMB1,201.4 million as at September 30, 2013 and RMB1,978.1 million as at March 31, 2014.

# Business Review

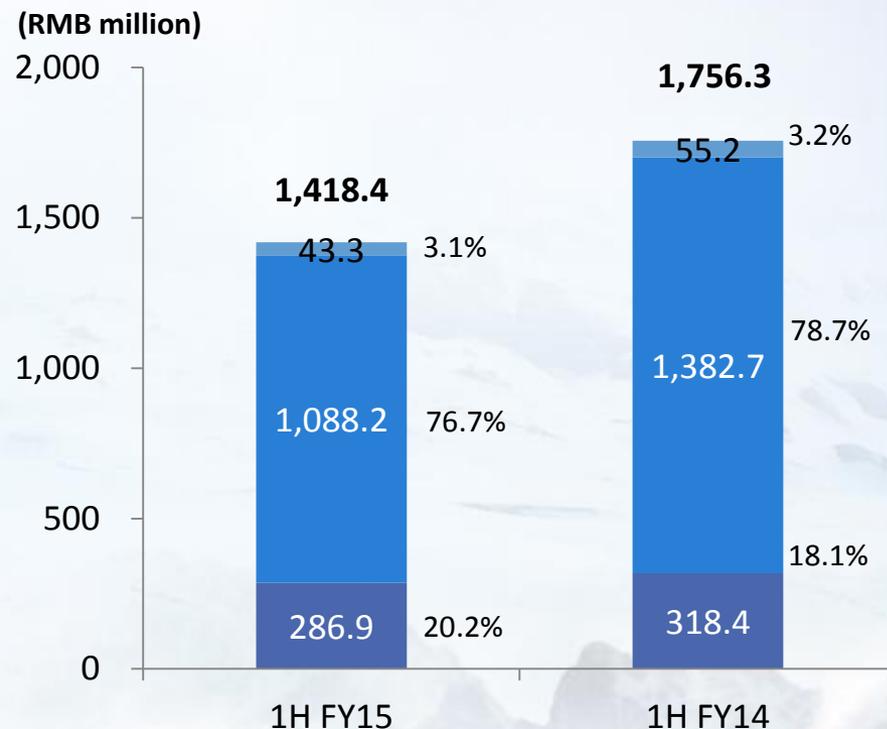


# Down Apparel Business

## Revenue Breakdown by Brand



## Revenue Breakdown by Business



■ Bosideng ■ Snow Flying ■ Bengen ■ Combo ■ Others

■ Self-operated ■ Wholesale ■ Others

- Revenue dropped by 19.2% due to store closure to rationalize retail network and bigger discount to clear inventories
- New products are mainly on Bosideng and Snow Flying brands

# Rationalize Retail Network

Store no.	30 Sept 2014	31 Mar 2014	changes
Bosideng	5,501	4,771	730
Snow Flying	1,433	2,358	-925
Combo	987	2,324	-1,337
Bengen	295	1,623	-1,328
<b>Total</b>	<b>8,216</b>	<b>11,652</b>	<b>-3,436</b>

- Streamlined and consolidated retail network of down apparel brands to avoid overlapping of channels and rationalize retail network
- Continue to shutdown underperforming stores

# Inventory Management

## To reduce inventory and avoid overstocking

### Old Inventory

- New sales prices for inventories accumulated in different years
- Bigger in-store discounts on out-of-season products
- Develop specific channels like discount stores, temporary promotional stores, chain stores, large-scale bargains in villages and towns in remote areas and factory stores to clear inventory

### 2014 Collection

- Limit new products to mainly Bosideng and Snow Flying Brands
- Strictly control and adjust distributors' replenishment orders based on actual sales
- Total production volume is expected to decrease by approximately 25%
- Enable sharing of inventories and further reduce the inventories needed in each area through Central Logistic Center

# Effective Marketing Strategies

- Reduce advertisements on traditional media such as CCTVs, satellite television stations and highway billboards
- Increase the use of new media, especially social media such as WeChat, Youku etc which allows more interaction with customers
- Explore cross-industry cooperation in popular public relation activities to carry out product placement



# Exploration of O2O

**Mobile e-commerce:** Introducing the WeChat function into its online shopping terminals to encourage customers to download online shopping application and register as members. The Group then conducted promotional activities at retail stores by making use of membership data, so as to realize the mutual interaction between online and offline platforms.

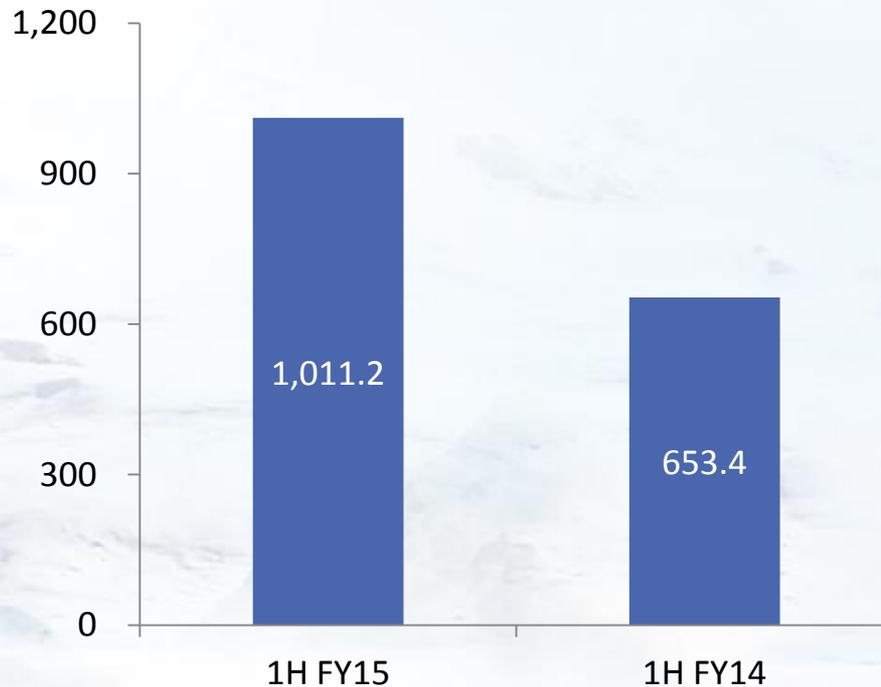
**Optimization of supply chain and logistics for on-line sales:** online orders will be delivered from places closest to where the orders were made, in order to enhance consumption experience by enabling fast logistics and convenient return and replacement of sold goods



# OEM Management Business

## Revenue from OEM Management Business

(RMB Million)

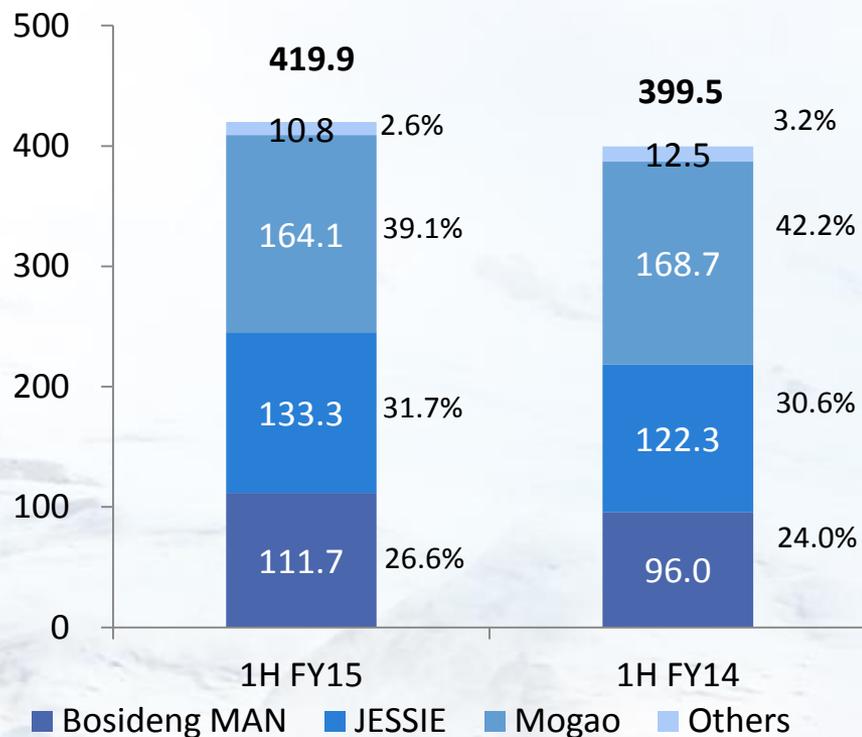


- Revenue jumped by 54.8%
- 11 OEM clients, mainly renowned US brands, top 5 clients account for 78% revenue
- Majority of the OEM orders for FY14/15 was completed and delivered by September

# Non-down Apparel Business

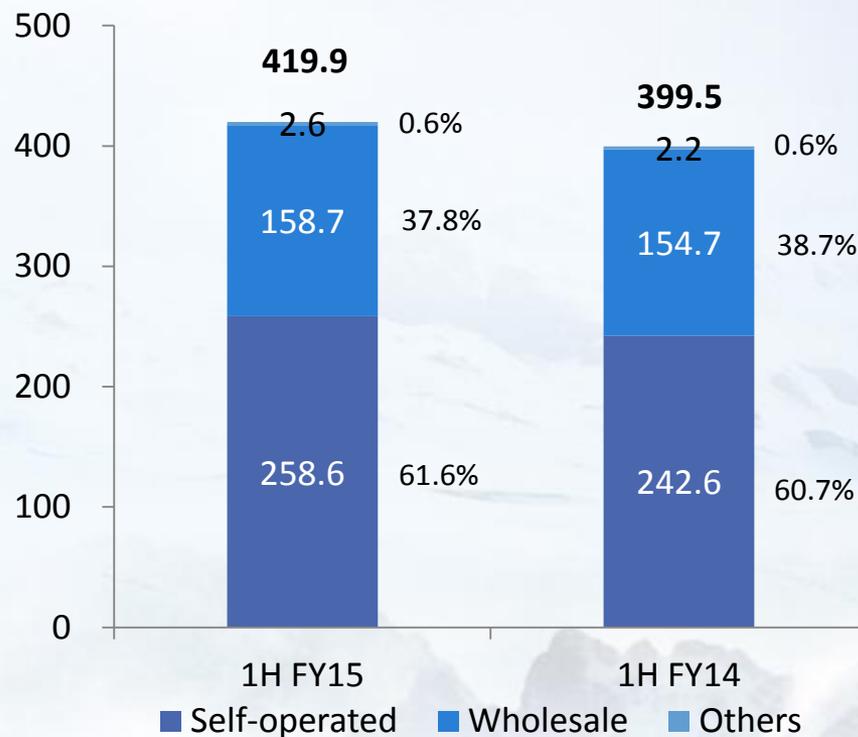
## Revenue Breakdown by Brand

(RMB million)



## Revenue Breakdown by Business

(RMB million)



- Revenue increased by 5.1%
- Inventory clearing and rationalize retail network were priorities of Bosideng MAN, JESSIE and Mogao
- London Flagship store will expand its down apparel series to enhance produce mix and boost sales

# Outlook



# Outlook

## Down Apparel Business

- Lower inventory level and improve cash flows
- Implement data management to gradually improve operating efficiency
- Brand reshaping
- Further promote O2O

**Enhance organic growth and competitiveness**

## International Layout

- Further expand operation and development of the London flagship stores
- Further boost the overseas sales of its own down apparel brands

**Enhance international position**

## Diversification

- Proactively pursue new business opportunities and external cooperation alliances

**To become an integrated multi-brands apparel operator**

# Appendix



# Retail Network of Down Apparel Business

As at Sept 30, 2014	Bosideng		Snow Flying		Combo		Bengen		Total	
	Store	Change	Store	Change	Store	Change	Store	Change	Store	Change
<b>Specialty stores</b>										
By the Group	495	106	92	-83	19	-9	4	-15	<b>610</b>	<b>-3</b>
Third party distributors	2,457	22	409	-309	96	-374	95	-597	<b>3,057</b>	<b>-1,621</b>
Sub-total	<b>2,952</b>	<b>128</b>	<b>501</b>	<b>-392</b>	<b>115</b>	<b>-383</b>	<b>99</b>	<b>-612</b>	<b>3,667</b>	<b>-1,624</b>
<b>Concessionary retail outlets<sup>#</sup></b>										
By the Group	1,586	351	638	-294	565	-272	120	-83	<b>2,909</b>	<b>-301</b>
Third party distributors	963	251	294	-239	307	-682	76	-633	<b>1,640</b>	<b>-1,511</b>
Sub-total	<b>2,549</b>	<b>602</b>	<b>932</b>	<b>-533</b>	<b>872</b>	<b>-954</b>	<b>196</b>	<b>-716</b>	<b>4,549</b>	<b>-1,812</b>
<b>Total</b>	<b>5,501</b>	<b>730</b>	<b>1,433</b>	<b>-925</b>	<b>987</b>	<b>-1,337</b>	<b>295</b>	<b>-1,328</b>	<b>8,216</b>	<b>-3,436</b>

Change: as compared to that as of March 31, 2014

# The Group's concessionary retail outlets are mainly counters in department stores, which are normally operated only during peak season for down apparel to cope with the seasonality of its core products.

# Retail Network of Non-down Apparel Business

As at Sept 30, 2014	BOSIDENG MAN		JESSIE		Mogao		Total	
	Store	Change	Store	Change	Store	Change	Store	Change
<b>Specialty stores</b>								
By the Group	27	-5	3	0	0	0	30	-6
Third party distributors	248	-40	40	-3	93	-16	381	-59
Sub-total	<b>275</b>	<b>-45</b>	<b>43</b>	<b>-3</b>	<b>93</b>	<b>-16</b>	<b>411</b>	<b>-65</b>
<b>Concessionary retail outlets</b>								
By the Group	54	-22	109	3	194	-15	357	-57
Third party distributors	212	16	69	-5	0	0	281	8
Sub-total	<b>266</b>	<b>-6</b>	<b>178</b>	<b>-2</b>	<b>194</b>	<b>-15</b>	<b>638</b>	<b>-49</b>
<b>Total</b>	<b>541</b>	<b>-51</b>	<b>221</b>	<b>-5</b>	<b>287</b>	<b>-31</b>	<b>1,049</b>	<b>-114</b>

Change: as compared to that as of March 31, 2014

波司登  
BSD  
BOSIDENG  
世界名牌



Thank You!