



波司登國際控股有限公司  
Bosideng International  
Holdings Limited

**2010/11 Interim Results  
Corporate Presentation**



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# Agenda

- **Results highlights**
- **Financial review**
- **Business review**
- **Future plans and strategies**



# Results Highlights

# 2010/11 Interim Results Highlights

**The Group's revenue increased significantly by 18.8% to RMB1,858.3 million**

**Non-down apparel contribution increased to 7.0% of the total revenue**

**Gross profit margin improved by 4.4 percentage points to 37.9%**

**Net profit attributable to equity holders of the Company jumped by 82.4% to RMB110.6 million**

**Net cash position with cash and cash equivalent of RMB2,329.1 million**

**The board of Directors recommends an interim dividend of RMB6.5 cents**


**The Company was elected as "Credible Enterprise" of China of the year**

**"Bosideng" brand value reached RMB 18.016 billion<sup>#</sup>**

# Financial Review



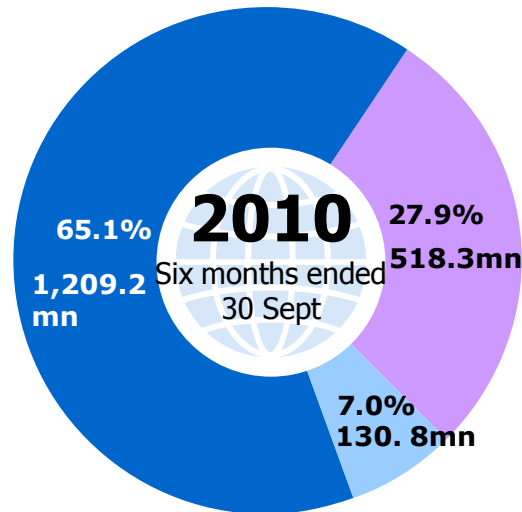
# Financial Highlights

 (RMB mn)	Six months ended 30 September		Change
	2010	2009	(%)
Revenue	<b>1,858.3</b>	1,564.9	18.8
Gross profit	<b>704.3</b>	524.9	34.2
Gross profit margin (%)	<b>37.9</b>	33.5	4.4 pt
Profit from operations	<b>84.0</b>	30.5	175.7
Operating margin (%)	<b>4.5</b>	1.9	2.6 pts
Profit before tax	<b>177.5</b>	80.3	121.0
Profit attributable to equity holders of the Company	<b>110.6</b>	60.6	82.4
Net Margin (%)	<b>5.9</b>	3.9	2.0 pts
Earnings per share (RMB cents)			
– Basic and diluted	<b>1.42</b>	0.78	82.1
Dividend per share			
– Interim (RMB cents)	<b>6.5</b>	3.8	71.1



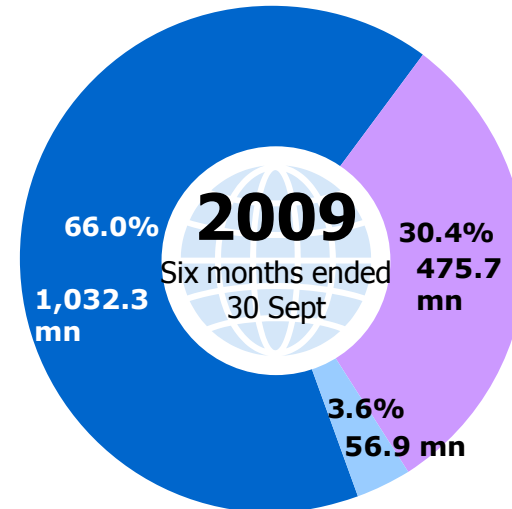
# Revenue Analysis

**Revenue:  
RMB1,858.3 mn**



■ Branded down apparel   ■ OEM Management   ■ Menswear

**Revenue:  
RMB1,564.9 mn**



- Growth in segmental results is attributable to Down apparel :

- Effective sales plan to control inventory level and selling price in off-peak season

OEM management :

- Full utilization of the Group's resources during the off-peak season

Menswear apparel:

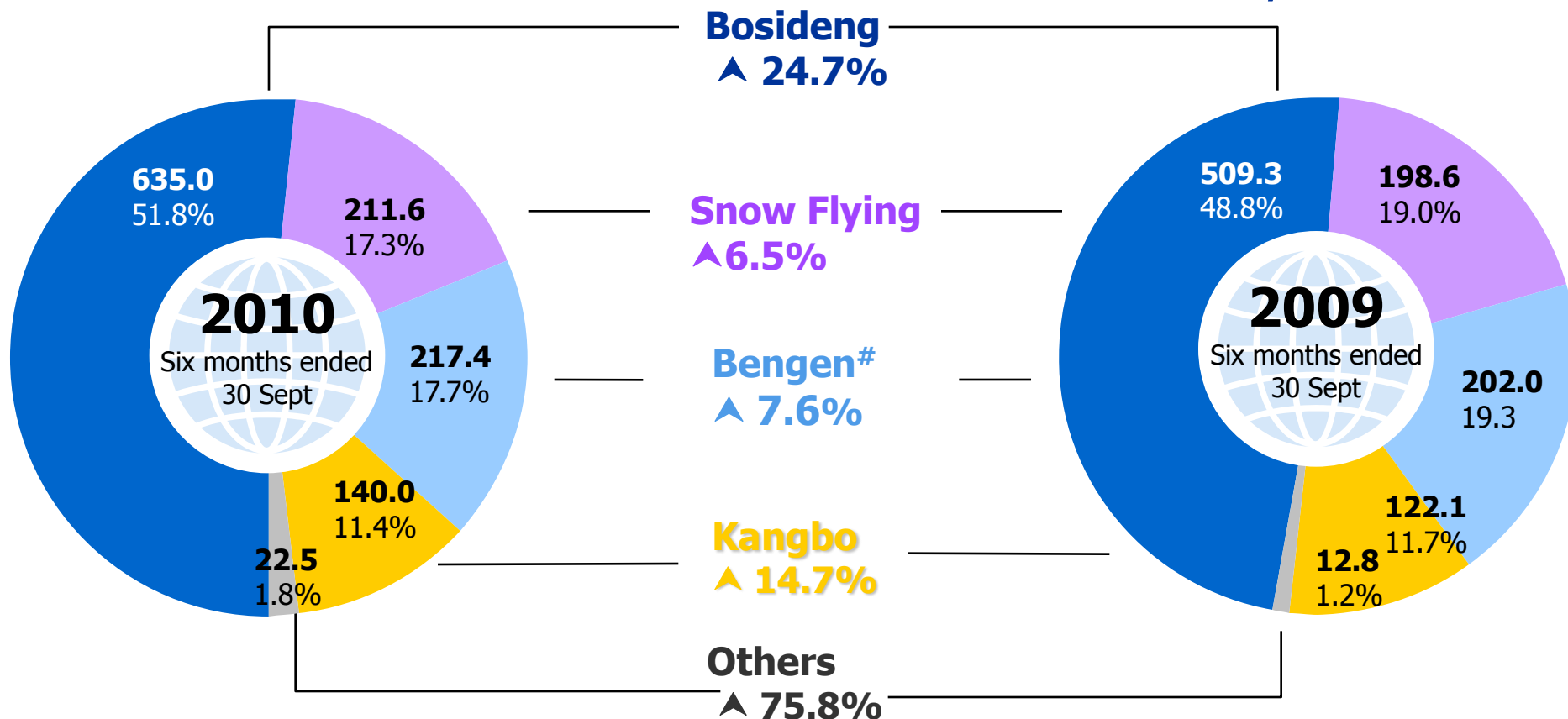
- Full period of revenue recorded since the acquisition of the menswear apparel business in May 2009 and increase in number of stores and success in brand promotion activities for "Bosideng MAN"



# Breakdown of Down Apparel Income

**Sales\*:**  
**RMB1,226.5 mn**

**Sales\*:**  
**RMB1,044.8 mn**



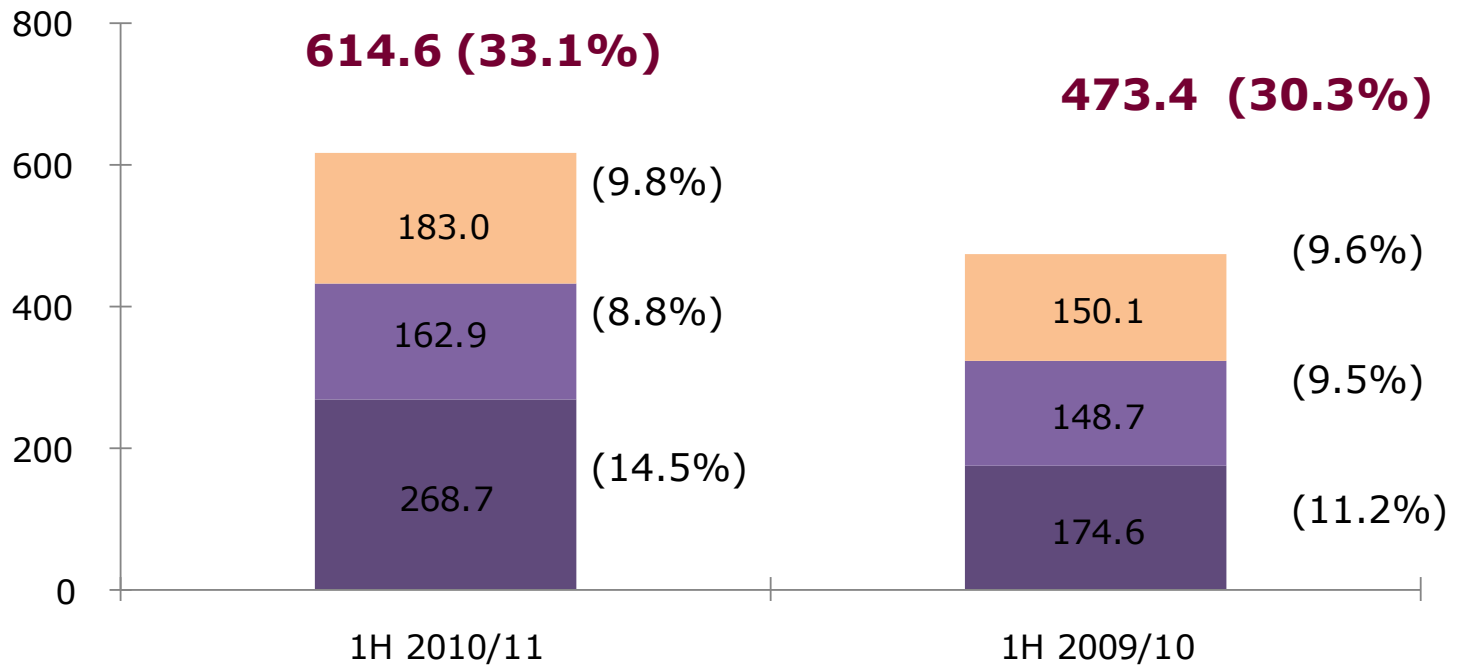
- Sales rebates are not deducted from the total down apparel revenue or from revenues of each brand  
Sales rebates for the six months ended 30 September 2010 and 2009 were RMB 17.3 mn and RMB 12.5 mn respectively
- <sup>#</sup> Bengen (Previously known as Bingjie)

# Gross Profit Margin Analysis

<b>Six months ended 30 September</b>			
	<b>2010</b>	2009	Change
	<b>GP margin</b>	GP margin	(% points)
	<b>(%)</b>	(%)	
Branded down apparel	<b>46.0</b>	39.2	6.8
OEM Management	<b>16.6</b>	20.8	(4.2)
Menswear	<b>48.0</b>	37.8	10.2
The Group	<b>37.9</b>	33.5	4.4

# Operational Expenditure

RMB million



■ Other sales and distribution expenses   ■ Administrative expenses   ■ Advertising and promotion

# Inventories

	<b>As at 30 September 2010</b>	As at 31 March 2010	As at 30 September 2009
(RMB'000)			
Raw materials	<b>364,916</b>	59,869	141,604
Work in progress	<b>378,832</b>	6,243	238,351
Finished goods	<b>814,858</b>	793,575	767,171
	<b>1,558,606</b>	859,687	1,147,126

- High inventory level for peak season sales from October to February of the following year

# Strong Financial Position

	<b>As at 30 Sept 2010</b>	<b>As at 31 March 2010</b>	<b>As at 30 Sept 2009</b>
(RMB million)			
Net cash	<b>2,729.1</b>	3,469.5	2,058.2
Available-for-sale financial assets	<b>1,378.3</b>	1,618.5	1,518.0
Held-to-maturity investments	-	400.0	570.0
Current ratio	<b>3.7</b>	5.5	4.5
Gearing ratio	<b>0</b>	0	0
Operating cash inflow/ (outflow)	<b>(716.8)</b>	1,605.2	(50.2)

- Adopted prudent funding and treasury management policies while maintaining a healthy overall financial position:
  - Net cash position of approximately RMB2,729.1 million
  - No outstanding loans and bank borrowings
- Net cash, available-for-sale financial assets and held-to-maturity investments aggregate RMB4,107.4 million, as compared to RMB5,488 million in March 2010

# Well Managed Working Capital Cycle

For the six months ended

	<b>30 September 2010</b>	<b>30 September 2009</b>	<b>Change</b>
Average Inventory Turnover Days <sup>(1)</sup>	<b>191</b>	176	+15
Average Trade and Bills Receivables Turnover Days <sup>(2)</sup>	<b>74</b>	89	(15)
Average Trade and Bills Payables Turnover Days <sup>(3)</sup>	<b>104</b>	97	+7

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

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

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

# Business Review





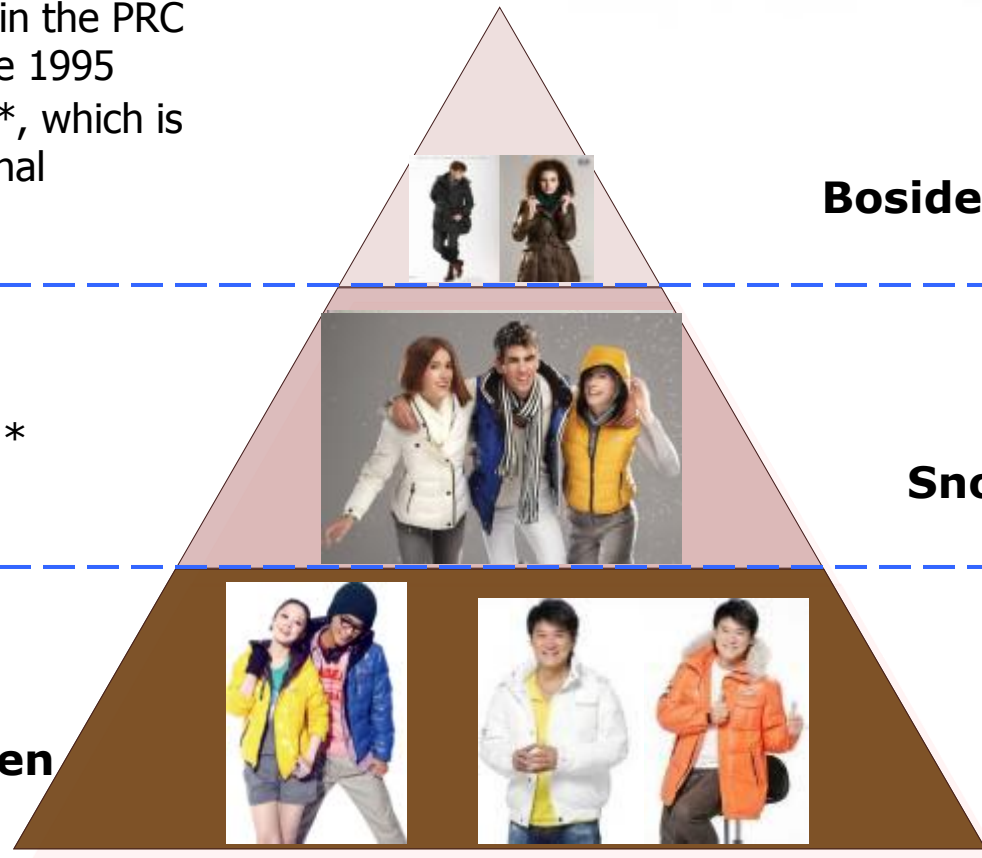
# Dominant Market Leadership

- Leading down apparel brand in the PRC for 15 consecutive years since 1995
- Market share reached 24.9%\*, which is >3 times of the closest external competitor

- Ranked No.2 with a 7.6%\* market share

- Ranked No. 7 and No.8 with a market share of 2.9%\* and 2.6%\* respectively

**Bengen**



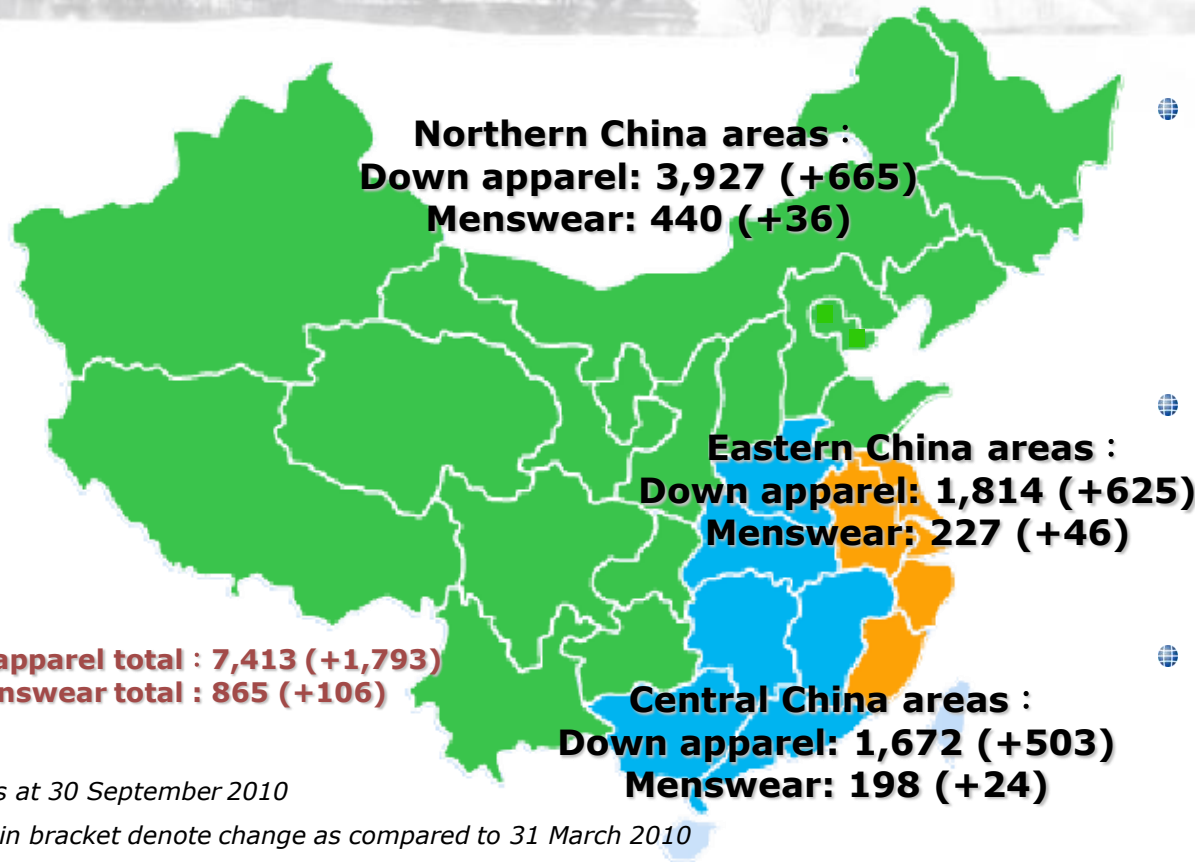
**Bosideng**

**Snow Flying**

**Kangbo**

**Four core brands of down apparel products achieved a combined market share of 38.0%\***

# Nationwide Retail Network



- In terms of down apparel, the Group eliminated/replaced underperforming distributors and stores and increased number of specialty stores
- Established large flagship stores in major cities to provide more comfortable shopping environment and improved brand recognition
- “Bosideng MAN” commenced to enter first tier cities and increased proportion of self-owned stores operated

•Northern China areas: the three north-eastern provinces, Shanxi, Shaanxi, Xinjiang, Sichuan, Chongqing, Inner Mongolia, Gansu, Ningxia, Tibet, Yunan, Guizhou, Shandong, Beijing, Tianjin, Hebei, Qinghai

•Eastern China areas: Jiangsu, Zhejiang, Shanghai, Anhui, Fujian

•Central China areas: Henan, Hunan, Hubei, Jiangxi, Guangdong, Guangxi

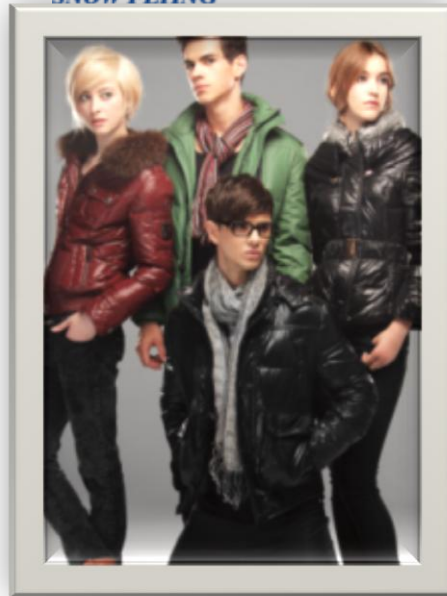
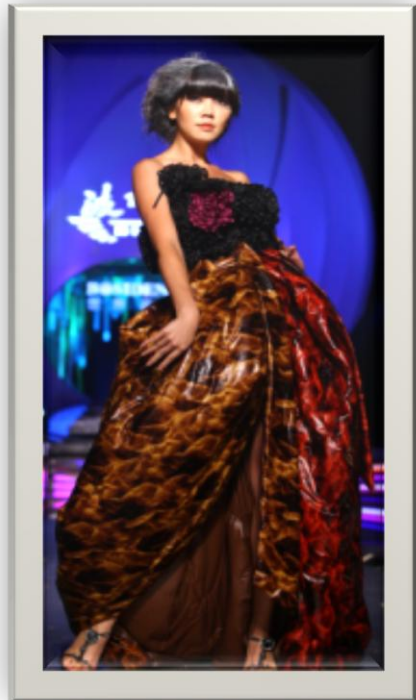
# Optimized Sales Channel Mix

- Increase self-operated outlets helped improve profit margin

	Down apparel			Menswear		
	As at 30 Sept 2010	As at 31 March 2010	Change	As at 30 Sept 2010	As at 31 March 2010	Change
<b>Store types</b>						
<b>Specialty stores</b>	<b>5,100</b>	3,296	+1,804	<b>470</b>	433	+37
- Operated by the Group	<b>48</b>	7	+41	<b>38</b>	34	+4
- Operated/ supervised by third party distributors	<b>5,052</b>	3,289	+1,763	<b>359</b>	343	+16
- Operated according to franchise agreement	-	-	-	<b>73</b>	56	+17
<b>Concessionary retail outlets</b>	<b>2,313</b>	2,324	-11	<b>395</b>	326	69
- Operated by the Group	<b>939</b>	988	-49	<b>50</b>	39	+11
- Operated/ supervised by third party distributors	<b>1,374</b>	1,336	+38	<b>284</b>	244	+40
- Operated according to franchise agreement	-	-	-	<b>61</b>	43	+18
<b>Total</b>	<b>7,413</b>	5,620	+1,793	<b>865</b>	759	+106

# Multi-brand Strategy - Down Apparel

- Under separate management, the Group renamed the brand "Bingjie" to "Bengen" and repositioned as a trendy and fashionable brand targeting young and energetic men and women aged between 18-30
- Repositioning of the brand achieved satisfactory performance with number of orders hit unprecedented high level



康博  
combo

# Multi-brand Strategy - Non-down Apparel

- “Bosideng MAN” has been performing well, order amount of the F/W and S/S trade fairs respectively increased by 57.0% to RMB290mn and 46.9% to RMB205mn respectively
- “Rocawear” is a trendy street brand comprising menswear, lady’s wear and accessories. The first product launch show was held in September in Shanghai and the first store will be launched in China during the year

Rocawear



Bosideng MAN



Bosideng RICCI





# E-Commerce Development

- Official on-line stores for down apparel and menswear were opened in mall.taobao.com in December 2008 and April 2010 respectively
- Approximately RMB5.6 million sales of down apparel contributed by on-line stores



<http://shop.bosideng.com>

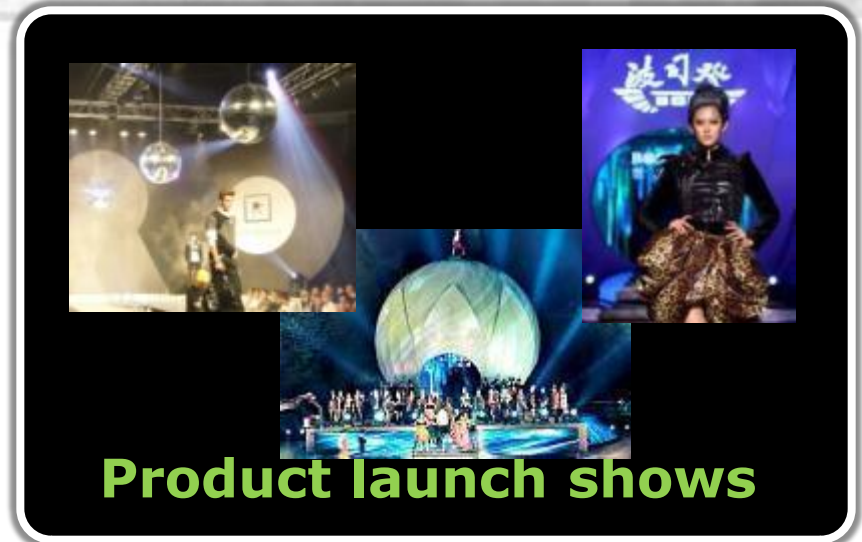


<http://bosideng.taobao.com>



<http://shop60505543.taobao.com>

# Effective Marketing Strategies







# Future Plans and Strategies

# Store Opening Plan

## Store opening plan



Expand the number of large flagship stores in major cities in due course.

Continue to integrate and optimize sales channels



Number of retail stores is expected to reach 1,200 in 2011



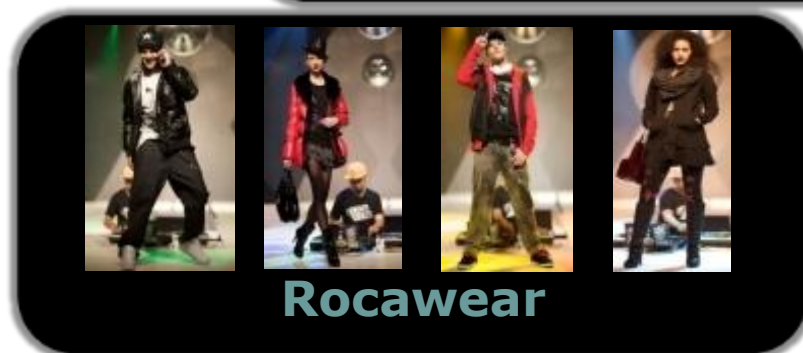
Plan to open more than 300 freestanding stores and shop-in-shop concepts in the Greater China Region by 2013



The first product launch show was successfully held on 18 November

# Promote the Development of Non-down Apparel Business

- ◆ Developing non-down apparel business including “Bosideng MAN”
- ◆ Actively identifying non-down apparel brands with growth potential and good reputation for acquisitions, mergers or cooperation to enhance the Group’s brand and product portfolio
- ◆ Offering high quality products to different consumer groups all-year-round, realizing the transformation of “Bosideng” into an international well-known integrated apparel brand operator



# Better R&D and Marketing Efforts to Enhance Brand Value

- Continue to expand and strengthen research, design and development team.
- Facilitate exchange, learning and cooperation opportunities with local and international renowned research institutions.
- Expand non-down apparel products and business and consolidate leadership in non-seasonal market trend by leveraging on excellent design capabilities.
- Strengthen R&D of environmental friendly products with low-carbon

- Increase marketing efforts and selectively adopt various flexible strategies for brand promotion.
- Place more emphasis on the interaction with consumers by organizing different activities such as trial experience, exhibitions, and offering privileges.



**Thank You!**