

北京京客隆
商业集团股份有限公司
BEIJING JINGKELONG COMPANY LIMITED

Annual Results 2017

March 21, 2018



2017 Financial Summary





2017 Financial Summary

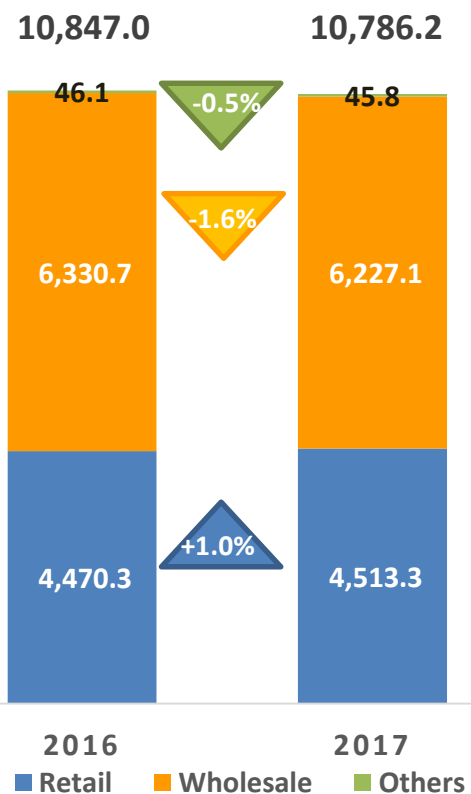
(RMB '000)	2017	2016	Change
Principal operating income	10,786,227	10,847,005	-0.6%
Gross profit	1,534,872	1,353,178	+13.4%
EBIT	311,341	283,504	+9.8%
Net profit	94,842	75,321	+25.9%
Net profit attributable to shareholders	47,485	26,686	+77.9%
Basic earnings per share (RMB cents)	12.0	6.0	-
Proposed final dividend (RMB cents)	6.0	5.0	+20.0%



Principal Income & Cost Analysis

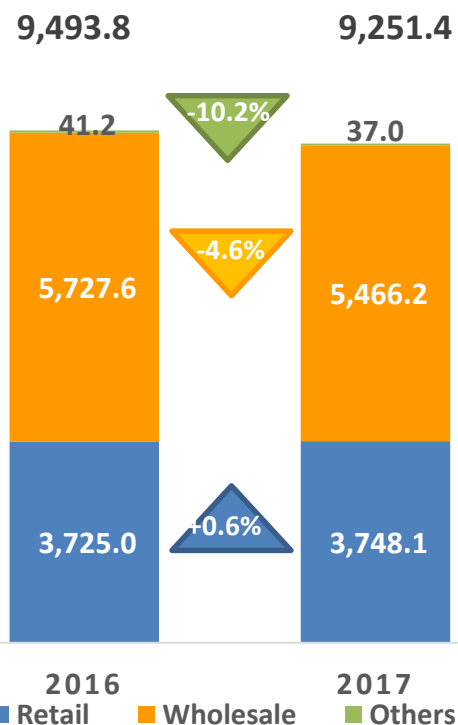
Breakdown of Principal Operating Income

(RMB'm)

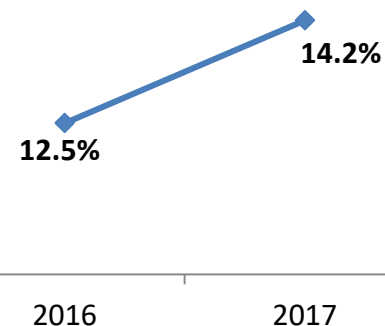


Breakdown of Principal Operating Cost

(RMB'm)



Gross Profit Margin





Cost Breakdown

(RMB '000)	2017	2016	Change
Selling and distribution expenses	2,049,163	1,791,314	+ 14.4%
Administrative expenses	298,939	282,604	+5.8%
<i>Selling and distribution expenses & administration expenses) / revenue from principal business</i>	21.8%	19.1%	+ 2.7 p.p.
Including:			
• Marketing expenses	686,421	456,240	+50.5%
• Energy expenses	100,666	105,813	-4.9%
• Labor costs	727,808	713,059	+2.1%
• Transportation expenses	179,556	170,841	+5.1%



Operation Cycle

For the year ended 31 December	Retail Business		Wholesale Business	
	2017	2016	2017	2016
Inventory turnover days	31	38	88	73
Debtor turnover days	2	2	83	93
Creditor turnover days	70	83	58	57



Business Review



Retail Operation

Adjusting store-opening strategies and improving the environment of the stores

- 13 convenience stores, including 5 directly-operated and 8 franchised, were opened.
- Renovated and upgraded 13 traditional convenience stores to Live & Fresh produce convenience stores.
- Due to reasons including expiry of leasing contracts, closure of loss-making outlets, demolition and modifications of the development strategy, there was a net reduction of 28 stores in 2017.1 hypermarket, 5 supermarkets, 11 directly-operated convenience stores and 24 franchise-operated convenience stores were closed down.

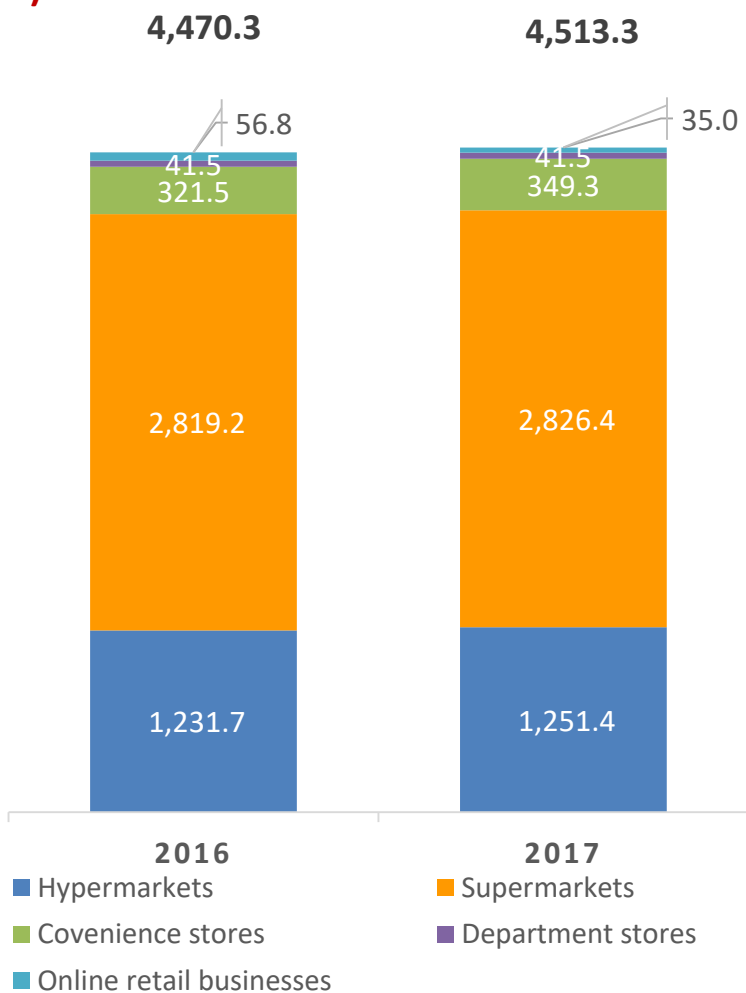
Number and net operating area of retail outlets as at 31 December 2017

	Department Stores	Hypermarket	Supermarket	Convenience Stores	Total
Number of retail outlets:					
Directly -operated	2	11	61	98	172
Franchise-operated	-	-	1	47	48
Total	2	12	67	167	220
Net operating area (square meters):					
Directly-operated	39,742	78,817	137,687	19,257	275,503
Franchise-operated	-	-	880	10,834	11,714
Total	39,742	78,817	138,567	30,091	287,217

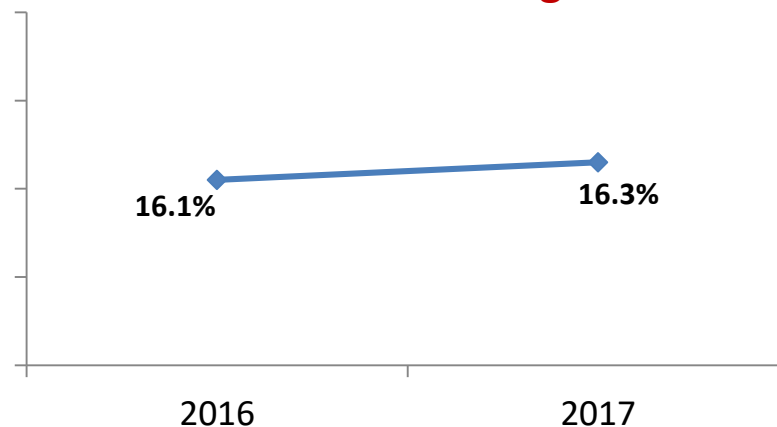


Retail Operation – Directly Operated

(RMB'm)



Gross Profit Margin*



- Refers to the GP margin of directly-operated hypermarkets, supermarkets and convenience stores.

➤ SSSG in 2017 was 2.98% as compared to -3.38% in 2016



Retail Operation – Directly Operated

	Hypermarket		Supermarket		Convenience Store	
	2017	2016	2017	2016	2017	2016
For the year ended 31 December						
Number of directly operated stores	11	12	61	66	98	107
Total operating area ('000 sq. m.)	78.8	86.1	137.7	144.8	19.3	20.7
Average area per store ('000 sq. m.)	7.2	7.2	2.3	2.1	0.16	0.19
Revenue / Operating area / day (RMB)	44.7	43.7	64.5	64.8	62.1	56.0
Average value per transaction (RMB)	80.2	79.4	53.3	54.7	22.8	21.3

Retail Operation Review

Adjusted product mix to enhance profitability

- Introduced healthy, green and distinctive products with geographical features.
- Paid greater attention to the consumption demand of the younger customers.
- Reduce cost through bulk buy-out and customization.

Focused on the operation of live and fresh produce

- Developed two new brands “**Jingjie Live and Fresh Produce Convenience Store**” & “**Love Home Convenience Store**” to tap the needs for live and fresh produce. In 2017, 13 traditional convenience stores were transformed into “Jingjie” or “Love Home” and 27 Live and Fresh Convenience Stores had been opened as of end of 2017.
- Formulated the live and fresh produce operation standards.





Retail Operation Review

Promoted development of online business:

- Improved the functions of **Jingkelong APP**.
- Lined up with four major third-party e-commerce platforms to provide customers with more convenient 1-hour-delivery shopping experience.



- Continuously publicized the brands, and significantly increased online orders and sales through using new media platforms such as WeChat, Alipay and Microblog.

Strengthened logistics network:

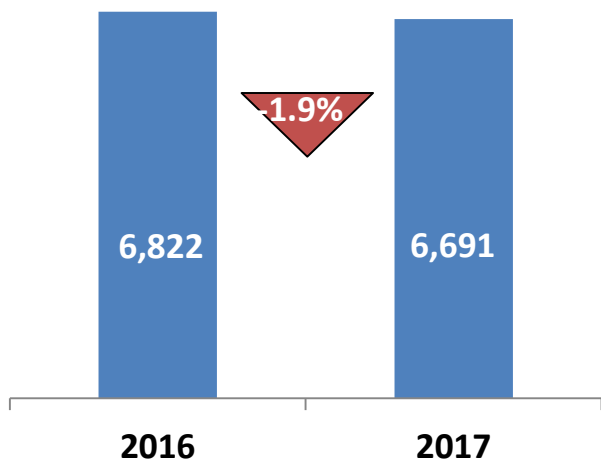
- Adjusted and planned the logistics operation procedure to reduce the time of delivery.
- Set up unified goods replenishment team, increased turnover rate and sales rate of goods in stock.
- Implemented the combined delivery of poultry, eggs, frozen products, fruit and vegetables and daily-distributed goods.



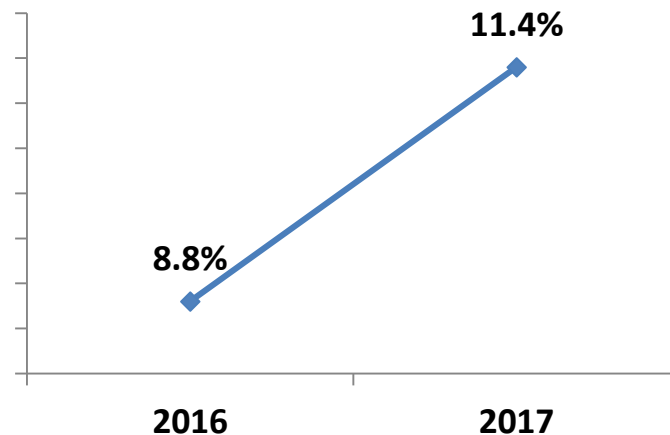
Wholesale Business Review

Revenue from principal business*

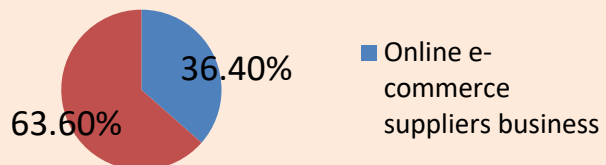
(RMB million)



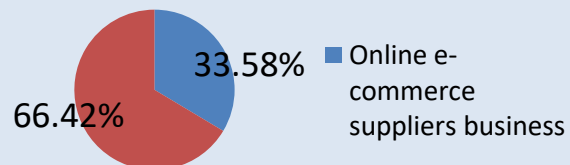
Gross Profit Margin*



2017



2016



* Refers to revenue from principal business recognized by Chaopi Trading and its subsidiaries including intersegment sales



Wholesale Business Review

Network expansion both online and offline

- Strengthened the in-depth cooperation with major e-commerce platforms
- Established separate warehouses in Guangzhou, Shanghai and Chengdu to satisfy logistics needs of nationwide e-commerce platforms
- Penetrated into small channels such as convenience stores, suburbs and catering

Further strengthening brand development strategy

- Enriched brand resources, introduced traditional competitive brands, developed self-owned brands and expanded imported international brands.
- The improving sales network of self-owned brands have covered 12 provinces municipalities and autonomous regions in North China, Central China, South China and Northwest China
- Imported and introduced more international brands in categories like wine and alcohol, drinks, healthcare products, daily cosmetics, pet food, seasonings, prepackaged food, live and fresh produce.

Future Plan





Development Strategy

In 2018, the Group will actively use advanced technologies such as big data and artificial intelligence to upgrade the procurement, marketing and logistics of the products, and achieve online and offline integrated development.

Retail Operation

Continue to expand the business of live and fresh produce, speed up the segment upgrading, optimize commodity mix.

Online Business

Continue to upgrade “Jingkelong” APP and leverage the power of third-party platforms .

Wholesale Business

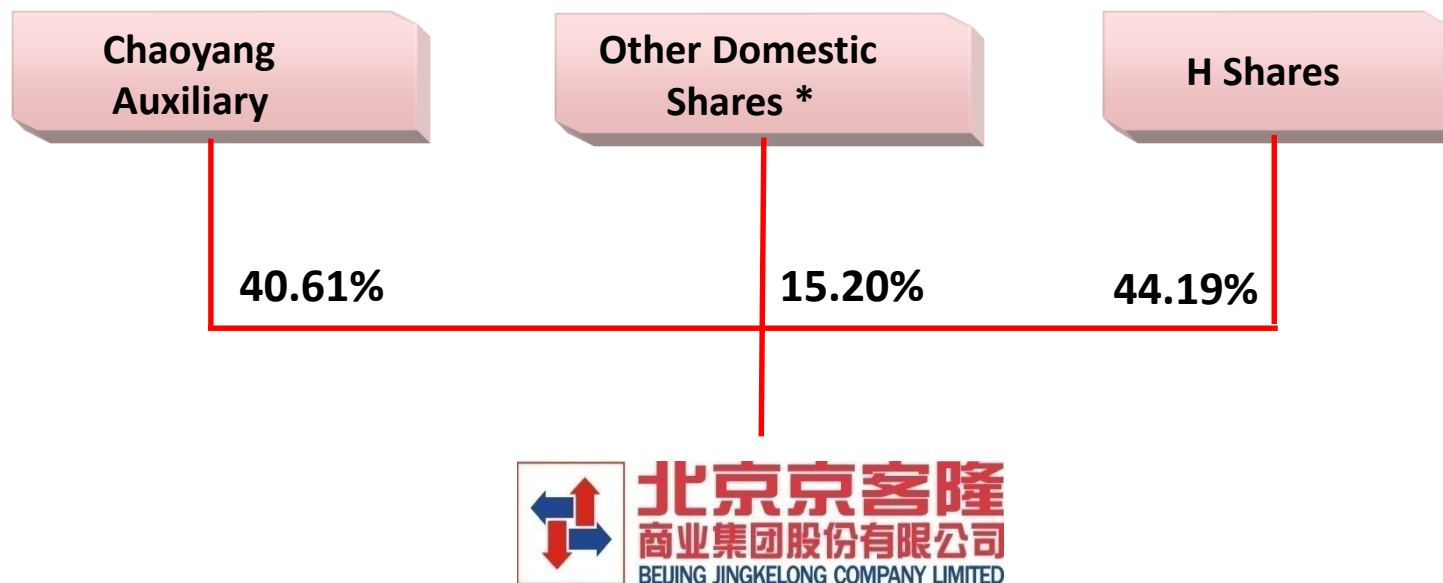
Deepen cooperation with upstream manufacturers and downstream firms and steadily expand the brand portfolio and geographical coverage of the wholesale business.

Appendix





Appendix I: Shareholder Structure



** 9.9% Domestic Shares are held by the senior management and employees.*



Appendix II: Business Structure

