



Bosideng International Holdings Limited
2014/15 Annual Results

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Agenda

- Financial Review
- Business Review
- Outlook

Financial Review



Financial Highlights

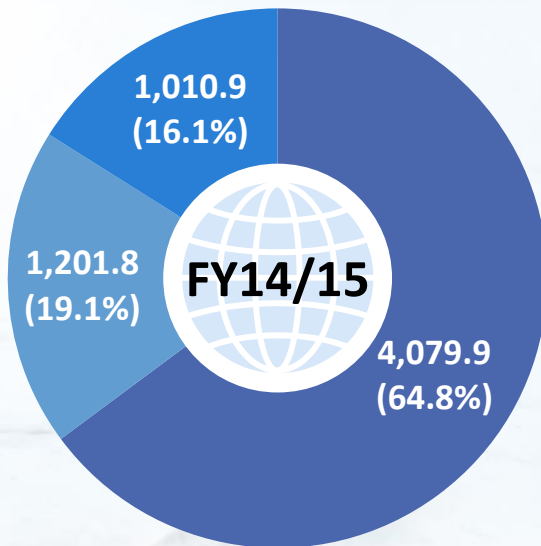
	For the year ended March 31		Change
(RMB mn)	2015	2014	
Revenue	6,292.6	8,237.9	-23.6%
Gross profit	2,870.0	4,115.5	-30.3%
EBITDA	432.4	1,074.6	-59.8%
Profit from operations	198.9	865.5	-77.0%
Profit attributable to equity holders of the Company	132.2	694.7	-81.0%
Earnings per share (RMB cents)			
– Basic	1.66	8.73	-81.0%
– Diluted	1.65	8.72	-81.1%
Dividend per share (HK cents)			
– Interim	1.2	3.7	-67.6%
– Final	1.0	2.0	-50.0%
– Full year	2.2	5.7	-61.4%

	For the year ended March 31		Change
	2015	2014	
Profitability ratios			
Gross margin	45.6%	50.0%	-4.4 pts
EBITDA margin	6.9%	13.0%	-6.1 pts
Operating margin	3.2%	10.5%	-7.3 pts
Net margin	2.1%	8.4%	-6.3 pts
Effective tax rate	42.1%	28.5%	+13.6 pts
Dividend payout ratio	104.8%	51.5%	+53.3 pts

Revenue Breakdown

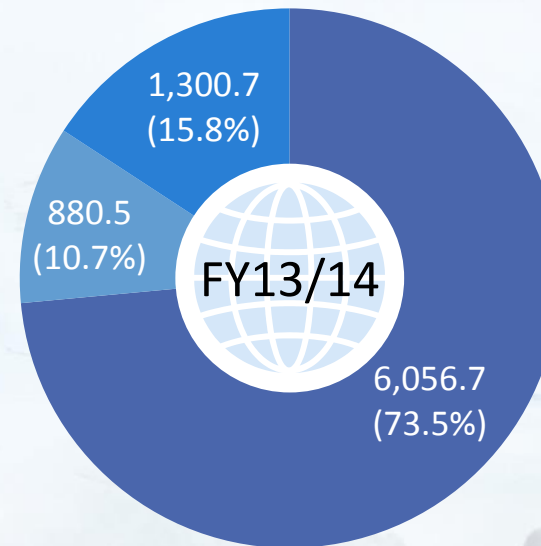
RMB6,292.6 mn

(RMB million)



RMB8,237.9 mn

(RMB million)



■ Branded down apparel ■ OEM Management ■ Non-down apparel

(% of revenue)

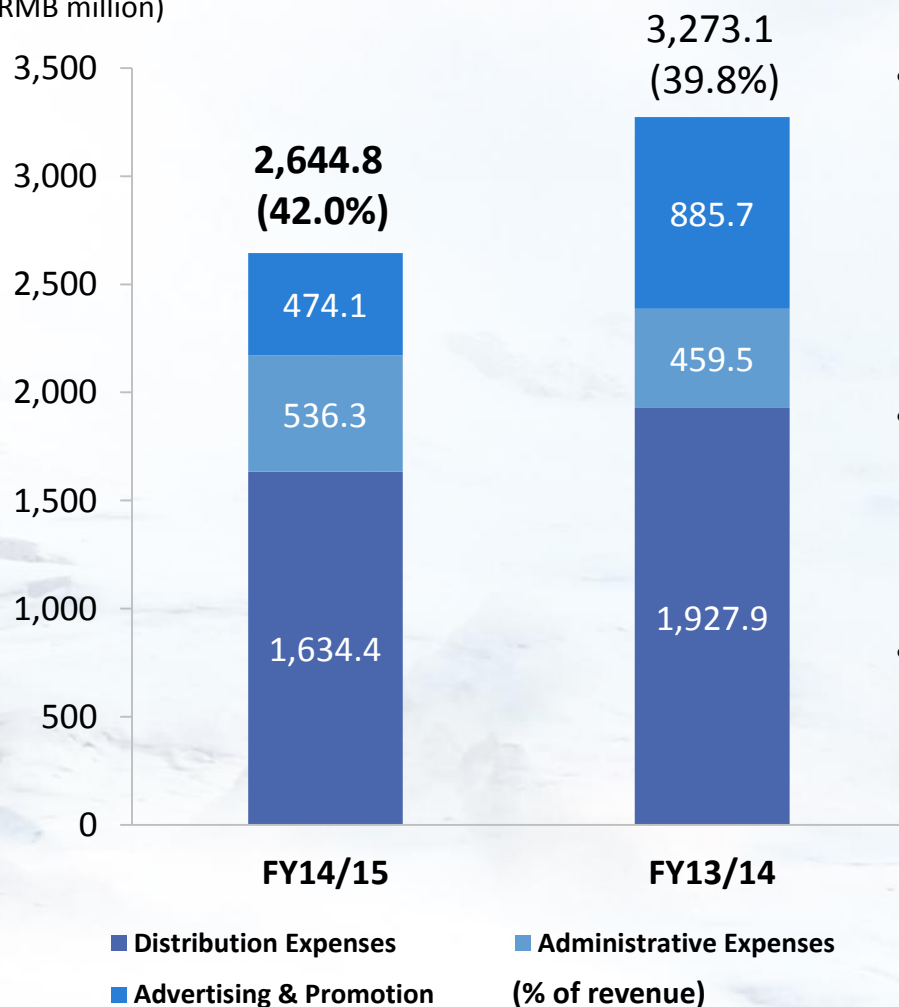
Gross Margin

	For the year ended March 31		
	2015	2014	Change
Down Apparel Business	53.4%	54.4%	-1.0 ppt
OEM Management Business	16.6%	21.0%	-4.4 ppts
Non-down Apparel Business	48.9%	49.0%	-0.1 ppt
The Group	45.6%	50.0%	-4.4 ppts

- **Down apparel business and non-down apparel business:** secured more favourable raw materials procurement price than market average through measures such as resources integration, strategic partnership and low season procurement. In addition, the increased proportion of self-operated business in the branded down apparel business and non-down apparel business partly offsetted the impact on gross margin brought by the reduction in the production of new goods and increased inventory optimizing initiatives
- **OEM management business:** rising trend of garment industry adopting a Multi-style and Mini-capacity product strategy, which increased production costs and thus affecting the gross margin

Operational Expenditure

(RMB million)



- Advertising & promotion expenses reduced by 46.5% as the Group reduced advertisements on traditional TV and highway billboards and increased new media advertising such as Internet and social media
- Other distribution expenses reduced by 15.2% as the Group rationalized its retail network and closed down some stores
- Higher administrative expenses mainly because of higher depreciation due to the full operation of Bosideng building in Changshu, and lower provision reversal for bad and doubtful debts as compared with previous year

Inventories

(RMB'000)	As at March 31, 2015	As at March 31,2014	Change
Raw materials	174,394	157,183	+10.9%
Work in progress	4,174	17,061	-75.5%
Finished goods	1,730,350	1,868,471	-7.4%
Total	1,908,918	2,042,715	-6.5%

Working Capital Management

	For the year ended March 31		
	2015	2014	Change
Average Inventory Turnover Days⁽¹⁾	211	178	+33
Average Trade and Bills Receivables Turnover Days⁽²⁾	80	55	+25
Average Trade and Bills Payables Turnover Days⁽³⁾	70	55	+15

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

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

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

Financial Position

(RMB million)	As at March 31, 2015	As at March 31, 2014
Cash	3,473.1	2,734.3
Bank borrowings	(3,537.6)	(3,259.2)
Available-for-sale financial assets/ other financial assets	2,261.2	2,502.9
Current ratio	2.5x	3.5x
Gearing ratio	47.7%	44.2%
Operating cash inflow/(outflow)	387.8	(150.6)

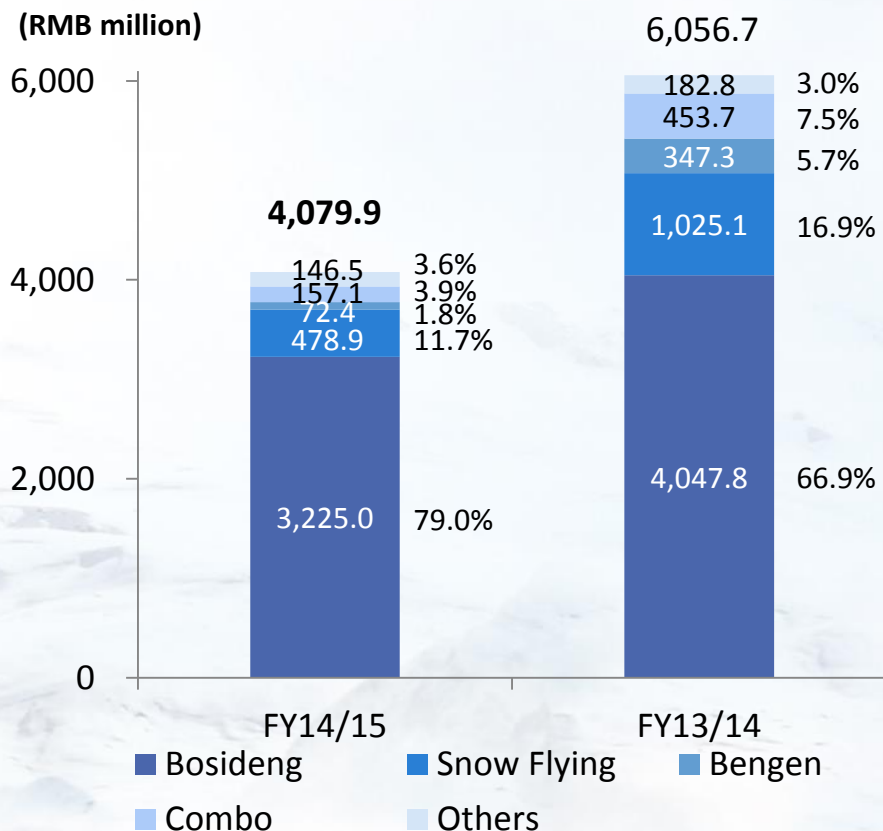
- Cash, available-for-sale financial assets/ other financial assets and bank borrowings aggregated RMB2,196.7 million, as compared to RMB1,978.0 million as at March 31, 2014

Business Review

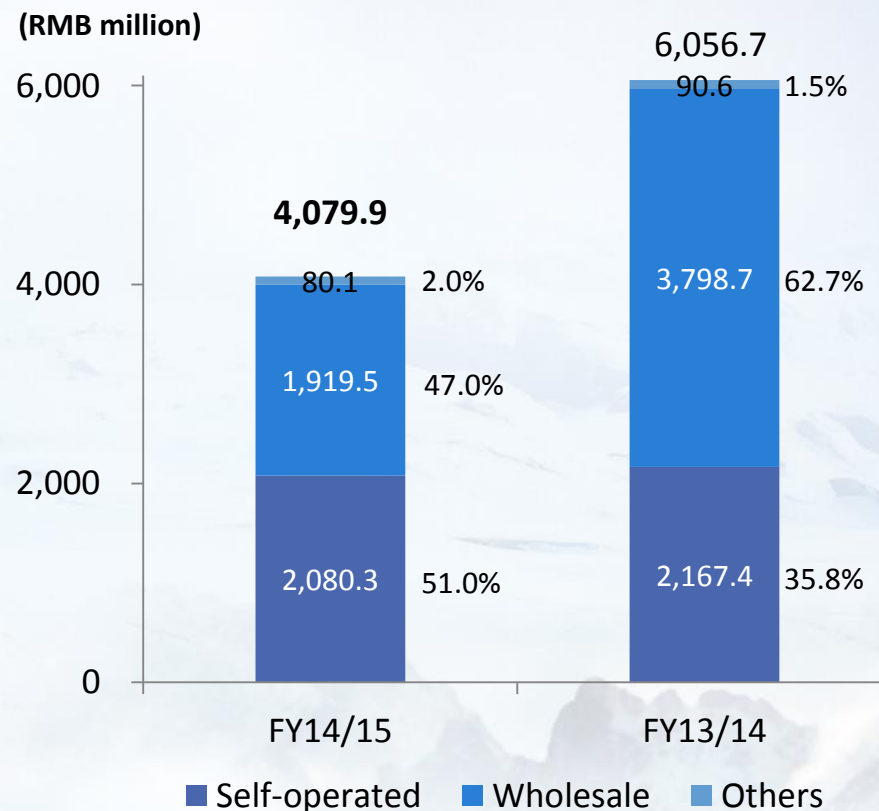


Down Apparel Business

Revenue Breakdown by Brand



Revenue Breakdown by Business



- Revenue dropped by 32.6% as the Group strives to clear inventories and optimize its retail network
- *Bosideng* and *Snow Flying* continued to be national brands while *Bengen* and *Combo* re-positioned as regional brands
- Although self-operated outlets of down apparel business significantly reduced, the sales volume of down apparel by self-operated business increased significantly by 23.6% to 6.8 million pieces, reflecting an improvement in store efficiency

Inventory Management

To reduce inventory and avoid overstocking

Old Inventory

- Added sale channels that specialized in inventory clearance, including making promotion through discount stores, temporary promotional stores, chain stores, large-scale bargains in villages and towns in remote areas and factory stores

New products

- Reduced the annual production volume of new products by more than 10%
- Developed very few new designs only for individual brands such as *Bengen* and *Combo*
- Proactively reduced orders from distributors by approximately 10% to 20% based on the actual situation of distributors and prudently reduce inventories risk in retail channel

Rationalize Retail Network

Store no.	Mar 31 2015	Mar 31 2014	changes
Bosideng	4,197	4,771	-574
Snow Flying	1,314	2,358	-1,044
Combo	673	2,324	-1,651
Bengen	415	1,623	-1,208
Total	6,599	11,652	-5,053

- Actively optimized retail network, emphasized to improve store quality and enhanced the consumer experience, to pave way for retail restructuring
- Streamlined and consolidated retail network of down apparel brands to avoid overlapping of channels and rationalize retail network
- Continue to shut down underperforming stores
- The self-owned retail outlets as a percentage of overall retail network increased from 32.8% to 38.3% at current year end with store efficiency improved

Effective Marketing Strategies

- Reduced advertisements on traditional television station and highway billboards
- Increased the application of new media such as Internet and social media
- The new media strategy will save promotional costs and bring comprehensive marketing effects

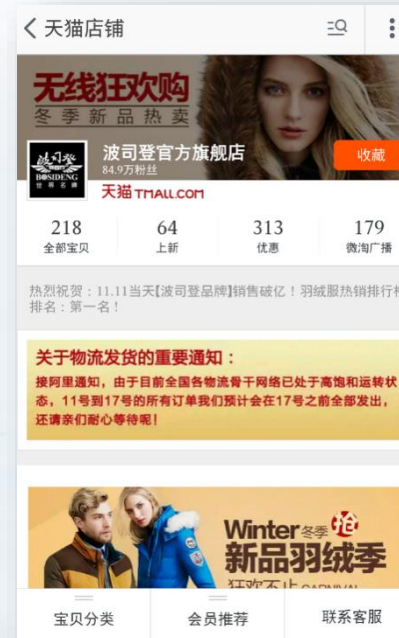
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Exploration of O2O

Mobile e-commerce: Introducing the WeChat function to encourage customers to download online shopping application and register as members. The Group then uses membership data to facilitate promotional activities at physical stores, so as to realize the mutual interaction between online and offline platforms.

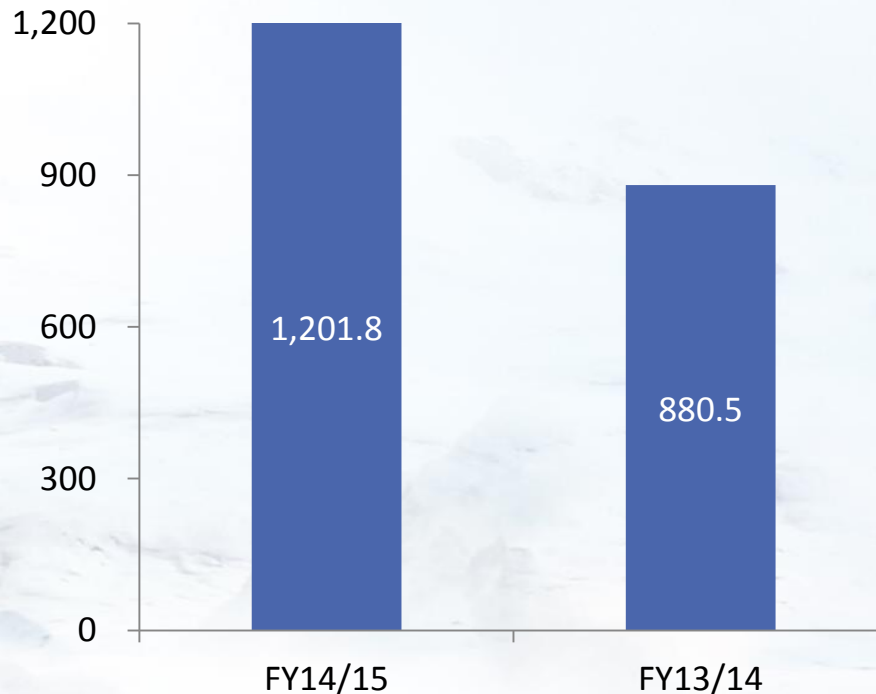
Optimization of supply chain and logistics for on-line sales: Online orders will be delivered from places closest to where the orders were made, in order to enhance consumer experience by enabling fast logistics and convenient return and replacement of sold goods



OEM Management Business

Revenue from OEM Management Business

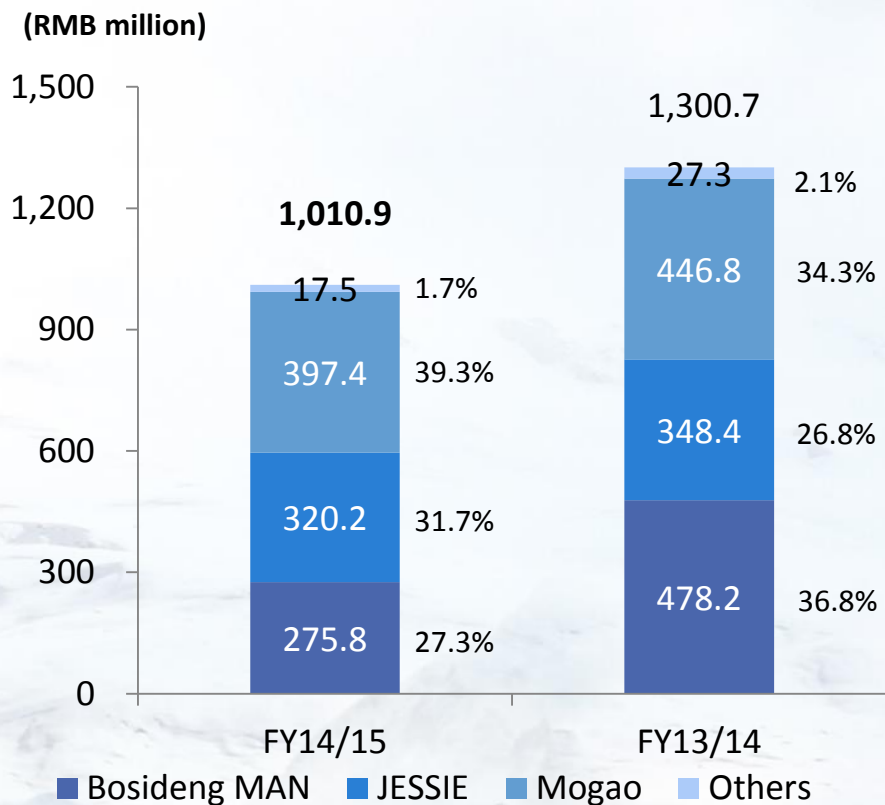
(RMB Million)



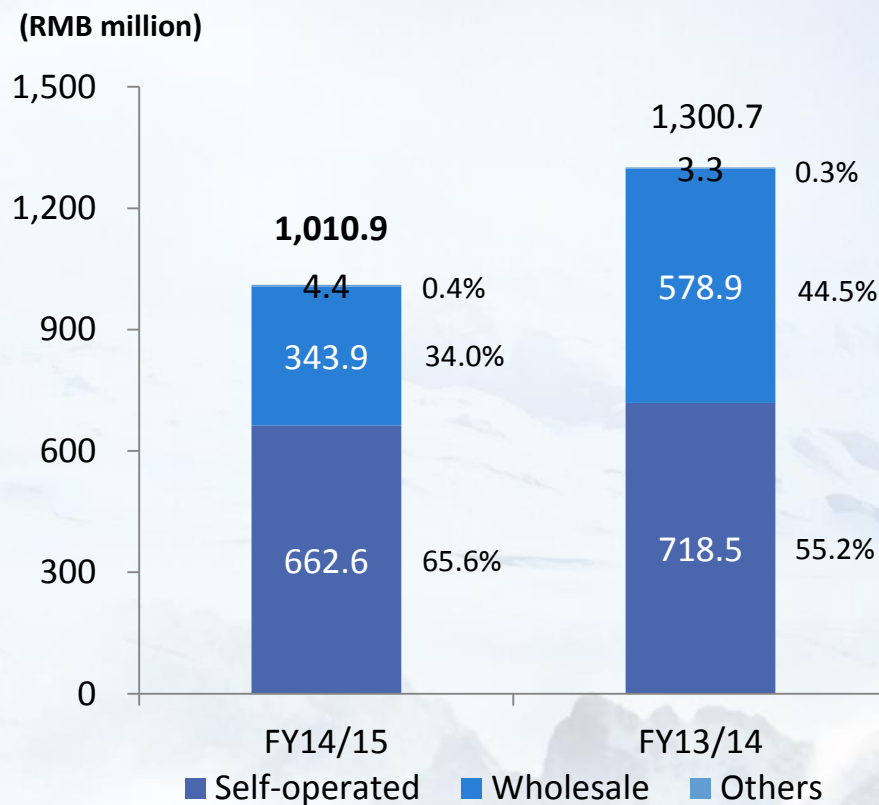
- Revenue jumped by 36.5% as the Group's major customers launched new product series during the year, thus generating more orders for the Group
- 13 OEM clients, mainly renowned US brands, top 5 clients account for 80.0% revenue from the OEM management business

Non-down Apparel Business

Revenue Breakdown by Brand



Revenue Breakdown by Business



- Revenue decreased by 22.3% as the Group continued to adjust the sales channels, reduce inventory and optimize product portfolio for its non-down apparel brands
- The self-operated business of *JESSIE* increased by 20.8% to RMB252.2 million

Outlook



Outlook

Down Apparel Business

- Continue to proactively implement inventory reduction measures, including further define retail channel and reduce efforts in developing products in traditional and basic style
- Launch unified retail pricing across nation
- Accelerate the establishment of information system to improve operational efficiency
- Explore opportunities to open online stores on large online shopping platforms

Enhance organic growth and competitiveness

International Business

- Further expand operation of the London flagship stores
- Increase the full range of down apparel products

Enhance international position

Diversification

- Proactively pursue new business opportunities and external cooperation alliances

To become an integrated multi-brands apparel operator

Appendix



Retail Network of Down Apparel Business

As at Mar 31, 2015	Bosideng		Snow Flying		Combo		Bengen		Total*	
	Store	Change	Store	Change	Store	Change	Store	Change	Store	Change
Specialty stores										
By the Group	390	1	84	-91	14	-14	2	-17	490	-123
Third party distributors	2,068	-367	405	-313	104	-366	182	-510	2,759	-1,919
Sub-total	2,458	-366	489	-404	118	-380	184	-527	3,249	-2,042
Concessionary retail outlets[#]										
By the Group	1,090	-145	548	-384	300	-537	99	-104	2,037	-1,173
Third party distributors	649	-63	277	-256	255	-734	132	-577	1,313	-1,838
Sub-total	1,739	-208	825	-640	555	-1,271	231	-681	3,350	-3,011
Total	4,197	-574	1,314	-1,044	673	-1,651	415	-1,208	6,599	-5,053

Change: as compared to that as of March 31, 2014

The Group's concessionary retail outlets are mainly counters in department stores, which are normally operated only during peak season for down apparel to cope with the seasonality of its core products.

* As at March 31, 2014, the Group's down apparel retail network included 576 retail outlets of other small down apparel brands, and all retail outlets under these brands were closed down during the year.

Retail Network of Non-down Apparel Business

As at Mar 31, 2015	BOSIDENG MAN		JESSIE		Mogao		Total*	
	Store	Change	Store	Change	Store	Change	Store	Change
Specialty stores								
By the Group	24	-8	3	-	-	-	27	-9
Third party distributors	261	-27	37	-6	97	-12	395	-45
Sub-total	285	-35	40	-6	97	-12	422	-54
Concessionary retail outlets								
By the Group	46	-30	110	+4	208	-1	364	-50
Third party distributors	236	+40	61	-13	-	-	297	+24
Sub-total	282	+10	171	-9	208	-1	661	-26
Total	567	-25	211	-15	305	-13	1,083	-80

Change: as compared to that as of March 31, 2014

* The Group has terminated the RICCI brand during the period under review, RICCI was a non-down apparel brand under the Group and had 27 retail outlets as at March 31, 2014.

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BOSIDENG
世界名牌



Thank You!