

# BOSIDENG



2020 / 21  
INTERIM RESULTS

*November 26, 2020*

**波司登** Bosideng International Holdings Limited  
BOSIDENG Incorporated in the Cayman Islands with limited liability  
Stock Code: 3998

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# Contents

- Financial Review
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- Future Development Plan

A fashion runway scene featuring two models. The model on the left is wearing a strapless, form-fitting white dress with a shimmering, iridescent finish. The model on the right is wearing a white, high-collared, long-sleeved dress with a textured, quilted or puffy appearance. Both models are holding large, white, puffy coats. The background is a large screen displaying a winter scene with snow-covered buildings and trees. The audience is visible in the foreground, seated and watching the show. The overall atmosphere is elegant and festive.

# Financial Review

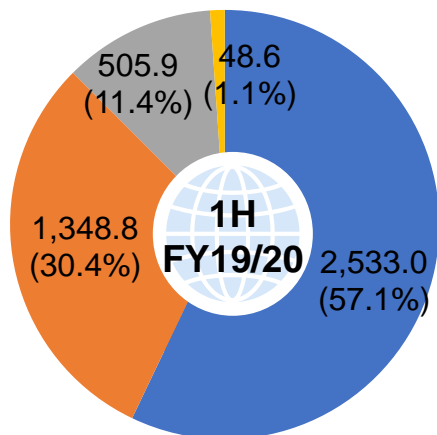
# BOSS

# Financial Highlights

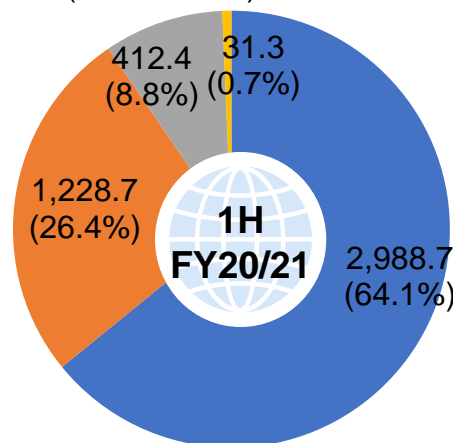
(RMB million)	For the six months ended Sep 30		Change
	2020	2019	
Revenue	4,661.1	4,436.3	+5.1%
Gross profit	2,227.3	1,929.6	+15.4%
Profit from operations	666.4	477.7	+39.5%
Profit attributable to equity holders of the Company	486.0	342.7	+41.8%
Earnings per share (RMB cents)			
– Basic	4.54	3.23	+40.6%
– Diluted	4.51	3.19	+41.4%
Dividend per share (HKD cents)			
– Interim	3.5	3.0	+16.7%

# Revenue Breakdown

RMB4,436.3 million  
(RMB million)



RMB4,661.1 million  
(RMB million)



■ Branded down apparel  
 ■ OEM management  
 ■ Ladieswear  
 ■ Diversified apparels  
 (% of revenue)

## The Group's revenue increased mainly due to:

- The core business segment of the branded down apparel, especially the Bosideng brand, has developed systematically in the aspects of brand, product, channel, terminal and digital information system, driving the positive revenue growth

# Revenue Breakdown by Business

(RMB million)	For the six months ended Sep 30		Change
	2020	2019	
Branded down apparel	2,988.7	2,533.0	+18.0%
OEM management	1,228.7	1,348.8	-8.9%
Ladieswear	412.4	505.9	-18.5%
Diversified apparels	31.3	48.6	-35.6%
<b>Total</b>	<b>4,661.1</b>	<b>4,436.3</b>	<b>+5.1%</b>

## Revenue Breakdown by Brand - Branded Down Apparel Business

(RMB million)	For the six months ended Sep 30		Change	% Change
	2020	2019		
Bosideng	2,725.8	2,276.7	+449.1	+19.7%
Snow Flying	102.7	97.6	+5.1	+5.2%
Bengen	108.6	106.4	+2.2	+2.1%
Other*	51.6	52.3	-0.7	-1.4%
<b>Total</b>	<b>2,988.7</b>	<b>2,533.0</b>	<b>+455.7</b>	<b>+18.0%</b>

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



## Revenue Breakdown by Brand - Ladieswear Business

(RMB million)	For the six months ended Sep 30		Change	% Change
	2020	2019		
JESSIE	133.9	184.3	-50.4	-27.3%
BUOU BUOU	107.3	151.9	-44.6	-29.4%
KOREANO	78.6	76.3	+2.3	+3.0%
KLOVA	92.6	93.4	-0.8	-0.8%
<b>Total</b>	<b>412.4</b>	<b>505.9</b>	<b>-93.5</b>	<b>-18.5%</b>

## Revenue Breakdown by Brand - Diversified Apparels Business

(RMB million)	For the six months ended Sep 30		Change	% Change
	2020	2019		
Sameite	12.4	7.2	+5.2	+72.2%
Other brands and others	18.9	41.4	-22.5	-54.3%
<b>Total</b>	<b>31.3</b>	<b>48.6</b>	<b>-17.3</b>	<b>-35.6%</b>

# Gross Margin

Business	For the six months ended Sep 30		Change
	2020	2019	
Branded down apparel	56.4%	52.9%	+3.5 ppt.
OEM management	18.1%	14.3%	+3.8 ppt.
Ladieswear	73.6%	76.8%	-3.2 ppt.
Diversified apparels	49.3%	14.7%	+34.6 ppt.
<b>The Group</b>	<b>47.8%</b>	<b>43.5%</b>	<b>+4.3 ppt.</b>

## Gross Margin - Branded Down Apparel

For the six months ended Sep 30

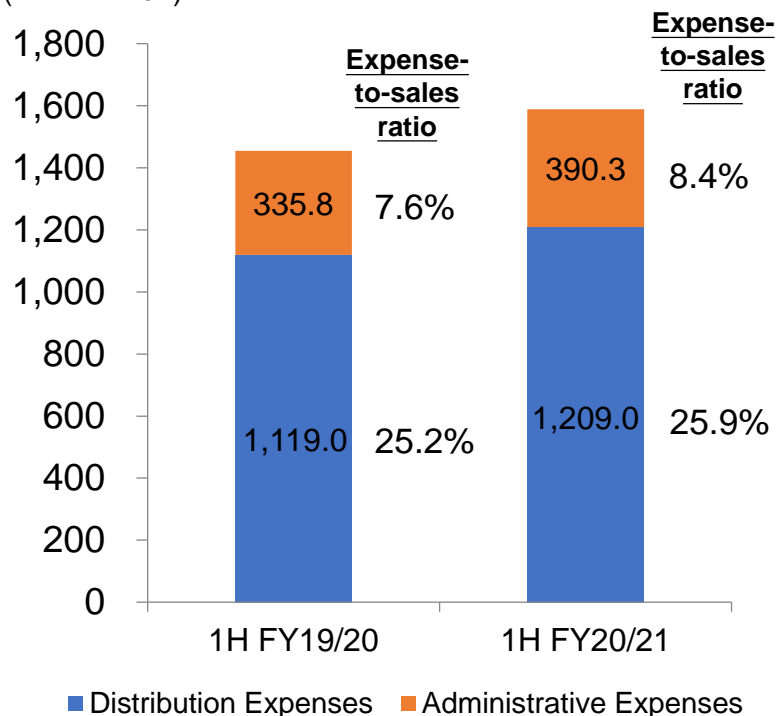
	2020	2019	Change
Bosideng	57.1%	54.2%	+2.9 ppt.
Snow Flying	42.4%	44.1%	-1.7 ppt.
Bengen	45.7%	46.6%	-0.9 ppt.
<b>Branded Down Apparel</b>	<b>56.4%</b>	<b>52.9%</b>	<b>+3.5 ppt.</b>

# Gross Margin - Ladieswear

	For the six months ended Sep 30		Change
	2020	2019	
JESSIE	69.3%	72.3%	-3.0 ppt.
BUOU BUOU	71.7%	73.1%	-1.4 ppt.
KOREANO	78.3%	85.2%	-6.9 ppt.
KLOVA	77.9%	84.6%	-6.7 ppt.
<b>Ladieswear</b>	<b>73.6%</b>	<b>76.8%</b>	<b>-3.2 ppt.</b>

# Operation Expenditure

(RMB million)



- **Distribution Expenses:** The increase in distribution expenses was mainly due to the Group's efforts in brand and channel construction for the branded down apparel business, the rental and store decoration costs increased as well as the rise in wages due to the increase in headcounts of sales personnel
- **Administrative Expenses:** The proportion of administrative expenses to the Group's total revenue has been increased by 0.8 ppt as compared with the corresponding period of last year, mainly due to the increased cost of new granted share options during the period
- The ratio of operation expenditure to total revenue has been increased by 1.5 ppt. as compared to the corresponding period of last year

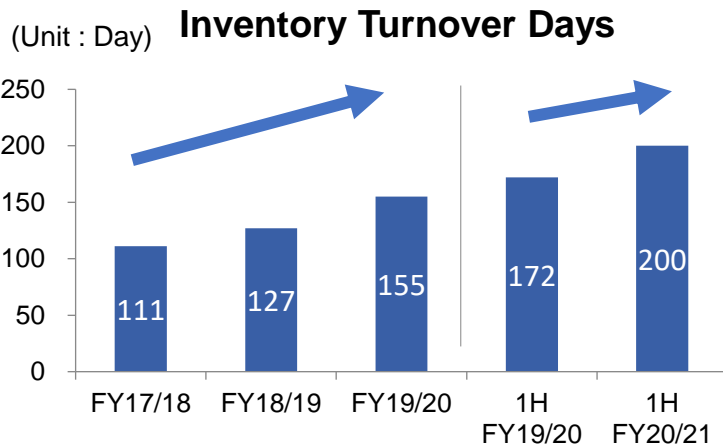
# Inventories

(RMB'000)	As at Sep 30, 2020	As at Mar 31, 2020	Change
Raw materials	657,290	446,180	+47.3%
Work in progress	22,887	15,946	+43.5%
Finished goods	1,924,774	2,263,788	-15.0%
<b>Total</b>	<b>2,604,951</b>	<b>2,725,914</b>	<b>-4.4%</b>

# Working Capital Management – Inventory Turnover Days

	For the six months ended Sep 30		Change
	2020	2019	
Average inventory turnover days *	200	172	+28 days

\* Calculated as average inventory divided by cost of sales, multiplied by 365 days and divided by 2



- Affected by COVID-19, the inventory was increased at the beginning this period, resulting an increase in the number of inventory turnover days as compared with the same period of last year



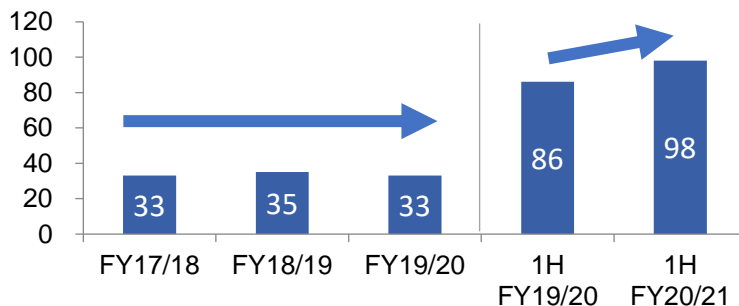
# Working Capital Management – Trade and Bills Receivables Turnover Days

	For the six months ended Sep 30		Change
	2020	2019	
Average trade and bills receivables turnover days *	98	86	+12 days

\* Calculated as average trade and bills receivables divided by revenue, multiplied by 365 days and divided by 2

## Trade Receivables Turnover Days

(Unit : Day)



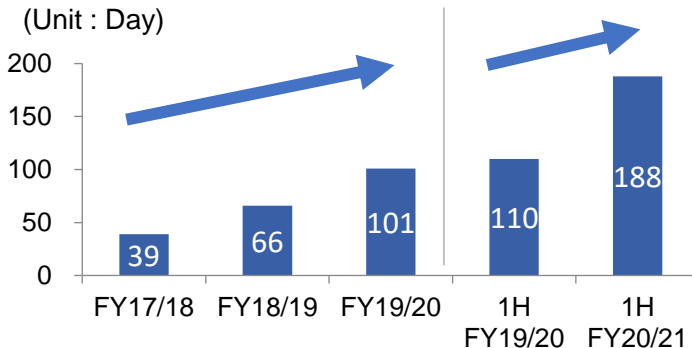
- Affected by COVID-19, the credit period for the third party dealers provided by the Group was extended in order to help customers get through the COVID-19 pandemic

# Working Capital Management – Trade Payable Turnover Days

	For the six months ended Sep 30		Change
	2020	2019	
Average trade and bills payables turnover days *	188	110	+78 days

\* Calculated as average trade and bills payables divided by cost of sales, multiplied by 365 days and divided by 2

## Trade Payables Turnover Days



- With the provision of supply chain financial solutions, there was an increase in bill payment ratio which led the number of trade payables turnover days increased by 78 days over the same period of last year

## Total Cash and Net Cash

(RMB million)	As at Sep 30, 2020	As at Mar 31, 2020	As at Sep 30, 2019
Cash and cash equivalents	1,717.6	<b>3,638.7</b>	1,391.2
Time deposits with maturity over 3 months	554.5	153.5	34.5
Pledged bank deposits	314.8	414.4	470.4
Other financial assets	3,204.5	3,272.8	2,141.0
<b>Total cash</b>	<b>5,791.4</b>	<b>7,479.4</b>	<b>4,037.1</b>
Minus: Bank borrowings	(631.3)	(817.8)	(2,318.3)
Minus: Convertible Bonds	(1,636.7)	(1,676.5)	-
<b>Net cash</b>	<b>3,523.4</b>	<b>4,985.1</b>	<b>1,718.8</b>

## Cash Flow

(RMB million)	As at Sep 30, 2020	As at Mar 31, 2020	As at Sep 30, 2019
Net cash inflow/(outflow) from operating activities	<b>(689.5)</b>	1,232.9	(2,907.0)
Net cash inflow/(outflow) from investment activities	<b>(507.6)</b>	612.0	2,328.5
Net cash inflow/(outflow) from financing activities	<b>(680.2)</b>	(7.6)	178.9
Net increase/(decrease) in total cash	<b>(1,877.3)</b>	1,837.3	(399.6)
Liquidity (times) <sup>(1)</sup>	<b>2.3x</b>	2.7x	2.0x
Gearing ratio (%) <sup>(2)</sup>	<b>21.9%</b>	24.0%	23.4%

Operating activities: including changes of inventory, trades and other receivables and prepayment, etc.

Investment activities: including acquisition/sale of financial assets, changes of other financial assets and fixed assets, etc.

Financing activities: including financing, dividends, changes of pledged bank deposits, etc.

(1) Liquidity (times) is calculated as dividing current assets by current liabilities

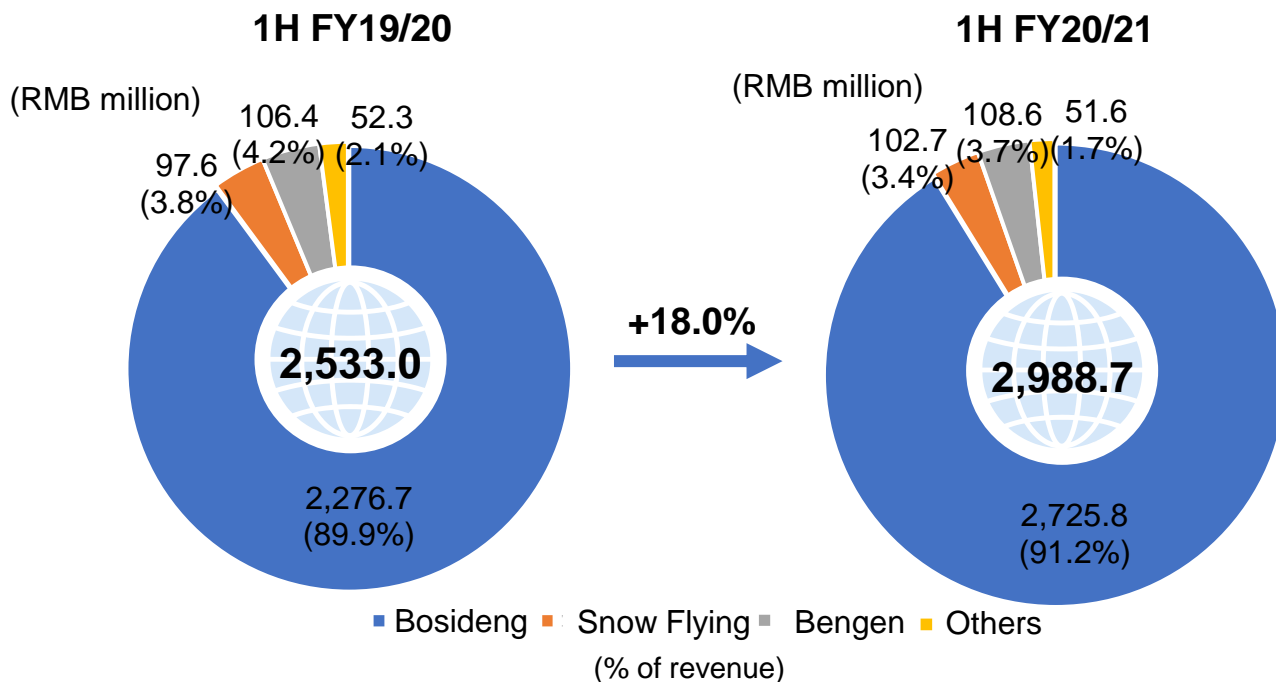
(2) Gearing ratio (%) is calculated as dividing the total of interesting-bearing borrowings and convertible bonds by total equity

# Business Review

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# Branded Down Apparel Business

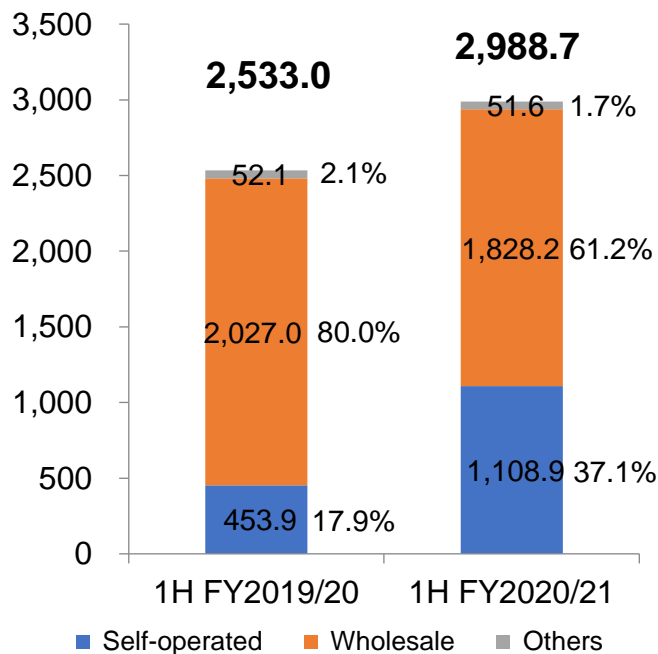
## Revenue by brand



# Branded Down Apparel Business

## Revenue by sale category

(RMB million)



(RMB million)	For the six months ended Sep 30		
	2020	2019	Change
Self-operated	1,108.9	453.9	+144.3%
Wholesale	1,828.2	2,027.0	-9.8%
Others	51.6	52.1	-0.9%
<b>Total</b>	<b>2,988.7</b>	<b>2,533.0</b>	<b>+18.0%</b>

# Branded Down Apparel – Brand Building

## Adhere to brand leadership

- Continue to explore the brand value of Bosideng in association with “big brand, good quality and down apparel”
- Adhere to brand leadership, activate brand strength and build sustainable innovation to further strengthen brand strength and boost operating results through brand reputation
- According to the production and sales integration strategy, brand publicity focused more on the display of featured products and the redirection of online and offline sales. Created marketing plan and content to resonate with consumers based on the product launch cycle





# Branded Down Apparel - R&D of Products

## Outdoor City Collection

Led by Italian designers, the design of this collection gives a visual impression of vigor and energy with dazzling and comforting color to create workwear products with brand-new sense by combining the stylish silhouette suitable for young consumers in Asia. This collection is made of high-quality goose down with 600+ fill power, which provides warmer and more comfortable wearing experience to consumers.



## Stylish Sport Collection

With the dynamic coastline “Protecting the Blue Sea” as the design inspiration, this collection injects young and vigorous elements into the theme products by combining stylish colors and 3D streamline models. It upgrades the process that tightly locks the down together with craftsmanship spirit to offer downproof and more comfortable apparel to the consumers.



## Branded Down Apparel - R&D of Products (cont.)

### Classic Business Collection

This series adopts neat silhouettes, high-end fabrics, exquisite craftsmanship and versatile styles, which can easily cope with multiple scenes such as urban commuting, social interaction and business travel.



### Light Down Apparel Collection

The down apparel of this collection is as light as 330g per piece, making it the lightest down apparel ever in the history of Bosideng. In terms of materials, it is made of ultra-soft skin fabric, and the skin-friendly cotton feels smooth and soft. In terms of technology, anti-lint technology was adopted and the fabric was first quilted before down was filled to prevent the down cluster from sticking out of needle holes.

# Branded Down Apparel - R&D of Products (cont.)

## Collaboration Collection - Bosideng X Jean Paul Gaultier New Generation Down Apparel

Bosideng once again joined hands with Jean Paul Gaultier, the creator of the golden age of Hermès, to interpret a new generation of down apparel. This series is designed by Mr. Gaultier himself. With the help of Bosideng's professional craftsmanship, the classic elements of Gaultier, such as navy style and fish bone girdle, are realized and re-innovated on down jackets, breaking the traditional design of down jackets. The unconstrained fashion pioneering concept and Bosideng's 44 years of professional accumulation in the down jacket field merged into the "new generation down jacket".



## Branded Down Apparel - Channel Building

### Controlling risks and Maintaining Growth



- Maintained a more cautious attitude in optimizing and upgrading channels
- Put more emphasis on the refined operation of single stores, rent reduction and efficiency enhancement, and the sales ability of the store manager to guide shopping
- Opened new image stores and large stores in mainstream business circles, and closed inefficient stores in inefficient areas, the store structure continued to migrate towards the mainstream consumption channels of the times

# Branded Down Apparel - Retail network

As at Sep 30, 2020	波司登 BOSIDENG		雪中飞 SNOW FLYING		冰洁 BENGEN		Total	
	No. of stores	Change	No. of stores	Change	No. of stores	Change	No. of stores	Change
<b>Specialty stores</b>								
Operated by the Group	1,086	+60	6	-7	19	-2	1,111	+51
Operated by third party distributors	1,823	-78	159	-32	197	-32	2,179	-142
<b>Sub-total</b>	<b>2,909</b>	<b>-18</b>	<b>165</b>	<b>-39</b>	<b>216</b>	<b>-34</b>	<b>3,290</b>	<b>-91</b>
<b>Concessionary retail outlets</b>								
Operated by the Group	579	-19	101	-81	89	+68	769	-32
Operated by third party distributors	292	+6	81	-32	232	-53	605	-79
<b>Sub-total</b>	<b>871</b>	<b>-13</b>	<b>182</b>	<b>-113</b>	<b>321</b>	<b>+15</b>	<b>1,374</b>	<b>-111</b>
<b>Total</b>	<b>3,780</b>	<b>-31</b>	<b>347</b>	<b>-152</b>	<b>537</b>	<b>-19</b>	<b>4,664</b>	<b>-202</b>

**Change:** compared with that as of March 31, 2020

# Branded Down Apparel - New Retail Operations

- Leveraged on Alibaba Data Center to create customer tags to reach customers with high-quality digital content and generate sales through checkout mini programs
- Used corporate WeChat to build a more convenient communication bridge with customers
- Provided marketing assistant for each corporate WeChat shopping guide to assist them in maintaining good customer relationships
- Achieved 8 million corporate WeChat fans and had over 5.5 million followers on WeChat account, representing an increase of more than 50% as compared with the end of last financial year. The number of registered member was over 19 million, with young consumers under the age of 30 accounting for 20%



Social event poster



marketing assistant essay



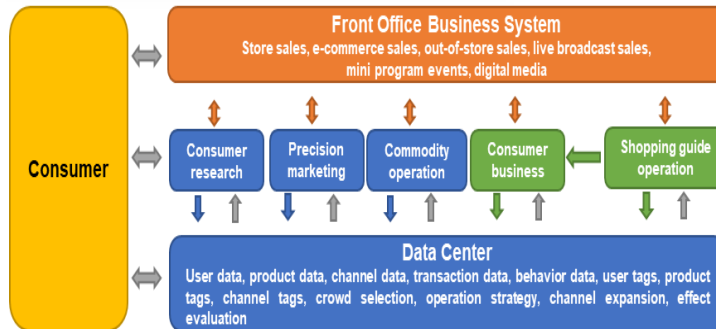
mini program lucky draw



# Branded Down Apparel - Digital Operations



- Entered into a strategic cooperation with Alibaba Cloud as a “Digital and Intelligent Transformation Pioneer”, to leverage on the technology and experience of Alibaba Data Center to open up omni-channel data
- Continuously improved the accuracy of online marketing and generated more insights on consumer behavior and product through accurate crowd selection



- Through accurate crowd selection, SMS and social media placement in offline stores, the proportion and quality of consumers attracted to the store has been significantly improved
- Through big data tag clustering of past sales products and channels, applying the resulting analyses to the first order of 2020 new products, it has significantly improved the matching degree between products and store channels, and has a positive impact on the activity rate and marketability of products

# Branded Down Apparel – Operation Management

## Inventory Management

- Continued to completely separate order placements of direct sales and wholesale
- Optimized the mix of orders placed at self-operated stores and those placed by distributors in order to maintain the stability in order placement
- The proportion of the first order placed at the trade fair shall continue to not exceed 30%, and the remaining orders shall be replenished based on actual market feedback and demand in the peak seasons.
- Optimized inventory management and maintained inventory at a healthy level
- Enhance the real-time capture and analysis of terminal retail data, refine retail management and improve the overall operational efficiency.

## Supply Chain Management

- High product quality and quick response are the core competitive edges of the supply chain for the Group's continued success in the industry
- Each order placed for down apparel products through replenishing stocks while small quantities of new products are launched to achieve a quick turnaround time
- Replenished stocks on a rolling basis during the peak season based on the sales data from the end consumers
- Successfully resumed production and work, such as the procurement of raw materials, production and distribution of isolation gowns, which played an active role in combating COVID-19.
- Increased financial support for upstream suppliers and leveraged on its strategic cooperation relationship with financial institutions to provide upstream suppliers with supply chain financial solutions

## Logistics and Delivery

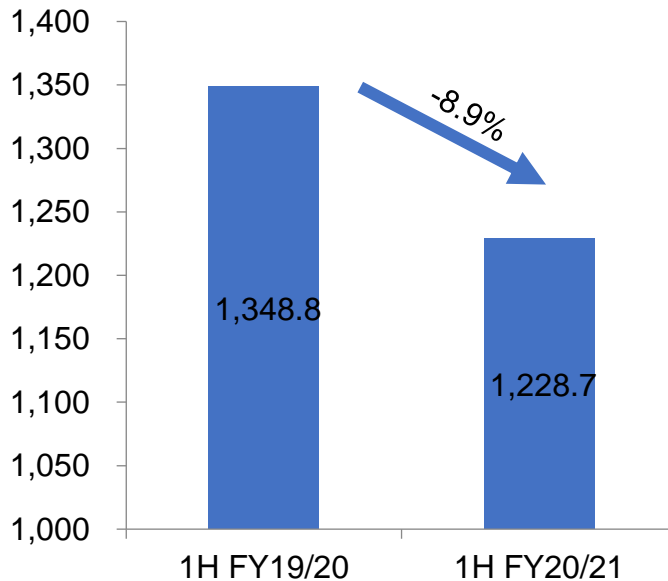
- Smart central delivery centre (“CDC”) serves all offline direct stores, franchised stores and e-commerce O2O businesses throughout the country in order to respond to consumers' demand more quickly and accurately
- Adopted a unique warehouse management system to manage all the inventories by riding on the concept of “nationwide inventory management and the integration and sharing of data across online and offline operations”
- Continued to adopt a one-tier distribution channel, “where goods are delivered directly from the CDC to the stores”, to achieve direct distribution of goods through all the stores nationwide



# OEM Management Business

## Revenue of OEM Management Business

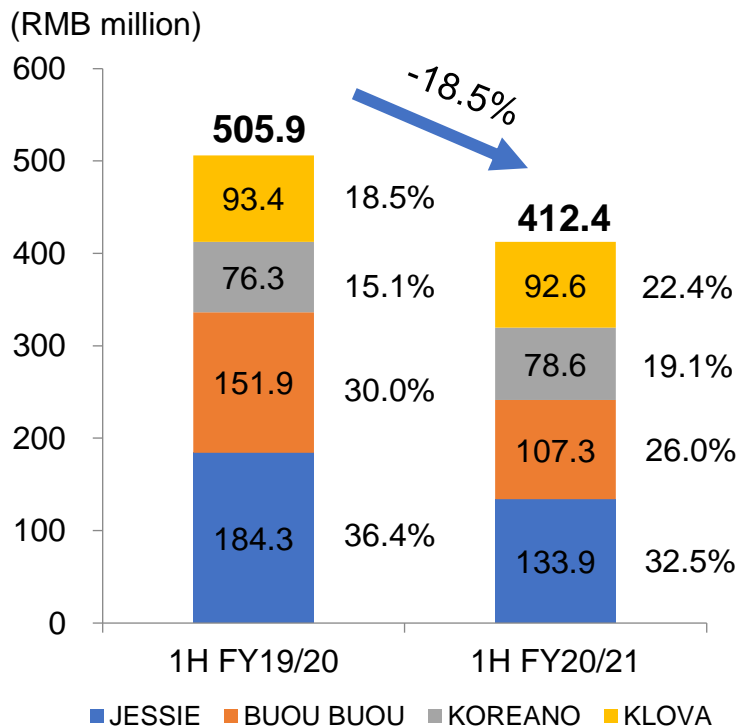
(RMB million)



- Faced with the impact of the COVID-19, actively improved the stickiness of core customers, effectively expanded new customer resources
- Seized the opportunity of the epidemic and exported some anti-epidemic materials. Overall decline is much better than the overall decline in the industry
- Strictly control costs and expenses, the gross profit margin of the OEM management business increased by 3.8 ppt.
- Continued to expand the production capacity in Vietnam and other SE Asian regions to achieve rapid enhancement of quality management for new production capacity as well as the management of orders and production process.

# Ladieswear Business

## Revenue by brand



- Operates four mid- to high-end ladieswear brands to cater to customers' dressing needs on different occasions
- In the highly competitive and relatively low-concentration ladieswear market, the Group successfully built a large loyal and high-quality customer base
- Affected by the impact of the COVID-19, ladieswear business recorded a decrease as compared with the same period of last year
- The ladieswear company actively responded to difficulties through various measures such as new retail operation, digital marketing, strict control of inventory and costs

## Ladieswear Business - Retail network

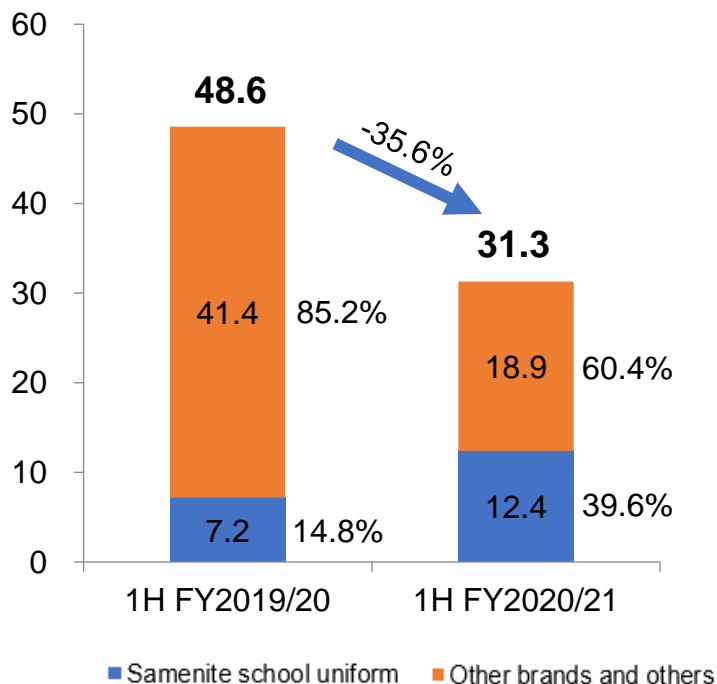
As at Sep 30, 2020	JESSIE		BUOUBUOU		koreano		KLOVA		Total	
	No. of stores	Change	No. of stores	Change	No. of stores	Change	No. of stores	Change	No. of stores	Change
<b>Specialty stores</b>										
Operated by the Group	1	-2	12	-3	-	-	-	-	13	-5
Operated by third party distributors	19	-1	10	+1	-	-	-	-	29	-
<b>Sub-total</b>	<b>20</b>	<b>-3</b>	<b>22</b>	<b>-2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>-5</b>
<b>Concessionary retail outlets</b>										
Operated by the Group	106	-1	103	-9	72	-9	55	-	336	-19
Operated by third party distributors	71	-4	20	-2	-	-	-	-	91	-6
<b>Sub-total</b>	<b>177</b>	<b>-5</b>	<b>123</b>	<b>-11</b>	<b>72</b>	<b>-9</b>	<b>55</b>	<b>-</b>	<b>427</b>	<b>-25</b>
<b>Total</b>	<b>197</b>	<b>-8</b>	<b>145</b>	<b>-13</b>	<b>72</b>	<b>-9</b>	<b>55</b>	<b>-</b>	<b>469</b>	<b>-30</b>

**Change:** Compared with that as of March 31, 2020

## Diversified Apparels Business

### Revenue by brand

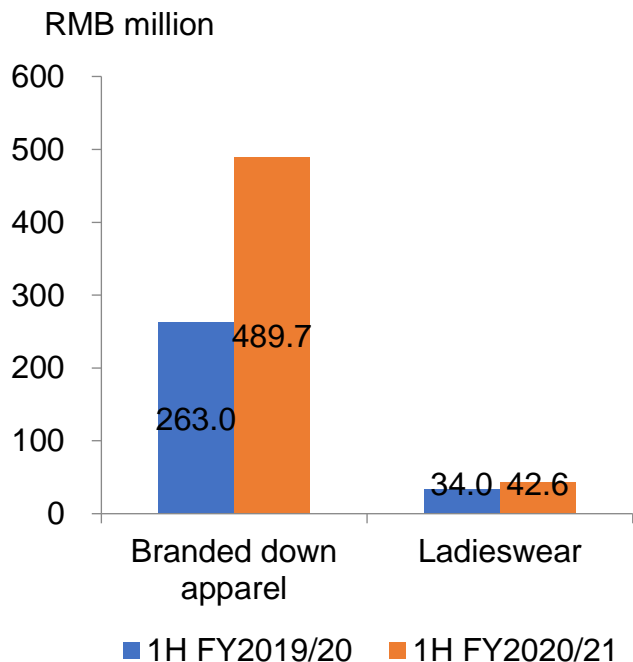
(RMB million)



- The school uniform business remained in operation under Sameite, which serves more than 300 schools and nearly 300 thousand students
- Actively participated in brightening brand focus under the pandemic and used online sales model to reduce the impact of the pandemic. Contract orders for school uniform business of Sameite represented an increase of 76% as compared with the corresponding period of last year
- Other businesses included children's wear, Bosideng MAN and Bosideng HOME. For children's wear, the Group mainly cooperated with the Japanese brand of Petit main. It prioritized the development of online platform. There is a significant reduction of Bosideng MAN and Bosideng HOME business

# Online Sales

## Revenue of online sales



- Online business expanded significantly and online outlet channel made remarkable achievements, in which the performance of two platforms Vipshops and Tmall Outlets exhibited a rapid growth trend
- Strengthened the strategic cooperation with Alibaba which enable the Group to exhibit the high-quality products to the platforms' high-quality consumers. Analyzed market trend by using multi-dimensional data and provided support for interactive marketing of online business team on the data platform established together with Alibaba
- Revenue from the total online sales of the Group's brands increased by 76.4% period-on-period and revenue from the online sales of branded down apparels business and ladieswear business increased by 86.2% and 25.3% respectively period-on-period

# Online Sales

## Online operation performance of branded down apparel as of “Double 11”

Online retail sales performance on “Double 11”	
Branded down apparel	Bosideng Brand
period-on-period increase of <b>35%+</b>	period-on-period increase of <b>25%+</b>

Accumulated online retail sales performance as of Nov 11, 2020 during the financial year	
Branded down apparel	Bosideng Brand
period-on-period increase of <b>45%+</b>	period-on-period increase of <b>35%+</b>

Tmall’s apparel brand sales ranking  
**Bosideng Brand**  
 2<sup>nd</sup> in the apparel industry  
 1<sup>st</sup> in domestic apparel brands

Tmall’s apparel merchants live broadcast ranking  
**Bosideng Brand**  
 1<sup>st</sup> in the overall apparel industry

# Future Development Plan



# Future Development Plan

## Branded Down Apparel Business

- Continue to focus on positioning itself as the “bestseller expert in down apparel in the world” to create a brand benefit year
- Brand building - continue to consolidate and enhance the brand potential of Bosideng, and strengthen the benefits of brand building through publicity, promotion of content and the combination of quality and sales
- Channel and store building - improve the store operating efficiency by improving the integration of online and offline operations, expanding strategic channels and refining store operations
- Product development – Further improve product operating efficiency by strengthening the organic combination of product development and market demand and reinforcing the matching of channels and products
- Customer relationship management - broadly expand the membership base through innovative live streaming and strengthen the exploration of new models such as expanding and attracting new customers and offline sales through the collection of accurate portraits and consumption habits of members

## OEM Management Business

- Evenly distribute the customer market resources in North America, Europe and the Asia-Pacific region to effectively reduce risks
- Through continuous deployment in SE Asia to develop more price-competitive production resources
- Enhance the overall efficiency by continuously improving the automation level and technical capabilities of domestic and SE Asian factories

## Fashionable Ladieswear Business

- Expand synergy effect among brands by integrating resources sharing
- Encourage various brands to take advantage of their unique advantages to expand their businesses
- Enhance the product power, channel power and brand power of the ladieswear brands to boost the operation efficiency and management efficiency of the business



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