



# Corporate Presentation

**2016/17 Interim Results**

22 February 2017



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**Financial Review**

**Review of Operations**

**Future Plans and Strategies**

**Open Forum**

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# Financial Review



# 1H 2016/17 Highlights

-  Total revenue decreased by 11%. Profit for the period attributable to owners increased by 20%
-  Gross margin rose 4% points to 51% due to more effective sales and marketing strategies
-  Our markets in Hong Kong and Macau, mainland China and Taiwan showed signs of having bottomed out, with same-store gross profit stopped declining after a period of negative growth for one year or more
-  Deteriorating economic conditions in the Middle East affected the overall performance there, yet the Group remains optimistic in the long run as reflected in the new shop opening maneuver of our franchisees
-  Maintained a healthy financial position with a net cash balance of HK\$431 million. Held an investment fund of HK\$231 million and a note receivable of HK\$39 million



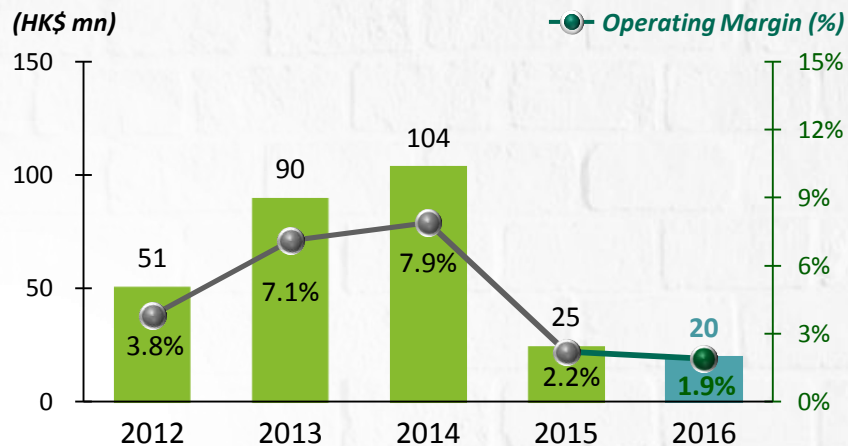
# Results Highlights

<i>(HK\$ mn)</i>	<i>For the six months ended 31 Dec</i>		
	<b>2016</b>	<b>2015</b>	<b>Change</b>
<b>Revenue</b>	<b>1,022</b>	<b>1,146</b>	<b>-11%</b>
<b>Gross profit</b>	<b>519</b>	<b>543</b>	<b>-4%</b>
<b>Gross margin (%)</b>	<b>51%</b>	<b>47%</b>	<b>+4% pts</b>
<b>EBITDA</b>	<b>38</b>	<b>50</b>	<b>-25%</b>
<b>Operating profit</b>	<b>20</b>	<b>25</b>	<b>-21%</b>
<b>Profit for the period attributable to owners</b>	<b>17</b>	<b>14</b>	<b>+20%</b>
<b>Basic EPS (<i>HK cents</i>)</b>	<b>1.03</b>	<b>0.86</b>	<b>+19%</b>
<b>Special interim dividend per share (<i>HK cents</i>)</b>	<b>1.22</b>	<b>1.22</b>	<b>Nil</b>

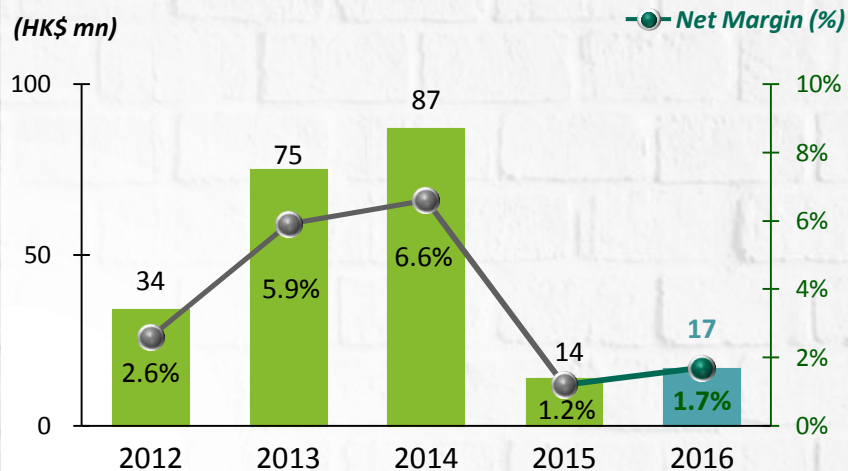




## Operating Profit



## Profit Attributable to Owners

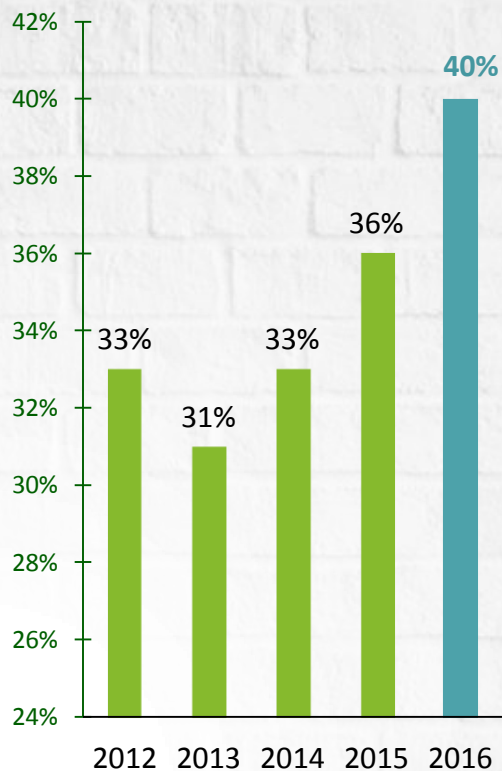


For the six months ended 31 Dec

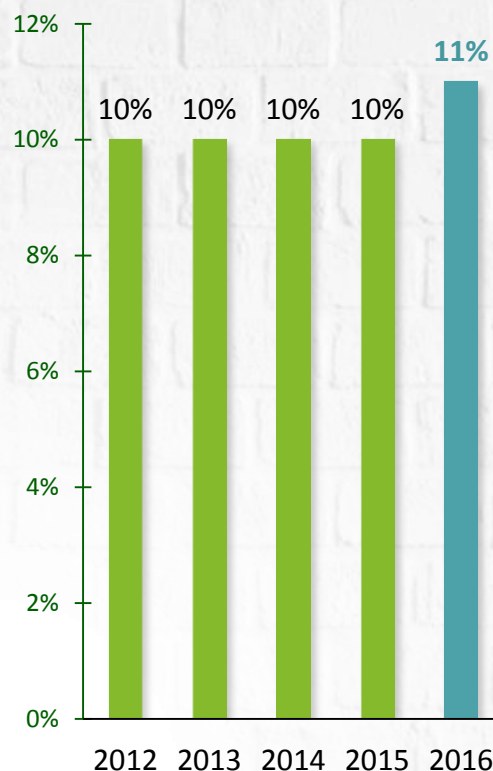
# Operating Expenses Breakdown

**Ⓐ** Total operating expenses accounted for 52% (2015: 46%) of total revenue

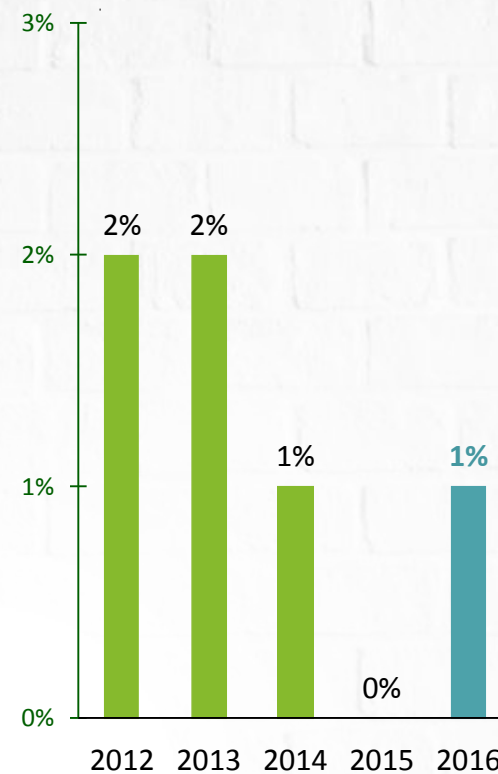
**Selling and Distribution Expenses as a % of revenue**



**Administrative Expenses as a % of revenue**



**Other Operating Expenses as a % of revenue**



*For the six months ended 31 Dec*

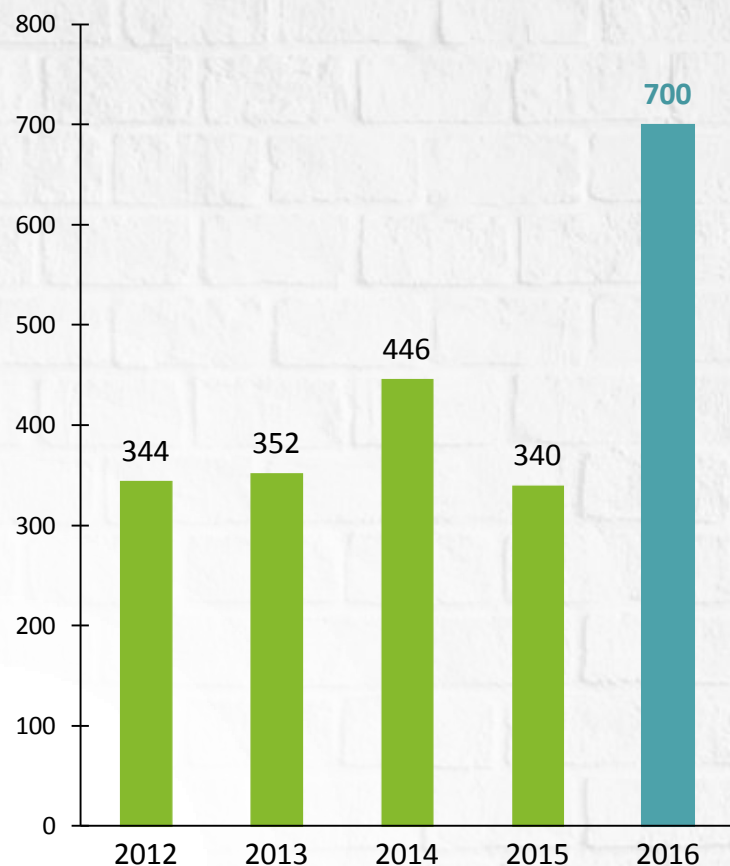




# Solid Financial Position

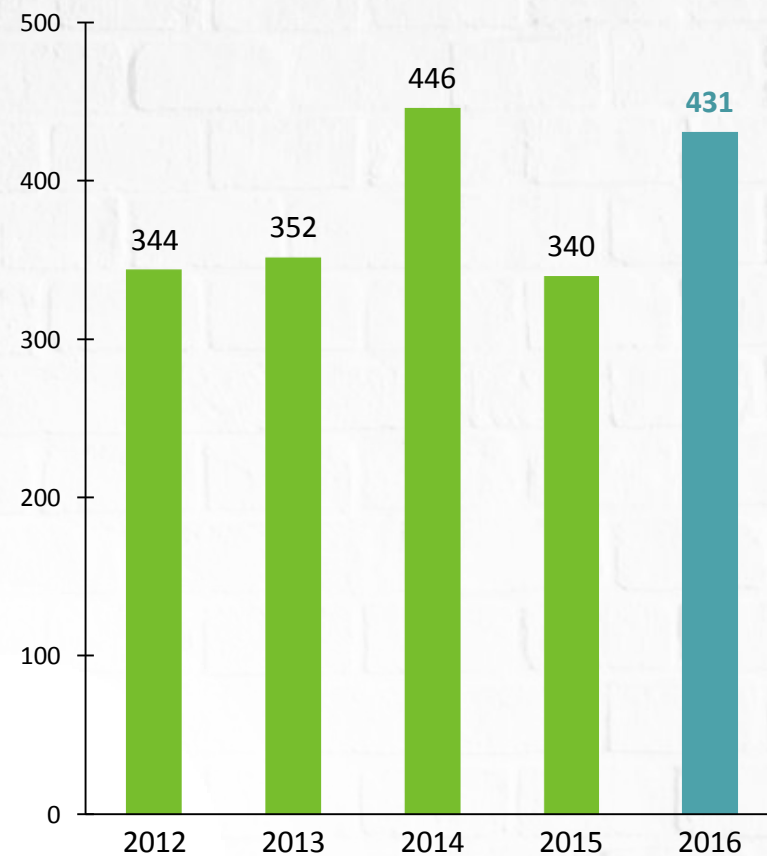
## Cash and Bank Balances + Investment Fund + Note Receivable

(HK\$ mn)



## Net Cash \*

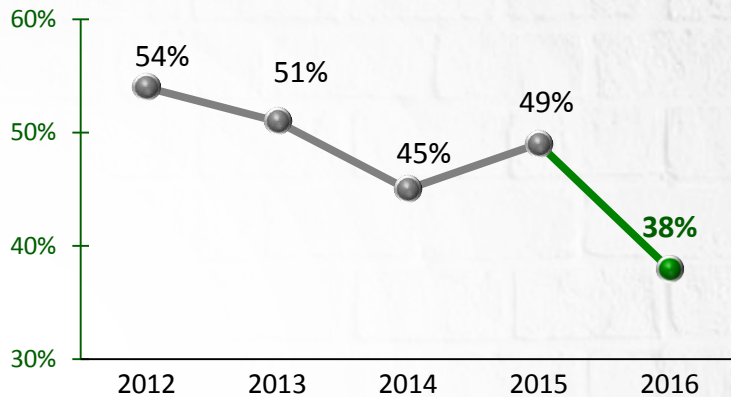
(HK\$ mn)



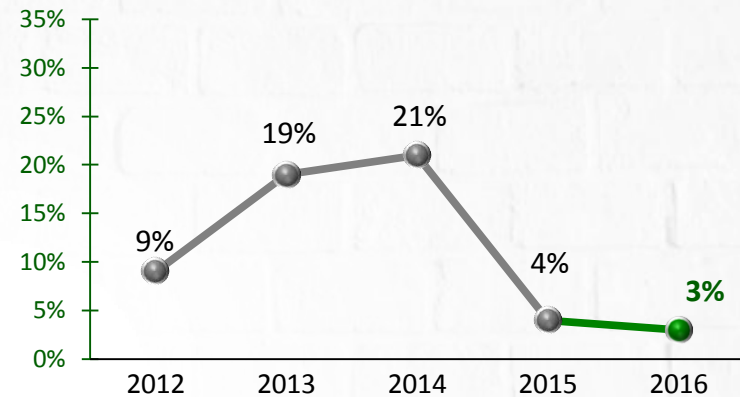
\* Time deposits, cash and bank balances less bank borrowings

At 31 Dec

## Total Liabilities to Equity Ratio

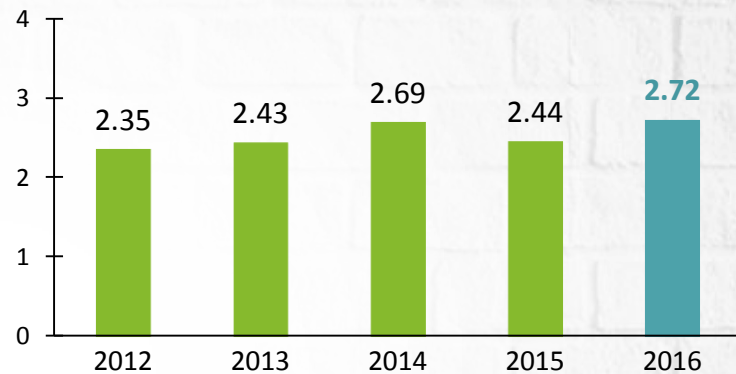


## Return on Equity



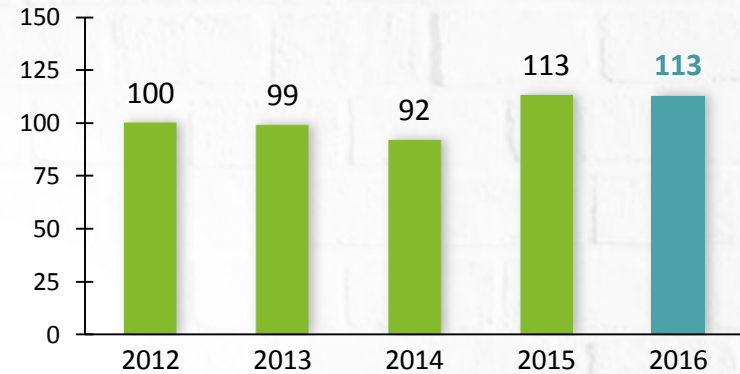
## Current Ratio

(Times)



## Inventory Turnover #

(Days)



# Inventory held at period end divided by annualised cost of sales times 365 days

At 31 Dec



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# Review of Operations



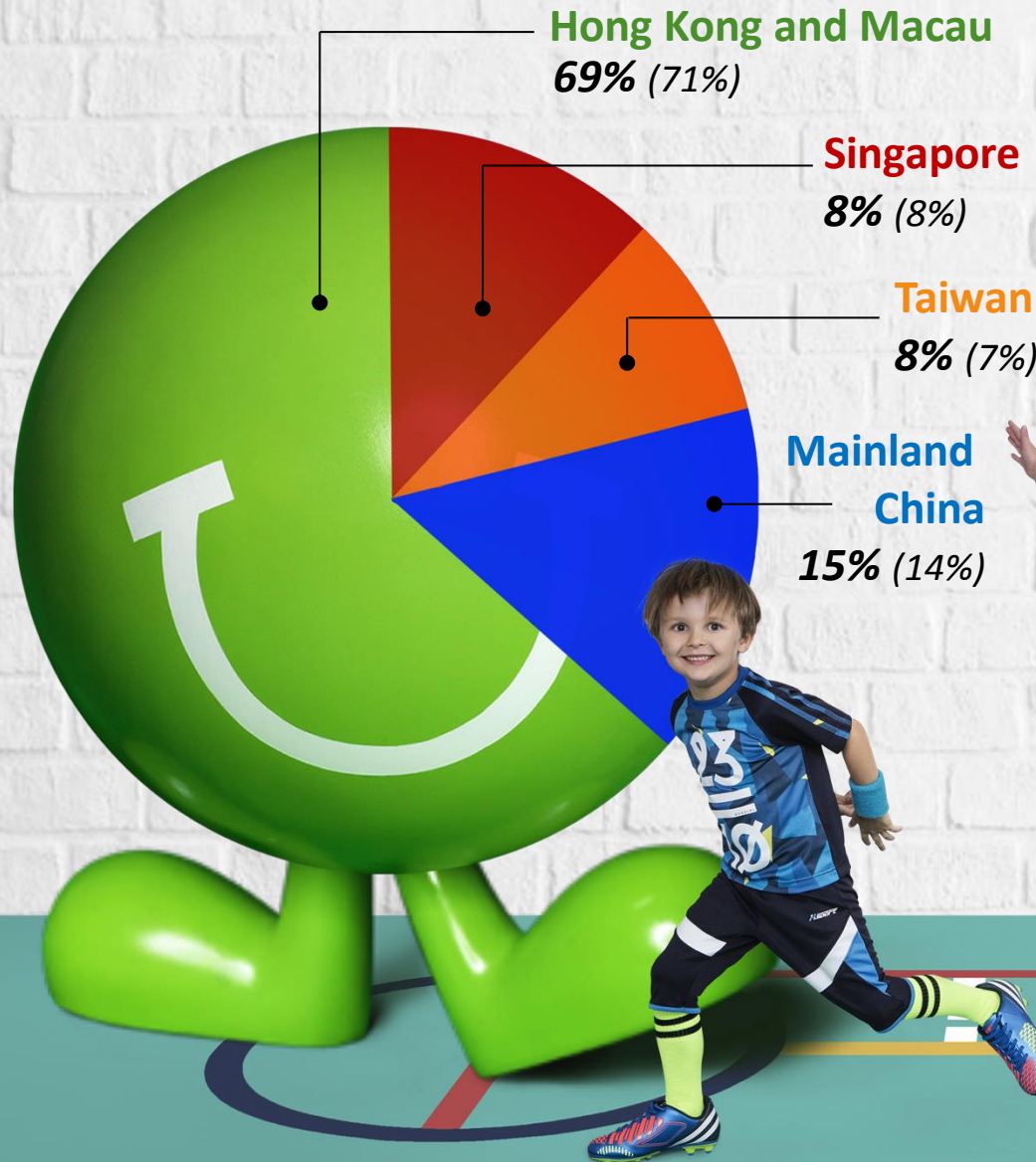
The growth of global economy tended to be divergent with stable global output growth, but masked divergent developments in different country groups

Downturn in Hong Kong tourism coupled with the strong Hong Kong dollar and warm winter saw Hong Kong's economic and retail growth slow down

Low oil price forced several Middle Eastern countries to implement harsh austerity measures to control soaring budget deficits



# Revenue Analysis



## Revenue by Geographical Market

**For the six months ended 31 Dec 2016**  
(Comparative figures for the six months ended 31 Dec 2015 in brackets)



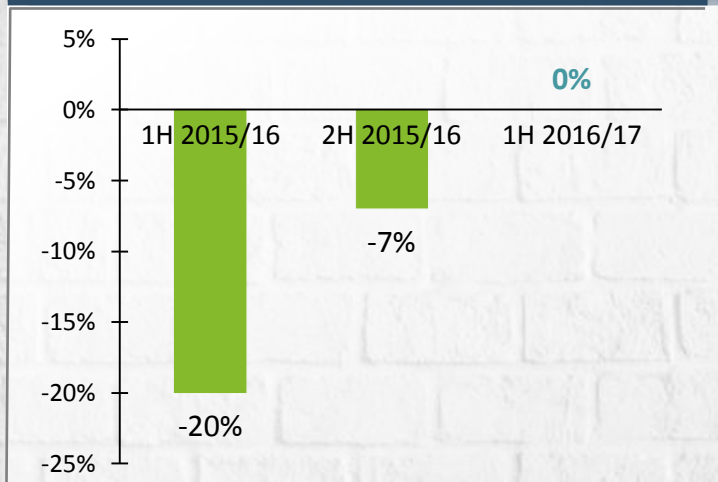
# Retail Performance by Segment

	<b>Same-store Sales Growth*</b>		<b>Same-store Gross Profit Growth*</b>	
	<i>For the six months ended 31 Dec</i>		<i>For the six months ended 31 Dec</i>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Hong Kong and Macau</b>	<b>-6%</b>	<b>-14%</b>	<b>0%</b>	<b>-20%</b>
<b>Mainland China</b>	<b>-2%</b>	<b>-8%</b>	<b>0%</b>	<b>-14%</b>
<b>Taiwan</b>	<b>-2%</b>	<b>-14%</b>	<b>1%</b>	<b>-17%</b>
<b>Singapore</b>	<b>-8%</b>	<b>-1%</b>	<b>-5%</b>	<b>-1%</b>
<b>Total</b>	<b>-6%</b>	<b>-12%</b>	<b>-1%</b>	<b>-17%</b>

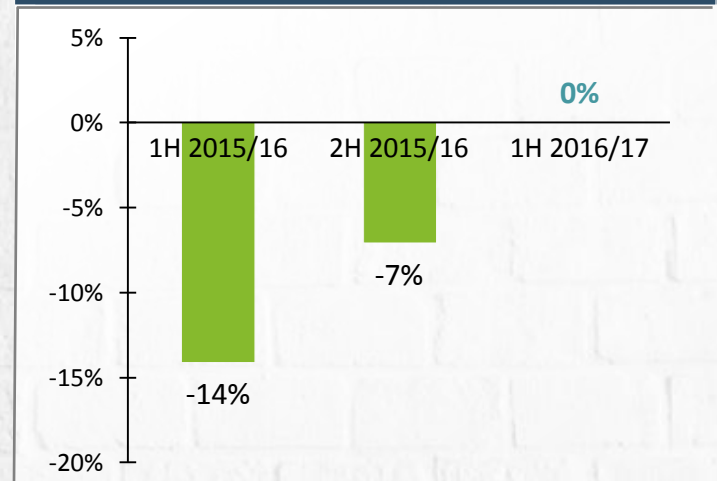
\* For directly managed stores only

# Same-store Gross Profit Growth

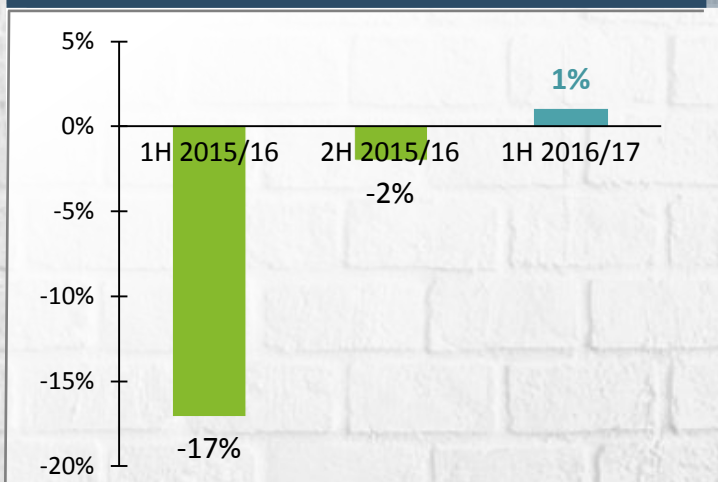
## Hong Kong and Macau



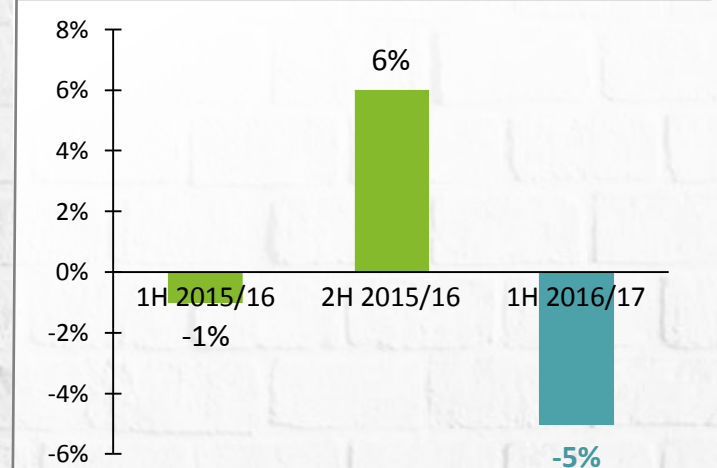
## Mainland China



## Taiwan



## Singapore



# Performance by Segment

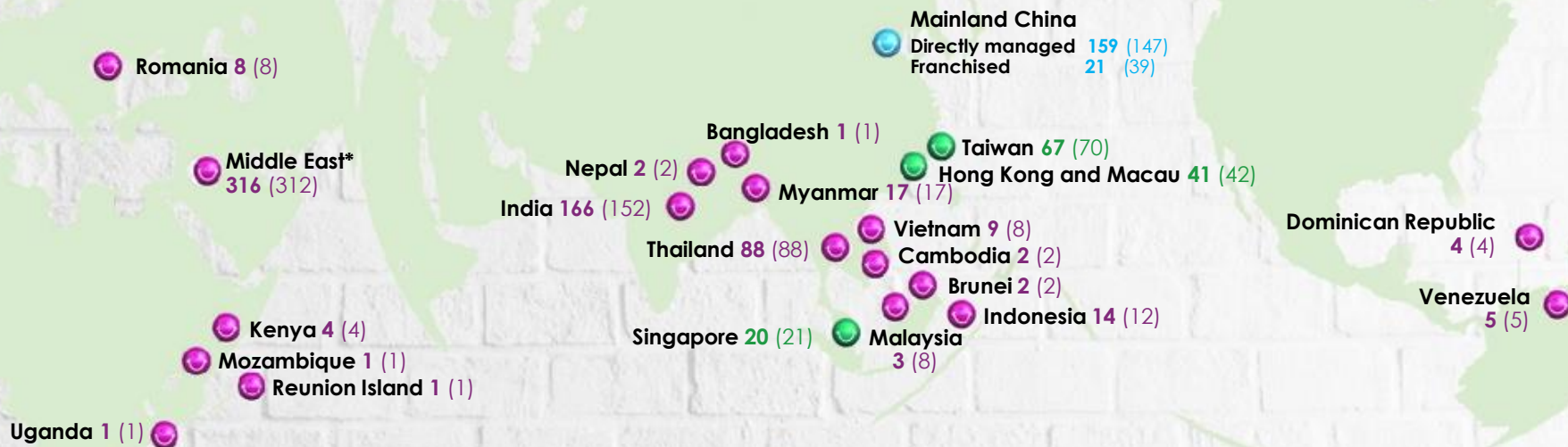
	<b>Operating Profit (HK\$ mn)</b>			<b>Operating Margin</b>		
	<i>For the six months ended 31 Dec</i>			<i>For the six months ended 31 Dec</i>		
	<b>2016</b>	<b>2015</b>	<b>Change</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
<b>Hong Kong and Macau</b>	<b>49</b>	56	<b>-13%</b>	<b>7%</b>	7%	<b>0% pt</b>
<b>Mainland China</b>	<b>(13)</b>	(12)	<b>-8%</b>	<b>-9%</b>	-8%	<b>-1% pt</b>
<b>Taiwan</b>	<b>(11)</b>	(15)	<b>+27%</b>	<b>-14%</b>	-18%	<b>+4% pts</b>
<b>Singapore</b>	<b>(5)</b>	(4)	<b>-25%</b>	<b>-6%</b>	-4%	<b>-2% pts</b>
<b>Total</b>	<b>20</b>	25	<b>-21%</b>	<b>2%</b>	2%	<b>0% pt</b>



# No. of Stores by Region

	At 31 Dec 2016	At 30 Jun 2016	Change
<b><i>No. of Directly Managed Stores</i></b>			
Hong Kong and Macau	41	42	-1
Mainland China	159	147	+12
Taiwan	67	70	-3
Singapore	20	21	-1
<b>Sub-total</b>	<b>287</b>	<b>280</b>	<b>+7</b>
<b><i>No. of Franchised Stores</i></b>			
Mainland China	21	39	-18
Other countries	644	628	+16
<b>Sub-total</b>	<b>665</b>	<b>667</b>	<b>-2</b>
<b>Total</b>	<b>952</b>	<b>947</b>	<b>+5</b>

# International Footprint



**A total of 952 stores (30 June 2016: 947) with presence in 32 countries and regions**



At 31 Dec 2016 (comparative figures at 30 Jun 2016 are shown in brackets)

\* The Middle East includes Armenia, Bahrain, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia and UAE

# Marketing and Branding



- ⑤ Launched three new licensing programmes in 1H 2016/17, namely *bossini x Disney TSUM TSUM* «Stack Up The Fun Together» Collection, *bossini x Minions* «GO BANANAS» Collection and *bossini x Disney TSUM TSUM* «Just Chillin' Out» Collection



# Co-branded and Licensed Products



# bossini x Disney TSUM TSUM 《Stack Up The Fun Together》Collection

bossini 

bossini 

Disney  
Tsum Tsum



STACK UP THE FUN

TOGETHER

bossini 

Disney  
Tsum Tsum

www.bos



# bossini x Minions 《GO BANANAS》Collection

bossini 



# bossini x Disney TSUM TSUM 《Just Chillin' Out》Collection

bossini 



bossini 



# Strong Brand Recognition



## Hong Kong Licensing Awards (2016)

Merit Award  
(By Asian Licensing Association)



## Caring Company (2004-2017)

- 13 consecutive years  
(By Hong Kong Council of Social Service)



## Happy Company (2014-2017)

- 4 consecutive years  
(By Promoting Happiness Index Foundation)



## Manpower Developer 1st (2010-2017)

- 7 consecutive years  
(By Employees Retraining Board)



## Manpower Developer Award Scheme (2014-2016)

(By Employees Retraining Board)







<i>(HK\$ mn)</i>	<b>For the six months ended 31 Dec 2016</b>
<b>Shop and office renovation</b>	<b>7</b>
<b>I.T. investment</b>	<b>2</b>
<b>Total</b>	<b>9</b>

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# Future Plans and Strategies



- 
- Expand the young adult market and provide more products with an increased focus on functionality, and refined product fit and grading system to target a wider customer segment
  - Further develop the kid's line along with the e-commerce initiative in the mainland China market
  - Reengineer the supply chain management to increase operational efficiencies
  - Nurture several promising markets for export franchising business
  - Continue to launch co-branded and licensing programmes
  - Maintain a close focus on expenses with various cost control initiatives

## *Our Vision*

To be the most preferred everyday wear brand

## *Corporate Culture*

Continue to live the “7 Habits®” and cultivate “be happy” core brand value

## *Dividend Payment*

Strive to maintain dividend payout ratio above 50%

## *Human Capital*

The Company and employees are bonded to serve each other’s interests in the best way possible



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