



2018/19 Interim Results

November 30, 2018

波司登
BOSIDENG

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Agenda

- Financial Review
- Business Review
- Future Development Plan

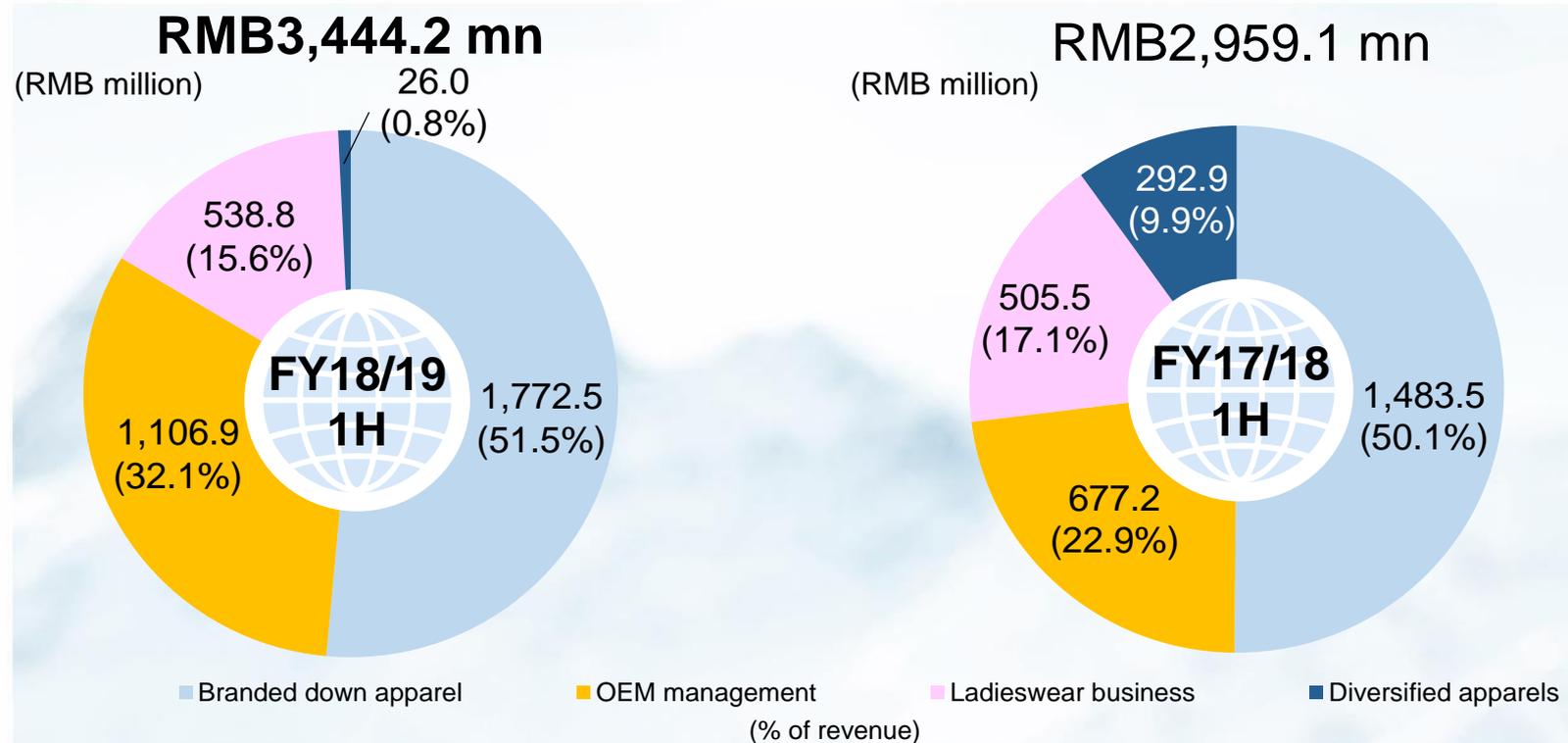
Financial Review



Financial Highlights

(RMB million)	For the six months ended Sep 30, 2018	For the six months ended Sep 30, 2017	Change
Revenue	3,444.2	2,959.1	+16.4%
Gross profit	1,455.4	1,187.9	+22.5%
Profit from operations	354.9	219.0	+62.1%
Profit attributable to equity holders of the Company	251.2	174.5	+43.9%
Earnings per share (RMB cents)			
– Basic	2.38	1.65	+44.2%
– Diluted	2.36	1.65	+43.0%
Dividend per share (HKD cents)			
– Interim	2.0	1.5	+33.3%
Gross margin	42.3%	40.1%	+2.2ppt.
Operating margin	10.3%	7.4%	+2.9ppt.
Net margin	7.3%	5.9%	+1.4ppt.
Income tax rate	28.3%	23.4%	+4.9ppt.
Dividend payout ratio	74.4%	73.8%	+0.6ppt.

Revenue Breakdown



The Group's revenue increased mainly due to:

- the Group focused on its principal business and leveraged its strong brand to enhance the awareness of the Bosideng brand and the brand influence among consumers. This led to a steady increase in the sale of the branded down apparel and the Group's total revenue.
- the Group's OEM management business focused on core customers' needs to enhance their loyalty and explored production resources selectively to strengthen the quality control and order management. This resulted in rapid growth in OEM management business in the first half of the year.

Revenue Breakdown by Business

Business (RMB million)	For the six months ended Sep 30, 2018	For the six months ended Sep 30, 2017	Change
Branded down apparel	1,772.5	1,483.5	+19.5%
OEM management	1,106.9	677.2	+63.5%
Ladieswear	538.8	505.5	+6.6%
Diversified apparels	26.0	292.9	-91.1%
Total	3,444.2	2,959.1	+16.4%

Revenue breakdown by brand - Branded Down Apparel

Down Apparel (RMB million)	For the six months ended Sep 30, 2018	For the six months ended Sep 30, 2017	Change	% Change
Bosideng	1,557.1	1,254.3	+302.8	+24.1%
Snow Flying	81.7	69.5	+12.2	+17.5%
Bengen	90.5	93.2	-2.7	-2.9%
Other brands	2.6	20.9	-18.3	-87.7%
Others*	40.6	45.6	-5.0	-10.8%
Total	1,772.5	1,483.5	+289.0	+19.5%

*Represents sales of raw materials related to down apparel products and other licensing fees, etc.

Revenue breakdown by brand - Ladieswear

Ladieswear (RMB million)	For the six months ended Sep 30, 2018	For the six months ended Sep 30, 2017	Change	% Change
JESSIE	192.1	175.4	+16.7	+9.6%
BUOU BUOU**	160.7	179.7	-19.0	-10.6%
KOREANO*	82.0	65.8	+16.2	+24.5%
KLOVA*	101.4	84.6	+16.8	+19.8%
Other brands	2.6	-	+2.6	N/A
Total	538.8	505.5	+33.3	+6.6%

* KOREANO and KLOVA became subsidiaries of the Group since April 2017.

**BUOU BUOU has basically completed digesting old inventories in the previous financial year. Therefore, in the past six months, BUOU BUOU's revenue growth was driven by new product launch. Despite of 10.6% decrease in its revenue, its gross profit margin increased by 7.6% year on year.

Revenue breakdown by brand - Diversified Apparels

Diversified apparels (RMB million)	For the six months ended Sep 30, 2018	For the six months ended Sep 30, 2017	Change	% Change
MAN	12.7	75.9	-63.2	-83.3%
Bosideng HOME	2.0	203.9	-201.9	-99.0%
Other brands and others	11.3	13.1	-1.8	-13.7%
Total	26.0	292.9	-266.9	-91.1%

Gross Margin

Business	For the six months ended Sep 30, 2018	For the six months ended Sep 30, 2017	Change
Branded down apparel	50.6%	42.7%	+7.9ppt.
OEM management	17.7%	20.4%	-2.7ppt.
Ladieswear	76.1%	72.8%	+3.3ppt.
Diversified apparels	-185.0%	16.3%	-201.3ppt.
The Group	42.3%	40.1%	+2.2ppt.

Gross Margin

- Branded Down Apparel

Branded Down Apparel	For the six months ended Sep 30, 2018	For the six months ended Sep 30, 2017	Change
Bosideng	52.8%	43.8%	+9.0ppt.
Snow Flying	38.7%	43.3%	-4.6ppt.
Bengen	34.9%	46.7%	-11.8ppt.
Total	50.6%	42.7%	+7.9ppt.

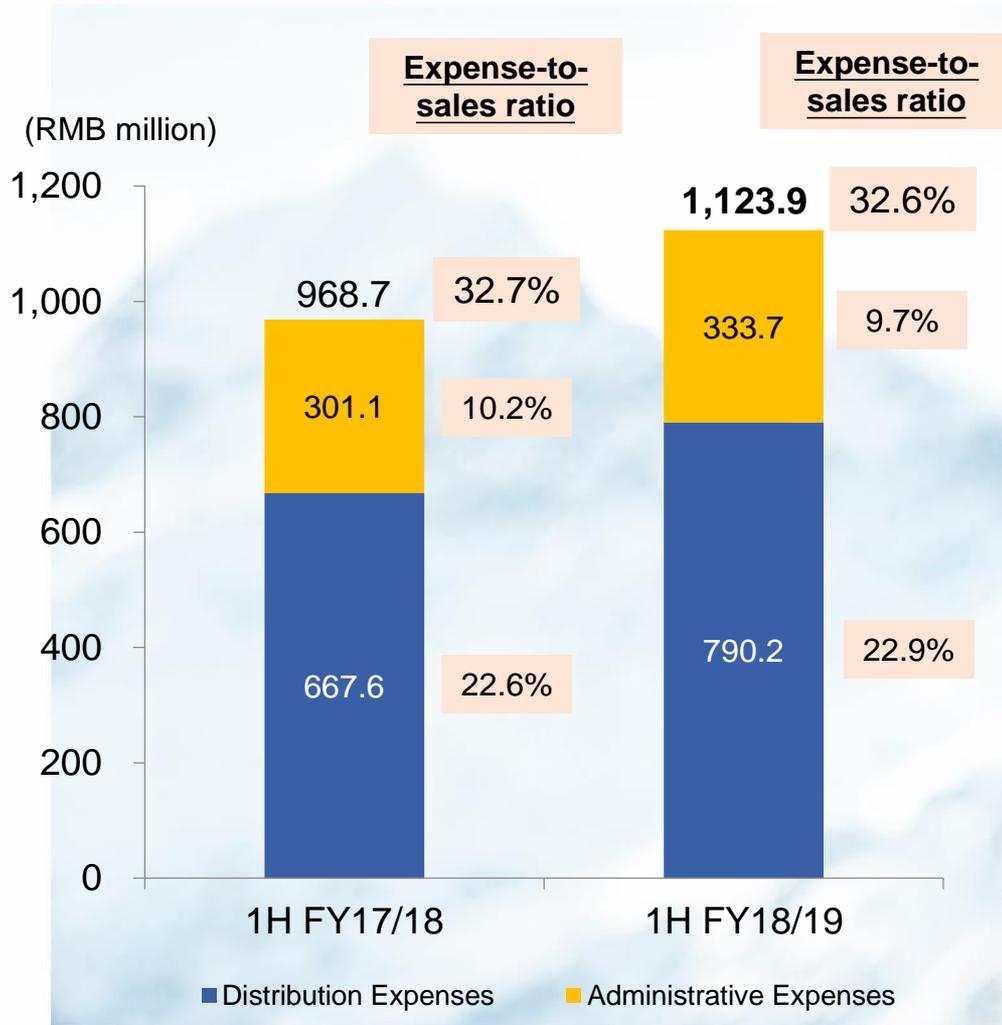
Gross Margin

- Ladieswear

Ladieswear	For the six months ended Sep 30, 2018	For the six months ended Sep 30, 2017	Change
JESSIE	69.8%	74.4%	-4.6ppt.
BUOU BUOU	75.6%	68.0%	+7.6ppt.
KOREANO*	82.9%	78.1%	+4.8ppt.
KLOVA*	83.3%	75.7%	+7.6ppt.
Other brands	74.7%	-	N/A
Total	76.1%	72.8%	+3.3ppt.

* KOREANO and KLOVA became subsidiaries of the Group since April 2017

Operation Expenditure



- During the period, the Group's operation expenditure increased mainly due to:
 - the Group's efforts in brand building and channel optimization for the branded down apparel business;
 - a moderate increase in consultancy expenses with the progress of the Group's strategic transformation.

Inventories

(RMB'000)	As at Sep 30, 2018	As at Mar 31, 2018	Change
Raw materials	599,346	332,835	+80.1%
Work in progress	23,642	17,621	+34.2%
Finished goods	1,225,220	1,104,384	+10.9%
Total	1,848,208	1,454,840	+27.0%

Working Capital Management

	For the six months ended Sep 30, 2018	For the six months ended Sep 30, 2017	Change
Average inventory turnover days⁽¹⁾	152	165	-13 days
Average trade and bills receivables turnover days⁽²⁾	89	93	-4 days
Average trade and bills payables turnover days⁽³⁾	68	73	-5 days

(1) Calculated as average inventory divided by cost of sales, multiplied by 365 days and divided by 2

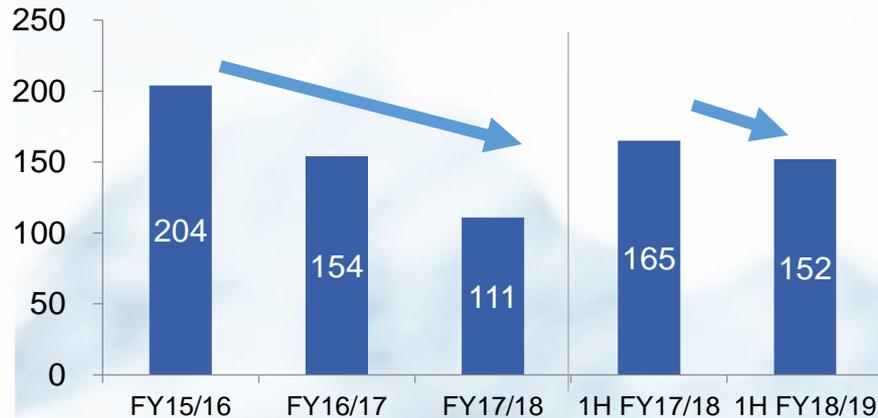
(2) Calculated as average trade and bills receivables divided by revenue, multiplied by 365 days and divided by 2

(3) Calculated as average trade and bills payables divided by cost of sales, multiplied by 365 days and divided by 2

Working Capital Management (con't)

(Unit: Day)

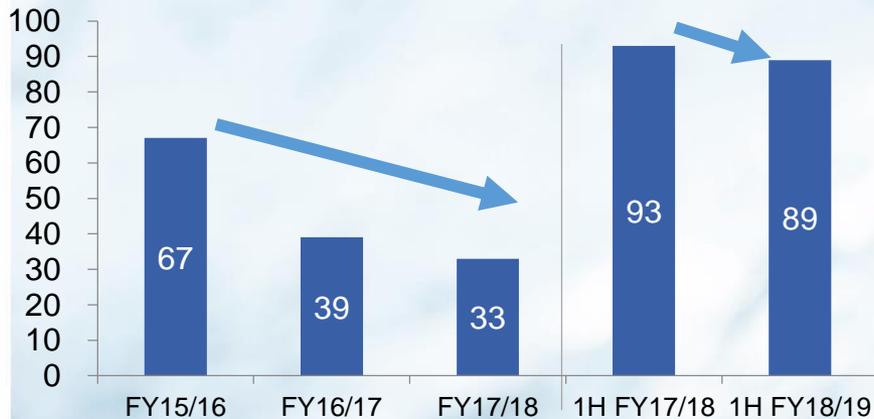
Inventory Turnover Days



- Inventory turnover was improved significantly while the standards of business management and operation was gradually raised;
- Trade receivables turnover days decreased gradually to a low level;
- Number of trade payables turnover days was stabilized; the Group had abundant cash; it shortened the time for payments to suppliers so as to reduce the procurement cost.

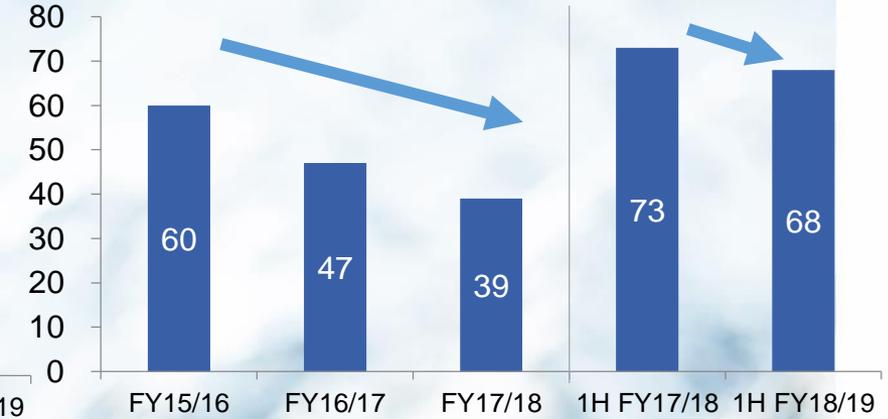
(Unit: Day)

Trade Receivables Turnover Days



(Unit: Day)

Trade Payables Turnover Days



Total Cash and Net Cash

(RMB million)	As at Sep 30, 2018	As at Mar 31, 2018	As at Sep 30, 2017
Cash and cash equivalents	1,284.9	1,794.1	1,980.8
Time deposits with maturity over 3 months	239.0	271.6	157.2
Pledged bank deposits	849.1	904.6	531.1
Available-for-sale financial assets	-	4,513.9	1,795.2
Other financial assets	2,592.8	-	-
Total cash	4,965.9	7,484.1	4,464.3
Minus: Bank borrowings	(2,388.8)	(2,338.4)	(2,056.4)
Net cash	2,577.1	5,145.7	2,407.9

Cash Flow (con't)

(RMB million)	As at Sep 30, 2018	As at Mar 31, 2018	As at Sep 30, 2017
Net cash inflow/(outflow) from operating activities	(1,890.3)	1,032.6	1,712.9
Net cash inflow/(outflow) from investment activities	1,946.4	(1,863.9)	931.0
Net cash inflow/(outflow) from financing activities	(485.0)	(183.2)	(105.4)
Net increase/(decrease) in total cash	(428.9)	(1,014.4)	(887.3)
Liquidity (times)	2.2x	2.5x	2.4x
Gearing ratio(%)	25.3%	23.9%	21.6%

- Operating activities: including inventory, trades and other receivables, prepayment, etc.
- Investment activities: including acquisition/sale of financial assets, other financial assets, fixed assets, etc.
- Financing activities: including financing, dividends, pledged bank deposits, etc.

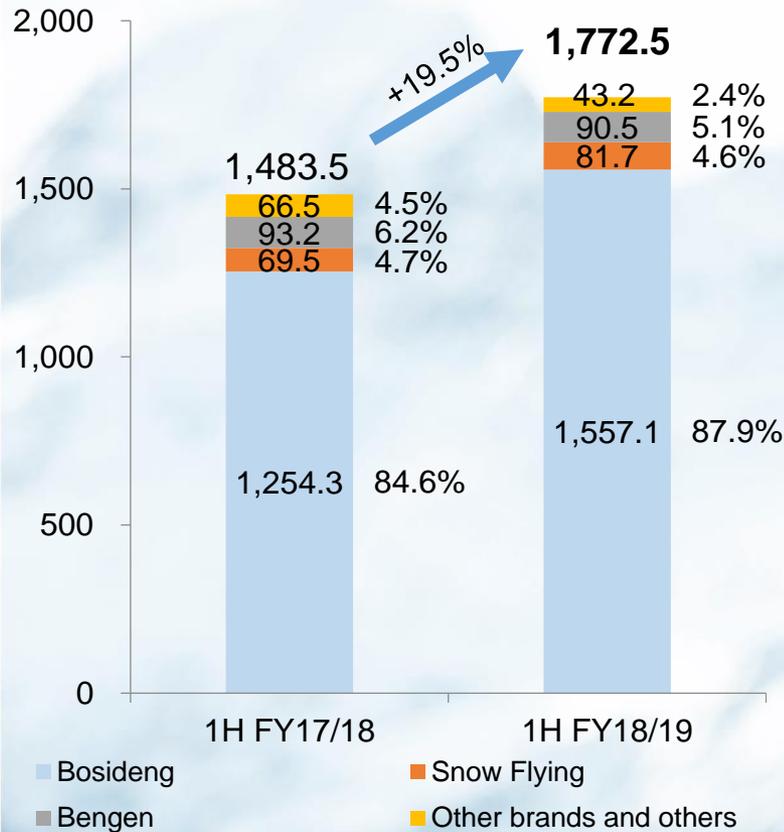
Business Review



Down Apparel Business

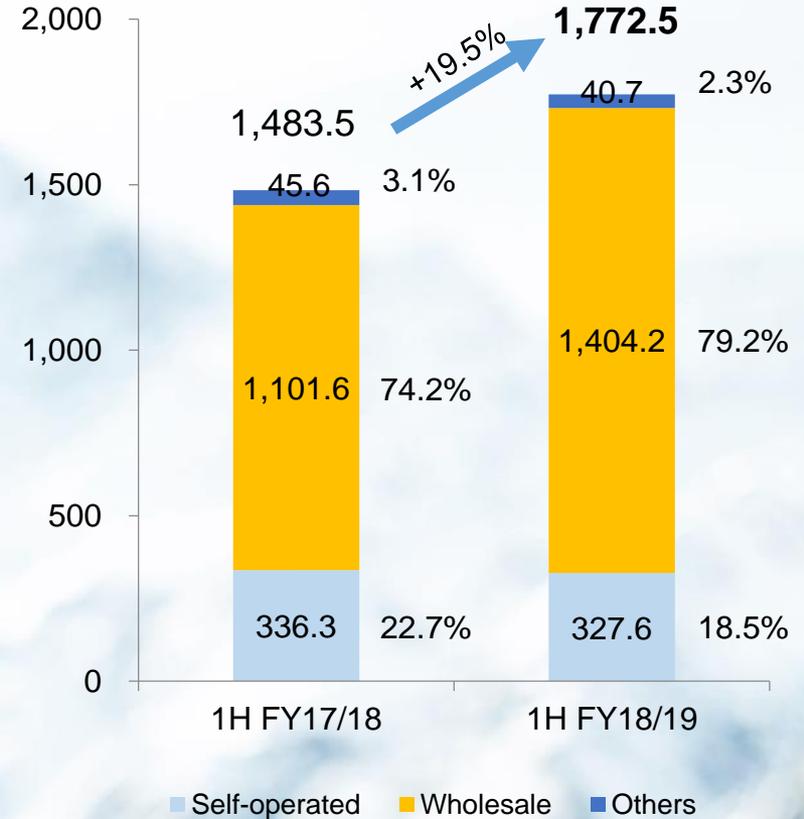
Revenue breakdown by brand

(RMB million)



Revenue breakdown by sale category

(RMB million)



Down Apparel Business - R&D of Products

Puff collection

- It is made of fabrics 60% lighter than general fabrics and high fill power large-size goose down clusters with 90% down content to make it even lighter and warmer. The Puff collection has also incorporated internationally trendy elements. As a result, it has proven to be very popular among snappy dressers since its launch.

Designers' collection

- The Group cooperated with many internationally renowned designers in launching crossover down apparel collections that feature trendsetting designs and functionality. At New York Fashion Week in September, Bosideng's show collections were sought after among many international superstars.



Down Apparel Business

- R&D of Products

High-end outdoor collection

- It is made of the world's topnotch fabrics, GORE-TEX®, also known as “fabrics of the century” and the choice of fabrics for outdoor gear, which is more waterproof, windproof and breathable. The collection is filled with 800 plus high fill power European high quality goose down clusters with 90% down content, thus achieving a super warm experience.

Renowned IP collection

- The Group began to work with Marvel and launched the Marvel down apparel collection in an attempt to attract the Marvel fans and seek new consumers.
- The Group worked with Zhejiang Satellite TV on the highly-rated variety TV program, Running Man China, and launched a collection associated with the TV program, which was sought after among young consumers.



Down Apparel Business - Brand Promotion

Selected for National Brand Program

- Being the only candidate in the apparel industry selected for the national brand program strategy, Bosideng and CCTV together held a press conference in Beijing Water Cube.

Debuted at New York Fashion Week

- Bosideng was invited to New York Fashion Week and attracted attention of the industry, media and consumers.
- Anne Hathaway, Jeremy Renner (Hawkeye) and Wendi Deng Murdoch were invited to the show. Victoria's Secret model Alessandra Ambrosio was the opening model. The show has drawn global attention.
- The live-stream of the show on that day attracted over 1.2 million views globally.

Launched Collections with 3 International Designers

- Bosideng cooperated with three top international fashion designers, American designer Tim Coppens, French designer Antonin Tron and Italian designer Ennio Capasa in releasing three jointly-named collections.
- The collections featured trendy designs and functionality. They became sought after items among many international superstars.

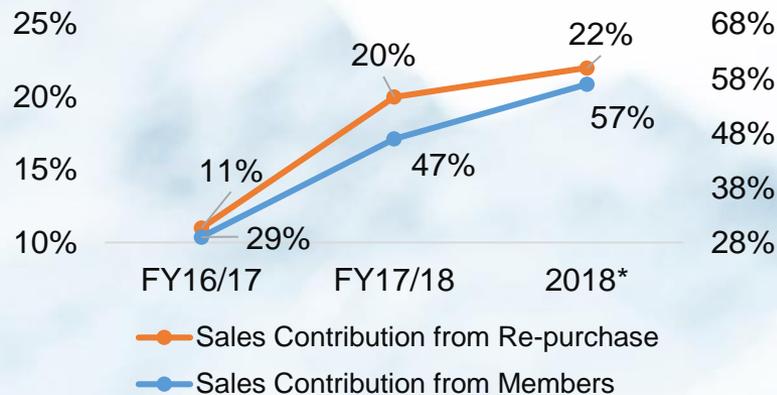


Down Apparel Business

- Brand Promotion

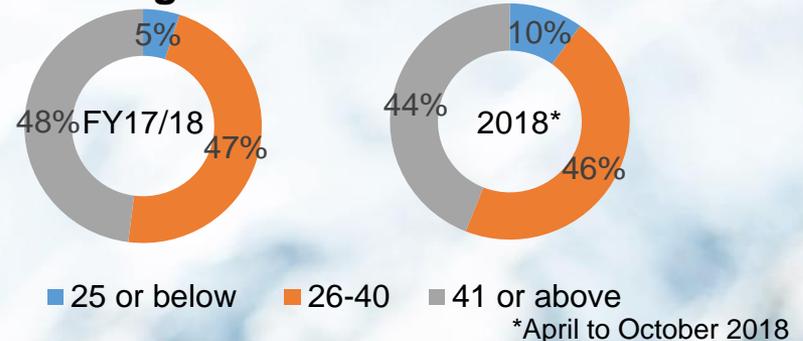
- Purchases by members continued to grow steadily with an average consumption conversion rate of 62%.
- Purchases by members grew consistently as a percentage of turnover and repeat business continued to increase.

Members' Contribution Trends



- The brand enhancement has enabled Bosideng to attract more young members, leading to a higher proportion of young people in its consumer club membership. People aged 25 or below accounted for 10% of its consumer club membership from April to October of 2018, up from 5% in FY17/18.

Age Structural Trends

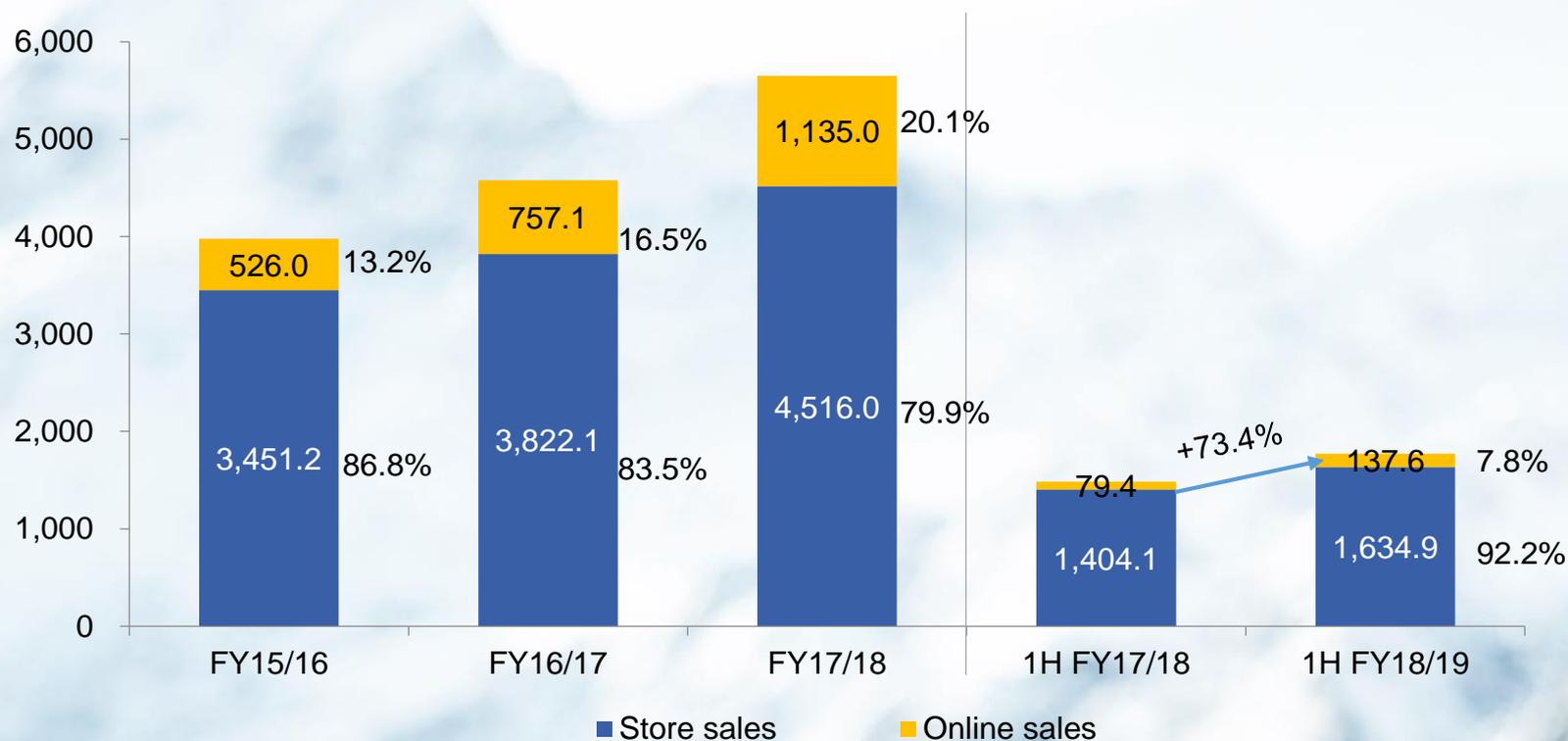


Down Apparel Business

- Online Sales

- Online sales revenue from branded down apparel business amounted to approximately RMB137.6 million, representing 7.8% of aggregate revenue from the branded down apparel business, with a year-on-year growth of approximately 73.4%.

(RMB million)



Down Apparel Business - Retail Network

As at Sep 30, 2018	<i>Bosideng</i>		<i>Snow Flying</i>		<i>Bengen</i>		Total	
	Store	Change	Store	Change	Store	Change	Store	Change
Specialty stores								
By the Group	722	+170	25	+18	25	+19	772	+207
Third party distributors	1,816	+73	177	+7	255	-148	2,248	-68
Sub-total	2,538	+243	202	+25	280	-129	3,020	+139
Concessionary retail outlets								
By the Group	578	-68	196	+9	23	-2	797	-61
Third party distributors	315	-81	64	-16	363	+112	742	+15
Sub-total	893	-149	260	-7	386	+110	1,539	-46
Total	3,431	+94	462	+18	666	-19	4,559	+93

Change: as compared to that as of Mar 31, 2018

Down Apparel Business

- Operations Management

Inventory Management

- Continued to implement stringent production and product planning to avoid unnecessary inventory accumulation.
- Strengthened the real-time capture and analysis of terminal retail data, with a view to constantly promoting retail management refinement and improving the overall operational efficiency.

Order Management

- Continued to completely separate order placements from direct sales and wholesale.
- Maintaining the optimal proportions of orders placed at self-operated stores and those placed with distributors, thus managing the orders properly.

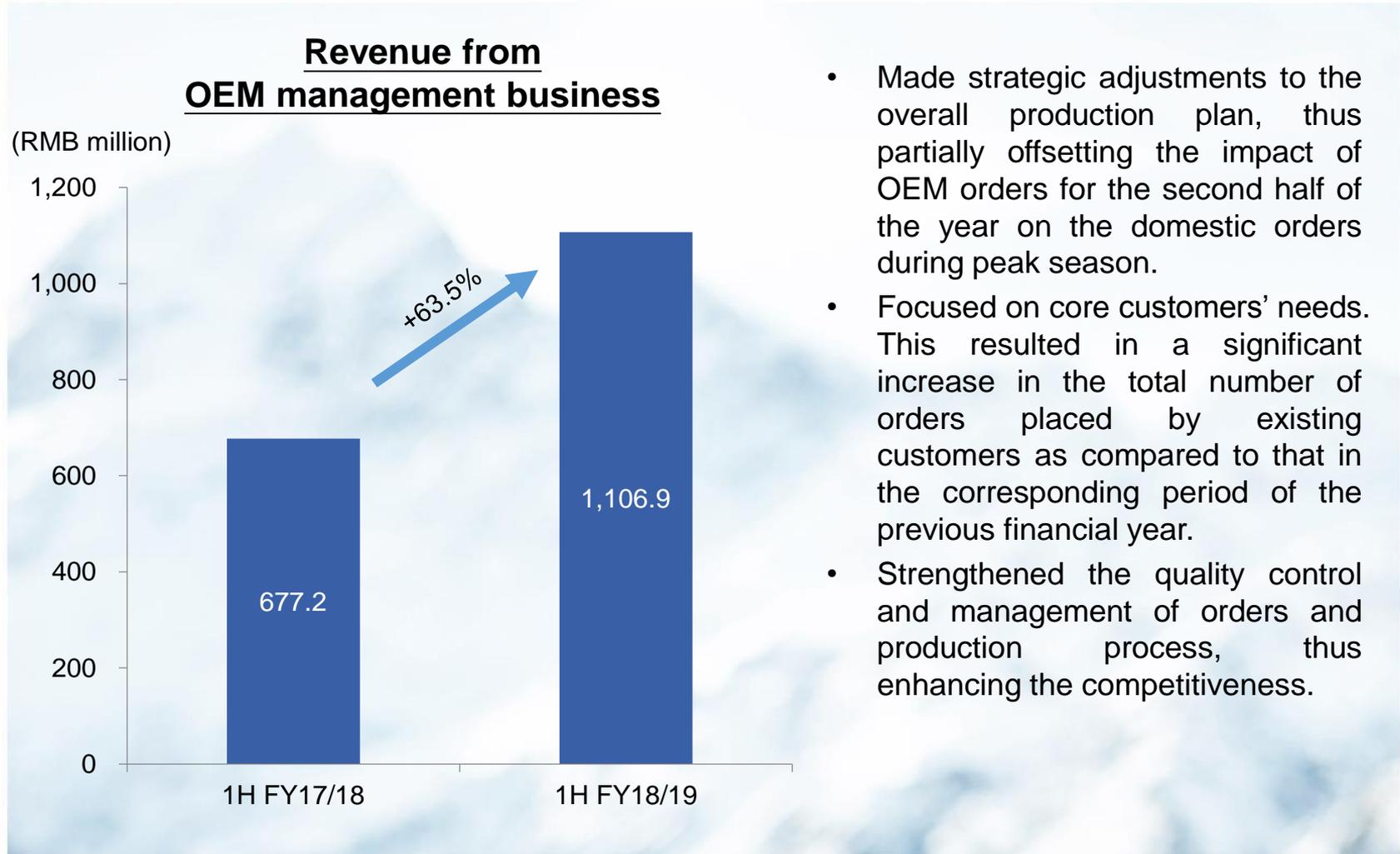
Quality Quick Response System

- Continued to conduct restocking during the peak season according to the data about the responses from the end consumers, and achieved a quality quick-response system by supplying goods in 15 days.

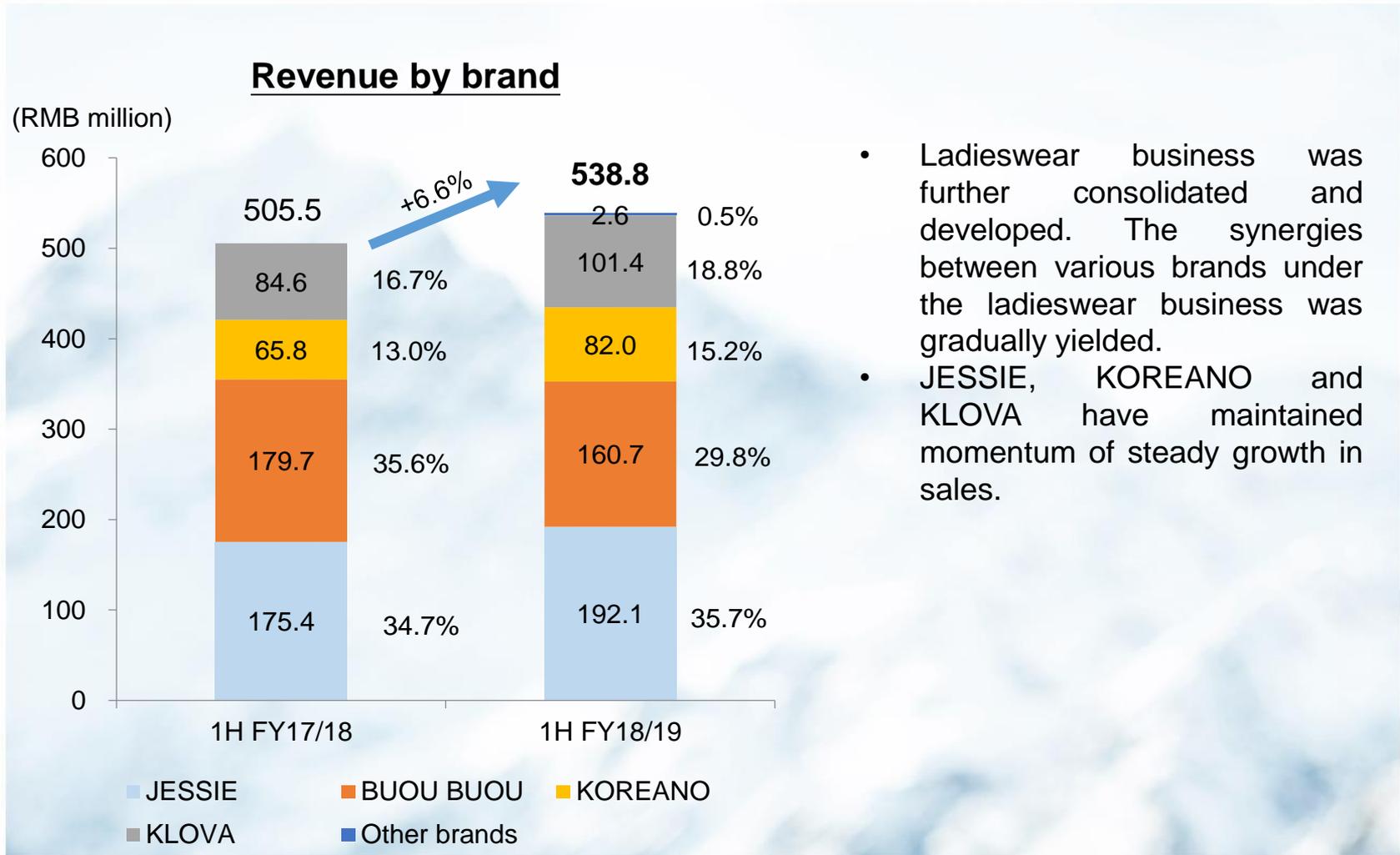
Logistics and Delivery

- Smart logistics and delivery center directly covers the whole country, enabling nationwide inventory management and the integration and sharing of data across online and offline operations.
- Plans to add a warehouse in Northeast China to enable direct distribution of goods through all the stores nationwide.

OEM Management Business



Ladieswear Business



- Ladieswear business was further consolidated and developed. The synergies between various brands under the ladieswear business was gradually yielded.
- JESSIE, KOREANO and KLOVA have maintained momentum of steady growth in sales.

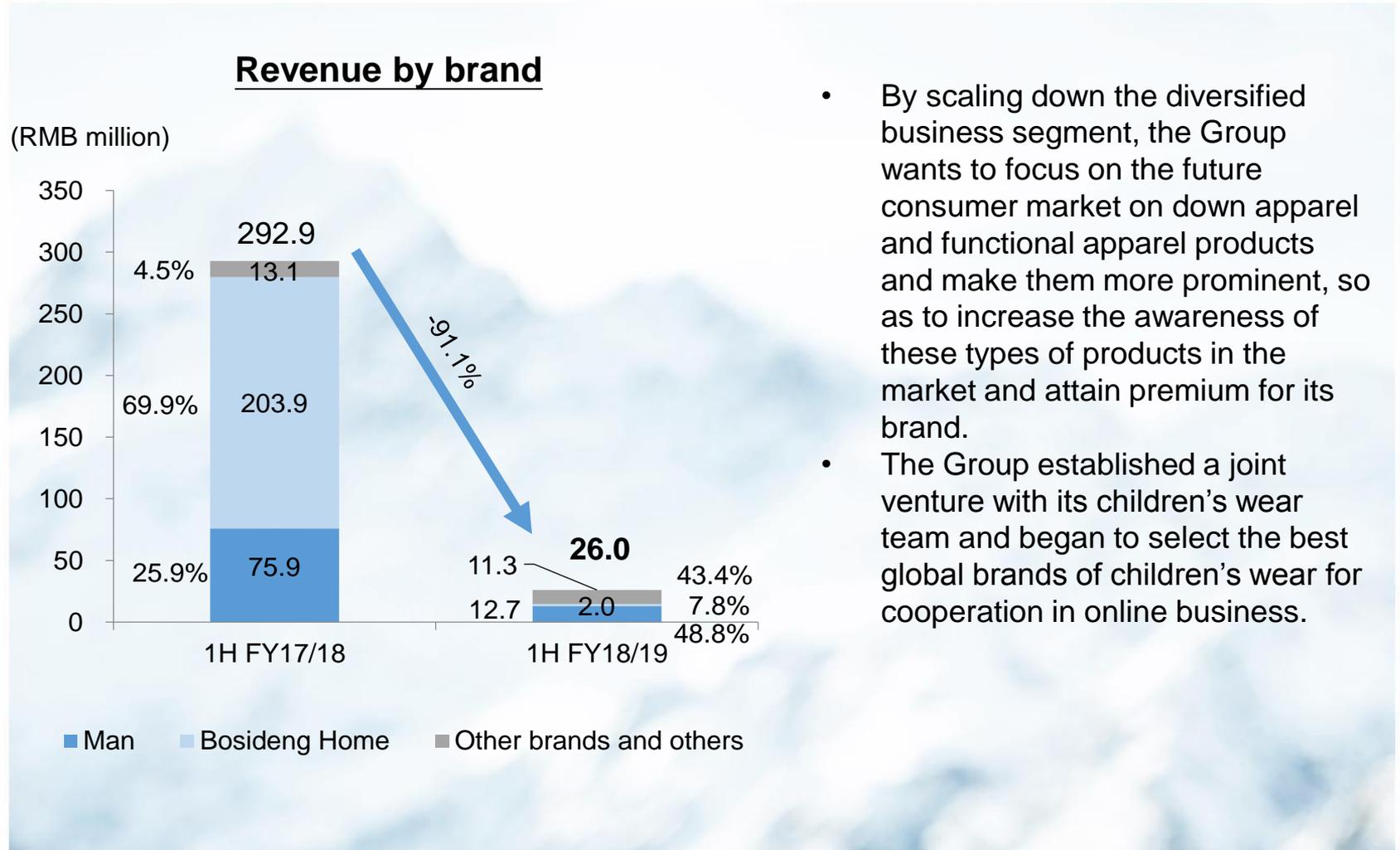
Ladieswear Business

- Retail Network

As at Sep 30, 2018	<i>JESSIE</i>		<i>BUOU BUOU</i>		<i>KOREANO</i>		<i>KLOVA</i>		<i>Other</i>		Total	
	Store	Change	Store	Change	Store	Change	Store	Change	Store	Change	Store	Change
Specialty stores												
By the Group	4	-	18	-1	-	-	-	-	-	-	22	-1
Third party distributors	23	-	12	-1	-	-	-	-	-	-	35	-1
Sub-total	27	-	30	-2	-	-	-	-	-	-	57	-2
Concessionary retail outlets												
By the Group	112	+3	119	-1	74	+17	61	-5	4	-2	370	+12
Third party distributors	70	+3	34	-	-	-	-	-	-	-4	104	-1
Sub-total	182	+6	153	-1	74	+17	61	-5	4	-6	474	+11
Total	209	+6	183	-3	74	+17	61	-5	4	-6	531	+9

Change: as compared to that as of Mar 31, 2018

Diversified Business



Diversified Business

- Retail Network

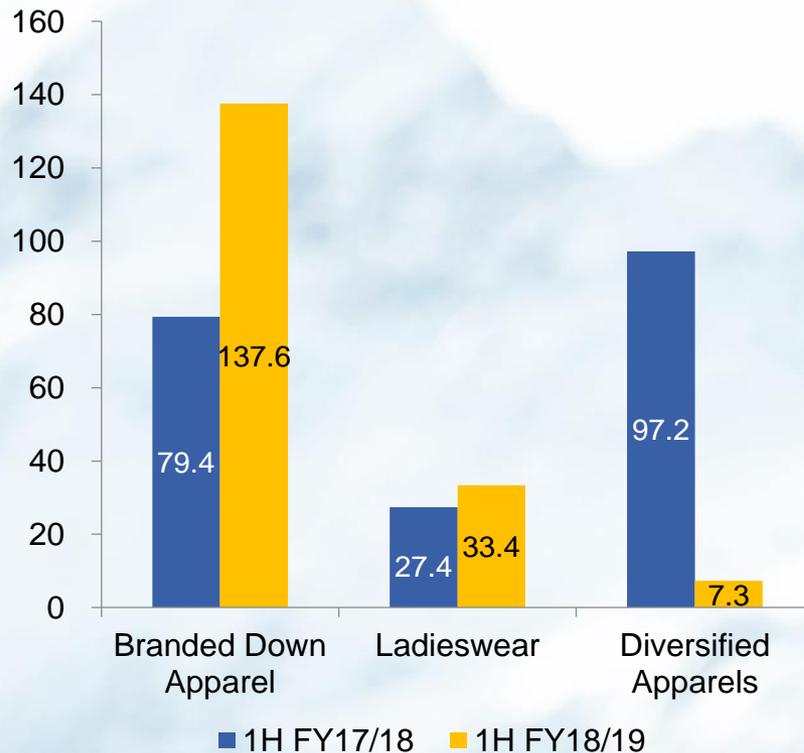
As at Sep 30, 2018	<i>BOSIDENG HOME</i>		<i>MAN</i>		<i>Petit main</i>		Total	
	Store	Change	Store	Change	Store	Change	Store	Change
Specialty stores								
By the Group	-	-21	32	-52	-	-	32	-73
Third party distributors	-	-51	-	-88	-	-	-	-139
Sub-total	-	-72	32	-140	-	-	32	-212
Concessionary retail outlets								
By the Group	-	-4	4	-43	-	-	4	-47
Third party distributors	6	-13	-	-63	1	+1	7	-75
Sub-total	6	-17	4	-106	1	+1	11	-122
Total	6	-89	36	-246	1	+1	43	-334

Change: as compared to that as of Mar 31, 2018

Online Sales of the Group

Online Sales Revenue

(RMB million)



- The Group will continue to step up its online marketing and sales. It will also start projects through cooperation with business partners with the aim of introducing more products which are exclusively offered online. This can gradually enhance the brand influence.

Future Development Plan



Future Development Plan

Down apparel business	OEM management business	Fashionable ladieswear business
<ul style="list-style-type: none">• Continue to focus on brand positioning, product development, sales channel optimization and terminal boosting.• Position as the “expert and best-seller of down apparel in the world” and endeavor to become a “mid- to high-end functional apparel group”.	<ul style="list-style-type: none">• Maintain its long-term and stable strategic working relationship with core customers.• Optimize existing factory equipment, accelerate automation and intelligence reform.• Increase cooperation with overseas factories, including those in Southeast Asia.	<ul style="list-style-type: none">• Continue to integrate resources among ladieswear brands.• Focus on improving efficiencies of internal operation and management of ladieswear business.• Strengthen brand operation, enhance sales channels and increase sales efficiency.
Focus on principal business while implementing de-diversification	Rational planning and utilization of production capacity	Manifest synergy to boost organic growth

Thank you!

