



Bosideng International Holdings Limited

(Stock Code: 3998)

2016/17 Annual Results



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Agenda

- Financial Review
- Business Review
- Future Development Plan

Financial Review



Financial Highlights

	For the year ended March 31		Change
(RMB mn)	2017	2016	
Revenue	6,816.6	5,787.3	+17.8%
Gross profit	3,163.2	2,609.2	+21.2%
Profit from operations	660.0	337.7	+95.5%
Profit attributable to equity holders of the Company	391.8	280.9	+39.5%
Earnings per share (RMB cents)			
– Basic	4.22	3.54	+19.2%
– Diluted	4.22	3.54	+19.2%
Dividend per share (HKD cents)			
– Interim	1.0	--	--
– Final	0.5	2.6	-80.8%
– Full year	1.5	2.6	-42.3%

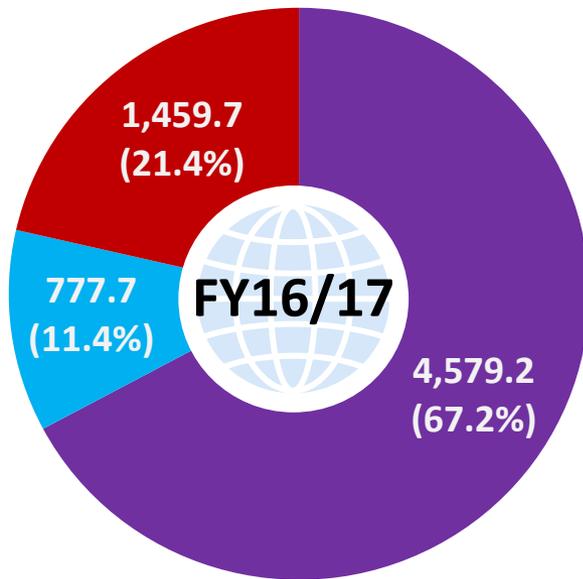
	For the year ended March 31		Change
	2017	2016	
Profitability ratios			
Gross margin	46.4%	45.1%	+1.3 ppt
Operating margin	9.7%	5.8%	+3.9 ppt
Net margin	5.7%	4.9%	+0.8ppt
Effective tax rate	35.6%	35.6%	No changes
Dividend payout ratio	38.4%	74.3%*	-35.9ppt

- Between the annual results announced on June 29, 2016 and the distributions of dividend, the Group paid part of the consideration for the acquisition of *Buou Buou* by issuing new shares in July, 2016, resulting an increase in dividend and dividend payout ratio from 62.1% to the actual ratio of 74.3% for the year ended March 31, 2016.

Revenue Breakdown

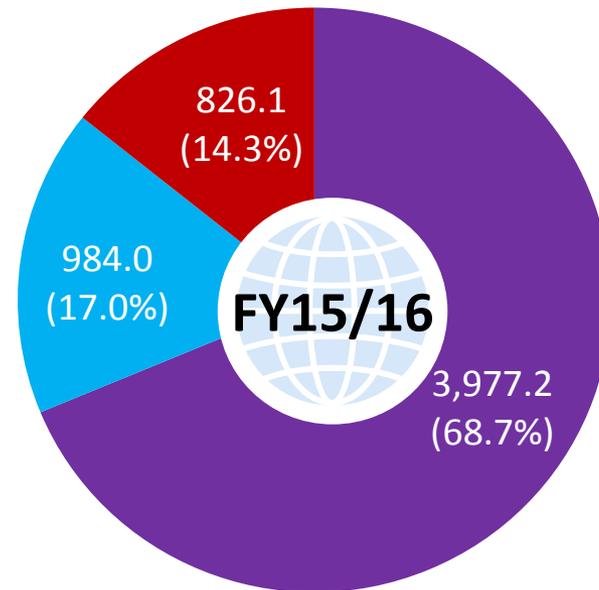
RMB6,816.6mn

(RMB million)



RMB5,787.3 mn

(RMB million)



■ Branded down apparel

■ OEM management

■ Non-down apparel

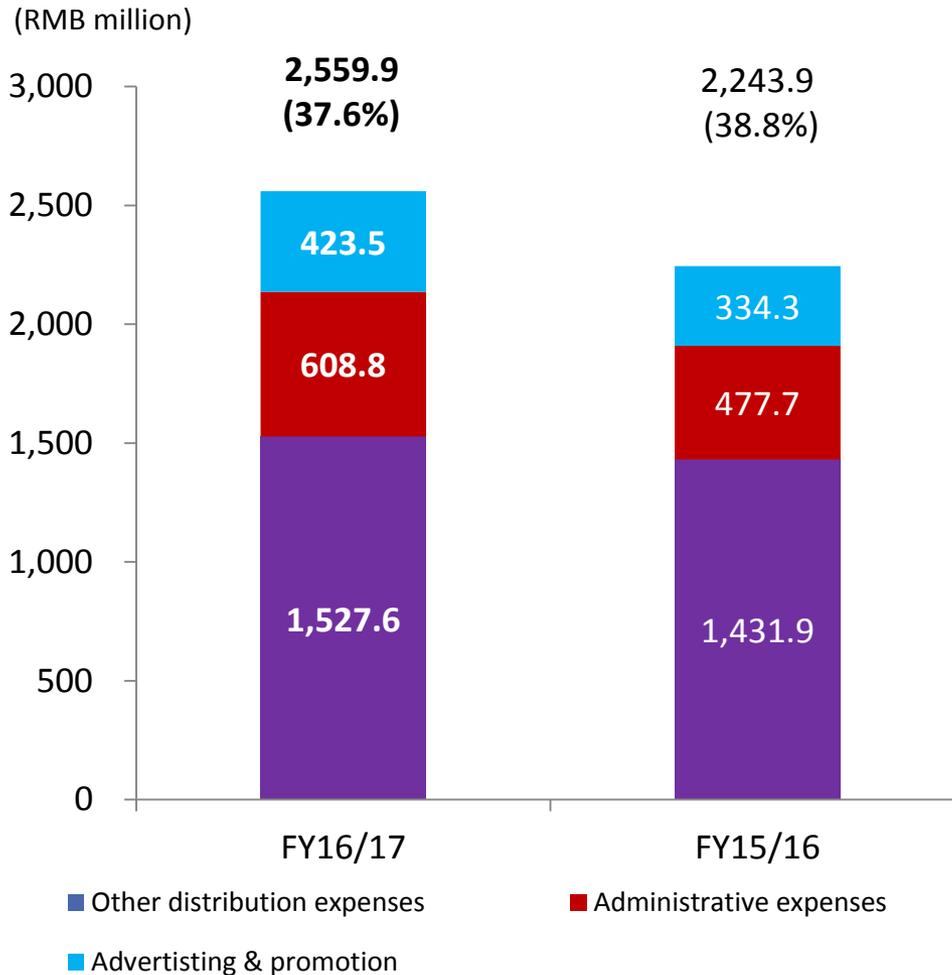
(% of revenue)

Gross Margin

	For the year ended March 31		
	2017	2016	Change
Branded down apparel	51.1%	50.0%	+1.1 ppt
OEM management	20.0%	20.7%	-0.7 ppt
Non-down apparel	45.7%	50.7%	-5.0 ppt
The Group	46.4%	45.1%	+1.3 ppt

- **Branded down apparel business:** Increase in gross profit margin due to successful inventory clearance to make room for new products with higher gross profit.
- **Non-down apparel Business:** Gross profit margin declined resulted from an increase in sales and rise in sales proportion of products with low gross profit margin.
- **OEM management business:** Maintained stable.

Operational Expenditure



- Distribution expenses increased 10.5%, mainly because the Group acquired ladieswear - *Buou Buou* during the period.
- Administrative expenses increased by 27.4%, mainly because the Group acquired ladieswear - *Buou Buou* and implemented an option incentive plan during the period.

(% of revenue)

Inventories

(RMB'000)	As at Mar 31, 2017	As at Mar 31, 2016	Change
Raw materials	265,424	201,953	+31.4%
Work in progress	9,413	6,140	+53.3%
Finished goods	1,161,663	1,420,495	-18.2%
Total	1,436,500	1,628,588	-11.8%

Working Capital Management

	For the year ended March 31		
	2017	2016	Change
Average inventory turnover days ⁽¹⁾	154	204	-50
Average trade and bills receivables turnover days ⁽²⁾	39	67	-28
Average trade and bills payables turnover days ⁽³⁾	47	60	-13

(1) Calculated as average inventory divided by cost of sales and multiplied by 365 days

(2) Calculated as average trade and bills receivables divided by revenue and multiplied by 365 days

(3) Calculated as average trade and bills payables divided by cost of sales and multiplied by 365 days

Financial Position

	As at Mar 31, 2017	As at Mar 31, 2016
(RMB million)		
Cash	4,542.9	4,654.0
Interest-bearing borrowings	(2,984.9)	(3,393.9)
Available-for-sale financial assets	2,610.2	1,258.5
Current ratio (times)	2.4x	2.1x
Gearing ratio (%)	31.9%	45.5%
Operating cash inflow	1,109.2	708.7

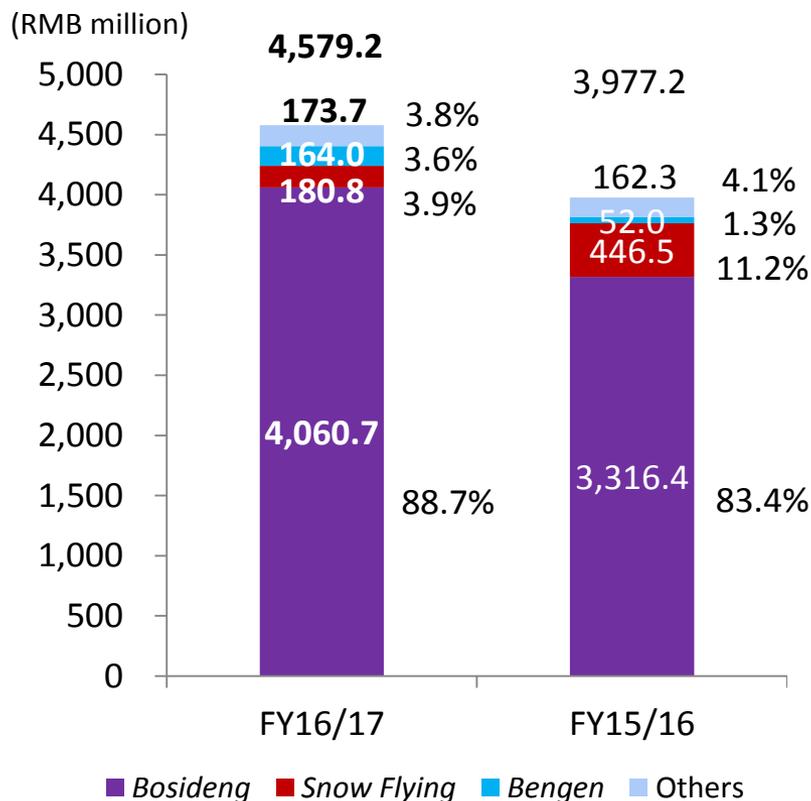
- Cash, available-for-sale financial assets and bank borrowings aggregated RMB4,168.3 million, as compared to RMB2,518.6 million as at March 31, 2016.

Business Review

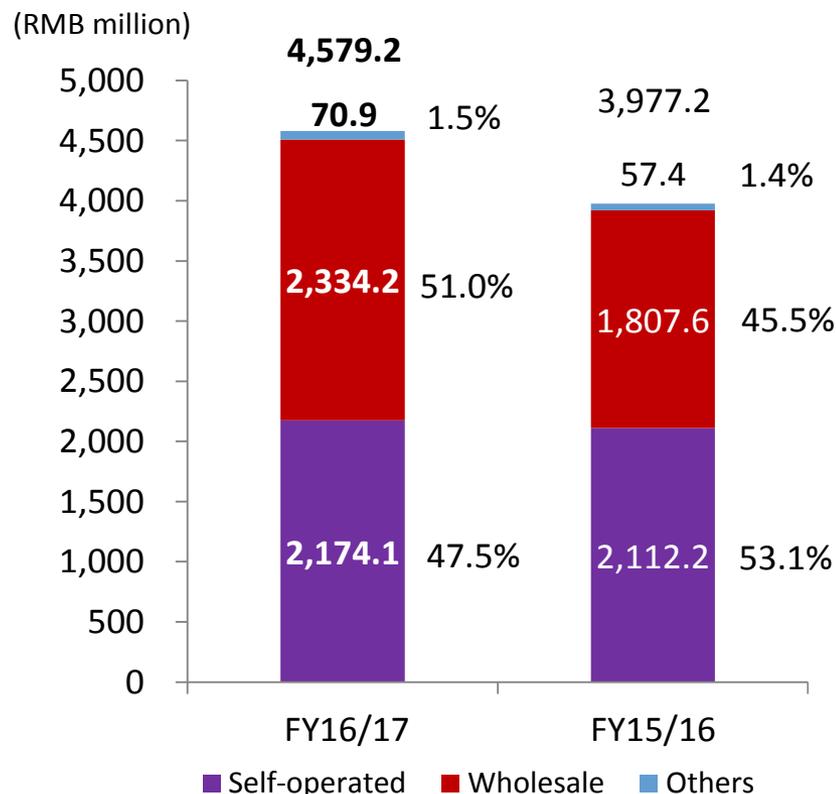


Down Apparel Business

Revenue breakdown by brand



Revenue breakdown by business



- Revenue increased by 15.1% due to the Group's efforts to proactively enhanced its down apparel business, emphasized on inventory clearance and sales network optimization. The revenue of branded down apparel business was again picking up.

Brand Innovation-New Logo



- In terms of shape, the new logo retains and highlights the original wings pattern and the English name is enlarged to make the overall design more trendy, concise, clear and internationalized.
- The change of logo symbolizes the Group's determination to change, developing a market-oriented sales strategy, giving the brand a modern and trendy image.

Product Innovation-*Bosideng x Disney* series

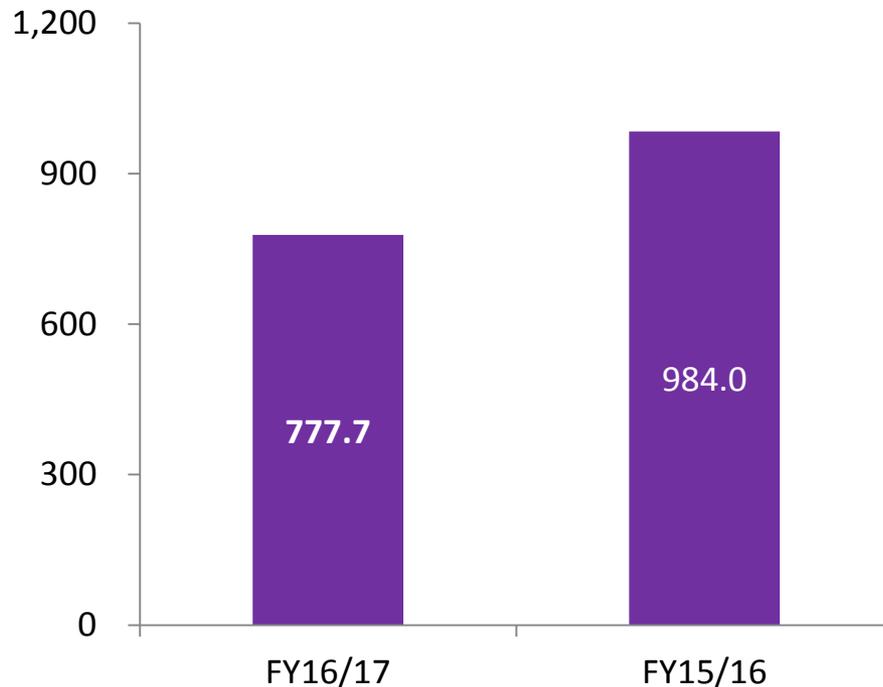
- Worked with The Walt Disney Company to introduce *Bosideng x Disney* series down apparel products for adults and kids.
- *Bosideng* launched Disney Beauty and the Beast series products, with the grand release of the Disney Movie Beauty and the Beast all over the world during the spring and summer of 2017.
- Injected elements of youth, vitality and fashion into *Bosideng* brand via its cooperation with Disney.
- The Group will continue to cooperate with the Disney in the future, and strengthen the scope and content of mutual cooperation.



OEM Management Business

Revenue from OEM management business

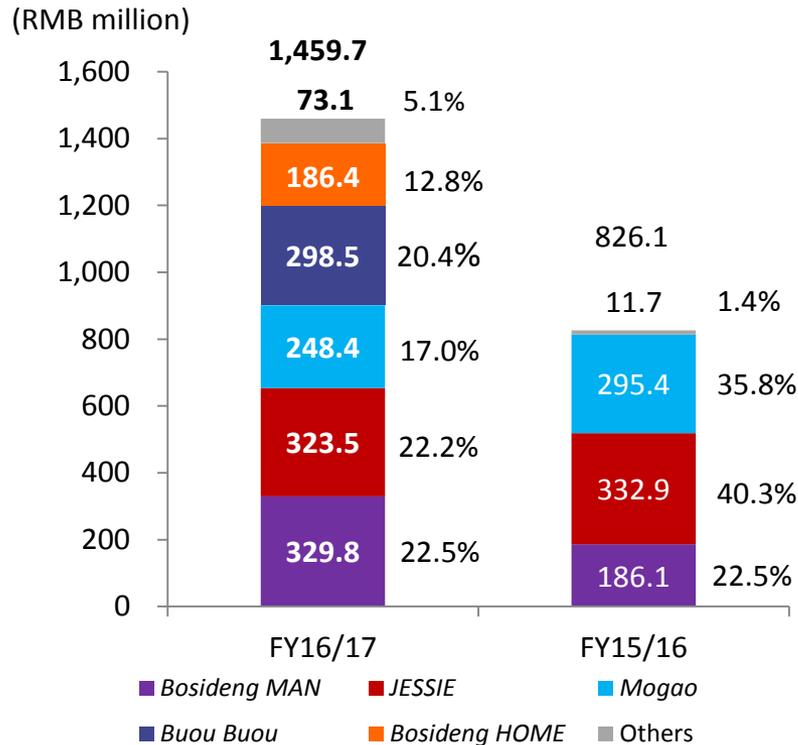
(RMB Million)



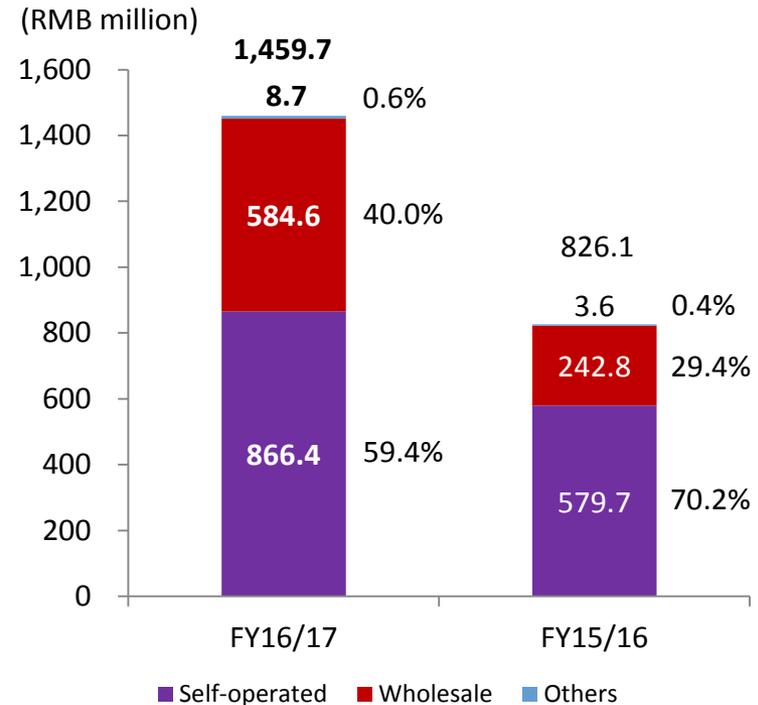
- Revenue decreased by 20.1%, mainly due to the loss of some OEM orders. As the production cost increases in China every year, of which wage increase is especially prominent, more OEM customers tend to look for those factories with multinational production capabilities.

Non-down Apparel Business

Revenue breakdown by brand



Revenue breakdown by business

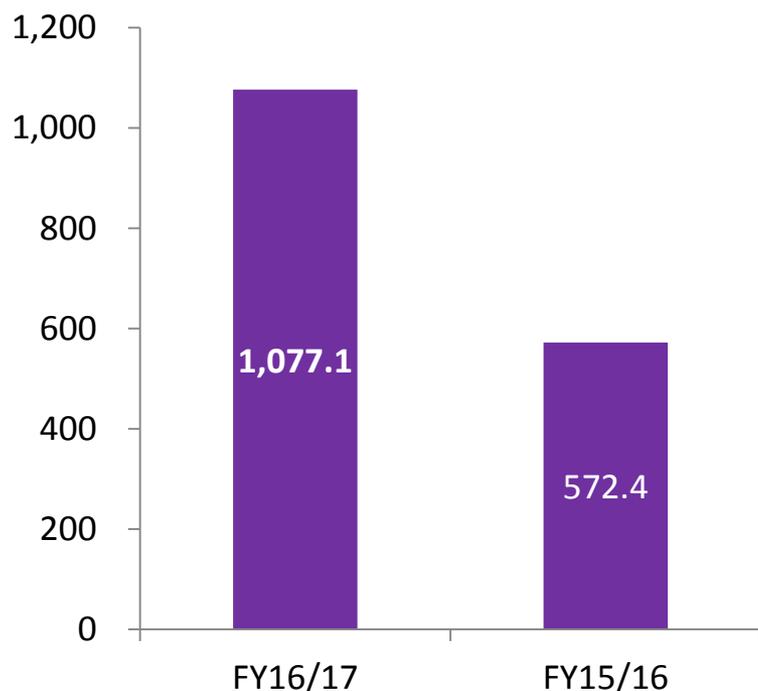


- Revenue increased by 76.7%, due to the business optimization of *Bosideng MAN* and the contributions from newly acquired business.
- **Bosideng MAN**: Revenue increased by 77.2%, focused on improving retail operation and merchandise benefits to maximize merchandise values.
- **JESSIE**: Concentrated on strengthening management capabilities of self-operated stores and took a prudent approach towards store opening.
- **Buou Buou**: The Group acquired *Buou Buou* in July, 2016, revenue from *Buou Buou* accounted for 20.4% of non-down apparel business.
- **Mogao**: The Group disposed *Mogao*, which facilitated the Group to focus its resources on apparel brands with greater potential and was more consistent with its long-term development strategies.

Online Sales

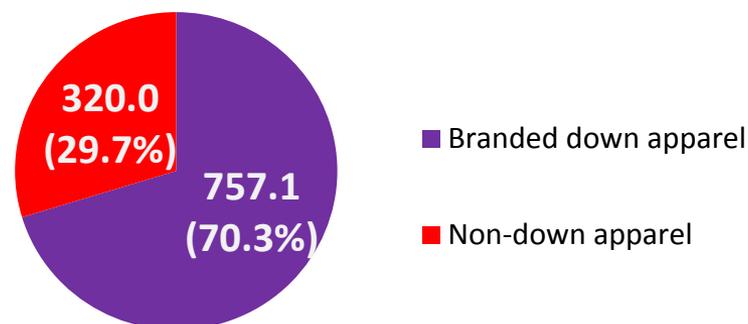
Revenue from
online sales

(RMB million)



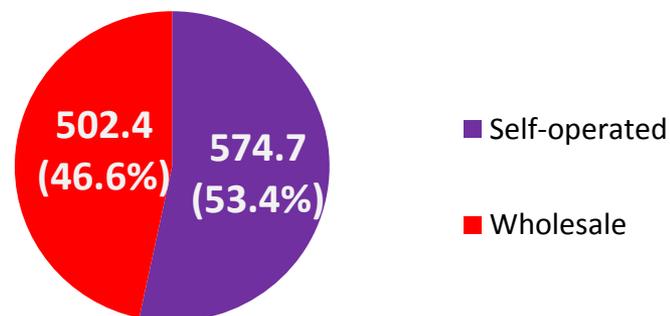
Revenue breakdown by business

(RMB million)



Revenue breakdown by sales nature

(RMB million)



- Revenue increased substantially by 88.2%, as the Group carried out research and develop its online sales actively and established a dedicated team to operate the online sales of all brands for improving operational efficiency and synergies.

New Businesses

School Uniform Business



- Obvious market opportunity with an enormous school uniform market, as many international schools have entered into the domestic market, the government-established institutions are also gradually transferring from government-dominant model to school- and parents-dominant model. Yet, the quality of domestic school uniforms suppliers varies.
- Strived for high quality, focused on detailed design and provided differential tailor-made services to meet the individual demands and expand new business for the Group.

Bosideng HOME



- Transformed the *Bosideng* undergarments business, operation of which had historically been authorized to third party into self-operated, expanded the business from thermal undergarments to various homewear and transformed single-season business model into four-season business model successfully.
- The Group has established 15 *Bosideng HOME* and expected to increase to 50 stores in the coming year, so as to provide quality homewear to the PRC market. 表現和長遠的發展潛力

Strived to diversify business to become a comprehensive apparel operator

Future Development Plan



Future Development Plan

Down apparel business

- Continue to optimize each key link of retail business model and strengthen the management of retail terminals and the applications of big data
- Innovate and incorporate new concepts of trendiness and casual lifestyle to increase living functions.
- Incorporate more fashion elements to *Snow Flying* brand to extend its product branding to all-season

Building of ladieswear platform

- Integrate ladieswear resources to improve synergy, and expand premium channels for ladieswear appropriately
- Continue to explore potential ladieswear brands to further develop the platform

Diversification

- Comprehensively review and rebuild the *Bosideng* brand series, with the living functions of “Magnificent, Fashion and High Quality • Comfort” as the overall tone of the brand, and incorporate living functions into our apparel products
- Extend to children’s wear and outdoor apparel

Enhance internal competitiveness & operation efficiency

Improve synergy & explore potential

Transform from “product operation” to “brand operation”

Appendix



Retail Network of Down Apparel Business

As at Mar 31, 2017	<i>Bosideng</i>		<i>Snow Flying</i>		<i>Bengen</i>		Others*		Total	
	Store	Change	Store	Change	Store	Change	Store	Change	Store	Change
Specialty stores										
By the Group	452	+141	42	+2	–	–	–	-4	494	+139
Third party distributors	1,761	-17	60	-125	311	+168	–	-14	2,132	+12
Sub-total	2,213	+124	102	-123	311	+168	–	-18	2,626	+151
Concessionary retail outlets										
By the Group	718	-138	162	-191	–	–	–	-130	880	-459
Third party distributors	461	-433	67	-93	258	-64	–	-81	786	-671
Sub-total	1,179	-571	229	-284	258	-64	–	-211	1,666	-1,130
Total	3,392	-447	331	-407	569	+104	–	-229	4,292	-979

Change: as compared to that as of March 31, 2016

* Others mainly represent the stores of *Combo* brand. As the Group decided to retreat *Combo* brand from down apparel market last year, *Combo* had no independent store in operation by March 31, 2017.

Retail Network of Non-down Apparel Business

As at Mar 31, 2017	<i>BOSIDENG MAN</i>		<i>JESSIE</i>		<i>Buou Buou*</i>	Total [#]	
	Store	Change	Store	Change	Store	Store	Change
Specialty stores							
By the Group	76	+52	3	+2	14	93	+68
Third party distributors	165	-29	23	-5	6	194	-92
Sub-total	241	+23	26	-3	20	287	-24
Concessionary retail outlets							
By the Group	46	+14	106	-6	139	291	-33
Third party distributors	76	-66	64	+2	60	200	-4
Sub-total	122	-52	170	-4	199	491	-37
Total	363	-29	196	-7	219	778	-61

Change: as compared to that as of March 31, 2016.

* The comparable data is not applicable as the Group acquired *BUOU BUOU* in July 2017.

The total number of stores last year included stores of *Mogao* brand, whose business was terminated by the Group during the year.

Thank you!

