



Bosideng International Holdings Limited

(Stock code: 3998)

2015/16 Interim Results



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. 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
- Outlook

Financial Review



Financial Highlights

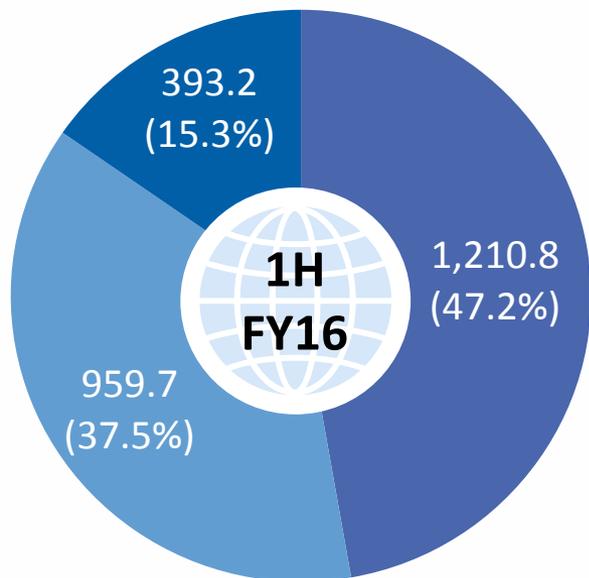
	<i>For the six months ended Sept 30</i>		<i>Change</i>
(RMB mn)	2015	2014	
Revenue	2,563.7	2,849.5	-10.0%
Gross profit	924.3	1,349.5	-31.5%
EBITDA	360.9	566.2	-36.3%
Profit from operations	132.3	306.6	-56.8%
Profit attributable to equity holders of the Company	130.7	252.7	-48.3%
Earnings per share (RMB cents)			
– Basic and diluted	1.64	3.18	-48.4%
Dividend per share (HKD cents)			
– Interim	-	1.2	-

	<i>For the six months ended Sept 30</i>		<i>Change</i>
Profitability ratios	2015	2014	
Gross margin (%)	36.1%	47.4%	-11.3 ppts
EBITDA margin (%)	14.1%	19.9%	-5.8 ppts
Operating margin (%)	5.2%	10.8%	-5.6 ppts
Net margin (%)	5.1%	8.9%	-3.8 ppts
Effective tax rate (%)	29.0%	28.5%	+0.5 ppt

Revenue Breakdown

RMB2,563.7 mn

(RMB million)



■ Branded down apparel

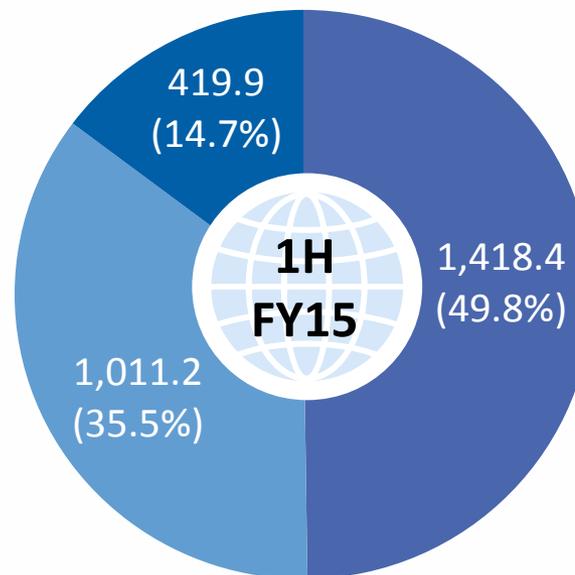
■ OEM management

■ Non-down apparel

(% of revenue)

RMB2,849.5 mn

(RMB million)

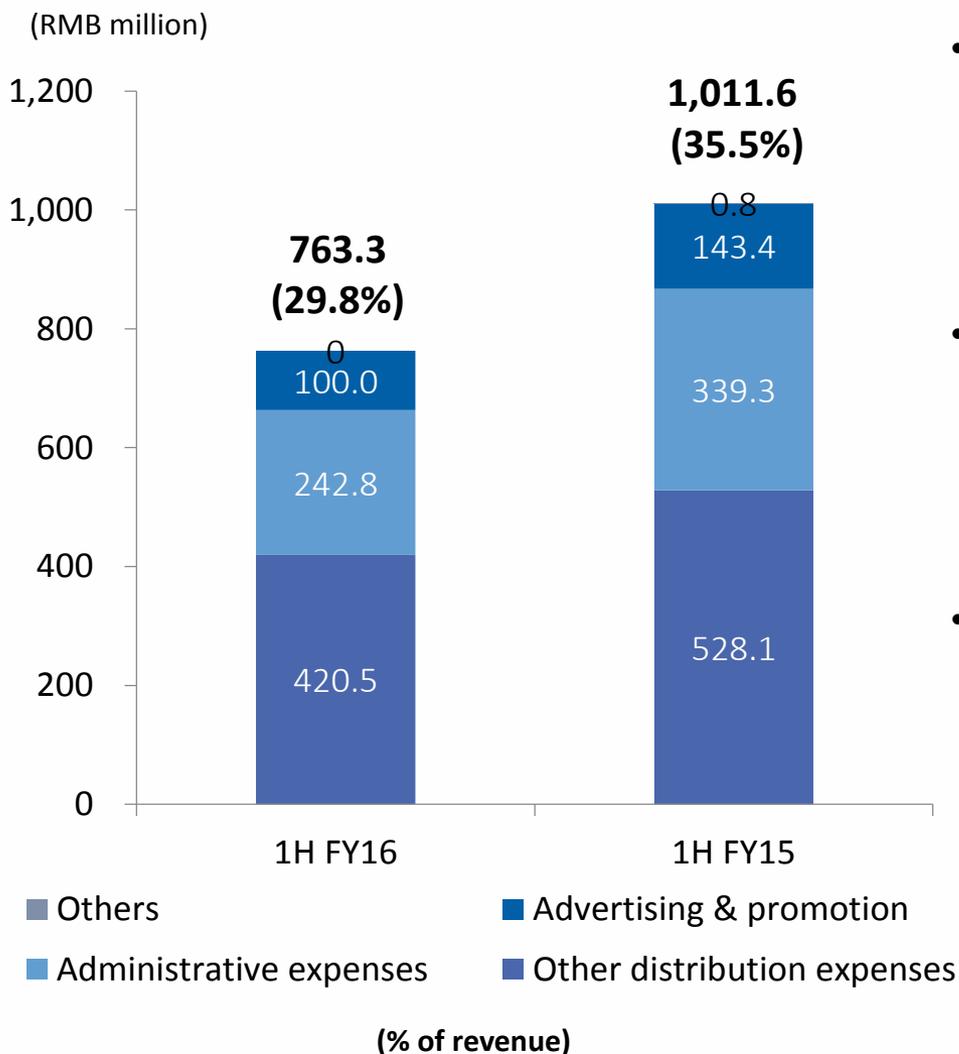


Gross Margin

	For the six months ended Sept 30		
	2015	2014	Change
Branded down apparel	43.9%	67.8%	-23.9 pts
OEM Management	18.2%	17.1%	+1.1 pts
Non-down apparel	55.3%	51.0%	+4.3 pts
The Group	36.1%	47.4%	-11.3 pts

- The gross profit margin of down apparel dropped by 23.9 percentage points y-o-y, mainly attributable to proactive inventory clearance, reduced production volume of new products and more efforts in promotion to keep inventory at a healthy level
- The gross margin growth of non-down apparel business was mainly driven by the sales of JESSIE ladieswear with a higher margin

Operational Expenditure



- Advertising & promotion expenses reduced by 30.3% due to the Group's enhancement of direct promotion in stores and the reduced exposures to traditional advertising
- Other distribution expenses reduced by 20.4% as the Group proactively optimized its retail network and reduced traditional channels with high expense but limited effect or influence
- Administrative expenses decreased by 28.4%, among which salary and welfare dropped by 17.7% as the Group streamlined its workforce in previous financial year. Moreover, bad debt provision and loss decreased significantly by 60.9% to RMB33.1 million

Inventories

(RMB'000)	As at Sept 30, 2015	As at Sept 30, 2014	Change	As at Mar 31, 2015
Raw materials	342,347	241,194	+41.9%	174,394
Work in progress	128,657	380,173	-66.2%	4,174
Finished goods	1,580,540	1,786,531	-11.5%	1,730,350
Total	2,051,544	2,407,898	-14.8%	1,908,918

Working Capital Management

	For the six months ended		
	2015	2014	Change
Average Inventory Turnover Days ⁽¹⁾	221	271	-50
Average Trade and Bills Receivables Turnover Days ⁽²⁾	128	136	-8
Average Trade and Bills Payables Turnover Days ⁽³⁾	63	96	-33

(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, 2015	As at Sept 30, 2014	As at Mar 31, 2015
(RMB million)			
Cash	2,930.0	2,695.3	3,473.1
Bank borrowings	(3,491.3)	(3,411.9)	(3,537.6)
Available-for-sale financial assets/ other financial assets	1,140.2	995.1	2,261.2
Current ratio (times)	2.3x	2.4x	2.5x
Gearing ratio (%)	47.4%	45.2%	47.7%
Operating cash inflow/(outflow)	(1,340.1)	(1,643.1)	387.8

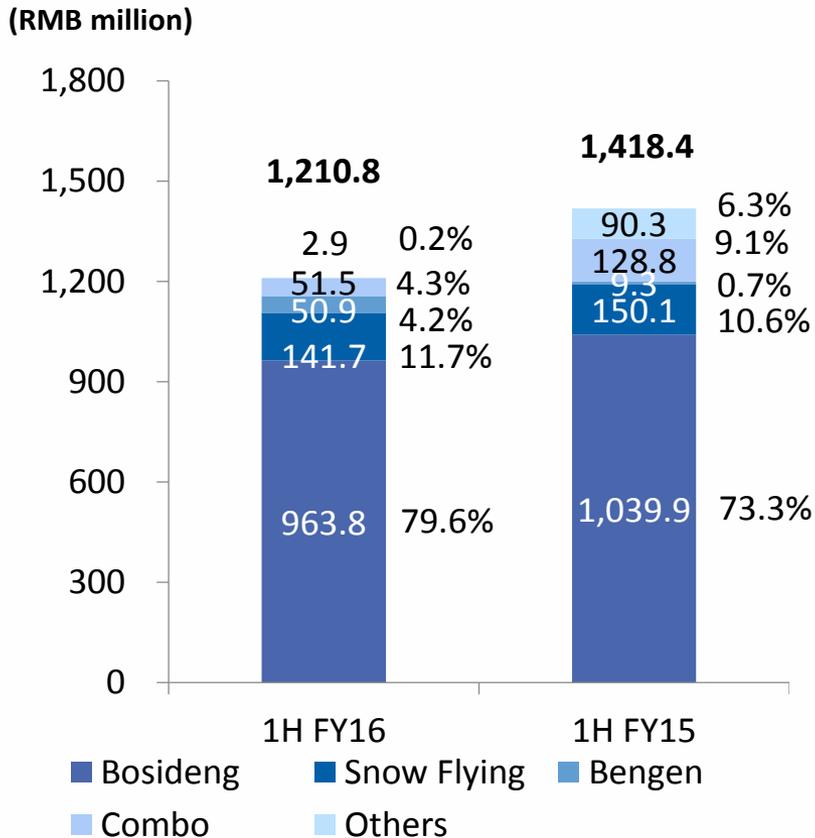
- Cash, available-for-sale financial assets/ other financial assets and bank borrowings aggregated RMB578.9 million, as compared to RMB278.5 million as at September 30, 2014 and RMB2,196.7 million as at March 31, 2015.

Business Review

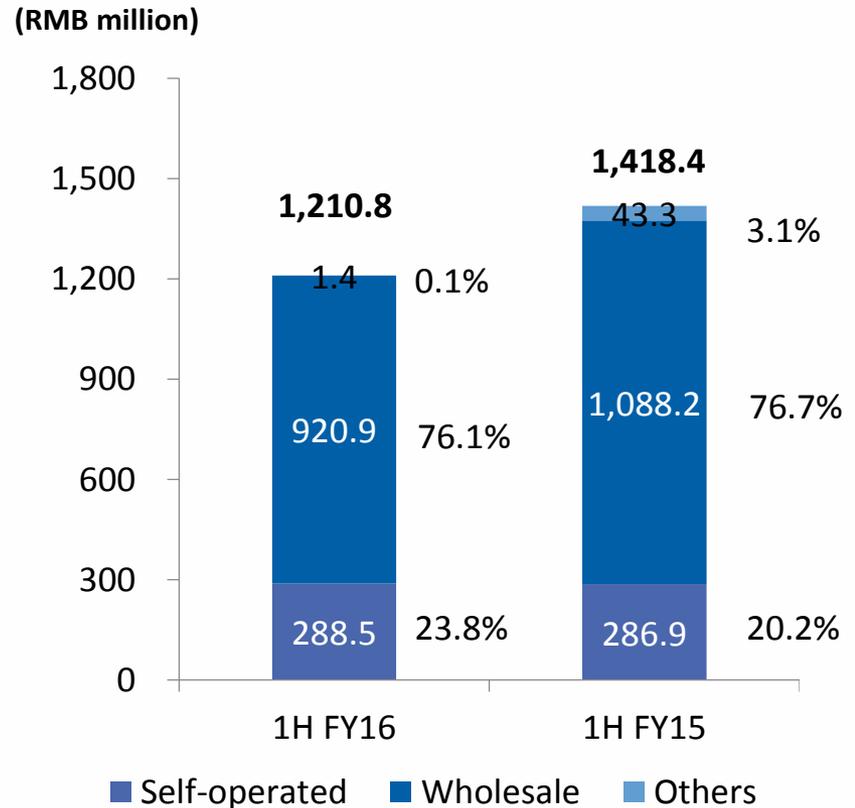


Down Apparel Business

Revenue Breakdown by Brand



Revenue Breakdown by Business



- Revenue dropped by 14.6% due to the intensified efforts in rationalizing retail network and inventory clearance, as well as the adoption of more stringent production and product planning

Inventory Management

By brand



- More stringent production planning
- Deeply analyse retail figures to accurately arrange production for all models



- Merely develop a small amount of new design



- Focus on inventory clearance
- No new model developed during the period

- Carried out trial marketing of some flagship products and styles in physical stores prior to formulating the production and sales plans to test and understand the market response, avoiding inventory accumulation
- Made use of stores usually closed during low sale season or sub-let by some third party distributors in the first half of the year and set up outlets to sell old merchandise, where the products were supplied by the Group and the operational expenses are borne partly by the distributors. The move reduced distribution costs and added sales channels to accelerate inventory clearance

Rationalize Retail Network

Store no.	30 Sept 2015	31 Mar 2015	changes
Bosideng	4,066	4,197	-131
Snow Flying	1,121	1,314	-193
Combo	482	673	-191
Bengen	382	415	-33
Total	6,051	6,599	-548

- Continue to actively optimise retail network and shut down low-efficiency stores to enhance store quality
- To cope with the change in consumption pattern, the Group reduced the number of store openings in less influential department stores to achieve better resource utilization
- The self-operated and third-party distributor-operated retail outlets as a percentage of the overall retail network were 36.3% and 63.7%, respectively

Pop-up Store

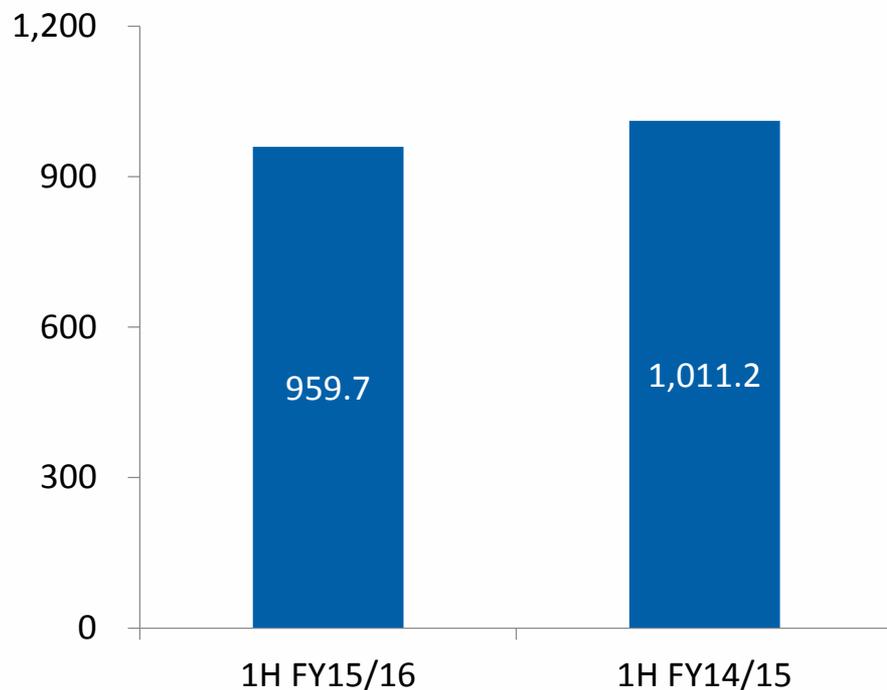
- Organised six pop-up stores at the prime shopping locations in the key markets in China during the peak sales season to introduce the Group's new down apparel products for this year
- Innovative display and eye-catching designs to attract customer flow, and with various live events, performance and games introduced to increase interaction with consumers, thus enhancing brand recognition
- Received favourable market response with widespread media coverage, driving up sales performance



OEM Management Business

Revenue from OEM Management Business

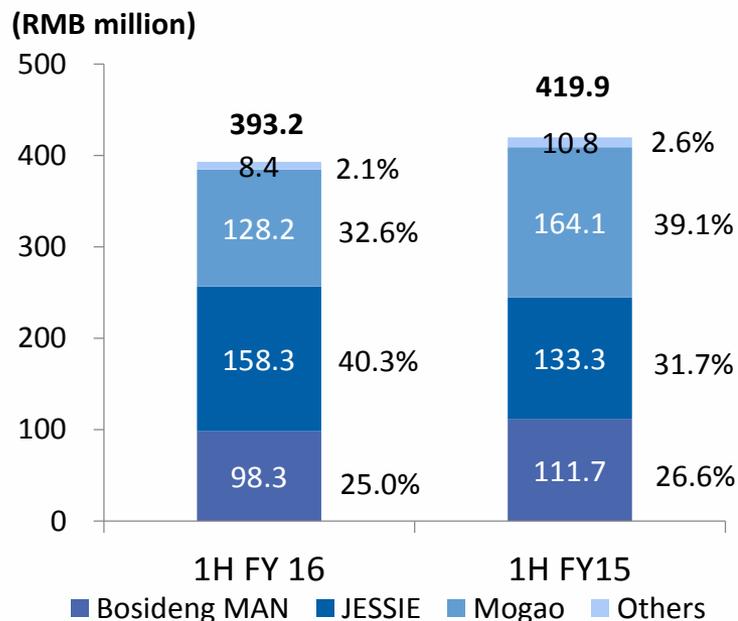
(RMB Million)



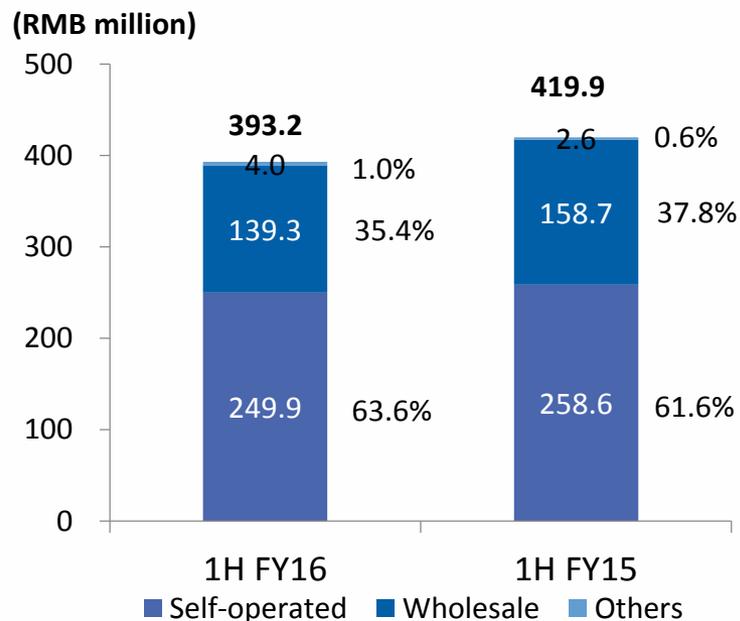
- Revenue decreased by 5.1%, mainly due to the one-off order secured last year while assisting a major client to develop a new product series, which resulted in a higher base for the first half of the year
- 13 major clients, among which the top five customers accounted for approximately 80.0% of the revenue from the OEM management business

Non-down Apparel Business

Revenue Breakdown by Brand



Revenue Breakdown by Business



- Revenue decreased by 6.4%, as various non-down apparel brands continued to adjust the sales channels, clear inventories and strengthen retail sales
- Revenue from self-operated business of *Bosideng MAN* increased substantially by 64.2% due to strengthened retail sales management, optimised product mix and strict control over sales discount during the period. In addition, as stock clearance progressed well, the proportion of new product sales in the retail outlets was enhanced, resulting in a significant increase in average efficiency of self-operated retail outlets
- *JESSIE* focused on enhancing the profitability of self-operated stores through refined management and further optimised product mix. In addition, *JESSIE* optimised the ordering system at the trade fairs to increase associated orders, resulting in a significant increase in revenue from self-operated and wholesale business of *JESSIE*

Outlook



Outlook

Down Apparel Business

- Continue to implement inventory reduction measures proactively
- Significantly reduce the development of traditional and basic style
- Introduce hi-tech fabrics
- Gradually transit from a traditional wholesale business model to market and consumer-oriented retail model

Enhance organic growth and competitiveness

International Layout

- Further expand the operation of the flagship store in the United Kingdom as well as the branded down apparel business

Enhance international position

Diversification

- Introduce strategic investors to drive and enhance the Group's business
- Further strengthen the Group's capabilities in operation, management as well as acquisition and merger

To become an integrated multi-brands apparel operator

Appendix



Retail Network of Down Apparel Business

As at Sept 30, 2015	Bosideng		Snow Flying		Combo		Bengen		Total	
	Store	Change	Store	Change	Store	Change	Store	Change	Store	Change
Specialty stores										
By the Group	337	-53	63	-21	6	-8	3	1	409	-81
Third party distributors	1,876	-192	263	-142	21	-83	167	-15	2,327	-432
Sub-total	2,213	-245	326	-163	27	-91	170	-14	2,736	-513
Concessionary retail outlets[#]										
By the Group	1,144	54	549	1	302	2	-	-99	1,995	-42
Third party distributors	709	60	246	-31	153	-102	212	80	1,320	7
Sub-total	1,853	114	795	-30	455	-100	212	-19	3,315	-35
Total	4,066	-131	1,121	-193	482	-191	382	-33	6,051	-548

Change: as compared to that as of March 31, 2015

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, 2015	BOSIDENG MAN		JESSIE		Mogao		Total	
	Store	Change	Store	Change	Store	Change	Store	Change
Specialty stores								
By the Group	6	-18	3	-	-	-	9	-18
Third party distributors	201	-60	34	-3	85	-12	320	-75
Sub-total	207	-78	37	-3	85	-12	329	-93
Concessionary retail outlets								
By the Group	33	-13	119	9	199	-9	351	-13
Third party distributors	158	-78	60	-1	-	-	218	-79
Sub-total	191	-91	179	8	199	-9	569	-92
Total	398	-169	216	5	284	-21	898	-185

Change: as compared to that as of March 31, 2015



Thank you!

